



**KBC IFIMA S.A.**

*(Incorporated with limited liability in the Grand Duchy of Luxembourg)*

**Unconditionally and irrevocably guaranteed by KBC Bank NV**

*(Incorporated with limited liability in Belgium)*

**EUR 1,000,000,000 Base Prospectus for the issue of Warrants**

Under this EUR 1,000,000,000 Warrant Programme (the "**Programme**"), KBC IFIMA S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 4, rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg and registered with the trade and companies register (RCS Luxembourg) under number B193577 (the "**Issuer**" or "**KBC IFIMA S.A.**") may from time to time issue warrants linked to either a specified single share, a specified index, a specified foreign exchange rate or a specified interest in an exchange traded fund or multiple exchange traded funds (each a "**Reference Item**"), or a basket thereof, in each case guaranteed by the Guarantor (as defined below) (the "**Warrants**") with a warrant issue price (the "**Warrant Issue Price**") in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). Any Warrants issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein.

The payments and, where applicable, delivery of all amounts due in respect of the Warrants will be guaranteed by KBC Bank NV (the "**Guarantor**") pursuant to a deed of guarantee dated on or about 27 July 2022 as amended and/or supplemented and/or restated from time to time (the "**Guarantee**") executed by the Guarantor.

The Warrant Issue Price of all Warrants from time to time remaining unexercised will not, in aggregate, exceed EUR 1,000,000,000 (or its equivalent in other currencies).

The Warrants may be issued on a continuing basis to any Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis and which may include KBC Bank NV acting in its capacity as a Dealer separate from that as a Guarantor (each a "**Dealer**" and together the "**Dealers**").

Application has been made to the *Commission de surveillance du secteur financier* (the "**CSSF**") in its capacity as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for the approval of this document as a base prospectus for the purposes of Article 8 of the Prospectus Regulation in respect of the issue by the Issuer of Non-Exempt Warrants (as defined below). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer, the Guarantor or the quality of the Warrants. Investors should make their own assessment as to the suitability of investing in the Warrants.

According to Article 6 (4) of the Luxembourg act of 16 July 2019 on prospectuses for securities (the "**Luxembourg Law on Prospectus**"), the CSSF does not assume any responsibility as to the economical and financial soundness of the transactions contemplated under this Base Prospectus or the quality or solvency of the Issuer and/or the Guarantor. The CSSF has neither reviewed nor approved the information contained in this Base Prospectus in relation to any issuance of any Warrants that are not to be listed on the regulated market of Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels and for which a prospectus is not required in accordance with the Prospectus Regulation. In relation to any Warrants, this Base Prospectus must be read as a whole and together with the relevant Final Terms (as defined below). Any Warrants issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described or incorporated by reference herein. Application has also been made to Euronext Brussels for Warrants issued under the Programme during the period of 12 months from the date of approval of this Base Prospectus to be admitted to trading on the Regulated Market of Euronext Brussels. References in this Base Prospectus to Warrants being "listed" (and all related references) shall mean that such Warrants are intended to be admitted to trading on Euronext Brussels' Regulated Market and are intended to be listed on the Regulated Market of Euronext Brussels. Euronext Brussels' regulated market 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 and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MIFID II**"). No certainty can be given that the application for the listing of any Warrants will be granted. Furthermore, admission of the Warrants to trading on the regulated market of Euronext Brussels is not an indication of the merits of the Issuer or the Warrants. Unlisted Warrants may also be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Warrants will specify whether or not such Warrants will be listed on and admitted to trading on the regulated market of Euronext Brussels (or any other stock exchange).

**This Base Prospectus is valid for 12 months from its date in relation to Warrants which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation and will expire with respect to such Warrants on 28 July 2023. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

The final terms to this Base Prospectus in respect of the issue of any Non-Exempt Warrants (as defined below) (the "**Final Terms**"), which will complete the applicable terms and conditions of the Warrants, will be filed with the CSSF. Copies of the Final Terms in relation to Non-Exempt Warrants to be admitted to trading and listed on the official list of Euronext Brussels will also be published on the website of Euronext Brussels at [www.euronext.com](http://www.euronext.com).

The Programme provides that Warrants may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). In the case of Warrants which are (i) to be admitted to trading on a regulated market (as defined in the Prospectus Regulation) of a European Economic Area Member State other than the regulated market of Euronext Brussels (a "**Host Member State**"), or (ii) offered to the public in a Host Member State, the Issuer will request that the CSSF delivers to the competent authority of the Host Member State a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation and, if so required by the relevant Host Member State, a translation of the summary appended to the Final Terms.

Warrants to be issued under the Programme during the period of twelve months from the date of this Base Prospectus which are (a) offered to the public in the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation whether or not such Warrants are listed and admitted to trading on any market or (b) admitted to trading on a regulated market as defined under MiFID II (including the regulated market of Euronext Brussels) are hereinafter referred to as the "**Non-Exempt Warrants**".

The Issuer may also issue unlisted Warrants and/or Warrants not admitted to trading on any regulated market (as defined under MiFID II) or offered to the public within the EEA which do not require the publication of a prospectus under the Prospectus Regulation ("**Exempt Warrants**").

The Warrants of each Tranche will be represented by (i) a permanent global warrant (a "**Permanent Global Warrant**") which will be delivered on or prior to the issue date thereof to, and held by, Interprofessionele Effectendeposito- en Girokas SA/NV ("**Euroclear Belgium**") or Euroclear Nederland as central securities depository and securities settlement system (the "**Central Securities Depository and Securities Settlement System**") or by (ii) a temporary global warrant (a "**Temporary Global Warrant**") which will be delivered on or prior to the issue date thereof to a common depository (the "**Common Depository**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), and/or any other agreed clearing system which will be exchangeable, as specified in the applicable Final Terms, for a Permanent Global Warrant upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Warrant will be exchangeable for a definitive warrant only upon the occurrence of an Exchange Event, all as further described in "Form of the Warrants" below.

Warrants issued under the Programme will not be rated.

**Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Certain issues of Warrants involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Warrants and are not relying on the advice of the Issuer, the Guarantor or any Dealer in that regard. For a discussion of the risks see "Risk Factors" below. An investment in Warrants linked to one or more Reference Items may entail significant risks not associated with investments in a conventional security. The amount invested in such Warrants may be at risk. The amount paid by the Issuer on exercise of the Warrants may be less than the Warrant Issue Price of the Warrants, and may in certain circumstances be zero.**

Arranger and Dealer  
KBC Bank

The date of this Base Prospectus is 27 July 2022.

The Warrants have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") or any securities laws of any state or other jurisdiction of the United States and trading in the Warrants has not been approved by the Commodity Futures Trading Commission ("**CFTC**") under the Commodity Exchange, as amended ("**CEA**") or the United States Securities and Exchange Commission ("**SEC**") or any other regulatory agency in the United States, and accordingly may not be offered or sold, pledged or otherwise transferred 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), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. Warrants held in definitive form are subject to U.S. tax law requirements (see "*Subscription and Sale*" below).

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Warrants will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Warrants and which channels for distribution of the Warrants are appropriate. Any person subsequently offering, selling or recommending the Warrants (a "**distributor**") should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Warrants (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID II Product Governance Rules**"), any Dealer subscribing for any Warrants is a manufacturer in respect of such Warrants, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Warrants may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Warrants and which channels for distribution of the Warrants are appropriate. Any person subsequently offering, selling or recommending the Warrants (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 Warrants (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 Warrants is a manufacturer in respect of such Warrants, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**EU BENCHMARK REGULATION** – Amounts payable under the Warrants may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011, as amended (the "**EU 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 EU Benchmark Regulation. Not every reference rate will fall within the scope of the EU Benchmark Regulation. Transitional provisions in the EU 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 EU 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.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Warrants includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2(e) of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS** – The Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**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 European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA 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(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. 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 Warrants or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation

All references in this document to "**U.S. dollars**", "**USD**" and "**U.S.\$**" refer to United States dollars, those to "**Sterling**" refer to pounds sterling and those to "**euro**", "**€**" and "**EUR**" 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, as amended.

In this Base Prospectus, unless a contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

All references in this document to "**KBC Bank Group**" refer to KBC Bank NV together with its subsidiaries and all references in this document to "**KBC Group**", "**Group**" or "**KBC**" refer to KBC Group NV together with its subsidiaries.

References to "**Affiliate**" in this document, means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's or the Guarantor's business strategies, trends in its business, competition and competitive advantage, regulatory changes and restructuring plans.

Words such as **believes, expects, projects, anticipates, seeks, estimates, intends, plans** or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer and the Guarantor do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the Issuer or the Guarantor conducts operations; (iv) the potential impact of sovereign risk in certain European Union countries; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer or the Guarantor; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial regulation and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's or the Guarantor's business and practices in one or more of the countries in which the Issuer or the Guarantor conducts operations; (xi) the adverse resolution of litigation and other contingencies; and (xii) the Issuer's or the Guarantor's success at managing the risks involved in the foregoing.

The foregoing list of important factors to consider in relation to forward-looking statements is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus. The factors to be considered in relation to forward-looking statements described above should not be confused with the Risk Factors describing the material risks inherent in investing in Warrants issued under the Programme, which are set out in the section "*Risk Factors*" below.

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

This Base Prospectus constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation (other than in respect of Exempt Warrants).

Each of the Issuer and the Guarantor (together the "**Responsible Persons**") accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Warrants issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

**The applicable Final Terms will (if applicable) contain information relating to any underlying equity security, ETF share, exchange rate or equity index (each a "Reference Item"), or a basket thereof, to which the relevant Warrants relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the relevant Final Terms, any**

**information contained therein relating to a Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Reference Item or component thereof. Each of the Issuer and the Guarantor will, unless otherwise expressly stated in the applicable Final Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item or component thereof, no facts have been omitted that would render the information reproduced inaccurate or misleading.**

This Base Prospectus is to be read in conjunction with any supplement hereto and all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus. This Base Prospectus may only be used for the purposes for which it has been published.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

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, the Guarantor, or the issue and offering of the Warrants. 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 and the Guarantor under the Programme.

No person is or has been authorised by the Issuer, the Guarantor or any Dealer 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 Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Warrants issued hereunder shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor 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 Dealers appointed under the Programme

from time to time expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme. Investors should review, *inter alia*, the documents incorporated herein by reference when deciding whether or not to purchase any Warrants.

The distribution of this Base Prospectus and the offer or sale of Warrants may be restricted by law in certain jurisdictions.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Warrants 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 Warrants may be restricted by law in certain jurisdictions. None of the Issuer, the Guarantor and the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Warrants 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, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Guarantor or the Dealers which is intended to permit an offer to the public of any Warrants or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Warrants 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 Warrants may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Warrants. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in the United States, the European Economic Area and the United Kingdom, see "*Subscription and Sale*" below.

**The Warrants may not be a suitable investment for all investors. Each potential investor in the Warrants must determine the suitability of that investment in light of its own 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:**

- has sufficient knowledge and experience to make a meaningful evaluation of the Warrants, the merits and risks of investing in the Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or in the applicable Final Terms;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Warrants and the impact the Warrants will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants, including Warrants where the currency for payments is different from the potential investor's currency;
- understands thoroughly the terms of the Warrants and is familiar with the behaviour of any relevant indices and financial markets; and
- 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.

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) Warrants are legal investments for it and (2) restrictions may apply to its purchase or pledge of any Warrants. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Warrants under any applicable risk-based capital or similar rules.

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## GENERAL DESCRIPTION OF THE PROGRAMME

*This section contains a general overview of the different types of Warrants which can be issued under the Programme.*

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Warrants, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer may agree that Warrants shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Warrants other than Exempt Warrants, and if appropriate, a new Base Prospectus or a supplement to the Base Prospectus, will be published.***

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the "**Delegated Regulation**").

Words and expressions defined in "*Form of the Warrants*" and "*Terms and Conditions of the Warrants*" shall have the same meanings in this Overview.

Issuer: KBC IFIMA S.A.

Issuer Legal Entity Identifier (LEI): 213800PN8BSF31FXFM06

Guarantor: KBC Bank NV

Guarantor Legal Entity Identifier (LEI): 6B2PBRV1FCJDMR45RZ53

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Warrants issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme and risks relating to the structure of a particular Series of Warrants issued under the Programme. All of these are set out under "*Risk Factors*".

Description of the Programme: Warrant Programme

Arranger: KBC Bank NV

Dealers: KBC Bank NV

and any other Dealers appointed in accordance with the Programme Agreement.

Warrant Agent: KBC Bank NV

Paying Agent: KBC Bank NV

Programme Size: Up to EUR 1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) in

aggregate of the issue prices of all Warrants remaining unexercised at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution The manner of distribution will be specified in the applicable Final Terms.

Currencies: Subject to any applicable legal or regulatory restrictions, Warrants may be issued in euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.

Maturities: Subject to compliance with all relevant laws, regulations and directives and unless previously cancelled or purchased and cancelled, each Warrant will have the maturity as specified in the applicable Final Terms.

Issue Price: Warrants will be issued at an amount specified in the applicable Final Terms.

Form of Warrants: The Warrants will be issued in bearer form as described in "*Form of the Warrants*".

Type of Warrants: The Issuer may issue:

- (a) Expiration Settlement Warrants;
- (b) Interim Exercisable Warrants; and
- (c) Turbo Warrants.

The Issuer may also issue Warrants that are linked to a basket of Reference Items.

The Issuer and the Guarantor may agree with any Dealer that Exempt Warrants may be issued in a form not contemplated by the Terms and Conditions of the Warrants, in which event the relevant provisions will be included in the applicable Final Terms.

Interest: The Warrants will not bear any interest.

Exercise: A Warrant grants the Warrantholder a right of Exercise of the Warrant as further specified in the applicable Final Terms.

Status of the Warrants: The Warrants constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer and *pari passu* without any preference among themselves except for obligations given priority by law.

Guarantee:	The Warrants are guaranteed as to payment of the Early Cash Settlement Amount (in the case of Interim Exercisable Warrants), Cash Settlement Amount or the Early Cancellation Amount by the Guarantor upon the terms contained in the Guarantee. Claims in respect of the Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank <i>pari passu</i> with all present and future unsecured and unsubordinated obligations of the Guarantor, without any preference among themselves and <i>pari passu</i> without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.
Rating:	Warrants issued under the Programme will be unrated.
Approval:	Application has been made to the CSSF for approval of this Base Prospectus in respect of all Warrants other than Exempt Warrants issued under the Programme.
Listing and admission to trading:	Warrants issued under this Base Prospectus may be listed and admitted to trading on the regulated market of Euronext Brussels or Euronext Access Paris or may be issued on an unlisted basis.  The applicable Final Terms will state whether or not the relevant Warrants are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing law:	The Agency Agreement, the Warrants (except Condition 2(c)) and the Guarantee (except Clause 6) (and, in each case, any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law. Condition 2(c) of the Warrants, Clause 6 of the Guarantee and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, Belgian law.
Selling Restrictions:	The Warrants have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. There are also restrictions on the offer, sale and transfer of the Warrants in the EEA (including Belgium), the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Warrants, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.
Exempt Warrants:	Under this Base Prospectus, the Issuer may also issue Exempt Warrants (being Warrants for which no prospectus is required

to be published under the Prospectus Regulation) and any terms and conditions not contained in this Base Prospectus which are applicable to such Exempt Warrants will be set out in the applicable Final Terms.

## **RISK FACTORS**

*This section sets out the principal risks inherent in investing in Warrants issued under the Programme, including key risks relating to investments linked to the different underlyings or bases of reference.*

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Warrants issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the material risks inherent in investing in Warrants issued under the Programme. The most material risk or risks in each category are specified first in such category. The risks set out after the most material risk or risks are not further ranked by the Issuer in accordance with their respective degree of materiality. The inability of the Issuer or the Guarantor to pay amounts under or in connection with any Warrants may occur for other unknown reasons or for reasons which may not be considered material risks by the Issuer or the Guarantor based on the information currently available to it or which it may not currently be able to anticipate and the Issuer and the Guarantor do not represent that all risks in relation to the Issuer, the Guarantor or the Warrants are described below. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision and consult with their own professional advisors (if they consider it necessary).*

**THE PURCHASE OF WARRANTS MAY INVOLVE SUBSTANTIAL RISKS. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS (AND ANY SUPPLEMENT, IF APPLICABLE) AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE GUARANTOR OR ANY DEALER.**

**AN INVESTMENT IN WARRANTS LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE WARRANT ISSUE PRICE INVESTED IN SUCH WARRANTS MAY BE AT RISK. THE AMOUNT PAID BY THE ISSUER ON THE AUTOMATIC EXERCISE OF THE WARRANTS MAY BE LESS THAN THE WARRANT ISSUE PRICE OF THE WARRANTS, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.**

**CERTAIN ISSUES OF WARRANTS INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.**

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in "Terms and Conditions of the Warrants" below.*

## **RISK FACTORS RELATING TO THE ISSUER AND THE GUARANTOR**

### **Factors that may affect the Issuer's ability to fulfil its obligations under Warrants issued under the Programme**

The Issuer is a finance vehicle whose principal purpose is to raise debt to be on-lent to the KBC Bank Group. The Issuer does not have any trading assets and does not generate trading income. Warrants issued under the Programme are guaranteed pursuant to the Guarantee. Accordingly, if the Guarantor's financial condition were to deteriorate, the Issuer and investors in the Warrants may suffer direct and materially adverse consequences.

The risk factors as set out below in respect of the Guarantor may also apply, directly and/or indirectly, to the Issuer, due to the interconnectedness of the credit risks of the Issuer and the Guarantor (since the Issuer is a fully-owned subsidiary of the Guarantor) and due to the Guarantor itself guaranteeing the obligations of the Issuer under the Guarantee.

### **Risks relating to the business activities of the KBC Bank Group and the markets in which it operates**

#### **Geopolitical and coronavirus risk – emerging high risk**

The coronavirus pandemic has had a major impact across the world for the last two years, causing, among other consequences, economic and financial uncertainty. As a result of many intensive vaccination campaigns, the risk of a return to forced or voluntary large-scale lockdowns has decreased but regular local outbreaks all over the world remain a constant threat. Such uncertainty will continue to impact the worldwide economy and the challenges that the KBC Bank Group faces.

As at the date of this Base Prospectus, the impact of the pandemic on the KBC Bank Group from an operational and credit risk perspective remains limited. From an operational risk perspective, the different waves of the pandemic have had no impact on the provision of services to the KBC Bank Group's clients or on service continuity, evidencing the KBC Bank Group's robust operational resilience.

The pandemic resulted in challenges in the area of information and communications technology ("ICT") and in increasing cyber security threats globally, as cyber criminals tried to take advantage of the pandemic. The massive shift to teleworking underlined the importance of a solid ICT infrastructure and layered protection against cyberattacks. The continued effectiveness of the protections put in place by the KBC Bank Group is being demonstrated, as no significant ICT or business continuity impact on the KBC Bank Group has been reported.

With respect to credit risk management, some of the initially implemented group-wide restrictive measures and policies (e.g. fewer credit underwriting restrictions on sectors vulnerable to the pandemic) have been eased. However, intensified monitoring is still ongoing in all countries, with a focus on different aspects depending on the portfolio and the local regulatory measures taken. The pandemic continues to cause uncertainty in respect of client performance, as certain supportive measures that masked and delayed its impact have only ended recently in certain countries. If the coronavirus crisis worsens, with more restrictions for specific sectors, measures similar to those previously imposed will be discussed and reinstated if needed.

The invasion of Russia in Ukraine also requires additional attention at the KBC Bank Group and our home markets in Central and Eastern Europe. The KBC Bank Group has no direct subsidiaries in Russia, Belarus or Ukraine nor Russian sovereign exposure. The KBC Bank Group has limited direct

exposure to Russia, Ukraine and Belarus amounting to EUR 57 million mainly concentrated in commercial exposures to Russian banks.

In response to the invasion, the EU, US and other countries have initiated widespread economic and financial sanctions, including trade restrictions, a (partial) Russian oil and gas embargo, a closure of SWIFT for selected Russian banks and restrictions on transactions with the Russian Central Bank. Such sanctions may have an indirect impact on the clients of the KBC Bank Group and this is being closely monitored.

The invasion of Ukraine comes at a time when the EU economy is already being impacted by certain other emerging risks. For example, international supply chains were already under pressure following the recovery coming out of the coronavirus pandemic. The war aggravates these inflationary tendencies through rising commodity and energy prices. These emerging risks may impact both retail clients, by increasing costs of living and higher repayments schemes due to increasing interest rates, as well as corporate and SME clients, due to supply chain issues and increasing commodity and energy prices.

The KBC Bank Group is closely monitoring these emerging risks, as well as the impact on the KBC Bank Group and its clients both financially and operationally.

Although the KBC Bank Group's net result recovered strongly in 2021, and while its capital position and liquidity position remained very solid throughout the crisis, the current geopolitical and emerging risks may continue to have an impact on the KBC Bank Group's profitability and performance and may adversely affect the ability of the Issuer or the Guarantor to meet its financial obligations, including the ability to make payments on the Warrants.

More information and figures about the coronavirus crisis, the Russia-Ukraine conflict and other recent events in relation to the Issuer and the Guarantor can be found in the section entitled "*Recent events*" in the section entitled "*Description of the Guarantor*" on pages 134 to 168 of this Base Prospectus. Please also refer to the section entitled "*The world economy*" on page 12 of the Guarantor's 2021 Annual Report. The Guarantor's 2021 Annual Report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*" on page 37 of this Base Prospectus.

#### **Performance risk - medium risk**

Over the last year, the KBC Bank Group's performance has remained strong (as reflected in the high return on equity) which underlines the resiliency of its business model in a challenging environment.

The KBC Bank Group is operating in a dynamic environment which brings opportunities but also challenges and risks which are re-shaping the financial industry, including:

- the impact of the coronavirus pandemic and the Russia-Ukraine war on the global economy, which has resulted in supply-side shortages and related inflation, and has led to volatility in financial markets;
- a persistent low and negative interest rate environment which has had a negative impact on the KBC Bank Group activities;
- big technology companies challenging the traditional financial players in providing no-frills, no-hassle services and superior customer experience. Clients have become accustomed to convenience, instant delivery of products and services, and personal advice anywhere at any time. These competitive pressures could result in increased pricing pressures on a number of

the KBC Bank Group's products and services and in the loss of market share in one or more such markets;

- increased attention on sustainability and climate change are changing the expectations, mindset, consumption and investment patterns of the KBC Bank Group's stakeholders. At the same time the KBC Bank Group needs to manage the impact of worldwide climate change on its banking and investment activities. These changes are expected to further affect the activities and products of the KBC Bank Group in the coming years;
- traditional bank financing solutions are being bypassed by growing disintermediation in corporate and financing for small and medium enterprises ("**SMEs**"), facilitated by the development of the EU Capital Markets Union. These changes could result in increased pricing pressures on a number of the KBC Bank Group's products and services and in the loss of market share in one or more such markets;
- strong regulatory pressure and uncertainty, with continued challenges in terms of level playing field, requires increased attention and increased staff levels in respect of regulatory reporting activities; and
- mergers and acquisitions activities, as well as change projects in line with the overall KBC Bank Group strategy could negatively impact the performance of the KBC Bank Group if such activities and projects are not managed and implemented well.

The risks described above may have an impact on the KBC Bank Group's profitability and performance and may adversely affect the ability of the Issuer or the Guarantor to meet its financial obligations, including the ability to make payments on the Warrants.

#### **Credit risk - medium risk**

Credit risk is the potential negative deviation from the expected value of a financial instrument arising from the non-payment or non-performance by a contracting party (for instance a borrower), due to that party's insolvency, inability or lack of willingness to pay or perform, or to events or measures taken by the political or monetary authorities of a particular country (country risk). Credit risk thus encompasses default risk and country risk, but also includes migration risk, which is the risk for adverse changes in credit ratings.

The main source of credit risk is the KBC Bank Group's loan portfolio. It includes all the loans and guarantees that the KBC Bank Group has granted to individuals, companies, governments and banks (including debt securities if they are issued by companies or banks). The aggregate outstanding amount of the KBC Bank Group's loan portfolio amounted to EUR 188 billion on 31 December 2021. Most counterparties are private individuals (44%) and corporates (47%). Most counterparties are located in Belgium (63%) or in the Czech Republic (19%). 3% of this portfolio comprises impaired loans (i.e. loans where it is unlikely that the full contractual principal and interest will be repaid/paid).

The mortgage portfolio of the KBC Bank Group amounts to roughly EUR 67 billion, which constitutes 45 per cent. of the KBC Bank Group's loans and advances to customers being EUR 158 billion, excluding reverse repos (see note 2.3 of the Guarantor's 2021 Annual Report).

The main sources of other credit risks are trading book securities, counterparty risk of derivatives and government securities.

Such credit risk could adversely affect the KBC Bank Group's profitability and the Issuer's or the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants.

A more detailed breakdown of the KBC Bank Group's loan portfolio, including information on impairments, can be found on page 49 onwards of the Guarantor's 2021 Annual Report and the impact of the coronavirus pandemic can be found in note 1.4 of the consolidated financial statements to the Guarantor's 2021 Annual Report. More information on credit risks relating to trading book securities, counterparty risk of derivatives and government securities can be found on page 56 of the Guarantor's 2021 Annual Report. The Guarantor's 2021 Annual Report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*" on page 37 of this Base Prospectus.

### **Operational risk and compliance risk - medium risk**

The KBC Bank Group is exposed to a large array of operational risks, which are defined as risk of loss resulting from inadequate or failed internal processes, people and systems, or arising from human errors or sudden man-made or natural external events that could give rise to material losses in services to customers and to loss or liability to the KBC Bank Group.

These events can potentially result in financial loss, liability to customers, administrative fines, penalties and/or reputational damages which could adversely affect the KBC Bank Group's profitability and the Issuer's or the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants.

The KBC Bank Group endeavours to hedge such risks by implementing adequate systems, controls and processes tailored to its business. Nevertheless, it is possible that these measures may prove to be ineffective in relation to operational risks to which the KBC Bank Group is exposed.

The main operational risks of the KBC Bank Group are as follows (in order of importance):

- *Conduct and compliance risk*: The risk of non-conformity with, or sanctions due to failure (or the perceived failure) to comply with, law and regulations in respect of integrity or conduct, or any internal policies or the institution's own values and codes of conduct in relation to the integrity of its activities. This also includes the current or prospective risk of losses arising from inappropriate supply of financial services, including cases of willful or negligent misconduct. Conduct risk covers many "hard" legal aspects, such as informing customers, providing the required transparency, avoiding misleading information and forced tying of products, selling the right product to the right customer and at the right time, conflicts of interest in doing business, manipulation of benchmarks, obstacles to changing financial products during their lifetime, automatic provision of products or unfair treatment of customers' complaints. There are also softer aspects to include in conduct risk which are based specifically on behaviour and are linked to people, culture and mindset.
- *Information security risk*: The risk arising from loss, misuse, unauthorised disclosure or modification, inaccessibility, inaccuracy and damage of information.
- *IT (Information Technology) risk*: The risk of losses resulting from misalignment between business and IT strategies, from the inability of IT to implement business and regulatory requirements in a timely manner or from unstable or unavailable IT services.
- *Process risk*: The risk of losses caused by insufficient, badly designed or poorly implemented processes and processing controls and unintentional human errors or omissions during normal (transaction) processing.
- *Outsourcing risk and third party risk*: Risks stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to or partnered with third parties (whether or not within a group) or from the equipment or staff made available by these third parties.

- *Model risk*: The risk of losses or potential for adverse consequences arising from decisions based on incorrect or misused model outputs and model reports. There is a distinction between model errors and wrong application of the model (e.g. use of outdated models).
- *Fraud risk*: The risk of deliberate abuse of procedures, systems, assets, products and/or services by one or more persons who intend to deceitfully or unlawfully benefit themselves or others.
- *Legal risk*: The risk of losses caused by bad management of disputes, the inability to protect the Guarantor's intellectual property (IP), failure to manage non-contractual obligations or failure to timely and correctly detect, assess and implement legislation and regulations.
- *Business continuity risk*: The risk that business activities cannot be continued at an acceptable pre-defined level resulting from the lack of a strategic and tactical capability of the organisation to plan for and respond to serious (business) disruptions, crises or disasters.
- *Personal and physical security risk*: Risks of losses arising from acts inconsistent with employment, health or safety laws or agreements, from personal injury claims or from diversity/discrimination events.

Please also refer to the section entitled "*Operational risk*" on pages 65 to 67 of the Guarantor's 2021 Annual Report. The Guarantor's 2021 Annual Report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*" on page 37 of this Base Prospectus.

#### **Market risk in non-trading activities - medium risk**

Market risk is defined as the potential negative deviation from the expected value of a financial instrument (or portfolio of such instruments) due to changes in the level or in the volatility of market prices (e.g. interest rates, exchange rates and equity or commodity prices). Market risk is related to trading and non-trading activities.

The KBC Bank Group is mainly exposed to interest rate risk, credit spread risk and equity price risk. These risks, as further described below, could adversely affect the KBC Bank Group's profitability and the Issuer's or the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants.

Interest rate risk is the potential negative deviation from the expected value of a financial instrument or portfolio due to changes in the level or in the volatility of interest rates. The value of interest bearing positions will decrease when market interest rates increase and vice-versa, unless the position contains inherent protection against such decrease, such as a variable or floating interest rate mechanism. The KBC Bank Group estimates that, as at 31 December 2021, an increase of market interest rates by 10 basis points would lead to a decrease of the value of the KBC Bank Group's total portfolio by EUR 69 million.

Credit spread risk is the risk due to changes in the level or in the volatility of credit spreads. The value of the KBC Bank Group's positions will decrease when credit spread increases, and *vice versa*. This is mainly relevant for the KBC Bank Group's portfolio of sovereign and non-sovereign bonds. As at 31 December 2021, the total carrying value (i.e. the amount at which an asset or liability is recognised in the KBC Bank Group's accounts) of the KBC Bank Group's sovereign and non-sovereign bond portfolio combined was EUR 47 billion. The KBC Bank Group estimates that an increase in credit spread of 100 basis points across the entire curve would lead to a theoretical negative economic impact of EUR 2 billion on the value of both portfolios combined.

Equity risk is the risk due to changes in the level or in the volatility of equity prices. The total value of the KBC Bank Group's equity portfolio as at 31 December 2021 was EUR 0.26 billion. The KBC Bank Group estimates that a 25% drop in equity prices would have a negative impact of EUR 64 million on the value of this portfolio.

More information regarding market risks in non-trading activities generally, and interest rate risk, credit spread risk and equity risk specifically, can be found on pages 58 and following of the Guarantor's 2021 Annual Report. More information on credit risks relating to trading book securities, counterparty risk of derivatives and government securities can be found on page 56 of the Guarantor's 2021 Annual Report. The Guarantor's 2021 Annual Report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*" on page 37.

### **Legal and regulatory risk - medium risk**

The KBC Bank Group's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates.

Recent regulatory and legislative developments applicable to credit institutions, such as the Guarantor may adversely impact the KBC Bank Group, its business, financial condition or results of operation which in turn may impact the Issuer's or the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants. A non-exhaustive overview of certain important regulatory and legislative developments, such as changes to the prudential requirements for credit institutions, capital adequacy rules, recovery and resolution mechanisms, is set out in the section entitled "*Banking supervision and regulation*" in the "*Description of the Guarantor*" starting on page 154 of this Base Prospectus.

Moreover, there seems to have been an increase in the level of diligence (e.g., additional ad hoc data collection exercises, questionnaires, etc.) applied by governments and regulators to enforce applicable regulations and calls to impose further charges on the financial services industry in recent years (e.g., additional levy of taxes). Such increased scrutiny or charges may require the KBC Bank Group to take additional measures which, in turn, may have adverse effects on its business, financial condition and results of operations.

Environmental, social and governance ("**ESG**") risks are high on the agenda of the legislators and regulators, leading to a number of directives, guidelines and disclosure requirements. These have to be gradually implemented in the coming years with the main focus on strategy, governance, risk management and internal and external reporting. The KBC Bank Group is taking the necessary actions to implement and to be compliant with all new regulation aiming for a timely implementation. The importance of such disclosure for market participants, investors and society in general will only increase. For example, based upon the disclosure, financial institutions, and the KBC Bank Group in particular, will be judged on how well they adapt to climate change and other ESG related aspects.

Operational resilience is also increasingly becoming a focus point of regulators, inspired by the coronavirus pandemic, the increasing cyber threats and the Russia-Ukraine conflict. The ECB announced that they will engage with institutions to ensure that operational disruptions are properly planned for, managed and mitigated. Within the KBC Bank Group, key building blocks (such as business continuity management, cyber security and outsourcing risk management) are in place and are being further improved. However, whether additional steps are needed and how the different existing building blocks can be better integrated will be investigated further.

Any failure by the KBC Bank Group to meet legal and regulatory requirements could result in administrative, civil and/or criminal actions or sanctions.

## **Risks related to ATAD Laws and ATAD 3 Proposal**

The Issuer is liable to Luxembourg corporate income tax on its worldwide net profits. The Luxembourg laws of 21 December 2018 and of 20 December 2019 (collectively, the "ATAD Laws"), which respectively implement the Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (commonly known as "ATAD") and Council Directive (EU) 2017/952 of 29 May 2017 amending the latter directive as regards hybrid mismatches with third countries (commonly known as "ATAD 2"), introduced new tax measures into Luxembourg law, including among others a limitation as regards so-called "exceeding borrowing costs" and hybrid mismatch rules. Whilst certain exemptions and safe harbour provisions (for example, exceeding borrowing costs up to EUR 3 million will always remain deductible) exist in relation to the limitation of exceeding borrowing costs, these new rules may in certain situations result in the limitation or denial of the deduction of payments to investors for Luxembourg tax purposes, which may adversely affect the income tax position of the Issuer and as such affect generally its ability to make payments to the holders of Warrants.

In any case, clarifications as regards the ATAD Laws and their interpretation may be enacted after the date of this Base Prospectus, possibly even though unlikely with retroactive effect, and could alter the tax position of the Issuer. In addition, the Issuer may take positions with respect to certain tax issues resulting from the ATAD Laws which may depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the applicable tax authority, there could be a materially adverse effect on the Issuer and its ability to make payments to the holders of Warrants.

In addition, on 22 December 2021 the Council of the European Union published the proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes and amending Directive 2011/16/EU (the "ATAD 3 Proposal"). Under the ATAD 3 Proposal, reporting obligations would be imposed on certain entities resident in a Member State for tax purposes that meet certain criteria. If these entities qualify as shell entities, they would not be able to access the benefits of the tax treaty network of its Member State nor qualify for the benefits under the Council Directive 2011/96/UE of 30 November 2011, as amended (known as the EU parent-subsidiary directive) and/or Council Directive 2003/49/EC of 3 June 2003, as amended (known as the EU interest and royalties directive). Furthermore, they would not be entitled to a certificate of tax residence to the extent that such a certificate would confer any of these benefits, but would rather receive a tax certificate specifying that the Issuer may not be entitled to them. Member States are currently expected to implement the ATAD 3 Proposal by mid-2023 and to apply the provisions of the ATAD 3 Proposal as from 1 January 2024.

### **Liquidity risk**

Liquidity risk is the risk that the KBC Bank Group will be unable to meet its liabilities and obligations as they come due, without incurring higher-than-expected costs.

CRD IV requires the KBC Bank Group to meet targets set for the Basel III liquidity related ratios, i.e., (i) the liquidity coverage ratio ("**LCR**") which requires banks to hold sufficient unencumbered high quality liquid assets to withstand a 30-day stressed funding scenario and (ii) the net stable funding ratio ("**NSFR**") which is calculated as the ratio of an institution's amount of available stable funding to its amount of required stable funding.

Any failure of the KBC Bank Group to meet the liquidity ratios could result in administrative actions or sanctions or it ultimately being subject to any resolution action, which may impact the Issuer's or

the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants.

Please also refer to the section entitled "*Liquidity risk*" on pages 73 to 75 of the Guarantor's 2021 Annual Report. The Guarantor's 2021 Annual Report is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents incorporated by reference*" on page 37.

Liquidity risk can be sub-divided in contingency liquidity risk, structural liquidity risk and operational liquidity risk.

Contingency liquidity risk is the risk occurring when the KBC Bank Group may not be able to attract additional funds or replace maturing liabilities under stressed market conditions. This risk, assessed on the basis of liquidity stress tests, relates to changes to the liquidity buffer of a bank under extreme stressed scenarios.

Structural liquidity risk is the risk occurring when the KBC Bank Group's long-term assets and liabilities might not be refinanced on time or can only be refinanced at a higher-than-expected cost. Typical for banking operations, funding sources generally have a shorter maturity than the assets that are funded, leading to a negative net liquidity gap in the shorter time buckets and a positive net liquidity gap in the longer-term buckets. This creates liquidity risk if the KBC Bank Group would be unable to renew maturing short-term funding.

Operational liquidity risk is the risk occurring when the KBC Bank Group's operational liquidity management cannot ensure that a sufficient buffer is available at all times to deal with extreme liquidity events, in which no wholesale funding can be rolled over.

Besides a liquidity risk management framework and a funding management framework, standards for stress testing and policies on the internal liquidity adequacy assessment process ("*ILAAP*"), collateral management, use of public funding sources and intraday liquidity management are also in place to steer the overall liquidity risk management process of the Group.

#### **Market risk in trading activities - low risk**

The KBC Bank Group is exposed to market risks via the trading activities of its dealing rooms in Belgium, the Czech Republic, Slovakia, Bulgaria and Hungary, as well as via a minor presence in the United Kingdom and Asia. Wherever possible and practical, the residual trading positions of the Group's foreign entities are systematically transferred to KBC Bank NV, reflecting that the KBC Bank Group's trading activity is managed centrally both from a business and a risk management perspective. Consequently, KBC Bank NV holds about 98% of the trading-book-related regulatory capital of the KBC Bank Group.

Market risk exposures in the trading book are measured by the Historical Value-at-Risk ("*HVaR*") method, which is defined as an estimate of the amount of economic value that might be lost due to market risk over a defined holding period. The KBC Bank Group uses the historical simulation method, based on patterns of experience over the previous two years. The KBC Bank Group's HVaR estimate, calculated on the basis of a one-day holding period, was EUR 7 million as at 31 December 2021, and varied between EUR 4 million and EUR 11 million during the financial year of 2021.

#### **Credit ratings - low risk**

The credit ratings of the KBC Bank Group are important to maintain access to key markets and trading counterparties. Please also refer to the section entitled "*Credit ratings*" in the "*Description of the Guarantor*" on pages 135 to 136 of this Base Prospectus for an overview of the KBC Bank Group's current credit ratings.

Any failure by the KBC Bank Group to maintain its credit ratings could adversely impact the competitive position of the KBC Bank Group, make entering into hedging transactions more difficult and increase borrowing costs or limit access to the capital markets or the ability of the KBC Bank Group to engage in funding transactions. In connection with certain trading agreements, the KBC Bank Group might also be required, if its current ratings are not maintained, to provide additional collateral.

### **Capital adequacy**

The requirements of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as last amended by Directive (EU) 2021/1338 of 16 February 2021 and as may be further amended or replaced from time to time ("**CRD**") include a capital conservation buffer and, in certain circumstances, a systemic buffer and/or a countercyclical buffer which come on top of the minimum requirements. These additional requirements have an impact on the KBC Bank Group and its operations, as it imposes higher capital requirements.

Any failure of the KBC Bank Group to meet the regulatory capital ratios could result in administrative actions or sanctions or it ultimately being subject to any resolution action, which may impact the Issuer's or the Guarantor's ability to meet its financial obligations, including the ability to make payments on the Warrants.

Please refer to the section entitled "*Banking supervision and regulation*" in the "*Description of the Guarantor*" starting on page 154 of this Base Prospectus in which a broader overview of the capital adequacy requirements is provided.

## **RISK FACTORS RELATING TO THE WARRANTS**

### **Risks relating to the structure and terms of the Warrants**

#### **Warrantheolders may be required to absorb losses in the event that KBC Bank Group were to become subject to the exercise of "bail-in" powers by the Resolution Authority**

Warrantheolders may lose their investment in case the KBC Bank Group were to become non-viable or fail. In such circumstances and aside from parts of the KBC Bank Group that can still go through normal insolvency proceedings, resolution authorities may require senior liabilities to be bailed-in, including (without limitation) the rights of Warrantheolders under the Guarantee.

In order to safeguard financial stability and minimize taxpayers' exposure to losses, BRRD as implemented in the Banking Law (as defined below) and as transposed into (i) Belgian law by the law of 25 April 2014 on the status and supervision of credit institutions, and any other law or regulation relating to the transposition of Directive 2014/59/EU under Belgian law and (ii) Luxembourg law by the Luxembourg law dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Law**"), includes a "bail-in" tool in relation to unsecured debt (including the rights of Warrantheolders under the Guarantee) and a statutory "write-down and conversion power" in relation to regulatory capital instruments. These powers allow resolution authorities to write down the claims of unsecured creditors (including the rights of Warrantheolders under the Guarantee) of a failing institution in order to recapitalize the institution by allocating losses to its shareholders and unsecured creditors, or to convert debt into equity, as a means of restoring the institution's capital position.

The bail-in power includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant financial institution and the power to convert a liability from one form to another, all with a view to recapitalizing the failing credit institution.

The BRR Law is applicable, among others, to financial institutions (within the meaning of the BRR Law) incorporated under Luxembourg law that are (i) subsidiaries of a credit institutions or certain investment firms (both within the meaning of the BRR Law) and (ii) supervised on a consolidated basis with of their parent company (in accordance with Articles 6 to 17 of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms, as amended (the "**CRR**")). KBC IFIMA S.A. is a financial institution established under Luxembourg law that is subsidiary of KBC Bank NV (a Belgian credit institution), covered by its consolidated prudential supervision. It follows that KBC IFIMA S.A. meets these criteria and, as a result, falls within the scope of the BRR Law. The Resolution Authority (which for the Issuer means the EU Single Resolution Board together with the resolution committee of the *Commission de surveillance du secteur financier* (the "**CSSF**"), acting in its capacity as the resolution council) has the power to bail-in (i.e. write down or convert) the liabilities arising out of the Warrants issued by the Issuer.

The Resolution Authority (which for the KBC Bank Group means the EU Single Resolution Board together with the resolution committee of the National Bank of Belgium) has the power to bail-in (i.e. write down or convert) senior debt such as the liability of the Guarantor under the Guarantee, after having written down or converted tier 1 capital instruments and tier 2 capital instruments. On 31 December 2021, the Guarantor's tier 1 and tier 2 capital amounted to EUR 18.5 billion in total.

Potential investors in the Warrants should consider the risk that a Warrantholder may lose all of its investment, including the Warrant Issue Price, if such statutory loss absorption measures are acted upon or that the rights of the Warrantholders under the Warrants or the Guarantee may be converted into ordinary shares.

Warrantholders may have limited rights or no rights to challenge any decision to exercise such powers or to have that decision reviewed by a judicial or administrative process or otherwise.

### **The Warrants are not debt securities and do not pay any interest**

The terms of the Warrants differ from those of ordinary debt securities. The Warrants do not entitle the holder of the Warrants to receive a coupon payment or dividend yield and therefore do not constitute a regular source of income. Possible losses in connection with an investment in the Warrants can therefore not be compensated by other income from the Warrants.

Unless otherwise cancelled or purchased and cancelled early, there is no return on the Warrants other than the (i) Early Cash Settlement Amount (if applicable) on early termination, (ii) the Cash Settlement Amount on expiry, (iii) the Event of Default Cancellation Amount in the case of an Event of Default of such Warrants (upon election by the Warrantholder(s) to exercise the relevant Warrant(s)) or (iv) in the case of Turbo Warrants, the Cash Settlement Amount following a valid exercise, a valid Issuer Call or a Stop Loss Event.

The Warrants involve a high degree of risk and may entail significant risks not associated with investments in a conventional security. The Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Reference Item, or basket thereof, to which such Warrants relate.

### **The Warrants will rank behind certain deposits and secured liabilities**

All Warrants will represent direct, unconditional, unsecured and unsubordinated obligations of the Issuer and the Guarantee will represent direct, unconditional, unsecured and unsubordinated

obligations of the Guarantor. All Warrants and the Guarantee will rank without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer or the Guarantor, as the case may be, save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding-up may give preference to any of such other obligations.

In case of bankruptcy or resolution of the KBC Bank Group, the Warrants (including the obligations of the Guarantor under the Guarantee) will rank behind deposits of small and medium enterprises ("**SMEs**") and physical persons, and *pari passu* with deposits of large enterprises in excess of EUR 100,000 and derivatives. This means that in such case, Warrantholders will only be repaid after and to the extent that such deposits have been repaid first and hence bear a greater risk should the KBC Bank Group become (i) subject to the "bail-in" tool referred to in section "*Warrantholders may be required to absorb losses in the event that KBC Bank Group becomes non-viable or were to fail*" above or (ii) insolvent. On 31 December 2021, the Guarantor, on a non-consolidated basis, had a total amount of customer deposits of EUR 159.7 billion (as reported in accordance with Belgian Generally Accepted Accounting Principles). The Guarantor does not separately report deposits of large enterprises, SME's and physical persons.

Creditors that benefit from security rights granted by the Issuer or the Guarantor, will be paid in priority from the proceeds of that security, and remaining proceeds (if any) will be paid to the other creditors (including the Warrantholders) in accordance with their rank. On 31 December 2021, the book value of the Guarantor's pledged assets amounted to EUR 44.3 billion (on a non-consolidated basis in accordance with Belgian Generally Accepted Accounting Principles).

Below is an overview of the ranking of the various debt, equity and derivative instruments issued by the KBC Bank Group in case of bankruptcy or resolution. The Warrants fall within the category of "*Other Preferred Senior Unsecured Liabilities*".

Common Equity Tier 1	
Additional Tier 1	
Tier 2 + other Subordinated Liabilities	
Non Preferred Senior Unsecured Instruments <i>(art. 389/1, 2° Belgian Law 25 April 2014)</i>	
Other Preferred Senior Unsecured Liabilities	} Pari Passu
Derivatives	
Deposits Large Entreprises (> EUR 1000,000)	
Deposits SME and Physical Persons (> EUR 1000,000)	
Covered Deposits (< EUR 100,000)	
Secured Liabilities	

Furthermore, it should be noted that the Banking Law introduced (i) a general lien on movable assets ("*algemeen voorrecht op roerende goederen*" / "*privège général sur biens meubles*") for the benefit of the deposit guarantee fund ("*garantiefonds voor financiële diensten*" / "*fonds de garantie pour les services financiers*") as well as (ii) a general lien on moveable assets for the benefit of natural persons and small and medium-sized enterprises for deposits exceeding EUR 100,000. These

general liens could have an impact on the recourse that Warrantheolders would have on the estate of the Guarantor in the case of an insolvency as the claims which benefit from a general lien will rank ahead of the claims of the Warrantheolders.

### **Risks relating to the legal issues regarding the Warrants**

The Issuer is incorporated and has its registered office in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The rights of Warrantheolders and the responsibilities of the Issuer to the Warrantheolders under the aforementioned laws may be materially different from those with regard to equivalent instruments under the laws of the jurisdiction in which the Warrants are offered. Additionally, the insolvency laws applicable to the Issuer may not be as favourable to Warrantheolders as the insolvency laws of jurisdictions with which investors may be familiar.

The following is a brief description of certain aspects of Luxembourg insolvency laws under which the following types of proceedings (together referred to as "**Insolvency Proceedings**") may be opened against a Luxembourg company to the extent it has its registered office or centre of main interest in Luxembourg.

*Bankruptcy (faillite)*: a Luxembourg company may be declared bankrupt provided that two conditions are fulfilled: (i) the company is in default of payment (i.e., it fails to pay its debts as they fall due) (*cessation de paiement*) and (ii) the company has a loss of creditworthiness (*ébranlement de crédit*). The opening of bankruptcy proceedings may be requested by:

- the company itself (*aveu de faillite*), in which case the company must declare bankruptcy within one month of ceasing to pay its debts which are due;
- any of the company's creditors (*assignation en faillite*) by serving a bankruptcy writ on the company to appear before the Commercial District Court;
- or the court on its own motion (*faillite d'office*) if the court obtains information from the public prosecutor's office, debtors or third parties indicating that the company has met the bankruptcy conditions.

If a court finds that the aforementioned two conditions have been satisfied, it will open bankruptcy proceedings, resulting in the suspension of all individual measures of enforcement against the company, subject to certain limited exceptions.

*Controlled management proceedings (gestion contrôlée)*: the opening of controlled management proceedings may only be requested by the company and not by its creditors. Prior approval by more than 50% of the creditors representing more than 50% of the company's liabilities is required.

*Composition proceedings (concordat préventif de la faillite)*: composition proceedings may be requested only by the company (having received prior consent from a majority of the creditors representing 75% of the outstanding amount).

The court's decision to admit a company to the composition proceedings triggers a provisional freeze on individual enforcement of claims by unsecured creditors.

In addition to these proceedings, the ability of the holders of Warrants to receive payment under the Warrants may be affected by a court decision to grant a reprieve from payments (*sursis de paiements*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the public prosecutor's request against companies pursuing an activity in violation of criminal laws or in serious violation of the commercial code or of the

Luxembourg law dated 15 August 1915 as amended on commercial companies. Such liquidation proceedings will generally follow the same rules as those applicable to bankruptcy proceedings.

The Issuer's liabilities in respect of the Warrants will, in the event of a liquidation following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the Issuer's debts that are entitled to priority under Luxembourg law. Preferential claims under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Administration;
- social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive. Assets over which a security interest has been granted will, in principle, not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized).

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. Secured creditors' ability to enforce their security interests may also be limited in the event of controlled management proceedings, which automatically cause the secured creditors' rights to be frozen until the court has made a final decision as to the petition for controlled management, and may be affected thereafter by a reorganization order from the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect.

After converting all of the company's available assets into cash and determining all of the company's liabilities, the bankruptcy receiver (*curateur*) will distribute the proceeds of the sale to the creditors according to their priority ranking, as set forth by law, after deducting the bankruptcy receiver's fees and the bankruptcy costs (*frais de la masse*).

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called "suspect period" (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date.

The procedures that are described above, as they may be amended from time to time, could have an adverse impact on Warrant holders seeking repayment in the event that the Issuer were to become insolvent.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Warrants issued by the Issuer.

### **Market Value of Warrants**

The market value of an issue of Warrants will be affected by a number of factors independent of the creditworthiness of the Issuer, including, but not limited to:

- (i) the value and volatility of the Reference Item, or basket thereof;
- (ii) where the Reference Item, or basket thereof, is equity securities, the dividend rate on the Reference Item, or basket thereof, and the financial results and prospects of the issuer of each Reference Item;

- (iii) market interest and yield rates;
- (iv) fluctuations in exchange rates;
- (v) liquidity of the Warrants or any Reference Item in the secondary market;
- (vi) the time remaining to an early expiration date (if applicable) and/or the expiration date;
- (vii) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item may be traded; and
- (viii) if the Reference Item is in a currency which is different to the Specified Currency, the correlation between the Reference Item and the foreign exchange rate.

The price at which a Warrantholder will be able to sell any Warrants prior to its early expiration (if applicable and/or expiry may be at a discount, which could be substantial, to the market value of such Warrants on the issue date, if, at such time, the market price of the Reference Item is below, equal to or not sufficiently above the market price of the Reference Item on the issue date. The historical market prices of any Reference Item should not be taken as an indication of such Reference Item's future performance during the term of any Warrant.

#### **The Issuer and the Guarantor are not prohibited from issuing additional debt**

There is no restriction on the amount of debt that the Issuer or the Guarantor may issue, which may rank senior to or *pari passu* with the obligations under the Warrants or the Guarantee and which may benefit from security or guarantees not offered to the Warrantholders. The Guarantor has also issued and may continue to issue covered bonds and allocate certain assets to a special estate for these purposes, and the Warrantholders do not have recourse to such special estate.

The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's or Guarantor's bankruptcy. If the Issuer's or the Guarantor's financial condition were to deteriorate, the holders could suffer direct and materially adverse consequences, including suspension of payments and, if the Issuer or the Guarantor were liquidated (whether voluntarily or involuntarily), the holders could suffer loss of their entire investment.

The Guarantor may be required to issue additional debt because of regulatory requirements. In order to make the bail-in power (as described above) effective, credit institutions (including the Guarantor) must at all times meet a minimum requirement for own funds and eligible liabilities ("**MREL**") so that there is sufficient capital and liabilities available to stabilize and recapitalize failing credit institutions. The EU Single Resolution Board ("**SRB**") requires the KBC Bank Group to achieve a ratio of:

- 22.13% of risk weighted assets ("**RWA**") as from 1 January 2024 with an intermediate target of 21.63% as from 1 January 2022. The combined buffer requirement needs to be held on top and amounts to 4.35% as from 2022 and 4.45% as from 2023; and
- 7.34% of leverage ratio exposure amount ("**LRE**") as from 1 January 2022.

Currently, the KBC Bank Group satisfies this requirement since its MREL ratio consolidated as of 31 December 2021 is 27.7% of RWA.

#### **Conflicts of interest**

The Warrant Agent, the Calculation Agent, some of the Dealers and their affiliates have engaged in, and may in the future engage in, commercial dealings in the ordinary course of business with the Issuer, the Guarantor or any of their affiliates (including, but not limited to, lending, depositary, risk management, advisory and banking relationships). They have received, or may in the future receive,

customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer, the Guarantor and their affiliates may have existing or future business relationships with any Reference Item and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Warrantholder.

Such activities could present conflicts of interest, could influence the prices of the Warrants or other securities and could adversely affect the value of the Warrants.

Potential investors should also be aware that the Issuer is a wholly-owned subsidiary of the Guarantor and that the Guarantor may act as Dealer, and that the interests of KBC Bank NV and the Issuer may conflict with the interests of the holders of Warrants. The Guarantor may also engage in market making activities in relation to Warrants. Moreover, the holders of Warrants should be aware that KBC Bank NV, acting in whatever capacity, will not have any obligations vis-à-vis the holders of any Warrants and, in particular, will not be obliged to protect the interests of the holders of any Warrants.

Where the Issuer or the Guarantor acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer or the Guarantor, potential conflicts of interest may exist between the Calculation Agent and Warrantholders. The Calculation Agent is entitled to carry out a series of determinations which affect the Warrants. Such determinations could have an adverse effect on the value of the Warrants and on the amounts payable to investors under the Terms and Conditions of the Warrants (the "**Conditions**"), whether in the case of the payments following an early cancellation event or on automatic exercise, in each case giving rise to a potential conflict of interest in respect of the interests of the Warrantholders. Subject to regulatory obligations, the Calculation Agent will pursue actions and take steps that it deems necessary or appropriate in accordance with the Conditions without regard to the consequences for Warrantholders. The Calculation Agent may at any time be in possession of information in relation to the Warrants which may not be available to Warrantholders. There is no obligation on the Calculation Agent to disclose such information to Warrantholders.

Potential conflicts of interest may arise in connection with Warrants that are offered to the public, as any distributors or other entities involved in the offer and/or the listing of such Warrants as indicated in the applicable Final Terms, will act pursuant to a mandate granted by the Issuer and can receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

The Issuer, the Guarantor and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Warrants and may or may not be publicly available to Warrantholders. Subject to any applicable laws and regulations, there is no obligation on the Issuer, the Guarantor or any Dealer to disclose to Warrantholders any such information.

### **Investors may lose part of their investment in the Warrants in case of early cancellation**

The Warrants may be cancelled earlier than the date scheduled for exercise due to taxation, illegality or change in law, or for various other reasons depending on the particular structure and/or features of the Warrants (see below). Warrants will be cancelled at their applicable Early Cancellation Amount, which will be the fair market value thereof determined at close of business on the clearing system business day immediately prior to the day which the cancellation notice is delivered as determined by the Calculation Agent.

If the Warrants are cancelled before their expiration, except in cases where their Early Cancellation Amount is specified as a higher amount, they may return less than the initial purchase price paid or even zero. In the case of Warrants that early exercise due to an Event of Default, the Event of Default Cancellation Amount in the case of an Event of Default of either Expiration Settlement Warrants and/or Interim Exercisable Warrants, upon election by the Warrantholder(s) to exercise such Warrant(s) paid by the Issuer on the exercise of the Warrants may be less than the initial issue price of the Warrants and may in certain circumstances be zero. In the case of (i) Expiration Settlement Warrants and/or Interim Exercisable Warrants that run to expiry or (ii) Interim Exercisable Warrants that may be exercised early on the occurrence of an Interim Exercise Event, the Cash Settlement Amount paid by the Issuer on the exercise of the Warrants (in the case of (i)) and/or the Early Cash Settlement Amount paid by the Issuer (in the case of (ii)) may be less than the initial issue price of the relevant Warrants and may in certain circumstances be zero. In the case of Turbo Warrants, the relevant Cash Settlement Amount paid by the Issuer following an Issuer Call or a Stop Loss Event may be less than the initial issue price of the Turbo Warrants and may in certain circumstances be zero.

### **Holders of Turbo Warrants are exposed to additional risks due to the leverage mechanism embedded therein**

Turbo Warrants usually embed a leverage mechanism which aims to amplify a long or short exposure to the underlying to which the Turbo Warrants relate. Amounts payable or deliverable in respect of Turbo Warrants will, in these circumstances, change by a proportionally greater amount than any change to the value of the underlying to which the Turbo Warrants relate, which may result in investors losing all or a substantial part of their investment. The value of Turbo Warrants can therefore be volatile. Turbo Warrants may also be subject to a number of costs which would negatively impact the value of the Turbo Warrants.

In case of Turbo Warrants, the Issuer may terminate, subject to the occurrence of a valid exercise or a Stop Loss Event, the Turbo Warrants, in whole but not in part (an "**Issuer Call**"), on any Business Day (the "**Issuer Call Date**") by giving Warrantholders at least the Issuer Call Notice Period notice of its intention to terminate the Turbo Warrants. Following a Stop Loss Event, the Turbo Warrants will also terminate automatically. The Cash Settlement Amount paid by the Issuer in respect of the Turbo Warrants following an Issuer Call or a Stop Loss Event may be less than the initial issue price of the relevant Warrants and may in certain circumstances be zero.

### **The Warrantholders may be bound by amendments to the (Conditions of the) Warrants to which they have not consented, which may result in less favorable terms of the Warrants for all or certain Warrantholders**

The Conditions contain provisions for calling meetings of Warrantholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Warrantholders including Warrantholders who did not attend and vote at the relevant meeting and Warrantholders who voted in a manner contrary to the majority. Warrantholders may have diverging interests and amendments considered beneficial by the majority of Warrantholders could be

considered detrimental by a minority of Warrantholders, who would still be bound by the decision of the relevant majority.

The Conditions also provide that the Warrant Agent and the Issuer may agree, without the consent of the Warrantholders to any modification (subject to certain specific exceptions) of the Agency Agreement (as defined under "*Terms and Conditions of the Warrants*") which is not prejudicial to the interests of the Warrantholders or any modification of the Warrants, the Agency Agreement, the Guarantee or the Deed of Covenant (as defined under "*Form of the Warrants*") which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

### **Regulatory risk – dividend equivalent withholding may affect payments on the Warrants**

Section 871(m) of the U.S. Internal Revenue Code of 1986 causes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met (such instruments, "**Specified Warrants**"). If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – U.S. Dividend Equivalent Withholding*".

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified Warrants are subject to a different grandfathering rule than other Warrants. Prospective investors should refer to the section "*Taxation - Foreign Account Tax Compliance Act*".

### **Further risks related to particular features that may apply to an issue of Warrants**

A wide range of additional features may apply to Warrants issued under the Programme. A number of these features give rise to particular risks for potential investors.

#### **Warrants with Multipliers**

Where any Payoff Multiplier (the "**Multiplier**") applies to the Warrants, their market value may be more volatile than for Warrants that do not include such feature(s).

The Multipliers will be specified as a percentage and may be a positive or a negative number. If the Multiplier is lower than 100 per cent., it may reduce the effects of the gains and losses on the Reference Item, or basket thereof. If the Reference Item, or basket thereof, is performing well, Warrantholders will not benefit from the positive performance of the underlying Reference Item, or basket thereof, to the fullest extent.

If the Multiplier is higher than 100 per cent., the exposure of the Warrantholders to the effects of the losses and gains on the Reference Item, or basket thereof will be increased. If the Reference Item, or basket thereof, is not performing well, investors may receive a lower Cash Settlement Amount.

#### **Warrant Multiplier**

The Warrant Multiplier (if applicable) will change the relationship between a Reference Item's performance and the Early Cash Settlement Amount (if applicable) and/or Cash Settlement Amount payable in order to create a payment for the Warrantholders. Depending on the other variables applicable to the Warrants, in particular the relevant Multipliers, a Warrant Multiplier may under certain circumstances be detrimental to Warrantholders' interests.

#### **Additional Disruption Events**

The Issuer may specify in the Final Terms any of the following Additional Disruption Events: "Change in Law", "Insolvency Filing" (applicable only for Equity Linked Warrants) "ETF Cross-contamination"

(applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), "ETF Insolvency Event" (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), "ETF Modification" (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), "ETF Regulatory Action" (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity) and/or "ETF Strategy Breach" (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity) as Additional Disruption Event(s).

In case such specified Additional Disruption Event occurs, the Issuer may in its sole discretion, in accordance with the Conditions, (a) require the Calculation Agent to determine the appropriate adjustment to the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or (b) cancel all Warrants at the Early Cancellation Amount, except such provisions shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants to the extent that if it has already been determined that an Interim Exercise Event has or has not occurred on an Interim Observation Date, but application of the effects of such Additional Disruption Event would reverse such determination, the Additional Disruption Event shall be ignored.

In the case where application of the Additional Adjustment Event would, but for this provision, (i) reverse the determination of the occurrence of an Early Exercise Event or (ii) prevent the retrospective determination of the occurrence of an Early Exercise Event, Warrantholders may receive an amount different (for the avoidance of doubt, such amount could be more or less) from the amount they would otherwise have received had such Interim Exercisable Warrants been exercised on the Expiration Date (in the case of (i)) or the Early Exercise Date (in the case of (ii)).

### **Additional risks associated with Warrants linked to a particular Reference Item or a basket of Reference Items**

The Issuer may issue Warrants linked to an index ("**Index Linked Warrants**") or an underlying equity ("**Equity Linked Warrants**") (each a "**Reference Item**"), or a basket thereof, which shall pay out amount(s), the timing and/or quantum of which is linked to such Reference Item, or basket thereof.

### **Additional risks associated with Index Linked Warrants**

As set out below, an investment in Index Linked Warrants will entail some risks specifically linked to the index as underlying Reference Item.

#### ***Index Sponsor not responsible***

Index Linked Warrants are not in any way sponsored, endorsed, sold or promoted by the Index Sponsor of the relevant Index and the Index Sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. An investor's decision to invest in the Index Linked Warrants should be made without reliance on the Index Sponsor. The Index Sponsor shall not be liable (whether in negligence or otherwise) for any loss, damages, costs, charges, expenses or other liabilities including, without limitation, liability for any special, punitive, indirect or consequential damages, even if notified of the possibility of such damages to any person for any error in the Index and the Index Sponsor shall not be under any obligation to advise any person of an error therein.

***Factors affecting the performance of the Index may adversely affect the value of the Warrants***

An Index will comprise a synthetic portfolio of shares and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares that comprise such Index, which may include interest rates and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

***Exposure to Index adjustments and correction of Index Levels***

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original index with another and/or to cause early cancellation of the Warrants, any of which may be adverse to Warrantholders in connection with an Index Adjustment Event (which shall include Index Modification, Index Cancellation, Index Disruption or Administrator/Benchmark Event). The Calculation Agent may determine that the consequence of any such event is to replace such Index or the value of such Index with another, to make calculations and/or adjustments to the Warrants or to cause early cancellation of the Warrants. The Calculation Agent may (subject to the terms and conditions of the relevant Warrants) also amend the relevant Reference Price (being the level of the Index) due to corrections in the level reported by the Index Sponsor, except that this shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants to the extent that if it has already been determined that an Interim Exercise Event has or has not occurred on an Interim Observation Date, but application of the effects of such corrected index level (even if such corrected index level was published prior to the correction cut-off date specified in the applicable Final Terms) would reverse such determination, the corrected index level shall be ignored. In the case where application of the corrected index level would, but for this provision, (i) reverse the determination of the occurrence of an Early Exercise Event or (ii) prevent the retrospective determination of the occurrence of an Early Exercise Event; Warrantholders may receive an amount different (for the avoidance of doubt, such amount could be more or less) from the amount they would otherwise have received had such Interim Exercisable Warrants been exercised on the Expiration Date (in the case of (i)) or the Early Exercise Date (in the case of (ii)).

***Loss of return of dividends in respect of most Index Linked Warrants***

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the Index level, for example, if it is a "price" index, which may lead to a decrease in the Index level if all other circumstances remain the same. As a result, in such cases, the Warrantholders in respect of Index Linked Warrants will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances, the dividends or other distributions may not be fully reinvested in such Index.

***A change in the composition or discontinuance of an Index could adversely affect the market value of the Warrants***

The Index Sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The modification of components of any Index may affect the level of such Index, as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the Issuer to the Warrantholders. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The Index Sponsor of an Index will have no involvement in the offer and sale of the Warrants and will have no obligation to any investor in such Warrants. The Index Sponsor may take any actions in respect of such Index

without regard to the interests of the investor in the Warrants, and any of these actions could adversely affect the market value of the Warrants.

***Exposure to the risk that returns on the Index Linked Warrants do not reflect direct investment in underlying equities comprising the Index***

The return payable on Index Linked Warrants may not reflect the return an investor would realise if it actually owned the relevant equities comprising the components of the Index. For example, Warrantheolders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Warrantheolders will not have any voting rights in the underlying equities or any other assets which may comprise the components of the relevant Index. Accordingly, Warrantheolders holding Index Linked Warrants may receive a lower payment upon exercise of such Warrants than such investor would have received if it had invested in the components of the Index directly.

**Additional risks associated with Equity Linked Warrants**

As set out below, an investment in Equity Linked Warrants will entail some risks specifically linked to the index as underlying Reference Item.

***Factors affecting the performance of the Underlying Equities may adversely affect the value of the Warrants***

The performance of equities is dependent upon macroeconomic factors, such as interest rates and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors may adversely affect the value of Equity Linked Warrants.

***Determinations made by the Calculation Agent in respect of Potential Adjustment Events, other relevant events or Additional Disruption Events may have an adverse effect on the value of the Warrants***

In case a specified Potential Adjustment Event occurs which according to the Calculation Agent has a diluting, concentrative or other effect on the theoretical value of the Underlying Equity (which may be or include an ETF Share), or where other extraordinary events occur that comprise a De-listing, Merger Event, Nationalisation, Insolvency (other than in respect of an ETF Share) and/or Tender Offer in relation to such an Underlying Equity or Equity Issuer, (i) the Calculation Agent has broad discretion (in certain cases at the direction of the Issuer) to make certain determinations to account for such event, including to make adjustments to the terms of the Warrants and/or (ii) (in the case of such other specified extraordinary events) the Issuer may cancel the Warrants. Subsequent corrections to published share prices may also be taken into account for future determinations on the Warrants.

In the case where application of the potential adjustment event, corrected share price and/or De-listing, Merger Event, Nationalisation, Insolvency and/or Tender Offer would, but for this provision, (i) reverse the determination of the occurrence of an Early Exercise Event or (ii) prevent the retrospective determination of the occurrence of an Early Exercise Event, Warrantheolders may receive an amount different (for the avoidance of doubt, such amount could be more or less) from the amount they would otherwise have received had such Interim Exercisable Warrants been exercised on the Expiration Date (in the case of (i)) or the Early Exercise Date (in the case of (ii)).

Any of the abovementioned determinations may have an adverse effect on the value of the Warrants.

***No claim against the Equity Issuer of the Underlying Equities or recourse to the Underlying Equities***

Equity Linked Warrants do not represent a claim against or an investment in any Equity Issuer (which includes any ETF Issuer in the content of an ETF Share) to which they are linked and Warrantholders will not have any right of recourse under the Warrants to any such Equity Issuer or the equities. The Warrants are not in any way sponsored, endorsed or promoted by any Equity Issuer and such companies have no obligation to take into account the consequences of their actions for any Warrantholders. Accordingly, the Equity Issuer may take any actions in respect of such Underlying Equity without regard to the interests of the Warrantholders, and any of these actions could adversely affect the market value of the Warrants.

In the case of Warrants relating to Underlying Equities, no Equity Issuer (which includes any ETF Issuer in the content of an ETF Share) will have participated in the preparation of the relevant Conditions and/or Final Terms of the Warrants and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such Equity Issuer contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any relevant Final Terms) that would affect the trading price of the Underlying Equities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an Equity Issuer could affect the trading price of the Underlying Equities and therefore the trading price of the Warrants.

***Where the Underlying Equity is an ETF Share, there may be divergence from its underlying share or index***

Where the Warrants are linked to an ETF and the investment objective of such ETF is to track the performance of a share or index, the investors in such Warrants are exposed to the performance of such ETF share rather than the underlying share or index such ETF share tracks. For certain reasons, including to comply with certain tax and regulatory constraints, an ETF may not be able to track or replicate the underlying share (or any constituent thereof) or index, which could give rise to a difference between the performance of the underlying share or index and such ETF share. Accordingly, investors who purchase Warrants that are linked to an ETF may receive a lower return than if such investors had invested in the share or the index underlying such ETF share directly.

***Action by ETF Adviser, ETF Administrator or sponsor of an ETF may adversely affect Equity Linked Warrants that are linked to an ETF Share***

Any relevant ETF Adviser, ETF Administrator or sponsor of an ETF will have no involvement in the offer and sale of the Warrants and will have no obligation to any investor in such Warrants. Any such ETF Adviser, ETF Administrator or sponsor of an ETF may take any actions in respect of such ETF without regard to the interests of the Warrantholders, and any of these actions could adversely affect the market value of the Warrants.

***Additional risks associated with Warrants linked to a basket of Reference Items***

***A high correlation of Basket Components may have a significant effect on amounts payable***

Where the Warrants are linked to or reference a basket of Reference Items, the investors in such Warrants are exposed to the performance of such basket. The investors will bear the risk of the performance of each of the Reference Items comprising the basket (the "**Basket Components**").

Some Warrants are linked to baskets of Reference Items where the performance of such Reference Items tends to move in the same direction, or correlate, as a result of changes in market conditions, such as a change in interest rates. Correlation of Basket Components indicates the level of interdependence among the individual Basket Components with respect to their performance. If, for example, all of the Basket Components originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation: investors should be aware that, though Basket Components may not appear to be correlated based on past performance, it may be that they suffer the same adverse performance following a general downturn or other economic or political event. Where the Basket Components are subject to high correlation, any move in the performance of the Basket Components will exaggerate the performance of the Warrants.

***The negative performance of a single Reference Item may outweigh a positive performance of one or more other Reference Items to which the Warrants are linked***

Investors in Warrants which are linked to or reference a basket of Reference Items must be aware that even in the case of a positive performance of one or more Basket Components, the performance of the basket as a whole may be negative if the performance of the other Basket Components is negative to a greater extent.

***A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular Reference Item***

The performance of a basket that includes a smaller number of Reference Items will generally be more affected by changes in the value of any particular Reference Item included therein than a basket that includes a greater number of Reference Items.

The performance of a basket that gives greater weight to some Reference Items will generally be more affected by changes in the value of any such particular Reference Item included therein than a basket that gives relatively equal weight to each Reference Item.

## **Risks related to the market generally**

### **The secondary market generally**

Warrants may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Warrants easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Warrants prior to its Interim Exercise Date (if applicable) and/or expiration date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Warrants is in line with their future liquidity requirements. This is particularly the case for Warrants that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Warrants generally would have a more limited secondary market and more price volatility than conventional securities. Illiquidity may have a severely adverse effect on the market value of Warrants. The liquidity of Warrants is also influenced by whether or not the relevant Warrants are exclusively offered to retail investors without any offer to institutional investors. To the extent that an issue of Warrants is or becomes illiquid, investors may have to hold the relevant Warrants until an Interim Exercise Event occurs and/or until expiry before they are able to realise value.

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

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

Each of the Issuer, the Guarantor and any Dealer may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private agreement. Any Warrants so purchased may be held or resold or surrendered for cancellation. If any Warrants are cancelled in part, then the number of Warrants remaining unexercised will decrease, which will reduce liquidity for the remaining unexercised Warrants. Any such activities may have an adverse effect on the price of the relevant Warrants 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 Warrants. Even if a Dealer is a market-maker, liquidity provider, specialist or bid intermediary for an issue of Warrants, the secondary market for such Warrants 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 Warrants, may, under certain circumstances, have a relevant impact on the price of the Warrants in the secondary market.

There may be less liquidity in the secondary market for the Warrants also if they are exclusively offered to retail investors without any offer to institutional investors.

If it is possible to sell Warrants, 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 the performance of any relevant Reference Item, or basket thereof, prevailing interest rates at the time of sale, the time remaining to the its expiration 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 Warrants. It is therefore possible that an investor selling Warrants in the secondary market may receive substantially less than their original purchase price.

### **Exchange rate risks and exchange controls**

The Issuer will pay the Early Cash Settlement Amount (if applicable) and/or the Cash Settlement Amount on the Warrants in the Specified Currency. This presents certain risks relating to currency

conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Warrants, (2) the Investor's Currency equivalent value of the Early Cash Settlement Amount (if applicable) and/or the Cash Settlement Amount payable on the Warrants and (3) the Investor's Currency equivalent market value of the Warrants.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payment in respect of the Warrants. As a result, investors may receive a lesser amount than expected.

Where the Warrants are issued in a Specified Currency from an emerging or volatile market, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries. Such Warrants should be considered speculative. Economies in emerging or volatile markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also may be affected adversely by their economic, financial, military and political conditions and the supply and demand for such currency in the global markets. These factors will also impact the market value of the Warrants (see the risk factor entitled "*Market Value of Warrants*").

## IMPORTANT INFORMATION

*This section sets out important information relating to public offers of Non-Exempt Warrants generally.*

### IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NON-EXEMPT WARRANTS

#### **Restrictions on Public Offers of Non-Exempt Warrants in Member States**

Certain Tranches of Non-Exempt Warrants may, subject as provided below, be offered in any Member State of the European Economic Area in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Public Offer**".

This Base Prospectus has been prepared on the basis that it permits Public Offers in Belgium, France and/or Luxembourg (together, the "**Public Offer Jurisdictions**" and each, a "**Public Offer Jurisdiction**"). Any person making or intending to make a Public Offer of Non-Exempt Warrants on the basis of this Base Prospectus must do so only with the Issuer's and the Guarantor's consent (see "*Consent given in accordance with Article 5.1 of the Prospectus Regulation*" below) and the terms of that consent are complied with by the person (the "**Offeror**") making the Public Offer of such Non-Exempt Warrants.

If the Issuer intends to make or authorise any Public Offer of Non-Exempt Warrants to be made in one or more Member States other than the Public Offer Jurisdictions, it will prepare a supplement to this Base Prospectus specifying such Member State(s) and any additional information required by the Prospectus Regulation in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Base Prospectus in connection with any such Public Offer.

Save as provided above, none of the Issuer, the Guarantor or any Dealer has authorised, nor do they authorise, the making of any Public Offer of the Non-Exempt Warrants in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

#### **Consent given in accordance with Article 5.1 of the Prospectus Regulation**

In the context of any Public Offer of Non-Exempt Warrants in a Public Offer Jurisdiction, the Issuer and the Guarantor accept responsibility, in each Public Offer Jurisdiction, for the content of this Base Prospectus under Article 11 of the Prospectus Regulation in relation to any person (an "**Investor**") to whom an offer of any Non-Exempt Warrants is made by any financial intermediary to whom each of the Issuer and the Guarantor has given its consent to use the Base Prospectus (an "**Authorised Offeror**"), where the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under "*Consent*" and "*Common conditions to consent*". None of the Issuer, the Guarantor or any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

**Save as provided below, none of the Issuer, the Guarantor or any Dealer has authorised the making of any Public Offer and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Non-Exempt Warrants. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Guarantor or any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.**

If, in the context of a Public Offer, an Investor is offered Non-Exempt Warrants by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

### **Consent**

Subject to the conditions set out below under "*Common conditions to consent*":

- (A) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of the Non-Exempt Warrants in a Public Offer Jurisdiction by the relevant Dealer and by:
- (i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms, and
  - (ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (www.kbc.com) and identified as an Authorised Offeror in respect of the relevant Public Offer, and
- (B) if (and only if) Part B of the applicable Final Terms specifies "**General Consent**" as "**Applicable**", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Non-Exempt Warrants in a Public Offer Jurisdiction by any financial intermediary which satisfies the following conditions:
- (i) it is authorised to make such offers under the Markets In Financial Instruments Directive (Directive 2014/65/EU), and
  - (ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):  
  
*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Non-Exempt Warrants] (the "**Warrants**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by KBC IFIMA S.A. (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Warrants in [Belgium][,] [and] [France][,] [and] [Luxembourg] (the "**Public Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Public Offer accordingly."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

- (I) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the Guarantor and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:
  - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Non-Exempt Warrants by any person and disclosure to any potential Investor, and will immediately inform the Issuer, the Guarantor, and the relevant Dealer if at any time such financial intermediary becomes

aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

- (b) comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer;
- (c) consider the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms;
- (d) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Non-Exempt Warrants does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- (e) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Non-Exempt Warrants under the Rules;
- (f) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Non-Exempt Warrants by the Investor), and will not permit any application for Non-Exempt Warrants in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (g) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer, the Guarantor and/or the relevant Dealer or directly to the appropriate authorities with jurisdiction over the Issuer, Guarantor and/or the relevant Dealer in order to enable the Issuer, the Guarantor, and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer, the Guarantor, and/or the relevant Dealer;
- (h) ensure that no holder of Non-Exempt Warrants or potential Investor in the Non-Exempt Warrants shall become an indirect or direct client of the Issuer, the Guarantor, or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (i) co-operate with the Issuer, the Guarantor, and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer, the Guarantor, or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantor, or the relevant Dealer:
  - (i) in connection with any request or investigation by any regulator of competent jurisdiction in relation to the Non-Exempt Warrants, the Issuer, the Guarantor, or the relevant Dealer; and/or
  - (ii) in connection with any complaints received by the Issuer, the Guarantor, and/or the relevant Dealer relating to the Issuer, the Guarantor, and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as

defined in rules published by any regulator of competent jurisdiction from time to time; and/or

- (iii) which the Issuer, the Guarantor, or the relevant Dealer may reasonably require from time to time in relation to the Non-Exempt Warrants and/or as to allow the Issuer, the Guarantor, or the relevant Dealer fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (j) during the primary distribution period of the Non-Exempt Warrants: (i) not sell the Non-Exempt Warrants at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) not sell the Non-Exempt Warrants otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Non-Exempt Warrants (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;
- (k) either (i) obtain from each potential Investor an executed application for the Non-Exempt Warrants, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Non-Exempt Warrants on their behalf, and, in each case, maintain the same on its files for so long as is required by any applicable Rules;
- (l) ensure that it does not, directly or indirectly, cause the Issuer, the Guarantor, or the relevant Dealer to breach any Rule or subject the Issuer, the Guarantor, or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (m) comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;
- (n) make available to each potential Investor in the Non-Exempt Warrants the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus; and
- (o) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer, the Guarantor, or the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Guarantor, or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer, the Guarantor or the relevant

Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Non-Exempt Warrants and KBC Bank NV as the guarantor of the relevant Non-Exempt Warrants on the basis set out in the Base Prospectus;

- (II) agrees and undertakes to indemnify each of the Issuer, the Guarantor, and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, Affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantor, or the relevant Dealer; and
- (III) agrees and accepts that:
- (a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
  - (b) subject to (d) below, the English courts are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) ("**Disputes**") and accordingly submits to the exclusive jurisdiction of the English courts;
  - (c) for the purposes of paragraph (III) (b) and (d), the Issuer and the financial intermediary waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute;
  - (d) this paragraph (III) is for the benefit of the Issuer, the Guarantor and each relevant Dealer. To the extent allowed by law, the Issuer, the Guarantor and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
  - (e) the Guarantor and each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

**Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of**

the relevant Offer Period, to publish on its website the statement (duly completed) set out in paragraph (B)(ii) above.

***Common conditions to consent***

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (B) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (a) is only valid in respect of the relevant Tranche of Non-Exempt Warrants;
- (b) is only valid during the Offer Period specified in the applicable Final Terms; and
- (c) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Non-Exempt Warrants in the Public Offer Jurisdictions as specified in the applicable Final Terms.

The consent referred to above only relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only relevant Member States which may, in respect of any Tranche of Non-Exempt Warrants, be specified in the applicable Final Terms (if any Member States are so specified) as indicated in (c) above, will be Belgium, France and/or Luxembourg, and accordingly each Tranche of Warrants may only be offered to Investors as part of a Public Offer in Belgium, France and/or Luxembourg, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

**ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS**

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NON-EXEMPT WARRANTS IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NON-EXEMPT WARRANTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT, ALL FIXED IN COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS. NEITHER THE ISSUER NOR THE GUARANTOR WILL BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NON-EXEMPT WARRANTS CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE GUARANTOR AND ANY DEALER (EXCEPT WHERE ANY OF THOSE IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

**Public Offers: Warrant Issue Price and Offer Price**

Non-Exempt Warrants to be offered pursuant to a Public Offer will be issued by the Issuer at the Warrant Issue Price specified in the applicable Final Terms. The Warrant Issue Price will be determined by the Issuer in consultation with the relevant Dealer at the time of the relevant Public Offer and will depend on the prevailing market conditions at that time. The offer price of such Non-Exempt Warrants will be the Warrant Issue Price or such other price as may be agreed between an

Investor and the Authorised Offeror making the offer of the Non-Exempt Warrants to such Investor, but in compliance with the Authorised Offeror Terms regarding such price, multiplied by the total number of Non-Exempt Warrants being issued. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Non-Exempt Warrants to such Investor.

## DOCUMENTS INCORPORATED BY REFERENCE

*This section incorporates by reference selected publicly available information regarding the Issuer and the Guarantor that should be read in conjunction with this Base Prospectus.*

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF, shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2020 (the "**Issuer's 2020 Annual Report**") and 31 December 2021 (the "**Issuer's 2021 Annual Report**"), together, in each case, with the notes and the related auditors' report (available at <https://www.kbc.com/content/dam/kbccom/doc/other/2020-fy-ifima.pdf> and <https://www.kbc.com/content/dam/kbccom/doc/other/2021-FY-IFIMA.pdf>, respectively);
- (b) the audited consolidated annual financial statements of the Guarantor for the financial years ended 31 December 2020 (the "**Guarantor's 2020 Annual Report**") and 31 December 2021 (the "**Guarantor's 2021 Annual Report**"), together, in each case, with the notes and the related auditors' report and the ratios set out in "Additional Information" (available at <https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2021/jvs-2020-bnk-search-en.pdf> and <https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2021/jvs-2021-bnk-search-en.pdf>, respectively); and
- (c) the terms and conditions of the Warrants contained in the base prospectus dated 22 July 2021, pages 64 to 127 (inclusive) prepared by the Issuer in connection with the Programme (available at [https://www.kbc.com/content/dam/kbccom/doc/investor-relations/7-Debt-issuance/KBC\\_IFIMA/20210826-ifima-warr-bp-2021.pdf](https://www.kbc.com/content/dam/kbccom/doc/investor-relations/7-Debt-issuance/KBC_IFIMA/20210826-ifima-warr-bp-2021.pdf)).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in a 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.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu), the Issuer's website at [www.kbc.com](http://www.kbc.com) and from the registered office of the Issuer. This Base Prospectus will also be published on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu) and on the Issuer's website at [www.kbc.com](http://www.kbc.com).

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Warrants or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Warrants, prepare and publish a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Warrants. Furthermore, in connection with the listing of the Warrants on Euronext Brussels, so long as any Warrant remains unexercised and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer or the Guarantor which

is not reflected in this Base Prospectus, the Issuer and the Guarantor 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 Warrants to be listed on Euronext Brussels.

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.

**Specific items contained in "*Documents Incorporated by Reference*"**

<b>Documents</b>	<b>Page Number</b>
Issuer's 2020 Annual Report - Annual Report of the Issuer for the financial year ended 31 December 2020	
Audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020 (Luxembourg GAAP)	
Balance sheet	12-16
Profit and loss account	17-18
Cash flow statement	19
Notes to the financial statements	20-28
Auditors' report	8-11
Issuer's 2020 Annual Report - Annual Report of the Issuer for the financial year ended 31 December 2020	
Audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2021 (Luxembourg GAAP)	
Balance sheet	13-16
Profit and loss account	18-19
Cash flow statement	20
Notes to the financial statements	21-24
Auditors' report	8-12
Guarantor's 2020 Annual Report - Annual Report of the Guarantor for the financial year ended 31 December 2020	
Audited consolidated annual financial statements of the Guarantor and its consolidated subsidiaries for the financial year ended 31 December 2020*	
Report of the board of directors	5-45, 81-92
Balance sheet	97
Income statement	94
Statement of comprehensive income	95-96
Cash flow statement	100-102
Notes to the financial statements	103-177
Statement of changes in equity	98-99
Auditors' report	178-184

<b>Documents</b>	<b>Page Number</b>
Additional information	
Ratios used	283-285
Guarantor's 2021 Annual Report - Annual Report of the Guarantor for the financial year ended 31 December 2021	
Audited consolidated annual financial statements of the Guarantor and its consolidated subsidiaries for the financial year ended 31 December 2021*	
Report of the board of directors	5-67, 73-75, 81
Balance sheet	100
Income statement	97
Statement of comprehensive income	98-99
Cash flow statement	103-105
Notes to the financial statements	106-185
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Notes on the Accounting Policies	106-128
Notes on segment reporting	129-133
Other Notes	175-185
Auditors' report	186-193
Additional information	
Ratios used	293-295

\* Page references are to the English language PDF version of the relevant documents incorporated by reference.

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 list above) are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

## FORM OF THE WARRANTS

*This section provides a general overview of the form in which the Warrants may be issued.*

Each Tranche of Warrants will be in bearer form and will be issued in the form of (i) a permanent global warrant which will be delivered on or prior to the original issue date to Euroclear Belgium or Euroclear Nederland as Central Securities Depository and Securities Settlement System or (ii) a temporary global warrant which will be delivered on or prior to the issue date thereof to a common depository for Euroclear and Clearstream, Luxembourg, and/or for any other agreed clearing system, which will be exchangeable, as specified in the applicable Final Terms, for a permanent global warrant, upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Unless and until an Exchange Event has occurred, permanent global warrants shall be held by, and immobilised in, the relevant Clearing System (as defined below) (or a custodian or depository acting as an agent for the relevant Clearing System) under arrangements that prohibit the transfer of the permanent global warrants, except to a successor clearing system subject to the same terms. Any reference in this section "*Form of the Warrants*" to Euroclear Belgium, Euroclear Nederland, Euroclear or Clearstream, Luxembourg (each a "**Clearing System**") or to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Warrant Agent, and specified in the applicable Final Terms.

While any Warrant is represented by a temporary global warrant, any amount payable in respect of the Warrants due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global warrant) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Warrant are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Warrant Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the temporary global warrant is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as determined and notified by the Warrant Agent (the "**Distribution Compliance Period**"), interests in such temporary global warrant will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global warrant of the same series against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a temporary global warrant will not be entitled to collect any amount due on or after the Exchange Date unless upon due certification, exchange of the temporary global warrant for interests in the permanent global warrant is improperly withheld or refused. Pursuant to the Agency Agreement, the Warrant Agent shall arrange that, where a further Tranche of Warrants is issued which is intended to form a single Series with an existing Tranche of Warrants, the Warrants of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Warrants of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Warrants of such Tranche.

Payments of any amounts on a permanent global warrant will be made through the relevant Clearing System (against presentation or surrender (as the case may be) of the permanent global warrant) without any requirement for certification. Unless otherwise specified in the applicable Final Terms, a permanent global warrant will be exchangeable (free of charge), in whole but not in part, for a

definitive warrant only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (A) an Event of Default (as defined in Condition 16 (*Events of Default*)) has occurred and is continuing, (B) the relevant Clearing System has terminated its business and no successor clearing system is available or (C) a change in tax law that will cause the Issuer to become subject to adverse tax consequences which would not be suffered were the Warrants represented by the permanent global warrant issued in definitive form. Temporary global warrants will not be exchangeable for definitive warrants.

Warrants which are represented by a global warrant will only be transferable in accordance with the rules and procedures for the times being of the relevant Clearing System.

Where any Warrant is still represented by a permanent global warrant (or any part thereof) and a holder of such Warrant so represented and credited to his securities account with the relevant Clearing System gives notice of non-payment of any amount due and payable under the Warrant, unless within a period of fifteen days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global warrant, such global warrant will become void at 8.00 pm (London time) on such day. At the same time, holders of interests in such global warrant credited to their accounts with the relevant Clearing System will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant Clearing System on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated on or about 27 July 2022 as amended and/or supplemented and/or restated from time to time executed by the Issuer.

In Belgium, Warrants shall not be physically delivered, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

## FORM OF FINAL TERMS

*This section sets out a template for the Final Terms to be used for each specific Warrants issuance.*

**[[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Warrants to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Warrants (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 Warrants (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Warrants to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Warrants (a "distributor") should take into consideration the manufacturer[‘s/s’] 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 Warrants (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**OR**

**[MIFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); EITHER [and (ii) all channels for distribution of the Warrants are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Warrants to retail clients are appropriate – investment advice[, / and] portfolio management[, / and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Warrants (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 Warrants (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]**

[UK MIFIR product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is retail clients, 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 European Union (Withdrawal) Act 2018 ("EUWA"), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); EITHER [and (ii) all channels for distribution of the Warrants are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Warrants to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. Any person subsequently offering, selling or recommending the Warrants (a "distributor") should take into consideration the manufacturer[’s/s’] 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 Warrants (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable].]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any 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 Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[Any person making or intending to make an offer of the Warrants may only do so [:

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 6 of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus (as defined below)) and that the offer is made during the Offer Period specified in that paragraph of Part B and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise]<sup>1</sup> 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 to supplement a

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<sup>1</sup> Include this wording where a public offer of Warrants is anticipated.

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 Warrants in any other circumstances.]

*Set out below is the form of Final Terms which will be completed for each Tranche of Warrants issued under the Programme (references to numbered Conditions are to the Terms and Conditions of the relevant Warrants).*

## **KBC IFIMA S.A.**

**Issue of [Number of Warrants of Tranche] [Title of Warrants]**

**[Public offer]**

**Unconditionally and irrevocably guaranteed by KBC Bank NV  
under the EUR 1,000,000,000 Warrant Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the base prospectus dated 27 July 2022,[ as supplemented by a supplement dated [●],] [together] the "**Base Prospectus**", which constitutes a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Warrants described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all relevant information. Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of the issue of the Warrants is annexed to these Final Terms. The Base Prospectus [is] [and the supplements are] available on the website of Euronext Brussels at [www.euronext.com](http://www.euronext.com), the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and the website of the Issuer at [www.kbc.com](http://www.kbc.com) and copies may be obtained during normal business hours at the registered office of the Issuer. [A copy of the Final Terms will be available on the website of Euronext Brussels at [www.euronext.com](http://www.euronext.com) and on the website of the [Arranger] at <https://www.kbc.com/en/investor-relations/debt-issuance/kbc-ifima.html>.]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)*

The Terms and Conditions (the "**Conditions**") set out in the Base Prospectus dated 22 July 2021 will apply to the Warrants and not the Terms and Conditions set out in the Base Prospectus dated 27 July 2022. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 July 2021 which are incorporated by reference in the Base Prospectus dated 27 July 2022. This document constitutes the Final Terms of the Warrants described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 27 July 2022 [and the supplement(s) to it dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus, in

order to obtain all relevant information. The Base Prospectus has been published on the [Arranger]'s website at <https://www.kbc.com/en/investor-relations/debt-issuance/kbc-ifima.html> <sup>2</sup>.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

## GENERAL DESCRIPTION OF THE WARRANTS

1	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	(iii) Date on which the Warrants will be consolidated and form a single Series:	[The Warrants will be consolidated, form a single Series and be interchangeable for trading purposes with [Tranche [□]] of [Number of Warrants of Tranche][Title of Warrants] on [the Issue Date]/[•]][Not Applicable]
	(iv) Form of Warrants	[Temporary Global Warrant, exchangeable for a Permanent Global Warrant][Permanent Global Warrant, exchangeable for a Definitive Warrant]
	(v) Type of Warrants:	[Expiration Settlement Warrants]/[Interim Exercisable Warrants]/[Turbo Warrants]
2	Specified Currency:	[•]
3	Number of Warrants:	
	(i) Series:	[•]
	(ii) Tranche:	[•]
4	Warrant Issue Price:	[•] per Warrant
5	Issue Date:	[•]
6	(i) Scheduled Expiration Date:	[•]/[Not Applicable]
	(ii) Business Day Convention for Scheduled Expiration Date:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ Not Applicable]
	(iii) Additional Business Centre(s):	[Not Applicable]/[specify other financial centres required for the Business Day definition]
7	Trade Date:	[•]
8	Reference Item linked to Warrants:	[Index Linked Warrants] [Equity Linked Warrants]

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<sup>2</sup> This website is not incorporated by reference and does not form part of this Base Prospectus.

## PROVISIONS RELATING TO EXERCISE

### Exercise of [Expiration Settlement Warrants]/ [Interim Exercisable Warrants at Expiration]

*(If not applicable, delete paragraph 9 )*

9 Cash Settlement Amount:

- (i) Current Warrant Multiplier: [•]
- (ii) The number L [•]
- (iii) [Standard Warrants: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (a) Payoff<sub>i</sub>: [•]
- (b) Strike 1<sub>i</sub>: [•]
- (c) Strike 2<sub>i</sub>: [•]
- (d) Payoff Multiplier 1<sub>i</sub>: [•]
- (e) Payoff Multiplier 2<sub>i</sub>: [•]
- (f) Fixed Amount<sub>i</sub>: [•]
- (g) X<sub>1,i</sub>: [X<sub>1,i</sub>\_FRP]/[X<sub>1,i</sub>\_LS2]
- (h) Y<sub>2,i</sub>: [Y<sub>2,i</sub>\_FRP]/[Y<sub>2,i</sub>\_FIX equal to Fixed Amount<sub>i</sub>]

(v) [Sampler Warrants

- (a) Fixed Amount<sub>i</sub>: [•]
- (b) Observation Time: [•]
- (c) Observation Period(s): [•]
- (d) Observation Period Start Date: [•]
- (e) Observation Period End Date: [•]
- (f) Observation Moments: [Daily]/[Weekly]/[Monthly]/[Quarterly]/[Semi-Annually]/[Annually]
- (g) Observation Period Conditions: [•]
- (h) Minimum/Maximum Sampler Amount per Observation Period:
  - a. Minimum Sampler Amount: [•]
  - b. Maximum Sampler Amount [•]

- (i) Minimum/Maximum Global Sampler Amount:
  - a. Minimum Global Sampler Amount: [•]
  - b. Maximum Global Sampler Amount: [•]
- (j) RA Base Amount<sub>i,j</sub> [•]
- (k) Sampler Condition: [Between (Inclusive)] / [Between (Exclusive)] / [Outside (Inclusive)] / [Outside (Exclusive)]
- (l) Range<sub>j</sub>: [•]
- (m) Lower Threshold<sub>i,j</sub>: [•]
- (n) Upper Threshold<sub>i,j</sub>: [•]

**Exercise of Interim Exercisable Warrants on an Interim Observation Date**

*(If not applicable, delete paragraphs 10 to 14)*

- 10 Standard Warrants: [Applicable]/[Not Applicable]
- 11 Method of Comparison [Outside]/[Between]
- 12 Current Warrant Multiplier: [•]
- 13 Early Cash Settlement Amount:
  - (i) Specified Interim Observation Date(s): [•]  
*(List all Specified Interim Observation Dates)*
  - (ii) [Method of Comparison: Outside

(iii) Lower Threshold<sub>i</sub>(s):

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Lower Threshold <sub>i</sub> (s)
[•]	[•]
[•]	[•]

(iv) Upper Threshold<sub>i</sub>(s):

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Upper Threshold <sub>i</sub> (s)
[•]	[•]
[•]	[•]

(v) Payoff\_Upper Threshold\_i:

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Upper Threshold_i(s)	Payoff_Upper Threshold_i
[•]	[•]	[•]
[•]	[•]	[•]

(vi) Payoff\_Lower Threshold\_i:

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Lower Threshold_i(s)	Payoff_Lower Threshold_i
[•]	[•]	[•]
[•]	[•]	[•]

(vii) [Method of Comparison:

Between

(viii) Lower Threshold\_i(s):

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Lower Threshold_i(s)
[•]	[•]
[•]	[•]

(ix) Upper Threshold\_i(s):

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Upper Threshold_i(s)
[•]	[•]
[•]	[•]

(x) Payoff\_Lower Threshold\_i:

Interim Observation Date(s) <i>(prior to adjustment due to occurrence of a Disrupted Day)</i>	Upper Threshold_i(s)	Lower Threshold_i(s)	Payoff_Lower Threshold_i
--	----------------------	----------------------	--------------------------

[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]

14 Early Settlement Date: [•]

**Expiration Settlement Warrants, Interim Exercisable Warrants and Turbo Warrants:**

---

15 Settlement Date: [•]

16 Additional Disruption Event: [Change in Law]/[Insolvency Filing]/[ETF Cross-Contamination]/[ETF Insolvency Event]/[ETF Modification]/[ETF Regulatory Action]/[ETF Strategy Breach]

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**Turbo Warrants:**

*(If not applicable, delete paragraphs 17 to 29)*

17 Type of Turbo Warrant: [Long Turbo Warrant]/[Short Turbo Warrant]

18 Cash Settlement Amount: [•]/[Determined in accordance with Condition 7 (*Turbo Warrants*)]

7 Current Spread: [•]

19 Maximum Spread: [•]

20 Current Stop Loss Premium: [•]

21 Minimum Premium: [•]

22 Maximum Premium: [•]

23 Current Stop Loss Premium Rate: [•]

24 Stop Loss Price Rounding: [•]

25 Stop Loss Price: [•]

26 Exercise Time: [•]

27 Financing Level Currency: [•]

28 Current Financing Level: [•]

29 Notional Dividend Period: [•]/[Determined in accordance with Condition 7 (*Turbo Warrants*)]

30 Current Fractions Number: [•]

**Index Linked Warrants:**

31 Index Linked Warrants: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

32 Basket [Applicable]/[Not Applicable]

*[If a single Index:*

- 33 Index and details of the relevant Sponsors:
- (i) Index: *[name and short description of type of index.]*
- (i) Index Sponsor: *[specify]*
- (i) Exchange: *[specify]*
- (i) Related Exchange: *[All Exchanges][specify]*
- (i) Designated Multi-Exchange Index: *[Applicable][Not Applicable]*
- [Further information about the Index can be obtained at [•].]*
- (Do not specify an Index that (i) is provided by a legal entity or a natural person acting in association with, or on behalf of, the Issuer, or (ii) is composed by the Issuer or by any legal entity belonging to the same group.)*
- [If a Basket:*
- 34 Composition of Basket: [•]
- 35 Index and details of the relevant Sponsors:
- [Complete for each Index in Basket]*
- Index: *[name and short description of type of index.]*
- Index Sponsor: *[specify]*
- Exchange: *[specify]*
- Related Exchange: *[All Exchanges][specify]*
- Designated Multi-Exchange Index: *[Applicable][Not Applicable]*
- [Further information about the Index can be obtained at [•].]*
- (Do not specify an Index that (i) is provided by a legal entity or a natural person acting in association with, or on behalf of, the Issuer, or (ii) is composed by the Issuer or by any legal entity belonging to the same group.)*
- 36 Valuation Date: *[The Scheduled Expiration Date]/*  
*[(For Interim Exercisable Warrants) Each Specified Interim Observation Date [and the Scheduled Expiration Date]]/[•]*  
*(N.B. For Interim Exercisable Warrants, the Valuation Dates must match the Specified Interim Observation Dates)*

37	Valuation Time:	[As per Condition 10 ( <i>Index Linked Warrants</i> )]/[●]
38	Specified Interim Observation Dates:	[●] ( <i>List all Specified Interim Observation Dates</i> )
39	Correction of Index Levels:	Correction of Index Levels [applies, subject to Condition 10(b)(iii) ( <i>Correction of an Index Level</i> )/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
40	Correction Cut-Off Date:	[●] Business Days prior to the Scheduled Expiration Date/Not Applicable
<b>Equity Linked Warrants:</b>		
41	Equity Linked Warrants	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
42	Potential Adjustment Events:	[Applicable]/[Not Applicable]
43	Delisting:	[Applicable]/[Not Applicable]
44	Merger Event:	[Applicable]/[Not Applicable]
45	Nationalisation:	[Applicable]/[Not Applicable]
46	Insolvency:	[Applicable]/[Not Applicable]
47	Tender Offer:	[Applicable]/[Not Applicable]
48	Correction of Share Price:	[Applicable]/[Not Applicable]
49	Corrected Share Price	[●]
50	Correction Cut-Off Date:	
51	Basket:	[Applicable]/[Not Applicable]
<i>[If a single Underlying Equity:</i>		
52	Identity of the relevant Equity Issuer:	[( <i>Give or annex details of the relevant Underlying Equity</i> ): Underlying Equity: [name and short description of type of shares ( <i>which, if "ETF Share" is specified below as applicable, will be ETF Shares</i> )] issued by the Equity Issuer (ISIN: [●]) ETF Share: [Applicable/Not Applicable] Underlying Equity [specify] Currency: Equity Issuer: [specify] ( <i>in the case of ETF Shares, specify the relevant ETF Issuer</i> ) Exchange: [specify]

		Related Exchange: [All Exchanges][specify]
		[(The following additional provisions apply only where the relevant equity component is an ETF Share):
		ETF Adviser: [specify]
		ETF Administrator: [specify]
		Reference Index: [specify]]
	[If a Basket:	
53	Composition of Basket:	[•]
54	Identity of the relevant Equity Issuer:	[Complete for each Underlying Equity in Basket] [(Give or annex details of the relevant Underlying Equity):
		Underlying Equity: [name and short description of type of shares (which, if "ETF Share" is specified below as applicable, will be ETF Shares)] issued by the Equity Issuer (ISIN: [•])
		ETF Share: [Applicable/Not Applicable]
		Underlying Equity [specify]
		Currency:
		Equity Issuer: [specify] (in the case of ETF Shares, specify the relevant ETF Issuer)
		Exchange: [specify]
		Related Exchange: [All Exchanges][specify]
		[(The following additional provisions apply only where the relevant equity component is an ETF Share):
		ETF Adviser: [specify]
		ETF Administrator: [specify]
		Reference Index: [specify]]
55	Correction Cut-Off Date:	[[•] Business Days prior to the Scheduled Expiration Date]/[Not Applicable.]
56	ETF Insolvency Entity:	[•]
57	Valuation Date:	[The Scheduled Expiration Date]/ [(For Interim Exercisable Warrants) Each Specified Interim Observation Date [and the Scheduled Expiration Date]]/[•] (N.B. For Interim Exercisable Warrants, the Valuation Dates must match the Specified Interim Observation Dates)
58	Valuation Time:	[As per Condition 11 (Equity Linked Warrants)]/[•]

- 59 Specified Interim Observation Dates: [•]  
*(List all Specified Interim Observation Dates)*

**Reference Price Provisions:**

60 Basic Value Determination Terms

- (i) Spot Value: [Applicable]/[Not Applicable]
- (ii) Intraday Value: [Applicable]/[Not Applicable]
- (iii) Opening Value: [Applicable]/[Not Applicable]
- (iv) Closing Value: [Applicable]/[Not Applicable]

61 Lookback Value Determination Terms

- (i) Value Observation Dates: [•]
- (ii) Max Lookback Value: [Applicable]/[Not Applicable]
- (iii) Min Lookback Value: [Applicable]/[Not Applicable]
- (iv) Floored Max Lookback Value: [Applicable]/[Not Applicable]
- (v) Floor Value: [•]
- (vi) Floored Min Lookback Value: [Applicable]/[Not Applicable]
- (vii) Floor Value: [•]
- (viii) Capped Max Lookback Value: [Applicable]/[Not Applicable]
- (ix) Cap Value: [•]
- (x) Capped Min Lookback Value: [Applicable]/[Not Applicable]
- (xi) Cap Value: [•]

62 Average Value Determination Terms:

- (i) Averaging Dates: [•]
- (ii) Consequences of Disrupted Days: [Omission][Postponement][Modified Postponement]
- (iii) Average Value: [Applicable]/[Not Applicable]
- (iv) Individually Floored Average Value: [Applicable]/[Not Applicable]
- (v) Floor Value: [•]
- (vi) Individually Capped Average Value: [Applicable]/[Not Applicable]
- (vii) Cap Value: [•]

- |        |                                |                               |
|--------|--------------------------------|-------------------------------|
| (viii) | Globally Floored Average Value | [Applicable]/[Not Applicable] |
| (ix)   | Global Floor Value             | [•]                           |
| (x)    | Globally Capped Average Value  | [Applicable]/[Not Applicable] |
| (xi)   | Global Cap Value               | [•]                           |

**GENERAL PROVISIONS APPLICABLE TO THE WARRANTS**

- |    |  |  |
|----|--|--|
| 63 | Calculation Agent responsible for making calculations pursuant to [Condition 5] [Condition 6] [Condition 7] [Condition 10] [Condition 11] [Condition 12] | [[ <i>Give name and address</i> ]]   |
| 64 | Additional Financial Centre(s) and/or other elections relating to Payment Days:  | <p>[Not Applicable/<i>give details</i>] (<i>Note that this item relates to the place of payment and not "Business Days" for the purposes of the Scheduled Expiration Date - please insert any additional financial centres required for the definition of Payment Day which applies to payments to be made to Warrantheolders and separate from the definition of "Additional Business Centre" and "Business Day"</i>)</p> <p>[TARGET Not Required]</p> <p>[Principal Financial Centre Not Required]</p> |

**DISTRIBUTION**

- |    |                                     |  |
|----|-------------------------------------|--|
| 65 | Name of relevant Dealer:            | [Not Applicable/ <i>give name</i> ]  |
| 66 | Total commission and concession:    | [An annual running cost of [•]% of the Warrant Issue Price will be charged on a daily basis until the Scheduled Expiration Date of the Warrants for the service of providing liquidity on the Warrants.]/[ <i>Specify</i> ]  |
| 67 | [Additional selling restrictions:   | [Not Applicable/ <i>give details</i> ] ( <i>Only to be included in relation to Exempt Warrants.</i> )  |
| 68 | Additional U.S. Tax Considerations: | <p>The Warrants are [not] Specified Warrants for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the Warrants will be available from [<i>give name(s) and address(es) of Issuer contact</i>].] [As at the date of these Final Terms, the Issuer has not determined whether the Warrants are Specified Warrants for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Warrants for these purposes. This is indicative information only, subject to change, and if the Issuer's final determination is different then it will give notice of such determination. [Please contact [<i>give name(s) and address(es) of Issuer contact</i>] for further information</p> |

regarding the application of Section 871(m) to the Warrants.]]

- 69 Public Offer Consent: [Not Applicable] [An offer of the Warrants may be made by the [Dealers/Managers] [and] [*specify names and addresses of any financial intermediaries receiving specific consent*] (the "**Initial Authorised Offerors**")]] [[and by any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Public Offer, and whose names and addresses are made available, on the website of the Issuer (at [www.kbc.com]][●]) as an Authorised Offeror (together being persons to which the Issuer has given its consent, the "**Authorised Offerors**")]] other than pursuant to Article 1(4) of the Prospectus Regulation in [*Belgium/France/Luxembourg*] (the "**Public Offer Jurisdictions**") during the period from (and including) [*specify date*] to (and including) [*specify date*] ("**Offer Period**"). See further Paragraph 6 of Part B below.]
- 70 General consent: [Applicable][Not Applicable]
- 71 Other conditions to consent: [Not Applicable][●]
- 72 U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D]/[TEFRA C]/[TEFRA Not Applicable]
- 73 Prohibition of Sales to EEA Retail Investors: [Applicable][Not Applicable]  
*(If the Warrants clearly do not constitute "packaged" products or the Warrants do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Warrants may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
- 74 [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

By: \_\_\_\_\_  
*Duly authorised*

Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
*Duly authorised*

By: \_\_\_\_\_  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. ADMISSION TO TRADING:

Admission to trading: [Application [has been made]/[is expected to be made] by the Issuer (or on its behalf) for the Warrants to be admitted to trading on [*specify relevant regulated market*]/[the Regulated Market of Euronext Brussels]/[Euronext Access Paris] with effect from on or around [the Issue Date][●].] [Not Applicable.]

### 2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

[Save for any fees payable to the [Dealers/Managers/Initial Authorised Offerors/Authorised Offerors], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer. The [Managers/Dealers/Initial Authorised Offers/Authorised Offerors] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business. - *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.)]*

### 3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

- (i) Reasons for the offer: [●]  
*(See "Use of Proceeds" wording in Base Prospectus - if reasons for offer are different from what is disclosed in the Base Prospectus, give details.)*
- (ii) Estimated net proceeds: [●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: [●]  
*(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)*

### 4. PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE INDEX:

*(Index-Linked Warrants only)*

[The details of past and future performance and volatility of the index/formula can be obtained on [*insert relevant Bloomberg page*] [*if a basket, complete for each index*]

[Not Applicable]



of subscription rights not exercised:]

[Whether tranche(s) have been reserved for certain countries:]

[Not Applicable/*give details*]

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]

[Not Applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]

[Not Applicable/*give details*]

[Name(s) and addresses, to the extent known to the Issuer, of the placers in the various countries where the offer takes place:]

[Not Applicable/the financial intermediaries identified in or in the manner specified in paragraph [●] (*Public Offer Consent*)/*give details*]

## 7. OPERATIONAL INFORMATION:

(i) ISIN:

[●]

(ii) Common Code:

[●]

(iii) [CFI:

[Not Applicable/[●]]]

(iv) [FISN:

[Not Applicable/[●]]]

(v) Any clearing system(s) other than Interprofessionele Effectendeposito- en Girokas SA/NV (Euroclear Belgium), Euroclear Nederland, Euroclear Bank SA/NV or Clearstream Banking, S.A., the relevant identification number(s) and address(es):

[Not Applicable/*give name(s), number(s) and address(es)*]

(vi) Delivery:

Delivery [against][free of] payment

(vii) Warrant Agent:

[KBC Bank NV]/[●]

(viii) Paying Agent:

[KBC Bank NV]/[●]

(ix) Names and addresses of additional Paying Agent(s) (if any):

[●] [Not Applicable]

(*Insert here any other relevant codes such as CUSIP and CINS codes*)

(x) [Relevant Benchmark[s]:

[Not Applicable]/[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011 (the "**EU Benchmark**

**Regulation").**./[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmark Regulation by virtue of Article 2 of the EU Benchmark Regulation.]/[As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmark Regulation apply, such that [*administrator legal name*] is not currently required to obtain authorisation/registration.]

**ANNEX  
SUMMARY OF THE WARRANTS**

*[Insert completed summary for the Warrants, if required]*

## TERMS AND CONDITIONS OF THE WARRANTS

*This section sets out the contractual terms and conditions of the Warrants. The subsections on automatic exercise and cancellation contain certain options for determining early cancellation rights, early settlement payments and final settlement payments. The Final Terms will indicate which of these options shall apply for each specific Warrants issuance.*

*The following are the Terms and Conditions of the Warrants which, as completed in accordance with the applicable Final Terms, will be incorporated by reference into the Global Warrant (as defined below) and each Definitive Warrant (as defined below), in the latter case only if permitted by the rules of the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but if not so permitted and agreed, such Definitive Warrant will have endorsed upon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to each Temporary Global Warrant, Permanent Global Warrant and Definitive Warrant. Reference should be made to "Form of Final Terms" above for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions and/or will specify which of such terms are to apply in relation to the relevant Warrants.*

The Warrants are one of a Series (as defined below) of Warrants issued by KBC IFIMA S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 4 rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg and registered with the trade and companies register (RCS Luxembourg) under number B193577 (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Warrants**" shall be references to the Expiration Settlement Warrants (as defined below) and/or the Interim Exercisable Warrants (as defined below) and/or the Turbo Warrants (as defined below) as applicable (together, the "**Warrants**" and each, a "**Warrant**") of this Series and shall mean (i) in relation to any Warrants represented by a global temporary warrant or a global permanent warrant (a "**Global Warrant**"), units of each Warrant in the Specified Currency, (ii) any definitive warrants issued in exchange for a Global Warrant (a "**Definitive Warrant**") and (iii) any Global Warrant.

The Warrants (as defined below) are issued pursuant to and have the benefit of an agency agreement (the "**Agency Agreement**") dated on or about 27 July 2022 as amended and/or supplemented and/or restated from time to time in relation to the Issuer's EUR 1,000,000,000 Warrant Programme, and made among the Issuer, KBC Bank NV (the "**Guarantor**") as guarantor, KBC Bank NV as warrant agent (the "**Warrant Agent**", which expression shall include any successor warrant agent specified in the applicable Final Terms) and KBC Bank NV as paying agent (the "**Paying Agent**", which expression shall include any successor paying agent specified in the applicable Final Terms (and together with the Warrant Agent, the "**Agents**").

The Warrants do not bear interest.

The final terms for a Series of Warrants (or the relevant provisions thereof) are set out in Part A of the Final Terms and are attached hereto or endorsed hereon and complete these Terms and Conditions (the "**Conditions**") for the purposes of such Series of Warrants. References to the "applicable Final Terms" are to the Final Terms (or the relevant provisions thereof) attached hereto or endorsed hereon.

The payment and, where applicable, delivery of all amounts in respect of the Warrants has been guaranteed by the Guarantor pursuant to a deed of guarantee dated on or about 27 July 2022 as amended and/or supplemented and/or restated from time to time (the "**Guarantee**") executed by the Guarantor. The original of the Guarantee is held by the Warrant Agent on behalf of the Warrantholders at its specified office.

The Warrants are issued on an unsubordinated basis by the Issuer and guaranteed on an unsubordinated basis by the Guarantor as described in Condition 2 (*Status of the Warrants and the Guarantee*). Any reference to "**Warrantholders**" or "**holders**" in relation to any Warrants shall mean the holders of the Warrants, and shall, in relation to any Warrants represented by a Global Warrant, be construed as provided below.

As used herein, "**Tranche**" means Warrants which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Warrants together with any further Tranche or Tranches of Warrants which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates and/or Warrant Issue Prices.

The Warrantholders are entitled to the benefit of the Deed of Covenant executed by the Issuer (the "**Deed of Covenant**") dated on or about 27 July 2022 as amended and/or supplemented and/or restated from time to time. The original of the Deed of Covenant is held by Interprofessionele Effectendeposito- en Girokas SA/NV (Euroclear Belgium) ("**Euroclear Belgium**") as central securities depository and securities settlement system (the "**Central Securities Depository and Securities Settlement System**") on behalf of Euroclear Nederland, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear Belgium, Euroclear Nederland and Euroclear, the "**Clearing Systems**"). Copies of the Agency Agreement, the Guarantee and the Deed of Covenant (i) are available for inspection or collection during normal business hours at the specified office of each of the Agents or (ii) may be provided by email to a Warrantholder following their prior written request to any Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Agent). Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the specified office of each of the Agents, save that a Final Terms relating to a Warrant which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a Warrantholder holding one or more Warrants of that Series and such Warrantholder must produce evidence satisfactory to the relevant Agent as to its holding of such Warrants and identity. Copies of the applicable Final Terms relating to Warrants which are admitted to trading on a regulated market in the European Economic Area and/or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation are also available for viewing on the website of Euronext Brussels, [www.euronext.com](http://www.euronext.com). The Warrantholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1 Form and Title

The Warrants are in bearer form and, in the case of Definitive Warrants, serially numbered, in the Specified Currency.

Warrants may be Index Linked Warrants or Equity Linked Warrants.

Warrants may be either expiration settlement warrants ("**Expiration Settlement Warrants**"), interim exercisable warrants ("**Interim Exercisable Warrants**") or turbo warrants ("**Turbo Warrants**") as specified in the applicable Final Terms.

Expiration Settlement Warrants, Interim Exercisable Warrants can either be standard warrants ("**Standard Warrants**") or sampler warrants ("**Sampler Warrants**"). Turbo warrants can be either long turbo warrants ("**Long Turbo Warrants**") or short turbo warrants ("**Short Turbo Warrants**"). Subject as set out below, title to the Warrants will pass by delivery. The Issuer, the Guarantor and the Agents will (except as otherwise required by law) deem and treat the bearer of any Warrant as the absolute owner thereof, whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof, for all purposes but, in the case of any Global Warrant, without prejudice to the provisions set out in the next paragraph.

For so long as the Warrants are represented by a Global Warrant held by the relevant Clearing System, each person (other than the relevant Clearing System), who is for the time being shown in the records of the relevant Clearing System as the holder of a particular number of such Warrants (in which regard any certificate or other document issued by the relevant Clearing System as to the number of such Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Agents, the relevant Clearing System and all other people dealing with such person as the holder of the number of such Warrants for all purposes other than with respect to payment on the Warrants, for which purpose the bearer of the relevant Global Warrant shall be treated by the Issuer, the Guarantor and the Agents as the holder of such total number of Warrants in accordance with and subject to the terms of the relevant Global Warrant and the expressions "**Warrantholder**" and "**holder of Warrants**" and related expressions shall be construed accordingly. Warrants which are represented by a Global Warrant shall be held by, and immobilised in, the relevant Clearing System (or a custodian or depository acting as an agent for the relevant Clearing System) under arrangements that prohibit the transfer of the Global Warrant, except to a successor clearing system subject to the same terms and in accordance with the rules and procedures for the time being of the relevant Clearing System.

References to a Clearing System 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.

## 2 Status of the Warrants and the Guarantee

### (a) *Ranking of Warrants*

The Warrants constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer and *pari passu* without any preference among themselves except for obligations given priority by law.

(b) *Warrants Guaranteed*

The Warrants are guaranteed as to payment of the Early Cash Settlement Amount (in the case of Interim Exercisable Warrants), Cash Settlement Amount or the Early Cancellation Amount by the Guarantor upon the terms contained in the Guarantee.

(c) *Ranking of Claims on the Guarantee*

Claims in respect of the Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank pari passu with all present and future unsecured and unsubordinated obligations of the Guarantor, without any preference among themselves and pari passu without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

### 3 Definitions

"**Averaging Date**" has the meaning given to it in the applicable Final Terms.

"**Basket**" means:

- (a) in respect of Index Linked Warrants, a basket composed of each Index in the relative proportions specified in such Final Terms; and
- (b) in respect of Equity Linked Warrants, a basket composed of each Underlying Equity in the relative proportions specified in such Final Terms.

"**Business Day**" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Clearance System**" means, in respect of a security underlying an Index, the principal domestic clearance system customarily used for settling trades in such security.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in such Clearance System being unable to clear the transfer of a relevant security, would have been) open for the acceptance and execution of settlement instructions.

"**Current Fractions Number**" means, subject to adjustment, a fractional number of the relevant Underlying determined by the Calculation Agent, on each Business Day (other than a Saturday or Sunday), which is not a Disrupted Day, in accordance with the following formula:

the product of

- (a) the Current Fractions Number on the previous Reset Date and
- (b) the previous Reference Price of the relevant Underlying and
- (c) the inverse<sup>3</sup> of the difference between:
  - (i) the previous Reference Price of the relevant Underlying; and

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<sup>3</sup> The "inverse" of x meaning 1/x

- (ii) in the case of Long respectively Short Turbo Warrants, Net respectively Gross Notional Dividend Amount per the relevant Underlying.

The Current Fractions Number on the Trade Date is the number specified as such in the applicable Final Terms.

"**Current Warrant Multiplier**" has the meaning given to it in the applicable Final Terms, or if not specified in the applicable Final Terms, shall be equal to the number determined by the Calculation Agent on each day (other than a Saturday or Sunday) which is a Business Day, in accordance with the following formula:

- (a) the Current Warrant Multiplier on the previous Reset Date; minus
- (a) if applicable, the Management Fee, times the Current Warrant Multiplier on the previous Reset Date, times
- (b) the ratio:
- Calculation Period, divided by
  - 360.

"**Final Reference Price**" means the applicable Reference Price for (i) the Index Linked Warrants or (ii) the Equity Linked Warrants, as applicable, to be determined on the applicable Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on the Averaging Date) in accordance with Conditions 10 (*Index Linked Warrants*) and 11 (*Equity Linked Warrants*) respectively.

"**Exercise Date**" means, provided no Stop Loss Event has occurred, the third Business Day preceding the scheduled Valuation Date.

"**Exercise Time**" means the time specified as such in the applicable Final Terms.

"**Final Valuation Date**" means the date specified in the relevant Final Terms or alternatively the Expiration Date.

"i" is a series of numbers from one to n,.

"**Index**" or "**Indices**" means, subject to adjustment in accordance with Condition 10(b) (*Adjustments to an Index*), the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

"**Payoff<sub>i</sub>**" has the meaning given in the applicable Final Terms.

"**Payoff Multiplier 1<sub>i</sub>**" has the meaning given in the applicable Final Terms.

"**Payoff Multiplier 2<sub>i</sub>**" has the meaning given in the applicable Final Terms.

"**Reference Price**" means the value of the relevant Underlying as determined by the Calculation Agent in accordance with Condition 14 (*Reference Price*).

"**Reset Date**" means the Trade Date and thereafter (a) the first Business Day of each calendar month or (b) a Business Day, as determined by the Calculation Agent.

"**Settlement Date**" means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Conditions 20 (*Meetings of Warranholders, Modification and Waiver*) and 21 (*Further Issues*).

"**Specified Currency**" has the meaning given to it in the applicable Final Terms.

"**Strikes**" means Strike 1<sub>i</sub> and Strike 2<sub>i</sub>.

"**Strike 1<sub>i</sub>**" has the meaning given to it in the applicable Final Terms.

"**Strike 2<sub>i</sub>**" has the meaning given to it in the applicable Final Terms.

"**Trade Date**" has the meaning as specified in the applicable Final Terms.

"**Underlying**" means the relevant Index or Underlying Equity.

"**Underlying Equity**" means any equity security or unit specified as such in the applicable Final Terms, which may comprise an ETF Share, and related expressions shall be construed accordingly.

#### **4 Exercise**

If the applicable Final Terms specify that the Warrant(s) are Expiration Settlement Warrants (each, an "**Expiration Settlement Warrant**"), the provisions set out in sub-paragraphs (a) to (c) shall apply:

(a) *Automatic Exercise*

Unless previously cancelled, in accordance with Condition 9 (*Cancellation and Adjustments*), each Expiration Settlement Warrant will be automatically exercised (with no requirement for the Warrantheadholder to deliver any form of notice) on the expiration date of the Expiration Settlement Warrant (the "**Expiration Date**") which shall be the later of (i) the Scheduled Expiration Date (as specified in the Final Terms) and (ii) where the Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, the Averaging Date) is postponed due to the occurrence of a Disrupted Day occurring in respect of an Index or Underlying Equity (as applicable) on the Scheduled Expiration Date, the Valuation Date or the Averaging Date (as applicable) determined in accordance with Conditions 10(c) (*Consequences of Disrupted Days; Averaging*) and 11(c) (*Consequences of Disrupted Days; Averaging*) respectively.

(b) *Entitlement upon Automatic Exercise*

Expiration Settlement Warrants which have been exercised entitle the relevant Warrantheadholder to require the Issuer to pay, subject to these Conditions, the applicable Cash Settlement Amount on the Settlement Date, which shall be determined by the Calculation Agent in accordance with the provisions of Condition 5 (*Expiration Settlement Warrants*) (as applicable).

(c) *General*

In relation to the Warrants, the expressions "exercise", "due exercise" and related expressions shall be construed to apply to any such Expiration Settlement Warrants which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Calculation Agent or the Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or Early Cancellation Amount.

The purchase of any Warrants does not confer on any Warrantheadholder any rights (whether in respect of voting, distributions, conversion or otherwise) attaching to the relevant Index or Underlying Equity.

## 5 Expiration Settlement Warrants

The Cash Settlement Amount in respect of Standard Warrants and Sampler Warrants is an amount (which shall, for the avoidance of doubt, be converted into the Specified Currency at a ratio of 1:1 if the applicable Final Reference Price is in a currency which is different to the Specified Currency) determined by the Calculation Agent equal to:

$$\text{Current Warrant Multiplier} \times \left\{ \sum_{i=1}^L \text{Reference Performance}_i \right\}$$

where:

Each Reference Performance<sub>i</sub> (a "**Reference Performance**") has the meaning given to it in either Condition 5. (in the case of Standard Warrants or Condition 5(ii) (in the case of Sampler Warrants) below. The number of Reference Performances will be specified in the Final Terms for each i=1,..., L.

(i) Standard Warrants

If the Expiration Settlement Warrants are specified to be Standard Warrants, the Calculation Agent shall (A) determine the relevant Final Reference Price, (B) compare the Final Reference Price with the Strikes and (C) apply the relevant formula below based on the value of the Final Reference Price in order to determine each Reference Performance<sub>i</sub>.

(A) Where,

$$\text{Final Reference Price} \leq \text{Strike } 1_i$$

The Reference Performance<sub>i</sub> shall be equal to the **Payoff<sub>i</sub>**.

(B) Where,

$$\text{Strike } 1_i < \text{Final Reference Price} \leq \text{Strike } 2_i$$

the Reference Performance<sub>i</sub> shall be equal to:

$$\text{Payoff}_i + X_{1_i}$$

where:

"X<sub>1\_i</sub>" means either:

1.  $[\text{Final Reference Price} - \text{Strike } 1_i] \times \text{Payoff Multiplier } 1_i$  ("**X<sub>1\_i</sub>\_FRP**"); or
2.  $[\text{Strike } 2_i - \text{Strike } 1_i] \times \text{Payoff Multiplier } 1_i$  ("**X<sub>1\_i</sub>\_LS2**"),

such election to be made on the Issue Date, as specified in the applicable Final Terms.

(C) Where,

$$\text{Strike } 2_i < \text{Final Reference Price}$$

the Reference Performance<sub>i</sub> shall be equal to:

$$\text{Payoff}_i + X_{2_i} + Y_{2_i}$$

where:

"X<sub>2\_i</sub>" means:  $[\text{Strike } 2_i - \text{Strike } 1_i] \times \text{Payoff Multiplier } 1_i$

"Y<sub>2\_i</sub>" means either:

1.  $[Final\ Reference\ Price - Strike\ 2_i] \times Payoff\ Multiplier\ 2_i$  ("Y<sub>2\_i</sub>**FRP**"); or
2. the "Fixed Amount<sub>i</sub>", which shall be specified in the applicable Final Terms ("Y<sub>2\_i</sub>**FIX**"),

such election to be made on the Issue Date, as specified in the applicable Final Terms.

For the purposes of this Condition 5, the following definitions shall be applicable:

"Payoff<sub>i</sub>" has the meaning given in the applicable Final Terms, and may be positive, negative or zero.

(ii) **Sampler Warrants**

If the Expiration Settlement Warrants are specified to be Sampler Warrants, the Calculation Agent shall apply the relevant formula below in order to determine the Reference Performance<sub>i</sub>.

The Reference Performance<sub>i</sub> will be based on the sum of the Fixed Amount<sub>i</sub> and the sum of the Sampler Amount<sub>i,j</sub> for each Observation Period<sub>i,j</sub> which is defined by the following formula:

$$Fixed\ Amount_i + \sum_{j=1}^T Sampler\ Amount_{i,j}$$

The Sampler Amount for each individual Range<sub>i,j</sub> in an individual Observation Period<sub>i,j</sub> will be the amount determined in accordance with the following formula:

$$Sampler\ Base\ Amount_{i,j} \times \left[ \frac{N_{i,j}}{A_{i,j}} \right]$$

*Observation Periods*

For the purpose of this Condition 5(iii), the total Observation Period may be split into subperiods (each an "**Observation Period**"), with its own specific conditions as specified in the applicable Final Terms (the "**Observation Period Conditions**").

The number of subperiods, the start and end dates of each Observation Period and the periodicity of observation moments in each period, which can be daily, weekly, monthly, quarterly, semi-annually or annually will be specified in the applicable Final Terms.

The amounts per specific Observation Period and the total Sampler Amount will be calculated by the Calculation Agent on the relevant Valuation Date and will be payable on the Settlement Date, in accordance with the Observation Period Conditions.

*Minimum Sampler Amount and/or Maximum Sampler Amount per Observation Period*

If the applicable Final Terms specify a Minimum Sampler Amount<sub>i,j</sub> for any Observation Period<sub>i,j</sub>, then, in the event that the Sampler Amount<sub>i,j</sub> in respect of such Observation Period<sub>i,j</sub> is less than such Minimum Sampler Amount<sub>i,j</sub>, the Sampler Amount<sub>i,j</sub> for such Observation Period<sub>i,j</sub> shall be such Minimum Sampler Amount<sub>i,j</sub>.

If the applicable Final Terms specify a Maximum Sampler Amount<sub>i,j</sub> for any Observation Period<sub>i,j</sub>, then, in the event that the Sampler Amount<sub>i,j</sub> in respect of such Observation

Period<sub>i</sub> is greater than such Maximum Sampler Amount<sub>i,j</sub>, the Sampler Amount for such Observation Period<sub>i</sub> shall be such Maximum Sampler Amount<sub>i,j</sub>.

*Minimum Global Sampler Amount and/or Maximum Global Sampler amount*

If the applicable Final Terms specify a Minimum Global Sampler Amount<sub>i</sub> then, in the event that the total Sampler Amount<sub>i</sub> determined is less than such Minimum Global Sampler Amount<sub>i</sub>, the Reference Performance shall be such Minimum Global Sampler Amount<sub>i</sub>.

If the applicable Final Terms specify a Maximum Global Sampler Amount<sub>i</sub> then, in the event that the total Sampler Amount<sub>i</sub> determined is greater than such Maximum Global Sampler Amount<sub>i</sub>, the Reference Performance shall be such Maximum Global Sampler Amount<sub>i</sub>.

*Maximum Memory Limit per Observation Period*

If the applicable Final Terms specify a Maximum Memory Limit<sub>i,j</sub> (ranging from 0 to A<sub>i,j</sub>) for the Observation Period<sub>i,j</sub>, the Calculation Agent will reset the status of

For the purposes of this Condition 5(iii), the following definitions shall be applicable:

"**i**" = 1,...,T; T >=1

"**.,j**" = 1,...,T; T >=1

"**A<sub>i,j</sub>**" means the actual number of Observations in the relevant Observation Period<sub>i,j</sub>;

"**Fixed Amount<sub>i</sub>**" means the amount as specified in the relevant Final Terms;

"**N<sub>i,j</sub>**" means the **revised actual** number of observations (the "**Observations**") that the Sampler Condition<sub>i</sub> has been set to be "satisfied". To that end, the Calculation Agent will check at each Observation Time k in the relevant Observation Period<sub>i,j</sub> whether the Sampler Condition<sub>i</sub> with Lower Threshold<sub>i,j</sub> and Upper Threshold<sub>i,j</sub> is satisfied, which will occur on Observation Time k if:

- (a) "Between (Inclusive)" is specified in the applicable Final Terms as the Sampler Condition<sub>i</sub> and the Reference Price at the Observation Time of the relevant Underlying is greater than or equal to the Lower Threshold<sub>i,j</sub> but less than or equal to the Upper Threshold<sub>i,j</sub>;
- (b) "Between (Exclusive)" is specified in the applicable Final Terms as the Sampler Condition<sub>i</sub> and the Reference Price at the Observation Time of the relevant Underlying is greater than the Lower Threshold<sub>i,j</sub> but less than the Upper Threshold<sub>i,j</sub>;
- (c) "Outside (Inclusive)" is specified in the applicable Final Terms as the Sampler Condition<sub>i</sub> and the Reference Price at the Observation Time of the relevant Underlying is less than or equal to the Lower Threshold<sub>i,j</sub> or greater than or equal to the Upper Threshold<sub>i,j</sub>;
- (d) "Outside (Exclusive)" is specified in the applicable Final Terms as the Sampler Condition<sub>i</sub> and the Reference Price at the Observation Time of the relevant Underlying is less than the Lower Threshold<sub>i,j</sub> or greater than the Upper Threshold<sub>i,j</sub>;

Moreover, if the relevant Sampler Condition<sub>i</sub> with Lower Threshold<sub>i,j</sub> and Upper Threshold<sub>i,j</sub> appears to be satisfied at the Observation Time k, the calculation agent will

reset the result of the test of the Sampler Condition<sub>i</sub> of the previous Max\_Memory\_Limit<sub>i,j</sub> Observations to "satisfied". If the relevant Sampler Condition<sub>i</sub> appears not to be satisfied, then status of previous observations will not be revised. The Calculation Agent will take into account the **revised** status of the Observation Times in determining N<sub>i,j</sub>.

"**Lower Threshold<sub>i,j</sub>**" means the "floor" of Range applicable in the relevant Observation Period<sub>i</sub> and will be specified as such in the applicable Final Terms;

"**Maximum Global Sampler Amount<sub>i</sub>**" has the meaning given in the applicable Final Terms;

"**Maximum Sampler Amount<sub>i,j</sub>**" has the meaning given in the applicable Final Terms;

"**Minimum Global Sampler Amount<sub>i</sub>**" has the meaning given in the applicable Final Terms;

"**Minimum Sampler Amount<sub>i,j</sub>**" has the meaning given in the applicable Final Terms;

"**Observation Period**" means, the period from (and including) an Observation Period Start Date to (but excluding) the next (or first) Observation Period Start Date;

"**Observation Period Start Date**" means, each date as specified as the Observation Period Start Date in the applicable Final Terms;

"**Observation Time**" has the meaning given in the applicable Final Terms;

"**Sampler Base Amount<sub>i,j</sub>**" means the amount specified as such in the applicable Final Terms;

"**Sampler Condition<sub>i</sub>**" means either "Between (Inclusive)", "Between (Exclusive)", "Outside (Inclusive)" or "Outside (Exclusive)" as specified in the applicable Final Terms and is set globally i.e. independently of all subperiods and individual ranges;

"**Upper Threshold<sub>i,j</sub>**" means the "cap" of Range<sub>i,j</sub> applicable in the relevant Observation Period<sub>i</sub> and will be specified as such in the applicable Final Terms.

## **6 Interim Exercisable Warrants**

If the applicable Final Terms specify that the Warrant(s) are Interim Exercisable Warrants (each, a "**Interim Exercisable Warrant**") and:

- (i) an Interim Exercise Event (as defined below) occurs, the provisions set out in Condition 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*) below shall apply; or
- (ii) an Interim Exercise Event (as defined below) has not occurred, the provisions set out in Condition 6.2 (*Exercise of the Interim Exercisable Warrants at Expiry*) below shall apply

### **6.1 Exercise of the Interim Exercisable Warrants on an Interim Observation Date**

#### (a) *Interim Automatic Exercise*

If the conditions in this Condition 6.1(a) and unless previously cancelled in accordance with Condition 9 (*Cancellation and Adjustments*) or exercised early in accordance with Condition 17 (*Events of Default*), each Interim Exercisable Warrant will be automatically exercised (with no requirement for the Warrantholder to deliver any form of notice) on the interim exercise date ("**Interim Exercise Date**") of the Interim Exercisable Warrant which shall be the later of (i) the Specified Interim Observation Date on which an Interim Exercise Event occurs and (ii) where

the Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, the Averaging Date) is postponed due to the occurrence of a Disrupted Day occurring in respect of an Index or Underlying Equity (as applicable) on a Specified Interim Observation Date on which an Interim Exercise Event occurs, the Valuation Date or the Averaging Date (as applicable) determined in accordance with Conditions 10(c) (*Consequences of Disrupted Days; Averaging*) and 11(c) (*Consequences of Disrupted Days; Averaging*) respectively (such date, the "**Adjusted Interim Observation Date**").

For Standard Warrants, the Calculation Agent shall, on each Interim Observation Date (A) determine the relevant Interim Reference Price and (B) compare the Interim Reference Price with the applicable Lower Threshold<sub>i</sub> and the applicable Upper Threshold<sub>i</sub> in respect of the relevant Interim Observation Date<sub>k</sub>.

The method of comparison shall be elected at the Issue Date in the Final Terms.

(1) If "Outside" is elected, where:

either

$$\text{Interim Reference Price} \geq \text{Upper Threshold}_i$$

or

$$\text{Interim Reference Price} \leq \text{Lower Threshold}_i$$

(each being an occurrence of an "**Interim Exercise Event**"), the Calculation Agent shall apply the relevant formula below based on the value of the Interim Reference Price and the value of the relevant Upper Threshold<sub>i</sub> or the Lower Threshold<sub>i</sub> (as applicable) in order to determine the Intermediate Reference Performance.

Where the Interim Reference Price is more than or equal to the relevant Upper Threshold<sub>i</sub>, the "**Intermediate Reference Performance**" shall be equal to the Payoff<sub>Upper Threshold<sub>i</sub></sub> specified in the applicable Final Terms as applicable to the relevant corresponding Upper Threshold<sub>i</sub> and the corresponding Interim Observation Date<sub>i</sub>.

Where the Interim Reference Price is less than or equal to the relevant Lower Threshold<sub>i</sub>, the "**Intermediate Reference Performance**" shall be equal to the Payoff<sub>Lower Threshold<sub>i</sub></sub> specified in the applicable Final Terms as applicable to the relevant corresponding Lower Threshold<sub>i</sub> (as applicable) and the corresponding Interim Observation Date<sub>i</sub>.

For the avoidance of doubt, where the Interim Reference Price is neither more than or equal to the relevant Upper Threshold<sub>i</sub> nor less than or equal to the applicable Lower Threshold<sub>i</sub>, an Interim Exercise Event will not occur.

(2) If "Between" is elected, the Calculation Agent will check if:

$$\text{Upper Threshold}_i \geq \text{Interim Reference Price} \geq \text{Lower Threshold}_i$$

and if the condition is true (being an occurrence of an "**Interim Exercise Event**"), the Calculation Agent shall apply the relevant formula below based on the value of the Interim Reference Price, the value of the relevant Upper Threshold<sub>i</sub> and the Lower Threshold<sub>i</sub> (as applicable) in order to determine the Intermediate Reference Performance. If "Between" is

elected, the parameters Payoff\_Lower Threshold<sub>i</sub> and Payoff\_Upper Threshold<sub>i</sub> must be set equal.

The "**Intermediate Reference Performance**" shall be equal to the Payoff\_Lower Threshold<sub>i</sub> specified in the applicable Final Terms as applicable to the relevant corresponding Upper Threshold<sub>i</sub>, Lower Threshold<sub>i</sub> (as applicable) and the corresponding Interim Observation Date<sub>i</sub>.

If the Calculation Agent determines that an Interim Exercise Event has not occurred on an Interim Observation Date<sub>i</sub>, the Interim Settlement Warrants will not be automatically exercised in respect of such Interim Observation Date and no Early Cash Settlement Amount will be payable to the Warrantholders in respect of such Interim Observation Date<sub>i</sub>.

Where, for the avoidance of doubt, an Interim Exercise Event has not occurred on any Interim Observation Date, the Interim Exercisable Warrants will be automatically exercised on the Expiration Date in accordance with Condition 6.2 (*Exercise of the Interim Exercisable Warrants at Expiration*) below.

For the purposes of this Condition 6, the following definitions shall be applicable:

"**Adjusted Interim Observation Date**" has the meaning given to it in Condition 6.1(a);

"**Interim Observation Date**" means either the Specified Interim Observation Date or the Adjusted Interim Observation Date, as applicable;

"**Interim Reference Price**" means the applicable Reference Price for (i) the Index Linked Warrants or (ii) the Equity Linked Warrants, as applicable, to be determined on the applicable Valuation Date (or, where "Average Value", "Individually Floored Average Value", "**Individually Capped Average Value**", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on the Averaging Date) in accordance with Conditions 10 (*Index Linked Warrants*) and 11 (*Equity Linked Warrants*) respectively;

"**Lower Threshold<sub>i</sub>**" means each of the values specified as such next to each Interim Observation Date<sub>i</sub> in the applicable Final Terms;

"**Upper Threshold<sub>i</sub>**" means each of the values specified as such for each Interim Observation Date<sub>i</sub> in the applicable Final Terms;

"**Intermediate Reference Performance**" has the meaning given to it in this Condition 6.1(a);

"**Payoff\_Lower Threshold<sub>i</sub>**" has the meaning given to it in the applicable Final Terms with respect to the relevant corresponding Interim Observation Date and corresponding Lower Threshold<sub>i</sub> and may be zero;

"**Payoff\_Upper Threshold<sub>i</sub>**" has the meaning given to it in the applicable Final Terms with respect to the relevant corresponding Interim Observation Date<sub>i</sub> and corresponding Upper Threshold<sub>i</sub> and may be zero; in the case that "Between" is elected, it must be set equal to Payoff\_Lower Threshold<sub>i</sub>; and

"**Specified Interim Observation Date**" means each of the dates specified as such in the applicable Final Terms.

(b) *Entitlement upon Interim Automatic Exercise*

Interim Exercisable Warrants which have been exercised pursuant to Condition 6.1(a) above entitle the relevant Warrantholder to require the Issuer to pay, subject to these Conditions, the applicable Early Cash Settlement Amount on the Early Settlement Date, which shall be determined by the Calculation Agent in accordance with the provisions of Condition 6(c).

**"Early Cash Settlement Amount"** means an amount calculated in accordance with Condition 6(c).

**"Early Settlement Date"** means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Conditions 20 (*Meetings of Warrantholders, Modification and Waiver*) and 21 (*Further Issues*).

(c) *Early Cash Settlement Amount*

The Early Cash Settlement Amount is an amount (which shall, for the avoidance of doubt, be converted into the Specified Currency at a ratio of 1:1 if the applicable Interim Reference Price is in a currency which is different to the Specified Currency) determined by the Calculation Agent equal to:

$$\text{Current Warrant Multiplier} \times \text{Intermediate Reference Performance}$$

where:

**"Intermediate Reference Performance"** has the meaning given to it in Condition 6.1(a) above;

(d) *Interim Exercise Notices*

- (i) The Calculation Agent shall provide notice of the occurrence of an Interim Exercise Event to the Issuer as soon as reasonably practicable following the determination of the occurrence of an Interim Exercise Event pursuant to Condition 6.1(a) above (the **"Calculation Agent Interim Exercise Notice"**).
- (ii) The Issuer shall provide notice of the occurrence of an Interim Exercise Event to the Warrantholders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable following the date on which it receives a Calculation Agent Interim Exercise Notice and in any case, no later than 7 days after its receipt of such notice (the **"Issuer Interim Exercise Notice"**).
- (iii) Each of the Calculation Agent Interim Exercise Notice and the Issuer Interim Exercise Notice shall specify (i) the Interim Exercise Date; (ii) the Early Cash Settlement Amount and (iii) the Early Settlement Date.
- (iv) For the avoidance of doubt, if the determination of the Interim Reference Price is postponed as a result of a Disrupted Day occurring in respect of an Index or Underlying Equity (as applicable), the Early Cash Settlement Amount shall be paid without any interest amount or other sum in respect of the postponement thereof.

## 6.2 Exercise of the Interim Exercisable Warrants at Expiration

The provisions of Conditions 5(i) (*Standard Warrants*) and 5(ii) (*Sampler Warrants*) shall apply to the exercise of the Interim Exercisable Warrants at expiration.

## 7 Turbo Warrants

If the applicable Final Terms specify that the Warrant(s) are Turbo Warrants (each a "**Turbo Warrant**"), the provisions set out in this Condition 7 shall apply.

(a) *Exercise*

Provided no Stop Loss Event has occurred, and notwithstanding notice of an Issuer Call, the Turbo Warrants are exercisable on any Exercise Date by delivery of a notice prior to the Exercise Time on an Exercise Date.

(b) *Stop Loss Event*

Following a Stop Loss Event, the Turbo Warrants will terminate automatically. A Stop Loss Event will override an Issuer Call and/or due exercise if the Stop Loss Event occurs prior to or on an Issuer Call Date or Valuation Date, as the case may be.

(c) *Issuer Call*

The Issuer may terminate, subject to the occurrence of a valid exercise or a Stop Loss Event, the Turbo Warrants, in whole but not in part (an "**Issuer Call**"), on any Business Day (the "**Issuer Call Date**") by giving Warrantholders at least the Issuer Call Notice Period notice of its intention to terminate the Turbo Warrants, such notice to be given at any time from (and including) the first Business Day following the Issue Date (the "**Issuer Call Commencement Date**"). Any such notice shall be given in accordance with Condition 20 (*Notices*), and shall specify the Issuer Call Date and the Settlement Date.

(d) *Cash Settlement*

Each Turbo Warrant entitles its holder upon (i) due exercise, (ii) termination pursuant to an Issuer Call or (iii) following a Stop Loss Event, to receive from the Issuer on the Settlement Date:

- A. following a valid exercise, the Exercise Cash Settlement Amount;
- B. following a valid Issuer Call, the Issuer Call Cash Settlement Amount; or
- C. following a Stop Loss Event, the Stop Loss Cash Settlement Amount.

Each of the Exercise Cash Settlement Amount, the Issuer Call Cash Settlement Amount and the Stop Loss Cash Settlement Amount is hereinafter referred to as a "**Cash Settlement Amount**".

The Cash Settlement Amount will be subject to deduction of Expenses. The Cash Settlement Amount will never be below zero.

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount less any Expenses (if any) for each Turbo Warrant to the Warrantholder's account for value on the Settlement Date.

(e) *For the purposes of this Condition 7, the following definitions shall be applicable:*

"**Calculation Period**" means the number of calendar days from (but excluding) a Reset Date to (and including) the next following Reset Date;

"**Cash Settlement Amount**" means, unless otherwise specified in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following provisions:

- (1) in the case of a Turbo Warrant which is a Long Turbo Warrant:
  - (a) Upon exercise:

(Final Reference Price x Current Fractions Number – Current Financing Level) x Current Warrant Multiplier, less Expenses (the "**Exercise Cash Settlement Amount**"); or

(b) Upon an Issuer Call:

(Termination Reference Price x Current Fractions Number – Current Financing Level) x Current Warrant Multiplier, less Expenses (the "**Issuer Call Cash Settlement Amount**"); or

(c) Following a Stop Loss Event:

(Stop Loss Termination Reference Price x Current Fractions Number – Current Financing Level) x Current Warrant Multiplier, less Expenses (the "**Stop Loss Cash Settlement Amount**");

(2) in the case of a Turbo Warrant which is a Short Turbo Warrant:

(a) Upon exercise:

(Current Financing Level – Final Reference Price x Current Fractions Number) x Current Warrant Multiplier, less Expenses (the "**Exercise Cash Settlement Amount**"); or

(b) Upon an Issuer Call:

(Current Financing Level – Termination Reference Price x Current Fractions Number) x Current Warrant Multiplier, less Expenses (the "**Issuer Call Cash Settlement Amount**"); or

(c) Following a Stop Loss Event:

(Current Financing Level – Stop Loss Termination Reference Price x Current Fractions Number) x Current Warrant Multiplier, less Expenses (the "**Stop Loss Cash Settlement Amount**").

provided that the Cash Settlement Amount shall not be less than zero. The Cash Settlement Amount shall (where applicable) be converted into the Settlement Currency at the prevailing Exchange Rate and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

"**Current Financing Level**" means, subject to adjustment, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent, on each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the Financing Level Currency, in accordance with the following formula:

(a) the Current Financing Level on the previous Reset Date; plus

(b) Funding Cost.

The Current Financing Level on the Trade Date is the level specified as such in the applicable Final Terms;

"**Current Spread**" means the rate (expressed as a percentage rate per annum) as determined by the Calculation Agent having regard to the Financing Level Currency, prevailing market

conditions and such other factors as the Calculation Agent determines to be relevant. The Current Spread may be reset on a Reset Date, subject to the "**Maximum Spread**" (as specified in the applicable Final Terms) per annum (save that if, in the sole discretion of the Calculation Agent, at any time the market rate for borrowing the relevant Underlying or any components thereto or hedging the Turbo Warrants with futures materially exceeds such market rate as of the Trade Date, the Current Spread and/or Maximum Spread may be increased to reflect this change). The Current Spread on the Trade Date is the spread specified as such in the applicable Final Terms;

"**Current Stop Loss Premium**" means an amount in the Financing Level Currency, as determined by the Calculation Agent on each Reset Date, in its sole and absolute discretion, and subject to adjustment, having regard to the current market conditions (including, without limitation, market volatility). The Current Stop Loss Premium shall not be less than the "**Minimum Premium**" nor greater than the "**Maximum Premium**" (both as specified in the applicable Final Terms) of the Current Financing Level, subject to adjustment. The percentage used for calculating the Current Stop Loss Premium (the "**Current Stop Loss Premium Rate**") on the Trade Date is the rate specified as such in the applicable Final Terms;

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising (a) upon exercise, an Issuer Call or following a Stop Loss Event in connection with such Turbo Warrant and/or (b) in connection with any payment or delivery due upon exercise, an Issuer Call or following a Stop Loss Event or otherwise in respect of such Turbo Warrant;

"**Financing Level Currency**" means the currency specified as such in the applicable Final Terms;

"**Funding Cost**" means, subject to adjustment, as determined by the Calculation Agent, equal to:

- (1) in the case of a Long Turbo Warrant:
  - (a) Prevailing Rate plus Current Spread; multiplied by
  - (b) the Current Financing Level on the previous Reset Date; multiplied by
  - (c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by the default number of days used for calculating the day count fraction for the Financing Level Currency; and
- (2) in the case of a Short Turbo Warrant:
  - (a) Prevailing Rate minus Current Spread; multiplied by
  - (b) the Current Financing Level on the previous Reset Date; multiplied by
  - (c) the number of calendar days elapsed in the Calculation Period (including the current day) divided by the default number of days used for calculating the day count fraction for the Financing Level Currency.

The Funding Cost may be a negative number;

"**Gross Notional Dividend Amount**" means, if "Gross Notional Dividend Amount" is applied by the relevant issuer or sponsor of the Underlying, an amount as determined by the

Calculation Agent, equal to: (i) the sum of the full cash dividends declared in respect of each security comprised in the relevant Underlying which have an ex-dividend date occurring during the Notional Dividend Period without regard to any withholding taxes or other deductions, multiplied by the prevailing percentage payable under market standard stock borrow agreements, or (ii) the market implied dividend during the Notional Dividend Period, plus any Expenses;

**"Issuer Call Notice Period"** means five Business Days;

**"Long Turbo Warrant"** means a Turbo Warrant designated as such in the applicable Final Terms;

**"Short Turbo Warrant"** means a Turbo Warrant designated as such in the applicable Final Terms;

**"Management Fee"** means

- (1) in respect of the Issue Date, zero; and
- (2) in respect of any subsequent calendar day, a percentage (not exceeding the Maximum Management Fee) determined by the Issuer;

**"Net Notional Dividend Amount"** means, if "Net Notional Dividend Amount" is applied by the sponsor or issuer of the relevant Underlying, an amount as determined by the Calculation Agent, equal to: (i) the sum of the cash dividends and/or other cash distributions in respect of each security comprised in the relevant Underlying which have an ex-dividend date occurring during the Notional Dividend Period net of applicable withholding taxes without regard to any tax credits, or (ii) the market implied dividend during the Notional Dividend Period, less any Expenses;

**"Notional Dividend Period"** means, unless otherwise specified in the applicable Final Terms, each period from (but excluding) the Trade Date to (and including) the earlier of the next following Reset Date, Issuer Call Date, Valuation Date or the Stop Loss Termination Date and thereafter from (but excluding) the Reset Date to (and including) the earlier of the next following Reset Date, Issuer Call Date, Valuation Date or the Stop Loss Termination Date;

**"Prevailing Rate"** means the rate, as determined by the Calculation Agent in its discretion, acting in good faith and in a commercially reasonable manner, for deposits in the Financing Level Currency in the interbank market for a designated maturity of either three months, one month or overnight, as selected by the Calculation Agent in its discretion, acting in good faith and in a commercially reasonable manner;

**"Stop Loss Event"** occurs if, subject to any adjustment, the Reference Price of the relevant Underlying as calculated and published by the relevant issuer or sponsor of the relevant Underlying (which shall be deemed to be a monetary value in the Financing Level Currency) is at any time on any Scheduled Trading Day, from and including the Trade Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, (1) in the case of a Long Turbo Warrant, less than or equal to the Stop Loss Price; or (2) in the case of a Short Turbo Warrant, greater than or equal to the Stop Loss Price. If no such level is available, the level will be determined by the Calculation Agent in its absolute discretion;

**"Stop Loss Price"** means:

an amount calculated on each Stop Loss Reset Date (which shall be deemed to be a monetary value in the Financing Level Currency), subject to adjustment, determined by the Calculation Agent in its sole and absolute discretion, as:

- (1) in the case of a Long Turbo Warrant:
  - (a) the Current Financing Level on the current Stop Loss Reset Date; plus
  - (b) the Current Stop Loss Premium on the current Stop Loss Reset Date.
- (2) in the case of a Short Turbo Warrant:
  - (a) the Current Financing Level on the current Stop Loss Reset Date; minus
  - (b) the Current Stop Loss Premium on the current Stop Loss Reset Date.

The Stop Loss Price will be rounded in the manner specified in the applicable Final Terms as "Stop Loss Price Rounding". The Stop Loss Price on the Trade Date shall be the amount specified as such in the applicable Final Terms;

**"Stop Loss Reset Date"** means (a) the first Business Day of each calendar month or (b) a Business Day, as determined by the Calculation Agent;

**"Stop Loss Termination Date"** means the first Scheduled Trading Day on which the Stop Loss Event occurs;

**"Stop Loss Termination Reference Price"** means, subject to adjustment, an amount (which shall be deemed to be a monetary value in the Financing Level Currency) determined by the Calculation Agent in its sole and absolute discretion to be the fair value price for the relevant Underlying as determined by the Calculation Agent by reference to an unwinding of any hedging position, whether actual or theoretical, on a best efforts basis and in a commercially reasonable manner:

- (1) in the case of a Long Turbo Warrant, the Stop Loss Termination Reference Price will be equal to at least the lowest price or level of the relevant Underlying on (i) the Stop Loss Termination Valuation Date or (ii) the following Scheduled Trading Day; or
- (2) in the case of a Short Turbo Warrant, the Stop Loss Termination Reference Price will be at most the highest level of the relevant Underlying on (i) the Stop Loss Termination Valuation Date or (ii) the following Scheduled Trading Day;

**"Stop Loss Termination Valuation Date"** means the last Scheduled Trading Day during the Stop Loss Termination Valuation Period;

**"Stop Loss Termination Valuation Period"** means a reasonable period following the Stop Loss Event, as determined by the Calculation Agent in its sole and absolute discretion, which period shall be determined by the liquidity in the underlying market and shall not be greater than 2 days (and excluding for this purpose any period during which a Market Disruption Event is continuing);

**"Termination Reference Price"** means an amount which shall be deemed to be a monetary value in the Financing Level Currency) equal to the Reference Price at the Valuation Time on the Issuer Call Date as determined by or on behalf of the Calculation Agent.

## **8 Payments**

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

All payments will be subject in all cases to any fiscal or other laws, regulations or directives applicable thereto in the place of payment or other laws and regulations to which the Issuer, the Guarantor or their Agents are subject or other laws and regulations to which the Issuer, the Guarantor or its Agents agree to be subject and neither the Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or directives or agreements.

(b) *Presentation of Definitive Warrants*

Payments in respect of Definitive Warrants will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Warrants at the specified office of any Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

(c) *Payments in respect of Global Warrants*

Payments in respect of Warrants represented by any Global Warrant will (subject as provided below) be made in the manner specified above in relation to Definitive Warrants or otherwise in the manner specified in the relevant Global Warrant, where applicable, against presentation or surrender, as the case may be, of such Global Warrant at the specified office of any Agent outside the United States. A record of each payment made will be made on such Global Warrant either by the Agent to which it was presented or in the records of the relevant Clearing System.

(d) *General provisions applicable to payments*

The holder of a Global Warrant shall be the only person entitled to receive payments in respect of Warrants represented by such Global Warrant and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Warrant in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the beneficial holder of a particular number of Warrants represented by such Global Warrant must look solely to the relevant Clearing System for their share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Warrant.

Notwithstanding the foregoing provisions of this Condition, if an Early Cash Settlement Amount (if applicable) and/or Cash Settlement Amount in respect of the Warrants is payable in U.S.

dollars, such U.S. dollar payments in respect of such Warrants will be made at the specified office of an Agent in the United States if:

- (i) the Issuer has appointed Agents with specified offices outside the United States with the reasonable expectation that such Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of the Early Cash Settlement Amount (if applicable) and/or Cash Settlement Amount on the Warrants in the manner provided above when due;
- (ii) payment of the full amount of the Early Cash Settlement Amount (if applicable) and/or Cash Settlement Amount at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of the Early Cash Settlement Amount (if applicable) and/or Cash Settlement Amount in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(e) *Payment Day*

If the date for payment of any amount in respect of any Warrant is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 15 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:
  - (1) in the case of Definitive Warrants only, the relevant place of presentation; and
  - (2) each Additional Financial Centre specified in the applicable Final Terms; and
  - (3) a day on which the TARGET2 System is open, unless the applicable Final Terms specify "TARGET Not Required"; and
  - (4) where a sum is payable in a Specified Currency, a day 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 the principal financial centre of the country of such Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively) unless the applicable Final Terms specify "Principal Financial Centre Not Required".

(f) *Interpretation of payments*

Any reference in these Conditions to payments in respect of the Warrants shall be deemed to include, as applicable, any premium and any other amounts which may be payable by the Issuer under or in respect of the Warrants.

## 9 Cancellation and Adjustments

### (a) *Early Cancellation*

In the event that any of the Warrants are cancelled early pursuant to any of Conditions 10(b) (*Adjustment to an Index*), 11(b) (*Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Correction of Share Prices, Adjustments for Equity Linked Warrants*) and 12(a) (*Additional Disruption Events*), the Issuer shall give a notice to the Warrantheholders in accordance with Condition 19 (*Notices*) stipulating the reason for such cancellation and referencing the relevant Condition. Following delivery of such notice the Issuer shall cancel all, but not some only, of the Warrants.

The amount payable in respect of each Warrant shall be equal to an amount (which shall be a minimum of zero) which represents the fair market value of the Warrants (taking into account all relevant factors), determined at close of business on the Clearing System Business Day immediately prior to the day which the cancellation is made (the "**Early Cancellation Amount**"). The Warrantheholder will not be charged any cost for the Early Cancellation.

### (b) *Condition for Early Cancellation*

Early Cancellation is conditional in each case upon the occurrence of a force majeure for which the Issuer is not accountable. In addition, the Issuer may not charge costs to the Warrantheholder for any such early cancellation.

### (c) *Cancellation due to illegality*

In the event that the Calculation Agent determines that the performance of the Issuer's obligations under the Warrants or, as the case may be, the Guarantor's obligations under the Guarantee 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 10 nor more than 30 days' notice to Warrantheholders in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice, in accordance with this Condition 9, cancel all, but not some only, of the Warrants. If the Issuer cancels the Warrants, then the Issuer will pay the Early Cancellation Amount to each Warrantheholder in respect of each Warrant.

### (d) *Purchases*

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or otherwise. Such Warrants may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to the Warrant Agent for cancellation.

### (e) *Cancellation*

All Warrants which have been exercised will forthwith be cancelled. All Warrants so cancelled and purchased and cancelled pursuant to Condition 9(d) above shall be forwarded to the Warrant Agent and cannot be reissued or resold.

### (f) *Conditions for Adjustments*

Adjustments and modifications require, if they relate to an essential feature of the Warrants, that the Calculation Agent determines that the relevant event significantly alters the economics

of the Warrants as initially agreed between the parties and for which the Issuer is not accountable. In addition, any such adjustment or modification may not create a significant imbalance between the rights and obligations of the parties to the detriment of the Warrantholder and the Issuer may not charge costs to the Warrantholder for any such adjustment or modification.

## 10 Index Linked Warrants

If the Warrants are Index Linked Warrants then the provisions of this Condition 10 apply, as applicable, as completed by the applicable Final Terms.

(a) *Determination of the Reference Price on the Valuation Date or Averaging Date*

For the purposes of determining whether an Interim Exercise Event (if applicable) has occurred and/or calculating the Cash Settlement Amount relating to the Index Linked Warrants, the Calculation Agent shall determine the Reference Price of the relevant Index as at the Valuation Time on the Valuation Date or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on the Averaging Date.

(b) *Adjustments to an Index*

(i) *Successor Index Sponsor Calculates and Reports of an Index*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a "**Successor Index Sponsor**") acceptable to the Calculation Agent or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the "**Successor Index**") will be deemed to be the Index for the purposes of the Index Linked Warrants.

(ii) *Occurrence of an Index Adjustment Event*

If, on or prior to a Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on each date specified to be an 'Averaging Date' in the Final Terms), an Index Adjustment Event occurs, then the Issuer shall require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Warrants and, if so, then the Issuer may, in accordance with Condition 9 (*Cancellation and Adjustments*), require the Calculation Agent to:

- (a) substitute that Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of that Index and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution; or
- (b) if the Calculation Agent is unable to substitute the Index in accordance with paragraph (a) above, calculate the Reference Price in relation to any Valuation Date or Averaging Date (as applicable) using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or

Averaging Date (as applicable) as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event.

If the Issuer is unable to either select a substitute Index in accordance with paragraph (a) above or calculate the Reference Price in accordance with paragraph (b) above or determine the adjustments, if any to be made to these Conditions and/or the applicable Final Terms to account for such substitution, or is able to do so but determines, in its discretion, (i) that such substitution or adjustment would not achieve a commercially reasonable result for either the Issuer or the Warrantheholders or (ii) is or would be unlawful at any time under any applicable law or regulation or would contravene any applicable licensing requirements for the Issuer, the Calculation Agent or any other entity to perform the calculations required in respect of the Warrants (or it would be unlawful or would contravene those licensing requirements were a calculation to be made at such time), then the Issuer may give notice to the Warrantheholders in accordance with Condition 19 (*Notices*) and cancel in accordance with Condition 9 (*Cancellation and Adjustments*) all, but not some only, of the Index Linked Warrants. If the Issuer cancels the Index Linked Warrants, then the Issuer will pay the Early Cancellation Amount to each Warrantheholder in respect of each Index Linked Warrant.

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

(iii) *Correction of an Index Level*

If Correction of Index Levels is specified to be applicable in the applicable Final Terms, with the exception of any correction published after the Correction Cut-Off Date specified in the applicable Final Terms, if the official closing level of an Index published on a Valuation Date or Averaging Date (as applicable) is subsequently corrected and the correction (the "**Corrected Index Level**") is published by the Index Sponsor or (if applicable) the Successor Index Sponsor within one Settlement Cycle after the original publication, (A) the Issuer shall give notice as soon as practicable of that correction to the Warrantheholders in accordance with Condition 19 (*Notices*), (B) such Corrected Index Level shall be deemed to be the closing level for such Index for that Valuation Date or Averaging Date (as applicable) and (C) the Calculation Agent shall use such Corrected Index Level in determining the relevant Cash Settlement Amount. Corrections published after the Correction Cut-Off Date will be disregarded by the Calculation Agent for the purposes of determining the relevant Cash Settlement Amount.

This Condition 10(b)(iii) shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants (pursuant to Conditions 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*)) such that:

- (a) if it has already been determined that an Interim Exercise Event has occurred on an Interim Observation Date as a result of the calculation of the Interim Reference Price for the Index Linked Warrants on the applicable Valuation Date or Averaging Date (as applicable) such that the Interim Exercisable Warrants will be or have

been automatically exercised on the Early Settlement Date; but application of the Corrected Index Level would reverse such determination of the occurrence of an Interim Exercise Event, the Corrected Index Level shall be ignored and the Interim Exercisable Warrants shall be exercised on the Early Settlement Date at the Early Cash Settlement Amount; and

- (b) if an Interim Exercise Event had been determined not to have occurred on an Interim Observation Date but application of the Corrected Index Level would have retrospectively resulted in the determination of the occurrence of an Interim Exercise Event on such Interim Observation Date, the Corrected Index Level shall be ignored and the Interim Exercisable Warrants shall not be early exercised retrospectively.

(iv) *Notice*

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Warrantheolders in accordance with Condition 19 (*Notices*) giving details of the action proposed to be taken in relation thereto.

(c) *Consequences of Disrupted Days: Averaging*

(i) *Averaging Dates*

Where the Final Terms specify that "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is applicable to the Index Linked Warrants, if the Calculation Agent determines that any Averaging Date is a Disrupted Day, then:

- (a) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Reference Price in respect of such Averaging Date, provided that if through the operation of this provision there would not be any Averaging Date, then the sole Averaging Date shall be the Valuation Date (subject to adjustment);
- (b) if "Postponement" is specified to be applicable in the applicable Final Terms, the Averaging Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Averaging Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be an Averaging Date as a result of the operation of this Condition 10(c) shall be an Averaging Date, irrespective of whether it falls on a day that already is or is deemed to be an Averaging Date; or
- (c) if "Modified Postponement" is specified to be applicable in the applicable Final Terms, the Averaging Date shall be the earlier of (A) the first Valid Date following the Scheduled Averaging Date and (B) the Valuation Cut-Off Date, irrespective of whether the Valuation Cut-Off Date falls on a day that already is or is deemed to be an Averaging Date.

(ii) *Notice of Disrupted Day*

The Calculation Agent shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 19 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Averaging Date or

Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Warrantholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day. For the avoidance of doubt, no additional sums shall be payable by the Issuer to the Warrantholders as a result of such postponement.

(d) *Definitions applicable to Index Linked Warrants*

For the purposes of this Condition 10:

**"Administrator/Benchmark Event"** means the occurrence of a Non-Approval Event, a Rejection Event or a Suspension/Withdrawal Event.

**"Correction Cut-Off Date"** has the meaning given to it in the applicable Final Terms.

**"Disrupted Day"** means:

- (a) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or
- (b) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

**"Early Closure"** means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of: (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day; and (b) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**"Exchange"** means:

- (a) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or
- (b) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, in relation to each component security of that Index

(each a "**Component Security**"), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**"Exchange Business Day"** means:

- (a) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or
- (b) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) each Related Exchange is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (a) any Component Security on the Exchange in respect of such Component Security; or (b) futures or options contracts relating to the Index on any Related Exchange.

**"Index"** means, subject to adjustment in accordance with Condition 10(b) (*Adjustments to an Index*), the index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**"Index Adjustment Event"** means, in respect of an Index, any of an Index Modification, an Index Cancellation, an Index Disruption and an Administrator/Benchmark Event.

**"Index Cancellation"** means the relevant Index Sponsor, on or prior to a Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on each date specified to be an 'Averaging Date' in the Final Terms), permanently cancels the Index and no Successor Index exists as at the date of such cancellation.

**"Index Disruption"** means, on a Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on each date specified to be an 'Averaging Date' in the Final Terms), the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index.

**"Index Linked Warrants"** means Warrants specified as such in the applicable Final Terms, the pay-out of which is linked to the relevant Index or Basket of Indices.

**"Index Modification"** means the relevant Index Sponsor, on or prior to a Valuation Date (or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on each date specified to be an 'Averaging Date' in the Final Terms), makes or announces that it will make a material change in the formula for or the method of calculating

a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events).

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**"Market Disruption Event"** means:

- (a) in respect of an Index other than a Designated Multi-Exchange Index:
  - (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
    - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
      - (x) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or
      - (y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
    - (B) any event (other than an event described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities that comprise 20 per cent. or more of the level of the relevant Index, or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,  
which in either case the Calculation Agent determines is material; or
  - (ii) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or
- (b) in respect of a Designated Multi-Exchange Index either:
  - (i) the occurrence or existence, in respect of any Component Security, of:

- (A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
- (B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or
- (C) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and

the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or

- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

**"Non-Approval Event"** means, in respect of an Index, the determination by the Issuer that one or more of the following events has occurred:

- (a) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Index or the administrator or sponsor of the Index is not obtained;
- (b) the Index or the administrator or sponsor of the Index is not included in an official register; or
- (c) the Index or the administrator or sponsor of the Index does not fulfil any legal or regulatory requirement applicable to the Index Linked Warrants, the Issuer or the Calculation Agent or the Index,

in each case, as required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations under the Index Linked Warrants. For the avoidance of doubt, a Non-Approval Event shall not occur if the Index or the administrator or sponsor of the Index is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Index is permitted in respect of the Warrants under the applicable law or regulation during the period of such suspension or withdrawal.

**"Rejection Event"** means, in respect of an Index, the determination by the Issuer that the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Index or the administrator of the Index under any applicable law or regulation for the Issuer, the Calculation

Agent to perform or any other entity to perform its or their respective obligations under the Index Linked Warrants.

**"Related Exchange"** means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**"Scheduled Averaging Date"** means, in relation to an Averaging Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Averaging Date.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means:

- (a) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or
- (b) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is specified in the applicable Final Terms as being a Designated Multi Exchange Index, (i) any day on which the Index Sponsor is scheduled to publish the level of that Index and (ii) each Related Exchange is scheduled to be open for trading for its regular trading session.

**"Scheduled Valuation Date"** means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

**"Settlement Cycle"** means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

**"Suspension/Withdrawal Event"** means, in respect of the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately), the determination by the Issuer that one or more of the following events has occurred:

- (a) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Index or the administrator or sponsor of the Index which is required under any applicable law or regulation in order for the Issuer, the Calculation

Agent or any other entity to perform its or their respective obligations under the Index Linked Warrants; or

- (b) the Index or the administrator or sponsor of the Index is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations under the Index Linked Warrants.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Index is permitted in respect of the Index Linked Warrants under the applicable law or regulation during the period of such suspension or withdrawal.

**"Trading Disruption"** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to any Component Security on the Exchange in respect of such Component Security; or (b) in futures or options contracts relating to the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) on any Related Exchange.

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at that time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (a) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (b) the overall level of the Index, in each case either (i) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (ii) where the Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**"Valuation Cut-Off Date"** means the eighth Scheduled Trading Day following the Scheduled Valuation Date.

**"Valuation Date"** means the earlier of (x) the date specified as such in the applicable Final Terms and (y) the date on which notice is received by the Warrant Agent that an Event of Default has occurred, provided such Event of Default is still continuing, and if any such date in (x) or (y) above is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day, then the Valuation Date shall be the earlier of (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day; and (ii) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date, (A) the Valuation Cut-Off Date shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with the

formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

**"Valuation Time"** means:

- (a) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (b) where the Index (or, in the case of a Basket of Indices, any Index comprising the Basket and observed separately) is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **11 Equity Linked Warrants**

If the Warrants are specified to be Equity Linked Warrants then the provisions of this Condition 11 apply, as applicable, as completed by the applicable Final Terms.

- (a) *Determination of the Reference Price on the Valuation Date or Averaging Date*

For the purposes of determining whether an Interim Exercise Event (if applicable) has occurred and/or calculating the Cash Settlement Amount in relation to the Equity Linked Warrants, the Calculation Agent shall determine the Reference Price of the Underlying Equity as at the Valuation Time on the Valuation Date or, where "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is specified in the Final Terms, on the Averaging Date.

- (b) *Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Correction of Share Prices, Adjustments for Equity Linked Warrants*
  - (i) If Potential Adjustment Events are specified to be applicable in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of

the Underlying Equity or Equities and, if so, will, in accordance with Condition 9 (*Cancellation and Adjustments*), without additional cost for the Warrantheolders, (a) either (A) make the corresponding adjustment, if any, to the Cash Settlement Amount and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Equity) or (B) substitute the Underlying Equity the subject of the Potential Adjustment Event with a replacement equity security selected by the Calculation Agent and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution and (b) determine the effective date of that adjustment or substitution, as the case may be. With respect to an adjustment pursuant to (A) above, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equity or Equities traded on that options exchange.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 19 (*Notices*), stating the adjustment to the Cash Settlement Amount and/or any of the other terms of these Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

This Condition 11(b)(i) shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants (pursuant to Condition 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*)) such that:

- (a) if it has already been determined that an Interim Exercise Event has occurred on an Interim Observation Date as a result of the calculation of the Interim Reference Price for the Equity Linked Warrants on the applicable Valuation Date or Averaging Date (as applicable) such that the Interim Exercisable Warrants will be or have been automatically exercised on the Early Settlement Date; but application of the effects of a Potential Adjustment Event would reverse such determination of the occurrence of an Interim Exercise Event, the Potential Adjustment Event shall be ignored and the Interim Exercisable Warrants shall be exercised on the Early Settlement Date at the Early Cash Settlement Amount; and
- (b) if an Interim Exercise Event had been determined not to have occurred on an Interim Observation Date but application of the effects of a Potential Adjustment Event would have retrospectively resulted in the determination of the occurrence of an Interim Exercise Event on such Interim Observation Date, the Potential Adjustment Event shall be ignored and the Interim Exercisable Warrants shall not be early exercised retrospectively.

If the corresponding adjustment of a Potential Adjustment Event applies prior to the applicable Valuation Date or Averaging Date (as applicable), such adjustment shall be taken into account in the Calculation Agent's determination of whether an Interim Exercise Event (if applicable) has occurred and upon making such adjustment, the Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 19 (*Notices*), stating the adjustment in the Calculation Agent's determination of the occurrence of an Interim Exercise Event (if applicable) and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 11:

**"Potential Adjustment Event"** means any of the following events:

- (a) a subdivision, consolidation or reclassification of a relevant Underlying Equity (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equity to existing holders by way of bonus, capitalisation or similar issue;
  - (b) a distribution, issue or dividend to existing holders of a relevant Underlying Equity of (1) an additional amount of such Underlying Equity or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Equity Issuer equally or proportionately with such payments to holders of such Underlying Equity or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
  - (c) the declaration or payment of any dividend (or portion thereof) that the Calculation Agent determines to be an extraordinary dividend;
  - (d) a call by an Equity Issuer (other than an ETF Issuer) in respect of a relevant Underlying Equity that is not fully paid;
  - (e) a repurchase by an Equity Issuer or any of its subsidiaries of a relevant Underlying Equity whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise (excluding any redemption of ETF Shares initiated by an investor on terms consistent with the relevant ETF Documents);
  - (f) in respect of an Equity Issuer (other than an ETF Issuer), an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
  - (g) any other event that has or may have a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equity.
- (ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency and/or (y) Tender Offer is specified to be applicable in the applicable Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalisation or (other than in respect of an ETF Share) Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity then the Issuer may take one or all of the actions described below, without any additional cost for the Warrantheholders, in accordance with Condition 9 (*Cancellation and Adjustments*):

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to the Cash Settlement Amount or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Delisting, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may (i) include, without limitation, the substitution of the Underlying Equity the subject of the De-listing, Merger Event, Nationalisation, Insolvency or Tender Offer by a replacement equity security selected by the Calculation Agent and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution or (ii) in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Equities; and/or
- (b) the Issuer may give notice to the Warranholders in accordance with Condition 19 (*Notices*) and cancel all, but not some only, of the Equity Linked Warrants. If the Issuer cancels the Warrants, then the Issuer will pay the Early Cancellation Amount to each Warranholder in respect of each Warrant.

If the provisions of Condition 11(b)(ii)(a) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equity or Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency referred to above, the Issuer shall give notice as soon as practicable to the Warranholders in accordance with Condition 19 (*Notices*) stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

This Condition 11(c)(ii) shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants (pursuant to Condition 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*)) such that:

- (a) if it has already been determined that an Interim Exercise Event has occurred on an Interim Observation Date as a result of the calculation of the Interim Reference Price for the Equity Linked Warrants on the applicable Valuation Date or Averaging Date (as applicable) such that the Interim Exercisable Warrants will be or have been automatically exercised on the Early Settlement Date; but application of the effects of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency (as applicable) would reverse such determination of the occurrence of an Interim Exercise Event, the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency (as applicable) shall be ignored and the Interim Exercisable Warrants shall be exercised on the Early Settlement Date at the Early Cash Settlement Amount; and
- (b) if an Interim Exercise Event had been determined not to have occurred on an Interim Observation Date but application of the effects of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency (as applicable) would have

retrospectively resulted in the determination of the occurrence of an Interim Exercise Event on such Interim Observation Date, the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency (as applicable) shall be ignored and the Interim Exercisable Warrants shall not be early exercised retrospectively.

If the corresponding adjustment of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency (as applicable) applies prior to the applicable Valuation Date or Averaging Date (as applicable), such adjustment shall be taken into account in the Calculation Agent's determination of whether an Interim Exercise Event (if applicable) has occurred and upon making such adjustment, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 19 (*Notices*), stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of these Conditions:

**"De-listing"** means, in respect of any relevant Underlying Equities, the relevant Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**"Insolvency"** means, other than in respect of an ETF Share, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting an Equity Issuer (A) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them;

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

**"Merger Event"** means, in respect of any relevant Underlying Equities, any (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer, all such Underlying Equities outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the relevant Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the relevant Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the relevant Equity Issuer or its subsidiaries (if any) with or into another entity in which such Equity Issuer is the continuing entity and which does not result in a

reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than those Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event, in each case if the Merger Date is on or before the relevant Valuation Date or Averaging Date (as applicable);

**"Nationalisation"** means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

**"Tender Offer"** means, in respect of an Equity Issuer, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

- (iii) If Correction of Share Prices is specified to be applicable in the applicable Final Terms, with the exception of any corrections published after the Correction Cut-Off Date specified in the applicable Final Terms, if the price of an Underlying Equity published on a Valuation Date or Averaging Date (as applicable) is subsequently corrected and the correction (the **"Corrected Share Price"**) is published on the relevant Exchange within one Settlement Cycle after the original publication, (A) the Issuer shall give notice as soon as practicable of that correction to the Warrantholders in accordance with Condition 19 (*Notices*), (B) such Corrected Share Price shall be deemed to be the closing price for such Underlying Equity for that Valuation Date or Averaging Date (as applicable) and (C) the Calculation Agent shall use such Corrected Share Price in determining the Cash Settlement Amount. Corrections published after the Correction Cut-Off Date will be disregarded by the Calculation Agent for the purposes of determining the Cash Settlement Amount.

This Condition 11(c)(3) shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants (pursuant to Condition 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*)) such that:

- (a) if it has already been determined that an Interim Exercise Event has occurred on an Interim Observation Date as a result of the calculation of the Interim Reference Price for the Equity Linked Warrants on the applicable Valuation Date or Averaging Date (as applicable) such that the Interim Exercisable Warrants will be or have been automatically exercised on the Early Settlement Date; but application of the Corrected Share Price would reverse such determination of the occurrence of an Interim Exercise Event, the Corrected Share Price shall be ignored and the Interim Exercisable Warrants shall be exercised on the Early Settlement Date at the Early Cash Settlement Amount; and
- (b) if an Interim Exercise Event had been determined not to have occurred on an Interim Observation Date but application of the Corrected Share Price would have retrospectively resulted in the determination of the occurrence of an Interim Exercise Event on such Interim Observation Date, the Corrected Share Price shall

be ignored and the Interim Exercisable Warrants shall not be early exercised retrospectively.

- (iv) In respect of Equity Linked Warrants relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust, without additional cost for the Warrantholders, the Early Cash Settlement Amount (if applicable) and/or the Cash Settlement Amount and/or any of the other terms of these Conditions and/or the applicable Final Terms as appropriate to preserve the economic terms of such Equity Linked Warrants. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 11(b)(iv) will affect the currency denomination of any payments in respect of the Equity Linked Warrants.

(c) *Consequences of Disrupted Days: Averaging*

(i) *Averaging Dates*

Where the Final Terms specify that "Average Value", "Individually Floored Average Value", "Individually Capped Average Value", "Globally Floored Average Value" or "Globally Capped Average Value" is applicable to the Equity Linked Warrants, if the Calculation Agent determines that any Averaging Date is a Disrupted Day, then:

- (a) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Reference Price in respect of such Averaging Date, provided that if through the operation of this provision there would not be any Averaging Date, then the sole Averaging Date shall be the Valuation Date (subject to adjustment);
- (b) if "Postponement" is specified to be applicable in the applicable Final Terms, the Averaging Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Averaging Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be an Averaging Date as a result of the operation of this Condition 11(c) shall be an Averaging Date, irrespective of whether it falls on a day that already is or is deemed to be an Averaging Date; or
- (c) if "Modified Postponement" is specified to be applicable in the applicable Final Terms, the Averaging Date shall be the earlier of (A) the first Valid Date following the Scheduled Averaging Date and (B) the Valuation Cut-Off Date, irrespective of whether the Valuation Cut-Off Date falls on a day that already is or is deemed to be an Averaging Date.

(ii) *Notice of Disrupted Day*

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 19 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Averaging Date or

Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Warrantheolders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantheolders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day. For the avoidance of doubt, no additional sums shall be payable by the Issuer to the Warrantheolders as a result of such postponement.

(d) *Definitions applicable to Equity Linked Warrants*

For the purposes of this Condition 11:

**"Additional ETF Documents"** means, in respect of an ETF, any documents of such ETF which are determined to be Additional ETF Documents by the Calculation Agent.

**"Correction Cut-Off Date"** has the meaning given to it in the applicable Final Terms.

**"Disrupted Day"** means, in respect of an Underlying Equity (or, in the case of a Basket of Underlying Equity, in respect of any Underlying Equity comprising the Basket and observed separately), any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**"Equity Issuer"** means, in respect of an Underlying Equity, the issuer of such Underlying Equity (which, in the case of Underlying Equity that is specified as an ETF Share in the applicable Final Terms, will be an ETF Issuer) specified as such in the applicable Final Terms.

**"Equity Linked Warrants"** means the Warrants specified as such in the applicable Final Terms, the pay-out of which is linked to a single Underlying Equity.

**"ETF"** means an exchange traded fund.

**"ETF Administrator"** means, in respect of an ETF Share and the related ETF, any person so specified in the applicable Final Terms or, if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such ETF according to the ETF Documents.

**"ETF Adviser"** means, in respect of an ETF Share and the related ETF, any person so specified in the applicable Final Terms or, if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such ETF.

**"ETF Documents"** means, in respect of an ETF Share and the related ETF, the constitutive and governing documents, subscription agreements and other agreements of the ETF specifying the terms and conditions relating to such ETF Share and any Additional ETF Documents, in each case, as amended from time to time.

**"ETF Issuer"** means, in respect of an ETF Share, the issuer of such ETF Share specified as the Equity Issuer in the applicable Final Terms.

**"ETF Share"** means each ETF share specified as an Underlying Equity in the applicable Final Terms.

**"Exchange"** means, in respect of an Underlying Equity (or, in the case of a Basket of Underlying Equity, in respect of any Underlying Equity comprising the Basket and observed

separately), each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means, in respect of an Underlying Equity (or, in the case of a Basket of Underlying Equity, in respect of any Underlying Equity comprising the Basket and observed separately), any Scheduled Trading Day on which each Exchange and each Related Exchange for such Underlying Equity is open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Index Sponsor"** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Reference Index, and (b) announces (directly or through an agent) the level of the relevant Reference Index on a regular basis during each Scheduled Trading Day.

**"Market Disruption Event"** means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (A) relating to the Underlying Equity on the Exchange; or
    - (B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
  - (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,  
which in either case the Calculation Agent determines is material; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Reference Index"** means, in respect of an ETF Share and the related ETF, the index tracked by such ETF as of the Trade Date, as specified in the applicable Final Terms.

**"Related Exchange"** means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

**"Scheduled Averaging Date"** means, in relation to an Averaging Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Averaging Date.

**"Scheduled Closing Time"** means, in respect of an Underlying Equity, an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means any day on which each Exchange and each Related Exchange is scheduled to be open for trading for its respective regular trading session.

**"Scheduled Valuation Date"** means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

**"Settlement Cycle"** means, in respect of an Underlying Equity (or, in the case of a Basket of Underlying Equity, in respect of any Underlying Equity comprising the Basket and observed separately), the period of Clearance System Business Days following a trade in such Underlying Equity on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**"Valuation Cut-Off Date"** means the eighth Scheduled Trading Day following the Scheduled Valuation Date.

**"Valuation Date"** means the earlier of (x) the date specified as such in the applicable Final Terms and (y) the date on which notice is received by the Warrant Agent that an Event of Default has occurred, provided such Event of Default is still continuing, and if any such date in (x) or (y) above is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day.

If such day is a Disrupted Day, the Valuation Date shall be the earlier of (i) first succeeding Scheduled Trading Day that is not a Disrupted Day; and (ii) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date (i) the Valuation Cut-Off Date shall be deemed to be that Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price using its good faith estimate of the Reference Price as of the Valuation Time on that Valuation Cut-Off Date.

"**Valuation Time**" means, unless an alternative Valuation Time is specified in the applicable Final Terms, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to the Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **12 Additional Disruption Events**

### **(a) Additional Disruption Events**

If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer may take the one or all of the actions described in (i) and (ii) below, in accordance with Condition 9 (*Cancellation and Adjustments*):

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of these Conditions and/or the applicable Final Terms (including to the determination of the occurrence of an Interim Exercise Event (if applicable) and/or the Cash Settlement Amount) to account for the Additional Disruption Event, without cost for the Warrantheolders, and determine the effective date of that adjustment; and/or
- (ii) the Issuer may give notice to the Warrantheolders in accordance with Condition 19 (*Notices*) and cancel all, but not some only, of the Warrants. If the Issuer cancels the Warrants, then the Issuer will pay the Early Cancellation Amount to each Warrantheolder in respect of each Warrant.

Upon the occurrence of an Additional Disruption Event referred to above, the Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 19 (*Notices*) stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

This Condition 12(a) shall not apply to the Interim Automatic Exercise of Interim Exercisable Warrants (pursuant to Condition 6.1 (*Exercise of the Interim Exercisable Warrants on an Interim Observation Date*)) such that:

- (A) if it has already been determined that an Interim Exercise Event has occurred on an Interim Observation Date as a result of the calculation of the Interim Reference Price for the Interim Exercisable Warrants on the applicable Valuation Date or Averaging Date (as applicable) such that the Interim Exercisable Warrants will be or have been automatically exercised on the Early Settlement Date; but application of the effects of the Additional Disruption Event would reverse such determination of the occurrence of an Interim Exercise Event, the Additional Disruption Event shall be ignored and the Interim Exercisable Warrants shall be exercised on the Early Settlement Date at the Early Cash Settlement Amount; and
- (B) if an Interim Exercise Event had been determined not to have occurred on an Interim Observation Date but application of the effects of the Additional Disruption Event would have retrospectively resulted in the determination of the occurrence of an Interim Exercise Event on such Interim Observation Date, the Additional Disruption Event shall be ignored and the Interim Exercisable Warrants shall not be early exercised retrospectively.

If the corresponding adjustment of the Additional Disruption Event applies prior to the applicable Valuation Date or Averaging Date (as applicable), such adjustment shall be taken into account in the Calculation Agent's determination of whether an Interim Exercise Event (if applicable) has occurred and upon making such adjustment, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 19 (*Notices*), stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(b) *Definitions applicable to Additional Disruption Events*

**"Additional Disruption Event"** means any of the following events, (A) Change in Law, (B) Insolvency Filing (applicable only for Equity Linked Warrants), (C) ETF Cross-contamination (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), (D) ETF Insolvency Event (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), (E) ETF Modification (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), (F) ETF Regulatory Action (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity) and/or (G) ETF Strategy Breach (applicable only for Equity Linked Warrants with an ETF Share specified in the applicable Final Terms as an Underlying Equity), in each case if specified in the applicable Final Terms.

**"Affiliate"** means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

**"Change in Law"** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that it has become illegal to hold, acquire or dispose of any relevant Underlying Equity (in the case of Equity Linked Warrants), any relevant security comprised in an Index (in the case of Index Linked Warrants) or any relevant asset with respect to the Inflation Index (in the case of Inflation Linked Warrants).

**"ETF Cross-contamination"** means, in respect of an ETF Share and the related ETF (each as defined in Condition 11), the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such ETF, and such event continues, in the determination of the Calculation Agent, for the foreseeable future.

**"ETF Insolvency Event"** means, in respect of an ETF Share, that the ETF Issuer of such ETF Share (each as defined in Condition 11) or any other entity specified in the applicable Final Terms as an "ETF Insolvency Entity" (a) is dissolved or has a resolution passed for its dissolution, winding up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (b) makes a general assignment or arrangement with or for the benefit of its creditors, (c)(i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any

bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (B) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof, (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (e) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) through (e) above.

**"ETF Modification"** means, in respect of an ETF Share and the related ETF (each as defined in Condition 11), any change or modification of the ETF Documents (as defined in Condition 11) of such ETF which could reasonably be expected to affect (a) the value of such ETF Share, or (b) the rights or remedies of any holder of any ETF Share as compared with those rights and remedies prevailing on the Trade Date, in each case, as determined by the Calculation Agent.

**"ETF Strategy Breach"** means, in respect of an ETF Share and the related ETF (each as defined in Condition 11), any breach or violation of any strategy or investment guidelines stated in the ETF Documents (as defined in Condition 11) of such ETF in respect of such ETF Share which is reasonably likely, in the determination of the Calculation Agent, to affect (a) the value of such ETF Share, or (b) the rights or remedies of any holder of any such ETF Share as compared with those rights or remedies prevailing on the Trade Date.

**"ETF Regulatory Action"** means, in respect of an ETF Share and the related ETF (each as defined in Condition 11), (a) the cancellation, suspension, revocation of the registration or approval of such ETF or such ETF Share by any governmental, legal or regulatory entity with authority over such ETF or such ETF Share, (b) any change in the legal, tax, accounting or regulatory treatment of such ETF Share, such ETF or its ETF Adviser (as defined in Condition 11) which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such ETF Share or on any investor in such ETF Share, or (c) such ETF or any of its ETF Administrator (as defined in Condition 11) or its ETF Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such ETF, ETF Administrator or ETF Adviser.

**"Insolvency Filing"** means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law

affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

### **13 Reference Price**

The value of the relevant Underlying in respect of Index Linked Warrants and Equity Linked Warrants will be determined by the Calculation Agent in accordance with this Condition 13.

#### **13.1 Basic Value Determination Terms**

- (a) If "**Spot Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 which is relevant to the applicable Final Terms, the Reference Price will be determined as of such time as the Calculation Agent determines is appropriate in respect of the Index or Underlying Equity (the "**Relevant Underlying**") on the Valuation Date.
- (b) If "**Intraday Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 in the context of comparing the Reference Price against any other value, the Reference Price may be determined at any time on the Valuation Date for the purposes of such comparison.
- (c) If "**Opening Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be determined:
  - (i) for Warrants linked to a single Relevant Underlying, as of the scheduled weekday opening time of the Exchange, without regard to after hours or any other trading outside of the regular trading session hours of the Exchange, in respect of such Relevant Underlying on the Valuation Date; and
  - (ii) for Warrants linked to a basket of Relevant Underlying, as of the scheduled weekday opening time of the Exchange, without regard to after hours or any other trading outside of the regular trading session hours of the Exchange in respect of such Relevant Underlying on the Valuation Date.
- (d) If "**Closing Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 which is relevant to the applicable Final Terms, the Relevant Underlying Value will be determined:
  - (i) for Warrants linked to a single Relevant Underlying, as of the Determination Time in respect of such Relevant Underlying on the Valuation Date;
  - (ii) for Warrants linked to a basket of Relevant Underlying, as of the Scheduled Closing Time of the Exchange in respect of such Relevant Underlying on the Valuation Date.

#### **13.2 Lookback Value Determination Terms**

- (a) If "**Max Lookback Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 which is relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Calculation Agent to be the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday

Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date,

where:

"**Spot Value**", "Intraday Value", "Opening Value" and "Closing Value" each has the meaning given to it in this Condition 13; and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or if either "Common Scheduled Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

- (b) If "**Min Lookback Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be the lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date,

where:

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13; and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or, if either "Common Schedule Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day; and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

- (c) If "**Floored Max Lookback Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be the greater of (A) the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date and (B) the Floor Value,

where:

**"Floor Value"** means the value specified as such in the applicable Final Terms;

**"Spot Value"**, **"Intraday Value"**, **"Opening Value"** and **"Closing Value"** each has the meaning given to it in this Condition 13; and

**"Value Observation Dates"** means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or, if either "Common Schedule Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day; and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

- (d) If **"Floored Min Lookback Value"** is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be the greater of (A) the lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date and (B) the Floor Value,

where:

**"Floor Value"** means the value specified as such in the applicable Final Terms;

**"Spot Value"**, **"Intraday Value"**, **"Opening Value"** and **"Closing Value"** each has the meaning given to it in this Condition 13; and

**"Value Observation Dates"** means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or, if either "Common Schedule Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day; and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

- (e) If **"Capped Max Lookback Value"** is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be the lesser of (A) the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date and (B) the Cap Value,

where:

"**Cap Value**" means the value specified as such in the applicable Final Terms;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13; and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or, if either "Common Schedule Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day; and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

- (f) If "**Capped Min Lookback Value**" is specified in the applicable Final Terms or referred to in any other provision of this Condition 13 that is relevant to the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be the lesser of (A) the lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values observed on each Value Observation Date and (B) the Cap Value,

where:

"**Cap Value**" means the value specified as such in the applicable Final Terms;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13; and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), provided that, in the case of Equity Linked Warrants (i) if any such date is not a Scheduled Trading Day, the relevant Value Observation Date shall be the next succeeding Scheduled Trading Day or, if either "Common Schedule Trading Days and Common Disrupted Days" or "Common Scheduled Trading Days and Individual Disrupted Days" is specified to be applicable in the relevant Final Terms, the next succeeding Common Scheduled Trading Day; and (ii) if any Value Observation Date is a Disrupted Day, the provisions of, Condition 10(c) (*Consequences of Disputed Days; Averaging*) or Condition 11(c) (*Consequences of Disputed Days; Averaging*) shall apply *mutatis mutandis* as if such Value Observation Date were a Reference Date, and otherwise subject to adjustment in accordance with these Conditions.

### 13.3 Average Value Determination Terms

- (a) If "**Average Value**" is specified in the applicable Final Terms, the Reference Price will be equal to the arithmetic mean of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values of the Relevant Underlying on each of the Averaging Dates,

where:

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13.

- (b) If "**Individually Floored Average Value**" is specified in the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be equal to the arithmetic mean of the values for each Averaging Date equal to the greater of: (a) the Basic Value Determination Term applicable to the Relevant Underlying as of such Averaging Date; and (b) the Floor Value in respect of the Relevant Underlying as of such Averaging Date, and determined in accordance with the following formula:

(A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Max } [\text{Floor Value}; \text{Spot Value}_i ]$$

(B) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Max } [\text{Floor Value}; \text{Intraday Value}_i ]$$

(C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Max } [\text{Floor Value}; \text{Opening Value}_i ]$$

(D) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Max } [\text{Floor Value}; \text{Closing Value}_i ]$$

Items (A) to (D) above each being a "**Basic Value Determination Term**",

where:

"i" is a series of numbers from one to n, each representing an Averaging Date;

"n" means the number of Averaging Dates;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13;

"**Spot Value<sub>i</sub>**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value<sub>i</sub>**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value<sub>i</sub>**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value<sub>i</sub>**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Floor Value**" means the value specified as such in the applicable Final Terms.

- (c) If "**Individually Capped Average Value**" is specified in the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be equal to the arithmetic mean of the values for each Averaging Date equal to the lower of: (a) the Basic Value Determination Term applicable to the Relevant Underlying as of such Averaging Date; and (b) the Cap Value in respect of such Relevant Underlying as of such Averaging Date and determined in accordance with the following formula:

- (A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Min [Cap Value; Spot Value}_i \text{ ]}$$

- (B) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Min [Cap Value; Intraday Value}_i \text{ ]}$$

- (C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Min [Cap Value; Opening Value}_i \text{ ]}$$

- (D) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} X \text{ Min [Cap Value; Closing Value}_i \text{ ]}$$

Items (A) to (D) above each being a "**Basic Value Determination Term**",

where:

"i" is a series of numbers from one to n, each representing an Averaging Date;

"n" means the number of Averaging Dates;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13;

"**Spot Value<sub>i</sub>**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value<sub>i</sub>**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value<sub>i</sub>**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value<sub>i</sub>**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Cap Value**" means the value specified as such in the applicable Final Terms.

- (d) If "**Globally Floored Average Value**" is specified in the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be equal to the greater of: (a) arithmetic mean of the Basic Value Determination Term applicable to the

Relevant Underlying as of each of the Averaging Dates; and (b) the Global Floor Value, and determined in accordance with the following formula:

(A) if "Spot Value" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[ \text{Global Floor Value}; \sum_{i=1}^i \frac{1}{n} X \text{Spot Value}_{i,i} \right]$$

(B) if "Intraday Value" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[ \text{Global Floor Value}; \sum_{i=1}^i \frac{1}{n} X \text{Intraday Value}_{i,i} \right]$$

(C) if "Opening Value" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[ \text{Global Floor Value}; \sum_{i=1}^i \frac{1}{n} X \text{Opening Value}_{i,i} \right]$$

(D) if "Closing Value" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[ \text{Global Floor Value}; \sum_{i=1}^i \frac{1}{n} X \text{Closing Value}_{i,i} \right]$$

Items (A) to (D) above each being a "**Basic Value Determination Term**",

where:

"i" is a series of numbers from one to n, each representing an Averaging Date;

"n" means the number of Averaging Dates;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13;

"**Spot Value<sub>i</sub>**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value<sub>i</sub>**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value<sub>i</sub>**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value<sub>i</sub>**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Global Floor Value**" means the value specified as such in the applicable Final Terms.

(e) If "**Globally Capped Average Value**" is specified in the applicable Final Terms, the Reference Price will be the value determined by the Calculation Agent to be equal to the

lower of: (a) arithmetic mean of the Basic Value Determination Term applicable to the Relevant Underlying as of each of the Averaging Dates; and (b) the Global Cap Value, and determined in accordance with the following formula:

(A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Min} \left[ \text{Global Cap Value}; \sum_{i=1}^n \frac{1}{n} X \text{Spot Value}_i \right]$$

(B) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Min} \left[ \text{Global Cap Value}; \sum_{i=1}^n \frac{1}{n} X \text{Intraday Value}_i \right]$$

(C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Min} \left[ \text{Global Cap Value}; \sum_{i=1}^n \frac{1}{n} X \text{Opening Value}_i \right]$$

(D) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Min} \left[ \text{Global Cap Value}; \sum_{i=1}^n \frac{1}{n} X \text{Closing Value}_i \right]$$

Items (A) to (D) above each being a "**Basic Value Determination Term**",

where:

"i" is a series of numbers from one to n, each representing an Averaging Date;

"n" means the number of Averaging Dates;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in this Condition 13;

"**Spot Value<sub>i</sub>**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value<sub>i</sub>**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value<sub>i</sub>**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value<sub>i</sub>**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Global Cap Value**" means the value specified as such in the applicable Final Terms.

## **14 Taxation**

Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Warrant and all payments made by the Issuer or, as the case may be, the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

In addition, in determining the amount of withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Internal Revenue Code**"), imposed with respect to any amounts paid on the Warrants, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the U.S. Internal Revenue Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in such withholding otherwise available under, applicable law. Payments on the Warrants that reference U.S. securities or an index that includes U.S. securities that provide for dividend reinvestment may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the U.S. Internal Revenue Code) in respect of the relevant U.S. securities. Neither the Issuer nor any other person shall be obligated to pay any additional amounts in respect of any amount of withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code.

## **15 Prescription**

Claims against the Issuer for payment in respect of the Warrants shall be prescribed and become void unless made within a period of 10 years after the Relevant Date (as defined below) therefor.

For the purpose of this Condition 15:

"**Relevant Date**" means in respect of any Warrant, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Warrantholder payment is in fact made.

## **16 Events of Default**

If any of the following events (each an "**Event of Default**") should occur and is continuing, the holder of this Warrant may, upon written notice to the Warrant Agent, elect to exercise such warrant for the Event of Default Cancellation Amount (in the case of the Expiration Settlement Warrants and/or the Interim Exercisable Warrants and/or the Turbo Warrants), as of the date on which said notice is received by the Warrant Agent, unless prior to such date the Issuer or the Guarantor, as the case may be, shall have cured or otherwise made good such Event of Default in respect of the Warrants:

- (i) the Issuer shall fail duly to perform or observe any term, covenant or agreement contained in the Warrants (other than in relation to any payment due) or the Guarantor shall fail to perform or observe any other term, covenant or agreement contained in the Guarantee relating to the Warrants, in either case for a period of 90 days after the date on which written notice of such failure, requiring the Issuer or the Guarantor, as the case may be, to remedy the same, shall first have been given to the Warrant Agent by the holder of any Warrant at the time remaining unexercised; or

- (ii) an order is made or an effective resolution passed for winding up the Issuer or the Guarantor except for the purpose of a reconstruction or amalgamation and the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Warrants) or the Guarantor (including its obligations under the Guarantee); or
- (iii) the Issuer or the Guarantor shall be unable to pay its debts or becomes insolvent or bankrupt or the Guarantor applies for a "*gerechtelijke reorganisatie*" or "*faillissement*" or any similar procedure shall be initiated in respect of the Issuer or the Guarantor unless it is being contested in good faith by the Issuer or the Guarantor, as the case may be; or
- (iv) a distress, execution or other process is levied or enforced upon or sued out against all or any material part of the property of the Issuer or the Guarantor unless it is removed, discharged or paid out within 60 days or is being contested in good faith by the Issuer or the Guarantor, as the case may be.

For the purposes of this Condition 16, the following definition shall be applicable:

**"Event of Default Cancellation Amount"** means an amount determined by the Calculation Agent using its internal models and methodologies which represents the fair market value of the Expiration Settlement Warrants, the Interim Exercisable Warrants or the Turbo Warrants, as applicable, immediately prior to their exercise, for which purpose no account shall be taken of the financial condition of the Issuer, which shall be presumed to be able to perform fully its obligations in respect of the Expiration Settlement Warrants or the Interim Exercisable Warrants or the Turbo Warrants, as applicable, converted, if necessary, for settlement purposes into the Specified Currency at the prevailing market rate of exchange determined by the Calculation Agent in good faith.

## **17 Replacement of Warrants**

Should any Warrant be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Warrant Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Warrants must be surrendered before replacements will be issued.

## **18 Provisions relating to the Agents**

### **(a) *The Warrant Agent and Paying Agent***

The names of the initial Warrant Agent and the initial Paying Agent and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (i) so long as the Warrants are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and
- (ii) there will at all times be a Warrant Agent.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8(d) (*General Provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Warranholders in accordance with Condition 19 (*Notices*).

(b) *Calculation Agent Provisions*

Whenever the Calculation Agent is required to act or exercise judgement, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to these Conditions, notify the Issuer, the Guarantor and the Warranholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Warranholders in respect of its duties as Calculation Agent in connection with any Warrants.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Conditions shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor and the Warranholders. In performing its duties pursuant to the Warrants, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Warrants including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer and the Guarantor shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

## **19 Notices**

All notices regarding the Warrants will be deemed to be validly given if published (i) if and for so long as the Warrants are listed on Euronext Brussels, either in a daily newspaper of general circulation in Belgium or on the website of Euronext Brussels, [www.euronext.com](http://www.euronext.com), or otherwise (ii) in a daily newspaper of general circulation in such place or places as the Issuer may deem appropriate. It is expected that such publication will be made either in the *De Tijd* in Belgium or on the website of Euronext Brussels, [www.euronext.com](http://www.euronext.com). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or other relevant authority) on which the Warrants are for the time being admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication in accordance with the above provisions.

Until such time as Definitive Warrants are issued, there may, so long as any Global Warrant(s) representing the Warrant(s) is or are held in its/their entirety by the relevant Clearing System there may be substituted for such publication in such newspaper(s), the delivery of the relevant notice to the relevant Clearing System for communication by them to the holders of the Warrants and, in addition, for so long as any Warrants are listed on a stock exchange and the rules of that stock exchange or any other applicable regulations so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or in such other

manner as may be permitted by those rules. In the case of Warrants listed on Euronext Brussels, it is expected that such publication will be made either in the De Tijd in Belgium or on the website of Euronext Brussels, [www.euronext.com](http://www.euronext.com). Any such notice shall be deemed to have been given to the holders of the Warrants on the seventh day after the day on which the said notice was given to the relevant Clearing System.

Notices to be given by any Warranthead shall be in writing and given by lodging the same, together with the relative Warrant or Warrants, with the Warrant Agent. Whilst any of the Warrants are represented by a Global Warrant, such notice may be given by any holder of a Warrant to the Warrant Agent through the relevant Clearing System in such manner as the Warrant Agent and the relevant Clearing System may approve for this purpose.

## **20 Meetings of Warrantheaders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a video conference platform) of the Warrantheaders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Warrants, the Guarantee, the Deed of Covenant or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or Warrantheaders holding not less than ten per cent. of the total number of Warrants for the time being outstanding. The quorum at any such meeting, will be one or more persons holding or representing a majority in the total number of Warrants for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Warrantheaders whatever the number of Warrants so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Warrants, the quorum shall be one or more persons holding or representing not less than two-thirds of the total number of Warrants for the time being outstanding, or at any adjourned such meeting, one or more persons holding or representing not less than one-third of the total number of Warrants for the time being outstanding. The Agency Agreement provides that (a) a resolution passed at a meeting of the Warrantheaders duly convened and held in accordance with the Agency Agreement contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the total number of Warrants for the time being outstanding, all as more fully described in the Agency Agreement, shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Warrantheaders or pursuant to a resolution in writing shall be binding on all the Warrantheaders, whether or not they vote on such resolution.

The Warrant Agent and the Issuer may agree, without the consent of the Warrantheaders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required, as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Warrantheaders; or
- (ii) any modification of the Warrants, the Agency Agreement, the Guarantee or the Deed of Covenant which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Warrantheaders and any such modification shall be notified to the Warrantheaders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

For the purposes of this Condition 21, the term "**outstanding**" has the meaning given to it in the Agency Agreement.

## **21 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further Warrants having terms and conditions the same as the Warrants or the same in all respects so that the same shall be consolidated and form a single Series with the outstanding Warrants.

## **22 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Warrant under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **23 Governing Law and Submission to Jurisdiction**

- (a) The Agency Agreement, the Deed of Covenant, the Warrants (except Condition 2(c)) and the Guarantee (except Clause 6 (*Status of Guarantee*)) (and, in each case, any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law. Condition 2(c) of the Warrants, Clause 6 (*Status of Guarantee*) of the Guarantee and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, Belgian law. The provisions of the Belgian Economic Law Code applicable to financial services, including the provisions in Book VI "Market practices and consumer protection" applicable to financial services, shall be applicable. The provisions of articles 470-1 to 470-19 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, are excluded.
- (b) The English courts have exclusive jurisdiction to settle all disputes which may, directly or indirectly, arise out of or in connection with the Agency Agreement and/or the Warrants (including, in each case, any dispute relating to any non-contractual obligations arising therefrom or in connection therewith) (a "**Dispute**") and each of the Issuer and the Guarantor submits and each Warrantholder (by its acquisition of a Warrant) is deemed to submit to the exclusive jurisdiction of the English courts. For the purposes of this Condition, each of the Issuer and the Guarantor waives and each Warrantholder (by its acquisition of a Warrant) is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) The Issuer appoints the Guarantor at its London branch at 111 Old Broad Street, London EC2N 1BR, England as its agent in England for service of process in any proceedings in England relating to the Warrants, and undertakes that, in the event of the Guarantor ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Dispute in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 24 Bail-In

### (a) *Acknowledgement*

Notwithstanding and to the exclusion of any other term of any Warrant or any other agreement, arrangement or understanding between the Issuer and any Warrantholder (which, for the purposes of this Condition 25, includes any current or future holder of a beneficial interest in the Warrants), by its acquisition of any Warrant, each Warrantholder acknowledges, accepts, consents and agrees:

- (i) to be bound by the effect of the exercise of any Bail-In Powers by the Relevant Resolution Authority in relation to any liability of the Issuer to any Warrantholder under these Conditions, which may include and result in any of the following, or some combination thereof:
  - (A) the reduction on a permanent basis of all, or a portion, of the Amounts Due;
  - (B) the conversion of all, or a portion, of the Amounts Due into ordinary shares, other instruments of ownership, other securities or obligations of the Issuer or another person and the issue to or conferral on the Warrantholder of such ordinary shares, other instruments of ownership, other securities or other obligations, including by means of an amendment, modification or variation of the terms of such Warrants, in which case the holder of such Warrants agrees to accept in lieu of its rights under such Warrants any such ordinary shares, other instruments of ownership, securities or other obligations of the Issuer or another person;
  - (C) the cancellation of the Warrants;
  - (D) the amendment or alteration of the expiration of the Warrants, amendment of the amount payable in respect of the Warrants or the date on which such amount becomes payable, including by suspending payment for a temporary period; and
- (ii) that the terms of the Warrants are subject to, and may be varied, as deemed necessary by the Relevant Resolution Authority, to give effect to, the exercise of any Bail-In Powers by the Relevant Resolution Authority.

### (b) *Definitions*

For purposes of this Condition 24:

**"Amounts Due"** means any amount payable under the Warrants in accordance with these Conditions and the applicable Final Terms. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Power by the Relevant Resolution Authority.

**"Bail-In Powers"** means any write-down, conversion, transfer, modification or suspension or other power existing from time to time under any laws, regulations, rules or requirements in effect in Belgium and Luxembourg, relating to (i) the transposition of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, "**BRRD**") (and transposed into (i) Belgian Law by the law of 25 April 2014 on the status and supervision of credit institutions, and any other law or regulation relating to the transposition of Directive 2014/59/EU under Belgian law and (ii) Luxembourg Law by the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain

investment firms, as amended, relating to the transposition of Directive 2014/59/EU under Luxembourg law), and (ii) Regulation (EU) No 806/2014 establishing uniform rules and uniform procedures for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and Single Resolution Fund (as amended from time to time, "**SRM Regulation**"), and in each case the instructions, rules, standards and policies created thereunder, pursuant to which:

- (i) any obligation of a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution (a "**Regulated Entity**"), can be cancelled, reduced (in part or in whole), otherwise modified or converted into ordinary shares, other instruments of ownership, other securities or other obligations of such Regulated Entity or any other person (or suspended for a temporary period); and/or
- (ii) the maturity of any liability of a bank, investment firm or other financial institution can be amended or altered (including by suspending payment for a temporary period),

whether in connection with the implementation of the bail-in tool following placement in resolution or in connection with write-down or conversion powers before a resolution proceeding is initiated.

"**Relevant Resolution Authority**" means any authority entitled to exercise or participate in the exercise of any Bail-In Powers from time to time.

(c) *Payment of Amounts Due*

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of any Bail-In Powers by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in Belgium, Luxembourg and the European Union applicable to the Issuer.

(d) *No Event of Default*

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into ordinary shares, other instruments of ownership, other securities or other obligations of the Issuer or another person, as a result of the exercise of any Bail-In Power by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-In Power by the Relevant Resolution Authority with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the holder of such Warrants to any remedies (including equitable remedies) which are hereby expressly waived.

The Conditions shall continue to apply in relation to the residual Amounts Due, subject to any modification of the amount of distributions payable to reflect the reduction of the Amounts Due, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations.

(e) *Notice to Warrantholders*

Upon the exercise of any Bail-In Powers by the Relevant Resolution Authority with respect to the Warrants, the Issuer will make available a written notice to the holders of such Warrants in accordance with Condition 19 (*Notices*) as soon as practicable regarding such exercise of the Bail-In Powers. The Issuer will also deliver a copy of such notice to the Warrant Agent for

informational purposes, although the Warrant Agent shall not be required to send such notice to the holders of such Warrants. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Powers nor the effects on the Warrants described in Condition 24(a) above.

(f) *Duties of the Agents*

Upon the exercise of any Bail-In Powers by the Relevant Resolution Authority, (a) the Agents shall not be required to take any directions from holders of Warrants, and (b) the Agency Agreement shall impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Bail-In Powers by the Relevant Resolution Authority.

Notwithstanding the foregoing, if, following the completion of the exercise of the Bail-In Power by the Relevant Resolution Authority, any Warrants remain unexercised (for example, if the exercise of the Bail-In Power results in only a partial write-down of the principal of the Warrants), then the Agents' duties under the Agency Agreement shall remain applicable with respect to the Warrants following such completion to the extent that the Issuer and the Agents shall agree pursuant to an amendment to the Agency Agreement.

(g) *Proration*

If the Relevant Resolution Authority exercises the Bail-In Powers with respect to less than the total Amounts Due, unless any of the Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the relevant Warrants pursuant to the Bail-In Powers will be made on a *pro-rata* basis.

(h) *Conditions Exhaustive*

Each Warrantholder acknowledges, accepts, consents and agrees that matters set forth in this Condition 24 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of Warrants.

## **USE OF PROCEEDS**

*This section explains what the net proceeds from the sale of the Warrants issued under the Programme will be used for.*

The net proceeds from each issue of Warrants will be applied by the Issuer for profit making and/or risk hedging purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## FORM OF THE GUARANTEE

*This section sets out the form of the guarantee the Guarantor will provide under the Programme.*

THIS DEED OF GUARANTEE (the "**Deed of Guarantee**") is made on [●] July 2022 by KBC Bank NV, a credit institution existing under the laws of the Kingdom of Belgium, with its statutory seat at Havenlaan 2, 1080 Brussels, registered with the Crossroads Bank for Enterprises under number 0462.920.226, RPR/RPM Brussels (the "**Guarantor**") in favour of (1) the Relevant Account Holders (as defined in the Deed of Covenant referred to below), (2) the holders for the time being of the Warrants (as defined below) and (3) the Accountholders (as defined in Clause 1 (B) below). Each Relevant Account Holder, each holder of a Warrant is a "Holder".

WHEREAS:

- (A) KBC IFIMA S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, whose registered office is at 4 rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg and who is registered with the trade and companies register (RCS Luxembourg) under number B-193577 (the "**Issuer**") and the Guarantor have entered into a programme agreement pursuant to which the Issuer may from time to time issue Warrants (the "**Programme Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated on or about [●] July 2022 with the Dealers named therein under which the Issuer proposes from time to time to issue Warrants (the "**Warrants**", such expression to include each Definitive Warrant issued by the Issuer and each Global Warrant issued by the Issuer).
- (B) This Deed of Guarantee will apply to all Warrants issued pursuant to the Issuer's EUR 1,000,000,000 Warrant Programme (the "**Programme**") on or after the date hereof, other than any Warrants issued so as to be consolidated and form a single Series with any Warrants issued prior to the date hereof.
- (C) The Issuer has executed a Deed of Covenant on or about [●] July 2022 (the "**Deed of Covenant**", which expression includes the same as it may be amended, supplemented or restated from time to time) relating to Global Warrants issued by the Issuer pursuant to the Programme Agreement.
- (D) The Issuer and the Guarantor have entered into an agency agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated on or about [●] July 2022 with KBC Bank NV (the "**Warrant Agent**") and the other agents named therein in relation to the Programme.
- (E) Terms defined in the Conditions of the Warrants (the "**Conditions**"), the Programme Agreement, the Agency Agreement and/or the Deed of Covenant and not otherwise defined in this Deed of Guarantee shall have the same meanings when used in this Deed of Guarantee.

NOW THIS DEED WITNESSES as follows:

### 1. Guarantee

- (A) Subject as set out in Clause 6 (*Status of Guarantee*), the Guarantor hereby unconditionally and irrevocably guarantees by way of deed poll to each Holder (i) all sums payable by the Issuer to such Holder or (ii) performance of any delivery obligation owed by the Issuer to

such Holder, in each case in respect of any Warrant or under the Deed of Covenant in respect thereof, as the case may be, (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing) when and as the same shall become due and payable in accordance with the terms thereof. In case of the failure of the Issuer punctually (x) in the case of (i) above, to make any such payment, the Guarantor hereby undertakes to cause such payment to be made punctually when and as the same shall become due and payable and (y) in the case of (ii) above, to perform or procure the performance of any delivery obligation, the Guarantor hereby undertakes to cause such performance or the procurement of such performance to occur punctually when and as the same shall become due to be performed, in each case whether at maturity, upon exercise by acceleration of maturity or otherwise, as if such payment or delivery, as the case may be, were made or performed by the Issuer in accordance with the terms thereof. The Guarantor hereby waives any requirement that any Holder, in the event of any default of such payment or delivery as the case may be by the Issuer, first makes demand upon or seeks to enforce remedies against the Issuer before seeking to enforce this Guarantee; agrees that its obligations under this Guarantee shall be unconditional and irrevocable irrespective of the validity, regularity or enforceability of such Warrants or of the Deed of Covenant in respect thereof, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions thereof, the recovery of any judgment against the Issuer or any action to enforce the same, any consolidation, merger, conveyance or transfer by the Issuer or any other circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor; and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in such Warrants, the Deed of Covenant and this Guarantee.

- (B) For so long as any of the Warrants is represented by a Global Warrant held by Interprofessionele Effectendeposito- en Girokas SA/NV (Euroclear Belgium), Euroclear Nederland, Euroclear Bank SA/NV, Clearstream Banking S.A and/or any other additional clearing system or systems as are specified in the Final Terms relating to any Warrant (each a "**Clearing System**"), each person (other than the relevant Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular total number of Warrants (each an "**Accountholder**") (in which regard any certificate or other document issued by the relevant Clearing System as to the total number of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Guarantor as the holder of such total number of Warrants for all purposes other than with respect to the payment in respect of the Warrants, for which purpose the bearer of the relevant Global Warrant shall be treated by the Guarantor as the holder of such Warrants in accordance with and subject to the terms of the relevant Global Warrant.

References to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Warrant Agent.

The Guarantor covenants in favour of each Accountholder that it will (i) make all payments (if any) under this Guarantee in respect of the Warrants for the time being shown in the records of the relevant Clearing System as being held by the Accountholder and represented by a global warrant to the holder of the warrant in global form and (ii) perform or procure the performance of all delivery obligations (if any) in accordance with the Conditions, in each case, in accordance with the terms of this Guarantee and acknowledges

that each Accountholder may take proceedings to enforce this covenant and any of the other rights which it has under this Guarantee directly against the Guarantor.

## **2. The Guarantor as principal Debtor**

Without affecting the Issuer's obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Warrant or the Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Warrant, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality, invalidity or unenforceability of or any defect in any provision of any Warrant or the Deed of Covenant or any of the Issuer's obligations under any of them).

## **3. The Guarantor's obligations continuing**

The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable or delivery obligation in respect of any Warrant or the Deed of Covenant remains owing. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Holder, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands whatsoever.

## **4. Repayment to the Issuer**

If any payment or other consideration received by a Holder is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment or other consideration will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment or other consideration had at all times remained owing by the Issuer.

## **5. Indemnity**

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable or delivery obligation expressed to be owed by the Issuer under any Warrant, or the Deed of Covenant but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Holder) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Holder or otherwise delivered by it on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by any Holder.

## **6. Status of Guarantee**

The obligations of the Guarantor under this Guarantee in respect of the Warrants constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Guarantor, without any preference among themselves and *pari passu* without any preference one above the

other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

#### **7. Withholding or deduction**

The Guarantor shall not be liable for or otherwise be obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Warrant and all payments made by the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### **8. Power to execute**

The Guarantor hereby warrants, represents and covenants with each Holder and Accountholder that it has all power, that it has obtained all necessary governmental consents and authorisations, and that it has taken all necessary steps, in each case to enable it to execute, deliver and perform this Guarantee and that this Guarantee constitutes legal, valid and binding obligations of the Guarantor in accordance with its terms.

#### **9. Deposit of guarantee**

This Guarantee shall take effect as a deed poll for the benefit of the Holders and Accountholders from time to time and for the time being. This Guarantee shall be deposited with and held by KBC Bank NV as Warrant Agent until all the obligations of the Guarantor have been discharged in full.

#### **10. Production of guarantee**

The Guarantor hereby acknowledges the right of every Holder and Accountholder to the production of, and the right of every Holder and Accountholder to obtain (upon payment of a reasonable charge) a copy of, this Guarantee, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Holder and Accountholder, and that each Holder and Accountholder shall be entitled severally to enforce the said obligations against the Guarantor.

#### **11. Subrogation**

Until all amounts which may be payable under the Warrants and/or the Deed of Covenant have been irrevocably paid in full and all delivery obligations of the Issuer thereunder have been performed in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Holder or claim in competition with the Holders against the Issuer.

#### **12. Contracts (rights of third parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Guarantee, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **13. Governing law and jurisdiction**

- (A) This Guarantee (and any non-contractual obligations arising out of or in connection with this Guarantee), except Clause 6 (*Status of Guarantee*), shall be governed by, and construed in accordance with, English law. Clause 6 (*Status of Guarantee*) (and any non-contractual obligations arising out of or in connection with Clause 6 (*Status of Guarantee*)) shall be governed by, and construed in accordance with, Belgian law.

- (B) The courts of England shall have exclusive jurisdiction to settle all disputes which may, directly or indirectly, arise out of or in connection with this Guarantee (including, in each case, any dispute relating to any non-contractual obligations arising therefrom or in connection therewith) (a "**Dispute**") and the Guarantor submits and each of the Holders and Accountholders (by its acquisition of a Warrant) is deemed to submit to the exclusive jurisdiction of the English courts. For the purposes of this Clause, the Guarantor waives and each of the Holders and Accountholders (by its acquisition of a Warrant) is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (C) The Guarantor appoints its London branch at 111 Old Broad Street, London EC2N 1BR, England as its agent in England for service of process in any proceedings in England relating to the Guarantee and the Guarantor undertakes that, in the event of its London branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Dispute in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

#### **14. Contractual recognition of bail-in**

- (a) Notwithstanding and to the exclusion of any other term of this Deed or any other agreements, arrangements or understandings among the Guarantor, the Holder and the Accountholders, each Holder and Accountholder acknowledges and accepts that any liability arising under this Deed may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledges, accepts, consents and agrees to be bound by:
- (i) the effect of the exercise of the Bail-in Powers by the Relevant Resolution Authority in relation to any liability of the Guarantor to any Holder and Accountholder under this Deed, that may include and result in any of the following, or some combination thereof:
- (1) the reduction on a permanent basis of all, or a portion, of the Amounts Due;
  - (2) the conversion of all, or a portion, of the Amounts Due into ordinary shares, other instruments of ownership, other securities or other obligations of the Guarantor or another person, and the issue to or conferral on the Holder and Accountholder of such ordinary shares or other instruments of ownership, other securities or other obligations, including by means of an amendment, modification or variation of the terms of such liability, in which case the relevant Holder and Accountholder agrees to accept in lieu of its rights under such liability any such ordinary shares, other instruments of ownership, other securities or other obligations of the Guarantor or another person;
  - (3) the cancellation of such liability; and/or
  - (4) the amendment or alteration of the expiration of such liability, amendment of amount(s) payable in respect of such liability or the date(s) on which any payment(s) are due, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of this Deed, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

Any delay or failure by the Guarantor to notify the Holders and the Accountholders of the exercise of the Bail-in Power by the Relevant Resolution Authority shall not affect the validity

and enforceability of the Bail-In Powers nor the effects on the Warrants described in Clause 14(a) above.

- (b) None of the cancellation of any liability of the Guarantor to any Holder and Accountholder under this Deed, a reduction, in part or in full, of the Amounts Due, the conversion thereof into ordinary shares, other instruments of ownership, other securities or other obligations of the Guarantor or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Guarantor, nor the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to this Deed will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Holders and Accountholders to any remedies (including equitable remedies), which are hereby expressly waived. The terms and conditions of this Guarantee shall continue to apply in relation to the residual amount of, or outstanding amount payable, in respect of the Guarantee, subject to any modification or reduction of the amount payable under the Guarantee to reflect the reduction of the amounts payable under the Guarantee, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations.
- (c) For the purpose of this Clause 14, the following definitions shall apply:

**"Amounts Due"** means any amount payable under the terms and conditions of this Guarantee. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Power by the Relevant Resolution Authority.

**"Bail-In Powers"** means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in accordance with, any laws, regulations, rules or requirements in effect in Belgium and Luxembourg, relating to (i) the transposition of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, "**BRRD**") (and transposed into (i) Belgian law by the law of 25 April 2014 on the status and supervision of credit institutions, and any other law or regulation relating to the transposition of Directive 2014/59/EU under Belgian law and (ii) Luxembourg law by the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended, relating to the transposition of Directive 2014/59/EU under Luxembourg law), and (ii) Regulation (EU) No 806/2014 establishing uniform rules and uniform procedures for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and Single Resolution Fund (as amended from time to time, "**SRM Regulation**"), and in each case the instructions, rules, standards and policies created thereunder, pursuant to which:

- (i) any obligation of a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution (a "**Regulated Entity**"), can be cancelled, reduced (in whole or in part), otherwise modified or converted into ordinary shares, other instruments of ownership, other securities or other obligations of such Regulated Entity or any other person (or suspended for a temporary period); and/or
- (ii) the maturity of any liability of a bank, investment firm or other financial institution can be amended or altered (including by suspending payment for a temporary period),

whether in connection with the implementation of the bail-in tool following placement in resolution or in connection with write-down or conversion powers before a resolution proceeding is initiated.

**"Relevant Resolution Authority"** means the resolution authority with the ability to exercise any Bail-in Powers from time to time in relation to the Guarantor.

- (d) Each Holder and Accountholder acknowledges, accepts, consents and agrees that the matters set forth in this Clause 13 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Guarantor, the Holder and the Accountholders, as applicable.

IN WITNESS whereof this Guarantee has been manually executed as a deed poll on behalf of the Guarantor.

Executed as a deed by

KBC Bank NV

acting by

acting under the

authority of that company

in the presence of:

Witness's Signature:

Name:

Address:

## DESCRIPTION OF THE ISSUER

*This section provides a description of the Issuer's business activities as well as certain financial information in respect of the Issuer.*

### KBC IFIMA S.A.

#### History and Development

The Issuer's legal and commercial name is KBC IFIMA S.A. The Issuer is currently incorporated in the form of a public limited liability company under the laws of the Grand Duchy of Luxembourg and is registered with the trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under registration number B 193.577. The Issuer's LEI code is 213800PN8BSF31FXFM06.

The Issuer was incorporated in the form of a limited liability company and was registered in The Netherlands on 15 April 1982. On 31 December 2014 at midnight, the Issuer changed its legal and commercial name, domicile, legal form and country of incorporation from KBC Internationale Financieringsmaatschappij N.V. to KBC IFIMA S.A.

On 26 May 2016, the board of directors of the Issuer gave a favourable opinion on the merger of the Issuer with its Luxembourg sister company KBC Financial Products International S.A. KBC Financial Products International S.A. was dissolved, with the Issuer being the absorbing company. The merger became effective (i) between the merging companies and towards third parties on publication of the resolutions of the sole shareholder of the Issuer, approving the merger, on the *Recueil Electronique des Sociétés et Associations* platform on 5 July 2016 at midnight and (ii) from an accounting and tax perspective, retroactively, on 1 January 2016 at midnight.

The Issuer has its registered office at 4, rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg, telephone number +352/266442 and is incorporated in the Grand Duchy of Luxembourg as a public limited liability company. The Issuer has an unlimited duration and operates under the laws of the Grand Duchy of Luxembourg.

#### Recent Events

There have not been any recent events relevant to the evaluation of the Issuer's solvency, nor has there been any material adverse change in the prospects of the Issuer, since 31 December 2021.

#### Expected financing and material changes in the issuer's borrowing and funding structure

The Issuer's financing is linked to the Issuer's core activity, i.e. to on-lend the funds it receives from investors to KBC Bank NV. Upon redemption, the Issuer receives a specified amount as remuneration.

There are no material changes in the Issuer's borrowing or funding structure since 31 December 2021.

#### Business Overview

- The Issuer's principal objects, as set out in Article 3 of its articles of association are the issue of bonds, warrants, debentures and any other financial instruments and the on-lending of the proceeds to the Guarantor, its subsidiaries and associated companies, as well as the issue of other financial instruments. The Issuer's principal activity consists of the administration of the financial instruments issued, in particular bonds, and the loans made.

- The Issuer is directly owned by the Guarantor and its debt is fully guaranteed by the Guarantor. The Issuer is accordingly dependent on the Guarantor and other members of KBC Bank Group servicing those loans.
- The Issuer is indirectly controlled by KBC Group NV and ultimately by the shareholders of KBC Group NV. An overview of the shareholding of KBC Group NV is available on [www.kbc.com](http://www.kbc.com). At the date of the Base Prospectus and based on the notifications made in accordance with the Belgian law of 2 May 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, the major shareholders of KBC Group NV are KBC Ancora, Cera, MRBB and the other core shareholders.
- This Base Prospectus does not contain statements regarding the competitive position of the Issuer or forecasts or estimates in respect of the Issuer.

### **Trend Information**

There are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

### **Board of Directors of the Issuer**

The Issuer is managed by a Board of Directors of at least three (3) members, which is not supervised by a supervisory board. The members of the Board of Directors are appointed by the General Meeting of the Shareholders.

As at the date of approval of this Base Prospectus, the composition of the Board of Directors of the Issuer is set out in table below:

<b>Name</b>	<b>Position</b>	<b>Principal Activities outside the Issuer</b>
Ivo Irma BAUWENS	Company Director	Chief Executive Officer, KBC Group Re S.A. Non-Executive director, KBC A M Luxembourg S.A. Non-Executive director, KBC Lease Luxembourg
Fatima BOUDABZA	Company Director	None
Damien Albert DEBBAUT	Company Director	None
Rik Jos JANSSEN	Company Director	None
Sabrina GOCKEL	Company Director	None

The business address of each Company Director of the Issuer in his/her capacity as such is 4, rue du Fort Wallis, L-2714 Luxembourg, the Grand Duchy of Luxembourg. The Issuer shall be bound by the joint signature of two Company Directors. The Issuer's Board of Directors has an audit committee.

There are no conflicts of interest between the duties of the persons listed above to the Issuer and their private interests or other duties. The Issuer is not aware of any affiliations/associations of the members of the Board of Directors outside the Issuer which are relevant to the Issuer.

The Issuer has adopted corporate governance policies which comply with the laws and regulations of the Grand Duchy of Luxembourg regarding corporate governance.

The Issuer has 0.6 (full time equivalent) permanent employees. Terms of employment are governed by the Collective Labour Agreement pertaining to the Luxembourgish insurance sector. There have been no employee related disputes.

### **Audit Committee**

Under Luxembourg law the Issuer is considered as a public interest entity. Consequently, the Issuer needs to have in place an audit committee. The audit committee is set up pursuant to the Group Internal Governance Memorandum and the Luxembourg Law of 23 July 2016 concerning the audit profession.

As at the date of this Base Prospectus, the audit committee is composed of the members of the Board of Directors. The audit committee steers the internal audit function and oversees the external audit function of the Issuer. Its functions include (i) ensuring that adequate and effective internal control systems are established and maintained, (ii) monitoring the integrity of financial information, (iii) monitoring the effectiveness of structures, processes and controls, (iv) supervising compliance with procedures, laws and regulations, (v) monitoring the respect of the internal audit charter and (vi) supervising the functioning of the external auditor.

### **Organisational Structure**

The KBC Group consists of KBC Group NV (the holding company) and its wholly-owned subsidiaries KBC Bank NV and KBC Insurance NV. The Issuer is a wholly-owned subsidiary of the Guarantor and acts as a financing vehicle for the Guarantor and its subsidiaries. The Issuer complies with the control requirements and standards of the Group with regard to accounting, operations, internal controls and risk management. For a description of the Group, please see the section titled "*Description of the Guarantor*" below.

### **Capital Structure**

<b>Authorised</b>	
42,340 ordinary shares	EUR
.....	19,213,045
<b>Paid-in and called-up share capital</b>	
22,679 ordinary shares	
.....	EUR 5,296,266

The paid-in and called-up share capital consists of 22,679 ordinary shares, which are fully held by the Guarantor.

### **Major Shareholders**

The Guarantor holds 100 per cent. of the share capital of the Issuer. The Issuer is not aware of any arrangements the operation of which may result in a change of control of the Issuer. No specific measures are in place to prevent abuse of control.

## **FINANCIAL STATEMENTS AND SELECTED FINANCIAL INFORMATION OF THE ISSUER**

### **Historical Financial Information**

The Issuer's economic, asset and financial information for the 2021 financial year is contained in the Issuer's 2021 Annual Report, which is incorporated by reference in this Base Prospectus.

## Financial Statements

The Issuer prepares audited non-consolidated annual financial statements. The latest audited non-consolidated financial information relating to the Issuer is the Issuer's 2021 Annual Report and is dated 23 March 2022.

### Auditing of historical annual financial information

The report of the independent registered public accounting firm (PricewaterhouseCoopers, *société coopérative, Cabinet de révision agréé, expert-comptable*) contained in the Issuer's 2021 Annual Report (pages 8 to 11), is available to the public and incorporated by reference in this Base Prospectus.

The report dated 23 March 2022 on the financial information for the Issuer's Financial Report 2021 issued by PricewaterhouseCoopers, *société coopérative*, expressed an unqualified opinion on the above mentioned financial information.

### Selected Financial Information

The tables below set out the key financial information extracted from the Issuer's audited financial statements for the fiscal years ended on 31 December 2020 and 31 December 2021, in each case prepared in accordance with generally accepted accounting principles applicable in the Grand Duchy of Luxembourg ("**Luxembourg GAAP**").

KBC IFIMA S.A.	HIGHLIGHTS OF THE BALANCE SHEET	
	FY 2020 prepared under Luxembourg GAAP (audited)	FY 2021 prepared under Luxembourg GAAP (audited)
	EUR	EUR
<b>ASSETS</b>		
<b>Subscribed capital unpaid</b>	N/A	N/A
<b>Formation expenses</b>	N/A	N/A
<b>Fixed assets</b>		
Intangible assets	N/A	N/A
Tangible assets	N/A	N/A
Financial assets	764,547,826	541,585,236
Loans to affiliated undertakings	764,547,826	541,585,236
<b>Total fixed assets</b>	<b>764,547,826</b>	<b>541,585,236</b>
<b>Currents assets</b>		
Stocks	N/A	N/A
Debtors		
Amounts owed by affiliated undertakings becoming due and payable within one year	334,965,067	233,380,763
Other Debtors		
Becoming due and payable within one year	488,374	488,374
Investments	N/A	N/A
Cash	5,523,726	7,078,235
<b>Total currents asset</b>	<b>340,977,167</b>	<b>240,947,372</b>
<b>Prepayments</b>	<b>4,768,283</b>	<b>4,811,353</b>
<b>Total assets</b>	<b>1,110,293,276</b>	<b>787,343,961</b>
<b>CAPITAL, RESERVE AND LIABILITIES</b>	EUR	EUR
<b>Capital and reserves</b>		
Subscribed capital	5,296,266	5,296,266
Share premium account	0	0
Revaluation reserve	N/A	N/A
Reserves	1,794,984	1,737,827
Profit or loss brought forward	N/A	N/A
Profit or loss for the financial year	633,855	363,762
Interim dividends	N/A	N/A
Capital Investment subsidies	N/A	N/A
<b>Total capital and reserves</b>	<b>7,725,105</b>	<b>7,397,855</b>
<b>Provisions</b>		
Provision for pensions and similar obligations	N/A	N/A

*Description of the Issuer*

Provisions for taxation	356,191	368,236
Other provisions	40,564	13,505
	<b>396,755</b>	<b>381,741</b>
<b>Creditors</b>		
Debenture Loans		
Convertible loans	N/A	N/A
Non convertible loans	1,097,394,926	775,210,767
Becoming due and payable within one year	332,847,100	233,625,531
Becoming due and payable after more than one year	764,547,826	541,585,236
Amounts owed to credit institutions	N/A	N/A
Payments received on account of orders in so as they are shown separately as deductions from stocks	N/A	N/A
Trade creditors	N/A	N/A
Bills of exchange payable	N/A	N/A
Amounts owed to affiliated undertakings	N/A	N/A
Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	N/A	N/A
Other creditors	11,682	18,055
Tax authorities	N/A	N/A
Social security authorities	9,636	5,539
Other creditors	2,046	12,516
Becoming due and payable within one year	2,046	12,516
Becoming due and payable after more than one year	N/A	N/A
<b>Total creditors</b>	<b>1,097,406,608</b>	<b>775,228,822</b>
<b>Deferred income</b>	<b>4,764,808</b>	<b>4,335,543</b>
<b>Total capital, reserves and liabilities</b>	<b>1,110,293,276</b>	<b>787,343,961</b>

A dividend of EUR 691,012 was paid on 3 June 2021.

No further important events, material or financial, occurred relating to the company since 31 December 2021.

### Litigation

In June 2012, the Issuer and the Guarantor were summoned to appear before the court in Brussels on foot of a claim brought on behalf of former bondholders. The claim amounting to EUR 1,306,137 relates to losses incurred by the investors on early redemption of the bonds held by them. The lawsuit is being contested by the Issuer and the Guarantor. Based on the information available to the directors, they are of the opinion that it is unlikely the company will suffer a loss and therefore no provision has been made in the accounts for this. After many changes in the timeline, the judgment has been interrupted due to the decease of two litigants and the fact that there was no regularisation. In March 2017, the Issuer received a formal notice of default from WATT Legal to indemnify 104 clients for an amount of EUR 1,150,585.46, a non-payment triggering a new proceeding or an extension of the existing one. The above is the most recently available information on this matter as at the date of this Base Prospectus.

Except for the above mentioned litigation, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

## DESCRIPTION OF THE GUARANTOR

*This section provides a description of the Guarantor's business activities as well as certain financial information in respect of the Guarantor.*

### KBC BANK

#### 1. Corporate Structure, share capital and credit ratings

##### General information

The Guarantor was established in Belgium in 1998 as a bank in the form of a limited liability company (*naamloze vennootschap / société anonyme*) for an unlimited duration and operates under the laws of Belgium. The Guarantor's Belgian enterprise number is 0462.920.226 and its LEI code is 6B2PBRV1FCJDMR45RZ53. The Guarantor is registered in the register of legal persons (*rechtspersonenregister (RPR) / registre des personnes morales (RPM)*) of the Dutch-speaking enterprise court of Brussels. The Guarantor's registered office is at Havenlaan 2, B-1080 Brussels, Belgium, its telephone number is (+32) (0) 2 429 11 11 and its website is [www.kbc.com](http://www.kbc.com). The information on the Guarantor's website does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF, except to the extent that such information is explicitly incorporated by reference in this Base Prospectus (see Section "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus). The Guarantor is registered as a credit institution with the National Bank of Belgium.

The Guarantor is a wholly-owned subsidiary of KBC Group NV and is part of KBC Group NV, on which it depends for certain group functions and because of the integrated regulatory and solvency supervision. A simplified schematic of KBC Group's legal structure is provided below.

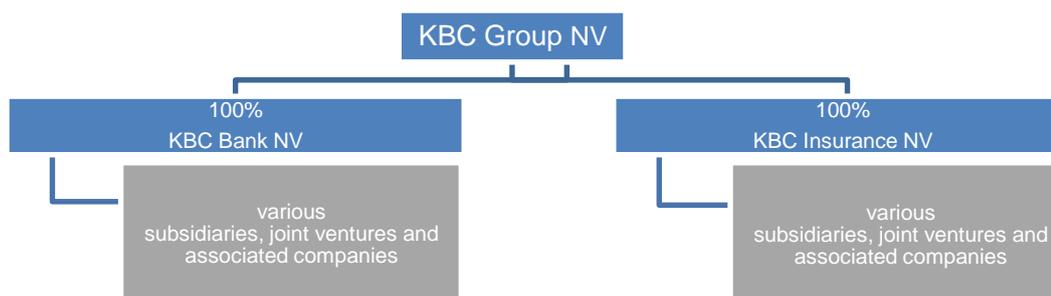
In compliance with the MREL subordination requirement (as determined by the Single Resolution Board), KBC Group NV will be converted to a clean holding company, whose main operations involve financing activities and group-wide control activities and functions. The clean holding company will facilitate the Single Point of Entry strategy in the event of settlement of KBC Group NV. As a result of this project, only a number of control functions, the financial holding activities and the issue of equity and MREL instruments can remain at the level of the financial holding company KBC Group NV. All other activities of KBC Group NV (other group functions, Shared Services & IT) will be transferred to KBC Global Services NV, a new wholly-owned subsidiary of KBC Group NV, from 1 June 2022.

For more information, see the 2Q 2021 Debt Presentation, available on [www.kbc.com](http://www.kbc.com).<sup>4</sup>

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<sup>4</sup> *This document is not incorporated by reference and does not form part of this Base Prospectus, and has hence not been scrutinised or approved by the CSSF.*

Simplified scheme:



The other major subsidiary of KBC Group NV is KBC Insurance NV. The Guarantor co-operates closely with KBC Insurance NV, amongst others, in relation to the distribution of insurance products and depends on it for the further implementation of the bank-insurance model.

The Guarantor and KBC Insurance NV each have a number of subsidiaries. The Guarantor's subsidiaries are mainly banking and other financial entities in Central and Eastern Europe and in other selected countries, such as Ireland. The Guarantor also acts as funding provider for a number of its subsidiaries.

A list of the subsidiaries of the Guarantor can be found on pages 179 and following of the Guarantor's 2021 Annual Report.

### Share capital and shareholder

As at the date of this Base Prospectus, the Guarantor's share capital was EUR 9,732 million and consisted of 995,371,469 ordinary shares, which are all held by KBC Group NV. The share capital is fully paid up.

The shares of the Guarantor's parent company, KBC Group NV, are listed on Euronext Brussels. An overview of the shareholding of KBC Group NV is available on the KBC Group NV website at [www.kbc.com](http://www.kbc.com). The core shareholders of KBC Group NV are KBC Ancora, CERA, MRBB and a group of legal entities and individuals referred to as 'Other core shareholders'. The overview of shareholding is not incorporated in and does not form part of this Base Prospectus and it has not been and will not be scrutinised or approved by the CSSF.

### Credit ratings

As at the date of this Base Prospectus, the following long term credit ratings have been assigned to the Guarantor with the cooperation of the Guarantor in the rating process:

Fitch France SAS ("**Fitch**")

A+

According to Fitch's Rating Definitions, an "A" rating indicates high credit quality. "A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Moody's France SAS ("**Moody's**")

A2

According to Moody's Rating Symbols and Definitions, obligations rated A are considered upper-medium grade and are subject to low credit risk. The modifier 2 indicates that the obligation ranks in the mid-range of its generic rating category.

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S&P Global Ratings Europe Limited ("**Standard and Poor's**")

A+

According to Standard and Poor's Global Ratings Definitions, an obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. The addition of a plus (+) or minus (-) sign shows relative standing within the rating categories.

More information regarding the Guarantor's long term credit ratings can be found in the latest credit opinion from the relevant credit rating agencies, available at <https://www.kbc.com/en/credit-ratings> and in the applicable rating methodologies published by the relevant credit rating agencies. None of that website, those credit opinions or those rating methodologies are incorporated by reference in or form part of this Base Prospectus, and they have not been scrutinised or approved by the CSSF.

A credit 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. The Guarantor does not represent that it will maintain any level of credit rating, or any credit rating at all, with any credit rating agency.

These credit ratings relate to the Guarantor's financial obligations generally and not to any specific financial obligation such as the Warrants or any Series thereof.

Each credit rating agency referred to above is established in the EEA and is listed on the "List of Registered and Certified CRA's" as published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with Article 18(3) of Regulation (EC) No. 1060/2009 on credit rating agencies (the "**CRA Regulation**"). If an issue-specific credit rating is specified in the applicable Final Terms, then those Final Terms will also specify whether that credit rating is (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation. None of the credit rating agencies referred to above is established in the UK in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Accordingly the Guarantor rating issued by (i) Fitch has been endorsed by Fitch Ratings Ltd, (ii) Moody's has been endorsed by Moody's Investors Service Limited and (iii) Standard and Poor's has been in endorsed by S&P Global Ratings UK Limited, each in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by each credit rating agency referred to above may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

## **2. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

### **Board of Directors and Executive Committee**

The Guarantor is administered by a Board of Directors and an Executive Committee in accordance with the relevant legal requirements.

The Guarantor's Board of Directors is empowered to determine the company's general policy and strategy and to perform all acts which, by law, are reserved specifically for it. The Board of Directors is responsible for supervising the Executive Committee.

The Guarantor's Executive Committee is empowered to perform all acts that are necessary or useful in achieving the company's object, apart from those that the General Meeting of Shareholders is empowered to perform by law and those reserved for the Board of Directors by law.

*Description of the Guarantor*

The Guarantor's corporate purpose is set out in Article 2 of its Articles of Association. It includes the execution of all banking operations in the widest sense, as well as the exercise of all other activities which banks are or shall be permitted to pursue and all acts that contribute directly or indirectly thereto.

To the extent these laws and regulations apply to the Guarantor, the Guarantor complies with the laws and regulations of Belgium regarding corporate governance. As at the date of this Base Prospectus, the members of the Board of Directors are the following:

Name and business address	Position	Expiry date of current term of office	External offices
DEBACKERE Koenraad Havenlaan 2 1080 Brussel	Non-executive director, Chairman of the Board of Directors	2024	KBC Verzekeringen NV, non-executive director KBC Group NV, non-executive director Holding Wetenshapspark Waterschei NV, non-executive director Umicore NV, non-executive director KBC Global Services NV, non-executive director
ANDRONOV Peter KBC Bank NV Havenlaan 2 1080 Brussel	Executive director	2025	KBC Insurance NV, executive director KBC Group NV, member of the executive committee KBC Asset Management, Chairman of the board of Directors Ceskoslovenska Obchodna Bank a.s. (SR), non-executive director, Chairman of the Supervisory Board DZI General Insurance EAD, non-executive director, Chairman of the Supervisory Board DZI Life Insurance JSC, non-executive director, Chairman of the Supervisory Board K&H Bank Zrt, non-executive director, Chairman of the Board of Directors K&H Biztosító Zrt., Chairman of the Supervisory Board UNITED BULGARIAN BANK AD, non-executive director, Chairman of the Supervisory Board KBC BANK IRELAND PLC, Chairman of the Board of Directors

<p>BLAZEK Alés          ČSOB Ceskoslovenska          obchodni banka          Radlicka 333/150          Praha 5 150 57          Czech Republic</p>	<p>Executive          director</p>	<p>2026</p>	<p>KBC Insurance NV, executive          director          KBC Group NV, member of the          executive committee          KBC Global Services NV          member of the management board          Ceskoslovenska obchodni banka,          CEO</p>
<p>LUTS Erik          KBC Bank NV          Havenlaan 2          1080 Brussels</p>	<p>Executive          director</p>	<p>2025</p>	<p>De Bremberg VZW, non-executive          director          Joyn NV, non-executive director          Joyn International NV, non-          executive director          KC Focus Fund NV, non-executive          director          KBC Group NV - Branch Bulgaria,          representative          KBC Verzekeringen NV, executive          director          KBC Group NV, member of the          executive committee          KBC Global Services NV          member of the management board          Discai NV, non-executive director          EPI INTERIM COMPANY SE,          representative          Bancontact Payconiq Company NV,          non-executive director, Chairman of          the Board of Directors</p>
<p>MOUCHERON David          KBC Bank NV          Havenlaan 2          1080 Brussels</p>	<p>Executive          director</p>	<p>2024</p>	<p>KBC Insurance NV, executive          director          KBC Group NV, member of the          executive committee          KBC Global Services NV          member of the management board          CBC Banque SA, non-executive          director, Chairman of the Board of          Directors          BVB, non-executive director          Febelfin VZW, executive director</p>

<p>POPELIER Luc KBC Bank NV Havenlaan 2 1080 Brussel</p>	<p>Executive director</p>	<p>2025</p>	<p>KBC Insurance NV, executive director KBC Group NV, executive director KBC Securities NV, non-executive director KBC Focus Fund NV, chairman of the board of directors KBC Global Services NV member of the management board</p>
<p>THIJS Johan KBC Bank NV Havenlaan 2 1080 Brussel</p>	<p>Executive director/CEO</p>	<p>2025</p>	<p>KBC Insurance NV, executive director/CEO Febelfin VZW, Chairman of the Board of Directors KBC Group NV, executive director/CEO KBC Global Services NV member of the management board VOKA VZW, non-executive director BVB, non-executive director, Chairman of the Board of Directors European Banking Federation, representative as non-executive director DISCAI NV, non-executive director Museum Nicolaas Rockox VZW, non-executive director</p>

<p>VAN RIJSSEGHEM Christine</p> <p>KBC Bank NV Havenlaan 2 1080 Brussel</p>	<p>Executive director</p>	<p>2022</p>	<p>KBC Group NV, executive director</p> <p>KBC Insurance NV, executive director</p> <p>K&amp;H Bank Zrt, non-executive director</p> <p>KBC Bank Ireland plc, non-executive director</p> <p>Ceskoslovenska Obchodni Banka a.s. (CR), non-executive director</p> <p>KBC Bank NV, Dublin Branch, member of the Supervisory Board</p> <p>United Bulgarian Bank AD, non-executive director</p> <p>KBC Global Services NV member of the management board</p> <p>Women in Finance Belgium vzw, Chairman of the Board of Directors</p> <p>De Warande vzw, non-executive director</p>
<p>ARISS Nabil</p> <p>16 Chiddingstone Street London SW6 3TG United Kingdom</p>	<p>Independent director</p>	<p>2022</p>	<p>Executive Director AF Law</p> <p>Executive Director of Fresnel 1823 Limited</p> <p>Member of the Board of directors of St John and St Elizabeth Hospital</p>

<p>DEPICKERE Franky</p> <p>Cera-KBC Ancora</p> <p>Muntstraat 1</p> <p>3000 Leuven</p>	<p>Non-executive director</p>	<p>2023</p>	<p>Cera CV, executive director</p> <p>Cera Beheersmaatschappij NV, executive director</p> <p>BRS Microfinance Coop CV, non-executive director</p> <p>Euro Pool System International BV, non-executive director</p> <p>KBC Group NV, non-executive director</p> <p>KBC Insurance NV, non-executive director</p> <p>Almancora Beheersmaatschappij NV, executive director</p> <p>Ceskoslovenska Obchodni Banka a.s. (CR), member of the Supervisory Board</p> <p>KBC Ancora NV, executive director</p> <p>CBC Banque SA, non-executive director</p> <p>United Bulgarian Bank AD, non-executive director</p> <p>KBC Global Services NV member of the supervisory board</p>
<p>CALLEWAERT Katelijn</p> <p>Cera Beheersmaatschappij</p> <p>Muntstraat 1</p> <p>3000 Leuven</p>	<p>Non-executive director</p>	<p>2025</p>	<p>Cera Beheersmaatschappij NV, executive director</p> <p>Cera CV, member of the executive committee</p> <p>KBC Group NV, non-executive director</p> <p>KBC Insurance NV, non-executive director</p> <p>Almancora Beheersmaatschappij NV, executive director</p> <p>CBC Banque SA, non-executive director</p> <p>KBC Global Services NV, member of the supervisory board</p>

<p>DE BECKER Sonja M.R.B.B. CVBA Diestsevest 40 3000 Leuven</p>	<p>Non-executive director</p>	<p>2024</p>	<p>M.R.B.B. CVBA – Maatschappij voor Roerend Bezit van de Boerenbond, non-executive director</p> <p>SBB gecertificeerde accountants en adviseurs BV, Chair of the Board of Directors</p> <p>SBB Bedrijfsdiensten BV, Chair of the Board of Directors</p> <p>KBC Group NV, non-executive director</p> <p>KBC Insurance NV, non-executive director</p> <p>BB-Patrim CV, non-executive director</p> <p>KBC Global Services NV, member of the supervisory board</p>
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<p>WITTEMANS Marc M.R.B.B. CVBA Diestsevest 40 3000 Leuven</p>	<p>Non-executive director</p>	<p>2022</p>	<p>KBC Group NV, non-executive director Aktiefinvest cvba, CEO Arda Immo BV, non-executive director Acerta BV, non-executive director Acerta Consult CV, non-executive director SBBgecertificeerde accountants en adviseurs BV, non-executive director SBB Bedrijfsdiensten BV, CEO M.R.B.B. CVBA - Maatschappij voor Roerend Bezit van de Boerenbond, executive director/CEO KBC Insurance NV, non-executive director Acerta Verzekeringen BV, non-executive director KBC Bank Ireland Plc, non-executive director Shéhérazade Développement BV, non-executive director K&amp;H Bank Zrt, non-executive director KBC Global Services NV, member of the supervisory board</p>
<p>MAGNUSSON Bo KBC Bank NV Havenlaan 2 1080 Brussels</p>	<p>Independent director</p>	<p>2024</p>	<p>Bmag AB, non-executive director</p>
<p>PAPIRNIK Vladimira KBC Group NV Havenlaan 2 1080 Brussels</p>	<p>Independent director</p>	<p>2023</p>	<p>KBC Group NV, non-executive director KBC Global Services NV, member of the supervisory board</p>

### **Audit Committee**

The Audit Committee has been set up by the Board of Directors and has – with some limited exceptions – an advisory role. The Audit Committee, among other things, monitors the financial reporting process and submits recommendations or proposals to ensure its integrity, and monitors the effectiveness of the internal control and the risk management in place.

The powers and composition of the Audit Committee, as well as its way of functioning, are extensively dealt with in the Corporate Governance Charter of the Guarantor which is published on [www.kbc.com](http://www.kbc.com). The Corporate Governance Charter is not incorporated by reference and does not form part of this Base Prospectus, and it has not been scrutinised or approved by the CSSF.

The members of the Guarantor's Audit Committee are:

- Marc Wittemans (chairman);
- Nabil Ariss (independent director); and
- Bo Magnusson (independent director).

### **Risk and compliance committee**

The Risk and Compliance Committee has been set up by the Board of Directors and has an advisory role. The Risk and Compliance Committee, among other things, provides advice to the Board of Directors about the current and future risk appetite and risk strategy.

The powers and composition of the Risk and Compliance Committee, as well as its way of functioning, are extensively dealt with in the Guarantor's Corporate Governance Charter, which is available on [www.kbc.com](http://www.kbc.com). The Corporate Governance Charter is not incorporated by reference and does not form part of this Base Prospectus, and it has not been scrutinised or approved by the CSSF.

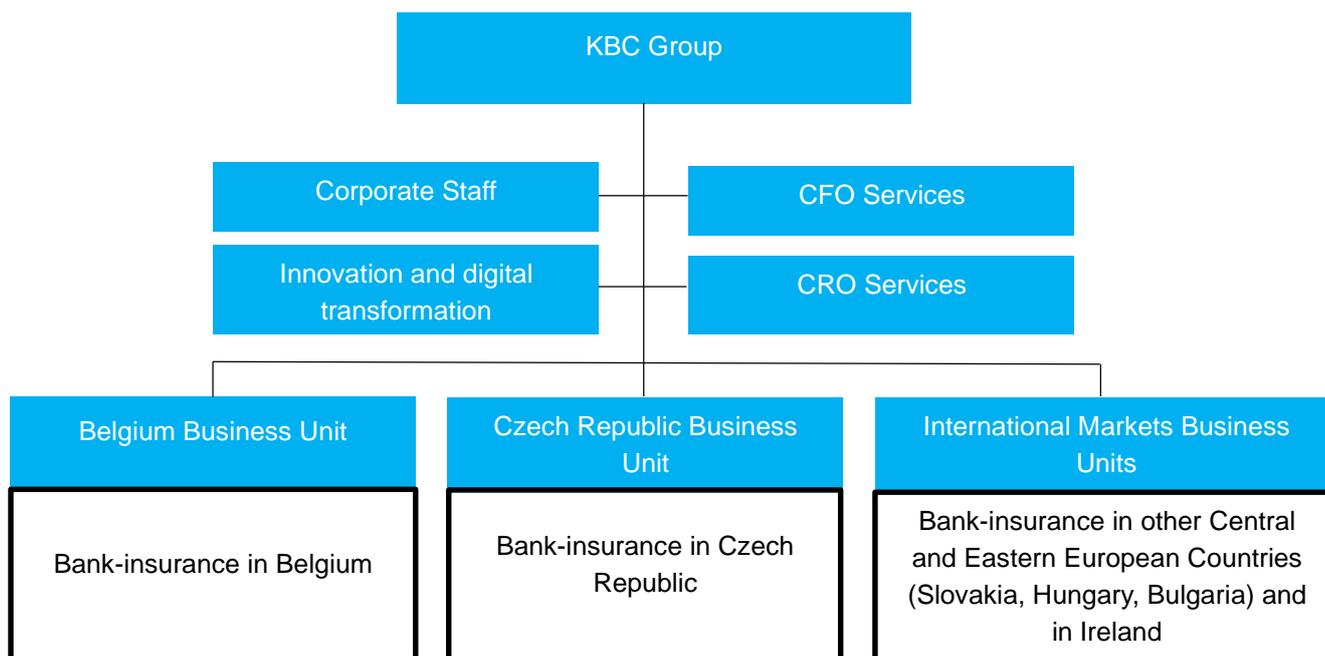
The members of the Guarantor's Risk and Compliance Committee are:

- Franky Depickere (chairman);
- Nabil Ariss (independent director); and
- Bo Magnusson (independent director).

### **Management structure**

KBC Group NV's strategic choices are fully reflected in the group structure, which consists, as at the date of this Base Prospectus, of a number of business units and support services and which are presented in simplified form as follows:

The management structure of both the KBC Group NV and the Guarantor essentially comprises:



- the three business units, which focus on local business and are expected to contribute to sustainable profit and growth:
  - Belgium Business Unit;
  - Czech Republic Business Unit; and
  - International Markets Business Unit: this encompasses the other core countries in Central and Eastern Europe (the Slovak Republic, Hungary and Bulgaria) and Ireland;
- the pillars 'CRO Services' and 'CFO Services' (which act as an internal regulator, and whose main role is to support the business units), 'Corporate Staff' (which is a competence centre for strategic know-how and best practices in corporate organisation and communication) and 'Innovation and digital transformation'.

Each business unit is headed by a Chief Executive Officer ("**CEO**"), and these CEOs, together with the CEO, the Chief Risk Officer ("**CRO**"), the Chief Innovation Officer ("**CIO**") and the Chief Financial Officer ("**CFO**") of the Guarantor constitute the executive committee.

The members of the executive committee are as follows: Johan Thijs, CEO (Chief Executive Officer), Luc Popelier, CFO (Chief Financial Officer), Christine Van Rijseghem, CRO (Chief Risk Officer), Peter Andronov, CEO of the International Markets Business Unit, Aleš Blažek, CEO of the Czech Republic Business Unit, Erik Luts, Chief Innovation Officer and David Moucheron, CEO of the Belgium Business Unit.

**Conflicts of interest**

The Guarantor is not aware of any potential conflicts of interest between the duties to the Guarantor of the members of the Board of Directors detailed above and their private interests or other duties.

### 3. The Guarantor's business

#### The strategy of KBC Group NV

The Guarantor's strategy is fully embedded in the strategy of its parent company, KBC Group NV. A summary is given below of the strategy of KBC Group NV, where the Guarantor is essentially responsible for the banking business and KBC Insurance NV for the insurance business.

KBC Group NV's strategy rests on four principles:

- "We place our clients at the centre of everything we do.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth.
- We meet our responsibility to society and local economies."

As part of our PEARL+ business culture, we focus on jointly developing solutions, initiatives and ideas within the group ("PEARL+" stands for "Performance", "Empowerment", "Accountability", "Responsiveness" and "Local Embeddedness"), also focussing on the joint development of solutions, initiatives and ideas within the group. For further information on PEARL+ see page 10 of the Guarantor's 2021 Annual Report).

KBC Group NV implements its strategy within a strict risk, capital and liquidity management framework.

A summary of the Guarantor's strategy is set out on pages 18 to 33 of the Guarantor's 2021 Annual Report, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus.

More detailed information regarding KBC Group NV's strategy can be found on pages 30 to 69 of KBC Group NV's 2021 Annual Report, which is available at <https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2021/jvs-2021-bnk-en.pdf>. KBC Group NV's 2021 Annual Report is not incorporated by reference into and does not form part of this Base Prospectus, and it has not been scrutinised or approved by the CSSF for purposes of this Base Prospectus.

#### General description of the Guarantor's activities

The Guarantor is a multi-channel banking group that caters primarily to private persons, small and medium-sized enterprises ("**SMEs**") and midcaps. Its geographic focus is on Europe. In its "home" (or "core") markets (Belgium, the Czech Republic, the Slovak Republic, Hungary, Bulgaria and Ireland (however, note that sale agreements have been signed for the Irish loan and deposit books, see section on "*KBC Bank Ireland*" below)), the Guarantor has important and (in some cases) even leading positions (based on internal data). The Guarantor is also present in other countries where the primary focus is on supporting the corporate clients of the home markets.

The Guarantor's core business is retail and private bank-insurance (including asset management), although it is also active in providing services to corporations and market activities. Across most of its home markets, the Guarantor is active in a large number of products and activities, ranging from the plain vanilla deposit, credit, asset management and insurance businesses (via the Guarantor's sister company, KBC Insurance NV) to specialised activities such as, but not exclusively, payments services,

dealing room activities (money and debt market activities), brokerage and corporate finance, foreign trade finance, international cash management and leasing.

### Activities in Belgium

<b>Market position of the bank network in Belgium, end of 2021</b>	
Market share (estimates by the Guarantor)	Banking products* 19% Investment funds 28%
Bank branches	439

\* Average of the share in credits and the share in deposits.

The KBC Bank Group had, at the end of 2021, a network of 439 (staffed) bank branches in Belgium: KBC Bank branches in Flanders, CBC Banque branches in Wallonia and KBC Brussels branches in the Brussels area. The branches focus on providing clients with a broad range of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products (in cooperation with the Guarantor's sister company, KBC Insurance NV) and other specialised financial banking products and services. The KBC Bank Group's bricks-and-mortar networks in Belgium are supplemented by electronic channels, such as ATMs, telephones and the internet (including a mobile banking app). KBC Bank, CBC Banque and KBC Brussels serve, based on their own estimates, approximately 3.53 million banking clients. Including insurance business, the number of clients rises to 3.8 million.

KBC Group NV considers itself to be an integrated bank-insurer. Certain shared and support services are organised at KBC Group NV level, serving the entire Group and not just the bank or insurance businesses separately. It is the Group's aim to continue to actively encourage the cross-selling of bank and insurance products. The success of the Group's integrated bank-insurance model is in part due to the cooperation that exists between the bank branches and the insurance agents of KBC Insurance NV and CBC Assurance, whereby the branches sell standard insurance products to retail customers and refer their customers to the insurance agents for non-standard products. Claims-handling is the responsibility of the insurance agents, the call centre and the head office departments at KBC Insurance NV.

At the end of 2021, the KBC Bank Group had, based on its own estimates (see table above), a 19% share of traditional banking activities in Belgium (the average of the share of the lending market and the deposit market). Over the past few years, the KBC Bank Group has built up a strong position in investment funds too, with an estimated market share of approximately 28%.

The KBC Bank Group believes in the power of a physical presence through a branch and agency network that is close to its clients. At the same time, however, it expects the importance of online and mobile bank-insurance to grow further and it is constantly developing new applications in these areas. That includes the various mobile banking apps for smartphones and tablets, which are being continuously improved and expanded.

With more and more customers opting for digital channels, the KBC Bank Group is gradually aligning its omni-channel distribution network with this changing customer behaviour. The KBC Bank Group is in the process of converting a number of smaller branches into unstaffed ones and closing some of the existing unstaffed branches in Flanders. At the same time, it continues to invest in its full-service branches, in KBC Live (an online contact service with specialists from KBC) and in its digital channels. The KBC Bank Group also optimised its group-wide governance model at management level and is in

the process of further improving operational efficiency throughout the entire organisation in order to take customer service to an even higher level. This adaptation is essential in response to the new environment in which organisations are expected to be more agile, take decisions more quickly and thus continue to meet the expectations of customers and society. In this respect, in 2020 the Guarantor announced its updated strategy, 'Differently: the Next Level'. It means that the Group will make the interaction with its clients more future-proof and smarter (i.e. reinforced by artificial intelligence) and that it will evolve from an omni-channel distribution model towards a digital-first model. The human factor remains important and staff and branches will be fully at the disposal of clients. As is always the case, the client decides which distribution channel, digital or physical, is used to contact KBC. In a digital-first distribution model, digital interactions with clients will form the initial basis. The KBC Bank Group therefore aims over time to provide all relevant solutions via mobile applications. In addition to a digital product range, it will offer clients digital advice and develop all processes and products as if they were sold digitally.

In the KBC Bank Group's financial reporting, the Belgian activities are combined into a single Belgium Business Unit. The results of the Belgium Business Unit essentially comprise the activities of the Guarantor, and its Belgian subsidiaries, the most important of which are CBC Banque, KBC Asset Management, KBC Lease Group (Belgium) and KBC Securities.

The KBC Group's aim in Belgium is:

- To continue pursuing its strategy of putting the interests of the client at the heart of all the products and services it develops and at the centre of everything it does. The focus here is on a 'digital first' approach with a human touch, and on investing in the seamless integration of the various distribution channels. KBC Group is working on the further digitalisation of its banking, insurance and asset management services and exploiting new technologies and data to provide clients with more personalised and proactive solutions. Its digital assistant 'Kate', launched in November 2020, is taking this to the next level.
- To support these activities, the KBC Bank Group is also fully engaged in introducing end-to-end straight-through processing into all commercial processes, making full use of all technological capabilities such as artificial intelligence.
- To expand its service provision through own and other channels. The KBC Bank Group collaborates to this end with partners through 'eco-systems' that enable it to offer clients comprehensive solutions. It is also integrating a range of selected partners into its own mobile app and making products and services available in the distribution channels of selected third parties.
- To exploit the potential in Brussels more efficiently via the separate brand, KBC Brussels, which reflects the capital's specific cosmopolitan character and is designed to better meet the needs of the people living there.
- To grow bank-insurance further at CBC in specific market segments and to expand the accessibility in Wallonia.
- To work on the ongoing optimisation of its bank-insurance model in Belgium.
- To continue pursuing its ambition to become the reference bank for SMEs and mid-cap enterprises in Belgium based on thorough knowledge of the client and its personal approach.

To express its commitment to Belgian society by leading the way in the sustainability revolution. The KBC Group is making its banking, insurance and asset management products more sustainable to

create financial leverage in achieving global climate targets. It aims to be more than a provider of pure bank-insurance services – as a partner in the climate transition, is working with other partners on developing housing, mobility and energy solutions. It also continues to focus on financial literacy, entrepreneurship and population ageing.

### Activities in Central and Eastern Europe

Market position of the bank network in the home countries of Central and Eastern Europe, at the end of 2021			Czech Republic	Slovak Republic	Hungary	Bulgaria
Market share (estimates by the Guarantor)	Banking products*		20%	11%	11%	11%
	Investment funds		23%	7%	12%	10%
Bank branches	Total		208*	123	198	168

\* Average of the share in credits and the share in deposits

In the Central and Eastern European region, the Guarantor focuses on four home countries, being the Czech Republic, the Slovak Republic, Hungary and Bulgaria. The main Central and Eastern European entities of the Guarantor in those home markets are United Bulgarian Bank in Bulgaria, ČSOB in the Slovak Republic, ČSOB in the Czech Republic, and K&H Bank in Hungary. At the end of November 2020, KBC Group completed the acquisition of 99.44% of the shares in OTP Banka Slovensko and on 1 October 2021, it merged with ČSOB in the Slovak Republic.

In its four home countries, the Guarantor now caters to roughly 6 million customers, or 8 million including the insurance business (see below). This customer base makes the KBC Group one of the larger financial groups in the Central and Eastern European region.

The KBC Bank Group companies focus on providing clients with a broad range of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products and other specialised financial products and services. As is the case in Belgium, the bricks-and-mortar networks in Central and Eastern Europe are supplemented by electronic channels, such as ATMs, telephone and the internet. As regards the updated KBC Bank Group strategy, 'Differently: the Next Level', please refer to the previous section on "*Activities in Belgium*".

KBC Group's bank-insurance concept has, over the past few years, been exported to its Central and Eastern European entities. In order to be able to do so, KBC Group has built up a second home market in Central and Eastern Europe in insurance (via KBC Insurance NV). KBC Group has an insurance business in every Central and Eastern European home country: in the Czech Republic, the KBC Group's insurer is ČSOB Pojist'ovňa, in the Slovak Republic it is ČSOB Poist'ovňa, in Hungary it is K&H Insurance and in Bulgaria it is DZI Insurance. Contrary to the situation of KBC Bank Group in Belgium, the KBC Group's insurance companies in Central and Eastern Europe operate not only via tied agents (and bank branches) but also via other distribution channels, such as insurance brokers and multi-agents. Note that, at the end of July 2021, the KBC Group also acquired from Nationale Nederlanden Group its Bulgarian pension and life insurance businesses, a move that will enable the KBC Group to further consolidate its position in the Bulgarian home market.

The KBC Bank Group's estimated market share (the average of the share of the lending market and the deposit market, see table above) amounted to 20% in the Czech Republic, 11% in the Slovak

Republic, 11% in Hungary, and 11% in Bulgaria (rounded figures). The KBC Bank Group also has a strong position in the investment fund market in Central and Eastern Europe (estimated at 23% in the Czech Republic, 7% in the Slovak Republic, 12% in Hungary and 10% in Bulgaria).

In the KBC Bank Group's financial reporting, the Czech activities are separated in a single Czech Republic Business Unit, whereas the activities in the other Central and Eastern European countries, together with Ireland (see further below), are combined into the International Markets Business Unit. The Czech Republic Business Unit hence comprises all KBC Bank Group's activities in the Czech Republic, consisting primarily of the activities of the ČSOB group (under the ČSOB, Postal Savings Bank, Hypoteční banka, Patria and ČSOB Stavební spořitelna brands)) The International Markets Business Unit comprises the activities conducted by entities in the other (non-Czech) Central and Eastern European core countries, namely ČSOB in the Slovak Republic, K&H Bank in Hungary and UBB in Bulgaria, plus KBC Bank Ireland's Irish operations (the latter until the end of 2021, see section on "*KBC Bank Ireland*" below).

The focus of the KBC Bank Group in the future is the following:

- In relation to the Czech Republic Business Unit:
  - retaining its reference position in banking and insurance services by offering its retail, SME and mid-cap clients a hassle-free, no-frills client experience;
  - using data and AI to offer personalised solutions proactively to its clients, including via 'Kate', its personalised digital assistant;
  - continuing the further digitalisation of its services and to introduce new and innovative products and services, including open bank-insurance solutions aimed at boosting the financial well-being of its clients;
  - concentrating on rolling out straight through processing and further simplifying products, head office, distribution model and branding, in order to enable it to operate even more cost-effectively;
  - unlocking business potential through advanced use of data and digital lead management, to leverage its position as market leader in home finance and to focus even more strongly on growing the volume and profitability of its insurance offering;
  - strengthening its business culture and become more flexible, agile and diverse; and
  - expressing its social engagement by focusing on environmental awareness, financial literacy, entrepreneurship and an ageing population.
- In relation to the International Markets Business Unit (excluding Ireland):
  - the updated KBC Group strategy presents a number of challenges for all countries including the business unit, including:
  - developing new and unique 'bank-insurance+' propositions;
  - continuing to digitally upgrade their distribution model;
  - driving the volume of straight-through and scalable processing;
  - increasing capacity in relation to data and AI to enable them to proactively offer relevant and personalised solutions;

- selectively expanding activities with a view to securing a top-three position in banking and a top-four position in insurance; and
- implementing a socially responsible approach in all countries, with a particular focus on environmental awareness, financial literacy, entrepreneurship and health.
- the updated KBC Group strategy presents the following country-specific challenges:
  - becoming the leader in the area of innovation in Hungary. KBC Group is aiming to raise profitability by targeting income through client acquisition in all banking segments and through more intensive cross-selling. It also aims to expand its insurance activities substantially, primarily through sales at bank branches and, for non-life insurance, via both online and traditional brokers.
  - maintaining robust growth in strategic products in Slovakia (i.e. home loans, consumer finance, SME funding, leasing and insurance), partly through cross-selling to group clients and via digital channels. Other priorities include the sale of funds and increased fee income.
  - focusing – as regards the banking business in Bulgaria – on increasing the Group's share of the lending market in all segments, while applying a robust risk framework. The KBC Group's insurer, DZI, is likewise maintaining its goal of growing faster than the market in both life and non-life insurance, via the KBC Bank NV and other channels.

In November 2021, the Group reached agreement on another acquisition in Bulgaria: Raiffeisenbank (Bulgaria), a universal bank in Bulgaria offering private individuals, SMEs and corporate entities a full range of banking, asset management, leasing and insurance services. Upon completion of the transaction (expected later in 2022) – which is currently pending the supervisory authority's approval – the intention is that Raiffeisenbank (Bulgaria) will be merged with UBB. The combined entity will have an estimated market share of roughly 18% in terms of assets and the acquisition will also create ample opportunity for insurance cross-selling with DZI. An overview of the KBC Bank Group's recent acquisitions is set out in the "We focus on sustainable and profitable growth" section of the Guarantor's 2021 Annual Report, which is incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus.

### **Activities in the rest of the world**

A number of companies belonging to the Guarantor are also active in, or have outlets in, countries outside the home markets, among which the Guarantor, which has a network of foreign branches and KBC Bank Ireland.

#### ***KBC Bank Ireland***

The loan portfolio of KBC Bank Ireland plc stood at approximately EUR 11 billion as at the end of December 2021, almost entirely relating to mortgage loans. At the end of December 2021, approximately 12% (EUR 1.3 billion) of the total Irish loan portfolio was impaired (of which EUR 0.7 billion more than 90 days past due). For the impaired loans, approximately EUR 0.64 billion impairments have been booked. The Group estimates its share of the Irish retail market in 2021 at 9%. It caters to around 0.3 million clients there. KBC Bank Ireland has 12 branches (hubs) in Ireland, alongside its digital channels. A full profit and loss scheme for Ireland is available in the Guarantor's segment reporting (see page 130 of the Guarantor's 2021 Annual Report which is incorporated by

reference into this Base Prospectus as set out in the section entitled "*Documents Incorporated by Reference*").

At the end of August 2021, KBC Bank Ireland reached agreement on the disposal of a non-performing mortgage loan portfolio of roughly 1.1 billion euros in a transaction financed by funds managed by CarVal Investors. This deal was finalised in early February 2022. In October 2021, KBC Bank Ireland confirmed that it had entered into a legally binding agreement with Bank of Ireland relating to the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book to Bank of Ireland. As part of the transaction, the latter will also acquire a small non-performing mortgage loan portfolio. The transaction remains subject to the approval of the supervisory authority and the Irish competition authorities. The finalisation of the two transactions will ultimately result in KBC's exit from the Irish market.

In the KBC Bank Group's financial reporting, KBC Bank Ireland is included in the International Markets Business Unit up to and including end of 2021. As of 2022, KBC Bank Ireland will move to the Group Centre.

More information is available in the press releases dated 30 August 2021, 22 October 2021 and 7 February 2022, published on [www.kbc.com](http://www.kbc.com). These documents are not incorporated by reference and do not form part of this Base Prospectus and have not been scrutinised or approved by the CSSF.

### ***Foreign branches of the Guarantor***

The foreign branches of the Guarantor are located mainly in Western Europe, Southeast Asia and the U.S. and focus on serving customers that already do business with the Group's Belgian or Central and Eastern European network. In the past years, many of the other activities of these branches have been wound down, stopped or sold, and the international credit portfolio has been scaled down. In the KBC Bank Group's financial reporting, the foreign branches of the Guarantor are part of the Belgium Business Unit.

### **Group Centre**

The three business units (Belgium, Czech Republic and International Markets) are supplemented by the Group Centre. The Group Centre includes, among other things, costs related to the holding of participations and the results of the remaining companies or activities earmarked for divestment or in run-down. As of 2022, the Group Centre will also include KBC Bank Ireland.

### **Competition**

All of the KBC Bank Group's operations face competition in the sectors they serve. Depending on the activity, competitor companies include other commercial banks, saving banks, loan institutions, consumer finance companies, investment banks, brokerage firms, specialised finance companies, asset managers, private bankers, investment companies, fintech and e-commerce companies.

In both Belgium and Central and Eastern Europe, KBC Bank Group has an extensive network of branches and KBC Bank Group believes most of its companies have strong name brand recognition in their respective markets.

In Belgium, the KBC Bank Group is perceived as belonging to the top three (3) financial institutions. For certain products or activities, the KBC Bank Group estimates it has a leading position (e.g. in the area of investment funds). The main competitors in Belgium are BNP Paribas Fortis, Belfius and ING, although for certain products, services or markets, other financial institutions may also be important competitors.

In its Central and Eastern European home markets, the KBC Bank Group is one of the important financial groups, occupying significant positions in banking. In this respect, the KBC Bank Group competes, in each of these countries, against local financial institutions, as well as subsidiaries of other large foreign financial groups (such as Erste Bank, Unicredit and others).

In the rest of the world, the KBC Bank Group's presence mainly consists of KBC Bank Ireland plc, which is active in Ireland, and a limited number of branches and subsidiaries. In the latter case, the Group faces competition both from local companies and international financial groups.

KBC Bank Ireland plc is a challenger bank. Its main competitors are the large domestic banks (such as Allied Irish Banks plc and Bank of Ireland plc).

### **Staff**

In 2021, the KBC Bank Group had, on average and on a consolidated basis, about 28,600 employees (in full time or equivalent-numbers), the majority of whom were located in Belgium and Central and Eastern Europe. In addition to consultations, at works council meetings and at meetings with union representatives and with other consultative bodies, the KBC Bank Group also works closely in other areas with employee associations. There are various collective labour agreements in force.

### **Risk Management**

Mainly active in banking and asset management, the KBC Bank Group is exposed to a number of typical industry-specific risks such as – but certainly not exclusively – credit risk, market risks, movements in interest rates and exchange rates, currency risk, liquidity risk, operational risk, exposure to emerging markets, changes in regulations and customer litigation as well as the economy in general. Material risk factors affecting the Guarantor are mentioned in the section entitled "*Risk Factors*" on page 5 of this Base Prospectus.

Risk management in the Group is effected group-wide.

More detailed information can be found in KBC Group NV's 2021 Risk Report, available at <https://www.kbc.com/content/dam/kbccom/doc/investor-relations/Results/jvs-2021/risk-report-2021.pdf>. This document is not incorporated by reference and does not form part of this Base Prospectus, and it has not been scrutinised or approved by the CSSF.

### **Banking supervision and regulation**

#### **Introduction: supervision by the European Central Bank**

KBC Bank NV, a credit institution governed by the laws of Belgium, is subject to detailed and comprehensive regulation in Belgium, and is supervised by the European Central Bank ("**ECB**"), acting as the supervisory authority for prudential supervision of significant financial institutions. The ECB exercises its prudential supervisory powers by means of application of EU rules and national (Belgian) legislation. The supervisory powers conferred to the ECB include, amongst others, the granting and withdrawal of authorisations to and from credit institutions, the assessment of acquisitions and disposals of qualifying holdings in credit institutions, ensuring compliance with the rules on equity, liquidity, statutory ratios and the carrying out of supervisory reviews (including stress tests) for credit institutions.

Pursuant to Regulation (EU) n° 468/2014 of 16 April 2014 establishing a framework for cooperation within the Single Supervisory Mechanism between the ECB and national competent authorities, a joint supervisory team has been established for the prudential supervision of KBC Bank (and KBC Group

NV). This team is composed of staff members from the ECB and from the national supervisory authority (*in casu* the NBB) and working under the coordination of an ECB staff member.

The Financial Services and Markets Authority ("**Belgian FSMA**"), an autonomous public agency, is in charge of the supervision of conduct of business rules for financial institutions and financial market supervision.

EU directives have had and will continue to have a significant impact on the regulation of the banking business in the EU, as such directives are implemented through legislation adopted in each Member State, including Belgium. The general objective of these EU directives is to promote the realisation of a unified internal market for banking services and to improve standards of prudential supervision and market efficiency through harmonisation of core regulatory standards and mutual recognition among EU Member States of regulatory supervision and, in particular, licensing.

### **Supervision and regulation in Belgium**

The banking regime in Belgium is governed by the Banking Law. The Banking Law replaces the Law on the legal status and supervision of credit institutions of 22 March 1993 and implements various EU directives, including, without limitation, Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by Directive (EU) 2019/878 of 20 May 2019, and as may be further amended or replaced from time to time ("**CRD**") and, where applicable, Regulation (EU) n° 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of 20 May 2019, and as may be further amended or replaced from time to time ("**CRR**", and together with CRD, "**CRD IV**") and Directive 2014/59 of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended by Directive (EU) 2019/879 of 20 May 2019 ("**BRRD**"). CRD IV applies in Belgium since 1 January 2014, subject to certain requirements being phased in over a number of years, as set out therein. BRRD has formally been transposed into Belgian Law by amending the Banking Law with effect from 16 July 2016.

The Banking Law sets forth the conditions under which credit institutions may operate in Belgium and defines the regulatory and supervisory powers of the ECB and the NBB. The main objective of the Banking law is to protect public savings and the stability of the Belgian banking system in general.

### **Supervision of credit institutions**

All Belgian credit institutions must obtain a license from the ECB before they may commence operations. In order to obtain a license and maintain it, each credit institution must fulfil numerous conditions, including certain minimum paid-up capital requirements.

In addition, any shareholder acquiring, individually or acting in concert with another person or persons, a "qualifying holding" in the credit institution (i.e. a direct or indirect holding which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that institution) must be of "fit and proper" character to ensure proper and prudent management of the credit institution. Prior notification to the NBB and no indication of opposition by the ECB is required each time a person decides to acquire a qualifying holding in a credit institution or to further increase such qualifying holding as a result of which the proportion of the voting rights or of the capital held would reach or exceed 20%, 30% or 50%, or so that the credit institution would become its subsidiary. If the ECB considers that the participation of a shareholder in a credit institution jeopardises its sound and prudent management, it may suspend the voting rights attached to such participation and, if necessary, request that the shareholder transfers to a third party its participation in the credit institution.

Furthermore, a shareholder who decides to dispose, directly or indirectly, of a qualifying holding or to reduce it so that the proportion of the voting rights or of the capital held would fall below 20%, 30% or 50% or so that the credit institution would cease to be its subsidiary, must notify the NBB thereof.

The Belgian credit institution itself is obliged to notify the NBB of any such transfer when it becomes aware thereof.

Moreover, every shareholder acquiring a holding or increasing its holding (directly or indirectly, individually or acting in concert with third parties) to 5% or more of the capital of the voting rights without acquiring a qualifying holding, must notify the NBB thereof within ten working days. The same shall apply to a shareholder who no longer holds, directly or indirectly, more than 5% of the voting rights or capital in a credit institution.

The Banking Law requires credit institutions to provide detailed periodic financial information to the ECB and, under certain circumstances, the NBB and the Belgian FSMA.

The ECB also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to credit institutions.

The ECB sets the minimum capital adequacy ratios applicable to credit institutions. The ECB may also set other ratios, for example, with respect to the liquidity and gearing of credit institutions. It also sets the standards regarding solvency, liquidity, risk concentration and other limitations applicable to credit institutions and the publication of this information. The NBB may in addition impose capital requirements for capital buffers (including countercyclical buffer rates and any other measures aimed at addressing systemic or macro-prudential risks).

In order to exercise its prudential supervision, the ECB may require that all information with respect to the organisation, the functioning, the position and the transactions of a credit institution be provided to it. Further, the ECB supervises, among other things, the management structure, the administrative organisation, the accounting and the internal control mechanisms of a credit institution. In addition, the ECB may conduct on-site inspections (with or without the assistance of NBB staff).

The comprehensive supervision of credit institutions is also exercised through statutory auditors who cooperate with the supervisor in its prudential supervision. A credit institution selects its statutory auditor from the list of auditors or audit firms accredited by the NBB.

Within the context of the European System of Central Banks, the NBB issues certain recommendations regarding monetary controls.

The Banking Law has introduced a prohibition in principle on proprietary trading as from 1 January 2015. However, certain proprietary trading activities are excluded from this prohibition. Permitted proprietary trading activities (including certified market-making, hedging, treasury management, and long-term investments) are capped, and these types of activities must comply with strict requirements on reporting, internal governance and risk management.

### **Bank governance**

The Banking Law also puts a lot of emphasis on the solid and efficient organisation of credit institutions and introduces to that effect a dual governance structure at management level, specialised advisory committees within the Board of Directors (Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee), independent control functions, and strict remuneration policies (including limits on the amount of variable remuneration, the form and timing for vesting and payment of variable remuneration, as well as Claw-Back Mechanics).

The Banking Law makes a fundamental distinction between the management of banking activities, which is within the competence of the Executive Committee, and the supervision of management and the definition of the credit institution's general and risk policy, which is entrusted to the Board of Directors. According to the Banking Law, KBC Bank has an Executive Committee of which each member is also a member of the Board of Directors.

Pursuant to the Banking Law, the members of the Executive Committee and the Board of Directors need to permanently have the required professional reliability and appropriate experience. The same goes for the responsible persons of the independent control functions.

The NBB Governance Manual for the Banking Sector (the "**Governance Manual**") contains recommendations to assure the suitability of shareholders, management and independent control functions and the appropriate organisation of the business.

As required by the Banking Law and the Governance Manual, KBC Group NV has drafted a Group Internal Governance Memorandum (the "**Governance Memorandum**"), which sets out the corporate governance policy applying to KBC Group NV and its subsidiaries and of which the governance memorandum of KBC Bank NV forms part. The corporate governance policy of a credit institution must meet the principles set out in the law and the Governance Manual. The most recent version of the Governance Memorandum was approved on 17 December 2020 by the Board of Directors of KBC Group NV, KBC Bank and KBC Insurance NV.

KBC Bank NV also has a Corporate Governance Charter which is published on [www.kbc.com](http://www.kbc.com). This document is not incorporated by reference and does not form part of this Base Prospectus, and it has not been scrutinised or approved by the CSSF.

### **Solvency supervision**

Capital requirements and capital adequacy ratios are provided for in the CRR, transposing the Basel III regulation into European law. CRR requires that credit institutions must comply with several minimum solvency ratios. These ratios are defined as Common Equity Tier 1, Tier 1 or Total Capital divided by risk weighted assets. Risk weighted assets are the sum of all assets and off-balance sheet items weighted according to the degree of credit risk inherent in them. The solvency ratios also take into account market risk with respect to the bank's trading book (including interest rate and foreign currency exposure) and operational risk in the calculation of the weighted risk. On top of the capital requirements defined by the solvency ratios, the regulation imposes a capital conservation buffer and, in certain cases a systemic risk buffer and/or a countercyclical buffer.

Solvency is also limited by the leverage ratio, which compares Tier 1 capital to non-risk weighted assets.

Solvency is also limited by the leverage ratio, which compares Tier 1 capital to the total exposure measure (non-risk weighted).

The minimum solvency ratios required under CRD IV are 4.5% for the CET1 ratio, 6.0% for the tier-1 capital ratio and 8.0% for the total capital ratio (i.e., the pillar 1 minimum ratios). As a result of its supervisory review and evaluation process ("**SREP**") or its examination of internal approaches, the competent supervisory authority (in the Guarantor's case, the ECB):

- can require the Guarantor to maintain higher minimum ratios (i.e. a pillar 2 requirement of 1.75%) because, for instance, not all risks are properly reflected in the regulatory pillar 1 calculations and a pillar 2 guidance of 1.0% to absorb adverse scenarios;

- can take other measures such as imposing the reservation of distributable profits in whole or in part, requiring that variable remuneration be limited to a percentage of the profits and requiring the institution to limit the risk associated with certain activities or products or with its organisation, where appropriate by imposing the total or partial transfer of its business or network.

In total, this brings the fully loaded CET1 capital requirement to 10.45% (4.5% (pillar 1) + 1.75% (pillar 2 requirement) + 2.5% (conservation buffer) + 1.5% (systemic buffer) + 0.20% (countercyclical buffer)), with an additional pillar 2 guidance of 1% consolidated at KBC Bank Group level.

The fully loaded Tier 1 capital and total own funds requirements amounts to 11.95% (10.45% CET1 + 1.5% additional Tier 1) respectively 13.95% (11.95% Tier 1 + 2% Tier 2).

On top of this, a number of additional buffers have to be put in place, including a capital conservation buffer of 2.5%, a buffer for systemically important banks ("**O-SII buffer**", to be determined by the national competent authority) and a countercyclical buffer in times of credit growth (between 0% and 2.5%, likewise to be determined by the national competent authority).

For an overview of the regulatory capital requirements at the level of KBC Bank for 2021, as well as a breakdown of the total regulatory capital and solvency ratios at the level of KBC Bank as at 31 December 2021, please refer to page 81 of the Guarantor's 2021 Annual Report, which has been incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus.

The payment of dividends by Belgian credit institutions is not limited by Belgian banking regulations, except indirectly through capital adequacy and solvency requirements when capital ratios fall below certain thresholds. The pay-out is further limited by the general provisions of Belgian company law.

In March 2020, the ECB published a 'Recommendation on dividend distributions during the COVID-19 pandemic' in which the ECB recommends that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by institutions (on a consolidated level) for the financial year 2019 and 2020 and that institutions refrain from share buy-backs aimed at remunerating shareholders<sup>5</sup>. In July 2020, the ECB decided to extend this recommendation until 1 January 2021. On 15 December 2020, the ECB called on banks to refrain from or limit dividends until 30 September 2021 and recommended that banks exercise extreme prudence on dividends and share buy-backs<sup>6</sup>. On 23 July 2021, the ECB decided not to extend beyond September 2021 its recommendation<sup>7</sup>. However, the ECB has indicated that banks should remain prudent when deciding on dividends and share buy-backs, carefully considering the sustainability of their business model and that they should not underestimate the risk that additional losses may later have an impact on their capital trajectory as support measures expire.

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<sup>5</sup> European Banking Authority, "Statement on dividends distribution, share buybacks and variable remuneration", 31 March 2020; European Banking Authority, "EBA statement on actions to mitigate the impact of COVID-19 on the EU banking sector", 12 March 2020

<sup>6</sup> European Banking Authority, "ECB asks banks to refrain from or limit dividends until September 2021", 15 December 2020, available at: [https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr201215-4742ea7c8a.en.html#:~:text=The%20European%20Central%20Bank%20\(ECB,distributions%2C%20until%2030%20September%202021.](https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr201215-4742ea7c8a.en.html#:~:text=The%20European%20Central%20Bank%20(ECB,distributions%2C%20until%2030%20September%202021.)

<sup>7</sup> European Banking Authority, "ECB decides not to extend dividend recommendation beyond September 2021 (europa.eu)". The information contained on this website does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

For completeness, in 2020 the Guarantor paid a dividend of EUR 1.1 billion to its parent company KBC Group NV (intragroup payment).

### **Large exposure supervision**

European regulations ensure the solvency of credit institutions by imposing limits on the concentration of risk in order to limit the impact of failure on the part of a large debtor. For this purpose, credit institutions must limit the amount of risk exposure to any single counterparty to 25% of the total capital. European regulations also require that the credit institutions establish procedures to contain concentrations on economic activity sectors and geographic areas.

### **Anti-Money laundering**

Belgium has implemented Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing by the law of 18 September 2017 on the prevention of money laundering, terrorist financing and on the limitation of the use of cash (the "**Law of 18 September 2017**"). This legislation imposes obligations in relation to the prevention of money laundering and the financing of terrorism ("**ML/TF**") to certain obliged entities, including credit and financial institutions. These obligations are related to, among others, to the identification of the client, the client's representatives and ultimate beneficial owners, the identification of the client's characteristics and the purpose and nature of the business relationship, the ongoing due diligence during the business relationship, the enhanced due diligence in particular cases (such as in case of politically exposed persons), the appointment of an anti-money laundering compliance officer, the training of personnel and the restriction on the use of cash. The implementation of measures shall be risk-based meaning that the measures shall be differentiated according to the obliged entities' ML/TF risk.

The Law of 18 September 2017 also imposes the obligation to promptly notify suspicious transactions to an independent administrative authority, the Financial Intelligence Unit. This Unit is designated to receive reports on suspicious transactions, to investigate them and, if necessary, to report to the criminal prosecutors to initiate proceedings. The NBB has issued guidelines for credit and financial institutions and supervises their compliance with this legislation. Belgian criminal law specifically addresses criminal offences of money-laundering (Article 505 of the Criminal Code) and sanctions them with a prison sentence of a minimum of fifteen days and a maximum of five years and/or a fine of a minimum of EUR 26 and a maximum of EUR 100,000 (to be multiplied by 8).

### **Consolidated supervision – supplementary supervision**

KBC Bank is subject to consolidated supervision by the ECB on the basis of the consolidated financial situation of KBC Group NV, which covers, among other things, solvency as described above, pursuant to Articles 165 and following of the Banking Law. As a subsidiary of a Belgian mixed financial holding company (KBC Group NV) and part of a financial conglomerate, KBC Bank is also subject to the supplementary supervision by the ECB, according to Directive 2011/89/EU of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (implemented in Articles 185 and following of the Banking Law). The supplementary supervision relates to, among other things, solvency, risk concentration and intra-group transactions and to enhanced reporting obligations.

The consolidated supervision and the supplementary supervision will be aligned as much as possible, as described in Article 170 of the Banking Law.

## **Bank recovery and resolution**

The Banking Law establishes a range of instruments to tackle potential crises of credit institutions at three stages:

(i) Preparation and prevention

Credit institutions have to draw up recovery plans, setting out the measures they would take to restore their financial position in the event of a significant deterioration to their financial position. These recovery plans must be updated at least annually or after a change to the legal or organisational structure of the institution, its business or its financial situation, which could have a material effect on, or necessitates a change to, the recovery plans. In its review of the recovery plan, the ECB pays particular attention to the appropriateness of the capital and financing structure of the institution in relation to the degree of complexity of its organisational structure and its risk profile.

The SRB will have to prepare a resolution plan for each significant Belgian credit institution, laying out the actions it may take if it were to meet the conditions for resolution. The resolution college of the NBB has the same powers with regard to the non-significant Belgian credit institutions. If the SRB or the Resolution College identifies material impediments to resolvability during the course of this planning process, it can require a credit institution to take appropriate measures, including changes to corporate and legal structures.

(ii) Early intervention

The ECB/NBB disposes of a set of powers to intervene if a credit institution faces financial distress (e.g. when a credit institution is not operating in accordance with the provisions of the Banking Law or CRD IV), but before its financial situation deteriorates irreparably. These powers include the ability to dismiss the management and appoint a special commissioner, to convene a meeting of shareholders to adopt urgent reforms, to suspend or prohibit all or part of the credit institution's activities (including a partial or complete suspension of the execution of current contracts), to order the disposal of all or part of the credit institution's shareholdings, and finally, to revoke the license of the credit institution.

(iii) Resolution

Pursuant to the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amending the Regulation (EU) No 1093/2010 of the European Parliament and of the Council (the Single Resolution Mechanism or SRM), as amended by Regulation (EU) 2019/877 of 20 May 2019, the Single Resolution Mechanism entered into force on 19 August 2014 and applies to credit institutions which fall under the supervision of the ECB. It established a Single Resolution Board (SRB), a resolution decision-making authority replacing national resolution authorities (such as the Resolution College of the NBB) for resolution decisions with regard to significant credit institutions. The SRB is responsible since 1 January 2016 of vetting resolution plans and carrying out any resolution in cooperation with the national resolution authorities (the SRB together with the resolution college of the NBB is hereinafter referred to as the Resolution Authority).

The Guarantor and KBC Group NV are credit institutions falling within the scope of the Single Supervisory Mechanism.

The resolution authority can decide to take resolution measures if it considers that all of the following circumstances are present: (i) the determination has been made by the resolution authority, after consulting the competent authority, that a credit institution is failing or is likely to fail, (ii) there is no reasonable prospect that any alternative private sector measures or supervisory action can be taken to prevent the failure of the institution, and (iii) resolving the credit institution is necessary from a public interest perspective. The resolution tools are: (i) the sale of (a part of) the assets/liabilities or the shares of the credit institution without the consent of shareholders, (ii) the transfer of business to a temporary structure ("bridge bank"), (iii) the separation of clean and toxic assets and the transfer of toxic assets to an asset management vehicle and (iv) bail-in. Each decision will be subject to prior judicial control.

The fourth resolution tool, i.e. the bail-in tool, entered into force on 1 January 2016. It was implemented into Belgian law through the Royal Decree of 18 December 2015 implementing the Banking Law. Bail-in is a mechanism to write down the eligible liabilities (subordinated debt, senior debt and eligible deposits) or to convert debt into equity, as a means of restoring the institution's capital position. The resolution authority is also empowered (and in certain circumstances required) to write down or convert capital instruments (such as Common Equity Tier 1-, Additional Tier 1- and Tier 2-instruments), before or together with the use of any resolution tools, if it determines that a credit institution becomes non-viable, that the conditions for the exercise of the resolution powers are fulfilled and/or that a credit institution has asked for public support.

The applicability of the resolution tools and measures to credit institutions that are part of a cross-border group are regulated by the Royal Decree of 26 December 2015 amending the Banking Law, which entered into force on 1 January 2016.

### **Material contracts**

No member of the KBC Bank Group has entered into any material contracts outside the ordinary course of its business which could result in any member of the KBC Bank Group being under an obligation or entitlement that is material to the Guarantor's ability to meet its obligations under the Warrants.

### **Recent events**

*February 2022:* KBC Group and KBC Bank Ireland finalised the deal announced on 30 August 2021 concerning the sale of a nonperforming mortgage loan portfolio of roughly 1.1 billion euros in a transaction financed by funds managed by CarVal Investors.

*February 2022:* Ukraine: for a statement regarding the (consequences of the) war in Ukraine at the time the annual report was being prepared, please refer to note 6.8 on page 184 of the Guarantor's 2021 Annual Report.

*May 2022:* KBC Group, the parent company of KBC Bank, issued its first quarter's results on 12 May 2022 (Please refer to KBC Group's Q1 2022 quarterly report available on [www.kbc.com](http://www.kbc.com)). In that quarterly report, an update on the Ukraine situation and the consequences for KBC is provided on page [3] and pages [22-23].

### **Trend information**

The main sources for this section are the European Banking Authority, the ECB and the European Commission.

### **Banking sector**

The European banking sector weathered the COVID-19 recession relatively well. Banks supported the post-pandemic recovery by maintaining adequate lending to households and corporates in the pandemic. Government support measures contributed to the overall benign development of asset quality, while the expiration of moratoria on loans did not result in a material deterioration. EBA figures show that, at the end of 2021, the non-performing loan (NPL) ratio of euro area banks was down 70 basis points compared with the end of 2019, i.e., just before the outbreak of the pandemic.

At the end of 2021, the common equity tier 1 (CET1) ratio (fully loaded) of the EU banks was 15.4%, up 40 basis points compared with the end of 2019 and close to its historical high, according to EBA figures. This strong capital position is likely to allow the banking system to cope with the challenges stemming from the lingering pandemic and the economic shock from the war in Ukraine, energy price increases, and stronger inflationary pressures.

EU bank profitability improved in 2021, following a contraction in 2020. Going forward, increasing interest rates may have a positive impact on profitability, but structural challenges for long-term sustainable profitability of banks remain. They include significant challenges to enhance cost efficiency in a competitive environment, continuously putting pressure on net interest margins and fee income. At the same time new technologies trigger challenges to business models. Banks with a large customer and diversified income base are likely best suited to cope with these challenges. Meanwhile, enhanced economic governance and the banking union, which still needs to be completed, significantly strengthened the eurozone architecture and offer a more stable banking sector environment than in the pre-Global Financial Crisis years.

### **General economic environment and risks**

The economic implications of Russia's invasion of Ukraine and related sanctions have already started to unfold and will continue to affect the global economy. The Russia-Ukraine war imposes a large negative supply shock given Russia's (and to some extent also Ukraine's) outsized role in global commodity markets, stretching from energy and metals to agriculture. Indeed, so far, the most direct effect of the war on the global economy is felt from higher commodity – especially energy – prices.

The oil market has remained particularly volatile since Russia's invasion of Ukraine. The largest US-led Strategic Petroleum Reserve release in history, amounting to 240 million barrels over the next 6 months, will provide some near-term relief to the market. However, these additional supplies still fall short of the self-sanctioning-induced loss of Russian oil exports, implying very tight market conditions going forward. Hence, the Group's outlook assumes oil prices remaining high throughout 2022, with the risks tilted to the upside. Meanwhile, natural gas prices (Dutch TTF) have stabilised somewhat, roughly five times higher on a year-on-year basis. The uncertainty surrounding future Russian gas supplies nonetheless persists. So far, Russian gas exports continue to flow into Europe, yet the risk of an abrupt halt of gas supplies from Russia is notable. At the same time, the impact of the Russia-Ukraine war on agriculture commodities and by extension on food prices should not be underestimated. Russia and Ukraine together account for a quarter of the world's wheat exports, as well as a large share of global production of other grains. A food price shock will be felt across the global economy. However, emerging markets and developing countries appear particularly vulnerable due to the higher share of food in the household spending basket.

A further surge in commodity prices due to the Russia-Ukraine war will lead to higher inflation and lower economic growth, particularly in Europe. The overall impact on the US will be significantly less severe given its broadly neutral energy import-export balance. The Group has markedly upgraded its inflation outlook for 2022 and 2023 to take into account the war-induced surge in energy and other commodity prices, particularly in the euro area. Inflationary pressures have been building for over a year now, with

the latest inflation figures reaching multi-decade highs in both the US and the euro area. In general, the Group believes that headline inflation will stay higher for longer and is set to come substantially down towards central banks' 2% target only in the course of 2023.

Near-term inflation risks are still tilted to the upside with the war in Ukraine possibly leading to even stronger upward pressures on prices. At the same time, developments beyond the war are also important, in particular those related to the pandemic. China is currently experiencing its worst COVID-19 outbreak since the start of the pandemic, raising the risk of longer – if not more intensified – supply chain disruptions. The Group expects euro area inflation to stay elevated for several months, with volatility in global commodity markets continuing to dominate price dynamics. Strong inflationary pressures have also taken hold in the US. In contrast to the euro area, price pressures in the US are more broad-based. The Group believes that US headline inflation peaked in March. A strong negative base effect, together with lower gasoline prices, will drive US inflation down in the coming months. In the medium-term, the more restrictive Federal Reserve monetary policy will probably bring disinflation in the fourth quarter of 2022 and through 2023.

The euro area economy is heavily exposed to a stronger and longer-lasting energy shock, reflecting its large dependence on Russian energy imports. As a result, the euro area is set to bear the brunt of the economic shock caused by the Russian invasion in Ukraine. The recovery in the euro area is expected to come to a standstill due to negative spillovers from the war in Ukraine and a technical recession cannot be ruled out. Higher (energy) prices will weigh on real income and thus dampen household consumption, while softer business confidence is likely to weigh on investment demand. On the other hand, high levels of excess household savings and fiscal measures adopted to mitigate the impact of elevated energy prices will cushion the adverse shock. However, the uncertainty around the outlook remains elevated, as the evolution of economic activity remains highly dependent on future geopolitical developments. A major downside risk to the Group's growth outlook represents a disruption in Russian gas supplies to Europe leading to widespread gas rationing.

In contrast to Europe, the US economy is less likely to be materially affected by the Russia-Ukraine war. Thanks to its large home-grown shale oil and gas sectors, the US is no longer a significant net importer of energy, meaning it is less exposed to sharp spikes in energy prices. On the aggregate level, the negative effect on household consumption from higher energy prices is largely offset by the positive effect of increased activity in its domestic energy sector. The rise in energy costs is thus acting primarily as a wealth transfer from the domestic consumers to the domestic energy sector. Meanwhile, the negative real income shock is set to be cushioned by strong household balance sheets and excess savings built up during the pandemic, keeping consumer spending relatively resilient. Looking ahead, the Group nonetheless sees room for some moderation in growth dynamics, given real income losses for households from elevated inflation and the Group's updated outlook for a more restrictive Federal Reserve monetary policy and tighter financing conditions.

## **Litigation**

This section sets out material litigation to which KBC Bank NV or any of its companies (or certain individuals in their capacity as current or former employees or officers of KBC Bank NV or any of its companies) are party. It describes all claims, quantified or not, that could lead to the impairment of the company's reputation or to a sanction by an external regulator or governmental authority, or that could present a risk of criminal prosecution for the company, the members of the board or the management.

Although the outcome of these matters is uncertain and some of the claims concern relatively substantial amounts in damages, the management does not believe that the liabilities arising from

these claims will adversely affect KBC Bank's consolidated financial position or results, given the provisions that, where necessary, have been set aside for these disputes.

### ***Lazare Kaplan International Inc.***

Lazare Kaplan International Inc. is a U.S. based diamond company ("**LKI**"). Lazare Kaplan Belgium NV is LKI's Belgian affiliate ("**LKB**"). LKI and LKB together are hereinafter referred to as "**LK**". The merger between KBC Bank NV and Antwerpse Diamantbank NV ("**ADB**") on 1 July 2015 entails that KBC Bank is now a party to the proceedings below, both in its own name and in its capacity as legal successor to ADB.

However, for the sake of clarity, further reference is made to ADB on the one hand and KBC Bank NV on the other hand as they existed at the time of the facts described.

### ***Fact summary***

Since 2008, LKB has been involved in a serious dispute with its former business partners, DD Manufacturing NV and KT Collection BVBA ("**Daleyot**"), Antwerp based diamond companies belonging to Mr. Erez Daleyot. This dispute relates to a joint venture LK and Daleyot set up in Dubai (called "**Gulfdiam**").

LKB and Daleyot became entangled in a complex litigation in Belgium, each claiming that the other party is their debtor. Daleyot initiated proceedings before the Commercial Court of Antwerp for payment of commercial invoices for an amount of (initially) approximately USD 9 million. LKB launched separate proceedings for payment of commercial invoices for (initially) an amount of approximately USD 38 million.

At the end of 2009, ADB terminated LK's credit facilities. After LK failed to repay the amount outstanding of USD 45 million, ADB started proceedings before the Commercial Court of Antwerp, section Antwerp for the recovery of said amount. In a bid to prevent having to pay back the amount owed, LK in turn initiated several legal proceedings against ADB and/or KBC Bank NV in Belgium and the USA. These proceedings, which are summarised below, relate to, inter alia, the dispute between ADB and LKI with regard to the termination of the credit facility and the recovery of all the monies LKI owes under the terminated credit facility as well as allegations that LK was deprived out of circa USD 140 million by DD Manufacturing and other Daleyot entities in cooperation with ADB.

### ***Overview Legal Proceedings***

Belgian proceedings (overview per court entity)

#### ***A.1 Company Court of Antwerp, section Antwerp***

On 16 March 2010, proceedings were initiated by ADB against LKI in order to recover the monies owed to it under the terminated credit facility (approximately USD 45 million in principal). LKB voluntarily intervened in this proceeding and claimed an amount of USD 350 million from ADB. LKI launched a counterclaim of USD 500 million against ADB (from which it claims any amount awarded to LKB must be deducted).

LKI and /or LKB started numerous satellite proceedings with the sole aim to delay the decision of the Company Court of Antwerp, section Antwerp regarding ADB's recovery claim. (see also proceedings described under point A.2., A.3. and A.4.). Numerous times LKI and/or LKB were convicted for reckless and vexatious legal actions and were ordered to pay KBC Bank NV in damages for a total amount of EUR 595,000 and legal expenses (including the legal representation costs) of EUR 222,015.51 (including the amounts granted by the decisions described under point A.3 below).

Numerous times LKI and/or LKB were convicted for reckless and vexatious legal actions and were ordered to pay the Guarantor in damages for a total amount of EUR 495,000 and legal expenses (including the legal representation costs) of EUR 204,015.51 (including the amounts granted by the decisions described under A.3 below).

All decisions (45) regarding these proceedings rejected LKI and /or LKB's claims / legal actions. Only three decision were rendered in favor of LKI. The first was a decision of the United States Court of Appeals for the Second Circuit in 2013 whereby the RICO case was reversed and remanded back to the District Court on legal technical grounds. The second decision was the ruling of Court of Cassation dated 19 December 2019 which only partially annulled the Antwerp Court of Appeal decision of 13 December 2018 regarding the lack of reasoning in relation to the order of LKI and LKB to pay damages for vexatious reckless proceedings. The case was only sent to the Brussel Court of Appeal on this aspect. The third decision was the ruling of the Court of Cassation dated 25 January 2021 annulling the decision of the Antwerp Court of Appeals dated 28 February 2019 but only on technical legal grounds (see point A.3. below).

As of today after almost 10 years of litigation the Company Court of Antwerp, section Antwerp has still not been able to decide on the merits of the case. On 6 October 2020 the Company Court of Antwerp ordered a briefing schedule inviting parties to take a position on the procedural objections invoked by LK regarding the handling of KBC Bank's claim by the Court.

On 3 June 2021, the Company Court of Antwerp, section Antwerp declared that it has jurisdiction to rule on all claims and dismissed the procedural objections invoked by LK. A court hearing was set for 8 September 2022.

However, LKB and LKI lodged separate appeals against the decision of 3 June 2021. The Antwerp Court of Appeal merged the two appeals and set 20 October 2022 as the hearing date to address the procedural objections raised by LK.

#### *A.2 Company Court of Antwerp, section Antwerp*

On 28 July 2014, LK launched proceedings against ADB and certain Daleyot entities. This claim is aimed at having certain transactions of the Daleyot entities declared null and void or at least not opposable against LK.

LK also filed a damage claim against ADB for a provisional amount of USD 60 million based on the alleged third party complicity of ADB. This case is still pending. The court postponed the case *sine die*.

#### *A.3 Company Court of Antwerp, section Antwerp*

On 10 December 2014, LKB filed a proceeding against ADB and KBC Bank NV claiming an amount of approximately 77 million USD, based on the allegedly wrongful grant and maintenance of credit facilities by ADB and KBC Bank NV to the Daleyot entities. In its last court brief LK claims an additional amount of approximately 5 million USD.

By decision of 7 February 2017, the Commercial Court of Antwerp, section Antwerp (now Company Court of Antwerp, section Antwerp) dismissed LKB's claim. Moreover, the Court decided that the proceedings initiated by LKB were reckless and vexatious and ordered LKB to pay EUR 250,000 in damages, as well as the maximum legal representation cost of EUR 72,000.

LKB appealed against the decision of 7 February 2017. On 28 February 2019, the Antwerp Court of Appeals dismissed LKB's appeal. LKB was ordered to pay the legal representation cost for the appeal proceedings of EUR 18,000. On 18 June 2019 LKB initiated proceedings before the Court of Cassation against the decision of the Antwerp Court of Appeals dated 28 February 2019. On 25 January 2021,

the Court of Cassation annulled the decision of the Antwerp Court of Appeals, but only on technical legal grounds relating to the Court of Appeals' assessment of the limitation period for LKB's liability claims. The case is sent to the Ghent Court of Appeals.

LKI – which was not a party to the first instance proceedings – commenced third-party opposition proceedings against the same decision with the Commercial Court (now Company Court). By decision of 7 May 2019, the Company Court dismissed the third- party opposition proceedings initiated by LKI. The Court ordered LKI to pay the legal representation cost of EUR 1,440.

#### *A.4 Criminal complaint*

On 13 October 2016 LK filed a criminal complaint with the Investigating Magistrate at the Dutch speaking Court of First Instance of Brussels against KBC Bank NV. On 9 April 2019 LK filed an additional complaint with the same Investigation Magistrate against KBC Bank NV and certain of its (former) employees. The criminal complaints are based, inter alia, on: embezzlement, theft and money-laundering

On 29 September 2021, KBC Bank received notification that the chambers section of the Criminal Court of Brussels will decide on the closure of the criminal investigation and on the regulation of procedure (either dismissal of charges or referral to the criminal court). On 16 November 2021 the chambers section of the Criminal Court decided to postpone indefinitely the proceedings because of LKI and LKB's request for additional investigation.

#### ***Bernard L. Madoff Investments Securities LLC and Bernard L. Madoff***

On 6 October 2011, Irving H. Picard, trustee for the substantively consolidated SIPA (Securities Investor Protection Corporation Act) liquidation of Bernard L. Madoff Investments Securities LLC and Bernard L. Madoff, sued KBC Investments Ltd (a wholly-owned subsidiary of KBC Bank) before the bankruptcy court in New York to recover approximately USD 110,000,000 worth of transfers made to KBC entities. The basis for this claim were the subsequent transfers that KBC Investments Ltd had received from Harley International, a Madoff feeder fund established under the laws of the Cayman Islands. This claim is one of a whole set made by the trustee against several banks, hedge funds, feeder funds and investors. In addition to the issues addressed by the district court, briefings were held on the applicability of the Bankruptcy Code's 'safe harbor' and 'good defenses' rules to subsequent transferees (as is the case for KBC Investments Ltd). KBC Investments Ltd, together with numerous other defendants, filed motions for dismissal. District court Judge Jed Rakoff has made several intermediate rulings in this matter, the most important of which are the rulings on extraterritoriality and good faith defences.

On 27 April 2014, Judge Rakoff issued an opinion and order regarding the 'good faith' standard and pleading burden to be applied in the Picard/SIPA proceeding based on sections 548(b) and 559(b) of the Bankruptcy Code. As such, the burden of proof that lies on Picard/SIPA is that KBC Investments Ltd should have been aware of the fraud perpetrated by Madoff. On 7 July 2014, Judge Rakoff ruled that Picard/SIPA's reliance on section 550(a) does not allow for the recovery of subsequent transfers received abroad by a foreign transferee from a foreign transferor (as is the case for KBC Investments Ltd.). Therefore, the trustee's recovery claims have been dismissed to the extent that they seek to recover purely foreign transfers. In June 2015, the trustee filed a petition against KBC Investments Ltd to overturn the ruling that the claim fails on extraterritoriality grounds. In this petition, the trustee also amended the original claim including the sum sought. The amount has been increased to USD 196,000,000.

On 21 November 2016, Judge Bernstein issued a memorandum decision regarding claims to recover foreign subsequent transfers, including the transfers which the trustee seeks to recover from KBC Investments Ltd. In this memorandum decision, Judge Bernstein concluded that the trustee's claims based on foreign transfers should be dismissed out of concern for international comity and ordered a dismissal of the action against KBC Investments Ltd. and on 3 March 2017, the Bankruptcy Court issued an appealable order denying the Madoff Trustee's request for leave to amend his Complaint and dismissing the Complaint. On 16 March 2017 the trustee Picard filed an appeal of dismissal, on 27 September 2017 the Second Circuit granted trustee Picard's petition for a direct appeal, on 10 January 2018 trustee Picard filed his opening brief in appeal to Second Circuit.

Briefing in the appeal was completed on 8 May 2018, and the Second Circuit held oral argument on 16 November 2018.

On 28 February 2019 the Second Circuit reversed the Bankruptcy Court's dismissal of the actions against KBC Investments Ltd on extraterritoriality and international comity grounds. The action against KBC Investments Ltd has therefore been remanded back to the Bankruptcy Court for further proceedings.

In April 2019 a request for rehearing was denied.

On 30 August 2019, a petition for writ of certiorari was filed with the U.S. Supreme Court to consider the appeal and reverse the Second Circuit decision by the joint defence group.

On 10 December 2019, the U.S. Supreme Court entered a brief order inviting the U.S. Solicitor General to file a brief expressing the views of the United States Government.

On 10 April 2020 the United States Solicitor General filed a brief recommending that the Supreme Court deny the Madoff defendants' petition for a writ of certiorari. On 2 June 2020, the U.S. Supreme Court denied the petition. As a consequence the merits of the case will be handled by the Bankruptcy Court.

KBC still believes there is a strong basis to get the action against KBC dismissed as there are a number of other defences that can be raised together with the joint defence group. The procedure may still take several years.

#### **4. FINANCIAL INFORMATION OF THE GUARANTOR**

##### **Financial statements**

The Guarantor's 2020 Annual Report and the Guarantor's 2021 Annual Report contain:

- the Guarantor's audited consolidated financial statements drawn up in accordance with International Financial Reporting Standards ("**IFRS**") for the last two financial years (2020 and 2021); and
- the Guarantor's audited non-consolidated financial statements drawn up in accordance with Belgian Generally Accepted Accounting Principles ("**GAAP**") for the last two financial years (2020 and 2021).

These annual reports of the Guarantor are incorporated by reference into this Base Prospectus as set out in the section entitled "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus.

### **Audit and review by the Guarantor's statutory auditors**

PricewaterhouseCoopers Bedrijfsrevisoren BV (*erkend revisor/réviseur agréé*), represented by Damien Walgrave and Jeroen Bockaert, with offices at Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium ("**PwC**"), has been appointed as auditor of the Guarantor for the financial years 2016-2018 and this appointment has been extended for the financial years 2019-2022. The financial statements of the Guarantor have been audited in accordance with International Standards on Auditing by PwC for the financial years ended 31 December 2020 and 31 December 2021 and resulted in an unqualified audit opinion.

PwC is a member of the *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*.

The report of the Guarantor's auditor on (i) the audited consolidated annual financial statements of the Guarantor and its consolidated subsidiaries for the financial years ended 31 December 2020 and 31 December 2021 and (ii) the audited non-consolidated annual financial statements of the Guarantor for the financial years ended 31 December 2020 and 31 December 2021 are incorporated by reference in this Base Prospectus (as set out in the section entitled "*Documents Incorporated by Reference*" on pages 37 to 39 of this Base Prospectus), with the consent of the auditor.

### **Changes since the most recent published financial statements**

There has been no material adverse change in the prospects of the Guarantor since 31 December 2021, i.e. the date of its last published audited financial statements.

There has been no significant change in the financial position of the Group nor in the solvency of the Guarantor since 31 December 2021, i.e. the end of the last financial period for which financial information has been published.

### **Expected financing and material changes in the guarantor's borrowing and funding structure**

The Guarantor's financing is linked to the Guarantor's core activity, being to provide financial services to retail, private banking and SME-and midcap clients.

There are no material changes in the Guarantor's borrowing or funding structure since 31 December 2021.

## TAXATION

*This section sets out an overview of certain taxation considerations relating to the Warrants.*

**Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Warrants.**

*Prospective purchasers of the Warrants are advised to consult their own tax advisers as to the tax consequence of purchasing, holding or selling the Warrants under the tax laws of the country of which they are resident, including, without limitation, the consequences of receipt of payment amounts and premium, if any, on and sale or cancellation of, the Warrants. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell Warrants. In particular, these discussions do not consider any specific facts or circumstances that may apply to a purchaser of the Warrants. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Base Prospectus. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.*

### **Belgium**

*This section provides a general description of the main Belgian tax aspects of acquiring, holding and/or disposing of the Warrants. This overview provides general information only and is restricted to the matters of Belgian taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of the Belgian tax treatment related to or resulting from any of the above-mentioned transactions.*

*This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Potential investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below.*

*Potential investors are recommended to consult their tax or other advisers and to make any assessment regarding the purchase of the Warrants on the basis of their own particular situation.*

*For purposes of this section, it is assumed that the acquisition of the Warrants does not qualify as a form of professional remuneration for the relevant beneficiaries and consequently falls outside the scope of the Belgian Stock Option Law of 26 March 1999.*

*In accordance with Belgian tax law, the following amounts are qualified and taxable as "interest": (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) if the Warrants qualify as "fixed income securities" (in the meaning of article 2, §1, 8° of the Belgian Income Tax Code), in case of a realisation of the Warrants between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.*

### **Withholding Tax and Income Tax**

#### **Tax rules applicable to natural persons resident in Belgium**

Belgian natural persons who are Belgian residents for tax purposes, i.e. who are subject to the Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Warrants as a private investment, are subject to the following tax treatment in Belgium with

respect to the Warrants. Other tax rules apply to Belgian resident individuals who do not hold the Warrants as a private investment.

Payments of interest amounts (the "**Interest Amounts**") on the Warrants made through a paying agent in Belgium will **in principle** be subject to a 30 per cent. withholding tax in Belgium (calculated on the Interest Amounts received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the Interest Amounts obtained on the Warrants in their personal income tax return, provided withholding tax was effectively levied on these interest payments. They may nevertheless elect to declare such Interest Amounts in respect of the Warrants in their personal income tax return if that would be beneficial from a tax perspective.

If the Interest Amounts are paid outside Belgium without the intervention of a Belgian paying agent, the Interest Amounts received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. The income received pursuant to the Interest Amounts which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 30 per cent. or at the progressive personal tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial. No local surcharges will be due. If the payment is declared, any Belgian withholding tax retained is creditable in accordance with the applicable legal provisions and any excess will in principle be refundable.

Capital gains realised on the transfer of the Warrants are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or are speculative in nature. Capital losses are in principle not tax deductible.

### **Belgian resident companies**

Corporate Warrantholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian corporate income tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*") are subject to the following tax treatment in Belgium with respect to the Warrants. Different rules apply to companies subject to a special tax regime, such as investment companies within the meaning of article 185bis of the Belgian Income Tax Code 1992 ("*Wetboek van de inkomstenbelastingen 1992*" / "*Code des impôts sur les revenus 1992*").

Interest derived by Belgian corporate investors on the Warrants and capital gains realised on the Warrants are taxable at the ordinary corporate income tax rate of 25%. Subject to certain conditions, a reduced corporate income tax rate of 20% applies for small enterprises (as defined by Article 1:24, §1 to §6 of the Belgian Companies and Associations Code ("*Wetboek van vennootschappen en verenigingen*" / "*Code des sociétés et associations*")) on the first EUR 100,000 of taxable profits.

Capital losses are in principle deductible.

Payments of Interest Amounts on the Warrants made through a paying agent in Belgium can, under certain circumstances, be exempt from withholding tax, provided a special certificate is delivered. Any Belgian withholding tax that has been levied by, for example, an intervening Belgian paying agent is creditable in accordance with the applicable legal provisions and any excess will in principle be refundable.

### **Belgian legal entities**

Legal entity Warrantholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*Impôt des personnes morales*") are subject to the following tax treatment in Belgium with respect to the Warrants.

Payments of Interest Amounts on the Warrants made through a paying agent in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the Interest Amounts.

However, if the Interest Amounts are paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of the Belgian withholding tax due, the legal entity itself is required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the transfer of the Warrants are in principle tax exempt. Capital losses are in principle not tax deductible.

#### **Organisation for Financing Pensions ("OFP")**

Belgian pension fund entities that have the form of an OFP within the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision are subject to Belgian corporate income tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"). OFPs are subject to the following tax treatment in Belgium with respect to the Warrants.

Interest Amounts derived by OFP Warrantholders on the Warrants and capital gains realised on the Warrants will in principle not be subject to Belgian corporate income tax. Capital losses are in principle not tax deductible.

Any Belgian withholding tax that has been levied by, for example, an intervening Belgian paying agent is creditable, in accordance with the applicable legal provisions and any excess will in principle be refundable.

#### **Belgian non-residents**

The Interest Amounts on the Warrants paid through a professional intermediary in Belgium will, in principle, be subject to a 30 per cent. withholding tax, unless the Warrantholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit, or unless a Belgian domestic exemption applies. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax should generally be due.

Non-residents who use the Warrants to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as Belgian resident companies (see above). Non-resident Warrantholders who do not allocate the Warrants to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, for tax applied in the form of withholding tax.

Pursuant to the law of 16 December 2015 implementing into Belgian national law the provisions of the Directive 2014/107/EU on administrative cooperation in direct taxation (see the section "*Common Reporting Standard – Exchange of information*" below), Belgian financial institutions 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 with fiscal residence in another EU Member State.

In addition to the aforementioned Belgian withholding tax of 30 per cent., interest amounts and gross proceeds derived from Warrants held on or through accounts with, for example, a Belgian financial institution may therefore be subject to a system of automatic exchange of information between the relevant tax authorities.

### **Tax on stock exchange transactions and tax on repurchase transactions**

A tax on stock exchange transactions ("*Taks op de beursverrichtingen*" / "*Taxe sur les opérations de bourse*") will be levied on the purchase and sale of Warrants on the secondary market if (i) entered into or settled in Belgium through a professional intermediary, or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence ("*gewone verblijfplaats*" / "*résidence habituelle*") in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a "**Belgian Investor**").

The tax is due at a rate of 0.35 per cent. on each purchase and sale separately, with a maximum amount of EUR 1,600 per transaction and per party and collected by the professional intermediary. However, if the professional intermediary is established outside of Belgium, the tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside of Belgium. Professional intermediaries established outside Belgium could however appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). In such case the Stock Exchange Tax Representative would then be liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

No tax will be due on the issuance of the Warrants (primary market).

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 confirming their non-resident status and certain Belgian institutional investors as defined in article 126.1 2° of the Code of miscellaneous duties and taxes ("*Wetboek diverse rechten en taksen*" / "*Code des droits et taxes divers*") for the tax on stock exchange transactions.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

### **Annual tax on securities accounts**

Following the Law of 17 February 2021, a new annual tax on securities accounts was introduced ("*Jaarlijkse taks op de effectenrekeningen*" / "*Taxe annuelle sur les comptes-titres*") (the "**Annual Tax on Securities Accounts**"). The Annual Tax on Securities Accounts is levied on securities accounts of which the average value during the reference period (i.e. a period of twelve consecutive months beginning on 1 October and ending, in principle, on 30 September of the next year), exceeds EUR 1,000,000. The Annual Tax on Securities Accounts is applicable to securities accounts that are held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary in Belgium or abroad. The Annual Tax on Securities Accounts also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary in Belgium. However, the Annual Tax on Securities Accounts is not levied on

securities accounts held by specific types of regulated entities in the context of their own professional activity and for their own account.

The Annual Tax on Securities Accounts may also apply to securities accounts on which the Warrants are held, if the average value during the reference period exceeds EUR 1,000,000.

The applicable tax rate is equal to the lowest amount of either 0.15% of the average value of the account or 10% of the difference between the average value of the account and EUR 1,000,000. The tax base is the sum of the values of the taxable financial instruments at the different reference points in time (i.e. 31 December, 31 March, 30 June and 30 September) divided by the number of those reference points in time.

The Annual Tax on Securities Accounts needs to be withheld, declared and paid by the Belgian intermediary. Intermediaries not incorporated or established in Belgium have the possibility, when managing a securities account subject to the tax, to appoint a representative in Belgium approved by or on behalf of the Minister of Finance (the "**Annual Tax on Securities Accounts Representative**"). The Annual Tax on Securities Accounts Representative is jointly and severally liable vis-à-vis the Belgian State to declare and pay the tax and to fulfil all other obligations for intermediaries related to the Annual Tax on Securities Accounts, such as compliance with certain reporting obligations. In cases where no intermediary has withheld, declared and paid the Annual Tax on Securities Accounts, the holder of the securities account needs to declare and pay the tax, unless they can prove that the tax has already been withheld, declared and paid by either a Belgian intermediary or Annual Tax on Securities Accounts Representative of a foreign intermediary.

A retroactive anti-abuse provision, which has applied since 30 October 2020, targets (i) the splitting of a securities account into multiple accounts held with the same financial intermediary and (ii) the conversion of taxable financial instruments into registered financial instruments. Furthermore, a general anti-abuse provision was introduced.

Investors should consult their own tax advisers in relation to this Annual Tax on Securities Accounts.

#### **Gift, estate or inheritance tax**

Except for the gift tax payable in the case of a gift by deed made in Belgium, no gift, estate or inheritance tax is due in Belgium in respect of Warrants, unless a Warrantholder is resident in Belgium at the time of their death.

#### **Luxembourg**

*The following overview is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg subject to any changes in law (possibly with retroactive effect), though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu) generally. Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate*

*income taxes, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### **Withholding Tax**

Under Luxembourg tax law currently in effect and subject to the law of 23 December 2005, as amended<sup>8</sup>, there is no Luxembourg withholding tax payable on exercise of the Warrants.

### **Income Taxation of Warrantholders**

#### ***Luxembourg tax residency of the Warrantholders***

Warrantholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Warrants.

#### ***Taxation of Luxembourg non-residents***

Warrantholders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of the Warrants is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to income realised upon the exercise, exchange or disposal of the Warrants.

#### ***Taxation of Luxembourg residents***

Luxembourg resident individual Warrantholders:

Luxembourg resident individual Warrantholders, acting in the course of the management of their private wealth, are not subject to taxation on capital gains upon the disposal of the Warrants, unless the disposal of the Warrants precedes the acquisition of the Warrants or the Warrants are disposed of within six months of the date of acquisition of these Warrants. Luxembourg resident individual Warrantholders, acting in the course of the management of their private wealth, must for income tax purposes, in principle, include any income realised upon the exercise of the Warrants in their taxable basis.

Luxembourg resident individual Warrantholders, acting in the course of the management of a professional or business undertaking, must include any income realised upon the exercise, exchange or disposal of the Warrants in their taxable basis.

Luxembourg resident corporate Warrantholders:

Luxembourg resident corporate Warrantholders, or non-resident Warrantholders which have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Warrants is connected, must for income tax purposes, in principle, include any income realised upon the exercise, exchange or disposal of the Warrants in their taxable basis.

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<sup>8</sup> The Luxembourg law of 23 December 2005, as amended, introduces a 20% withholding tax on payments of interest made or ascribed by a Luxembourg based paying agent to the immediate benefit of a Luxembourg private resident individual.

Luxembourg resident corporate Warranholders which are companies benefiting from a special tax regime (such as (a) family wealth management companies subject to the law of 11 May 2007 as amended, (b) undertakings for collective investment subject to the law of 17 December 2010, as amended, (c) specialised investment funds subject to the law of 13 February 2007 as amended or (d) reserved alternative investment funds governed by the law of 23 July 2016 on reserved alternative investment funds, as amended (provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies)) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than an annual subscription tax.

### **Net Wealth tax**

Warranholders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of the Warrants is connected, as well as Luxembourg individual Warranholders, whether he/she is resident of Luxembourg or not, are not subject to Luxembourg wealth tax.

Luxembourg net wealth tax will not be levied on the Warrants held by a corporate Warranholder, unless (a) such Warranholder is a Luxembourg resident other than a corporate Warranholder governed by (i) the laws of 17 December 2010 on undertakings for collective investment, as amended, (ii) the law of 13 February 2007 on specialised investment funds, as amended; (iii) the law of 22 March 2004 on securitisation as amended; (iv) the law of 15 June 2004 on the investment company in risk capital, as amended; (v) the law of 11 May 2007 on family wealth management companies, as amended; or (vi) the law of 23 July 2016 on reserved alternative investment funds, as amended; or (vii) a pension-saving company or a pension-saving association, both governed by and compliant with the law of 13 July 2005, as amended or a reserved alternative investment fund governed by the law of 23 July 2016, as amended, or (b) the Warrants are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative of a non-resident corporate Warranholder.

Corporate Warranholders not governed by a specific Luxembourg law as well as a securitisation company subject to the law of 22 March 2004, as amended, a company subject to the law of 15 June 2004 on the investment company in risk capital, as amended, and a pension-saving company or a pension-saving association, both governed by the law of 13 July 2005, as amended, are subject to an annual minimum net wealth tax, as well as reserved alternative investment funds subject to the law of 23 July 2016, as amended, provided it is foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies.

### **Other taxes**

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by Warranholders in connection with the issue of the Warrants, nor will any of these taxes be payable as a consequence of a subsequent transfer or cancellation of the Warrants, unless the documents relating to the Warrants are voluntarily registered in Luxembourg or appended to a document that requires obligatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Warrants or in respect of payments on exercise of the Warrants or in respect of the transfer of the Warrants. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such

services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Warrantholders not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Warrants. No Luxembourg gift tax is levied upon a gift or donation of the Warrants, if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

### **The proposed financial transactions tax ("FTT")**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and the Slovak Republic. In December 2015 Estonia withdrew from the group of states willing to introduce the FTT (the "**Participating Member States**").

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Warrants (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

The proposed 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 Warrants 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.

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

Prospective holders of Warrants are advised to seek their own professional advice in relation to the FTT.

### **Common Reporting Standard – Exchange of information**

The exchange of information is governed by the Common Reporting Standard ("**CRS**"). In this context, a number of jurisdictions signed the multilateral competent authority agreement ("**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. Many of them have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017 ("**Early Adopters**") or as from 2018.

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 the EU Member States as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU. DAC2 requires EU member states to establish an automatic exchange of information effective as from 1 January 2016 (and in the case of Austria as from 1 January 2017).

On 27 May 2015, Switzerland signed an agreement with the European Union in order to implement, as from 1 January 2017, an automatic exchange of financial information based on the CRS. This new agreement replaces the agreement on the taxation of savings that entered into force in 2005.

Luxembourg implemented the provisions of DAC2 into domestic law on 18 December 2015. The MCAA has been signed by Luxembourg on 29 October 2014 and published in its Official Journal in the Grand-Ducal Decree of 13 December 2017.

The Belgian government has implemented DAC2, respectively the CRS, pursuant to 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 (the "**Law of 16 December 2015**").

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of financial 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 eighteen jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions, as from 2019 (for the 2018 financial year) for one other jurisdiction and as from 2020 (for the 2019 financial year) for six other jurisdictions.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by "foreign financial institutions" ("**Foreign Passthru Payments**") and (ii) dividend equivalent payments (as described below in "*U.S. Dividend Equivalent Withholding*"), in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Warrants, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Warrants, are uncertain and may be subject to change. If withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments, such withholding would not apply prior to the date that is two years after the date on which

final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Warrants. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Warrants, no person will be required to pay additional amounts as a result of the withholding.

### **U.S. Dividend Equivalent Withholding**

Section 871(m) of the U.S. Internal Revenue Code of 1986 treats a "dividend equivalent" payment as a dividend from sources within the United States that is generally subject to a 30 per cent. U.S. withholding tax which may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the U.S. Internal Revenue Service ("**IRS**"). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance (the "**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of Warrants with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only a Warrant that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such security a "**Specified Warrant**"). Certain exceptions to this withholding requirement apply, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on, or upon the date of maturity, lapse or other disposition of, the Specified Warrant. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Warrant, withholding generally will still be required even if the Specified Warrant does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Warrants in respect of any dividend equivalent arising with respect to such Warrants regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the IRS. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Warrants issued on or after 1 January 2017. If the terms of a Warrant are subject to a "significant modification" (as defined for U.S. tax purposes), the Warrant generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Warrant is a Specified Warrant. Similarly, if additional Warrants of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Warrants out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Warrants are Specified Warrants as the date of such subsequent sale or issuance. Consequently, a

previously out of scope Warrant might be treated as a Specified Warrant following such modification or further issuance.

In addition, payments on the Specified Warrants may be calculated by reference to dividends on underlying U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the U.S. Internal Revenue Code of 1986) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Final Terms will indicate whether the Issuer has determined that Warrants are Specified Warrants and may specify contact details for obtaining additional information regarding the application of Section 871(m) to Warrants. A non-U.S. holder of Specified Warrants should expect to be subject to withholding in respect of any underlying dividend-paying U.S. securities. The Issuer's determination is binding on non-U.S. holders of Warrants, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Warrants linked to U.S. securities and their application to a specific issue of Warrants may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Warrants.

THE REGULATIONS REGARDING DIVIDEND EQUIVALENT PAYMENTS ARE EXTREMELY COMPLEX. WARRANTHOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THESE REGULATIONS AND WHETHER PAYMENTS OR DEEMED PAYMENTS ON THE SECURITIES CONSTITUTE DIVIDEND EQUIVALENT PAYMENTS.

## **SUBSCRIPTION AND SALE**

*This section provides an overview of certain restrictions around who can purchase the Warrants in certain jurisdictions.*

The Issuer and the Guarantor may agree to reimburse a Dealer for certain of its expenses in connection with the issue of Warrants under the Programme and to indemnify such Dealer against certain liabilities incurred by it in connection therewith.

The issue price and/or offer price of any issue of Warrants may include subscription fees, placement fees, direction fees, structuring fees and/or other additional costs. Any such fees and/or other commissions and inducements will be disclosed to investors in the applicable Final Terms.

### **General**

Each 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 Warrants 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 Warrants 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, Guarantor and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor nor any Dealer represents that Warrants 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.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

In particular (but without limiting the generality of the above), subject to any amendment or supplement which may be agreed with the Issuer and the Guarantor in respect of the issue of any Tranche, each 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.

### **United States**

The Warrants have not been and will not be registered under the Securities Act or any other securities laws of any state or other jurisdiction of the United States, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission ("**CFTC**") under the Commodity Exchange Act, as amended ("**CEA**"). The Warrants have not been approved or disapproved by the United States Securities and Exchange Commission ("**SEC**") or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the Securities Act. Any representation to the contrary is a criminal offence. Furthermore, the Warrants do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereto) subject to the CEA, and neither trading in the Warrants nor this document has been approved by the CFTC under the CEA.

The Warrants are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell the Warrants (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**Resale Restriction Termination Date**"), within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each other Dealer to which it sells any Warrants prior to the Resale Restriction Termination Date a confirmation or other notice setting forth the restrictions on offers and sales of the Warrants 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.

In addition, until 40 days after the commencement of the offering, an offer or sale of Warrants within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, 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 Warrants outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Warrants, 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 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 without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

## **EEA**

### **Prohibition of sales to EEA Retail Investors**

Unless the Final Terms in respect of any Warrants specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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 Warrants 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 European Economic Area (the "**EEA**").

For the purposes of this provision:

- (i) 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 Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Article 2(e) of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

- (j) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

If the Final Terms in respect of any Warrants specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA (each a "**Member State**"), 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 made and will not make an offer of Warrants 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 Member State except that it may make an offer of such Warrants to the public in that Member State:

- (a) if the Final Terms in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Warrants referred to in (b) to (d) shall require 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.

For the purposes of this provision, the expression an "**offer of Warrants to the public**" in relation to any Warrants in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded).

## **Belgium**

Other than in respect of Warrants for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Warrants may not be advertised to any individual in Belgium qualifying as a consumer (*consommateur/consument*) within the meaning of Article I.1.2° of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred, delivered or otherwise made available, and will not offer, sell, resell, transfer, deliver or otherwise make available, the Warrants, and that it has not distributed, and will not distribute, any

prospectus, memorandum, information circular, brochure or any similar documents in relation to the Warrants, directly or indirectly, to any Belgian Consumer.

In the event that the Warrants are linked to underlying investment funds (such as an exchange traded fund), if such underlying funds are not registered in Belgium with the Belgian FSMA in accordance with the Belgian law of 3 August 2012 on the collective investment undertakings satisfying the conditions set out in Directive 2009/65/EC and undertakings for investment in receivables, as amended or replaced from time to time or the Belgian law of 19 April 2014 on alternative collective investment undertakings and their managers, as amended or replaced from time to time (the "**AIFM Law**"), as applicable, then such Warrants cannot be offered in Belgium unless (i) if the underlying fund is a UCITS within the meaning of Directive 2009/65/EC, the Warrants are offered to qualified investors (as defined in Article 2(e) of the Prospectus Regulation) only or to fewer than 150 natural or legal persons (other than qualified investors) or (ii) if the underlying fund is an alternative collective investment undertakings (*alternatieve instelling voor collectieve belegging/organisme de placement collectif alternatif*) within the meaning of article 3 of the AIFM Law, the Warrants are offered to qualified investors (as defined in Article 2(e) of the Prospectus Regulation) only or to fewer than 150 natural or legal persons (other than qualified investors). The interest, shares and other securities issued by these underlying funds cannot be offered publicly in Belgium under this Base Prospectus.

## **France**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Warrants and the distribution in France of this Base Prospectus or any other offering material relating to the Warrants.

## **Luxembourg**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable Luxembourg laws (including without limitation the Luxembourg Law on Prospectus) and regulations in force regarding the offer, the placement or the sale of the Warrants and the distribution in Luxembourg of this Base Prospectus or any other offering material relating to the Warrants.

## **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 Warrants 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:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (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 European Union (Withdrawal) Act 2018 ("**EUWA**"); or

- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA 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(e) of the UK Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

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 made and will not make an offer of Warrants 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 the United Kingdom except that it may make an offer of such Warrants to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Warrants referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- (a) the expression an "**offer of Warrants to the public**" in relation to any Warrants means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants; and
- (b) the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### ***Other regulatory restrictions***

Each 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 Warrants which expire within less than one year, (i) 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 (ii) it has not offered or sold and will not offer or sell any Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 issue of the Warrants would otherwise constitute a contravention of Section 19 of the FSMA 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 FSMA) received by it in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

*This section provides certain additional general information relating to all Warrants.*

### Authorisation

The update of the Programme and the issue of Warrants have been duly authorised by written resolutions of the Board of Directors of the Issuer dated 1 July 2022. The giving of the Guarantee has been authorised by resolutions of the Guarantor's Executive Committee dated June 2022.

### Approval, listing and admission to trading of Warrants on the regulated market of Euronext Brussels

Application has been made to the CSSF for the approval of this document as a base prospectus for the purposes of Article 8 of the Prospectus Regulation. Application has also been made to Euronext Brussels for Warrants issued under the Programme during the period of twelve months from the date of approval of this Base Prospectus to be admitted to trading on Euronext Brussels' regulated market. Euronext Brussels' regulated market is a regulated market for the purposes of MiFID II.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection on the website of the Guarantor ([www.kbc.com](http://www.kbc.com)) (where applicable, with an English translation thereof):

- (i) the constitutional documents of the Issuer and the constitutional documents of the Guarantor; and
- (ii) the Agency Agreement (including (as Schedules) the forms of the temporary global warrant, the permanent global warrant, the definitive warrant, the Guarantee and the Deed of Covenant);
- (iii) a copy of this Base Prospectus; and
- (iv) any future prospectuses, base prospectuses, information memoranda and supplements including Final Terms relating to Warrants which admitted to trading on the regulated market of 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 the official list of Euronext Brussels).

### Clearing System

The Warrants have been accepted for clearance through Interprofessionele Effectendeposito- en Girokas SA/NV ("**Euroclear Belgium**"), Euroclear Nederland, Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear Belgium, Euroclear Nederland and Euroclear, the "**Clearing Systems**"). The appropriate Common Code and ISIN for each Tranche allocated by the relevant Clearing System will be specified in the applicable Final Terms. If the Warrants are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. The relevant Clearing System is the entity in charge of keeping the records.

The address of Euroclear Belgium is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Euroclear Nederland is Herengracht 459 469, The Netherlands, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.

### Conditions for Determining Price

The price and amount of Warrants 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.

### Significant or Material Adverse Change

There has been:

- (a) no significant change in the financial performance or position of the Issuer, the Guarantor or the KBC Bank Group since 31 December 2021; and
- (b) no material adverse change in the prospects of the Issuer, the Guarantor or the KBC Bank Group since 31 December 2021.

### Litigation

#### KBC IFIMA S.A.

Other than as set out in the section entitled "*Description of the Issuer*" under the subsection entitled "*Litigation*" starting on page 133 of the Base Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

#### KBC Bank NV

Other than as set out in the section entitled "*Description of the Guarantor*" under the subsection entitled "*Litigation*" on pages 163 to 167 of the Base Prospectus, the Guarantor is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Guarantor is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Guarantor.

### Statutory Auditors

The Issuer's financial statements for the years ended 31 December 2020 and 31 December 2021 and the related auditors' reports are incorporated by reference. The financial statements of the Issuer for the years ended 31 December 2020 and 31 December 2021 have been audited by PricewaterhouseCoopers, *société cooperative (Cabinet de révision agréé, expert-comptable)*, represented by Mr. A. Dault, member of the *Institut des Réviseurs d'Entreprises*, with offices at 2 rue Gerhard Mercator, L-1014 Luxembourg ("**PwC Luxembourg**") and resulted, in each case, in an unqualified opinion.

The Guarantor's financial statements for the years ended 31 December 2020 and 31 December 2021 and the related auditors' reports are incorporated by reference. The financial statements of the Guarantor for the years ended 31 December 2020 and 31 December 2021 have been audited by PricewaterhouseCoopers Bedrijfsrevisoren BV, members of the *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*, represented by Damien Walgrave and Jeroen Bockaert, with offices at Culliganlaan 5, B-1831 Diegem, Belgium ("**PwC**") and resulted, in each case, in an unqualified opinion.

The reports of the auditors of each of the Issuer and the Guarantor are included or incorporated by reference in the form and context in which they are included or incorporated by reference, with the consent of the auditors.

### **Third party information**

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issue of Warrants, except if required by any applicable laws and regulations.

### **Investors**

The Warrants can be sold to retail and/or institutional investors subject to the selling restrictions set out in the section "Subscription and sale" of this Base Prospectus and as may be applicable for a Series of Warrants, in each case on a non-syndicated basis.

### **Dealers transacting with the Issuer and the Guarantor**

Certain of the Dealers and their Affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantor and their Affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their Affiliates. Certain of the Dealers or their Affiliates that have a lending relationship with the Issuer or Guarantor routinely hedge their credit exposure to the Issuer or Guarantor consistent with their customary risk management policies. Typically, such Dealers and their Affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Warrants issued under the Programme. Any such short positions could adversely affect future trading prices of Warrants issued under the Programme. The Dealers and their Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, "Affiliates" means any entity controlled, directly or indirectly, by a Dealer, any entity that controls, directly or indirectly, a Dealer or any entity directly or indirectly under common control with a Dealer. For these purposes "control" means ownership of a majority of the voting power of an entity.

**THE ISSUER**

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**DEALER**

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**WARRANT AGENT**

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**CALCULATION AGENT**

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*To the Dealer as to Belgian law*

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*To the Dealer as to Luxembourg law*

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*To the Dealer as to English law*

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**AUDITORS**

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