



# Welcome to Belfius 1H 2021 results presentation

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# Belfius 1H 2021 results

Presentation to analysts and investors  
6 August 2021





Belfius,  
meaningful  
& inspiring for  
Belgian Society.  
Together

# Belfius 1H21 results - Highlights

Very strong commercial dynamics

Excellent financial results

Sustained financial solidity,  
reconfirmed by stress test results

Continued investments in our business model  
with Belfius' ESG embedded in all initiatives

***Meaningful & inspiring for Belgian society. Together.***



# Belfius 1H21 results - Highlights

Very strong **commercial dynamics**

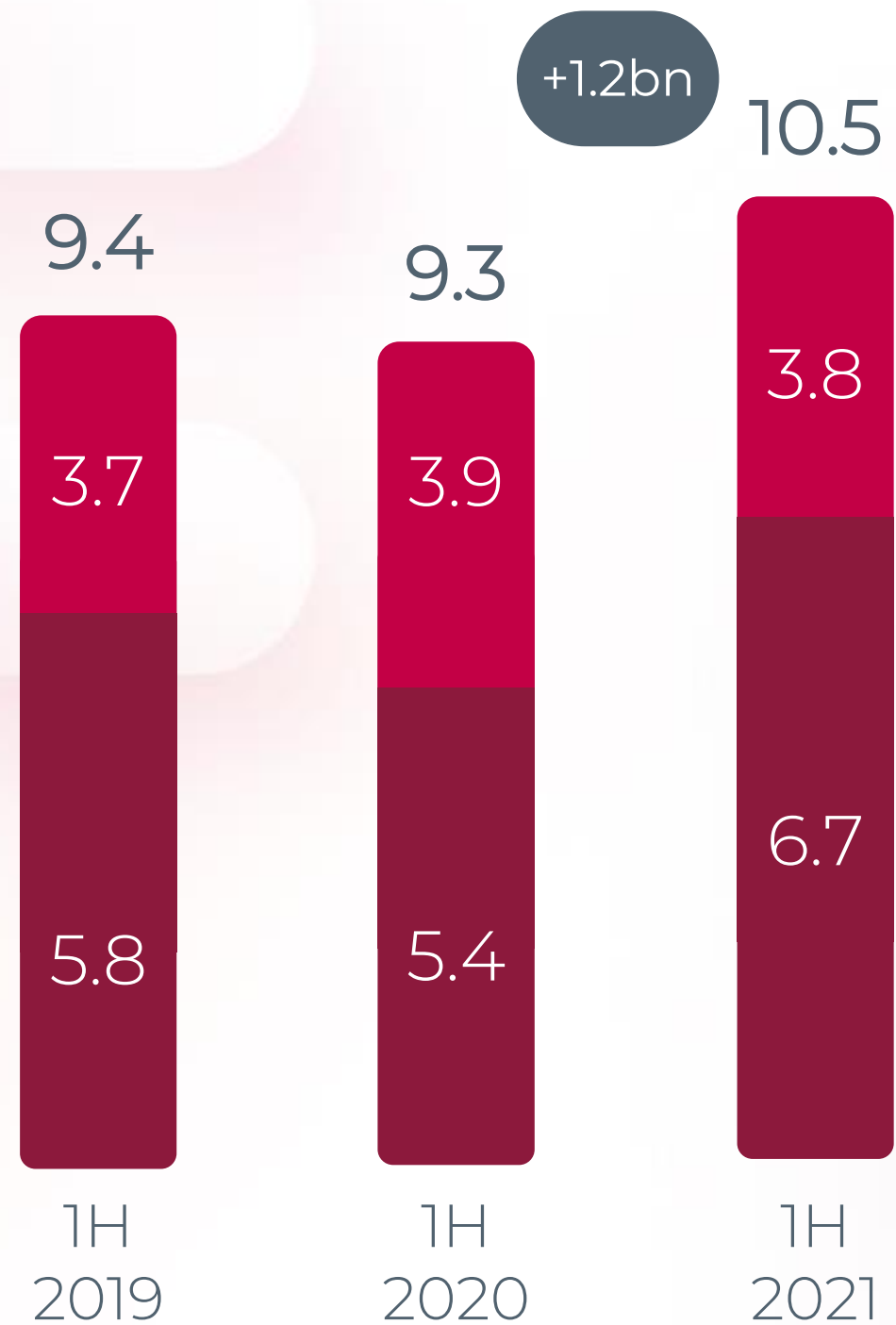
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# Strong loan dynamics in improving economic context

Production LT loans (bn€)



PC  
RC

16.1%<sup>1</sup> Market share mortgage loans

17.3%<sup>2</sup> Market share business loans

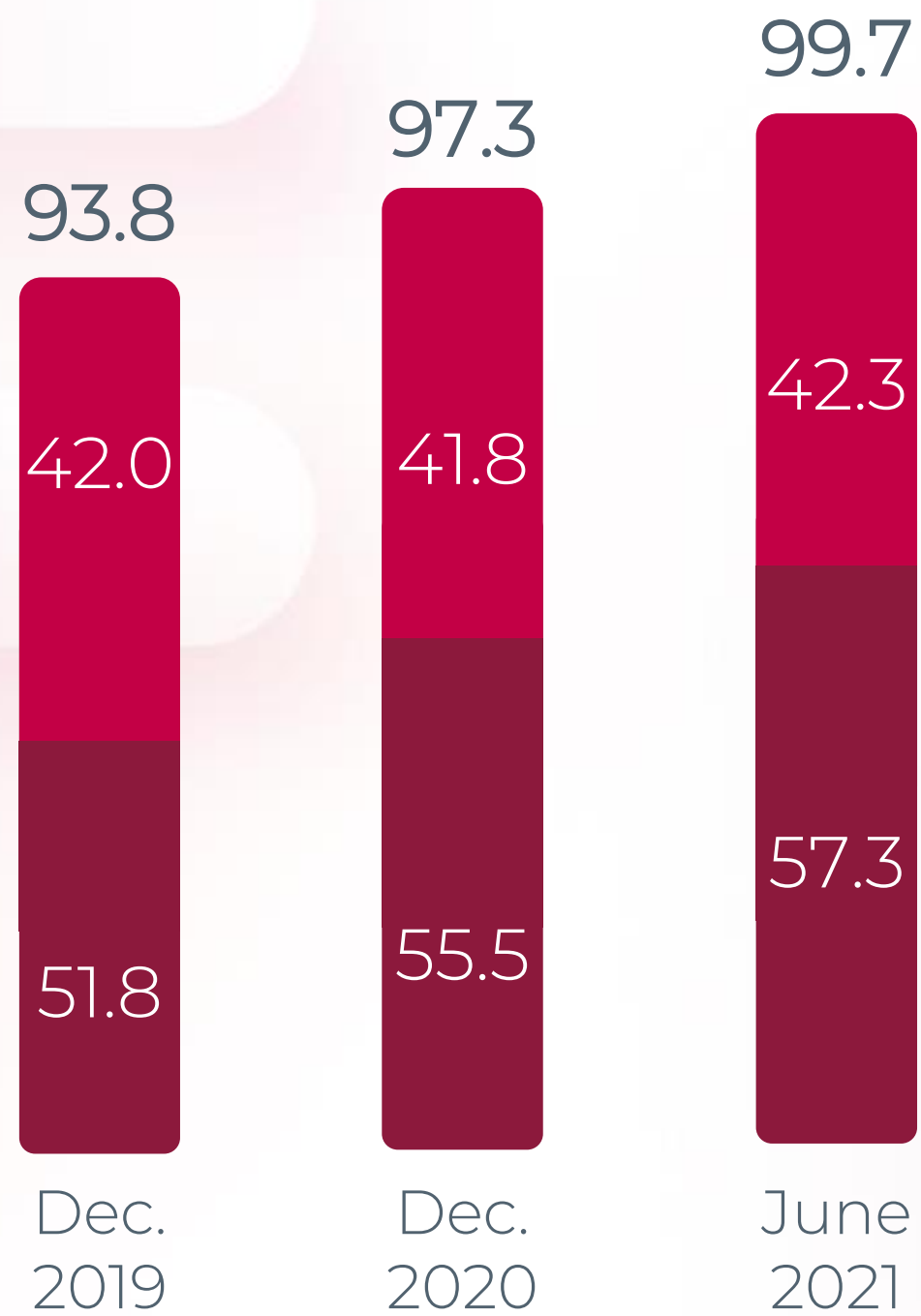
17.5%<sup>3</sup> Market share corporate loans

Notes 1. calculation based on production per 1H 2021;  
2. market share on outstanding business loans per end of June 2021;  
3. own estimated market share on outstanding corporate loans per end 2020

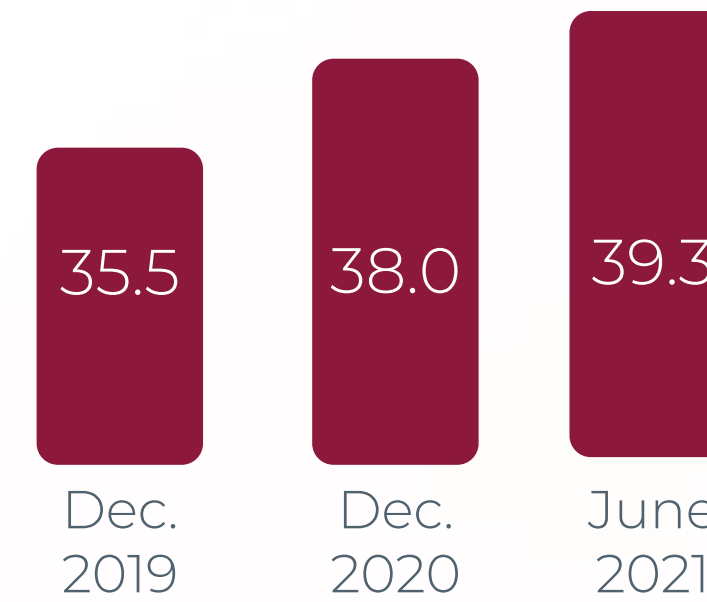


# Stock reaching 100 bn€

### Outstanding loans to customers (bn€)

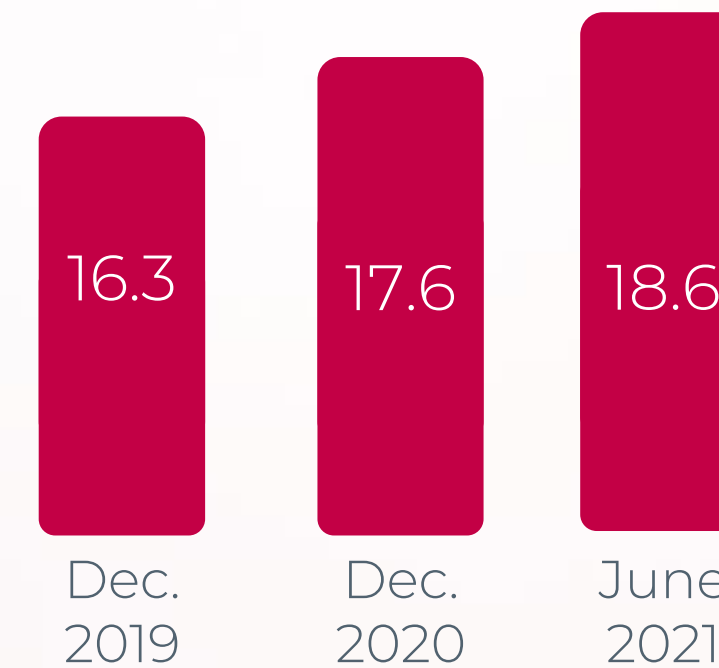


### Mortgage loans (bn€)



Average internal rating of BBB

### Corporate loans (bn€)



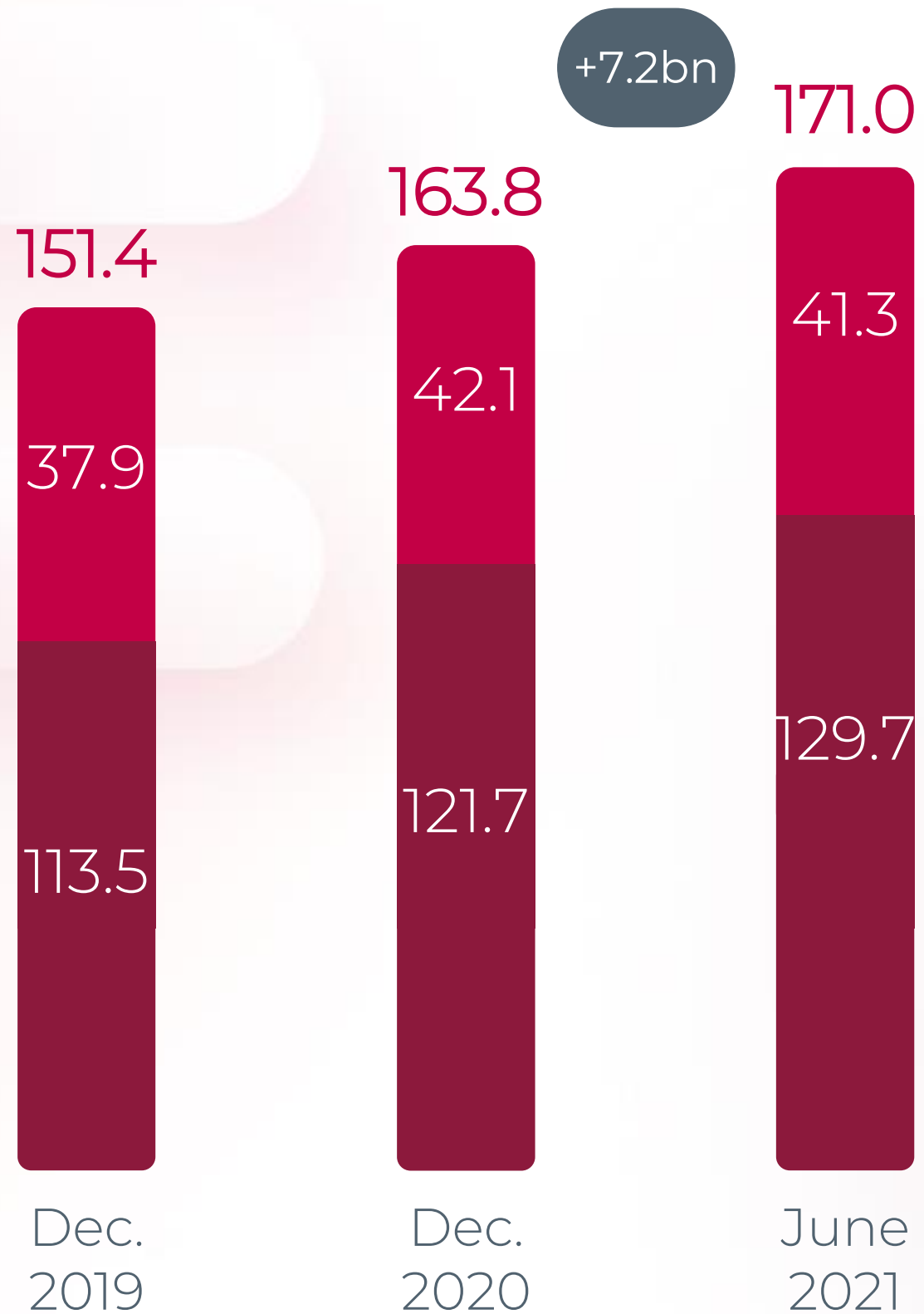
Average internal rating of BB

PC  
RC



# Positive dynamics accelerating transformation into Bank for Investors

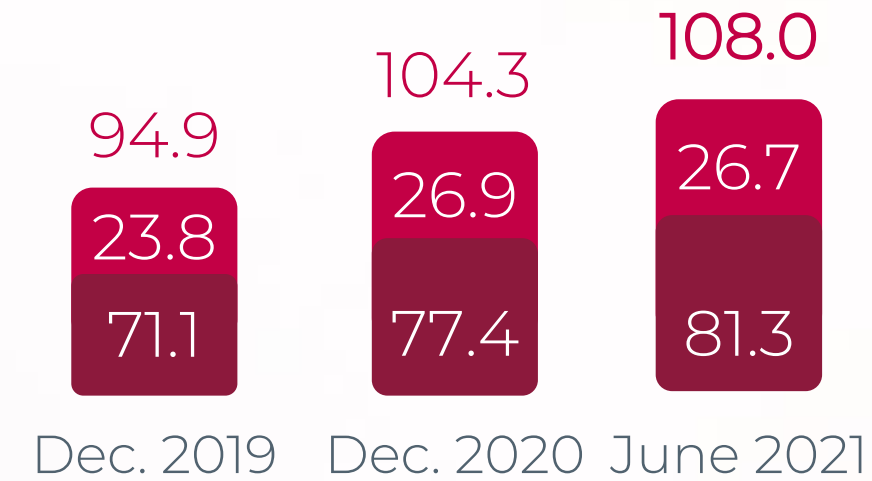
Outstanding S&I (bn€)



Off-balance sheet AuM (bn€)



Deposits (bn€)



Life reserves investments (bn€)



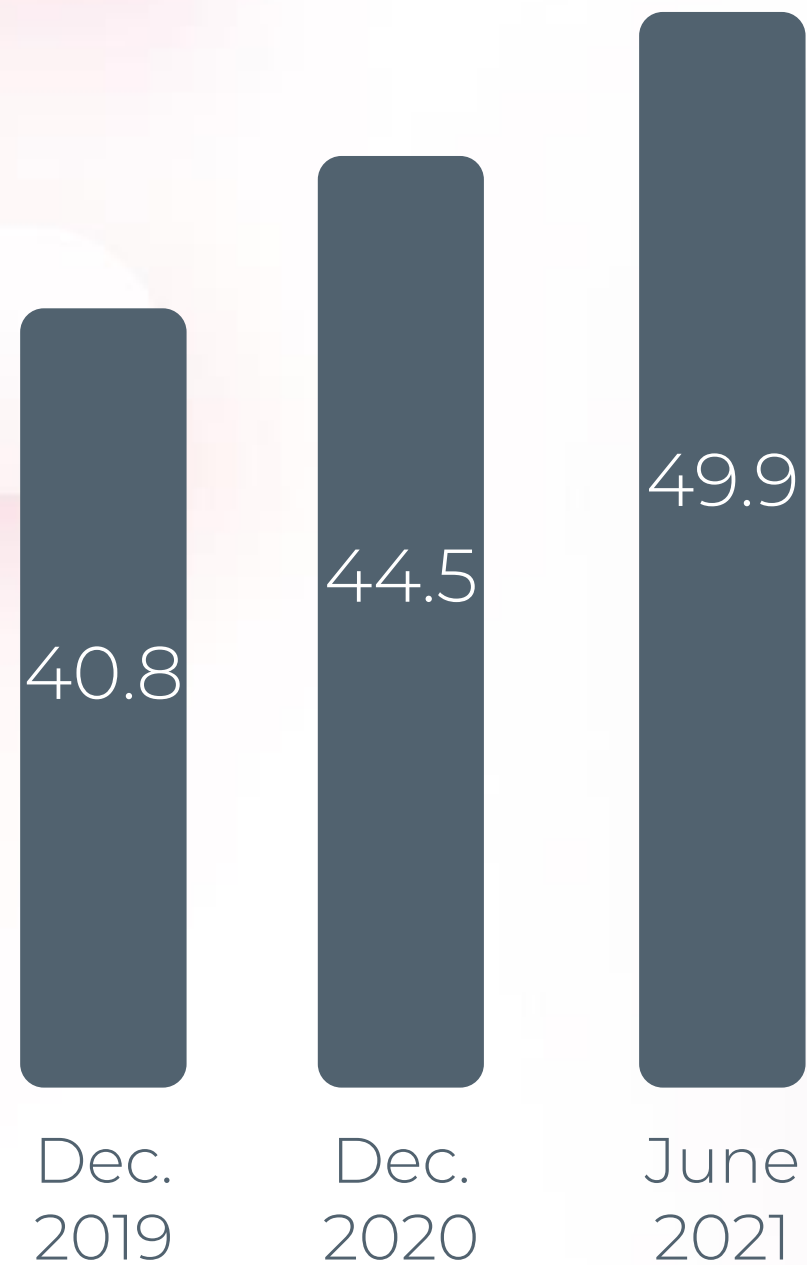
Total S&I of 171.0 bn€ per 1H 2021



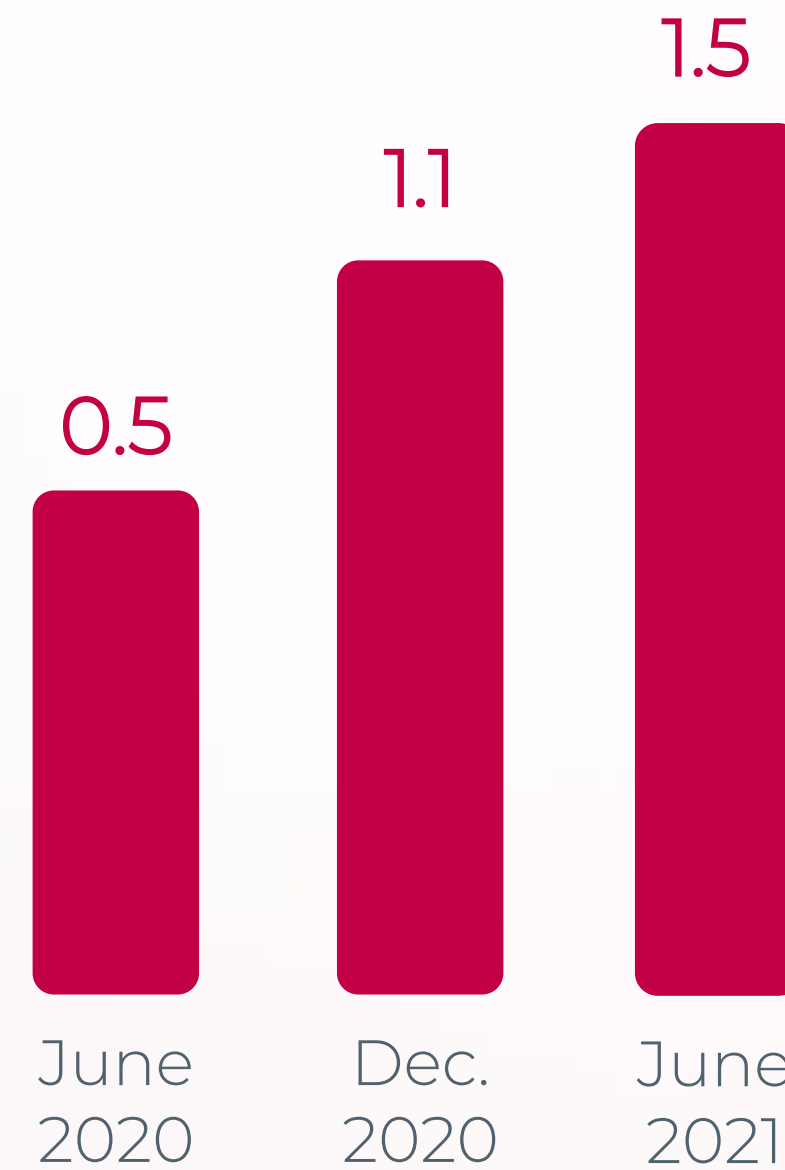


# Growing Private & Wealth franchise, supported by Belfius' specific AM positioning

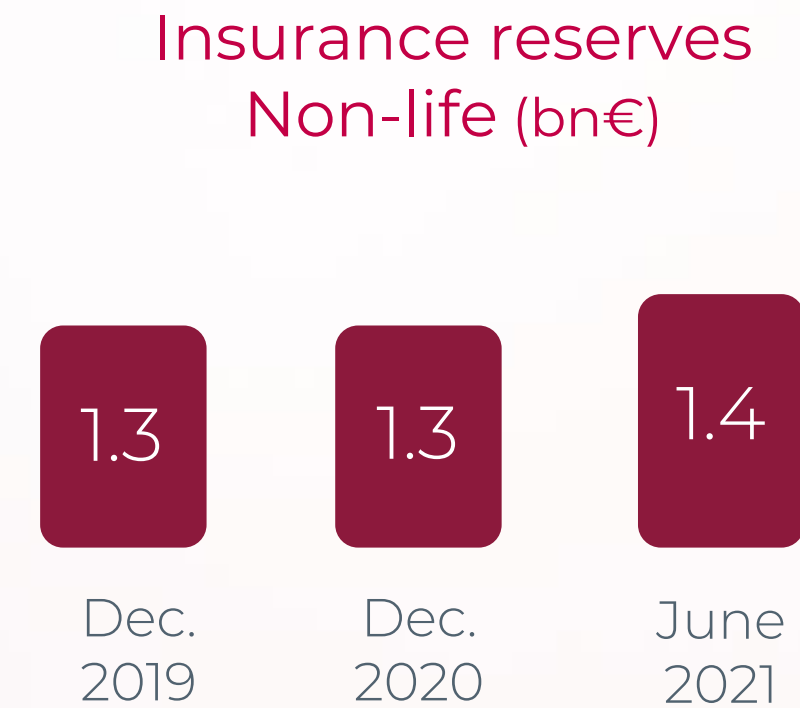
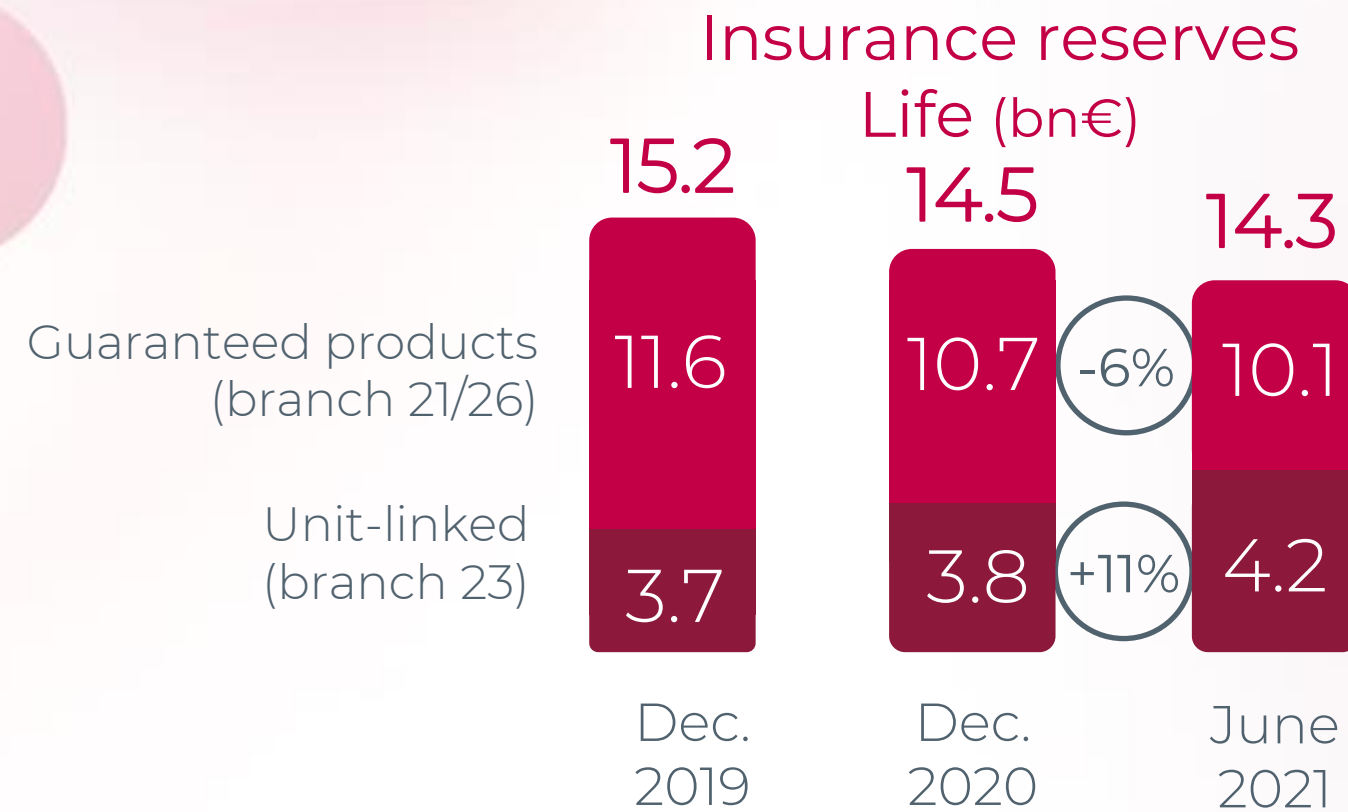
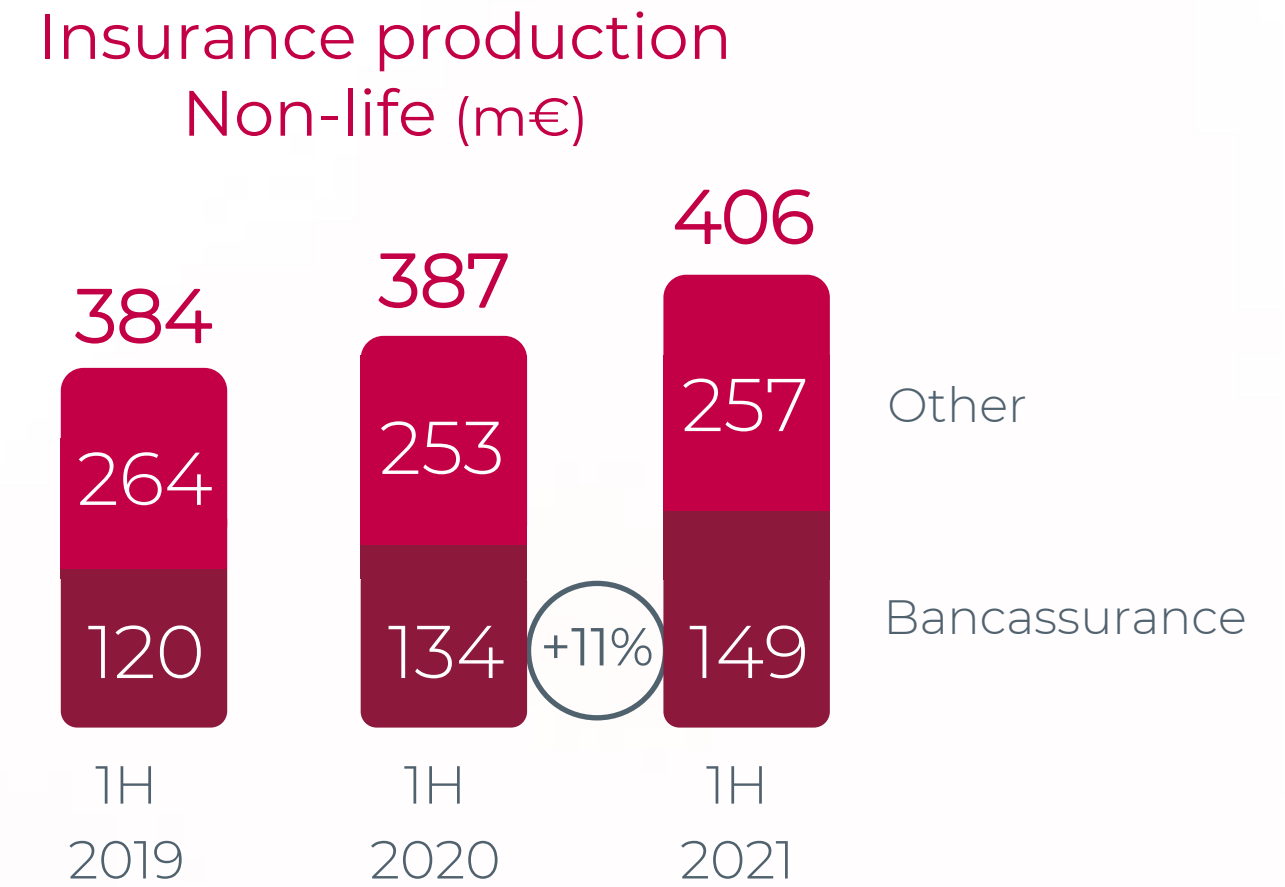
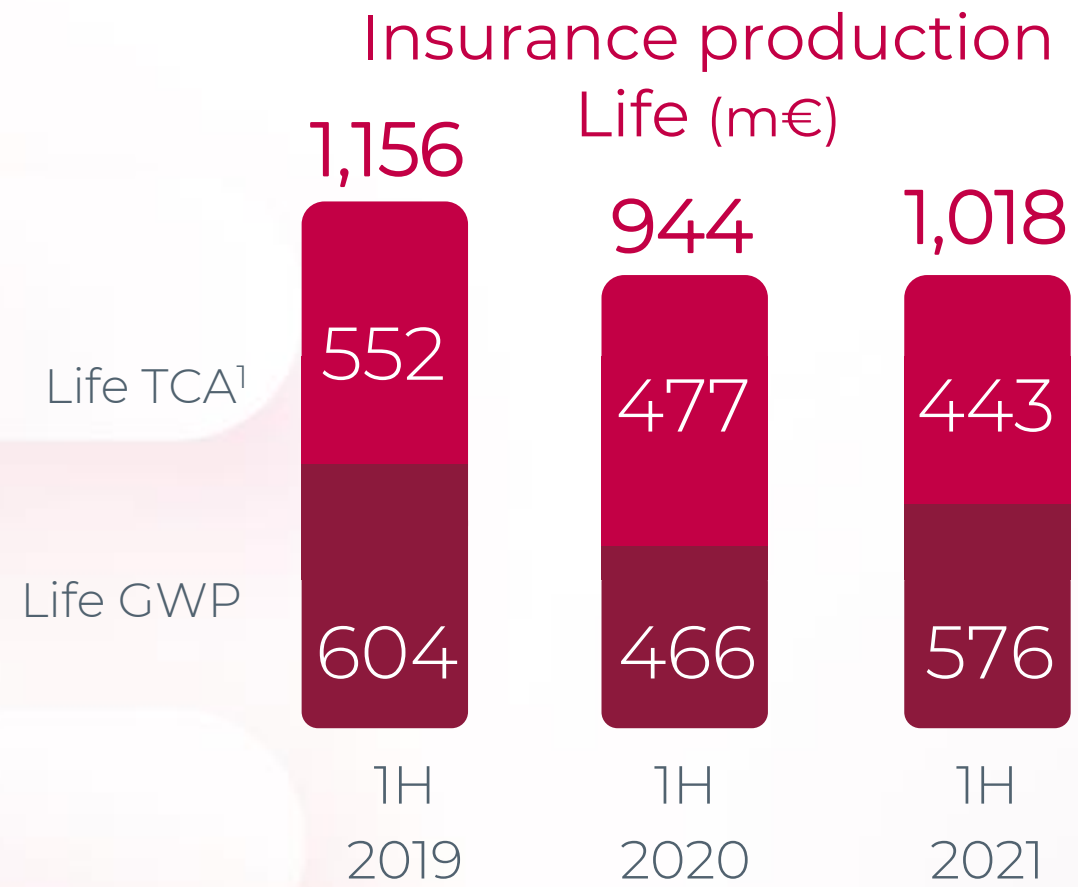
Savings & Investments  
Private & Wealth  
(bn€)



Funds of the future  
Assets under Management  
(bn€)



# Continued shift towards unit-linked and double-digit growth in retail bancassurance non-life

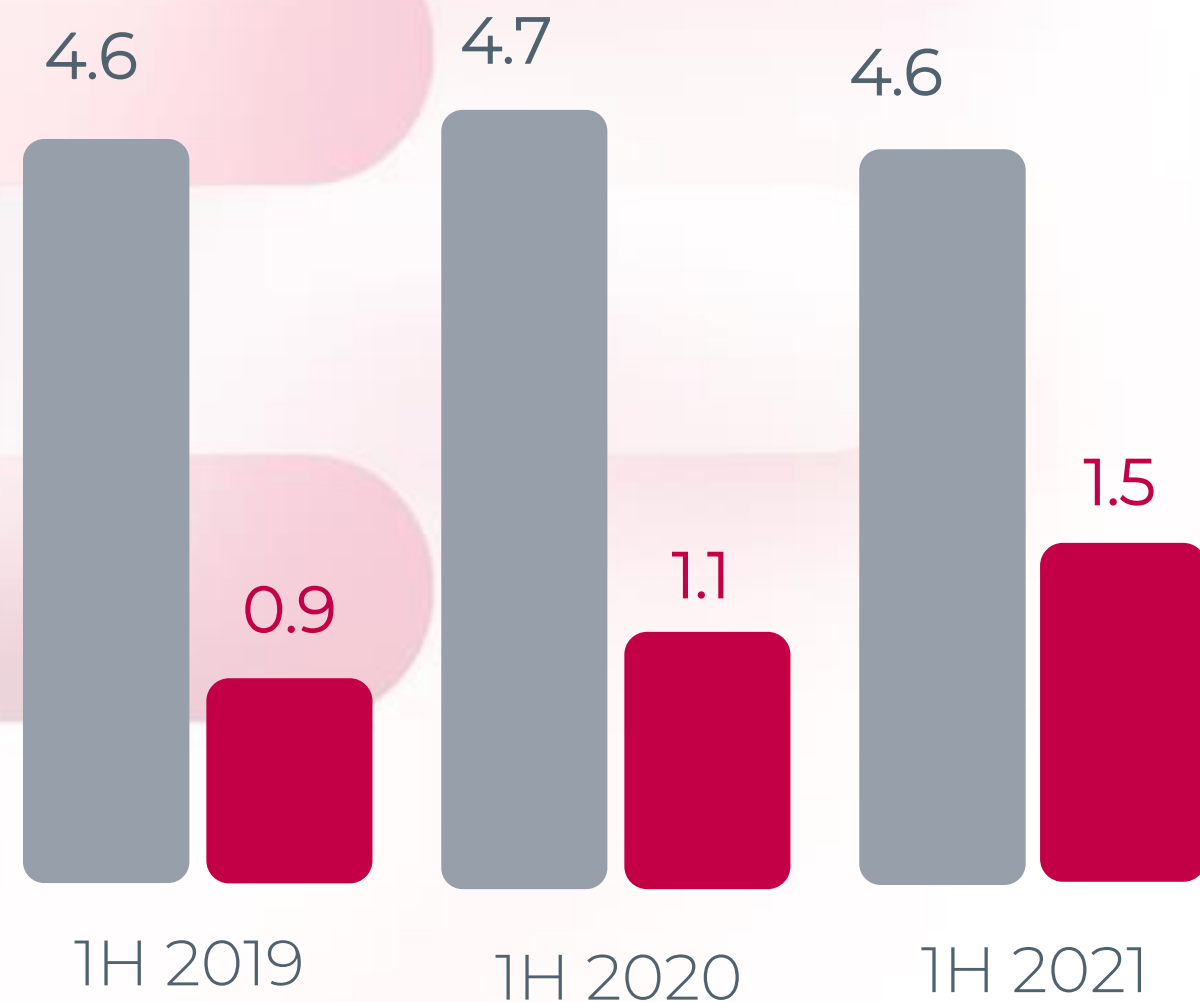


Note: 1. TCA in life insurance products relates to transfers, Conversions and Arbitrages

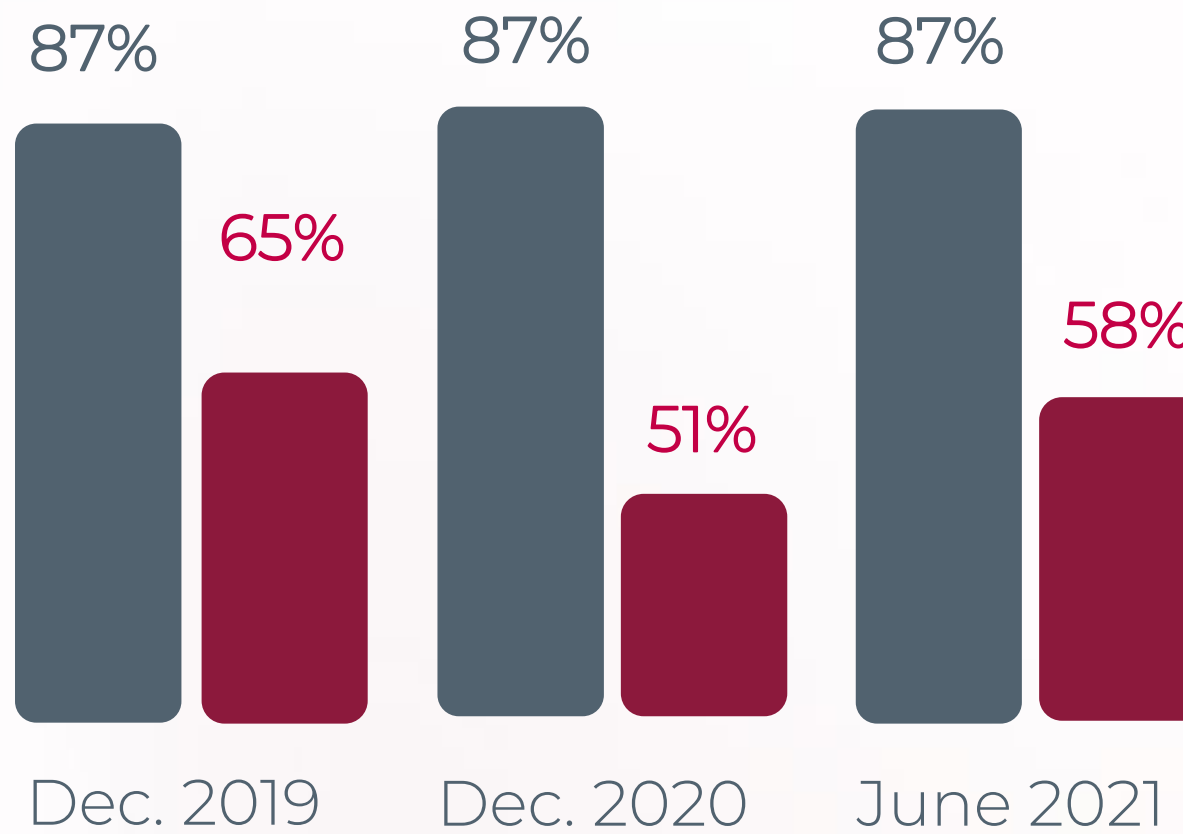


# Continued development of financial markets services

DCM activity (bn€)



DCM participation rate



Equity Capital Markets (ECM)



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# Strong commercial dynamics translate into excellent results

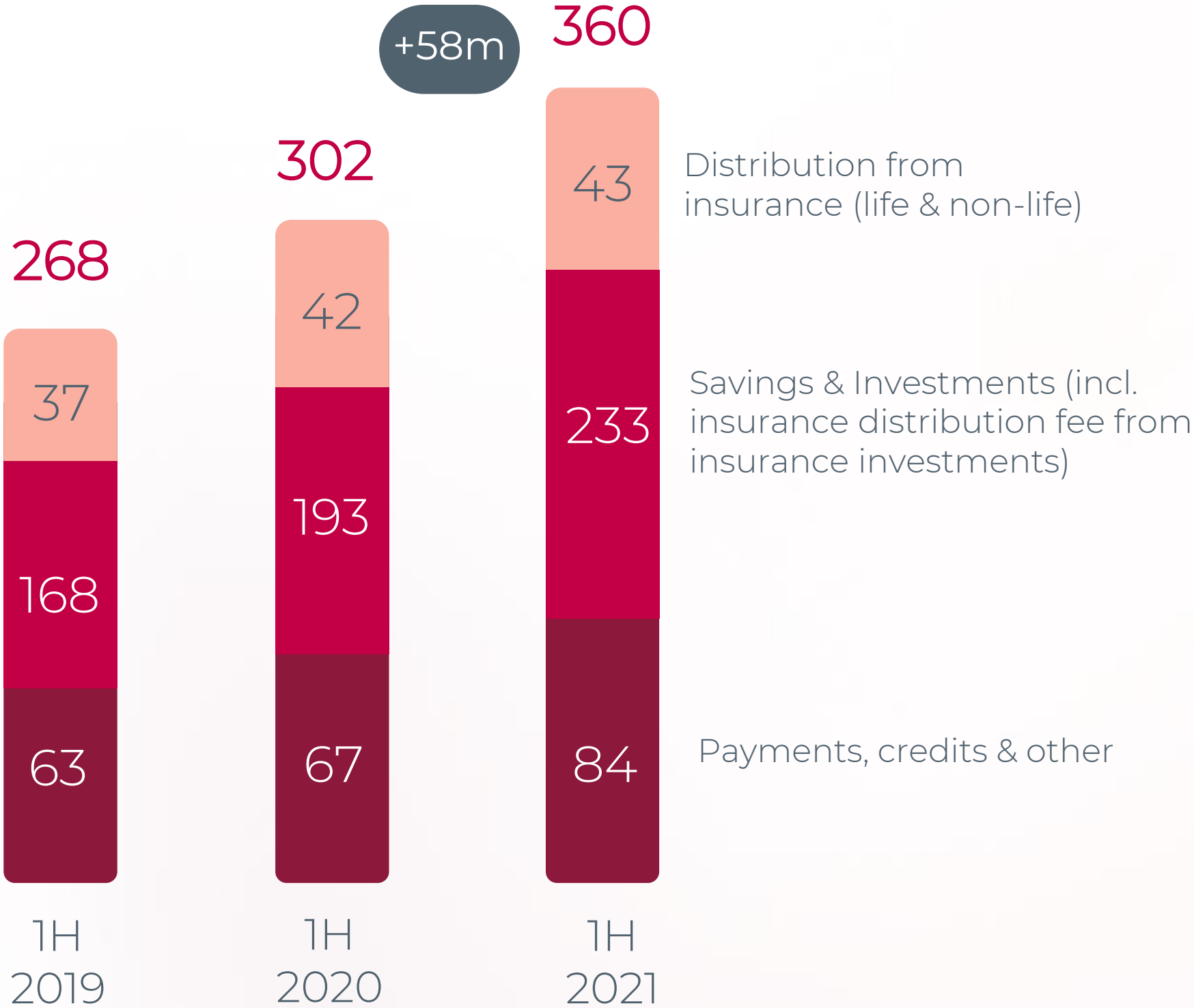
	1H 2019	1H 2020	1H 2021	Δ vs 1H 2020
Income	1,155 m€	1,132 m€	1,232 m€	+100 m€
Costs	710 m€	711 m€	720 m€	+9 m€
Pre-provision income	445 m€	421 m€	512 m€	+92 m€
Cost of risk	30 m€	393 m€	-31 m€	-424 m€
Net income	304 m€	21 m€	406 m€	+384 m€
Of which				
Belfius Bank	179 m€	-68 m€	290 m€	
Belfius Insurance	126 m€	89 m€	116 m€	
Cost / Income ratio	61.5%	62.8%	58.4%	-4.4%
Cost / Income ratio proforma sector levies <sup>1</sup>	56.1%	56.9%	52.6%	-4.3%

Note: 1. Cost / Income ratio with annualization of the bank levies (otherwise fully accounted for in 1H financials)

# Dynamic revenue growth and diversification

	1H 2019	1H 2020	1H 2021	Δ vs 1H 2020
<b>Income</b>	<b>1,155 m€</b>	<b>1,132 m€</b>	<b>1,232 m€</b>	<b>+100 m€</b>
Net interest income bank	738 m€	779 m€	797 m€	+18 m€
Net fee & commission income	268 m€	302 m€	360 m€	+58 m€
Life insurance contribution	171 m€	115 m€	144 m€	+29 m€
Non-life insurance contribution	90 m€	129 m€	122 m€	-7 m€
Other income	-112 m€	-193 m€	-191 m€	+3 m€

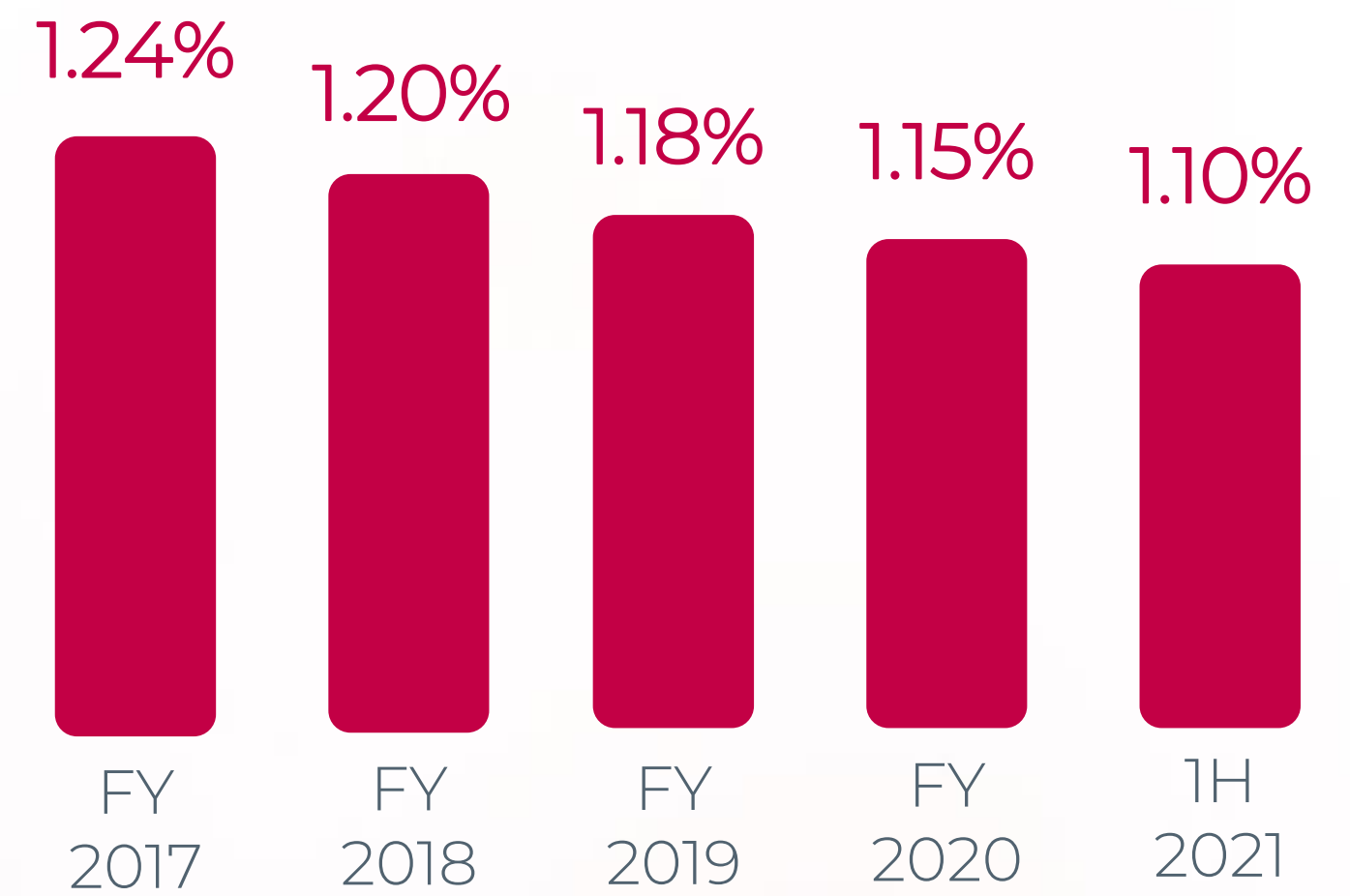
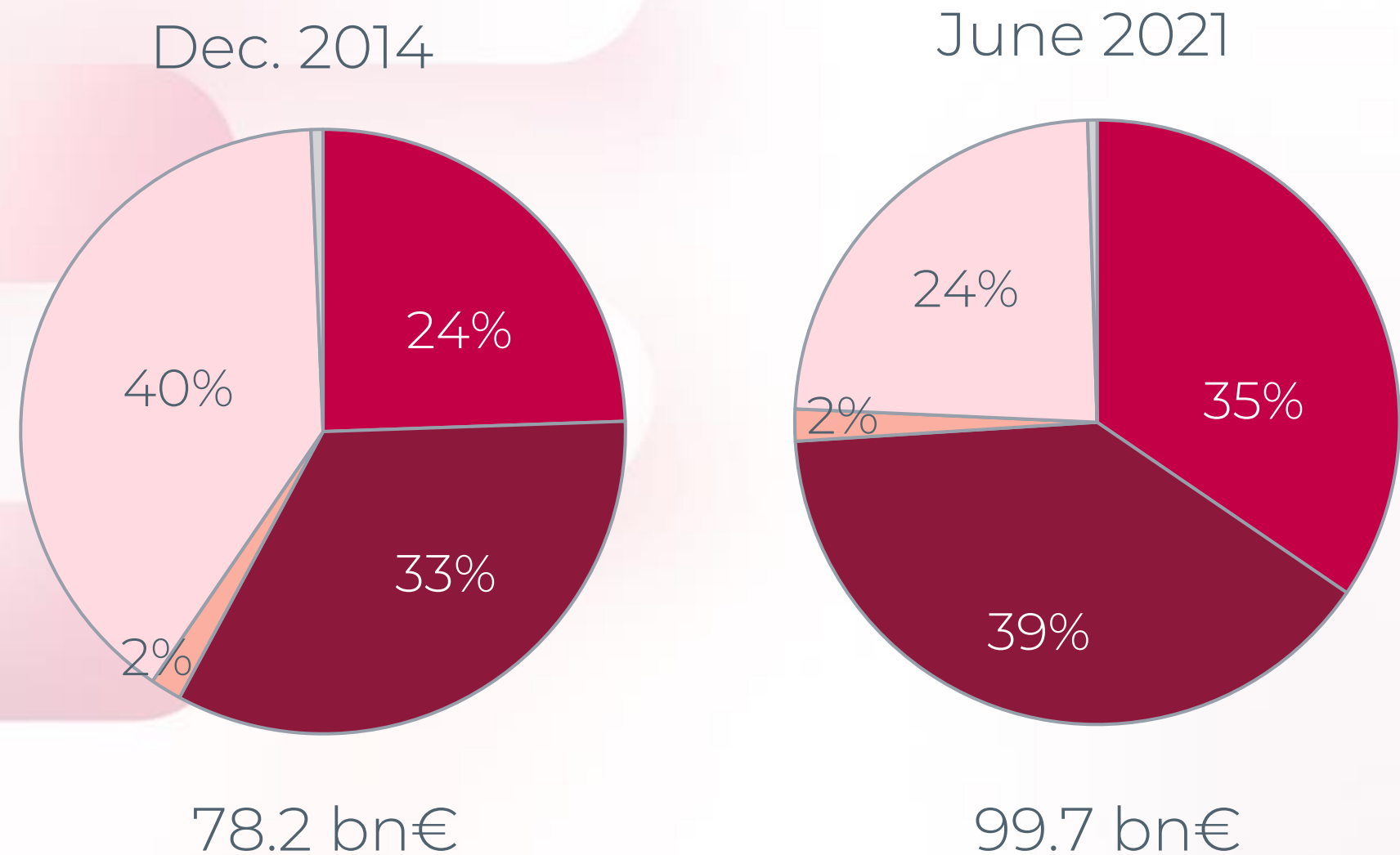
# Success of 'Bank for Investors' strategy enabled to further increase fee & commission income



# Resilient net interest income in 'lower for longer' interest rate environment

Evolution of the loan portfolio

Net interest margin<sup>1</sup>



- Consumer loans
- Mortgage loans
- Corporate & business loans
- Public & social loans
- Other individual loans

*Note: 1. NIM calculated as the sum of quarterly NII at Belfius Bank (without dividend income) of the last 4 quarters divided by the average of the interest earning assets at Belfius Bank of the last 4 quarters*

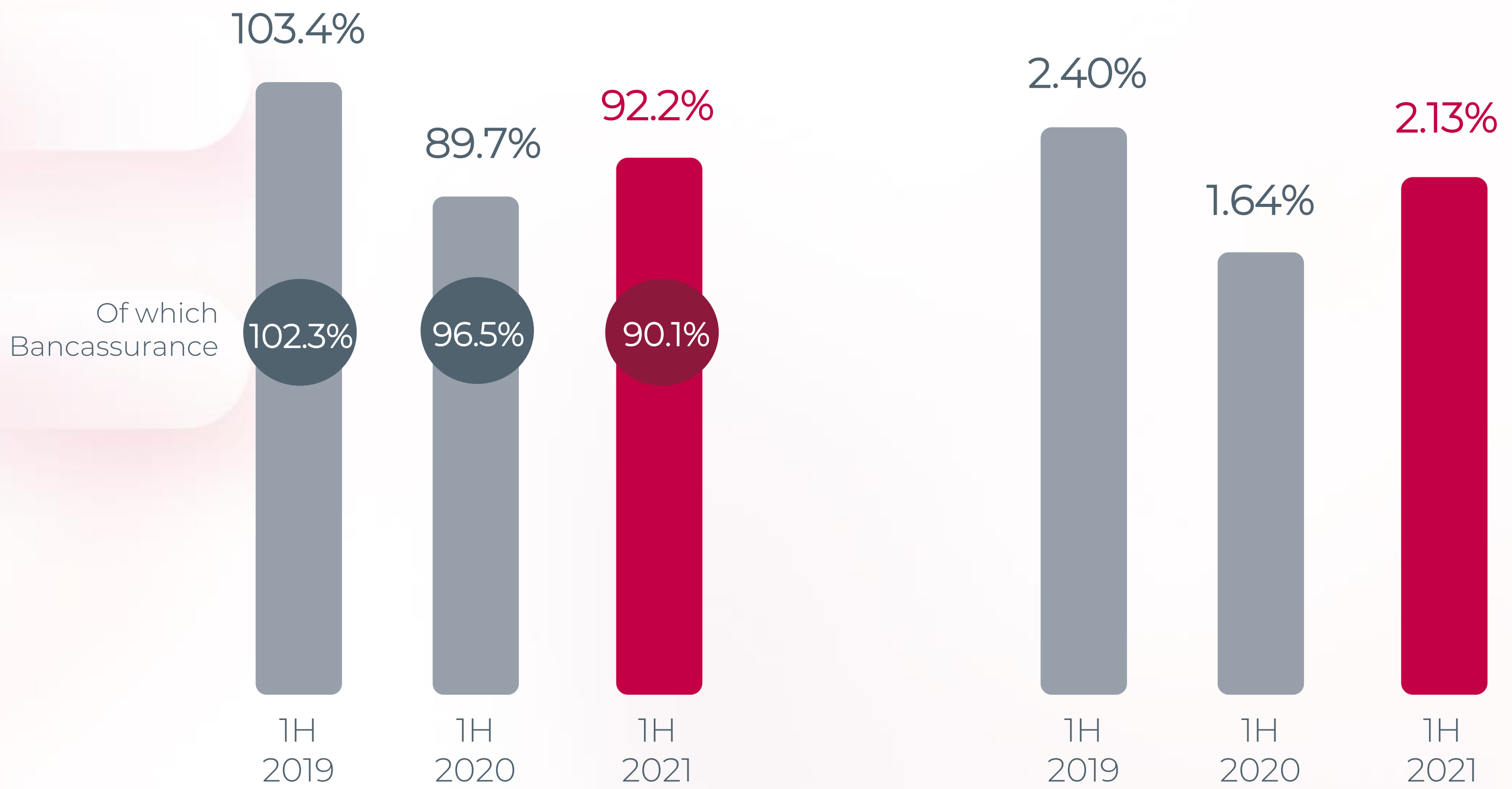




# Continuously strong financial margin on life insurance reserves

Non-life: Net Combined Ratio

Life margin<sup>1</sup>

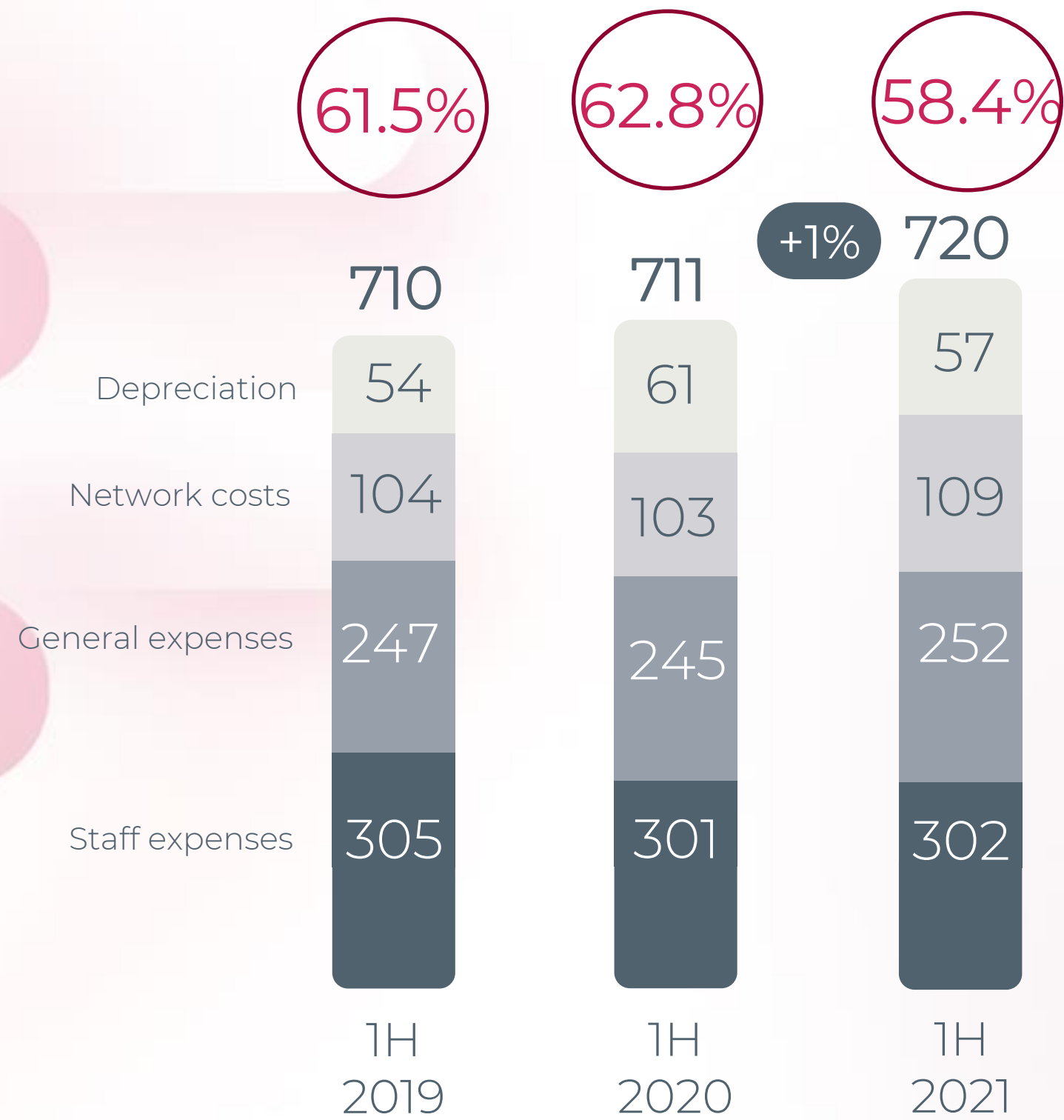


Note: 1. Life margin based on adjusted life income

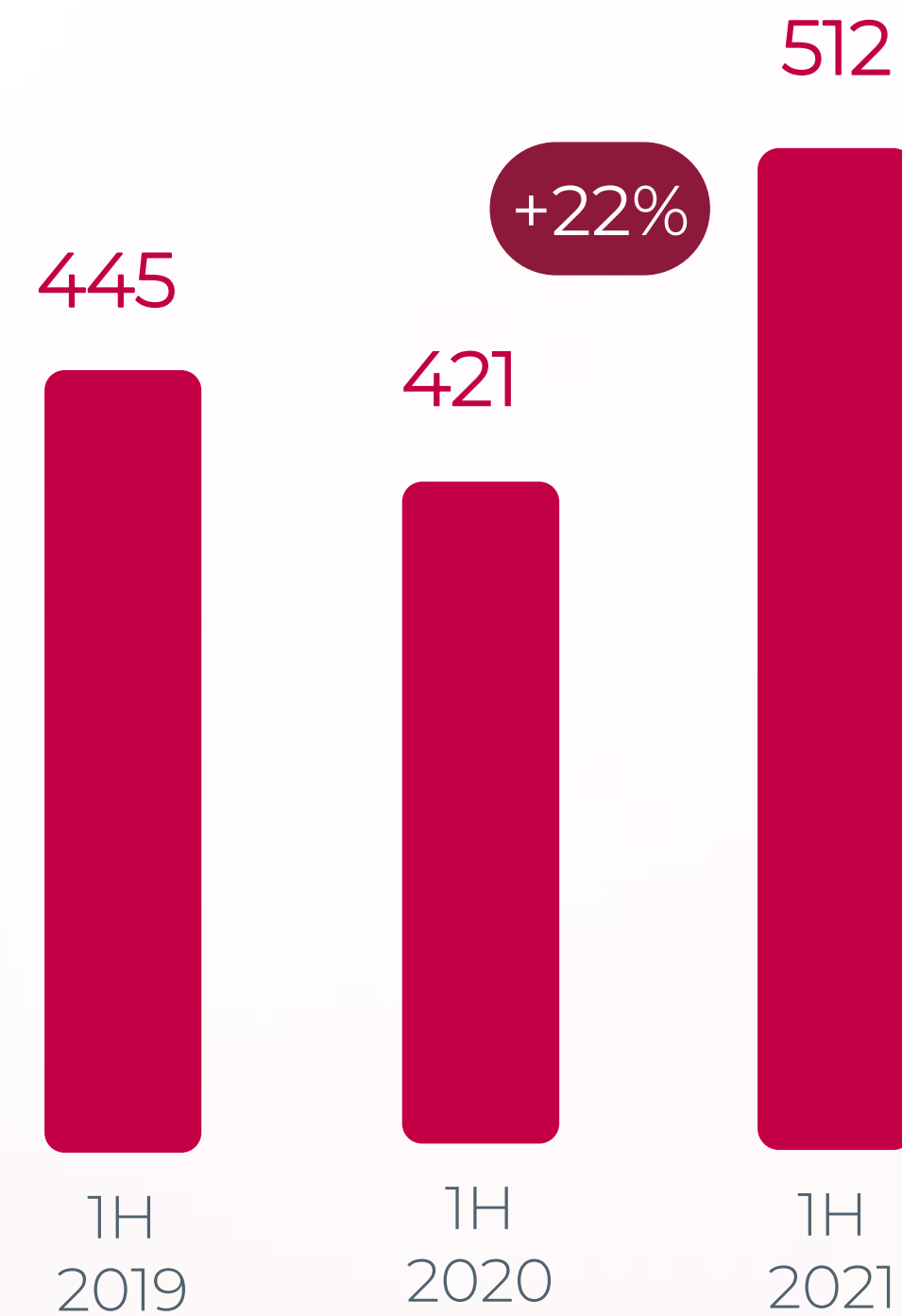


These income dynamics, combined with continued cost containment, led to record pre-provision income

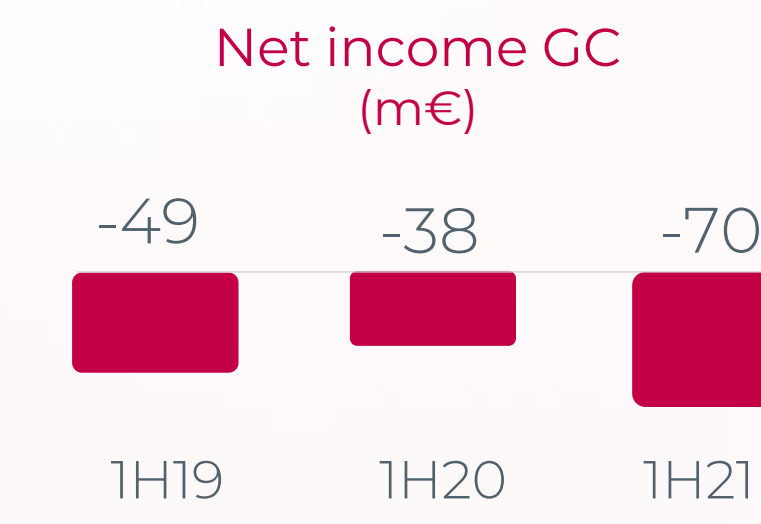
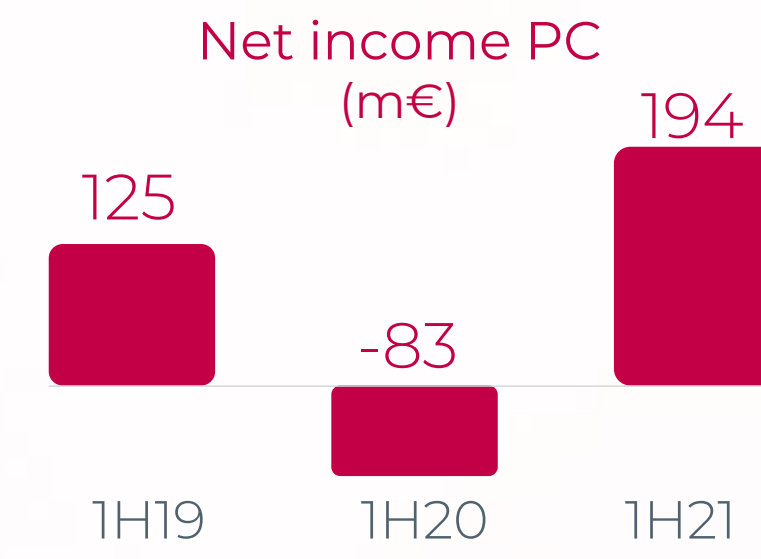
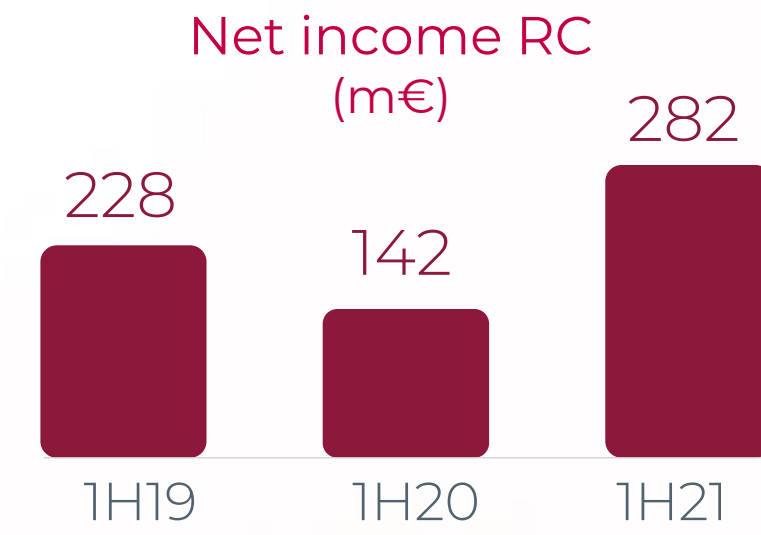
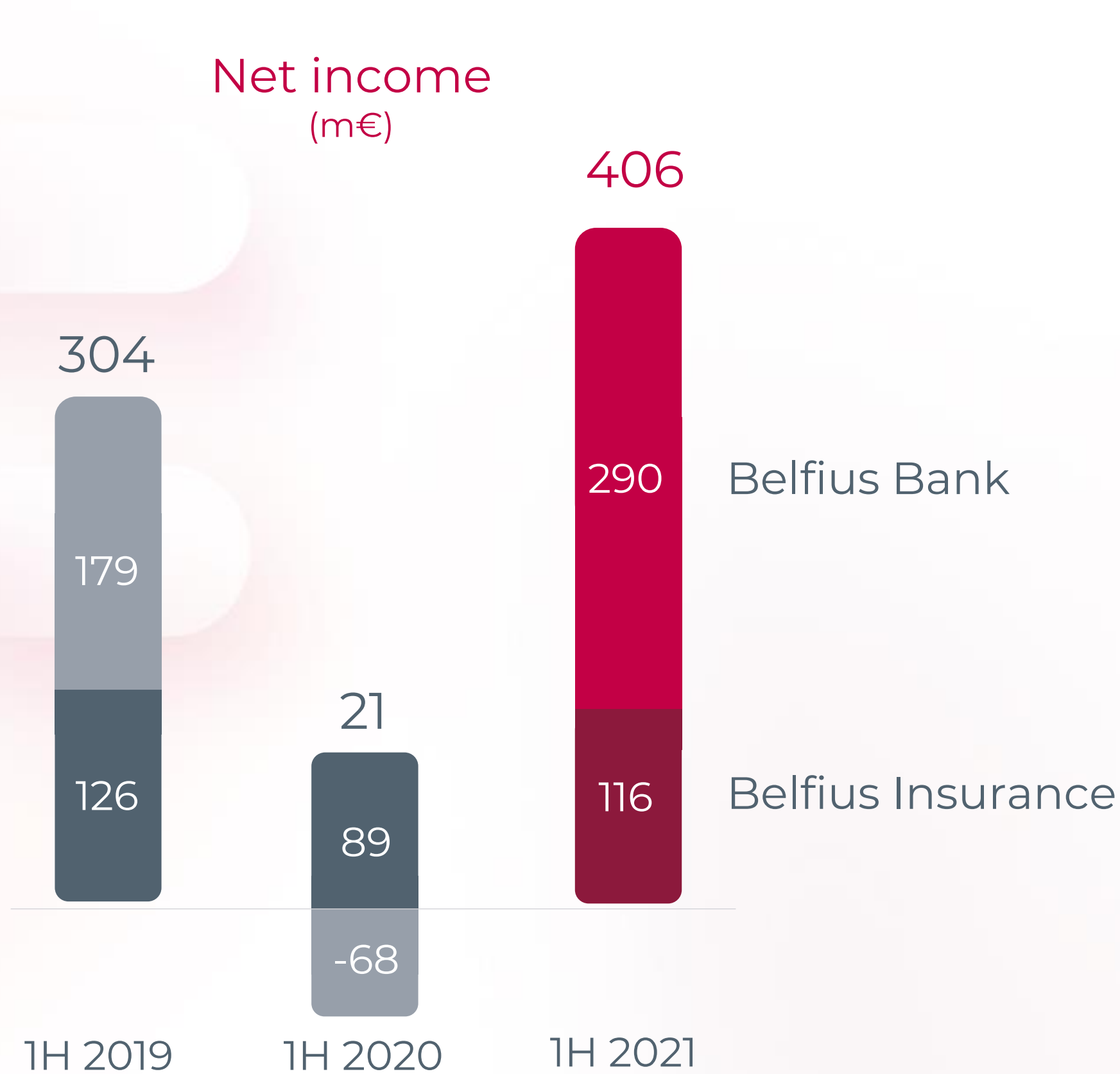
Expenses and Cost-Income ratio (in m€)



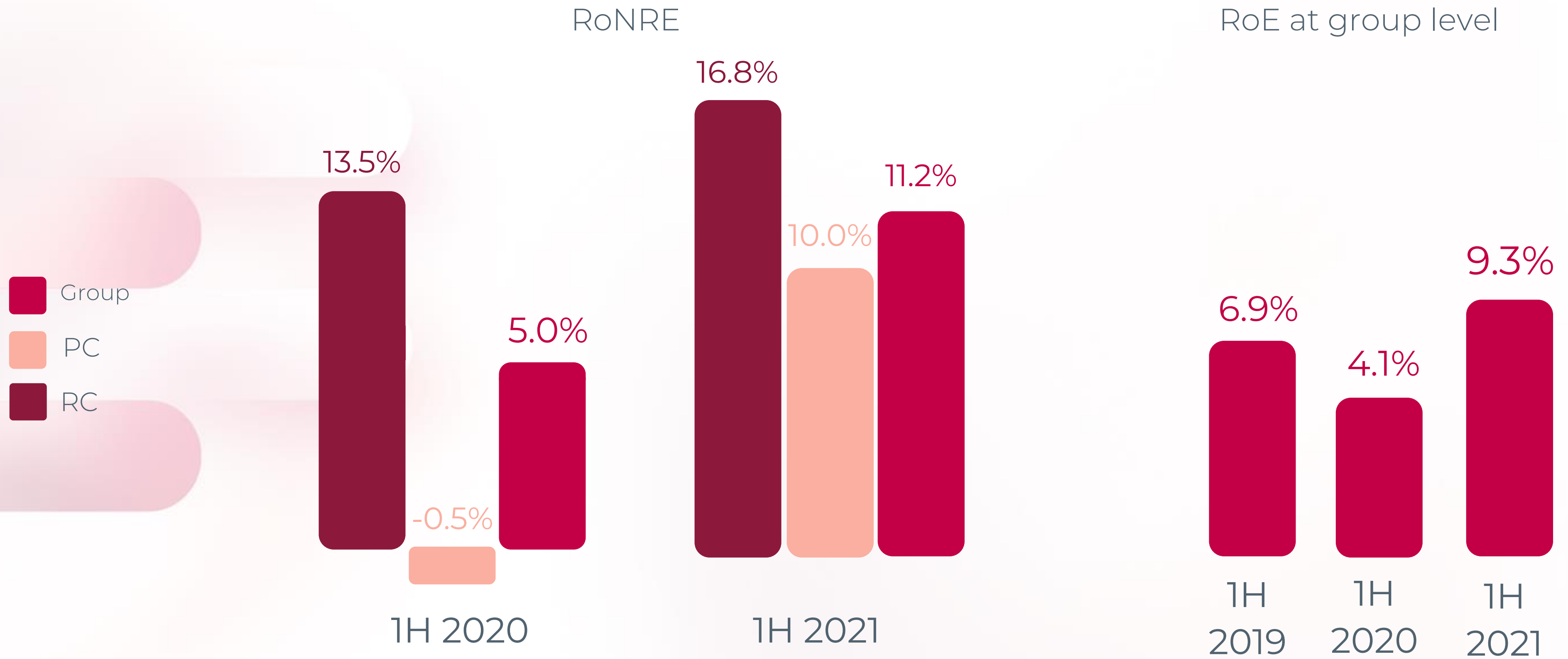
Pre-provision income (in m€)



# Excellent 1H 2021 net result of 406 m€ well above 1H 2019 level



# Materially higher Return on Equity at group level, Return on Normative Regulatory Equity above 10% per 1H 2021



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# Covid-related provisioning: 1. Macroeconomic factors

Favourable evolution of  
macroeconomic forecasts

Belgium's GDP growth prospects



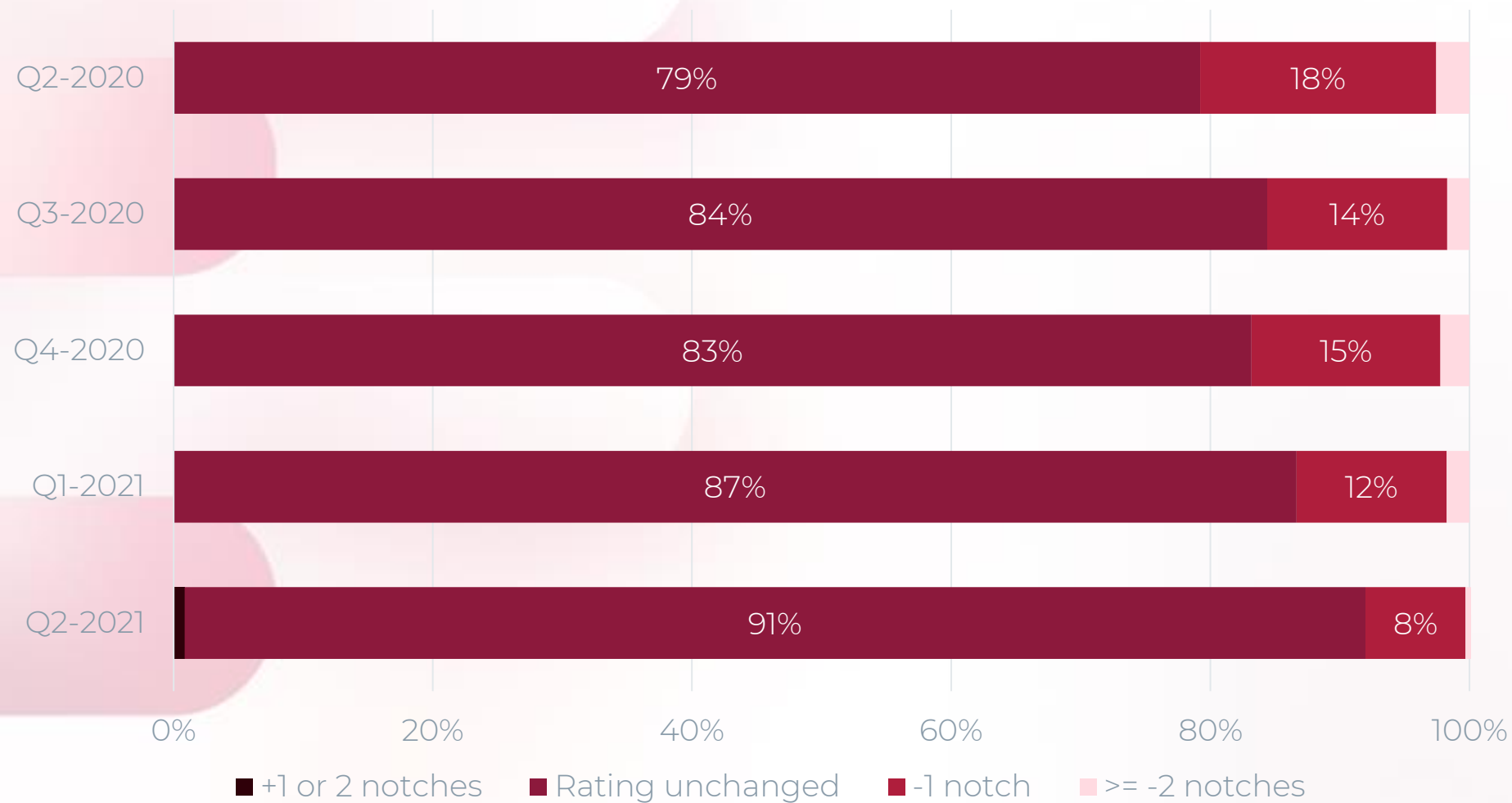
Faster than expected rebound of  
Belgian and European economies



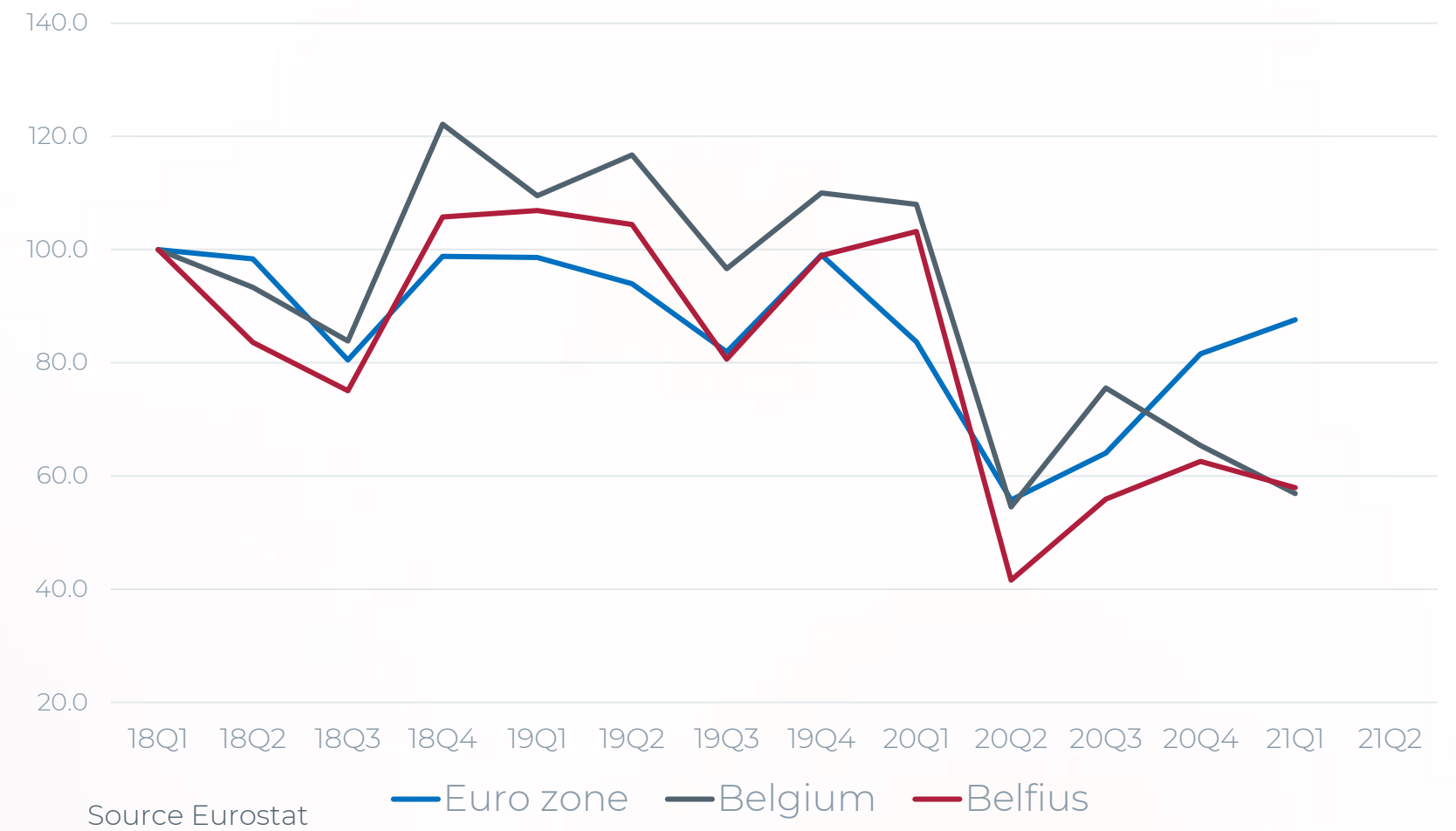
# Covid-related provisioning: 1. Macroeconomic factors

## Strong resilience of businesses

Covid impact on yearly rating updates of Corp & MidCorp counterparties



Evolution of bankruptcies (18Q1 =100)



Limited deterioration in credit quality and low new default inflows



# Covid-related provisioning: 2. Extra layers

## Moratoria

Normal installments  
picked-up for more  
than 6 months



Release of  
Covid buffers

Running for more  
than 9 months



Increase of  
Covid buffers

## Sensitive sectors & companies

Covid-sensitive sectors and  
companies that fared better  
than anticipated



Release of  
Covid buffers

Covid-sensitive sectors and  
companies having been under  
support measures for longer  
period



Increase of  
Covid buffers





# Improving economic environment leading to Cost of (credit) Risk of -31m€

## Pillar 1

Macro-economic factors  
(Through-The-Cycle approach)

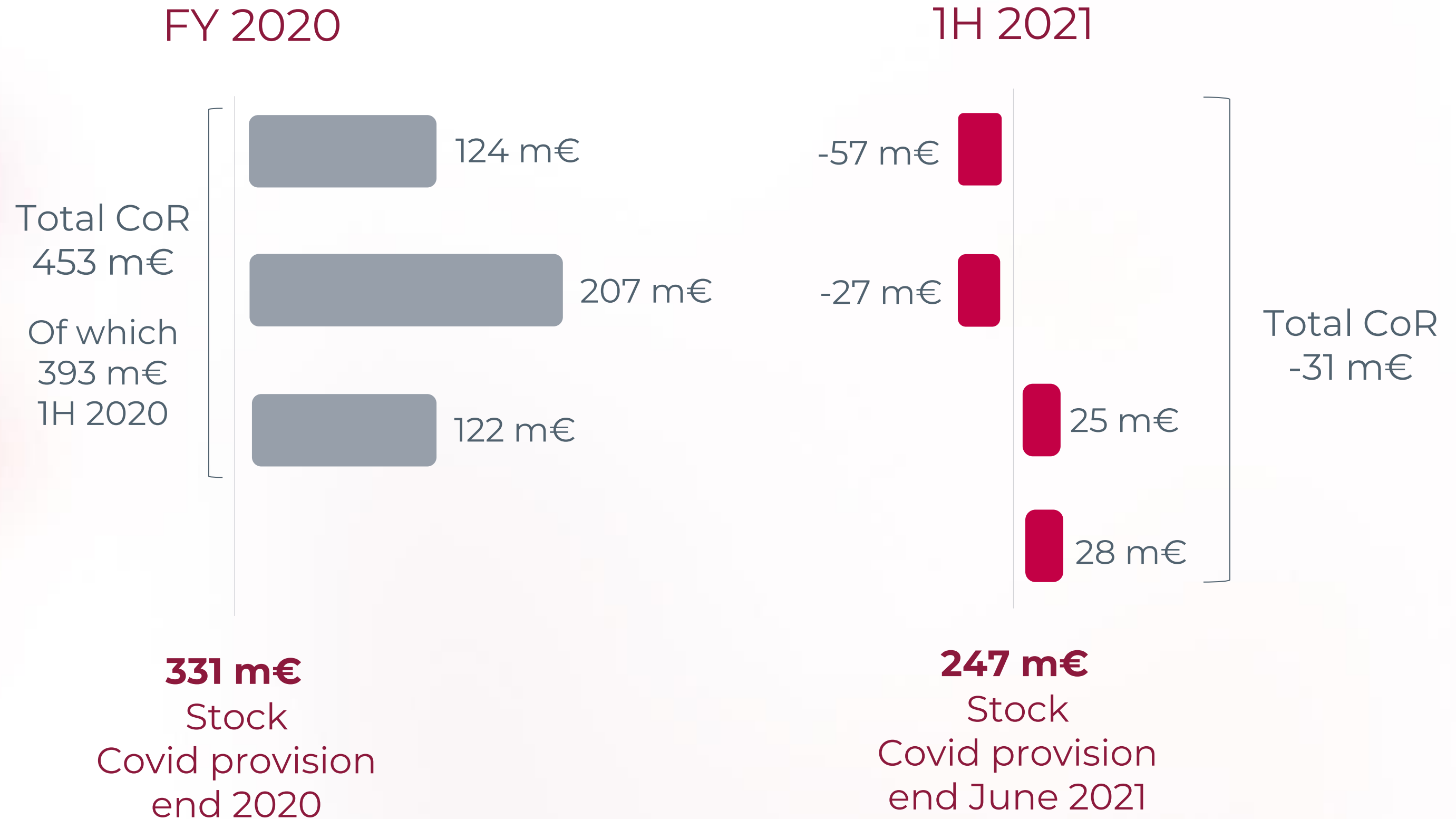
## Pillar 2+3

Extra Covid layers  
(Expert based)

## Pillar 4

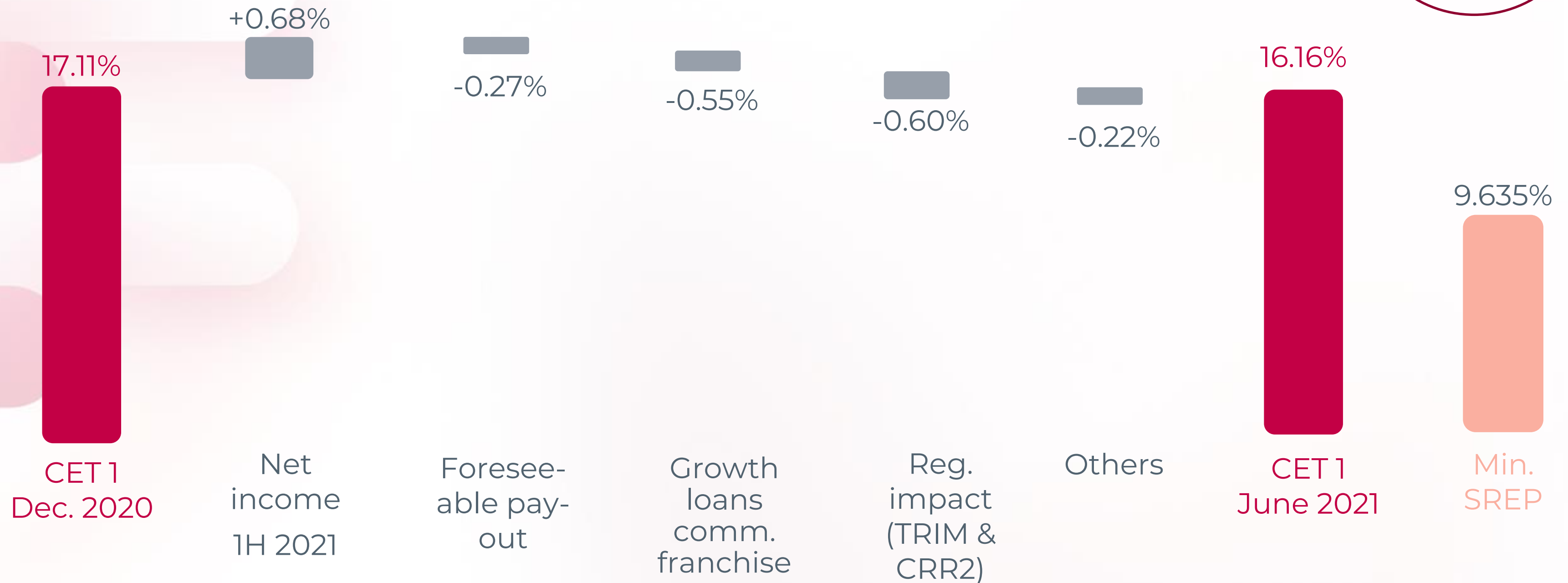
Credits in default

Provision for normal  
portfolio evolution

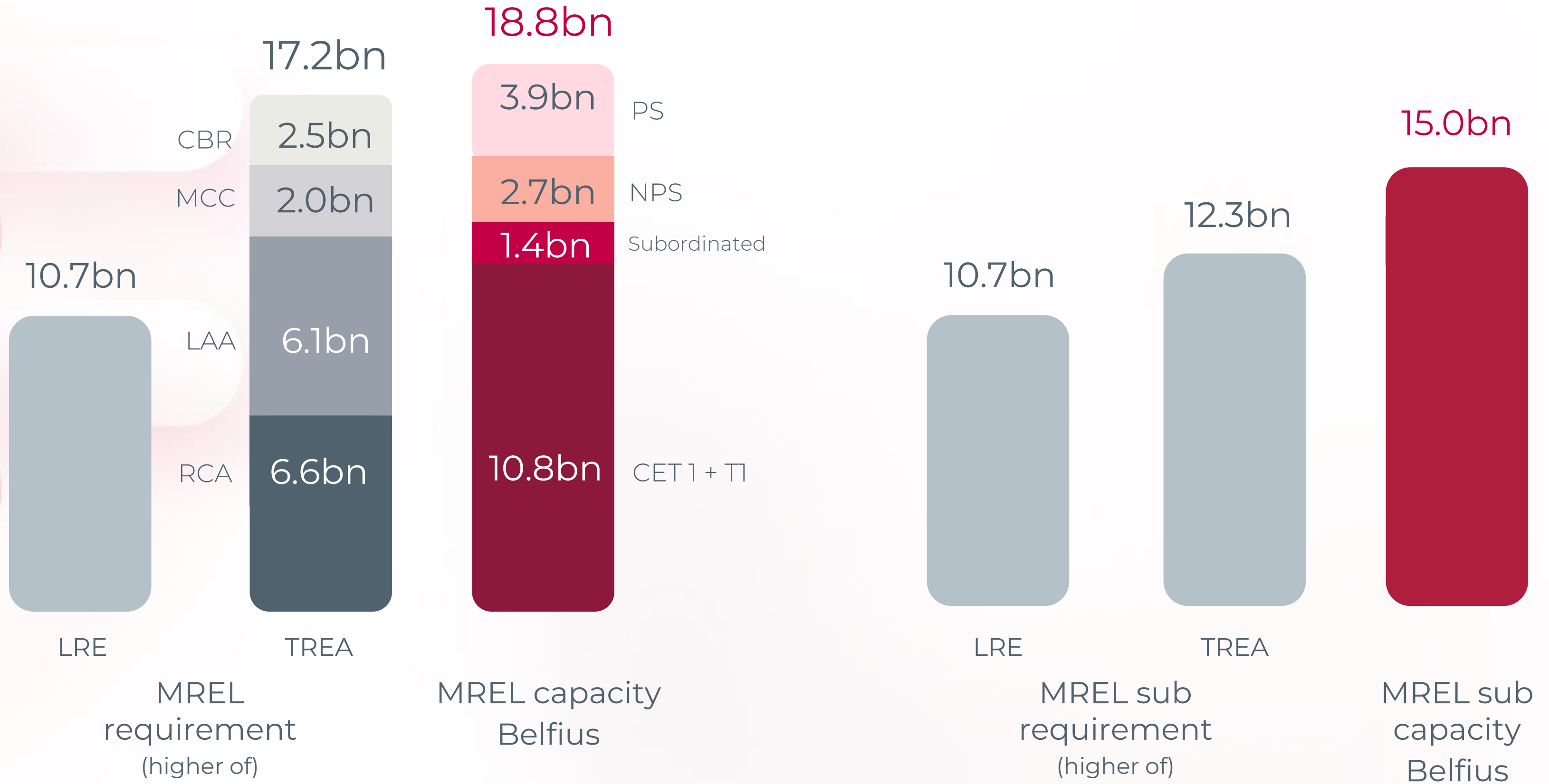


Continued solid CET1 ratio is enabling Belfius to continue to support the Belgian economy and to execute its commercial strategy

12.5%-13.5% - minimum operational zone during the Covid-19 crisis

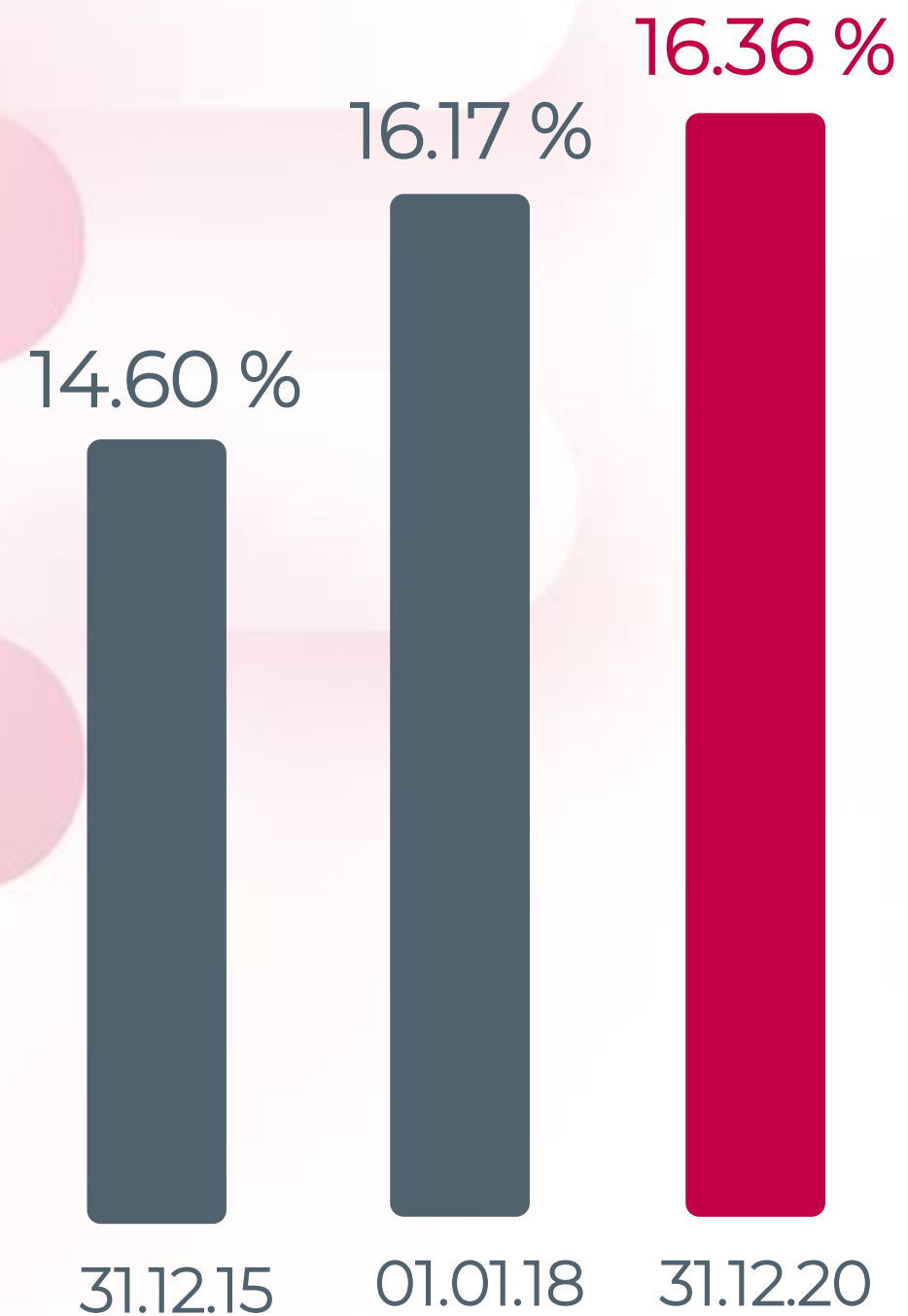


# Already compliant with SRB MREL requirements

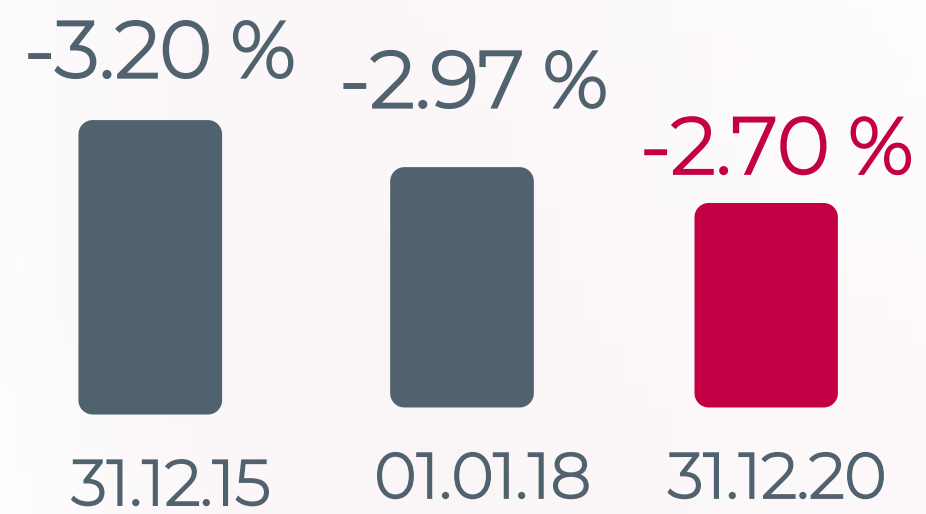


# Belfius keeps improving its financial solidity

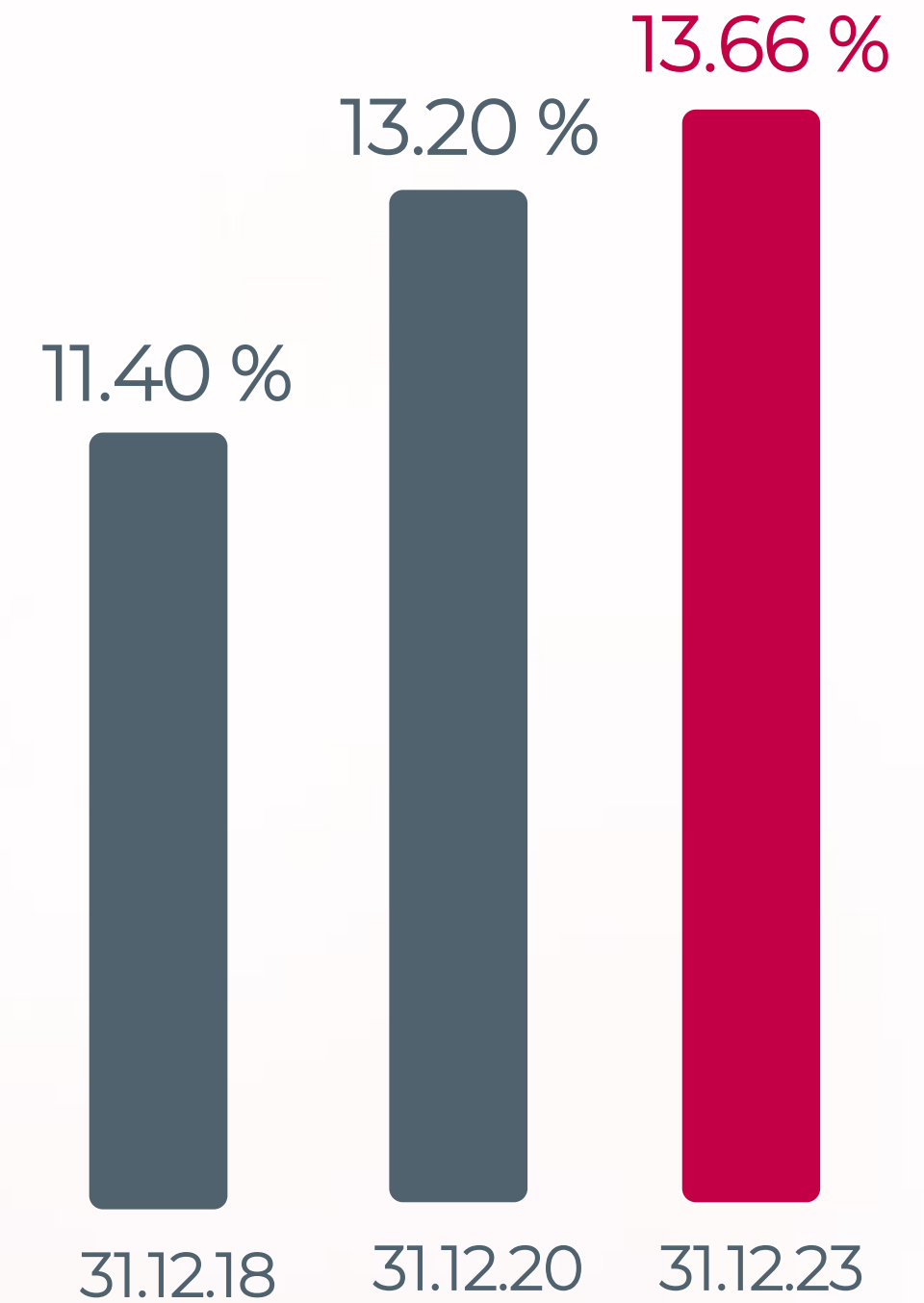
CET 1 at start  
(fully loaded)



CET 1 ratio depletion  
(fully loaded)



CET 1 after stress test  
(fully loaded)



# Waterfall impact 2021 stress on Belfius Fully Loaded CET 1 Ratio

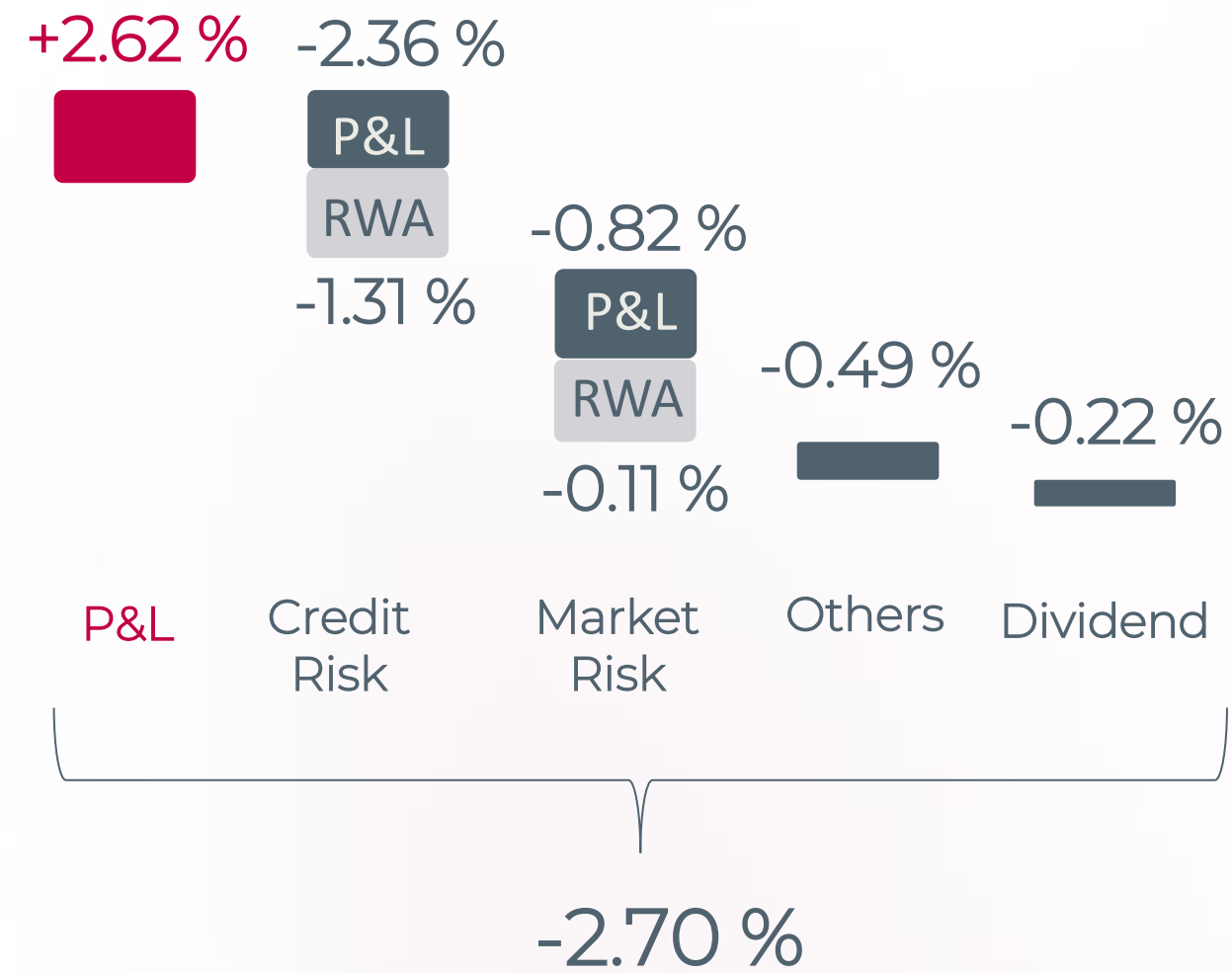
CET 1 at start  
(fully loaded)

16.36 %



01.01.21

CET 1 ratio depletion  
(fully loaded)



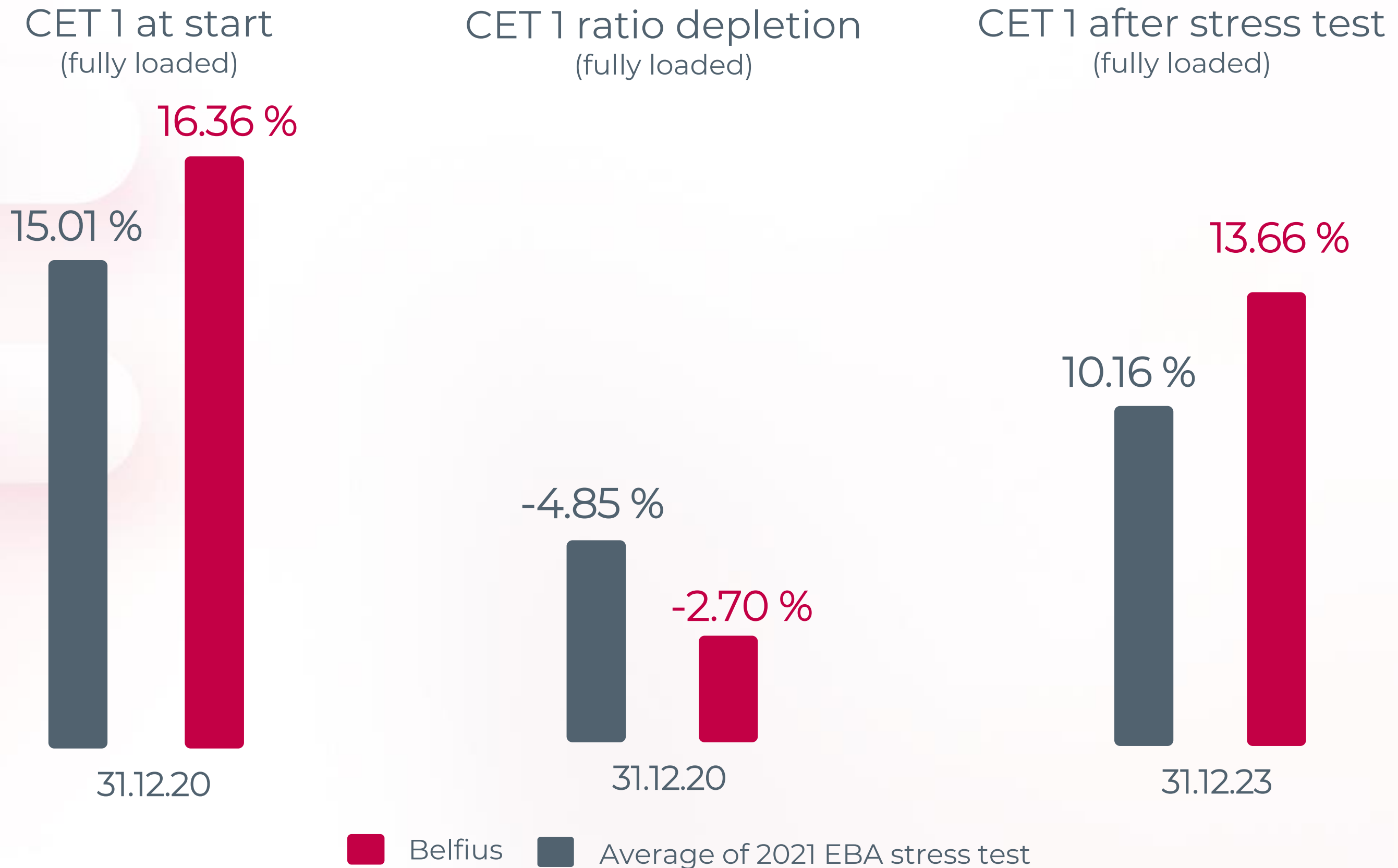
CET 1 after stress test  
(fully loaded)

13.66 %



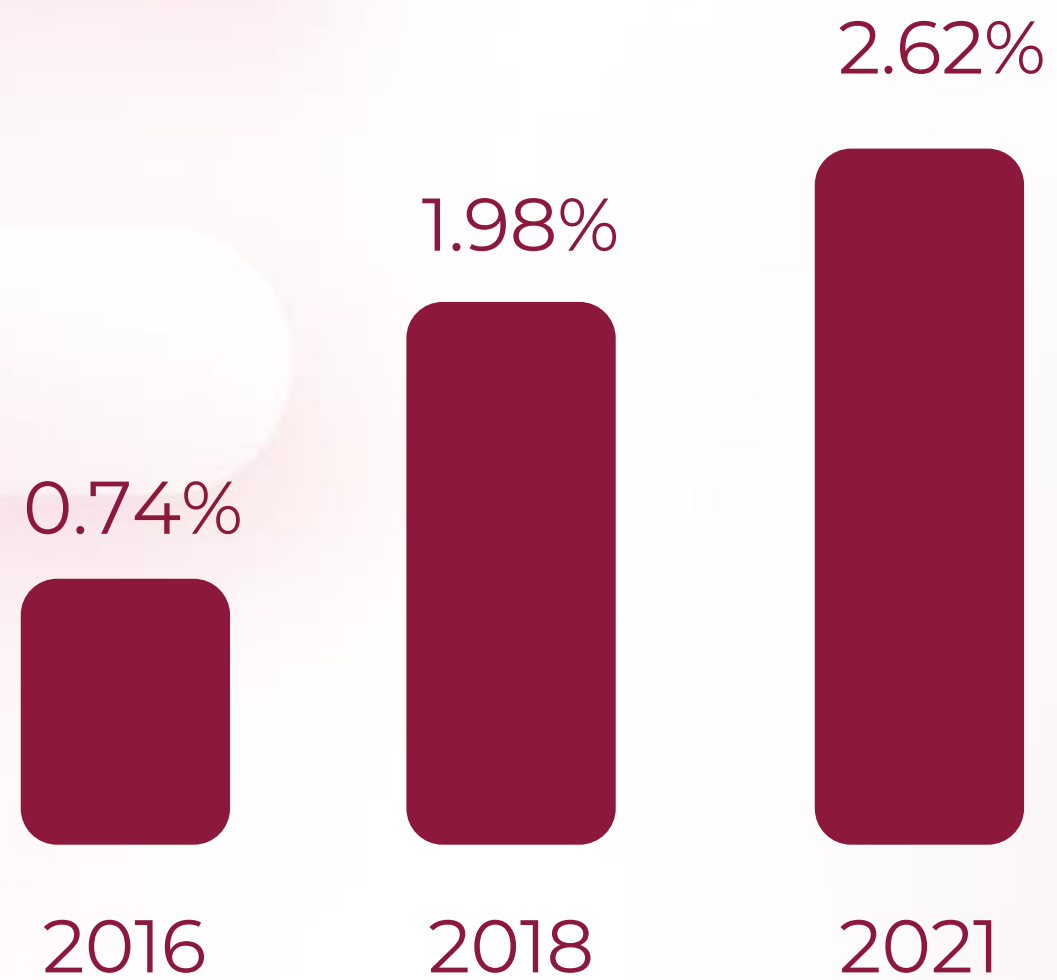
31.12.23

# Belfius among the strongest banks in stress test

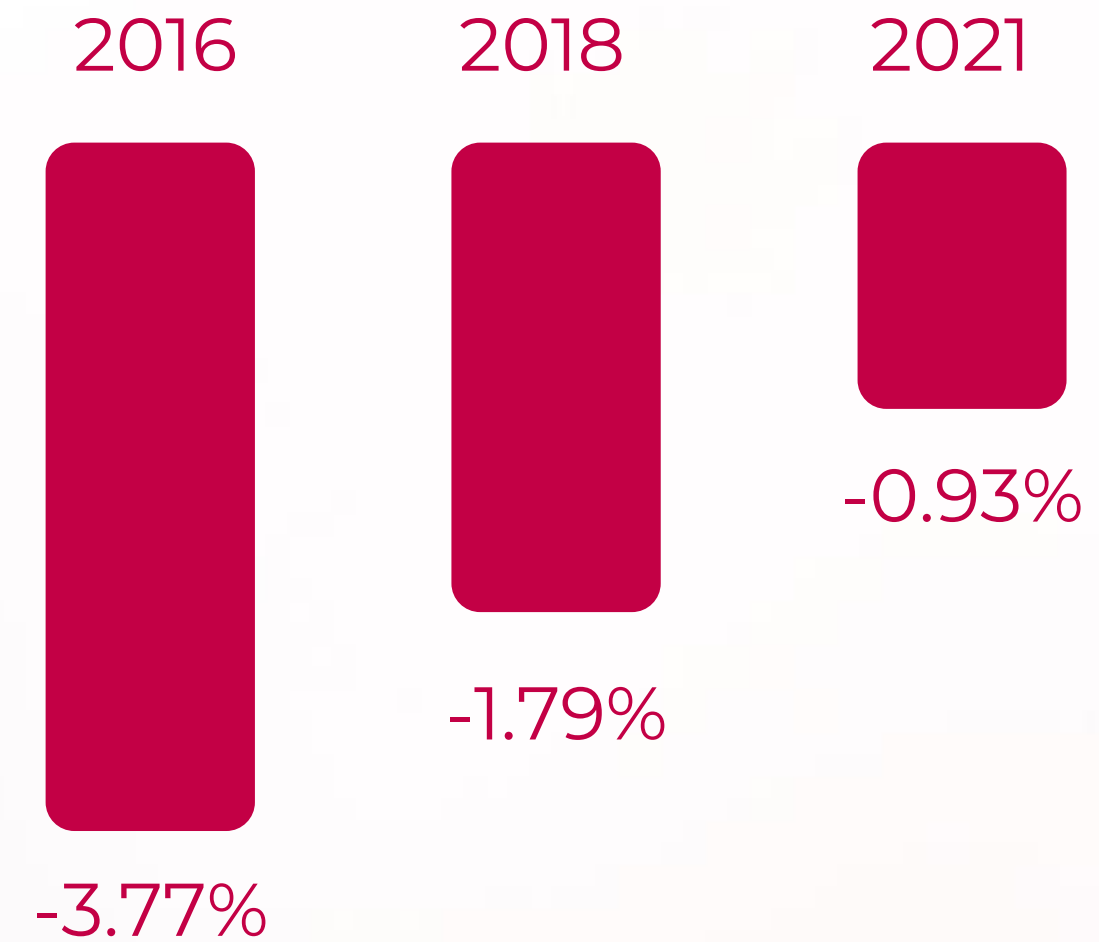


The excellent resilience is the result of a relevant strategy, namely combining income diversification and sound risk management

P&L contribution to CET1 ratio  
in the adverse scenario



Market risk contribution to CET1 ratio  
in the adverse scenario (P&L and capital)



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# Sustainability is in our DNA since origin...

Generate positive  
impact on society

180.000

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

#1

in financing of  
municipalities, cities,  
hospitals & care sector

> 4 m€

Philanthropic Funds in  
succession planning

Promote  
renewable energy

Only

Belgian bank-insurer involved  
in financing of all 8 offshore  
wind farms in Belgium

1,65 bn€

financing for  
renewable energy  
since 2005

3 million

families having green  
energy thanks to  
Belfius loans

Operate in an authentic  
& engaged way

33,8%

women in top  
management

Gender equality

in terms of  
equal pay

Remote work

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

# And continues to colour the characteristics of our business strategy

## Funds of the future

Enable meaningful  
investing

Align with Sustainable  
Development Goals

>1,2 m€ transferred  
to good causes

## CO<sub>2</sub> Impact Loan

A joint offer with Belgian  
partner CO2Logic

Accompany & encourage  
clients in their transition...

...via consulting & financing  
for CO<sub>2</sub> reduction projects

## Re=Bel

Make investing, with a  
cause, accessible to all

Fully embed the Transition  
Acceleration Policy<sup>1</sup>

Create transparency &  
awareness on ESG impact

## Green bond

First emission  
in June 2021

500 m€ funding  
allocated to green assets

ICMA compliant  
green bond framework

## Beats

Introduce an innovative  
joint bank/telco offer

Contribute to  
Belgian society...

...via societal themes  
health, people, planet

## Banx

Create a new, fully digital  
& sustainable experience

Introduce  
#slowbanking

Promote sustainable behavior via  
insights (CO<sub>2</sub> dashboard) &  
rewards

<sup>1</sup>: Transition Acceleration Policy is Belfius' policy on controversial' or 'sensitive' sectors. It is applied to all Belfius' activities, with a double objective to both encourage and support economic actors in their shift towards more sustainable activities, and to reduce negative impact of our own activities

# Belfius implements this deeply rooted ESG in its own way

## Walk the talk

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

In own operations & logistics

In own HR & reward policies

In own investments

## Put the customer in the driver's seat

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

An active ESG dialogue & advice

Distinctive solutions to accompany our customers in their transition

# Conclusion

## **Solid and diversified Belgian bank-insurance business model**

With a very clear strategic focus on **sustainability embedded in all key initiatives**

Driving strong **commercial dynamics** and **excellent 1H 2021 result of 406 m€** in an improving economic context

Very **resilient balance sheet** with NAV at 10.6 bn€ and a **16.16% CET 1-ratio**

### **Recent floods outside scope** of 1H 2021

- Gross claim currently estimated at 100m€
- **Net financial impact** after reinsurance of **approximately 35 m€**



Belfius,  
meaningful  
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Belgian Society.  
Together

# Q & A

- To ask a question during the Q&A:
- « raise your hand » in MS Teams and unmute yourself for your question
  - or use the chatbox

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