

Belfius 1H 2024 results

Presentation to analysts and investors

30 August 2024

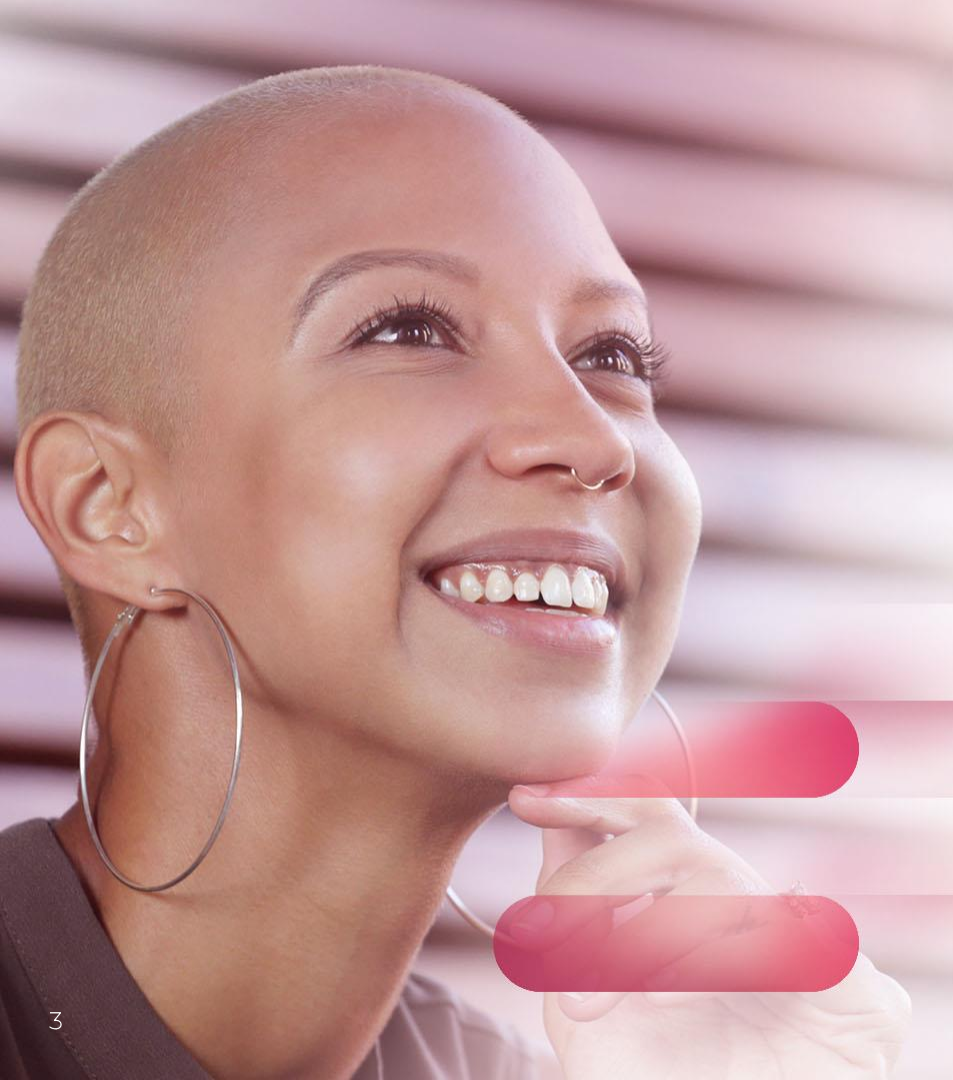


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Note: Please note that the sum of values in the tables and texts may differ slightly from the total reported due to rounding.





1. Summary highlights (1/2)

- Belfius' strategy continued to deliver positive and diversified commercial dynamics in 1H 2024, in a continued inverted interest rate environment characterized in 1H 2024 by a stabilized – although still uncertain - macroeconomic environment combined with declining short term interest rates, narrowing spreads between long-term and short-term rates, inflation on a slow-moving downward path (although remaining stickier than anticipated), very favorable equity markets and range-bound credit spreads.
- Belfius' net income 1H 2024 stood at EUR 482m (vs. 479m in 1H 2023), Belfius' highest half-year result since its origins, in summary the result of Belfius' diversification strategy underpinning continued pre-provision growth and normalizing higher Cost of Risk.
- In 1H 2024, marked by **continued slowdown in mortgage loans and strong volumes in Corporate segment**, new production of LT loans amounted to EUR 10.9bn (vs. EUR 11.8bn in 1H 2023).
- Savings and Investments reached EUR 190.6bn, a.o. thanks to **excellent performance of Asset Management Services**, leading to combination of a strong market effect of EUR +2.8bn and a positive organic growth of EUR +1.4bn.
- Belfius' total income increased by +7% YoY or EUR +105m, driven by **growing net fee and commission income** (+3%), **increasing insurance contribution to income** (+14%) and **better other income** (+27%, mainly thanks to lower bank levies), whereas net interest income declined by -4%, with NIM having peaked in 2H 2023 as expected.
- Costs increased by +3% YoY, in line with continued investments in human talent and technology aimed at developing further Belfius' strong footprint in the Belgian economy, which - combined with income evolution - is **leading to continuing improvement of C/I ratio to 44% in 1H 2024 (vs. 45% in 1H 2023)**.
- As a result, **pre-provision income strongly increased to EUR 744m**, vs EUR 694m in 1H 2023 (+7% YoY).
- **Cost of Risk** amounted to a **net allowance of EUR -52m** (compared to a net allowance of EUR -17m in 1H 2023), driven by limited number of non-correlated corporate files entering default, and some more rating downgrades migration to stage 3, in the legacy portfolio and in the construction and manufacturing sectors (SME to mid-sized companies), partly offset by reversals of stage 1 & 2 provisions, benefiting from Belfius' anticipative provisioning policy.
- Overall, continued solid net income at EUR 482m, delivering a **RoE of 9.8%**, a **RoNRE of 12.0%** and contributing to the **Net Asset Value of EUR 11.6bn** per end of June 2024.



1. Summary highlights (2/2)

- Universal and integrated bank-insurer: Belfius Bank contributed for EUR 330m or 69% to 1H 2024 consolidated net income (vs. EUR 364m or 76% in 1H 2023), while Insurance's contribution amounted to EUR 152m or 31% in 1H 2024 (compared to EUR 115m or 24% in 1H 2023), again strong testimony of diversification benefits of the bancassurance model.
- Servicing more than 3.8m customers in all segments of the Belgian economy, with loans to customers of EUR 115.2bn (of which EUR 51.0bn to IND clients and EUR 64.3bn to E&E&P clients; EUR 113.7bn end 2023) and savings and investments of EUR 190.6bn (of which EUR 127.7bn in IND and EUR 62.9bn in E&E&P; EUR 186.4bn end 2023).
- Focus on customer satisfaction and user-friendly daily banking, with over 2m customers using Belfius' world-class mobile/tablet application at least once a day (on average).
- Solid Risk and Financial management governance, as illustrated by Belfius' sound solvency and liquidity position, well above all regulatory minima, with a solid CET1 of 15.7%, a strong liquidity buffer of EUR 45.5bn, and sound liquidity ratios (LCR of 136% and NSFR of 130%), as well as by Belfius' anticipative credit risk provisioning (EUR 134m of overlay for economic uncertainties and vulnerable exposures remaining as of end 1H 2024, from EUR 194m end 2023).
- Living up to its purpose to be Meaningful and Inspiring for the Belgian Society:
 - Belfius' product offering includes "by design" strong ESG considerations, with EUR 2.8bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our 10 "Funds of the future";
 - already around 110k customers using actively Belfius' innovative investment app Re=Bel (launched in July 2021), making "investing with a cause" accessible to everyone.



2. Business & P&L

- In 1H 2024, total outstanding commercial loan volume of Belfius is growing further to EUR 115.2bn, a growth of +1.4% compared to December 2023, especially supported by growing loans to Corporates (+4.5% vs. end 2023). Overall margin on outstanding loans remains in line with last year, thanks to increasing contribution from the corporate segment in continued competitive loan landscape in Belgium.
- Total S&I has been materially higher in 1H 2024 compared to end 2023, driven by Asset Management Services. Positive organic and market effects, respectively amounting to EUR +1.4bn and to EUR +2.8bn. Financial market context continues to lead to solid EUR +2.9bn organic growth in maturing deposits, Branch 21, Asset Management Services & Equity more than offsetting the contraction in non maturing deposits (EUR -1.8bn organic growth). Margins on deposits remain rather stable compared to 2023, resulting from stepwise increase of replicating portfolio yield and of tariffs on non maturing deposits, in balancing act with deposit profile shift to more maturing deposits.
- Commercial Insurance activities are showing good performance during 1H 2024 with growing GWP in Non-Life & Health (+5.5% to EUR 476m), and further increase in Life outstanding reserves (+2.4% to EUR 14.6bn).
- Fee & Commission, Life Insurance, Non-Life Insurance and other income strongly contributed to the +6% YoY increase of total income in 1H 2024 (EUR 1,975m vs. EUR 1,870m in 1H 2023).
- Belfius ended 1H 2024 with its highest half-year consolidated net income since origins, at EUR 482m (vs. EUR 479m in 1H 2023).

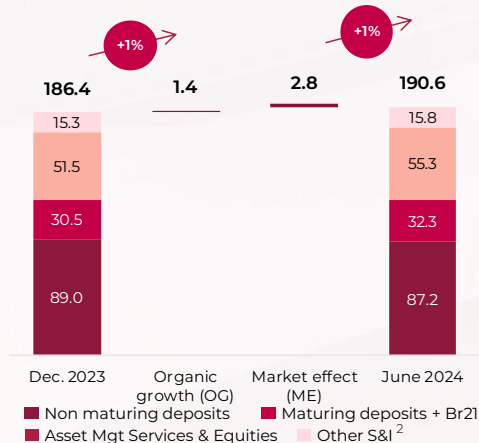
Strong market effect and positive organic growth in savings & investments

Group

Savings & investments: positive OG & ME

Outstanding savings & investments¹

EUR bn



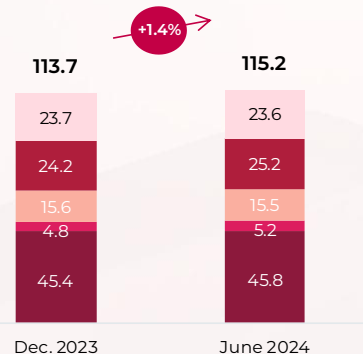
- Total savings & investments increased by +2% compared to end 2023:
 - S&I continued to show a shift in product mix from non maturing deposits (EUR -1.8bn) towards Term/Straight deposits (EUR +0.5bn), Bonds (EUR +0.6bn) and Savings certificates (EUR +0.5bn);
 - Volume in Asset Management Services strongly increased in 1H 2024 thanks to strong market effect (EUR +2.5bn) and positive organic growth (EUR +1.2bn).

Group

Outstanding loans to customers keeps growing by +1.4% in 1H 2024; slowdown in mortgage loans production (lower demand and continued strong competition on the Belgian mortgage loan market), solid production of Corporate loans

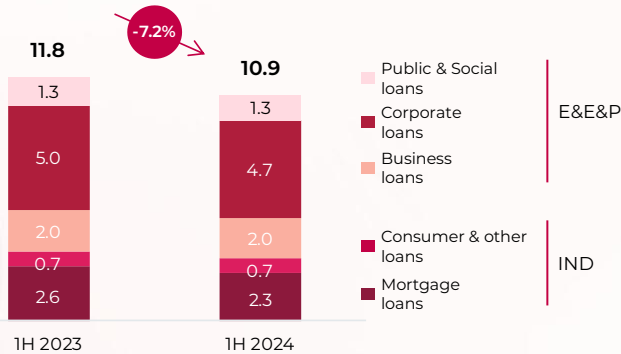
Outstanding loans to customers

EUR bn



Long term Loan production

EUR bn



- Increase of loans outstanding of +1.4% towards EUR 115.2bn per end June 2024, driven by continued strong LT loan production in the Corporate segment.
- Loan production stood at EUR 10.9bn in 1H 2024, down by -0.8bn from EUR 11.8bn in 1H 2023, a.o. the result of lower demand and strong competition on the Belgian mortgage loan market. Public & Social sector loan production remained stable compared to 1H 2023, whereas corporate loan production – although declining by -7% compared to 1H 2023 – still produced a solid EUR 4.7bn.

Notes: 1. Please note that a refinement of the volumes allocation by products occurred in H1 2024. This implicates a difference with the published volumes FY 2023 figures; 2. Other S&I consisting of third-party products, commercial paper & pension insurance.

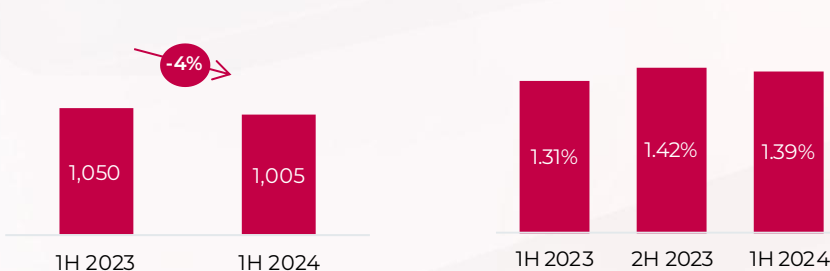
Lower NII, with NIM having peaked in 2H 2023 as expected, while net fee & commission income bank continues to increase, again showing the resilience of our diversified strategy

Bank

Decreasing NII bank due to less interest income on lower volumes of non maturing deposits and stepwise increasing tariffs, despite positive reinvestment rate effect

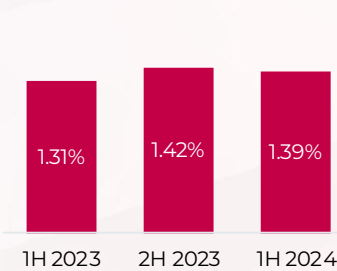
Net interest income Bank

EUR m



NIM¹

%

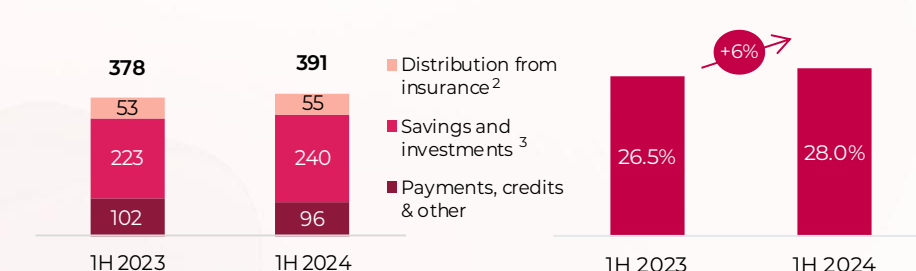


Bank

Improving diversification of income, stemming from growing bank fee & commission income

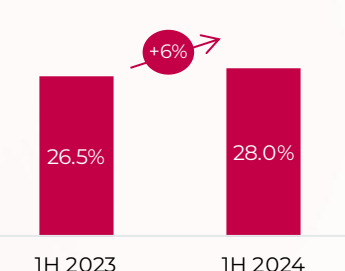
Fee and commission income

EUR m



Bank income diversification

% Fees / (Fees + NII)



- Net Interest Income Bank, although benefitting from a positive reinvestment rate effect, decreased with -4% compared to 1H 2023, due to (i) reduced interest income on lowering non maturing deposits a.o. due to 1Y Government bond; (ii) margin pressure on loans in a very competitive Belgian loan market; and (iii) absence of remuneration on the mandatory liquidity reserve held at National Bank of Belgium.
- YoY wise, NIM improved from 1.31% in 1H 2023 towards 1.39% in 1H 2024, and peaked at 1.42% over 2H 2023.

- Increasing fee and commission income (+3%):
 - Increasing Asset Management service fees, following strong market effect and positive organic growth;
 - Increasing Asset Management entry fees, resulting from higher production in mutual funds;
 - Continuously increasing fees from Non-life insurance activities through the banking and independent DVV agents' networks;
 - Slight decrease in the payment fees, explained by lower ATM fees (mutualized ATM-parc is growing QoQ), partially compensated by higher processing fees (debit cards and credit cards).

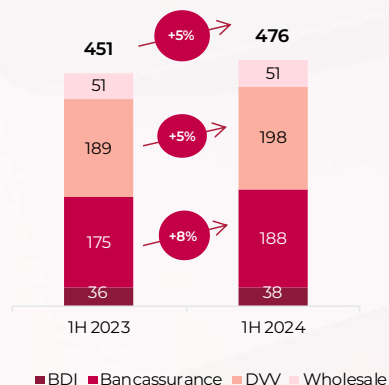
Further GWP growth in Non-life insurance boosted by Bancassurance and DVV channels, combined with improving insurance income (Life and Non-life)

Insurance

Continued growth in Non-life thanks to Bancassurance and DVV

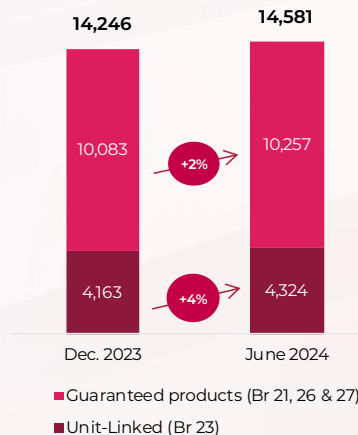
Gross written Premiums Non-Life (incl. Health)

EUR m



Life Insurance reserves

EUR bn



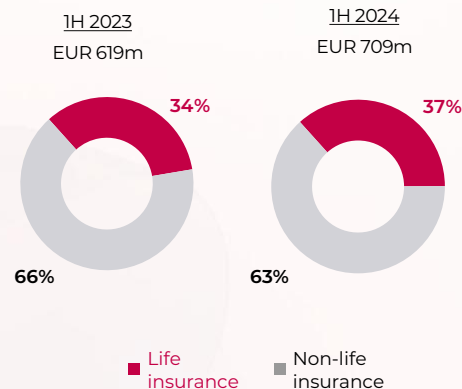
- Overall increasing GWP Non-life (+5%) thanks to Bancassurance (+8%) and DVV (+5%), thanks to premium indexations and net new business growth (in Individuals and Business).
- Life Insurance reserves continue to grow (+2.4% to EUR 14.6bn, vs. EUR 14.2bn as per end 2023), due to good production of Branch 21 and positive market effect on Branch 23, and to +2% growth in Life Pension.

Insurance

Strong increase in Insurance Income, both in Life and Non-life
Still solid NCR in Non-life

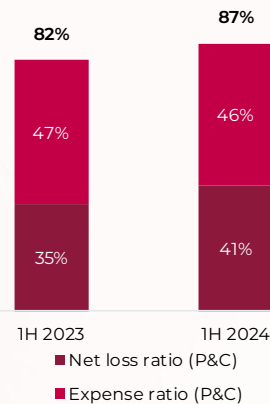
Insurance income

EUR m



Net Combined Ratio

in %



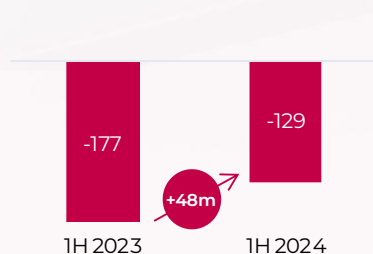
- Higher financial income and higher insurance revenue led to increasing Life insurance income (EUR 259m in 1H 2024 vs EUR 211m in 1H 2023) and to growing Non-life & Health insurance income (EUR 449m in 1H 2024 vs EUR 409m in 1H 2023), in line with sound portfolio growth.
- Increasing Non-life net loss ratio in 1H 2024 at 41% (vs. 35% in 1H 2023), which was impacted by more frequent NatCat small events in the first semester 2024, and slightly decreasing expense ratio (46% in 1H 2024 vs 47% in 1H 2023). NCR amounted to still solid level of 87% per 1H 2024 compared to an excellent 82% per 1H 2023, in absence of NatCat.

Lower bank levies, thanks to SRF, also contribute to continued total income increase (+6% YoY)

Other income less negative in 1H 2024

Other income

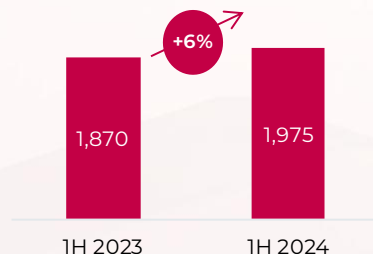
EUR m



Strong increase in total income in transforming and highly competitive context

Total income

EUR m



Higher Insurance Service Expenses adjusted

Insurance Service Expenses adjusted¹

EUR m



- Other income 1H 2024 amounted to EUR -129m, less negative than in 1H 2023 (EUR -177m), mainly stemming from lower bank levies in 1H 2024, more specifically due to absence of payment to the Single Resolution Fund in 2024.

- Diversified business model enabled to continue to increase total revenue base:
 - expected decline of NII from 2H 2023 peak level;
 - growing F&C bank, thanks to increasing Asset Management Services;
 - growth of insurance income², driven by both Life and Non-life activities, a.o. thanks to higher financial income and growing activities.

- Insurance Service Expenses adjusted amounted to EUR -360m in 1H 2024 vs EUR -334m in 1H 2023. This increase is driven by more frequent natural catastrophes (EUR -7m) at damage level below reinsurance thresholds, the finetuning of the Health methodology under IFRS 17, and the growth of Non-Life portfolio (+7% in insurance revenues or EUR +27m).

Increasing income allows to continue to invest in commercial development of Belfius, and still improve C/I ratio to 44%

Group

Increasing costs from growing workforce, indexation caused wage drift and further increasing technology investments
Stronger growth of income allows for further C/I ratio improvement

Costs

EUR m

FTE¹

(#)

Cost-income ratio

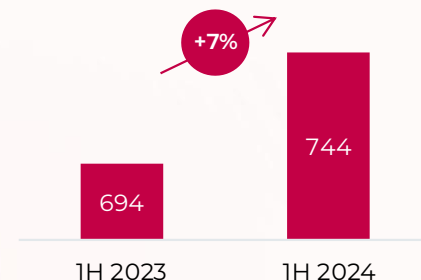
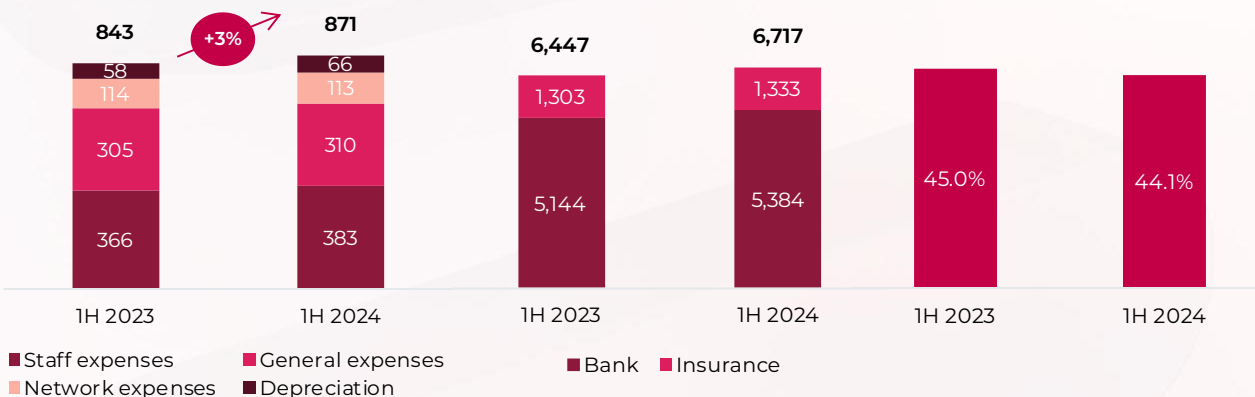
%

Group

All in all, leading to highest ever pre-provision income

Pre-provision income

EUR m



- Total costs increased by +3.4% compared to 1H 2023 due to (i) increase of workforce and innovation investments to sustain strong commercial growth, and (ii) wage drift. Although total costs increased by +3.4%, C/I ratio improved to 44.1% per 1H 2024 compared to 45.0% per 1H 2023, thanks to larger increase of income.
 - staff expenses increased with EUR 17m compared to 1H 2023, due to salary indexations and higher FTE (+250 average FTE YoY);
 - general expenses increased by EUR 5m to EUR 310m, in line with growing commercial activity;
 - network costs remained rather stable in line with customer-driven human-digital servicing model evolutions, and depreciation costs have increased by EUR 8m in line with Technology investments.

- All in all, the combination of stronger growth in income than in costs led to an increase in pre-provision income to EUR 744m in 1H 2024 (vs EUR 694m in 1H 2023 or +7%).

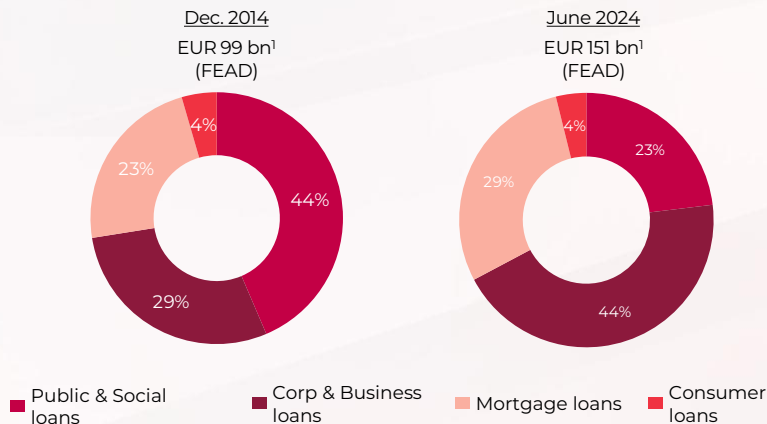
Note: 1. Average active FTE over the period.

Moving back to more normalized through the cycle asset quality ratios

Our commercial loan & commitments franchise continued to develop and diversify further

Evolution of the loan and commitments portfolio

%

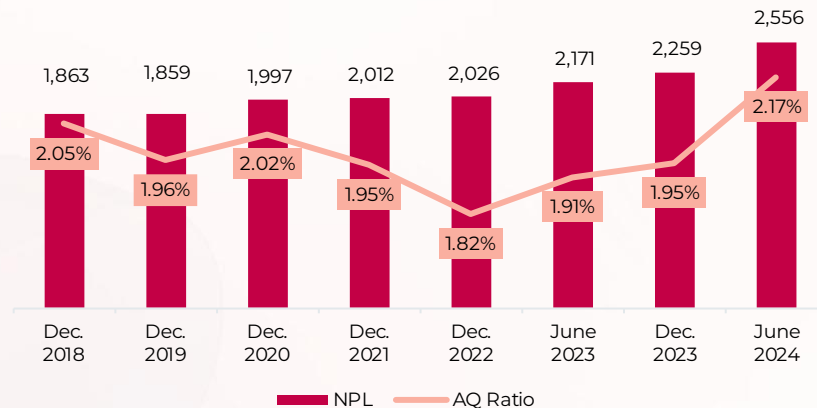


- Belfius keeps focusing on supporting all segments of the Belgian economy and has been able to develop a more balanced loan portfolio.
- The mortgage loan portfolio increased from EUR 22.9bn per end 2014 to EUR 43.6bn per end of June 2024, reaching 29% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 66.6bn per end of June 2024, reaching 44% of the FEAD.

Asset quality normalizes after years, but remains sound

Evolution of impaired loans to customers

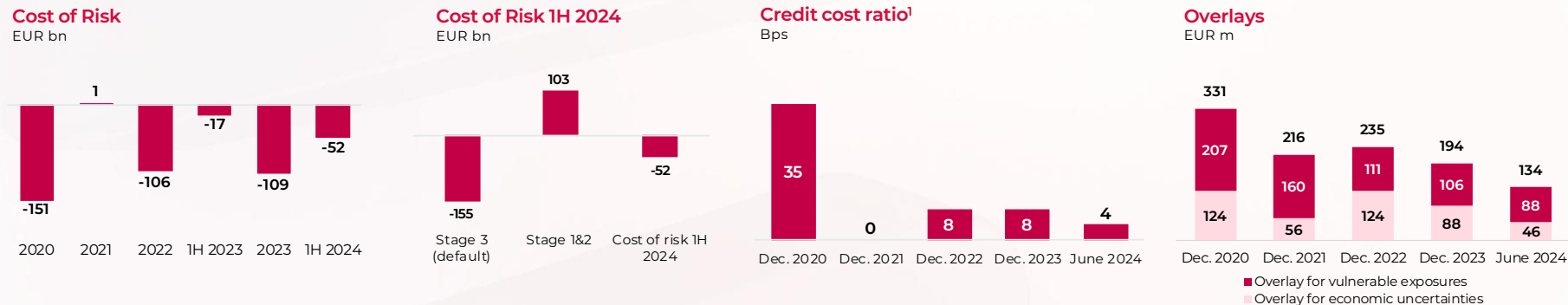
EUR m



- The asset quality ratio increased to 2.17%, following the default inflow of a limited number of Belgian corporate files, as well as from small and medium sized businesses. Recent defaults are mainly situated in the real estate, construction and manufacturing sectors.
- This inflow of defaults is in line with the general trend observed in the Belgian market, where the number of bankruptcies is further rising.
- Despite some deterioration, Belfius maintains a low asset quality ratio reflecting the solid quality and the intrinsic resilience of the loan portfolio.
- Defaulted assets are well covered by anticipative provisions.

Zoom on cost of risk: Cost of risk metrics 1H 2024

The cost of risk continues to be contained thanks to an adequate anticipative provisioning.
The overlay for economic uncertainties and vulnerable exposures is partly used and amounts to EUR 134m end 1H 2024.



- Under IFRS 9, loan loss provisions are calculated for performing/underperforming assets (stage 1 & 2) and for non-performing assets (stage 3). Provisions on stage 1 & 2 consist basically of mechanical ECL calculations, completed with additional ECL layers that account for elements and risk assessments which have not been taken into account by the mechanical computation, and that are to a certain extent judgmental and based on an expert (forward looking) assessment. Belfius applied this approach e.g. for Covid-risks and continues to do so to cover certain risk pockets in the portfolio, like for the Overlay for vulnerable sectors and/or client-groups, who are sensitive to inflation and energy cost.
- These stage 1 and 2 provisions serve as an anticipative provisioning against expected credit losses on files that enter into default. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering realizing credit losses on defaulted loans, or be released, always remains subject to uncertainty. If the macroeconomic environment improves or uncertainties decrease to the extent that the anticipated transitions to default do not occur, part of these impairments can then be reversed over time.
- The 1H 2024 cost of risk (CoR) amounts to EUR -52m and is composed of
 - EUR -155m allowances for exposures in default, o.w. a few names in the bond portfolio in run-off and limited number of Belgian corporate files. Next to this, some small and medium sized businesses are contributing to the specific provisions as well.
 - partly offset by EUR +103m reversals in the stage 1&2 component, essentially due to (i) a reversal of a part of the ex-ante constituted Overlay for macroeconomic uncertainties and vulnerable exposures for EUR +60m and (ii) a part of the structural overlay for commercial real estate exposures, as well as other portfolio evolutions (o.w. shift of files from stage 2 to stage 3).

Zoom on cost of risk: Overlay for economic uncertainties

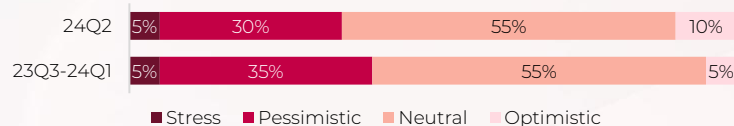
The release of overlay for economic uncertainties is based on the improvement of macroeconomic forecasts

The macroeconomic forecasts are moderately improving compared to end 2023

- Expected GDP growth for Belgium remains rather stable, whereas the provisions for the Eurozone and the US were revised (slightly), resp. (significantly), upwards. The inflationary relief that was observed, is reflected in the 2024 CPI data, and for 2025-2026 the expected return to a normalized level is confirmed. The evolutions on the labour market are reflected in a moderate decrease of the unemployment figures, still at a low level, both for Belgium and for Europe.

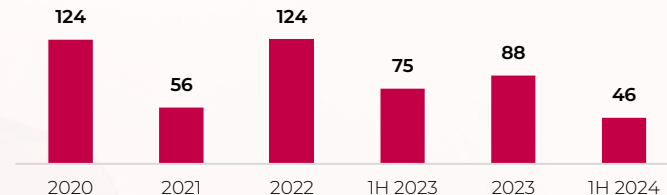
	As of end 2023			As of 2Q 2024		
	2023	2024	2025	2024	2025	2026
GDP (% y-o-y)						
Belgium	1.5	1.2	1.4	1.3	1.4	1.3
Eurozone	0.5	0.9	1.5	0.6	1.2	1.2
United States	2.4	1.1	1.6	2.4	2.0	1.9
CPI (% y-o-y)						
Belgium	2.6	4.7	2.1	4.0	2.1	2.1
Unemployment (%)						
Belgium	8.3	8.0	7.8	7.2	7.1	6.8

Slightly greater weight is assigned to the optimistic scenario compared to 2023, confirming the reduction of probability of stress scenario (hard recession).



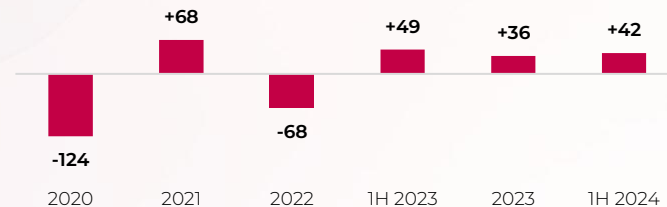
Resulting stock of provision for economic uncertainties

EUR m



Cost of risk relating to economic uncertainties

EUR m

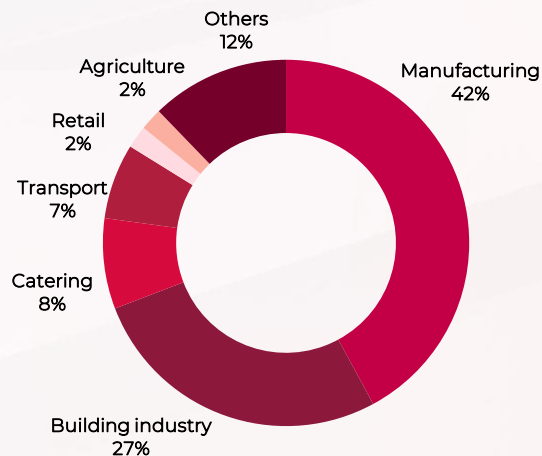


Zoom on cost of risk: Overlay for vulnerable exposures

The slight release of overlay for vulnerable exposures is driven by volumes and credit quality of counterparties at risk

E&E exposures in scope "vulnerable"

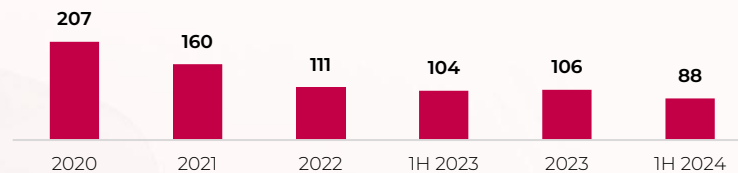
Total of EUR 6.3bn or 3.2% of total portfolio¹



- Vulnerability is measured against inflation and energy price risks. The slight decrease in volumes compared to YE 2023 (EUR 0.2bn) is driven by exposures and rating evolutions (no change in methodology)

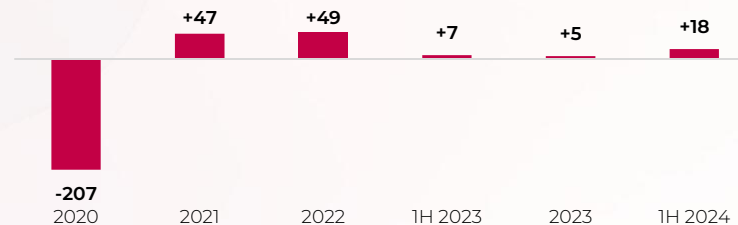
Resulting stock of provision for vulnerable exposures

EUR m



Cost of Risk relating to vulnerable exposures

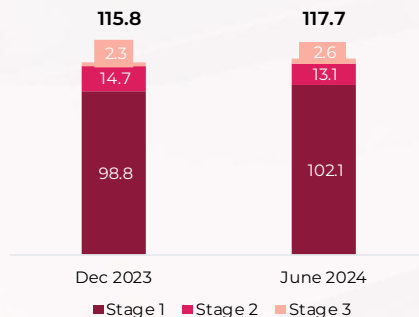
(in m€)



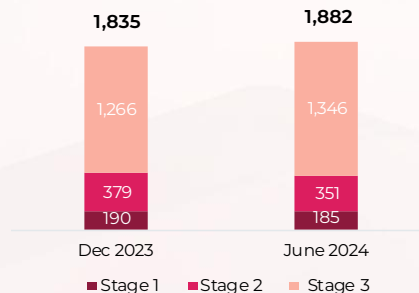
Zoom on cost of risk: Resulting cost of risk metrics 1H 2024

Continued sound asset quality metrics at 30 June 2024

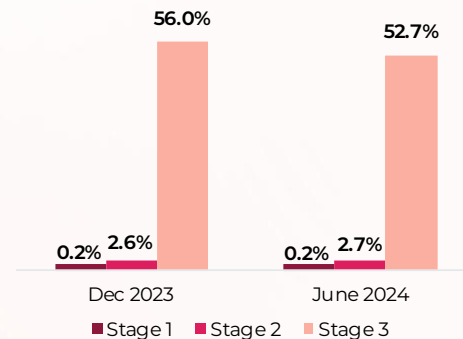
Gross outstanding loans to customers¹
(Conso)
EUR bn



Stock of impairments on loans to customers
(Conso)
Bps



Coverage ratio
in %



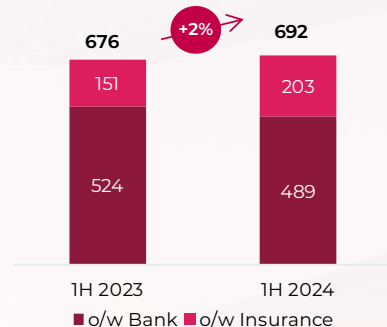
- The IFRS 9 outstanding stock of impairments on loans to customers slightly increased with EUR 47m to EUR 1,882m as of end June 2024.
- The stock of stage 1 & 2 impairments decreased from EUR 569m end 2023 to EUR 536m end June 2024 reflecting a.o. the gradual reduction of the overlays for economic uncertainties and vulnerable exposures, ECL reversals linked to files that shifted to stage 3 and general portfolio evolutions in exposure and rating.
- On the other hand, stage 3 provisions show an increase with EUR 80m; at the same time the stage 3 coverage decreased to 52.7%; this is mainly driven by some new defaulted files with strong collateral and recovery perspectives (so a lower provisioning level on this new inflow is required).

All in all, Belfius continues to show solid profit capacity, benefitting from diversified business model and continued commercial development, combined with disciplined risk & financial management

Increasing result before tax

Result before tax

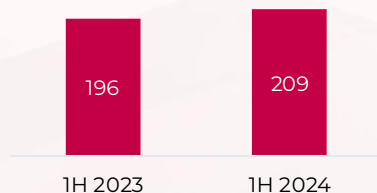
EUR m



Higher effective tax rate (30%) than last year (29%), due to the full non deductibility of the NTK¹ from 2024 onwards

Tax expenses

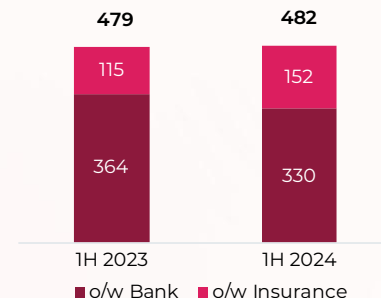
EUR m



Slightly growing net income

Net income

EUR m



- Result before tax amounted to EUR 692m in 1H 2024, compared to EUR 676m in 1H 2023, an increase by +2%, thanks to strongly increasing pre-provision income (+7% compared to 1H 2023), and despite higher cost of risk.
- Belfius Insurance contributed for 29% in Belfius' consolidated result before tax in 1H 2024 (compared to 22% in 1H 2023), testimony of our diversified business model.

- The tax expenses amounted to EUR 209m in 1H 2024 compared to EUR 196m in 1H 2023, showing an effective tax rate (30%) higher than the statutory tax rate (25%). The higher IFRS taxes in 1H 2024 are mainly the result of a higher consolidated result before tax than in 1H 2023 and of the non-deductibility of the NTK since early 2024, whereas 20% of the NTK was deductible in 2023 (leading to EUR 12m additional tax impact YoY).
- Without this NTK impact, the effective tax rate in 1H 2024 would have been 24%.

- Belfius realized a consolidated net income of EUR 482m, EUR 3m higher than last year (EUR 479m in 1H 2023), thanks to increased Pre-provision income offset by more CoR than in 1H 2023 and higher corporate income taxes (due to NTK change).
- In 1H 2024, Belfius Bank contributed to the consolidated net income by 69%, and Belfius Insurance by 31%.



3. Segment reporting

- IND segment continues to prove its commercial resilience, despite the fierce competition in the Belgian mortgage loan market:
 - outstanding loans to IND customers (+1%, to EUR 51.0bn) continue to grow;
 - customer savings & investments (+5%, to EUR 127.7bn): excellent organic growth (EUR +3.7bn) and solid positive market effect (EUR +2.6bn) since end 2023;
 - continued strong performance in GWP Non-life (+6% to EUR 356m in 1H 2024), driven by bank distribution channel (+7% to EUR 161m) and by DVV (+6% to EUR 158m).
- Belfius continues to develop into a full-blown bank for Belgian business and corporate clients, and remains the leading full service provider in the Belgian Public & Social segment:
 - customer savings & investments (decreasing to EUR 62.9bn): negative organic growth (EUR -2.3bn) in 1H 2024, driven by negative organic growth in non maturing deposits, and positive market effect (EUR +0.2bn);
 - outstanding loans to customers (+1%, to EUR 64.3bn) continue to grow, especially in E&E loans, driven by the Corporate segment;
 - Belfius confirms its Belgian DCM market leadership within the Public and Social and E&E segment.
- In Group Center, the run-off portfolios continue their gradual (natural) run-off, accompanied by some opportunistic derisking actions (unwinds or novations or extensions of guarantees). 1H 2024 has also been marked by some cases of credit deterioration (a.o. Thames Water), for which additional provisioning (1H 2024 CoR Group Center at EUR -19m) was set aside, and for which ex-ante provisions were used.

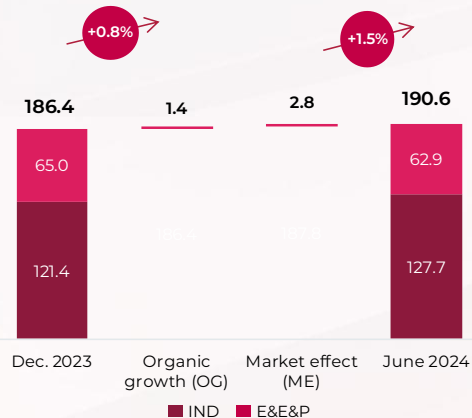
Continuously developing commercial activity leads to further volume growth

IND & E&E&P

Savings & investments driven by excellent OG & ME in IND

Outstanding savings & investments

EUR bn

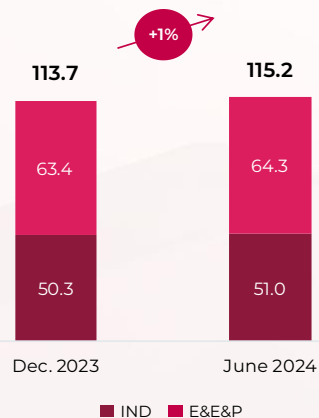


IND & E&E&P

Outstanding in loans to customers keeps growing in both commercial segments

Outstanding loans to customers

EUR bn

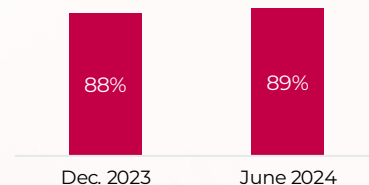


Individuals

Continuously solid bank-insurance cross-sell

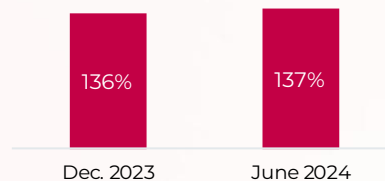
Property insurance

Belfius Home & Family cross-sell (%)



Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)¹



- Total savings & investments amounted to EUR 190.6bn per end 1H 2024, an increase by +2% compared to end 2023:
 - IND displayed an excellent OG of EUR 3.7bn and a solid ME of EUR 2.6bn, the majority thanks to Private & Wealth;
 - E&E&P's S&I decreased to EUR 62.9bn, explained by negative organic growth of EUR -2.3bn and slightly positive market effect of EUR 0.2bn, in a context driving these entities to use part of their cash.

- Outstanding loans amounted to EUR 115.2bn per June 2024, an increase by +1% or EUR +1.6bn compared to end 2023:
 - IND and E&E&P displayed a growth of respectively +1.3% and +1.4% compared to end 2023;
 - Off-balance sheet commitments amounted to EUR 27.7bn per end of June 2024 (compared to EUR 29.0bn per end 2023).

- Belfius continued to show solid mortgage loans related cross-sell ratios, confirming the strong bank-insurance development.

Note: 1. Mortgage-related cross-sell ratios based on contractual data and showing the average insured amount compared to the mortgage.

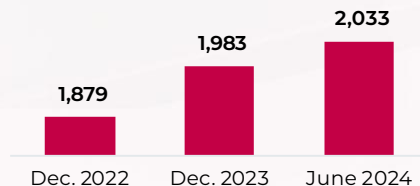
Commercial activity supported by diversified servicing model

Individuals

Continued steady increase in active mobile users

Active mobile users

x 1,000



Customer equipment rate

(#)

3.2

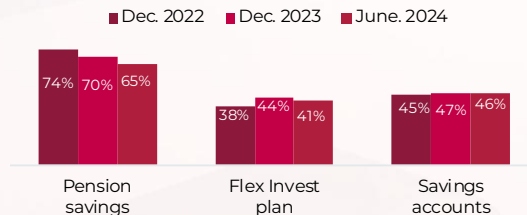
Products per customer

Individuals

Continued customer-led human-digital servicing model

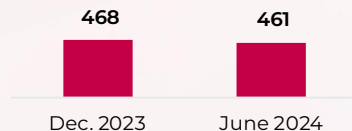
Sales through direct channels¹

(%)



Bank branches

(#)

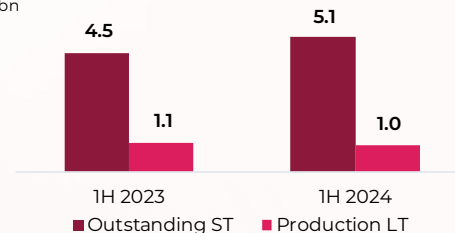


E&E&P

Debt and Equity Capital Markets activities

DCM activity

EUR bn



Of which ESG deals

(#)

4

ESG deals for a total of EUR 0.8bn

- Continued strong customer engagement resulting into steady increase of active mobile users (+2% vs. end 2023), with on average 36.6 mobile interactions per active user per month in 1H 2024.
- Average equipment rate of IND customers continued to increase steadily towards 3.20 (compared to 3.19 end 2023).

- Belfius continued to benefit from the functionalities of its direct channels. In 1H 2024, 65% of the new pension savings contracts, 40% of the new credit cards and 46% of the new savings accounts were subscribed via direct channels.
- Branch network remains rather stable and continues to be rightsized, in synchronization with customer-led interactions.

- E&E&P clients maintained diversified financing profiles through DCM activity: during 1H 2024, Belfius has placed a total of EUR 5.1bn short term notes (average outstanding CP) and EUR 1.0bn long term notes for PSB and CB customers confirming its leadership position in the Belgian DCM market.
- Belfius also structured and placed 2 capital market transactions within ECM, in close cooperation with its Kepler Cheuvreux strategic partner.

Overall, increase of Pre-provision income, thanks to strong contribution from both commercial segments IND & E&E&P

Segment P&L

Both commercial segments contributed strongly to Belfius' sound financial results, and demonstrated the power of diversification in segments and from the bank-insurance business model, which underlines the strength of Belfius' strategy

A consolidated view per segment

EUR m	EUR m	1H 2023 ¹				1H 2024				Evolution YoY	
		IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	%	
	Income	1,133	736	1	1,870	1,222	842	-88	1,975	5.6%	
	NII bank	392	532	127	1,050	392	583	30	1,005	-4.3%	
	F&C income	313	71	-6	378	327	71	-7	391	3.3%	
	Insurance income	493	127	0	619	545	164	0	709	14.4%	
	Other income	-63	7	-120	-177	-42	24	-111	-129	-27.0%	
	ISE Adjusted	-251	-83	0	-334	-275	-85	0	-360	7.8%	
	Costs	-531	-273	-39	-843	-553	-279	-40	-871	3.4%	
	Pre-provision income	352	380	-38	694	394	478	-129	744	7.2%	
	Cost of risk	-2	-11	-5	-17	-1	-32	-19	-52		
	Result before tax	350	370	-43	676	392	446	-147	692	2.4%	
	Taxes	-92	-96	-8	-196	-109	-115	14	-209		
	Net income group share	257	274	-51	479	283	332	-134	482	0.5%	

- **Net Income IND increased by EUR +27m or +10% in 1H 2024**, driven by strong increase in total income (+8% to EUR 1,222m) thanks to:
 - Excellent insurance contribution IND, which increased by EUR +52m, from both Life (better financial revenues and higher insurance revenues) and Non-life activities;
 - Other Income IND (EUR +21m) also grew mainly thanks to the good performance in customer flow management (a.o. structured bonds) activities and to lower bank levies;
 - F&C Bank IND (EUR +14m) mainly explained by higher entry fees and higher volumes in Asset Management Services, combined with increased revenues from payment services.

This was partially offset by the increase in ISE adjusted IND (+10%) and in Costs IND (+4%), the latter due to workforce reinforcement and inflation on staff expenses, combined with strong IT investments.
- **Net income E&E&P increased by +21% to EUR 332m in 1H 2024**, thanks to solid increase in total income (+14% to EUR 842m):
 - NII E&E&P further increased by +10%, despite overall peaking NIM environment, thanks to volume growth in E&E&P loans and benefit of higher reinvestment yields on liabilities;
 - Insurance contribution E&E&P grew by +29%, driven by better financial revenues in Life, and higher insurance revenues in both Life and Non-Life;
 - Other Income E&E&P increased by EUR +17m to EUR 24m, a.o. thanks to lower bank levies.

It was partially offset mainly by the increase in CoR E&E&P by EUR -22m, due to higher provisions for SME segment, and additional allowances for some specific defaulted Corporate exposures.
- **GC's net income decreased by EUR -82m to EUR -134m in 1H 2024**, mainly due to lower interest rate transformation margin and higher provisions for credit commitments related to legacy portfolio.

Note: 1. Please note that during 1H 2024 a refinement of the segmentation occurred. This may implicate that there are some slight reclassifications compared to the published 1H 2023 figures.

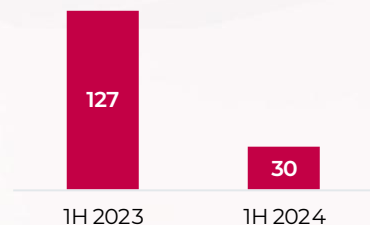
Lower contribution from Group Center in line with peaking NIM and due to some additional credit risk provisioning for limited number of legacy exposures

Group Center

Lower NII at Group Center

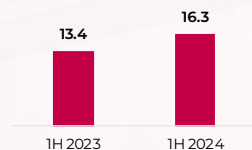
Net Interest Income GC

EUR m



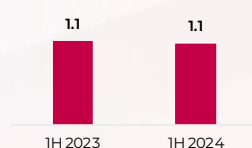
LT Wholesale funding (excl. TLTRO)

EUR bn



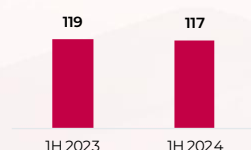
Monetary reserves (average)

EUR bn



Commercial deposits

EUR bn

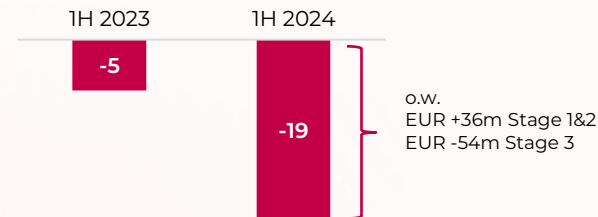


Group Center

Higher Cost of Risk

Cost of Risk GC

EUR m



- Lower NII 1H 2024 compared to 1H 2023, mainly due to:
 - Growing wholesale funding needs in 2H 2023 and 1H 2024 (booked analytically in Group Center) in light of our continuously growing commercial franchise, embedded in a risk and finance framework targeting to solidly comply with regulatory requirements (including liquidity and MREL);
 - Loss of interest income on minimum monetary reserves since September 2023 is fully borne by Group Center;
 - The decrease of non maturing deposits due to outflow linked to the Belgian State Bond of September 2023 has led to a decrease of cash buffer deposited at ECB deposit facility.

- Cost of Risk in Group Center amounted to EUR -19m in 1H 2024 (vs. EUR -5m in 1H 2023); reversals in Stage 2 provisions more than offset by additional Stage 3 due to some downgrades on Legacy portfolio (a.o. Thames Water).

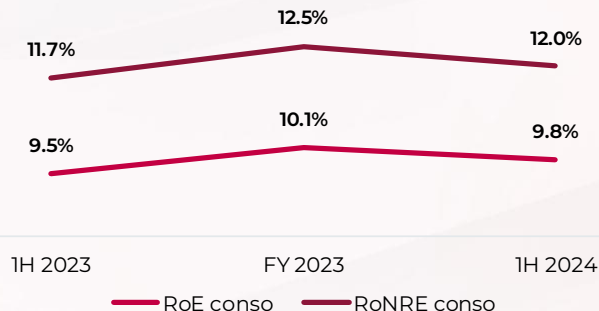
The RoE consolidates in target zone

Group

All in all, Belfius' RoE & RoNRE continue to deliver to all stakeholders

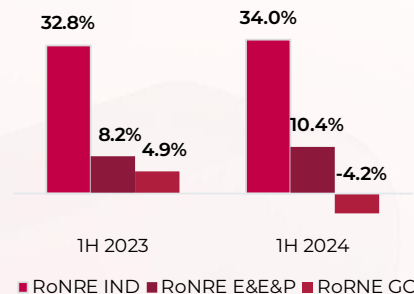
RoE¹ & RoNRE²

%



RoNRE by segment

%

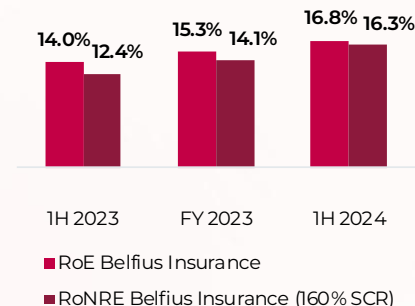


Insurance

Excellent RoE at Insurance level

RoE¹ & RoNRE³ Belfius Insurance

%



- The strong diversification strategy has materialised in a RoE in 1H 2024 that remains in line with target zone, only slightly lower than FY 2023: 4 quarters trailing ROE at 9.8%, against 9.5% in 1H 2023. Overall RoNRE remains above the 10% mark, moving to 12.0% in 1H 2024.
- For Individuals, the RoNRE stands at 34.0% in 1H 2024, compared to 32.8% in 1H 2023, for E&E&P the RoNRE stands at 10.4% compared to 8.2% in 1H 2023, reflecting the strong contributions from the two commercial segments.

- Increasing RoE at Belfius Insurance towards 16.8% in 1H 2024 thanks to excellent net income as a result of strong income growth of the insurance business.



4. Financial solidity

- Belfius continues to show excellent solvency metrics: CET1 ratio of 15.7% as of end of June 2024. The CET1 ratio is 23 bps lower than its level at end 2023, because of higher RWA, mostly because of required anticipative application of changes in non-retail models as well as because of commercial growth.
- Insurance activities also showed continued solid solvency metrics, with Solvency II ratio of 197% end of June 2024 (in line with the level of 195%, end 2023).
- Continued strong liquidity and funding profile:
 - LCR of 136% and NSFR of 130% end 1H 2024;
 - total liquidity buffer as of end 1H 2024 representing 6.7 times next year wholesale refinancing needs;
 - loan to deposit ratio (for commercial balance sheet) slightly increased from 93% end 2023 to 94% per end 1H 2024.
- Asset quality impacted by some isolated exposures in Corporates and Legacy:
 - LLP for loans to customers increased from EUR 1,835m in FY 2023 to EUR 1,882m in 1H 2024;
 - Asset quality ratio increased to 2.17% per end June 2024, driven by an increase in non performing loans towards more historical levels (from EUR 2,259m end 2023 to EUR 2,557m end 1H 2024). Combined with partially compensating increase in Stage 3 provisions, this translated into a coverage ratio of 52.7% as per end 1H 2024 (vs. 56.0% as per end 2023).

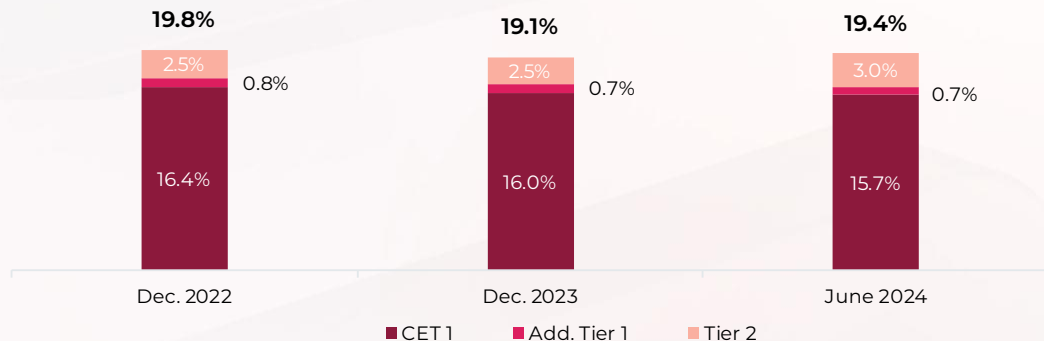
Belfius continues to show solid capital and leverage ratios

Group

CET 1, Tier 1 and Total capital ratio¹

Capital ratios

%



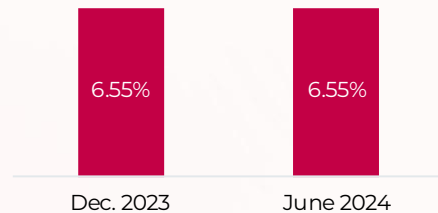
CET 1	10,547	11,087	11,209
Tier 1	11,045	11,584	11,706
CAD	12,676	13,302	13,851
RWA	64,150	69,504	71,300

Group

Leverage ratio²

Leverage ratio

%

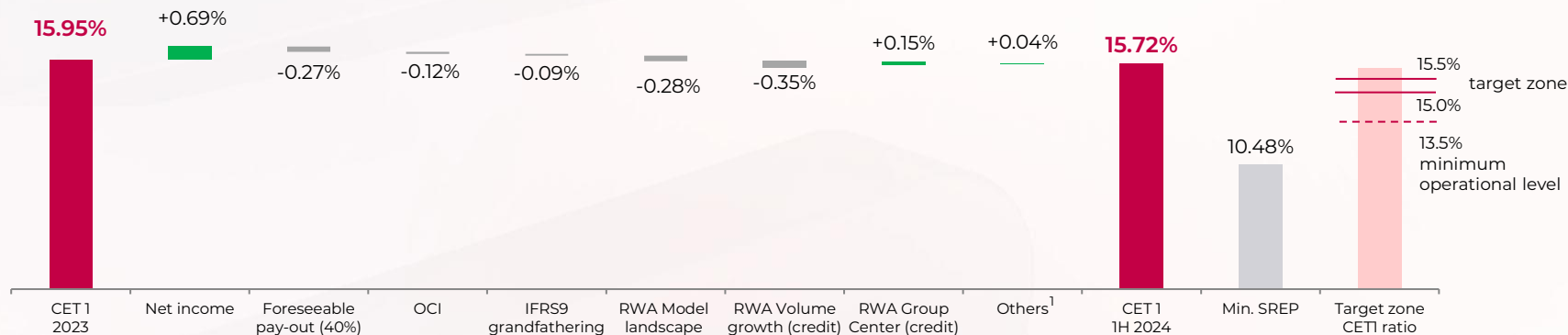


- Leverage ratio stood at 6.55%, in line with end 2023.

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

Group

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



- CET1 ratio of 15.72% as of end June 2024, -23bps compared to end of 2023.
- The decrease in CET1 ratio is mainly the result of higher regulatory risk exposures (EUR +1.8bn), coming from commercial development (growing loans stock) and anticipation of the impact of Belfius IRB model landscape review (non-retail models).
- The minimum SREP of 10.48% has increased in 1H24 compared to 10.10% end 2023, mainly due to: (i) slight increase of our P2R from 2.14% to 2.16% (+0.02%), due to NPE add-on evolutions; (ii) the increase in countercyclical buffer of 0.46% (mainly due to increase of BE ccyb); (iii) partially compensated by a decrease of Sectoral systemic buffer of -0.10%, related to Belgian mortgage loans.

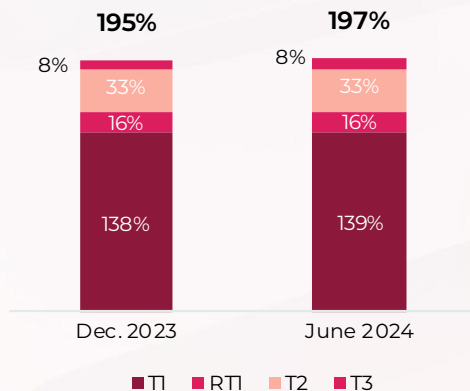
Belfius Insurance also continues to display solid solvency metrics

Insurance

Strong solvency levels of high quality

Available Financial Resources (AFR) and Solvency ratios

EUR m

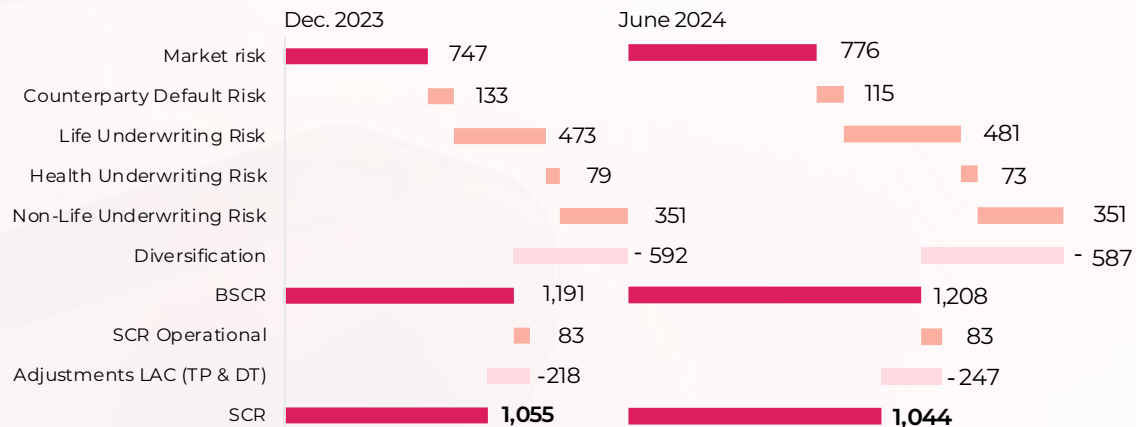


Insurance

Breakdown of Solvency Capital Requirement

Solvency Capital Requirement (SCR)

EUR m



- The regulatory own funds (or 'Available Financial Resources') of Belfius Insurance amounted to EUR 2,055m at the end of 1H 2024. Compared to end 2023 (EUR 2,061m), the regulatory own funds of Belfius Insurance decreased with EUR -6m, net of a foreseeable dividend for 1H24 of EUR 81m. The increase in interest rates during the first half of the year 2024 and the annual review of liability projection assumptions had a negative impact on the value of the assets.
- The required capital amounted to EUR 1,044m at the end of 1H 2024, which is EUR 11m lower compared to end 2023 (EUR 1,056m), thanks to model and assumption changes and a cash flow matching strategy to improve interest rate volatility management.

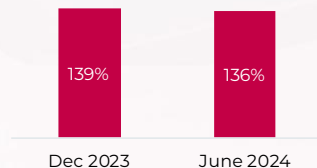
Belfius Bank continues to display strong liquidity stance

Bank

Also after the end of TLTRO, liquidity levels remained high with solid LCR and NSFR ratios, combined with historically low asset encumbrance ratios; total HQLA buffer remained rather stable at EUR 29bn

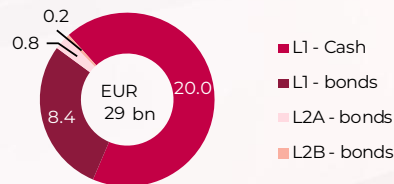
LCR¹

%



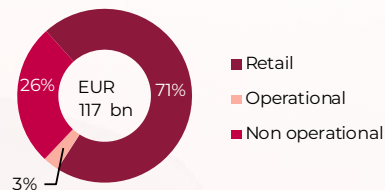
High Quality Liquid Assets

EUR bn, per 30 June 2024 (EOP)



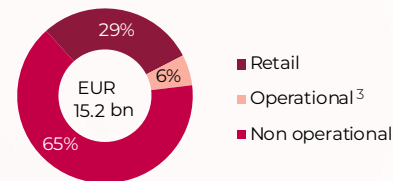
Stable commercial funding² profile

EUR bn, per 30 June 2024 (EOP)



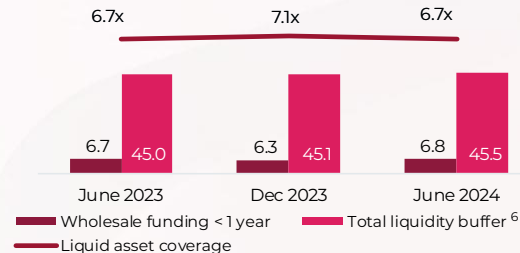
Commercial outflows in LCR

EUR bn, per 30 June 2024 (EOP)



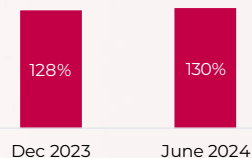
Strong refinancing need coverage

EUR bn



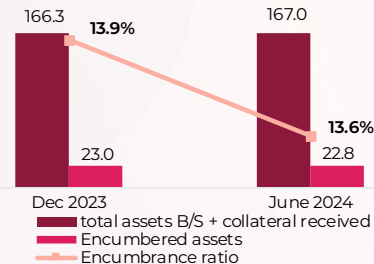
NSFR⁴

%



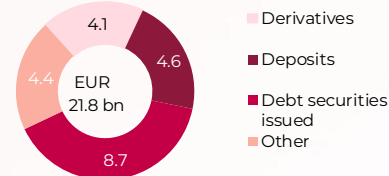
Encumbered assets

EUR bn, median values⁵



Encumbered assets

EUR bn, per 30 June 2024 (EOP)



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. Commercial funding consisting of non maturing deposits, term accounts, savings certificates and BFC notes; 3. According to article 27 of the LCR regulation, 'operational' is defined as wholesale deposits maintained in order to obtain clearing, custody, cash management or other comparable services, with the exception of deposits arising out of a correspondent banking relationship or from the provision of prime brokerage services, which are considered as non operational deposits; 4. 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; 5. Based on median values as required by the EBA; 6. Total liquidity buffer: Cash at central bank, plus cash that could be obtained by pledging liquid bonds, retained bonds and bank loans.

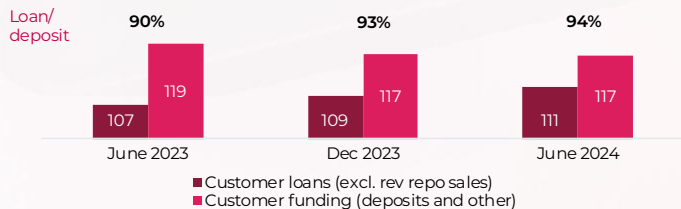
Belfius Bank has a resilient funding base, driven by significant contribution from our customers

Bank

Balanced Loan to Deposit ratio

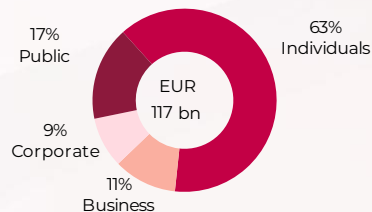
Loan to Deposit

EUR bn



Stable & diversified commercial deposit base

%



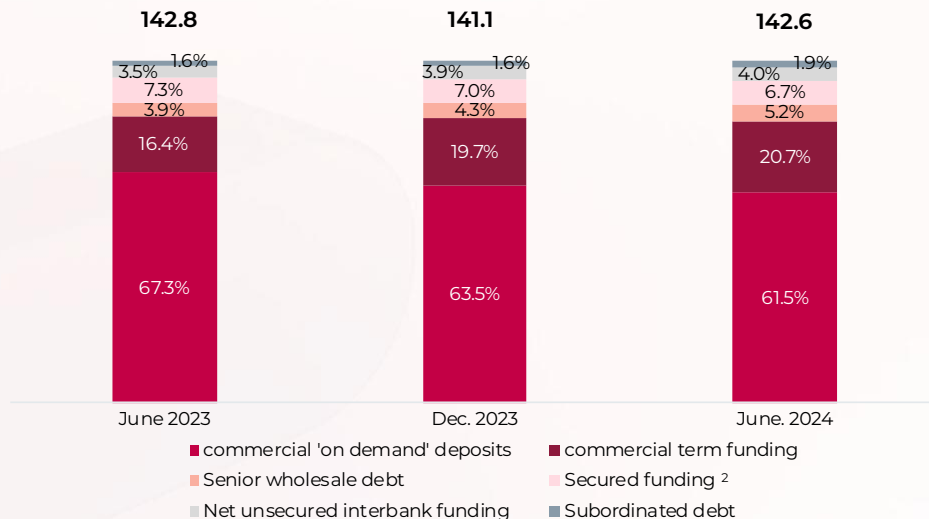
- Of which EUR 54.8bn insured deposits (under deposit guarantee scheme)

Bank

Funding sources¹

Funding sources

EUR bn or %



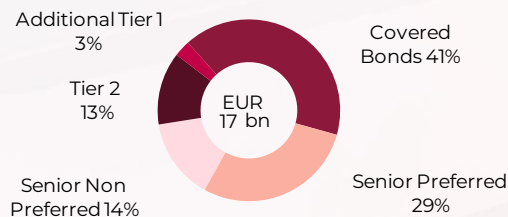
Belfius continues to execute its diversified funding strategy

Group

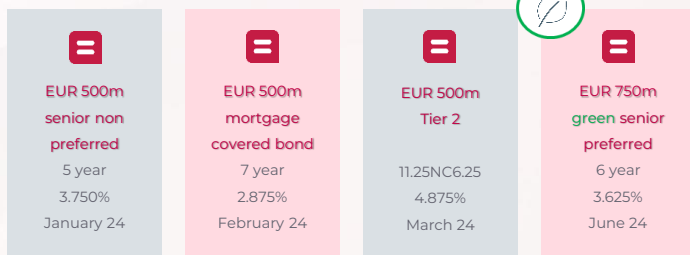
MLT wholesale funding¹ strategy

MLT wholesale funding

As of 30 June 2024



- In 2024, Belfius already issued 4 wholesale funding benchmark transactions for an amount of EUR 2.25bn, through benchmarks in Tier 2, Senior Preferred, Senior Non Preferred and Covered bonds.

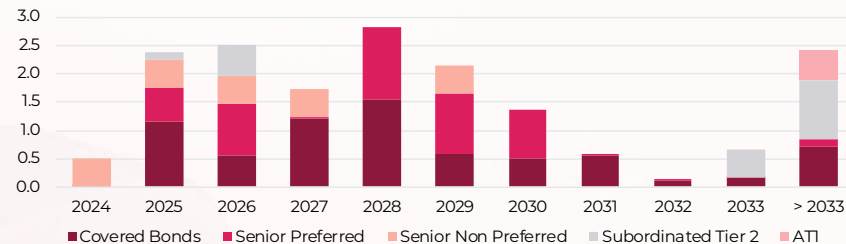


Group

Redemption profile MLT wholesale funding per 30 June 2024

Redemption profile

EUR bn

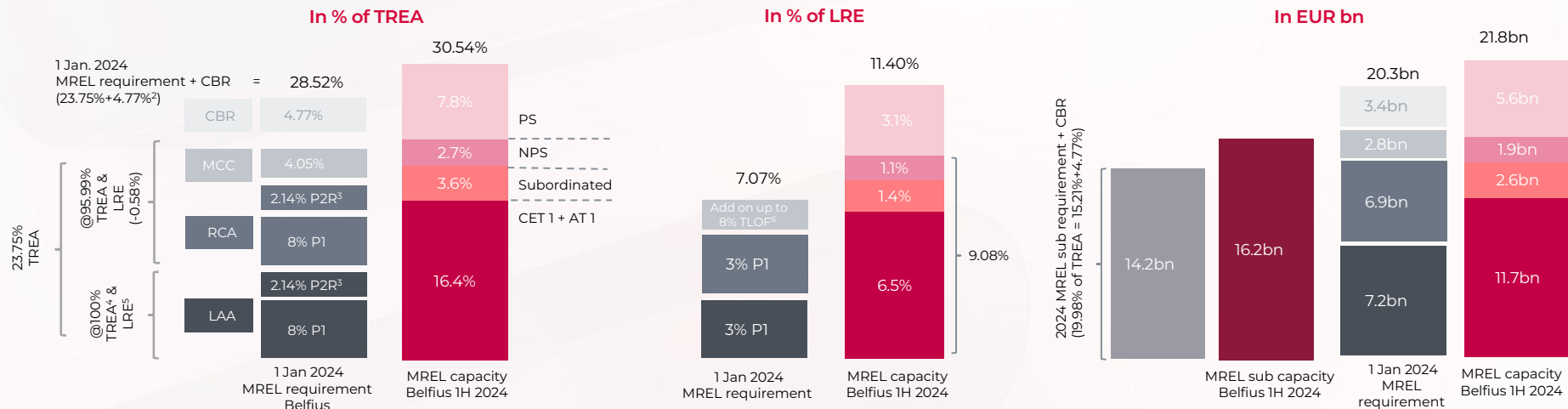


- Over the coming 2.5 years, around EUR 5.4bn of MLT wholesale funding comes to maturity.
- With the end of the TLTRO, and in current regulatory and interest rate environment, wholesale issuances are focused on MREL compliance and liquidity management.
 - Since the beginning of the year, 4 benchmark transactions have already been issued in the wholesale market, and Belfius was also active in private placements.
 - In the second part of the year, continued MREL steering and liquidity management will remain Belfius' issuance drivers.

Belfius comfortably meets MREL-MDA (MREL+CBR) requirements

Group

SRB methodology and formal requirement compared to Belfius' compliance¹



- On 15 December 2023, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement for own funds and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 23.75% of Total Risk Exposure Amount (TREA) and 7.07% of Leverage Ratio Exposure (LRE). Belfius Bank has to meet the target since 1 January 2024. The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.21% of TREA and 7.07% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.77% of TREA for Belfius for 1H 2024) are not eligible to meet the requirements expressed in TREA.
- Belfius meets its BRRD2 MREL requirements end 1H 2024. Indeed, expressed in TREA, Belfius MREL (of EUR 21.8bn) amounts to 30.54% to be compared with 28.52% as 2024 requirement (including CBR).
- In the same way, Belfius MREL sub capacity of EUR 16.2bn amounts to 22.76% of TREA, to be compared with 19.98% in terms of requirement (including CBR). Expressed in LRE, Belfius MREL sub capacity of 9.08% stands in excess of 7.07% MREL requirement.

Notes: 1. All below ratios include CBR; 2. When using 1H 2024 CBR; 3. P2R after SREP 2023; 4. Total Risk Exposure Amount; 5. Leverage Ratio Exposure measure; 6. Total Liabilities and Own Funds: based on regulatory scope with prudential netting of derivatives exposure.

Despite some deterioration, Belfius maintains a sound asset quality ratio and a strong coverage of stage 3 exposures

Group

IFRS 9 Credit risk impairments

Loan Loss Provision (Loans to customers)

EUR m

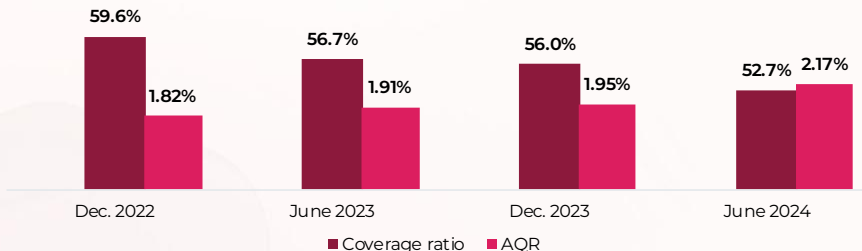
	Dec. 2022	June 2023	Dec. 2023	June 2024
Stage 1	178	163	190	185
Stage 2	425	379	379	351
Stage 3	1,208	1,232	1,266	1,346
Total LLP	1,811	1,773	1,835	1,882
Impaired loans	2,026	2,171	2,259	2,556
Gross outstanding	111,218	113,402	115,778	117,700

Group

Asset quality ratio and coverage ratio

Asset quality ratio¹ and coverage ratio²

in %



- LLP increased slightly from EUR 1,835m end December 2023 to EUR 1,882m end June 2024.
 - Compared with end 2023, total stage 1&2 impairment stock decreased with EUR 34m, mainly driven by the reduced overlay for macroeconomic uncertainties and vulnerable exposures, ECL reversals linked to files that shifted to stage 3 and general portfolio evolutions in exposure and rating.
 - On the other hand, stage 3 provisions show an increase with EUR 80m; at the same time, the stage 3 coverage decreased to 52.7%; this is mainly driven by some new defaulted files with strong collateral and recovery perspectives (so a lower provisioning level on this new inflow is required).
 - Increasing gross outstanding loans combined with slightly increasing impaired loans lead to a slight increase of the asset quality ratio to 2.17%.
- Despite some deterioration, Belfius maintains a sound asset quality ratio reflecting the solid quality and the intrinsic resilience of the loan portfolio. Nevertheless, Belfius remains vigilant for the effects that have occurred in the aftermath of the higher interest rate environment, the withdrawal of government support measures and the high inflation.
- We refer to the specific zoom on cost of risk at the beginning of this presentation.

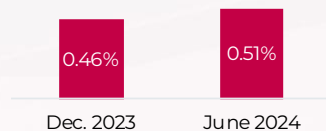
Inflow of impaired loans leads to an increase of asset quality ratio

Bank

Asset quality ratio¹ per segment

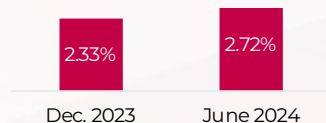
IND

in %



E&E&P

in %

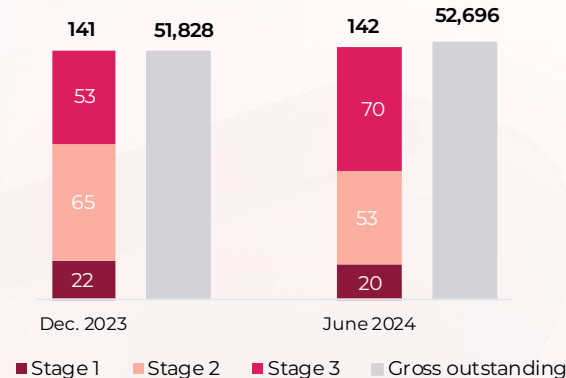


Bank

Impairments² and gross outstandings³ per segment

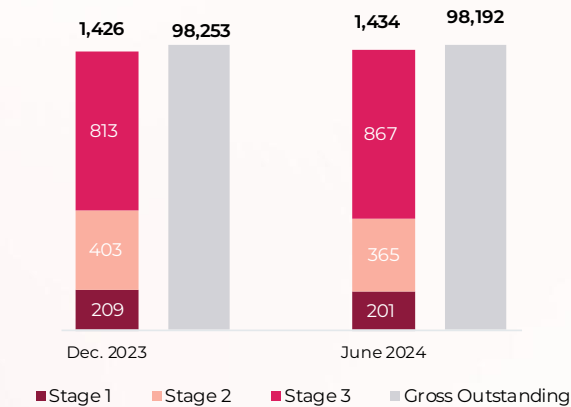
Loans from Individuals segment (FEAD)

EUR m



Loans from E&E&P segment (FEAD)

EUR m



- Increase of asset quality ratio for both segments, following net inflows in stage 3, of which some major individual files as well as a larger number of smaller files.



5. Key takeaways

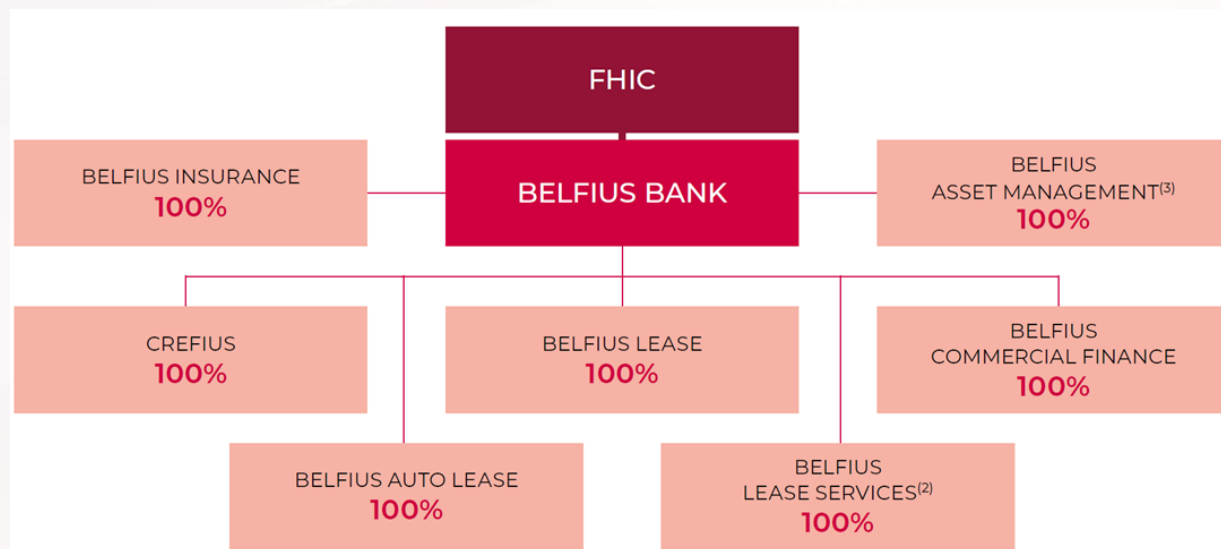
- Belfius' net income 1H 2024 stands at EUR 482m, the highest net result since 2011 origins of Belfius, demonstrating Belfius' capacity to continue to transform diversification strategy into resilient financials, also in a fluctuating interest rates, geopolitical, economic and credit risk environment.
- In 1H 2024, Belfius continued to live up to its customers' trust and engagement, which is our ultimate "purpose of existence":
 - Sound production of EUR 10.9bn of new long term loans, showing the benefits of diversification, with a strong production in the Corporate Segment (EUR 4.7bn), and a continued slowdown in Mortgage loans production (EUR 2.3bn), also impacted by strong competition on the Belgian market;
 - Savings & Investments reached EUR 190.6bn, benefitting from both positive organic growth (EUR +1.4bn) and sound market effect (EUR +2.8bn), testimonial of continued strong organic growth in the Individuals segment (EUR +3.7bn), among others thanks to the continued successful development in private banking and wealth management;
 - The insurance activities increased materially their contribution to the bottom line, demonstrating their structural value creation with their solid RoE of 16.8%.
- Belfius' total income 1H 2024 increased YoY with EUR +105m or +6%, exceeding the increase in costs YoY of EUR 29m or 3%, overall leading to further improving C/I ratio to 44%.
- Continued solid solvency ratios and sound liquidity positions remain the core foundations of Belfius' journey, with a CET 1 ratio of 15.7%, MREL ratio of 30.5%, LCR and NSFR standing at respectively 136% and 130% in 1H 2024.



6. Appendices

Simplified organizational chart Belfius¹

A bank-insurer with one shareholder



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

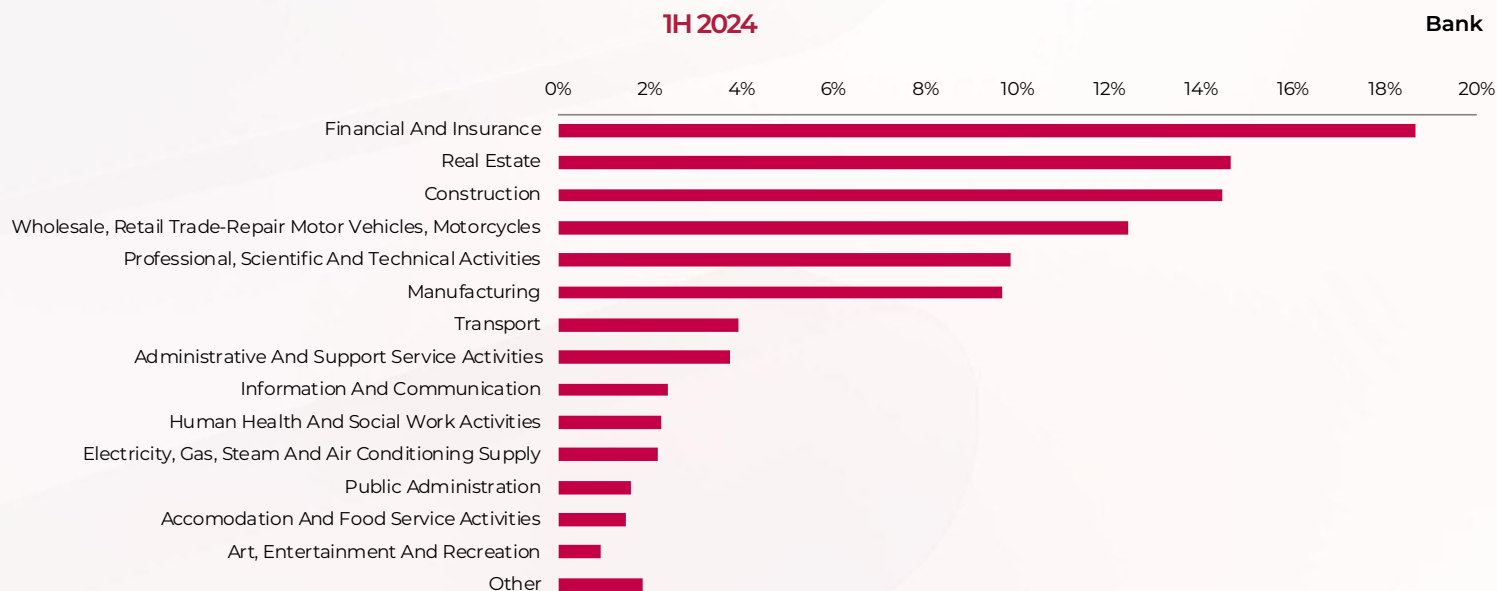
Consolidated statement of income

EUR m	1H 2023				1H 2024				Evolution y-o-y
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	%
Income	1133	736	1	1870	1222	842	-88	1975	5.6%
Insurance Service Expenses Adjusted	-251	-83	0	-334	-275	-85	0	-360	7.8%
Costs¹	-531	-273	-39	-843	-553	-279	-40	-871	3.4%
Pre-provision income	352	380	-38	694	394	478	-129	744	7.2%
Cost of risk	-2	-11	-5	-17	-1	-32	-19	-52	
Impairments	0	0	0	-1	0	0	0	0	
Result before tax	350	370	-43	676	392	446	-147	692	2.4%
Taxes	-92	-96	-8	-196	-109	-115	14	-209	
Non-controlling interests	1	0	0	1	0	0	1	1	
Net income group share	257	274	-51	479	283	332	-134	482	0.5%
o/w bank	155	267	-58	364	166	296	-132	330	
o/w insurance	101	7	7	115	118	36	-2	152	

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

EUR m	1H 2023				1H 2024			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
INDIVIDUALS	2.9	-0.5	-4.2	-1.7	2.7	12.5	-19.3	-4.1
E&E&P	13.7	52.2	-76.5	-10.7	8.2	37.6	-80.4	-34.6
GC	0.5	-8.2	0.6	-7.1	0.3	36.0	-54.5	-18.2
BANK	17.1	43.6	-80.1	-19.4	11.2	86.1	-154.2	-56.9
INSURANCE	1.4	-0.2	0.8	2.1	0.8	4.8	-0.9	4.8
BANK + INSURANCE	18.6	43.4	-79.3	-17.3	12.0	90.9	-155.1	-52.1

Sector composition of the business and corporate banking loan portfolios¹



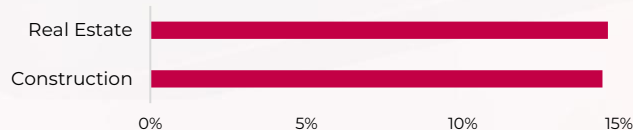
Real Estate and Construction

Bank E&E portfolio, exposures expressed in FEAD, based on the Nace classification

Sectors Real Estate and Construction represent 29% of the E&E portfolio; average quality of the portfolio remains stable, although the market uncertainty about the evolution of the sector calls for a close watch.

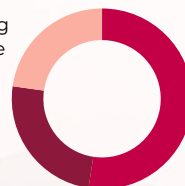
Share in the business and corporate banking portfolio

in %



Real Estate

Buying and selling
of own real estate
23%



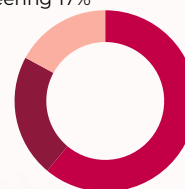
Renting and
operating of own or
leased real estate
52%

Real estate activities on a fee or
contract basis 25%

Construction

Civil engineering 17%

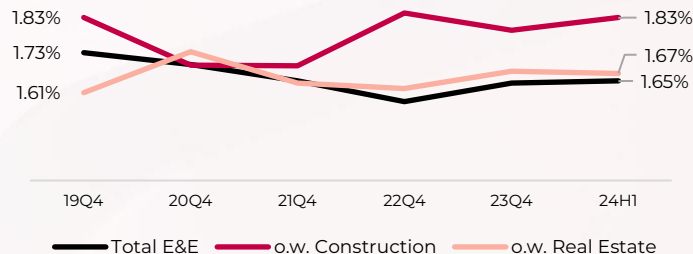
Specialised
construction
activities
22%



Construction
of buildings
61%

Quality of the (sub)portfolios: average PD

in %



Non Performing Loans Ratio¹

2.74% Construction

3.09% Real Estate

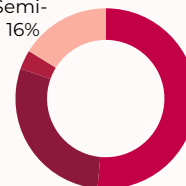
2.83% E&E

Exposure on SIR/GVV²: EUR 2,004m

Logistics/Semi-
Industrial 16%

Offices 3%

Retail 29%



Residential incl.
senior care 52%

From reported to adjusted net income¹

	Reported	Excluding special items	Adjusted
	IFRIC 21 adjustment for sector levies		
1H 2023, EUR m			
Income	1,870	-143	2,014
Insurance Service Expenses Adjusted	-334	-5	-329
Costs	-843		-843
Cost of risk	-17		-17
Impairments	-1		-1
Result before tax	676	-148	824
Taxes	-196	23	-219
Net income	479	-126	605
	IFRIC 21 adjustment for sector levies		
1H 2024 EUR m			
Income	1,975	-113	2,088
Insurance Service Expenses Adjusted	-360	-5	-355
Costs	-871		-871
Cost of risk	-52		-52
Impairments			
Result before tax	692	-118	810
Taxes	-209	9	-218
Net income	482	-109	591

Statement of income Belfius bank, consolidated accounts

EUR m	1H 2023	1H 2024	Evolution
Income	1,430	1,506	76
<i>Of which</i>			
Net interest income	1,204	1,180	
Net fee and commission income	388	402	
Net insurance result ¹	-16	-5	
Net income from financial instruments at fair value through profit or loss	64	57	
Net income on investments and liabilities	6	4	
Net other income and expense	-251	-183	
Expenses²	-736	-762	-26
Net income before taxes and impairments	694	744	50
Impairments on financial instruments and provisions for credit commitments	-17	-52	
Impairments on tangible and intangible assets	-1	0	
Net income before tax	676	692	16
Total tax (expense) income	-196	-209	
Attributable to non-controlling interests	1	1	
Net income group share	479	482	2

Statement of income Belfius Insurance, consolidated accounts

EUR m	1H 2023	1H 2024	Evolution
Income	194	242	49
<i>Of which</i>			
Net interest income	154	175	
Net fee and commission income	10	11	
Net insurance result ¹	-18	-6	
Net income from financial instruments at fair value through profit or loss	7	11	
Net income on investments and liabilities	-1	10	
Other income and expense	23	10	
Other ²	18	31	
Expenses³	-45	-46	0
Net income before taks and impairments	148	197	48
Impairments on financial instruments and provisions for credit commitments	2	5	
Impairments on tangible and intangible assets	-1	0	
Net income before tax	150	202	52
Total tax (expense) income	-36	-28	
Attributable to non-controlling interests	0	1	
Net income group share	114	150	37

Consolidated balance sheet Belfius Bank

EUR m	Dec. 2023	June 2024	Evolution
TOTAL ASSETS	179,179	179,957	777
of which			
Cash and balances with central banks	20,487	21,139	652
Loans and advances due from credit institutions	5,274	4,220	-1,054
Loans and advances	114,531	116,352	1,821
Debt securities & equity instruments	27,924	28,293	370
Derivatives	5,321	4,707	-615
TOTAL LIABILITIES	166,960	167,801	841
of which			
Cash and balances from central banks	1,430	39	-1,391
Credit institutions borrowings and deposits	3,912	4,650	737
Borrowings and deposits	104,000	103,106	-894
Debt securities issued and other financial liabilities	36,018	38,835	2,817
Derivatives	7,229	6,484	-746
Liabilities from insurance/reinsurance contracts	11,405	11,296	-109
Subordinated debts	1,778	2,240	462
TOTAL EQUITY	12,219	12,156	-63
of which			
Shareholders' core equity	11,491	11,547	56
Gains and losses not recognised in the statement of income	193	66	-127
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	38	46	8

Consolidated balance sheet Belfius Insurance

EUR m	Dec. 2023	June 2024	Evolution
Total assets	19,392	19,399	8
Of which			
Loans and advances due from credit institutions	288	142	-146
A Measured at amortised cost	288	142	-146
Loans and advances	4,414	4,307	-107
A Measured at amortised cost	0	0	0
B Measured at fair value through other comprehensive income	4,172	4,065	-107
C Measured at fair value through profit or loss	242	242	0
Debt securities & equity instruments	13,629	13,773	144
A Measured at amortised cost	0	0	0
B Measured at fair value through other comprehensive income	8,483	8,626	143
C Measured at fair value through profit or loss	970	807	-163
D Measured at fair value through profit or loss - Unit linked	4,176	4,340	164
Derivatives	4	11	7
Investments in equity method companies	64	65	2
Tangible fixed assets	519	546	27
Intangible assets	59	60	1
Assets from insurance/reinsurance contracts	98	90	-8
Total liabilities	17,604	17,662	59
Of which			
Credit institutions borrowings and deposits	892	865	-27
Debt securities measured at FV through P&L - Unit linked	4,176	4,340	164
Provisions for insurance activities	11,408	11,301	-107
Subordinated debts	586	590	4
Total equity	1,788	1,737	-51
Of which			
Shareholders' core equity	1,631	1,685	53
Gains and losses not recognised in the statement of income	120	7	-112
Non-controlling interests	37	45	8

Focus on regulatory capital & regulatory risk exposures

Group

Regulatory capital

EUR m	Dec 2023	June 2024
Core regulatory equity	11,491	11,547
Elimination of foreseeable dividend	-443	-193
Grandfathering on IFRS9 provisions	88	27
Gains and losses not recognised in the statement of income	322	231
Remeasurement Defined Benefit Plan	126	116
OCI reserves - portfolios measured at FVTOCI	196	115
Other reserves	-129	-165
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	129	165
Items to deduct	-371	-403
Deferred tax assets	-	-
Other	-371	-403
Common equity Tier 1 - CET1	11,087	11,209
Additional own funds Tier 1	497	497
Tier 1 equity	11,584	11,706
Tier 2 - Capital instruments	1,369	1,796
Other	349	350
Total regulatory capital	13,302	13,851

Group

Regulatory risks exposures - by type of risk

EUR m	Dec 2023	June 2024
Regulatory credit risk exposure	52,793	53,730
Regulatory CVA exposure	406	307
Regulatory market risk exposure	2,369	2,273
Regulatory operational risk exposure	4,015	4,015
Danish Compromise	8,422	8,230
Additional risk exposure (Art 3 CRR)	1,498	2,745
Total Regulatory Risks Exposures	69,504	71,300

- Credit risk exposure increase is mainly due to the commercial growth in franchise corporate activities (EUR +1.6bn) and to market parameters evolution (interest rate and UK real rate) impacting Group Center (EUR -0.6bn).
- Concerning the additional risk exposure (Art. 3 CRR), the impact of the first two parts of the Belfius model landscape review were anticipated for a global risk exposure amount of EUR 2,745m. These two phases consist in going back to the standardized approach for some low default portfolios and in non-retail models updates¹.
- Regulatory market risk exposure decreased by EUR -96m in 1H 2024 to EUR 2,273m.
- Danish Compromise risk exposure decreased by EUR -192m in 1H 2024 to EUR 8,230m.

UK Utilities

Group

Draft Regulatory Requirements ("Draft Determinations") have put additional pressure on companies within the UK Water sector, especially on Thames Water

EUR m

Sector	EAD	<i>o/w guaranteed by Assured Guaranty</i>	<i>o/w guaranteed by monoliners with non- investment grade rating</i>	Total RWA	Stock of Credit Risk Provisions 1H 2024
UK Water	2,704.2	2,004.2	94.1	1,387.3	92.2
UK Gas	957.6	777.2	0.0	420.2	13.1

- Belfius Bank has an exposure of EUR 3.7bn on UK Water and Gas Utilities as of end Q2 2024. 76% of these exposures are guaranteed by Assured Guaranty (rated A1 and AA respectively by Moody's and S&P). The UK Water sector represented 74% of the total exposure, while the UK Gas sector represented 26%. RWA amounted to EUR 1.8bn while credit risk provisions have been put aside for a total amount of EUR 105.3m (an increase by EUR +15m compared to end 2023).
- One of these exposures is on Thames Water (Class A debt issued by the Operating Company). The exposure amounts to EUR 550m (EaD incl. Fair Value of hedged risk) as of 30 June 2024, which is guaranteed at a level of 76% of the EaD by Assured Guaranty). The exposure is classified in Stage 2 as of 30 June 2024 with an expected credit loss impairment representing 30% of the uncovered exposure at default.
- After reporting date June 30, 2024, the UK water regulator, Ofwat, published its draft determinations, committing Thames Water to deliver significant improvements on current performance for a range of measures that matter to customers and the environment. They do however not accept the amount of money that Thames Water has said would be required to meet all of its obligations and therefore also requested lower average bills than those originally proposed by Thames Water. Ofwat is also proposing that Thames Water will be placed under a 'turnaround oversight regime', with enhanced monitoring of detailed delivery plans, particularly related to the improvement of asset health and transformation of its operational performance. The concrete substance of this "turnaround oversight regime" still must be defined and Belfius continues to closely monitor the situation.
- Water companies in England and Wales, including Thames Water, are currently being consulted by Ofwat on these draft determinations, and are invited to introduce responses and comments thereon before 12 noon on 28 August 2024. Ofwat mentions it will publish its final determinations on 19 December 2024.
- Following the publication of Ofwat, both Moody's and S&P have downgraded Thames Water class A debt rating to Ba1 respectively BB. As part of Ofwat's license conditions, Thames Water needs to maintain two investment-grade ratings. According to a statement on the credit rating agency's website, S&P noted that "... Ofwat has publicly stated that this [rating downgrade below investment grade] would not lead to an automatic revocation of Thames Water's license..."
- Belfius has analyzed in-depth all relevant information available for closing its 1H 2024 accounts as of 30 June 2024, and on that basis assessed that the stage 2 classification for its Thames Water exposure, as well as the anticipated credit risk impairment on that exposure is deemed appropriate for 1H 2024 accounts. As customary, Belfius will continue to monitor all relevant information and events very closely at next reporting dates.

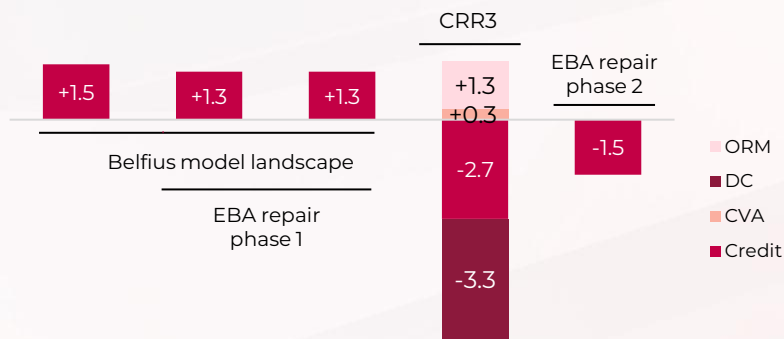
Focus on impact CRR3

Group

Focus on impact of the model landscape, credit models review and CRR3

RWA impact from CRR3 and model changes (additive)

EUR bn



Q4 2023 Q2 2024 Q4 2024 01/01/2025 Q4 2025

- The CRR3 impact presented here reflects the implementation as currently estimated, taking into account ongoing IT developments and data collection processes. Customary disclaimers to forward looking aspects thereof apply, of course.
- Note also that under these assumptions and taking into account the proposed transitional arrangements, the output floor should not have an impact for Belfius in the first years of Basel III finalization implementation.

Simplification of Belfius model landscape

- Belfius has started a journey towards a simplification of its model landscape with portfolios moving to less sophisticated approaches for RWA calculation (Standardized and Foundation approach). This concerns a.o. the project finance, the banks and the public sector exposures. This change, while increasing significantly RWA on some segments, make them immune, to a large extent, from CRR3 new requirements.

EBA repair program

- Belfius is reviewing its credit models in order to:
 - Align with the new harmonized definition of default;
 - Sophisticate its calculation of downturn LGDs;
 - Further solidify governance framework for the margin of conservatism in the models.
- These changes are progressively introduced in our RWA calculation process over 2024 (phase 1, mainly on non-retail exposures) and 2025 (phase 2, mainly on retail exposures).

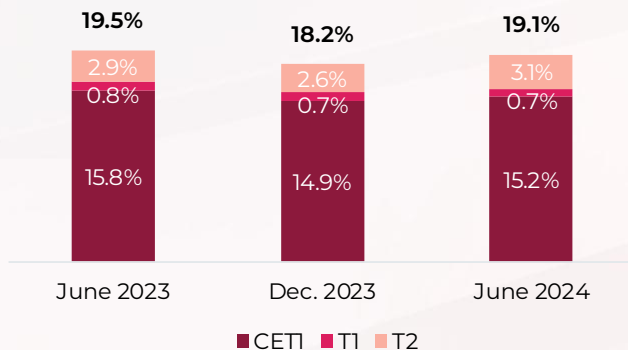
CRR 3 impact

- For credit risk, taking into account changes above, the impact of CRR3 is deemed to be positive thanks to the removal of the scaling factor, the revision of the CCF and the revision of the foundation parameters.
- For the Danish Compromise, Belfius will have a large decrease of RWA following the reduction of the risk weight from 370% to 250%.
- For CVA, Belfius will apply the basic approach leading to an increase in RWA.
- For MRM, due to the postponement of FRTB, there will be no impact in 2025.
- For ORM, Belfius expects significant increase in RWA following the implementation of the new standardized method, and in particular the internal loss multiplier equal to 1, as imposed by CRR3.

Focus on solo capital ratios

Bank

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

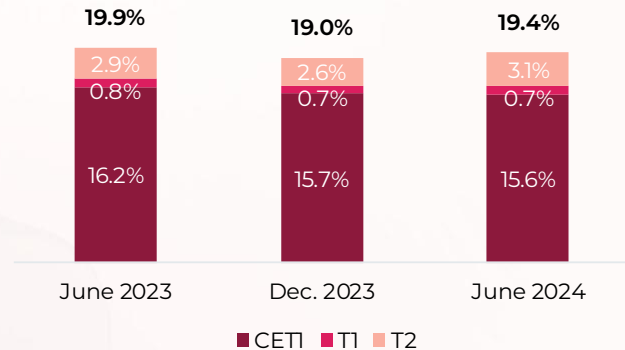


EURm

CET1	10,019	10,048	10,561
Tier 1	10,516	10,545	11,058
CAD	12,345	12,302	13,208
RWA	63,465	67,559	69,262

Bank

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



EURm

CET1	10,309	10,577	10,814
Tier 1	10,805	11,074	11,312
CAD	12,625	12,831	13,462
RWA	63,465	67,559	69,262

- At the end of 1H 2024, the available distributable items on statutory level amounted to EUR 5,692m, stable compared to end 2023.

Zoom on credit ratings

Bank

Ratings of Belfius Bank as per 29 August 2024

	Moody's	S&P	Fitch
Preferred Senior	A1 Stable outlook	A Stable outlook	A- Stable outlook
Standalone Rating	a3	a-	a-
Non-Preferred Senior	A3	BBB+	
Tier 2	Baa1	BBB	
Additional Tier 1	Baa3	BB+	

- Between 1 January and 29 August 2024, the rating agencies took the following decisions:
 - On 28 June 2024, Moody's affirmed Belfius Bank's long-term rating at A1, and upgraded Belfius Bank's Standalone Rating (Baseline Credit Assessment or BCA under Moody's terminology) from baa1 to a3. The latter also resulted in an upgrade of the Non-Preferred Senior, the Tier 2 and the Additional Tier 1 rating with one notch. The outlook was subsequently changed to Stable from Positive;
 - On 27 June 2024, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

Insurance

Ratings of Belfius Insurance as per 29 August 2024

	S&P
Issuer credit rating	A Stable outlook

- No rating action has occurred in 2024; S&P raised the long term issuer credit rating of Belfius Insurance from A- to A, with Stable outlook, on 30 November 2023.

Reminder – summary overview of Belfius' Group Center

Group center

Belfius' Group Center (notional amounts as of 30 June 2024)

Bond portfolio	Derivatives and guarantees	Other GC activities
<p>ALM liquidity</p> <ul style="list-style-type: none"> LCR eligible bonds (EUR 8.4bn) <p>Considerations</p> <ul style="list-style-type: none"> Part of Belfius Bank's total LCR liquidity buffer Well diversified, high credit quality and highly liquid portfolio 	<p>Run-off ALM Yield</p> <ul style="list-style-type: none"> Non-LCR eligible bonds (EUR 2.9bn) Bought credit protection for some ALM yield bonds <p>Run-off portfolio</p> <ul style="list-style-type: none"> Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 4.9bn) Non-collateralized derivatives with international counterparts (notional of EUR 1.6bn) Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 1.9bn) <p>Considerations</p> <ul style="list-style-type: none"> Bond portfolio historically used to manage excess liquidity Mainly high-quality bonds of international issuers with a ~22 years residual duration Managed in natural run-off and standard credit risk management 	<ul style="list-style-type: none"> Management of specific credit risk files (Holding Communal & Arco entities) Various other items: <ul style="list-style-type: none"> ALM derivatives for B/S management Financial markets services (part which is not dedicated to the commercial segments) Central assets Insurance GC Other

Run-off portfolios

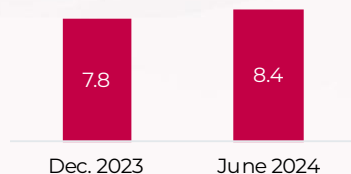
Evolution of GC portfolios

Group center

ALM Liquidity

ALM Liquidity bond portfolio

Notional value
EUR bn

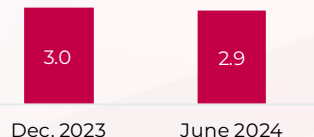


Group center

Run-off portfolio

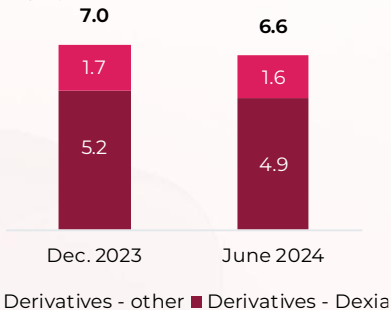
ALM Yield bond portfolio

Notional value
EUR bn



IR Derivatives

Notional value
EUR bn



Credit guarantees

Notional value
EUR bn



Average Rating¹

A	A	A-	BBB+ ^{2,3}	BBB+	BBB+	A	A
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Expected average life (years)¹

7.0	6.8	21.9	21.5	10.2	9.7	9.0	8.8
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Investment Grade (%)

100%	100%	94%	92%	96%	97%	97%	97%
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Credit regulatory risk exposures (EUR bn)

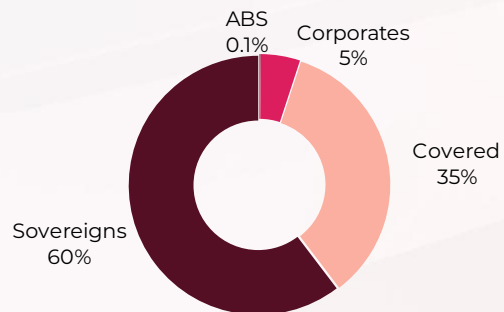
2.1	1.8	2.7	2.5	0.4	0.4	1.1	0.9
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ALM Bank Liquidity bond portfolio

Breakdown by type of counterparty

EUR 8.4bn (notional value)

30 June 2024

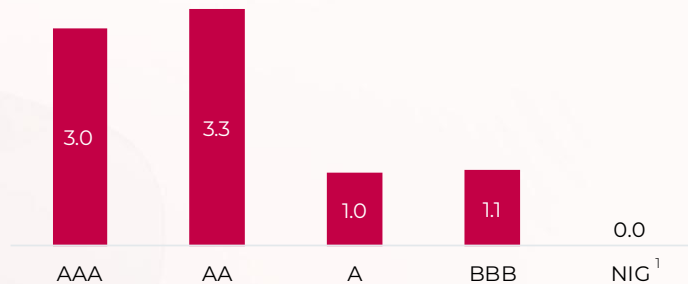


Breakdown by rating

EUR 8.4bn

30 June 2024

Average rating: A



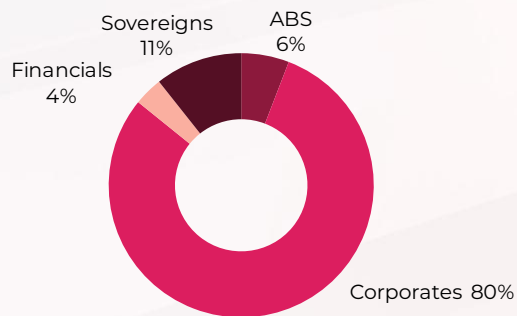
- ALM Bank Liquidity bond portfolio stood at EUR 8.4bn as of 30 June 2024, compared to EUR 7.8bn at year end 2023:
 - 100% of the portfolio is Investment Grade;
 - The average rating stood at A.
- Expected average life: 6.8 years

ALM Bank Yield bond portfolio

Breakdown by type of counterparty

EUR 2.9bn (notional value)

30 June 2024

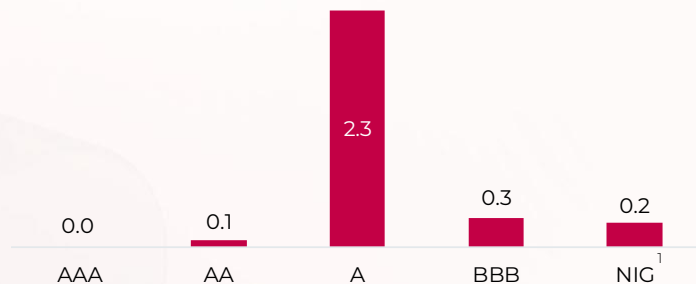


Breakdown by rating

EUR 2.9bn

30 June 2024

Average rating: BBB+



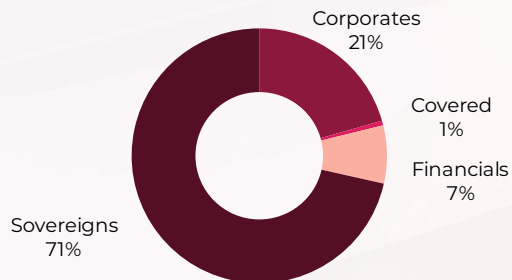
- ALM Bank Yield bond portfolio stood at EUR 2.9bn as of 30 June 2024, compared to EUR 3.0bn at year end 2023:
 - 92% of the portfolio is Investment Grade;
 - The average rating stood at BBB+.
- Expected average life: 21.5 years

ALM Insurance bond portfolio

Breakdown by type of counterparty

EUR 8.2bn (notional value)

30 June 2024

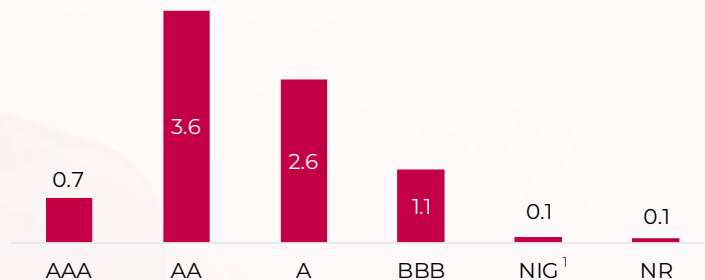


Breakdown by rating

EUR 8.2bn

30 June 2024

Average rating: A



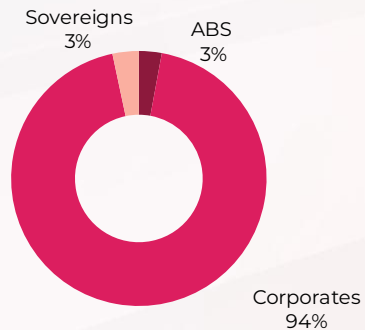
- ALM Insurance fixed income portfolio stood at EUR 8.2bn as of 30 June 2024, compared to EUR 7.7bn at year end 2023:
 - 98% of the portfolio is investment Grade;
 - The average rating stood at A.
- Expected average life: 10.9 years

Credit guarantees

Breakdown by type of counterparty

EUR 1.9bn (notional value)

30 June 2024

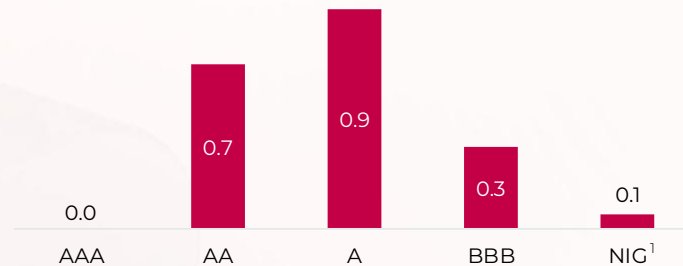


Breakdown by rating

EUR 1.9b

30 June 2024n

Average rating: A



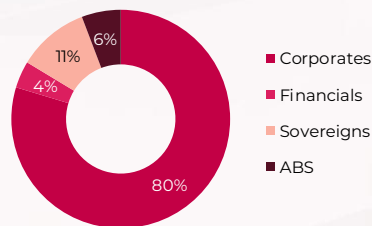
- Credit guarantees portfolio stood at EUR 1.9bn as of 30 June 2024, stable compared to end 2023:
 - 97% of the portfolio is Investment Grade;
 - The average rating stood at A.
- Expected average life: 8.8 years

Hedging strategy to manage residual risks

Run-off portfolios as of 30 June 2024

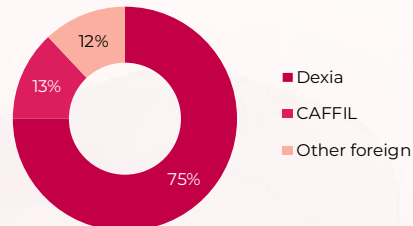
ALM Yield bond portfolio

Notional split by type



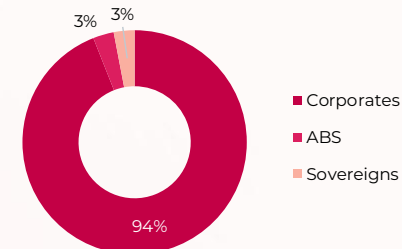
Derivatives

Notional split by counterparty



Credit guarantees

Notional split by type of underlying



- 45% inflation linked bonds issued by investment grade UK utilities and infrastructure companies.
- Part of the portfolio is insured by Assured Guaranty, leading to a BBB+ average rating after credit enhancement.
- Inflation component hedged with inflation linked collateralised swaps.

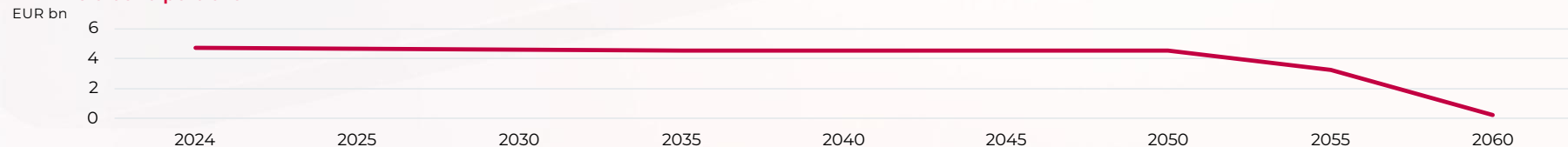
- Derivatives with other foreign counterparties and with CAFFIL are uncollateralised (BBB+ average rating).
- 75% notional exposure to Dexia, fully cash collateralised, leading to an EaD of EUR 19m.

- Mostly reinsured CDS with:
 - Sold protection to market counterparties with two-sided collateral posting agreement;
 - Bought equivalent protection with monoline insurers (47% from Assured Guaranty) with one-sided collateral posting agreement.

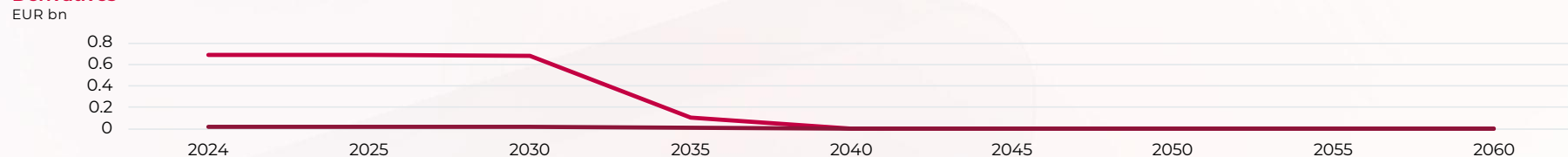
Progressive run-off of GC run-off portfolios in the coming years¹

Run-off portfolios estimated evolution – EaD

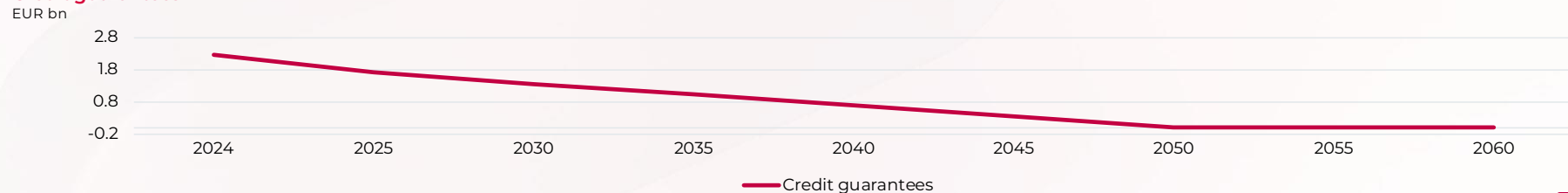
ALM Yield bond portfolio²



Derivatives



Credit guarantees



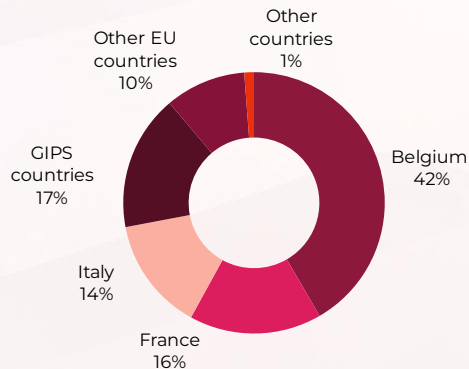
Outstanding exposures on government bonds & Credit risk statistics on mortgage loans

Evolution outstanding exposures government bonds¹

EUR m

30 June 2024

EUR m	Dec 2023	June 2024
Belgium	3,731	3,449
France	1,040	1,357
Italy	1,166	1,162
GIPS countries	1,435	1,391
Other EU countries	685	827
Other countries	105	99
Total	8,163	8,286



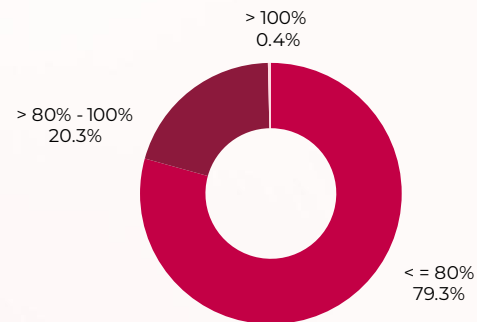
- Total government bond portfolio stood at EUR 8.3bn ¹, up 2% compared to December 2023.
- 42% of the portfolio are invested in Belgian government bonds.

Bank

Mortgage loans Belfius Bank Loan-to-value ratio

Distribution per LTV bucket

30 June 2024



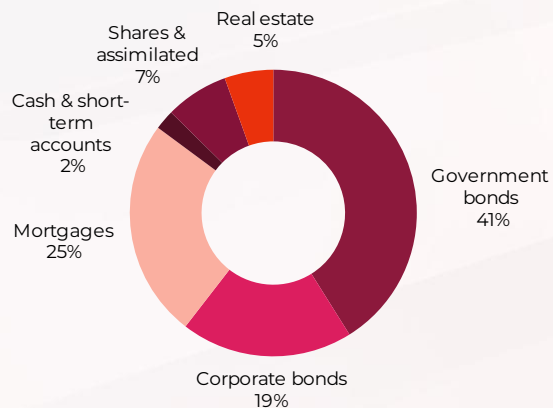
- Very sound LTV-ratio's:
 - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 54% as of 30 June 2024.
 - The part of the portfolio with an LTV > 100% is limited to 0.4%.

ALM Belfius Insurance

Diversified asset allocation

EUR 14.5bn

30 June 2024



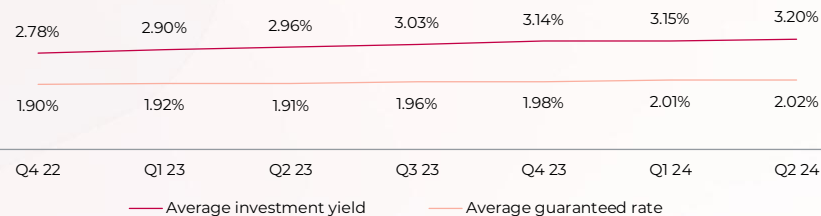
- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

Duration gap Life and Non-Life¹

	Dec 2023	Jun-24
Total Life	-1.05	-0.27
Total Non-Life	1.87	1.93
Total	-0.36	0.29

Investment yield vs. guaranteed rate²

Scope: Life business excluding Br23



Solvency II ratio sensitivity table

Solvency II Sensitivities

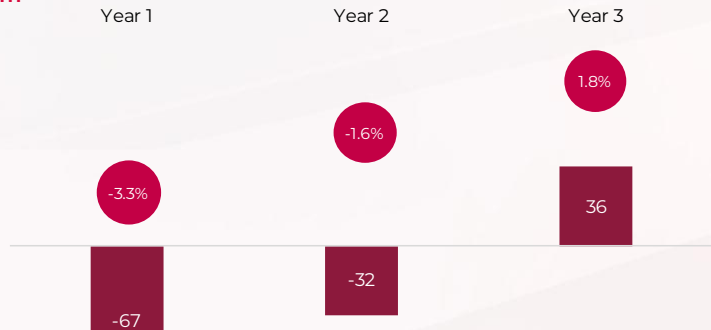
30 June 2024

	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	1,044	2,055	197%
Interest rate: Shock +50 bps	22 2%	(26) (-1%)	190% (7%)
Interest rate: Shock -50 bps	(11) (1%)	36 2%	202% 6%
Credit spread: Spread on fixed income (corporate) +50 bps	12 1%	(42) (2%)	190% (6%)
Credit spread: Spread on fixed income (government) +50 bps	37 4%	(102) (5%)	181% (16%)
Credit spread: Spread on fixed income (government and corporate) +50 bps	59 6%	(176) (9%)	170% (27%)
Credit Spread: No Volatility Adjustment (VA)	29 3%	(118) (6%)	180% (16%)
Equity: Downward shock - 30%	(105) (10%)	(308) (15%)	181% (17%)
Real estate: Downward shock -15%	(17) (2%)	(120) (6%)	186% (8%)
UFR: Downward adjustment to 3%	4 0%	(11) (1%)	195% (2%)

Belfius sensitivity to interest rates¹

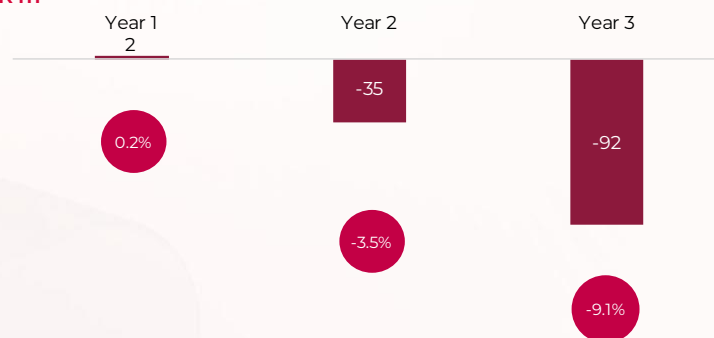
NII impact from +100 bps immediate parallel upward shift in rate curve

EUR m



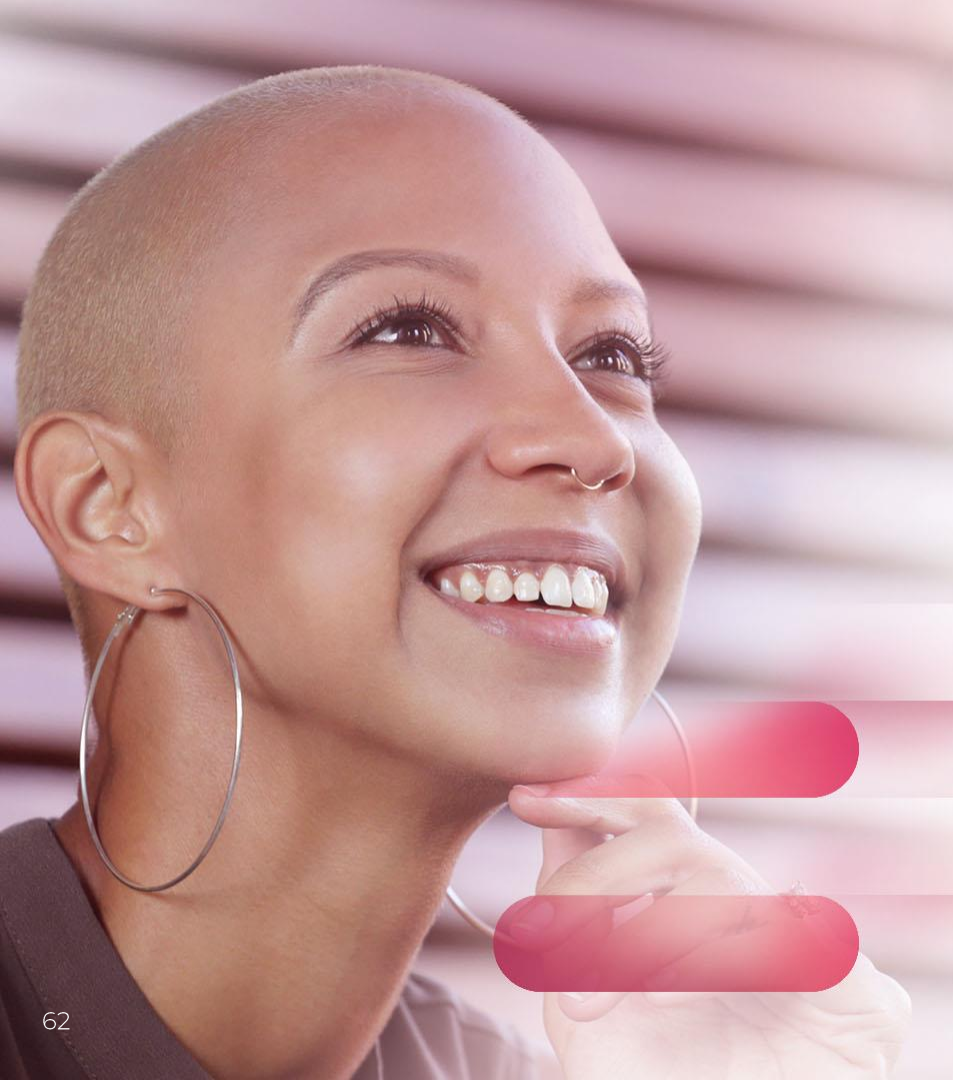
NII impact from -100 bps immediate parallel downward shift in rate curve

EUR m



- In 2024, short-term interest rates started to decrease from 4% to 3.7% translating the anticipation of ECB rate cuts. Long-term interest rates evolved in a range between 2.5% and 2.9%.
- In 2023, Belfius' NII was supported by strongly and rapidly increasing interest rates. In 2024, in line with anticipated NIM peak in 2023, our 1H 2024 reported NII showed a slight decrease compared to 1H 2023.
- In the latest NII projections, under base case, yields on assets and liabilities tend to stabilize, and even slightly decrease in next years (current forward rates lead to lower future rates), so that the further NII increase in 2025 or 2026 vs. 2024 will have to come a.o. from the growth of commercial activities.
- Should interest rates drop by 100 bps, the tariff on non maturing deposits would offer some buffer (we assume tariff could then be lowered), so that we expect a manageable sensitivity of the NII under downward movements in the first year. In the years thereafter, lower tariffs on non maturing deposits would not compensate in full the lower income due to the repricing of assets (as was the case in low for long IR environment), leading to some negative impact on Belfius' NII in years 2 and 3 in such a scenario.
- If rates would increase by +1%, NII impact for Belfius would be negative in the first 2 years, under our conservative assumptions, where we assume higher NMD's tariffs with a higher pass-through than currently observed on the Belgian market, costing more than anticipated higher income from the repricing of the assets.

Note: 1. We remind that these NII sensitivities are calculated under a constant balance sheet (EBA IRRBB guidelines), while Belfius ALM manages of course the interest rate position in going concern, including an expected growth of the commercial activities, as observed during last years where both commercial assets and liabilities continuously grew.



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