

Belfius 1H 2023 results

Presentation to analysts and investors

1 September 2023



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Notes : 1. Please note that the sum of values in the tables and texts may differ slightly from the total reported due to rounding. 2. Belfius, as integrated bank-insurer, has released its 1H 2023 results in accordance with the new accounting standard IFRS17 with regards to insurance activities. Consequently, the balance sheet and P&L figures, as well as specific ratios, have been changed or redefined. All these changes have been implemented with retroactive effect to the 2022 results



1. Summary Highlights

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- **Belfius' net income 1H 2023 stands at EUR 479m (vs EUR 394m in 1H 2022 – on a comparable IFRS17 pro forma basis)**, once again demonstrating Belfius' capacity to continue to **transform diversified commercial dynamics into excellent financials, in a transforming interest rate and economic environment**. The bank contributed for EUR 364 million to the consolidated net profit (vs EUR 321m in 1H 2022) and the insurer for EUR 115 million (vs EUR 73m in 1H 2022).
- Belfius continues to operate in such context on strong and solid footing, in operational, commercial and financial terms. **In 1H 2023, Belfius has again consolidated its position in the Belgian economy, based on its strongly diversified universal bank-insurer business model:**
 - New production of LT Loans of EUR 11.8bn, benefitting from strategic diversification leading to **a clear tilt towards the Corporate Segment** (EUR 5.0bn) and an estimated market share in the Belgian Corporate and Business loan market growing to 19%.
 - Savings & Investments of EUR 182.2 bn, thanks to the combination of a positive Market Effect (EUR +2.0 bn) and a still positive Organic Growth (EUR +0.8 bn). In this transforming interest rates environment, the global S&I OG is seeing a major **product shift from non maturing deposits towards term deposits and bonds**.
 - Higher growth of revenues than costs (y-o-y) continues to support Belfius' cost efficiency, translating into a **C/I ratio¹ of 45%** despite strong headwinds from stubbornly high inflation.
 - Since developing commercial franchise and growing commercial balance sheet require solid footings, Belfius continues to strive **to grow this profit capacity along with strong solidity**, and still manages to keep its RoE above the 8-9% mark (RoE of 9.5% over 1H 2023), and keeps its CET1 ratio at very solid solvency level of 16.5%, Belfius Insurance SII ratio at 195% and Belfius' LCR ratio at 156%.
- 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, stable insurance income, improving insurance service expenses adjusted² and costs³ growth still below income growth, this leads to a **strong growth in pre-provision income⁴ to EUR 694m in 1H 2023 (vs EUR 487m in 1H 2022):**
 - **strong evolution of NII bank**, in sharply rising interest rate environment, to EUR 1,050m in 1H 2023 (vs EUR 808m in 1H 2022) driven by overall improving interest margin on growing commercial activities and on Belfius' solid liquidity buffer. This overall growth of interest margin is somewhat softened by (i) volume shift from non maturing deposits towards term funding, (ii) pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates and (iii) continued strong competition in the Belgian loan market.
 - **outstanding resilience of net fee and commission income bank** (EUR 378m in 1H 2023 vs EUR 377m in 1H 2022), mainly thanks to higher payment fees as well as continuously growing fees from growing Life and Non-Life insurance activities through the banking network.
 - **stable insurance income**, lower financial income following interest rate increase compensated by higher non-life income thanks to portfolio growth, and **improving Insurance Service Expenses Adjusted²** in absence of major natural catastrophes in H1 2023
 - **Increasing costs³** in line with commercial and strategic dynamics of Belfius (1H 2023 EUR 843m vs 1H 2022 EUR 776m), although costs growth remains still below income growth, leading to a further improving C/I ratio at 45% in 1H 2023 (compared to 47% in 1H 2022), despite inflationary pressures and continued investment in brand, human and digital capital.

Notes: 1. Representing Costs (including costs directly attributable to insurance services) divided by Income. 2. Insurance Service Expenses adjusted = Insurance Service Expenses + Net Reinsurance Result – directly attributable costs to insurance contracts. 3. Including directly attributable costs for insurance contracts. 4. Pre-provision income is pre-provision income before impairments on financial instruments and provisions for credit commitments and impairments on tangible and intangible assets.

1. Summary Highlights

- Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures currently still „win“ from recession risk, and where economic growth continues to show more resilience than formerly anticipated in general. The former best estimate “ex-ante provisioning” of expected losses, due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, has been (i) adjusted for improving economic outlooks, fully focusing again on forward looking assessment to leave behind the overlays that were put in place to avoid Covid-induced pro-cyclicality, and (ii) redirected from Covid-induced overlays for vulnerable sectors to Inflation and Energy related vulnerabilities. Overall, formerly anticipated provisions have been able to absorb the somewhat higher migration to stage 3 during 1H 2023, especially in the construction and manufacturing sector (SME to mid-sized companies).
For 1H 2023, **this results in an overall cost of risk 1H 2023 amounting to EUR -17m** (stage 1 EUR +19m, stage 2 EUR +43m and stage 3 EUR -79m), still rather benign on historical terms. As of end of June 2023, our loan book showed a slight deterioration in credit quality, but still displays historically sound NPL ratio (at 1.91%), accompanied by a prudent coverage ratio of 56.7%.
- **Belfius' consolidated Net Asset Value stands at EUR 11bn end of June 2023** (vs EUR 10.9bn end 2022¹ on a comparable IFRS17/9 basis).



2. Belfius at a glance

2. Belfius at a glance

- **Integrated bank-insurer**
 - net income of **EUR 479m**, of which **EUR 364m bank** and **EUR 115m insurance**;
 - **universal bank and bank-insurance approaches show diversification benefits**: insurance respective banking contribution evolving from 19% vs 81% in 1H 2022 to 24% vs 76% in 1H 2023.
- **Anchored in all segments of the Belgian economy**
 - **servicing more than 3.8m customers**: individuals, liberal professions, self-employed, companies and public & social sector customers;
 - **loans to customers of EUR 112.0bn**, of which EUR 49.6bn to IND clients and EUR 62.4bn to E&E&P clients;
 - **savings and investments of EUR 182.2bn**, of which EUR 120.6bn in IND and EUR 61.6bn 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**
 - **1.93m customers using mobile/tablet application at least once a day (on average)**;
 - **customer satisfaction rate remains high at 94% over all segments**, also in current transforming context.
- **Governed by solid Risk and Financial management**
 - **strong solvency and liquidity position** well above all regulatory minima, confirmed by solid solvency resilience result in most recent ECB/EBA stress test;
 - sound credit quality with continued **solid asset quality ratio**, notwithstanding transforming context and first signs of higher stage 3 cost of risk in some specific sectors like manufacturing and construction.
- **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 2.4bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our 9 "Funds of the future";
 - already **around 82k customers using actively Belfius' innovative investment app Re=Bel** (launched only in July 2021 making "investing with a cause" accessible to everyone).





3. Group Highlights

3. Group Highlights

- Twelve years of consistent bank and insurance strategy towards all segments of Belgian economy enables Belfius to live up to its purpose of being “Meaningful and Inspiring for Belgian society”. Indeed, that **strategy continues to deliver diversified commercial dynamics**, even within the 2023 transforming macroeconomic and financial context:
 - **again strong long term loan production in 1H 2023**, at a level of EUR 11.8bn, particularly to Corporate customers (with a long term loan production of EUR 5.0bn in 1H 2023), as such further growing the total outstanding commercial loan volume of Belfius to EUR 112bn;
 - **total S&I continues to increase by EUR +2.9bn**, driven by both positive organic and market effects amounting respectively to +0.8bn and to +2.0bn. S&I outstanding reached EUR 182.2bn, a growth of +1.6% compared to end December 2022. The solid EUR +7.0bn organic growth in maturing deposits, Br21, Asset Management Services & Equity more than offset the contraction in non maturing deposits.
- Belfius continues to be able to transform these commercial dynamics into resilient financials, with 1H 2023 net result of EUR 479m, EUR +85m higher than the net result of 1H 2022 (EUR 394m). This is the result of strong income dynamics (increasing with EUR +202m y-o-y) reflecting the development of a diversified 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 costs¹ (increasing with EUR +69m y-o-y):
 - the **growing income** (EUR 1,870m in 1H 2023 vs EUR 1,669m in 1H 2022) is the result of (i) **increasing NII bank**, thanks to increasing interest rates, growing commercial activities and solid liquidity buffer management, (ii) **outstanding resilience of fees at bank side**, and (iii) **stable insurance income** (iv) only partly offset by more negative ‘other income’;
 - **improving Insurance Service Expenses Adjusted¹**, a.o. in light of absence of natural catastrophes’ claims in 1H 2023
 - at the same time, **the costs² have increased** to EUR 843m in 1H 2023 vs EUR 776m in 1H 2022, impacted by inflationary pressures and in line with our continued investment in human and digital capital.
- **Profit before tax of EUR 676m in 1H 2023** (vs EUR 500m in 1H 2022) continues to grow, despite a net allowance to the cost of risk in 1H 2023, among others driven by higher stage 3 provisions in Business and Corporate segments in some specific sectors like manufacturing and construction. As such 1H 2023 cost of risk amounts to EUR -17m compared to 1H 2022 cost of risk of EUR +13m. Belfius’ ‘overlay for Covid and economic uncertainties’ evolved from EUR 216m end 2021 to EUR 235m end 2022 to an ‘overlay for economic uncertainties and vulnerable sectors’ of EUR 179m end of June 2023. This anticipative credit provisioning, performed even more since Covid-crisis, enables Belfius to partially absorb the slightly higher migration to stage 3 during 1H 2023.

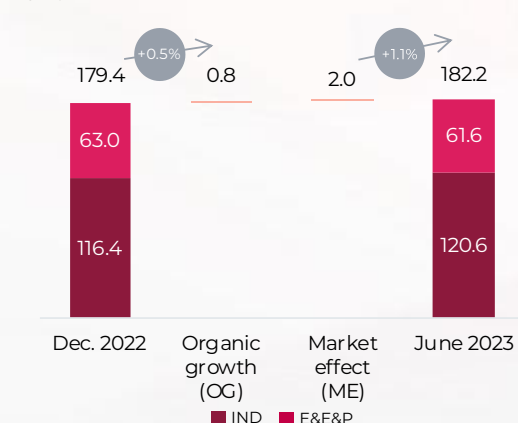
Note 1. Insurance Service Expenses adjusted = Insurance Service Expenses + Net Reinsurance Result – directly attributable costs to insurance contracts. 2. including directly attributable costs for insurance contracts.



Diversification strategy supports commercial dynamics during 2023

Savings & investments: positive OG & ME

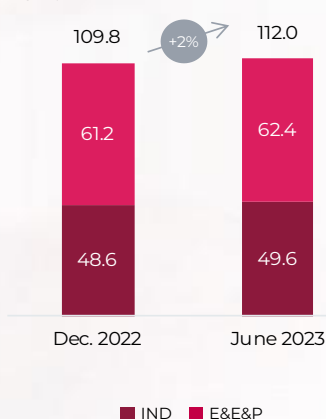
Outstanding savings & investments



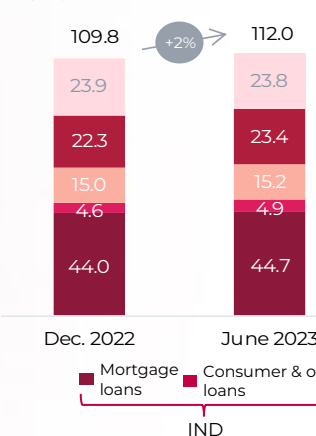
- Total savings & investments amounted to EUR 182.2bn in 1H 2023, an increase by +1.6% compared to December 2022
 - IND displays solid OG of EUR 2.5m and ME of EUR 1.8bn;
 - E&E&P's S&I decreased towards EUR 61.6bn, the positive market effect of EUR 0.2bn partially offsetting the negative organic growth of EUR -1.6bn (ow EUR -1.7bn in Corporate and SME sector).

Outstanding loans to customers keeps growing; slowdown in mortgage loans production partially compensated by growth in production of Corporate loans

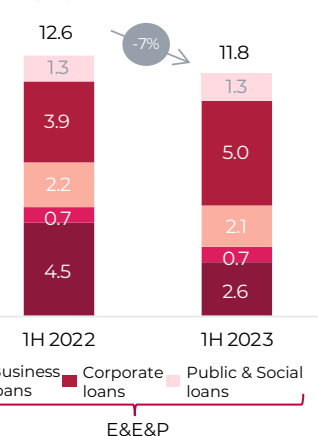
Outstanding loans to customers



Outstanding loans to customers



Long term Loan production



- Increase of loans outstanding of 2% towards EUR 112bn in 1H 2023 driven by a strong LT loan production on the Corporate segment (EUR 5.0bn).
- Loan production stood at EUR 11.8bn in 1H 2023, down by -0.9bn from EUR 12.6bn in 1H 2022, the result of strong contraction in Belgian mortgage loan market. Public & Social sector loan production grew by 4% compared to 1H 2022, whereas corporate loan production grew by 29% compared to 1H 2022.

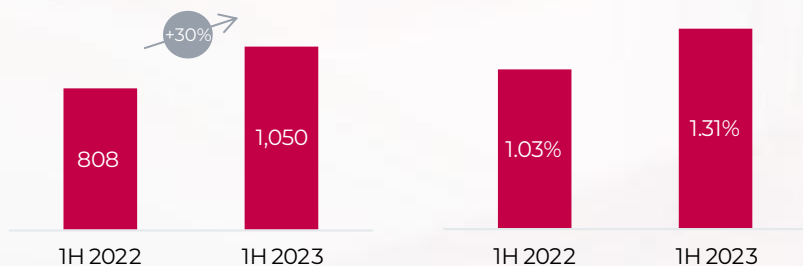
Growing NII and resilience of net fee & commission income bank showing the success of our diversified strategy.

Bank

Growing NII thanks to continued commercial growth and sound ALM management

Net interest income Bank
EUR m

NIM¹



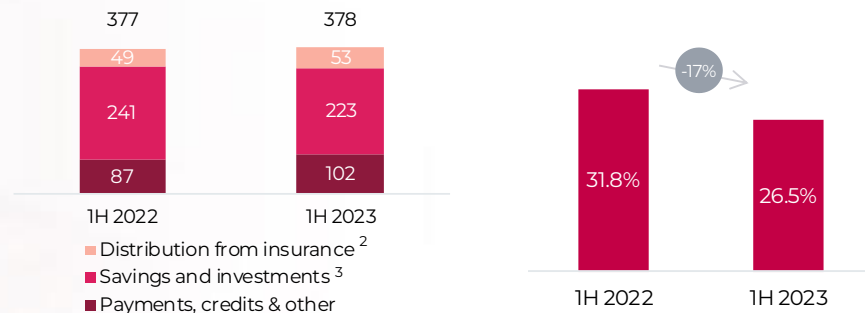
- Net Interest Income Bank increases with +30% compared to 1H 2022, supported by higher interest rates, growing commercial activities and solid ALM and liquidity management. Higher interest margin on non-maturing deposits have been partially offset by volume shift from non maturing deposits towards term funding and pressure on new loan margins, in a very competitive Belgian loan market.
- Net interest margin improving from 1.03% in 1H 2022 towards 1.31% in 1H 2023.

Bank

Resilient bank fee & commission income

F&C income Bank
EUR m

Bank income diversification
% Fees / (Fees + NII)



- Fairly stable fee and commission income (+0.4%):
 - increasing payment fees, resulting a.o. from higher volumes of credit and debit card transactions;
 - continuously increasing fees from life and non-life insurance activities;
 - slowdown in entry fees in Asset Management Services in line with shift to more maturing deposits.

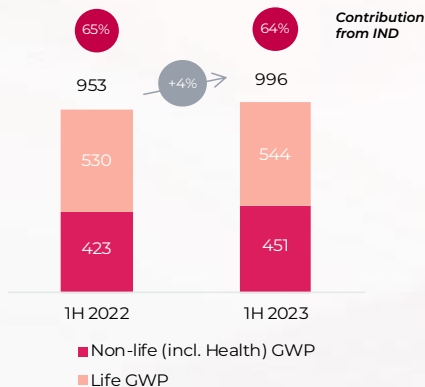
Further GWP growth in Non-Life insurance boosted by Bancassurance channel

Insurance

Continued growth in non-life thanks to Bancassurance and DVW

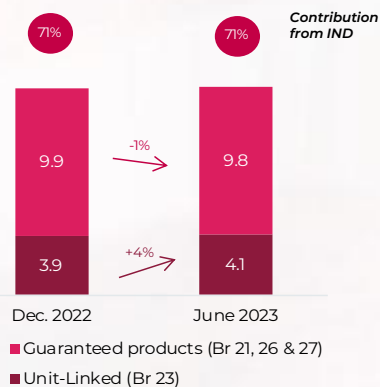
Insurance production

EUR m



Life Insurance reserves

EUR bn



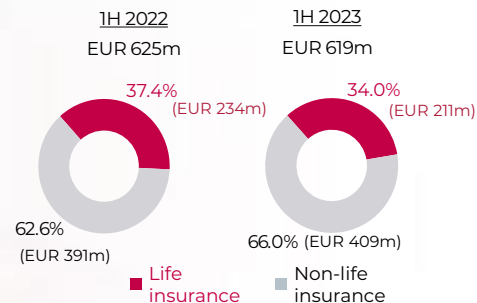
- Overall increasing non-life GWP (+7%) thanks to Bancassurance (+9%) and DVW (+8%), partially the result of premium indexations but also thanks to net new business growth in Bancassurance Individuals and DVW Business.
- Growth of GWP life by +3%, with some shift from Invest Br23 towards Invest Br21 in light of higher interest rate environment. Belfius Insurance was the first insurer to offer Br21 at higher guaranteed rates in 2022 in Belgium. Life reserves are slightly increasing by +0.5% as of 1H 2023 compared to December 2022.

Insurance

Strong non-life income; Insurance Service Expenses adjusted¹

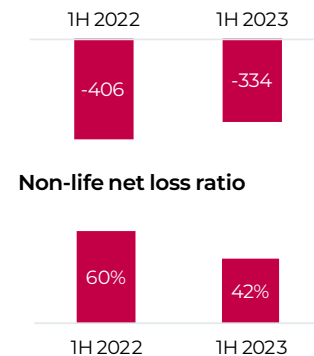
Insurance income

EUR m

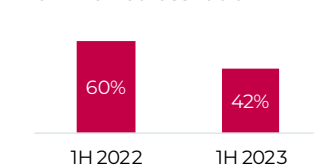


ISE adjusted

EUR m



Non-life net loss ratio



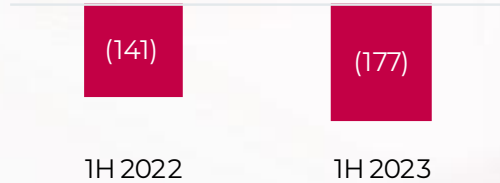
- Strong non-life income increasing by +4.5% in 1H 2023, thanks to portfolio growth, while life insurance income decreases, mainly due to lower financial income due to loss of carry from repo and lower dividend income on slightly lower equities' portfolio.
- Insurance Service Expenses adjusted amounts to EUR -334m in 1H 2023 vs EUR -406m in 1H 2022, mainly due to non-life thanks to the recalibration of the risk adjustment one year confidence interval (from 85%/90% to 77.5%) and absence of natural catastrophes' claims in 1H 2023 while 1H 2022 was impacted by February 2022 storms and inflation impact on Best Estimate calculation.
- Improving Non-Life net loss ratio of 42% in 1H 2023 (vs. 60% in 1H 2022 that was heavily impacted by inflation pressures and NatCat on average claims cost). NCR amounting to 82% per 1H 2023 compared to 102% per 1H 2022.

Overall, continued commercial development in full alignment with desired financial strategy, lead to total revenues increasing with 12% year-on-year

Group

Other income more negative than in 1H 2022

Other income
EUR m

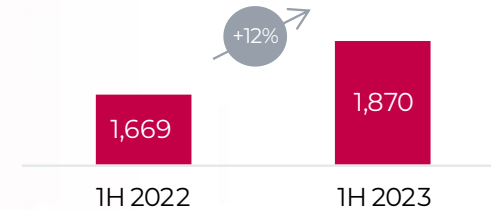


- Other income 1H 2023 amounted to EUR -177m, more negative than in 1H 2022 (EUR -141m), mainly stemming from higher bank levies (EUR 280 million in 1H 2023 vs EUR 264 million in 1H 2022), partially offset by higher positive contribution from activities serviced out the dealing room.

Group

Increasing total revenues in line with strong commercial dynamics

Total income
EUR m



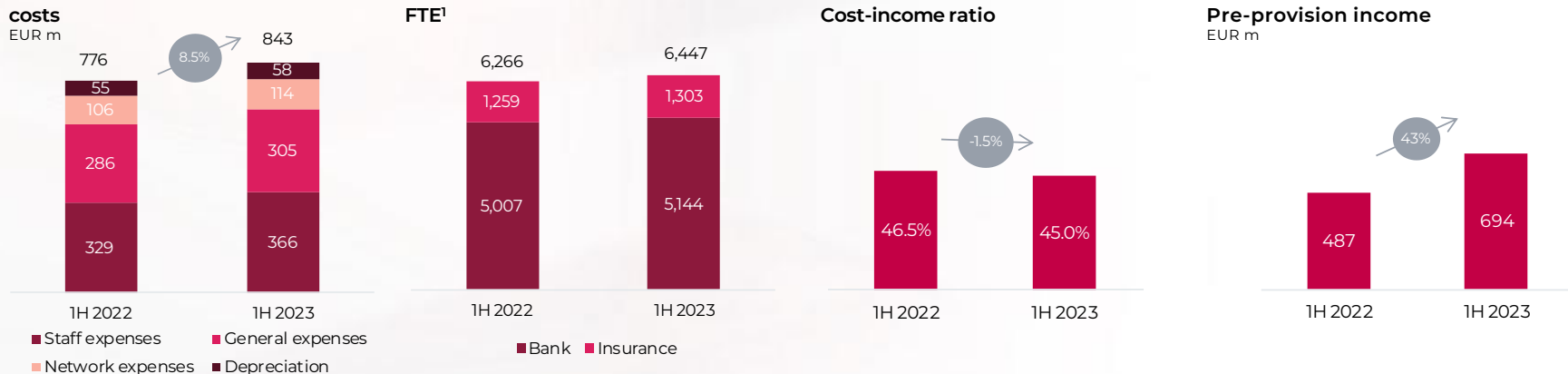
- Continued commercial dynamics and strict balance sheet management discipline lead to increasing total revenue base, mainly thanks to:
 - growth of the NII in a context of strong interest rate increase;
 - resilient growth of F&C bank in transforming context;
 - stable insurance results & good performance in Financial Markets activities;
- Total income amounted to EUR 1,870m in 1H 2023 (vs EUR 1,669m in 1H 2022).



Total costs increasing due to growth investments (brand, digital, workforce) and inflation pressure. C/I ratio however improves further to 45% thanks to stronger income dynamics.

Increasing costs from inflation and continued investments ; C/I improves further towards 45%

All in all, leading to higher pre-provision income



- Total costs increased by 8.5% compared to 1H 2022 due to (i) workforce reinforcement and brand & innovation investments to sustain strong commercial growth, and (ii) inflationary pressures. Although the total costs increased by 8.5%, C/I ratio decreased to 45.0% per 1H 2023 compared to 46.5% per 1H 2022 due to the positive jaws effect.
 - staff expenses increased with EUR 37m compared to 1H 2022, due to the salary mass indexation and higher FTE (+ 181 average FTE)
 - general expenses increased towards EUR 305m, up with EUR 18m compared to 1H 2022, in line with growing commercial activity, and higher external workforce costs
 - network costs and depreciation costs have increased by EUR 8m and EUR 3m respectively.

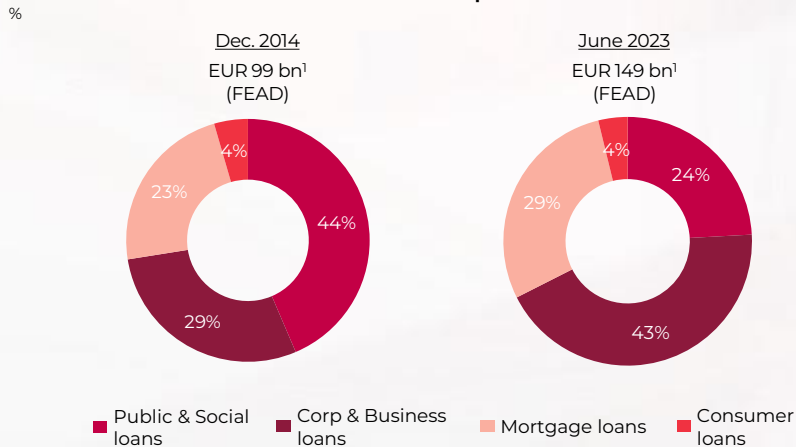
- All in all, the combination of stronger income dynamics than cost increase, leads to an increase in pre-provision income to EUR 694m in 1H 2023 (vs EUR 487m in 1H 2022).



Continued growth and strong resilience of the loan portfolio, reflected in an asset quality ratio remaining below 2%

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

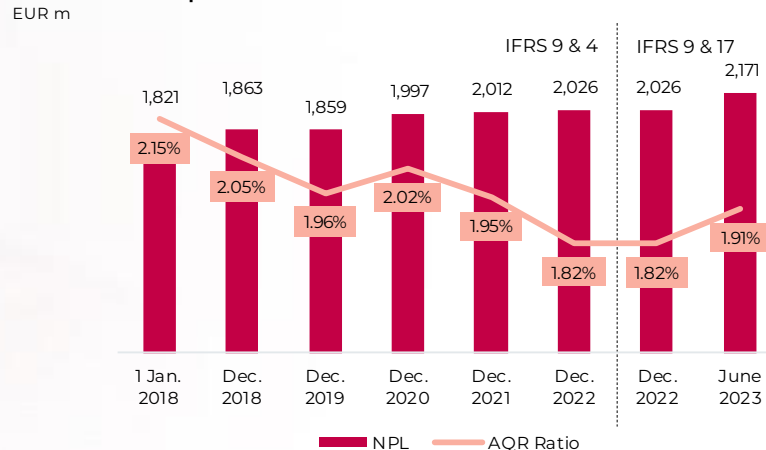
Evolution of the loan and commitments portfolio



- Belfius keeps focusing on supporting all segments of the Belgian economy, and has been able to develop a more balanced loan portfolio.
- The mortgage loan portfolio increased from EUR 22.9bn per end 2014 to EUR 42.6bn per end of June 2023, reaching 29% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 64.6bn per end of June 2023, reaching 43% of the FEAD.

Solid asset quality throughout the diversification & growth journey

Evolution of impaired loans to customers



- Increasing gross outstanding loans combined with slightly increased impaired loans lead to a limited increase of asset quality ratio to 1.91%, still below pre-Covid levels.
- These key indicators continue to reflect the solid quality and the intrinsic resilience of the loan portfolio with regards to the impact of the global events of the last years (Covid-pandemic, the energy/inflation crises and the geopolitical turmoil). It also demonstrates the effectiveness of the risk management policies and practices that Belfius has in place.

Zoom on cost of risk: IFRS 9 impairment methodology

The IFRS 9 methodological adjustments , applied to factor in the potential effects of Covid-19, the risks related to energy, inflation and the Russia/Ukraine conflict are gradually phasing out

- Throughout the past period, characterized by the Covid-19 pandemic, the increasing inflation, rising energy prices and the war in Ukraine, Belfius' basic principles for Expected Credit Losses (ECL) computations have remained fundamentally unchanged, however some adjustments to the approach were applied in order to assure an adequate coverage for potential risks.
- With the observation that impact of these adverse events are well under control and that the economic environment continues its way to normalization, Belfius has decided to abandon the long term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data. The system of four probability weighted forward-looking scenarios, each with their own macroeconomic parameters, to build the optimistic, neutral, pessimistic and stress case, is maintained.
- Given the fact that ECL estimates are complex and to a certain extent judgmental, the mechanical calculation of expected credit losses is supplemented with "management call" layers, as authorized by the IFRS 9 accounting references. These layers can be positive or negative and aim to include any elements entering in the ECL computation which have not been taken into account by the mechanical approach on an individual level or a (sub)portfolio level. These layers continue to be used to account for the main risk pockets in the Belfius' portfolio. In that perspective, Belfius continues its portfolio analysis and monitoring process, in order to keep up to date its view on the sectors and/or clients, that are more vulnerable to economic uncertainties, inflation and energy risks.

Zoom on cost of risk: IFRS 9 macroeconomic scenarios

The macroeconomic perspectives for 2023 and 2024 and a shift of the scenario weights, contribute positively to the cost of risk

The economic picture for 1H 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and, with the notable exception of the food processing industry, post-pandemic supply chains problems have largely been resolved. At the same time, there are also signs of a potential economical decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023. Unemployment figures remain however benign: despite higher wage costs, most companies maintained or expanded their permanent workforce. Due to structural labour market tightness, firms seem to be reluctant to lay off employees.

Neutral scenario data

	2022	2023	2024
GDP (% y-o-y)			
Belgium	3.1	0.9	1.2
Eurozone	3.5	0.7	1.1
United States	2.1	1.4	0.4
CPI (% y-o-y)			
Belgium	10.3	5.1	3.4
Unemployment (%)			
Belgium	8.5	8.2	8.0
Eurozone	9.6	8.2	6.8

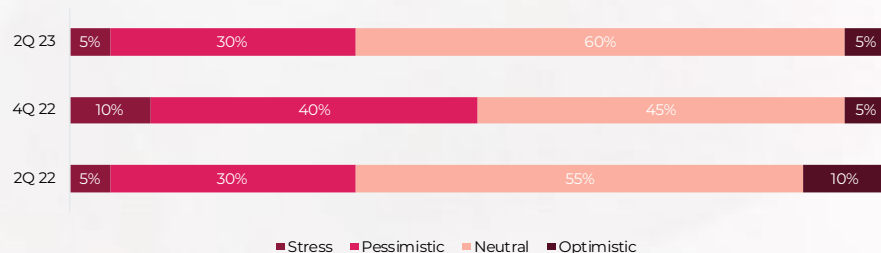
Transformation into a 4 scenarios approach

GDP Belgium values used in the ECL Calculation (% y-o-y)

	As of 2Q 2023		
	2022	2023	2024
Optimistic	3.1	1.5	1.8
Neutral	3.1	0.9	1.2
Pessimistic	3.1	-0.2	0.1
Stress	3.1	-0.8	-0.5

- Belfius' neutral scenario includes improved GDP forecasts for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario presents a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.
- For 2023, inflation is expected to drop lower than estimated by end 2022.
- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease in the upcoming years. As from 2020 on, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

Scenario weights



- The neutral case is supplemented with an optimistic, a pessimistic and a stress scenario.
- The scenario weights were changed by shifting more weight to a neutral scenario (60%), simultaneously reducing pessimistic (from 40% to 30%) and stress (from 10% to 5%) scenarios.
- **This rebalancing of the scenario weights and the more favorable macroeconomic perspectives lead to a reversal of the macroeconomic factors related provision of EUR 49m in H1 2023.**

Zoom on cost of risk Overlays for Vulnerable Exposures

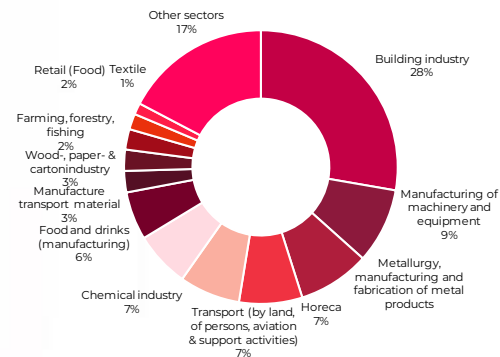
Evolution of the Overlay for Vulnerable Exposures in a changing economic environment

- The mechanical ECL calculations are supplemented 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) to be insufficiently covered by the mechanical provisions.
- These expert overlays, that are linked to potential recession effects, are referred to as the “Overlay for Vulnerable Exposures”.

- In 2020 and 2021, the scope of the Overlay for Vulnerable Exposures was defined by Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit by the pandemic and the sanitary measures were included : recreation, culture & sport, horeca, travel agencies, transport (aviation, of persons), retail (clothing, shoes, leather), sale/repair cars & motorcycles, graphic industry, manufacturing (transport material).
- In 2022, the driver of risk gradually shifted to sectors with a sensitivity to the effects of inflation and energy price increases : manufacturing (transport material, chemical industry, metallurgy, machinery, wood & food), extraction, farming, forestry & fishing, building industry & real estate (development).
- In 2023, the Covid-related exposures completely disappeared from the Overlay. The scope of the Overlay was only linked to exposures with an energy & inflation vulnerability, both in the individuals and in the E&E segment.
- The content of the scope did not change materially in H1 2023 ; the evolution of the provisions was mainly driven by exposure evolutions and rating migrations and **accounted for a net provision release of EUR 7m in H1 2023.**

Overlay for Vulnerable Exposures E&E: exposures by sector

3.5% of total portfolio (FEAD), representing EUR 6.8bn¹

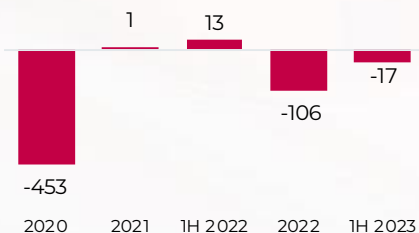


Zoom on cost of risk

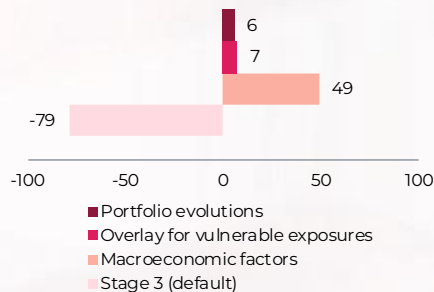
Resulting cost of risk metrics 1H 2023 (1/2)

1H 2023 Cost of Risk amounts to EUR -17m. The overlay for economic uncertainties and vulnerable exposures decreases towards a level of EUR 179m (vs. EUR 235 in 2022), composed of EUR 75m for macroeconomic factors on the one hand and EUR 104m for vulnerable exposures on the other hand

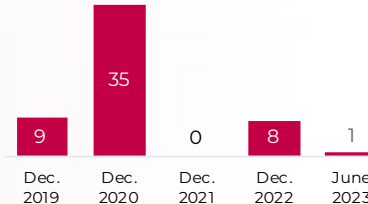
Cost of Risk
EUR m



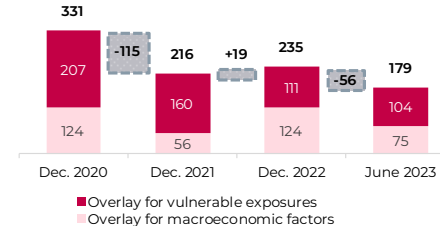
Cost of Risk 1H 2023
EUR m



Credit cost ratio¹
Bps



Overlay
EUR m



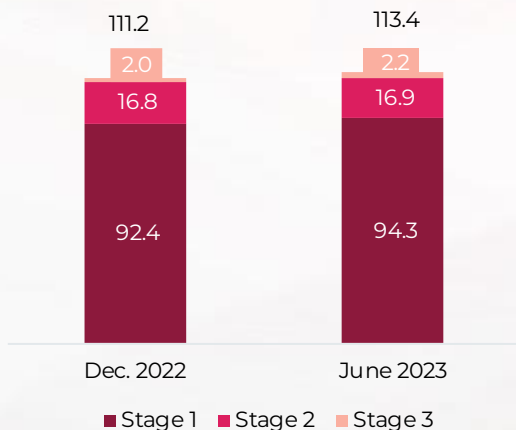
- In 2020, the Covid-driven provisioning logic resulted in a cost of risk of EUR -453m, of which a Covid-overlay of EUR 331m was the most significant contributor, in particular to cover for potential credit risk impacts in the Business and Corporate segments. By end of June 2023, the overlay is reduced to EUR 179m.
- In 1H 2023, the Cost of Risk amounts to EUR -17m, composed of:
 - EUR -79m specific provisions for loans in default;
 - EUR +49m reversals due to the update of the macroeconomic factors and provisions;
 - EUR +7m reversals following the reassessment of the Overlay for vulnerable exposures;
 - EUR +6m reversals 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

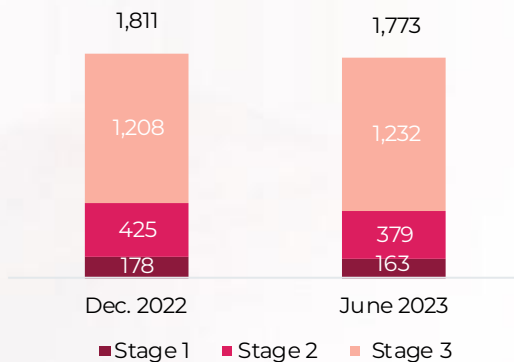
Resulting cost of risk metrics 1H 2023 (2/2)

Continued sound asset quality metrics at 30 June 2023

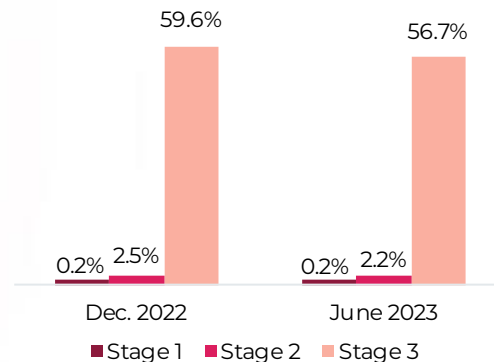
Gross outstanding loans to customers¹
(Conso)
EUR bn



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

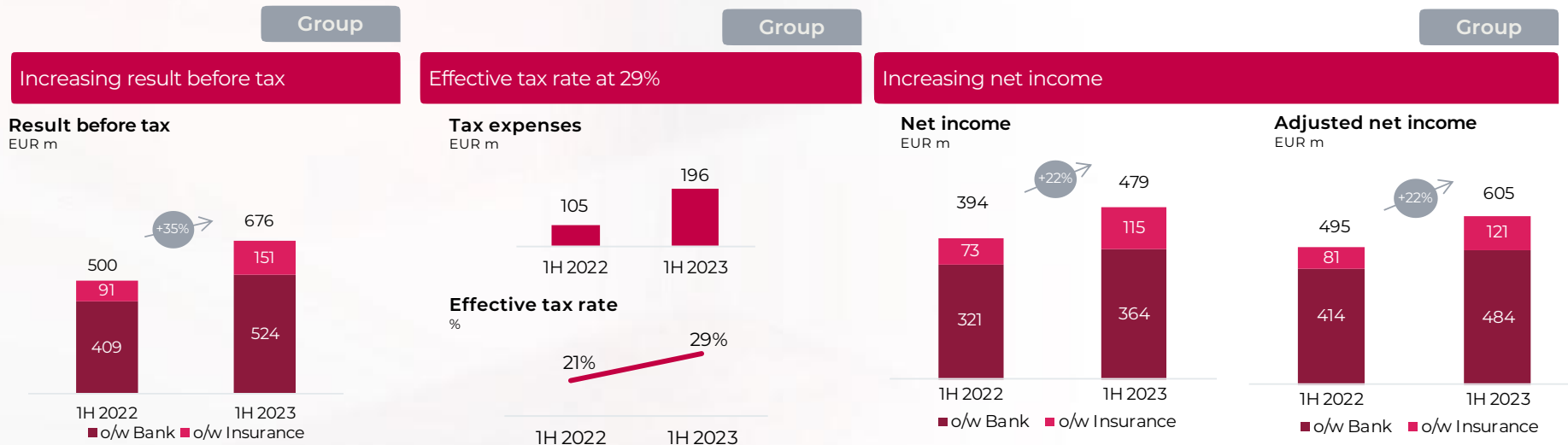


Coverage ratio
%



- The IFRS9 outstanding stock of impairments on loans to customers slightly decreased with EUR 37m to EUR 1.8bn as of end June 2023.
- The stock of stage 1 & 2 impairments decreased from EUR 603m end 2022 to EUR 542m end June 2023 reflecting a.o. the gradual reduction of the overlay for economic uncertainties and vulnerable exposures.
- On the other hand, stage 3 impairments show a slight increase, with at the same time the stage 3 coverage ratio reducing towards 56.7% per end of June 2023; this is explained by a number of new defaulted files with strong collateral and recovery perspectives (so a lower provisioning level is required) and the write-off of files with a higher coverage.

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



- Result before tax amounts to EUR 676m in 1H 2023, compared to EUR 500m in 1H 2022, an increase of 35% thanks to strongly increasing pre-provision income, and despite slightly worse cost of risk.

- The tax expenses amounted to EUR 196 million in 1H 2023 compared to EUR 105 million in 1H 2022, showing an effective tax rate (29%) above the statutory tax rate (25%). The higher taxes in 1H 2023 are mainly the result of a higher consolidated result before tax than in 1H 2022 and the limitation of the NTK¹ deductibility to 20% since the start of the year (compared to 100% the previous years).

- Overall dynamics are leading to a net income of EUR 479m in 1H 2023, up with EUR +85m compared to EUR 394m in 1H 2022.
- Excluding special items (see appendix), adjusted net income of EUR 605m in 1H 2023, compared to EUR 502m in 1H 2022.





4. Results per Segment¹

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 2023 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 2022 figures.



4.1 Individuals

- **IND segment proves resilient, despite the cooldown of the mortgages market:**
 - outstanding loans to customers (+2%, to EUR 49.6bn) continued to grow
 - customer savings & investments (+4%, to EUR 120.6bn): strong organic growth (EUR +2.5bn) and positive market effect (EUR +1.8bn) since end 2022
 - continued strong performance in GWP non-life (+7% to EUR 336m in 1H 2023), especially via bank distribution channel (+9% to EUR 151m in 1H 2023), combined with slight increase of GWP life (+2% to EUR 350m in 1H 2023)
- Strong growth in **net interest income bank of IND** to EUR 392m in 1H 2023, increasing from its level of EUR 288m in 1H 2022, especially thanks to higher interest rates environment and growing commercial activities
- **Fee & commission income of IND** decrease with -2% towards EUR 311m in 1H 2023, decrease in Asset Management Services fees partially offset by increase in transaction banking fees
- **Total insurance income IND** remained stable at EUR 493m in 1H 2023, mainly driven by a strong increase of non-life insurance income with 7% (to EUR 326m in 1H 2023) compensated by a decrease of 12% in life insurance income (to EUR 167m)
- **Insurance Service Expenses adjusted¹ IND improve with 14% toward EUR -251m**, in light of absence of natural catastrophes' claims in 1H 2023 and a release of risk adjustment for non-life
- **Costs allocated to IND** increased by EUR 31m in 1H 2023 compared to 1H 2022 due to inflationary pressures and continued investments in human & digital capital
- **Pre-provision income 1H 2023 of IND stands at EUR 350m**, 40% higher than its level of EUR 251m in 1H 2022
- **The cost of risk in IND amounts to EUR -2m (net allowance) in 1H 2023** close to the level of 1H 2022 (EUR -3m)
- As a result, **net income IND strongly increased to EUR 254m in 1H 2023** (EUR 193m in 1H 2022)

Note 1. Insurance Service Expenses adjusted = Insurance Service Expenses + Net Reinsurance Result – directly attributable costs to insurance contracts.



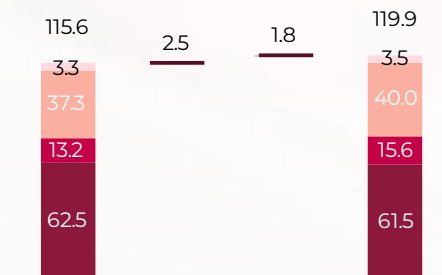
Developing commercial activity leads to further volume growth

Individuals

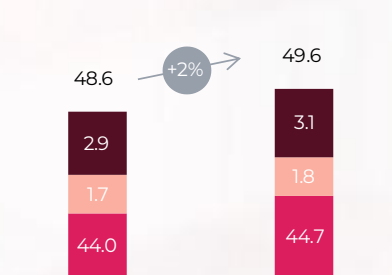
Bank

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

Outstanding savings & investments

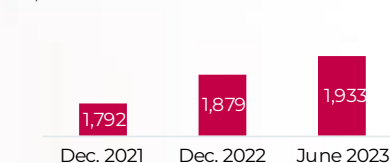


Outstanding loans to customers



Continued steady increase in active mobile users

Active mobile users

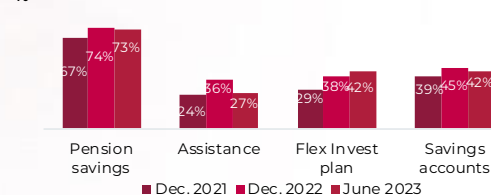


Credit cards



~43% of credit cards are sold through direct channels¹

Sales through direct channels¹



Customer equipment rate

3.16

Products per customer

- Continued strong customer engagement resulting into steady increase of active mobile users (+2.8% vs. end 2022), with on average 36.6 mobile interactions per active user per month in 1H 2023.
- Belfius continues to benefit from the functionalities of its direct channels. In 1H 2023, 73% of the new pension savings contracts, 43% of the new credit cards and 42% of the new savings accounts were subscribed via direct channels.
- Average equipment rate of IND customers continued to increase steadily towards 3.16 (compared to 3.14 end 2022).

- The individuals' savings & investments increased towards EUR 119.9bn per end June 2023. This is the combined result of the strong organic growth (EUR +2.5bn) and the positive market effect (EUR +1.8bn). The shift towards more maturing deposits is also present in the Individuals segment, with an increase of +18% in Maturing Deposits & Br21 products.
- Outstanding loans increased by EUR 1.1bn (+2%) compared to end 2022.

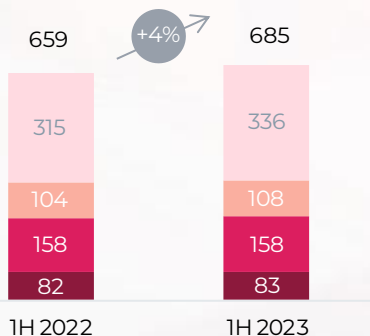
Bank-insurance strategy continues to support Belfius' insurance activities and their product mix transformation

Individuals

Group

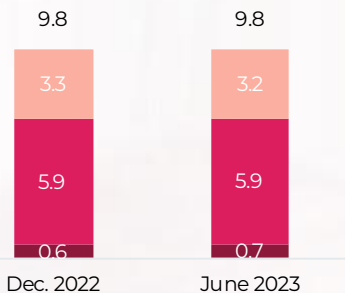
Insurance sales boosted by strong non-life production

Insurance premiums (GWP)
EUR m



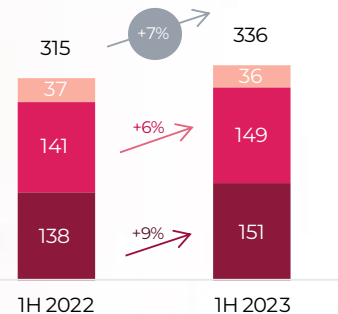
■ Protection ■ Invest ■ Pension & Endowment ■ Non-Life (incl. Health)

Life Insurance reserves
EUR bn



■ Protection ■ Invest ■ Pension & Endowment

GWP IND Non-Life per distribution channel
EUR m

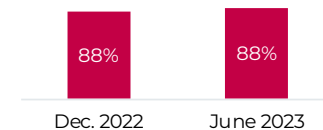


■ Bancassurance ■ DVV ■ Belfius Direct Insurance

Continuously solid bank-insurance cross-sell

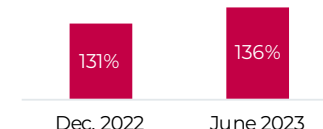
Property insurance

Belfius Home & Family cross-sell (%)



Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)¹



- IND non-life insurance GWP in 1H 2023 stands at EUR 336m, up 7% compared to 1H 2022, continuously boosted by the bank distribution channel.
- IND life insurance (Protection, Invest, Pension & Endowment) GWP stands at EUR 350m in 1H 2023, up 2% compared to 1H 2022.
- Total IND life insurance reserves stand at EUR 9.8bn per 1H 2023, stable compared to December 2022.
- Belfius continues to show solid mortgage loans related cross-sell ratios, confirming the strong bank-insurance development.

Excellent evolution of NII and resilient fee & commission income

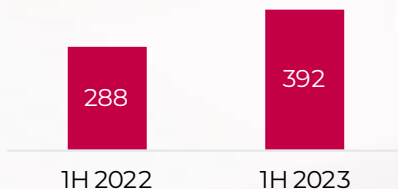
Individuals

Bank

Strongly improving net interest income

Net interest income bank

EUR m



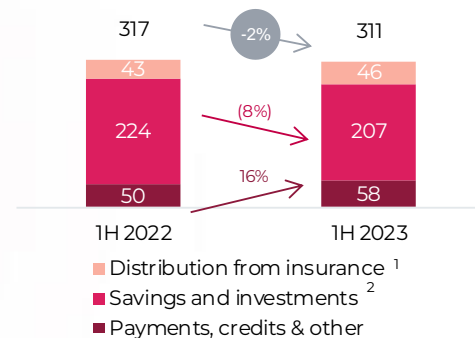
- Net interest income bank increasing by 36% (or EUR 104m) towards EUR 392m in 1H 2023 supported by higher interest rates environment and growing commercial activities. Higher interest margin on non-maturing deposits have been partially offset by volume shift from non maturing deposits towards term funding and pressure on new loan margins, in a very competitive Belgian loan market.

Bank

Resilient fee and commission income

F&C income bank

EUR m



- Fee and commission income bank are slightly below last year (EUR -6m) mainly explained by Asset Management Services (EUR -13m), in line with shift to term deposits, only partially offset by increase in fees for payment services.

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

Individuals

Insurance

Group

Group

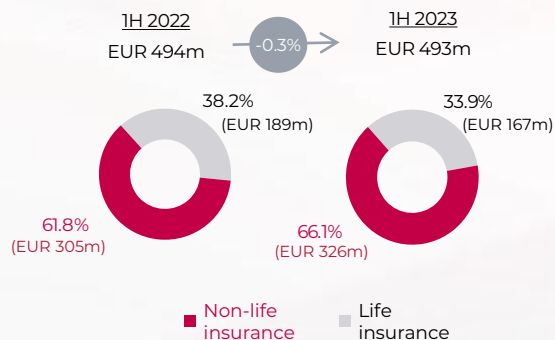
Stable contribution from insurance

Insurance Service Expenses adjusted¹

Other & total income

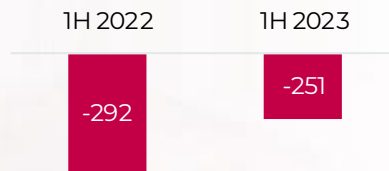
Insurance income

EUR m



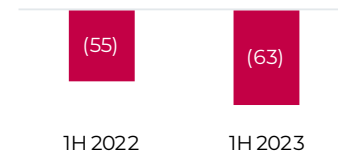
ISE Adjusted

EUR m



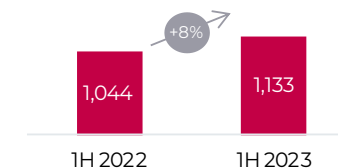
Other income

EUR m



Total income

EUR m



- IND non-life insurance income amounts to EUR 326m, compared to EUR 305m 1H 2022, a.o. thanks to continued portfolio growth

- Insurance Services Expenses adjusted amount to EUR -251m in 1H 2023 vs EUR -292m in 1H 2022. An improvement thanks to (i) absence of major NatCat in 1H 2023 vs February 2022 storms in H1 2022, (ii) more negative inflation impact on Best Estimate in 1H 2022 and (iii) positive P&L impact following a release of risk adjustment in 1H 2023

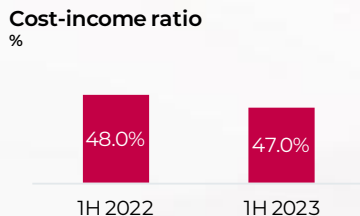
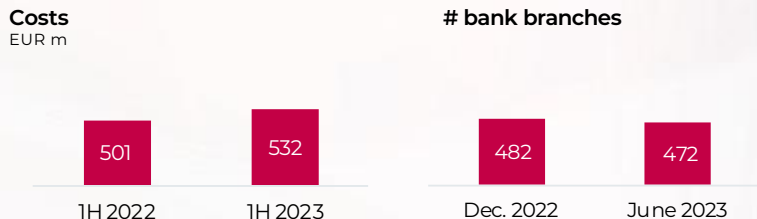
- Other income amounts to EUR -63m, slightly more negative than in 1H 2022 (EUR -8m), in line with higher bank levies
- Increasing revenues (+8%) showing the continued success of Belfius' IND strategy.

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

Individuals

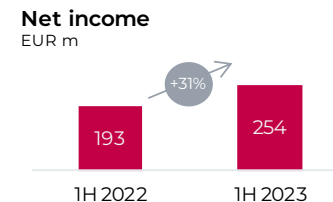
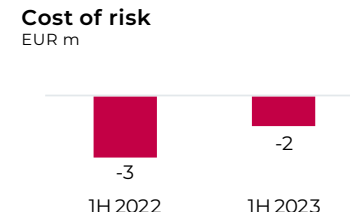
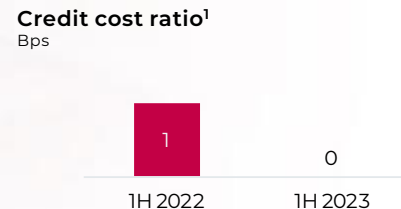
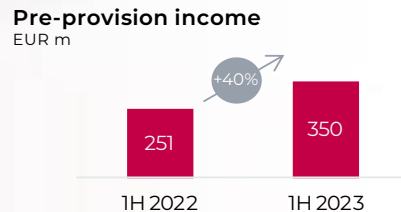
Group

Increasing costs but decreasing C/I ratio



Growing pre-provision income, strong net income

Group



- Costs increased by EUR 31m in 1H 2023 compared to 1H 2022 due to inflationary pressures and investments in human and digital capital.
- 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 47.0% (from 48.0% in 1H 2022).

- High pre-provision income of EUR 350m (vs EUR 215m in 1H 2022), increasing in line with growing IND franchise.
- Cost of risk allowance of EUR -2m in 1H 2023 compared to the allowance of EUR -3m in 1H 2022, leading to a credit cost ratio of 0 bps per 1H 2023.
- Total net income of IND segment amounts to EUR 254m in 1H 2023 (vs. EUR 193m in 1H 2022).

4.2 Entrepreneurs, Enterprises & Public

- **Belfius continues to develop into a full-blown bank for Belgian business and corporate clients, and remains the leading full service provider in the Belgian Public & Social segment:**
 - customer savings & investments (decreasing to EUR 61.6bn): negative organic growth (EUR -1.6bn) since end 2022, driven by the (non-fully compensated) shift from Non maturing deposits towards term deposits and bonds, and slightly positive market effect (EUR +0.2bn)
 - outstanding loans to customers (+2%, to EUR 62.4bn) continued to grow, especially in E&E loans, driven by the Corporate 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 531m, **growing** from its level of EUR 439m in 1H 2022, mainly thanks to rising interest rates environment and further growing loan volumes in the corporate & business segment.
- **Continued growing contribution of E&E&P fees and commissions** (EUR 73m in 1H 2023 vs EUR 65m in 1H 2022), mainly from F&C income growth on transaction banking services
- **Slightly decreasing insurance income** towards EUR 127m (-3% vs. EUR 131m in 1H 2022)
- **Less negative Insurance Service Expenses adjusted** (EUR -114m in 1H 2023 vs EUR -83m in 1H 2022), improving mainly thanks to lowered inflation assumptions on Best Estimate calculation.
- **Costs allocated to E&E&P increased**, in line with overall evolution of costs, from EUR 241m in 1H 2022 to EUR 270m in 1H 2023
- **Pre-provision income 1H 2023 of E&E&P stands at EUR 384m**, much higher than its level of EUR 262m in 1H 2022, showing success of universal bank-insurance strategy
- **The cost of risk in E&E&P amounts to EUR -11m (net allowance) in 1H 2023**, compared to the net reversal of EUR +18m in 1H 2022
- **All-in-all leading to a net income in E&E&P segment of EUR 278m in 1H 2023**, above its contribution in 1H 2022 of EUR 217m

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

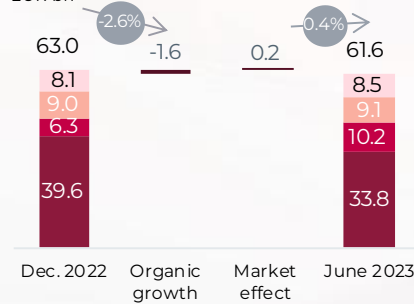
Group

Bank

Slightly decreasing savings & investments and growing loans & commitments to customers

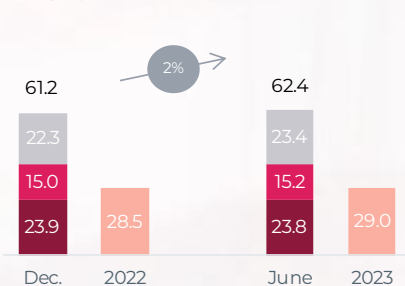
Outstanding savings & investments

EUR bn



Outstanding loans and commitments

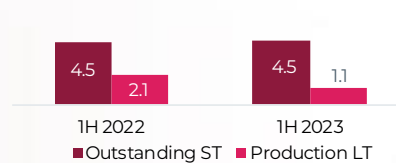
EUR bn



Debt and Equity Capital Markets activities

DCM activity and participation rate

EUR bn; %



Equity Capital Markets (ECM)

4 Transactions in 1H 2023

- Other S&I¹
- Asset Management Services & Equities
- Maturing Deposits + Br21
- 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)

- 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 61.6bn (-2% from end 2022), also showing shift to maturing deposits;
 - the outstanding loans increased with 2% compared to end 2022, driven by Corporate Banking.

- E&E&P clients maintain diversified financing profiles through DCM activity
 - During 1H 2023, Belfius has placed a total of EUR 4.5bn short term notes (average outstanding CP) and EUR 1.1bn long term notes for PSB and CB customers confirming its leadership position in the Belgian market.
- Belfius also structured and placed a total of 4 capital market transactions within ECM for various CB clients in close cooperation with Kepler Cheuvreux with whom Belfius has a strategic partnership.

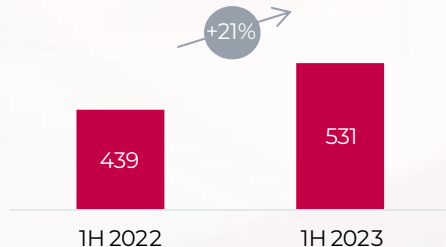
Growing NII thanks to higher interest rates and strict pricing, alongside continued growth in F&C income

E&E&P

Bank

Strong growth in net interest income

Net interest income
EUR m

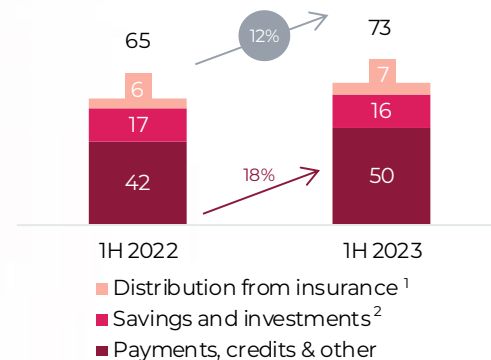


- Increasing bank NII for E&E&P to EUR 531m supported by higher interest rates environment, strict pricing and growing commercial activities.

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 12%, mainly thanks to the increase (+18% vs 1H 2022) in payment services (higher transaction volumes and more valuable payment service packages).



E&E&P is showing strong growth of 20% in total income

E&E&P

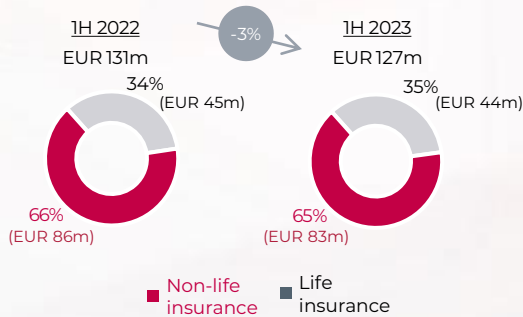
Group

Insurance

insurance income decreasing with 3%

Insurance income

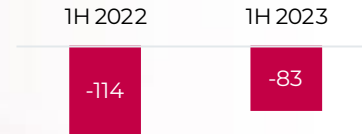
EUR m



Insurance Service Expenses adjusted¹

ISE Adj.

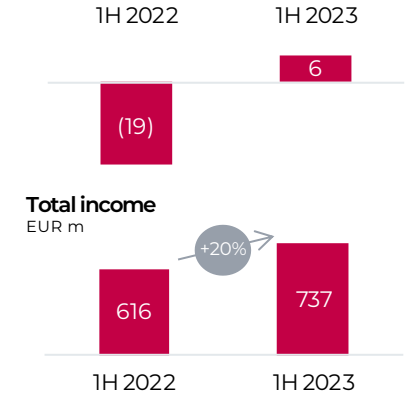
EUR m



Other & total income

Other income

EUR m



- E&E&P insurance results slightly decreasing in 1H 2023 with a 3% decrease compared to 1H 2022, mainly explained by lower insurance income
 - life insurance results are fairly stable compared to 1H 2022, and amount to EUR 44m
 - Non-life results are down by EUR 3m compared to 1H 2022, amounting to EUR 83m.

- Insurance Services Expenses adjusted amount to EUR -83m in 1H 2023 vs EUR -114m in 1H 2022, an improvement mainly stemming from lowered inflation assumptions on Best Estimate calculation.

- Other income again positive at EUR 6m compared to last year, due to better client flow business services in the dealing room in 1H 2023.
- Strong NII lead to increasing E&E&P total income, to EUR 737m in 1H 2023.

Improving C/I ratio and strong pre-provision income for the E&E&P segment

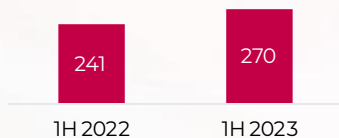
E&E&P

Group

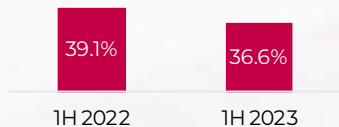
Group

Increasing costs

Costs
EUR m

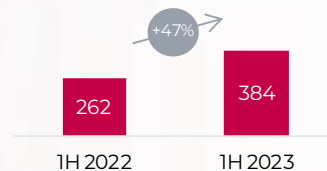


Cost-income ratio

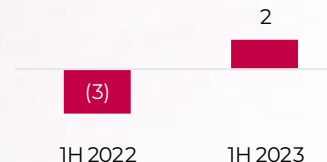


Strong pre-provision income offset by CoR allowance of EUR 80m

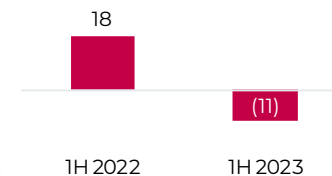
Pre-provision income
EUR m



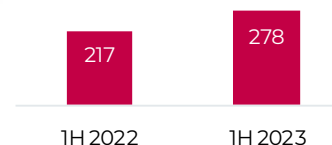
Credit cost ratio¹
Bps



Cost of risk
EUR m



Net income
EUR m



- Also for E&E&P segment an increase in costs is noted, with an increase of EUR 29m towards EUR 270m in 1H 2023.
- Cost-income ratio of E&E&P (36.6%) improves vs 2021 (39.1%).

- Overall, pre-provision income E&E&P shows an increase of 47% towards EUR 384m in 1H 2023.
- Cost of risk allowance of EUR 11m in 1H 2023. With a credit cost ratio of 2 bps in 1H 2023, this is still below estimated long term structural cost of risk for E&E&P.
- Overall, the net income of E&E&P stands at EUR 278m in 1H 2023 (compared to EUR 217m in 1H 2022).



4.3 Group Center

- **GC total income amounted to EUR 1m in 1H 2023**, EUR 8m lower than last year. This evolution stems from the other income (positive impact from reversal of the provision for potential settlements of ongoing disputes with third parties in 1H 2022) partially compensated by the net interest income that has increased (better transformation)
- **Pre-provision income GC** stood at EUR -40m in 1H 2023 (vs EUR -26m in 1H 2022)
- **The cost of risk GC** stands at EUR -5m in 1H 2023 (net allowance), compared to EUR -2m (net allowance) in 1H 2022, mainly impacted, in our bonds portfolio, by a downgrade on one position and a migration of another position from stage 1 to stage 2.
- As a result, **GC net income** amounted to EUR -53m in 1H 2023, compared to EUR -17m in 1H 2022.
- Excluding special items, the adjusted net income GC stood at EUR 66m in 1H 2023, compared to EUR 87m in 1H 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 30 June 2023)

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 7.8bn) 	<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 5.7bn) 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
<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



Dec. 2022 June 2023

Average Rating

A- A

Expected average life (years)

7.5 7.2

Investment grade (%)

100% 100%

Credit regulatory risk exposures (EUR bn)

1.9 2.1

Run-off portfolios

ALM Yield bond portfolio

Notional value
EUR bn



Dec. 2022 June 2023

A⁻¹ A⁻¹

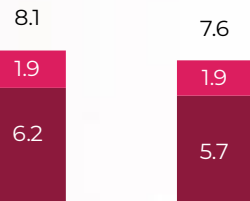
19.0 19.2

95% 95%

2.3 2.3

IR Derivatives

Notional value²
EUR bn



Dec. 2022 June 2023

■ Derivatives - other
■ Derivatives - Dexia

BBB+ A-

11.1² 10.7²

97% 97%

0.4 0.4

Credit guarantees

Notional value
EUR bn



Dec. 2022 June 2023

A- A-

11.9 11.4

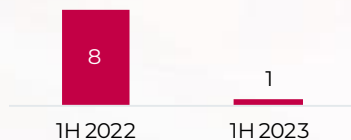
94% 97%

1.0 1.1

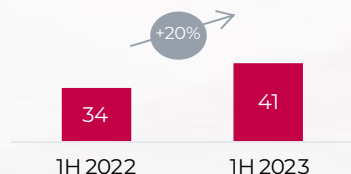
Financial results Group Center in 1H 2023

Slight decrease in total income; increasing costs

Income
EUR m



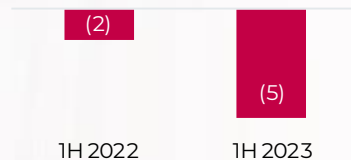
Costs
EUR m



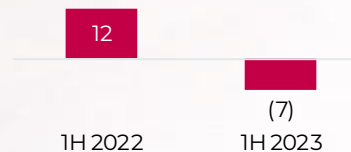
- In 1H 2023, GC income amounted to EUR 1m, EUR 8m less than in 1H 2022. This evolution stems from the other income (positive impact from reversal of the provision for potential settlements of ongoing disputes with third parties in 1H 2022) while the net interest income has increased (better transformation).

Allowance in CoR

Cost of risk
EUR m



Tax expenses
EUR m



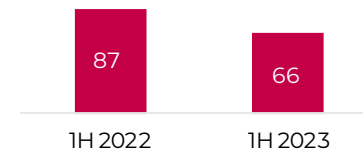
- CoR of EUR -5m, mainly impacted, in our bonds portfolio, by a downgrade on one position and a migration of another position from stage 1 to stage 2.
- GC tax amounted to a positive tax income of EUR -7m in 1H 2023, mainly due to the limitation of the deductibility of the Belgian tax on credit institutions to 20% since beginning of 2023.

Negative net income

Net income
EUR m



Adjusted net income
EUR m



- Excluding special items (see appendix), the adjusted net income GC stood at EUR 66m in 1H 2023, compared to EUR 87m in 1H 2022.

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 transforming economical context.
- 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 diversification strategy has materialised in a solidRoE in 1H 2023. **The RoE of Belfius continues to show resilience in current environment, with 4 quarters trailing ROE at 9.5%, against 8.9% in FY 2022. Overall RoNRE remains above the 10% mark, moving from 10.7% in FY 2022 to 11.7% in 1H 2023.**



5. Financial solidity

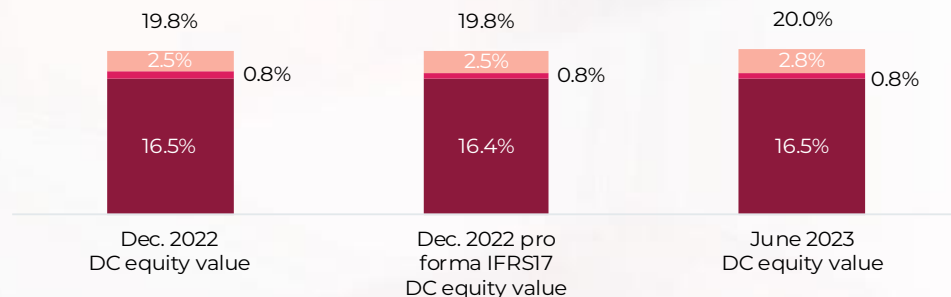
5. Financial solidity

- 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 sound solvency metrics**:
 - CET1 ratio of 16.5% as of end of June 2023, up 5 bps compared to the CET 1 ratio as of December 2022 (on a comparable IFRS17/9 basis). The increase over 2023 is mainly the result of higher CET1 capital (EUR +160m) compensated by higher regulatory risk exposures (EUR +778m)
 - continued solid leverage ratio of 6.29%, as of end of June 2023
- **This solid capital base still compares well to Belfius' minimum SREP level** and internally defined minimum operational zone
 - minimum CET1 supervisory requirement amounts to 10.07% applicable end of June 2023 due to the slight increase of Countercyclical Buffer from 0.06% to 0.08%
 - recent outcome of ECB/EBA stress test also confirms solid stress absorption capacity beyond MDA-level
- **Insurance activities also show continued solid solvency metrics**, with Solvency II ratio of 195% end of June 2023 (up from 193% end 2022)
- **Continued strong liquidity and funding profile**
 - LCR of 156% and NSFR of 133%
 - liquid asset buffer as of end of June 2023 representing 6.7 times next year wholesale refinancing needs
 - loan to deposit ratio (for commercial balance sheet) increased from 87% at end December 2022 to 90% per end of June 2023
- **Asset quality still sound** and still containing a best estimate "ex-ante provisioning" of expected losses due to economic uncertainties and vulnerable sectors:
 - Belfius decreased its LLP for loans to customers from EUR 1,811m end 2022 to EUR 1,773m end 1H 2023
 - Overall, we note a limited deterioration in the asset quality ratio to 1.91% per end 1H 2023, driven by an increase in non performing loans. Increasing stage 3 provisions and relatively higher NPL translate into a coverage ratio of 56.7% as per end of June 2023 (vs. 59.6% as per end December 2022).

Belfius continues to show solid capital and leverage ratios

Group

CET 1, Tier 1 and Total capital ratio¹



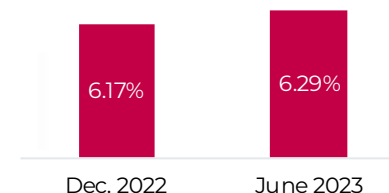
EURm

	Dec. 2022	Dec. 2022 pro forma IFRS17	June 2023
CET 1	10,722	10,547	10,707
Tier 1	11,219	11,045	11,204
CAD	12,851	12,676	13,017
RWA	64,796	64,150	64,928

- Total Capital ratio stood at 20.0%
- Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value instead of book value in the consolidated accounts

Bank

Leverage ratio²



- Leverage ratio stood at 6.29%, up from 6.17% as per December 2022 (pro forma IFRS17).
- The increase is the result of higher regulatory Tier 1 capital and a slightly lower leverage exposure mainly driven by a slight decrease in balance sheet.

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

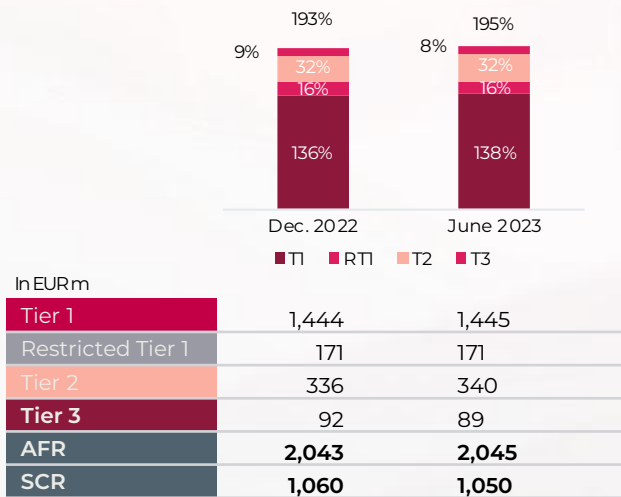


- CET 1 ratio of 16.49% as of 30 June 2023, +5 bps compared to end 2022 (pro forma IFRS17)
- The increase over 1H 2023 is mainly the result of higher CET1 capital (+ EUR 160m) compensated by higher regulatory risk exposures (EUR +778m)
- The minimum SREP of 10.07% has increased compared to 10.05% as of end 2022 due to the slight increase of Countercyclical Buffer from 0.06% to 0.08%.

Belfius Insurance continues to display solid solvency metrics

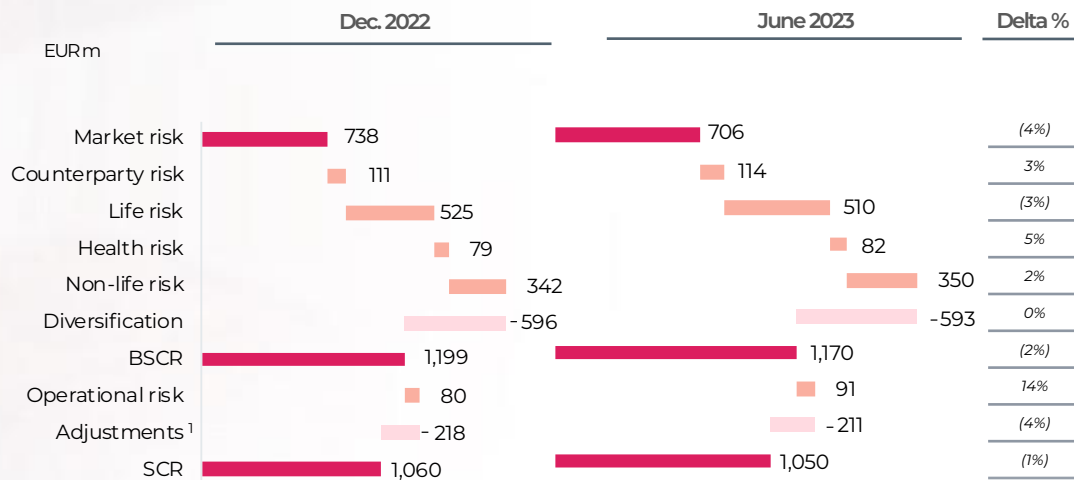
Insurance

Strong and high quality solvency levels



Insurance

Decomposition of Solvency Capital Requirement



- Compared to end 2022, the regulatory own funds have increased by EUR 2m. The review of the liability projection assumptions led to this small increase of the own funds after net income 1H 2023 net of a foreseeable dividend of EUR 70 million.
- The required capital amounted to EUR 1,050m at the end of June 2023, which is EUR 10m lower compared to end 2022. Market risk dropped given the performance of the equity portfolio and some divestments in equities during the second quarter which allowed us to have a positive evolution of the SII ratio related to 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 Life insurance risk decreased during the first semester of 2023 mainly due to the review of the liability projection assumptions.

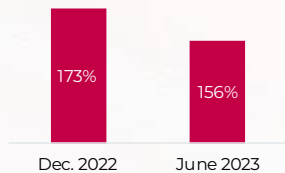
Belfius Bank continues to display strong liquidity stance

Bank

Solid LCR quality

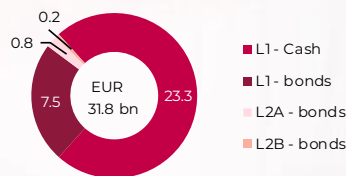
LCR¹

In %



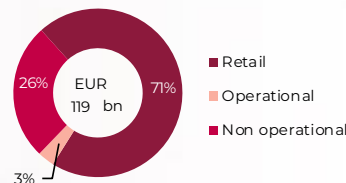
High Quality Liquid Assets

EUR bn, per 30 June 2023 (EOP)



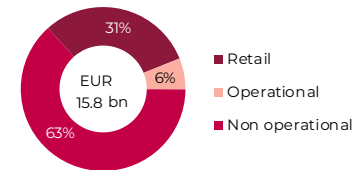
Stable commercial funding² profile

Per 30 June 2023 (EOP)



Commercial outflows in LCR

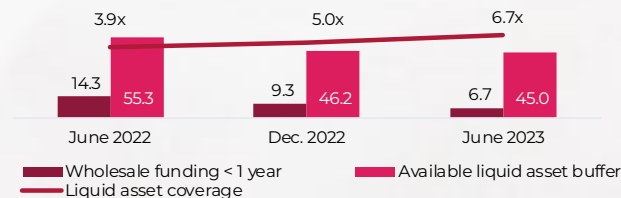
Per 30 June 2023 (EOP)



Bank

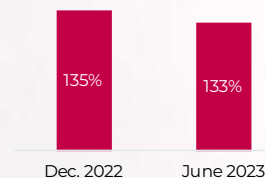
Exceptional refinancing need coverage

EUR bn



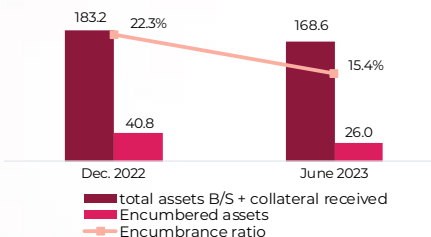
NSFR³

In %



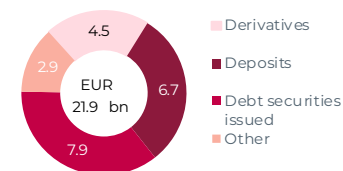
Encumbered assets

EUR bn, median values⁴



Detail of encumbered assets

EUR bn, per 30 June 2023 (EOP)

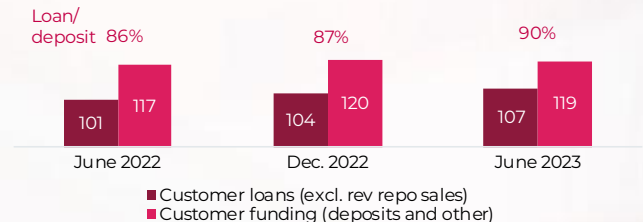


Belfius Bank has a resilient funding base, driven by significant contribution from our customers

Healthy Loan to Deposit ratio

Bank

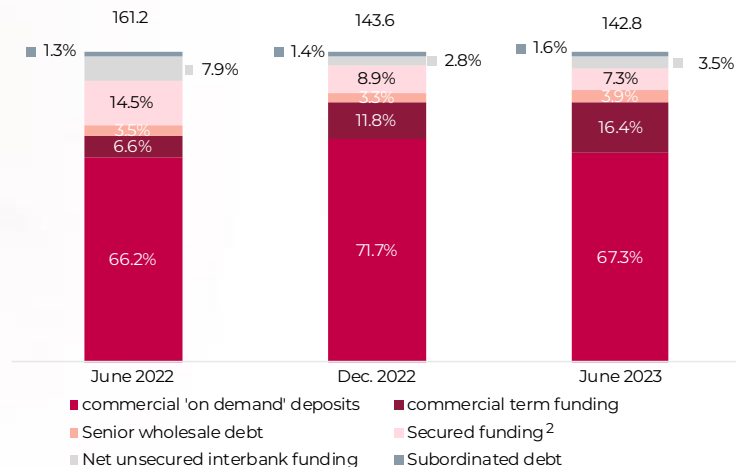
EURbn



Funding sources¹

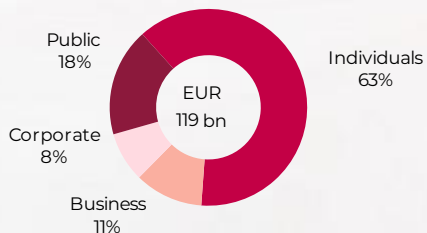
Bank

EURbn



Stable & diversified commercial deposit base

In %



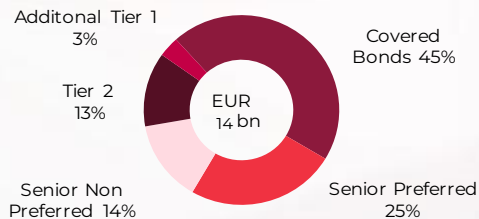
Of which EUR 56.5bn insured deposits (under deposit guarantee scheme)

Belfius continues its diversified funding strategy

Group

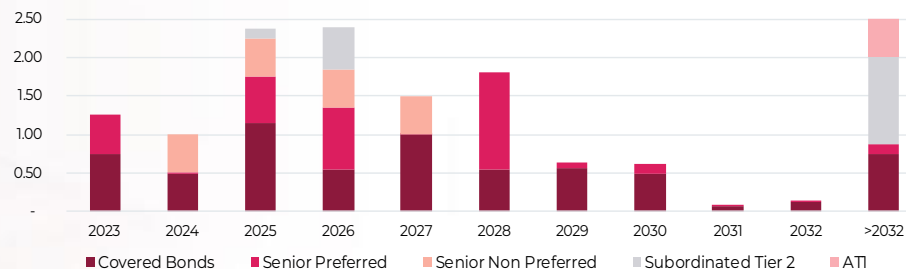
MLT wholesale funding¹ strategy

As of 30 June 2023



Redemption profile MLT wholesale funding per 30 June 2023

EUR bn



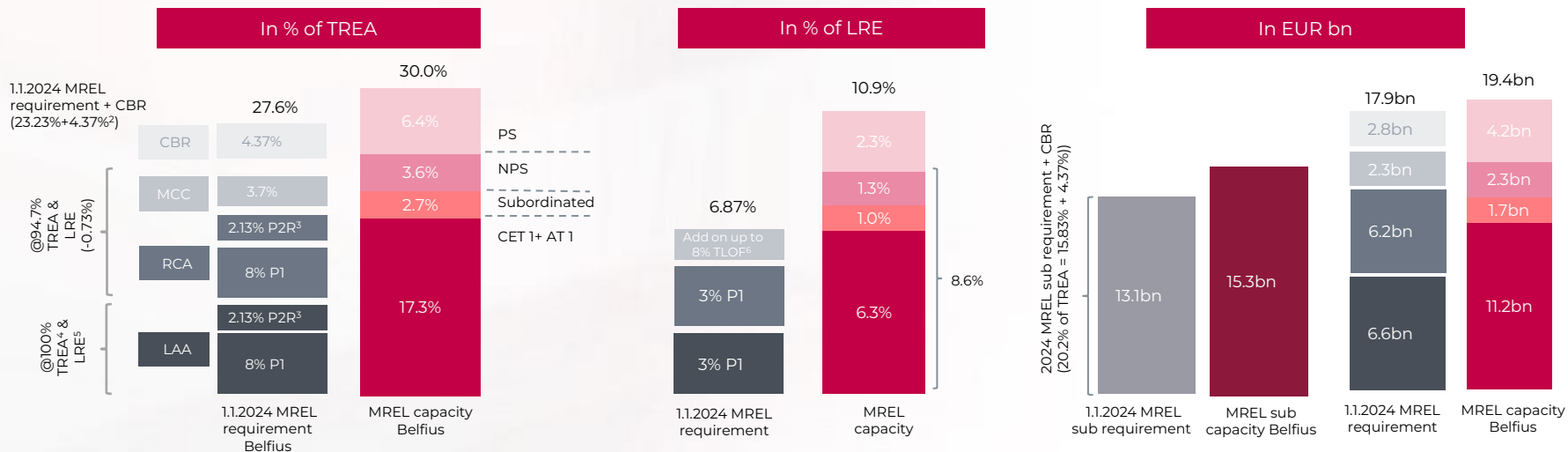
Group

- Belfius continues to focus on diversified funding sources and investor base. The full range of instruments has been issued: Mortgage Covered Bonds, Public Covered Bonds, Preferred Senior, Non Preferred Senior and Tier 2 bonds, ATI instrument, Tier 2 bonds..
- In January 2023, Belfius issued EUR 500m of Tier 2 notes with a maturity in April 2033 and a call date in 2028. In February 2023, Belfius issued EUR 500m of Belgian Mortgage Pandbrievien with a 4-year maturity. In June 2023, Belfius issued EUR 750m Green Senior Preferred benchmark with a 5-year maturity.

- Over the coming 3 years, approximately EUR 4.6bn MLT 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 20 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.
- 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. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.37% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024.
- Belfius already meets its expected BRRD2 MREL requirements end 1H 2023. Indeed, expressed in TREA, Belfius MREL equaling EUR 19.4 billion amounts to 29.96% to be compared with 27.6% of the 2024 final binding target (including CBR).
- In the same way, Belfius MREL subordination of EUR 15.3 billion amounts to 23.53% of TREA to be compared with 20.2% of the binding target (including CBR). Expressed in LRE, Belfius MREL subordination of 8.57% stands in excess of 6.87% MREL requirement.

Overall, Belfius' loan loss provision (on loans to customers) slightly decreased, AQR remains below 2%

IFRS 9 Credit risk impairments

Loan Loss Provision (Loans to customers)

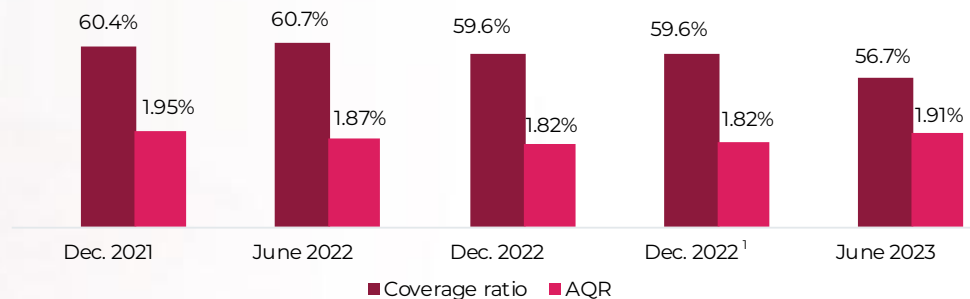
EUR m

	Dec. 2021	June 2022	Dec. 2022	Dec. 2022 ¹	June 2023
Stage 1	128	141	170	178	163
Stage 2	422	367	425	425	379
Stage 3	1,215	1,225	1,208	1,208	1,232
Total LLP	1,766	1,734	1,802	1,811	1,773
Impaired loans	2,012	2,018	2,026	2,026	2,171
Gross outstanding	103,306	108,172	111,146	111,218	113,402

Asset quality ratio and coverage ratio

Asset quality ratio² and coverage ratio³

%



- 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 decreased slightly from EUR 1,811m end 2022 to EUR 1,773m 30 June 2023.
 - As of end June 2023, and compared to end 2022, the loan loss provisions decreased in stage 1 and 2, reflecting a.o. the gradual reduction of the overlay for economic uncertainties and vulnerable exposures.
 - On the other hand, stage 3 provisions show a slight increase, with at the same time the stage 3 coverage ratio reducing towards 56.7%; this is explained by a number of new defaulted files with strong collateral and recovery perspectives (so a lower provisioning level is required) and the write-off of files with a higher coverage rate.
 - Increasing gross outstanding loans combined with slightly increasing impaired loans lead to an increase of the asset quality ratio to 1.91%.
- We refer to the specific zoom on cost of risk at the beginning of this presentation.

Inflow of new impaired loans lead to a slight increase of Asset Quality Ratio for E&E&P

Bank

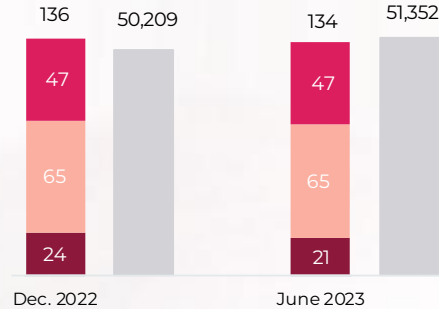
Asset quality ratio¹ per segment



Impairments² and gross outstandings³ per segment

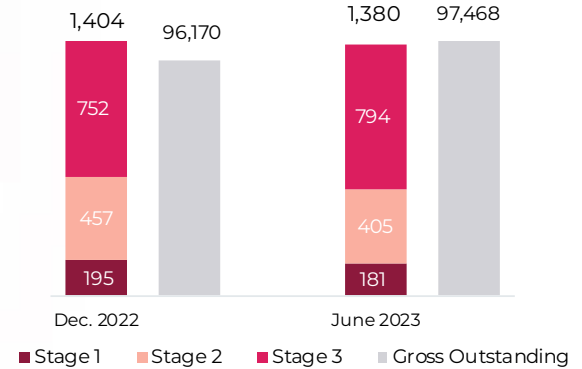
Loans from Individuals segment (FEAD)

EUR m



Loans from E&E&P segment (FEAD)

EUR m



- Slight increase of asset quality ratio for the E&E&P segment.



6. Key takeaways

6. Key takeaways

- **Belfius' net income 1H 2023 stands at EUR 479m, the highest 1H net result since origins of Belfius back in 2011**, demonstrating Belfius' capacity to continue to transform diversification strategy in resilient financials, in a transforming interest rates and economic environment.
- These 12 years of Belfius' strategy and its execution thereof allow Belfius also in 1H 2023 to **continue to live up to its customers' trust and engagement**, which is our ultimate "purpose of existence":
 - Sound production of EUR 11.8bn of new long-term loans, showing the benefits of diversification, with a strong contribution of the Corporate Segment (EUR 5.0bn) and a Mortgage loans production (EUR 2.6bn) that suffers from the contraction of the Belgian market;
 - Savings & Investments reaching EUR 182.2bn, benefitting from both positive organic growth (EUR +0.8bn) and sound market effect (EUR 2.0bn), testimonial of continued strong organic growth in the Individuals segment, 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 RoE of 14%.
- 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 1H 2023 increases y-o-y with EUR +202m, exceeding the increase in costs' y-o-y of EUR +66m, overall leading to continuously improving efficiency level, with a C/I ratio of 45% (according to the new C/I ratio definition);
 - 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 30.0%, Belfius Insurance SII ratio of 195% and LCR and NSFR standing at respectively 156% and 133% at the end of June 2023, allowing Belfius to continue to invest in commercial growth also from solvency and liquidity point of view.

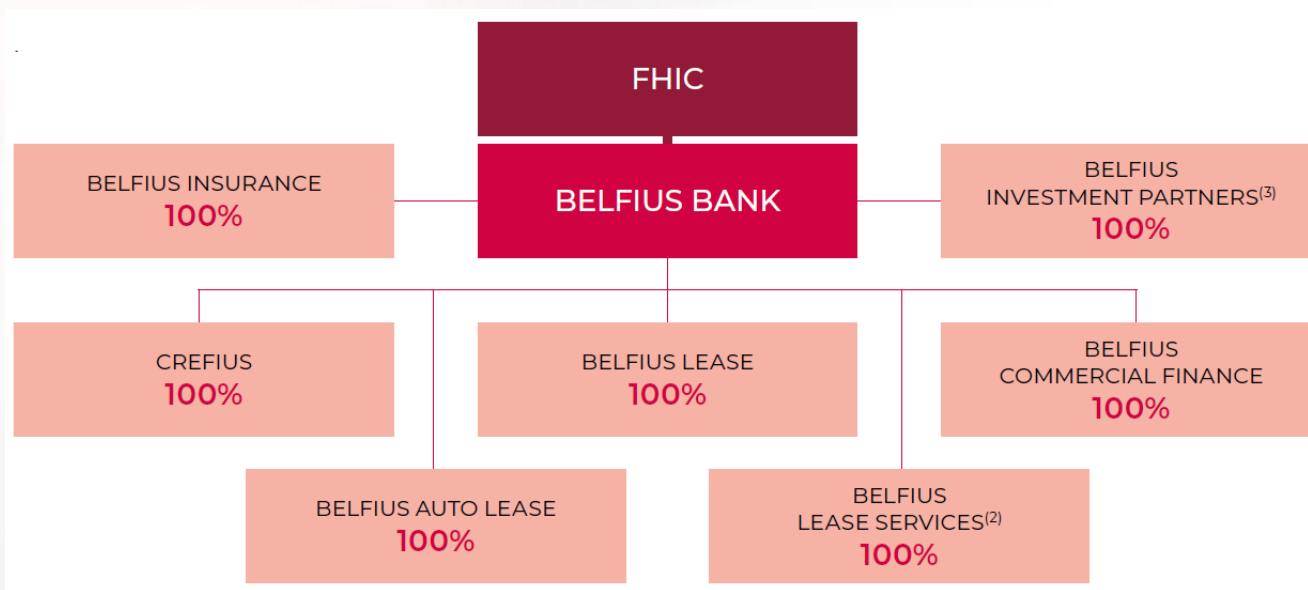


7. Appendices



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.

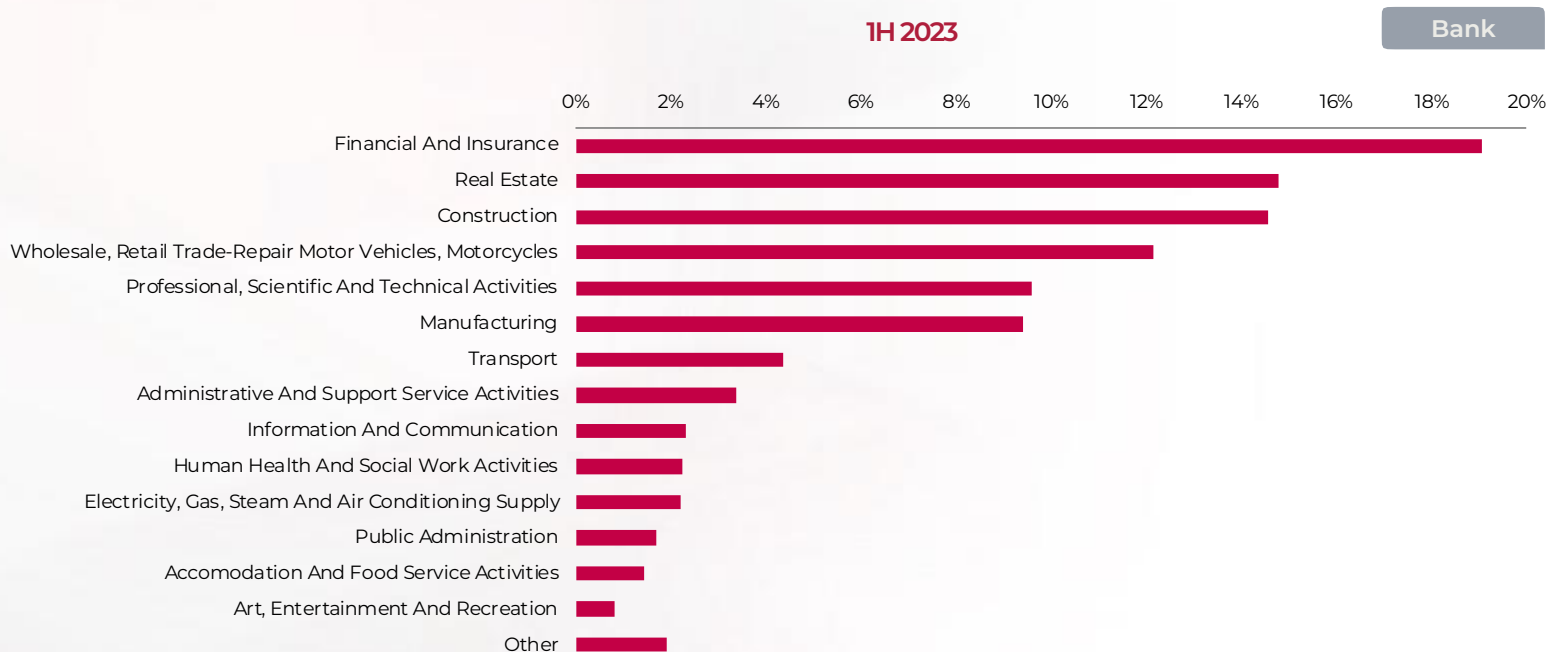
Consolidated statement of income

EUR m	Group								Evolution y-o-y %
	1H 2022				1H 2023				
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	
Income	1,044	616	8	1,669	1,133	737	1	1,870	12.1%
Insurance Service Expenses Adjusted	(292)	(114)	0	(406)	(251)	(83)	0	(334)	-17.7%
Costs¹	(501)	(241)	(34)	(776)	(532)	(270)	(41)	(843)	8.5%
Pre-provision income	251	262	(26)	487	350	384	(40)	694	42.6%
Cost of risk	(3)	18	(2)	13	(2)	(11)	(5)	(17)	
Impairments	(1)	1	--	--	--	--	--	(1)	
Result before tax	247	280	(27)	500	348	373	(46)	676	35.2%
Taxes	(53)	(63)	12	(105)	(93)	(95)	(7)	(196)	
Non-controlling interests	-	-	1	--	1	-	--	1	
Net income group share	193	217	(17)	394	254	278	(53)	479	21.5%
o/w bank	113	229	(21)	321	153	271	(60)	364	
o/w insurance	81	(12)	5	73	101	7	7	115	

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

EUR m	Group							
	1H 2022				1H 2023			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
INDIVIDUALS	(1.8)	(1.8)	0.0	(3.5)	2.9	-0.5	(4.2)	(1.7)
E&E&P	(17.5)	66.1	(29.8)	18.8	13.7	52.2	(76.5)	(10.7)
GC	(0.3)	(1.3)	-	(1.6)	0.5	(8.2)	0.6	(7.1)
BANK	(19.7)	63.1	(29.8)	13.7	17.1	43.6	(80.1)	(19.4)
INSURANCE	(1.1)	0.4	0.2	(0.5)	1.4	(0.2)	0.8	2.1
BANK + INSURANCE	(20.8)	63.5	(29.6)	13.1	18.6	43.4	(79.3)	(17.3)

Sector composition of the business and corporate banking loan portfolios¹



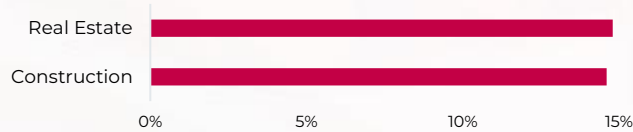
Real Estate and Construction

Bank

Focus on Real Estate and Construction exposures, based on Nace classification

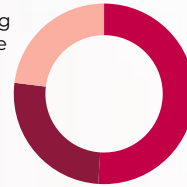
Share in the business and corporate banking portfolio

In%



Real Estate

Buying and selling of own real estate 23%

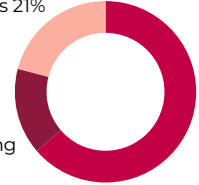


Renting and operating of own or leased real estate 51%

Real estate activities on a fee or contract basis 26%

Construction

Specialised construction activities 21%



Civil engineering 15%

Construction of buildings 64%

Quality of the (sub)portfolios: average PD

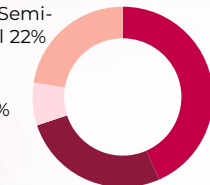
In%



Exposure on SIR/GVV: EUR 2,254m

Logistics/Semi-Industrial 22%

Offices 8%



Residential incl. senior care 43%

Retail 27%

From reported to adjusted net income¹

Group

	Reported	Excluding special items	Adjusted
		IFRIC 21 adjustment for sector levies	Impact of restructuring ²
1H 2022, EUR m			
Income	1,669	-141	1,810
Insurance Service Expenses Adjusted	-406		-406
Costs	-776		-784
Cost of risk	13		13
Impairments	-0		-0
Result before tax	500	-141	633
Taxes	-105	35	-138
Net income	394	-106	495
1H 2023 EUR m			
Income	1,870	-149	2,019
Insurance Service Expenses Adjusted	-334		-334
Costs	-843		-843
Cost of risk	-17		-17
Impairments	-1		-1
Result before tax	676	-149	825
Taxes	-196	23	-219
Net income	479	-126	605

Statement of income Belfius bank, consolidated accounts¹

EUR m	Group		
	IH 2022	IH 2023	Evolution
Income	1,163	1,430	267
<i>Of which</i>			
Net interest income	976	1,204	
Net fee and commission income	384	388	
Net insurance result ²	-80	-16	
Net income from financial instruments at fair value through profit or loss	27	64	
Net income on investments and liabilities	22	6	
Net other income and expense	-216	-251	
Expenses³	-676	-736	-60
Net income before taxes and impairments	487	694	207
Impairments on financial instruments and provisions for credit commitments	13	-17	
Impairments on tangible and intangible assets	0	-1	
Net income before tax	500	676	176
Total tax (expense) income	-105	-196	
Attributable to non-controlling interests	0	1	
Net income group share	394	479	85



Statement of income Belfius Insurance, consolidated accounts¹

EUR m	Insurance		
	1H 2022	1H 2023	Evolution
Income	127	194	66
<i>Of which</i>			
Net interest income	168	154	
Net fee and commission income	7	10	
Net insurance result ²	-81	-18	
Net income from financial instruments at fair value through profit or loss	-17	7	
Net income on investments and liabilities	13	-1	
Other income and expense	8	23	
Other ³	29	18	
Expenses⁴	-37	-45	-8
Net income before taxes and impairments	90	148	58
Impairments on financial instruments and provisions for credit commitments	-1	2	
Impairments on tangible and intangible assets	0	-1	
Net income before tax	89	150	60
Total tax (expense) income	-17	-36	
Attributable to non-controlling interests	0	0	
Net income group share	72	114	41

Consolidated balance sheet Belfius Bank¹

EUR m	Group		
	Dec. 2022	June 2023	Evolution
TOTAL ASSETS	179,068	178,250	-818
of which			
Cash and balances with central banks	27,295	24,431	-2,864
Loans and advances due from credit institutions	4,144	4,060	-83
Loans and advances	110,203	112,351	2,148
Debt securities & equity instruments	26,997	27,117	120
Derivatives	5,893	5,489	-404
TOTAL LIABILITIES	167,158	166,688	-471
of which			
Cash and balances from central banks	5,904	2,653	-3,251
Credit institutions borrowings and deposits	1,870	3,207	1,338
Borrowings and deposits	108,447	106,931	-1,517
Debt securities issued and other financial liabilities	29,899	33,268	3,369
Derivatives	8,249	7,693	-556
Liabilities from insurance/reinsurance contracts	10,895	10,642	-253
Subordinated debts	1,547	1,822	275
TOTAL EQUITY	11,910	11,563	-347
of which			
Shareholders' core equity	10,776	10,873	97
Gains and losses not recognised in the statement of income	602	161	-441
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	35	31	-3

Consolidated balance sheet Belfius Insurance¹

EUR m	Insurance		
	Dec. 2022	June 2023	Evolution
Total assets	19,285	18,664	-621
Of which			
Loans and advances due from credit institutions	477	324	-153
A Measured at amortised cost	477	324	-153
Loans and advances	4,729	4,351	-378
A Measured at amortised cost	4,338	0	-4,338
B Measured at fair value through other comprehensive income	171	4,109	3,938
C Measured at fair value through profit or loss	220	242	22
Debt securities & equity instruments	13,101	12,887	-215
A Measured at amortised cost	4,436	0	-4,436
B Measured at fair value through other comprehensive income	3,820	8,000	4,180
C Measured at fair value through profit or loss	876	775	-101
D Measured at fair value through profit or loss - Unit linked	3,970	4,111	141
Derivatives	17	10	-8
Investments in equity method companies	49	57	7
Tangible fixed assets	535	525	-10
Intangible assets	57	55	-1
Assets from insurance/reinsurance contracts	116	102	-14
Total liabilities	17,169	16,970	-199
Of which			
Credit institutions borrowings and deposits	1,236	1,106	-129
Debt securities measured at FV through P&L - Unit linked	3,970	4,111	141
Provisions for insurance activities	10,896	10,645	-251
Subordinated debts	585	588	3
Total equity	2,116	1,694	-422
Of which			
Shareholders' core equity	1,519	1,517	-3
Gains and losses not recognised in the statement of income	562	146	-416
Non-controlling interests	34	31	-3

Focus on regulatory capital¹

EUR m	Group	
	Dec. 2022	June 2023
Core regulatory equity	10,776	10,873
Elimination of foreseeable dividend	-287	-192
Grandfathering on IFRS9 provisions	216	78
Gains and losses not recognised in the statement of income	251	299
Remeasurement Defined Benefit Plan	120	123
OCI reserves - portfolios measured at FVTOCI	131	176
Other reserves	-113	-138
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	113	138
Items to deduct	-308	-351
Deferred tax assets	-	-
Other	-308	-352
Common equity Tier 1 - CET1	10,548	10,707
Additional own funds Tier 1	497	197
Tier 1 equity	11,045	11,204
Tier 2 - Capital instruments	1,281	1,436
Other	350	377
Total regulatory capital	12,676	13,017

Focus on regulatory risk exposures

Regulatory risks exposures - by type of risk

EUR m	Dec. 2022	June 2023
Regulatory credit risk exposure	49,271	50,943
Regulatory CVA exposure	321	307
Regulatory market risk exposure	2,980	1,899
Regulatory operational risk exposure	3,667	3,667
Danish Compromise ¹	7,911	8,112
Total Regulatory Risks Exposures	64,150	64,928

- Credit risk exposure increase is mainly due to the commercial loan growth, particularly in the Corporate segment.
- Regulatory market risk exposure decreased due to a change in VaR model end 2022, which delivered its full impact from Q1 2023 onwards.
- DC risk exposure decrease is mainly driven by increasing interest rates which reduce Belfius Insurance OCI.

Focus on impact Basel IV

Updated CRR3 impact assessment shows no material impact

RWA Impact (delta, EUR bn)	2022 Q4 (without DC)	2022 Q4 (with DC)	2025 (with DC and after mgt actions)	Management actions
Regulatory credit risk exposure	+2.7	+2.7	-0.8	Review of the model landscape (mainly on public sector) and implementation of new models
Regulatory CVA exposure	+0.4	+0.4	+0.3	Amortizing run-off transactions
Regulatory operational risk exposure	+1.3	+1.3	+1.6	Follows the cost & income evolution
Regulatory market risk exposure	+0.5 ¹	+0.5 ¹	+0.3	Further derisking on the Legacy portfolio
Danish Compromise		-3.2	-3.5	
Total Regulatory Risks Exposures	+4.8	+1.6	-2.1	
CET 1 impact	-1.1%	-0.40%	0.54%	

- 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 Q4 2022 balance sheet, and seeing those recently updated regulations, some still in draft format, Belfius finetuned its impact assessment, and currently estimates to have no material CET 1 ratio impact from the Basel III finalization package. 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 4.8 billion on Q4 2022 balance sheet, mainly coming 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.
- Looking forward, taking into account the expected evolution in Belfius' overall regulatory approaches (review of model landscape), implementation of new IRB models, potential 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 and taking into account the proposed transitional arrangements, 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 disclosures on IFRS 17/9 - Summary

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 1.3bn 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 0.3bn
 - Some additional B/S volatility introduced by the new combination IFRS17/9
 - Slight decrease of CET1 ratio with 12bps
- **Other information**
 - Some figures differ slightly from the ones published per FY 2022 due to refinement of the FTA

Some 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 at FTA:**
 - For Non-Life¹: 85% for Belfius Insurance and 90% for Belfius Direct Insurance
 - For Life²: 75% for Belfius Insurance and 90% for Belfius Direct Insurance
- 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 LIC³ for accident years until 1999. OCI for accident years before 1999 is set to nil.

IFRS 9

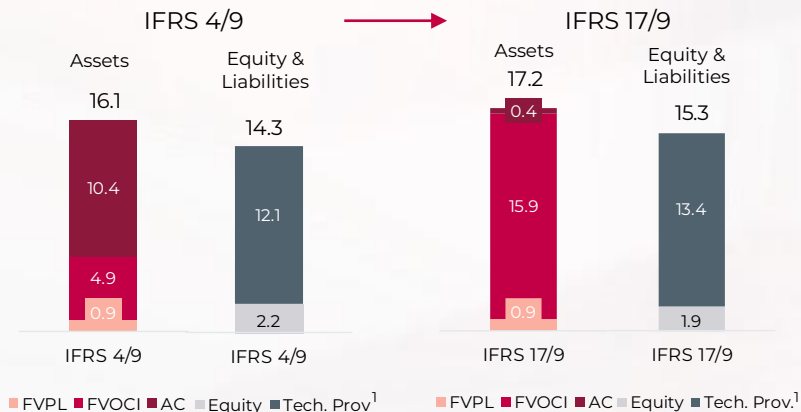
- **Reassessment of business models under IFRS9** as from 1/1/23
- In Belfius Insurance accounts, two types of (IFRS9) business models were distinguished until end 2022: a “Hold to Collect” and a “Hold to Collect and Sale” (the latter in order to cover the liquidity needs within Belfius Insurance).
- 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 (except sight accounts and cash collateral) within a “Hold to Collect and Sale” business model (hence at Fair Value through OCI).
- Note that the 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 disclosures on IFRS 17/9 – Belfius Insurance Group Balance Sheet

Change in Balance Sheet components

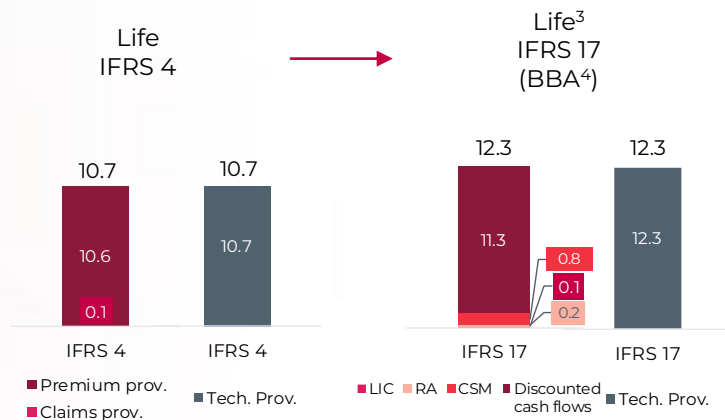
In EUR bn, situation per 1/1/2022



- **Reclassification of financial assets** from “Hold to Collect” (Amortised Cost) to “Hold to Collect and Sale” (Fair value through OCI) increasing the balance sheet with EUR 1.2bn (before tax)
- Revaluation of technical provisions resulting in an increase of EUR 1.3bn:
 - Reserves Non Life²: EUR 1.2bn
 - Reserves Life³: EUR 12.3bn
 - Reserves Reinsurance: EUR 0.1bn
- **Impact in equity:**
 - Retained earnings: EUR -0.3bn
 - OCI: EUR +0.1bn

Zoom on Life Technical Reserves

In EUR bn, situation per 1/1/2022

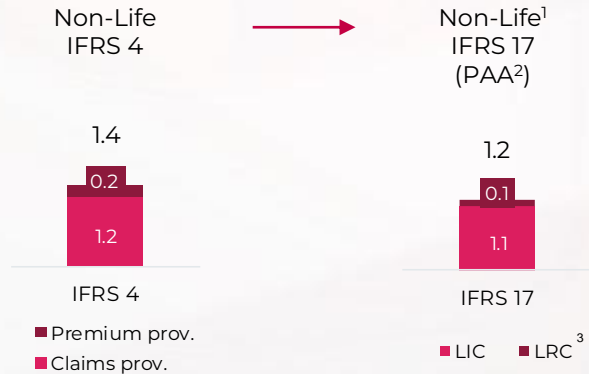


- **Increase of Life Technical reserves** with EUR 1.6bn following the BEL valuation at rates end 2021 and the introduction of the IFRS 17 specific elements RA (EUR 0.2bn) and CSM (EUR 0.8bn).
- RA has been determined based on a confidence interval of 75% for Belfius insurance and 90% for Belfius Direct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

Some disclosures on IFRS 17/9 – Belfius Insurance Group Balance Sheet

Zoom on Non-Life reserves

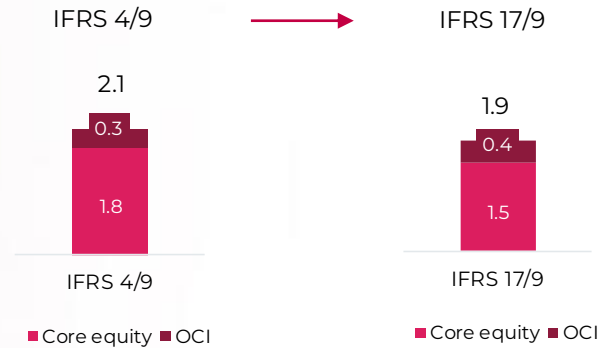
In EUR bn, situation per 1/1/2022



- **Slight decrease of technical reserves for Non-Life** following the implementation of IFRS 17
- Note that **acquisition costs will be amortised 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

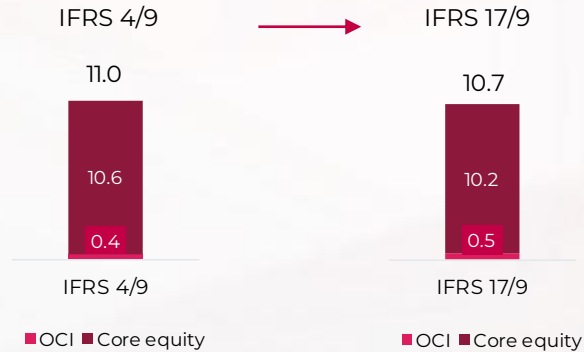


- **A decrease of total equity can be noted of EUR 0.3bn** mainly due to the best estimate valuation at rates end 2021 and the introduction of IFRS 17 specific elements such as RA and CSM. This negative impact was partially compensated by the pro forma reassessment of the business models for financial 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 disclosures on IFRS 17/9 – Belfius Group

Zoom NAV Belfius

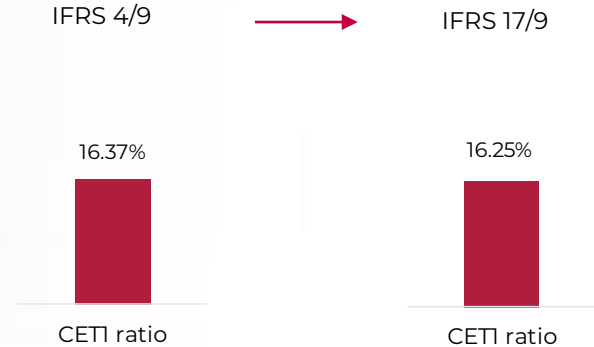
In EUR bn, situation per end 2021



- **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 pro forma 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 0.7bn; resulting in **a decrease of 12bp of the CET1 ratio**.
- Impact on MREL/RWA is very limited.

Some disclosures on IFRS 17/9 – Belfius Group

From End 2022 Balance Sheet (before IFRS 9 reclass)

In EUR m, situation per end 2022

EUR m	31 Dec. 2022
TOTAL ASSETS	179,068
of which	
Loans and advances	141,642
<i>To banks and central banks measured at AC</i>	31,439
<i>L&A measured at AC</i>	109,236
<i>L&A measured at FV through OCI</i>	171
<i>L&A measured at FV through P&L</i>	796
Debt securities & equity instruments	26,997
<i>Measured at amortised cost</i>	17,495
<i>Measured at FV through OCI</i>	4,041
<i>Measured at FV through P&L</i>	1,491
<i>Measured at FV through P&L - Unit linked</i>	3,970
TOTAL LIABILITIES	167,158
of which	
Liabilities from insurance contracts	10,895
TOTAL EQUITY	11,910
of which	
Core shareholders' equity	10,776
Gains and losses not recognised in the statement of income	602
Other equity	532

To IFRS 17/9 1.1.2023 Balance Sheet

In EUR m, situation per 1.1.2023

EUR m	1 Jan. 2023
TOTAL ASSETS	178,604
of which	
Loans and advances	141,317
<i>To banks and central banks measured at AC</i>	31,439
<i>L&A measured at AC</i>	104,785
<i>L&A measured at FV through OCI</i>	4,298
<i>L&A measured at FV through P&L</i>	796
Debt securities & equity instruments	26,685
<i>Measured at amortised cost</i>	13,059
<i>Measured at FV through OCI</i>	8,164
<i>Measured at FV through P&L</i>	1,491
<i>Measured at FV through P&L - Unit linked</i>	3,970
TOTAL LIABILITIES	167,158
of which	
Liabilities from insurance contracts	10,895
TOTAL EQUITY	11,446
of which	
Core shareholders' equity	10,776
Gains and losses not recognised in the statement of income	139
Other equity	532

Some disclosures on IFRS 17/9 – Belfius Group

From IFRS 4/9 P&L 1H 2022

In EUR m, situation per 1H 2022

EUR m	30 June 2022
INCOME	1,309
INSURANCE SERVICES EXPENSES ADJUSTED	n.a.
COSTS	-776
<i>of which directly attributable costs from insurance</i>	<i>n.a.</i>
GROSS OPERATING INCOME	532
Cost of Risk	13
Impairments on (in)tangible assets	0
RESULT BEFORE TAX	545
Tax (expense) income	-116
NET INCOME AFTER TAX	429
Non-controlling interests	0
NET INCOME GROUP SHARE	428
of which banking group	321
of which insurance group	108

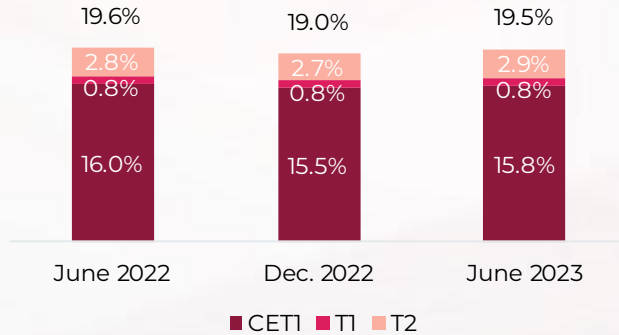
To IFRS 17/9 P&L 1H 2022

In EUR m, situation per 1H 2022

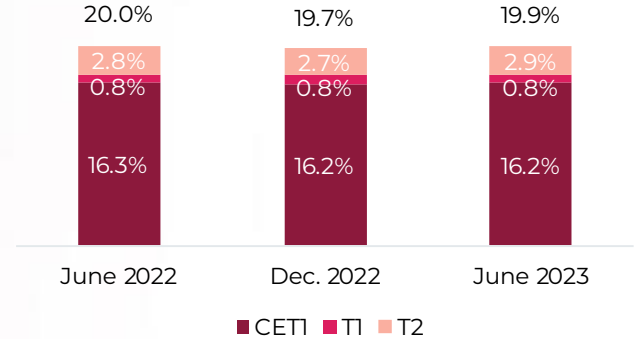
EUR m	30 June 2022
INCOME	1,669
INSURANCE SERVICES EXPENSES ADJUSTED	-406
COSTS	-776
<i>of which directly attributable costs from insurance</i>	<i>-100</i>
GROSS OPERATING INCOME	487
Cost of Risk	13
Impairments on (in)tangible assets	0
RESULT BEFORE TAX	500
Tax (expense) income	-105
NET INCOME AFTER TAX	395
Non-controlling interests	0
NET INCOME GROUP SHARE	394
of which banking group	321
of which insurance group	73

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	June 2022	Dec. 2022	June 2023
CET1	9,757	9,731	10,019
Tier 1	10,254	10,228	10,516
CAD	11,980	11,914	12,345
RWA	61,131	62,829	63,465

EURm	June 2022	Dec. 2022	June 2023
CET1	9,993	10,179	10,309
Tier 1	10,490	10,676	10,805
CAD	12,215	12,362	12,625
RWA	61,131	62,829	63,465

- At the end of June 2023, the available distributable items on statutory level amounted to EUR 5,250m, stable compared to end 2022.

Zoom on credit ratings

Ratings of Belfius Bank as at 31 August 2023

	Moody's	S&P	Fitch
Preferred Senior	A1 Positive 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 2023 and 31 August 2023, the rating agencies took the following decisions (on Preferred Senior):
 - on 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
 - on 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
 - on 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

Ratings of Belfius Insurance as at 31 August 2023

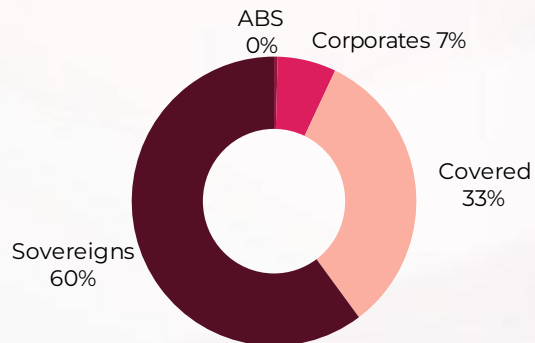
	S&P
Issuer credit rating	A- Stable outlook

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

ALM Bank Liquidity bond portfolio

Breakdown by type of counterpart

EUR 7.8bn
30 June 2023



Breakdown by rating

EUR 7.8bn
30 June 2023

Average rating: A



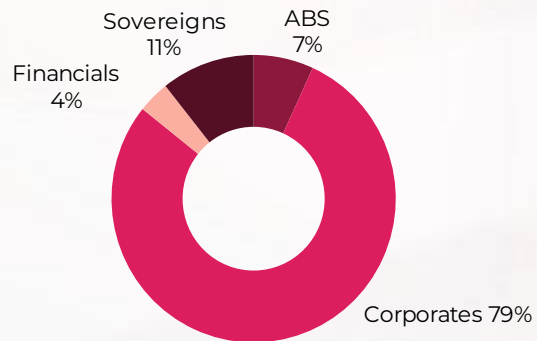
- ALM Bank Liquidity bond portfolio stood at EUR 7.8bn as per end June 2023, compared to EUR 7.1bn at year end 2022
- The portfolio is of good quality
 - 100% of the portfolio is Investment Grade
 - the average rating stood at A
- Expected average life: 7.2 years



ALM Bank Yield bond portfolio

Breakdown by type of counterpart

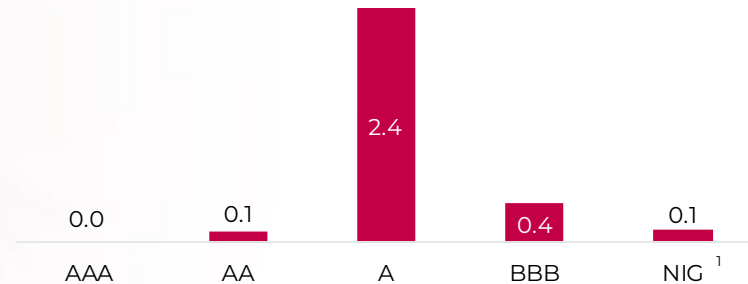
EUR 3.1bn
30 June 2023



Breakdown by rating

EUR 3.1bn
30 June 2023

Average rating: A-



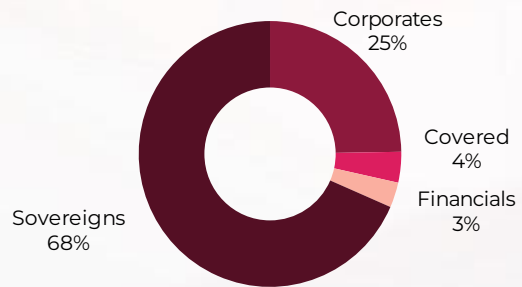
- ALM Bank Yield bond portfolio stood at EUR 3.1bn as at 30 June 2023, stable compared to end 2022
- The portfolio is of good quality
 - 95% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 19.2 years



ALM Insurance Bond portfolio

Breakdown by type of counterpart

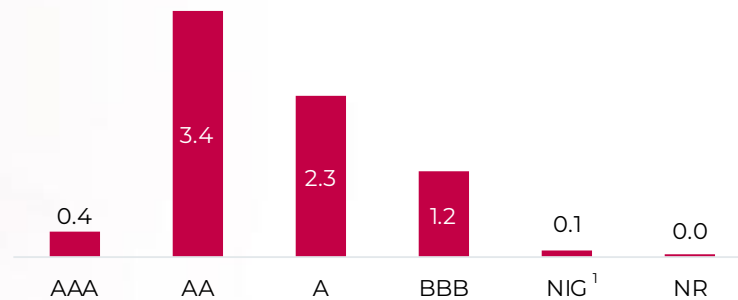
EUR 7.4bn
30 June 2023



Breakdown by rating

EUR 7.4bn
30 June 2023

Average rating: A-



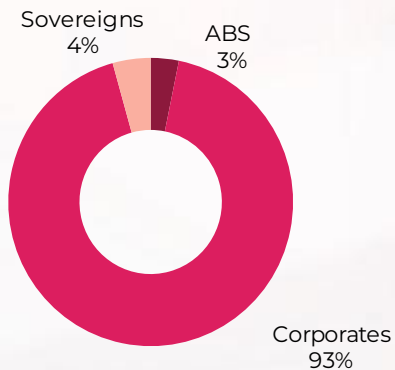
- ALM Insurance fixed income portfolio stood at EUR 7.4bn as at 30 June 2023, compared to EUR 7.2bn at year end 2022
- The ALM Insurance portfolio remains of good quality
 - 98% of the portfolio is investment grade
 - the average rating stood at A-
- Expected average life: 11.1 years



Credit guarantees

Breakdown by type of counterpart

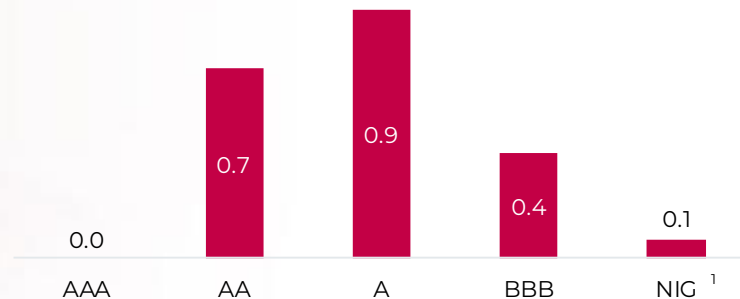
EUR 2.0bn
30 June 2023



Breakdown by rating

EUR 2.0bn
30 June 2023

Average rating: A-



- Credit guarantees portfolio stood at EUR 2.0bn as at 30 June 2023, stable compared to end 2022
- The credit guarantees portfolio is of good quality
 - 97% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 11.4 years

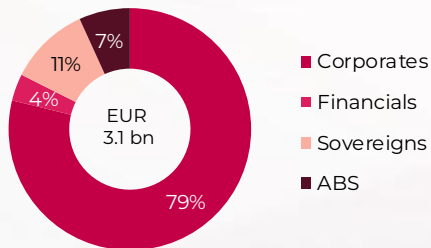


Hedging strategy to manage residual risks

Run-off portfolios as of 30 June 2023

ALM Yield bond portfolio

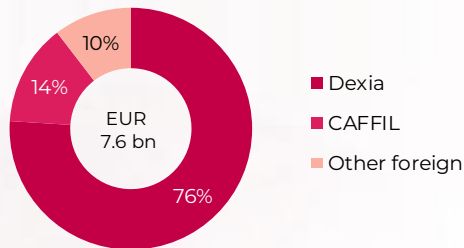
Notional split by type



- 45% inflation linked bonds issued by investment grade 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

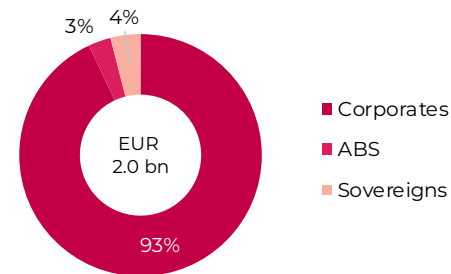
Notional split by counterparty



- 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 21m end of June 2023

Credit guarantees

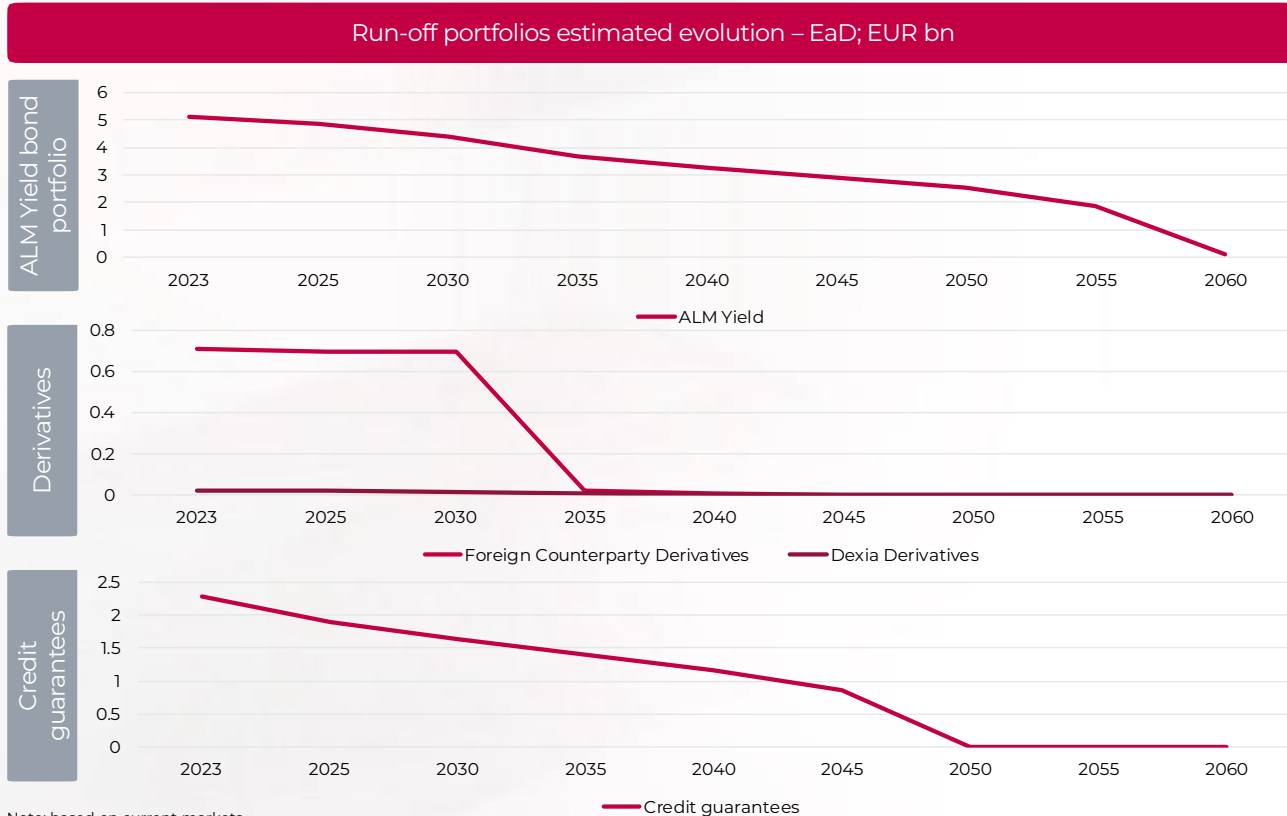
Notional split by type of underlying



- Mostly reinsured CDS with
 - sold protection to market counterparties with two-sided collateral posting agreement
 - bought equivalent protection with monoline insurers (47% from Assured Guaranty) with one-sided collateral posting agreement



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



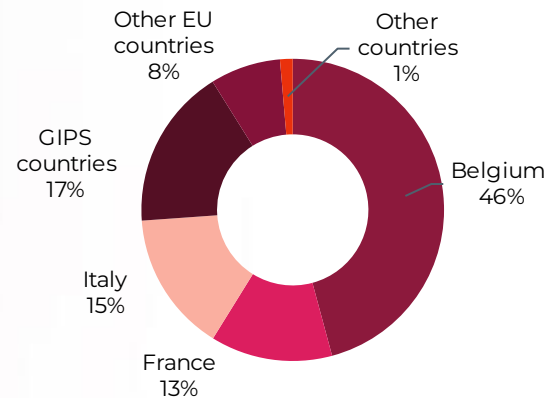
Note: based on current markets.

Outstanding exposures on government bonds

Evolution outstanding exposures¹

EUR m	Dec 2022	June 2023
Belgium	3,592	3,568
France	1,133	1,014
Italy	1,204	1,171
GIPS countries	1,419	1,344
Other EU countries	565	587
Other countries	168	105
Total	8,082	7,789

Breakdown as of end June 2023



- Total government bond portfolio stood at EUR 7.8bn¹, down 4% compared to December 2022.
- Almost half of the portfolio (46%) is invested in Belgian government bonds.

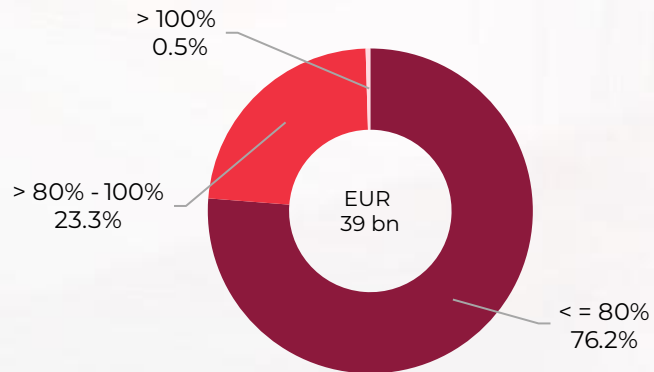
Credit risk statistics on mortgage loans

Bank

Mortgage loans Belfius Bank Loan-to-value ratio

Distribution per LTV bucket

30 June 2023



- Very sound LTV-ratio's
 - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 54% as of 30 June 2023
 - The part of the portfolio with an LTV > 100% is limited to 0.5%

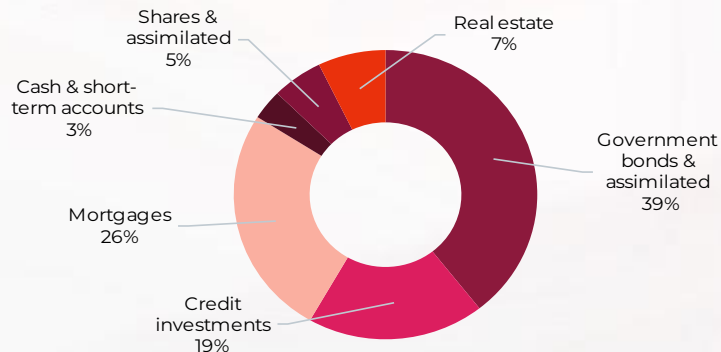


ALM Belfius Insurance

Diversified asset allocation

EUR 13.9bn

30 June 2023



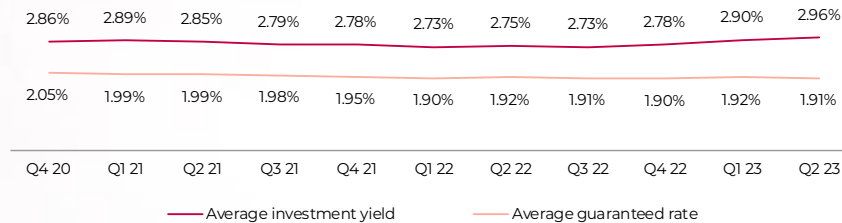
- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

Duration gap life and non-life

	Dec. 2022	June 2023
Total Life	-0.76	-0.75
Total Non-Life	3.24	2.27
Total	-0.03	-0.11

Investment yield vs. guaranteed rate¹

Scope: Life business excluding Br23



Solvency II ratio sensitivity table

Solvency II Sensitivities 30 June 2023	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	1,050	2,045	195%
Interest rate: Shock +50 bps	16 1%	(19) (1%)	190% (5%)
Interest rate: Shock -50 bps	(10) (1%)	16 1%	198% 3%
Credit spread: Spread on fixed income (corporate) +50 bps	13 1%	(43) (2%)	188% (7%)
Credit spread: Spread on fixed income (government) +50 bps	26 3%	(62) (3%)	184% (11%)
Credit spread: Spread on fixed income (government and corporate) +50 bps	44 4%	(112) (5%)	177% (18%)
Credit Spread: No Volatility Adjustment (VA)	37 3%	(141) (7%)	175% (20%)
Equity: Downward shock - 30%	(78) (7%)	(270) (13%)	183% (12%)
Real estate: Downward shock -15%	(17) (2%)	(121) (6%)	186% (9%)
UFR: Downward adjustment to 3%	6 1%	(17) (1%)	192% (3%)

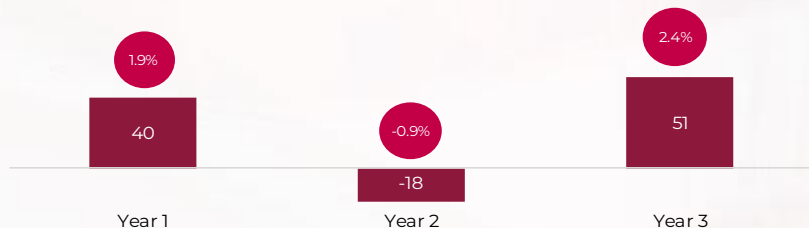


Belfius sensitivity to interest rates

Bank

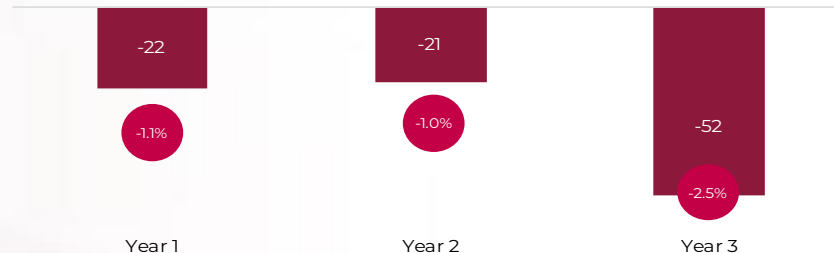
NII impact from +95 bps immediate parallel upward shift in rate curve

EURm



NII impact from -95 bps immediate parallel downward shift in rate curve

EURm



- During the first half of 2023, interest rates continued to increase in the short term and moved sideways in a range of 50bps for the long term.
- NII end of June 2023, continues to show a positive impact of that movement, as this still improves (slightly) the cost of collateral margin on derivatives, and the net residual floating rate position arising from the ALM strategy benefits from this interest rates environment. Yield received on new loans and yield paid on commercial deposits show some market lag, as customary.
- Regarding the fixed rate loan book, the improvement of yield will continue to gradually materialize over 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 June 2023), yields on assets are continuing to increase while the modelled (pass through) tariff on non maturing deposits increases over the next 2 years, though with some standard market lagging.
- Should interest rates drop again, the tariff on non maturing deposits offers some buffer as tariff can then assumed to be lowered when rates go down, which translates in a more 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 an going concern basis including prospective growth of the commercial activities as observed the last years where the commercial activity, assets and liabilities, continuously grew.



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