

Report to the Community 2013

10
mia €

Credits invested in
Belgian economy
in 2013

Terranova Solar



Ecological district
Saint-Jean (Liège)



Belgium's first
passive-energy school



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Introduction

The financial world, and not least the world of Belfius, has changed dramatically. But in the midst of all these changes, we are busy building the new Belfius that we are aiming for, step by step. Belfius seeks to become a “warm” bank and insurance company that operates close to the community. And, of course, we are also making every effort to be an autonomous, sustainable and profitable financial player. In 2012 and 2013 we worked on bringing these objectives one step closer.

Commitment to the community

The story of Belfius in 2013 is one of a bank and insurance company with a strong commitment to the community. This is true both financially and socially. In this publication, you will read about how we opened ourselves up further to all stakeholders in 2013 – and to the community in general – and how we continued to enhance and improve our internal organisation.

Creating social value is not an empty slogan

In the pages that follow, you will find out how we aim to help the community through our products and services. We confirm how we in 2013, as in previous years, continued to invest in worthy social projects and sustainability. We also focus on our evolution into a “service-centric” bank, one that places the customer experience at the centre of its operations.

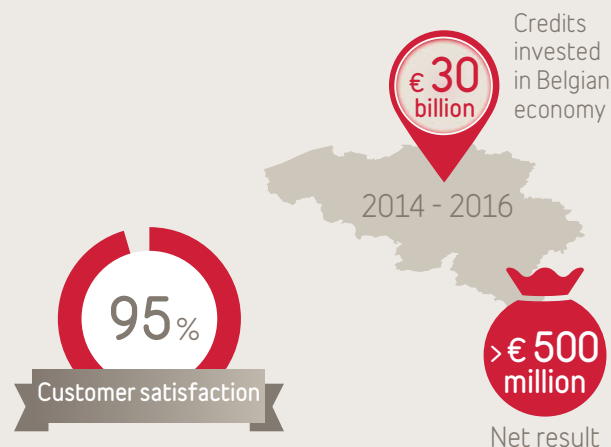
A critical look

Building a better bank means taking a very close, critical look at existing processes and procedures and the policies we implement. Belfius has the courage to be critical about itself and to call things into question. In this “Report to the Community” you will read about how we have held our internal organisation up to the light. And you will also see that, here and there, we were not afraid to take some less pleasant decisions.

Net profit of EUR 445 million

Our overall efforts are now bearing fruit, which is something we are proud of. Our results are set out in detail in the [annual report](#). Despite the difficult macroeconomic background, Belfius reported a consolidated net result Group share of EUR 445 million in 2013. Income was EUR 1,834 million, while costs fell by 10% to EUR 1,424 million. The effects of our cost reduction programme have become more and more visible in recent months, which will only help support our sustainable capacity for profit better going forward.

Our ambition 2016



Steadily improving risk profile and solvency

The good news is that last year, our total balance sheet was reduced by EUR 30 billion to EUR 183 billion. The historic bond portfolio (the “Legacy” portfolio) was cut back by EUR 3.6 billion in 2013. Our total shareholders’ equity rose further to EUR 6.6 billion and we also succeeded in making steady improvements to our solvency. As a result of the reduction in weighted risks (-15% to EUR 43 billion), our Basel II Core Tier I ratio rose to 15.4%.

The Solvency I ratio of Belfius Insurance improved to 186%, partly due to its good results.

Belfius Insurance: a real turnaround

Belfius Insurance has definitely experienced a real turnaround. As the result of a material reduction of risks, effective cost management, focus on operating results and strong concentration on customers, our insurance arm has been rapidly restored to a healthy, sound business, with fine financial and operating results.

Creating added value

Belfius is proud of its achievements in 2013 and is doing everything it can to maintain the momentum. Belfius is convinced that banking is something done by people for people. This is why the company seeks to become closer to the public it serves with each passing year. Belfius wants to use its input and expertise to create greater added value through commercial and patronage activities and by paying its fair share of taxes to give back to society what it is entitled to.

1 Message from the Chairmen

2013, the first full year under the Belfius banner, was undoubtedly the year of consolidation for Belfius, and in many areas.

Consolidation of our ability to generate **sound recurrent profits**. We posted a positive net result of 445 million euros at the end of 2013, up 5.7% on the end of 2012, reflecting dynamic commercial activity throughout the year. Belfius Insurance made a broad contribution to this fine performance, by posting a net result of 215 million euros. The bank's savings plan, announced in 2012 and implemented at the beginning of 2013, started to bear fruit with a cost reduction of 10% by the end of 2013. These fine results are in all aspects fully in line with our undertakings and our 2012-2016 Strategic Plan, validated by the European Commission at the end of 2012.

Consolidation of our track record in **tactical de-risking**. We managed to reduce our balance sheet by 30 billion euros in 2013 without any impact on the development of our commercial activities. We also reduced our Legacy bond portfolio by 3.6 billion euros over the year. This portfolio stood at 12.4 billion euros at the end of 2013 and is of good quality. Finally, the



Jos Clijsters

Marc Raisière

Dexia Group no longer represents a danger to Belfius. At the end of 2013 and after two years of intensive effort, residual exposure to Dexia amounted to 13.5 billion euros, consisting of 13.4 billion euros of bonds guaranteed by the Belgian, French and Luxembourg States.

Consolidation of our **solvency**, under the combined effect of the profit made in 2013 and the improvement of our risk profile. We will post a considerable rise in our Core Tier 1 ratio under Basel II, at 15.4% at the end of 2013 against 13.3% at the end of 2012. Our fully fledged pro forma common equity ratio under Basel III (CRR) was estimated at 11.7%⁽¹⁾ at the end of 2013. Our insurer posted then a Solvency II ratio estimated at 223%.

And consolidation, even confirmation, of the momentum of our **commercial franchise** and our role as **financier and insurer of the Belgian economic fabric**. This year once again, we invested some 10 billion euros in the local Belgian economy via the grant of loans to individuals, enterprises and public and social sectors. We intend to continue on this path, aiming to forge ahead creating value and sharing it with society by granting 30 billion euros of new loans by 2016, at a rate of 10 billion euros a year.

Our three commercial businesses participated in this positive commercial dynamic and stood out all year for their constant endeavours to satisfy our customers.

Indeed the smartphone and tablet applications developed by **Retail and Commercial Banking** are acknowledged to be the best on the market, achieving a satisfaction rate of almost 100% among more than 200,000 active users.

As for **Public and Wholesale Banking**, we confirmed our historical partnership with local authorities, holding a market share of 70% for loan outstanding. Furthermore, as a financial partner par excellence, Belfius successfully assisted local and regional authorities seeking to diversify their funding sources, in their dealings with the capital markets.

Finally, we continued to aim for greater **convergence between banking and insurance activities**, widening our range of products for both life and non-life insurance. By way of example, we can be proud of the success of our campaign for Branch 44 insurance products, which enabled us to collect 580 million euros in investments in the banking network. We are convinced that over coming years we can further exploit internal growth potential by continuing an in-depth collaboration between bank and insurer.

2013 was also a year when the group management baton was passed on. On 5 June last and for personal reasons, Mr Alfred Bouckaert resigned from his post as chairman of the Board of Directors. We would like to thank him for all he did for our bank-insurance group. We are also grateful to Mr Guy Quaden who took over chairmanship of the bank's Board of Directors for a short period, in order to enable us to organise the transition and to guarantee the necessary continuity before we could take on our new functions at the start of 2014.

(1) On a temporary basis until the implementation of IFRS 9, the National Bank of Belgium (NBB) grants a national option by which the negative AFS reserve on the sovereign portfolio is not taken into account up to 5% of that portfolio. Furthermore, the NBB accepts the rules on financial conglomerates (Danish compromise).

After this fine performance in 2013, we can view the future with confidence, looking to fulfil three ambitions.

We want to be a healthy and sustainable bank-insurer, giving expression to the most ambitious social commitment.

Belfius wants to be the benchmark of a new banking culture. We are not seeking short-term profit but intend to extend our commitment to society, by reinvesting the savings of Belgian people in the local economic fabric, whilst striving for a healthy and stable financial profile.

We want to be the most customer-oriented bank-insurer. The customer is at the very heart of our concerns and we have set ourselves the target of a 95% satisfaction rate in 2016, for all customer segments. For every single customer we want to be a robust partner on which they can rely in all circumstances.

We intend to guarantee a high level of expertise in financial and risk management. This is an absolute necessity if we wish to assist our customers even better on a daily basis whilst continuing with the management and optimum reduction of the Legacy activities inherited from the past.

Precisely the bank to which you are entitled.

We are aware, however, that we cannot fully realise such ambitions without the ceaseless support of our 3.5 million customers, the never-failing commitment of our 7,323 staff members and our distribution networks as well as the full confidence of our shareholder. We would like to thank them most sincerely for that support and, in 2014, we will overcome the challenges we face and together build a fine future for Belfius.

Marc Raisière

Chairman of the Management Board

Jos Clijsters

Chairman of the Board of Directors

2 A bank and insurance company close to the community

Belfius needs to be a financially healthy company. But our task goes far beyond just that. Much more than in the past, we also want to be a “warm” bank and insurer for our customers. A company that is close to the community and supports people and organisations in everything they do – becoming a source of acknowledged added value for society.

We very much believe that we can fulfil our social role to some extent through our products and services. Belfius is able to offer every customer wanting to invest money – whether private individual or business – a long-term investment solution to suit them. Then, the money we raise from this of course flows back into the community.

For example, we help businesses – from start-ups to multinationals – to realise their plans and aspirations. In doing so, we examine their needs and aim for short decision-making lines. Decisions on loans, taken locally by drawing on our expertise and in-depth knowledge of the customer, make all the difference. We encourage start-ups by providing loans in partnership with the European Investment Bank.

We are an important driving force for our local economy, helping to put Belgium on the map as a competitive country.

We provide assistance for public authorities, hospitals and care centres, giving them professional advice and holding a mirror up to them through our surveys. By investing in the construction of schools, roads, homes and hospitals, we help the community to move forward – also making an active contribution to building the towns and cities of the future.

Our financial and insurance products respond proactively to social issues and trends, such as the environment, the ageing population, the need for affordable energy and a modern infrastructure that works on behalf of our economy. And thanks to products such as eco-loans or mileage-related insurance, we are helping our customers to become more sustainable.

A “warm” bank and insurance company demonstrates genuine support and solidarity for the community. Belfius has led the way in this area for many years. For example, we work closely with all Public Centres for Social Welfare to develop solutions for people in financial difficulty. This undertaking has resulted, for example, in a wide range of social products, creating a product offering that cannot be found in any other European bank.

Our support is also expressed in the Belfius Foundation, in welfare programmes and in our unflagging efforts to provide people with disabilities, such as wheelchair users or people with poor eyesight, with easy access to Belfius products and services. The Community Services Centre, which gives assistance to the public sector, illustrates our commitment to the people around us. And by making sport, culture and art accessible to everyone, we bring Belfius closer to people.

To sum up: we are making huge efforts every day to offer genuine added value to all of the parties involved in our community.

Supportive, sustainable and for everyone

Bank services for everyone

Preventing financial exclusion

In today's world, financial products and services are essential for anyone who is part of the social and economic fabric. However, in reality, not all Belgians have access to products that suit their needs. Society is also wrestling with a growing debt problem: in 2012, at least 66,000 Belgian families sought help from an accredited debt mediation service.

Social products: unique in Europe

"We work closely with all Public Centres for Social Welfare to develop solutions for people in financial difficulties. This commitment has resulted in a wide range of exclusive social products – an offering that really is unique in Europe."

Belfius has been a credit-provider for many years, as well as a partner of Belgium's Public Centres for Social Welfare. Because these centres are best placed to be aware of the needs and challenges of people with debt problems, we regularly sit round the table with them to work out social solutions. For example, Belfius offers a range of social account packages, some of which are managed by those centres. This range of products is unique in Europe. In 2013, the number of these social accounts rose to 208,490.

Number of social accounts in 2013

208,490

Belfius E@sy Card

Our close collaboration with the Public Centres for Social Welfare recently resulted in a new product that will be launched in 2014. The Belfius E@sy Card is a bankcard to which everyone is entitled. Use of the card comes under the supervision of the Public Centres for Social Welfare, but holders still have the freedom of flexible access to their financial resources.

Finger on the budget

Prepaid Card

The MasterCard Prepaid, launched by Belfius in 2012 in conjunction with MasterCard, is a prepaid card that has all the benefits of a credit card, without actually being one. The principle behind the card is simple: holders decide themselves how much money they want to load on to the card, which enables them to be in control of their budget at all times. It's a formula that helps customers avoid excessive debt.



Brand-new: the Budget Assistant

Budget Assistant is a totally new tool that underlines our concern about budget management. This easy-to-use online tool gives customers a clear overview of their income and outgoings. That way, they can reduce or postpone their spending and set themselves limits so that they can avoid unpleasant traps such as (too) easy credit or excessive indebtedness.



A real need

Budget Assistant illustrates clearly that Belfius listens to the needs of its customers: when a survey showed that 72% of the people questioned were interested in it, Belfius decided to develop the product. This involved some 2,500 staff and agents working on the tests.

The social dimension of Belfius Insurance

Organised solidarity

Belfius Insurance sees insurance as a form of organised solidarity: insurers help people and businesses to take justified risks and support them if things go wrong. Belfius Insurance also views insurance as going much further than just paying out claims quickly and correctly. And adding to this, we offer assistance to victims and ensure the social reintegration of policyholders who suffer serious physical injury. Even customers who have actually caused an accident can receive psychological support.

Drive for Life

Customers of DVV Insurance aged over 60 benefit from the "Drive for Life" mobility guarantee: DVV guarantees all older drivers that their mandatory Third-Party car insurance will not be withdrawn, except in extreme cases such as hit and run.



driveforlife

Our investments: sustainability comes first

A wide range of investor profiles, a wide range of investment options

Belfius is able to offer a sustainable investment package to every private individual or company wishing to invest money, taking account of their investor portrait. For example, our customers can invest sustainably in mutual funds and other funds managed by the asset management specialist, Candriam, a pioneer in the area of Socially Responsible Investing, or by taking out a life insurance policy. The money invested in a plain balance-sheet product, such

as a savings account or a savings certificate, flows back into the community in the form of loans to the local economy, councils, schools, retirement homes, hospitals and cultural centres. Finally, we always offer our customers the option of investing their savings or cash surpluses in companies (in bonds or treasury certificates) or in public authorities (state notes, commercial paper or treasury certificates issued by public organisations).



"Belfius is able to offer a sustainable investment package to every customer wanting to invest money. The money that we raise is then put back into the community."

How
to invest



Or...
in **Candriam funds**
A pioneer in Socially Responsible Investing



Or...
in **Portfolio 21**
Life Insurance products



Or...
in **investments in the Belgian economy**



Sustainable insurance

Portfolio 21: respect for human rights

When assembling its investment portfolios (Branch 21 and Branch 26), Belfius Insurance takes account not only of the financial criteria involved, but also the economic, social, ecological and cultural factors. Since 2004, we have managed the reserves of life insurance (Branch 21 and Branch 26) and damage insurance policies in line with the principles of Portfolio 21.

Portfolio 21

EUR 13.5 billion assets invested in Portfolio 21 for 2013



Portfolio 21 focuses mainly on the respect of human rights in the work environment: Belfius will not buy shares or bonds in companies or countries that breach these rights through forced labour, child labour or discrimination. The independent research bureau, Vigeo Belgium, investigates the issuers of equities and bonds. 532 companies and countries were screened by the organisation in 2013.

In addition to human rights, environment is also a criterion in our selection. Investors follow the recommendations of the Ethics Board of the Norwegian Pension Fund and the subsequent decisions of the Norwegian Finance Ministry regarding respect for the environment.

Encouraging investments in sustainability

Housing loans for Energy-Efficient Buildings

On 21 February 2013 Belfius and Triodos signed an energy agreement with the Flemish Minister for Energy, Housing, Cities and Social Economy. In this agreement, we committed ourselves to encouraging the construction of energy-efficient homes in Flanders by offering attractive loan packages. In line with this undertaking, Belfius launched the Housing Loan for Energy-Efficient Buildings. Using this finance package, customers building or buying a dwelling with a ≤ 50 E-rating receive a rate benefit in the form of a discount on the interest rate.

"Vehicles" looked at in the wider context

Belfius continues to assess and refine its products. For example, we expanded the Car Eco-Credit in 2013 so that our customers can now also obtain an attractive loan to purchase electric bikes, mopeds and motorcycles.

Green and E-Fleet

Belfius and Belfius Auto Lease also offer their customers solutions for making their fleets more sustainable. In addition to the existing Green Fleet package, which includes courses on eco-driving, we also introduced an integrated E-Fleet solution at the beginning of January 2014. E-Fleet is an all-in-one lease product: companies lease an electric car, are given recharging terminal at home and at work, have easy access to public transport and can use a replacement vehicle without any problem on certain occasions.

Drive less, pay less

With the mileage-based insurance policy from Corona Direct, drivers pay less the fewer kilometres they drive. There was also a major campaign to promote this policy in 2013. The policyholder odometer now reads 45,708 – an increase of 13.2% compared with the previous year.

Prevention and safety on the road

Belfius Insurance applies premium discounts for customers who attend defensive driving courses. Our insurance arm also emphasises its commitment to prevention and safety on the road through sponsorship. In 2013, we sponsored the Pro Move driving skills course.



**Belfius
GreenFleet**



**Belfius
E-Fleet**

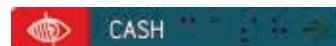
"Through products such as eco-loans and mileage-related insurance, we also help guide our customers towards sustainability."

Easy-to-access branches and services

People with limited mobility

When we design and fit-out our branches, we always take ease of access into account. Since 2008, each new branch has complied with regional standards. They all have wheelchair access, appropriate furnishings, an adapted toilet and an ATM that can be reached easily – fully in line with ADA standards (Americans with Disabilities Act). This makes us something of a frontrunner in the banking world.

Customers who are blind or poor-sighted



Belfius also offers customers with vision impairment access to all of its services. For example, they can use special card-readers and request their account statements in Braille. All of our automatic cash dispensers are also equipped with a voice guidance system. As at 31 December 2013, Belfius had 2,083 ATMs fitted with voice guidance.

“Our solidarity also extends to our efforts to provide people with disabilities easy access to Belfius products and services.”



Microcredits

Through the Belfius Foundation, Belfius supports Belgian nationals in difficulty. In 2013, we made EUR 660,000 of support available to the community. Part of that money went towards subsidies for microcredits, enabling us to breathe life into the ambitions of people who find it hard to obtain loans through conventional channels.

“Belfius Foundation and our welfare programmes are a good example of how Belfius aims to be supportive of the community.”



Belfius se mobilise pour les jeunes mamans dans le besoin

Journée mondiale du refus de la misère
17 octobre 2013

Plus d'infos sur l'intranet.



Belfius
Banque & Assurances

Fight against child poverty

6,500 items of children's clothing

Child poverty was a topic that came to the fore with surprising frequency in 2013. For the fourth year running, Belfius staff organised a campaign to support the very poorest in our community. 6,500 items of children's clothing were collected from staff at Belfius offices and branches, plus another 700 for needy mothers, as well as around 100 blankets and almost 300 kg of non-perishable food. All of this food and clothing went to various non-profit organisations, including Mothers for Mothers in Borgerhout and NASCI Child Services Centre in Brussels.

Sports, art and culture

Belfius localteamspirit

Belfius takes sports and culture very seriously. Thanks to the Belfius Local Team Spirit programme, some 42,000 young people turned out for their sports teams during the 2013-2014 season wearing a shirt displaying the Belfius logo.

500 Belfius volunteers for the Special Olympics Games

Between 9 and 20 September 2014, more than 2,000 athletes with intellectual disabilities, a thousand trainers, hundreds of stewards and more than 2,500 parents are expected in Belgium for the Special Olympics European Summer Games 2014, the largest sporting event organized in this country in 2014.

Belfius is involved in this major social project in more than one way. In particular, and for more than two years, it has provided a person to act as CFO for the non-profit-making association organizing the Games. It has mobilized its network to assist in collecting funds to finance the Games. And it has launched a challenge to all of its staff members to provide 500 volunteers during the Games, thus becoming the first Corporate partner in terms of volunteering.

Sharing art

To enable as many Belgians as possible to sample our carefully compiled art collection, we enjoy putting our artworks on display regularly. From March to June 2013 at the Ghent Museum of Fine Arts, the "Modernism, Belgian Abstract Art and Europe" exhibition included 20 works belonging to Belfius. Our head office also hosted many art-lovers from 19 October 2013 to 15 March 2014 for the "Masters of Expressionism" exhibition.

New talent flourishing

For almost half a century now, Belfius has supported up-and-coming talent from our academies for music and the spoken word (Belfius Classics) and from part-time art education (Belfius Art). In 2013, there were 161 entrants in the Belfius Classics competition. 336 artists submitted their work for Belfius Art. After the competitions are over we continue to help passionate artists on the way to a fine career. For example, last year we sponsored 262 concerts by former Belfius winners and also granted 83 bursaries.



Je suis un des
500 volontaires Belfius
aux Special Olympics.

Toi aussi ?



"By making sports, art and culture
accessible to everyone, we bring
Belfius closer to people."

culture
pour tous

Belfius
Classics






2,896
winners since 1965

in 2002

The Caius Prize by
the Prométhéa
Foundation for the
best patronage action

50th edition
in 2014

2013

161
Number of entrants

38
1st prizes

59
2nd prizes

262 supported projects
(concerts, recitals, festivals, etc.)
with more than
600 Belfius Classics prize winners

 **24** prize winners' CDs
supported
by Belfius Classics




83
Belfius Classics
winners
supported
by bursaries

Oxygen for large and small businesses

Start-ups given a head start

Stage set in 2012

Because the early years of a business are crucial for its continued existence, Belfius invests willingly in start-ups. In 2012, we signed a guarantee agreement with the European Investment Fund (EIF) to make it easier for start-ups to access funding. Through the Boost Belgium competition, we rewarded one promising start-up business with EUR 15,000, while another 11 companies received a lump sum of EUR 5,000 for their marketing campaigns.

Stimulating the entrepreneurial spirit

In 2013, we shone the spotlight on our commitment to start-up companies. One of the things we did was to join forces with Solvay Entrepreneurs, an entity of the Solvay Brussels School of Economics and Management (ULB), which trains and guides entrepreneurs and SME managers. As part of this collaboration, we ran a series of seminars about the funding of SMEs. We were also the main sponsors of the Solvay Start Academy for Young Entrepreneurs, a competition that encourages students to develop a business plan. This partnership enables Belfius to help arouse the entrepreneurial spirit in university and college of higher education students.

“The money that we raise flows back in part to the community. For example, we help businesses – from start-ups to multinationals – to make their plans wonderful realities. In doing so we pay attention to their needs and go for short decision-making lines. Decisions on loans, taken locally based on expertise and in-depth knowledge of the customer, make all the difference.”



Belgium needs initiatives for encouraging entrepreneurship. According to the latest survey from Global Entrepreneurship Monitor⁽¹⁾, the overall enterprise index⁽²⁾ in Belgium is 5.2%, which is considerably less than the average for Europe (8%) and the Netherlands (10.3%).



(1) London Business School and Babson College, United States.

(2) Percentage of working population actively involved in setting up a business or who have recently set up their own business.

EUR 400 million for SME's

European Investment Bank

Belfius is a traditional partner of SMEs. We grant them loans and guide them on a daily basis through the various stages of their development. From 2014 onwards, we will be able to take this support up a notch. This is because at the end of December 2013, we signed a historic credit agreement with the European Investment Bank (EIB): together we are making EUR 400 million available to Belgian SMEs and midcaps⁽¹⁾. By granting them loans on favourable terms – such as longer repayment periods, flexible repayment systems and lower interest rates – we are encouraging their economic development. When you realise that SMEs in Belgium employ 66%⁽²⁾ of the workforce, we dare to hope that this initiative will create a lot more jobs.



> By way of their number and the many people they employ (66% of the workforce), SMEs play a particularly important role in the Belgian economy. An investment of EUR 1 million in one SME creates an average of 6 new jobs.

Actively supporting large corporations

Credit and knowledge

The difficult and uncertain economic situation and the stricter rules imposed on banks (Basel III) threaten to make bank loans more expensive and less accessible. Nevertheless in 2013, Belfius doubled its loans to corporates in 2013 compared to the previous year, from EUR 736 million to EUR 1,635 million.

To arm our businesses against today's challenging economic climate, we also provide them with a great deal of advice. For example, in 2013 we published a series of whitepapers, organised workshops and created simulation tools focusing on the sound management of working capital. We also provided information and explanations about the new Basel III regulations via numerous initiatives.

Public procurement: great potential

We also took a close look at the potential of public procurement contracts. A section at our website, as well as an issue of our magazine Contact were devoted in full to the principles and opportunities of government contracts. Under the name of Belfius Accelerator, we put together a whole host of tools and services – from financial solutions to training and surveys – all designed to help companies conduct business successfully with governments.



(1) Companies with a maximum of 3,000 employees.
(2) Source: European Commission.



Xpenditure: a smart tool for companies

In addition to providing capital and giving advice, Belfius also thinks actively about how it can help customers to work more efficiently and in so doing save money. After our Belfius Direct Mobile apps were so enthusiastically received by both private individuals and companies, we launched Xpenditure by Belfius in March 2013. This is an app that enables the self-employed, professionals and companies to digitise their out-of-pocket expense claims with ease and process them automatically. The principle is simple: using their smartphone, tablet or scanner, claimants take a photo of sales slips and VAT receipts and upload them to Xpenditure, which extracts all of the relevant information and collates it all into an expense report.

Xpenditure was developed in conjunction with the Mechelen start-up company, CardWise, and is a European first.

Bank and adviser to local authorities



Credit

Credit with added value for the community

EUR 2.4 billion in loans

Local councils, communities, the police, fire brigade, intermunicipal companies, etc.: 2013 again saw many public authorities turn to Belfius for project funding. In total, we issued over EUR 2.4 billion in loans to finance programmes that deliver direct added value to our community.

"We assist local authorities, provide them with advice and hold a mirror up to them via our surveys."

Belfius was the only bank which, despite the challenging economic situation, responded with a credit offer to 100% of the tender calls submitted by local authorities.

Creating a framework for reflection

We are, however, much more than just a credit-provider. Belfius is also a long-term partner and adviser to public customers. To support them properly, we constantly keep our finger on the pulse of the rapidly changing economy and regulation. Belfius is the only Belgian bank to hold a mirror up to public institutions through the publication of many recurrent studies and surveys. As a result, authorities have a better insight and can adjust their policy and plan the right investments. Drawing on our many years of expertise and experience in the government sector, we develop solutions after close consultation with local authorities that resolve their new needs. This unique expertise and activity creates immediate value for all of the parties involved, as well as the whole community.

Sparring partner for local councils

Visits to 589 local authorities

After the local council elections of October 2012, all of the new colleges of aldermen took the oath on 2 January 2013. Many of the new teams found themselves facing major challenges immediately, such as the need to further optimise their finances and establish a sustainable balance in their budgets. Belfius specialists visited the 589 councils to explain how we can help them in their endeavours.

"Based on our many years of expertise and experience in the public sector and after close consultation with the local authorities, we develop solutions to meet their evolving needs. This unique expertise and activity creates immediate value for all of the parties involved and for the community as a whole."

Financial Challenges sheets for the local government term 2013-2018

One of the tools that demonstrated its value in the information sessions was a series of 15 sheets that Belfius had developed specially for the new councils. These index cards, which were based on the financial survey that we conduct each year among local councils, set out in detail all of the financial challenges facing local authorities between 2013 and 2018. One of the clearest conclusions was that the combination of pensions, the ageing population and social charges present the biggest budget-related challenge for this term of office.

589 visits to local authorities to explain how Belfius can help them in their endeavours

Socio-demographic profile of municipalities

Also of interest for the new council teams was the socio-demographic profile produced for their specific borough. Belfius has for many years implemented a system for conducting demographic surveys of all municipalities in the form of a socio-demographic profile. For example, we are able to highlight data such as the number of young people and over-65s living in the borough, the ratio between the working and non-working population and so on. Based on this information, local councils are able to adjust their social and local policies accordingly and make the appropriate investments proactively: for example, boroughs with a predominantly older population know they need to set aside a lot of money for retirement homes. Each year, the bank's relationship managers explain the results of the profiles to the social welfare councillors who are customers.

Analysis of Public Centres for Social Welfare and police zones

At the beginning of January 2014, Belfius published the results of a study on the finances of our Public Centres for Social Welfare and police zones. This analysis also provided important insights for the management teams. Despite clear differences in grants and expenditure, there was one common thread that ran through the study: as a result of the economic and financial crisis and the increasing vulnerability of the population, the work carried out by both the Public Centres for Social Welfare and the police is placing an increasingly heavy burden on local government budgets. Local finances will probably remain under pressure in the years ahead as

the result of new reforms (such as the ones relating to the pensions of civil servants, the progressive reduction in unemployment benefits, etc.), combined with the ageing population.

Support in a rapidly changing landscape

In 2013, Belfius gave its government customers advice about the "BBC-besluit" (the decree on the changing legislation relating to the Policy and Management Cycle of Flemish municipalities, the provinces and Public Centres for Social Welfare) that has been fully implemented since 1 January 2014. The new legislation governing public procurement contracts was also explained in detail to numerous customers.

Long-term bond issues

How can cities and boroughs arm themselves better against the financial challenges of the future? As a banking specialist, Belfius helps its customers to look for solutions to every challenge that crops up. In 2013, towns such as Ghent, Hasselt, Mechelen and Zaventem all sat down with Belfius to examine their funding packages, deciding to diversify their sources of funding. Ghent became the first Belgian local government to issue medium-term notes. While the more usual commercial paper is used for short-term financing, the medium-term notes are used to fund projects in the longer term. The differences in duration provide an overall reducing repayment schedule, meaning that capital repayments can be spread better.

STAD HASSELT  Hoofdstad van de Smaak EUR 70,000,000 Multiple Private Placements <i>From 6 to 15 years Sole Bookrunner</i>	RÉGION DE BRUXELLES CAPITALE  EUR 5,000,000 MTN Private Placement <i>Sole Dealer</i>	VILLE DE LIÈGE  EUR 175,000,000 MTN Programme <i>Arranger - Agent Sole Dealer</i>
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Partner for education and social institutions



"By investing in the construction of schools, roads, housing and hospitals, we are helping the community to move forward."

MAHA: hospitals under the microscope

The MAHA surveys that Belfius produces each year, sketch an overall picture of the current and future trends in the hospital sector. For the ninth consecutive year in 2013 Belfius conducted its analysis of the hospital sector. 100% of general hospitals took part voluntarily in the survey, which provided a realistic picture of the current situation. One important conclusion from the study is that the financial results of our hospitals are lagging behind structurally. Of course hospitals remain an important economic player in terms of employment and investments.

EUR 600 million for the French-speaking schools

Because education is an important pillar in every community, Belfius was delighted with the unique funding agreement signed in 2013 with the European Investment Bank (EIB) and the Wallonia-Brussels Federation. Together, the EIB and its partner banks will be making EUR 600 million of loans available – on favourable terms – to build new schools and both expand and modernise the existing infrastructure. Belfius is investing EUR 200 million in the project (EUR 100 million own funds and EUR 100 million from the EIB). Thanks among others to this funding, 23,000 additional places will be created in the country's French-speaking schools by 2017.

Pim van Ballekom, Vice Chairman of the EIB, praised the collaboration: "This operation sets an example. It demonstrates our joint commitment to supporting quality projects that provide an answer to the challenges of the education, training and hence also the employability of young people."



Pim van Ballekom, Vice Chairman of the EIB (left) and Dirk Gyselinck, Member of the Belfius Bank Management Board (right).



Insurance partner for the public and social sector

Keeping pension contributions under control

As an insurance partner for the public sector, in 2013 Belfius Insurance introduced two new products designed to provide an answer to the issue of an ageing population and increasing pensions: Belfius PubliPension Trustees and PubliPension Contribution Comfort. These PubliPension contracts help build government reserves in order to fund the rising pension obligations of trustees and civil servants respectively. By the end of 2013, 156 public sector bodies had signed a PubliPension contract.

In addition, Belfius Insurance also offers a Group Insurance policy for Provincial and Local Government Services through which local authorities build up a pension for all of their staff members under contract. 575 government departments are currently members of the scheme, representing a total of 82,000 contractors. Belfius Insurance also handles the financial management of the supplementary pensions for all contracted staff at the Limburg provincial government, as well as many other authorities in Limburg (around 60 in total).

Belgian associations well insured

From sports clubs and youth associations to adult education and retirement homes: every association needs insurance against the risks incurred by their staff and volunteers. To avoid insurance simply becoming an imbroglio of policy terms, the Belfius Associations and Non-Profit Organisations Cover policy covers all of these risks in a single policy. At the end of 2013, Belfius Insurance covered 1,224 associations and non-profit organisations via this policy. This makes us the preferred partner of non-profit organisations.

Provincial government bodies are also able to offer free insurance to their volunteer workers through Belfius Insurance. Organisations can insure 100 volunteer-days per year. In 2013, over 235,000 volunteer-days were insured in this way, requested by around 9,800 volunteer organisations.

**235,000 volunteer-days
insured in 2013 thanks to
Belfius Insurance**

Partner of environmentally-friendly projects

"Belgian savers enable us to convert this unique funding agreement, using their money, into bricks, roofs, sports classes, etc." stated Dirk Gyselinck, member of the Belfius Bank Management Board, on signing the project to support schools in Wallonia and Brussels. This assumption applies to every loan granted by Belfius: customers

entrust their reserves to Belfius and we invest in sustainable projects and help other customers to fund worthy projects. By way of illustration, in 2013 Belfius was the partner for three environmentally-friendly projects:

1

Terranova Solar

Terranova Solar opened on 8 November 2013. This is the largest solar park in the Benelux, located on the decontaminated "plaster mountain" of the former chemicals company, Rhône-Poulenc (Zelzate - Evergem). With a capacity of 15 MW, Terranova Solar is able to generate enough power to cover the annual requirements of 4,000 families. Terranova Solar, which also involves the dredging companies Deme and Jan De Nul, offers local residents the opportunity to invest in the project.



1

3

2

3

Belgium's first passive-energy school

September 2013 saw the opening in Kruishoutem of the very first passive-energy school in Belgium. With its excellent insulation, extreme airtightness, solar heat gain via well-oriented windows and good ventilation, energy usage at De Marolle primary school will be approximately 75% lower than a traditional school building. The project is an initiative by Flanders Education, Kruishoutem council and AGIO, the Agency for Infrastructure in Education. Belfius Real Estate handled the funding and all of the project management: we helped supervise the council in the design and contracting process and monitored the works through to handover.



2

Ecological district Saint-Jean (Liège)

On 7 June 2013, the mayor of Liège laid the first stone of the future ecological district of Fontaine Saint-Jean. A group complex of 153 dwellings will be built on an area of 5 hectares.



© studiomila 2012



© studiomila 2012



© studiomila 2012

Community Services

Free support

When Belfius was sold to the Belgian government in 2012, we decided to emphasise our commitment to the community by introducing a new service for the public sector: Community Services. Specialists from Belfius work through Community Services to make their skills available on an ad hoc basis to local initiatives.

Pleasant surprise

Five projects were completed in 2013, with positive results. The work carried out, for example, with the Public Centre for Social Welfare in Boom on debt mediation and prevention of excessive indebtedness delivered a number of interesting insights and working tools, such as manuals for people who are not familiar with banking products and services, best practices for collaboration between banks and Public Centres for Social Welfare, etc.

“Through our Community Services Centre for the public sector, we are underlining our commitment to the community.”

Current projects

A Belfius team is currently working with the Public Centre for Social Welfare in Charleroi to examine the options for retraining and employing the long-term jobless, as well as the development of social retirement homes in the region. Working on behalf of Inforum, the legal database of the VVSG (Association of Flemish Towns and Municipalities) and its sister associations, we are looking at the HRM frame of reference. And we are working on financial dashboards for the Public Centre for Social Welfare in Namur that will enable reporting to be more straightforward. In Ghent, Belfius is working with Community Land Trust, an organisation that builds affordable housing for people on low income. Finally, Max Havelaar, the non-profit organisation of which Belfius is a shareholder, is receiving our support for the Fairtrade@work project.



Belfius Foundation

Colour Your Hospital

Each year, the Belfius Foundation sets aside a healthy budget to make the lives of hospital patients – and their families – a little more pleasant. In 2013, 93 hospitals submitted 179 proposals (+10%). 21 projects were given financial support, totalling EUR 150,000 or almost a quarter of the total amount (EUR 660,000) that the Foundation committed to the community in 2013.

“Every year the Belfius Foundation sets money aside to support community projects.”



3 A bank and insurance company that puts the customer first

Belfius works hard to show all of its stakeholders that it is a financially profitable, sustainable and supportive bank and insurance company worthy of its trust and confidence. We underline our commitment to all parties in the community. Our customers deserve special acknowledgment. Which is why at Belfius respectful, long-term customer relations are just as important as improving our operating performance.

Belfius aims to be a “service-centric” bank and insurance company. This does not mean that we simply go along with every request from our customers. But what it does mean is that we always put customers first and look at things from their point of view: with every contact, on every project, every initiative and when we develop every new product.

Our focus on customers runs through every fibre of our organisation. Belfius uses training, coaching, communication and incentives to actively build a service-oriented corporate culture. The new Servicing department is an important example of the steps that Belfius is taking along the road to an organisation that is genuinely focused on customers.



Servicing: the customer experience as the starting point

The new, service-centric Belfius

To embed our customer-focused strategy and philosophy firmly in the organisation, we created a central Servicing department in 2013 that acts on behalf of all divisions. In contrast with the more operational departments that concentrate on cost-effectiveness and efficiency, Servicing focuses on customer-oriented processes. The aim is an ambitious one: to optimise all Belfius processes that have an impact on the customer experience.

In practical terms, that means that we ask ourselves three questions regarding every contact, every project, every initiative and every product: "Is this helping the customer to achieve his or her aims?"; "Does the customer have to make too much of an effort for this?"; and "Will he or she feel good as a result?". If we receive a definite "yes" to each question, then we can assume that the customer experience will be a positive one.

The leverage effect

The Servicing department was officially baptised on 1 October 2013. Since then, the department's strategy and approach have been clearly communicated and the team is working on its first list of ten essential insights. Over the coming months, our aim is to develop a set of best practices, as well as effective tools for monitoring processes, such as a dashboard that enables the cost of a process to be weighed up against the required quality.

Expectations are high. "If we put all of our talents together and work towards the wellbeing of the department and the bank, we can create a genuine leverage effect," said Marleen Van Assche, Servicing Head, at the Servicing team's opening meeting.



Marleen Van Assche
Servicing Head

"The new Servicing department is an important step on the road to an organisation that is genuinely focused on customers."

Belfius Insurance: a long tradition of being customer-focused

95% customer satisfaction

Belfius Insurance currently has a satisfaction rating of 95% among its retail customers for the various brands (Belfius, Corona and DVV Insurance). We intend to maintain at least this level in the years ahead. And our aim is to make the group of "very satisfied" customers even bigger. Because we are only happy when our customers are very happy. Programmes such as Customer Week, workshops and training courses encourage staff to be customer-focused in their work, which in turn makes our customers even more satisfied.

Satisfied customers? A reward!

To keep its finger on the pulse of customer satisfaction levels, Belfius Insurance frequently conducts satisfaction surveys. There was even an incentive linked to a recent satisfaction survey carried out by DVV: Belfius Insurance promised to donate EUR 1 to a good cause for each completed questionnaire. Staff could then suggest local good causes themselves in which they are involved in one way or another. This incentive proved to be a good stimulus for recommending the survey to customers.

Customer satisfaction

95% is the customer satisfaction rating
Belfius aims at for 2016

4 A tightly-run, well-organised bank and insurance company

To be the autonomous, financially healthy bank and insurance company that the community deserves, Belfius as an organisation needs to be run in a professional and responsible manner. On the way to the tightly-run organisation that we must become, we need to keep reviewing our processes, implement changes and, where necessary, grasp the nettle.

In 2012, we restructured the Board of Directors, optimised the way certain departments are organised and installed advisory committees to assist the Board in the sound governance of Belfius. All of the processes and regulations that have an effect on the way Belfius is managed and controlled internally, including the corporate governance rules, were reviewed. In 2013, we continued and further fine-tuned these efforts.

2013 was a pivotal year for our human resources team in particular. The efforts required as part of our Strategic Plan 2012-2016 placed social dialogue – to which Belfius attaches great importance – under pressure.

Through initiatives relating to flexible working practices, ongoing training and health – and by working together to build the Belfius of the future – we aim to encourage our employees further to put their shoulders to the wheel together to create a success story.

Strategic Plan 2012-2016

social dialogue

good governance

flexible working practices

ongoing training

build

together

the Belfius of the future

Sound governance



Corporate governance

The rollout continues

Last year, we continued our efforts on sound governance. We refined the internal rules for the Board of Directors and advisory committees, installed processes to strengthen group governance and in appointing new directors, took close account of the new Fit and Proper requirements imposed by the regulator.

“In 2012 we optimised our organisation. All processes and regulations that have an effect on the way Belfius is managed and controlled internally were reviewed.”

As part of the decision-making process, the Board of Directors takes account of the various stakeholders, paying particular attention to the risk to reputation.

NEW MISSION ON TAX

Belfius rewrote its policy on tax in 2013. This emphasises that we are doing everything we can to be a responsible taxpayer.

New mission on tax

Sound governance also means that Belfius complies closely with fiscal legislation. It is entirely logical that the community should expect us to set the example in this regard. A bank that is properly supportive, that takes its social responsibilities seriously and seeks to provide sustainable added value for the community is obliged to do exactly that. Belfius does everything it can to comply with tax legislation and prevent fraud.

To highlight our commitment in relation to tax, we developed a series of Fraud Risk Management Guidelines in 2013 that set out principles, procedures, responsibilities and roles. The Product Approval Policy that we adapted in 2013 specifies that with the introduction of a new product, opinions always have to be sought from various departments to ensure that the product is in line with the bank's justified willingness to take risks.

The common thread: compliance

Monitoring integrity and reputation

Our commitment to sound governance is monitored by the Compliance Department. This department ensures that Belfius, all of its staff, suppliers and intermediaries abide by the law and internal rules and standards. The focus here is mainly on the rules protecting the interests of our customers, such as the MiFID rules of conduct for investment services, the protection of confidentiality, respecting privacy and avoiding conflicts of interest.

As stated in the Compliance Charter, the task of the Compliance Department has been expanded: the team tracks changes to the legislation, advises management and the business lines, provides training for all employees and generally makes people aware and monitors compliance with all regulations. The Department

Monitoring integrity and reputation

Head reports directly to the Chairman of the Management Board and to the Audit Committee and, where necessary, has a direct line to the Chairman of the Board of Directors.

2013: expanding powers

In 2013, the Compliance Department prepared an update of the Compliance Charter. The reviewed Charter, which has been in effect since the beginning of 2014, has significantly expanded the activities and rules over which Compliance has supervision. For example, Compliance now monitors the interests of customers in the sale of mortgages and consumer loans, as well as the advertising rules and compliance with the law on market practices. The methodology and organisation structure of the Compliance Department have also been optimised. For instance, there is now a separate team that monitors the effectiveness and compliance of internal policies and procedures, which substantially strengthens the control function of Compliance.

The fight against money-laundering practices

Belfius does everything it can to avoid becoming involved in the laundering of money from illegal activities, the creation of tax fraud, the financing of terrorism or the circumvention of international embargos. To underline this commitment, the Compliance Department has developed far-reaching preventative and audit measures in line with regulations. This means the proper knowledge and identification of the customer, having an insight into the origin of funds flowing into accounts and the tracing of suspicious transactions are an essential part of preventing these practices.

In this context, the Compliance Department in 2013 played an active role in supervising the repatriation of funds by the customers in the wake of the fiscal regularisation measures issued by the government.

Proactive control of abusive market practices

To further control the risk of insider trading and market manipulation by bank employees or customers, Belfius tightened its existing policy in 2013. The even more proactive screening of securities transactions should enable Belfius quickly to detect any unusual or suspicious transactions.

MiFID: constant concern for customers in their investment transactions

Belfius prevents conflicts of interest that are detrimental to customers by way of committees and decision-making processes for mandates, as well as new products and services. Belfius makes sure that customers in branches are given advice about products that are suited to their investment profile. We have paid particular attention to our investment information sheets so that they clearly and transparently contain every item of information, including about any of the risks associated with an investment. The use of investor portraits has played an important role in clearly presenting the risks linked to investments.

Customers are able to choose the channel they want to conduct their investments through. If they opt for advice in the branch, the agent will provide investment advice that is purely in their interests. We make sure that our agents are not remunerated based on the sales results of specific products so that they are not prompted to sell customers inappropriate products.

REPATRIATING FUNDS

The yield from settlements in 2013 is estimated at EUR 488 million.

Our Compliance department processed around 1,000 cases in 2013.



Cost-effective purchasing

Acting responsibly

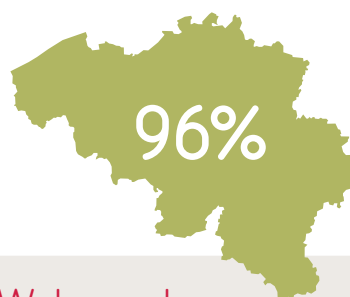
Belfius also expects the same customer-orientation it imposes on itself from its suppliers. Cost-effectiveness, neutrality and ethics also play an important role in the purchasing process. Once it is decided that we need a new solution, product or service, two basic principles apply: we always compare the quotes from different suppliers and then, after careful selection, we always decide based on the total cost and the quality of the service provided.

Purchasing committees

To ensure that every purchase is really necessary and that the right choice is being made, purchasing committees were set up in 2013. These committees carefully examine each purchase request and price quote. Purchasers also sign a code of ethics in which they state that their own interests play no part in the purchasing decision.

United Nations Global Compact⁽¹⁾

When signing an agreement to work with us, the supplier also signs a statement in which it – and any subcontractors – undertakes to comply with the United Nations Global Compact that Belfius signed at the beginning of 2013.



96% of Belfius suppliers are located within a 300 km radius of Brussels

Welcome bonus

Belfius enjoys supporting the local economy. 96% of our suppliers are located within a 300 km radius of Brussels. This proximity is also beneficial for the environment.

(1) www.unglobalcompact.org.

Human resources

Plan 2016: in-depth dialogue

The steps needed for an autonomous future

At the end of 2012, the European Commission approved our Strategic Plan 2012-2016: a memorandum in which Belfius Bank set out the financial and commercial measures that it intends to take to become a sustainable, autonomous institution. In order to achieve the proposed cost reduction of EUR 244 million by 2016, all overheads – including staffing costs – must fall. In the early months of 2013, intensive negotiations were conducted with the social partners about measures such as pay cuts, adjustments to group insurance, establishing a social plan and introducing flexible pay.

234 information sessions

During the – often difficult – negotiations, we have continued to maintain positive dialogue with all stakeholders. We have communicated transparently with unions and staff via the internal web

channel, paper documents and information sessions. For example, 234 meetings have been held at head office and in network branches to explain the arrangements and developments. Everyone has had the opportunity to ask questions or make comments. We have also developed a simulation tool enabling staff to calculate the financial impact of the measures.

Adjustment after intense dialogue

Belfius Bank has taken the feedback into account, making adjustments to the initial plan after negotiations. On 7 March, the final draft was submitted to the union delegation for approval. Two unions signed the document, after which it was integrated into a collective agreement.

Plan 2016

Flexible working

Flexible Reward

To make up for the necessary reductions in pay, Belfius Bank introduced a new system of flexible rewards. 65% of employees signed up voluntarily to this package, which we consider a great success.

The flexible pay approach is not new in the banking world. It will allow us to improve our attractiveness as an employer and enable us to make competitive proposals to young talent.

Increasing telework

In addition to flexible reward, Belfius has for many years offered its staff the freedom of flexible working hours. Belfius has also had a collective labour agreement in place since 2002 with regard to telework. The success of teleworking has increased in recent years: last year 28,902 days at Belfius Bank were worked away from the office.

Telework



To improve their work-life balance, Belfius Bank employees opted for a total of 28,902 days of teleworking.

Flexiwork

50%

of Belfius Insurance employees signed up enthusiastically to the first Flexiwork proposal. From 1 January 2014 they have been working a structured fixed number of days a week at home.

BeLinked

Mens sana in corpore sano

Preventing stress

Belfius has long made efforts to detect and prevent stress situations, thereby increasing wellbeing in the workplace. The bank's psychosocial network supports employees struggling with stress. Belfius Insurance created the work pressure barometer, enabling the level of stress at work to be calculated using objective data. The prevention committee discusses the results each quarter with the department heads and comes up with recommendations for improvements. Because stress at work remains a challenge, Belfius went looking in 2013 for new initiatives and tools for tackling stress. This exercise was continued intensively in 2014.

Want a healthy lifestyle and culture? Vitaliture Time!

Belfius Insurance has set itself the goal of becoming the most efficient Belgian insurer. It believes strongly that committed, happy employees are one of the keys to success. To promote employee satisfaction, a number of interesting programmes were launched in 2013. The bicycle payment encourages staff to crank up their fitness levels and also demonstrates our commitment to the environment. No fewer than 20% of employees took up the offer of a fitness check and said they would improve their fitness. Handing out fruit to staff also went down well: each month, Belfius

Insurance gives out 260 kg of fruit. Combined with a cultural offering, these campaigns were named "Vitaliture".



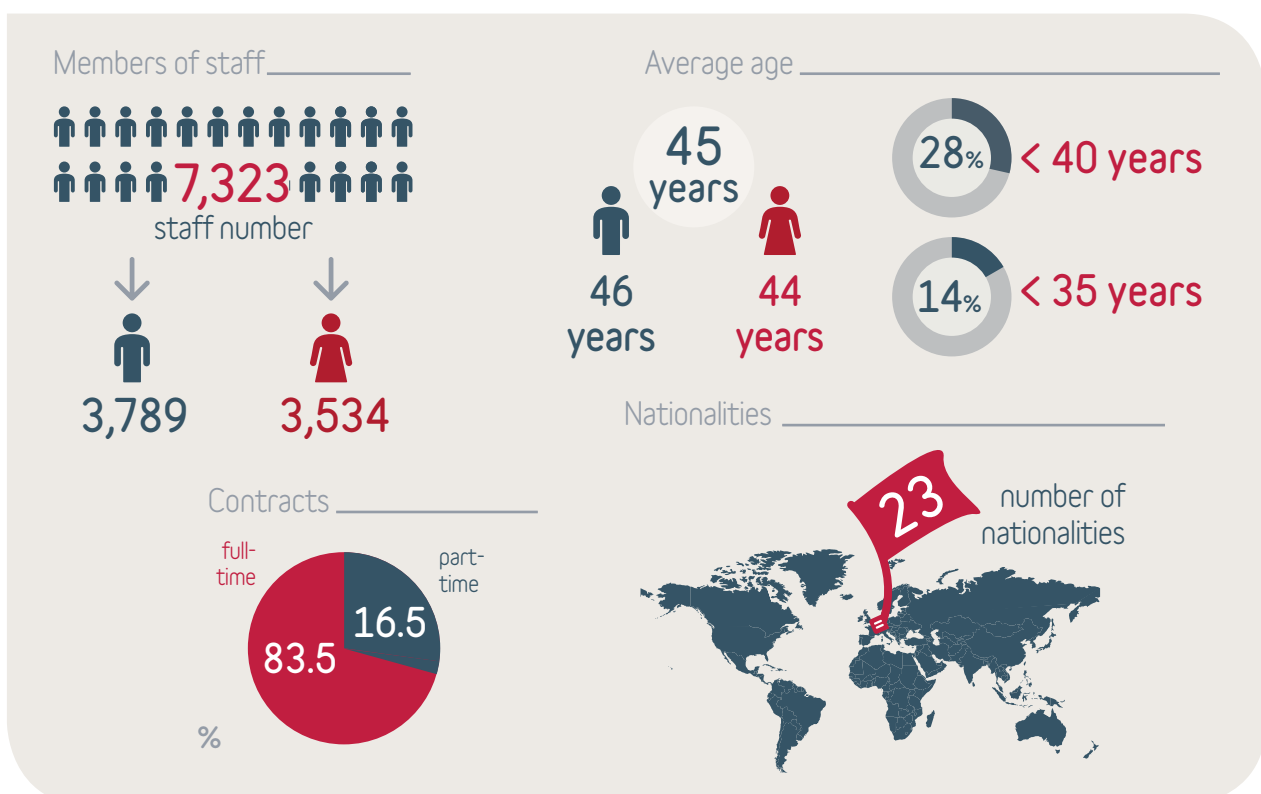
Belfius Foundation: supportive, committed workers

Helping Hands

Belfius employees are closely involved with the Belfius Foundation. In 2013 for example, 23 volunteers offered to give up some of their spare time to help guide 59 micro-entrepreneurs. Altogether, they made 192 visits to the businesses. Through the Helping Hands initiative, the Belfius Foundation also makes resources available to associations in which Belfius employees are involved as volunteers.

For the third year in a row, 10 associations were assisted in this way, receiving a combined total of EUR 50,000 of support. 1,400 members of staff voted for their "Project of the Year". The non-profit organisation Blijdorp vzw won this staff prize.

Key figures Belfius Bank and Insurance workforce – 31/12/2013



5 A sustainable bank and insurance company

“To be a frontrunner”: that is the ambitious target that the team has set itself to reduce Belfius’s carbon footprint. We have already made great progress in previous years.

Our consumption of gas and electricity has been more than halved in the space of five years. But of course, the fact that we are among the best in the sector does not mean that we can rest on our laurels. In 2013, we consolidated or even improved on our impressive results.

The criteria we set for sustainability do not only apply in our head offices. Whenever we build a new Belfius branch, we always take account of our experiences at our low-energy branch in Lommel and the passive-energy branch in the Hainaut town of Basècles.

We also lead the way in mobility. As the result of our mobility plan, the number of employees coming to our head office alone in their car fell from 55% in 2000 to just 21% in 2013. This achievement earned us the Business Mobility Award 2013 – a fitting accolade for 13 years of sustained effort.



Energy usage continues to fall

Consumption more than halved

Belfius has been conducting voluntary energy audits at its central buildings since 2007. To continue reducing emissions of greenhouse gases, energy efficiency has been a mainstay of our environmental efforts since 2011. With good results, too, because at the beginning of 2013, we achieved our target of halving our energy usage in five years (from 162,515 MWhp (primary) in 2007 to 75,135 MWhp at the end of 2012). By making constant efforts to use our spaces more rationally and keep our employees aware of the issues, usage in 2013 fell even further to 67,958 MWhp.

Energy Management Information System (EMIS)

Since 2013, Belfius has been using a monitoring tool to keep a close eye on energy consumption at its main buildings and two test branches, which together represent 60% of our usage. The system highlights energy consumption in real-time and sends e-mail alerts to building managers as soon as any abnormally high usage is detected so that action can be taken quickly. The EMIS system is a leading innovation in the banking world.

“Our consumption of gas and electricity has more than halved in the space of five years. This of course does not mean that we can rest on our laurels.”

Towards low-energy branches

Low-energy and passive-energy branches

Detailed readings were taken in 2013 at our low-energy branch at Lommel (Limbourg) and the passive-energy branch that we built at Basècles (Hainaut) in 2012. Basècles has since been certificated as a passive-energy branch. The average usage there is 15 kWh per m², which is 40% less than at a conventional branch.

We have learnt some valuable lessons from our experiences in Lommel and Basècles that we are able to apply to other branches. For example, all of the various low-energy parameters are contained in each set of specifications that Belfius draws up for a new office building. We also intend to move gradually towards lower energy usage at our existing bank branches. At the present time we are also making major efforts to reduce our secondary energy consumption – computers, monitors, ATMs, etc. This is by no means straightforward as a commercial establishment, but we are investigating all possible paths. As befits an environmental pioneer.

Social and economic criteria

Belfius has been focusing strongly on achieving sustainability in its branches since 2007. In addition to the energy measures set out above, we are also working to create a pleasant and healthy working climate (i.e. ventilation, lighting, acoustics). Indeed, every new Belfius branch also has to take economic criteria into account. The buildings must be fitted out flexibly so that in the event of a sale, they can be converted easily to other purposes.

“Our sustainability criteria do not just apply at our head offices. Whenever we build a new branch, we take account of our experiences with our low-energy branch at Lommel (Limbourg) and the passive-energy branch at Basècles (Hainaut).”



Sustainable mobility plan

Just 21% still driving into work alone

Free public transport, a kilometre payment for cyclists and pedestrians, teleworking, a four-day working week: since our first Sustainable Mobility Plan at the end of 2000, we have introduced many initiatives to encourage sustainable home-work-home traffic. Again in 2013 we continued to encourage our staff to cycle to work, to adopt carpooling or to use public transport.

The results make impressive reading. Whereas in 2000, 55% of all employees still drove into Brussels alone in their own car, by the end of 2013 that figure had dropped to 21%. In practical terms, that means that approximately 1,400 fewer cars are driving on the roads in Brussels. This has reduced CO₂ emissions by 30 tons.

The flexible rewards scheme introduced by Belfius in 2013 for its employees is only expected to have a limited impact on these results. Staff who sign up to the plan will be exchanging their own vehicle for a Belfius lease car. We are very much opting for a green fleet, with CO₂ emissions lower than 125 g per km. This means that in many cases the new cars will emit less than the cars that our employees are currently still driving.

Cycling to work

To demonstrate that it is good to use bikes in our capital - and hence encourage the use of Villo! services - last year Belfius Insurance organised a series of city tours by bike. This programme went down particularly well.

And the fact that it is also possible to cycle in winter can be seen from our results in the Winter Trophy organised by Bike to Work, an initiative by the Fietzersbond organisation, among others. In November and December, 234 Belfius employees came to work by bike. That placed us in the top 3 large companies vying for the Trophy.

Business Mobility Award 2013

During the Mobility Congress in Brussels, held in June, Belfius received the Business Mobility Award 2013 in the category for private sector companies (Brussels Capital Region). A great accolade for all our efforts!



Paper goes digital

Reducing the paper mountain

Paper is and remains a bank's biggest consumable. Which is why Belfius is trying to reduce its paper mountain. Print is being avoided as much as possible to be replaced by digital. A few examples:

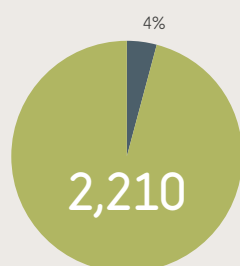
Following in the footsteps of Belfius Insurance, the HR team at Belfius Bank launched the paperless initiative in 2012 whereby employees are encouraged to request their payslips, etc. digitally. For the time being, 50% of payslips have been digitised. We intend to drive that figure up further via our eco-coaches and targeted campaigns.

Virtually real-time messages on LCD displays

Belfius Bank has had 1,771 LCD screens in 506 branches for some time. These are an environmentally-friendly way of getting our (advertising) messages across to customers. And a very effective way, too, as it seems: research has shown that advertising messages on digital screens are noticed and read by 80% of passers-by.

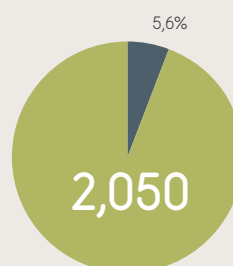
To make even better use of our digital communication system, last summer we modified control of the screens. With the new content management system, we are now able to monitor and manage all messages remotely with ease. A local campaign? A special event? The messaging can be segmented without any problem and is modified in no time at all. This means we can be sure of being seen without consuming any paper.

Paper



2012

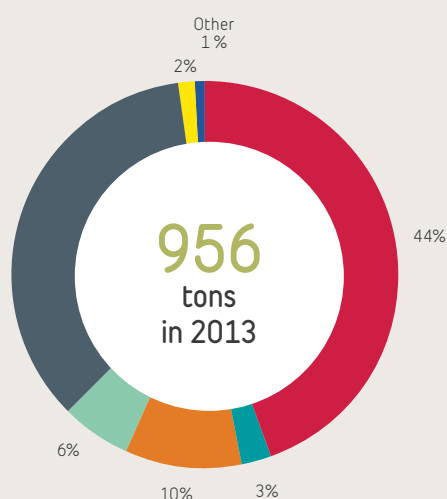
(tons)



2013

FSC
Non-FSC

Other waste



956
tons
in 2013

	(In kg)	2012	2013
Residual		507,200	425,200
PMT		29,250	24,350
Cardboard		102,167	94,191
Food grinder		63,790	56,160
Destrabort		339,529	337,207
Class II		3,351	2,322
Degreaser		3,480	546
Frying oil		3,080	2,410
Lightbulbs		200	0
Glass		7,560	5,670
Small hazardous waste		2,094	1,829
Varia		5,863	6,352
		1,067,564	956,237

Emissions of CO₂

Carbon footprint	Consumption		Emissions in tons of CO ₂	
	2012	2013	2012	2013
Scope 1				
Gas (heating buildings) ⁽¹⁾	15,865,984 kWh	15,956,539 kWh	3,651	3,672
Vehicles owned (fuel for service and Company vehicles)	32,182,626 km	25,954,263 km	6,115	4,942
Scope 2				
Electricity consumed (all green) ⁽¹⁾	30.1 GWh	26.3 GWh	0	0
Scope 3				
Consumables (paper)	2,210 ton	2,050 ton	4,421	4,101
Employee home-work travel	109,036,589 km driven	107,867,885 km driven	9,184	8,730
Business travel in private cars	3,159,014 km driven	3,135,462 km driven	470	408
TOTAL			23,839	21,852

(1) Excluding branches.

Correlation Table

Belfius has requested 'level A' under the GRI 3 standard

	Page	GRI	UN Global Compact
Introduction	3		
Message from the Chairmen	4	1.1	
A bank and insurance company close to the community			
<i>Supportive, sustainable and for everyone</i>			8 & 9
Banking services for everyone	8	FS1, EC8, FS14	1
Finger on the budget	8	FS1	
The social dimension of Belfius Insurance	9	FS1	
Our investments: sustainability comes first	9	FS1, FS 15, EC 1 & EC 8	
Sustainable insurance	10	FS1, EC8	
Encouraging investments in sustainability	10	FS1	
Easy-to-access branches and services	11	FS1	
Belfius Foundation	11	FS14	
Fight against child poverty	11	FS14	
Sports, art and culture	12	FS14	
<i>Oxygen for large and small businesses</i>			8 & 9
Start-ups given a head start	13	S01	
EUR 400 million for SMEs	14	S01	
Actively supporting large corporations	14	S01	
<i>Bank and advisor to local authorities</i>			8 & 9
Credit with added value for the community	15	FS5	
Sparring partner for local councils	15	FS5	
Partner for educational and social institutions	16	FS5	
Insurance partner for the public and social sector	17	FS5	
Partner of environmentally-friendly projects	18	FS1, EC8	
Community Services	19	FS1	
Belfius Foundation	19	FS14	
A bank and insurance company that puts the customer first			
Servicing: the customer experience as the starting point	21	PR5	
Belfius Insurance: a long tradition of being customer focused	21	PR5	

A tightly-run, well-organised bank and insurance company			
Sound governance			1 & 2
Corporate governance	23	S0	
The common thread: compliance	23	S0	
Cost-effective purchasing	24	EC6	
Human resources			1 & 2
Plan 2016: in-depth dialogue	25	LA1, HR5	3
Flexible working	25	HR5	
Ongoing training	26	LA8, LA10, LA11	
<i>Mens sana in corpore sano</i>	27	LA8, LA10, LA11	
Belfius Foundation: supportive, committed workers	27		
Key figures	27	LA2, LA13	
A sustainable bank and insurance company			7-8-9
Energy usage continues to fall	29	EN5	
Towards low-energy branches	29	EN6	
Sustainable mobility plan	30	EN 16 & EN 18	
Paper goes digital	30	EN1	
Tables	31	EN1, EN3, EN4, EN16, EN22	

Contact

For further general info over Belfius Bank & Insurance, feel free to surf www.belfius.com.

You want to consult the annual report of Belfius Bank? Go to www.belfius.com/publications/Rapports.

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