


Belfius 1H 2022 results

Presentation to analysts and investors

5 August 2022



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1. Summary Highlights

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- **Belfius' net income 1H 2022 stands at EUR 428m** (vs EUR 406m 1H 2021), demonstrating Belfius' capacity to continue to transform strong commercial dynamics in resilient financials, despite heavy geo-political, financial markets and inflationary headwinds. Supported by a strong commercial activity, the bank contributed for EUR 321m (vs EUR 290m in 1H 2021). Seasonally impacted by heavy storms in Q1 2022, the insurer contributed for EUR 108m (vs EUR 116m in 1H 2021).
- Belfius continued to develop its footing, in operational, commercial and financial terms, by investing in brand, human and digital capital. **1H 2022 has been marked by very strong investments in our Belfius' brand positioning**, with a.o. successful campaigns towards Entrepreneurs and Corporates, and the Private and Wealth segments in Belgium, and this **in full alignment with our desired financial strategy**, that includes amongst others: more diversification of profit capacity, more fee income, continued control of cost to income ratio, sound return on equity.
- Despite more difficult financial markets and the uncertainties on macroeconomic level, Belfius was **able to further grow its income**, increasing with EUR 77m y-o-y. **Higher net interest income, fee & commission and other income** lead the way, and are partially countered by increasing **operating costs** due to inflationary pressures and strong growth investments. Overall, this has lead to a further **growing pre-provision income**¹ towards EUR 532m in 1H 2022 (vs EUR 512m in 1H 2021):
 - increasing NII (net interest income bank) at EUR 808m in 1H 2022 (vs EUR 797m in 1H 2022), driven by (i) higher outstanding loans at stabilizing average margin and (ii) solid treasury income with continued positive impact from the TLTRO III and ECB deposit tiering
 - continued growing contribution from net fee and commission income bank (EUR 377m in 1H 2022 vs EUR 360m in 1H 2021) mainly thanks to higher fees from asset management (in line with our Bank for Investors strategy) as well as from distributing Life and Non-Life insurance
 - rather stable insurance contribution to income, with strong life insurance income (EUR 173m in 1H 2022 vs EUR 144m in 1H 2021), also thanks to a sound ALM management of life reserves allowing for a partial release of excess life insurance reserves, neutralized by lower non-life insurance (EUR 93m in 1H 2022 vs EUR 122m in 1H 2021), mainly due to the storms in February 2022, higher average claims costs due to inflation and higher claims frequency in Car compared to 1H 2021 that was still more impacted by lockdowns
 - less negative contribution from other income and expenses, despite higher bank & other levies (EUR 264m in 1H 2022 vs EUR 258m in 1H 2021), mainly thanks to a higher contribution from the dealing room activities and positive impacts from higher interest rates and credit spread hedges
 - the operating costs increased to EUR 776m in 1H 2022 vs EUR 720m in 1H 2021, due to inflationary pressures and investments in brand & innovation. However, thanks to solid income evolution y-o-y, Belfius' C/I ratio (adjusted for linearization of sector levies, both at bank and insurance side) remained rather stable at 54.1% in 1H 2022, compared to 53.1% in 1H 2021

Note 1: Pre-provision income is gross income before impairments on financial instruments and provisions for credit commitments and impairments on tangible and intangible assets.

1. Summary Highlights

- In light of the Covid-19 crisis, **Belfius materially increased, back in 2020, its IFRS 9 provisions** in line with the at-that-time strongly deteriorated economic environment, leading to a cost of risk through P&L of EUR -453m in 2020 (or approximately 35 bps of the loans outstandings¹), of which EUR -331m (26 bps) was economically labelled as the then best estimate “ex-ante provisioning” of expected losses due to the effects of the Covid-19 crisis².

During 2021, that anticipated negative impact of the pandemic on the credit stance of Belfius' loan books did not materialize as calibrated as of end 2020. The FY 2021 cost of risk was as such positively impacted by the material macro-economic recovery observed in 2021 and the successful multi-dimensional policy measures. As such, cost of risk FY 2021 included a net release of part of that end of year 2020 Covid-19 provision (evolving from EUR -331m end 2020 to EUR -216m end 2021).

In 1H 2022, mainly due and linked to (i) the Russian invasion in Ukraine and the geo-political, economic and financial turmoil aggravated by that, (ii) additional Covid related lockdowns in China, and (iii) historically very high inflation readings worldwide, the anticipated economic recovery has been tempered so far and short and medium term economic growth estimates are being decreased worldwide. In this multi-dimensional change of the economic and financial environment, that is not only linked anymore to the Covid-crisis, Belfius decided to further make evolve its 4 Pillars, with result that the **overall cost of risk 1H 2022** amounts to EUR +13m (stage 1 EUR -21m, stage 2 EUR +64m and stage 3 EUR -30m). We are of the opinion that this approach continues to reflect the expected credit losses in a best estimate way, including our current applicable best estimate “ex-ante provisioning” of expected losses due to the effects of the multi-dimensional turmoil events.

- In terms of financial solidity metrics, **Belfius continues to combine dynamic growth with sound solvency, liquidity and risk metrics.** Belfius consolidated CET1 ratio as of 1H 2022 stands at 16.7%, Belfius Insurance SII ratio at 215% and Belfius' LCR ratio at 184%. Our asset quality ratio stands at 1.87%, improving by 8 bps compared to December 2021. This is further accompanied by a solid coverage ratio of 60.7% (vs 60.4% end 2021).
- Belfius' consolidated **Net Asset Value stands at EUR 10.8bn** end 1H 2022 (vs EUR 11.0bn end 2021). Belfius' RONRE stands at 11.0% as of 1H 2022 (11.4% as of end 2021).



2. Belfius at a glance

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- Since FY 2021, **Belfius' financial and commercial results are reported centered around two « commercial segments »: the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P). The group center** ("Group Center", abbreviation GC), containing the residual results not allocated to the two commercial segments, completes the full scope picture.
- **Integrated bank-insurer**
 - net income of **EUR 428m**, of which **EUR 321m bank** and **EUR 108m insurance**
 - **bank-insurance approach shows material resilience.** Remember the strong diversification benefit in 2020 from our insurance activities, contributing in that year 40% of total net results. In 2021 and 1H 2022, we are back to more standard contribution from our Insurance activities, at 23% resp. 25% of total net results, also seeing the growing results of the bank (contributing for 77% resp. 75%)
 - **growing net fee & commission income** as a result of strategic investments in Asset Management, Private Banking and Wealth Management activities
- **Anchored in all segments of the Belgian economy**
 - **servicing more than 3.7m customers:** individuals, liberal professions, self-employed, companies and public & social sector customers
 - **loans to customers of EUR 107.3bn**, of which EUR 47.3bn to IND clients and EUR 59.9bn to E&E&P clients
 - **savings and investments of EUR 176.9bn**, of which EUR 115.7bn in IND and EUR 61.2bn in E&E&P
 - well distributed physical distribution network all over the country, complemented by top-notch digital and remote service channels
- **Focused on customer satisfaction**
 - **1.83m customers using mobile/tablet application at least once a day (on average)**
 - **leading & award winning mobile banking app**

2. Belfius at a glance

- **As can be expected from Belfius' roots and in line with its purpose to be Meaningful and Inspiring for the Belgian Society, Belfius' product offering includes "by design" strong ESG considerations:**
 - EUR 2.1bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our **8 "Funds of the future"**¹, generating total contribution to charities of EUR 3m since their launch
 - already more than 60k customers using actively Belfius' **innovative investment app Re=Bel** (launched in July 2021), making "investing with a cause" accessible to everyone
 - strategic partnership with **CenEnergy**: Belfius has taken green mobility a step further, becoming the majority shareholder of CenEnergy² after a few years of active commercial collaboration. Belfius' majority stake in this Belgian scale-up will propagate safe and clever electric charging infrastructure across Belgium with adjacent e-mobility services. This move reinforces Belfius' position in sustainable mobility, next to its participations in Cyclis Bike Lease and Skipr with its "Mobility as a Service" app
- Risk and financial management, **two key pillars supporting Belfius' capacity** to continue to support the **Belgian economy**
 - strong **solvency and liquidity position**, well above all regulatory minima
 - **sound credit quality**, with continued solid Asset Quality Ratio, notwithstanding geo-political and economic headwinds
 - **non-financial risks remaining under control**, as highlighted by the low level of operational losses and high level of workforce and customer applications' availability

Note 1. In June 2022, Belfius launched the 8th "Fund of the future - Belfius Virtu=all", focused on the meta-verse economy; 2. The acquisition has been concluded per end of June 2022.



3. Group Highlights

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- During 1H 2022, Belfius continued to invest in its consistent strategy and to live up to its purpose of being Meaningful and Inspiring for Belgian society. Since more than 10 years now, that strategy continues to deliver strong commercial dynamics, even within the current uncertain market, financial and economic environment of 1H 2022:
 - very strong long term loan production in 1H 2022, especially to Corporate and Individual customers, at a level of EUR 12.4bn, as such further growing the total outstanding commercial loan volume of Belfius to EUR 107.3bn
 - total S&I decreased by EUR 2.7bn, driven by a negative market effect of EUR -7.6bn which has partially been compensated by strong organic growth of EUR 5.0bn
- Belfius continues to be able to transform these commercial dynamics into resilient financials, with 1H 2022 net result of EUR 428m, EUR 23m higher than the net result of 1H 2021 (EUR 406m). This is the result of strong income dynamics (EUR +77m y-o-y) reflecting the development of a flourishing commercial activity, within a persistently executed strategy supported by material investments in brand, human and digital capital, that in combination with the inflationary environment translate into higher operating expenses (EUR +57m y-o-y):
 - the growing income (EUR 1,309m in 1H 2022 vs EUR 1,232m in 1H 2021) is the result of (i) increasing NII bank, despite pressure on new loan margins from sharp increases of market interest rates and continued strong competition in the Belgian loan market, but thanks to early signs of improving margins on non-maturing deposits and the continued loan profile diversification, and ECB TLTRO III & tiering benefits, (ii) continued growing fees activity at bank side, (iii) continued good performance in life insurance income (also thanks to material release of excess life reserves) despite some pressure on non-life insurance income, and (iv) strong results from dealing room activities despite higher sector levies
 - at the same time, the operating costs have increased to EUR 776m in 1H 2022 vs EUR 720m in 1H 2021, impacted by inflationary pressures and in line with our continued investment in human and digital capital, during 1H 2022 additionally fed by a boosted brand marketing campaign towards Business, Corporate and Private & Wealth segments
 - Profit before tax of EUR 545m (vs EUR 542m 1H 2021) continues to be supported by repeated positive cost of risk, benefiting from a partial reversal of the 2020 ex-ante credit risk provisions. As such 1H 2022 cost of risk amounts to EUR +13m compared to 1H 2021 cost of risk of EUR +31m

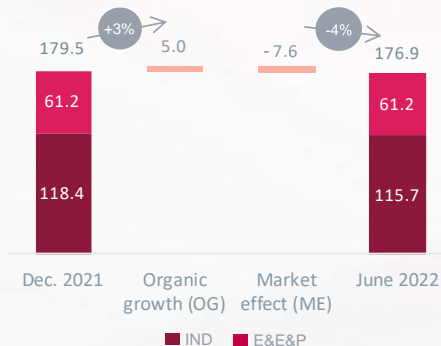
A strong focus on serving our customers continues to translate into strong commercial dynamics: further volume growth in customer lending; savings and investments show excellent organic growth but are impacted by negative market effect

Group

Savings & investments: strong OG, negative ME

Outstanding savings & investments

EUR bn



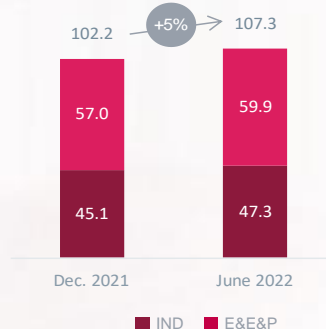
- Total savings & investments amounted to EUR 176.9bn in June 2022, down 1% compared to December 2021
 - IND displays a decrease of EUR 2.7bn, showing healthy OG of EUR 3.4m, but also strongly impacted by a negative ME of EUR -6.1bn
 - E&E&P's savings & investments remained stable at EUR 61.2bn, the organic growth of EUR 1.5bn offsetting the negative market effect of EUR -1.5bn

Group

Strong performance in loans to customers, excellent loan production in 1H 2022

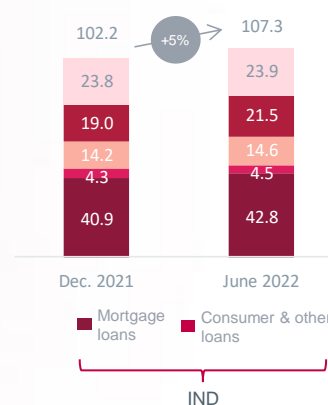
Outstanding loans to customers

EUR bn



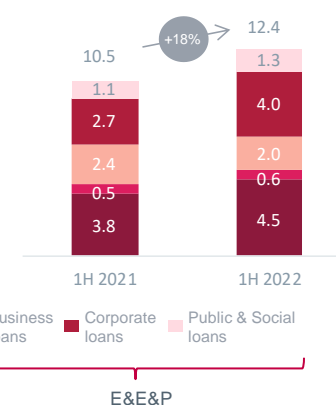
Outstanding loans to customers

EUR bn



Long term Loan production

EUR bn



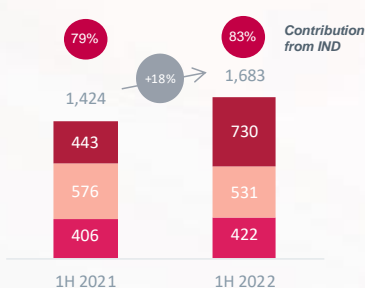
- Increase of loans outstanding of 5% towards EUR 107.3bn in June 2022 driven by a very strong LT loan production on most segments, growing by 20% in the Individuals segment and 16% in the E&E&P segment
- Loan production stood at EUR 12.4bn in June 2022, up 18% from EUR 10.5bn in June 2021. Mortgage production grew by 21% compared to June 2021, whereas corporate loan production grew by 45% compared to June 2021

Further premium growth in Non-Life insurance and continued high transfers from Br21 to other investment products of Belfius Group

Insurance

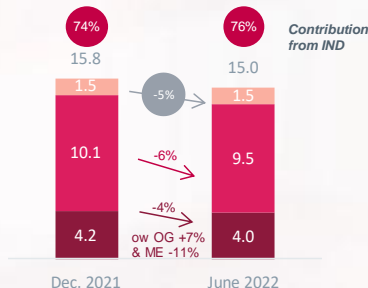
Continued growth in non-life and continued gradual shift towards Branch 23 in life reserves

Insurance production EUR m



■ Non-life GWP ■ Life GWP ■ Life TCA¹

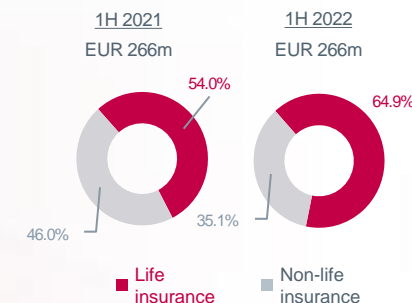
Insurance reserves EUR bn



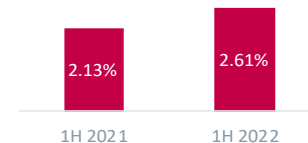
■ Non-Life
■ Guaranteed products (Branch 21, 26 & 27)
■ Unit-Linked (Branch 23)

Strong life income; non-life insurance contribution decreasing

Insurance income EUR m



Life income margin²



Non-life net loss ratio



- Overall increasing non-life GWP (+4%) driven by the strong growth of IND non-life GWP to EUR 314m in 1H 2022 (up 5% compared to 1H 2021). Within IND, non-life GWP in the bank-insurance channel grew by +7% compared to 1H 2021.
- In a still low yield interest environment, a continued partial reinvestment from maturing Branch 21 into Branch 23/44 and other (bank) investment products leads to increasing life insurance production of EUR 1,261m, up 24% compared to 1H 2021.
- Continued implementation of the strategy to switch from guaranteed yield products to unit-linked products led to positive inflow for EUR 0.3bn, due to negative market effect for EUR -0.5bn, overall unit-linked reserves decreased by -4%.

- Strong life insurance income, also thanks to a partial release of excess life insurance reserves (EUR 48m), offset by lower non-life income, mainly impacted by claims reserve for the storms in February 2022 (EUR -30m), higher average claim costs due to inflation, and a higher claim frequency in Car compared to 1H 2021 that was more impacted by lockdowns.
- This results in a life income margin of 2.61% in 1H 2022 (+ 49 bps compared to 1H 2021) and a non-life net loss ratio of 61% in 1H 2022 (vs 54% in 1H 2021).

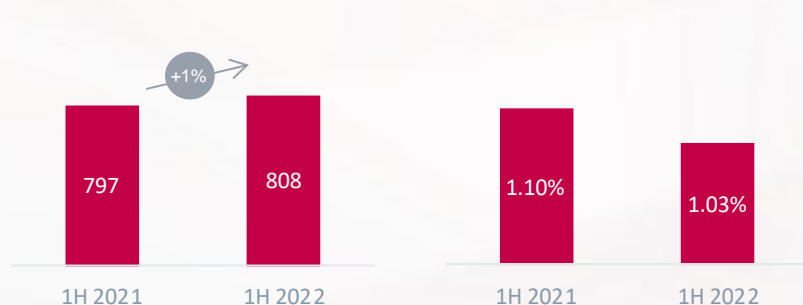
Continued strong commercial dynamics and strict balance sheet management discipline enable to further increase NII. Success of our transformation into a “Bank for Investors” translates into continued growth in F&C income

Bank

Slightly growing NII, thanks to continued strong commercial dynamics

Net interest income Bank
EUR m

NIM¹



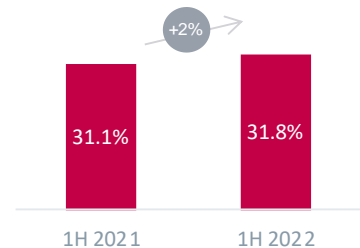
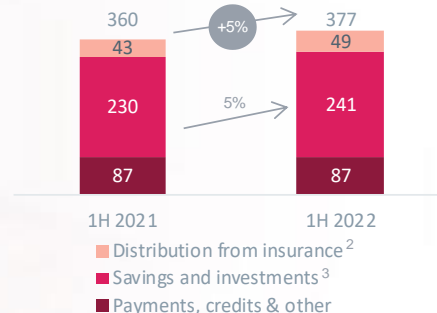
- Net Interest Income Bank increases with 1% compared to 1H 2021, thanks to increasing loan volumes and further higher BOR-margin on assets despite low (although increasing) interest rates. NII also impacted by a contract change within our subsidiary Belfius Auto Lease after which EUR 10m of revenues, that in 2021 were recorded in NII, are from 1H 2022 onwards recorded in other income.
- Strict risk-based pricing discipline on both sides of the balance sheet enabled to contain the decrease of NIM to only 7 bps, from 1.10% per 1H 2021 to 1.03% per 1H 2022. End of 1H 2022, early signs of margin improvement on non-maturing deposits.

Bank

Increase in bank fee & commission income

F&C income Bank
EUR m

Bank income diversification
% Fees / (Fees + NII)

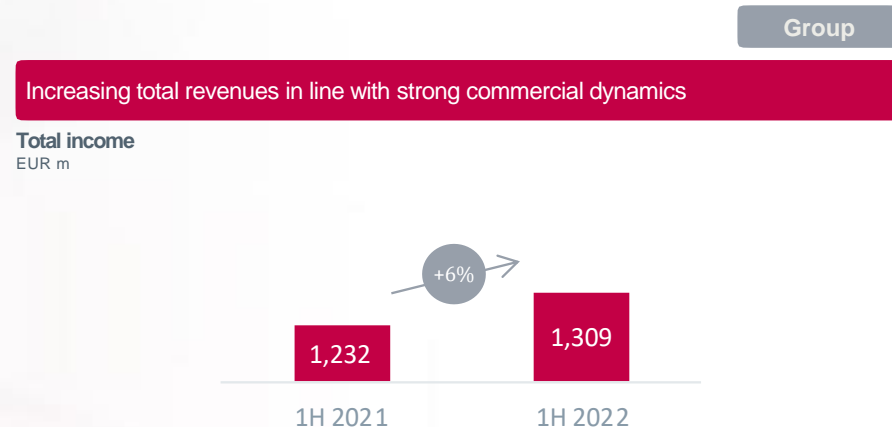


- Increasing fee and commission income (+5%)
 - increasing fees from savings & investments thanks to continued growing revenues on asset management services.
 - increasing contribution from distribution of insurance policies, thanks to further growing Non-Life GWP and more entry fee income on Br23.
 - payments, credits & other remained stable at EUR 87m.
- Strong F&C income dynamics also demonstrated through an increasing fee diversification ratio to 31.8% in 1H 2022 (vs 31.1% in 1H 2021).

Overall, strong commercial dynamics in full alignment with desired financial strategy, lead to total revenues increasing with 6% year-on-year



- Other income 1H 2022 amounted to EUR -142m, less negative than 1H 2021 (EUR -191m), thanks to stronger results in Financial Markets activities mainly thanks to beneficial impacts from higher interest rates, excellent Equity Structured products contribution and well hedged credit spread exposures, and despite continuously higher bank & other levies (EUR 264 million in 1H 2022 vs EUR 258 million in 1H 2021).

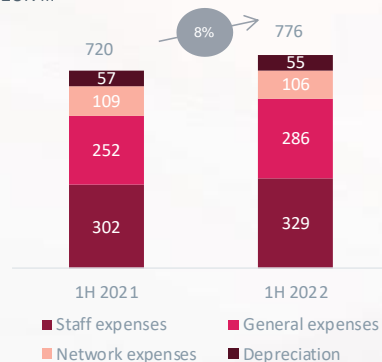


- Strong commercial dynamics and strict balance sheet management discipline lead to increasing total revenue base, mainly thanks to:
 - strong fees activities
 - continued lending growth & diversification
 - good performance in Financial Markets
- Total income amounted to EUR 1,309m in 1H 2022 (vs EUR 1,232m in 1H 2021)

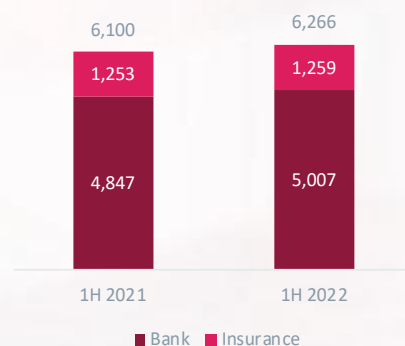
Total costs increasing due to growth investments (brand, innovation, workforce) and inflation pressure. Overall still able to safeguard C/I ratio

High expenses from growth and inflation; C/I increase remains contained

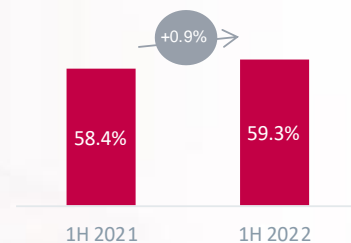
Expenses
EUR m



FTE¹

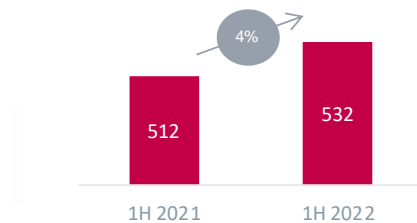


Cost-income ratio



All in all, leading to higher pre-provision income

Gross income
EUR m



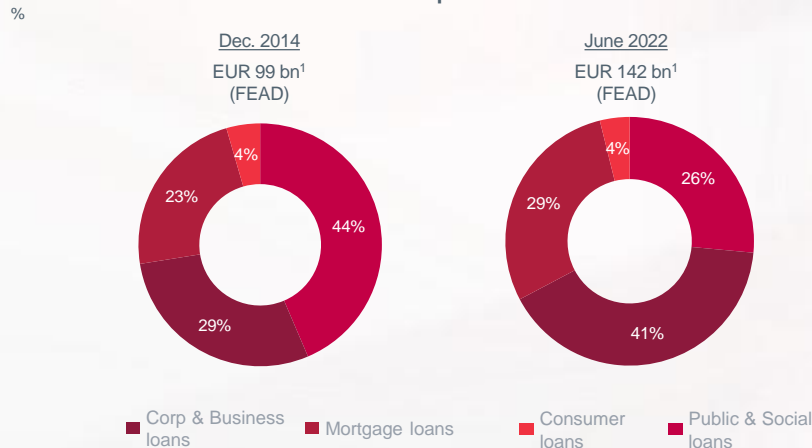
- Total costs increased by 8% compared to 1H 2021 due to (i) workforce reinforcement and brand & innovation investments to sustain strong commercial growth, and (ii) inflationary pressures. Although the total costs increased by 8%, C/I ratio increased by only 90 bps to 59.3% per 1H 2022 compared to 58.4% per 1H 2021. If the bank levies are linearized the C/I would amount to 54.1% in 1H 2022.
 - staff expenses increased with EUR 27m compared to 1H 2021, due to the salary mass indexation (+ EUR 18m) and higher FTE (+ 166 avg FTE)
 - general expenses increased towards EUR 286m, up with EUR 35m compared to 1H 2021, in line with growing commercial activity leading to higher marketing costs from more campaigns in 1H 2022, and higher external workforce costs, while 1H 2021 was still impacted by the Covid pandemic
 - network costs and depreciation costs have remained fairly stable compared to 1H 2021, decreasing by EUR -3m, respectively EUR -2m.

- All in all, the combination of stronger income dynamics than operating expense increase, led to an increase in pre-provision income to EUR 532m in 1H 2022 (vs EUR 512m in 1H 2021).

Resilience of the loan portfolio following gradual diversification since 2015 and continued strict risk management discipline

Our commercial loan & commitments franchise continues to be further developed and diversified

Evolution of the loan and commitments portfolio

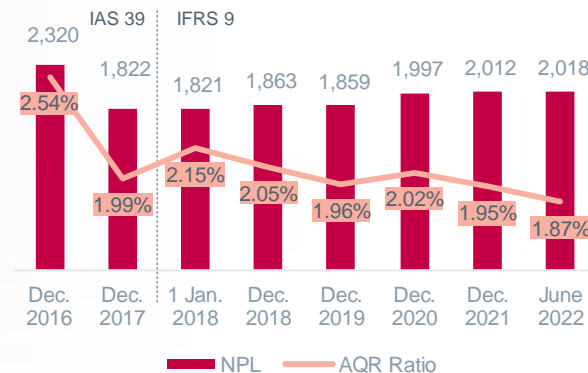


- Belfius is focusing on supporting all segments of the Belgian economy, and has been able to develop a more balanced loan portfolio.
- The mortgage loan portfolio increased from EUR 22.9bn per end 2014 to EUR 41.1bn per end June 2022, reaching 29% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 58.1bn per end June 2022, reaching 41% of the FEAD.

Further improving asset quality throughout the diversification & growth journey

Evolution of impaired loans to customers

EUR m



- Despite the strong growth and diversification of the loan portfolio, the impaired loans to customers remained globally stable over the last years and landed at EUR 2,018m per end of June 2022, while the asset quality ratio has improved since 2018 and further improved in 1H 2022, to 1.87%.
- These key indicators continue to reflect not only the solid quality and the intrinsic resilience level of the loan portfolio, but also the limited credit impact that the Covid-events have had until now, and the effectiveness of the risk management policies and practices that Belfius has in place.

Zoom on cost of risk: IFRS 9 impairment methodology

IFRS 9 impairment methodology at Belfius applied since the start of Covid-19 and recent updates

In the unprecedented context of the Covid-19 events, Belfius' basic principles for ECL (expected credit losses) computations have in design remained basically unchanged. However, in order to factor the Covid-impacts into credit risk measurement and the cost of risk calculation, Belfius applies since 2020 a 4-pillar approach, according to a waterfall principle:

- **Pillar 1:** the provisions for stage 1 and 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions; calculations are based on a long-term average (2009-2023) for all the relevant macroeconomic factors, with a backward and a forward looking part, using 4 scenarios (neutral, optimistic, pessimistic and stress);
- **Pillar 2:** if Belfius considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added;
- **Pillar 3:** if, additionally, expert analysis pointing to counterparts with a potentially increased credit risk, that were not detected by the mechanical approach and not yet classified 'as unlikely to pay', the provisions constituted could be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added;
- **Pillar 4:** for counterparts in a default status (stage 3), the regular impairment process is run and specific provisions are calculated and booked.

This approach is deemed to reflect the expected credit losses in a best estimate way, in order to maintain adequate coverage ratios on estimated credit-risk impaired exposures and to avoid cliff effects.

- At the start of 2022, the macro-economic perspectives improved in view of a faster post-pandemic recovery. The global economy however quickly faced some new headwinds due to second round Covid-19 effects and geo-political & military tensions.
- The Russian invasion of Ukraine in February impacted the overall economic situation profoundly, led to new disruptions in supply chains and pushed up even more energy, especially natural gas, and commodity prices.
- Under the inflationary pressure, central banks had to start adapting their monetary policy, gradually ending the quantitative easing and starting to raise interest rates for the first time in a decade.

As a consequence, the economic recovery slowed down since February 2022, with economic expectations under pressure.

Zoom on cost of risk:

Pillar 1: IFRS 9 macroeconomic scenarios

In line with the multi-dimensional uncertain economic and financial context, Belfius adjusted in 1H 2022 the IFRS9 macro-economic scenarios downwards, but kept the weights of those scenarios unchanged from their end 2021 levels

Where in the beginning of 2022 the macroeconomic perspectives had significantly improved in view of the favorable evolution of the Covid-19 pandemic, economic conditions at micro and macro level meanwhile encumbered, reinforced by the Russian/Ukrainian conflict and the subsequent high inflation; purchasing power, consumer and business confidence and investment spending were put on pressure during the first half year. In this context, an update of the macroeconomic factors was performed.

Neutral scenario data

GDP (%y-o-y)	2022	2023
Belgium	2.2	1.6
Eurozone	2.8	2.0
United States	3.7	2.5
Unemployment (%y-o-y)	2022	2023
Belgium	7.9	7.9
Eurozone	8.9	8.8
CPI (%y-o-y)	2022	2023
Belgium	8.0	2.3

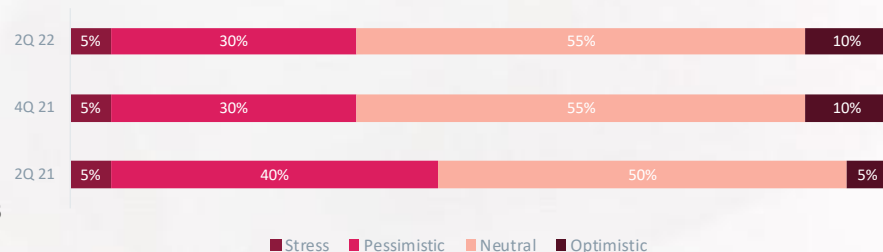
Transformation into a 4 scenarios approach

GDP Belgium values used in the ECL Calculation

	At Q4 2021		At Q2 2022	
	2021	2022	2022	2023
Optimistic	6.5	4.0	3.0	1.8
Neutral	5.9	3.2	2.2	1.6
Pessimistic	4.2	1.3	1.2	1.2
Stress	2.0	1.4	-0.1	-2.7

- GDP-expectations were adjusted downwards. Belfius' neutral scenario includes a Belgian GDP growth of 2.2% for 2022, followed by a 1.6% growth rate in 2023.
- In terms of unemployment, the neutral scenario implies a stability of the Belgian unemployment rate for 2022 and 2023 at the level observed in 2021 i.e. 7.9%. The unemployment figures include the exceptional temporary unemployment that is expected to be, to a certain extent, converted into structural unemployment. When abstraction is made of this inclusion a limited recovery to 5.9% for 2022 and 6.1% for 2023 is forecasted.
- Inflation levels have been on a rollercoaster since the end of 2021, not only driven by energy inflation, but also by inflation on a wide range of goods. Inflation is currently expected to remain high in 2022. The neutral scenario implies a year-on-year CPI increase by 8% for 2022, dropping to 2.3% in 2023.
- For each of the macroeconomic parameters, the neutral scenario is complemented with an optimistic, a pessimistic and a stress scenario, as illustrated for the Belgian GDP growth.

Transformation into a 4 scenarios approach



- The weight of the 4 scenarios (neutral, optimistic, pessimistic and stress) was modified at the end of 2021, with a 55% weight being assigned to the neutral scenario and the weight of the more negative scenarios decreasing due to the observed recovery.
- Weights have been unchanged in the last half year.
- Overall, the uncertainty about the orientation and the rhythm of the economic recovery is reflected in a **limited negative contribution of the macroeconomic factors** (increase of Pillar 1) for an amount of EUR -7m to the cost of risk in 1H 2022.

Zoom on cost of risk

Pillars 2 and 3: Overlays for Vulnerable Exposures

Redefining the Overlay for Vulnerable Exposures in a changing economic environment

The pillar 1 mechanical calculations are completed with expert overlays, to cover the risk in some specifically identified risk pockets (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated (potentially) insufficiently covered by the mechanical provisions. These expert overlays are referred to as the “Overlay for Vulnerable Exposures”.

In line with the evolving risk environment, Belfius thoroughly reviewed and rebalanced during 1H 2022 these expert overlays, by integrating the emerging risks related to energy and inflation and to the Russia/Ukraine conflict, while reducing the importance of the Covid-19 adjustments. The impact of the geopolitical tensions and of the spiking inflation on the loan portfolios (both Individuals and E&E) was assessed through an analysis of transactional and financial client data, combined with the monitoring of specific early warning indicators (energy and labour cost to income, evolution of net available income) and with more traditional early warnings (such as rating evolutions, the use of credit lines, repayment arrears,...). **These analyses, performed in a top-down and bottom-up approach, have not yet revealed critical risk observations in the Belfius portfolio so far** : the portfolio continues to show a strong resilience with only very few signs of deteriorating credit quality, limited inflow of defaults and bankruptcies and stable credit ratings.

In that perspective, the Overlay for Vulnerable Exposures was transformed in line with the underlying risk trends:

- The exposures on customers that do not show a further increased credit risk are removed from the Overlay (e.g. loans with payment moratoria).
- The exposures that still represent a residual impact linked to the Covid-pandemic and that are additionally hit by the new-crisis effects are conserved in the Overlay ; these show, however, a net reduction of the vulnerable exposure volume (e.g. sectors like event and recreation, transport of persons,...)
- The exposures that show a potential vulnerability to the new-crisis effects, are added to the Overlay.

Individuals

The scope is extended to clients that are potentially vulnerable to rising energy costs. These are defined as (1) clients with a high ratio of energy costs compared to their net available income, in combination with a low savings buffer and (2) clients/loans with a high current LTV, combined with a lower net available income, a high DSTI and a low savings buffer.

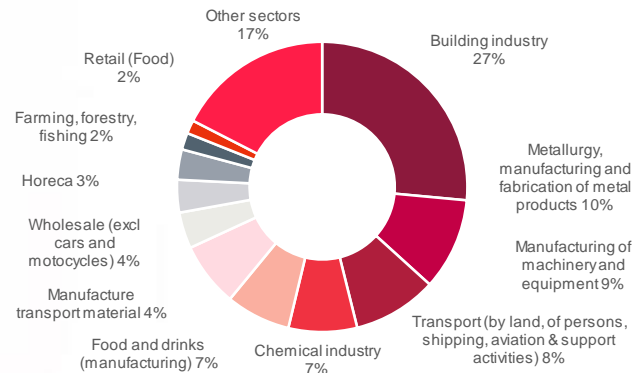
Entrepreneurs & Enterprises

Inclusion of sectors and/or companies that are identified as potentially sensitive to rising costs of raw materials, salaries and energy (with focus on companies with a high ratio energy/total cost and high leverage) and/or clients sensitive to the Russia/Ukraine conflict (impact on activity/supply chain disruptions).

- **Overall, the assessment leads to a net release of the Overlay for Vulnerable Exposures for EUR 63m in cost of risk 1H 2022**, composed of an allowance of EUR 32m for new impacted sectors and risk pockets, and a reversal of EUR 95m on Covid-19 related exposures.

Overlay for Vulnerable Exposures E&E: exposures by sector

2.5% of total portfolio (FEAD), representing EUR 5.3bn¹



Zoom on cost of risk

Resulting cost of risk metrics 1H 2022 (1/2)

Belfius' Pillar 1+2+3 Overlay remains at solid level (EUR 160m end 1H 2022 vs EUR 216m end 2021 vs EUR 331m end 2020), reflecting the recovery from the Covid-era, however encumbered by increased uncertainties about the orientation and the rhythm of this economic rebound

Cost of Risk 2020: EUR -453m

Cost of Risk 2021: EUR +1m

Cost of Risk 1H 2022: EUR +13m

Credit cost ratio¹
Bps



- In 2020, the application of the 4-pillar provisioning logic resulted in a cost of risk of EUR -453m, of which a Covid-19 driven overlay of EUR -331m was the most significant contributor, in particular to cover for potential credit risk impacts in the Business and Corporate segments.
- In 2021 a significant release of the Covid-19 buffer for an amount of EUR 115m was performed, mainly reflecting improving macroeconomic conditions and a re-assessment of the potential Covid-19 effects on the loan portfolio. This reversal of provisions contributed to a cost of risk that was positive for an amount of EUR 1m.
- In 1H 2022, the cost of risk is again positive:
 - Pillar 1 reflects the macroeconomic conditions and perspectives, encompassing multiple economic trends and events, that reach beyond the Covid-pandemic. The update of the macroeconomic factors results in a 1H 2022 cost of risk of EUR -7m;
 - Pillar 2 and 3 : the reassessment of the more vulnerable risk pockets in the loan portfolio leads to a net provision release of EUR +63m.
 - Pillar 4 contains impairments for counterparts in default (stage 3) and represents a 1H 2022 cost of risk of EUR -30m, a continued rather low level in historical terms.
- Combined with the normal portfolio evolutions (growth of the loan book and rating changes, evolutions in the bond portfolios) for an amount of EUR -13m, **the 4 pillar approach leads to a positive consolidated cost of risk of EUR +13m in 1H 2022.**
- This 1H cost of risk reflects the economic and societal recovery from the Covid-era, but also the future uncertainties about the orientation and the rhythm of the economic rebound, seeing also the geopolitical environment and potential new Covid-evolutions, and as such Belfius continues its solid best estimate ECL coverage approach.

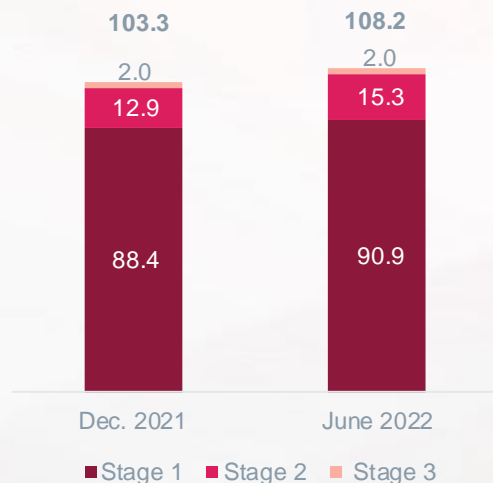
Zoom on cost of risk

Resulting cost of risk metrics 1H 2022 (2/2)

Asset quality metrics 1H 2022 – Consolidated Bank balance sheet

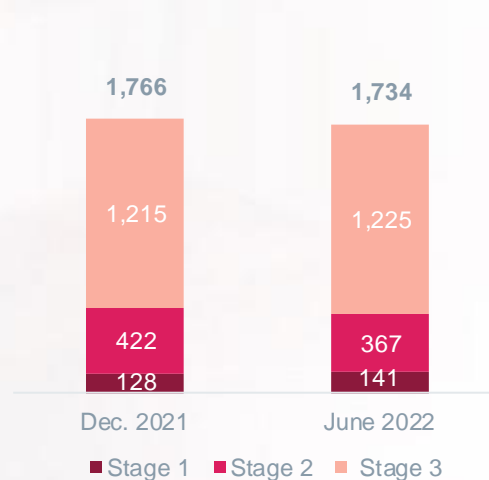
Gross outstanding loans to customers

EUR bn



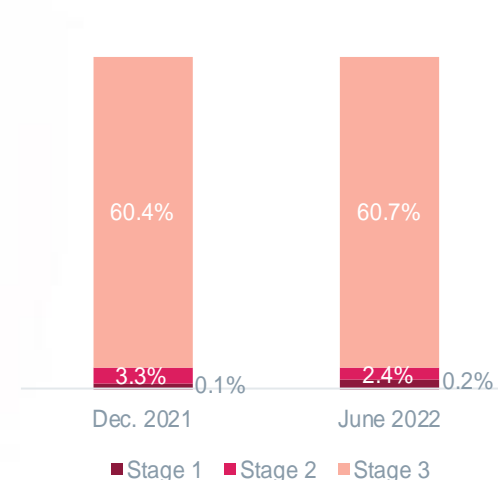
Stock of impairments on loans to customers

EUR m



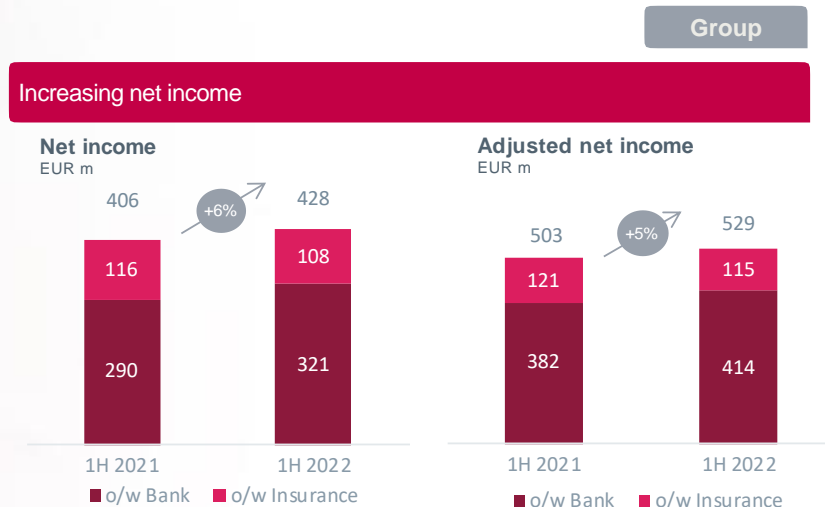
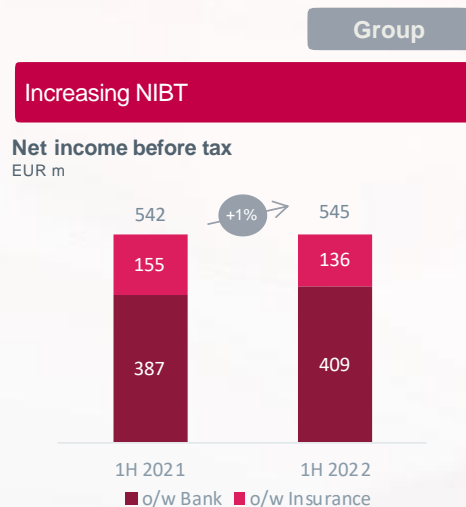
Coverage ratio

%



- The IFRS9 outstanding stock of impairments on loans to customers slightly decreased with EUR 32m to EUR 1.73bn per end of June 2022.
- The coverage ratio for stage 3 loans remains stable at 60.7%, whereas the decrease of the stock of impairments in stage 2, primarily resulting from the reassessment of the more vulnerable risk pockets in the loan portfolio, leads to a decrease of the coverage ratio in stage 2 from 3.3% to 2.4%.

Higher net income as a result of strong commercial dynamics, at disciplined risk & financial management



- Net income before tax amounts to EUR 545m in 1H 2022, compared to EUR 542m in 1H 2021, a slight increase thanks to increasing pre-provision income and still benefitting from a reversal in cost of risk (though slightly lower than in 1H 2021).

- Effective tax rate stands at 21% per end of June 2022, due to the decrease in tax expense towards EUR 116m in 1H 2022, benefitting from higher non taxable results (positive result on credit spread hedges in Ireland, capital gain on real estate project, etc.) and the innovation deduction regime in line with our innovation investments.

- Overall dynamics are leading to a net income of EUR 428m in 1H 2022, compared to EUR 406m in 1H 2021.
- Excluding special items (see appendix), adjusted net income of EUR 529m in 1H 2022, compared to EUR 503m in 1H 2021.



4. Segment Results¹

Note: 1. Since FY 2021, Belfius' financial and commercial results are reported centered around two « commercial segments »: the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P). The group center (« Group Center », abbreviation GC), containing the residual results not allocated to the two commercial segments, completes the full scope picture.

4.1 Individuals

- **IND segment showing continued strong commercial momentum:**
 - outstanding loans to customers (+5%, to EUR 47.3bn) continued to grow especially from mortgage loans
 - customer savings & investments (-2%, to EUR 115.7bn): strong organic growth (EUR +3.4bn) since end 2021, however more than compensated by strong negative market effect (EUR -6.1bn)
 - continued decent performance in GWP non-life (+5% to EUR 314m in 1H 2022 from EUR 298m in 1H 2021), especially via bank distribution channel (+7%), combined with solid life production (EUR 1,074m 1H 2022 vs EUR 829m in 1H 2021), though supported by higher TCA out of Br21
- **Net interest income of IND** amounts to EUR 287m, increasing from its level of EUR 273m in 1H 2021, still driven by strong volume growth in loans at rather stabilizing margins on stock, and assisted from Q2 2022 onwards by the end of margin pressure on non-maturing deposits in light of higher swap rates
- **Continued solid increase in IND fee & commission income** with EUR 14m towards EUR 323m in 1H 2022, mainly driven by higher entry and management fee on asset management services and by higher fee income from distributing Life and Non-Life insurance
- **Total insurance income IND rather stable** at EUR 212m, mainly driven by a strong increase of life insurance income to EUR 133m in 1H 2022 (compared to EUR 110m in 1H 2021), offset by a decrease in non-life results to EUR 80m in 1H 2022 (compared to EUR 101m in 1H 2021)
- **Operating expenses allocated to IND strongly increased** in line with general increase, from EUR 438m in 1H 2021 to EUR 466m in 1H 2022, mainly due to inflationary pressures especially on personnel costs for internal staff and general administrative expenses from external staffing, and higher marketing and publicity costs, considering the continued investments in strategic priorities such as AM Services, IT and digitization, combined with the strategic investment in our brand, especially for private banking and wealth management segments.
- Even after higher level of sector levies supported by IND segment (EUR 69.2m in 1H 2022 vs EUR 63.1m in 1H 2021), overall still **solid growth of IND pre-provision income** to EUR 300m (vs EUR 290m in 1H 2021)
- **The cost of risk in IND amounts to EUR -3m (net allowance) 1H 2022** compared to EUR 10m (net reversal) in 1H 2021
- As a result, **net income IND remains rather stable at EUR 229m** (EUR 227m in 1H 2021)

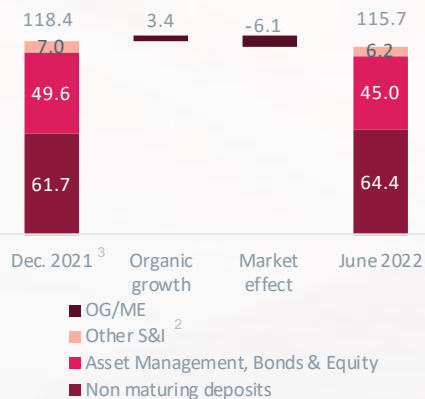
Solid commercial activity leads to further volume growth

Individuals

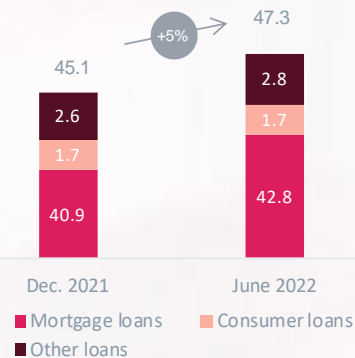
Bank

Solid growth in loans to customers

Outstanding savings & investments EUR bn



Outstanding loans to customers EUR bn



Increase in active mobile users

Active mobile users x 1,000

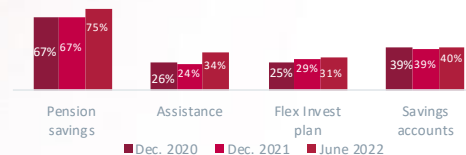


Credit cards



~42% of credit cards are sold through direct channels¹

Sales through direct channels¹ %



Customer equipment rate

3.12

Products per customer

- Continued strong customer engagement resulting into steady increase of active mobile users (+2% vs. end 2021), with on average 36 mobile interactions per user per month in 2022.
- Belfius continues to extend the functionalities of its direct channels. In 1H 2022, 75% of the new pension savings contracts, 42% of the new credit cards and 40% of the new savings accounts were subscribed via direct channels.
- Average equipment rate of IND customers remained fairly stable at 3.12 (compared to 3.11 end 2021).

- The individuals' savings & investments decreased towards EUR 115.7bn in June 2022. This is the combined result of the strong organic growth (EUR +3.4bn) more than offset by strong negative market effect (EUR -6.1bn).
- Outstanding loans increased by EUR 2.2bn (+5%) compared to end 2021. The increase is mostly stemming from the growth in mortgage loans.

Bank-insurance strategy continues to support Belfius' insurance activities and their product mix transformation

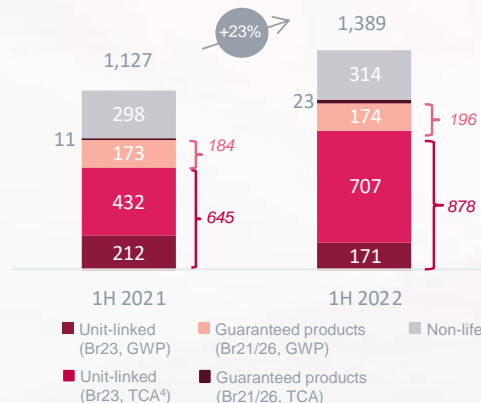
Individuals

Group

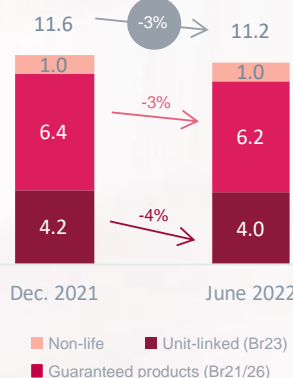
Insurance

Insurance sales boosted by strong life production in 1H 2022

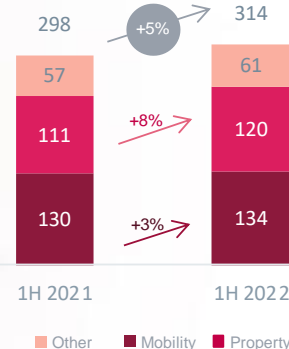
Insurance production
EUR m



Insurance reserves
EUR bn



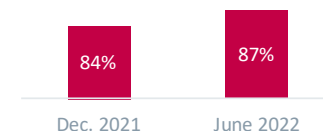
GWP IND Non-Life per type
EUR m



Continuously solid bank-insurance cross-sell

Property insurance

Belfius Home & Family cross-sell (%)



Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)³



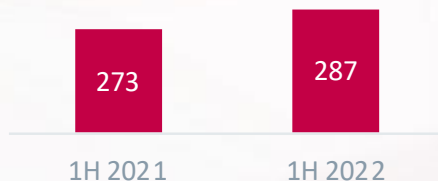
- IND non-life insurance premiums in 1H 2022 stands at EUR 314m, up 5% compared to 1H 2021, continuously boosted by the bank distribution channel.
- IND life insurance (unit-linked and guaranteed) production stands at EUR 1,074m in 1H 2022¹, up 30% compared to 1H 2021²:
 - unit-linked (Branch 23) production increased by 36% as 1H 2022 was particularly strong in terms of Branch 23 thanks to our higher production on Kite
 - guaranteed life (Branch 21/26) production increased with 7%.
- Total IND insurance reserves stand at EUR 11.2bn per 1H 2022: continued implementation of the strategy to switch from guaranteed yield products to unit-linked products led to decrease of -3% in reserves for guaranteed products. Impacted by negative market effect partially compensated by strong inflow, unit-linked reserves decreased by -4%.
- Belfius continues to show solid mortgage loans related cross-sell ratios, confirming strong bank-insurance development.

Very strong increase of F&C income as a result of Belfius' successful "Bank for Investors" strategy

Bank

Improving net interest income thanks to continued loan growth

Net interest income
EUR m



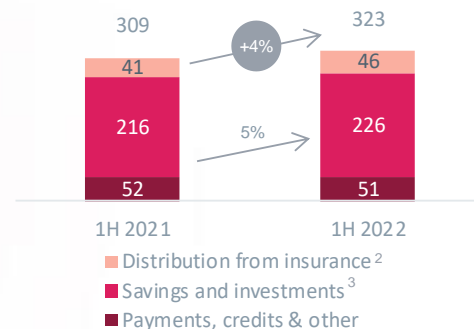
- Slightly increasing NII amounting to EUR 287m in 1H 2022 (an increase of EUR 14m compared to 1H 2021):
 - driven by higher outstanding loans at stabilizing average margin
 - and funding cost benefitting from the TLTRO III advantage and assisted from Q2 2022 onwards by the end of margin pressure on non-maturing deposits in light of higher swap rates

Individuals

Bank

Increasing fee and commission income

F&C income
EUR m



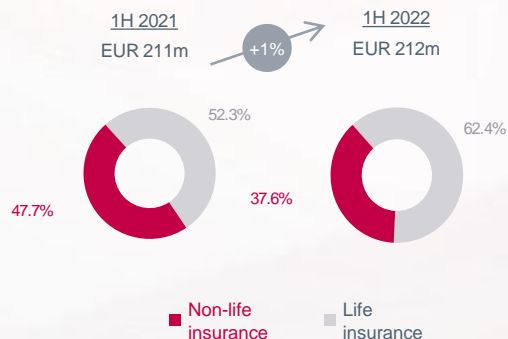
- Increasing fee and commission income (+4%):
 - Higher F&C income from savings & investments driven by increasing F&C income on Asset Management services, thanks to the success of Belfius' "Funds of the future" offering.
 - Higher F&C income from distribution of insurance policies, thanks to further growing Non-Life GWP and higher production volume & entry F&C income on Br23.

Stable contribution from insurance activities, thanks to excellent life contribution. Overall, growing total income

Insurance

Stable contribution from insurance

Insurance income
EUR m

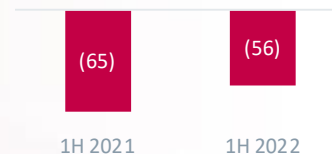


- IND life insurance contribution amounts to EUR 133m, up 20% compared to 1H 2021, also benefitting from a higher release of excess technical provisions (EUR 26m in 1H 2022 vs. EUR 7.7 m in H1 2021)
- IND non-life insurance contribution reached EUR 80m (-20% vs. 1H 2021), lower than last year due to the impact of the storms in February 2022, increasing average claims costs due to inflation, and higher claims frequency in Car compared to Covid-19 lockdown period of 1H 2021.

Group

Other income impacted by bank levies

Other income
EUR m



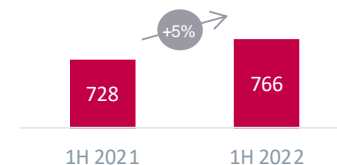
- Other income amounts to EUR -56m, slightly less negative than in 1H 2021 (EUR +9m) mainly thanks to better results on sale of some branches and higher dividend income in Equity Structured products, despite higher bank levies.

Individuals

Group

Growing total income

Total income
EUR m



- Increasing revenues (+5%) continued success of Belfius' IND strategy.

Increase in total costs for Individuals while maintaining a stable C/I ratio

Group

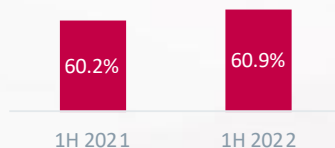
Increasing operating expenses but stable C/I ratio

Expenses
EUR m

bank branches



Cost-income ratio
%



- Expenses increased by EUR 28m in 1H 2022 compared to 1H 2021 due to increase in total human capital cost and investments in Technology and Brand.
- Belfius continues to gradually adjust its physical branch network, in line with customer behaviour and digitalisation trend.
- Thanks to our strong commercial dynamics that lead to increasing income, the cost-income ratio in the IND segment remains almost stable at 60.9% (from 60.2% in 1H 2021).

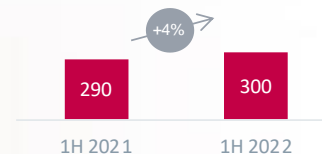
Individuals

Group

Growing pre-provision income, stable net income

Gross income
EUR m

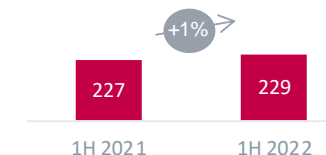
Cost of risk
EUR m



Credit cost ratio¹
Bps



Net income
EUR m



- Higher pre-provision income of EUR 300m (vs EUR 290m in 1H 2021), increasing in line with growing IND franchise.
- Cost of risk allowance of EUR -3m in 1H 2022 compared to the reversal of EUR 10m in 1H 2021, leading to a credit cost ratio of 1 bps per 1H 2022.
- Total net income of IND segment amounts to EUR 229m in 1H 2022 (in line with EUR 227m in 1H 2021).

4.2 Entrepreneurs, Enterprises & Public

- **Seeing the growth in its E&E&P segment, Belfius continues to develop into a full-blown bank for Belgian business and corporate clients, and remains the leading full service provider in the Belgian Public & Social segment:**
 - customer savings & investments (stable at EUR 61.2bn): strong organic growth (EUR +1.5bn) since end 2021, compensated by negative market effect (EUR -1.5bn)
 - outstanding loans to customers (+5%, to EUR 59.9bn) continued to grow, especially in the E&E loan segment
 - continued momentum in Debt Capital Markets: Belfius remains Belgian DCM market leader within the Public and Social and E&E segment
- **Net interest income of E&E&P** amounts to EUR 440m, **growing** from its level of EUR 410m in 1H 2021, still driven by strong volume growth in loans at further slightly increasing margins on stock also thanks to the continuously diversifying loan base, and assisted from Q2 2022 onwards by the end of margin pressure on non-maturing deposits in light of higher swap rates
- **Continued growing contribution of E&E&P fees and commissions** (EUR 59m in 1H 2022 vs EUR 55m in 1H 2021), mainly from F&C income growth on payments & credit services
- **Decreasing income contribution from insurance** due to the decrease in non-life insurance, partly offset by the increasing contribution from life insurance activities
- **Operating expenses allocated to E&E&P increased**, in line with overall evolution of costs, from EUR 209m in 1H 2021 to EUR 233m in 1H 2022, mainly due to inflationary pressures especially on personnel costs for internal staff, considering the continued investments in strategic priorities such as IT and digitization, combined with the strategic investment in our brand especially for the corporate segment.
- **E&E&P pre-provision income** slightly decreasing, to EUR 313m in 1H 2022 (vs EUR 329m in 1H 2021)
- **The cost of risk in E&E&P amounts to EUR 17m (net reversal) in 1H 2022**, equal to the cost of risk of EUR 17m in 1H 2021 (net reversal)
- **All-in-all leading to a net income in E&E&P segment of EUR 253m in 1H 2022**, slightly below the contribution in 1H 2021 of EUR 262m

Belfius continues to develop into a leading bank for Business & Corporates, and remains leading full service provider in the Public & Social segment

E&E&P

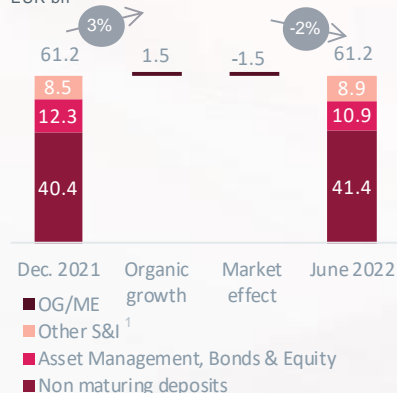
Group

Bank

Stable savings & investments and growing loans & commitments to customers

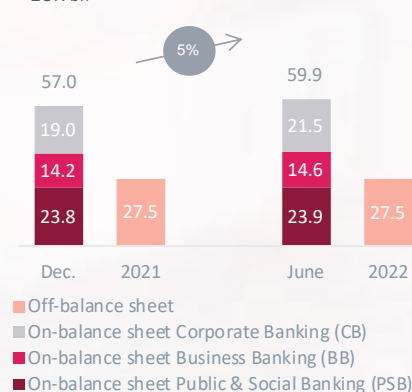
Outstanding savings & investments

EUR bn



Outstanding loans and commitments

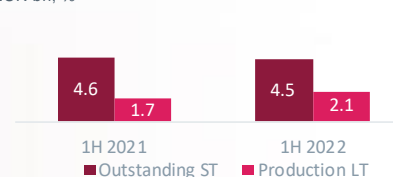
EUR bn



Debt and Equity Capital Markets activities

DCM activity and participation rate

EUR bn; %



Equity Capital Markets (ECM)

7 Transactions in 1H 2022

- Our franchise towards Entrepreneurs, Enterprises & Public continues to grow towards full-blown lead bank for Belgian business and corporate clients and remains the reference for the Public & Social segment:
 - total customer balances amounted to EUR 61.2bn, stable compared to end 2021, the organic growth (EUR +1.5bn) offsetting the negative market effect of EUR 1.5bn
 - the outstanding loans increased with 5% compared to end 2021, especially driven by Corporate Banking

- E&E&P clients maintain diversified financing profiles through DCM activity
 - during 1H 2022, Belfius has placed a total of EUR 4.5bn short term notes (average outstanding CP) and EUR 2.1bn long term notes for PSB and CB customers
- Belfius also structured and placed a total of 7 capital market transactions within ECM for various CB clients in close cooperation with Kepler Cheuvreux with whom Belfius entered into a strategic partnership in November 2017.

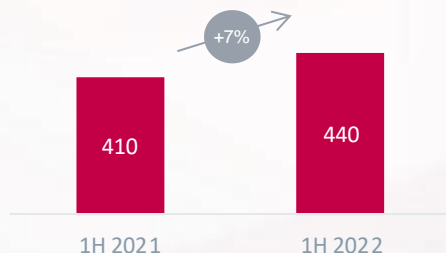
Growing NII thanks to continued disciplined pricing and strong & diversified growth of the loan book, alongside continued growth in F&C income

E&E&P

Bank

Strong growth in net interest income

Net interest income
EUR m

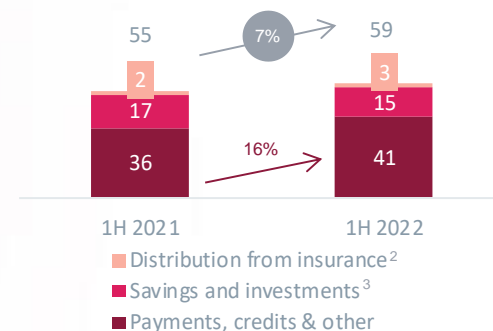


- Increasing bank NII for E&E&P to EUR 440m, mainly thanks to further growing loan volumes in the corporate & business segment and continued funding cost benefitting from the TLTRO III advantage and assisted from Q2 2022 onwards by the end of margin pressure on non-maturing deposits in light of higher swap rates. NII also impacted by a contract change within our subsidiary Belfius Auto Lease after which EUR 10m of revenues, that in 2021 were recorded in NII are from 1H 2022 onwards recorded in other income.

Bank

Increasing fees & commissions income

F&C income
EUR m



- Increase in total fee & commission income in the E&E&P segment, mainly due to the high increase (+16% vs 1H 2021) in payments (+ EUR 4m in services and credit cards) and in credits (+ EUR 3m in banking guarantees and documentary credits).

Despite slight decrease of insurance contribution and higher bank levies, overall E&E&P is showing slight growth in total income

E&E&P

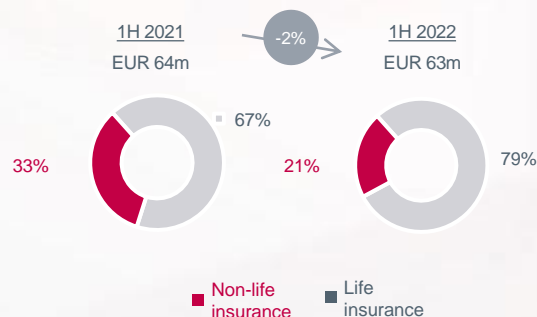
Group

Insurance

Slight decrease in insurance income

Insurance income

EUR m

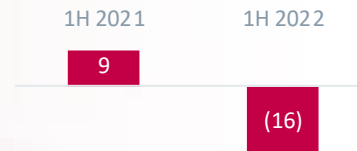


- E&E&P life insurance results evolving positive in 1H 2022 (EUR 50m vs EUR 43m in 1H 2021), impacted by the partial release of the life reserves (EUR 22m in 1H 2022 vs EUR 7m in 1H 2021) partially offset by negative FVTPL due to challenging financial markets in 1H 2022.
- Non-life results are down by EUR 8m compared to 2020 and amount to EUR 13m in 1H 2022, especially due to inflation impact on previous years claims for workers' compensation.

Other income impacted by increasing bank levies

Other income

EUR m

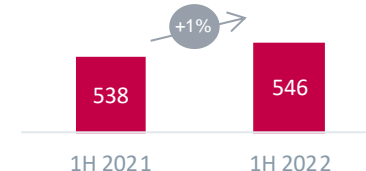


- Other income decreased with EUR 25m compared to last year, due to higher bank levies and some less favorable impacts from financial markets on E&E&P client flow business in dealing room.

Slightly increasing total income

Total income

EUR m



- Strong NII & F&C income, partly offset by slightly lower insurance and decrease in other income, lead to overall slightly increasing E&E&P total income, to EUR 546m in 1H 2022.

Although total income is improving, inflationary headwinds and increasing operating expenses lead to slightly lower gross income of E&E&P

E&E&P

Group

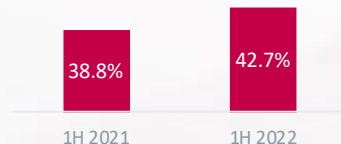
Group

Increasing expenses

Expenses
EUR m

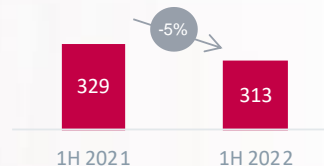


Cost-income ratio

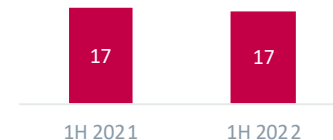


Decrease in pre-provision income due to more elevated operating expenses

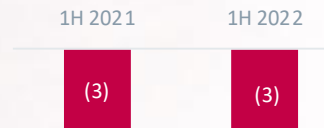
Gross income
EUR m



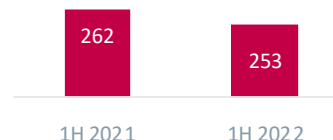
Cost of risk
EUR m



Credit cost ratio¹
Bps



Net income
EUR m



- Also for E&E&P segment an increase in operating expenses is noted, with an increase of EUR 24m towards EUR 233m in 1H 2022.
- Cost-income ratio of E&E&P (42.7%) increases vs 1H 2021 (38.8%).

- Overall, pre-provision income E&E&P shows a decrease of 5% towards EUR 313m in 1H 2022.
- Cost of risk reversal of EUR 17m in 1H 2022, equal to the reversal in 1H 2021. The credit cost ratio remained stable at -3 bps in 1H 2022, reversals mainly related to the reversal of (former Covid) overlay.
- The net income of E&E&P stands at EUR 253m in 1H 2022 (compared to EUR 262m in 1H 2021).

4.3 Group Center

- **GC total income amounted to EUR -3m in 1H 2022**, EUR 31m higher than last year, mainly thanks to higher other income, which is positively impacted by better trading & hedge results and more positive funding loss provision reversal, partially offset by higher bank levies and lower NII (increasing excess liquidity to be invested at negative deposit facility rate)
- **Pre-provision income GC** stood at EUR -81m in 1H 2022 (vs EUR -106m in 1H 2021)
- **The cost of risk GC** stands at EUR -2m in 1H 2022 (allowance), compared to EUR 3m (reversal) in 1H 2021.
- Overall, **GC net income** increases with EUR 31m compared to 1H 2021, and amounts to EUR -53m in 1H 2022
- The run-off portfolios continue their gradual (natural) run-off, accompanied by some opportunistic derisking actions (unwinds or novations)

Reminder – summary overview of Belfius' Group Center

Belfius' Group Center (notional amounts as of 30 June 2022)

	Bond portfolio		Derivatives and guarantees	Other GC activities
	ALM Liquidity	Run-off ALM Yield	Run-off portfolio	
	<ul style="list-style-type: none"> ■ LCR eligible bonds (EUR 6.9bn) 	<ul style="list-style-type: none"> ■ Non-LCR eligible bonds (EUR 3.3bn) ■ Bought credit protection for some ALM yield bonds 	<ul style="list-style-type: none"> ■ Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 6.6bn) ■ Non-collateralized derivatives with international counterparts (notional of EUR 2.0bn) ■ Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 2.0bn) 	<ul style="list-style-type: none"> ■ Management of specific credit risk files (Holding Communal & Arco entities) ■ Various other items: <ul style="list-style-type: none"> ■ ALM derivatives for B/S management ■ Financial markets services (part which is not dedicated to the commercial segments) ■ Central assets ■ Insurance GC ■ Other
Considerations	<ul style="list-style-type: none"> ■ Part of Belfius Bank's total LCR liquidity buffer ■ Well diversified, high credit quality and highly liquid portfolio 	<ul style="list-style-type: none"> ■ Bond portfolio historically used to manage excess liquidity ■ Mainly high quality bonds of international issuers with a ~19 years residual duration ■ Managed in natural run-off and standard credit risk management 	<ul style="list-style-type: none"> ■ Originates from former competence center for derivatives within the Dexia Group ■ Derivatives and credit guarantees managed in natural run-off and standard risk management 	

Run-off portfolios

Evolution of GC portfolios

ALM Liquidity

ALM Liquidity bond portfolio

Notional value¹
EUR bn



Average Rating

A- A-

Expected average life (years)

7.8 7.9

Investment grade (%)

100% 100%

Credit regulatory risk exposures (EUR bn)

2.1 2.0

Run-off portfolios

ALM Yield bond portfolio

Notional value
EUR bn



A⁻¹ A⁻¹

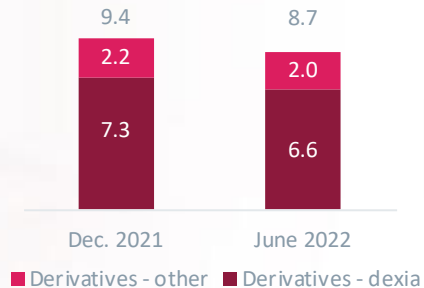
19.1 19.1

96% 96%

4.4 3.0

IR Derivatives

Notional value³
EUR bn



BBB BBB

11.9³ 11.5³

94% 95%

0.9 0.6

Credit guarantees

Notional value
EUR bn



BBB+ A⁻²

10.0 12.2

97% 96%

1.4 1.1

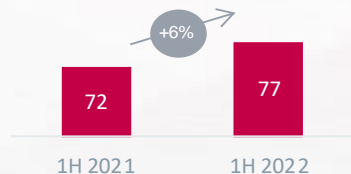
Net income GC improves materially in 1H 2022, despite difficult financial markets, mainly driven by less negative other income thanks to strict credits spread hedging & positive impact from higher interest rates

Income less negative but expenses increasing

Income
EUR m



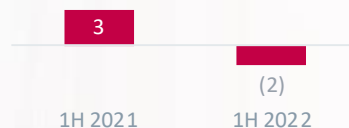
Expenses
EUR m



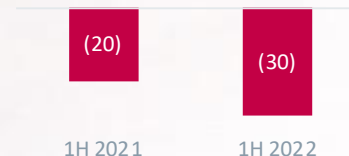
- GC income amounted to EUR -3m, due to less negative other income (mainly better trading & hedge results, and more positive funding loss provision reversal) partially offset by lower NII (more excess liquidity invested at negative deposit facility rate) and higher bank levies.

Net reversal in CoR and increasing tax benefit

Cost of risk
EUR m



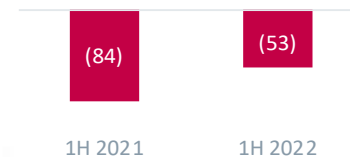
Tax expenses
EUR m



- Net allowance in cost of risk of EUR -2m in 1H 2021, compared to EUR 3m reversal in 1H 2021, related to the downgrade of a credit risk exposure in run off portfolio.
- GC tax expenses amounted to (positive) EUR 30m in 1H 2022 compared to EUR 20m in 1H 2021.

Net income less negative than last year

Net income
EUR m



Adjusted net income
EUR m



- All in all, GC net income is less negative than last year and stood at EUR -53m in 1H 2022 compared to EUR -84m in 1H 2021.
- Delta with adjusted net income stemming from IFRIC 21 adjustment for sector levies (see Annex slide 65)

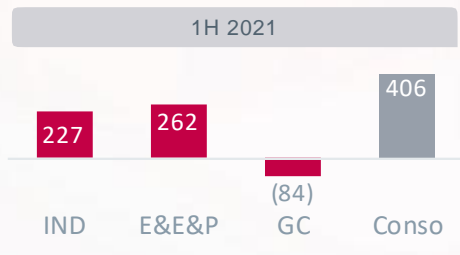
4.4 Return on Equity

- Belfius' strategy is based on the **development of a strong and diversified commercial franchise that is to be supported by solid risk and financial profile foundations**, a strategy continuously relevant also in current multi-dimensional economic turmoil environment
- This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in sustainable business model developments, on the basis of solid solvency foundations
- The relevant diversified strategy has materialised in a solid RoE in 2021 (after the adverse impact on RoE from the Covid-19 crisis in 2020). **The RoE of Belfius continues to show resilience in current environment, with 4 quarters trailing ROE at 9.2%**, against 9.3% in 1H 2021. For IND, the RoNRE stands at 23.8% in 1H 2022 compared to 21.0% in 1H 2021, whereas the RoNRE for E&E&P stands at 9.8% in 1H 2022 compared to 10.4% in 1H 2021. **Overall RoNRE remains rather stable, moving from 11.4% in 1H 2021 to 11.0% in 1H 2022**

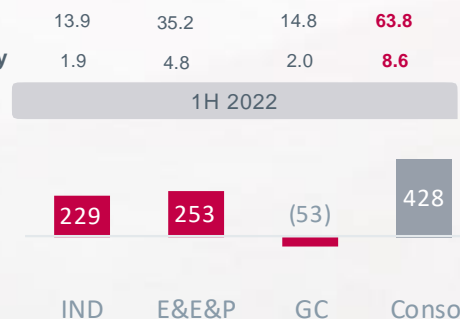
The RoE continues to show resilience in current environment

Strong commercial growth, regulatory changes and favorable impact from market parameters have driven RWA evolution during the semester, leading to a RWA of EUR 63.2bn

Net income
EUR m



EUR bn **RWA**
Norm. Reg. Equity

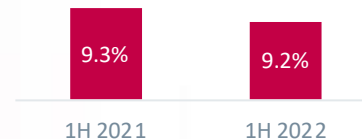


EUR bn **RWA**
Norm. Reg. Equity

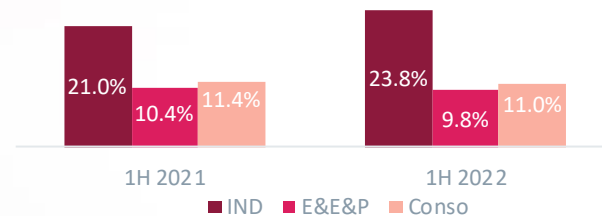


Resilient RoE and RoNRE on conso and segment level

Return on Equity at group level¹



Return on Normative Regulatory Equity²





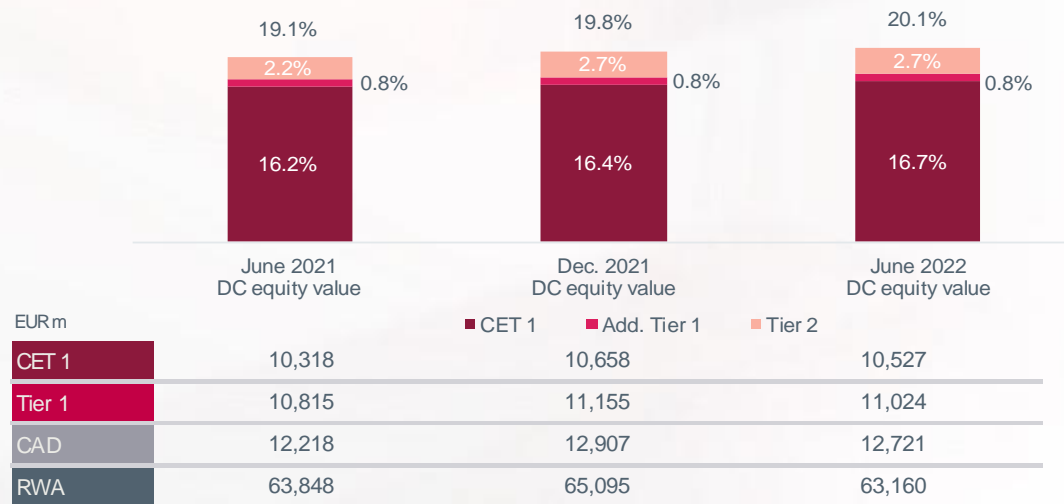
5. Financial solidity

5. Financial solidity

- Even with a strategy to continue to put our capital at work to support our commercial dynamics and to be Meaningful and Inspiring for the Belgian Society, Belfius continues to **show resilient solvency metrics**:
 - CET1 ratio of 16.7% as of end June 2022, up 29 bps compared to end December 2021. This as a result of the decrease in risk weighted assets to EUR 63.2bn (mainly thanks to the prudential relaxation on Belgian residential mortgage loans), partially offset by a decrease in prudential CET 1 capital (mainly due the decreasing impact of the transitional measure of IFRS 9 on impairments)
 - continued solid leverage ratio of 5.51%, from June 2022 onwards excluding the formerly allowed adjustment for certain exposures to Central Banks (FY 2021 leverage ratio of 7.13% and pro forma for this change 5.93%)
- **This solid capital base still compares well to Belfius' minimum SREP level** and internally defined minimum operational zone
 - minimum CET1 supervisory requirement amounts to 9.97% applicable end 1H 2022. The higher CET1 supervisory requirement compared to end 2021 follows the new Pillar 2 Requirement (P2R) of 2.13% applicable as from 1 March 2022 onwards, and the new Sectoral Systemic Risk buffer of 0.27% (in replacement of the former NBB macroprudential add-on on residential mortgages) as from May 2022 onwards
- **Insurance activities also show continued solid solvency metrics**, with Solvency II ratio of 215% end 1H 2022 (up from 190% end 2021)
- Continued strong liquidity and funding profile
 - LCR of 184% and NSFR of 140%
 - liquid asset buffer as of end 1H 2022 representing 3.9 times next year wholesale refinancing needs
 - loan to deposit ratio (for commercial balance sheet) slightly increased from 85% at end December 2021 to 86% per end June 2022
- Asset quality still sound and still containing our current applicable best estimate “ex-ante provisioning” of expected losses due to the effects of the multi-dimensional turmoil events
 - Belfius decreased its LLP for loans to customers from EUR 1,766m end 2021 to EUR 1,734m end 1H 2022
 - Overall, we note an improvement in the asset quality ratio to 1.87% per end 1H 2022 and a slight decrease in loan loss provisions. Slightly higher stage 3 provisions and rather stable NPL translate into a coverage ratio of 60.7% as per end 1H 2022 (vs. 60.4% as per end December 2021)

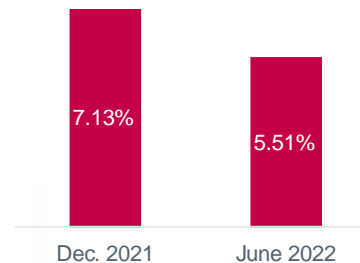
Belfius continues to show solid capital and leverage ratios

CET1, Tier 1 and Total capital ratio¹



- CET1 ratio stood at 16.7%, up 30 bps compared to end 2021 as a result of the decrease in risk weighted assets to EUR 63.2bn (+49bps), partially offset by a slightly lower CET1 capital (-20 bps)
- Total Capital ratio stood at 20.1%
- Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value instead of book value in the consolidated accounts

Leverage ratio²



- Leverage ratio stood at 5.51%, down from 7.13%³ as per December 2021.
- The decrease is the result of the slightly lower regulatory Tier 1 capital, the elimination of the Covid-19 related relaxations measures allowing banks to partially exclude certain Central Bank exposures from the total leverage exposure measure as well as higher balance sheet total.

Note: 1. Regulatory ratios at Belfius Bank consolidated level using the Danish compromise. For the determination of the Common Equity Tier 1 capital: the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the equity instruments held by Belfius Bank in Belfius Insurance after deduction of goodwill. Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value in the consolidated accounts (instead of based on the historical book value before) - comparison between the two methods is shown in the graph above; 2. Based on the prudential consolidation perimeter, where Belfius Insurance is considered as an external party (hence not consolidated); 3. Note that the allowed Covid-19 relief measure, to exclude part of the exposures to Central Banks, expired on 1 April 2022. The leverage ratio at 31 December 2021 without this relief measure amounted to 5.93%.

Continued solid CET1 ratio is enabling Belfius to continue to support the Belgian economy and to execute its commercial strategy

Group

This solid capital base compares comfortably with Belfius' minimum SREP level and internally defined minimum operational zone

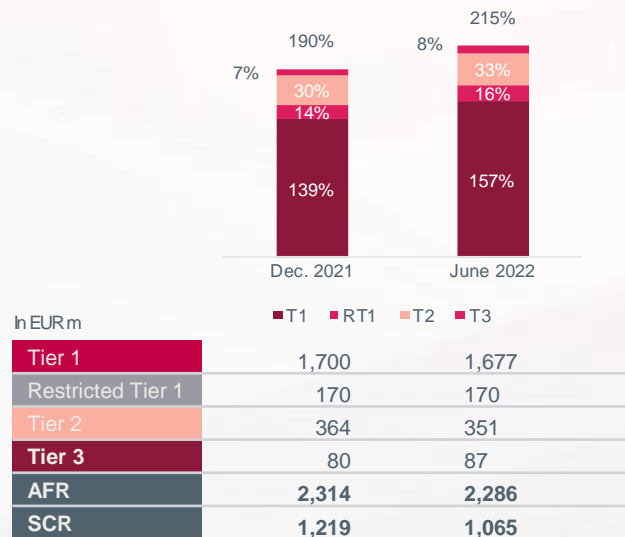


- CET 1 ratio of 16.67% as of end June 2022, +29 bps compared to end 2021.
- The minimum SREP of 9.97% has increased in 1H 2022 (compared to 9.63% end of 2021) due to: (i) increase of our P2R from 2% to 2.13% in March 2022 and (ii) the new Sectoral Systemic Risk buffer of 0.27% (in replacement of the former NBB macroprudential add-on on residential mortgages).
- Seeing the recovery of the Belgian economy and lower effective defaults than anticipated at the start of the Covid-19 crisis, at end 2021 – early 2022, Belfius has put its capital framework back at the levels that were applicable before the start of the Covid-19 crisis, back to the minimum operational level of 13.5% CET 1 ratio (i.e. no more temporary relaxation of this level to a minimum operational zone of 12.5% to 13.5% CET 1 ratio, as was decided at the start of the Covid-19 crisis).

Belfius Insurance continues to display solid solvency metrics

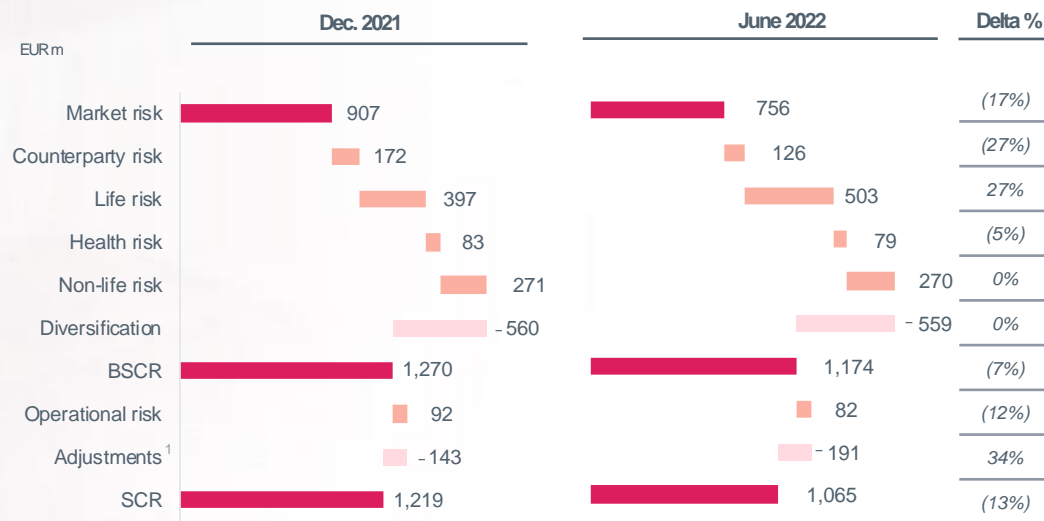
Insurance

Strong and high quality solvency levels



Insurance

Decomposition of Solvency Capital Requirement

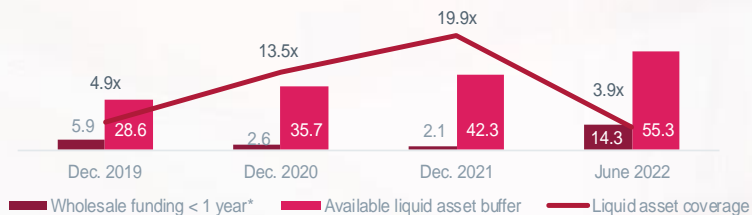


- Compared to end 2021, the regulatory own funds have slightly decreased by EUR 28 million, but include a foreseeable dividend of EUR 67 million. The impact of the high increase of the rates and spreads since the beginning of the year 2022 was compensated by the negative performance of the equities and the annual review of the liability assumptions.
- The required capital amounted to EUR 1,065m at the end of June 2022, which is EUR 154m lower compared to end 2021. Market risk dropped, but remains the main contributor to the required capital due to spread and equity risk. The SCR linked to interest rate risk is rather limited thanks to ALM management, targeting a limited global duration mismatch between assets and liabilities.

Belfius Bank continues to display strong liquidity stance

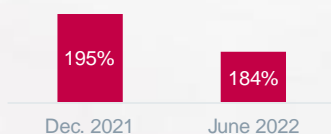
Exceptional refinancing need coverage

EUR bn

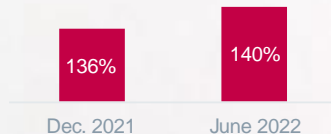


* Strong increase in ST wholesale funding as a result of short term credit rating upgrade of S&P in December 2021, opening up a larger scope of eligible and willing investors in Belfius CP/CD programs in anticipation of maturing ECB-funding (TLTRO) over the coming year

LCR¹

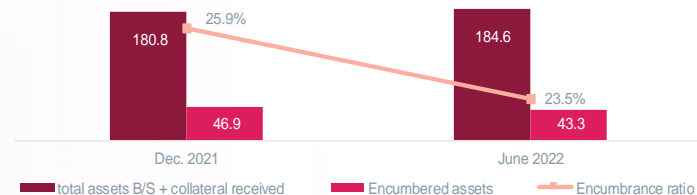


NSFR²



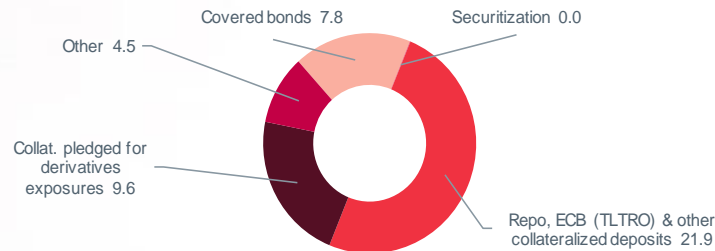
Encumbered assets³

EUR bn



Detail of the encumbered assets

EUR bn

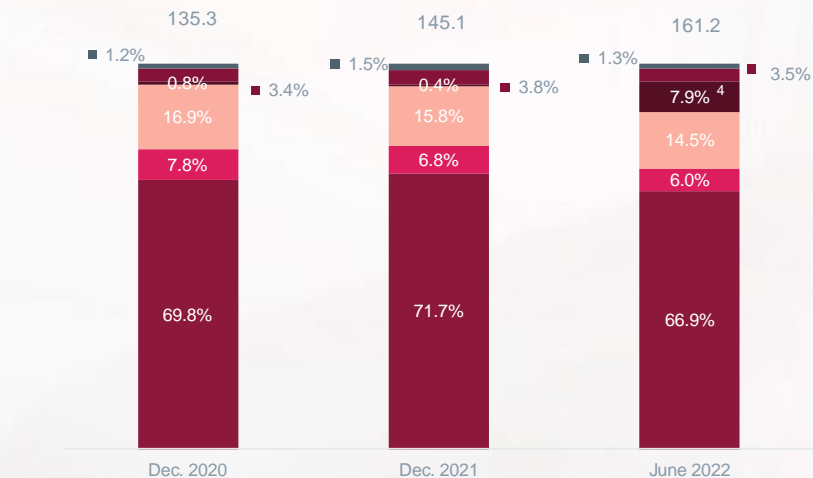


Belfius Bank has a continuously increasing funding base, driven by significant contribution from our customers

Funding sources¹

EUR bn

Bank

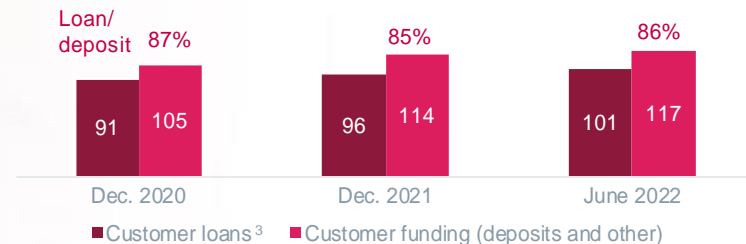


■ Customer deposits ■ Other customer funding (2) ■ Secured funding (3)
 ■ Senior wholesale debt, incl. SNP ■ Subordinated debt, incl. AT1

Loans to customers, customer funding and loan to deposit ratio

EUR bn

Bank



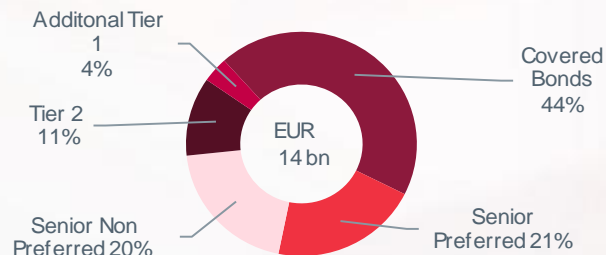
■ Customer loans³ ■ Customer funding (deposits and other)

Belfius continues its diversified funding strategy

Group

MLT wholesale funding strategy

As of June 2022

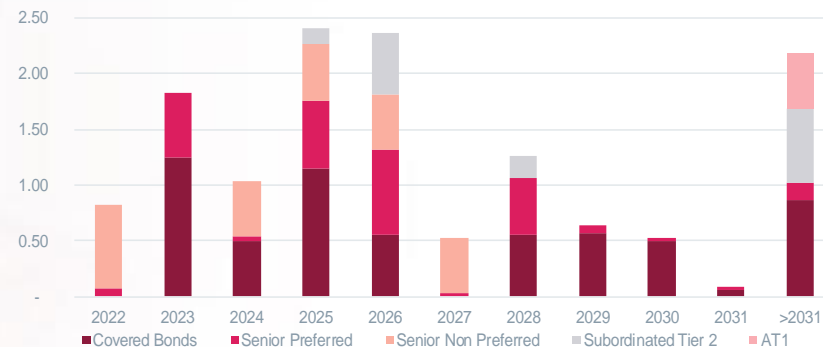


- Belfius continues to focus on sufficient diversification of funding sources and investor base. A large range of instruments have been issued: Mortgage Covered Bonds, Public Covered Bonds, Preferred Senior and Non Preferred Senior benchmarks, AT1 instrument, Tier 2 bonds... In 2021, Belfius issued an inaugural Green Bond.
- With this diversified funding profile, Belfius is compliant with its MREL requirements.

Group

Redemption profile MLT wholesale funding

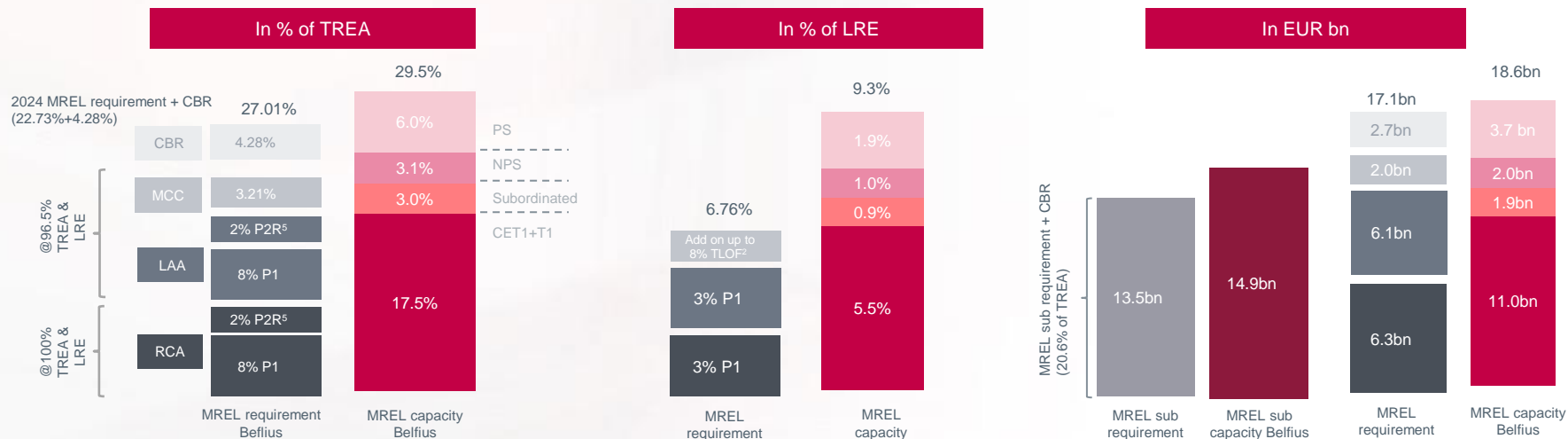
EUR bn



- Over the coming 3 years, approximately EUR 3.7bn wholesale funding comes to maturity.
- Belfius' funding needs are in line with the redemptions, however the amounts and type of instruments can be adapted to general evolutions within the banking environment and its regulatory requirements.
- Wholesale issuances will be focused on MREL compliance and liquidity management after TLTRO redemption.

SRB MREL requirement for Belfius

SRB methodology and formal requirement compared to Belfius' compliance¹



- On 3 March 2022, the NBB notified Belfius that going forward it is to execute the SRB MREL instruction regarding the minimum requirement for equity and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 22.73% of TREA³ (not including CBR requirement) and 7.87% of LRE⁴. Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB MREL instruction also provides for a subordination requirement: Belfius Bank must meet at least 16,61% of TREA and 7,87% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.28% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024.
- On 15 March 2022, Belfius received new proforma LRE targets, in view of the discontinuation of the relief measure on leverage, which will be used by the SRB to monitor Belfius' build-up of MREL resources towards the 1 January 2024 compliance date: 6.76% LRE for both the MREL and the MREL sub requirement.
- End June 2022, Belfius capacity in subordinated MREL and MREL has already exceeded the SRB final targets due by 1 January 2024. Indeed, expressed in TREA, Belfius MREL realized of EUR 18.6 billion amounts 29.50% TREA to be compared with 27.01% of the 2024 final binding target (including CBR). In the same way, Belfius MREL subordination realized of EUR 14.9 billion amounts to 23.52% of TREA to be compared with 20.89% of the binding target (8% TLOF which includes CBR). Expressed in LRE, Belfius MREL subordination of 7.45% stands in excess of 6.76% MREL sub requirement.

Overall, Belfius' loan loss provision (on loans to customers) slightly decreased, AQR & coverage ratio slightly improved

IFRS 9 Credit risk impairments

Loan Loss Provision (Loans to customers)

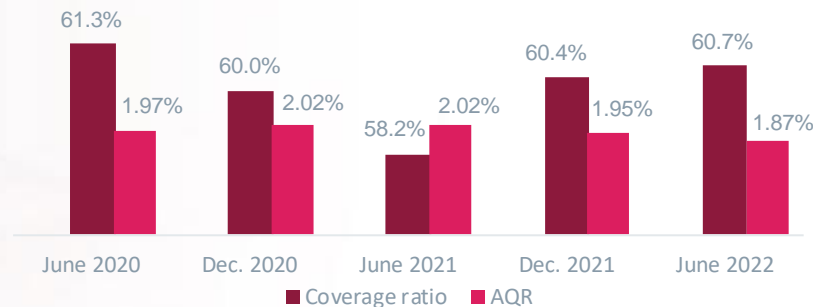
EUR m

	June 2020	Dec. 2020	June 2021	Dec. 2021	June 2022
Stage 1	144	134	121	128	141
Stage 2	453	495	462	422	367
Stage 3	1,197	1,199	1,183	1,215	1,225
Total LLP	1,794	1,828	1,766	1,766	1,734
Impaired loans	1,952	1,997	2,032	2,012	2,018
Gross outstanding	99,068	98,640	100,638	103,306	108,172

Asset quality ratio and coverage ratio

Asset quality ratio¹ and coverage ratio²

%

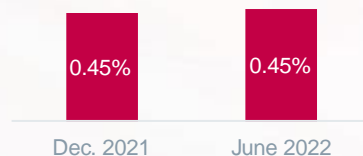


- The asset quality of Belfius' portfolio was not fundamentally impacted by the Covid-19 crisis, showing the strong resilience of the portfolio:
 - LLP decreased from EUR 1,766m end 2021 to EUR 1,734m end June 2022.
 - As of end June 2022, and compared to end 2021, the loan loss provisions are decreasing in stage 2, with a slight increase in stage 1 and 3. Coverage ratio remained fairly stable with 60.7% per end of June 2022.
 - Increasing gross outstanding loans combined with rather stable impaired loans lead to slight improvement of AQR to 1.87%.
 - Slightly increasing impaired loans combined with slightly higher stage 3 provision lead to slight increase in coverage ratio to 60.7%.
- We refer to the specific zoom on cost of risk at the beginning of this presentation.

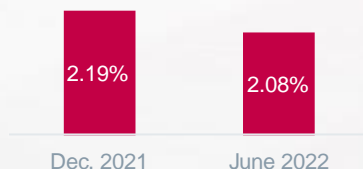
Growing loan portfolio combined with still historically low inflow of non performing loans, continue to lead to overall stable to improving asset quality ratios

Asset quality ratio¹ per segment

IND
%

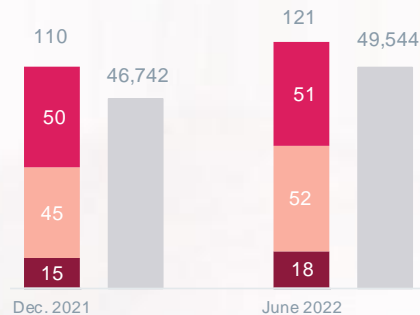


E&E&P
%



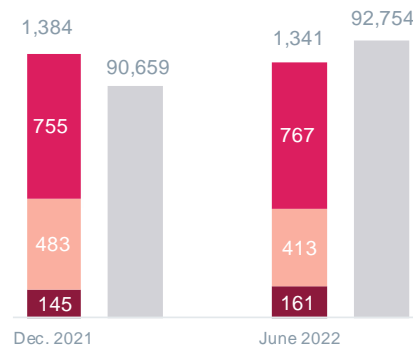
Impairments² and gross outstandings³ per segment

Loans from Individuals segment (FEAD)
EUR m



■ Stage 1 ■ Stage 2 ■ Stage 3 ■ Gross outstanding

Loans from E&E&P segment (FEAD)
EUR m



■ Stage 1 ■ Stage 2 ■ Stage 3 ■ Gross Outstanding

- Asset quality ratio is improving for the E&E&P segment while for the Individuals segment it remains stable.



6. ESG at Belfius

Sustainability is in our DNA ...

Accelerate Climate transition

CO₂ neutral

on Belfius' own operations
since 2019

Only

Belgian bank-insurer
involved in financing of all
8 offshore wind farms in Belgium

Green Belfius fleet

Over 60% of new orders for
employee program and company
cars are Electric or Plug-in Hybrid,
of which one third electric

Generate positive impact on society

~ 172,000

social accounts, part of a unique
& dedicated offer to support the
more vulnerable in society

#1

in financing of
municipalities, cities,
hospitals & care sector

EUR 6m

Philanthropic Funds in
succession planning in 2021

Operate in an authentic and engaged way

38.9%

women in
management

ESG criteria

included in all management contracts
for variable remuneration

Remote work

Front runner in home-based work,
improving work-life balance & avoiding
CO₂ from commuting

...and consistently present in our offerings and solutions

Funds of the Future

Enable **meaningful** investing
(all these funds are SFDR art 8 or 9)

Align with **Sustainable
Development Goals**

Re=Bel

Make investing, **with a
cause**, accessible to all

70% of invested amounts
are compliant with
Transition Acceleration Policy¹

Sustainable insurances

Encourage sustainable choices & behaviours
via products, services & conditions
both in mobility & housing

Decavi Award 2022 for Belfius' **Bike Insurance**

Smart Building & Renovation Solutions

A unique all-in solution
for building or renovation

Combining Belfius expertise
with specialized partners

Majority stake in Cenenergy

Belgian Scale-up providing
safe and clever **electric charging
infrastructure** solutions

Reinforcing Belfius'
sustainable mobility offering

Banx

A new, **fully digital
& sustainable** experience

Promote **sustainable behavior**
via insights (CO₂ dashboard) & rewards

Belfius accelerates the transition towards a sustainable society together with its customers

Walk the talk

Do what we say, to limit our own negative impact and be credible in front of our customers

In own operations & logistics

from reducing emissions of own buildings & mobility to more sustainable procurement & IT

In own HR & reward policies

from our best in class diversity to integrating sustainability targets into remuneration

In own investments

applying our sustainable Transition Acceleration Policies in our own investment portfolio

Put the customer in the driver's seat

Advice and guide our customers in tackling societal challenges to accelerate the sustainable transition

Distinctive solutions to accompany our customers in their transition

Meaningful investments, loans & infrastructure financing and insurance policies encouraging sustainable behavior

An active ESG dialogue & advice

Active conversations about ambitions & challenges
Creating awareness and educating on ESG in a non-prescriptive way, using engaging language of inclusion

Belfius' ESG commitments towards 2025

Accelerate Climate transition

Be and remain **carbon neutral**,
continuously working to reduce the
carbon footprint of our own operations

Go for **100% green electricity**

No financing of **coal extraction**

Generate positive impact on society

Support Belgian society
through **Belgian charities**
year after year

Privacy & data protection
of our customers always prevail

Operate in an authentic and engaged way

Give **women** all opportunities
and ensure **equal pay**



Aim for a 100% **meaningful investment** offer



Absolute priority to **future-proof infrastructure** for Belgian society



7. Key takeaways

8. Key takeaways

- **Belfius' net income 1H 2022 stands at EUR 428m**, higher than 1H 2021 (EUR 406m), demonstrating Belfius' capacity to continue to transform strong commercial dynamics in resilient financials, despite overall inflationary pressures, higher sector levies and the multi-dimensional turmoil in geo-political, economic and financial market terms.
- In these markets, and **further capitalizing on the strength of its strategy, Belfius continues to invest** in its business model, innovation, Belgian talent and brand capital, within a clear framework of profitable growth:
 - Belfius total income 1H 2022 increases y-o-y with EUR 77m, exceeding the increase in operating expenses y-o-y of EUR 57m, overall leading to rather stable C/I ratio of 54.1% (with linearization of sector levies).
 - Record production of EUR 12.4bn of new long-term loans continuing to lay the foundation of diversified commercial franchise growth in terms of cross-sell.
 - Savings & Investments reaching EUR 176.9bn, despite material negative market effect testimonial of continued strong organic growth, among others thanks to the continued success of our "Bank for Investors" strategy ("Funds of the future" reaching AuM stock of EUR 2.1bn as of end 1H 2022).
 - Insurance activities continuing to contribute meaningfully to the bottom line (EUR 108m in net result 1H 2022), demonstrating the strength of Belfius' bank-insurer model.
- **Continued solid solvency ratios and sound liquidity positions** remain the core foundations of Belfius' journey, with a CET 1-ratio of 16.7%, Total MREL ratio of 29.50%, Belfius Insurance SII ratio of 215% and LCR and NSFR standing at respectively 184% and 140% at the end of 1H 2022, allowing Belfius to continue to invest in commercial growth also from solvency and liquidity point of view.

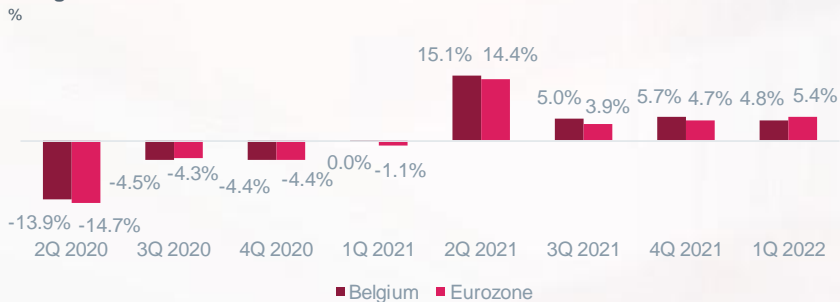


8. Appendices

Some Belgian economic statistics

At the start of 2022, Belgian GDP growth slightly below average GDP growth in the eurozone

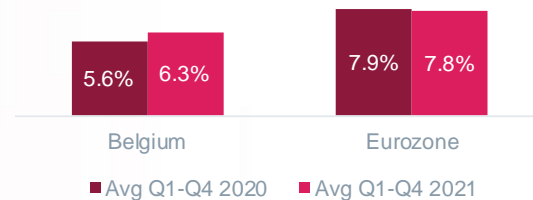
GDP growth



Belgian unemployment below the eurozone level

Unemployment rate

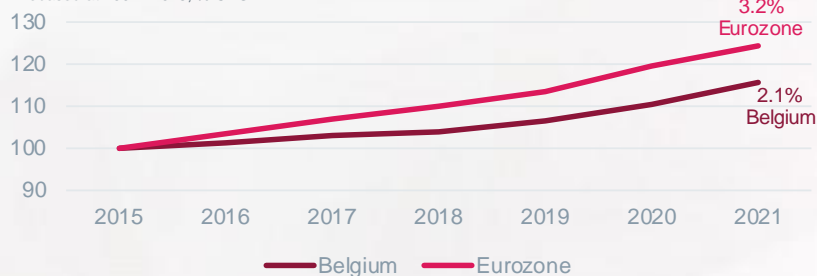
% of active population; 12m average



The rate of house price inflation since 2015 lower than in the euro area

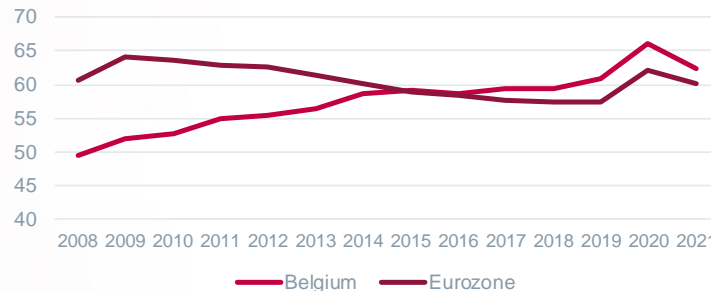
Increase in house prices

Rebased at 100 in 2015; % CAGR



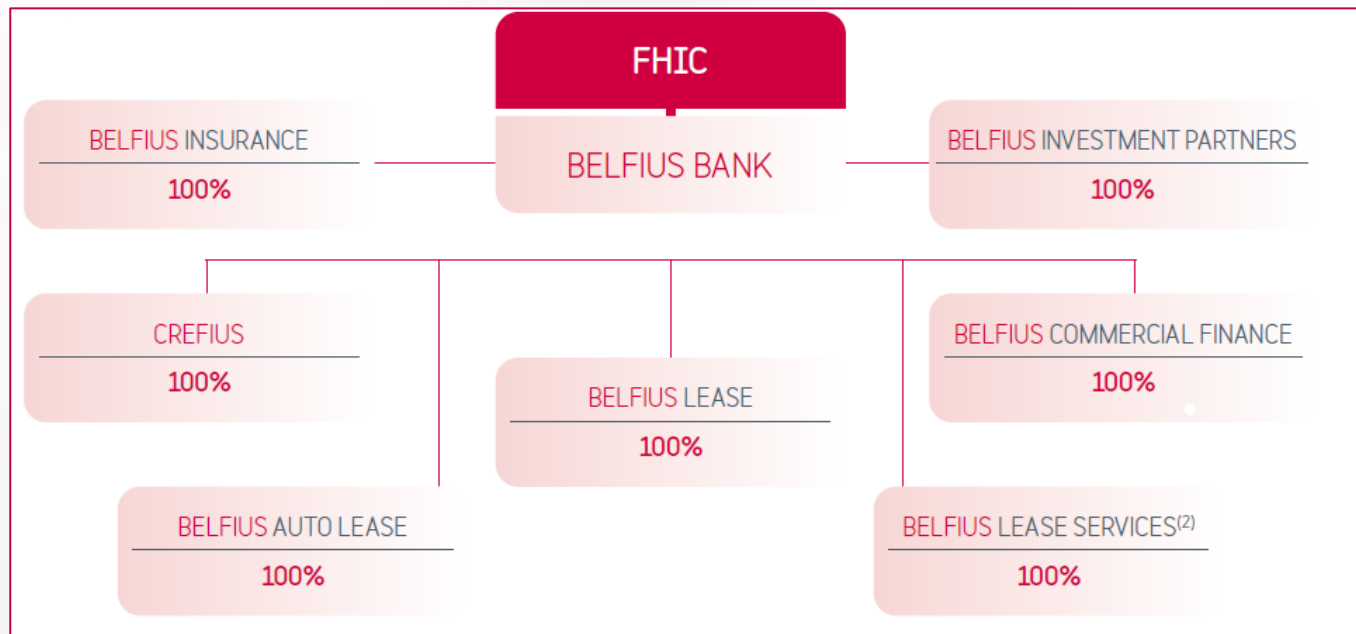
Belgium's household debt, reaching 62.3% of the country's nominal GDP in 2021

Household debt as a % of GDP



Simplified organizational chart Belfius¹

A bank-insurer with one shareholder



- Since October 2011, the Belgian federal state, through the Federal Holding and Investment Company (FHIC) has been the sole shareholder of the bank.

Consolidated statement of income

EUR m	1H 2021				1H 2022				Group
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	Evolution
									%
Income	728	538	(34)	1,232	766	546	(3)	1,309	6%
Net interest income bank	273	410	113	797	287	440	81	808	1%
Fee and commission bank	309	55	(4)	360	323	59	(5)	377	5%
Life insurance contribution	110	43	(10)	144	133	50	(9)	173	20%
Non-life insurance contribution	101	21	0	122	80	13	0	93	-24%
Other ¹	(65)	9	(134)	(191)	(56)	(16)	(70)	(142)	-25%
Expenses	(438)	(209)	(72)	(720)	(466)	(233)	(77)	(776)	8%
Gross income	290	329	-106	512	300	313	-81	532	4%
Cost of risk	10	17	3	31	(3)	17	(2)	13	
Impairments	(1)	(0)	0	(1)	(1)	1	--	(0)	
Net Income before tax	299	347	(104)	542	296	331	(82)	545	1%
Taxes	(72)	(84)	20	(136)	(67)	(79)	30	(116)	
Non-controlling interests	0	-	(1)	(0)	-0	0	1	0	
Net income group share	227	262	(84)	406	229	253	(53)	428	6%
o/w bank	138	234	(83)	290	143	226	(48)	321	
o/w insurance	89	28	(1)	116	86	26	(5)	108	

A consolidated view per segment on the cost of risk of Belfius Group

Group

EUR m	1H 2021				1H 2022			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
INDIVIDUALS	3.5	4.3	(0.1)	7.7	(1.8)	(1.8)	0.0	(3.5)
E&E&P	10.0	34.2	(25.7)	18.6	(17.5)	66.1	(29.8)	18.8
GC	0.5	2.8	0.0	3.3	(0.3)	(1.3)	0.0	(1.6)
BANK	14.0	41.4	(25.7)	29.6	(19.7)	63.1	(29.8)	13.7
INSURANCE	2.9	(2.3)	0.3	0.9	(1.1)	0.4	0.2	(0.5)
BANK + INSURANCE	16.9	39.1	(25.4)	30.5	(20.8)	63.5	(29.6)	13.1

Sector composition of the business and corporate banking loan portfolios¹



From reported to adjusted net income¹

	Group		
	Reported	Excluding special items	Adjusted
		IFRIC 21 adjustment for sector levies ²	Impact of restructuring ³
1H 2021, EUR m			
Income	1,232	-139	1,371
Expenses	-720		-727
Cost of risk	31		31
Impairments	-1		-1
Net income before tax	542	-139	674
Taxes	-136	35	-169
Net income	406	-104	505
<i>Impact mainly in</i>		<i>GC</i>	<i>GC</i>
1H 2022 EUR m			
Income	1,309	-142	1,450
Expenses	-776		-784
Cost of risk	13		13
Impairments	-		-
Net income before tax	545	-142	679
Taxes	-116	36	-150
Net income	428	-106	529
<i>Impact mainly in</i>		<i>GC</i>	<i>IND + GC</i>

Statement of income Belfius Insurance, consolidated accounts

Insurance

EUR m	1H 2021	1H 2022	Evolution
Income	280	273	-2.4%
<i>Of which</i>			
Net interest income	190	168	
Dividend income	29	28	
Net income from equity method companies	0	2	
Net income from financial instruments at fair value through profit or loss	2	-17	
Net income on investments and liabilities	1	13	
Net fee and commission income	12	16	
Technical result from insurance activities	32	50	
Expenses	-126	-137	8.7%
Gross income	154	136	-11.5%
Impairments on financial instruments and provisions for credit commitments	1	-1	
Impairments on tangible and intangible assets	0	0	
Net income before tax	154	135	-12.4%
Tax (expense) income	-39	-28	
Current tax (expense) income	-23	-13	
Deferred tax (expense) income	-16	-15	
Attributable to non-controlling interests	0	0	
Net income group share	115	106	-7.6%

Consolidated balance sheet Belfius Bank

Group

EUR m	Dec. 2021	June 2022	Evolution
TOTAL ASSETS	192,151	199,768	7,617
of which			
Cash and balances with central banks	31,640	45,597	13,957
Loans and advances due from credit institutions	10,411	6,475	-3,937
Loans and advances	102,679	107,518	4,839
Debt securities & equity instruments	27,195	24,494	-2,701
Unit linked products insurance activities	4,246	4,079	-167
Derivatives	8,909	5,905	-3,004
TOTAL LIABILITIES	180,658	188,432	7,774
of which			
Cash and balances from central banks	15,418	15,487	69
Credit institutions borrowings and deposits	3,591	5,428	1,837
Borrowings and deposits	104,404	108,873	4,469
Debt securities issued and other financial liabilities	23,145	31,917	8,771
Unit linked products insurance activities	4,246	4,079	-167
Derivatives	14,019	9,038	-4,980
Provisions for insurance activities	12,191	11,175	-1,016
Subordinated debts	1,643	1,552	-91
TOTAL EQUITY	11,493	11,336	-157
of which			
Shareholders' core equity	10,560	10,632	72
Gains and losses not recognised in the statement of income	403	172	-231
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	33	34	2

Consolidated balance sheet Belfius Insurance

Insurance

EUR m	Dec. 2021	June 2022	Evolution
Total assets	21,550	20,073	-1,478
Of which			
Loans and advances due from credit institutions	413	294	-119
A Measured at amortised cost	413	294	-119
Loans and advances	4,918	4,914	-5
A Measured at amortised cost	4,624	4,541	-83
B Measured at fair value through other comprehensive income	99	124	25
C Measured at fair value through profit or loss	196	249	54
Debt securities & equity instruments	10,770	9,496	-1,274
A Measured at amortised cost	5,336	4,829	-506
B Measured at fair value through other comprehensive income	4,763	3,972	-792
C Measured at fair value through profit or loss	671	695	24
Unit linked products insurance activities	4,246	4,079	-167
Derivatives	0	2	2
Investments in equity method companies	53	53	1
Tangible fixed assets	566	557	-8
Intangible assets	51	54	3
Technical insurance provisions - part of the reinsurer	131	64	-67
Total liabilities	19,377	18,132	-1,244
Of which			
Credit institutions borrowings and deposits	1,762	1,717	-45
Unit linked products insurance activities	4,246	4,079	-167
Provisions for insurance activities	12,198	11,183	-1,015
Subordinated debts	583	586	3
Total equity	2,174	1,940	-234
Of which			
Shareholders' core equity	1,817	1,812	-5
Gains and losses not recognised in the statement of income	324	94	-231
Non-controlling interests	32	34	2

Focus on regulatory capital

	Group	
EUR m	Dec. 2021	June 2022
Core regulatory equity	10,560	10,632
Elimination of foreseeable dividend	-371	-172
Grandfathering on IFRS9 provisions	307	171
Gains and losses not recognised in the statement of income	420	194
Remeasurement Defined Benefit Plan	132	161
OCI reserves - portfolios measured at FVTOCI	288	33
Other reserves	-98	-112
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	98	112
Items to deduct	-259	-299
Deferred tax assets	-0	-
Other	-258	-299
Common equity Tier 1 - CET1	10,658	10,527
Additional own funds Tier 1	497	497
Tier 1 equity	11,155	11,024
Tier 2 - Capital instruments	1,441	1,369
Other	311	330
Total regulatory capital	12,907	12,721

Focus on regulatory risk exposures

Regulatory risks exposures - by type of risk

EUR m	Dec. 2021	June 2022
Regulatory credit risk exposure	49,998	48,391
Regulatory CVA exposure	679	398
Regulatory market risk exposure	1,362	2,298
Regulatory operational risk exposure	3,433	3,433
Danish Compromise ¹	9,623	8,640
Additional risk exposure (Art 3 CRR)	-	-
Total Regulatory Risks Exposures	65,095	63,160

Regulatory risks exposures - by segment

EUR m	Dec. 2021	June 2022
Individuals	13,899	11,095
Entrepreneurs, Enterprises & Public	35,197	38,879
Group Center	14,752	13,187
Total Regulatory Risks Exposures	63,848	63,160

- credit risk exposure decreases due to the release of the Belgian macro-prudential add-on on mortgages (EUR -2.3bn, replaced by a sectoral systemic risk buffer in capital requirements), a strong decrease in Group Center RWA (EUR -2bn, due to positive market parameters evolutions and management actions to de-risk some run-off positions), compensated by strong commercial growth in Franchise activities EUR +2.5bn
- Regulatory CVA exposure decreases mainly on some significant long term uncollateralized derivatives exposure, caused by increasing interest rates
- Regulatory market risk exposure increases due to a technical feature of the current internal model VaR (will be replaced in the coming months)
- DC risk exposure decrease driven by increasing interest rates which, due to a negative sensitivity, reduces Belfius Insurance OCI

Focus on impact Basel IV

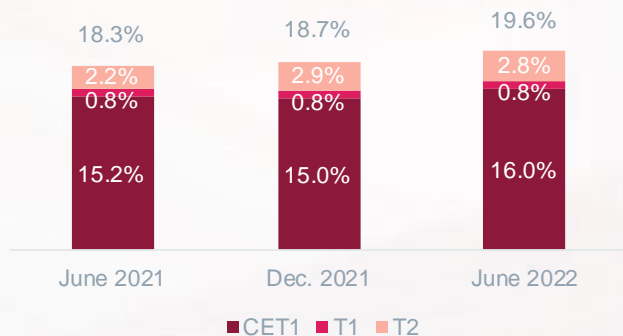
Updated Basel IV impact assessment now shows no material impact anymore

	Impact assessment of 2019 (without DC)	Impact assessment of 2021 (without DC)	Impact assessment of 2021 (with DC)	Estimated Impact 2025 (with DC and after mgt actions)	Management actions
RWA Impact					
Regulatory credit risk exposure	0.8	0.6	0.6	-1.3	Model review, new approach on the public sector
Regulatory CVA exposure	1.6	0.7	0.7	0.5	De-risking & Amortizing run-off transactions
Regulatory operational risk exposure	0.3	1.6	1.6	1.4	Methodological challenging
Regulatory market risk exposure	1.4	1.2	1.2	1	De-risking & Amortizing run-off transactions
Danish Compromise	0	0	-3.5	-2.7	Potential impact IFRS17
Total Regulatory Risks Exposures	4,1	4,1	0,6	-1,0	
Approximate CET1 impact	-1%	-1%	-0.15%	0.25%	

- Belfius continues to update its impact assessment of Basel IV, seeing continuous clarifications/adjustments, integration of changes to Danish Compromise, anticipative impacts from TRIM exercises, and adjustments to Belfius balance sheet, including realized derisking and anticipated potential mitigating actions.
- While the impact of the finalisation of Basel IV has remained stable since 2019 (excl. DC), the contribution among risk drivers has strongly evolved following the update of the Basel text and its translation into an EU regulation with its own specificities but also thanks to active de-risking and management actions (particularly in CVA RWA). Recent clarifications on the DC treatment (RW at 250%) will bring a further relief for Belfius.
- Based on our end 2021 balance sheet, and seeing those recently updated regulations, for some still in draft format, Belfius finetuned its impact assessment, and currently estimates to have no material CET 1 ratio impact anymore from the Basel III finalization package, as the regulatory wise more favourable treatment on the Danish compromise would compensate for the sum of the less favourable impacts due to other CRR 3 elements (estimated at an increase of RWA by approximately EUR 4 billion on end 2021 balance sheet, mainly from regulatory changes for market and operational risk).
- Looking forward, taking into account the expected evolution in Belfius' overall regulatory approaches and anticipated management mitigation actions, and considering an overall growing balance sheet from further development of our commercial franchise, the impact of CRR 3 at first time application (2025) on CET 1 ratio is currently estimated to be neutral to slightly positive. Note also that under these assumptions, the output floor should not have an impact in the first years of Basel III finalization implementation. Customary disclaimers to forward looking aspects thereof and ever changing market and regulatory environment apply, of course.

Focus on solo capital ratios

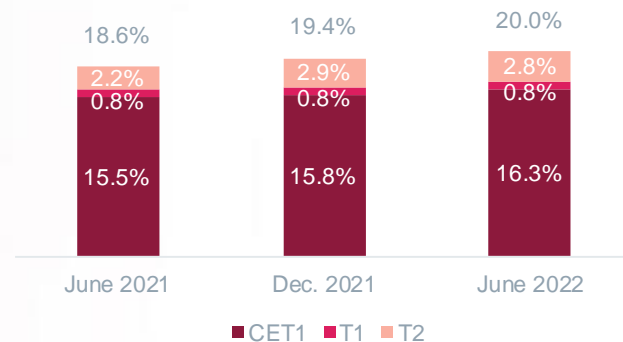
Basel III ratios Belfius Bank Solo¹, excluding result of the year



EUR m

CET 1	9,328	9,399	9,757
Tier 1	9,825	9,896	10,254
CAD	11,205	11,684	11,980
RWA	61,379	62,642	61,131

Basel III ratios Belfius Bank Solo¹, including result of the year



EUR m

CET 1	9,508	9,874	9,993
Tier 1	10,005	10,371	10,490
CAD	11,386	12,158	12,215
RWA	61,379	62,642	61,131

- At the end of June 2022, the available distributable items on statutory level amounted to EUR 4,749m, stable compared to end of 2021.

Zoom on credit ratings

Ratings of Belfius Bank as at 4 August 2022

	Moody's	S&P	Fitch
Preferred Senior	A1 Stable outlook	A Stable outlook	A- Stable outlook
Standalone Rating	baa1	a-	a-
Non-Preferred Senior	Baa1	BBB+	
Tier 2	Baa2	BBB	BBB+
Additional Tier 1	Ba1	BB+	

- Between 1 January 2022 and 4 August 2022, the rating agencies took the following decisions:
 - on 13 July 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with Stable outlook
 - on 27 July 2022, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook
 - on 29 July 2022, S&P published a new Full Analysis report on Belfius, confirming its long-term A rating with stable outlook.

Ratings of Belfius Insurance as at 4 August 2022

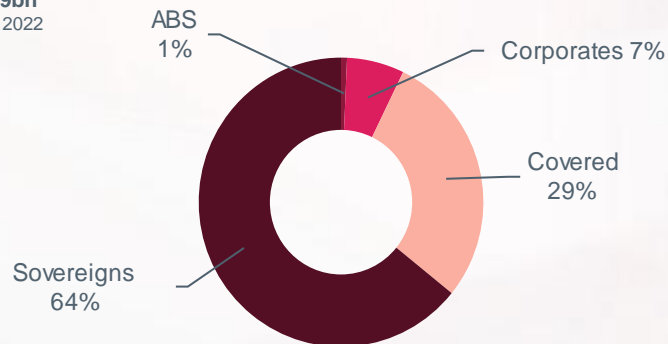
	S&P
Issuer credit rating	A- Stable outlook

- On 4 March 2022, S&P confirmed the A- long term issuer credit rating to Belfius Insurance, with Stable outlook

ALM Bank Liquidity bond portfolio

Breakdown by type of counterpart

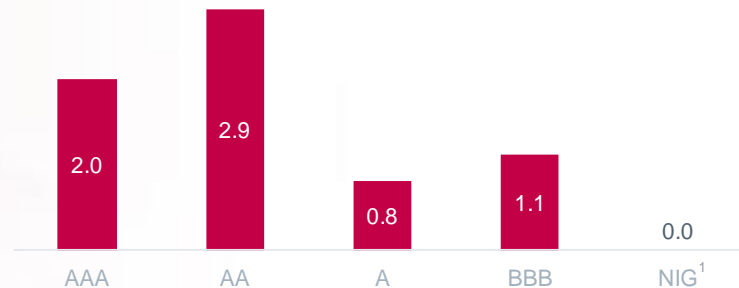
EUR 6.9bn
30 June 2022



Breakdown by rating

EUR bn

Average rating: A-

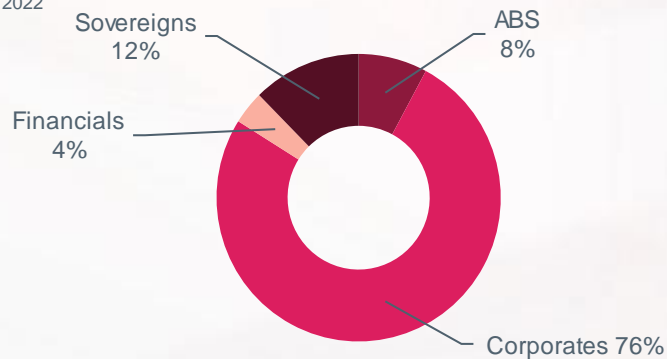


- ALM Bank Liquidity bond portfolio stood at EUR 6.9bn as per end June 2022, compared to EUR 6.8bn at year end 2021
- The portfolio is of good quality
 - 100% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 7.9 years

ALM Bank Yield bond portfolio

Breakdown by type of counterpart

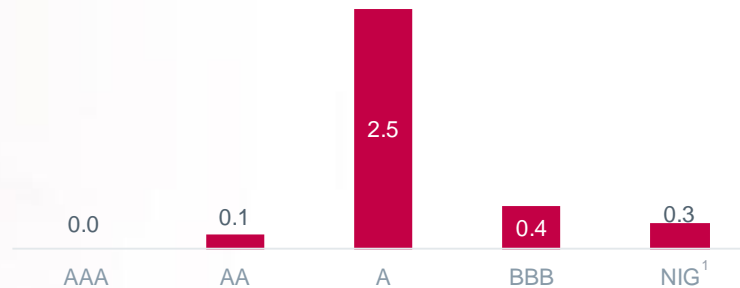
EUR 3.3bn
30 June 2022



Breakdown by rating

EUR bn

Average rating: A-

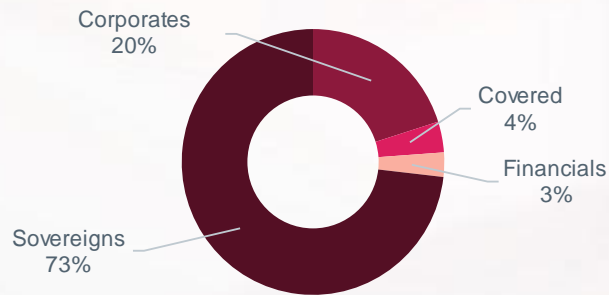


- ALM Bank Yield bond portfolio stood at EUR 3.3bn as at 30 June 2022, compared to EUR 3.4bn per end 2021
- The portfolio is of good quality
 - 96% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 19.1 years

ALM Insurance Bond portfolio

Breakdown by type of counterpart

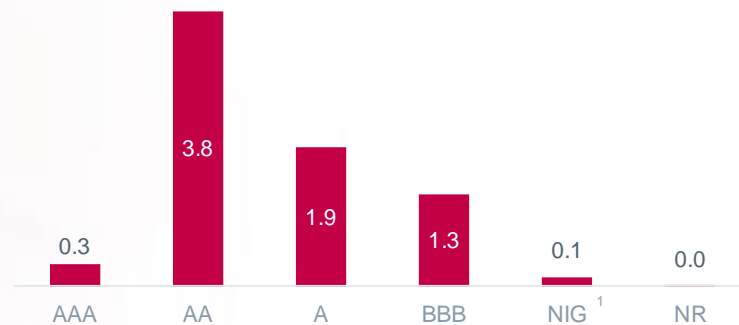
EUR 7.4bn
30 June 2022



Breakdown by rating

EUR bn

Average rating: A

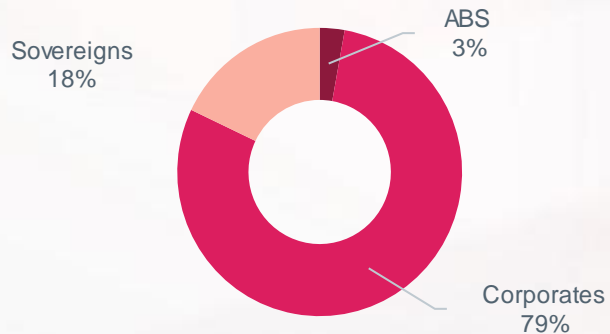


- ALM Insurance fixed income portfolio stood at EUR 7.4bn as at 30 June 2022, compared to EUR 8.0bn at year end 2021
- The ALM Insurance portfolio remains of good quality
 - 98% of the portfolio is investment grade
 - the average rating at A
- Expected average life: 10.8 years

Credit guarantees

Breakdown by type of counterpart

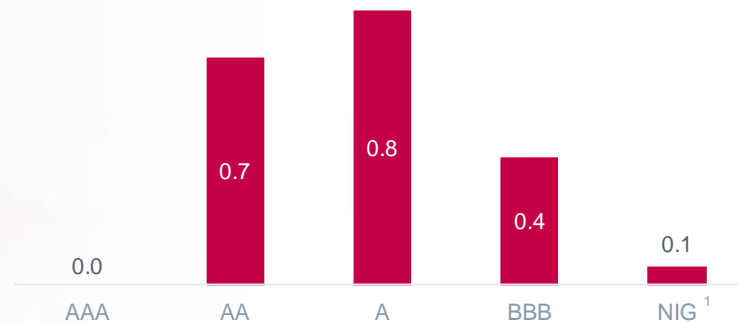
EUR 2.0bn
30 June 2022



Breakdown by rating

EUR bn

Average rating: A-



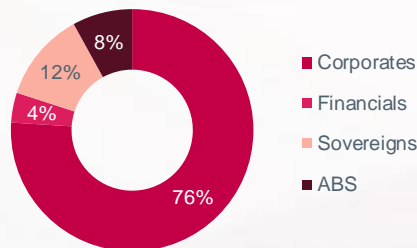
- Credit guarantees portfolio stood at EUR 2.0bn as at 30 June 2022, compared to EUR 2.5bn per year end 2021
- The credit guarantees portfolio is of good quality
 - 96% of the portfolio is Investment Grade
 - The average rating stood at A-
- Expected average life: 12.2 years

Hedging strategy to manage residual risks

Run-off portfolios as of June 2022

ALM Yield bond portfolio

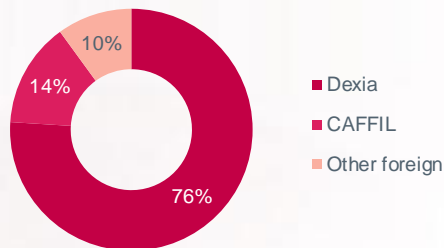
Notional split by type



- 41% inflation linked bonds issued by high quality UK utilities and infrastructure companies
- Part of the portfolio is insured by Assured Guaranty, leading to an A- average rating after credit enhancement
- Inflation component hedged with inflation linked collateralised swaps

Derivatives

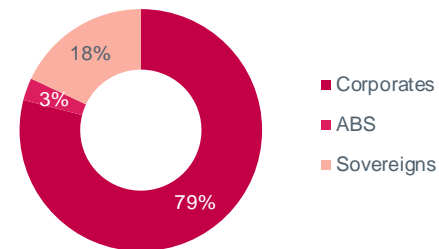
Notional split by counterparty



- Derivatives with other foreign counterparts and with CAFFIL are uncollateralised (BBB average rating)
- 76% notional exposure to Dexia, fully cash collateralised, leading to an EaD (including add-on) of EUR 34m end of June 2022

Credit guarantees

Notional split by type of underlying



- Mostly reinsured CDS with
 - sold protection to market counterparties with two-sided collateral posting agreement
 - bought equivalent protection with monoline insurers (44% from Assured Guaranty) with one-sided collateral posting agreement

Progressive run-off of GC run-off portfolios in the coming years

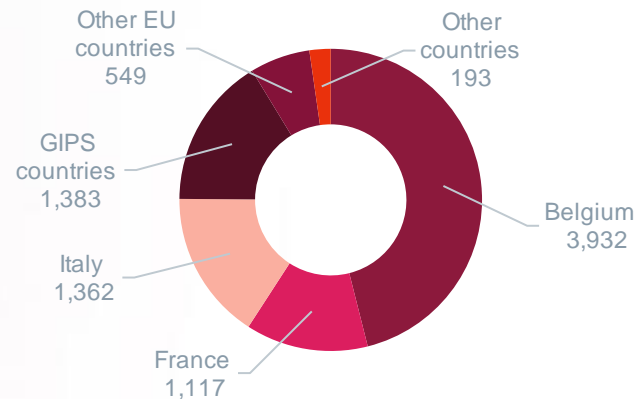


Outstanding exposures on government bonds

Evolution outstanding exposures¹

EUR m	Dec. 2021	June 2022
Belgium	4,299	3,932
France	1,208	1,117
Italy	1,475	1,362
GIPS countries	1,413	1,383
Other EU countries	542	549
Other countries	208	193
Total	9,146	8,536

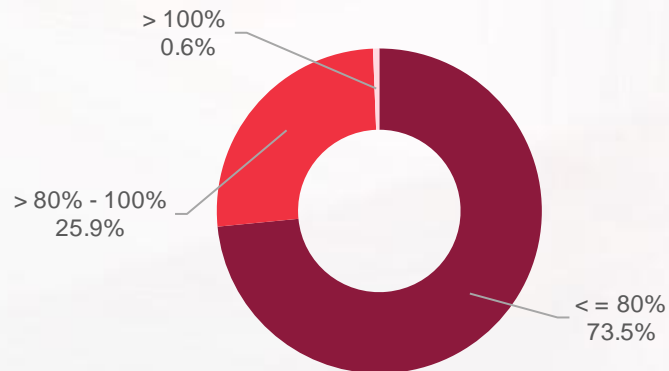
Breakdown as of end of June 2022



- Total government bond portfolio stood at EUR 8.5bn¹, down 7% compared to December 2021.
- Almost half of the portfolio (46%) is invested in Belgian government bonds.

Credit risk statistics on mortgage loans

Mortgage loans Belfius Bank Loan-to-value ratio



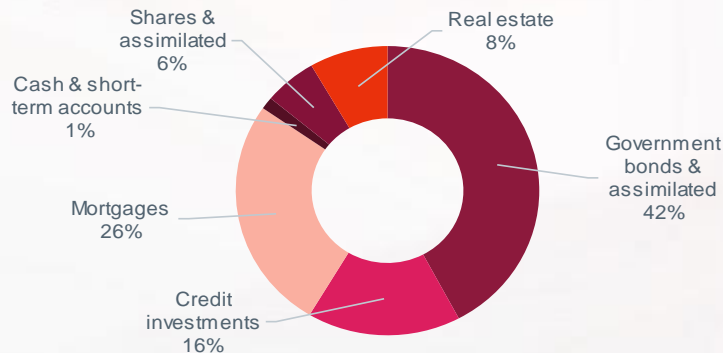
- Very sound LTV-ratio's
 - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 56.9% at end of June 2022
 - The part of the portfolio with an LTV > 100% is limited to 0.6%

ALM Belfius Insurance

Diversified asset allocation

EUR 15.0bn

30 June 2022



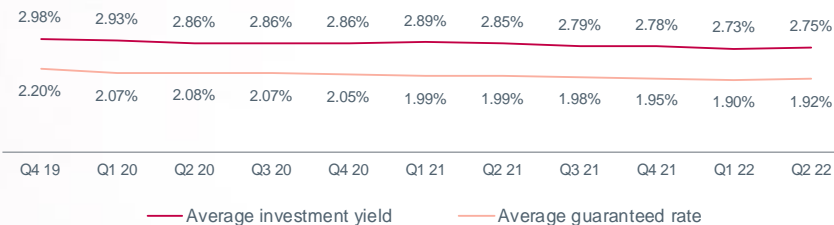
- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

Duration gap life and non-life

Dec. 2021 June 2022

	Dec. 2021	June 2022
Total life	-1.37	-0.74
Total non-life	2.51	3.02
Total	-0.53	0.00

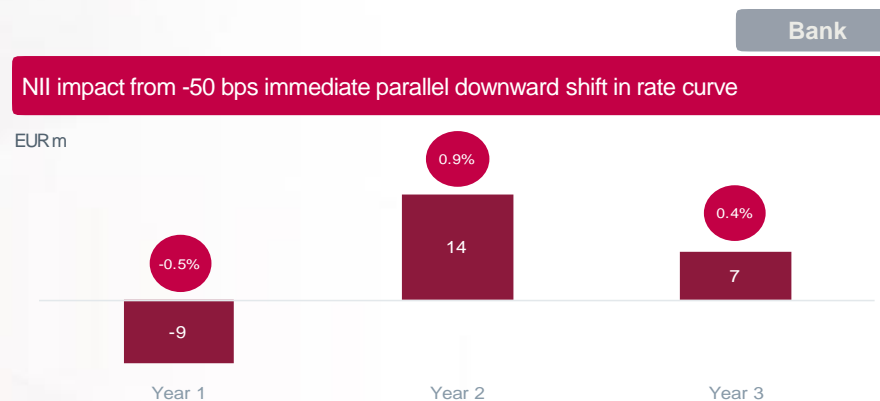
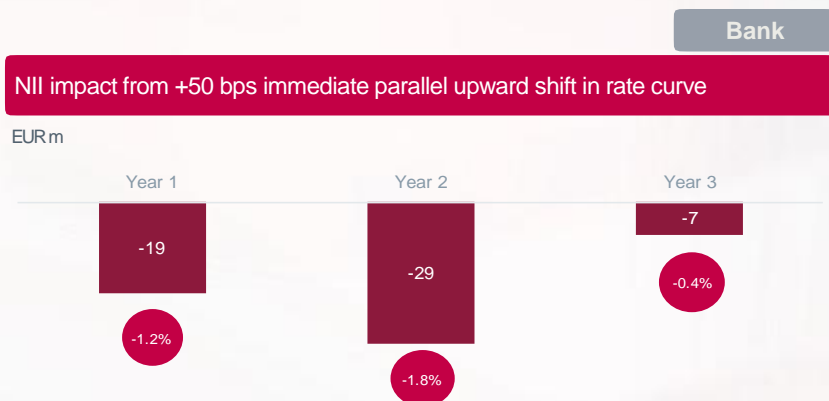
Investment yield vs. guaranteed rate¹



Solvency II ratio sensitivity table

Solvency II Sensitivities 30 June 2022	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	1,065	2,286	215%
Interest rate: Shock +50 bps	14 1%	(24) (1%)	210% (5%)
Interest rate: Shock -50 bps	(23) (2%)	20 1%	221% 7%
Credit spread: Spread on fixed income (corporate) +50 bps	15 1%	(48) (2%)	207% (7%)
Credit spread: Spread on fixed income (government) +50 bps	31 3%	(80) (3%)	201% (13%)
Credit spread: Spread on fixed income (government and corporate) +50 bps	49 5%	(123) (5%)	194% (20%)
Credit Spread: No Volatility Adjustment (VA)	42 4%	(164) (7%)	192% (23%)
Equity: Downward shock - 30%	(95) (9%)	(350) (15%)	200% (15%)
Real estate: Downward shock -15%	11 1%	(96) (4%)	204% (11%)
UFR: Downward adjustment to 3%	5 0%	(15) (1%)	212% (2%)

Belfius sensitivity to interest rates



- During 1H 2022, Interest Rates went sharply up and should forward rates materialize, Belfius' NII (= base case before shock) is expected to be higher going forward than what was expected in Q421.
- Indeed, the loan book is already gradually rolled over at higher rates, the burden of negative rates on the large liquidity buffer is gradually disappearing while tariff on savings accounts are expected to remain low for some time. In the NII projections, under base case (Yield Curve June 30th), yields on assets are increasing faster than the modelled repricing of non-maturing deposits over the next three years.
- Should interest rates increase further, according to our conventional tariff model for NMD, the repricing of NMD (-) would be slightly larger than the repricing of the loan book (+).
- In other words, the Interest Rate evolution of 1H 2022 has provided Belfius' future NII with upside potential (based on ALM models), but should rates increase further, the "conventional/model based" repricing of NMD is anticipated to be slightly larger than the repricing of the loan book.
- We remind here that these NII sensitivities are calculated under a constant Balance Sheet (EBA IRRBB guidelines), while Belfius ALM manages of course on a going concern basis including prospective growth of the commercial activities as observed the last years where the commercial activity, assets & liabilities, continuously grew.

% Change in annualized net interest income (NII) as % of June 2022 net interest income bank



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