



PRESS RELEASE HALF-YEARLY RESULT 2022

Brussels, 5 August 2022



Belfius continues to support the whole of Belgian society and to grow sustainably with a strong half-yearly result.

In 2022, Belfius will continue to build on the momentum of the past ten years. With a net result of EUR 428 million, Belfius has recorded the highest half-yearly result in its history. With EUR 11.3 billion of equity and an excellent solvency of 16.7%, Belfius is one of the best capitalised European banks.

This is what makes us stronger, together. Because together, we drive the Belgian economy forward. Together we create opportunities and innovations which benefit society as a whole. And that is our ambition, more than ever.

The basis for this success? A long-term strategy which puts the customer at the heart of everything we do, a highly diversified business model and rigorous financial and risk management.

For ten years, Belfius has been earning the trust of its customers day after day, and unconditionally supporting the whole of Belgian society. For ten years, we have been working resolutely and passionately on this unique mission every day. For ten years, we have been there for everyone, from the most affluent to the most vulnerable. Because at Belfius, we want to make a difference for everyone and be a source of inspiration for the whole of Belgian society.

More than ever, the challenges of tomorrow are a source of motivation and push us to do more. And thanks to the long-standing trust of our customers, the dynamism of our staff members and these results, Belfius has the resilience and agility to face these challenges and to continue, with a great deal of Love, to pursue its unique raison d'être "Meaningful & Inspiring for Belgian Society. Together". Our Love is great, for sure. And today, our gratitude is even greater.

RECORD AMOUNT OF
€ 12.4 BILLION
IN NEW LONG-TERM FINANCING
to support the Belgian economy

TOTAL OUTSTANDING SAVINGS AND
INVESTMENTS amounted to
€ 176.9 BILLION

NON-LIFE PREMIUMS RECEIVED
reached
€ 422 MILLION

OWN FUNDS amount to
€ 11.3 BILLION

172,000
SOCIAL ACCOUNTS
for people who are disadvantaged or in a
difficult situation

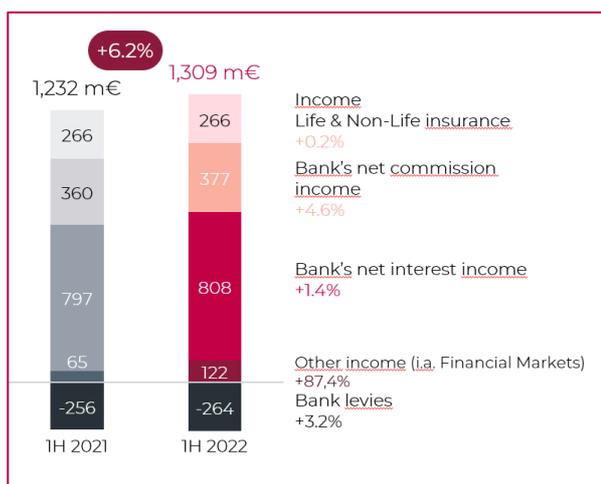
BANKING SERVICES FOR
46%
of recognised asylum seekers and refugees

Belfius

A strong and diversified business performance ensures an excellent net result in a difficult macroeconomic environment

Belfius closes the first half of the year with a **historic result: the consolidated net result before and after tax amounted to EUR 545 and EUR 428 million respectively**. Belfius Bank increased its contribution to EUR 320.9 million, while Belfius Insurance contributed EUR 107.6 million despite the impact of the heavy storms. Since the creation of Belfius, the net profit for the first half of the year has never been so high, despite an uncertain macroeconomic and geopolitical context, general inflationary pressure, volatile financial markets and the storms at the beginning of the year. These results were achieved through continued strong commercial growth, well-diversified revenues and rigorous and proactive financial and risk management.

Revenues: diversified growth in the main fields



Total revenues amount to EUR 1,309 million, up 6% compared to the first half of 2021. The **Bank's net interest income** rose by 1% to EUR 808 million, thanks in particular to the continued steady growth in outstanding loans to individuals and companies. Belfius also continued to grow as a bank for investors: the **bank's net commission income** rose by 5% to EUR 377 million. **Income from insurance activities** remained stable at EUR 266 million. Non-Life revenues decreased by 24% to EUR 93 million, mainly due to the storms in February 2022 and the impact of inflation on claims costs. Revenues from Life activities have risen sharply: they have increased by 20% to reach EUR 173 million, mainly due to an excellent ALM policy which allows the partial release of excess life insurance

reserves in the current higher interest rate environment. Despite higher bank taxes, **other income** is significantly less negative than in the first half of 2021. They amount to EUR -142 million, mainly due to a higher contribution from the trading room activities.

Belfius saw its **costs** rise by 8% to EUR 776 million. This increase is explained by the impact of very high general inflation and by the responsible choice to continue investing in people, the brand and technology. Thanks to the higher revenue growth, the cost-income ratio of 59% remains well under control. If bank levies were spread linearly over the whole financial year, this ratio would even reach 54%.

Despite the difficult context, prudent risk management keeps the cost of credit risk low

While the impact of the Covid pandemic on the macroeconomic context has diminished, the war in Ukraine, the new lockdowns in China and the historically high inflation rates continue to maintain a complex macroeconomic environment. For this reason, Belfius continues to manage its credit provisions prudently. Belfius maintains EUR 160 million of credit provisions set aside in advance due to Covid-19 in 2021, compared with EUR 216

million at the end of 2021, in order to be able to absorb the possible impacts of inflation and various uncertainties, including those related to Ukraine, China and the pandemic.

Against a background of sound provision management and fewer defaults than in historically normal circumstances, the **overall cost of credit risk** also made a positive contribution in the first half of 2022, with a **net reversal of provision of EUR 13 million** (compared to a net reversal of provision of EUR 31 million in the first half of last year).

A robust and resilient liquidity and solvency position

In terms of solvency, the CET1 ratio is slightly above the level observed at the end of 2021. It amounts to 16.7%, which is an excellent level. This is due in particular to a decrease in weighted risks to EUR 63.2 billion. As a result, Belfius remains one of the best capitalised European banks. The **Solvency II ratio** of Belfius Insurance is also very strong at 215%.

At the end of June, the **equity capital** of the Belfius group reached EUR 11.3 billion. In ten years, it has more than doubled.

With an **LCR ratio** of 184% and an **NSFR ratio** of 140%, Belfius also has a strong liquidity and funding profile, with a liquidity reserve of EUR 55.3 billion at the end of June.

Driver of the Belgian economy, Belfius finances all segments of society



In the first half of the year, Belfius had a record production of EUR 12.4 billion (+18%) in **new long-term financing**, driven by a balanced growth of its loan portfolio in all segments of the Belgian economy. These strong growth figures are reflected in a further 5% increase in **total outstanding loans** to EUR 107.3 billion.

More than ever, Belfius supports its private customers in their personal projects

In the first half of the year, EUR 4.5 billion in mortgage loans were granted to private customers: a significant increase of 21%. The production of **consumer loans**, amounting to EUR 390 million, remained practically stable.

In the first half of 2022, Belfius realised its ambition to contribute to a better energy efficiency of buildings in Belgium, with an increase of 68% in the production of 'green renovation' loans compared to the same period last year.

Belfius also supports less well-off households in their transition to sustainable and cheaper energy. For example, Belfius will finance a large proportion of the 395,000 solar panels which the Flemish social housing cooperative **Aster** intends to install on 52,500 social housing units.

Belfius, Lead & Loved Bank for Belgian entrepreneurs and businesses

As the Lead & Loved Bank for entrepreneurs and businesses, Belfius fully deploys its great financial strength to support the Belgian economy. In the first half of the year, a record amount of EUR 12.4 billion of **new long-term financing** was granted to all segments of Belgian society. Business and Corporate customers were allocated half of this amount, i.e. EUR 6.2 billion (+18% compared to the same period last year).

In line with Belfius' ambition to stimulate business growth and create jobs, the production of **new long-term loans to corporate customers** grew by an impressive 41%. In the first half of the year, it reached EUR 3.9 billion. Compared to the end of 2021, the **outstanding short and long-term loans** for this segment rose by a further 12.5% to EUR 21.3 billion.

Belfius is also helping to make the dreams of SMEs, the self-employed and the liberal professions come true. In the first half of the year, the production of **new long-term loans** reached EUR 2.4 billion for the Business segment, a stable amount compared to the same period last year. **Outstanding short- and long-term loans** to business customers rose again by 4.1% to EUR 17 billion. Young entrepreneurs also continue to place their trust in Belfius, as shown by the 11% increase in the number of starters.

Belfius also supports the transition to low-carbon mobility, notably by becoming the main shareholder of CenEnergy. This Belgian scale-up specialises in the deployment of safe and intelligent recharging infrastructures throughout Belgium.

Belfius also encourages its business customers to move towards greater sustainability in car leasing. For example, 56% of new leasing contracts at **Belfius Auto Lease are for more environmentally friendly vehicles**.

Public & Social Sector: Belfius remains market leader

Belfius remains the partner of reference for the public and social sector, which is facing major challenges as a result of constantly rising energy bills and high inflation. In 2022, Belfius continues to offer targeted financing solutions. In the first half of the year, Belfius granted EUR 1.3 billion in **new long-term loans** to the public and social sector, an increase of 18% compared to the same period last year. The bank accounts for 56% of the financing files in the public and social sector.

Thanks to **Smart Building & Renovation Solutions**, Belfius is increasingly supporting its professional customers in the sustainable renovation of their buildings. In the first half of this year, Belfius supported and financed 35 projects for an amount of EUR 141 million.

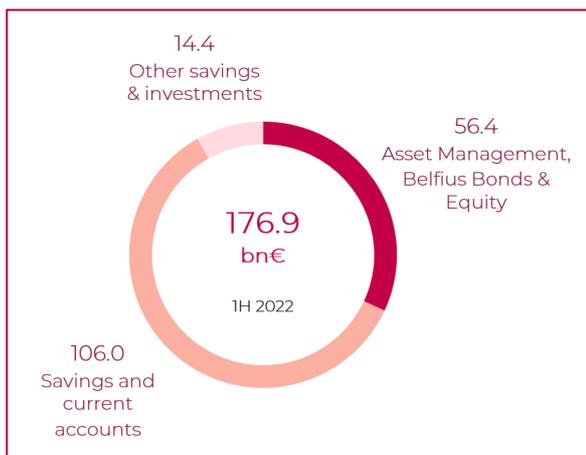
Belfius confirms its leadership in the alternative financing market

In addition to traditional credit financing, Belfius supports its corporate, public and social sector customers with an increasing number of innovative alternative financing solutions. In the first half of 2022, the bank provided a total of EUR 6.6 billion of alternative financing to its (semi-) public and corporate clients in the form of short-term issues (medium-term commercial paper) and new long-term issues (medium-term notes and bonds). Moreover, with a market share of 30% in the Public & Social sector and in the Corporate segment, Belfius is the leader in terms of **Debt Capital Markets issues**.

Despite many uncertain macroeconomic factors, Belfius also confirmed its position as market leader in the field of **Equity Capital Markets (ECM)**. In the first half of the year, the bank took part in 7 transactions with a total value of EUR 985 million.

Savings and investments: Belfius, Loved bank of investors

Meaningful investments: the new normal at Belfius



Total outstanding savings and investments amounted to EUR 176.9 billion, of which EUR 132.2 billion came from retail and business customers. Despite the very negative market effect caused by the volatility of the financial markets, the decline compared to the end of 2021 was limited thanks to **strong organic growth** of EUR 4.2 billion among customers in these segments.

In the first half of the year, the **total volume of payment and savings accounts** held by private customers (including the Business segment) rose by 4% to EUR 77.8 billion.

The volatility of the stock markets is not deterring customers from opting for investment alternatives at Belfius. As proof, **subscriptions to investment products** rose by 9% to EUR 8.6 billion in the first half of the year. Despite this strong growth in gross investments, outstanding investments fell by 9% to EUR 47.7 billion compared to the end of 2021, due to the negative market effect. The success of the **Funds of the Future** should also be noted. This year, Belfius launched two new funds: Belfius Equities Virtu=All and Belfius Equities Re=New. In the first half of 2022, the eight Funds of the Future together attracted EUR 462 million (+13%), bringing the total assets under management to EUR 2.1 billion.

One year after its launch, Re=Bel, the online investment platform of Belfius, has 60,000 customers who are investing in a different way. In the first half of the year, they carried out almost 173,000 transactions, for a total amount of EUR 626 million. Re=Bel encourages investors to invest with a cause. As proof of this, 74.5% of the investments made through Re=Bel (almost EUR 1 billion) comply with the Belfius sustainability criteria.

The strong growth in Private and Wealth Management customers continues

Belfius' strategy for **Private and Wealth Management** clients is clearly bearing fruit. It is based on a human and client-oriented approach, supported by our digital know-how, international investment expertise and in collaboration with strong partners. In the first half of the year, Belfius won over 13,000 **new customers in these two segments**, which now total 158,554 customers (+9% compared to the end of 2021). The **total savings and investments of Private and Wealth Management customers** amounted to EUR 51.9 billion.

Belfius pays particular attention to the vulnerable people in our society

In 2022, Belfius also continues to offer an innovative and diverse banking experience. It is based on a combination of Belfius' best-in-class user-friendly digital and mobile channels and a wide range of omnichannel solutions.

Belfius confirms its leadership in remote services, as evidenced by the further increase in the **number of active users** (1.83 million) of Belfius apps for smartphones and tablets. Each customer consults them on average 36 times per month. The sale of products via direct channels is also growing strongly. Products such as **pension savings accounts and assistance insurance** are sold via these channels in 75% and 34% of cases respectively.

Belfius also pays special attention to the **most vulnerable people in our society**. For example, the bank manages 172,000 social accounts which enable the Public Social Welfare Centres to support disadvantaged people towards a better future. In addition, Belfius has opened accounts for more than a quarter of the Ukrainian refugees in Belgium.

Insurance: Belfius closer than ever to customers with a strong bank-insurance model

Storms at the beginning of the year created a financial headwind

The effects of climate change will continue to be felt, including more frequent storms and floods. More than ever, Belfius Insurance is standing by its customers. One year after the unprecedented floods in July 2021, almost 98% of the affected customers have received full or partial compensation. In total, more than EUR 145 million in compensation have already been paid out to the affected customers.

In February of this year, storms hit our country again. Their financial impact on the half-yearly results of Belfius Insurance is significant but manageable thanks to a good management of the reinsurance policy.

As a result, but also under the influence of higher inflation, the combined operating ratio (NCR) for non-life insurance is higher than at the end of 2021 and stands at 101.5%.

Consistent growth figures in Life and Non-Life

With **non-life premium income** of EUR 422 million, insurance activity continued to grow steadily by more than 4%, mainly thanks to the growth of the Belfius bank-insurance channel (+8%). DVV grew by 3% and Corona Direct by 9%. **Cross-selling ratios** for mortgage loans remain high in both home and family insurance (87%).

Life production amounted to EUR 1.26 billion, up 24% compared to the first half of 2021, mainly due to an increase in unit-linked production (Branch 23) in Kite investment insurance. **Total life reserves** decreased by a further 6%. They reached EUR 13.5 billion, mainly due to the market effect on Branch 23 reserves as a result of lower prices on the financial markets.

Marc Raisière – CEO

“To be a bank for everyone. This ambition has been at the heart of our strategy throughout our ten years of existence. We want to be Meaningful & Inspiring for the whole of Belgian society. If we manage to present ever stronger results every year and every six months, it is also thanks to all our customers. I would therefore like to thank them for their trust. It is a trust which we strive to earn day after day, thanks to the unwavering commitment of our staff members and our agents. Every day, they go above and beyond to help our customers, to earn their love and to contribute to the company moving forward. I am proud of the Belfius brand. The challenges for the future remain numerous, but given these results, we can face them with confidence.”



Chris Sunt – Chairman of the Board of Directors

“Belfius' strong results are excellent news for the Belgian economy and society. Now more than ever, they allow us to assume our role as a driving force for this economy and for households, while focusing particularly on the transition to a more sustainable future. For in this crucial revolution too, Belfius intends to play a leading role. Both externally, by accompanying our customers in this transition, and internally, by resolutely focusing on all ESG aspects, such as the reduction of emissions, but also to social aspects.”

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Key figures

CONSOLIDATED STATEMENT OF INCOME			
<i>(in millions of EUR)</i>			
		1H 2021	1H 2022
INCOME		1,232	1,309
EXPENSES		(720)	(776)
GROSS INCOME		512	532
Impairments on financial instruments and provisions for credit commitments		31	13
Impairments on tangible and intangible assets		(1)	0
NET INCOME BEFORE TAX		542	545
Tax (expense) income		(136)	(116)
NET INCOME AFTER TAX		406	429
Non-controlling interests		0	0
NET INCOME GROUP SHARE		406	428
of which	Bank	290	321
	Insurance ⁽¹⁾	116	108

(1) Contribution of the Belfius Insurance group to the consolidated statement of income.

CONSOLIDATED BALANCE SHEET			
<i>(in millions of EUR)</i>			
		31/12/21	30/06/22
TOTAL ASSETS		192,151	199,768
of which	Cash and balances with central banks	31,640	45,597
	Loans and advances due from credit institutions	10,411	6,475
	Loans and advances	102,679	107,518
	Debt securities & equity instruments	27,195	24,494
	Unit linked products insurance activities	4,246	4,079
	Derivatives	8,909	5,905
TOTAL LIABILITIES		180,658	188,432
of which	Cash and balances with central banks	15,418	15,487
	Credit institutions borrowings and deposits	3,591	5,428
	Borrowings and deposits	104,404	108,873
	Debt securities issued and other financial liabilities	23,145	31,917
	Unit linked products insurance activities	4,246	4,079
	Derivatives	14,019	9,038
TOTAL SHAREHOLDERS' EQUITY		10,963	10,805
of which	Shareholders' core equity	10,560	10,632
	Gains and losses not recognised in the statement of income	403	172
TOTAL EQUITY		11,493	11,336
of which	Total shareholders' equity	10,963	10,805
	Additional Tier-1 instruments included in equity	497	497
	Non-controlling interests	33	34

RATIOS⁽¹⁾	31/12/21	30/06/22
Return on equity (ROE)	9.2%	9.2%
Return on assets (ROA)	0.48%	0.49%
Cost- income ratio (C/I ratio)	54.6%	59.3%
Asset quality ratio	1.95%	1.87%
Coverage ratio	60.4%	60.7%
Liquidity Coverage Ratio (LCR) ⁽²⁾	195%	184%
Net Stable Funding Ratio (NSFR)	136%	140%

(1) Unaudited.

(2) 12-month average.

SOLVENCY RATIOS⁽¹⁾	31/12/21	30/06/22
CET 1-ratio ⁽²⁾	16.4%	16.7%
Tier 1-ratio ⁽²⁾	17.1%	17.5%
Total capital ratio ⁽²⁾	19.8%	20.1%
Leverage ratio ⁽³⁾	7.1%	5.5%
Solvency II – ratio (before dividend)	200%	221%
Solvency II – ratio (after dividend)	190%	215%

(1) Unaudited.

(2) For the determination of the Capital ratios under Basel III, the regulatory authority asks Belfius Bank 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. This is commonly known as "Danish compromise".

(3) Note that the allowed Covid-19 relief measure, to exclude part of the exposure to Central Banks, expired on 1 April 2022. The leverage ratio at 31 December 2021 without this relief measure amounted to 5.93%.

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