Belfius 1H 2017 Results

Presentation to analysts and investors

Highlights (1/2)

- **In a challenging interest rate environment, Belfius realizes a net income 1H 2017 of EUR 361 m,** up 45% compared to 1H 2016. This result :
  - reflects the continued **successful** implementation of our **bank-insurance model** leading to **growing commercial volumes**
  - benefits from efficient financial management and more favourable financial markets than last year
  - is again achieved thanks to strict cost control, despite the important investments in strategic priorities like digitalization
- Our **Cost-income ratio** further improves to **58.3%**, compared to 64% in 1H 2016, following the positive scissor effect of higher income (+8%) and lower costs (-2%)
- **Commercial business lines show again solid dynamics :**
  - ***Retail and Commercial***
    - Excellent organic growth in AUM: EUR +2.1 bn y-o-y
    - Strong production in business (+14% y-o-y) and in mortgage loans (+15% y-o-y)
    - Steadily growing non-life bank-insurance footprint : +13% y-o-y premiums written via bank channels
    - 147,000 new active clients during 1H 2017
    - End of June 2017, Belfius was close to exceeding 1 milllion active mobile clients
  - ***Public and Corporate***
    - Successful development of corporate segment : production LT loans +23% y-o-y
    - Growing active role in Debt Capital Markets business: participation rate of respectively 56% and 86% in Corporate and Public and Social Banking client mandates

Highlights (2/2)

- **Strong capital base (both for bank and insurance) and sound financial profile**
  - **CET 1 ratio Phased In** stands **at 16.3%,** well above the 9% minimum supervisory requirement for 2017
  - **CET 1 ratio Fully Loaded** remains stable **at 16.1%**
  - **Total Capital ratio Fully Loaded** further increases to **18.5%**
  - **Leverage ratio Fully Loaded** remains stable **at 5.3%**
  - **LCR** stands at **128%** and **NSFR** at **115%**
  - **Solvency II ratio** amounts to **228%**

- **Further increasing Net Asset Value**
  - As a result of the strong results and benign financial markets, **total equity** amounted to **EUR 9.3 bn**

- **Dividend**
  - The Board of Directors decided to pay out an **interim dividend of EUR 75 m** in September 2017 on the 1H 2017 net profit

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Part 1

BELFIUS AT A GLANCE

Belfius at a glance
Belfius' history in summary

Oct. 2011

The Belgian State (FHIC*) acquires Dexia Bank Belgium
The Belgian State separated the former Dexia Bank Belgium (DBB) from the Dexia group through a purchase of 100% of DBB shares (excl. its stake in Dexia Asset Management) for EUR 4 bn

March 2012

Dexia Bank Belgium becomes Belfius Bank

Dexia Bank Belgium turned a page in its history and was rebranded Belfius

Execution of a threefold mission accomplished on a standalone basis :

- ✓ Clean up the legacy inherited from Dexia times
- ✓ Restructure into a solid financial institution
- ✓ Rebuild a strong commercial franchise

April 2017

Belfius Board of Directors and Management Board unanimously prefer a partial privatisation of Belfius

The Board of Directors and Management Board declared their preference for the partial privatisation of Belfius Bank by way of an initial public offering (IPO) of a minority stake in Belfius Bank

July 2017

Belfius receives green light from Federal Government to prepare IPO

Within the framework of the governmental agreement announced in July, the Federal Government has given Belfius the green light to prepare a partial privatisation of Belfius by way of an initial public offering (IPO) of a minority stake of the bank (up to 49%).

(*) FHIC : Federal Holding and Investment Company

Belfius at a glance

An integrated Belgian bank-insurer

- More than 50 years of experience as bank and insurer of proximity for more than 3.5 million individual account holders, liberal professions, self-employed and companies
- 150 years of experience as the preferred partner to the public and social sector in Belgium

June 2017 FIGURES

Belfius Bank & Insurance

Retail & Commercial (RC)

Retail & Commercial Banking

- EUR 43 bn loans to customers
- EUR 105 bn AUM

Insurance

- EUR 15.3 bn life reserves
- EUR 367 m non-life premiums
- EUR 478 m life premiums

Public & Corporate (PC)

Public & Corporate Banking

- EUR 39 bn loans to customers
- EUR 31 bn AUM

Group Center (GC)

- ALM Liquidity Bond portolio
- ALM Yield Bond portolio
- Derivatives portfolio
- Other activities

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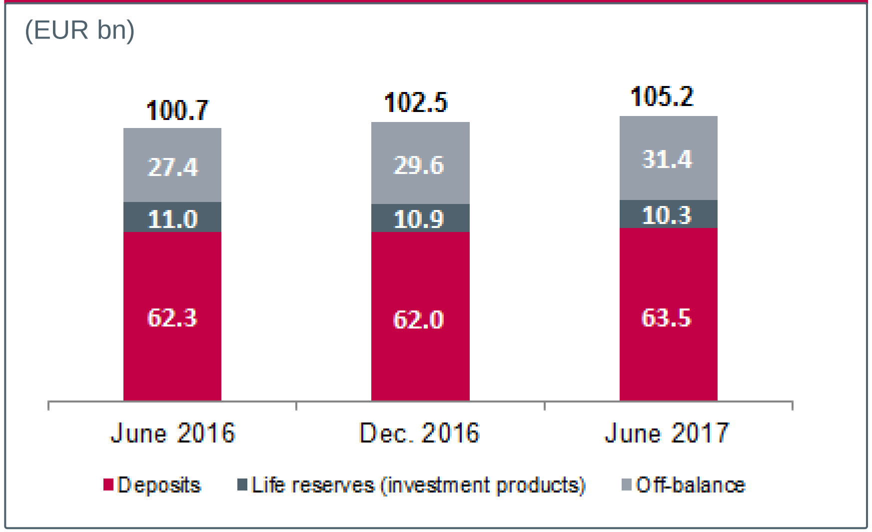
Part 2

VALUABLE COMMERCIAL FRANCHISE

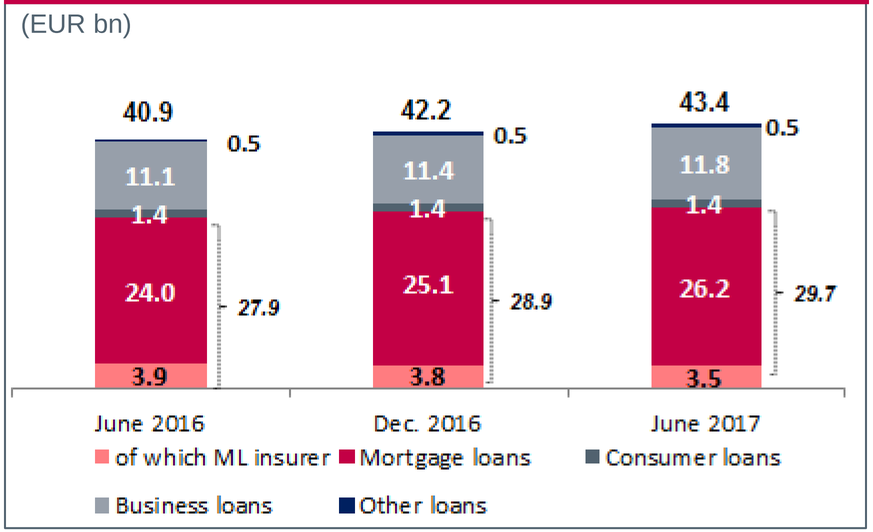
Valuable commercial franchise

Retail & Commercial – outstandings

Outstanding savings & investments



Outstanding loans



Retail & Commercial continues to show excellent dynamics:

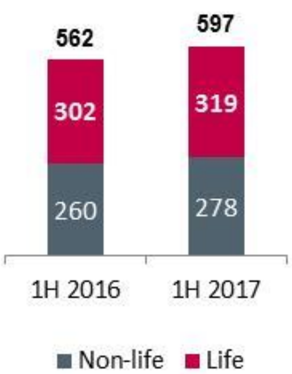
- **Total assets under management** stood at EUR 105 bn, up 2.6% compared to December 2016, of which EUR 36 bn is held by Private Banking clients. The organic growth, at EUR 2.1 bn during 1H 2017, remained stable compared to 1H 2016
  - On-balance sheet deposits increased by EUR 1.5 bn (+2.4%) compared to December 2016, mainly as a result of growth in current & savings accounts (+4.8%)
  - Off-balance sheet products increased by EUR 1.8 bn (+6.0%) compared to December 2016 supported by solid new production as well as market effects
  - Life reserves (investment products) decreased (-5.6%) compared to December 2016 driven by low client appetite for Branch 21 products in a low interest rate environment
- **Outstanding loans** increased by EUR 1.3 bn, up 3.1% compared to December 2016, mainly driven by a strong growth in mortgage and business loans

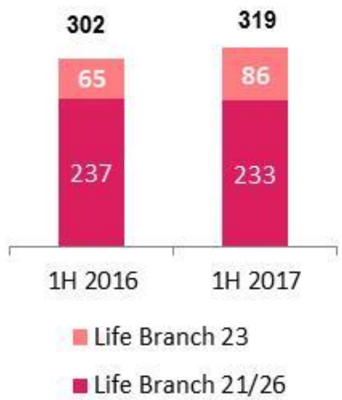
Valuable commercial franchise

Retail & Commercial – insurance activities

Insurance sales and reserves

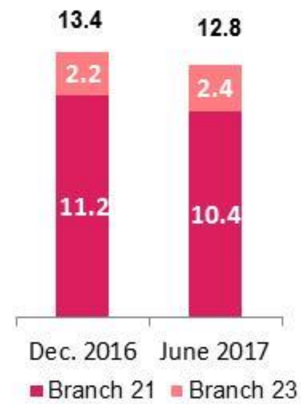
Insurance premiums (EUR m)





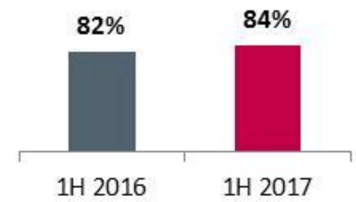
Life reserves[1]

(EUR bn)



Cross-sell with mortgages

Property insurance



Credit linked life insurance

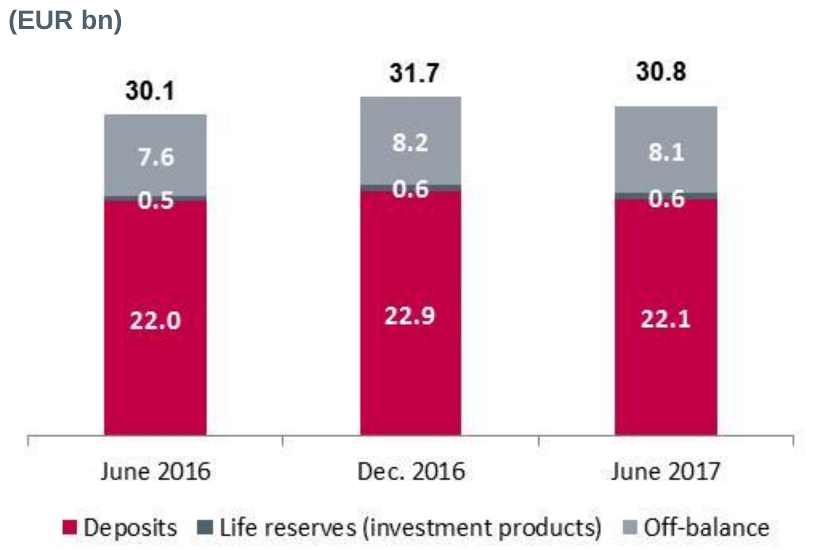
- **Non-Life insurance premiums** in 1H 2017 stood at EUR 278 m, up 6.9% compared to 1H 2016, thanks to the bank-insurance strategy and increased cross selling activities, in particular with mortgage loans
- **Life insurance premiums** in 1H 2017 stood at EUR 319 m, up 5.6% compared to 1H 2016
  - Life Branch 21/26 premiums slightly decreased (-1.7%) in line with low client appetite in low interest rate environment
  - Life Branch 23 premiums went up strongly (+32%) thanks to growing product suite
- **Total RC life reserves** stood at EUR 12.8 bn: unit-linked reserves (Branch 23) increased by 11% and guaranteed interest products reserves (Branch 21 & 26) decreased by 7.5%
- Mortgage related cross-sell ratios continue to increase, confirming strong bank-insurance development

[1] including EUR 10 bn life reserves under investment product format

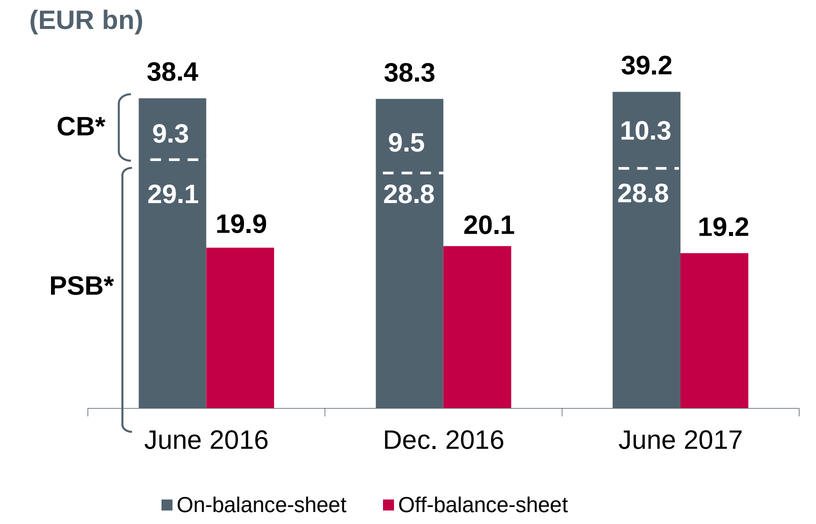
Valuable commercial franchise

Public & Corporate - outstandings

Outstanding savings & investments



Outstanding loans & off-balance-sheet commitments



Public & Corporate continues to benefit from diversification strategy towards cross-sell & corporate segment

- Total **AUM** amounted to EUR 31 bn, up 2% compared to June 2016
- Intensified **commercial strategy towards Belgian corporates** results in a 8.4% increase (compared to December 2016) of outstanding loans, to EUR 10.3 bn as of end of June 2017
- Belfius remains the **preferred partner of public & social profit sector in Belgium**
  - Outstanding loans in PSB* are decreasing mainly due to lower demand than maturing stock and the structural shift to more alternative financing (a.o. desintermediation), for which Belfius is also market leader for PSB in Belgium.

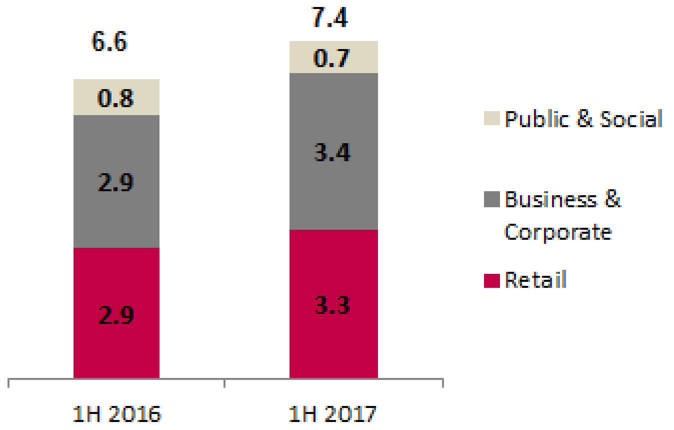
** PSB = Public & Social Banking // CB = Corporate Banking*

Valuable commercial franchise

Global activity figures

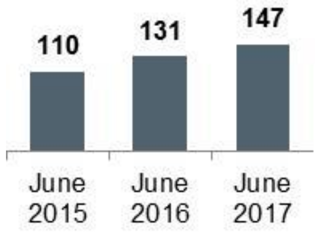
New long-term lending

(EUR bn)

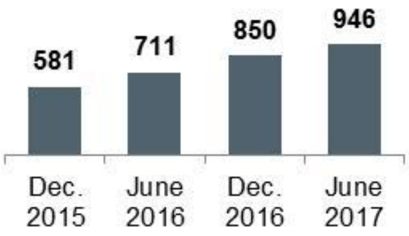


Growing active/mobile clients

New active clients
(x 1,000)



Active mobile users
(x 1,000)



- **EUR 7.4 bn new long-term lending granted to the Belgian economy,** up 12% compared to 1H 2016
  - EUR 3.3 bn new long-term lending to retail clients (of which EUR 2.9 bn mortgage loans) up 14%,
  - EUR 3.4 bn new long-term lending to both the Business segment (EUR 1.6 bn, up 14%) and the Corporate customers (EUR 1.8 bn, up 23%)
  - EUR 0.7 bn new long-term lending to Public and Social clients, down 18% due to lower demand
- **Since 2012, Belfius granted EUR 68 bn of new long-term lending to the Belgian economy**
- **Further increase of new active clients (+12%) and active mobile users (+33%) in 1H 2017**

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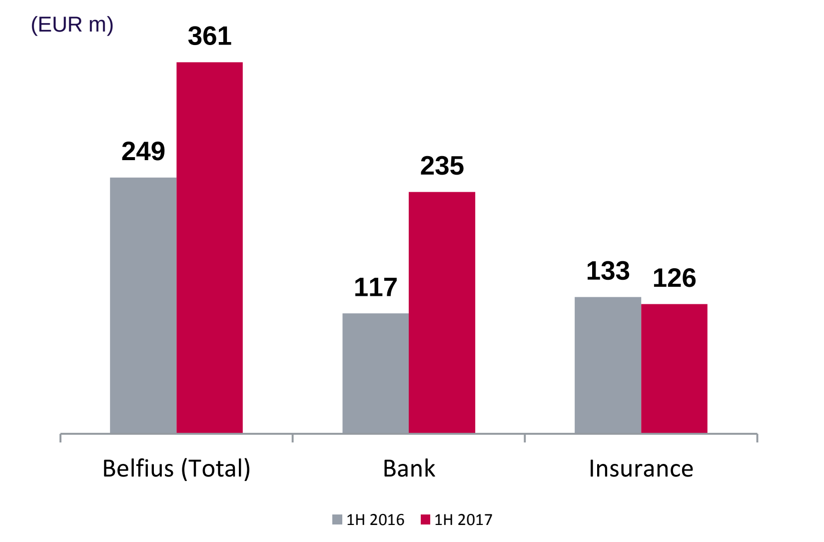
Part 3

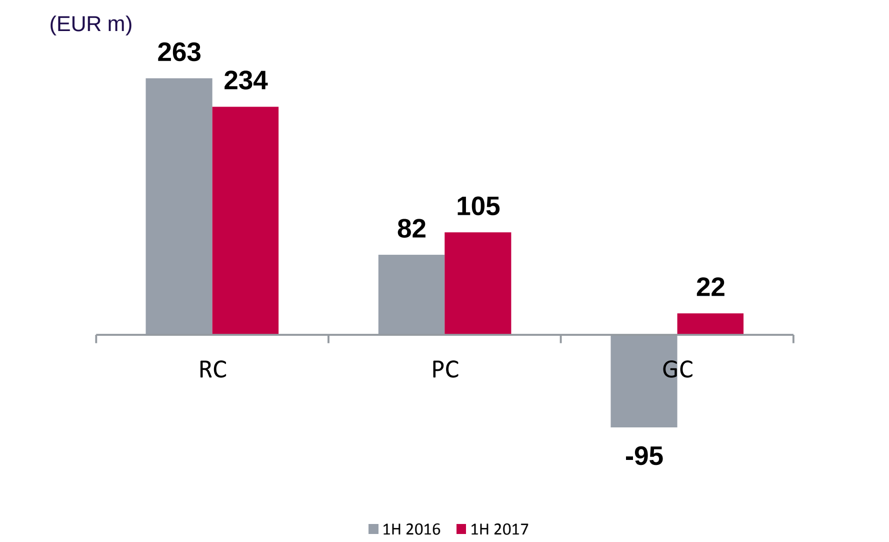
SOLID FINANCIALS

Solid financials
Net income group share

Net income Belfius Bank / Insurance



Net income by segment



- **1H 2017 Belfius net income** stood at **EUR 361 m**, up 45% compared to 1H 2016
  - **Net income** of the **bank** stood at EUR 235 m, up 101% thanks to higher income (+13%), lower costs (-2%), lower cost of credit risk (-22%) and lower corporate income taxes (-14%)
  - The **insurer** contributed EUR 126 m to the **net income**, slightly lower than 1H 2016, mainly as a result of lower Branch 21 volumes due to the low interest rate environment

- **1H 2017 RC net income** amounted to **EUR 234 m**, down compared to 1H 2016
- **1H 2017 PC net income** amounted to **EUR 105 m**, up compared to 1H 2016
- **1H 2017 GC net income** stood at **EUR 22 m**, compared to EUR -95 m in 1H 2016

Solid financials
Components of the consolidated statement of income

(EUR m)	1H 2016	1H 2017	Evolution
Income	**1,052**	**1,136**	**8.0%**
Expenses	**-673**	**-662**	**-1.7%**
Gross operating income	**378**	**474**	**25.2%**
Cost of risk	-30	-24	-19.4%
Impairments on (in)tangible assets	3	-5	n.s.
Pre-tax income	**351**	**445**	**26.9%**
Tax expenses	-101	-84	-17.3%
Net income after taxes	**249**	**361**	**44.9%**
Non-controlling interests	0	0	
Net income group share	**249**	**361**	**44.9%**
Cost to income ratio	***64.0%***	***58.3%***	
RoE	***6.0%***	***8.3%***	

- **Net Income** at EUR 361 m, up 45% compared to 1H 2016
  - **Income** at EUR 1,136 m, up 8% positively impacted by further growing F&C income, benign financial markets, good and solid interest rate hedging as well as the continuous increase in commercial volumes
  - **Expenses** at EUR 662 m, continuously well controlled and down 2%, despite important investments in strategic priorities (a.o. digitalization)
  - **GOI** at EUR 474 m, up 25%
  - **Cost of risk** at EUR 24 m, down 19% compared to 1H 2016, again demonstrating good credit quality in benign environment
  - **Tax expenses** at EUR 84 million, down 17% compared to 1H 2016, mainly the result of the booking of EUR 33 m DTA

Solid financials

Components of income

(EUR m)	1H 2016	1H 2017	Evolution
Income	**1,052**	**1,136**	**8.0%**
of which			
Net interest income bank	689	744	7.9%
Net fee and commission income bank	252	264	4.6%
Life insurance contribution	175	150	-14.1%
Non-life insurance contribution	91	97	6.5%
Other	-155	-119	23.7%

- **Income** at EUR 1,136 m, up 8% compared to 1H 2016. This strong increase results from:
  - **NII** of the bank (+8%), mainly resulting from lower liquidity costs as well as good solid interest rate hedging. Furthermore, the negative impact of a continuing lower interest rate environment on interest margin of non-maturing deposits is partially offset by the increase of commercial volumes
  - **Net F&C** of the bank (+5%) thanks to the growth of AUM products (resulting from a strong production and a positive market effect) and to the increasing non-life insurance business through bank channels
  - **Contribution from Insurance** activities showing excellent dynamics in Non-Life en Life Br 23/44; decrease in Life mainly stemming from lower Br 21 outstanding and higher (discretionary) profit sharing provisions set aside during 1H 2017
  - **Other income** amounted to EUR -119 m in 1H 17 vs. EUR -155 m in 1H 16. The positive evolution is mainly the result of benign financial markets during 1H 17, which resulted in a positive evolution in fair-value adjustments. The global trends towards standardisation of derivatives contracts, allowing Belfius to monetize options present in former contracts, also had a positive impact. Note that the sector levies remained stable (EUR -217 m)

Solid financials

Components of expenses

(EUR m)	1H 2016	1H 2017	Evolution
Expenses	**-673**	**-662**	**-1.6%**
of which			
Staff expenses	-295	-259	-11.9%
General and administrative expense	-210	-236	12.2%
Network costs	-133	-127	-4.3%
Depreciation and amortisation of fixed assets	-35	-39	10.5%

Expenses at EUR 662 m, down 2% compared to 1H 2016.

- This decrease is the result of continued strict cost control and can be observed in staff expenses (for EUR -36 m) and network costs (for EUR -7m), partly offset by increasing general expenses (for EUR +26 m) following higher IT & marketing costs related to strategic priorities (a.o. digitalization)

(EUR m)	1H 2016	1H 2017	Evolution
Income	**1,052**	**1,136**	**8.0%**
Expenses	**-673**	**-662**	**-1.6%**
Cost to income ratio	**64.0%**	**58.3%**	

C-I ratio stood at 58.3% compared to 64% in 1H 2016, following the positive scissor effect of higher income and lower costs

- Pursuant to IFRIC 21, sector levies have to be recognized in one shot. If the sector levies would have been spread out over the year, the C-I ratio would have been 53.2%

Solid financials

RC results (1/2)

(EUR m)	1H 2016	1H 2017	Evolution
Income	**900**	**856**	**-4.9%**
of which			
Net interest income bank	465	439	-5.5%
Net fee and commission income bank	228	243	6.7%
Life insurance contribution	154	143	-7.6%
Non-life insurance contribution	86	82	-4.5%
Other	-33	-51	-54.5%
Expenses	**-506**	**-499**	**-1.4%**
Gross operating income	**394**	**357**	**-9.4%**
Cost of risk	-15	-19	21.3%
Impairments on (in)tangible assets	2	-4	n.s.
Pre-tax income	**381**	**334**	**-12.2%**
Tax expenses	-118	-100	-14.9%
Net income group share	**263**	**234**	**-11.0%**
Cost to income ratio	***56.2%***	***58.3%***	
RoNRE *	***18.0%***	***18.0%***	

- *RoNRE : Return on Normative Regulatory Equity (NRE), whereby the NRE of RC is derived from Belfius' total RWA (incl. RWA for Belfius Insurance under Danish Compromise) multiplied by 13.5% and prorated between business segments based on their economic capital consumption*

- **Steady RC commercial performance** in a challenging interest rate environment, with strong F&C momentum and continued cost discipline partly compensating for NII pressure
- **RC income** at EUR 856 m, down 4.9% compared to 1H 2016
  - **NII** of the bank decrease (-5.5%) driven by margin pressure on non-maturing deposits and continued (but rapidly abating) mortgage prepayments; partially compensated by strong volume growth e.g. strong new mortgage loan production (Belfius market share > 15%) at margins above margin on stock
  - **F&C** of the bank increase of 6.7% driven by strong organic growth in Private Banking, strategic products (AM, Br23 & Br44, structured bonds, mandates, MyPortfolio) and non-life bank-insurance cross-selling
  - **RC Insurance results** showing excellent dynamics in Non-Life with premium growth above market level, and in Life Br 23/44; decrease in Life mainly stemming from lower Br 21 outstanding (maturing amounts mainly re-invested in bank or AM products at Belfius) and higher (discretionary) profit sharing provisions set aside during 1H 17
  - **Other income** driven by sector levies, partly compensated by reversal of provisions (higher in 1H 16 compared to 1H 17)

Solid financials

RC results (2/2)

(EUR m)	1H 2016	1H 2017	Evolution
Income	**900**	**856**	**-4.9%**
of which			
Net interest income bank	465	439	-5.5%
Net fee and commission income bank	228	243	6.7%
Life insurance contribution	154	143	-7.6%
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Tax expenses	-118	-100	-14.9%
Net income group share	**263**	**234**	**-11.0%**
Cost to income ratio	***56.2%***	***58.3%***	
RoNRE *	***18.0%***	***18.0%***	

- **Expenses** decrease by 1.4% as a result of the continued strict cost control and our digital transformation program
- **GOI** at EUR 357 m
- **Cost of risk** remains at a historical low level, demonstrating continued good credit quality in current benign environment
- **RC net income** at EUR 234 m
- **C/I ratio** at 58.3%
- **RoNRE** remains stable at 18%

- *RoNRE : Return on Normative Regulatory Equity (NRE), whereby the NRE of RC is derived from Belfius' total RWA (incl. RWA for Belfius Insurance under Danish Compromise) multiplied by 13.5% and prorated between business segments based on their economic capital consumption*

Solid financials

PC results (1/2)

(EUR m)	1H 2016	1H 2017	Evolution
Income	**231**	**268**	**16.1%**
of which			
Net interest income bank	152	152	s.q.
Net fee and commission income bank	26	25	-4.3%
Life insurance contribution	19	17	-9.1%
Non-life insurance contribution	6	16	x2.7
Other	28	58	x2.1
Expenses	**-104**	**-100**	**-3.5%**
Gross operating income	**127**	**167**	**32.1%**
Cost of risk	-9	-11	21.5%
Impairments on (in)tangible assets	0	-1	n.s
Pre-tax income	**118**	**156**	**32.3%**
Tax expenses	-36	-50	41.0%
Net income group share	**82**	**105**	**28.5%**
Cost to income ratio	***45.1%***	***37.5%***	
RoNRE *	***15.7%***	***20.2%***	

- *RoNRE : Return on Normative Regulatory Equity (NRE), whereby the NRE of PC is derived from Belfius' total RWA (incl. RWA for Belfius Insurance under Danish Compromise) multiplied by 13.5% and prorated between business segments based on their economic capital consumption*

- **Steady PC commercial performance** in a challenging interest rate environment, with higher volumes, cross sell efforts and continued cost discipline compensating for margin pressures
- **PC income** at EUR 268 m, up 16.1% compared to 1H 2016
  - Stable **NII** of the bank**,** with higher volumes (esp. corporate loans) and interest margin from Financial Management Services (esp. PSB loans) compensating for pressure on interest margin on non-maturing deposits
  - Stable **F&C** of the bank with higher cross-sell ratios between lending and non-lending products as well as fees on increased Financial Management Services
  - **PC Insurance results** positively impacted by significant improvement of the combined ratio (Non-Life) thanks to more selective underwriting. Decrease in Life mainly stemming from higher (discretionary) profit sharing provisions set aside during 1H 17
  - **Other income** increased following positive fair-value adjustments (FVA) in benign financial markets whereas the more volatile financial markets of 1H 2016 lead to negative FVA

Solid financials

PC results (2/2)

(EUR m)	1H 2016	1H 2017	Evolution
Income	**231**	**268**	**16.1%**
of which			
Net interest income bank	152	152	s.q.
Net fee and commission income bank	26	25	-4.3%
Life insurance contribution	19	17	-9.1%
Non-life insurance contribution	6	16	x2.7
Other	28	58	x2.1
Expenses	**-104**	**-100**	**-3.5%**
Gross operating income	**127**	**167**	**32.1%**
Cost of risk	-9	-11	21.5%
Impairments on (in)tangible assets	0	-1	n.s
Pre-tax income	**118**	**156**	**32.3%**
Tax expenses	-36	-50	41.0%
Net income group share	**82**	**105**	**28.5%**
Cost to income ratio	***45.1%***	***37.5%***	
RoNRE *	***15.7%***	***20.2%***	

- **Expenses** decrease by 3.5% as a result of the continued strict cost control
- **GOI** at EUR 167 m
- **Cost of risk** remains at a historical low level
- **PC net income** at EUR 105 m, up 28.5% vs. 1H 2016
- **C/I ratio** at 37.5%
- **RoNRE** amounts to 20.2%

- *RoNRE : Return on Normative Regulatory Equity (NRE), whereby the NRE of PC is derived from Belfius' total RWA (incl. RWA for Belfius Insurance under Danish Compromise) multiplied by 13.5% and prorated between business segments based on their economic capital consumption*

Solid financials

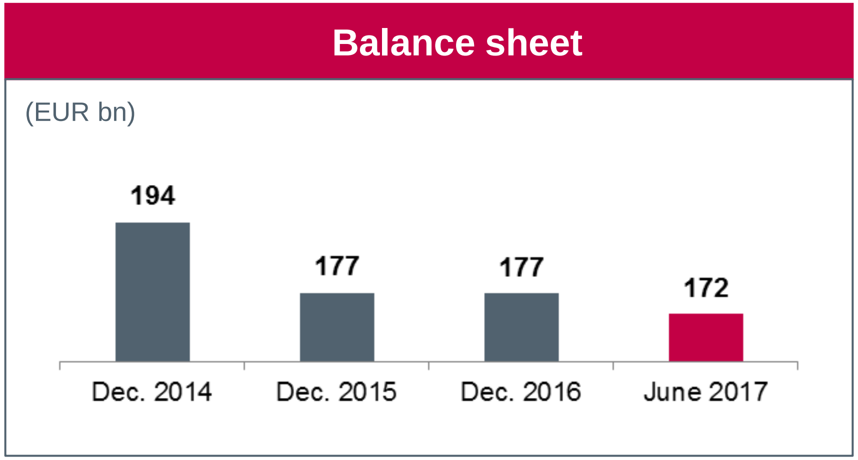
GC results

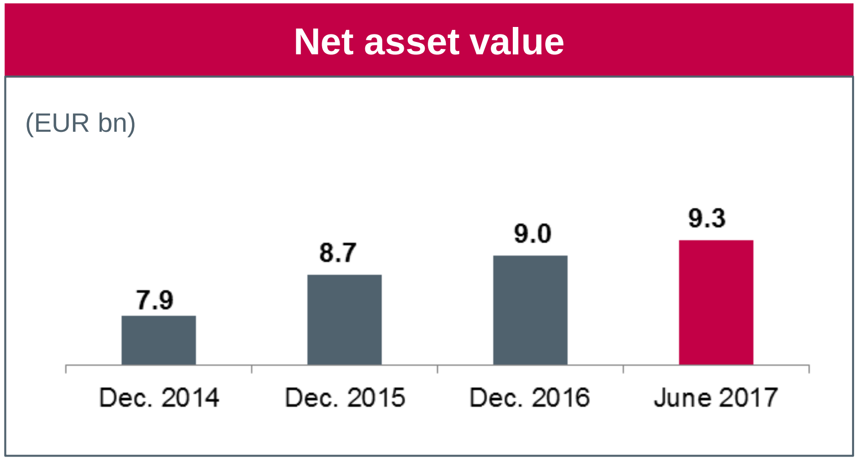
(EUR m)	1H 2016	1H 2017	Evolution
Income	**-79**	**12**	**-115.2%**
of which			
Net interest income	*72*	*152*	*111.1%*
Other	*-151*	*-126*	*-16.6%*
Expenses	**-63**	**-62**	**-1.6%**
Gross operating income	**-142**	**-50**	**-64.8%**
Cost of risk	-6	5	*-183.3%*
Impairments on (in)tangible assets	0	0	*n.s*
Pre-tax income	**-147**	**-45**	**-69.4%**
Tax expenses	52	67	*28.8%*
Net income group share	**-95**	**22**	

- **GC income** at EUR 12 m, compared to EUR -79 m in 1H 2016. This strong increase results from:
  - The absence of de-risking losses in 1H 17 following the end of the active tactical de-risking programme end 2016
  - Further solid balance sheet management
  - Improvements of the markets which resulted in a positive evolution in fair-value adjustments
  - Global trend towards standardisation of derivatives contracts allowing Belfius to monetize options present in former contracts
  - Note that the sector levies, representing in GC 50% of the upfronted full year expenses, were stable
- **Expenses** remain stable as a result of the continued strict cost control
- **Cost of risk** stands at EUR +5 m following the partial sale in 1H 2017 of a US RMBS (part of former Side)
- **Taxes** amount to EUR +67 m, including the reversal of a previously impaired DTA for EUR 33 m
- **GC net income** at EUR 22 m, compared to EUR -95 m in 1H 2016

Solid financials

Decreasing balance sheet and increased NAV





- **Balance sheet**
  - Total balance sheet amounted to EUR 172 bn in June 2017. The decrease of the balance sheet by EUR 5 bn primarily results from the decrease in derivatives and related cash collateral, in line with slightly higher interest rates
- **Net asset value**
  - Total shareholders' equity further increased to EUR 9.3 bn: the positive impact of the consolidated net profit was partially offset by the payment of the full year 2016 dividend not yet paid out in interim format (EUR 140 m), combined with a slight increase (EUR 55 m) of other comprehensive income (OCI)

Contents

Part 4

ROBUST SOLVENCY & LIQUIDITY

Robust solvency & liquidity

CET 1 further improves to very robust level

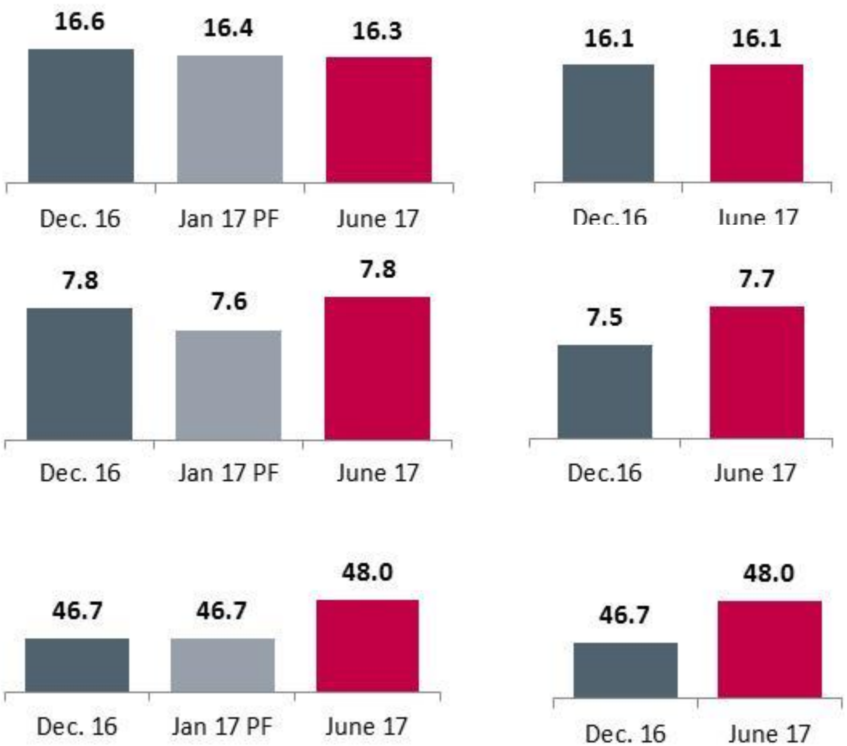
Basel 3 *

Phased In | Fully Loaded

CET 1 ratio (%)

CET 1 capital (EUR bn)

Total regulatory risk exposures (EUR bn)



- **Phased In CET 1 ratio** stood at **16.3%**, well above the 9% minimum supervisory requirement for 2017
- **Fully Loaded CET 1 ratio** stood at **16.1%**, stable compared to Dec. 2016, as a result of an increase of the CET 1 capital compensated by an increase of the regulatory risk exposures
- **Regulatory risk exposures** increased by 3% to EUR 48 bn mainly due to the downgrade of sovereign exposure on Italy, the increased production of non retail loans, and higher market risk exposure due to increased SVaR

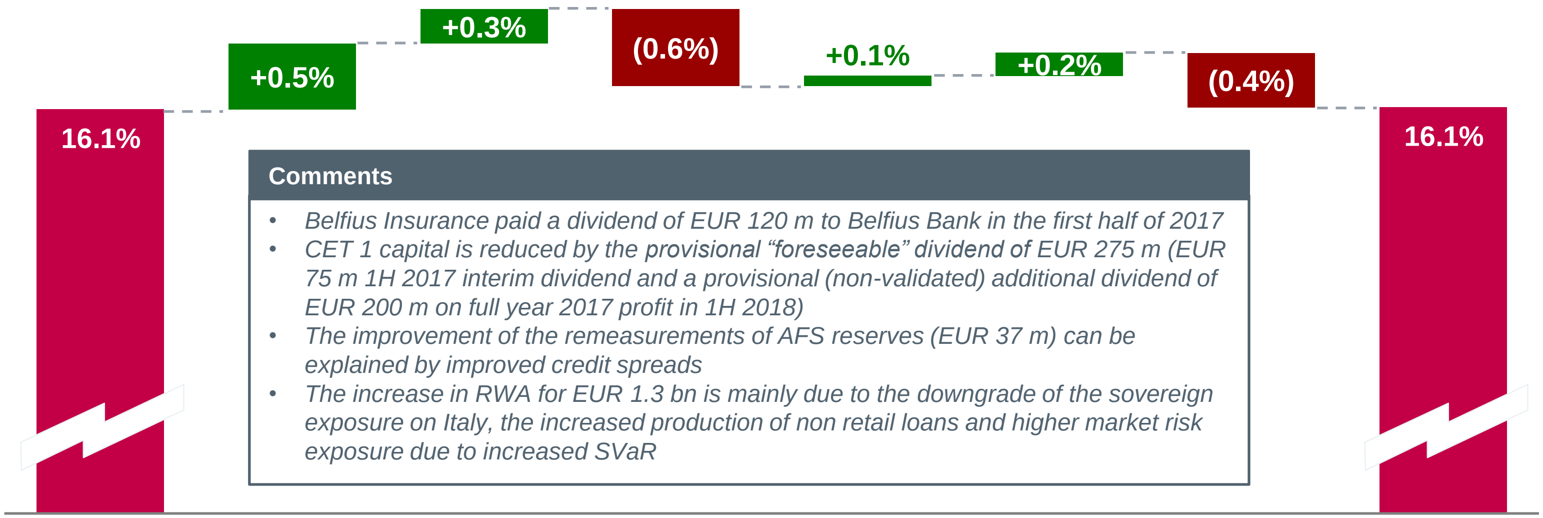
** Danish Compromise : for the determination of the Common Equity Tier 1 capital, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill*

PF - The shift in grandfathering in 2017 (i.e. 80% vs 60% in 2016) has a negative impact of 27 bps on the CET 1 ratio

Robust solvency & liquidity

Stable FL CET 1 ratio, even after accruing for provisional full year dividend

Fully Loaded Basel 3 Common Equity Tier 1 ratio (December 2016 to June 2017)



Comments

- *Belfius Insurance paid a dividend of EUR 120 m to Belfius Bank in the first half of 2017*
- *CET 1 capital is reduced by the provisional "foreseeable" dividend of EUR 275 m (EUR 75 m 1H 2017 interim dividend and a provisional (non-validated) additional dividend of EUR 200 m on full year 2017 profit in 1H 2018)*
- *The improvement of the remeasurements of AFS reserves (EUR 37 m) can be explained by improved credit spreads*
- *The increase in RWA for EUR 1.3 bn is mainly due to the downgrade of the sovereign exposure on Italy, the increased production of non retail loans and higher market risk exposure due to increased SVaR*

	CET1 ratio (Dec 2016)	Net result (excl. Belfius Insurance)	Dividend Belfius Insurance	2017 provisional (non validated) dividend	Change in AFS	Other changes*	Increase in RWA**	CET1 ratio (June 2017)
CET1 (EUR m)	**7,516**	**+235**	**+120**	**(275)**	**+37**	**+86**	**-**	**7,719**
RWA** (EUR m)	**46,730**	**-**	**-**	**-**	**-**	**-**	**+1,266**	**47,996**

(*) Other CET 1 capital changes include (among others) change in ABS positions, change in intangibles, remeasurement of defined benefit obligations
(**) Includes the RWA equivalent for Belfius Insurance based on Danish Compromise

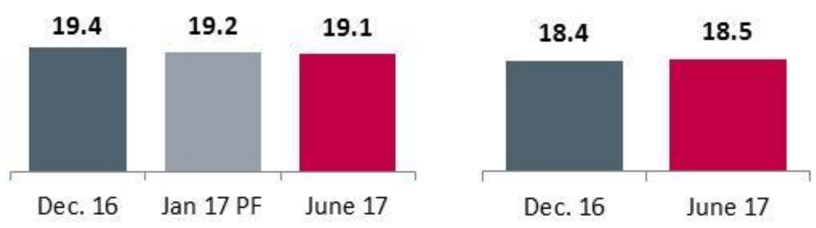
Robust solvency & liquidity

Total capital & leverage ratio reaching excellent levels

Phased In | **Basel III *** | Fully Loaded

Total Capital ratio

(%)



- **Total Capital ratio remained strong in 1H 2017**
  - **Phased In** Total Capital ratio decreased slightly to **19.1%**, mainly due to the shift in the grandfathering rules
  - **Fully Loaded** Total Capital ratio amounted to **18.5%** (vs. 18.4% end 2016)

Phased In | **EU Delegated Act** | Fully Loaded

Leverage ratio

(%)

- **Leverage ratio remained stable in 1H 2017**
  - **Phased In** Leverage ratio stood at **5.4%**
  - **Fully Loaded** Leverage ratio stood at **5.3%**

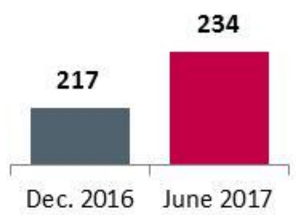
** Danish Compromise : for the determination of the Common Equity Tier 1 capital, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill*

PF - The shift in grandfathering 2017 (i.e. 80% vs 60% in 2016) has a negative impact of 27 bps on the Total Capital ratio

Robust solvency & liquidity
Solvency II Belfius Insurance

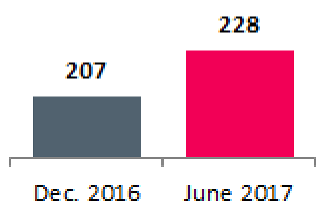
Solvency II ratio *
before dividend

(%)



Solvency II ratio *
after dividend

(%)



- **Further increasing Solvency II ratio at Belfius Insurance**
  - **The Solvency II ratio** (before dividend) **stood at 234%**, compared to 217% end 2016. This increase is mainly the result of the methodological change on the Loss Absorbing Capacity of the Deferred Taxes, as implemented by the NBB early 2017
  - **The Solvency II ratio** (after accruing for 50% of a provisional full year dividend) amounted to **228%**

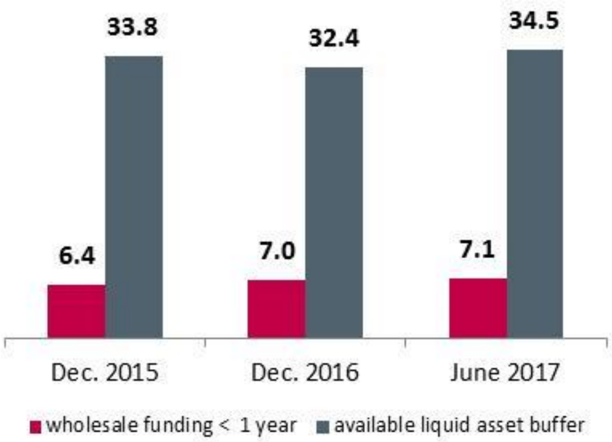
* *The Solvency II capital ratios are calculated using the "Standard Formula"*.

Robust solvency & liquidity

Liquidity profile of Belfius continues to benefit from executed strategy

- Continued execution of the funding plan leads to continued strong **liquidity profile,** despite a challenging interest rate environment
  - **LCR*** stood at **128%** and **NSFR**** at **115%** as of 30 June 2017
  - The bank has an **available liquid asset buffer** of **EUR 34.5 bn** as of 30 June 2017, almost five times the wholesale funding maturing within 1 year

(EUR bn)



The wholesale funding < 1 year refers to the unsecured money market & LT wholesale funding maturing within 1 year

The available liquid asset buffer includes the liquid assets rapidly tradable in the market and the central bank eligible assets, unencumbered net of haircuts

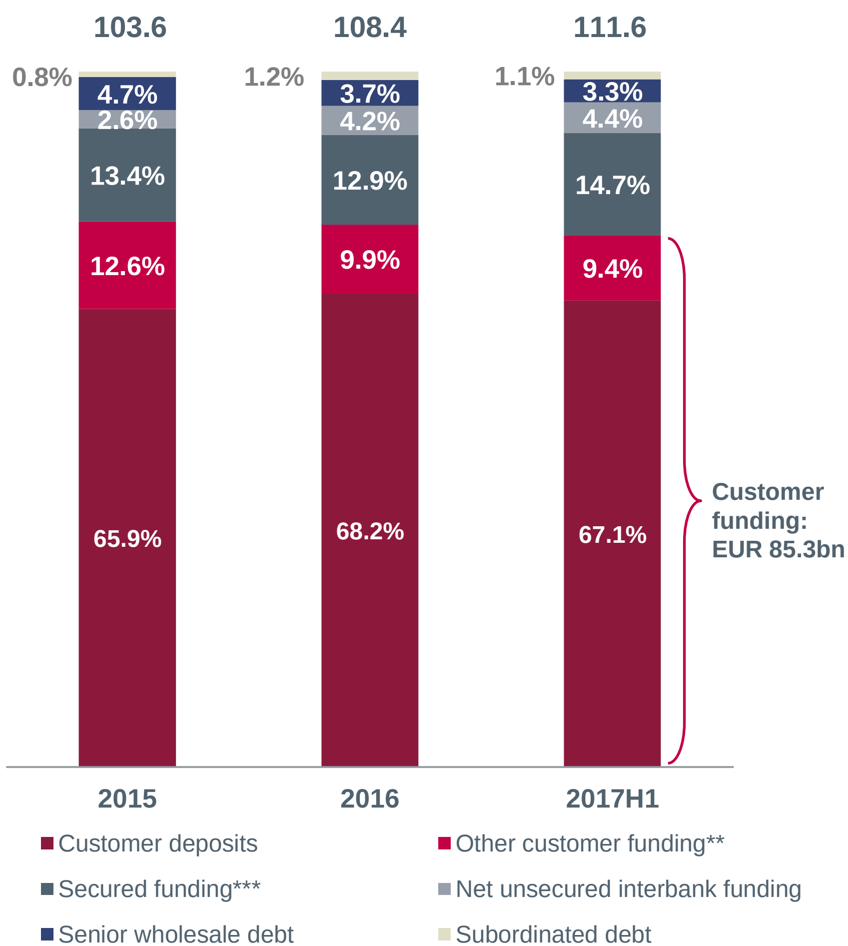
* *The Liquidity Coverage Ratio (LCR) refers to the ratio between the stock of high quality liquid assets and the total net cash outflow over the next month under stress*

** *The Net Stable Funding Ratio (NSFR) refers to the 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*

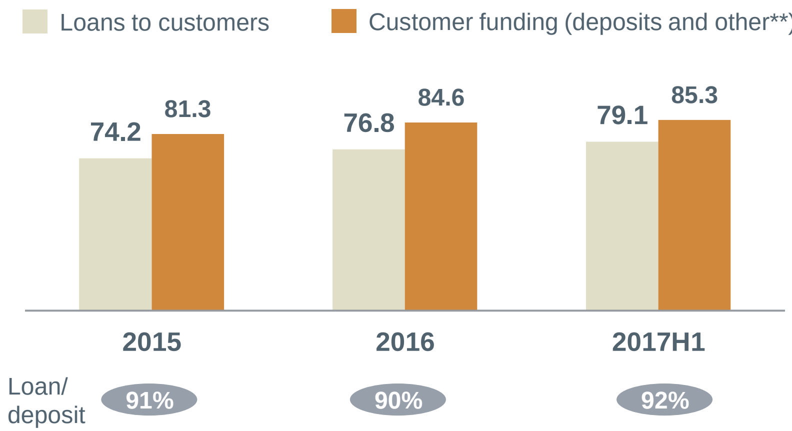
Robust solvency & liquidity

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

Funding sources (EUR bn) (*)

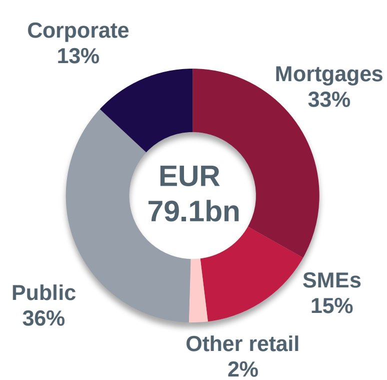


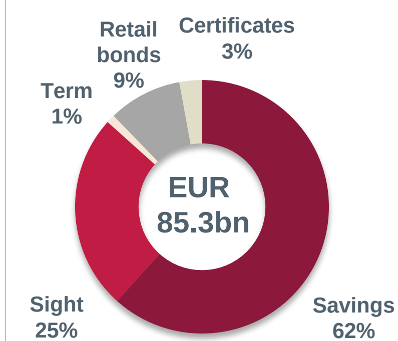
Loans to customer vs. customer funding (EUR bn)



Loans to customers and customer funding mix 1H 2017

Loans to customers	Customer funding





(*) Belfius Bank only
(**) Other customer funding includes retail bonds and savings certificates (7% and 2% as percentage of total funding, respectively)
(***) Secured funding includes Covered Bonds (8%), TLTRO (4%), other long term secured funding (1%) and repurchase agreements (2%)

Robust solvency & liquidity

Belfius continues to diversify its funding

- **The highlights of Belfius' funding plan are :**
  - Belfius was the first issuer of Belgian covered bonds (November 2012) with the set up of its Mortgage Pandbrieven Programme
  - Set up of EMTN programme, with Belfius as an active issuer of private placements
  - Set up of ECP programme and reactivating the CD programme
  - Development of N-Bonds format for Mortgage Pandbrieven
  - Launch of the second Belfius covered bond programme (October 2014) being the Public Pandbrieven Programme (as first Belgian issuer)
  - Launch of the first Belfius RMBS transaction to be offered to external investors (October 2015), being the first Belgian RMBS since 2007
  - Launch of an inaugural benchmark bullet Tier 2 issue (April 2016) with a 10 year maturity (no call option)
  - Since the Belgian law has been voted in July 2017, Belfius is now also able to issue Non-Preferred Senior instruments

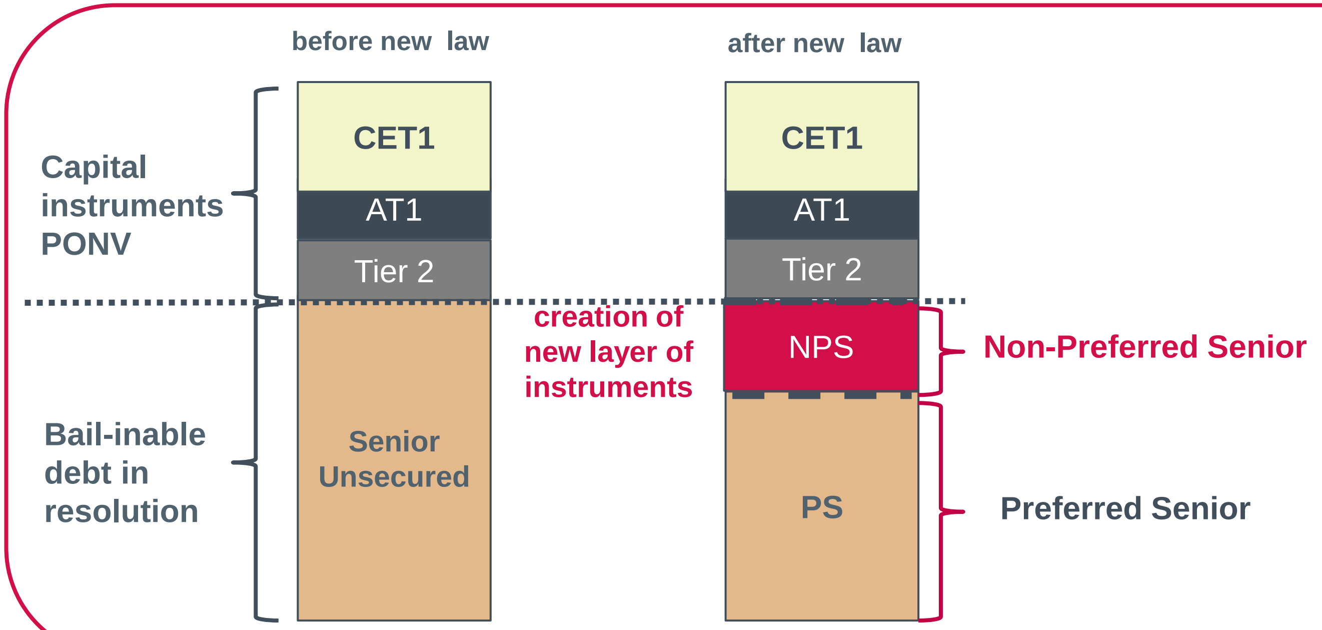
Robust solvency & liquidity

Belfius' various issuing programmes

	Outstanding End June 2017	Issuer	Listing
Belfius Euro Commercial Paper Programme (Institutional)	EUR 1.2 bn *(end 2016 : EUR 1.3 bn)*	Belfius Financing Company with guarantee of Belfius Bank	Not listed
Belfius CD Programme (Institutional)	EUR 4.7 bn *(end 2016 : EUR 4.5 bn)*	Belfius Bank	Not listed
Belfius Mortgage Pandbrieven Programme (Institutional)	EUR 6.1 bn *(end 2016 : EUR 6.1 bn)*	Belfius Bank	Euronext Brussels
Belfius Public Pandbrieven Programme (Institutional)	EUR 2.3 bn *(end 2016 : EUR 2.3 bn)*	Belfius Bank	Euronext Brussels
EMTN Programme (Institutional)	EUR 3.2 bn *(end 2016 : EUR 3.4 bn)*	Belfius Bank	Luxembourg Stock Exchange
Belfius Notes Issuance Programme (Retail)	EUR 8.0 bn *(end 2016 : EUR 8.4 bn)*	Belfius Bank, and Belfius Financing Company with guarantee of Belfius Bank	Not listed

Robust solvency & liquidity

New Belgian law for Non-Preferred Senior instruments



Belgian Law voted on 31 July 2017 – Art 389/1

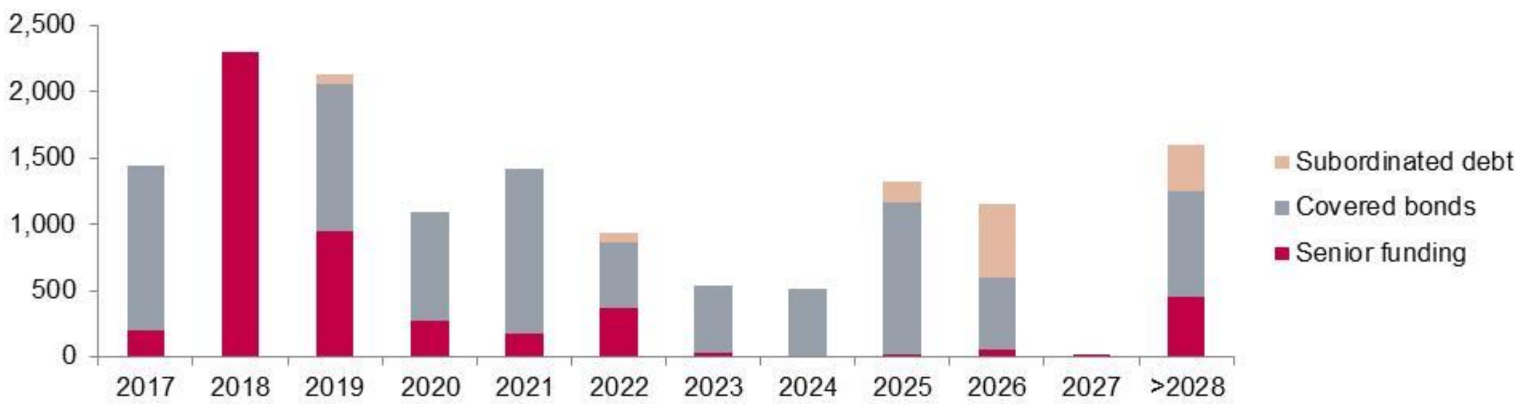
The new law modifies the hierarchy of claims in case of resolution and allows the creation of a new class of Non-Preferred Senior (NPS) instruments between subordinated debt and more senior unsecured debt (i.e. the preferred senior debt)

The Preferred Senior category consists of all current senior liabilities (a.o. wholesale unsecured, PSB deposits, corporate deposits, etc)

Robust solvency & liquidity
Redemption profile of wholesale funding

- Redemption profile of medium/long term wholesale funding as of June 2017

(EUR m)



- Between June 2017 & December 2018, around EUR 3.7 bn wholesale funding comes to maturity

- The funding needs of Belfius are in line with these redemptions, however can be adapted in function of general evolutions within the banking environment

- Various instruments can be targeted under both benchmark or private placement format, e.g. EMTN senior preferred, Tier 2, Certificat of Deposits, covered bonds, as well as newly created EMTN Non-Preferred Senior instruments

Robust solvency & liquidity
Funding strategy and MREL consideration

It is expected that a formal MREL level will be given to Belfius by the SRB in 2017

At this stage, no formal MREL target has been communicated to Belfius

Based on the recent disclosures on MREL published by the SRB, Belfius' mechanical target (*) would potentially amount to 27.25% of risk exposures (in Fully Loaded format)

Estimated current Belfius level 24.2% (**)

- MREL needs for Belfius are manageable
- Belfius will build up its MREL buffer by using a.o. the new layer of Non-Preferred Senior notes
- At this stage, we intend to issue 1 to 2 Non-Preferred Senior benchmarks per year, in combination with private placements

(*) Potential MREL requirement published by SRB in November 2016, could be equal to the higher of:
- Double (Pillar 1 + Pillar 2 requirerment) + Combined Buffer (CBR) plus Market Confidence Charge (equal to the CBR less 125 bp) or
- 8% of total liabiities and own funds (taking into account derivative netting where applicable)

(**) including senior unsecured instruments

Robust solvency & liquidity

Continued positive rating actions

Ratings of Belfius Bank as at 30 August 2017

	Stand-alone rating (*)	Long-term rating	Outlook	Short-term rating
Fitch	a-	A-	Stable	F2
Moody's	baa2	A2	Positive	Prime-1
Standard & Poor's	bbb+	A-	Stable	A-2

- Latest rating actions:
  - In January 2016, Moody's upgraded Belfius' stand-alone Baseline Credit Assessment (BCA) to baa3 and its LT-rating to A3
  - In April 2016, Fitch upgraded Belfius' stand-alone Viability Rating (VR) to a- and its LT-rating to A-
  - In November 2016, S&P revised Belfius' outlook from negative to stable and confirmed its ratings
  - 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

** Intrinsic creditworthiness*

Contents

Part 5

Group Center

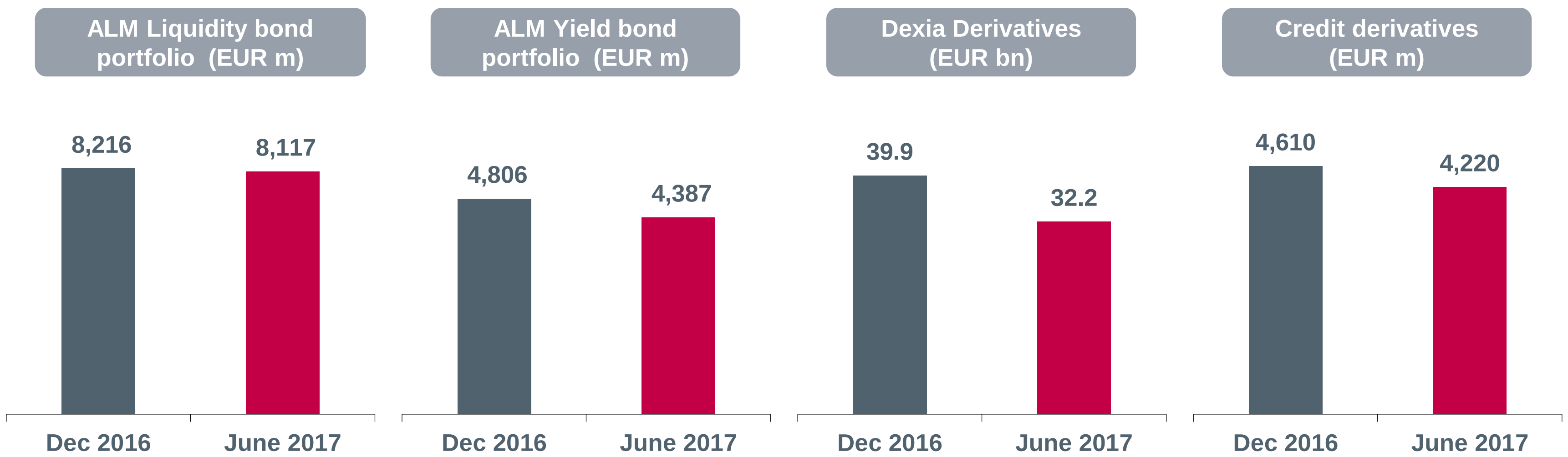
Overview of New Group Center

Belfius New Group Center (notional amounts)

	Group Center Bond portfolio		Group Center derivatives portfolio	Other Group Center activities
	ALM Liquidity	**ALM Yield**		
Former Side	■ LCR eligible bonds (EUR 1.7 bn)	■ Non-LCR eligible bonds (EUR 4.6 bn)	■ Collateralized IR derivatives with Dexia entities, intermediated and hedged with Financial Markets (EUR 39.9 bn) ■ Credit derivatives: protection given, partly reinsured with monolines (EUR 4.6 bn, incl. TRS, part of former GC) ■ Non collateralized IR derivatives with international non financial counterparts ■ Bought credit protection for some ALM yield bonds	■ Management of old credit risk files (Holding Communal & Arco entities)
Former GC	■ ALM LCR eligible bonds (EUR 6.5 bn)	■ ALM non-LCR eligible bonds (EUR 0.2 bn)		■ Various other items: ■ Financial Markets services (mostly to Business Lines and ALM) ■ Central assets ■ Other
Considerations	■ Part of Belfius Bank's total LCR liquidity buffer ■ Well diversified, high credit quality and highly liquid portfolio ■ Former Side LCR bonds are similar to ALM LCR bonds, except for geography of issuer (non-core EU countries; e.g. UK, Australia, Japan)	■ Bond portfolio used to manage excess liquidity ■ Mainly high quality bonds of international issuers (non-core EU) in former Side part with a ~20 years residual duration ■ Managed in natural run-off and standard credit risk management for former Side part	■ Originates from former competence center for derivatives within the Dexia Group ■ Former Side derivatives managed in natural run-off and standard risk management	

Note: Figures are notional amounts as of December 31, 2016

Overview of New Group Center



	ALM Liquidity bond portfolio Dec 2016	ALM Liquidity bond portfolio June 2017	ALM Yield bond portfolio Dec 2016	ALM Yield bond portfolio June 2017	Dexia Derivatives Dec 2016	Dexia Derivatives June 2017	Credit derivatives Dec 2016	Credit derivatives June 2017
Average Rating [(1)]	A	A-	A-	A-	A-	A-	A-	A-
Expected average life (years)	9.7	9.4	19.5	19.7	10.0	10.6	7.8	9.7
Investment grade (%)	100%	100%	93%	93%	100%	100%	100%	100%

(1) Includes rating impact from bought credit protection for some ALM yield bond portfolio

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Part 6

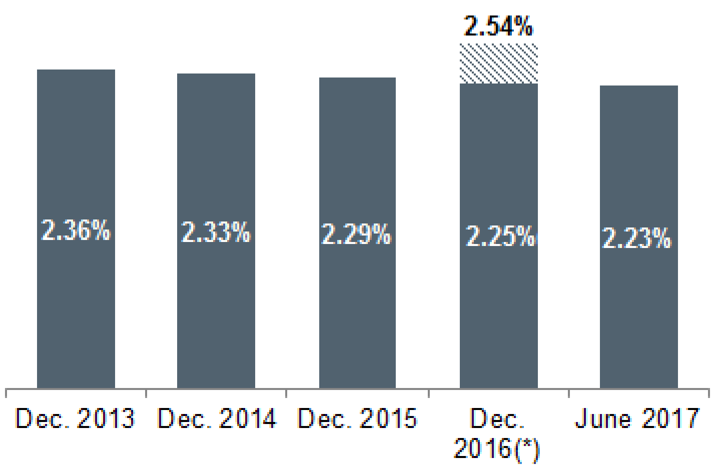
SOUND RISK PROFILE

Sound risk profile

Continued strong asset quality indicators (1/2)

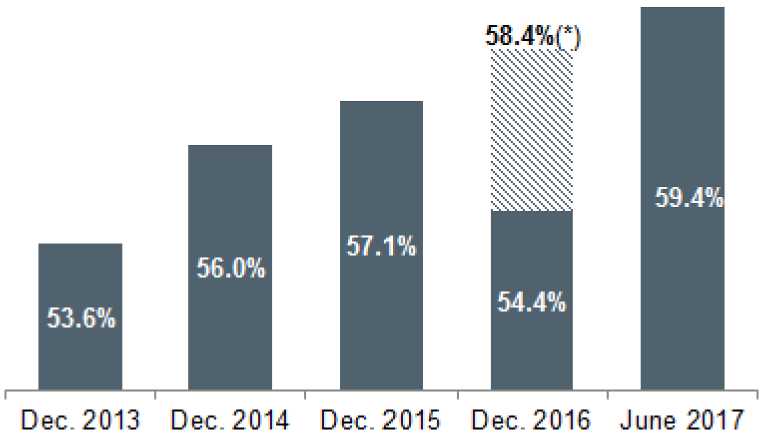
Asset quality ratio

$$\frac{\text{Impaired loans and advances to customers}}{\text{Loans and advances to customers (gross)}}$$



Coverage ratio

$$\frac{\text{Specific impairments}}{\text{Impaired loans and advances to customers}}$$



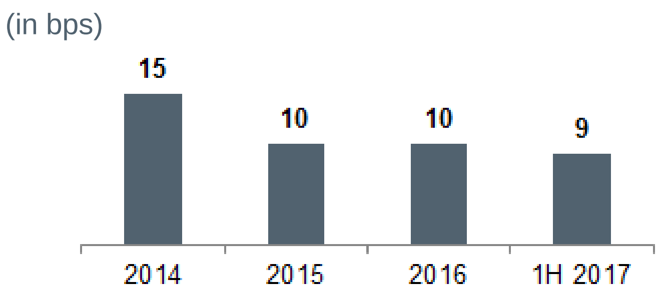
- The **asset quality ratio** decreased from 2.54% to 2.23%, back to historical Belfius' levels. Note that the 2016 figure was strongly impacted by a specific impairment related to an US RMBS (*), of which part has been sold in 1H 2017
- The **coverage ratio** remains above the 50% mark and amounts to 59.4%

(*) Excluding this exposure, the asset quality ratio of December 2016 would have been 2,25% and the coverage ratio 58.4%

Sound risk profile
Continued strong asset quality indicators (2/2)

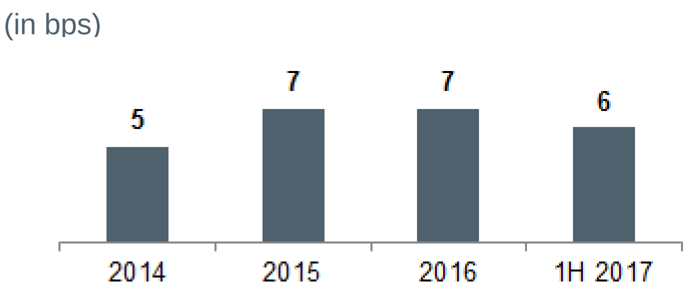
Credit cost ratio RC

$$\frac{\text{Cost of risk RC}}{\text{Average outstanding loans RC}}$$



Credit cost ratio PC

$$\frac{\text{Cost of risk PC}}{\text{Average outstanding loans PC}}$$



Sound P&L credit cost of risk ratio underpinned by good credit quality lending in benign macro-economic environment

- Credit cost ratio for **Retail & Commercial** stood at **9 bps**, stable v-à-v 2015 & 2016, following a decrease in cost of risk between 2014 and 2015
- Very low credit cost ratio for **Public & Corporate of 7 bps**, rather stable last years

Contents

Part 7

WRAP UP

Wrap-up

- **In a challenging interest rate environment, Belfius managed to deliver a strong performance**
  - **Net income** (Group share): **EUR 361 m**, up 45% y-o-y
  - **Cost-income** ratio at **58.3%**
  - **Commercial business lines** at Belfius **performed well:**
    - **Excellent growth in AUM** of Retail, Private & Business Customers : up 4.4% y-o-y to reach EUR 105 bn at the end of 1H 2017
    - **EUR 7.4 bn new LT lending granted to the Belgian economy** in 1H 2017, up 12% y-o-y
    - Further increase of **new active clients** (+12%) and **active mobile app-users** (+33%) in 1H 2017
  - **Fully Loaded CET 1 ratio** at **16.1%** and **Solvency II ratio** at **228%**

- These results confirm the **effectiveness of Belfius' strategy focused on Belgian anchored sustainable activities**, governed by a solid financial and risk management framework and acting as crucial support to the Belgian economy

Wrap up
Belfius' Ambitions 2020

2020 Financial ambitions
2020 Commercial ambitions

Universal bankinsurer present everywhere in Belgium and supporting 100% Belgian society and economy (ambition of 60 bn EUR support over 2016-2020 period)

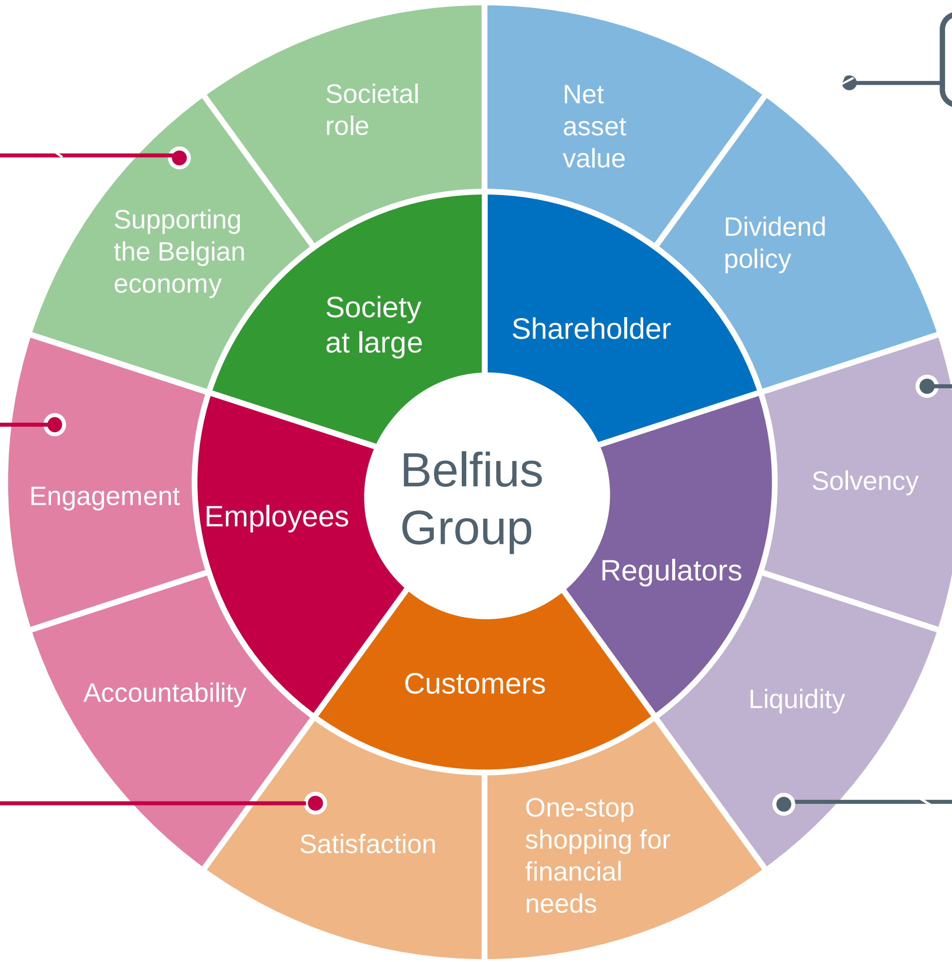
✓ Production 1H 2017: EUR 7.4 bn

Further improve even more on employee engagement barometer results

✓ As of 2016 the average score of engagement increased to 87%

Combine +95% satisfaction with growing client recommendation

✓ Client satisfaction as of June 2017: 95.83%



Group net profit > 600m EUR
Cost-income ratio < 60%

✓ As of June 2017:
C/I Group: 58.3%

CET1 > 13%
Total capital > 17%
Leverage ratio > 5%
Solvency II > 175%

✓ As of June 2017:
CET1 FL: 16.1%
Total capital ratio FL: 18.5%
Leverage ratio FL : 5.3%
Solvency II: 228%

LCR > 110%
NSFR > 105%

✓ As of June 2017:
LCR: 128%
NSFR: 115%

Appendices
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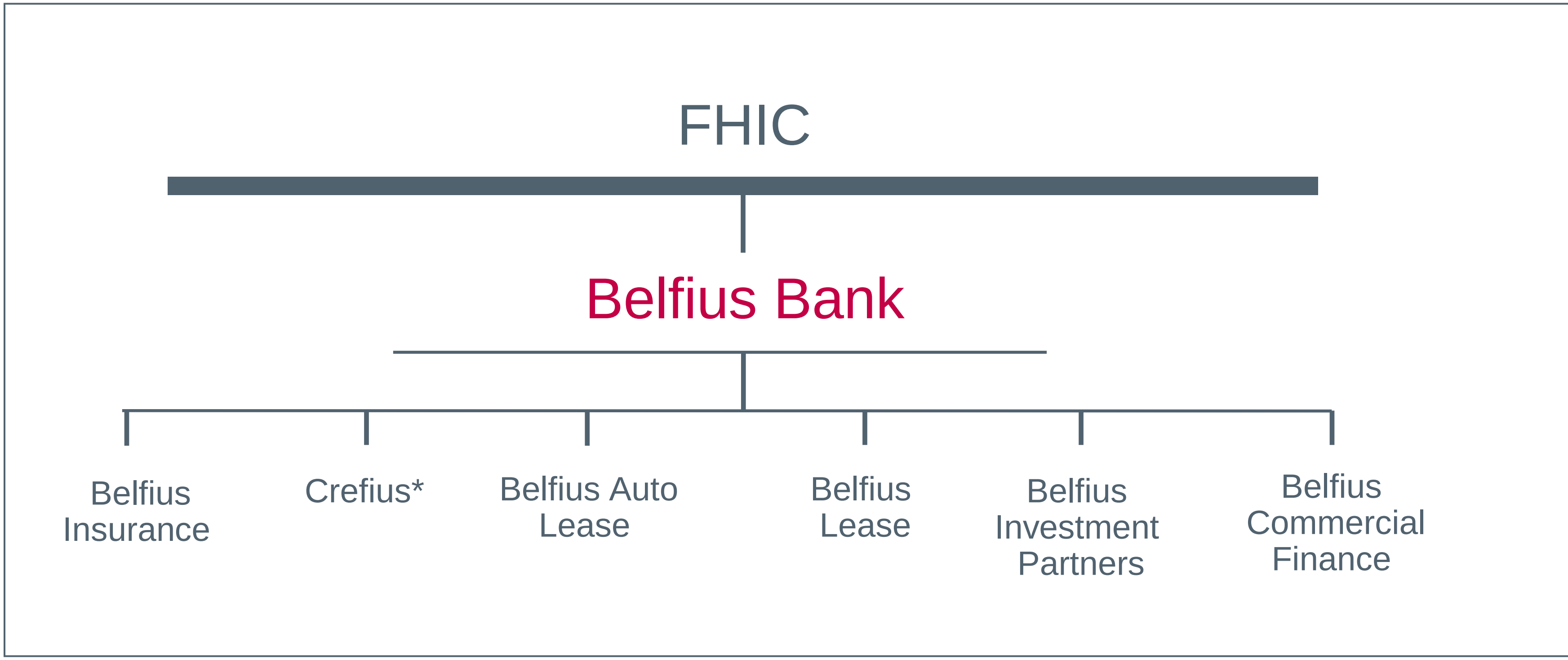
Appendices

Section I – Belfius at a glance

- Appendix 1 : A bank-insurer … with one sole shareholder
- Appendix 2 : Retail & Commercial - description
- Appendix 3 : Public & Corporate – description

Belfius at a glance

Appendix 1 : 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

** Crefius is involved in granting and managing mortgage loans*

Belfius at a glance

Appendix 2 : Retail & Commercial - description

Retail, Private & Business clients

3.5m

Belfius serves 3.5 million customers, of which 0.3 million business clients (self-employed, SME's) combining personal advice through a network of 679 branches and state of the art applications in internet and mobile banking

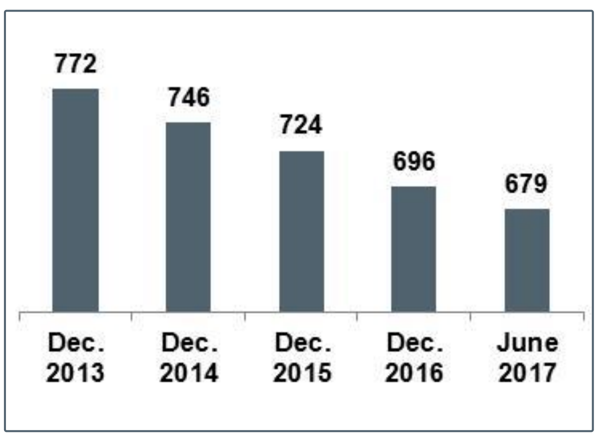
679

Belfius provides a large range of high quality products and services:

- ❑ **payments products & treasury management services**
- ❑ **savings & investments products**
- ❑ **loans, ST & LT-financing, credit lines and/or guarantees**
- ❑ **life & non-life , staff or activity related insurance products**

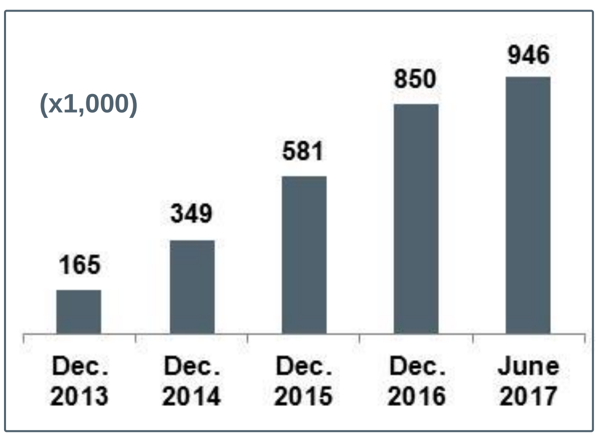
Belfius' distribution offering in line with customer behavorial change

 # bank branches



- ❑ *In the branches, clients are more and more directed to highly valued personal advice*
- ❑ *With almost 1 bn active mobile users, Belfius demonstrates its leading edge in the mobile and digital offer*

 # active mobile users



Belfius at a glance

Appendix 3 : Public & Corporate - description

12k

Public and Social clients

preferred banking partner of 12,000 public & social clients such as municipalities, provinces, regions and communities, police areas, healthcare sector, schools, universities, housing sector

6k

Corporate clients

with 6,000 clients, challenger in the segment of Belgian corporates where Belfius especially represents the link between public authorities and the corporate environment (Business to Government or “B2G”)

Crucial role in economic activity in Belgium

Maintain Leadership

- **Loans, as start for cross-sell and Debt Management income**
- **Keep leading edge in Debt Capital Markets**
- **Smart Belgium as unique positioning**

Pursue Growth Ambition

- **Increase market share (13% in 2018)**
- **Control credit risk with an average rating on production ≥ BB+**
- **Increase cross-sell**
- **Smart Belgium as unique positioning**

Appendices

Section II – Additional financials

Additional financials

Appendix 4 : Consolidated balance sheet - assets

(EUR m)	31/12/2016	30/06/2017	Evolution
Loans and advances	**116,816**	**116,180**	**-636**
To banks and central banks	*27,114*	*25,497*	*-1,617*
To customers	*89,702*	*90,683*	*980*
Portfolios	**27,199**	**26,499**	**-700**
Financial investments (HTM)	*5,393*	*5,514*	*120*
Financial investments (AFS)	*18,820*	*17,243*	*-1,577*
Financial assets at FV through P&L	*2,986*	*3,742*	*756*
Derivatives	**25,307**	**21,666**	**-3,641**
Other	**7,399**	**7,294**	**-104**
Total assets	**176,721**	**171,639**	**-5,082**

- **The total assets decreased by 5.1 bn to EUR 172 bn based on a combination of**
  - a decrease of loans and advances to banks and central banks (EUR -1.6 bn), mainly due to a decrease of (i) cash collateral paid (EUR -3.9 bn) and (ii) reverse repo's (EUR -2.9 bn), partially offset by an increase of cash deposits with the central banks (EUR 5.2 bn)
  - an increase of loans to customers (EUR 1 bn) due to growing commercial activities
  - a limited decrease of the portfolios (EUR -0.7 bn) mainly in line with decreasing Branch 21 reserves
  - a strong decrease (EUR -3.6 bn) of the fair-value of the derivatives resulting from higher interest rates compared to year-end 2016 and the additional clearing of derivatives with LCH resulting in a net presentation

Additional financials

Appendix 5 : Consolidated balance sheet - liabilities

(EUR m)	31/12/2016	30/06/2017	Evolution
Total deposits	**86,753**	**89,707**	**2,954**
Banks and central banks	*12,582*	*14,687*	*2,105*
Customers	*74,171*	*75,020*	*849*
Total debt securities	**32,904**	**32,048**	**-856**
Debt securities	*23,981*	*22,737*	*-1,245*
Debt securities at FV through P&L	*7,524*	*8,106*	*582*
Subordinated debts	*1,399*	*1,206*	*-193*
Derivatives	**29,573**	**22,954**	**-6,618**
Provisions	**16,403**	**15,318**	**-1,084**
Other	**2,077**	**2,323**	**246**
Total liabilities	**167,709**	**162,351**	**-5,358**

- **The total liabilities decreased by 5.4 bn to EUR 162 bn based on a combination of**
  - higher deposits from banks and central banks (EUR 2.1 bn), mainly following an increase of (i) repurchase agreements (EUR 2.3 bn) and (ii) an additional participation at TLTRO II for EUR 1 bn, partially offset by a decrease of cash collateral received (EUR 1.1 bn)
  - an increase of customer deposits (EUR 0.8 bn), mainly sight & savings deposits
  - a decrease of total debt securities (EUR -0.8bn), mainly related to the maturity of LT debt securities partially offset by the issue of new long term debt issuance
  - a strong decrease (EUR -6.6 bn) of the fair-value of derivatives following higher interest rates compared to year-end 2016 and the additional clearing of derivatives with LCH resulting in a net presentation

Additional financials

Appendix 6 : Consolidated balance sheet - accounting equity

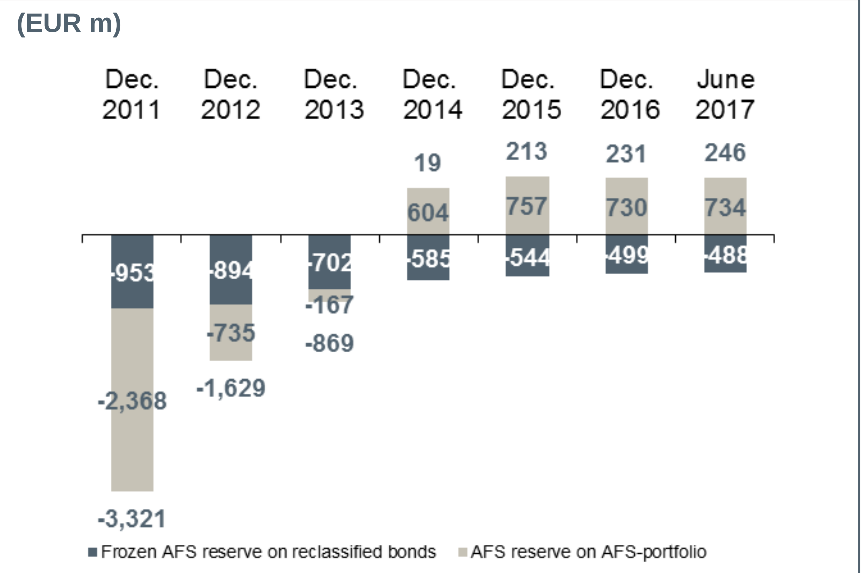
(EUR m)	31/12/2016	30/06/2017	Evolution
Core shareholders' equity	**8,694**	**8,915**	**221**
Subscribed capital + additional paid in capital	*3,667*	*3,667*	*0*
Reserves + retained earnings	*4,491*	*4,887*	*395*
Net income for the period	*535*	*361*	*-174*
Gains and losses not recognised in the statement of income	**318**	**373**	**55**
Reserve AFS (Available for Sale)	*231*	*246*	*15*
Reserve CFH (Cash flow hedge) + other	*-34*	*-18*	*16*
Remeasurement of Defined Benefit plan	*87*	*97*	*10*
Discretionary participation features	*33*	*48*	*15*
Total shareholders' equity	**9,012**	**9,288**	**276**
Non-controlling interests	**0**	**0**	**0**
Total equity	**9,012**	**9,288**	**276**

- **The total equity increased to EUR 9.3 bn**
  - the core shareholders' equity rose with EUR 221 m to EUR 8.9 bn, due to the net income of the period (EUR 361 m), partially offset by the payment of the full year 2016 dividend not yet paid out in interim dividend format (EUR 140 m)
  - the gains and losses not recognised in the statement of income slightly increased with EUR 55 m to EUR 373 m

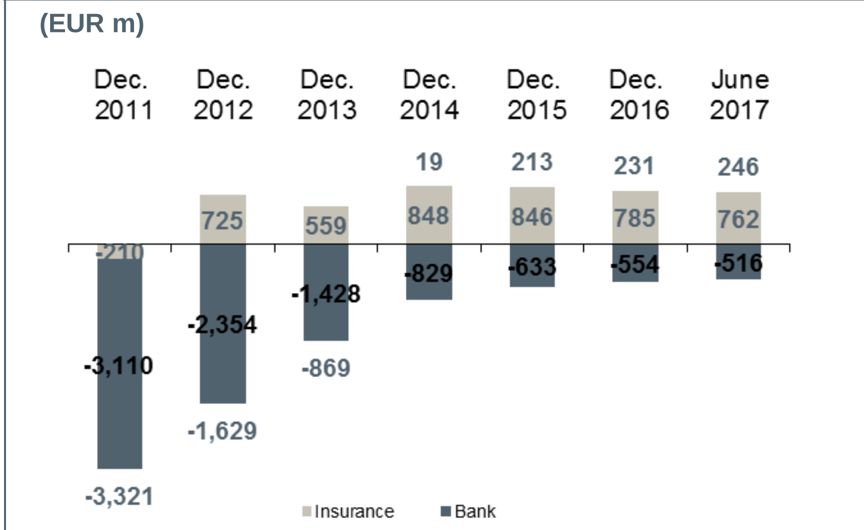
Additional financials

Appendix 7 : Focus on AFS reserve*

Breakdown Frozen AFS / AFS



Breakdown Bank / Insurance



- **The total AFS reserve stood at EUR +246 m as at June 2017, quasi stable compared to year-end 2016**
  - the increase of the AFS reserve for the banking group (EUR +38 m compared to Dec. 2016) can be explained by the slight improved credit spreads and natural amortization of the frozen AFS reserve
  - the AFS reserve for the insurer group decreased slightly (EUR -23 m compared to Dec. 2016). The decrease of the fair-value of bonds is partially offset by a decrease of the negative adjustment of shadow accounting at Belfius Insurance

(*) After tax

Additional financials

Appendix 8 : Focus on regulatory capital

	Phased In		Fully Loaded	
	Dec. 2015	June 2017	Dec. 2016	June 2017
Core shareholders' equity	**8,694**	**8,915**	**8,694**	**8,915**
Elimination of Belfius Insurance (*)	*0*	*-2*	*0*	*-2*
Core regulatory equity	**8,694**	**8,912**	**8,694**	**8,912**
Elimination of foreseeable dividend	-140	-275	-140	-275
Gains and losses not recognised in the statement of income	-215	-300	-460	-415
Remeasurement Defined Benefit Plan	86	94	86	94
AFS reserve	-546	-509	-546	-509
Transitory measures & filter on govies	246	115	0	0
Items to deduct	-573	-502	-578	-504
Deferred tax assets	-13	-8	-13	-8
Transitory measures	5	2	0	0
Other	-565	-495	-565	-495
Common equity Tier 1 - CET 1	**7,767**	**7,836**	**7,516**	**7,719**
Tier 2 - Capital instruments	1,135	1,158	928	961
Other	174	182	174	182
Total regulatory capital	**9,076**	**9,176**	**8,618**	**8,862**

(*) *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"*

Additional financials

Appendix 9 : Focus on regulatory risk exposures

Regulatory Risks Exposures - by type of risk

(EUR m)	June 2016	Dec. 2016	June 2017
Market risk	1,322	1,136	1,770
Operational risk	2,802	2,915	2,915
Credit risk	37,606	35,951	36,525
Danish compromise (*)	6,102	6,728	6,785
Total Regulatory Risks Exposures	**47,832**	**46,730**	**47,996**

Regulatory Risks Exposures - by segment

(EUR m)	June 2016	Dec. 2016	June 2017
Retail and Commercial	15,590	16,136	16,349
Public and Corporate	14,396	14,477	15,426
Group Center	17,846	16,117	16,221
Total Regulatory Risks Exposures	**47,832**	**46,730**	**47,996**

(*) *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"*

Additional financials

Appendix 10 : Focus on capital ratios

	Phased In		Fully Loaded	
	Dec. 2016	June 2017	Dec. 2016	June 2017
Common equity Tier 1 - CET 1 (EUR m)	7,767	7,836	7,516	7,719
Total regulatory capital (EUR m)	9,076	9,176	8,618	8,862
Total Regulatory Risks Exposures (EUR bn)	46.7	48.0	46.7	48.0
CET 1 ratio	16.6%	16.3%	16.1%	16.1%
Total capital ratio	19.4%	19.1%	18.4%	18.5%

Appendices

Section III – Additional information on risk profile

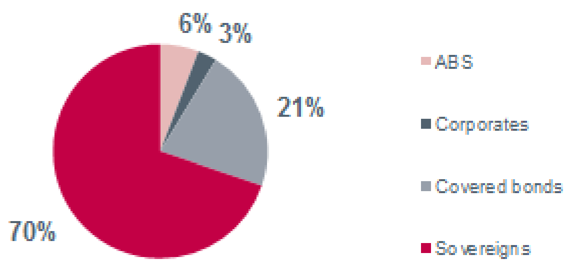
- Appendix 11 : ALM Bank - Liquidity bond portfolio
- Appendix 12 : ALM Bank - Yield bond portfolio
- Appendix 13 : ALM Insurance - Bond portfolio
- Appendix 14 : Credit derivatives
- Appendix 15 : Outstanding exposure on government bonds
- Appendix 16 : Credit risk statistics on mortgage loans

Additional information on risk profile

Appendix 11 : ALM Bank - Liquidity bond portfolio

Breakdown by type of counterpart

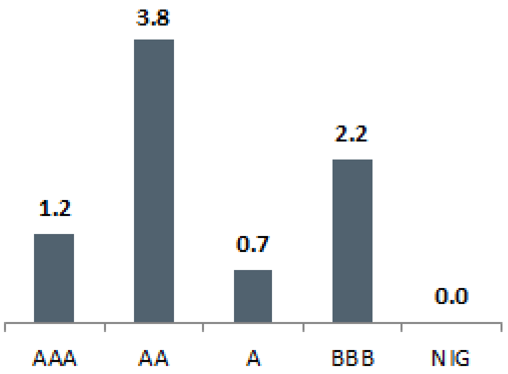
EUR 8.1 bn (30 June 2017)



Breakdown by rating

(EUR bn)

Average rating: A-



NIG – Non Investment Grade

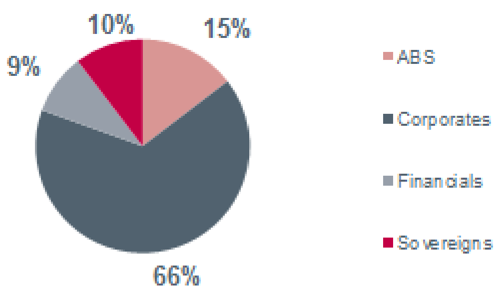
- **ALM Bank Liquidity bond portfolio** stood at EUR 8.1 bn as at 30 June 2017, compared to EUR 8.2 bn as at year-end 2016
- The portfolio is of good quality
  - 100% of the portfolio is Investment Grade
  - The average rating stood at A-
- Expected average life: 9.4 years

Additional information on risk profile

Appendix 12 : ALM Bank – Yield bond portfolio

Breakdown by type of counterpart

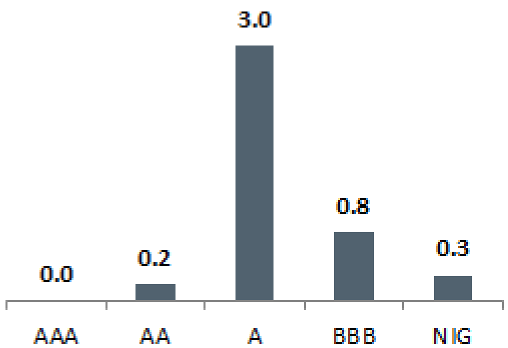
EUR 4.4 bn (30 June 2017)



Breakdown by rating

(EUR bn)

Average rating: A-



NIG – Non Investment Grade

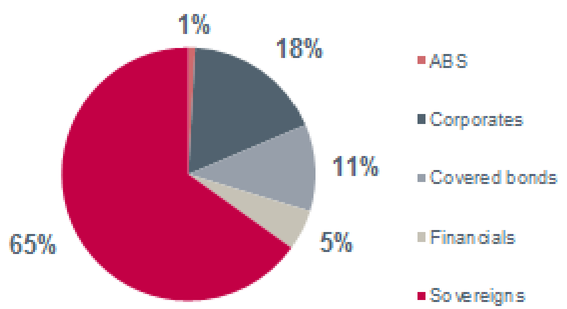
- **ALM Bank Yield bond portfolio** stood at EUR 4.4 bn as at 30 June 2017, compared to EUR 4.8 bn as at year-end 2016, mainly due the natural amortization of the portfolio and some sales
- The portfolio is of good quality
  - 93% of the portfolio is Investment Grade
  - The average rating stood at A-
- Expected average life: 19.7 years

Additional information on risk profile

Appendix 13 : ALM Insurance – Bond portfolio

Breakdown by type of counterpart

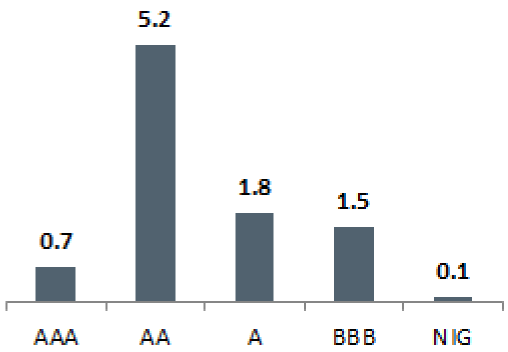
EUR 9.4 bn (30 June 2017)



Breakdown by rating

(EUR bn)

Average rating: BBB+



NIG – Non Investment Grade

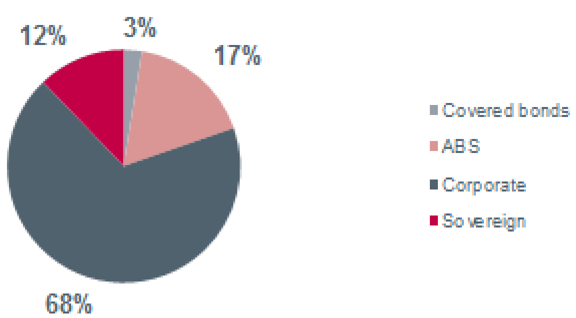
- **ALM Insurance fixed income portfolio** stood at EUR 9.4 bn as at 30 June 2017, compared to EUR 9.8 bn at 31 December 2016
- The ALM Insurance portfolio remains of good quality
  - 98% of the portfolio is investment grade
  - The average rating at BBB+
- Expected average life: 8.7 years

Additional information on risk profile

Appendix 14 : Credit derivatives

Breakdown by type of counterpart

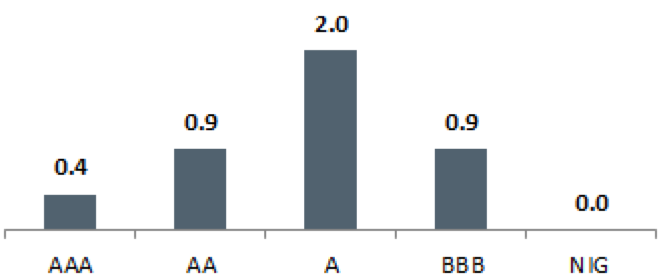
EUR 4.2 bn (30 June 2017)



Breakdown by rating

(EUR bn)

Average rating: A-



NIG – Non Investment Grade

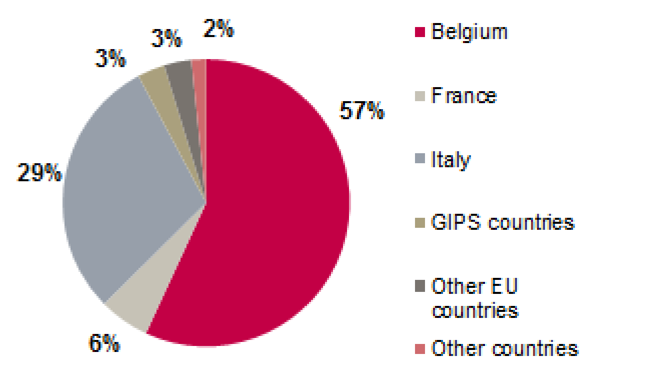
- **Credit derivative portfolio** stood at EUR 4.2 bn as at 30 June 2017, down EUR 0.4 bn compared to 31 Dec. 2016, mainly due to amortizations
- The credit derivatives portfolio is of good quality
  - 100% of the portfolio is Investment Grade
  - The average rating stood at A -
- Expected average life: 9.7 years

Additional information on risk profile

Appendix 15 : Outstanding exposure on government bonds

(EUR m)	31/12/2016	30/06/2017
Belgium	7,953	7,208
France	644	722
Italy	3,838	3,749
GIPS countries	361	393
Other EU countries	367	391
Other countries	218	207
Total	**13,381**	**12,670**

Breakdown as at 30 June 2017



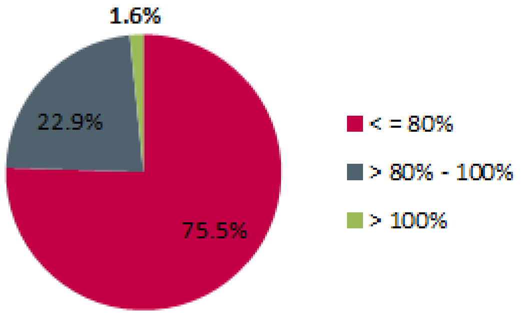
- Total **government bond portfolio** stood at EUR 12.7 bn*, down EUR 0.7 bn compared to December 2016
- More than half of the portfolio (57%) remains invested in Belgian government bonds

Note: Figures are based on Full Exposures at Default - FEAD

Additional information on risk profile

Appendix 16 : Credit risk statistics on mortgage loans

Mortgage loans Belfius Bank
Loan-to-value ratio *



* LTV – on outstandings as of June 2017 (with indexation of real estates prices)

Very sound LTV-ratio's

- Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 56.8% at end of June 2017, compared to 55.7% end of December 2016
- The part of the portfolio with an LTV > 100% is only 1,6%

Appendices

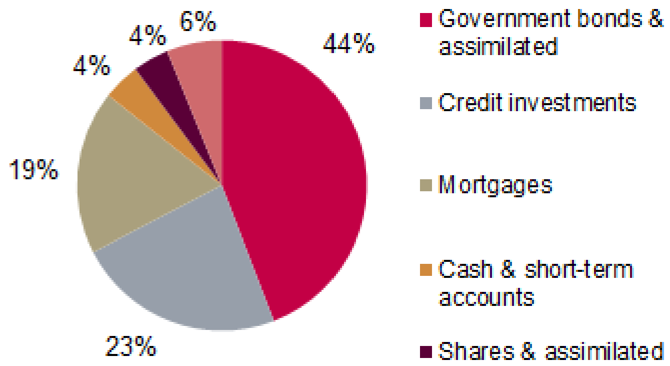
Section IV – Additional information on insurance

- Appendix 17 : Focus on insurance results
- Appendix 18 : Belfius Insurance - Consolidated balance sheet
- Appendix 19 : Belfius Insurance - Consolidated statement of income

Additional information on insurance

Appendix 17 : Focus on insurance results

Diversified asset allocation (*)



** As at 30 June 2017*

Key ratios

Cost/outstanding ratio Life : 0.40%

Cost/premium ratio Non-Life : 21.1%

Underlying combined ratio : 98.5%

Customer satisfaction : 95%

- Prudent investment strategy of the asset portfolio
  - Well-diversified asset allocation
  - Underlying financial return on average life outstanding ~ 3.8%
- Efficient insurer on the Belgian market enjoying high customer satisfaction

Additional information on insurance

Appendix 18 : Belfius Insurance – Consolidated balance sheet

(EUR m)	31/12/2016	30/06/2017	Evolution
Total assets	**22,986**	**22,238**	**-748**
of which			
Loans and advances due from banks	738	440	-298
Financial investments	13,565	12,517	-1,048
Financial assets measured at fair value through profit and loss	2,190	2,432	242
Mortgage and other loans	5,382	5,184	-198
Investment property	407	428	21
Other assets specific to insurance companies	438	451	13
Total liabilities	**20,840**	**20,068**	**-772**
of which			
Due to banks	1,150	1,186	36
Technical provisions for insurance companies	15,997	14,928	-1,069
Financial liabilities measured at fair value through profit and loss	2,190	2,432	242
Other liabilities specific to insurance companies	327	328	1
Total equity	**2,147**	**2,170**	**23**
of which			
Core shareholders' equity	1,328	1,342	14
Gains and losses not recognized in the statement of income	786	780	-6
Non-controlling interests	0	0	0
Discretionary Participation Feature	33	48	15

Additional information on insurance

Appendix 19 : Belfius Insurance – Income statement (*)

(EUR m)	1H 2016	1H 2017
Income	**288**	**271**
Net technical income	*-90*	*-88*
Financial income	*372*	*351*
Other income	*5*	*9*
Expenses	**-107**	**-107**
Gross operating income	**180**	**165**
Cost of risk	*2*	*1*
Pre-tax income	**182**	**165**
Tax expenses	*-49*	*-39*
Net income after taxes	**133**	**126**
Non-controlling interests	*0*	*0*
Net income group share	***133***	***126***

(*) Contribution Insurance into Belfius' Consolidated Income statement

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