

Brussels, 26th October 2014

## **Belfius clearly succeeds in the “comprehensive assessment” of the ECB**

The European Central Bank (ECB) performed over the last year a comprehensive assessment on the most significant European Banks. The comprehensive assessment takes as starting point December 31<sup>st</sup>, 2013 and consists of an in-depth assessment of the accounts (asset quality review (AQR)) and a stress test.

### **Belfius clearly succeeds in both components:**

- The asset quality review confirms the accuracy of the accounts and leads to a **Basel III phased-in CET 1 capital ratio of 13.50 % on 01/01/2014 after the application of the AQR.**
- Belfius posts a **Basel III phased-in CET 1 capital ratio of 7.30 %** in 2016 after applying a severe stress test scenario. This is **well above the minimum required threshold of 5.5 %.**  
**The corresponding capital buffer after stress test amounts as such to 1.13 billion EUR.**
- On top of that, Belfius created 328 million EUR of additional capital buffer during the first half year 2014 which would lead to a **total capital buffer after stress test of 1.46 billion EUR.**
- This result proves once again that Belfius' future is built on solid grounds and hence enables Belfius to pursue its strategy focused on customer satisfaction.

### **Belfius clearly succeeds**

The comprehensive assessment of the ECB analyzes the financial health of European Banks. The assessment is built on two elements. On the one hand, the asset quality review assessed the accuracy and the transparency of the accounts on December 31<sup>st</sup>, 2013. On the other hand, this balance sheet and profit & loss account was submitted to a severe stress test in which negative scenario's were applied over a three year timeframe, after which the resulting solvency in 2016 is being assessed.

Belfius clearly succeeds in the comprehensive assessment of the ECB:

- **The Basel III phased-in CET 1 capital ratio of Belfius stands at 13.50 % after AQR on the accounts of December 31<sup>st</sup> 2013.** This was based on a thorough due diligence analyzing over 50 % of risk weighted assets. The ECB indicates some limited prudential adjustments of 0.35 %, which are primarily adjustments to valuation models for financial instruments. Prudential adjustments for credit risk are limited to 15 million EUR and this on a total portfolio of well over 100 billion EUR.  
Hence Belfius' accounts can be considered as accurate and transparent and provide as such confidence for its future.
- **Belfius can still posts a Basel III phased-in CET 1 ratio in 2016 of 7.30 %** after application of a severe stress test. This is an excess of 1.80 % above the prevailing 5.5 % threshold. The corresponding capital buffer after stress test amounts as such to 1.13 billion EUR.

Belfius' strategy based on tactical derisking of the legacy portfolio's as well as on the focus on its commercial franchise, clearly bears fruit.

- Even under the future Fully Loaded prudential framework, Belfius remains significantly above the 5.5 % threshold with a Basel III CET 1 ratio 2016 after stress test of 6.46 %.

### **Constitution of capital buffer further continues**

The ECB stress test doesn't take into account the 2014 results. If the net profit realized over 1H2014 and the already executed tactical derisking during the same period would be taken into consideration, Belfius would post a Basel III phased-in CET 1 ratio 2016 of 8.0 % after stress test. **This would bring the total capital buffer after stress test to 1.46 billion EUR.**

### **Confirmation of the pertinence of Belfius' strategy**

Belfius' excellent result for this European comprehensive assessment proves the pertinence of its strategy:

- the focus on enlarging its commercial franchise leads to a better operational result and hence improved equity
- the execution of a tactical derisking leads to lower risk weighted assets of the legacy portfolio's.

Based on this strong result, Belfius is confident on its future and able to pursue its strategy:

- to be a healthy and sustainable bank and insurer with the highest level of social commitment;
- to be the most customer-focused bank and insurer;
- to maintain a high level of expertise in finance and risk-management.

Marc Raisière, CEO: *"I'm very satisfied with this outstanding result. It proves the relevance of our approach and strategy. It shows once again that we're able to built trust with our customers. I expressly wish to thank all of our customers, employees and agents for their contribution to this achievement. We can feel confident about the future in which we will continue to put the customer at the center of our strategy."*

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