

Brussels, 5 September 2013

## **Belfius Bank & Insurance is on track:**

- **Consolidated net profit of EUR 255 million**
- **Good commercial results**
- **Implementation of the Social Plan now underway**
- **Our social commitment on sustainability taking shape**

Ever since it was acquired by the Belgian State, Belfius Bank & Insurance has been focusing on becoming an autonomous, sustainable and profitable financial player. And now there's good news: Belfius Bank & Insurance is very much on track.

The first half of 2013 saw Belfius generate a net profit of EUR 255 million against a challenging overall macroeconomic background. There was also a significant improvement in solvency. Finally, Belfius has complied fully with all prudential standards since 30 June 2013. Belfius Bank & Insurance is also clearly living up to its social commitments, as can be seen from many achievements during the first half of the year.

### **Good financial and commercial half-yearly results**

In the first half of 2013, Belfius Bank & Insurance recorded a net income (group share) of EUR 255 million (including a EUR 61 million profit on the buyback of profit sharing certificates) in what was a difficult macroeconomic environment.

- Income was EUR 1,050 million.
- Costs remained under control at EUR 751 million. The effects of the cost-savings plan will gradually become visible from now on and will further enhance the operational income capacity of the bank.
- The insurance company recorded a strong financial result.
- Credit risk remains well under control.

Commercial results were pleasing in all customer segments, with a total of EUR 4.2 billion in loans generated for the first six months of 2013.

- **Retail & Commercial Banking**
  - The volume of customer investments rose by EUR 1.3 billion to EUR 93 billion.
  - Private Banking saw an increase in mandates of over EUR 500 million – a reflection of the confidence and professionalism that Belfius brings to the top 3 in this market.
  - Two successful campaigns produced almost EUR 1.5 billion in investment funds.
  
- **Public & Wholesale Banking**
  - More than EUR 1 billion was issued in long-term loans to the public & social sector.
  - The average term of new loans to the public sector is more than 15 years. This demonstrates that Belfius continues to grant long-term loans.
  - Production of corporate loans rose by 61% over the first half of 2013.
  - Belfius was again awarded the cashier contract for the Brussels Capital Region. This confirmed a long-established customer relationship dating back to 1991.
  
- **Insurance**
  - Life insurance production fell to EUR 707 million as the result of the historically low guaranteed interest rate, the success of traditional banking products and the higher entry taxes in place since 1 January 2013.
  - Non-Life production rose slightly to EUR 297 million.
  - The launch of Branch 44 investment insurance provided an innovative solution for long-term saving.

## **Steadily improving risk profile**

The balance sheet total fell by EUR 19.4 billion to EUR 193.6 billion. This was the result of amongst others reducing funding to Dexia by over EUR 7 billion, as well as the impact of derisking and the effect of higher interest rates from the second quarter onwards. Total equity also rose further to EUR 5.8 billion.

Belfius Bank & Insurance strengthened its solvency significantly.

- Following the significant fall in weighted risks (reduced by 11.5%, to EUR 44.5 billion through the slimming down of the balance sheet and the reduction in derivatives and collateral), the Basel II Core Tier 1 ratio rose significantly to 14.3%.
- The Solvency I ratio of the insurance company improved sharply to 176% as the result of its strong results.

Belfius Bank & Insurance has complied with all prudential standards since 30th June 2013, including the concentration ratio. These results have been achieved in difficult market circumstances and under current standards. There was also further improvement in our liquidity, generated among other things by actions aiming at collecting commercial funding and successful issues in the institutional market (Belgian covered bonds)

## **Belfius continues to work on its social commitments**

Belfius seeks to be a locally anchored bank offering added value for society. It continued to work along these lines in the first half of 2013.

- Belfius signed the United Nations' Global Compact. This commits the bank to taking account of ten principles relating to human rights, employment standards, the environment and the fight against corruption when considering its strategy and transactions.
- New loans totalling over EUR 4 billion were granted exclusively in Belgium. This included focusing closely on start-up businesses with a specific European Investment Fund facility.
- With an average term in excess of 15 years for new loans to the public sector, Belfius is demonstrating that it also aims to support the Belgian economy in the long term.
- We have a comprehensive range of products for supporting social integration, demonstrated by 150,000 social assistance accounts.
- As a result of the Belfius Local Team Spirit campaign, over 40,000 young people are playing for their sports teams in shirts featuring the Belfius logo.
- Belfius organises initiatives to support young local talent, such as Belfius Art, Belfius Classics, etc.
- Since 2007, Belfius has achieved energy savings of 54% at its central office buildings. Belfius also uses 100% green electricity.

More information about Belfius's social commitments and achievements is to be found in the annual Sustainable Enterprise report.

## Looking ahead

Now that the Social Plan has been signed and registered, we can begin to implement the programmes that make the necessary cost-savings possible.

With achievements in derisking and reduction of overhead, the business can now focus fully once again on developing its commercial activities further. With this in mind, Belfius has a number of important benefits to offer:

- towards its retail, private and business customers : an integrated channel approach (branches, digital, contact centre) in which dynamic account managers and specialists provide a professional servicing combined with successful digital channels. Within these digital channels, the mobile platform becomes more and more important based on its high user scores and over 2 million visitors a month;
- on its public and corporate side: a unique Business-to-Governance approach;
- within the insurance company: the renewed banking-insurance strategy is on its way.

M. Jos Clijsters, chairman of the Management Board of Belfius Bank, concludes by stating: “With a net profit of EUR 255 million in the first half of 2013 and total equity of EUR 5.8 billion, Belfius Bank & Insurance is able to present good figures. With this in mind, I would like to thank our many customers for continuing to demonstrate their confidence in us, as well as those customers who have come back to us and all of our staff for their efforts and input in difficult times. These results also provide a firm foundation for continuing to build – particularly now that the new CLA has been signed, registered and may be implemented. We will also continue to focus on sustainability as one of our most important commitments.”

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