



# **Belfius 1H 2016 Results**

**Presentation to analysts and investors**

*31 August 2016*

# ■ Highlights (1/2)

- **In a macroeconomic environment putting pressure on interest income, Belfius still achieved strong 1H 2016 results:**
  - **Net income at EUR 249 m (-8% yoy), with Franchise at EUR 312 m (-5% yoy)** which confirms the profitability of Belfius' commercial activities
  - **Operational efficiency** : compared to end 2015, the **C/I-ratio of Franchise** improved further to **59.1%** and remains as such below the target of 60%
  - **Legacy activities** had a **negative impact of EUR 63 m** on the 1H 2016 net result
- **Commercial franchise at Belfius performed well**
  - **Retail and Commercial**
    - Excellent organic growth in AUM
    - 131,000 new active clients
    - Strong production in mortgage and business loans
    - Steadily growing non-life bank-insurance footprint
  - **Public and Corporate**
    - Successful development of commercial activity with Belgian corporates
    - Sustained leadership in Belgian public & social profit sector

## Highlights (2/2)

- **Side portfolios moving towards the end 2016 target risk profile, i.e. in line with Belfius Franchise's risk level**
  - **Strong reduction of Legacy bond portfolio (EUR - 1 bn) and Legacy credit guarantees (EUR – 1.1 bn) since December 2015**
  - **NIG-share from 6% in 2011 to less than 4% end of June 2016**
- **Solid capital and liquidity position**
  - **Fully loaded CET 1 ratio at 15.2%** as of June 2016, up 39 bps vs December 2015
  - **Solid outcome** in the recent **EU-wide stress test** conducted by EBA
  - **LCR at 121 %** and **NSFR at 108 %**
  - **Net Asset Value (NAV)** amounted to **EUR 8.7 bn** end June 2016, slightly higher than the level end 2015
- **Interim dividend**
  - **Board of Directors is considering the payment of an interim dividend of EUR 75 m on the current year 2016\***

\* Also subject to approval of the ECB

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## Part 1

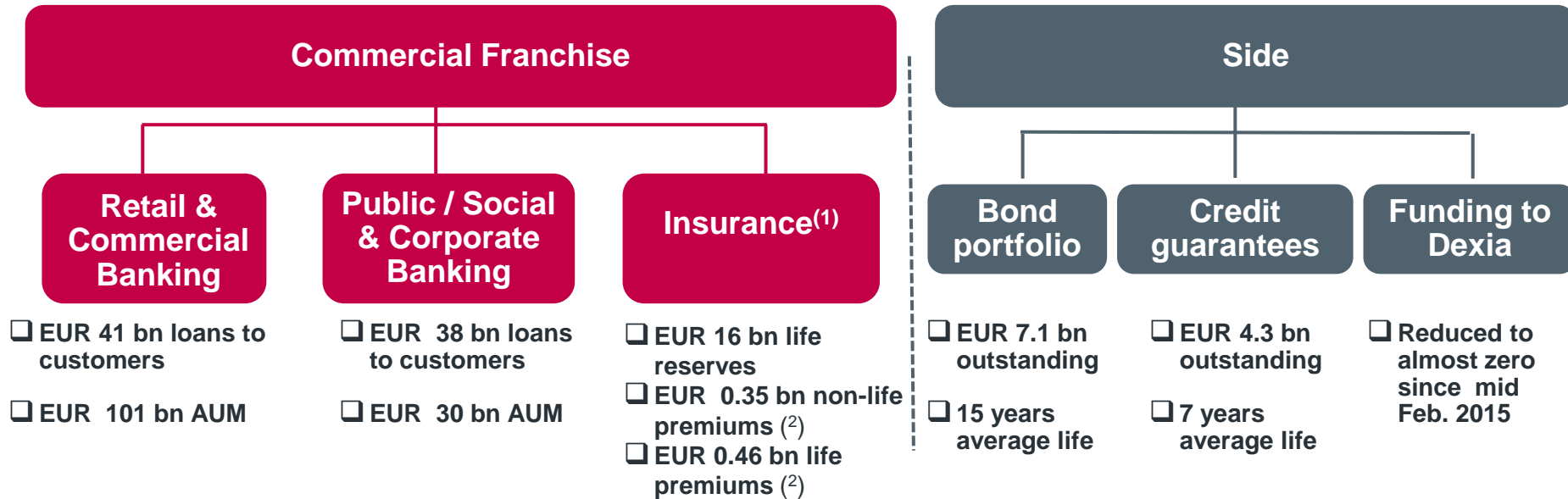
### BELFIUS AT A GLANCE

# Belfius at a glance

## An integrated Belgian bank-insurer

- More than 50 years of 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 preferred partner to the public and social sector in Belgium

### June 2016 FIGURES



### STRATEGY

Further develop commercial franchise towards a local relationship bank-insurer in two client markets

Retail & Commercial

Public & Corporate

Managed towards core risk profile without affecting commercial franchise

<sup>1</sup> Excluding IWI - International Wealth Insurer, 100% subsidiary sold by Belfius Insurance in August 2016

<sup>2</sup> 1H 2016 – figures

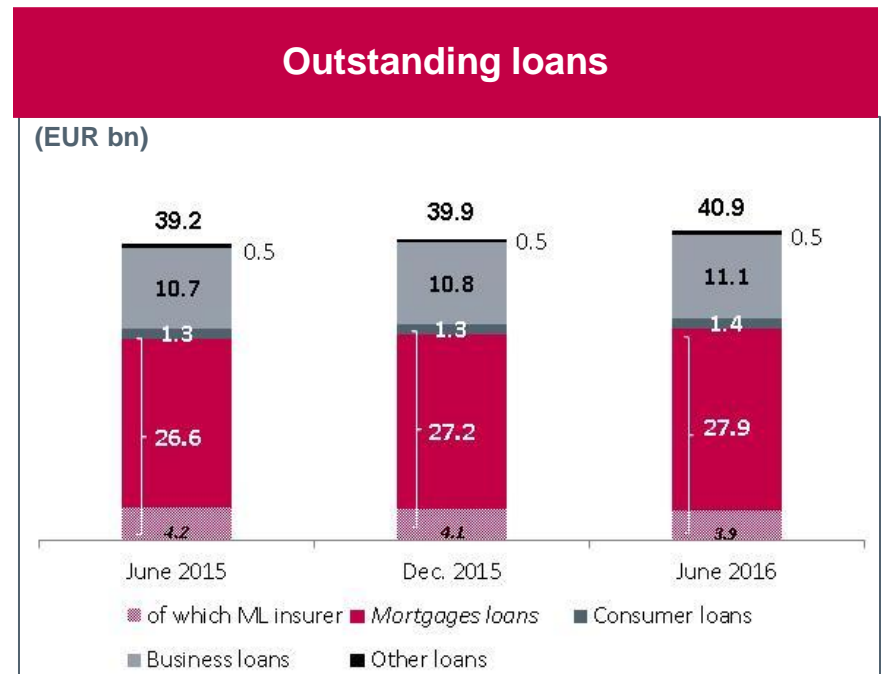
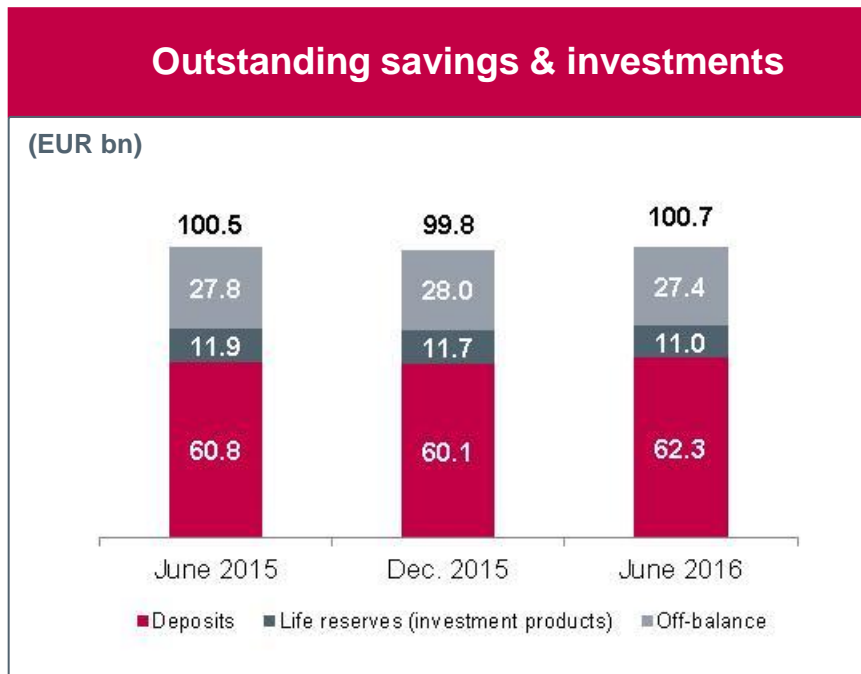
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## Part 2

### VALUABLE COMMERCIAL FRANCHISE

# Valuable commercial franchise

## Retail & Commercial - activity figures (1/2)



- **RC Franchise** continues to show good dynamics
- Total assets under management stood at EUR 101 bn, up 1% compared to December 15
  - On-balance sheet deposits increased by EUR 2.2 bn (+4%), mainly as a result of a growth in current & savings accounts (+6%)
  - Off-balance sheet products slightly decreased by EUR 0.6 bn (-2%), mainly caused by a negative market effect, partially compensated by a net inflow in asset management products
  - Life reserves (investment products) decreased (-6%), driven by low client appetite for Branch 21 products in a low interest rate environment
- Outstanding loans increased by EUR 1 bn compared to December 15, driven by a growth in business loans (+3%), consumer loans (+3%) and mortgage loans (+2.5%).

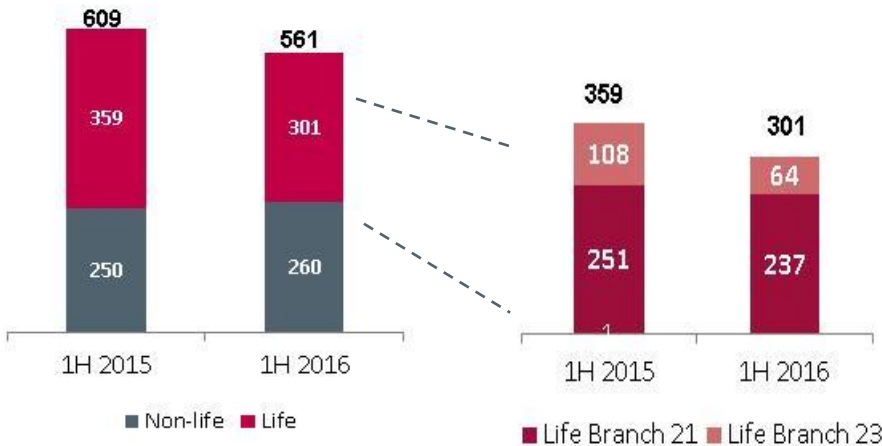


# Valuable commercial franchise

## Retail & Commercial - activity figures (2/2)

### Insurance sales and reserves <sup>1</sup>

#### Insurance premiums (EUR m)

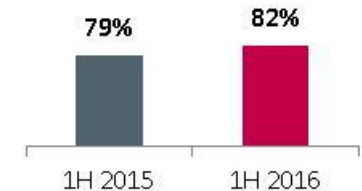


#### Life reserves<sup>2</sup>

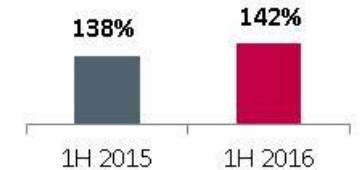


### Cross sell with mortgages

#### Property insurance



#### Credit linked life insurance



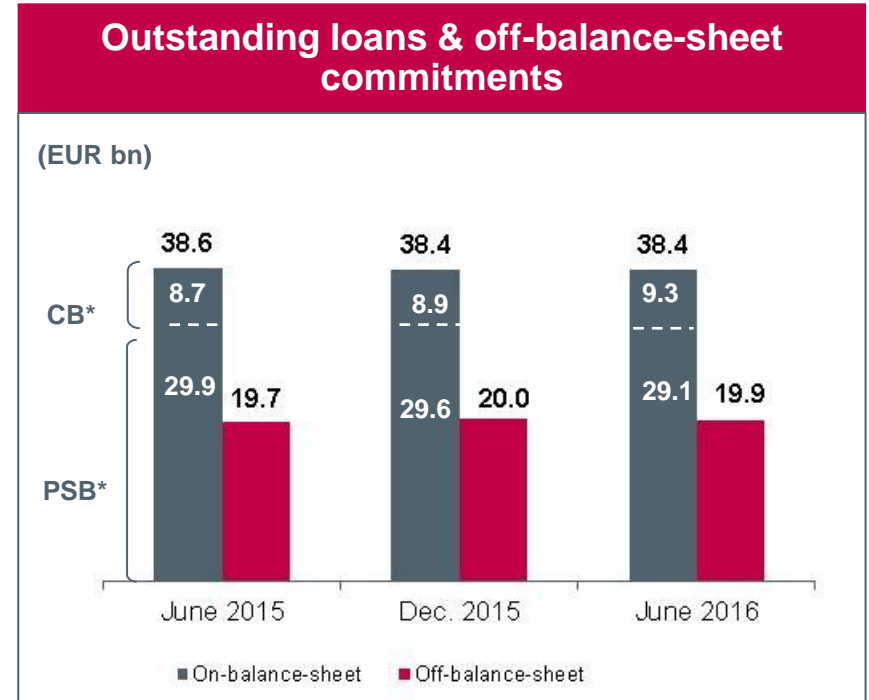
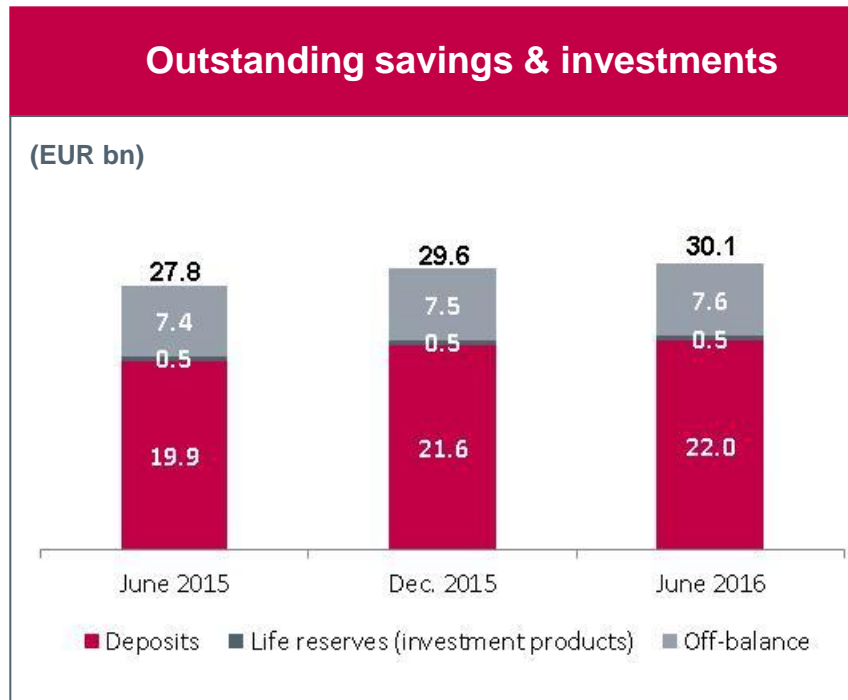
- Non-Life insurance premiums** in 1H 2016 stood at EUR 260 m, up 4% compared to 1H 2015, thanks to the bank-insurance strategy and increased cross selling activities, in particular with mortgage loans
- Life insurance premiums** in 1H 2016 stood at EUR 301 m, down 16% compared to 1H 2015
  - Life Branch 21 premiums decreased (-6%) in line with low client appetite in low interest rate environment
  - Life Branch 23 premiums decreased (-40%) due to volatile market conditions in 1H 2016
- Total life reserves** stood at EUR 13.5 bn, whereas guaranteed interest products reserves (Branch 21 & 26) decreased by 6% and unit-linked reserves remained stable, despite negative market effect
- Mortgage related cross sell ratios** continue to reach higher levels, confirming good bank-insurance development

<sup>1</sup> Excluding IWI – figures

<sup>2</sup> including EUR 11 bn life reserves under investment product format

# Valuable commercial franchise

## Public & Corporate - activity figures



- **PC Franchise** continues to benefit from diversification strategy towards cross-sell & corporate
- Intensified commercial strategy towards **Belgian corporates** results in 5% increase of outstanding loans to EUR 9.3 bn as of end June 2016
- Belfius remains the **preferred partner of public & social profit sector in Belgium**
  - Outstanding loans in PSB\* are decreasing mainly due to relatively low demand and the structural shift to more alternative financing (a.o. desintermediation), where Belfius is also market leader for PSB in Belgium
- Excellent growth in AUM to EUR 30 bn illustrates strong cross selling performance

\* PSB = Public & Social Banking // CB = Corporate Banking

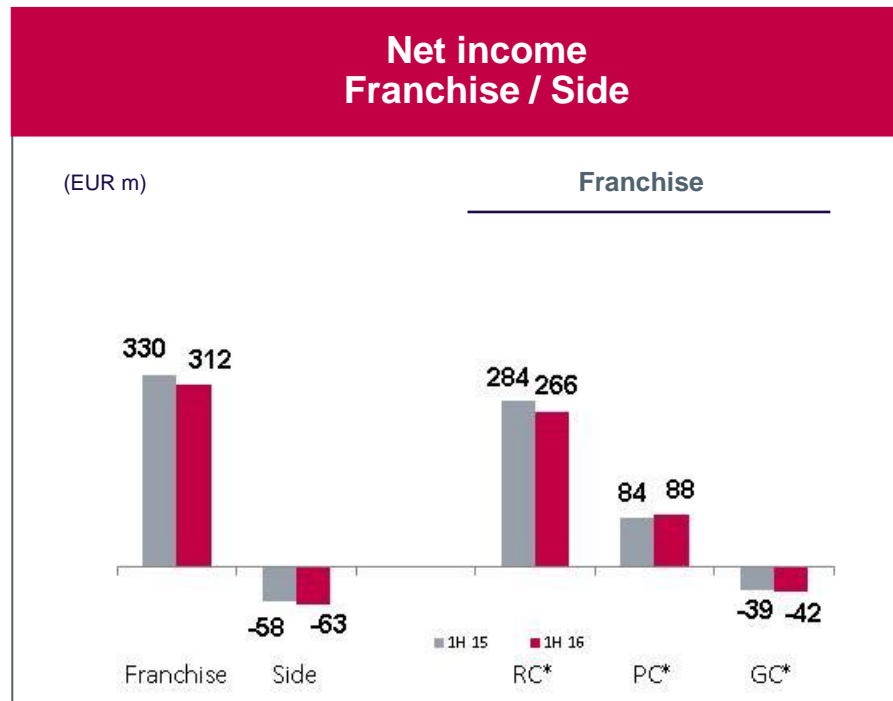
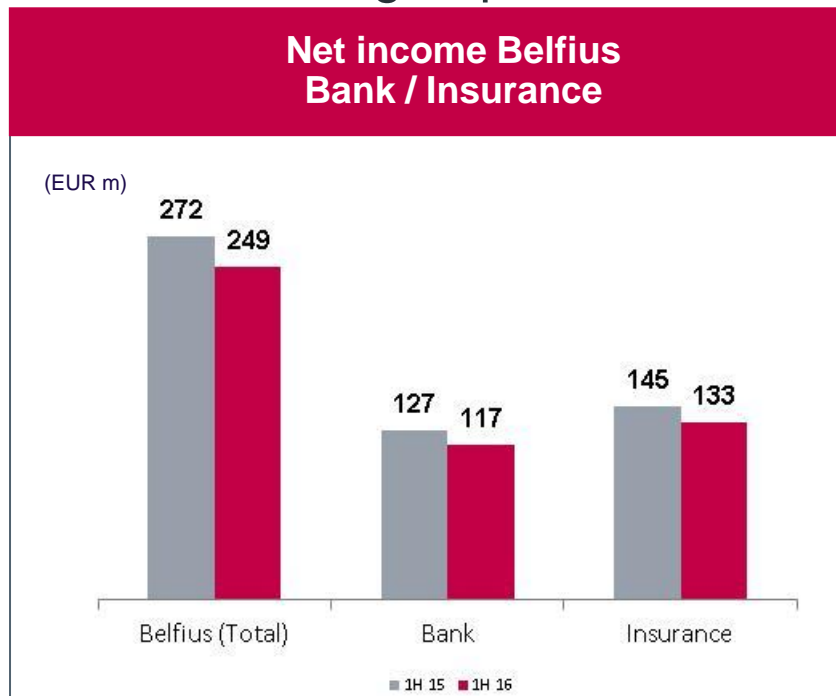
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## Part 3

### SOLID FINANCIALS

# Solid financials

## Net income group share



- 1H 2016 Belfius net income stood at EUR 249 m, down 8.4% compared to 1H 2015
  - Net income of the bank stood at EUR 117 m, down 8% mainly stemming from the low interest rate environment and the impact of more volatile financial markets during, especially during closing
  - Net income of the insurer contributed EUR 133 m, lower than 1H 15, mainly due to lower capital gains and the cost of terrorist attacks and storms in 1H 16
- 1H 2016 Franchise net income stood at EUR 312 m, down 5.3% compared to 1H 2016
  - RC net income amounted to EUR 266 m
  - PC net income amounted to EUR 88 m
- 1H 2016 Net income of Side activities stood at EUR - 63 m, in line with 1H 2015 (EUR -58 m)

# Solid financials

## Components of the statement of income (1/2)

(EUR m)	1H 2015	1H 2016	Evolution
<b>Income</b>	<b>1,084</b>	<b>1,052</b>	<b>-2.9%</b>
Of which			
Net interest income	1,020	956	
Net fee and commission income	257	257	
Technical margin on insurance activities	-124	-90	
Net income on invest., from financial instruments at FV & dividend income	137	96	
Other income & expenses	-206	-168	
<b>Expenses</b>	<b>-673</b>	<b>-673</b>	<b>0.1%</b>
<b>Gross operating income</b>	<b>411</b>	<b>378</b>	<b>-7.9%</b>
Cost of risk	-33	-30	
Impairments on (in)tangible assets	0	3	
<b>Pre-tax income</b>	<b>378</b>	<b>351</b>	<b>-7.2%</b>
Tax expenses	-106	-101	
<b>Net income after taxes</b>	<b>272</b>	<b>249</b>	<b>-8.4%</b>
Non-controlling interests	0	0	
<b>Net income group share</b>	<b>272</b>	<b>249</b>	<b>-8.4%</b>
<b>Cost to income ratio</b>	<b>62.1%</b>	<b>64.0%</b>	
<b>Return on Equity</b>	<b>6.9%</b>	<b>6.0%</b>	

**Income** at EUR 1,052 m, down 3% compared to 1H 2015

- **Net interest income** decreased by 6% mainly due to the low interest rate environment, lower volume of BR 21 products and the negative impact of mortgage loans prepayments
- **Net fee income** remained stable, despite lower and volatile equity markets during 1H 2016
- **Technical margin on insurance activities** improved, despite the cost for claims related to the 1H 2016 terrorist attacks and storms, also thanks to lower BR 21 outstandings
- **Income on investments and from financial instruments** decreased mainly stemming from fair value adjustments on derivatives following the low interest rate environment, the Brexit related market turmoil, fewer capital gains realised on the insurance ALM-portfolio and this despite lower de-risking losses in 1H 2016
- **Other income & expenses** are mainly related to the sector levies and are also impacted by realized gains on some real estate projects in 1H 2016

# Solid financials

## Components of the statement of income (2/2)

(EUR m)	1H 2015	1H 2016	Evolution
<b>Income</b>	<b>1,084</b>	<b>1,052</b>	<b>-2.9%</b>
Of which			
<i>Net interest income</i>	1,020	956	
<i>Net fee and commission income</i>	257	257	
<i>Technical margin on insurance activities</i>	-124	-90	
<i>Net income on invest., from financial instruments at FV &amp; dividend income</i>	137	96	
<i>Other income &amp; expenses</i>	-206	-168	
<b>Expenses</b>	<b>-673</b>	<b>-673</b>	<b>0.1%</b>
<b>Gross operating income</b>	<b>411</b>	<b>378</b>	<b>-7.9%</b>
Cost of risk	-33	-30	
Impairments on (in)tangible assets	0	3	
<b>Pre-tax income</b>	<b>378</b>	<b>351</b>	<b>-7.2%</b>
Tax expenses	-106	-101	
<b>Net income after taxes</b>	<b>272</b>	<b>249</b>	<b>-8.4%</b>
Non-controlling interests	0	0	
<b>Net income group share</b>	<b>272</b>	<b>249</b>	<b>-8.4%</b>
<b>Cost to income ratio</b>	<b>62.1%</b>	<b>64.0%</b>	
<b>Return on Equity</b>	<b>6.9%</b>	<b>6.0%</b>	

- **Expenses** remained in line with 1H 2015 thanks to continued strict cost control, even following higher IT & marketing costs related to digital investments
- **Cost of risk** improved thanks to lower cost of risk in Side and stable cost of risk in Franchise demonstrating its continued good credit quality
- **Pre-tax income** at EUR 351 m, down 7% vs 1H 2015
- **Tax expenses** at EUR 101 m, in line with 1H 2015
- **Net income** stood at EUR 249 m, down 8% vs 1H 2015
- **C/I ratio** stood at 64%

# Solid financials

## Franchise results

(EUR m)	1H 2015	1H 2016	Evolution
<b>Income</b>	<b>1,157</b>	<b>1,130</b>	<b>-2.3%</b>
Of which			
Net interest income	1,043	975	
Net fee and commission income	257	256	
Technical margin on insurance activities	-124	-90	
Net income on invest., from financial instruments at FV & dividend income	175	148	
Other income & expenses	-195	-159	
<b>Expenses</b>	<b>-666</b>	<b>-668</b>	<b>0.2%</b>
<b>Gross operating income</b>	<b>491</b>	<b>463</b>	<b>-5.7%</b>
Cost of risk	-23	-25	
Impairments on (in)tangible assets	0	3	
<b>Pre-tax income</b>	<b>468</b>	<b>440</b>	<b>-5.9%</b>
Tax expenses	-138	-128	
<b>Net income after taxes</b>	<b>330</b>	<b>312</b>	<b>-5.3%</b>
Non-controlling interests	0	0	
<b>Net income group share</b>	<b>330</b>	<b>312</b>	<b>-5.3%</b>
<b>Cost to income ratio</b>	<b>57.6%</b>	<b>59.1%</b>	
<b>RONRE*</b>	<b>14.4%</b>	<b>15.6%</b>	

- **Franchise income** at EUR 1,130 m, down 2% compared to 1H 2015
  - **Net interest income** decreased by 7% mainly due to the low interest rate environment, lower volume of BR 21 products and the negative impact of mortgage loans prepayments
  - **Net fee income** remained stable, despite lower and volatile financial markets during 1H 2016
  - Income strongly impacted by the cost of claims related to the 1H 2016 terrorist attacks (EUR 11 m) & storms / floods (EUR 16 m)
  - **Income on investments and from financial instruments** decreased mainly stemming from fair value adjustments on derivatives following the low interest rate environment and fewer capital gains realised on the insurance ALM-portfolio
- **Expenses** remained stable
- Stable **cost of risk**, still at historically low levels
- **Franchise net income** at EUR 312 m, down 5% vs 1H 2015
- **C/I ratio** stood at 59%, below the 60% target

• RoNRE : Return on Normative Regulatory Equity, NRE allocated such as to set Franchise at 10.5% CET 1 ratio FL & Side at 13% CET 1 ratio FL

# Solid financials

## RC results

(EUR m)	1H 2015 PF	1H 2016	Evolution
<b>Income</b>	<b>972</b>	<b>901</b>	<b>-7.3%</b>
Of which			
Net interest income	774	676	
Net fee and commission income	235	234	
<b>Expenses</b>	<b>-548</b>	<b>-502</b>	<b>-8.4%</b>
<b>Gross operating income</b>	<b>424</b>	<b>398</b>	<b>-6.0%</b>
Cost of risk	-10	-16	
Impairments on (in)tangible assets	0	2	
<b>Pre-tax income</b>	<b>414</b>	<b>385</b>	<b>-6.9%</b>
Tax expenses	-129	-119	
<b>Net income after taxes</b>	<b>284</b>	<b>266</b>	<b>-6.4%</b>
Non-controlling interests	0	0	
<b>Net income group share</b>	<b>284</b>	<b>266</b>	<b>-6.4%</b>
<b>Cost to income ratio</b>	<b>56.4%</b>	<b>55.8%</b>	
<b>RONRE</b>	<b>23.6%</b>	<b>24.4%</b>	

PF Due to the decision to sell the subsidiary "International Wealth Insurer" end 2015, the allocation of 1H 2015 of the result between RC and GC has been restated to allow the comparison with 1H 2016, IWI results being allocated to GC.

- **RC income** at EUR 901 m, down 7% compared to 1H 2015
  - Net interest income decreased mainly due to the low interest rate environment, lower volume of BR 21 products and the negative impact of prepayments of mortgage loans
  - Net fee income remained stable, despite lower and volatile markets during 1H 2016
  - RC Income strongly impacted by the cost of claims related to the 1H 2016 terrorist attacks and storms/floods
  - Insurance business with RC clients generates around one-third of RC income
- **Expenses** decreased strongly by 8% (1H 2015 was also impacted by some cost increasing one-off items)
- **Cost of risk** remains historically low demonstrating continued good credit quality
- **RC net income** at EUR 266 m
- **C/I ratio** stood at 56%



# Solid financials

## PC results

(EUR m)	1H 2015	1H 2016	Evolution
<b>Income</b>	<b>244</b>	<b>240</b>	<b>-1.4%</b>
Of which			
Net interest income	193	198	
Net fee and commission income	26	25	
<b>Expenses</b>	<b>-104</b>	<b>-104</b>	<b>0.8%</b>
<b>Gross operating income</b>	<b>140</b>	<b>136</b>	<b>-3.1%</b>
Cost of risk	-14	-9	
Impairments on (in)tangible assets	0	0	
<b>Pre-tax income</b>	<b>126</b>	<b>127</b>	<b>0.5%</b>
Tax expenses	-42	-39	
<b>Net income after taxes</b>	<b>84</b>	<b>88</b>	<b>4.7%</b>
Non-controlling interests	0	0	
<b>Net income group share</b>	<b>84</b>	<b>88</b>	<b>4.7%</b>
<b>Cost to income ratio</b>	<b>42.5%</b>	<b>43.4%</b>	
<b>RONRE</b>	<b>18.6%</b>	<b>22.6%</b>	

- **PC income** at EUR 240 m, stable compared to 1H 2015
  - Net interest income increased by +3%, thanks to higher cross sell
  - Fee income remained stable
  - Insurance business with PC clients generating around 12 % of PC income
- **Expenses** remained stable
- **Cost of risk** remains very low
- **PC net income** at EUR 88 m, up 5% vs 1H 2015
- **C/I ratio** stood at 43%

# Solid financials

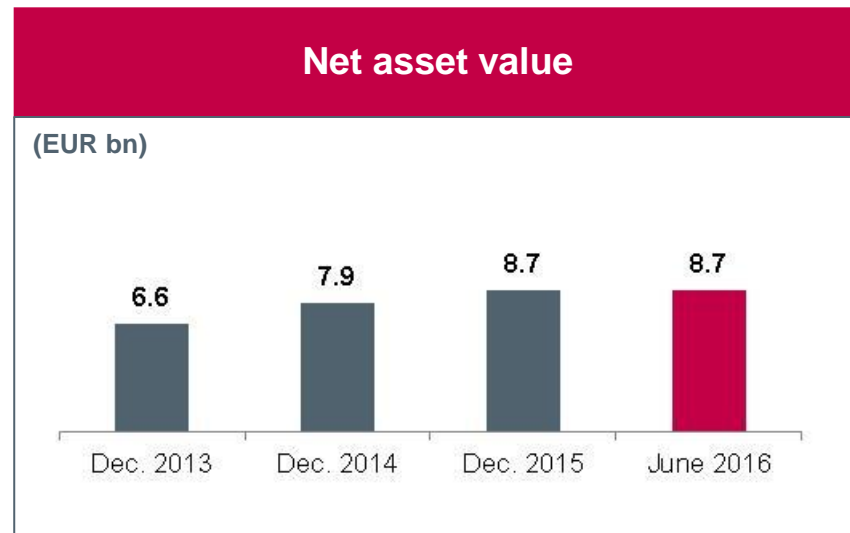
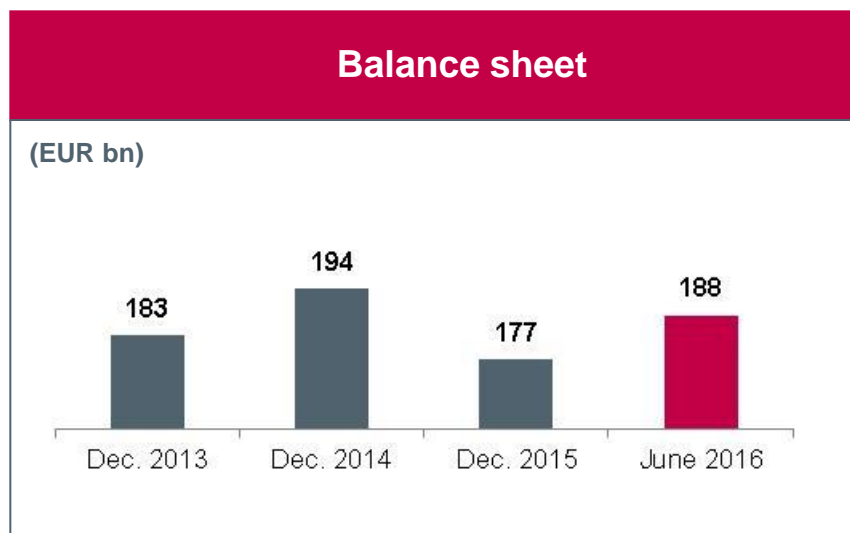
## Impact of Side

(EUR m)	1H 2015	1H 2016
<b>Income</b>	-73	-79
<b>Expenses</b>	-6	-5
<b>Gross operating income</b>	-80	-84
Cost of risk	-10	-5
Impairments on (in)tangible assets	0	0
<b>Pre-tax income</b>	-90	-90
Tax expenses	32	27
<b>Net income after taxes</b>	-58	-63
Non-controlling interests	0	0
<b>Net income group share</b>	<b>-58</b>	<b>-63</b>

- **Side income** impacted by the de-risking programme (EUR -16 m of de-risking losses) and negative fair value adjustments in volatile 1H 2016 financial markets
- **Expenses** remained stable
- **Cost of risk** decreased to lower levels (1H 2015 was impacted a.o. by the increase of collective provisions for some legacy assets)
- **Pre-tax income** at EUR - 90 m
- **Side net income** at EUR -63 m compared to EUR -58 m in 1H 2015

# Solid financials

Increase of balance sheet, stable NAV



## ■ Balance sheet

- Total balance sheet increased to EUR 188 bn over 2016, mainly due to the increase of the fair value of derivatives as well as the related collateral following interest rate evolution in 1H 2016

## ■ Net asset value

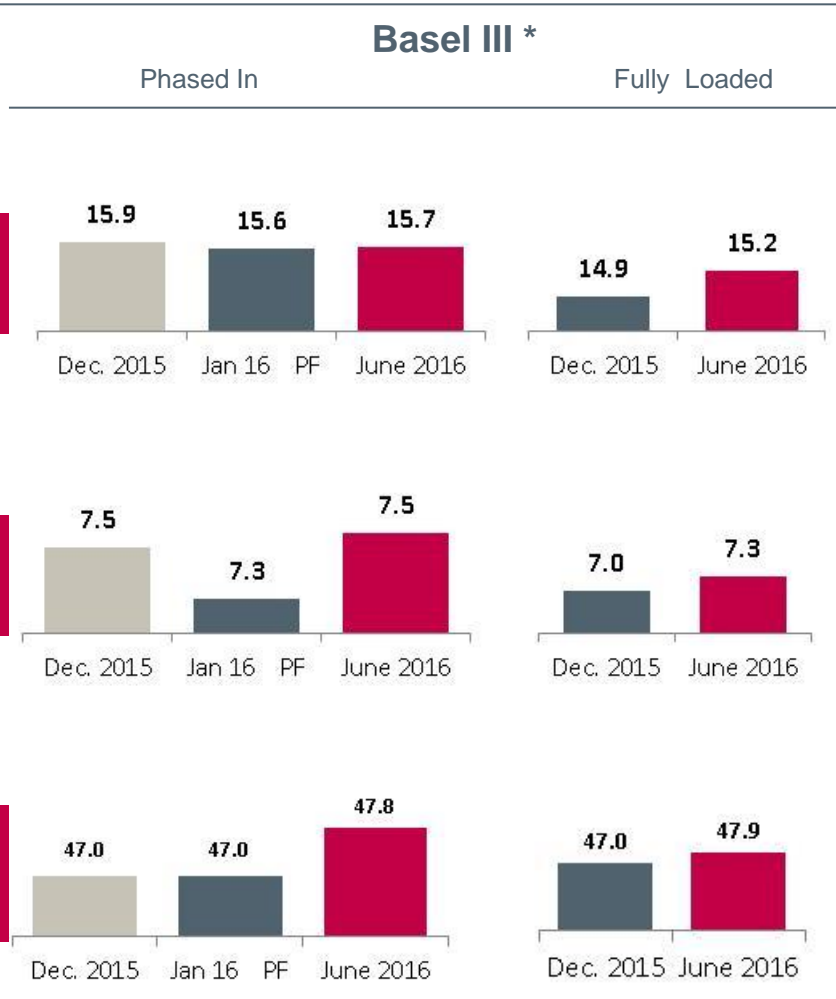
- Total shareholders' equity remained stable at EUR 8.7 bn. The increase of the core shareholders' equity was offset by a decrease of the other comprehensive income (OCI), mainly stemming from the negative impact of lower interest rates on pension plan re-measurements, and more conservative shadow loss accounting at Belfius Insurance

## Part 4

### ROBUST SOLVENCY & LIQUIDITY

# Robust solvency & liquidity

Solvency position continues to stay robust



## Stable solvency ratios in 1H 16

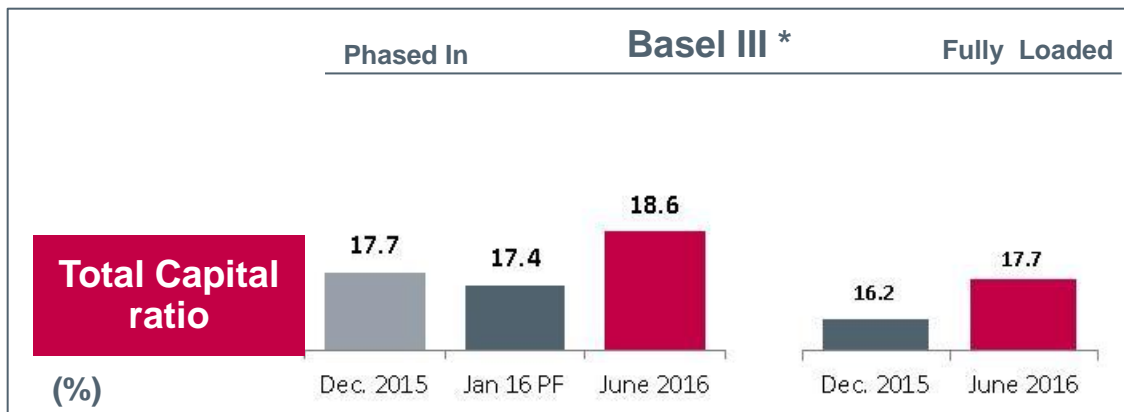
- Fully Loaded CET 1 ratio stood at 15.2%
- Phased In CET 1 ratio stood at 15.7%, still well above 11.25% supervisory requirement including
  - 10.75% SREP requirement (includ. capital conservation buffer)
  - 0.5% Systemic Buffer (O-SII) (growing to 1.5% in 2018)
- Regulatory risk exposures slightly increased, mainly due to higher credit risk exposures partially stemming from a methodological change on DTA - treatment
- Solvency II ratio Belfius Insurance stood at 206% (after dividend paid of EUR 120 m in 1H 2016)

• According to : (i) 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 participation after deduction of goodwill and (ii) prudential filter for negative AFS reserve on sovereign portfolio for up to 5% of such portfolio

# Robust solvency & liquidity

Solvency position continues to stay robust

- **Total Capital ratio increased strongly after the inaugural benchmark Tier 2 issue launched in 1H 2016**
  - **Phased In Total Capital ratio amounted to 18.6%** (vs. 17.7% end Dec. 2015)
  - **Fully Loaded Total Capital amounted to 17.7%** (vs. 16.2% end Dec. 2015)



## ■ Leverage ratio (EU Delegated Act) in 1H 2016

- **Phased In Leverage ratio at 5.2%**
- **Fully Loaded Leverage ratio at 5.0%**

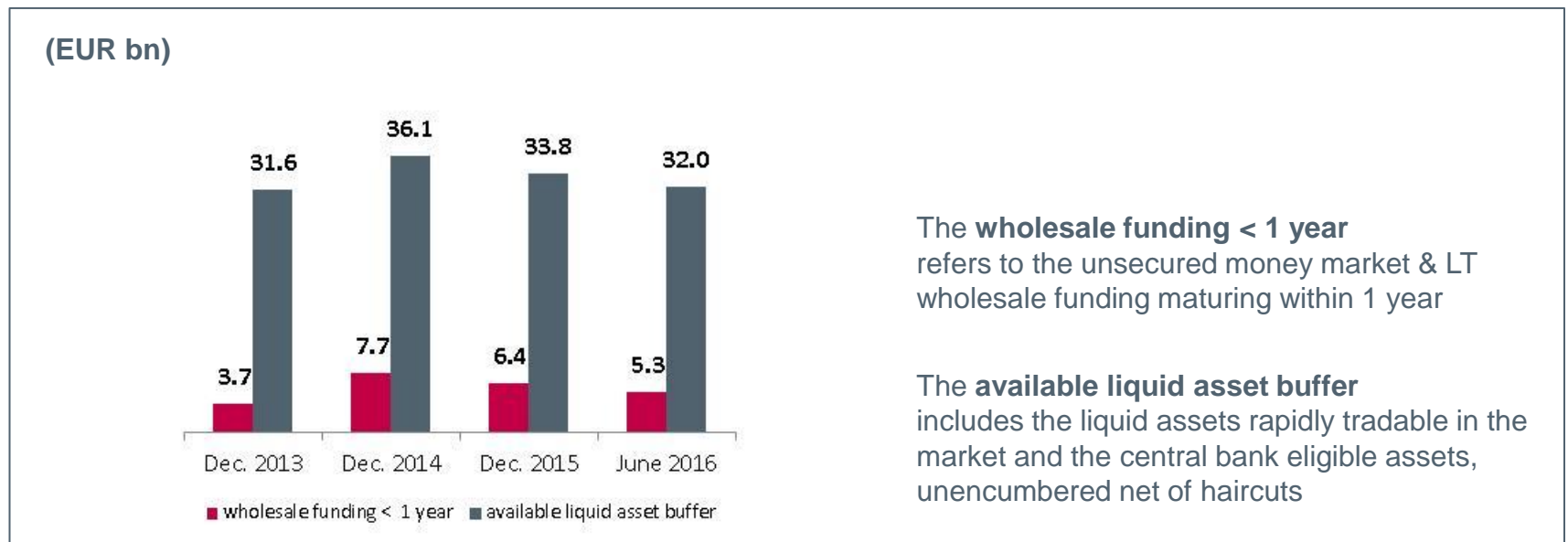
• According to : (i) Danish Compromise : For the determination of the Common Equity Tier 1 capital, the regulatory authority requires Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation after deduction of goodwill and (ii) prudential filter for negative AFS reserve on sovereign portfolio for up to 5% of such portfolio

PF - The shift in grandfathering in 2016 (i.e. 60% vs 40% in 2015) has a negative impact of 35 bps

# Robust solvency & liquidity

Liquidity profile of Belfius continues to benefit from executed strategy

- Execution of the funding plan leads to continued strong **liquidity profile**, despite a challenging interest rate environment
  - **LCR\*** stood at **121%** and **NSFR\*\*** at **108%** as of 30 June 2016
  - The bank has an **available liquid asset buffer** of EUR 32 bn as of 30 June 2016, six times the wholesale funding maturing within 1 year

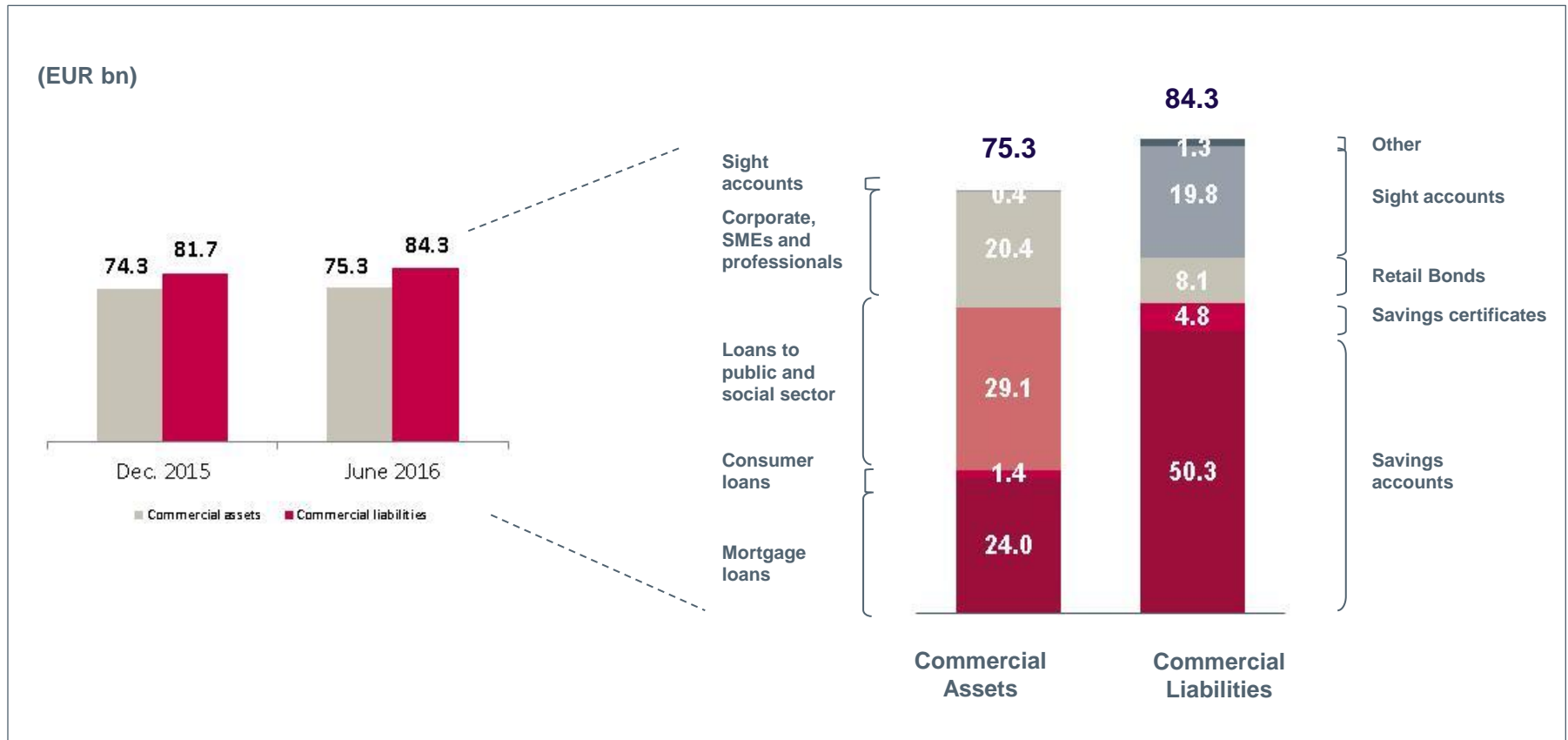


\* The Liquidity Coverage Ratio (LCR) refers to the ratio between the stock of high quality liquid assets and the total net cash outflow over the next month under stress and is based on Belfius' interpretation of the current Basel Committee guidelines, which may change in the future

\*\* The Net Stable Funding Ratio (NSFR) refers to the ratio between the available amount of stable funding and the required amount of stable funding 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 an increasing excess of funding of EUR 9 bn in June 2016 versus EUR 7.5 bn year-end 2015
- **Loan-to-deposit ratio** moved to 89% end June 2016 compared to 91% end 2015



# Robust solvency & liquidity

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

## ■ The highlights of Belfius’ funding plan are :

- Belfius was the first issuer of Belgian covered bonds (Nov. 2012) with the set up of its Mortgage Pandbrieven Programme
- Set up of EMTN programme, with Belfius as an active issuer of private placements
- Set up of ECP programme and reactivating the CD programme
- Development of N-Bonds format for Mortgage Pandbrieven
- Launch of the second Belfius covered bond programme (Oct. 2014) being the Public Pandbrieven Programme (as first Belgian issuer)
- Launch of the first Belfius RMBS transaction to be offered to external investors (Oct. 2015), being the first Belgian RMBS since 2007
- Launch of inaugural benchmark Tier 2 issue (April 2016) with a 10 year maturity

## ■ Redemption profile of medium/long term wholesale funding \*



# Robust solvency & liquidity

## Belfius' various issuing programmes

	Outstanding End June 2016	Issuer	Listing
<b>Belfius Euro Commercial Paper Programme</b> (Institutional)	EUR 1.2 bn <i>(end 2015 : EUR 1.2 bn)</i>	Belfius Financing Company with guarantee of Belfius Bank	Not listed
<b>Belfius CD Programme</b> (Institutional)	EUR 3.0 bn <i>(end 2015 : EUR 3.0 bn)</i>	Belfius Bank	Not listed
<b>Belfius Mortgage Pandbrieven Programme</b> (Institutional)	EUR 6.1 bn <i>(end 2015 : EUR 5.5 bn)</i>	Belfius Bank	Euronext Brussels
<b>Belfius Public Pandbrieven Programme</b> (Institutional)	EUR 1.8 bn <i>(end 2015 : EUR 1.8 bn)</i>	Belfius Bank	Euronext Brussels
<b>EMTN Programme</b> (Institutional)	EUR 3.9 bn <i>(end 2015 : EUR 4.6 bn)</i>	Belfius Bank	Luxembourg Stock Exchange
<b>Belfius Notes Issuance Programme</b> (Retail)	EUR 8.2 bn <i>(end 2015 : EUR 8.2 bn)</i>	Belfius Bank, and Belfius Financing Company with guarantee of Belfius Bank	Not listed

# Robust solvency & liquidity

## Ratings

### Ratings of Belfius Bank as at 10 November 2016

	Stand-alone rating (*)	Long-term rating	Outlook	Short-term rating
<b>Fitch</b>	a-	A-	Stable	F2
<b>Moody's</b>	baa3	A3	Stable	Prime-2
<b>Standard &amp; Poor's</b>	bbb+	A-	Stable	A-2

#### ■ Latest rating actions:

- In January 2016, Moody's upgraded Belfius' stand-alone Baseline Credit Assessment (BCA) to baa3 and its LT-rating to A3
- In April 2016, Fitch upgraded Belfius' stand-alone Viability Rating (VR) to a- and its LT-rating to A-
- In November 2016, S&P revised Belfius' outlook to stable and confirmed its ratings

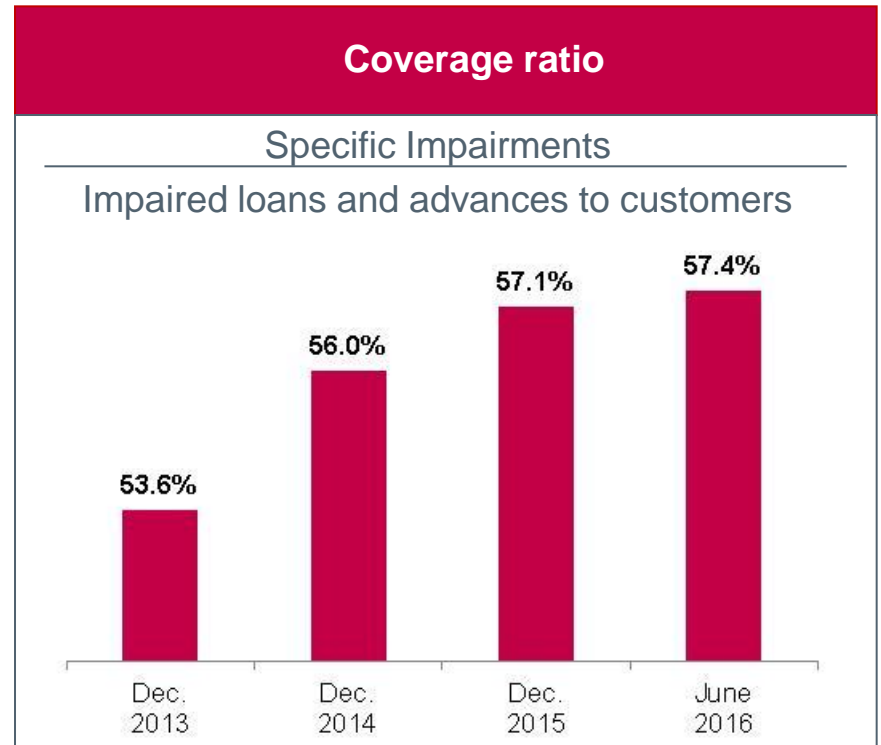
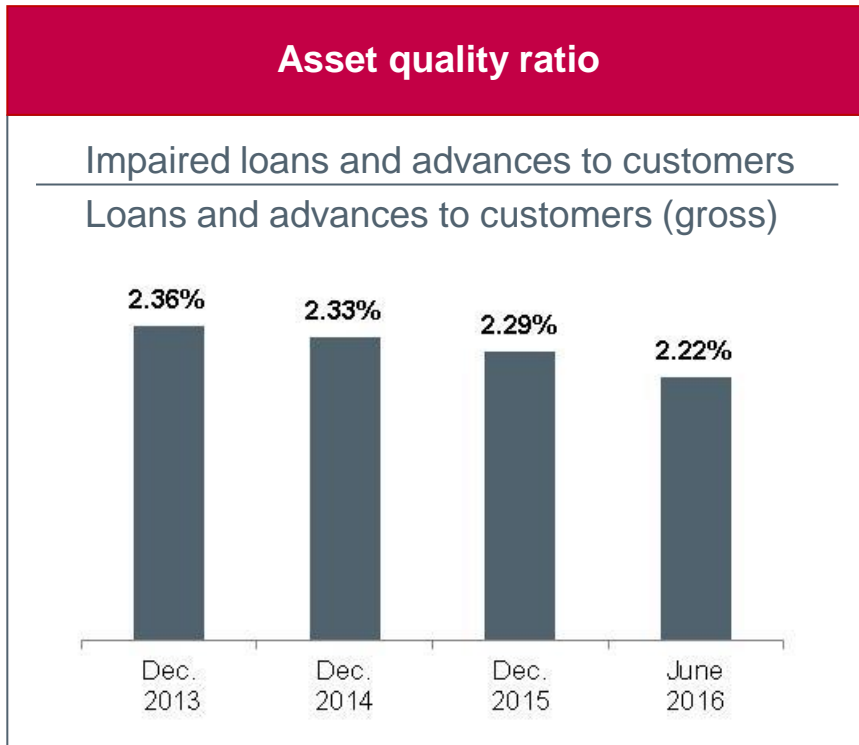
\* Intrinsic creditworthiness

## Part 5

### SOUND RISK PROFILE

# Sound risk profile

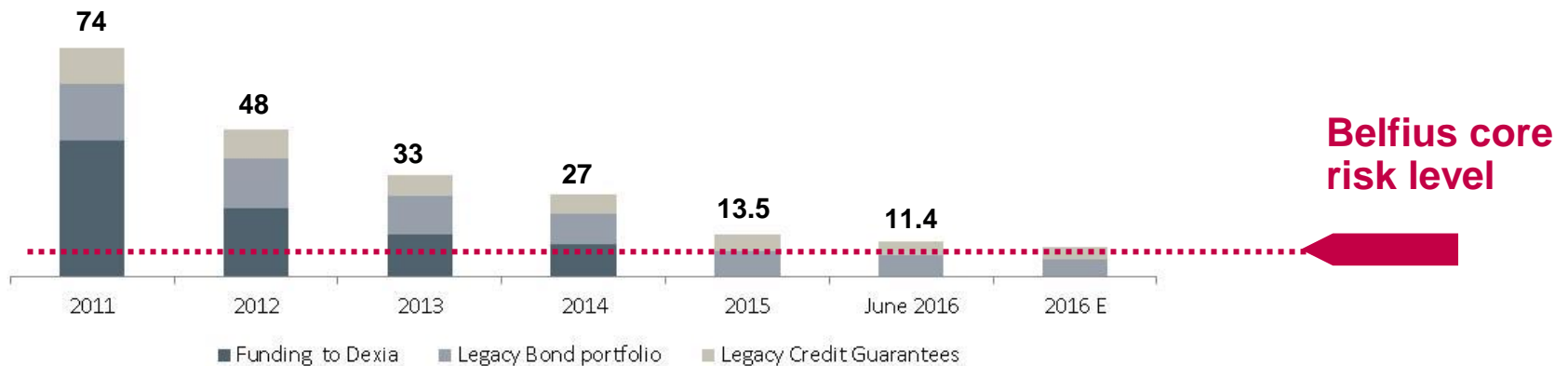
Continued strong asset quality indicators



- Despite still challenging economic environment, **asset quality ratio further improves** (June 2016 at 2.22%)
- **Coverage ratio** remains above the 50% mark (June 2016 at 57.4%)

# Sound risk profile

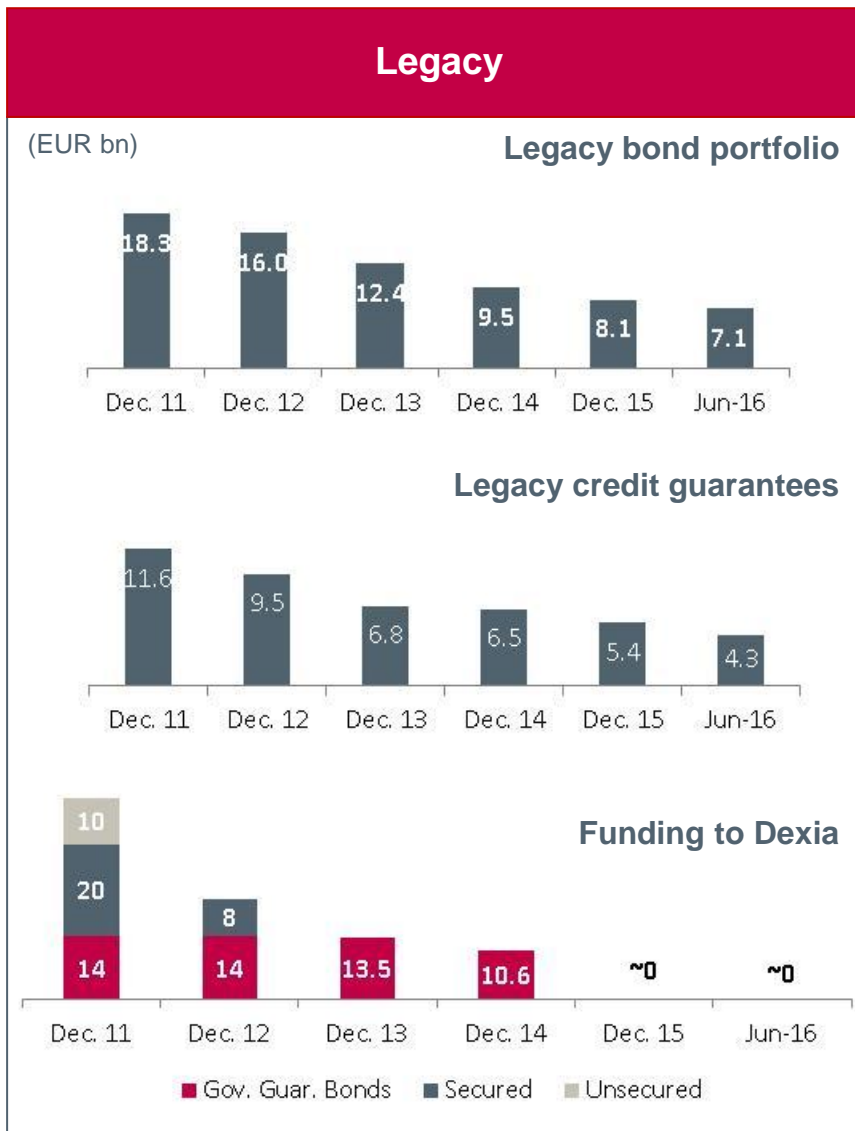
Bringing Side portfolios to Belfius core risk level



- **Belfius inherited large Legacy portfolios** from Dexia in 2011
- Belfius has since 2011 **significantly reduced these Side portfolios, towards a risk profile that is manageable for its scope**
- In light of Belfius' view on a lower risk profile for itself and the financial sector, **Belfius continues further tactical de-risking, to bring the Side portfolio to a risk level in line with its core Franchise risk profile**, after which it can be integrated in Belfius' ALM-portfolio

# Sound risk profile

Excellent de-risking track record





- 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 11.2 bn (or -61%) of which two-third due to tactical de-risking and one third of natural amortizations
  - In 1H 2016, EUR 0.3 bn of de-risking executed
- **Legacy credit guarantees\***
  - Since 2011 the legacy credit guarantees portfolio has reduced by EUR 7.3 bn (or -63%)
  - In 1H 2016, decrease of EUR 1.1 bn, mainly due to amortizations
- **Funding to Dexia**
  - As of June 2016 the funding to Dexia stands at approx. at EUR 58 m

\* 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

# Sound risk profile

Also swiftly moving ahead towards qualitative risk indicators of target profile

	Dec. 2015	June 2016	Target risk profile
<b>Average rating</b>			
Legacy bond portfolio	A -	A -	A -
Legacy credit guarantees	A -	A -	A -
<b>NIG share of notional</b>			
Legacy bond portfolio	6 %	6 %	0 – 2 %
Legacy credit guarantees	0 %	0 %	0 – 2 %
<b>Risk concentration</b>			Concentration limits in line with Belfius core risk level
<b>Liquidity need</b>			Further improve LCR impact of Legacy



## Part 6

### **WRAP UP & BELFIUS' AMBITIONS 2020**

# Wrap up

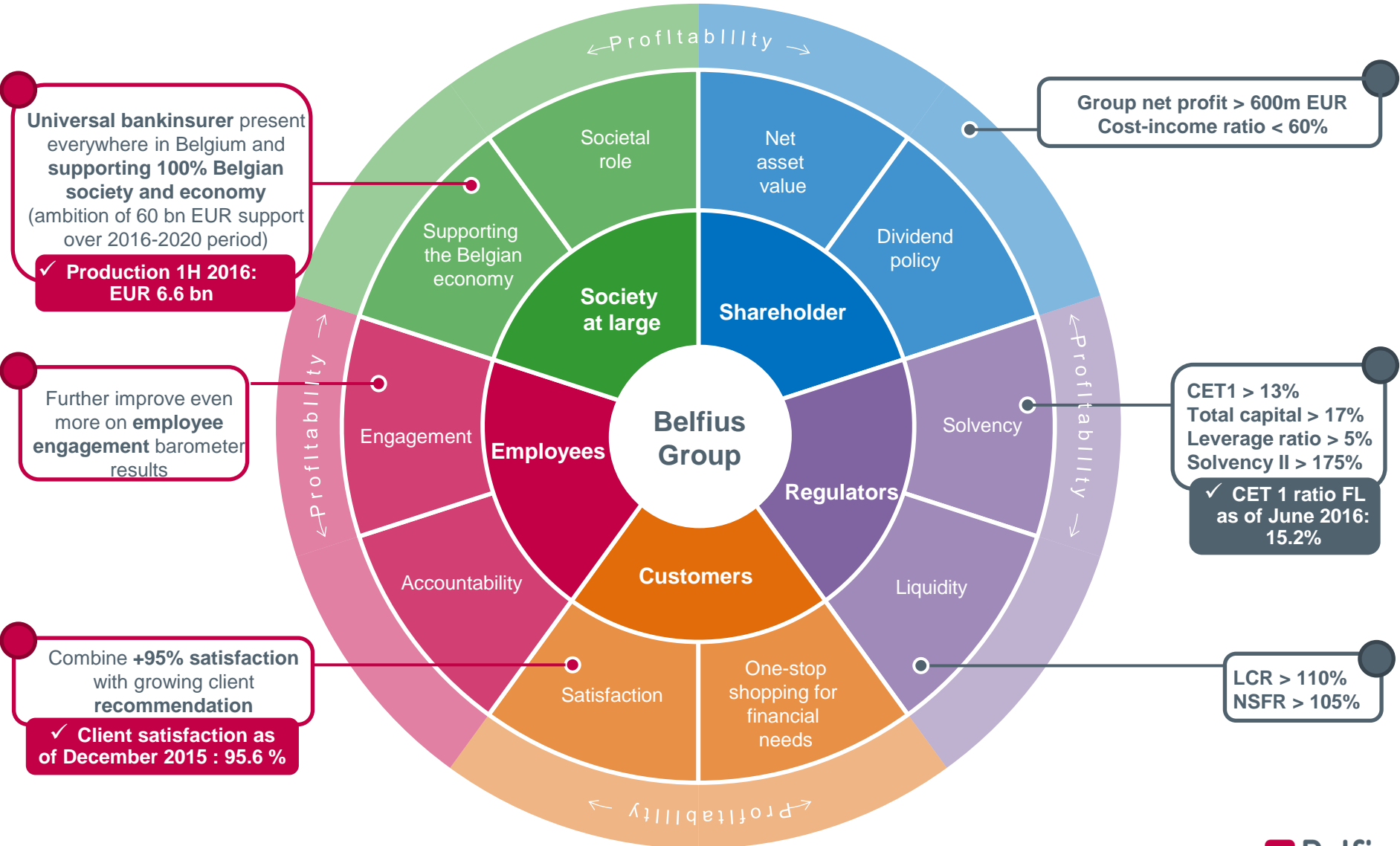
- **In a challenging 1H 2016 context and beyond**, with a.o. (i) negative interest rates, (ii) volatile financial markets, (iii) Brexit-turmoil and (iv) high sector levies in Belgium, **Belfius managed to deliver a strong performance:**
  - **Net income** (Group share): **EUR 249 m**, with Franchise at EUR 312 m
  - **Very good commercial activities**, both in RC and in PC business line
  - **Solid capital and liquidity position: CET 1 (PI) at 15.7%, CET 1 (FL) at 15.2%, LCR at 121% and NSFR at 108%**
  - **Strong decrease of Legacy portfolio's** by **EUR 2.1 bn** since December 2015
  - **Net Asset Value (NAV)** amounted to EUR 8.7 bn, slightly higher than the level at end 2015
- **Board of Directors is considering the payment of an interim dividend of EUR 75 m on the current year 2016\***

<sup>1</sup> Also subject to approval of the ECB

# Belfius' Ambitions 2020

## Specific ambitions for each stakeholder

- Financial ambitions
- Commercial ambitions



# Appendices

## Contents

- Section I – Belfius at a glance
- Section II – Additional financials
- Section III – 2016 EU-wide Stress Test
- Section IV – Additional information on risk profile
- Section V – Additional information on insurance

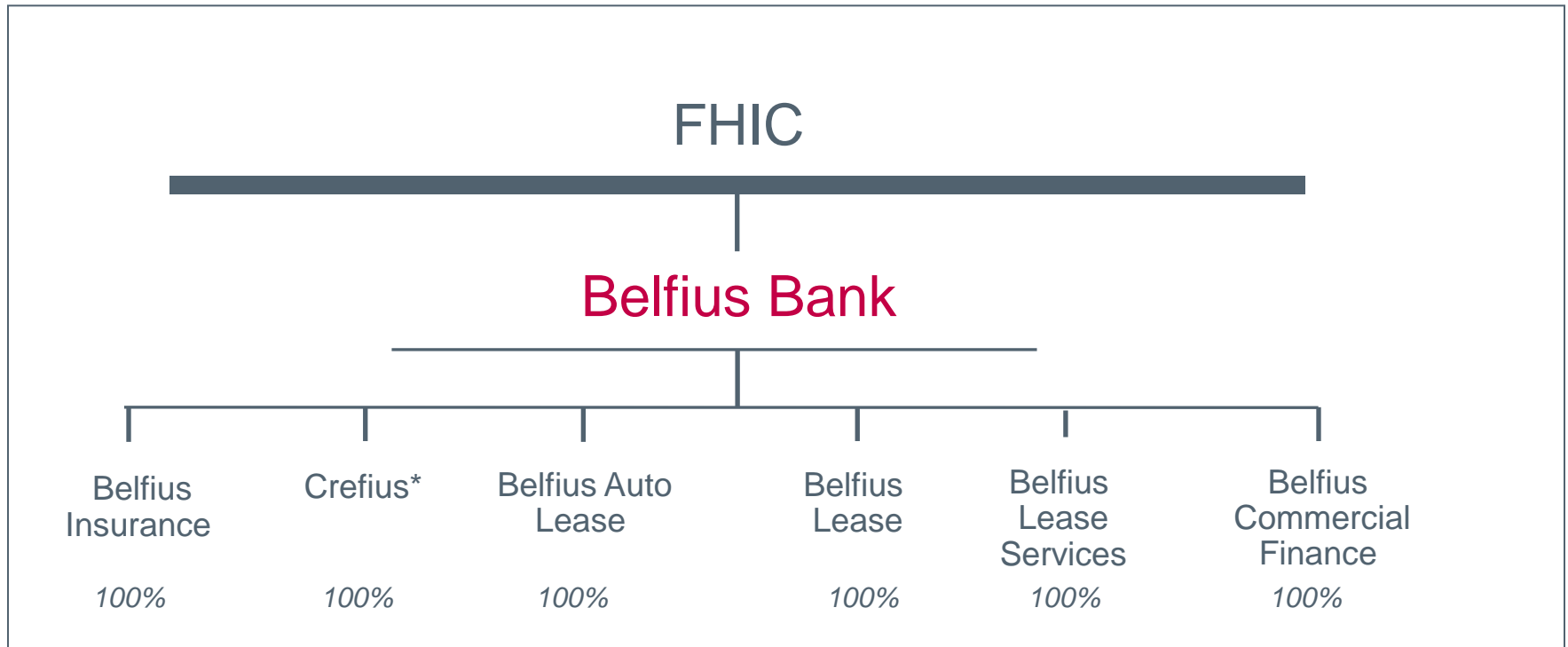
# Appendices

## Section I – Belfius at a glance

- Appendix 1 : A bank-insurer ... with one sole shareholder
- Appendix 2 : Retail & Commercial – description
- Appendix 3 : Public & Corporatel - description

# Belfius at a glance

Appendix 1 : 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
- In March 2012, Belfius was launched as the new name of the bank-insurer

\* Crefius is involved in granting and managing mortgage loans

# Belfius at a glance

## Appendix 2 : Retail & Commercial - description

### Retail, Private & Business clients

3.5m

Belfius serves 3.2 million individuals & private customers and 0.3 million business clients (self-employed, SME's) combining personal advice through a network of 708 branches and state of the art applications in internet and mobile banking

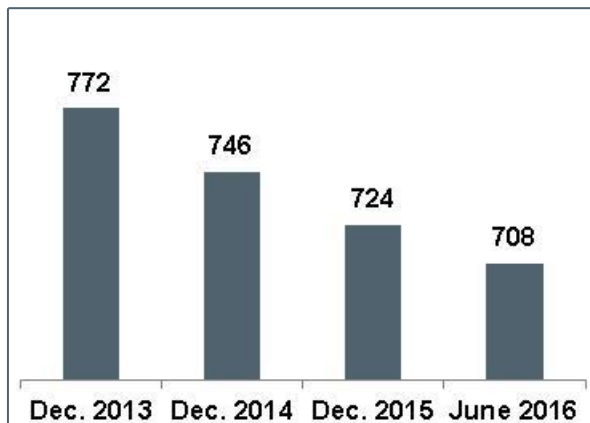
Belfius provides a large range of high quality products and services:

708

- 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

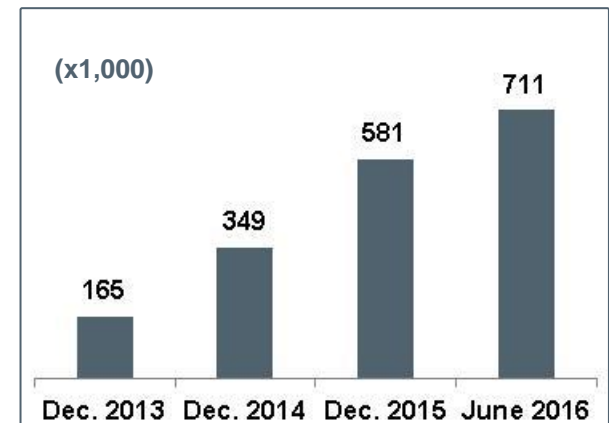
Belfius' distribution offering in line with customer behavioral change

### # bank branches



- In the branches, clients are more and more directed to highly valued personal advice*
- With more than 0.7 m active users, Belfius demonstrates its leading edge in the mobile and digital offer*

### # mobile users



# Belfius at a glance

## Appendix 3 : Public & Corporate - 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 sector, schools, universities, housing sector

6k

### Corporate clients

with 6,000 clients, challenger in the segment of Belgian corporates where Belfius especially 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**
- **Smart cities concept**  
EUR 400 m facility line EIB, used for support of intelligent local public projects focusing on energy efficiency, mobility and urban development

➔ Or in accompanying entities issuing public debt

- **Strong debt capital markets activities (DCM)**
- **Participation market share of 86 for public & semi-public sector issues**
- **Total DCM – volume 1H 2016: EUR 5.3 bn**



# Appendices

## Section II – Additional financials

- Appendix 4 : Impact sector levies
- Appendix 5 : Consolidated balance sheet – Assets
- Appendix 6 : Consolidated balance sheet – Liabilities, without equity
- Appendix 7 : Consolidated balance sheet – Accounting equity
- Appendix 8 : Focus on AFS reserve
- Appendix 9 : Focus on regulatory capital
- Appendix 10 : Focus on regulatory risks exposures
- Appendix 11 : Focus on capital ratios

# Additional financials

## Appendix 4: Impact sector levies

(EUR m)	1H 2015	1H 2016	Evolution
<b>Income</b>	1,084	1,052	-2.9%
<i>of which banklevies</i>	-231	-219	
<b>Expenses</b>	-673	-673	0.1%
<b>Gross operating income</b>	411	378	-7.9%
Cost of risk (incl. imp. on (in) tang. assets)	-33	-27	
<b>Pre-tax income</b>	378	351	-7.2%
<b>Tax expenses</b>	-106	-101	-8.4%
<b>Net income after taxes</b>	272	249	-8.4%
Non-controlling interests	0	0	
<b>Net income group share</b>	272	249	-8.4%
<i>of which banklevies</i>	-152	-145	

# Additional financials

## Appendix 5: Consolidated balance sheet – Assets

(EUR m)	31/12/2015	30/06/2016	Evolution
<b>Loans and advances</b>	<b>112,083</b>	<b>116,694</b>	<b>4,611</b>
<i>To banks and central banks</i>	<i>24,894</i>	<i>27,055</i>	<i>2,161</i>
<i>To customers</i>	<i>87,189</i>	<i>89,639</i>	<i>2,450</i>
<b>Portfolios</b>	<b>27,974</b>	<b>28,852</b>	<b>879</b>
<i>Financial investments (HTM)</i>	<i>5,017</i>	<i>5,369</i>	<i>352</i>
<i>Financial investments (AFS)</i>	<i>19,734</i>	<i>19,481</i>	<i>-252</i>
<i>Financial assets at FV through P&amp;L</i>	<i>3,223</i>	<i>4,002</i>	<i>779</i>
<b>Derivatives</b>	<b>25,944</b>	<b>30,575</b>	<b>4,631</b>
<b>Other</b>	<b>10,961</b>	<b>11,883</b>	<b>922</b>
<b>Total assets</b>	<b>176,962</b>	<b>188,004</b>	<b>11,042</b>

- The increase of **total assets** with EUR 11 bn (or +6 %) is a combination of
  - an increase of loans and advances to banks and central banks (EUR 2.2 bn), mainly as a result of an increase of cash collateral paid
  - an increase of loans to customers (EUR 2.5 bn) due to higher commercial activities and an increase of cash collateral paid
  - a limited increase of the portfolio (EUR 0.9 bn)
  - an increase (EUR 4.6 bn) of the fair value of the derivatives resulting from lower interest rates compared to year-end 2015

# Additional financials

## Appendix 6 : Consolidated balance sheet – Liabilities without equity

(EUR m)	31/12/2015	30/06/2016	Evolution
<b>Total deposits</b>	<b>79,700</b>	<b>85,333</b>	<b>5,633</b>
<i>Banks and central banks</i>	11,538	13,686	2,149
<i>Customers</i>	68,163	71,647	3,484
<b>Total debt securities</b>	<b>35,607</b>	<b>35,435</b>	<b>-172</b>
<i>Debt securities</i>	27,778	26,973	-804
<i>Debt securities at FV through P&amp;L</i>	6,916	7,058	142
<i>Subordinated debts</i>	913	1,403	490
<b>Derivatives</b>	<b>30,060</b>	<b>35,096</b>	<b>5,036</b>
<b>Provisions</b>	<b>17,094</b>	<b>17,067</b>	<b>-27</b>
<b>Other</b>	<b>5,841</b>	<b>6,390</b>	<b>549</b>
<b>Total liabilities</b>	<b>168,302</b>	<b>179,322</b>	<b>11,020</b>

- The increase of **total liabilities** with EUR 11 bn (or +7 %) is a combination of
  - higher deposits from banks and central banks (EUR 2.1 bn), mainly following an increase of cash collateral (EUR 1.2 bn) and the participation at TLTRO II for EUR 3 bn, partially offset by the full repayment of TLTRO I for EUR 1.65 bn
  - an increase of customer deposits (EUR 3.5 bn)
  - stable total debt securities; the decrease of LT debt securities following maturity was partially offset by the issue of covered bonds (EUR 0.6 bn) and a new Tier 2 bond (EUR 0.5 bn)
  - an increase (EUR 5 bn) of the fair value of derivatives following lower interest rates compared to year-end 2015

# Additional financials

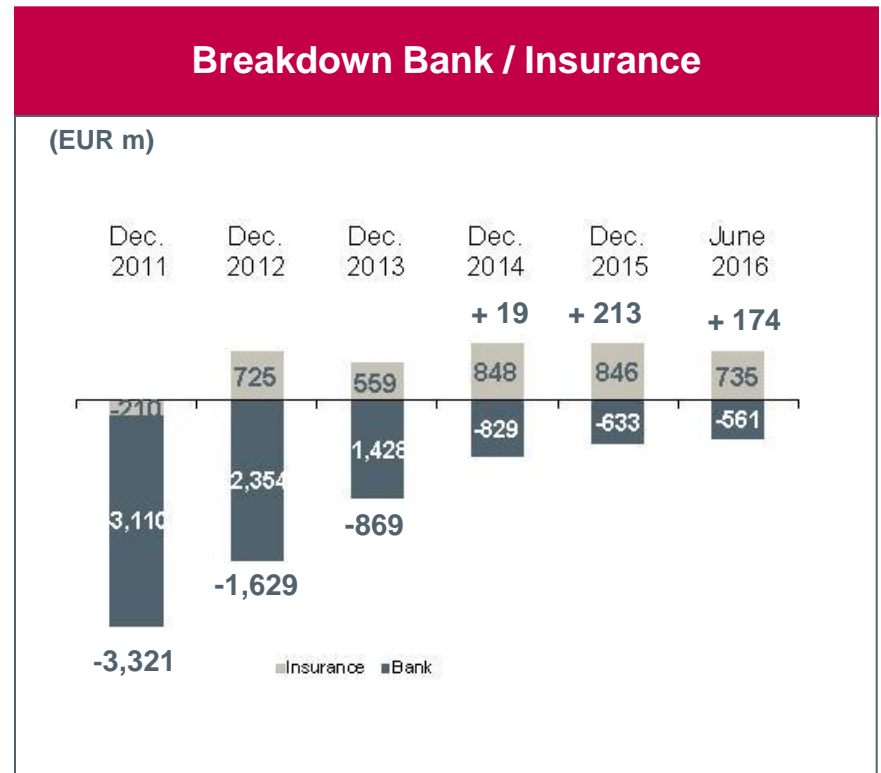
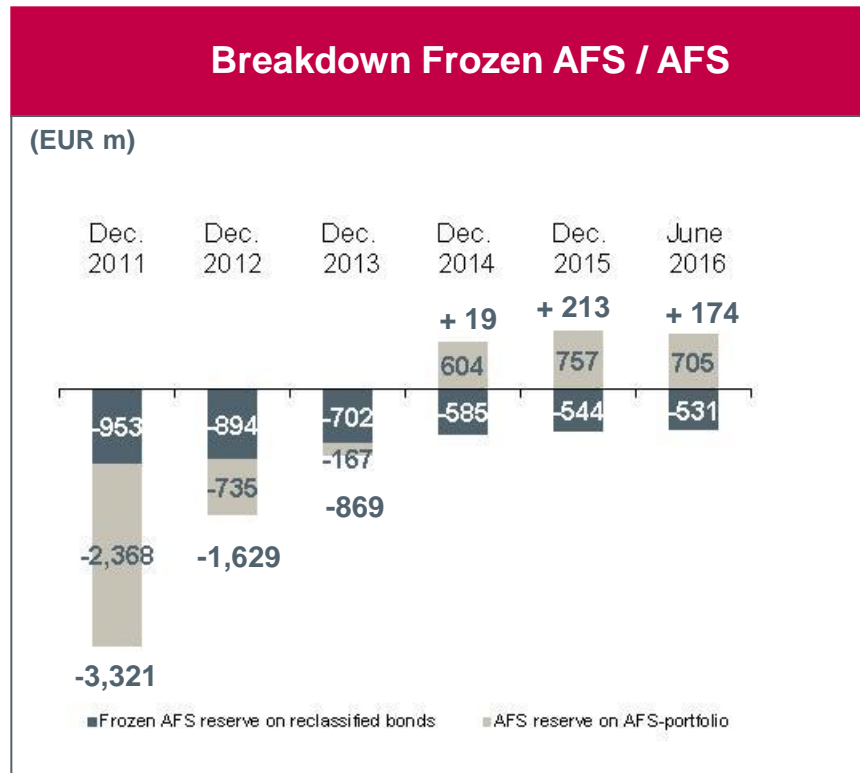
## Appendix 7 : Consolidated balance sheet – Accounting equity

(EUR m)	31/12/2015	30/06/2016	Evolution
<b>Core shareholders' equity</b>	<b>8,309</b>	<b>8,483</b>	<b>174</b>
<i>Subscribed capital + additional paid in capital</i>	3,667	3,667	0
<i>Reserves + retained earnings</i>	4,135	4,566	431
<i>Net income for the period</i>	506	249	-257
<b>Gains and losses not recognised in the statement of income</b>	<b>350</b>	<b>199</b>	<b>-151</b>
<i>Reserve AFS (Available for Sale)</i>	213	174	-39
<i>Reserve CFH (Cash flow hedge) + other</i>	-12	-43	-31
<i>Remeasurement of Defined Benefit plan</i>	120	40	-80
<i>Discretionary participation features</i>	29	28	-1
<b>Total shareholders' equity</b>	<b>8,659</b>	<b>8,682</b>	<b>23</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>0</b>	<b>-1</b>
<b>Total equity</b>	<b>8,660</b>	<b>8,682</b>	<b>22</b>

- The **total equity** remained stable at 8.7 bn
  - the core shareholders' equity rose with EUR 174 m due to the net income of the period (EUR 249 m), partially offset by the dividend paid relative to the accounting year 2015 of EUR 75 m
  - the gains and losses not recognised in the statement of income decreased with EUR 151 m, mainly stemming from the negative impact of lower interest rates on pension plan re-measurements, and more conservative shadow loss accounting at Belfius Insurance

# Additional financials

## Appendix 8: Focus on AFS reserve\*



- The total **AFS reserve** stood at EUR +174 m as at June 2016, a slight decrease (EUR 39 m) compared to year-end 2015
  - the increase of the AFS reserve for the banking group (+ EUR 72 m) can be explained by improved credit spreads and further de-risking
  - the AFS reserve for the insurer group decreased by EUR 111 m. The increase of the fair value of bonds was entirely offset by a decrease of shadow accounting (became more negative) at Belfius Insurance due to the interest rate evolution combined with some methodological refinements

# Additional financials

## Appendix 9 : Focus on regulatory capital

	Phased In		Fully Loaded	
	Dec. 2015	June 2016	Dec. 2015	June 2016
<b>Core shareholders' equity</b>	<b>8,309</b>	<b>8,483</b>	<b>8,309</b>	<b>8,483</b>
<i>Elimination of Belfius Insurance (*)</i>	38	32	38	32
<b>Core regulatory equity</b>	<b>8,347</b>	<b>8,515</b>	<b>8,347</b>	<b>8,515</b>
<b>Elimination of foreseeable dividend</b>	-75	-150	-75	-150
<b>Gains and losses not recognised in the statement of income</b>	-43	-187	-411	-399
Remeasurement Defined Benefit Plan	119	49	119	49
AFS reserve	-623	-552	-623	-552
Transitory measures & filter on govies	461	316	93	104
<b>Items to deduct</b>	<b>-750</b>	<b>-655</b>	<b>-880</b>	<b>-666</b>
Deferred tax assets	-218	-25	-218	-27
Transitory measures	131	10	0	0
Other	-662	-640	-662	-640
<b>Common equity Tier 1 - CET 1</b>	<b>7,479</b>	<b>7,523</b>	<b>6,980</b>	<b>7,300</b>
Tier 2 - Capital instruments	679	1,188	475	987
Other	170	177	170	177
<b>Total regulatory capital</b>	<b>8,328</b>	<b>8,888</b>	<b>7,625</b>	<b>8,464</b>

(\*) 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 participation after deduction of goodwill. This is commonly known as "Danish compromise"

# Additional financials

## Appendix 10 : Focus on regulatory risk exposures

(EUR bn)	Phased In		Fully Loaded	
	Dec. 2015	June 2016	Dec. 2015	June 2016
Market risk	1.8	1.3	1.8	1.3
Operational risk	2.8	2.8	2.8	2.8
Credit risk	36.3	37.6	36.3	37.7
Danish compromise (*)	6.1	6.1	6.1	6.1
<b>Total Regulatory Risks Exposures</b>	<b>47.0</b>	<b>47.8</b>	<b>47.0</b>	<b>47.9</b>

(\*) For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority requires 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"



# Additional financials

## Appendix 11 : Focus on capital ratios

	Phased In		Fully Loaded	
	Dec. 2015	June 2016	Dec. 2015	June 2016
<b>Common equity Tier 1 - CET 1 (EUR m)</b>	<b>7,479</b>	<b>7,523</b>	<b>6,980</b>	<b>7,300</b>
<b>Total regulatory capital (EUR m)</b>	<b>8,328</b>	<b>8,888</b>	<b>7,625</b>	<b>8,464</b>
<b>Total Regulatory Risks Exposures (EUR bn)</b>	<b>47.0</b>	<b>47.8</b>	<b>47.0</b>	<b>47.9</b>
<b>CET 1 ratio</b>	<b>15.9%</b>	<b>15.7%</b>	<b>14.9%</b>	<b>15.2%</b>
<b>Total capital ratio</b>	<b>17.7%</b>	<b>18.6%</b>	<b>16.2%</b>	<b>17.7%</b>

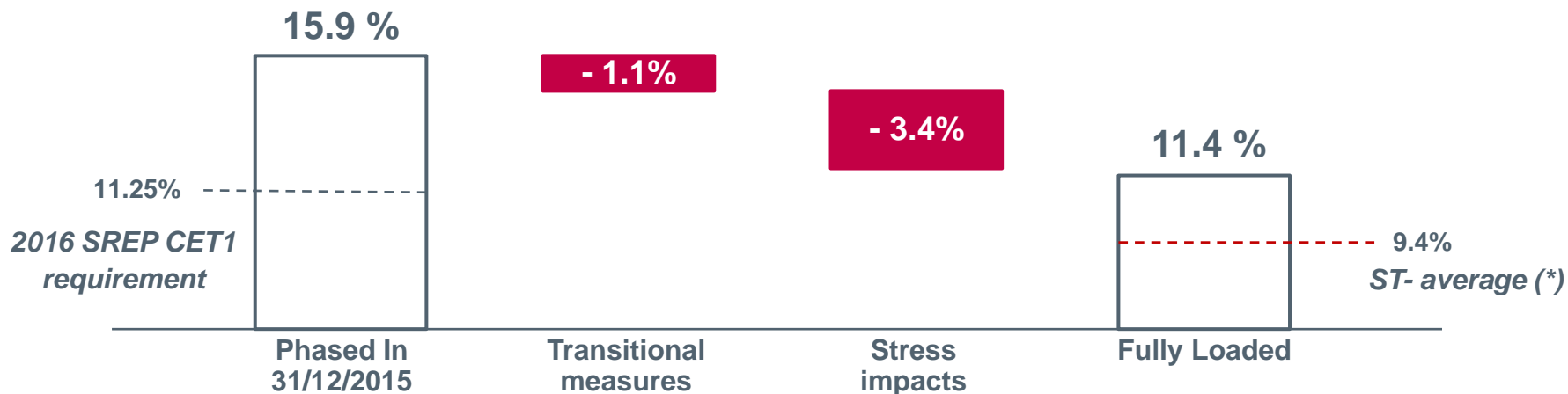
# Appendices

## Section III – 2016 EU-wide Stress Test

- Appendix 12 : Stress test impact on CET 1 capital ratio
- Appendix 13 : Comparison ST 2016 vs ST 2014
- Appendix 14 : Evolution of the CET 1 capital in adverse stress scenario
- Appendix 15 : Evolution of the risk exposue in adverse stress scenario

# 2016 EU-wide Stress Test

## Appendix 12 : Stress test impact on CET 1 capital ratio



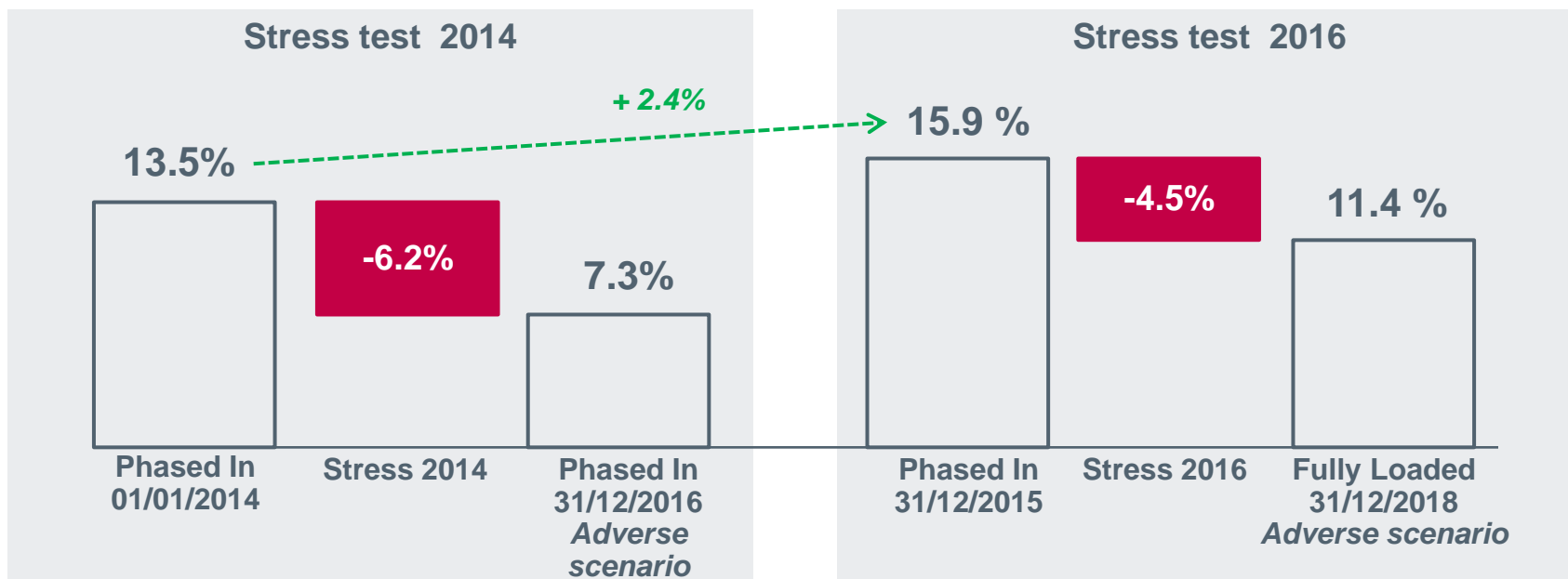
### ■ Belfius shows a strong solidity and resilience:

- Starting from a solid Phased In **CET 1 capital ratio** of **15.9 % end of 2015**, the severe stress test results in a Fully Loaded **CET 1 capital ratio** of **11.4 % end of 2018**.
- **The total impact of - 4.5% over three years can be split into:**
  - On the one hand, the disappearance of the transitional measures which are no longer applicable in 2018. As a consequence, all other things being equal, the CET1 capital ratio mechanically decreases by 1.1%.
  - Besides transitional measures, the impacts of the severe stress scenario that amount to 3.4%.

(\*) Average of all 51 selected institutions on which the stress test results were published by EBA

# 2016 EU-wide Stress Test

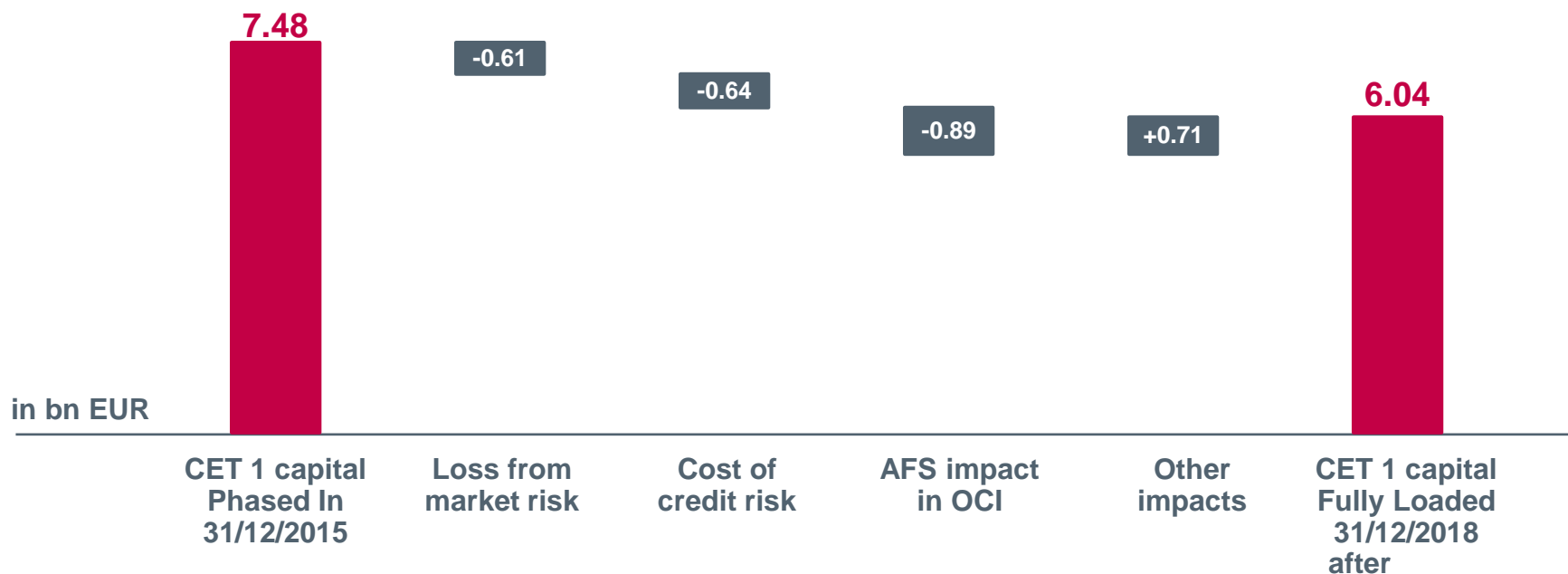
## Appendix 13 : Comparison ST 2016 vs ST 2014



- The improvement of our CET 1 capital ratio from 13.5% as of 1/1/2014 to 15.9% end 2015 confirms the appropriateness of our strategy over the past years, the long-term vision of our shareholder, our starting solidity and resilience capacity, all of which are crucial in the current challenging macro-economic environment.
- Looking at the impacts, compared to 2014, the impact on CET1 ratio in the 2016 stress test is below the one in the 2014 stress test. As the 2016 stress test methodology is, as also stated by the ECB, more conservative than the 2014 stress test across all risk types, this again underlines Belfius' positive solvency evolution over the past years.

# 2016 EU-wide Stress Test

## Appendix 14 : Evolution of the CET 1 capital in adverse stress scenario

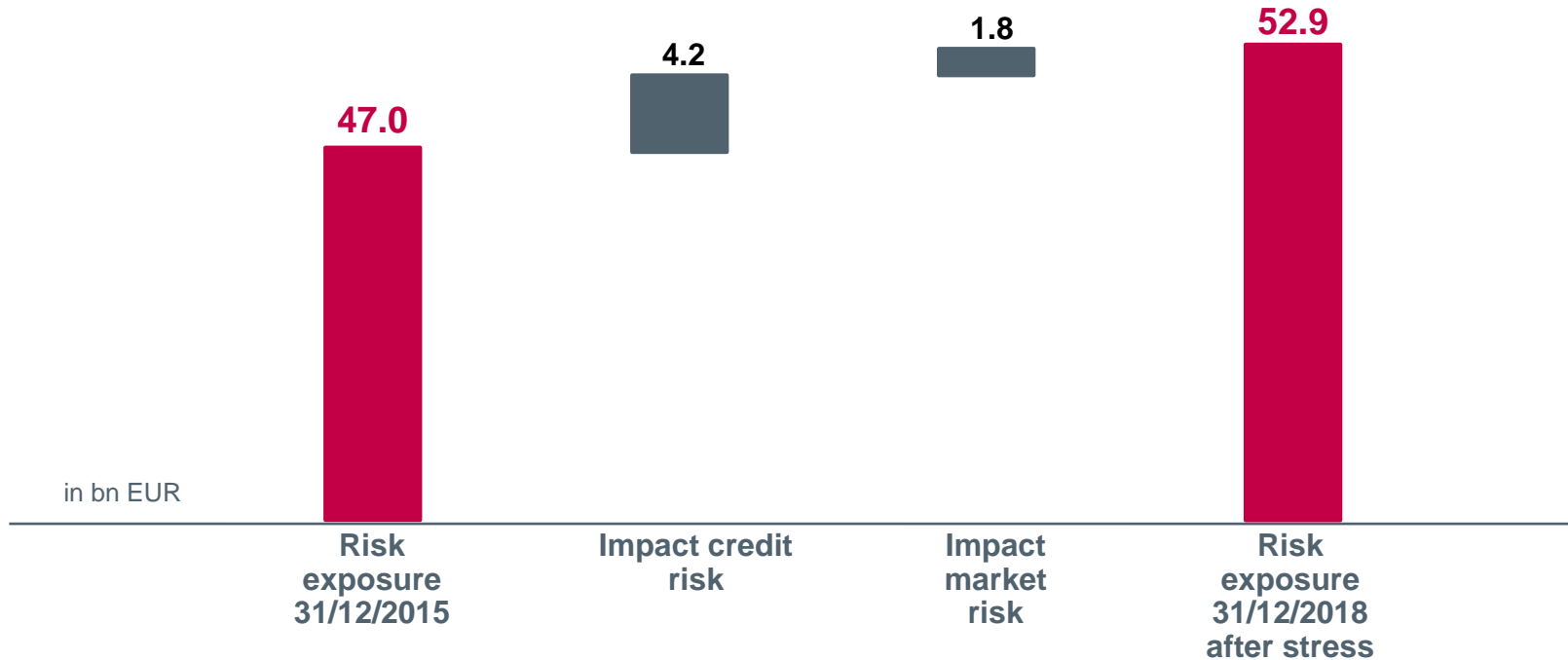


### ■ Evolution of our CET 1 capital under the severe stress scenario is explained by:

- - **0.61 bn EUR P&L-impact from market risks mainly due to**
  - lower trading income
  - more credit value adjustments (CVA) losses
  - default of most vulnerable of the largest counterparts
- - **0.64 bn EUR P&L-impact from cost of credit risk due to**
  - higher impairments on loans and bonds
- - **0.89 bn EUR AFS impact mainly due to**
  - phasing-in of (negative) AFS reserve deduction
  - spread widening impact on AFS-reserve
- **+ 0.71 bn EUR other impacts**
  - of which +0.73 bn EUR P&L impacts

# 2016 EU-wide Stress Test

## Appendix 15 : Evolution of the risk exposure in adverse stress scenario



### ■ Increase of risk exposure explained by:

- 4.2 bn EUR impact credit risk
- 1.8 bn EUR impact market risk

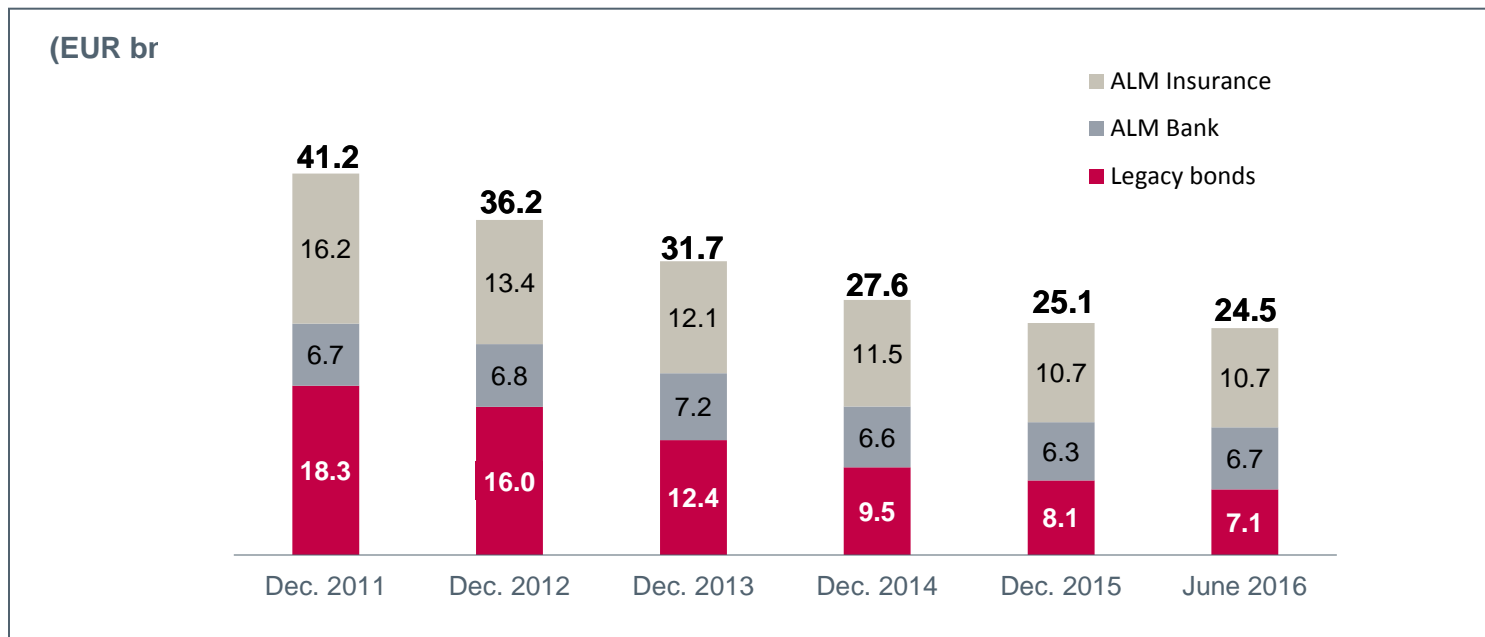
# Appendices

## Section IV – Additional information on risk profile

- Appendix 16 : Investment portfolio – Total
- Appendix 17 : Investment portfolio – Legacy bond portfolio
- Appendix 18 : Investment portfolio – ALM Bank
- Appendix 19 : Investment portfolio – ALM Insurance
- Appendix 20 : Legacy credit guarantees
- Appendix 21 : Outstanding exposure on government bonds

# Additional information on risk profile

## Appendix 16 : 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 24.5 bn as at 30 June 2016, down 2% or EUR 0.6 bn compared to December 2015. Since 2011, the total investment portfolio has been reduced by EUR 16.7 bn (or -41%) mainly due to the executed tactical de-risking within the legacy bond portfolio and the natural amortization of the portfolios.

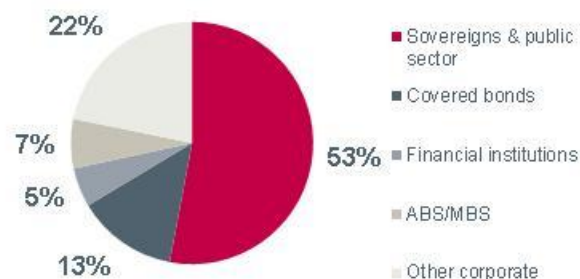


# Additional information on risk profile

## Appendix 16 : Investment portfolio – Total (2/2)

### Breakdown by type of counterpart

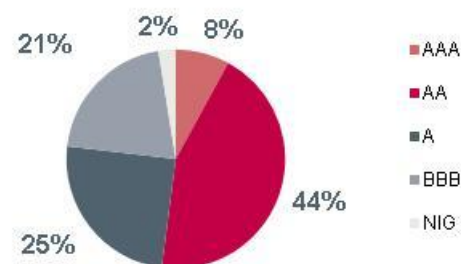
EUR 24.5 bn (as at 30 June 2016)



### Breakdown by rating

(EUR bn)

Average rating: A -



NIG – Non Investment Grade

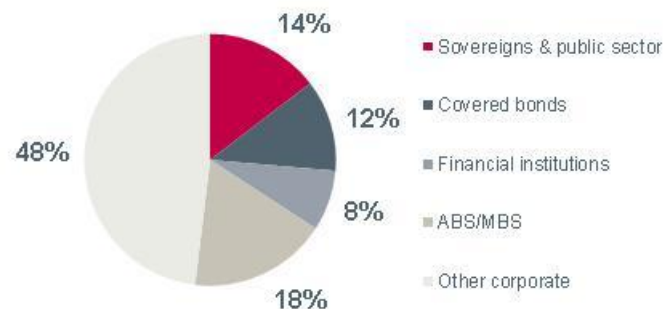
- The **total investment portfolio** is well diversified
- The investment portfolio remains of good quality:
  - 97.5 % of the portfolio is Investment Grade
  - The average rating stood at A-
- Expected average life: 11.3 years

# Additional information on risk profile

## Appendix 17 : Investment portfolio – Legacy bond portfolio

### Breakdown by type of counterpart

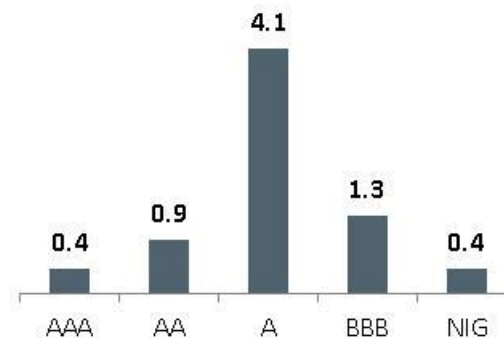
EUR 7.1 bn (as at 30 June 2016)



### Breakdown by rating

(EUR bn)

Average rating: A-



NIG – Non Investment Grade

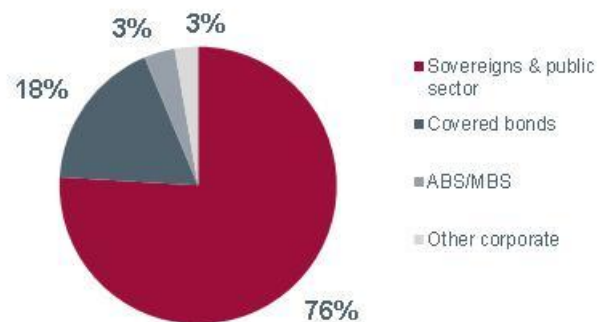
- **Legacy bond portfolio** stood at EUR 7.1 bn as at 30 June 2016, a reduction of EUR 1bn compared to December 15, mainly due to the tactical de-risking (EUR 0.3 bn) & natural amortization of the portfolio
- The Legacy bond portfolio remains of good quality:
  - 94% of the portfolio is Investment Grade
  - The average rating stood at A-
- Expected average life: 15.2 years

# Additional information on risk profile

## Appendix 18 : Investment portfolio – ALM Bank

### Breakdown by type of counterpart

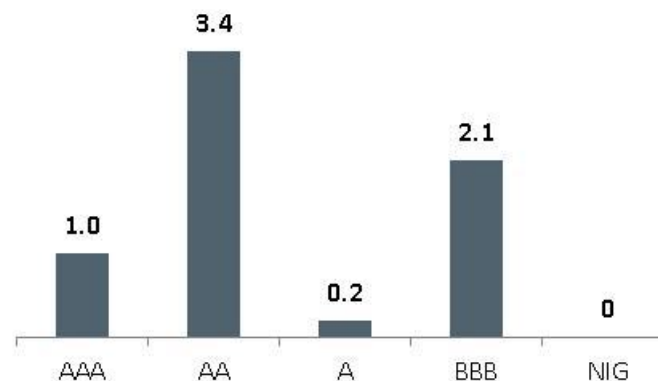
EUR 6.7 bn (as at 30 June 2016)



### Breakdown by rating

(EUR bn)

Average rating: A



NIG – Non Investment Grade

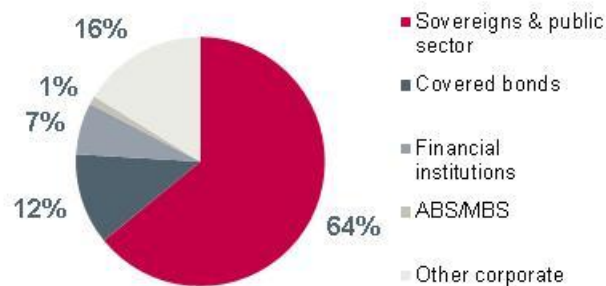
- **ALM Bank portfolio** stood at EUR 6.7 bn as at 30 June 2016, compared to EUR 6.3 bn as at 31 December 2015
- The ALM bank portfolio is of good quality
  - 99.4% of the portfolio is Investment Grade
  - The average rating stood at A
- Expected average life: 11.5 years

# Additional information on risk profile

## Appendix 19 : Investment portfolio – ALM Insurance

### Breakdown by type of counterpart

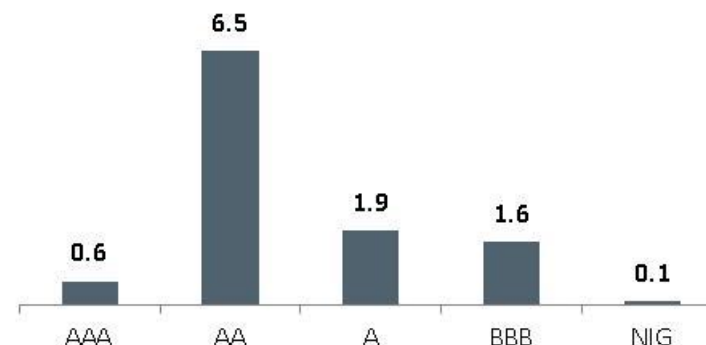
EUR 10.7 bn (as at 30 June 2016)



### Breakdown by rating

(EUR bn)

Average rating: A-



NIG – Non Investment Grade

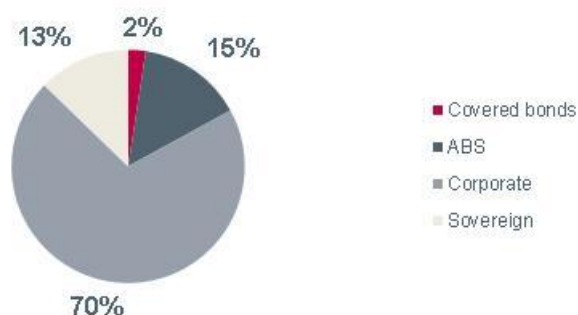
- **ALM Insurance fixed income portfolio** stood at EUR 10.7 bn as at 30 June 2016, stable compared to December 2015
- The ALM Insurance portfolio remains of good quality
  - 99% of the portfolio is investment grade
  - The average rating stood at A-
- Expected average life: 8.5 years

# Additional information on risk profile

## Appendix 20 : Legacy credit guarantees

### Breakdown by type of counterpart

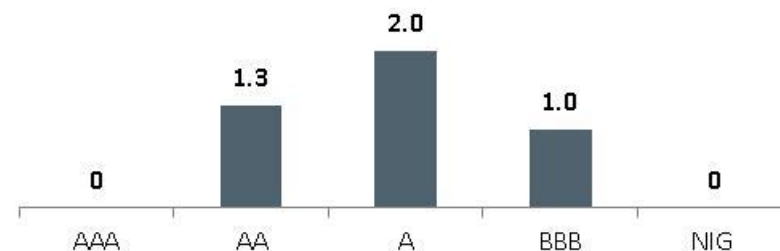
EUR 4.3 bn (as at 30 June 2016)



### Breakdown by final rating

(EUR bn)

Average rating: A-



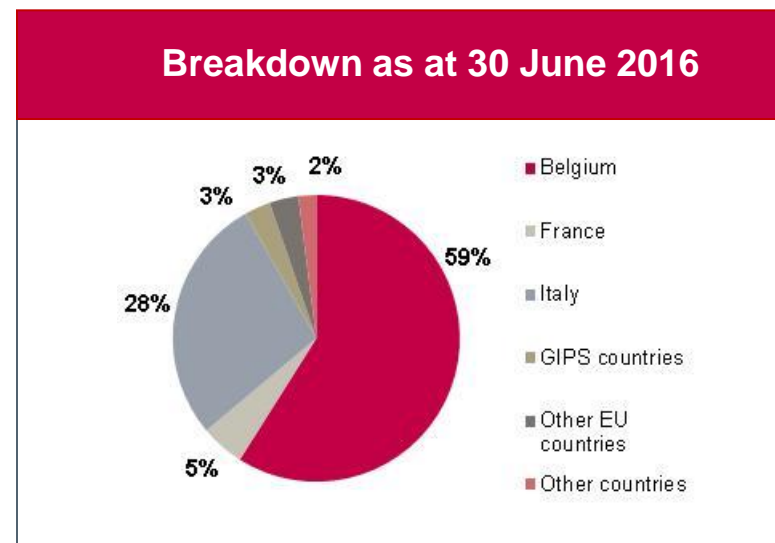
NIG – Non Investment Grade

- **Legacy credit guarantees portfolio** stood at EUR 4.3 bn as at 30 June 2016, down EUR 1.1 bn compared to December 2015, mainly due to amortizations
- Legacy credit guarantees portfolio is of good quality
  - 100% of the portfolio is Investment Grade
  - The average rating stood at A -
- Expected average life: 8.4 years

# Additional information on risk profile

## Appendix 21 : Outstanding exposure on government bonds

(EUR m)	31/12/2015	30/06/2016
Belgium	8,132	8,457
France	662	706
Italy	3,986	4,003
GIPS countries	390	420
Other EU countries	447	469
Other countries	287	288
<b>Total</b>	<b>13,904</b>	<b>14,343</b>



- Total **government bond portfolio** stood at EUR 14.3 bn\* as at 30 June 2016 stable compared to December 2015
- More than half of the portfolio (59%) remains invested in Belgian government bonds
- The relative proportion of the Italian government bonds decreased from 37% in 2014 to 28% end June 2016, due to the sale of EUR 1.3 bn during 2015

*Note: Figures are based on Full Exposures at Default - FEAD*

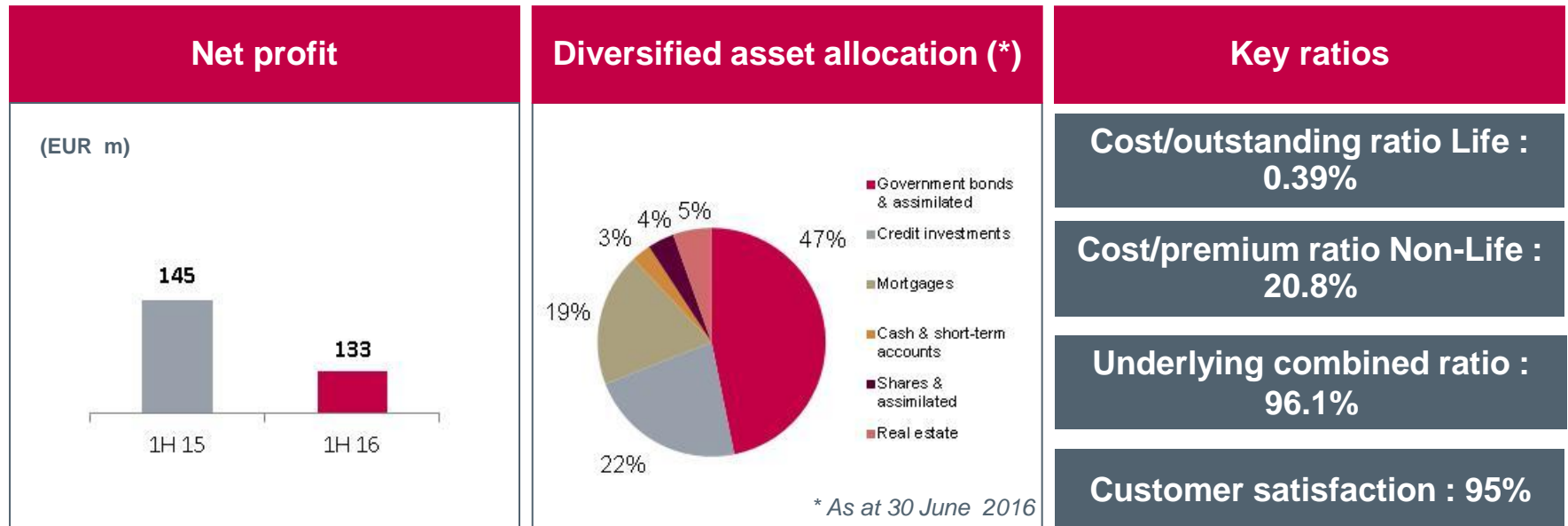
# Appendices

## Section V – Additional information on insurance

- Appendix 22 : Focus on insurance results
- Appendix 23 : Belfius Insurance - Consolidated balance sheet
- Appendix 24 : Belfius Insurance - Consolidated statement of income

# Additional information on insurance

## Appendix 22 : Focus on insurance results



- Continued focus on integrated bank-insurance approach
  - Net profit stood at EUR 133 m in 1H 2016
  - Solvency II ratio Belfius Insurance stood at 206% as of end June 2016 (\*)
- Prudent investment strategy of the asset portfolio
  - Well-diversified asset allocation
  - Underlying financial return on average life outstanding ~ 3.8%
- Most efficient insurer on the Belgian market enjoying high customer satisfaction

\* Before dividend reservation for the year 2016



# Additional information on insurance

## Appendix 23 : Belfius Insurance – Consolidated balance sheet

(EUR m)	31/12/2015	30/06/2016	Evolution
<b>Total assets</b>	<b>26,967</b>	<b>25,562</b>	<b>-1,405</b>
<i>of which</i>			
Loans and advances due from banks	1,097	558	-539
Financial investments	13,441	13,677	236
Financial assets measured at fair value through profit and loss	1,991	2,098	108
Mortgage and other loans	5,908	5,678	-230
Investment property	411	407	-4
Other assets specific to insurance companies	503	507	4
<b>Total liabilities</b>	<b>24,790</b>	<b>24,487</b>	<b>-303</b>
<i>of which</i>			
Due to banks	1,424	1,123	-301
Technical provisions for insurance companies	16,695	16,570	-124
Financial liabilities measured at fair value through profit and loss	1,991	2,098	108
Other liabilities specific to insurance companies	394	380	-13
<b>Total equity</b>	<b>2,177</b>	<b>2,075</b>	<b>-102</b>
<i>of which</i>			
Core shareholders' equity	1,278	1,291	13
Gains and losses not recognized in the statement of income	869	756	-113
Non-controlling interests	1	0	-1
Discretionary Participation Feature	29	28	-1

# Additional information on insurance

## Appendix 24 : Belfius Insurance – Consolidated statement of income

(EUR m)	1H 2015	1H 2016
<b>Income</b>	<b>297</b>	<b>289</b>
Net technical income	-124	-111
Financial income	419	395
Other income	2	5
<b>Expenses</b>	<b>-101</b>	<b>-109</b>
<b>Gross operating income</b>	<b>195</b>	<b>180</b>
Cost of risk	5	2
<b>Pre-tax income</b>	<b>201</b>	<b>182</b>
Tax expenses	-55	-49
<b>Net income after taxes</b>	<b>145</b>	<b>132</b>
Non-controlling interests	0	0
<b>Net income group share</b>	<b>145</b>	<b>132</b>
<i>of which contribution to consolidated results Belfius Bank</i>	<i>145</i>	<i>133</i>

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