



## Communauté française de Belgique € 4,000,000,000 Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Communauté française de Belgique (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed € 4,000,000,000 (or the equivalent in other currencies).

Application may be made to the Luxembourg Stock Exchange during a period of twelve (12) months from the date of this Offering Circular for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Directive 2004/39/EC of 21 April 2004 on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or any other stock exchange).

The Notes will be in dematerialised form and will not be exchangeable for bearer notes (whether in global or definitive form) or registered notes. They will be cleared through the clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB Clearing System**") pursuant to the Belgian law of 6 August 1993 on transactions on certain transferable securities (*loi relative aux opérations sur certaines valeurs mobilières*). Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") maintain accounts in the NBB Clearing System. The clearing of Notes through the NBB Clearing System must receive the prior approval of the NBB.

Moody's Investors Service Ltd has assigned on 4 July 2012 a rating of Aa3 to the long-term debt and a rating of Prime-1 for the short term debt of the Issuer (with negative outlook). The Programme has been rated by Moody's Investors Service Ltd on 22 June 2012 with a rating of (P)Aa3 for the senior unsecured debt and a rating of (P)P-1 for the short-term debt. The credit ratings included or referred to in this Offering Circular will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 (the "**CRA Regulation**") as having been issued by Moody's Investors Service Ltd. Moody's Investors Service Ltd is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu>). Tranches of Notes (as defined in "Summary of the Programme – Method of Issue") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been assigned by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Pricing Supplement. A 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 credit rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Offering Circular dated 6 July 2012 constitutes a simplified base prospectus for the purposes of Chapter 2 of Part III of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "**Luxembourg Act**"). It does not constitute a prospectus pursuant to Part II of the Luxembourg Act implementing Directive 2003/71/EC into Luxembourg law. Accordingly, this Offering Circular does not purport to meet the format and the disclosure requirements of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "**Prospectus Directive**") and Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive. The Notes issued pursuant to this Offering Circular will therefore not qualify for the benefit of the single European passport procedure pursuant to the Prospectus Directive. The relevant Pricing supplement constitutes the Final Terms for the purposes of the listing of the Notes on the Luxembourg Stock Exchange.

### Co-Arrangers for the Programme **Deutsche Bank AG, London Branch** **Belfius Bank SA/NV**

#### Dealers

**Deutsche Bank**  
**pbb Deutsche Pfandbriefbank**  
**CBC Banque**  
**KBC Bank NV**

**BNP Paribas Fortis**  
**Crédit Agricole CIB**  
**HSBC France**  
**Belfius Bank SA/NV**

The date of this Offering Circular is 6 July 2012  
This Offering Circular replaces and supersedes the Offering Circular dated 8 July 2011

The Issuer having made all reasonable enquiries confirms that this Offering Circular contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

Without prejudice to the preceding paragraph, the Issuer accepts responsibility towards interested parties for the losses which may occur as an immediate and direct result of the absence or inaccuracy of any disclosure required to be made in this Offering Circular pursuant to Article 5 of the Belgian law of 22 July 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt*, hereinafter the “Law of 22 July 1991”). This Offering Circular includes the “prospectus” referred to in Article 5 of the Law of 22 July 1991.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Co-Arrangers (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Co-Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered or sold within the United States.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Co-Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Co-Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Co-Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Co-Arrangers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to

advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Co-Arrangers.

In connection with any Tranche (as defined in “Summary of the Programme”), one of the Dealers will act as a stabilising manager (the “Stabilising Manager”). The identity of the Stabilising Manager will be disclosed in the relevant Pricing Supplement. References in the next paragraph to “the issue of any Tranche” are to each Tranche in relation to which a Stabilisation Manager is appointed.

In connection with the issue of any Tranche, the Stabilising Manager or any person acting on behalf of the Stabilising Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or person(s) acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date of the relevant Pricing Supplement and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “euro”, “EUR” and “€” are to the lawful currency of the member states of the European Union that adopted the single currency introduced by the Treaty on European Union (as amended), references to “U.S. dollars”, “USD”, “U.S.\$”, “\$” are to the lawful currency of the United States of America and to “pound sterling”, “GBP”, “Sterling” and “£” are to the lawful currency of the United Kingdom.

## **AMENDMENTS OR SUPPLEMENTS**

This Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular and each relevant Pricing Supplement which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

## **SUPPLEMENTAL OFFERING CIRCULAR**

The Issuer has given an undertaking to the Luxembourg Stock Exchange and to the Dealers that if, at any time during the duration of the Programme, there is a significant change affecting any matter contained in this Offering Circular (including the “Terms and Conditions of the Notes”) whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of Notes and shall supply to each Dealer and to the Luxembourg Stock Exchange such number of copies of such amendment or supplement hereto or of the replacement Offering Circular as such Dealer and the Luxembourg Stock Exchange may reasonably request. All documents prepared in connection with the listing of the Programme will be available at the specified office of the Paying Agent in Luxembourg.

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 13 to 30.*

<b>Issuer:</b>	Communauté française de Belgique
<b>Description:</b>	Euro Medium Term Note Programme
<b>Programme Limit:</b>	Up to € 4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Co-Arrangers:</b>	Deutsche Bank AG, London Branch. Belfius Bank SA/NV.
<b>Dealers:</b>	<p>Deutsche Bank AG, London Branch, pbb Deutsche Pfandbriefbank, CBC Banque SA, KBC Bank NV, Fortis Bank NV/SA (acting under the commercial name of BNP Paribas Fortis), Crédit Agricole Corporate and Investment Bank, HSBC France, Belfius Bank SA/NV.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “<b>Permanent Dealers</b>” are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “<b>Dealers</b>” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Offering Circular, may only be Dealers: (i) Belgian credit institutions or Belgian investment firms duly licensed by the National Bank of Belgium (the “<b>NBB</b>”) to underwrite bond issues in Belgium, (ii) credit institutions or investment firms incorporated in another Member State of the European Union which are duly licensed by the relevant authority of their Member State to underwrite bond issues and are authorised to conduct such services in Belgium either through a branch or an establishment or on a cross border basis (after the relevant authority of their Member State has notified the NBB of their intention), or (iii) certain credit institutions or investment firms that are not incorporated in a Member State of the European Union, provided certain conditions are met (including a notification in advance to the NBB).</p>
<b>Paying Agent:</b>	Belfius Bank SA/NV.
<b>Domiciliary Agent:</b>	Belfius Bank SA/NV.
<b>Listing Agent:</b>	Banque Internationale à Luxembourg.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated

basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “**Pricing Supplement**”).

**Issue Price:**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes:**

The Notes will be issued in dematerialised form governed by the Belgian law of 2 January 1991 on the market for public debt securities, and monetary policy instruments (*loi relative au marché des titres de la dette publique et aux investissements de la politique monétaire*), as made applicable to debt securities of the Communities and Regions by the Royal Decree of 16 November 1994 (the “**Law of 2 January 1991**”) or under the form of dematerialised treasury notes (*billets de trésorerie*) governed by the Law of 22 July 1991 and the Belgian Royal Decree of 14 October 1991 on the same subject, all as amended from time to time. They will be represented by book entries in the records of the NBB Clearing System or of an approved account holder, within the meaning of article 3 of the Law of 2 January 1991 (an “**Approved Account Holder**”). The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.

**Clearing Systems:**

NBB Clearing System and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Paying Agent and the relevant Dealer.

Euroclear and Clearstream, Luxembourg maintain accounts with the NBB Clearing System.

**Initial Delivery of Notes:**

Subject to the rules imposed by the NBB Clearing System Regulations, the Notes denominated in euro will be created in the account of the Domiciliary Agent with the NBB Clearing System. An amount thereof, as previously notified to the Domiciliary Agent by those Dealers who are participants in the NBB Clearing System and elect to receive their Notes in such system (the “**NBB Notes**”) will be transferred on the same day from the Domiciliary Agent's account with the NBB Clearing System to the account of the relevant Dealers with the NBB Clearing System, on a “delivery *versus* payment” basis (i.e. against payment by the relevant Dealers of the corresponding

subscription funds into the account of the Domiciliary Agent with the NBB Clearing System). The remaining Notes (the "**International Notes**") will be transferred on the same day from the Domiciliary Agent's account with the NBB Clearing System to the account held by the Dealers with Euroclear and/or Clearstream, Luxembourg, on a "delivery *versus* payment" basis (i.e. against payment by the Dealers of the corresponding subscription funds into the account of the Domiciliary Agent with the NBB Clearing System).

The Notes denominated in a currency other than euro will be created in the account of the Domiciliary Agent in the NBB Clearing System. Under current NBB Clearing System Regulations, they cannot be transferred to Dealers in the NBB Clearing System. They will be transferred on the same day, free of payment, to Euroclear's and/or Clearstream, Luxembourg's account with the NBB Clearing System. On the basis of this transfer, Euroclear and/or Clearstream, Luxembourg will credit the Notes to the account held by the Domiciliary Agent with Euroclear and/or Clearstream, Luxembourg. The Notes will be transferred from the Domiciliary Agent's account at Euroclear and/or Clearstream, Luxembourg to the account held by the Dealers with Euroclear and/or Clearstream, Luxembourg in accordance with the current Euroclear or Clearstream, Luxembourg procedures, on a "delivery *versus* payment" basis (i.e. against payment by the Dealers in Euroclear and/or Clearstream, Luxembourg of the corresponding subscription funds into the account of the Domiciliary Agent with Euroclear and/or Clearstream, Luxembourg).

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

The NBB Clearing System exclusively clears securities denominated in any lawful currency for which the European Central Bank daily publishes Euro foreign exchange reference rates.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 50 years from the date of the original issue.

**Denomination:**

Notes will have a denomination of one unit of the currency in which they are denominated. If issued under the form of treasury notes (*billets de trésorerie*), the Notes may only be traded in any nominal amount equal or in excess of €250,000 (or its equivalent in other currencies). However, Notes issued under the form of treasury notes (*billets de trésorerie*) to investors which qualify as public administrations (*administrations publiques*) pursuant to article 6 of the Belgian Royal Decree of 14 October 1991 on treasury notes and certificates of deposit (*arrêté royal relatif aux billets de trésorerie et aux certificats de dépôt*) may be traded in any



nominal amount equal or in excess of €100,000 (or its equivalent in other currencies). Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pound sterling) having a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the “UK FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

**Dual Currency Notes will not be issued for so long as they may not be cleared through the NBB Clearing System.**

**Index Linked Notes:**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

**Index Linked Notes will not be issued for so long as they may not be cleared through the NBB Clearing System.**

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Day count fractions in respect of Notes denominated in euro are computed and interest payment dates in respect of all Notes are set in accordance with the rules applicable to the NBB Clearing System.

**Redemption Amount:**

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pound sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the UK FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Redemption by Instalments:**

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Other Notes:**

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

**Optional Redemption:**

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.

**Status of Notes:**

The Notes will constitute unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

**Negative Pledge:**

See “Terms and Conditions of the Notes - Negative Pledge”.

**Cross Default:**

See “Terms and Conditions of the Notes - Events of Default”.

**Rating:**

Moody's Investors Service Ltd has assigned on 4 July 2012 a rating of Aa3 to the long-term debt and a rating of Prime-1 for the short term debt of the Issuer (with negative outlook). The Programme has been rated by Moody's Investors Service Ltd on 22 June 2012 with a rating of (P)Aa3 for the senior unsecured debt and a rating of (P)P-1 for the short-term debt. The credit rating included or referred to in this Offering Circular will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”) as having been issued by Moody's Investors Service Ltd. Moody's Investors

Service Ltd is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu>).

Tranches of Notes (as defined in "Summary of the Programme – Method of Issue") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Early Redemption:**

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes - Redemption, Purchase and Options".

**Redenomination:**

Notes issued in the currency of any member state of the EU which will participate in the single currency of the European Economic and Monetary Union may be redenominated into euro, all as more fully provided in the relevant Pricing Supplement, pursuant to the "Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination".

**Consolidation:**

Notes of one Series may be consolidated with Notes of another Series as more fully provided in "Terms and Conditions of the Notes– Further Issues and Consolidation".

**Withholding Tax:**

Belgian withholding tax will be applicable to the Notes at the rate of 21 per cent, subject to such relief as may be available under applicable tax treaty or domestic provisions. However all payments by or on behalf of the Issuer of principal and interest on the Notes (subject as stated below in the section on "Belgian Taxation") may be made without deduction of Belgian withholding tax for Notes held by certain eligible investors in an exempt securities account with the NBB Clearing System or with a participant or sub-participant in such system.

**Governing Law:**

Belgian law.

**Listing:**

Application has been made to list Notes issued under the Programme on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

**Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. In connection with the offering and the sale of a particular Tranche, additional

selling restrictions may be imposed which will be set out in the relevant Pricing Supplement. See “Subscription and Sale”.

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The TEFRA rules do not apply to the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes. The text of the Terms and Conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Pricing Supplement. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Conditions and the relevant Pricing Supplement, the latter shall prevail. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued by Communauté française de Belgique (the “**Issuer**”) pursuant to an amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 6 July 2012 between the Issuer, Banque Internationale à Luxembourg, *société anonyme* as listing agent and Belfius Bank SA/NV as paying agent, domiciliary agent and calculation agent and a clearing services agreement (as amended, supplemented or novated as at the Issue Date, the “**Clearing Services Agreement**”) dated 11 January 2008 between the Issuer, the National Bank of Belgium and Belfius Bank SA/NV as domiciliary agent. The paying agent, the domiciliary agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Paying Agent**”, the “**Domiciliary Agent**” and the “**Calculation Agent(s)**”. The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement and of the Clearing Agency Agreement applicable to them.

References herein to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

Copies of the Agency Agreement and of the Clearing Services Agreement are available for inspection at the specified offices of the Domiciliary Agent and of the Paying Agent.

### 1. Form, Denomination and Title and Redenomination

The Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Index Linked Redemption Notes, Instalment Notes, Dual Currency Notes or Partly Paid Notes, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Pricing Supplement.

- (a) **Form:** The Notes are issued in dematerialised form governed by the Belgian law of 2 January 1991 on the market for public debt securities, and monetary policy instruments (*loi relative au marché des titres de la dette publique et aux investissements de la politique monétaire*) as made applicable to debt securities of the Communities and Regions by the Royal Decree of 16 November 1994 (“**Dematerialised book-entry Notes**”), or under the form of dematerialised treasury notes (*billets de trésorerie*) governed by the Belgian law of 22 July 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt*) and the Belgian Royal Decree of 14 October 1991 on the same subject (“**Dematerialised treasury Notes**”), as specified in the relevant Pricing Supplement, all as amended from time to time. The Notes are accepted for clearance through the clearing system operated by the National Bank of Belgium<sup>1</sup> (the “**NBB**”) or any successor thereto (the “**NBB Clearing System**”), and are accordingly subject to the applicable clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières*), its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the clearing (*règlement du système de liquidation de titres*) and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in

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<sup>1</sup> For additional information, please see <http://www.nbb.be/pub/Home?l=fr&t=ho>

this Condition being referred to herein as the "**NBB Clearing System Regulations**"). The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.

- (b) **Denomination:** Notes will have a denomination of one unit of the currency in which they are denominated. If issued as Dematerialised treasury Notes, Notes may only be traded in any nominal amount equal or in excess of €250,000 (or its equivalent in other currencies). However, Notes issued as Dematerialised treasury Notes to investors which qualify as public administrations (*administrations publiques*) pursuant to article 6 of the Belgian Royal Decree of 14 October 1991 on treasury notes and certificates of deposit (*arrêté royal relatif aux billets de trésorerie et aux certificats de dépôt*) may be traded in any nominal amount equal or in excess of €100,000 (or its equivalent in other currencies). Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pound sterling) having a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the UK FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
- (c) **Title:** Title to the Notes is evidenced by book entries in the holder's securities account with the NBB or with an approved account holder within the meaning of the Belgian law of 2 January 1991 referred to above (each, an "**Approved Account Holder**"). The person who is for the time being shown in the records of the NBB Clearing System or of an Approved Account Holder as the holder of a particular nominal amount of Notes shall for all purposes be treated by the Issuer and the Domiciliary Agent as the holder of such nominal amount of Notes, and the expressions "**Noteholders**" and "**holders of Notes**" and related expressions shall be construed accordingly.
- (d) **Redenomination:**
  - (i) The Issuer may (if so specified in the relevant Pricing Supplement) without the consent of the holder of any Note, by giving at least 30 days' notice in accordance with Condition 12, redenominate into euro (and adjust the aggregate principal amount and the Denomination(s) set out hereon accordingly) all, but not some only, of the Notes of any Series on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating member state in the third stage of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community, as amended from time to time, all as more fully provided in the relevant Pricing Supplement, or events have occurred which have substantially the same effects). The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

## 2. Status

The Notes constitute unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

## 3. Negative Pledge

- (a) **Restriction:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement):
  - (i) the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its assets or revenues present or future to secure any Relevant Debt (as defined below), or any guarantee of or indemnity in respect of any Relevant Debt;
  - (ii) the Issuer shall procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to

secure any of the Issuer's Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt; and

- (iii) the Issuer shall procure that no other person gives any guarantee of, or indemnity in respect of, any Relevant Debt of the Issuer unless, at the same time or prior thereto, the Issuer's obligations under the Notes (A) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a Resolution (as defined in Condition 10) of the Noteholders.
- (b) **Relevant Debt:** for the purposes of this Condition, "**Relevant Debt**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

#### 4. Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the NBB Clearing System and the TARGET system are operating (a "**TARGET Business Day**"); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

- (i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon or in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified hereon or in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/360**" is specified hereon or in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon or in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =	$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$
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where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon or in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =	$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$
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where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =	$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$
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where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;



“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (vii) if “**Actual/Actual-ICMA**” is specified hereon or in the relevant Pricing Supplement,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified as such hereon or in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date.

“**Euro-zone**” means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty on European Union, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as

being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part and

- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon or in the relevant Pricing Supplement.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or in the relevant Pricing Supplement or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the first day of such Interest Accrual Period if the Specified Currency is Sterling.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon or in the relevant Pricing Supplement.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as amended and supplemented from time to time and as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon or in the relevant Pricing Supplement.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon or in the relevant Pricing Supplement.

**“Reference Rate”** means the rate specified as such hereon or in the relevant Pricing Supplement.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon or in the relevant Pricing Supplement.

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 (TARGET 2) System or any successor thereto.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date, except as otherwise provided in the relevant Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 4(i).

- (c) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum

(expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(i). Such Interest Payment Date(s) is/are either shown hereon or in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon or in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon or in the relevant Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon or in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon or in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- the Floating Rate Option is as specified hereon or in the relevant Pricing Supplement
- the Designated Maturity is a period specified hereon or in the relevant Pricing Supplement and
- the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon or in the relevant Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- Where Screen Rate Determination is specified hereon or in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the

arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon or in the relevant Pricing Supplement and interest will accrue by reference to an Index or Formula as specified hereon or in the relevant Pricing Supplement.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon or in the relevant Pricing Supplement.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon or in the relevant Pricing Supplement.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon or in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon or in the relevant Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, or any Instalment Amount to be notified to the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. If the Notes are listed on the Luxembourg stock exchange, the aggregate nominal amount, if any, outstanding on Notes after an early redemption pursuant to Condition 5(b) shall be communicated to the Luxembourg stock exchange. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so

calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and in the relevant Pricing Supplement and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5. Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon or in the relevant Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon or in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided hereon or in the relevant Pricing Supplement, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

### **(b) Early Redemption:**

- (i) Zero Coupon Notes:
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon or in the relevant Pricing Supplement.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon or in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the

issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon or in the relevant Pricing Supplement.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon or in the relevant Pricing Supplement.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note) on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Domiciliary Agent a certificate signed by the Minister of Finance (or a duly authorised delegate) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) **Redemption at the Option of the Issuer:** If a Call Option is specified hereon or in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon or in the relevant Pricing Supplement) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal



amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon or in the relevant Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the Notes to be redeemed will be selected individually by lot and in accordance with the NBB Clearing System Regulations, not more than 30 days prior to the date fixed for redemption.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

- (e) **Redemption at the Option of Noteholders:** If a Put Option is specified hereon or in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon or in the relevant Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must (i) deliver or cause to deliver to the Domiciliary Agent a certificate issued by the relevant recognised account holders or the NBB certifying that the relevant Note is held to its order or under its control and blocked by it and (ii) deposit with the Domiciliary Agent or with the Paying Agent a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Domiciliary Agent or from the Paying Agent in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon or in the relevant Pricing Supplement.
- (g) **Purchases:** The Issuer may at any time purchase Notes in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer will forthwith be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 6. Payments

- (a) **Payments in euro:** All payments in euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and the NBB Clearing System in accordance with the NBB Clearing System Regulations and the Clearing Services Agreement.
- (b) **Payment in other currencies:** All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and Euroclear and/or Clearstream, Luxembourg (in accordance with the rules thereof, and in accordance with the NBB Clearing System Regulations and the Clearing Services Agreement).

- (c) **Payment subject to fiscal laws:** All payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.
- (d) **Appointment of Agents:** The Domiciliary Agent, the Paying Agent and the Calculation Agent(s) act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency with any of the Noteholders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Domiciliary Agent the Paying Agent and the Calculation Agent(s), provided however, that the Issuer shall at all times maintain a Domiciliary Agent in the NBB Clearing System, one or more calculation Agent(s) where the Conditions so require, a Paying Agent in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange, and such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change shall promptly be given to the Noteholders in accordance with Condition 12.

- (e) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon or in the relevant Pricing Supplement and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer and/or by a clearing system and/or a participant in a clearing system in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Note or
- (b) **Payment to non Eligible Investors:** to, or to a third party on behalf of, a holder who on the date of acquisition of such Note, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Note but, for reasons within the Noteholder’s control, ceased to be an Eligible Investor or at any relevant time on or after the issue of the Notes, for reasons within the Noteholder’s control, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities or

- (c) **Payment by another financial institution:** held by or on behalf of a holder who would have been able to avoid such withholding or deduction by holding the relevant Note in a securities account with another financial institution in a Member State of the European Union.

As used in this Condition, “**Eligible Investor**” means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax and which hold the Notes in an exempt account in the NBB Clearing System.

As used in these Conditions, “**Relevant Date**” in respect of any Note, means 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 Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 8. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 9. Events of Default

If any of the following events (“**Events of Default**”) occurs, the holder of any Note may give written notice to the Issuer at the specified office of the Domiciliary Agent or of the Paying Agent, that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer at the specified office of the Domiciliary Agent or of the Paying Agent by any Noteholder or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds € 25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) or
- (f) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Belgium is not taken, fulfilled or done or
- (g) **Moratorium:** the Issuer declares a general moratorium on the payment of its indebtedness or
- (h) **Repudiation:** the Issuer disaffirms, repudiates or rejects, in whole or in part, or challenges the validity of, the Notes or
- (i) **Existence:** the Issuer ceases to exist prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any or more of its obligations under any of the Notes.

#### 10. Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

In this Condition, “**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with the terms set out in the Agency Agreement by a majority of at least 75 per cent of the votes cast.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

- (b) **Modification of the Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement and/or the Clearing Services Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## 11. Further Issues and Consolidation

- (a) **Further Issues:** The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to “**Issue Date**” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “**Notes**” shall be construed accordingly.
- (b) **Consolidation:** The Issuer may, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days’ prior notice to the Noteholders in accordance with Condition 12, without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 12. Notices

Notices to Noteholders shall be valid if published in a newspaper in an official language of the country of publication, customarily published at least once a day for at least five days on each calendar week and of general circulation in Europe (which is expected to be the *Financial Times*) and in Belgium (which are expected to be the *Tijd* and *L’Écho*) and so long as the Notes are listed on the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same with the Domiciliary Agent or the Paying Agent.

## 13. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the

Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

#### **14. Governing Law, Jurisdiction, Waiver of immunity, Direct Rights**

- (a) **Governing Law:** The Notes are governed by, and shall be construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The Courts of Brussels (Belgium) are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and, accordingly, any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Waiver of immunity:** The Issuer hereby irrevocably and unconditionally to the fullest extent possible waives with respect to the Notes, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents, to the fullest extent possible, to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any suit, action or proceeding, provided however that the properties of the Issuer may not be subject to any compulsory enforcement unless these properties are manifestly of no use to the performance of the public service duties of the Issuer or for the continuity of any public service.
- (d) **Direct Rights:** To the extent necessary, the Issuer grants to each Noteholder such rights against the Issuer provided for in Article 24 of the law of 15 July 1998 modifying various legal provisions on financial instruments and clearing systems (*loi modifiant diverses dispositions légales en matière d'instruments financiers et de systèmes de compensation de titres*).

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used to finance the Issuer's activities unless otherwise specified in the relevant Pricing Supplement.

## DESCRIPTION OF THE ISSUER

### General

Since June 2011, the official name of Communauté française de Belgique (“CFB”) has been changed in “Federation Wallonia-Brussels” (*Fédération Wallonie-Bruxelles*) pursuant to a decision of the Government and the Parliament. However, as the Constitution of the Kingdom of Belgium has not been accordingly modified, all legal documents should keep using the legal designation “French Community of Belgium” (*Communauté française de Belgique*).

CFB is an entity of the Belgian Federal State. In addition to the federal level, the Federal State consists of three Communities (French, Flemish and German) and three Regions (Wallonia, Flanders and Brussels). Each entity has its own constitutionally protected powers and both legislative and executive institutions, except that the Flemish Community and the Flemish Region largely merged their respective institutions.

CFB’s main mission is to organise education, cultural matters and certain social matters. Its revenues (excluding new borrowings) in 2011 were of € 8,791.3 million and expenditures (excluding debt repayment) amounted to € 9,087.9 million as stated in the report published by the National Audit Office (*Cour des comptes*) on 31 May 2012.

For additional information, please refer to the following website: <http://www.budget-finances.cfwb.be/>.

### Powers<sup>2</sup>

CFB’s powers extend to persons and institutions established in Wallonia (excluding the German-speaking districts thereof) and to certain French-language institutions in the bilingual (French/Dutch) Brussels Region. It services approximately 4 million persons out of the 10 million inhabitants in Belgium.

The powers of CFB are determined by the Constitution of the Kingdom of Belgium and the special law of 8 August 1980 on institutional reforms (*Loi spéciale de réformes institutionnelles* / *Bijzondere wet tot hervorming der instellingen*), as amended (the “**Institutional Reform Law**”), and comprise the entire educational system (excluding pensions), culture (including, *inter alia*, fine arts, performing arts, radio and television, and sports), the use of languages and certain social affairs (including youth aid, early childhood, promotion of health, and social aid to prisoners). For the various matters for which it is responsible, CFB is also competent for national and international cooperation, and scientific research.

In 1993, CFB transferred the exercise of some of its powers to the Walloon Region and the French Community Commission of the Brussels-Capital Region (*Commission communautaire française de la Région de Bruxelles-Capitale*). This transfer mainly concerned school buildings, sports infrastructure, tourism, professional training and social promotion, as well as health policy and welfare aid.

### Political Institutions

The parliament of CFB<sup>3</sup> is a unicameral assembly with 94 members. 75 out of the 94 are the elected members of the Walloon Region parliament and 19 are French-speaking elected members from the Brussels Region parliament. The parliament of CFB exercises the legislative powers of CFB by way of decrees that have the force of law and votes on the budget and the accounts of CFB.

The government of CFB currently has 7 members and is politically accountable to parliament. It is entrusted with executive authority and implements the decrees adopted by the parliament. The current government is a coalition of

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<sup>2</sup> For additional information, see <http://www.federation-wallonie-bruxelles.be/>

<sup>3</sup> For additional information, see <http://www.pfwb.be/>



the *Parti Socialiste*, *Ecolo* and the *Centre démocrate humaniste*, which together control 73.4% of the seats in parliament.

## Financing

### Legal Framework

The financing of CFB is governed by the special law of 16 January 1989 on the financing of the communities and regions (*loi spéciale relative au financement des Communautés et Régions*), which was amended in 1991, 1993, 2001 and 2006 (the “**Financing Law**”).

Pursuant to the Financing Law, the budget of CFB is financed through non-fiscal revenues, allocations from the Federal State of certain national tax collections derived from the value added tax (“**VAT**”) and the income tax for physical persons (“**IPP**”), a compensating allocation for the radio and television tax (“**RTT**”), allocations for the financing of foreign university students and borrowings.

CFB has no authority to levy taxes.

The Financing Law, as well as the Institutional Reform Law, can only be amended through a legislative process requiring a two-third majority in each federal assembly (Chamber and Senate) and a majority of votes in each language group within these assemblies.

### Overview

The following chart shows important financial indicators for 2009, 2010 and 2011, structured as generally agreed by the financial community<sup>4</sup>.

€ million	2011 realised	%	2010 realised	%	2009 realised	%
<b>REVENUES</b>						
Intergovernmental revenues	8,565.5	97.4	7,803.3	97.2	7,865.0	97.4
Other	225.8	2.6	226.7	2.8	209.6	2.6
<b>TOTAL REVENUES<sup>5</sup></b>	<b>8,791.3</b>		<b>8,029.9</b>		<b>8,074.6</b>	
of which : Operating	8,791.2	100.0	8,029.9	100.0	8,074.5	100.0
Capital	0.0	0.0	0.0	0.0	0.1	0.0
<b>EXPENDITURES</b>						
Administration <sup>6</sup>	411.2	4.5	386.3	4.4	364.4	4.4
Culture and non-profit	1,142.8	12.6	1,097.3	12.5	1,050.5	12.6
Education, research and formation	6,801.2	74.8	6,517.0	74.4	6,309.2	75.6
Debt service	162.3	1.8	149.0	1.7	145.5	1.7
Transfers	483.9	5.3	527.5	6.0	411.1	4.9
Other	86.7	1.0	86.6	1.0	69.5	0.8
<b>TOTAL EXPENSES</b>	<b>9,087.9</b>		<b>8,763.6</b>		<b>8,350.3</b>	
of which : Operating	8,923.5	98.2	8,666.9	98.9	8,235.0	98.6
Capital	164.4	1.8	96.6	1.1	115.2	1.4
<b>FINANCING DEFICIT/SURPLUS</b>	<b>-296.7</b>		<b>-733.6</b>		<b>-275.7</b>	

<sup>4</sup> See the reports “*Préfiguration des résultats de l’exécution du budget*” provided each year (in May or June) by the National Audit Office (*Cour des comptes*) to the Parliament of CFB, in accordance with Article 77 of the coordinated laws on the State accountancy (*lois coordonnées sur la comptabilité de l’Etat*).

<sup>5</sup> Exclude new borrowings.

<sup>6</sup> Include administration costs and the ministry staff costs.

Transfers from the Federal Government represent 97.4% of the overall resources of CFB. The Federal Government is responsible for the collection of the national taxes which finance these transfers.

Borrowings (8.5% of the revenues in 2011) are contracted in order to finance the gross balance of the budget (*i.e.* net balance and repayment of the debt). CFB's debt position is described in more detail under section "Debt of the Issuer" below.

#### *Transfers from the Federal Government*

##### **(a) General**

The main transfers by the Federal Government to CFB are based on allocations of collections of VAT (in 2011, 68.44% of CFB's overall revenue) and IPP (in 2011, 24.70% of CFB's overall revenue).

The transfer amounts are calculated on the basis of provisional allocations integrating several parameters and made available to CFB by way of advances in twelve equal instalments at the start of each month. In case the transfer amounts are not fully paid on the monthly due date, Article 54, paragraph 2, of the Financing Law provides that CFB is entitled to borrow the amounts due by the Federal Government from a pre-agreed credit institution. Such borrowings benefit from the guarantee of the Federal State. At the end of each year differences based on final amounts for the parameters are calculated and settled between CFB and the Federal Government.

As a result of an amendment to the Financing Law in 2001 which purported to provide additional revenues to the three Communities (the so-called "**Saint-Polycarpe Agreement**"), the allocation mechanisms from VAT have been revised as from 2002.

In addition, the Federal Government allocates a compensatory grant for RTT (3.51% of CFB's overall revenue in 2011) and co-finances the education of foreign university students (0.78% of CFB's overall revenue in 2011) through transfers to CFB.

##### **(b) Allocation of VAT Collections**

The amount of VAT collections that are allocated to the Communities is annually adjusted to inflation (by reference to the consumer price index) and further corrected to take into account the demographic evolution. This overall adjusted amount is shared between CFB and the Flemish Community on the basis of the actual number of pupils and students in their respective education systems (which in 2011 resulted in an allocation of 43.32% to CFB and 56.68% to the Flemish Community).

As a result of the Saint-Polycarpe Agreement, the aggregate allocation to the Communities has in the period 2002-2012 be increased annually and cumulatively with the following amounts: € 198,314,819.82 (2002), € 148,736,114.86 (2003), € 148,736,114.86 (2004), € 371,840,287.16 (2005), € 123,946,762.39 (2006) and € 24,789,352.48 (each year from 2007 until, and including, 2011). In addition, the amount for both Communities together has increased through adjustment to 91% of real national GDP growth as from 2007.

The additional financing resulting from the Saint-Polycarpe Agreement is shared between CFB and the Flemish Community partly pro rata the actual number of pupils and students in each of the respective Communities' education systems and partly pro rata the amount of actual IPP collections in each of the respective Communities. The part of the additional financing allocated on the basis of number of students was 60% in 2003, but, since 2009, it annually decreased by 5% and then by 10%, such that as from 2012 the entire additional financing is now allocated pro rata the IPP collections in each of the Communities.

This calculation resulted for 2011 in an allocation of € 6,016.9 million to CFB.

##### **(c) Allocation of IPP Collections**

The collections of IPP to be allocated to CFB are adapted to inflation and real national GDP growth on the following basis. With respect to each of CFB and the Flemish Community, the amounts allocated to each of them in the previous budget year are first adjusted to inflation (by reference to the consumer price index) and

real national GDP growth relating to the budget year concerned. These amounts are subsequently added up and the sum is expressed as a percentage of the total collections of IPP collected in both Communities. The amount of IPP allocated to each Community is the result of applying that percentage to the amount of IPP actually collected in the Community and budget year concerned.

This calculation resulted for 2011 in an allocation of € 2,171.6 million to CFB.

**(d) Compensatory grant for RTT**

Until 2002 the RTT was a tax levied by each of the Communities and benefited their respective public radio and television networks. Since 2002 the RTT has become a regional tax. CFB instead receives an annual compensatory grant calculated as a lump sum (equal to the average of RTT collections in the 1999-2001 period) which is adjusted for inflation by reference to the general consumer price index.

This calculation resulted for 2011 in an allocation of € 308.8 million to CFB.

**(e) Allocation for the financing of foreign university students**

The amount of this allocation is only annually adjusted to inflation (by reference to the consumer price index).

This calculation resulted for 2011 in an allocation of € 68.2 million to CFB.

## **Expenditures**

Education, research and training together represented about 74.8% of CFB's overall expenses in 2011. A significant part of the education budget (80%) is devoted to the payment of teaching staff salaries.

The expenditure relating to culture and social affairs (about 12.6% in 2011) essentially consists of grants or subsidies to various institutions entrusted with the implementation of these matters, such as RTBF (the French-language public radio and television network) and the child care institution ONE ("*Office de la Naissance et de l'Enfance*").

The amounts transferred to the Walloon Region and to the French Community Commission of the Brussels-Capital Region (5.3% in 2011) correspond to payments owed by CFB to these entities following the transfer to these entities of the exercise of certain powers of CFB in 1993.

The item "General Services" (4.5% in 2011) covers the operating costs of CFB's institutions and central administration.

Overall, personnel costs (relating to teachers and civil servants) represented in 2011 more than 60 % of the total expenditure of CFB.

Interest expenses accounted for 1.8% of overall expenses.

## **Recent Developments**

The preparation of the initial 2011 budget has taken place in a better economic context than during the previous years. The government of CFB evaluated the national GDP growth rate to 1.7% and the inflation rate to 2.0% (see forecasts published on 15 September 2010 by the *Bureau du Plan*<sup>7</sup>). The estimated parameters for 2010 were better than expected (GDP at 2.1% and CPI at 1.8%). Moreover, the estimated parameters for 2010 and 2011 applied to the adjustment of the 2011 budget (based on the forecasts published on 26 January 2011 by the *Bureau du Plan*) were much better than expected: GDP 2010 at 2.0% and CPI 2010 at 2.2%, hence a positive correction had to be applied to the 2011 budget. In addition, the 2011 GDP was estimated at 2.0% and the 2011 inflation rate at 2.7%.

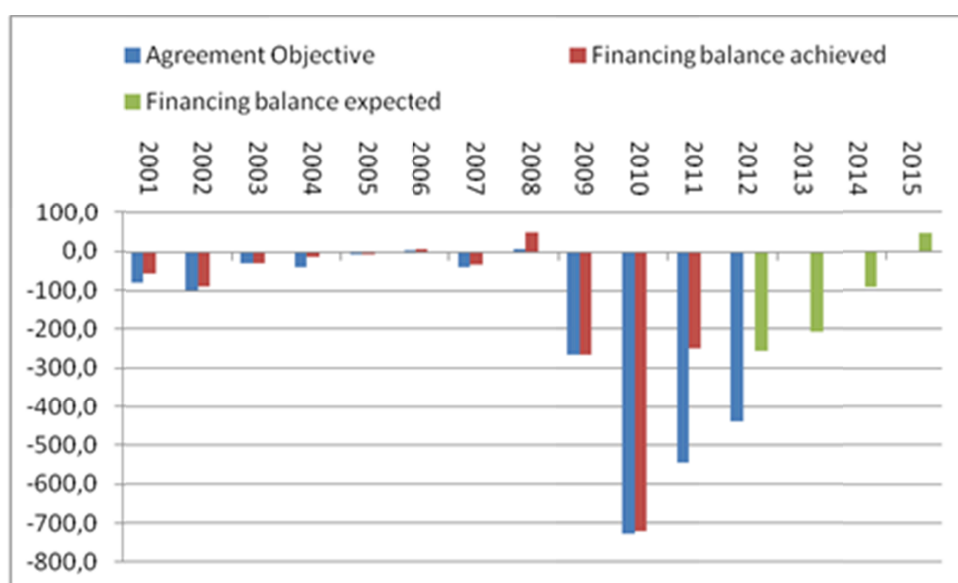
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<sup>7</sup> For additional information, see <http://www.plan.be/>.

For the preparation of the initial 2012 budget, the government of CFB first evaluated for 2012 the national GDP growth rate to 1.6% and the CPI to 2.0% (see forecasts published on 9 September 2011 by the *Bureau du Plan*<sup>8</sup>). It should however be noted that these rates have been adjusted in the course of May 2012 (GDP at 0.1% and inflation at 2.9%). As a result, the adjusted budget 2012 remains approximately stable compared to the initial budget 2012.

The long term debt position of CFB remained stable from 2003 to 2008, which confirms the intention of CFB to meet its financial commitments. In 2009, 2010 and 2011, the budget deficit had to be borrowed so that the consolidated debt amount increased with € 356.5 million to reach €3,236.2 million in December 2009 (Debt Ratio<sup>9</sup> = 40.1%); increased with € 810.5 million to reach €4,046.7 million in December 2010 (Debt Ratio = 50.4%); and increased with €259.7 million to reach €4,306.4 million in December 2011 (Debt Ratio = 49.0%). The *Conseil supérieur des Finances*<sup>10</sup> stressed in its July 2007 report that CFB closed its accounts of the years 2003-2006 in line with its annual objectives. The following reports of the *Conseil supérieur des Finances* (published in March 2009, in September 2009, in October 2009, in January 2010, in March 2011, in October 2011 and in March 2012) reflect that CFB consistently exceeded the objectives that were assigned to it in the framework of the cooperation agreements entered into between the Federal State and the federated entities (*entités fédérées / deelstaten*)<sup>11</sup>. Following the economic and financial crisis which impacted CFB as from 2009, a new cooperation agreement was entered into on 15 December 2009 and another one on 3 February 2010 between the Federal State and the federated entities with a view to achieving the balance in the budget for 2015 and a maximum deficit of 3% of the GDP in 2012.

See below the chart representing objectives of the cooperation agreement, budgetary results up to 2011 (as mentioned in the reports published by the *Conseil supérieur des Finances* until 2010; the budgetary result of 2011 is calculated by the *Cour des comptes*) and forecasted results from 2012 to 2015 showing the return to balance<sup>12</sup>.



<sup>8</sup> The GDP and the CPI were adjusted for the year 2011 to respectively 2.4% and 3.5%.

<sup>9</sup> Debt Ratio = Consolidated Debt / Revenues.

<sup>10</sup> For additional information, see <http://www.docufin.be/>

<sup>11</sup> For additional information, see Moody's, Investors Service, Communauté française de Belgique, Credit Analysis, 23 December 2011, p. 3. See also Moody's Investors Service, Communauté française de Belgique, Credit Opinion, 4 July 2012.

<sup>12</sup> See « Exposé général 2012 », p. 127 : <http://www.budget-finances.cfwb.be/>

## DEBT OF THE ISSUER

### Institutional Framework

#### *The Financing Law*

CFB is permitted to borrow funds, in any currency, by virtue of Article 49§1 of the Financing Law. Pursuant to Article 15 of the Institutional Reform Law, such borrowings do not benefit from the guarantee of the Federal State.

Public issues of debt instruments by CFB need to comply with a calendar set by the Federal Government for the public issues of debt by all federated entities (following consultation of the Community and Regional Governments) and are subject to prior approval of the Federal Minister of Finance.

Private borrowings and the issue of short-term debt instruments by CFB only require prior notification to the Federal Minister of Finance. However, the Federal Minister of Finance may seek the advice from an expert group within the High Council of Finance on the need to limit the borrowing capacity of CFB in order to protect the economic and monetary union, avoid internal and external monetary imbalances and a structural deterioration of the financing needs of the entity concerned. The expert group can also issue such advice at its own initiative. Following receipt of advice by the expert group and after consultation with CFB, the Federal Government can suspend CFB's authority to borrow for a period of up to two years. During such suspension, any borrowing by CFB is subject to the prior approval of the Federal Minister of Finance.

#### *CFB Budget Minister*

The finances of CFB are managed by the CFB Budget Minister. His powers to enter into borrowings and other financial transactions on behalf of CFB are set out in the budget decree relating to revenues (*Décret contenant le budget des voies et moyens*) adopted annually by CFB's parliament.

### CFB Debt Position

#### *Overview*

The following table gives an overview of the evolution of CFB's debt position and the major components thereof as of 31 December in 2009, 2010 and 2011.

€ million	31/12/2011	31/12/2010	31/12/2009
Direct Debt (1)	4,272.4	3,930.3	3,187.6
University Debt (2)	98.2	174.2	176.7
TOTAL of long-term debt (3) = (1) + (2)	4,370.6	4,104.5	3,364.3
Commercial Paper outstanding (4)	29.9	0.0	0.0
Bank overdraft (5)	0.0	23.9	0.0
Credit bank account (6)	11.2	0.0	47.0
TOTAL of short-term debt, including bank account (7) = (4) + (5) – (6)	18.7	23.9	- 47.0
Community debt hold by the <i>Fonds Ecureuil</i> (8)	83.0	81.7	81.0
Total consolidated community debt (9) = (3) + (7) – (8)	4,306.4	4,046.7	3,236.2

The table above and the description below do not include guaranteed debt and the debt for the purposes of building cultural or sports infrastructures, which amounted to € 86.5 million as of 31 December 2009, to € 77.7 million as of 31 December 2010 and to € 70.0 million as of 31 December 2011.

As of 31 December 2011, CFB's long-term debt amounted to € 4,370.6 million.

CFB's long-term debt consists of its direct and indirect debt. The indirect debt is borrowings by universities which are considered as CFB debt from a budget perspective.

#### *Direct Debt*

As of 31 December 2011, direct debt accounted for 97.75% of its entire long-term debt.

Until 1994, CFB's direct debt consisted solely of borrowings for its own financing needs. Since 1994, the financings of indirect debt repayments are integrated into the direct debt. In addition, according to public accounting standards, the re-borrowing for debt repayment does not constitute a debt increase.

As a result, the annual variation in the volume of direct debt reflects both the financings of any budget deficits (*solde budgétaire à financer*) and borrowings used for the repayment of the indirect debt.

#### *Indirect Debt*

Indirect debts, which as of 31 December 2011 accounted for 2.25% of CFB's total long-term debt, are debts of entities other than CFB, which are included in CFB's budget and debt.

CFB's indirect debt consists of debt which the French-language universities borrowed in order to finance certain property investments. There are two types of university borrowings: those financing educational infrastructure (which are fully integrated in CFB's indirect debt) and those financing the construction of buildings accommodating students when they are not attending courses (student residences, university restaurants, etc.) for which only interest payments above 1.25% are taken into account in CFB's budget.

The indirect debt is gradually reducing as such borrowings are no longer entered into and repayments thereof are refinanced through direct debt.

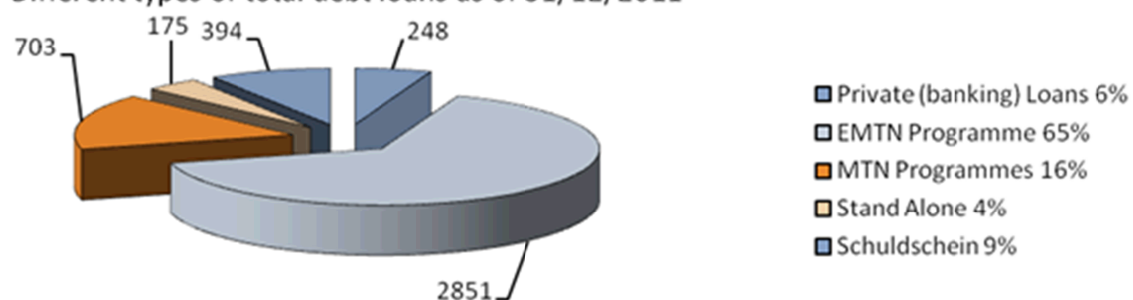
### **Financing Sources**

#### *General*

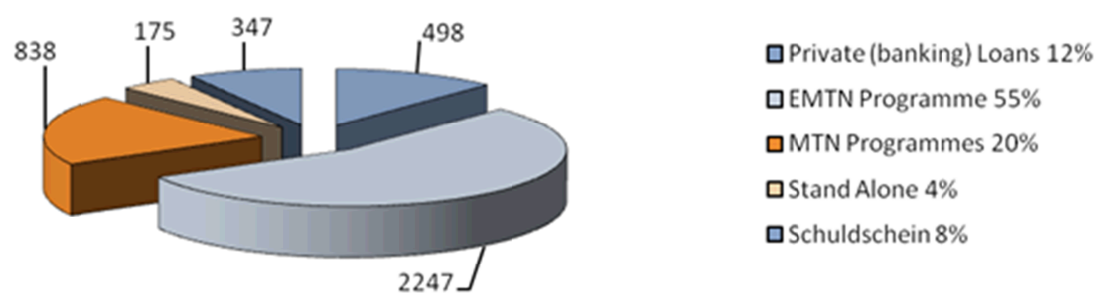
CFB's main financing sources are the use of *Schuldschein* loans, the issue of treasury certificates (*billets de trésorerie*), the accrued use of its EMTN Programme, together with a few (traditional or structured) bank borrowings and stand alone issues. If need be, CFB can use confirmed credit lines that are made available to it. It should be noted that the increase of the EMTN Programme limit from €2,500,000,000 in 2009 to €4,000,000,000 in 2010 has been made in order to materialise CFB's intention to use this financing source more frequently, if possible and when needed.

The following charts show the percentage breakdown of the use of these sources as of 31 December 2009, 2010 and 2011 for CFB's total debt.

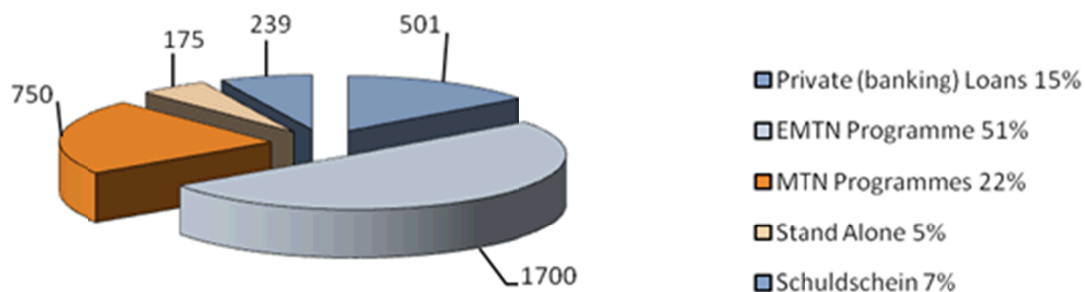
Different types of total debt loans as of 31/12/2011



Different types of total debt loans as of 31/12/2010



Different types of total debt loans as of 31/12/2009



### *Bank Borrowing*

CFB has entered into borrowings with an increasingly varied panel of financial institutions.

Since 1995, such borrowings also include “structured loans” which aim to lower the financing cost and achieve CFB’s objectives regarding the average duration of its debt. The derivative instruments entered into in connection with such loans are varied and include swaptions, calls, options with activating or deactivating barrier.

### *Treasury Certificate Programmes*

CFB has two domestic debt securities programmes in place under which it issues short, medium and long term treasury certificates. Under these programmes CFB may issue short and long term securities for up to €3,250 million.

### *Confirmed Credit Facilities*

CFB disposes of credit facilities, without reservation or non-utilisation fee, for a total amount of €850 million in 2011 and €400 million in 2012.

## **Debt Management**

### *Strategy*

In managing its debt and treasury, CFB pursues the following guiding principles:

- (a) *Centralised debt management.* All transactions relating to CFB’s debt, both direct and indirect, are carried out by CFB’s Debt Department and reflected within the debt budget.
- (b) *Management of the interest rate curve.* CFB monitors, and aims to maintain, on a continuing basis an optimal division of the fixed and variable interest rate components of its debt in view of the evolution of the interest rate curve.
- (c) *Active but prudent use of derivative instruments.* CFB uses derivative instruments, primarily interest rate swaps, for managing the interest rate curve and hedging positions in the various components of its debt.
- (d) *Development of financing programmes.* CFB seeks to diversify its financing sources through the development of financing programmes in order to achieve lower financing costs, higher flexibility and a larger investor base.
- (e) *Taking advantage of withholding tax exemption.* CFB invests its surplus cash in public debt securities issued by the Belgian Federal State and other federal entities thus taking advantage of the withholding tax exemption which it enjoys since 1995 with respect to such investments.

### *CFB Debt Department*

Ministerial decisions with regard to debt and cash management are implemented by the Debt Department.

The strategic aims of debt management are discussed within the Treasury Council. This consultative body is chaired by the Budget Minister and consists of other Community Ministers (or their representatives), the Finance Inspection (*Inspection des Finances*), the National Audit Office (*Cour des comptes*<sup>13</sup>) as well as external experts.

The Debt Department is subject to external supervision by *inter alia* the Finance Inspectorate, the National Audit Office and an external auditor approved by the FSMA.

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<sup>13</sup> For additional information, see <http://www.courdescomptes.be/>



## **Cash Balance Management**

CFB's cash balance consolidates all the bank accounts from which the revenue and expenditure transactions of itself or its dependent entities are carried out.

CFB benefits from a relatively regular and predictable rate of revenue collection and expenditure disbursement, which is mainly due to the transfer of most revenues (including VAT and IPP allocations) by the Federal Government to CFB in twelve instalments at the start of each month and the significant proportion of salary payments within the total expenditures.

CFB finances short-term cash needs through the sale of short-term investments or the issue of short-term treasury certificates under any of CFB's programmes. In 2011, twenty-two commercial paper issues were made for a total amount of approximately €1,979.8 million at a weighted average rate of 1.12%, and with a weighted average maturity of 11.5 days. Alternatively CFB may make use of its €2,500 million committed overdraft bank facilities.

Short-term cash surpluses are either left on account or invested in public debt securities issued by the Belgian Federal State and other federated entities. In 2011, twenty-eight placements were made for a total amount of approximately € 821.9 million at a weighted average rate of 1.30%, and with a weighted average maturity of 29.9 days.

## BELGIAN TAXATION

The following is a summary of certain Belgian tax consequences of the purchase, ownership and disposal of the Notes, and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes.

The summary is based on Belgian tax laws and practice in effect on the date of this Offering Circular, which are subject to change, potentially with retrospective effect. Potential investors in the Notes should consult their own tax advisers as to the Belgian and other tax consequences prior to the purchase, ownership and disposal of the Notes including, in particular, the effect of any state, or local tax laws.

### Withholding Tax

Under current Belgian withholding tax legislation, all payments by or on behalf of the Issuer of interest are generally subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 21 per cent. In this regard, “interest” means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However all payments by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of withholding tax for Notes held by certain eligible investors (an “**Eligible Investor**”) in an exempt securities account (an “**Exempt Account**”) with the NBB Clearing System or with a participant in such system (a “**Participant**”).

Eligible Investors are those entities referred to in Article 4 of the Royal Decree of 26 May 1994 on the deduction of withholding tax (*arrêté royal relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia* :

1. Belgian resident companies subject to corporate income tax as specified in article 2, § 1, 5°, b) of the Income Tax Code of 1992;
2. institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3°, subject to the application of article 262, 1° and 5° of the Income Tax Code of 1992;
3. state-linked social security organisations and institutions assimilated thereto specified in article 105, 2° of the Royal Decree of 27 August 1993 implementing the Income Tax Code of 1992;
4. non-resident savers as specified in article 105, 5° of the same Decree;
5. mutual funds specified in article 115 of the same Decree;
6. companies, associations and other taxpayers referred to by article 227, 2° of the Income Tax Code of 1992, having invested the securities in the exercise of their professional activities in the Kingdom of Belgium and being subject to non-resident tax in accordance with article 233 of the same Code;
7. the Belgian State, for its investments exempted from withholding tax in accordance with article 265 of the same Code;
8. mutual investment funds under foreign law being an undivided estate managed by a management company on behalf of the certificate holders representing an interest in such mutual investment funds, provided the certificates are not offered publicly in the Kingdom of Belgium nor traded in the Kingdom of Belgium;
9. Belgian resident companies not referred to under 1° above, having an activity that consists solely or mainly of the granting of credits and loans;

10. the legal entities which are part of the sector of general government in the meaning of the European System of National and Regional Accounts (ESA) under Council Regulation (EC) N° 3605/93 of 22 November 1993 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.

Upon opening of an Exempt Account with the NBB Clearing System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors. However Participants are required to make annual declarations to the NBB Clearing System as to the eligible status of each investor for whom they hold Notes in an Exempt Account.

However, the documentary requirements set out in the preceding paragraph do not apply to the Notes held by non-resident Eligible Investors in a securities account with Euroclear or Clearstream, Luxembourg or with any non-Belgian intermediary which is a participant in Euroclear or Clearstream, Luxembourg.

An Exempt Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Notes that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor, and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors.

## Capital Gains and Income Tax

### *Belgian Resident Individuals*

Natural persons who are subject to the Belgian personal income tax and who hold the Notes as a private investment, do not have to declare the interest on the Notes in their personal income tax return, provided that they have elected for a withholding of the 4 per cent additional tax on investment income (see below) in addition to the 21 per cent Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

If the 4 per cent additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the Noteholder) will be communicated to a central contact point operated by the Belgian ministry of Finance (separated from the tax administrations) which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of 20,020 Euro mentioned below) as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent additional tax on investment income (see below). The Belgian withholding tax levied may be credited. In addition, if the interest is declared and the 4 per cent additional tax on investment income exceeds the amount of additional tax on investment income due, the excess may be credited against the personal income tax liability and any excess may be refunded.

The above referred to 4 per cent additional tax on investment income can be summarised as follows. Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding 20,020 Euro (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent, liquidation bonuses, the part

of interest on regulated savings accounts taxed at 15 per cent, the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the 20,020 Euro threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Notes will be taken into account to calculate the 20,020 Euro threshold and will be subject to the 4 per cent additional tax on investment income if and to the extent that this interest constitutes part of the investment income exceeding the 20,020 Euro threshold.

Belgian resident individuals are not liable to income tax on capital gains realised upon the disposal of the Notes, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless the capital gains qualify as interest (as defined above in the section "Withholding Tax"). Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

#### *Belgian Resident Corporations*

Holders of Notes that are residents of Belgium and subject to the Belgian ordinary corporate income tax regime, are liable to corporate income tax on the income of the Notes and capital gains realised upon the disposal of the Notes. Capital losses realised upon the disposal of the Notes are generally tax deductible.

#### *Belgian Resident Legal Entities*

For holders of Notes that are residents of Belgium and subject to Belgian legal entities income tax, the 21 per cent withholding tax on interest will constitute the final tax in their hands. If no withholding tax was levied due to the fact that they hold the Notes through an X-Account in the NBB Clearing System, they will have to declare such interest and pay spontaneously the applicable withholding tax to the Treasury.

Belgian legal entities are not liable to income tax on capital gains realised upon the disposal of the Notes unless the capital gains qualify as interest (as defined above in the section Withholding Tax). Capital losses are in principle not tax deductible.

#### *Non-Residents of Belgium*

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not conduct Belgian professional activities will not incur or become liable for Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of Notes provided that they hold their Notes in an Exempt Account.

### **Transfer Tax**

*A taxe sur les opérations de bourse* (tax on stock exchange transactions) at the rate of 0.09 per cent (subject to a maximum amount of 650 Euro per party and per transaction) will be due upon the sale and purchase of Notes entered into or settled in Belgium in which a professional intermediary acts for either party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

*A taxe sur les reports* (tax on a sale combined with a forward purchase) at the rate of 0.085 per cent (subject to a maximum of 650 Euro per party and per transaction) will be due from each party to any such transaction in which a professional intermediary acts for either party.

However, none of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents (subject to certain identification formalities) and certain Belgian institutional investors as defined in Article 126.1, 2° of the *Code des droits et taxes diverses* (Code of various duties and taxes).

In addition, under the exemptions provided for in articles 126/1, 9° and 139 bis, 2° of the *Code des droits et taxes diverses* (Code of various duties and taxes), no *taxe sur les opérations de bourse* (tax on stock exchange transactions) or *taxe sur les reports* (tax on repurchase transactions) shall be payable if the Notes qualify as treasury notes (*billets de trésorerie*) issued in accordance with the Belgian Law of 22 July 1991.

## **EU Directive on the taxation of savings income**

On 3 June 2003, the Council of the European Union adopted the Council Directive 2003/48/EC regarding the taxation of savings income (hereinafter, the “**Savings Directive**”), which has been implemented in Belgium by the law of 17 May 2004. The EU Savings Directive entered into force on 1 July 2005.

The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “**Disclosure of Information Method**”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “**Source Tax**”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

Noteholders should note that the European Commission announced proposals to amend the European Council Directive 2003/48/EC. If implemented, the proposed amendments would, inter alia, extend the scope of the Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wide range of income similar to interest.

If a payment were to be made or collected through a state which has opted for applying the Source Tax and an amount of, or in respect of, Source Tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such Source Tax.

### *Application to individuals not resident in Belgium*

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

### *Application to individuals resident in Belgium*

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of 2.5 Euro.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 6 July 2012 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Co-Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Co-Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the Securities Act, and, subject to certain exceptions, Notes may not be offered or sold within the United States. Each of the Dealers has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States except as permitted by the Dealer Agreement.

The Notes are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the UK FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section

21 of the UK FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the UK FSMA does not apply to the Issuer; and

- (iii) it has complied and will comply with all applicable provisions of the UK FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **Luxembourg**

The Notes are not offered to the public in or from Luxembourg and each Dealer has represented and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements concerning a public offer in or from Luxembourg have been complied with. In particular, this offer has not been and may not be announced to the public and offering material may not be made available to the public.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed subsequently under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [•]

### Communauté française de Belgique

#### Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the € 4,000,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 6 July 2012 [and the supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the “**Conditions**”) set forth in the Offering Circular dated 6 July 2012. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 6 July 2012 [and the supplemental Offering Circular dated [•]], save in respect of the Conditions which are extracted from the Offering Circular dated 6 July 2012 and are attached hereto].

*[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 Pricing Supplement.]*

- |   |                                                                                                                        |                                                                                                                                               |
|---|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Issuer:                                                                                                                | Communauté française de Belgique                                                                                                              |
| 2 | (i) Series Number:                                                                                                     | [•]                                                                                                                                           |
|   | (ii) [Tranche Number:                                                                                                  | [•]                                                                                                                                           |
|   | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)] |                                                                                                                                               |
| 3 | Specified Currency or Currencies:                                                                                      | [•]                                                                                                                                           |
| 4 | Aggregate Nominal Amount:                                                                                              |                                                                                                                                               |
|   | (i) Series:                                                                                                            | [•]                                                                                                                                           |
|   | (ii) [Tranche:                                                                                                         | [•]]                                                                                                                                          |
| 5 | (i) Issue Price:                                                                                                       | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |



	(ii) [Net proceeds:	[•] ( <i>Required only for listed issues</i> )
6	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]
7	(iii) Issue Date:	[•]
	(iv) Interest Commencement Date:	[•]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate] [[ <i>specify reference rate</i> ] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other ( <i>specify</i> )] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other ( <i>specify</i> )]
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12	Put/Call Options:	[Put] [Call] [(further particulars specified below)]
13	Status of the Notes:	Unsubordinated Notes
14	Listing and admission to trading:	[Luxembourg Regulated Market/Other ( <i>specify</i> )/None]
15	Method of distribution:	[Syndicated/Non-syndicated]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
16	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

(i) Rate [(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii) Interest Payment Date(s):	[•] in each year [adjusted in accordance with <i>[specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]</i> /not adjusted]
(iii) Fixed Coupon Amount [(s)]:	[•] per [•] in nominal amount
(iv) Broken Amount:	<i>[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate – NBB Clearing System Regulations specify methods for computing Broken Amounts]</i>
(v) Day Count Fraction (Condition 4(a)):	[30/360 / Actual/Actual (ICMA/ISDA) / other]
(vi) Determination Date(s) (Condition 4(a)):	[•] in each year. <i>[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]</i> *
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
<b>17 Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Interest Period(s):	[•]
(ii) Specified Interest Payment Dates:	[•]
(iii) Interest Period Date:	[...] <i>(Not applicable unless different from Interest Payment Date)</i>
(iv) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i> ]
(v) Business Centre(s) (Condition 4(a)):	[•]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(give details)</i> ]

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\* Only to be completed for an issue where Day Count Fraction is Actual/Actual (ICMA)

	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	[•]
	(viii) Screen Rate Determination (Condition 4(c)(iii)(B)):	
	– Reference Rate:	[•]
	– Interest Determination Date(s):	[•]
	– Relevant Screen Page:	[•]
	(ix) ISDA Determination (Condition 4(c)(iii)(A)):	
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
	– [ISDA Definitions:	[2000/2006]]
	(x) Margin(s):	[+/-] [•] per cent. per annum
	(xi) Minimum Rate of Interest:	[•] per cent. per annum
	(xii) Maximum Rate of Interest:	[•] per cent. per annum
	(xiii) Day Count Fraction (Condition 4(a)):	[•]
	(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
18	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 5(b)):	[•] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[•]
19	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Index/Formula:	[Give or annex details]
	(ii) [Calculation Agent] responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[•]

	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[•]
	(iv) Interest Period(s):	[•]
	(v) Specified Interest Payment Dates:	[•]
	(vi) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other ( <i>give details</i> )]
	(vii) Business Centre(s) (Condition 4(a)):	[•]
	(viii) Minimum Rate of Interest:	[•] per cent. per annum
	(ix) Maximum Rate of Interest:	[•] per cent. per annum
	(x) Day Count Fraction (Condition 4(a)):	[•]
20	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable]  ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) [Calculation Agent] responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[•]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[•]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
21	<b>Call Option</b>	[Applicable/Not Applicable]  ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv) Notice period:	[•]

22	<b>Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii) Notice period:	[•]
23	<b>Final Redemption Amount of each Note</b>	[•] per Calculation Amount
24	<b>Early Redemption Amount</b>	
	(i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 5(c)) or on event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[•] per Calculation Amount
	(ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)):	[Yes/No]
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
25	Form of Notes:	[Dematerialised book-entry Notes/Dematerialised treasury Notes]
	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
26	Financial Centre(s) (Condition 6(e)) or other special provisions relating to Payment Dates:	[Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 16(ii), 17(iv) and 19(vii) relate]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Not applicable]
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details]
29	Details relating to Instalment Notes:  amount of each instalment, date on which each payment is to be made:	[Not Applicable/give details]
30	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable]

- |    |                                    |                                        |
|----|------------------------------------|----------------------------------------|
| 31 | Consolidation provisions:          | [Not Applicable]                       |
| 32 | Other terms or special conditions: | [Not Applicable/ <i>give details</i> ] |

#### **DISTRIBUTION**

- |    |                                       |                                        |
|----|---------------------------------------|----------------------------------------|
| 33 | (i) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i> ]   |
|    | (ii) Stabilising Manager (if any):    | [Not Applicable/ <i>give name</i> ]    |
|    | (iii) Dealer's Commission:            | [•]                                    |
| 34 | If non-syndicated, name of Dealer:    | [Not Applicable/ <i>give name</i> ]    |
| 35 | Additional selling restrictions:      | [Not Applicable/ <i>give details</i> ] |

#### **OPERATIONAL INFORMATION**

- |    |                                                                                  |                                                  |
|----|----------------------------------------------------------------------------------|--------------------------------------------------|
| 36 | ISIN Code:                                                                       | [•]                                              |
| 37 | Common Code:                                                                     | [•]                                              |
| 38 | Clearing system(s) (specify clearing system where Notes have primary clearance): | [NBB Clearing System/Other (specify)]            |
| 39 | Delivery:                                                                        | Delivery [against <sup>*</sup> /free of] payment |
| 40 | The Agents appointed in respect of the Notes are:                                | [•]                                              |

#### **GENERAL**

- |    |                                                                                                                                                          |                                        |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| 41 | Additional steps that may only be taken following approval by a Resolution in accordance with Condition 10(a):                                           | [Not Applicable/ <i>give details</i> ] |
| 42 | The aggregate principal amount of Notes issued has been translated into euro at the rate of [•], producing a sum of (for Notes not denominated in euro): | [Not Applicable/euro [•]]              |

#### **[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the € 4,000,000,000 Euro Medium Term Note Programme of Communauté française de Belgique.]

#### **[STABILISING**

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilising Manager**”) or any person acting on behalf of the Stabilisation Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or person(s) acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date of the relevant Pricing Supplement and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

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<sup>\*</sup> Delivery can only be against payment for Notes denominated in euro.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the Supplemental Offering Circular dated [•]] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

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

## GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment of the Programme. The establishment of the Programme was authorised by the Budget Minister (*Ministre du Budget*) of the Issuer in accordance with Article 3 of the Decree of 20 December 2011 of the French Community on the French Community Budget for the budget year 2012 (*Décret contenant le budget des Voies et Moyens de la Communauté française pour l'année budgétaire 2012*).

Issues of Notes under the Programme will be approved by a Minister of the Issuer. A Minister of the Issuer shall not proceed with any issue of Notes unless, and to the extent, he has been authorised to do so by a budget or other decree enacted by the Parliament of the Issuer and in effect at the time of the issue.

Before making any issue under the Programme, the Issuer will obtain all necessary consents, approvals and authorisations and will proceed with the issue in compliance with, in particular, Articles 49, 50, 51 and 52 of the Law of 16 January 1989 on the financing of the communities and regions (*loi spéciale relative au financement des Communautés et Régions*), as amended from time to time. In particular:

- (a) in the case of public issues of Notes, the Issuer will comply with the calendar set by the Federal Government for the public issues of debt by all federal entities (following consultation of the Community and Regional Governments) and the Federal Minister of Finance will have given his consent to the issue;
  - (b) in the case of private issues of Notes and the issue of short-term Notes, the Issuer will notify in advance the Federal Minister of Finance; if the Federal Minister of Finance has sought the advice from the expert group within the High Council of Finance on the need to limit the borrowing capacity of the Issuer in order to protect the economic and monetary union, avoid internal and external monetary imbalances and a structural deterioration of the financing needs of the Issuer, or if the expert group has issued such advice at its own initiative and as a consequence the Federal Government has decided to suspend the Issuer's authority to borrow for a period of up to two years, the Federal Minister of Finance will have given his consent to the issue.
- (2) Except as disclosed in this Offering Circular, there has been no significant change in the financial position of the Issuer since 31 December 2011 and no material change in the financial position or prospect of the Issuer since 31 December 2011.
- (3) The Issuer is not and has not been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Issuer, nor is the Issuer aware that any such proceedings are pending or threatened.
- (4) The Issuer is not or has not been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
- (5) Most credit institutions and securities firms established in Belgium as well as Euroclear and Clearstream, Luxembourg are participants in the NBB Clearing System and Approved Account Holders. In respect of Notes that are not denominated in euro, Approved Account Holders are limited to the NBB, Euroclear, Clearstream, Luxembourg and the Domiciliary Agent. Investors can thus hold their Notes in securities accounts in Euroclear and Clearstream, Luxembourg in the same way as they would for any other types of securities. For practical purposes, the Notes can be held and cleared in Euroclear and Clearstream, Luxembourg in accordance with their usual procedures. Certain types of Belgian investors (being those that are not eligible for holding "X-accounts" – see "Taxation" below), however, may not hold their Notes through Euroclear or Clearstream, Luxembourg (unless they do so



through another financial intermediary which is also a participant in the NBB Clearing System and which will be responsible for the withholding of tax).

- (6) Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for each Series of Notes will be set out in the relevant Pricing Supplement.
- (7) The Pricing Supplement for each Tranche of Notes must be sent in draft form to the NBB in advance for approval. Admission of Notes in the NBB Clearing System is discretionary.
- (8) For so long as Notes may be issued pursuant to this Offering Circular, a copy of this Offering Circular (together with any Supplement to this Offering Circular) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the principal office of the Issuer and the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Domiciliary Agent, the Paying Agent and the Listing Agent:
  - (i) the Agency Agreement;
  - (ii) the Dealer Agreement;
  - (iii) the budget of the Issuer;
  - (iv) each Pricing Supplement for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange;
  - (v) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular;
  - (vi) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange; and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
- (9) The execution of the annual budget of the Issuer is subject to a review by the National Audit Office ("*Cour des comptes*"<sup>14</sup>), a separate institution that advises the Parliament of the Issuer.

The definitive budget regulation ("*loi des comptes*") is adopted by the Parliament after verification by the National Audit Office.
- (10) A prefiguration of the 2011 accounts ("*préfiguration des résultats de l'exécution du budget*"), in accordance with Article 77 of the Coordinated Laws of 17 July 1991 on the State Accounting ("*Lois coordonnées du 17 juillet 1991 sur la comptabilité de l'Etat*"), is available at the offices of the Domiciliary Agent and of the Listing Agent. This prefiguration is also available on the website of the Parliament of Communauté française de Belgique (<http://www.pfwb.be/le-travail-du-parlement/doc-et-pub/documents-parlementaires-et-decrets/documents/001374291>).

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<sup>14</sup> For additional information, see <http://www.courdescomptes.be/>.

### **Address of the Issuer**

#### **Communauté française de Belgique**

Boulevard Léopold II, 44  
B-1080 Brussels  
Belgium

### **Co-Arrangers**

#### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester House  
London EC2N 2DB  
United Kingdom

#### **Belfius Bank SA/NV**

Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

### **Dealers**

#### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester House  
London EC2N 2DB  
United Kingdom

#### **Belfius Bank SA/NV**

Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

#### **pbb Deutsche Pfandbriefbank**

Freisinger Strasse 5  
85716 Unterschleissheim  
Germany

#### **CBC Banque SA**

Grand-Place 5  
B-1000 Brussels  
Belgium

#### **Fortis Bank NV/SA, acting under the commercial name of BNP Paribas Fortis**

Montagne du Parc 3  
B-1000 Brussels  
Belgium

#### **KBC Bank NV**

Havenlaan 2  
B-1080 Brussels  
Belgium

#### **HSBC France**

103, avenue des Champs-Élysées  
75008 Paris  
France

#### **Crédit Agricole Corporate and Investment Bank**

Legal – DCM & Structured Debt Instruments  
9, Quai de Président Paul Doumer  
92920 Paris La Défense Cedex  
France

### **Paying Agent, Domiciliary Agent and Calculation Agent**

#### **Belfius Bank SA/NV**

Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

### **Luxembourg Listing Agent**

**Banque Internationale à Luxembourg, *société anonyme***

69 route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

### **Legal Advisers**

#### **To the Issuer**

*in respect of Belgian law*

#### **Simont Braun**

Avenue Louise 149 (20<sup>th</sup> floor)  
B-1050 Brussels  
Belgium

#### **To the Dealers**

*in respect of Belgian law*

#### **Linklaters LLP**

Rue Bréderode 13  
B-1000 Brussels  
Belgium