

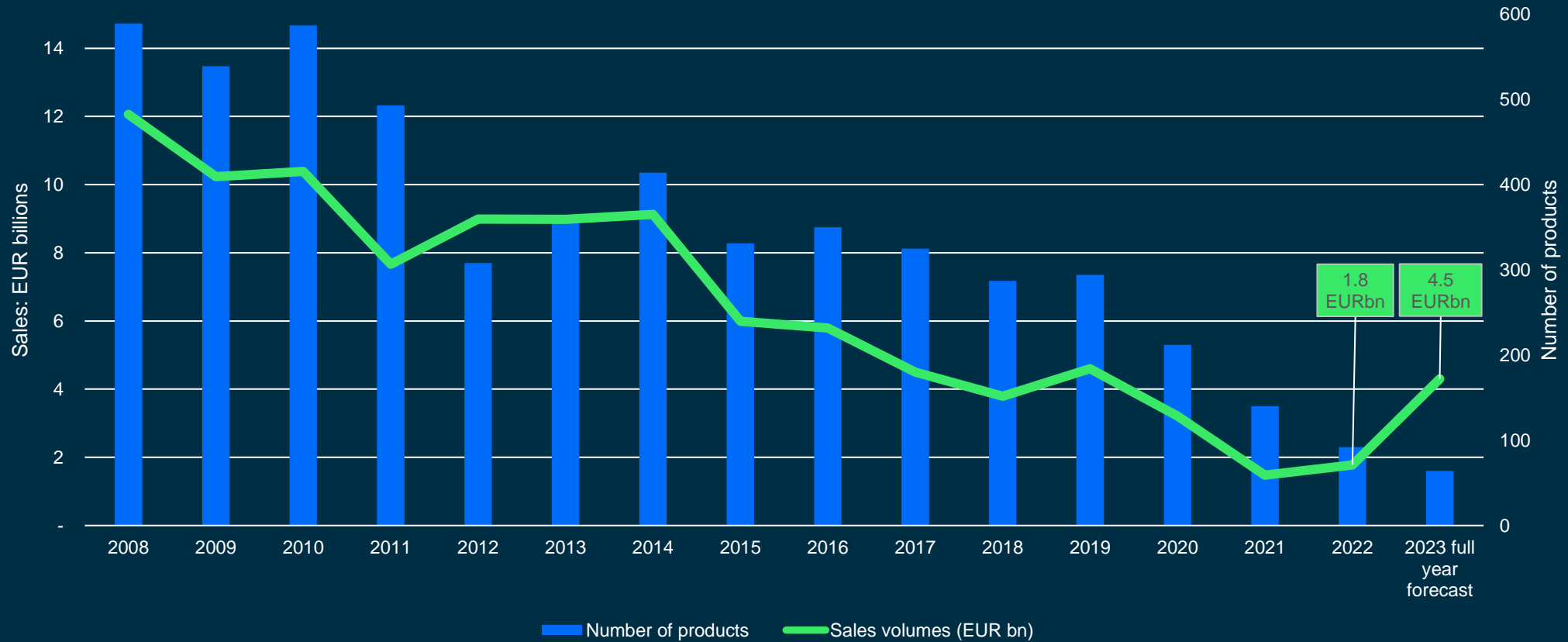


Belgium Structured Products Forum

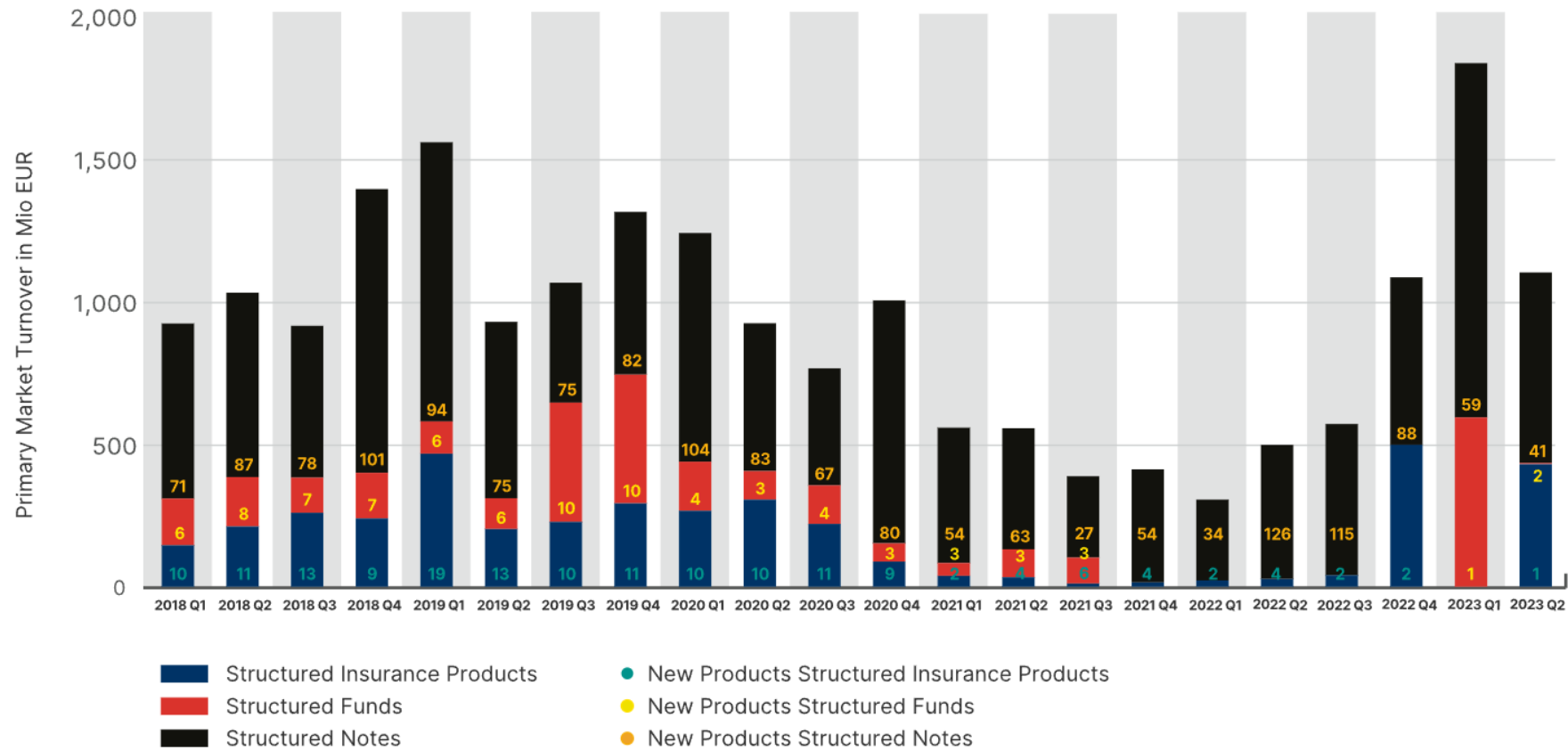
19 October 2023 | Brussels

Evolution of Belgium structured products market

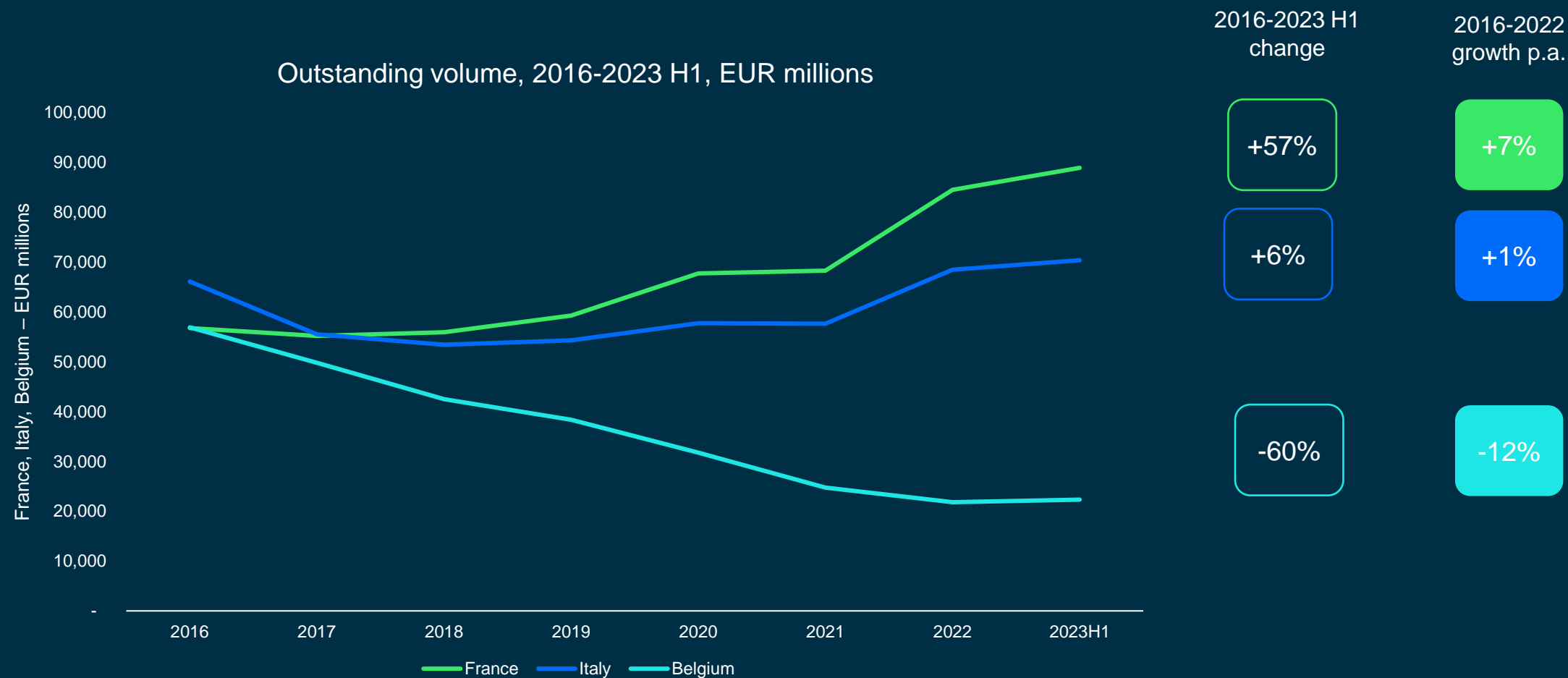
Decreasing issuance and sales volumes



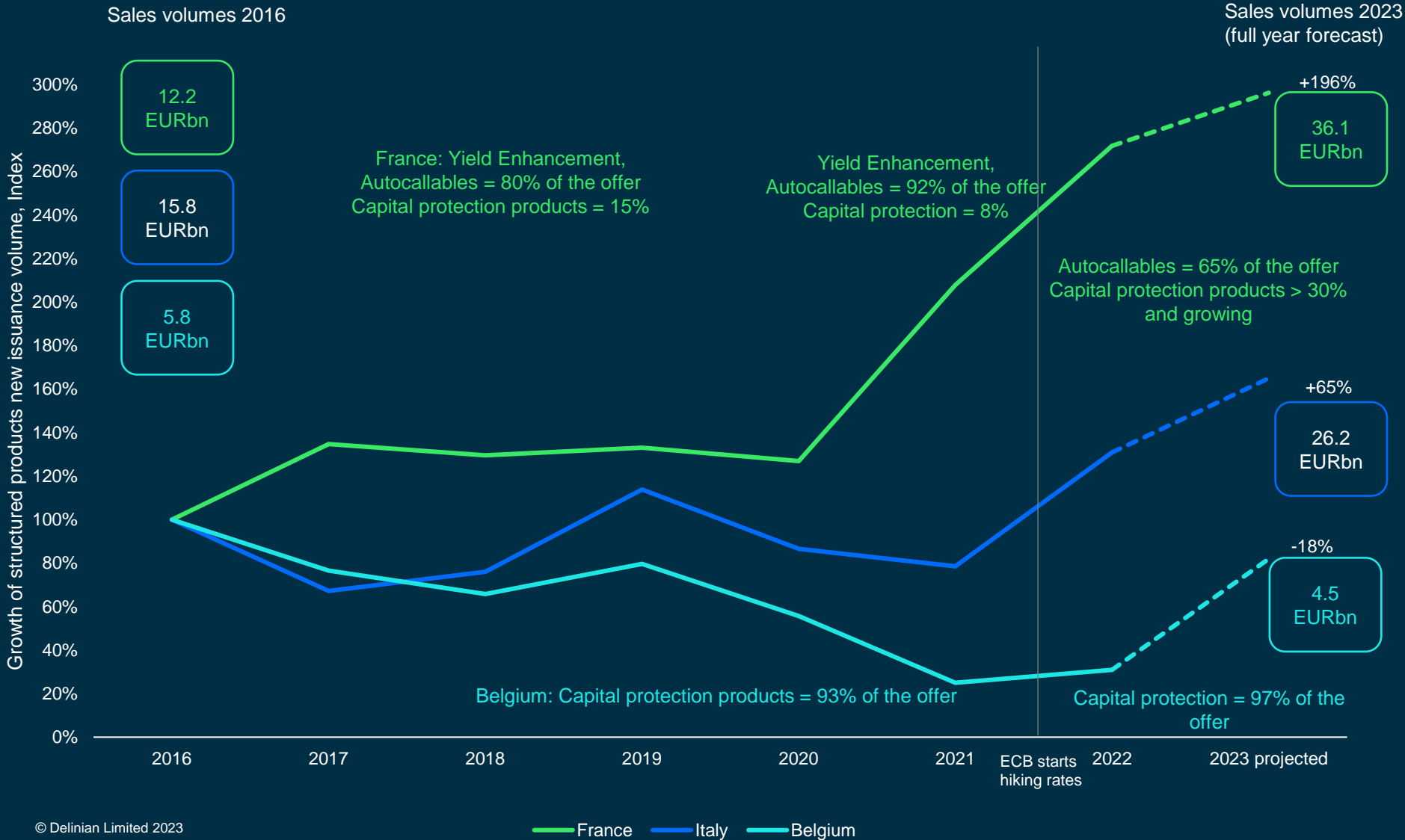
Evolution of the Belgian market in structured products (2018 until to-date) Quarterly sales (primary market turnover) in million Euros and number of new products launched per quarter



Outstanding volumes in Belgium down in ultra-low interest rates environment



New issuance in Belgium substantially below country benchmarks

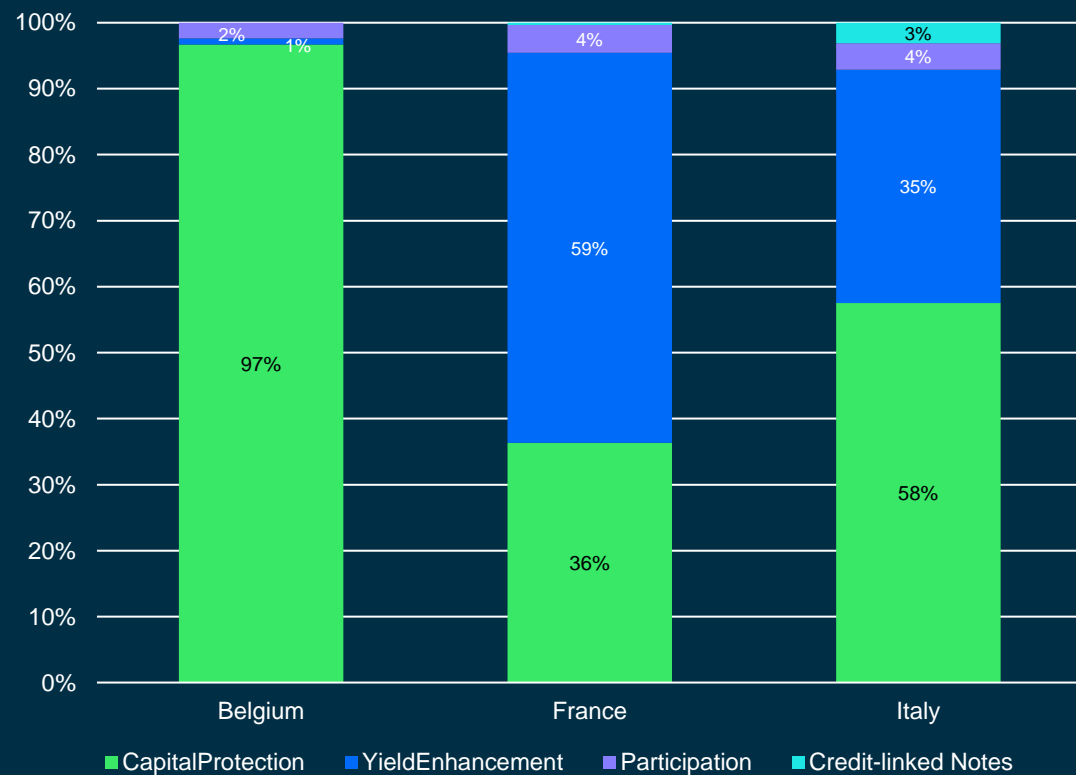


Key points

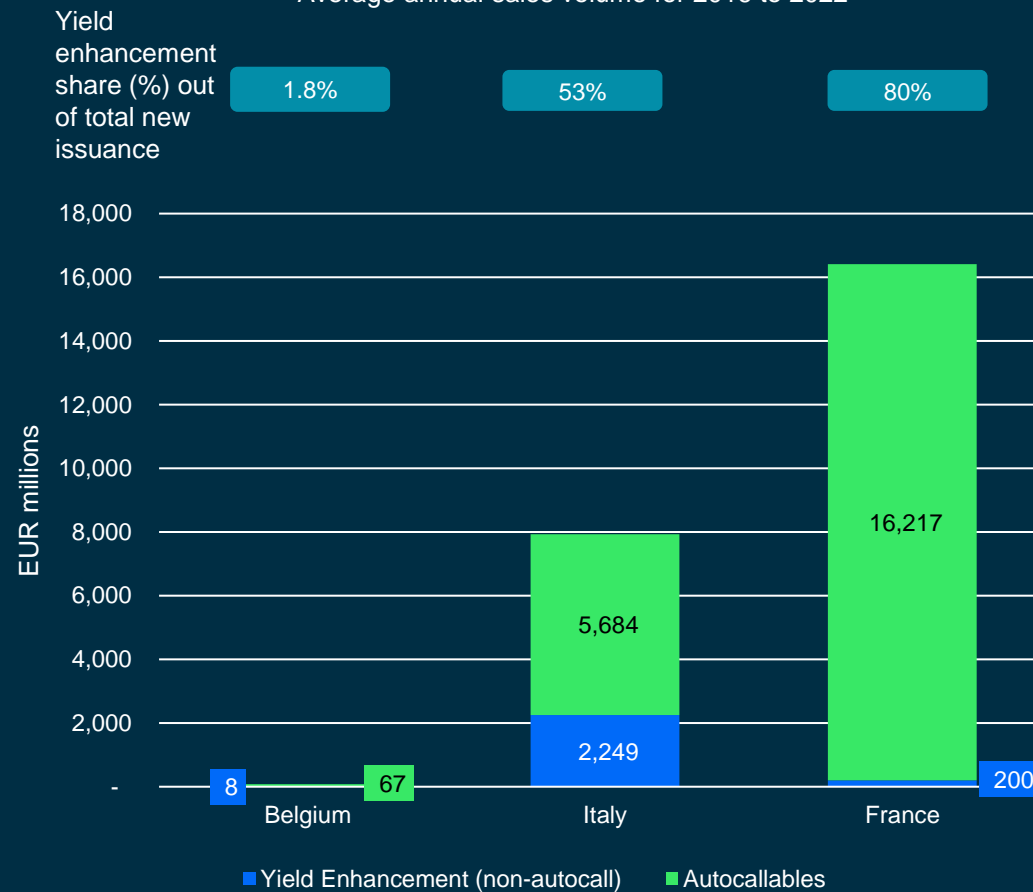
- Before 2022: Market growth in a low interest rates environment has been primarily driven by **Yield Enhancement** products
- Belgium is an exception to this trend, potentially driven by the moratorium on the distribution of particularly complex structured products
- After 2022: Rising interest rates opened the path for a wider product offer with reappearance of capital protected products
- Flexible regulatory framework is key for the industry's capacity to adapt the best products for different market conditions

Belgium dominated by Capital protected products, missing on Yield enhancement payoffs

Outstanding volumes: Product Group breakdown
(as of Sep-2023)



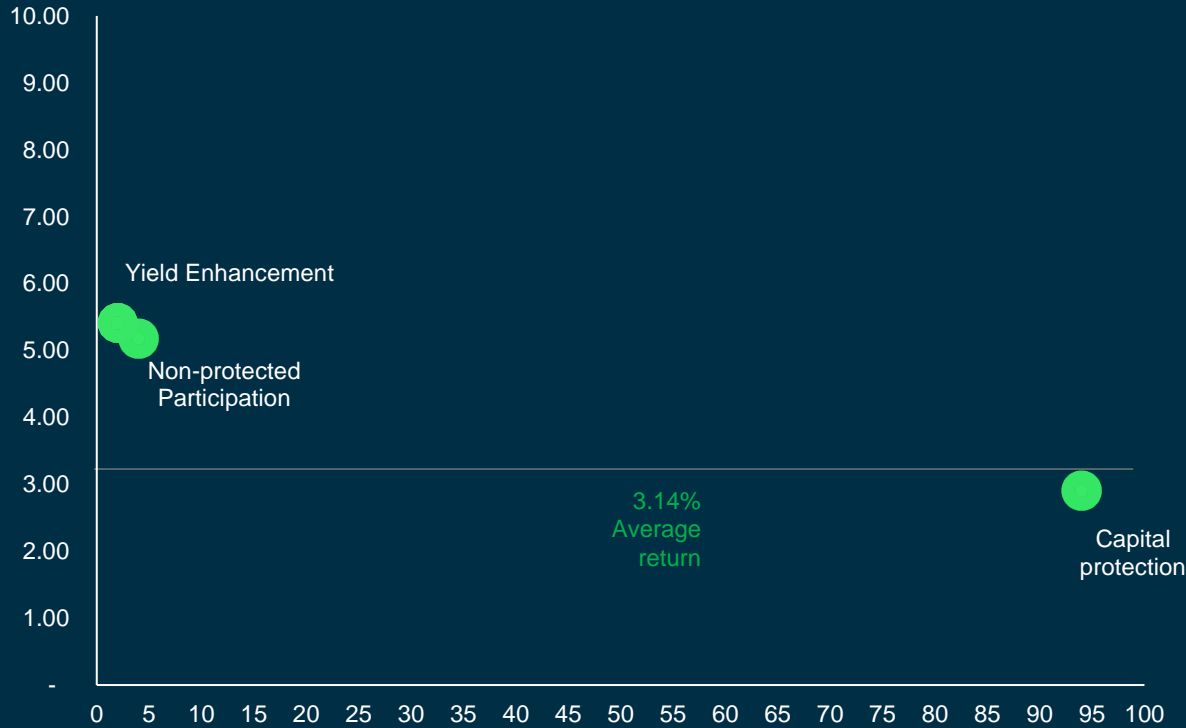
New Issuance: Yield enhancement
Average annual sales volume for 2016 to 2022



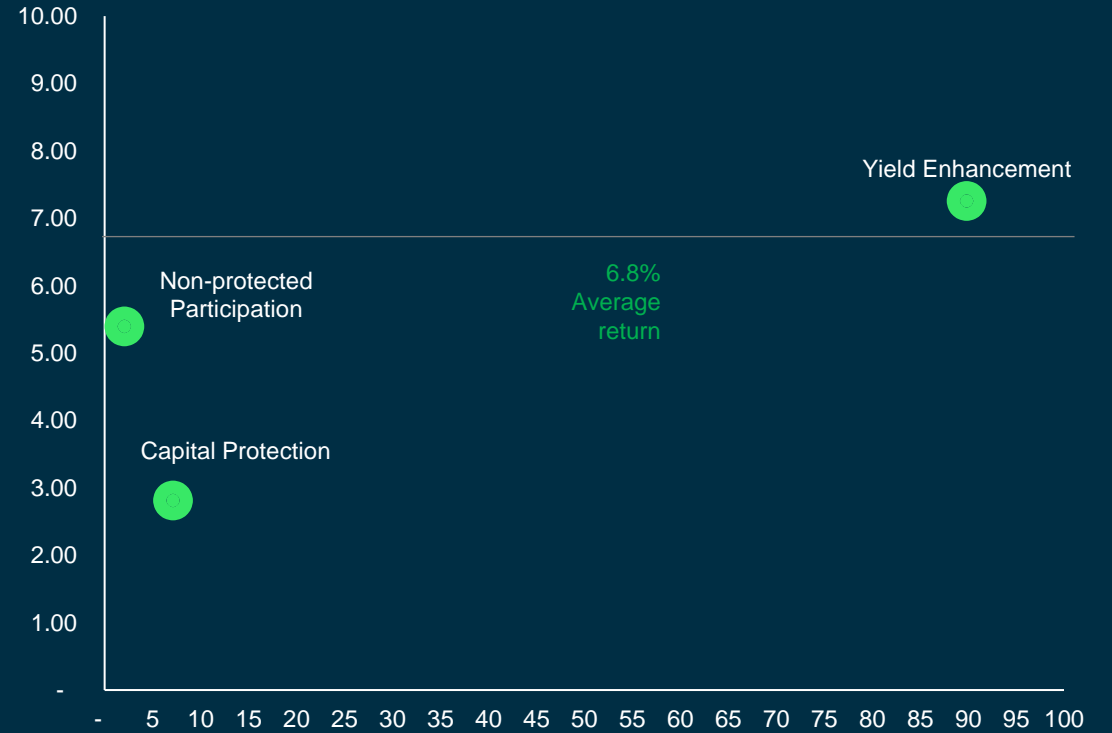
Missing Yield enhancement products keep yield lower in Belgium

Annualised capital return & Volumes (in %)

Belgium: Matured 2016 - 2023 9M

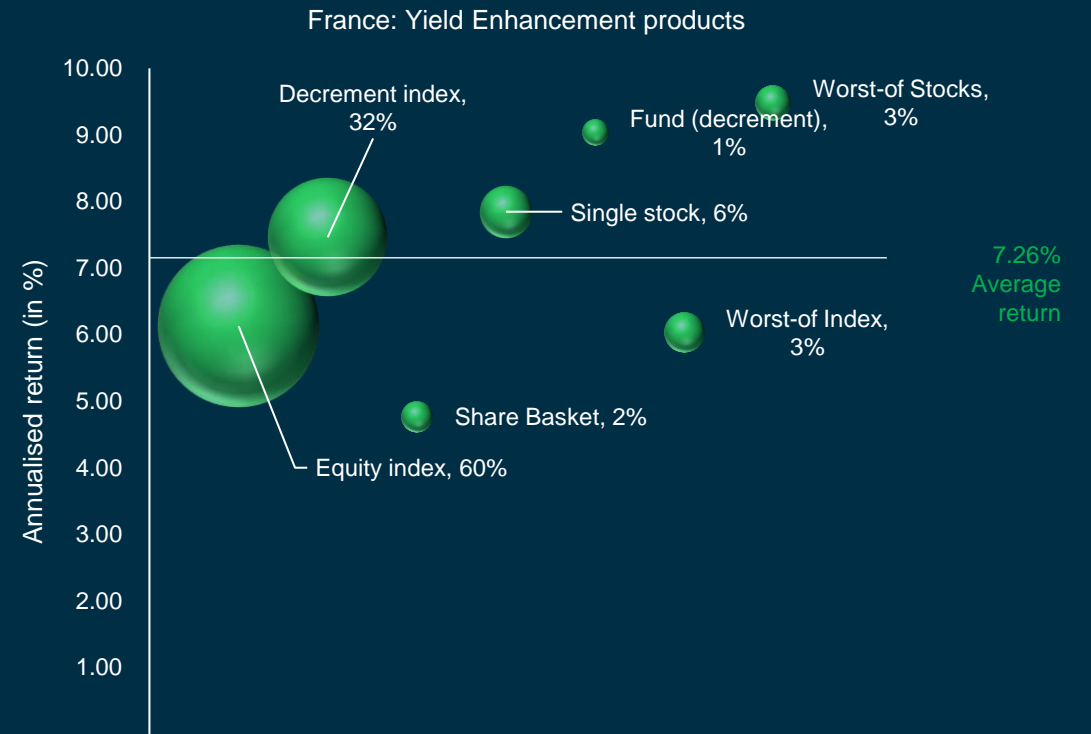
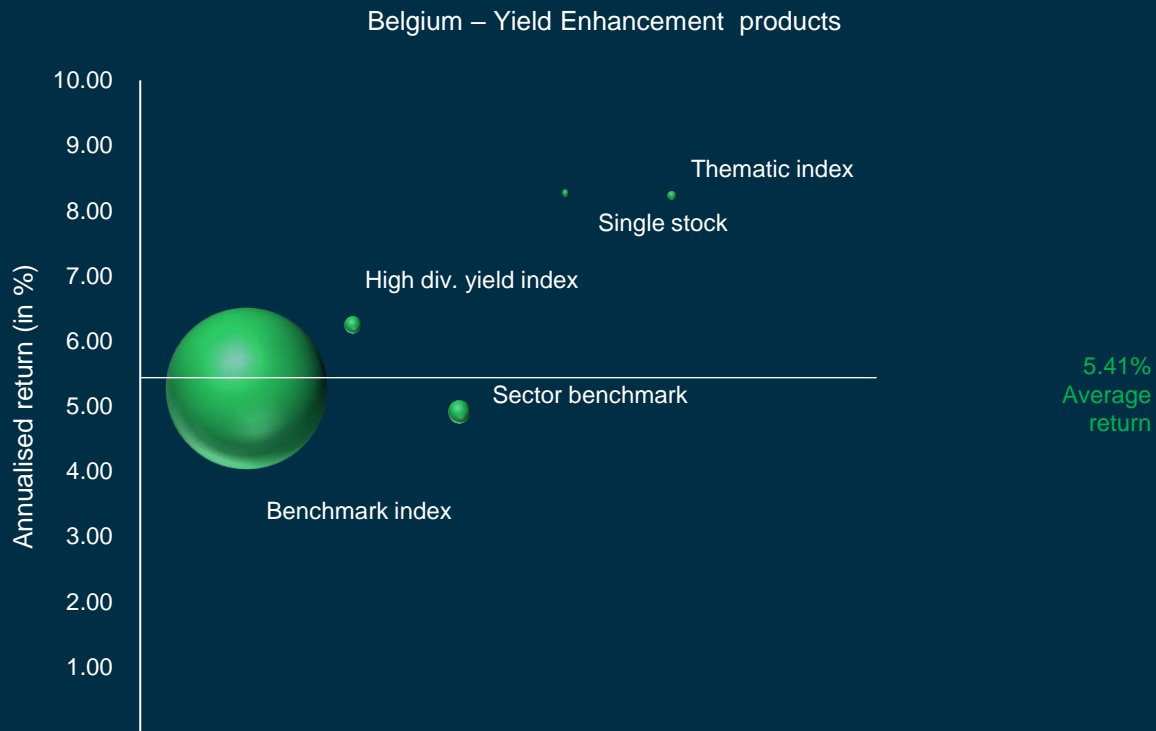


France: Matured 2016 - 2023 9M



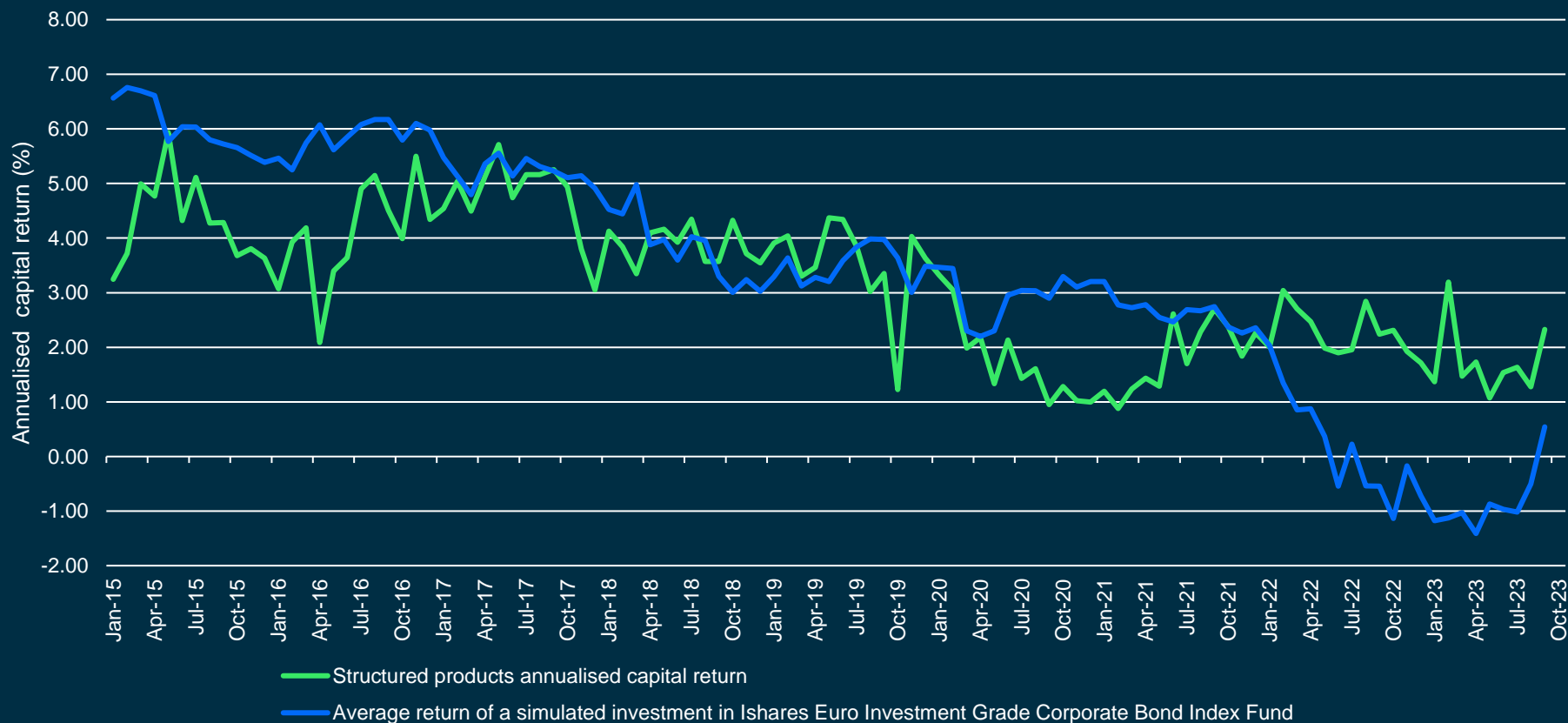
Focus on Yield enhancement

Capital Return & Matured volume per Underlying type (2016 - 2023 9M)



Structured products: Capital stability and returns higher than bonds

Belgium: Comparison against an investment in fixed-income

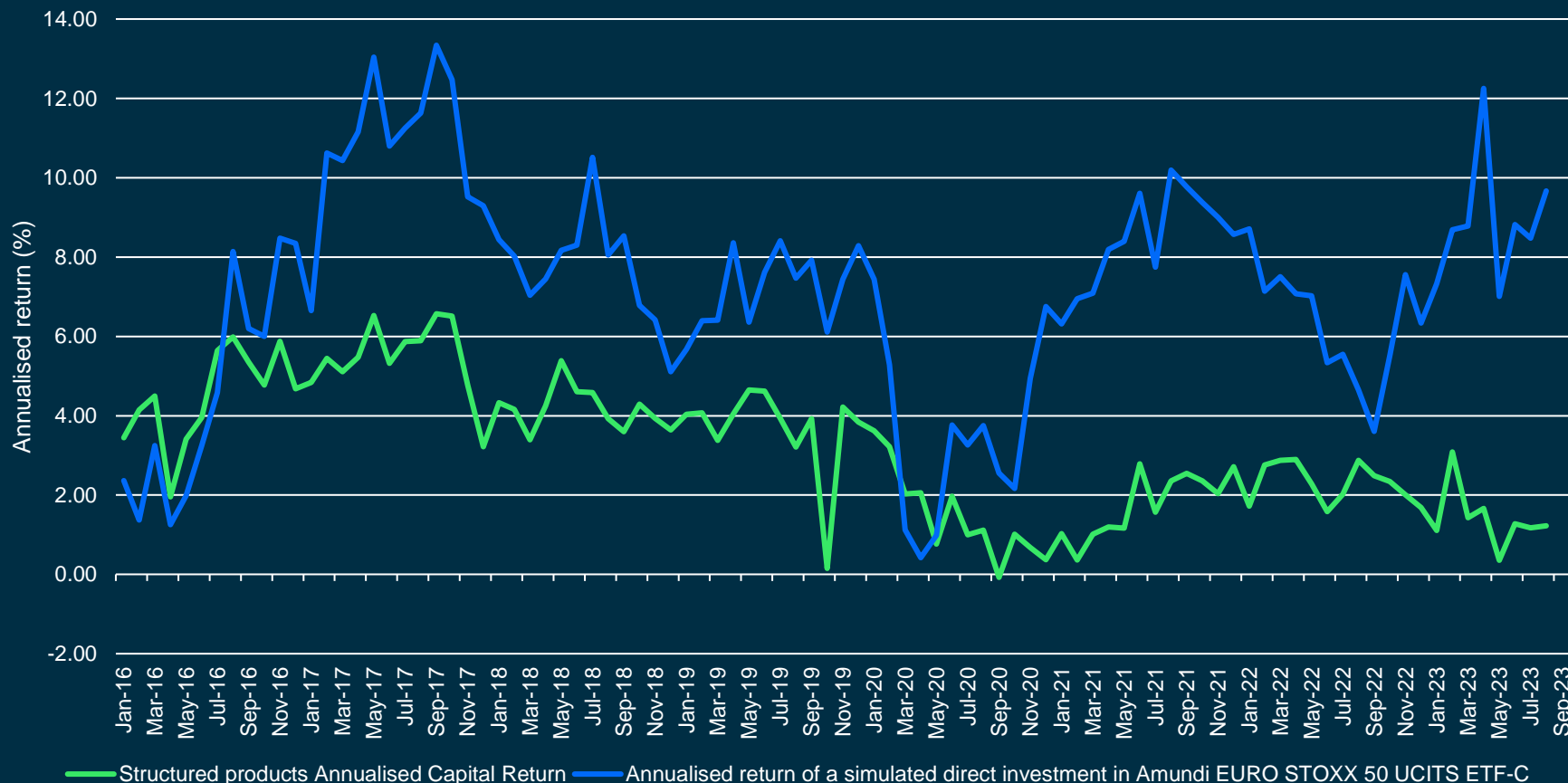


Key points

- Inflation, hikes in rates, having negative impact on bonds
- Bonds volatility remains an issue, at near historic highs
- Matured structured products provided capital stability in uncertain environment

Structured products for controlled exposure to risky assets

Belgium: Comparison of Equity-linked products to a direct investment in equities

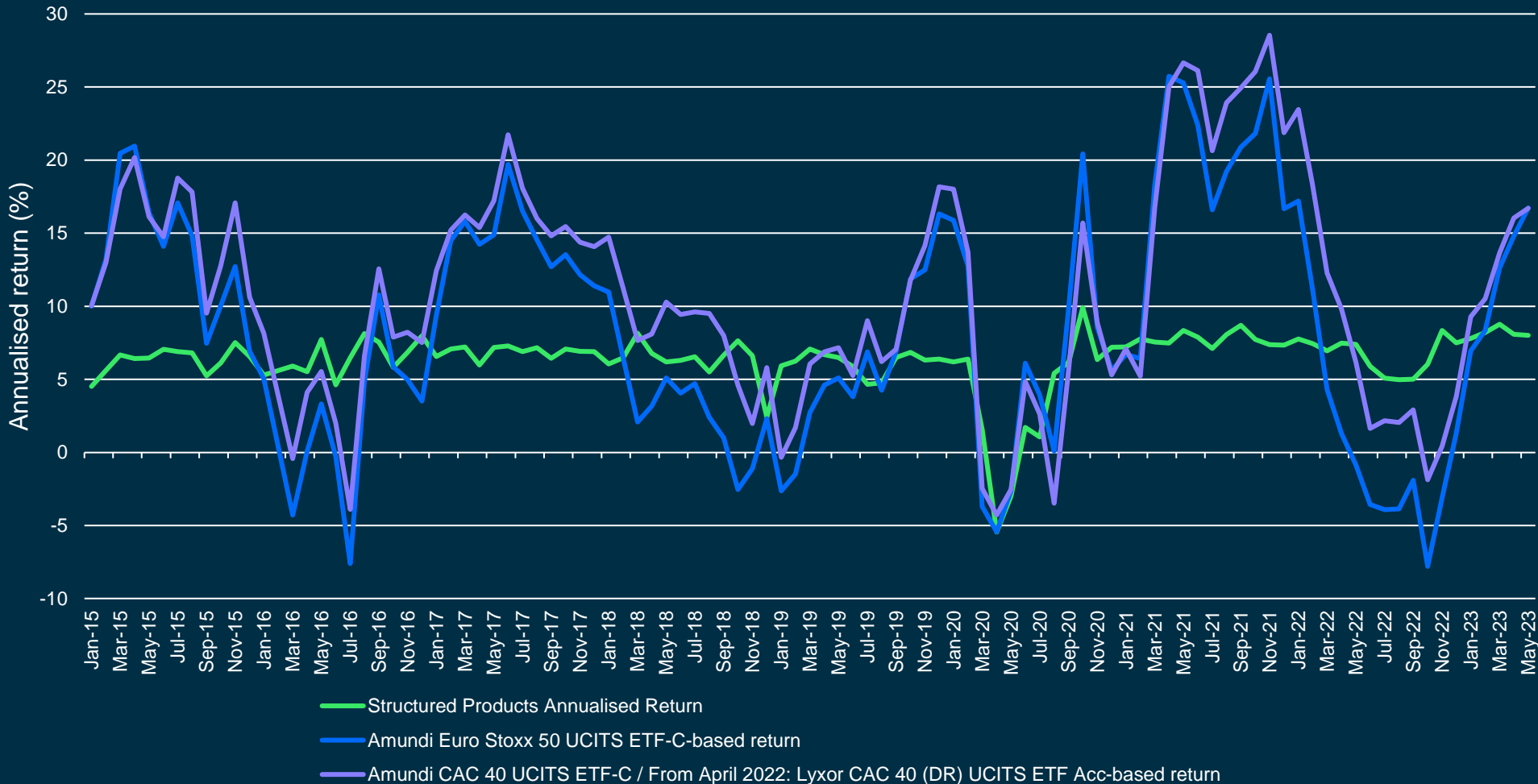


Key points

- The capital protection bias of the Belgian market does not allow comparison with dynamic equity investment with full equity downside
- Lack of full exposure to equities means potential significant gains may be forgone as a tradeoff for principal protection

Structured products for controlled exposure to risky assets, equities

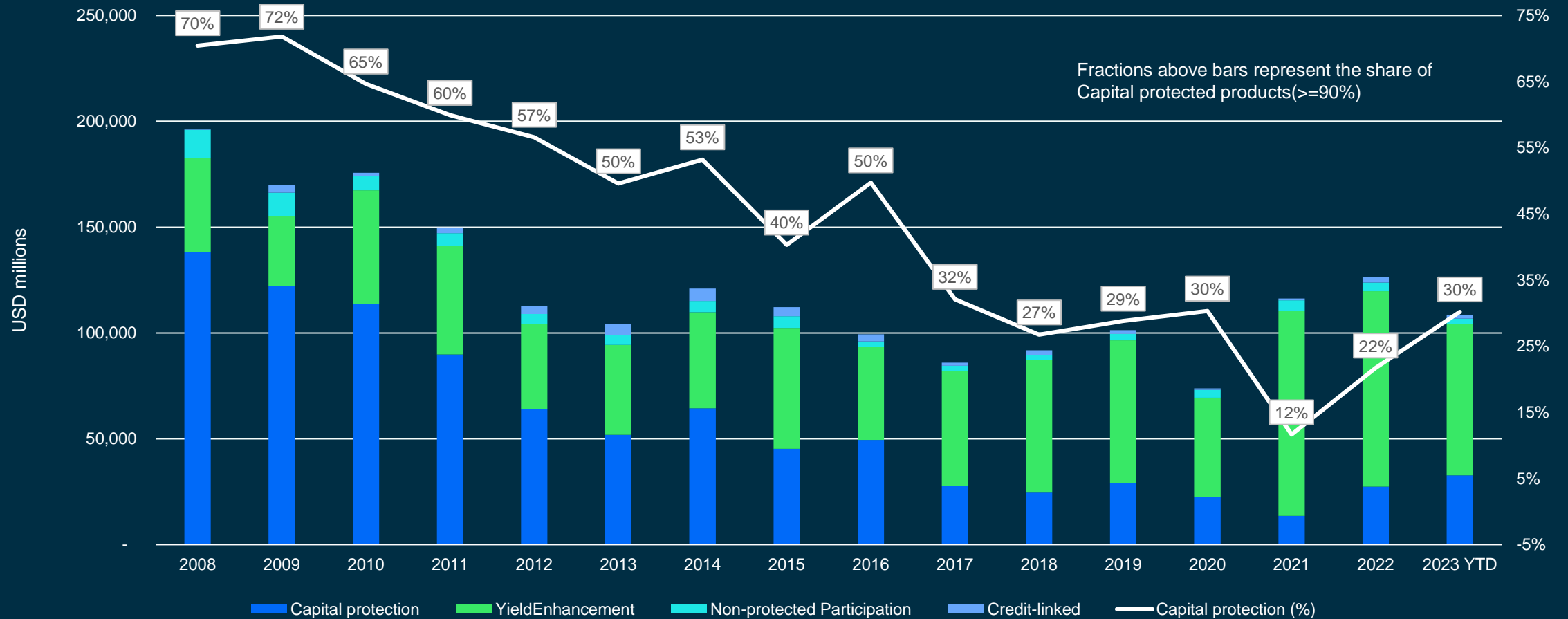
France: Comparison against a direct investment in equities



Key points

- **Regular, stable and visible** return compared to a direct investment
- **Controlled** exposure to risky assets
- Structured products resisted better during equities sell-off

Europe: Capital protected products issuance is off lows; Higher rates are changing this





Recap

Key takeaway

The size of the Belgian market has consistently decreased in the era of ultra-low interest rates

New issuance was not able to adapt to the low interest rates market conditions due to restrictive regulation limiting the capacity of the asset class to evolve

Products in Belgium have underperformed on a relative basis due to the lack of yield enhancement products in the offering

The Belgian market is seeing a revival benefitting from the higher interest rates environment, yet still lacking the variety of payoffs and underlyings used in other European markets



Thank you for your attention

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