Welcome to Belfius 1H 2021 results presentation

Please visit www.belfius.be/results where you can find:

- presentation of this conference
- detailed presentation to analysts and investors

To ask a question during the Q&A:

- « raise your hand » in MS Teams and unmute yourself for your question
- or use the chatbox

Belfius
1H 2021 results

Presentation to analysts and investors
6 August 2021

This presentation contains unaudited figures

Belfius, meaningful & inspiring for Belgian Society. Together

Belfius 1H21 results - Highlights

Very strong commercial dynamics

Excellent financial results

Sustained financial solidity,
reconfirmed by stress test results

Continued investments in our business model
with Belfius' ESG embedded in all initiatives

Meaningful & inspiring for Belgian society. Together.

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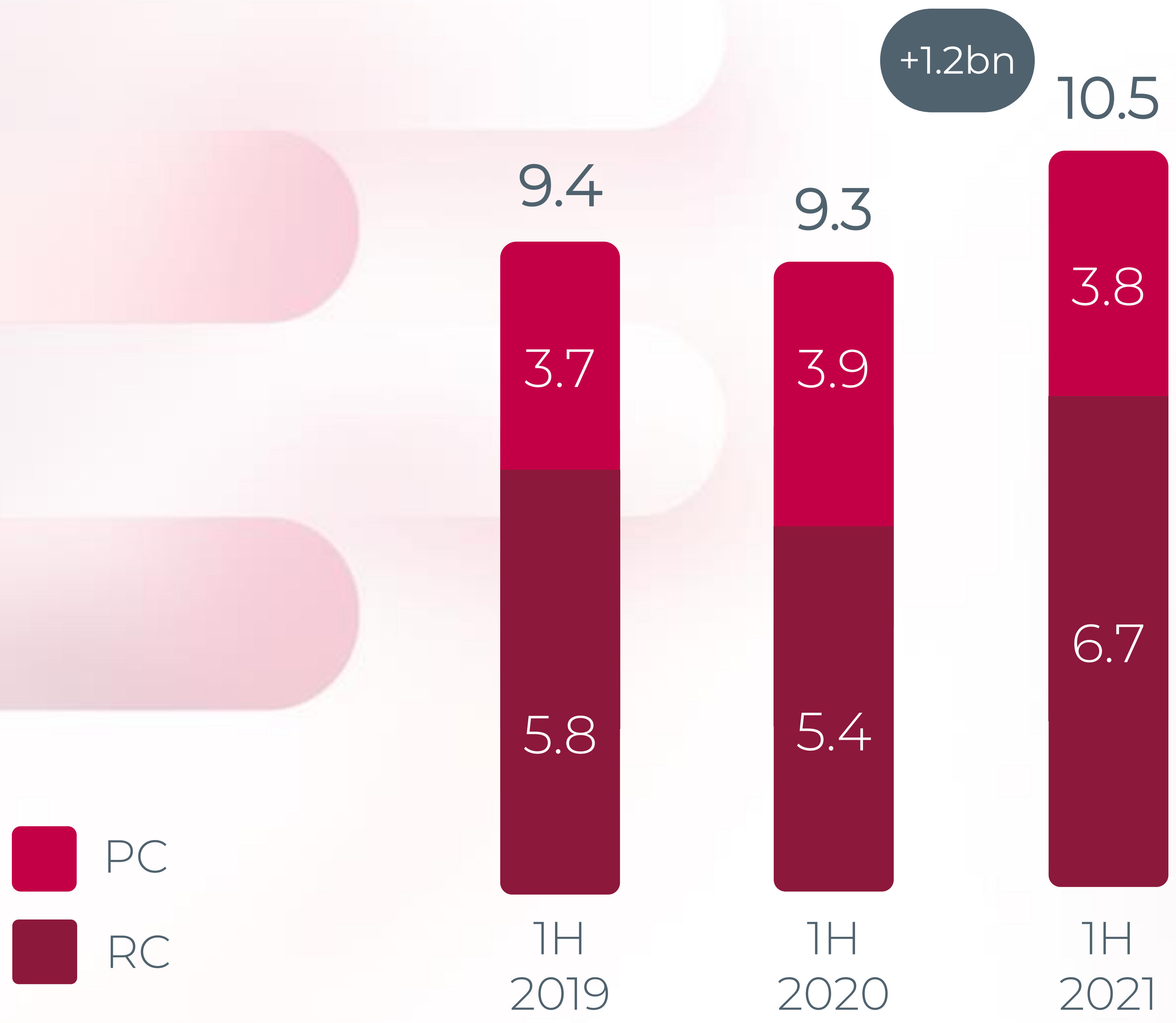
Loans production

Strong loan dynamics in improving economic context

Production LT loans
(bn€)



16.1%[1] Market share mortgage loans

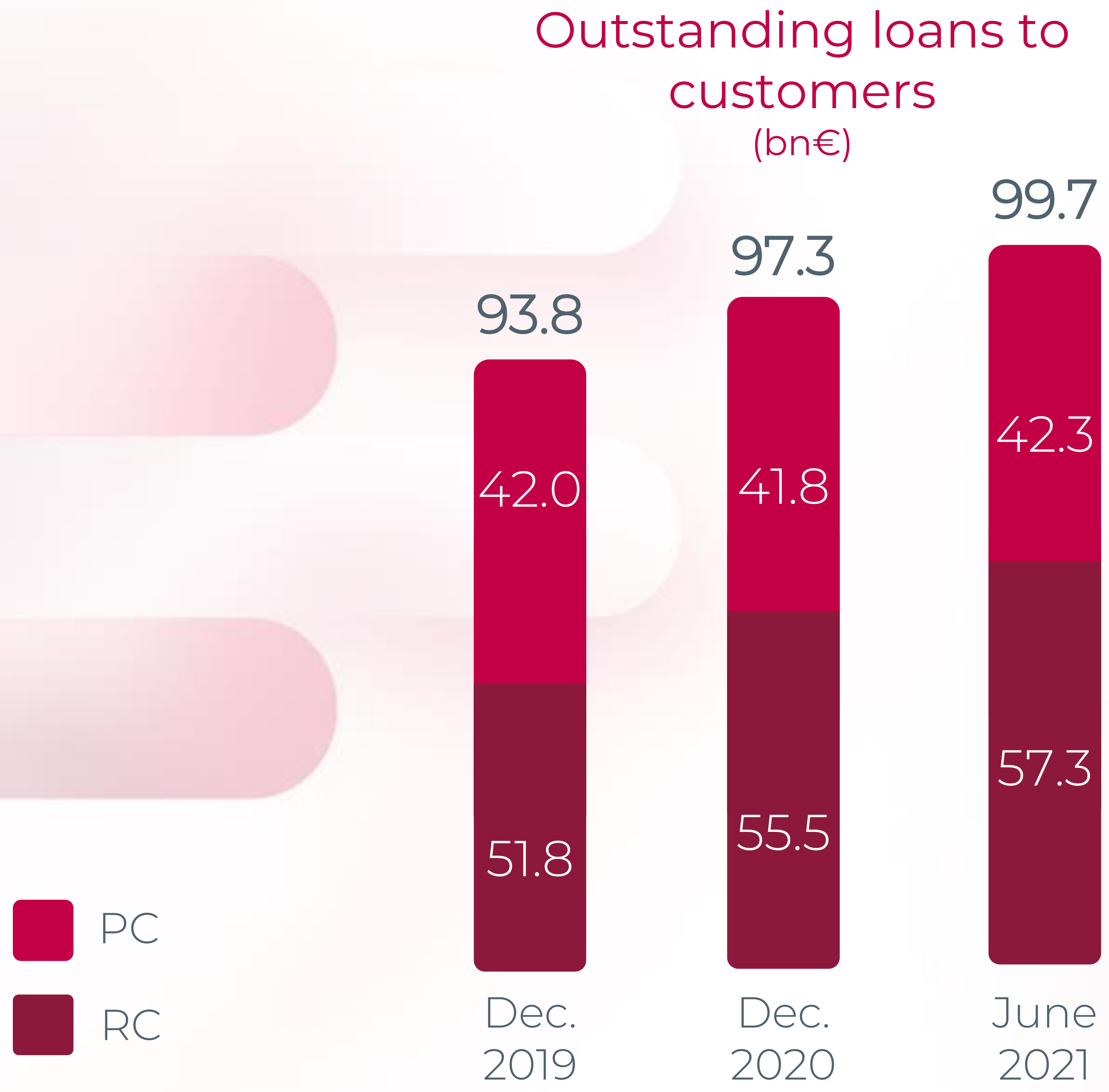
17.3%[2] Market share business loans

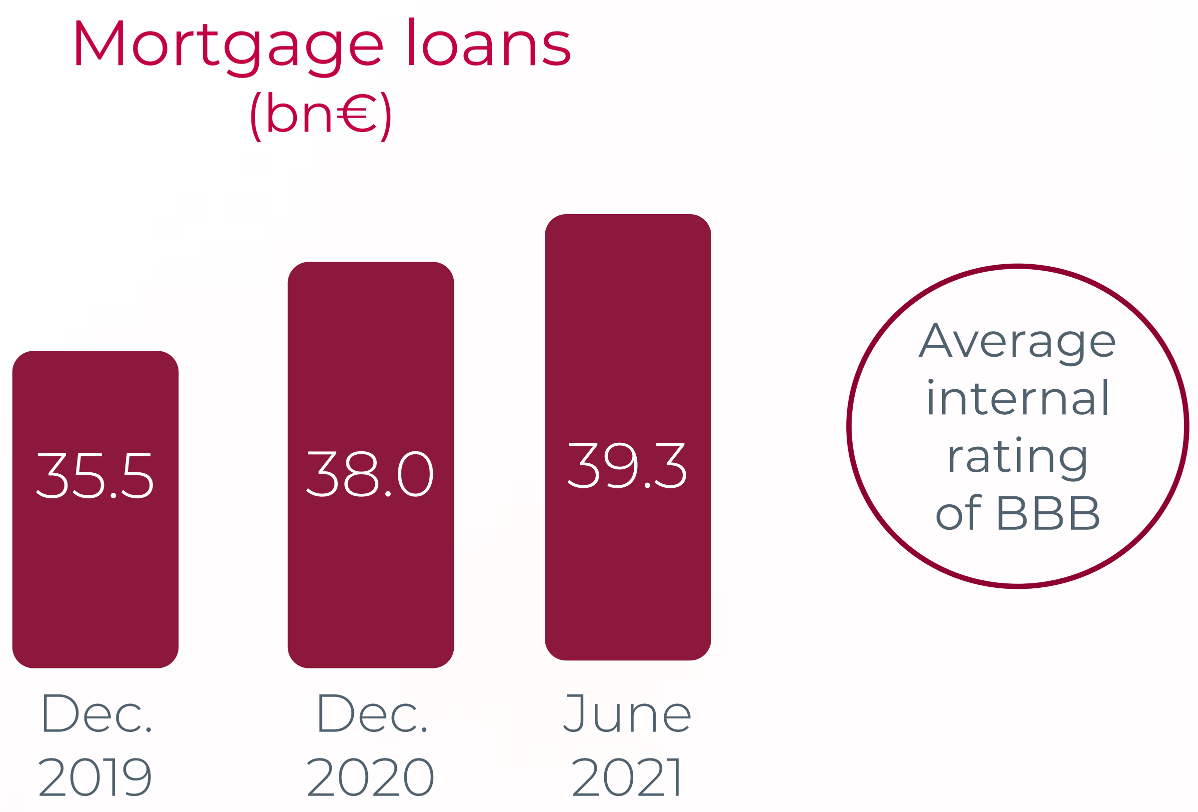
17.5%[3] Market share corporate loans

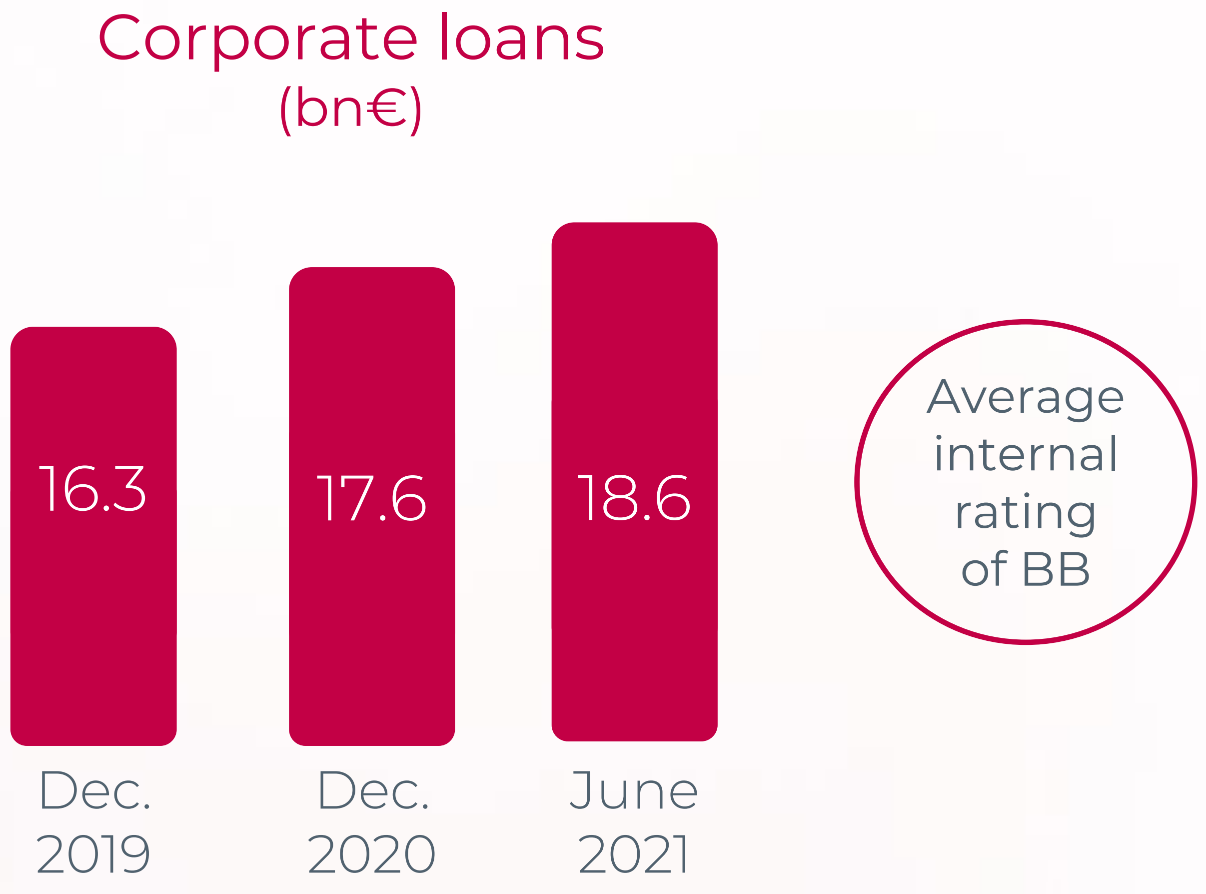
Notes 1. calculation based on production per 1H 2021;
2. market share on outstanding business loans per end of June 2021;
3. own estimated market share on outstanding corporate loans per end 2020

Outstanding loans

Stock reaching 100 bn€



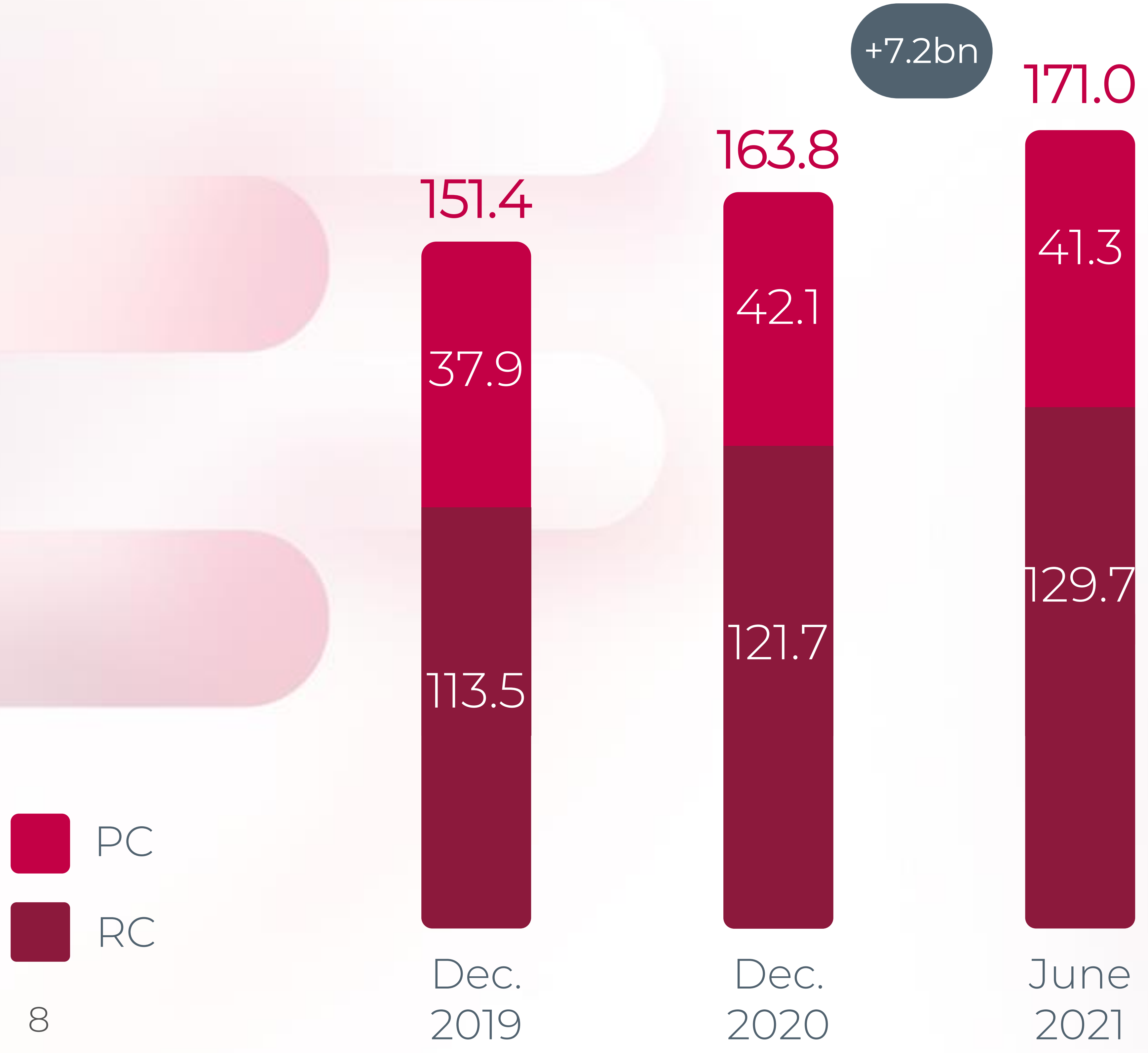




Savings & Investments

Positive dynamics accelerating transformation into Bank for Investors

Outstanding S&I
(bn€)



Off-balance sheet AuM (bn€)

Deposits (bn€)

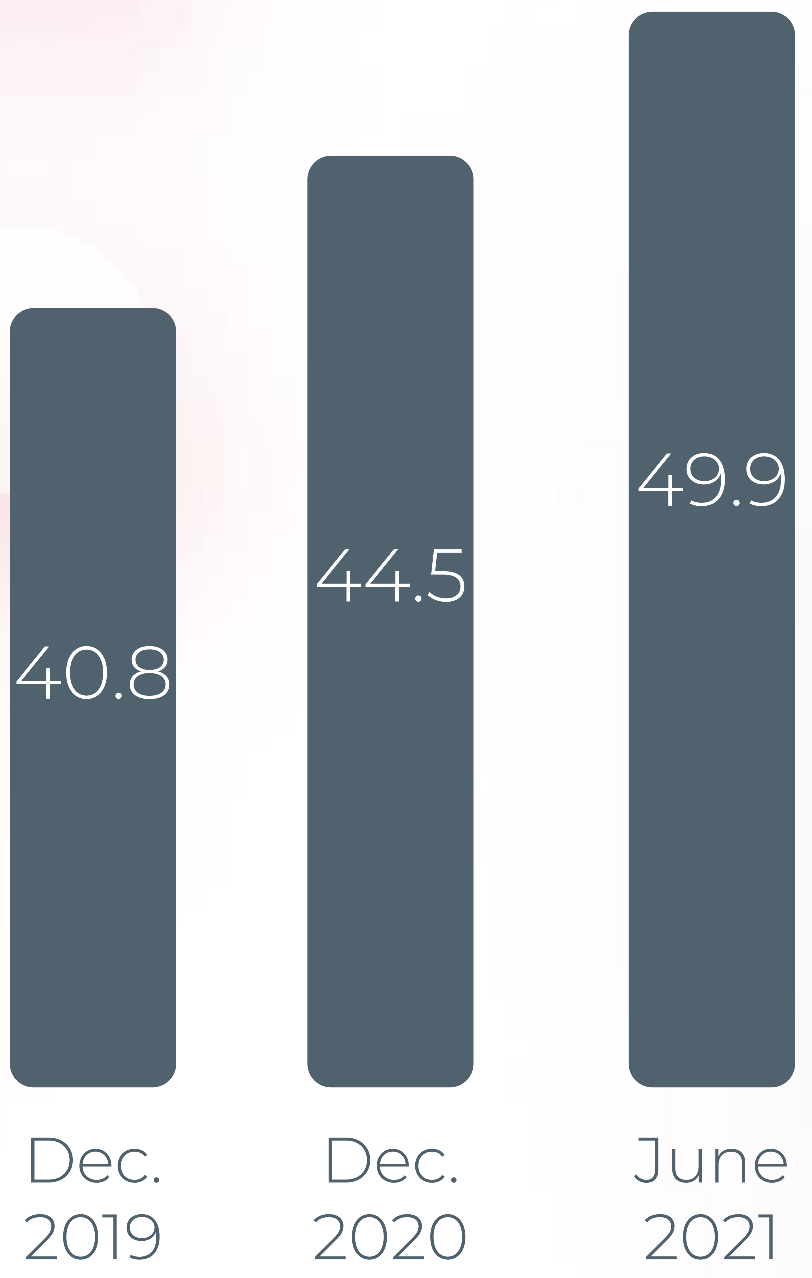
Life reserves investments (bn€)

Total S&I of 171.0 bn€ per 1H 2021

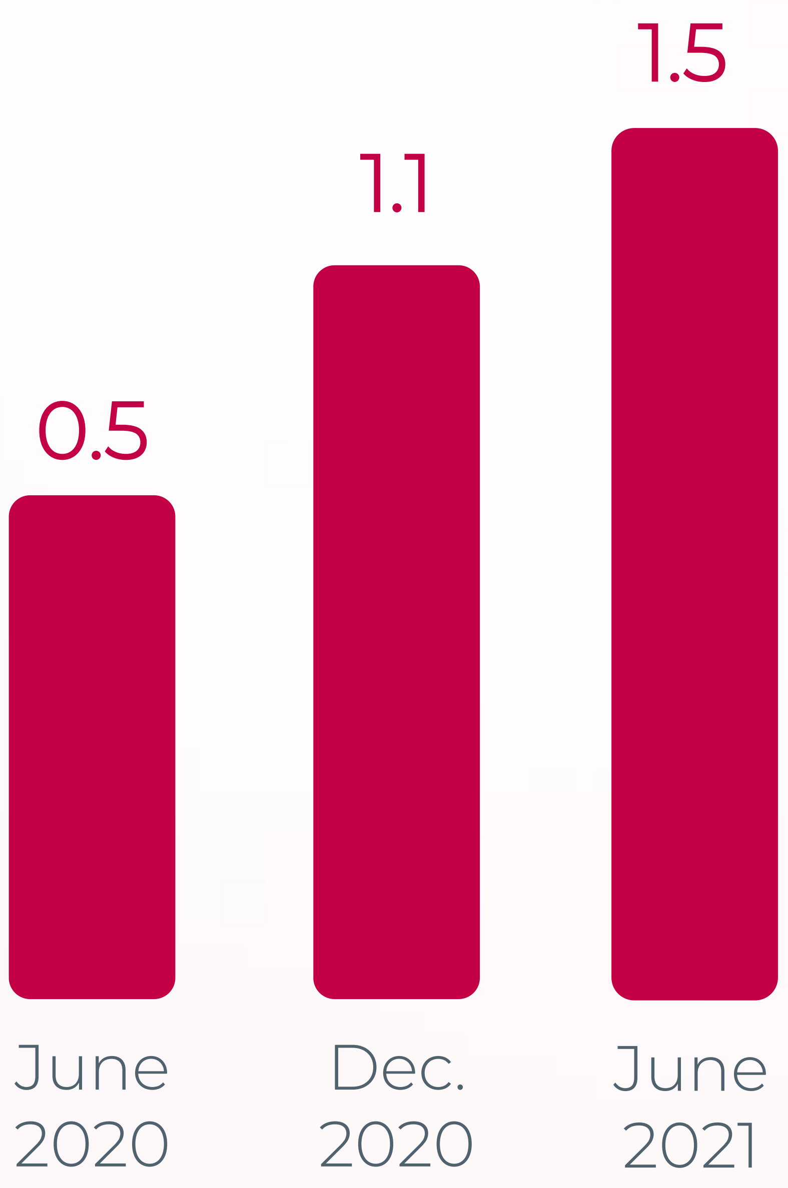
Fees & Commissions

Growing Private & Wealth franchise, supported by Belfius' specific AM positioning

Savings & Investments
Private & Wealth
(bn€)



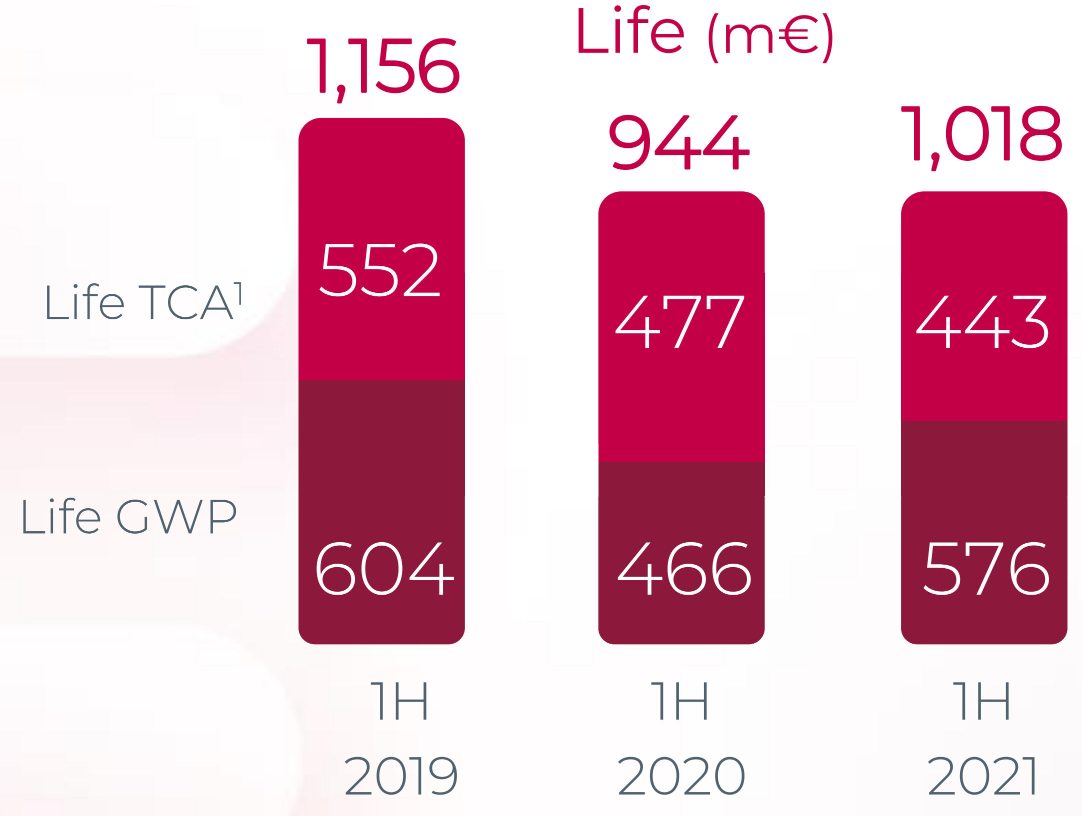
Funds of the future
Assets under Management
(bn€)



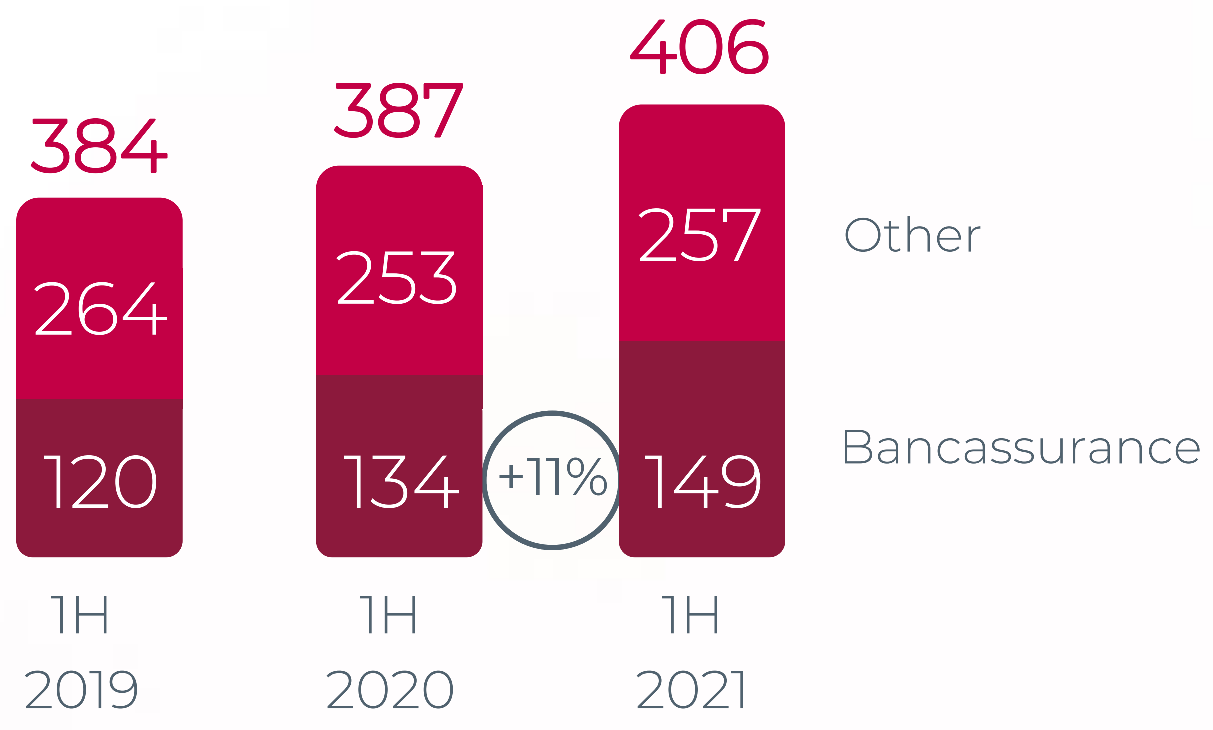
Insurance

Continued shift towards unit-linked and double-digit growth in retail bancassurance non-life

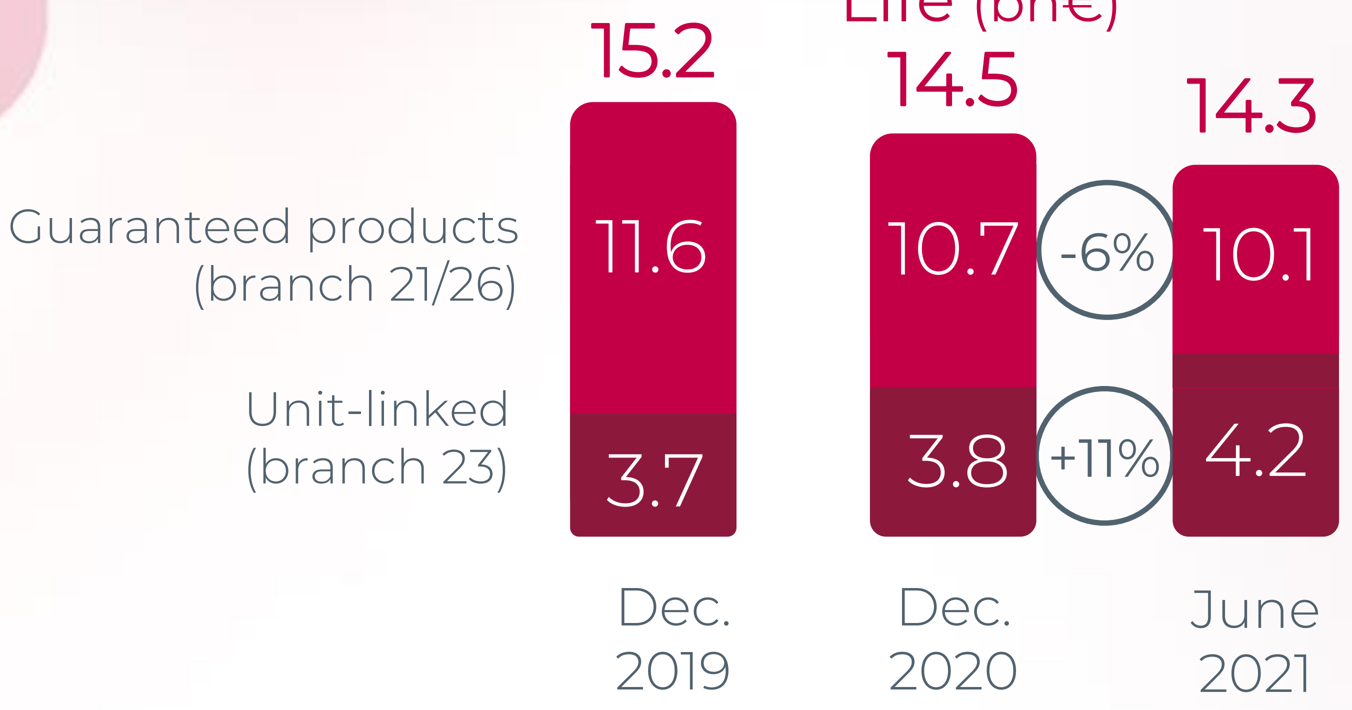
Insurance production Life (m€)



Insurance production Non-life (m€)



Insurance reserves Life (bn€)



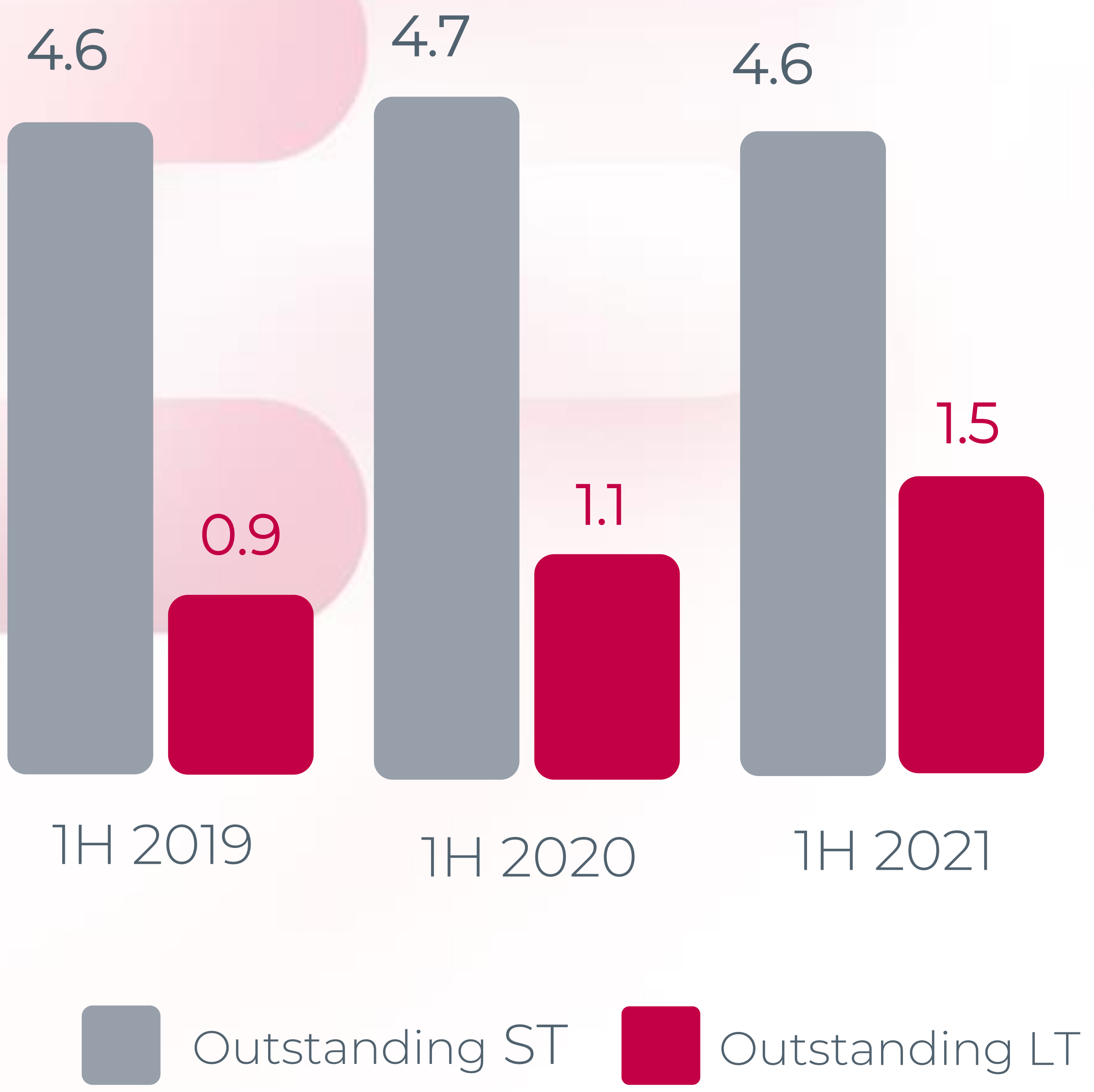
Insurance reserves Non-life (bn€)

Note: 1. TCA in life insurance products relates to transfers, Conversions and Arbitrages

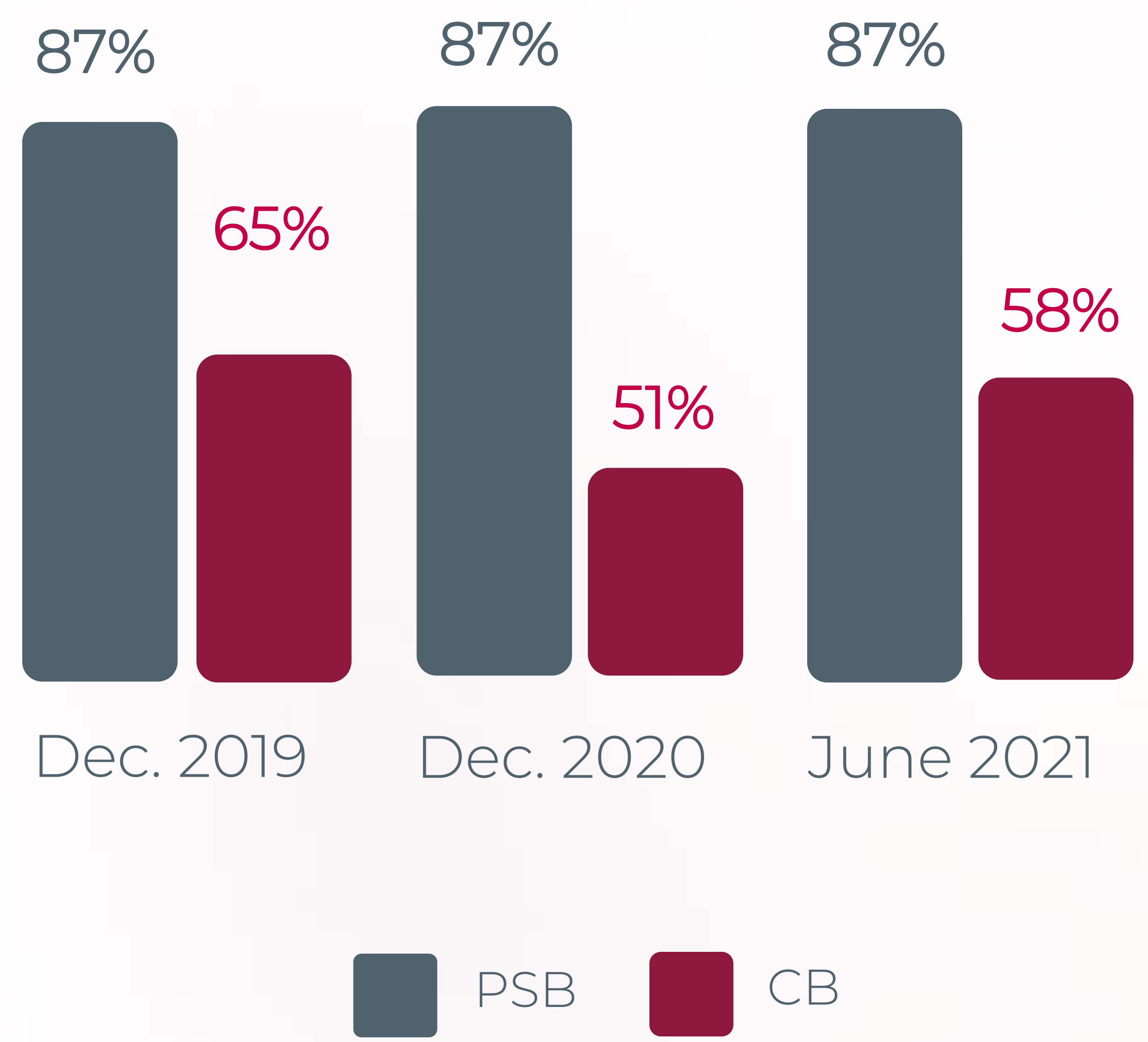
Financial markets

Continued development of financial markets services

DCM activity
(bn€)



DCM participation rate



Equity Capital Markets (ECM)

6

Transactions in 1H 2019

7

Transactions in 1H 2020

9

Transactions in 1H 2021 for a total transaction value of 1.2 bn€

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Key financials

Strong commercial dynamics translate into excellent results

	1H 2019	1H 2020	1H 2021	Δ vs 1H 2020
Income	1,155 m€	1,132 m€	1,232 m€	+100 m€
Costs	710 m€	711 m€	720 m€	+9 m€
Pre-provision income	445 m€	421 m€	512 m€	+92 m€
Cost of risk	30 m€	393 m€	-31 m€	-424 m€
Net income	304 m€	21 m€	406 m€	+384 m€
Of which				
Belfius Bank	*179 m€*	*-68 m€*	*290 m€*	
Belfius Insurance	*126 m€*	*89 m€*	*116 m€*	
Cost / Income ratio	61.5%	62.8%	58.4%	-4.4%
Cost / Income ratio proforma sector levies[1]	56.1%	56.9%	52.6%	-4.3%

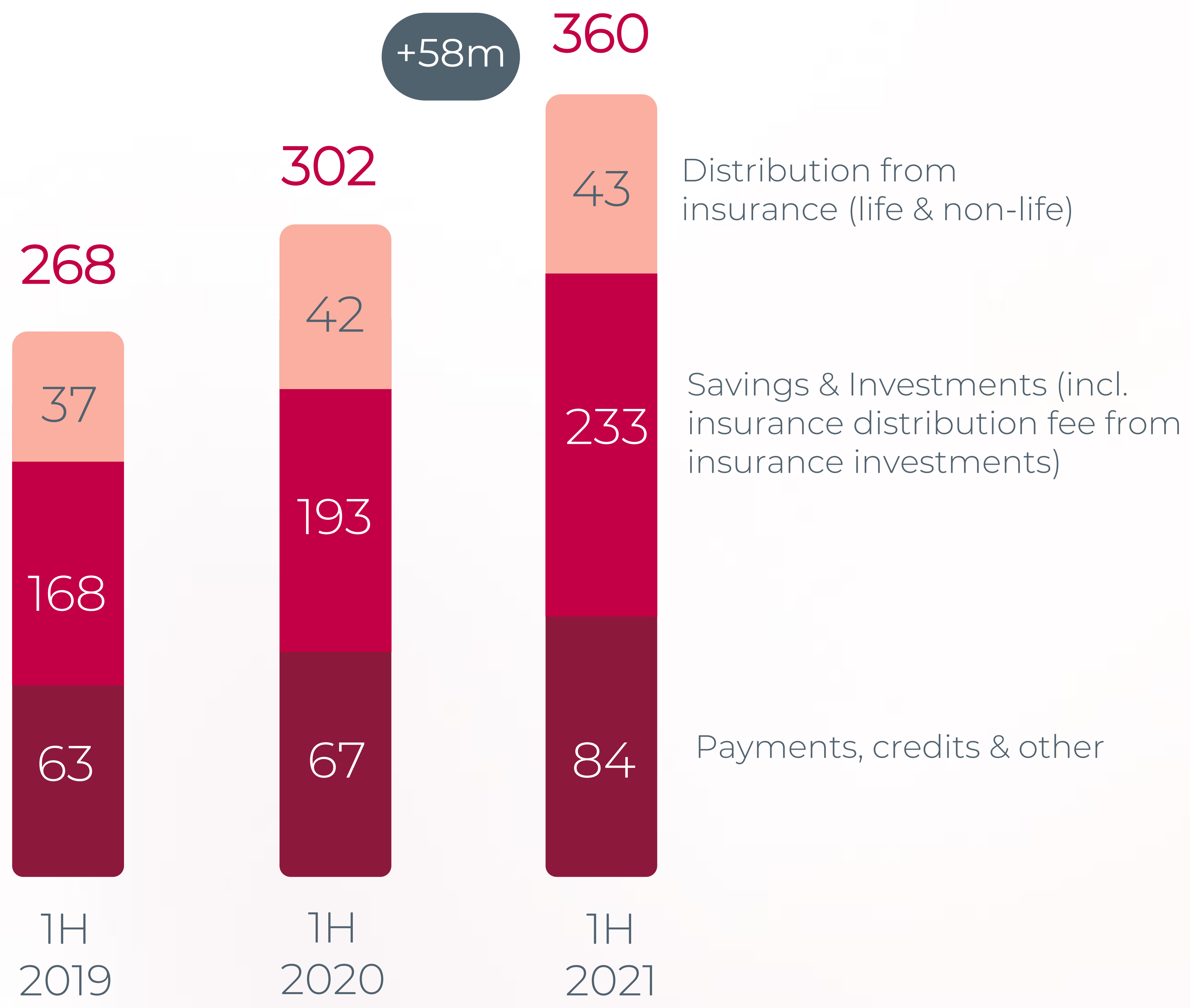
Note: 1. Cost / Income ratio with annualization of the bank levies (otherwise fully accounted for in 1H financials)

Dynamic revenue growth and diversification

	1H 2019	1H 2020	1H 2021	Δ vs 1H 2020
Income	**1,155 m€**	**1,132 m€**	**1,232 m€**	**+100 m€**
Net interest income bank	738 m€	779 m€	797 m€	+18 m€
Net fee & commission income	268 m€	302 m€	360 m€	+58 m€
Life insurance contribution	171 m€	115 m€	144 m€	+29 m€
Non-life insurance contribution	90 m€	129 m€	122 m€	-7 m€
Other income	-112 m€	-193 m€	-191 m€	+3 m€

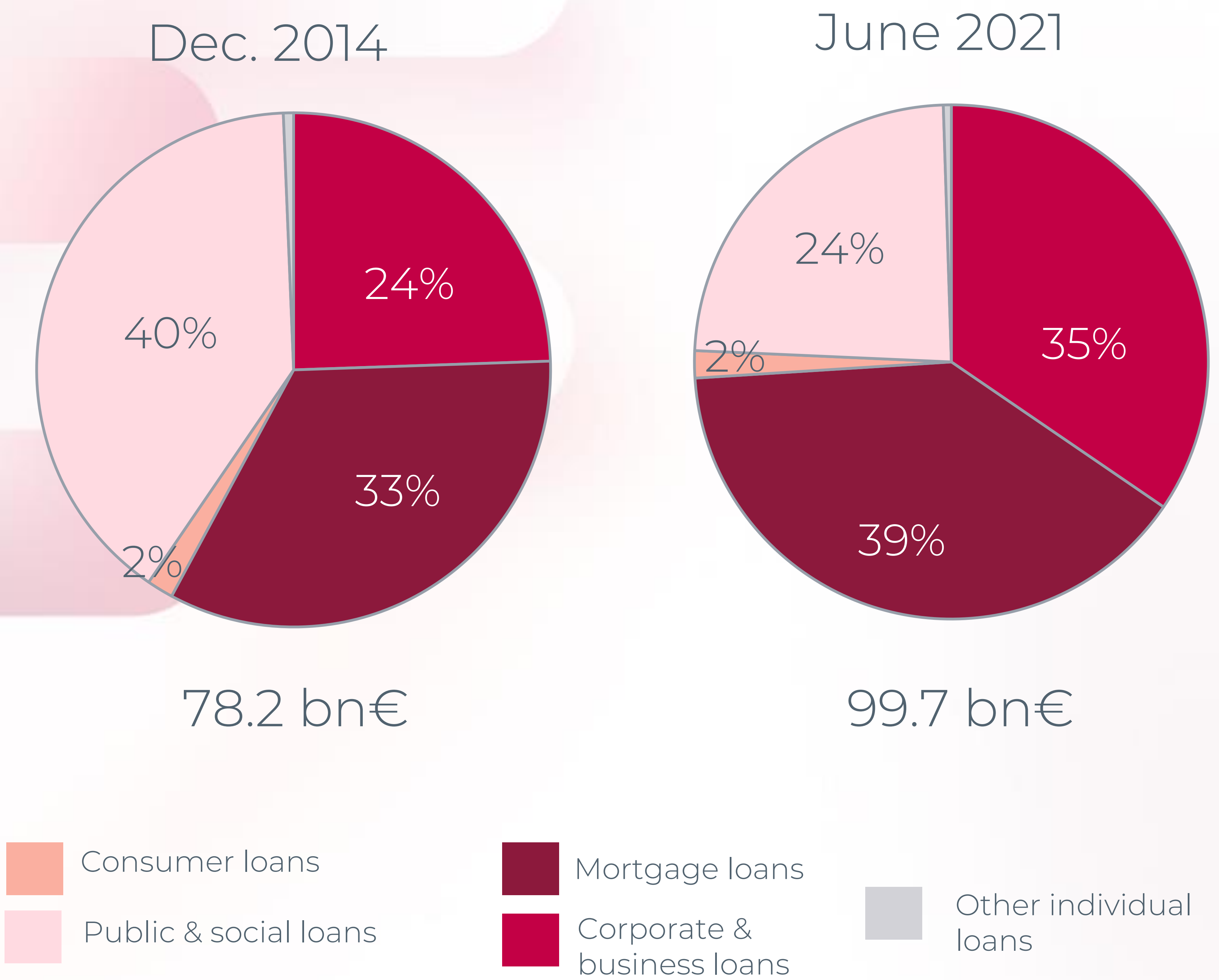
Income drivers

Success of ‘Bank for Investors’ strategy enabled to further increase fee & commission income

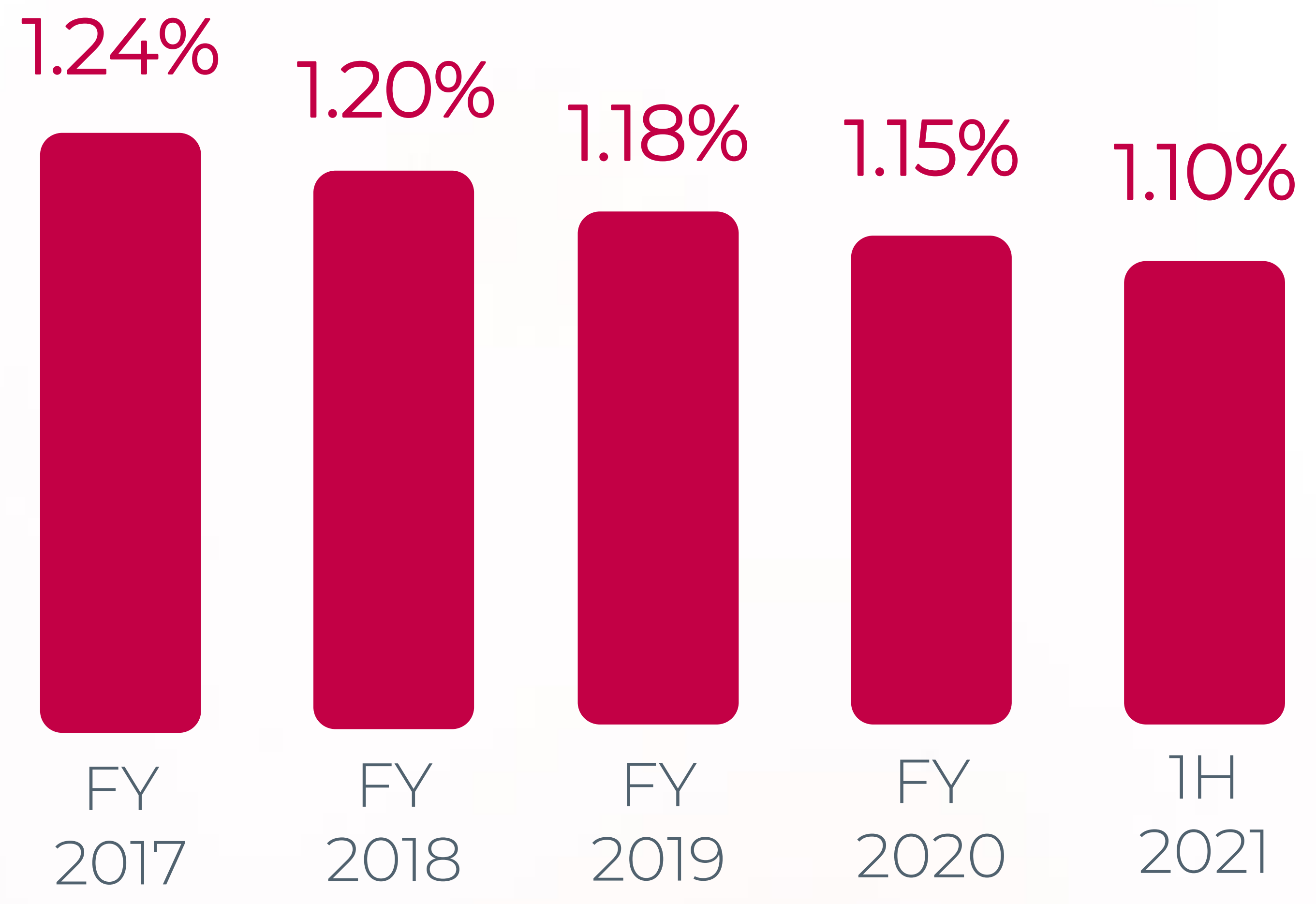


Resilient net interest income in 'lower for longer' interest rate environment

Evolution of the loan portfolio



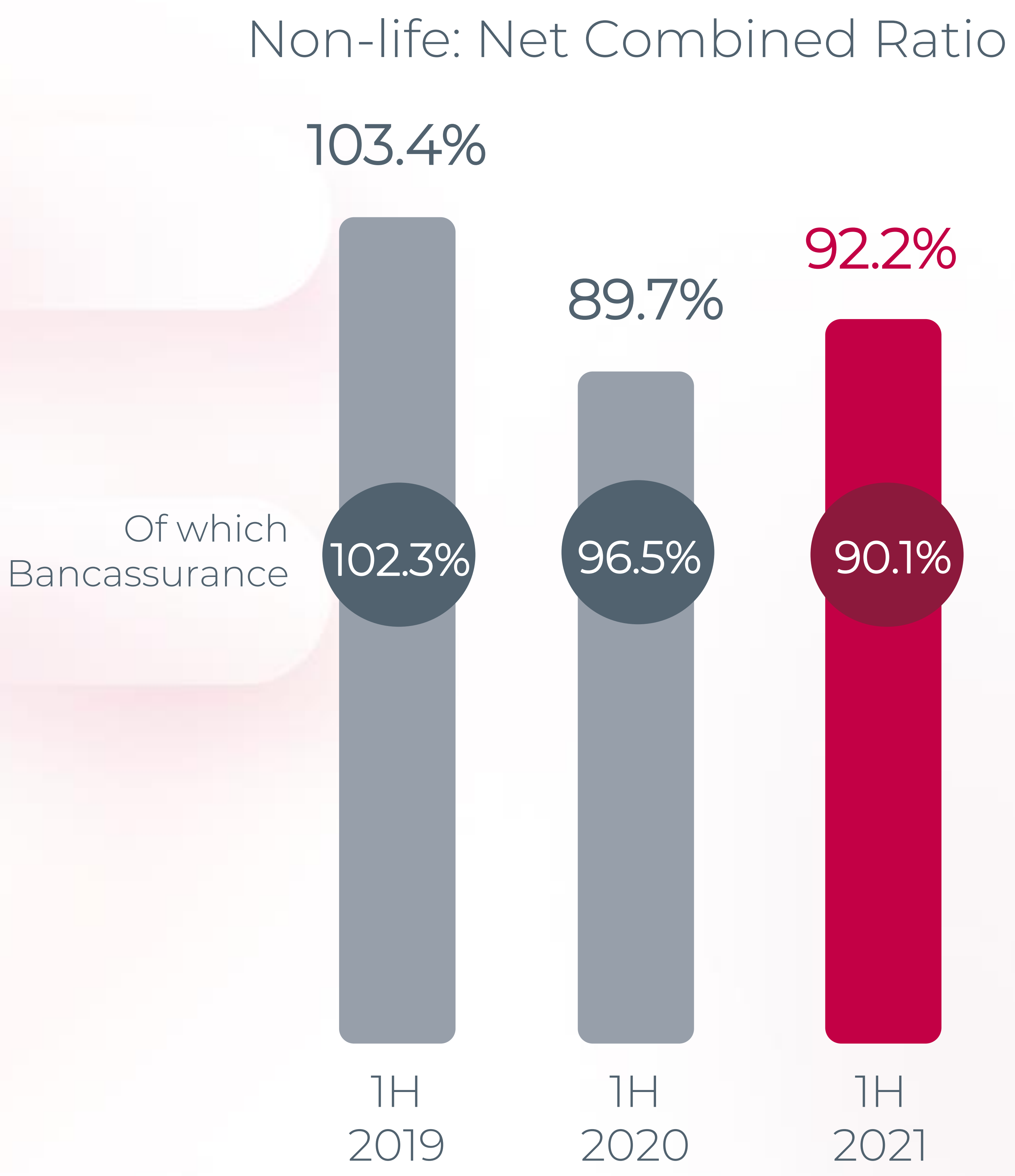
Net interest margin[1]

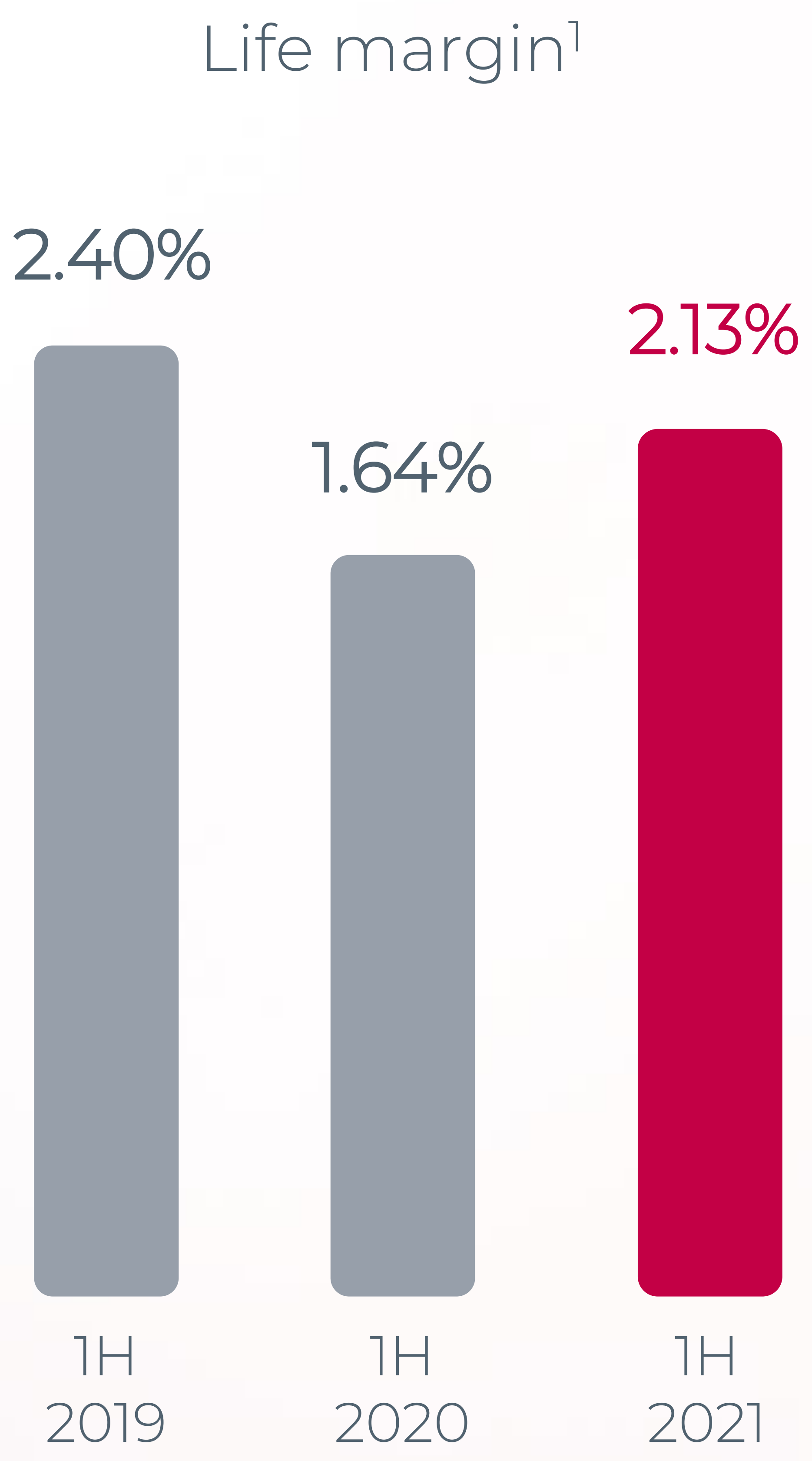


Note: 1. NIM calculated as the sum of quarterly NII at Belfius Bank (without dividend income) of the last 4 quarters divided by the average of the interest earning assets at Belfius Bank of the last 4 quarters

Income drivers

Continuously strong financial margin on life insurance reserves



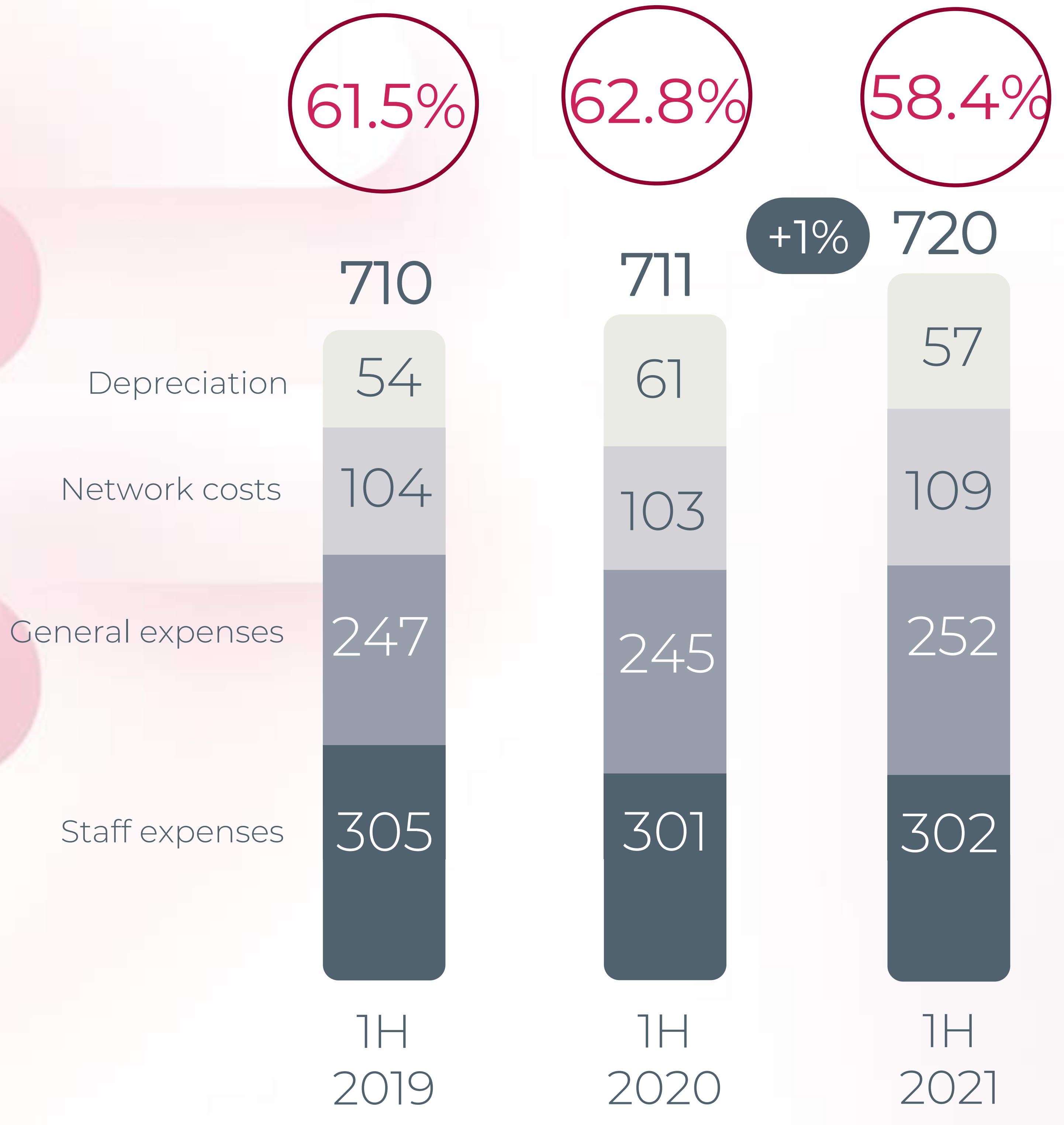


Note: 1. Life margin based on adjusted life income

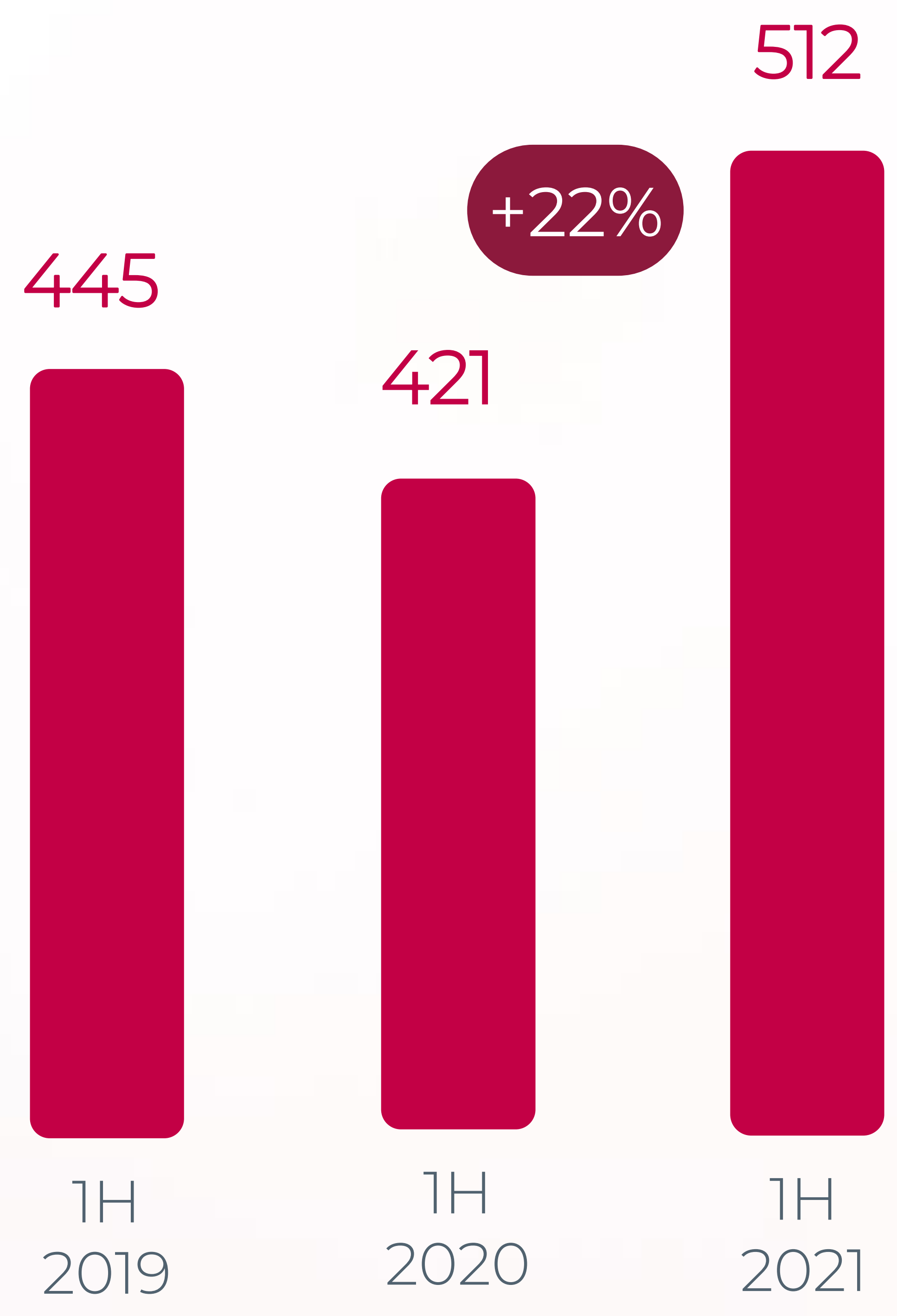
Income drivers

These income dynamics, combined with continued cost containment, led to record pre-provision income

Expenses and Cost-Income ratio (in m€)

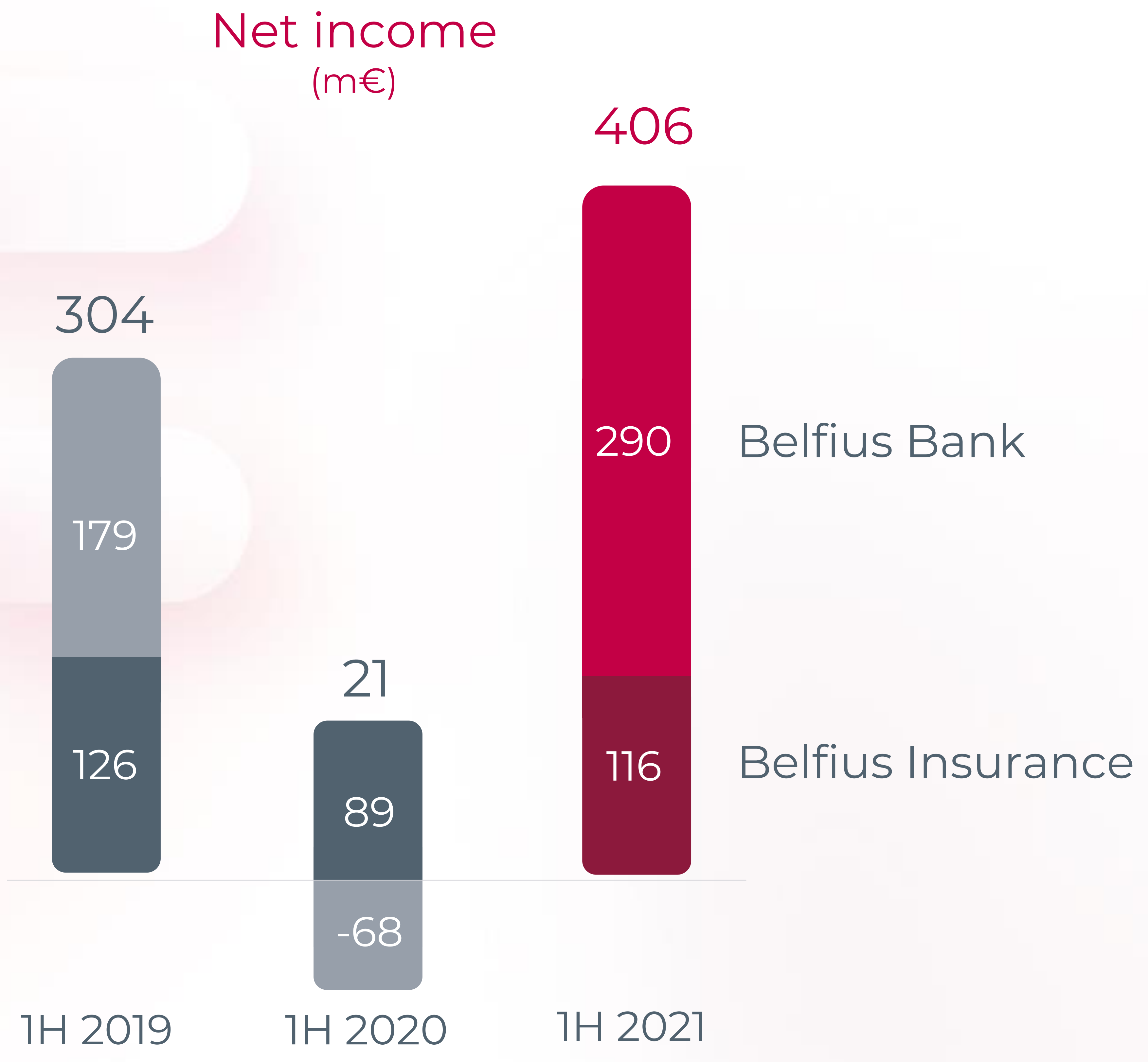


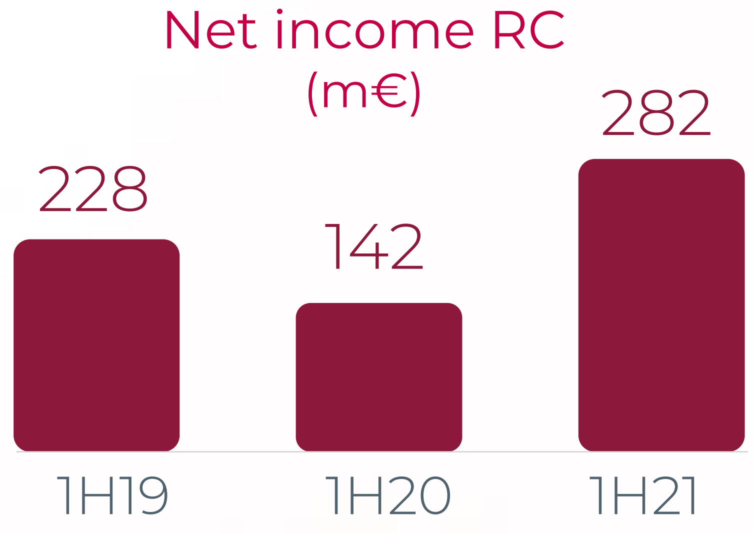
Pre-provision income (in m€)

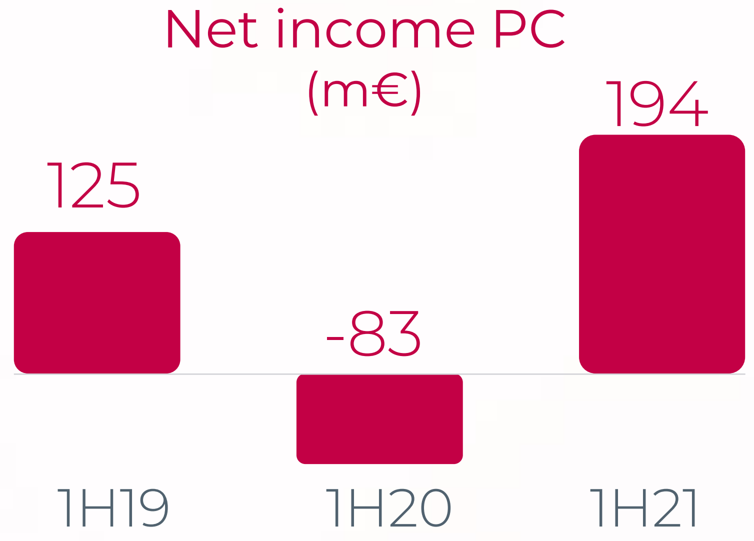


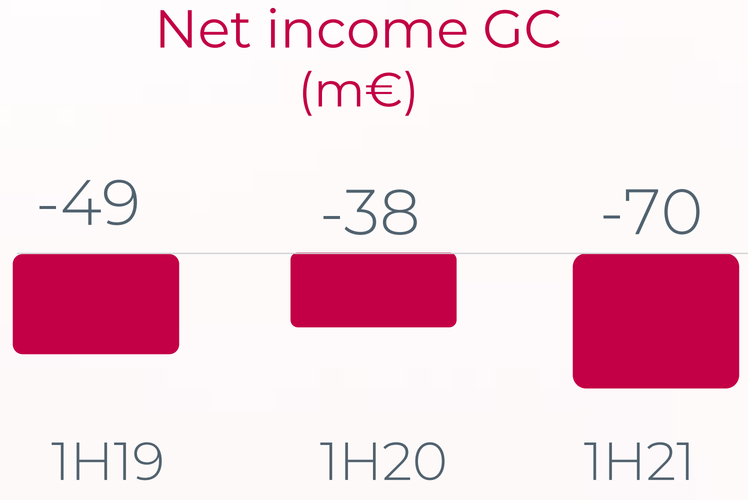
Key financials

Excellent 1H 2021 net result of 406 m€ well above 1H 2019 level



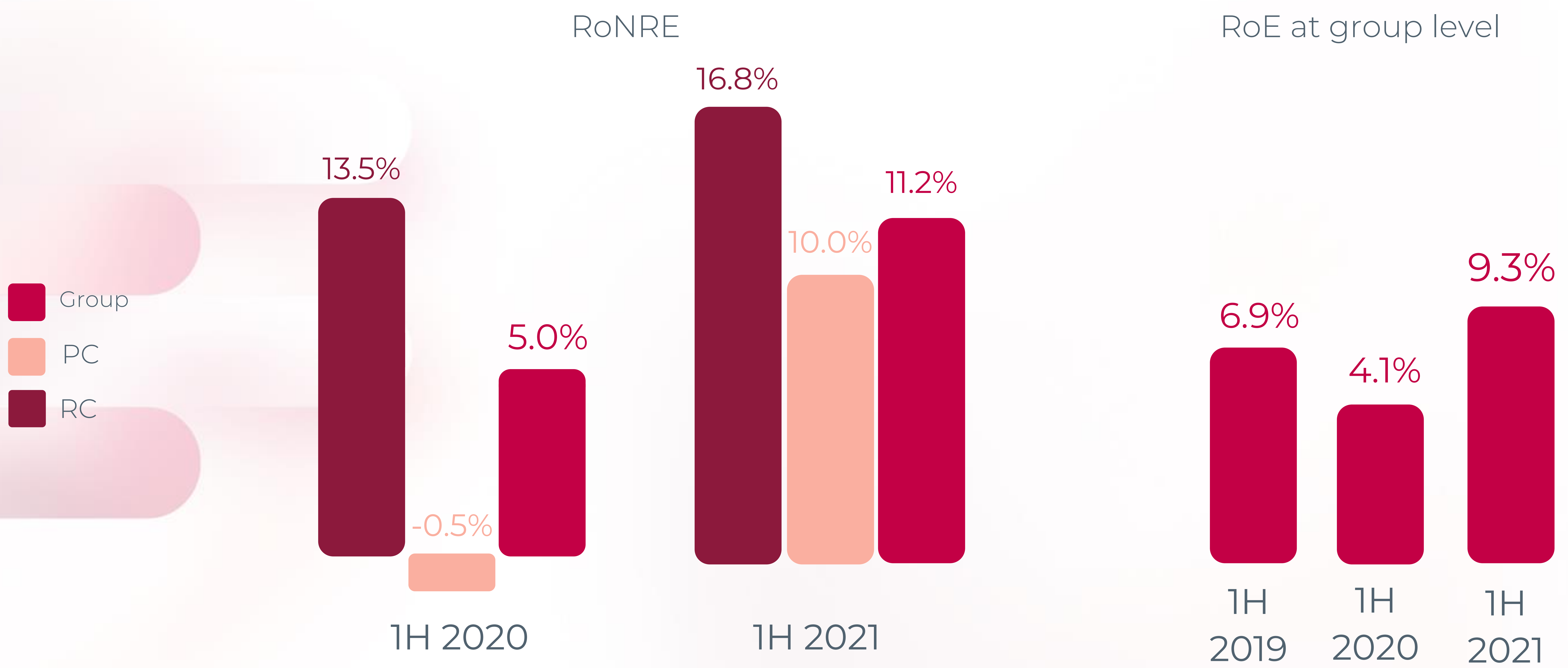






Key financials

Materially higher Return on Equity at group level, Return on Normative Regulatory Equity above 10% per 1H 2021



New RoE calculation method: sum of the net result of the last 4 quarters divided by the 4 quarter rolling average of the Shareholders Equity. Therefore 4.1% in 1H 2020 differs from 0.5% per publication of 1H 2020; Return on average normative regulatory equity based on Common Equity Tier 1 capital at 13.5% of RWA

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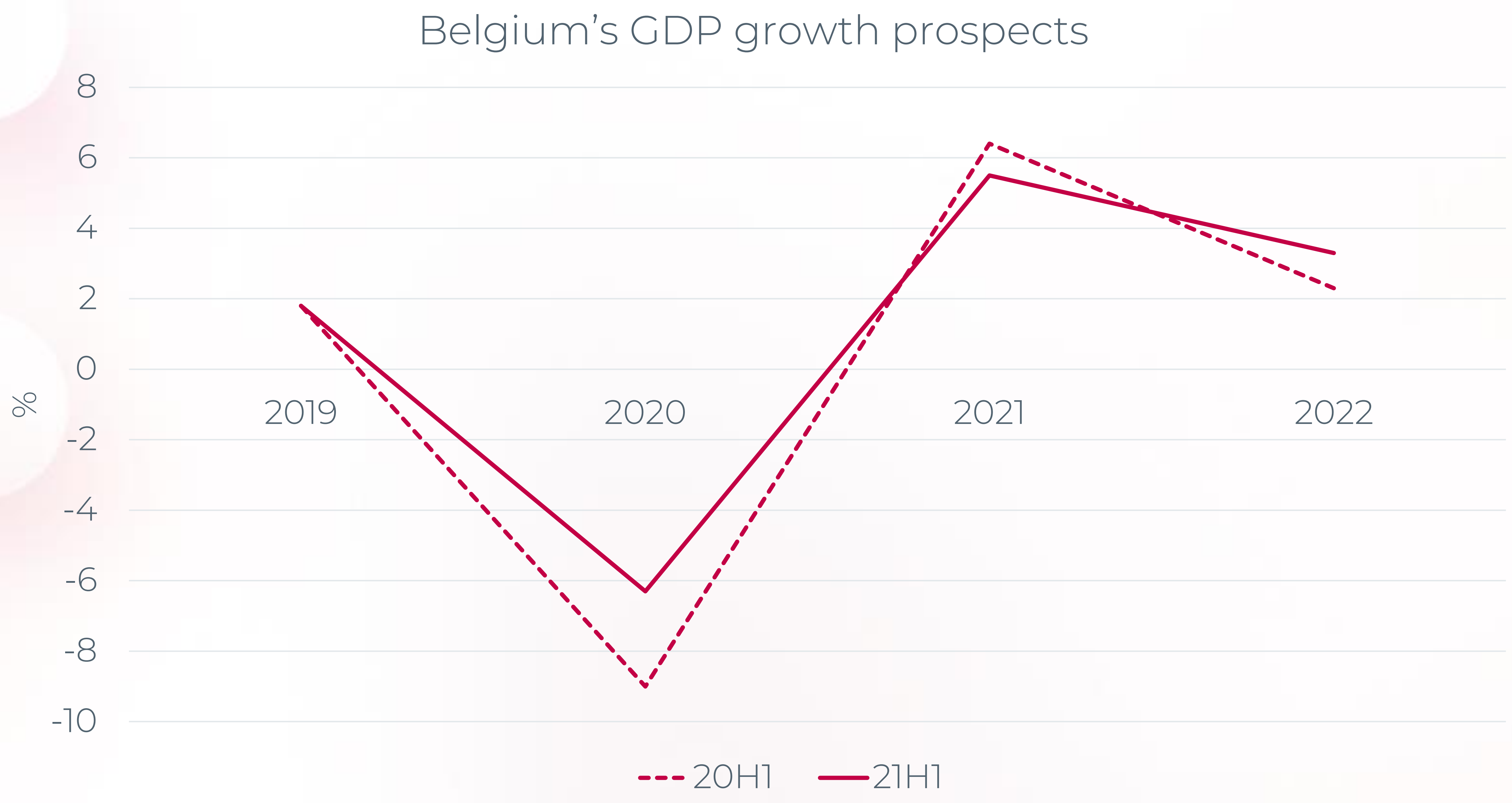
Covid-related provisioning: 1. Macroeconomic factors

Favourable evolution of macroeconomic forecasts



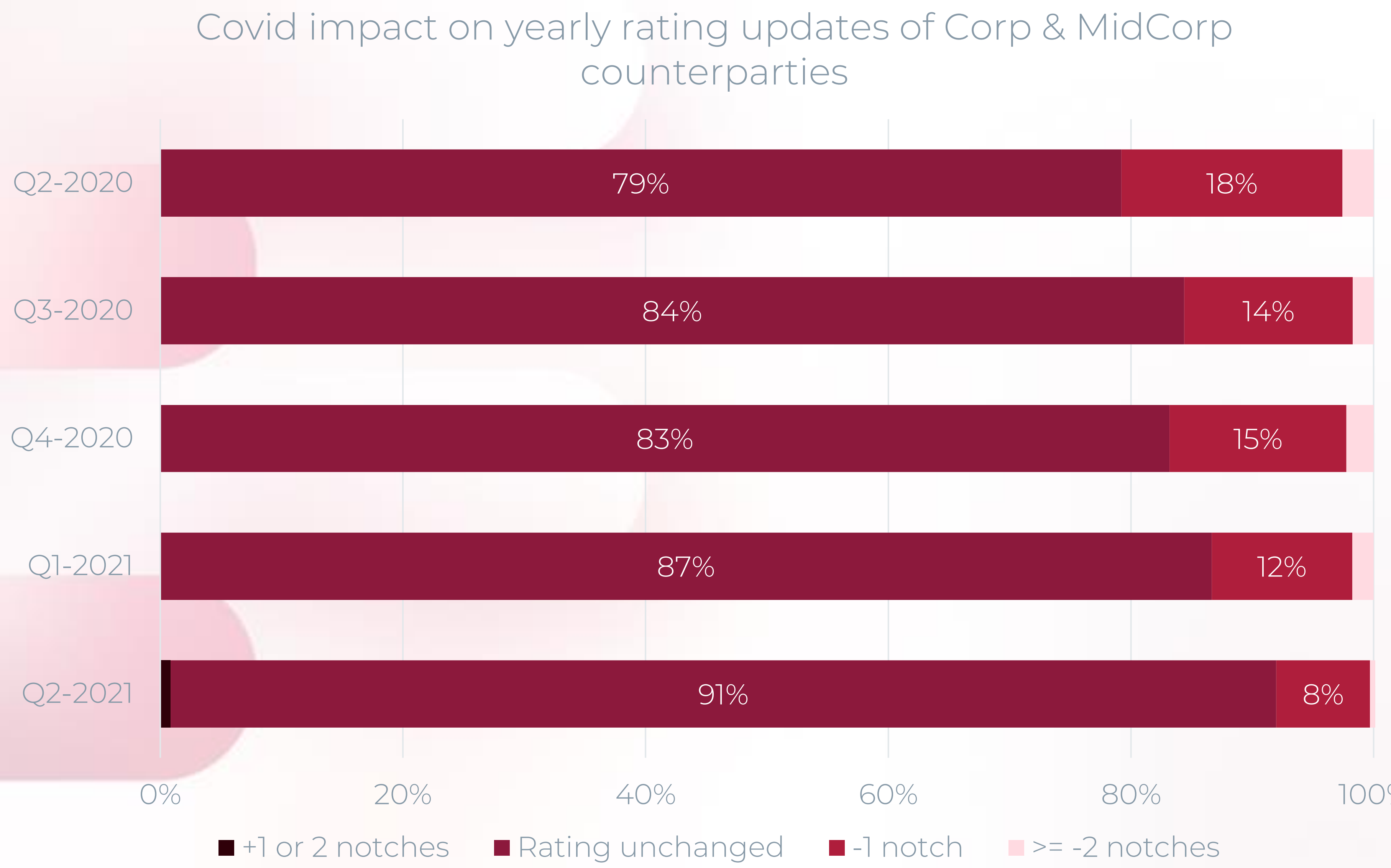
Faster than expected rebound of Belgian and European economies

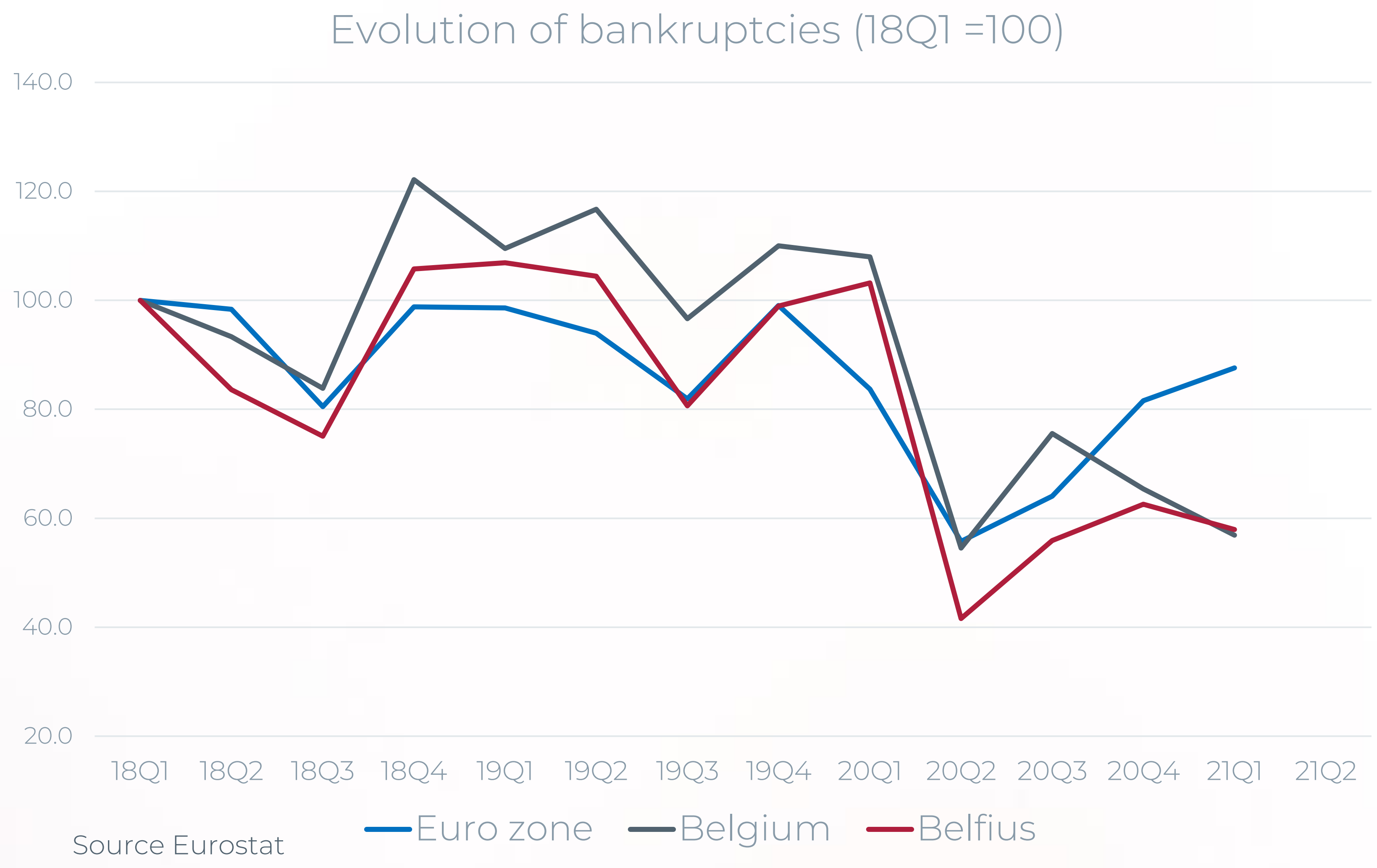
Source NBB

Risk management

Covid-related provisioning:
1. Macroeconomic factors

Strong resilience of businesses





Limited deterioration in credit quality
and low new default inflows

Covid-related provisioning: 2. Extra layers

Moratoria

Normal installments picked-up for more than 6 months → Release of Covid buffers

Running for more than 9 months → Increase of Covid buffers

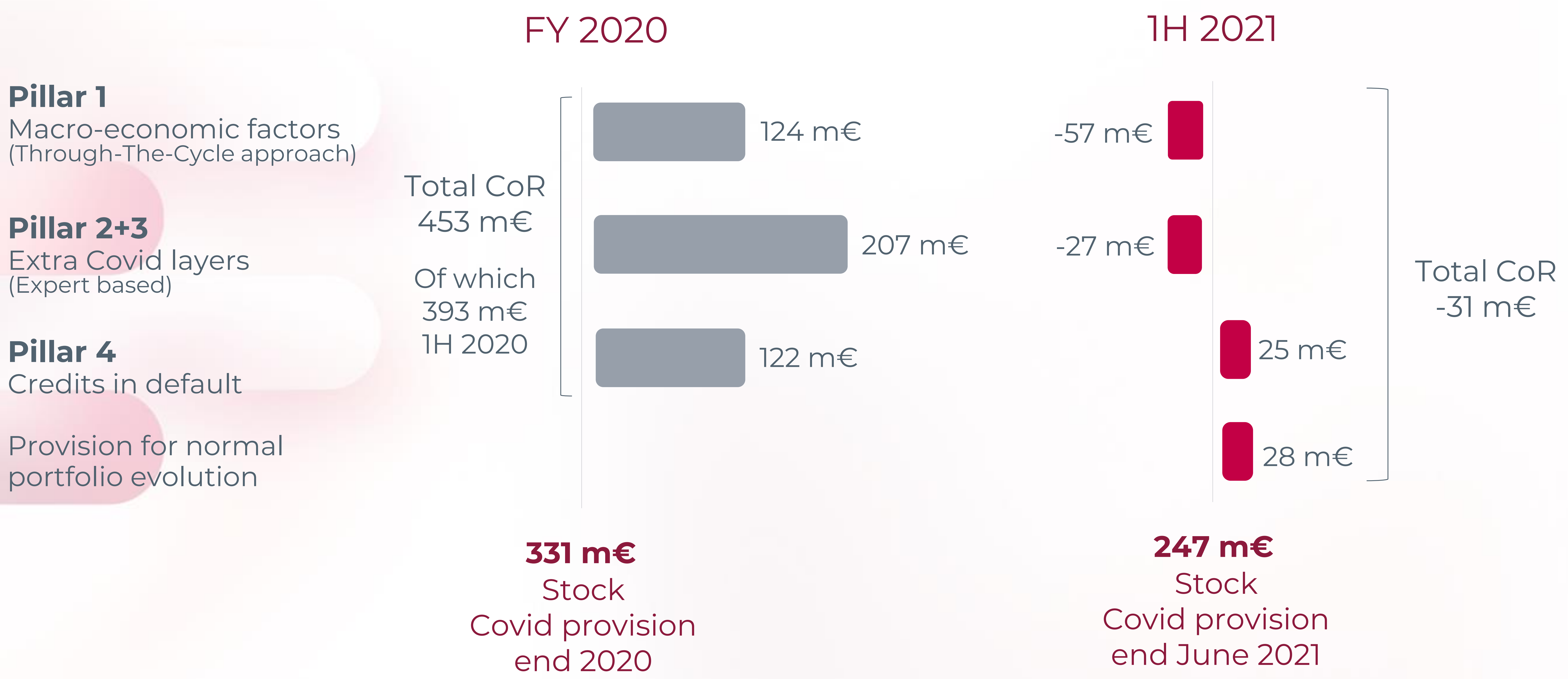
Sensitive sectors & companies

Covid-sensitive sectors and companies that fared better than anticipated → Release of Covid buffers

Covid-sensitive sectors and companies having been under support measures for longer period → Increase of Covid buffers

Risk management

Improving economic environment leading to Cost of (credit) Risk of – 31m€



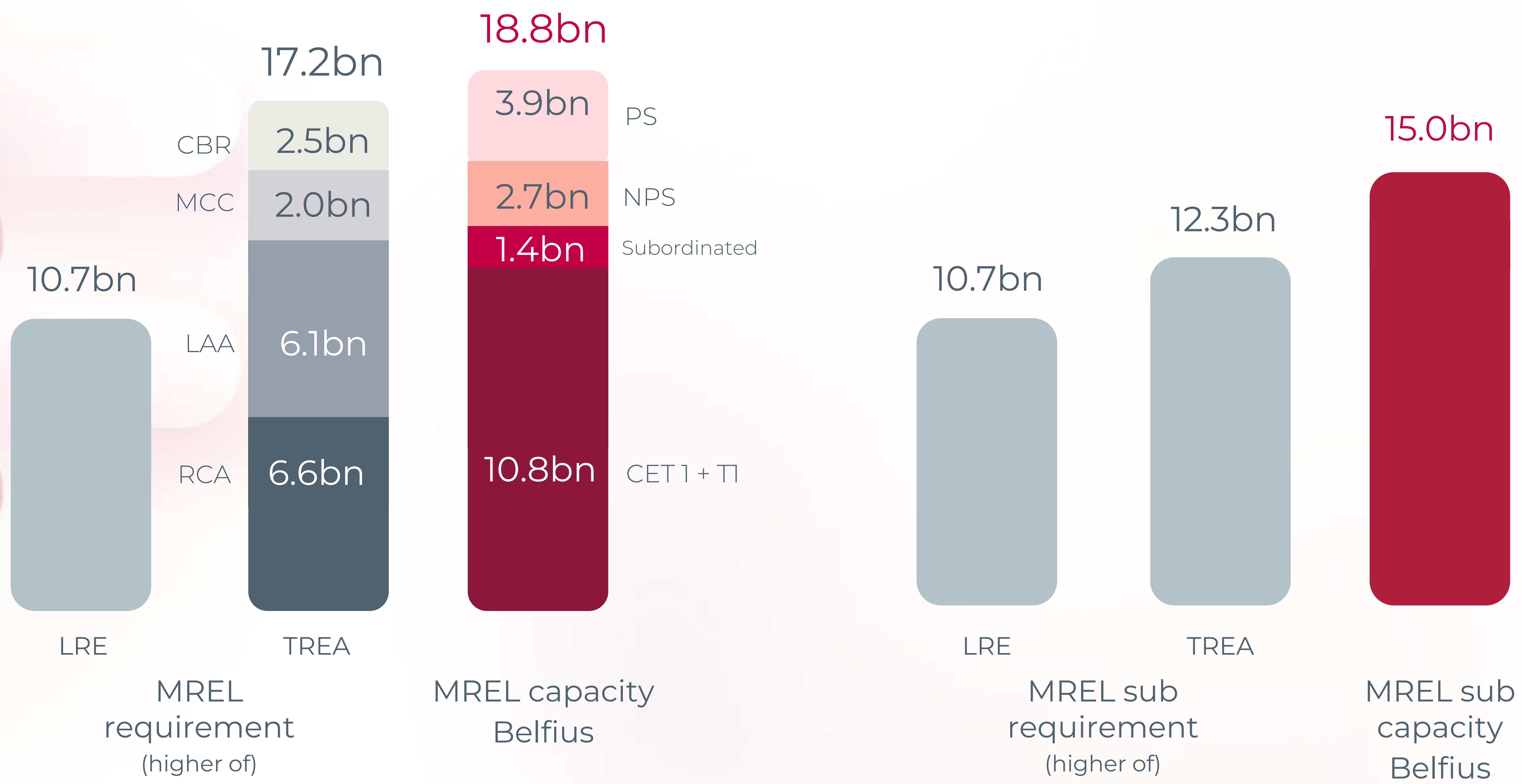
Note: assuming no use of Covid Provision for Credits in Defaults

Solvency

Continued solid CET 1 ratio is enabling Belfius to continue to support the Belgian economy and to execute its commercial strategy

Solvency

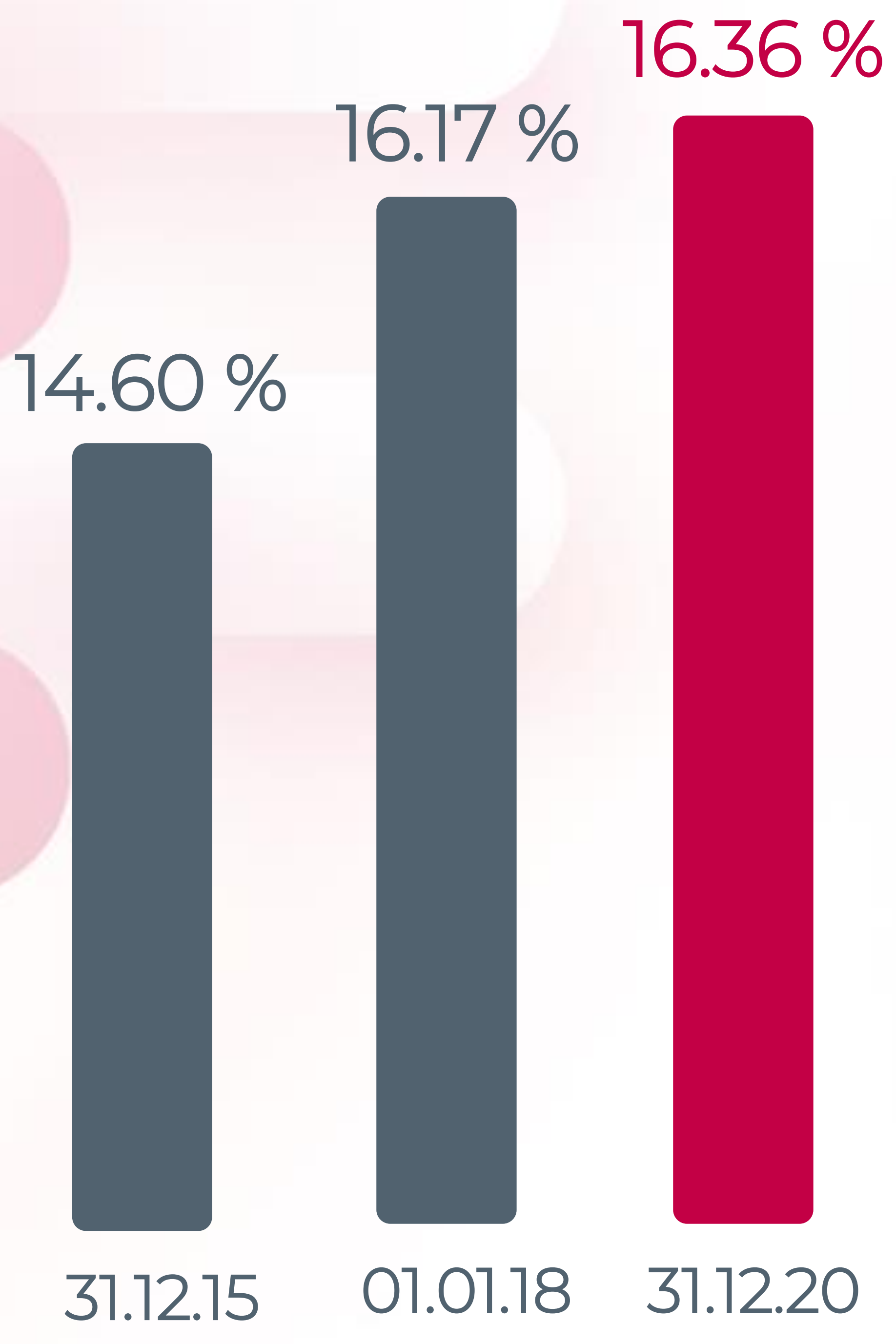
Already compliant with SRB MREL requirements



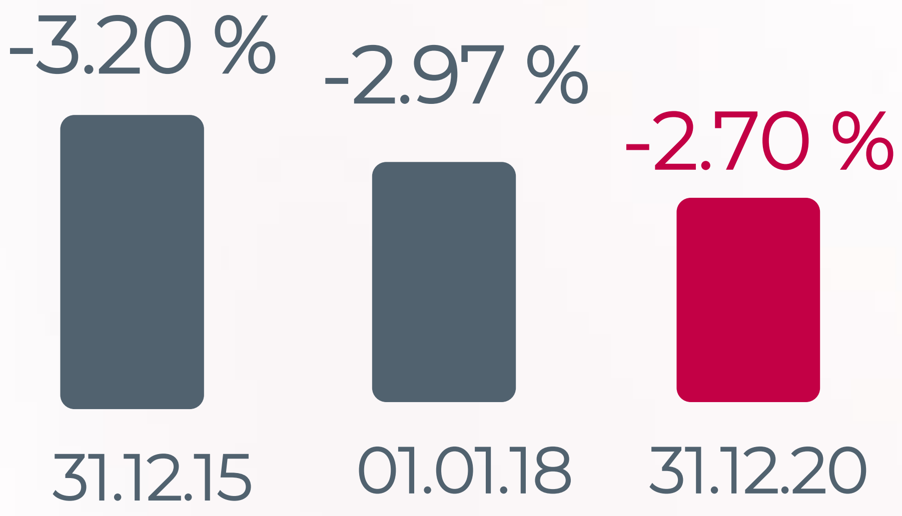
EBA
stress test

Belfius keeps improving its financial solidity

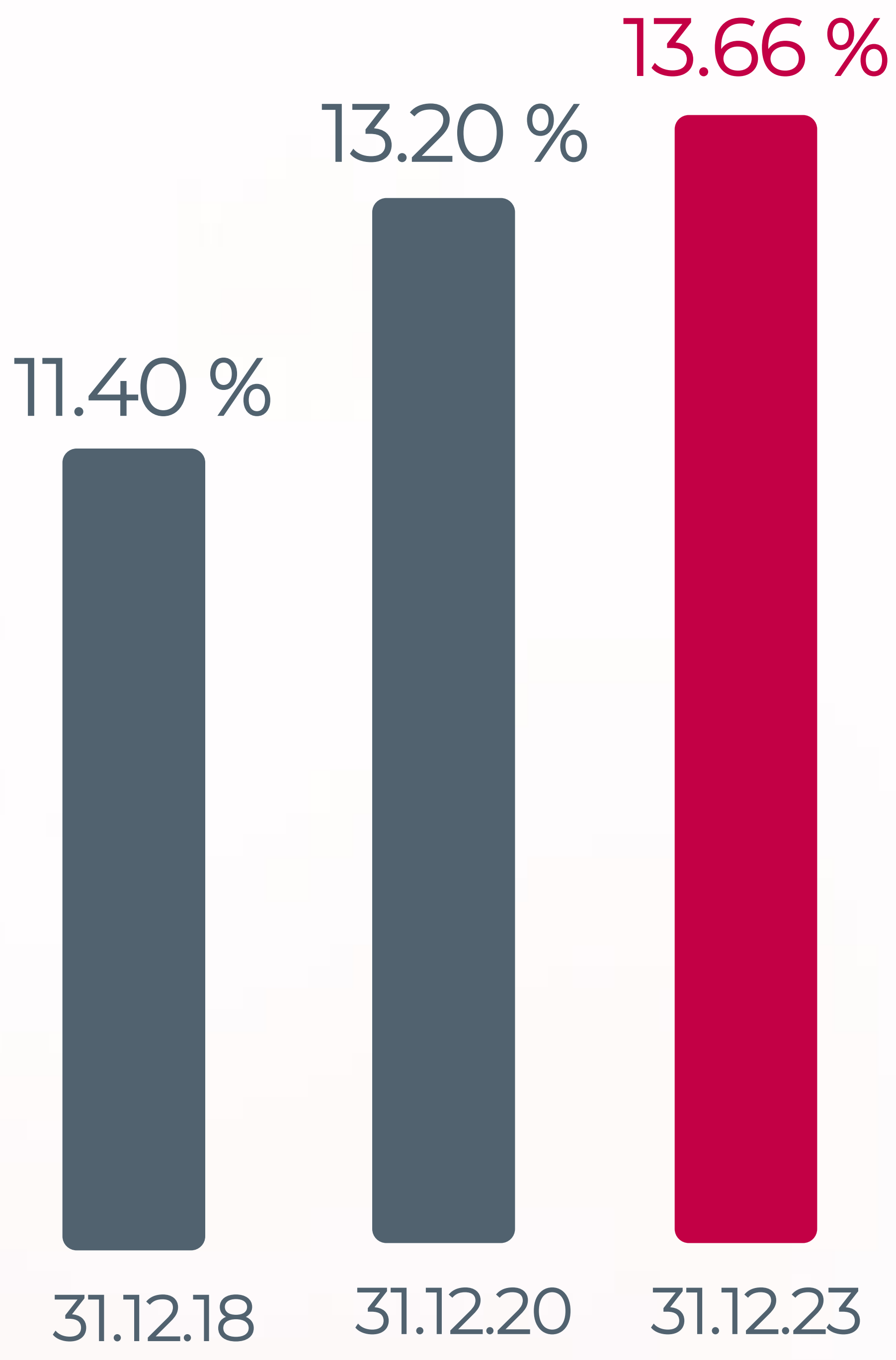
CET 1 at start
(fully loaded)



CET 1 ratio depletion
(fully loaded)

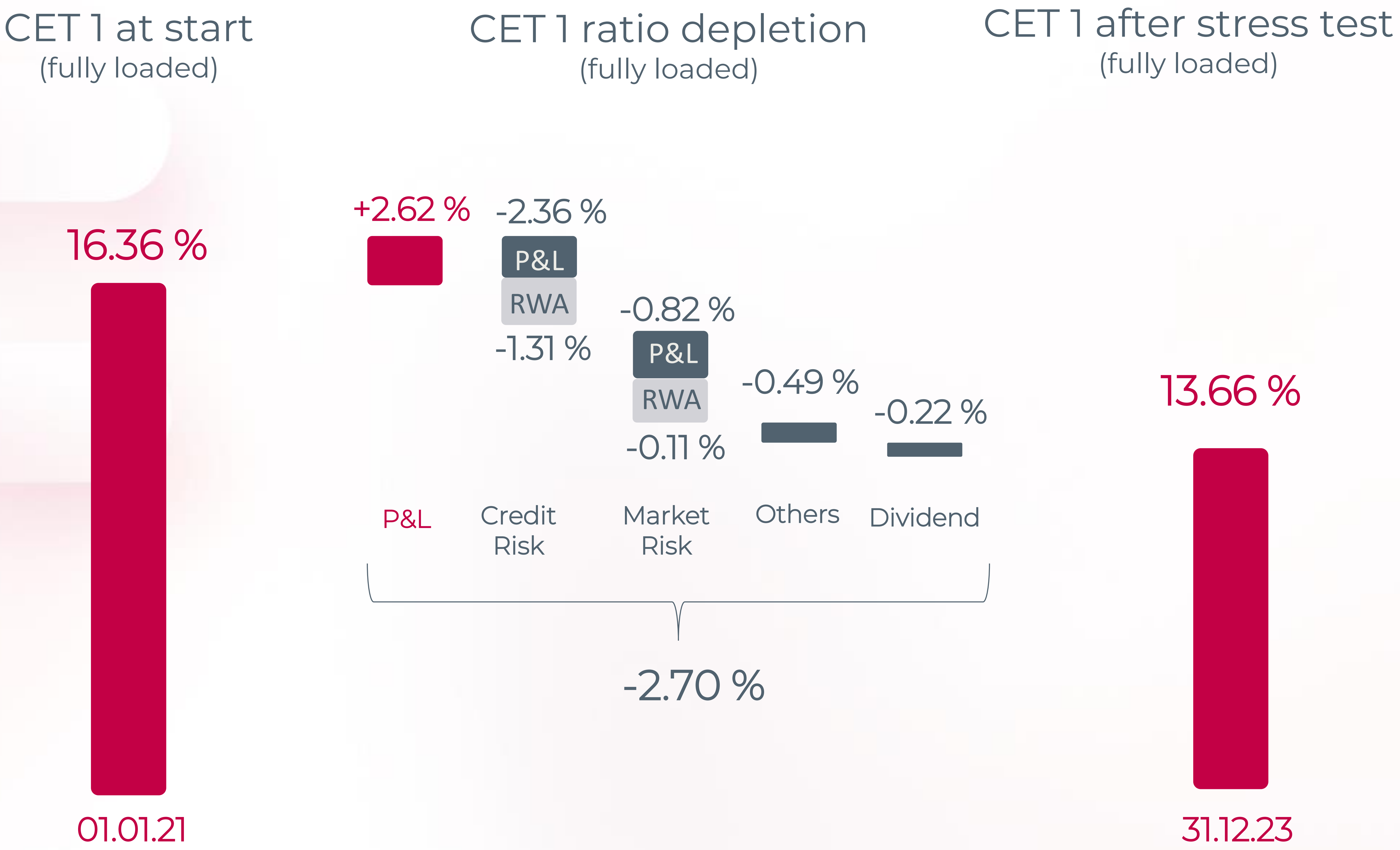


CET 1 after stress test
(fully loaded)



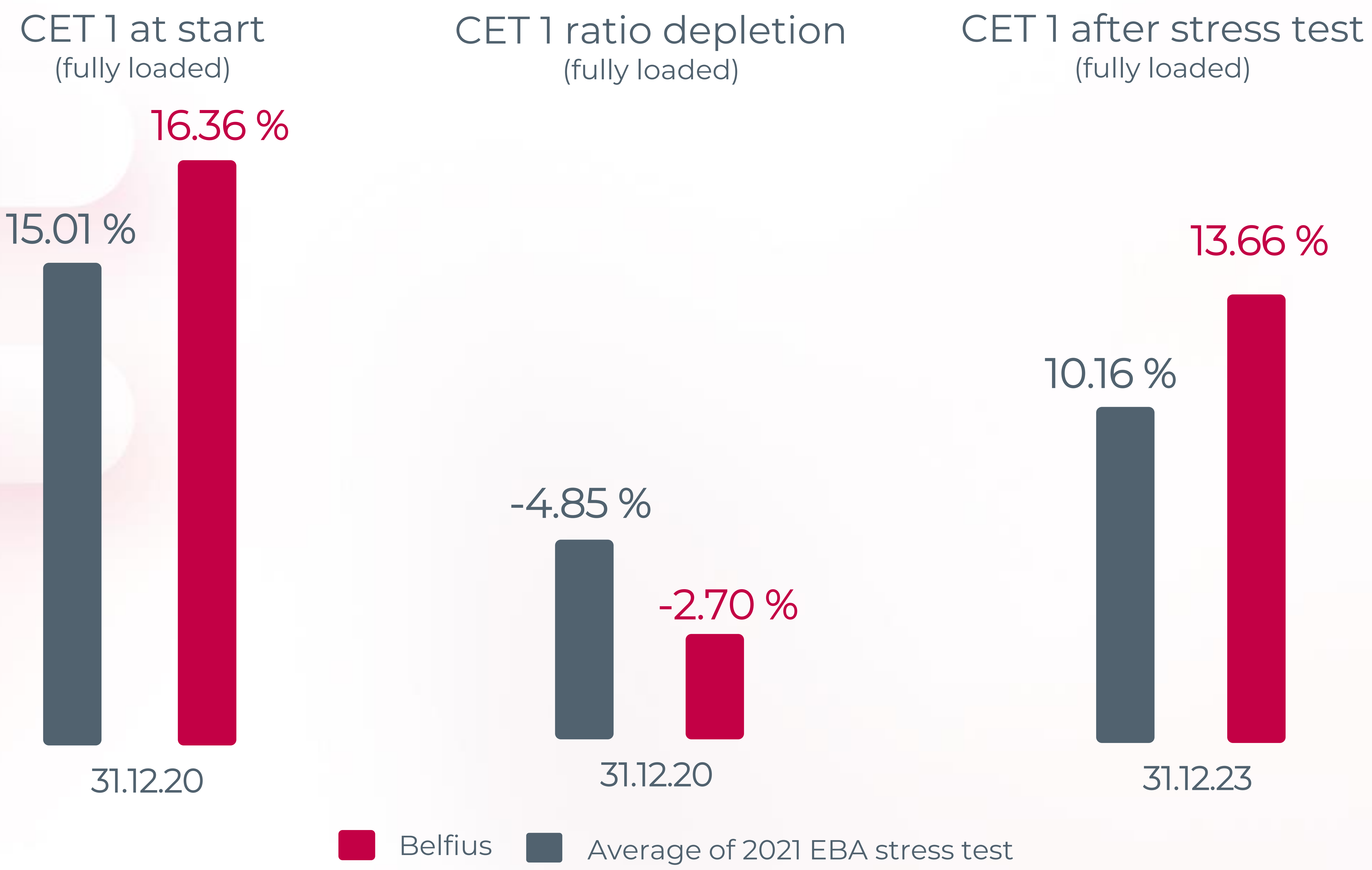
EBA stress test

Waterfall impact 2021 stress on Belfius Fully Loaded CET 1 Ratio



EBA stress test

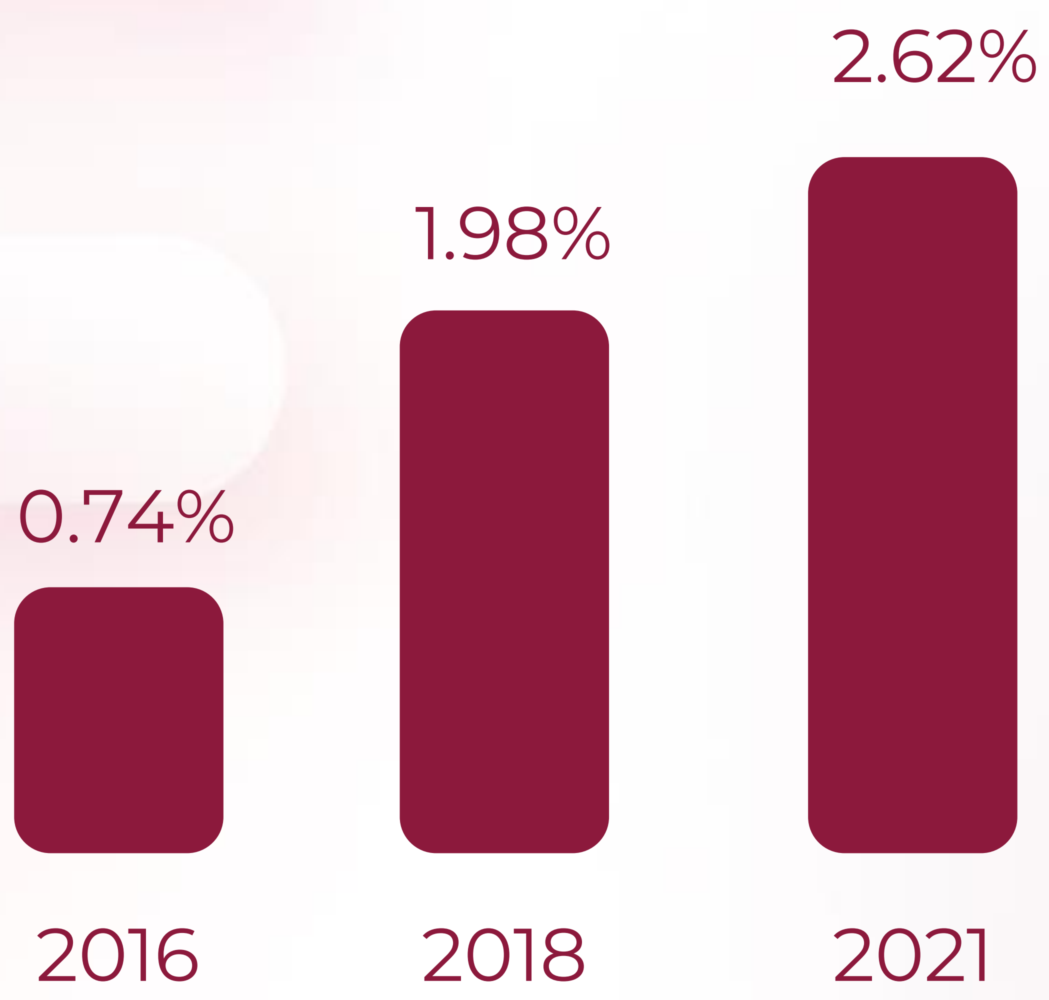
Belfius among the strongest banks in stress test



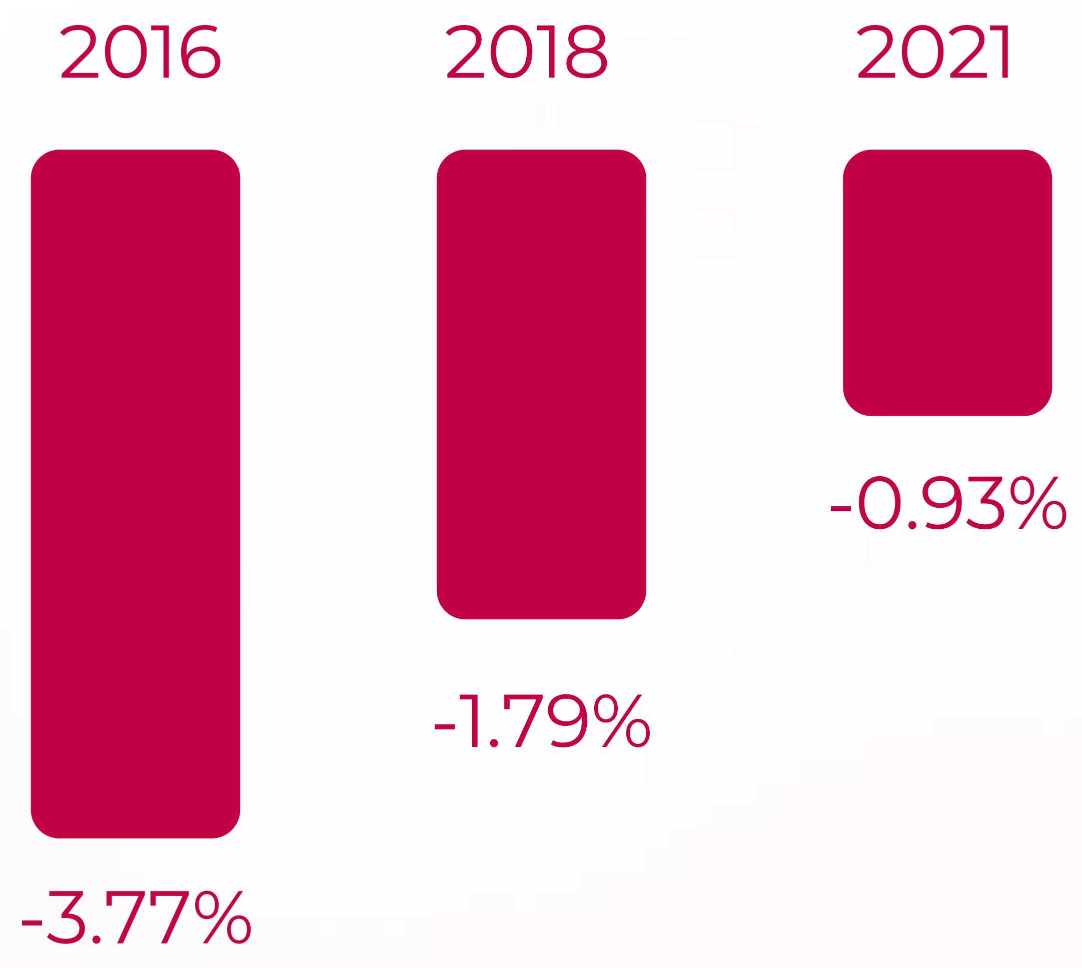
EBA stress test

The excellent resilience is the result of a relevant strategy, namely combining income diversification and sound risk management

P&L contribution to CET 1 ratio in the adverse scenario



Market risk contribution to CET 1 ratio in the adverse scenario (P&L and capital)



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Sustainability is in our DNA since origin...

Generate positive impact on society

180.000

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

#1

in financing of municipalities, cities, hospitals & care sector

> 4 m€

Philantropic Funds in succession planning

Promote renewable energy

Only

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

1,65 bn€

financing for renewable energy since 2005

3 million

families having green energy thanks to Belfius loans

Operate in an authentic & engaged way

33,8%

women in top management

Gender equality

in terms of equal pay

Remote work

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

Belfius' way of ESG

And continues to colour the characteristics of our business strategy

Funds of the future

Enable meaningful investing

Align with Sustainable Development Goals

>1,2 m€ transferred to good causes

Re=Bel

Make investing, with a cause, accessible to all

Fully embed the Transition Acceleration Policy[1]

Create transparency & awareness on ESG impact

Beats

Introduce an innovative joint bank/telco offer

Contribute to Belgian society…

…via societal themes health, people, planet

CO_2 Impact Loan

A joint offer with Belgian partner CO2Logic

Accompany & encourage clients in their transition…

…via consulting & financing for CO_2 reduction projects

Green bond

First emission in June 2021

500 m€ funding allocated to green assets

ICMA compliant green bond framework

Banx

Create a new, fully digital & sustainable experience

Introduce #slowbanking

Promote sustainable behavior via insights (CO_2 dashboard) & rewards

1: Transition Acceleration Policy is Belfius' policy on controversial' or 'sensitive' sectors. It is applied to all Belfius' activities, with a double objective to both encourage and support economic actors in their shift towards more sustainable activities, and to reduce negative impact of our own activities

Belfius implements this deeply rooted ESG in its own way

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

In own HR & reward policies

In own investments

Put the customer in the driver's seat

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

An active ESG dialogue & advice

Distinctive solutions to accompany our customers in their transition

Conclusion

Solid and diversified Belgian bank-insurance business model

With a very clear strategic focus on **sustainability embedded in all key initiatives**

Driving strong **commercial dynamics** and **excellent 1H 2021 result of 406 m€** in an improving economic context

Very **resilient balance sheet** with NAV at 10.6 bn€ and a **16.16% CET 1-ratio**

Recent floods outside scope of 1H 2021

- Gross claim currently estimated at 100m€
- **Net financial impact** after reinsurance of **approximately 35 m€**

Belfius, meaningful & inspiring for Belgian Society. Together

Q & A

To ask a question during the Q&A:

- « raise your hand » in MS Teams and unmute yourself for your question
- or use the chatbox

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