Alternative Performance Measures[1]
Full year results 2021

In addition to the financial information prepared in accordance with IFRS as adopted by the EU, Belfius discloses certain Alternative Performance Measures as Belfius believes that these Critical Performance Indicators can help stakeholders and readers of the (semi)-annual report to gain additional insights in Belfius' financial and commercial performances as well as allow them to perform additional comparisons across the sector. While these measures are not reviewed or audited by the statutory auditor, a governance process is in place to ensure consistency and relevance of the measures.

Note, however, that APMs are to be considered as additional disclosures and do not replace the financial information prepared under IFRS, CRR 2 and CRD 5.

All references below can be found in the 2021 Yearly Report on the website: *www.belfius.com*

Capital Ratios

The regulator has authorised Belfius to apply article 49 of the CRR for the calculation of the capital ratios and hence to include the capital instruments of Belfius Insurance subscribed by Belfius Bank in the total regulatory risk exposure by applying a weighting of 370% (the so-called "Danish Compromise").

- The **CET 1 ratio** presents the ratio between the CET 1 capital and the total regulatory risk exposures.
- The **Tier 1 ratio** presents the ratio between the Tier 1 capital and the total regulatory risk exposures.
- The **total capital ratio** presents the ratio between the total regulatory own funds and the total regulatory risk exposures.

Calculation (in %)	**Reference**	**31/12/20**	**31/12/21**
CET 1 ratio	Management report/Capital Management	17.1%	16.4%
Tier 1 ratio	Management report/Capital Management	18.0%	17.1%
Total capital ratio	Management report/Capital Management	20.4%	19.8%

(1) On a regular basis the APM's will be updated on the website.

Leverage Ratio

The leverage ratio is defined as the Tier 1 capital (the numerator) divided by the leverage exposure amount (the denominator), i.e. balance sheet assets after certain restatements of derivatives, securities financing transactions, off-balance-sheet items and prudential adjustments deducted from the numerator.

Calculation (in %)	**Reference**	**31/12/20**	**31/12/21**
Leverage ratio	Management report/Capital Management	6.9%	7.1%

Solvency II Ratio

The Solvency II ratio is calculated as the amount of regulatory own funds (AFR) divided by the solvency capital requirement (SCR).

Calculation (in %)	**Reference**	**31/12/20**	**31/12/21**
Solvency II ratio (after dividend)	Management report/Capital Management	200%	190%

Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio forces financial institutions to maintain a sufficient stock of quality liquid assets to withstand a crisis that puts their cash flows under pressure. The assets to hold must be equal to or greater than their net cash outflow over a 30-day period under stress (having at least 100% coverage). The parameters of the stress scenario are defined under Basel III.

Calculation (in %)	**Reference**	**31/12/20**	**31/12/21**
Stock of quality liquid assets[1] (A)	Based on the European Commission's Delegated Act on LCR	26,695	39,031
Net cash outflow over a 30-day period[1] (B)		16,729	20,076
LCR (=A/B)[1]		**158%**	**195%**

(1) 12 months average

Net Stable Funding Ratio (NSFR)

The net stable funding ratio is defined as the amount of available stable funding relative to the amount of required stable funding, and is based on Belfius' interpretation of current Basel Committee guidelines, which may change in the future. This ratio should be equal to at least 100% on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance-sheet (OBS) exposures.

Calculation (in millions of EUR or %)	**31/12/20**	**31/12/21**
Amount of available stable funding (A)	125,173	131,146
Amount of required stable funding (B)	97,880	96,111
NSFR (=A/B)	**128%**	**136%**

Net Interest Margin (NIM)

The NIM-ratio is calculated as the sum of quarterly net interest income bank of the last 4 quarters divided by the average of the interest earning assets[1] of the last 4 quarters.

Calculation (in millions of EUR or %)	**Reference**	**31/12/20**	**31/12/21**
Net interest income bank (A)[2]	Management report/Financial results	1,590	1,623
Average interest earning assets bank (B)[3]	Management report/Financial results	138,792	151,821
NSFR (=A/B)		**1.15%**	**1.07%**

(1) The interest earnings assets are calculated as the sum of the items I to IV of the balance sheet (under IFRS 9).
(2) A = sum of the NII of the last 12 months
(3) B = last 4 quarters rolling average of the interest earning bank

Cost-Income Ratio

The cost-income ratio gives an impression of the relative cost efficiency (expenses relative to income).

Calculation (in millions of EUR or %)	**Reference**	**31/12/20**	**31/12/21**
Expenses (A)	Consolidated Income Statement	1,465	1,477
Income (B)	Consolidated Income Statement	2,614	2,703
COST-INCOME RATIO (=A/B)		**56.0%**	**54.6%**

The cost-income ratio is also calculated for each segment according to a similar definition.

Credit Cost Ratio

The credit cost ratio is calculated as the cost of risk divided by the average gross outstanding loans[1].

Calculation (in millions of EUR or bps)	**Reference**	**31/12/20**	**31/12/21**
Cost of risk (A)	Consolidated Income Statement	(453)	1
Average gross outstanding loans (B)	Notes to the consolidated financial statements	129,.485	131,063
YTD CREDIT COST RATIO (=A/B)		**-35 bps**	**0 bps**

(1) The gross outstanding loans are defined as the sum of:
- loans and advances due from credit institutions (excl. cash collateral);
- loans and advances (from customers) measured at amortised cost;
- debt securities and equity instruments measured at amortised cost and at FV through OCI (excl. participations and equity); and
- guarantees granted.

The credit cost ratio is also calculated for each segment according to a similar definition, based on average outstanding commercial loans for the segment.

Asset Quality Ratio

The ratio between impaired loans and advances (to customers) stage 3 and the gross outstanding loans and advances.

Calculation (in millions of EUR or %)	Reference	31/12/20	31/12/21
Impaired loans stage 3 (A)	Note 5.3. Loans and advances (at amortised cost)	1,997	2,012
Gross outstanding loans (B)	Note 5.3. Loans and advances (at amortised cost)	98,640	103,306
ASSET QUALITY RATIO (=A/B)		2.02%	1.95%

The asset quality ratio is also calculated for each segment according to a similar definition, based on outstanding commercial loans for the segment.

Coverage Ratio

The ratio between the impairments stage 3 and impaired loans stage 3.

Calculation (in millions of EUR or %)	Reference	31/12/20	31/12/21
Impairment stage 3 (A)	Note 5.3. Loans and advances (at amortised cost)	1,199	1,215
Impaired loans stage 3 (B)	Note 5.3. Loans and advances (at amortised cost)	1,997	2,012
COVERAGE RATIO (=A/B)		60.0%	60.4%

Return on Equity (ROE)

Return on equity is an indication of how profitable a company is relative to its equity.
The return on equity is the sum of the net result of the last 4 quarters divided by the 4 quarters rolling average of the Shareholders Equity.

Calculation (in millions of EUR or %)	Reference	31/12/20	31/12/21
Rolling 4-quarter net income group share (A)	Consolidated Income Statement	532	935
Average core shareholders' equity (B)	Consolidated Balance Sheet	9,501	10,208
RETURN ON EQUITY (=A/B)		5.6%	9.2%

Return on Assets (ROA)

Return on assets is an indicator of how profitable a company is relative to its total assets.
The return on assets is the sum of the net result of the last 4 quarters divided by the 4 quarters rolling average of the total assets.

Calculation (in millions of EUR or %)	Reference	31/12/20	31/12/21
Rolling 4-quarter net income[1] (A)	Management report	532	936
Average total assets (B)	Consolidated Balance Sheet	184,948	193,103
(ANNUALIZED) RETURN ON ASSETS (=A/B)		0.29%	0.48%

(1) including minorities.

Return on Normative Regulatory Equity (RoNRE)

The normative regulatory equity is calibrated. The CET 1 ratio is set at 13.5%, taking into account the regulatory risk exposures and some CET 1 capital deductions. Return on Normative regulatory equity (RoNRE) is calculated by Belfius as the sum of the last 4 quarters net result as a percentage of the average Normative Regulatory Equity for the same period.

Calculation (in millions of EUR or %)	Reference	31/12/20	31/12/21
Rolling 4-quarter net income group share (A)	Management report/Segment reporting	532	935
Rolling 4-quarter average Normative Regulatory Equity (B)	Management report/Segment reporting	7,911	7,895
RoNRE (=A/B)		6.7%	11.8%

The RoNRE is also calculated for IND and E&E&P based on a similar definition.

Total savings and investments of commercial activities

Total savings and investments allocated to the different business lines are composed out of non maturing deposits, Asset Management, Bonds and Equity and other savings and investments.

Total savings and investments	Individuals		Entrepreneurs, Enterprises & Public	
(in billions of EUR)	31/12/20	31/12/21	31/12/20	31/12/21
A. Non maturing deposits	57.7	61.7	35.9	40.4
B. Asset Management, Bonds and Equity	40.9	47.9	11.0	12.3
C. Other savings and investments	9.3	8.7	9.1	8.5
TOTAL CUSTOMER ASSETS	107.8	118.4	56.0	61.2

A. the **non maturing deposits** consist of:

Calculation	Reference	Individuals (IND)	
(in billions of EUR)		31/12/20	31/12/21
IND Savings accounts	Component of note 6.3 Borrowings and deposits (at amortised cost)	45.8	48.4
IND Current accounts	Component of note 6.3 Borrowings and deposits (at amortised cost)	11.9	13.3
TOTAL IND NON MATURING DEPOSITS		57.7	61.7

Calculation	Reference	Entrepreneurs, Enterprises & Public (E&E&P)	
(in billions of EUR)		31/12/20	31/12/21
Public and Social	Component of note 6.3 Borrowings and deposits (at amortised cost)	17.4	18.8
Business	Component of note 6.3 Borrowings and deposits (at amortised cost)	11.2	12.8
Corporate	Component of note 6.3 Borrowings and deposits (at amortised cost)	7.3	8.8
TOTAL E&E&P NON MATURING DEPOSITS		35.9	40.4

B. **Asset Management, Bonds and Equity** group together the main investment products of clients and are composed of:

- Customer assets managed by “allied or own asset management companies” in the form of mutual/pension funds or by advisory or discretionary mandates. The size and the development of assets managed by allied or own asset management companies are major contributors to the fee income (service and entry fees);
- Customer assets managed directly by the customer (a.o. shares, bonds and Branch 23 unit-linked investment products).

C. **Other savings and investments** are composed of Branch 21 investment products, or insurance products with a guaranteed income, with its mathematical reserves on the balance sheets of our insurance company, saving certificates, term deposits and third part products (third party mutual/pension funds, third party saving certificates or third party bonds). These products contribute to Belfius group's result by entry fees, commissions income on underlying assets, and net income on Branch 21 investment products.

Total loans to customers

Total loans allocated to the customers of the different business lines, are composed of loans granted to these customers.

Calculation	Reference	Individuals (IND)	
(in billions of EUR)		31/12/20	31/12/21
Mortgage loans	Component of note 5.3 Loans and advances (at amortised cost)	38.0	40.9
Consumer loans	Component of note 5.3 Loans and advances (at amortised cost)	1.7	1.7
Other retail loans[1]	Component of note 5.3 Loans and advances (at amortised cost)	2.5	2.6
TOTAL LOANS TO CUSTOMERS IND		42.2	45.1

Calculation	Reference	Entrepreneurs, Enterprises & Public (E&E&P)	
(in billions of EUR)		31/12/20	31/12/21
Business	Component of note 5.3 Loans and advances (at amortised cost)	13.2	14.2
Public and Social	Component of note 5.3 Loans and advances (at amortised cost)	24.3	23.8
Corporate	Component of note 5.3 Loans and advances (at amortised cost)	17.6	19.0
TOTAL LOANS TO CUSTOMERS E&E&P		55.2	57.0

(1) mainly Professional loans

ALM liquidity bond portfolio

Total ALM liquidity bond portfolio is part of Belfius Bank's total LCR liquidity buffer.

Calculation (in billions of EUR)	Reference	31/12/20	31/12/21
Bonds	Component of note 5.4. Debt securities & equity instruments	7.5	6.8
TOTAL ALM LIQUIDITY BOND PORTFOLIO		7.5	6.8

ALM yield bond portfolio

Total ALM yield bond portfolio is used to manage excess liquidity.

Calculation (in billions of EUR)	Reference	31/12/20	31/12/21
Bonds	Component of note 5.4. Debt securities & equity instruments	3.4	3.4
TOTAL ALM YIELD BOND PORTFOLIO		3.4	3.4

Credit guarantee portfolio

The credit guarantee portfolio refers to the intermediation transactions whereby on different types of reference obligations the former Dexia Bank sold credit protection to a financial counterpart and purchased credit protection with monoline insurers.

Calculation (in billions of EUR)	**Reference**	**31/12/20**	**31/12/21**
Credit guarantees	Component of mainly note 8.2. Guarantees and note 5.5. Derivatives	3.2	2.5
TOTAL CREDIT GUARANTEES		3.2	2.5

Funding diversification at Belfius Bank

(in billions of EUR)	**31/12/20**	**31/12/21**
A. Commercial funding	105.1	113.9
B. Secured funding	22.9	22.9
C. Senior wholesale debt	4.7	5.6
D. Net unsecured interbank funding	1.0	0.6
E. Subordinated debt	1.6	1.6
TOTAL FUNDING AT BELFIUS BANK	135.3	145.1

A. Commercial funding

The total deposits collected within the commercial franchise and underlying structured bonds for unit-linked insurance products (Branch 23 products).

B. Secured funding

Funding for which specific collateral has been provided as (additional) security.

Calculation (in billions of EUR)	**Reference**	**31/12/20**	**31/12/21**
ECB: TLTRO	Component of note 6.1. Cash and balances from central banks	14.3	15.7
Repo	Component of note 6.2. Credit institutions borrowings and deposits	0.1	0.0
LT secured funding	Mainly component of note 6.3. Borrowings and deposits (at amorised cost)	0.9	0.8
Covered bonds	Component of note 6.4. Debt securities issued and other financial instruments	7.7	6.5
TOTAL SECURED FUNDING		22.9	22.9

C. Senior wholesale debt

Funding obtained in the wholesale market for which no specific collateral has been provided.

Calculation (in billions of EUR)	**Reference**	**31/12/20**	**31/12/21**
Senior unsecured funding	Mainly component of note 6.4. Debt securities issued and other financial instruments (at amortised cost)	4.7	5.6
TOTAL SENIOR WHOLESALE DEBT		4.7	5.6

D. Net unsecured interbank funding

Calculation (in billions of EUR)	Reference	31/12/20	31/12/21
Net ST unsecured funding	Mainly component of note 6.4. Debt securities issued and other financial instruments (at amortised cost)	1.0	0.6
TOTAL NET UNSECURED INTERBANK FUNDING		1.0	0.6

E. Subordinated debt

Calculation (in billions of EUR)	Reference	31/12/20	31/12/21
Tier 2 instruments	Note 6.7. Subordinated debts	1.1	1.6
Additional Tier 1 instrument	Balance sheet item	0.5	0.5
TOTAL SUBORDINATED DEBT		1.6	2.1

Life Income Margin

Life income margin measures the adjusted income with respect to average reserves.
Adjusted income is reported income, adjusted for special items such as restructuring provisions and IFRIC 21 adjustments for sector levies.

Calculation (in millions of EUR)	Reference	31/12/20	31/12/21
Adjusted income (A)	Component of note 7.5. Insurance results	273	302
Average reserves (B)	Consolidated Balance Sheet: Provisions for insurance activities	14,861	14,436
ADJUSTED INCOME / AVERAGE RESERVES (=A/B)		1.84%	2.09%

Non-Life Expense Ratio (P&C)

The non-life expense ratio is a measure of profitability used by an insurance company to gauge how well it is performing in its technical operations.
Property and Casualty (P&C) includes all non-life lines of business except health.
The non-life expense ratio is calculated by dividing the total expenses and commissions by the total earned premiums, net of reinsurance. Total expenses and commissions are associated with acquiring, underwriting and servicing.

Calculation (in millions of EUR)	Reference	31/12/20	31/12/21
Net commissions (A)	Component of note 7.5. Insurance results	135	144
Costs (excluding ULAE) (B)	Component of note 7.5. Insurance results	124	119
Net earned premiums (C)	Component of note 7.5. Insurance results	660	691
EXPENSE RATIO (={A + B} / C)		39.3%	38.1%

Non-Life Net Loss Ratio (P&C)

The non-life net loss ratio is a measure of profitability used by an insurance company to gauge how well it is performing in its technical operations.
Property and Casualty (P&C) includes all non-life lines of business except health.
The non-life loss ratio is calculated by taking the sum of total losses incurred (paid and reserved) in claims and adjustment expenses (ULAE), and then dividing them by the total earned premiums, net of reinsurance.

Calculation (in millions of EUR)	**Reference**	**31/12/20**	**31/12/21**
Net loss charges (A)	Component of note 7.5. Insurance results	323	376
Unallocated loss adjustment expenses (ULAE) (B)	Component of note 7.5. Insurance results	31	31
Net earned premiums (C)	Component of note 7.5. Insurance results	660	691
LOSS RATIO (={A + B} / C)		53.7%	58.9%

Adjusted result

The **Adjusted result** is defined as the net result adjusted for **Special Items** which consists of defined items of income or expense that are significant and arise from events or transactions that Belfius considers distinct from the regular operating activities.

The special items include, but are not limited to:

- Capital gains or losses on the sale of associates excluding capital gains or losses realized within Belfius Insurance Group
- Recognition or reversal of provision for litigations not stemming from litigations linked to regular operating activities
- Impacts of changes in regulations (e.g. pension law and 2017 tax law)
- Impacts of sales or unwinds within the ex-Legacy portfolio
- Recognition of approved restructuring provisions
- Impacts from pension plan restructuring
- Recognition of previously unrecognised DTA
- IFRIC 21 adjustment for sector levies to ensure a more economic view during the year (note that the Adjusted result is only adjusted for this Special Item for the quarterly or half yearly accounts, and not in the full year accounts)
- Recognition or reversal of impairment on corporate headquarter or goodwill
- Impact of simplifying the group structure

From Reported to Adjusted Net Income[1]

Some figures may not add up due to rounding

From Reported to Adjusted Net Income 2020

2020 (in millions of EUR)	Reported	Excluding special items Sale/unwind within the ex-legacy portfolio	Impact of restructuring	Other items[2]	Adjusted
Income	2,614			22	2,591
Expenses	(1,465)		(13)		(1,452)
Cost of risk	(453)	4			(457)
Impairments	(17)				(17)
NET INCOME BEFORE TAX	679	4	(13)	22	666
Taxes	(147)	(1)	3	(1)	(148)
NET INCOME	532	3	(10)	21	517
Impact mainly in		*GC*	*GC*	*GC*	

2021 (in millions of EUR)	Reported	Excluding special items Sale/unwind within the ex-legacy portfolio	Impact of restructuring	Other items[2]	Adjusted
Income	2.703				2.703
Expenses	(1,477)		(6)		(1,471)
Cost of risk	1				1
Impairments	(2)				(2)
NET INCOME BEFORE TAX	1,226		(6)		1,232
Taxes	(290)		1		(292)
NET INCOME	936		(4)		939
Impact mainly in			*GC*		

(1) Adjusted results and special items are Alternative Performance Measures and are defined and reconciled in the APM document available on Belfius' website (www.belfius.be/results);
(2) Other items are composed of capital gains for the bank of the (partial) sale of buildings

Impact of sales or unwinds within the ex-Legacy portfolio

The results classified in income stemming from active tactical derisking strategy adopted by Belfius (until end 2016) or from derisking (after 2016) of the ex-Legacy portfolios are considered as Special Items. Impairments or reversal of impairments on the ex-Legacy portfolios resulting from this derisking are equally considered as Special Items.

In 2020, Belfius sold Central Bank of Tunisia bonds with slightly negative P&L impact (EUR -0.5 million) and sold some Italian government bonds with a positive P&L impact (EUR +4 million).

Recognition of formally approved restructuring provisions

In 2020 a reassessment of the provision for restructuring was recognized with a negative impact of EUR 10 million.
In 2021 a reassessment of the provision for restructuring was recognized with a negative impact of EUR 4 million.

Capital gains

In 2020 some capital gains were realized at the level of the bank, due to the (partial) sale of buildings.