



# Belfius FY 2023 results<sup>1</sup>

Presentation to analysts and investors

1 March 2024



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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 2023 results in accordance with the new accounting standard IFRS 17 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 FY 2023 stands at EUR 1,115m, materially higher than in 2022 (EUR 932m, 2022 results under IFRS 17).** With such outstanding result - in a transformed geopolitical, macroeconomic and inflationary context - Belfius exceeds for the first time the symbolic EUR 1bn net profit threshold, mainly thanks to a strong year-on-year increase in NII and growing contribution from our insurance activities, despite costs pushed up by inflationary pressures. The bank contributed for EUR 876m (vs EUR 762m in FY 2022) and the insurer for EUR 239m (vs EUR 169m in FY 2022).
- Belfius continues to execute its pertinent strategy on solid footing, in operational, commercial and financial terms. **In 2023, Belfius has continued to grow more mature, more scalable and more solid:**
  - **More mature in serving all segments of the Belgian economy**, with new production of LT loans of EUR 23.4bn, growth (including market impact) of Savings and Investments to EUR 186.8bn, and coming closer to a market share close or beyond the 20% mark in more and more banking segments<sup>1</sup> (Business: 19.4%; Corporate: 21.1%; Mortgage loans: 17.5%).
  - **More scalable for the future**, having been able to even further improve our C/I ratio<sup>2</sup> to 43%, despite the devastating inflation environment we continued to experience in 2023 and the strong will to continue to invest in human and technological capital.
  - **More solid by growing our profit capacity beyond the EUR 1bn mark**, by keeping our RONRE for the third year in a row above the 10% mark (12.5% RONRE FY 2023), and by keeping our CET 1 ratio at very solid level of 16.0%, Belfius Insurance SII ratio at 195% and Belfius' LCR ratio at 139%.

## 1. Summary Highlights

- Based on scenario driven ALM management, supported by increasing interest rates and fair but strict deposits pricing, and despite major product shift from non maturing deposits to term deposits and bonds, **Belfius is able to strongly grow its net interest income in its banking operations**. Combined with resilient fee & commission income, in a rather volatile financial markets environment over the whole year, and growing insurance contribution compared to last year, and combined with operating cost growth still below income growth, this leads to a **strong growth in pre-provision income<sup>1</sup> to EUR 1,603m in FY 2023 (vs EUR 1,305m in FY 2022)**:
  - **strong evolution of NII bank**, in higher interest rate environment, to EUR 2,108m in FY 2023 (vs EUR 1,752m in FY 2022) driven by (i) increasing interest margin on non maturing deposits and (ii) still supportive remuneration on the large liquidity buffer held in cash during the year, despite (iii) pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates, and (iv) continued strong competition in the Belgian loan market.
  - **resilience of net fee and commission income** bank (EUR 760m in FY 2023 vs EUR 757m in FY 2022) mainly thanks to increasing payment service and third-party product fees, and continuously growing fees from Non-life insurance activities through the banking network.
  - **growing insurance pre-provision income contribution**, despite lower financial income in higher interest rate environment, thanks to growing Non-life revenue in line with sound portfolio growth and improving Insurance Service Expenses Adjusted<sup>2</sup> a.o. thanks to lower natural catastrophes' claims in 2023.
  - **the increase of operating costs** (FY 2023 EUR 1,740m vs FY 2022 EUR 1,620m)<sup>3</sup> remaining well below the increase of income, leading to a further improving C/I ratio at 43% in FY 2023 (compared to 44% in FY 2022), despite investment in brand, human and digital capital, and inflationary pressures.

## 1. Summary Highlights

- **Belfius continues to evolve its credit risk provisioning in synchronization with the geopolitical, economic and interest rate transforming context**, where inflationary pressures have had the hand over recession risk during most of the year 2023, and where economic growth continued 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 slightly adjusted for improving economic outlooks (moving from EUR 124m end 2022 to EUR 88m end 2023), fully focusing again on forward looking assessment and redirected from Covid induced overlays for vulnerable sectors to overlay for economic uncertainties (moving from EUR 111m end 2022 to EUR 106m end 2023). Next to that, the stage 3 provisions for exposures in default have increased, especially in the construction and manufacturing sectors (SME to mid-sized companies). This results in an overall cost of credit risk FY 2023 amounting to EUR -109m (stage 1 EUR -13m, stage 2 EUR +21m and stage 3 EUR -118m), more in line than past few years with historical more normalized levels. As of end 2023, our loan book showed a slight deterioration in credit quality, but still displays historically sound NPL ratio (at 1.95%), accompanied by a prudent coverage ratio of 56.0%.
- **Belfius' consolidated Net Asset Value stands at EUR 11.7bn end 2023** (vs EUR 10.9bn<sup>1</sup> end 2022). The Board of Directors of 21 March 2024 will propose an ordinary **dividend (to the General Assembly of 24 April 2024) over 2023 year-end results of EUR 440.3m**, representing a 40% pay-out ratio of net result eligible for pay out.



## 2. Belfius at a glance

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- **Integrated bank-insurer**
  - net income of **EUR 1,115m**, of which **EUR 876m bank** and **EUR 239m insurance**;
  - **universal bank and bank-insurance approaches continue to show diversification benefits**: insurance respective banking contribution evolving from 18% vs 82% in FY 2022 to 21% vs 79% in FY 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 113.7bn**, of which EUR 50.3bn to IND clients and EUR 63.4bn to E&E&P clients;
  - **savings and investments of EUR 186.8bn**, of which EUR 121.7bn in IND and EUR 65.0bn in E&E&P;
  - well distributed physical distribution network all over the country, complemented by top-notch digital and remote service channels.
- **Focused on customer satisfaction**
  - **1.98m 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;
  - 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. Continued ex-ante provisioning for vulnerable sectors and inflation & energy related vulnerabilities.
- **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 2.5bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our 10 "Funds of the future";
  - already **around 94k 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

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- Twelve years of consistent strategy enable Belfius to continue 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 a context of slowing demand for mortgage loans during 2023, and the 2023 transforming geopolitical, macroeconomic and financial context:
  - **still historically strong long term loan production FY 2023** (although below historically high 2022 level), at a level of EUR 23.4bn, lifted up by Corporate customers (with a long term loan production of EUR 9.6bn FY 2023 compared to EUR 8.1bn FY 2022), as such total outstanding commercial loan volume of Belfius is growing further to EUR 113.7bn;
  - **the y-o-y increase of total S&I slowed down compared to last couple of years**, in line with general market evolution in Belgium, with an increase of total S&I by EUR +7.4bn, driven by still positive organic and market effects, respectively amounting to EUR +3.3bn and to EUR +4.1bn. Total S&I outstanding reached as such EUR 186.8bn, a growth of +4% compared to end 2022. The solid EUR 11.0bn organic growth in maturing deposits and Br21 almost fully offsets the material contraction in non maturing deposits (the latter in line with Belgian market evolution), also due to the 1Y Belgian government bond.

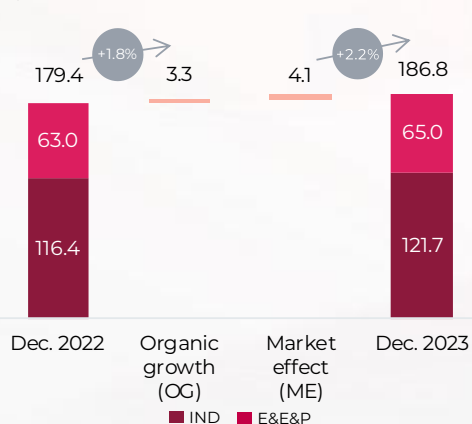
### 3. Group Highlights

- **Belfius continues to be able to transform these commercial dynamics into resilient financials**, with FY 2023 net result of EUR 1,115m, EUR 183m higher than the net result of FY 2022 (EUR 932m). This is the result of strong income dynamics (increasing with EUR +338m 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 costs<sup>1</sup> (increasing with EUR 120m y-o-y):
  - the **growing income** (EUR 4,050m in FY 2023 vs EUR 3,712m in FY 2022) is the result of (i) increasing NII bank, thanks to higher interest rates, controlled deposit pricing, growing commercial activities and solid liquidity buffer management, despite pressure on new loan margins from sharp increases of market interest rates and continued strong competition in the Belgian loan market, (ii) solid resilience of fees activity at bank side, and (iii) growing insurance income, (iv) only partially offset by more negative “other income” also due to higher sector levies;
  - **strong improvement in Insurance Service Expenses Adjusted<sup>2</sup>**, a.o. thanks to lower natural catastrophes’ claims and projected inflation in Non-life LIC<sup>3</sup> best estimates;
  - at the same time, the **operating costs<sup>1</sup> have increased** to EUR 1,740m in FY 2023 vs EUR 1,620m in FY 2022, impacted by inflationary pressures and in line with our continued investments in human and digital capital.
- **Profit before tax of EUR 1,493m FY 2023 (vs EUR 1,197m FY 2022) continues to grow**, despite a net allowance to the cost of risk in FY 2023, among others driven by higher stage 3 provisions in Business and Corporate segments in some specific sectors like manufacturing and construction. As such, FY 2023 cost of risk amounts to EUR -109m compared to FY 2022 cost of risk of EUR -105m. Belfius’ ‘overlay for Covid and economic uncertainties’ evolved from EUR 216m end 2021 and EUR 235m end 2022 to an ‘overlay for economic uncertainties and vulnerable sectors’ of EUR 194m end 2023. This anticipative credit provisioning enables Belfius to (partially) absorb the higher migration to stage 3 during 2023.

# Diversification strategy supports commercial dynamics during 2023.

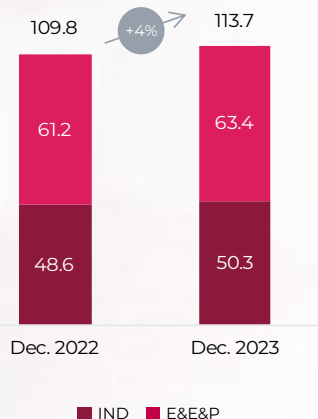
## Savings & investments: positive OG & ME

### Outstanding savings & investments EUR bn

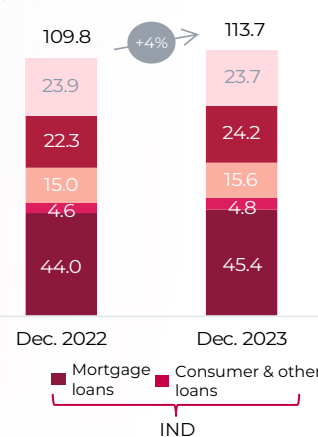


## Outstanding loans to customers keeps growing; slowdown in mortgage loans production (market tendency) partially compensated by strong growth in production of Corporate loans

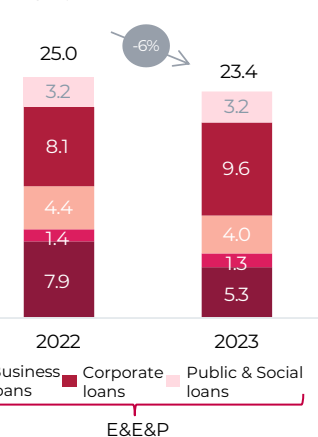
### Outstanding loans to customers EUR bn



### Outstanding loans to customers EUR bn



### Long term Loan production EUR bn



- Total savings & investments amounted to EUR 186.8bn per end 2023, an increase by +4% compared to end 2022
  - IND displays solid OG of EUR 2.3bn and ME of EUR 3.1bn;
  - E&E&P's S&I increased towards EUR 65.0bn, due to the positive market effect of EUR 1.0bn and the positive organic growth of EUR 1.1bn.

- Increase of loans outstanding of +4% towards EUR 113.7bn per end 2023 driven by a strong LT loan production on the Corporate segment (EUR 9.6bn).
- Loan production stood at EUR 23.4bn in FY 2023, down by -1.6bn from EUR 25.0bn in FY 2022, the result of strong contraction in the Belgian mortgage loan market. Public & Social sector loan production remains stable compared to FY 2022, whereas corporate loan production grew by 18% compared to FY 2022.

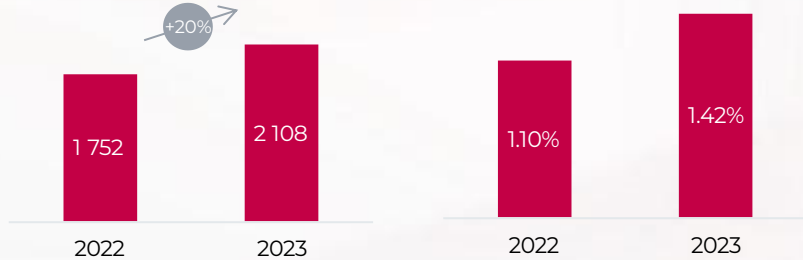
# Growing NII and resilience of net fee & commission income bank showing the success of our diversified strategy.

Bank

Growing NII thanks to continued commercial growth and sound ALM management

Net interest income Bank  
EUR m

NIM<sup>1</sup>



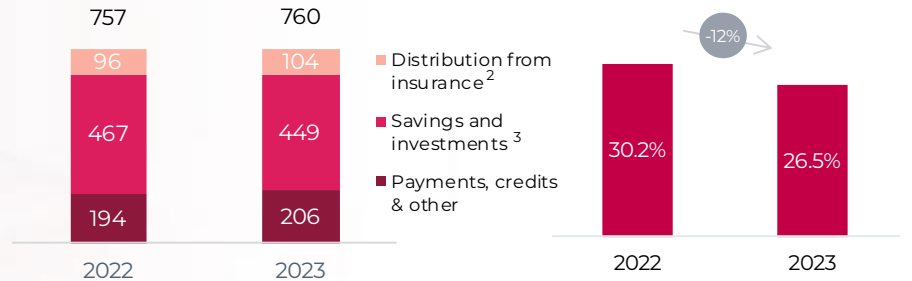
- Net Interest Income Bank increases with +20% compared to FY 2022, supported by higher interest rates, controlled deposit pricing, growing commercial activities and solid ALM and liquidity management. Improving interest margin on non maturing deposits has been partially offset by volume shift from non maturing deposits towards term funding and pressure on new loan margins, in a very competitive Belgian loan market.
- Net interest margin improving from 1.10% in FY 2022 towards 1.42% in FY 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 (+0.3%):
  - increasing payment fees, resulting a.o. from higher volumes of credit and debit card transactions;
  - increasing third-party product fees, mainly related to the 1Y Belgian government bond;
  - continuously increasing fees from Non-life insurance activities through the banking network;
  - slowdown in entry fees in Asset Management Services, in line with shift to more maturing deposits.

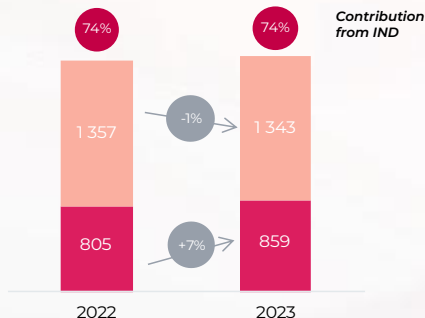
# Further GWP growth in Non-life insurance boosted by Bancassurance channel, combined with structurally improving NCR.

## Insurance

### Continued growth in Non-life thanks to Bancassurance and DVV

#### Gross Written Premiums

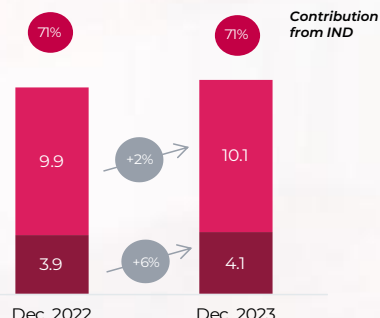
EUR m



■ Non-life (incl. Health) GWP  
■ Life GWP

#### Life Insurance reserves

EUR bn



■ Guaranteed products (Br 21, 26 & 27)  
■ Unit-Linked (Br 23)

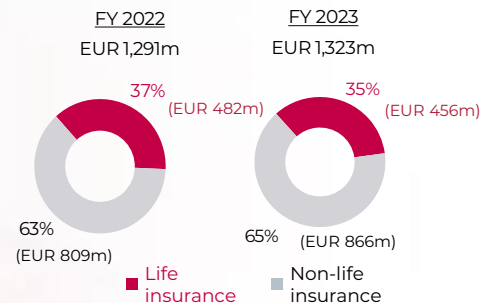
- Overall increasing GWP Non-life (+7%) thanks to Bancassurance (+9%) and DVV (+8%), partially the result of premium indexations, but also thanks to net new business growth in Bancassurance Individuals and DVV Business.
- Slight decrease of GWP Life by -1%, with some shift from Invest Br23 towards Invest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

## Insurance

### Sound Non-life income and improving Insurance Service Expenses adjusted<sup>1</sup>

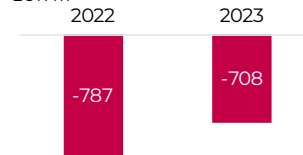
#### Insurance income

EUR m

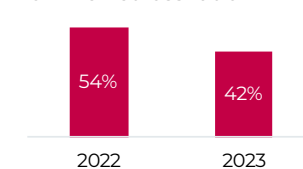


#### ISE adjusted

EUR m



#### Non-life net loss ratio



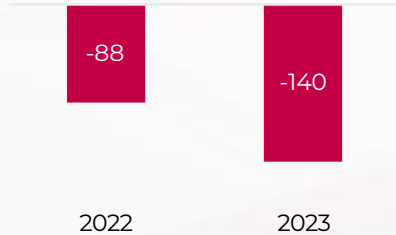
- Strong Non-life income increasing by +7.1% in FY 2023, thanks to sound portfolio growth, while Life insurance income decreases, mainly due to lower financial result in higher interest rate environment.
- Insurance Service Expenses adjusted amounts to EUR -708m in FY 2023 vs EUR -787m in FY 2022, mainly due to Non-life a.o. thanks to the recalibration of the risk adjustment one year confidence interval to 77.5%, lower natural catastrophes' claims and projected inflation for Non-life LIC<sup>2</sup> in 2023.
- Improving Non-life net loss ratio of 42% in FY 2023 (vs. 54% in FY 2022 that was heavily impacted by inflation pressures and NatCat on average claims cost). NCR amounting to 88% per FY 2023 compared to 99% per FY 2022.

Overall, continued commercial development in full alignment with desired financial strategy, leads to total revenues increasing with 9% year-on-year.

Group

Other income more negative in FY 2023

**Other income**  
EUR m

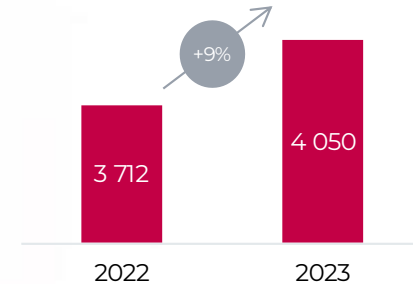


- Other income FY 2023 amounted to EUR -140m, more negative than in FY 2022 (EUR -88m), mainly stemming from higher bank levies (EUR 278 million in FY 2023 vs EUR 264 million in FY 2022) and the absence of (positive) fair value adjustments and positive impact in 2022 from lower prepayment loss-related provision in line with then strongly increasing interest rates (not anymore the case in 2023).

Group

Strong increase in total revenues in transforming context

**Total income**  
EUR m

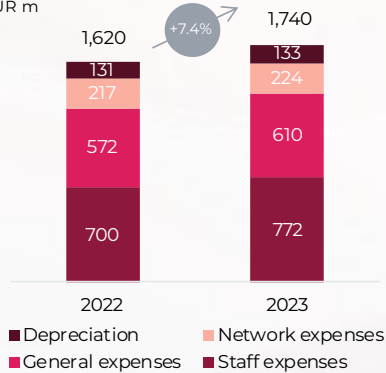


- Continued commercial dynamics and strict balance sheet management discipline lead to increasing total revenue base, mainly thanks to:
  - growth of the NII in a context of strong interest rate increase;
  - resilience of F&C bank in transforming context;
  - growth of insurance income<sup>1</sup>, driven by Non-life activities;
- Total income amounted to EUR 4,050m in FY 2023 (vs EUR 3,712m in FY 2022).

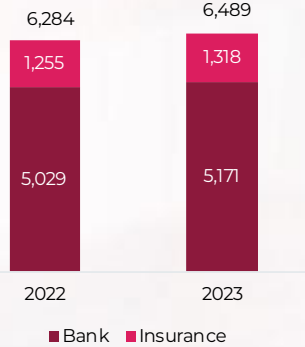
Total costs increasing due to growth investments (digital & workforce) and inflation pressure. C/I ratio however further improves to 43% thanks to stronger income dynamics.

Increasing costs from inflation and continued investments ; C/I improves towards 43%

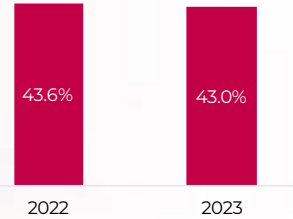
Costs  
EUR m



FTE<sup>1</sup>

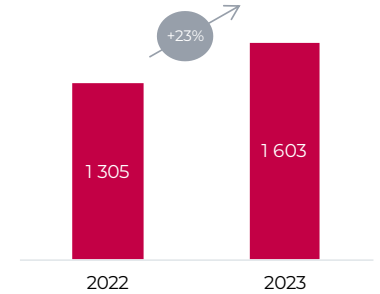


Cost-income ratio



All in all, leading to higher pre-provision income

Pre-provision income  
EUR m



- Total costs increased by 7.4% compared to FY 2022 due to (i) increase of workforce and innovation investments to sustain strong commercial growth, and (ii) inflationary pressures. Although the total costs increased by 7.4%, C/I ratio decreased to 43.0% per FY 2023 compared to 43.6% per FY 2022 due to larger increase of income.
  - staff expenses increased with EUR 72m compared to FY 2022, due to the salary mass indexation and higher FTE (+205 average FTE)
  - general expenses increased by EUR 38m to EUR 610m, in line with growing commercial activity, and higher external workforce needs
  - network costs and depreciation costs have increased by EUR 8m and EUR 2m respectively.

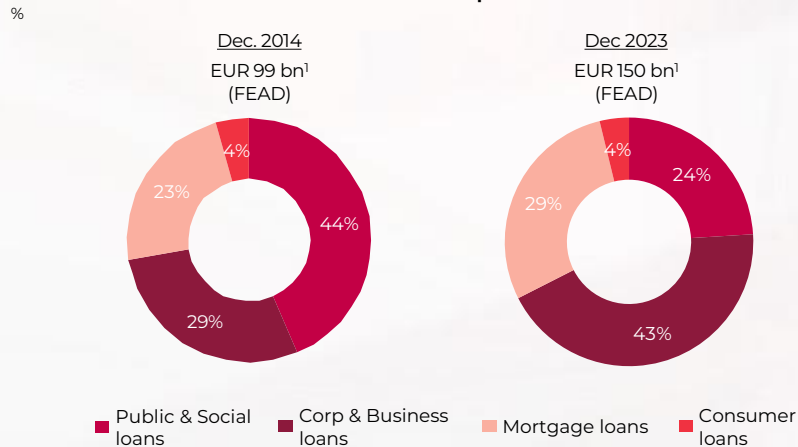
- All in all, the combination of stronger income than cost increases leads to an increase in pre-provision income to EUR 1,603m in FY 2023 (vs EUR 1,305m in FY 2022).



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

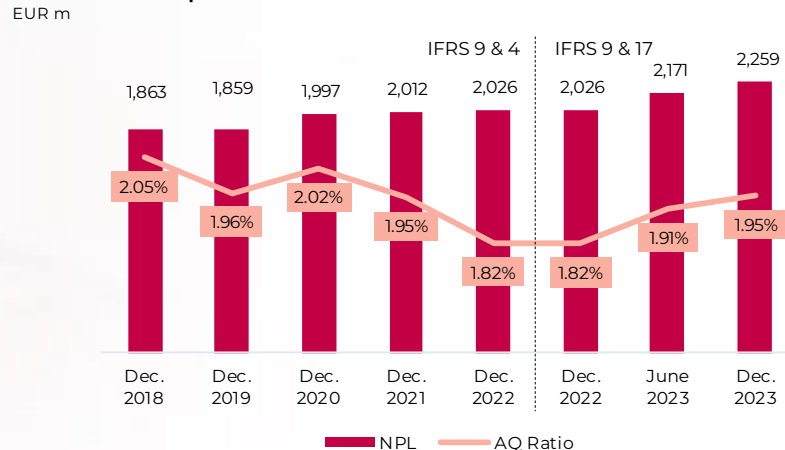
Our commercial loan & commitments franchise continues to develop and diversify further

## Evolution of the loan and commitments portfolio



Solid asset quality throughout the diversification & growth journey

## Evolution of impaired loans to customers



- 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 43bn per end of December 2023, reaching 29% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 65bn per end of December 2023, reaching 43% of the FEAD.

- Increasing gross outstanding loans combined with slightly increased impaired loans lead to a limited increase of asset quality ratio to 1.95%, 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 impacts 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 geopolitical conflict, remain in place for now

- Throughout the past period, characterized by the Covid-19 pandemic, the increasing inflation, rising energy prices and the growing number of military conflicts, Belfius' basic principles for Expected Credit Losses (ECL) computations have remained fundamentally unchanged, however some adjustments to the approach were applied in order to ensure an adequate coverage for potential risks.
- With the observation that impacts of these adverse events remain, in economic terms, under control and that the economic environment continues to be resilient, Belfius has decided to abandon the long term average of historic data in the calculation of the macroeconomic factors. By the end of 2023, Belfius returned to a full point-in-time and forward looking approach in macroeconomic factor calculation, that is based only on 2023-2025 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 that ECL estimates are complex and to a certain extent judgmental, the afore-mentioned mechanical approach is supplemented with management judgment through "management call" layers as authorised 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 computation on an individual or a (sub)portfolio level. They continue to be used to account for the main potential 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: Overlay for economic uncertainties

The slightly improved macroeconomic perspectives for 2024 and 2025 and a shift of the scenario weights, both contribute positively to the cost of risk over FY 2023

Starting from the end of 2022, the ECB's interest rate hikes have successfully alleviated the sharp inflation peak that followed Covid. Belgium's inflationary pressure has been significantly reduced, a.o. by the decrease in energy prices. However, persistent geopolitical turbulence and some difficulties of leading European economies to regain their footing continue to fuel some economic uncertainty. Despite this environment, Belgium has shown a higher economic resilience than other European countries. Given the uncertainty surrounding future growth, interest rates, inflation, election outcomes, and the impact of geopolitical conflicts, it is however still necessary to remain vigilant in risk management and provisioning.

### Neutral scenario data

	As of 4Q 2023		
	2023	2024	2025
<b>GDP (% y-o-y)</b>			
Belgium	1.5	1.2	1.4
Eurozone	0.5	0.9	1.5
United States	2.4	1.1	1.6
<b>CPI (% y-o-y)</b>			
Belgium	2.6	4.7	2.1
<b>Unemployment (%)</b>			
Belgium	8.3	8.0	7.8
Eurozone	8.6	7.2	7

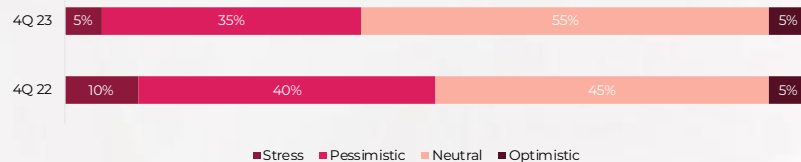
### Transformation into a 4 scenarios approach

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

	As of 4Q 2023		
	2023	2024	2025
Optimistic	2.1	1.8	2.0
Neutral	1.5	1.2	1.4
Pessimistic	0.4	0.1	0.3
Stress	-0.2	-0.5	-0.3

- The macroeconomic factors and perspectives, used for ECL calculations, were updated in line with the Belfius Research department expectations.
- Compared to the data used in 2022, the GDP growth expectations for 2023 were significantly revised upwards for Belgium and for 2024 were only revised slightly downwards for Belgium (1.2%), the Eurozone (0.9%) and the US (1.1%); the recovery of the growth was shifted to 2025.
- The sharp slowdown of inflation, that initially was expected for 2023, was spread out over 2023 and 2024, to reach an expected level of 2.1% in 2025.
- The unemployment data were not materially adjusted compared to the data used in 2022; the unemployment figure still 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 (55%), simultaneously reducing pessimistic (from 40% to 35%) 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 36m in FY 2023.**

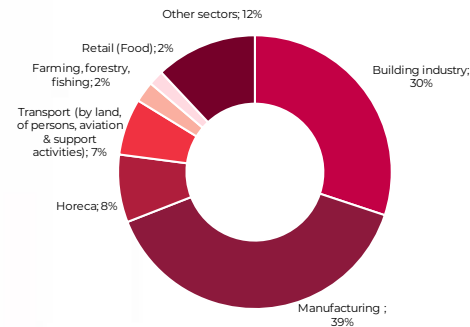
## Zoom on cost of risk Overlay for Vulnerable Exposures

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

- The mechanical ECL calculations are supplemented with expert Overlay. This Overlay is 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.
- This expert overlay, that is linked to specific risk pockets that could not be fully captured by the model-based calculations, is referred to as the “Overlay for Vulnerable Exposures”.

### Overlay for Vulnerable Exposures E&E: exposures by sector

3.4% of total portfolio (FEAD), representing EUR 6.5bn<sup>1</sup>



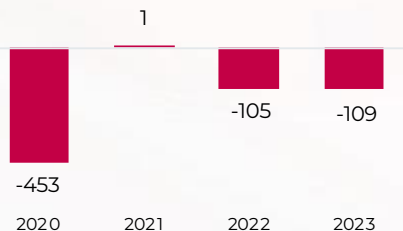
- In 2020 and 2021, the scope of the Overlay for Vulnerable Exposures was defined by Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit by the pandemic and the sanitary measures were included: recreation, culture & sport, horeca, 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 evolution of the provisions was mainly driven by exposure evolutions and rating migrations and **accounted for a net provision release of EUR 5m in 2023.**

# Zoom on cost of risk

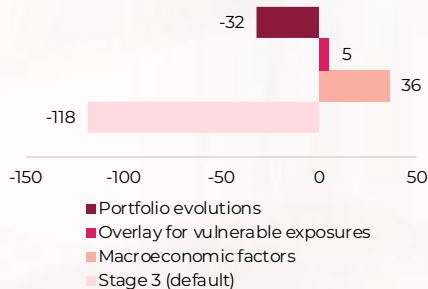
## Resulting cost of risk metrics FY 2023 (1/2)

FY 2023 Cost of Risk amounts to EUR -109m. The overlay for economic uncertainties and vulnerable exposures decreases towards a level of EUR 194m (vs. EUR 235m in 2022), composed of EUR 88m for macroeconomic factors on the one hand and EUR 106m for vulnerable exposures on the other hand

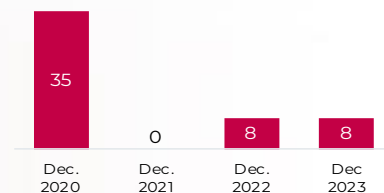
**Cost of Risk**  
EUR m



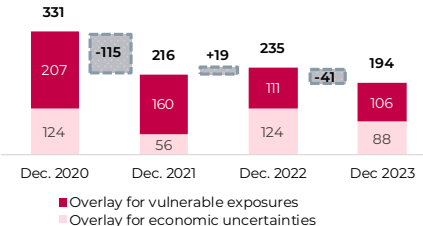
**Cost of Risk FY 2023**  
EUR m



**Credit cost ratio<sup>1</sup>**  
Bps



**Overlays**  
EUR m

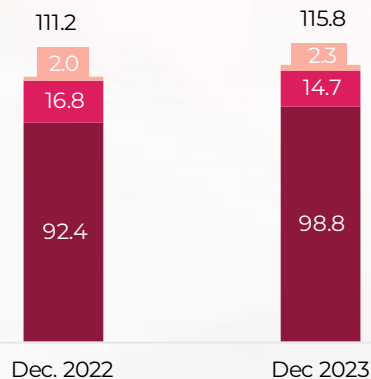


- In 2020, the Covid-driven provisioning logic resulted in a cost of risk of EUR -453m, of which a Covid-overlay of EUR 331m was the most significant contributor, in particular to cover for potential credit risk impacts in the Business and Corporate segments. By end of December 2023, the overlay is reduced to EUR 194m.
- In FY 2023, the Cost of Risk amounts to EUR -109m, composed of:
  - EUR -118m specific provisions for loans in default;
  - EUR +36m reversals due to the update of the macroeconomic factors and previsions;
  - EUR +5m reversals following the reassessment of the Overlay for vulnerable exposures;
  - EUR -32m allowance linked to portfolio evolutions.
- Please remember that stage 1 and 2 provisions constitute anticipative provisioning against expected credit losses on files that could enter into default. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, or be released, always 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 will be reversed over time.

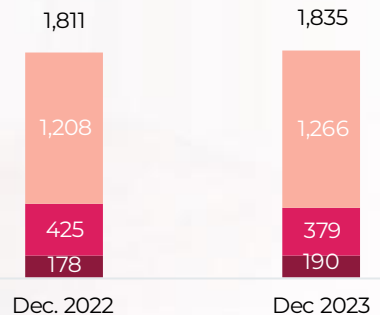
## Zoom on cost of risk Resulting cost of risk metrics FY 2023 (2/2)

Continued sound asset quality metrics at 31 December 2023

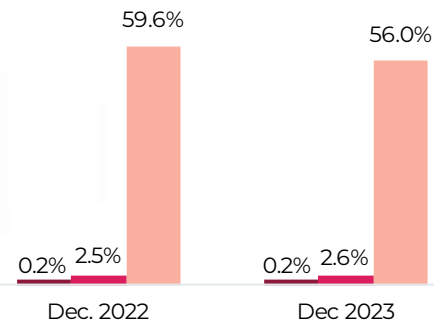
**Gross outstanding loans to customers<sup>1</sup>**  
(Conso)  
EUR bn



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



**Coverage ratio**  
%



■ Stage 1 ■ Stage 2 ■ Stage 3

■ Stage 1 ■ Stage 2 ■ Stage 3

■ Stage 1 ■ Stage 2 ■ Stage 3

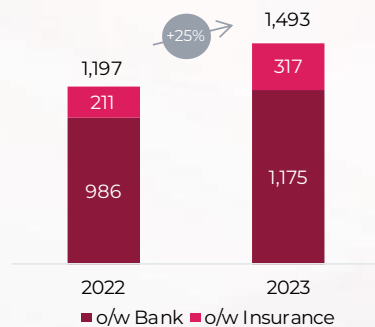
- The IFRS 9 outstanding stock of impairments on loans to customers slightly increased with EUR 24m to EUR 1,835m as of end December 2023.
- The stock of stage 1 & 2 impairments decreased from EUR 603m end 2022 to EUR 569m end December 2023 reflecting a.o. the gradual reduction of the overlays for economic 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 56.0% per end of December 2023; this is explained by a number of new defaulted files with strong collateral and recovery perspectives (so a lower provisioning level is required), combined with reversals of existing files in default and the write-off of files with a higher coverage (than average).

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

Group

### Increasing result before tax

**Result before tax**  
EUR m

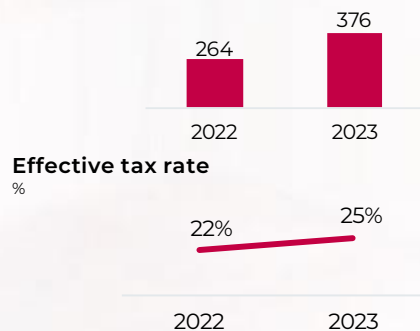


- Result before tax amounts to EUR 1,493m in FY 2023, compared to EUR 1,197m in FY 2022, an increase by 25% thanks to strongly increasing pre-provision income, and despite slightly higher cost of risk.

Group

### Effective tax rate at 25%

**Tax expenses**  
EUR m

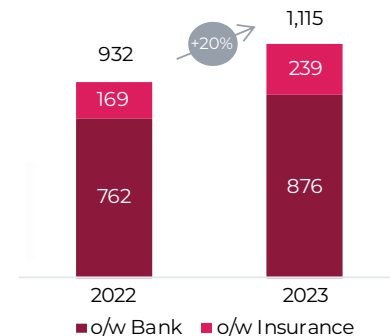


- The tax expenses amounted to EUR 376m in FY 2023 compared to EUR 264m in FY 2022, showing an effective tax rate (25%) equal to the statutory tax rate. The higher taxes in FY 2023 are mainly the result of a higher consolidated result before tax than in FY 2022, and the limitation of the NTK<sup>1</sup> deductibility to 20% since the start of the year (compared to 100% deductibility in the previous years).

Group

### Increasing net income

**Net income**  
EUR m



- Belfius has grown to its highest net income since its origins, equal to EUR 1,115m in FY 2023, up by EUR +183m compared to EUR 932m in FY 2022.



## 4. Results per Segment<sup>1</sup>

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 slowdown of the mortgage loan market:**
  - outstanding loans to customers (+4%, to EUR 50.3bn) continued to grow
  - customer savings & investments (+5%, to EUR 121.7bn): decent organic growth (EUR +2.3bn) and positive market effect (EUR +3.1bn) since end 2022
  - continued strong performance in GWP Non-life (+7% to EUR 675m in FY 2023), especially via bank distribution channel (+10% to EUR 308m in FY 2023)
- Strong growth in **net interest income bank of IND** to EUR 822m in FY 2023, increasing from its level of EUR 666m in FY 2022, especially thanks to higher interest rates environment, controlled deposit pricing, and growing commercial activities
- **Fee & commission income of IND** decreased with -1% towards EUR 632m in FY 2023, the decrease in Asset Management Services fees has been partially offset by an increase in transaction banking fees and third party products, as well as continuously growing fees from Non-life insurance activities through the banking network
- **Total insurance income IND** increased to EUR 1,028m in FY 2023, mainly driven by a strong increase of Non-life & Health insurance income by +11% (to EUR 689m in FY 2023), compensated by a decrease of -12% in Life insurance income (to EUR 339m), due to lower financial income
- **Insurance Service Expenses adjusted<sup>1</sup> IND improved by 12% toward EUR -535m**, mainly due to lower level of natural catastrophes' claims in FY 2023 and a recalibration of the risk adjustment confidence interval to 77.5%
- **Costs allocated to IND** increased by EUR 64m in FY 2023 compared to FY 2022, due to inflationary pressures and continued investments in human & digital capital
- **Pre-provision income FY 2023 of IND stands at EUR 721m**, +31% higher than its level of EUR 550m in FY 2022
- **The cost of risk in IND amounts to EUR -12m (net allowance) in FY 2023**, better than the level of FY 2022 (EUR -39m)
- As a result, **net income IND strongly increased with +33% to EUR 523m in FY 2023** (EUR 394m in FY 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.

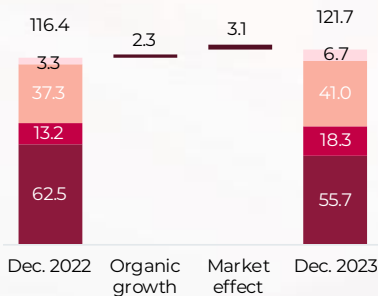
Individuals

Bank

Growth in loans to customers supported by continued solid deposit base

## Outstanding savings & investments

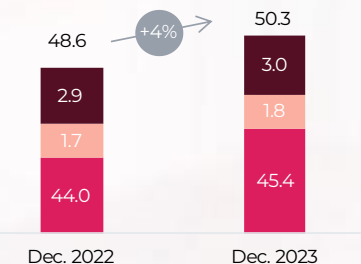
EUR bn



- Other S&I<sup>1</sup>
- Asset Management Services & Equities
- Maturing Deposits + Br21
- Non maturing deposits

## Outstanding loans to customers

EUR bn

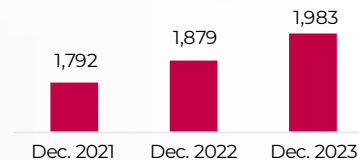


- Mortgage loans
- Consumer loans
- Other loans

Continued steady increase in active mobile users nearly at 2 million mark

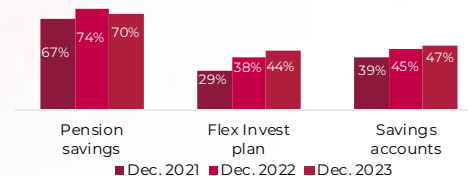
## Active mobile users

x 1,000



## Sales through direct channels<sup>2</sup>

%



## Credit cards



~44% of credit cards are sold through direct channels<sup>1</sup>

## Customer equipment rate

3.19

Products per customer

- The individuals' savings & investments increased towards EUR 121.7bn per end December 2023. This is the combined result of organic growth (EUR +2.3bn) and a positive market effect (EUR +3.1bn). The shift towards more maturing deposits is also present in the Individuals segment, with an increase of +39% in Maturing Deposits & Br21 products.
- Outstanding loans increased by EUR 1.7bn (+4%) compared to end 2022.

- Continued strong customer engagement resulting into steady increase of active mobile users (+6% vs. end 2022), with on average 39.0 mobile interactions per active user per month in FY 2023.
- Belfius continues to benefit from the functionalities of its direct channels. In FY 2023, 70% of the new pension savings contracts, 44% of the new credit cards and 47% of the new savings accounts were subscribed via direct channels.
- Average equipment rate of IND customers continued to increase steadily towards 3.19 (compared to 3.14 end 2022).

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

Individuals

Group

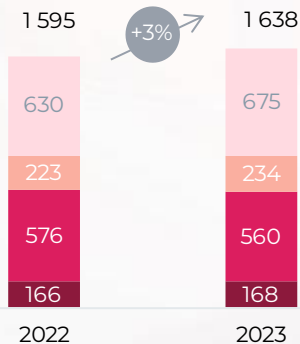
Insurance sales boosted by strong Non-life production

Insurance

Continuously solid bank-insurance cross-sell

## Insurance premiums (GWP)

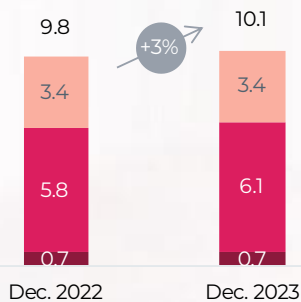
EUR m



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

## Life Insurance reserves

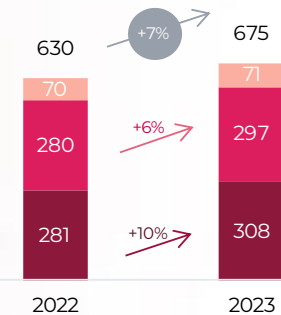
EUR bn



■ Protection ■ Invest ■ Pension & Endowment

## GWP IND Non-life per distribution channel

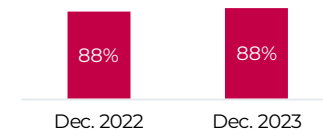
EUR m



■ Bancassurance ■ DVV ■ Belfius Direct Insurance

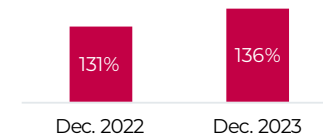
## Property insurance

Belfius Home & Family cross-sell (%)



## Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)<sup>1</sup>



- IND Non-life insurance GWP in FY 2023 stands at EUR 675m, up 7% compared to FY 2022, continuously boosted by the bank distribution channel.
- IND Life insurance (Protection, Invest, Pension & Endowment) GWP stands at EUR 962m in FY 2023, stable compared to FY 2022.
- Total IND Life insurance reserves stand at EUR 10.1bn per FY 2023, growing by +3.5% 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.

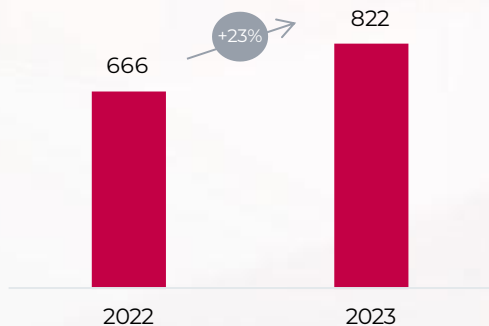
Individuals

Bank

## Strongly improving net interest income

### Net interest income bank

EUR m



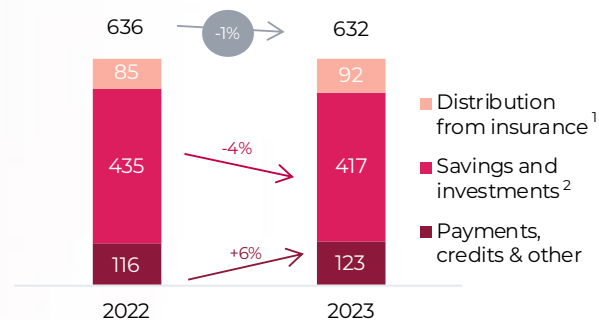
- Net interest income bank increasing by +23% (or EUR +156m) towards EUR 822m in FY 2023, supported by higher interest rates environment, controlled deposit pricing, and growing commercial activities. Higher interest margin on non maturing deposits have been partially offset by volume shift from non 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 -4m) mainly explained by Asset Management Services (EUR -12m), in line with shift to term deposits, only partially offset by increase in fees for transaction banking services and third party products, as well as continuously growing fees from growing Non-life insurance activities through the banking network.

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

Individuals

Group

Insurance

Insurance

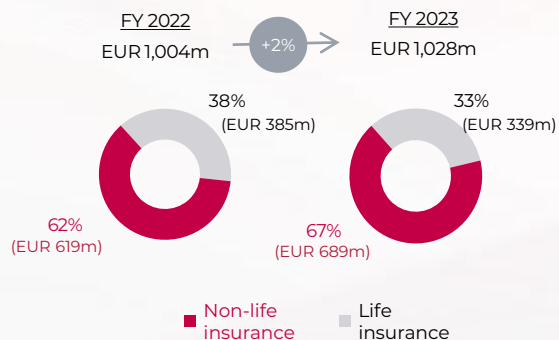
## Growing contribution from insurance

## Improving Insurance Service Expenses adjusted<sup>1</sup>

## Growing total income

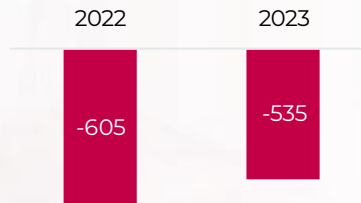
### Insurance income

EUR m



### ISE Adjusted

EUR m



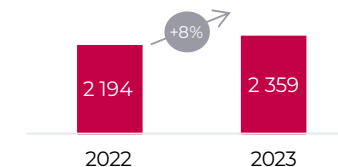
### Other income

EUR m



### Total income

EUR m



- IND Non-life insurance income amounts to EUR 689m, compared to EUR 619m FY 2022, a.o. thanks to continued portfolio growth (premium indexation and net new business).

- Insurance Services Expenses adjusted amount to EUR -535m in FY 2023 vs EUR -605m in FY 2022. An improvement thanks to (i) lower level of current year loss ratio, partially thanks to lower NatCat in FY 2023 vs in FY 2022 and (ii) positive P&L impact following a release of risk adjustment in Non-life per FY 2023.

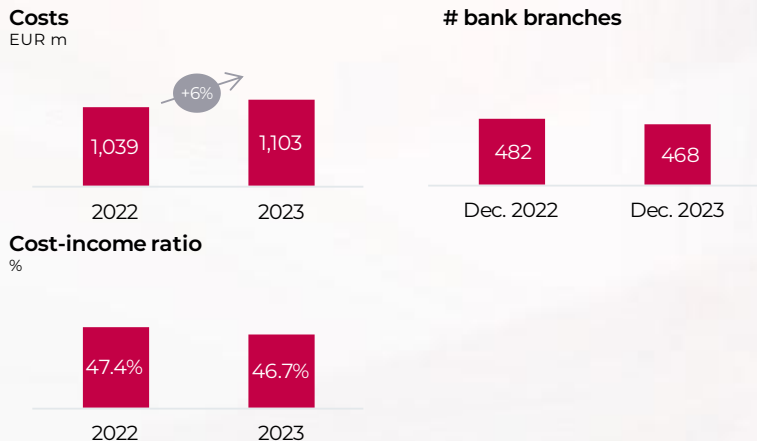
- Other income amounts to EUR -123m, slightly more negative than in FY 2022 (EUR -111m), in line with higher bank levies.
- Increasing revenues (+8%) showing the continued success of Belfius' IND strategy.

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

Individuals

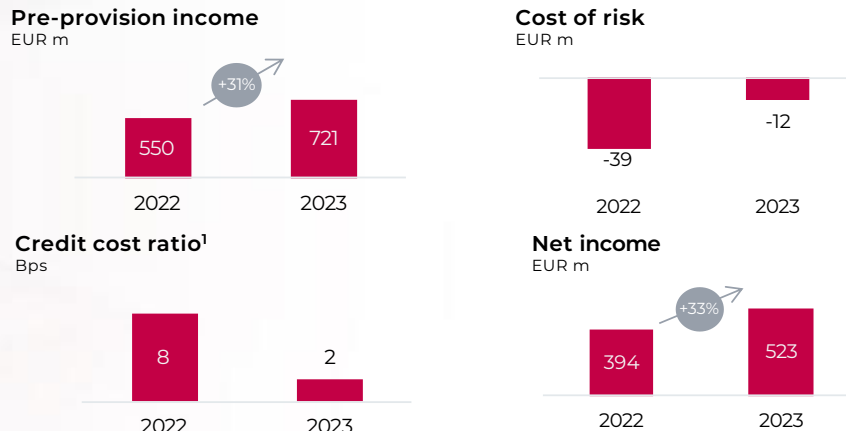
Group

## Increasing costs but decreasing C/I ratio



## Growing pre-provision income, strong net income

Group



- Costs increased by EUR 64m in FY 2023 compared to FY 2022 due to inflationary pressures and investments in human and digital capital.
- Belfius only slightly adjusts 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 46.7% (from 47.4% in FY 2022).

- Much higher pre-provision income of EUR 721m (vs EUR 550m in FY 2022), increasing in line with growing IND franchise.
- Cost of risk allowance of EUR -12m in FY 2023 compared to the allowance of EUR -39m in FY 2022, leading to a credit cost ratio of 2 bps per FY 2023.
- Total net income of IND segment amounts to EUR 523m in FY 2023 (vs. EUR 394m in FY 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 (increasing to EUR 65.0bn): positive organic growth (EUR +1.1bn) since end 2022, also in this segment showing the shift from Non maturing deposits towards term deposits and bonds, and positive market effect (EUR +1.0bn)
  - outstanding loans to customers (+4%, to EUR 63.4bn) continued to grow, especially in E&E loans, driven by the Corporate segment
  - 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 1,114m, **growing** from its level of EUR 920m in FY 2022, mainly thanks to rising interest rates environment, strict deposit pricing, and further growing loan volumes in the corporate & business segment
- **Continued growing contribution of E&E&P fee & commissions** (EUR 140m in FY 2023 vs EUR 131m in FY 2022), mainly from F&C income growth on transaction banking services and third-party products
- **Slightly increasing insurance income** towards EUR 294m (+2% vs. EUR 287m in FY 2022)
- **Less negative Insurance Service Expenses adjusted** (EUR -172m in FY 2023 vs EUR -182m in FY 2022), improving mainly thanks to lowered inflation assumptions on Best Estimate calculation
- **Costs allocated to E&E&P increased**, explained by the workforce growth and wage drift effects, from EUR 507m in FY 2022 to EUR 560m in FY 2023
- **Pre-provision income FY 2023 of E&E&P stands at EUR 834m**, much higher than its level of EUR 620m in FY 2022, showing success of universal bank-insurance strategy
- **The cost of risk in E&E&P amounts to EUR -72m (net allowance) in FY 2023**, compared to the net allowance of EUR -77m in FY 2022
- **All-in-all leading to a net income in E&E&P segment of EUR 577m in FY 2023**, strongly above its contribution in FY 2022 of EUR 421m

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

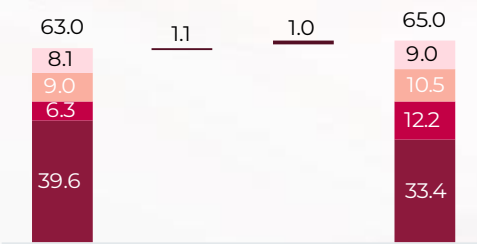
Bank

Group

Increasing savings & investments and growing loans & commitments to customers

Outstanding savings & investments

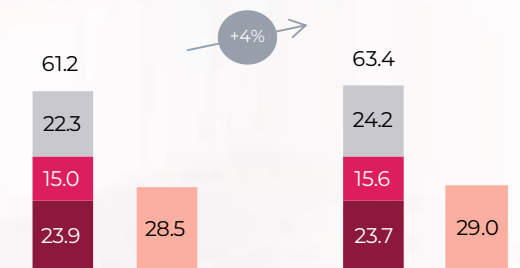
EUR bn



- OG/ME
- Other S&I<sup>1</sup>
- Asset Management Services & Equities
- Maturing Deposits + Br21

Outstanding loans and commitments

EUR bn

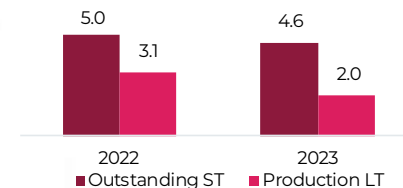


- Off-balance sheet
- On-balance sheet Corporate Banking (CB)
- On-balance sheet Business Banking (BB)
- On-balance sheet Public & Social Banking (PSB)

Debt and Equity Capital Markets activities

DCM activity and participation rate

EUR bn



Equity Capital Markets (ECM)

14 Transactions in FY 2023

- E&E&P clients maintain diversified financing profiles through DCM activity
- During FY 2023, Belfius has placed a total of EUR 4.6bn short term notes (average outstanding CP) and EUR 2.0bn long term notes for PSB and CB customers confirming its leadership position in the Belgian market.
- Belfius also structured and placed a total of 14 capital market transactions within ECM for various CB clients in close cooperation with Kepler Cheuvreux with whom Belfius has a strategic partnership.

- 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 65.0bn (+3% from end 2022), also showing shift to maturing deposits;
  - the outstanding loans increased with 4% compared to end 2022, driven by Corporate Banking.



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

E&E&P

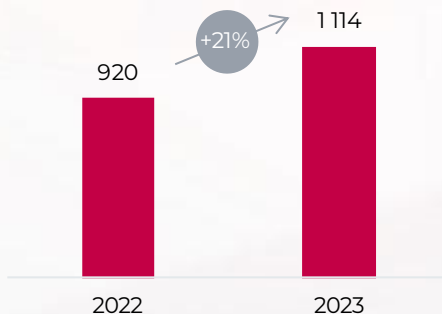
Bank

Bank

## Strong growth in net interest income

### Net interest income

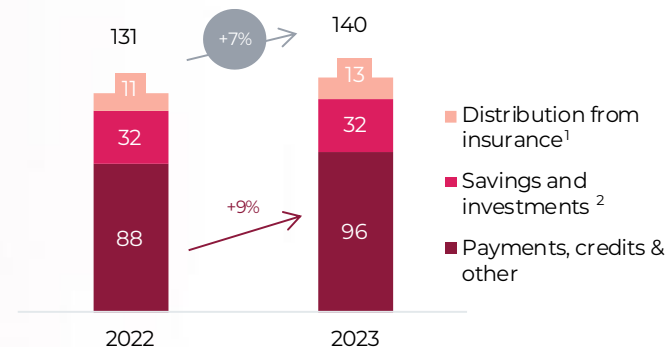
EUR m



## Strong increase in fee & commission income

### F&C income

EUR m



- Increasing bank NII for E&E&P to EUR 1,114m supported by higher interest rates environment, strict pricing and growing commercial activities.

- Increase in total fee & commission income in the E&E&P segment of 7%, mainly thanks to the increase (+9% vs FY 2022) in payment services (higher transaction volumes and more valuable payment service packages).



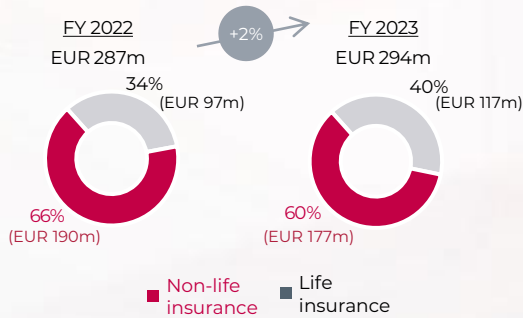
# E&E&P is showing strong growth of 20% in total income.

## Insurance

Insurance income increasing by 2%

### Insurance income

EUR m



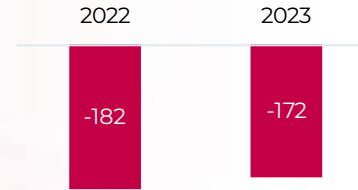
- E&E&P insurance income increasing in FY 2023 by 2% compared to FY 2022:
  - Life insurance income increases compared to FY 2022, and amounts to EUR 117m
  - Non-life income decreases by EUR 14m compared to FY 2022, amounting to EUR 177m.

## Insurance

Improving Insurance Service Expenses adjusted<sup>1</sup>

### ISE Adj.

EUR m



- Insurance Services Expenses adjusted amount to EUR -172m in FY 2023 vs EUR -182m in FY 2022, an improvement mainly stemming from lowered inflation assumptions on Best Estimate calculation.

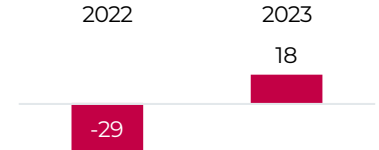
## E&E&P

## Group

Strong increase of total income

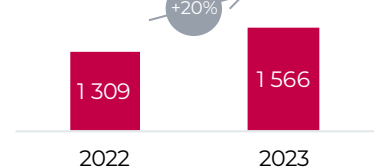
### Other income

EUR m



### Total income

EUR m



- Other income positive at EUR 18m, thanks to some dividend pay outs in 2023, whereas 2022 was negatively impacted in Financial Markets.
- Strong NII lead to increasing E&E&P total income, to EUR 1,566m in FY 2023.

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

E&E&P

Group

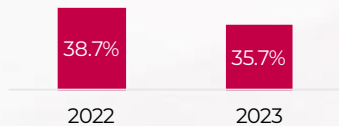
Group

Increasing costs but further decreasing C/I ratio

**Costs**  
EUR m



**Cost-income ratio**  
%

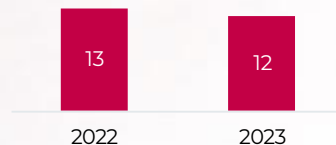


Strong increase in pre-provision income and stable CoR allowance,, leading to strong net income growth

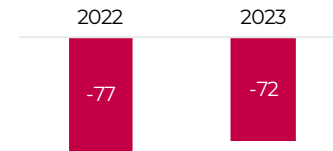
**Pre-provision income**  
EUR m



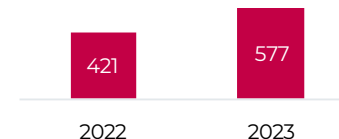
**Credit cost ratio<sup>1</sup>**  
Bps



**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 53m towards EUR 560m in FY 2023.
- Cost-income ratio of E&E&P (35.7%) improves vs 2022 (38.7%).

- Overall, pre-provision income E&E&P shows an increase of +35% towards EUR 834m in FY 2023.
- Cost of risk allowance of EUR 72m in FY 2023. With a credit cost ratio of 12 bps in FY 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 577m in FY 2023 (compared to EUR 421m in FY 2022).



## 4.3 Group Center

- **GC total income amounted to EUR 125m in FY 2023**, EUR 84m lower than last year. This evolution stems from lower “other income”, and from a lower Fair Value through P&L in 2023
- **Pre-provision income GC** stood at EUR 47m in FY 2023 (vs EUR 135m in FY 2022)
- **The cost of risk GC** stands at EUR -25m in FY 2023 (net allowance), compared to EUR 10m (net reversal) in FY 2022, mainly impacted, in the ALM yield portfolio, by slightly more impairments, and by the loss from divestments in the ALM liquidity portfolio, in line with our credit risk adjustment strategy in some sectors
- As a result, **GC net income** amounted to EUR 15m in FY 2023, compared to EUR 117m in FY 2022
- Excluding special items, the adjusted net income GC stood at EUR 24m in FY 2023, compared to EUR 116m in FY 2022
- The run-off portfolios continue their gradual (natural) run-off, accompanied by some opportunistic derisking actions (unwinds or novations or extensions of guarantees)

## Reminder – summary overview of Belfius' Group Center

Belfius' Group Center (notional amounts as of 31 December 2023)

Bond portfolio		Derivatives and guarantees	Other GC activities
ALM Liquidity	Run-off ALM Yield	Run-off portfolio	
<ul style="list-style-type: none"> <li>LCR eligible bonds (EUR 7.8bn)</li> </ul>	<ul style="list-style-type: none"> <li>Non-LCR eligible bonds (EUR 3.0bn)</li> <li>Bought credit protection for some ALM yield bonds</li> </ul>	<ul style="list-style-type: none"> <li>Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 5.2bn)</li> <li>Non-collateralized derivatives with international counterparts (notional of EUR 1.7bn)</li> <li>Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 1.9bn)</li> </ul>	<ul style="list-style-type: none"> <li>Management of specific credit risk files (Holding Communal &amp; Arco entities)</li> <li>Various other items:                             <ul style="list-style-type: none"> <li>ALM derivatives for B/S management</li> <li>Financial markets services (part which is not dedicated to the commercial segments)</li> <li>Central assets</li> <li>Insurance GC</li> <li>Other</li> </ul> </li> </ul>
<p>Considerations</p> <ul style="list-style-type: none"> <li>Part of Belfius Bank's total LCR liquidity buffer</li> <li>Well diversified, high credit quality and highly liquid portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Bond portfolio historically used to manage excess liquidity</li> <li>Mainly high quality bonds of international issuers with a ~19 years residual duration</li> <li>Managed in natural run-off and standard credit risk management</li> </ul>	<ul style="list-style-type: none"> <li>Originates from former competence center for derivatives within the Dexia Group</li> <li>Derivatives and credit guarantees managed in natural run-off and standard risk management</li> </ul>	

Run-off portfolios

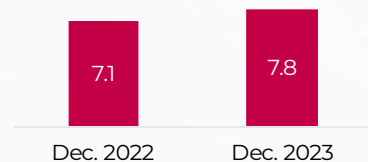
# Evolution of GC portfolios

## ALM Liquidity

### ALM Liquidity bond portfolio

#### Notional value

EUR bn



#### Average Rating

A-                      A

#### Expected average life (years)

7.5                      6.9

#### 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



A<sup>-1</sup>                      A<sup>-1</sup>

19.0                      18.9

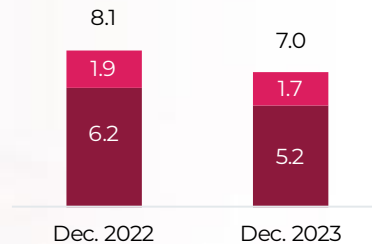
95%                      94%

2.3                      2.7

### IR Derivatives

#### Notional value<sup>2</sup>

EUR bn



■ Derivatives - other  
■ Derivatives - Dexia

BBB+                      BBB+

11.1<sup>2</sup>                      10.2<sup>2</sup>

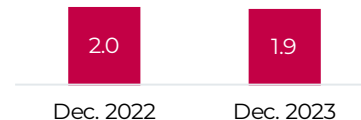
97%                      96%

0.4                      0.4

### Credit guarantees

#### Notional value

EUR bn



A-                      A-

11.9                      11.1

94%                      97%

1.0                      1.1

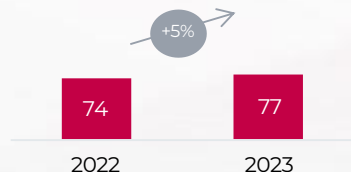
# Financial results Group Center in FY 2023

Slight decrease in total income; increasing costs

**Income**  
EUR m



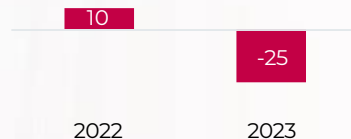
**Costs**  
EUR m



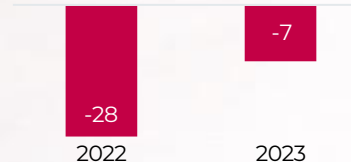
- In FY 2023, GC income amounted to EUR 125m, EUR 84m less than in FY 2022. This evolution stems from the other income (positive impact from lower prepayment loss-related provision in 2022 in line with then strongly increasing interest rates) and a lower Fair Value through P&L in 2023.

Allowance in CoR in 2023

**Cost of risk**  
EUR m



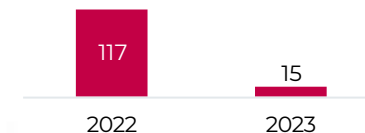
**Tax expenses**  
EUR m



- CoR of EUR -25m, mainly impacted, in our bonds portfolio, by a downgrade on one position and a migration of another position from stage 1 to stage 2, and loss on sale of ALM Liquidity portfolios.
- GC tax amounted to a positive tax income of EUR -7m in FY 2023, mainly due to the limitation of the deductibility of the Belgian tax on credit institutions to 20% since beginning of 2023.

Net income close to zero in 2023

**Net income**  
EUR m



**Adjusted net income**  
EUR m



- Excluding special items (see appendix), the adjusted net income GC stood at EUR 24m in FY 2023, compared to EUR 116m in FY 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 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 and liquidity foundations.
- The relevant diversification strategy has materialised in a continuously adequate RoE in 2023. **The RoE of Belfius continues to align with overall environment, with 4 quarters trailing ROE at 10.1%, against 8.9% in 2022. Overall RoNRE remains above the 10% mark, for the 3<sup>rd</sup> consecutive year, moving from 10.7% in FY 2022 to 12.5% in 2023.**





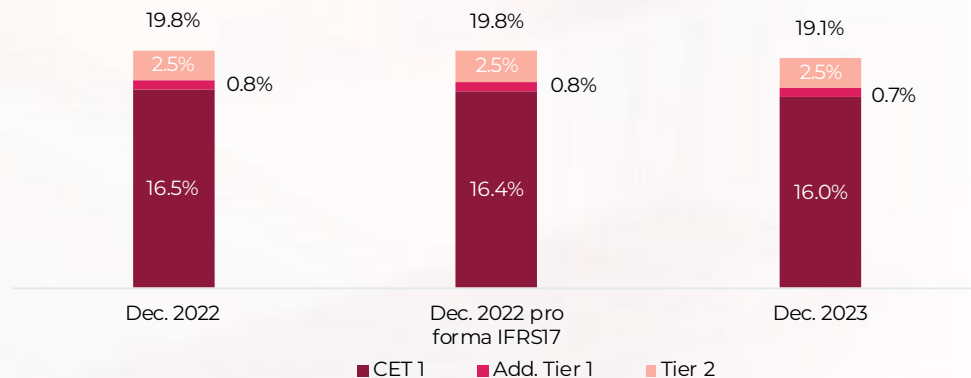
## 5. Financial solidity

## 5. Financial solidity

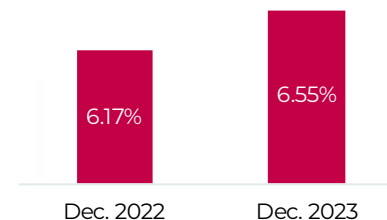
- Even with a strategy to continue to put our capital at work to support our commercial dynamics and to be 'Meaningful and Inspiring for the Belgian Society', Belfius continues to **show sound solvency metrics**:
  - CET1 ratio of 16.0% as of end of December 2023, down 49 bps compared to the CET1 ratio as of December 2022 (on a comparable IFRS 17/9 basis). The decrease is mainly the result of higher regulatory risk exposures (EUR +5.4bn), partially compensated by higher CET1 capital (EUR +539m)
  - continued solid leverage ratio of 6.55%, as of end of December 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 10.10% applicable end of December 2023 due to the increase of the Countercyclical Buffer from 0.06% to 0.13%
  - outcome of 2023 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 December 2023 (slightly up from 193% end 2022)
- **Continued strong liquidity and funding profile**
  - LCR of 139% and NSFR of 128% end 2023
  - total liquidity buffer as of end of December 2023 representing 7.1 times next year wholesale refinancing needs
  - loan to deposit ratio (for commercial balance sheet) increased from 87% at end December 2022 to 93% per end of December 2023, showing continued sound commercial funding capacity (despite 1Y Belgian government bond)
- **Asset quality still sound** and still containing a best estimate "ex-ante provisioning" of expected losses due to economic uncertainties and vulnerable sectors:
  - Belfius slightly increased its LLP for loans to customers from EUR 1,811m end 2022 to EUR 1,835m end 2023
  - Overall, we note a limited deterioration in the asset quality ratio to 1.95% per end 2023, driven by an increase in non performing loans. Increasing stage 3 provisions and relatively higher NPL translate into a coverage ratio of 56.0% as per end of December 2023 (vs. 59.6% as per end of December 2022).

## Belfius continues to show solid capital and leverage ratios.

CET 1, Tier 1 and Total capital ratio<sup>1</sup>



Leverage ratio<sup>2</sup>



EURm

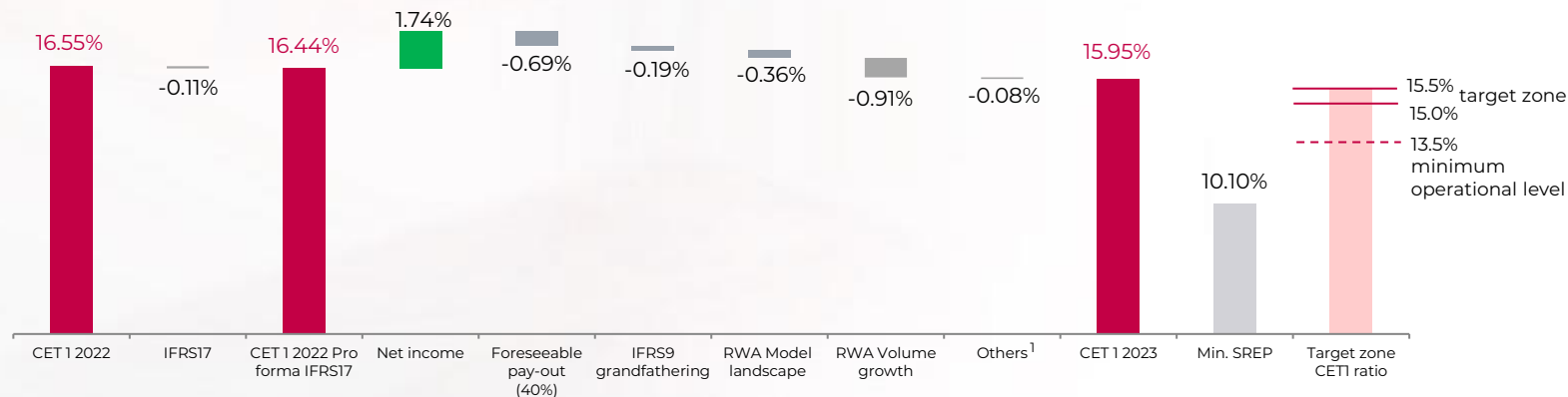
CET 1	10,722	10,547	11,087
Tier 1	11,219	11,045	11,584
CAD	12,851	12,676	13,302
RWA	64,796	64,150	69,504

- Leverage ratio stood at 6.55%, up from 6.17% end 2022 (pro forma IFRS 17).
- The increase is the result of higher regulatory Tier 1 capital and a slightly lower leverage exposure mainly explained by TLTRO repayments.

Continued solid CET 1 ratio is enabling Belfius to continue to support the Belgian economy and to execute its commercial strategy.

Group

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

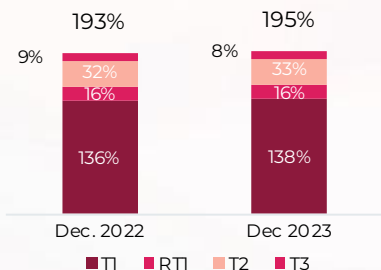


- CET1 ratio of 15.95% as of end December 2023, -49bps compared to 2022 (pro forma IFRS 17)
- The decrease is mainly the result of higher regulatory risk exposures (EUR +5.4bn), from commercial development (growing loans stock) and transition to standardized model approaches for exposures to Financial and Project Finance counterparts
- The minimum SREP of 10.10% has increased compared to 10.05% end 2022, mainly due to: (i) slight increase of our P2R from 2.13% to 2.14%, (ii) the increase in countercyclical buffer of 0.07% (mainly due to increase of UK ccyb), (iii) partially compensated by a decrease of Sectoral systemic buffer of -0.03%

# Belfius Insurance continues to display solid solvency metrics.

Insurance

## Strong and high quality solvency levels

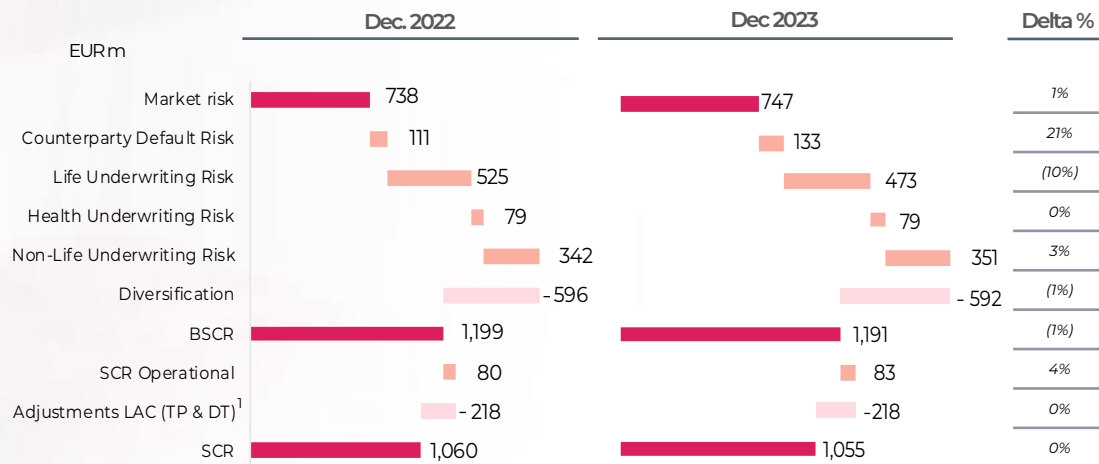


In EURm

	Dec. 2022	Dec 2023
<b>Tier 1</b>	1,444	1,458
Restricted Tier 1	171	171
Tier 2	336	345
<b>Tier 3</b>	92	87
<b>AFR</b>	<b>2,043</b>	<b>2,061</b>
<b>SCR</b>	<b>1,060</b>	<b>1,055</b>

Insurance

## Decomposition of Solvency Capital Requirement



- Compared to end 2022, the regulatory own funds have increased by EUR 18m, after a foreseeable dividend of EUR 118m. A slight decrease in interest rates had a positive impact on the assets which was almost fully compensated by increasing best estimate liabilities linked to this interest rate movement but tempered by lower projected inflation.
- The required capital amounted to EUR 1,055m at the end of December 2023, which is EUR 5m lower compared to end 2022. Market risk remains the main contributor to the required capital, due to spread and equity risk, that both decreased thanks to some management actions executed throughout the year 2023. The SCR linked to interest rate risk is rather limited thanks to the ALM management of Belfius Insurance, targeting a limited global duration mismatch between assets and liabilities. The second important contributor is the Insurance risk, which decreased during the year 2023 mainly due to the lower observed inflation.

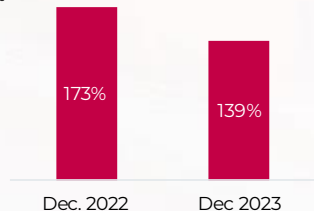
# Belfius Bank continues to display strong liquidity stance.

Bank

## Solid LCR quality

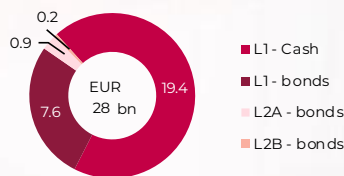
### LCR<sup>1</sup>

In %



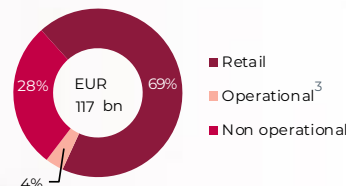
### High Quality Liquid Assets

EUR bn, per 31 December 2023 (EOP)



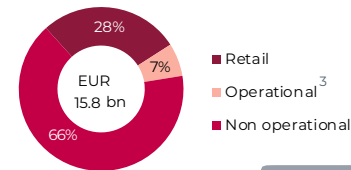
### Stable commercial funding<sup>2</sup> profile

Per 31 December 2023 (EOP)



### Commercial outflows in LCR

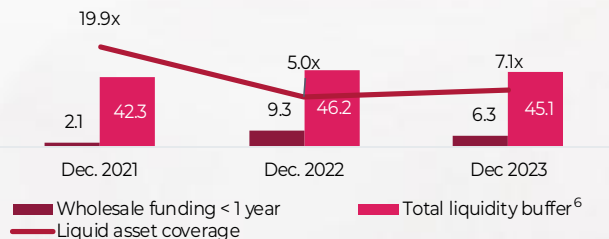
Per 31 December 2023 (EOP)



Bank

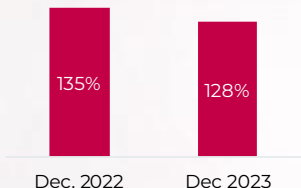
## Exceptional refinancing need coverage

EUR bn



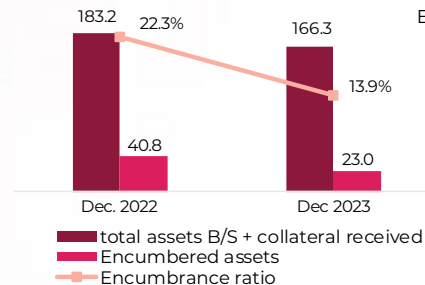
## NSFR<sup>4</sup>

In %



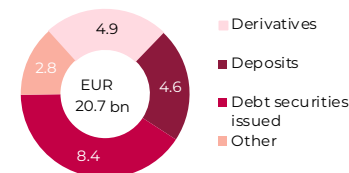
## Encumbered assets

EUR bn, median values<sup>5</sup>



## Detail of encumbered assets

EUR bn, per 31 December 2023 (EOP)



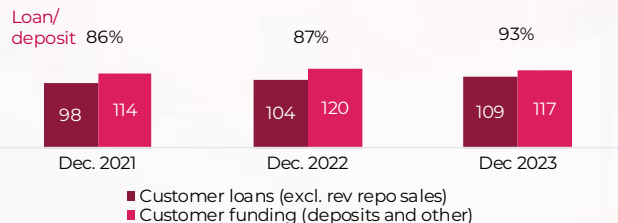
Notes: 1. Calculation based on 12 months average. The Liquidity Coverage Ratio (LCR) refers to the regulatory ratio between the stock of high quality liquid assets and the total net cash outflow over the next month under stress. 2. Commercial funding consisting of non maturing deposits, term accounts, saving certificates and BFC notes. 3. According to article 27 of the LCR regulation, 'operational' is defined as wholesale deposits maintained in order to obtain clearing, custody, cash management or other comparable services, with the exception of deposits arising out of a correspondent banking relationship or from the provision of prime brokerage services, which are considered as non operational deposits. 4. The Net Stable Funding Ratio (NSFR) refers to the regulatory ratio between the available amount of stable funding and the required amount of stable funding. 5. Based on median values as required by the EBA. 6. Total liquidity buffer: Cash at central bank, plus cash that could be obtained by pledging liquid bonds, retained bonds and bank loans.

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

Bank

## Healthy Loan to Deposit ratio

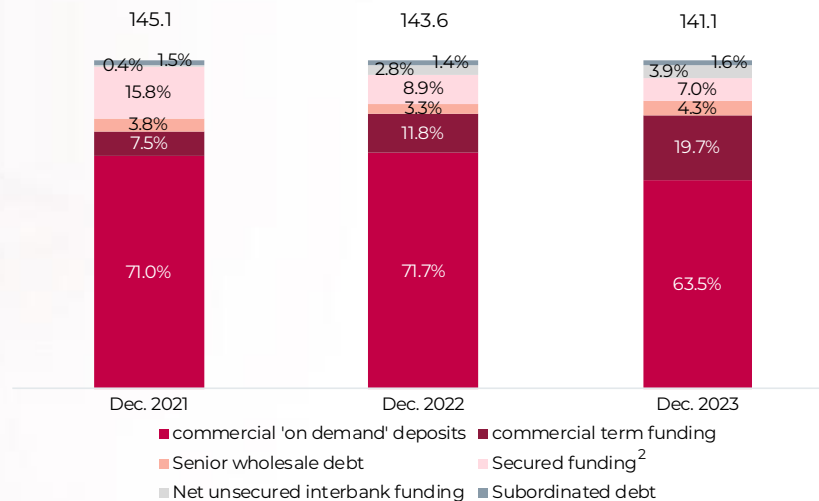
EURbn



Bank

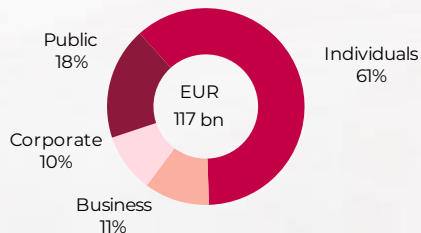
## Funding sources<sup>1</sup>

EURbn



## Stable & diversified commercial deposit base

In %



Of which EUR 53.3bn insured deposits (under deposit guarantee scheme)

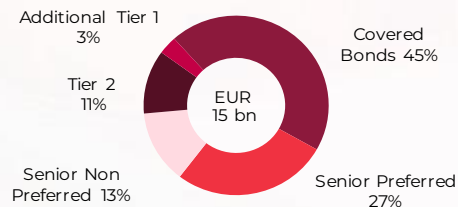
Note: 1. Belfius Bank only. 2. Secured funding includes Covered Bonds (4.8%), TLTRO (1.0%) and other longer term secured funding. Please note: end 2023, Belfius' TLTRO funding amounted to EUR 1.4bn.

# Belfius continues its diversified funding strategy.

Group

## MLT wholesale funding<sup>1</sup> strategy

As of 31 December 2023



- In 2023, Belfius issued around EUR 4bn of wholesale funding, mainly through benchmarks in Tier 2, Senior Preferred and Covered bonds.

EUR 500m  
Tier 2  
10.25NC5.25  
5.25%  
January 23

EUR 500m  
mortgage  
covered bond  
4 year  
3%  
February 23



EUR 750m  
green senior  
preferred  
5 year  
3.875%  
June 23

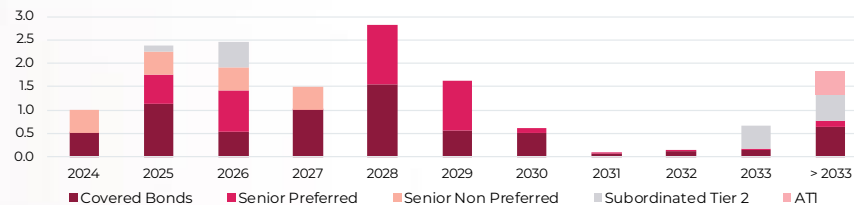
EUR 1bn senior  
preferred  
6 year  
4.125%  
September 23

EUR 1bn  
mortgage  
covered bond  
5 year  
3.625%  
October 23

Group

## Redemption profile MLT wholesale funding per 31 December 2023

EUR bn



- Over the coming 3 years, around EUR 6bn of MLT wholesale funding comes to maturity.
- With the expiring of the TLTRO, and the changed regulatory and interest rate environment, wholesale issuances will be focused on MREL compliance and liquidity management.

- At start of year, we estimate that the wholesale financing needs of 2024 are similar to 2023 in terms of amounts and type of instruments.
- Since the beginning of the year, 2 benchmarks have already been issued in the wholesale market.

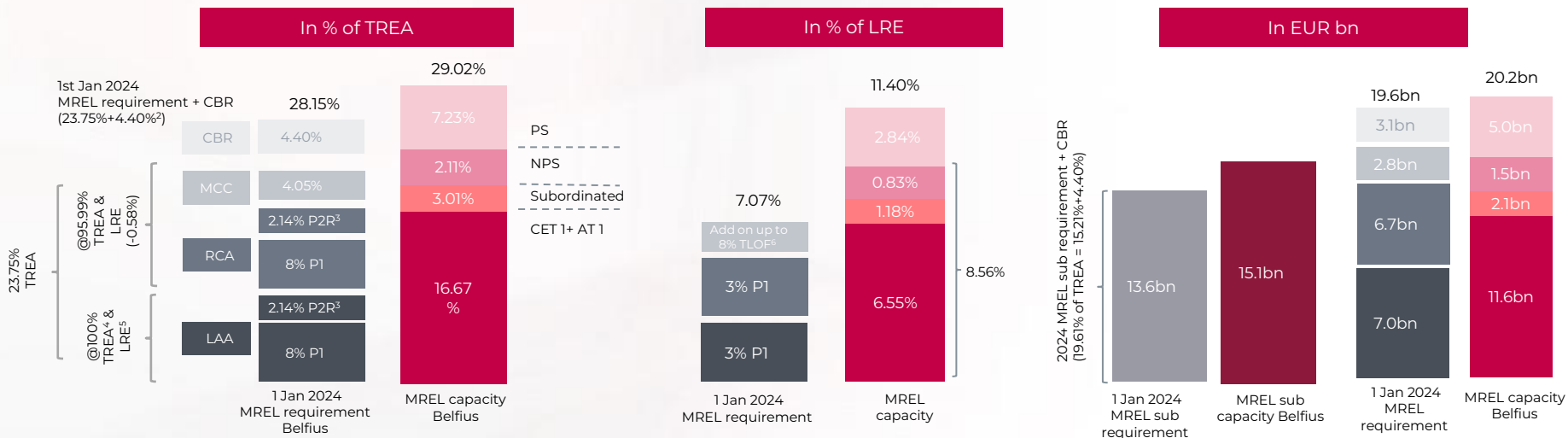
EUR 500m  
senior non  
preferred  
5 year  
3.875%  
January 24

EUR 500m  
mortgage  
covered bond  
7 year  
2.875%  
February 24



# Belfius meets new MREL-MDA (MREL+CBR) required from 1 January 2024.

## SRB methodology and formal requirement compared to Belfius' compliance<sup>1</sup>



- On 15 December 2023, 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 23.75% of Total Risk Exposure Amount (TREA) and 7.07% 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 15.21% of TREA and 7.07% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.40% of TREA for Belfius as expected for end 2023) are not eligible to meet the requirements expressed in TREA. Belfius Bank must also comply with this subordination requirement by 1 January 2024.
- Belfius already meets its expected BRRD2 MREL requirements end 2H 2023. Indeed, expressed in TREA, Belfius MREL of EUR 20.2 billion amounts to 29.02% of TREA, to be compared with 28.15% as 2024 binding requirement (including CBR).
- In the same way, Belfius MREL subordinated of EUR 15.1 billion amounts to 21.79% of TREA, to be compared with EUR 19.61% as 2024 binding requirement (including CBR). Expressed in LRE, Belfius MREL subordinated of 8.56% also stands in excess of 7.07% MREL subordinated requirement.

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

## IFRS 9 Credit risk impairments

### Loan Loss Provision (Loans to customers)

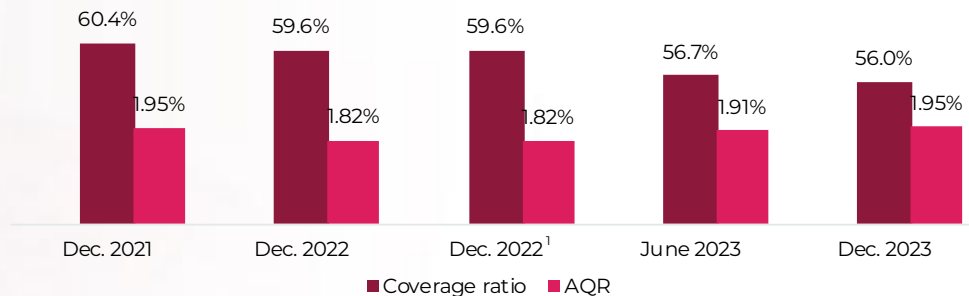
EUR m

	Dec. 2021	Dec. 2022	Dec. 2022 <sup>1</sup>	June 2023	Dec. 2023
Stage 1	128	170	178	163	190
Stage 2	422	425	425	379	379
Stage 3	1,215	1,208	1,208	1,232	1,266
Total LLP	1,766	1,802	1,811	1,773	1,835
Impaired loans	2,012	2,026	2,026	2,171	2,259
Gross outstanding	103,306	111,146	111,218	113,402	115,778

## Asset quality ratio and coverage ratio

### Asset quality ratio<sup>2</sup> and coverage ratio<sup>3</sup>

%



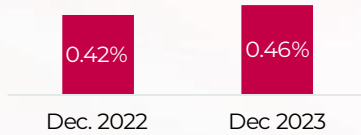
- The asset quality of Belfius' portfolio was not fundamentally impacted by the successive crises (Covid-19, followed by energy/inflation), showing the strong resilience of the loan portfolio:
  - LLP increased slightly from EUR 1,811m end 2022 to EUR 1,835m 31 December 2023.
  - As of end December 2023, and compared to end 2022, the combined loan loss provisions of stage 1&2 decreased, 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; at the same time the stage 3 coverage slightly decreased to 56.0%; 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 a slight increase of the asset quality ratio to 1.95%.
- We refer to the specific zoom on cost of risk at the beginning of this presentation.

# Inflow of new impaired loans, of which a larger number of smaller files, leads to an increase of Asset Quality Ratio for E&E&P.

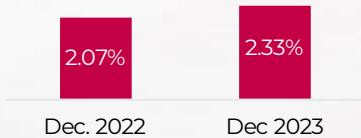
Bank

## Asset quality ratio<sup>1</sup> per segment

**IND**  
%

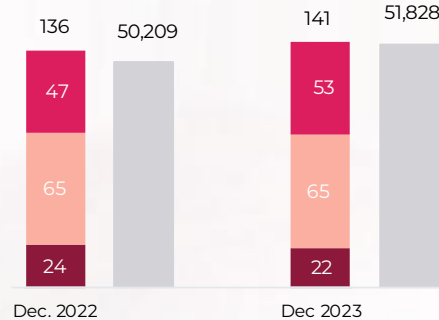


**E&E&P**  
%

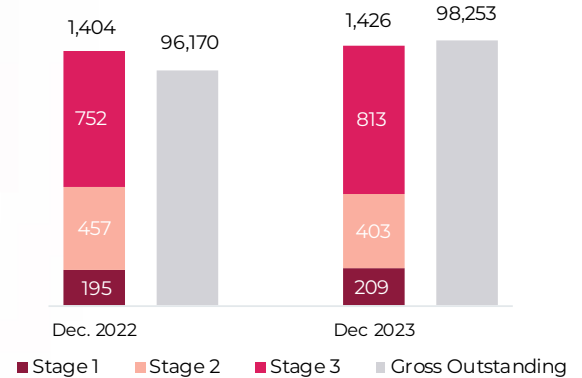


## Impairments<sup>2</sup> and gross outstandings<sup>3</sup> per segment

**Loans from Individuals segment (FEAD)**  
EUR m



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



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

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

- Increase of asset quality ratio for the E&E&P segment, following net inflows in stage 3, of which a larger number of smaller files.



## 6. Key takeaways



## 6. Key takeaways

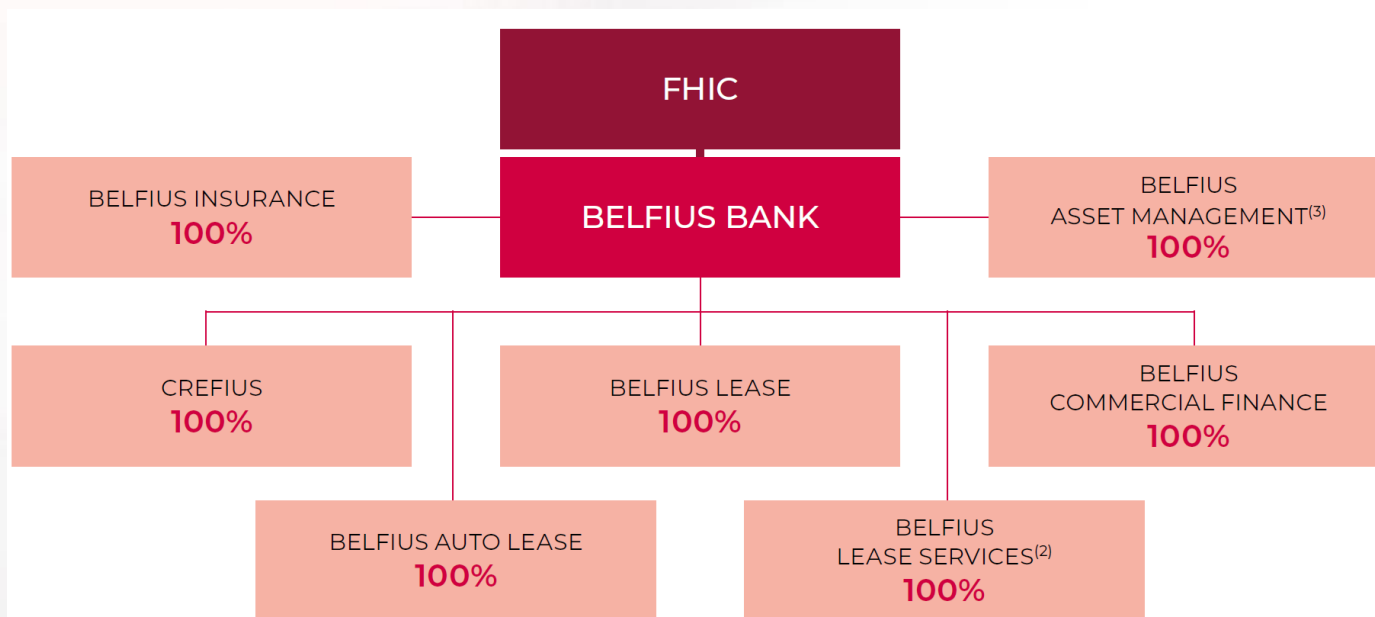
- **Belfius' net income FY2023 stands at EUR 1,115m, the highest net result since origins of Belfius back in 2011**, demonstrating Belfius' capacity to continue to transform diversification strategy in resilient financials, in a transforming interest rates, geopolitical and economic environment.
- These 12 years of Belfius' strategy and its execution thereof allow Belfius also in 2023 to continue to live up to its customers' trust and engagement, which is our ultimate "purpose of existence":
  - **Sound production of EUR 23.4bn of new long term loans**, showing the benefits of diversification, with a strong contribution of the Corporate Segment (EUR 9.6bn) and a Mortgage loans production (EUR 5.3bn) that suffers from the contraction of the Belgian market;
  - **Savings & Investments reaching EUR 186.8bn**, the growth of which is slowing down in line with Belgian market statistics, although still benefitting from both positive organic growth (EUR +3.3bn) and sound market effect (EUR +4.1bn), 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 increases materially its contribution** to the bottom line, demonstrating its structural value creation with its solid RoE of 15.3%.
- In these markets, and further capitalizing on the strength of this strategy, **Belfius continues to invest in its business model, innovation, Belgian talent and brand capital, within a clear framework of profitable growth:**
  - **Belfius total income FY 2023 increases y-o-y with EUR 338m**, exceeding the increase in costs y-o-y of EUR 120m, overall leading to further improving C/I ratio to 43%;
  - **Continued solid solvency ratios and sound liquidity positions** remain the core foundations of Belfius' journey, with a CET 1 ratio of 16.0%, Total MREL ratio of 29.0%, Belfius Insurance SII ratio of 195% and LCR and NSFR standing at respectively 139% and 128% at the end of 2023, allowing Belfius to continue to invest in commercial growth also from solvency and liquidity point of view.
- And last but not least, all this enables Belfius to **present meaningful and rewarding dividends to its shareholder**, summing up to EUR 2.5bn since origin.



## 7. Appendices

## Simplified organizational chart Belfius<sup>1</sup>

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	2022				2023				Group	Evolution
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	y-o-y	
									%	
<b>Income</b>	2,194	1,309	209	3,712	2,359	1,566	125	4,050	9.1%	
<b>Insurance Service Expenses Adjusted Costs<sup>1</sup></b>	(605)	(182)	(0)	(787)	(535)	(172)	0	(708)	-10%	
	(1,039)	(507)	(74)	(1,620)	(1,103)	(560)	(77)	(1,740)	7.4%	
<b>Pre-provision income</b>	550	620	135	1,305	721	834	47	1,603	22.8%	
Cost of risk	(39)	(77)	10	(105)	(12)	(72)	(25)	(109)		
Impairments	(2)	(0)	0	(2)	(1)	(0)	--	(1)		
<b>Result before tax</b>	509	543	146	1,197	708	762	22	1,493	24.7%	
Taxes	(115)	(122)	(28)	(264)	(184)	(186)	(7)	(376)		
Non-controlling interests	(0)	0	1	1	1	0	1	2		
<b>Net income group share</b>	394	421	117	932	523	577	15	1,115	19.6%	
o/w bank	256	387	119	762	323	537	15	876		
o/w insurance	139	34	(3)	169	199	40	(0)	239		

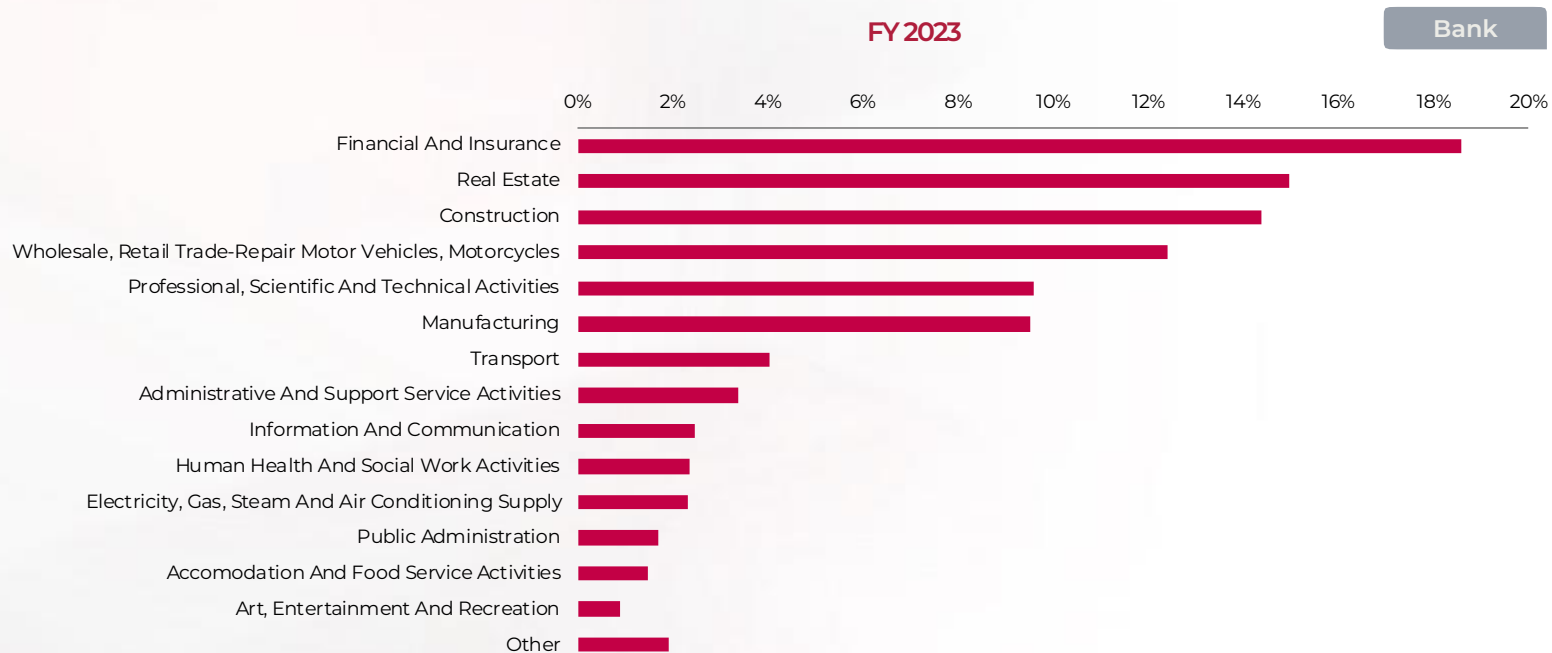


## A consolidated view per segment on the cost of risk of Belfius Group

EUR m	Group							
	2022				2023			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
<b>INDIVIDUALS</b>	(7.4)	(14.7)	(2.5)	(24.7)	1.7	(0.6)	(12.7)	(11.6)
<b>E&amp;E&amp;P</b>	(51.5)	21.6	(48.0)	(78.0)	(14.6)	53.9	(110.7)	(71.4)
<b>GC</b>	0.2	12.8	(1.5)	11.4	0.6	(30.1)	4.8	(24.8) <sup>1</sup>
<b>BANK</b>	<b>(58.8)</b>	<b>19.6</b>	<b>(52.0)</b>	<b>(91.2)</b>	<b>(12.3)</b>	<b>23.2</b>	<b>(118.7)</b>	<b>(107.8)</b>
<b>INSURANCE</b>	<b>(5.4)</b>	<b>(1.0)</b>	<b>(7.8)</b>	<b>(14.2)</b>	<b>(0.5)</b>	<b>(1.8)</b>	<b>0.8</b>	<b>(1.4)</b>
<b>BANK + INSURANCE</b>	<b>(64.2)</b>	<b>18.6</b>	<b>(59.9)</b>	<b>(105.4)</b>	<b>(12.8)</b>	<b>21.4</b>	<b>(117.9)</b>	<b>(109.2)</b>



# Sector composition of the business and corporate banking loan portfolios<sup>1</sup>



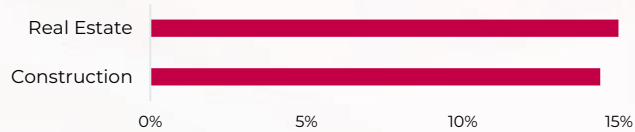
# Real Estate and Construction

Bank

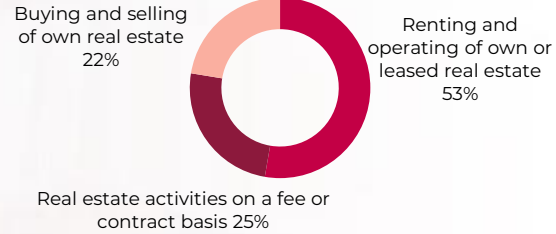
Focus on Real Estate and Construction exposures, based on Nace classification

## Share in the business and corporate banking portfolio

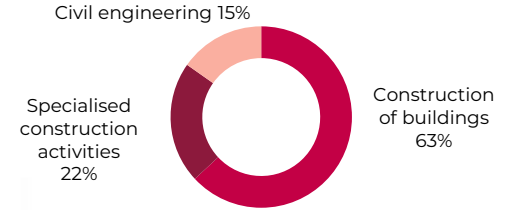
In%



## Real Estate



## Construction

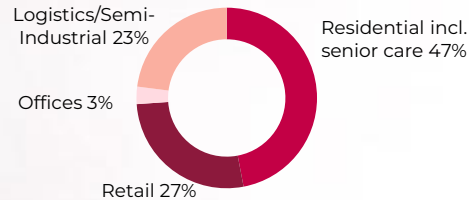


## Quality of the (sub)portfolios: average PD

In%



## Exposure on SIR/GVV: EUR 2,201m



## From reported to adjusted net income<sup>1</sup>

	Group			
	Reported	Excluding special items		Adjusted
		Impact of restructuring <sup>2</sup>	Other items <sup>3</sup>	
<b>2022, EUR m</b>				
Income	3,712		2	3,710
Insurance Service Expenses Adjusted	-787			-787
Costs	-1,620	2		-1,622
Cost of risk	-105			-105
Impairments	-2			-2
<b>Result before tax</b>	<b>1,197</b>	<b>2</b>	<b>2</b>	<b>1,193</b>
Taxes	-264	-	-	-264
<b>Net income</b>	<b>932</b>	<b>2</b>	<b>2</b>	<b>928</b>
<b>2023 EUR m</b>		Impact of restructuring <sup>2</sup>		
Income	4,050			4,050
Insurance Service Expenses Adjusted	-708			-708
Costs	-1,740	-13		-1,727
Cost of risk	-109			-109
Impairments	-1			-1
<b>Result before tax</b>	<b>1,493</b>	<b>-13</b>		<b>1,505</b>
Taxes	-376	3		-379
<b>Net income</b>	<b>1,115</b>	<b>-9</b>		<b>1,124</b>

## Statement of income Belfius bank, consolidated accounts<sup>1</sup>

EUR m	Group		
	2022	2023	Evolution
<b>Income</b>	<b>2,722</b>	<b>3,141</b>	<b>419</b>
<i>Of which</i>			
Net interest income	2,079	2,426	
Net fee and commission income	773	779	
Net insurance result <sup>2</sup>	-103	39	
Net income from financial instruments at fair value through profit or loss	25	54	
Net income on investments and liabilities	56	-7	
Net other income and expense	-183	-214	
<b>Expenses<sup>3</sup></b>	<b>-1,417</b>	<b>-1,538</b>	<b>-121</b>
<b>Net income before taxes and impairments</b>	<b>1,305</b>	<b>1,603</b>	<b>298</b>
Impairments on financial instruments and provisions for credit commitments	-105	-109	
Impairments on tangible and intangible assets	-2	-1	
<b>Net income before tax</b>	<b>1,197</b>	<b>1,493</b>	<b>295</b>
Total tax (expense) income	-264	-376	
Attributable to non-controlling interests	1	2	
<b>Net income group share</b>	<b>932</b>	<b>1,115</b>	<b>183</b>

# Statement of income Belfius Insurance, consolidated accounts<sup>1</sup>

Insurance

EUR m	2022	2023	Evolution
<b>Income</b>	<b>304</b>	<b>424</b>	<b>120</b>
<i>Of which</i>			
Net interest income	327	319	
Net fee and commission income	16	19	
Net insurance result <sup>2</sup>	-104	37	
Net income from financial instruments at fair value through profit or loss	-28	1	
Net income on investments and liabilities	38	-22	
Other income and expense	11	36	
Other <sup>3</sup>	45	33	
<b>Expenses<sup>4</sup></b>	<b>-81</b>	<b>-106</b>	<b>-25</b>
<b>Net income before taxes and impairments</b>	<b>223</b>	<b>318</b>	<b>95</b>
Impairments on financial instruments and provisions for credit commitments	-14	-1	
Impairments on tangible and intangible assets	-1	-1	
<b>Net income before tax</b>	<b>207</b>	<b>316</b>	<b>109</b>
Total tax (expense) income	-40	-78	
Attributable to non-controlling interests	1	1	
<b>Net income group share</b>	<b>167</b>	<b>237</b>	<b>70</b>

# Consolidated balance sheet Belfius Bank<sup>1</sup>

EUR m	Group		
	1 Jan. 2023	Dec. 2023	Evolution
<b>TOTAL ASSETS</b>	<b>178,604</b>	<b>179,179</b>	<b>575</b>
of which			
Cash and balances with central banks	27,295	20,487	-6,808
Loans and advances due from credit institutions	4,144	5,274	1,131
Loans and advances	109,878	114,531	4,653
Debt securities & equity instruments	26,703	27,924	1,220
Derivatives	5,893	5,321	-572
<b>TOTAL LIABILITIES</b>	<b>167,158</b>	<b>166,960</b>	<b>-198</b>
of which			
Cash and balances from central banks	5,904	1,430	-4,474
Credit institutions borrowings and deposits	1,870	3,912	2,043
Borrowings and deposits	108,447	104,000	-4,447
Debt securities issued and other financial liabilities	29,899	36,018	6,119
Derivatives	8,249	7,229	-1,019
Liabilities from insurance/reinsurance contracts	10,895	11,405	510
Subordinated debts	1,547	1,778	231
<b>TOTAL EQUITY</b>	<b>11,446</b>	<b>12,219</b>	<b>773</b>
of which			
Shareholders' core equity	10,776	11,491	715
Gains and losses not recognised in the statement of income	139	193	54
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	35	38	3

# Consolidated balance sheet Belfius Insurance<sup>1</sup>

Insurance

EUR m	1 Jan. 2023	Dec. 2023	Evolution
<b>Total assets</b>	<b>18,821</b>	<b>19,392</b>	<b>571</b>
Of which			
Loans and advances due from credit institutions	477	288	-189
A Measured at amortised cost	477	288	-189
Loans and advances	4,404	4,414	9
A Measured at amortised cost	-113	0	113
B Measured at fair value through other comprehensive income	4,298	4,172	-126
C Measured at fair value through profit or loss	220	242	22
Debt securities & equity instruments	12,808	13,629	821
A Measured at amortised cost	0	0	0
B Measured at fair value through other comprehensive income	7,962	8,483	521
C Measured at fair value through profit or loss	876	970	94
D Measured at fair value through profit or loss - Unit linked	3,970	4,176	206
Derivatives	17	4	-13
Investments in equity method companies	49	64	14
Tangible fixed assets	535	519	-16
Intangible assets	57	59	3
Assets from insurance/reinsurance contracts	116	98	-18
<b>Total liabilities</b>	<b>17,169</b>	<b>17,604</b>	<b>435</b>
Of which			
Credit institutions borrowings and deposits	1,236	892	-344
Debt securities measured at FV through P&L - Unit linked	3,970	4,176	206
Provisions for insurance activities	10,896	11,408	512
Subordinated debts	585	586	1
<b>Total equity</b>	<b>1,652</b>	<b>1,788</b>	<b>136</b>
Of which			
Shareholders' core equity	1,519	1,631	112
Gains and losses not recognised in the statement of income	98	120	21
Non-controlling interests	34	37	3



## Focus on regulatory capital<sup>1</sup>

	Group	
EUR m	Dec. 2022	Dec 2023
<b>Core regulatory equity</b>	<b>10,776</b>	<b>11,491</b>
Elimination of foreseeable dividend	-387	-443
Grandfathering on IFRS9 provisions	216	88
<b>Gains and losses not recognised in the statement of income</b>	<b>251</b>	<b>322</b>
Remeasurement Defined Benefit Plan	120	126
OCI reserves - portfolios measured at FVTOCI	131	196
Other reserves	-113	-129
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	113	129
<b>Items to deduct</b>	<b>-308</b>	<b>-371</b>
Deferred tax assets	-	-
Other	-308	-371
<b>Common equity Tier 1 - CET1</b>	<b>10,547</b>	<b>11,087</b>
Additional own funds Tier 1	497	497
<b>Tier 1 equity</b>	<b>11,045</b>	<b>11,584</b>
Tier 2 - Capital instruments	1,281	1,369
Other	350	349
<b>Total regulatory capital</b>	<b>12,676</b>	<b>13,302</b>



## Focus on regulatory risk exposures

### Regulatory risks exposures - by type of risk

EUR m	Dec. 2022	Dec 2023
Regulatory credit risk exposure	49,271	52,793
Regulatory CVA exposure	321	406
Regulatory market risk exposure	2,980	2,369
Regulatory operational risk exposure	3,667	4,015
Danish Compromise <sup>1</sup>	7,911	8,422
Additional risk exposure (Art 3 CRR)	-	1,498
<b>Total Regulatory Risks Exposures</b>	<b>64,150</b>	<b>69,504</b>

- Credit risk exposure increase is mainly due to the commercial loan growth, particularly in the Corporate segment and regulatory changes moving Financial and Project Finance Counterparts to Standardized Model approaches, in line with Belfius' model landscape review.
- Regulatory market risk exposure decreased due to a change in VaR model end 2022, which delivered its full impact in Q1 2023, partially offset by scenario volatility and position increase.
- Risk exposure for operational risk increased in line with the increase in income.
- DC risk exposure increased by EUR 0.5bn, as the equity value of Belfius Insurance was affected by net income and increasing OCI reserves.

## Focus on impact CRR3

Due to frontloading and Danish Compromise, a positive CRR3 CET 1 impact in 2025

RWA Impact (EUR bn)	2025 (with DC and after mgt actions)	Comments
Regulatory credit risk exposure	-2.3 <sup>1</sup>	Positive impacts comes mostly from the removal of the scaling factor and CCF review while most of the negative CRR3 impacts are frontloaded in 2024 with Belfius review of its model landscape
Regulatory CVA exposure	+0.2	Slight impact due to the change of method
Regulatory operational risk exposure	+1.4	Significant impact following the implementation of the new standardized method for ORM RWA
Regulatory market risk exposure	-0.1	No significant impact expected due to FRTB
Danish Compromise	-3.5	In line with estimated NAV of Belfius Insurance and regulatory change in the risk weight (from 370% to 250%)
<b>Total Regulatory Risks Exposure</b>	<b>-4.2</b>	
<b>CET 1 impact</b>	<b>+1.11%</b>	

- Belfius has updated its impact assessment of CRR3, based on the draft regulation issued in Dec. 23 and seeing continuous clarifications/adjustments of the regulatory proposal and integration of changes to Danish Compromise.
- Looking forward to 2025, taking into account the expected evolution in Belfius' overall regulatory approaches (review of model landscape), implementation of new IRB models in 2024, 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 positive. CRR3 negative impact being for a large part frontloaded in 2024.
- This impact reflects the full implementation of the Basel IV rules as currently proposed in the EU version. Note also that under these assumptions and taking into account the proposed transitional arrangements, the output floor should not have an impact for Belfius in the first years of Basel III finalization implementation. Customary disclaimers to forward looking aspects thereof and ever changing market and regulatory environment apply, of course.



## 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-life<sup>1</sup>: 85% for Belfius Insurance and 90% for Belfius Direct Insurance
    - For Life<sup>2</sup>: 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 LIC<sup>3</sup> for accident years until 1999. OCI for accident years before 1999 is set to nil.

### IFRS 9

- **Reassessment of business models under IFRS 9** as from 1/1/23
- In Belfius Insurance accounts, two types of (IFRS 9) 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 IFRS 17, Belfius Insurance has opted to reassess the business models previously determined for IFRS 9 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 Group

### From End 2022 Balance Sheet (before IFRS 9 reclass)

In EUR m, situation per end 2022

EUR m	31 Dec. 2022
<b>TOTAL ASSETS</b>	<b>179,068</b>
of which	
Loans and advances	141,642
<i>To banks and central banks measured at AC</i>	31,439
<i>L&amp;A measured at AC</i>	109,236
<i>L&amp;A measured at FV through OCI</i>	171
<i>L&amp;A measured at FV through P&amp;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&amp;L</i>	1,491
<i>Measured at FV through P&amp;L - Unit linked</i>	3,970
<b>TOTAL LIABILITIES</b>	<b>167,158</b>
of which	
Liabilities from insurance contracts	10,895
<b>TOTAL EQUITY</b>	<b>11,910</b>
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
<b>TOTAL ASSETS</b>	<b>178,604</b>
of which	
Loans and advances	141,317
<i>To banks and central banks measured at AC</i>	31,439
<i>L&amp;A measured at AC</i>	104,785
<i>L&amp;A measured at FV through OCI</i>	4,298
<i>L&amp;A measured at FV through P&amp;L</i>	796
Debt securities & equity instruments	26,703
<i>Measured at amortised cost</i>	13,059
<i>Measured at FV through OCI</i>	8,183
<i>Measured at FV through P&amp;L</i>	1,491
<i>Measured at FV through P&amp;L - Unit linked</i>	3,970
<b>TOTAL LIABILITIES</b>	<b>167,158</b>
of which	
Liabilities from insurance contracts	10,895
<b>TOTAL EQUITY</b>	<b>11,446</b>
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 FY 2022

In EUR m, situation per FY 2022

EUR m	31 Dec 2022
<b>INCOME</b>	<b>2,982</b>
<b>INSURANCE SERVICES EXPENSES ADJUSTED COSTS</b>	<b>n.a.</b>
	<b>-1,620</b>
<i>of which directly attributable costs from insurance</i>	n.a.
<b>GROSS OPERATING INCOME</b>	<b>1,362</b>
Cost of Risk	-106
Impairments on (in)tangible assets	-2
<b>RESULT BEFORE TAX</b>	<b>1,255</b>
Tax (expense) income	-279
<b>NET INCOME AFTER TAX</b>	<b>976</b>
Non-controlling interests	1
<b>NET INCOME GROUP SHARE</b>	<b>975</b>
of which banking group	762
of which insurance group	212

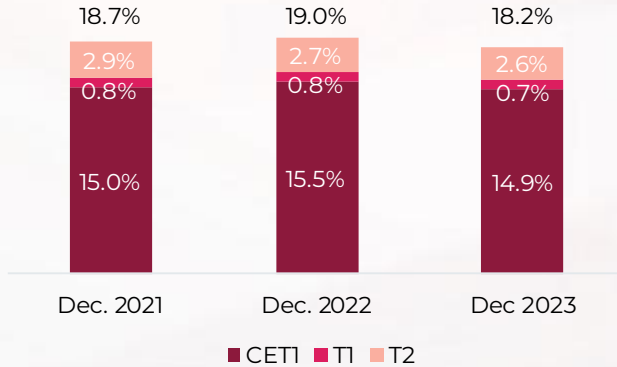
### To IFRS 17/9 P&L FY 2022

In EUR m, situation per FY 2022

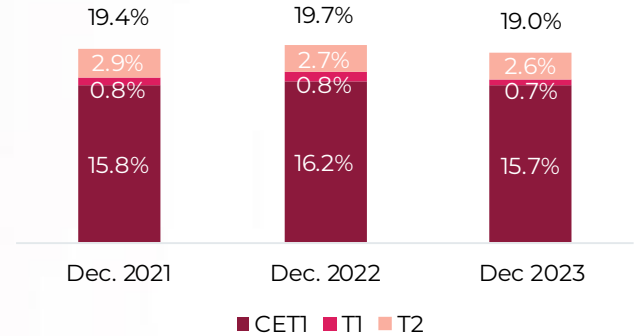
EUR m	31 Dec 2022
<b>INCOME</b>	<b>3,712</b>
<b>INSURANCE SERVICES EXPENSES ADJUSTED COSTS</b>	<b>-787</b>
	<b>-1,620</b>
<i>of which directly attributable costs from insurance</i>	-203
<b>GROSS OPERATING INCOME</b>	<b>1,305</b>
Cost of Risk	-105
Impairments on (in)tangible assets	-2
<b>RESULT BEFORE TAX</b>	<b>1,197</b>
Tax (expense) income	-264
<b>NET INCOME AFTER TAX</b>	<b>933</b>
Non-controlling interests	1
<b>NET INCOME GROUP SHARE</b>	<b>932</b>
of which banking group	762
of which insurance group	169

## Focus on solo capital ratios

Basel III ratios Belfius Bank Solo<sup>1</sup>, excluding result of the year



Basel III ratios Belfius Bank Solo<sup>1</sup>, including result of the year



EURm	Dec. 2021	Dec. 2022	Dec. 2023
CET 1	9,399	9,731	10,048
Tier 1	9,896	10,228	10,545
CAD	11,684	11,914	12,302
RWA	62,642	62,829	67,559

EURm	Dec. 2021	Dec. 2022	Dec. 2023
CET 1	9,874	10,179	10,577
Tier 1	10,371	10,676	11,074
CAD	12,158	12,362	12,831
RWA	62,642	62,829	67,559

- At the end of December 2023, the available distributable items on statutory level amounted to EUR 5,692m, an increase of EUR 442m compared to end 2022.

## Zoom on credit ratings

### Ratings of Belfius Bank as at 29 February 2024

	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 29 February 2024, 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.
  - on 27 December 2023, Moody's affirmed Belfius Bank's long-term rating at A1 with outlook Positive;
  - on 28 December 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook.

### Ratings of Belfius Insurance as at 29 February 2024

	S&P
Issuer credit rating	A Stable outlook

- On 30 November 2023, S&P raised the long term issuer credit rating of Belfius Insurance from A- to A, with Stable outlook

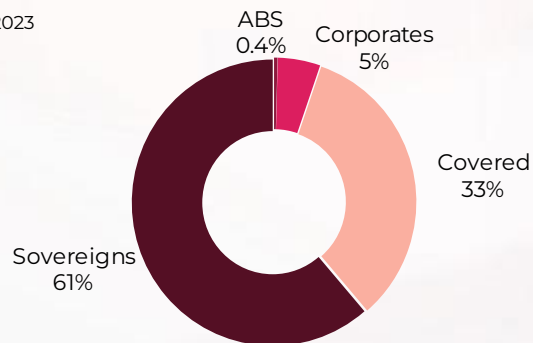


# ALM Bank Liquidity bond portfolio

## Breakdown by type of counterpart

EUR 7.8bn

31 December 2023

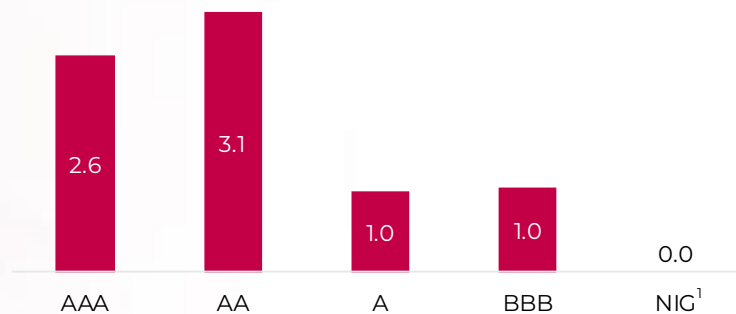


## Breakdown by rating

EUR 7.8bn

31 December 2023

Average rating: A



- ALM Bank Liquidity bond portfolio stood at EUR 7.8bn as at 31 December 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: 6.9 years

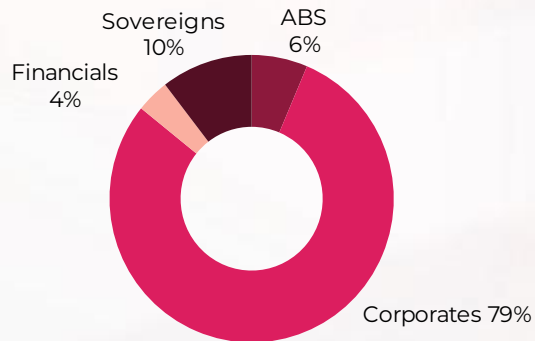


# ALM Bank Yield bond portfolio

## Breakdown by type of counterpart

EUR 3.0bn

31 December 2023

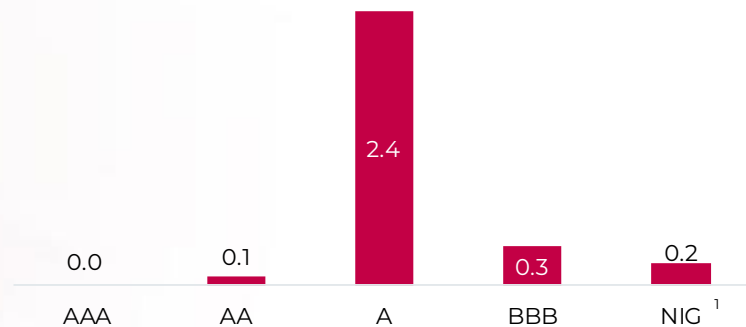


## Breakdown by rating

EUR 3.0bn

31 December 2023

Average rating: A-



- ALM Bank Yield bond portfolio stood at EUR 3.0bn as at 31 December 2023, compared to EUR 3.1bn at end 2022
- The portfolio is of good quality
  - 94% of the portfolio is Investment Grade
  - the average rating stood at A-
- Expected average life: 18.9 years

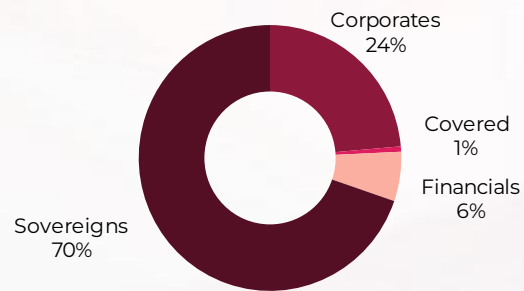


# ALM Insurance Bond portfolio

## Breakdown by type of counterpart

EUR 7.7bn

31 December 2023

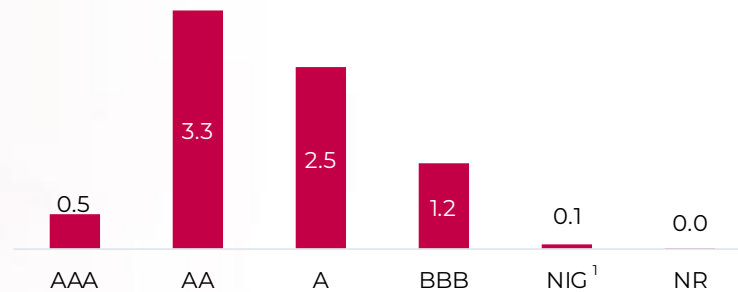


## Breakdown by rating

EUR 7.7bn

31 December 2023

Average rating: A



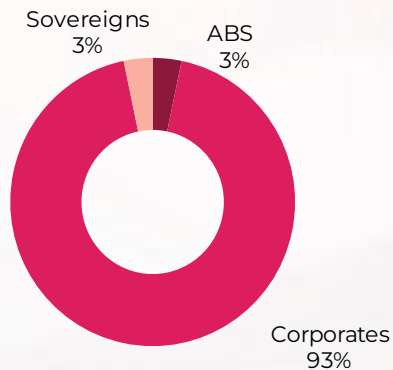
- ALM Insurance fixed income portfolio stood at EUR 7.7bn as at 31 December 2023, compared to EUR 7.2bn at year end 2022
- The ALM Insurance portfolio remains of good quality
  - 98% of the portfolio is investment grade
  - the average rating stood at A
- Expected average life: 10.85 years



# Credit guarantees

## Breakdown by type of counterpart

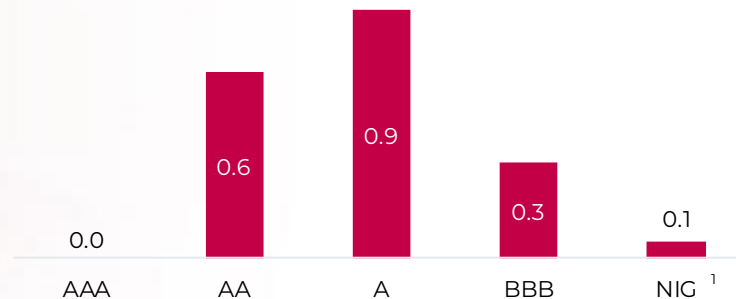
EUR 1.9bn  
31 December 2023



## Breakdown by rating

EUR 1.9bn  
31 December 2023

Average rating: A-



- Credit guarantees portfolio stood at EUR 1.9bn as at 31 December 2023, compared to EUR 2.0bn at 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: 11.1 years

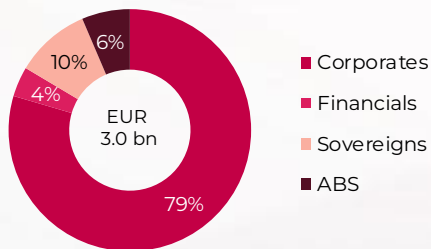


# Hedging strategy to manage residual risks

## Run-off portfolios as of 31 December 2023

### ALM Yield bond portfolio

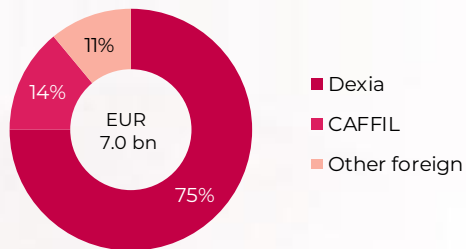
#### Notional split by type



- 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

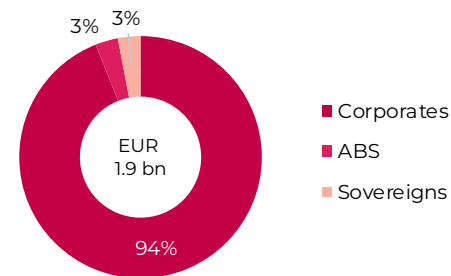
#### Notional split by counterparty



- Derivatives with other foreign counterparts and with CAFFIL are uncollateralised (BBB+ average rating)
- 75% notional exposure to Dexia, fully cash collateralised, leading to an EoD of EUR 14m end of December 2023

### Credit guarantees

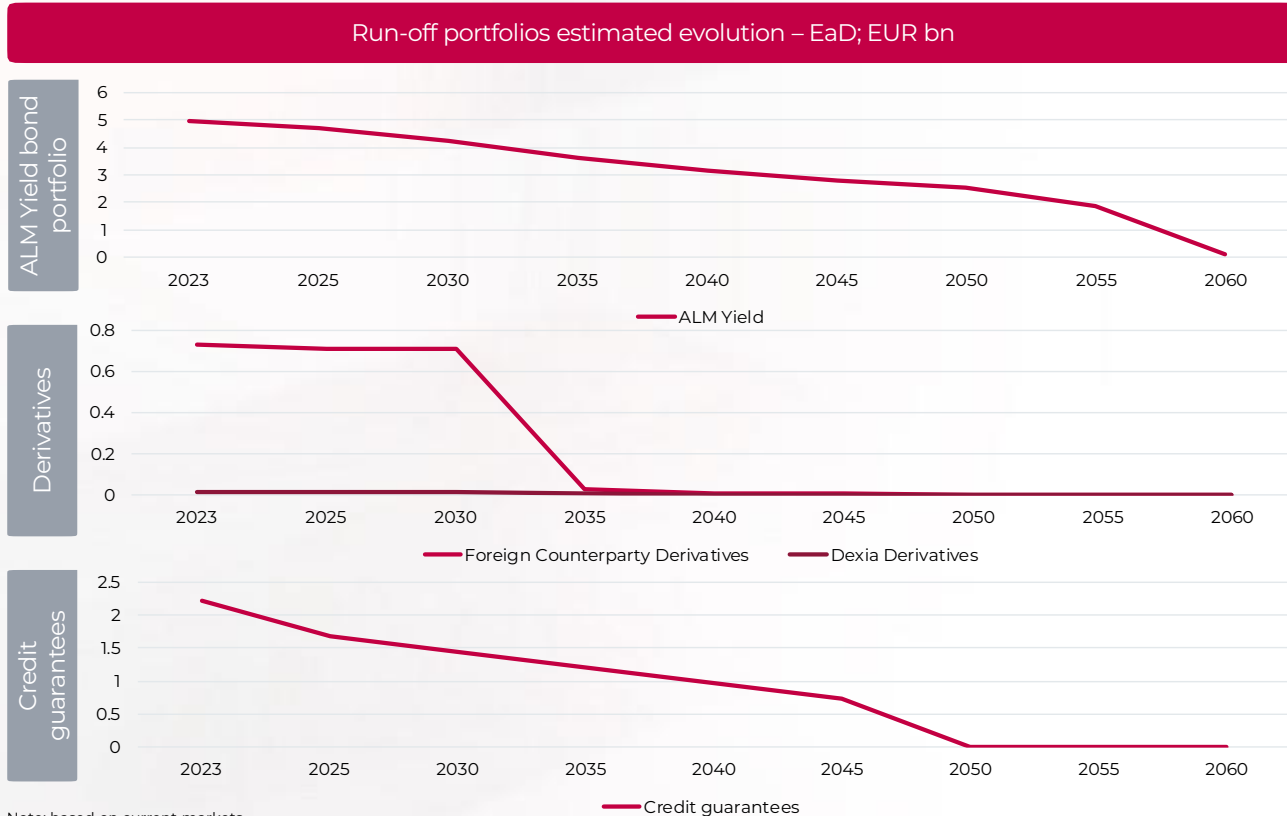
#### Notional split by type of underlying



- Mostly reinsured credit guarantees 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



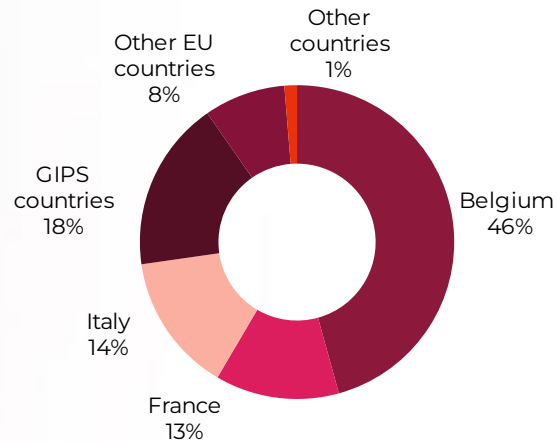
Note: based on current markets.

## Outstanding exposures on government bonds

### Evolution outstanding exposures<sup>1</sup>

EUR m	Dec 2022	Dec 2023
Belgium	3,592	3,731
France	1,133	1,040
Italy	1,204	1,166
GIPS countries	1,419	1,435
Other EU countries	565	685
Other countries	168	105
<b>Total</b>	<b>8,082</b>	<b>8,163</b>

### Breakdown as of end December 2023



- Total government bond portfolio stood at EUR 8.2bn<sup>1</sup>, up 1% compared to December 2022.
- Almost half of the portfolio (46%) is invested in Belgian government bonds.

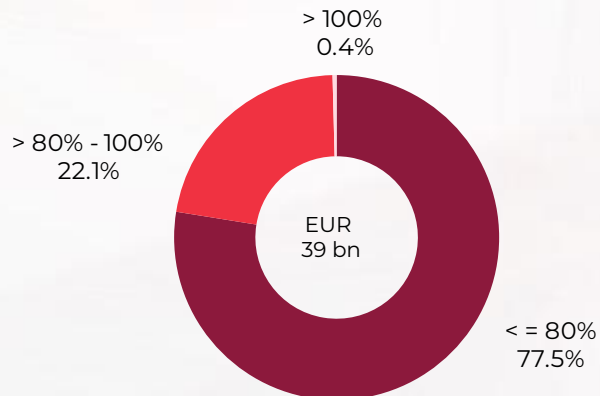
# Credit risk statistics on mortgage loans

Bank

## Mortgage loans Belfius Bank Loan-to-value ratio

### Distribution per LTV bucket

31 December 2023



- Very sound LTV-ratio's
  - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 55% as of 31 December 2023
  - The part of the portfolio with an LTV > 100% is limited to 0.4%



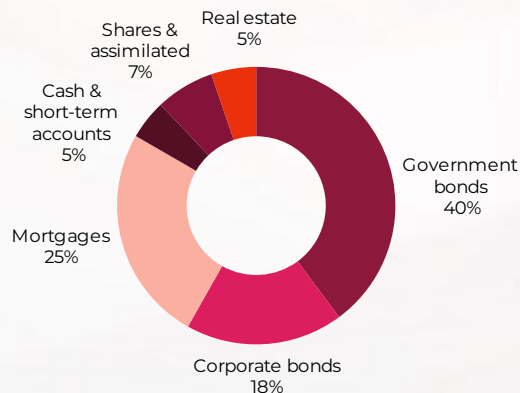


# ALM Belfius Insurance

## Diversified asset allocation

EUR 14.7bn

31 December 2023



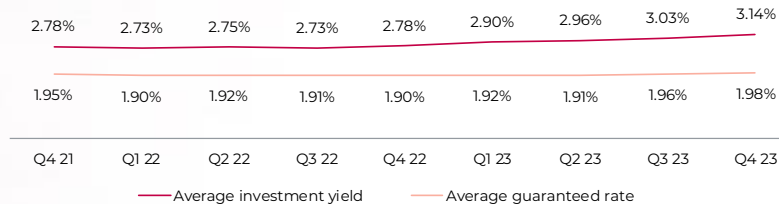
- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

## Duration gap Life and Non-life<sup>1</sup>

	Dec. 2022	Dec. 2023
Total Life	-0.76	-1.05
Total Non-Life	3.24	1.87
<b>Total</b>	<b>-0.03</b>	<b>-0.36</b>

## Investment yield vs. guaranteed rate<sup>2</sup>

Scope: Life business excluding Br23



## Solvency II ratio sensitivity table

Solvency II Sensitivities 31 December 2023	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
<b>Base Case</b>	<b>1,055</b>	<b>2,061</b>	<b>195%</b>
<b>Interest rate:</b> Shock +50 bps	<b>5</b> 0%	<b>(8)</b> 0%	<b>195%</b> 0%
<b>Interest rate:</b> Shock -50 bps	<b>(2)</b> (0%)	<b>(7)</b> 0%	<b>195%</b> 0%
<b>Credit spread:</b> Spread on fixed income (corporate) +50 bps	<b>13</b> 1%	<b>(44)</b> (2%)	<b>189%</b> (7%)
<b>Credit spread:</b> Spread on fixed income (government) +50 bps	<b>29</b> 3%	<b>(75)</b> (4%)	<b>183%</b> (12%)
<b>Credit spread:</b> Spread on fixed income (government and corporate) +50 bps	<b>48</b> 5%	<b>(133)</b> (6%)	<b>175%</b> (21%)
<b>Credit Spread:</b> No Volatility Adjustment (VA)	<b>38</b> 4%	<b>(153)</b> (7%)	<b>174%</b> (21%)
<b>Equity:</b> Downward shock - 30%	<b>(83)</b> (8%)	<b>(300)</b> (15%)	<b>181%</b> (14%)
<b>Real estate:</b> Downward shock -15%	<b>(16)</b> (1%)	<b>(116)</b> (6%)	<b>187%</b> (8%)
<b>UFR:</b> Downward adjustment to 3%	<b>6</b> 1%	<b>(18)</b> (1%)	<b>193%</b> (3%)

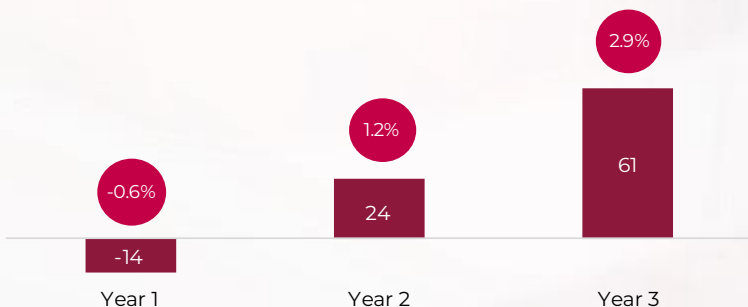


## Belfius sensitivity to interest rates

Bank

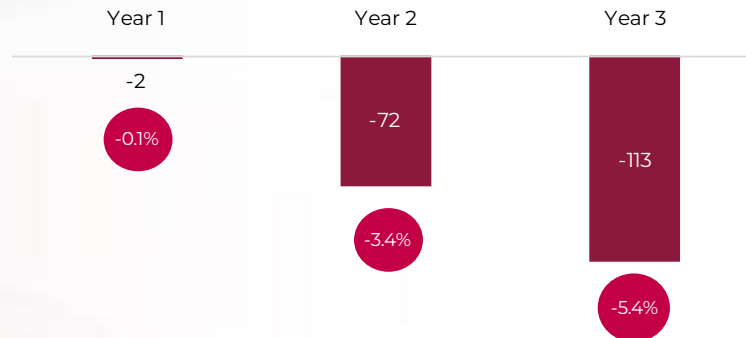
NII impact from +100 bps immediate parallel upward shift in rate curve

EURm



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

EURm



- During 2023, short term interest rates continued to increase to reach a (current) plateau at 4%, while long term rates fluctuated around 3%, before dropping to 2.5% in the last months of 2023.
- Belfius' NII 2023 continued to be largely positively impacted by the higher short term interest rates thanks to the net residual floating rate position arising from the ALM strategy. Yield received on new loans continued to increase & yield paid on commercial deposits went up as well, both showing some market lag, as customary.
- Regarding the fixed rate loan book, the yield will continue to gradually increase over the years to come, but at lower level than current yield levels if forward rates materialize.
- In the NII projections, under base case (forward rates based on yield curve 15/01/2024), yields on assets are slightly increasing while the modelled (pass through) tariff on non maturing deposits slightly increases over the next years, all this with some standard market lagging.
- Should interest rates drop again, the tariff on non maturing deposits offers some buffer (we assume tariff could then be lowered) so that we expect a manageable sensitivity of the NII under downward movements in the first year. In the years thereafter, lower tariffs on non maturing deposits would not compensate in full the lower income on the net residual floating rate position, leading to some negative impact on Belfius' NII in Years 2 and 3 in such scenario.

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



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