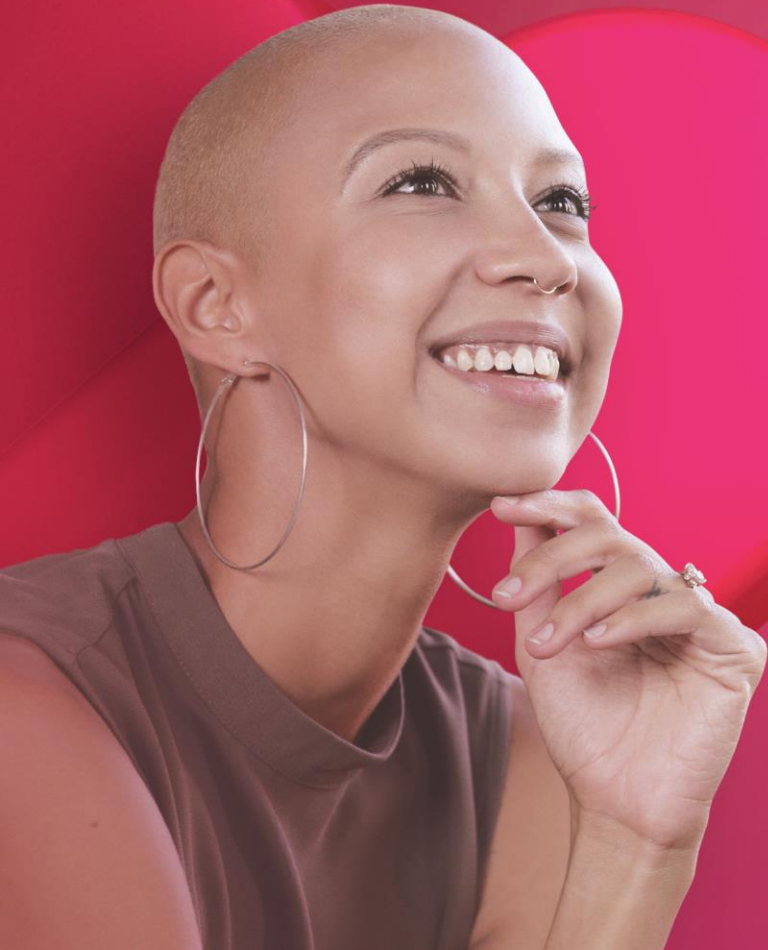


Belfius



Meaningful & inspiring for
Belgian society. Together.

Belfius Results 1H 2024

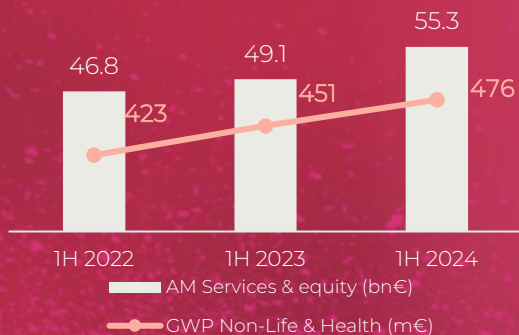
Analyst Conference
30.08.2024



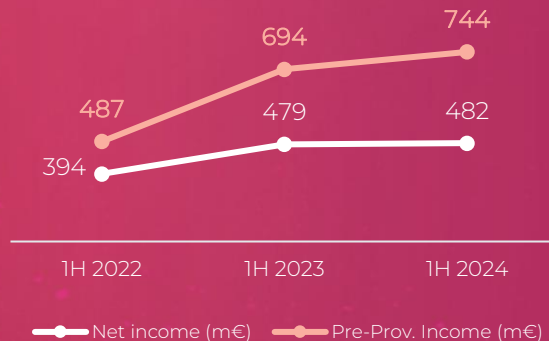


Belfius 1H 2024 - highlights

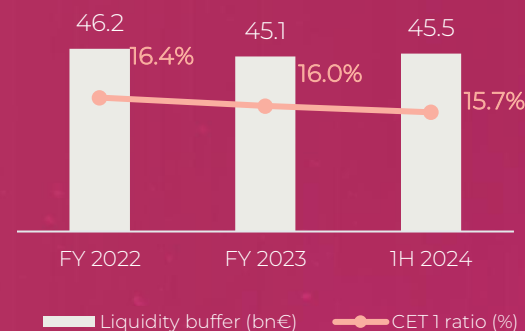
Excellent performance in AM Services & Insurance activities



Diversified business activities continue to underpin strong Pre-Provision Income growth. Net Income consolidating at solid level despite more normalizing CoR



Continued solid Solvency and Liquidity

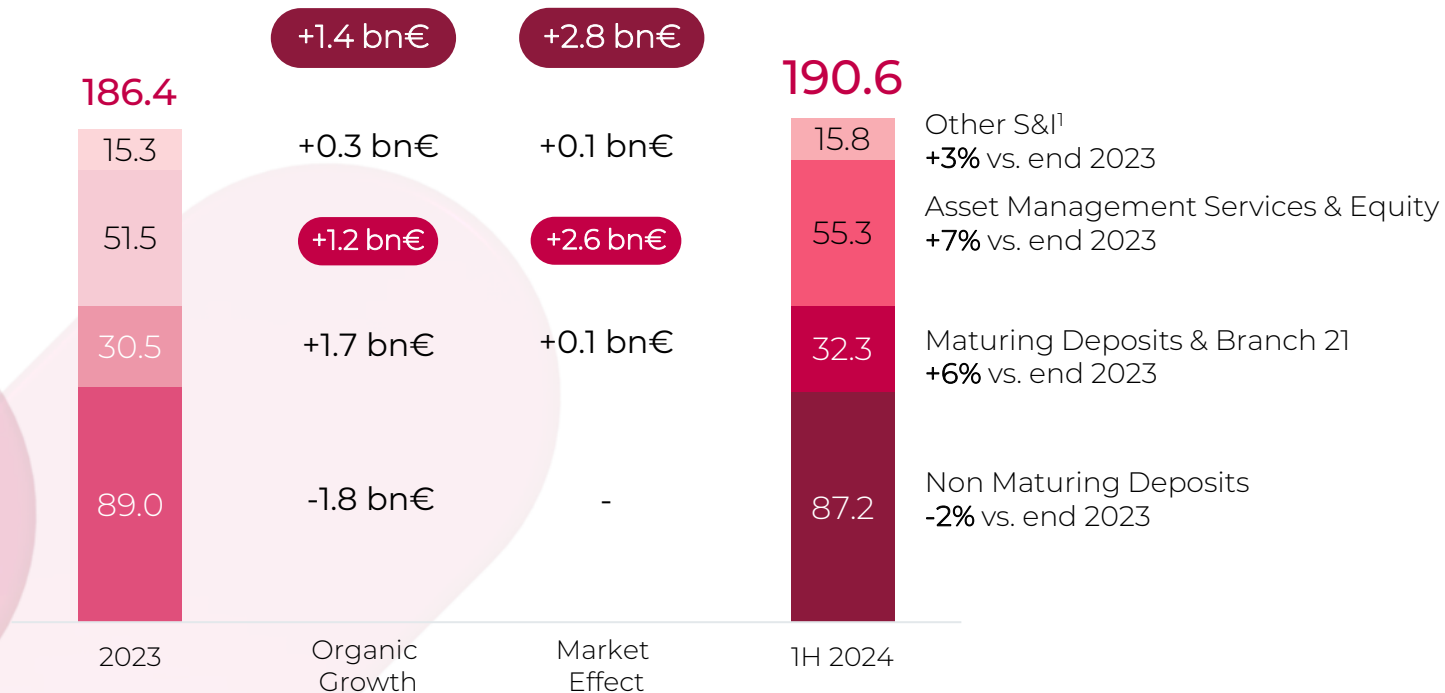




Strategy of diversification
continues to lead to
resilient Financial &
Commercial
performance

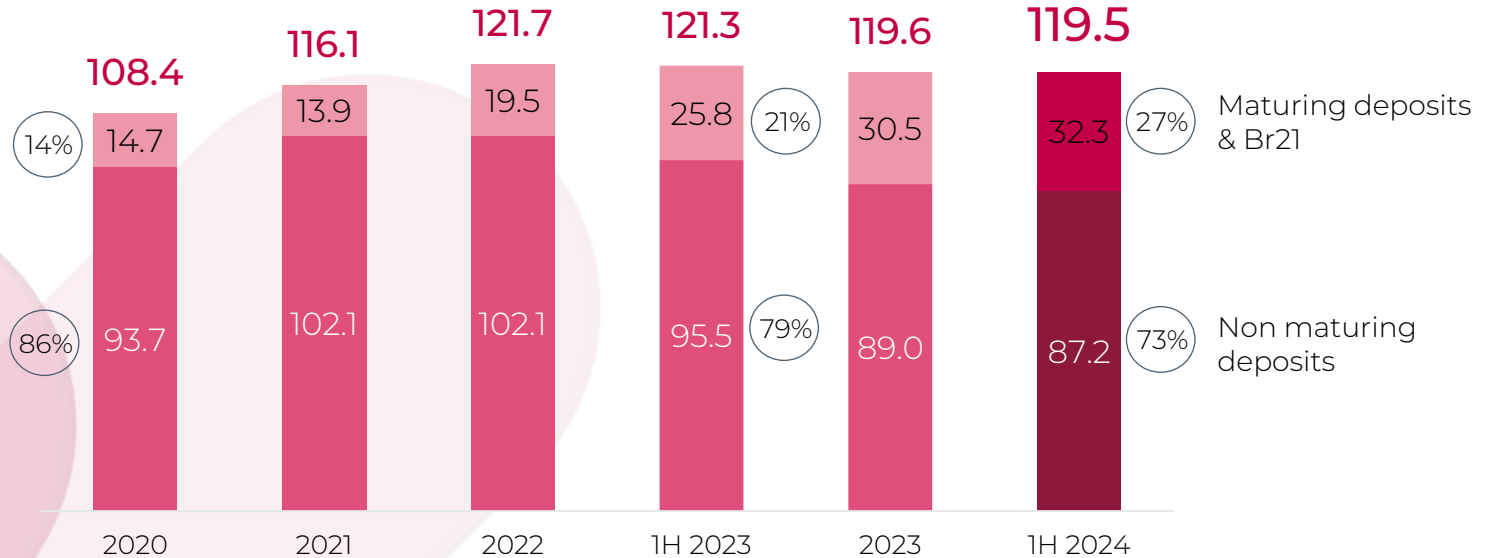
Strong growth in S&I, combining positive organic growth with strong market effect

Outstanding S&I
(in bn€)



Stabilizing on-balance sheet deposits (after State bond impact 2H 2023), with change in deposit mix slowing down

On-balance sheet deposits
(in bn€)

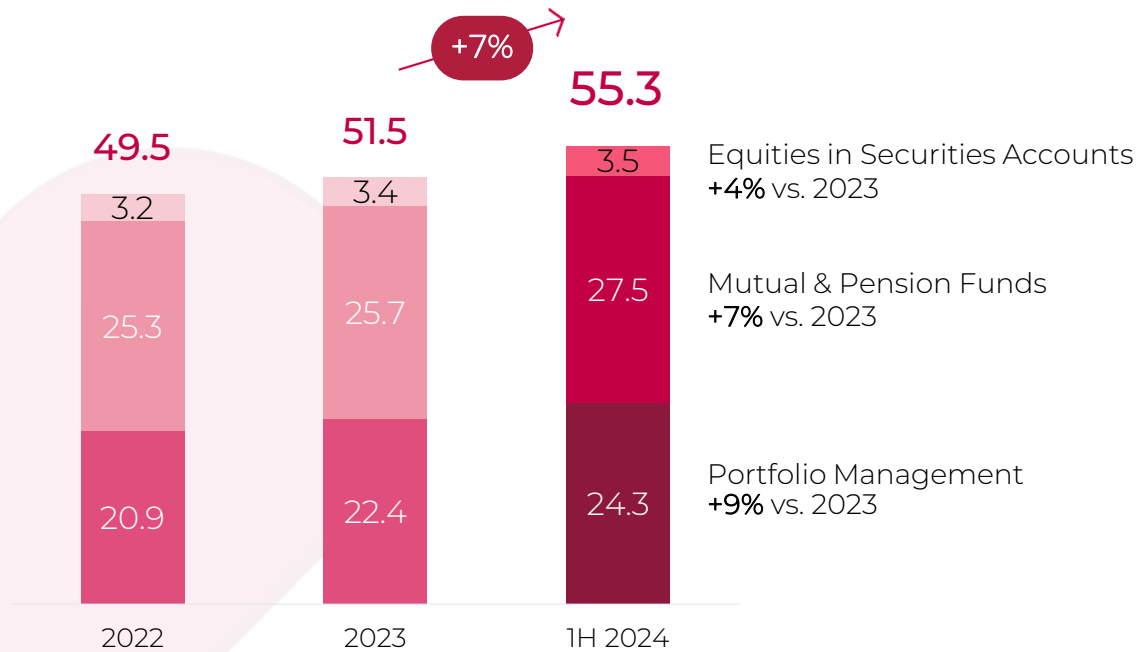


% of total



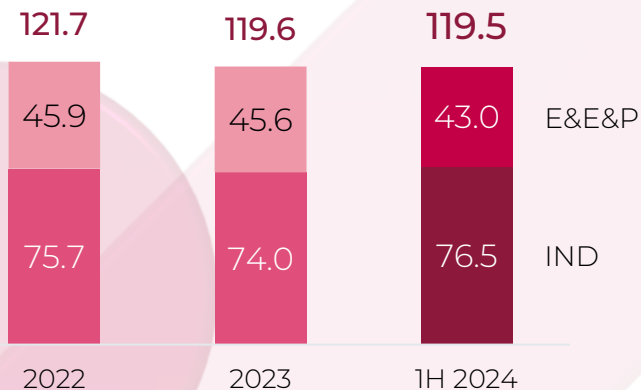
Strong growth in Asset Management Services, with Private Banking and Wealth Management strategy supporting growth in Portfolio Management

AM Services
(in bn€)

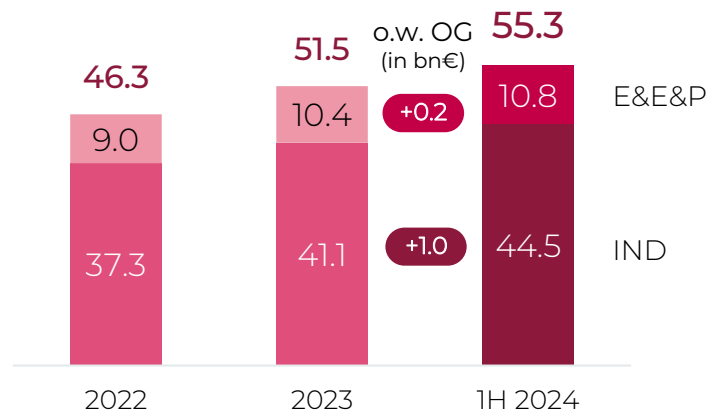


Strong growth of S&I in Individuals segment, use of deposits in E&E&P segment

On B/S deposits per segment (in bn€)

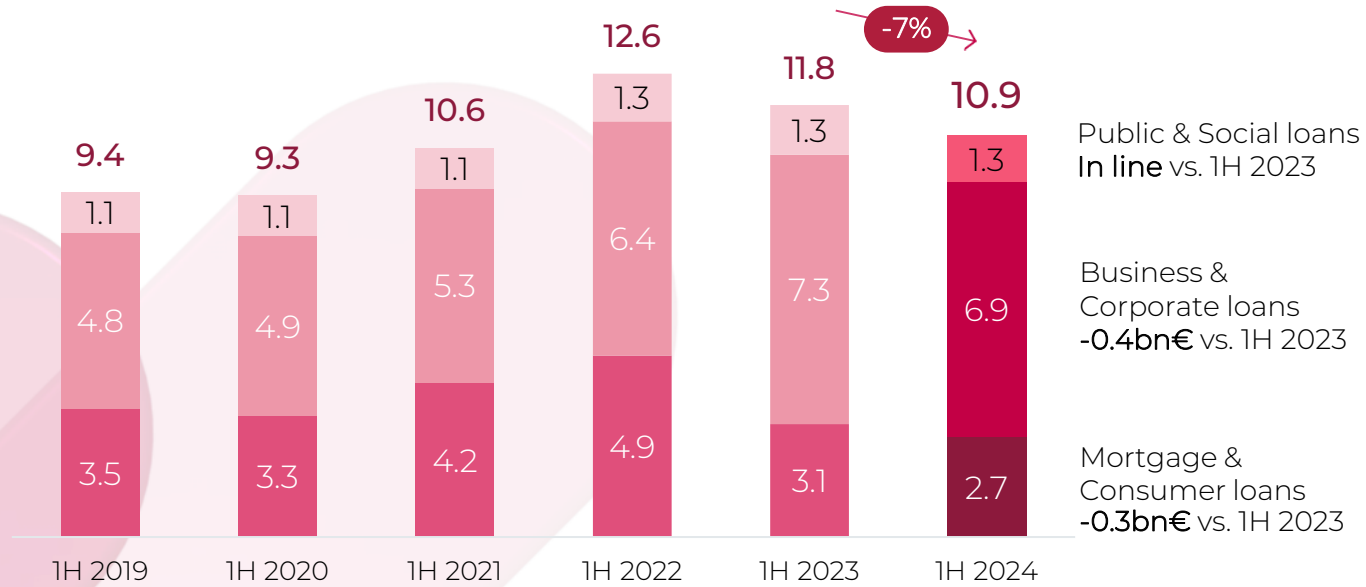


AM Services outstanding per segment (in bn€)



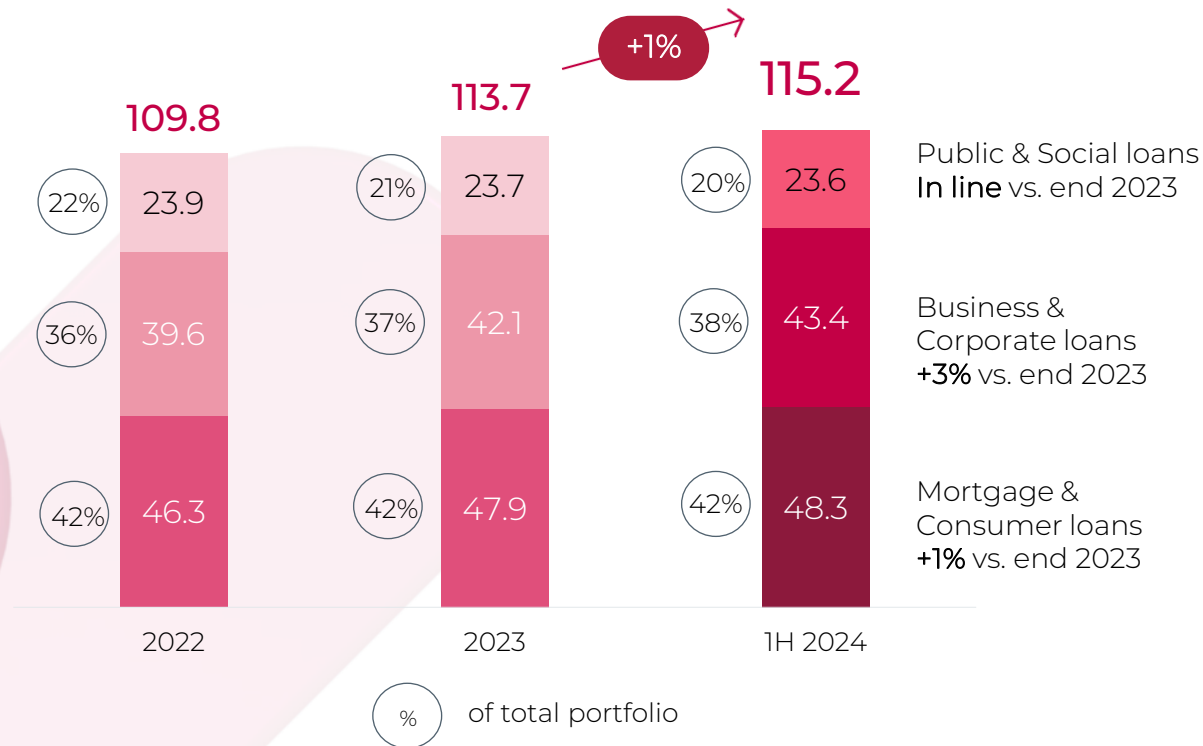
Lower demand in Belgian mortgage loans market & fierce loan competition leads to YoY decrease of LT loan production, with still very solid Business & Corporate LT loan production

LT loan production
(in bn€)



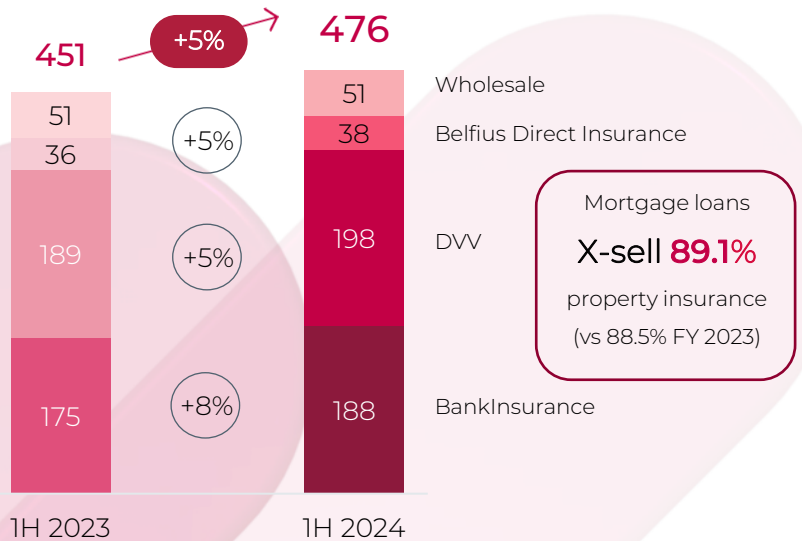
Despite production slowdown, Belfius is able to further grow its well diversified outstanding loans portfolio

Outstanding commercial loans
(in bn€)

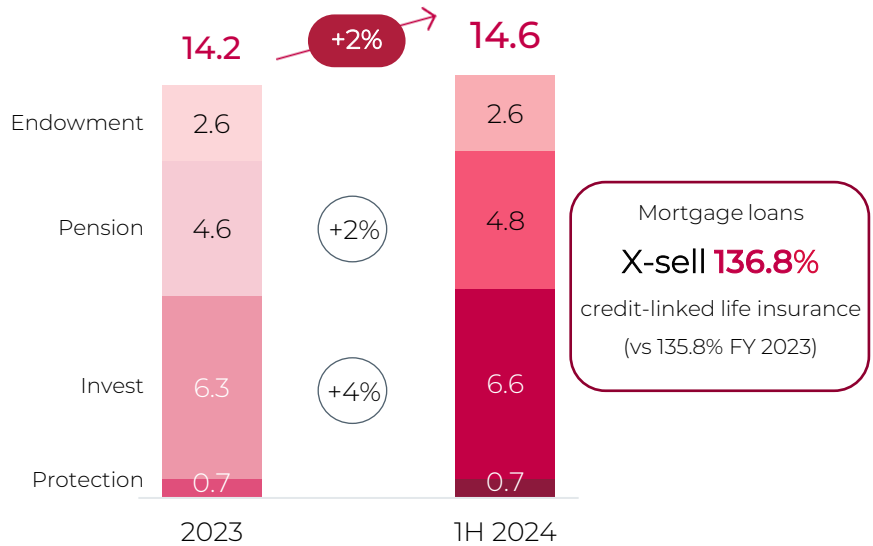


Belfius' insurance activities continue to grow period after period, translating into growing GWP in Non-Life and increasing Life outstanding reserves

Non-Life & Health
GWP per channel (in m€)



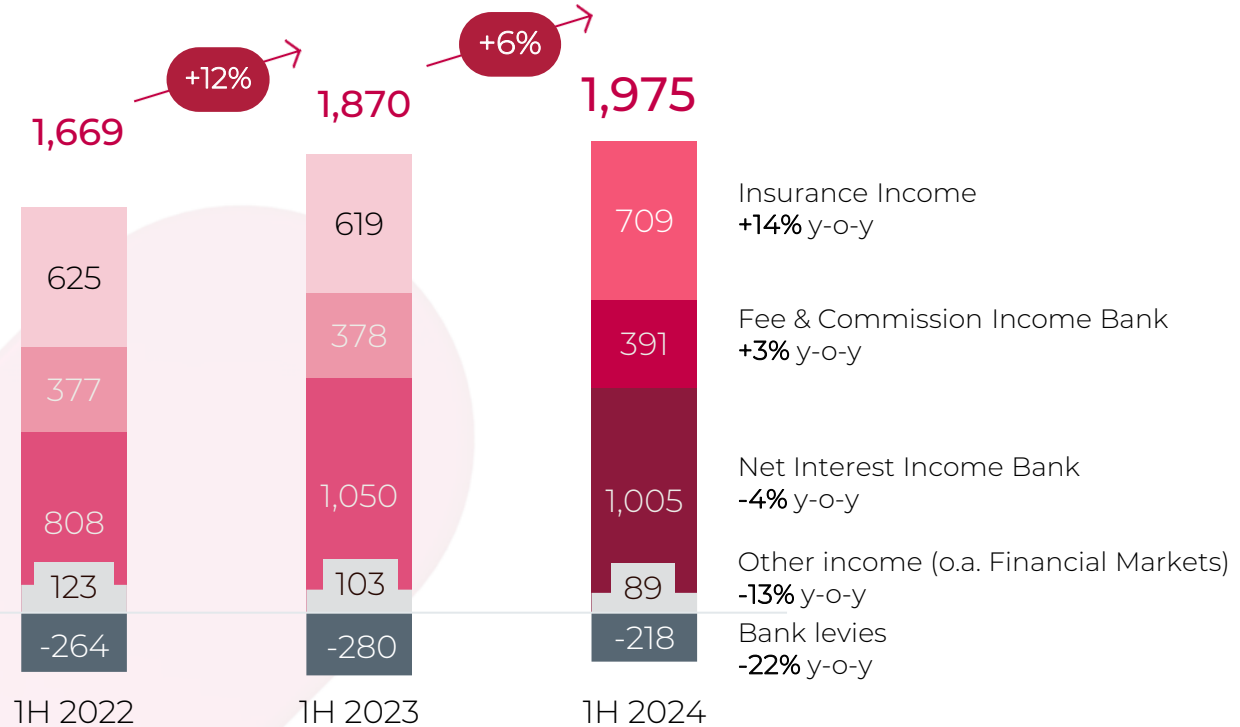
Life Outstanding
per product type (in bn€)



Consistent diversification strategy results in continued strong income growth

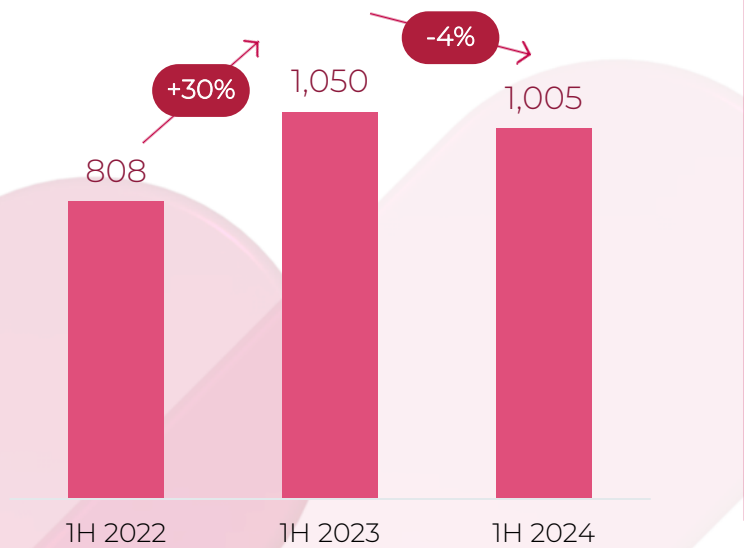
Total Income

Total income
(in m€)

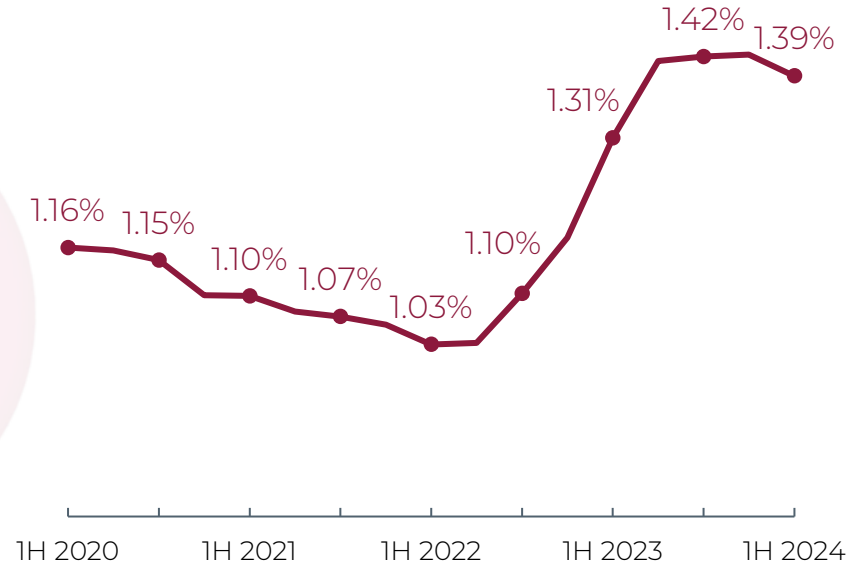


Net interest income Bank able to consolidate at higher lever after strong growth that started in 2022

Net Interest Income Bank
(in m€)

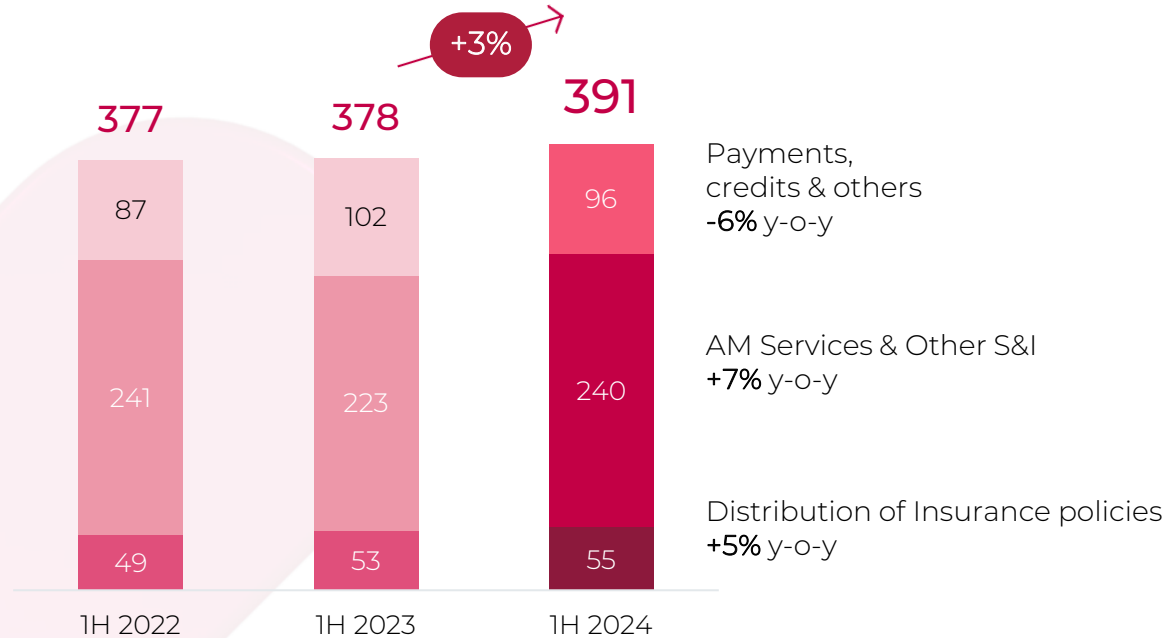


Net Interest Margin
(in %)



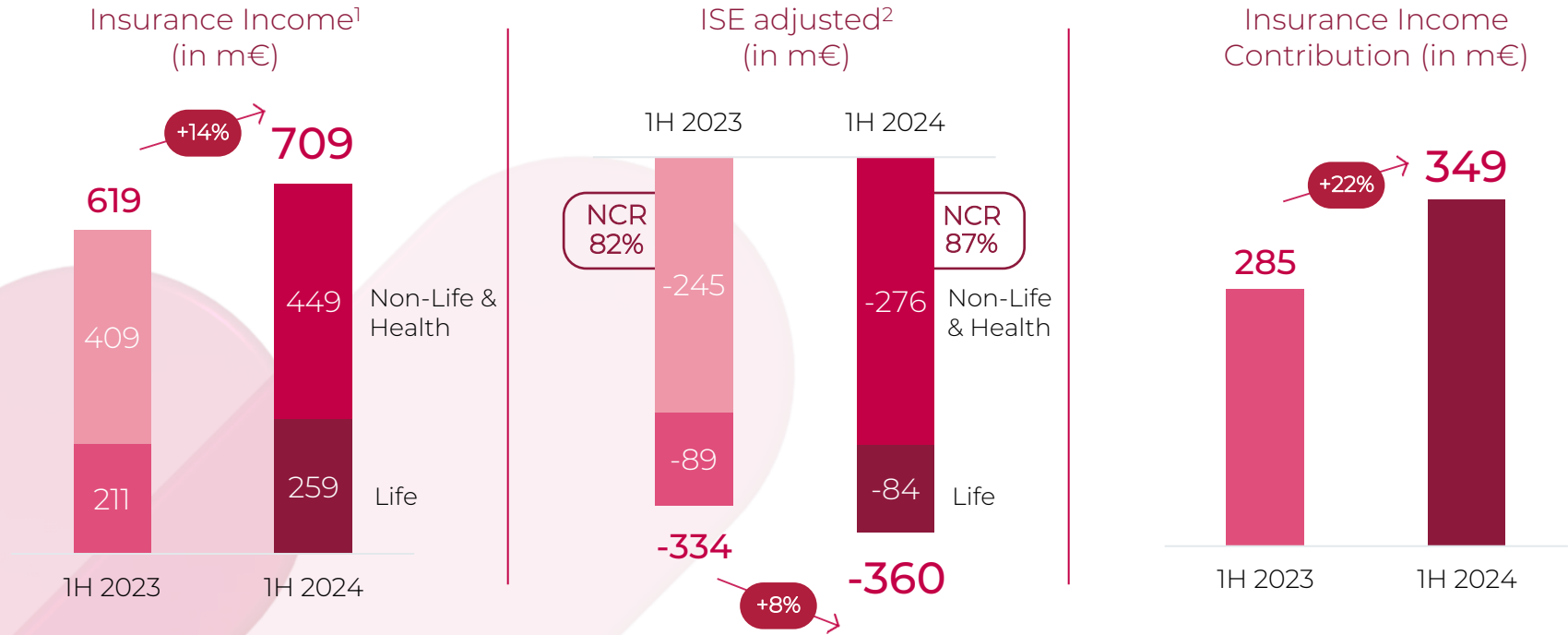
Fee & Commission income Bank increased by +3%, especially thanks to strong Asset Management service and entry fees

F&C Income
(in m€)



Higher financial margin in growing Life & continued excellent NCR in growing Non-Life lead to strong Insurance contribution

Contribution Insurance

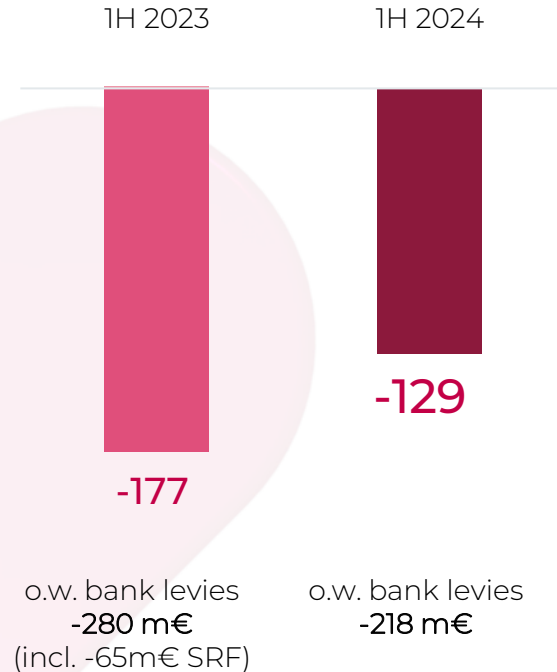


Notes: 1. Life Income and Non-Life & Health Income represent the Net interest income, Net income from financial instruments at fair value through profit or loss, Net income on investments and liabilities, Net insurance service result excluding Insurance service expenses and Net expenses from reinsurance contracts, Net fee and commission income and Net other income and expense allocated to respectively Life and Non-Life & Health Insurance Contracts; 2. Insurance Service Expenses adjusted = Insurance Service Expenses + Net Reinsurance Result – directly attributable cost to insurance contracts.

Other Income less negative, mainly thanks to absence of SRF contribution in 2024

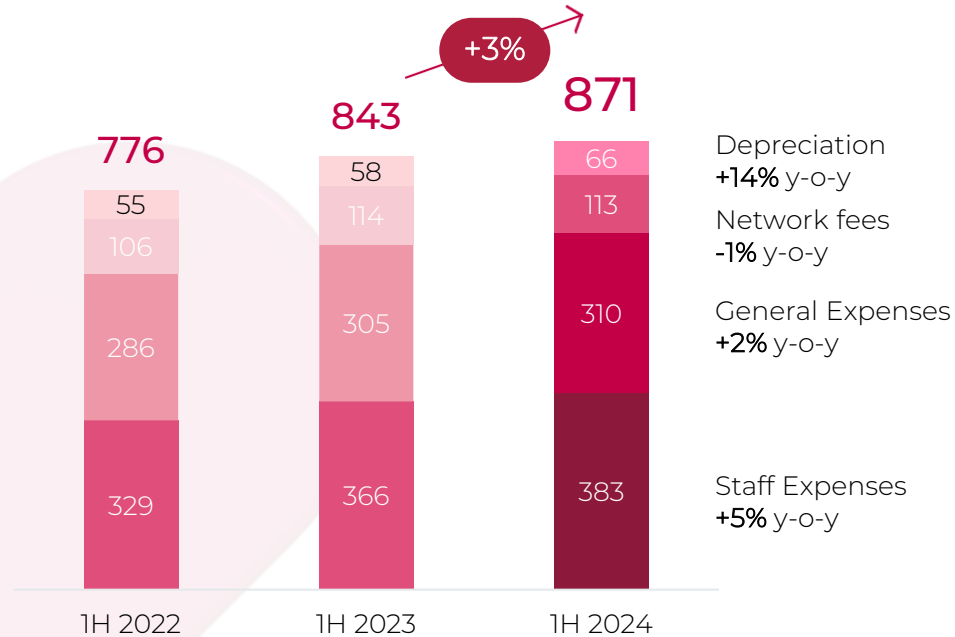
Other income

Other income
(in m€)



Costs¹ increased in line with expectations due to growing workforce and technology investments to support commercial growth, and continuous wage indexations in Belgium

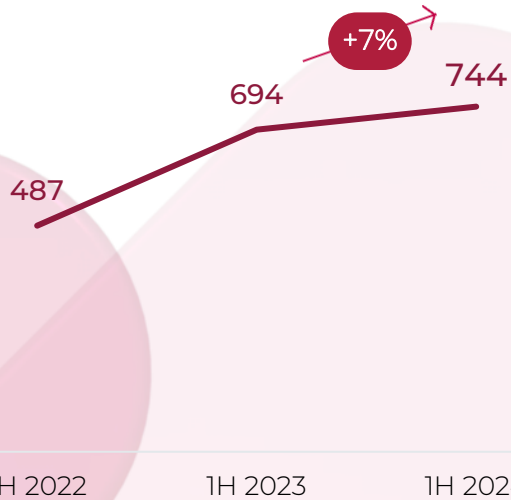
Costs
(in m€)



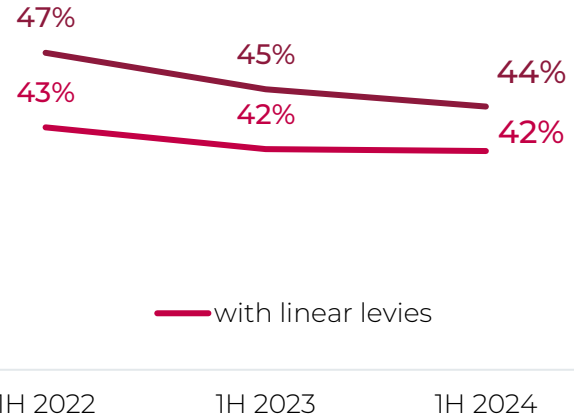
Combination of stronger growth YoY in income than in costs leads to further increase in pre-provision income
Cost/Income ratio further improves to 44%

Profitable growth

Pre-Provision Income
(in m€)



Cost/Income ratio
(in %)

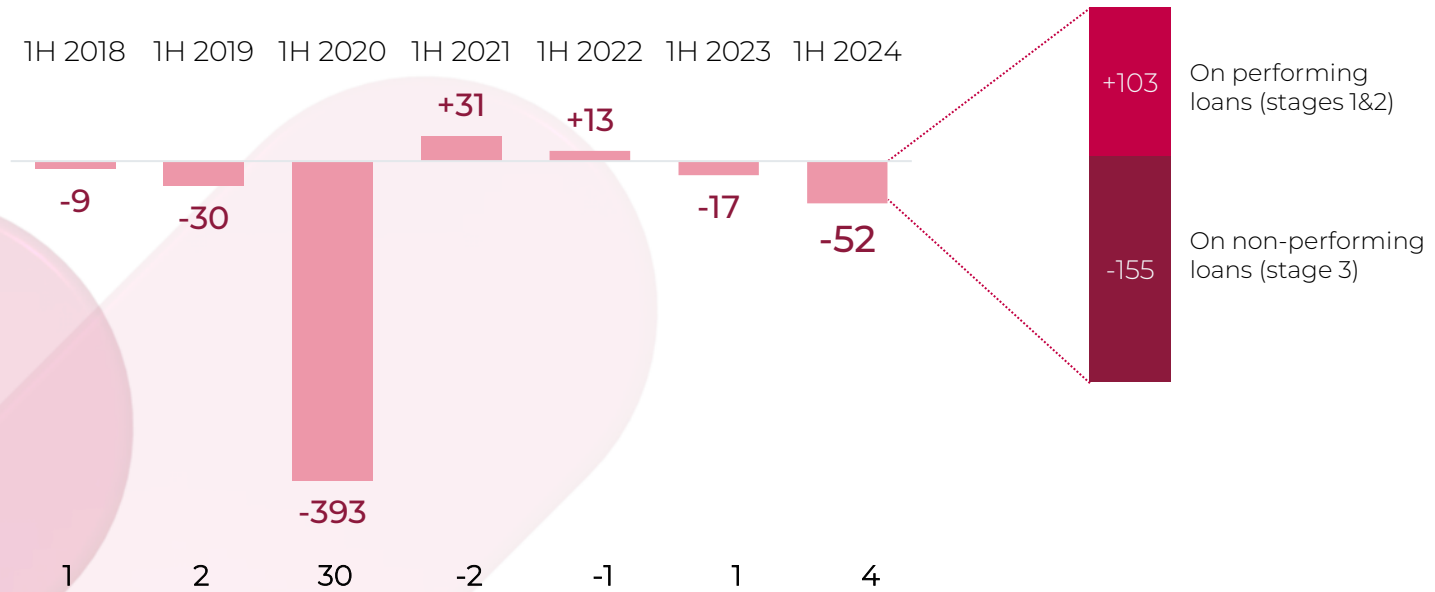


The cost of risk remains below normalized levels thanks to strong anticipative provisioning

Cost of Risk
(in m€)

Cost of Risk

Stages 1, 2 & 3

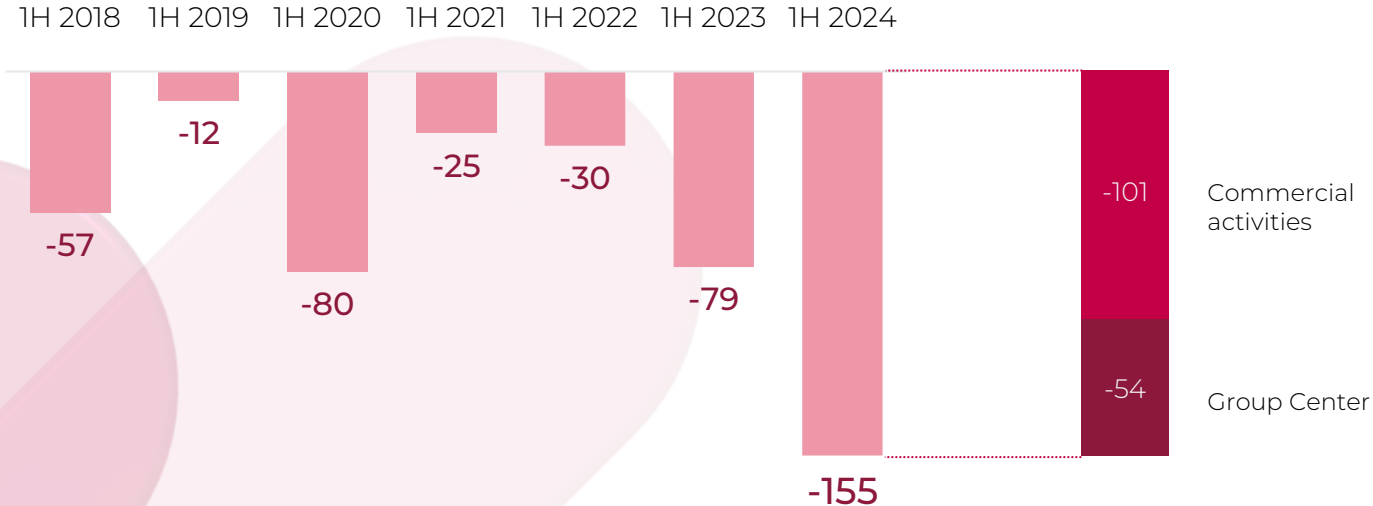


The cost of risk for defaulting exposures increases to -155m€, due to a limited number of Belgian corporate files, and some more migrations to stage 3 in the legacy & SME portfolios

Cost of Risk

Stage 3

Cost of Risk stage 3
(in m€)



Migration to stage 3 mainly in construction, real estate and manufacturing, and a few files in the run-off portfolio

Cost of Risk

Stage 3

Drivers stage 3 in commercial activities

- **General trend** towards higher levels of bankruptcies in Belgium
- **Mainly small companies**, although a few larger companies are also showing signs of vulnerability
- **Mainly in construction, real estate, manufacturing and horeca** as a result of the higher interest rate environment, the withdrawal of government support measures, high inflation and the related automatic wage indexation over the past years

Drivers stage 3 in run-off portfolio

- **2 files** from the run-off portfolio moved to stage 3 in Q2: a UK hospital and a hydroelectric power station
- Exposures benefit from **credit guarantees** from US monoliners and are well provisioned on net exposure basis
- **Derisking opportunities are continuously considered**, for these files and the run-off portfolio in general

The strong anticipative provisioning in recent past allows to mitigate the impact from credit risk normalization

Cost of Risk

Stages 1 & 2

Cost of Risk Stages 1 & 2
(in m€)

1H 2018 1H 2019 1H 2020 1H 2021 1H 2022 1H 2023 1H 2024

+47

-18

-313

+56

+43

+62

+103

+3

Portfolio evolutions

+40

Anticipative provisioning GC

+18

Overlay for vulnerable exposures

+42

Overlay for economic uncertainties

The release of overlay for economic uncertainties is based on the lower probability of hard recession

Cost of Risk

Stages 1 & 2

The macroeconomic forecasts are moderately improving compared to end 2023

	As of end 2023			As of 2Q 2024		
	2023	2024	2025	2024	2025	2026
GDP (% y-o-y)						
Belgium	1.5	1.2	1.4	1.3	1.4	1.3
Eurozone	0.5	0.9	1.5	0.6	1.2	1.2
United States	2.4	1.1	1.6	2.4	2.0	1.9

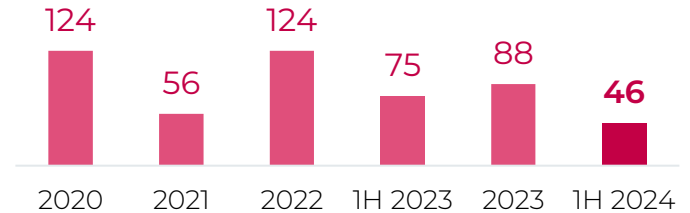
	As of end 2023			As of 2Q 2024		
	2023	2024	2025	2024	2025	2026
CPI (% y-o-y)						
Belgium	2.6	4.7	2.1	4.0	2.1	2.1

Their positive impact on cost of risk also comes from greater weight assigned to the year 2026 compared to 6 months ago

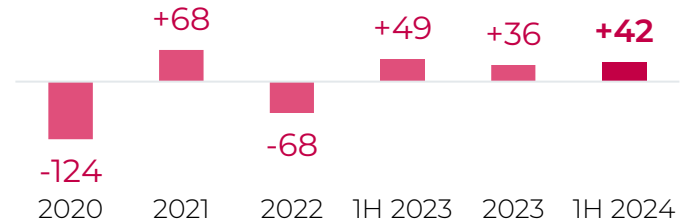
Slightly lower weight is assigned to the pessimistic scenario compared to 2023



Resulting stock of provision for economic uncertainties (in m€)



Cost of risk relating to economic uncertainties (in m€)

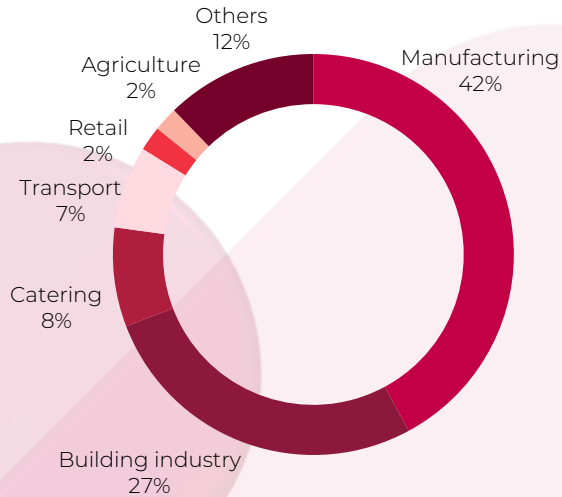


The slight release of overlay for vulnerable exposures is driven by volumes and credit quality of counterparties at risk

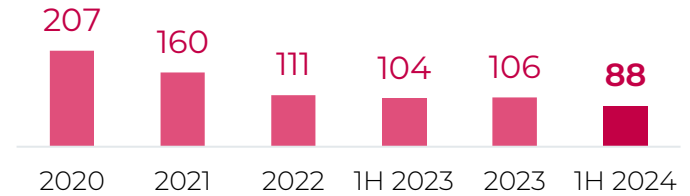
Cost of Risk

Stages 1 & 2

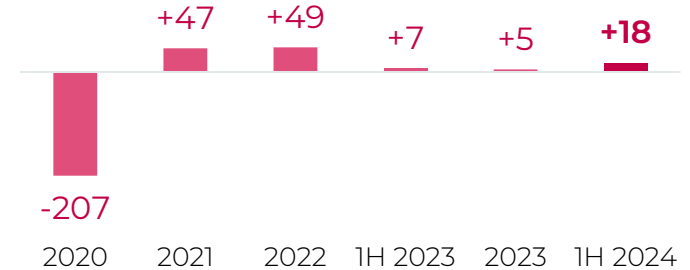
E&E exposures in scope “vulnerable”
(total : 6.3 bn€ or 3.2% of total portfolio¹)



Resulting stock of provision for vulnerable exposures (in m€)



Cost of Risk relating to vulnerable exposures (in m€)



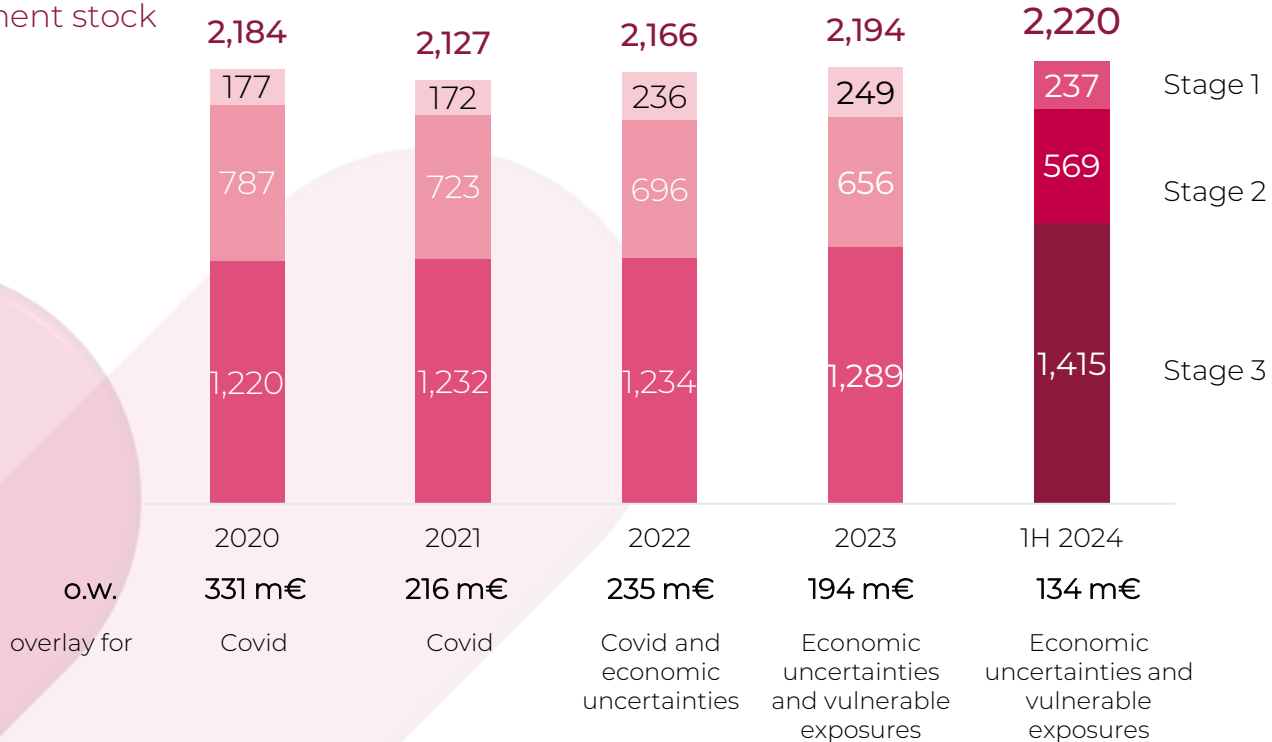
Vulnerability is measured against inflation and energy price risks. The slight decrease in volumes compared to FY 2023 (0.2 bn€) is driven by exposures and rating evolutions (no change in methodology)

Note: 1. Total credit risk exposure at bank level, expressed in FEAD (EUR194bn in 1H 2024).

Belfius maintains a sound level of provisioning for credit risk, in a context of continued economic and geopolitical uncertainties

Impairment stock

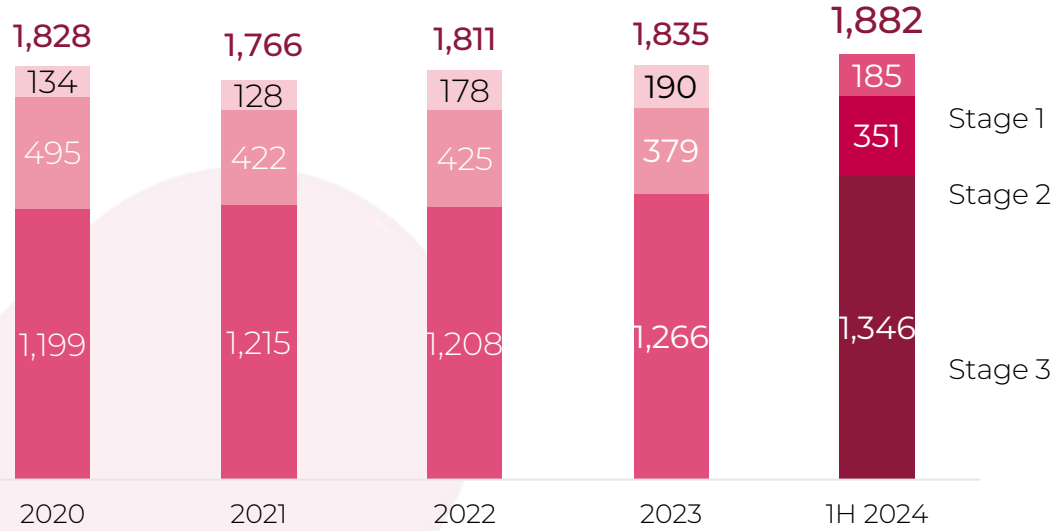
Total impairment stock (in m€)



Despite some deterioration, Belfius maintains a sound NPL ratio and a strong coverage of stage 3 exposures

Loans to customers

o.w. for loans to customers
(in m€)



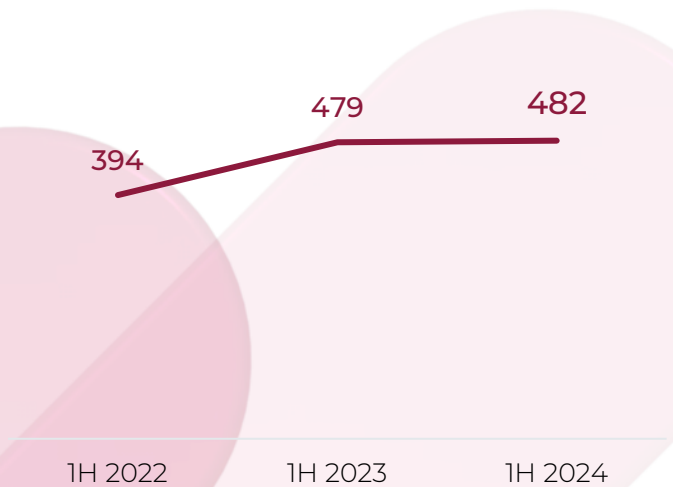
	2020	2021	2022	2023	1H 2024
NPL ratio	2.02%	1.95%	1.82%	1.95%	2.17%
Coverage ratio stage 3	60.0%	60.4%	59.6%	56.0%	52.7%
Coverage ratio stage 2	4.0%	3.3%	2.5%	2.6%	2.7%
Coverage ratio stage 1	0.2%	0.1%	0.2%	0.2%	0.2%



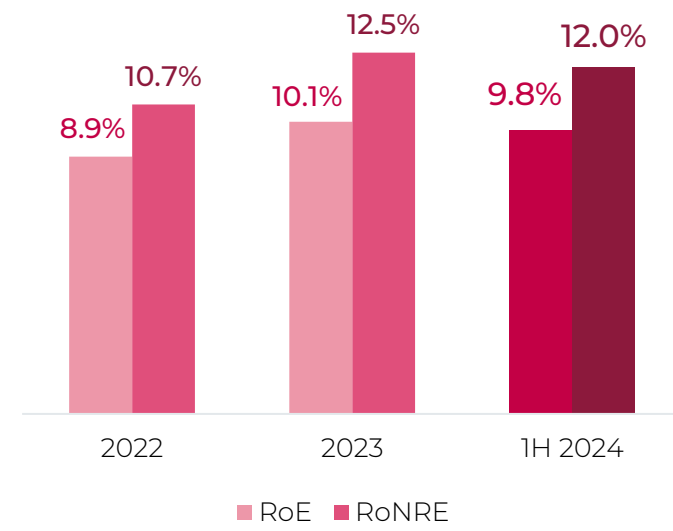
All in all, Belfius is able to sustain strong net income, and deliver RoE & RoNRE that are in line with targets

Profitable growth

Net Income
(in m€)

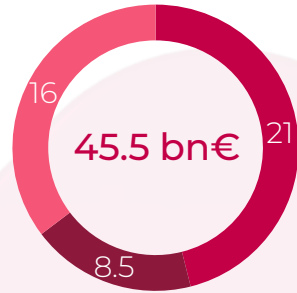


RoE & RoNRE Group
(in %)



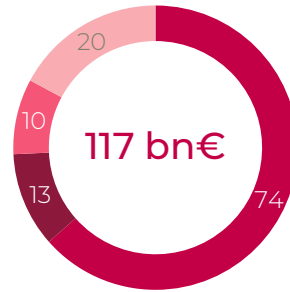
Belfius continues to successfully combine commercial growth and sound financials with solid liquidity profile

Total liquidity buffer end 1H 2024 (in bn€)



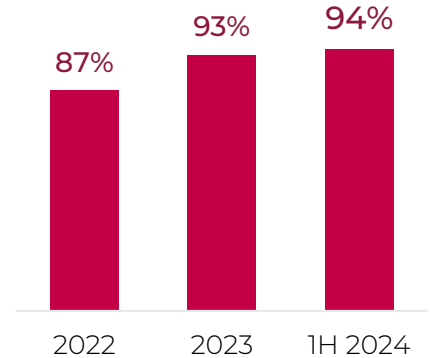
- cash deposited at central bank²
- liquid bonds
- assets eligible for central bank funding

Commercial funding end 1H 2024 (in bn€)



- Individuals
- Business
- Corporate
- Public

Loan to Deposit ratio (in %)



LCR¹ of 136%

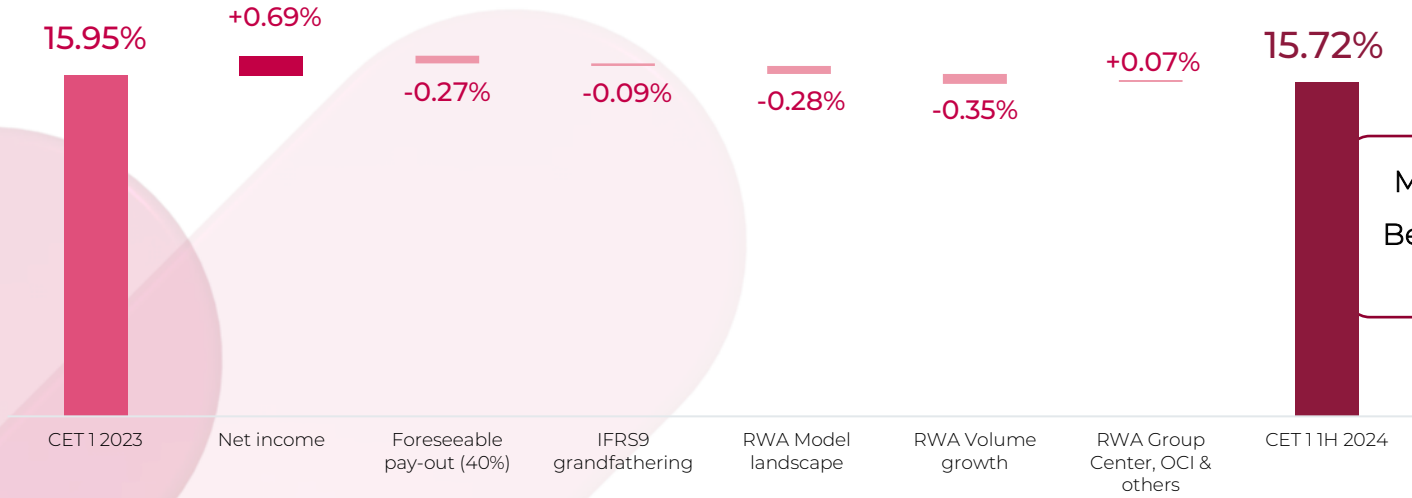
NSFR of 130%

HQLA of 29 bn€



Continued solid CET 1 ratio, despite RWA increases linked to model landscape¹ and EBA repair program

CET 1 ratio
(in %)

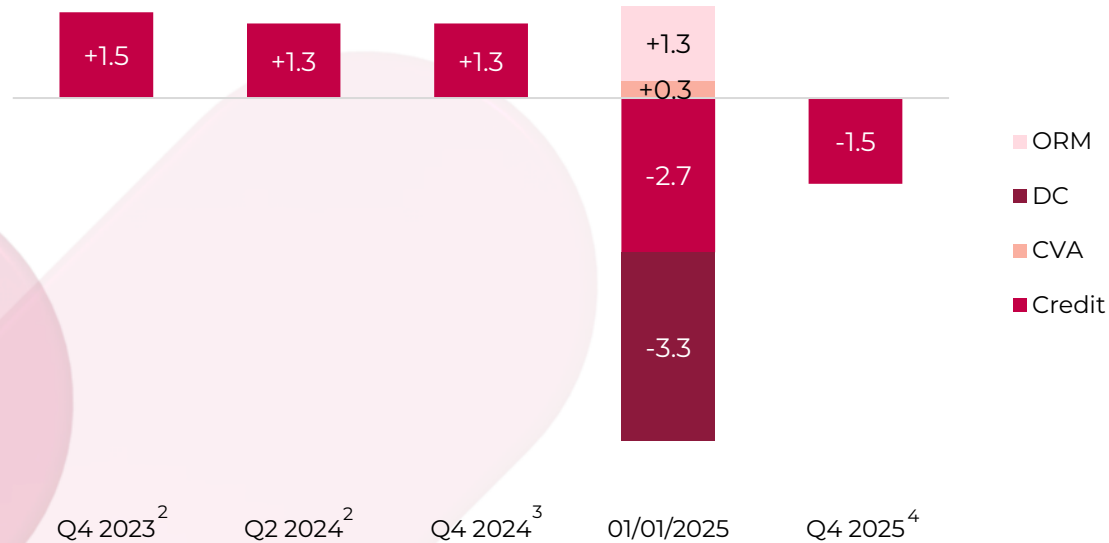


MREL of 30.5%¹
Belins SII ratio of 197%²



Impact of model reviews & EBA repair program expected to be countered by positive CRR III impact on 1 January 2025

RWA impact from CRR III & model changes¹
(in bn€)





Thank you

Q&A

by chat

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