



Belfius FY 2022 results

Presentation to analysts and investors

3 March 2023

Please note that the accounts 2022 will be finally validated by the Board of Directors on 23 March 2023.



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1. Summary Highlights

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- **Belfius' net income FY 2022 stands at EUR 975m**, higher than in 2021 (EUR 935m). This represents an excellent result in the challenging geopolitical, macroeconomic and inflationary context, thanks to **continued strong commercial dynamics, translating into solid NII and resilient F&C performance**, despite costs pushed up by inflationary pressures. The bank contributed for EUR 762 million to the consolidated net profit (vs EUR 716m in FY 2021) and the insurer for EUR 212 million (vs EUR 219m in FY 2021).
- Belfius continues to navigate such context on strong and solid footing, in operational, commercial and financial terms. **In 2022, Belfius has again grown more mature, more scalable and more solid:**
 - **More mature in serving all segments of the Belgian economy**, with new production of LT Loans of EUR 25bn, organic growth (before market impact) of Savings and Investments of EUR +8.3bn, AuM of Private and Wealth growing with EUR +2.1bn (before market impact), and an estimated market share in the Belgian Corporate loan market growing close to the 20% mark.
 - **More scalable towards the future**, having been able to even further improve our C/I ratio to 54% despite the devastating inflation environment we experienced in 2022.
 - **More solid by growing our profit capacity close to the EUR 1bn mark**, by keeping our RONRE for the second year in a row above the 10% mark (11.2% RONRE FY 2022), and by keeping our CET1 ratio at very solid solvency level of 16.5%, Belfius Insurance SII ratio at 193% and Belfius' LCR ratio at 173%.
- Based on solid ALM management and supported by increasing interest rates, Belfius is able to grow its net interest income in the banking operations. Combined with resilient fee & commission income and strong life insurance income, despite overall negative financial markets, and operating cost growth still below income growth, this leads to a **further growth in pre-provision income¹ to EUR 1,362m in FY 2022 (vs EUR 1,226m in FY 2021):**
 - **strong evolution of NII bank**, in sharply rising interest rate environment, to EUR 1,752m in FY 2022 (vs EUR 1,623m in FY 2021) driven by (i) improving interest margin on non-maturing deposits, (ii) positive impact from the TLTRO III and ECB deposit tiering till November 23rd, 2022 and (iii) higher margin on the large liquidity buffer held in cash during the year.
 - **outstanding resilience of net fee and commission income bank** (EUR 757m in FY 2022 vs EUR 732m in FY 2021), mainly thanks to increasing payment service fees and resilient fees from asset management services.
 - **growing insurance contribution to income**, with strong life insurance income (EUR 338m in FY 2022 vs EUR 302m in FY 2021), mainly thanks to resilient margin on life insurance reserves (also thanks to a partial release of excess reserves), complemented with rather stable non-life insurance income (EUR 226m in FY 2022 vs EUR 210m in FY 2021), where growing non-life activity is partially neutralized by higher claims cost in Car and Home compared to FY 2021 due to inflationary pressures and to the storms of Q1 2022.
 - the **increase of operating costs** (FY 2022 EUR 1,620m vs FY 2021 EUR 1,477m), remaining however still below the increase of income, leading to a further improving C/I ratio at 54% in FY 2022 (compared to 55% in FY 2021), despite inflationary pressures and continued investment in brand, human and digital capital.

Note 1: Pre-provision income is gross income before impairments on financial instruments and provisions for credit commitments and impairments on tangible and intangible assets.

1. Summary Highlights

- As a result of (i) the Russian invasion in Ukraine and the geopolitical, economic and financial turmoil it aggravated, (ii) additional Covid related lockdowns in China, and (iii) historically very high inflation readings worldwide, the as of end 2021 anticipated economic recovery was tempered and worldwide short and medium-term economic growth estimates continuously decreased over the year. In this multi-dimensional change of the economic and financial environment, Belfius decided to further evolve its 4 Pillars, **resulting in an overall cost of risk FY 2022 amounting to EUR -106m** (stage 1 EUR -64m, stage 2 EUR +19m and stage 3 EUR -60m). **As of end 2022, our loan book does not yet show signs of material deterioration in credit quality**, and this leads to a slightly improving asset quality ratio (NPL ratio) at 1.82%, still accompanied by a prudent coverage ratio of 59.6%. As such, in our opinion, our overall credit risk provision approach continues to reflect the expected credit losses in a best estimate way, including our current applicable best estimate “ex-ante provisioning” of expected losses due to the effects of the multi-dimensional turmoil events.
- **Belfius' consolidated Net Asset Value stands at EUR 11.1bn end 2022** (vs EUR 11.0bn end 2021). The Board of Directors of 23 March 2023 will deliberate on a **proposal for dividend (to the General Assembly of 26 April 2023) over 2022 year-end results of EUR 384.4m**, representing a 40% pay-out ratio of net result eligible for pay out.



2. Belfius at a glance

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- Since FY 2021, **Belfius' financial and commercial results are reported centered around two « commercial segments »: the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P). The group center** (“Group Center”, abbreviation GC), containing the residual results not allocated to the two commercial segments, completes the full scope picture.
- **Integrated bank-insurer**
 - net income of **EUR 975m**, of which **EUR 762m bank** and **EUR 212m insurance**;
 - **bank-insurance approach shows diversification benefits**: insurance respective banking contribution evolving from 40% vs 60% in FY 2020 to 23% vs 77% in FY 2021 to 22% vs 78% in FY 2022;
 - **continuously growing net fee & commission income** despite financial markets turmoil, as a result of strategic investments in Asset Management, Private Banking and Wealth Management activities, and continued solid growth in payment services.
- **Anchored in all segments of the Belgian economy**
 - **servicing more than 3.7m customers**: individuals, liberal professions, self-employed, companies and public & social sector customers;
 - **loans to customers of EUR 109.8bn**, of which EUR 48.6bn to IND clients and EUR 61.2bn to E&E&P clients;
 - **savings and investments of EUR 179.4bn**, of which EUR 116.4bn in IND and EUR 63.0bn in E&E&P.
 - well distributed physical distribution network all over the country, complemented by top-notch digital and remote service channels.
- **Focused on customer satisfaction**
 - **1.88m customers using mobile/tablet application at least once a day (on average)**;
 - **continued excellent customer satisfaction rates of 94% in 2022.**

2. Belfius at a glance

- **Governed by solid Risk and Financial management**
 - **strong solvency and liquidity position** well above all regulatory minima;
 - sound credit quality with continued **solid Asset Quality Ratio**, notwithstanding geopolitical and economic headwinds;
 - non-financial risks remaining under control as highlighted by the **low level of operational losses** and high level of workforce engagement and customer applications' availability.
- **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 2.2bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our 9 "Funds of the future" generating total contribution to charities of EUR 4.8m since their launch;
 - already **more than 71k customers using actively Belfius' innovative investment app Re=Bel** (launched in July 2021 making "investing with a cause" accessible to everyone);
 - over **80% of the new production** in mutual funds and Br23 went to "meaningful" investments (art 9 or art 8 under SFDR).



3. Group Highlights

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- Eleven years of consistent strategy enable Belfius to live up to its purpose of being “Meaningful and Inspiring for Belgian society”. Indeed, that **strategy continues to deliver strong commercial dynamics**, even within the 2022 uncertain market, financial and economic environment:
 - **again strong long term loan production in FY 2022**, especially to Corporate and Individual customers, at a level of EUR 25bn, as such further growing the total outstanding commercial loan volume of Belfius to EUR 109.8bn;
 - **total S&I decreased by EUR -0.2bn**, driven by a negative market effect of EUR -8.5bn which has been partially compensated by resiliently strong organic growth of EUR +8.3bn composed of a stable non-maturing deposits portfolio, EUR +3.8bn of organic growth in asset management, Bonds & Equity, and net inflow of EUR +4.5bn in other products (mainly BR21, term & straight deposits and third party products).
- **Belfius continues to be able to transform these commercial dynamics into resilient financials**, with FY 2022 net result of EUR 975m, EUR +40m higher than the net result of FY 2021 (EUR 935m). This is the result of strong income dynamics (increasing with EUR +279m y-o-y) reflecting the development of a flourishing commercial activity, within a persistently executed strategy supported by solid ALM management and material investments in brand, human and digital capital, that in combination with the inflationary environment translate into higher operating expenses (increasing with EUR +143m y-o-y):
 - the **growing income** (EUR 2,982m in FY 2022 vs EUR 2,703m in FY 2021) is the result of (i) **increasing NII bank**, despite pressure on new loan margins from sharp increases of market interest rates and continued strong competition in the Belgian loan market, but thanks to improving margins on non-maturing deposits, ECB TLTRO III & tiering benefits and increasing returns on cash liquidity buffer, (ii) **solid (even growing) fees activity at bank side**, (iii) **continued strong performance in life insurance income** (also thanks to a partial release of excess life reserves) and growing non-life insurance income, (iv) **strong results from activities serviced out of the dealing room**, and (v) despite **higher sector levies**;
 - at the same time, **the operating costs have increased** to EUR 1,620m in FY 2022 vs EUR 1,477m in FY 2021, impacted by inflationary pressures and in line with our continued investment in human and digital capital, during 2022 additionally fed by boosted brand marketing campaigns especially towards Business, Corporate and Private & Wealth segments;
 - **Profit before tax** of EUR 1,255m FY 2022 (vs EUR 1,226m FY 2021) continues to be supported by **repeated “below through-the-cycle” cost of risk**, benefiting from still subpar number of loans entering stage 3. As such FY 2022 cost of risk amounts to EUR -106m compared to FY 2021 cost of risk of EUR +1m, the latter was positively impacted by partial reversal of the Covid-related ex-ante provisioning set aside in 2020 accounts, evolving from EUR 331m end 2020 to EUR 216m end 2021. Our ‘overlay for economic uncertainties’ evolved as such from EUR 216m end 2021 to EUR 235m end 2022.

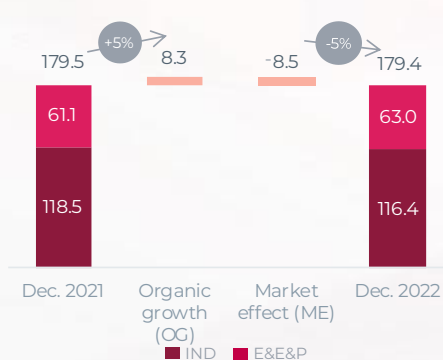
Continuation of strong commercial dynamics during 2022: loans production and organic growth in savings & investments at high levels

Group

Savings & investments: strong OG, negative ME

Outstanding savings & investments

EUR bn



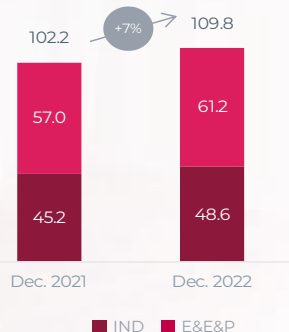
- Total savings & investments amounted to EUR 179.4bn in December 2022, stable compared to December 2021
 - IND displays a healthy OG of EUR 4.7m, but strongly impacted by a negative ME of EUR -6.8bn
 - E&E&P's S&I increased towards EUR 63.0bn, the organic growth of EUR 3.6bn more than offsetting the negative market effect of EUR -1.6bn

Group

Strong performance in loans to customers, excellent loan production in 2022

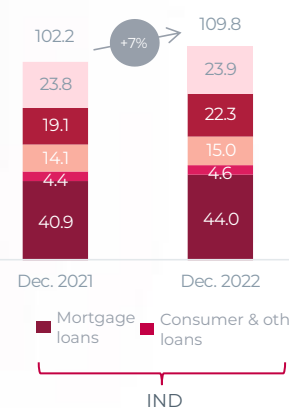
Outstanding loans to customers

EUR bn



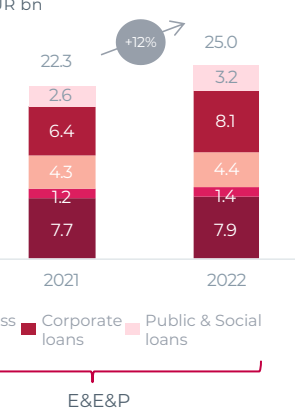
Outstanding loans to customers

EUR bn



Long term Loan production

EUR bn



- Increase of loans outstanding of 7% towards EUR 109.8bn in December 2022 driven by a very strong LT loan production on most segments, growing by 18% in the E&E&P segment.
- Loan production stood at EUR 25bn in December 2022, up 12% from EUR 22.3bn in December 2021. Public & Social loan production grew by 20% compared to December 2021, whereas corporate loan production grew by 27% compared to December 2021.

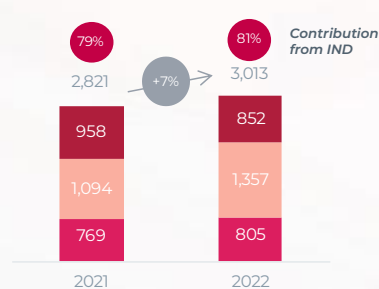
Further GWP growth in Non-Life insurance boosted by Bancassurance channel

Insurance

Continued growth in non-life, Bancassurance growing with +8.5%

Insurance production

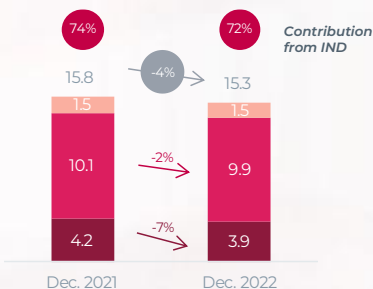
EUR m



■ Non-life GWP ■ Life GWP ■ Life TCA¹

Insurance reserves

EUR bn



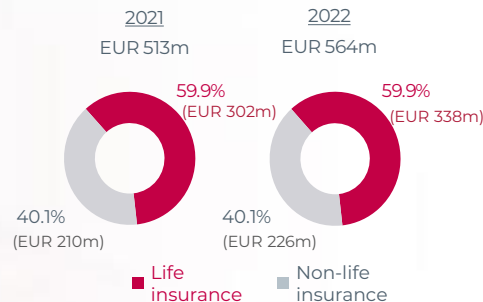
■ Non-Life
 ■ Guaranteed products (Branch 21, 26 & 27)
 ■ Unit-Linked (Branch 23)

Insurance

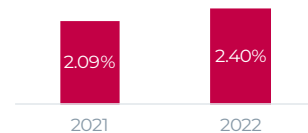
Strong life income; life income margin increasing towards 2.40%

Insurance income

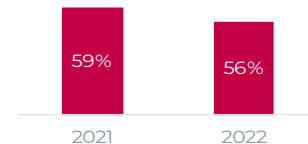
EUR m



Life income margin²



Non-life net loss ratio



- Overall increasing non-life GWP (+5%) thanks to Bancassurance (+8.5%), Corona (+4%) and DVV (+3.6%), partially the result of premium indexations.
- Growth of GWP life thanks to the commercial push on Belfius Invest Capital, where Belfius Insurance was the first insurer to offer Br21 at higher guaranteed rates in 2022. Thanks to the commercial action on BIC, the outstanding life reserves are increasing as of 2H 2022, after 1H 2022 that was still impacted by outflow of contracts coming at maturity in a low interest rate environment.

- Strong life insurance income, thanks to improving life income margin of 2.40% (+30 bps compared to 2021) and also thanks to a partial release of excess life insurance reserves (EUR 48m) in 1H 2022.
- Non-life income increasing by +7% in 2022, thanks to portfolio growth and improving net loss ratio of 56% in 2022 (vs. 59% in 2021) despite inflation pressure on average claims cost.

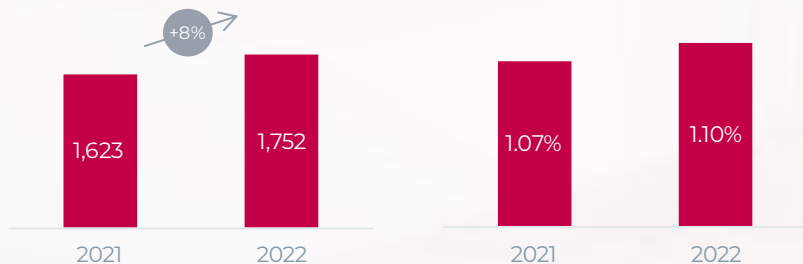
Growing NII, mainly supported by improving interest margin on non-maturing deposits. Outstanding resilience of net fee & commission income bank showing the success of our “Bank for Investors” strategy.

Bank

Growing NII thanks to strong commercial dynamics and sound ALM management

Net interest income Bank
EUR m

NIM¹



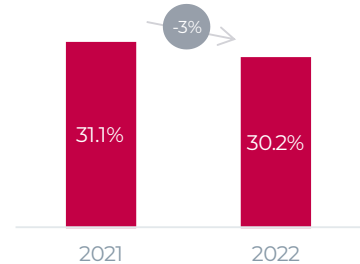
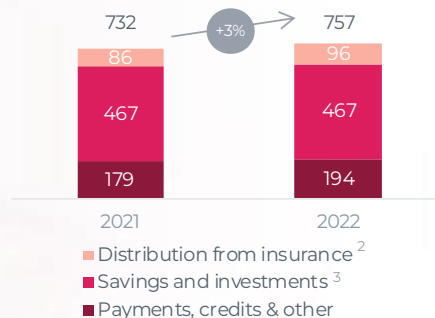
- Net Interest Income Bank increases with 8% compared to 2021, supported by higher interest rates, and thanks to increasing loan volumes and solid ALM management. NII 2022 has been negatively impacted for EUR -62m by certain specific items (a contract change within our subsidiary Belfius Auto Lease and a negative impact from FX swaps), for which the revenues are accounting for in the line “other income”.
- Net interest margin improving from 1.07% in 2021 towards 1.10% in 2022.

Bank

Increase in bank fee & commission income even in uncertain macroeconomic environment

F&C income Bank
EUR m

Bank income diversification
% Fees / (Fees + NII)



- Increasing fee and commission income (+3%):
 - increasing fees from payments, credits & other thanks to higher number of active customers on more valuable service packs
 - increasing fees from insurance policies, mainly thanks to growing Non-Life portfolio
 - stable contribution from distribution of savings & investments, showing the resilience of our Bank for investor strategy even in uncertain macroeconomic environment

Overall, strong commercial dynamics in full alignment with desired financial strategy, lead to total revenues increasing with 10% year-on-year

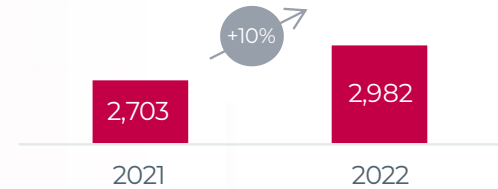
Group
Other income less negative than last year

Other income
EUR m



Group
Increasing total revenues in line with strong commercial dynamics

Total income
EUR m



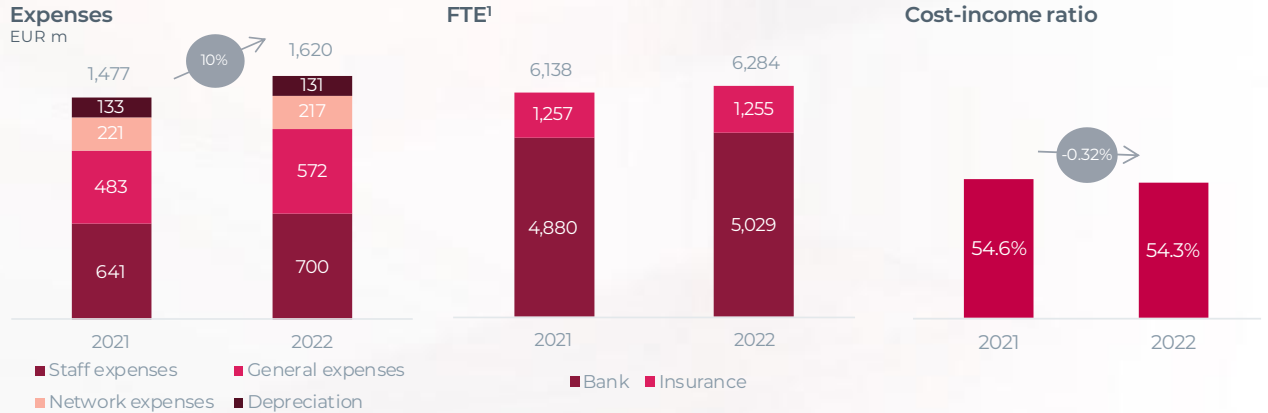
- Other income 2022 amounted to EUR -91m, less negative than in 2021 (EUR -165m), thanks to stronger results in Financial Markets activities, higher contribution from Belfius' subsidiaries (partially from the "transfer" from NII to other income), positive impacts from higher interest rates and credit spread hedges, despite continuously higher bank levies (EUR 264 million in 2022 vs EUR 256 million in 2021).

- Strong commercial dynamics and strict balance sheet management discipline lead to increasing total revenue base, mainly thanks to:
 - growth of the NII in a context of strong interest rate increase
 - resilient growth of F&C bank in difficult macroeconomic environment
 - growing insurance results & good performance in Financial Markets activities
- Total income amounted to EUR 2,982m in 2022 (vs EUR 2,703m in 2021)

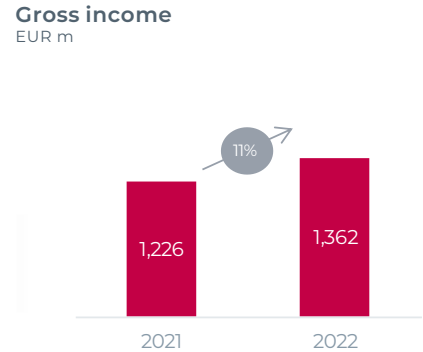


Total costs increasing due to growth investments (brand, digital, workforce) and inflation pressure. C/I ratio however slightly improves further to 54% thanks to stronger income dynamics.

Increasing expenses from inflation and continued investments ; C/I resilient at 54%



All in all, leading to higher pre-provision income



- Total costs increased by 10% compared to 2021 due to (i) workforce reinforcement and brand & innovation investments to sustain strong commercial growth, and (ii) inflationary pressures. Although the total costs increased by 10%, C/I ratio decreased by 32 bps to 54.3% per 2022 compared to 54.6% per 2021 due to the positive jaws effect.
 - staff expenses increased with EUR 59m compared to 2021, due to the salary mass indexation (+ EUR 47m) and higher FTE (+ 147 avg FTE)
 - general expenses increased towards EUR 572m, up with EUR 90m compared to 2021, in line with growing commercial activity leading to higher marketing costs from more campaigns in 2022, and higher external workforce costs, while 2021 was still impacted by the Covid pandemic
 - network costs and depreciation costs have remained fairly stable compared to 2021, decreasing by EUR -4m, respectively EUR -2m.

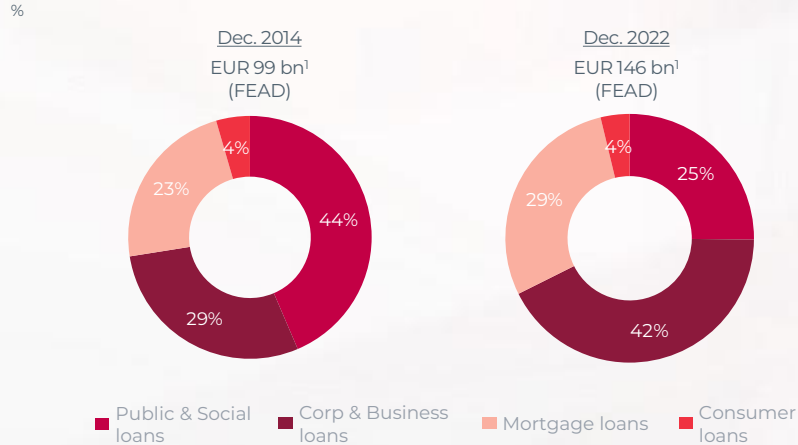
- All in all, the combination of stronger income dynamics than operating expense increases, leads to an increase in pre-provision income to EUR 1,362m in 2022 (vs EUR 1,226m in 2021).



Solid quality and the intrinsic resilience of the loan portfolio reflected in further improved asset quality ratio

Our commercial loan & commitments franchise continues to be further developed and diversified

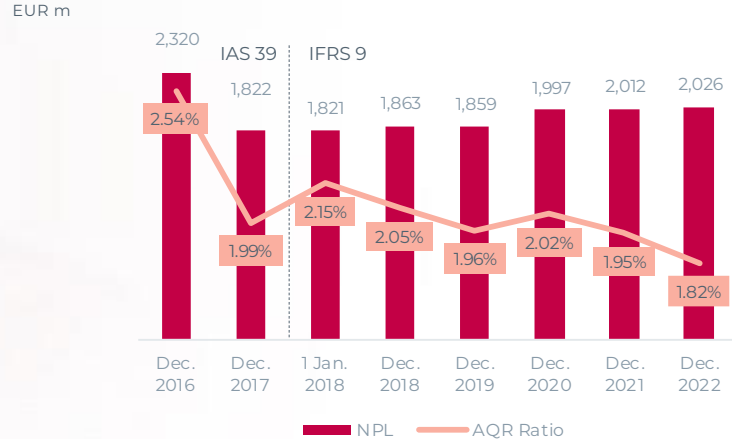
Evolution of the loan and commitments portfolio



- Belfius is 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 41.9bn per end December 2022, reaching 29% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 62.2bn per end December 2022, reaching 42% of the FEAD.

Further improving asset quality throughout the diversification & growth journey

Evolution of impaired loans to customers



- Despite the strong growth and diversification of the loan portfolio, the impaired loans to customers remained globally stable over the last years and landed at EUR 2,026m per end of December 2022, while the asset quality ratio has improved since 2018 and further improved in 2022, to 1.82%.
- These key indicators continue to reflect not only the solid quality and the intrinsic resilience of the loan portfolio, but also the limited credit impact that the Covid-events and energy/inflation crises have had until now, and the effectiveness of the risk management policies and practices that Belfius has in place.

Zoom on cost of risk: IFRS 9 impairment methodology

IFRS 9 impairment methodology at Belfius applied since the start of Covid-19 and recent updates for risks related to energy, inflation and the Russia/Ukraine conflict

In the context of Covid-19, Belfius' basic principles for ECL computations have remained fundamentally unchanged, however some adjustments to the aforementioned approach were required in order to maintain an adequate coverage for potential risks. In order to factor the Covid-impacts into credit risk measurement and the cost of risk calculation, Belfius applies since 2020 a 4-pillar approach, according to a waterfall principle:

- **Pillar 1:** the provisions for stage 1 and 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions; calculations are based on a long-term average for all the relevant macroeconomic factors, with a backward and a forward looking part, using 4 scenarios (neutral, optimistic, pessimistic and stress);
- **Pillar 2:** if Belfius considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added;
- **Pillar 3:** if, additionally, expert analyses point to counterparts with a potentially increased credit risk, that were not detected by the mechanical approach and not yet classified 'as unlikely to pay', the provisions constituted could be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added;
- **Pillar 4:** for counterparts in a default status (stage 3), the regular impairment process is run and specific provisions are calculated and booked.

This approach is deemed to reflect the expected credit losses in a best estimate way, in order to maintain adequate coverage ratios on estimated credit-risk impaired exposures and to avoid cliff effects going forward.

In 2022, these adjustments remain in place and they continue to integrate the Covid-19 risks and were extended to the emerging risks related to the increased inflation, rising energy prices and the war in Ukraine:

- Expected credit loss calculations are based on a long-term average (2009 - 2022) for all the relevant macroeconomic factors, with a backward and a forward-looking approach. In 2022, the forecasts for 2023 - 2024 were added in this through-the-cycle approach.
- To calculate ECL, Belfius still defines four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. In 2022, the scenarios have been adapted to the somewhat more uncertain macroeconomic environment.
- The results of the portfolio analysis and monitoring processes with respect to the increased inflation, rising energy prices and the war in Ukraine gained in importance in the provisioning process.



Zoom on cost of risk:

Pillar 1: IFRS 9 macroeconomic scenarios

The higher uncertainties with respect to the economic perspectives for 2023 and 2024 are reflected in the updated macroeconomic factors used for stage 1&2 ECL calculations, combined with a higher weight on the more negative scenarios

While in the first half of 2022, the view on economic development was rather positive, the macroeconomic perspectives were adjusted downwards in the second half of the year. The outcome of the Russian Ukraine conflict remains highly unpredictable, both in terms of timing and consequences. Global economy is suffering from this uncertainty, as it is the case for Belgium.

Neutral scenario data

	2022	2023	2024
GDP (% y-o-y)			
Belgium	2.8	0.1	1.6
Eurozone	3.0	0.0	1.5
United States	1.6	1.0	1.2
CPI (% y-o-y)			
Belgium	10.4	6.1	3.0
Unemployment (%)			
Belgium	9.3	8.8	8.3
Eurozone	9.9	8.5	7.1

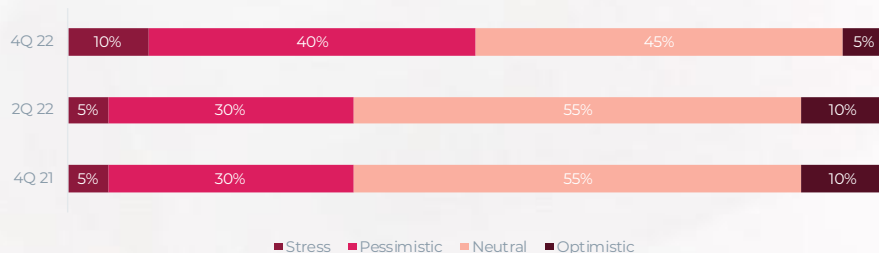
Transformation into a 4 scenarios approach

GDP Belgium values used in the ECL Calculation

	2022	2023	2024
Optimistic	3.4	0.7	2.2
Neutral	2.8	0.1	1.6
Pessimistic	1.7	-1.6	0.5
Stress	1.2	-1.6	-0.1

- Belfius' neutral scenario includes a Belgian GDP growth of 2.8% for 2022, followed by only a 0.1% growth rate in 2023. Under this neutral scenario, tension on the energy markets is expected to continue: energy prices are expected to remain volatile & relatively high throughout the projection period, high core inflation keeps impacting consumption levels, uncertainties and high costs have negative impact on business investment, reduced competitiveness and global slowdown weighs on exports.
- Inflation is very high in 2022 (10.4%) due to high energy and food prices and second-round effects. We expect energy prices to gradually decline in 2023, while core inflation is expected to remain high.
- The unemployment rate for 2022 in the neutral scenario has been revised upwards from 7.9% towards 9.3%, and is expected to remain at such higher level the upcoming years. As in 2020 and 2021, the 2022 unemployment figure still includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.
- The neutral case is completed with an optimistic, a pessimistic and a stress scenario.
- The scenario weights were changed by shifting the weight to the negative-oriented scenario's: pessimistic at 40% (versus 30% by end 2021), stress at 10% (versus 5% by end 2021), neutral at 45% (versus 55% by end 2021) and optimistic at 5% (versus 10% by end 2021).
- Consequently, a significant part of the 2022 provisioning is linked to the increase of the Pillar 1 (Macroeconomic Factors) of the Overlay. These macroeconomic factors and scenarios led to a FY 2022 cost of risk impact of EUR -68m.

Transformation into a 4 scenarios approach



Zoom on cost of risk

Pillars 2 and 3: Overlays for Vulnerable Exposures

Evolution of the Overlay for Vulnerable Exposures in a changing economic environment

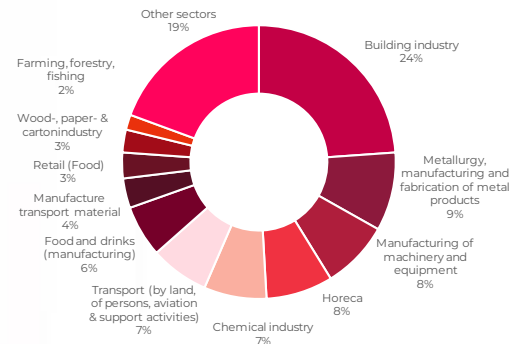
The pillar 1 mechanical calculations are complemented with expert Overlays. These Overlays are designed to result, overall, in best estimate total coverage of ECL in some specifically identified risk pockets of vulnerable exposures (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated (potentially) insufficiently covered by the mechanical provisions.

For Overlays linked to individual names identified as having a potential lower resilience for economic uncertainties, a line-by-line review was performed. This analysis allowed to remove files associated with positive evolutions such as recovery of financial results, strengthened shareholder support to the company or improved loss-at-default protection by detention of additional collateral.

These expert overlays are referred to as the “Overlay for Vulnerable Exposures”.

Overlay for Vulnerable Exposures E&E: exposures by sector

3.3% of total portfolio (FEAD), representing EUR 6.5bn¹



With respect to the Pillars 2 and 3, that cover for specifically identified risk pockets of Vulnerable Exposures, Belfius thoroughly reviewed and rebalanced these Overlays in 2022 by integrating the emerged risks related to energy and inflation and the Russia/Ukraine conflict, while reducing the importance of the Covid-19 impacts:

- The exposures on customers not presenting further increased risks due to Covid-19 have been removed from the Overlay;
- The exposures representing a residual impact linked to the Covid-19 pandemic and that are additionally hit by the new crisis effects are maintained;
- The exposures to customers that show a potential vulnerability to the new-crisis effects are added to the Overlay:

Individuals

The scope and its underlying drivers have shifted from an income-loss focus towards a cost and inflation focus (as for instance characterized by a high ratio energy cost / net available income & low savings buffer).

Entrepreneurs & Enterprises

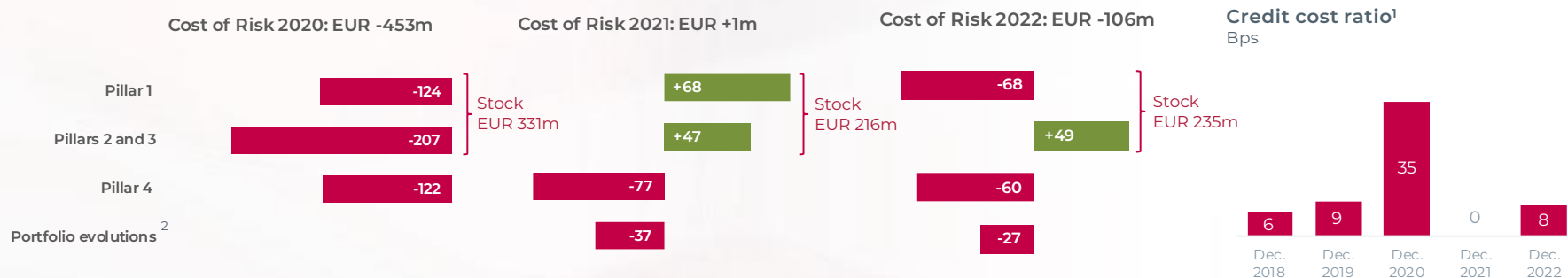
Demand shocks driven by Covid were gradually replaced by cost and supply shocks in the identification of the economic sectors that show a more than average vulnerability to uncertain economic environments. During the year, it became also clear that small businesses, in particular horeca, bakeries, retail trade, small construction-related companies, are suffering heavily from the energy and wage shock.

- These adjustments of Pillars 2 and 3 led overall to a net provision release of EUR 49m in 2022.

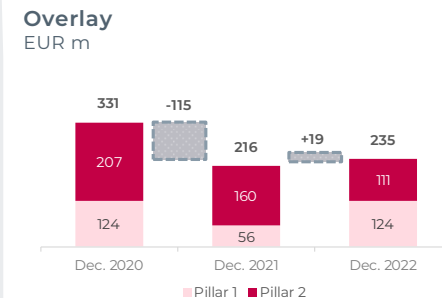
Zoom on cost of risk

Resulting cost of risk metrics 2022 (1/2)

The stock of provisions for Overlay for Economic Uncertainties (Pillar 1,2 and 3) increases towards a level of EUR 235m (vs. EUR 216m in 2021), composed of EUR 124m for macroeconomic factors on the one hand and EUR 111m for vulnerable exposures on the other hand



- In 2020, the application of the 4-pillar provisioning logic resulted in a cost of risk of EUR -453m, of which a Covid-19 driven overlay of EUR -331m was the most significant contributor, in particular to cover for potential credit risk impacts in the Business and Corporate segments.
- In 2021 a significant release of the Covid-19 buffer for an amount of EUR 115m was performed, mainly reflecting improving macroeconomic conditions and a re-assessment of the potential Covid-19 effects on the loan portfolio. This reversal of these provisions contributed to an overall cost of risk that was positive for an amount of EUR 1m.
- In 2022, the Cost of Risk amounts to EUR -106m, composed of:
 - EUR -68m allowances due to the update of the macroeconomic factors (Pillar 1);
 - EUR +49m reversals following the reassessment of the Overlay for vulnerable exposures (Pillar 2 and 3);
 - EUR -60m specific provisions for loans in default (Pillar 4);
 - and EUR -27m allowances linked to portfolio evolutions.
- It is to be recalled that stage 1 and 2 provisions constitute protection against expected credit losses on files that could enter into a default status or that could be downgraded. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, remains subject to uncertainty. If the macroeconomic environment improves to the extent that the anticipated transitions to default do not occur, part of these impairments should be reversed over time.

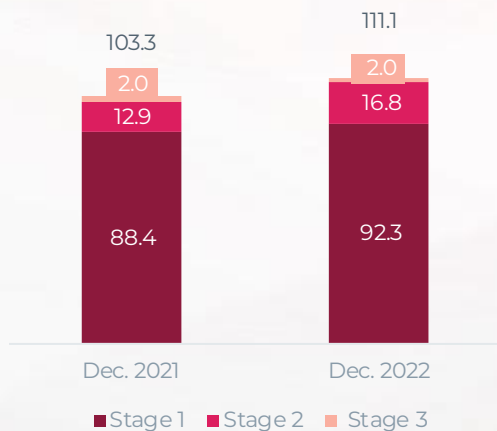


Zoom on cost of risk

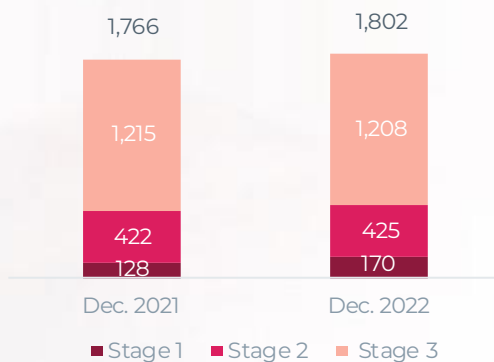
Resulting cost of risk metrics 2022 (2/2)

Continued sound asset quality metrics at end 2022

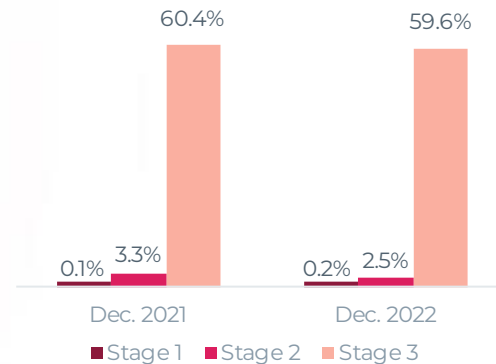
Gross outstanding loans to customers (Conso)
EUR bn



Stock of impairments on loans to customers (Conso)
EUR m



Coverage ratio
%



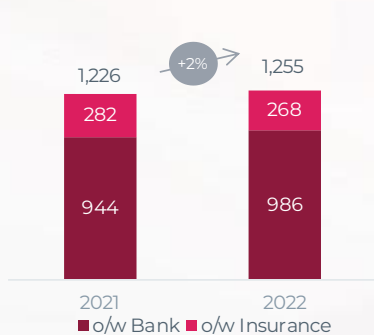
- The IFRS9 outstanding stock of impairments on loans to customers slightly increased with EUR 37m to EUR 1.8bn as of end 2022.
- The stock of stage 1 & 2 impairments increased from EUR 551m end 2021 to EUR 595m end 2022.
- The coverage ratio for stage 3 loans remains stable at around 60%.

Belfius continues to grow its profit capacity as a result of strong commercial dynamics, combined with disciplined risk & financial management

Group

Increasing NIBT

Net income before tax
EUR m

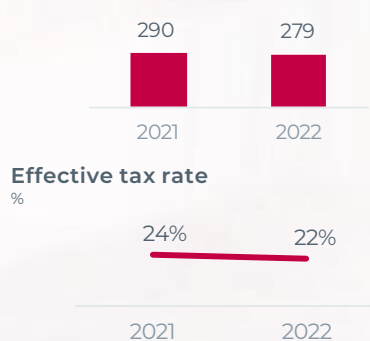


- Net income before tax amounts to EUR 1,255m in 2022, compared to EUR 1,226m in 2021, an increase of 2% thanks to strongly increasing pre-provision income, and despite continued credit risk buffering for macroeconomic uncertainties.

Group

Slightly lower tax expenses

Tax expenses
EUR m

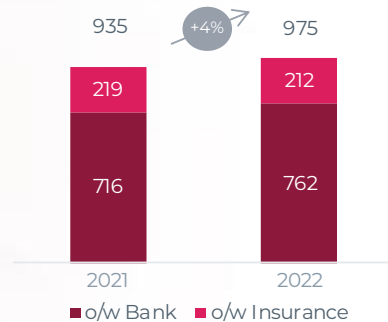


- Effective tax rate stands at 22% for FY 2022, slightly below statutory tax rate of 25% mainly thanks to (i) the benefit of the innovation deduction regime in line with our innovation investments, and (ii) higher non-taxable results in 2022 (e.g. higher dividend income, more realized capital gains on real estate projects, higher non-taxed profit in our Irish subsidiary because of recognition of formerly unrecognized deferred tax assets).

Group

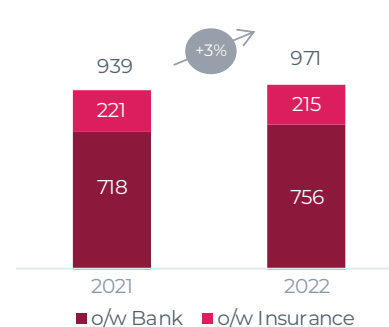
Increasing net income

Net income
EUR m



- Overall dynamics are leading to a net income of EUR 975m in 2022, up with EUR +40m compared to EUR 935m in 2021.
- Excluding special items (see appendix), adjusted net income of EUR 971m in 2022, compared to EUR 939m in 2021.

Adjusted net income
EUR m





4. Segment Results¹

Note: 1. Since FY 2021, Belfius' financial and commercial results are reported centered around two « commercial segments »: the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P). The group center ("Group Center", abbreviation GC), containing the residual results not allocated to the two commercial segments, completes the full scope picture. Please note that during 2022 a refinement of the segmentation occurred. This may implicate that there are some slight reclassifications between the three segments (IND, E&E&P and GC) compared to the published segmented FY 2021 figures.



4.1 Individuals

- **IND segment showing continued strong commercial momentum:**
 - outstanding loans to customers (+7%, to EUR 48.6bn) continued to grow especially for mortgage loans
 - customer savings & investments (-2%, to EUR 116.4bn): strong organic growth (EUR +4.7bn) since end 2021, however more than compensated by strong negative market effect (EUR -6.8bn)
 - continued decent performance in GWP non-life (+6% to EUR 628m in 2022), especially via bank distribution channel, combined with strong revival in life insurance production (+11% or EUR 1,816m in 2022)
- Strong growth in **net interest income of IND** to EUR 666m in 2022, increasing from its level of EUR 555m in 2021, especially thanks to improving margin on non maturing deposits
- Resilient **fee & commission income of IND** with +1% towards EUR 636m in 2022, showing the resilience of our Bank for investor strategy even in uncertain macroeconomic environment
- **Total insurance income IND** strongly increased towards EUR 447m in 2022, mainly driven by a strong increase of non-life insurance income with 18% (to EUR 204m in 2022) as well as an increase of 7% in life insurance income (to EUR 243m)
- **Operating expenses allocated to IND** increased by EUR 47m in 2022 compared to 2021 due to inflationary pressures and the increase in total human capital cost and investments in Technology and Brand in order to support the strong commercial dynamics.
- **Pre-provision income 2022 of IND stands at EUR 688m**, 22% higher than its level of EUR 562m in 2021, showing the continued strong commercial momentum
- **The cost of risk in IND amounts to EUR -36m (net allowance) in 2022** compared to EUR 17m (net reversal) in 2021
- As a result, **net income IND strongly increased to EUR 502m in 2022** (EUR 444m in 2021)

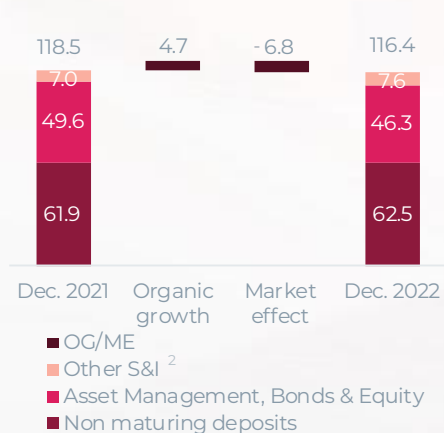
Strong commercial activity leads to further volume growth

Individuals

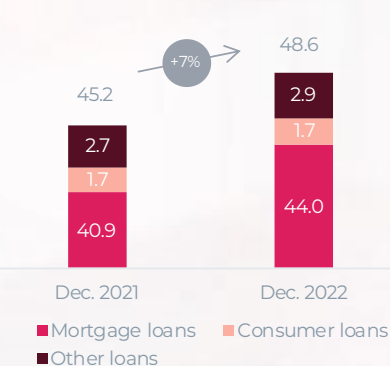
Bank

Solid growth in loans to customers supported by continued solid deposit base

Outstanding savings & investments EUR bn



Outstanding loans to customers EUR bn



Continued steady increase in active mobile users

Active mobile users x 1,000

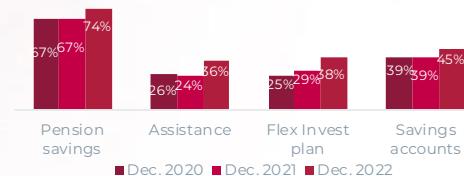


Credit cards



~44% of credit cards are sold through direct channels¹

Sales through direct channels¹ %



Customer equipment rate

3.14

Products per customer

- The individuals' savings & investments decreased towards EUR 116.4bn per end December 2022. This is the combined result of the strong organic growth (EUR +4.7bn) more than offset by strong negative market effect (EUR -6.8bn).
- Outstanding loans increased by EUR 3.4bn (+7%) compared to end 2021. The increase is mostly stemming from the growth in mortgage loans.

- Continued strong customer engagement resulting into steady increase of active mobile users (+5% vs. end 2021), with on average 38.5 mobile interactions per active user per month in 2022.
- Belfius continues to develop the functionalities of its direct channels. In 2022, 74% of the new pension savings contracts, 44% of the new credit cards and 45% of the new savings accounts were subscribed via direct channels.
- Average equipment rate of IND customers continued to increase towards 3.14 (compared to 3.11 end 2021).

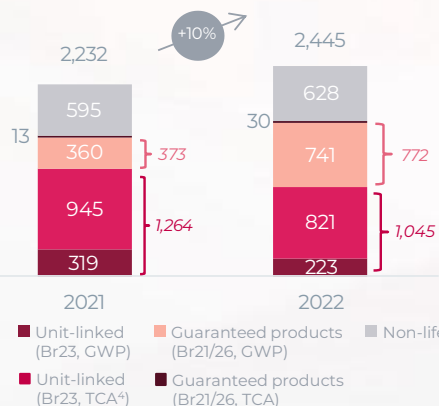
Bank-insurance strategy continues to support Belfius' insurance activities and their product mix transformation

Individuals

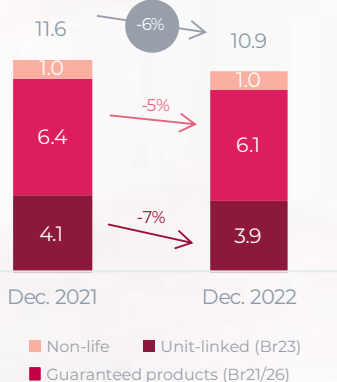
Group

Insurance sales boosted by strong life production in 2022

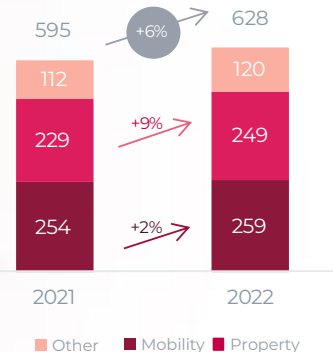
Insurance production
EUR m



Insurance reserves
EUR bn



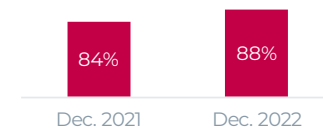
GWP IND Non-Life per type
EUR m



Continuously solid bank-insurance cross-sell

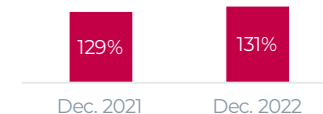
Property insurance

Belfius Home & Family cross-sell (%)



Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)³



- IND non-life insurance GWP in 2022 stands at EUR 628m, up 6% compared to 2021, continuously boosted by the bank distribution channel.
- IND life insurance (unit-linked and guaranteed) production stands at EUR 1,816m in 2022¹, up 11% compared to 2021², due to the strong revival in guaranteed life (Branch 21/26) production that more than doubled in size, partially offset by the decrease in unit-linked (Branch 23) production by 17% in 2022.
- Total IND insurance reserves stand at EUR 10.9bn per 2022, due to net outflows on Br21 in 1H 2022 and a negative market effect on Br23.
- Belfius continues to show solid mortgage loans related cross-sell ratios, confirming the strong bank-insurance development.

Very good performance of NII and strong resilience of fees

Individuals

Bank

Strongly improving net interest income

Net interest income

EUR m



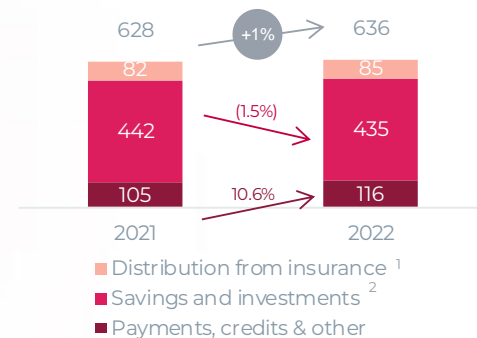
- Net interest income bank increasing by 20% (or EUR 111m) towards EUR 666m in 2022:
 - mainly driven by the rising interest rates on non maturing deposits
 - and decreasing hedge cost impact of historical prepayment waves on mortgages loans

Bank

Resilient fee and commission income

F&C income

EUR m



- Distribution from insurance¹
- Savings and investments²
- Payments, credits & other

- Resilient fee and commission income (+1%):
 - Higher F&C income from payments, credits & other driven by higher activity volumes in more valuable service packs.
 - Limiting the decrease in fees from savings & investments to 2%, showing the resilience of our Bank for investor strategy even in uncertain macroeconomic environment.

Increasing contribution from insurance activities, both in life and non-life. Growing total income, showing the continued success of Belfius' strategy

Individuals

Insurance

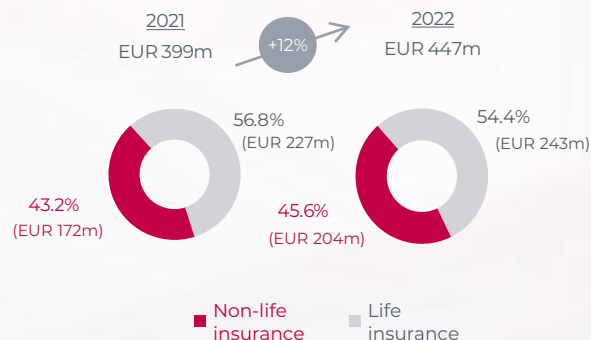
Group

Group

Increasing contribution from insurance

Insurance income

EUR m

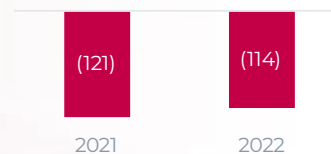


- IND life insurance contribution amounts to EUR 243m, up 7% compared to 2021, amongst others thanks to sound ALM management and also benefitting from a higher release of excess technical provisions
- IND non-life insurance contribution reached EUR 204m (+18% vs. 2021), thanks to continued portfolio growth

Other income impacted by bank levies

Other income

EUR m

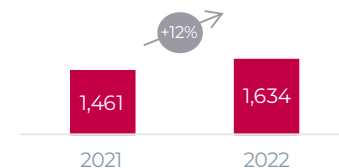


- Other income amounts to EUR -114m, slightly less negative than in 2021 (EUR +7m) mainly thanks to higher dividends received on structured bond activities and higher contribution from client flow management services executed in the Dealing Room.

Growing total income

Total income

EUR m



- Increasing revenues (+12%) showing the continued success of Belfius' IND strategy.



Increase in total costs for Individuals while continuing to improve C/I ratio. Strong net income for the Individuals segment

Individuals

Group

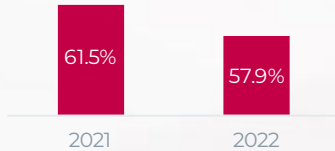
Increasing operating expenses but decreasing C/I ratio

Expenses
EUR m

bank branches



Cost-income ratio
%



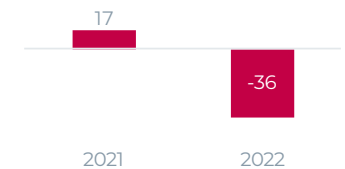
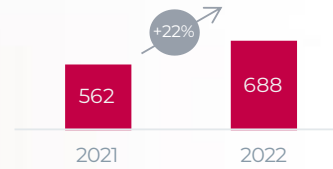
- Expenses increased by EUR 47m in 2022 compared to 2021 due to inflationary pressure & continued strategy execution leading to an increase in total human capital cost and investments in Technology and Brand.
- Belfius continues to gradually adjust its physical branch network, in line with customer behaviour and digitalisation trend.
- Thanks to our strong commercial dynamics that lead to increasing income, the cost-income ratio in the IND segment decreases further to 57.9% (from 61.5% in 2021).

Group

Growing pre-provision income, strong net income

Gross income
EUR m

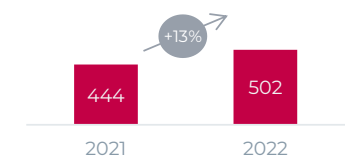
Cost of risk
EUR m



Credit cost ratio¹
Bps



Net income
EUR m



- High pre-provision income of EUR 688m (vs EUR 562m in 2021), increasing in line with growing IND franchise.
- Cost of risk allowance of EUR -36m in 2022 compared to the reversal of EUR 17m in 2021, leading to a credit cost ratio of 8 bps per 2022, mainly due to update of the macroeconomic factors and some stage 3 cost of risk in covering assets for life insurance reserves.
- Total net income of IND segment amounts to EUR 502m in 2022 (vs. EUR 444m in 2021).

4.2 Entrepreneurs, Enterprises & Public

- **Seeing the growth in its E&E&P segment, 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 (increasing to EUR 63.0bn): strong organic growth (EUR +3.6bn) since end 2021, partially compensated by negative market effect (EUR -1.6bn)
 - outstanding loans to customers (+7%, to EUR 61.2bn) continued to grow, especially in the E&E loan segment
 - continued momentum in Debt Capital Markets: Belfius remains Belgian DCM market leader within the Public and Social and E&E segment
- **Net interest income of E&E&P** amounts to EUR 920m, **growing** from its level of EUR 860m in 2021, mainly thanks to further growing loan volumes in the corporate & business segment and start of improving deposit margins in 2H 2022
- **Continued growing contribution of E&E&P fees and commissions** (EUR 131m in 2022 vs EUR 111m in 2021), mainly from F&C income growth on transaction banking
- **Slightly growing insurance contribution** towards EUR 117m (+3% vs. EUR 114m in 2021), especially in life insurance
- **Operating expenses allocated to E&E&P increased**, in line with overall evolution of costs, from EUR 428m in 2021 to EUR 471m in 2022
- **Pre-provision income 2022 of E&E&P stands at EUR 672m**, higher than its level of EUR 636m in 2021, showing sound combination of growing revenues & controlled cost evolution
- **The cost of risk in E&E&P amounts to EUR -80m (net allowance) in 2022**, compared to the net allowance of EUR -10m in 2021, in line with overall 2022 cost of risk dynamics
- **All-in-all leading to a net income in E&E&P segment of EUR 456m in 2022**, below its contribution in 2021 of EUR 484m, due to much higher CoR in 2022

Belfius continues to develop into a leading bank for Business & Corporates, and remains leading full service provider in the Public & Social segment

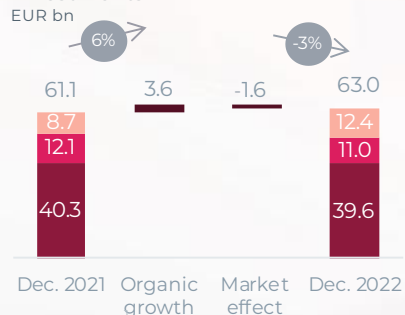
E&E&P

Group

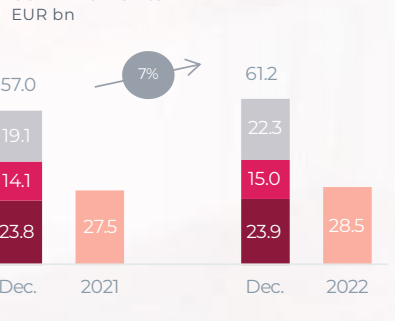
Bank

Stable savings & investments and growing loans & commitments to customers

Outstanding savings & investments



Outstanding loans and commitments

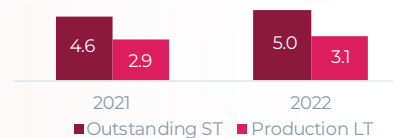


- OG/ME
- Other S&I
- Asset Management, Bonds & Equity
- Non maturing deposits
- Off-balance sheet
- On-balance sheet Corporate Banking (CB)
- On-balance sheet Business Banking (BB)
- On-balance sheet Public & Social Banking (PSB)

Debt and Equity Capital Markets activities

DCM activity and participation rate

EUR bn; %



Equity Capital Markets (ECM)

14 Transactions in 2022

- Our commercial franchise continues to tend towards full-blown lead bank for Belgian business and corporate clients and remains the reference for the Public & Social segment:
 - total customer balances amounted to EUR 63.0bn, an increase of 3% compared to end 2021, the organic growth (EUR +3.6bn) more than offsetting the negative market effect of EUR 1.6bn
 - the outstanding loans increased with 7% compared to end 2021, especially driven by Corporate Banking

- E&E&P clients maintain diversified financing profiles through DCM activity
 - during 2022, Belfius has placed a total of EUR 5.0bn short term notes (average outstanding CP) and EUR 3.1bn long term notes for PSB and CB customers confirming its leadership position in the Belgian market
- Belfius also structured and placed a total of 14 capital market transactions within ECM for various CB clients in close cooperation with Kepler Cheuvreux with whom Belfius entered into a strategic partnership in November 2017 (renewed in February 2023 for another 5 years).

Growing NII thanks to diversified growth of the loan book, alongside continued growth in F&C income

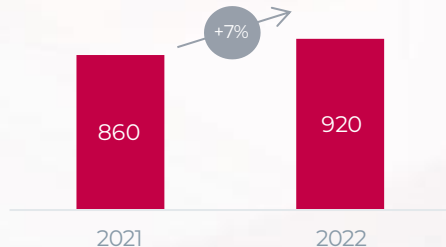
E&E&P

Bank

Strong growth in net interest income

Net interest income

EUR m



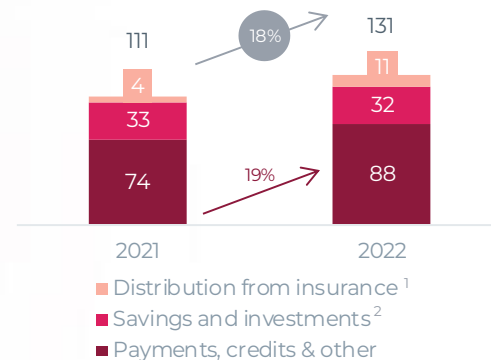
- Increasing bank NII for E&E&P to EUR 920m, mainly thanks to further growing loan volumes in the corporate & business segment, start of improving margins on deposits in 2H 2022 and continued benign funding cost benefitting from the TLTRO III advantage until November 2022. NII 2022 negatively impacted by a contract change within our subsidiary Belfius Auto Lease after which the revenues, that in 2021 were recorded in NII, are from 2022 onwards recorded in other income.

Bank

Strong increase in fees & commissions income

F&C income

EUR m



- Increase in total fee & commission income in the E&E&P segment of 18%, mainly thanks to the increase (+19% vs 2021) in payments (higher transaction and volumes and more valuable payment service packages).



E&E&P is showing strong growth of 7% in total income

E&E&P

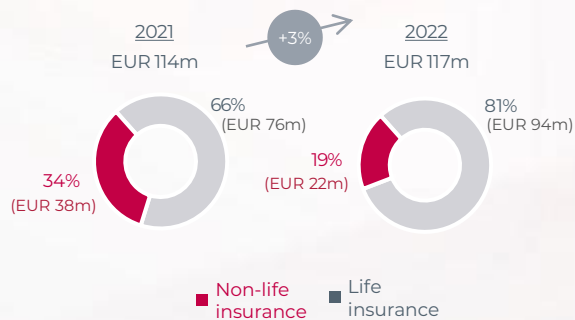
Group

Insurance

insurance income growing with 3%

Insurance income

EUR m



Slight decrease in other income

Other income

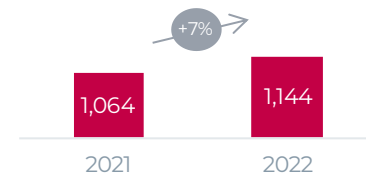
EUR m



Increasing total income

Total income

EUR m



- E&E&P insurance results evolving positive in 2022 with a 3% increase compared to 2021
 - life insurance results evolving positive in 2022 (EUR 94m vs EUR 76m in 2021), impacted by the partial release of the life reserves partially offset by negative FVTPL on (non SPPI) covering assets due to challenging financial markets in 2022.
 - Non-life results are down by EUR 16m compared to 2021 and amount to EUR 22m in 2022, especially due to inflation impact on previous years claims in the workers' compensation line.

- Other income decreasing with EUR 3m compared to last year, due to some less favorable impacts from financial markets on E&E&P client flow business services in the dealing room.

- Strong NII & F&C income lead to increasing E&E&P total income, to EUR 1,144m in 2022.

Inflationary headwinds and increasing operating expenses lead to slightly higher C/I ratio, but gross income remains strong with increase of 6%

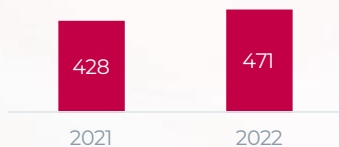
E&E&P

Group

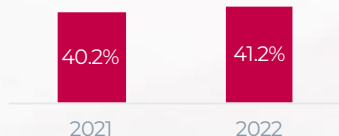
Group

Increasing expenses

Expenses
EUR m

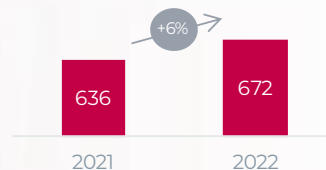


Cost-income ratio



Strong pre-provision income offset by CoR allowance of EUR 80m

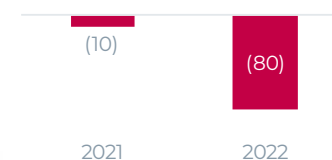
Gross income
EUR m



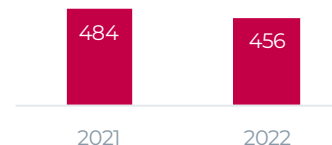
Credit cost ratio¹
Bps



Cost of risk
EUR m



Net income
EUR m



- Also for E&E&P segment an increase in operating expenses is noted, with an increase of EUR 42m towards EUR 471m in 2022.
- Cost-income ratio of E&E&P (41.2%) slightly increases vs 2021 (40.2%).

- Overall, pre-provision income E&E&P shows an increase of 6% towards EUR 672m in 2022.
- Cost of risk allowance of EUR 80m in 2022. With a credit cost ratio of 13 bps in 2022, this is still below estimated structural cost of risk for E&E&P.
- Overall, the net income of E&E&P stands at EUR 456m in 2022 (compared to EUR 484m in 2021).



4.3 Group Center

- **GC total income amounted to EUR 204m in 2022**, EUR 26m higher than last year, mainly thanks to higher other income, which is positively impacted by better trading & hedge results and lower prepayment loss-related provision in line with higher rates, partially offset by higher bank levies and lower NII (increasing excess liquidity to be invested at negative deposit facility rate)
- **Pre-provision income GC** stood at EUR 2m in 2022 (vs EUR 28m in 2021)
- **The cost of risk GC** stands at EUR +10m in 2022 (reversal), compared to EUR -6m (allowance) in 2021, thanks to benign impact on provisions on run-off portfolios from the extension of credit protection contracts on some utility & infrastructure bonds
- Overall, **GC net income** increases with EUR 10m compared to 2021, and amounts to EUR 16m in 2022
- The run-off portfolios continue their gradual (natural) run-off, accompanied by some opportunistic derisking actions (unwinds or novations or derivate extensions of guarantees)

Reminder – summary overview of Belfius' Group Center

Belfius' Group Center (notional amounts as of 31 December 2022)

Bond portfolio		Derivatives and guarantees	Other GC activities
ALM Liquidity	Run-off ALM Yield	Run-off portfolio	
<ul style="list-style-type: none"> LCR eligible bonds (EUR 7.1bn) 	<ul style="list-style-type: none"> Non-LCR eligible bonds (EUR 3.1bn) Bought credit protection for some ALM yield bonds 	<ul style="list-style-type: none"> Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 6.2bn) Non-collateralized derivatives with international counterparts (notional of EUR 1.9bn) Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 2.0bn) 	<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
<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 	<ul style="list-style-type: none"> Bond portfolio historically used to manage excess liquidity Mainly high quality bonds of international issuers with a ~19 years residual duration Managed in natural run-off and standard credit risk management 	<ul style="list-style-type: none"> Originates from former competence center for derivatives within the Dexia Group Derivatives and credit guarantees managed in natural run-off and standard risk management 	

Run-off portfolios



Evolution of GC portfolios

ALM Liquidity

ALM Liquidity bond portfolio

Notional value¹
EUR bn



Average Rating

A- A-

Expected average life (years)

7.8 7.5

Investment grade (%)

100% 100%

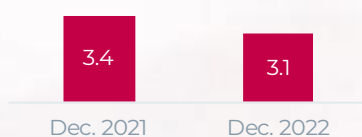
Credit regulatory risk exposures (EUR bn)

2.1 1.9

Run-off portfolios

ALM Yield bond portfolio

Notional value
EUR bn



A⁻¹ A⁻¹

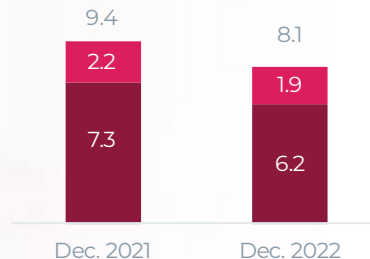
19.1 19.0

96% 95%

4.4 2.3

IR Derivatives

Notional value³
EUR bn



■ Derivatives - other
■ Derivatives - dexia

BBB BBB+

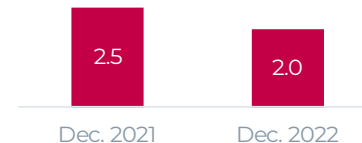
11.9³ 11.1³

94% 97%

0.9 0.4

Credit guarantees

Notional value
EUR bn



BBB+ A⁻²

10.0 11.9

97% 94%

1.4 1.0

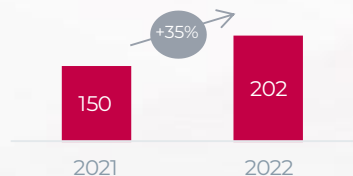
Net income GC improves in 2022, despite difficult financial markets, mainly driven by less negative other income thanks to strict credits spread hedging & positive impact from higher interest rates

Increasing total income

Income
EUR m



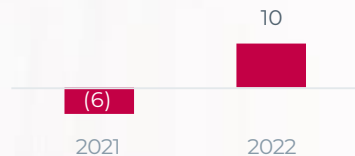
Expenses
EUR m



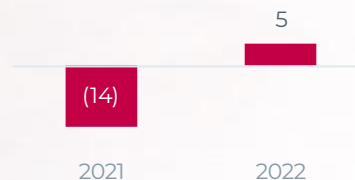
- GC income amounted to EUR 204m, due to less negative other income (mainly better trading & hedge results, and lower prepayment loss-related provision in line with higher rates) partially offset by lower NII (more excess liquidity invested at negative deposit facility rate) and higher bank levies.

Allowance in CoR

Cost of risk
EUR m



Tax expenses
EUR m



- Net reversal in cost of risk of EUR +10m in 2021, compared to EUR -6m allowance in 2021, related to the extension of credit protection contracts on certain utility and infrastructure bonds.
- GC tax amounted to a positive tax income of EUR 5m in 2022 compared to a tax expense of EUR -14m in 2021.

Net income better than last year

Net income
EUR m



Adjusted net income
EUR m



- All in all, GC net income slightly increased compared to last year and stood at EUR 16m in 2022 compared to EUR 6m in 2021.
- Delta with adjusted net income 2021 stemming from impact of restructuring (see Annex slide 65)

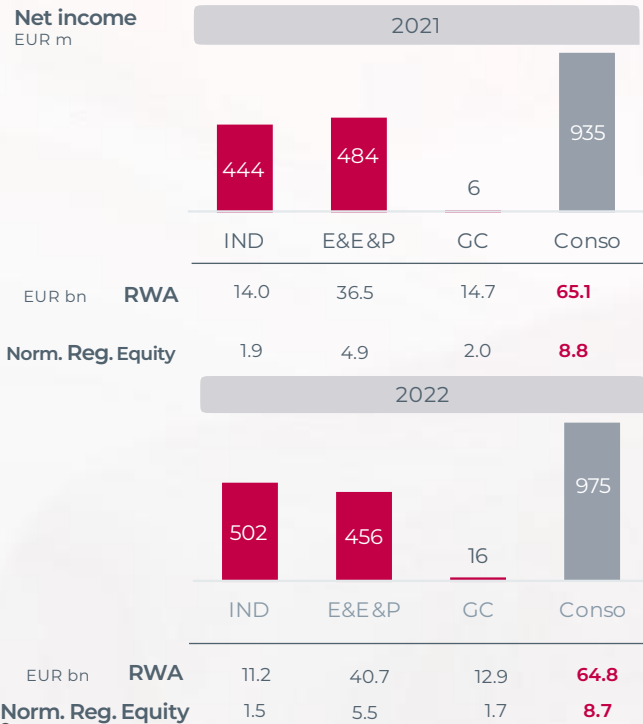


4.4 Return on Equity

- Belfius' strategy is based on the **development of a strong and diversified commercial franchise that is to be supported by solid risk and financial profile foundations**, a strategy continuously relevant also in current multi-dimensional economic uncertainties environment
- This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in sustainable business model developments, on the basis of solid solvency foundations
- The relevant diversified strategy has materialised in a solid RoE in 2022. **The RoE of Belfius continues to show resilience in current environment, with 4 quarters trailing ROE at 9.1%**, against 9.2% in 2021. For IND, the RoNRE stands at 30.3% in 2022 compared to 23.3% in 2021, whereas the RoNRE for E&E&P stands at 8.8% in 2022 compared to 10.6% in 2021. **Overall RoNRE remains for the second year in a row above the 10% mark, moving from 11.0% in 2021 to 11.2% in 2022**

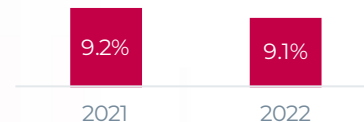
The RoE continues to show resilience in current environment

Strong commercial growth & regulatory changes have driven RWA evolution during the year, leading to a RWA of EUR 64.8bn

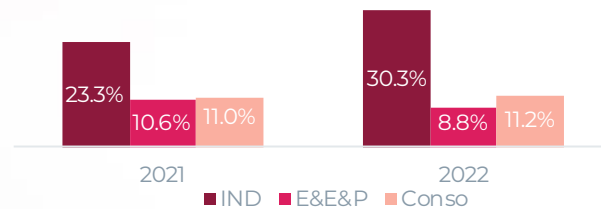


Resilient RoE and RoNRE on conso and segment level

Return on Equity at group level¹



Return on Normative Regulatory Equity²



Note 1. RoE calculation method: sum of the net result of the last 4 quarters divided by the 4 quarter rolling average of the Shareholders' Equity. 2. New RoNRE calculation method as of 2022, pro forma applied for 2021 figures. Return on average normative regulatory equity based on last 4 quarters net income divided by last 5 quarters rolling average RWA*13.5%



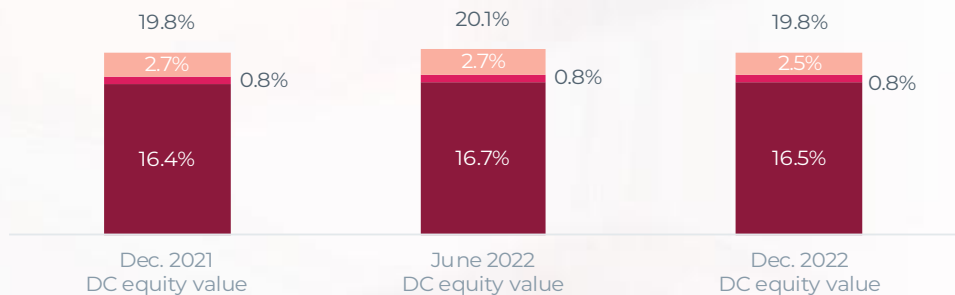
5. Financial solidity

5. Financial solidity

- Even with a strategy to continue to put our capital at work to support our commercial dynamics and to be Meaningful and Inspiring for the Belgian Society, Belfius continues to **show resilient solvency metrics**:
 - CET1 ratio of 16.5% as of end 2022, up 17 bps compared to end December 2021. This as a result of the decrease in risk weighted assets to EUR 64.8bn (mainly thanks to the prudential relaxation on Belgian residential mortgage loans) and a small increase in prudential CET 1 capital
 - continued solid leverage ratio of 6.26%, from June 2022 onwards excluding the formerly allowed adjustment for certain exposures to Central Banks (FY 2021 leverage ratio of 7.13% and pro forma for this change 5.93%)
- **This solid capital base still compares well to Belfius' minimum SREP level** and internally defined minimum operational zone
 - minimum CET1 supervisory requirement amounts to 10.05% applicable end 2022. The higher CET1 supervisory requirement compared to end 2021 follows the new Pillar 2 Requirement (P2R) of 2.13% applicable as from 1 March 2022 onwards, and the new Sectoral Systemic Risk buffer of 0.30% (in replacement of the former NBB macroprudential add-on on Belgian residential mortgages) as from May 2022 onwards
- **Insurance activities also show continued solid solvency metrics**, with Solvency II ratio of 193% end 2022 (up from 190% end 2021)
- Continued strong liquidity and funding profile
 - LCR of 173% and NSFR of 135%
 - liquid asset buffer as of end 2022 representing 5 times next year wholesale refinancing needs
 - loan to deposit ratio (for commercial balance sheet) slightly increased from 85% at end December 2021 to 87% per end December 2022
- Asset quality still sound and still containing our current applicable best estimate “ex-ante provisioning” of expected losses due to the effects of the multi-dimensional uncertainties:
 - Belfius increased its LLP for loans to customers from EUR 1,766m end 2021 to EUR 1,802m end 2022
 - Overall, we note an improvement in the asset quality ratio to 1.82% per end 2022 and only a small increase in loan loss provisions. Slightly lower stage 3 provisions and rather stable NPL translate into a coverage ratio of 59.6% as per end December 2022 (vs. 60.4% as per end December 2021)

Belfius continues to show solid capital and leverage ratios

CET1, Tier 1 and Total capital ratio¹

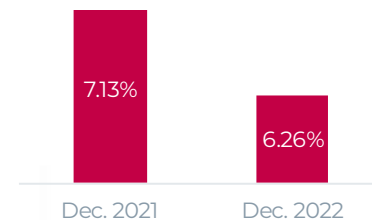


EURm

	Dec. 2021	June 2022	Dec. 2022
CET 1	10,658	10,527	10,722
Tier 1	11,155	11,024	11,219
CAD	12,907	12,721	12,851
RWA	65,095	63,160	64,796

- CET1 ratio stood at 16.5%, up 17 bps compared to end 2021 as a result of the decrease in risk weighted assets to EUR 64.8bn (EUR -299m) and a slightly higher CET1 capital (EUR +64m)
- Total Capital ratio stood at 19.8%
- Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value instead of book value in the consolidated accounts

Leverage ratio²



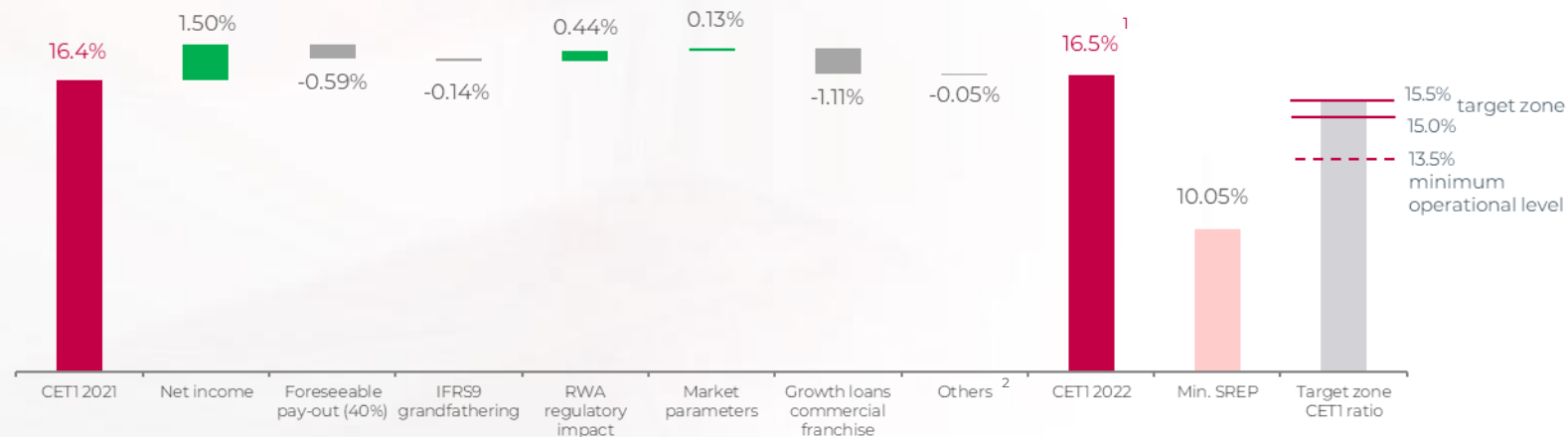
- Leverage ratio stood at 6.26%, down from 7.13%³ as per December 2021.
- The decrease is the result of positive effects (+4 bps) from the higher level of Tier 1 capital, offset by the negative effect (-91 bps) from the increased total leverage exposure measure, due to the end of the temporary regulatory measure to exclude certain Central Bank exposures from the total leverage exposure measure as well as higher volumes of loans to corporates and mortgage loans, partially offset by a decrease in derivatives exposures and add-ons.

Note: 1. Regulatory ratios at Belfius Bank consolidated level using the Danish compromise. For the determination of the Common Equity Tier 1 capital: the regulatory authority requires Belfius to apply a risk weighting of 370% on the equity instruments held by Belfius Bank in Belfius Insurance after deduction of goodwill.; 2. Based on the prudential consolidation perimeter, where Belfius Insurance is considered as an external party (hence not consolidated); 3. Note that the allowed Covid-19 relief measure, to exclude part of the exposures to Central Banks, expired on 1 April 2022. The leverage ratio at 31 December 2021 without this relief measure amounted to 5.93%.

Continued solid CET 1 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

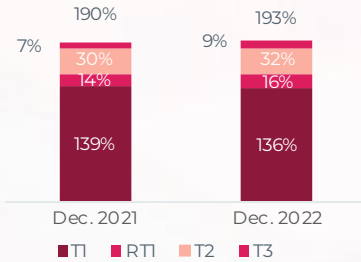


- CET1 ratio of 16.55% as of end December 2022, +17 bps compared to end 2021
- The increase over 2022 is mainly the result of higher CET1 (+64m) and lower regulatory risk exposures (-299m)
- The minimum SREP of 10.05% has increased compared to 9.63% as of end 2021 due to : (i) increase of our P2R from 2% to 2.13% from March 2022 onwards and (ii) the new Sectoral Systemic Risk buffer of 0.30% (in replacement of the former NBB macroprudential add-on on residential mortgages) and (iii) the slight increase of Countercyclical Buffer of 0.05%.

Belfius Insurance continues to display solid solvency metrics

Insurance

Strong and high quality solvency levels

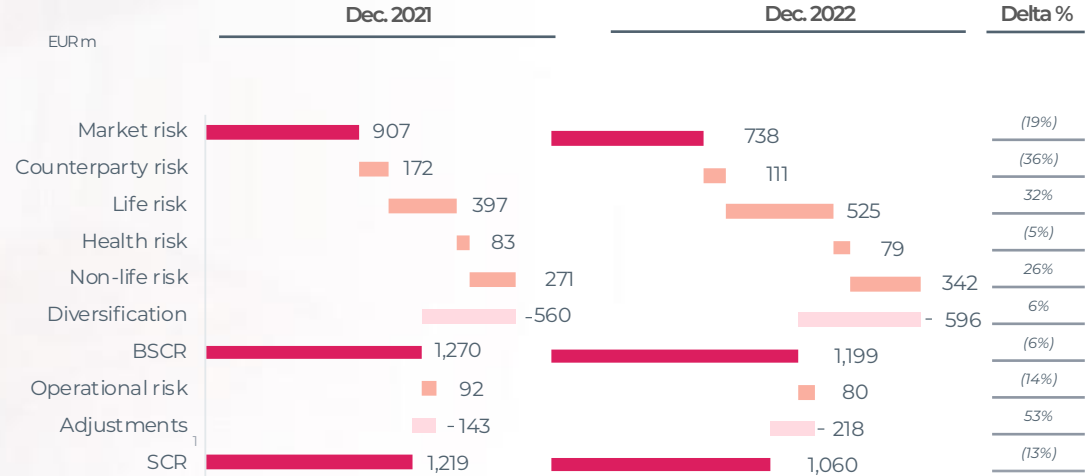


In EURm

Tier 1	1,700	1,444
Restricted Tier 1	170	171
Tier 2	364	336
Tier 3	80	92
AFR	2,314	2,043
SCR	1,219	1,060

Insurance

Decomposition of Solvency Capital Requirement

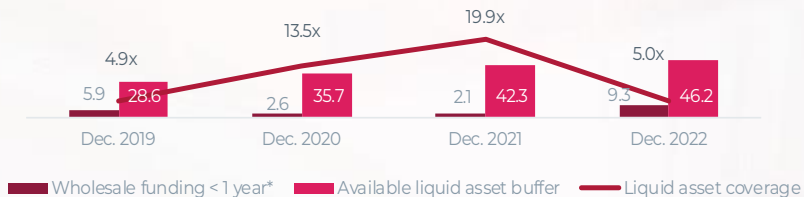


- Compared to end 2021, the regulatory own funds have decreased by EUR 271 million, after a foreseeable dividend of EUR 126 million, mainly due to the high inflation and the poor performance of the equity markets in 2022 which was partially offset by the increase of rates and several management actions.
- The required capital amounted to EUR 1,060m at the end of December 2022, which is EUR 159m lower compared to end 2021. Market risk dropped given the poor performance of the equity markets, but remains the main contributor to the required capital due to spread and equity risk. The SCR linked to interest rate risk is rather limited thanks to ALM management, targeting a limited global duration mismatch between assets and liabilities. The insurance risk increased during the year 2022 mainly due to the high inflation and cost assumption review.

Belfius Bank continues to display strong liquidity stance

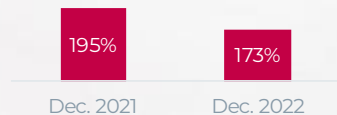
Exceptional refinancing need coverage

EUR bn



* Strong increase in ST wholesale funding as a result of short term credit rating upgrade of S&P in December 2021, opening up a larger scope of eligible and willing investors in Belfius CP/CD programs in anticipation of maturing ECB-funding (TLTRO)

LCR¹

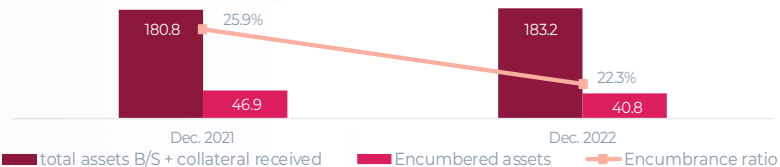


NSFR²



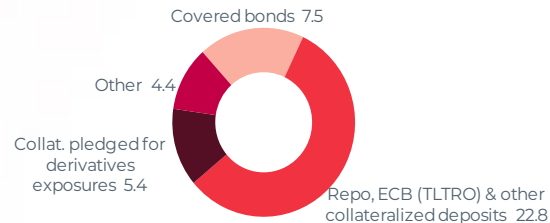
Encumbered assets³

EUR bn



Detail of the encumbered assets

EUR bn

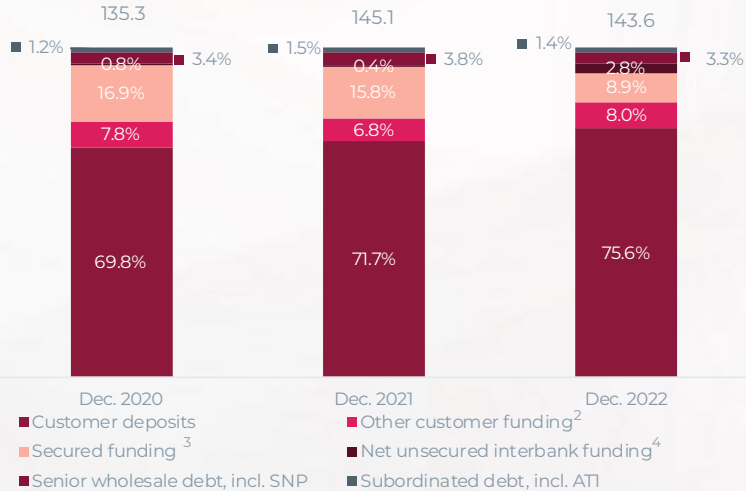


Belfius Bank has a resilient funding base, driven by significant contribution from our customers

Bank

Funding sources¹

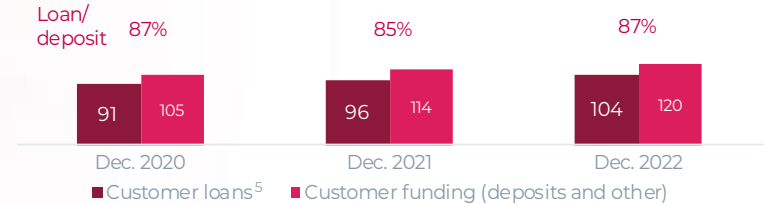
EURbn



Bank

Loans to customers, customer funding and loan to deposit ratio

EURbn

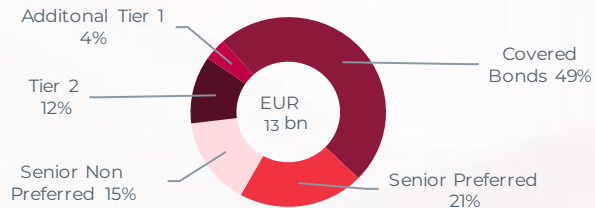


Belfius continues its diversified funding strategy

Group

MLT wholesale funding strategy

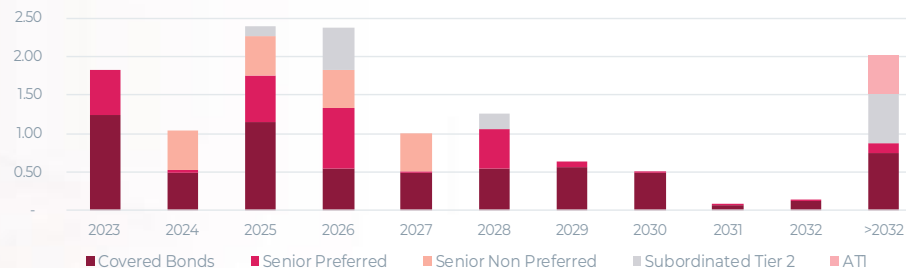
As of Dec. 2022



Group

Redemption profile MLT wholesale funding per end of December 2022

EUR bn

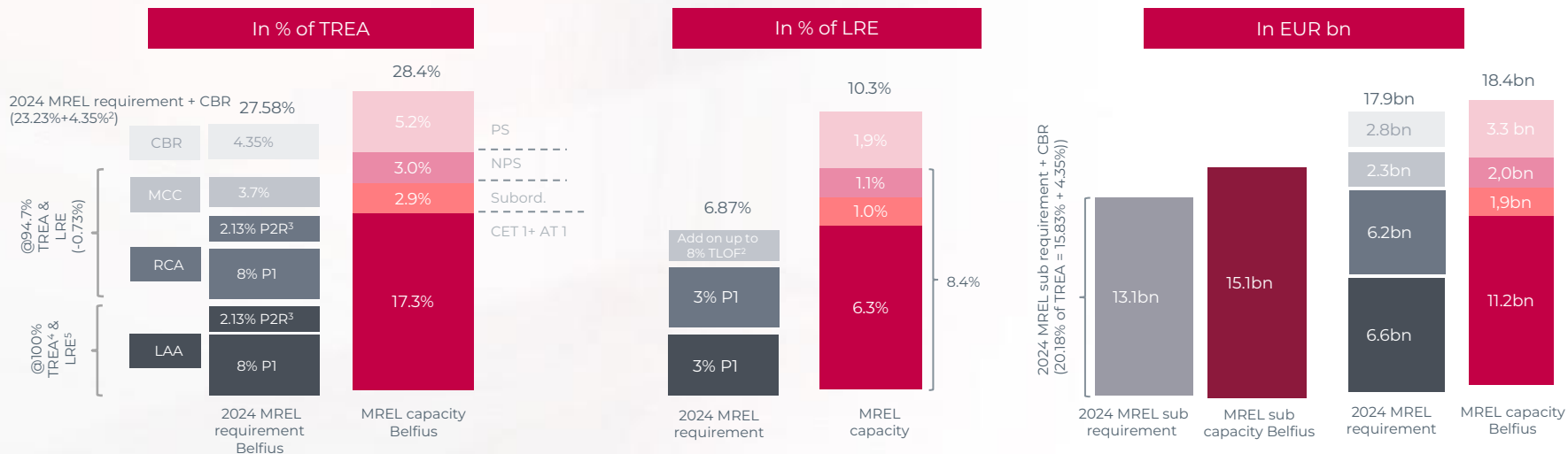


- Belfius continues to focus on diversification of funding sources and investor base. A large range of instruments have been issued: Mortgage Covered Bonds, Public Covered Bonds, Preferred Senior, Non Preferred Senior and Tier 2 bonds, AT1 instrument, Tier 2 bonds.
- In January 2023, Belfius issued EUR 500 million of Tier 2 notes with a maturity in April 2033 and a call date in 2028. In February 2023, Belfius issued EUR 500 million of Belgian Mortgage Pandbrieven with a 4-year maturity.

- Over the coming 3 years, approximately EUR 5.3bn wholesale funding comes to maturity.
- Belfius' funding needs are in line with the redemptions, however the amounts and type of instruments can be adapted to general evolutions within the banking environment and regulatory requirements.
- Wholesale issuances will be focused on MREL compliance and liquidity management after TLTRO redemption.

SRB MREL requirement for Belfius

SRB methodology and formal requirement compared to Belfius' compliance¹



- On 22 December 2022, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement 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 23.23% of Total Risk Exposure Amount (TREA) and 6.87% of Leverage Ratio Exposure (LRE).
- Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB also determined an intermediate target of 22.37% of TREA and 6.84% of LRE which had to be met by 1 January 2022.
- The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.83% of TREA and 6.87% of LRE by means of subordinated MREL. Belfius Bank must comply with this subordination requirement by 1 January 2024, subject to an intermediate target of 15.25% of TREA and 6.84% of LRE by 1 January 2022.
- Belfius already meets its target BRRD2 MREL requirements end 2022. Indeed, expressed in TREA, Belfius MREL equaling EUR 18.4 billion amounts to 28.4% to be compared with 27.58% for the 2024 final binding target (including current CBR of 4.35%).
- In the same way, Belfius MREL sub of EUR 15.1 billion amounts to 23.2% of TREA to be compared with 20.18% for the 2024 final binding target (based on 8% TLOF⁶, CBR included). Expressed in LRE, Belfius MREL sub of 8.4% stands well in excess of 6.87% MREL 2024 final requirement.

Overall, Belfius' loan loss provision (on loans to customers) only slightly increased, AQR & coverage ratio slightly improved

IFRS 9 Credit risk impairments

Loan Loss Provision (Loans to customers)

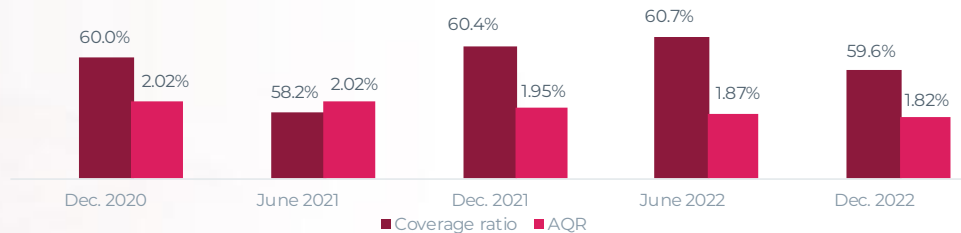
EUR m

	Dec. 2020	June 2021	Dec. 2021	June 2022	Dec. 2022
Stage 1	134	121	128	141	170
Stage 2	495	462	422	367	425
Stage 3	1,199	1,183	1,215	1,225	1,208
Total LLP	1,828	1,766	1,766	1,734	1,802
Impaired loans	1,997	2,032	2,012	2,018	2,026
Gross outstanding	98,640	100,638	103,306	108,172	111,146

Asset quality ratio and coverage ratio

Asset quality ratio¹ and coverage ratio²

%

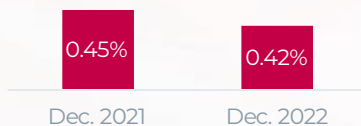


- The asset quality of Belfius' portfolio was not fundamentally impacted by the successive crises (Covid-19, followed by energy/inflation), showing the strong resilience of the loan portfolio:
 - LLP increased slightly from EUR 1,766m end 2021 to EUR 1,802m end 2022.
 - As of end 2022, and compared to end 2021, the loan loss provisions are decreasing in stage 3, with a slight increase in stage 1 and 2. Stage 3 coverage ratio remains stable around 60%.
 - Increasing gross outstanding loans combined with rather stable impaired loans lead to decrease of AQR to 1.82%.
- We refer to the specific zoom on cost of risk at the beginning of this presentation.

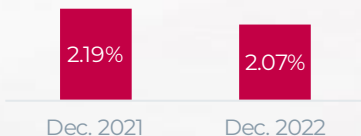
Growing loan portfolio combined with still historically low inflow of non performing loans, continue to lead to overall stable to improving asset quality ratios

Asset quality ratio¹ per segment

IND
%

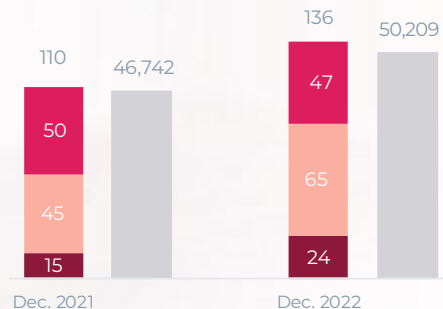


E&E&P
%

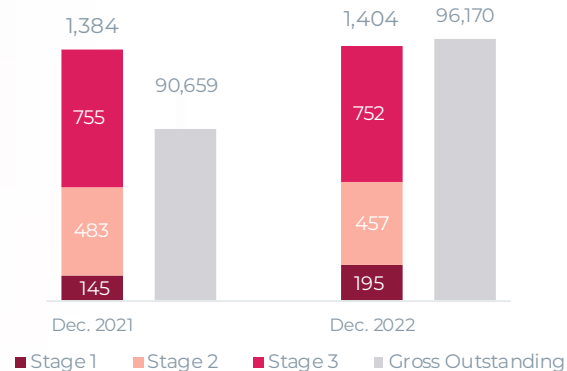


Impairments² and gross outstandings³ per segment

Loans from Individuals segment (FEAD)
EUR m



Loans from E&E&P segment (FEAD)
EUR m



■ Stage 1 ■ Stage 2 ■ Stage 3 ■ Gross outstanding

■ Stage 1 ■ Stage 2 ■ Stage 3 ■ Gross Outstanding

- Asset quality ratio is improving for both the IND and the E&E&P segment.



6. ESG at Belfius



“Meaningful & Inspiring for Belgian society. Together.”
Sustainability is inherent to our purpose, ...

Accelerate Climate transition

395,000

solar panels on social dwellings in Flanders, through financing of Aster project

BACA / SBTi

Commitment to reduce carbon emissions in line with Paris Agreements and climate science

Sustainable mobility

71% of new orders for leasing cars at Belfius Auto Lease are Electric or (Plug-in + CNG/LPG) Hybrid

Generate positive impact on society

~ 169,000

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

#1

in financing of municipalities, cities, hospitals & care sector

#1

Award for Belfius Phone Banking by the senior citizen organization OKRA

Operate in an authentic and engaged way

40.3%

women in management

ESG criteria

included in all management contracts for variable remuneration

Remote work

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



...and consistently present in our offerings and solutions

Funds of the Future

Enable **meaningful** investing
(all these funds are SFDR art 8 or 9)

Align with **Sustainable
Development Goals**

Re=Bel

Make investing, **with a
cause**, accessible to all

> 75% of invested amounts
are compliant with
Transition Acceleration Policy¹

Sustainable insurances

**Encourage sustainable
choices & behaviours**
via products, services & conditions
both in mobility & housing

Decavi Award 2022
for Belfius' **Bike Insurance**

Smart Building & Renovation Solutions

A unique **all-in solution**
for building or renovation

Combining Belfius expertise
with specialized partners

New variant for **energy renovation**
launched in 2022

Majority stake in Cenenergy

Belgian Scale-up providing
safe and clever **electric charging
infrastructure** solutions

Reinforcing Belfius'
sustainable **mobility offering**

Ambition loans & lease

Investment loan and lease solutions
to **finance projects with positive
environmental and climate targets**

More than 30 targets predefined by Belfius
in 4 key domains: real estate, mobility,
energy and water & waste management



Belfius accelerates the transition towards a sustainable society together with its customers

Walk the talk

Do what we say, to limit our own negative impact and be credible in front of our customers

In own operations & logistics

from reducing emissions of own buildings & mobility to more sustainable procurement & IT

In own HR & reward policies

from our best in class diversity, equitable opportunities and inclusion approach to integrating sustainability targets into remuneration

In own investments

applying our sustainable Transition Acceleration Policies in our own investment portfolio

Put the customer in the driver's seat

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

Distinctive solutions to accompany our customers in their transition

Meaningful investments, loans & infrastructure financing and insurance policies encouraging sustainable behavior

An active ESG dialogue & advice

Active conversations about ambitions & challenges
Creating awareness and educating on ESG in a non-prescriptive way, using engaging language of inclusion

Belfius' ESG commitments towards 2025

Accelerate
Climate transition

Compensate the carbon footprint of our own operations, continuously working to reduce these emissions

Go for **100% green electricity**

No financing of **coal extraction**

Generate positive
impact on society

Support Belgian society through **Belgian charities** year after year

Privacy & data protection of our customers always prevail

Operate in an authentic
and engaged way

Give **women** all opportunities and ensure **equal pay**

+

Aim for a 100% **meaningful investment** offer

+

Absolute priority to **future-proof infrastructure** for Belgian society



7. Key takeaways



8. Key takeaways

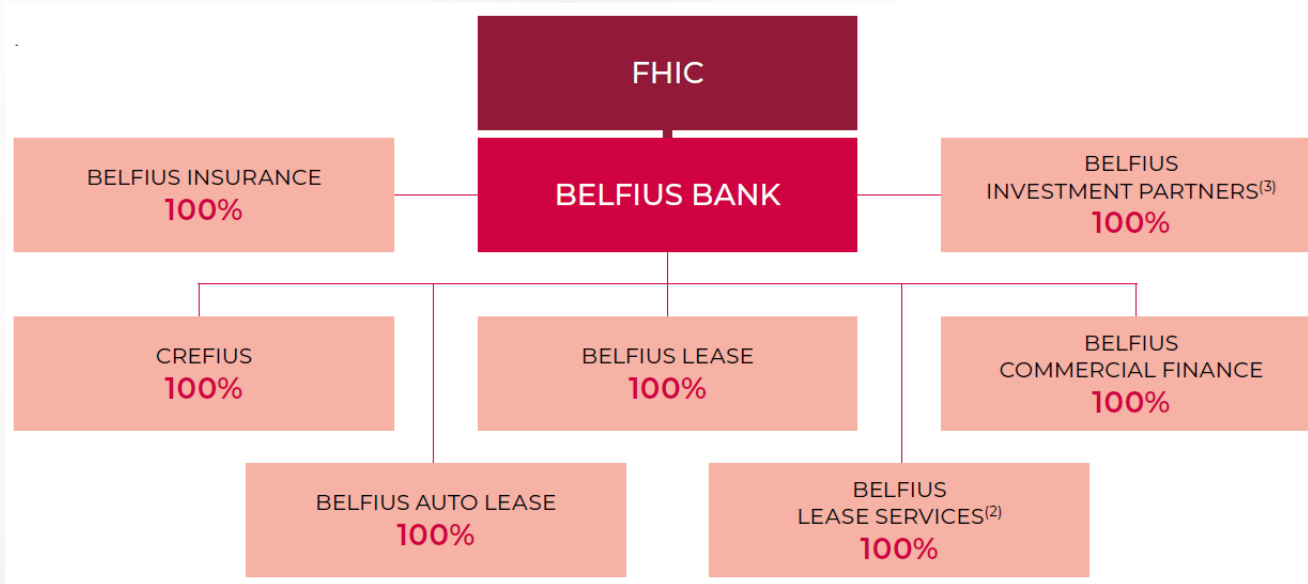
- **Belfius' net income 2022 stands at EUR 975m, the highest net result since origins of Belfius back in 2011**, demonstrating Belfius' capacity to continue to transform strong commercial dynamics in resilient financials, despite overall inflationary pressures, higher sector levies and the multi-dimensional uncertainties in geopolitical, economic and financial market terms.
- These 11 years of Belfius' strategy and its execution thereof allow Belfius also in 2022 to **continue to live up to its customers' trust and engagement**, which is our ultimate "purpose of existence":
 - Record production of EUR 25bn of new long-term loans, a growth of +12% vs 2021, continuing to lay the foundation of diversified commercial franchise growth in terms of cross sell;
 - Savings & Investments reaching EUR 179.4bn, despite material negative market effect, testimonial of continued strong organic growth, among others thanks to the success of our continued investments in private banking and wealth management;
 - The insurance business continues to contribute meaningfully to the bottom line, demonstrating its structural value creation with its solid RoNRE of 11.9%.
- In these markets, and further capitalizing on the strength of its strategy, **Belfius continues to invest in its business model, innovation, Belgian talent and brand capital, within a clear framework of profitable growth:**
 - Belfius total income FY 2022 increases y-o-y with EUR +279m, exceeding the increase in operating expenses y-o-y of EUR +143m, overall leading to a stable efficiency level, with a C/I ratio of 54%;
 - Continued solid solvency ratios and sound liquidity positions remain the core foundations of Belfius' journey, with a CET1 ratio of 16.5%, Total MREL ratio of 28.4%, Belfius Insurance SII ratio of 193% and LCR and NSFR standing at respectively 173% and 135% at the end of 2022, allowing Belfius to continue to invest in commercial growth also from solvency and liquidity point of view.
- And last but not least, all this enables Belfius to **present meaningful and rewarding dividends to its shareholder**, summing up to almost EUR 2.1bn since origin (including FY 2022 dividend proposal¹).



8. 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	Group								Evolution y-o-y %
	2021				2022				
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	
Income	1,461	1,064	178	2,703	1,634	1,144	204	2,982	10.3%
Net interest income bank	555	860	209	1,623	666	920	166	1,752	8%
Fee and commission bank	628	111	(7)	732	636	131	(10)	757	3%
Life insurance contribution	227	76	(0)	302	243	94	(0)	338	12%
Non-life insurance contribution	172	38	0	210	204	22	0	226	7%
Other ¹	(121)	(21)	(24)	(165)	(114)	(24)	48	(91)	-45%
Expenses	(899)	(428)	(150)	(1,477)	(946)	(471)	(202)	(1,620)	9.7%
Gross income	562	636	28	1,226	688	672	2	1,362	11.1%
Cost of risk	17	(10)	(6)	1	(36)	(80)	10	-106	
Impairments	(2)	(0)	(0)	(2)	(2)	(0)	(0)	(2)	
Net Income before tax	578	626	21	1,226	650	592	12	1,255	2.4%
Taxes	(134)	(142)	(14)	(290)	(148)	(136)	5	(279)	
Non-controlling interests	0	0	(1)	(1)	-0	0	1	1	
Net income group share	444	484	6	935	502	456	16	975	4.3%
o/w bank	280	440	(4)	716	324	411	27	762	
o/w insurance	164	44	10	219	179	45	(11)	212	

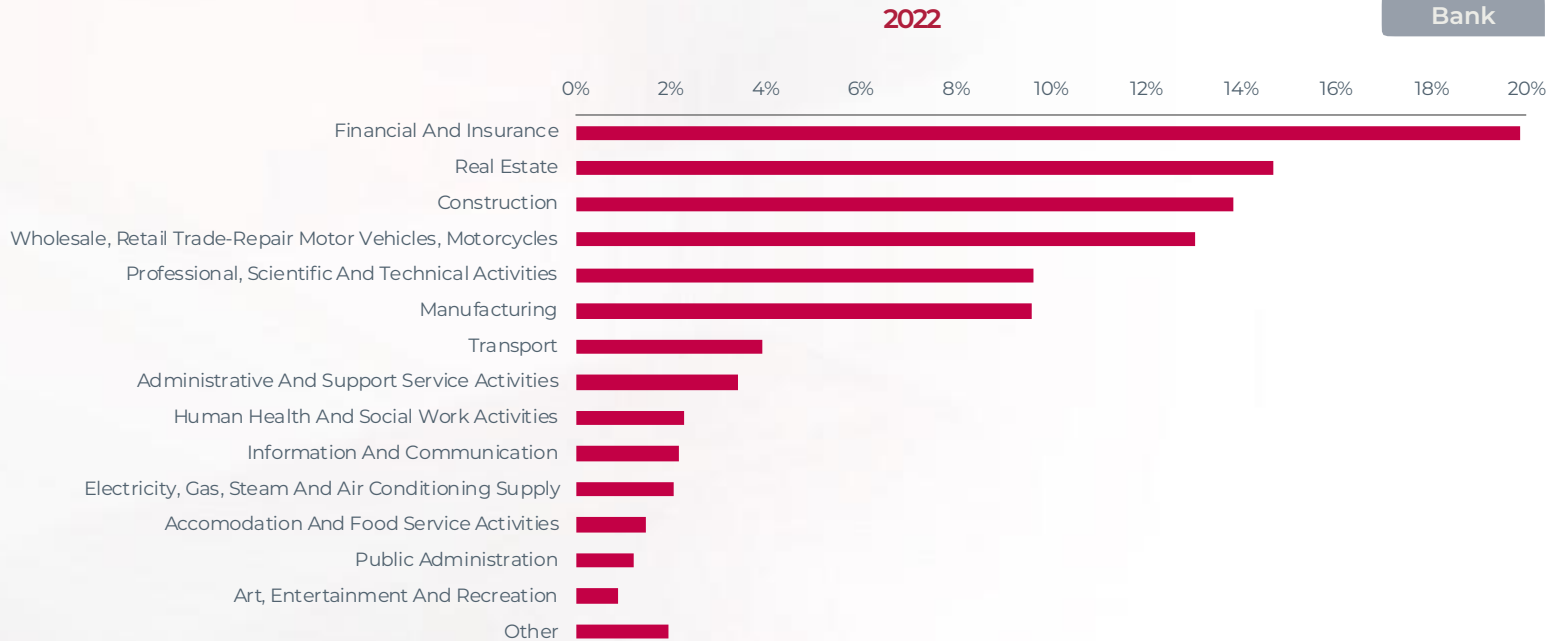


A consolidated view per segment on the cost of risk of Belfius Group

Group

EUR m	2021				2022			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
INDIVIDUALS	4.9	8.7	(0.4)	13.2	(7.4)	(14.7)	(2.5)	(24.7)
E&E&P	(0.5)	73.0	(77.9)	(5.4)	(51.5)	21.6	(48.0)	(78.0)
GC	1.2	(7.6)	-	(6.4)	0.2	12.8	(1.5)	11.4
BANK	5.6	74.2	(78.4)	1.4	(58.8)	19.6	(52.0)	(91.2)
INSURANCE	(0.7)	(0.3)	1.0	(0.0)	(5.4)	(1.0)	(8.1)	(14.5)
BANK + INSURANCE	4.9	73.8	(77.4)	1.4	(64.2)	18.6	(60.1)	(105.7)

Sector composition of the business and corporate banking loan portfolios¹



From reported to adjusted net income¹

	Group		
	Reported	----- Excluding special items	----> Adjusted
2021, EUR m		Impact of restructuring ²	Other items ³
Income	2,703		2,703
Expenses	-1,477	-6	-1,471
Cost of risk	1		1
Impairments	-2		-2
Net income before tax	1,226	-6	1,232
Taxes	-290	1	-292
Net income	935	-4	939
<i>Impact mainly in</i>		<i>GC</i>	
2022 EUR m		Impact of restructuring ²	Other items ³
Income	2,982		2,980
Expenses	-1,620	2	-1,622
Cost of risk	-106		-106
Impairments	-2		-2
Net income before tax	1,255	2	1,251
Taxes	-279	-	-
Net income	975	2	971
<i>Impact mainly in</i>		<i>GC & IND</i>	<i>GC</i>

Statement of income Belfius Insurance, consolidated accounts

Insurance

EUR m	2021	2022	Evolution
Income	538	564	4.8%
<i>Of which</i>			
Net interest income	376	328	
Dividend income	50	43	
Net income from equity method companies	0	2	
Net income from financial instruments at fair value through profit or loss	4	-28	
Net income on investments and liabilities	1	38	
Net fee and commission income	25	33	
Technical result from insurance activities	55	134	
Expenses	-258	-284	10.2%
Gross income	281	281	-0.1%
Impairments on financial instruments and provisions for credit commitments	0	-15	
Impairments on tangible and intangible assets	-1	-1	
Net income before tax	280	265	-5.4%
Tax (expense) income	-62	-54	
Current tax (expense) income	-39	-32	
Deferred tax (expense) income	-23	-22	
Attributable to non-controlling interests	1	-1	
Net income group share	217	210	-3.3%

Consolidated balance sheet Belfius Bank

EUR m	Group		
	Dec. 2021	Dec. 2022	Evolution
TOTAL ASSETS	192,151	179,466	-12,685
of which			
Cash and balances with central banks	31,640	27,295	-4,345
Loans and advances due from credit institutions	10,411	4,144	-6,268
Loans and advances	102,679	110,311	7,632
Debt securities & equity instruments	27,195	23,027	-4,169
Unit linked products insurance activities	4,246	3,970	-276
Derivatives	8,909	5,893	-3,016
TOTAL LIABILITIES	180,658	167,845	-12,813
of which			
Cash and balances from central banks	15,418	5,904	-9,514
Credit institutions borrowings and deposits	3,591	1,870	-1,721
Borrowings and deposits	104,404	108,447	4,043
Debt securities issued and other financial liabilities	23,145	25,929	2,783
Unit linked products insurance activities	4,246	3,970	-276
Derivatives	14,019	8,249	-5,770
Provisions for insurance activities	12,191	11,495	-696
Subordinated debts	1,643	1,547	-96
TOTAL EQUITY	11,493	11,621	128
of which			
Shareholders' core equity	10,560	11,167	607
Gains and losses not recognised in the statement of income	403	-78	-481
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	33	35	2

Consolidated balance sheet Belfius Insurance

Insurance

EUR m	Dec. 2021	Dec. 2022	Evolution
Total assets	21,550	19,675	-1,875
Of which			
Loans and advances due from credit institutions	413	477	64
A Measured at amortised cost	413	477	64
Loans and advances	4,918	4,837	-81
A Measured at amortised cost	4,624	4,446	-178
B Measured at fair value through other comprehensive income	99	171	72
C Measured at fair value through profit or loss	196	220	24
Debt securities & equity instruments	10,770	9,132	-1,639
A Measured at amortised cost	5,336	4,436	-900
B Measured at fair value through other comprehensive income	4,763	3,820	-943
C Measured at fair value through profit or loss	671	876	204
Unit linked products insurance activities	4,246	3,970	-276
Derivatives	0	17	17
Investments in equity method companies	53	49	-3
Tangible fixed assets	566	535	-31
Intangible assets	51	57	6
Technical insurance provisions - part of the reinsurer	131	139	8
Total liabilities	19,377	17,849	-1,528
Of which			
Credit institutions borrowings and deposits	1,762	1,236	-526
Unit linked products insurance activities	4,246	3,970	-276
Provisions for insurance activities	12,198	11,503	-694
Subordinated debts	583	585	2
Total equity	2,174	1,827	-347
Of which			
Shareholders' core equity	1,817	1,910	93
Gains and losses not recognised in the statement of income	324	-118	-442
Non-controlling interests	32	34	2

Focus on regulatory capital

	Group	
EUR m	Dec. 2021	Dec. 2022
Core regulatory equity	10,560	11,167
Elimination of foreseeable dividend	-371	-387
Grandfathering on IFRS9 provisions	307	216
Gains and losses not recognised in the statement of income	420	35
Remeasurement Defined Benefit Plan	132	120
OCI reserves - portfolios measured at FVTOCI	288	-85
Other reserves	-98	-113
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	98	113
Items to deduct	-259	-308
Deferred tax assets	-0	-
Other	-258	-308
Common equity Tier 1 - CET1	10,658	10,722
Additional own funds Tier 1	497	497
Tier 1 equity	11,155	11,219
Tier 2 - Capital instruments	1,441	1,281
Other	311	350
Total regulatory capital	12,907	12,851

Focus on regulatory risk exposures

Regulatory risks exposures - by type of risk

EUR m	Dec. 2021	Dec. 2022
Regulatory credit risk exposure	49,998	49,271
Regulatory CVA exposure	679	321
Regulatory market risk exposure	1,362	2,980
Regulatory operational risk exposure	3,433	3,667
Danish Compromise ¹	9,623	8,557
Additional risk exposure (Art 3 CRR)	-	-
Total Regulatory Risks Exposures	65,095	64,796

Regulatory risks exposures - by segment

EUR m	Dec. 2021	Dec. 2022
Individuals	13,962	11,215
Entrepreneurs, Enterprises & Public	36,468	40,653
Group Center	14,666	12,928
Total Regulatory Risks Exposures	65,095	64,796

- credit risk exposure decreases amongst others due to the release of the Belgian macroprudential add-on on mortgages (EUR -2.4bn, replaced by a sectoral systemic risk buffer in capital requirements), an impact of internal model updates (EUR +0.8bn), a strong decrease in Group Center RWA (EUR -3.2bn, due to positive market parameters evolutions and management actions to de-risk some run-off positions), compensated by strong commercial growth (EUR +3.8bn)
- Regulatory CVA exposure decreases mainly on some long term uncollateralized derivatives exposure, caused by increasing interest rates and shortening of maturities
- Regulatory market risk exposure increases due to the rising interest rate environment and some more method-technical impacts that will disappear over time
- DC risk exposure decreases mainly driven by increasing interest rates which, reduces Belfius Insurance OCI

Focus on impact Basel IV

Updated CRR3 impact assessment (based on current knowledge of regulation that is still to be finalized) shows no material impact anymore

RWA Impact	2022 Q2 (without DC)	2022 Q2 (with DC)	2025 (with DC and after mgt actions)	2025 Key assumptions & management actions
Regulatory credit risk exposure	+1.7	+1.7	-0.2	New approach on the public sector, model scope and parameters review
Regulatory CVA exposure	+0.4	+0.4	+0.3	Amortizing run-off transactions
Regulatory operational risk exposure	+1.6	+1.6	+1.4	Based on an internal loss multiplier set at 1
Regulatory market risk exposure	+0.2	+0.2	+0.8	Application of FRTB with material impact on equities and credit spreads
Danish Compromise	0.0	-3.3	-3.6	Impact IFRS17
Total Regulatory Risks Exposures	+4.0	+0.6	-1.4	
CET 1 impact	-1.0%	-0.2%	+0.4%	

- Belfius continues to update its impact assessment of Basel IV/CRR3, seeing continuous clarifications/adjustments, integration of changes to Danish Compromise, anticipative impacts from EBA repair program, and adjustments to Belfius balance sheet, including realized derisking and anticipated potential mitigating actions.
- Based on Q2 2022 balance sheet, and seeing those recently updated regulations, for some still in draft format, Belfius finetuned its impact assessment, and currently estimates to have no material CET 1 ratio impact anymore from the Basel III finalization package, as the regulatory wise more favorable treatment on the Danish compromise would compensate for the sum of the less favorable impacts due to other CRR 3 elements (estimated at an increase of RWA by approximately EUR 4 billion on Q2 2022 balance sheet, mainly from regulatory changes for public sector treatment under IRB approach and operational risk). This impact reflects the full implementation of the Basel IV rules as currently proposed in the EU version. Note that the low impact on Market RWA is due to a temporary effect linked to the VaR model on Q2 2022.
- Looking forward, taking into account the expected evolution in Belfius' overall regulatory approaches and anticipated management mitigation actions, and considering an overall growing balance sheet from further development of our commercial franchise, the impact of CRR 3 at first time application (2025) on CET 1 ratio is currently estimated to be slightly positive. Note also that under these assumptions, the output floor should not have an impact in the first years of Basel III finalization implementation. Customary disclaimers to forward looking aspects thereof and ever changing market and regulatory environment apply, of course.

Some first disclosures on IFRS 17/9 - Summary

Current stance of implementation at Belfius

- **Opening balance on January 1, 2022: in final stage of review by statutory auditors.** Hence the figures in this presentation are unaudited and still subject to change.
- First full reporting under IFRS 17 will be published with the **1H 2023 results**, together with required disclosures.

Current key highlights on new IFRS 17/9¹

- **No impact on Bancassurance strategy of Belfius**
- **No impact on capital allocation between bank and insurance**
- **No material impact on global economics of Belfius Insurance business**
 - Increase of Total Balance Sheet of EUR 0.9bn mainly due to reassessment of technical liabilities for EUR 1.4bn and the change in business model where more assets are classified as “Hold to collect and sale”
 - Decrease of Total Equity EUR 0.3bn mainly due to the Best Estimate valuation at rates end 2021 and the introduction of IFRS 17 specific elements (such as Risk Adjustment and CSM²)
 - Recognition of Life Insurance CSM of EUR 0.8bn
 - Recognition of Life Insurance Risk Adjustment of EUR 0.2bn
 - Profit capacity similar to IFRS4 (anticipated “reversal” Retained Earnings IFRS17 vs FVTP&L non-specific items IFRS4)
 - No impact on SII ratio
- **Some impacts on Belfius Group key metrics**
 - Decrease of NAV Belfius in the consolidated accounts with EUR 0.2bn
 - Some additional B/S volatility introduced by the new combination IFRS17/9
 - Slight decrease of CET1 ratio with 15bps



Some first disclosures on IFRS 17/9 – Accounting choices

IFRS 17

- **Level of aggregation: annual cohorts**
- Discount rates
 - **Bottom up approach including an illiquidity premium with volatility adjustment features**
 - Disaggregated thereby presenting the **impacts on other comprehensive income** and insurance finance result separately (OCI option)
- Risk Adjustment
 - **Confidence level applied:**
 - For Non Life: 85% for Belfius insurance and 90% for Corona
 - For Life: 75% for Belfius insurance and 90% for Corona
- Transition approach
 - **Full retrospective approach** for underwriting years 2018 until 2021 for Life (i.e. full recalculation of IFRS 17 for these years)
 - **Fair value approach** for Life underwriting years before 2018 determined through a cost of capital approach (target SII ratio of 175% and 8% cost of capital rate). In this respect, a fair value implied OCI position has been determined as from business cohort 2002 for Life
 - **Modified retrospective approach** for Non Life LIC¹ for accident years until 1999. OCI for accident years before 1999 is set to nil.

IFRS 9

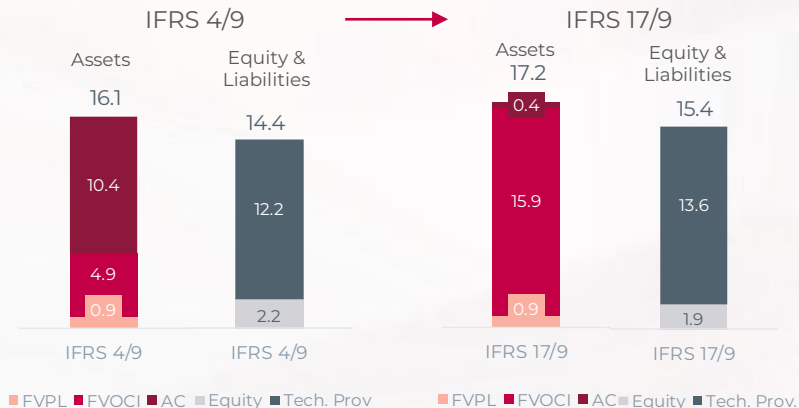
- **Reassessment of business models under IFRS9** as from 1/1/23
- In Belfius Insurance accounts, two types of (IFRS9) business models were distinguished until end 2022: a “Hold to Collect” and a “Hold to Collect and Sale” (the latter in order to cover the liquidity needs within Belfius Insurance).
- With the implementation of IFRS17, Belfius Insurance has opted to reassess the business models previously determined for IFRS9 and has opted to classify all its financial assets within a “Hold to Collect and Sale” business model (hence at Fair Value through OCI).
- Note that the current assets that do not pass the test of Solely Payments of Principal and Interest on the principal amount outstanding, remain classified at “Fair Value through P&L”. It mainly concerns money market funds.



Some first disclosures on IFRS 17/9 – Balance Sheet

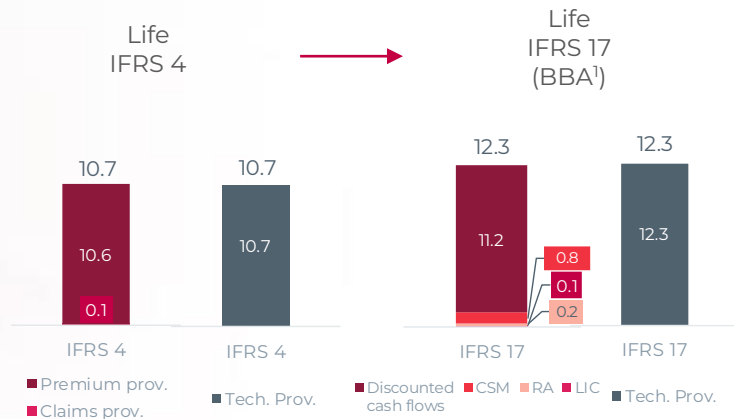
Change in Balance Sheet components

In EUR bn, situation per 1/1/2022



Zoom on Life Technical Reserves

In EUR bn, situation per 1/1/2022



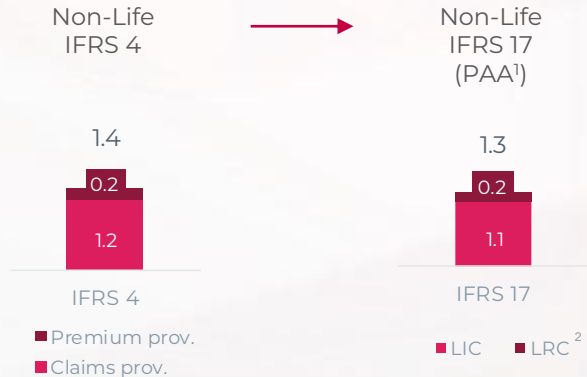
- **Reclassification of financial assets** from “Hold to Collect” (Amortized Cost) to “Hold to Collect and Sale” (Fair value through OCI) increasing the balance sheet with EUR 1.2bn
- Revaluation of technical provisions resulting in an increase of EUR 1.4bn:
 - Reserves Non Life and health: EUR 1.3bn
 - Reserves Life: EUR 12.3bn
- **Impact in equity:**
 - Retained earnings: EUR -0.4bn
 - OCI: EUR +0.1bn

- **Increase of Life reserves** with EUR 1.6bn following the BEL valuation at rates end 2021 and the introduction of the IFRS 17 specific elements RA (EUR 0.2bn) and CSM (EUR 0.8bn).
- RA has been determined based on a confidence interval of 75% for Belfius insurance and 90% for Corona

Some first disclosures on IFRS 17/9 – Balance Sheet

Zoom on Non-Life reserves

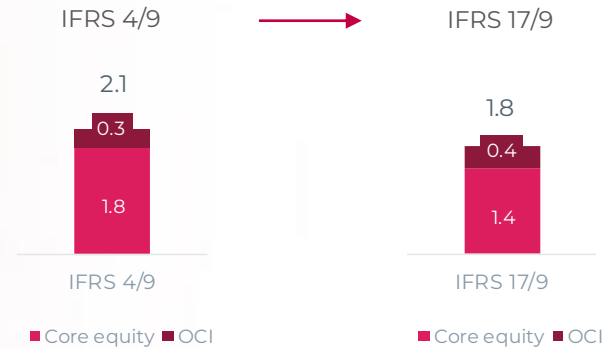
In EUR bn, situation per 1/1/2022



- **Slight decrease of technical reserves for Non-Life and Health** following the implementation of IFRS 17
- Note that **acquisition costs will be amortized over the coverage period**
- **Onerous contracts identified** for “General Liability Other” as well as “Legal” and “Worker’s compensation”

Zoom on Equity

In EUR bn, situation per 1/1/2022



- **A decrease of total equity can be noted of EUR 0.3bn** mainly due to the best estimate valuation at rates end 2021 and the introduction of IFRS 17 specific elements such as RA and CSM. This negative impact was partially compensated by the reassessment of the business models for financial assets, resulting in an increase of EUR 0.1bn in OCI.
- Please note that the own funds under IFRS 17/9 are more or less in line with total equity under IIL.

Some first disclosures on IFRS 17/9 - Group

Zoom NAV Belfius

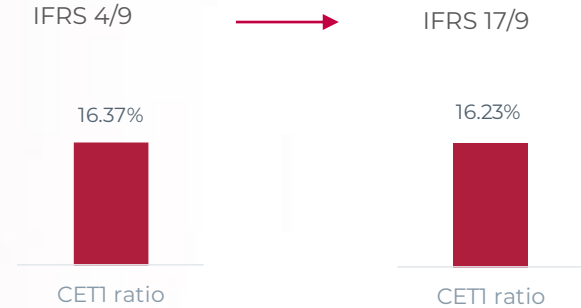
In EUR bn, situation per end 2021



- **A decrease of Belfius' Group Net Asset Value of EUR 0.3bn can be noted** mainly due to the best estimate valuation at rates end 2021 and the introduction of IFRS 17 specific elements such as RA and CSM. This negative impact was partially compensated by the reassessment of the business models for financial assets, resulting in an increase of EUR 0.1bn in OCI.

Zoom on CET1 ratio

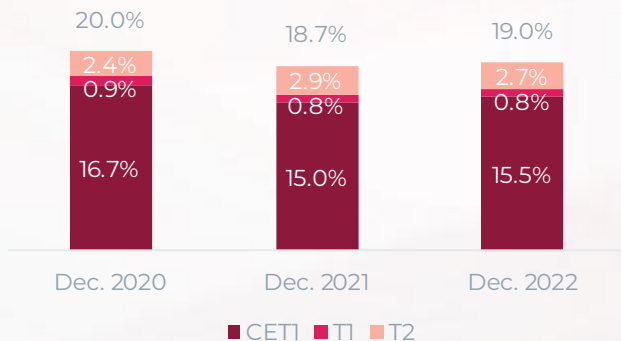
In %, situation per end 2021



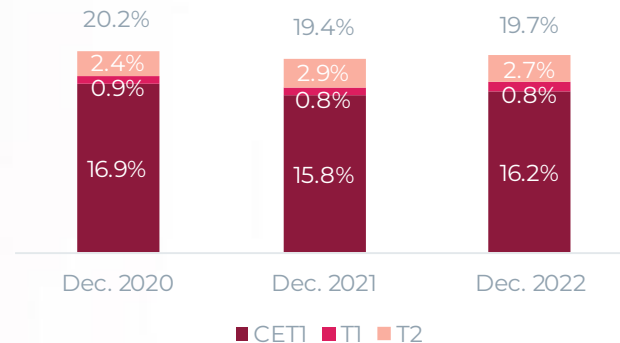
- Following the decrease in NAV of Belfius Insurance, an impact can be noted in the Belfius' Group CET1 ratio as Belfius Insurance is consolidated at Equity Value under the Danish Compromise.
- The decrease in Own funds of EUR 0.2bn is partially offset by a decrease of the Risk Weights of EUR 0.9bn; resulting in **a decrease of 15bp of the CET1 ratio**.
- Impact on MREL/RWA is very limited.

Focus on solo capital ratios

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



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



EURm	Dec. 2020	Dec. 2021	Dec. 2022
CET1	9,516	9,399	9,731
Tier 1	10,013	9,896	10,228
CAD	11,406	11,684	11,914
RWA	56,891	62,642	62,829

EURm	Dec. 2020	Dec. 2021	Dec. 2022
CET1	9,604	9,874	10,179
Tier 1	10,101	10,371	10,676
CAD	11,494	12,158	12,362
RWA	56,891	62,642	62,829

- At the end of December 2022, the available distributable items on statutory level amounted to EUR 5,250m, increasing by EUR 501m compared to end of 2021.

Zoom on credit ratings

Ratings of Belfius Bank as at 2 March 2023

	Moody's	S&P	Fitch
Preferred Senior	A1 Stable outlook	A Stable outlook	A- Stable outlook
Standalone Rating	baa1	a-	a-
Non-Preferred Senior	Baa1	BBB+	
Tier 2	Baa2	BBB	BBB+
Additional Tier 1	Ba1	BB+	

- Between 1 January 2022 and 2 March 2023, the rating agencies took the following decisions:
 - on 13 July 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with Stable outlook
 - on 27 July 2022, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook
 - on 29 July 2022, S&P published a new Full Analysis report on Belfius, confirming its long-term A rating with stable outlook
 - on 12 December 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with Stable outlook.

Ratings of Belfius Insurance as at 2 March 2023

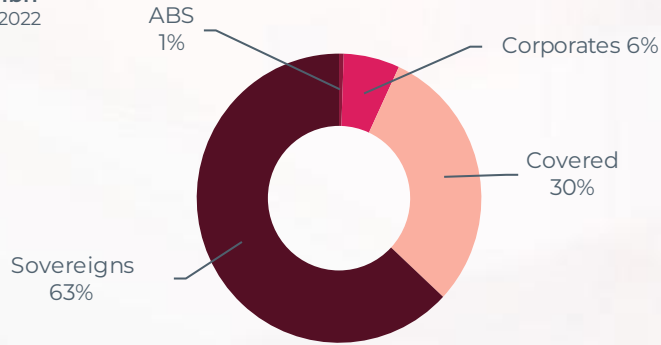
	S&P
Issuer credit rating	A- Stable outlook

- On 1 March 2023, S&P confirmed the A- long term issuer credit rating to Belfius Insurance, with Stable outlook

ALM Bank Liquidity bond portfolio

Breakdown by type of counterpart

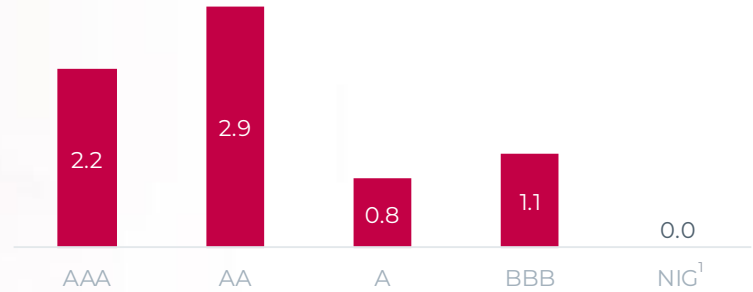
EUR 7.1bn
31 Dec. 2022



Breakdown by rating

EUR bn

Average rating: A-

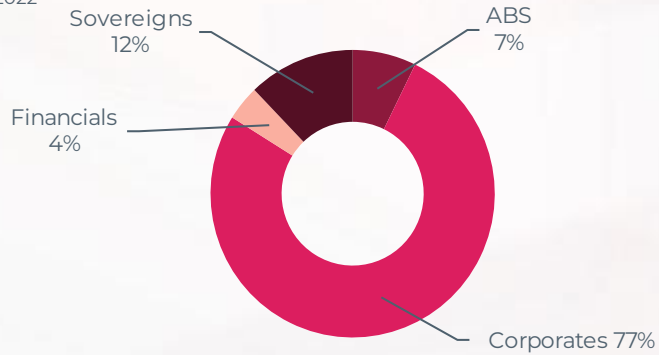


- ALM Bank Liquidity bond portfolio stood at EUR 7.1bn as per end December 2022, compared to EUR 6.8bn at year end 2021
- The portfolio is of good quality
 - 100% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 7.5 years

ALM Bank Yield bond portfolio

Breakdown by type of counterpart

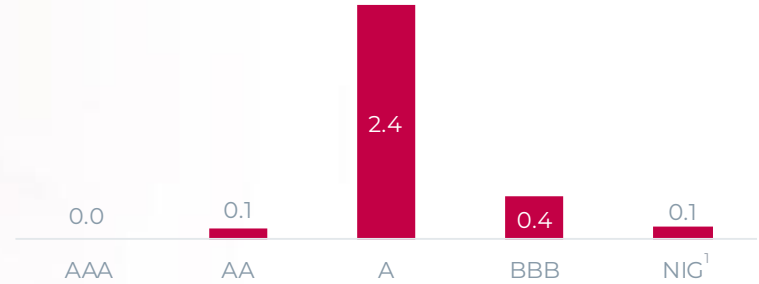
EUR 3.1bn
31 Dec. 2022



Breakdown by rating

EUR bn

Average rating: A-



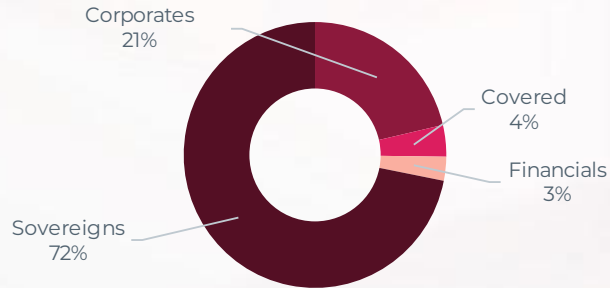
- ALM Bank Yield bond portfolio stood at EUR 3.1bn as at 31 December 2022, compared to EUR 3.4bn per end 2021
- The portfolio is of good quality
 - 95% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 19.0 years



ALM Insurance Bond portfolio

Breakdown by type of counterpart

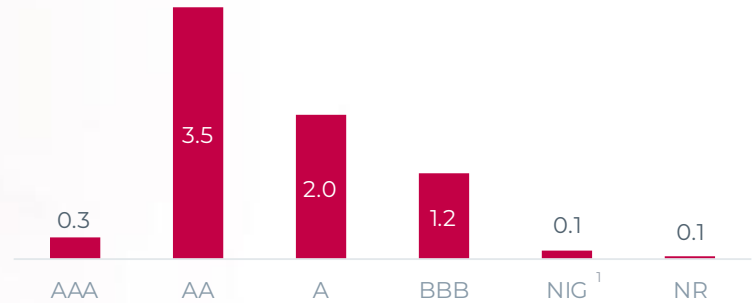
EUR 7.2bn
31 Dec. 2022



Breakdown by rating

EUR bn

Average rating: A-



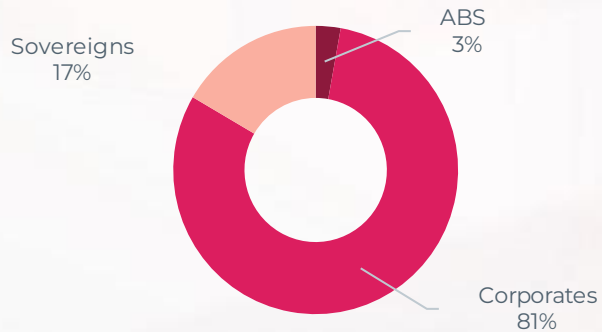
- ALM Insurance fixed income portfolio stood at EUR 7.2bn as at 31 December 2022, compared to EUR 8.0bn at year end 2021
- The ALM Insurance portfolio remains of good quality
 - 97% of the portfolio is investment grade
 - the average rating at A-
- Expected average life: 11.3 years



Credit guarantees

Breakdown by type of counterpart

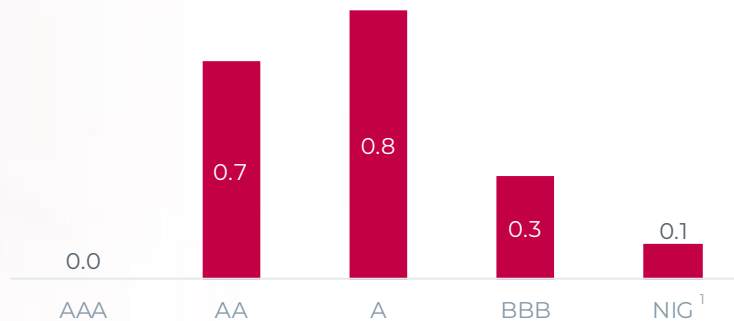
EUR 2.0bn
31 Dec. 2022



Breakdown by rating

EUR bn

Average rating: A-



- Credit guarantees portfolio stood at EUR 2.0bn as at 31 December 2022, compared to EUR 2.5bn per year end 2021
- The credit guarantees portfolio is of good quality
 - 94% of the portfolio is Investment Grade
 - The average rating stood at A-
- Expected average life: 11.9 years

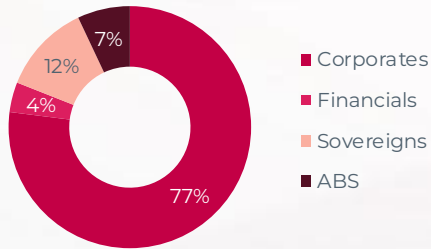


Hedging strategy to manage residual risks

Run-off portfolios as of December 2022

ALM Yield bond portfolio

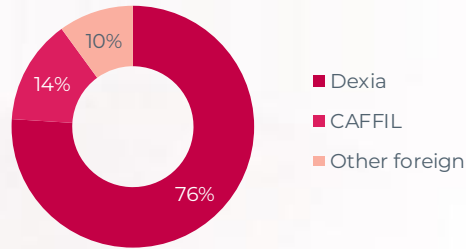
Notional split by type



- 43% inflation linked bonds issued by high quality UK utilities and infrastructure companies
- Part of the portfolio is insured by Assured Guaranty, leading to an A- average rating after credit enhancement
- Inflation component hedged with inflation linked collateralised swaps

Derivatives

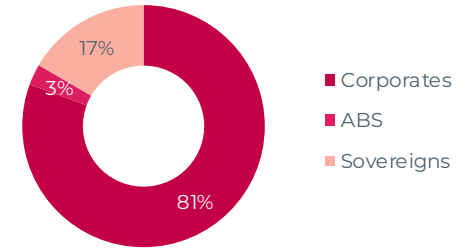
Notional split by counterparty



- Derivatives with other foreign counterparts and with CAFFIL are uncollateralised (BBB+ average rating)
- 76% notional exposure to Dexia, fully cash collateralised, leading to an EaD of EUR 16m end of December 2022

Credit guarantees

Notional split by type of underlying



- Mostly reinsured CDS with
 - sold protection to market counterparties with two-sided collateral posting agreement
 - bought equivalent protection with monoline insurers (44% from Assured Guaranty) with one-sided collateral posting agreement

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

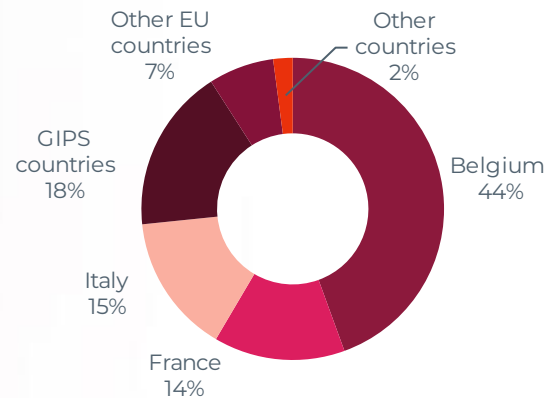


Outstanding exposures on government bonds

Evolution outstanding exposures¹

EUR m	Dec. 2021	Dec 2022
Belgium	4,299	3,592
France	1,208	1,133
Italy	1,475	1,204
GIPS countries	1,413	1,419
Other EU countries	542	565
Other countries	208	168
Total	9,146	8,082

Breakdown as of end 2022



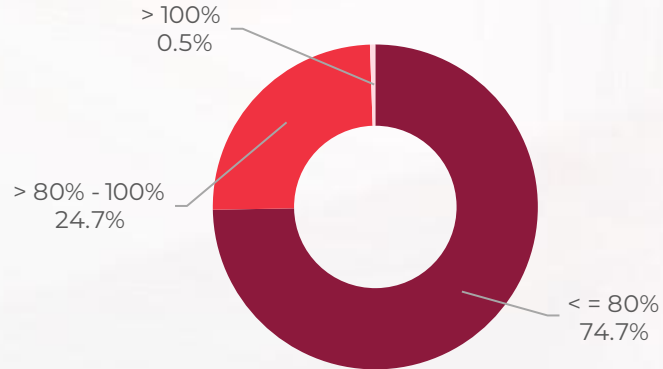
- Total government bond portfolio stood at EUR 8.1bn¹, down 12% compared to December 2021.
- Almost half of the portfolio (44%) is invested in Belgian government bonds.

Credit risk statistics on mortgage loans

Mortgage loans Belfius Bank Loan-to-value ratio

EUR 38bn outstanding

31 Dec. 2022

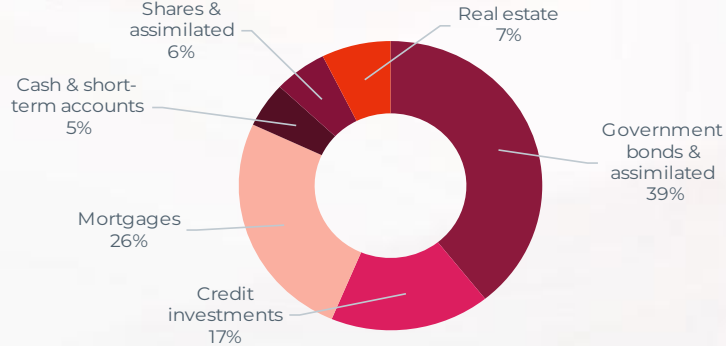


- Very sound LTV-ratio's
 - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 55.5% as of end 2022
 - The part of the portfolio with an LTV > 100% is limited to 0.5%

ALM Belfius Insurance

Diversified asset allocation

EUR 14.2bn
31 Dec. 2022



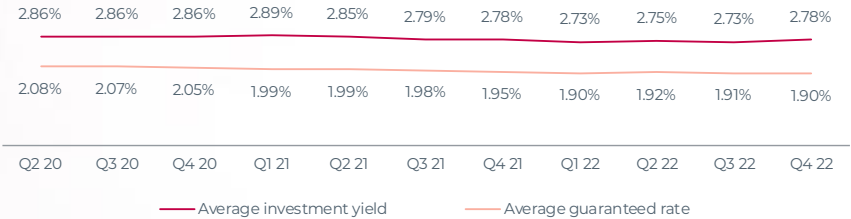
- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

Duration gap life and non-life

	Dec. 2021	Dec. 2022
Total Life	-1.37	-0.76
Total Non-Life	2.51	3.24
Total	-0.53	-0.03

Investment yield vs. guaranteed rate¹

Scope: Life business excluding Br23



Solvency II ratio sensitivity table

Solvency II Sensitivities 31 December 2022	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	1,060	2,043	193%
Interest rate: Shock +50 bps	16 1%	(7) 0%	189% (3%)
Interest rate: Shock -50 bps	(13) (1%)	0 0%	195% 2%
Credit spread: Spread on fixed income (corporate) +50 bps	12 1%	(39) (2%)	187% (6%)
Credit spread: Spread on fixed income (government) +50 bps	25 2%	(61) (3%)	183% (10%)
Credit spread: Spread on fixed income (government and corporate) +50 bps	41 4%	(103) (5%)	176% (17%)
Credit Spread: No Volatility Adjustment (VA)	32 3%	(125) (6%)	176% (17%)
Equity: Downward shock - 30%	(81) (8%)	(295) (14%)	178% (14%)
Real estate: Downward shock -15%	(16) (2%)	(130) (6%)	183% (10%)
UFR: Downward adjustment to 3%	5 1%	(16) (1%)	190% (3%)

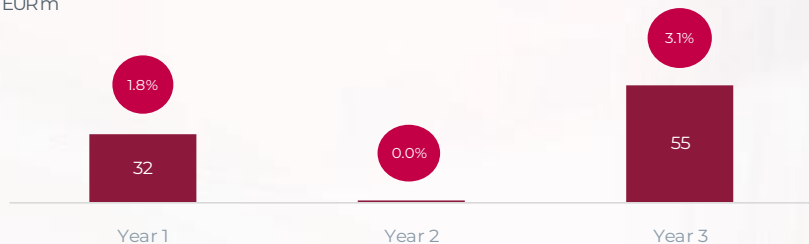


Belfius sensitivity to interest rates

Bank

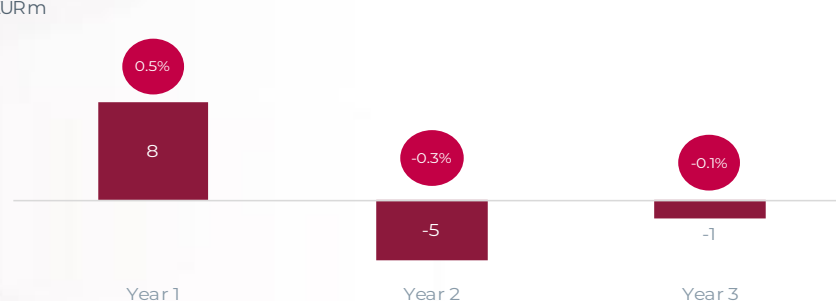
NII impact from +50 bps immediate parallel upward shift in rate curve

EURm



NII impact from -50 bps immediate parallel downward shift in rate curve

EURm



- During 2022, Short and Medium Term rates went largely up by approximately 300 bps as compared to the end of year 2021
- The FY 2022 Belfius Bank NII already shows the first signs of positive impact of that movement, as the burden of negative rates on floored tariffs on deposits disappeared, the cost of collateral margin calls on derivatives significantly dropped, and the net residual floating rate position arising from the ALM strategy benefited from that new Interest Rate environment, and the yield paid on commercial deposits showed the market standard time lag.
- Regarding the fixed rate loan book, the improvement of yield will gradually materialize the years to come in line with the maturity profile.
- In the NII projections, under base case (forward rates based on yield curve as at end of December 22), yields on assets are continuing to increase while the modeled (pass through) tariff on non-maturing deposits starts to take off over the next three years, though with some market standard lagging.
- All in all, under the base case, Belfius Bank NII continues to show a positive trend.
- Should interest rates drop again, the new non floored tariff on NMD offers a buffer as tariff can be lowered when rates go down, which translates in a limited sensitivity of the NII under downward movements.
- We remind here that these NII sensitivities are calculated under a constant Balance Sheet (EBA IRRBB guidelines), while Belfius ALM manages of course on a going concern basis including prospective growth of the commercial activities as observed the last years where the commercial activity, assets & liabilities, continuously grew.



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