



Belfius

1H 2014 Results

Presentation to analysts and investors

September 2014

Information based on unaudited figures

Highlights

- **Belfius continues to demonstrate its ability to grow its commercial franchise**
- **Another strong performance in the first half of 2014**
 - Very **good commercial figures** across different business lines
 - **Integrated bank-insurance strategy** starting to bear fruit
 - **Net income: EUR 277 m** (up 8% yoy), of which EUR 291 m in Franchise (up 31% yoy)
 - Solid solvency position: **fully loaded CET 1 ratio at 12.9%**, up 138 bp vs Dec. 13
 - Successful implementation of funding plan leading to a **solid LCR* ratio of 109%** and a **liquid asset buffer of EUR 37 bn**
- **Continued strong track record in tactical de-risking**
 - EUR 1.2 bn tactical de-risking of the Legacy Bond Portfolio in 1H 2014
 - Since end of June 2014, another EUR 0.6 bn of bonds have been sold
- **Since end 2013 Net Asset Value further increased with 11% to EUR 7.4 bn**

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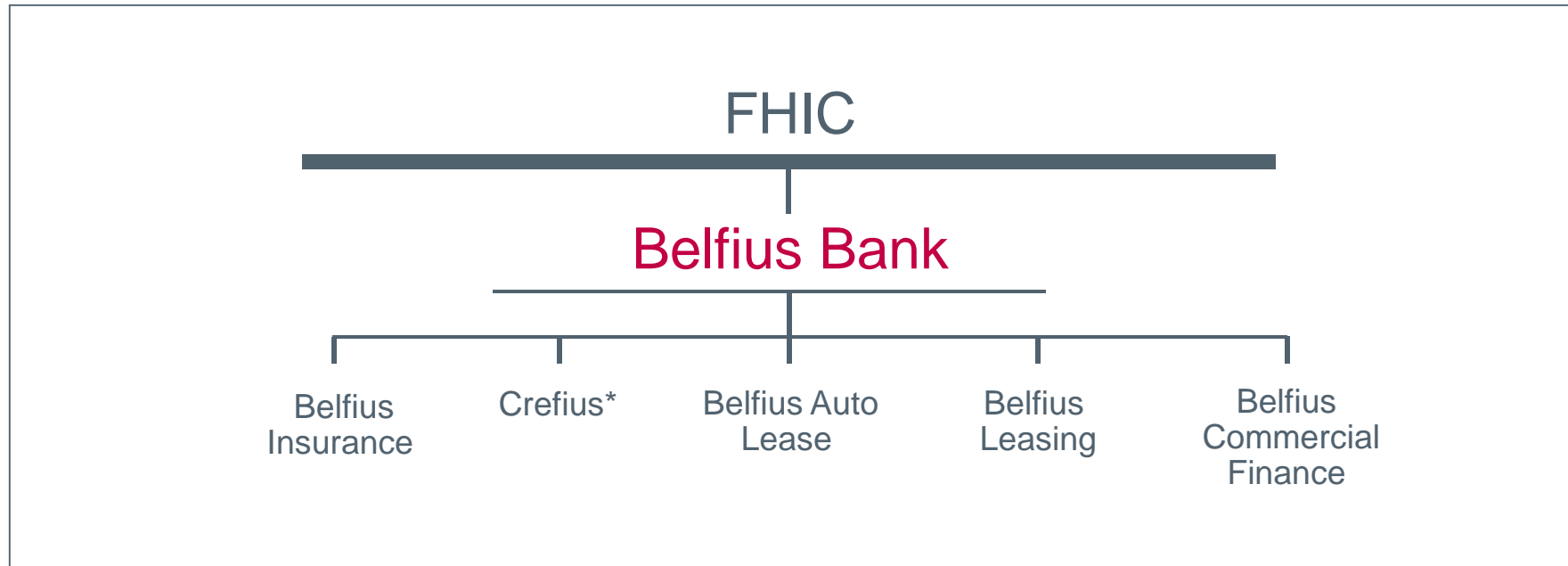
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Part 1

BELFIUS AT A GLANCE

■ Belfius at a glance

A bank ... with one sole shareholder

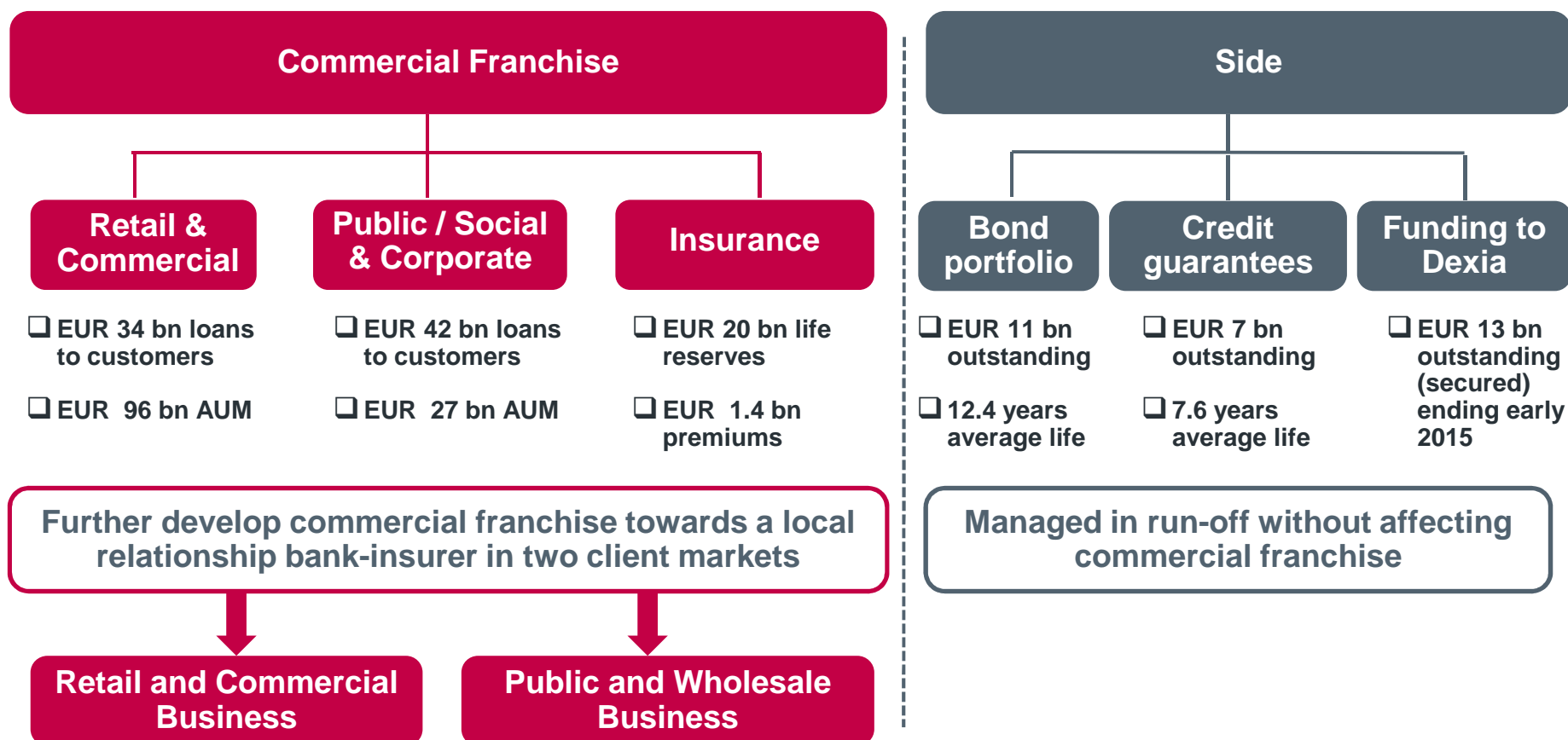


- Since October 2011, the Belgian federal state, through the Federal Holding and Investment Company (FHIC) has been the sole shareholder of the bank
- In March 2012, Belfius was launched as the new name of the bank-insurer
- Since the acquisition by the Belgian federal state, Belfius has achieved to demonstrate a strong stand-alone franchise value, has been able to unwind successfully from its previous shareholder and to continuously improve its risk profile

Belfius at a glance

An integrated Belgian bank-insurer

- More than 50 years experience as bank and insurer of proximity for more than 3.5 million individual account holders, liberal professions, self-employed and companies
- 150 years of experience as the partner to the public and social sector in Belgium



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Part 2

GOOD COMMERCIAL DEVELOPMENT

Good commercial development

Retail and Commercial Business - description

Retail, Private & Business clients

3.5m

Belfius serves 3.3 million individuals & private customers and 0.2 million business clients (self-employed, SME's) combining personal advice through a network of 755 branches and state of the art applications in internet and mobile banking

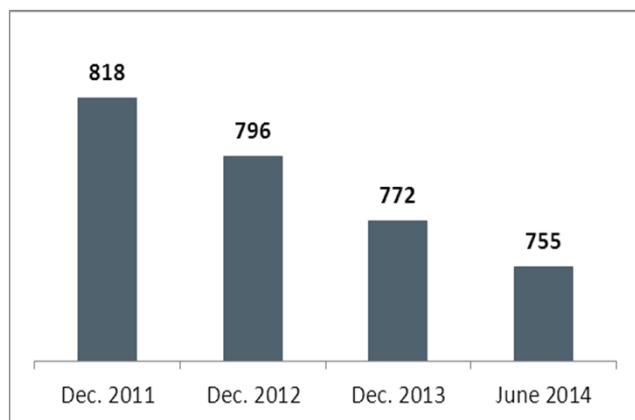
Belfius provides a large range of high quality products and services:

755

- ☐ payments products & treasury management services
- ☐ savings & investments products
- ☐ loans, ST & LT-financing, credit lines and/or guarantees
- ☐ life & non-life , staff or activity related insurance products

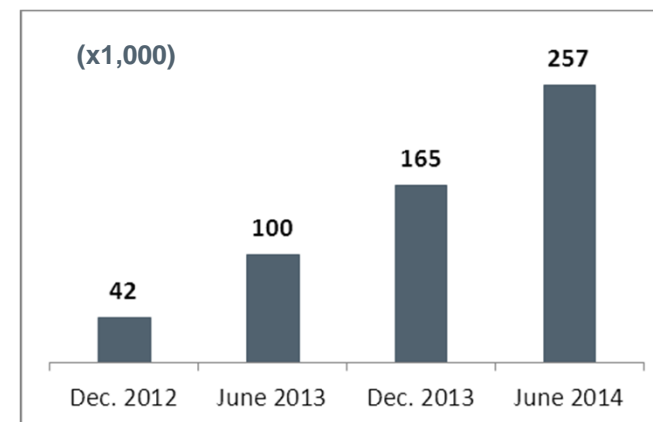
Belfius' distribution offering in line with customer behavioral change

bank branches



- ☐ *Clients are more and more directed to highly valued personal advice*
- ☐ *With more than 257k active users, Belfius demonstrates its leading edge in the mobile and digital offer*
- ☐ *The bank's online portal services 0.9m active users, which represents 6.3m interactions each month*

mobile users



Good commercial development

Retail and Commercial Business

Belfius' strategy 2014 - 2016

Sharpen Belfius' brand positioning

High digital touch and best personal advice Anytime, Anywhere, Anyhow
within segmented approach

Multi-channels & multi-brand strategy in insurance business

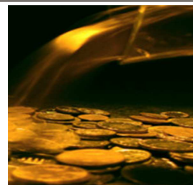
↑ Client satisfaction to 95% for all active clients

Increase overall revenues

Equipment rates



Improve Margins



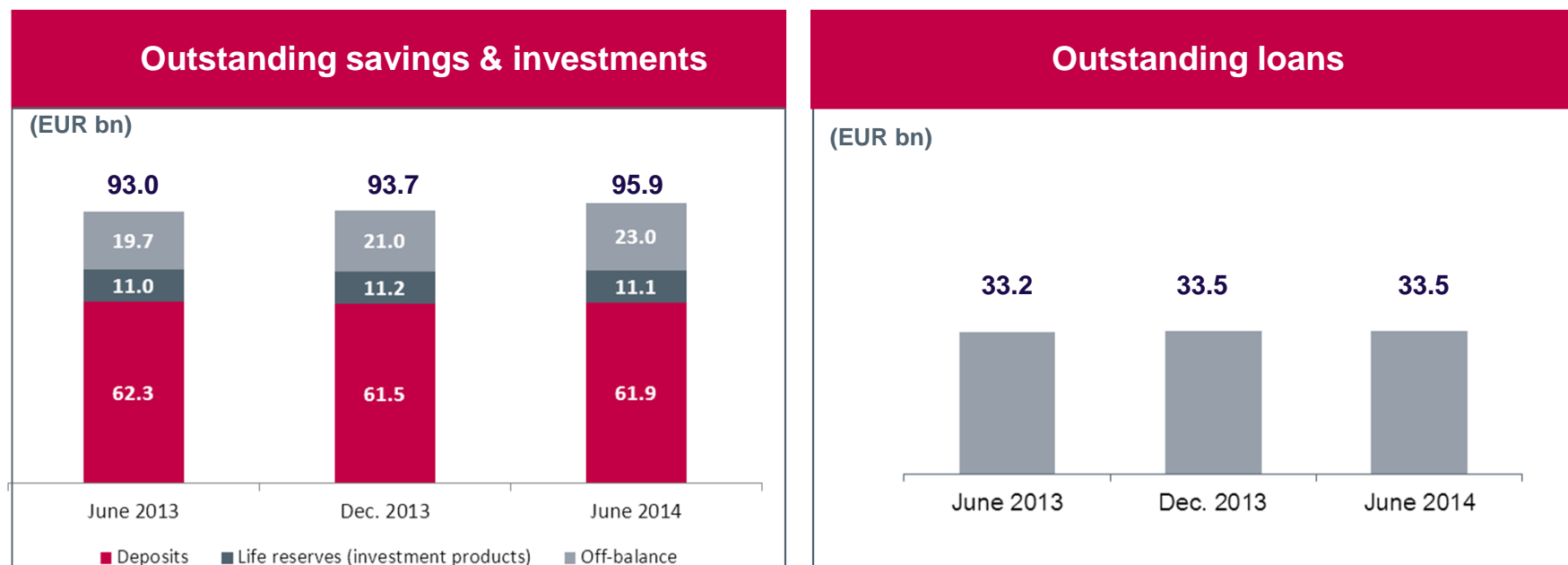
Acquisition



Further optimize total cost base line

Good commercial development

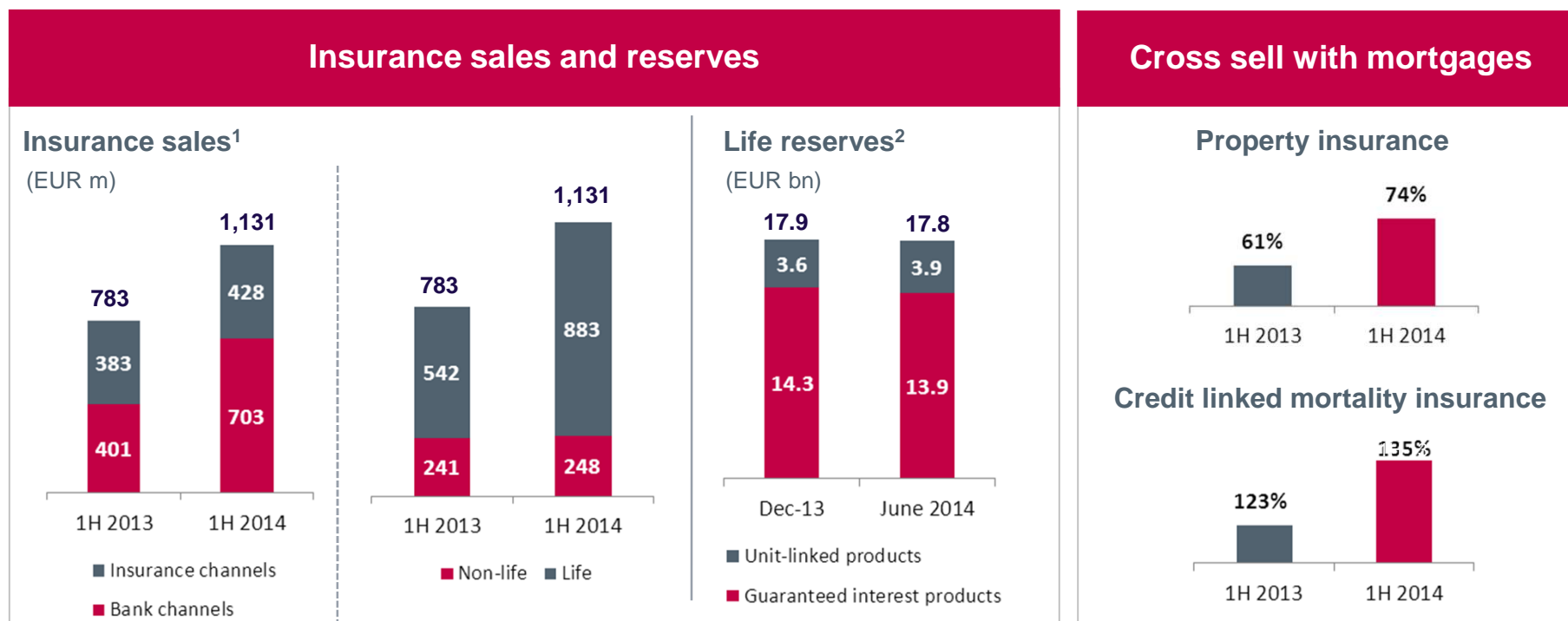
Retail and Commercial Business - activity figures (1/2)



- **Good franchise** showing continued resilience
- Total assets under management stood at EUR 95.9 bn, up EUR 2.2 bn compared to Dec. 13
 - Deposits slightly increased by EUR 0.4 bn in 1H 2014
 - Life reserves (investment products) remained stable
 - Off-balance-sheet products increased by EUR 2 bn in 1H 2014 following trend towards more mutual funds, mandates and Branch 44
- Outstanding loans remained roughly stable, both for business and mortgage loans

Good commercial development

Retail and Commercial Business - activity figures (2/2)



- Insurance sales went up 44%, mainly thanks to significant increase in Bancassurance (+75%) as a result of the succesful launch of Branch 44 (production 1H 2014: 0.5 bn)
- Life insurance sales increased with 63% in 1H 2014 compared to 1H 2013
- Non-Life insurance premiums went up 3% in 1H 2014 compared to 1H 2013
- Life reserves stood at EUR 17.8 bn, stable compared to December 2013
- Mortgage-related cross sell ratio's are steadily increasing

¹ including distribution of third party insurance products

² including EUR 11 bn life reserves under investment product format

Good commercial development

Public and Wholesale Business - description

12k

Public and Social clients

preferred banking partner of 12,000 public & social clients such as municipalities, provinces, regions and communities, police areas, healthcare, schools, universities, housing sector

6k

Corporate clients

with 6,000 clients, challenger in the segment of Belgian corporates where Belfius represents the link between public authorities and the corporate environment (Business to Government or "B2G")

Crucial role in economic activity in Belgium

➔ Either through loan financing

- **Confirmed market leader in lending to local authorities**
- **Local loan production**
1H14: EUR 1,243 m vs 1,166 m in 1H13
- **Launch smart cities**
EUR 400 m facility line EIB

➔ Or in accompanying entities issuing public debt

- **Strong debt capital markets activities (DCM)**
- **Participation market share of 83 % for public & semi-public sector issues**
- **All Programs total amount**
End of June 2014: EUR 4.5 bn

Good commercial development

Public and Wholesale Business

Belfius' strategy 2014 - 2016

Strengthening market leadership in Public & Social Banking

Unlocking the potential of a unique positioning in corporate banking (B2G)

↑ Client satisfaction to 95% for all active clients

Increase overall profitability

Increased focus on cross-selling

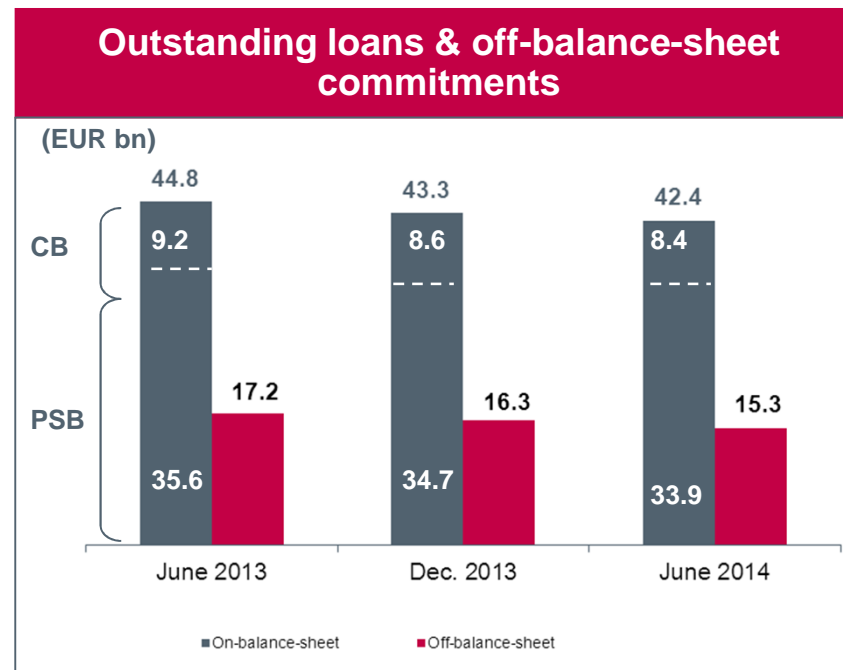
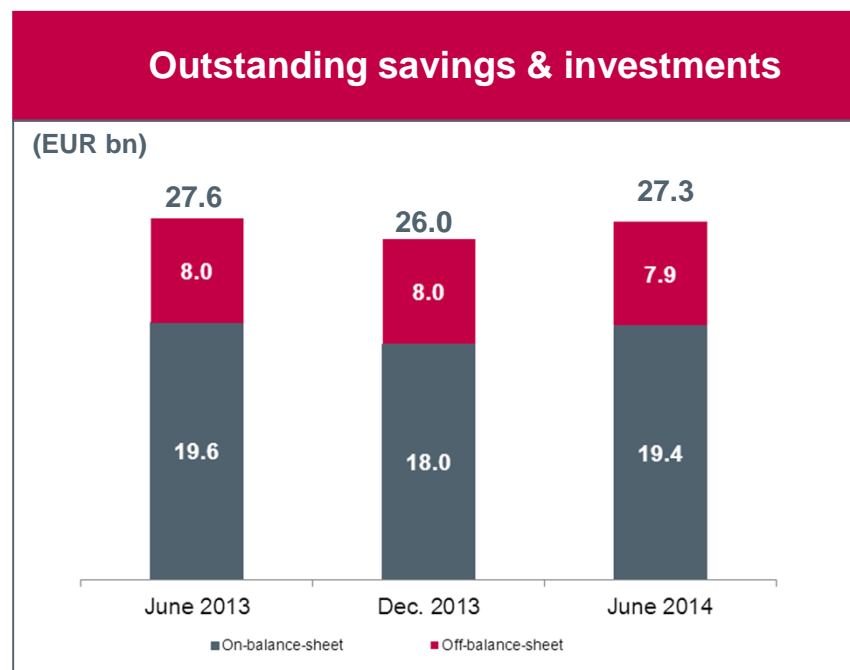
Increasing customer equipment rates

Bank/insurance model for PWB

Increasing commercial focus on fee business

Good commercial development

Public and Wholesale Business - activity figures



- Belfius remains the **preferred partner of Public & Social Profit sector in Belgium**
- Total assets under management stood at EUR 27 bn, up EUR 1.3 bn compared to Dec. 2013
- Outstanding loans in PSB* and CB* are slightly decreasing mainly due to relatively low demand, renewed interest from competitors for the PSB sector and the increase of alternative financing (a.o. desintermediation, where Belfius is market leader for PSB)
- Off B/S commitments still decreasing thanks to continuous clean-up of off B/S commitments
- Total insurance sales to PWB clients stood at EUR 223 m in 1H 2014, of which EUR 156 m in life insurance

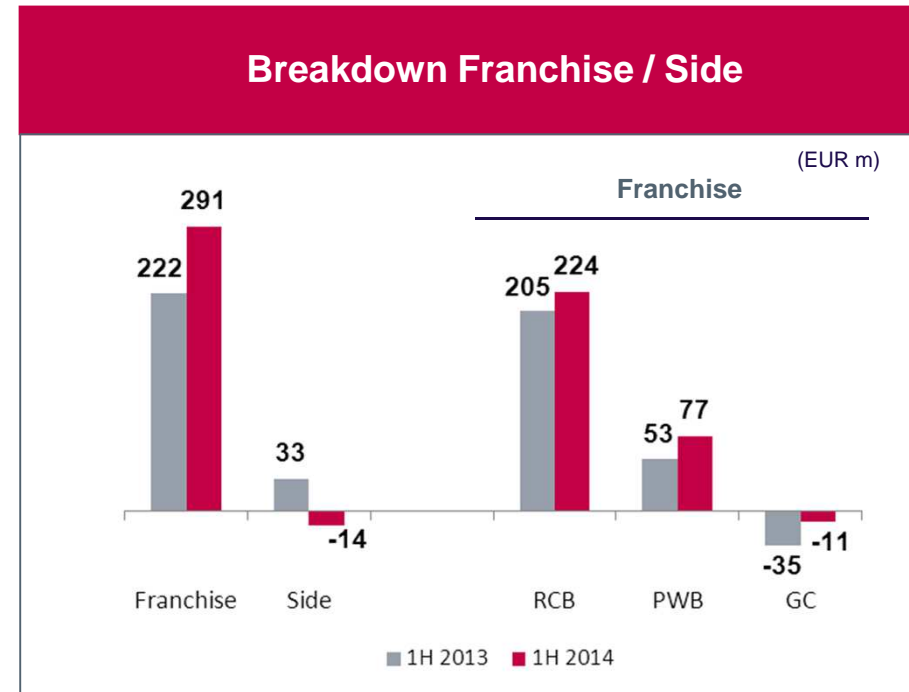
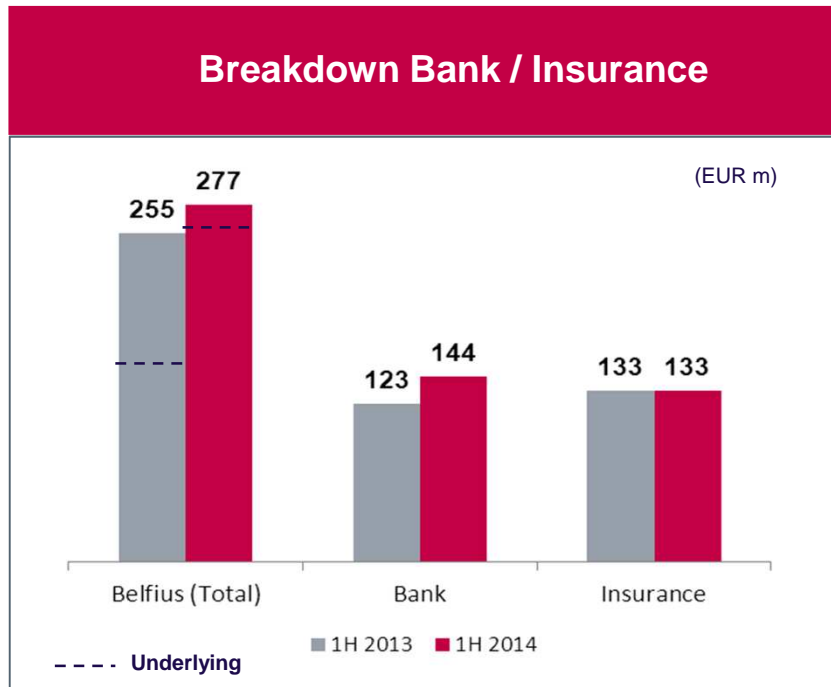
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Part 3

SOLID FINANCIALS

Solid financials

Growing net income group share



- 1H 2014 **Belfius Net income** stood at EUR 277 m compared to EUR 255 m in 1H 2013
 - Net income of the bank stood at EUR 144 m, while the insurer contributed EUR 133 m
 - Underlying net income strongly improved
- 1H 2014 **Franchise Net income** strongly increased to EUR 291 m, up 31%, mainly thanks to good commercial income and strict cost control management
 - **RCB** Net income amounted to EUR 224 m, up 10 %
 - **PWB** Net income amounted to EUR 77 m, up 46 %
- Net income of **Side** activities (managed in run-off) stood at EUR - 14 m
 - Tactical de-risking well controlled

Solid financials

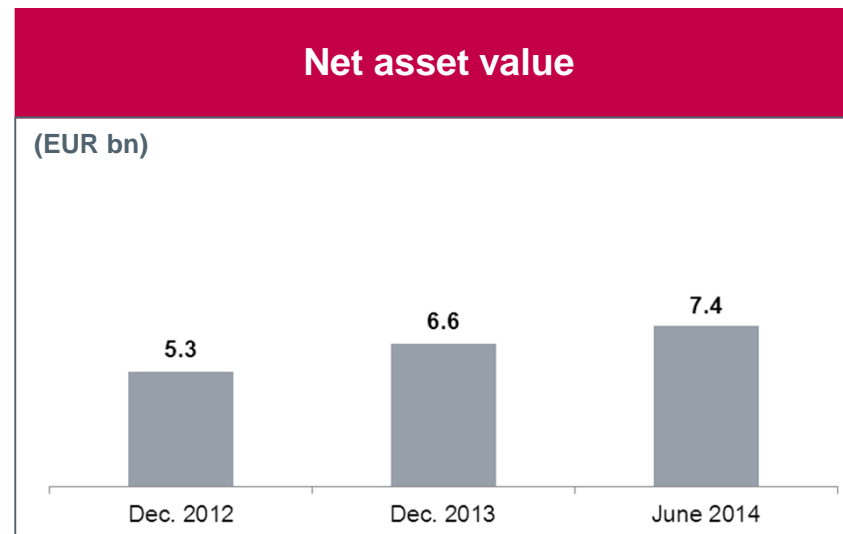
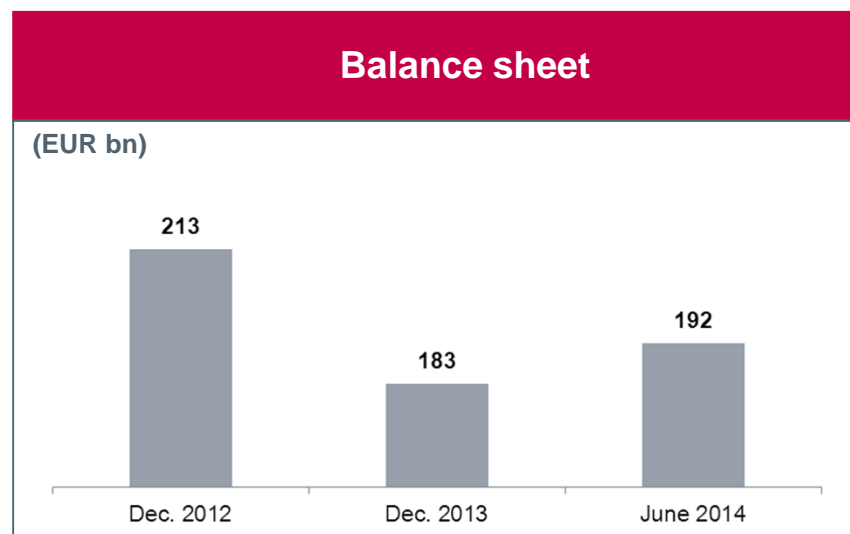
Positive evolution of most components of the statement of income

(EUR m)	1H 2013	1H 2014	Evolution 1H 14 / 1H 13
Income	1,050	1,108	5.4%
Of which			
Net interest income	953	1,033	8.4%
Net fee and commission income	186	215	15.8%
Net income on investments	102	43	-58.1%
Expenses	-751	-729	-2.9%
Gross operating income	300	379	26.4%
Cost of risk	30	-4	n.s.
Impairments on (in)tangible assets	-1	0	n.s.
Pre-tax income	329	374	13.8%
Tax expenses	-74	-98	33.7%
Net income after taxes	255	276	8.1%
Non-controlling interests	0	1	n.s.
Net income group share	255	277	8.4%
Cost to income ratio	71.5%	65.8%	

- 1H 14 **net income** of EUR 277 m
- 1H14 **income** at EUR 1,108 m
 - Further improvement of the net interest income (+8%) also thanks to steadily increasing underlying interest margin on commercial book
 - Net fee income strongly increased (+16%) as a result of higher off-balance investments by clients and growth in mandates & bancassurance
 - Decrease of net income on investments mainly explained by the capital gain booked in 1H13
- **Expenses** decreased by 3% thanks to the ongoing impact of the savings plan of the bank
- Continued low level of **cost of risk** confirming the overall good quality of assets
- **C/I ratio** improved to 65.8% compared to 71.5% in 1H 13

Solid financials

Slight growth in balance sheet, continuous increase of NAV



■ Balance sheet

- Total balance sheet increased in 1H14 to EUR 192 bn, mainly due to an increase of fair value of derivatives and collaterals resulting from lower interest rates

■ Net asset value

- Total shareholders' equity further increased in 1H 2014 to EUR 7.4 bn, thanks to the net income for the period and the further improved AFS reserve following lower yields and better credit spreads on bonds

Solid financials

Strongly increasing Franchise results

(EUR m)	1H 2013	1H 2014	Evolution 1H 14 / 1H 13
Income	1,006	1,110	10.3%
Of which			
Net interest income	915	990	8.1%
Net fee and commission income	184	215	16.9%
Expenses	-742	-721	-2.8%
Gross operating income	264	389	47.4%
Cost of risk	-5	-11	x 2.2
Impairments on (in)tangible assets	-1	0	n.s.
Pre-tax income	258	377	46.4%
Tax expenses	-35	-87	x 2.5
Net income after taxes	222	290	30.3%
Non-controlling interests	0	1	n.s.
Net income group share	222	291	30.7%

- 1H 2014 **Franchise net income** of EUR 291 m, up 31% compared to 1H 2013
- 1H 2014 **income** at EUR 1,110 m, up 10% compared to 1H 2013 thanks to
 - Steadily improving interest income (+8%)
 - Increase in fee income (+17%) in line with increased client interest in off B/S products
 - *To note: 1H 13 income was positively influenced by capital gain on profit shares (EUR 61 m)*
- **Expenses** decreased (-3%) in line with the bank-wide cost control programme
- **Cost of risk** remains low

Solid financials

Increasing RCB results

(EUR m)	1H 2013	1H 2014	Evolution 1H 14 / 1H 13
Income	872	894	2.5%
Of which			
<i>Net interest income</i>	807	784	-2.9%
<i>Net fee and commission income</i>	169	199	17.9%
Expenses	-586	-555	-5.3%
Gross operating income	286	339	18.6%
Cost of risk	-9	-23	x 2.5
Impairments on (in)tangible assets	-1	0	n.s.
Pre-tax income	275	315	14.4%
Tax expenses	-71	-91	28.1%
Net income after taxes	205	224	9.7%
Non-controlling interests	0	0	n.s.
Net income group share	205	224	9.7%

- 1H 2014 **RCB net income** of EUR 224 m, up 10% compared to 1H 2013
- 1H 2014 **income** at EUR 894 m, up 3% compared to 1H 2013 due to
 - Limited decrease in interest income (-3%) due to slight switch from B/S to off B/S products
 - Fee income up 18% in line with increased client interest in off-balance-sheet products
 - Insurance business with RCB clients generates around one third of RCB income
- **Expenses** decreased by 5% and remained well under control
- **Cost of risk** higher than 1H 2013, but still at “normal” levels

Solid financials

Increasing PWB results

(EUR m)	1H 2013	1H 2014	Evolution 1H14 / 1H13
Income	184	213	15.8%
Of which			
<i>Net interest income</i>	185	193	4.1%
<i>Net fee and commission income</i>	18	19	2.6%
Expenses	-108	-106	-1.1%
Gross operating income	76	106	39.7%
Cost of risk	4	6	n.s.
Impairments on (in)tangible assets	0	0	n.s.
Pre-tax income	80	112	39.3%
Tax expenses	-27	-35	26.6%
Net income after taxes	53	77	45.9%
Non-controlling interests	0	0	n.s.
Net income group share	53	77	45.9%

- 1H 2014 **PWB net income** of EUR 77 m, up 46% compared to 1H 2013
- 1H 2014 **income** at EUR 213 m, up 16% compared to 1H 2013
 - Interest income went up 4% thanks to steadily improving margins on commercial book
 - Fee income rose by 3% thanks to the increased Debt Capital Markets (DCM)-activity and other cross-selling products
- **Expenses** decreased by 1% and remained well under control
- **Cost of risk** has a positive contribution thanks to reversals of former impairments

Solid financials

Well controlled Side activities

(EUR m)	1H 2013	1H 2014	Evolution 1H14 / 1H13
Income	44	-3	n.s.
Expenses	-8	-7	-12.5%
Gross operating income	36	-10	n.s.
Cost of risk	35	7	n.s.
Impairments on (in)tangible assets	0	0	n.s.
Pre-tax income	71	-3	n.s.
Tax expenses	-38	-11	-71.1%
Net income after taxes	33	-14	n.s.
Non-controlling interests	0	0	n.s.
Net income group share	33	-14	n.s.

- 1H 2014 **Side net income** amounted to EUR - 14 m
- 1H 2014 **income** impacted by B/S decrease (lower outstanding volumes) under the tactical de-risking programme and by other reported items (non-underlying) such as refined CVA provisions
 - *To note : 1H 2013 income was impacted by positive other reported income from de-risking policy*
- **Expenses** remained stable
- **Cost of risk** impacted by reversals of provisions

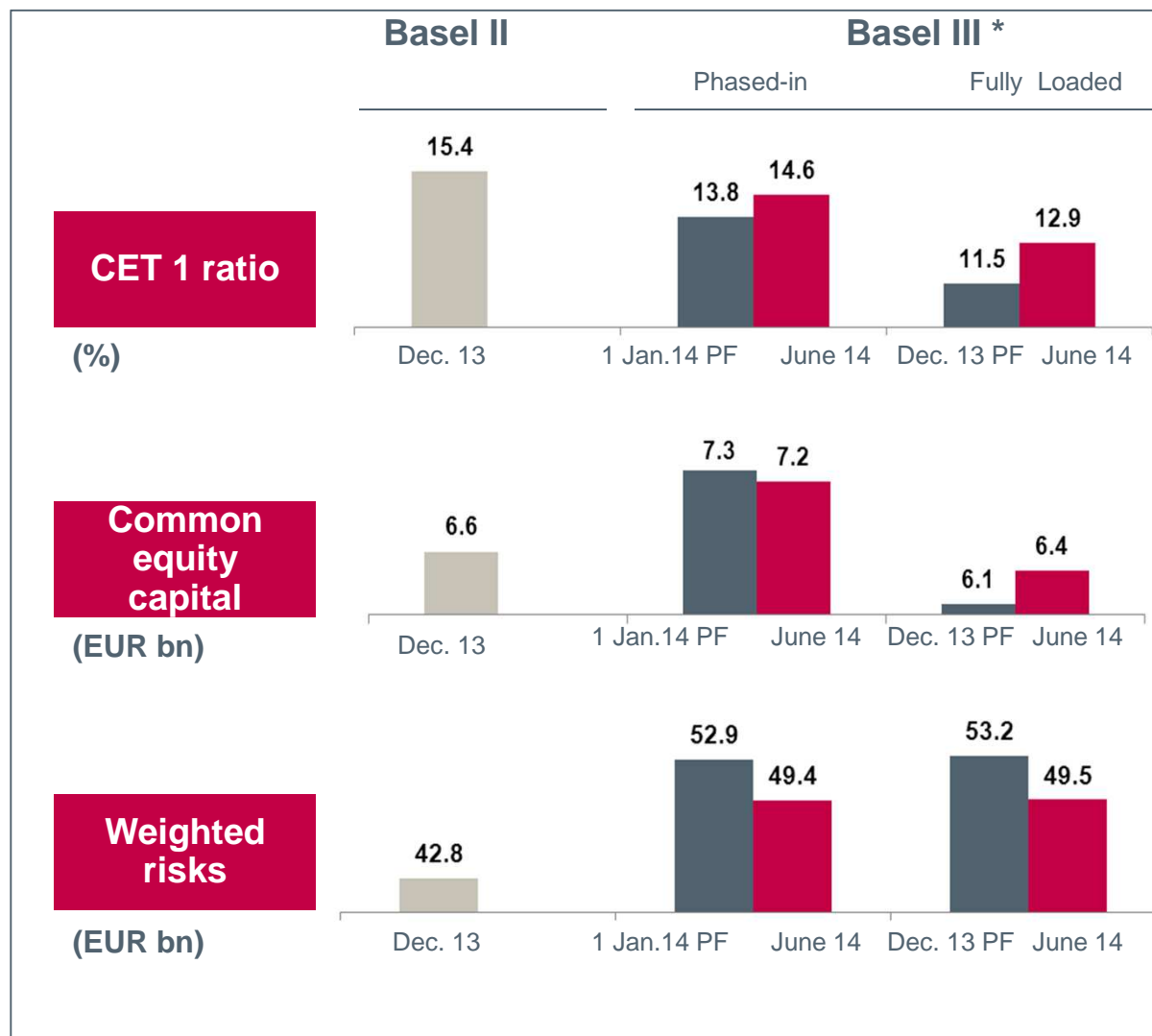
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Part 4

ROBUST SOLVENCY & LIQUIDITY

Robust solvency & liquidity

Solvency position continues to show increased robustness



Further increase of the Solvency ratios in 1H 2014

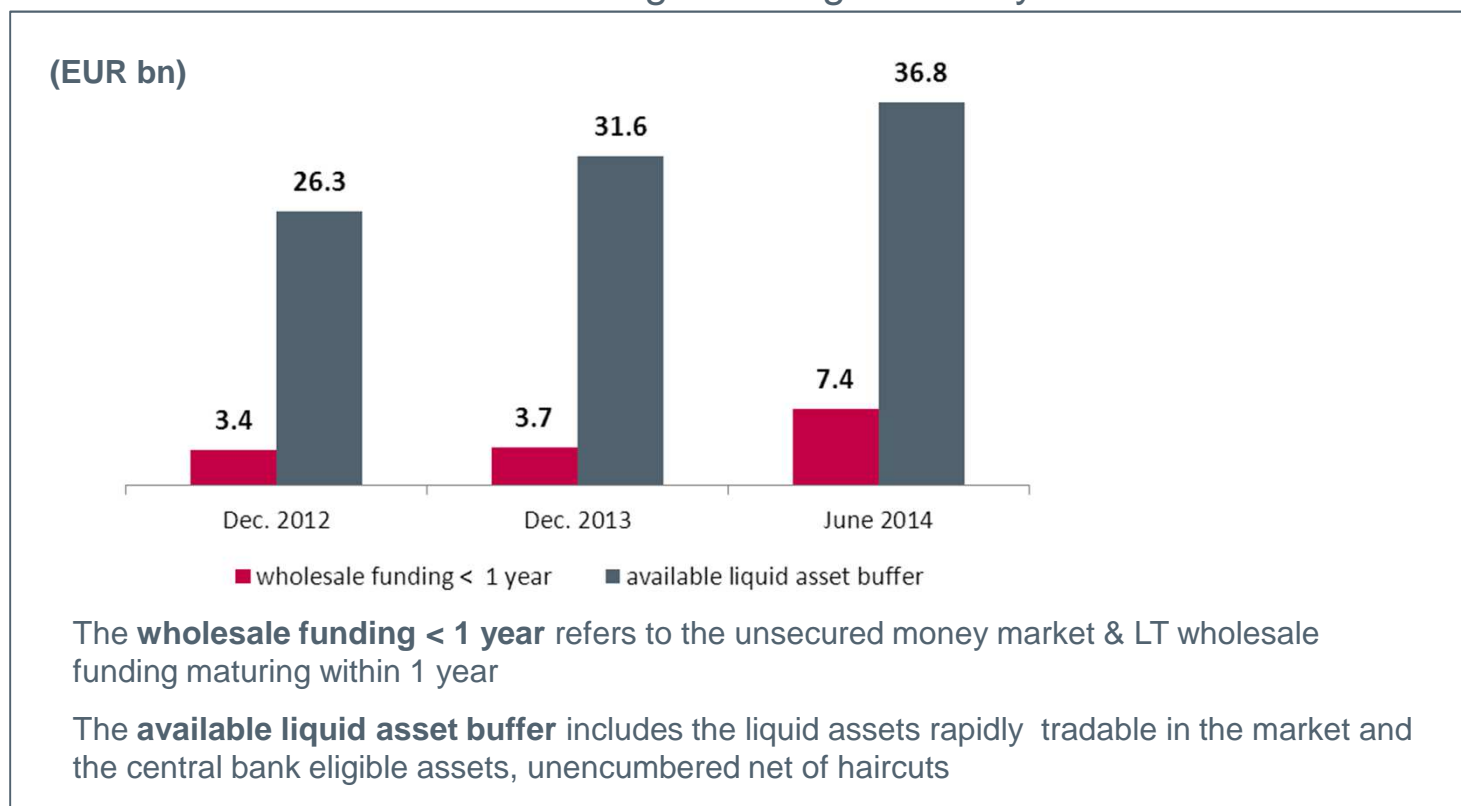
- Fully-loaded Basel III **CET 1 ratio** stood at **12.9%**, up 138 bp, due to increase of common equity capital (47bp) and strong decrease of weighted risks (91bp)
- Phased-in Basel III CET 1 ratio at 14.6%, up 84 bp
- Solvency II ratio Belfius Insurance amounted to 239%

* According to : (i) Danish compromise and (ii) prudential filter for negative AFS reserve on sovereign portfolio for up to 5% of such portfolio

■ Robust solvency & liquidity

Liquidity profile of Belfius continues to benefit from executed strategy

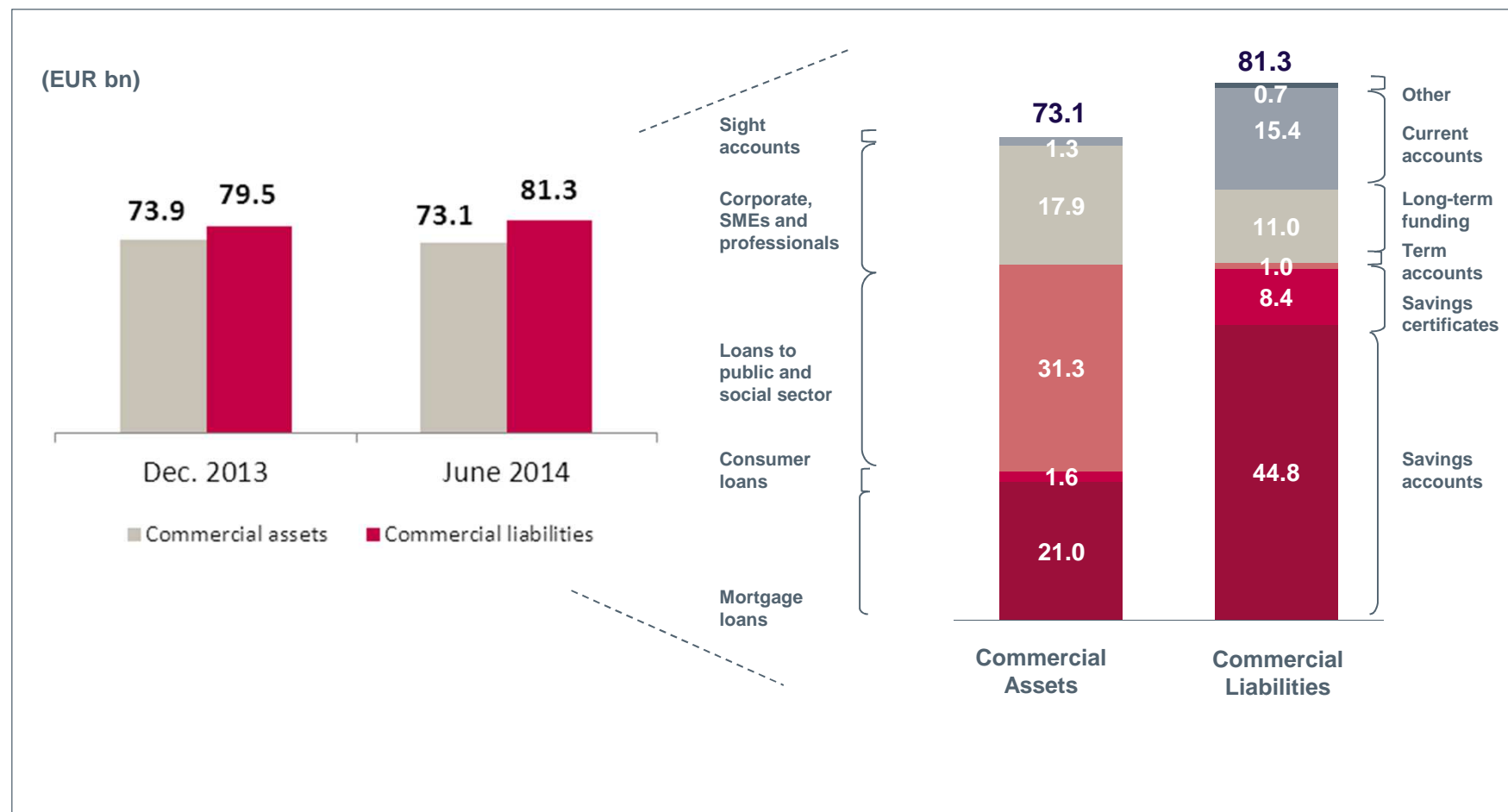
- Execution of the funding plan leads to further improvement of the **liquidity profile**
 - The bank is already **LCR*** compliant : 109% as of June 2014
 - The bank has an **available liquid asset buffer** of EUR 36.8 bn as of 30 June 2014, 5 times the wholesale funding maturing within 1 year



* The Liquidity Coverage Ratio (LCR) refers to the ratio between the stock of high quality liquid assets and the total net cash outflow over the next month and is based on Belfius' interpretation of the current Basel Committee guidelines, which may change in the future

Robust solvency & liquidity

A sound L/D - ratio in the commercial balance sheet



- The **commercial balance sheet** shows a further increasing excess of funding (EUR 8 bn), even within the tendency of more off B/S in RCB
- **Loan-to-deposit ratio** moved to 90% in June 2014 compared to 93% end 2013

Robust solvency & liquidity

Belfius continues to diversify its funding, climbing up the ladder of “juniority”

■ The highlights of the recent actions are :

- Belfius issued the first Belgian Mortgage covered bonds (*Nov. 2012*)
- Building up of Belfius covered bond curve with currently 5 benchmarks outstanding
- Active issuer in private placements of covered bonds and senior unsecured issues
- Set-up of ECP programme (*Jan. 2013*) and issuance under CD & EMTN programme
- Issuance of inaugural senior unsecured benchmark (*Sept. 2013*) & building up of senior unsecured curve
- Development of new formats, e.g. Schuldscheins, Namensschuldverschreibung (N-Bonds), ...
- Setting-up programme for issuance of Public Pandbrieven

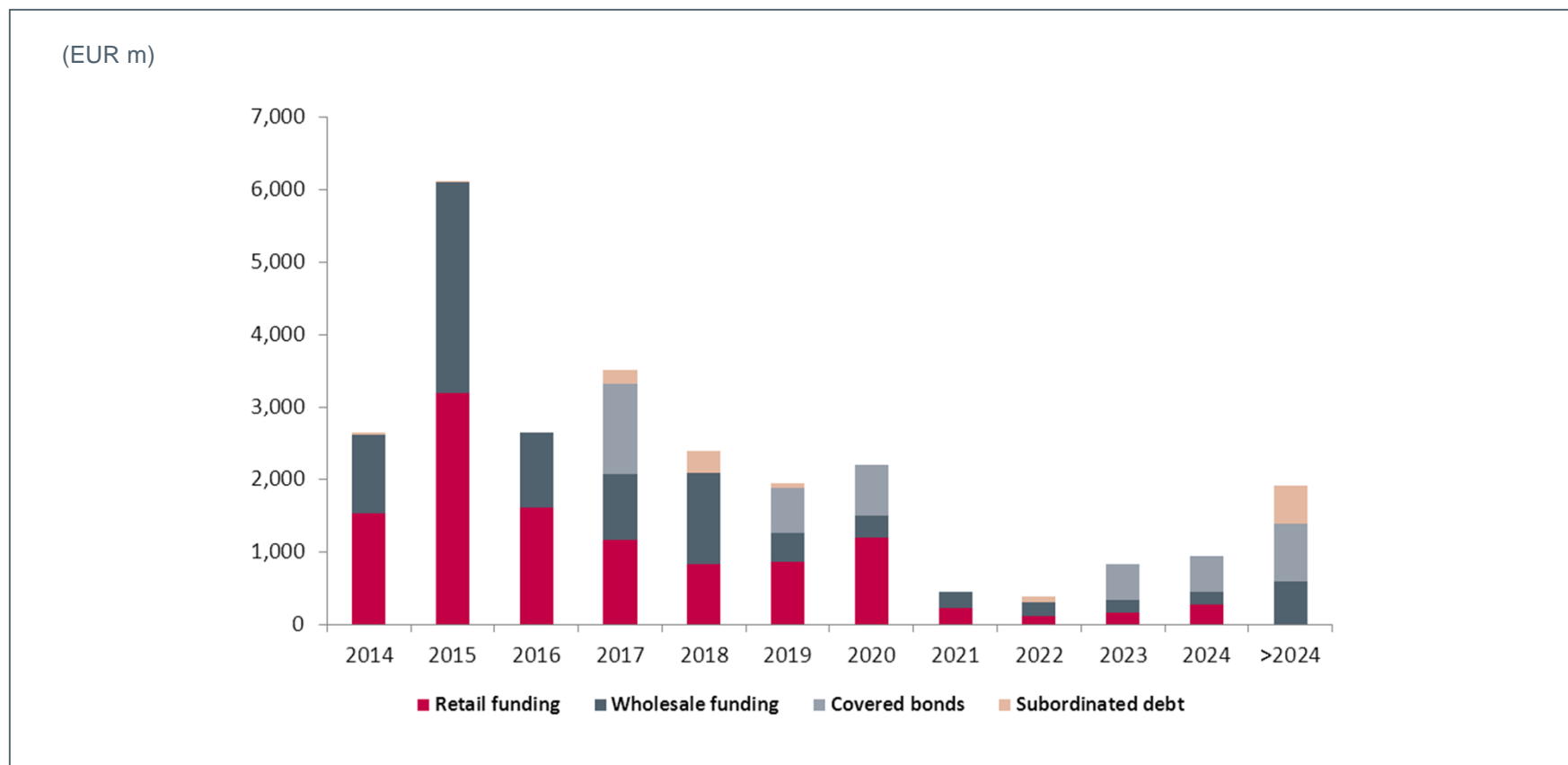
Robust solvency & liquidity

Belfius various issuing programmes

	Outstanding (End August 2014)	Issuer	Listing
Belfius Euro Commercial Paper Programme (Institutional)	EUR 581 m	Belfius Financing Company with guarantee of Belfius Bank	Not listed
Belfius CD Programme (Institutional)	EUR 2.6 bn	Belfius Bank	Not listed
Belfius Mortgage Pandbrieven Programme (Institutional)	EUR 4.5 bn	Belfius Bank	Euronext Brussels
Belfius Public Pandbrieven Programme (Institutional)	-	Belfius Bank	Euronext Brussels
EMTN Programme (Institutional)	EUR 4.8 bn	Belfius Bank	Luxembourg Stock Exchange
Belfius Notes Issuance Programme (Retail)	EUR 9.9 bn	Belfius Bank, and Belfius Financing Company with guarantee of Belfius Bank	Not listed

Robust solvency & liquidity

Redemption profile of medium/long term funding securities (*)



- Institutional funding needs of Belfius are rather limited and well spread over coming years
- Retail funding issues can be considered as rolling over in a natural way

(*) As at June 2014

Robust solvency & liquidity

Ratings

Ratings of Belfius Bank as at 10 September 2014

	Long-term rating	Outlook	Short-term rating
Fitch	A-	Negative	F1
Moody's	Baa1	Negative	Prime-2
Standard & Poor's	A-	Negative	A-2

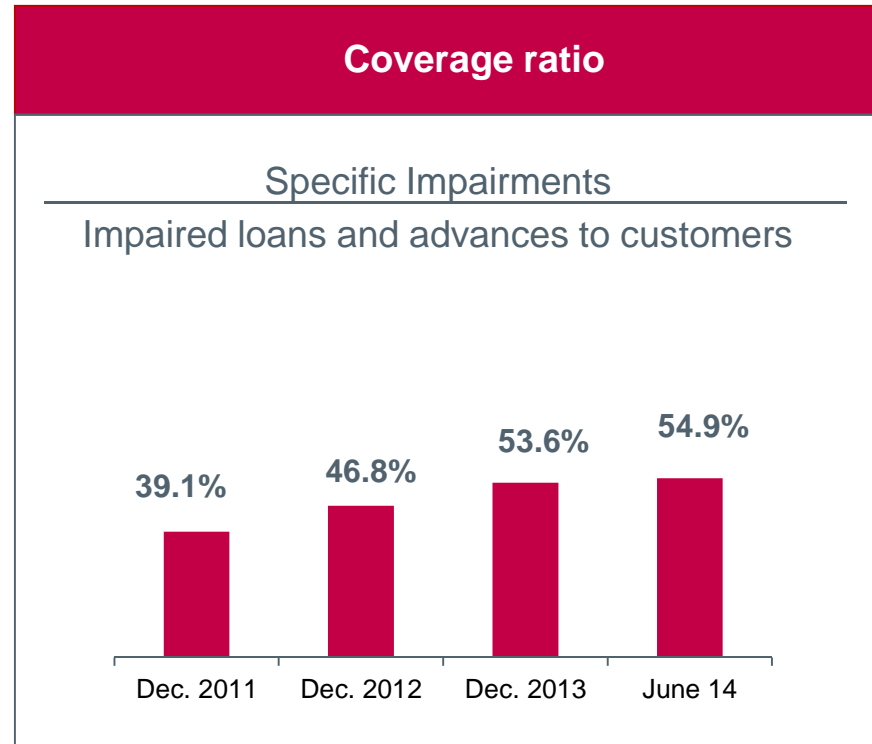
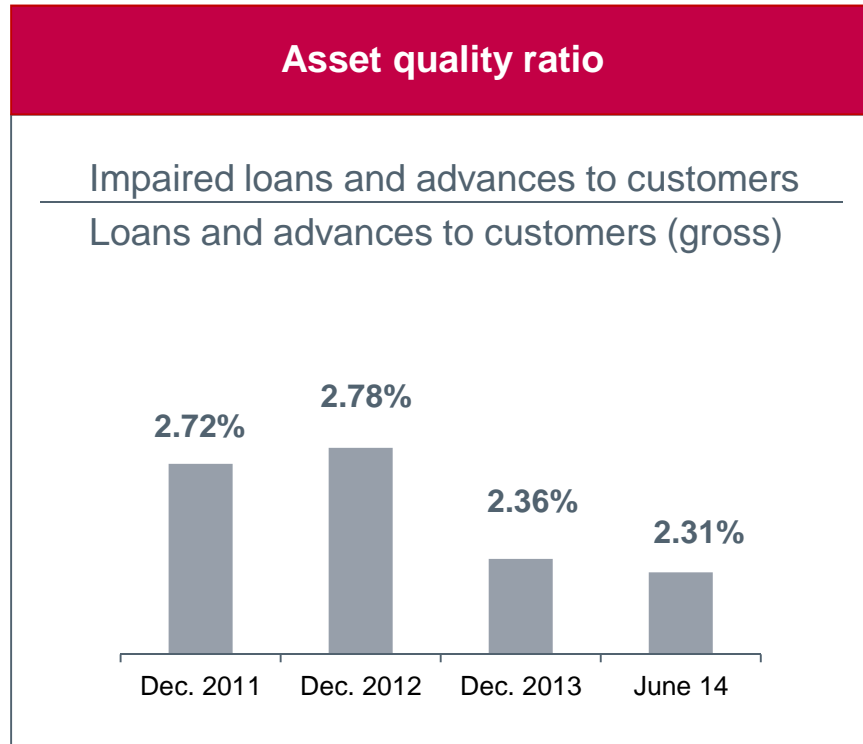
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Part 5

CONTINUOUSLY IMPROVING RISK PROFILE

Continuously improving risk profile

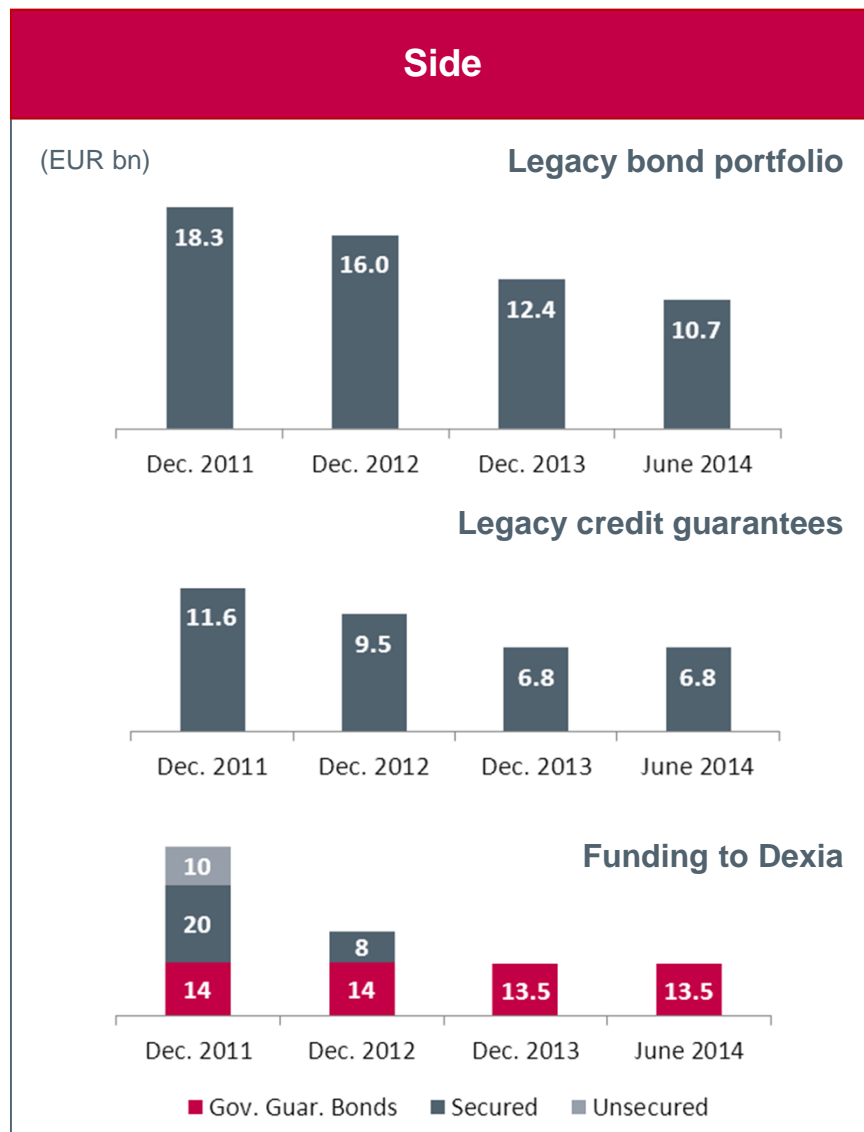
Continued strong asset quality indicators



- Despite still challenging economic environment, **asset quality ratio further improved**
- **Coverage ratio** continues to increase (1H 2014 at 54.9%) and compares favourably to market averages

Continuously improving risk profile

Continued track record within a multi-year de-risking plan of Side



- Since 2011, Belfius has implemented a tactical de-risking plan alongside its focus on the development of its commercial activities

■ Legacy bond portfolio

- Since 2011 the legacy bond portfolio has decreased by EUR 7.6 bn (or 42%) of which two-third due to tactical de-risking and one third of natural amortizations
- Since June 2014, another EUR 0.6 bn of bonds has been sold

■ Legacy credit guarantees*

- Since 2011 the legacy credit guarantees portfolio has reduced by EUR 4.8 bn (or 41%)

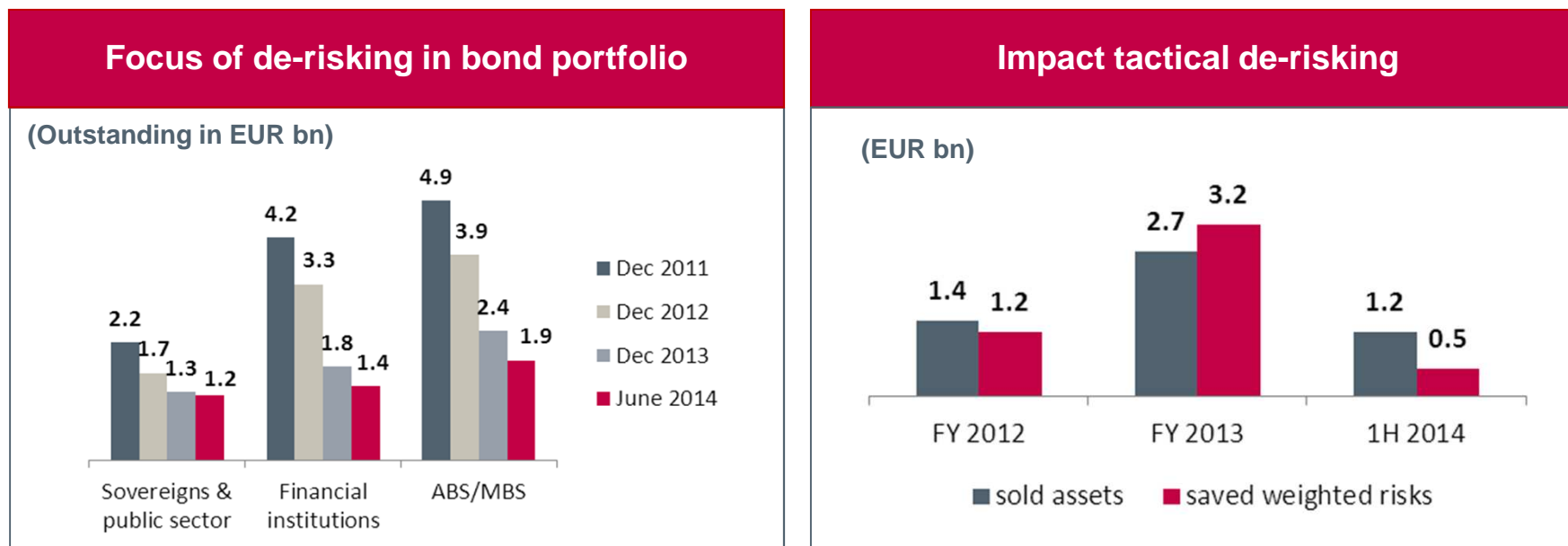
■ Funding to Dexia

- The funding to Dexia decreased from EUR 44 bn (of which EUR 10 bn unsecured) to EUR 13.5 bn of government guaranteed bonds reaching maturity at the end of 2014 (for EUR 3 bn) and the remaining amount at the beginning of 2015

* The Legacy credit guarantees refer to the intermediation transactions whereby, on different types of reference obligations, the former Dexia Bank sold credit protection to a financial counterpart and purchased credit protection with monoline insurers

Continuously improving risk profile

Tactical de-risking in Legacy bond portfolio



- Since 2011, the Legacy bond portfolio has decreased by 42% or EUR 7.6 bn of which two-third due to tactical de-risking and one third of natural amortizations
- The tactical de-risking has been mainly executed in the asset categories financial institutions (-67%), asset-backed securities (-62%) and international sovereigns & public sector (-45%)
- The tactical de-risking (EUR 5.3 bn sold assets) has reduced the weighted risks by 4.9 bn

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■ Appendix 1

Adjusted analytical segmentation (1/2)

As from 2014, the **segmentation** of Belfius is the following:

- **Franchise**
 - **Retail and Commercial Business** (RCB) manages the commercial relationships (bank & insurance) with individual customers and with small and medium sized enterprises
 - **Public and Wholesale Business** (PWB) manages the commercial relationships (bank & insurance) with the public authorities, the social sector and the corporate clients
 - **Group Center** manages the interest rate risk and the liquidity risk of the bank
- **Side**
 - **Side** contains the Legacy portfolios (bonds & credit guarantees), Dexia and some other smaller run-off activities

In terms of **capital allocation**

- Capital is allocated to **Side** so that its CET 1 ratio (fully loaded) is equal to 13%
- Capital is allocated to **Franchise** so that its CET 1 ratio (fully loaded) is equal to 10.5%
- **Group Center** manages the excess (or shortfall if any) of the core shareholders equity compared to the allocated one

Appendix 1

Adjusted analytical segmentation (2/2)

Following the new analytical segmentation, the 2013 & 1H 2013 pro forma net income results are as follows :

2013 PF	BELFIUS	Franchise	RCB	PWB	GC	INS	Side
Net income (in EUR m)							
Net income as published (old segmentation)	445	508	47	77	169	215	-63
<i>methodology changes</i>		-46	48	14	-107		46
Insurance			229	-10	-4	-215	
Net income new segmentation	445	462	324	81	58		-17

1H 2013 PF	BELFIUS	Franchise	RCB	PWB	GC	INS	Side
Net income (in EUR m)							
Net income as published (old segmentation)	255	249	32	44	40	133	7
<i>methodology changes</i>		-26	31	11	-69		26
Insurance			141	-2	-6	-133	
Net income new segmentation	255	222	205	53	-35		33

Appendix 2

Consolidated balance sheet – Assets

(EUR m)	31/12/2013	30/06/2014	Evolution
Loans and advances	119,291	125,210	5,919
<i>To banks and central banks</i>	<i>31,569</i>	<i>37,265</i>	<i>5,696</i>
<i>To customers</i>	<i>87,722</i>	<i>87,945</i>	<i>223</i>
Portfolios	33,586	33,052	-534
<i>Financial assets at FV through P&L</i>	<i>5,512</i>	<i>5,150</i>	<i>-362</i>
<i>Financial investments (AFS)</i>	<i>28,074</i>	<i>27,902</i>	<i>-172</i>
Derivatives	23,190	26,259	3,069
Other	6,710	7,544	834
Total assets	182,777	192,065	9,288

- The increase of **assets** with EUR 9.3 bn (*or +5%*) is a combination of
 - an increase of loans and advances to banks and central banks (EUR 5.7 bn) mainly due to higher reverse repo activity
 - stable loans to customers
 - a decrease of financial assets and investments (EUR 0.5 bn), whereby the decrease due to the de-risking was partly compensated by an increase of the fair value
 - an increase (EUR 3.1 bn) of the fair value of the derivatives due to the general interest rate decrease

Appendix 3

Consolidated balance sheet – Liabilities without equity

(EUR m)	31/12/2013	30/06/2014	Evolution
Deposits	90,861	92,291	1,430
<i>Banks and central banks</i>	29,236	29,098	-138
<i>Customers</i>	61,625	63,193	1,568
Debt securities	36,538	39,354	2,816
<i>Debt securities</i>	27,184	29,652	2,468
<i>Debt securities at FV through P&L</i>	8,461	8,794	333
<i>Subordinated Debt</i>	893	908	15
Derivatives	28,602	32,240	3,638
Provisions	18,103	18,268	165
Other	2,052	2,531	479
Total liabilities	176,156	184,684	8,528

- The increase of **liabilities** with EUR 8.5 bn (*or +5%*) is a combination of
 - stable deposits from banks and central banks
 - an increase of customer deposits (EUR 1.6 bn)
 - an increase of debt securities (EUR 2.8 bn), mainly resulting from new bond issues
 - an increase (EUR 3.6 bn) of the fair value of derivatives due to the general interest rate decrease

Appendix 4

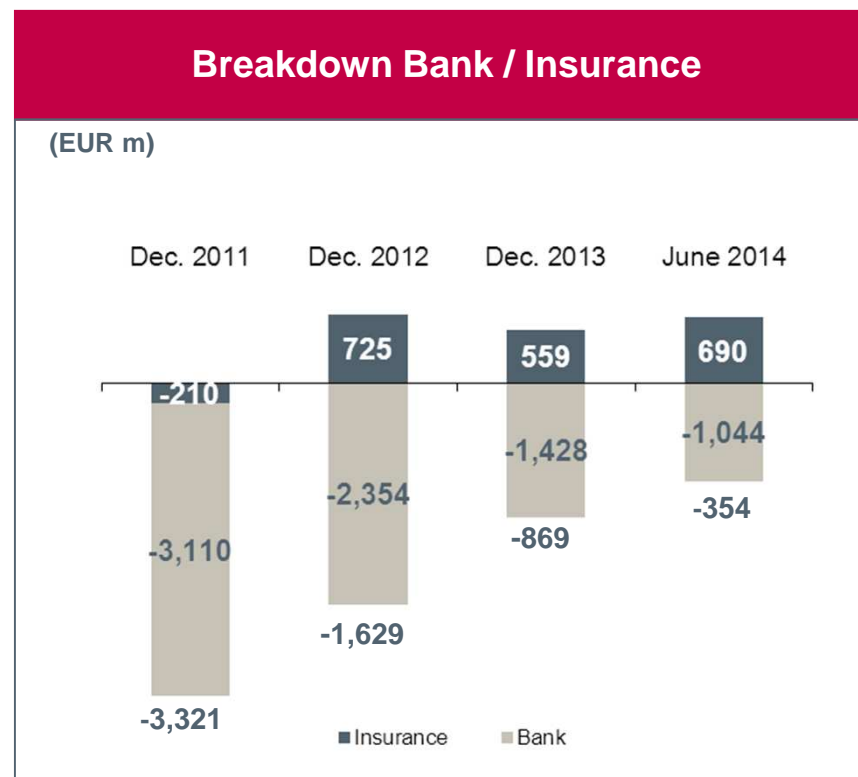
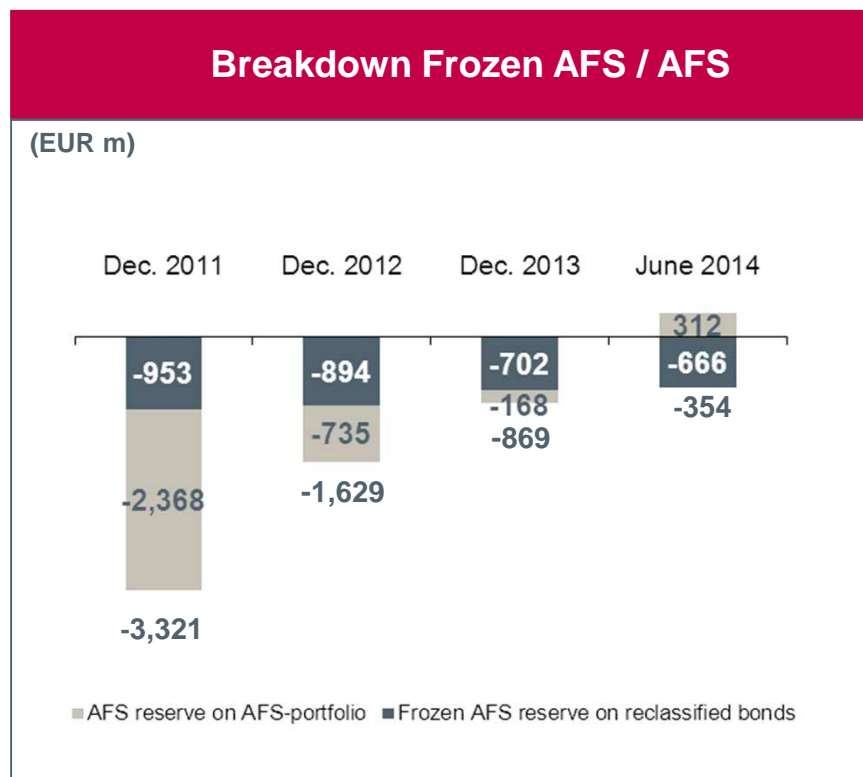
Consolidated balance sheet – Accounting equity

(EUR m)	31/12/2013	30/06/2014	Evolution
Core shareholders' equity	7,343	7,620	277
<i>Subscribed capital + additional paid in capital</i>	3,667	3,667	0
<i>Reserves + retained earnings</i>	3,231	3,676	445
<i>Net income for the period</i>	445	277	-168
Gains and losses not recognised in the statement of income	-738	-243	495
<i>Reserve AFS (Available for Sale)</i>	-869	-354	515
<i>Reserve CFH (Cash flow hedge) + other</i>	1	2	1
<i>Remeasurement of Defined Benefit plan</i>	130	100	-30
<i>Discretionary participation features</i>	0	9	9
Total shareholders' equity	6,605	7,377	772
Other	16	3	-13
Total equity	6,621	7,380	759

- The increase of **total equity** in 1H 2014 with EUR 759 m is due to
 - the net profit of EUR 277 m reported in 1H 2014, reinforced by
 - further improvement of the AFS reserve following lower interest rates and better credit spreads

Appendix 5

Focus on AFS reserve*



- Total AFS reserve stood at EUR -0.4 bn as at June 2014, a further improvement with EUR 0.5 bn since December 2013, due to the impact of tactical de-risking and the positive market evolutions
- Since 2011, the AFS reserve has decreased with EUR 3 bn or - 89%

Appendix 6

Focus on regulatory capital

(EUR m)	Basel III Phased-in		Basel III Fully Loaded	
	1 Jan. 2014 PF	June 14	Dec. 2013 PF	June 14
Core shareholders' equity	7,343	7,620	7,343	7,620
<i>Elimination of Belfius Insurance (*)</i>	<i>319</i>	<i>200</i>	<i>319</i>	<i>200</i>
Core regulatory equity	7,662	7,820	7,662	7,820
Gains and losses not recognised in the statement of income	-119	-73	-1,041	-702
Remeasurement Defined Benefit Plan	125	98	125	98
AFS reserve	-1,411	-1,029	-1,411	-1,029
Transitory measures & filter on govies	1,167	858	245	229
Items to deduct	-262	-539	-489	-738
Deferred tax assets	-284	-249	-284	-249
Transitory measures	227	199		
Other	-205	-489	-205	-489
Common equity Tier 1 - CET 1	7,282	7,208	6,132	6,380
Tier 2 - Capital instruments	664	665	489	490
Other	25	9	25	9
Total regulatory capital	7,970	7,882	6,646	6,879

(*) For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority (NBB) asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise"

Appendix 7

Focus on Risks Weighted Exposures

(EUR bn)	Basel III Phased-in (CRR)		Basel III Fully Loaded (CRR)	
	1 Jan. 2014 PF	June 14	Dec. 2013 PF	June 14
Market risk	1.4	1.3	1.4	1.3
Operational risk	2.5	2.5	2.5	2.5
Credit risk	42.9	39.5	43.2	39.5
Danish compromise (*)	6.1	6.1	6.1	6.1
Total Risks Weighted Exposures	52.9	49.4	53.2	49.4

(*) For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority (NBB) asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise"

Appendix 8

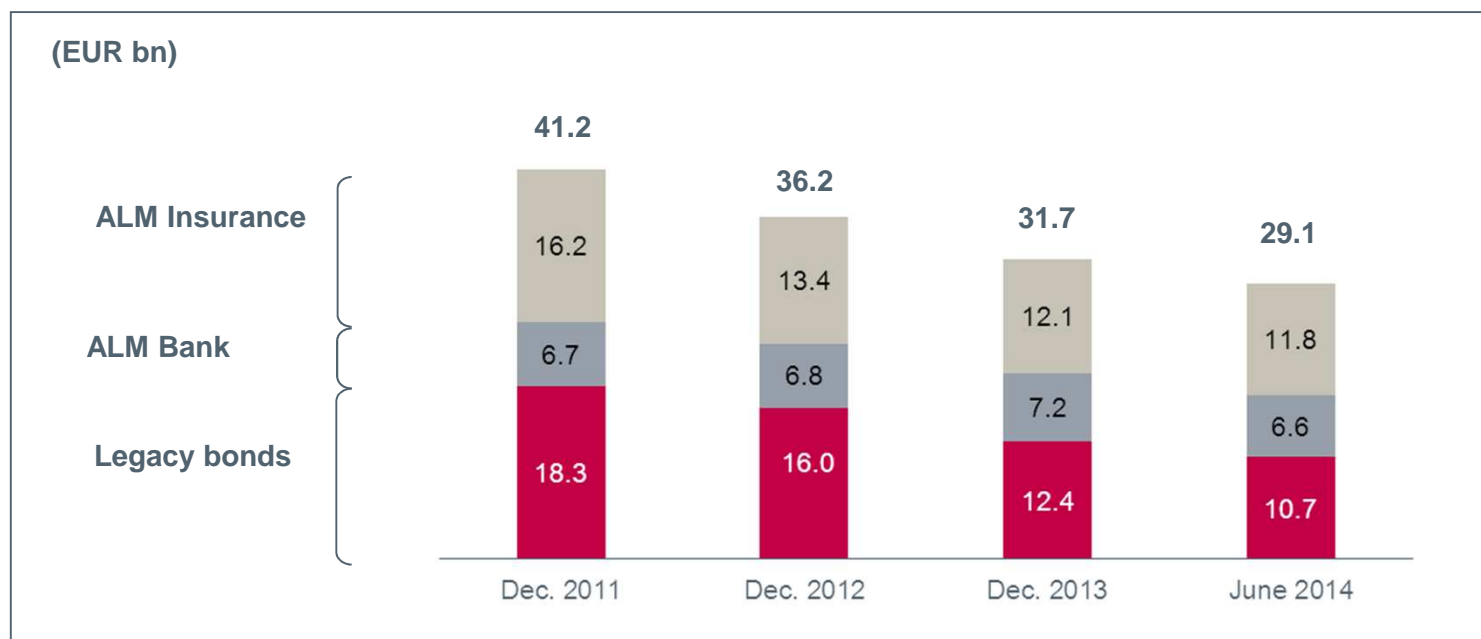
Focus on capital ratios

	Basel III Phased-in		Basel III Fully Loaded	
	1 Jan. 2014 PF	June 14	Dec. 2013 PF	June 14
Common equity Tier 1 - CET 1 (EUR m)	7,282	7,208	6,132	6,380
Total regulatory capital (EUR m)	7,970	7,882	6,646	6,879
Total Risks Weighted Exposures (EUR bn)	52.9	49.4	53.2	49.4
CET 1 ratio	13.8%	14.6%	11.5%	12.9%
Total capital ratio	15.1%	16.0%	12.5%	13.9%

(*) For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority (NBB) asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill. This is commonly known as "Danish compromise"

Appendix 9

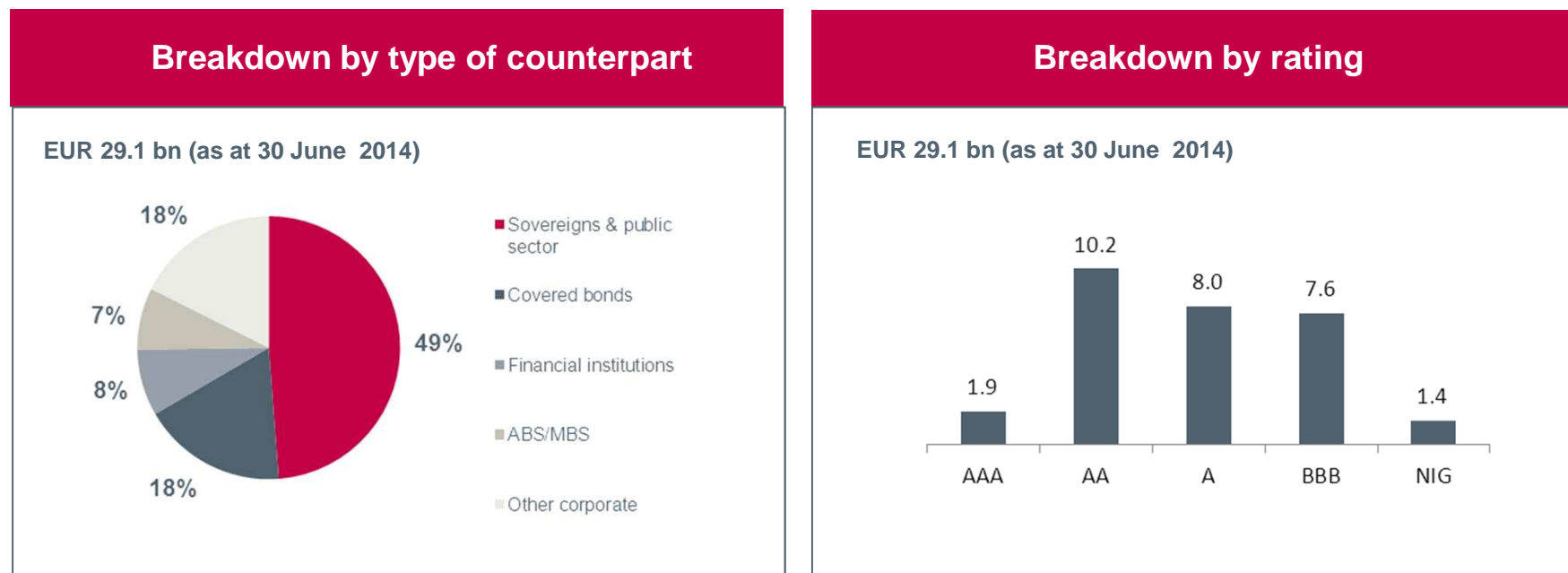
Investment portfolio – Total (1/2)



- Total fixed income investment portfolio consists of three parts: the Legacy bond portfolio, the ALM Bank portfolio and the ALM Insurance portfolio
- **Investment portfolio** stood at EUR 29.1 bn as at 30 June 2014, a reduction of EUR 2.6 bn during the first half of 2014, mainly due to further tactical de-risking (EUR 1.2 bn) within the legacy bond portfolio and natural amortization (EUR 1.2 bn)

Appendix 9

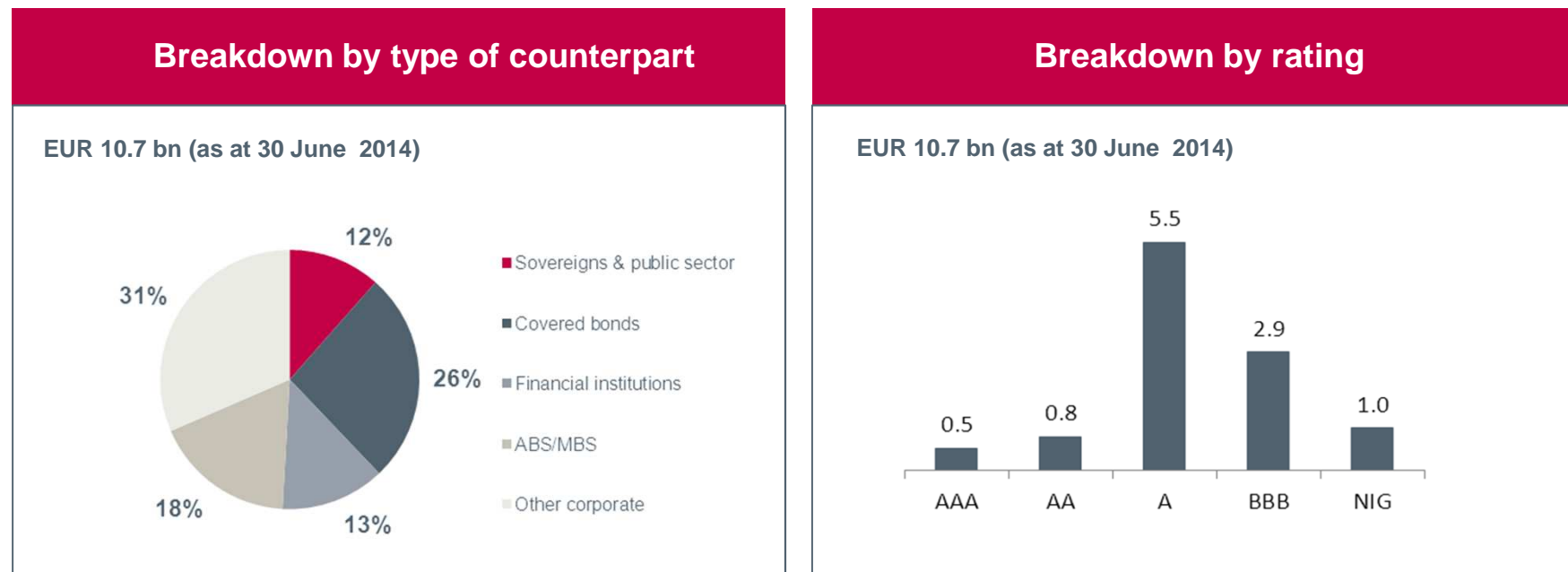
Investment portfolio – Total (2/2)



- Total Investment portfolio stood at EUR 29.1 bn as at 30 June 2014, a reduction of EUR 2.6 bn (or 8%) compared to December 2013, mainly due to further tactical de-risking (EUR 1.2 bn) within the legacy bond portfolio and natural amortization (EUR 1.2 bn)
- Investment portfolio well diversified and of good quality
- Portfolio 95% Investment Grade by the end of June 2014
- Expected average life: 11.6 years

Appendix 10

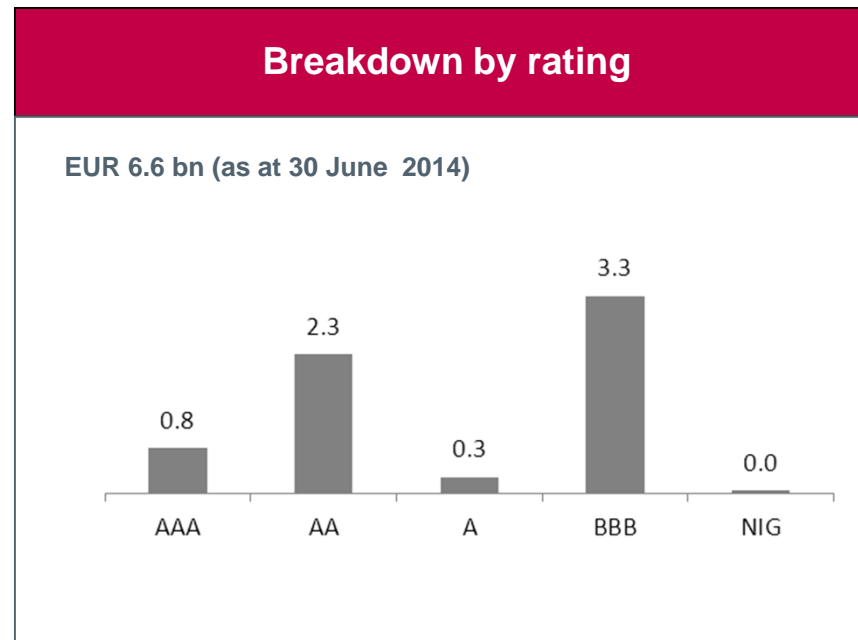
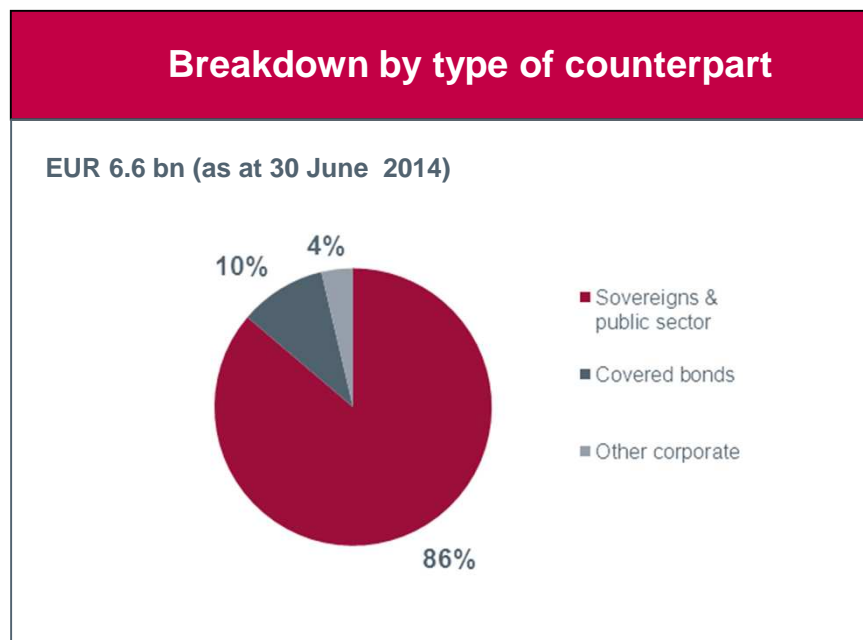
Investment portfolio – Legacy bonds



- Legacy bond portfolio stood at EUR 10.7 bn as at 30 June 2014, a reduction of EUR 1.7 bn (or 13%) compared to December 2013, mainly due to further tactical derisking (EUR 1.2 bn)
- Portfolio 91% Investment Grade by the end of June 2014
- Expected average life: 13 years

Appendix 11

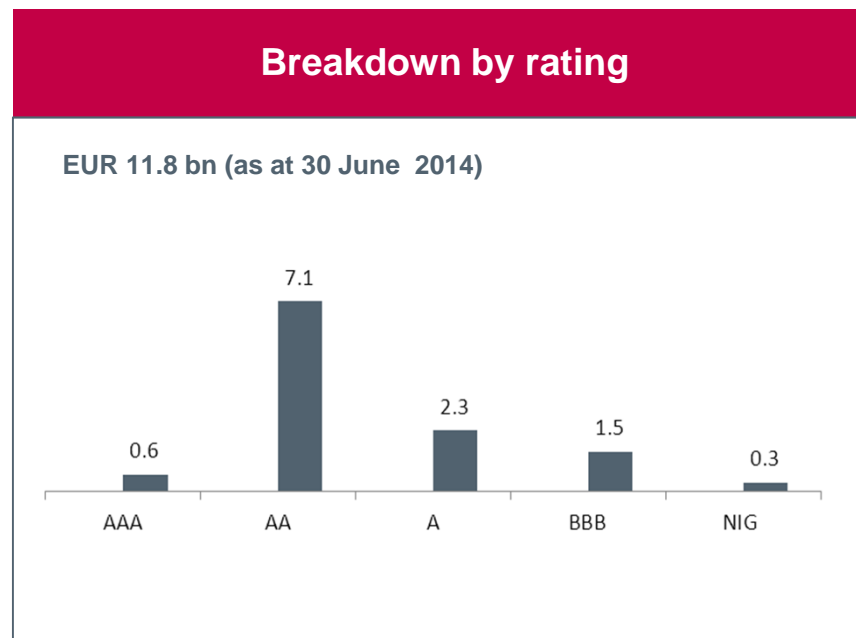
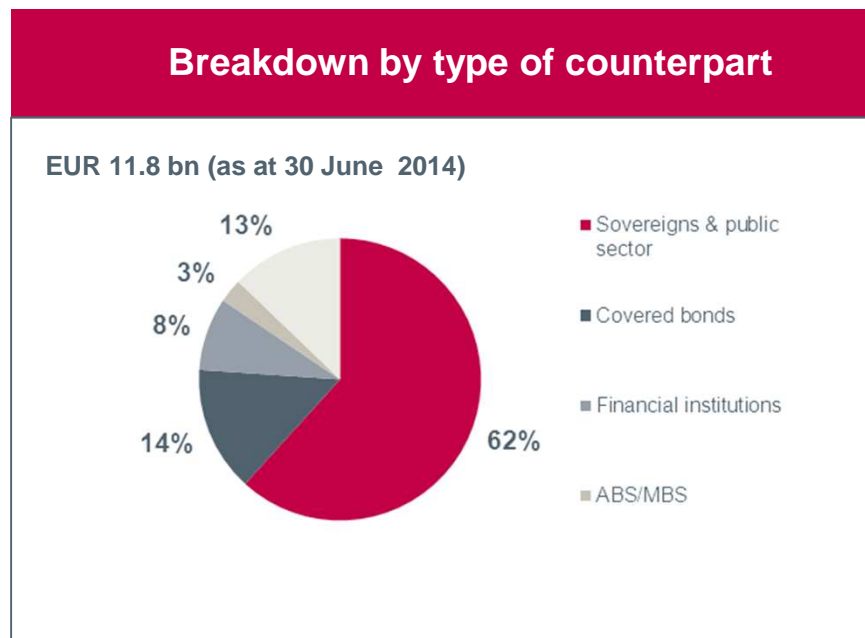
Investment portfolio – ALM Bank



- ALM Bank portfolio stood at EUR 6.6 bn as at 30 June 2014, compared to EUR 7.2 bn as at 31 December 2013
- Portfolio 99% Investment Grade by the end of June 2014
- Expected average life: 13 years

Appendix 12

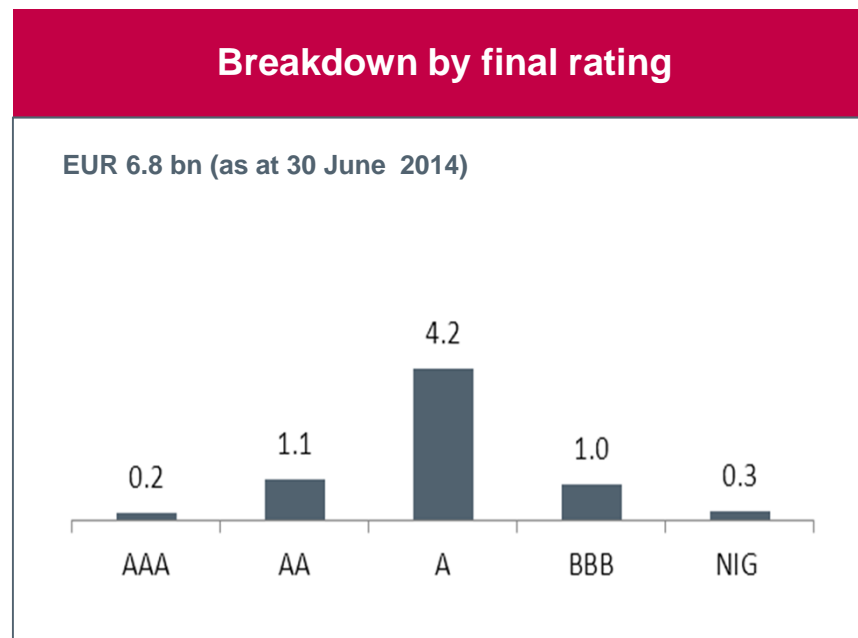
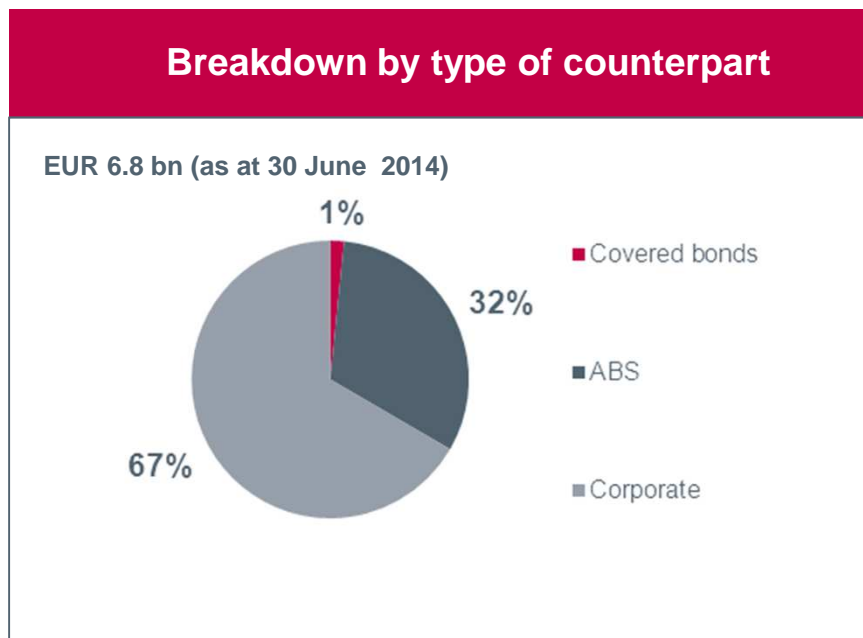
Investment portfolio – ALM Insurance



- ALM Insurance portfolio stood at EUR 11.8 bn as at 30 June 2014 compared to EUR 12.1 bn as at December 2013
- Portfolio 97% Investment Grade by the end of June 2014
- Expected average life: 9.6 years

Appendix 13

Legacy credit guarantees

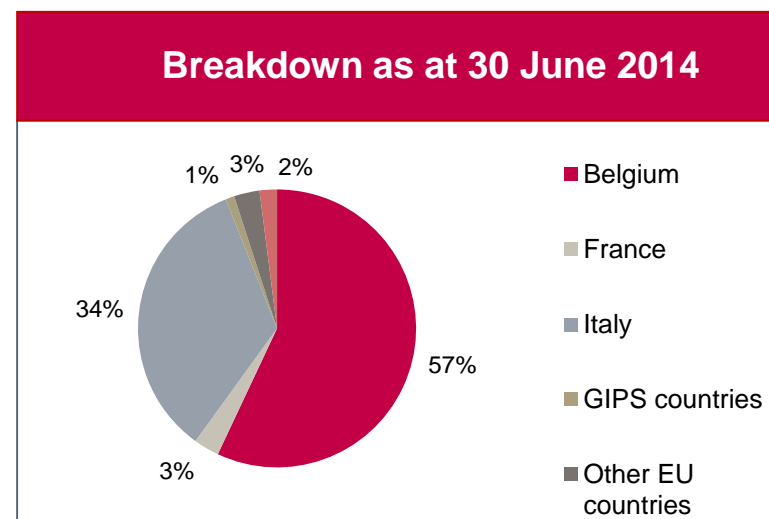


- Legacy credit guarantees portfolio stood at EUR 6.8 bn as at 30 June 2014, stable compared to December 2013
- Portfolio 96% Investment Grade by the end of June 2014
- Expected average life: 7.6 years

Appendix 14

Outstanding exposure on government bonds

(EUR m)	31/12/2012	31/12/2013	30/06/2014
Belgium	8,705	8,095	8,109
France	484	410	450
Italy	4,760	4,698	5,142
GIPS countries	97	100	169
Other EU countries	655	467	431
Other countries	328	296	277
Total	15,029	14,066	14,578

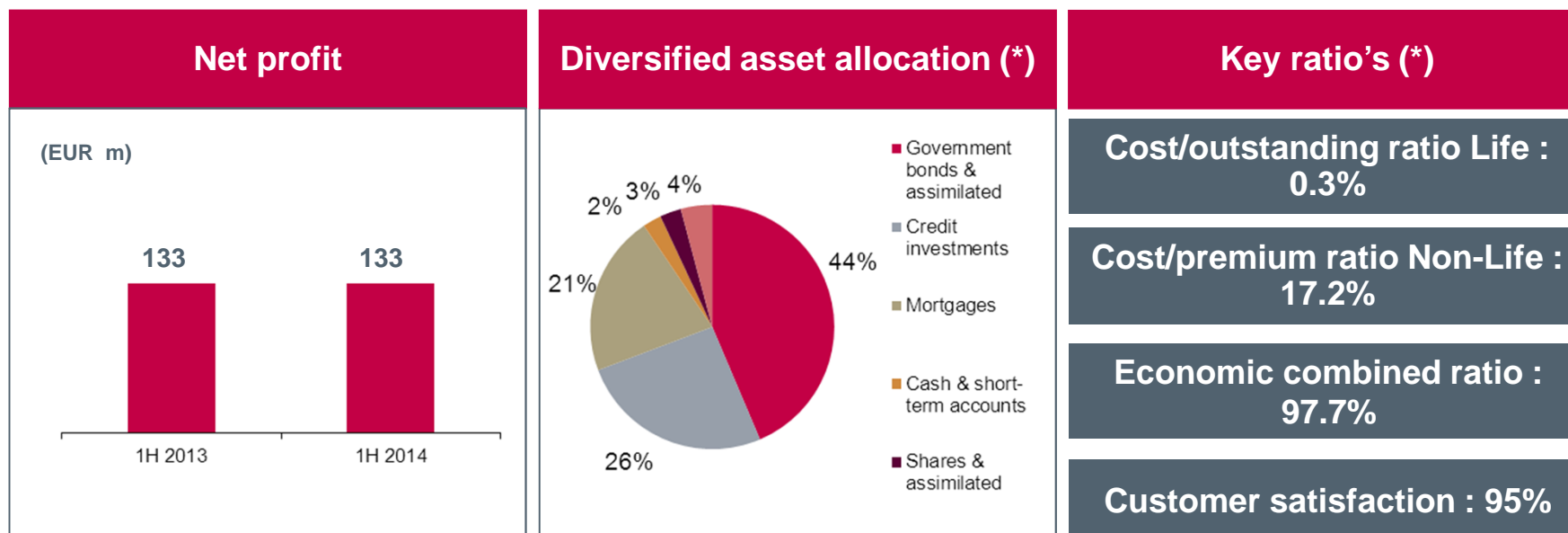


- Total government bond portfolio stood at EUR 14.6 bn as at 30 June 2014
- Italian government bonds slightly up (EUR 0.4 bn) compared to December 2013 due to the positive fair value revaluations
- Belgium represents 57% of the total portfolio

Note: Figures are based on Maximum Credit Risk Exposure (MCRE). In case of bonds classified in the available-for-sale category, the MCRE corresponds to the fair value, after deduction of specific provisions (if any).

Appendix 15

Focus on insurance results



- Continued focus on integrated bank-insurance approach
 - Net profit stood at EUR 133 m in 1H 2014
- Prudent investment strategy of the asset portfolio
 - Well-diversified asset allocation
 - Financial return on average life outstanding > 4%
- Most efficient insurer on the Belgian market enjoying high customer satisfaction

* As at 30 June 2014

Appendix 16

Belfius Insurance – Consolidated balance sheet

(EUR m)	31/12/2013	30/06/2014	Evolution
Total assets	25,795	26,547	752
<i>of which</i>			
Loans and advances due from banks	873	1,078	205
Financial investments	13,523	13,888	365
Financial assets measured at fair value through profit and loss	3,647	3,937	290
Mortgage and other loans	6,782	6,660	-122
Investment property	416	424	8
Other assets specific to insurance companies	274	295	21
Total liabilities	24,194	24,718	524
<i>of which</i>			
Due to banks	1,925	1,922	-3
Technical provisions for insurance companies	17,645	17,776	131
Financial liabilities measured at fair value through profit and loss	3,647	3,937	290
Other liabilities specific to insurance companies	222	195	-27
Total equity	1,601	1,829	228
<i>of which</i>			
Core shareholders' equity	1,012	1,118	106
Gains and losses not recognized in the statement of income	573	707	134
Non-controlling interests	16	4	-12

Appendix 17

Belfius Insurance – Consolidated statement of income

(EUR m)	1H 2013	1H 2014
Income	262	267
Net technical income	-198	-153
Financial income	460	418
Other income	0	2
Expenses	-105	-98
Gross operating income	157	169
Cost of risk	11	5
Pre-tax income	168	174
Tax expenses	-35	-40
Net income after taxes	132	134
Non-controlling interests	0	1
Net income group share	132	135
of which contribution to consolidated results Belfius Bank	133	133

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