Belfius FY 2018 Results

Presentation to analysts and investors

22 February, 2019

1. Summary Highlights

- Belfius continues to benefit from its **long term strategic focus on supporting the Belgian economy based on a strong solidity combined with bank-insurance business diversification**
  - Net result of EUR 649m (+7% vs. 2017), with a higher contribution from Belfius Insurance at EUR 205m (+20% vs. 2017)
  - 16.0% CET1 FL at consolidated level and 203% Solvency II ratio for Belfius Insurance
- Belfius' focus on its strategic long term development translates as formerly announced into **investments** in business model, customers and human and digital capacities, resulting into continued very **strong commercial development**, in all client segments of the Belgian economy
- This strategic investment-stance, executed in a challenging 2018 macro-economical context of still historically low interest rates and volatile financial markets, leads in financial terms, also at Belfius, to somewhat stalling P&L components
  - Growing loan volumes partially compensate for the continuous low interest rate environment but not enough to avoid a **slight decrease of the net interest income** of the bank
  - Good development of fees from Non-life and from payment services in Retail & Commercial segment; good organic development of assets under management offset by more fragile markets and by some fee pressure; all-in-all leading to **stable fee & commission income**
  - Strategic transformation of insurance product mix towards more Non-Life insurance and more unit-linked Life-insurance leading to **sustained insurance contribution**
  - Strategic priorities result in continued investments in human capital (a.o. related to the development of new activities, Wealth Management and Corporate activities) as well as in IT and digital, leading to an **increase of the costs** and to a C/I ratio of 60%
  - Sound risk management and good credit quality of the portfolios continue to translate into low cost of risk of the commercial activities. The **increase in cost of risk** (overall) is mainly stemming from Group Center, which was positively impacted in 2017 following reversals of provisions due to the ex-legacy derisking tail
- In line with Belfius' strong solidity and net result 2018, Belfius' Board of Directors has decided to propose a 2018 full year **dividend of EUR 363m** (i.e. equal to last year's dividend)

Belfius' financial statements are prepared in accordance with IFRS9 in 2018 and IAS39 in 2017.

From 2017 to 2018

2017			2018
€606m	Net Income	Net Income	€649m
58.1%	Cost/ Income ratio	Cost/ Income ratio	60.4%
16.2%[1]	CET1 Ratio Basel III FL	CET1 Ratio Basel III FL	16.0%
219%	Solvency II ratio	Solvency II ratio	203%
€15.4	LT loans production	LT loans production	€17.5bn
€9.4bn[1]	Net Asset Value	Net Asset Value	€9.4bn
€363m	Dividend	Dividend[2]	€363m

Continued strong commercial development based on our long term diversification strategy and strong solidity.

Strategic investment-phase in current macro-economical context leading to stalling C/I ratio.

Notes: 1 As of 01.01.2018 according to IFRS9; 2. The Board of Directors will propose to the General Assembly of 24 April 2019 an ordinary dividend of EUR 363 million in respect of the accounting year 2018, of which EUR 100 million was already paid through an interim dividend in August 2018.

2. Belfius at a glance

- **Integrated bank-insurer**
  - Net Income of EUR 649m, of which EUR 445m Bank and EUR 205m Insurance
  - Growing bank-insurance franchise, with Non-Life premiums growth of 12% via bank distribution channel
  - Continued diversification of Belfius Bank’s profile from two sectors (Retail & Public sector) to all sectors within a full blown universal bank (Retail, Private, Wealth, Business, Corporate and Public Sector)
- **Anchored in all segments of the Belgian economy**
  - 3.6m customers in Retail & Commercial (RC) and 23k customers in Public & Corporate (PC)
  - Loans to customers of EUR 88.4bn, o.w. EUR 48.7bn to RC clients and EUR 39.7bn to PC clients
  - Savings and Investments of EUR 137.8bn, o.w. EUR 105.0bn RC and EUR 32.8bn PC
  - Well distributed physical distribution channel all over the country, complemented by top-notch digital and remote service channels
- **Focused on customer satisfaction**
  - 4.6 on average – on a 5 point scale – for Belfius’ IOS and Android mobile app
  - > 95% of satisfied customers, all segments together
- **Risk and financial management as two key pillars allowing dynamic commercial development**
  - Strong solvency and liquidity position, solidly respecting all regulatory minima allowing (i) to cope with general economical, geo-political and regulatory uncertainties, and (ii) for investment-stance
  - Sound credit quality, with slightly improving Asset Quality Ratio (2.05% as of Dec. 2018)

Integrated bank-insurer anchored in all segments of the Belgian economy

- More than 50 years of experience as bank and insurer of proximity for more than 3.6 million customers: individuals, liberal professions, self-employed and companies
- 150 years of experience as the preferred partner to the public and social sector in Belgium

Belfius Bank & Insurance

Retail & Commercial Banking | **Insurance** | **Public & Corporate Banking**

Retail & Commercial (RC)[1]

- #2[2] bank-insurer with more than 3.6m customers
- #1 in mobile banking[3]
- #4[4] bank to 300,000 professional customers
- EUR 48.7bn loans to customers
- EUR 105.0bn savings and investments

Public & Corporate (PC)[1]

- #1 bank to 11,000 Public sector customers
- #4[4] bank to 10,700 Corporate customers
- EUR 39.7bn loans to customers
- EUR 32.8bn savings and investments

Group Center (GC)[1]

- ALM Liquidity Bond portfolio (EUR 7.7bn)
- Run-off portfolios
  - ALM Yield Bond portfolio (EUR 3.6bn)
  - Derivatives (EUR 26.4bn)
  - Credit guarantees (EUR 3.7bn)
- Other non-core activities

Notes: 1. Situation as of December 2018; 2. Market penetration as main bank based on market research GfK Belgium, 2017; 3. Based on rating of App score; 4. Estimation based on market share of loans.

3. Group Highlights

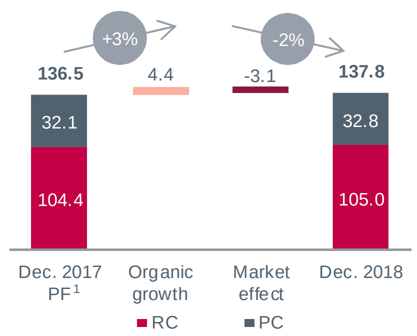
- Again, very strong **commercial momentum in 2018, leading to volume growth** in customer balances, lending and insurance premiums
- Despite higher volumes and tariff management in highly competitive landscape, continued interest rate risk hedging and some presentation changes following IFRS9, **slightly decreasing NII** following pressure from the continuing low interest rate environment, a.o. on (still growing) non-maturing deposits
- Good development of fees from Non-life products sold through bancassurance channels and from payment services in RC segment; good organic development of assets under management offset by more fragile markets and by some fee pressure, together leading to **stable fee & commission income**
- Strategic transformation of insurance product mix towards more Non-Life insurance and more unit-linked Life-insurance combined with solid financial results in Life Insurance, leading to **sustained insurance contribution**
- Strategic priorities result in continued investments in human capital (a.o. related to the development of new activities, Wealth Management and Corporate activities) as well as in IT and digital, leading to an **increase of the costs**
- Stable cost of risk in Belfius' core activities; a **less positive impact in cost of risk** from Belfius' non-core portfolios, combined with only slightly higher cost of risk within commercial activities, in line with the growing franchise, and still benefitting from the benign credit risk environment
- All-in-all, a **net income before tax of EUR 867m**, down from 2017 (EUR 963m)
- **Less tax expenses in 2018** compared to 2017 as last year was a.o. negatively impacted by the introduction of the new corporate tax law. This more than compensates for the decline in income before tax and leads to a **net income 2018 of 649m EUR**, up 7% from 2017

Continued strong commercial dynamics with most significant volume growth in lending and insurance premiums

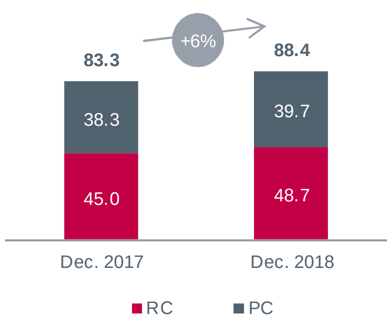
Group

Savings & investments and loans to customers

Outstanding savings & investments
EUR bn



Outstanding loans to customers
EUR bn

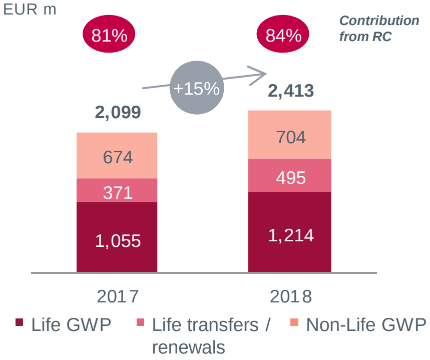


- Total savings & investments amounted to EUR 137.8bn in December 2018, up 1% compared to 2017
  - RC strong organic growth (c. EUR 3.5bn) mainly in non-maturing products, almost entirely compensated by the negative market effect (c. EUR -2.9bn)
  - PC increase in off balance sheet investments partly compensated by decreasing deposits
- Increase of loans outstanding (+6%) mainly driven by
  - a strong increase in business and mortgage loans
  - successful commercial strategy towards Belgian corporates

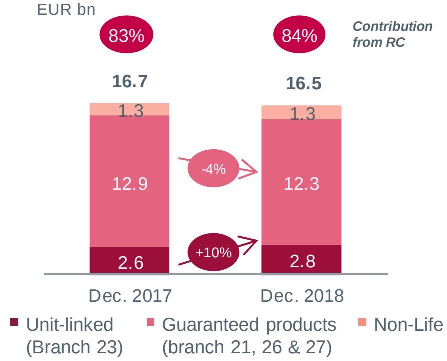
Insurance

Insurance sales and reserves

Insurance production
EUR m



Insurance reserves
EUR bn



- Strong increase of Non-Life GWP to EUR 704m in 2018 (up 5% compared to 2017, ahead of the Belgian market growth at circa +3%[2]). RC registered an increase in all channels with a strong performance in the bank distribution channel (+12%)
- Life insurance production stood at EUR 1,709m in 2018, up 20% compared to 2017 (o.w. +15% stemming from GWP), with a continued positive evolution in terms of product mix
- Continued implementation of the strategy to switch more from guaranteed yield products to united-linked products (+10% increase in united-linked reserves), boosted by the bank distribution channel

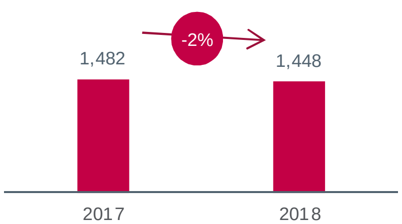
Notes: 1. On 6 March 2018, the Belgian Council of State cancelled the Arco co-operative guarantee scheme (which has been organized by Royal Decrees in 2011). Important uncertainties remain with respect to the contemplated sustainable and structured solution (i.e. position of the European Commission on the contemplated solution, adherence of Arco shareholders, the uncertain impact on the litigation proceedings, market circumstances, etc.). The reporting of Arco shares was adapted, and the current value of the shares has been set to "indeterminable". As a consequence the off-balance sheet investments and the total savings and investments have been decreased by EUR 1.5 billion; 2. Based on estimates published by Assuralia for 2018

Pressure on bank NII in low IR environment and stable F&C despite less favourable financial markets and regulatory constraints

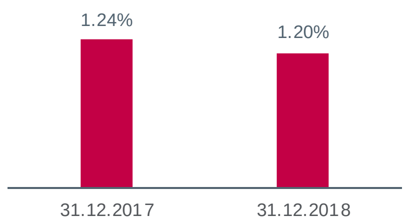
Bank

Continuing low interest rate environment puts pressure on bank NII

Net interest income
EUR m



NIM[1]

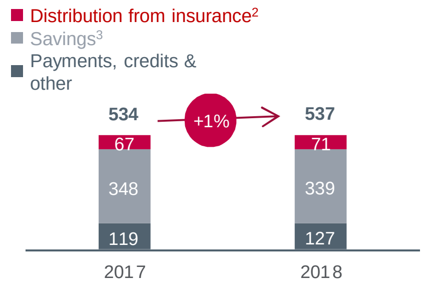


- Resilience mainly resulting from efficient interest rate hedging, increasing commercial loan volumes, tariff management and some accounting presentation changes following IFRS9 counterbalanced by the negative impact of the historically low interest rate environment especially on interest margin of further increasing volumes of non-maturing deposits
- 2017 and 2018 were both impacted by the general standardization of derivatives (CSA) contracts and the related upfront NII impact thereof (higher in 2017 than in 2018)
- Pressure on the NII illustrated by the decreasing NIM, at 1.20% as of 31.12.2018, down by 4bps from 31.12.2017

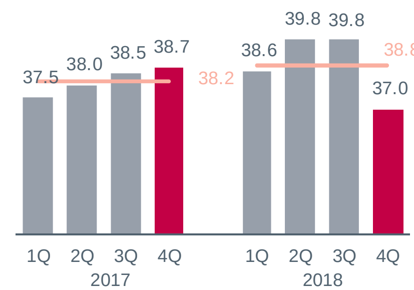
Bank

Bank fee & commission income stable

F&C income
EUR m



Assets under management[4]
EUR bn, end of period and average



- Stable fee and commission income
  - Good development of fees from Non-life products sold through bancassurance channels and from payment services in RC segments
  - Changing product mix towards higher margin products and higher yearly average volumes (mainly thanks to PC) cannot fully compensate for decreasing management fees (as a result of MiFID II) and fee pressure, especially on subscription fees

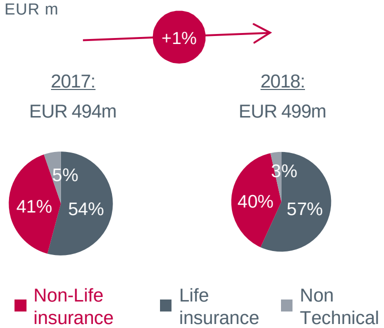
Notes: 1. NIM calculated as the sum of quarterly NII at Belfius Bank (without dividend income) of the last 4 quarters divided by the average of the interest earning assets at Belfius Bank of the last 4 quarters (see also APM document on Belfius' website); 2. Classical and Non-Life; 3. Including insurance distribution fee from insurance investments products (branch 21, branch 23, etc.); 4. Discretionary management as well as off-balance sheet customer investments in mutual funds, mandates and other products such as bonds, equities, etc.

Continued successful implementation of the bancassurance model leading to revenue diversification and all-in-all resilience

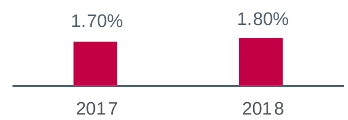
Insurance

Increasing life insurance contribution

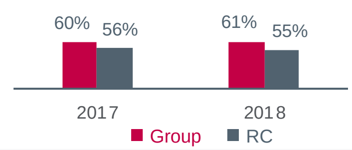
Insurance income
EUR m



Life margin



Non-Life net loss ratio

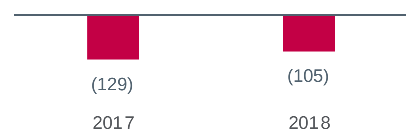


- Strategic transformation of product mix towards more non-life and unit-linked product thanks to commercial actions and the launch of a new unit-linked structured product
- Life Insurance: sustained income and margin development, also positively impacted by the reassessment of technical provisions (1H 2018) in line with risk appetite framework, partially compensated by lower capital gains on equity instruments[1] and more negative impacts from private and listed equity funds (at fair value through P&L) in unfavourable 2H 2018 financial markets
- Non-Life Insurance income in line with last year with excellent RC results (realized with further improving loss ratio) compensating for lower results in PC (in run off for PC insurance business through brokers and bank channels)

Group

Increasing other income

Other income
EUR m

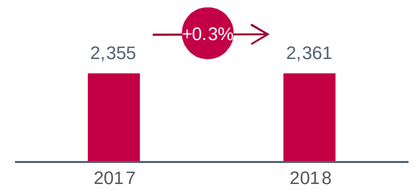


- Other income impacted by bank levies[2]
- 2018 other income impacted by more negative value adjustments and credit derivatives (mainly stemming from the general increase of credit spreads); somewhat compensated by positive impacts resulting from (i) some special items[3] in 2018 (step-up acquisition Auxipar[4], sale of NEB participation and Italian government bonds), (ii) a partial reversal of provision for potential settlements of ongoing disputes with third parties, and (iii) monetization of currency options following CCA agreements

Group

Stable revenues despite less favourable financial markets

Total income
EUR m



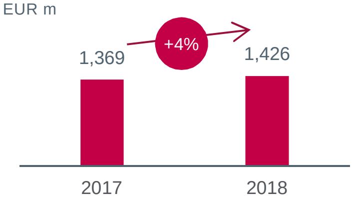
- Further successful development of Belfius' commercial franchise and bancassurance model leading to excellent commercial volumes (in loans, deposits and insurance premiums) compensating for the very challenging context for financial services industry, as such, together with a small increase in other income, leading to a stable income

Notes: 1. Following the classification of equity instruments at FV through OCI, the realized result on equity instruments is no longer recognized in P&L ; 2. From EUR 198m in 2017 to EUR 205m in 2018, note that sector levies of Belfius Insurance (20m in 2017 vs. 17m in 2018) are included in Insurance income; 3. Adjusted results and special items are Alternative Performance Measures and are defined and reconciled in the APM document available on Belfius' website (www.belfius.be/results); 4. Belfius has increased, on March 29, its stake in Auxipar from 39.7% to 74.99% for a price of EUR 29.4m. As a consequence and according to IFRS 3, the previously held stake was revalued resulting in a capital gain of EUR 23m.

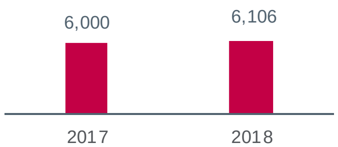
Strategic initiatives with further investments in IT and human resources, and increasing cost of risk related to GC but overall still low

Cost increase with strategic investments in IT & HR

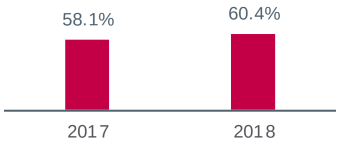
Expenses
EUR m



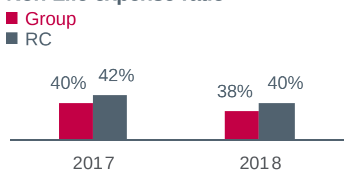
FTE[1]
Belfius group



Cost-Income ratio



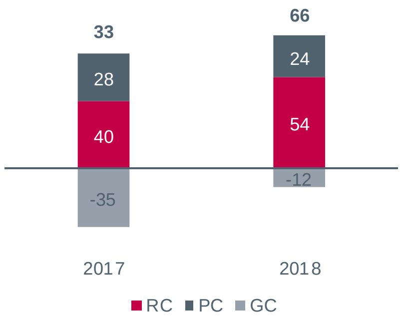
Non-Life expense ratio



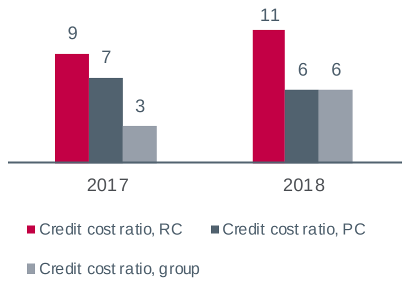
- 2017 costs had been positively impacted by one-off pension plan restructuring for EUR 27m, partially compensated by restructuring costs (EUR -19m) mainly related to network agencies; 2018 costs were negatively impacted by restructuring costs at Belfius insurance (EUR -5m) as well as at Belfius Bank (EUR -11m)
- Adjusted costs show an increase of 2.4%, i.e. from EUR 1,377m in 2017 to EUR 1,409m in 2018. This increase is mainly related to
  - Investments in human capital to support Belfius' growth journey, as illustrated by an increase of average FTE with 106, mainly in areas related to new activities, Corporate, Wealth management, and IT and digital
  - The standard wage indexation applicable in Belgium
  - Belfius' ambitious digitalization and innovation program (leading to cash investments of EUR 141m in 2018 vs. EUR 127m in 2017)

Cost of risk in commercial activities remains at a low level

Cost of risk
EUR m



Credit cost ratio[2]
In bps

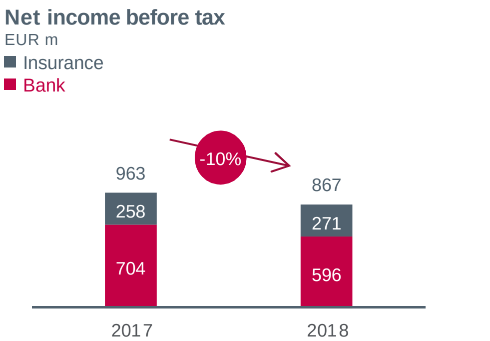


- Cost of risk in commercial activities remains at a historically low level, demonstrating continued good credit quality of commercial assets and benign credit risk context
- Increase in cost of risk from EUR -33m in 2017 to EUR -66m in 2018 mainly stemming from GC which was positively impacted in 2017 following reversals on provisions on derisking tail (EUR +30m in 2017), whereas 2018 was positively impacted by the sale of some Italian government bonds (EUR +19m) and the natural amortization of the portfolios, slightly compensated by additional impairments following some internal rating downgrades

Notes: 1. Average active FTEs; 2. For RC and PC, calculated as cost of risk divided by average gross outstanding loans and advances to customers. For the group, calculated as cost of risk divided by average (i) Loans and advances due from credit institutions (excl. cash collateral) and from customers measured at amortized costs, (ii) Debt securities and equity instruments measured at amortized costs and at FV through OCI (excl. participations and equity) and (iii) guarantees granted

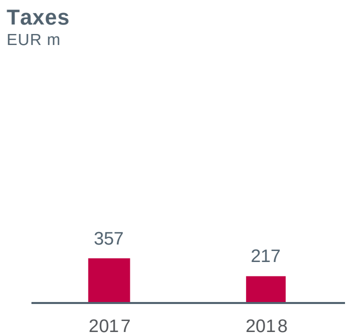
Decreasing net income before tax more than compensated by the lower tax expenses, leading to higher net income in 2018

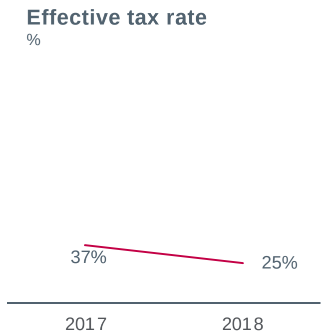
Decreasing NIBT



- Combined with a resilient income, the higher expenses due to investments in digitalization and modernization as well as the increase in cost of risk in GC lead to a decrease in net income before tax to EUR 867m

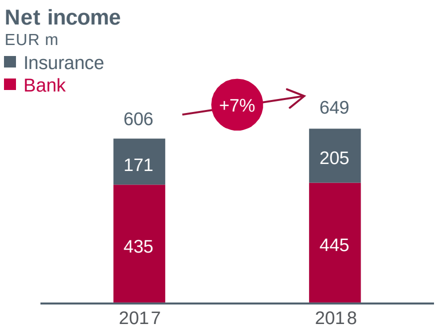
Lower tax expenses





- Consolidated tax expenses amount to EUR 217m in 2018 compared to EUR 357m in 2017. This ETR decrease is mainly due to :
  - High ETR in 2017 as the introduction of the new corporate tax law led to a net Deferred Tax Assets (DTA) reassessment of EUR 106m, however somewhat compensated by the recognition of formerly unrecognized DTA (EUR +33m) linked to Belfius' ex-legacy book managed in Ireland
  - Low ETR in 2018 mainly thanks to (i) lower statutory corporate income tax rate (at 29.58%), (ii) further decreased ETR thanks to positive impact from closure of Belfius' Dublin Branch, in line with further strong rationalisation of the management of Belfius' former legacy portfolio in natural run-off (+EUR 30m), and customary amounts of untaxed capital gains and dividends, especially at the level of Belfius Insurance (+EUR 28m), (iii) however partially compensated in ETR by the gradual restatement of DTA from 29.58% to 25% according to their ageing towards 2020 corporate income tax level of 25% (EUR -17m)

Increasing all-in-all net income



- All in all leading to a solid net income of EUR 649m in 2018, up 7% compared to 2017

From reported to adjusted net income[1]

Reported - - - - - - **Excluding special items** - - - - - -> **Adjusted**

2018, EUR m	Reported	Sale/unwind within the ex-legacy portfolio	Impact of restructuring[3]	Other items[4]	Tax-impact closing Dublin Branch			Adjusted
Income	**2,361**	10	-	46	-	-	-	**2,304**
Expenses	**-1,426**	-	-16	-	-	-	-	**-1,409**
Cost of risk	**-66**	19	-	-	-	-	-	**-86**
Impairments	**-2**	-	-	-	-	-	-	**-2**
Net income before tax	**867**	**30**	**-16**	**46**	**-**	**-**	**-**	**807**
Taxes	**-217**	-8	5	-	30	-	-	**-243**
Net income	**649**	**22**	**-12**	**46**	**30**	**-**	**-**	**563**
Impact mainly in		*GC*	*GC*	*GC*	*GC*			

2017, EUR m	Reported	Sale/unwind within the ex-legacy portfolio	Impact of restructuring[2]	Incentive received following TLTRO II	Reversal of impairment on headquarter	Recognition previsously unrecognized DTA	Impact of New 2017 tax law	Adjusted
Income	**2,355**	-7	-	6	-	-	-	**2,355**
Expenses	**-1,369**	-	8	-	-	-	-	**-1,377**
Cost of risk	**-33**	30	-	-	-	-	-	**-63**
Impairments	**9**	-	-	-	14	-	-	**-5**
Net income before tax	**963**	**24**	**8**	**6**	**14**	**-**	**-**	**911**
Taxes	**-357**	-8	-3	-2	-5	33	-106	**-267**
Net income	**606**	**15**	**5**	**4**	**9**	**33**	**-106**	**644**
Impact mainly in		*GC*	*RC, PC, GC*	*GC*	*GC*	*GC*	*GC*	

Notes: 1. Adjusted results and special items are Alternative Performance Measures and are defined and reconciled in the APM document available on Belfius' website (www.belfius.be/results); 2. The "impact of restructuring" includes (i) recognition of formally approved restructuring provisions and (ii) impacts from pension plan restructuring; 3. The "impact of restructuring" includes recognition of formally approved restructuring provisions; 4. Other items include (i) capital gains and losses on the sale of associates ("NEB participation") as well as (ii) the revaluation of the historical stake in Auxipar.

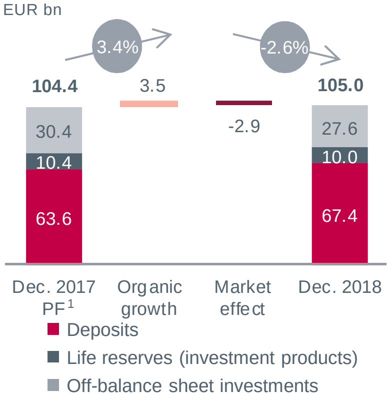
4. Segment results
1. RC

- **Retail & Commercial continues to show strong commercial momentum** with growing
  - Customer savings & investments (+1%): strong organic growth (+3.4%) was largely offset by negative market effects (-2.6%). Growth mainly in current & savings accounts (+8%)
  - Loans to customers (+8%)
  - Insurance production (+20%)
  - Sales through direct channels continue to increase
- **A strong digital track-record in mobile - omnichannel banking**
  - Further increase of Belfius' active mobile users: 1.25m active mobile users connecting on average approximately once a day
  - 4.6 on average – on a 5 point scale – for Belfius' IOS and Android mobile app
  - Belfius' omnichannel strategy to capture customer value has reshaped the distribution model, e.g. 23% of Belfius car insurance GWP are initiated digitally
- Following less favorable financial markets and some regulatory changes, commercial volume growth in S&I continues to lead to a change in product mix with more non-maturing deposits. The margin pressure on these non-maturing deposits due to persistent low interest rates and the legal tariff floor on savings deposits, was partially compensated by strong RC loan volume growth, at loan margins on average still slightly above margins on stock of RC loans, all-in-all leading to a **decreasing NII**
- **Resilient fee & commission income** despite increased fee pressure, especially on entrance fees, and fragile financial markets
- **Increasing contribution of profitable insurance activities**
- Investments in strategic priorities such as Wealth Management Services, IT and digital as well as increasing (but still historically low) cost of risk leading to all-in-all **decreasing net income**

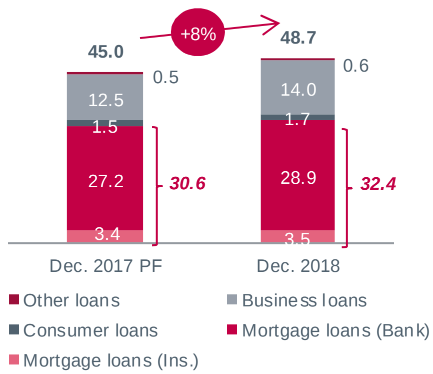
Solid commercial activity leads to further volume growth and developing sales through direct channels

Savings & investments and loans to customers

Outstanding savings & investments
EUR bn



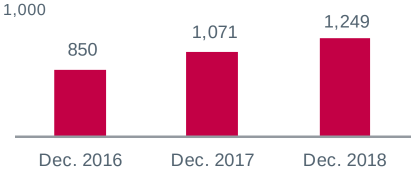
Outstanding loans to customers
EUR bn



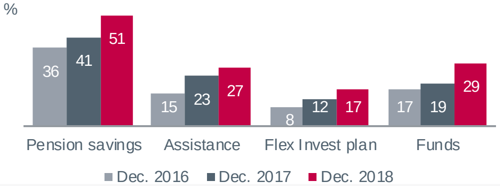
- Retail & Commercial continues to show overall excellent dynamics, with pressure from product mix on savings & investments side:
  - Strong organic growth in RC Savings & Investments of c. EUR 3.5bn in 2018 largely offset by a negative market effect. Net growth of 6% in deposits (mainly in current & savings accounts) is compensated by a decrease in off balance-sheet investments (-9%) due to less favorable financial markets & MiFID regulation, hence leading to a change in product mix with more non-maturing vs. asset management
  - Outstanding loans increased by EUR 3.7bn (+8.2%) compared to Dec. 2017. The increase is present in all types of loans but is mostly driven by a strong growth in business loans (+12.7%) and mortgages (+5.9%)

Growing activity on direct channels

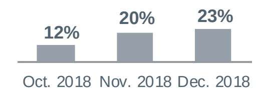
Active mobile users
x 1,000



Sales through direct channels[2]
%



Digitally initiated car insurance GWP
%



Credit cards

1/3 of credit cards are sold through direct channels[2]

Customer equipment rate

3.03 Products per customer

- Increasing customer engagement resulting into steady increase of active mobile users (+17% vs. Dec. 2017), with on average 33 logins per active user per month in December 2018, and into a continued high degree of customer satisfaction (4.6 on average – on a 5 point scale – for IOS and Android)
- Belfius' omni-channel strategy to capture customer value has reshaped the distribution model, e.g. 23% of Belfius car insurance GWP are initiated digitally
- Stable, average equipment rate of RC customers, supported by increasing direct sales

Notes: 1. On 6 March 2018, the Belgian Council of State cancelled the Arco co-operative guarantee scheme (which has been organized by Royal Decrees in 2011). Important uncertainties remain with respect to the contemplated sustainable and structured solution (i.e. position of the European Commission on the contemplated solution, adherence of Arco shareholders, the uncertain impact on the litigation proceedings, market circumstances, etc.). The reporting of Arco shares was adapted, and the current value of the shares has been set to "indeterminable". As a consequence the off-balance sheet investments and the total savings and investments have been decreased by EUR 1.5 billion. 2. Belfius' direct channels are Belfius Connect, Belfius Mobile (smartphone and tablet) and Belfius Direct Net (computer)

Bancassurance strategy continues to support Belfius' insurance activities, undergoing at the same time a profound product mix transformation

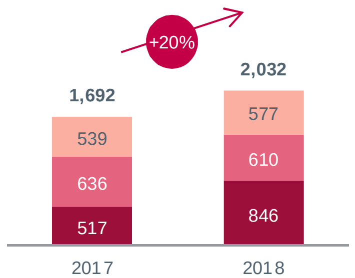
Retail & Commercial

Insurance

Bank-Insurance

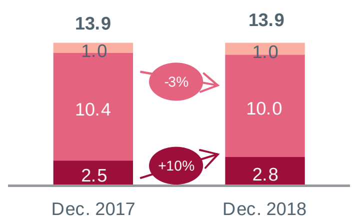
Insurance sales & reserves

Insurance production
EUR m



▪ Unit-linked (Branch 23) ▪ Guaranteed products (branch 21, 26 & 27) ▪ Non-Life

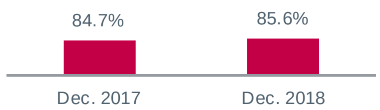
Insurance reserves
EUR bn



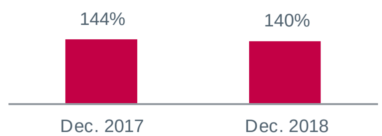
▪ Unit-linked (Branch 23) ▪ Guaranteed products (branch 21, 26 & 27) ▪ Non-Life

Continuous solid bank insurance cross-sell

Property insurance
Belfius Home & Family cross-sell (%)



Credit linked Life insurance
Belfius Home Credit Protect cross-sell (%)[3]



- RC Non-Life insurance premiums in 2018 stood at EUR 577m, up 7% compared to 2017, boosted by the bank distribution channel (+12.4%) and Corona (+9.8%) Belfius' direct insurer in Belgium
- RC Life insurance (unit-linked and traditional) premiums stood at EUR 1.456m in 2018[1], up 26.3% compared to 2017[2]
  - Unit-linked (Branch 23) premiums increased strongly (+64%, both in GWP and transfers/renewals)
  - Traditional Life (Branch 21/26) premiums decreased with 4.1% following the low interest rate environment
- Total RC insurance reserves stood at EUR 13.9bn: unit-linked reserves increased by 10% while traditional Life reserves decreased by 3%, demonstrating the Life product mix transformation from guaranteed products to more unit-linked products
- Belfius continues to show solid mortgage loans related cross-sell ratios, confirming strong bank-insurance development

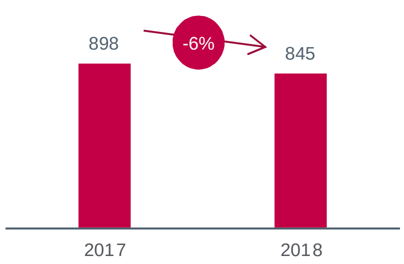
Notes: 1. Of which EUR 960m GWP and EUR 495m transfers/renewals; 2. of which EUR 782m GWP and EUR 371m transfers/renewals ; 3. Mortgage-related cross-selling ratio based on contractual data and showing the average insured amount compared to the mortgage. This ratio is above 100% when both members of a household are insured

Increase in legally tariff floored retail deposits puts pressure on bank NII, slow down in AM market compensated by increasing fees on payment services

Bank

Decrease of NII due to continuous low interest rate environment

Net interest income
EUR m

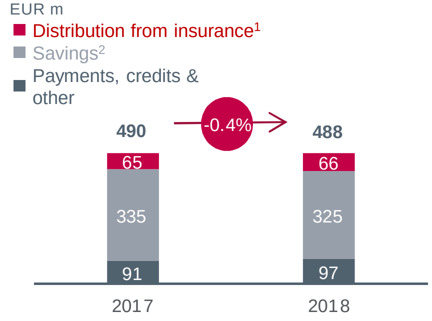


- NII decrease by 6% in RC driven by overall net margin pressure
  - stemming from the growing outstanding non-maturing deposits and the negative impact hereon from the persistent low interest rates
  - not fully compensated by the strong growth in RC loan volumes (especially in mortgage and business loans), at RC loan margins on new production that are still (slightly) above RC loan margins on stock

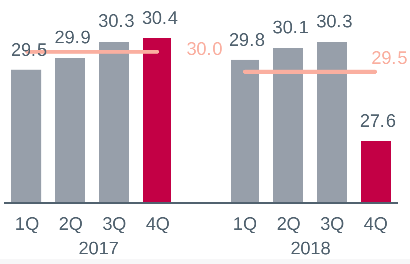
Bank

Resilient Fee & Commission income

F&C income
EUR m



Assets under management[3]
EUR bn, end of period and average



- Good development of fees from Non-life products sold through bancassurance channels and from fees on payment services (e.g. following upgrade in credit cards)
- Changing product mix towards higher margins products and relatively stable yearly average volumes cannot fully compensate for decreasing management fees (as a result of MiFID II) and fee pressure, especially on subscription fees

Notes: 1. Classical and Non-Life; 2. Including insurance distribution from insurance investment products; 3. Discretionary management as well as off-balance sheet customer investments in mutual funds, mandates and other products such as bonds, equities, etc.

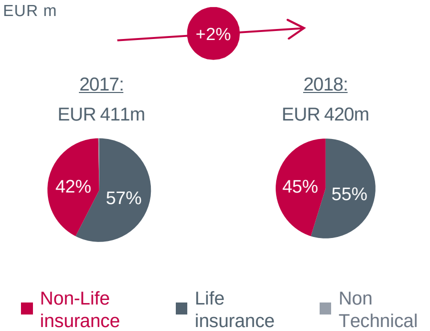
Ongoing revenue diversification allows for resilient revenues

Retail & Commercial

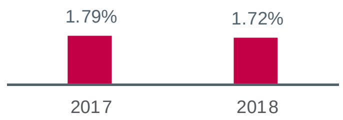
Insurance

Sustained insurance contribution throughout transformation of product mix

Insurance income
EUR m



Life margin



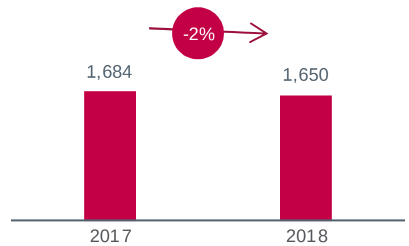
Non-Life net loss ratio

- RC Insurance results showing excellent dynamics in Non-Life income (+9% to EUR 190m) with premium growth (+7%) above Belgian market level[1]
- Life Insurance: lower capital gains and negative impact from increased volatility following implementation of IFRS9 ; positive impact from reassessment of technical provisions in line with risk appetite framework. The decrease of revenues on guaranteed products following the decrease of the outstanding portfolio is partly compensated by the increase in unit-linked related revenues
- Non-Life Insurance: continued good momentum, with an increase in income realized with further improving loss ratios on a continuously increasing production

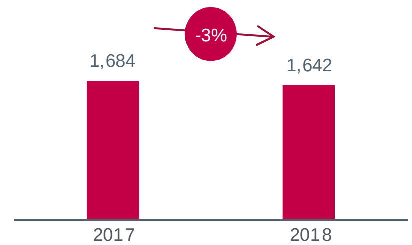
Bank-Insurance

Safeguarding of total income

Total income
EUR m



Adjusted total income
EUR m



- Despite decreasing net interest income, rather stable total revenues (-2%), hence demonstrating the resilience of Belfius RC business model in the context of the adverse interest rate environment and the less favourable financial markets
- Adjusted total income amounted to EUR 1,642m in 2018, down 3% compared to 2017

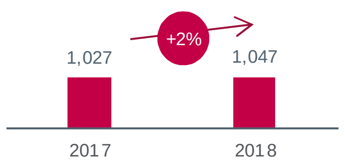
Notes: 1. Based on estimaties published by Assuralia for 2018

Strategic initiatives with further investments in IT and human resources, and increasing but still historically low cost of risk

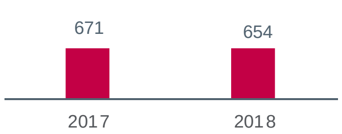
Retail & Commercial

Important investments in IT & HR, resulting in cost increase

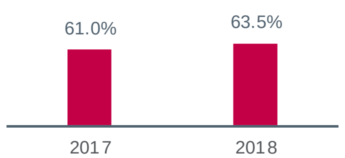
Expenses
EUR m



 # bank branches



Cost-Income ratio

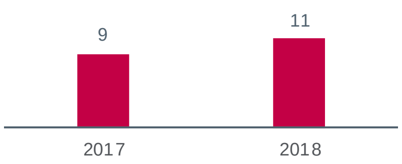


Non-Life expense ratio

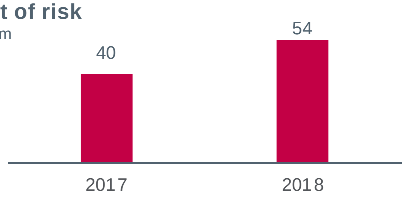
- In line with Belfius' group digital and staff investment program, RC expenses are slightly increasing
- Belfius continues to adjust step by step its physical branch network, in line with customer behaviour, digitalisation trend and bank-insurance platform integration

Low risk profile

Credit cost ratio[1]
In bps



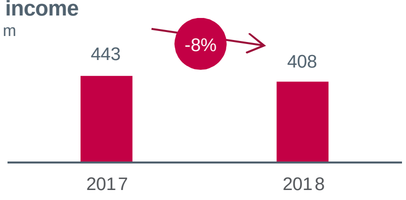
Cost of risk
EUR m



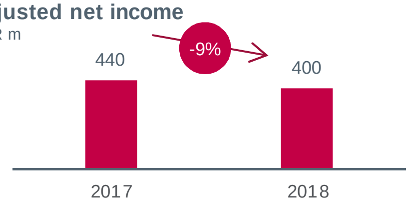
- Very strong commercial loan volume development is the main reason of the increase in cost of risk (to EUR 54m) in RC segment
- Slight increase in credit cost ratio linked to increased forward looking provisioning under IFRS9 for real estate exposures

Lower net income

Net income
EUR m



Adjusted net income
EUR m



- The pressure on net interest income, stable F&C in unfavourable financial markets, increasing costs related to digitalization and staff investments as well as a slight increase of the cost of risk lead to a net income of EUR 408m, down 8% compared to 2017
- The adjusted net income decreases by 9% compared to 2017

Notes: 1. Calculated as cost of risk divided by the average outstanding commercial loans

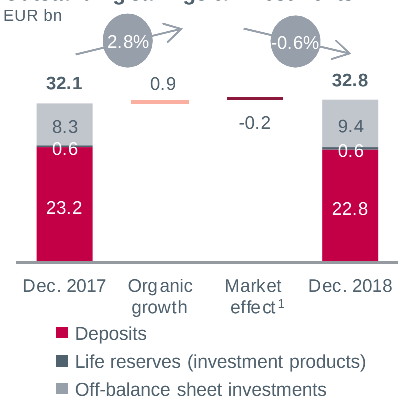
4. Segment results
2. PC

- **Public & Corporate continues to strongly develop its Corporate segment, and remains the leading full service provider in the Belgian Public & Social segment**
  - Strong increase in loans to Belgian Corporates (+20%)
  - Continued momentum in Debt Capital Markets; participation rate of 86% with PSB clients and 52% with corporate clients
  - 8 capital market transactions within Equity Capital Markets for various corporate clients building on the partnership with Kepler Cheuvreux
- **Growing NII** thanks to further pricing discipline, higher volumes especially in the Corporate Segment and some accounting presentation changes following IFRS9
- **Stable contribution of fees and commissions**
- **Increase of insurance** contribution driven by growing **Life** income
- Investments in strategic priorities such as corporate banking, IT and digital as well as continued historically low cost of risk and lower tax expenses leading to all-in-all **increasing net income**

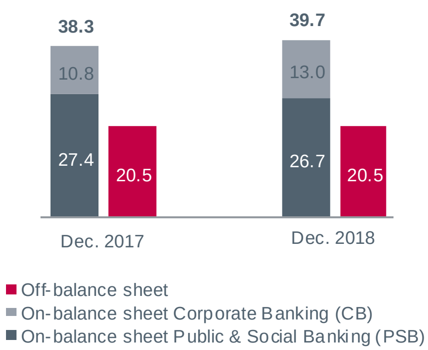
PC continues to strongly develop its Corporate segment, and remains leading full service provider in the Public & Social segment

Savings & investments and loans & commitments to customers

Outstanding savings & investments
EUR bn



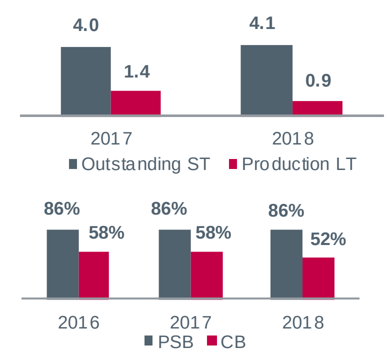
Outstanding loans and commitments
EUR bn



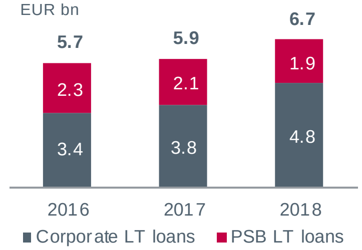
- Public & Corporate segment continues to benefit from the diversification strategy towards cross-sell & corporate segment
  - Total customer balances amounted to EUR 32.8bn, up 2.2% compared to end 2017, with marked positive evolution in off-balance sheet investments, especially in the Corporate segment
  - Continued commercial strategy towards Belgian corporates results in a 20% increase of outstanding loans over 2018, to EUR 13.0bn as per December 2018
  - Outstanding loans in PSB slightly decreased in 2018 (-3%) and confirm the recent shift to more alternative financing (i.e. desintermediation), for which Belfius is also market leader for PSB in Belgium

Debt Capital Markets (DCM) activity and PSB loan production

DCM activity and participation rate
EUR bn; %



PSB and corporate long term loan production[2]
EUR bn



Equity Capital Markets (ECM)

8 Transactions in 2018

- PC clients maintain diversified financing profiles through DCM activity
  - During 2018, Belfius has placed a total funding (allocated amount) of EUR 3bn short term and EUR 0.7bn long term notes for P&S sector clients and kept its participation rate at 86%, hence Belfius confirmed its leadership position
  - With a participation rate of 52% in new LT bond issuances, Belfius also confirmed during 2018, its position as leader in bond issues for Belgian corporate clients, and placed a total amount of EUR 1.1bn short term and EUR 0.2bn long term notes
- In line with Belfius' growth strategy, the production of corporate LT loans is steadily increasing with 26%. PSB LT loans are slightly decreasing following the lower demand
- Belfius also structured and placed a total of 8 capital market transactions within ECM for various corporate clients and in close cooperation with Kepler Cheuvreux with whom Belfius entered into a strategic partnership in November 2017

Notes: 1. Based on a Belfius' estimate; 2. Belfius Lease and Autolease for PC customers included

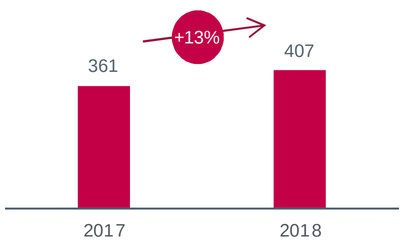
Price discipline and strong momentum with corporates driving NII expansion

Public & Corporate

Bank

Increasing net interest income despite adverse rate environment

Net interest income
EUR m

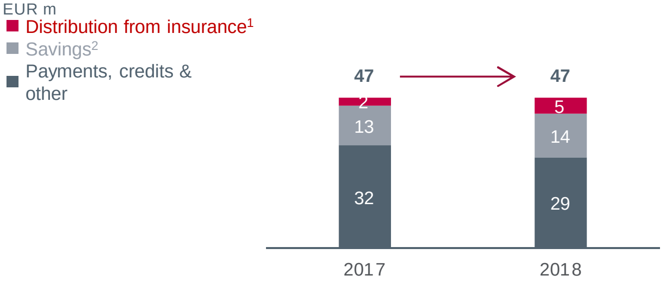


- Increasing bank NII of PC mainly thanks to higher volumes in corporate loans, pricing discipline and some presentation changes following IFRS9 (o.w. positive result of EUR 16m now booked in NII, formerly in other income) more than compensating pressure on interest margin especially on non-maturing deposits

Bank

Stable fees & commissions

F&C income
EUR m



- Good commercial interaction between lending and non-lending services leads to stable fee and commission income

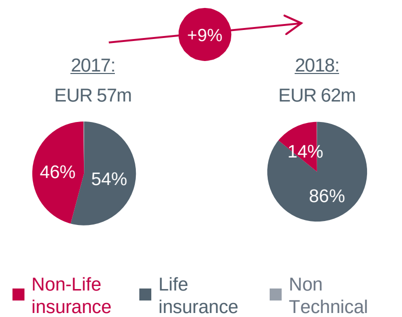
Notes: 1. Classical and Non-Life; 2. Including insurance distribution from insurance investment products.

Higher Life insurance contribution further supports revenue growth

Insurance

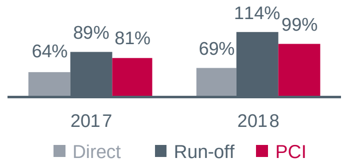
Increase of insurance contribution

Insurance income
EUR m



Life margin

Non-Life net loss ratio

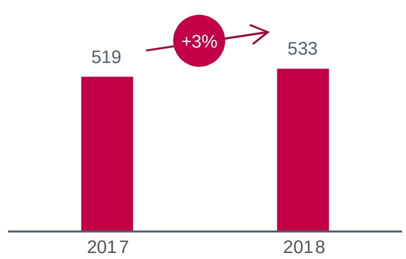


- PC Life insurance results evolving positively in 2018 following the positive impact from the reassessment of technical life provisions in line with risk appetite framework
- Non Life result was impacted by higher loss ratio in Car insurance and Workers Compensation. Positive income contribution of Direct channel remains stable compared to 2017; negative contribution from other non-life activities towards other institutional and corporate customers that have been put in run-off

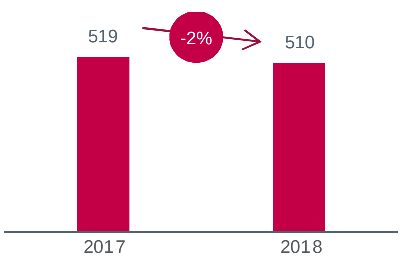
Bank-Insurance

Stable revenues

Total income
EUR m



Adjusted total income
EUR m



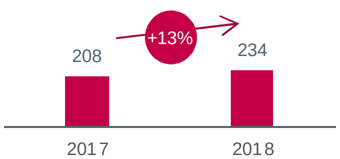
- Higher net interest income, resilient fee and commission income and growing life income lead to an overall growth (+3%) of PC total income which reaches EUR 533m as of 31 December 2018
- Revenues were also impacted by the capital gain on the sale of NEB participation, excluding this element, the adjusted total income amounts to EUR 510m in 2018, down 2% from 2017

Strategic initiatives with further investments in IT and human resources, and still low cost of risk lead to net income growth

Public & Corporate

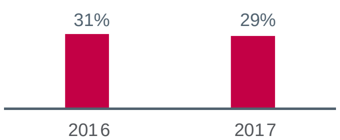
Important investments in IT & HR, allowing costs to increase

Expenses
EUR m



Cost-Income ratio

Non-Life expense ratio

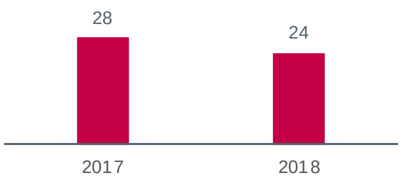


- In line with the development of its commercial franchise and Belfius' digital and staff investment program, PC expenses are increasing
- Reported Cost-Income ratio still at level below group average (44.0%)

Cost of risk remains at historical lows

Credit cost ratio[1]
In bps

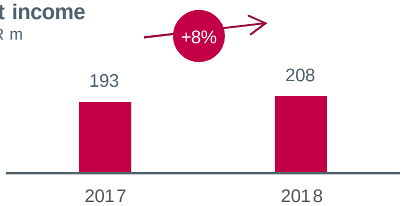
Cost of risk
EUR m



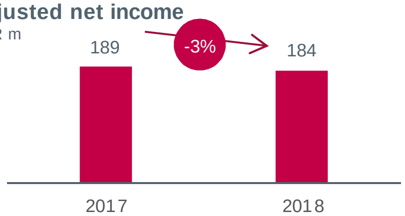
- Credit cost ratio remains at historical low levels
- Low cost of risk (EUR 24m) despite strongly growing corporate franchise, benefitting from the benign credit risk context

Net income growth

Net income
EUR m



Adjusted net income
EUR m



- Diversification strategy successfully leading to growing income (EUR 208m, i.e. +8%)
- Excluding capital gain on the sale of NEB participation, adjusted net income amounts to EUR 184m

Notes: 1. Calculated as cost of risk divided by the average outstanding commercial loans

4. Segment results

3. GC

- Despite the difficult financial markets characterized by the historically low interest rate environment, the increase in credit spreads in 2018 and decreasing equity markets, the **income of GC increased**, leading to a total income of EUR 178m compared to EUR 151m in 2017
- As a result of some restructuring costs, **GC expenses increased** to EUR 144m
- Sale of EUR 0.8bn (notional) Italian government bonds in 1Q 2018 and natural amortization of the portfolios, slightly offset by internal rating downgrades (e.g. on exposures on UK utilities) leading to a positive CoR of EUR 12m, whereas 2017 CoR was even more positively impacted by reversals on provisions on ex-legacy derisking tail; as such leading to a **less positive impact in cost of risk**
- The impact of the **lower ETR in 2018** is mainly present in GC result, with the 2018 GC tax expenses amounting to EUR -11m vs. EUR -96m in 2017
- All in all, **GC net income stood at EUR 33m in 2018** compared to -30m in 2017
- The **ALM Yield, derivatives and credit guarantees portfolios continue their progressive (natural) run-off**
- **RWA of GC have decreased** to EUR 14.5bn, o.w. EUR 6bn credit RWA from run-off portfolios, mainly following the sale of some Italian government bonds in 1Q 2018

Reminder – summary overview of Belfius Group Center

Belfius Group Center (notional amounts as of December 2018)				
	Bond portfolio		Derivatives and guarantees	Other GC activities
	ALM Liquidity	Run-off ALM Yield	Run-off portfolio	
	■ LCR eligible bonds (EUR 7.7bn)	■ Non-LCR eligible bonds (EUR 3.6bn) ■ Bought credit protection for some ALM yield bonds	■ Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 21.6bn) ■ Non collateralized derivatives with international non financial counterparts (notional of EUR 4.8bn) ■ Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 3.7bn)	■ Management of specific credit risk files (Holding Communal & Arco entities) ■ Various other items: ■ ALM derivatives for B/S management ■ Financial markets services (mostly to business lines and ALM) ■ Central assets ■ Insurance GC ■ Other
Considerations	■ Part of Belfius Bank's total LCR liquidity buffer ■ Well diversified, high credit quality and highly liquid portfolio	■ Bond portfolio used to manage excess liquidity ■ Mainly high quality bonds of international issuers with a ~20 years residual duration ■ Managed in natural run-off and standard credit risk management	■ 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

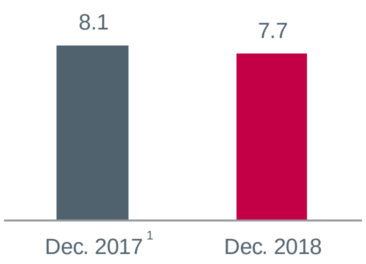
Continued natural decrease of run-off portfolios

Group Center portfolios

ALM Liquidity

ALM Liquidity bond portfolio

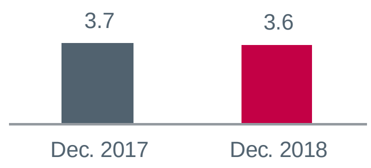
Notional value
EUR bn



Run-off portfolios

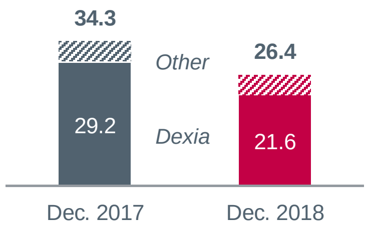
ALM Yield bond portfolio

Notional value
EUR bn



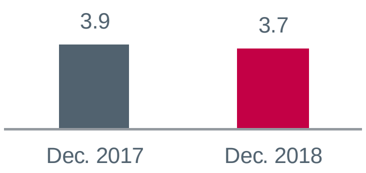
Derivatives

Notional value
EUR bn



Credit guarantees

Notional value
EUR bn



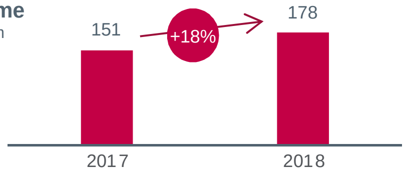
	ALM Liquidity bond portfolio Dec. 2017	ALM Liquidity bond portfolio Dec. 2018	ALM Yield bond portfolio Dec. 2017	ALM Yield bond portfolio Dec. 2018	Derivatives Dec. 2017	Derivatives Dec. 2018	Credit guarantees Dec. 2017	Credit guarantees Dec. 2018
Average Rating (2)	BBB+	BBB+	A	A	A-	A-	A-	A-
Expected average Life (years)	9.0	8.4	20.8	20.1	14.4(3)	14.1(3)	10.3	10.0
Investment grade (%)	100%	100%	95%	95%	96%	96%	100%	100%
Credit regulatory risk exposures (EUR bn)	4.3	2.7	2.8	3.0	1.5	1.3	1.8	1.7

Notes: 1. Including EUR 2.2bn (notional) of Italian Government Bonds, of which EUR 0.8bn have been sold in January 2018; 2. Includes rating impact from bought credit protection for some ALM yield bond portfolio; 3. Calculated based on EAD

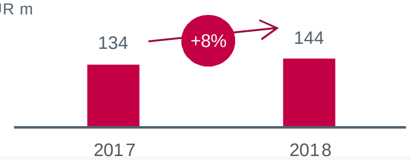
Positive net income from GC in 2018, especially benefitting from lower DTA reassessment compared to 2017

Income expansion and increasing costs

Income
EUR m



Expenses
EUR m



- Income improvement mainly driven by the revaluation of the historical stake in Auxipar, the sale of EUR 0.8bn Italian government bonds as well as by the partial reversal of provision for potential settlements of ongoing disputes with third parties; somewhat compensated by the general standardization of derivatives (CSA) contracts and the related upfront NII impact thereof (higher in 2017 than in 2018)
- 2018 costs were negatively impacted by restructuring costs at Belfius insurance (EUR -5m) and Belfius Bank (EUR -11m) booked in GC. Excluding these impacts, adjusted costs decrease with 3%

Positive but lower CoR and low ETR

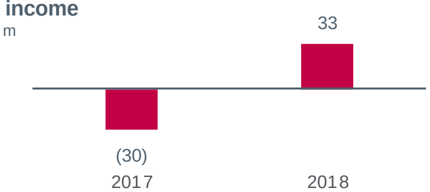
Cost of risk
EUR m

Taxes
EUR m

- Sale of Italian government bonds and natural amortization of the portfolios, slightly offset by internal rating downgrade of some exposures (e.g. on UK utilities) leading to a positive CoR of EUR 12m whereas 2017 CoR was even more positively impacted by reversals on provisions on ex-legacy derisking tail
- Tax expenses amount to EUR -11m compared to EUR -96m in 2017. The evolution is a.o. impacted by:
  - High ETR in 2017 as the introduction of the new corporate tax law led to a net DTA reassessment of EUR 106m, somewhat compensated by the recognition of formerly unrecognized DTA (EUR +33m) linked to Belfius' ex-legacy book managed in Ireland
  - Low ETR in 2018 mainly thanks to (i) lower statutory corporate income tax rate (at 29.58%), (ii) further decreased ETR thanks to positive impact from closure of Belfius' Dublin Branch, in line with further strong rationalisation of the management of Belfius' former legacy portfolio in natural run-off (+EUR 30m), and customary amounts of untaxed capital gains and dividends, especially at the level of Belfius Insurance (+EUR 28m), (iii) however partially compensated in ETR by the gradual restatement of DTA from 29.58% to 25% according to their ageing towards 2020 corporate income tax level of 25% (EUR -17m)

All-in-all leading to a positive net income

Net income
EUR m



Adjusted net income
EUR m

- All in all, positive net income of GC, improving compared to 2017 mainly following the lower tax expense
- Excluding the restructuring provisions, the sales/unwind within the ex-legacy portfolio, the capital gain on the revaluation of the historical stake in Auxipar and the tax impact of the closure of the Dublin Branch, adjusted net income amounts to EUR -21m as of December 2018

4. Segment results

4. RoE

- Belfius' strategy is based on the development of a **strong commercial franchise** that is to be supported by **solid risk and financial profile** foundations
- This translates into **growing commercial activities that are enabled to grow their footprints in a profitable way** and investments in future business model developments, on the basis of solid solvency foundations
- All in all, this strategy leads to a sound **Return on Average Equity** at commercial segment level and enables Belfius to further gradually improve its Return on Average Equity at group level to 7.5% in 2018
- In line with Belfius' continued solidity and long term strategic focus, Belfius continues to invest in its franchise, and human and digital capacities, as such leading to some pressure especially showing up on adjusted metrics

Continued sound commercial Return on Average Equity and gradually improving Return on Average Equity at group level, some pressure on adjusted metrics

Increasing reported net income, lower adjusted net income

Net income
EUR m

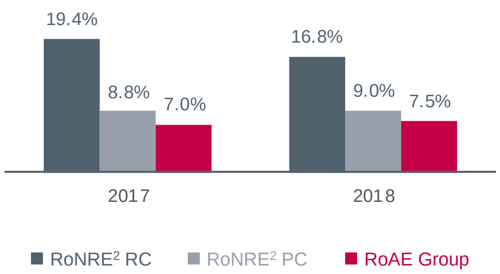
	2017				2018			
	RC	PC	GC	Total	RC	PC	GC	Total
Net income	443	193	(30)	606	408	208	33	649
RWA[1] EUR bn	17.5	16.8	16.3	**50.6**	19.5	18.1	14.5	**52.1**

Adjusted net income
EUR m

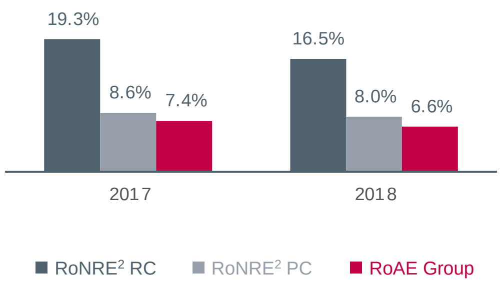
	2017				2018			
	RC	PC	GC	Total	RC	PC	GC	Total
Adjusted net income	440	189	14	644	400	184	(21)	563
RWA[1] EUR bn	17.5	16.8	16.3	**50.6**	19.5	18.1	14.5	**52.1**

Gradually improving Return on Average Equity

Return on Average Equity



Adjusted Return on Average Equity



Notes: 1 Basel III fully loaded. 2. Return on average normative regulatory equity based on Common Equity Tier 1 capital at 13.5% RWA

5. Financial solidity

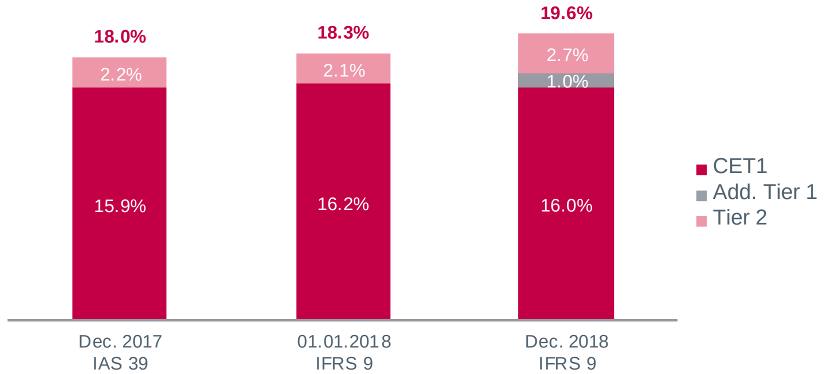
Addendum: After a detailed review and based on Dec. 2018 figures, Belfius countercyclical capital buffer amounts to 0.07% instead of 0% as previously communicated

- Based upon its 2018 solvency metrics, Belfius continues to **rank amongst the well capitalized European banks**:
  - CET1 ratio of 16.0% end of December 2018, slightly down from January 1st, 2018 pro forma, mainly as the result of positive effects in CET 1 capital (+15 bps) more than offset by increasing total risk exposure (-32 bps)
  - Solid leverage ratio of 6.0%
- This solid capital base **compares well to Belfius' SREP level and internally defined minimum operational and target levels**
  - Fully Loaded minimum CET1 supervisory requirement currently at 10.82% for 2019 (with 0.07% Countercyclical Buffer[1], constant O-SII buffer at 1.5% and constant Pillar 2 Requirement at 2.25%) and P2G of 1%
  - Fully Loaded actual CET1 of 16.0%, well above the minimum operational CET1 ratio of 13.5% and in full compliance with the target CET1 zone of 15.0%-15.5%
- **Insurance activities also show solid solvency metrics**, with Solvency II ratio of 203% (of which 155% in the form of Tier 1 capital) end of December 2018
- **Continued strong liquidity and funding profile**
  - LCR ratio of 135% and NSFR of 116%
  - Liquid assets representing 5.7x one year wholesale refinancing needs
  - Loan to deposit ratio (for commercial balance sheet) roughly stable at 94%
- **Continued strong asset quality**
  - Sound asset quality with a slightly improving asset quality ratio, at 2.05% as of Dec. 2018 (vs. 2.15% in Dec. 2017) and coverage ratio of 61.6%

Note 1: Note that the countercyclical capital buffer is quarterly assessed. Based on the calculation at the end of 2018, Belfius must comply for 2019 with a minimum CET1 ratio of 10.82% including the countercyclical capital buffer.

Belfius among well capitalized European banks thanks to its solid capital and leverage ratios

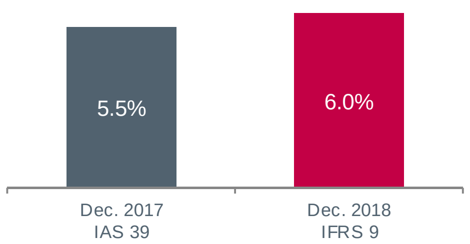
CET1, Tier 1 and Total capital ratio[1]



In EUR m	Dec. 2017 IAS 39	01.01.2018 IFRS 9	Dec. 2018 IFRS 9
CET1	8,037	8,253	8,329
T1	8,037	8,253	8,826
CAD	9,134	9,350	10,230
RWA	50,615	51,039	52,065

- Fully Loaded CET1 ratio stood at 16.0%, 17bps down compared to January 1st, 2018
- Total Capital ratio remained strong in 2018 with Fully loaded ratio of 19.6%, a strong increase compared to January 1st, 2018. This increase is mainly stemming from (i) the EUR 500m inaugural Perpetual Additional Tier 1 issuance of 1Q 2018 and (ii) the new issuance of EUR 200m Tier 2 capital in 1Q 2018

Leverage ratio

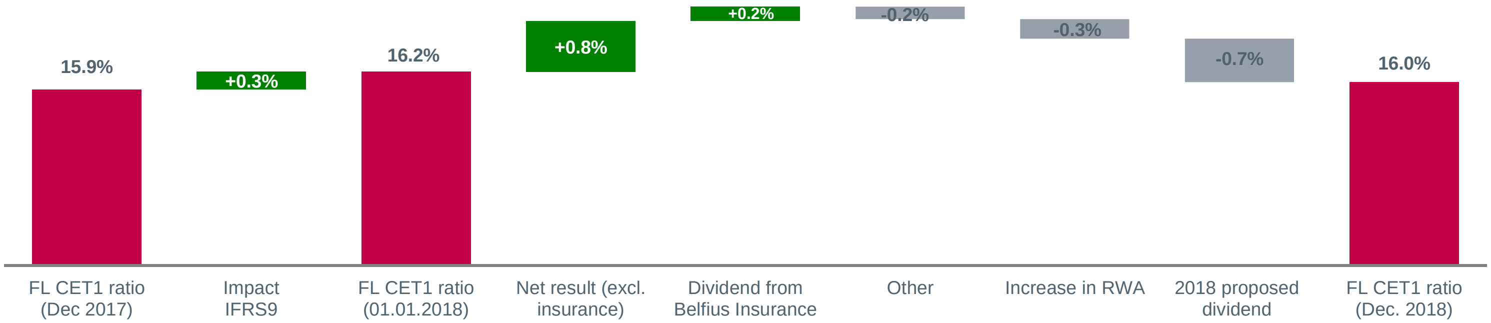


- Leverage ratio further increased compared to Dec. 2017, Fully Loaded ratio stood at 6.0%
- The increase is mainly due to the inaugural Perpetual Additional Tier 1 issuance of 1Q 2018 partially offset by higher total leverage exposure measure

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 participation after deduction of goodwill and on the additional capital subscribed by the bank

CET1 ratio remains strong

This solid capital base compares well to Belfius' SREP level and internally defined minimum operational and target levels



In EUR m

CET1	8,037	+216	8,253	+421	+120	-102		-363	8,329
RWA[1]	50,615	+424	51,039	-	-	-	+1,026	-	52,065

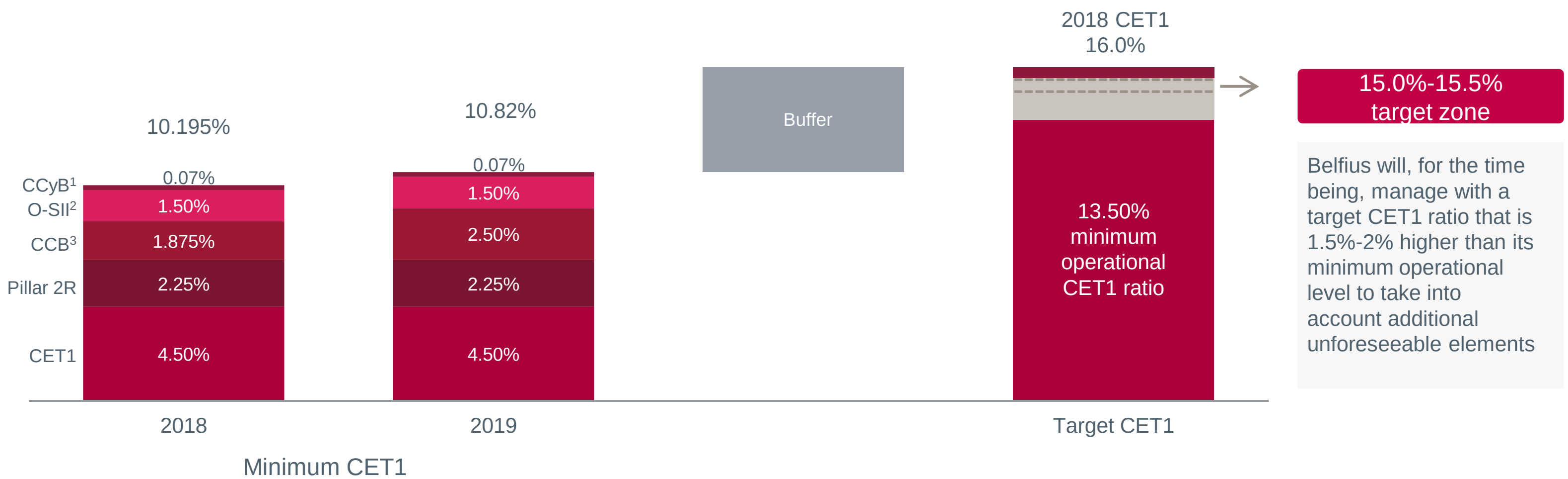
- The implementation of IFRS 9 as of 1 January 2018 had an impact on Belfius' solvency ratios
  - CET1 impacts mainly relate to the reversal of the AFS and frozen AFS reserve as Belfius has opted for a "hold to collect" business model for the majority of debt instruments
  - The impact on regulatory risk exposures is twofold with (i) an increase on the portfolio hedge and (ii) a decrease following reclassification and remeasurement on certain assets
- In 2018, the increase in RWA results from increasing credit risk exposures (resulting from some downgrades, new regulatory measures and growing commercial activities) somewhat compensated by a slight decrease of the CVA RWA due to lower derivatives
- CET1 capital is reduced by the provisional "foreseeable" dividend[2] of EUR 363 m of which EUR 100m already paid through an interim dividend in 3Q 2018
- Using the deduction method (instead of the Danish Compromise), the Fully Loaded CET1 ratio would amount to 16.5% in Dec. 2018

Notes: 1. Includes the RWA equivalent for Belfius Insurance based on Danish Compromise; 2. Proposed by the Board of Directors to the General Assembly of 24 April 2019

Capital framework in line with strategic priorities

Addendum: After a detailed review and based on Dec. 2018 figures, Belfius countercyclical capital buffer amounts to 0.07% instead of 0% as previously communicated

Belfius' Minimum CET1 Requirements vs Belfius 2018 CET1 Capital Position & Target

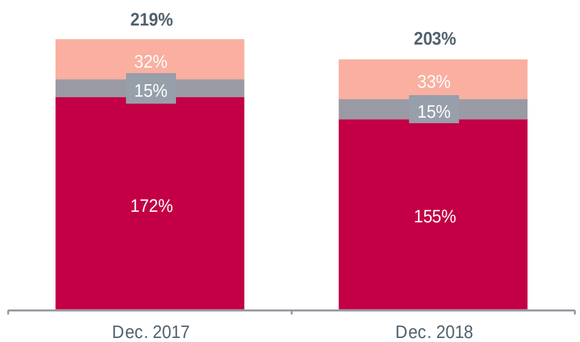


- For 2018, minimum CET1 requirement for Belfius was 10.195%
- Based upon a fully loaded Capital Conservation Buffer of 2.5%, this leads to a 10.82% Fully Loaded minimum CET1 requirement for 2019 as the ECB formally notified Belfius to set a Pillar 2 Requirement (P2R) of 2.25% and a Pillar 2 Guidance (P2G[4]) of 1% for 2019
- In December 2018, CET1 ratio stood at 16.0%, well above the minimum supervisory requirement as well as above the target CET1 zone

Notes: 1. Countercyclical capital buffer, based on the calculation at the end of 2018. Note that the countercyclical capital buffer is quarterly assessed; 2. Other Systemically Important Institutions Buffer; 3. Capital Conservation Buffer; 4. P2G is set above the level of binding capital requirements (Pillar 1 and Pillar 2 Requirement (P2R)) and on top of the combined buffers. According to the EBA clarification, the Pillar 2 capital guidance is not relevant for the Maximum Distributable Amount trigger and calculation.

Belfius Insurance also displays solid solvency metrics

Available Financial Resources and Solvency Capital Requirement



In EUR m

	Dec. 2017	Dec. 2018
Tier 1	1,940	1,699
Restricted Tier 1	170	170
Tier 2	358	362
AFR	**2,468**	**2,231**
SCR	**1,128**	**1,097**

Decomposition of Solvency Capital Requirement

EUR m

	Dec 2017	Dec 2018	Delta %
Market risk	1,111	1,024	*(8%)*
Credit risk	157	170	*8%*
Life risk	288	323	*12%*
Health risk	69	72	*4%*
Non-life risk	246	245	*0%*
Diversification	491	511	*4%*
BSCR	1,381	1,322	*(4%)*
Operational risk	97	94	*(3%)*
Adjustments[1]	350	318	*(9%)*
SCR	1,128	1,097	*(3%)*

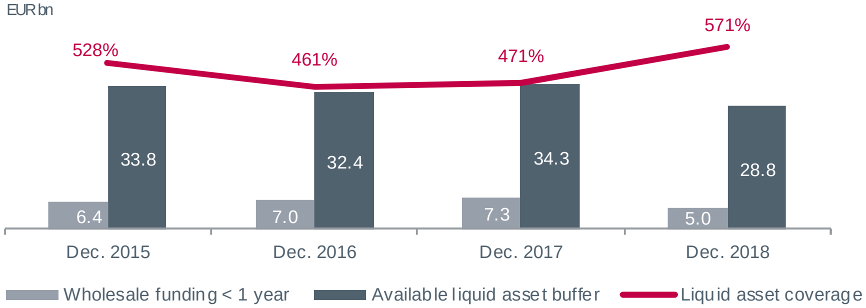
- Strong and high quality capital levels
- Most important solvency sensitivity is related to market risk, with credit spread movements being the most impacting market element[2]

Notes: 1. Loss absorbing capacity of technical provisions and deferred taxes.; 2. See appendix for more details.

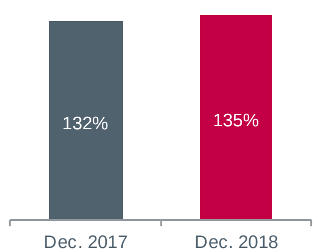
Belfius Bank continues to display strong liquidity stance

Bank

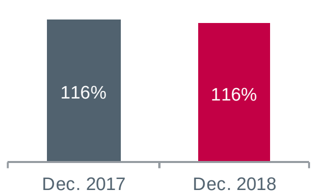
Strong liquidity profile



LCR[1]

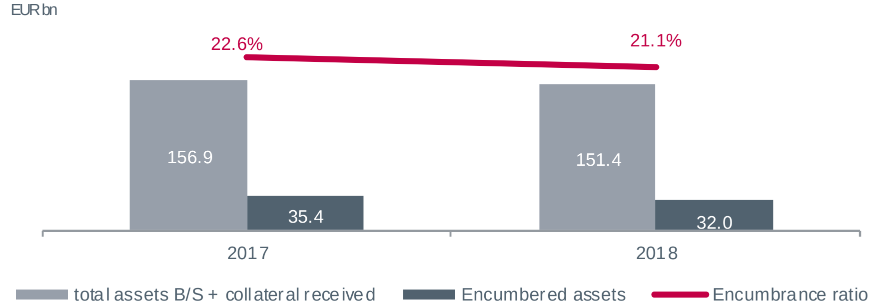


NSFR[2]

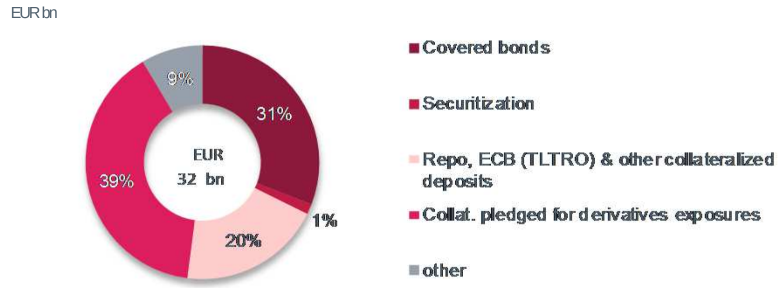


Bank

Encumbered assets[3]



Detail of the encumbered assets

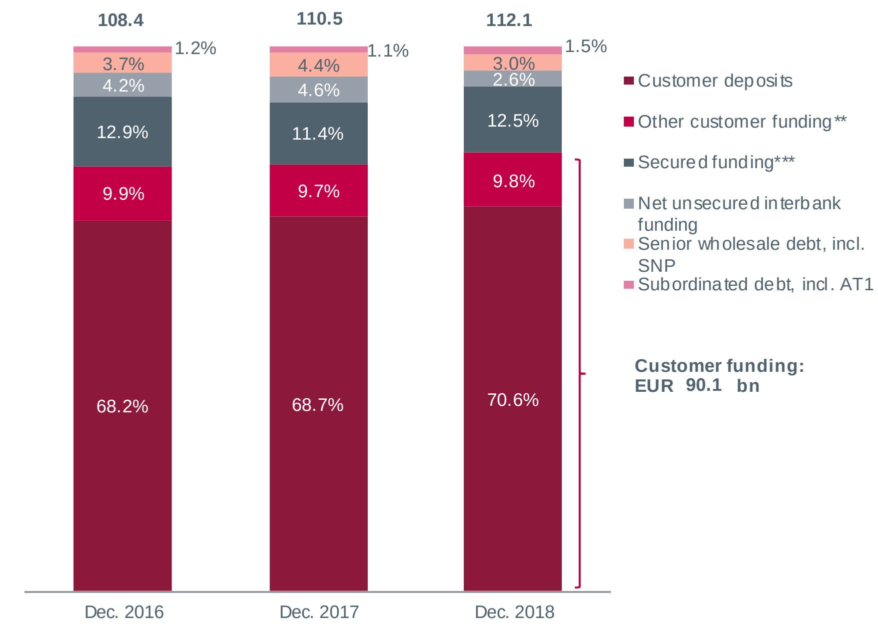


Notes: 1. Calculation based on 12 months average. The Liquidity Coverage Ratio (LCR) refers to the regulatory ratio between the stock of high quality liquid assets and the total net cash outflow over the next month under stress ; 2. The Net Stable Funding Ratio (NSFR) refers to the regulatory ratio between the available amount of stable funding and the required amount of stable funding and is based on Belfius' interpretation of the current Basel Committee guidelines, which may change in the future; 3. Based on median values as required by the EBA

Belfius Bank has a stable funding base, driven by significant contribution from RC and PC customers

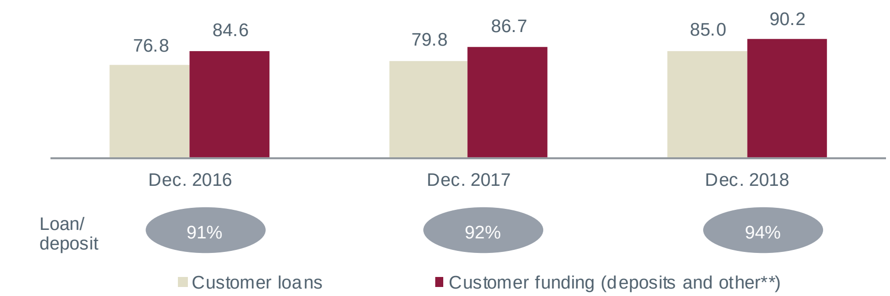
Bank

Funding sources*



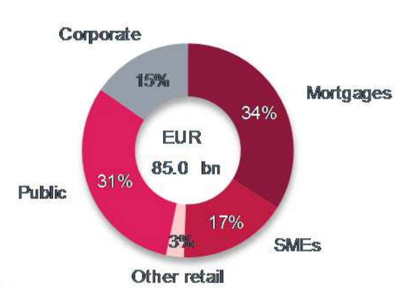
Bank

Loans to customers vs. customer funding

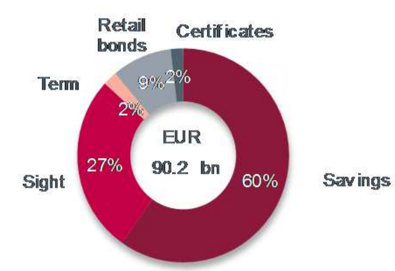


Loans to customers and customer funding mix 2018

Loans to customers



Customer funding



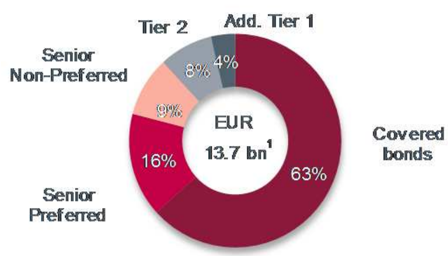
(*) Belfius Bank only
(**) Other customer funding includes retail bonds and savings certificates (8.3% and 1.5% as percentage of total funding, respectively)
(***) Secured funding includes Covered Bonds (7.7%), TLTRO (3.6%) and other longer term secured funding (1.2%)

Belfius continues its diversification focused funding strategy

Group

MLT wholesale funding strategy

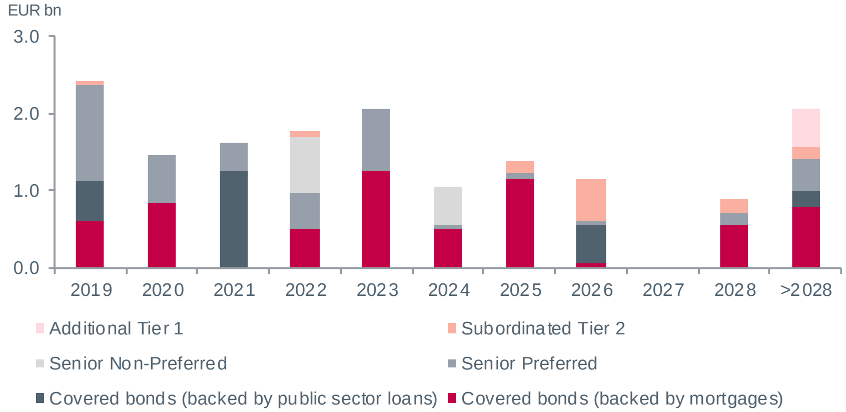
As of December 2018



- Focus on diversification of funding sources and investor base
  - First Preferred Senior benchmark since 2014 (Aug 2018)
  - Inaugural AT1 issuance (1Q 2018)
  - First Belgian Issuer Senior Non Preferred (Sept 2017)
  - Inaugural Tier 2 issued (Apr 2016)
  - First (since 2007) Belgian Issuer of a public RMBS transaction (Oct 2015)
  - First Issuer of Belgian Public Covered Bonds (Oct 2014)
  - First Issuer of Belgian Mortgage Covered Bonds (Nov 2012)

Group

Redemption profile MLT wholesale funding



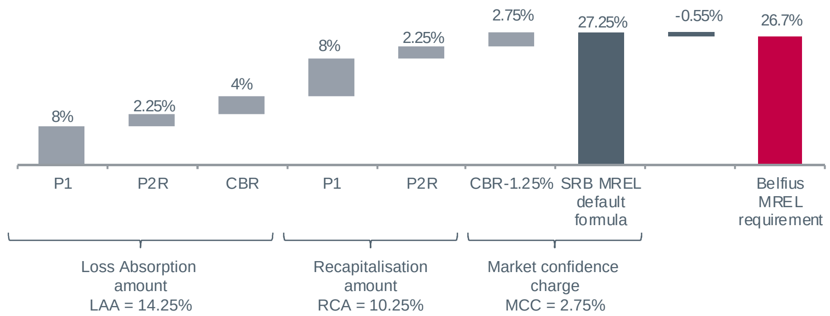
- Belfius' funding needs are in line with the redemptions, however can be adapted to general evolutions within the banking environment
- Over the coming 3 years, around EUR 5.5bn wholesale funding comes to maturity
- Various instruments can be targeted both under benchmark or private placement format

Notes: 1. Wholesale funding of EUR 13.7bn, representing 12.2% of total funding of EUR 112.1bn as illustrated on previous slide, ie 7.7% covered bonds + 3% senior wholesale debt+ 1.5% subordinated debt

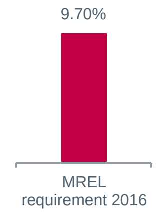
SRB MREL requirement for Belfius

SRB methodology and formal requirement

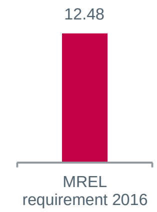
Used Methodology[4]
% RWA as of Dec. 2016



SRB Requirement
In TLOF %



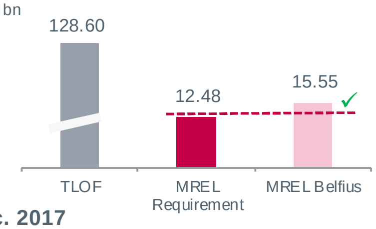
SRB Requirement
In EUR bn



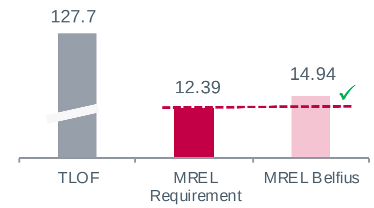
- The Single Resolution Board (SRB) determines the consolidated MREL requirement for Belfius Group at the level of **9.70% of Total Liabilities and Own Funds** (TLOF[1]), to be met at all times and taking into account an evolving balance sheet.
- Taking into account data as of 31 December 2016, this MREL requirement corresponds to an amount of **EUR 12.48bn**
- Based upon data as of 31 December 2018, the MREL requirement of 9.70% of TLOF amounts to EUR 12.46bn
- Following the current SRB methodology, Belfius Group exceeded the MREL based on data 31 December 2016, and hence no transitional period has been defined by the SRB for Belfius.
- As mentioned in the SRB 2017 MREL Policy, the SRB has also set a subordination benchmark for O-SIIs[2]. The total subordination benchmark for Belfius has currently been set at 16%[3] of the total risk exposures as of December 2016.
- The SRB reserves the right to adjust the aforementioned policy at a later stage in the light of the future design of the BRRD and further development of the MREL policy
- SRB is currently interacting with Belfius on MREL requirements for 2019. The finalization thereof is expected shortly

Belfius' levels

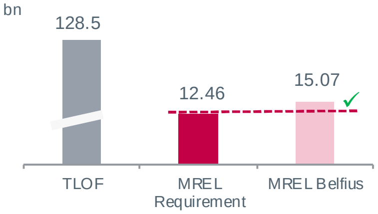
Dec. 2016
EUR bn



Dec. 2017
EUR bn



Dec. 2018
EUR bn



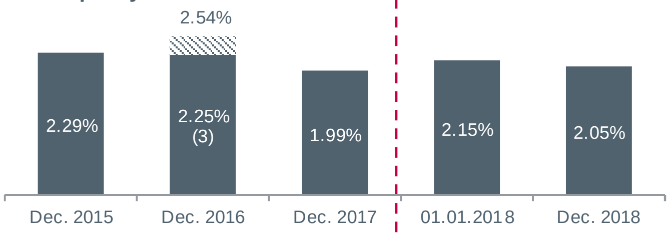
Notes: 1. TLOF: based on regulatory conso scope with prudential netting of derivatives exposures; 2. O-SIIs: Other Systemically Important Institutions; 3. This subordination benchmark is composed of two components: (i) a general level depending on the systemic importance of banks ((12% + fully-fledged CBR) of total RWA for O-SIIs) and (ii) a potential bank specific add-on depending on the outcome of the NCWO principle (not yet finally defined by SRB, amendment by SRB expected in 2020); 4. As officially notified by the NBB end of May 2018.

Belfius displays continued strong asset quality

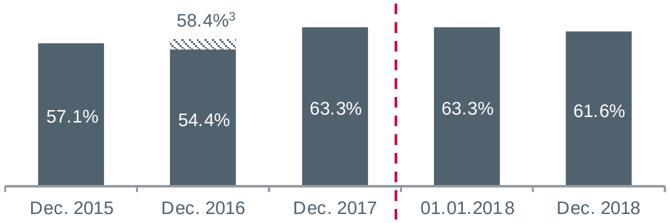
Historical excellent asset quality ratio

IAS 39 *IFRS 9*

Asset quality ratio[1]

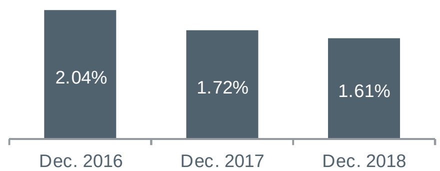


Coverage ratio[2]

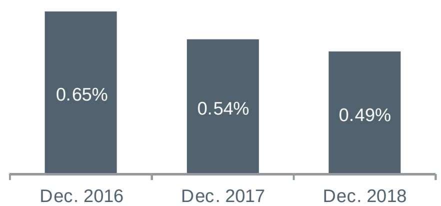


RCB

Asset quality ratio[4], RCB

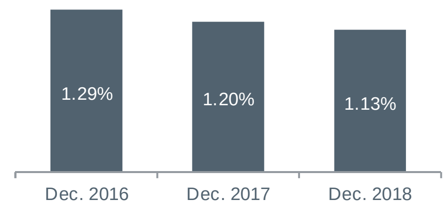


Asset quality ratio, mortgages[5]

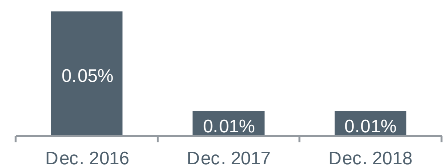


PCB

Asset quality ratio[4], PCB



Asset quality ratio, Public & Social[6]



- Excellent asset quality ratio (2.05%), slightly improving compared to January 1st, 2018 following the strong increase in gross outstanding loans. The coverage ratio stands at 61.6%, as a result of (rather) stable stock of impairments
- Good credit quality lending also visible in Belfius' segments
  - Decreasing AQR for RCB to 1.61%, also illustrated by the further decreasing AQR in RCB mortgage loans to 0.49%
  - very low AQR for PCB (1.13%) and Public & Social sector loans (0.01%)

Notes: 1. The ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers; 2. The ratio between the stage 3 impairments and impaired loans and advances to customers; 3. 2016 was strongly impacted by a specific impairment related to an US RMBS that has been sold in 2017. Excluding this exposure, the asset quality ratio of December 2016 would have been 2.25% and the coverage ratio 58.4%; 4. The ratio between impaired loans and the commercial outstanding loans; 5. The ratio between impaired RCB mortgage loans and the commercial outstanding RCB mortgage loans ; 6. The ratio between impaired Public & Social sector loans and the commercial outstanding Public & Social sector loans

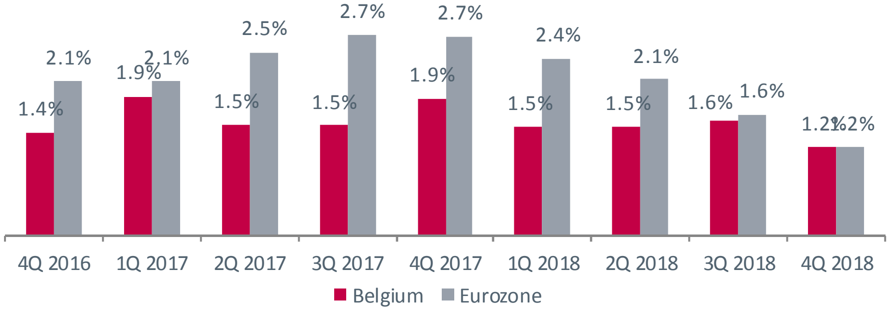
Section 6

Appendices

Some Belgian economical statistics

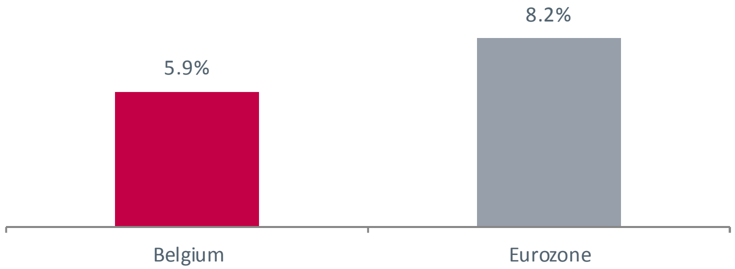
Stable GDP Growth

GDP
Market prices, chain-linked volumes, year-on-year



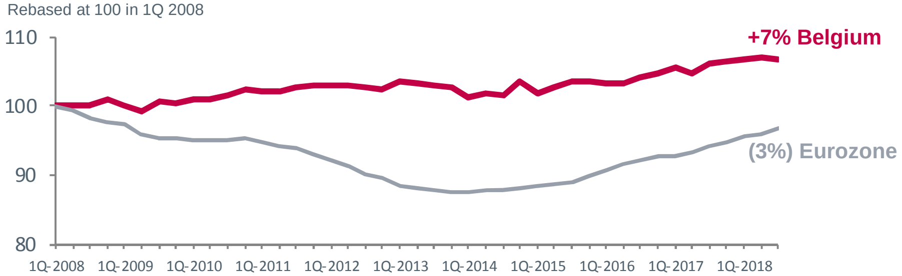
Unemployment level below Eurozone average

Unemployment rate
% of active population, Avg. 2018



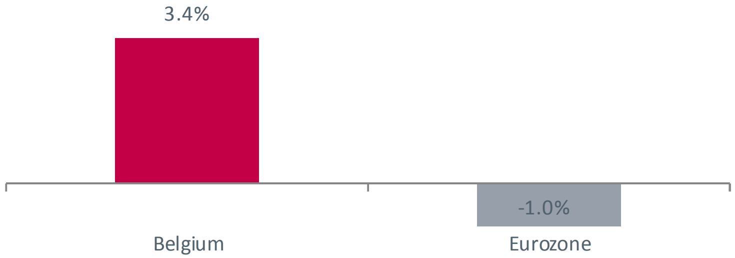
House prices continued to grow through crisis

Increase in real house prices since 2008
Rebased at 100 in 1Q 2008



Continued growth in household debt

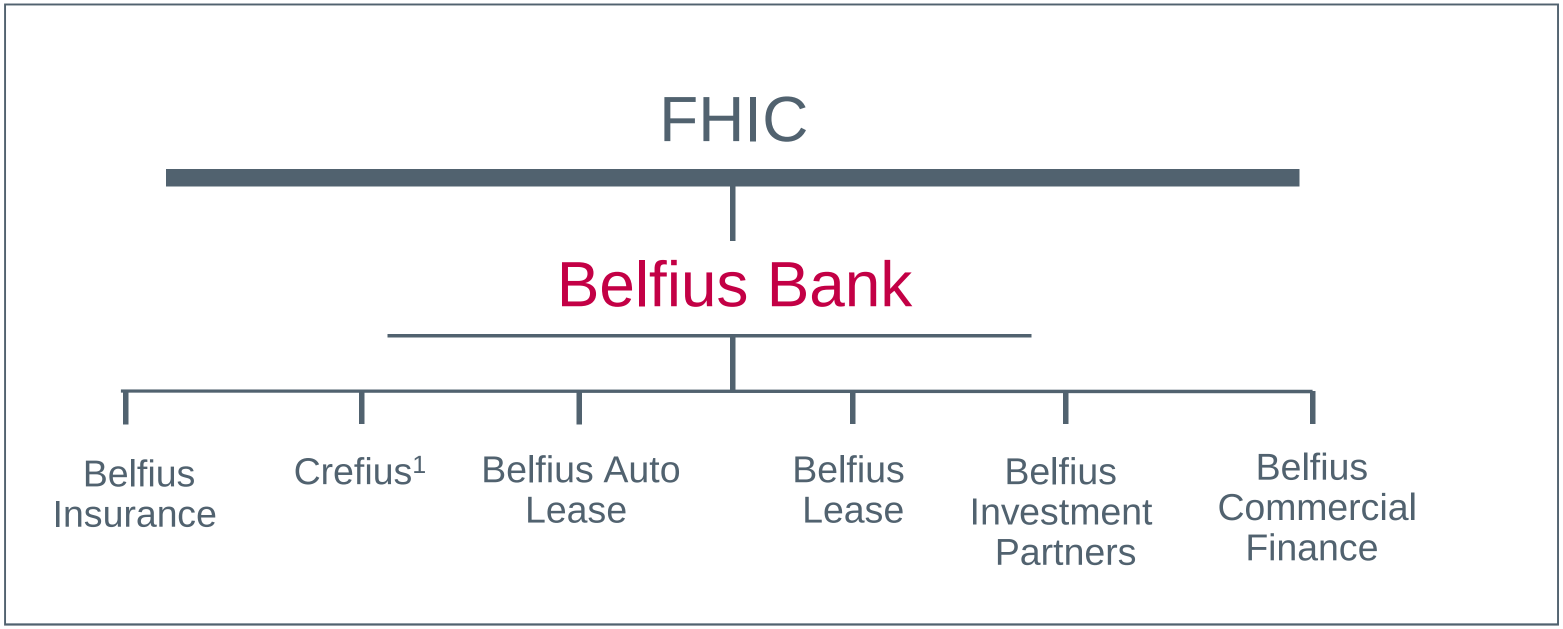
Compounded growth rate in household debt
2008 – 2017, rebased at 100 in 2008



Sources: ECB Supervisory Banking Statistics, Eurostat, OECD.

Simplified organizational chart Belfius

A bank-insurer with one sole shareholder



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

Notes: 1. Crefius is involved in granting and managing mortgage loans

Consolidated statement of income

Belfius Bank Conso

EUR m	2017 (IAS39) RC	PC	GC	Total	2018 (IFRS 9) RC	PC	GC	Total	Evolution %
Income	**1,684**	**519**	**151**	**2,355**	**1,650**	**533**	**178**	**2,361**	**0%**
Net interest income bank	898	361	222	1,482	845	407	196	1,448	-2%
Fee and commission bank	490	47	-4	534	488	47	1	537	1%
Life insurance contribution	238	31	-1	267	231	53	-0	283	6%
Non-Life insurance contribution	175	26	-0	200	190	9	0	199	-1%
Other (1)	-117	54	-66	-129	-103	17	-19	-105	-18%
Expenses	**-1,027**	**-208**	**-134**	**-1,369**	**-1,047**	**-234**	**-144**	**-1,426**	**4%**
Gross income	**657**	**311**	**17**	**986**	**603**	**299**	**33**	**935**	**-5%**
Cost of risk	-40	-28	35	-33	-54	-24	12	-66	101%
Impairments	-4	-1	14	9	-1	-1	-	-2	-122%
Net Income before tax	**614**	**282**	**66**	**963**	**548**	**274**	**45**	**867**	**-10%**
Taxes	-171	-89	-96	-357	-139	-66	-11	-217	-39%
Non-controlling interests	-	-	-0	-0	-0	-0	-1	-1	
Net income group share	**443**	**193**	**-30**	**606**	**408**	**208**	**33**	**649**	**7%**
o/w bank	252	177	6	435	235	188	21	445	2%
o/w insurance	191	16	-36	171	173	19	12	205	20%

Notes 1. Consolidated other income; i.e. other income bank and insurance

Consolidated statement of income Belfius Insurance

EUR m	2017 (IAS 39)	2018 (IFRS 9)	Evolution
Income	**496**	**487**	**-2%**
Net technical income	-228	-71	-69%
Financial income	707	544	-23%
Other income	17	15	-13%
Expenses	**-238**	**-232**	**-3%**
Gross income	**257**	**256**	**-1%**
Cost of risk	12	2	-81%
Net income before tax	**270**	**258**	**-4%**
Taxes	-86	-65	-24%
Net income	**184**	**193**	**5%**
Non-controlling interests	-	1	
Net income group share	**184**	**192**	**5%**
of which contribution to consolidated results Belfius Bank	171	205	20%

Consolidated balance sheet

Belfius Bank Conso

EUR m	01/01/2018 [1] (IFRS 9)	31/12/2018 [2] (IFRS 9)
TOTAL ASSETS	**167,217**	**164,165**
of which		
Cash and balances with central banks	10,237	8,314
Loans and advances due from credit institutions	13,802	13,107
Loans and advances	85,406	91,123
Debt securities & equity instruments	30,776	28,569
Unit linked products insurance activities	2,598	2,838
Derivatives	16,415	12,768
TOTAL LIABILITIES	**157,772**	**154,206**
of which		
Cash and balances from central banks	3,979	3,962
Credit institutions borrowings and deposits	7,131	5,867
Borrowings and deposits	76,328	79,661
Debt securities issued and other financial liabilities	28,269	26,687
Unit linked products insurance activities	2,598	2,838
Derivatives	21,196	17,740
TOTAL EQUITY	**9,444**	**9,960**
of which		
Shareholders' core equity	8,788	9,055
Gains and losses not recognised in the statement of income	657	392
Additional Tier-1 instruments included in equity	0	497
Non-controlling interests	0	16

Notes: 1. IFRS 9 - opening balance sheet: for more information, see the transition tables from IAS 39 to IFRS 9 in the 1H 2018 condensed consolidated interim financial statement; 2. 31/12/2018: based on management reporting, unaudited

Consolidated balance sheet Belfius Insurance

Belfius Insurance

EUR m	01.01.2018 IFRS9	31.12.2018 IFRS9	Evolution
Total assets			
of which	**21,467**	**20,309**	**-1,158**
Loans and advances due from banks			
Financial investments	374	401	27
Financial assets measured at fair value through profit and loss	4,107	4,101	-6
Mortgage and other loans	13,265	11,878	-1,388
Investment property	2,598	2,838	240
Other assets specific to insurance companies	472	492	19
	347	213	-134
Total liabilities			
of which	**19,576**	**18,514**	**-1,062**
Due to banks			
Technical provisions for insurance companies	1,032	541	-490
Financial liabilities measured at fair value through profit and loss	2,598	2,838	240
Other liabilities specific to insurance companies	14,594	13,920	-673
	583	583	0
Total equity			
of which	**1,891**	**1,794**	**-97**
Core shareholders' equity			
Gains and losses not recognized in the statement of income	1,411	1,499	88
Non-controlling interests	479	279	-200
Discretionary Participation Feature	-	16	16

Focus on regulatory capital

EUR m	Fully Loaded Dec. 2017	01.01.2018	Dec. 2018
Core shareholders' equity	**9,088**	**8,794**	**9,055**
Elimination of Belfius Insurance[1]	**-49**	**-61**	**-178**
Core regulatory equity	**9,039**	**8,733**	**8,877**
Elimination of foreseeable dividend	**-288**	**-288**	**-266**
Gains and losses not recognised in the statement of income	**-325**	**195**	**99**
Remeasurement Defined Benefit Plan	112	112	39
AFS reserve	-437	83	60
Transitory measures & filter on govies	-	-	-
Items to deduct	**-389**	**-387**	**-380**
Deferred tax assets	-0	-	-1
Transitory measures	-	-	-
Other	-389	-387	-379
Common equity Tier 1 - CET 1	**8,037**	**8,253**	**8,329**
Additional own funds TIER 1	-	-	497
Tier 1 equity	**8,037**	**8,253**	**8,826**
Tier 2 - Capital instruments	939	939	1,120
Other	158	158	284
Total regulatory capital	**9,134**	**9,350**	**10,230**

Notes: 1. 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 participation after deduction of goodwill. This is commonly known as “Danish compromise”

Focus on regulatory risk exposures

Regulatory risks exposures - by type of risk

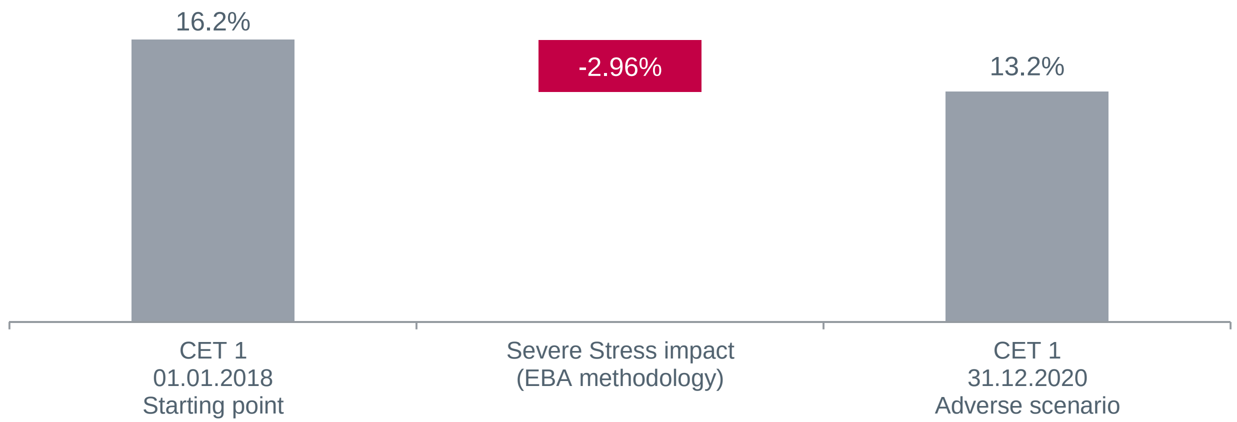
EUR m	Dec. 2017	01.01.2018	Dec. 2018
Market risk	1,841	1,841	1,801
Operational risk	2,932	2,932	2,975
Credit risk	39,078	39,438	40,538
Danish compromise[1]	6,769	6,828	6,751
Total Regulatory Risks Exposures	**50,620**	**51,039**	**52,065**

Regulatory risks exposures - by segment

EUR m	Dec. 2017	Dec. 2018
Retail and Commercial	17,476	19,519
Public and Corporate	16,805	18,056
Group Center	16,339	14,491
Total Regulatory Risks Exposures	**50,620**	**52,065**

Notes: 1. For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise"

2018 stress test impact of - 2.96% on Belfius' CET 1 ratio

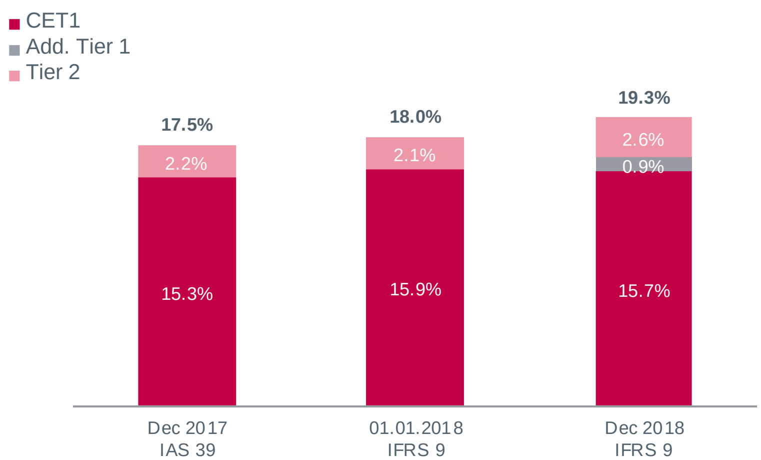


Belfius shows a **solid and resilient solvency**:

- Starting from a **strong CET 1 ratio of 16.2% as of 01.01.2018**, the severe stress test results in a **solid CET 1 ratio of 13.2 % end of 2020**
- The total severe stress impact of -296 bps over three years can be split into:
  - An impact of -229 bps stemming from CET 1 capital decrease
  - An impact of -67 bps stemming from regulatory risk exposures increase

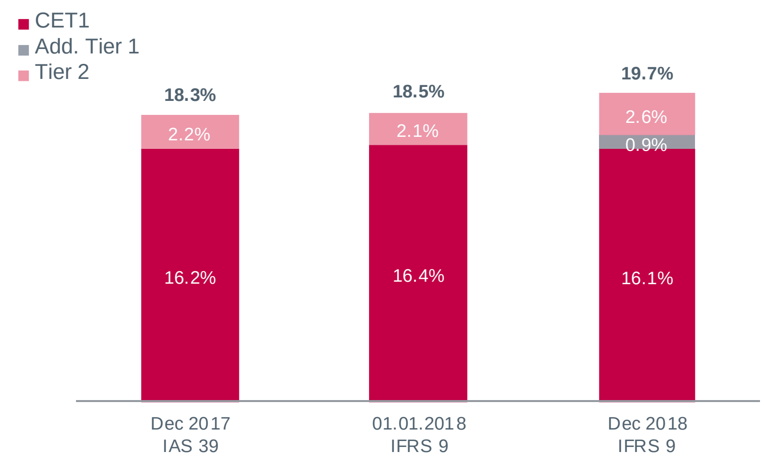
Focus on solo capital ratios

Basel III ratios Belfius Bank Solo, excluding[1] result of the year



EUR m	Dec 2017 IAS 39	01.01.2018 IFRS 9	Dec 2018 IFRS 9
CET1	7,596	8,092	8,273
Tier 1	7.596	8,092	8,771
CAD	8,688	9,184	10,153
RWA	49,716	50,946	52,615

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



EUR m	Dec 2017 IAS 39	01.01.2018 IFRS 9	Dec 2018 IFRS 9
CET1	8,030	8,355	8,488
Tier 1	8,030	8,355	8,985
CAD	9,122	9,447	10,367
RWA	49,716	50,946	52,615

- At the end of December 2018, the available distributable items on statutory level amounted to EUR 3,598m compared to EUR 3,540m at the end of 2017

Belfius’ ST & MLT funding overview

	Outstanding Dec. 2018	Issuer	Listing
Belfius Euro Commercial Paper Programme (Institutional)	EUR 0.4bn	Belfius Financing Company with guarantee of Belfius Bank	Not listed
Belfius CD Programme (Institutional)	EUR 2.7bn	Belfius Bank	Not listed
Belfius Mortgage Pandbrieven Programme (Institutional)	EUR 6.2bn	Belfius Bank	Euronext Brussels
Belfius Public Pandbrieven Programme (Institutional)	EUR 2.5bn	Belfius Bank	Euronext Brussels
EMTN Programme (Institutional)	EUR 3.3bn	Belfius Bank	Luxembourg Stock Exchange
Tier 2 Stand Alone Documentation (Institutional)	EUR 0.55bn	Belfius Bank	Euronext Brussels
Tier 1 Stand Alone Documentation (Institutional)	EUR 0.5bn	Belfius Bank	Euronext Brussels
Belfius Notes Issuance Programme (Retail)	EUR 8.6bn	Belfius Bank, and Belfius Financing Company with guarantee of Belfius Bank	Not listed

Continued positive rating actions

Updated ratings of Belfius Bank as at 22 February 2019

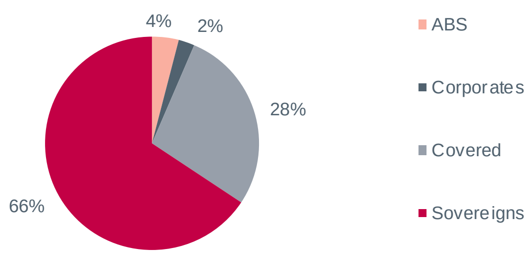
	Moody's	S&P	Fitch
Senior	A2 Positive outlook	A- Stable outlook	A- Stable outlook
Standalone Rating	baa2	a-	a-
Non-Preferred Senior	Baa3	BBB+	
Tier 2	Baa3	BBB	BBB+
Additional Tier 1	Ba2	BB+	

- Latest rating actions
  - In November 2018, Fitch affirmed Belfius' long- and short-term ratings
  - In October 2018, S&P affirmed Belfius' rating at A- and raised the ratings on Belfius' subordinated and capital instruments by one notch following the bank's improved unsupported group credit profile
  - In March 2017, Moody's upgraded Belfius' stand-alone Baseline Credit Assessment (BCA) to baa2 and its LT-rating to A2. The ST-rating has been upgraded from Prime-2 to Prime-1. The outlook has changed from stable to positive

ALM Bank Liquidity bond portfolio

Breakdown by type of counterpart

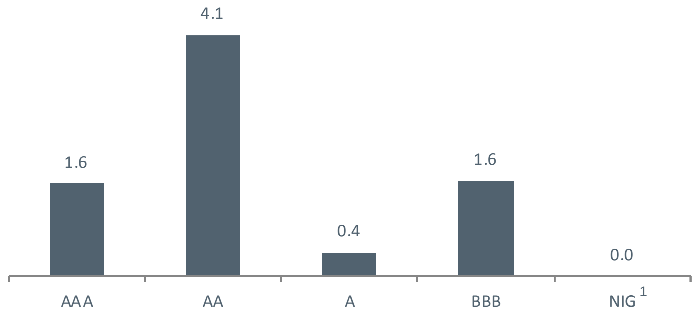
EUR 7.7bn
31 December 2018



Breakdown by rating

EUR bn

Average rating: BBB+



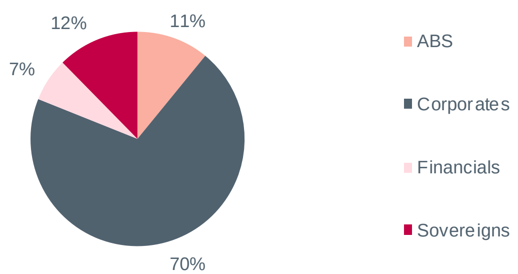
- ALM Bank Liquidity bond portfolio stood at EUR 7.7bn as at 31 December 2018, compared to EUR 8.1bn as at year-end 2017. The decrease is mainly due to the sale of Italian sovereign bonds (EUR 0.8 billion) in January 2018 partially compensated by a reinvestment program of EUR in LCR eligible bonds
- The portfolio is of good quality
  - 100% of the portfolio is Investment Grade
  - The average rating stood at BBB+
- Expected average Life: 8.4 years

Notes: 1. NIG – Non Investment Grade

ALM Bank Yield bond portfolio

Breakdown by type of counterpart

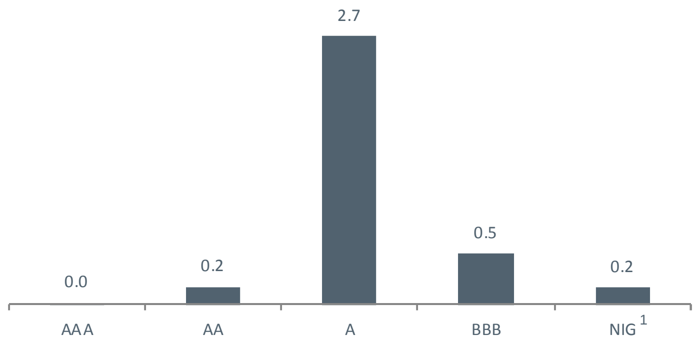
EUR 3.6bn
31 December 2018



Breakdown by rating

EUR bn

Average rating: A



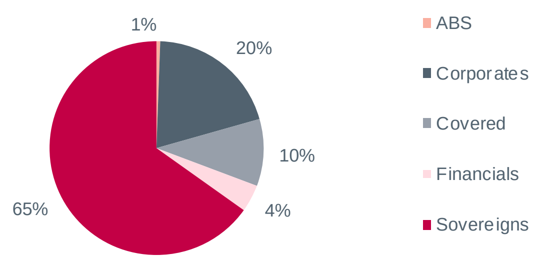
- ALM Bank Yield bond portfolio stood at EUR 3.6bn as at 31 December 2018, stable compared to year-end 2017, mainly due the natural amortization of the portfolio
- The portfolio is of good quality
  - 95% of the portfolio is Investment Grade
  - The average rating stood at A
- Expected average Life: 20.1 years

Notes: 1. NIG – Non Investment Grade

ALM Insurance Bond portfolio

Breakdown by type of counterpart

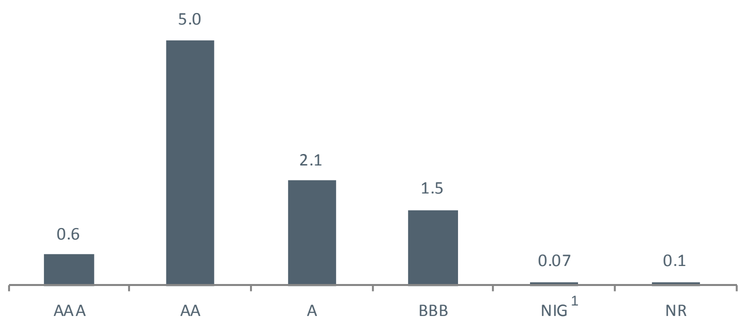
EUR 9.4bn
31 December 2018



Breakdown by rating

EUR bn

Average rating: BBB+



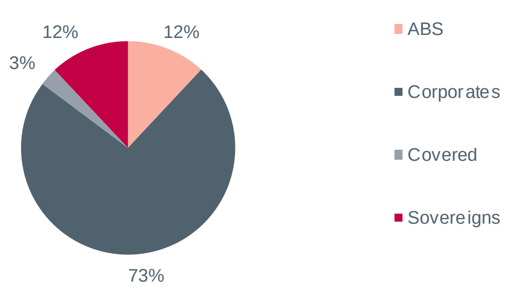
- ALM Insurance fixed income portfolio stood at EUR 9.4bn as at 31 December 2018, compared to EUR 9.6bn at year-end 2017
- The ALM Insurance portfolio remains of good quality
  - 98% of the portfolio is investment grade
  - The average rating at BBB+
- Expected average Life: 8.7 years

Notes: 1. NIG – Non Investment Grade

Credit guarantees

Breakdown by type of counterpart

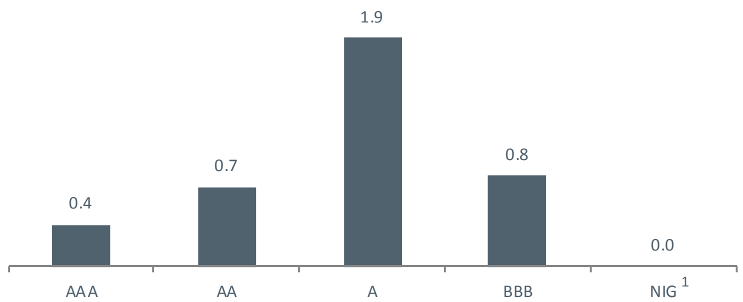
EUR 3.7bn
31 December 2018



Breakdown by rating

EUR bn

Average rating: A-



- Credit guarantees portfolio stood at EUR 3.7bn as at 31 December 2018, compared to EUR 3.9bn at year-end 2017, mainly due to amortizations
- The credit guarantees portfolio is of good quality
  - 100% of the portfolio is Investment Grade
  - The average rating stood at A -
- Expected average Life: 10.1 years

Notes: 1. NIG – Non Investment Grade

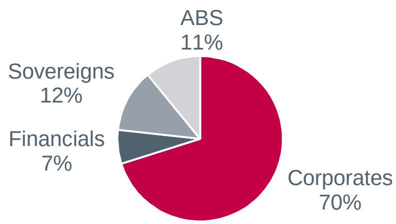
Hedging strategy to manage residual risks

Run-off portfolios as of December 2018

ALM Yield bond portfolio

- 38% 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

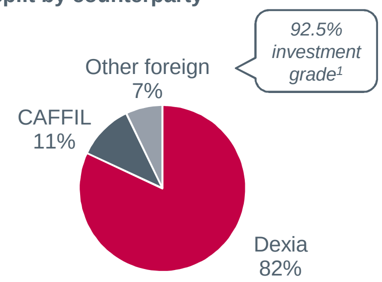
Notional split by type



Derivatives

- 82% notional exposure to Dexia, fully cash collateralised, leading to an EaD (including add-on) of EUR 49 million end of December 2018
- Derivatives with other foreign counterparts and with CAFFIL are uncollateralised (A- average rating)

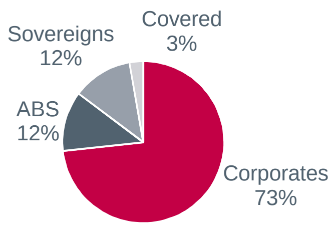
Notional split by counterparty



Credit guarantees

- Mostly reinsured CDS with
  - sold protection to market counterparties with two-sided collateral posting agreement
  - bought equivalent protection with monoline insurers (27% from Assured Guaranty) with one-sided collateral posting agreement

Notional split by type of underlying

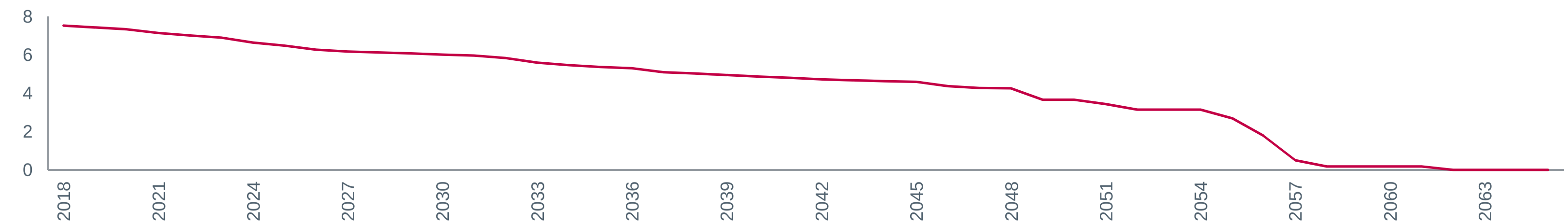


Notes: 1. Calculated based on EAD

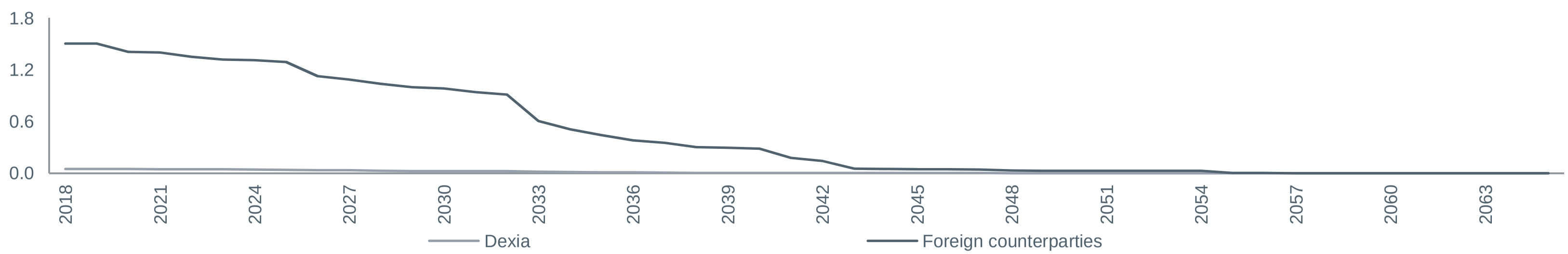
Progressive run-off of GC run-off portfolios in the coming years

Run-off portfolios evolution – EaD; EUR bn

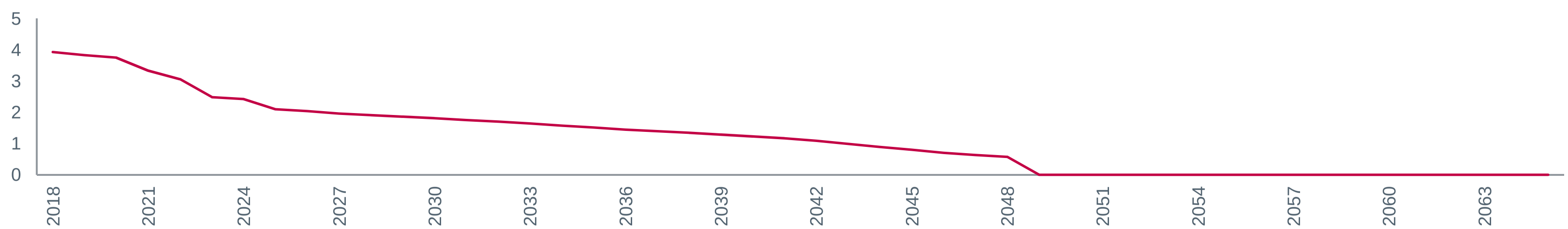
ALM Yield bond portfolio



Derivatives



Credit guarantees



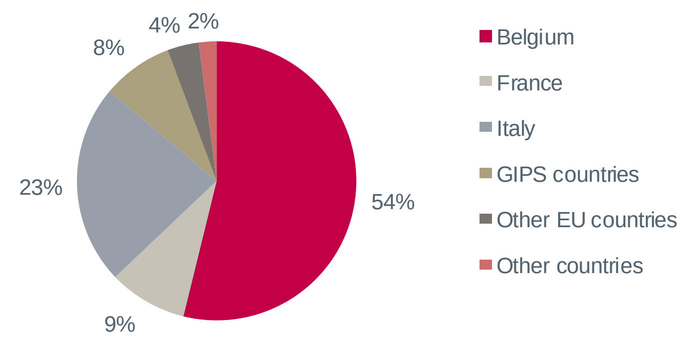
Note: Based on current markets

Outstanding exposures on government bonds

Evolution[1]

EUR m	Dec. 2017	Dec. 2018
Belgium	7,199	5,180
France	796	875
Italy	3,733	2,231
GIPS countries	535	792
Other EU countries	393	351
Other countries	204	195
Total[1]	**12,860**	**9,625**

Breakdown as of end of December 2018

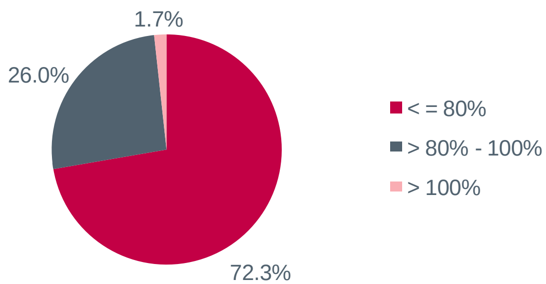


- Total government bond portfolio stood at EUR 9.6bn[1], down EUR 3.2bn compared to December 2017
  - The decrease in the Belgian sovereign exposure is both due to sales of some government bonds at Belfius Insurance as well as the implementation of IFRS9 whereby the majority of the bonds within the banking group are defined as held to collect and thus no longer measured at fair value but at amortized cost
  - The decrease in the Italian sovereign exposure is mainly due to the sale of some Italian government bonds in 1Q 2018
- More than half of the portfolio (54%) remains invested in Belgian government bonds

Notes: 1. Figures are based on Full Exposures at Default – FEAD

Credit risk statistics on mortgage loans

Mortgage loans Belfius Bank Loan-to-value ratio

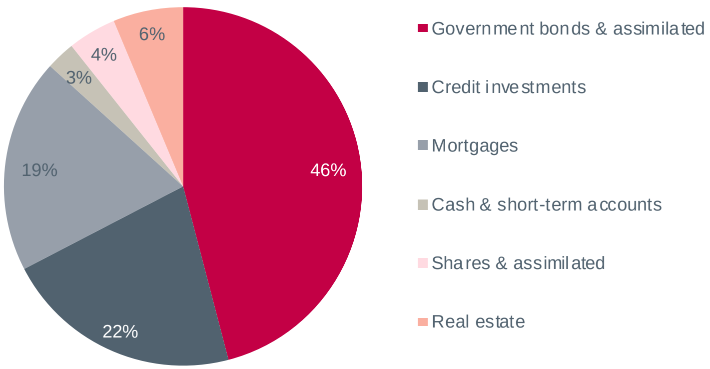


- Very sound LTV-ratio's
  - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 59.7% at end of December 2018
  - The part of the portfolio with an LTV > 100% is only 1.7 %

ALM Belfius Insurance

Diversified asset allocation

31 December 2018

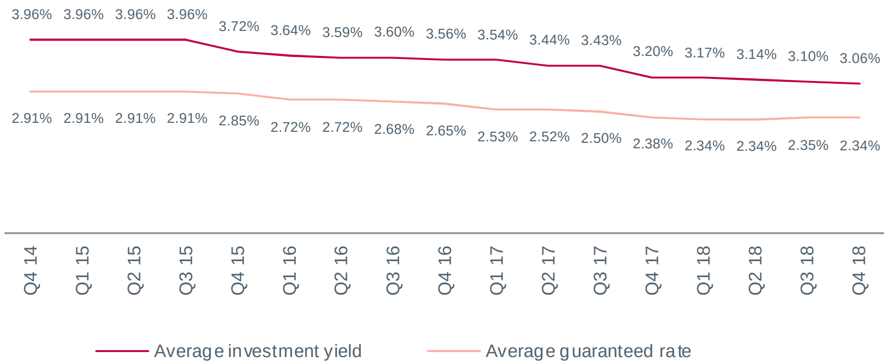


- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation
- Efficient insurer on the Belgian market enjoying high customer satisfaction

Duration Gap Life and Non-Life

	Dec. 2017	Dec. 2018
Total Life	-1.28	-1.00
Total Non-Life	-0.04	-0.33
Total	**-0.91**	**-0.66**

Investment yield vs. guaranteed rate



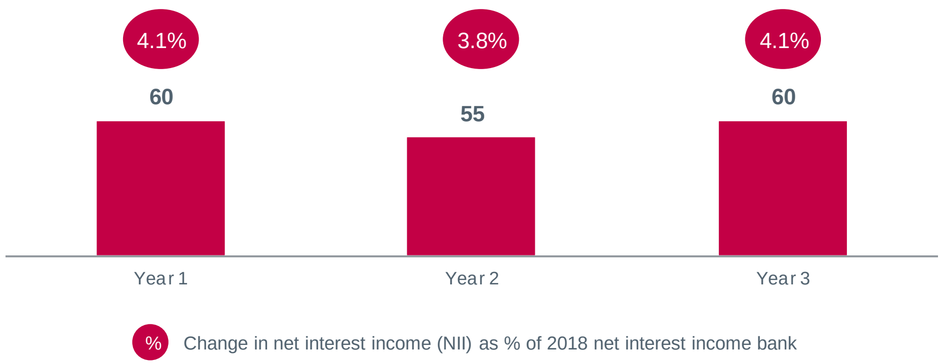
Solvency II ratio sensitivity table

Solvency II Sensitivities FY 2018	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	**1,097**	**2,231**	**203%**
Interest rate: Shock +50bps	**(31)** *(3%)*	**44** *+2%*	**213%** *+10%*
Interest rate: Shock -50bps	**22** *+2%*	**(44)** *(2%)*	**195%** *(8%)*
Credit spread: Spread on fixed income (corporate) +50bps	**58** *+5%*	**(94)** *(4%)*	**185%** *(18%)*
Credit spread: Spread on fixed income (government) +50bps	**63** *+6%*	**(90)** *(4%)*	**184%** *(19%)*
Credit spread: Spread on fixed income (government and corporate) +50bps	**110** *+10%*	**(171)** *(8%)*	**171%** *(33%)*
Credit Spread: No Volatility Adjuster	**98** *+9%*	**(185)** *(8%)*	**171%** *(32%)*
Equity: Downward shock - 30%	**(82)** *(7%)*	**(348)** *(16%)*	**185%** *(18%)*
Real estate: Downward shock -15%	**23** *+2%*	**(67)** *(3%)*	**193%** *(10%)*
UFR: Downward adjustment to 3%	**18** *+2%*	**(37)** *(2%)*	**197%** *(7%)*

Belfius sensitivity to rising rates

Bank

NII impact from +50 bps immediate parallel shift in rate curve, EUR m



- Belfius benefits from rising rates with net interest income increasing 4.1% within one year in case of a +50bps parallel shift in rate curve
- The bank benefits from limited transfer of interest rates to customers while the loan book is rolled over at higher rates
- Should rates rise sharply, rates on non-maturing deposits could increase at a faster pace than historical observations

Notes: NII sensitivity analysis assumes a constant Belfius' balance sheet as of 31 December 2018

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