Alternative Performance Measures[1]

RESULTS 2018

In addition to the financial information prepared in accordance with IFRS as adopted by the EU, Belfius discloses certain Alternative Performance Measures as Belfius believes that these Critical Performance Indicators can help stakeholders and readers of the (semi)-annual report to gain additional insights in Belfius' financial and commercial performances as well as allow them to perform additional comparisons across the sector. While these measures are not reviewed or audited by the statutory auditor, a governance process is in place to ensure consistency and relevance of the measures.

Note, however, that APMs are to be considered as additional disclosures and do not replace the financial information prepared under IFRS, CRR and CRD IV.

All references below can be found in the 2018 Annual Report on the website : www.belfius.be

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Common Equity Tier 1 Ratio

The CET 1 ratio presents the ratio between the CET 1 capital and the total regulatory risk exposures.

Calculation (%)	*Reference*	*2017* *IAS 39*	*01/01/2018* *IFRS 9*	*2018* *IFRS 9*
Phased In (1)	Management report/ Capital Management	16.1%		not applicable
Fully Loaded (2)	Management report/ Capital Management	15.9%	16.2%	16.0%

(1) Phased In ratios are with application of transitory measures on numerator and denominator, in line with CRR/CRD IV regulations. The Phased In approach ended as from 01/01/2018

(2) Fully Loaded ratios are without application of any transitory measures.

Tier 1 ratio

The Tier 1 ratio presents the ratio between the Tier 1 capital and the total regulatory risk exposures.

Calculation (%)	*Reference*	*2017* *IAS 39*	*01/01/2018* *IFRS 9*	*2018* *IFRS 9*
Phased In (1)	Management report/ Capital Management	16.1%		not applicable
Fully Loaded (1)	Management report/ Capital Management	15.9%	16.2%	17.0%

(1) Phased In and Fully Loaded definition see Common Equity Tier 1 Ratio above

[1] On a regular basis the APM's will be updated on the website

Total Capital Ratio

The total capital ratio presents the ratio between the total regulatory own funds and the total regulatory risk exposures.

Calculation (%)	*Reference*	*2017*	*01/01/2018*	*2018*
		IAS 39	*IFRS 9*	*IFRS 9*
Phased In (1)	Management report/ Capital Management	18.6%		not applicable
Fully Loaded (1)	Management report/ Capital Management	18.0%	18.3%	19.6%

(1) Phased In and Fully Loaded definition see Common Equity Tier 1 Ratio above

Danish Compromise

The regulator has authorised Belfius to apply article 49 of the CRR IV for the calculation of the capital ratio's and hence to include the capital instruments of Belfius Insurance subscribed by Belfius Bank in the total regulatory risk exposure by applying a weighting of 370% (the so-called "Danish Compromise").

Leverage Ratio

The leverage ratio is defined as the Tier 1 capital (the numerator) divided by the exposure measure (the denominator), i.e. balance sheet assets after certain restatements of derivatives, securities financing transactions, off-balance-sheet items and prudential adjustments deducted from the numerator.

Calculation (%)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Phased In	Management report/ Capital Management	5.6%	not applicable
Fully Loaded	Management report/ Capital Management	5.5%	6.0%

Solvency II Ratio (insurance)

The Solvency II ratio is calculated as the amount of regulatory own funds (AFR) as a percentage of the solvency capital requirement (SCR).

Calculation (%)	*Reference*	*2017*	*2018*
Solvency II ratio (after dividend)	Management report/ Capital Management	219%	203%

Net Interest Margin (NIM)

The ratio is calculated as the sum of quarterly net interest income at Belfius Bank (without dividend income) of the last 4 quarters divided by the average of the interest earning assets (1) at Belfius Bank of the last 4 quarters

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Net interest income bank (A)	Management report/ Financial results	1,482	1,448
Average interest earnings assets bank (B)	Management report/ Financial results	119,941	120,693
NIM (=A/B)		1.24%	1.20%

(1) The interest earnings assets are calculated as the sum of the items I to IV of the balance sheet (under IFRS 9)

Cost-Income Ratio

Gives an impression of the relative cost efficiency (expenses relative to income)

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Expenses (A)	Consolidated Income Statement	1,369	1,426
Income (B)	Consolidated Income Statement	2,355	2,361
Cost-Income ratio (=A/B)		58.1%	60.4%

The Cost-Income ratio is also calculated for each segment according to a similar definition

Credit Cost Ratio

The ratio is calculated as the (annualized) cost of risk divided by the average gross outstanding loans and advances to customers

Calculation (%)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Cost of risk (A)	Consolidated Income Statement	33	66.4
Average gross outstanding (B)	Notes to the consolidated financial statements (1)	104,805	119,646
(Annualized) Credit cost ratio (=A/B)		3 bps	6 bps

(1) 2017 IAS 39 : Loans and advances due from credit institutions (excl. cash collateral) and from customers, (ii) investments held to maturity and (iii) guarantees granted
2018 IFRS 9 : Loans and advances due from credit institutions (excl. cash collateral) and from customers measured at amortized costs, (ii) Debt securities and equity instruments measured at amortized costs and at FV through OCI (excl. participations and equity) and (iii) guarantees granted

The Credit Cost ratio is also calculated for each segment according to a similar definition, based on average outstanding commercial loans for the segment

Asset Quality Ratio

The ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers

Calculation (in millions of EUR or %)	*Reference*	*01/01/2018*	*2018*
		IFRS 9	*IFRS 9*
Impaired loans (A)	Note 5.4 Loans and advances (at amortised cost)	1,821	1,863
Gross outstanding loans (B)	Note 5.4 Loans and advances (at amortised cost)	84,535	90,786
Asset Quality Ratio (=A/B)		2.15%	2.05%

The Asset Quality ratio is also calculated for each segment according to a similar definition, based on outstanding commercial loans for the segment

Coverage ratio

The ratio between the impairments stage 3 and impaired loans and advances to customers

Calculation (in millions of EUR or %)	*Reference*	*01/01/2018*	*2018*
		IFRS 9	*IFRS 9*
Stage 3 impairments (A)	Note 5.4 Loans and advances (at amortised cost)	1,153	1,147
Impaired outstanding(B)	Note 5.4 Loans and advances (at amortised cost)	1,821	1,863
Coverage Ratio (=A/B)		63.3%	61.6%

The credit Cost ratio is also calculated for each segment according to a similar definition, based on outstanding commercial loans for the segment

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio forces financial institutions to maintain a sufficient stock of quality liquid assets to withstand a crisis that puts their cash flows under pressure. The assets to hold must equal to or greater than their net cash outflow over a 30-day period under stress (having at least 100% coverage). The parameters of the stress scenario are defined under Basel III.

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
Stock of quality liquid assets* (A)	Based on the European Commission's Delegated Act on LCR	20,674	20,022
Net cash outflow over a 30-day period* (B)		15,630	14,868
LCR (=A/B) - * 12 months average		132%*	135%*

Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio (NSFR) is defined as the amount of available stable funding relative to the amount of required stable funding, and is based on Belfius' interpretation of the current Basel Committee guidelines, which may change in the future. This ratio should be equal to at least 100% on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance-sheet (OBS) exposures.

Calculation (in millions of EUR or %)	*2017*	*2018*
Amount of available stable funding (A)	97,222	101,146
Amount of required stable funding (B)	83,470	87,335
NSFR (=A/B)	116%	116%

Return on Equity (ROE)

Return on equity (ROE) is an indication of how profitable a company is relative to its equity. The return on equity is calculated as the annualized net income group share as a percentage of the average shareholders equity minus the dividend, not yet paid (based on N and N-1 figures).

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Net income group share (A)	Consolidated Income Statement	606	649
Average core shareholders' equity (B)	Consolidated Balance Sheet	8,675	8,644
(Annualized) Return on Equity (=A/B)		7.0%	7.5%

Return on Assets (ROA)

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. The return on assets is calculated as the annualized net income as a percentage of the average total assets (based on N and N-1 figures).

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Net income* (A)	Consolidated Income Statement	606	650
Average total assets (B)	Consolidated Balance Sheet	172,340	166,062
(Annualized) Return on Assets (=A/B)		0.35%	0.39%

** including minorities*

Return on Normative Regulatory Equity (RoNRE)

Return on Normative Regulatory Equity (RoNRE) for a segment is calculated by Belfius as the annualized net income as a percentage of the average Normative Regulatory Equity. The Normative Regulatory Equity is defined as the CET 1 capital that is required to bring a segment to a CET 1 ratio (Fully Loaded) of 13.5%.

Calculation (in millions of EUR or %)	*Reference*	*2017*	*2018*
		IAS 39	*IFRS 9*
Net income group share RC (A)	Management report/ Segmentreporting	443	408
Average Normative Regulatory Equity RC (B)	Management report/ Segmentreporting	2,279	2,427
RoNRE (=A/B)		19.4%	16.8%

The RoNRE is also calculated for PC on a similar definition.

Total savings and investments

Total savings and investments allocated to the different business lines, are composed of total deposits, off-balance sheet investments and life insurance reserves.

Total savings and investments	**Retail and Commercial**		**Public and Corporate**	
	01/01/2018	*dec/18*	*01/01/2018*	*dec/18*
(in billions of EUR)	*IFRS 9*	*IFRS 9*	*IFRS 9*	*IFRS 9*
A. Total deposits	63.1	66.7	23.2	22.8
B. Off- balance sheet investments	30.4	27.6	8.3	9.4
C. Life insurance reserves (investment products)	10.9	10.7	0.6	0.6
Total customer assets	104.4	105.0	32.1	32.8

A) The total deposits consist of:

Retail and Commercial (RC)

Calculation (in billions of EUR)	*Reference*	*01/01/2018*	*dec/18*
		IFRS 9	*IFRS 9*
RC Savings accounts	Component of note 6.3 Borrowings and deposits (at amortised cost)	41.5	43.9
RC Current accounts	Component of note 6.3 Borrowings and deposits (at amortised cost)	11.6	13.2
RC Term accounts	Component of note 6.3 Borrowings and deposits (at amortised cost)	0.4	0.4
RC Savings certificates	Component of note 6.4 Debt securities issued & other financial instruments (at amortised cost)	2.3	1.7
RC Bonds issued by Belfius	Component of note 6.4 Debt securities issued & other financial instruments (at amortised cost)	2.6	2.3
RC Bonds issued by Belfius	Component of note 6.4 Debt securities issued & other financial instruments (at fair value through P&L)	4.7	5.2
Total RC deposits		63.1	66.7

Public and Corporate (PC)

Calculation (in billions of EUR)	*Reference*	*01/01/2018*	*dec/18*
		IFRS 9	*IFRS 9*
Public and Social	Component of note 6.3 Borrowings and deposits (at amortised cost)	16.7	16.4
Corporate	Component of note 6.3 Borrowings and deposits (at amortised cost)	6.5	6.4
Total PC deposits		23.2	22.8

B) Off-balance sheet investments are customer assets products which are not on the balance of the bank nor are an insurance contract. Off balance sheet investments contain (1) customer assets managed by “allied or own asset management companies” in the form of mutual funds or by advisory or discretionary mandates and (2) Customer assets managed directly by the customer (a.o. shares, bonds (not issued by Belfius)). The size and the development of asset managed by allied or own asset management companies is a major contributor to the fee income (asset management fees, entry fees).

C) Life insurance reserves are composed on the one hand of the Branch 21 investment products, or insurance products with a guaranteed income, with its mathematical reserves on the balance sheets of our insurance company; on the other hand there are the Branch 23 unit linked (investments) products, which are measured at fair value of the underlying assets (mainly off-balance). These products contribute to Belfius groups result by entry fees, commissions income on underlying assets, and net income on Branch 21 investment products.

Total loans to customers

Total loans allocated to the customers of the different business lines, are composed of loans granted to these customers.

Retail and Commercial (RC)

Calculation (in billions of EUR) *(in billions of EUR)*	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Mortgage loans	Component of note 5.3 Loans and advances (at amortised costs)	30.6	32.4
Consumer loans	Component of note 5.3 Loans and advances (at amortised costs)	1.5	1.7
Other retail loans	Component of note 5.3 Loans and advances (at amortised costs)	0.5	0.6
Business loans	Component of note 5.3 Loans and advances (at amortised costs)	12.5	14
Total loans to customers RC		45.0	48.7

Public and Corporate (PC)

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Public and Social	Component of note 5.3 Loans and advances (at amortised costs)	27.4	26.7
Corporate	Component of note 5.3 Loans and advances (at amortised costs)	10.8	13.0
Total loans to customers PC		38.3	39.7

The ALM Liquidity bond portfolio

Total ALM Liquidity bond portfolio is part of Belfius Banks' total LCR liquidity buffer

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Bonds	Component of note 5.4 Debt securities & equity instruments	8.1	7.7
Total ALM Liquidity bond portfolio		8.1	7.7

The ALM Yield bond portfolio

Total ALM Yield bond portfolio is used to manage excess liquidity

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Bonds	Component of note 5.4 Debt securities & equity instruments	3.7	3.6
Total ALM Yield bond portfolio		3.7	3.6

The Credit guarantee portfolio

The credit guarantee portfolio refer to the intermediation transactions whereby, on different types of reference obligations, the former Dexia Bank sold credit protection to a financial counterpart and purchased credit protection with monoline insurers.

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Credit guarantees	Component of mainly note 8.2 Guarantees and note 5.5 Derivatives	3.9	3.7
Total credit guarantees		3.9	3.7

Funding diversification at Belfius Bank

(in billions of EUR)	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
A. Commercial funding	86.7	90.1
B. Secured funding	12.6	14.0
C. Senior wholesale debt	4.9	3.4
D. Net unsecured interbank funding	5.1	3.0
E. Subordinated debt	1.2	1.6

A) **Commercial funding:** the total deposits collected within the commercial franchise (RC and PC) – see total savings and investments

B) **Secured funding:** funding for which specific collateral has been provided as (additional) security

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
ECB: (T)LTRO	Component of note 6.2 Credit institutions borrowings and deposits	4.0	4.0
Repo	Component of note 6.2 Credit institutions borrowings and deposits	0.2	0.0
LT secured funding	Mainly component of note 6.3 Borrowings and deposits (at amortised cost)	1.3	1.3
Covered bonds	Component of note 6.4 Debt securities issued & other financial instruments (at amortised cost)	7.2	8.7
Total secured funding		12.7	14.0

C) **Senior wholesale debt:** funding obtained in the wholesale market for which no specific collateral has been provided

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Senior unsecured funding	Mainly Component of note 6.4 Debt securities issued & other financial instruments (at amortised cost)	4.9	3.4
Total senior wholesale debt		4.9	3.4

D) **Net unsecured interbank funding**

Calculation (in billions of EUR)	*Reference*	*01/01/2018* *IFRS 9*	*dec/18* *IFRS 9*
Net ST unsecured funding	Mainly Component of note 6.4 Debt securities issued & other financial instruments (at amortised cost)	5.1	3.0
Total net unsecured interbank funding		5.1	3.0

E) Subordinated debt

Calculation (in billions of EUR)	Reference	01/01/2018 IFRS 9	dec/18 IFRS 9
Tier 2 instruments	Note 6.7 Subordinated debts	1.2	1.1
Additional Tier 1 instrument	Balance sheet item	0	0.5
Total subordinated debt		1.2	1.6

Expense ratio (ER) (P&C)

- The expense ratio (ER) is calculated by dividing the total expenses and commissions by the total earned premiums, net of reinsurance. Total expenses and commissions are associated with acquiring, underwriting and servicing.
- Property and Casualty (P&C) includes all Non-life lines of business except Health.

Calculation (in millions of EUR)	Reference	2017 IAS 39	2018 IFRS 9
Net commissions (A)	Consolidated Income Statement Belfius Insurance: component of I. Technical result	121	125
Costs (excluding ULAE) (B)	Consolidated Income Statement of Belfius Insurance: component of IV. Administration expenses (excluding ULAE)	116	110
Net earned premiums (C)	Consolidated Income Statement Belfius Insurance: component of I. Technical result	595	628
Expense ratio (A + B) / C		39.8%	37.6%

Loss ratio (LR) (P&C)

- The LR is calculated by taking the sum of total losses incurred (paid and reserved) in claims and adjustment expenses (ULAE), and then dividing them by the total earned premiums, net of reinsurance.
- Property and Casualty (P&C) includes all Non-life lines of business except Health.

Calculation (in millions of EUR)	Reference	2017 IAS 39	2018 IFRS 9
Net loss charges (A)	Consolidated Income Statement Belfius Insurance: component of I. Technical result	326	348
Unallocated loss adjustment expenses (ULAE) (B)	Consolidated Income Statement of Belfius Insurance: component of IV. Administration expenses (linked to claim handling)	34	38
Net earned premiums (C)	Consolidated Income Statement Belfius Insurance: component of I. Technical result	595	628
Expense ratio (A + B) / C		60.4%	61.3%

Life Margin

- This ratio measures the adjusted income with respect to average reserves.
- Adjusted income is reported income, adjusted for special items such as restructuring provisions, IFRIC 21 adjustments for sector levies and revaluation of historical participation in Auxipar.

Calculation (in millions of EUR)	*Reference*	*2017 IAS 39*	*2018 IFRS 9*
Income (A)	Consolidated Income Statement Belfius Insurance: the sum of components of I. Technical result, II. Financial result and III. Other income	267	275
Average reserves (B)	Consolidated Balance Sheet Belfius Insurance: Technical liabilities	15,695	15,309
Income / average reserves (A / B)		1.7%	1.8%

Adjusted results

The **Adjusted result** is defined as the consolidated net result adjusted for **Special Items** which consist of defined items of income or expense that are significant and arise from events or transactions that Belfius considers distinct from the regular operating activities.

The special items include, but are not limited to:

- Capital gains or losses on the sale of associates excluding capital gains or losses realized within Belfius Insurance Group
- Recognition or reversal of provision for litigations not stemming from litigations linked to regular operating activities
- Impacts of changes in regulations (e.g. pension law and 2017 tax law)
- Impacts of sales or unwinds within the ex-Legacy portfolio
- Recognition of formally approved restructuring provisions
- Impacts from pension plan restructuring
- Recognition of previously unrecognised DTA
- IFRIC 21 adjustment for sector levies to ensure a more economic view during the year (note that the Adjusted result is only adjusted for this Special Item for the quarterly or half yearly accounts, and not in the full year accounts)
- Recognition or reversal of impairment on corporate headquarter or goodwill
- Impact of simplifying the group structure
- Revaluation of historical stake in Auxipar

A) From Reported to Adjusted Net Income 2017

2017, EUR m	Reported	Sale/unwind within the ex-legacy portfolio	Impact of restructuring1	Incentive received following TLTRO II	Reversal of impairment on headquarter	Recognition previsously unrecognized DTA	Impact of New 2017 tax law	Adjusted
	Reported	Excluding special items						Adjusted
Income	2,355	-7	-	6	-	-	-	2,355
Expenses	-1,369	-	8	-	-	-	-	-1,377
Cost of risk	-33	30	-	-	-	-	-	-63
Impairments	9	-	-	-	14	-	-	-5
Net income before tax	**963**	**24**	**8**	**6**	**14**	**-**	**-**	**911**
Taxes	-357	-8	-3	-2	-5	33	-106	-267
Net income	**606**	**15**	**5**	**4**	**9**	**33**	**-106**	**644**
Impact mainly in		*GC*	*RC, PC, GC*	*GC*	*GC*	*GC*	*GC*	

(1) The "impact of restructuring" includes (i) recognition of formally approved restructuring provisions and (ii) impacts from pension plan restructuring

Impacts of sales or unwinds within the ex-Legacy portfolio

The results classified in income stemming from active tactical derisking strategy adopted by Belfius (until end 2016) or from derisking (after 2016) of the ex-legacy portfolios are considered as Special Items. Impairments or reversal of impairments on the ex-legacy portfolios resulting from this derisking are equally considered as Special Items.

For 2017, the special item relates to the realized gains from the derisking of bonds from the former legacy portfolio for EUR 36 million (the main part of which is linked to an US RMBS bond for EUR 27 million), partially compensated by losses of EUR 13 million occurred following the unwind of Negative Base Trade position classified in trading

Incentive received following TLTRO II

The TLTRO II which was designed to allow the banks to obtain long-term funding (4-year maturity) at zero cost. A discount was foreseen if banks achieved certain targets of loans to the real economy. Belfius met all conditions end 2017 and received the incentive, which amounted to EUR 21 million of which EUR 6 million referred to 2016 and where identified as special item in 2017.

Recognition of formally approved restructuring provisions

Belfius recorded in 2017 a negative impact of EUR 4 million on an employee restructuring plan and an additional restructuring provision of EUR 15 million following the restructuring plan for the agency network of Belfius bank.

Impacts from pension plan restructuring

Belfius restructured a pension plan in 2017 resulting in the recognition of an upfront positive P&L impact following the application of IAS 19 (EUR 28 million).

Reversal of impairment on headquarter

Following the reassesment of the occupency rate after the execution of the “Belfius together” and “Belfius Way of Working” strategy where Belfius insurance and Belfius bank are sharing more and more the same headquarter. The impairment on Rogier Tower was reversed resulting in an upfront gain of EUR 14 million.

Recognition of previously unrecognised DTA

Thanks to an increase of the taxable results, Belfius recognized formerly unrecognized deferred tax assets (EUR 33 million) in 2017.

New 2017 tax law

The Belgian corporate income tax reform, enacted just before year end 2017, had a negative impact on Belfius’ 2017 net results stemming from a reassessment of deferred taxes through P&L. The reassessment resulted in an additional tax expense of EUR 106 million and is considered as a special item.

B) From Reported to Adjusted Net Income 2018

2018, EUR m	Reported	Excluding special items: Sale/unwind within the ex-legacy portfolio	Impact of restructuring[1]	Other items[2]	Tax-impact closing Dublin Branch	Adjusted
Income	**2,361**	10	-	46		**2,304**
Expenses	**-1,426**	-	-16	-		**-1,409**
Cost of risk	**-66**	19	-	-		**-86**
Impairments	**-2**	-	-	-		**-2**
Net income before tax	**867**	**30**	**-16**	**46**		**807**
Taxes	**-217**	-8	5	-	30	**-243**
Net income	**649**	**22**	**-12**	**46**	**30**	**563**
Impact mainly in		*GC*	*GC*	*GC*	*GC*	

(1) The “impact of restructuring” includes recognition of formally approved restructuring provisions

(2) Other items include (i) capital gains and losses on the sale of associates (“NEB participation”) as well as (ii) the revaluation of the historical stake in Auxipar.

Impacts of sales or unwinds within the ex-Legacy portfolio

The results classified in income stemming from active tactical derisking strategy adopted by Belfius (until end 2016) or from derisking (after 2016) of the ex-legacy portfolios are considered as Special Items. Impairments or reversal of impairments on the ex-legacy portfolios resulting from this derisking are equally considered as Special Items.

In 2018, the result (EUR 29m) following the sale of certain Italian government bond and swap packages is considered as special item, in line with Belfius' objective to decrease its related concentration risk.

Recognition of formally approved restructuring provisions

In 1H 2018, a restructuring provision of EUR 5 million was recognized following the decision of Belfius Insurance to focus its (institutional and corporate) non-life insurance business on the segment of social sector through direct distribution and to put the non-life activities towards other institutional and corporate customers through the brokerage channel in run-off. The freed-up resources will be reallocated to its strong developing non-life insurance business with SME customers through its own (bank and DVV) distribution channels.

In 2H 2018 a reassessment of the provision for restructuring was recognized with a negative impact of EUR 11 million.

Capital gains or losses on the sale of associates excluding capital gains or losses realized within Belfius Insurance Group

Belfius bank sold its investments in "NEB Participation" to Nethys. It concerned an associate previously accounted for through the equity method. Belfius realized a capital gain of EUR 24 million on this sale. Seeing that it concerned a capital gain on associates within the banking group, this impact is considered as a special item.

Revaluation of historical stake in Auxipar

At the end of 2016, an agreement was concluded between Belfius and the liquidators of the Arco companies under liquidation (Arcopar, Arcofin, Arcoplus and Arcosyn) with the objective to advance towards finalization of the liquidation, in the interest of all stakeholders. This agreement listed a combination of actions to finalize towards end of liquidation, including the takeover of the Auxipar shares held by the Arco companies by Belfius.

As a result of these actions moving forward, Belfius has increased, on March 29, its stake in Auxipar from 39.7% to 74.99% for a price of EUR 29.4 million. The transaction qualifies for Belfius as a business combination achieved in stages and is thus subject to IFRS 3 whereby any previously held interest is adjusted to its fair value as of the acquisition date with any resulting gain reported in the consolidated income statement. Belfius has estimated the fair value of Auxipar at EUR 82.8 million at acquisition date, in line with the acquisition price for 100% of the shares (EUR 83.3 million). The revaluation following the application of IFRS 3 of the previously held interest (recognized at end March 2018 at EUR 33 million) resulted in a capital gain of EUR 23 million.

Tax-impact closing Dublin Branch

The Board of Directors of Belfius Bank approved the closure of the Dublin branch on 26 April 2018, thereby centralizing the Irish portfolio in Belfius Ireland (BIRL), a subsidiary of Belfius Bank, and simplifying the group structure of Belfius. At the end of 2018, all bonds and their corresponding hedge derivatives were transferred at market price from Dublin branch to Belfius Ireland. The final legal closing occurred on 28 January 2019. This closure had a positive impact on the current tax position of Belfius Bank of EUR 30 million.