

Alternative Performance Measures⁽¹⁾ full year results 2023⁽²⁾

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 APM 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 2023 Annual 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 **CET1 capital ratio** presents the ratio between the CET1 capital and the total regulatory risk exposures.
- The **Tier 1 capital 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	31/12/22	31/12/23
CET1 capital ratio	Management report/Capital Management	16.4%	16.0%
Tier 1 capital ratio	Management report/Capital Management	17.2%	16.7%
Total capital ratio	Management report/Capital Management	19.8%	19.1%

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

(2) Belfius, as integrated bank-insurer, has released its 2023 results in accordance with the new accounting standard IFRS 17 with regards to insurance activities. Consequently, the balance sheet and P&L figures, as well as specific ratios, have been changed or redefined. All these changes have been implemented with retroactive effect to the 2022 results.

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	31/12/22	31/12/23
Leverage ratio	Management report/Capital Management	6.2%	6.5%

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	31/12/22	31/12/23
Solvency II ratio (after dividend)	Management report/Capital Management	193%	195%

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 millions of EUR or in %)	Reference	31/12/22	31/12/23
Stock of quality liquid assets ⁽¹⁾ (A)	Based on the European Commission's Delegated Act on LCR	44,369	33,272
Net cash outflow over a 30-day period ⁽¹⁾ (B)		25,697	24,006
LCR (=A/B) ⁽¹⁾		173%	139%

(1) 12-month 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 in %)	Reference	31/12/22	31/12/23
Amount of available stable funding (A)		121,823	121,281
Amount of required stable funding (B)		90,126	94,654
NSFR (=A/B)		135%	128%



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 in %)	Reference	2022	2023
Net interest income bank (A) ⁽²⁾	Management report/Financial results	1,752	2,108
Average interest earning assets bank (B) ⁽³⁾	Management report/Financial results	159,232	148,472
NIM (=A/B)		1.10%	1.42%

(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 assets bank.

Cost-Income Ratio

The cost-income ratio better illustrates the relative Cost efficiency (including costs directly attributable to insurance contracts) relative to income.

Calculation (in millions of EUR or in %)	Reference	2022	2023
Costs (A)	Management report/Segment reporting	1,620	1,740
Income (B)	Management report/Segment reporting	3,712	4,050
COST-INCOME RATIO (=A/B)		44%	43%

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 in bps)	Reference	2022	2023
Cost of risk (A)	Consolidated Income Statement	105	109
Average gross outstanding loans (B)	Notes to the consolidated financial statements	134,968	139,795
CREDIT COST RATIO (=A/B)		8 bps	8 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 and at FV through OCI;
- debt securities and equity instruments measured at amortised cost and at FV through OCI (excl. participations and equity); and
- guarantees granted.



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 in %)	Reference	31/12/22	31/12/23
Impaired loans stage 3 (A)	Note 5.4. Loans and advances (at amortised cost and at FV through OCI)	2,026	2,259
Gross outstanding loans (B)	Note 5.4. Loans and advances (at amortised cost and at FV through OCI)	111,218	115,778
ASSET QUALITY RATIO (=A/B)		1.82%	1.95%

Coverage Ratio

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

Calculation (in millions of EUR or in %)	Reference	31/12/22	31/12/23
Impairments stage 3 (A)	Note 5.4. Loans and advances (at amortised cost and at FV through OCI)	1,208	1,266
Impaired loans stage 3 (B)	Note 5.4. Loans and advances (at amortised cost and at FV through OCI)	2,026	2,259
COVERAGE RATIO (=A/B)		59.6%	56.0%

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 in %)	Reference	31/12/22	31/12/23
Rolling 4-quarter net income group share (A)	Consolidated Income Statement	932	1,115
Average core shareholders' equity (B)	Consolidated Balance Sheet	10,513	11,027
RETURN ON EQUITY (=A/B)		8.9%	10.1%

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 in %)	Reference	31/12/22	31/12/23
Rolling 4-quarter net income ⁽¹⁾ (A)	Management report	933	1,117
Average total assets (B)	Consolidated Balance Sheet	189,279	179,299
(ANNUALISED) RETURN ON ASSETS (=A/B)		0.49%	0.62%

(1) including minorities.



Return on Normative Regulatory Equity (RoNRE)

The normative regulatory equity is calibrated. The CET1 capital ratio is set at 13.5%, taking into account the regulatory risk exposures and some CET1 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 last 5 quarters rolling average RWA * 13.5%.

Calculation (in millions of EUR or in %)	Reference	31/12/22	31/12/23
Last 4 quarters Net Income (A)	Management report/Segment reporting	932	1,115
Last 5 quarters rolling average RWA * 13.5% (B)	Management report/Segment reporting	8,707	8,917
RONRE (=A/B)		10.7%	12.5%

Total savings and investments of commercial activities

Total savings and investments allocated to the different business lines are composed out of non maturing deposits, maturing deposits and Branch 21, Asset Management Services and Equity and other savings and investments.

Total savings and investments (in billions of EUR)	Individuals		Entrepreneurs, Enterprises & Public	
	31/12/22	31/12/23	31/12/22	31/12/23
A. Non maturing deposits	62.5	55.7	39.6	33.4
B. Maturing deposits & Branch 21	13.2	18.3	6.3	12.2
C. Asset Management Services & Equity	37.3	41.0	9.0	10.5
D. Other savings and investments	3.3	6.7	8.1	9.0
TOTAL CUSTOMER ASSETS	116.4	121.7	63.0	65.0

A. The non maturing deposits consist of:

Calculation (in billions of EUR)	Reference	Individuals (IND)	
		31/12/22	31/12/23
IND Savings accounts	Component of note 6.3. Borrowings and deposits	48.6	43.1
IND Payment accounts	Component of note 6.3. Borrowings and deposits	13.9	12.6
TOTAL IND NON MATURING DEPOSITS		62.5	55.7

Calculation (in billions of EUR)	Reference	Entrepreneurs, Enterprises & Public (E&E&P)	
		31/12/22	31/12/23
Public and Social	Component of note 6.3. Borrowings and deposits	18.9	16.8
Business	Component of note 6.3. Borrowings and deposits	12.7	11.1
Corporate	Component of note 6.3. Borrowings and deposits	8.1	5.5
TOTAL E&E&P NON MATURING DEPOSITS		39.6	33.4



B. Maturing deposits and Branch 21 are composed of:

- Bonds, saving certificates, term deposits, Branch 23 funding which are products with a fixed length of time at a fixed rate of interest;
- Branch 21 investment products which offer constant capital protection (excluding charges and taxes) with a guaranteed rate of return.

C. Asset Management Services 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 through 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 and Branch 23 investment products).

D. Other savings and investments are composed of Pension Insurance products with a guaranteed income, with its mathematical reserves on the balance sheet of our insurance company, third part products (third party mutual/pension funds, third party saving certificates or third party bonds) and commercial paper.

These products contribute to Belfius group's result by entry fees, commissions income on underlying assets, and net income on commercial paper.

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)	
		31/12/22	31/12/23
(in billions of EUR)			
Mortgage loans	Component of note 5.4. Loans and advances	44.0	45.4
Consumer loans	Component of note 5.4. Loans and advances	1.7	1.8
Other loans ⁽¹⁾	Component of note 5.4. Loans and advances	2.9	3.0
TOTAL LOANS TO CUSTOMERS IND		48.6	50.3

(1) mainly Professional loans

Calculation	Reference	Entrepreneurs, Enterprises & Public (E&E&P)	
		31/12/22	31/12/23
(in billions of EUR)			
Public and Social	Component of note 5.4. Loans and advances	23.9	23.7
Business	Component of note 5.4. Loans and advances	15.0	15.6
Corporate	Component of note 5.4. Loans and advances	22.3	24.2
TOTAL LOANS TO CUSTOMERS E&E&P		61.2	63.4

ALM liquidity bond portfolio

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

Calculation	Reference	31/12/22	31/12/23
(in billions of EUR)			
Bonds	Component of note 5.5. Debt securities & equity instruments	7.1	7.8
TOTAL ALM LIQUIDITY BOND PORTFOLIO (NOTIONAL VALUE)		7.1	7.8

ALM yield bond portfolio

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

Calculation (in billions of EUR)	Reference	31/12/22	31/12/23
Bonds	Component of note 5.5. Debt securities & equity instruments	3.1	3.0
TOTAL ALM YIELD BOND PORTFOLIO (NOTIONAL VALUE)		3.1	3.0

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	31/12/22	31/12/23
Credit guarantees	Component of mainly note 8.2. Guarantees and note 5.6. Derivatives	2.0	1.9
TOTAL CREDIT GUARANTEES (NOTIONAL VALUE)		2.0	1.9

Funding diversification at Belfius Bank

(in billions of EUR)	31/12/22	31/12/23
A. Commercial funding	120.0	117.4
B. Secured funding	12.8	9.9
C. Senior wholesale debt	4.7	6.1
D. Net unsecured interbank funding	4.1	5.5
E. Subordinated debt	2.0	2.2
TOTAL FUNDING AT BELFIUS BANK	143.6	141.1

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	31/12/22	31/12/23
ECB: TLTRO	Component of note 6.1. Cash and balances from central banks	6.0	1.4
Repos	Component of note 6.2. Credit institutions borrowings and deposits	0.0	1.4
LT secured funding	Mainly component of note 6.3. Borrowings and deposits (at amortised cost)	0.3	0.3
Covered bonds	Component of note 6.4. Debt securities issued and other financial instruments (at amortised cost)	6.5	6.8
TOTAL SECURED FUNDING		12.8	9.9



C. Senior wholesale debt

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

Calculation (in billions of EUR)	Reference	31/12/22	31/12/23
Senior unsecured funding	Mainly component of note 6.4. Debt securities issued and other financial instruments (at amortised cost)	4.7	6.1
TOTAL SENIOR WHOLESale DEBT		4.7	6.1

D. Net unsecured interbank funding

Calculation (in billions of EUR)	Reference	31/12/22	31/12/23
Net ST unsecured funding	Mainly component of note 6.4. Debt securities issued and other financial instruments (at amortised cost)	4.1	5.5
TOTAL NET UNSECURED INTERBANK FUNDING		4.1	5.5

E. Subordinated debt

Calculation (in billions of EUR)	Reference	31/12/22	31/12/23
Tier 2 instruments	Note 6.7. Subordinated debts	1.5	1.7
Additional Tier 1 instrument	Balance sheet item	0.5	0.5
TOTAL SUBORDINATED DEBT		2.0	2.2

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 insurance revenues, net of reinsurance. Total expenses and commissions are associated with acquiring, underwriting and servicing.

Calculation (in millions of EUR)	Reference	2022	2023
Net commissions (A)	Component of note 7.3. Insurance results	150	162
Costs (excluding ULAE) (B)	Component of note 7.3. Insurance results and consolidated expenses	133	152
Insurance revenues (net of reinsurance) (C)	Component of note 7.3. Insurance results	717	768
EXPENSE RATIO (= [A + B] / C)		39.5%	40.8%



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 insurance revenues, net of reinsurance.

Calculation (in millions of EUR)	Reference	2022	2023
Net loss charges (A)	Component of note 7.3. Insurance results	387	324
Unallocated loss adjustment expenses (ULAE) (B)	Component of note 7.3. Insurance results	42	40
Insurance revenues (net of reinsurance) (C)	Component of note 7.3. Insurance results	717	768
LOSS RATIO (= {A + B} / C)		59.8%	47.4%

Insurance Service Expenses adjusted

The Insurance Service Expenses adjusted consist of:

- A. the Insurance Service Expenses**, which include the incurred claims and other incurred insurance service expenses, amortisation of insurance acquisition cash flows, changes that relate to past service (f.e. changes in fulfilment cash flows relating to the liability for incurred claims), and changes that relate to future service (f.e. losses on onerous groups of contracts and reversals of such losses);
- B. the Net Reinsurance Result**, which is the net income or expenses of reinsurance contracts;
- C. minus the Directly attributable cost for insurance contracts**

Calculation (in millions of EUR)	Reference	2022	2023
Insurance Services Expenses (A)	Component of note 7.3. Insurance results	(1,005)	(880)
Net Reinsurance Result (B)	Component of note 7.3. Insurance results	15	(29)
Directly attributable cost for insurance contracts (C)	Component of note 7.3. Insurance results	(203)	(202)
INSURANCE SERVICES EXPENSES ADJUSTED (= A + B - C)		(787)	(708)

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

Some figures may not add up due to rounding.

From Reported to Adjusted Net Income 2022

(in millions of EUR)	Reported	Excluding special items		Adjusted
		Impact of restructuring ⁽¹⁾	Other items ⁽²⁾	
Income	3,712		2	3,710
Insurance Service Expenses adjusted	(787)			(787)
Costs	(1,620)	2		(1,622)
Cost of risk	(105)			(105)
Impairments	(2)			(2)
RESULT BEFORE TAX	1,197	2	2	1,193
Taxes	(264)			(264)
NET INCOME	932	2	2	928

From Reported to Adjusted Net Income 2023

(in millions of EUR)	Reported	Excluding special items		Adjusted
		Impact of restructuring ⁽¹⁾		
Income	4,050			4,050
Insurance Service Expenses adjusted	(708)			(708)
Costs	(1,740)	(13)		(1,727)
Cost of risk	(109)			(109)
Impairments	(1)			(1)
RESULT BEFORE TAX	1,493	(13)		1,505
Taxes	(376)	3		(379)
NET INCOME	1,115	(9)		1,124

(1) The "impact of restructuring" includes recognition or reversals of formally approved restructuring provisions.

(2) Other items are composed of capital gains for the bank of the (partial) sale of buildings.