

Brussels, 21 February 2020

## THE RELEVANCE OF A SUSTAINED LONG-TERM STRATEGY

€667 MILLION  
AFTER TAX INCOME  
+3%

Belfius has always consistently adhered to a long-term strategy, driven by its entrepreneurship and determination to create added value for the Belgian community. The foundations of that strategy? Strict financial and risk management, aimed at achieving sustainable long-term solvency and liquidity, as well as a balanced ratio between income, costs and investments. The driving forces for achieving this aim? Ongoing focus on customer and employee satisfaction, based respectively on a strong local affinity with customers and an attractive HR policy that focuses on growth opportunities for Belgian talent. The development of a strong brand based on a new banking culture. Single-minded innovation – using tech-players as the benchmark – resulting in greater efficiency and unprecedented convenience for customers. And how is this put into effect? By evolving from a traditional bank, focusing mainly on Retail customers and the public sector, into a fully-fledged diversified bank-insurer that is positioned successfully in every segment of the Belgian economy and is a leading European digital provider. The result? An increase in net profit for the eighth year in a row and total equity capital approaching 10 billion euro for the first time. Belfius is ready for the future.

95.84 %  
CUSTOMER SATISFACTION  
again exceeded the target of  
95% satisfied customers

221,542  
NEW CUSTOMERS  
1,416,000 ACTIVE USERS  
OF THE MOBILE APP

€ 20.6 BILLION OF  
NEW-LONG TERM LOANS  
granted to the Belgian economy

- **Pre-tax and post-tax profits** 918 million euro (+6%) and 667 million euro (+3%) respectively. Of this latter figure, Belfius Bank is responsible for 461 million euro and Belfius Insurance 206 million euro.
- **Cost-Income ratio** of 58%, a substantial improvement compared with 2018 (60%).
- A record amount of 20.6 billion euro in **new long-term financing** (+17%) allocated to the Belgian economy.
- Long-term loans granted to **Retail customers** up by 30% to 8.8 billion euro. 9.4 billion euro (+6%) of new long-term financing granted to **Business and Corporate customers** and 2.3 billion euro (+21%) to the **Public & Social sector**.
- **Organic growth of savings and investments** was 4.7 billion euro (+33%), the highest level ever achieved and confirmation of long-term customer confidence. **Outstanding savings and current accounts** held by Retail customers (including the Business segment) grew by 9% to 62.5 billion euro. Outstanding savings and investments for Private & Wealth Banking rose by 13%.
- The position of Belfius as a **bank-insurer** becomes stronger with each passing year. **Non-Life premium receipts** via bank channels grew by 12% to 238 million euro. **Branch 23 reserves** rose by 30% to 3.7 billion euro.
- Belfius attracted 221,542 **new customers** and the number of active **mobile app-users** increased to 1.416 million (+13%).
- **Customer satisfaction** was 95.84% and again exceeded the target of 95% satisfied customers.
- With a **Basel III CET 1 solvency ratio** of 15.6%, Belfius remains one of the best-capitalised bank-insurers in Europe. The group's **total equity capital** approached 10 billion euro for the first time.

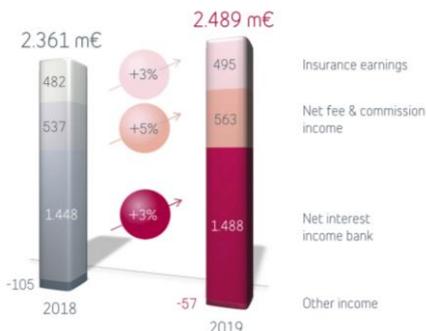
# SOLID ANNUAL RESULTS DRIVEN BY RISING REVENUE AND STRICT COST MANAGEMENT

The consolidated **net profit for Belfius, pre-tax and post-tax**, was 918 million and 667 million euro respectively.

**Total income** was 2,489 million euro, an increase of 5% over 2018. Both net interest income of 1,488 million euro (+3%) and net fee and commission income of 563 million euro (+5%) of the bank rose, despite a very challenging financial environment characterised by persistent low interest rates and the continued risk aversion of customers regarding investments. Belfius' insurance business, both in Life and Non-Life, contributed 295 million euro and 199 million euro respectively to total earnings.

Taking account of the negative impact of 205 million euro in banking levies, **other income** was -56 million euro.

## Increasing diversification of earnings



Belfius was also successful in keeping its **costs** under tight control, limiting its overheads to 1,452 million euro (+2%), while at the same time implementing an investment programme in innovative digital solutions for its customers and recruiting additional commercial and specialist talent for the further development of its services. Combined with increased revenue, this resulted in a substantially improved **Cost-Income ratio** of 58%, compared to 60% in 2018.

As the result of the increased credit risk on a small number of specific files in the corporate sector, **cost of risk** rose to 118 million euro. Without this impact, the cost of risk for the overall credit portfolio remained historically low and continued to progress in line with what can be expected in relation to the current strong growth in credit-related activities. Rigorous risk management continues to ensure the good quality and diversification of loans and portfolios at Belfius.

## CUSTOMER SATISFACTION AGAIN EXCEEDS THE TARGET OF 95%

The strategic focus that Belfius places on **customer satisfaction** lies at the base of its strong results, as does the growing trust that customers place in Belfius each year. This strategy also reflects an in-depth shift in culture in which costs and investments are consistently weighed up on the basis of the actual added value they deliver to the customer.

Belfius achieved an **overall satisfaction score of 95.84%** over the course of 2019 – once again exceeding its strategic target of 95% satisfied customers. For Retail customers, this score was 95.1%, while for Public, Social and Corporate customers, it was an outstanding 97.2%. Last year, Belfius also succeeded in attracting **221,542 new customers**.

## RETAIL CUSTOMERS: LOANS AND ORGANIC GROWTH IN SAVINGS & INVESTMENTS AT RECORD LEVEL

### 20,6 BN euros new long-term loans in Belgian economy



### Sale of mortgage loans rises exceptionally by 36%

In 2019, 8.8 billion euro in **new long-term financing** (+30%) was granted to Retail customers.

Recent years had already been outstanding in terms of the sale of **mortgage loans**, yet Belfius nevertheless succeeded in increasing its production by 36%, to 8 billion euro. An exceptional effort to process Flemish customer applications prior to the scrapping of the housing bonus made a strong contribution to this figure. In line with 2018, the sale of consumer loans was 0.8 billion euro.



## • Savings & investments: organic growth at record level

**Organic growth**, i.e. growth without the effects of market prices, in investments by Retail customers (including the Business segment) increased in 2019 by 4.7 billion euro (+33%), the highest level ever. This is an excellent illustration of the ever-increasing customer confidence in Belfius and the bank's ability to attract new money. The **total volume in savings and current accounts** rose by 9% in 2019 to 62.5 billion euro. **Outstanding investments in funds** also rose by 14% to 26.5 billion euro. New "future funds", such as Belfius Equities Cure and Belfius Equities Climate, were launched successfully in conjunction with Candriam, the pioneer in sustainable and theme funds. Belfius demonstrates a strength at offering alternatives for savings accounts, such as recurrent investing through investment plans and accessible investments with capital protection. The introduction of YuMe also contributed to the strong positioning of Belfius as a bank for investors. YuMe is an innovative and interactive tool that provides customers with an insight into their current and future financial situation, based on personal data and plans.

As a leading **Private Bank**, Belfius was able to attract 7,700 new Private customers and approached Wealth customers with growing success thanks to the combination of a personal and exclusive service, with a top-class digital offering. Outstanding savings and investments for Private & Wealth Banking rose by 13% to 41.6 billion euro.

## • Highest satisfaction score for the Belfius app

Belfius continues to lead the way in mobile banking and insurance in Belgium and is systematically refining the features and capabilities of its apps. This includes the digital signing of mortgage loans and the Scan & Pay function by which digital invoices can be paid directly via the app. Or the Belfius PopUp for ordering bus and tram tickets, services vouchers and access to Jaimy, a smart platform that locates the most suitable tradesman for a whole range of jobs required by customers. A recent survey by the French agency, D-Rating, also showed that satisfaction with the Belfius app not only exceeds that of other Belgian banks but also of neobanks. This was confirmed in a comparative study between 40 financial institutions conducted by the international consultancy, Sia Partners, in which Belfius Mobile was ranked as Europe's second-best banking app.

At the end of 2019, **Belfius apps** for smartphones and tablets had **1.416 million active users** (+13%) and were consulted on average 37 times a month per customer. Sales of non-complex products via direct channels also saw steady growth. For example, 60% of pension savings accounts and 42% of new credit cards are now opened or taken out in this way.

## INSURANCE BUSINESS CONTINUES TO GROW AND INNOVATE

To encourage maximum growth in its insurance business, Belfius successfully deployed different levers, including an increasingly close alignment between Belfius Bank and Belfius Insurance, the recognised expertise of DVV/LAP and "direct" insurer, Corona, as well as the further development of the bank-insurance model and digitisation. Typical examples of digital innovation included the launch of myBo and Jane in 2019. The myBo chatbot guides customers smoothly through their home insurance claims and offers the option of a quick payout for the claim. Jane helps seniors living alone to stay in their own home for longer through the use of artificial intelligence.

**Non-Life premium receipts** rose at group level to 714 million euro, despite the Public and Corporate Non-Life business via the broker channel coming to an end in 2018. Growth was above the market average at Belfius Bank (+12%), DVV/LAP (+3%) and Corona Direct (+6%). The **cross-selling ratios** with mortgage loans of property insurance (85%) and credit linked life insurance (143%) scored very strongly. Despite significant storm and flood claims in 2019, the combined operational ratio for retail damage insurance improved to 94.8%.

**Life production** amounted to 1.9 billion euro (+12%). As a result of the successful launch of innovative products offering capital protection, production of Branch 23 investment insurance rose by 30%. The slight rise to 15.3 billion euro for **Life reserves** reflects the strategic reduction of Branch 21 to replace Branch 23, whereby the decline in the Branch 21 reserves was offset by the considerable increase of Branch 23 reserves by 30%, to 3.7 billion euro.

Thanks to this strong commercial performance, earnings from the insurance business rose in 2019 to 495 million euro.



## BUSINESS AND CORPORATE: STEADILY GROWING MARKET SHARE

In 2019, 9.4 billion euro (+6%) out of a total 20.6 billion euro of **new long-term loans** in the Belgian economy was allocated to the Business segment (SMEs, self-employed and professionals) and Corporate customers. Belfius's steady market share in terms of outstanding loans in both segments was approximately 15%.

- **Outstanding long-term loans for Corporate customers up 38% over 3 years**

In line with Belfius' growth targets in the **Corporate segment**, the production of **long-term loans** for these customers rose to 4.8 billion euro. Over a three-year period, outstanding loans have increased by 38% to 14.9 billion euro. Belfius also confirmed its important position in the **issue of bonds and treasury certificates** for Corporate customers. The bank was involved in 65% of the available mandates in 2019, placing a total of 1.8 billion euro of short-term issues (average outstanding on commercial paper at the end of the quarter) and new long-term issues (Medium Term Notes and bonds) in the market.

2019 was also the year in which Belfius reaped the rewards of its strategic collaboration with Kepler Cheuvreux. In the area of Equity Capital Markets (ECM) Belfius performed well, both in terms of the number of deals (10 ECM transactions), as well as for market share on Euronext Brussels (18.9%) and transaction value (533 million EUR). Last year, Belfius also issued its first convertible bond for a corporate customer. Collaboration between the bank and Kepler Cheuvreux ensures excellent service in capital transactions, equity research shares and institutional placement capacity.

- **LT loans to Business customers up by 12%**

Belfius also underlined its growing role as a driving force for the Belgian economy in the area of loans to **SMEs, the self-employed and professionals**. In 2019, 4.5 billion euro in **long-term loans** (+12%) was granted, with outstanding loans increasing by 10% to 15.4 billion euro. Belfius also provided guidance to 14,245 new start-ups, which were able to call on favourable terms for loans, thanks to a collaborative arrangement with the European Investment Fund (EIF).

## BELFIUS REMAINS THE BENCHMARK PARTNER FOR THE PUBLIC & SOCIAL SECTOR

- **2.3 billion euro of new long-term loans and 4 billion euro in DCM issues**

Belfius remains the benchmark partner for the **Public and Social sector**, granting 2.3 billion euro in **new long-term loans** (+21%) in 2019. In the local authorities market, the bank furnished 66% of the funding applications.

Belfius also strengthened its position as leader in **Debt Capital Markets (DCM) issues** for (semi-)public customers by taking part on 86% of the mandates available on the Belgian market. In 2019, the bank issued 4 billion euro of innovative finance means in the form of short-term issues (average outstanding on commercial paper) and long-term issues (Medium Term Notes and bonds).

2019 saw the launch of Belfius Dot-Capital, the 100% digital platform for bond issuers and investors in the issue market. Belfius Dot-Capital is aimed at (semi-)public government institutions, as well as at companies seeking ways to diversify their sources of funding.

- **Market leader in treasury management**

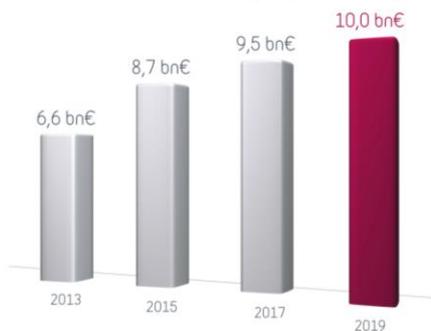
Belfius manages the **cashflow of virtually all local authorities** through its extensive, attractive and innovative range of payment methods and the highly effective tracking of accounts. In this way, the bank is helping to support the modernisation of the public sector by making greater investments in new, digital communication and service platforms and products in the area of cybersecurity.



## VERY STRONG LIQUIDITY AND SOLVENCY POSITIONS

Against a background of particularly strong commercial dynamics, resulting in rising risk-weighted assets generated by growing lending levels, Belfius was still able to retain its very strong positions in terms of liquidity and solvency. This was achieved as a result of efficient balance sheet and risk management, as well as successful diversification strategy in terms of financing, and sustainable commercial performance.

### Growth of the total equity of the group



Belfius' **Basel III CET 1 ratio** was 15.6%, which continues to position it at an excellent level. Mainly as a result of the strong growth in lending, risk-weighted assets rose by 8% to 56.4 billion euro. The Solvency II ratio for Belfius Insurance was 199%, which was also very solid. With an **LCR ratio** of 130% and an **NSFR ratio** of 116%, Belfius amply met its liquidity requirements.

The group's **total equity capital** rose in relation to the end of 2018, to almost 10 billion euro, an increase of 0.5 billion euro.

The strong solidity of Belfius leaves room to pay a **dividend** of 261 million euro for the 2019 financial year, of which 100 million euro had already been paid out as an interim dividend in August 2019.



# CONCLUSION

Belfius recorded exceptional commercial results in 2019. Despite increasingly stringent capital requirements, Belfius demonstrated that in the area of lending, it has the potential needed to manage its strong ability to provide funding in a responsible manner and to implement its role as a driving force behind the Belgian economy. In total, a record 20.6 billion euro in new long-term loans was granted by the bank. Outstanding long-term loans to the Business and Corporate sector rose by 12%. Sales of mortgage loans were up 36%. The overall credit portfolio grew to 93.8 billion euro, which was well balanced between Retail lending (40%) and other customer segments (60%).

**MARC RAISIÈRE**  
CEO

*“Despite a challenging environment, Belfius’ net profit has risen for the eighth year in a row as a result of the ever-growing confidence of our customers – for which I am extremely grateful. It also illustrates the innovative energy and commitment of our independent agents and employees, whom I congratulate. Belfius is in great shape and I am convinced that we will achieve our new aims and ambitions successfully in the years ahead.”*

In the area of savings and investments, Belfius also recorded historically high figures, offering customers much-appreciated investment alternatives as a response to the inherent loss of purchasing power experienced by savers on their ordinary savings. Total outstanding savings and investments rose by 8% to 151.5 billion euro, with strong growth figures in both on- and off-balance sheet products. Of course, this positive trend was bolstered positively by favourable developments on stock markets, but the organic growth – excluding market price effects – of savings and investments reached an exceptionally high 4.7 billion euro as well. This was eloquent proof of constantly growing customer confidence and the ability of Belfius to attract new money from both current and new customers.

**JOS CLIJSTERS**  
CHAIRMAN OF THE BOARD  
OF DIRECTORS

In insurance, the year-on-year growth of Non-Life premiums via all distribution channels

*“Seven years ago, Belfius issued about 10 billion euro in long-term financing. In 2019 that figure doubled. This is eloquent proof of the determination and growing ability of Belfius to fulfil its role as the driving force behind the Belgian economy. We continue to underpin this commercial success with outstanding financial strength, which we believe is essential for us to continue building a sustainable future for ourselves”.*

combined again exceeded the market average while, digitally, Belfius invested even more intensively in innovative, empathic solutions and a ground-breaking “beyond banking and insurance service” for its customers.

Belfius also recorded strong financial results, with its net profit increasing for the eighth year in a row. This was achieved despite growing pressure on net interest margins. Very solid solvency ratios were recorded for both the banking and insurance businesses, even against a background of fast-growing lending levels. The Cost-Income ratio improved despite substantial investments as part of its growth strategy. Total equity capital almost exceeded the 10 billion euro mark for the first time. In fine, Belfius is in an excellent shape to develop a sustainable future, provided close attention continues to be paid to efficiency and cost controls.

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## KEY FIGURES

<b>CONSOLIDATED STATEMENT OF INCOME</b> <i>(in millions of EUR)</i>	2018	2019
<b>INCOME</b>	2,361	2,489
<b>EXPENSES</b>	(1,426)	(1,452)
<b>GROSS INCOME</b>	935	1,036
Impairments on financial instruments and provisions for credit commitments	(66)	(111)
Impairments on tangible and intangible assets	(2)	(7)
<b>NET INCOME BEFORE TAX</b>	867	918
Tax expense (income)	(217)	(252)
<b>NET INCOME AFTER TAX</b>	650	666
Non-controlling interests	1	(1)
<b>NET INCOME GROUPE SHARE</b>	649	667
<i>of which Bank</i>	445	461
<i>Insurance<sup>(1)</sup></i>	205	207

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

<b>CONSOLIDATED BALANCE SHEET</b> <i>(in millions of EUR)</i>	31/12/18	31/12/19
<b>TOTAL ASSETS</b>	164,165	172,439
<i>of which Cash and balances with central banks</i>	8,314	6,716
<i>Loans and advances due from credit institutions</i>	13,107	16,208
<i>Loans and advances</i>	91,123	94,944
<i>Debt securities &amp; equity instruments</i>	28,569	29,490
<i>Unit linked products insurance activities</i>	2,838	3,671
<i>Derivatives</i>	12,768	13,305
<b>TOTAL LIABILITIES</b>	154,206	161,933
<i>of which Cash and balances from central banks</i>	3,962	4,017
<i>Credit institutions borrowings and deposits</i>	5,867	5,819
<i>Borrowings and deposits</i>	79,661	85,450
<i>Debt securities issued and other financial liabilities</i>	26,687	27,655
<i>Unit linked products insurance activities</i>	2,838	3,671
<i>Derivatives</i>	17,740	18,630
<b>TOTAL SHAREHOLDERS' EQUITY</b>	9,446	9,984
<i>of which Shareholders' core equity</i>	9,055	9,348
<i>Gains and losses not recognised in the statement of income</i>	392	636
<b>TOTAL EQUITY</b>	9,960	10,506
<i>of which Total shareholders' equity</i>	9,446	9,984
<i>Additional Tier-1 instruments included in equity 1</i>	497	497
<i>Non-controlling interests</i>	16	25



<b>RATIOS<sup>(1)</sup></b>	<b>31/12/18</b>	<b>31/12/19</b>
Return on equity (ROE)	7.5%	7.4%
Return on assets (ROA)	0.39%	0.40%
Cost- income ratio (C/I ratio)	60.4%	58.4%
Asset quality ratio	2.05%	1.96%
Coverage ratio	61.6%	62.3%
Liquidity Coverage Ratio (LCR) <sup>(2)</sup>	135%	130%
Net Stable Funding Ratio (NSFR)	116%	116%

(1) Unaudited.

(2) 12 month average.

<b>SOLVENCY RATIOS</b>	<b>31/12/18</b>	<b>31/12/19</b>
CET 1-ratio <sup>(1)</sup>	16.0%	15.6%
Tier 1-ratio <sup>(1)</sup>	17.0%	16.4%
Total capital ratio <sup>(1)</sup>	19.6%	18.9%
Leverage ratio	6.0%	5.8%
Solvency II – ratio (before dividend)	219%	209%
Solvency II – ratio (after dividend)	203%	199%

(1) For the determination of the Capital ratios under Basel III, the regulatory authority asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation. This is commonly known as "Danish compromise".

*Belfius' annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). Belfius' Financial statements for 2019 are in progress and may be subject to adjustments from subsequent events, till the Board of Directors of April 2, 2020. All figures in this document are hence unaudited at this stage. This document does not constitute an offer to purchase or sell any securities, or a solicitation to purchase or subscribe for any securities, in Belgium or any other jurisdiction.*

