

AT1 Investor Presentation

January 18th, 2018



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- (ii) it will not sell, offer or otherwise make the Securities available to "consumers" within the territory of Belgium; and
- (iii) it will at all times comply with the applicable laws and regulations relating to the offering of investment instruments (such as the Securities) to "consumers" within the territory of Belgium, including (without limitation) the provisions of the Belgian Code of Economic Law.

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Executive summary

Offering

- ✓ Belfius Bank SA/NV inaugural Additional Tier 1 issue
- ✓ EUR denominated EUR 500mn transaction
- ✓ Perpetual maturity, callable on April 2025 (Long 7-year) and semi-annually thereafter
- ✓ 5.125% phased-in CET1 trigger on consolidated and solo level
- ✓ Temporary principal write-down loss absorption mechanism
- ✓ Discretionary, semi-annual, non-cumulative coupons
- ✓ Expected instrument rating Ba2 / BB (by Moody's / S&P)

Issuer

- ✓ Belfius is an integrated bank-insurer owned by the Belgian State
- ✓ Belfius is anchored in all segments of the Belgian economy and therefore active in an attractive bank-insurance market

Rationale

- ✓ Further diversification of funding sources and investor base
- ✓ Raise going concern loss absorbing capital to contribute towards filling the Pillar 1 AT1 “bucket”
- ✓ Contribute to the MREL level to come
- ✓ Contribute to a strong leverage ratio
- ✓ Increase Belfius' financial and regulatory flexibility, accessing a new layer of instruments within Belfius' capital structure

Investment Highlights

- ✓ Excellent strategy execution track record of Belfius since 2011, amongst others leading to strong solvency and liquidity metrics
- ✓ 1H 2017: CET1 ratio⁽¹⁾ 16.3%, total capital ratio⁽¹⁾ 19.1%, leverage ratio⁽¹⁾ 5.4%, LCR 128%, NSFR 115%
- ✓ Available Distributable Items⁽²⁾ in the statutory accounts (BGAAP) as of end 2016, amounts to EUR 3.2bn, representing >95x⁽³⁾ coupon coverage
- ✓ “Normal times“ minimum operational CET1 fully-loaded ratio of 13.5% (plus a buffer of 2% to take into account unforeseeable elements leading to target CET1 ratio fully-loaded of 15.5%), leaving:
 - A) material CET1 buffer to MDA restrictions level of 10.75% (fully-loaded, filled AT1 bucket) and approx. 11.25% (fully-loaded assuming an AT1 issue for a nominal amount of EUR 500mn)
 - B) Large buffer to 5.125% CET1 ratio trigger (representing >EUR 5bn of capital depletion capacity)
- ✓ Rare asset to hold. Belfius total AT1 bucket at 1.5% approx. EUR 720mn

Notes: 1. On a consolidated phased-in basis. 2. The Available Distributable Items are only considered on a non-consolidated basis (Bgaap), after deduction of dividends distributed until December 31st, 2016. 3. On the basis of an AT1 issuance sufficient to fill 1.5% AT1 bucket based on 1H 2017 RWAs of €48.0bn (i.e. an issuance of c.€720mn).



Part 1

BELFIUS AT A GLANCE: A DOMESTIC BELGIAN CHAMPION



Belfius at a glance

Belfius' history in summary

The Belgian State (FHIC⁽¹⁾) acquires Dexia Bank Belgium

The Belgian State separated the former Dexia Bank Belgium (DBB) from the Dexia group through a purchase of 100% of DBB shares (excl. its stake in Dexia Asset Management) for EUR 4bn

Execution of a threefold mission accomplished on a standalone basis :

- ✓ Clean up the legacy inherited from Dexia times
- ✓ Restructure into a solid financial institution
- ✓ Rebuild a strong commercial franchise

Belfius Board of Directors and Management Board unanimously prefer a partial privatisation of Belfius

The Board of Directors and Management Board declared their preference for the partial privatisation of Belfius Bank by way of an initial public offering (IPO) of a minority stake in Belfius Bank

Oct. 2011

March 2012

July 2016

April 2017

July 2017

Dexia Bank Belgium becomes Belfius Bank

Dexia Bank Belgium turned a page in its history and was rebranded Belfius

Belfius among well capitalized European banks according to 2016 EU-wide EBA Stress Test

Belfius achieves a solid CET1 ratio of 11.4% after stress, i.e. substantially better than the average of 9.4%, confirming its strong solidity and resilience

Belfius receives green light from Federal Government to prepare IPO

Within the framework of the governmental agreement announced in July 2017, the Federal Government has given Belfius the green light to prepare a partial privatisation of Belfius by way of an initial public offering (IPO) of a minority stake of the bank (up to 49%).

Note: 1. FHIC: Federal Holding and Investment Company.

Source: Company financials.



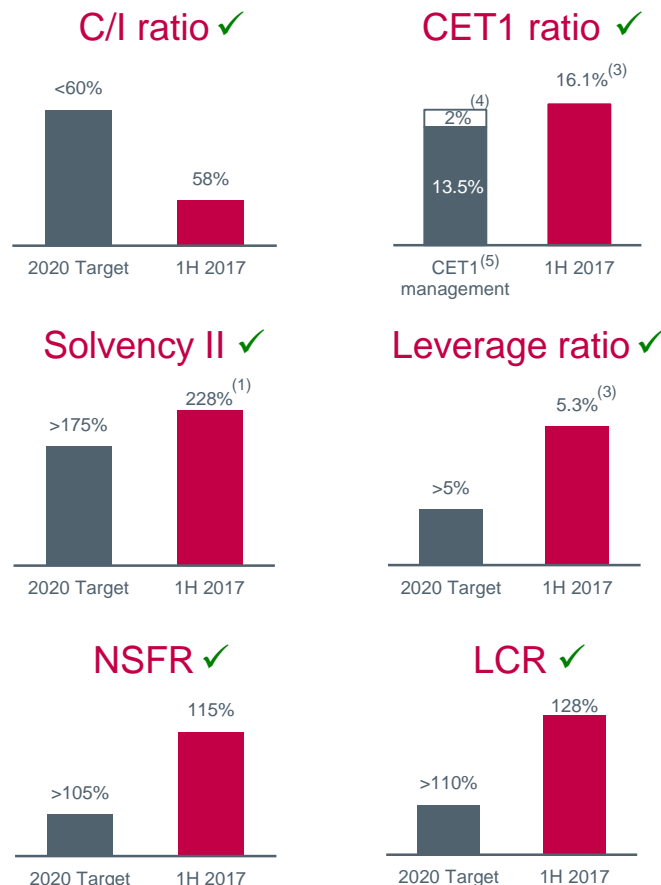
Belfius at a glance

What we have achieved so far

Strong execution of mission...

2011		1H 2017
>100%	Cost/Income ratio	58%
< 8%	CET1 ratio Basel III FL	16.1%
< 100%	Solvency II ratio ⁽¹⁾	228%
€3.3bn	Net Asset Value	€9.3bn
€-1.4bn	Net Income	€361m
-	Dividend	€275m ⁽²⁾

...delivering on 2020 targets ahead of time



Notes: 1. After dividend. 2. Total provisional foreseeable dividend for 2017, of which €75mn 1H 2017 interim dividend already paid out in September 2017.

3. On a consolidated fully-loaded basis. 4. Belfius will, for the time being, manage with a target CET1 ratio that will be 2% higher than a minimum operational CET1 ratio of 13.5% (on solo and consolidated levels) to take into account additional unforeseeable elements. 5. Update from previous capital management levels.



Belfius at a glance

An integrated Belgian bank-insurer

- More than 50 years of experience as bank and insurer of proximity for more than 3.5 million customers: individuals, liberal professions, self-employed and companies
- 150 years of experience as the preferred partner to the public and social sector in Belgium

Belfius Bank & Insurance

Retail &
Commercial
Banking

Insurance

Public &
Corporate
Banking

Group Center (GC) ⁽¹⁾

Retail & Commercial (RC)⁽¹⁾

- ❑ #2⁽²⁾ bank-insurer with more than 3.5m customers
- ❑ #1 in mobile banking
- ❑ #4⁽³⁾ bank to 300,000 professional customers
- ❑ EUR 43bn loans to customers
- ❑ EUR 105bn AUM

Public & Corporate (PC)⁽¹⁾

- ❑ #1 bank to 12,000 Public sector customers
- ❑ #4⁽³⁾ bank to 10,600 Corporate customers
- ❑ EUR 39bn loans to customers
- ❑ EUR 31bn AUM

- ❑ ALM Liquidity Bond portfolio (EUR 8.1bn)
- ❑ ALM Yield Bond portfolio (EUR 4.4bn)
- ❑ Derivatives portfolio
- ❑ Other activities

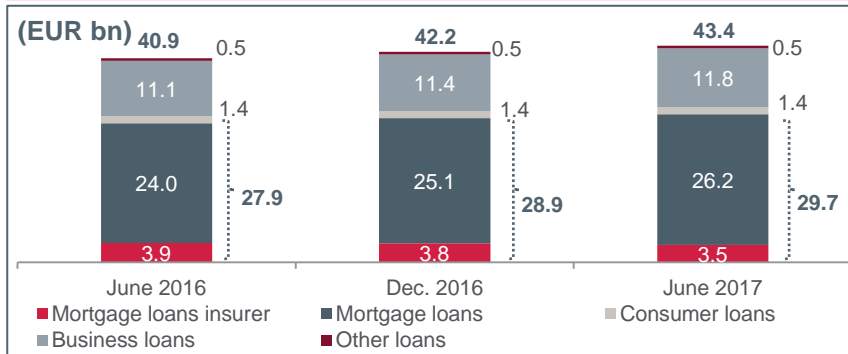
Notes: 1. Situation as of June 2017. 2. Market penetration as main bank based on market research GfK Belgium, 2017. 3. Estimation based on market share of loans.



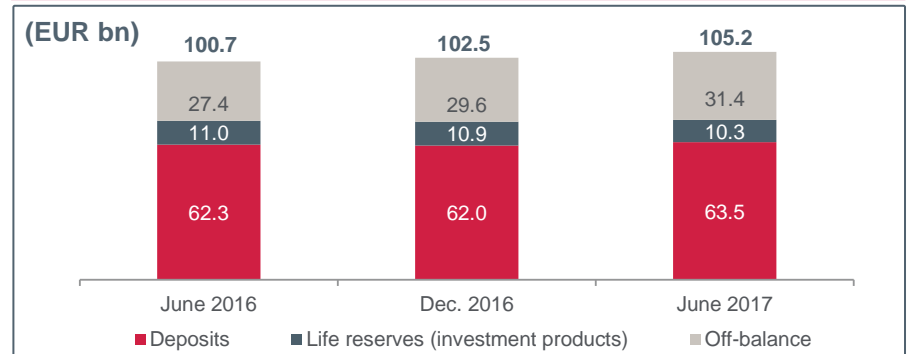
Belfius at a glance

Valuable commercial franchise: Retail & Commercial (RC)

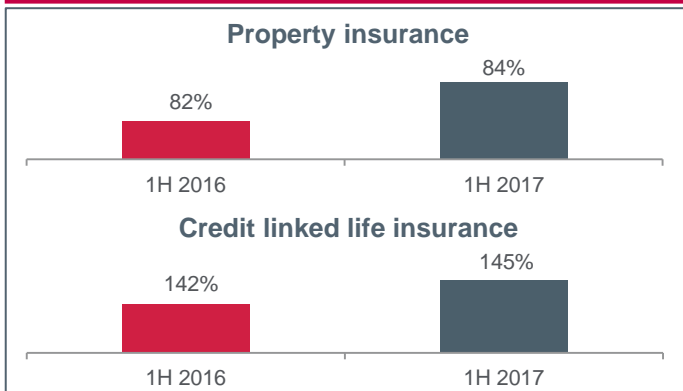
Outstanding RC loans



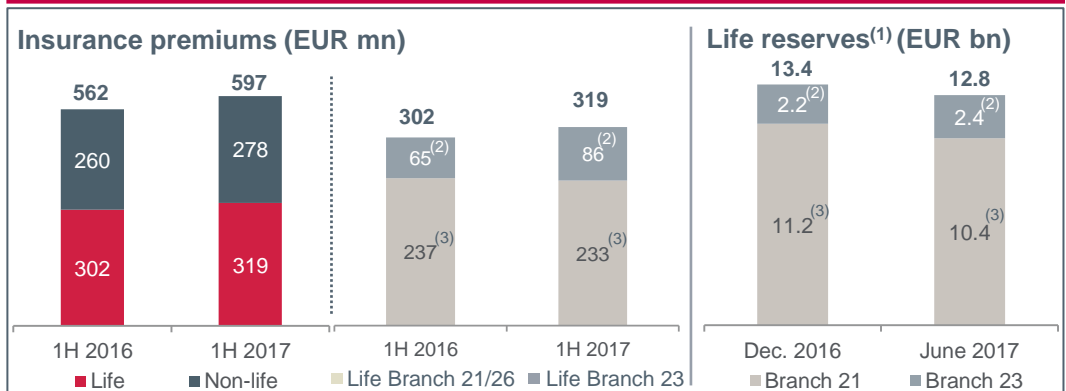
Outstanding RC savings & investments



Cross-sell with mortgages



Insurance sales and reserves



- Strong and growing franchise across the country
- Continuous growth in loans (mortgage loans, loans to SME) and deposits is complemented with growth in cross selling to insurance policies (both life and non-life) and Asset Management services

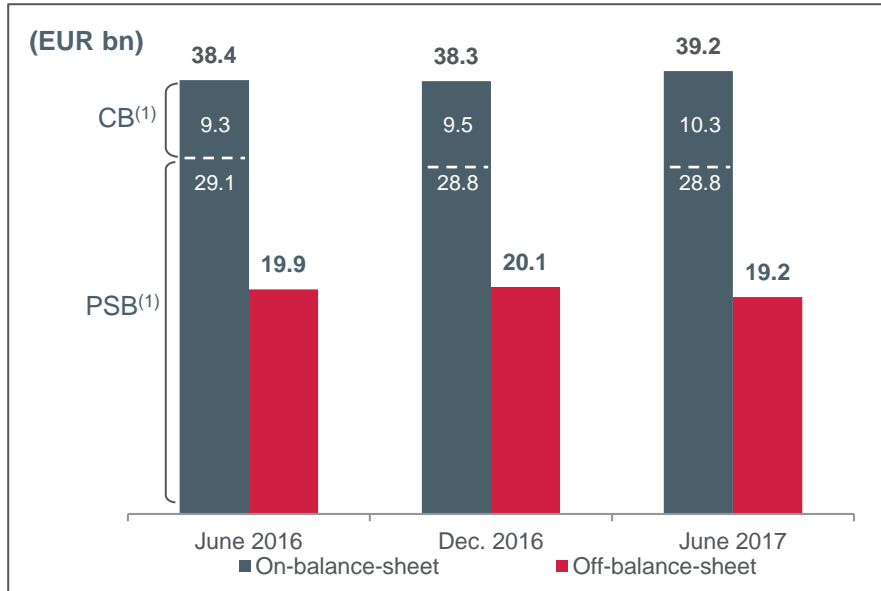
Notes: 1. Including EUR 10bn life reserves under investment product format. 2. Branch 23 (life insurance without capital guarantee, but with a potentially higher return via investment funds). 3. Branch 21 and 26 (life insurance with a capital guarantee and guaranteed minimum return, to which there may be added a variable profit participation).



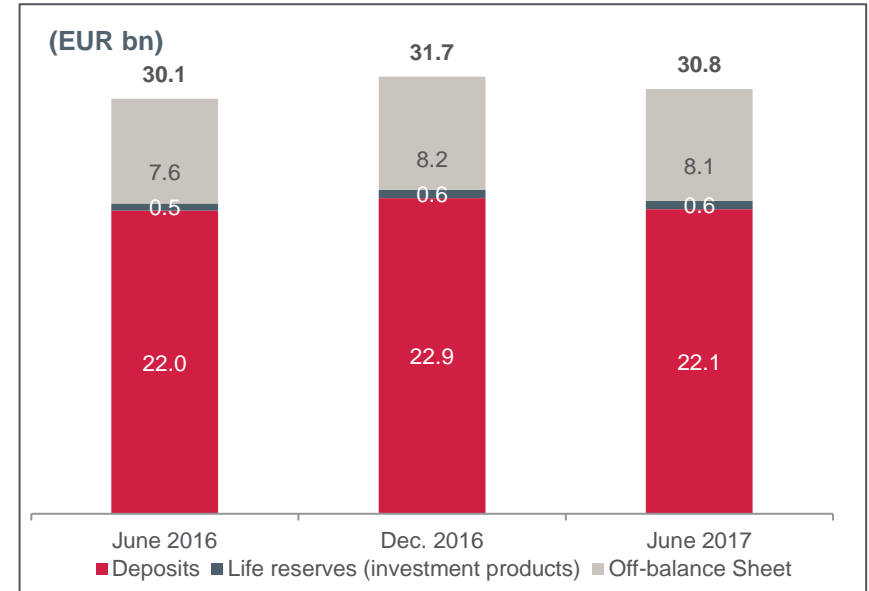
Belfius at a glance

Valuable commercial franchise: Public & Corporate (PC)

Outstanding PC loans & off-balance-sheet commitments



Outstanding PC savings & investments



- As Belfius is a full service bank to the public and non-profit sector, it remains its preferred partner in Belgium, conducting to market leading stock of AuM in that segment
 - Lower demand for investment loans and structural shift to bond market funding is decreasing outstanding stock of loans to those PSB customers
 - Belfius strong development into the Belgian corporate segment, since 2014, is leading to strong growth in outstanding loans and more diversification of its asset base
- In the public and non profit sector in Belgium, Belfius continues to confirm its clear leadership in financial services and is able to diversify its income generation capacity by keeping its participation rate in debt capital markets mandates granted by these customers at the leading level of 86% in 1H2017

Note: 1. PSB = Public & Social Banking // CB = Corporate Banking.



Part 2

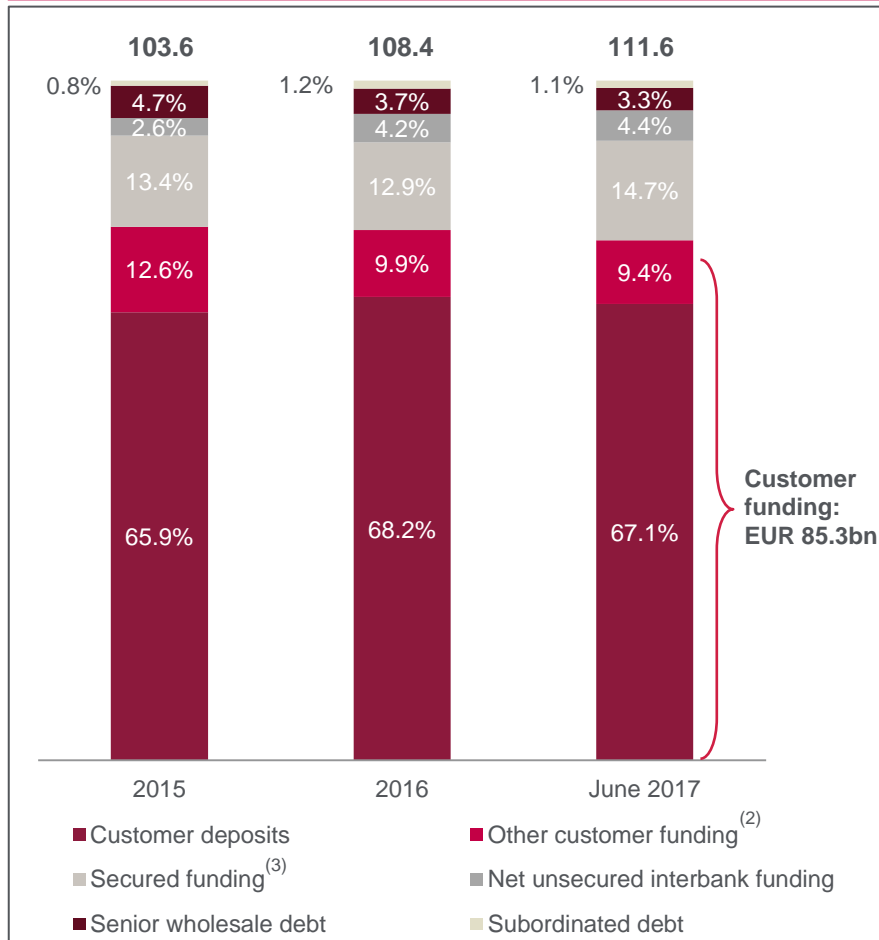
COMBINING A STRONG BALANCE SHEET WITH SOLID CAPITAL GENERATION



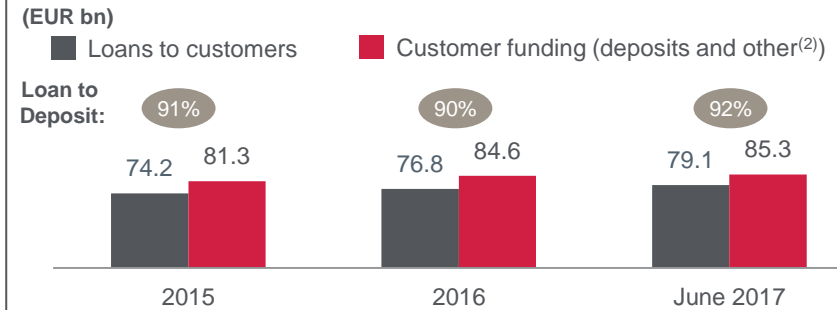
Robust liquidity profile with significant buffers

Belfius has a stable funding base

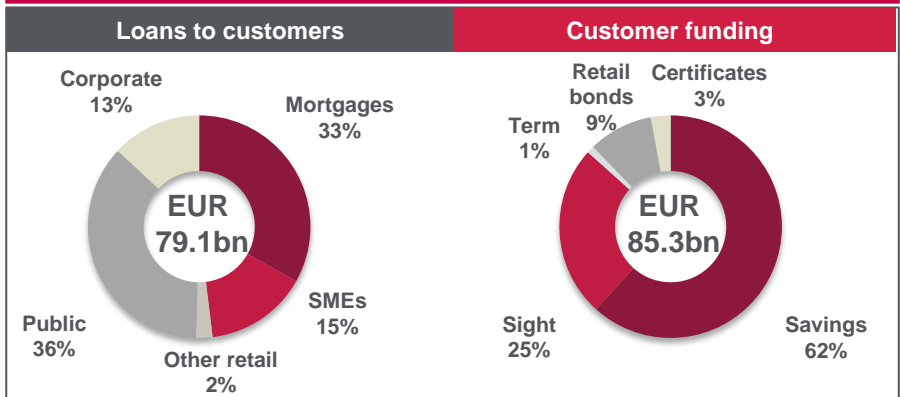
Access to many funding sources (EUR bn) ⁽¹⁾



Stable Loan to Deposit ratio



Loans to customers and customer funding mix (June 2017)



Sound funding profile (June 2017)



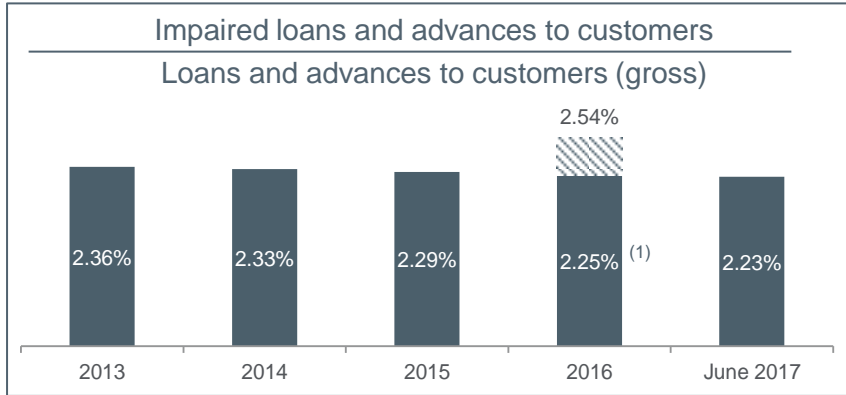
Notes: 1. Belfius Bank only. 2. Other customer funding includes retail bonds and savings certificates (7% and 2% as percentage of total funding, respectively). 3. Secured funding includes Covered Bonds (8%), TLTRO (4%), other long term secured funding (1%) and repurchase agreements (2%).



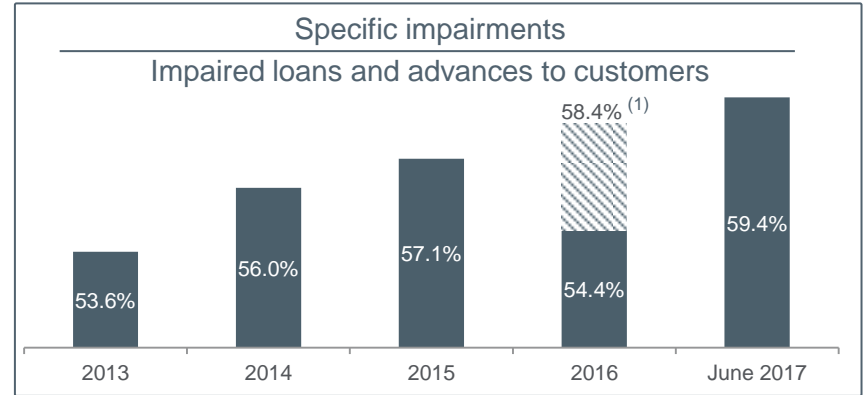
Sound risk profile

Continued strong asset quality...

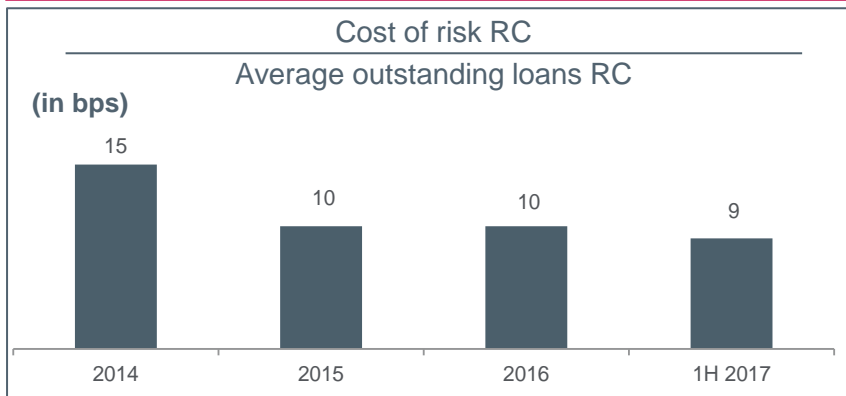
Asset quality ratio



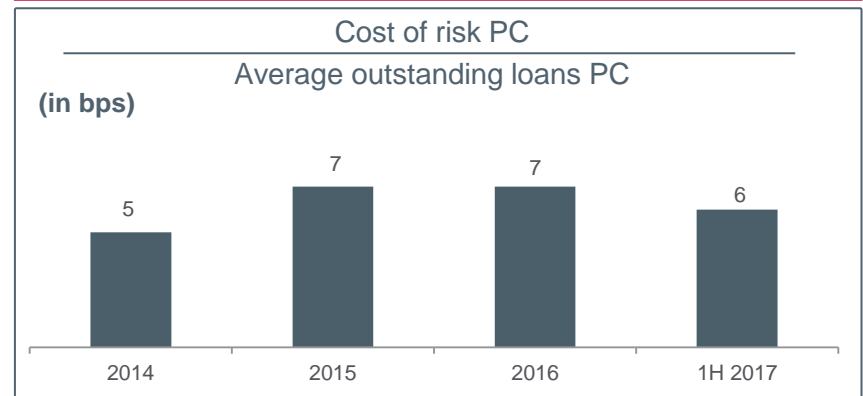
Coverage ratio



Credit cost ratio RC



Credit cost ratio PC



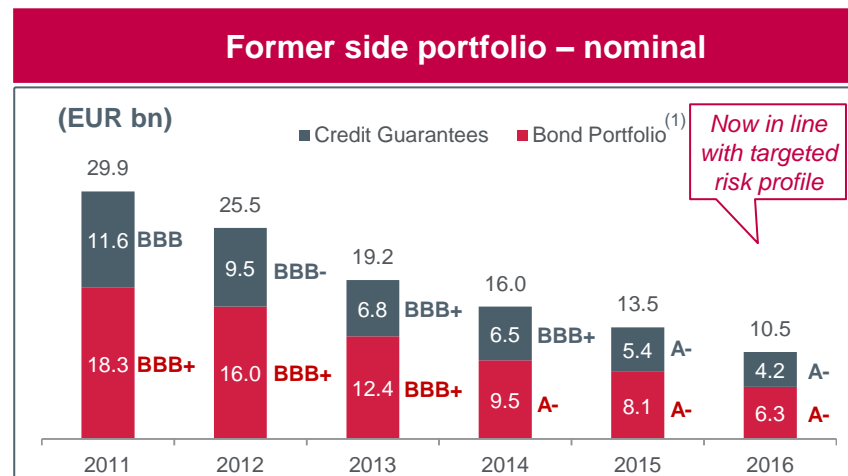
Note: 1. 2016 figure was strongly impacted by a specific impairment related to an US RMBS, of which part has been sold in 1H 2017. Excluding this exposure, the asset quality ratio of December 2016 would have been 2.25% and the coverage ratio 58.4%.



Sound risk profile

...and completed active tactical de-risking program in 2016

- Completion of active tactical de-risking program in 2016
- Former side portfolio now integrated in Group Center since 1 January 2017
 - ALM Yield/ liquidity bonds and Credit/IR Derivatives
 - Good average credit quality:
 - Average rating of A- at June 2017
 - Only 1.8% of the portfolio is Non-Investment Grade at 1H 2017



	ALM Liquidity bond portfolio (EUR mn)		ALM Yield bond portfolio (EUR mn)		Dexia Derivatives (EUR bn) ⁽³⁾		Credit derivatives (EUR mn)	
	Dec 2016	June 2017	Dec 2016	June 2017	Dec 2016	June 2017	Dec 2016	June 2017
Average Rating ⁽²⁾	A	A-	A-	A-	A-	A-	A-	A-
Expected average life (years)	9.7	9.4	19.5	19.7	10.0	10.6	7.8	9.7
Investment grade	100%	100%	93%	93%	100%	100%	100%	100%

Notes: 1. Excludes derivatives. 2. Includes rating impact from bought credit protection on some positions held in the ALM yield bond portfolio. 3. Collateralised derivatives

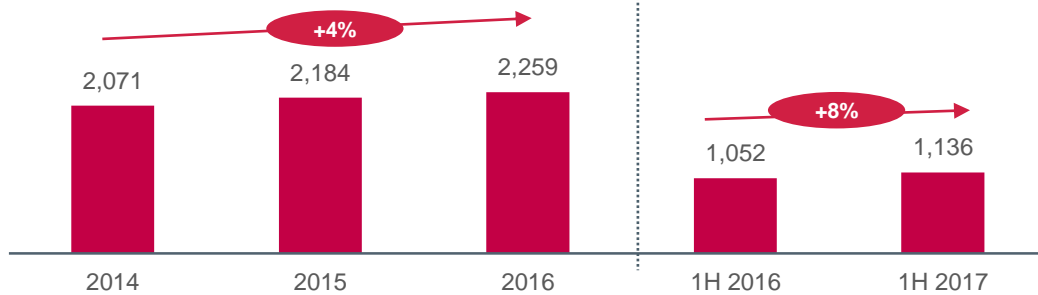


Operational profit growth dynamics

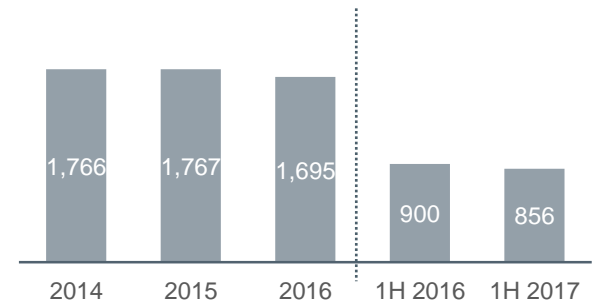
On-going revenue growth...

Solid revenue momentum

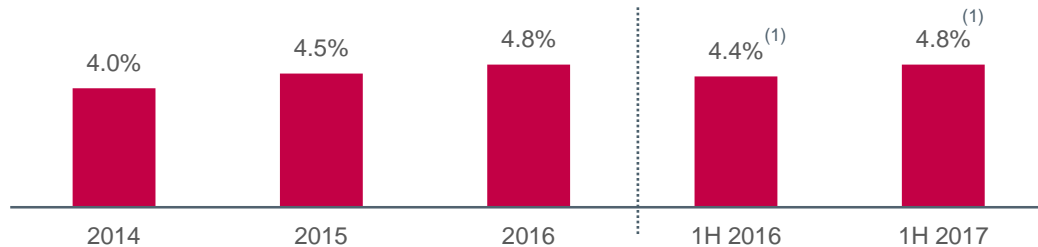
Total income (EUR mn)



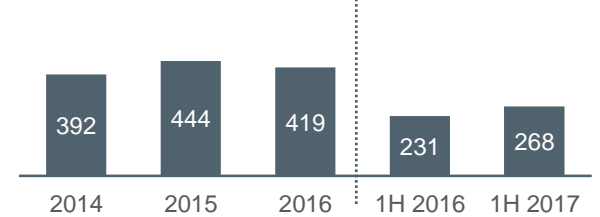
Retail & Commercial (RC) income (EUR mn)



Total income / avg. RWA



Public & Corporate (PC) income (EUR mn)



 CAGR

Note: 1. Annualised figure.

15 Source: Company financials.

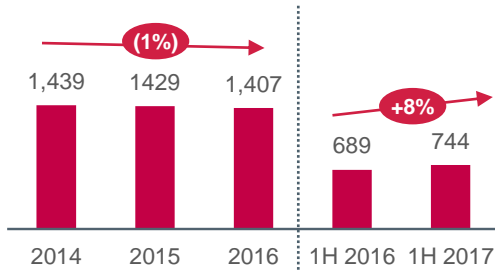


Operational profit growth dynamics

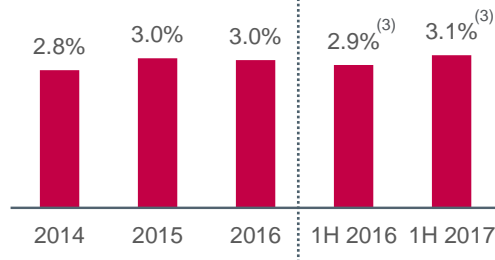
...supported by diversification...

Resilient bank NII⁽¹⁾ despite adverse rate environment

NII bank (EUR mn)

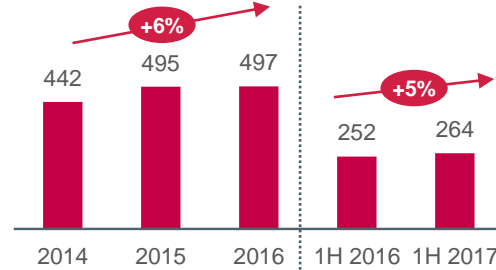


NII bank / avg. RWA

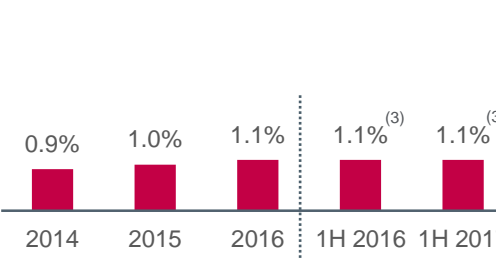


Good momentum in bank Fees & Commissions (F&C)

F&C income bank (EUR mn)



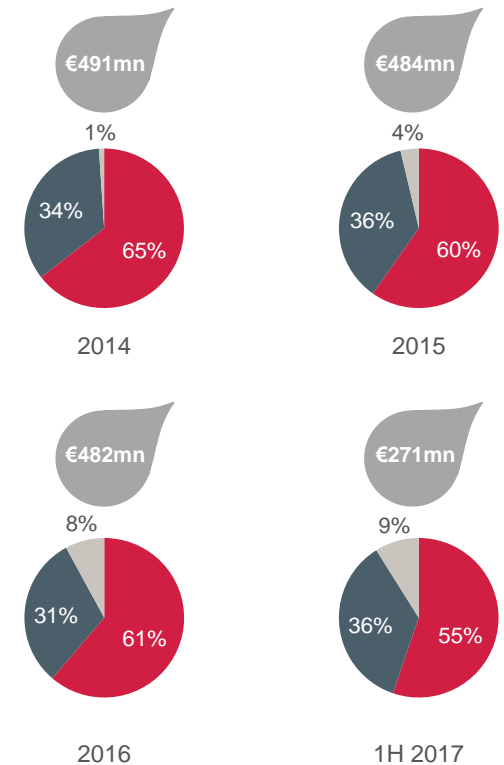
F&C bank / avg. RWA



Sustained insurance contribution during strategic product mix transformation

Insurance income⁽²⁾

■ Life ■ Non-Life ■ Other



● CAGR

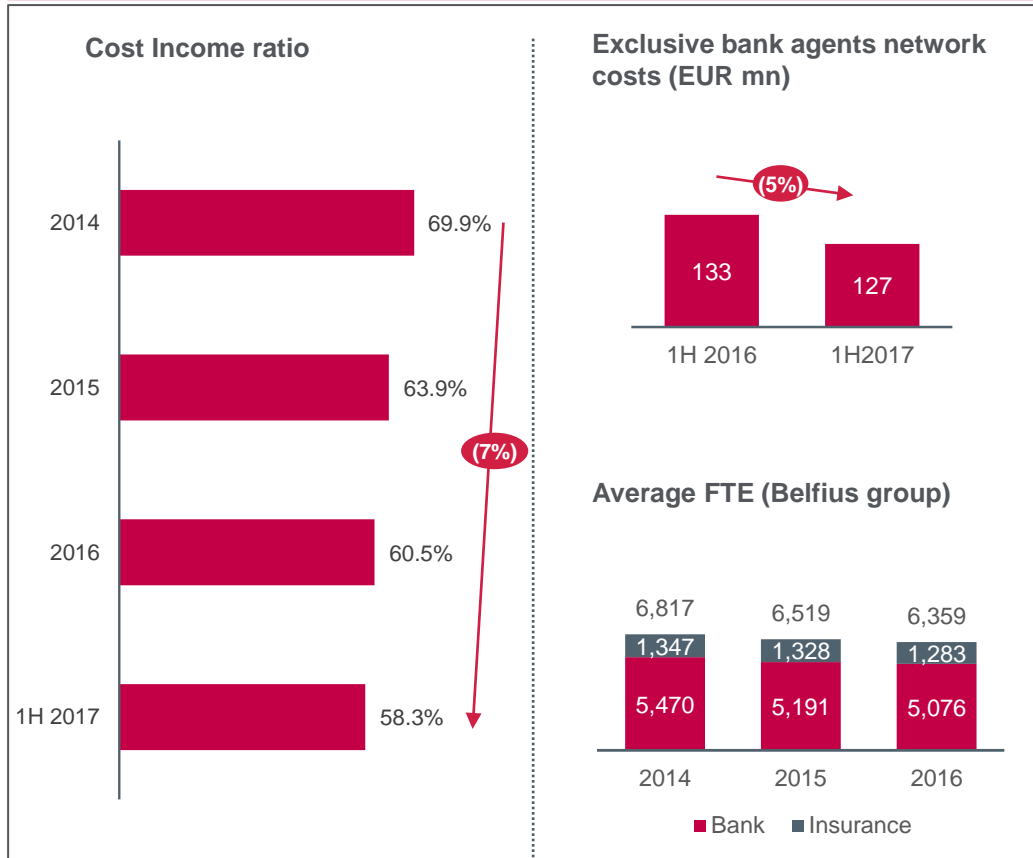
Notes: 1. NII = Net Interest Income. 2. Contribution of insurance into group, information based on unaudited figures. 3. Annualised figure.



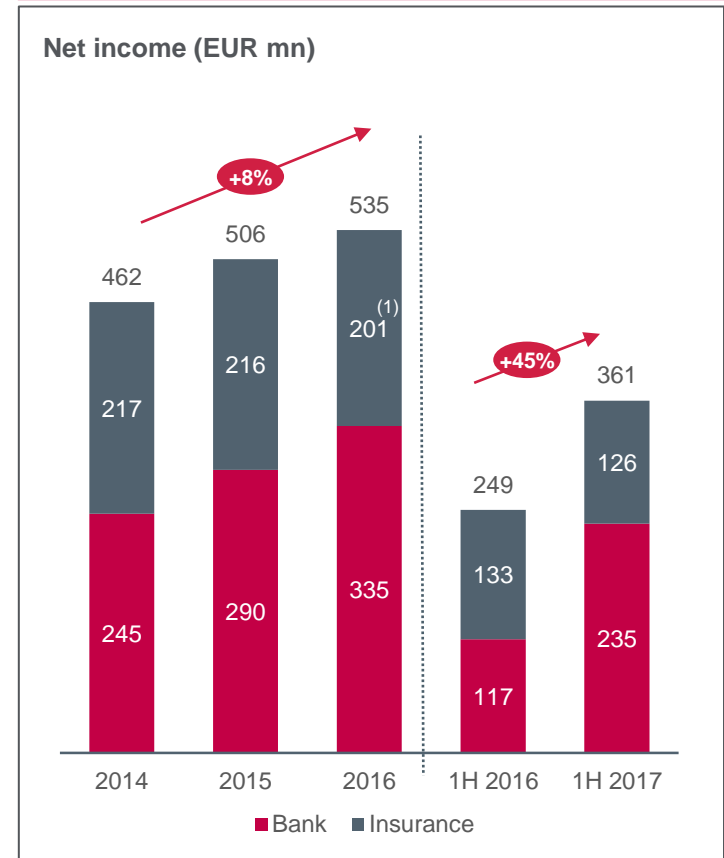
Operational profit growth dynamics

...and efficiency gains supporting a robust bottom line

Continued improvement in “efficiency-to-serve”



Good quality net income expansion



CAGR

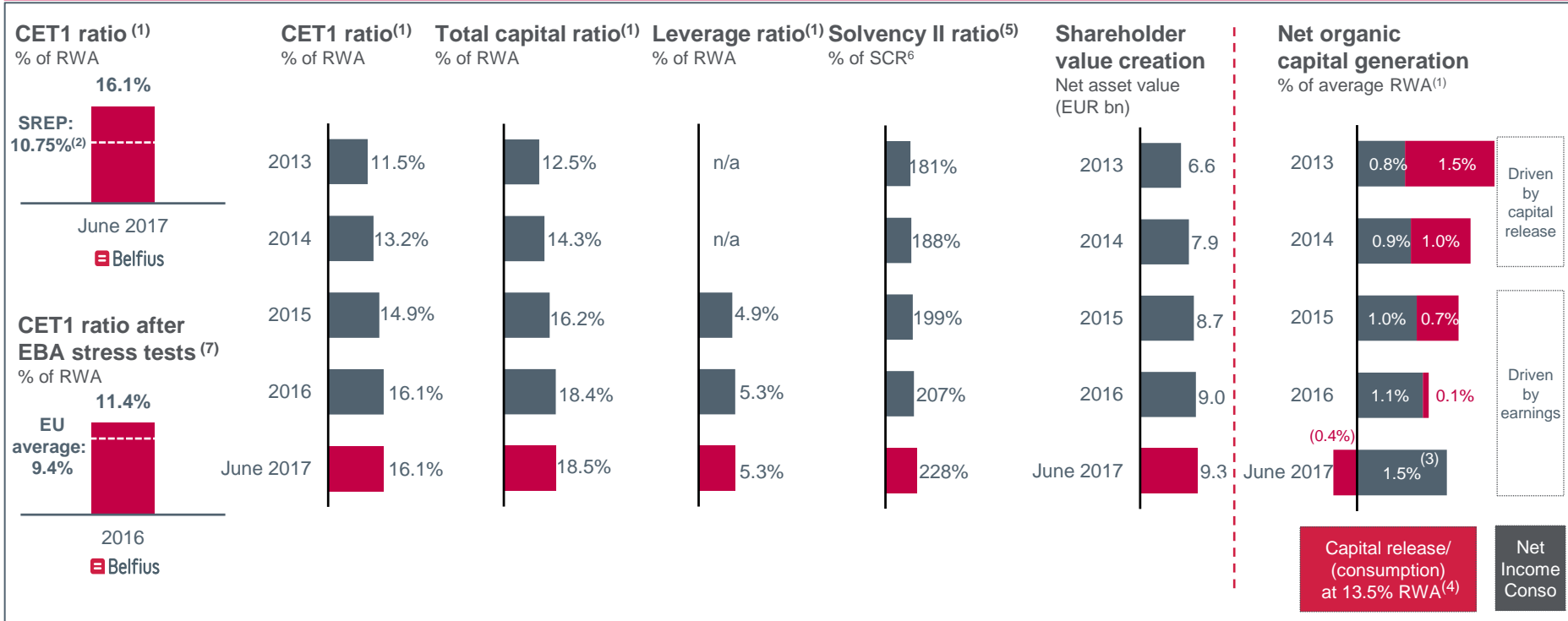
Notes: 1. The net contribution of Belfius Insurance amounts to €201mn, after adjustment of an intragroup transaction whereby Belfius Insurance has bought back, before maturity, its Tier 2 subordinated debt issued end 2011 which was subscribed by Belfius Bank, and this at a fair market price above book value, as yields for subordinated debt came down since then. At the same time, Belfius Insurance reissued (and Belfius Bank subscribed) new Tier 2 subordinated debts and in that way extended the maturity profile of its outstanding subordinated debt and increased somewhat its total outstanding Tier 2, as such improving its total capital mix.



All in all

Organic capital generation supporting AT1 holders

Strong balance sheet, benefiting from solid organic capital generation



✓ Continued ability to fund value-enhancing business growth

Notes: 1. On a consolidated fully-loaded basis. 2. Fully-loaded CET1 ratio requirement 2019, assuming stable Pillar 2 Requirement and Combined Buffer Requirement. 3. Annualised figure. 4. Change in RWA capturing the impact of balance sheet deleveraging and business growth, at normative CET1 ratio of 13.5% used for capital allocation to segments. 5. After dividend and Solvency I until 2014, Solvency II thereafter. 6. SCR stands for Solvency Capital Requirement. 7. Refers to the CET1 ratio under the Adverse Scenario in the EBA 2016 Stress tests



Upward rating trajectory confirming solid fundamentals of Belfius

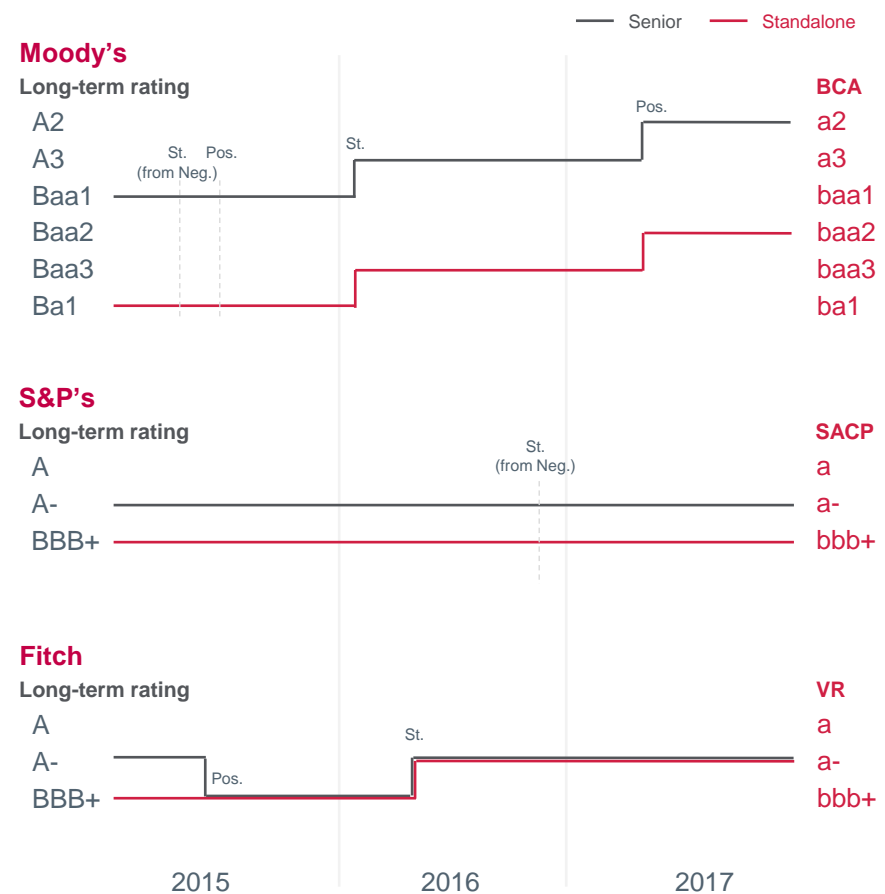
Ratings of Belfius Bank

	Moody's last action on 29/03/2017	S&P last action on 10/11/2016	Fitch last action on 07/12/2017
Senior	A2 Positive outlook	A- Stable outlook	A- Stable outlook
Standalone Rating	baa2	bbb+	a-
Non-Preferred Senior	Baa3	BBB	
Tier 2	Baa3	BBB-	BBB+
Additional Tier 1	Exp Ba2	Exp BB	

Latest rating actions

- In January 2016, Moody's upgraded Belfius' stand-alone Baseline Credit Assessment (BCA) to baa3 and its LT-rating to A3
- In April 2016, Fitch upgraded Belfius' stand-alone Viability Rating (VR) to a- and its LT-rating to A-
- In November 2016, S&P revised Belfius' outlook from negative to stable and confirmed its ratings
- In March 2017, Moody's upgraded Belfius' stand-alone Baseline Credit Assessment (BCA) to baa2 and its LT-rating to A2. The ST-rating has been upgraded from Prime-2 to Prime-1. The outlook has changed from stable to positive
- In October 2017, S&P replaced the transitional notch with a notch for ALAC support as they believe Belfius will sustain its current capitalization and bail-in able debt levels, hence affirming Belfius' ratings
- In December 2017, Fitch affirmed Belfius' rating of A-

Senior & Standalone Rating Trajectory



Part 3

INAUGURAL AT1 TRANSACTION



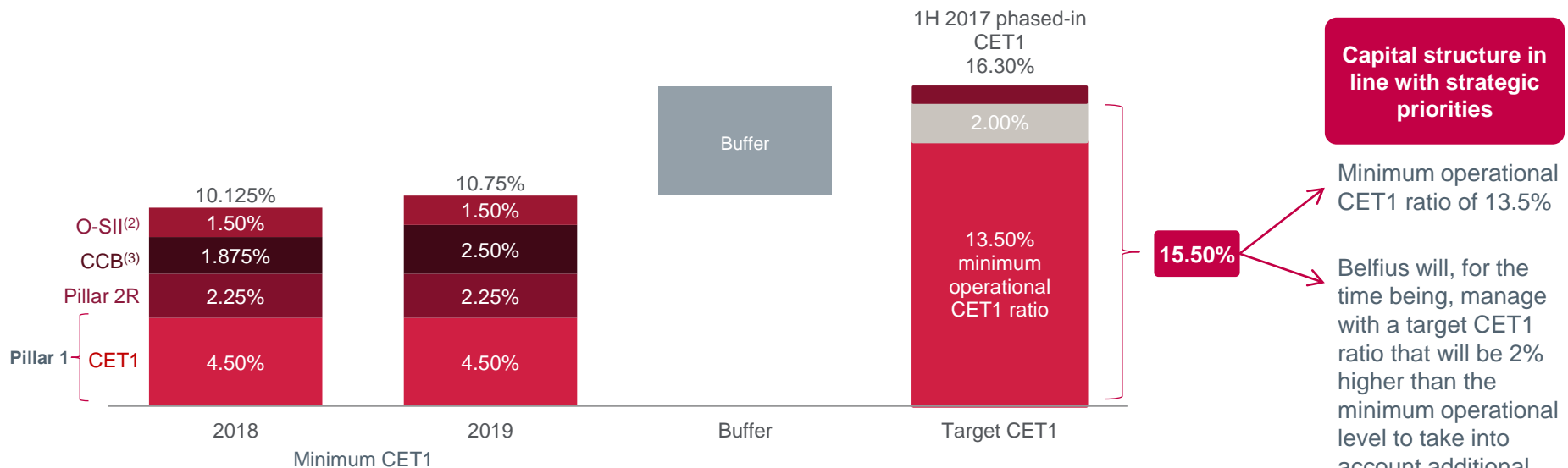
Transaction rationale

- ❑ Further diversification of funding sources and investor base
- ❑ Raise going concern loss absorbing capital to contribute towards filling the Pillar 1 AT1 “bucket”
- ❑ Contribute to the expected MREL level to come
- ❑ Contribute to a strong leverage ratio
- ❑ Increase Belfius’ financial and regulatory flexibility, accessing a new layer of instruments within Belfius’ capital structure



Capital management strategy

Belfius' Minimum CET1 Requirements⁽¹⁾ vs Belfius 1H 2017 CET1 Capital Position & Target



- ❑ For 2018, phased-in minimum CET1 requirement for Belfius is 10.125%
- ❑ Based upon gradual phasing in of the Capital Conservation Buffer to 2.5% and all other things remaining equal, this would lead to a 10.75% fully-loaded minimum CET1 requirement for 2019
- ❑ The ECB also formally notified Belfius to set a Pillar 2 Guidance (P2G)⁽⁴⁾ of 1%

Notes: 1. Assumes 0% Countercyclical Buffer and constant Pillar 2 Requirements at 2.25%. 2. Other Systemically Important Institutions Buffer. 3. Capital Conservation Buffer. 4. P2G is set above the level of binding capital requirements (Pillar 1 and Pillar 2 Requirement (P2R)) and on top of the combined buffers. According to the EBA clarification, the Pillar 2 capital guidance is not relevant for the maximum distributable amount trigger and calculation.



Strong buffers to AT1 trigger

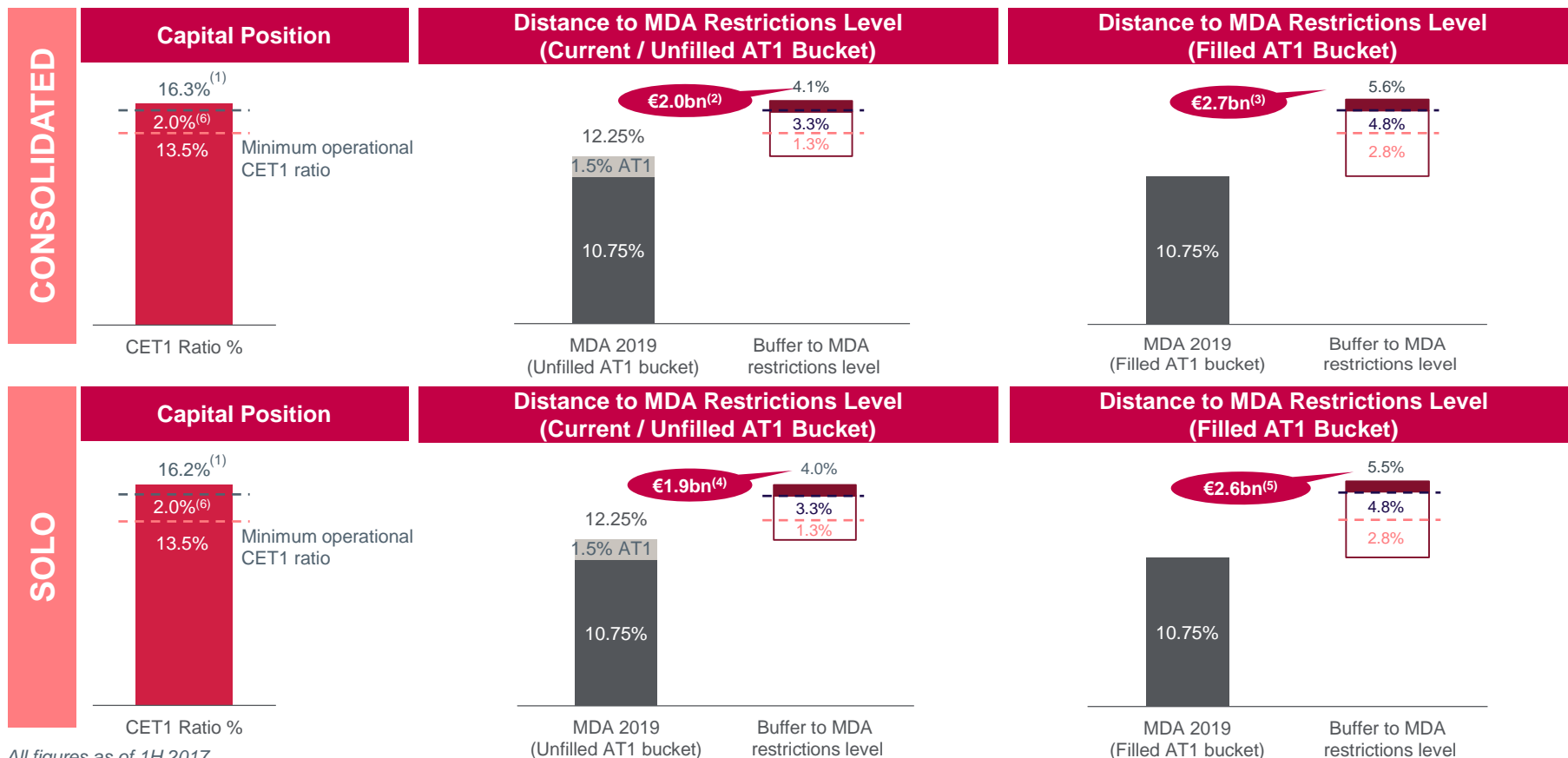


All figures as of 1H 2017.

Notes: 1. Phased-in CET1 ratio. 2. Buffer between 1H 2017 phased-in CET1 ratio and 5.125% trigger. Based on fully-loaded ratio, the consolidated fully-loaded distance to trigger is 11.0% (€5.3bn). 3. Buffer between 1H 2017 phased-in CET1 ratio and 5.125% trigger. Based on fully-loaded ratio, the solo fully-loaded distance to trigger is 10.9% (€5.2bn). 4. Belfius will, for the time being, manage with a target CET1 ratio that will be 2% higher than the minimum operational level to take into account additional unforeseeable elements.



Strong buffers to MDA restrictions level



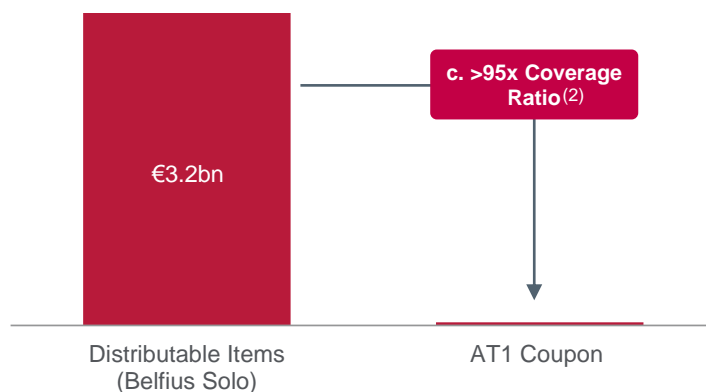
All figures as of 1H 2017.

Notes: 1. Phased-in CET1 ratio. 2. Buffer between 1H 2017 phased-in CET1 ratio and MDA 2019 (unfilled AT1 bucket). Based on fully-loaded ratio, the consolidated fully-loaded distance to MDA restrictions level is 3.8% (€1.8bn). 3. Buffer between 1H 2017 phased-in CET1 ratio and MDA 2019 (filled AT1 bucket). Based on fully-loaded ratio, the consolidated fully-loaded distance to MDA restrictions level is 5.3% (€2.6bn). 4. Buffer between 1H 2017 phased-in CET1 ratio and MDA 2019 (unfilled AT1 bucket). Based on fully-loaded ratio, the solo fully-loaded distance to MDA restrictions level is 3.7% (€1.8bn). 5. Buffer between 1H 2017 phased-in CET1 ratio and MDA 2019 (unfilled AT1 bucket). Based on fully-loaded ratio, the solo fully-loaded distance to MDA restrictions level is 5.2% (€2.5bn). 6. Belfius will, for the time being, manage with a target CET1 ratio that will be 2% higher than the minimum operational level to take into account additional unforeseeable elements.



End 2016 Statutory available Distributable Items amount to €3.2bn

End 2016 Available Distributable Items⁽¹⁾



End 2016 ADIs comfortably covering AT1 coupons

- Comfortable level of ADIs: over 95x⁽²⁾ coupon coverage
- Resulting from strong capital generation

Intention to respect the capital hierarchy

- ❑ It is the Issuer's current intention that, whenever exercising its discretion to propose any dividend or distributions in respect of the ordinary shares of Belfius Bank, or its discretion to cancel the payment of interest on AT1 instruments, it will take into account the relative ranking of these instruments in the capital structure
- ❑ However, the Issuer may at any time depart from this policy at its sole discretion, and as further set out in the risk factors in the Prospectus, in accordance with the Applicable Banking Regulations and the Terms and Conditions of the Securities, it may in its discretion elect to cancel the payment of interest at any time and for any reason

Notes: 1. The Available Distributable Items are only considered on a non-consolidated basis (Bgaap), after deduction of dividends distributed until December 31st, 2016.

2. On the basis of a AT1 issuance sufficient to fill 1.5% AT1 bucket based on 1H 2017 RWAs of €48.0bn (i.e. an issuance of c.€720mn).

25 Source: Company financials.



Summary Terms and Conditions of the AT1 Securities

Issuer	▪ Belfius Bank SA / NV (“Issuer”)
Issuer Rating	▪ A2 / A- / A- (Moody’s / S&P / Fitch)
Expected Instrument Rating	▪ Ba2 / BB (Moody’s / S&P)
Instrument	▪ EUR [●]% Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Securities (the “Securities”)
Maturity	▪ Perpetual Non-Call April 2025 (Long 7-year)
Size	▪ EUR 500mn
Status	▪ Direct, unconditional, unsecured and deeply subordinated, senior only to rights and claims of any class of shares that rank, or expressed to rank, junior to the Issuer’s obligations under the Securities
Interest Rate	▪ Fixed rate until the First Call Date ▪ Resets at the First Call Date and every 5 years thereafter at the prevailing 5-year mid-swap rate plus the Margin (no step-up) ▪ Payable semi-annually in arrears, subject to interest cancellation provisions (non-cumulative)
Interest Cancellation	▪ Fully discretionary non-cumulative cancellation at the option of the Issuer at any time ▪ Interest payable only if the Issuer has sufficient distributable items and payment would not cause the Maximum Distributable Amount restrictions then applicable on a solo or consolidated basis to be exceeded
Optional Redemption	▪ In whole but not in part at the First Call Date (April 2025 / Long 7-year), and every Interest Payment Date thereafter, at their Prevailing Principal Amount together with any accrued but unpaid interest subject to prior regulatory approval, the Prevailing Principal Amount of the Securities not being lower than their Original Principal Amount and subject to the Conditions for Redemption
Trigger Event	▪ At any time, upon either the Solo CET1 Ratio or the Consolidated CET1 Ratio falling below 5.125% (in accordance with the applicable transitional arrangements under CRD IV)
Principal Write-Down	▪ Upon the occurrence of a Trigger Event, the Prevailing Principal Amount of the Securities will be written down to the extent required to cure the Trigger Event or (if such amount is lower) to reduce the Prevailing Principal Amount of each Security to one cent
Principal Write-Up	▪ The Securities may be reinstated at the Issuer’s discretion out of net profits (lower of solo and consolidated), on a pro-rata basis with all other loss absorbing instruments then subject to write-up (if any)
Special Event Optional Redemption	▪ In whole but not in part upon the occurrence of a Special Event (Regulatory Event (full or partial derecognition), Tax Deductibility Event or Tax Gross-up Event) at the Prevailing Principal Amount together with any accrued but unpaid interest
Substitution and Variation	▪ Following a Special Event, the Issuer may substitute or vary the terms of all (but not some only) of the Securities so that they become or remain Qualifying Securities, subject to (among other conditions) regulatory approval and provided the new terms are not materially less favourable to Security holders
Governing Law	▪ English law, except for form, denomination, title, status and subordination, meeting of noteholders and modification provisions which shall be governed by Belgian law
Listing	▪ Euronext Brussels
Denominations	▪ EUR 200,000 + 200,000
Target Market	▪ Eligible counterparties and professional clients. No PRIIPs key information document (KID) has been prepared as the securities will not be available to retail in EEA

This information has been prepared solely for information purposes – the summary of any proposed transaction described herein is incomplete and subject to change without notice. It is neither meant to be, nor should it be construed as, an attempt to define all the terms and conditions regarding a proposed issuance of securities.



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Appendix

Appendix 1: AT1 structural comparison



Issuing Entity	Belfius Bank SA / NV	Nordea Bank AB	ABN AMRO Bank NV	Coöperatieve Rabobank U.A.	Crédit Agricole S.A.	Société Générale	KBC Group NV						
Pricing Date	[●] 2018	21 Nov 2017	27 Sep 2017	19 Apr 2016	1 Apr 2014	28 Mar 2014	12 Mar 2014						
Amount / Coupon	EUR 500mn, [●]%	EUR 750mn, 3.500%	EUR 1,000mn, 4.750%	EUR 1,250mn, 6.625%	EUR 1,000mn, 6.500%	EUR 1,000mn, 6.750%	EUR 1,400mn, 5.625%						
Maturity / First Call	Perpetual / 2025 (PerpNC Long 7-year)	Perpetual / 2025 (PerpNC7)	Perpetual / 2027 (PerpNC10)	Perpetual / 2021 (PerpNC5)	Perpetual / 2021 (PerpNC7)	Perpetual / 2021 (PerpNC7)	Perpetual / 2019 (PerpNC5)						
Coupon Structure	Discretionary, Non-cum	Discretionary, Non-cum	Discretionary, Non-cum	Discretionary, Non-cum	Discretionary, Non-cum	Discretionary, Non-cum	Discretionary, Non-cum						
Issue Ratings (M/S/F)	Ba2 / BB / -	- / BBB / BBB	- / - / BB+	Baa3 / - / BBB-	- / BB+ / BB+	Ba3 / - / BB	- / BB / BB						
Trigger Level	5.125% CET1 (Conso or Solo)	8.000% CET1 (Group) 5.125% CET1 (Solo)	7.000% CET1 (Group) 5.125% CET1 (Bank, Solo)	7.000% CET1 (Group) 5.125% CET1 (Solo)	7.000% CET1 (Group) 5.125% CET1 (Bank)	5.125% CET1 (Group)	5.125% CET1 (Group)						
Loss Absorption Mechanism	Principal Temporary Write-Down	Principal Temporary Write-Down	Principal Temporary Write-Down	Principal Temporary Write-Down	Principal Temporary Write-Down	Principal Temporary Write-Down	Principal Temporary Write-Down						
Point of Non-Viability Approach	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory						
Early Redemption Events	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory						
Governing Law	English	English	Dutch	Dutch	English	English	English						
Listing	Belgium	Ireland	Netherlands	Ireland	France	Luxembourg	Belgium						
Capital Buffer to Trigger at Issue ⁽¹⁾ (€bn)	Conso €5.4bn	Solo €5.4bn	Group €14.4bn	Solo €18.0bn	Group €11.1bn	Bank €13.1bn	Bank Solo €12.8bn	Group €13.9bn	Solo €20.1bn	Group €22bn	Bank €11bn	Group €19.8bn	Group €7.0bn
CET1 Ratio at Issue ⁽¹⁾	16.3%	16.2%	19.2%	18.1%	17.7%	17.7%	16.4%	13.5%	16.0%	11.0%	8.6%	10.9%	12.9%
Capital Buffer to Trigger at Issue ⁽¹⁾ (%)	11.2%	11.1%	11.2%	13.0%	10.7%	12.6%	11.3%	6.5%	10.9%	4.0%	3.5%	5.8%	7.8%
Trigger (%)	5.125%	5.125%	8.0%	5.125%	7.0%	5.125%	5.125%	7.0%	5.125%	7.0%	5.125%	5.125%	5.125%

Note: 1. On a phased-in basis, 1H 2017 figures for Belfius.

29 Sources: Transaction documentation, Company financials.



Appendix

Appendix 2: Approach to MREL

- ❑ It is expected that a formal MREL level will be given to Belfius by the Single Resolution Board.
- ❑ At this stage, **no formal MREL target has been communicated to Belfius.**
- ❑ Based on the MREL Calibration Methodology, published by the SRB, **Belfius' mechanical target⁽¹⁾ would potentially amount to 27.25%** of risk-weighted exposures (in fully-loaded format).

- ❑ In July 2017 a new Belgian law was enacted, enabling the issuance of Non Preferred Senior instruments
- ❑ Since then, **Belfius issued 2 benchmarks in Non Preferred Senior format, for a total amount of EUR 1.25bn**



1H 2017 Belfius' MREL level at 24.2%⁽²⁾

MREL needs for Belfius are manageable

→ Belfius will build up its MREL position with a combination of Non Preferred Senior instruments and certain other instruments ⁽³⁾

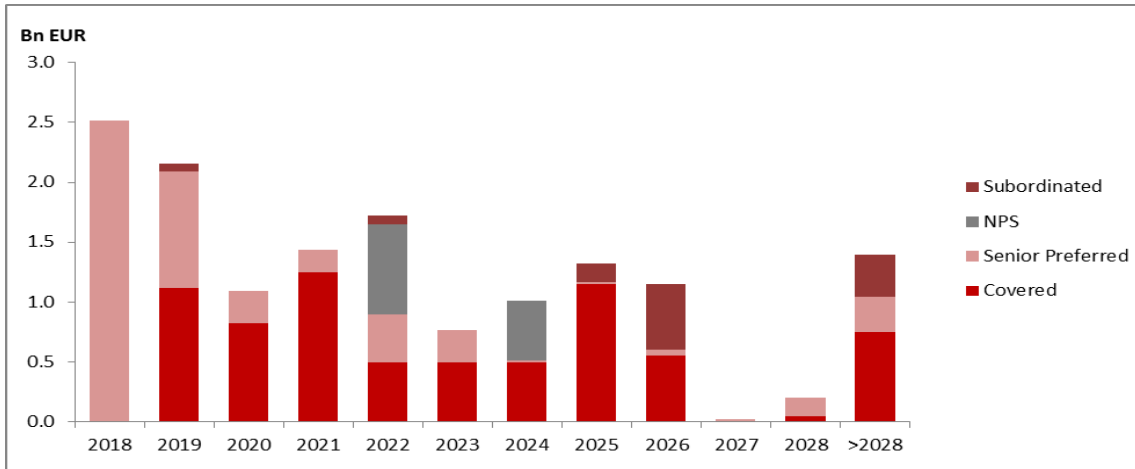
Notes: 1. As per MREL SRB policy for 2017 and Next Steps published in December 2017, potential MREL requirement could be equal to the higher of: (i) Double (Pillar 1 + Pillar 2 requirement) + Combined Buffer Requirement (CBR) plus Market Confidence Charge (equal to the CBR less 125 bp); (ii) 8% of total liabilities and own funds (taking into account derivative netting where applicable). 2. Including CET1, T2, wholesale Preferred Senior. 3. MREL strategy can be amended in function of changing SRB positions..



Appendix

Appendix 3: Prudent funding strategy

Redemption profile



Flexible funding structure with a comfortable maturity profile

→ The funding needs of Belfius are in line with these redemptions

Funding actions

The commercial balance sheet shows an excess of customer funding. The wholesale funding strategy is mainly **focused on diversification of funding sources and investor base.**

- ❖ First issuer of Belgian Mortgage covered bonds (Nov 2012)
- ❖ First issuer of Belgian Public covered bonds (Oct 2014)
- ❖ First Belfius RMBS transaction for external investors (Oct 2015)
- ❖ Inaugural Belfius Tier 2 benchmark (Apr 2016)
- ❖ First issuer of Belgian Non Preferred Senior notes (Sept 2017)



Appendix

Appendix 4: Overview of New Group Center

Belfius New Group Center ⁽¹⁾				
Group Center Bond portfolio			Group Center derivatives portfolio	Other Group Center activities
ALM Liquidity		ALM Yield		
Former Side	<ul style="list-style-type: none"> LCR eligible bonds (EUR 1.7bn) 	<ul style="list-style-type: none"> Non-LCR eligible bonds (EUR 4.6bn) 	<ul style="list-style-type: none"> Collateralized IR derivatives with Dexia entities, intermediated and hedged with Financial Markets (EUR 39.9bn) Credit derivatives: protection given, partly reinsured with monolines (EUR 4.6bn, incl. TRS, part of former GC) Non collateralized IR derivatives with international non financial counterparts Bought credit protection for some ALM yield bonds 	<ul style="list-style-type: none"> Management of old credit risk files (Holding Communal & Arco entities)
Former GC	<ul style="list-style-type: none"> ALM LCR eligible bonds (EUR 6.5bn) 	<ul style="list-style-type: none"> ALM non-LCR eligible bonds (EUR 0.2bn) 		
Considerations	<ul style="list-style-type: none"> Part of Belfius Bank's total LCR liquidity buffer Well diversified, high credit quality and highly liquid portfolio Former Side LCR bonds are similar to ALM LCR bonds, except for geography of issuer (non-core EU countries; e.g. UK, Australia, Japan) 	<ul style="list-style-type: none"> Bond portfolio used to manage excess liquidity Mainly high quality bonds of international issuers (non-core EU) in former Side part with a ~20 years residual duration Managed in natural run-off and standard credit risk management for former Side part 	<ul style="list-style-type: none"> Originates from former competence center for derivatives within the Dexia Group Former Side derivatives managed in natural run-off and standard risk management 	

Note: 1. Figures are notional amounts as of December 31, 2016.



Appendix

Appendix 5: Consolidated balance sheet – assets, liabilities and accounting equity

(EUR mn)	2016	June 2017	Evolution
Total assets	176,721	171,639	(5,082)
Loans and advances	116,816	116,180	(636)
<i>To banks and central banks</i>	27,114	25,497	(1,617)
<i>To customers</i>	89,702	90,683	980
Portfolios	27,199	26,499	(700)
<i>Financial investments (HTM)</i>	5,393	5,514	120
<i>Financial investments (AFS)</i>	18,820	17,243	(1,577)
<i>Financial assets at FV through P&L</i>	2,986	3,742	756
Derivatives	25,307	21,666	(3,641)
Other	7,399	7,294	(104)
Total liabilities	167,709	162,351	(5,358)
Total deposits	86,753	89,707	2,954
<i>Banks and central banks</i>	12,582	14,687	2,105
<i>Customers</i>	74,171	75,020	849
Total debt securities	32,904	32,048	(856)
<i>Debt securities</i>	23,981	22,737	(1,245)
<i>Debt securities at FV through P&L</i>	7,524	8,106	582
<i>Subordinated debts</i>	1,399	1,206	(193)
Derivatives	29,573	22,954	(6,618)
Provisions	16,403	15,318	(1,084)
Other	2,077	2,323	246
Total equity	9,012	9,288	276
Core shareholders' equity	8,694	8,915	221
Subscribed capital + additional paid in capital	3,667	3,667	0
Reserves + retained earnings	4,491	4,887	395
Net income for the period	535	361	(174)
Gains and losses not recognised in the statement of income	318	373	55
Reserve AFS (Available for Sale)	231	246	15
Reserve CFH (Cash flow hedge) + other	(34)	(18)	16
Remeasurement of Defined Benefit plan	87	97	10
Discretionary participation features	33	48	15
Total shareholders' equity	9,012	9,288	276
Non-controlling interests	0	0	0



Appendix

Appendix 6: Belfius Insurance – Consolidated balance sheet

(EUR mn)	2016	June 2017	Evolution
Total assets	22,986	22,238	(748)
<i>of which</i>			
Loans and advances due from banks	738	440	(298)
Financial investments	13,565	12,517	(1,048)
Financial assets measured at fair value through profit and loss	2,190	2,432	242
Mortgage and other loans	5,382	5,184	(198)
Investment property	407	428	21
Other assets specific to insurance companies	438	451	13
Total liabilities	20,840	20,068	(772)
<i>of which</i>			
Due to banks	1,150	1,186	36
Technical provisions for insurance companies	15,997	14,928	(1,069)
Financial liabilities measured at fair value through profit and loss	2,190	2,432	242
Other liabilities specific to insurance companies	327	328	1
Total equity	2,147	2,170	23
<i>of which</i>			
Core shareholders' equity	1,328	1,342	14
Gains and losses not recognized in the statement of income	786	780	(6)
Non-controlling interests	0	0	0
Discretionary Participation Feature	33	48	15



Appendix

Appendix 7: Focus on regulatory capital

	Phased-In		Fully-Loaded	
	Dec 2016	June 2017	Dec 2016	June 2017
Core shareholders' equity	8,694	8,915	8,694	8,915
<i>Elimination of Belfius Insurance (*)</i>	0	-2	0	-2
Core regulatory equity	8,694	8,912	8,694	8,912
Elimination of foreseeable dividend	-140	-275	-140	-275
Gains and losses not recognised in the statement of income	-215	-300	-460	-415
Remeasurement Defined Benefit Plan	86	94	86	94
AFS reserve	-546	-509	-546	-509
Transitory measures & filter on govies	246	115	0	0
Items to deduct	-573	-502	-578	-504
Deferred tax assets	-13	-8	-13	-8
Transitory measures	5	2	0	0
Other	-565	-495	-565	-495
Common equity Tier 1 - CET 1	7,767	7,836	7,516	7,719
Tier 1	7,767	7,836	7,516	7,719
Tier 2 - Capital instruments	1,135	1,158	928	961
Other	174	182	174	182
Total regulatory capital	9,076	9,176	8,618	8,862
Total regulatory risks exposure	46,730	47,996	46,730	47,996
CET1 ratio ⁽¹⁾	16.6%	16.3%	16.1%	16.1%
Total capital ratio	19.4%	19.1%	18.4%	18.5%
Total leverage ratio exposure	143,088	145,322	143,088	145,322
Leverage ratio	5.4%	5.4%	5.3%	5.3%

Note: 1. For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise".



Appendix

Appendix 8: Focus on regulatory risk exposures

Regulatory Risks Exposures - by type of risk

(EUR mn)	June 2016	2016	June 2017
Market risk	1,322	1,136	1,770
Operational risk	2,802	2,915	2,915
Credit risk	37,606	35,951	36,525
Danish compromise ⁽¹⁾	6,102	6,728	6,785
Total Regulatory Risks Exposures	47,832	46,730	47,996

Regulatory Risks Exposures - by segment

(EUR mn)	June 2016	2016	June 2017
Retail and Commercial	15,590	16,136	16,349
Public and Corporate	14,396	14,477	15,426
Group Center	17,846	16,117	16,221
Total Regulatory Risks Exposures	47,832	46,730	47,996

Note: 1. For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise".



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