

**THIRD SUPPLEMENT DATED 16 MARCH 2021  
TO THE BASE PROSPECTUS DATED 12 MAY 2020**



**BELFIUS BANK SA/NV**

*(incorporated with limited liability in Belgium)*

**Euro 10,000,000,000**

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Belgian Public Pandbrieven Programme

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This third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with the Base Prospectus dated 12 May 2020 as amended and supplemented (the “**Base Prospectus**”) prepared in relation to the Programme and prepared in respect of the issuance of Public Pandbrieven by the Issuer. On 12 May 2020 the Belgian Financial Services and Markets Authority (the “**FSMA**”) approved the Base Prospectus as a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The FSMA approved the First Supplement on 9 June 2020 and the Second Supplement on 18 August 2020..

The FSMA approves this Third Supplement on 16 March 2021 as supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Third Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Third Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Third Supplement. The Base Prospectus and the Third Supplement are available on the internet site [www.belfius.be](http://www.belfius.be) and a copy can be obtained free of charge in the offices of Belfius Bank SA/NV.

In case of inconsistency between (a) statements in this Third Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented, the Third Supplement will prevail.

On 26 February 2021, Belfius Bank published its key figures 2020 available on <https://www.belfius.be/about-us/en/investors/results-reports/results>.

The Third Supplement provides information about the key figures 2020 of Belfius Bank SA/NV.

Save as disclosed in this Third Supplement and any supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus and its relevant supplements.

## **1. Key Figures of 2020 of Belfius Bank NV/SA**

The following is a press release of Belfius Bank SA/NV dated 26 February 2021 on the key figures for the financial year ended on 31 December 2020 (the press release is available on [www.belfius.be](http://www.belfius.be)).

## PRESS RELEASE RESULTS 2020

BRUSSELS, 26 FEBRUARY 2021

### RESILIENT NET INCOME AND ROBUST SUPPORT TO BELGIAN SOCIETY

More than ever in 2020, an exceptional year marked by the Covid-19 pandemic, Belfius has remained at the side of its customers, unwavering. **Its mission?** As a “meaningful” and “inspiring” bank-insurer, to contribute to building a sustainable future for Belgium, its 11 million inhabitants, more than one million SMEs and companies, and thousands of public and social institutions.

**The essential ingredients** to make it happen? The sustainable commercial dynamics of a bank-insurer committed to society which, in a period of social distancing, has remained closer than ever to its individual, institutional and professional customers. Its major role in granting loans to support the Belgian economy and in deferring payments for customers in difficulty. Its support to entrepreneurs and companies to help them make the transition to a more sustainable, forward-looking economy and society. Its focus on innovative investment solutions based on societal themes which contribute to a better future. Sustained investment in Belgian talent and digital bank-insurance services which are innovative, user-friendly and efficient.

**The fundamentals?** A constant focus on customer satisfaction and trust, highly committed staff members, a diversified and sustainable business model as well as a banker as an insurer, and strict balance sheet and risk management which generates an unfailing financial solidity, by virtue of which Belfius can continue to play its role as a supportive force in the Belgian economy and to implement its ambitious growth strategy.

**The result?** A net income of EUR 532 million, which, despite the increased credit provisions on the basis of a prudent risk policy, once again demonstrates the resilience of this business model and enables Belfius to continue to assume its commitment towards society.

**€ 20 billion**

of NEW LONG TERM LOANS  
granted to the Belgian economy

**37,719** X PAYMENT

DEFERRALS for business loans and  
lease contracts, representing a turnover of

**€ 5.6 billion**

**19,464** X PAYMENT

DEFERRALS for housing loans,  
representing a turnover of

**€ 2 billion**

**€ 532 million**

NET INCOME o.w. € 212 million  
from Belfius Insurance

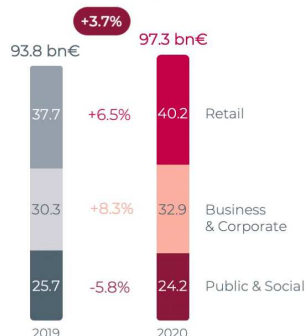
## NEVER BEFORE HAS BELFIUS MADE SO MUCH FINANCING AVAILABLE TO ITS BUSINESS AND CORPORATE CUSTOMERS

### • Of EUR 20 billion in new financing, EUR 10.2 billion benefited companies and entrepreneurs

During this year of unprecedented crisis for companies and entrepreneurs, Belfius is more committed than ever to continue fully to support Belgian companies. The robustness which Belfius has meticulously built up over the past few years has been fully exploited to stimulate the Belgian economy, and never before has Belfius made so much financing available to companies and corporate customers as in 2020.

During the Covid-19 crisis, Belfius has fully assumed its **societal role** by providing the necessary liquidity and granting deferred payments for companies and SMEs in temporary difficulties, more than its market share would have suggested. Indeed, 23,879 company loans, in an amount of EUR 4.7 billion, benefit from deferred payments, as well as 13,840 lease contracts in an amount of EUR 870 million. In addition, Belfius granted Covid credits with a state guarantee in the amount of EUR 509 million to companies, the public and social sector.

#### Rise and diversification of the credit portfolio



Belfius has also granted a record amount of financing to support the ordinary activities, investments and growth projects of its professional customers. In addition to EUR 10.2 billion in **long-term financing** to Business and Corporate customers – an increase of 9% compared to 2019 – an amount of EUR 6.2 billion was provided in short-term financing, as well as short and long-term issues.

In the **Corporate** segment, **long-term loan production** increased by 16% to EUR 5.6 billion. **Outstanding loans** increased by 8% to EUR 16.2 billion. Belfius also confirmed its strong position in the **issuance of bonds and treasury certificates for corporate customers**. In 2020, the bank took part in 51% of the available mandates and the issue of EUR 1.6 billion of short-term (average outstanding commercial paper at the end of the quarter) and long-term issues (Medium Term Notes and bonds) on the market.

Another area in which Belfius confirms its growing role as a supportive force in the Belgian economy is the granting of loans to **SMEs, the self-employed and liberal professions**. In 2020,

**long-term loan production** totalled EUR 4.6 billion, and outstanding loans amounted to EUR 16.7 billion, an increase of 8%. Belfius also supported 15,189 start-ups who, thanks to a partnership with the European Investment Fund (EIF), can benefit from favourable credit conditions.

In terms of outstanding, Belfius' market share is up sharply in the Business and Corporate segments, estimated at 16.9% and 17.5% respectively. These efforts made by the bank in this difficult economic context were clearly appreciated, as evidenced by the excellent satisfaction score of 95.99% obtained from Belfius' professional customers.

### • Strong growth as Belgian bank for companies and entrepreneurs

Belfius is well on its way to becoming the premier bank for Belgian companies and entrepreneurs, and is successfully activating several levers to achieve this ambition. Among these, the **"One Bank"** approach combines the full range of business services to companies with an exclusive offer for the management of the private assets of entrepreneurs, and allows the segment of larger SMEs or mid-sized Corporates to benefit from Belfius' highly appreciated proximity model, and thus be served by their local banker in their local bank branch.

The "Best Treasury & Cash Management Bank 2021" and "Best Belgian Trade Finance Provider 2021" titles awarded to Belfius by the international magazine Global Finance are true recognition. They are proof that, in addition to granting loans, Belfius offers the best solutions to meet the daily financial needs of Belgian companies, and that it provides them with the best **Transaction Banking** solutions and a first-class end-to-end service to support them in their international activities.

Also in 2020, Belfius saw the success of its strategic partnership with Kepler Cheuvreux, which offers customers support on the capital markets, rewarded with the "Best Equity Finance House of the Year 2020" award by Euronext Brussels. It is a success which also translates into figures: in the field of **Equity Capital Markets** (ECM), Belfius completed the largest number of transactions on Euronext Brussels (15 equity transactions, including 3 IPOs) for a total transaction value of EUR 1.8 billion, making it the undisputed market leader in 2020. This partnership between Belfius and Kepler Cheuvreux guarantees high-quality service in terms of capital operations, equity research and institutional investment capacity.





## BELFIUS MOBILISES ITS STRENGTHS AS A PARTNER PAR EXCELLENCE OF THE PUBLIC AND SOCIAL SECTOR

### • Sharp increase (+11%) of new long-term loans

Hard-hit customers in the public and social sectors can also rely more than ever on support from Belfius during the Covid-19 crisis. As the historical market leader in these sectors, Belfius is the first financial institution to step up to the plate to support crucial sectors such as health institutions and intermunicipal public service associations through proactive support measures, including the granting of payment deferrals on loans in an amount of EUR 400 million.

Belfius remains the reference partner of the **Public and Social sector**. In 2020, the bank provided financing for a total of EUR 9.4 billion, including EUR 2.6 billion in **new long-term loans** (+11%). The bank carried out 64% of its financing transactions on the local government market.

In addition, Belfius is also strengthening its leading position in **Debt Capital Markets (DCM) issues** for (semi-) public customers: in this target group, it is present in 87% of the issues of customers active on the Belgian market. In 2020, the bank issued EUR 5.9 billion of financing in the form of short-term (average outstanding commercial paper) and long-term issues (Medium Term Notes and bonds).

### • Catalyst of a sustainable Belgian society

In 2020, driven by its ambition to help Belgian politicians and local authorities make the transition to a more sustainable society, Belfius contributed to sustainable infrastructure projects worth EUR 2.9 billion, including some EUR 900 million financed through Belfius. Belfius continues to offer inspiring solutions, including Smart Building & Renovation Solutions for local authorities, which aim at the sustainable renovation of public buildings, and enters into exclusive partnerships, including with Aircan, a spin-off of CO2logic, to measure and improve air quality in and around Belgian schools. But Belfius also intends to set an example. One way is with Belfius Auto Lease, which increased its proportion of electric cars to 18.9%, reduced the CO<sub>2</sub> emissions of its fleet by 20%, and expanded its leasing offer with bicycle leasing formulas and the digital tool Belfius Move by Skipr, for easy organisation of multimodal mobility.

Belfius also maintains its support for the modernisation of the public sector. This translates into an increase in its investments in new digital communication and service platforms, including Fairville, a recently created online urban platform which offers digital solutions for cities and towns. This support also takes the form of partnerships, notably between Twikey by Belfius and Cipal Schaubroek to help local authorities digitise their payment transactions.

### • Market leader in cashflow management

Belfius is and remains the **cashflow manager for almost all local authorities** by virtue of a wide range of attractive and innovative payment methods and digital and efficient processes.

## INDIVIDUAL CUSTOMERS: REMOTE BANKING IS MOVING UP A GEAR. PAYMENT DEFERRALS FOR EUR 2 BILLION OF MORTGAGE LOANS

### • More than ever by its customers' side

From the first days of the crisis, banking and insurance institutions were recognised by the public authorities as **providers of essential services for society**. Belfius was able to strike a balance between protecting its staff members, guaranteeing operational continuity and maintaining customer service. During the past year, virtually all branch staff members remained proactively accessible and available to their customers, even if by appointment or remotely, thanks to a high-performance digital and telephone service. One thing is certain: Covid-19 demonstrates the great importance, resilience and relevance of combining remote service with face-to-face contacts in the branch network, even in a period of accelerated digitisation.

The results of the annual customer satisfaction survey conducted among customers are consistent with this. Thus, in 2020, despite the adaptation of its services due to the Covid-19 crisis, Belfius obtained an **overall satisfaction score** of 95.82%, once again exceeding its strategic ambition of 95% satisfied customers. Among individual customers, this satisfaction score is 95.73%. The **Customer Effort Score** in 2020 was also striking at a very good 95%. In other words, 95% of private customers are satisfied to very satisfied with the ease with which they can manage their banking business at Belfius. Last year Belfius attracted a total of 207,001 **new customers**.





## • Remote banking is moving up a gear with the continued digitalization of customer relationships

In the Covid-19 period, Belfius is succeeding perfectly in complementing face-to-face contacts, strictly held to the Covid-19 rules, with the extended digital services provided by its high-performance digital channels. Even better, Belfius is taking full advantage of this period to continue proactively to digitalize its customer relationships. At the end of 2020, **Belfius apps** for smartphones and tablets had 1.58 million users (+12%), of which 128,000 over 65 years of age (+34%). Each customer consults them on average 36 times a month. Compared to global sales, the share of products sold via direct channels is growing strongly. While products such as pension savings accounts (67%) and savings accounts (37%) are already largely sold through these channels, the sale of funds (23%) and investment plans (25%) through direct channels is now increasingly popular.

Satisfaction with Belfius apps exceeds that of other Belgian banks, as well as that of the large universal banks worldwide, and this is an additional asset. In a comparative study conducted by the consulting firm SIA Partners, the Belfius Mobile app **ranks first worldwide** among all universal banks surveyed.

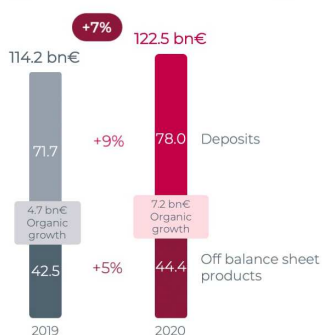
Building on the world-class performance of the Belfius Mobile app and with a view to further diversifying its revenue sources, Belfius also entered into some major strategic partnerships with companies such as Proximus, ImmoVlan and Skipr in 2020. The cooperation with these leading Belgian partners is perfectly in line with the **"Beyond Banking"** vision and Belfius' ambition to be a digital pioneer. Belfius intends to make Belfius Mobile an innovative digital platform, continuously pushing the limits of traditional bank-insurance and always better equipped to meet the evolving needs of customers in all areas of their lives. As part of the partnership between Belfius and Proximus, Proximus customers will have access to an exclusive and innovative digital banking offer via the 100% digital, 100% Belgian and 100% sustainable neobank "Banx by Belfius". Conversely, Belfius customers will be able to benefit, via Belfius sales channels, from a range of Proximus products and services specially developed for them, fully integrated with the Belfius account offer, in a user-friendly manner.

## • Payment deferrals for EUR 2 billion in mortgage loans. EUR 6.5 billion in new mortgage loans

Belfius has always assumed its responsibility towards the most fragile groups in society. For example, it is the only Belgian bank that manages 180,000 company accounts for C.P.A.S. Since the beginning of the Covid-19 crisis, Belfius has been a driving force in the financial sector's support measures to help Belgian households get through this tumultuous period.

Individual customers who are temporarily deprived of professional income due to the Covid-19 crisis and whose savings do not allow them to continue to pay off their mortgage, can rely on Belfius for the widest range of deferred payment solutions. Within the framework of the **Covid-19 sector support measures**, 19,464 mortgage loans for an amount of EUR 2 billion benefit from deferred payments. In addition, Belfius granted a contractual payment deferral in 8,863 files representing nearly EUR 1 billion.

Outstanding savings & investments rose by 7%



In 2020, EUR 7.2 billion in **new long-term financing** was granted to individual customers, including a further EUR 6.5 billion in mortgage loans. Belfius once again approached the record market share of just over 17% in new mortgage loans in 2019, a year characterised by an exceptional increase in production following the abolition of the housing bonus in Flanders.

## • Savings and investments: the beginning of a new era for investments

In 2020, **total savings and investments** by individual customers (including the Business segment) amounted to EUR 122.5 billion. This increase of more than 7% is primarily due to **organic growth**: growth excluding market effects. In 2020, this growth again increased sharply to EUR 7.2 billion, the highest level ever recorded. A 53% increase which not only illustrates the propensity of Belgians to save massively during the Covid-19 crisis, but is also the best proof of the ever-increasing confidence of customers in Belfius and its ability to attract fresh capital.

In 2020, the **total volume of deposits** increased by 9% to EUR 78 billion. Nevertheless, customers are increasingly finding their way to the investment alternatives offered by Belfius. In the space of a year, gross investment production increased by 41% to EUR 12 billion. Outstanding investments in funds rose 9% to EUR 28.8 billion, with a special mention for periodic investments, which almost doubled in one year.

The growth in volumes invested in “**Funds of the Future**” is also particularly striking. It seems to herald a new era for investments. Indeed, 10% of the customers who invested in these funds were investing in a fund for the first time, and their contribution represents 4% of the total amount invested. In line with its ambition to become an innovative and inspiring Bank for Investors, two years ago Belfius launched the very first Fund of the Future. The bank now has four such funds, which are achieving solid performances. At the end of 2020, they crossed the symbolic threshold of EUR 1 billion in investments. This success is explained not only by excellent returns, but also because, through these funds, the customer appreciates being able to invest in companies which help society move forward in the areas of health, the challenges of aging, climate and diversity. What is more, part of the management fees charged by these funds, amounting to around EUR 740 000 in 2020, is paid to hand-picked local organisations which help to make a difference in the same social issues.

#### • Increasing success with Private et Wealth Management customers

Driven by an innovative approach to **Private Banking & Wealth Management**, Belfius has attracted 7,300 new customers in these segments. The growing success with which Belfius approaches Wealth customers with an exclusive, personalised service, based on a combination of local Wealth managers and a high-end digital experience, speaks for itself. Outstanding savings and investments of Private & Wealth Banking customers reached EUR 45.2 billion (+9%). In the Wealth segment, the amount of outstanding recorded an exceptional increase of nearly 50%.

## MORE FLEXIBLE CONTRACTUAL TERMS AND WIDER COVER FOR INSURANCES

At the end of March, the insurance sector also took measures to support its customers facing financial difficulties due to the Covid-19 crisis, including the granting of a deferral of payment for insurance premiums. But Belfius Insurance goes even further, notably by offering restaurant owners extended coverage for catering and delivery services, or by insuring their private vehicle when used for deliveries. Belfius Insurance is also making part of its Pacheco building in Brussels available for testing and vaccination against Covid-19, and is responding to the demand for more sustainable mobility by offering more advantageous car insurance based on the CO<sub>2</sub> emissions and the number of kilometres travelled.

#### • Levers for continuing growth

In order to stimulate maximum growth in its insurance activities, Belfius continues successfully to activate several levers: a multi-channel and multi-brand strategy thanks to an ever closer alignment between Belfius Bank and Belfius Insurance, the established expertise of DVV and the “direct” insurer Corona, but also the further digitisation and development of the “beyond insurance” bank-insurance model with, inter alia, Jaimy (a platform enabling customers and professionals to conclude contracts) and Jane (the digital assistant enabling elderly people to stay at home longer and lead an independent and quality life). The launch of **the new app-normal home and family insurance** at the end of 2020 is a typical example of **digital innovation**. This insurance can be taken out via Belfius branches, but also via direct channels, which is already the case for one in ten new contracts. In February 2021, the consulting firm SIA Partners qualified the insurance applications offered in the Belfius app as the best on the Belgian market.

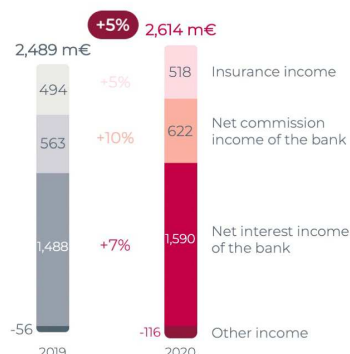
#### • Non-Life premium income via banking channels is up 12%, Branch 23 reserves are up 4%

At Group level, **Non-Life premium income** totalled EUR 737 million (+3.2%). Growth (+12%) through the bank-distribution channel is considerably ahead of the market average. The **cross-selling ratios** for mortgage loans **remain excellent**, both for fire and family insurance (85%) and for outstanding balance insurance (133%). Henceforth, the Non-Life result represents almost 30% of the net result of Belfius Insurance. The relatively smaller number of claims files due to Covid-19 and the focus on efficient management of the claims process, notably through the use of digital tools such as myBo, the Belfius Insurance chatbot, have resulted in a significant improvement in the **combined operational ratio** for retail non-life insurance. It reached an excellent 93%.

**Life production** reached EUR 1.83 billion. Life reserves, at EUR 14.6 billion, reflect the gradual strategic reduction of Branch 21 in favour of Branch 23. The decline in Branch 21 reserves was partially offset by the sharp 4% increase in **Branch 23 reserves** to EUR 3.8 billion.

## NET INCOME IS SHOWING RESILIENCE DESPITE THE RISING COST OF RISK

### Substantial rise in total earnings



Despite its excellent commercial results, Belfius has not escaped the effects of the Covid-19 crisis: the marked slowdown in economic activity, the volatility of the financial markets, the widening of credit spreads and the increase in the cost of credit risk which must be provisioned in advance for possible future credit losses, in accordance with IFRS9 accounting standards. In this unexpected context, Belfius nevertheless demonstrates extreme resilience thanks to the growing **diversification** of its loan, investment and insurance activities and its very strong liquidity and equity reserves. Indeed Belfius closed 2020 with a solid **result before provisions for cost of risk** of EUR 1,149 million, up 11%. Belfius' **consolidated net result before and after taxes** amounts to EUR 679 and EUR 532 million respectively. Belfius Bank contributed EUR 319.4 million to the latter, while Belfius Insurance saw its contribution increase to EUR 212.2 million. These figures demonstrate the pertinence of the bank-insurance model. During certain periods of crisis, this model makes it possible to offset a decline in the result of banking activities, due to the sharp increase in credit provisions, with the result of insurance activities.

### • Positive evolution of all income components

The strong net result achieved by Belfius is due, inter alia, to the 5% increase in **total income** to EUR 2,614 million. Despite the continued low interest rate environment, the bank's **net interest income** increased by 7% to EUR 1,590 million, mainly due to the strong commercial dynamics within a context of very strict balance sheet management and the positive impact of TLTRO III. As a result of the orientation of customers towards more profitable investment solutions and the growing share of capital market transactions, the **bank's net commission income** amounted to EUR 622 million, an increase of 10%, the highest percentage increase in the last five years. **Income from insurance activities** increased to EUR 518 million. Income from Life business decreased to EUR 273 million, notably due to the effects of the volatility of the financial markets in 2020. On the other hand, at EUR 244 million, Non-Life income was again up, notably due to the success of the bank-insurance model.

**Other income** was EUR -116 million, inter alia reflecting the negative impact of bank taxes in an amount of EUR 222 million and the influence of the crisis on activities which must be recognised at fair value in the income statement.

### • Sound control of costs despite investments in an ambitious growth strategy

Despite the crisis context, Belfius managed to **keep costs almost stable** at EUR 1,465 million, while investing in Belgian talent, optimal customer service, innovative digital solutions and an ambitious growth strategy. Combined with increased income, this again translates into a substantial improvement in the **Cost-Income ratio** to 56%, compared to 58% in 2019.

### • A forward-looking provisioning policy

The Covid-19 crisis represents a real stress test which has challenged the resilience of the financial sector. However, by opting for rigorous risk and financial management, Belfius saw its strategic choice rewarded by a reconfirmation, and even a reinforcement, of its financial solidity. In 2020, the sharp economic recession triggered by Covid-19 prompted Belfius to adopt a prudent and anticipatory risk policy and to set aside additional provisions for possible future credit losses. Taking into account typical credit provisions on a number of specific files, the **overall costs of credit risk** reached **EUR 453 million** in 2020, an amount largely **incurred** in the first half of 2020 (EUR 393 million). To calculate the costs of risk in 2020, Belfius used a refined methodology which, in addition to in-depth sector analyses, consisted of individually screening the solvency of a considerable number of companies in its portfolio based on an estimate of the impact of the Covid-19 crisis risk by sector, the strength of the balance sheet of those companies, the financing capacity of their shareholders, and the guarantees Belfius has at its disposal. The amount advanced for the cost of risk is, moreover, the "best current estimate", established on the basis of historical statistical models combined with expert opinion.

In the second half of the year, the cost of risk amounted to approximately EUR 60 million, a level virtually in line with that recorded in recent years. This is proof of the excellent risk assessment and the **forward-looking provisioning policy** which Belfius has demonstrated throughout the crisis. Established in advance by reason of Covid-19, these provisions (Stage 1 and 2 under IFRS9) reached EUR 331 million for 2020. Excluding this anticipation of the impact of Covid-19, the cost of risk of the overall credit portfolio remains at a historically low level (EUR 122 million, Stage 3) and continues to evolve in line with expectations for a growing Belgian credit portfolio. At the end of 2020, the asset quality ratio remained stable overall, at close to 2%. Given the scale of the crisis, the support measures decided by the different levels of power and the banks' moratoria have undoubtedly contributed to these results. More specifically, Belfius can confirm the effectiveness of the moratoria in helping clients to face this crisis. Henceforth, 99% of Belfius' corporate and individual customers have started to repay their loans again (for moratoria that were not extended beyond 31 December 2020).







## BELFIUS COMMITS ITS SOLID FINANCIAL RESERVES TO SUPPORT THE BELGIAN ECONOMY

By virtue of strict balance sheet and risk management, an advanced diversification strategy in terms of financing and sustainable commercial performance, in this period of crisis Belfius is able to make full use of the substantial reserves rigorously built up in recent years to support the Belgian economy and its commercial growth strategy.

- **A strong level of solvency and liquidity**

Admittedly under the positive effect of the relaxation of a number of regulatory measures due to the Covid-19 crisis, the **Basel III CET 1 ratio** grew from 15.9% at the end of 2019 to 17.1% at the end of 2020, which is an excellent level. Continued strong growth in lending activities led to a 5% increase in weighted risks to EUR 59.3 billion. The Solvency II ratio of Belfius Insurance is at a very solid level of 200%. With an **LCR ratio** of 158% and an NSFR ratio of 128%, Belfius also largely meets the imposed liquidity requirements and has a **liquidity reserve** of EUR 35.7 billion.

The Group's **total own funds** increased from EUR 10 billion at the end of 2019 to EUR 10.2 billion at the end of 2020.

- **Dividend**

In accordance with the directives issued by the European Central Bank (ECB), which has issued a binding recommendation capping Belfius' distribution ratio at 15% for the financial year 2020, and subject to approval by the Shareholders' Meeting to be held at the end of April, a **dividend** of EUR 77 million is being paid to the shareholder. Provided that the ECB allows it, Belfius intends to add to this first dividend an additional dividend of EUR 130 million in the last quarter of 2021, thus reaching a total distribution ratio of 40%.



## CONCLUSION

As a “meaningful” and “inspiring” bank-insurer for the Belgian society and despite a very atypical and difficult context, throughout the past year Belfius has more than ever kept its commitments, while continuing to demonstrate the resilience and sustainability of its business model.

At a **financial** level, despite the unprecedented crisis, Belfius succeeded in further strengthening its solid financing capacity and making it an even more important supportive force serving the Belgian economy and society, while pursuing a thorough diversification strategy, maintaining its commercial dynamism and rigorously managing its balance sheet and its risks.

At a **commercial** level, Belfius further strengthened its high level of loan granting and insurance activities while achieving exceptional growth in savings and investments. For the second consecutive year, Belfius passed the EUR 20 billion mark in new long-term financing for the Belgian economy. In addition, organic growth in savings and investments increased by an exceptional 53% to EUR 7.2 billion. In less than 2 years, more than EUR 1 billion has been invested in Belfius Funds of the Future. The increase in Non-Life premiums written through banking channels was 12% and once again exceeded the market average.

At a **digital** level, this crisis has led to an unprecedented acceleration of remote services, further motivating Belfius to leverage its world-class mobile app as the cornerstone of a novel digital platform offering inspiring and innovative “beyond bank-insurance” solutions.

As an **employer** and by virtue of a particularly vigilant and appropriate HR policy, Belfius has managed to strike the right balance between the safety and well-being of its staff members and the optimal continuity of customer service during this prolonged crisis. The annual barometer of staff commitment demonstrates this. With a score of 90.9%, it has never been as high as it was during this turbulent year.

At a **societal** level, Belfius has played a leading role in the support measures and made considerable efforts to sustain the Belgian economy and all those who were in difficulty. Belfius has also played a pioneering role in the transition to a sustainable Belgian society. Belfius has set an example by becoming the very first major Belgian bank to obtain the CO2-Neutral® label in 2020. Together with its partner CO2Logic, Belfius intends to help Belgian companies and local authorities also to move towards carbon neutrality, for example by financing the world's most powerful “solar roof”. By financing real estate projects which fully invest in a more sustainable future, or by motivating environmentally conscious customers through greater reductions on their insurance policies, such as the new car insurance which takes CO<sub>2</sub> emissions into account.

In a world hit by an unparalleled health crisis and the ensuing economic recession, Belfius is more than ever faithful to its mission: proactively to provide **innovative** solutions to meet the major challenges of tomorrow and to offer **inspiring** answers to help Belgium, its inhabitants, SMEs, companies and institutions through this crisis, to make them stronger so that they can continue to build a sustainable future for themselves and for Belgian society as a whole.



**Marc Raisière**  
**CEO**

*" 'Meaningful and Inspiring for the Belgian Society. Together.' In 2020, our purpose has proved to be more relevant than ever. In very difficult circumstances, we have given 100% to help clients in difficulty. At the same time, we managed to post a solid net result, which allows us further to strengthen our leading role in the Belgian economy and to realise our own growth strategy. I would like to thank our customers for their confidence, and all our staff members and agents for the commitment and professionalism with which they have met the challenges of 2020."*

**Jos Clijsters**  
**Chairman of the Board of Directors**

*"In 2011, the Belgian State placed EUR 4 billion on the table to save our bank. Today, as a Group, Belfius has EUR 10.2 billion in own funds. After ten years at the head of this fantastic company, first as CEO and, since 2014, as Chairman of the Board of Directors, I am very proud of Belfius' constant growth capacity fully to play its societal role as a driving force for a sustainable Belgian society. In Afrikaans, we sometimes use the wonderful word "volhoudbaarheid" (perseverance) for "sustainability". To be sustainable, you have to be able to persevere in what you do. Belfius can do it. I am 200% convinced of that. I am therefore confident that the future of Belfius lies in the capable hands of talented and committed staff members, managers and directors who have all the assets to continue to make a significant difference to Belgian society."*



**Contact :** Ulrike Pommée - [Ulrike.pommee@belfius.be](mailto:Ulrike.pommee@belfius.be) / [press@belfius.be](mailto:press@belfius.be) - 02 222 02 57 - [www.belfius.com](http://www.belfius.com)



Information based on non-audited figures

## KEY POINTS

- Belfius closed 2020 with a **solid result before provisions for cost of risk** of EUR 1,149 million (+11%). **Income before and after taxes** amounted to EUR 679 million and EUR 532 million respectively. Belfius Bank contributed EUR 319.4 million to the latter, while Belfius Insurance saw its contribution increase slightly to EUR 212.2 million.
- In view of the current deep economic recession, a significant reserve is being built up in anticipation of possible future credit losses. The **cost of credit risk** amounted to EUR 453 million, of which EUR 331 million can be considered as an ex-ante provision.
- **Covid-19:** 23,879 corporate loans were deferred for an amount of EUR 4.7 billion, as well as 13,840 (car) lease contracts for an amount of EUR 870 million. In addition, EUR 509 million of Covid-19 loans with a State guarantee were granted to companies, the public and social sector.
- **Covid-19:** For individual customers, 19,464 mortgage loans amounting to EUR 2 billion were deferred. In addition, a contractual payment deferral was granted in the case of 8,863 files, for an amount of approximately EUR 1 billion.
- For the second consecutive year, Belfius passed the EUR 20 billion mark in **new long-term financing** granted to the Belgian economy. For **Business and Corporate** customers and the **Public & Social Sector**, EUR 10.2 billion (+ 9%) and EUR 2.6 billion (+ 11%) respectively of new long-term financing was granted. Total outstanding loans increased to EUR 97.3 billion, approaching the historic EUR 100 billion mark.
- **Organic growth in savings and investments** amounted to EUR 7.2 billion (+53%), the highest level ever achieved, confirming the lasting confidence of customers. The total volume of deposits held by **individual customers** (including the Business segment) increased by 9% to 78 billion. Outstanding savings and investments of **Private & Wealth customers** increased by 9% to EUR 45.2 billion.
- The position of Belfius as a bank-insurer is consolidating year after year. The **amount of premiums collected in Non-Life** via banking channels increased by 12% to reach EUR 266 million. **Branch 23 reserves** are up 4% to EUR 3.8 billion. As for the combined ratio for Property & Casualty insurance, it improved to 93%, which is an excellent level.
- Belfius attracted 207,001 **new customers**. The **number of active users of the mobile app** continues to grow to 1.58 million (+12%).
- **Customer satisfaction** reached 95.82%, once again exceeding the target of 95% satisfied customers, and this despite the change in services resulting from Covid-19.
- Costs, which amounted to EUR 1,465 million, remain stable compared to 2019. The **Cost-Income ratio** stands at 56%, a substantial improvement compared to 2019 (58%).
- With an excellent Basel III CET 1 **solvency ratio** of 17.1%, Belfius remains one of the best capitalised bank-insurance groups in Europe. The Group's **total own funds** continue to grow and amount to EUR 10.2 billion.



## KEY FIGURES

### CONSOLIDATED STATEMENT OF INCOME

(in millions of EUR)

	2019	2020
<b>INCOME</b>	<b>2,489</b>	<b>2,614</b>
<b>EXPENSES</b>	<b>(1,452)</b>	<b>(1,465)</b>
<b>GROSS INCOME</b>	<b>1,036</b>	<b>1,149</b>
Impairments on financial instruments and provisions for credit commitments	(111)	(453)
Impairments on tangible and intangible assets	(7)	(17)
<b>NET INCOME BEFORE TAX</b>	<b>918</b>	<b>679</b>
Tax expense (income)	(252)	(147)
<b>NET INCOME AFTER TAX</b>	<b>666</b>	<b>532</b>
Non-controlling interests	(1)	0
<b>NET INCOME GROUPE SHARE</b>	<b>667</b>	<b>532</b>
<i>of which Bank</i>	461	319
<i>Insurance<sup>(1)</sup></i>	207	212

(1) Contribution of the Belfius Insurance group to the consolidated statement of income.

### CONSOLIDATED BALANCE SHEET

(in millions of EUR)

	31/12/19	31/12/20
<b>TOTAL ASSETS</b>	<b>172,439</b>	<b>187,991</b>
<i>of which Cash and balances with central banks</i>	6,716	25,434
<i>Loans and advances due from credit institutions</i>	16,208	11,912
<i>Loans and advances</i>	94,944	98,108
<i>Debt securities &amp; equity instruments</i>	29,490	28,849
<i>Unit linked products insurance activities</i>	3,671	3,813
<i>Derivatives</i>	13,305	12,188
<b>TOTAL LIABILITIES</b>	<b>161,933</b>	<b>177,258</b>
<i>of which Cash and balances from central banks</i>	4,017	14,174
<i>Credit institutions borrowings and deposits</i>	5,819	5,008
<i>Borrowings and deposits</i>	85,450	95,338
<i>Debt securities issued and other financial liabilities</i>	27,655	24,402
<i>Unit linked products insurance activities</i>	3,671	3,813
<i>Derivatives</i>	18,630	18,310
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>9,984</b>	<b>10,209</b>
<i>of which Shareholders' core equity</i>	9,348	9,815
<i>Gains and losses not recognised in the statement of income</i>	636	393
<b>TOTAL EQUITY</b>	<b>10,506</b>	<b>10,733</b>
<i>of which Total shareholders' equity</i>	9,984	10,209
<i>Additional Tier-1 instruments included in equity</i>	497	497
<i>Non-controlling interests</i>	25	28





<b>RATIOS<sup>(1)</sup></b>	<b>31/12/19</b>	<b>31/12/20</b>
Return on equity (ROE)	7.4%	5.6%
Return on assets (ROA)	0.40%	0.29%
Cost- income ratio (C/I ratio)	58.4%	56.0%
Asset quality ratio	1.96%	2.02%
Coverage ratio	62.3%	60.0%
Liquidity Coverage Ratio (LCR)	129%	158%
Net Stable Funding Ratio (NSFR)	116%	128%

(1) Unaudited.

<b>SOLVENCY RATIOS</b>	<b>31/12/19</b>	<b>31/12/20</b>
CET 1-ratio <sup>(1)</sup>	15.9%	17.1%
Tier 1-ratio <sup>(1)</sup>	16.7%	18.0%
Total capital ratio <sup>(1)</sup>	19.2%	20.4%
Leverage ratio	6.0%	6.9%
Solvency II-ratio (before dividend)	212%	212%
Solvency II-ratio (after dividend)	212%	200%

<sup>(1)</sup> For the determination of the Capital ratios under Basel III, the regulatory authority asks Belfius Bank to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the equity instruments held by Belfius Bank in Belfius Insurance after deduction of goodwill. This is commonly known as "Danish compromise".

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## 2. Risk Factors and Post-balance sheet events

In the subsection 2.1 Risks related to Belfius Bank, the following paragraph is added before the final paragraph:

23,879 company loans, in an amount of EUR 4.7 billion, benefit from deferred payments, as well as 13,840 lease contracts in an amount of EUR 870 million. In addition, Belfius granted Covid credits with a state guarantee in the amount of EUR 509 million to companies, the public and social sector.

Within the framework of the Covid-19 sector support measures, 19,464 mortgage loans for an amount of EUR 2 billion benefit from deferred payments. In addition, Belfius granted a contractual payment deferral in 8,863 files representing nearly EUR 1 billion.

The following footnote will be added to the fifth paragraph:

Net income from financial instruments measured at fair value through profit or loss decreased with EUR 72.1 million to EUR 24 million (31 December 2019: EUR 96 million) following the negative impact of the COVID-19 outbreak on credit spreads as well as equity markets.

In the subsection 2.1.1.1 Credit risk, the following paragraph is added after the final paragraph:

Taking into account typical credit provisions on a number of specific files, the **overall costs of credit risk** reached **EUR 453 million** in 2020, an amount largely **incurred** in the first half of 2020 (EUR 393 million). To calculate the costs of risk in 2020, Belfius used a refined methodology which, in addition to in-depth sector analyses, consisted of individually screening the solvency of a considerable number of companies in its portfolio based on an estimate of the impact of the Covid-19 crisis risk by sector, the strength of the balance sheet of those companies, the financing capacity of their shareholders, and the guarantees Belfius has at its disposal. The amount advanced for the cost of risk is, moreover, the “best current estimate”, established on the basis of historical statistical models combined with expert opinion.

In the second half of the year, the cost of risk amounted to approximately EUR 60 million, a level virtually in line with that recorded in recent years. This is proof of the excellent risk assessment and the **forward-looking provisioning policy** which Belfius has demonstrated throughout the crisis. Established in advance by reason of Covid-19, these provisions (Stage 1 and 2 under IFRS9) reached EUR 331 million for 2020. Excluding this anticipation of the impact of Covid-19, the cost of risk of the overall credit portfolio remains at a historically low level (EUR 122 million, Stage 3) and continues to evolve in line with expectations for a growing Belgian credit portfolio. At the end of 2020, the asset quality ratio remained stable overall, at close to 2%.

In the subsection 7, Post-balance sheet events, COVID-19, the following paragraph is added at the end:

The deferral of payments for mortgages and non-financial companies was put in place since April 2020 and had initially been expected to last until 31 October 2020. In a second phase, it was decided to extend the support measures until the end of 2020. With the second partial lockdown starting at the end of October a second charter to extend the payment holiday scheme to 31 March 2021 was put in place for households as well as for non-financial companies and self-employed people.

Subsection 7, Post-balance sheet events, Dividend, is replaced by the following::

In accordance with the directives issued by the European Central Bank (ECB), which has issued a binding recommendation capping Belfius' distribution ratio at 15% for the financial year 2020, and subject to approval by the Shareholders' Meeting to be held at the end of April, a dividend of EUR 77 million is being paid to the shareholder. Provided that the ECB allows it, Belfius intends to add to this first dividend an additional dividend of EUR 130 million in the last quarter of 2021, thus reaching a total distribution ratio of 40%.