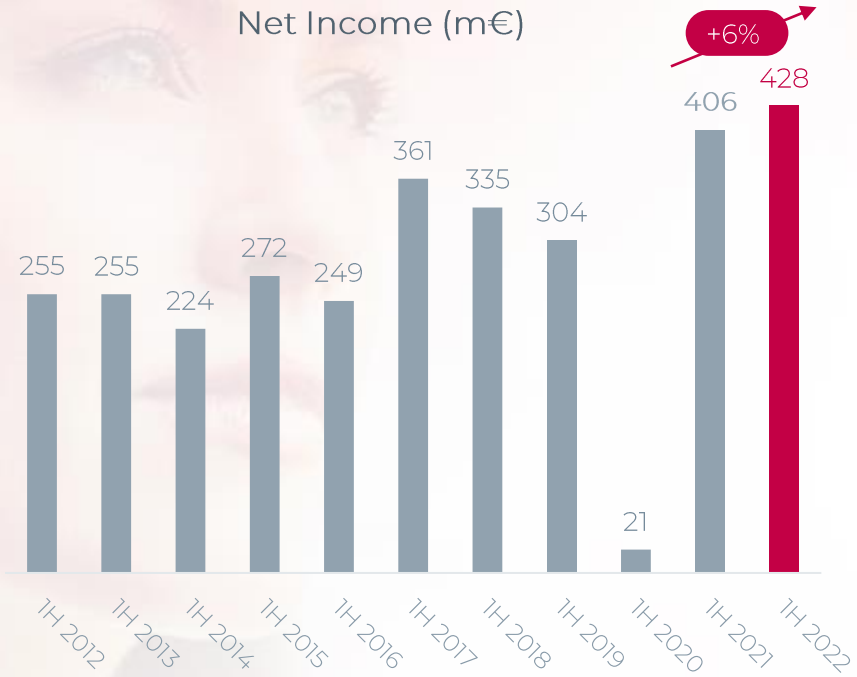
Belfius

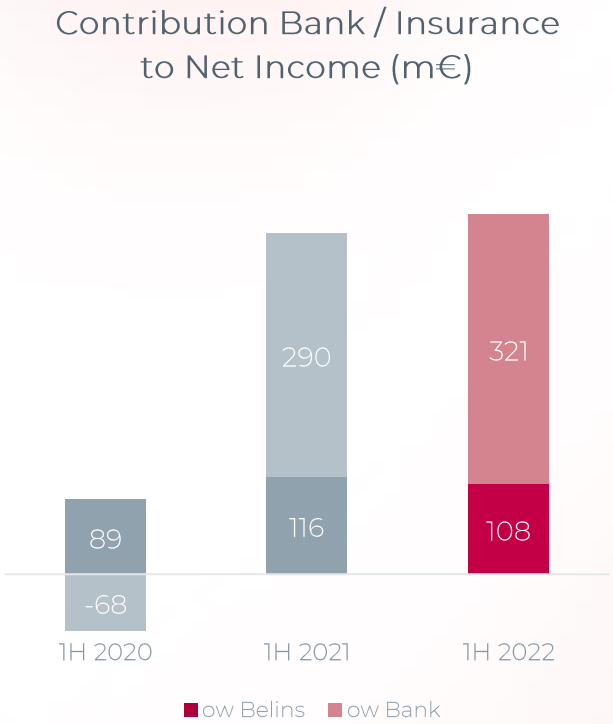
Let's zoom on 1H 2022

Meaningful & inspiring for Belgian society. Together.

5 August 2022

Belfius continues to be able to combine its purpose with strong commercial dynamics and solid financials

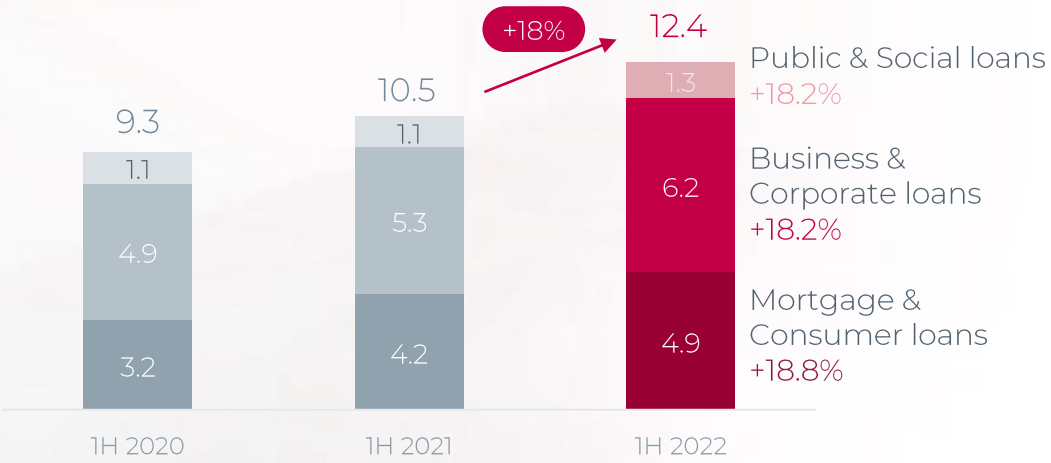




Continued growing contribution to financing needs of Belgian economy

Meaningful for the Belgian economy

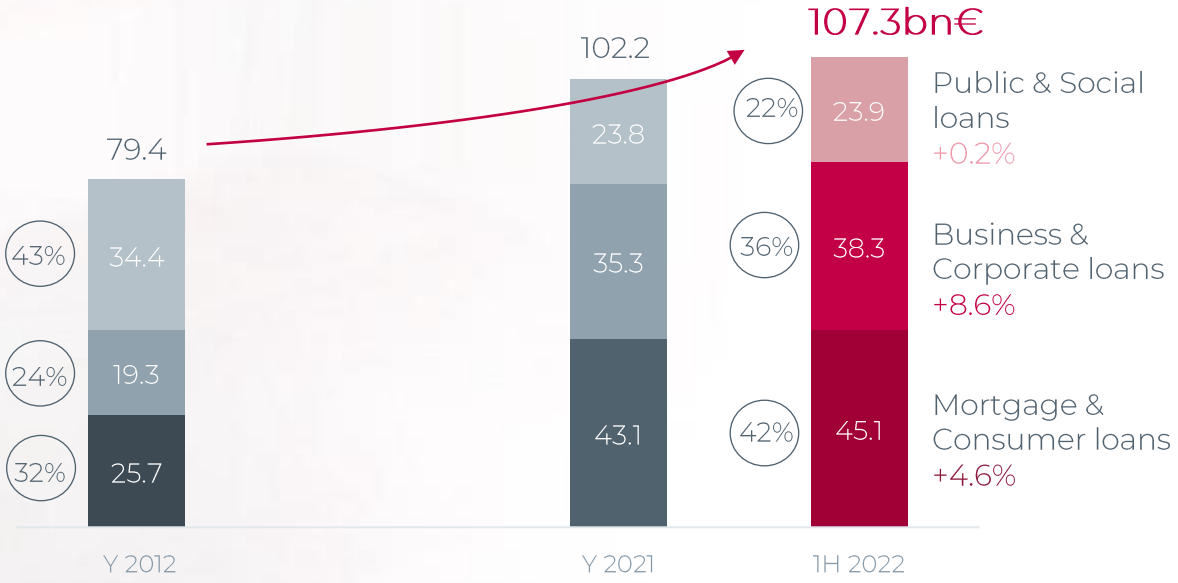
Highest LT loan production since origin (bn€)



Meaningful for the Belgian economy

A more balanced asset profile, serving all segments of the Belgian economy

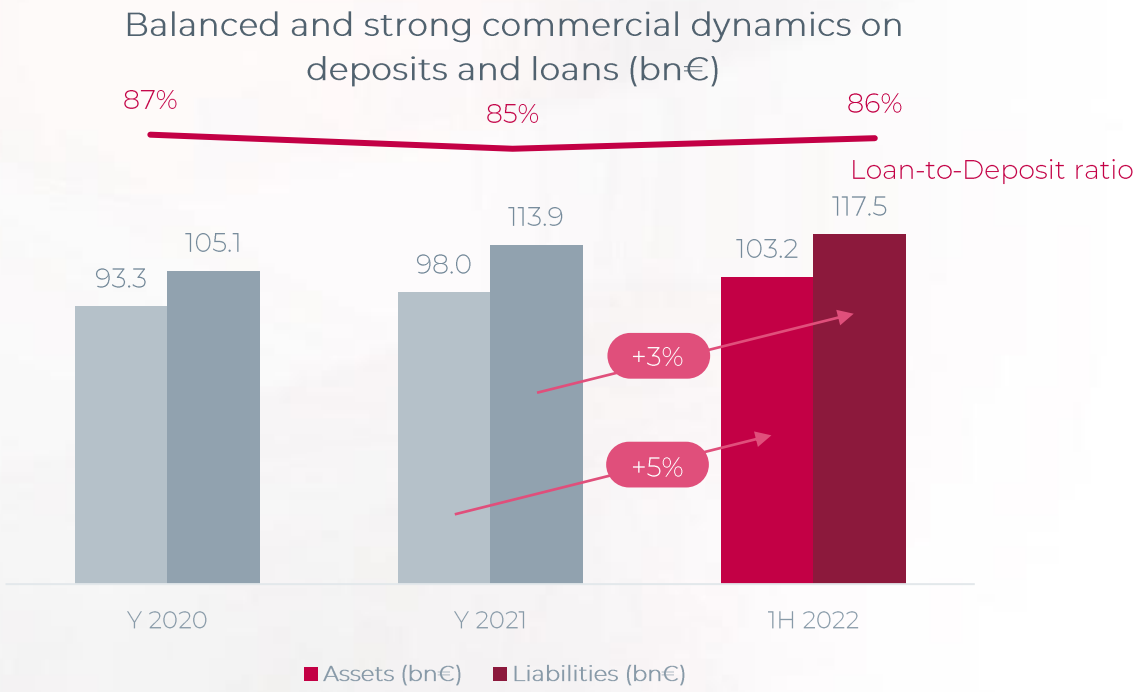
Growing beyond the milestone of 100 bn€ of outstanding commercial loans



Note: % of total portfolio per Y 2012 and 1H 2022

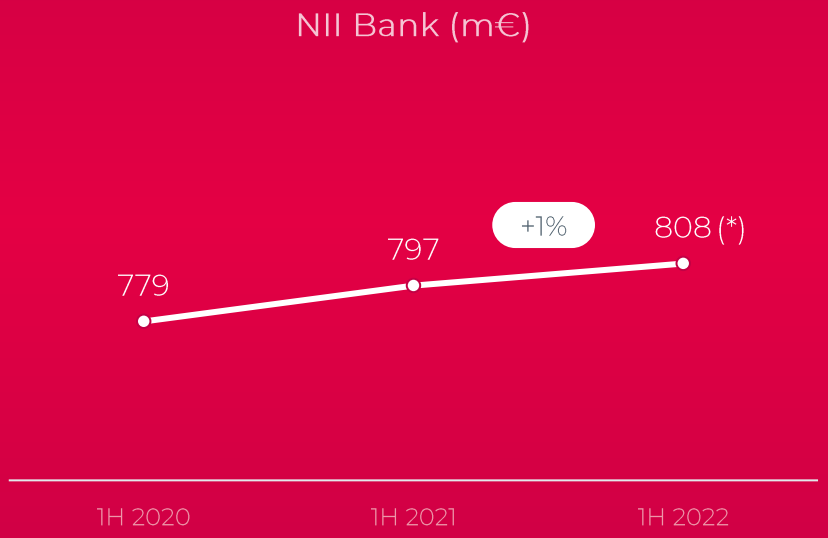
Keeping the growth of our deposits in line with the growth of our loans

Meaningful for the Belgian economy



Meaningful for the Belgian economy

Net Interest Income continues to increase

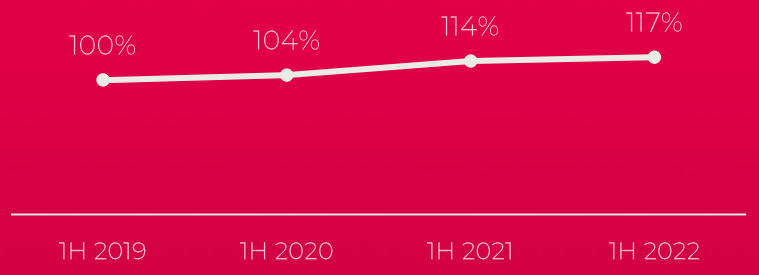


(*) To note: without accounting shift from financial to operational leasing, due to new servicing contract at Belfius Auto Lease, NII would have been 10m€ higher in 1H 2022 (+2.6%).

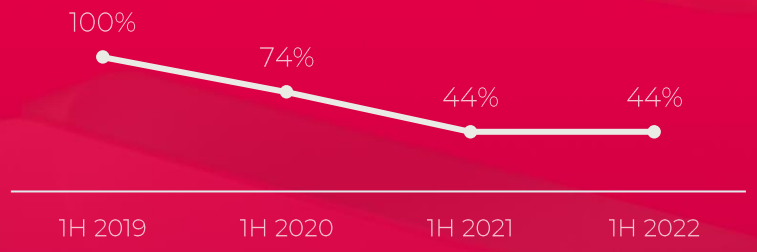
Continued strict risk-based pricing discipline and margin improvement on NMD in sight

Meaningful for the Belgian economy

Average BOR margin on loans stock - index

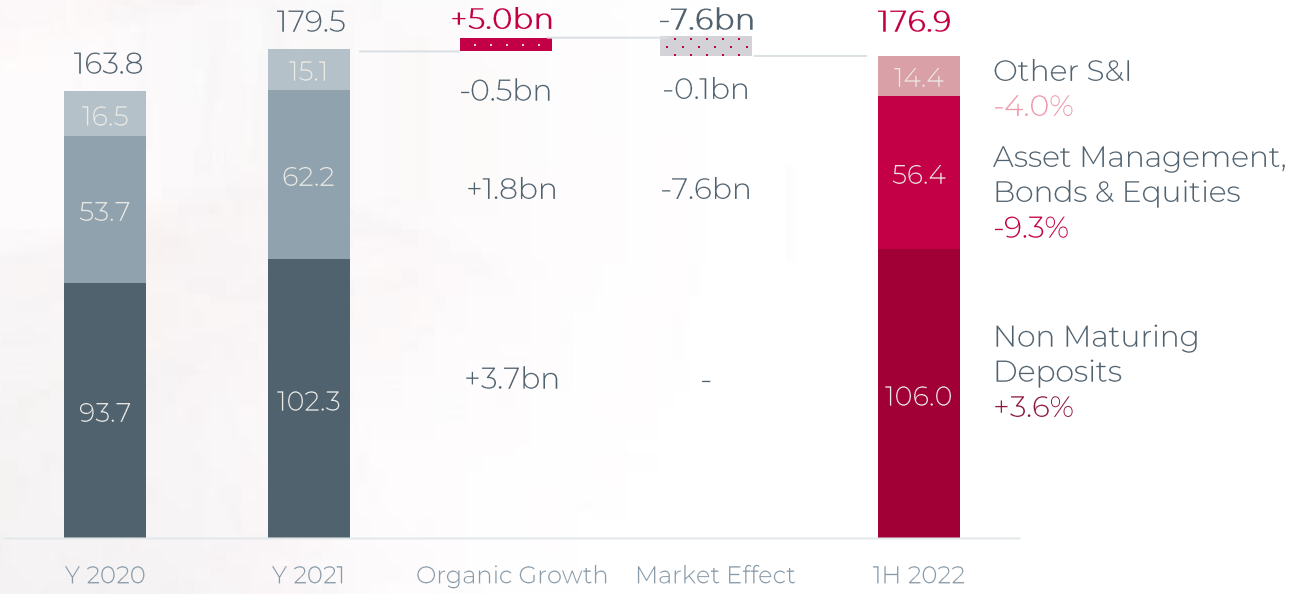


Average BOR margin on NMD Individuals - index



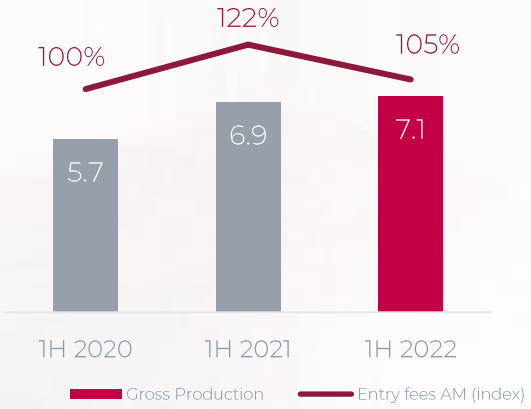
From a ‘bank for savers’ to a ‘bank for investors’

Continued strong organic growth in S&I (bn€)

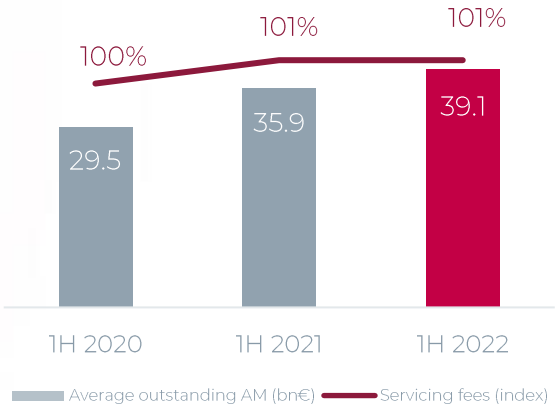


Excluding market effect, continued solid dynamics in Asset Management Services

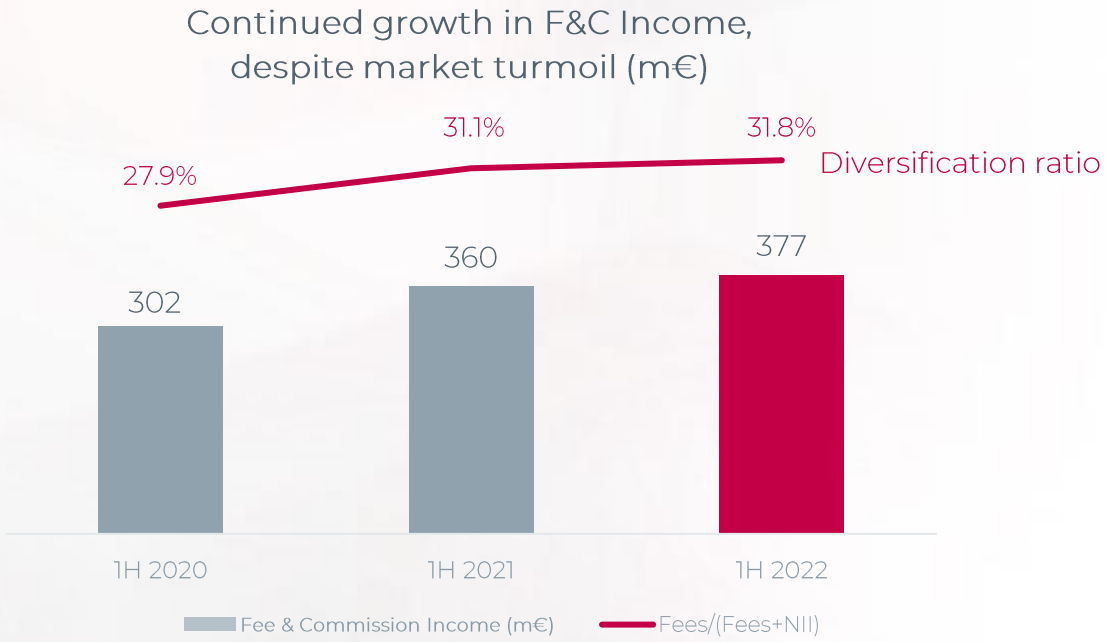
Production & entry fees AM services (bn€)



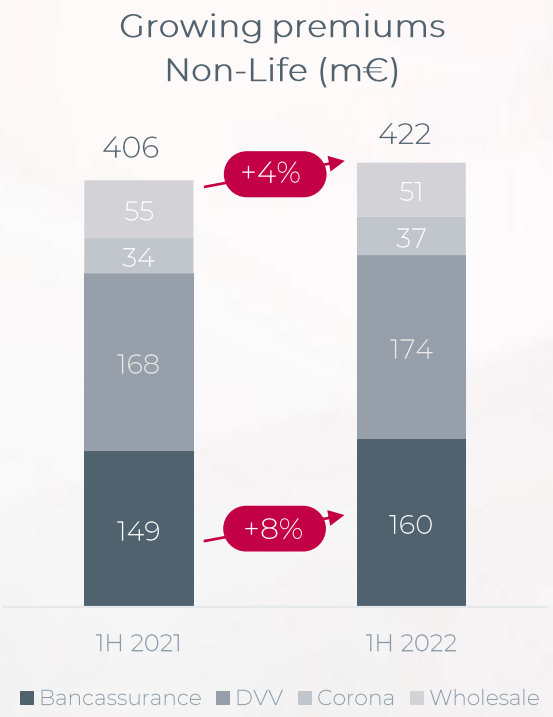
Average outstanding AM services (bn€)

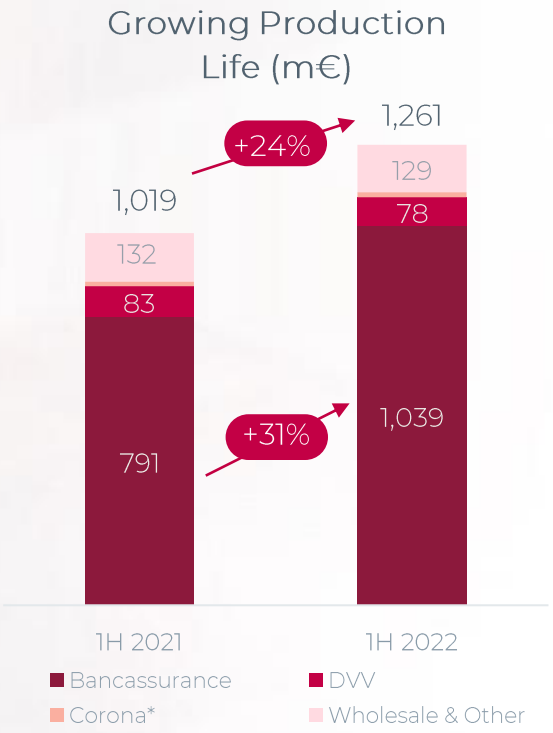


Belfius continues to improve income diversification



Continuous development of Bancassurance model





(*) Of which 14m€ for Corona in 1H 2022 vs 13m€ in 1H2021

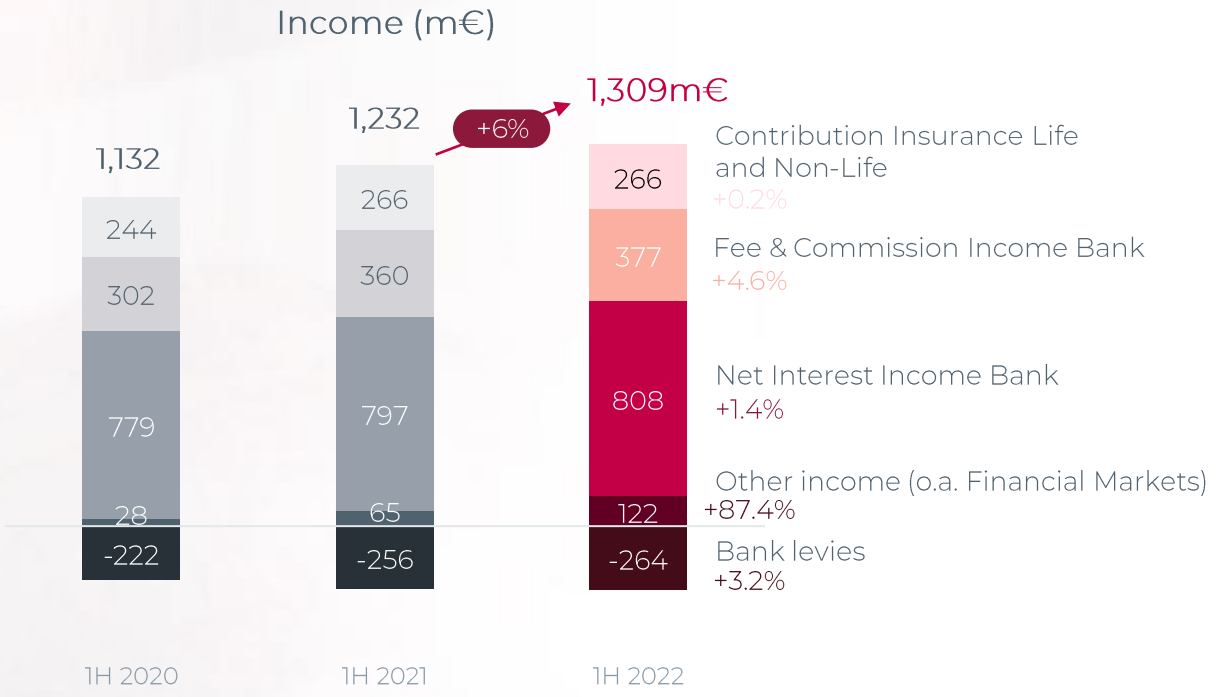
Integrated bank-insurer

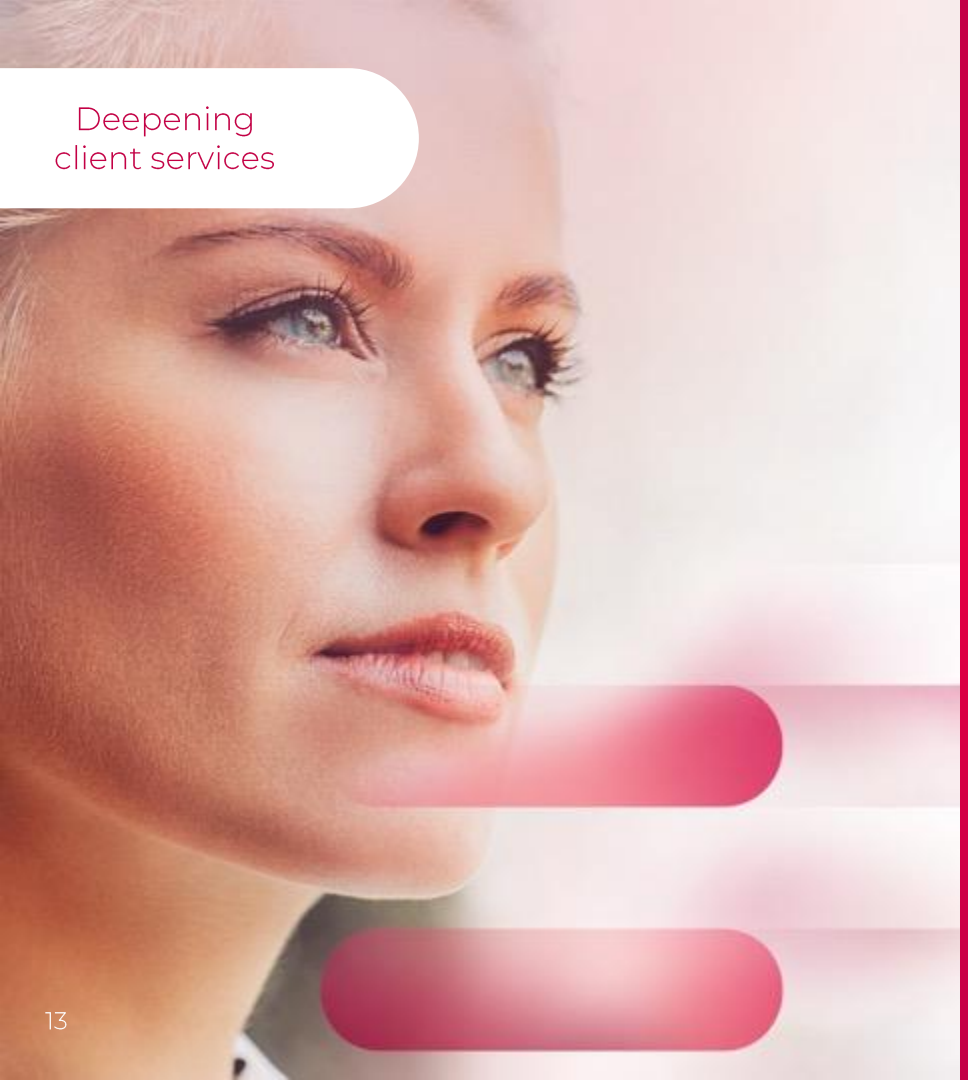
NCR 101.5%

Life income margin 2.61%

Integrated bank-insurer

Strong commercial dynamics in full alignment with desired financial strategy





Deepening client services

Strong Financial Markets position in Belgium

Debt Capital Markets (DCM)

Leadership position with

30%

Of Belgian DCM market

Total of

6.6bn€

LT and ST alternative financing

Equity Capital Markets (ECM)

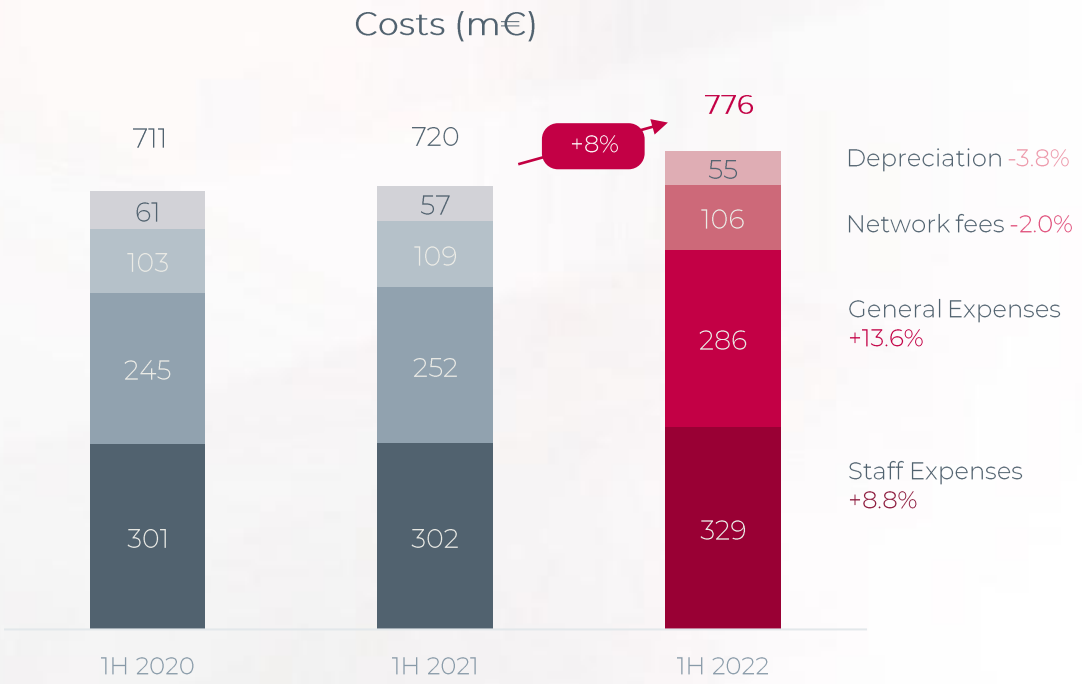
7

Deals in 1H 2022

985m€

Total transaction value

Continued investments in talent, digital and brand. Cost/Income remains under control despite inflation



Sound risk and financial profile

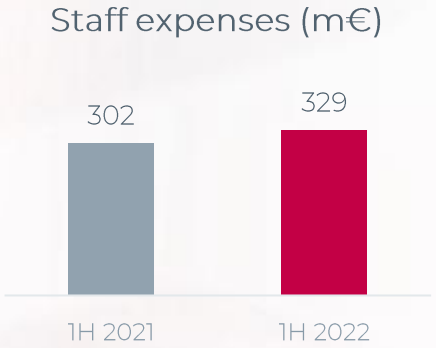
Higher workforce expenses

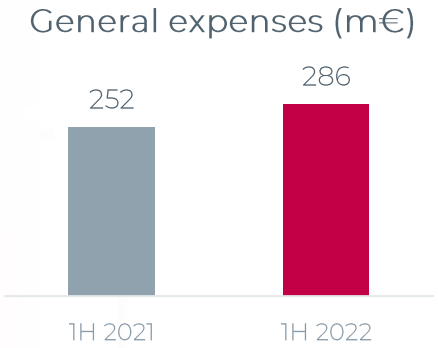
Extra push in Brand Campaigns

Continued investments in data & digital

Inflationary headwinds

Inflationary pressure on costs, but large part is growth driven





+18 m€
Salary Mass indexation

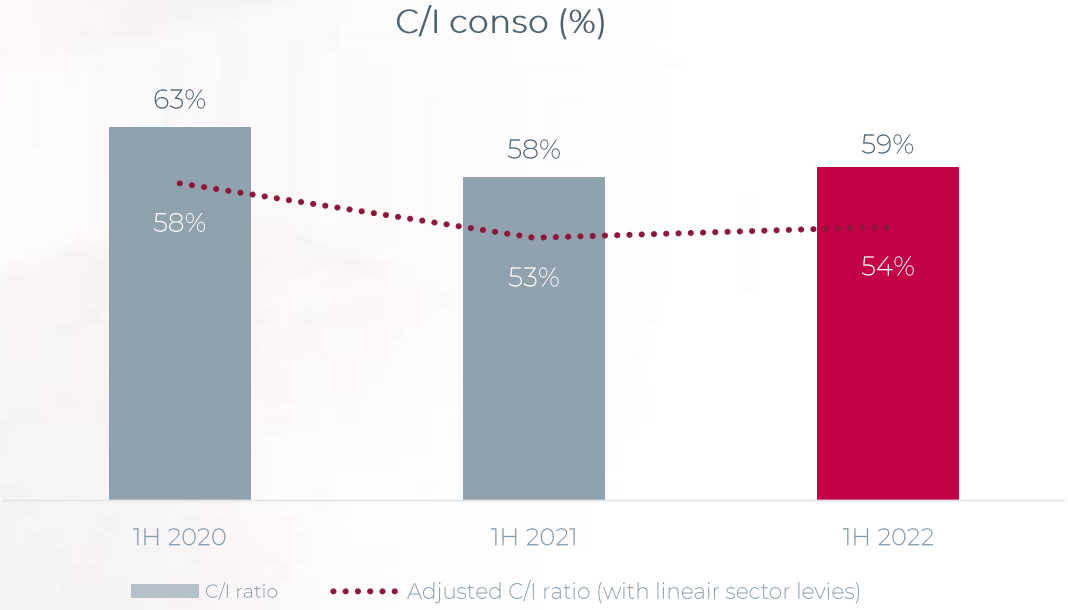
+166 avg FTE
Growth of FTE

+2 m€
External workforce indexation

+32 m€
Growth of activities & other

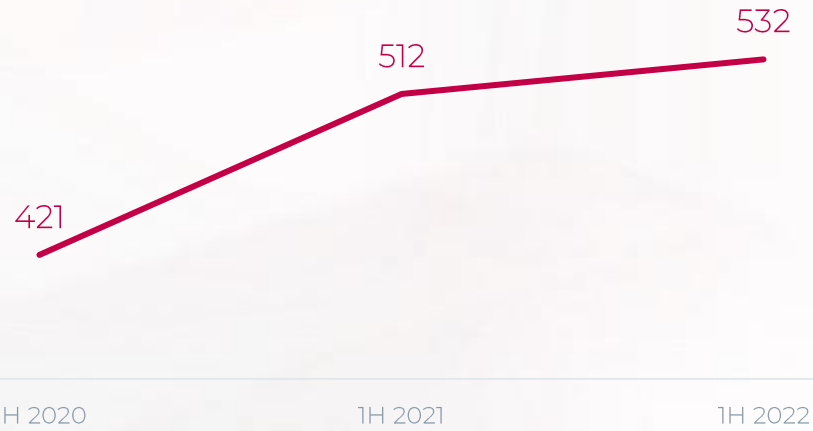
Resilient C/I ratio

Resulting in a rather stable Cost-to-Income ratio



Healthy combination of flourishing commercial development and financial discipline

Further growing Pre-provision Income (m€)



Cost of Risk and Impairments: Belfius' expected credit losses (ECL) are calculated in a 4-pillar approach, according to a waterfall principle*

Pillar 1

1H 2022

Stage 1 and 2 provisions are calculated in a mechanical mode, based on a view on the macroeconomic conditions, using 4 scenarios (neutral, optimistic, pessimistic and stress) with each their weight.

Update of the macroeconomic factors to reflect the impact of the second-round effects of the Covid-crisis (rising energy prices, inflation, rising interest rates,...) and of the Russian/Ukrainian conflict.

Pillars 2 and 3

1H 2022

If Belfius considers that certain risk pockets, defined in terms of sectors and counterparts with a potentially increased credit risk, are not sufficiently covered by the mechanical provisions, certain expert overlays are added to stage 1 and 2.

Adjustment of the expert overlays, by integrating the risks related to energy and inflation and to the Russian/Ukrainian conflict, while reducing the importance of the Covid-19 adjustments.

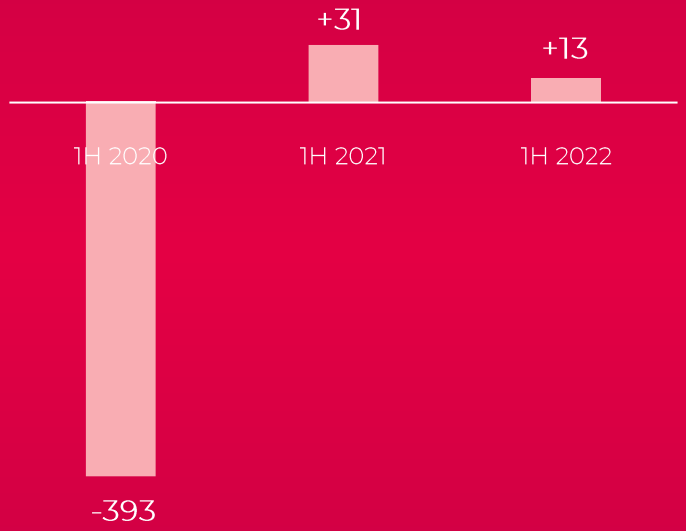
Pillar 4

For counterparts in a default status (stage 3), the regular impairment process is run and specific provisions are calculated and booked.

*Please note that the waterfall principle also includes the normal portfolio evolution as mentioned on slide 20.

Net reversal in cost of risk

Positive Cost of risk (m€) like in 1H 2021



The Covid-19 buffer, built in 2020, has evolved to face further crisis impacts as the case might be

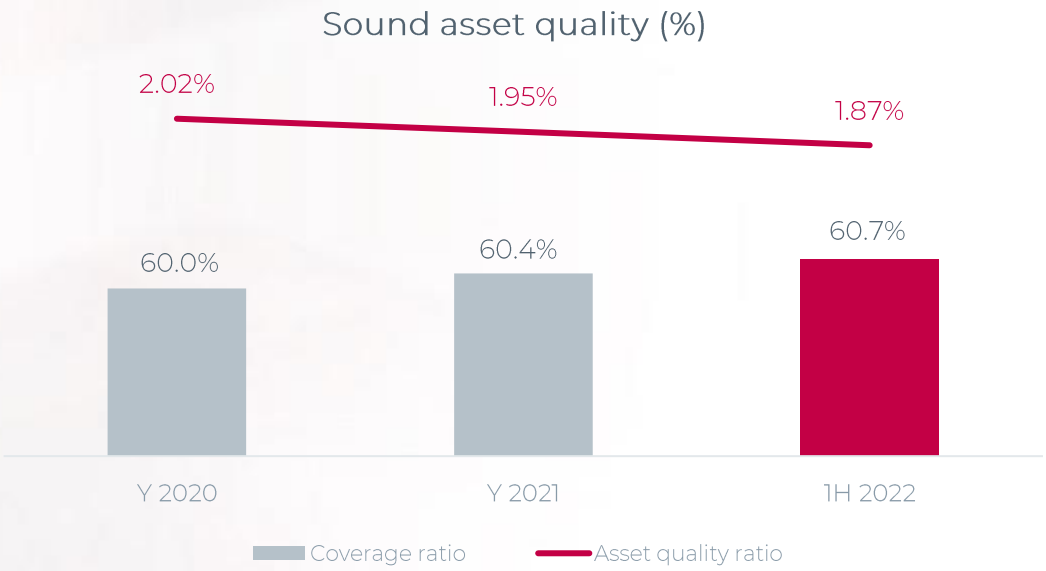
Overlay

	2020	2021	1H 2022
Total Cost of Risk	-453 m€	+1 m€	+13 m€
Components			
Pillar 1: Macro-economic factors	-124	68	-7
Pillars 2 and 3: Overlay For Vulnerable Exposures	-207	47	63
Pillar 4: For loans in default	-122	-77	-30
Provision for normal portfolio evolution		-37	-13
	331 m€ Overlay	216 m€ Overlay	160 m€ Overlay

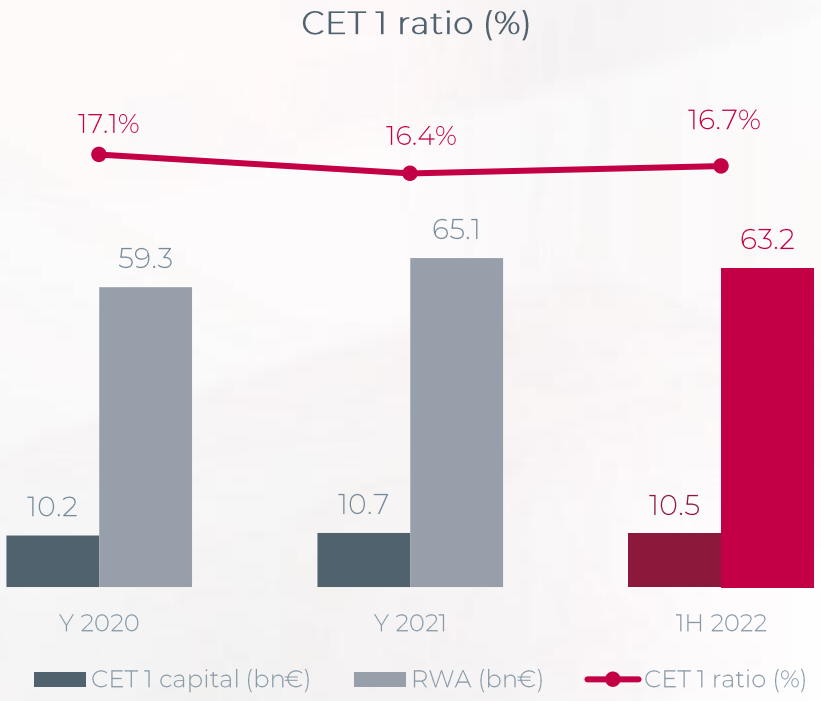
Please note that, in 2020, we did not separate the portfolio evolution effect from the other components.

Safeguarding the quality of assets

Asset quality improved despite the challenging context



Safeguarding our solidity



Sound risk and financial profile

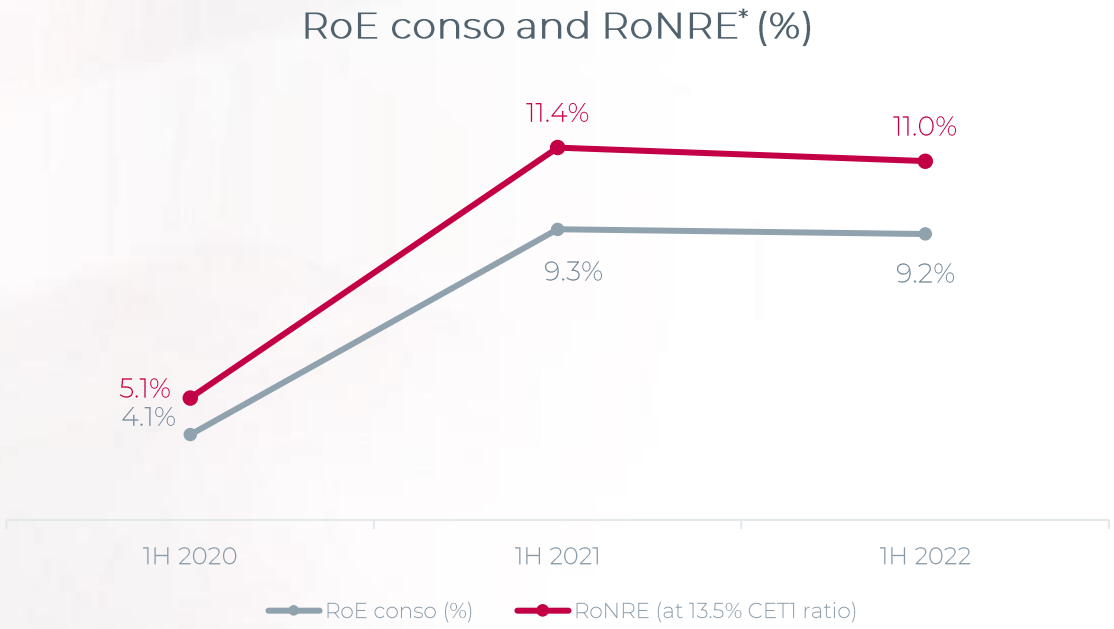
MREL[1] of 29.5%

Min. SREP 9.97%[2]

Belins SII ratio of 215%[3]

1. MREL/RWA, min. MREL of 27.01%
2 Min. SREP FY 2021 9.64%
3.. SII ratio after dividend

Return on Equity in line with 8% to 9% target



* Slight adjustment to RoNRE definition (13.5% RWA) = last 4 quarters Net Income / last 5 quarters rolling average RWA*13.5%

Thank you

Q&A

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PIN: 44996366#
or by chat

Belfius

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