

Belfius FY 2021 results

Presentation to analysts and investors

24 February 2022



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1. Summary Highlights

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- **Belfius' net income FY 2021 stands at EUR 935m**, significantly higher than in 2020 (EUR 532m). An excellent result thanks to the very strong commercial dynamics leading to income diversification, the continued cost containment, as well as the improving macro-economic environment in spite of a “on and off flickering” Covid-19 pandemic. The bank contributed for EUR 716m (vs EUR 319m in FY 2020) and the insurer for EUR 219m (vs EUR 212m in FY 2020).
- Belfius continued to navigate this context on strong and solid footing, in operational, commercial and financial terms, connecting all the dots. With our strong brand positioning and our inspiring and innovative initiatives (to name some: Beats, Banx, Rebel, Funds of the future, ...), we have been able to **continue to strongly develop our commercial position**, and this **in full alignment with our desired financial strategy** (that includes amongst others: more diversification of profit capacity, more fee income, continued improvement of cost to income ratio, increasing return on equity,...).
- Accompanied by benign financial markets and the improving macroeconomic context, Belfius is **able to strongly grow its net fee and commission income**, increasing with more than EUR 110m over 1 year, and contributing for 27% to total income. This, combined with **further resilient net interest income and life insurance income**, and **continuously well contained operating costs**, leads to a further **strong growth in pre-provision income¹** towards EUR 1,226m in FY 2021:
 - continued resilience of NII (net interest income bank), in continued historically low interest rate environment, at EUR 1,623m in FY 2021 (vs EUR 1,590m in FY 2020) driven by (i) higher outstanding loans at higher average margin thanks to our risk-based pricing, (ii) compensating for the negative impact from the ‘lower for longer’ interest rate environment and the further increasing volumes of non-maturing deposits in FY 2021, and (iii) positive impact from the TLTRO III and ECB deposit tiering
 - outstanding evolution of net fee and commission income bank (EUR 732m in FY 2021 vs EUR 622m in FY 2020) mainly thanks to higher fees from asset management (in line with our Bank for Investors strategy) and payment services
 - rather stable insurance contribution to income, with strong life insurance income (EUR 302m in FY 2021 vs EUR 273m in FY 2020), mainly thanks to continuously strong financial margin on life insurance reserves, neutralized by lower non-life insurance (EUR 210m in FY 2021 vs EUR 244m in FY 2020), mainly due to higher claims frequency in Car compared to FY 2020 that was more impacted by lock-down(s), also partially linked to the floods of July 2021 (see chapter Group Highlights for more details) and interpretative law on landslide risk
 - the operating costs remaining (approximately) stable at EUR 1,477m in FY 2021 vs EUR 1,465m in FY 2020. C/I ratio further improved strongly to 54.6% in FY 2021, compared to 56.0% in FY 2020

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

1. Summary Highlights

- In light of the Covid-19 crisis, Belfius materially increased back in 2020 its IFRS 9 provisions in line with the at-that-time strongly deteriorated economic environment, leading to a cost of risk through P&L of EUR 453m in 2020 (or approximately 35 bps of the loans outstandings¹), of which EUR 331m (26 bps) was economically labelled as the then best estimate “ex-ante provisioning” of expected losses due to the effects of the Covid-19 crisis. Although our anticipative approach on credit risk remains prudent, especially because of the (still) somewhat uncertain impact from Covid-19 variants and from the (timely and calibration sensitive) exit-to-come from large monetary and governmental stimuli plans, the formerly anticipated impact of the pandemic on the credit stance of Belfius’ loan books did not materialize yet. **The FY 2021 cost of risk is as such positively impacted by the material macro-economic recovery observed in 2021 and the clearly successful multi-dimensional policy measures.** As such, cost of risk FY 2021 includes a net release of part of that 2020 Covid-19 provision (evolving from EUR 331m end 2020 to EUR 216m end 2021), stemming from a release related to (i) the general macro-economic improvement (as IFRS 9 underlying economic parameters are being prudently and gradually adjusted towards anticipated improving economic context), (ii) moratoria that picked up their normal installments since more than 6 months, and (iii) some Covid-19 sensitive sectors and companies that fared better than anticipated. This release was partially compensated by additional provisioning for (i) moratoria running more than 9 months, (ii) companies in Covid-19 sensitive sectors suffering the most from the crisis, and (iii) the “structural” cost of risk through the cycle, not per-se linked to Covid-19.
- In terms of financial solidity metrics, **Belfius continues to be able to safeguard sound solvency, liquidity and risk metrics**, and as such strike the balance between (i) supporting in value creating way our dynamic commercial growth (even despite some regulatory adjustments increasing our Risk Weighted Assets), and (ii) remunerating its shareholder with meaningful ordinary dividends (EUR 1,692m since Belfius’ origins, including 2021 proposal). Belfius consolidated CET1 ratio as of FY 2021 stands at 16.4%, Belfius Insurance SII ratio at 190% and Belfius’ LCR ratio at 195%. Our asset quality ratio stands at 1.95%, down 7bps compared to December 2020 (and below the Belgian market’s average). This is further accompanied by a prudent coverage ratio of 60.4%.
- Belfius’ consolidated **Net Asset Value stands at EUR 11.0bn** end 2021 (vs EUR 10.2bn end 2020). The Board of Directors of 24 February 2022 decided upon a proposal for dividend (to the General Assembly of 27 April 2022) over 2021 year-end results of EUR 368.5m, representing a 40% pay-out ratio of net result eligible for pay out. Belfius’ RONRE stands at 11.8% as of end 2021 (6.7% as of end 2020).

Belfius' financial capacity allows to continue to support the Belgian society and to invest in a sustainable business model, thanks to strong pre-provision income reflecting the strong commercial dynamics, reinforced by improving economic environment

	2020	2021
Pre-provision income	EUR 1,149m	EUR 1,226m
Net income	EUR 532m	EUR 935m
Cost / income ratio	56.0%	54.6%
CET1 ratio	17.1%	16.4%
LT loans production	EUR 20.0bn	EUR 22.3bn
Net Asset Value	EUR 10.2bn	EUR 11.0bn
Dividend	EUR 207m	EUR 368.5m



2. Belfius at a glance

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- Belfius continues **to put the customer at the center of everything**. For each customer segment, we go the last mile in terms of customer satisfaction. To further underline this, we have adjusted our Belfius' segmentation, in order to « start even more from the customer ». As such, **our financial and commercial results will be reported centered around two new « commercial segments » : the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P)**. Individuals and Entrepreneurs, Enterprises and Public entities will be the two main cornerstones that replace the previous Retail and Commercial segment (RC) and Public and Corporate segment (PC). The Group Center, containing the residual results not allocated to the two commercial segments will remain as is. 2020 figures have been pro-formatted for this new segmentation.
- **Integrated bank-insurer**
 - net income of **EUR 935m**, of which **EUR 716m bank** and **EUR 219m insurance**
 - **bank-insurance approach shows material resilience** with strong diversification benefit in 2020 from our insurance activities, contributing 40% of total net results. In 2021, we are back to more standard contribution % from our Insurance activities, at 23% of total net results, seeing the excellent results of the bank (contributing for 77%)
 - **growing net fee & commission income** as a result of strategic investments in Asset Management, Private Banking and Wealth Management
- **Anchored in all segments of the Belgian economy**
 - **3.4m customers in Individuals (IND) and 374k customers in Entrepreneurs, Enterprises & Public (E&E&P)**
 - **loans to customers of EUR 102.2bn**, of which EUR 45.1bn to IND clients and EUR 57.0bn to E&E&P clients
 - **savings and investments of EUR 179.5bn**, of which EUR 118.4bn in IND and EUR 61.2bn 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**
 - **1.67m customers using mobile/tablet application at least once a day (on average)**
 - **leading & award winning mobile banking app**

2. Belfius at a glance

- As can be expected from Belfius' roots and in line with its purpose to be Meaningful and Inspiring for the Belgian Society, Belfius' product offering already includes strong ESG considerations:
 - EUR 2.1bn of outstanding AuM in Belfius' meaningful thematic asset management, i.e. our 6 "Funds of the future"¹, for which more than EUR 2m management fees have been donated to good causes since launch
 - already more than 40k customers using actively Belfius brand new and innovative investment app Re=Bel (launched in July 2021), making "investing with a cause" accessible to everyone
 - within Belfius' Beats concept (our innovative monthly subscription offering in payment and telecom services for individual customers, launched end of March 2021) already 151k customers selected the action theme (Health, Planet or People) to which they aspire themselves and require Belfius to contribute
- Risk and financial management, two key pillars supporting Belfius' capacity to continue to support the Belgian economy
 - strong solvency and liquidity position, well above all regulatory minima
 - sound credit quality, with continued solid Asset Quality Ratio, notwithstanding Covid-19 crisis
 - non-financial risks remain under control, as highlighted by the low level of operational losses and high level of workforce and customer applications' availability

Note 1. In January 2022, Belfius launched the 7th "Fund of the future - Belfius Equities Re=New", focused on circular economy.



Integrated bank-insurer servicing and supporting all segments of the Belgian economy in a sustainable manner

- More than 50 years of experience as bank and insurer of proximity for more than 3.7m customers: individuals, liberal professions, self-employed and companies
- More than 160 years of experience as the preferred partner to the public and social sector in Belgium

Belfius Bank & Insurance

Individuals (IND)¹

- #2² bank-insurer in Belgium with more than 3.4m customers in the Individuals segment, of which 145.4k clients in Private & Wealth
- leading & award winning mobile banking app
- EUR 45.1bn loans to customers
- EUR 118.4bn savings and investments

Entrepreneurs, Enterprises & Public (E&E&P)¹

- #1 bank to 10.3k Public & Social sector customers
- #3³ bank to 350k Professional customers
- #3³ bank in Corporate and serving 13.8k customers
- EUR 57.0bn loans to customers
- EUR 61.2bn savings and investments

Group Center (GC)¹

- ALM Liquidity Bond portfolio (EUR 6.8bn)
- Run-off portfolios
- ALM Yield Bond portfolio (EUR 3.4bn)
- IR Derivatives (EUR 9.4bn)
- Credit guarantees (EUR 2.5bn)
- Other non-core activities



3. Group Highlights

3. Group Highlights

- **10 years of consistent strategy** enable Belfius, every day a bit more than the day before, to continue to live up to its purpose of being **Meaningful and Inspiring for Belgian society**.
- Belfius' strategy and its execution thereof are able to **“connect the dots”, to strike the right strings**, in a way that allows Belfius to live up to its customers' trust and engagement, which is our ultimate “purpose of existence”.
- **The strong commercial dynamics of 2021**, in much improved economic environment compared to 2020, enabled Belfius to continue to (i) use its large volume of non-maturing deposits for financing loans to the Belgian economy and (ii) advise its customers to further diversify their investments also into structured bonds and off-balance sheet assets under management:
 - **very strong long term loan production in FY 2021**, especially to Corporate and Individual customers, at a level of EUR 22.3bn, as such bringing the total outstanding commercial loan volume of Belfius beyond EUR 100bn at EUR 102.2bn
 - **total S&I growth by EUR 15.7bn**, composed of EUR 8.6bn organic growth in non-maturing deposits, excellent organic growth of EUR 3.3bn in asset management, bonds and equity, net outflow of EUR 1.7 bn in other products (mainly BR21/26 and third party products), and a positive market effect of EUR 5.4bn
- **The FY 2021 net result (EUR 935m)**, much higher than EUR 532m in 2020, is the result of strong pre-provision income reflecting the **development of a flourishing commercial activity, executed with financial & risk management discipline, and supported by close to zero cost of risk** benefiting from partial reversal of the Covid-19 ex-ante credit risk provisions in light of the improving macro-economic context.
- The **growing pre-provision income** (EUR 1,226m in 2021 vs EUR 1,149m in 2020) is the result of our strategy that is leading to **continued income diversification**, with (i) **outstanding fees activity bank** (EUR 732m in 2021 vs EUR 622m in 2020), (ii) further **slightly increasing Nil bank** (EUR 1,623m in 2021 vs EUR 1,590m in 2020), despite pressure from low interest rates and higher non maturing deposits which is compensated by negative interest rates pricing policies, by increasing loan volumes at strict pricing and continued loan profile diversification, and by ECB TLTRO III low cost of funding, (iii) **continued good performance in life insurance income** despite some pressure on non-life insurance income, and (iv) **resilient results from financial markets but higher sector levies** of EUR -269m in 2021 (of which -256m for the bank) vs EUR -237m in 2020 (of which -222m for the bank).

3. Group Highlights

- Although our **anticipative approach on credit risk remains prudent**, especially because of the (still) somewhat uncertain impact from Covid-19 variants and from the (timely and calibration sensitive) exit-to-come from large monetary and governmental stimuli plans, the formerly anticipated impact of the pandemic on the credit stance of Belfius' loan books did not materialize yet.
- The FY 2021 **cost of risk** is as such **positively impacted by the material macro-economic recovery** observed in 2021 **and the clearly successful multi-dimensional policy measures**. As such, cost of risk FY 2021 includes a net release of part of that 2020 Covid-19 provision (evolving from EUR 331m end 2020 to EUR 216m end 2021), stemming from a release related to (i) the general macro-economic improvement (as IFRS9 underlying economic parameters are being prudently and gradually adjusted towards anticipated improving economic context), (ii) moratoria that picked up their normal installments since more than 6 months, and (iii) some Covid-19 sensitive sectors and companies that fared better than anticipated. This release was partially compensated by additional provisioning for (i) moratoria running more than 9 months, (ii) companies in Covid-19 sensitive sectors suffering the most from the crisis, and (iii) the "structural" cost of risk through the cycle, not per-se linked to Covid-19.
- During this long-lasting Covid-19 crisis, **Belfius i.a. continued to focus on (i) protecting the safety and health of its staff and customers (ii) servicing its customers in the best possible way and (iii) supporting them funding-wise** to get through these difficult times. In terms of support to the Belgian economy, as from March 2020 until end 2021 :
 - 25,992 accepted requests for deferred payments on EUR 5.4bn of loans, including renewals on roll-over loans, to corporate and business customers
 - 13,874 accepted requests for deferred payments on EUR 0.9bn of leasing contracts of corporate and business customers
 - 424 accepted requests for deferred payments on EUR 0.4bn of loans to the public sector (mainly social sector)
 - 19,614 accepted requests for deferred payments on EUR 2.0bn of mortgage loans under the general Covid-19 scheme, in addition to 11,293 accepted requests for deferred payments on EUR 1.3bn of mortgage loans under contractual terms
 - EUR 583m of new loans, to corporate, business, public and social sector customers, under the Belgian State guarantee scheme, were granted
 - at the end of 2021, out of the EUR 5.4bn of loans to corporate and business customers¹ that were granted moratorium since start of the Covid-19 crisis, EUR 0.08bn are, as of end 2021, still subject to payment holidays. 97.1% of corporate and business loans¹ for which the moratorium came to an end, have resumed their normal payments of formerly deferred amounts. For the mortgage loans, almost 100% of the clients have resumed the payments (also 100% in the public sector).

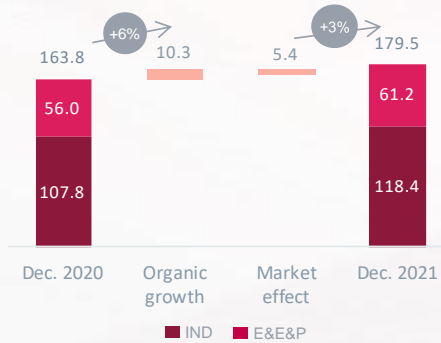
Note 1. Business and corporate customers/loans excluding leasing, including leasing this would amount to EUR 6.3bn granted moratoria, and pick-up rate of 97.9%.

A strong focus on serving our customers continues to translate into strong commercial dynamics: further volume growth in customer balances and lending

Group

Strong performance in savings & investments

Outstanding savings & investments EUR bn

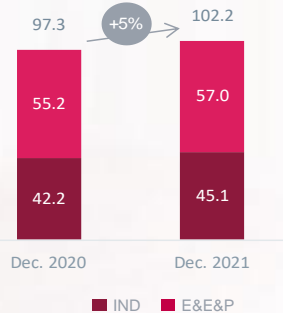


- Total savings & investments amounted to EUR 179.5bn in December 2021, up 9.6% compared to December 2020
 - IND displays strong increase of EUR 10.5bn, thanks to an organic growth of EUR 5.7bn, driven by both NMD and Asset Management, Bonds & Equity combined with a positive market effect of EUR 4.8bn
 - E&E&P's savings & investments increased by EUR 5.2bn, driven by organic growth of EUR 4.6bn and a positive market effect of EUR 0.6bn

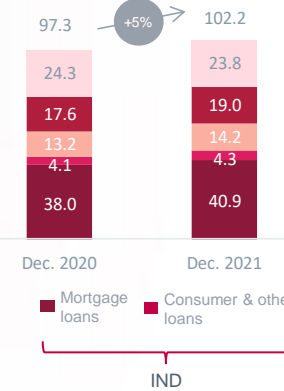
Group

Strong performance in loans to customers, excellent loan production in 2021

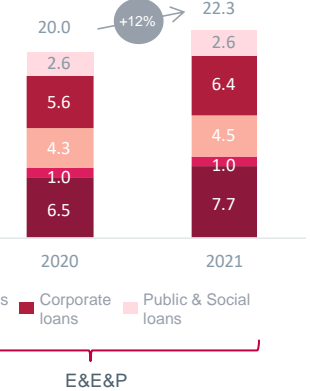
Outstanding loans to customers EUR bn



Outstanding loans to customers EUR bn



Long term Loan production EUR bn



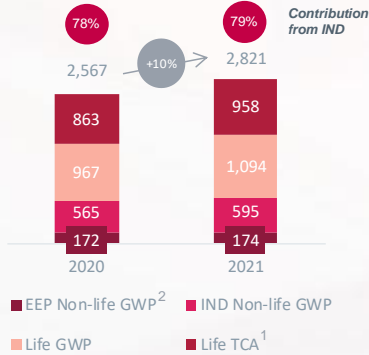
- Increase of loans outstanding of 4.9% towards EUR 102.2bn in December 2021 driven by a very strong LT loan production on all segments, growing by 17% in the Individuals segment and 8% in the E&E&P segment
 - On product level we note a strong increase in mortgage, business and corporate loans
- Loan production stood at EUR 22.3bn in 2021, up 12% from EUR 20.0bn in 2020. Mortgage production grew by 20% compared to 2020, whereas corporate loan production grew by 15% compared to 2020

Further volume growth in life and non-life insurance premiums, continuously strong financial margin on life insurance reserves

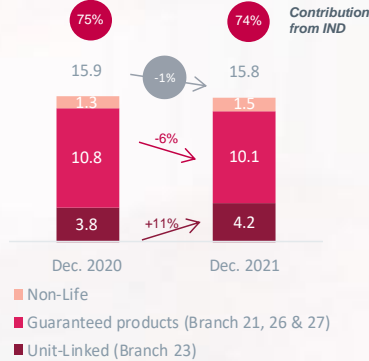
Insurance

Continued growth in non-life and continued gradual shift towards Branch 23 in life reserves

Insurance production
EUR m



Insurance reserves
EUR bn

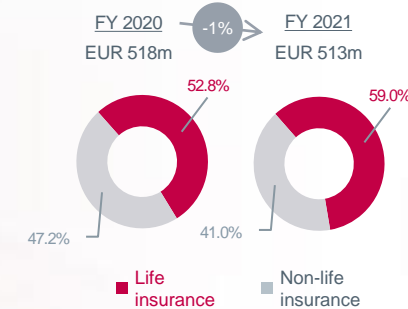


- Overall increasing non-life GWP (+4.4%) driven by the strong growth of IND non-life GWP to EUR 595m in 2021 (up 5.3% compared to 2020). Non-life GWP in the bank-insurance channel grew by +11.3% compared to 2020.
- In a lower-for-longer yield environment, a continued partial reinvestment from maturing Branch 21 into Branch 23/44 and other investment products leads to increasing life insurance production of EUR 2,052m, up 12.2% compared to 2020
- Continued implementation of the strategy to switch from guaranteed yield products to unit-linked products (+11.0% increase in unit-linked reserves), boosted by the bank distribution channel

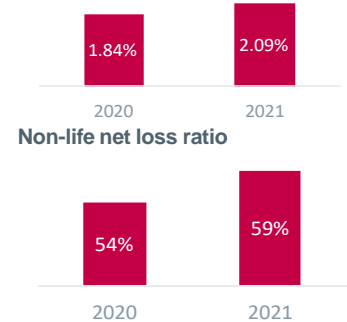
Insurance

Strong life income; non-life insurance contribution slightly decreasing

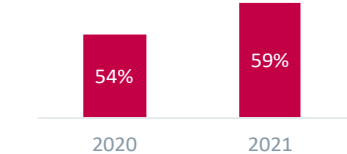
Insurance income
EUR m



Life income margin³



Non-life net loss ratio



- Lower non-life income, mainly impacted due to a higher claim frequency in motor insurance and a higher average claim expense in 2021, whereas 2020 was an exceptional year due to the lockdowns. Non-life income was also impacted by the floods of July 2021, with an impact of EUR 24m (net of reinsurance), and an additional provision for landslide risk. The net combined ratio was 97.0% in 2021, up 4 pp compared to 2020
- Continued strategic transformation of product mix towards more non-life and unit-linked products
- Life insurance contribution strongly increased from EUR 273m in 2020 to EUR 302m in 2021, thanks to continued excellent ALM management, strict pricing and sound life technical profitability, resulting in further increasing income on BR21 (Life Guaranteed Rate) contracts, despite decreasing average outstanding, and supported by strong sales on BR23 contracts

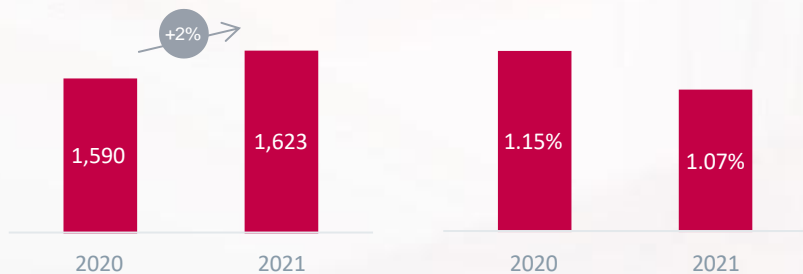
Continued strong commercial dynamics and strict balance sheet management discipline enable to further increase NII. Success of our transformation into a “Bank for Investors” translates into strong growth in F&C income

Bank

Resilient & slightly growing NII, despite low interest rate environment

Net interest income Bank
EUR m

NIM¹



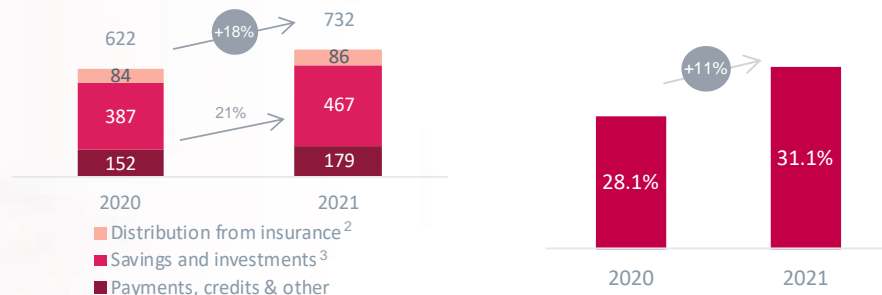
- Net Interest Income Bank remained resilient and has been even slightly growing. The increasing loan volumes at strict pricing, the ECB's measures (TLTRO III and two-tier system deposit) and the loan portfolio composition (more non-financial corporate loans and mortgages with higher margins than public loans) counterbalanced the negative impact of the historically low interest rate environment especially on the interest margin of further increasing volumes of non-maturing deposits.
- Strict risk-based pricing discipline on both sides of the balance sheet enabled to contain the decrease of NIM to only 8 bps, from 1.15% per FY 2020 to 1.07% per FY 2021

Bank

Increase in bank fee & commission income

F&C income Bank
EUR m

Bank income diversification
% Fees / (Fees + NII)



- Strongly increasing fee and commission income (+19%)
 - increasing fees from savings & investments (+21%) thanks to excellent fee performance on asset management services following strong volume growth and high cash-in, leading to strong management and entry fees.
 - increasing contribution from distribution of insurance policies, in line with the continued growth of non-life insurance via the bank distribution channel
 - increase in payments, credits & other from EUR 152m in 2020 towards EUR 179m in 2021 thanks to disciplined and innovative service offering embedded in strong commercial dynamics
- Strong F&C income also demonstrated through an increasing fee diversification ratio to 31.1% in 2021 (vs 28.1% in 2020)

Overall, strong commercial dynamics in full alignment with desired financial strategy, lead to total revenues increasing with 3% year-on-year

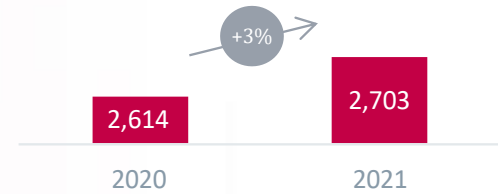
Group
Other income lower than last year due to higher bank levies

Other income
EUR m



Group
Increasing total revenues in line with strong commercial dynamics

Total income
EUR m

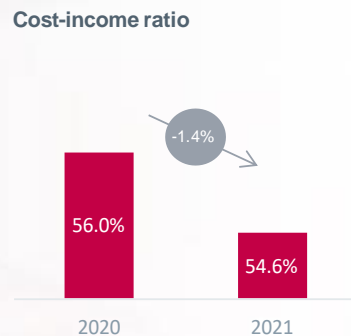
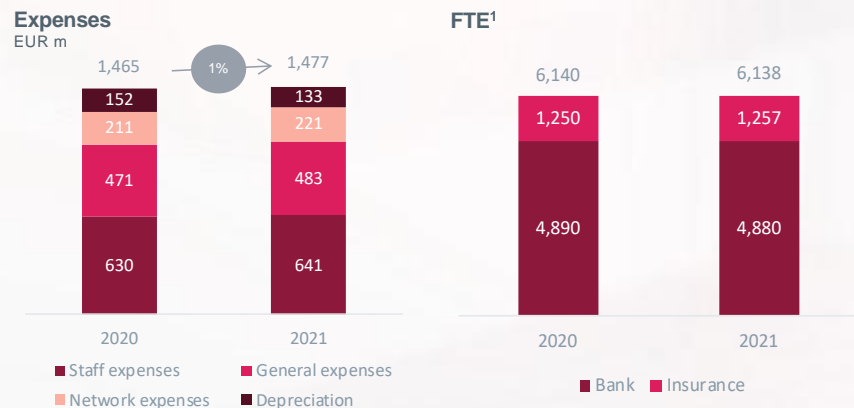


- Other income 2021 amounted to EUR -165m, more negative than 2020 (EUR -116m)
- As always, the other income is negatively impacted by the booking of the bank levies¹ (EUR 256m for 2021 vs EUR 222m for 2020). The higher levies are partly offset by positive trading and hedge results compared to 2020 that was hit by the turmoil on financial markets due to the Covid-19 crisis

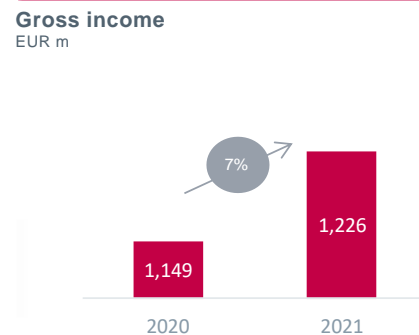
- Strong commercial dynamics and strict balance sheet management discipline lead to increasing total revenue base, mainly thanks to:
 - excellent fees activities
 - continued lending growth at strict pricing
 - good performance in life insurance
- Total income amounted to EUR 2,703m in 2021 (vs EUR 2,614m in 2020)

These income dynamics, combined with continued cost containment, lead to strongest pre-provision income since Belfius' origins

Even with strategic investments in IT & digital, costs remain well contained



All in all, leading to a strongly improved pre-provision income



- 2021 expenses remained fairly stable compared to 2020 thanks to general cost control measures, notwithstanding Belfius' continued growth journey driven by digitalization and modernization. The excellent service quality that Belfius was able to give to its customers during the Covid-19 lockdowns and that continued to translate into strong commercial dynamics underlines the pertinence of this digital transformation strategy. C/I ratio decreased to 54.6% per 2021 compared to 56.0% per 2020
 - staff expenses increased with EUR 11m compared to 2020, due to standard natural wage drift
 - general expenses increased slightly towards EUR 483m, up with EUR 12m compared to 2020, in line with growing commercial activity and less Covid-19 related lockdowns, leading to higher marketing costs, relating to the many innovative initiatives launched in 2021, and to higher external workforce costs
 - network costs have slightly increased, in sync with the excellent commercial performance
 - depreciation costs decreased compared to prior year, mainly due to accelerated write offs performed in 2H 2020 given the rapid changes in technology and the accelerated uptake of digital services as a consequence of the Covid-19 pandemic

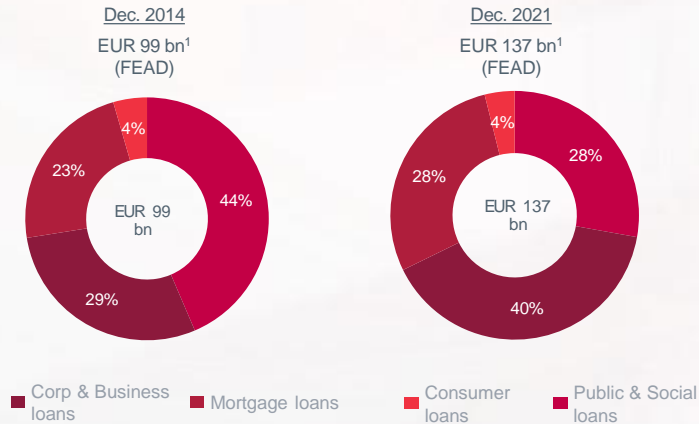
- All in all, the combination of strong income dynamics, despite the lower-for-longer interest rate environment, and well contained operating expenses, while continuing to invest structurally in our commercial activities, in Belgian talents, and in IT and digitization, led to a strong increase in pre-provision income to EUR 1,226m in 2021 (vs EUR 1,149m in 2020)

Resilience of the loan portfolio following gradual diversification since 2015 and continued strict risk management discipline

Especially from 2015 onwards our commercial loan & commitments franchise has been further developed and diversified

Evolution of the loan and commitments portfolio

%

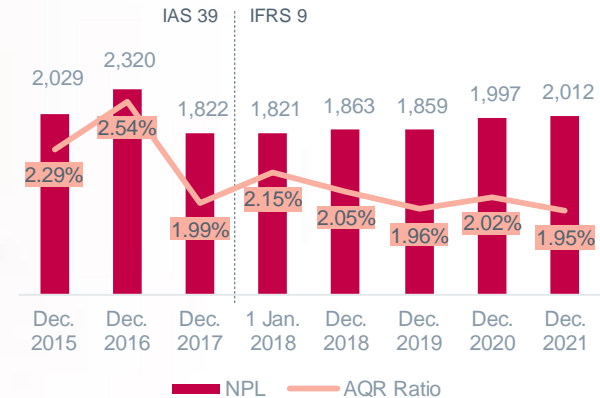


- Belfius is focusing on supporting all segments of the Belgian economy, and has been able to develop a more balanced loan portfolio.
- The mortgage loan portfolio increased from EUR 22.9bn per end 2014 to EUR 39.0bn per end December 2021, reaching 28% of the FEAD.
- The corporate and business loan portfolio increased from EUR 28.8bn per end 2014 to EUR 54.9bn per end December 2021, reaching 40% of the FEAD.

Stable asset quality supported by portfolio diversification and strong portfolio management

Evolution of impaired loans to customers

EUR m



- Despite the strong growth of the loan portfolio, the impaired loans to customers remained globally stable in the last years and landed on EUR 2,012m per end of December 2021, reflecting the solid quality of the portfolio.
- The asset quality ratio has improved since 2018 and improved slightly again in 2021, reflecting the intrinsic resilience level of the portfolio and the relevance of support measures, including moratoria and a well targeted write-off policy.

Zoom on cost of risk: IFRS 9 impairment methodology

IFRS 9 impairment methodology at Belfius and Covid-19 elements

- In the unprecedented context of the Covid-19 events, Belfius' basic principles for ECL (expected credit losses) computations have in design remained largely unchanged, however some material Covid-19 related adjustments to the existing approach were required in order to:
 - maintain adequate coverage ratios on estimated credit-risk impaired exposures and avoid cliff effects
 - comply with updated regulations, for instance on forbearance and guidelines to avoid too strict pro-cyclicality
- In the Covid-19 perspective, the cost of risk is built according to a waterfall principle:
 - **Pillar 1:** the provisions for stage 1 and 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions; calculations are based on a long-term average (2009-2022) for all the relevant macroeconomic factors, with a backward and a forward looking part, using 4 scenarios (neutral, optimistic, pessimistic and stress);
 - **Pillar 2:** if Belfius considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added;
 - **Pillar 3:** if, additionally, expert analysis pointing to counterparts with a potentially increased credit risk, that were not detected by the mechanical approach and not yet classified 'as unlikely to pay', the provisions constituted could be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added;
 - **Pillar 4:** for counterparts in a default status (stage 3), the normal impairment process is run and specific provisions are calculated and booked.
- This approach is deemed to reflect the expected credit losses in a best estimate way, including our current best estimate "ex-ante provisioning" of expected losses due to the effects of the Covid-19 crisis. However since the evolution of the Covid-19 pandemic and its economic impacts remain uncertain, upward or downward adjustments remain therefore possible in the coming quarters.

In 2021, the following adjustments were made:

With regard to pillar 1

- A quarterly update of the macroeconomic factors in line with the expectations of Belfius Research.
- The weights to define the long-term average of the macroeconomic factors have been reviewed in 2021, with a shift from the historical time-series 2009-2020 towards 2021 and 2022, in order to put more weight on the current and the forward-looking component of the long-term average.
- In 2020, more probability weight was put on the pessimistic and stress scenarios to reflect the uncertainty linked to the Covid-19 pandemic. Due to the economic recovery that was observed in 2021, Belfius decreased these weights in favor of the neutral and optimistic scenario.

With regard to pillar 2

- The overlays have been reviewed in the course of 2021 to increase provisions on clients with a deteriorated risk profile and to reduce provisions on clients with a normalised risk profile.



Zoom on cost of risk: Pillar 1: IFRS 9 macroeconomic scenarios

Belfius revised its IFRS 9 macroeconomic scenarios to reflect improved macroeconomic parameters

Neutral scenario

GDP (%y-o-y)	2021 _(2Q21)	2022 _(2Q21)
Belgium	5.9 _(5,5)	3.2 _(3,3)
Eurozone	4.8 _(4,4)	4.4 ₍₄₎
United States	5.8 _(6,5)	4 ₍₄₎

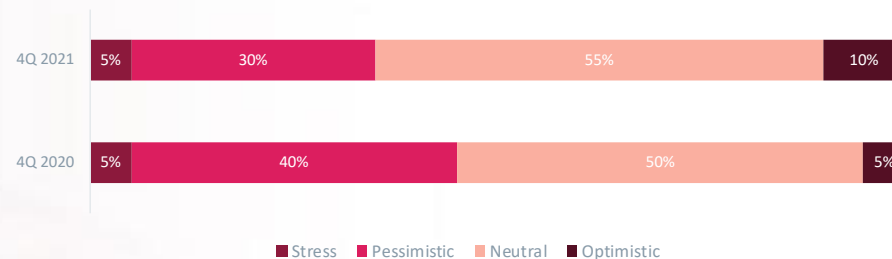
CPI (%y-o-y)	2021 _(2Q21)	2022 _(2Q21)	Unemployment (%y-o-y)	2021 _(2Q21)	2022 _(2Q21)
Belgium	2.2 _(1,8)	2 _(1,4)	Belgium	7.9 _(7,9)	6.6 _(6,6)
			Eurozone	9.1 _(9,1)	8.5 _(8,5)

Four scenarios GDP Belgium (%y-o-y)

Scenarios for year	As of end 2020	As of end 2021	
	2021	2021 _(2Q21)	2022 _(2Q21)
Optimistic	9.0	6.5 _(6,5)	4 _(3,9)
Neutral	3.9	5.9 _(5,5)	3.2 _(3,3)
Pessimistic	3.1	4.2 _(4,2)	1.3 ₍₂₎
Stress	2.3	2 ₍₂₎	1.4 _(1,4)

The weights allocated to each macroeconomic scenario were adjusted in 4Q 2021, reflecting the recovering economy

Probability weighted forward-looking scenarios



- Due to the economic recovery that was observed in 2021, Belfius adjusted the scenario weights of its four economic scenarios during Q4 2021 as well as the underlying macro-economic factors.

Zoom on cost of risk

Pillars 2 and 3: IFRS 9 detailed analyses leading to expert overlays

Expert overlays added to mechanical provisioning

Risk pockets

Covid-19 sensitive exposures

- vulnerable companies with low ratings belonging to sectors identified as highly impacted by Covid-19 and flagged as having lower resilience
- commercial real estate loans, with focus on leisure and retail-trade linked real estate
- mortgage loans with indicators reflecting potentially higher risk pockets (buy-to-let loans, loans to borrowers with low ratings)

Moratoria

- clients with matured moratoria for which no pickup of the repayment scheme was observed since 6 months
- clients with running moratoria

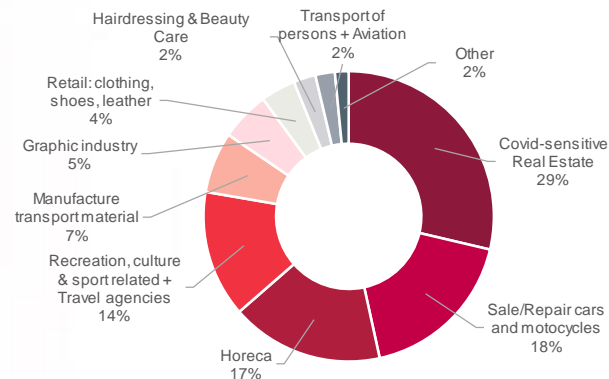
Individual names

- borrowers that were detected in the portfolio screening as potentially subject to a deteriorating credit standard, but that were not classified as “increased risk” in the mechanical approach and not yet classified “as unlikely to pay”

- Belfius combines the “Covid-19 adjusted” mechanical calculations with expert overlays. These overlays are designed to result, overall, in best estimate total coverage of ECL in some specifically identified risk pockets (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated to be (potentially) insufficiently covered by the mechanical provisions.
- In 2020, the extensive credit reviews and portfolio assessments fed the formal quarterly impairment process and resulted into shifts of individual files or risk pockets from stage 1 to 2 and to the application of the Expected Credit Loss levels that were deemed adequate to cover the increased credit risk.
- During 2021, as Belfius gained more granular insights into the financial parameters of the underlying exposures, the various overlays were carefully reviewed and either increased, maintained or reversed.

E&E Covid-19 sector sensitive exposures by sector

2.4% of total portfolio (FEAD)¹



- Regarding the overlays to Covid-19 sector sensitive exposures and taking into account the evolving economic impacts in the last 18 months, the initial sector sensitivity approach has been re-assessed in 2H 2021.
- The sectors still suffering the most from the crisis have been confirmed as vulnerable, whereas other retail activities and business services that have recovered throughout 2021 and show a pre-covid business performance were removed from the scope.
- Belfius exposure to Covid-19 sensitive sectors is limited to 2.4% of its total portfolio.

Zoom on cost of risk

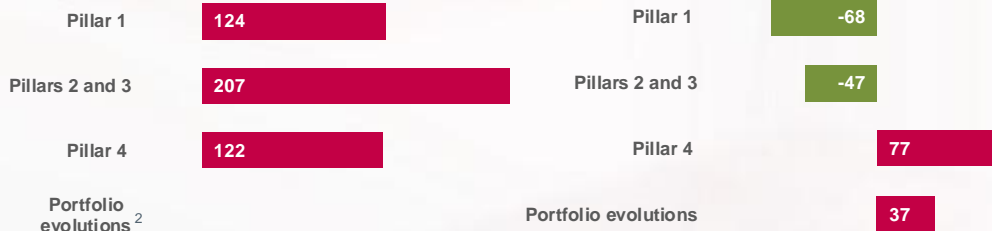
Resulting cost of risk metrics 2021 (1/2)

Belfius' Covid-19 related provision remains at solid level (EUR 216m end 2021 vs EUR 331m end 2020). 2021 CoR has been positively impacted by the macro-economic recovery and customer resilience in a context still marked by the on and off flickering of the pandemic

EUR m

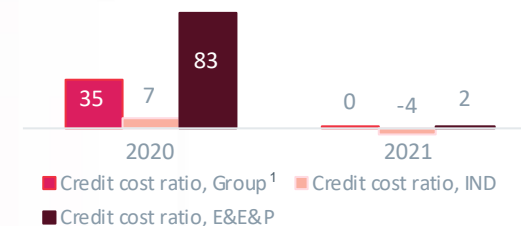
Cost of Risk 2020: EUR 453m

Cost of Risk 2021: EUR -1m



Credit cost ratio

Bps



- In 2020, the application of this provisioning logic resulted in a Cost of Risk of EUR 453 million, of which a Covid-19 driven overlay of EUR 331 million was the most significant contributor, in particular to cover for potential credit risk impacts in the Business and Corporate segments.
- In 2021, the Cost of Risk comes down to a net reversal of EUR -1 million. Main drivers of this figure are the release of the Covid-19 buffer for an amount of EUR -115 million (mainly reflecting improving macroeconomic conditions and a re-assessment of the potential Covid-19 effects on the loan portfolio) and a still moderate allowance for defaulted loans of EUR 77 million.
- Belfius' anticipated approach on credit risk remains prudent, especially because uncertainty about new Covid-19 variants and the second-round effects of the pandemic, raising concerns about the economic recovery (a.o. from disruptions of the supply chains – causing shortages and production delays –, the scarcity of resources and labour capacity putting pressure on the activity level in several industries, while energy prices soar and inflation forecasts are peaking).

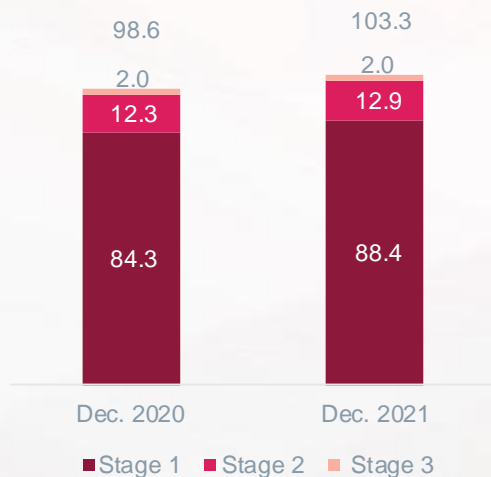
Zoom on cost of risk

Resulting cost of risk metrics 2021 (2/2)

Asset quality metrics 2021 – Consolidated Bank balance sheet

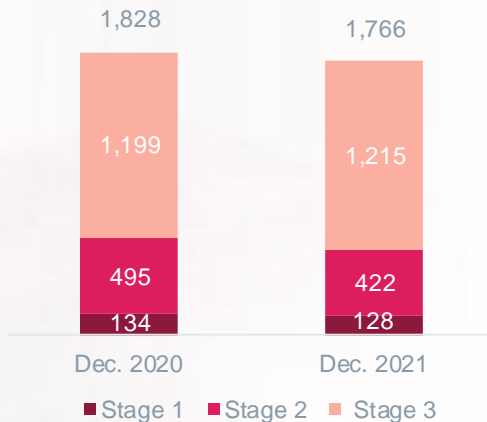
Gross outstanding loans to customers

EUR bn



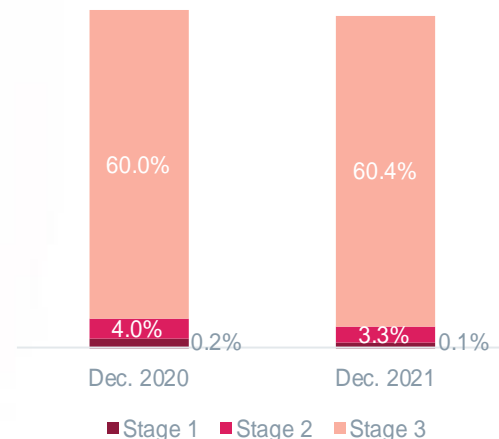
Stock of impairments on loans to customers

EUR m



Coverage ratio

%



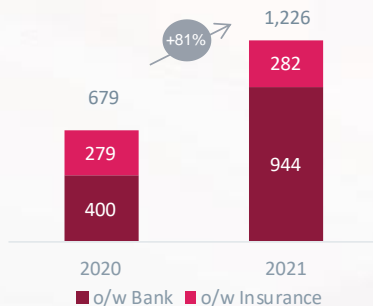
- The IFRS9 outstanding stock of impairments on loans to customers slightly decreased with 3% towards EUR 1.77bn per end of December 2021.
- The decrease is visible in stage 1 and stage 2, thanks to the improving macroeconomic conditions, effectiveness of policy & support measures, leading to lower anticipated negative impacts from the Covid-19 crisis. Stage 3 is higher than end 2020 due to additional provisions for defaulted exposures, especially in Corporate segment.

Higher net income as a result of strong commercial dynamics, at disciplined risk & financial management, and benefitting from a of cost of risk close to zero

Group

Increasing NIBT

Net income before tax
EUR m

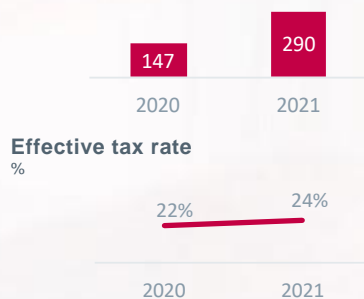


- Net income before tax amounts to EUR 1,226m in 2021, compared to EUR 679m in 2020, a very strong increase thanks to increasing pre-provision income and strongly benefitting from lower cost of risk.

Group

Higher tax expenses

Tax expenses
EUR m

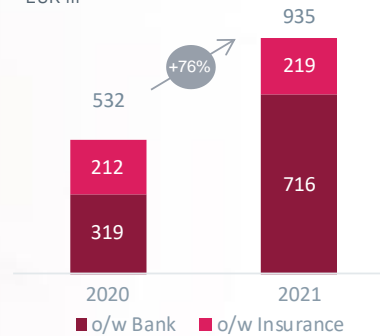


- Consolidated effective tax rate stands at 24% per end of December 2021, nearly in line with the statutory tax rate of 25%.
- Tax expenses amount to EUR 290m in 2021, compared to EUR 147m in 2020, driven by the materially higher taxable profit.

Group

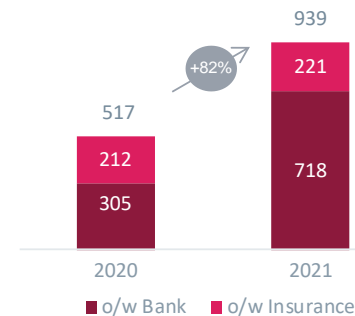
Higher net income

Net income
EUR m



- Overall, dynamics are leading to a net income of EUR 935m in 2021, compared to EUR 532m in 2020.
- Excluding special items (see appendix), adjusted net income of EUR 939m in 2021, compared to EUR 517m in 2020.

Adjusted net income
EUR m





4. Segment Results¹

Note: 1. Our financial and commercial results will be reported centered around two new « commercial segments » : the individual customer (« Individuals », abbreviation IND) and the SME, corporate and institutional customers (« Entrepreneurs, Enterprises and Public entities », abbreviation E&E&P). Individuals and Entrepreneurs, Enterprises and Public entities will be the two main cornerstones that replace the previous Retail and Commercial segment (RC) and Public and Corporate segment (PC). The Group Center, containing the residual results not allocated to the two commercial segments will remain as is. 2020 figures have been pro-formatted for this new segmentation.



4.1 Individuals

- Individuals segment showing continued strong commercial momentum:
 - customer savings & investments (+10%): strong organic growth (EUR +5.7bn) since end 2020, combined with a positive market effect (EUR +4.8bn)
 - outstanding loans to customers (+7%) continued to grow in mortgage segment
 - continued strong performance in GWP non-life (+5%), especially via bank distribution channel (+10%)
- Net interest income of IND amounts to EUR 547m, remaining stable compared to EUR 544 in 2020, driven by the strong loans volume growth at further improving margins on stock partially compensated by the margin pressure on non-maturing deposits
- Strong increase in fee & commission income of 19% that is mainly driven by higher entry and management fees on asset management services and by higher fees from payment services
- Total insurance income increases by 1% to EUR 399m in 2021, mainly driven by a strong increase of life insurance income to EUR 227m in 2021 (compared to EUR 205m in 2020), offset by a decrease in non-life results to EUR 172m in 2021 (compared to EUR 190m in 2020)
- Operating expenses remain stable compared to 2020, an excellent performance in such strong commercial dynamics, benefiting from strict cost controls, even considering the continued investments in strategic priorities such as Investment Services, IT and digitization
- Strong growth of pre-provision income to EUR 563m (vs EUR 466m in 2020)
- The cost of risk in IND amounts to EUR -17m (reversal) 2021 compared to EUR 30m in 2020
- As a result, net income IND strongly increases to EUR 446m, up from EUR 333m in 2020

Solid commercial activity leads to further volume growth and developing asset management services franchise

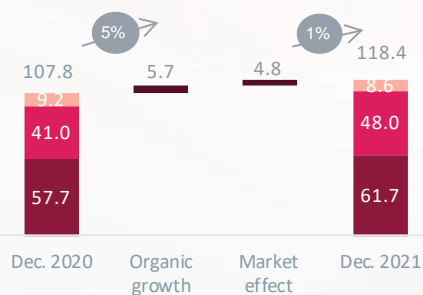
Individuals

Bank

Solid growth in savings and investments and loans to customers

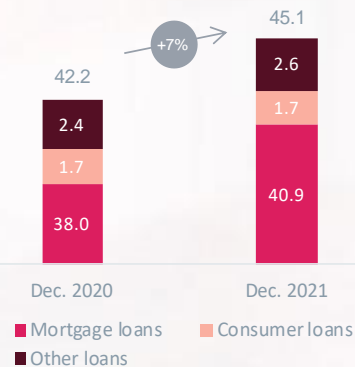
Outstanding savings & investments

EUR bn



Outstanding loans to customers

EUR bn



- OG/ME
- Other S&I²
- Asset Management, Bonds & Equity
- Non maturing deposits

- Mortgage loans
- Consumer loans
- Other loans

Solid growth in savings and investments and loans to customers

Active mobile users

x 1,000



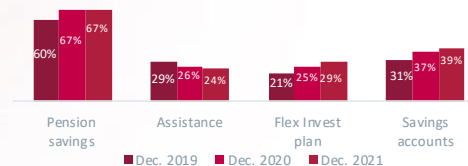
Credit cards



~38% of credit cards are sold through direct channels¹

Sales through direct channels¹

%



Customer equipment rate

3.11

Products per customer

- The individuals segment continues to show overall excellent activity dynamics despite increased pressure from continuing growth of non-maturing deposits:
 - strong organic growth (EUR +5.7bn), driven by NMD but also on Asset Management, Bonds & Equity, testimony of growing investor base of Belfius, combined with a positive market effect (EUR +4.8bn)
- Outstanding loans increased by EUR 3.0bn (+7.0%) compared to end 2020. The increase is almost fully stemming from the growth in mortgage loans.

- Continued strong customer engagement resulting into steady increase of active mobile users (+13% vs. end 2020), with on average 36.6 mobile interactions per user per month in 2021.
- Belfius continues to extend the functionalities of its direct channels. In 2021, 67% of the new pension savings contracts, 38% of the new credit cards and 39% of the new savings accounts were subscribed via direct channels.
- Average equipment rate of IND customers remained fairly stable at 3.11 (compared to 3.12 end 2020).

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

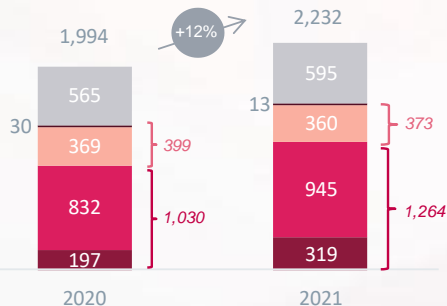
Individuals

Group

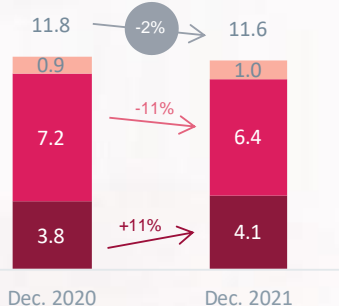
Insurance

Insurance sales & reserves in line with product mix evolution

Insurance production EUR m



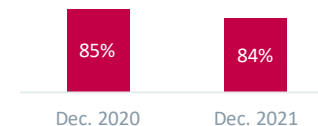
Insurance reserves EUR bn



Continuously solid bank-insurance cross-sell

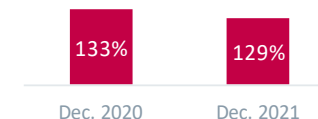
Property insurance

Belfius Home & Family cross-sell (%)



Credit linked life insurance

Belfius Home Credit Protect cross-sell (%)³



- IND non-life insurance premiums in 2021 stands at EUR 595m, up 5.3% compared to 2020, continuously boosted by the bank distribution channel (+10.0%).
- IND life insurance (unit-linked and guaranteed) production stands at EUR 1,637m in 2021¹, up 14.6% compared to 2020²:
 - unit-linked (Branch 23) production increased by 22.8% as 2021 was particularly strong in terms of Branch 23 thanks to our renewed Br23 offering
 - guaranteed life (Branch 21/26) production decreased with -6.6%, in line with the continued low interest rates environment
- Total IND insurance reserves stand at EUR 11.6bn per 2021: unit-linked reserves increases by 10.6% showing combination of good production and positive market effect, while guaranteed life reserves decreases by -10.6%, demonstrating the ongoing life product mix transformation from guaranteed products to unit-linked products.
- Belfius continues to show solid mortgage loans related cross-sell ratios, confirming strong bank-insurance development. The slight decrease in credit-linked life insurance cross-sell is mainly due to lower insured amounts, in line with demographic trend towards more single-person mortgage loans and dwellings.

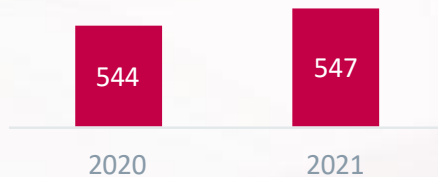
Very strong increase of F&C income as a result of Belfius' successful "Bank for Investors" strategy

Individuals

Bank

Resilient net interest income despite challenging interest rate environment

Net interest income
EUR m

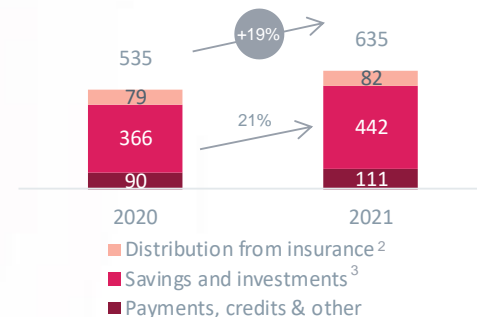


- Stable NII amounting to EUR 547m in 2021 (an increase of EUR 3m compared to 2020):
 - driven by the strong loans volume growth at disciplined pricing, compensated by the margin pressure on further increasing volumes of non-maturing deposits
 - and funding cost benefitting from the TLTRO III advantage.

Bank

Strong fee and commission income

F&C income
EUR m



- Strongly increasing fee and commission income (+18.6%):
 - Higher fees from savings & investments driven by increasing entry and management fees on Asset Management services, thanks to the success of Belfius' "Funds of the future" offering (Climate, Cure, Wo=Men, Be=Long, Move and Become).
 - Higher fees from payments, credits and other, contributing an additional EUR 21m to the total growth of EUR 100m.

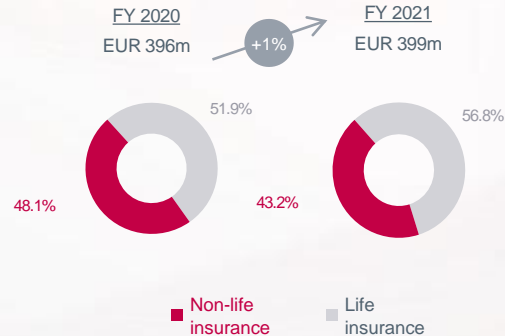


Stable contribution from insurance activities, thanks to excellent life contribution. Other income impacted by continuously increasing bank levies. Overall, strongly growing total income

Insurance

Stable contribution from insurance

Insurance income
EUR m



- IND life insurance contribution amounts to EUR 227m, up 10.3% compared to 2020. Life income is benefiting from solid ALM management leading to strong financial margins. 2020 was impacted by Covid-19 related turmoil on financial markets.
- IND non-life insurance contribution reached EUR 172m (-9.6% vs. 2020), lower than last year due to higher claims in Car & Property, partially also linked to July floods, and somewhat lower net boni's on claims from the past.

Group

Other income impacted by bank levies

Other income
EUR m



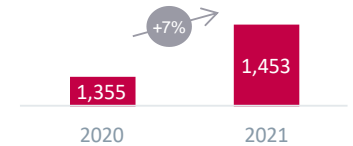
- Other income decreases by 5.5% towards EUR 127m, mainly due to higher bank levies, partially offset by higher received dividends in financial markets activities.

Individuals

Group

Growing total income

Total income
EUR m



- Strongly increasing revenues (+7.3%) demonstrating the pertinence of Belfius' IND strategy in the context of the recovering macroeconomic environment.



Strategic initiatives with further investments in Asset Management, Private banking and Wealth Management services, IT and digital are executed within strict overall cost control framework. Reversals of Covid-19 related provisioning further contributing to higher net income

Individuals

Group

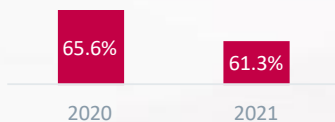
Well controlled operating expenses

Expenses
EUR m

bank branches



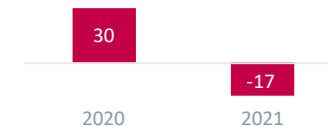
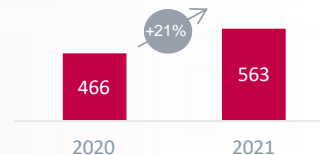
Cost-income ratio
%



Growing pre-provision income, high net income

Gross income
EUR m

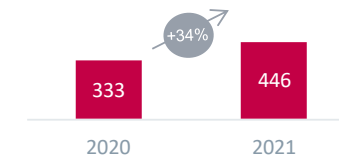
Cost of risk
EUR m



Credit cost ratio¹
Bps



Net income
EUR m



- Expenses remain fairly stable in 2021 compared to 2020 thanks to (i) cost control measures notwithstanding Belfius' ambitious growth journey driven by digitalization and modernization, and (ii) accelerated depreciation during 2H 2020 of some internally developed software.
- Belfius continues to gradually adjust its physical branch network, in line with customer behaviour and digitalisation trend.
- Increasing income thanks to our excellent commercial dynamics and stable expenses lead to a decrease of the cost-income ratio in IND segment to 61.3% (from 65.6% in 2020).

- High pre-provision income of EUR 563m (vs EUR 466m in 2020), showing strong increase thanks to growing business model of the segment Individuals.
- Higher cost of risk and credit cost ratio per 2020, which was heavily impacted by the Covid-19 crisis. Benign credit stats during 2021 lead to a reversal of EUR -17m in CoR for the Individuals segment.
- Total net income of IND segment amounts to EUR 446m in 2021 (up from EUR 333m in 2020).

4.2 Entrepreneurs, Enterprises & Public

- Even more relevant during Covid-19 crisis times, the Entrepreneurs, Enterprises & Public segment continues to develop into full-blown bank for Belgian business and corporate clients, and remains the leading full service provider in the Belgian Public & Social segment
 - continued increase in loans to E&E&P customers (+3%)
 - continued momentum in Debt Capital Markets; participation rate of 87% within the Public and Social segment
 - 14 equity capital market transactions for various corporate clients, continuously building on the partnership with Kepler Cheuvreux
- Strong growth in NII despite low interest rate environment, showing increase of 9% towards EUR 865m per 2021, thanks to growing and continuously diversifying loan base
- Strong increased contribution of fees and commissions (+12%) towards a net F&C income of EUR 104m in 2021
- Decreasing income contribution from insurance due to the decrease in non-life insurance, partly offset by the increasing contribution from life insurance activities
- Operating expenses remain stable in line with general cost containment program
- Growing pre-provision income, to EUR 635m in 2021 (vs EUR 571m in 2020)
- The cost of risk amounts to EUR 10m (additional allowance) in 2021, compared to the cost of risk of EUR 456m in 2020
- All-in-all leading to a strong net income in E&E&P segment of EUR 482m in 2021, compared to EUR 82m in 2020

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

E&E&P

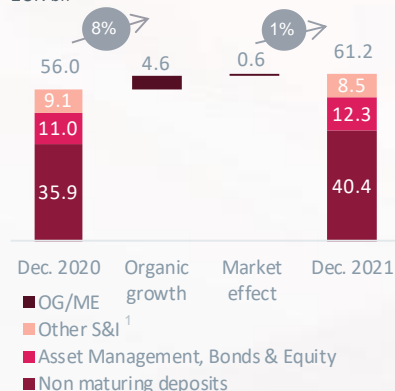
Group

Bank

Savings & investments and loans & commitments to customers

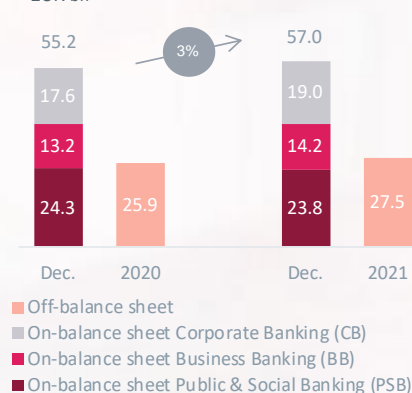
Outstanding savings & investments

EUR bn



Outstanding loans and commitments

EUR bn



Debt and Equity Capital Markets activities

DCM activity and participation rate

EUR bn; %



Equity Capital Markets (ECM)

14 Transactions in FY 2021

- Our franchise towards Entrepreneurs, Enterprises & Public continues to grow towards full-blown lead bank for Belgian business and corporate clients and remains the reference for the Public & Social segment:
 - total customer balances amounted to EUR 61.2bn, up 9.3% compared to end 2020, a combination of organic growth (EUR +4.6bn) and a positive market effect of EUR 0.6bn
 - the outstanding loans increased with 3.4% compared to end 2020, driven by Corporate & Business Banking

- E&E&P clients maintain diversified financing profiles through DCM activity
 - during 2021, Belfius has placed a total of EUR 4.6bn short term notes and EUR 2.9bn long term notes for PSB and CB customers
 - Belfius kept its participation rate for PSB clients stable at 87%
- Belfius also structured and placed a total of 14 capital market transactions within ECM for various CB clients in close cooperation with Kepler Cheuvreux with whom Belfius entered into a strategic partnership in November 2017.

Growing NII thanks to disciplined pricing and strong and diversified growth of the loan book, alongside continued strong growth in fees and commissions

E&E&P

Bank

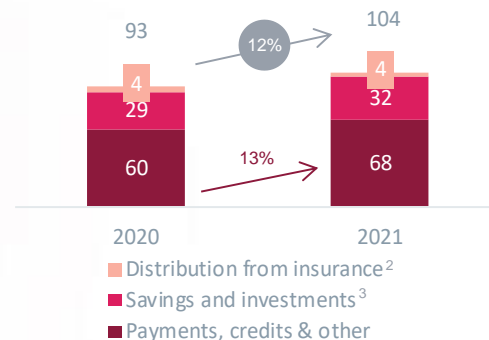
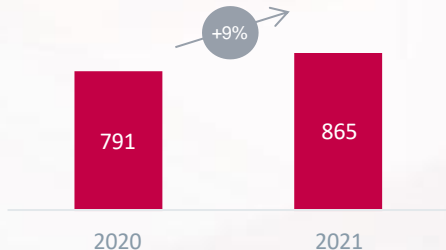
Bank

Growing net interest income despite challenging interest rate environment

Increasing fees & commissions

Net interest income
EUR m

F&C income
EUR m



- Increasing bank NII for E&E&P to EUR 865m, mainly thanks to further growing loan volumes in the business and corporate segment, disciplined control of the margins and pricing in a negative rate environment, and funding cost benefitting from the TLTRO III advantage.

- Good commercial interaction between lending and non-lending services lead to an increase of 11.9% in fee and commission income.



Despite decrease of insurance contribution and higher bank levies, overall E&E&P is showing strong growth in total income in line with strong commercial dynamics

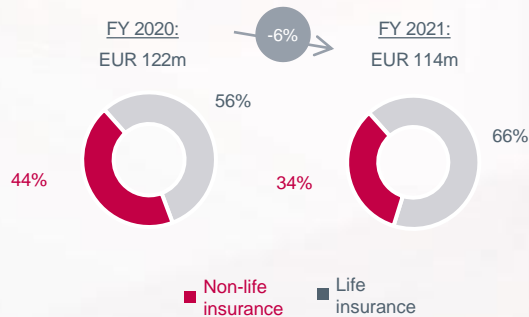
E&E&P

Insurance

Lower contribution from insurance activities

Insurance income

EUR m



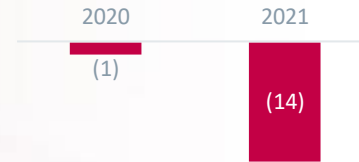
- E&E&P life insurance results evolving positively in 2021 (EUR 76m, up EUR 7.7m vs 2020) mainly thanks to better financial markets and solid ALM management.
- Non-life results are down by EUR 15.4m compared to 2020 and amount to EUR 38m in 2021. This is mainly due to additions to reserves on previous years' claims.

Group

Other income impacted by increasing bank levies

Other income

EUR m

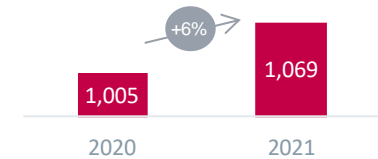


- Other income decreased with EUR 13m compared to last year, mainly due to higher bank levies.

Strong increase of total income

Total income

EUR m



- Strong NII, higher fee and commission income, partly offset by lower insurance and other income, lead to an increasing E&E&P total income of EUR 1,069m in 2021.



Strategic initiatives with further investments in Corporate and Business Banking, IT and digital, are executed within strict overall cost control framework.

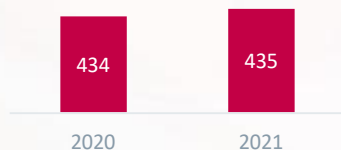
E&E&P

Group

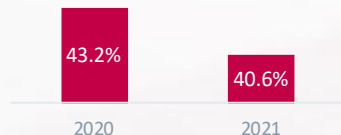
Group

Improved cost-income ratio

Expenses
EUR m

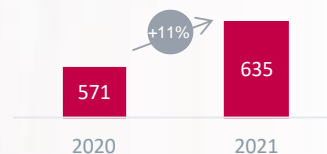


Cost-income ratio

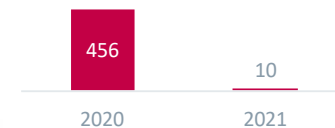


Growing pre-provision income leading to strong rebound in net income

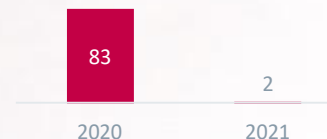
Gross income
EUR m



Cost of risk
EUR m



Credit cost ratio¹
Bps



Net income
EUR m



- The impact of Belfius' strategic development and digital and IT investment programs is almost fully compensated by strict cost control measures.
- Cost-income ratio of E&E&P (40.6%) improves vs 2020 (43.2%).

- Overall, pre-provision income E&E&P shows strong growth.
- Decrease of the credit cost ratio mainly stemming from the macroeconomic recovery and our expert judgement analyses, within Covid-19 context.
- In comparison to 2020, the net income of E&E&P strongly rebounds to EUR 482m in 2021.



4.3 Group Center

- GC total income amounted to EUR 181m in 2021, EUR 74m lower than last year, mainly due to higher bank levies, lower NII (more funding to be invested at negative deposit facility rate) and some further opportunistic derisking
- Pre-provision income GC lower than in 2020 (EUR 28m vs 112m)
- The cost of risk stands at EUR 6m in 2021 (allowance), compared to EUR -33m (reversal) in 2020, mainly related to the reversal of some credit risk provisions
- GC tax expenses amount to EUR 14m in 2021 compared to EUR 27m in 2020
- Overall, GC net income decreases to EUR 7m in 2021 compared to EUR 117m in 2020
- The run-off portfolios continue their gradual (natural) run-off, accompanied by some opportunistic derisking actions (unwinds or novations)

Reminder – summary overview of Belfius' Group Center

Belfius' Group Center (notional amounts as of end 2021)

Bond portfolio		Derivatives and guarantees	Other GC activities
ALM Liquidity	Run-off ALM Yield	Run-off portfolio	
<ul style="list-style-type: none"> LCR eligible bonds (EUR 6.8bn) 	<ul style="list-style-type: none"> Non-LCR eligible bonds (EUR 3.5bn) Bought credit protection for some ALM yield bonds 	<ul style="list-style-type: none"> Collateralized derivatives with Dexia entities, intermediated and hedged with Financial Markets (notional of EUR 7.3bn) Non-collateralized derivatives with international counterparts (notional of EUR 2.2bn) Credit guarantees: protection given, partly reinsured with monolines (notional of EUR 2.5bn) 	<ul style="list-style-type: none"> Management of specific credit risk files (Holding Communal & Arco entities) Various other items: <ul style="list-style-type: none"> ALM derivatives for B/S management Financial markets services (part which is not dedicated to the commercial segments) Central assets Insurance GC Other
<ul style="list-style-type: none"> Part of Belfius Bank's total LCR liquidity buffer Well diversified, high credit quality and highly liquid portfolio 	<ul style="list-style-type: none"> Bond portfolio historically used to manage excess liquidity Mainly high quality bonds of international issuers with a ~19 years residual duration Managed in natural run-off and standard credit risk management 	<ul style="list-style-type: none"> Originates from former competence center for derivatives within the Dexia Group Derivatives and credit guarantees managed in natural run-off and standard risk management 	

Run-off portfolios

Considerations

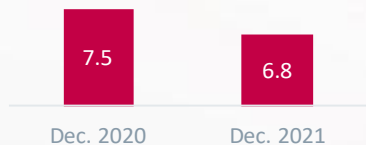


Evolution of GC portfolios

ALM Liquidity

ALM Liquidity bond portfolio

Notional value¹
EUR bn



Average Rating

A- A-

Expected average life (years)

6.9 7.8

Investment grade (%)

99.9% 100%

Credit regulatory risk exposures (EUR bn)

1.9 2.1

Run-off portfolios

ALM Yield bond portfolio

Notional value
EUR bn



A¹ A-^{1,2}

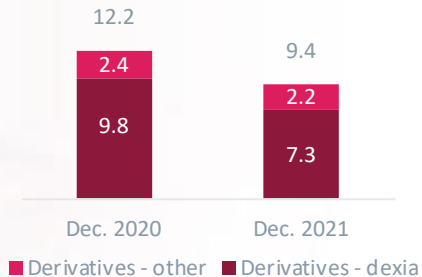
19.2 19.1

97% 96%

3.4 4.4

IR Derivatives

Notional value³
EUR bn



BBB BBB

12.8³ 11.9³

92% 94%

0.6 0.9

■ Derivatives - other ■ Derivatives - dexia

Credit guarantees

Notional value
EUR bn



A- BBB+²

9.0 10.0

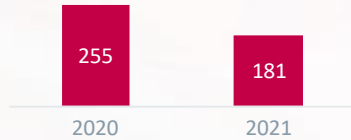
99% 97%

1.5 1.4

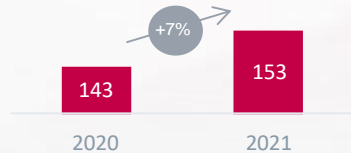
Lower net income for GC in 2021 mainly driven by higher bank levies, lower NII and some tactical derisking

Income decreasing but expenses increasing

Income
EUR m



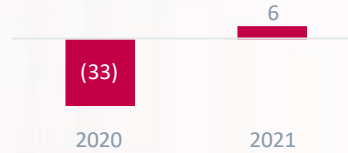
Expenses
EUR m



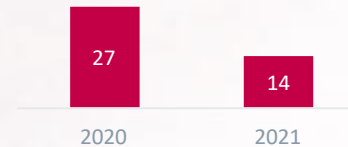
- GC income amounted to EUR 181m in 2021, a decrease of EUR 74m that is mainly due to lower NII (more funding invested at negative deposit facility rate), higher bank levies and some tactical derisking.

Net allowance in CoR and decreasing tax benefit

Cost of risk
EUR m



Tax expenses
EUR m



- Net allowance in cost of risk of EUR +6m in 2021, compared to EUR -33m in 2020, mainly related to the reversal of some credit risk provisions.
- GC tax expenses amounted to EUR 14m in 2021 compared to EUR 27m in 2020, in line with lower gross income in 2021 compared to 2020. Note also in 2020, EUR +10m following the recuperation and reversal of some provisions for tax uncertainties.

Net income slightly positive

Net income
EUR m



Adjusted net income
EUR m



- All in all, GC net income is lower than last year and stood at EUR 7m in 2021 compared to EUR 117m in 2020.

4.4 Return on Equity

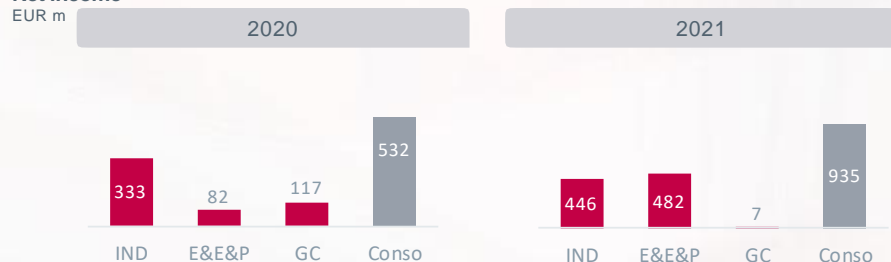
- Belfius' strategy is based on the development of a strong and diversified commercial franchise that is to be supported by solid risk and financial profile foundations, a strategy even more relevant since the Covid-19 crisis
- This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in sustainable business model developments, on the basis of solid solvency foundations
- The relevant diversified strategy has materialised in a solid RoE in 2021, this after the adverse impact on RoE from the Covid-19 crisis. The RoE increases markedly to 9.2%, against 5.6% in 2020. For IND, the RoNRE stands at 26.2% compared to 19.0% in 2020, whereas the RoNRE for E&E&P stands at 11.4% in 2021 compared to 2.1% in 2020. Overall RoNRE increases from 6.7% in 2020 to 11.8% in 2021

Materially higher RoE for the Group, stemming from increasing RoE at IND and E&E&P level

Increasing net income for IND and E&E&P and increasing RWA in line with commercial dynamics

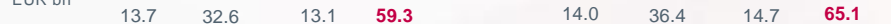
Net income

EUR m



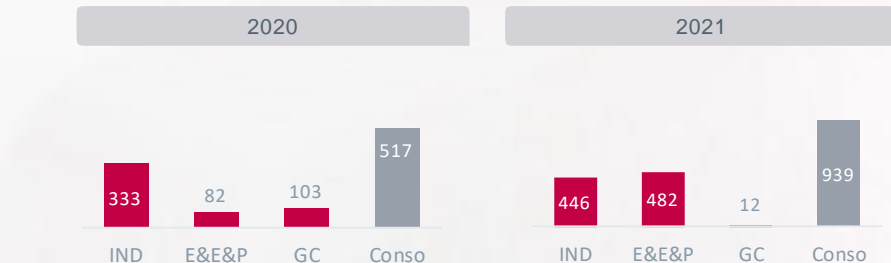
RWA

EUR bn



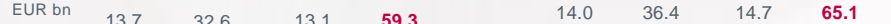
Adjusted net income

EUR m



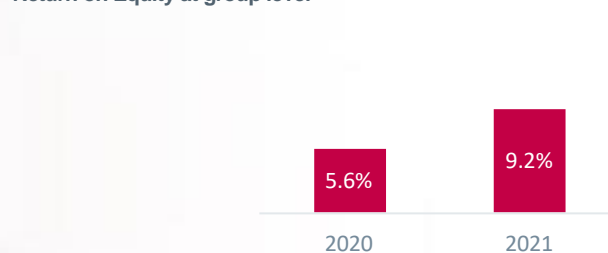
RWA

EUR bn

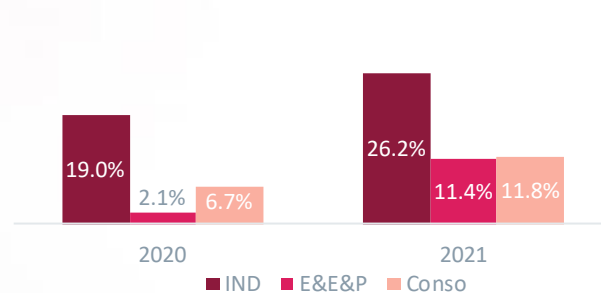


Materially higher RoE at group level

Return on Equity at group level¹



Return on Normative Regulatory Equity²





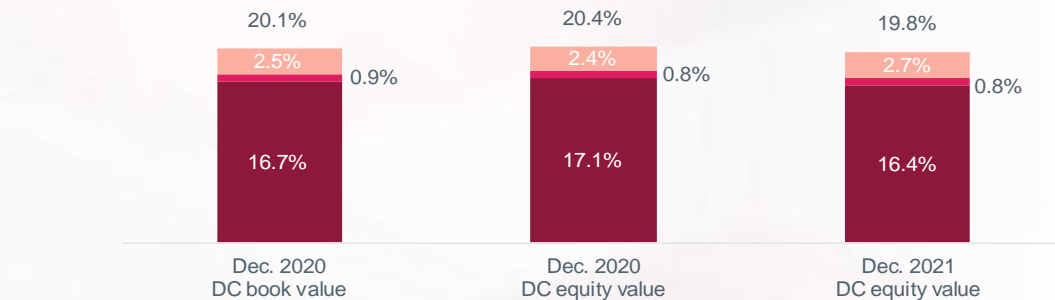
5. Financial solidity

5. Financial solidity

- Even though deploying a strategy to continue to put our capital at work to support our commercial dynamics and to support our customers during the Covid-19 crisis, Belfius continues to **show resilient solvency metrics**:
 - CET1 ratio of 16.37% as of end December 2021, down 74 bps compared to December 2020. This as a result of the increase in risk weighted assets to EUR 65.1bn, partially compensated by a positive impact of higher CET1 capital
 - continued solid leverage ratio of 7.1%; excluding the allowed adjustment for certain exposures to Central Banks, the leverage ratio would stand at 5.9% in 2021
- This solid capital base still compares well to Belfius' minimum SREP level and internally defined minimum operational zone
 - minimum CET1 supervisory requirement amounts to 9.635% for 2021. The lower CET1 supervisory requirement compared to 2020 follows (i) decisions of various national supervisors to release the countercyclical buffer rates due to the Covid-19 crisis, (ii) the implementation of the notification of the ECB measure whereby P2R (Article 104-a of CRD IV) can be partially met with capital instruments that do not qualify as Common Equity Tier 1 (AT1 and Tier 2 instruments) and (iii) the decline in P2R requirements for Belfius
 - based on the new Pillar 2 Requirement (P2R) of 2,13% applicable as from 1 March 2022 onwards, Belfius SREP CET1 requirement (based on and including currently applicable Countercyclical Capital Buffers) will equal to 9.71%, a slight increase of 7.5 bp compared to 2021 level of 9.635%
- Insurance activities also show continued solid solvency metrics, with Solvency II ratio of 190% end 2021
- Continued strong liquidity and funding profile
 - LCR of 195% and NSFR of 136%
 - liquid asset buffer as of end 2021 representing 20 times next year wholesale refinancing needs
 - loan to deposit ratio (for commercial balance sheet) decreased from 87% at end December 2020 to 85% per end December 2021
- Asset quality still well contained although impacted by Covid-19 crisis
 - Belfius decreased its LLP for loans to customers from EUR 1,828m end 2020 to EUR 1,766 end 2021
 - Overall, we note a total decrease in Belfius' loan loss provisioning, as well as a decrease in the asset quality ratio to 1.95% per end 2021. This translates into a coverage ratio of 60.4% as per end December 2021 (vs. 60.0% as per end December 2020)

Belfius continues to show solid capital and leverage ratios

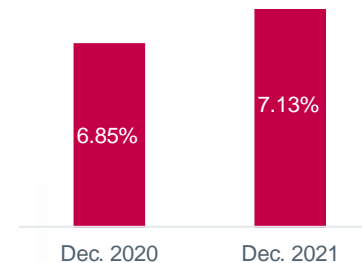
CET1, Tier 1 and Total capital ratio¹



EURm	Dec. 2020 DC book value	Dec. 2020 DC equity value	Dec. 2021 DC equity value
CET 1	9,495	10,150	10,658
Tier 1	9,992	10,647	11,155
CAD	11,425	12,080	12,907
RWA	56,810	59,309	65,095

- CET1 ratio stood at 16.4%, 74 bps down compared to end 2020 as a result of the increase in risk weighted assets to EUR 65.1bn, partially compensated by a positive impact of higher CET1 capital
- Total Capital ratio stood at 19.8%
- Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value instead of book value in the consolidated accounts

Leverage ratio²



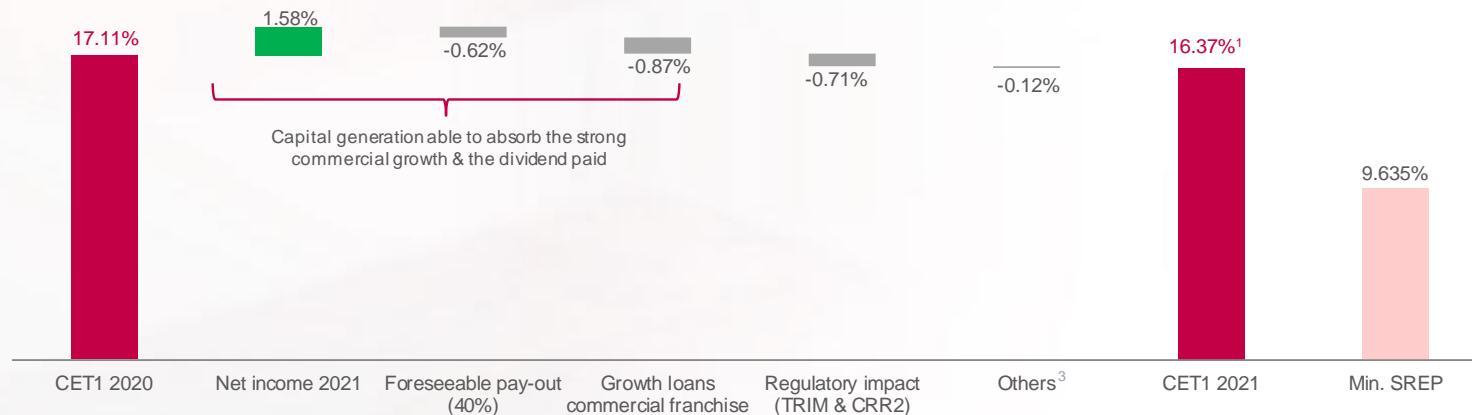
- Leverage ratio stood at 7.13%³, up from 6.85% as per December 2020
- This increase is the result of positive effects (+33 bps) from the higher level of Tier 1 capital offset with a smaller negative effect (-5 bps) from the slightly increased total leverage exposure (mainly from higher volumes of loans to corporates and mortgage loans in assets and commitments, partially offset by a decrease in securities financing transactions exposures due to decreased off balance and by the temporary Covid-19 related relaxation measure allowing banks to partially exclude certain Central Bank exposures).

Note: 1. Regulatory ratios at Belfius Bank consolidated level using the Danish compromise. For the determination of the Common Equity Tier 1 capital: the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the equity instruments held by Belfius Bank in Belfius Insurance after deduction of goodwill. Since 4Q 2020, Belfius applies the Danish compromise based on Belfius Insurance equity value in the consolidated accounts (instead of based on the historical book value before) - comparison between the two methods is shown in the graph above; 2. Based on the prudential consolidation perimeter, where Belfius Insurance is considered as an external party (hence not consolidated); 3. The leverage ratio without the allowed Covid-19 relief measure to exclude part of the exposures to Central Banks amounts to 5.93% per FY 2021.

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

Group

This solid capital base compares comfortably with Belfius' minimum SREP level² and internally defined minimum operational zone

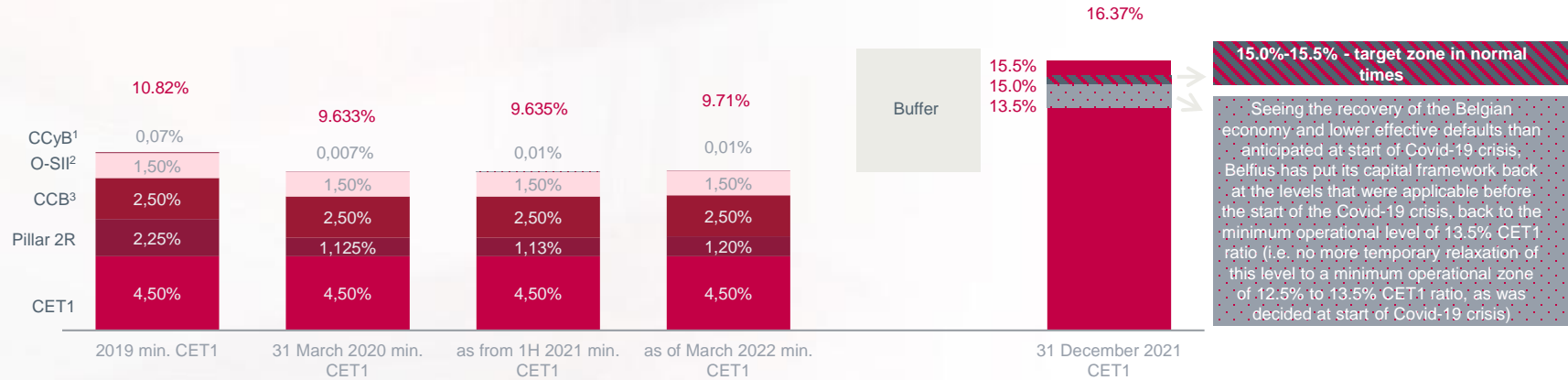


- CET1 ratio of 16.37% as of end December 2021, - 74 bps compared to end 2020
- In 2021, the increase in RWA results mainly from strong commercial growth particularly in Corporate and Business Banking. Note that credit quality indicators remained good showing the resilience of our customers to the Covid-19 crisis also thanks to policy measures. Further RWA growth is coming from the continued more stringent regulatory environment with TRIM decisions affecting Belfius' internal models for PD/LGD on large corporates and banks and with the implementation of CRR 2 affecting a.o. multiplier to be applied on derivatives' EaD.

Back to capital framework applicable before Covid-19 crisis

Group

Belfius' minimum CET1 requirements vs. Belfius' December 2021 CET1 capital position & target

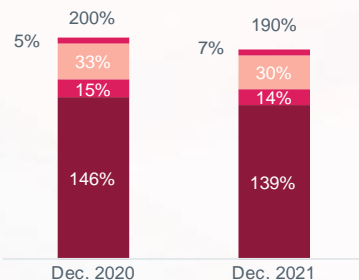


- Per end December 2021, the SREP is not modified and this results in a minimum CET1 requirement of 9.635% with a countercyclical buffer of 0.01%.
- Belfius has a Pillar 2 Guidance (P2G⁴) of 1% CET1 ratio for 2021 (same as in 2020), a recommended buffer to be held over the minimum requirements set forth above.
- As of December 2021, Belfius' CET1 ratio stood at 16.37%, well above both the minimum supervisory requirement and Belfius' internally defined minimum operational CET1 ratio zone.
- In February 2022, the ECB notified Belfius on the 2021 SREP that the new Pillar 2 Requirement (P2R) of 2.13% is applicable as of 1 March 2022 onwards. This slightly higher P2R solely stems from a prudential add-on for Non Performing Exposures (the so-called "NPE P2R add-on") equal to 13 bps, this on the basis of ECB's assessment of the provisioning by Belfius of NPE's that are in scope of the ECB's prudential provisioning expectations and relating to the automatic application of the prudential backstop by the ECB on NPE stock as of 31 March 2018. The P2G has been set at 0.75% as from March 2022 onwards.

Belfius Insurance continues to display solid solvency metrics

Insurance

Strong and high quality solvency levels

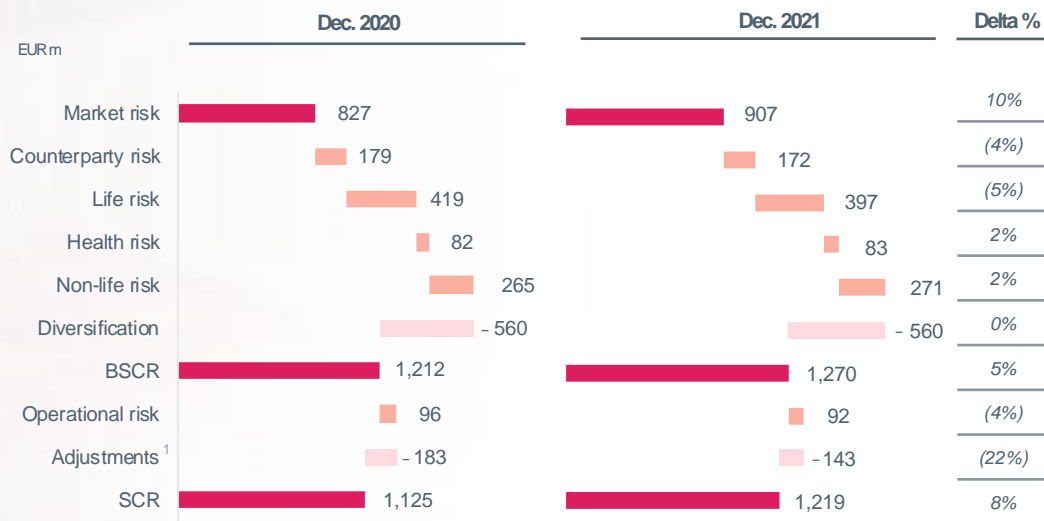


hEURm

	Dec. 2020	Dec. 2021
Tier 1	1,646	1,700
Restricted Tier 1	171	170
Tier 2	375	364
Tier 3	58	80
AFR	2,250	2,314
SCR	1,125	1,219

Insurance

Decomposition of Solvency Capital Requirement



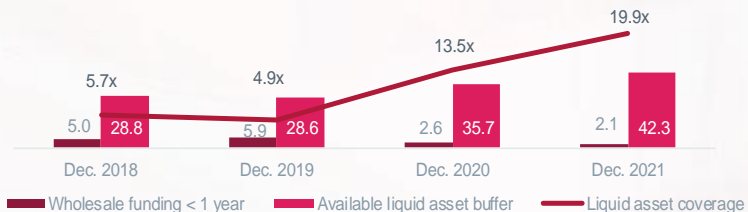
- Compared to end 2020, the regulatory own funds have increased by EUR 64 million, after a foreseeable dividend of EUR 130 million, thanks to the good performance of the financial markets in 2021 which was partially offset by some refinements on models and assumptions on the liability side, next to an increase of the deferred tax assets which are a component of the regulatory own funds.
- The required capital amounted to EUR 1,219m at the end of December 2021, which is EUR 94m higher compared to end 2020. Market risk remains the main contributor to the required capital due to spread and equity risk and increased given the good performance of the financial markets. The SCR linked to interest rate risk was rather limited thanks to the ALM management, targeting a limited global duration mismatch between assets and liabilities. A further increase in deferred tax assets lowered the positive effect related to the use of the Loss Absorbing Capacity of Deferred Taxes in the SCR calculation.

Belfius Bank continues to display strong liquidity stance, even further boosted during Covid-19 crisis

Bank

Exceptional refinancing need coverage

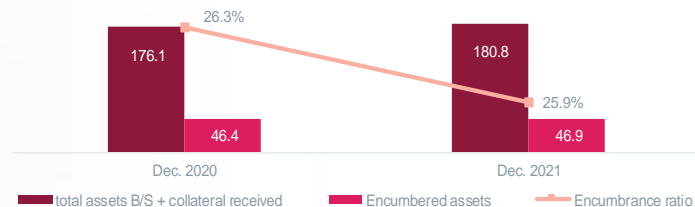
EUR bn



Bank

Encumbered assets³

EUR bn



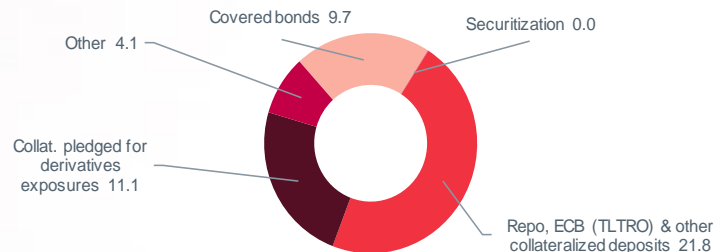
LCR¹

NSFR²



Detail of the encumbered assets

EUR bn

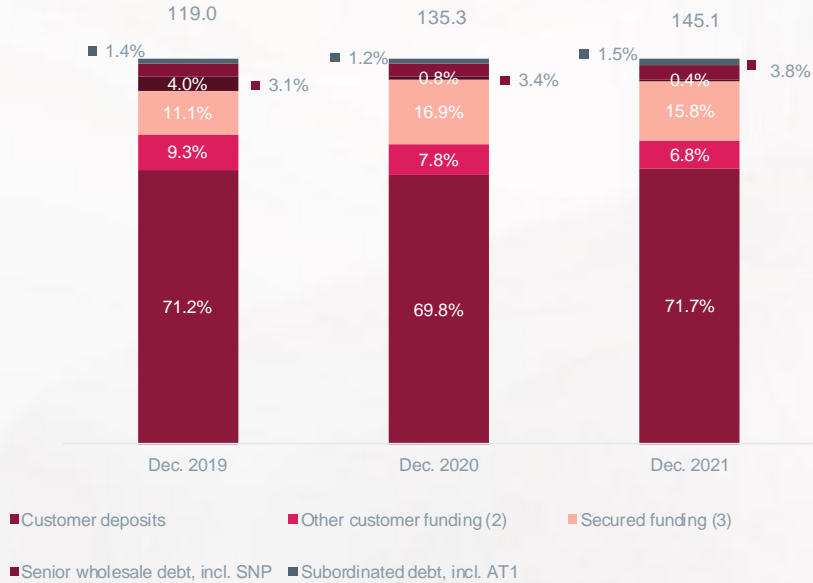


Belfius Bank has a continuously increasing funding base, driven by significant contribution from our customers, and further increased by additional TLTRO III drawing

Bank

Funding sources¹

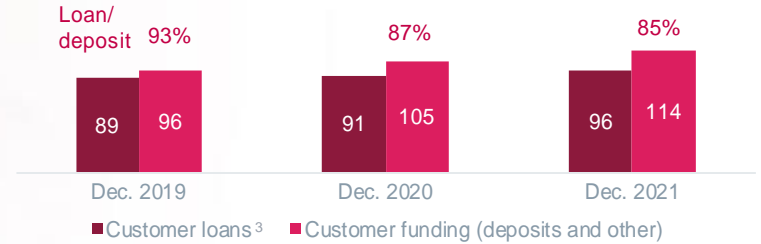
EUR bn



Bank

Loans to customers, customer funding and loan to deposit ratio

EUR bn



Notes: 1. Belfius Bank only; 2. Other customer funding includes retail bonds and savings certificates (6.6% and 0.5% as percentage of total funding, respectively); 3. Secured funding includes Covered Bonds (5.4%), TLTRO (10.8%) and other longer term secured funding (1.3%). Please note: end 2020, Belfius' TLTRO funding amounted to EUR 14.25bn, end 2021, Belfius' TLTRO funding amounted to EUR 15.65bn; 3. Consumer loans bank excluding reverse repo's sales.

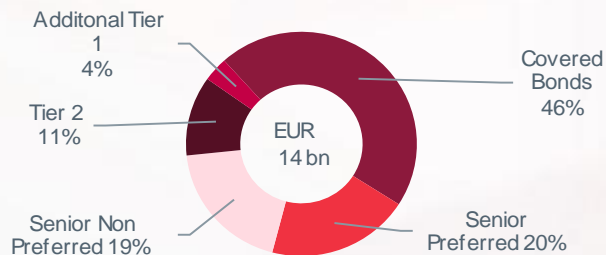


Belfius continues its diversified funding strategy

Group

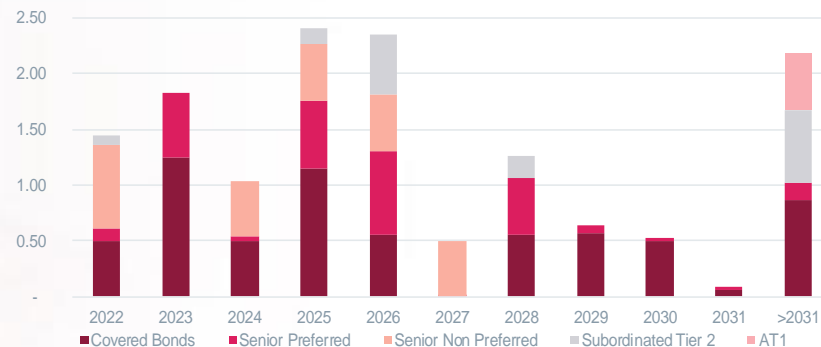
MLT wholesale funding strategy

As of December 2021



Redemption profile MLT wholesale funding

EUR bn



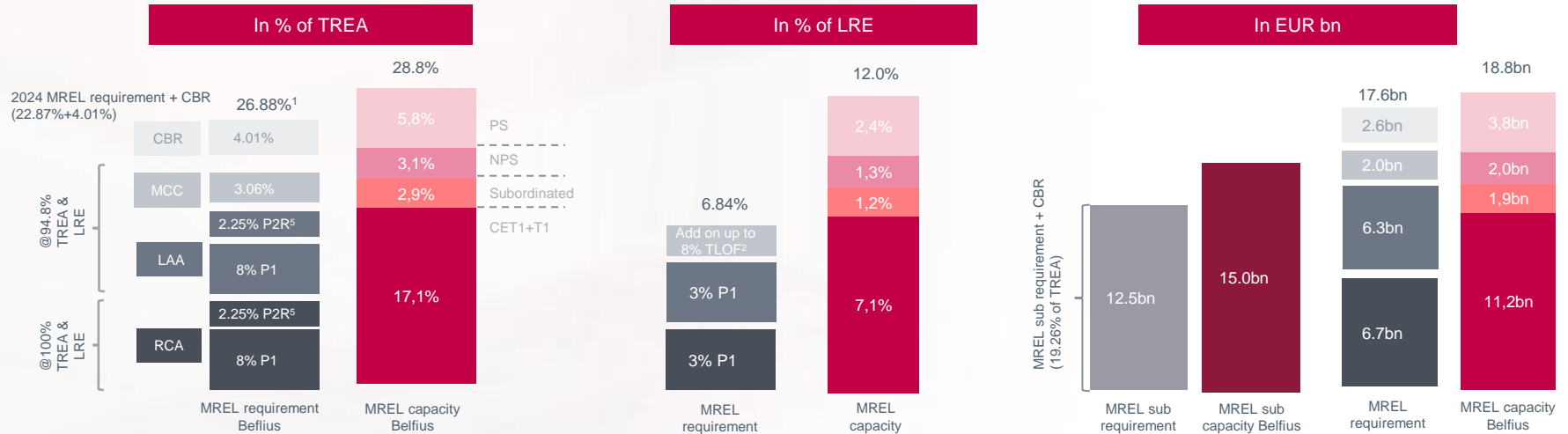
Group

- Continued focus on diversification of funding sources and investor base
 - Belfius issued its inaugural Green Bond in 2021
- Belfius successfully issued a EUR 500m seven year Senior Preferred benchmark in February 2021 and further diversified its funding sources by issuance of its inaugural EUR 500m six year Green Senior Non Preferred benchmark in June 2021, followed by a EUR 500m Tier 2 Benchmark in September 2021.

- Over the coming 3 years, approximately EUR 4.3bn wholesale funding comes to maturity.
- Wholesale issuances are in line with the redemptions and will be focused on MREL compliance.

SRB MREL requirement for Belfius

SRB methodology and formal requirement compared to Belfius' compliance⁶



- On 28 January 2021, the NBB notified Belfius that going forward it is to execute the SRB MREL instruction regarding the minimum requirement for equity 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 22.87% of TREA³ (not including CBR requirement) and 6.84% of LRE⁴. Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB also determined an intermediate target of 22.37% of TREA and 6.84% of LRE which must be met by 1 January 2022. The SRB MREL instruction also provides for a subordination requirement: Belfius Bank must meet at least 15.25% of TREA and 6.84% 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 4.01% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024, taking into account an intermediate requirement of 15.25% of TREA (not including CBR requirement) and 6.84% of LRE that must be met by 1 January 2022.
- End December 2021, Belfius capacity in subordinated MREL and MREL has already exceeded the SRB final targets due by 1 January 2024.
- With the annual review of MREL requirements by SRB, Belfius currently estimates that its MREL subordination requirement could be gradually lowered to 13.5% of TREA (or 17.51% of TREA including current CBR requirement), based on forward looking assessment of the formula applied by SRB.

Overall, Belfius' loan loss provision (on loans to customers) slightly decreased, AQR ratio slightly improved

IFRS 9 Credit risk impairments

Loan Loss Provision (Loans to customers)

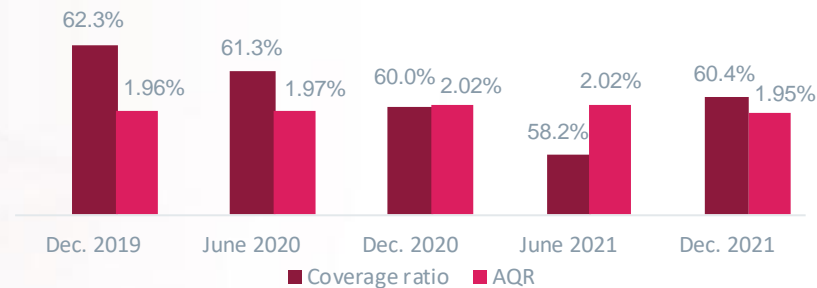
EUR m

	Dec. 2019	June 2020	Dec. 2020	June 2021	Dec. 2021
Stage 1	198	144	134	121	128
Stage 2	159	453	495	462	422
Stage 3	1,158	1,197	1,199	1,183	1,215
Total LLP	1,516	1,794	1,828	1,766	1,766
Impaired loans	1,859	1,952	1,997	2,032	2,012
Gross outstanding	94,907	99,068	98,640	100,638	103,306

Asset quality ratio and coverage ratio

Asset quality ratio¹ and coverage ratio²

%

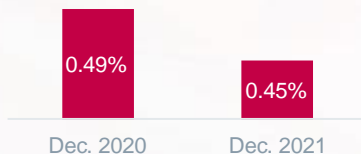


- The asset quality of Belfius' portfolio has been impacted by the Covid-19 crisis, but is recovering well.
 - Belfius decreased its LLP from EUR 1,828m end 2020 to EUR 1,766m end 2021.
 - As of end December 2021, and compared to end 2020, the loan loss provisions are decreasing in stages 1 and 2, with a slight increase in stage 3, leading to an asset quality ratio of 1.95% that is 7 bps lower than the one of end 2020. Coverage ratio increases back to pre-Covid-19 level of above 60%.
- We refer to the specific zoom on Covid-19 / cost of risk at the beginning of this presentation.

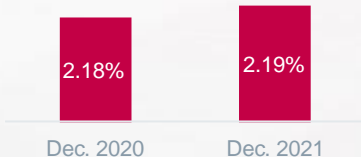
Growing loan portfolio combined with still historically low inflow of non performing loans, also thanks to public support measures, currently lead to overall asset quality ratios that remain in line with historical levels

Asset quality ratio¹ per segment

IND
%

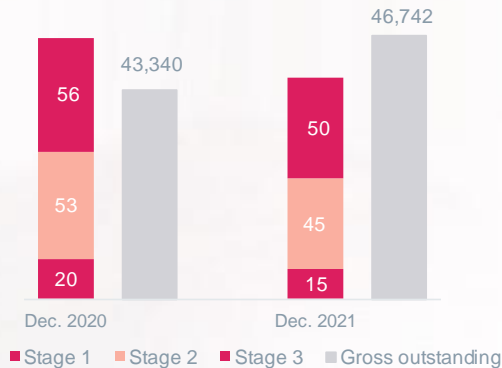


E&E&P
%

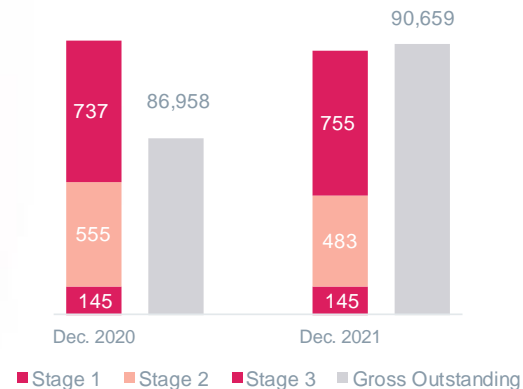


Impairments² and gross outstandings³ per segment

Loans from Individuals segment (FEAD)
EUR m



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



▪ Asset quality ratio is improving for the Individuals segment while the E&E&P segment remains fairly stable, impairment per stage also decreasing despite the growing gross outstanding.



6. ESG at Belfius

Sustainability is in our DNA ...

Accelerate Climate transition

CO₂ neutral

on Belfius' own operations
since 2019

Only

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

Green Belfius fleet

Over 60% of new orders for company
cars via Belfius Auto Lease are
Electric or Plug-in Hybrid

Generate positive impact on society

~ 180,000

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

#1

in financing of
municipalities, cities,
hospitals & care sector

EUR 6m

Philanthropic Funds in
succession planning in 2021

Operate in an authentic and engaged way

36.7%

women in
management

ESG criteria

included in all management contracts
for variable remuneration

Remote work

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



...and consistently present in our offerings and solutions

Funds of the Future

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

Align with **Sustainable
Development Goals**

Smart Building & Renovation Solutions

A unique all-in solution
for building or renovation

Combining Belfius expertise
with specialized partners

46 new projects
started in 2021

Re=Bel

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

73% of transactions
are compliant with
Transition Acceleration Policy¹

**40k Re=bel
Customers end 2021**

Green bond

First issuance
in June 2021

EUR 500m funding
allocated to green assets

ICMA compliant
green bond framework

Sustainable insurances

Encourage sustainable choices & behaviours
via products, services & conditions

**Km & CO₂ car insurance,
bike insurance**

**Extended property insurance coverage
to facilitate green transition**

Banx

Create a new, **fully digital
& sustainable** experience

Introduce
#slowbanking

Promote **sustainable behavior**
via insights (CO₂ dashboard) & rewards



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

Walk the talk

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

In own operations & logistics

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

In own HR & reward policies

from our best in class diversity to integrating sustainability targets into remuneration

In own investments

applying our sustainable Transition Acceleration Policies in our own investment portfolio

Put the customer in the driver's seat

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

Distinctive solutions to accompany our customers in their transition

Meaningful investments
Positive impact loans & infrastructure financing
Insurance policies encouraging sustainable behavior

An active ESG dialogue & advice

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

Belfius' ESG commitments towards 2025

Accelerate Climate transition

Be and remain **carbon neutral**
Continuously working to reduce the
carbon footprint of our own operations

Go for 100% **green electricity**
which has been the case since 2008

No financing of **coal extraction**

Generate positive impact on society

Give and keep giving to
Belgian good causes
To support our society year after year

Privacy & data protection
of our customers always prevail.

Operate in an authentic and engaged way

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



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



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





7. Key takeaways

8. Key takeaways

- **Belfius' net income 2021 stands at EUR 935m**, significantly higher than last year (EUR 532m) which was heavily impacted by the start of the Covid-19 crisis
- **These 10 years of Belfius' strategy and its execution thereof allow Belfius also in 2021 to “connect the dots”**, to strike the right strings, and as such continue to live up to its customers' trust and engagement, which is our ultimate “purpose of existence” :
 - Record production of EUR 22.3bn of new long-term loans, a growth of 12% vs 2020
 - Outstanding Savings & Investments reaching EUR 179.5bn, among others thanks to a strong success of our “Funds of the future” (reaching AuM stock of EUR 2.1bn as of end 2021)
 - Our insurance activities continue to contribute meaningfully to the bottom line, demonstrating their structural value creation, with insurance contributing EUR 219m to the net result 2021
- **Within this strategy, Belfius continues to invest in its business model, innovation and Belgian talent, with a very clear strategic focus on sustainability**, as illustrated by some major initiatives launched in 2021
- **Continued solid solvency ratios and sound liquidity positions** remain the core foundations of Belfius' journey, with a CET 1-ratio of 16.4%, Total MREL ratio of 28.8%, Belfius Insurance SII ratio of 190% and LCR and NSFR standing at 195% and 136% respectively at the end of 2021
- And last but not least, **all this enables Belfius to present meaningful and rewarding dividends** to its shareholder, summing up to close to EUR 1.7 bn since origin



8. Connecting the dots of 10 years existence of the Belfius' brand



10k

People passionately working for Belfius

> 10%

RoNRE for the 1st time since 10 years

10%

10 years CAGR of **fee income bank**

-10%

C/I improves with 10% over 10 years

~10%

10 years CAGR of **Net income**

10 x 10

Connecting the dots of 10 years existence

> 10bn

Additional **LT loans** we produce from 10 years ago

10%

10 years CAGR of **GWP Non-Life Bankinsurance**

> 10²

NMD above EUR 100bn for the 1st time in 10 years

For 1st time since 10 years, **Core Equity**

> 10 bn

+10%

Improvement of **Customer & Employee satisfaction** since start of measurements



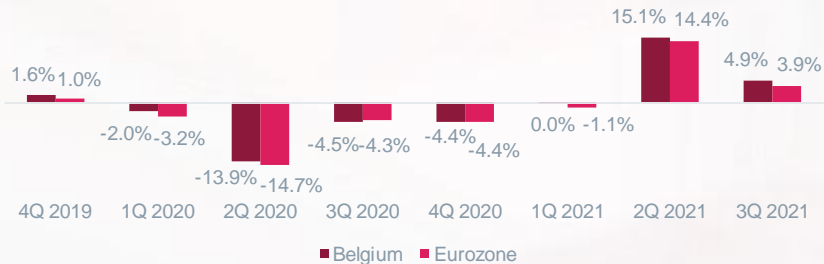
9. Appendices

Some Belgian economic statistics

Belgian GDP aligned with the average GDP growth in the eurozone

GDP growth

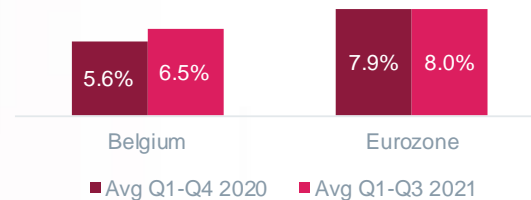
%



Belgian unemployment below the eurozone level

Unemployment rate

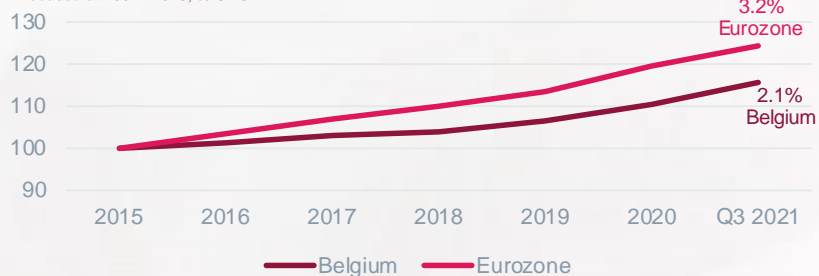
% of active population; 12m average



The rate of house price inflation since 2015 lower than in the euro area

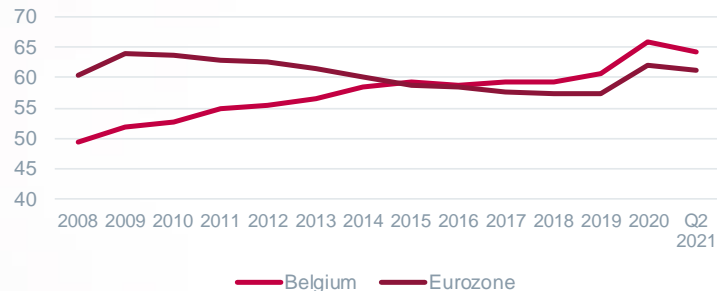
Increase in house prices

Rebased at 100 in 2015; % CAGR



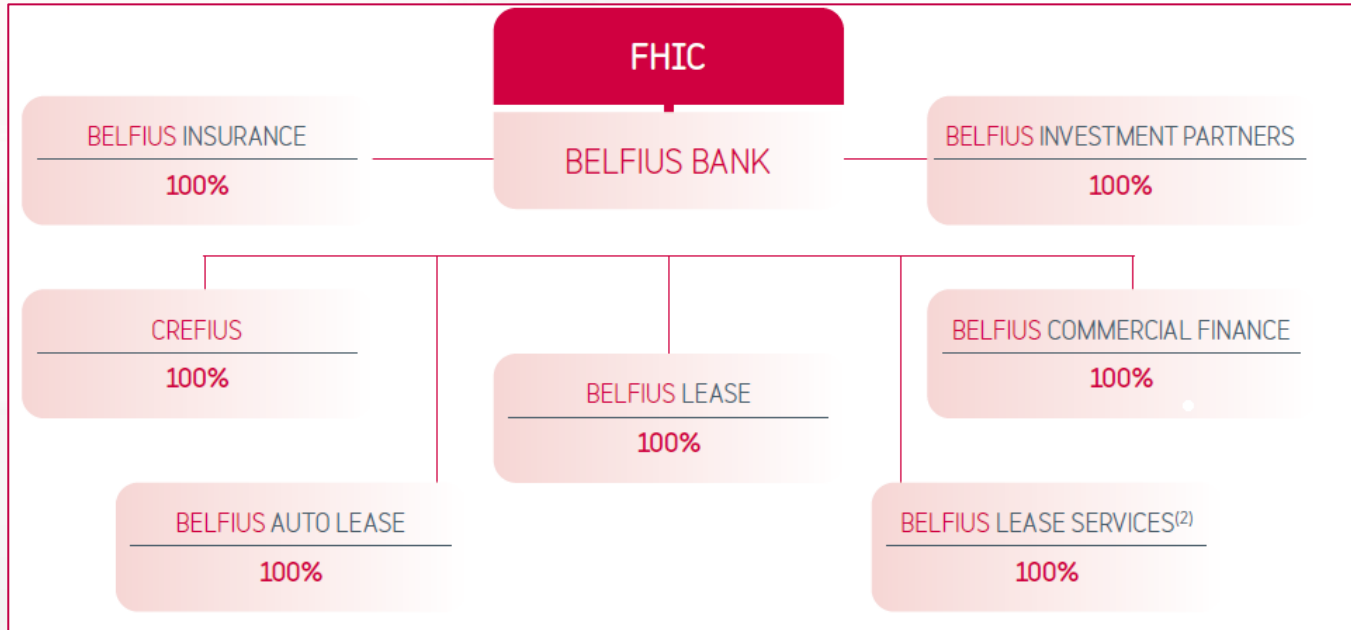
Belgium's household debt, reaching 64.3% of the country's nominal GDP in 2Q 2021

Household debt as a % of GDP



Simplified organizational chart Belfius¹

A bank-insurer with one sole shareholder



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



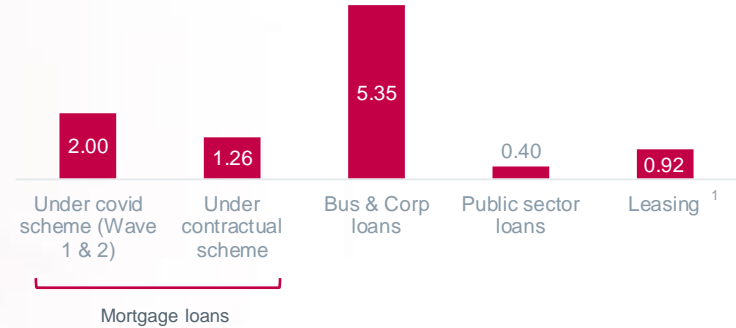
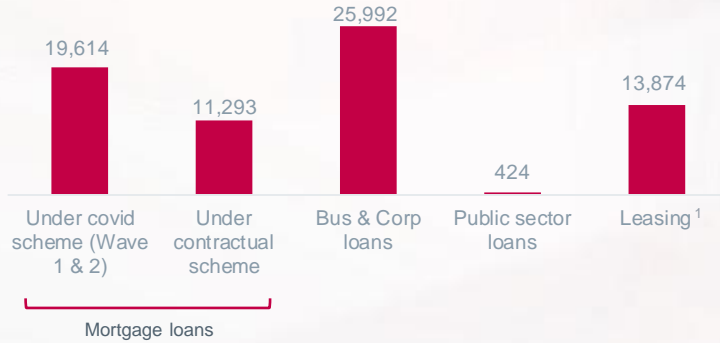
Belfius' support to the Belgian society and economy through payment deferrals and loans under guarantee scheme

Number of applications since start of the Covid-19 crisis

Total outstanding granted loans with payment deferrals since start of Covid-19 crisis

#

EUR bn



- At the end of FY 2021, out of the EUR 5.4bn of loans to corporate and business customers² that were granted moratorium since start of the Covid-19 crisis, EUR 0.08bn are, as of end FY 2021, still subject to payment holidays. 97.1% of corporate and business loans² for which the moratorium came to an end, have resumed their normal payments of formerly deferred amounts. For the mortgage loans, almost 100% of the clients have resumed the payments (also 100% in the public sector).

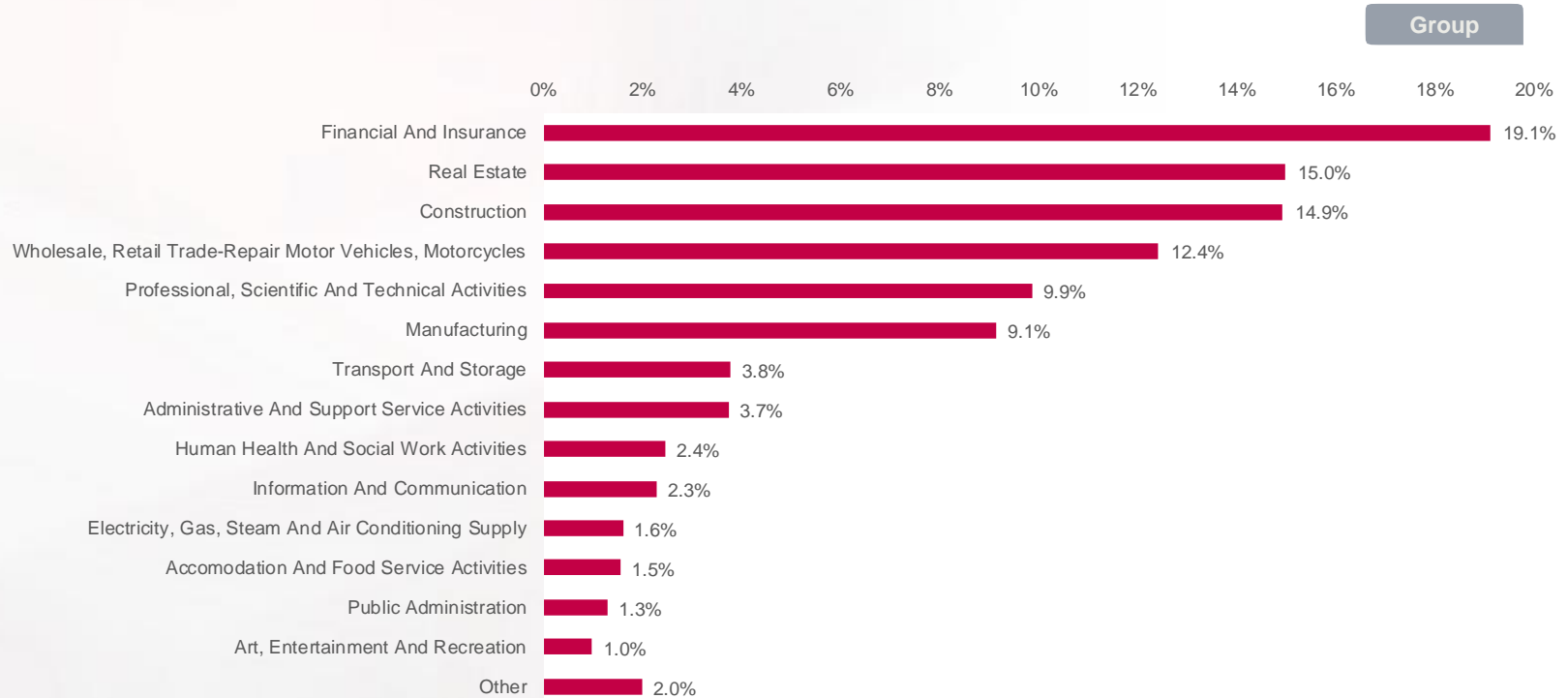
Consolidated statement of income

EUR m	Group								Evolution %
	2020				2021				
	IND	E&E&P	GC	Total	IND	E&E&P	GC	Total	
Income	1,355	1,005	255	2,614	1,453	1,069	181	2,703	3%
Net interest income bank	544	791	254	1,590	547	865	212	1,623	2%
Fee and commission bank	535	93	(6)	622	635	104	(7)	732	18%
Life insurance contribution	205	68	(0)	273	227	76	(0)	302	11%
Non-life insurance contribution	190	54	(0)	244	172	38	0	210	-14%
Other ¹	(121)	(1)	7	(116)	(127)	(14)	(24)	(165)	43%
Expenses	(888)	(434)	(143)	(1,465)	(890)	(435)	(153)	(1,477)	1%
Gross income	466	571	112	1,149	563	635	28	1,226	7%
Cost of risk	(30)	(456)	33	(453)	17	(10)	(6)	1	
Impairments	(14)	(2)	--	(17)	(2)	(0)	(0)	(2)	
Net Income before tax	421	113	145	679	579	625	22	1,226	81%
Taxes	(90)	(30)	(27)	(147)	(133)	(143)	(14)	(290)	
Non-controlling interests	1	--	(1)	-0	0	0	(1)	(1)	
Net income group share	333	82	117	532	446	482	7	935	76%
o/w bank	186	33	101	319	281	438	(3)	716	
o/w insurance	147	49	16	212	164	44	10	219	

A consolidated view on the cost of risk of Belfius Group for 2021

EUR m	Group							
	2020				2021			
	Stage 1	Stage 2	Stage 3	CoR	Stage 1	Stage 2	Stage 3	CoR
INDIVIDUALS	2.9	(27.8)	(1.2)	(26.1)	4.9	8.7	(0.4)	13.2
E&E&P	68.8	(378.8)	(145.4)	(455.5)	(0.5)	73.0	(77.9)	(5.4)
GC	(0.8)	8.6	26.1	33.8	1.2	(7.6)	0.0	(6.4)
BANK	70.9	(398.0)	(120.6)	(447.7)	5.6	74.2	(78.4)	1.4
INSURANCE	(5.0)	0.8	(1.2)	(5.4)	(0.7)	(0.3)	1.0	(0.0)
BANK + INSURANCE	66.0	(397.3)	(121.8)	(453.1)	4.9	73.8	(77.4)	1.4

Sector composition of the business and corporate banking loan portfolios¹



From reported to adjusted net income¹

Group

	Reported		Excluding special items		Adjusted	
		Sale/unwind within the ex-legacy portfolio		Impact of restructuring ²	Other items ³	
2020, EUR m						
Income	2,614				22	2,591
Expenses	-1,465			-13		-1,452
Cost of risk	-453	4				-457
Impairments	-17					-17
Net income before tax	679	4		-13	22	666
Taxes	-147	-1		3	-1	-148
Net income	532	3		-10	21	517
<i>Impact mainly in</i>		GC			GC	
2021 EUR m						
Income	2,703					2,703
Expenses	-1,477			-6		-1,471
Cost of risk	1					1
Impairments	-2					-2
Net income before tax	1,226			-6		1,232
Taxes	-290			1		-292
Net income	936			-4		939
<i>Impact mainly in</i>				GC		

Statement of income Belfius Insurance, consolidated accounts

Insurance

EUR m	2020	2021	Evolution
Income	540	538	-0.3%
<i>Of which</i>			
Net interest income	399	376	
Dividend income	36	50	
Net income from equity method companies	3	0	
Net income from financial instruments at fair value through profit or loss	-23	4	
Net income on investments and liabilities	37	1	
Net fee and commission income	19	25	
Technical result from insurance activities	53	55	
Expenses	-258	-258	-0.3%
Gross income	282	281	-0.3%
Impairments on financial instruments and provisions for credit commitments	-5	0	
Impairments on tangible and intangible assets	-3	-1	
Net income before tax	273	280	2.4%
Tax (expense) income	-61	-62	
Current tax (expense) income	-63	-39	
Deferred tax (expense) income	2	-23	
Attributable to non-controlling interests	0	1	
Net income group share	212	217¹	2.3%



Consolidated balance sheet Belfius Bank

Group

EUR m	Dec. 2020	Dec. 2021	Evolution
TOTAL ASSETS	187,991	192,151	4,159
of which			
Cash and balances with central banks	25,434	31,640	6,207
Loans and advances due from credit institutions	11,912	10,411	-1,500
Loans and advances	98,108	102,679	4,571
Debt securities & equity instruments	28,849	27,195	-1,654
Unit linked products insurance activities	3,813	4,246	433
Derivatives	12,188	8,909	-3,279
TOTAL LIABILITIES	177,258	180,658	3,400
of which			
Cash and balances from central banks	14,174	15,418	1,245
Credit institutions borrowings and deposits	5,008	3,591	-1,417
Borrowings and deposits	95,338	104,404	9,066
Debt securities issued and other financial liabilities	24,402	23,145	-1,257
Unit linked products insurance activities	3,813	4,246	433
Derivatives	18,310	14,019	-4,291
Provisions for insurance activities	12,659	12,191	-468
Subordinated debts	1,151	1,643	492
TOTAL EQUITY	10,733	11,493	759
of which			
Shareholders' core equity	9,815	10,560	745
Gains and losses not recognised in the statement of income	393	403	10
Additional Tier-1 instruments included in equity	497	497	0
Non-controlling interests	28	33	5



Balance sheet Belfius Insurance, consolidated accounts

Insurance

EUR m	Dec. 2020	Dec. 2021	Evolution
Total assets	21,511	21,550	39
Of w hich			
Loans and advances due from credit institutions	316	413	97
A Measured at amortised cost	316	413	97
Loans and advances	4,692	4,918	226
A Measured at amortised cost	4,552	4,624	72
B Measured at fair value through other comprehensive income	0	99	99
C Measured at fair value through profit or loss	141	196	55
Debt securities & equity instruments	11,630	10,770	-860
A Measured at amortised cost	5,931	5,336	-595
B Measured at fair value through other comprehensive income	4,969	4,763	-206
C Measured at fair value through profit or loss	730	671	-59
Unit linked products insurance activities	3,813	4,246	433
Derivatives	0	0	0
Investments in equity method companies	69	53	-16
Tangible fixed assets	533	566	32
Intangible assets	42	51	8
Technical insurance provisions - part of the reinsurer	107	131	24
Total liabilities	19,431	19,377	-55
Of w hich			
Credit institutions borrowings and deposits	1,746	1,762	15
Unit linked products insurance activities	3,813	4,246	433
Provisions for insurance activities	12,671	12,198	-473
Subordinated debts	583	583	0
Total equity	2,079	2,174	94
Of w hich			
Shareholders' core equity	1,707	1,817	110
Gains and losses not recognised in the statement of income	345	324	-21
Non-controlling interests	27	32	5

Focus on regulatory capital

	Group	
EUR m	Dec. 2020 transitional ¹	Dec. 2021 transitional ¹
Core shareholders' equity	9,816	10,560
Elimination of Belfius Insurance ²	-	-
Core regulatory equity	9,816	10,560
Elimination of foreseeable dividend	-210	-371
Grandfathering on IFRS9 provisions	413	307
Gains and losses not recognised in the statement of income	404	420
Remeasurement Defined Benefit Plan	69	132
OCI reserves - portfolios measured at FVTOCI	335	288
Other reserves	-69	-98
Prudential filter on the fair value reserves related to gains and losses on cash flow hedges on financial instruments	69	98
Items to deduct	-273	-259
Deferred tax assets	-	-0
Other	-273	-258
Common equity Tier 1 - CET1	10,150	10,658
Additional own funds Tier 1	497	497
Tier 1 equity	10,647	11,155
Tier 2 - Capital instruments	1,066	1,441
Other	366	311
Total regulatory capital	12,080	12,907

Focus on regulatory risk exposures

Regulatory risks exposures - by type of risk

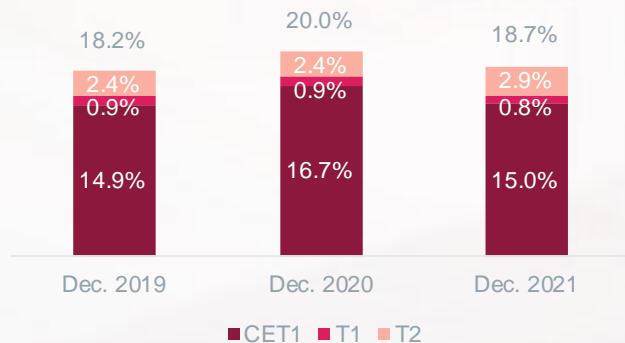
EUR m	Dec. 2020	Dec. 2021
Regulatory credit risk exposure	44,559	49,998
Regulatory CVA exposure	740	679
Regulatory market risk exposure	1,373	1,362
Regulatory operational risk exposure	3,245	3,433
Danish Compromise ¹	9,391	9,623
Additional risk exposure (Art 3 CRR)	-	-
Total Regulatory Risks Exposures	59,309	65,095

Regulatory risks exposures - by segment

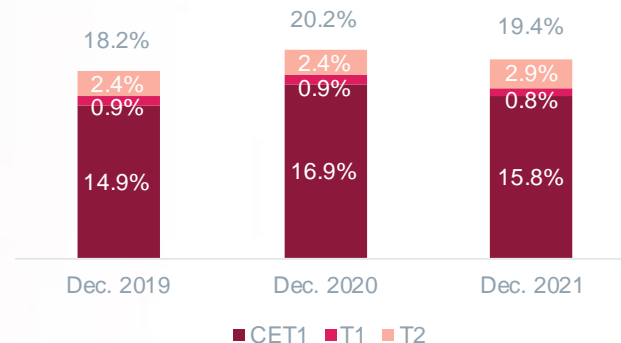
EUR m	Dec. 2020	Dec. 2021
Individuals	13,673	13,997
Entrepreneurs, Enterprises & Public	32,580	36,435
Group Center	13,056	14,666
Total Regulatory Risks Exposures	59,308	65,095

Focus on solo capital ratios

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



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



EUR m	Dec. 2019	Dec. 2020	Dec. 2021
CET 1	8,459	9,516	9,399
Tier 1	8,956	10,013	9,896
CAD	10,325	11,406	11,684
RWA	56,801	56,891	62,642

EUR m	Dec. 2019	Dec. 2020	Dec. 2021
CET 1	8,459	9,604	9,874
Tier 1	8,956	10,101	10,371
CAD	10,325	11,494	12,158
RWA	56,801	56,891	62,642

- At the end of December 2021, the available distributable items on statutory level amounted to EUR 4,749m, up 17% compared to end of 2020.

Continued positive rating actions

Ratings of Belfius Bank as at 24 February 2022

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

- Between 1 January 2021 and 24 February 2022, the rating agencies took the following decisions:
 - on 24 June 2021, S&P confirmed the long-term rating of Belfius Bank at A- with Stable outlook
 - on 13 July 2021, Moody's upgraded Belfius Bank Junior Senior Unsecured (Non-Preferred Senior) debt to Baa1 from Baa2 and the Junior Senior Unsecured MTN rating to (P)Baa1 from (P)Baa2. They also confirmed the long-term rating of Belfius Bank at A1 with Stable outlook
 - on 28 October 2021, Fitch confirmed Belfius Bank's long-term rating at A- with Stable outlook
 - on 16 December 2021, S&P raised the long- and short-term ICRs on Belfius Bank to A/A-1 from A-/A-2, the issue ratings on all outstanding senior instruments to A/A-1 from A-/A-2 and the long-term Resolution Counterparty Rating (RCR) to A+ from A. At the same time, S&P affirmed the short-term RCR and the issue ratings on the hybrid instruments and confirmed that the outlook is stable

Ratings of Belfius Insurance as at 24 February 2022

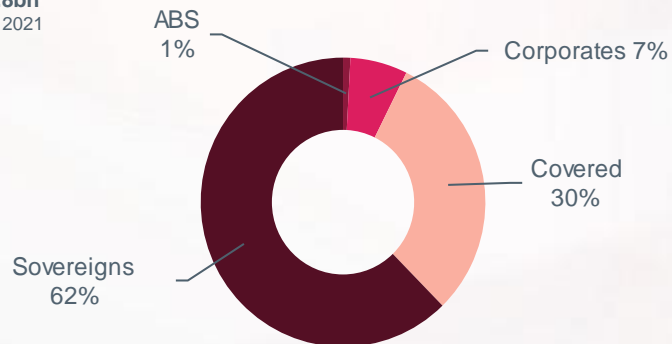
	S&P
Issuer credit rating	A- Stable outlook

- On 16 February 2021, S&P assigned an A- long term issuer credit rating to Belfius Insurance, with Stable outlook

ALM Bank Liquidity bond portfolio

Breakdown by type of counterpart

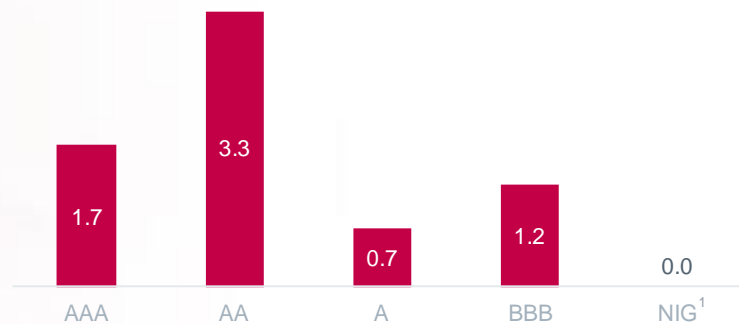
EUR 6.8bn
31 Dec. 2021



Breakdown by rating

EUR bn

Average rating: A-



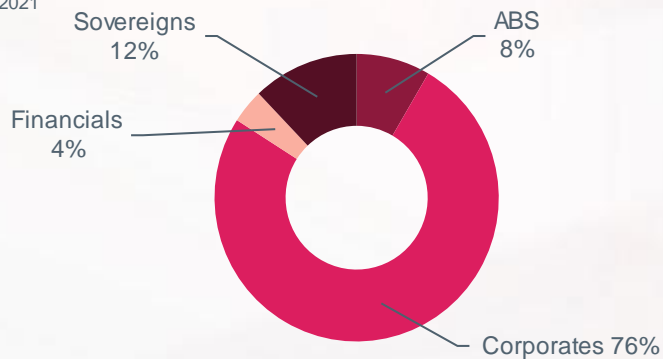
- ALM Bank Liquidity bond portfolio stood at EUR 6.8bn as per end December 2021, compared to EUR 7.5bn at year end 2020
- The portfolio is of good quality
 - 100% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 7.8 years



ALM Bank Yield bond portfolio

Breakdown by type of counterpart

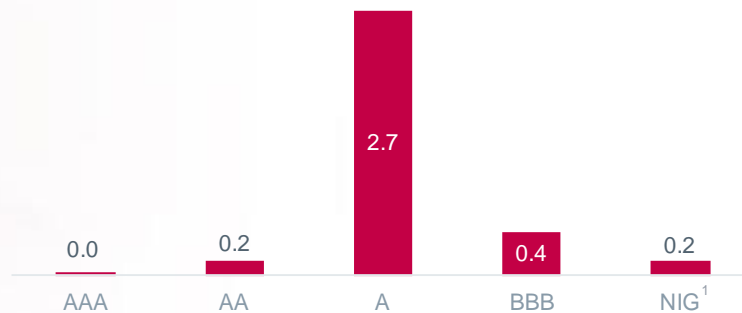
EUR 3.4bn
31 Dec. 2021



Breakdown by rating

EUR bn

Average rating: A-



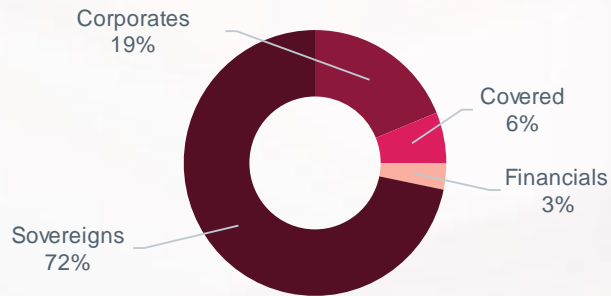
- ALM Bank Yield bond portfolio stood at EUR 3.4bn as at 31 December 2021, stable compared to end 2020
- The portfolio is of good quality
 - 96% of the portfolio is Investment Grade
 - the average rating stood at A-
- Expected average life: 19.1 years



ALM Insurance Bond portfolio

Breakdown by type of counterpart

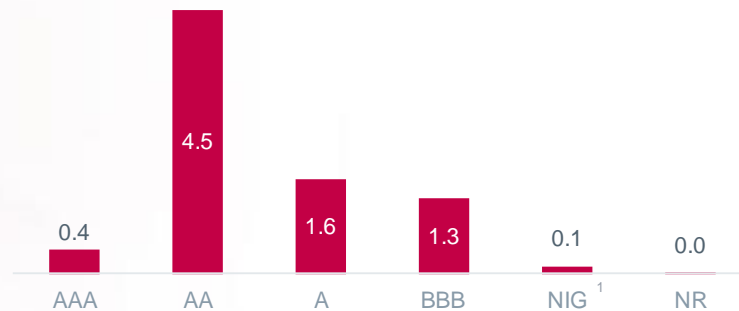
EUR 8.0bn
31 Dec. 2021



Breakdown by rating

EUR bn

Average rating: A-



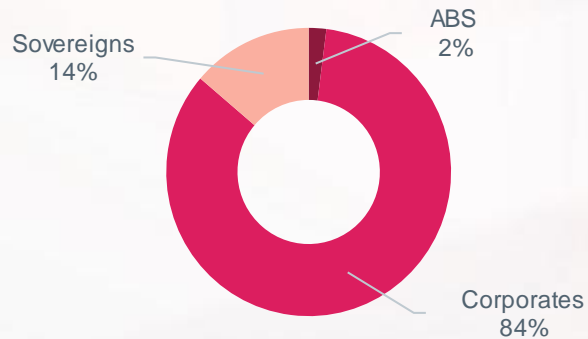
- ALM Insurance fixed income portfolio stood at EUR 8.0bn as at 31 December 2021, compared to EUR 8,7bn at year end 2020
- The ALM Insurance portfolio remains of good quality
 - 98.3% of the portfolio is investment grade
 - the average rating at A-
- Expected average life: 10.4 years



Credit guarantees

Breakdown by type of counterpart

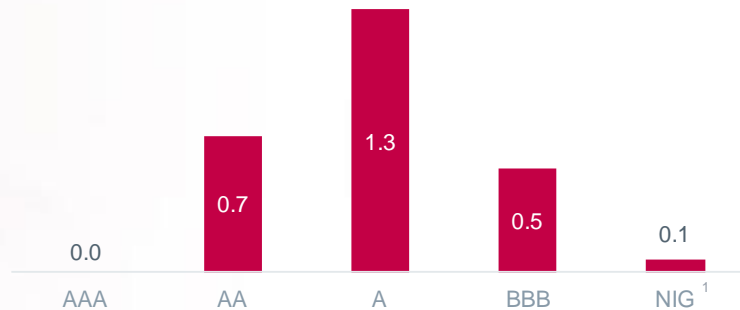
EUR 2.5bn
31 Dec. 2021



Breakdown by rating

EUR bn

Average rating: BBB+



- Credit guarantees portfolio stood at EUR 2.5bn as at 31 December 2021, compared to EUR 3.2bn per year end 2020
- The credit guarantees portfolio is of good quality
 - 97% of the portfolio is Investment Grade
 - The average rating stood at BBB+
- Expected average life: 10.0 years

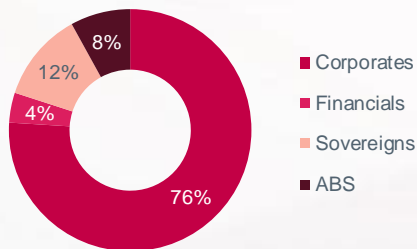


Hedging strategy to manage residual risks

Run-off portfolios as of December 2021

ALM Yield bond portfolio

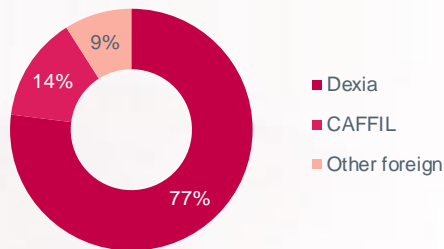
Notional split by type



- 41% inflation linked bonds issued by high quality UK utilities and infrastructure companies
- Part of the portfolio is insured by Assured Guaranty, leading to an A- average rating after credit enhancement
- Inflation component hedged with inflation linked collateralised swaps

Derivatives

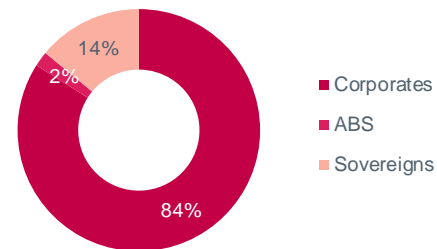
Notional split by counterparty



- Derivatives with other foreign counterparts and with CAFFIL are uncollateralised (BBB average rating)
- 77% notional exposure to Dexia, fully cash collateralised, leading to an EaD (including add-on) of EUR 13m end of December 2021

Credit guarantees

Notional split by type of underlying



- Mostly reinsured CDS with
 - sold protection to market counterparties with two-sided collateral posting agreement
 - bought equivalent protection with monoline insurers (28% from Assured Guaranty) with one-sided collateral posting agreement

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

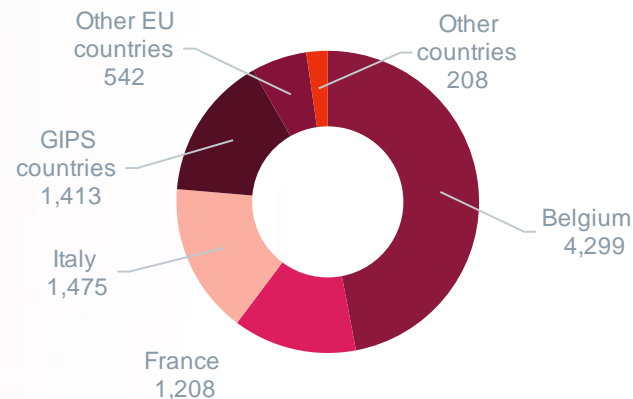


Outstanding exposures on government bonds

Evolution outstanding exposures¹

EUR m	Dec. 2020	Dec. 2021
Belgium	4,758	4,299
France	1,209	1,208
Italy	1,590	1,475
GIPS countries	1,362	1,413
Other EU countries	579	542
Other countries	206	208
Total	9,703	9,146

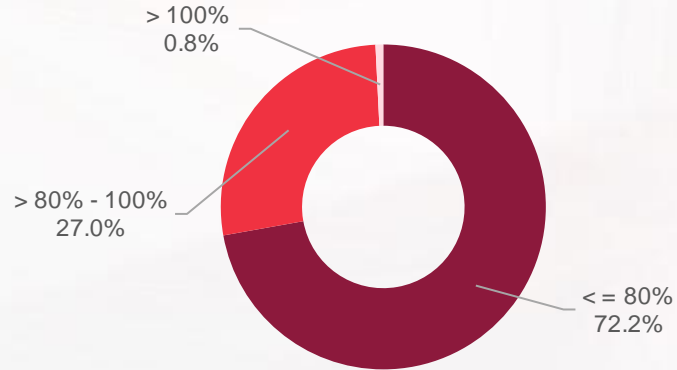
Breakdown as of end of December 2021



- Total government bond portfolio stood at EUR 9.1bn¹, down 6% compared to December 2020.
- Almost half of the portfolio (47%) is invested in Belgian government bonds.

Credit risk statistics on mortgage loans

Mortgage loans Belfius Bank Loan-to-value ratio



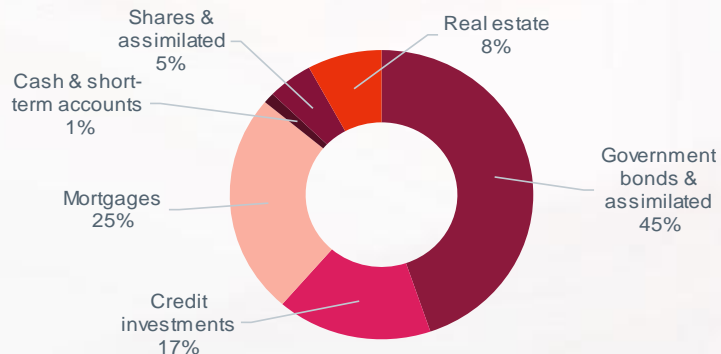
- Very sound LTV-ratio's
 - Average LTV-ratio, based on outstandings (with indexation of real estate prices) stood at 62.3% at end of December 2021
 - The part of the portfolio with an LTV > 100% is limited to 0.8%

ALM Belfius Insurance

Diversified asset allocation

EUR 17.6bn

31 December 2021

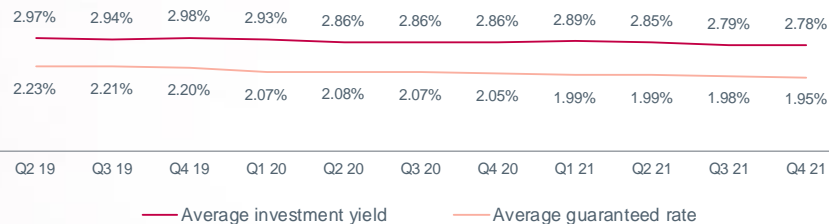


- Prudent investment strategy of the asset portfolio with a well-diversified asset allocation

Duration gap life and non-life

	Dec. 2020	Dec. 2021
Total life	-1.08	-1.37
Total non-life	0.65	2.51
Total	-0.30	-0.53

Investment yield vs. guaranteed rate¹



Solvency II ratio sensitivity table

Solvency II Sensitivities 31 December 2021	Δ SCR (in EUR m)	Δ AFR (in EUR m)	Δ Solvency II ratio (in %)
Base Case	1,219	2,314	190%
Interest rate: Shock +50 bps	(6) (1%)	(37) (2%)	188% (2%)
Interest rate: Shock -50 bps	(-14) (1%)	38 2%	195% 5%
Credit spread: Spread on fixed income (corporate) +50 bps	14 1%	(48) (2%)	184% (6%)
Credit spread: Spread on fixed income (government) +50 bps	36 3%	(138) (6%)	173% (16%)
Credit spread: Spread on fixed income (government and corporate) +50 bps	66 5%	(177) (8%)	166% (23%)
Credit Spread: No Volatility Adjuster	10 1%	(24) (1%)	186% (4%)
Equity: Downward shock - 30%	(179) (15%)	(395) (17%)	185% (5%)
Real estate: Downward shock -15%	10 1%	(86) (4%)	181% (8%)
UFR: Downward adjustment to 3%	11 1%	(32) (1%)	185% (4%)

Belfius sensitivity to interest rates



EURm



EURm

- Belfius would benefit from rising rates with net interest income increasing 5.0% within two years in case of a +50 bps parallel shift in rate curve.
- The bank would then benefit from limited transfer of these rising interest rates to customer deposits while the loan book would be rolled over and produced at higher rates.
- To note however, should rates rise sharply, tariffs on non-maturing deposits could increase at a faster pace than historical observations.

% Change in net interest income (NII) as % of December 2021 net interest income bank



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