



Flanders

State of the Art

THE FLEMISH COMMUNITY

€ 25,000,000,000

Euro Medium Term Note Programme

For the issuance of Euro Medium Term Notes

The Flemish Community (the “**Issuer**” or the “**Flemish Community**”) may from time to time issue Euro Medium Term Notes (the “**Notes**”), subject to compliance with all relevant laws, regulations and directives, under the EUR 25,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) described in this offering circular dated 29 September 2020 (the “**Offering Circular**”). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 25,000,000,000 (or the equivalent in other currencies).

This Offering Circular does not constitute a prospectus or an information note for the purpose of the Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “Prospectus Regulation”) and the Belgian law of 11 July 2018 on the offer of investment instruments to the public and the admission of investment instruments to trading on a regulated market, as amended or superseded. Accordingly, this Offering Circular does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market nor of the Law of 11 July 2018, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Regulation.

Application may be made to Euronext Brussels for the Notes issued under the Programme to be admitted to listing and trading on the regulated market of Euronext Brussels on an issue by issue basis from the date hereof. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments. The Programme also permits Notes to be issued which are listed or admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s) (as defined below). The Programme also permits Notes to be issued which are unlisted and/or not admitted to trading on any market. The applicable 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 Euronext Brussels (or any other stock exchange).

Under the Programme the Flemish Community, may from time to time issue Notes denominated in any currency to the discretion of the Issuer as may be agreed by the Issuer and the relevant Dealer (as defined below), provided that Notes in such currency may be cleared and settled in the Securities Settlement System (as defined below), and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Securities Settlement System exclusively clears securities denominated in a currency for which the European Central Bank publishes an exchange rate daily. The Notes will have maturities as described in this Offering Circular and the applicable Pricing Supplement (as defined below). The Notes, which may be issued at their principal amount or

at a premium over or discount to their principal amount, may bear interest on a fixed or floating rate or other variable rate or index or formula linked basis or be issued on a fully discounted basis and not bear interest, and the amount payable upon redemption of the Notes may be fixed or variable or index or formula linked and may be paid in a currency or currencies other than the original currency of issue and the method of calculating interest may vary between the issue date and the maturity date of the relevant Notes. Notes may be issued on a fully or partly paid basis. Notes may provide that they will be redeemed in instalments.

The Notes will be created, cleared and settled in the clearing system operated by the National Bank of Belgium (“**NBB**”) or any successor thereto (the “**Securities Settlement System**”) pursuant to the Belgian law of 6 August 1993 on transactions in certain securities (*Wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Law of 6 August 1993**”), the Royal Decree of 26 May 1994 on the deduction of withholding tax (*Koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing overeenkomstig hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Royal Decree of 26 May 1994**”) and the Royal Decree of 14 June 1994 holding recognition of a clearing system with regard to the entry into effect of Chapter I of the law of 6 August 1993 concerning certain transactions in securities (*Koninklijk besluit houdende erkenning van een vereffeningstelsel met het oog op de inwerkingstelling van hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Royal Decree of 14 June 1994**”), each as amended and the rules of the Securities Settlement System and its annexes, as issued or modified by the National Bank of Belgium from time to time (the laws, decrees and rules mentioned herein being referred to as the “**Settlement System Regulations**”). Euroclear Bank SA/NV as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking AG, Frankfurt (“**Clearstream Frankfurt**”) maintain accounts in the Securities Settlement System. The clearing of the Notes through the Securities Settlement System is subject to prior approval of the National Bank of Belgium. Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

The Notes will be issued to one or more of the Dealers specified in the section “*Overview of the Programme*” (hereinafter each a “**Dealer**” and together the “**Dealers**”, which expression shall include any additional Dealer appointed under the Programme from time to time) on a continuing basis.

The sole Arranger under the Programme is ING Belgium NV/SA, acting under the commercial name of ING (the “**Arranger**”).

ARRANGER

ING

DEALERS

BELFIUS BANK

BNP PARIBAS FORTIS

**CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**

HSBC

ING

KBC BANK

LANDESBANK BADEN-WÜRTTEMBERG

**SOCIÉTÉ GÉNÉRALE CORPORATE &
INVESTMENT BANKING**

The date of this Offering Circular is 29 September 2020. This Offering Circulars replaces and supersedes all offering circulars issued prior to the date hereof. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described

in this Offering Circular and the applicable Pricing Supplement. This does not affect any notes issued by the Issuer prior to the date of this Offering Circular.

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IMPORTANT NOTICE

The Issuer has prepared this Offering Circular for the purpose of giving information with regard to the Programme and the Notes to be issued under the Programme.

The Programme is governed by and construed in accordance with the laws of Belgium, and more specifically the Decree of the Flemish Parliament of 13 March 2009 concerning the debt which can be incorporated in securities of the Flemish Region and the Flemish Community (*Decreet betreffende de al dan niet in effecten belichaamde schuld van het Vlaamse Gewest en de Vlaamse Gemeenschap*) (the “**Decree of 13 March 2009**”), the law of 2 January 1991 on the public debt securities market and instruments of monetary policy (*Wet betreffende de markt van de effecten van de overheidsschuld en het monetair beleidsinstrumentarium*) (the “**Law of 2 January 1991**”), the Decision of the Flemish Government of 20 March 2009 relating to the issuance of Flemish promissory notes (*Besluit van de Vlaamse Regering betreffende de uitgifte van Vlaamse schuldbewijzen*) (as amended by the Decision of the Flemish Government dated 8 May 2015 (*Besluit van de Vlaamse Regering tot wijziging van artikel 1 en 4 van het besluit van de Vlaamse Regering van 20 maart 2009 betreffende de uitgifte van Vlaamse schuldbewijzen*)) (the “**Decision of the Flemish Government of 20 March 2009**”) and the Ministerial Decision of 1 August 2015 amending article 2 and 8 of the ministerial decision on the delegation of certain powers concerning finance and budget to leading civil servants of the Flemish ministry of finance and budget (*Ministerieel besluit tot wijziging van artikel 2 en 8 van het ministerieel besluit van 30 juni 2006 houdende de delegatie van sommige bevoegdheden inzake financiën en begroting aan de leidende ambtenaren van het Vlaams ministerie van Financiën en Begroting*) (the “**Ministerial Decision of 1 August 2015**”).

The Issuer confirms that the statements contained in this Offering Circular are in every material respect true and accurate and not misleading, that this Offering Circular does not contain any untrue statement of any material fact and is not misleading in any material respect, that this Offering Circular does not omit to state any material fact necessary to make the statements herein or to enable potential investors to make an informed assessment of the Issuer and the Notes, in the context in which they are made, not misleading and that all reasonable inquiries have been made with all due diligence to ascertain the facts and to verify the accuracy of all such statements. The Issuer accepts responsibility for the information contained in this Offering Circular accordingly.

PROHIBITION OF SALES TO BELGIAN CONSUMERS - If the Prohibition of Sales to Belgian Consumers is specified as applicable in the applicable Pricing Supplement, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any Belgian consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) dated 28 February 2013, as amended from time to time.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET - The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the

“**Benchmark Regulation**”). If any such reference rate does constitute such a benchmark, the applicable Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Pricing Supplement (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Pricing Supplement to reflect any change in the registration status of the administrator.

The Arranger and the Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger and the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No dealer, salesman or other person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Issuer and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

The Notes will be issued on the terms of this Offering Circular and the applicable Pricing Supplement.

The delivery of this Offering Circular at any time does not imply that the information herein is correct as of any time subsequent to the date of this Offering Circular. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. This Offering Circular does not constitute and may not be used for the purposes of an offer of or an invitation by or on behalf of the Issuer or the Dealers to subscribe for or purchase any of the Notes.

Neither this Offering Circular nor any further information supplied in connection with the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer and/or any of the Dealers that any recipient of this Offering Circular or of any further information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Persons into whose possession this Offering Circular comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offering and sale of the Notes and on distribution of this Offering Circular, see below under the section “*Subscription and Sale*”.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and will only be sold outside the United States in compliance with Rule 903 of Regulation S under the Securities Act in “offshore transactions” as defined in Regulation S under the Securities Act and, absent registration under the Securities Act, may only be offered or sold in the United States pursuant to an available exemption from such registration requirements.

In this Offering Circular all references to decrees, royal decrees, decisions of the Flemish Community, income tax codes, laws, agreements, instruments or documents are to such decrees, royal decrees, decisions of the Flemish Community, income tax codes, laws, agreements, instruments or documents as amended, supplemented, restated or replaced from time to time.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement 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(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Unless otherwise stated, capitalised terms used in this Offering Circular have the meanings set forth in this Offering Circular. Where reference is made to the “Terms and Conditions of the Notes” or to the “Conditions”, reference is made to the Terms and Conditions of the Notes as set out in the section “*Terms and Conditions of the Notes*” of this Offering Circular and, in relation to any Series of Notes, to the Terms and Conditions of the Notes (as set out in the section “*Terms and Conditions of the Notes*”) together with the relevant Pricing Supplement of that Series.

All references in this Offering Circular to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty (as defined below).

RISK FACTORS

The risks described below are not the only ones that the Flemish Community faces or that relate to an investment in the Notes. Additional risks that are not currently known to the Flemish Community or that the Flemish Community currently believes are immaterial may also adversely affect it. Many of these risks are interrelated and occur under similar economic conditions, and the occurrence of certain of them may in turn cause the emergence, or exacerbate the effect, of others. Such a combination could materially increase the severity of the impact on the Flemish Community. As a result, should certain of these risks emerge, the Flemish Community may need to raise additional funds through borrowing in the internal or external capital markets, and there is no assurance that the Flemish Community will be able to borrow needed funds on terms that it considers acceptable or at all.

The Notes may not be a suitable investment for all investors.

Investing in the Notes may entail several risks. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In case of doubt, potential investors should consult their financial and legal advisors about the risks of investing in the Notes and the suitability of this investment in light of their particular situation. In particular and without limitation, each potential investor should:

- (a) have sufficient knowledge and experience to understand the specific merits and risks of a sovereign issuer and the Flemish Community in particular;
- (b) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (c) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (d) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (e) understand thoroughly that the value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events, including factors affecting capital markets generally and the stock exchange(s) on which the Notes are traded;
- (f) understand thoroughly that in the event of a default by the Flemish Community, they might not receive the amounts which they would have been entitled to and could lose all or part of the capital invested;
- (g) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices, credit risks and financial markets;
- (h) note that the Terms and Conditions of the Notes contain a "collective action clause" which permits defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority; and
- (i) be able to fully evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Suitability of an investment in the Notes issued as green, sustainable and/or social Notes

The Issuer may issue Notes that are intended to qualify as "green Bonds", "sustainable Bonds", and/or "social Bonds" in accordance with relevant applicable principles at the time of issue (such Notes, "Green Bonds", "Sustainable Bonds" or "Social Bonds"). Such Green Bonds, Sustainable Bonds or Social Bonds may be issued on the basis of a framework established by the Issuer and/or may be subject to a review by a third party.

Neither the Issuer nor any Dealer makes any representation as to the suitability of the Notes or any documentation provided in connection therewith to fulfil the environmental, sustainable or social objectives of such instrument. Where a third party opinion is issued, neither the Issuer, nor the person issuing such opinion, nor any Dealer accept any form of liability for the substance of such opinion, the use of such opinion, and/or the information provided in it. Where the Issuer does not comply with its obligations in respect of the green, sustainable or social nature of the Notes, where applicable, such non-compliance will not constitute an Event of Default. A withdrawal of a green opinion, where issued, or any loss of qualification as Green Bond, Sustainable Bond or Social Bond under any relevant principles, may affect the value of the relevant Notes and/or may have consequences for investors that have portfolio mandates to invest in green, sustainable and/or social assets.

Risks related to COVID-19

The Issuer is exposed to the impact of the global COVID-19 crisis resulting from the outbreak of a strain of novel Corona virus disease, COVID-19, as declared by the World Health Organization on 11 March 2020. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. The spread of COVID-19 may result in a global economic downturn, including in the Eurozone, Belgium and the Flemish Region, and is causing and may continue to cause in the future increased volatility and declines in financial markets. In particular, the spread of COVID-19 is very likely to lead to a decrease in tax and other revenues of the Issuer and to an increase of its expenses. It is likely that the COVID-19 crisis and the measures taken by the Belgian Federal Government and the Issuer to fight this crisis will have a significant impact on the Budget, the consequences of which will likely include a significant budget deficit and an overall material impact on the fiscal balance of the Issuer. If the COVID-19 crisis is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial markets and have a further negative impact on the Issuer. The extent of the impact of the COVID-19 crisis is difficult to fully predict at this time due to the rapid evolution of this uncertain situation. As a result, a possible downgrade of the Issuer's credit rating cannot be excluded.

For further information on the impact of COVID-19 on the Issuer, please refer to the section "Description of the Issuer".

In certain instances the Noteholders may be bound by certain amendments to the Notes to which they did not consent

The Notes are subject to certain provisions allowing for the calling of meetings of Noteholders to consider matters affecting their interests. See Condition 16 (*Meetings of Noteholders, modifications and waivers*). These provisions permit defined majorities to bind all holders of a Series, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

Further, the Agent may without the consent or approval of the Noteholders make such amendments to the Conditions or the Agency Agreement which are in the opinion of the Agent of a formal, minor or technical nature or made to correct a manifest error or comply with mandatory provisions of law or such amendments to the Agency Agreement which are in the opinion of the Agent not prejudicial to the interests of the holders.

There is no visibility on the trading price for the Notes.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates, the level of demand for the Notes, and the financial condition of the Flemish Community. The Notes may thus trade at prices that are lower than their initial purchase price. Noteholders are therefore exposed to the risk of an unfavourable development of market prices of their Notes which may materialise if other holders sell the Notes prior to the final maturity.

The market value of the Notes may be affected by the creditworthiness of the Flemish Community and a number of additional factors.

The value of the Notes may be affected by the creditworthiness of the Flemish Community and a number of additional factors, such as market interest rates, exchange rates and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country or region, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such investor.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to the Flemish Community. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Offering Circular and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Legal investment considerations may restrict certain investments.

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

Risks related to the structure of a particular issue of Notes with a floating rate of interest using benchmarks

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate (“**EURIBOR**”) and the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

The Benchmark Regulation, which became applicable on 1 January 2018, applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. Among other things, the Benchmark Regulation (i) requires Benchmark administrators to be authorised or registered (or if based outside the European Union, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised or registered (or if based outside the European Union, not deemed equivalent, recognised or endorsed).

In March 2017, the European Money Markets Institute (“EMMI”) published a position paper setting out the legal grounds for certain proposed reforms to EURIBOR. The proposed reforms seek to (i) clarify the EURIBOR specification, (ii) align the current methodology with the Benchmark Regulation, the IOSCO Principles (*i.e.*, nineteen principles which are to apply to Benchmarks used in financial markets as published by the Board of the International Organisation of Securities Commissions in July 2013) and other regulatory recommendations and (iii) adapt the methodology to better reflect current market conditions. EMMI is more specifically aiming to evolve the current quote based methodology to a transaction based methodology in order to better reflect the underlying interest that it intends to measure and adapt to the prevailing market conditions. In particular, it is contemplated that it will be anchored on actual market transaction input data, whenever available, and on other funding sources if transaction data are insufficient. On 29 March 2018, EMMI launched its first stakeholder consultation on the hybrid methodology. The consultation closed on 15 May 2018 and was followed by an in-depth testing of the proposed methodology under live conditions from May to August 2018. In February 2019, EMMI published the summary of stakeholder feedback on a second consultation paper on a hybrid methodology for EURIBOR. At the same time, EMMI also published a blueprint of the methodology, targeted to non-expert audiences and aimed at providing further transparency and clarity on the hybrid methodology.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. Subsequent speeches by the Chief Executive of the United Kingdom Financial Conduct Authority and other Financial Conduct Authority officials have emphasized that market participants should not rely on the continued publication of LIBOR after the end of 2021. Other interbank offered rates suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Any changes to the administration of a Benchmark or the emergence of alternatives to a Benchmark as a result of these reforms, may cause such Benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a Benchmark or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such Benchmark. Uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark. The development of alternatives to a Benchmark may result in Notes linked to or referencing such Benchmark performing differently than would otherwise have been the case if such alternatives to such Benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a Benchmark.

Whilst alternatives to certain existing Benchmarks for use in the bond market (including (i) SONIA (for Sterling LIBOR) and rates that may be derived from SONIA and (ii) €STR (for EONIA and EURIBOR) and rates that may be derived from €STR) are being developed, in the absence of any legislative measures, outstanding notes linked to or refinancing an existing benchmark will only transition away from such Benchmark in accordance with their particular terms and conditions.

The Conditions provide for certain fall-back arrangements in the event that a published Benchmark, such as LIBOR, (including any page on which such Benchmark may be published (or any successor service)) were to be discontinued or otherwise became unavailable.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be

determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from Reference Banks and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 11 (*Benchmark discontinuation*)) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions and/or the Agency Agreement as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread, and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable in respect of the immediately preceding Interest Period, or, if applicable, the initial Rate of Interest.

Applying the initial Rate of Interest or the Rate of Interest applicable in respect of the immediately preceding Interest Period will result in Notes linked to or referencing the relevant Benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant Benchmark were to continue to apply or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest or the Interest applicable in respect of the immediately preceding Interest Period will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed together with: (i) any amendments or supplements to this Offering Circular, (ii) the applicable Pricing Supplement, (iii) the budget of the Issuer as annually determined in the Decree of the Flemish Community on the Flemish Community budget for the respective budget year (*Decreet houdende de middelenbegroting van de Vlaamse Gemeenschap voor het respectievelijk budgettair jaar en Decreet houdende de uitgavenbegroting van de Vlaamse Gemeenschap voor het respectievelijk budgettair jaar*) (the “**Budget**”), and (iv) the website <http://www.financeflanders.be>, which shall amend and update the section “*Description of the Issuer*”, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and 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 or on the website <http://www.financeflanders.be> is inconsistent with such contents. All information or documents incorporated by reference in this Offering Circular are available on the website of the Issuer at <http://www.financeflanders.be> or may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Offering Circular during normal business hours so long as any of the Notes are outstanding.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealers that in the event of a change in the condition of the Flemish Community which is material in the context of the Programme or the issue of any Notes or if the Offering Circular shall otherwise come to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend the Offering Circular to comply with, or reflect changes in, the laws or regulations of Belgium, the Issuer shall prepare and publish 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 such number of copies of such amendment or supplement hereto as such Dealer may reasonably request.

Furthermore, following the publication of this Offering Circular a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in the Offering Circular.

DESCRIPTION OF THE PROGRAMME

General

The Issuer may from time to time (and within the framework of this Offering Circular) issue Notes which are Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes, Zero Coupon Notes, Range Accrual Notes and any other form of Notes to be issued at the discretion of the Issuer, denominated in any currency as determined in accordance with this Offering Circular (and the applicable Pricing Supplement). The Notes will have maturities between one month and fifty years as specified in the applicable Pricing Supplement.

The applicable terms of the Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be specified in the applicable Pricing Supplement. All amendments and supplements to this Offering Circular prepared by the Issuer from time to time shall be deemed to be incorporated in, and to form part of, this Offering Circular, provided however that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, or forming part of, this Offering Circular (such as but not limited to the applicable Pricing Supplement) shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The Issuer will, at the specified offices of the Paying Agent (as defined below), provide, free of charge, upon oral or written request, a copy of this Offering Circular and all amendments and supplements thereto and of the applicable Pricing Supplement. Written or oral requests for such documents should be directed to the specified office of the Paying Agent.

Listing

Application may be made to Euronext Brussels for the Notes issued under the Programme described in this Offering Circular to be admitted to listing and trading on the regulated market of Euronext Brussels on an issue by issue basis from the date hereof. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments. The Programme also permits Notes to be issued which are listed or admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s). The Programme also permits Notes to be issued which are unlisted and/or not admitted to trading on any market. The applicable 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 Euronext Brussels (or any other stock exchange).

Dealers

The Issuer may appoint one or more persons as Dealer(s) for the purpose of purchasing a specific tranche of Notes as principal (on either a syndicated or non-syndicated basis) for resale to others. Such appointment shall be limited to the tranche in respect of which such person(s) is (are) appointed Dealer(s) and shall not extend to other tranches.

Dematerialised Notes

The Notes will be issued in dematerialised form in accordance with the Law of 2 January 1991 pursuant to the Decree of 13 March 2009 and cannot be physically delivered. No certificates representing the Notes will be issued. The Notes will be accepted for clearance through the Securities Settlement System (as hereafter defined) and will accordingly be subject to the Settlement System Regulations (as hereafter defined). The Notes will be represented by book entries in the records of the Securities Settlement System or of an approved account holder within the meaning of Article 3 of the Law of 2 January 1991. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.

Clearing and Settlement

The Notes will be created, cleared and settled in the clearing system operated by the National Bank of Belgium or any successor thereto (hereinafter the “**Securities Settlement System**”). The Notes will be cleared through the X/N accounts system organised within the Securities Settlement System in accordance with the law of 6 August 1993 concerning transactions in certain securities (*Wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Law of 6 August 1993**”), the Royal Decree of 26 May 1994 on the deduction of withholding tax (*Koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing overeenkomstig hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Royal Decree of 26 May 1994**”) and the Royal Decree of 14 June 1994 holding recognition of a clearing system with regard to the entry into effect of Chapter I of the law of 6 August 1993 concerning certain transactions in securities (*Koninklijk besluit houdende erkenning van een vereffeningstelsel met het oog op de inwerkingstelling van hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) (the “**Royal Decree of 14 June 1994**”), each as amended and the rules of the Securities Settlement System and its annexes, as issued or modified by the National Bank of Belgium from time to time (the laws, decrees and rules mentioned herein being referred to as the “**Settlement System Regulations**”). Access to the Securities Settlement System is available through participants whose membership extends to securities such as the Notes (the Participants). Participants include certain banks, stockbrokers and, among others, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking AG, Frankfurt (“**Clearstream Frankfurt**”) (for a list of the Participants, refer to <https://www.nbb.be/nl/list-nbb-investor-icsds>). The clearing of the Notes through the Securities Settlement System must receive the prior approval of the National Bank of Belgium. Settlement will take place on a “delivery versus payment” basis in accordance with the Settlement System Regulations.

Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series (as defined in the section “*Terms and Conditions of the Notes*” below) of Notes, the applicable Pricing Supplement. Words and expressions defined in the Terms and Conditions of the Notes below shall have the same meanings in this overview.

Issuer:	The Flemish Community. Legal Entity Identifier (LEI) code: 9676003JDGYZ0V9FF348.
Paying Agent:	Belfius Bank Belgium SA/NV.
Description:	Euro Medium Term Note Programme (the “ EMTN Programme or the Programme ”).
Euro Medium Term Note:	Please refer to Note(s).
Arranger:	ING Belgium NV/SA, acting under the commercial name of ING.
Calculation Agent:	As indicated under the applicable Pricing Supplement.
Dealers:	Belfius Bank SA/NV BNP Paribas Fortis SA/NV Crédit Agricole Corporate and Investment Bank HSBC France ING Bank N.V. Belgian Branch ING Belgium NV/SA KBC Bank NV Landesbank Baden-Württemberg Société Générale

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. Reference to “Dealers” is to all dealers listed above and all persons appointed as a dealer in respect of one or more Tranches or in respect of the whole Programme.

Form of Notes:	The Notes will be issued in dematerialised form in accordance with the Law of 2 January 1991, pursuant to the Decree of 13 March 2009 and cannot be physically delivered. No certificates representing the Notes will be issued. The Notes are accepted for clearance through the Securities Settlement System and are accordingly subject to the Settlement System Regulations. The Notes will be represented by book entries in the records of the Securities Settlement System or of an approved account holder within the meaning of Article 3 of the Law of 2 January 1991. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.
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Note(s):	Euro Medium Term Notes which the Issuer may from time to time issue in accordance with the provisions of this Offering Circular and the applicable Pricing Supplement.
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Currencies:	<p>Notes may be denominated in any currency or currencies, to the discretion of the Issuer as may be agreed by the Issuer and the relevant Dealer (as defined below), provided that Notes in such currency or currencies may be cleared and settled in the Securities Settlement System and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Payments in respect of Notes may, subject to such compliance and if so provided for in the Pricing Supplement, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.</p> <p>The Securities Settlement System exclusively clears securities denominated in a currency for which the European Central Bank publishes an exchange rate daily.</p>
Programme Amount / Limit:	EUR 25,000,000,000.00 (or the equivalent in foreign currencies).
Issuance in Series:	The Notes will be issued on a syndicated or non-syndicated basis. Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the Issue Date, the Interest Commencement Date and/or the Issue Price may be different. The Notes of each Tranche will have the same Issue Date.
Pricing Supplement:	The terms of the Notes will be specified in the applicable Pricing Supplement which, for the purposes of the relevant Notes only, supplements the Terms and Conditions set out in the Offering Circular and must be read in conjunction with this Offering Circular.
Maturities:	Any maturity between one month and fifty years, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, as set out in the applicable Pricing Supplement.
Denomination	The Notes will be issued in the Specified Denomination(s) specified in the applicable Pricing Supplement. The minimum Specified Denomination of Notes shall be EUR 100,000. The Notes have no maximum Specified Denomination.
Status of Notes:	The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Clearing Systems:	The Notes will be created, cleared and settled in the Securities Settlement System. Settlement of Notes denominated in EUR will take place on a “delivery versus payment” basis in accordance with the current Securities Settlement System. Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.
Payments:	All payments in euro in respect of the Notes will be made through the Paying Agent and the Securities Settlement System in accordance with the Settlement System Regulations and all payments in a currency other than euro in respect of the Notes will be made through the Paying Agent

and Euroclear and/or Clearstream Frankfurt, or other participants in the Securities Settlement System.

Redemption and Interest Payments:

The Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or may be index or formula linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Notes.

Interest periods, rates of interest and the terms of and/or amounts payable on redemption may differ depending on the Notes being issued and such terms will be specified in the applicable Pricing Supplement.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as specified in the applicable Pricing Supplement and on redemption and will be calculated on the basis of such Day Count Fraction as specified in the applicable Pricing Supplement.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (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 (published by the International Swaps and Derivatives Association Inc., and as amended and updated as at the Issue Date of the relevant Series of Notes);
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on any other basis as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Index-Linked Notes:

Payments in respect of Index-Linked Notes will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement. Index-Linked Redemption Notes and Index-Linked Interest Notes constitute Index-Linked Notes.

Index Linked Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

Index-Linked Interest Notes:

Payments of interest in respect of Index-Linked Interest Notes will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement.

Index-Linked Redemption Notes:

Payments of principal in respect of Index-Linked Redemption Notes will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement.

Other provisions with respect to Floating Rate Notes and Index-Linked Interest Notes:

Floating Rate Notes and Index-Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both, as indicated in the applicable Pricing Supplement.

Interest on Floating Rate Notes and Index-Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the such Day Count Fraction as is indicated in the applicable Pricing Supplement.

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 the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement.

Dual Currency Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest other than in relation to interest due after the Maturity Date.

Range Accrual Notes:

Payments of interest in respect of Range Accrual Notes will be partially or entirely determined by an embedded range accumulation option, which is specified in the applicable Pricing Supplement. The calculation of the (possible) interest which the Range Accrual Notes could bear, will be subject to the performance of the underlying reference index (*e.g.*, currency exchange rates, interest rates and any other reference index) which is determined in the applicable Pricing Supplement.

Range Accrual Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

Listing and admission to trading:

Application may be made to Euronext Brussels for Notes issued under the Programme described in this Offering Circular to be admitted to listing and trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of MiFID II. The Programme also permits Notes to be issued which are listed or admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s). The Programme also permits Notes to be issued which are unlisted and/or not admitted to trading on any market. The applicable 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 Euronext Brussels (or any other stock exchange).

Purchase:

The Issuer may purchase or otherwise acquire Notes in the open market and, at the option of the Issuer, such Notes may be held to maturity by the Issuer or cancelled without notice or resold.

Redenomination:

The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro, in accordance with the provisions set out in the applicable Pricing Supplement.

Withholding Tax:

In accordance with the Law of 6 August 1993, the Royal Decree of 26 May 1994 and the Royal Decree of 14 June 1994, all payments by or on behalf of the Issuer of principal and interest on the Notes will be made without deduction of Belgian withholding tax for the Notes held by Tax Eligible Investors (as defined below) in an exempt securities account (an

“**Exempt Account**” or “**X-Account**”) with the Securities Settlement System or with a Participant or sub-Participant in such system. Otherwise, Belgian withholding tax will be applicable to the interest on the Notes currently at the rate of 30 per cent., possibly reduced pursuant to a tax treaty, on the gross amount of interest.

Tax Eligible Investors:

Investors falling within the categories of Article 4 of the Royal Decree of 26 May 1994, see *Taxation in Belgium*.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the applicable Pricing Supplement.

Governing Law and Jurisdiction:

The Notes are governed by and construed in accordance with the laws of the Kingdom of Belgium, including legislation adopted at the level of the Flemish Region and/or the Flemish Community. The Brussels courts have exclusive jurisdiction in relation to issues relating to the issuance of the Notes. Legal proceedings will be held in the Dutch language.

Negative pledge:

None.

Gross-Up:

None.

Cross-default:

None.

Selling Restrictions:

If the relevant Pricing Supplement specifies the “Prohibition of Sales to Belgian Consumer” as “Applicable”, the Notes are not intended to be offered or sold to Belgian consumers. See section “*Subscription and Sale*”.

There are restrictions on the offer, sale and transfer of the Notes in the United States and the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see section “*Subscription and Sale*”.

The Issuer is Category 1 for the purposes of Regulation S under the Securities Act.

Notes having a maturity of more than one year will be issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (the “**C Rules**”).

The United States Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) does not apply to Notes with a maturity of one year or less.

Certain forms of Notes may only be offered and sold to Tax Eligible Investors, as will be specified in the applicable Pricing Supplement. This for example applies to Notes with a maturity of more than one year which are issued in tranches when the actuarial return of one tranche exceeds the actuarial return from the initial issue until maturity by more than 0.75 points.

FORM OF THE NOTES

Each Tranche of Notes will be issued in dematerialised form in accordance with the Law of 2 January 1991, pursuant to the Decree of 13 March 2009 and cannot be physically delivered. No certificates representing the Notes will be issued. The Notes are accepted for clearance through the Securities Settlement System and are accordingly subject to the Settlement System Regulations. The Notes will be represented by book entries in the records of the Securities Settlement System or of an approved account holder within the meaning of Article 3 of the Law of 2 January 1991. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.

Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Notes.

1. Introduction

- (a) *Programme:* The Flemish Community has established the Programme for the issuance of Notes.
- (b) *Pricing Supplement:* Notes issued under the Programme are issued in series (hereinafter each a “**Series**”) and each Series may comprise one or more tranches (hereinafter each a “**Tranche**”) of Notes. Each Series is the subject of a Pricing Supplement (hereinafter the “**Pricing Supplement**”) which supplements these terms and conditions (hereinafter the “**Conditions**”). The terms and conditions applicable to any particular Series of Notes are these Conditions as supplemented, amended and/or replaced by the applicable Pricing Supplement. In the event of any inconsistency between these Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail.
- (c) *Agency Agreement:* The relationship between the Issuer and Belfius Bank SA/NV as paying agent (hereinafter the “**Paying Agent**”, which expression includes any successor agent appointed from time to time in connection with the Notes) and Belfius Bank SA/NV as listing agent (hereinafter the “**Listing Agent**”, which expression includes any successor listing agent appointed from time to time in connection with the Notes) is determined in accordance with an agency agreement dated 5 September 2016 as amended and restated for the last time on 29 September 2020 and made between the Issuer and Belfius Bank SA/NV (as amended, restated or supplemented from time to time, the “**Agency Agreement**”).
- (d) *Calculation Agency Agreement:* The relationship between the Issuer and any other third parties which qualify as Calculation Agent(s) (where applicable) is governed by the relevant Calculation Agency Agreement.
- (e) *Clearing Services Agreement:* The relationship between the Issuer and the National Bank of Belgium as operator of the Securities Settlement System (as hereinafter defined) in relation to the clearing of the Notes is governed by a Clearing Services Agreement and the Settlement System Regulations (as hereinafter defined).
- (f) *The Notes:* All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the applicable Pricing Supplement. Copies of the applicable Pricing Supplement are available during normal business hours at the Specified Office of the Paying Agent.

2. Interpretation

In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the applicable Pricing Supplement;

“**Additional Business Centre(s)**” means the city or cities specified as such in the applicable Pricing Supplement;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the applicable Pricing Supplement;

“**Budget**” means the budget of the Issuer as annually determined in the Decree of the Flemish Community on the Flemish Community budget for the respective budget year (*Decreet houdende de middelenbegroting van de Vlaamse Gemeenschap voor het respectievelijk budgettair jaar en Decreet houdende de uitgavenbegroting van de Vlaamse Gemeenschap voor het respectievelijk budgettair jaar*) and in the subsequent modifications of such Decree;

“**Business Day**” means:

- (i) in relation to any sum payable in euro, (a) a day other than a Saturday or Sunday on which the Securities Settlement System is operating, (b) a day on which banks and forex markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day) a day which is a business day for the TARGET2 System; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in Brussels, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the applicable Pricing Supplement and, if so specified in the applicable Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Paying Agent or such other Person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the applicable Pricing Supplement;

“**Calculation Amount**” has the meaning given in the applicable Pricing Supplement;

“**Calculation Period**” means, in respect of any calculation of interest, the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;

“**Clearing Services Agreement**” means a service contract for the issuance of fixed-income securities dated 29 September 2020 and made between the National Bank of Belgium, the Flemish Community and the Paying Agent;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any Calculation Period, such day count fraction as may be specified in these Conditions or the applicable Pricing Supplement and:

- (i) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (ii) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, means, in respect of the ISDA Definitions, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

- (vi) if “30E/360” or “Eurobond Basis” is so specified means, in respect of the ISDA Definitions, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

- (vii) if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the 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 and in which case D2 will be 30;

“**Dealer**” means each of Belfius Bank SA/NV, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, HSBC France, ING Bank N.V. Belgian Branch, ING Belgium NV/SA, KBC Bank NV, Landesbank Baden-Württemberg, Société Générale and any other dealer appointed by the Issuer in respect of one or more Tranches or in respect of the whole Programme pursuant to the Programme Agreement and as specified in the applicable Pricing Supplement;

“**Decree of 13 March 2009**” means the Decree of the Flemish Parliament dated 13 March 2009 concerning the debt which can be incorporated in securities of the Flemish Region and the Flemish Community (*Decreet betreffende de al dan niet in effecten belichaamde schuld van het Vlaamse Gewest en de Vlaamse Gemeenschap*);

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the applicable Pricing Supplement;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the applicable Pricing Supplement;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement;

“**Interest Determination Date**” has the meaning given in the applicable Pricing Supplement;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Pricing Supplement and, if a Business Day Convention is specified in the applicable Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the relevant Series of the Notes (as specified in the applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the applicable Pricing Supplement;

“**Law of 2 January 1991**” means the law of 2 January 1991 on the public debt securities market and instruments of monetary policy (*Wet betreffende de markt van de effecten van de overheidsschuld en het monetair beleidsinstrumentarium*), as amended;

“**Law of 6 August 1993**” means the law of 6 August 1993 concerning transactions in certain securities (*Wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*), as amended;

“**Margin**” has the meaning given in the applicable Pricing Supplement;

“**Maturity Date**” has the meaning given in the applicable Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the applicable Pricing Supplement;

“**Minimum Redemption Amount**” has the meaning given in the applicable Pricing Supplement;

“**Noteholder**” means the holder of Notes;

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

“**Optional Redemption Date (Call)**” has the meaning given in the applicable Pricing Supplement;

“**Optional Redemption Date (Put)**” has the meaning given in the applicable Pricing Supplement;

“**Participating Member State**” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaties;

“**Participants**” means participants to the Securities Settlement System whose membership extends to securities such as the Notes;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“**Programme Agreement**” means the programme agreement between the Issuer and the Dealers named in it dated 20 March 2009, as amended and restated on 31 May 2010, 8 February 2012, 5 September 2016, 31 October 2018 and 29 September 2020;

“**Put Option Notice**” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Rate of Interest**” means the rate or rates (expressed as a percentage *per annum*) of interest payable in respect of the Notes specified in the applicable Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Pricing Supplement;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement;

“**Reference Banks**” means the four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the applicable Pricing Supplement;

“**Reference Rate**” has the meaning given in the applicable Pricing Supplement;

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where Regular Date means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where Regular Date means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the applicable Pricing Supplement;

“**Relevant Screen Page**” means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the applicable Pricing Supplement;

“**Royal Decree of 26 May 1994**” means the Royal Decree of 26 May 1994 on the deduction of withholding tax (*Koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing overeenkomstig hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*), as amended;

“**Royal Decree of 14 June 1994**” means the Royal Decree of 14 June 1994 holding recognition of a clearing system with regard to the entry into effect of Chapter I of the law of 6 August 1993 concerning certain transactions in securities (*Koninklijk besluit houdende erkenning van een vereffeningsstelsel met het oog op de inwerkingstelling van hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*), as amended;

“**Securities Settlement System**” means the clearing system operated by the National Bank of Belgium or any successor thereto;

“**Settlement System Regulations**” means Law of 6 August 1993, the Royal decree of 26 May 1994 and the Royal Decree of 14 June 1994, each as amended and the rules of the Securities Settlement System and its annexes, as issued or modified by the National Bank of Belgium from time to time;

“**Special Finance Law**” means the special finance law concerning the Communities and Regions of Belgium (*Bijzondere financieringswet*) dated 16 January 1989;

“**Specified Currency**” has the meaning given in the applicable Pricing Supplement;

“**Specified Denomination(s)**” has the meaning given in the applicable Pricing Supplement;

“**Specified Office**” means Karel Rogierplein 11, 1210 Brussels, or such office as notified by the Paying Agent in accordance with Condition 17;

“**Stock Exchange**” means Euronext Brussels or any other stock exchange on which the Notes will be listed;

“**Specified Period**” has the meaning given in the applicable Pricing Supplement;

“**TARGET2 System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**Treaty**” means the Treaty establishing the European Community; and

“**Zero Coupon Note**” means a Note specified as such in the applicable Pricing Supplement.

3. Form

The Notes will be issued in dematerialised form in accordance with the Law of 2 January 1991, pursuant to the Decree of 13 March 2009 and cannot be physically delivered. No certificates representing the Notes will be issued. The Notes are accepted for clearance through the Securities Settlement System and are accordingly subject to the Settlement System Regulations. The Notes will be represented by book entries in the records of the Securities Settlement System or of an approved account holder within the meaning of Article 3 of the Law of 2 January 1991. The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form. Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

4. Status

The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Denominations of the Notes

The Notes will be issued in the Specified Denomination(s) specified in the applicable Pricing Supplement. The minimum Specified Denomination of Notes shall be EUR 100,000. The Notes have no maximum Specified Denomination.

6. Fixed Rate Note Provisions

- (a) This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for

final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:*
 - (i) This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the applicable Pricing Supplement as being applicable.
 - (ii) If the Rate of Interest determined to be applicable to the Notes pursuant to this Condition 7 and the applicable Pricing Supplement is below zero, it will be deemed zero.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination for Floating Rate Notes:*
 - (i) Where Screen Rate Determination is specified 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 Period will, subject as provided below, be either:
 - (A) the offered quotation; or

(B) 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 (or such replacement page on that service which displays the information) 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 in the relevant Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Pricing Supplement.

- (ii) If the Relevant Screen Page is not available or if sub-paragraph (i)(A) above applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (i)(B) 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 Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (iii) If paragraph (ii) 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 Calculation Agent 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 Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

- (d) *ISDA Determination:* If ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) if the relevant Floating Rate Option is based on the EURIBOR (as defined in the ISDA Definitions) rate or a currency, the day that is two Business Days preceding that Reset Date or (C) in any other case, as specified in the applicable Pricing Supplement.
- (e) *Linear Interpolation:* If Linear Interpolation is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate. In this Condition “Applicable Maturity” means: (A) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (B) in relation to ISDA Determination, the Designated Maturity.

- (f) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the applicable Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the applicable Pricing Supplement.
- (g) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (h) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (i) *Calculation of other amounts:* If the applicable Pricing Supplement specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Pricing Supplement.
- (j) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agent and competent listing authority, stock exchange, regulated market and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall publish the Interest Amount in relation to the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (k) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the applicable Pricing Supplement as being applicable.

- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the applicable Pricing Supplement as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

10. Range Accrual Notes

- (a) *Application:* This Condition 10 (*Range Accrual Notes*) is applicable to the Notes only if the Range Accrual Note Provisions are specified in the applicable Pricing Supplement as being applicable.
- (b) *Rate of Interest:* If the amount of payable interest is subject to an underlying reference index, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

11. Benchmark discontinuation

- (a) *Independent Adviser*

When Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined and if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 11(b)) and, in either case, an Adjustment Spread (if any) (in accordance with Condition 11(c)) and any Benchmark Amendments (in accordance with Condition 11(d)).

An Independent Adviser appointed pursuant to this Condition 11 shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Listing Agent, the Paying Agent or the Noteholders for any determination made by it pursuant to this Condition 11.

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 11 prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 11(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 11(a).

(b) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 11(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 11); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 11(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 11).

(c) *Adjustment Spread*

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 11 and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the Benchmark Amendments) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 11(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Listing Agent and/or the Paying Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 11(e), the Listing Agent and/or the Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be

obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of an agreement supplemental to or amending the Agency Agreement), provided that the Listing Agent and/or the Paying Agent shall not be obliged so to concur if in the opinion of the Listing Agent and/or the Paying Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Listing Agent and/or the Paying Agent in these Conditions and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such variation in accordance with this Condition 11(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 11 will be notified promptly by the Issuer to the Listing Agent and/or the Paying Agent and, in accordance with Condition 11, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Listing Agent and/or the Paying Agent of the same, the Issuer shall deliver to the Listing Agent and/or the Paying Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate and (c) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 11; and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Listing Agent and/or the Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Listing Agent and/or the Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Listing Agent and/or the Paying Agent and the Noteholders.

(f) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 11(a), (b), (c) and (d), the Original Reference Rate and the fallback provisions provided for in Condition 7 will continue to apply unless and until a Benchmark Event has occurred.

(g) *Definitions*

As used in this Condition 11:

Adjustment Spread means either a spread (which may be positive or negative) or the formula or methodology for calculating a spread, in either case which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable

in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Independent Adviser determines that no such industry standard is recognised or acknowledged); and
- (iii) the Independent Adviser determines to be appropriate.

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 11(b) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

Benchmark Amendments has the meaning given to it in Condition 11(d).

Benchmark Event means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued or be no longer representative of an underlying market; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes, in each case within the following six months; or
- (v) it has become unlawful for the Listing Agent and/or the Paying Agent, the Issuer or any other party appointed by the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 11(a).

Original Reference Rate means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

12. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes (including Index Linked Redemption Notes) will be redeemed at their Final Redemption Amount, specified in, or determined in the manner specified in, the applicable Pricing Supplement, on the Maturity Date, subject as provided in Condition 13 (*Payments*).
- (b) *Redemption at the option of the Issuer*: If the Call Option is specified in the applicable Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (c) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 12(b) (Redemption at the option of the Issuer) the Notes shall be redeemed on a pro rata basis, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 12(b) (*Redemption at the option of the Issuer*) shall specify the redemption amount of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (d) *Redemption at the option of Noteholders*: If the Put Option is specified in the applicable Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together

with interest (if any) accrued to such date. Any conditions and/or circumstances that must be satisfied before a Put Option can be exercised will be set out in the applicable Pricing Supplement. In order to exercise the option contained in this Condition 12(d), the holder of a Note must, not less than 45 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit a duly completed Put Option Notice in the form obtainable from the Paying Agent with the Paying Agent together with a certificate issued by the relevant recognised account holder or Securities Settlement System certifying that such Note is held to its order or under its control and blocked by it. Once a duly completed Put Option Notice is deposited in accordance with this Condition 12(d), no notice may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the Noteholder (depositing the Put Option Notice) at such address as may have been given by such Noteholder in the relevant Put Option Notice.

- (e) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (d) above.
- (f) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the applicable Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable. Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 12(f) or, if none is so specified, a Day Count Fraction of 30E/360.
- (g) *Purchase*: The Issuer may at any time purchase Notes in the open market or by private contract at any price. Notes purchased as aforesaid may, at the option of the Issuer, be held, resold or surrendered for cancellation.
- (h) *Cancellation*: All Notes redeemed shall be cancelled forthwith. All Notes so redeemed shall be notified by the Issuer to the Paying Agent who shall arrange for the cancellation of these Notes in the Securities Settlement System and cannot be reissued or resold.

13. Payments

- (a) *Method of payment*:
 - (i) All payments in euro of principal or interest owing under the Notes shall be made through the Paying Agent and the Securities Settlement System in accordance with the Settlement System Regulations and the Clearing Services Agreement.
 - (ii) All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Paying Agent and Euroclear and /or Clearstream Frankfurt or other participants in the Securities Settlement System (in accordance with the rules thereof, and in accordance with the Settlement System Regulations and the Clearing Services Agreement).

- (b) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

14. Taxation

- (a) All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless the Issuer, the National Bank of Belgium, the Paying Agent or any other person is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the National Bank of Belgium, the Paying Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the National Bank of Belgium, the Paying Agent or any other person will be obliged to gross up the payments in respect of the Notes or to make any additional payments to any Noteholders in respect of any such withholding or deduction.
- (b) The Issuer, the National Bank of Belgium, the Paying Agent or any other person being required to make a tax deduction shall not constitute an Event of Default.

15. Events of Default

- (a) *Declaration of Acceleration:* If any of the following events occurs and is continuing:
 - (i) Non-payment: the Issuer fails to pay any amount of principal in respect of the Notes within 30 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 30 days of the due date for payment thereof; or
 - (ii) Breach of other obligations: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 90 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Paying Agent,then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.
- (b) *Rescission of Declaration of Acceleration:* If the Issuer receives notice in writing from a Noteholder that the event of default or events of default giving rise to the above mentioned declaration of acceleration is or are cured following any such declaration and that such holder requests the Issuer to rescind the relevant declaration, the Issuer shall, by notice in writing to that Noteholder (with a copy to the Paying Agent), rescind the relevant declaration whereupon it shall be rescinded and shall have no further effect. No such rescission shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.
- (c) For the avoidance of doubt, in the case of any Notes where the use of proceeds are stated to be for “green”, “social” or “sustainability” purposes, no Event of Default shall

occur or other claim against the Issuer or right of a holder of, or obligation or liability of the Issuer in respect of, such Notes arise as a result of the net proceeds of such Notes not being used in accordance with the stated use of proceeds, any report, assessment, opinion or certification not being obtained or published, or any other step or action not being taken.

16. Meetings of Noteholders, modifications, and waivers

(a) *General*

The following is a summary of selected provisions for convening meetings of Noteholders to consider matters relating to any series of Notes with an original stated maturity of more than one year, including modifications of the Conditions. The entirety of these provisions is set out under section “*Provisions for Meetings of Noteholders*”. In the case of any inconsistency between the below summary and the complete version of the provisions for Meetings of Noteholders, the latter shall prevail.

For the purposes of this Condition 16, the following terms shall have the following meanings:

- (i) “**debt securities**” means the Notes and any other bills, bonds, debentures, notes or other debt securities issued by the Issuer in one or more series, in each case with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a debt security;
- (ii) “**cross-series modification**” means a modification involving (i) a series of Notes and (ii) the debt securities of one or more other series;
- (iii) “**outstanding**” in relation to any Note means a Note that is outstanding for the purposes of Condition 16(j) (*Outstanding Notes; Notes controlled by the Issuer*), and in relation to the debt securities of any other series will be determined in accordance with the applicable terms and conditions of that debt security;
- (iv) “**reserved matter**” in relation to a series of Notes means the terms and conditions of such series of Notes (including the Pricing Supplement(s) relating to such series of Notes) the modification of which would:
 - (A) change the date on which any amount is payable on the Notes;
 - (B) reduce any amount, including any overdue amount, payable on the Notes;
 - (C) change the method used to calculate any amount payable on the Notes;
 - (D) reduce the redemption price for the Notes or change any date on which the Notes may be redeemed;
 - (E) change the currency or place of payment of any amount payable on the Notes;
 - (F) impose any condition on or otherwise modify the Issuer’s obligation to make payments on the Notes;
 - (G) change any payment-related circumstance under which the Notes may be declared due and payable prior to their stated maturity;

- (H) change the seniority or ranking of the Notes;
- (I) change any court to whose jurisdiction the Issuer has submitted or any immunity waived by the Issuer in relation to legal proceedings arising out of or in connection with the Notes;
- (J) change the principal amount of outstanding Notes or, in the case of a cross-series modification, the principal amount of debt securities of any other series required to approve a proposed modification in relation to the Notes, the principal amount of outstanding Notes required for a quorum to be present, or the rules for determining whether a Note is outstanding for these purposes; or
- (K) change the definition of a reserved matter,

and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Notes shall be read as references to such other debt securities;

- (v) “**non-reserved matter**” in relation to a series of Notes means any matter other than a reserved matter; and
- (vi) “**series**” means a tranche of debt securities, together with any further tranche or tranches of debt securities that in relation to each other and to the original tranche of debt securities are (i) identical in all respects except for their date of issuance, issue price, principal amount of the tranche and/or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Notes and any further issuance of Notes of the same series.

(b) *Convening meetings of Noteholders*

A meeting of holders of Notes:

- (i) may be convened by the Issuer at any time; and
- (ii) will be convened by the Issuer if an Event of Default in relation to the Notes has occurred and is continuing and a meeting is requested in writing by the holders of not less than 10% of the aggregate principal amount of the Notes then outstanding.

(c) *Quorum*

- (i) The quorum at any meeting at which Noteholders will vote on a proposed modification of:
 - (A) a reserved matter will be one or more persons present and holding not less than $66\frac{2}{3}$ per cent. of the aggregate principal amount of the Notes then outstanding; and
 - (B) a non-reserved matter will be one or more persons present and holding not less than 50 per cent. of the aggregate principal amount of the Notes then outstanding.
- (ii) The quorum for any adjourned meeting will be one or more Noteholders present and holding:
 - (A) not less than $66\frac{2}{3}$ per cent. of the aggregate principal amount of the Notes then outstanding in the case of a proposed reserved matter modification; and

- (B) not less than 25 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a non-reserved matter modification.

(d) *Written resolutions*

A written resolution signed by or on behalf of holders of the requisite majority of the Notes will be valid for all purposes as if it was a resolution passed at a quorate meeting of Noteholders duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more Noteholders.

(e) *Non-Reserved Matters*

The terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified in relation to a non-reserved matter with the consent of the Issuer and:

- (i) the affirmative vote of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes in such series represented at a duly called and quorate meeting of Noteholders; or
- (ii) a written resolution signed by or on behalf of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes in such series.

(f) *Reserved Matters*

Except as provided by Condition 16(g) (*Cross-Series Modifications*) below, the terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified in relation to a reserved matter with the consent of the Issuer and:

- (i) the affirmative vote of a holder or holders of not less than 75 per cent. of the aggregate principal amount of the outstanding Notes in such series represented at a duly called and quorate meeting of Noteholders; or
- (ii) a written resolution signed by or on behalf of a holder or holders of not less than 66^{2/3} per cent. of the aggregate principal amount of the Notes then outstanding in such series.

(g) *Cross-Series Modifications*

In the case of a cross-series modification, the terms and conditions of a series of Notes and debt securities of any other series including, where applicable, any relevant Pricing Supplement(s), may be modified in relation to a reserved matter with the consent of the Issuer and:

- (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called and quorate meetings of the holders of the debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification; or
- (ii) a written resolution signed by or on behalf of the holder(s) of not less than 66^{2/3} per cent. of the aggregate principal amount of the outstanding debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification;

and

- (iii) the affirmative vote of more than 66^{2/3} per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called and quorate meetings of the holders of each series of debt securities (taken individually) that would be affected by the proposed modification; or
- (iv) a written resolution signed by or on behalf of the holder(s) of more than 50 per cent. of the aggregate principal amount of the then outstanding debt securities of each series (taken individually) that would be affected by the proposed modification.

(h) *Binding effect*

A resolution duly passed at a quorate meeting of holders of Notes duly convened with the consent of the Issuer and held in accordance with these provisions, and a written resolution duly signed by the requisite majority of holder(s) of Notes, will be binding on all holders, whether or not the holder was present at the meeting, voted for or against the resolution or signed the written resolution.

(i) *Manifest error, technical amendments*

Notwithstanding anything to the contrary herein, the terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified by the Issuer without the consent of Noteholders of such series:

- (i) to correct a manifest error or cure an ambiguity; or
- (ii) if the modification is of a formal or technical nature or for the benefit of Noteholders of such series.

The Issuer will publish the details of any modification of the Notes made pursuant to this Condition 16(i) within ten days of the modification becoming legally effective.

(j) *Outstanding Notes; Notes controlled by the Issuer*

In determining whether holders of the requisite principal amount of outstanding Notes in a series have voted in favour of a proposed modification or whether a quorum is present at any meeting of Noteholders called to vote on a proposed modification, a Note will be deemed to be not outstanding, and may not be voted for or against a proposed modification or counted in determining whether a quorum is present, if on the record date for the proposed modification:

- (i) the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued;
- (ii) the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligation to make all payments due in respect of the Note in accordance with its terms; or
- (iii) the Note is held by the Issuer, by a department, ministry or agency of the Issuer, or by a corporation, trust or other legal entity that is controlled by the Issuer or a department, ministry or agency of the Issuer and, in the case of a Note held by any such above-mentioned corporation, trust or other legal entity, the holder of the Note does not have autonomy of decision, where:
 - (A) the holder of a Note for these purposes is the entity legally entitled to vote the Note for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly

or indirectly, for the legally entitled holder to vote the Note for or against a proposed modification;

- (B) a corporation, trust or other legal entity is controlled by the Issuer or by a department, ministry or agency of the Issuer if the Issuer or any department, ministry or agency of the Issuer has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and
- (C) the holder of a Note has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the holder may have in relation to the Issuer: (x) the holder may not, directly or indirectly, take instruction from the Issuer on how to vote on a proposed modification; or (y) the holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the holder's own interest; or (z) the holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more persons other than a person whose holdings of Notes (if that person then held any Notes) would be deemed to be not outstanding under this Condition 16(j).

17. Agent

With respect to the payment of the Notes, the Paying Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The Paying Agent and its initial Specified Offices is listed below. With respect to the listing of the Notes, the Listing Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Noteholder. The initial Calculation Agent (if any) is specified in the applicable Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Listing Agent or Calculation Agent and to appoint a successor paying agent, listing agent or calculation agent, provided, however, that:

- (i) the Issuer shall at all times maintain a Paying Agent; and
- (ii) if a Calculation Agent is specified in the applicable Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer shall maintain a paying agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system. Notice of any change of the paying agent or in its Specified Offices shall promptly be given to the Noteholders.

18. Notices

- (a) *General:* Notices to the Noteholders shall be valid if delivered by or on behalf of the Issuer to the National Bank of Belgium for communication by it to the Participants of the Securities Settlement System. Any such notice shall be deemed given on the date and at the time it is delivered to the Securities Settlement System. With respect to the Notes admitted to listing and trading on a regulated market, any notices to Noteholders

must also be published as may be required by such market and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

(b) *Option Notices:*

- (i) If the Call Option is specified in the applicable Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (ii) If the Put Option is specified in the applicable Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise this option, the holder of a Note must, not less than 45 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with the Paying Agent a duly completed Put Option Notice in the form obtainable from the Paying Agent together with a certificate issued by the relevant recognised account holder or Securities Settlement System certifying that such Note is held to its order or under its control and blocked by it. Upon duly completing such Put Option Notice no Note may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the Noteholder (depositing the Put Option Notice) at such address as may have been given by such Noteholder in the relevant Put Option Notice.

19. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the first currency) in which the same is payable under these Conditions or such order or judgment into another currency (the second currency) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these conditions or the applicable Pricing Supplement), all percentages resulting from such calculations will be rounded, if necessary, up or down to the nearest ninth decimal place. If the tenth decimal place is equal to five, the ninth decimal place shall be rounded up.

21. Governing Law and Jurisdiction

- (a) *Governing law:* The Agency Agreement, the Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Belgian law.
- (b) *Waiver of immunity:*
 - (i) The Issuer irrevocably and generally consents in respect of any suit, action or proceedings arising out of or in connection with this Programme or the Notes issued under the Programme to the giving of any relief or the issue of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those proceedings (except in the event of unenforceability of any attachment, seizure, garnishment or of any other compulsory enforcement against its properties or assets located within the Flemish Community under Belgian mandatory public law provisions, such as, as the case may be, article 1412*bis* of the Belgian Judicial Code, except if these properties or assets are manifestly of no use to the performance of the public service duties of the Issuer or for the continuity of any public service).
 - (ii) Subject to the exception in paragraph (i) above, the Issuer irrevocably agrees not to claim and waives in connection with any proceedings which may be commenced in any of such courts with respect to this Programme or the Notes issued under the Programme, any immunity which it might be entitled to claim for itself or which might be attributed to it (whether on grounds of sovereignty or otherwise) from suit, from the jurisdiction of such courts, from attachment prior to judgment, from set-off (to the fullest extent permitted by applicable law), from attachment in aid of execution of a judgment or from execution of a judgment or from the giving of any other relief or issue of any process.
- (c) *Jurisdiction:* The Dutch-speaking courts of Brussels, Belgium are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and the Notes and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or the Notes may be brought in such courts.

22. Prescription

Claims against the Issuer for payment of principal in respect of the Notes will be prescribed and become void unless made within ten years of the Relevant Date for payment thereof and interest in respect of Notes will be prescribed and become void unless made within five years of the Relevant Date for payment thereof.

DESCRIPTION OF THE ISSUER

This section of this Offering Circular should be read and construed together with the information regarding the Issuer available on the website of the Issuer at <http://www.financeflanders.be>, in accordance with the section “Documents Incorporated By Reference”.

1. The Belgian Federal System: an overview

Since 1970, Belgium has gradually transformed itself into a federal state. Specifically, Belgium recognises the existence in the country of 3 Regions (the Flemish Region in the north, the Walloon Region in the south and the Brussels Capital Region in the centre).

Another form of federalism in Belgium lies in the creation of 3 bodies responsible for cultural and personal matters and mainly for education (schools and universities). The creation of a second layer of federalism can be explained by the existence of the bilingual region Brussels and of a German speaking minority inside the Walloon Region. Since the geographical spread of the different linguistic groups does not correspond to the territory of the Regions, a second layer of sub-national government was needed.

These 3 bodies are called ‘Communities’, hence the Flemish Community, the French Community and the German-speaking Community.

Each of these Regions and Communities has its own government and parliament and determines its own budget (including the possibility to raise debt). In addition, the Regions have the authority to raise certain taxes.

The Dutch-speaking part of Belgium has merged since 1980 the sub-national levels of Regions and Communities (*i.e.*, the Flemish Region and the Flemish Community). The government of the Flemish Community has taken over the competences of the Flemish Region, creating one unique government, parliament and budget at the Flemish level.

The process of decentralising the Belgian State involved the gradual transfer of competences to the regional and community entities. The main stages in this process were as follows:

- (a) 1970: establishment of the Flemish and the French communities for cultural matters;
- (b) 1980: establishment of the Flemish Community, the French Community, the German-speaking Community, the Flemish Region and the Walloon Region; the Dutch-speaking part of Belgium merged the Flemish Region and the Flemish Community, whereby the Flemish Community assumed the competences of the Flemish Region;
- (c) 1989: creation of the Brussels Capital Region, definition of funding structure for the communities and regions;
- (d) 1993: Sint Michiels reform, which set up the administrative structure for the regional and community entities and defined the competences and powers of these bodies and how they are financed;
- (e) 2001: Lambermont and Sint Elooi agreements: redefinition of the regional competences, definition of regional and community funding modes; and
- (f) 2011: the sixth state reform in Belgium.

On 11 October 2011 the political parties of the federal Government, with the support of the ecological parties Groen! and Ecolo, reached an agreement on the sixth state reform in Belgium (the “**Sixth State**”).

Reform”) as a result of which more competences were transferred to the Communities and the Regions. This was the most far-reaching transfer of competences since the third state reform in 1989. This agreement received the name “Butterfly Agreement”.

The Sixth State Reform also led to a reform of the federal senate, a division of the electoral district of the judicial district of Brussels-Halle-Vilvoorde, a reform of the Brussels institutions and a reform of the financing of the Regions and Communities. The Sixth State Reform came into force on 1 July 2014.

The Flemish Community became competent for labour market, health care, family allowances, justice, mobility and traffic safety, economic and industrial policy, energy and environment, agriculture, town planning, housing and spatial planning, local government, fiscal expenditures.

In various areas the Flemish Community has now both regulatory as well as implementation competences. This means that the Flemish Community can make its own rules and change or replace the federal regulation, within the boundaries of its competences. In some domains the current competences were reinforced, giving to the Flemish Community more homogeneous competences and the possibility to have a more efficient policy.

With the transfer of all these competences there was also a large transfer of financial means. For Flanders it was approx. 9.7 billion euro in 2015. This was almost 35% of the Flemish budget before the Sixth State Reform.

There was also a reform of the Special Finance Law which led to more tax autonomy for the Regions. Now the Regions have the competence to levy surtax on the personal income tax. Before the Sixth State Reform there was a financial autonomy of 20% (2014) in the Flemish revenues which now increased to 31% (2020).

Following the Sixth State Reform the sharing of the competences in the Belgian federal system can be summarized as follows:

Table 1: Distribution of Competences in the Belgian federal system

Entities concerned	Competences
Federal government	Public Finances Defence Security Justice Social security Public health Domestic and International Affairs Transport and communication Residual competences (those that are not expressly allocated to the Regions or Communities)
Regions	Economic development and co-operation Public infrastructure Town and country planning Environment Energy Employment

Entities concerned	Competences
	Control and organisation of local governments Agriculture Foreign trade Regional transport
Communities	Education Culture Language issues Protection of children Public health (prevention) Welfare Family affairs

As far as the funding of the Communities and Regions is concerned, article 175 of the Belgian Constitution stipulates that a law adopted by special majority at federal level will establish the funding system for the Regions and Communities. This law was passed on 16 January 1989 and was called “Special Community and Regional funding Law” and was amended by the special law of 16 July 1993, by the special law of 13 July 2001, implementing the funding framework decided under the Sint-Michiels and Lambermont agreements, by the special law of 6 January 2014, implementing the 6th state reform (the “**Special Finance Law**”).

2. Flemish Community: Organisation and Politics

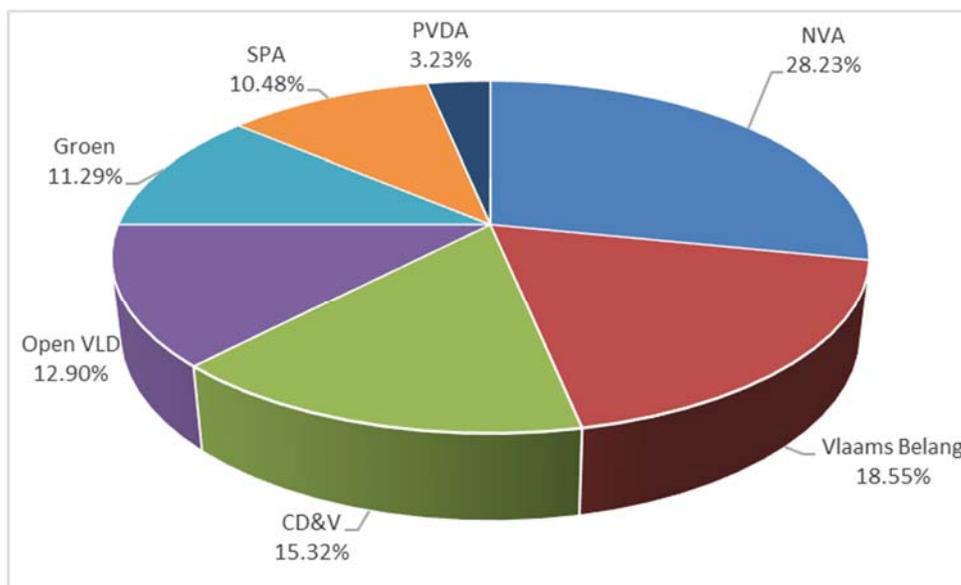
The Flemish Government has the authority over the provinces of Flanders, with respect to the competences which were delegated to it. It is also responsible for the competences which were delegated to the communities for the Dutch-speaking population of Brussels.

The legislative power of the Flemish Community is exercised by the Parliament. It is composed of 124 members. 118 members are chosen by the Belgians domiciled in the provinces of Flanders. These members can vote on the regional and community affairs. The remaining 6 are elected by the Belgians domiciled in Brussels, choosing to vote for the Flemish electoral list. These members can only vote on community affairs.

The Parliament of the Flemish Community rules by decree, passing laws of the Flemish Community and the Flemish Region. The Parliament of the Flemish Community delegates 29 of its members to the Federal Senate.

The Parliament is currently composed as illustrated below:

Chart 1: Composition of the Parliament of the Flemish Community¹



The Parliament is re-elected every 5 years and the most recent elections were held on 26 May 2019.

The Government of the Flemish Community exercises executive power. It is currently composed of 9 members, including the Minister-President. At least one of the ministers must have his domicile in the Brussels-Capital Region.

The new Flemish government is in place since 2 October 2019. The new government is composed of a three-party coalition formed by the Christen-Democratisch en Vlaams (CD&V) (Dutch speaking centre Christian party), Open VLD (Dutch speaking liberal party) and Nieuw-Vlaamse Alliantie (Flemish national party).

3. Economic Profile

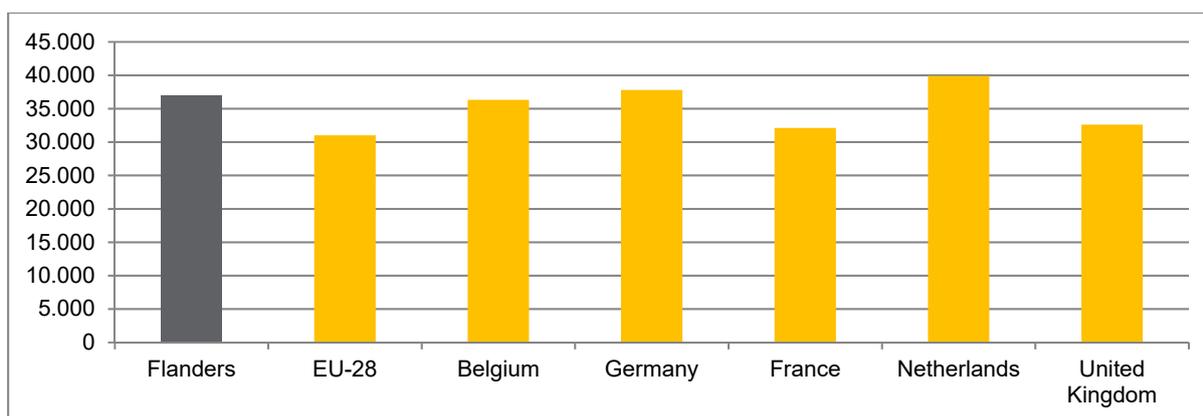
As Belgium's main economic engine, Flanders generates 58.7% of the national GDP in 2018. Flanders covers around 44.8% of the country's 30,528 km² and accounts for over six and a half million inhabitants 57.7% of the Belgian population, 1/1/2020). Flanders has a high GDP per capita of 37,000 euro PPS² in 2018, well above the EU-28 average (*i.e.*, 31,000 euro PPS). The Flemish economy is larger than that of 14 EU Member States (including Finland and Denmark).

Chart 2: GDP per capita in 2018 (in euro PPS)³

¹ Source: Flemish Community

² PPS: Purchasing Power Standards

³ Source: Eurostat – PPS per capita



The Flemish economy has had a moderate growth over the last years. There was on average a real GDP growth of 1.8% in the period 2011-2019. Nevertheless, this was higher than the average growth of the Netherlands (1.5%), France (1.3%) and the EU-28 (1.5%) in the same period.

Furthermore the Flemish unemployment rate is very low. It was 3.2% in 2019 compared to the 5.4% national rate and lower than the Netherlands (3.4%), France (8.5%) and EU-28 (6.3%).

Table 2⁴: Unemployment rate and GDP growth rate (in %)

	Flanders	France	Germany	Netherlands	EU-28
Unemployment rate (2019)	3.2	8.5	3.1	3.4	6.3
Real GDP Growth rate (average 2011-19)	1.8	1.3	1.7	1.5	1.5

Flanders benefits from strong and sound economic fundamentals. However, the global outbreak of the COVID-19 crisis heavily impacted its economic outlook. According to the Federal Planning Bureau and Statistics Flanders, Flanders' real GDP will sharply decline in 2020 by 11.1%⁵. Their forecast also foresees a strong, but incomplete recovery in 2021, provided that no new severe restrictive measures are taken as part of the fight against possible resurgences of the COVID-19 pandemic. They estimate Flanders' real GDP growth will amount to 8.6% in 2021. This results in an average real GDP growth rate of -1.7% for the period 2020-2021. However, a further recovery by 3.6% is expected in 2022. In the period 2023-2025, the real GDP growth rate would return back to the trend established over the last years and Flanders' real GDP is expected to grow by 1.5% on average. Nonetheless, the economic activity will remain below the level that would have been possible without the pandemic.

Table 3⁶: Real GDP growth rate and forecast (in %)

	2019	2020	2021	2022	2023-2025
Belgium	1.4	-10.5	8.2	3.3	1.3
Flemish Region	1.5	-11.1	8.6	3.6	1.5
Walloon Region	1.0	-10.3	8.0	3.2	1.1
Brussels-Capital Region	1.5	-9.3	7.2	2.6	0.9

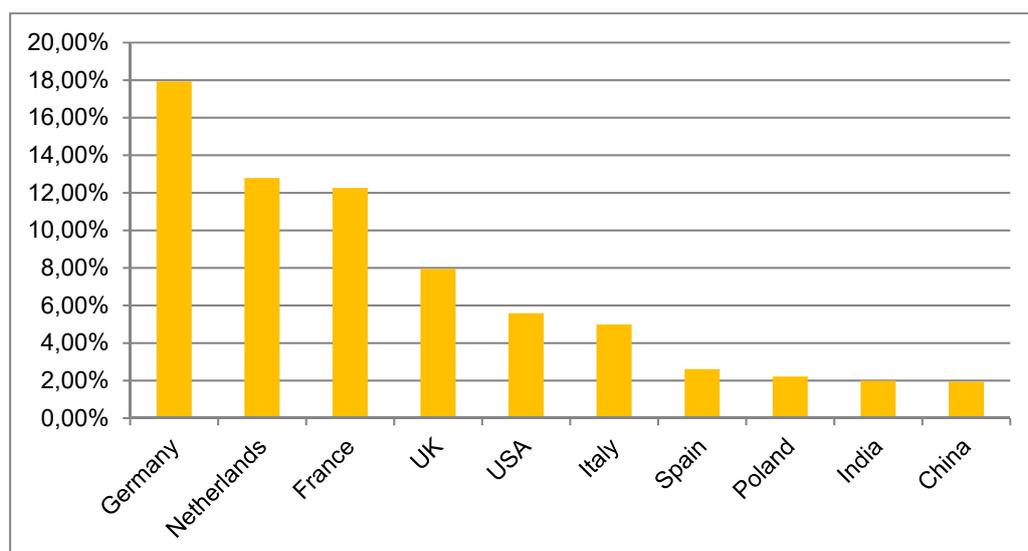
⁴ Sources: Eurostat - Labour Force Survey, Study Office of the Government of Flanders, Federal Planning Bureau, Statistics Flanders.

⁵ The figures in this paragraph are only predictions based on the July 2020 report of the Federal Planning Bureau, which can differ from the reality.

⁶ Sources: Federal Planning Bureau, Statistics Flanders.

The Flemish economy is strongly export oriented, in particular in the areas of chemicals & pharmaceuticals, transport equipment & components, machinery and equipment, mineral products and plastics. Flanders accounts for 81.77% of Belgian exports⁷ in 2019. According to the 2010 regional input-output table 34% of employees in Flanders were active for Flemish exports. The EU-28 is the most important Flemish export market, due to its location (surrounding Flanders), and the 3 neighbouring countries (Germany, France and the Netherlands) account for 42.98%. Emerging economies such as India and China are steadily becoming more important for Flemish exports.

Chart 3: Top 10 of Flemish Export Markets in 2019 (as % of total)⁸:



The port of Antwerp ranks second in container handling in continental Europe. Together with the other major ports of Flanders (Zeebrugge, Ghent, Ostend) – a dense motorway and railway network, and an extensive inland waterway system and large airport (freight) hubs – Flanders has rapid and efficient supply and distribution links with other major European centres and beyond.

4. Budget Profile

Over the past few years, the institutional landscape for the Flemish budget has undergone drastic changes, which will continue to have an impact over the years to come. First, there are the new European budget rules that were created in the aftermath of the 2008 financial crisis. More stringent budget rules were adopted and European macroeconomic surveillance and coordination procedures were extended. Secondly, there is the Sixth State Reform, which brings substantial changes to the Flemish budget landscape. The size of the Flemish budget has grown substantially. In addition there is also the large increase in Flemish tax autonomy. Despite the budgetary challenges because of these changes, the Flemish Government has proven in the past that she takes the necessary measures to set the budget back on track. In the last years the Flemish Government had a budget surplus: in 2018 the surplus was 367 million euro and in 2019 237.5 million euro.

2020, on the other hand, will be a more difficult year for the budget with an estimated deficit of 431 million euro in the initial budget. In April 2020, the Flemish Government reviewed the budget of 2020.

⁷ Source: Institute of National Accounts, Flanders Investment and Trade

⁸ Source: Institute of National Accounts, Flanders Investment and Trade

The effect of the COVID-19 (Corona) virus on the revenues (minus EUR 727 million) and the one-off expenditures measures (EUR 2,468 million) have been taken into account. On top of that, the Flemish Government had approved new policy measures (EUR 250 million) whereby the estimation of the underutilization (minus EUR 65 million) and certain revenues (minus EUR 172 million) had to be adjusted. All these factors also have a negative impact on the government budget. On the basis of the April 2020 review the Flemish Government expected a deficit of EUR 4,152 million.

That deficit did not yet account for the impact of the COVID-19 crisis on the grants based upon the Special Finance Act (“SFA”) and the surcharges. Based on the Federal Planning Bureau June 2020 Economic Budget, the Flemish Government predicts that SFA grants will be reduced by EUR 2.1 billion. Furthermore because the lockdown (implemented in Belgium as a result of the COVID-19 virus) is taking longer for some sectors, there will also be an increase of the one-off expenditures measures linked to the COVID-19 crisis of EUR 250 million. These changes were not yet in the budget review of April 2020 and will only be included in a second budget review done later this year. The one-off impact on the 2021 surcharges is approx. EUR 1 billion.

The recurrent impact on the revenues will depend on the nature of the recovery in the upcoming years.

Government balance budget draft 2020⁹	-431,530¹⁰
Budget review 2020	
Revision of the revenues	-172,395
Revision of the underutilization	-65,414
New policy measures	-250,472
Other	-37,794
Government balance budget review 2020 (without COVID-19 effects)	-957,605
One off COVID-19 effects	
One off effects revenues	-726,611
One off effects expenditures	-2,467,900
Government budget review 2020 (with one off COVID-19 effects)	-4,152,116
Revision of SFA grants based upon the FPB economic budget of June 2020	-2,132,375
Additional COVID-19 provision	-250,000
Estimated nominal government balance 2020	-6,534,491

4.1. General Description of Financial Resources

As the competences of the Flemish Community and the competences of the Flemish Region are exercised by a unique level of government (*i.e.*, the Flemish Government), the budget of the Community consists of the items of the Region and the Community, both on the revenue side and on the expenditure side.

The finances of the Flemish Community are organised according to the Special Finance Law. The Special Finance Law sets the principles of the Flemish Community’s financial autonomy and its financial responsibilities.

The first principle is based on the allocation of a share of federal taxes to the subnational governments. As a community (based on the linguistic criteria), the Flemish Community receives a share of the Personal Income Tax (PIT) proceeds (tax on the personal income from

⁹ Source: Flemish Community, department of Finance and Budget.

¹⁰ Amounts in thousands euros.

households in the Dutch-speaking part of Belgium plus a part of personal income tax from Dutch-speaking households in the Brussels Region). It also receives a share of the VAT.

The Flemish Government (based on geographical criteria) can levy a surcharge on the Personal Income Tax proceeds (tax on the personal income from households located geographically in the Flemish Region, thus excluding the Brussels Region).

The distribution key of the amount of income taxes allocated to the regions and the communities is proportional to the Communities' and Regions' contribution to the federal income tax revenue.

The second principle is that the Community is free to establish its own budget. Indeed, the Constitution stipulates that the Community Parliament rules by decree on the appropriation of revenues. In line with this principle, the Region has its own taxing power over certain taxes (see below).

The Sixth State Reform has led to increased tax autonomy in Flanders, based firstly on income from regional taxes and secondly on regional surcharges.

In accordance with both principles, the Flemish Community's finances arise out of:

- (a) An allocated share of revenues from taxes and duties: an allocated share of income tax revenues and an allocated share of VAT income.
- (b) The Flemish Government has the taxing power to implement its own additional personal income tax charge.
- (c) Regional taxes: The Flemish Government has the taxing power on the following taxes:
 - Tax on gambling
 - Tax on automatic leisure equipment
 - Inheritance tax
 - Real estate tax
 - Registration tax on real estate
 - Registration taxes on mortgages
 - Registration taxes on gifts
 - Radio and television license fee
 - Vehicle registration tax
 - Road taxes
 - Eurovignet
 - Opening tax on shops of fermented drinks

The Eurovignet and road tax for trucks are since 1 April 2016 replaced by a new tax based on the actual use of roads.

- (d) Non-fiscal revenues, among which the sale of publications, museum entry charges, registration fees, proceeds from the sale of assets, federal state credits to fund university education provided by the communities to foreign students.
- (e) Borrowing: the Flemish Community may borrow in two circumstances: 1) if Federal government remittances are insufficient or delayed in reference to the revenues as laid down in the Special Finance Law, in which case the interest on such borrowing is paid by the Federal government; 2) to cover the gross funding requirement.

4.2. *Budget Analysis 2018-2020*¹¹

The Flemish budget remained on course in the past years.

Despite the changes in the last years the Flemish Government did very well with budget surpluses that were higher than foreseen: in 2018 a balanced budget was foreseen but in realisation there was a budget surplus of 367 million euro while in 2019 there was a budget surplus of 237.5 million euro while the Parliament voted a budget surplus of 154 million euro.

2020, on the other hand, will be a more difficult year for the budget. Whereas the original budget draft 2020 predicted a deficit of EUR 431 million (on a budget of around EUR 45.7 billion), the expected budgetary result for 2020 has been drastically affected by the COVID-19 crisis. The budget review approved in April 2020 now stipulates a deficit of EUR 4.2 billion in 2020.

The severe decline in the balance is sparked by two main factors: the extraordinary expenditures to deal with the impact of the COVID-19 crisis and the sharp drop in the revenues of the regional taxes.

The main driver of the increase of the expenditures is the EUR 2.5 billion COVID-19 provision/buffer. This buffer must finance the different temporary measures the Flemish Government has taken in order to provide a vigorous response to the major challenges posed by the COVID-19 crisis.

These temporary measures are:

- the extension of the nuisance premium (*hinderpremie*) to include companies that are obliged to close because of the federal safety and security measures following the COVID-19 virus. The premium amounts to EUR 4,000 in the event of full closure during the first three weeks and to EUR 160 per day after these initial three weeks, starting 6 April 2020 (EUR 991 million estimated budgetary cost);
- a one-off compensation premium of EUR 3,000 for companies and self-employed persons who are not obliged to close but who see their turnover fall substantially (EUR 992 million estimated budgetary cost);
- an emergency fund of EUR 265 million for subsidized sectors (such as culture, youth, media, sports, school trips, etc.) as well as specific sectors (*e.g.*, ornamental horticulture, segments of tourism, mobility & public works);
- a reimbursement of the water and energy costs of 1 average monthly equivalent to anyone who has ended up in a situation of compensated temporary unemployment due to force majeure or for economic reasons will be provided;
- a number of measures targeted to the healthcare sector:
 - EUR 23 million has been made available to order extra face masks;
 - a road map for the establishment of buffer care centers (*schakelzorgcentra*, EUR 4.7 million), *i.e.*, emergency centers which can accommodate patients when hospitals are at risk of becoming overcrowded, has been established; and
 - through a special arrangement that intervenes in the payment system, parents who do not bring their child(ren) to childcare do not have to pay. For the organizers of childcare, the financial losses are bridged by offering them compensation (EUR 32 million).

There are also a set of measures with no or limited direct impact on the government balance:

¹¹ The figures will be updated on a regular basis. You will find the updates on <http://www.financeflanders.be>.

- an additional EUR 100 million is also earmarked for crisis guarantees, so that companies and self-employed persons can also have a bridge loan guaranteed by the Participatiemaatschappij Vlaanderen (PMV) for existing debts during this COVID-19 crisis period;
- EUR 500 million is provided for subordinated loans for active SMEs and for start-ups and scale-ups; and
- EUR 100 million extra for crisis guarantees and the extension of the guarantee capacity of Gigarant up to EUR 3 billion.

On the revenue side, the revenues of the regional taxes are expected to plummet by EUR 1,027 million, of which EUR 717 million is due to the COVID-19 crisis and EUR 310 million is due to, *inter alia*, the drop in registration duties (minus EUR 184 million) and inheritance taxes (minus EUR 67 million). Because of the abolition of the tax expenditure related to the own dwelling from this year onwards, there was in the last quarter of 2019 a surge in the purchase of houses. Hence for these purchases one is still entitled to this tax expenditure for the duration of the loan. This drop in registration duties is also a temporary one whereas the decline in inheritance taxes is more structural due to the federal reform of the inheritance law which has allowed more degrees of freedom for tax optimization. This effect was underestimated at the time of the budget draft.

There are also temporary COVID-19 measures on the revenue side with no or limited budgetary impact. The collection of the traffic tax is postponed by 4 months for companies. Property taxes are not collected until September, giving companies extra breathing space worth EUR 1 billion of cash. Various other tax collection periods are extended by 2 months: submission of the inheritance tax return, deeds that cannot be filed for registration on time, and periods relating to certain favorable tax regimes.

The table below gives an overview of the consolidated ESA-result in the period 2018-2020.

Table 4: consolidated ESA¹²-result (in million euro)¹³

	2018 ACT ¹⁴	2019 ACT	2020 BR ¹⁵
ESA result	367	238	-4,152

In 2020, there will also be 102 million euros of construction expenditure for Oosterweel¹⁶ in the budget. In the coming years, this amount will evolve to around 600 million euros / year. In view of the underlying recovery model, the strategic importance of this investment and the fact that this is an exceptionally large and one-off expense for the Flemish government, which cannot be matched without jeopardizing other necessary investments, the Flemish government has decided to keep this expenditure outside the budget target.

The deficit of 4.2 billion euro did not yet account for the impact of the COVID-19 crisis on the grants based upon the Special Finance Act (“SFA”). Based on the Federal Planning Bureau June 2020 Economic Budget, the Flemish Government predicts that SFA grants will be reduced by EUR 2.1 billion. Furthermore because the lockdown (implemented in Belgium as a result of the COVID-19 virus) is taking longer for some sectors, there will also be an increase of the one-off expenditures measures linked to the COVID-19 crisis of EUR 250 million. These

¹² ESA: European Standard of Accounts.

¹³ Source: Flemish Community, department of Finance and Budget.

¹⁴ ACT: Actual figures.

¹⁵ BR: Budget Review.

¹⁶ For more information on the Oosterweel project, we refer to the explanation of BAM on <http://www.financeflanders.be>.

changes were not yet in the budget review of April 2020 and will only be included in a second budget review done later this year. With these changes the budget deficit for 2020 will further rise to 6.5 billion euro in 2020. The revenues of the personal income taxes are not yet affected by the economic downturn this year. The revenues of the previous year mainly determine the size of the personal income tax revenues for the Flemish Government as they are based upon the invoices. The one-off impact on the 2021 surcharges is approx. EUR 1 billion.

4.2.1 Community Revenues

Table 5 gives an overview of the major items of the ESA-corrected resources for the financial years 2018 to 2020. For the 2018 and 2019 financial years, the actual figures are shown and for 2020 the figures of the budget review (BR) is shown. As of the 2015 financial year, one can see the budgetary effects of the revised Special Finance Law.

The Sixth State Reform, which entered into force on 1 July 2014 and which brought about substantial changes to the Flemish budget landscape.

First and foremost, the size of the Flemish budget has grown substantially over the last years. Flemish resources rose from 27.45 billion euro in 2014 to 44.76 billion euro in the 2020 budget review, an increase of no less than 63%.

Due to the COVID-19 crisis there is a one-off effect of 727 million euro on the revenues mainly due to a decrease of the registration tax.

If there would already be an adjustment of the SFA grants in 2020, with the economic forecasts of the Federal Planning Bureau of June 2020, the revenues would decline by another 2.1 billion euro. In addition to major transfers of powers and resources, the Sixth State Reform also provided for a large increase in Flemish tax autonomy. From now on, Flanders will be collecting a larger part of its resources (30.3%) via own fiscal instruments: regional taxes (12.8%), and the additional personal income tax charge, the so-called 'surcharges' (17.5%).

Lastly, the Sixth State Reform also ensures that the sub-regions now contribute to the recovery of public finances at general government level. For Flanders, this (annual) contribution is 1.6 – 1.7 billion euro each year.

Table 5: Major items of the ESA-corrected revenues (in thousand euro)¹⁷

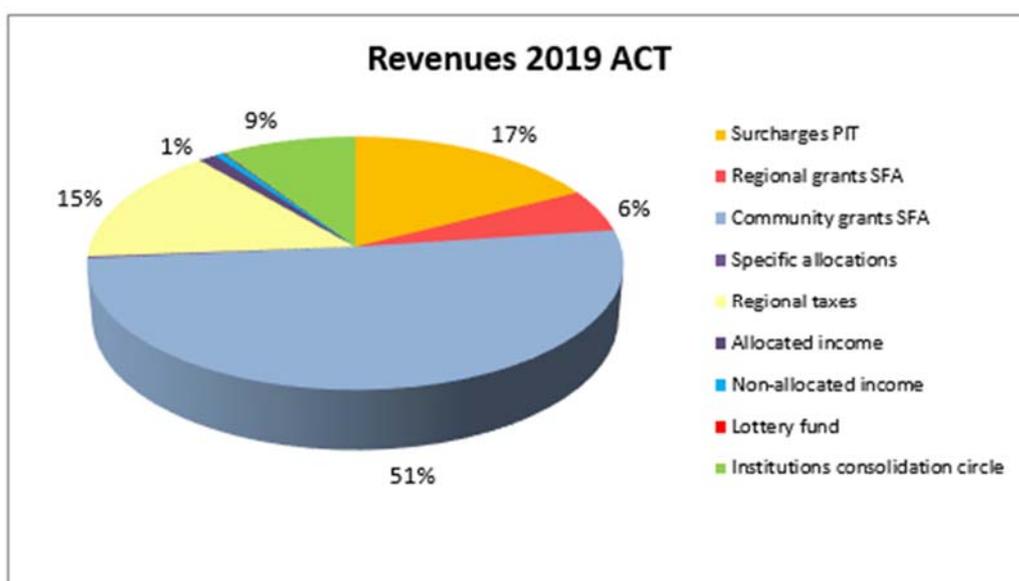
	2018 ACT	2019 ACT	2020 BR
Gross supplementary income tax charge (surcharges)	7,705,222	7,923,747	7,817,845
Regional grants SFA	2,415,238	2,487,003	2,516,194
Community grants SFA	22,458,498	23,114,284	23,593,791
Revision Autonomy Factor SFA	-1,005,322		
Specific allocations	88,319	98,786	99,399
Regional taxes	6,609,610	6,851,804	5,727,439
Own non-tax allocated income	538,022	558,090	583,405
Self-generated non-tax non-allocated revenues	185,710	285,864	264,910

¹⁷ Source: Flemish Community, department of Finance and Budget

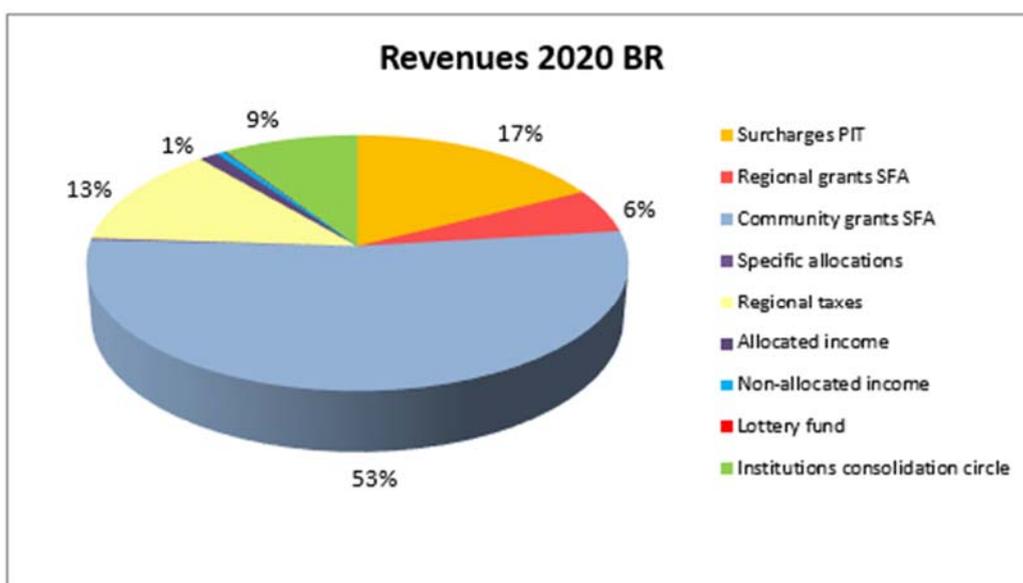
	2018 ACT	2019 ACT	2020 BR
Lottery funds	30,134	30,211	30,225
Institutions within scope of consolidation	3,967,239	4,233,011	4,131,134
TOTAL	42,992,635	45,582,800	44,764,342
<i>incl. contribution for consolidation of overall public finances</i>	<i>-1,639,606</i>	<i>-1,683,140</i>	<i>-1,712,573</i>
<i>incl. contribution for cost of demographic ageing</i>	<i>-79,806</i>	<i>-103,006</i>	<i>-129,657</i>
<i>incl. accountability contribution</i>	<i>-112,417</i>	<i>-121,735</i>	<i>-131,054</i>
<i>Total contributions and revision autonomy factor SFA</i>	<i>-1,831,829</i>	<i>-1,907,881</i>	<i>-1,973,284</i>

Chart 4 shows income as a proportion of total resources. This figure shows that Flemish surcharges represent 18% of (ESA-corrected) Flemish income in the 2020 budget review. Regional taxes represent 13%. The Sixth State Reform has brought about increased tax autonomy in Flanders, based primarily on income from regional taxes and secondly on regional surcharges. The tax autonomy stood at 20% in 2014 and rises to 31% in the 2020 budget review.

Chart 4: Proportion of total resources¹⁸



¹⁸ Source: Flemish Community, department of Finance and Budget.



4.2.2 Community Expenditures

Also in the expenditures we see a large increase, as a result of the Sixth State Reform, in the budget review 2020 (BR 2020) compared to the realizations 2014. The largest increases are situated in Welfare, Public Health and Family and in Employment and Social Economy.

The Sixth State Reform not only significantly increased the expenditures of the Flemish Community in absolute terms, but also changed the proportion of the different policy areas in the expenditure budget. Before the state reform almost 40% of the expenditures went to Education and Training. After the sixth state reform the proportion of Education and Training decreased to 29%, although increasing in amount. At the same time we see an increase from 15% to 25% for Welfare, Public Health and Family Affairs and from 5% to 8% for Employment and Social Economy.

Due to COVID-19 the Flemish government has taken one-off measures for 2.5 billion euro on the expenditures side.

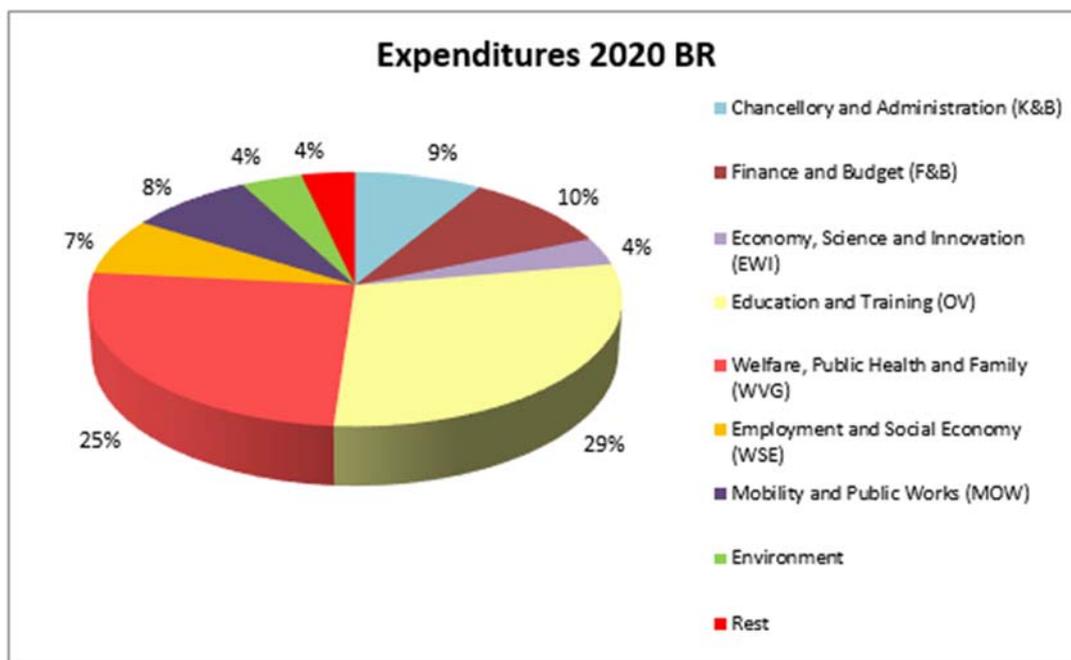
Table 6: Payment appropriations (not ESA-corrected) per policy area (in thousand euro)¹⁹

Policy area	2018 ACT	2019 ACT	2020 BR
Finance and Budget (F&B)	2,433,054	2,221,869	5,122,170
Economy, Science and Innovation (EWI)	2,265,132	2,074,775	1,733,628
Education and Training (OV)	13,582,248	14,098,304	14,575,124
Welfare, Public Health and Family (WVG)	12,071,559	12,891,339	12,814,825
Culture, Youth, Sport and Media (CJSM)	1,286,187	1,299,930	1,273,944
Employment and Social Economy (WSE)	3,574,164	3,738,353	3,654,616
Mobility and Public Works (MOW)	3,558,495	3,828,431	4,130,124
Chancellery and Administration (K&B)	3,971,721	4,067,041	4,356,728

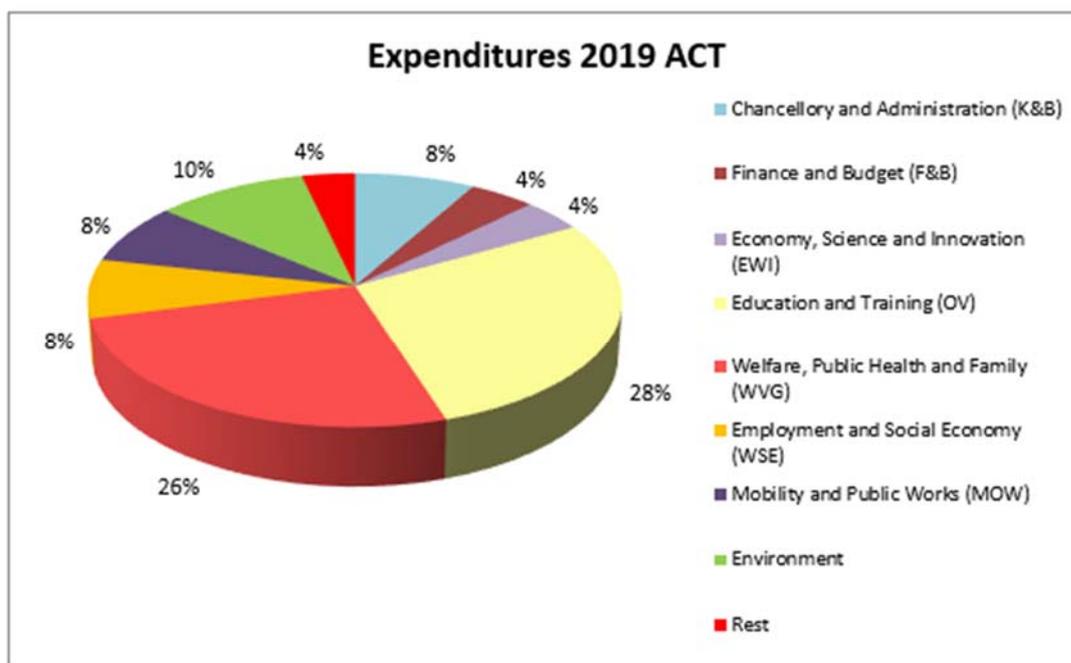
¹⁹ Source: Flemish Community, department of Finance and Budget, for 2020 these are the figures excluding overflow).

Higher entities (HE)	134,363	146,747	134,593
Flemish Department of Foreign Affairs (IV)	180,475	163,324	209,970
Agriculture and Fisheries (LV)	183,993	179,794	210,745
Environment	5,374,434	5,139,110	2,063,048
	48,615,826	49,849,017	50,279,515

Chart 5: Breakdown of the public spending:²⁰



²⁰ Source: Flemish Community, department of Finance and Budget.



5. Debt Profile²¹

5.1. Direct debt

Direct debt refers to the debt contracted by the Government of Flanders to cover a financing deficit. This debt therefore arises whenever the net financing requirements are negative. Direct debt can also arise because the Government of Flanders takes over debts from a third party and explicitly recognises them by Decree as its own direct debt. The direct financing of the social housing companies (the Flemish Housing Fund (Vlaams Woningfonds (“VWF”)) and the Flemish Social Housing Company (Vlaamse Maatschappij voor Sociaal Wonen (“VMSW”)) and School Invest also has an impact on the direct debt level because the Government of Flanders takes on additional debts for this.

Table 7: Evolution of the direct debt (in million euro)²²

	31/12/2017	31/12/2018	31/12/2019
EMTN	4,836.50	5,631.50	6,331.50
Schuldschein	37.50	37.50	37.50
Bank loans	95.16	92.51	84.09
Municipal loans	0	89.17	77.38
BCP	0	0	0
Current account	262.27	76.92	207.51
Rest	82.46	70.80	64.28
TOTAL	5,313.89	5,998.39	6,802.26

At the end of 2019, direct debt amounted to 6,802.26 million euros. This is an increase of 803.87 million in direct debt compared to 2018. This increase is due in part to the direct financing of the VMSW, VWF and School Invest and a more negative current account of the Flemish Community.

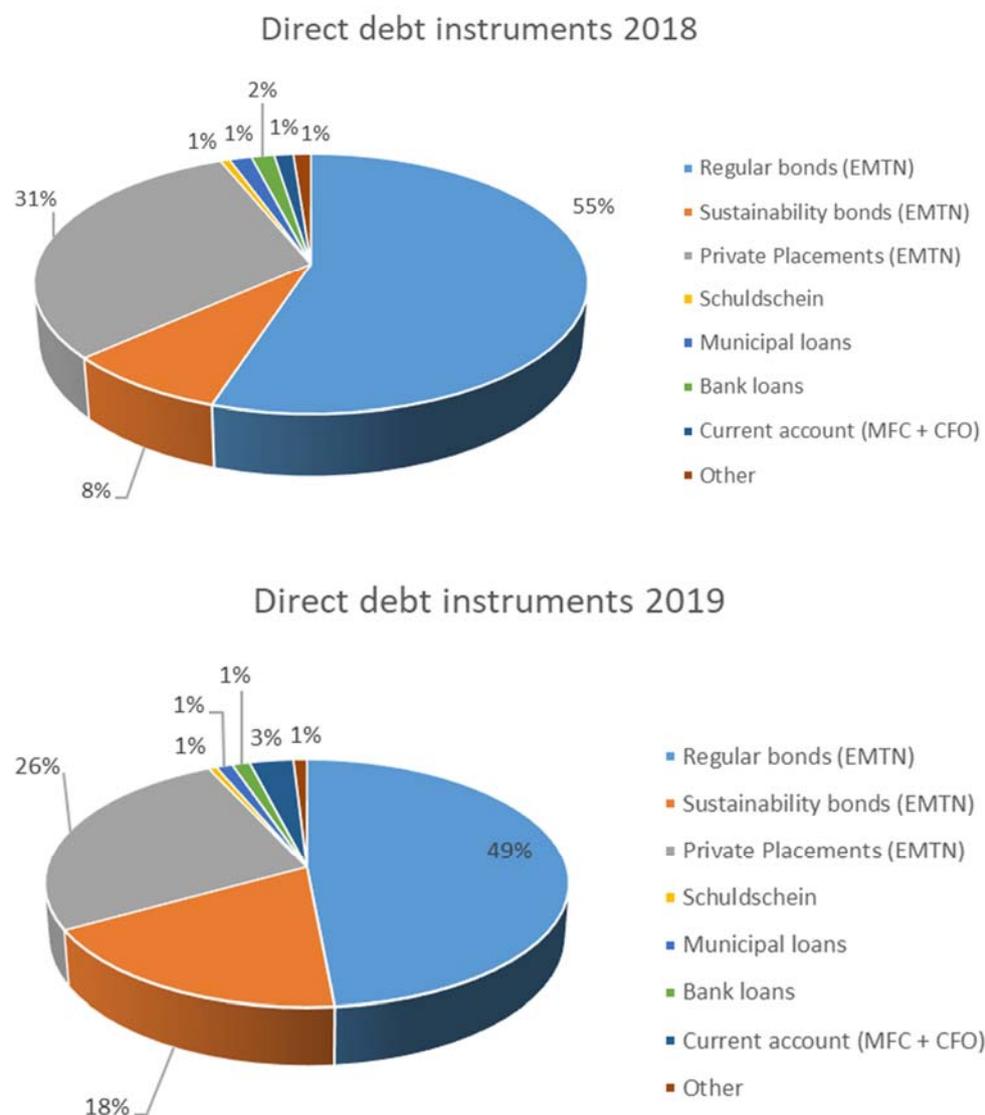
The debt of the Flemish Community relating to the Decree on the optimisation of the management of the financial assets of the entities of the Government of Flanders is not included in this table. Since it

²¹ The figures will be updated on a regular basis. You will find the updates on <http://www.financeflanders.be>.

²² Source: Flemish Community, department of Finance and Budget

concerns institutions that belong to the consolidation perimeter of the Government of Flanders, this is considered as an internal debt by the INA and is not included in the outstanding direct debt.

Chart 6: Debt instruments 2018 and 2019²³



At the end of 2018 94% of direct debt was financed through the EMTN programme and 1% with the current account. This stayed roughly the same in 2019 when 93% of direct debt was financed with the EMTN programme and 3% with the current account.

Table 8: Outstanding EMTN issues as of July 2020 (in euro)²⁴

	Nominal amount	Coupon	Start date	End date
Private Placement	140,000,000	3.116%	18/08/2010	18/08/2020
Private Placement	626,500,000	1.341%	12/06/2015	12/06/2025

²³ Source: Flemish Community, department of Finance and Budget.

²⁴ Source: Flemish Community, department of Finance and Budget.

Private Placement	180,000,000	1.887%	12/06/2015	12/06/2035
Private Placement	133,500,000	0.854%	3/07/2015	4/07/2022
Private Placement	35,000,000	2.317%	3/07/2015	3/07/2045
Private Placement	56,500,000	1.707%	20/11/2015	20/11/2030
Benchmark	800,000,000	1.000%	11/10/2016	13/10/2036
Benchmark	500,000,000	0.375%	11/10/2016	13/10/2026
Private Placement	140,000,000	1.007%	10/11/2016	10/11/2031
Private Placement	115,000,000	1.564%	10/11/2016	12/11/2046
Private Placement	10,000,000	1.392%	10/11/2016	12/11/2041
Private Placement	20,000,000	1.656%	23/02/2017	23/02/2038
Benchmark (tap)	250,000,000	0.375%	2/06/2017	13/10/2026
Benchmark	1,000,000,000	1.875%	2/06/2017	2/06/2042
Private Placement	60,000,000	1.863%	28/02/2018	28/02/2048
Private Placement	30,000,000	1.603%	28/02/2018	1/03/2038
Private Placement	80,000,000	1.874%	28/03/2018	28/03/2058
Benchmark	750,000,000	1.500%	12/07/2018	12/07/2038
Sustainability Benchmark	500,000,000	1.375%	21/11/2018	21/11/2033
Sustainability Benchmark	750,000,000	1.500%	11/04/2019	11/04/2044
Sustainability Benchmark	1,250,000,000	0.375%	15/04/2020	15/04/2030
Sustainability Benchmark (tap)	250,000,000	1.500%	12/05/2020	11/04/2044
Private Placement	25,000,000	0.940%	12/05/2020	12/05/2050
Private Placement	25,000,000	0.875%	3/06/2020	5/06/2045
Private Placement	110,000,000	1.053%	3/06/2020	3/06/2050
Private Placement	100,000,000	1.095%	3/06/2020	3/06/2055
Benchmark	1,000,000,000	0.010%	23/06/2020	23/06/2027
Benchmark	1,000,000,000	1.000%	23/06/2020	23/01/2051
TOTAL	9.936.500.000			

In 2017, the Flemish Community issued 1.320 billion euro through benchmark and private placements with maturities varying from 2 years to 25 years. A new benchmark of 1 billion euro with a long maturity

of 25 years was placed in the capital market. The private placement with the shortest maturity (*i.e.*, 2 years) is already repaid, as it reached maturity in June 2019.

In 2018, the Flemish Community issued 1.545 million euro through benchmark and private placements with maturities varying from 2 years to 40 years. In July a new benchmark of 750 million euro with a maturity of 20 years was issued. An additional 500 million euro was raised in November, as a first sustainability benchmark with a maturity of 15 years was issued. Furthermore there were private placements for an amount of 125 million euro of 2 years (reached maturity in February 2020), 30 million euro of 20 years, 60 million euro of 30 years and finally 80 million euro of 40 years.

In 2019, a second sustainability bond was issued by the Flemish Community on 11 April. This concerned a public issue with institutional investors for an amount of 750 million euro. This benchmark issue mainly serves to finance the expenditures of the VMSW, VWF and School Invest. The bond is set to mature on 11 April 2044 and has a coupon of 1.500%. A maturity of 25 years was chosen in order to optimally match the financing needs of the underlying assets and, in addition, to take advantage of long-term interest rates, which are still at historically low levels. There were no standard benchmark issues in 2019, nor private placements.

In 2020, the total amount raised within the EMTN framework will be significantly higher due to the unforeseen and substantial COVID-19 expenditures. The Flemish Community already issued 3.760 billion euro, with maturities ranging from 7 to 35 years. A third, new 10-year sustainability bond was issued on 15 April. Furthermore, on 16 June, the Flemish Community successfully completed two regular benchmark issues, with maturities of respectively 7 and 30 years. The total amount raised from institutional investors amounted to 2 billion euro, with 1 billion euro in each tranche. In addition, there have already been 4 private placements for a total amount of 260 million euro. Maturities for the private placements are 25, 30 and 35 years.

5.2. Consolidated debt

In addition to the direct debt of the Flemish Community, the consolidated debt should also be considered. Over the last years, the Institute of National Accounts (INA) reclassified a large number of public entities as a consequence of the new rules of ESA2010. As a result, an important increase in the consolidated debt arose. The incorporation of the social housing companies (VMSW and VWF) in 2014 was the most important factor in this increase.

In 2018 the consolidated debt increased by 912 million euro and reached 24.19 billion euro due to the impact of the final autonomy factor settlement (the Flemish Community received during the previous years too much from the federal government – in total 1 billion euro – and repayments are spread over a period of 16 years). Without this autonomy factor, the consolidated debt slightly decreased. This decrease was mainly due to a new decree on the optimization of the Flemish Community entities' management of financial assets. The decree entered into force in October 2018 and obliges certain institutions within the consolidation perimeter to invest their excess long-term liquidities in the Flemish Community. In addition, these institutions can decide to invest their short-term liquidities in the Flemish Community as well, in case they cannot manage to find better investment alternatives with a similar rating as the one of Flanders. At the end of 2018, Flanders raised 1.1 billion euro through this new decree. As a result, less external financing was needed and consequently the increase of direct debt was lower than expected. Furthermore, the direct debt increase was even lower than the decrease of the debt of the several institutions, which led to a decrease of the total consolidated debt.

At the end of 2019, the consolidated debt amounted to 24.18 billion euro. This implies a very limited decrease of 10.34 million euro compared with 2018. However, The direct debt level increased from 6.00 billion euro in 2018 to 6.80 billion euro in 2019. This increase in direct debt by 803.86 million euro was mainly caused by the direct financing of VMSW, VWF and School Invest, which replaced guaranteed bank loans with a guarantee from the Flemish government. As a result, the consolidated

debt of VMFW and VWF is decreasing and will continue to decrease in the future. The mentioned increase in direct debt was fully offset by the decrease in the debts of the entities included in the consolidation scope, the PPP debts and reclassified alternatively financed investment schemes.

Table 9: Evolution of Consolidated debt (in million euro)²⁵

In mio EUR	2017	2018	2019
Direct debt	5,313.89	5,998.39	6,802.26
VMSW (social housing)	6,112.95	5,955.01	5,728.37
VWF (social housing)	2,705.57	2,555.08	2,399.80
EKM's (social housing)	595.41	568.54	600.90
VIPA (including debt infrastructure hospitals and rest homes)	1,670.24	1,576.45	1,478.69
PPP debt	922.18	770.07	748.92
Hospital infrastructure	4,647.26	4,350.92	4,099.46
Settlement autonomy factor		967.59	915.96
Rest	1,306.867	1,444.50	1,401.85
TOTAL	23,274.37	24,186.56	24,176.22

5.3. Guaranteed debt

The guaranteed debt consists of debts contracted by third parties for which the Flemish Community acts as a guarantor in the event that the borrower defaults on the loan. Many of these guaranteed loans are part of the consolidated debt of the Flemish Community.

In 2017, the guaranteed debt level decreased for the first time in many years. The following two years, this downward trend persisted. At the end of 2019 the total amount of guaranteed debt amounted to 12.35 billion euro, a decrease of 494.8 million euro compared with 2018. This downward trend is mostly due to the fact that the social housing institutions (VMSW and VWF) no longer issue their own loans with the guarantee of the Flemish Community, but are directly financed by the Flemish Community since mid-2015. As such, we expect the guaranteed debt to further decrease over the next years as a consequence of this change in financing strategy.

Table 10: Evolution of Guaranteed debt (in million euro)²⁶

	2015	2016	2017	2018	2019
Guarantees to (local) authorities	740.41	635.05	486.35	338.98	207.81
Flemish Water Supply Company (De Watergroep)	193.27	200.15	187.02	159.90	147.78
EVA Flemish Public Transport Company De Lijn	64.36	48.50	35.02	24.09	12.84
Universities (social sector)	11.94	8.21	4.50	3.78	3.21

²⁵ Source: Flemish Community, department of Finance and Budget

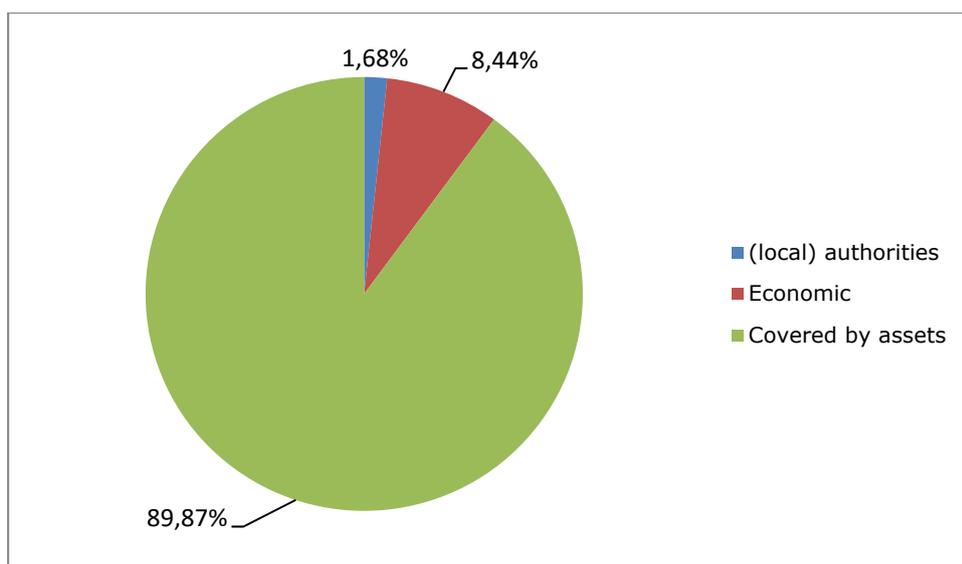
²⁶ Source: Flemish Community, department of Finance and Budget

Ghent University Hospital (UZ Gent)	52.52	50.51	48.40	46.18	43.85
EVA Syntra Vlaanderen	0.85	0.65	0.44	0.23	0.14
City of Antwerp	307.25	213.19	110.91	0.00	0.00
City of Sint-Niklaas - Cross Border Lease	55.71	57.54	50.58	52.97	0.00
City of Dendermonde - Cross Border Lease	35.54	36.70	32.26	33.79	0.00
Municipality of Hamme - Cross Border Lease	18.97	19.60	17.22	18.04	0.00
Guaranteed covered by assets	11,675.99	11,982.27	11,916.99	11,533.02	11,103.59
Social Housing	691.48	669.40	686.00	710.00	760.00
Domus Flandria	16.75	3.73	0.00	0.00	0.00
EVA VMSW (Flemish Social Housing Company)	4,704.90	4,523.43	4,340.23	4,149.91	3,952.18
Flemish Housing Fund cvba (Vlaams Woningfonds)	3,005.41	2,843.00	2,697.25	2,547.00	2,392.00
IVA AGIO (Agency for Infrastructure in Education)	292.42	319.88	329.90	352.02	365.88
IVA VIPA (Agency for Infrastructure of Welfare Institutions)	2,423.00	2,377.26	2,321.26	2,188.00	2,046.02
Beheersmaatschappij Antwerpen Mobiel NV	152.42	136.38	120.34	104.19	88.26
Project Brabo 1 NV	109.18	119.69	118.30	116.20	116.20
Schools of Tomorrow (Scholen van Morgen)	171.83	828.41	1,142.62	1,204.61	1,221.96
Deurganckdok Lock	108.60	161.09	161.09	161.09	161.09
Economic guarantees	974.38	977.95	985.66	977.46	1,043.28
Waarborgbeheer nv	553.23	595.20	655.14	707.94	759.19
Gigant nv	223.40	192.33	205.59	222.89	235.79
Flemish Agricultural Investment Fund – FAIF (Vlaams Landbouwinvesteringsfonds – VLIF)	38.16	28.27	22.33	17.62	15.82
Flemish Institute for Biotechnology – FIB (Vlaams Instituut voor Biotechnologie – VIB)	4.05	3.62	3.17	2.70	2.20
IMEC	32.25	37.47	31.93	26.31	21.48
Arkimedesfonds	116.90	118.83	67.50	0.00	0.00
iMinds	4.00	0.00	0.00	0.00	0.00
Constructiewerkhuizen G. Van Weysberghe & Co NV	2.23	2.23	0.00	0.00	0.00
DAB Microfinancing Guarantee Fund (Waarborgfonds Microfinanciering)	0.12	0.00	0.00	0.00	0.00
Janssen Pharmaceutica NV	0.00	0.00	0.00	0.00	8.80
Rest	0.02	0.00	0.00	0.00	0.00
De Gezinsbond VZW	0.02	0.00	0.00	0.00	0.00
TOTAL	13,390.80	13,595.27	13,389.00	12,849.46	12,354.68

The risk on the guaranteed debt is very low, as almost 90% of it is covered by assets (of which the largest part by mortgage loans). In addition, there are almost no executions on the guaranteed debt (21.5 million euro in 2019).

Chart 7: Risk on guaranteed debt, 31/12/2019²⁷

²⁷ Source: Flemish Community, department of Finance and Budget



5.4. Debt policy

The Flemish government has decided in 2015 that the financing of certain consolidated public institutions will be conducted by the central treasury of the Flemish Community. Before, those public institutions raised their own debt directly through the financial markets, in most cases with a guarantee of the Flemish Community. The central treasury will now borrow directly in its own name for the purposes of financing those consolidated public institutions. The first issues in the second half of 2015 showed a decrease in the interest rate by 20 to 30 base points compared to the guaranteed loans.

The transfer to the consolidated public institutions of these funds (no ESA-impact) is part of the budget. Redemptions and interest (no ESA-impact) are also budgeted, both in the budget of the institutions and in the budget of the Flemish Community. The table below shows that the financing needs of the Flemish Community for 2020 are high due to the COVID-19 crisis. They amount to 8.2 billion euro, leaving out the internal redemptions. Also for the next years the needs on the capital market (excluding internal redemptions) are high: more exactly, 2 billion euro in 2021 and 1.7 billion euro in 2022.

No large repayments are scheduled over the next years, but the new financing needs will increase due to the start of an important infrastructure project in Antwerp (Oosterweel project).

Table 11: Financing needs 2019-2022 (in million euro)²⁸

In mio EUR	2019*	2020	2021	2022
VMSW	1,100.00	966.44	730.54	936.25
VWF	230.00	364.84	825.00	220.63
School Invest (PPP School buildings)	46.00	0.00	91.08	36.98
Lantis (=BAM) (Oosterweel project)	0.00	0.00	262.50	390.00
Deficit	0.00	4,152.12		
SFA grants***		2,132.00		
Additional Corona provision		250.00		
TOTAL new funding	1,376.00	7,865.40	1,909.12	1,583.86
Internal Redemptions **	155.00	868.00	124.00	78.70

²⁸ Source: Flemish Community, department of Finance and Budget.

External Redemptions	76.21	338.73	39.39	147.89
TOTAL	1,607.21	9,072.13	2,072.51	1,810.45

*: realised numbers

** : situation 31/12/2019. For the internal redemptions the assumption is made that these will be reinvested.

***: impact of the crisis on the grants based upon the Special Finance Act

6. Credit Rating

As of the date of this offering circular, the current rating²⁹ by Fitch of the Flemish Community is AA with a negative outlook.

²⁹ The most recent ratings of the Flemish Community can be found on the website <http://www.financeflanders.be>.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.

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

[PROHIBITION OF SALES TO BELGIAN CONSUMERS - Notes issued under the Programme are not intended to be offered, sold to or otherwise made available to and will not be offered, sold or otherwise made available by any Dealer to any Belgian “consumer”(consument/consommateur) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*) dated 28 February 2013, as amended from time to time.]

Pricing Supplement dated []

THE FLEMISH COMMUNITY

Legal Entity Identifier (“LEI”): 9676003JDGYZ0V9FF348

Issue of [Aggregate Nominal Amount of (Tranche of) Series] [Title of Notes]

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 (the **Conditions**) set forth in the Offering Circular dated 29 September 2020 [and the Supplemental Offering Circular dated [●]]. The Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 29 September 2020 [and the Supplemental Offering Circular dated [●]].

[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 [●] [and the Supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 29 September 2020 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [●] [and the Supplemental Offering Circular dated [●]].

[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.]

The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under section “Risk Factors” set forth in the Offering Circular dated 29 September 2020.

- | | | |
|----|------------------------------------|--|
| 1. | Issuer: | Flemish Community |
| 2. | [(i) [Series Number:]] | [] |
| | [(ii) Tranche Number:] | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> |
| 3. | Specified Currency or Currencies*: | [] |
| 4. | Aggregate Nominal Amount: | |
| | [(i) [Series:]] | [] |
| | [(ii) [Tranche:]] | [] |
| 5. | [Issue Price: | [] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| 6. | Specified Denominations: | [] |
| | (ii) Calculation Amount: | [] |

* Notes may be denominated in any currency, provided that Notes in such currency may be cleared and settled in the Securities Settlement System and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Securities Settlement System exclusively clears securities denominated in a currency for which the European Central Bank publishes an exchange rate daily.

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. [(i) Issue Date: []
[(ii) Interest Commencement Date: []/Issue Date/Not Applicable]
8. Maturity Date: [Fixed rate – specify date/
Floating rate – Interest Payment Date
falling in or nearest to [specify month]]
9. Interest Basis: [[] % Fixed Rate]
[[specify reference rate] +/- []% Floating
Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest or Redemption/Payment
Basis: [Specify details of any provision for
convertibility of Notes into another interest
or redemption payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: Senior
14. Date approval for issuance of Notes
obtained: []

(N.B. Only relevant where specific authorisation is required for the particular tranche of Notes or related Guarantee)

15. Listing: [Applications have been made for the Notes to be admitted to listing and trading on the regulated market of the Euronext Brussels/other (*specify*)/None]
16. Method of distribution [Syndicated / Non-syndicated]
17. Green, Sustainable and/or Social Bonds [the Notes are expected to be a [[Green Bond [and]] / [Sustainable Bond [and]] / [Social Bond]] as from the Issue Date / Not a Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 18. Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (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 [*specify Business Day Convention and any applicable (Additional) Business Centre(s) for the definition of “Business Day”*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[If neither of these options applies, give details]
- (v) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

19. Floating Rate Note Provisions

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph.*)

- (i) Interest Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Paying Agent]): [[Name] shall be the Calculation Agent (*no need to specify if the Paying Agent is to perform this function*)]
- (viii) Screen Rate Determination:
 - Reference Rate: [For example, LIBOR or EURIBOR]
 - Relevant Screen Page: [For example, Reuters page Euribor01/Libor01]
 - Interest Determination Date(s) []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (ix) ISDA Determination:
 - Floating Rate Option: []

	– Designated Maturity:	[]
	– Reset Date:	[]
(x)	Margin(s):	[+/-] [] Per cent. <i>per annum</i>
(xi)	Minimum Rate of Interest:	[] per cent. <i>per annum</i>
(xii)	Maximum Rate of Interest:	[] per cent. <i>per annum</i>
(xiii)	Day Count Fraction:	[]
(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:	[]
20.	Zero Coupon Note Provisions	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
(i)	[Amortisation/Accrual] Yield:	[] per cent. <i>per annum</i>
(ii)	Reference Price:	[]
(iii)	Any other formula/basis of determining amount payable:	[]
21.	Index-Linked Interest Note Provisions/other variable-linked interest Note Provisions*	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
(i)	Index/Formula/other variable:	[Give or annex details]
(ii)	Calculation Agent responsible for calculating the interest due:	[]
(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[]
(iv)	Interest Determination Date(s):	[]
(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[]

* Index Linked Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

- (vi) Interest or calculation period(s): []
- (vii) Specified Period: []
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
- (viii) Specified Interest Payment Dates *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/ Preceding Business Day Convention/other (give details)]
- (x) Additional Business Centre(s): []
- (xi) Minimum Rate of Interest: [] per cent. *per annum*
- (xii) Maximum Rate of Interest: [] per cent. *per annum*
- (xiii) Day Count Fraction: []
- 22. Dual Currency Note Provisions*** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (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: []

* Dual Currency Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

23. Range Accrual Notes*	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph.)</i>
(i) Interest Period(s):	[]
(ii) Specified Interest Payment Dates:	[]
(iii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
(iv) Additional Business Centre(s):	[Not Applicable/give details]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Paying Agent):	[[Name] shall be the Calculation Agent (no need to specify if the Paying Agent is to perform this function)]
(vii) Screen Rate Determination:	
– Reference Rate:	[For example, LIBOR or EURIBOR]
– Relevant Screen Page:	[For example, Reuters page Euribor01/Libor01]
– Interest Determination Date(s):	[]
– Relevant Time:	[For example, 11.00 a.m. London time/Brussels time]
– Relevant Financial Centre:	[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
(viii) ISDA Determination:	
– Floating Rate Option:	[]
– Designated Maturity:	[]
– Reset Date:	[]
(ix) Linear Interpolation	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using

* Range Accrual Notes will not be issued for as long as they may not be cleared through the Securities Settlement System.

Linear Interpolation (*specify for each short or long interest period*)

- (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) Minimum Range of Interest Rate: []
- (xiv) Maximum Range of Interest Rate: []
- (xv) Day Count Fraction: []
- (xvi) 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: []

PROVISIONS RELATING TO REDEMPTION

24. Call Option

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (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) If redeemable in part:
 - (a) Minimum Redemption Amount [] per Calculation Amount
 - (b) Maximum Redemption Amount [] per Calculation Amount
- (iv) Notice period: []

25. Put Option

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (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 (if other than as set out in the Conditions)³⁰: []
- 26. Final Redemption Amount of each Note** [[] per Calculation Amount/other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) [Payment Date]: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount

27. Early Redemption Amount of each Note

Early Redemption Amount(s) payable on redemption on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions)

[Not Applicable (*specify the Early Redemption Amount if it is different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: The Notes will be issued in dematerialised form in accordance with the Law of 2 January

³⁰ If setting notice periods which are different to those provided in the terms and conditions, the issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its paying agent.

1991, pursuant to the Decree of 13 March 2009.

29. Additional Financial Centre(s) or other special provision relating to Payment Dates: [Not Applicable/give details]
30. 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]
31. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
32. Redenomination, renominatisation and reconventioning [Not Applicable/The reconventioning provisions: [annexed to this Pricing Supplement apply]
33. Consolidation provisions: [Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
34. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

35. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
36. If non-syndicated, name of Dealer: [Not Applicable/give name]
37. U.S. Selling Restrictions: [The C Rules are applicable / The C Rules are not applicable]
38. Additional selling restrictions: [Not Applicable/give details*]
39. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

USE OF PROCEEDS, REASONS FOR THE OFFER

40. [Use of proceeds, reasons for the offer: []
- (See "Use of Proceeds" section in the section "General Information" of the Offering Circular – if there is a particular*

* Certain forms of Notes may only be offered and sold to Tax Eligible Investors, including for example Notes with a maturity of more than one year which are issued in tranches when the actuarial return of one tranche exceeds the actuarial return from the initial issue until maturity by more than 0.75 points.

Also consider whether any further transfer restrictions result from the Notes being cleared through the Securities Settlement System.

identified use of proceeds, this will need to be included here.)

OPERATIONAL INFORMATION

41. ISIN Code: []
42. [CFI: [Not Applicable] / [●]]
43. [FISN: [Not Applicable] / [●]]
44. Common Code: []
45. Any clearing system(s) other than [Securities Settlement System] [Euroclear Bank SA/NV, as operator of the Euroclear System and Clearstream Banking AG, Frankfurt and the relevant identification number(s)]: [Not Applicable/give *name(s) and number(s)*]
46. Delivery: Delivery [against/free of] payment
47. Additional Paying Agent(s) (if any): []
48. Rating: The Notes to be issued are rated:
[Standard & Poor's / Moody's / Fitch]: []
49. [Relevant Benchmark[s]: [Not Applicable]/[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular 29 September 2020 [and the Supplemental Offering Circular dated [●]] referred to above and the description of the Issuer available on the website of the Issuer at <http://www.financeflanders.be>, the Budget of the Issuer, and other documents incorporated by reference in this Offering as set out in section “*Documents Incorporated By Reference*”, contain all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: _____

Duly authorised

TAXATION IN BELGIUM

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisers concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Offering Circular and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on 15 June 2020 and with the exception of subsequent amendments with retroactive effect.

In this regard, “**interest**” means (i) the periodic interest income, (ii) any amount paid by, or on behalf of, the Issuer in excess of the issue price in respect of the relevant Notes (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and, (iii) if the Notes qualify as “fixed income securities” (in the meaning of article 2, §1, 8° of the Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) (“**BITC**”)), in case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. “**Fixed income securities**” are defined as bonds, specific debt certificates issued by banks (*kasbon/bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 30 per cent. Belgian withholding tax on the gross amount of the interest. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero rate subject to certain conditions.

Under Belgian domestic law, payments of interest and principal under the Notes by or on behalf of the Issuer may normally be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the “**Tax Eligible Investors**”, see hereinafter) in an exempt securities account (an “**X-Account**”) that has been opened with a financial institution that is a direct or indirect participant (a “**Participant**”) in the Securities Settlement System operated by the NBB (the “**NBB-SSS**”).

Holding the Notes through the NBB-SSS enables Tax Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the NBB-SSS must enter the Notes which they hold on behalf of Tax Eligible Investors in an X-Account.

For certain forms of Notes, the withholding tax exemption will only apply provided all Notes of that form are held by Tax Eligible Investors in an X-Account with the NBB-SSS or with a Participant. This would be relevant for, *inter alia*:

- Notes with a maturity of more than one year which are issued in tranches when the actuarial return of one tranche exceeds the actuarial return from the initial issue until maturity by more than 0.75 points;
- Notes which are early redeemable at the option of the investor if the actuarial return in case of exercise of this right exceeds the actuarial return from the issue until maturity by more than 0.75 points; and

- Notes with a maturity of more than five years when the actuarial return from the issue until maturity exceeds their nominal annual interest rate by more than 0.75 points, as well as Notes with a maturity of more than five years with a capitalisation feature.

Tax Eligible Investors include, *inter alia*:

- (a) Belgian resident companies referred to in article 2, § 1, 5°, b) of the BITC;
- (b) 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 (a) and (c) subject to the application of article 262, 1° and 5° of the BITC;
- (c) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the BITC (*Koninklijk besluit tot uitvoering van het wetboek inkomsten belastingen 1992/Arrêté royal d'exécution du code des impôts sur les revenus 1992*) (“RD/BITC”);
- (d) non-resident investors provided for in article 105, 5° of the RD/BITC;
- (e) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC;
- (f) taxpayers provided for in article 227, 2° of the BITC which have used the Notes for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC;
- (g) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC;
- (h) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium and not traded in Belgium;
- (i) Belgian resident corporations, not provided for under (a), when their activities exclusively or principally consist of the granting of credits and loans; and
- (j) (only for debt securities issued by legal persons belonging to the public sector) legal entities which belong to the public sector in accordance with the European Regulation n°3605/93 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty.

Tax Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (b) and (c) above.

Participants to the NBB-SSS must keep the Notes which they hold on behalf of the non-Tax Eligible Investors in a non-exempt securities account (an “**N-Account**”). In such instance all payments of interest are subject to the 30 per cent. withholding tax. This withholding tax is withheld by the NBB from the interest payment and paid by the NBB to the Belgian Treasury.

Transfers of Notes between an X-Account and an N-Account may give rise to certain adjustment payments on account of Belgian withholding tax:

- A transfer from an N-Account to an X-Account gives rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;
- A transfer from an X-Account to an N-Account gives rise to the refund by the NBB to the transferee non-Tax Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;

- Transfers of Notes between two X-Accounts do not give rise to any adjustment on account of withholding tax; and
- Transfers of Notes between two N-Accounts give rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Tax Eligible Investor of withholding tax on the same interest amount.

Upon opening of an X-Account for the holding of Notes, the Tax Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the NBB-SSS as to the eligible status, save that they need to inform the Participant of any change in the information contained in the statement of their eligible status. However, Participants are requested to make declarations to the NBB as to the eligible status of each investor for whom they held bonds in an X-Account during the preceding calendar year.

An X-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 a Tax Eligible Investor. In such 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 a Tax Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Tax Eligible Investors.

These identification requirements do not apply to Notes held in Euroclear, Clearstream International, SIX SIS and/or Monte Titoli or any other central securities depository (as defined in article 2,1,1 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (“**CSD**”), acting as Participants to the NBB-SSS (each a “**NBB-CSD**”), provided that the relevant NBB-CSD (i) only holds X-Accounts and (ii) is able to identify the holders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Tax Eligible Investors.

Income Tax

(a) Belgian Resident Individuals

For individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold the Notes as a private investment, payment of the 30 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*bevrijdende roerende voorheffing/précompte mobilier libérateur*). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax rate of 30 per cent. (or at the progressive personal tax rates taking into account the taxpayer’s other declared income, whichever is lower), and no local surcharges will be due. If the interest payment is declared, the withholding tax retained by the NBB may be credited.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one’s private estate (in which case the capital gain will be taxed at 33% plus local taxes) or unless the capital gains qualify as interest (as set out in the section “Withholding Tax” above). 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.

(b) Belgian Resident Corporations

Interest attributed or paid to corporate Noteholders who are Belgian residents for tax purposes, *i.e.*, who are subject to the Belgian corporate income tax (*Vennootschapsbelasting/Impôt des sociétés*), as well as capital gains realised upon the transfer of the Notes are taxable at the ordinary corporate income tax rate of, in principle, 25 per cent. as of assessment year 2021, which is linked to a taxable period starting at the earliest on 1 January 2020. As an exception, small companies are taxable at a reduced corporate income tax rate of 20 per cent. on the first EUR 100,000 of their taxable base, again as of assessment year 2021.

The withholding tax retained by, or on behalf of, the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable. Capital losses realised upon the transfer of the Notes are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the BITC.

(c) Belgian Resident Legal Entities

Noteholders who are Belgian resident legal entities subject to Belgian legal entities tax (*Rechtspersonenbelasting/Impôt des personnes morales*) and which do not qualify as Tax Eligible Investors and/or which do not hold the Notes through an X-account in the NBB-SSS will not be subject to any further taxation on interest in respect of the Notes over and above the Belgian withholding tax of currently 30%.

Belgian legal entities which qualify as Tax Eligible Investors and which have received interest free of Belgian withholding tax due to the fact that they hold the Notes through an X-Account in the NBB-SSS, will have to declare the interest and pay the applicable Belgian withholding tax to the Belgian Treasury themselves.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless and to the extent the capital gains qualify as interest (as defined in the above section entitled "Withholding Tax"). Capital losses are in principle not tax deductible.

(d) Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

(e) Non-Residents of Belgium

Noteholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Notes through a Belgian establishment, not investing in the Notes in the course of their Belgian professional activity and not carrying out any activities in Belgium that exceed that normal management of one's private estate, will not incur or become liable for any Belgian tax on income or capital gains (except, for the avoidance of doubt, in the form of withholding tax if applicable) by reason only of the acquisition, ownership or disposal of the Notes.

A non-resident company having allocated the Notes to the exercise of a professional activity in Belgium through a Belgian establishment is subject to in substance the same rules as a Belgian resident corporation (see above).

Tax on stock exchange and repurchase transactions

The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.12 per cent. with a maximum of EUR 1,300 per party and per transaction for transactions in debt instruments or, 0.35 per cent. with a maximum amount of Euro 1,600 per transaction and per party for transactions in other securities. The tax is due separately from each party to any such transaction, *i.e.*, the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

The acquisition of Notes upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

Pursuant to the Law of 25 December 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, the scope of application of the tax on stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a “**Belgian Investor**”). In such case, the tax on stock exchange transactions is due by the ordering private individual or legal entity (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due) unless that individual or entity can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-today listing, numbered in series. Alternatively, professional intermediaries established outside Belgium have the possibility to appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (a “**Stock Exchange Tax Representative**”). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and to comply with the reporting obligations and the obligations relating to the order statement (*bordereau/borderel*) in that respect. If such Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

A tax on repurchase transactions (*Taks op de reportverrichtingen/Taxe sur les reports*) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 1,300 per transaction and per party for debt instruments or, with a maximum amount of EUR 1,600 per transaction and per party for other securities).

Neither the tax on stock exchange transactions nor the tax on repurchase transactions will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126/1, 2° of the Code of miscellaneous taxes and duties (*Wetboek diverse rechten en taksen/Code des droits et taxes divers*) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

Financial Transactions Tax

The European Commission has published a proposal for a Directive for a common financial transactions tax (the “**FTT**”). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT or

VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax. For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the FTT enters into force.

The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

SUBSCRIPTION AND SALE

The Notes may be sold from time to time by the Issuer to any one or more of the Dealers as specified in the applicable Pricing Supplement (the “Dealers”). The arrangements under which the Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in subscription agreements (the “Subscription Agreements”) between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers or as the case may be, the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Selling restrictions

General

No action has been or will be taken by the Issuer or any of the Dealers (other than, to the extent applicable, with respect to the listing of any of the Notes on the relevant stock exchange) that would permit an offering to the public of any of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Issuer and the Dealers has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish the Offering Circular, or any part thereof including any Pricing Supplement, any advertisement, or other document or information in any country or jurisdiction except under circumstances that such Issuer or Dealer believes in good faith, on reasonable grounds after making all reasonable investigations, result in compliance with any applicable laws and regulations.

Prohibition of Sales to Belgian Consumers

Unless the Pricing Supplement in respect of a Series of Notes specifies that the "Prohibition of Sales to Belgian Consumers" is not applicable, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and it will not offer, sell or otherwise make available the Notes to, any Belgian consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) dated 28 February 2013, as amended from time to time.

United States

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, taken up, resold, renounced, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state and other securities laws of the United States. The Notes are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

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 Programme Agreement. Each of the Dealers has further agreed that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in (1) any form of general solicitation or general advertising in connection with any offer or sale of the Notes in the United States or (2) any directed selling efforts with respect to the Notes and it and they have complied and will comply with the requirements applicable under Rule 903 of 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 and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “**UK FSMA**”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) in relation to any Notes which have a maturity of less than one year (a) it is an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to investors whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes would otherwise constitute a contravention of Section 19 of the UK FSMA by the Issuer; and
- (c) 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.

France

Each of the Dealers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular, the applicable Pricing Supplement or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (c) a limited circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4 of the French Code *monétaire et financier*.

Germany

Each of the Dealer and the Issuer has represented and agreed that it will only offer the Notes in the Federal Republic of Germany in compliance with any laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the “**PD Regulation**”) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Italian *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Italian Banking Act**”); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

Other Restrictions and Amendments to Restrictions

The Pricing Supplement applicable to any Tranche of Notes may contain additional selling restrictions as agreed between the Flemish Community and the Dealer(s) for such Tranche or may amend the above selling restrictions as they apply to such Tranche.

In addition, certain forms of Notes may only be offered and sold to Tax Eligible Investors (see section “*Taxation in Belgium*”), as will be further specified in the applicable Pricing Supplement.

GENERAL INFORMATION

Legal framework

Pursuant to article 49 of the Special Finance Law concerning the Communities and Regions of Belgium (*Bijzondere financieringswet*) dated 16 January 1989 (the “**Special Finance Law**”), the Flemish Parliament is empowered to authorise the Flemish Government (acting on behalf of the Flemish Community and/or the Flemish Region) to raise debt.

The Decree of 13 March 2009 and the Law of 2 January 1991 provide for the possibility for the Flemish Community and the Flemish Region to finance itself through the issue of securities. Article 2 of the Decree of 13 March 2009 and Article 1 of the Law of 2 January 1991 authorize the Flemish Government to issue securities which incorporate the public debt of the Flemish Community or the Flemish Region.

If the public debt of the Flemish Community or the Flemish Region is incorporated in securities, such securities are either

- (i) registered securities, to be entered in the register of inscribed Government securities of the issuer;
- (ii) dematerialised securities which are exclusively held in accounts; or
- (iii) individual or global bearer securities, issued exclusively in foreign countries and governed by foreign law.

The form of the securities in which the public debt is incorporated, is to be determined in the decision to issue securities or in the loan agreement.

Pursuant to the Decision of the Flemish Government of 20 March 2009, the Flemish minister, competent for Finance and Budget, was authorized to proceed with the issue of Flemish notes of international financial instruments called “Euro Medium Term Notes”. Pursuant to the Ministerial Decision of 1 August 2015, the secretary-general of the department of Finance and Budget was authorised to do whatever is necessary, to take all decisions and to execute all documents regarding the establishment of an EMTN programme and the issue of Euro Medium Term Notes.

These Euro Medium Term Notes will have the form of dematerialised securities. The maximum amount of Flemish notes which can be issued is unlimited. The maturity of these Flemish notes will amount from minimum 1 month to maximum 50 years. Pursuant to the Decision of the Flemish Government of 20 March 2009, the issue of these Euro Medium Term Notes is subject to the conditions, forms and rights as set forth by the Law of 2 January 1991 concerning the market of securities of the public debt and monetary policy instruments (*Wet betreffende de markt van de effecten van de overheidsschuld en het monetair beleidsinstrumentarium*).

The current Programme is established further to the provisions of the Decree of 13 March 2009, the Law of 2 January 1991, the Decision of the Flemish Government of 20 March 2009 and the Ministerial Decision of 1 August 2015.

Consents and approvals

The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment of the Programme.

Pursuant to article 49 of the Special Finance Law, the Flemish Community has informed the Federal Minister of Finance of the establishment of the Programme.

Before making any issue under the Programme, the Issuer will obtain all necessary consents, approvals and authorisations, will comply with all formalities and, will proceed with the issue in compliance with the applicable legislation, amongst others Article 49 of the Special Finance Law, as amended from time to time, which states that:

- 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;
- 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 of 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.

The Flemish minister, competent for Finance and Budget, and by way of delegation pursuant to the Ministerial Decision of 1 August 2015, the secretary-general of the department of Finance and Budget, are authorized to realize the issues and to make whatever arrangement which is necessary for the proper proceeding thereof in view of the needs and interests of the Treasury.

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, the Decree of 13 March 2009, the Law of 2 January 1991, the Decision of the Flemish Government of 20 March 2009 and the Ministerial Decision of 1 August 2015.

No significant change

Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer since 31 December 2019 and no material change in the financial position or prospect of the Issuer since 30 June 2020.

Litigation

There are no litigation or arbitration proceedings against or affecting the Issuer or any of its respective assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material in the context of the Programme or the issue of the Notes thereunder.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected and, in the case of the Offering Circular, may be obtained during normal business hours at the specified office of the Paying Agent, namely:

- (i) this Offering Circular, any amendment or supplement hereto and any Pricing Supplement relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange, regulated market and/or quotation system (in the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange, regulated market and/or quotation system, copies of the applicable Pricing Supplement will be available for inspection by the relevant Noteholders only);
- (ii) the Agency Agreement;
- (iii) the budget of the Issuer; and
- (iv) 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.

Clearing

The Notes will be created, cleared and settled in the Securities Settlement System. Euroclear and Clearstream Frankfurt maintain accounts in the Securities Settlement System. Notes have been accepted for clearance through Euroclear and Clearstream Frankfurt.

The appropriate common code and the International Securities Identification Number (ISIN number) in relation to the Notes of each Series of Notes will be specified in the Pricing Supplement relating thereto. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The clearing of the Notes through the Securities Settlement System is subject to prior approval of the National Bank of Belgium. Under the Programme, Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

Financial information

The execution of the annual budget of the Issuer is subject to a review by the National Audit Office (“*Rekenhof*”, for additional information see <http://www.rekenhof.be>), a separate institution that advises the Parliament of the Issuer. The definitive budget regulation (“*begrotingswet*”) is adopted by the Parliament after verification by the National Audit Office.

Once the financial information for 2020 will be available, a prefiguration of the 2020 accounts (“*vooraafbeelding van de uitslagen van de uitvoering van de begroting*”), in accordance with article 77 of the Royal Decree of 17 July 1991 in the State Accounting, will be available on the website of the Issuer at <http://www.financeflanders.be> and in the offices of the Paying Agent.

Net 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. The relevant Pricing Supplement may indicate that the net proceeds of an issue of the Notes will be used for “green”, “social” or “sustainability” purposes and may refer to a framework for the issuance of Green Bonds, Sustainable Bonds or Social Bonds.

Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 9676003JDGYZ0V9FF348.

CLEARING AND SETTLEMENT OF THE NOTES

Clearing and settlement of the Notes in EUR

The Notes will be created, cleared and settled in the Securities Settlement System. Notes will not be issued for so long as they may not be cleared through the Securities Settlement System.

Settlement will take place on a “delivery versus payment” basis in accordance with the current Securities Settlement System. The appropriate common code and the International Securities Identification Number (ISIN number) in relation to the Notes of each Series of Notes will be specified in the Pricing Supplement relating thereto. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Subject to the rules imposed by the Securities Settlement System and unless agreed otherwise between the Dealer, the Paying Agent and the Issuer, the Notes will be created in the account of the Paying Agent with the Securities Settlement System. An amount thereof, as previously notified to the Paying Agent by those Dealers who are Participants and elect to receive Notes in such system will be transferred on the same day from the Paying Agent’s account with the Securities Settlement System to the account of the Dealer with the Securities Settlement 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 Paying Agent with the Securities Settlement System). The remaining Notes will be transferred on the same day, on a “delivery versus payment basis”, from the Paying Agent’s account with the Securities Settlement System to Euroclear and/or Clearstream Frankfurt’s account with the Securities Settlement System (*i.e.*, against payment by the relevant Dealers of the corresponding subscription funds into the account of the Paying Agent with the Securities Settlement System). On the basis of this transfer, Euroclear and/or Clearstream Frankfurt will credit the Notes to the account held by the relevant Dealers with Euroclear and/or Clearstream Frankfurt in accordance with the current Euroclear and/or Clearstream Frankfurt procedures.

Clearing and settlement of the Notes in foreign currencies

Subject to the rules imposed by the Securities Settlement System and unless agreed otherwise between the Dealer, the Paying Agent and the Issuer, the Notes will be created in the account of the Paying Agent with the Securities Settlement System. Notes will not be issued for so long as they may not be cleared through the Securities Settlement System. An amount, as previously notified to the Paying Agent by the Dealers will be transferred on the same day, free of payment, to Euroclear and/or Clearstream Frankfurt’s account with the Securities Settlement System. On the basis of this transfer, Euroclear and/or Clearstream Frankfurt will credit the Notes to the account held by the Paying Agent with Euroclear and/or Clearstream Frankfurt. The Notes will be transferred from the Paying Agent’s account at Euroclear and/or Clearstream Frankfurt to the account held by the Dealer with Euroclear and/or Clearstream Frankfurt in accordance with the current Euroclear and/or Clearstream Frankfurt procedures, on a “delivery versus payment” basis (*i.e.* against payment by the Dealer in Euroclear and/or Clearstream Frankfurt of the corresponding subscription funds into the account of the Paying Agent at Euroclear and/or Clearstream Frankfurt).

Interest payments on Notes in foreign currencies will be made by the Paying Agent based on the notification by the National Bank of Belgium, on the morning of the second Business Day preceding the Interest Payment Date, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the Maturity Date, of the nominal amounts of the Notes recorded in accounts in the name of Participants at the end of the previous Business Day.

Notes may be denominated in any currency, provided that Notes in such currency may be cleared and settled in the Securities Settlement System and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Securities Settlement System exclusively clears securities denominated in a currency for which the European Central Bank publishes an exchange rate daily.

Transfer of Interests in the Notes

Transfers of interests in the Notes between Participants will be effected in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the direct or indirect Participants through whom they have elected to hold their Notes. For Notes in foreign currencies, no transfer between Participants will be permitted during the two Business Days preceding an Interest Payment Date, an Optional Redemption Date (Call), an Optional Redemption Date (Put) or the Maturity Date.

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

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

The following are the provisions for convening meetings of Noteholders to consider matters relating to any series of Notes with an original stated maturity of more than one year, including modifications of the Conditions of the Notes of such series.

1. General Definitions

For the purposes of this Section, the following terms shall have the following meanings and terms not defined in this paragraph 1 (*General Definitions*) shall have the meaning given to them elsewhere in this Offering Circular:

- (a) **“debt securities”** means the Notes and any other bills, bonds, debentures, notes or other debt securities issued by the Issuer in one or more series, in each case with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a debt security;
- (b) **“zero-coupon obligation”** means a debt security that does not expressly provide for the accrual of interest, and includes the former component parts of a debt security that did expressly provide for the accrual of interest if that component part does not itself expressly provide for the accrual of interest;
- (c) **“index-linked obligation”** means a debt security that provides for the payment of additional amounts linked to changes in a published index, but does not include a component part of an index-linked obligation that is no longer attached to that index-linked obligation;
- (d) **“series”** means a tranche of debt securities, together with any further tranche or tranches of debt securities that in relation to each other and to the original tranche of debt securities are (i) identical in all respects except for their date of issuance, issue price, principal amount of the tranche and/or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Notes and any further issuances of Notes of the same series;
- (e) **“outstanding”** in relation to any Note means a Note that is outstanding for the purposes of paragraph 2.7 below, and in relation to the debt securities of any other series means a debt security that is outstanding for purposes of paragraph 2.8 below.
- (f) **“modification”** in relation to a series of Notes means any modification, amendment, supplement or waiver of the terms and conditions of such series of Notes (including the Pricing Supplement(s) relating to such series of Notes), and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Notes shall be read as references to such other debt securities.
- (g) **“cross-series modification”** means a modification involving (i) a series of Notes and (ii) the debt securities of one or more other series;
- (h) **“reserved matter”** in relation to a series of Notes means the terms and conditions of such series of Notes (including the Pricing Supplement(s) relating to such series of Notes) the modification of which would:
 - (i) change the date on which any amount is payable on the Notes;
 - (ii) reduce any amount, including any overdue amount, payable on the Notes;
 - (iii) change the method used to calculate any amount payable on the Notes;

- (iv) reduce the redemption price for the Notes or change any date on which the Notes may be redeemed;
- (v) change the currency or place of payment of any amount payable on the Notes;
- (vi) impose any condition on or otherwise modify the Issuer's obligation to make payments on the Notes;
- (vii) change any payment-related circumstance under which the Notes may be declared due and payable prior to their stated maturity;
- (viii) change the seniority or ranking of the Notes;
- (ix) change any court to whose jurisdiction the Issuer has submitted or any immunity waived by the Issuer in relation to legal proceedings arising out of or in connection with the Notes;
- (x) change the principal amount of outstanding Notes or, in the case of a cross-series modification, the principal amount of debt securities of any other series required to approve a proposed modification in relation to the Notes, the principal amount of outstanding Notes required for a quorum to be present, or the rules for determining whether a Note is outstanding for these purposes; or
- (xi) change the definition of a reserved matter,

and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Notes shall be read as references to such other debt securities;

- (i) “**non-reserved matter**” in relation to a series of Notes means any matter other than a reserved matter;
- (j) “**holder**” in relation to a Note in dematerialised form means the person the Issuer is entitled to treat as the legal holder of the Note, in relation to a Note in registered form means the person in whose name the Note is registered in the ledger of the public debt of the Issuer, and in relation to any other debt security means the person the Issuer is entitled to treat as the legal holder of the debt security under the law governing that debt security; and
- (k) “**record date**” in relation to any proposed modification means the date fixed by the Issuer for determining the holders of Notes and, in the case of a cross-series modification, the holders of debt securities of each other series that are entitled to vote on or sign a written resolution in relation to the proposed modification.

2. Modification of Notes

2.1 *Reserved Matter Modification.* The terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified in relation to a reserved matter with the consent of the Issuer and:

- (a) the affirmative vote of a holder or holders of not less than 75 per cent. of the aggregate principal amount of the outstanding Notes in such series represented at a duly called meeting of Noteholders; or
- (b) a written resolution signed by or on behalf of a holder or holders of not less than 66^{2/3} per cent. of the aggregate principal amount of the Notes then outstanding in such series.

2.2 *Cross-Series Modification.* In the case of a cross-series modification, the terms and conditions of a series of Notes and debt securities of any other series, including, where applicable, any relevant Pricing Supplement(s), may be modified in relation to a reserved matter with the consent of the Issuer and:

- (a)
 - (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of the debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification; or
 - (ii) a written resolution signed by or on behalf of the holder(s) of not less than $66^{2/3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification;

and

- (b)
 - (i) the affirmative vote of more than $66^{2/3}$ per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of each series of debt securities (taken individually) that would be affected by the proposed modification; or
 - (ii) a written resolution signed by or on behalf of the holder(s) of more than 50 per cent. of the aggregate principal amount of the then outstanding debt securities of each series (taken individually) that would be affected by the proposed modification.

A separate meeting will be called and held, or a separate written resolution signed, in relation to the proposed modification of the affected series of Notes and the proposed modification of each other affected series of debt securities.

2.3 *Proposed Cross-Series Modification.* A proposed cross-series modification may include one or more proposed alternative modifications of the terms and conditions of each affected series of debt securities or, where applicable, of the Pricing Supplement(s), provided that all such proposed alternative modifications are addressed to and may be accepted by any holder of any debt security of any affected series.

2.4 *Partial Cross-Series Modification.* If a proposed cross-series modification is not approved in relation to a reserved matter in accordance with paragraph 2.2 above, but would have been so approved if the proposed modification had involved only a series of Notes and one or more, but less than all, of the other series of debt securities affected by the proposed modification, that cross-series modification will be deemed to have been approved, notwithstanding paragraph 2.2 above, in relation to such series of Notes and debt securities of each other series whose modification would have been approved in accordance with paragraph 2.2 above if the proposed modification had involved only such series of Notes and debt securities of such other series, provided that:

- (a) prior to the record date for the proposed cross-series modification, the Issuer has publicly notified holders of the Notes of such series and other affected debt securities of the conditions under which the proposed cross-series modification will be deemed to have been approved if it is approved in the manner described above in relation to such series of Notes and some but not all of the other affected series of debt securities; and

- (b) those conditions are satisfied in connection with the proposed cross-series modification.
- 2.5 *Non-Reserved Matter Modification.* The terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified in relation to a non-reserved matter with the consent of the Issuer and:
- (a) the affirmative vote of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes in such series represented at a duly called meeting of Noteholders; or
 - (b) a written resolution signed by or on behalf of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes in such series.
- 2.6 *Multiple Currencies, Index-Linked Obligations and Zero-Coupon Obligations.* In determining whether a proposed modification has been approved by the requisite principal amount of Notes and debt securities of one or more other series:
- (a) if the modification involves debt securities denominated in more than one currency, the principal amount of each affected debt security will be equal to the amount of euro that could have been obtained on the record date for the proposed modification with the principal amount of that debt security, using the applicable euro foreign exchange reference rate for the record date published by the European Central Bank;
 - (b) if the modification involves an index-linked obligation, the principal amount of each such index-linked obligation will be equal to its adjusted nominal amount;
 - (c) if the modification involves a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be equal to its nominal amount or, if its stated maturity date has not yet occurred, to the present value of its nominal amount;
 - (d) if the modification involves a zero-coupon obligation that formerly constituted a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation that formerly constituted the right to receive:
 - (i) a non-index-linked payment of principal or interest will be equal to its nominal amount or, if the stated maturity date of the non-index-linked payment has not yet occurred, to the present value of its nominal amount; and
 - (ii) an index-linked payment of principal or interest will be equal to its adjusted nominal amount or, if the stated maturity date of the index-linked payment has not yet occurred, to the present value of its adjusted nominal amount.
 - (e) For purposes of this paragraph 2.6:
 - (i) the adjusted nominal amount of any index-linked obligation and any component part of an index-linked obligation is the amount of the payment that would be due on the stated maturity date of that index-linked obligation or component part if its stated maturity date was the record date for the proposed modification, based on the value of the related index on the record date published by or on behalf of the Issuer or, if there is no such published value, on the interpolated value of the related index on the record date determined in accordance with the terms and conditions of the index-linked obligation, but in no event will the adjusted nominal amount of such index-linked obligation or component part be less than its nominal amount unless the terms and conditions of the index-linked obligation provide that the amount of the payment made on

such index-linked obligation or component part may be less than its nominal amount; and

- (ii) the present value of a zero-coupon obligation is determined by discounting the nominal amount (or, if applicable, the adjusted nominal amount) of that zero-coupon obligation from its stated maturity date to the record date at the specified discount rate using the applicable market day-count convention, where the specified discount rate is:
 - (A) if the zero-coupon obligation was not formerly a component part of a debt security that expressly provided for the accrual of interest, the yield to maturity of that zero-coupon obligation at issuance or, if more than one tranche of that zero-coupon obligation has been issued, the yield to maturity of that zero-coupon obligation at the arithmetic average of all the issue prices of all the zero-coupon obligations of that series of zero-coupon obligations weighted by their nominal amounts; and
 - (B) if the zero-coupon obligation was formerly a component part of a debt security that expressly provided for the accrual of interest:
 - (1) the coupon on that debt security if that debt security can be identified; or
 - (2) if such debt security cannot be identified, the arithmetic average of all the coupons on all of the Issuer's debt securities (weighted by their principal amounts) referred to below that have the same stated maturity date as the zero-coupon obligation to be discounted, or, if there is no such debt security, the coupon interpolated for these purposes on a linear basis using all of the Issuer's debt securities (weighted by their principal amounts) referred to below that have the two closest maturity dates to the maturity date of the zero-coupon obligation to be discounted, where the debt securities to be used for this purpose are all of the Issuer's index-linked obligations if the zero-coupon obligation to be discounted was formerly a component part of an index-linked obligation and all of the Issuer's debt securities (index-linked obligations and zero-coupon obligations excepted) if the zero-coupon obligation to be discounted was not formerly a component part of an index-linked obligation, and in either case are denominated in the same currency as the zero-coupon obligation to be discounted.

2.7 *Outstanding Notes.* In determining whether holders of the requisite principal amount of outstanding Notes in a series have voted in favour of a proposed modification or whether a quorum is present at any meeting of Noteholders called to vote on a proposed modification, a Note will be deemed to be not outstanding, and may not be voted for or against a proposed modification or counted in determining whether a quorum is present, if on the record date for the proposed modification:

- (a) the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued;
- (b) the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has

previously satisfied its obligation to make all payments due in respect of the Note in accordance with its terms; or

- (c) the Note is held by the Issuer, by a department, ministry or agency of the Issuer, or by a corporation, trust or other legal entity that is controlled by the Issuer or a department, ministry or agency of the Issuer and, in the case of a Note held by any such above-mentioned corporation, trust or other legal entity, the holder of the Note does not have autonomy of decision, where:
 - (i) the holder of a Note for these purposes is the entity legally entitled to vote the Note for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly or indirectly, for the legally entitled holder to vote the Note for or against a proposed modification;
 - (ii) a corporation, trust or other legal entity is controlled by the Issuer or by a department, ministry or agency of the Issuer if the Issuer or any department, ministry or agency of the Issuer has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and
 - (iii) the holder of a Note has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the holder may have in relation to the Issuer:
 - (A) the holder may not, directly or indirectly, take instruction from the Issuer on how to vote on a proposed modification; or
 - (B) the holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the holder's own interest; or
 - (C) the holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more persons other than a person whose holdings of Notes (if that person then held any Notes) would be deemed to be not outstanding under this paragraph 2.7.

2.8 *Outstanding Debt Securities.* In determining whether holders of the requisite principal amount of outstanding debt securities of another series have voted in favour of a proposed cross-series modification or whether a quorum is present at any meeting of the holders of such debt securities called to vote on a proposed cross-series modification, an affected debt security will be deemed to be not outstanding, and may not be voted for or against a proposed cross-series modification or counted in determining whether a quorum is present, in accordance with the applicable terms and conditions of that debt security.

2.9 *Entities Having Autonomy of Decision.* For transparency purposes, the Issuer will publish promptly following the Issuer's formal announcement of any proposed modification of a series of Notes, but in no event less than 10 days prior to the record date for the proposed modification, a list identifying each corporation, trust or other legal entity that for purposes of paragraph 2.7(c):

- (a) is then controlled by the Issuer or by a department, ministry or agency of the Issuer;
- (b) has in response to an enquiry from the Issuer reported to the Issuer that it is then the holder of one or more Notes of such series; and
- (c) does not have autonomy of decision in respect of its holdings of Notes of such series.

- 2.10 *Exchange and Conversion.* Any duly approved modification of the terms and conditions of a series of Notes may be implemented by means of a mandatory exchange or conversion of the Notes of such series for new debt securities containing the modified terms and conditions if the proposed exchange or conversion is notified to Noteholders prior to the record date for the proposed modification. Any conversion or exchange undertaken to implement a duly approved modification will be binding on all holders of Notes of such series.

3. Tabulation Agent

- 3.1 *Appointment and Responsibility.* The Issuer will appoint a person (the “**tabulation agent**”) to calculate whether a proposed modification has been approved by the requisite principal amount of outstanding Notes of the affected series and, in the case of a cross-series modification, by the requisite principal amount of outstanding debt securities of each affected series of debt securities. In the case of a cross-series modification, the same person will be appointed as the tabulation agent for the proposed modification of the affected series of Notes and each other affected series of debt securities.

- 3.2 *Certificate.* The Issuer will provide to the tabulation agent and publish prior to the date of any meeting called to vote on a proposed modification or the date fixed by the Issuer for the signing of a written resolution in relation to a proposed modification, a certificate:

- (a) listing the total principal amount of Notes of the affected series and, in the case of a cross-series modification, debt securities of each other affected series outstanding on the record date for purposes of paragraph 2.7 above;
- (b) specifying the total principal amount of Notes of the affected series and, in the case of a cross-series modification, debt securities of each other affected series that are deemed under paragraph 2.7(c) to be not outstanding on the record date; and
- (c) identifying the holders of the Notes of the affected series and, in the case of a cross-series modification, debt securities of each other affected series, referred to in (b) above,

determined, if applicable, in accordance with the provisions of paragraph 2.6 above.

- 3.3 *Reliance.*

- (a) The tabulation agent may rely on any information contained in the certificate provided by the Issuer, and that information will be conclusive and binding on the Issuer and the Noteholders unless:
 - (i) an affected Noteholder delivers a substantiated written objection to the Issuer in relation to the certificate before the vote on a proposed modification or the signing of a written resolution in relation to a proposed modification; and
 - (ii) that written objection, if sustained, would affect the outcome of the vote taken or the written resolution signed in relation to the proposed modification.
- (b) In the event a substantiated written objection is timely delivered, any information relied on by the tabulation agent will nonetheless be conclusive and binding on the Issuer and affected Noteholders if:
 - (i) the objection is subsequently withdrawn;
 - (ii) the Noteholder that delivered the objection does not commence legal action in respect of the objection before a court of competent jurisdiction within 15 days of the publication of the results of the vote taken or the written resolution signed in relation to the proposed modification; or

- (iii) a court of competent jurisdiction subsequently rules either that the objection is not substantiated or would not in any event have affected the outcome of the vote taken or the written resolution signed in relation to the proposed modification.

3.4 *Publication.* The Issuer will arrange for the publication of the results of the calculations made by the tabulation agent in relation to a proposed modification promptly following the meeting called to consider that modification or, if applicable, the date fixed by the Issuer for signing a written resolution in respect of that modification.

4. Noteholder Meetings; Written Resolutions

4.1 *General.* The provisions set out below, and any additional rules adopted and published by the Issuer will, to the extent consistent with the provisions set out below, apply to any meeting of Noteholders called to vote on a proposed modification and to any written resolution adopted in connection with a proposed modification. Any action contemplated in this Section 4 to be taken by the Issuer may instead be taken by an agent acting on behalf of the Issuer.

4.2 *Convening Meetings.* A meeting of holders of Notes:

- (a) may be convened by the Issuer at any time; and
- (b) will be convened by the Issuer if an Event of Default in relation to the Notes has occurred and is continuing and a meeting is requested in writing by the holders of not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding.

4.3 *Notice of Meetings.* The notice convening a meeting of Noteholders will be published by the Issuer at least 21 days prior to the date of the meeting or, in the case of an adjourned meeting, at least 14 days prior to the date of the adjourned meeting. The notice will:

- (a) state the time, date and venue of the meeting;
- (b) set out the agenda and quorum for, and the text of any resolutions proposed to be adopted at, the meeting;
- (c) specify the record date for the meeting, being not more than five Business Days before the date of the meeting, and the documents required to be produced by a Noteholder in order to be entitled to participate in the meeting;
- (d) include the form of instrument to be used to appoint a proxy to act on a Noteholder's behalf;
- (e) set out any additional rules adopted by the Issuer for the convening and holding of the meeting and, if applicable, the conditions under which a cross-series modification will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities; and
- (f) identify the person appointed as the tabulation agent for any proposed modification to be voted on at the meeting.

4.4 *Chair.* The chair of any meeting of Noteholders will be appointed:

- (a) by the Issuer; or
- (b) if the Issuer fails to appoint a chair or the person nominated by the Issuer is not present at the meeting, by holders of more than 50 per cent. of the aggregate principal amount of the Notes then outstanding represented at the meeting.

- 4.5 *Quorum.* No business will be transacted at any meeting in the absence of a quorum other than the choosing of a chair if one has not been appointed by the Issuer or is not present at the meeting. The quorum at any meeting at which Noteholders will vote on a proposed modification of:
- (a) a reserved matter will be one or more person(s) present and holding not less than $66^{2/3}$ per cent. of the aggregate principal amount of the Notes then outstanding; and
 - (b) a non-reserved matter will be one or more person(s) present and holding not less than 50% of the aggregate principal amount of the Notes then outstanding.
- 4.6 *Adjourned Meetings.* If a quorum is not present within thirty minutes of the time appointed for a meeting, the meeting may be adjourned for a period of not more than 42 days and not less than 14 days as determined by the chair of the meeting. The quorum for any adjourned meeting will be one or more persons present and holding:
- (a) not less than $66^{2/3}$ per cent. of the aggregate principal amount of the Notes then outstanding in the case of a proposed reserved matter modification; and
 - (b) not less than 25 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a non-reserved matter modification.
- 4.7 *Written Resolutions.* A written resolution signed by or on behalf of holders of the requisite majority of the Notes will be valid for all purposes as if it was a resolution passed at a meeting of Noteholders duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more Noteholders.
- 4.8 *Entitlement to Vote.* Any person who is a holder of an outstanding Note on the record date for a proposed modification, and any person duly appointed as a proxy by a holder of an outstanding Note on the record date for a proposed modification, will be entitled to vote on the proposed modification at a meeting of Noteholders and to sign a written resolution with respect to the proposed modification.
- 4.9 *Voting.* Every proposed modification will be submitted to a vote of the holders of outstanding Notes represented at a duly called meeting or to a vote of the holders of all outstanding Notes by means of a written resolution without need for a meeting. A holder may cast votes on each proposed modification equal in number to the principal amount of the holder's outstanding Notes. For these purposes:
- (a) in the case of a cross-series modification involving debt securities denominated in more than one currency, the principal amount of each debt security will be determined in accordance with paragraph 2.6(a) above;
 - (b) in the case of a cross-series modification involving an index-linked obligation, the principal amount of each such index-linked obligation will be determined in accordance with paragraph 2.6(b) above;
 - (c) in the case of a cross-series modification involving a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with paragraph 2.6(c) above; and
 - (d) in the case of a cross-series modification involving a zero-coupon obligation that did formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with paragraph 2.6(d) above.

- 4.10 *Proxies.* Each holder of an outstanding Note may, by an instrument in writing executed on behalf of the holder and delivered to the Issuer not less than 48 hours before the time fixed for a meeting of Noteholders or the signing of a written resolution, appoint any person (a “**proxy**”) to act on the holder's behalf in connection with any meeting of Noteholders at which the holder is entitled to vote or the signing of any written resolution that the holder is entitled to sign. Appointment of a proxy pursuant to any form other than the form enclosed with the notice of the meeting will not be valid for these purposes.
- 4.11 *Legal Effect and Revocation of a Proxy.* A proxy duly appointed in accordance with the above provisions will, subject to paragraph 2.7 above and for so long as that appointment remains in force, be deemed to be (and the person who appointed that proxy will be deemed not to be) the holder of the Notes to which that appointment relates, and any vote cast by a proxy will be valid notwithstanding the prior revocation or amendment of the appointment of that proxy unless the Issuer has received notice or has otherwise been informed of the revocation or amendment at least 48 hours before the time fixed for the commencement of the meeting at which the proxy intends to cast its vote or, if applicable, the signing of a written resolution.
- 4.12 *Binding Effect.* A resolution duly passed at a meeting of holders of Notes convened with the consent of the Issuer and held in accordance with these provisions, and a written resolution duly signed by the requisite majority of holder(s) of Notes, will be binding on all holders, whether or not the holder was present at the meeting, voted for or against the resolution or signed the written resolution.
- 4.13 *Publication.* The Issuer will without undue delay publish all duly adopted resolutions and written resolutions.

5. Publication of Notices and Other Matters

The Issuer will publish all notices and other matters required to be published pursuant to the above provisions:

- (a) on the Issuer’s website <http://www.financeflanders.be>;
- (b) through the Securities Settlement System, which will send the notices and other required information to its participants by email; and
- (c) in such other manner as may be required by applicable law or regulation.

6. Manifest Errors and Technical Amendments

Notwithstanding anything to the contrary herein, the terms and conditions of a series of Notes (including the Pricing Supplement(s) relating to such series of Notes) may be modified by the Issuer without the consent of Noteholders of such series:

- (a) to correct a manifest error or cure an ambiguity; or
- (b) if the modification is of a formal or technical nature or for the benefit of Noteholders of such series.

The Issuer will publish the details of any modification of the Notes made pursuant to this paragraph 6 within ten days of the modification becoming legally effective.

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