Half-yearly report

2015

Belfius
Bank & Insurance

Contents

Management Report 1H 2015

Summary

Belfius performs robustly in the first half of 2015, fulfils its commitments and strengthens its strategic positioning.

In 1H 2015 Belfius booked a net income group share of EUR 272 million, against EUR 224 million in 1H 2014, up 21.7%.

Despite an unfavourable interest rate climate for the profitability of banking and life insurance activities, which in particular explains the large amount of refinancing of mortgage loans and the very limited interest in guaranteed-rate life insurance products, Belfius posted excellent results in the first half of 2015 with regard to:

- profitability, with net income of EUR 330 million up 38%, for its commercial activities;
- cost control, with a Franchise Cost-Income ratio of 58%;
- investments from individuals and SME, with savings and investments of EUR 100 billion;
- support of the Belgian economy, with EUR 6.4 billion in new long-term funding;
- its own bank-insurance model, with an increase in Non-Life turnover of 8.3% through bank branches;
- de-risking its Legacy;
- solvency, with a Basel III Fully-loaded CET 1 ratio of 14%.

As a result of these good performances, total shareholder's equity passed above the EUR 8 billion mark for the first time since the Belgian state took over Belfius.

The excellent results at the end of June 2015 are explained by the recovery of customer confidence, the proximity of service and the quality of advice provided by our sales staff and the committed work done by Belfius teams for more than four years.

Belfius has made considerable progress since 2011. The sustainable growth of our earnings is a.o. based on the results of our commercial activities constantly improving and increasing numbers of active customers who are progressively better equipped and have increasing confidence in Belfius as a bank and as an insurer. At the same time, we have reduced our expenditures without harming our customer service. We have invested in our customers' digital comfort, in their satisfaction and in an optimisation of our service, from the exclusive viewpoint of offering them added value. And we continue to inject billions into the Belgian economy through long term financing.

Belfius' new dynamic is founded on the right strategic choices made over recent years. We will remain loyal to that strategy in the future. Customer satisfaction is the driving force behind our organisation. Our role is that of a pioneer of a new banking culture. Our business model is simple and transparent, and our vision is of the long term. Belfius will continue to support Belgian society and its economy.

Despite the difficult financial environment, Belfius is well on its way to achieve some of its 2016 ambitions before the end of 2016: net income of EUR 500 million, a (phased-in) CET 1 ratio of more than 13%, a Solvency ratio at a minimum of 200%, a satisfaction score of 95% from our active customers.

Jos Clijsters, Chairman of the Board of Directors: *"The financial sector has changed profoundly since 2008. Balance sheets have been halved, banks and insurers have been subjected to a multitude of new regulations and levies, and the persisting low levels of interest rates have impacted the profitability of the entire financial sector. Despite this difficult context, Belfius has succeeded in posting excellent results in the first half-year, both commercially and financially. These figures confirm the resilience and effectiveness of our business model and enable us to continue actively to support Belgian society."*

Marc Raisière, CEO: *"Belfius set itself certain real objectives for 2016, in terms of income, solvency, quality of customer service, cost control, granting loans, reducing our historic Legacy and adding shareholder value. Despite the persisting low levels of interest rates, we have fulfilled our commitments and kept our promises, which will probably allow us to achieve some of those objectives already in 2015. Although we must keep up the efforts made over recent years, that is something we can be proud of. It is why I would like to thank our members of staff for all their endeavours, our self-employed agents and their staff members for the efforts they have made, and our customers for the confidence they have shown in Belfius."*

Key Figures and Ratings

Key figures

(In millions of EUR)	1H 2014 (PF[1])	1H 2015
NET INCOME GROUP SHARE	224	272
Of which		
Franchise	238	330
Side	(14)	(58)

(In millions of EUR)	31/12/14	30/06/15
BALANCE SHEET		
Total assets	194,407	179,576
Total liabilities	186,481	171,401
Total equity	7,927	8,175

	FY 2014	1H 2015
SELECTED RATIOS		
Return on equity (ROE)	6.0%	6.9%
Return on assets (ROA)	0.24%	0.29%
Return on regulatory risk exposures	0.89%	1.10%
Cost-income ratio (C/I ratio)	69.9%	62.1%
Asset quality ratio	2.33%	2.29%
Coverage ratio	56.0%	56.9%
Liquidity Coverage ratio (LCR)	122%	133%

	FY 2014	1H 2015
SOLVENCY RATIOS		
CET 1-ratio Phased in[2]	14.7%	15.1%
CET 1-ratio Fully Loaded[2]	13.2%	14.0%
Total capital ratio Phased in[2]	16.1%	16.8%
Total capital ratio Fully Loaded[2]	14.3%	15.3%
Solvency I-ratio[3]	205%	210%
Solvency II-ratio[3]	248%	227%

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules on page 38.
(2) For determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation (the so-called "Danish Compromise").
(3) Solvency capital including full profit for the period.
Solvency II is not yet applicable, hence the ratio is based on internal interpretation of current (draft) texts and estimates regarding Solvency II.

Ratings

As at 27 August 2015	Long-term rating	Outlook	Short-term rating
Fitch	BBB+	Positive	F2
Moody's	Baa1	Positive	P-2
Standard & Poor's	A-	Negative	A-2

Highlights

Strong performance by Belfius in 1H 2015 in all domains:

→ **Net income** (Group share): **EUR 272 million** (up 22% year-on-year), with excellent growth of net income of Franchise to EUR 330 million (up 38% year-on-year), despite the challenging historically low interest rate environment and the booking of full-year bank levies in 1H 2015

→ Very **good commercial results** from a growing Franchise, particularly in the Retail & Commercial business line
- Strong increase in AUM to EUR 100 billion, by virtue of strong growth in mutual funds and mandates
- EUR 6.4 billion of new long-term lending injected in the Belgian economy in 1H 2015

→ Focus on **client satisfaction** and **integrated bank-insurance strategy** clearly benefits to the group
- Client focus on off-B/S products supporting net fee income
- Total non-life premiums written increased by 6.4%

→ **Costs** remain well under control resulting, coupled with increasing income, in continuously **improving operational efficiency** :
- **C/I ratio** of **Franchise** from 70% in 1H 2014 to **57.6%** in 1H 2015

→ Continued low level of **cost of risk** in Franchise confirming the overall good quality of the commercial assets

→ Growing capital base leading to further increased solvency position
- **Phased-in CET 1 ratio** at **15.1%**, up 42 bps compared to December 2014
- **Fully loaded CET 1 ratio** at **14.0%**, up 75 bps compared to December 2014
- **Phased-in Leverage ratio**(1) at **4.6%**

→ **Net Asset Value** increased further by EUR 0.3 billion since the end of 2014 to EUR 8.2 billion at the end of June 2015

→ Successful funding diversification leading to further **improving liquidity stance**
- **New long-term issuance** in 1H 2015 for an amount of **EUR 3 billion**
- A solid **LCR** of **133%** and a **NSFR** of **104%**
- **The ending** of material **funding to Dexia** entities since mid-February 2015

→ **Further tactical de-risking towards End-state 2016**
- EUR **0.9 billion** of de-risking executed in 1H 2015 with a net P&L impact of EUR -50 million

→ From 1 January 2015, **Belfius is no longer subject to EU restrictions** imposed on the Belgian State

As such, Belfius continues to create added value for all of its stakeholders during the first half of 2015.

(1) Based on Belfius' interpretation of the Delegated Act.

Financial results

Preliminary notes to the condensed consolidated interim financial statements

A full overview of the interim financial statements (balance sheet and statement of income) is provided in the chapter "Condensed consolidated interim financial statements" on page 26 of this report.

1. Changes to the scope of consolidation

In 1H 2015, Belfius Insurance purchased the real estate company Immo Zeedrift as part of its investment strategy for its technical reserves. The companies AIS Consulting SA, Eurco Ireland Ltd (previously Eurco Re Ltd) and IBRO Holdings Unltd were liquidated during 1H 2015.

2. Fundamentals of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Belfius are prepared in accordance with the International Financial Reporting Standards (IAS34) as adopted by the EU.

Analysis of the consolidated balance sheet

As at 30 June 2015, the balance sheet total amounted to EUR 179.6 billion, a decrease of EUR 14.8 billion or 7.6% compared to 31 December 2014. The balance sheet is composed of EUR 156.4 billion for the banking group (compared to EUR 170.7 billion at the end of 2014) and EUR 23.2 billion for the insurance group (compared to EUR 23.7 billion at the end of 2014).

The decrease of the balance sheet total over the first half of 2015 primarily results from the repayment of the government-guaranteed bonds issued by Dexia Crédit Local (DCL) for an amount of EUR 10 billion and the decrease of the fair value of derivatives as well as the related cash collateral following interest rate evolution in 1H 2015.

1. Assets

Loans and advances due from banks and central banks decreased by 22.8% or EUR 7.6 billion, to EUR 25.9 billion as at 30 June 2015 (of which EUR 25.6 billion from the banking group). The decrease of loans and advances due from banks is primarily a result of the repayment of the government-guaranteed bonds issued by DCL

Highlights of the consolidated balance sheet (in millions of EUR)	31/12/14	30/06/15	Evolution
TOTAL ASSETS	194,407	179,576	(14,831)
Of which			
Loans and advances due from banks and central banks	33,472	25,852	(7,620)
Loans and advances to customers	87,158	87,986	828
Investments held to maturity	2,835	4,631	1,796
Financial assets available for sale	25,087	20,875	(4,212)
Derivatives	31,130	25,806	(5,324)
TOTAL LIABILITIES	186,481	171,401	(15,080)
Of which			
Due to banks	21,408	13,384	(8,024)
Customer borrowings and deposits	66,514	68,558	2,044
Debt securities	29,113	28,019	(1,094)
Derivatives	38,165	30,913	(7,252)
TOTAL EQUITY	7,927	8,175	248
Of which			
Core shareholders' equity	7,804	8,076	272
Gains and losses not recognised in the statement of income	119	99	(20)

for an amount of EUR 10 billion as well as a decrease of the cash collateral paid by EUR 2.7 billion. This decrease was partially offset by an increase of reverse repo transactions by EUR 5.2 billion within treasury management.

At the end of June 2015, **loans and advances to customers** amounted to EUR 88.0 billion (mainly stemming from the banking group in an amount of EUR 81.9 billion) and remained relatively stable compared to the end of December 2014 (an increase of EUR 0.8 billion). The large wave of prepayments of mortgage loans, in the current low interest rate environment, continued in 1H 2015 but slowed down compared to 2H 2014, and was globally offset by refinancing and issuance of new loans.

Investments held to maturity increased by EUR 1.8 billion to EUR 4.6 billion at the end of June 2015 (entirely in the banking group), mainly following a reclassification from "Financial assets available for sale" of EUR 1.5 billion of bonds issued essentially by the Belgian and French governments.

Financial assets available for sale decreased by EUR 4.2 billion to EUR 20.9 billion as at 30 June 2015. Financial assets available for sale amount to EUR 7.6 billion for the banking group (compared to EUR 11.1 billion at the end of 2014) and EUR 13.3 billion for the insurance group (compared to EUR 14.0 billion at the end of 2014). The decrease is due to (i) sales by Belfius Bank following its tactical de-risking policy, (ii) sales from the portfolio of Belfius Insurance in line with decreasing Branch 21 & 26 life reserves, (iii) a decline of the fair value following interest rate evolution and (iv) the reclassification of bonds in an amount of EUR 1.5 billion to "Investments held to maturity".

The positive fair value of **derivatives** (the majority recorded in the banking group) decreased by EUR 5.3 billion to EUR 25.8 billion following the increased interest rates compared to year-end.

2. Liabilities

In the first half of 2015, **liabilities due to banks** decreased by EUR 8.0 billion to EUR 13.4 billion as at 30 June 2015 (the majority stemming from the banking group). Apart from the repayment of EUR 3.4 billion in LTRO to the ECB, a decrease in cash collateral received can be noted in an amount of EUR 1.3 billion as well as a decrease in deposits of EUR 1.6 billion and in repurchase agreements of EUR 1.8 billion.

At the end of June 2015, **customer borrowings and deposits** (the majority stemming from the banking group) amounted to EUR 68.6 billion, up EUR 2.0 billion compared to the end of 2014, mainly related to the growth of commercial deposits by EUR 3.3 billion, partially offset by a decrease in repurchase agreements of EUR 1.1 billion.

Debt securities (all within the banking group) decreased by EUR 1.1 billion to EUR 28.0 billion as at 30 June 2015. The decrease is mainly related to long-term debt securities coming to maturity in an amount of EUR 2.3 billion as well as saving certificates in an amount of EUR 0.9 billion, partially offset by an increase of certificates of deposit by EUR 1 billion and the issuance of covered bonds in an amount of EUR 1 billion.

The negative fair value of **derivatives** decreased by EUR 7.3 billion to EUR 30.9 billion following the increased interest rates compared to year-end.

3. Equity

At the end of June 2015, **total equity** amounted to EUR 8.2 billion, against EUR 7.9 billion as at 31 December 2014. The EUR 248 million increase is entirely explained by the profit for the period, while the gains and losses not recognised in the statement of income decreased slightly, by EUR 20 million.

The core **shareholders' equity** rose by EUR 272 million to EUR 8.1 billion due to the net income for the period 1H 2015.

Gains and losses not recognised in the statement of income decreased by EUR 20 million to EUR 99 million as at 30 June 2015 from EUR 119 million at year-end 2014. The AFS reserve for the banking group amounts to EUR -762 million (an improvement by EUR 67 million). The increase of the AFS reserve for the banking group can be explained by the improved credit spreads and further tactical de-risking. The AFS reserve for the insurance group amounts to EUR 731 million (a decrease of EUR 117 million). This decrease can be explained by the higher interest rates compared to year-end and the sales from the portfolio of Belfius Insurance made in the first half of 2015.

Analysis of the consolidated statement of income

The statement of income for 1H 2014 has been restated following the retroactive application of IFRIC 21 "Levies". This interpretation issued by the International Financial Reporting Interpretation Committee (IFRIC) requires an upfront recognition of certain levies as soon as an obligating event has taken place. In 1H 2015, a total amount of EUR -231 million (before tax) was recorded for these levies. In order to allow comparison, the 1H 2014 income (before tax) was restated for EUR -81 million, thus reducing the 1H 2014 net income (after tax) from EUR 277 million (published) to EUR 224 million (pro forma). We refer to the valuation rules on page 38 for further information.

1. Net income group share

In 1H 2015, Belfius posted a **net income group share** of EUR 272 million, against EUR 224 million in 1H 2014, up 21.7%. The contribution of the banking group to consolidated net income amounted to EUR 127 million (compared to EUR 97 million in 1H 2014) and the insurance group EUR 145 million (compared to EUR 127 million in 1H 2014).

The net profit reflects the good performance not only by Belfius Bank but also by Belfius Insurance. The Belfius Bank result was mainly driven by good commercial activity, strict cost control and the positive evolution of fair value adjustments, partially offset by tactical de-risking losses and some higher collective provisions in the legacy books. For Belfius Insurance, the result was higher than last year following higher capital gains realised on the portfolio.

2. Income

In 1H 2015, **total income** amounted to EUR 1,084 million, up 5.5% or EUR 57 million more than in 1H 2014. The banking group contributed EUR 791 million (compared to EUR 776 million in 1H 2014) and the insurance group EUR 293 million (compared to EUR 251 million in 1H 2014).

Net interest income decreased by EUR 31 million to EUR 1,020 million mainly due to the government-guaranteed bonds issued by DCL which came to maturity in February 2015, the prepayments of mortgage loans and the sale of bonds at Belfius Insurance.

Net income from financial instruments at fair value through profit and loss increased from EUR -32 million in 1H 2014 to EUR 77 million in 1H 2015. This improvement is explained by the positive evolution of fair value adjustments such as CVA following credit spread tightening and higher interest rates.

Net fee and commission income increased by EUR 42 million, or 19.2%, mainly at Belfius Bank as customers are increasingly interested in the large range of off-balance sheet products (mutual funds, private mandates, …) as a result of the low interest rate environment.

A significant decrease of **other income & expense** can be noted of EUR 87 million to EUR -206 million in 1H 2015. The negative evolution is mainly related to recognition of the new European Bank levy related to the contribution to the Bank Recovery and Resolution Directive for its full year's (estimated) amount.

Highlights of the consolidated statement of income
(In millions of EUR)

	1H 2014 PF(1)	1H 2015	Evolution
INCOME	1,027	1,084	5.5%
Of which			
Net interest income	*1,051*	*1,020*	*3.0%*
Net income from financial instruments at fair value through profit and loss	*(32)*	*77*	*n.m.*
Net fee and commission income	*215*	*257*	*19.2%*
Other income & expense	*(119)*	*(206)*	*73.1%*
EXPENSES	(729)	(673)	-7.7%
GROSS OPERATING INCOME	299	411	37.7%
Cost of risk	(4)	(33)	x8.2
Impairments on (in)tangible assets	0	0	n.m.
NET INCOME BEFORE TAX	294	378	28.5%
Tax expense	(71)	(106)	48.6%
Non-controlling interests	1	0	n.m.
NET INCOME GROUP SHARE	224	272	21.7%

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC 21 has merely an impact on the semi-annual results and not on the full year results.

3. Expenses

In 1H 2015, **total expenses** amounted to EUR 673 million, a decrease of EUR 56 million or 7.7% compared to 1H 2014. This reduction is the result of continuing strict cost control and can be observed principally in staff expenses of EUR 20 million and in general expenses of EUR 22 million. While Belfius Insurance expenses remained relatively stable at EUR 98 million (compared to EUR 95 million last year), expenses improved significantly at Belfius Bank, from EUR 634 million in 1H 2014 to EUR 575 million in 1H 2015.

4. Gross operating income

As a result, **gross operating income** increased significantly to EUR 411 million in 1H 2015, up EUR 112 million or 37.7% compared to 1H 2014. The banking group contributed EUR 216 million (compared to EUR 143 million in 1H 2014) and the insurance group EUR 195 million (compared to EUR 156 million in 1H 2014).

The consolidated C/I ratio improved from 70.9% in 1H 2014 to 62.1% in 1H 2015.

5. Cost of risk

The **cost of risk** (including impairments on tangible and intangible fixed assets) increased by EUR 29 million to EUR 33 million. This evolution stems from a higher cost of risk in Side and still low cost of risk in Franchise compared to long-term average historical levels.

6. Net income before tax

Net income before tax stood at EUR 378 million, up EUR 84 million on 1H 2014. The banking group contributed EUR 178 million (compared to EUR 132 million in 1H 2014) and the insurance group EUR 200 million (compared to EUR 162 million in 1H 2014).

7. Tax expense

Tax expense, including deferred taxes recorded in the profit and loss accounts, amounted to EUR 106 million in 1H 2015, of which EUR 51 million at banking group level and EUR 55 million at the insurer.

8. Net income group share

As a result, Belfius **net income group share** amounted to EUR 272 million for 1H 2015, compared to EUR 224 million in 1H 2014.

9. Solvency

The phased-in CET 1 capital ratio(1) stood at 15.1% at the end of June 2015, compared to 14.7% at the end of 2014. This increase can be explained by the result for the year for the banking regulatory scope of EUR 272 million. Note that the impact of grandfathering (from 20% in 2014 to 40% in 2015) had a negative impact of 28bp; a proforma CET 1 ratio, with the application of a 40% grandfathering, would have resulted in a CET 1 ratio of 14.4% end 2014.

The Tier 1 capital ratio(1) equals the CET 1 ratio, as Belfius Bank has no supplementary Tier 1 capital.

The phased-in total capital ratio(1) amounted to 16.8% as at 30 June 2015 against 16.1% at the end of 2014 or 15.8% if we apply the same grandfathering rules on the 2014 ratio.

Risk exposure remained relatively stable at EUR 49.2 billion, a decrease of EUR 359 million (phased-in), by virtue of further de-risking and implementation of the IRB-approach for Public Satellite counterparties as approved by the National Bank of Belgium (NBB).

(1) Under the Danish Compromise. More detailed information is provided in the "Capital management" chapter of these condensed consolidated interim financial statements.

Segment reporting

Franchise net income from the commercial businesses at Belfius rose by 38.4% to EUR 330 million in 1H 2015. Of that figure, Belfius Bank itself was responsible for EUR 185 million, a strong rise of 65% compared to 1H 2014. The contribution of Belfius Insurance to Franchise net income amounted to EUR 145 million, up 15% compared to 1H 2014.

Franchise net income stems from the Retail and Commercial (RC) segment in an amount of EUR 288 million, the Public and Corporate (PC) segment EUR 84 million and Group Center EUR -42 million.

The main reasons for the strong increase of net income from the commercial businesses are:

- The strong increase in revenues to EUR 1,157 million (+12.3%), despite higher bank levies and strong impacts of mortgage prepayments. This rise was driven in particular by the growth in net fee and commission income (+19.0%), mainly in RC. This latter stems from the increased customer preference for off-balance sheet products and the broad range that Belfius has to offer in this area.
- The fall in operating costs (-7.7%) for these commercial businesses. This reduction was achieved through continuing disciplined implementation of the cost-cutting plan launched in 2013. This firm hand on costs remains in place today in view of the historically low interest rate environment and rapid digital developments in the financial sector.
- The continued low level of cost of risk within RC and PC confirming the overall good quality of the commercial assets.

The Franchise C/I ratio improved to 58% compared to 70% in 1H 2014.

The total net income of **Side activities** stood at EUR -58 million. For the Side portfolio, Belfius continued its tactical de-risking programme towards the envisaged End-state. In the first half of 2015, some key transactions, required to evolve towards the End-state 2016, were executed. The tactical de-risked amount over the first half of 2015 was EUR 0.9 billion, of which EUR 0.4 billion in the Legacy bond portfolio and EUR 0.5 billion in the Legacy credit guarantee portfolio. This tactical de-risking resulted in a reduction of risk exposure of EUR 0.3 billion and in a net loss of EUR -50 million in 1H 2015. As such, Belfius already made significant progress towards the targeted objectives of the End-state of its legacy, inter alia with a significant decrease of non-investment grade exposure within the legacy portfolios.

Segment reporting (In millions of EUR)	1H 2014 (PF[1])	1H 2015
NET INCOME GROUP SHARE	224	272
Of which		
Franchise	238	330
Side	(14)	(58)

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC 21 has merely an impact on the semi-annual results and not on the full year results.

Commercial activities

Retail and Commercial (RC)

Our RC franchise performed very well in 1H 2015, mainly driven by **total savings and investments** rising by 3.6% to EUR 100 billion at the end of June 2015. This increase represents our strongest half-year growth in Belfius history.

Total deposits amounted to EUR 60.8 billion at the end of June 2015, a slight increase (+0.3%) compared to the end of 2014. Due to the historically low interest rates, customers invested less in long-term savings products (outstanding savings certificates and bonds were down by 15.7%). At the same time, there was considerable growth in current and savings accounts, which reached EUR 9.0 billion (+13.9%) and EUR 37.2 billion (+4.8%) respectively at the end of June 2015.

In accordance with customers' desire for investments with other risk-return profiles (mutual funds, mandates), in line with each customer's profile and good general market performance, we also observe strong growth in **off-balance sheet investments**, which rose by 15.4% in comparison with the end of 2014, to EUR 28.4 billion.

Life insurance technical reserves originated through bank distribution channels stood at EUR 10.6 billion. These life reserves decreased (-4.5%) due to limited production of Branch 21 contracts in a low interest rate environment combined with significant redemptions. However, this decrease was partly offset by the successful Branch 44 product, Belfius Invest Top Funds Selection, introducing new fund possibilities.

Total loans to RC customers rose to EUR 35 billion at the end of June 2015. This increase was mainly driven by strong growth (+3.7%) in mortgage loans, which represent almost two-thirds of outstanding RC loans. Mortgage loans amounted to EUR 22.4 billion at the end of June 2015, while consumer loans and business loans stood at EUR 1.6 billion and EUR 10.1 billion respectively.

In 1H 2015, Belfius granted EUR 3.9 billion of new long-term loans to its RC customers, of which EUR 2.5 billion in mortgage loans and EUR 1.2 billion in business loans.

In 1H 2015, **gross written premiums** in insurance contracts with RC customers amounted to EUR 868 million, compared to EUR 959 million in 1H 2014, corresponding to a decrease of 9.5%.

Retail and Commercial (in billions of EUR)	31/12/14	30/06/15	Evolution
TOTAL SAVINGS AND INVESTMENTS	96.3	99.8	+3.6%
DEPOSITS	60.6	60.8	+0.3%
Savings accounts	*35.5*	*37.2*	*+4.8%*
Savings certificates	*6.3*	*5.4*	*-14.3%*
Bonds issued by Belfius	*10.3*	*8.6*	*-16.5%*
Current accounts	*7.9*	*9.0*	*+13.9%*
Term accounts	*0.6*	*0.6*	*0.0%*
OFF-BALANCE SHEET INVESTMENTS	24.6	28.4	+15.4%
LIFE INSURANCE TECHNICAL RESERVES (THROUGH BANK CHANNELS)	11.1	10.6	-4.5%
Branch 21	*10.2*	*9.5*	*-6.9%*
Branch 23	*0.9*	*1.1*	*+22.2%*
TOTAL LOANS TO CUSTOMERS	34.3	35.0	+2.0%
Mortgage loans	*21.6*	*22.4*	*+3.7%*
Consumer loans	*1.6*	*1.6*	*s.q.*
Business loans	*10.1*	*10.1*	*s.q.*
Other loans	*1.0*	*0.9*	*-10.0%*

Retail and Commercial (in billions of EUR)	31/12/14	30/06/15	Evolution
LIFE INSURANCE TECHNICAL RESERVES	17.9	17.6	-1.7%
Branch 21 & 26	*13.9*	*13.2*	*-5.0%*
Branch 23	*4.0*	*4.4*	*+10.0%*

Life insurance premiums reached EUR 618 million, compared to EUR 718 million in 1H 2014, a decrease of 13.9%, in the light of decreased customer appetite for Branch 21 contracts.

Non-life insurance premiums ended the half year at EUR 250 million, an increase of 3.5% compared to 1H 2014. This increase mainly stemmed from higher sales of fire and family protection policies within bank distribution channels, in line with increased mortgage loan production and Belfius' focus on bank-insurance.

Total life insurance technical reserves for RC customers declined slightly (-1.7%) to EUR 17.6 billion at the end of June 2015, in line with the low interest rate environment. There continues to be a shift to more unit-linked reserves (Branch 23) which rose by 10%, whereas guaranteed interest product reserves (Branch 21 & 26) fell by 5%.

Public and Corporate (PC)

As at 30 June 2015, **total PC customer savings and investments** stood at EUR 27.3 billion, stable compared to the end of 2014. **On and off-balance sheet investments** stood at EUR 19.9 billion and EUR 7.4 billion respectively.

Total outstanding loans to PC customers decreased slightly (-2.0%), to EUR 38.6 billion. This decline was mainly due to the relatively low demand from the Public and Social Banking market, combined with the increase of alternative financing and the renewed interest of competitors in this market. Outstanding loans to Corporate Banking clients increased slightly to EUR 8.7 billion at the end of June 2015.

Off-balance sheet commitments increased by 2.0% over the first half of the year, to EUR 15.3 billion at the end of June 2015.

Belfius continues to underpin its vital mission of being a bank "that belongs to the community and works on behalf of the community", and to play its role in the financing of the Belgian economy. Over 1H 2015, this commitment led to new long-term loan agreements to the Belgian public and social sectors totalling EUR 0.7 billion, as well as granting EUR 3.4 billion of new long-term loans to Belgian corporates.

In 1H 2015, **gross written premiums** in insurance contracts with PC customers amounted to EUR 199 million, compared to EUR 222 million in 1H 2014.

Non-life insurance premiums increased by 18.2% compared to 1H 2014, to EUR 78 million. This is the result of our multi-channel distribution strategy for non-life products, i.e. sales via specialised brokers and via bank-insurance channels, reflected by the increase in premiums for occupational accident cover (+62.5%) and property damage cover (+10.5%) products.

Gross **premiums** received in the **Life segment** amounted to EUR 121 million, a decrease of 22.4% compared to 1H 2014, due to historically low market rates diminishing customer appetite for Branch 21 and 26 products.

Total life insurance technical reserves for PC customers stood at EUR 1.9 billion at the end of June 2015, stable compared to year-end 2014.

Public and Corporate (in billions of EUR)	31/12/14	30/06/15	Evolution
TOTAL SAVINGS AND INVESTMENTS	27.3	27.3	s.q.
Deposits	*19.9*	*19.9*	*s.q.*
Off-balance sheet investments	*7.4*	*7.4*	*s.q.*
OUTSTANDING LOANS	39.4	38.6	-2.0%
Public and Social Banking (PSB)	*31.1*	*29.9*	*-3.9%*
Corporate Banking (CB)	*8.3*	*8.7*	*4.8%*
OFF-BALANCE SHEET COMMITMENTS	15.0	15.3	2.0%

Risk Management

Belfius' activities are exposed to a number of risks such as, but not exclusively, credit risks, market risks, liquidity risk, operational risk, insurance risk, changes in regulations as well as the economy in general.

Risk management governance and data are described in Belfius annual reports and dedicated risk reports which are available at *www.belfius.com*.

Macro-economic environment

An element of risk that can influence the operational results of Belfius is the general economic context in which it operates. As its commercial activities are concentrated in Belgium, the Belgian macro-economic environment is of principal importance for our Franchise. However this does not preclude international economic events and tendencies from exerting some influence.

The general economic environment improved moderately in the first half of 2015 and Belfius expects that this positive trend will prevail for the immediate future. According to the majority of analysts, real GDP in Belgium for 2015 is expected to increase by 1.3% when compared to the 2014 figure. This increase is based upon three favourable conditions that Belfius expects to remain present:

- By virtue of the monetary policy followed by the ECB, material additional liquidity has been injected into the economic system. This has led to generally lower interest rates over the whole maturity spectrum and throughout the euro zone. As a positive consequence, lending conditions have improved, also in the peripheral countries of Europe. This has stimulated investments and growth in euro zone countries. As an open economy trading mainly with the euro zone, a pick-up of the growth in the European Union is advantageous to the Belgian economy.
- Oil prices have decreased on the international markets to a level below USD 65 per barrel throughout the first six months of 2015 and will, in the opinion of most economists, remain below this level. Since the beginning of August, oil prices have however resumed their decline and they trade, expressed in euro, even below the level of the beginning of the year.
- The euro depreciated strongly against the currencies of most of Belgium's non-euro trading partners. The effective exchange rate improved by about 5%, giving exporters a further tailwind. The exchange rate will remain a function of the difference in monetary policies, inter alia between the US and Europe. Given the publicly declared intention of the US to pull up its policy rates, the euro could depreciate somewhat further.

All in all, both consumer and producer sentiment in Belgium improved in the first half of the year. This gave rise to increased household spending. Capital expenditure and additional hiring of people is also expected to pick up in the second half of the year, thus strengthening the potential for growth.

Stronger growth and the 2015 increase in oil prices when expressed in euro currently triggered the end of the deflationary period in Europe. This caused inflation expectations to increase. Subsequently longer-term interest rates followed the rise of inflation and the rate curve steepened. Given the fact that most economists anticipate inflation remaining well below 2% until the end of 2016, the ECB is not expected to stop its Quantitative Easing programme in coming months. This creates two opposing forces on the market. Volatility on bond and rate markets could be the result.

The situation in Greece remains a concern. Despite a "last-minute agreement", the full technical negotiations and political approval processes must still be completed in the second half of the year. The possible further proliferation of the anti-austerity parties could reduce member states' willingness to follow the rules of the euro zone, thereby creating more volatility on the markets and slowing down economic growth.

Credit risk

1. Credit risk exposure

As at 30 June 2015, credit risk exposure(1) within Belfius Bank and Insurance reached EUR 156 billion, a decrease of EUR 12 billion or -7% compared to the end of 2014. This decrease is mainly explained by the full repayment of the government-guaranteed bonds issued by DCL.

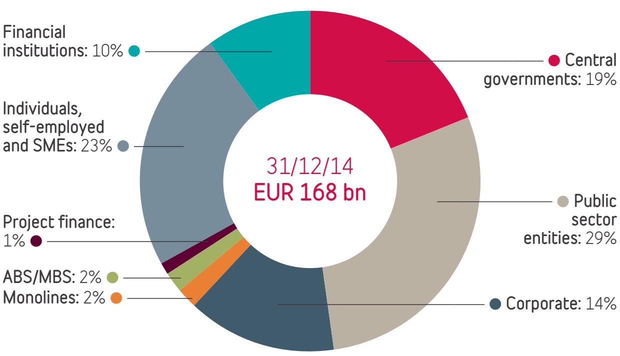
(1) Credit risk exposure is expressed as Maximum Credit Risk Exposure (MCRE) – See also note 9.2 on page 60 of this report. Belfius credit risks are based on a consolidation scope that includes its fully consolidated subsidiaries, Belfius Insurance included.

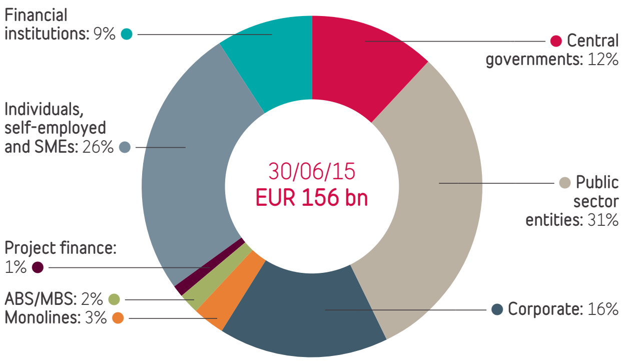
Credit risk exposure on public sector entities and institutions receiving guarantees from those public sector entities (31% of the total), on the segment of individuals, SME and self-employed (26%), and on corporates (16%) constitute the three main categories.

Belfius' positions are mainly concentrated in the European Union (94% or EUR 147 billion). 73% of the total credit risk exposure is on counterparties categorised as exposure to Belgium, 7% the United Kingdom, 4% France and 3% Italy. Belfius does not have any significant exposure to Greece. The only remaining Belfius exposure (EUR 669,000) is on a small number of retail loans granted to residents in Greece with good quality and with economic ties to Belgium.

At the end of June 2015, 84% of total credit risk exposure had an internal credit rating "investment grade".

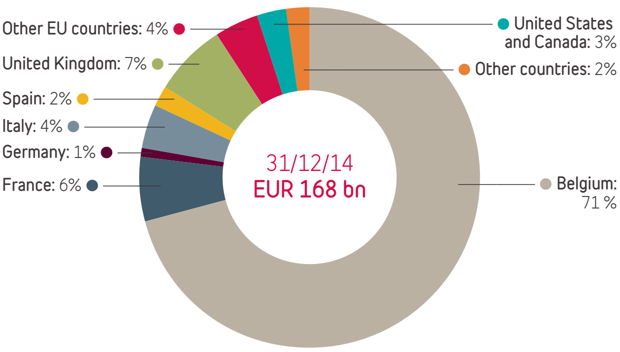
Breakdown of credit risk by counterparty(1)

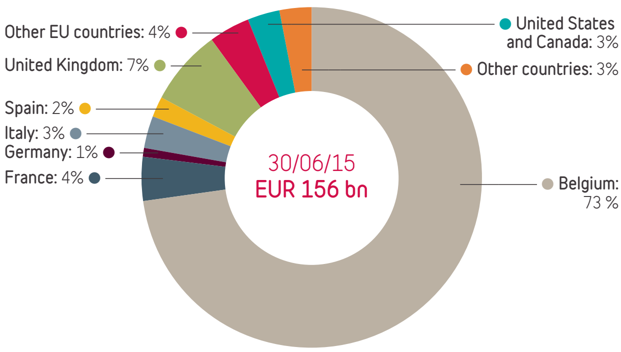




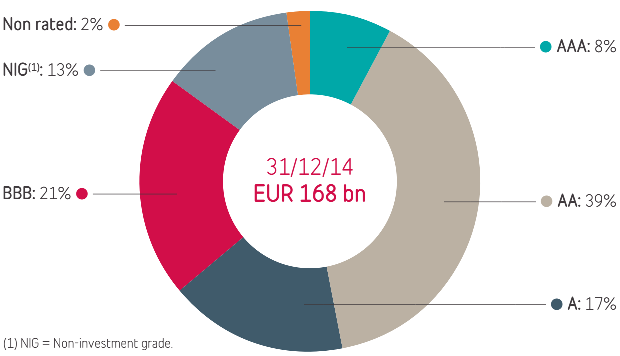
(1) The counterparty is the "final" counterparty, i.e. after settlement of any guarantees recognised under the current Basel regulations (substitution principle).

Breakdown of credit risk by geographical region

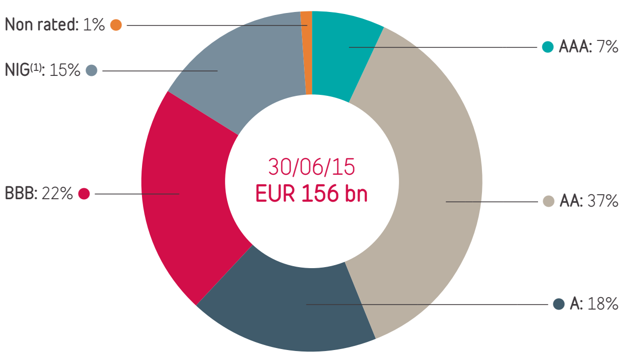




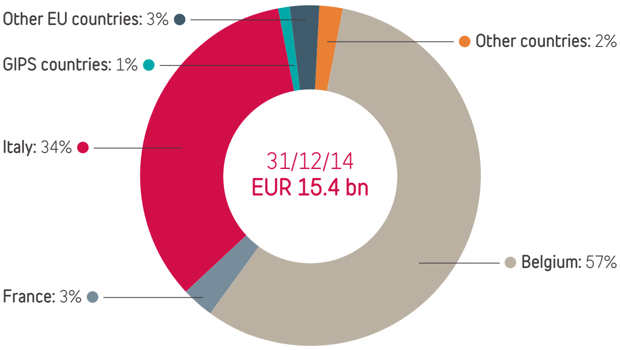
Breakdown of credit risk by rating

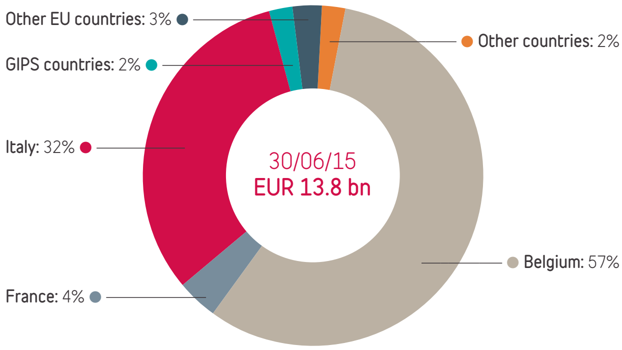


(1) NIG = Non-investment grade.



Breakdown of government bonds (in MCRE) by geographical region





2. Government bond portfolio

At the end of June 2015, total outstanding MCRE of government bonds within Belfius Bank and Insurance amounted to EUR 13.8 billion, against EUR 15.4 billion at the end of 2014. This reduction is the result of the sale of Belgian and Italian government bonds and the decrease of the market value of some government bonds. More than half of the portfolio (57%) remains invested in Belgian government bonds. The relative proportion of Italian government bonds decreased from 34% at the end of 2014 to 32% at the end of June 2015.

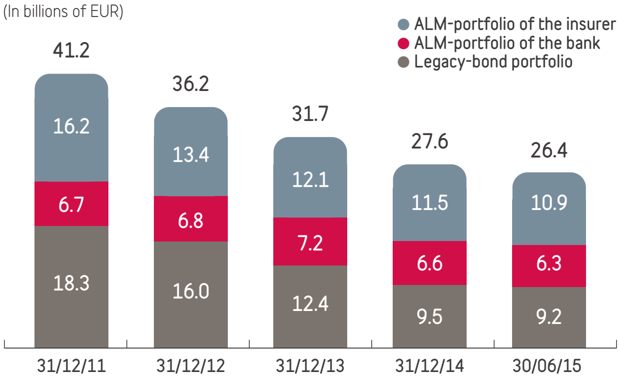
3. The credit risk on the bond investment portfolio

Belfius' bond investment portfolio has three components:

- → the historical investment portfolio, known as the Legacy bond portfolio, a portfolio in run-off;
- → the ALM Bank's bond portfolio in the context of the bank's ALM & liquidity management;
- → the ALM Insurer's bond portfolio, naturally covering assets of the insurance company's technical reserves.

Evolution of Belfius' total bond investment portfolio

(In billions of EUR)



(1) Notional amounts.

At the end of June 2015, Belfius' **total bond investment portfolio** amounted to EUR 26.4 billion[(1)]. Compared to the end of December 2014, the portfolio decreased by EUR 1.2 billion, or -4%. Since the end of 2011, the total investment portfolio has decreased significantly, by EUR 14.8 billion or -36%, as a result of the tactical de-risking, especially in the Legacy bond portfolio and peripheral government bonds, and natural portfolio amortisation.

The largest proportion (87%) of the investment portfolio remained concentrated in the European Union.

The total investment portfolio had an average term of 11.6 years. With an average rating of A-, the portfolio remained of very good credit quality as at the end of June 2015: 97% of the portfolio was investment grade.

At the end of June 2015, the **Legacy bond portfolio** amounted to EUR 9.2 billion. *For more information we refer to the section on the Side portfolios.*

The **ALM Bank's bond portfolio** decreased in the first half of 2015 by 4% (EUR 0.3 billion) to EUR 6.3 billion as at 30 June 2015. Sovereign and public sector bonds represented the major part of the portfolio (83%), covered bonds constituting some 12%. 99% of the portfolio had a rating "investment grade".

The **ALM Insurer's bond portfolio** decreased by EUR 0.6 billion (-5%) in the first half of 2015 to EUR 10.9 billion as at 30 June 2015. 98% of the portfolio had a rating "investment grade".

4. The Side portfolios

At the time of the separation from the Dexia Group at the end of 2011, Belfius had an investment portfolio, inherited from its period within the Dexia Group, totalling EUR 74 billion notional value:

- a Legacy bond portfolio of approximately EUR 18 billion;
- a Legacy credit guarantee (intermediation) portfolio of approximately EUR 12 billion;
- funding to Dexia of approximately EUR 44 billion.

Since the end of 2011, Belfius has implemented a tactical de-risking plan leading to a significant reduction of those Side portfolios, inter alia with a reduction of the funding to Dexia to almost zero by the end of February 2015.

In the light of Belfius' view on a lower risk profile, the bank will continue its tactical de-risking actions in order to bring the Side portfolios, by the end of 2016, to a risk profile fully in line with the core Franchise risk profile. As such, the Side portfolios' risk profile targeted by Belfius for its "End-state portfolio" shows the following key characteristics:

- an average rating of the portfolios of A-;
- a NIG share of maximum 2% ;
- concentration limits in line with Belfius corporate portfolios within the core Franchise;
- a continued focus of this tactical de-risking on non-LCR eligible positions.

Following these guidelines, the End-state portfolio will have a risk profile in line with the core Franchise portfolio and as a result will at that time be integrated into the standard ALM portfolio of Belfius.

Some key transactions, required to evolve towards the End-state 2016, were executed in the first half of 2015. The tactical de-risked amount over the first half of 2015 amounted to EUR 0.9 billion, of which EUR 0.4 billion in the Legacy bond portfolio and EUR 0.5 billion in the Legacy credit guarantee portfolio. This tactical de-risking resulted in a reduction of risk exposure of EUR 0.3 billion and in a net loss of EUR -50 million in the first half of 2015. As such, Belfius has already made significant progress towards the targeted objectives of the End-state of its legacy, inter alia with a significant decrease of non-investment grade exposure within the Legacy portfolios.

4.1. The Legacy bond portfolio

At the end of June 2015, the **Legacy bond portfolio** stood at EUR 9.2 billion, down EUR 0.3 billion compared to December 2014, mainly due to further tactical de-risking. The portfolio was composed of sovereign and public sector (12%), corporate (41%), financial institutions (31%) and asset-backed securities bonds (16%).

The intensive tactical de-risking of past years gave rise to a reduction of the Legacy bond portfolio by one half (-50%) since 2011, the strongest decrease being recorded in the segments of financial institutions (-74%), asset backed and mortgage backed securities (-71%), sovereign bonds and public sector (-50%) and covered bonds (-50%).

The Legacy bond portfolio has an average term of 14.4 years. With an average rating of A-, the portfolio remains of very good credit quality; 95% of the portfolio is investment grade.

4.2. The Legacy credit guarantee (intermediation) portfolio

At the end of June 2015, the credit guarantee portion of Belfius' historical investment portfolio amounted to EUR 6.1 billion[1], down 6% compared to December 2014. It related essentially to Credit Default Swaps and Financial Guarantees issued on corporate/public issuer bonds (70%), ABS (28%) and covered bonds (2%). The good quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius from various monolines (US reinsurance companies, essentially Assured Guaranty) result in a portfolio that is 100% investment grade. Since 2014, the average rating of the portfolio has further improved from BBB+ to A-. The average residual life of the portfolio stood at 7.7 years. Since the end of 2011, the credit guarantee portfolio has been reduced by EUR 5.5 billion or 47%.

4.3. Funding to Dexia

At the end of 2014, Dexia funding amounted to EUR 10.6 billion, largely comprised of EUR 10.5 billion bonds issued by Dexia Crédit Local with the guarantee from the Belgian, French and Luxembourg governments. Funding to Dexia further decreased at the beginning of 2015, with EUR 5.25 billion maturing in January and EUR 5.25 billion in February 2015. As a result, funding to Dexia was reduced to below EUR 100 million. As at 30 June 2015, the remaining funding relates to a loan to Dexia Crediop (EUR 4.4 million) for which Dexia Crediop has made a deposit of the same amount with Belfius, the co-financing of a loan (EUR 60.8 million) granted by DCL to a very creditworthy British real estate (social housing) company, that technically passes through the accounts of DCL, and EUR 0.4 million auto lease financing for Dexia SA.

Please note also that, while it was still part of the Dexia Group, the former Dexia Bank (now Belfius Bank) was the Dexia Group's "competence centre" for derivatives (mainly interest rate swaps): this meant that all Dexia entities could cover their market risks with derivatives with Dexia Bank, mainly under the standard contractual terms related to cash collateral. The former Dexia Bank systematically covered these derivative positions externally, as a result of which these derivatives broadly appear twice in Belfius accounts: once in relation to Dexia and once for the hedging. The remaining outstanding notional amount of derivatives with Dexia amounted to about EUR 52 billion at the end of June 2015, a decrease of EUR 3 billion compared to the end of 2014.

(1) Includes the unwinding of a de-risking transaction, which was settled at the beginning of July.

Asset quality in millions of EUR, except where indicated[(1)]	31/12/14	30/06/15
Gross outstanding loans and advances to customers	88,655	89,494
Impaired loans and advances to customers	2,065	2,052
Specific impairments on loans and advances to customers	1,156	1,167
Asset quality ratio[(2)]	2.33%	2.29%
Coverage ratio[(3)]	56.0%	56.9%
Collective impairments on loans and advances to customers	341	342

(1) Belfius Insurance included.
(2) The ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers.
(3) The ratio between the specific impairments and impaired loans and advances to customers.

5. Asset quality

At the end of June 2015, impaired loans and advances to customers amounted to EUR 2.1 billion, stable compared to the end of 2014. In the first half of 2015 the asset quality ratio slightly improved from 2.33% at the end of 2014 to 2.29% at the end of June 2015. The coverage ratio further strengthened to 56.9% at the end of June 2015.

Market risk

In line with the risk appetite adopted by Belfius since the end of 2011, the overall average VaR (10 days, 99% confidence interval) decreased from EUR 27.2 million in 2011 to EUR 19.6 million in the first half of 2015. This average VaR consumption was guided by a limit framework in which global VaR-limit decreased from EUR 65 million at the end of 2011 to EUR 41 million at the end of 2013 and to EUR 32 million since the end of 2014.

Value-at-Risk by activity

VaR (99% 10 days)	31/12/14				30/06/15			
(In millions of EUR)	IR[(1)] & FX[(2)]	Equity	Spread	Other risks[(3)]	IR[(1)] & FX[(2)]	Equity	Spread	Other risks[(3)]
By activity								
Average	6.2	1.3	10.5	0.9	6.2	2.9	9.3	1.2
EOY/M	4.4	1.8	10.1	1.4	5.7	3.4	8.9	1.8
Maximum	9.6	5.7	13.4	1.9	8.3	8.0	10.7	1.8
Minimum	2.3	0.7	8.6	0.6	3.3	1.3	8.4	0.7
Global								
Average	18.9				19.6			
EOY/M	17.8				19.8			
Maximum	23.3				25.3			
Minimum	14.0				16.4			
Limit	32.0				32.0			

(1) IR: interest rate risk.
(2) FX: forex risk.
(3) Inflation and CO_2 risk.

Evolution of Global VaR in 2015

Balance sheet management

1. Liquidity risk

1.1. Liquidity ratios

Belfius Bank continues fully to respect the NBB's regulatory one-month liquidity ratio regulation for Belgian banks.

The Liquidity Coverage Ratio (LCR) introduced within the framework of the Basel III reforms will become a mandatory ratio for European banks on 1 October 2015 (at a level of 60%). Belgian banks are required to reach an LCR of minimum 100% from that date.

The LCR has been calculated on a monthly basis by Belfius since the end of 2013 and has been taken into account since then in the set-up of its funding plan, which integrates the strategy for diversification of funding sources. The successful execution of this funding plan and strict liquidity monitoring led to an LCR of 133% by the end of June 2015, compared to 122% by the end of December 2014.

The Net Stable Funding Ratio (NSFR), based on Belfius' interpretation of current Basel III rules, stood at 104% by the end of June 2015.

1.2. Liquidity reserves

At the end of June 2015, Belfius Bank had solid and immediately available liquidity reserves of EUR 34.8 billion. These reserves consist of EUR 1.5 billion in cash, EUR 19.3 billion in ECB eligible bonds, EUR 12.2 billion in other assets also eligible to the ECB and EUR 1.8 billion in other liquid bonds.

At the end of June 2015, these reserves represent approximately 5 times the bank's senior unsecured net institutional funding with a remaining maturity of less than one year, as was the case at the end of 2014.

1.3. Structure of the balance sheet at Belfius Bank

An analytical (non-accounting) view of the Belfius consolidated balance sheet as at 30 June 2015, used to manage the balance sheet from an ALM and liquidity management point of view, is provided in the table below.

Assets (In billions of EUR)	30/06/15
COMMERCIAL ASSETS	73
LIQUIDITY MANAGEMENT	17
ALM Bonds	7
Money market & other short term wholesale assets	10
CASH COLLATERAL	21
GROUP CENTER(1)	5
SIDE	10
Legacy bonds	10
NON CASH(2)	31
BANK PERIMETER	157
CORRECTION INTRAGROUP TRANSACTIONS	(3)
BELFIUS INSURANCE AND OTHER SUBSIDIARIES	26
BELFIUS CONSOLIDATED	180

Liabilities (In billions of EUR)	30/06/15
COMMERCIAL LIABILITIES	81
LONG-TERM WHOLESALE FUNDING	18
LT Subordinated Funding	1
LT Senior Unsecured Funding	6
Covered Bonds	7
LT Secured Funding	3
ECB: (T)LTRO	2
SHORT-TERM WHOLESALE FUNDING	9
ST Unsecured Funding	5
Repo	4
ECB (MRO)	0
CASH COLLATERAL	8
GROUP CENTER(1)	12
NON CASH(2)	29
BANK PERIMETER	157
CORRECTION INTRAGROUP TRANSACTIONS	(1)
BELFIUS INSURANCE AND OTHER SUBSIDIARIES	24
BELFIUS CONSOLIDATED	180

(1) Group Center comprises capital and non-interest bearing liabilities on the liabilities side and participations and non-interest bearing assets on the assets side.
(2) Non cash comprises notably the mark-to-market valuation of derivatives.

1.4. Encumbered assets

According to Belfius' current interpretation of the concerned EBA guideline, the encumbered assets at Belfius Bank level amount to EUR 41.5 billion at the end of June 2015 and represent 25% of total bank group balance sheet and collateral received under securities format, which amounts to EUR 165 billion (EUR 157 billion assets and EUR 8 billion collateral received).

The strategy for growth and diversification of wholesale funding sources has a direct impact on asset encumbrance at the bank.

Since the set up of the first covered bond programme in 2012 the bank has issued covered bonds in a total amount of EUR 7.3 billion. At the end of June 2015, the assets encumbered for this funding source are composed of commercial loans (public and mortgage) and amount to EUR 9.7 billion. A few years ago the bank also securitised public loans through securitisation vehicles called DSFB. The assets encumbered for these structures amount to EUR 2.6 billion.

The bank also collects funding through repo markets and other collateralised deposits. The total amount of assets used as collateral for this activity amounts to EUR 7 billion, of which EUR 2.3 billion is linked to the ECB T-LTRO funding of EUR 1.65 billion at the end of June 2015.

The balance of encumbered assets is mainly linked to collateral pledged for derivatives exposure in an amount of EUR 20.3 billion, in the form of cash or securities. A significant proportion of collateral pledged is financed through collateral received from other counterparties with whom the bank concluded derivatives in the opposite direction.

2. Interest rate risk

The structural interest rate risk at Belfius Bank results from the structural imbalance between its assets and liabilities on the balance sheet in terms of volumes, durations and interest rate sensitivity.

Changes in interest rates can have a positive or negative effect on both the income and the economic value of the bank. This results in two separate but complementary viewpoints in assessing the bank's interest rate risk: from an income and from an economic value perspective.

Interest rate sensitivity measures the net change in the ALM balance sheet economic value if interest rates move by 1% across the entire curve. The long-term sensitivity of the ALM perimeter was EUR 121 million/% as at 30 June 2015 (against EUR 803 million/% as at 31 December 2014), excluding positions of Belfius' insurance companies and pension funds of Belfius Bank.

For Belfius Insurance, the ALM objective is to try to match the natural position in asset / liability duration. The long-term sensitivity of the NAV of Belfius Insurance to interest rates was EUR 133 million/% as at 30 June 2015 (against EUR 113 million/% as at 31 December 2014)

Operational risks

Regarding operational risks, Belfius policy involves regular risk monitoring and the implementation of risk controls, in order to check compliance of the risk level by activity with the defined risk appetite limits. Specific attention is also paid to new types of risk, such as those associated with cyber-crime.

Management of operational risk is based on the following elements:

- → Decentralised responsibility, close to the activity generating the operational risk
- → Gathering data about operational risks
- → Yearly Risk and Control Self-Assessments
- → Securing information and business continuity
- → Managing insurance policies
- → Coordinating with other functions involved in the internal control system
- → Implementing Fraud policy
- → Calculating regulatory capital requirements

Capital Management

Belfius reports its solvency on a consolidated level in line with the CRR / CRD IV regulations (pillar 1). Belfius also has to comply with the regulatory solvency ratios as described in CRD IV (pillar 2).

At the beginning of 2015, the ECB finalised its "Supervisory Review and Evaluation Process" (SREP) for Belfius, on the basis of NBB methodology.

Regulatory own funds

The NBB has authorised Belfius to apply article 49 of the CRR and hence to cease deducting the capital instruments of Belfius Insurance from regulatory own funds, but rather to include these in the total risk exposure by applying a weighting of 370% (the so-called "Danish Compromise").

For regulatory reporting purposes, the Belfius insurance group is not consolidated by Belfius and is thus treated as a financial fixed asset. As a result, there are some differences between the equity in the condensed consolidated interim financial statements and the regulatory calculations.

Comparison of accounting core shareholders' equity (financial statements) and the base for the regulatory core own funds

(In millions of EUR)	31/12/14	30/06/15
ACCOUNTING CORE SHAREHOLDERS' EQUITY	7,804	8,075
Transformation of the insurance group into a financial fixed asset	98	98
Non-controlling interests	0	0
Base for the regulatory core own funds	7,902	8,174

In the regulatory own funds calculation under Basel III, the transitional measures provided for in CRR IV / CRD IV are taken into account as set out in the applicable national regulations.

Regulatory own funds

(In millions of EUR)	31/12/14	30/06/15
COMMON EQUITY TIER 1 CAPITAL (CET 1 CAPITAL)	7,276	7,425
BASE FOR THE REGULATORY CORE OWN FUNDS	7,902	8,174
GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME	(38)	(103)
Remeasurement of defined benefit plans	99	112
Remeasurement of available-for-sale reserve on securities and frozen fair value adjustments of reclassified financial assets	(815)	(750)
Other reserves	(10)	(12)
Filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	10	12
Transitional measures	678	535
DEDUCTIONS AND PRUDENTIAL FILTERS	(589)	(646)
Deferred tax assets on losses carried forward	(291)	(214)
Investments in securitisation positions	(244)	(285)
Changes in the value of own credit standing	(24)	(26)
Value adjustments due to the requirements for regulatory prudent valuation	(79)	(67)
Intangible fixed assets	(80)	(77)
Goodwill	(104)	(104)
Transitional measures	233	127
TIER 2 CAPITAL	705	836
Tier 2 capital instruments	477	477
Excess of provisions IRB	39	149
Other	0	24
Transitional measures	190	200
REGULATORY OWN FUNDS (AFTER APPROBATION OF RESULT)	7,981	8,261

At the end of June, 2015, the base for the regulatory core own funds amounted to EUR 8,174 million, an increase of EUR 272 million compared to the end of 2014. This increase is due to the regulatory result for the period of EUR 272 million. Note that the regulatory result can be different from the consolidated result, as the consolidation scope for the regulatory result is different than that of the accounting result. As Belfius Insurance paid a dividend of EUR 141 million to Belfius Bank in April 2015 and the other adjustments are quite limited, the regulatory result is coincidentally very similar to the accounting result.

CET 1 capital amounted to EUR 7,425 million at the end of June 2015, compared with EUR 7,276 million at the end of 2014. The significant increase in CET 1 capital results from the half year regulatory profit, slightly offset by lower transitional measures due to the increase in grandfathering rules. In fact, in 2014, certain capital elements, deductions or filters such as AFS reserves, needed to be treated (deducted) at 20%; in 2015, the grandfathering rule decreased, resulting in a treatment (deduction) at 40%.

Tier 1 capital is equal to the CET 1 capital given that the bank does not hold any additional Tier 1 capital.

Tier 2 capital increased from EUR 705 million to EUR 836 million. This improvement was mainly the result of a higher excess of the IRB provision, being the difference between the recognised impairments and the calculated expected losses for credit risk on portfolios treated according to the internal rating-based method.

At the end of June 2015, total regulatory own funds amounted to EUR 8,261 million, compared to EUR 7,981 million at the end of 2014.

Total regulatory risk exposures

Total regulatory risk exposures includes regulatory credit risk, market risk and operational risk exposure. Each of the underlying risks is detailed in the section on "Risk Management" in this report. Regulatory risk exposures also stems from the Danish Compromise, whereby the equity capital instruments of Belfius Insurance and held by Belfius Bank are no longer deducted from regulatory capital, but are included in total regulatory risk exposures via a weighting of 370%.

At the end of June 2015, total regulatory risk exposures at Belfius amounted to EUR 49.1 billion, compared to EUR 49.5 billion at the end of 2014 (-0.7%).

The EUR 0.7 billion (-1.8%) decrease in regulatory credit risk exposures is the result of an overall reduction in Belfius Bank's risk profile mainly resulting from further tactical de-risking in Side and the implementation of the IRB approach for Public Satellite counterparties. This regulatory credit risk exposure reduction was partially offset by a foreign exchange effect and a small increase of LGD applied to some covered bonds and some government bonds.

Regulatory market risk exposures increased by EUR 0.4 billion (+33.5%), mainly as a result of the client flow management business (service in financial market products for bank customers) which caused an increase in average VaR.

Regulatory operational risk exposures remains stable (only an annual frequency in the update of the regulatory operational risk exposures).

Total regulatory risk exposures

(In millions of EUR)	31/12/14	30/06/15	Evolution
Regulatory credit risks exposures	39,564	38,835	-1.8%
Regulatory market risks exposures	1,105	1,475	+33.5%
Regulatory operational risks exposures	2,741	2,741	s.q.
Danish Compromise	6,102	6,102	s.q.
TOTAL RISK EXPOSURES	**49,512**	**49,153**	**-0.7%**

Solvency ratios

As at the end of June 2015, the CET 1 ratio phased-in amounted to 15.1%, an increase of 42bp compared to the end of 2014. This increase is mainly linked to the net income for the period which was partially offset by the decreased grandfathering effect (from a 20% to a 40% deduction). The shift in grandfathering has a negative impact of 28bp on the CET 1 ratio. With the application of a 40% grandfathering rule, the CET 1 ratio for 2014 would have amounted to 14.4% compared to the CET 1 ratio of 14.7% as reported.

The Tier 1 capital ratio is equal to the CET 1 ratio because Belfius does not hold any additional Tier 1 capital.

The total capital ratio phased-in amounted to 16.8%, an increase of 69bp compared to the end of 2014.

Basel III (Phased-in)

	31/12/14	30/06/15
Common Equity Tier 1 capital ratio (CET 1 ratio)	14.7%	15.1%
Tier 1 capital ratio (T 1 ratio)	14.7%	15.1%
Total capital ratio	16.1%	16.8%

At the end of June 2015, the CET 1 ratio fully loaded stood at 14.0% compared to 13.2% at the end of 2014. The total capital ratio fully loaded increased from 14.3% end 2014 to 15.3% at the end of June 2015.

Basel III (Fully loaded)

	31/12/14	30/06/15
Common Equity Tier 1 capital ratio (CET 1 ratio)	13.2%	14.0%
Tier 1 capital ratio (T 1 ratio)	13.2%	14.0%
Total capital ratio	14.3%	15.3%

Litigations

Belfius (Belfius Bank and its consolidated subsidiaries) is involved as a defendant in a number of litigations in Belgium, arising in the ordinary course of its business activities, including those where it is acting as an insurer, capital and credit provider, employer, investor and tax payer.

In accordance with the IFRS rules, Belfius makes provisions for such litigations when, in the opinion of its management, after analysis by its company lawyers and external legal advisors as the case may be, it is probable that Belfius will have to make a payment and when the amount of such payment can be reasonably determined.

With respect to certain other litigations against Belfius of which management is aware (and for which, according to the principles outlined above, no provision has been made), the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending litigations, such litigations are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Belfius Consolidated Financial Statements.

The most important cases are listed below, regardless of whether a provision has been made or not. If these cases listed below were to be successful, they could eventually result in monetary consequences for Belfius. Such impact remains unquantifiable at this stage.

1. Housing Fund of the Brussels Capital Region

On 9 October 2012, the Housing Fund of the Brussels Capital Region summoned Belfius Bank before the Brussels Commercial Court. The Housing Fund subscribed in a total amount of EUR 32,000,000 to 4 treasury notes issued by Municipal Holding between July and September 2011. Following the liquidation of Municipal Holding, the Housing Fund could only receive repayment for EUR 16,000,000. It demands the payment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary waiver of the claim by the Housing Fund, which matches half of the investment, Belfius Bank rejects the demand from the Housing Fund.

On 27 March 2014, the Brussels Commercial Court accepted the claim application by the Housing Fund, but declared it unfounded. The Housing Fund lodged an appeal against this judgment on 3 June 2014.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

2. BBTK and ACLVB

On 8 May 2014, two trade unions within Belfius Bank, BBTK and ACLVB, summoned Belfius Bank before the Brussels Labour Court. They demand the annulment of the collective bargaining agreements that Belfius Bank signed with two other trade unions of the bank. BBTK and ACLVB are of the opinion that these collective bargaining agreements amend, without their consent, previous collective bargaining agreements Belfius Bank also concluded with them. In addition, they are of the opinion that an employer can only sign a collective bargaining agreement with some of the existing trade unions within the firm, if the said employer has not signed previous collective bargaining agreements with other trade unions. The bank rejects this claim as the previous collective bargaining agreements have not been amended and because the law provides in general that a collective bargaining agreement can be signed with only one trade union.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

3. Arco

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) summoned Belfius Bank, together with the 3 aforementioned Arco companies, before the Brussels Commercial Court. Principally, they demand the annulment of their agreement to join the capital of these 3 companies as shareholder, based on deception or fallacy. They demand that the Court orders Belfius Bank in solidum with each of the 3 above mentioned Arco companies to repay their capital contributions, increased by interest and compensation. On an ancillary basis, they applied to the Commercial Court to order Belfius Bank to pay compensation based on an alleged shortcoming in its information duty towards them. Because the file submitted by them lacks information with respect to proof and assessment of damages, Belfius cannot assess the content of the claim and has to reject it.

1,027 other shareholders of the 3 above mentioned Arco companies joined the summons on 16 December 2014 on a voluntary basis. Belfius has asked for their files so that it can evaluate the content of their claim.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

Certificate from a responsible person

I, Johan Vankelecom, Member of the Board of Directors, Member of the Management Board and Chief Financial Officer of Belfius Bank SA, certify, on behalf of the Board of Directors, that, to the best of my knowledge,

a) the condensed consolidated interim financial statements, for the period ended 30 June 2015, have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss;
b) the interim management report includes a fair review of (i) important events that have occurred during the first six months of the financial year, (ii) their impact on the condensed set of financial statements, (iii) a description of the principal risks and uncertainties for the remaining six months of the financial year.

Brussels, 27 August 2015

For the Board of Directors

Johan Vankelecom
Member of the Board of Directors
Member of the Management Board
Chief Financial Officer

Condensed consolidated interim financial statements 1H 2015

This section has been reviewed by the auditors

Condensed consolidated interim balance sheet

Assets

(In thousands of EUR)

		Notes	31/12/14	30/06/15
I.	Cash and balances with central banks	5.1.	2,412,855	1,794,873
II.	Loans and advances due from banks	5.2.	31,058,774	24,057,099
III.	Loans and advances to customers	5.3.	87,157,989	87,985,725
IV.	Investments held to maturity	5.4.	2,834,531	4,631,406
V.	Financial assets measured at fair value through profit or loss		6,100,168	6,732,648
VI.	Financial assets available for sale	5.5.	25,087,002	20,874,984
VII.	Derivatives	5.6.	31,130,082	25,805,714
VIII.	Fair value revaluation of portfolio hedge (interest risk)		5,071,952	4,270,924
IX.	Investments in associates		146,494	144,218
X.	Tangible fixed assets		1,297,180	1,283,176
XI.	Intangible assets		89,749	87,806
XII.	Goodwill		103,966	103,966
XIII.	Current tax assets		9,257	8,198
XIV.	Deferred tax assets		685,671	615,161
XV.	Other assets		1,196,572	1,161,516
XVI.	Non-current assets held for sale		24,932	18,677
TOTAL ASSETS			194,407,174	179,576,091

Liabilities

(In thousands of EUR)

		Notes	31/12/14	30/06/15
I.	Due to banks	6.1.	21,407,816	13,384,076
II.	Customer borrowings and deposits	6.2.	66,513,874	68,557,629
III.	Financial liabilities measured at fair value through profit or loss		9,166,712	9,279,254
IV.	Derivatives	5.6.	38,165,388	30,912,747
V.	Fair value revaluation of portfolio hedge (interest risk)		293,993	121,600
VI.	Debt securities	6.3.	29,112,916	28,018,670
VII.	Subordinated debts	6.4.	886,358	921,930
VIII.	Technical provisions of insurance companies	6.5.	18,047,274	17,150,653
IX.	Provisions and other obligations	6.6.	477,169	441,907
X.	Current tax liabilities		28,259	30,189
XI.	Deferred tax liabilities		230,301	227,988
XII.	Other liabilities		2,150,517	2,354,252
XIII.	Liabilities included in disposal groups held for sale		0	0
TOTAL LIABILITIES			186,480,577	171,400,895

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Equity

(In thousands of EUR)	31/12/14	30/06/15
XIV. Subscribed capital	3,458,066	3,458,066
XV. Additional paid-in capital	209,232	209,232
XVI. Treasury shares	0	0
XVII. Reserves and retained earnings	3,675,506	4,136,295
XVIII. Net income for the period	461,642	272,033
CORE SHAREHOLDERS' EQUITY	**7,804,446**	**8,075,626**
XIX. Remeasurement available-for-sale reserve on securities	604,176	584,265
XX. Frozen fair value of financial assets reclassified to loans and advances	(585,455)	(615,280)
XXI. Remeasurement defined benefit plan	97,975	111,317
XXII. Discretionary participation features of insurance contracts	12,346	29,784
XXIII. Other reserves	(9,666)	(11,542)
GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME	119,376	98,544
TOTAL SHAREHOLDERS' EQUITY	7,923,822	8,174,170
XXIV. Non-controlling interests	2,775	1,026
TOTAL EQUITY	7,926,597	8,175,196
TOTAL LIABILITIES AND EQUITY	194,407,174	179,576,091

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statement of income

(In thousands of EUR)		Notes	30/06/14 PF[1]	30/06/15
I.	Interest income	7.1.	2,868,576	2,410,282
II.	Interest expense[1]	7.1.	(1,817,553)	(1,390,439)
III.	Dividend income		29,975	34,789
IV.	Net income from associates		1,090	2,754
V.	Net income from financial instruments at fair value through profit or loss	7.2.	(31,570)	77,241
VI.	Net income on investments	7.3.	42,593	22,162
VII.	Fee and commission income	7.4.	271,599	308,446
VIII.	Fee and commission expense	7.4.	(56,328)	(51,883)
IX.	Premiums and technical income from insurance activities	6.5.	952,852	736,187
X.	Technical expense from insurance activities[1]	6.5.	(1,115,569)	(860,284)
XI.	Other income & expense[1]	7.5.	(118,503)	(205,724)
INCOME			**1,027,162**	**1,083,531**
XII.	Staff expense		(320,916)	(300,449)
XIII.	General and administrative expense		(217,217)	(195,402)
XIV.	Network costs		(142,300)	(138,000)
XV.	Depreciation and amortisation		(48,172)	(38,722)
EXPENSES			**(728,605)**	**(672,573)**
GROSS OPERATING INCOME			298,557	410,958
XVI.	Impairments on loans and provisions for credit commitments	7.6.	(4,181)	(33,363)
XVII.	Impairments on tangible and intangible assets		(380)	120
XVIII.	Impairments on goodwill		0	0
XIX.	Provisions for legal litigations	7.7.	0	0
NET INCOME BEFORE TAX			293,996	377,715
XX.	Tax expense[1]		(71,101)	(105,682)
NET INCOME AFTER TAX			222,895	272,033
XXI.	Discontinued operations (net of tax)		0	0
NET INCOME[1]			222,895	272,033
Attributable to non-controlling interests			(741)	0
NET INCOME[1] Attributable to equity holders of the parent			**223,636**	**272,033**

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC 21 has merely an impact on the semi-annual results and not on the full year results.

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Analysis of the consolidated statement of income

We refer to the chapter "Financial results" of the management report for a detailed description.

Condensed consolidated interim statement of comprehensive income

(In thousands of EUR)	30/06/14 PF[1] Before-tax amount	Tax expense	Net-of-tax amount
RESULT RECOGNISED IN THE STATEMENT OF INCOME[1]	293,996	(71,101)	222,895
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Remeasurement defined benefit plan	(44,972)	15,286	(29,686)
TOTAL OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS	**(44,972)**	**15,286**	**(29,686)**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Unrealised gains (losses) on available-for-sale financial investments and "frozen" fair value amortisation of financial assets reclassified to Loans and Receivables	697,796	(182,646)	515,150
Gains (losses) on cash flow hedges	(734)	1,410	676
Cumulative translation adjustments (CTA)			0
Discretionary participation features of insurance contracts	13,209	(4,382)	8,827
TOTAL OF OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS	**710,271**	**(185,618)**	**524,653**
OTHER COMPREHENSIVE INCOME	**665,299**	**(170,332)**	**494,967**
TOTAL COMPREHENSIVE INCOME	**959,295**	**(241,433)**	**717,862**
NET INCOME Attributable to equity holders of the parent			**718,804**
Attributable to non-controlling interests			(942)

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC21 has merely an impact on the semi-annual results and not on the full year results.

(In thousands of EUR)	30/06/15 Before-tax amount	Tax expense	Net-of-tax amount
RESULT RECOGNISED IN THE STATEMENT OF INCOME	**377,715**	**(105,682)**	**272,033**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Remeasurement defined benefit plan	20,213	(6,871)	13,342
TOTAL OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS	**20,213**	**(6,871)**	**13,342**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Unrealised gains (losses) on available-for-sale financial investments and "frozen" fair value amortisation of financial assets reclassified to Loans and Receivables	(79,654)	29,917	(49,737)
Gains (losses) on cash flow hedges	(910)	(966)	(1,876)
Cumulative translation adjustments (CTA)			0
Discretionary participation features of insurance contracts	24,300	(6,862)	17,438
TOTAL OF OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS	**(56,264)**	**22,089**	**(34,175)**
OTHER COMPREHENSIVE INCOME	**(36,051)**	**15,218**	**(20,833)**
TOTAL COMPREHENSIVE INCOME	**341,664**	**(90,464)**	**251,200**
NET INCOME Attributable to equity holders of the parent			**251,201**
Attributable to non-controlling interests			(1)

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim statement of change in equity

Core shareholders' equity (In thousands of EUR)	Subscribed capital	Additional paid-in capital	Reserves and retained earnings	Net income for the period	Core shareholders' equity
AS AT 31 DECEMBER 2013	3,458,066	209,232	3,230,926	444,998	7,343,222
Movements of the period					
Transfers to reserves	0	0	444,998	(444,998)	0
Variation of scope of consolidation	0	0	(197)	0	(197)
Other movements	0	0	(224)	0	(224)
Net income for the period	0	0	0	223,636	223,636
AS AT 30 JUNE 2014	3,458,066	209,232	3,675,503	223,636	7,566,437

Gains and losses not recognised in the statement of income	Unrealised result that may be reclassified subsequently to profit or loss				
(In thousands of EUR)	Remeasurement available-for-sale reserve on securities	Frozen fair value of financial assets reclassified to loans and advances	Derivatives – Cash Flow Hedge (CFH)	Share of other comprehensive income of investments in subsidiaries, joint ventures and associates	Discretionary participation features of insurance contracts(1)
AS AT 31 DECEMBER 2013	(167,603)	(701,877)	1,457	0	0
Movements of the period					
Net change in fair value through equity – Available-for-sale investments	810,494	0	0	10,463	8,827
Transfers to income of available-for-sale reserve amounts due to impairments	64	0	0	47	0
Transfers to income of available-for-sale reserve amounts due to disposals	(35,153)	22,100	0	(500)	0
Amortisation of net fair value on reclassified portfolio in application of IAS 39 amended	0	13,942	0	0	0
Net change in fair value through equity – Cash flow hedges	0	0	716	0	0
Net change in cash flow hedge reserve due to transfers to income	0	0	(40)	0	0
Variation of scope of consolidation	331	(130)	0	0	0
Transfers to technical provisions of insurance companies(2)(3)	(296,290)	(6)	0	(10,010)	0
Provisions booked from/to equity	0	0	0	0	0
Transfers	0	0	0	0	0
AS AT 30 JUNE 2014	311,843	(665,971)	2,133	0	8,827

(1) Discretionary beneficiary participation is a contractual, but conditional entitlement to receive additional profits over and above a guaranteed return.
(2) Transfer of amounts after tax as a result of the application of Shadow Accounting. A part of the unrealised profits from financial assets available for sale is used as cover value for the payments of the obligations and is therefore transferred to the technical reserves.
(3) The technical provisions of associates are not included in the consolidated balance sheet.

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Gains and losses not recognised in the statement of income (In thousands of EUR)	Unrealised result that will not be reclassified to profit and loss		Total gains and losses not recognised in profit and loss – Group share
	Unrealised result of property revaluation	Remeasurement defined benefit plan	
AS AT 31 DECEMBER 2013	0	129,851	(738,172)
Movements of the period			
Net change in fair value through equity – Available-for-sale investments	0	0	829,784
Transfers to income of available-for-sale reserve amounts due to impairments	0	0	111
Transfers to income of available-for-sale reserve amounts due to disposals	0	0	(13,553)
Amortisation of net fair value on reclassified portfolio in application of IAS 39 amended	0	0	13,942
Net change in fair value through equity – Cash flow hedges	0	0	716
Net change in cash flow hedge reserve due to transfers to income	0	0	(40)
Variation of scope of consolidation	0	0	201
Transfers to technical provisions of insurance companies[1][2]	0	0	(306,306)
Provisions booked from/to equity	0	(29,686)	(29,686)
Transfers	224	0	224
AS AT 30 JUNE 2014	224	100,165	(242,779)

(1) Transfer of amounts after tax as a result of the application of Shadow Accounting. A part of the unrealised profits from financial assets available for sale is used as cover value for the payments of the obligations and is therefore transferred to the technical reserves.
(2) The technical provisions of associates are not included in the consolidated balance sheet.

Non-controlling interests (In thousands of EUR)	Core shareholders' equity	Gains and losses not recognised in the statement of income	Non-controlling interests
AS AT 31 DECEMBER 2013	15,695	201	15,896
Movements of the period			
Dividends	1,753	0	1,753
Net income for the period	(741)	0	(741)
Variation of scope of consolidation	(21,269)	(201)	(21,470)
Other movements	8,357	0	8,357
AS AT 30 JUNE 2014	3,795	0	3,795

(In thousands of EUR)	
Core shareholders' equity	7,566,437
Gains and losses not recognised in the statement of income attributable to equity holders of the parent	(242,779)
Non-controlling interests	3,795
TOTAL EQUITY AS AT 30 JUNE 2014	7,327,453

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Core shareholders' equity (In thousands of EUR)	Subscribed capital	Additional paid-in capital	Reserves and retained earnings	Net income for the period	Core shareholders' equity
AS AT 31 DECEMBER 2014	3,458,066	209,232	3,675,506	461,642	7,804,446
Movements of the period					
Transfers to reserves	0	0	461,642	(461,642)	0
Variation of scope of consolidation	0	0	0	0	0
Other movements	0	0	(853)	0	(853)
Net income for the period	0	0	0	272,033	272,033
AS AT 30 JUNE 2015	3,458,066	209,232	4,136,295	272,033	8,075,626

Gains and losses not recognised in the statement of income (In thousands of EUR)	Unrealised result that may be reclassified subsequently to profit or loss				
	Remeasurement available-for-sale reserve on securities	Frozen fair value of financial assets reclassified to loans and advances	Derivatives – Cash Flow Hedge (CFH)	Share of other comprehensive income of investments in subsidiaries, joint ventures and associates	Discretionary participation features of insurance contracts(1)
AS AT 31 DECEMBER 2014	604,176	(585,455)	(9,887)	0	12,346
Movements of the period					
Net change in fair value through equity – Available-for-sale investments	(55,330)	0	0	(5,436)	17,438
Transfers to income of available-for-sale reserve amounts due to disposals	(46,502)	7,478	0	(579)	0
Amortisation of net fair value on reclassified portfolio in application of IAS 39 amended	0	(33,871)	0	0	0
Net change in fair value through equity – Cash flow hedges	0	0	(1,834)	0	0
Net change in cash flow hedge reserve due to transfers to income	0	0	(42)	0	0
Transfers to technical provisions of insurance companies(2)(3)	78,489	0	0	6,015	0
Provisions booked from/to equity	0	0	0	0	0
Transfers(4)	3,432	(3,432)	0	0	0
AS AT 30 JUNE 2015	584,265	(615,280)	(11,763)	0	29,784

(1) Discretionary beneficiary participation is a contractual, but conditional entitlement to receive additional profits over and above a guaranteed return.
(2) Transfer of amounts after tax as a result of the application of Shadow Accounting. A part of the unrealised profits from financial assets available for sale is used as cover value for the payments of the obligations and is therefore transferred to the technical reserves.
(3) The technical provisions of associates are not included in the consolidated balance sheet.
(4) On 1 January 2015, Belfius decided to reclassify an additional EUR 1.5 billion bonds from "Financial assets available for sale" to "Investments held to maturity". It concerns mainly bonds issued by the Belgian and French governments.

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Gains and losses not recognised in the statement of income

(In thousands of EUR)	Unrealised result that will not be reclassified to profit and loss		Total gains and losses not recognised in profit and loss – Group share
	Unrealised result of property revaluation	Remeasure-ment defined benefit plan	
AS AT 31 DECEMBER 2014	221	97,975	119,376
Movements of the period			
Net change in fair value through equity – Available-for-sale investments	0	0	(43,328)
Transfers to income of available-for-sale reserve amounts due to disposals	0	0	(39,603)
Amortisation of net fair value on reclassified portfolio in application of IAS 39 amended	0	0	(33,871)
Net change in fair value through equity – Cash flow hedges	0	0	(1,834)
Net change in cash flow hedge reserve due to transfers to income	0	0	(42)
Transfers to technical provisions of insurance companies(1)(2)	0	0	84,504
Provisions booked from/to equity	0	13,342	13,342
Transfers(3)	0	0	0
AS AT 30 JUNE 2015	221	111,317	98,544

(1) Transfer of amounts after tax as a result of the application of Shadow Accounting. A part of the unrealised profits from financial assets available for sale is used as cover value for the payments of the obligations and is therefore transferred to the technical reserves.
(2) The technical provisions of associates are not included in the consolidated balance sheet.
(3) On 1 January 2015, Belfius decided to reclassify an additional EUR 1.5 billion bonds from "Financial assets available for sale" to "Investments held to maturity". It concerns mainly bonds issued by the Belgian and French governments.

Non-controlling interests

(In thousands of EUR)	Core shareholders' equity	Gains and losses not recognised in the statement of income	Non-controlling interests
AS AT 31 DECEMBER 2014	2,775	0	2,775
Movements of the period			
Dividends	(859)	0	(859)
Net income for the period	0	0	0
Variation of scope of consolidation	(916)	0	(916)
Other movements	26	0	26
AS AT 30 JUNE 2015	1,026	0	1,026

(In thousands of EUR)	
Core shareholders' equity	8,075,626
Gains and losses not recognised in the statement of income attributable to equity holders of the parent	98,544
Non-controlling interests	1,026
TOTAL EQUITY AS AT 30 JUNE 2015	8,175,196

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Equity	30/06/14	30/06/15
BY CATEGORY OF SHARE		
Number of shares issued and fully paid	359,412,616	359,412,616
Number of shares issued and not fully paid	0	0
Earnings per share (EUR)	0,62	0,76
NOMINAL VALUE PER SHARE	no nominal value	no nominal value
Outstanding as at 1 January	359,412,616	359,412,616
Number of shares issued	0	0
Number of shares cancelled	0	0
Outstanding as at 31 December	359,412,616	359,412,616
Rights, preferences and restrictions, including restrictions on the distribution of dividends and the repayment of capital	0	0
Number of treasury shares	0	0
Number of shares reserved for issue under stock options and contracts for the sale of share	0	0

Shared-based payments

There are no option plans with Belfius shares as underlying asset.

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated interim cash flow statement

(In thousands of EUR)	30/06/14 PF[1]	30/06/15
CASH FLOW FROM OPERATING ACTIVITIES		
Net income after tax[1]	222,895	272,033
Adjustment for:		
Depreciation, amortisation and other impairment	56,462	45,369
Impairment on bonds, equities, loans and other assets	(7,151)	3,492
Net gains or (losses) on investments	(26,477)	(33,137)
Charges for provisions (mainly insurance provision)	(308,521)	(635,016)
Unrealised gains or (losses)	19,262	(49,192)
Income from associates	(1,090)	(2,754)
Dividends from associates	950	5,029
Deferred taxes[1]	61,125	83,415
Changes in operating assets and liabilities[1]	4,032,290	(5,203,219)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,049,745	(5,513,980)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(78,135)	(75,094)
Sales of fixed assets	78,849	47,063
Acquisitions of unconsolidated equity shares	(154,663)	(134,834)
Sale of unconsolidated equity shares	180,603	146,724
Acquisitions of subsidiaries and of business units	(8,438)	(3,606)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	18,216	(19,747)
CASH FLOW FROM FINANCING ACTIVITIES		
Reimbursement of capital	(10,542)	0
Issuance of subordinated debts	23,712	0
Reimbursement of subordinated debts	0	(299,858)
Dividends paid	(9)	(2,085)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	13,161	(301,943)
NET CASH PROVIDED	4,081,122	(5,835,670)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,018,659	14,025,276
Cash flow from operating activities	4,049,745	(5,513,980)
Cash flow from investing activities	18,216	(19,747)
Cash flow from financing activities	13,161	(301,943)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD[2]	8,099,781	8,189,606

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC21 has merely an impact on the semi-annual results and not on the full year results.
(2) The difference between "cash and cash equivalents at the end of the period" of 1H 2014 PF and "cash and cash equivalents at the beginning of the period" for 1H 2015 is due to the cash and cash equivalents generated in the second half of 2014.

We refer to the chapter "Liquidity" of the management report for a detailed description.

The notes on pages 38 to 67 are an integral part of the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

II. Post-balance-sheet events

1. Greek crisis

The failure of Greece to pay back a loan granted by the IMF on June 30, 2015 did not have a material impact for Belfius. In fact, Belfius does not have any significant exposure towards Greece, as can be demonstrated in table 9.2. The only remaining exposure that Belfius has is on a small number of retail loans granted to residents in Greece with good quality and with economical ties to Belgium.

2. Conversion of debt instruments held by Arcopar

Belfius Bank and Arcopar are examining the conversion of the documentation of subordinated perpetual loans (issued by Belfius Bank and held by Arcopar for EUR 85 million notional) to a documentation under EMTN programme, in order to increase the liquidity of these instruments.

3. New tax on financial institutions

In July 2015, a law was voted introducing a new tax on financial institutions. According to this law the amount of the notional interest deduction, dividend received deductions and the imputed carried forward losses, will be reduced with a certain amount. The latter amount will constitute a cash tax. Belfius is currently analyzing this new law and does not expect a material impact.

4. Change of group scope

Belfius Insurance has purchased the full stake in Sepia (currently a joint venture) from KBC Insurance and has signed a reinsurance contract whereby KBC will retain half of the risks of the Sepia insurance portfolio; as such the current risk sharing on the portfolio continues. On 1 January 2016, Belfius Insurance will merge with Sepia.

In addition, a purchase offer of the participation in the insurer "International Wealth Insurer" is being analyzed by Belfius Insurance, no decisions have been taken regarding this participation.

III. Accounting principles

The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are set out below.

The common used abbreviations below are:

- IASB: International Accounting Standards Board
- IFRIC: interpretation issued by the IFRS Interpretations Committee
- IFRS: International Financial Reporting Standards

In the following text, "Belfius" refers to "Belfius Bank & Insurance".

The condensed consolidated interim financial statements have been approved by the Board of Directors of Belfius Bank on 27 August 2015.

Accounting policies

1. Basis of accounting – statement of compliance

1.1. General

The condensed consolidated interim financial statements of Belfius are prepared in accordance with IAS 34 Interim reporting as adopted by the EU.

The condensed consolidated interim financial statements of Belfius have therefore been prepared "in accordance with all IFRS as adopted by the EU" and endorsed by the European Commission up to 30 June 2015 including the conditions applicable to interest-rate portfolio hedging.

The Royal Decree of 5 December 2004 requires Belfius to publish its consolidated financial statements according to the IFRS approved by the European Union as from 31 December 2006.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with Belfius annual financial statements as at 31 December 2014.

2. Changes in accounting policies and applicable standards since the previous annual publication that may impact Belfius

There have been no changes in accounting policies since the previous publication in the annual report of Belfius apart from those mentioned below.

The overview of the texts below is made until the reporting date of 30 June 2015.

2.1. IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2015

Standards with impact for Belfius

IFRIC 21 "Levies" provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This amendment has an impact on the accounting of bank levies because certain levies have to be recognised as soon as the obligating event occurred. As IFRIC 21 needs to be applied retroactively, Belfius has restated the comparable semester figures of 2014 resulting in an impact of EUR -81 million. Note that IFRIC 21 has merely an impact on the semi-annual results and not on the full year results.

Standards with no impact for Belfius

- Amendment to IAS 19 "Defined Benefit Plans – Employee Contributions" simplifies the accounting for contributions that are independent of the number of years of employee service such as contributions that are calculated according to a fixed percentage of salary. This amendment has no direct impact for Belfius.
- "Annual improvements to IFRSs: 2010-2012 cycle". A collection of clarifications to existing International Financial Reporting Standard, which have no impact for Belfius.
- "Annual improvements to IFRSs: 2011-2013 cycle". A collection of amendments to existing International Financial Reporting Standards, which have no impact for Belfius.

2.2. IASB and IFRIC texts endorsed by the European Commission during the current year but not yet applicable as from 1 January 2015

Nihil

2.3. New IFRS standards, IFRIC interpretations and amendments issued during the current year but not yet endorsed by the European Commission

Nihil

2.4. Changes in presentation

Nihil

IV. Business reporting

A business line is a distinguishable component of Belfius that is engaged either in providing products or services (business segment).

The segmentation of Belfius is the following:

→ Franchise
- Retail and Commercial (RC) includes banking and insurance activity for this segment;
- Public and Corporate (PC) includes banking and insurance activity for this segment;
- Group Center (GC) includes ALM activities as well as Treasury, collateral and client flow management.

→ Side
- Includes the legacy portfolio's and transactions with Dexia Group.

Note that the names of the different Franchise segments have been updated in 2015, without any impact on the content.

The amounts of 2014 were restated to include the allocation of equity. This was performed based on the regulatory equity consumption for each business line; whereby the capital buffer is allocated to Group Center.

1. Segmentation – Balance sheet

The assets and liabilities of Belfius Insurance have been allocated to the Franchise.
The balance sheet of Side is composed of the legacy portfolios and the assets and liabilities with Dexia Group.

	31/12/14		
(In thousands of EUR)	Assets	Liabilities PF	Equity PF
Retail and Commercial	54,508,649	80,395,674	2,412,544
Public and Corporate	42,083,561	22,299,858	887,007
Group Center	38,160,944	47,989,707	1,876,150
FRANCHISE	134,753,154	150,685,240	5,175,702
SIDE	59,654,020	35,795,337	2,750,895
TOTAL	194,407,174	186,480,577	7,926,597

	30/06/15		
(In thousands of EUR)	Assets	Liabilities	Equity
Retail and Commercial	54,612,634	80,075,213	2,165,793
Public and Corporate	41,348,740	22,427,648	776,432
Group Center	37,919,616	43,209,125	2,515,977
FRANCHISE	133,880,990	145,711,986	5,458,202
SIDE	45,695,101	25,688,909	2,716,994
TOTAL	179,576,091	171,400,895	8,175,196

2. Segmentation – Profit and loss

(In thousands of EUR)	30/06/14 PF[1] Income	o/w net income from associates	o/w net interest income & dividend income	Net income before tax	Tax & other	Net income – Group share
Retail and Commercial	893,770	610	826,966	314,997	(90,663)	224,334
Public and Corporate	212,949	(114)	197,434	111,992	(34,689)	77,304
Group Center	(75,921)	594	13,234	(129,034)	65,717	(63,317)
FRANCHISE	**1,030,798**	**1,090**	**1,037,634**	**297,955**	**(59,635)**	**238,320**
SIDE	(3,636)	0	43,365	(3,959)	(10,726)	(14,685)
TOTAL	1,027,162	1,090	1,080,999	293,996	(70,360)	223,636

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC21 has merely an impact on the semi-annual results and not on the full year results.

(In thousands of EUR)	30/06/15 Income	o/w net income from associates	o/w net interest income & dividend income	Net income before tax	Tax & other	Net income – Group share
Retail and Commercial	983,676	1,205	812,823	418,866	(131,043)	287,824
Public and Corporate	243,906	990	199,368	126,361	(42,040)	84,321
Group Center	(70,642)	559	66,007	(77,422)	35,042	(42,380)
FRANCHISE	**1,156,940**	**2,754**	**1,078,198**	**467,806**	**(138,041)**	**329,765**
SIDE	(73,409)	0	(23,566)	(90,092)	32,359	(57,733)
TOTAL	1,083,531	2,754	1,054,632	377,715	(105,682)	272,033

Note that the upfront impact of IFRIC21 (with respect to bank levies) has been recorded in Group Center and is allocated on an accrued basis to the different business lines.

V. Notes on the assets of the condensed consolidated interim balance sheet

(some amounts may not add up due to roundings-off)

5.1. Cash and balances with central banks

(refers to table 5.2. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Cash in hand	498,833	390,827
Balances with central banks other than mandatory reserve deposits	2,265	3,715
Mandatory reserves deposits	1,911,757	1,400,331
TOTAL	2,412,855	1,794,873
Of which included in cash and cash equivalents	*2,412,799*	*1,794,798*

5.2. Loans and advances due from banks

(refers to table 5.3. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Cash collateral	19,668,352	16,959,022
Sight accounts	439,886	352,228
Reverse repurchase agreements	236,939	5,485,449
Loans and other advances	274,655	897,299
Bonds	10,448,143	373,369
Less:		
Collective impairment	(9 201)	(10 268)
TOTAL	31,058,774	24,057,099
Of which included in cash and cash equivalents	*10,837,104*	*6,214,948*
Of which included in financial lease	*51,877*	*52,877*

In the first half of 2015, Dexia Crédit Local repaid the remaining amount of the Government Guaranteed Bonds (GGB's). This decrease of "Loans and advances due from banks" was reinforced by a reduction of the cash collateral paid to financial counterparties, but was partially offset by a significant increase in reverse repurchase agreements due to the excess cash.

5.3. Loans and advances to customers

(refers to table 5.4. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Cash collateral	1,640,172	1,612,086
Reverse repurchase agreements	185,499	612,695
Loans and other advances(1)	78,107,620	77,986,986
Of which bills and own acceptances	*14,893*	*31,923*
Of which finance lease	*2,955,471*	*2,941,519*
Of which consumer loans	*1,416,933*	*1,424,780*
Of which mortgage loans(2)	*26,074,062*	*26,563,785*
Of which term loans(3)	*44,101,607*	*43,987,994*
Of which current accounts	*2,006,221*	*1,567,170*
Of which other loans and advances	*1,538,433*	*1,469,815*
Bonds	6,657,171	7,230,235
Impaired loans	2,015,525	2,005,428
Impaired bonds	49,458	46,826
Less:		
Specific impairment on impaired loans or impaired bonds	(1 156 319)	(1 166 996)
Collective impairment	(341 137)	(341 535)
TOTAL	87,157,989	87,985,725

(1) The pool of loans underlying the covered bonds (Pandbrieven) amount to EUR 10.5 billion end June 2015 (and EUR 9.1 billion end December 2014). This covered pool is sufficient to guarantee the outstanding covered bonds (amounting to EUR 7.3 billion end June 2015 and EUR 6.3 billion end December 2014).
(2) In 2014, a stock of EUR 7.2 billion of "mortgage loans" is encumbered as underlying for securitisation programs compared to EUR 5.4 billion "mortgage loans" in June 2015. The decrease of securitized mortgage loans is principally due to prepayments.
(3) In 2014, a stock of EUR 7.6 billion of "term loans" is encumbered as underlying for securitisation programs compared to an amount of EUR 7.0 billion in June 2015.

5.4. Investments held to maturity

(refers to table 5.5. of the annual report)

Analysis by counterparty

(In thousands of EUR)	31/12/14	30/06/15
Public entities	2,185,576	3,801,262
Banks	648,955	830,144
TOTAL FINANCIAL INVESTMENTS BEFORE IMPAIRMENT	2,834,531	4,631,406
Less:		
Specific impairment on impaired financial instruments	0	0
TOTAL	2,834,531	4,631,406

Belfius has reclassed in 2014 debt instruments from "Financial assets available for sale" to "Investments held to maturity". It concerned mainly Italian sovereign debt instruments. This reclassification was performed in accordance with IAS 39.54 following the change in management intention for this portfolio.

On 1 January 2015, Belfius decided to reclass an additional EUR 1.5 billion bonds from "Financial assets available for sale" to "Investments held to maturity". It concerns mainly bonds issued by the Belgian and French governments. This reclassification was the result of a change in management intention for these bonds.

5.5. Financial assets available for sale

(refers to table 5.7. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Bonds issued by public sector	15,106,295	12,022,756
Other bonds and fixed-income instruments	8,518,884	7,145,040
Equity and variable-income instruments	1,530,493	1,774,414
TOTAL FINANCIAL INVESTMENTS BEFORE IMPAIRMENT	25,155,672	20,942,210
Specific impairment on impaired financial investments	(68,670)	(67,226)
TOTAL	25,087,002	20,874,984

A significant decrease of the portfolio can be noted, this is due to (i) sales following the tactical de-risking policy as well as sales within the Belfius Insurance portfolio, (ii) a decrease in fair value following the increased interest rates and (iii) the reclassification of bonds to "Investments held to maturity".

5.6 Derivatives

(refers to table 5.9. of the annual report)

1. Analysis by nature

	31/12/14		30/06/15	
(In thousands of EUR)	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	27,738,981	27,190,999	23,190,810	22,210,575
Derivatives designated as fair value hedges	56,525	213,365	60,500	173,315
Derivatives designated as cash flow hedges	854	12,869	15,888	28,947
Derivatives designated as portfolio hedge	3,333,722	10,748,155	2,538,516	8,499,910
TOTAL	31,130,082	38,165,388	25,805,714	30,912,747

An important decrease in the fair value of derivatives can be noted following the higher interest rates compared to year-end. Note also that the notional amounts of derivatives have been significantly reduced.

2. Detail of derivatives held for trading

	31/12/14				30/06/15			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
(In thousands of EUR)	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	22,031,769	22,164,652	1,343,938	1,420,374	28,788,113	28,810,035	1,685,441	1,612,731
Interest rate derivatives	483,706,914	500,003,787	25,930,716	25,281,666	417,118,242	434,650,643	20,978,708	20,095,592
of which option/cap/floor/collar/swaption	*202,206,095*	*219,517,938*	*3,829,681*	*4,263,658*	*198,148,469*	*213,688,967*	*3,144,984*	*3,555,650*
of which interest rate swaps	*257,623,238*	*257,717,686*	*22,082,635*	*21,000,961*	*210,630,167*	*210,725,863*	*17,832,090*	*16,539,470*
of which other interest rate	*23,877,581*	*22,768,163*	*18,400*	*17,047*	*8,339,606*	*10,235,813*	*1,634*	*472*
Credit derivatives	7,407,270	6,850,955	342,245	411,515	7,913,455	7,552,944	396,749	420,876
Equity derivatives	1,948,932	2,040,401	122,082	77,444	2,166,703	2,217,640	129,912	81,376
TOTAL	515,094,885	531,059,795	27,738,981	27,190,999	455,986,513	473,231,262	23,190,810	22,210,575

The derivatives position of Belfius originates partially from the fact that Belfius was the competence center for derivatives within the Dexia Group. These derivatives were perfectly hedged externally for market risk. At 1H 2015, the outstanding notional of the Dexia derivatives amounts to EUR 52 billion.

The strategy of Belfius is to mitigate as much as possible the market risks of its derivatives. Belfius continues its efforts to decrease the notional amount of derivatives through bilateral unwinds, TriReduce-runs and other measures.

3. Detail of derivatives designated as fair value hedges

	31/12/14				30/06/15			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
(In thousands of EUR)	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	572,419	535,903	0	179,375	603,228	576,134	0	173,314
Interest rate derivatives	711,397	249,955	56,525	33,990	351,532	249,955	60,500	1
TOTAL	1,283,816	785,858	56,525	213,365	954,760	826,089	60,500	173,315

4. Detail of derivatives of portfolio hedge(1)

	31/12/14				30/06/15			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
(In thousands of EUR)	To receive	To deliver			To receive	To deliver		
Interest rate derivatives	81,254,143	81,254,143	3,333,722	10,748,155	77,186,232	77,186,232	2,538,516	8,499,910
TOTAL	81,254,143	81,254,143	3,333,722	10,748,155	77,186,232	77,186,232	2,538,516	8,499,910

(1) Concerns mainly interest rate swaps and is used only in fair-value hedge strategy.

VI. Notes on the liabilities of the condensed consolidated interim balance sheet

(some amounts may not add up due to roundings-off)

6.1. Due to banks

(refers to table 6.1. of the annual report)

1. Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Demand deposits	331,304	416,542
Term deposits	2,019,522	443,928
Repurchase agreements	5,054,582	3,255,819
Central banks	5,056,421	1,651,401
Cash collateral received	8,891,643	7,564,993
Other borrowings	54,344	51,393
TOTAL	21,407,816	13,384,076

Belfius Bank has fully repaid the LTRO (Longer-Term Financing Operations) in 2015 to the ECB. In addition, a significant decrease of the repurchase agreements and term deposits can be noted due to the excess cash. The amount outstanding towards central banks at the end of 1H 2015 concerns the TLTRO (Targeted Longer-Term Refinancing Operations).

6.2. Customer borrowings and deposits
(refers to table 6.2. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Demand deposits	18,947,087	19,935,314
Saving deposits	31,180,094	32,553,645
Term deposits	8,228,366	8,704,592
Other customer deposits	5,838,071	6,130,337
TOTAL CUSTOMER DEPOSITS	**64,193,618**	**67,323,888**
Repurchase agreements	2,293,059	1,203,853
Other borrowings	27,197	29,888
TOTAL CUSTOMER BORROWINGS	**2,320,256**	**1,233,741**
TOTAL	66,513,874	68,557,629

6.3. Debt securities
(refers to table 6.4. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Certificates of deposit	2,666,187	3,710,943
Customer savings certificates	6,481,847	5,581,862
Non-convertible bonds	13,680,872	11,414,649
Covered bonds(1)	6,284,010	7,311,216
TOTAL	29,112,916	28,018,670

(1) The covering assets of the Mortgage Pandbrieven (covered bonds) are mainly Belgian mortgage loans, provided under the law on mortgage loans (law of 4 August 1992). These residential mortgage loans are granted through the branch network of Belfius.

The decrease of saving certificates and non-convertible bonds that came to maturity was partially offset by an increase in short term certificates of deposits and covered bonds.

Belfius launched in 2014 its first Belgian Public Pandbrieven programme with a cover pool composed of loans granted to Belgian public sector entities (municipalities, provinces, etc).

A detailed description of the covering assets (including the outstanding amount and the characteristics of the loans in the cover pool) can be consulted on the website of Belfius in the section "Financial communication".

For more information, please refer to the prospectuses on the Belfius web site.

6.4. Subordinated debts
(refers to table 6.5. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
NON-CONVERTIBLE SUBORDINATED DEBT		
Loan capital perpetual subordinated notes	349,508	361,905
Other	536,850	560,025
TOTAL	886,358	921,930

The increase in subordinated debts is due to the foreign exchange impact.

6.5. Insurance contracts

(refers to table 6.6. of the annual report)

1. General overview Life/Non-Life contracts

(In thousands of EUR)	31/12/14 Life branch 21 and 26	31/12/14 Life branch 23	31/12/14 Non-Life	31/12/14 Total	30/06/15 Life branch 21 and 26	30/06/15 Life branch 23	30/06/15 Non-Life	30/06/15 Total
GROSS RESERVES[1]	16,979,641	0	1,067,633	18,047,274	16,037,352	0	1,113,301	17,150,653
Gross reserves – Share of reinsurers	12,643	0	100,094	112,737	12,399	0	97,509	109,908
Gross earned premiums	1,085,073	0	551,157	1,636,230	388,695	0	299,599	688,294
Claims incurred and other technical expenses	(1,422,836)	19,691	(352,090)	(1,755,235)	(548,559)	10,464	(158,933)	(697,028)
Acquisition commissions	(87,235)	(6,054)	(95,579)	(188,868)	(35,874)	(7,842)	(60,814)	(104,530)
Technical result from ceded reinsurance	(2,843)	0	15,002	12,159	(1,335)	0	(9,498)	(10,833)
TOTAL TECHNICAL RESULT[2]	(427,841)	13,637	118,490	(295,714)	(197,073)	2,622	70,354	(124,097)

(1) Liabilities VIII. "Technical provisions of insurance companies".
(2) Statement of income IX. Premiums and technical income & X. Technical expense from insurance activities.

The technical provisions "Life" decreased with EUR 942 million in 2015, stemming from (i) a decline in shadow accounting adjustments from EUR 789 million to EUR 617 million as well as (ii) a decrease in the portfolio "Life" as a significant part of the portfolio came to maturity in 1H 2015. This outflow was partially offset by the sale of products Branch 21 as well as Branch 23.

The technical provisions "Non Life" increased with EUR 46 million, which is in line with the evolution of the portfolio.

2. Insurance contracts Life

Assets and Liabilities

Gross reserves

(In thousands of EUR)	31/12/14	30/06/15
Life insurance reserves	15,950,998	15,241,210
Reserves due to shadow accounting adjustments	788,920	616,783
TOTAL LIFE INSURANCE RESERVES	16,739,918	15,857,993
Claims reserves	114,230	83,929
Profit sharing reserve	125,493	95,430
TOTAL GROSS TECHNICAL RESERVES LIFE	16,979,641	16,037,352

3. Insurance contracts Non-Life

Assets and Liabilities

Gross reserves

(In thousands of EUR)	31/12/14	30/06/15
GROSS RESERVES NON-LIFE	913,758	929,200
Other technical reserves	35,595	37,100
Unearned premium reserves (UPR)	118,280	147,000
TOTAL GROSS RESERVES NON-LIFE	1,067,633	1,113,300

6.6. Provisions and other obligations

(refers to table 6.7. of the annual report)

Analysis by nature

(In thousands of EUR)	31/12/14	30/06/15
Pensions and other employment defined benefit obligations(1)	165,658	158,254
Other long term employee benefits	18,976	18,807
Restructuring(2)	169,904	145,233
Provisions for legal litigations(3)	52,127	47,735
Commitments and guarantees given (off balance sheet)	14,750	18,985
Onerous contracts	5,694	3,947
Other Provisions (non insurance)	50,060	48,946
TOTAL	477,169	441,907

(1) The decrease in "Pensions and other employment defined benefit obligations" is mainly due to the remeasurement.

(2) Belfius announced in 2012 a restructuring plan. The plan was extended and is reassessed frequently. It is primarily a restructuring plan for staff. The decrease compared to year-end 2014 is mainly related to the utilisation of the provision.

(3) The "Provision for legal litigations" contains mainly small disputes with third parties. We refer to note XI. for further information.

VII. Notes on the condensed consolidated interim statement of income

(some amounts may not add up due to roundings-off)

Significant items included in the statement of income

For more information we refer to the chapter "Financial results" in the management report.

7.1. Interest income – Interest expense

(refers to table 7.1. of the annual report)

(In thousands of EUR)	30/06/14 PF(1)	30/06/15
INTEREST INCOME	2,868,576	2,410,282
INTEREST INCOME OF ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,052,283	1,737,813
Cash and balances with central banks	727	204
Loans and advances due from banks	135,532	19,125
Loans and advances to customers	1,427,262	1,330,025
Financial assets available for sale	469,323	324,351
Investments held to maturity		42,202
Interest on impaired assets	15,980	16,819
Other	3,459	5,087
INTEREST INCOME OF ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	816,293	672,469
Financial assets held for trading	20,836	19,252
Financial assets designated at fair value	28	0
Derivatives held for trading	259,533	225,010
Derivatives as hedging instruments	535,896	428,207
INTEREST EXPENSE	(1,817,553)	(1,390,439)
INTEREST EXPENSE OF LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	(574,414)	(354,428)
Due to banks	(41,390)	(6,866)
Customer borrowings and deposits	(195,989)	(81,458)
Debt securities	(323,909)	(252,587)
Subordinated debts	(10,140)	(10,313)
Other	(2,986)	(3,204)
INTEREST EXPENSE OF LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(1,243,139)	(1,036,011)
Financial liabilities held for trading	(301)	(34)
Financial liabilities designated at fair value	(102,124)	(94,075)
Derivatives held for trading	(177,560)	(151,976)
Derivatives as hedging instruments	(963,154)	(789,926)
NET INTEREST INCOME	1,051,023	1,019,843

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC21 has merely an impact on the semi-annual results and not on the full year results.

The interest income has decreased following the government-guaranteed bonds issued by DCL that came to maturity as well as prepayments of mortgages. In addition, Belfius Insurance has sold sovereign bonds, realizing a capital gain, but negatively impacting the interest income, in addition, the decrease in the portfolio "Life" also had a negative impact on the interest income.

The interest expense has decreased significantly, though not fully to offset the decrease in interest income. The lower funding costs as well as an adjusted ALM policy resulted in a material improvement of the interest expense.

7.2. Net income from financial instruments at fair value through profit or loss

(refers to table 7.4. of the annual report)

(In thousands of EUR)	30/06/14	30/06/15
Net trading income[1]	(7,112)	41,345
Net result of hedge accounting[2]	(19,308)	49,143
Net result of financial instruments designated at fair value through profit or loss and result from the related derivatives[3]	1,936	4,631
Forex activity and exchange differences	(7,086)	(17,878)
TOTAL	(31,570)	77,241

(1) The Net trading income was positively impacted by the evolution of fair value adjustments following improved credit spreads and higher interest rates as well as an adjusted economic hedging.
(2) The changes in basis risk and interest rate environment had a significant impact on the net result from hedge accounting.

	30/06/14	30/06/15
(3) Among which trading derivatives included in a fair value option strategy	65,506	(17,688)

7.3. Net income on investments

(refers to table 7.5. of the annual report)

(In thousands of EUR)	30/06/14	30/06/15
Gains on Loans and advances	81,608	11,003
Gains on Financial assets available for sale	81,857	161,787
Gains on Tangible fixed assets	8,740	4,927
Gains on Liabilities	1	0
Other gains	2,372	3,121
TOTAL GAINS	174,578	180,838
Losses on Loans and advances	(91,900)	(6,536)
Losses on Financial assets available for sale	(49,988)	(103,378)
Losses on Tangible fixed assets	(64)	(128)
Losses on Assets held for sale	(20)	(25)
Losses on Liabilities	(493)	(449)
Other losses	(335)	(49,605)
TOTAL LOSSES	(142,800)	(160,121)
NET IMPAIRMENT	10,815	1,445
TOTAL	42,593	22,162

The decrease in "Net income on investments" is due to further tactical derisking, partially offset by realized gains following sales by Belfius Insurance.

Net impairment

(In thousands of EUR)	Specific risk		Total
	Allowances	Write-backs	
AS AT 30 JUNE 2014			
Securities available for sale	(3,171)	13,986	10,815
TOTAL	(3,171)	13,986	10,815

(In thousands of EUR)	Specific risk		Total
	Allowances	Write-backs	
AS AT 30 JUNE 2015			
Securities available for sale	(121)	1,566	1,445
TOTAL	(121)	1,566	1,445

7.4. Fee and commission income and expense

(refers to table 7.6. of the annual report)

(In thousands of EUR)	30/06/14			30/06/15		
	Income	Expense	Net	Income	Expense	Net
Commissions on unit trusts and mutual funds managed by third parties	66,858	(2,168)	64,690	92,576	(2,273)	90,303
Insurance activity	55,537	(2,969)	52,568	56,421	(2,011)	54,410
Credit activity	20,925	(9,173)	11,752	17,537	(5,586)	11,951
Purchase and sale of securities	17,166	(655)	16,511	12,600	(686)	11,914
Purchase and sale of unit trusts and mutual funds	17,155	(797)	16,358	35,103	(379)	34,724
Payment services	70,266	(24,331)	45,935	66,815	(23,716)	43,099
Commissions to not exclusive brokers	4,751	(8,798)	(4,047)	1,060	(6,058)	(4,998)
Services on securities other than safekeeping	1,072	(327)	745	2,706	(353)	2,353
Custody	6,005	(1,987)	4,018	9,132	(4,373)	4,759
Issues and placements of securities	2,637	(450)	2,187	2,669	(443)	2,226
Servicing fees of securitisation	236		236	196		196
Private banking	5,036	(1,624)	3,412	7,907	(2,962)	4,945
Clearing and settlement	3,904	(3,026)	878	3,650	(3,030)	620
Securities lending	51	(23)	28	74	(13)	61
TOTAL	271,599	(56,328)	215,271	308,446	(51,883)	256,563

A strong increase of fee and commission income can be noted in line with commercial strategy regarding off-balance sheet products (mutual funds, private mandates etc).

7.5. Other income & expense

(refers to table 7.7. of the annual report)

(In thousands of EUR)	30/06/14 PF[1]	30/06/15
Operational taxes	337	320
Rental income from investment property	10,453	11,576
Other rental income	4,592	5,401
Other income on other activities[2]	57,722	50,100
OTHER INCOME	**73,104**	**67,397**
Impairment on inventory		
Operational taxes[1]	(139,811)	(212,809)
Repair and maintenance on investment properties that generated income during the current financial year	(197)	(2,330)
Other expense on other activities[3]	(51,599)	(57,982)
OTHER EXPENSE	**(191,607)**	**(273,121)**
TOTAL	**(118,503)**	**(205,724)**

(1) The result of 1H 2014 has been restated due to IFRIC 21. We refer to the valuation rules. IFRIC21 has merely an impact on the semi-annual results and not on the full year results.
(2) "Other income on other activities" includes other operational income and write-back of provisions for litigations.
(3) "Other expenses on other activities" includes other operational expenses for operating lease (other than rental expenses and contingent rents), depreciation and amortization on office furniture and equipment given in operational lease, other operational expenses, provisions for litigations and depreciation and amortization on investment property.

The "Other income & expense" was impacted negatively by the bank levies that were recorded upfront for a total of EUR -231 million in 1H 2015 compared to EUR -159 million in 1H 2014. The increase is mainly related to the recognition of the contribution to the new Bank Recovery and Resolution Directive fund in 2015.

7.6. Impairments on loans and provisions for credit commitments

(refers to table 7.11. of the annual report)

1. Collective impairment

(In thousands of EUR)	30/06/14	30/06/15
TOTAL OF COLLECTIVE IMPAIRMENT ON LOANS	**24,903**	**(1,450)**

2. Specific impairment

(In thousands of EUR)	30/06/14	30/06/15
Loans and advances due from banks	1,251	
Loans and advances to customers	(29,375)	(27,592)
Assets from insurance companies[1]	27	
Other receivables	(93)	(100)
Commitments	(894)	(4,221)
TOTAL	**(29,084)**	**(31,913)**

(1) Is presented under item XV. of the Assets.

7.7. Provisions for legal litigations

Refers to table 7.14. of the annual report.

We refer to chapter XI. Litigations.

Other notes to the condensed consolidated interim financial statements

VIII. Notes on the condensed consolidated interim off-balance-sheet items

(some amounts may not add up due to roundings-off)

8.1. Regular way trade

(refers to table 8.1. of the annual report)

(In thousands of EUR)	31/12/14	30/06/15
Loans to be delivered and purchases of assets	1,829,796	6,969,642
Borrowings to be received and sales of assets	2,382,296	6,295,337

8.2. Guarantees

(refers to table 8.2. of the annual report)

(In thousands of EUR)	31/12/14	30/06/15
Guarantees given to credit institutions	1,625,513	1,533,214
Guarantees given to customers	4,507,973	4,667,801
Guarantees received from credit institutions(1)	1,461,587	1,240,416
Guarantees received from customers	29,961,694	29,857,217

(1) This amount includes the personal guarantees and similar rights of recourse obtained for derivatives.

8.3. Loan commitments

(refers to table 8.3. of the annual report)

(In thousands of EUR)	31/12/14	30/06/15
Unused lines granted to credit institutions	4,494	123,928
Unused lines granted to customers	17,767,225	18,034,335
Unused lines obtained from credit institutions	386	0

8.4. Other commitments to financing activities

(refers to table 8.4. of the annual report)

(In thousands of EUR)	31/12/14	30/06/15
Insurance activity – Commitments received	75,042	75,042
Banking activity – Commitments given	47,821,477	38,375,931
Banking activity – Commitments received	61,807,816	67,460,700

The decrease in "Commitments given" is mainly related to a lower repurchase activity and collateralisation of loans with the European Central Bank and other central banks. The increase in "Commitments received" is linked to the significant increase of reverse repurchase agreements.

The section "Banking activity- commitments given" also includes the underlying assets of the covered bond program.

The special estate of the mortgage covered bond program contains mainly residential mortgage loans for a total amount of EUR 10.5 billion (nominal) at the end of June 2015.

8.5. Bond lending and bond borrowing transactions

(refers to table 8.5. of the annual report)

(In thousands of EUR)	31/12/14	30/06/15
Securities lending	1,882	221
Securities borrowing	334,702	332,815

IX. Notes on risk exposure

(some amounts may not add up due to roundings-off)

9.1. Fair value

(refers to table 9.1. of the annual report)

In accordance with the accounting policies is the fair value equal to the accounting value for some assets and liabilities. For the determination of the fair value and the assumptions used, we refer to the accounting policies.

1. Fair value of financial instruments

A. Breakdown of fair value of assets

	31/12/14			30/06/15		
(In thousands of EUR)	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and balances with central banks	2,412,855	2,412,855	0	1,794,873	1,794,873	0
Loans and advances[1]	118,216,763	130,002,607	11,785,844	112,042,824	121,163,032	9,120,208
Investments held to maturity	2,834,531	2,914,118	79,587	4,631,406	4,544,877	(86,529)
Financial assets measured at fair value through profit or loss	6,100,168	6,100,168	0	6,732,648	6,732,648	0
Financial assets available for sale	25,087,002	25,087,002	0	20,874,984	20,874,984	0
Derivatives	31,130,082	31,130,082	0	25,805,714	25,805,714	0
Non-current assets held for sale	24,932	43,174	18,242	18,677	35,855	17,178

(1) Following the low interest rate environment, a significant unrealized gain on "loans and advances" can be observed. Note that this unrealized gain has been approximated taking into account an internal estimate of the prepayment speed.

B. Breakdown of fair value of liabilities

(In thousands of EUR)	31/12/14			30/06/15		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Borrowings and deposits	87,921,690	88,142,315	220,625	81,941,705	82,111,643	169,938
Financial liabilities measured at fair value through profit or loss	9,166,711	9,166,711	0	9,279,254	9,279,254	0
Derivatives	38,165,388	38,165,388	0	30,912,747	30,912,747	0
Debt securities	29,112,916	30,042,286	929,370	28,018,670	28,568,328	549,658
Subordinated debts	886,358	913,156	26,798	921,930	933,577	11,647

The carrying amount does not include the "Fair value revaluation of portfolio hedge". In 2014, the value of the hedged interest rate risk amount is EUR 5,072 million on the asset side and EUR 294 million on the liability side. End june 2015, EUR 4,271 million and EUR 122 million respectively are recognised on the balance sheet.

The own credit risk on liabilities has not changed significantly.

2. Analysis of fair value of financial instruments

A. Assets

(In thousands of EUR)	31/12/14			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	4,633,741	1,104,759	361,668	6,100,168
Financial assets available for sale	23,098,865	538,816	1,449,321	25,087,002
Derivatives	1,105	29,503,247	1,625,730	31,130,082
Non-current assets held for sale		41,927	1,247	43,174
TOTAL	27,733,711	31,188,749	3,437,966	62,360,426

(In thousands of EUR)	30/06/15			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	5,275,680	982,748	474,220	6,732,648
Financial assets available for sale	19,237,975	486,753	1,150,256	20,874,984
Derivatives	2,850	24,339,962	1,462,902	25,805,714
Non-current assets held for sale		34,785	1,070	35,855
TOTAL	24,516,505	25,844,248	3,088,448	53,449,201

B. Liabilities

(In thousands of EUR)	31/12/14 Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss	4,117,783	4,955,080	93,848	9,166,711
Derivatives	34,587	36,743,770	1,387,030	38,165,387
Liabilities included in disposal groups held for sale	0	0	0	0
TOTAL	4,152,370	41,698,850	1,480,878	47,332,098

(In thousands of EUR)	30/06/15 Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss	4,502,420	2,387,759	2,389,075	9,279,254
Derivatives	2,002	29,560,662	1,350,083	30,912,747
Liabilities included in disposal groups held for sale	0	0	0	0
TOTAL	4,504,422	31,948,421	3,739,158	40,192,001

3. Transfer between Level 1 and Level 2 fair value

A. Assets

	31/12/14		30/06/15	
(In thousands of EUR)	From 1 to 2	From 2 to 1	From 1 to 2	From 2 to 1
Financial assets measured at fair value through profit or loss	0	19,489	0	0
Financial assets available for sale	2,858	184,094	20,886	64,538
TOTAL	2,858	203,583	20,886	64,538

B. Liabilities

	31/12/14		30/06/15	
(In thousands of EUR)	From 1 to 2	From 2 to 1	From 1 to 2	From 2 to 1
Financial liabilities held for trading	0	0	0	0
Financial liabilities designated at fair value	0	0	0	0
Derivatives	15,162	0	0	0
TOTAL	15,162	0	0	0

4. Reconciliation Level 3

A. Assets

(In thousands of EUR)	31/12/14 Opening balance	Total of realised gains and losses in P&L	Total of unrealised gains and losses in P&L	Total gains/ losses in other comprehen-sive income	Purchases	Sale	Settlement	Transfers in Level 3	Transfer out of Level 3	Foreign exchange adjust-ments	Closing balance
Financial assets measured at fair value through profit or loss	761,628	0	63,941	0	170,146	(21,336)	0	12	(612,724)	0	361,667
Financial assets available for sale	1,675,363	0	12,956	46,831	835,329	(366,579)	(574,639)	366,875	(546,815)	0	1,449,321
Derivatives	1,602,567	0	87,937	0	232,764	0	(745,929)	434,648	0	13,742	1,625,729
TOTAL	4,039,558	0	164,834	46,831	1,238,239	(387,915)	(1,320,568)	,801,535	(1,159,539)	13,742	3,436,717

(In thousands of EUR)	30/06/15 Opening balance	Total of realised gains and losses in P&L	Total of unrealised gains and losses in P&L	Total gains/ losses in other comprehen-sive income	Purchases	Sale	Settlement	Transfers in Level 3	Transfer out of Level 3	Foreign exchange adjust-ments	Closing balance
Financial assets measured at fair value through profit or loss	361,667	0	13,039	0	258,591	(146,830)	0	370	(12,617)	0	474,220
Financial assets available for sale	1,449,321	247	8,208	4,771	180,710	(503,106)	(15,236)	28,976	(3,635)	0	1,150,256
Derivatives	1,625,729	0	(198,820)	0	205,136	0	(204,357)	26,322	(316)	9,208	1,462,902
TOTAL	3,436,717	247	(177,573)	4,771	644,437	(649,936)	(219,593)	55,668	(16,568)	9,208	3,087,378

B. Liabilities

(In thousands of EUR)	31/12/14 Opening balance	Total of realised gains and losses in P&L	Total of unrealised gains and losses in P&L	Total gains/ losses in other comprehen-sive income	Purchases	Sale	Direct origination	Settlement	Transfers in Level 3	Transfer out of Level 3	Closing balance
Financial liabilities measured at fair value through profit or loss	1,392,516	0	(192)	0	15,058	(174,401)		0	52,304	(1,191,437)	93,848
Derivatives	828,071	(316)	252,126	0	80,152			(826,669)	1,098,296	(44,630)	1,387,030
TOTAL	2,220,587	(316)	251,934	0	95,210	(174,401)		(826,669)	1,150,600	(1,236,067)	1,480,878

(In thousands of EUR)	30/06/15 Opening balance	Total of realised gains and losses in P&L	Total of unrealised gains and losses in P&L	Total gains/ losses in other comprehen-sive income	Purchases	Sale	Direct origination	Settlement	Transfers in Level 3	Transfer out of Level 3	Closing balance
Financial liabilities measured at fair value through profit or loss	93,848	0	233	(5,310)	0	(17,855)	340,019	0	2,386,314	(408,174)	2,389,075
Derivatives	1,387,030		(134,910)		317,967			(258,662)	39,189	(531)	1,350,083
TOTAL	1,480,878	0	(134,677)	(5,310)	317,967	(17,855)	340,019	(258,662)	2,425,503	(408,705)	3,739,158

The evolution in level 3 instruments can be explained as follows:

- The column "Total gains/losses in P/L" cannot be analysed on a stand alone basis, as some assets or liabilities classified at amortized cost or some assets and liabilities classified in level 1 or 2 may be hedged by derivatives classified in level 3.
- In view of the evolution of the markets activity and the increasing availability of market prices or consensus prices, Belfius has moved even more from Mark-to-Model valuations using unobservable data to valuations using more observable data, for a number of transactions resulting in a shift from Level 3 to Level 2.
- Belfius applies, also to some Level 3 positions, a tactical de-risking strategy. This leads to a decrease of fair values in Level 3.

Note that the impact in result of level 3 items is rather limited due to the fact that structured financial instruments are fully hedged.

5. Valuation techniques and data (level 1, 2 and 3)

Financial instruments are considered as "level 1" if executable prices can be determined such as interest futures, as well as liquid bonds and equities.

Following financial instruments are considered as "level 2": interest rate swaps, forward rate agreements, currency swaps, swaptions, cap/floors, foreign exchange contracts/options and less liquid bonds.

Considered as "level 3" are financial instruments for which the fair value is derived from valuation techniques where the underlying data cannot always be considered as observable or when the valuation model used has not yet been validated. Following market data are considered as a level 3 input: Belgian inflation, Constant Maturity Swap-spreads, equity correlations (ex. equity baskets). In addition, certain illiquid bonds are considered as "level 3" as well as certain Total Return Swaps (TRS), Credit Default Obligations (CDO) and Credit Default Swaps (CDS). The valuation of these positions is regularly backtested by analysis of new transactions and a comparison with prices obtained from counterparties.

A. Quantitative information on significant unobservable data (level 3)

If the fair value of a financial instrument is determined based on valuation techniques using inputs that are not based on observable market data, alternative assumptions may impact the own funds and the result.

Financial instrument	Non-observable items	Difference with alternative assumptions(1)	Impact in P&L or equity of alternative assumptions (in millions of EUR)
OTC swaps on Belgian inflation	Expectations in Belgian inflation	+30 bp	-3,98
OTC derivatives on CMS spread	Correlation between CMS interest rates	+10%	0,93
OTC derivatives on equity baskets	Correlation between shares or equity indexes(1)	1%	-0.026
OTC swaps Bermudian Feature	Mean Reversion	1%	1,53
Collateralised Debt Obligation	Credit spread	-10 bp	-4,70
Credit Default Swap	Credit spread	-10 bp	+2,29
Illiquid bonds	Credit spread	-10 bp	+5,8

(1) Assumption: the value of all equity correlations is 0.01.

B. Valuation process

The market risk department determines the fair value level for each transaction. Seeing that the market risk department provides all market data, it has the expertise with respect to the observability. In addition, the market risk department has a clear view on the validation status and the reliability of the models used.

C. Transfers between valuation levels

Transfers between valuation levels may occur if the observability of the input data has changed or the observability of the instrument itself or when a model becomes validated.

6. Disclosure of difference between transaction prices and model values (deferred day one profit)

No significant amounts are recognized as deferred Day One Profit or Loss (DOP) in 2014 nor in 1H 2015.

More specifically, as Belfius sells plain vanilla products, like Interest Rate Swaps (IRS) or complex products (like structured transactions) which are mostly hedged in the market, the potential day one profit is recognized up-front. Only a few transactions of unsignificant amounts have non observable parameters, consequently the Deferred DOP is immaterial.

9.2. Credit risk exposure

1. Analysis of total credit risk exposure

Maximum credit risk exposure (MCRE) is disclosed in the same way as it is reported to the Management and reports:

- the net carrying amount for balance sheet assets other than derivative contracts (i.e. accounting value after deduction of impairments, for the assets classified in "Loans and advances" without fair value hedge);
- the fair value of derivatives and of financial collateral received;
- the full commitment amount for off-balance sheet commitments. The full commitment amount is either the undrawn part of liquidity facilities or the maximum amount Belfius is committed to pay for the guarantees it has granted to third parties;
- financial guarantees.

Credit risk exposure is broken down by geographical region and by counterpart taking into account the guarantees obtained. This means that when credit risk exposure is guaranteed by a third-part whose weighted risk (for CRR IV/CRD IV regulations) is lower than that of the direct borrower, the exposure is based on the guarantor's geographical region and activity sector.

A. Exposure by geographical region

(In thousands of EUR)	31/12/14	30/06/15
Belgium(1)	119,052,670	113,866,999
France(1)	10,549,591	5,616,518
Germany	2,177,641	1,274,436
Greece(2)	900	669
Ireland	134,719	136,208
Italy	6,110,665	5,134,006
Luxembourg	865,849	629,202
Spain	3,758,316	3,298,836
Portugal	225,688	217,214
Other EU countries(3)	4,854,020	4,578,698
Rest of Europe	308,871	807,844
Turkey	269,684	227,463
United Kingdom	11,374,776	11,202,687
United States and Canada	4,685,675	5,033,575
South and Central America	528,725	559,457
Southeast Asia	380,564	502,834
Japan	394,663	440,099
Other	2,415,553	2,452,261
TOTAL	168,088,570	155,979,006

(1) In the beginning of 2015 Dexia Crédit Local repaid the remaining of the Government Guaranteed Bonds (GGB's).
(2) The exposure on Greece mainly concerns a small number of retail loans granted to residents in Greece with good quality and with economical ties to Belgium.
(3) Includes supranational entities, such as the European Central Bank.

B. Exposure by category of counterparty

(In thousands of EUR)	31/12/14	30/06/15
Central governments(1)	31,754,663	19,239,089
Local public sector	48,759,879	48,197,921
Corporate	23,336,325	25,303,064
Monolines(2)	3,996,793	4,153,259
ABS/MBS(2)	2,426,465	2,600,522
Project finance	1,879,951	1,868,462
Individuals, SME, self-employed	39,050,018	39,802,316
Financial institutions	16,794,294	14,814,089
Other	90,182	284
TOTAL	168,088,570	155,979,006

(1) In the beginning of 2015 Dexia Crédit Local repaid the remaining of the Government Guaranteed Bonds (GGB's).
(2) The increase in "Monolines" and "ABS/MBS" exposure can be explained by the foreign exchange impact.

2. Credit quality of financial assets neither past due nor impaired

(In thousands of EUR)	31/12/14 AAA to AA-	A+ to BBB-	Non-investment grade	Unrated	Total
Financial assets available for sale (excluding variable income securities)	12,440,099	9,820,298	1,188,734	18,138	23,467,269
Financial assets designated at fair value (excluding variable income securities)	0	338,982	0	0	338,982
Financial assets held for trading (excluding variable income securities)	992,236	955,803	8,046	547	1,956,632
Loans and advances (at amortised cost)[1]	50,304,767	33,561,268	15,407,508	901,097	100,174,640
Investments held to maturity	648,955	2,185,575	0	0	2,834,530
Derivatives	2,467,720	5,717,850	219,256	45,638	8,450,464
Other financial instruments – at cost	445,308	78,122	3,243	971,100	1,497,773
Loan commitments granted	9,123,456	5,483,331	3,377,217	349,736	18,333,740
Guarantee commitments granted	3,060,851	5,059,185	1,204,213	77,674	9,401,923
TOTAL	79,483,392	63,200,414	21,408,217	2,363,930	166,455,953

(In thousands of EUR)	30/06/15 AAA to AA-	A+ to BBB-	Non-investment grade	Unrated	Total
Financial assets available for sale (excluding variable income securities)	9,709,466	8,313,247	1,016,188	80,440	19,119,341
Financial assets designated at fair value (excluding variable income securities)	0	345,224	0	0	345,224
Financial assets held for trading (excluding variable income securities)	1,615,560	628,135	2,592	389	2,246,676
Loans and advances (at amortised cost)[1]	40,725,368	32,887,144	16,059,355	626,373	90,298,240
Investments held to maturity	2,449,094	2,182,312			4,631,406
Derivatives	1,910,528	5,842,528	190,720	35,959	7,979,735
Other financial instruments – at cost	459,079	95,857	16,764	765,962	1,337,662
Loan commitments granted	9,188,549	6,925,150	3,279,976	299,311	19,692,986
Guarantee commitments granted	2,611,804	4,946,932	1,145,402	38,759	8,742,897
TOTAL	68,669,448	62,166,529	21,710,997	1,847,193	154,394,167

(1) In the beginning of 2015 Dexia Crédit Local repaid the remaining of the Government Guaranteed Bonds (GGB's).

The indicated ratings are either internal or external based. In fact, Belfius applies the AIRBA (Advanced Internal Ratings Based Approach) for the calculation of capital requirements for credit risk within the context of Pillar I of Basel III. Except for Asset Backed Securities (ABS) positions for which the credit risk is calculated based on external ratings (Fitch, Standard & Poors or Moody's).

3. Information on past-due or impaired financial assets

A financial asset is past due when the counterparty has failed to make a payment when contractually due. This is considered on a contract by contract basis. For example, if a counterpart fails to pay the required interests at due date, the entire loan is considered as past due.

	31/12/14			
	Past-due but not impaired financial assets			Carrying amount of individually impaired financial assets, before deducting any impairment loss
(In thousands of EUR)	≤ 90 days	> 90 days ≤ 180 days	> 180 days	
Financial assets available for sale (excluding variable income securities)	0	0	0	0
Loans and advances (at amortised cost)	607,320	20,701	28,903	2,064,983
Other financial instruments - at cost	0	0	0	4,695
TOTAL	607,320	20,701	28,903	2,069,678

	30/06/15			
	Past-due but not impaired financial assets			Carrying amount of individually impaired financial assets, before deducting any impairment loss
(In thousands of EUR)	≤ 90 days	> 90 days ≤ 180 days	> 180 days	
Financial assets available for sale (excluding variable income securities)	0	0	0	0
Loans and advances (at amortised cost)	507,888	20,715	31,827	2,048,288
Other financial instruments - at cost	0	0	0	4,697
TOTAL	507,888	20,715	31,827	2,052,985

Past due outstandings relate mainly to retail and corporate assets. Financial assets are considered as impaired according to the accounting policies "Impairments on financial assets".

4. Forbearance

	31/12/14			
	Gross carrying amount of exposures with forbearance measures	Impairment	Collateral received and financial guarantees received	
(In thousands of EUR)			Collateral received on exposures with forbearance measures	Financial guarantees received on exposures with forbearance measures
Debt Instruments at amortised cost	735,165	(119,074)	291,822	
Loan commitments - given	24,083			

	30/06/15			
	Gross carrying amount of exposures with forbearance measures	Impairment	Collateral received and financial guarantees received	
(In thousands of EUR)			Collateral received on exposures with forbearance measures	Financial guarantees received on exposures with forbearance measures
Debt Instruments at amortised cost	765,457	(126,983)	231,548	4,938
Loan commitments - given	21,962		8,155	

9.3. Information on assets encumbrance

1. Assets

(In thousands of EUR)	31/12/14 Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Equity instruments	0	0	1,705,538	1,705,538
Debt securities	10,386,296	10,393,153	20,980,310	21,877,007
Loans and advances	40,515,108		56,612,788	
of which cash collateral given	21,308,524			

(In thousands of EUR)	30/06/15 Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Equity instruments	0	0	1,713,960	1,713,960
Debt securities	6,058,746	6,298,111	14,441,181	16,779,649
Loans and advances	33,798,634		66,665,784	
of which cash collateral given	18,571,107			

2. Collateral received

	As at 31 December 2014		As at 30 June 2015	
(In thousands of EUR)	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	3,071,413	778,762	1,631,123	6,254,452
Debt securities	3,071,413	778,762	1,631,123	6,254,452
Own debt securities issued other than own covered bonds or ABS	0	583,955	0	520,463

These figures were determined according to the current Belfius interpretation of the EBA definition.

An asset is considered as "encumbered" if it cannot be freely withdrawn when given as pledge to secure debts or as collateral for issuances.

The actual borrowed amount is lower than the carrying amount of the pledged financial assets.

This item includes assets that were pledged as a result of repurchase agreements, loans granted by the central banks, guarantees for the issuance of covered bonds and securitisations, the assets given under bond lending transactions and cash collateral posted under the "Credit Support Annex" (CSA) agreements.

The collateral pledged to the Central Bank amounts to EUR 19.6 billion mid-2015. This amount of assets pledged is composed of EUR 2.3 billion to raise funding and EUR 17.3 billion which is available.

On 5 June 2014, the ECB announced a series of targeted longer-term refinancing operations (TLTRO's). The TLTRO's are designed to enhance the functioning of the monetary policy transmission mechanism by supporting bank lending to the real economy. The program foresees 8 TLTROs with a contractual maturity of 26 September 2018. The first was held in September 2014, and then on a quarterly basis until Q2 2016.

Counterparties participating in a TLTRO are subject to borrowing limits based on "eligible loans". Loans that are eligbile include Loans granted in the Euro are to either non-financial corporations (including non-profit organizations) and households (though excluding loans for house purchase). Loans granted to financial entities or the public sector are excluded. For Belfius this results in a limit of EUR 1.65 billion or 7% of the eligible outstanding loans (EUR 23.7 billion) on 30 April 2014. Banks that borrow in the TLTRO program and fail to achieve their benchmark as of the 30 April 2016 are required to fully repay their borrowing by September 2016 instead of September 2018.

In 2014, Belfius had an outstanding TLTRO participation of EUR 1.5 billion. In 1H 2015, Belfius drawed an additional EUR 0.15 billion, resulting in a total participation of EUR 1.65 billion.

We refer to the chapter "Risk management" from the management report for further information.

3. Encumbered assets/collateral received and associated liabilities

	As at 31 December 2014		As at 30 June 2015	
(In thousands of EUR)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABS encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABS encumbered
Carrying amount of selected financial liabilities	46,037,344	51,224,171	36,227,932	39,713,989

Taking into account an amount of EUR 20.3 billion of collateral pledged for derivatives (composed of cash and securities), an amount of approximately EUR 19.4 billion of assets were pledged for funding purposes.

X. Significant changes in scope of consolidation

1. As at 31 december 2014

In 2014 Belfius Funding merged with Belfius Financing Company and Corona Invest merged with Corona.

The entity Malvoz was purchased in the first quarter. Promotion Léopold was sold in the third quarter.

In the second quarter the entities Delp Invest and Belfius Re were liquidated.

2. As at 30 June 2015

The entity Immo Zeedrift was purchased in the first quarter.

In the first quarter the entity AIS Consulting SA was liquidated. In the second quarter the entities Eurco Ireland Ltd (ex Eurco Re Ltd) and Ibro Holdings Unltd were liquidated.

XI. Litigations

Belfius (Belfius Bank and its consolidated subsidiaries) is involved as a defendant in a number of litigations in Belgium, arising in the ordinary course of its business activities, including these where it is acting as an insurer, capital and credit provider, employer, investor and tax payer.

In accordance with the IFRS rules, Belfius makes provisions for such litigations when, in the opinion of its management, after analysis by its company lawyers and external legal advisors as the case may be, it is probable that Belfius will have to make a payment and when the amount of such payment can be reasonably determined.

With respect to certain other litigations against Belfius of which management is aware (and for which, according to the principles outlined above, no provision has been made), the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending litigations, such litigations are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Belfius Consolidated Financial Statements.

The most important cases are listed below, regardless of whether a provision has been made or not. If these cases listed below were to be successful, they could eventually result in monetary consequences for Belfius. Such impact remains unquantifiable at this stage.

1. Housing Fund of the Brussels Capital Region

On 9 October 2012, the Housing Fund of the Brussels Capital Region summoned Belfius Bank before the Brussels Commercial Court. The Housing Fund subscribed in a total amount of EUR 32,000,000 to 4 treasury notes issued by Municipal Holding between July and September 2011. Following the liquidation of Municipal Holding, the Housing Fund could only receive repayment for EUR 16,000,000. It demands the payment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary waiver of the claim by the Housing Fund, which matches half of the investment, Belfius Bank rejects the demand from the Housing Fund.

On 27 March 2014, the Brussels Commercial Court accepted the claim application by the Housing Fund, but declared it unfounded. The Housing Fund lodged an appeal against this judgment on 3 June 2014.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

2. BBTK and ACLVB

On 8 May 2014, two trade unions within Belfius Bank, BBTK and ACLVB, summoned Belfius Bank before the Brussels Labour Court. They demand the annulment of the collective bargaining agreements that Belfius Bank signed with two other trade unions of the bank. BBTK and ACLVB are of the opinion that these collective bargaining agreements amend, without their consent, previous collective bargaining agreements Belfius Bank also concluded with them. In addition, they are of the opinion that an employer can only sign a collective bargaining agreement with some of the existing trade unions within the firm, if the said employer has not signed previous collective bargaining agreements with other trade unions. The bank rejects this claim as the previous collective bargaining agreements have not been amended and because the law provides in general that a collective bargaining agreement can be signed with only one trade union.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

3. Arco

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) summoned Belfius Bank, together with the 3 aforementioned Arco companies, before the Brussels Commercial Court. Principally, they demand the annulment of their agreement to join the capital of these 3 companies as shareholder, based on deception or fallacy. They demand that the Court orders Belfius Bank in solidum with each of the 3 above mentioned Arco companies to repay their capital contributions, increased by interest and compensation. On an ancillary basis, they applied to the Commercial Court to order Belfius Bank to pay compensation based on an alleged shortcoming in its information duty towards them. Because the file submitted by them lacks information with respect to proof and assessment of damages, Belfius cannot assess the content of the claim and has to reject it.

1,027 other shareholders of the 3 above mentioned Arco companies joined the summons on 16 December 2014 on a voluntary basis. Belfius has asked for their files so that it can evaluate the content of their claim.

There was no significant evolution in this claim during the first half of 2015.

No provision has been made for this claim.

XII. Related parties transactions

The standard IAS 24 "Related Parties Disclosures" provides a partial exemption from the disclosure requirements for government-related entities. Consequently these related entities are not included in the table "Related parties transactions". The exposure of Belfius on Belgian Government bonds can be found in the chapter "Risk Management" of the management report.

1. Related parties transactions

	Directors and key management personnel[1]		Subsidiaries	
(In thousands of EUR)	31/12/14	30/06/15	31/12/14	30/06/15
Loans[2]	791	1,095	5,976	105
Interest income	18	12	121	4
Deposits[2]	1,361	1,284	13,629	10,734
Interest expense	(12)	(4)	(15)	(8)
Net commission	0	0	103	87
Guarantees issued and commitments provided by the Group[3]	0	0	12,448	19,274
Guarantees and commitments received by the Group	2,101	2,058	0	0

	Associates		Joint ventures in which the entity is a venturer	
(In thousands of EUR)	31/12/14	30/06/15	31/12/14	30/06/15
Loans[2]	340,001	349,161	21,483	21,371
Interest income	14,381	5,724	885	381
Deposits[2]	111,553	164,471	17,015	12,542
Interest expense	(752)	(291)	(13)	(2)
Net commission	20,508	9,749	53	47
Guarantees issued and commitments provided by the Group[3]	177,256	187,932	3,888	3,888
Guarantees and commitments received by the Group	69,001	68,588	28,965	14,538

(1) Key management includes the Board of Directors and the Management Board.
(2) Transactions with related parties are concluded at general market conditions.
(3) Unused lines granted.

No impairments were recorded on loans given to related parties.

2. Dexia Real Estate Capital Markets

Dexia Real Estate Capital Markets (DRECM) was sold by Belfius in July 2010 to Dexia Holdings, Inc. (Delaware). In June 2011, DRECM was sold by Dexia Holdings, Inc. to its parent, Dexia Crédit Local SA.

Although DRECM is no longer a related party to Belfius, an overview of the remaining engagements of Belfius towards the former activities of DRECM is presented.

A. The purpose and context of the comfort letters

In the framework of three Commercial Real Estate Mortgage Loans securitisation operations in which DRECM is involved, DRECM entered into a Mortgage Loan Purchase Agreement as a seller of Commercial Mortgage Loans and into an Indemnification Agreement. In these agreements, DRECM has given certain representations and warranties in respect to some aspects of corporate standing and on some characteristics of the Commercial Mortgage Loans to certain CMBS trusts. Under the Mortgage Loan Purchase Agreement, a loan seller would be obligated under the reps and warranties to repurchase a loan if there was a material breach of the reps and warranties or a material document defect that can not be remedied, or cured, within a certain period of time (usually 90 days with extensions possible), so long as the repurchase demand was made in a timely manner. Given the fact that this is a kind of operational ongoing obligation of DRECM and DRECM is a non-rated entity, transaction participants and rating agencies required a larger first loss tranch (economically expensive for DRECM) or a counter guarantee from a rated entity. In this context Belfius Bank as a successor of Artesia Banking Corporation S.A. has delivered the said comfort letters because the bank had a sufficient rating to reduce the requirement for credit enhancement.

B. The legal nature of the comfort letters

The first obligation to respect the terms of the Mortgage Loan Purchase Agreements and the Indemnification Agreements is the responsibility of DRECM. It is only in case DRECM would not be performing that Belfius Bank promised to intervene with all means be it, human, technical or financial. The obligations of Belfius are obligations to perform or to pay. It is not a guarantee on first demand, nor an obligation to buy any non performing loan but a stand by back-up agreement for performance or payment. Although the shares of Belfius in DRECM were sold to Dexia Holdings Inc.(Delaware) on July 16, 2010, these comfort letters are still in place. However, we believe that the risks for Belfius are extremely remote, since only two repurchase demands are outstanding (and being contested by DRECM), no previous transactions have led to any repurchases, and DRECM is sufficiently capitalized to meet its contractual obligations.

Belfius Bank NV/SA
Report on review of the condensed consolidated interim financial statements for the six-month period ended 30 June 2015

To the Board of Directors

In the context of our appointment as the company's statutory auditor, we report to you on the condensed consolidated interim financial statements. These condensed consolidated interim financial statements comprise the condensed consolidated interim balance sheet as at 30 June 2015, the condensed consolidated interim statement of income, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of change in equity and the condensed consolidated interim cash flow statement for the period of six months then ended, as well as selective notes II to XII.

Report on the condensed consolidated interim financial statements

We have reviewed the condensed consolidated interim financial statements of Belfius Bank NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The condensed consolidated interim balance sheet shows total assets of EUR 179,576 million and the condensed consolidated interim statement of income shows a consolidated profit (group share) for the period then ended of EUR 272 million.

The Board of Directors of the company is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review of the condensed consolidated interim financial statements in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Belfius Bank NV/SA have not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

Diegem, 27 August 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by

Philip Maeyaert

Bart Dewael

Abbreviations

Acronym	Definition
ABS	Asset-Backed Securities
AFS	Available For Sale
ALM	Asset-Liability Management
AUM	Assets Under Management
B/S	Balance Sheet
bp	Basis Point
C/I	Cost-Income
CET 1	Common Equity Tier 1
CoR	Cost of Risk
CVA	Credit Value Adjustment
CRD	Capital Regulative Directive
CRR	Capital Regulative Regulation
DCL	Dexia Crédit Local
DSFB	Dexia Secured Funding Belgium
EAD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
GDP	Gross Domestic Product
GIPS-countries	Greece, Ireland, Portugal and Spain
IRB	Internal Rate Based
LCM	Liquidity and Capital Management
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LT	Long Term
LTRO	Long-Term Refinancing Operations
MCRE	Maximum Credit Risk Exposure
NBB	National Bank of Belgium
NIG	Non-Investment Grade
NSFR	Net Stable Funding Ratio
P&L	Profit and Losses
RoNRE	Return on Normative Regulatory Equity
SREP	Supervisory Review and Evaluation Process
T-LTRO	Targeted Long-Term Refinancing Operations
VaR	Value at Risk

Contact

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

Got a question about Belfius Bank's results or strategy? Then please e-mail *financialcommunication@belfius.be*.

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