

KBC Group Quarterly Report 2Q2024

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KBC GROUP

2Q 2024 report

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The expectations, forecasts and statements regarding future developments that are contained in this report are, of course, based on assumptions and are contingent on a number of factors that will come into play in the future. Consequently, the actual situation may turn out to be (substantially) different.

[Management certification](#)

'I Luc Popelier, Chief Financial Officer of the KBC Group, certify on behalf of the Executive Committee of KBC Group NV that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report are based on the relevant accounting standards and fairly present in all material respects the financial condition and results of KBC Group NV including its consolidated subsidiaries, and that the quarterly report provides a fair view of the main events, the main transactions with related parties in the period under review and their impact on the abbreviated financial statements, and an overview of the main risks and uncertainties for the remainder of the current year.'

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Second-quarter result of 925 million euros

KBC Group – overview (consolidated, IFRS)	2Q2024	1Q2024	2Q2023	1H2024	1H2023
Net result (in millions of EUR)	925	506	966	1 431	1 848
Basic earnings per share (in EUR)	2.25	1.18	2.29	3.44	4.37
Breakdown of the net result by business unit (in millions of EUR)					
Belgium	519	243	576	761	875
Czech Republic	244	197	276	441	461
International Markets	224	146	190	370	298
Group Centre	-61	-80	-76	-141	215
Parent shareholders' equity per share (in EUR, end of period)	53.2	54.9	51.2	53.2	51.2

'We recorded a net profit of 925 million euros in the second quarter of 2024. Compared to the result for the previous quarter, our total income benefited from several factors, including higher levels of net interest income, higher net fee and commission income, solid insurance revenues and better trading & fair value income, as well as the seasonal peak in dividend income. Costs were down significantly, since the bulk of the bank and insurance taxes for the full year is always recorded in the first quarter of the year. Disregarding bank and insurance taxes, costs edged up by 1% quarter-on-quarter. Loan loss impairment charges were up on the very modest level recorded in the previous quarter, resulting in – what is still – a very low credit cost ratio of 9 basis points in the first half of 2024.

Consequently, when adding up the results for the first and second quarters, our net profit for the first half of 2024 amounted to 1 431 million euros. At first sight, this is much lower than the result for the year-earlier period, but that period had benefited from a positive 0.4-billion-euro one-off gain on the sale of the Irish loan and deposit books. Excluding that one-off gain, our half-yearly profit was in line with the year-earlier figure.

Our loan portfolio continued to expand, increasing by 2% quarter-on-quarter and by 4% year-on-year, with growth being recorded in each of the group's core countries. Customer deposits were up 2% quarter-on-quarter and were stable year-on-year. The share of bank and insurance products sold digitally continued to rise: based on a selection of core products, around 55% of our banking and 27% of insurance products were sold through a digital channel, up from 50% and 24% a year ago. Of paramount importance in our digitalisation journey is our personal digital assistant Kate, which we continuously develop further with the aim of ensuring maximum convenience for and support of our customers. To date, around 4.8 million customers have already used Kate, an increase of approximately 40% on the year-earlier figure.

Our solvency position remained strong, with a fully loaded common equity ratio of 15.1% at the end of June 2024. The solvency ratio for KBC Insurance under the Solvency II framework amounted to 200%. Our liquidity position remained very solid too, as illustrated by an LCR of 160% and NSFR of 139%.

To summarise, our overall performance in the first half of 2024 was excellent yet again.

As regards our share buyback programme, which started in August 2023 and ended on July 31st, 2024, we have bought back a total of approximately 21 million shares for a total consideration of 1.3 billion euros. In line with our general dividend policy, we will pay an interim dividend of 1 euro per share in November 2024 as an advance on the total dividend for financial year 2024. Furthermore, we also decided to increase our guidance for net interest income for full-year 2024 to 5.5 billion euros ballpark figure, up from our initial guidance of 5.3 to 5.5 billion euros.

I'd like to take this opportunity to sincerely thank all our employees for their contribution to our group's continued success. I also wish to thank all our customers, shareholders and all other stakeholders for their trust and support, and to assure them that we remain committed to being the reference in bank-insurance and innovation in all our home markets.'



Johan Thijs
Chief Executive Officer

The cornerstones of our strategy



CLIENT CENTRICITY



BANK-INSURANCE



SUSTAINABLE
PROFITABLE GROWTH



ROLE IN SOCIETY



PEARL+

- We place our customers at the centre of everything we do
 - We look to offer our customers a unique bank-insurance experience
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth
 - We assume our role in society and local economies
- We build upon the PEARL+ values, while focusing on the joint development of solutions, initiatives and ideas within the group

Financial highlights in the second quarter of 2024

Net interest income increased by 1% quarter-on-quarter and fell by 2% year-on-year. The net interest margin for the quarter under review amounted to 2.10%, up 2 basis points on the previous quarter and down 1 basis point on the year-earlier quarter. Loan volumes were up 2% quarter-on-quarter and 4% year-on-year. Deposits excluding debt certificates were up 2% quarter-on-quarter and stable year-on-year. Volume growth figures were calculated on an organic basis (excluding changes in the scope of consolidation and forex effects).

The insurance service result (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held) amounted to 113 million euros (compared to 134 million euros and 121 million euros in the previous and year-earlier quarters, respectively) and breaks down into 76 million euros for non-life insurance and 37 million euros for life insurance. The non-life insurance combined ratio for the first six months of 2024 amounted to 87%, the same level as for full-year 2023. Non-life insurance sales increased by 8% year-on-year, while life insurance sales were down 19% and 15% on the high levels recorded in the previous and year-earlier quarters, respectively, caused mainly by lower sales of unit-linked life insurance products.

Net fee and commission income was up 1% and 7% on its level in the previous and year-earlier quarters, respectively. Fees for both our asset management activities and our banking services were up 2% quarter-on-quarter. Year-on-year, fees for our asset management activities increased by 11% and fees for our banking activities by 2%.

Trading & fair value income and insurance finance income and expense was up 58 million euros on the figure for the previous quarter and down 30 million euros on the level recorded in the year-earlier quarter. **Net other income** was in line with its normal run rate. **Dividend income** was up on the previous quarter's level, as the second quarter traditionally includes the bulk of dividend income for the full year.

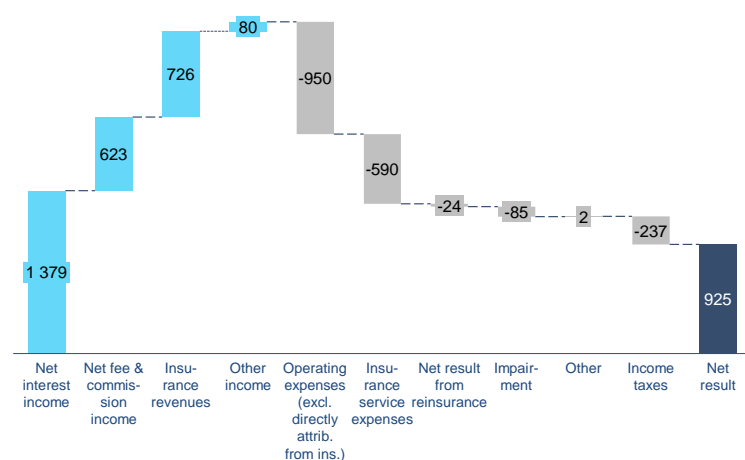
Operating expenses excluding bank and insurance taxes were up 1% on their level in the previous quarter and down 2% on their year-earlier level. The cost/income ratio for the first six months of 2024 came to 46%, compared to 49% for full-year 2023. In that calculation, certain non-operating items have been excluded and bank and insurance taxes spread evenly throughout the year. Excluding all bank and insurance taxes, the cost/income ratio for the first six months of 2024 amounted to 42%, compared to 43% for full-year 2023.

The quarter under review included a 72-million-euro net **loan loss impairment charge**, as compared to a net charge of 16 million euros in the previous quarter and a net release of 23 million euros in the year-earlier quarter. The credit cost ratio for the first six months of 2024 amounted to 0.09%, compared to 0.00% for full-year 2023. Impairment on assets *other than loans* amounted to 13 million euros in the quarter under review, compared to 0 million euros in the previous quarter and 31 million euros in the year-earlier quarter.

Our **liquidity position** remained strong, with an LCR of 160% and NSFR of 139%. Our **capital base** remained robust, with a fully loaded common equity ratio of 15.1%.

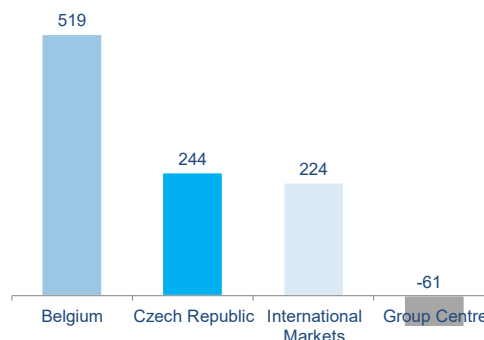
Breakdown of 2Q2024 result

(in millions of EUR)



Contribution of the business units to 2Q2024 group result

(in millions of EUR)



Overview of results and balance sheet

Consolidated income statement, IFRS, KBC Group (simplified; in millions of EUR)	2Q2024	1Q2024	4Q2023	3Q2023	2Q2023	1H2024	1H2023
Net interest income	1 379	1 369	1 360	1 382	1 407	2 748	2 731
Insurance revenues before reinsurance	726	714	683	699	666	1 441	1 297
<i>Non-life</i>	613	598	584	587	567	1 211	1 109
<i>Life</i>	114	116	99	113	100	230	188
Dividend income	26	7	12	10	30	33	37
Net result from financial instruments at fair value through P&L and Insurance finance income and expense ¹	3	-55	-40	-8	33	-52	57
Net fee and commission income	623	614	600	588	584	1 237	1 160
Net other income	51	58	60	44	54	109	552
Total income	2 809	2 708	2 674	2 715	2 775	5 516	5 835
Operating expenses (excl. directly attributable from insurance)	-950	-1 431	-1 085	-1 011	-1 019	-2 381	-2 520
<i>Total operating expenses excluding bank and insurance taxes</i>	<i>-1 074</i>	<i>-1 063</i>	<i>-1 169</i>	<i>-1 101</i>	<i>-1 090</i>	<i>-2 137</i>	<i>-2 167</i>
<i>Total bank and insurance taxes</i>	<i>-2</i>	<i>-518</i>	<i>-36</i>	<i>-29</i>	<i>-51</i>	<i>-521</i>	<i>-622</i>
<i>Minus: operating expenses allocated to insurance service expenses</i>	<i>126</i>	<i>150</i>	<i>120</i>	<i>119</i>	<i>123</i>	<i>276</i>	<i>270</i>
Insurance service expenses before reinsurance	-590	-563	-567	-540	-523	-1 152	-1 013
<i>Of which Insurance commission paid</i>	<i>-92</i>	<i>-89</i>	<i>-94</i>	<i>-87</i>	<i>-82</i>	<i>-181</i>	<i>-159</i>
<i>Non-Life</i>	<i>-514</i>	<i>-489</i>	<i>-509</i>	<i>-485</i>	<i>-457</i>	<i>-1 003</i>	<i>-876</i>
<i>Life</i>	<i>-76</i>	<i>-73</i>	<i>-58</i>	<i>-55</i>	<i>-66</i>	<i>-149</i>	<i>-138</i>
Net result from reinsurance contracts held	-24	-18	-16	-22	-22	-41	-52
Impairment	-85	-16	-170	-63	-8	-101	18
<i>Of which: on financial assets at amortised cost and at fair value through other comprehensive income²</i>	<i>-72</i>	<i>-16</i>	<i>5</i>	<i>-36</i>	<i>23</i>	<i>-88</i>	<i>47</i>
Share in results of associated companies & joint ventures	2	0	0	0	-1	2	-4
Result before tax	1 162	680	836	1 079	1 202	1 842	2 264
Income tax expense	-237	-175	-159	-203	-236	-412	-416
Result after tax	925	506	677	877	966	1 431	1 848
attributable to minority interests	0	0	0	0	0	0	0
attributable to equity holders of the parent	925	506	677	877	966	1 431	1 848
Basic earnings per share (EUR)	2.25	1.18	1.59	2.07	2.29	3.44	4.37
Diluted earnings per share (EUR)	2.25	1.18	1.59	2.07	2.29	3.44	4.37

Key consolidated balance sheet figures, IFRS, KBC Group (in millions of EUR)	30-06-2024	31-03-2024	31-12-2023	30-09-2023	30-06-2023
Total assets	361 945	359 477	346 921	358 453	368 077
Loans & advances to customers	187 502	183 722	183 613	181 821	182 005
Securities (equity and debt instruments)	73 941	73 561	73 696	72 765	71 839
Deposits from customers (excl. debt certificates)	221 817	216 271	216 423	214 203	224 710
Insurance contract liabilities	16 521	16 602	16 784	15 920	16 295
Liabilities under investment contracts, insurance	14 780	14 319	13 461	12 655	12 751
Total equity	22 936	23 917	24 260	23 865	22 853

Selected ratios KBC Group (consolidated)	1H2024	FY2023
Return on equity ³	13%	16%
Cost/income ratio, group		
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	46%	49%
- excl. all bank and insurance taxes	42%	43%
Combined ratio, non-life insurance	87%	87%
Common equity ratio (CET1), Basel III, Danish Compromise.		
- fully loaded	15.1%	15.2%
- transitional	14.7%	13.8%
Credit cost ratio ⁴	0.09%	0.00%
Impaired loans ratio	2.1%	2.1%
for loans more than 90 days past due	1.1%	1.0%
Net stable funding ratio (NSFR)	139%	136%
Liquidity coverage ratio (LCR)	160%	159%

¹ As of 2024, we have combined 'Net result from financial instruments at fair value through P&L' (also referred to as 'Trading & fair value income') and 'Insurance finance income and expense' in one P&L line for the sake of simplification. The figures for past periods have been retroactively restated.

² Also referred to as 'Loan loss impairment'.

³ 15% in the first half of 2024 (and also 15% for full-year 2023) when non-operating items are excluded and bank and insurance taxes evenly spread throughout the year.

⁴ A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (2Q2024)

Total income: 2 809 million euros

+4% quarter-on-quarter and +1% year-on-year

Net interest income amounted to 1 379 million euros in the quarter under review, up 1% quarter-on-quarter and down 2% year-on-year. The 1% quarter-on-quarter increase was due mainly to continued increasing reinvestment yields (positively impacting our commercial transformation result), the higher level of interest income from lending activities (loan volume growth more than offsetting pressure on loan margins in some core markets), higher interest income from inflation-linked bonds and the lower funding cost of participations. These items were offset in part by lower interest income on customer term deposits, lower interest income on saving accounts in Belgium (due to the higher fidelity premium), a lower ALM result, higher subordinated and wholesale funding costs and lower interest income from short-term cash management activities. The 2% year-on-year decrease was attributable primarily to lower lending income (pressure on lending margins in some core markets not fully offset by loan volume growth), lower interest income in Ireland (following the sale of the loan and deposit portfolios), higher costs related to the minimum required reserves held with central banks, higher funding costs of participations and higher wholesale funding costs, lower interest income from short-term cash management activities, lower interest income from the dealing room, and a negative forex effect (depreciation of the Czech koruna and Hungarian forint). These items were partly offset by an increase in the commercial transformation result, a higher ALM result and increased interest income from customer term deposits. The net interest margin for the quarter under review amounted to 2.10%, up 2 basis points quarter-on-quarter and down 1 basis point year-on-year. For guidance regarding expected net interest income in 2024 and the years to come, please refer to the section entitled 'Our guidance'.

Customer loan volume (188 billion euros) was up 2% quarter-on-quarter and 4% year-on-year. Customer deposits excluding debt certificates (222 billion euros) were up 2% quarter-on-quarter and stable year-on-year. When excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches (driven by short-term cash management opportunities), customer deposits were up 2% quarter-on-quarter and down 1% year-on-year. In the growth figures above, the forex-related impact and the effects of changes in the scope of consolidation have been eliminated.

The **insurance service result** (insurance revenues before reinsurance – insurance service expenses before reinsurance + net result from reinsurance contracts held; the two latter items are not part of total income) amounted to 113 million euros and breaks down into 76 million euros for non-life insurance and 37 million euros for life insurance. The **non-life** insurance service result decreased by 19% quarter-on-quarter and by 14% year-on-year, in both cases essentially owing to a combination of higher insurance service expenses (higher claims) and a worse reinsurance result, but partly offset by higher insurance revenues. The **life** insurance service result fell by 8% quarter-on-quarter due essentially to increased insurance service expenses and slightly lower insurance revenues, partly offset by a better reinsurance result. It was 11% higher than the result for the year-earlier quarter, as increased insurance revenues more than offset the higher level of insurance service expenses.

The combined ratio of the non-life insurance activities amounted to an excellent 87% for the first six months of 2024, the same level as for full-year 2023. Non-life insurance sales came to 623 million euros, up 8% year-on-year, with growth in all countries and all classes. Sales of life insurance products amounted to 620 million euros and were down 19% on the high level recorded in the previous quarter (which, among other things, had benefited from high sales of unit-linked life insurance products attributable to the launch of a new structured product and commercial campaigns in Belgium). Life insurance sales were down 15% on the high level recorded in the year-earlier quarter, due entirely to lower sales of unit-linked products. Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 36% and 57%, respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder.

For guidance regarding expected insurance revenues and the combined ratio in 2024 and the years to come, please refer to the section entitled 'Our guidance'.

Net fee and commission income amounted to 623 million euros, up 1% and 7% on its level in the previous and year-earlier quarters, respectively. The quarter-on-quarter increase was attributable to 2% growth in fee income from both our asset management activities (thanks primarily to higher management fees) and our banking activities (thanks mainly to increased payment services fees, which more than compensated for the decrease in securities-relates fees), partly offset by seasonally lower distribution fees for non-life insurance products. The 7% year-on-year increase was attributable to an 11% increase in fees for our asset management services (due entirely to higher management fees) and a 2% increase in banking fees, slightly offset by a negative forex effect. At the end of June 2024, our total assets under management amounted to 262 billion euros, up 2% quarter-on-quarter (+1 percentage point related to net inflows and +1 percentage point related to the quarter-on-quarter positive market performance). Assets under management grew by as much as 17% year-on-year, with net inflows accounting for +6 percentage points and the positive market performance for +10 percentage points.

Trading & fair value income and insurance finance income and expense amounted to 3 million euros, up 58 million euros quarter-on-quarter and down 30 million euros year-on-year. The quarter-on-quarter increase was attributable mainly to the higher result from derivatives used for asset/liability management purposes, partly offset by lower dealing room results (given the strong results in the previous quarter). Year-on-year, the decrease was mostly related to the lower result from derivatives used for asset/liability management purposes.

The **other remaining income items** included dividend income of 26 million euros (compared to 7 million in the previous quarter, as the second quarter of the year traditionally includes the bulk of dividend income for the year) and net other income of 51 million euros, fully in line with (50-million-euro) normal run rate.

Total operating expenses excluding bank and insurance taxes: 1 074 million euros

+1% quarter-on-quarter and -2% year-on-year

The quarter-on-quarter comparison of operating expenses is distorted by the fact that the bulk of the bank and insurance taxes for the full year is traditionally recorded in the first quarter of the year. In the second quarter of 2024, these taxes amounted to 2 million euros, whereas they came to 518 million euros in the previous quarter and 51 million euros in the second quarter of 2023. The year-on-year decrease was accounted for primarily by lower national levies (mainly in Hungary) and a partial reversal of the contribution to the deposit guarantee fund in Belgium (lower calculation base than anticipated by the government) in the quarter under review. Note: to tackle the budget deficit, the Hungarian government recently announced additional bank and insurance taxes for the second half of 2024, which could amount to up to 40 million euros for K&H.

Total operating expenses excluding bank and insurance taxes amounted to 1 074 million euros in the second quarter of 2024, up by 1% on their level in the previous quarter, owing mainly to higher staff costs (mainly wage drift, partly offset by lower FTEs), higher ICT expenses and seasonally higher marketing expenses, partly offset by decreasing costs in Ireland (following the sale of the loan and deposit portfolios).

Operating expenses excluding bank and insurance taxes were down 2% on their year-earlier level, due for the most part to lower costs related to Ireland (as a consequence of the sale of the portfolios there) and a forex effect, partly offset by higher staff costs (inflation and wage indexation).

When certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year, the cost/income ratio for the first six months of 2024 amounted to 46%, compared to 49% for full-year 2023. When excluding all bank and insurance taxes, the cost-income ratio improved to 42%, compared to 43% for full-year 2023.

For guidance regarding expected operating expenses and the cost/income ratio in 2024 and the years to come, please refer to the section entitled 'Our guidance'.

Loan loss impairment: 72-million-euro net charge

versus a 16-million-euro net charge in the previous quarter and a 23-million-euro net release in the year-earlier quarter

In the quarter under review, we recorded a 72-million-euro net loan loss impairment charge, as opposed to a net charge of 16 million euros in the previous quarter and a net release of 23 million euros in the year-earlier quarter. The net impairment charge in the quarter under review included a charge of 58 million euros in respect of our loan book and a charge of 14 million euros following the update of the reserve for geopolitical and macroeconomic uncertainties. As a consequence, the outstanding reserve for geopolitical and macroeconomic uncertainties amounted to 237 million euros at the end of June 2024.

For the entire group, the credit cost ratio amounted to 0.09% for the first six months of 2024 (0.10% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties), compared to 0.00% for full-year 2023 (0.07% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties). At the end of June 2024, 2.1% of our total loan book was classified as impaired ('Stage 3'), the same level as at year-end 2023. Impaired loans that are more than 90 days past due amounted to 1.1% of the loan book, compared to 1.0% as at year-end 2023.

For guidance regarding the expected credit cost ratio in 2024 and the years to come, please refer to the section entitled 'Our guidance'.

Impairment charges on assets *other than loans* amounted to 13 million euros, as opposed to 0 million euros in the previous quarter and 31 million euros in the year-earlier quarter. The quarter under review mainly included charges related to the extension of the interest cap regulation in Hungary and impairment charges on software.

Net result by business unit

Belgium 519 million euros; Czech Rep. 244 million euros; International Markets 224 million euros, Group Centre -61 million euros

Belgium: at first sight, the net result (519 million euros) was more than double the result of the previous quarter. However, the first quarter of the year traditionally includes the bulk of the bank and insurance taxes for the full year, hence distorting the quarter-on-quarter comparison. Excluding bank and insurance taxes, the net result was down 7% quarter-on-quarter, due primarily to the combined effect of:

- higher total income (thanks mainly to higher net interest income and trading & fair value income, as well as the seasonal peak in dividend income);
- more or less stable costs (excluding bank and insurance taxes);
- higher insurance service expenses after reinsurance;
- increased net impairment charges.

Czech Republic: at first sight, the net result (244 million euros) was up 24% quarter-on-quarter. Excluding bank and insurance taxes, the net result was up 9% quarter-on-quarter. This was essentially attributable to a combination of:

- more or less stable total income (higher net interest income and insurance revenues; lower trading & fair value income and net other income);
- stable costs (excluding bank and insurance taxes);
- higher insurance service expenses after reinsurance;
- a significant net loan loss impairment release, as opposed to a small net charge in the previous quarter;
- higher income taxes.

International Markets: the 224-million-euro net result breaks down as follows: 27 million euros in Slovakia, 121 million euros in Hungary and 76 million euros in Bulgaria. For the business unit as a whole, the net result was, at first sight, up 53% on the previous quarter's result. When excluding bank and insurance taxes, the result was down 15%, due mainly to a combination of:

- more or less stable total income (increase in insurance revenues, net fee and commission income and net other income; decrease in net interest income and trading & fair value income);
- higher costs (excluding bank and insurance taxes);
- stable insurance service expenses after reinsurance;
- a small net impairment charge as opposed to a significant net release in the previous quarter.

Group Centre: the net result (-61 million euros) was 18 million euros higher than the figure recorded in the previous quarter owing mainly to a combination of:

- less negative total income (due primarily to higher trading & fair value income);
- stable costs;
- higher insurance service expenses and a negative reinsurance result compared to a positive figure in the previous quarter;
- lower net release of impairment.

A full results table is provided in the 'Additional information' section of the quarterly report. A short analysis of the results per business unit is provided in the analyst presentation (available at www.kbc.com).

Selected ratios by business unit	Belgium		Czech Republic		International Markets	
	1H2024	FY2023	1H2024	FY2023	1H2024	FY2023
Cost/income ratio, group						
- excl. non-operational items and spreading bank and insurance taxes evenly throughout the year	43%	46%	44%	47%	44%	45%
- excl. all bank and insurance taxes	40%	41%	42%	44%	36%	39%
Combined ratio, non-life insurance	86%	85%	80%	84%	100% ²	97% ²
Credit cost ratio ¹	0.24%	0.06%	-0.19%	-0.18%	-0.18%	-0.06%
Impaired loans ratio	2.1%	2.0%	1.4%	1.4%	1.7%	1.8%

¹ A negative figure indicates a net impairment release (positively affecting results). See 'Details of ratios and terms' in the quarterly report.

² Excluding windfall bank and insurance taxes in Hungary, the combined ratio amounted to 93% in the first six months of 2024 and 94% for full-year 2023.

Solvency and liquidity

Common equity ratio of 15.1%, NSFR of 139%, LCR of 160%

At the end of June 2024, total equity came to 22.9 billion euros and comprised 21.2 billion euros in parent shareholders' equity and 1.75 billion euros in additional tier-1 instruments. Total equity was down 1.3 billion euros on its level at the end of 2023. This was accounted for by the combined effect of the inclusion of the profit for the first six months of 2024 (+1.4 billion euros), the repurchase of own shares (-0.7 billion euros in the first half of 2024), the final dividend for 2023 and an extraordinary interim dividend paid both in May 2024 (-1.5 billion euros combined, see next paragraph), more or less stable revaluation reserves, the repayment of additional tier-1 instruments (-0.5 billion euros) and a number of smaller items. We have provided details of these changes under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section of the quarterly report.

The Annual General Meeting of Shareholders of 2 May 2024 approved a total gross dividend of 4.15 euros per share for financial year 2023, with an interim dividend of 1.0 euro per share already paid in November 2023 and the remaining 3.15 euros per share paid on 15 May 2024. In line with our announced capital deployment plan for full-year 2023, the Board of Directors also decided to distribute the surplus capital above the fully loaded common equity ratio of 15% as an extraordinary interim dividend of 0.70 euros per share on 29 May 2024. In line with our general dividend policy, we will also pay an interim dividend of 1 euro per share in November 2024 as an advance on the total dividend for financial year 2024.

Our solvency position remained strong, as illustrated by a fully loaded common equity ratio (CET1) of 15.1% at 30 June 2024, compared to 15.2% at the end of 2023. The solvency ratio for KBC Insurance under the Solvency II framework was 200% at the end of June 2024, compared to 206% at the end of 2023. We have provided more details and additional information on solvency under 'Solvency' in the 'Additional information' section of the quarterly report.

Our liquidity position remained excellent too, as reflected in an LCR ratio of 160% and an NSFR ratio of 139%, compared to 159% and 136%, respectively, at the end of 2023.

Analysis of the year-to-date period (1H2024)

Net result for 1H2024: 1 431 million euros

down 23% year-on-year (down just 3% excluding the positive one-off gain on the Irish portfolio sale in the reference period)

Highlights (compared to the first six months of 2023, unless otherwise stated):

- **Net interest income:** up 1% to 2 748 million euros. This was attributable in part to the sharply higher commercial transformation result, much higher ALM result and increased interest income on customer term deposits, partly offset by lower lending income (as lower margins in some core markets more than offset volume growth), the impact of the sale of the remaining Irish portfolios in February 2023, higher costs related to the minimum required reserves held with central banks, lower interest income from short-term cash management activities, lower interest income from the dealing room, the higher funding cost of participations and higher wholesale funding costs, as well as a negative forex effect. On an organic basis (excluding changes in the scope of consolidation and forex effects), the volume of customer loans rose by 4% while deposits excluding debt certificates were stable year-on-year (-1% when also excluding KBC Bank's foreign branches). The net interest margin in the first six months of 2024 came to 2.09%, up 1 basis point year-on-year.
- **Insurance service result** (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held): up 7% to 247 million euros. The non-life combined ratio for the first six months of 2024 amounted to 87%, the same level as for full-year 2023. Non-life insurance sales were up 9% to 1 353 million euros, with increases in all classes, while life insurance sales were up 15% to 1 385 million euros, thanks mainly to higher sales of unit-linked products.
- **Net fee and commission income:** up 7% to 1 237 million euros. This was attributable primarily to higher fees for asset management services (higher management fees). At the end of June 2024, total assets under management were up 17% to 262 billion euros due to a combination of net inflows (+6 percentage points) and the effect of a positive market performance (+10 percentage points).
- **Trading & fair value income and insurance finance income and expense:** down 109 million euros to -52 million euros. This was due mainly to a lower result from derivatives used for asset/liability management purposes.
- **All other income items combined:** down 76% to 142 million euros. This came about mainly because of lower net other income, as the first half of 2023 had included a 405-million-euro gain on the sale of the loan and deposit portfolios of KBC Bank Ireland (recorded under 'Net other income').
- **Operating expenses without bank and insurance taxes:** down 1% to 2 137 million euros. This was attributable in part to lower costs in Ireland (following the sale of the Irish portfolios in February 2023) and a forex effect (depreciation of the Czech koruna and Hungarian forint against the euro), partly offset by the negative impact of higher staff costs, among other factors. Bank and insurance taxes amounted to 521 million euros, down 16% year-on-year (thanks primarily to significantly lower contributions to the Single Resolution Fund). The cost/income ratio amounted to 46% when certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year (49% for full-year 2023). When bank and insurance taxes are fully excluded, the cost-income ratio for the period under review amounted to 42% (43% for full-year 2023).
- **Loan loss impairment:** net charge of 88 million euros, as opposed to a net release of 47 million euros in the reference period. The first six months of 2024 included a net charge of 101 million euros for individual loans and a net release of 13 million euros in the reserve for geopolitical and macro-economic uncertainties. As a result, the credit cost ratio amounted to 0.09%, compared to 0.00% for full-year 2023. Impairment charges on assets other than loans amounted to 13 million euros, compared to 29 million euros in the reference period.
- **The 1 431-million-euro net result for the first six months of 2024** breaks down as follows: 761 million euros for the Belgium Business Unit (down 113 million euros on its year-earlier level), 441 million euros for the Czech Republic Business Unit (down 20 million euros), 370 million euros for the International Markets Business Unit (up 72 million euros) and -141 million euros for the Group Centre (down 356 million euros, owing entirely to the gain realised on the sale of the loan and deposit portfolios of KBC Bank Ireland in the reference period).

ESG developments, risk statement and economic views

ESG developments

Sustainability remains a pivotal factor in KBC's overarching corporate strategy. We build upon past efforts, aiming to achieve the targets we have set for ourselves by actively engaging in dialogue with our customers. By understanding their unique needs and challenges, we tailor solutions to support their sustainability transition. Our commitment extends beyond financial services and includes providing expert advice to empower customers in making informed decisions. Together, we drive positive change and contribute to a more sustainable future.

Our sustained efforts as regards sustainability have once again been recognised as best-in-class by external ESG rating agencies. Our latest FTSE Russell ESG score increased from 4.7 to the highest possible score of 5, solidifying our position in the FTSE4Good index.

Risk statement

As we are mainly active in banking, insurance and asset management, we are exposed to a number of typical risks for these financial sectors such as – but not limited to – credit default risk, counterparty credit risk, concentration risk, movements in interest rates, currency risk, market risk, liquidity and funding risk, insurance underwriting risk, changes in regulations, operational risk, customer litigation, competition from other and new players, as well as the economy in general. KBC closely monitors and manages each of these risks within a strict risk framework, but they may all have a negative impact on asset values or could generate additional charges beyond anticipated levels.

At present, a number of factors are considered to constitute the main challenges for the financial sector. These stem primarily from the mostly indirect, but lingering, impact of the war in Ukraine, including the delayed effects of the increase in energy and commodity prices and the supply-side shortages it triggered. This led to a surge in inflation, resulting in upward pressure on interest rates, lower growth prospects (or even fears of a recession) and some concerns about the creditworthiness of counterparties in the economic sectors most exposed. Geopolitical risks remain elevated, as evidenced by the escalating conflict in Gaza/Israel and the Middle East. A significant number of elections in 2024 across the world, including in the US, are adding to the geopolitical uncertainty. All these risks affect global, but especially, European economies, including KBC's home markets. Regulatory and compliance risks (including in relation to capital requirements, anti-money laundering regulations, GDPR and ESG/sustainability) also remain a dominant theme for the sector, as does enhanced consumer protection. Digitalisation (with technology, including AI, as a catalyst) presents both opportunities and threats to the business model of traditional financial institutions, while climate and environmental-related risks are becoming increasingly prevalent. Cyber risk has become one of the main threats during the past few years, not just for the financial sector, but for the economy as a whole. The war in Ukraine has triggered an increase in attacks worldwide. Finally, we have seen governments across Europe taking additional measures to support their budgets (via increased tax contributions from the financial sector) and their citizens and corporate sector (by, for instance, implementing interest rate caps on loans or by pushing for higher rates on savings accounts).

We provide risk management data in our annual reports, quarterly reports and dedicated risk reports, all of which are available at www.kbc.com.



Our view on economic growth

After posting 0.4% in the first quarter of 2024 (non-annualised), US growth accelerated in the second quarter to 0.7%, driven primarily by inventory build-up and private consumption. Quarter-on-quarter growth is expected to moderate again to about 0.3% in the third quarter of 2024, since the strong inventory build-up of the second quarter is unlikely to be repeated.

Euro-area growth in the second quarter was in line with the first quarter (0.3%). The manufacturing sector exhibited persistent weakness, while the service sector displayed signs of recovery, which likely supported second-quarter growth. From the second half of 2024 onwards, growth is expected to continue around the current growth rate, driven mainly by domestic consumption that will benefit from a recovery in real wages.

Quarter-on-quarter growth in the second quarter in Belgium amounted to 0.2%, slightly lower than in the first quarter. Relatively strong domestic demand probably still outweighed the negative contribution to growth of net exports. For the remainder of 2024, we expect growth to remain broadly in line with that of the euro area.

Meanwhile, the Czech economy accelerated its recovery in the second quarter of 2024 to 0.3%, despite weak foreign demand, compared to 0.2% in the first quarter. Second-quarter growth was supported mainly by private consumption due to real wage growth. Weak external demand weighed much more on second quarter growth in Hungary, which surprised strongly to the downside (-0.2%). Based on our latest estimates, second quarter growth in our other Central European home markets points to an ongoing recovery (Bulgaria and Slovakia both 0.7%).

The main risks to our short-term outlook for European growth include the global weakness of the manufacturing sector and adverse spillovers to Europe from a potentially weaker-than-expected US labour market. Moreover, current geopolitical tensions pose risks in the form of escalating protectionism, supply chain disruptions and higher energy and commodity prices. In addition, the global economic implications of the outcome of the US presidential election in November 2024, as well as the government budget discussions in the EU for 2025 against the background of the re-activated rules of the EU Stability and Growth Pact, might impact growth and the short-term country risk premiums of European economies.

Our view on interest rates and foreign exchange rates

Disinflation in the euro area paused in the second quarter, but is most likely still on track. Meanwhile, the latest US inflation data pointed to a resumption of the disinflation process after a number of earlier inflation upticks. Consequently, the ECB started its rate-cutting cycle in June 2024 by lowering its deposit rate by 25 basis points and is expected to cut it by another 25 basis points in September. The Fed is also expected to start its rate-cutting cycle in September. In the background, the run-down of the Fed's and ECB's balance sheet (Quantitative Tightening) continues. Moreover, the ECB will end reinvesting maturing assets in its PEPP portfolio from 2025 on, after a transition period in the second half of 2024.

Benchmark US and German bond yields in the second quarter have been fluctuating. This volatility was caused by evolving market expectations of Fed and ECB rate policies and changing risk sentiment towards global and specific European (political) risk factors. In early August, market fears about US growth in particular caused US and, to a lesser extent, German yields to fall markedly.

The US dollar was volatile during the second quarter. The two main driving forces were market expectations for the monetary policy pursued by the Fed and the ECB, as well as risk sentiment prompting a flight to safe (USD) assets that led to a stronger dollar at the time of the European and subsequent French parliamentary elections. When it became clear that the extreme risk scenarios in both elections had been avoided, risk sentiment normalised again somewhat, resulting in a weaker US dollar. We expect the US dollar to appreciate mainly as a result of deteriorating risk sentiment in the run-up to the US elections in November. However, based on long-term fundamentals, the US dollar is likely to gradually weaken again from the fourth quarter of 2024 on.

In early May, the Czech National Bank (CNB) continued its rate-cutting cycle by a further 50 basis points, followed by another 50-basis-point cut at the end of June and a smaller cut by 25 basis points in early August. More rate cuts are expected. Since the beginning of the second quarter, the Czech koruna has basically remained broadly stable. However, there were two distinct periods. Until mid-June, the koruna appreciated markedly, mainly on the back of the more cautious easing approach of the CNB and the weakness of the US dollar at that time. From mid-June on, when risk sentiment deteriorated suddenly and the US dollar appreciated, the koruna started depreciating again. However, against the background of still substantial interest rate differentials, and as part of a more structural convergence process for the Czech economy, the koruna is expected to appreciate moderately again in the coming quarters.

In the second quarter of 2024, the National Bank of Hungary (NBH) cut its policy rate three more times, twice by 50 basis points and once by 25 basis points. In July, another cut of 25 basis points was effected. More gradual rate cuts are expected. The exchange rate of the Hungarian forint against the euro has been volatile since the start of the second quarter. Major driving factors have been (global) risk sentiment and the pace of rate cuts by the NBH. Driven by the structural inflation differential with the euro area, the forint is expected to depreciate in the course of 2024 and beyond.

Our guidance

Guidance for full-year 2024

- Net interest income: increased from initial guidance of 'in the range of 5.3 to 5.5 billion euros' to '5.5 billion euros ballpark figure', supported by organic loan volume growth of approximately 4% (up from 3% initially).
- Insurance revenues (before reinsurance): at least +6% year-on-year (unchanged).
- Operating expenses and insurance commissions paid (excluding bank and insurance taxes): below +1.7% year-on-year, which is substantially below inflation (unchanged).
- Cost/income ratio (excluding bank and insurance taxes): below 45% (unchanged).
- Combined ratio: below 91% (unchanged).
- Credit cost ratio (excluding any changes in the ECL buffer for geopolitical and macroeconomic uncertainties that was still in place at year-end 2023): well below the through-the-cycle credit cost ratio of 25-30 basis points (unchanged).

Medium to long-term guidance (as provided with the FY2023 results)

- CAGR net interest income (2023-2026): at least 1.8%.
- CAGR insurance revenues (before reinsurance) (2023-2026): at least 6%.
- CAGR operating expenses and insurance commissions paid (excluding bank and insurance taxes) (2023-2026): below 1.7%, which is substantially below inflation.
- Cost/income ratio (excluding bank and insurance taxes): below 42% by the end of 2026.
- Combined ratio: below 91%.
- Credit cost ratio (excluding any changes in the ECL buffer for geopolitical and macro-economic uncertainties that was still in place at year-end 2023): well below the through-the-cycle credit cost ratio of 25-30 basis points.
- Indicative view on transitional risk-weighted assets (RWA) evolution under Basel IV (based on current EU consensus, a static balance sheet and all other parameters *ceteris paribus*, without any mitigating actions): we expect a fully loaded impact of approximately +8 billion euros by 1 January 2033 (no first-time application impact on 1 January 2025). Numbers will be updated together with the 3Q2024 earnings release.

Capital distribution policy (unchanged)

- Dividend policy for 2024: payout ratio (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit for the financial year, and interim dividend of 1 euro per share in November as an advance on the total dividend.
- Capital deployment policy for 2024: on top of the payout ratio of at least 50% of consolidated profit, when announcing the full year results, the Board of Directors will, at its discretion, take a decision on the distribution of the capital above 15.0% fully loaded common equity ratio (the so-called surplus capital). The distribution of this surplus capital can be in the form of a cash dividend, a share buy-back or a combination of both.
- Given the introduction of Basel IV on 1 January 2025, the dividend policy and the surplus capital threshold will be reviewed in the first half of 2025.

Upcoming events and references

Agenda	3Q2024 results: 7 Nov. 2024
	Interim dividend of 1 euro: ex-coupon: 12 Nov. 2024, record: 13 Nov. 2024, payment: 14 Nov. 2024.
	4Q2024 results: 13 Feb.2025
	Other events: www.kbc.com / Investor Relations / Financial calendar
More information on 2Q2024	Quarterly report: www.kbc.com / Investor Relations / Reports
	Company presentation: www.kbc.com / Investor Relations / Presentations

KBC Group

Consolidated financial statements according to IFRS

2Q 2024 and 1H 2024

Glossary:

AC: Amortised Cost

ALM: Asset Liability Management

AT1: Additional tier-1 instruments

BBA: Building block approach

CSM: Contractual service margin

ECL: Expected Credit Loss

FA: Financial Assets

FV: Fair Value

FVO: Fair Value Option (designated upon initial recognition at Fair Value through Profit or Loss)

FVOCI: Fair Value through Other Comprehensive Income

FVPL: Fair Value through Profit or Loss

GCA: Gross Carrying Amount

HFT: Held For Trading

IFIE: Insurance finance income and expense

MFVPL: Mandatorily Measured at Fair Value through Profit or Loss (including HFT)

OCI: Other Comprehensive Income

OPEX: Operating expenses

P&L: Income statement

PAA: Premium allocation approach

POCI: Purchased or Originated Credit Impaired Assets

SPPI: Solely payments of principal and interest

SRB: Single Resolution Board

R/E: Retained Earnings

UL: Unit linked

VFA: Variable fee approach

Section reviewed by the Auditor

Consolidated income statement

(in millions of EUR)	Note	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Net interest income	3.1	2 748	2 731	1 379	1 369	1 407
<i>Interest income</i>	3.1	10 225	9 380	5 103	5 123	5 075
<i>Interest expense</i>	3.1	-7 477	-6 649	-3 724	-3 754	-3 668
Insurance revenues before reinsurance	3.6	1 441	1 297	726	714	666
<i>Non-life</i>	3.6	1 211	1 109	613	598	567
<i>Life</i>	3.6	230	188	114	116	100
Dividend income		33	37	26	7	30
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	3.3	- 52	57	3	- 55	33
<i>Net result from financial instruments at fair value through profit or loss</i>	3.3	118	206	78	40	115
<i>Insurance finance income and expense (for insurance contracts issued)</i>	3.6	- 170	- 148	- 75	- 95	- 82
Net fee and commission income	3.4	1 237	1 160	623	614	584
<i>Fee and commission income</i>	3.4	1 563	1 468	789	774	737
<i>Fee and commission expense</i>	3.4	- 326	- 308	- 166	- 160	- 153
Net other income	3.5	109	552	51	58	54
TOTAL INCOME		5 516	5 835	2 809	2 708	2 775
Operating expenses (excluding Opex allocated to insurance expenses)	3.7	-2 381	-2 520	- 950	-1 431	-1 019
<i>Total Opex without bank and insurance tax</i>	3.7	-2 137	-2 167	-1 074	-1 063	-1 090
<i>Total bank and insurance tax</i>	3.7	- 521	- 622	- 2	- 518	- 51
<i>Minus: Opex allocated to insurance service expenses</i>	3.7	276	270	126	150	123
Insurance service expenses before reinsurance	3.6	-1 152	-1 013	- 590	- 563	- 523
<i>Of which insurance commissions paid</i>	3.6	- 181	- 159	- 92	- 89	- 82
<i>Non-life</i>	3.6	-1 003	- 876	- 514	- 489	- 457
<i>Of which Non-life - Claim related expenses</i>	3.6	- 623	- 521	- 331	- 293	- 284
<i>Life</i>	3.6	- 149	- 138	- 76	- 73	- 66
Net result from reinsurance contracts held	3.6	- 41	- 52	- 24	- 18	- 22
Impairment	3.9	- 101	18	- 85	- 16	- 8
<i>on FA at amortised cost and at FVOCI</i>	3.9	- 88	47	- 72	- 16	23
<i>on goodwill</i>	3.9	0	0	0	0	0
<i>other</i>	3.9	- 13	- 29	- 13	0	- 31
Share in results of associated companies and joint ventures		2	- 4	2	0	- 1
RESULT BEFORE TAX		1 842	2 264	1 162	680	1 202
Income tax expense	3.11	- 412	- 416	- 237	- 175	- 236
Net post-tax result from discontinued operations		0	0	0	0	0
RESULT AFTER TAX		1 431	1 848	925	506	966
attributable to minority interests		0	0	0	0	0
attributable to equity holders of the parent		1 431	1 848	925	506	966
Earnings per share (in EUR)						
Ordinary		3.44	4.37	2.25	1.18	2.29
Diluted		3.44	4.37	2.25	1.18	2.29

In order to provide a more transparent view, we have combined the P&L lines 'Net result from financial instruments at fair value through profit or loss' and 'Insurance finance income and expense (for insurance contracts issued)'. In this way, the change in the fair value of the unit-linked liabilities, measured under IFRS 17 (Variable Fee Approach) (included in 'Insurance finance income and expense (for insurance contracts issued)') is offset by the change in the fair value of underlying unit-linked assets (included in 'Net result from financial instruments at fair value through profit or loss').

Consolidated statement of comprehensive income (condensed)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
RESULT AFTER TAX	1 431	1 848	925	506	966
Attributable to minority interests	0	0	0	0	0
Attributable to equity holders of the parent	1 431	1 848	925	506	966
OCI THAT MAY BE RECYCLED TO PROFIT OR LOSS	- 148	329	4	- 153	- 35
Net change in revaluation reserve (FVOCI debt instruments)	- 235	98	- 136	- 99	- 11
Net change in hedging reserve (cashflow hedges)	89	104	85	4	36
Net change in translation differences	- 134	162	35	- 168	- 51
Hedge of net investments in foreign operations	24	- 16	- 18	41	16
Net insurance finance income and expense from (re)insurance contracts issued	107	- 22	40	66	- 27
Net insurance finance income and expense from reinsurance contracts held	0	2	- 1	1	- 1
Net change in respect of associated companies and joint ventures	0	0	0	0	0
Other movements	1	2	- 1	2	2
OCI THAT WILL NOT BE RECYCLED TO PROFIT OR LOSS	188	133	36	152	47
Net change in revaluation reserve (FVOCI equity instruments)	144	141	30	115	40
Net change in defined benefit plans	44	- 8	7	37	7
Net change in own credit risk	0	0	0	0	0
Net change in respect of associated companies and joint ventures	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	1 471	2 310	966	505	978
Attributable to minority interests	0	0	0	0	0
Attributable to equity holders of the parent	1 471	2 310	966	505	978

The largest movements in other comprehensive income (1H 2024 and 1H 2023):

- Net change in revaluation reserve (FVOCI debt instruments): the -235 million euros in 1H 2024 is mainly explained by higher interest rates in all major currencies. The +98 million euros in 1H 2023 is mainly explained by lower interest rates in Czech and Hungarian government bonds and the unwinding effect of the negative outstanding revaluation reserve partly offset by the higher interest rates in Euro government bonds.
- Net change in hedging reserve (cash flow hedge): the +89 million euros in 1H 2024 and the +104 million euros in 1H 2023 can for a large part be explained by the unwinding effect of the negative outstanding cash flow hedge reserve.
- The net change in translation differences: the -134 million euros in 1H 2024 was mainly caused by the depreciation of the CZK and HUF versus the EUR. This was partly offset by the hedge of net investments in foreign operations (+24 million euros). The +162 million euros in 1H 2023 was mainly caused by the appreciation of the CZK and HUF versus the EUR. This was partly offset by the hedge of net investments in foreign operations (-16 million euros). The hedging policy of FX participations aims to stabilize the group capital ratio (and not parent shareholders' equity).
- The net change in net insurance finance income and expense from (re)insurance contracts issued and held in 1H 2024 of +107 million euros is explained by the interest rate increase, partly offset by a migration of contracts of individual pension agreements from the portfolio 'Risk and Savings' towards the portfolio 'Hybrid products' (for more information see note 5.6 further in this report). The -20 million euros in 1H 2023 is explained by the unwinding effect of the outstanding positive IFIE through OCI, partly offset by the EUR interest rate increase.
- Net change in revaluation reserve (FVOCI equity instruments): the +144 million euros in 1H 2024 and the +141 million euros in 1H 2023 is mainly explained by positive fair value movements thanks to improved stock markets.
- Net change in defined benefit plans: the +44 million euros in 1H 2024 is mainly explained by the effect of the higher discount rate applied on the obligations. The -8 million euros in 1H 2023 is mainly explained by the effect of the lower discount rate applied on the obligations and the impact of the higher inflation rate, partly offset by the positive return of the plan assets.

Consolidated balance sheet

(in millions of EUR)	Note	30-06-2024	31-12-2023
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions		39 961	34 530
Financial assets	4.0	315 658	306 047
<i>Amortised cost</i>	4.0	268 575	263 625
<i>Fair value through OCI</i>	4.0	19 701	18 587
<i>Fair value through profit or loss</i>	4.0	27 039	23 539
<i>of which held for trading</i>	4.0	10 361	8 327
<i>Hedging derivatives</i>	4.0	344	295
Reinsurers' contract assets held		75	64
Profit/loss on positions in portfolios hedged for interest rate risk		-2 744	-2 402
Tax assets		773	900
<i>Current tax assets</i>		149	176
<i>Deferred tax assets</i>		623	724
Non-current assets held for sale and disposal groups		1	4
Investments in associated companies and joint ventures		37	30
Property, equipment and investment property		3 879	3 702
Goodwill and other intangible assets		2 412	2 355
Other assets		1 893	1 691
TOTAL ASSETS		361 945	346 921
LIABILITIES AND EQUITY			
Financial liabilities	4.0	319 563	303 116
<i>Amortised cost</i>	4.0	297 363	280 874
<i>Fair value through profit or loss</i>	4.0	21 888	21 840
<i>of which held for trading</i>	4.0	5 764	7 050
<i>Hedging derivatives</i>	4.0	311	401
Insurance contract liabilities	5.6	16 521	16 784
<i>Non-life</i>	5.6	3 029	2 922
<i>Life</i>	5.6	13 492	13 862
Profit/loss on positions in portfolios hedged for interest rate risk		- 474	- 505
Tax liabilities		450	472
<i>Current tax liabilities</i>		73	99
<i>Deferred tax liabilities</i>		376	373
Liabilities associated with disposal groups		0	0
Provisions for risks and charges		188	183
Other liabilities		2 760	2 611
TOTAL LIABILITIES		339 009	322 661
Total equity	5.10	22 936	24 260
Parent shareholders' equity	5.10	21 185	22 010
Additional tier-1 instruments included in equity	5.10	1 750	2 250
Minority interests		1	0
TOTAL LIABILITIES AND EQUITY		361 945	346 921

The increase of the total liabilities in 1H 2024 can for the largest part be explained by higher customer deposits, repos, certificates of deposit and other issued bonds.

The total assets increase can for the largest part be explained by higher loans and advances to customers, higher reverse repos and higher cash and cash balances with central banks.

Consolidated statement of changes in equity

(in millions of EUR)	Issued and paid up share capital	Share premium	Treasury shares	Retained earnings	Total revaluation reserves	Parent shareholders' equity	AT1 instruments included in equity	Minority interests	Total equity
30-06-2024									
Balance at the beginning of the period	1 461	5 548	- 497	14 332	1 166	22 010	2 250	0	24 260
Restatement related to previous year(s)	0	0	0	- 41	0	- 41	0	0	- 41
Restated balance at the beginning of the period	1 461	5 548	- 497	14 290	1 166	21 968	2 250	0	24 219
Net result for the period	0	0	0	1 431	0	1 431	0	0	1 431
Other comprehensive income for the period	0	0	0	1	39	40	0	0	40
Subtotal	0	0	0	1 432	39	1 471	0	0	1 471
Dividends	0	0	0	- 1 545	0	- 1 545	0	0	- 1 545
Coupon on AT1	0	0	0	- 47	0	- 47	0	0	- 47
Issue/repurchase of AT1 included in equity	0	0	0	0	0	0	- 500	0	- 500
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	21	- 21	0	0	0	0
Purchase/sale of treasury shares	0	0	- 661	0	0	- 661	0	0	- 661
Change in minorities interests	0	0	0	0	0	0	0	1	1
Total change	0	0	- 661	- 140	18	- 783	- 500	0	- 1 282
Balance at the end of the period	1 461	5 548	- 1 158	14 151	1 184	21 185	1 750	1	22 936
2023									
Balance at the beginning of the period	1 461	5 542	0	12 626	690	20 319	1 500	0	21 819
Net result for the period	0	0	0	3 402	0	3 402	0	- 1	3 401
Other comprehensive income for the period	0	0	0	- 1	497	495	0	0	495
Subtotal	0	0	0	3 400	497	3 897	0	- 1	3 896
Dividends	0	0	0	- 1 663	0	- 1 663	0	0	- 1 663
Coupon on AT1	0	0	0	- 50	0	- 50	0	0	- 50
Issue/repurchase of AT1 included in equity	0	0	0	- 3	0	- 3	750	0	747
Capital increase	0	6	0	0	0	7	0	0	7
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	21	- 21	0	0	0	0
Purchase/sale of treasury shares	0	0	- 497	0	0	- 497	0	0	- 497
Change in scope	0	0	0	0	0	0	0	1	1
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	0	6	- 497	1 705	476	1 691	750	0	2 441
Balance at the end of the period	1 461	5 548	- 497	14 332	1 166	22 010	2 250	0	24 260
30-06-2023									
Balance at the beginning of the period	1 461	5 542	0	12 626	690	20 319	1 500	0	21 819
Net result for the period	0	0	0	1 848	0	1 848	0	0	1 848
OCI for the period	0	0	0	2	460	462	0	0	462
Subtotal	0	0	0	1 850	460	2 310	0	0	2 310
Dividends	0	0	0	- 1 252	0	- 1 252	0	0	- 1 252
Coupon on AT1	0	0	0	- 25	0	- 25	0	0	- 25
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	10	- 10	0	0	0	0
Change in minorities interests	0	0	0	0	0	0	0	1	1
Total change	0	0	0	584	450	1 033	0	1	1 034
Balance at the end of the period	1 461	5 542	0	13 210	1 140	21 352	1 500	1	22 853

1H 2024

The Annual General Meeting on 2 May 2024 approved a final gross dividend of 4.15 euros per share related to the accounting year 2023, of which:

- an interim dividend of 1.00 euro per share, as decided by KBC Group's Board of Directors of 9 August 2023 and paid on 15 November 2023 (was deducted from retained earnings in 3Q 2023)
- an ordinary dividend of 3.15 euros per share based on the outstanding number of shares entitled to dividend, which excludes the shares bought in the share buyback programme till the ex-coupon date of 13 May 2024 and paid on 15 May 2024, was deducted from retained earnings in 2Q 2024.

In line with our announced capital deployment plan for FY23, the Board of Directors decided to distribute the surplus capital above the fully loaded CET1 ratio of 15% in the form of an extraordinary interim dividend of 0.70 euros per share on 29 May 2024, which was also deducted from retained earnings in 2Q 2024.

Restatement related to previous year(s): adjustment of tax calculation in the Czech Republic. Given the relatively limited impact, the balance sheet and income statement for 2023 were not retroactively restated.

Issue/repurchase of AT1 included in equity: on 5 March 2024 KBC Group NV called the Additional Tier-1 Securities issued in 2019 for 500 million euros. For more information, see note 5.10 further in this report.

Treasury shares: within the framework of the share buyback programme of 1.3 billion euros announced on 10 August 2023, the total number of own shares bought by KBC related to the share buyback programme amounted to 18 911 766 at 30 June 2024.

For more information: <https://www.kbc.com/en/share-buy-back> and Solvency section further in this report.

2023

The 'Dividends' item in 2023 (1 663 million euros) includes the final dividend of 3.00 euros per share (1 252 million euros paid in May 2023) and the interim dividend of 1.00 euro per share (411 million euros paid in November 2023)

Composition of the 'Total revaluation reserves' column in the previous table (in millions of EUR)	30-06-2024	31-12-2023	30-06-2023
Total	1 184	1 166	1 140
Revaluation reserve (FVOCI debt instruments)	- 831	- 596	- 997
Revaluation reserve (FVOCI equity instruments)	345	222	215
Hedging reserve (cashflow hedges)	- 490	- 579	- 833
Translation differences	- 374	- 240	37
Hedge of net investments in foreign operations	150	127	59
Remeasurement of defined benefit plans	478	434	459
Own credit risk through OCI	0	0	0
Insurance finance income and expense through OCI after reinsurance	1 906	1 799	2 201

Consolidated cash flow statement

(in millions of EUR)	Note	1H 2024	1H 2023
OPERATING ACTIVITIES			
Result before tax	Cons. income stat.	1 842	2 264
Adjustments for non-cash items in profit & loss		1 157	391
Changes in operating assets (excluding cash and cash equivalents)		-9 961	-3 206
Changes in operating liabilities (excluding cash and cash equivalents)		12 783	4 728
Income taxes paid		- 301	- 255
Net cash from or used in operating activities		5 520	3 923
INVESTING ACTIVITIES			
Purchase and proceeds of debt securities at amortised cost	4.1	2 623	-3 094
Acquisition of a subsidiary or a business unit, net of cash acquired (including increases in percentage interest held)		0	- 4
Proceeds from the disposal of a subsidiary or business unit, net of cash disposed of (including decreases in percentage interest held)		0	6 480
Purchase and proceeds from the sale of intangible fixed assets (excluding goodwill)		- 171	- 200
Purchase and proceeds from the sale of property, plant and equipment (excluding goodwill)		- 70	- 156
Other		- 94	91
Net cash from or used in investing activities		2 289	3 116
FINANCING ACTIVITIES			
Purchase or sale of treasury shares	Cons. stat. of changes in equity	- 661	0
Issue or repayment of promissory notes and other debt securities	4.1	- 290	4 241
Proceeds from or repayment of subordinated liabilities	4.1	1 609	504
Proceeds from the issuance of share capital	Cons. stat. of changes in equity	0	0
Call of additional tier-1 instruments	Consolidated statement of changes in equity	- 500	0
Dividends paid	Cons. stat. of changes in equity	-1 545	-1 252
Coupon additional Tier-1 instruments	Cons. stat. of changes in equity	- 47	- 25
Net cash from or used in financing activities		-1 435	3 468
CHANGE IN CASH AND CASH EQUIVALENTS			
Net increase or decrease in cash and cash equivalents		6 374	10 508
Cash and cash equivalents at the beginning of the period		53 961	67 481
Effects of exchange rate changes on opening cash and cash equivalents		- 365	624
Cash and cash equivalents at the end of the period		59 970	78 613
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash and cash balances with central banks and other demand deposits with credit institutions	Cons. balance sheet	39 961	53 830
Term loans to banks at not more than three months (excl. reverse repos)	4.1	592	2 798
Reverse repos with credit institutions and investment firms at not more than three months	4.1	28 647	31 416
Deposits from banks repayable on demand	4.1	-9 230	-9 431
Cash and cash equivalents belonging to disposal groups		0	0
Total		59 970	78 613
<i>of which not available</i>		0	0

The net cash from operating activities in 1H 2024 (+5 520 million euros) mainly includes an increase of deposits from customers, the issuance of certificates of deposit and repos, partly offset by increased loans and advances to customers (mainly term and mortgage loans), reverse repos and repayment of the remaining outstanding amount borrowed under TLTRO III (-2.6 billion euros). The net cash from operating activities in 1H 2023 (+3 923 million euros) mainly includes a significant growth of certificates of deposit and time deposits, partially offset by a repayment of part of the amount borrowed under TLTRO III (-12.9 billion euros in 1H 2023) and increasing mortgage and term loan portfolio.

Net cash from (used in) investing activities in 1H 2024 (+2 289 million euros) mainly includes net proceeds from debt securities at amortised cost (+2 623 million euros). Net cash from (used in) investing activities in 1H 2023 (+3 116 million euros) is mainly explained by the cash proceeds from closing of sale KBC Bank Ireland, partly offset by additional investments in debt securities at amortised cost.

The net cash flow from financing activities in 1H 2024 (-1 435 million euros) includes the dividend payment (-1 545 million euros), the repayment of Additional Tier-1 instrument (-500 million euros; for more information see note 5.10) and the purchase of treasury shares (-661 million euros) offset by the issuance of new Tier-2 instruments (1 billion euros and 500 million British pounds). The net cash flow from financing activities in 1H 2023 (+3 468 million euros) mainly includes newly issued Senior Holdco instruments (+4 billion euros issued, partly offset by matured positions for -1 billion euros), higher outstanding covered bonds (+1 billion euros) and a newly issued Tier-2 instrument (500 million euros), partly compensated by the dividend payment (-1 252 million euros).

Notes the accounting policies

Statement of compliance (note 1.1 in the annual accounts 2023)

The condensed interim financial statements of the KBC Group for the period ended 30 June 2024 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union ('endorsed IFRS').

The following IFRS standards were issued but not yet effective in 2024. KBC will apply these standards when they become mandatory.

- IFRS 18 Presentation and Disclosure in Financial Statements, effective as of 2027, mainly limited presentation impact expected
- IFRS 19 Subsidiaries without public accountability, no impact expected.

The IASB published several limited amendments to existing IFRSs and IFRICs. They will be applied when they become mandatory, but their impact is currently estimated to be negligible.

As of 1 January 2024, KBC has revised its multi-tier approach for the assessment of a significant increase in credit risk (please refer to Note 1.2: Summary of material accounting policies 'Significant increase in credit risk since initial recognition' in the annual accounts 2023). The indicators based on 12-months probability of default ('Internal rating' and 'Internal rating backstop') are replaced by an assessment based on lifetime probability of default and a watch list indicator. KBC applied the revised approach for the first time in 1Q 2024. This change in accounting estimate resulted in an ECL release of 17 million euros in 1Q 2024, included in Impairment on financial assets at amortised cost and at fair value through OCI (for more information see note 1.2).

Change to the presentation of the Consolidated income statement: see narrative below the Consolidated income statement.

Summary of significant accounting policies (note 1.2 in the annual accounts 2023)

A summary of the main accounting policies is provided in the group's annual accounts as at 31 December 2023. As mentioned in note 1.1 the paragraph regarding 'Significant increase in credit risk since initial recognition' has been updated as follows:

In accordance to the ECL model, a financial assets attracts life-time ECL once the credit risk has increased significantly since initial recognition; therefore the assessment of the significant increase in credit risk defines the staging of financial assets. The assessment of a significant increase in credit risk is a relative assessment based on the credit risk that was assigned at initial recognition. This is a multi-factor assessment, and, thus KBC has developed a multi-tier approach (MTA) for the bond portfolio on the one hand and for the loan portfolio on the other hand.

For the bond portfolio the MTA consists of three tiers:

- Low credit exception: Bonds always carry 12-months ECL if they have a low credit risk at the reporting date (i.e. stage 1). KBC uses the low credit risk exception for bonds which are graded as investment grade.
- Lifetime Probability of default (LTPD): [only applicable if the first tier is not met] This is a relative assessment comparing the lifetime probability of default (LTPD) at initial recognition to the LTPD at the reporting date.
- Management assessment: Finally management reviews and assesses the significant increase in credit risk for financial assets at an individual and a portfolio level.

If none of these triggers results in a migration to stage 2, then the bond remains in stage 1.

A financial asset is considered impaired (i.e. stage 3) as soon as it meets the definition of default.

The MTA is symmetrical, i.e. a bond that has migrated to stage 2 or 3 can return to stage 2 or 1 if the Tier that triggered the migration is not present in a subsequent reporting date.

For the loan portfolio KBC uses a five-tier approach. This MTA is a waterfall approach, i.e. if after assessing the first Tier, doesn't result in migrating to stage 2, then the second Tier is assessed and so on. At the end, if all Tiers are being assessed without triggering a migrations to stage 2, then the financial asset remains in stage 1.

- Lifetime Probability of default (LTPD): the LTPD is the main criterion for assessing the increase in credit risk. This is a relative assessment comparing the LTPD at initial recognition to the LTPD at the reporting date. KBC makes the assessment on a facility level at each reporting period.
- Forbearance: Forborne financial assets are always considered as stage 2, unless they are already impaired. In the latter case, they migrate to stage 3.
- Days past due: KBC uses the backstop described in the standard. A financial asset that has more than 30 days past due, migrates to stage 2.
- Watch list: KBC uses the watch list criterion as a backstop for its loan portfolio to migrate to stage 2. The watch list includes exposures with an increased credit risk but which are not (yet) classified as default/non-performing and which are subject to enhanced monitoring and review by the bank. For staging purposes the watch list concept is applied at client level.
- Management assessment: Finally management reviews and assesses the significant increase in credit risk for financial assets at an individual and a portfolio level.

A financial asset is considered impaired (i.e. stage 3) as soon as it meets the definition of default.

The MTA is symmetrical, i.e. a credit that has migrated to stage 2 or 3 can return to stage 2 or 1 if the Tier that triggered the migration is not met at the reporting date.

Main exchange rates used:

	Exchange rate at 30-06-2024		Average exchange rate in 1H 2024	
	Changes relative to 31-12-2023		Changes relative to the average 1H 2023	
	1 EUR = currency	Positive: appreciation relative to EUR Negative: depreciation relative to EUR	1 EUR = currency	Positive: appreciation relative to EUR Negative: depreciation relative to EUR
CZK	25.025	-1%	25.047	-6%
HUF	395.10	-3%	390.35	-3%

Notes on segment reporting

Segment reporting according to the management structure of the group (note 2.2 in the annual accounts 2023)

For a description on the management structure and linked reporting presentation, reference is made to note 2.1 in the annual accounts 2023.

As a result of the Irish sale transaction in February 2023, the results of KBC Bank Ireland in 2024 (included in Group Centre) have become immaterial and are hence not disclosed anymore separately as of 2024. Regarding the impact of the sale of the Irish loan and deposit portfolios to Bank of Ireland Group, see further in note 6.6.

(in millions of EUR)	Belgium Business unit	Czech Republic Business unit	International Markets Business unit	Of which: Hungary	Slovakia	Bulgaria	Group Centre	Total
1H 2024								
Net interest income	1 640	639	641	287	137	217	- 171	2 748
Insurance revenues before reinsurance	888	282	264	102	52	110	7	1 441
<i>Non-life</i>	736	233	235	92	42	100	7	1 211
<i>Life</i>	152	49	29	10	10	9	0	230
Dividend income	31	1	0	0	0	0	2	33
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 165	33	40	35	6	- 1	40	- 52
Net fee and commission income	818	168	253	135	42	76	- 2	1 237
Net other income	101	3	15	6	8	1	- 10	109
TOTAL INCOME	3 313	1 125	1 212	565	245	402	- 134	5 516
Operating expenses (excluding Opex allocated to insurance service expenses)	- 1 344	- 425	- 541	- 266	- 129	- 145	- 72	- 2 381
<i>Total Opex without banking and insurance tax</i>	- 1 215	- 440	- 408	- 141	- 126	- 141	- 74	- 2 137
<i>Total Banking and insurance tax</i>	- 285	- 38	- 199	- 161	- 17	- 21	1	- 521
<i>Minus: Opex allocated to insurance service expenses</i>	156	54	66	36	13	17	1	276
Insurance service expenses before reinsurance	- 704	- 202	- 246	- 110	- 56	- 80	0	- 1 152
<i>Of which insurance commissions paid</i>	- 117	- 33	- 32	- 6	- 6	- 19	0	- 181
<i>Non-Life</i>	- 599	- 177	- 226	- 103	- 49	- 75	0	- 1 003
<i>Of which Non-life - Claim related expenses</i>	- 400	- 102	- 122	- 45	- 34	- 43	1	- 623
<i>Life</i>	- 104	- 25	- 20	- 7	- 7	- 6	0	- 149
Net result from reinsurance contracts held	- 33	- 10	- 3	3	- 1	- 6	4	- 41
Impairment	- 160	37	17	8	17	- 7	5	- 101
<i>of which on FA at AC and at fair value through OCI</i>	- 159	38	28	18	17	- 7	5	- 88
Share in results of associated companies and joint ventures	2	0	0	0	0	0	0	2
RESULT BEFORE TAX	1 074	526	440	199	76	165	- 197	1 842
Income tax expense	- 313	- 85	- 70	- 29	- 16	- 25	56	- 412
Net post-tax result from discontinued operations	0	0	0	0	0	0	0	0
RESULT AFTER TAX	761	441	370	171	60	140	- 141	1 431
attributable to minority interests	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	761	441	370	171	60	140	- 141	1 431

(in millions of EUR) 1H 2023	Belgium Business unit	Czech Republic Business unit	International Markets Business unit	Of which: Hungary	Slovakia	Bulgaria	Group Centre	Of which: Ireland	Total
Net interest income	1 627	633	575	257	129	189	- 105	37	2 731
Insurance revenues before reinsurance	792	271	228	93	46	89	6	0	1 297
<i>Non-life</i>	677	223	202	83	38	82	6	0	1 109
<i>Life</i>	114	47	26	10	8	7	0	0	188
Dividend income	34	0	1	0	0	1	2	0	37
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 65	40	32	26	4	2	50	- 2	57
Net fee and commission income	760	162	241	125	42	75	- 3	- 1	1 160
Net other income	136	7	10	2	4	3	400	400	552
TOTAL INCOME	3 284	1 114	1 088	503	225	359	350	435	5 835
Operating expenses (excluding Opex allocated to insurance service expenses)	-1 394	- 452	- 523	- 277	- 113	- 133	- 151	- 83	-2 520
<i>Total Opex without banking and insurance tax</i>	-1 195	- 448	- 376	- 128	- 121	- 127	- 148	- 79	-2 167
<i>Total Banking and insurance tax</i>	- 353	- 59	- 205	- 181	- 4	- 20	- 4	- 4	- 622
<i>Minus: Opex allocated to insurance service expenses</i>	154	55	58	33	12	14	1	0	270
Insurance service expenses before reinsurance	- 617	- 200	- 196	- 96	- 38	- 61	- 1	0	-1 013
<i>Of which insurance commissions paid</i>	- 105	- 28	- 25	- 6	- 4	- 15	0	0	- 159
<i>Non-Life</i>	- 519	- 174	- 182	- 90	- 33	- 58	- 1	0	- 876
<i>Of which Non-life - Claim related expenses</i>	- 330	- 100	- 92	- 39	- 20	- 32	1	0	- 521
<i>Life</i>	- 98	- 26	- 14	- 6	- 5	- 3	0	0	- 138
Net result from reinsurance contracts held	- 37	- 9	- 10	- 1	- 3	- 6	4	0	- 52
Impairment	- 28	60	- 8	- 13	7	- 2	- 5	- 7	18
<i>of which on FA at AC and at fair value through OCI</i>	- 30	60	12	6	8	- 2	5	4	47
Share in results of associated companies and joint ventures	- 3	0	0	0	0	0	0	0	- 4
RESULT BEFORE TAX	1 204	512	351	115	79	157	197	344	2 264
Income tax expense	- 330	- 51	- 53	- 20	- 17	- 16	18	- 27	- 416
Net post-tax result from discontinued operations	0	0	0	0	0	0	0	0	0
RESULT AFTER TAX	874	461	298	95	62	141	215	318	1 848
attributable to minority interests	0	0	0	0	0	0	0	0	0
attributable to equity holders of the parent	875	461	298	95	62	141	215	318	1 848

Other notes

Net interest income (note 3.1 in the annual accounts 2023)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total	2 748	2 731	1 379	1 369	1 407
Interest income	10 225	9 380	5 103	5 123	5 075
Interest income on financial instruments calculated using the effective interest rate method					
Financial assets at AC	4 963	4 895	2 479	2 484	2 538
Financial assets at FVOCI	225	173	123	103	95
Hedging derivatives	3 112	2 023	1 553	1 559	1 163
Financial liabilities (negative interest)	4	8	2	2	4
Other	917	1 118	416	501	634
Interest income on other financial instruments					
Financial assets MFVPL other than held for trading	33	26	17	16	13
Financial assets held for trading	972	1 138	513	459	628
<i>Of which economic hedges</i>	879	1 064	464	415	590
Other financial assets at FVPL	0	0	0	0	0
Interest expense	-7 477	-6 649	-3 724	-3 754	-3 668
Interest expense on financial instruments calculated using the effective interest rate method					
Financial liabilities at AC	-3 430	-3 091	-1 679	-1 751	-1 694
Financial assets (negative interest)	-1	-1	0	-1	0
Hedging derivatives	-3 056	-2 131	-1 533	-1 523	-1 220
Other	-2	-2	-1	-1	-1
Interest expense on other financial instruments					
Financial liabilities held for trading	-954	-1 395	-495	-460	-737
<i>Of which economic hedges</i>	-928	-1 372	-483	-446	-724
Other financial liabilities at FVPL	-36	-32	-17	-19	-17
Net interest expense relating to defined benefit plans	2	3	1	1	2

The interest income on financial instruments calculated using the effective interest rate method – other, is mainly related to interest income on cash balances with central banks. These cash and cash balances are mainly funded with short term liabilities, such as certificates of deposits and repos. The interest expense related to this funding is part of interest expense on financial liabilities at AC. Net interest margin on this activity is narrow, resulting in limited net interest income.

Central Banks decided to increase the Minimum Reserve Requirements (MRR) and/or reduce the remuneration on these deposits. This results in a negative impact on net interest income of about 51 million euros in 2Q 2024, compared to 52 million euros in 1Q 2024 and 26 million euros in 2Q 2023 (14 million euros in 1Q 2023).

Net result from financial instruments at fair value through profit or loss and Insurance finance income and expense (for insurance contracts issued) (note 3.3 in the annual accounts 2023)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total	- 52	57	3	- 55	33
Breakdown by driver					
Dealing room income	163	163	61	102	69
MTM ALM derivatives and other	- 101	- 11	1	- 102	13
Market value adjustments (xVA)	6	9	1	5	5
Result on investment backing UL contracts - under IFRS 17 & Insurance finance income and expense	- 120	- 103	- 60	- 60	- 53

Result on investment backing UL contracts - under IFRS 17 & Insurance finance income and expense: in order to provide a more transparent view, we have combined the P&L lines 'Net result from financial instruments at fair value through profit or loss' and 'Insurance finance income and expense (for insurance contracts issued)'. In this way, the change in the fair value of the unit-linked liabilities, measured under IFRS 17 (Variable Fee Approach) (included in 'Insurance finance income and expense (for insurance contracts issued)') is offset by the change in the fair value of underlying unit-linked assets (included in 'Net result from financial instruments at fair value through profit or loss'). The remaining amount mainly includes the interest accretion within IFIE (see note 3.6).

The result from financial instruments at fair value through profit or loss and Insurance finance income and expenses in 2Q 2024 is 58 million euros higher compared to 1Q 2024.

The quarter-on-quarter evolution is explained as follows:

- Slightly positive MTM ALM derivatives and other income in 2Q 2024 compared to highly negative amount 1Q 2024

Partly offset by:

- Lower dealing room income in Belgium, Czech Republic and Hungary (given excellent first quarter performance)
- Less positive impact from market value adjustments (xVA) in 2Q 2024 compared to 1Q 2024, mainly the result of the negative evolution of counterparty credit spreads and the reduced KBC funding spreads, partly offset by an increase in EUR yield curves

The result from financial instruments at fair value through profit or loss and Insurance finance income and expenses in 1H 2024 is 109 million euros lower compared to 1H 2023.

The year-on-year evolution is for a large part explained by:

- More negative MTM ALM derivatives and other income in 1H 2024 compared to 1H 2023
- Slightly less positive impact from market value adjustments (xVA) in 1H 2024 compared to 1H 2023
- Lower result on investments backing unit-linked contracts under IFRS 17 & Insurance Finance Income and Expense in 1H 2024 compared to 1H 2023, due to increased interest accretion as a result of increasing market rates

Net fee and commission income (note 3.4 in the annual accounts 2023)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total	1 237	1 160	623	614	584
Fee and commission income	1 563	1 468	789	774	737
Fee and commission expense	- 326	- 308	- 166	- 160	- 153
Breakdown by type					
Asset Management Services	683	615	344	338	311
<i>Fee and commission income</i>	713	643	360	353	324
<i>Fee and commission expense</i>	- 31	- 28	- 16	- 15	- 13
Banking Services	527	524	267	261	262
<i>Fee and commission income</i>	820	797	416	404	401
<i>Fee and commission expense</i>	- 292	- 273	- 149	- 143	- 139
Other	27	21	12	15	11
<i>Fee and commission income</i>	30	28	13	18	12
<i>Fee and commission expense</i>	- 3	- 7	- 1	- 2	- 1

- Asset Management Services include management fees, entry fees and distribution fees on mutual funds and unit-linked life products (under IFRS 9).
- Banking Services include credit- and guarantee related fees, payment service fees, network income, securities related fees, distribution fees banking products and other banking services.
- The distribution commissions paid regarding insurance contracts (life and non-life under IFRS 17) are presented in the income statement as Insurance Service Expenses (for more information, see note 3.7).
- The line Other includes distribution fees from third party insurance companies (not under IFRS 17) and platformation revenues.

Net other income (note 3.5 in the annual accounts 2023)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total	109	552	51	58	54
of which gains or losses on					
Sale of financial assets measured at amortised cost	- 19	- 6	- 9	- 10	- 2
Sale of debt instruments at FVOCI	0	1	0	0	0
Repurchase of financial liabilities measured at amortised cost	0	0	0	0	0
of which other, including:	128	558	60	68	56
Income from operational leasing activities	58	50	30	28	25
Income from VAB Group	22	21	9	13	11
Legacy legal cases	0	- 2	0	0	0
Gain on sale of KBC Bank Ireland's loan and deposit portfolios	0	405	0	0	0
Recovery of Belgian bank and insurance tax from 2016 (incl. moratorium interest)	0	48	0	0	0

In 1H 2024:

- No special items

In 1H 2023:

- Gain on sale of KBC Bank Ireland's loan and deposit portfolios: positive one-off impact of the sale transaction of KBC Bank Ireland's loan assets and its deposit book (+405 million euros in 1Q 2023) (for more information, see note 6.6).
- Recuperation of Belgian banking taxes (2016) and linked moratorium interests (+48 million euros) in 1Q 2023.

Breakdown of the insurance results (note 3.6 in the annual accounts 2023)

The table below includes intragroup transactions between bank and insurance entities (the results for insurance contracts concluded between the group's bank and insurance entities, interest that insurance companies receive on their deposits with bank entities, distribution commissions intra-group...) in order to give a more accurate view of the profitability of the insurance business.

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non- technical	Total
1H 2024					
Insurance service result	81	5	212	—	293
<i>Insurance revenues before reinsurance</i>	230	12	1 216	—	1 446
<i>Insurance service expenses</i>	- 149	- 7	- 1 004	—	- 1 153
<i>Of which Non-life - Claim related expenses</i>	—	—	- 624	—	- 624
Investment result and insurance finance income and expenses	80	2	27	3	110
Investment result	228	50	49	3	280
<i>Net interest income</i>	161	0	44	0	205
<i>Dividend income</i>	14	0	2	3	19
<i>Net result from financial instruments at fair value through P&L</i>	51	50	0	0	52
<i>Net other income</i>	2	0	1	1	4
<i>Impairment</i>	1	0	0	0	1
Total insurance finance income and expenses before reinsurance	- 149	- 49	- 21	—	- 170
<i>Interest accretion</i>	- 100	—	- 22	—	- 121
<i>Effect of changes in financial assumptions and foreign exchange differences</i>	- 1	0	1	—	0
<i>Changes in fair value re. liabilities of IFRS 17 unit linked contracts</i>	- 49	- 49	—	—	- 49
Net insurance and investment result before reinsurance	161	7	239	3	403
Net result from reinsurance contracts held	- 3	—	- 38	—	- 41
<i>Premiums paid to the reinsurer</i>	- 19	—	- 57	—	- 76
<i>Commissions received</i>	4	—	5	—	9
<i>Amounts recoverable from reinsurer</i>	12	—	15	—	27
<i>Total (ceded) reinsurance finance income and expense</i>	0	—	- 1	—	- 1
Net insurance and investment result after reinsurance	157	7	201	3	361
Non-directly attributable income and expenses	11	- 1	- 25	8	- 6
<i>Net fee and commission income</i>	37	0	- 1	17	53
<i>Net other income</i>	—	—	—	36	36
<i>Operating expenses (incl. banking and insurance tax)</i>	- 26	- 1	- 24	- 45	- 95
<i>Impairment - Other</i>	0	0	0	0	0
<i>Share in results of assoc. comp & joint-ventures</i>	—	—	—	0	0
Income tax	—	—	—	- 83	- 83
Result after tax	168	6	176	- 72	272
<i>Attributable to minority interest</i>	—	—	—	—	0
Attributable to equity holders of the parent	—	—	—	—	272

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non- technical	Total
1H 2023					
Insurance service result	50	6	238	—	288
<i>Insurance revenues before reinsurance</i>	188	12	1 115	—	1 303
<i>Insurance service expenses</i>	- 138	- 6	- 877	—	- 1 015
<i>Of which Non-life - Claim related expenses</i>	—	—	- 523	—	- 523
Investment result and insurance finance income and expenses	84	0	35	13	133
Investment result on assets	220	45	47	13	281
<i>Net interest income</i>	150	0	44	4	198
<i>Dividend income</i>	14	0	2	9	26
<i>Net result from financial instruments at fair value through P&L</i>	47	45	0	0	47
<i>Net other income</i>	9	0	1	1	11
<i>Impairment</i>	0	0	0	0	- 1
Total insurance finance income and expenses before reinsurance	- 136	- 45	- 12	—	- 148
<i>Interest accretion</i>	- 90	—	- 12	—	- 102
<i>Effect of changes in financial assumptions and foreign exchange differences</i>	0	0	0	—	0
<i>Changes in fair value re. liabilities of IFRS 17 unit linked contracts</i>	- 45	- 45	—	—	- 45
Net insurance and investment result before reinsurance	134	6	273	13	421
Net result from reinsurance contracts held	- 1	—	- 50	—	- 52
<i>Premiums paid to the reinsurer</i>	- 16	—	- 47	—	- 63
<i>Commissions received</i>	2	—	4	—	7
<i>Amounts recoverable from reinsurer</i>	13	—	- 7	—	6
<i>Total (ceded) reinsurance finance income and expenses</i>	0	—	- 1	—	- 1
Net insurance and investment result after reinsurance	133	6	223	13	369
Non-directly attributable income and expenses	10	- 1	- 22	12	0
<i>Net fee and commission income</i>	33	0	- 1	15	48
<i>Net other income</i>	—	—	—	36	36
<i>Operating expenses (incl. banking and insurance tax)</i>	- 24	- 1	- 21	- 39	- 83
<i>Impairment - Other</i>	0	0	0	0	0
<i>Share in results of assoc. comp & joint-ventures</i>	—	—	—	0	0
Income tax	—	—	—	- 85	- 85
Result after tax	143	6	201	- 60	284
<i>Attributable to minority interest</i>	—	—	—	—	0
Attributable to equity holders of the parent	—	—	—	—	284

The non-technical account includes also results of non-insurance companies such as VAB group and ADD.

The column 'of which life direct participating (VFA)' relates to results of long-term unit-linked contracts in Central and Eastern Europe.

Total insurance finance income and expenses before reinsurance includes changes in fair value of underlying assets of contracts measured under VFA, which represents the fair value movement of unit-linked liabilities, valued under IFRS 17 (variable fee approach), with the offsetting impact in fair value movement of underlying unit-linked assets in net result from financial instruments at fair value through profit or loss (see also note 3.3, result on investment backing UL contracts - under IFRS 17).

Amounts recoverable from reinsurer for Life also contains profit sharing (if any).

The insurance service expenses Non-life increased from -877 million euros in 1H 2023 to -1 004 million euros in 1H 2024 mainly due to higher claim related expenses (-102 million euros), which is a.o. due to impact of inflation, higher number of normal claims and slightly higher storm impact before reinsurance.

Operating expenses – income statement (note 3.7 in the annual accounts 2023)

The total Operating expenses by nature include also Opex allocated to insurance service expenses (directly attributable from insurance) in order to provide a comprehensive overview of the total cost evolution.

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total Operating expenses by nature	-2 658	-2 789	-1 076	-1 582	-1 142
<i>Staff Expenses</i>	-1 342	-1 328	- 679	- 663	- 665
<i>General administrative expenses</i>	-1 131	-1 268	- 305	- 826	- 384
<i>ICT Expenses</i>	- 296	- 303	- 151	- 144	- 161
<i>Facility Expenses</i>	- 119	- 128	- 59	- 60	- 63
<i>Marketing & communication expenses</i>	- 42	- 45	- 23	- 19	- 26
<i>Professional fees</i>	- 65	- 69	- 33	- 32	- 40
<i>Bank and insurance tax</i>	- 521	- 622	- 2	- 518	- 51
<i>Other</i>	- 88	- 102	- 36	- 52	- 43
<i>Depreciation and amortisation of fixed assets</i>	- 185	- 193	- 93	- 92	- 93

The operating expenses for 2Q 2024 include -2 million euros related to bank and insurance levies (-518 million euros in 1Q 2024; -51 million euros in 2Q 2023). Application of IFRIC 21 (Levies) has as a consequence that the majority of the levies are taken upfront in expense of the first quarter of the year.

The Belgian government decided in 3Q 2023 to increase the national bank taxes by: (1) higher bank taxes for deposits on the balance sheet above 50 billion euros (impact amounts to -28 million euros in 1H 2024, booked in 1Q 2024) and (2) abolishment of the income tax deductibility of the banking taxes (see note 3.11 further in this report).

Additionally, a further increase of the bank taxes was expected following an increase of the contribution to the Deposit Guarantee Scheme, amounting to -34 million euros booked upfront in 1Q 2024 (of which -28 million euros in Belgium). In 2Q 2024 the final invoice was 32 million euros lower (fully in Belgium), mainly as a result of lower covered deposits than anticipated by the Belgian government.

1H 2024 includes -71 million euros extraordinary sectoral tax in K&H Hungary (booked in 1Q 2024), compared to -101 million euros in 1H 2023 (respectively -79 and -22 million euros booked in 1Q 2023 and 2Q 2023). See also note 6.8 concerning recent decisions of the Hungarian government.

Mid-January 2024 the Slovak Parliament introduced a special bank levy resulting in -16 million euros additional bank taxes in 1H 2024 (-8 million euros both in 1Q 2024 and 2Q 2024).

After reaching the target level of 1% of the covered deposits for the Single Resolution Fund in 2023, no annual contribution will be collected in 2024 in the eurozone countries (in 1H 2024 still -25 million euros related to contribution from non-eurozone countries, of which -27 million euros booked in 1Q 2024). In 1H 2023, the total contribution to the Single Resolution Fund amounted to -136 million euros.

Impairment – income statement (note 3.9 in the annual accounts 2023)

(in millions of EUR)	1H 2024	1H 2023	2Q 2024	1Q 2024	2Q 2023
Total	- 101	18	- 85	- 16	- 8
Impairment on financial assets at AC and at FVOCI	- 88	47	- 72	- 16	23
By IFRS category					
<i>Impairment on financial assets at AC</i>	- 88	47	- 72	- 16	23
<i>Impairment on financial assets at FVOCI</i>	0	0	0	0	0
By product					
<i>Loans and advances</i>	- 89	30	- 73	- 16	24
<i>Debt securities</i>	0	3	1	- 1	3
<i>Off-balance-sheet commitments and financial guarantees</i>	1	15	1	0	- 4
By type					
<i>Stage 1 (12-month ECL)</i>	- 13	- 48	23	- 36	- 49
<i>Stage 2 (lifetime ECL)</i>	51	90	- 44	95	86
<i>Stage 3 (non-performing; lifetime ECL)</i>	- 102	7	- 48	- 53	- 13
<i>Purchased or originated credit impaired assets</i>	- 25	- 2	- 2	- 22	- 2
By division/country					
<i>Belgium</i>	- 159	- 30	- 122	- 37	- 39
<i>Czech Republic</i>	38	60	41	- 4	53
<i>International Markets</i>	28	12	9	20	8
<i>Slovakia</i>	17	8	6	11	9
<i>Hungary</i>	18	6	8	10	- 5
<i>Bulgaria</i>	- 7	- 2	- 5	- 2	4
<i>Group Centre</i>	5	5	1	4	1
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 13	- 29	- 13	0	- 31
Intangible fixed assets (other than goodwill)	- 8	0	- 8	0	0
Property, plant and equipment (including investment property)	0	- 9	0	0	- 11
Associated companies and joint ventures	0	0	0	0	0
Other	- 5	- 20	- 5	0	- 20

The impairment on financial assets at AC and at FVOCI in 1H 2024 include:

- A net impairment release of 13 million euros for the geopolitical and macroeconomic uncertainties (of which 14 million euros charge in 2Q 2024 and 27 million euros release in 1Q 2024), compared to 61 million euros net impairment release in 1H 2023 (of which 21 million euros in 1Q 2023 and 40 million euros in 2Q 2023).

The outstanding balance of ECL for the geopolitical and macroeconomic uncertainties amounts to 237 million euros at the end of 2Q 2024. As a reminder, this is determined based on individual counterparties and sectors deemed to have incurred an increase in credit risk because they are either exposed to macroeconomic risks (high inflation, increasing interest rates, high(er) energy prices, supply chain disruption) or indirectly exposed to military conflicts, such as the one in Ukraine.

The 14 million euros ECL charge for geopolitical & macroeconomic uncertainties in 2Q 2024 is driven mainly by the negative evolution of micro- and macroeconomic indicators in Belgium (i.e. inflation after a short period of deflation mainly coming from

energy prices and deteriorated consumer confidence levels), partially compensated by a positive evolution in Central Europe (i.e. improved confidence levels).

- Additionally, the impairments on financial assets at AC and at FVOCI in 1H 2024 include 101 million euros net charge (58 million euros in 2Q 2024 and 43 million euros in 1Q 2024, largely in stage 3 mainly for two large corporate files in the foreign branches in business unit Belgium), compared to 14 million euros net charge in 1H 2023 (17 million euros charge in 2Q 2023 and a net release of 3 million euros in 1Q 2023, related to a number of files mainly in Belgium and Bulgaria largely in stage 3).

The impairments on intangible asset (other than goodwill) in 1H 2024 (-8 million euros, booked in 2Q 2024) are related to software impairments in Hungary and Belgium.

The impairments on property and equipment in 1H 2023 (-9 million euros) included -11 million euros charges (booked in 2Q 2023) related to the full write down of leased assets in Ireland.

The impairment on other (Other) in 1H 2024 (-5 million euros, booked in 2Q 2024) and in 1H 2023 (-20 million euros, booked in 2Q 2023) are mainly related to modification losses, following the extension of the interest cap regulation for mortgages in Hungary until 31 December 2024 (and for 1H 2023 until 31 December 2023 for mortgages and SMEs).

Income tax expense (note 3.11 in the annual accounts 2023)

In 2023, income tax expense was impacted by the non-tax deductibility as of 2023 (for 80%) of the Belgian national banking and insurance taxes, increasing the income tax expenses with about 36 million euros (impact fully in 1Q 2023). The Belgian government decided to abolish the remainder of the tax deductibility of the banking taxes (versus the current 20%) as of 2024, increasing the income tax expenses in 1H 2024 with about 11 million euros.

On 14 December 2023, Belgium, where ultimate parent company KBC Group NV has its registered office, laid down the Pillar Two global minimum tax in statute and declared that it would take effect on 1 January 2024. Under these rules, KBC is required to pay top-up tax (in Belgium or abroad) on the profits of its subsidiaries and permanent establishments, which are taxed at an effective tax rate of less than 15%. Based on the 1H 2024 results, the additional top-up tax amounts to roughly 9 million euros (mainly Bulgaria). The group has applied the temporary exception issued by the IASB in May 2023 relating to the accounting requirements for deferred taxes in IAS 12. The group will continue to monitor the effect of the Pillar Two legislation on its future financial performance.

Based on the approval received from the Irish Department of Finance on 13 September 2023, to transfer the remaining positions of KBC Bank Ireland to KBC Bank Dublin branch, which was implemented in December 2023, the main hurdles to start the legal liquidation process of KBC Bank Ireland have been taken. On 30 April 2024, KBC Bank Ireland returned its banking license to the Central Bank of Ireland. The aim is to close this liquidation process in the fourth quarter of 2024. The closing of the liquidation process can give rise to a tax deductible loss in KBC Bank NV in 2024 for which no deferred tax assets are yet recognized, as we consider this as a contingent asset at this moment subject to official authorization of the Irish tax authorities to liquidate KBC Bank Ireland (confirmation of no outstanding debt). This could lead to a tax benefit in P&L of 0.3 billion euros in the fourth quarter of 2024 at the earliest.

Financial assets and liabilities: breakdown by portfolio and product (note 4.1 in the annual accounts 2023)

(in millions of EUR)	Meas- ured at amor- tised cost (AC)	Meas- ured at fair value through other compre- hensive income (FVOCI)	Mandatorily measured at fair value through profit or loss (MFVPL) excl. HFT	Held for trading (HFT)	Desig- nated at fair value (FVO)	Hedging deriva- tives	Total
FINANCIAL ASSETS, 30-06-2024							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	2 394	0	0	1	0	0	2 395
<i>of which repayable on demand and term loans at not more than three months</i>							592
Loans and advances to customers (excl. reverse repos)	186 603	0	898	1	0	0	187 502
<i>Trade receivables</i>	2 790	0	0	0	0	0	2 790
<i>Consumer credit</i>	6 912	0	613	0	0	0	7 525
<i>Mortgage loans</i>	75 950	0	286	0	0	0	76 236
<i>Term loans</i>	87 636	0	0	0	0	0	87 636
<i>Finance lease</i>	7 639	0	0	0	0	0	7 639
<i>Current account advances</i>	4 901	0	0	0	0	0	4 901
<i>Other</i>	775	0	0	1	0	0	776
Reverse repos	29 069	0	0	474	0	0	29 542
<i>with credit institutions and investment firms</i>	28 996	0	0	474	0	0	29 470
<i>with customers</i>	73	0	0	0	0	0	73
Equity instruments	0	1 674	16	584	0	0	2 274
Investment contracts (insurance)	0	0	15 710	0	0	0	15 710
Debt securities issued by	48 523	18 027	54	5 063	0	0	71 667
<i>Public bodies</i>	40 595	13 973	0	4 911	0	0	59 479
<i>Credit institutions and investment firms</i>	5 716	2 211	0	18	0	0	7 944
<i>Corporates</i>	2 212	1 843	54	134	0	0	4 244
Derivatives	0	0	0	4 239	0	344	4 583
Other	1 986	0	0	0	0	0	1 986
Total	268 575	19 701	16 678	10 361	0	344	315 658
FINANCIAL ASSETS, 31-12-2023							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	2 779	0	0	1	0	0	2 779
<i>of which repayable on demand and term loans at not more than three months</i>							222
Loans and advances to customers (excl. reverse repos)	182 777	0	836	0	0	0	183 613
<i>Trade receivables</i>	2 680	0	0	0	0	0	2 680
<i>Consumer credit</i>	6 604	0	608	0	0	0	7 211
<i>Mortgage loans</i>	75 254	0	228	0	0	0	75 482
<i>Term loans</i>	85 694	0	0	0	0	0	85 694
<i>Finance lease</i>	7 197	0	0	0	0	0	7 197
<i>Current account advances</i>	4 626	0	0	0	0	0	4 626
<i>Other</i>	723	0	0	0	0	0	723
Reverse repos	25 501	0	0	0	0	0	25 501
<i>with credit institutions and investment firms</i>	25 356	0	0	0	0	0	25 356
<i>with customers</i>	144	0	0	0	0	0	144
Equity instruments	0	1 695	14	570	0	0	2 279
Investment contracts (insurance)	0	0	14 348	0	0	0	14 348
Debt securities issued by	51 372	16 892	14	3 138	0	0	71 417
<i>Public bodies</i>	43 337	13 206	0	2 966	0	0	59 509
<i>Credit institutions and investment firms</i>	5 658	1 826	0	12	0	0	7 496
<i>Corporates</i>	2 377	1 861	14	160	0	0	4 412
Derivatives	0	0	0	4 618	0	295	4 914
Other	1 196	0	0	0	0	0	1 196
Total	263 625	18 587	15 212	8 327	0	295	306 047

(in millions of EUR)	Measured at amortised cost (AC)	Held for trading (HFT)	Designated at fair value (FVO)	Hedging derivatives	Total
FINANCIAL LIABILITIES, 30-06-2024					
Deposits from credit institutions and investment firms (excl. repos)	16 393	0	0	0	16 393
<i>of which repayable on demand</i>					9 230
Deposits from customers and debt securities (excl. repos)	270 148	90	1 371	0	271 610
<i>Demand deposits</i>	110 853	0	0	0	110 853
<i>Time deposits</i>	38 942	90	219	0	39 251
<i>Savings accounts</i>	71 713	0	0	0	71 713
<i>Subtotal deposits of clients, excl. repos</i>	221 508	90	219	0	221 817
<i>Certificates of deposit</i>	21 724	0	7	0	21 732
<i>Savings certificates</i>	27	0	0	0	27
<i>Non-convertible bonds</i>	22 590	0	1 031	0	23 621
<i>Non-convertible subordinated liabilities</i>	4 299	0	114	0	4 413
Repos	6 998	68	0	0	7 067
<i>with credit institutions and investment firms</i>	3 633	68	0	0	3 701
<i>with customers</i>	3 366	0	0	0	3 366
Liabilities under investment contracts	27	0	14 753	0	14 780
Derivatives	0	4 807	0	311	5 118
Short positions	0	798	0	0	798
<i>In equity instruments</i>	0	11	0	0	11
<i>In debt securities</i>	0	787	0	0	787
Other	3 797	0	0	0	3 797
Total	297 363	5 764	16 124	311	319 563
FINANCIAL LIABILITIES, 31-12-2023					
Deposits from credit institutions and investment firms (excl. repos)	15 013	0	0	0	15 013
<i>of which repayable on demand</i>					6 136
Deposits from customers and debt securities (excl. repos)	258 051	81	1 359	0	259 491
<i>Demand deposits</i>	107 568	0	0	0	107 568
<i>Time deposits</i>	37 770	81	194	0	38 044
<i>Savings accounts</i>	70 810	0	0	0	70 810
<i>Subtotal deposits of clients, excl. repos</i>	216 148	81	194	0	216 423
<i>Certificates of deposit</i>	16 840	0	6	0	16 846
<i>Savings certificates</i>	79	0	0	0	79
<i>Non-convertible bonds</i>	22 294	0	1 045	0	23 339
<i>Non-convertible subordinated liabilities</i>	2 690	0	114	0	2 804
Repos	5 235	40	0	0	5 275
<i>with credit institutions and investment firms</i>	3 259	40	0	0	3 298
<i>with customers</i>	1 976	0	0	0	1 976
Liabilities under investment contracts	29	0	13 432	0	13 461
Derivatives	0	5 501	0	401	5 902
Short positions	0	1 428	0	0	1 428
<i>In equity instruments</i>	0	6	0	0	6
<i>In debt securities</i>	0	1 421	0	0	1 421
Other	2 546	0	0	0	2 547
Total	280 874	7 050	14 791	401	303 116

Deposits from credit institutions and investment firms: includes funding from the ECB's TLTRO programme. In 2023 an amount of 12.9 billion euros was repaid (of which 10.9 billion euros at maturity in 2Q 2023 and 2 billion euros in 1Q 2023). In 1H 2024 the last remaining parts matured (an amount of 2.2 billion euros in 1Q 2024 and 0.4 billion euros in 2Q 2024).

Impaired financial assets (note 4.2.1 in the annual accounts 2023)

(in millions of EUR)	Carrying value before impairment	Impairment	Carrying value after impairment
30-06-2024			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	220 496	- 2 429	218 066
Stage 1 (12-month ECL)	190 708	- 159	190 549
Stage 2 (lifetime ECL)	25 814	- 434	25 380
Stage 3 (lifetime ECL)	3 480	- 1 727	1 753
Purchased or originated credit impaired assets (POCI)	493	- 109	384
Debt Securities	48 534	- 11	48 523
Stage 1 (12-month ECL)	48 450	- 8	48 443
Stage 2 (lifetime ECL)	78	- 1	77
Stage 3 (lifetime ECL)	5	- 2	3
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	18 033	- 6	18 027
Stage 1 (12-month ECL)	18 013	- 5	18 007
Stage 2 (lifetime ECL)	20	0	20
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0
31-12-2023			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	213 531	- 2 474	211 057
Stage 1 (12-month ECL)	175 853	- 146	175 708
Stage 2 (lifetime ECL)	33 571	- 490	33 081
Stage 3 (lifetime ECL)	3 694	- 1 750	1 944
Purchased or originated credit impaired assets (POCI)	412	- 88	324
Debt Securities	51 384	- 12	51 372
Stage 1 (12-month ECL)	51 300	- 6	51 294
Stage 2 (lifetime ECL)	80	- 4	76
Stage 3 (lifetime ECL)	5	- 2	3
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	16 897	- 5	16 892
Stage 1 (12-month ECL)	16 864	- 4	16 861
Stage 2 (lifetime ECL)	33	- 1	32
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0

(*) The carrying value after impairment in this note is equal to the sum of the lines Loans and advances to credit institutions and investment firms (excl. reverse repos), Loans and advances to customers (excl. reverse repos) and Reverse repos in note 4.1 (in the column Measured at amortised cost)

A collective shift of an exposure of 11.6 billion euros from stage 1 to stage 2 has been applied at 30 June 2024, compared to 12.0 billion euros at 31 December 2023. It concerns stage 1 portfolios that are either:

- vulnerable to the geopolitical and macroeconomic uncertainties or
- indirectly exposed to military conflicts, such as the one in Ukraine.

In 1H 2024 a combined net stage shift from stage 2 to stage 1 has taken place of approximately 8.5 billion euros in gross carrying amount with a net ECL release of 17 million euros (fully booked in 1Q 2024). For the majority this is caused by the implementation of the new multi-tier approach for staging (see note 1.2) and for the remainder by a shift for KBC Commercial Finance exposure where the relative change in credit risk has been revisited based on the very low historical credit losses in this portfolio and taking into account the very short maturities. Both movements were introduced to better reflect the underlying credit risk since origination.

Financial assets and liabilities measured at fair value – fair value hierarchy (note 4.5 in the annual accounts 2023)

For more details on how KBC defines and determines (i) fair value and the fair value hierarchy and (ii) level 3 valuations reference is made to notes 4.4 up to and including 4.7 of the annual accounts 2023.

(in millions of EUR)	30-06-2024				31-12-2023			
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT FAIR VALUE								
Mandatorily measured at fair value through profit or loss (other than held for trading)	15 632	90	956	16 678	14 253	107	851	15 212
Held for trading	3 643	5 948	769	10 361	2 991	4 625	711	8 327
Designated at fair value	0	0	0	0	0	0	0	0
At fair value through OCI	16 816	2 226	660	19 701	15 290	2 628	669	18 587
Hedging derivatives	0	344	0	344	0	295	0	295
Total	36 091	8 608	2 385	47 084	32 534	7 656	2 231	42 422
FINANCIAL LIABILITIES AT FAIR VALUE								
Held for trading	801	3 811	1 153	5 764	1 429	4 582	1 039	7 050
Designated at fair value	14 753	227	1 145	16 124	13 432	202	1 157	14 791
Hedging derivatives	0	246	64	311	0	306	95	401
Total	15 553	4 284	2 362	22 199	14 862	5 090	2 290	22 242

Financial assets and liabilities measured at fair value – transfers between level 1 and 2 (note 4.6 in the annual accounts 2023)

During 1H 2024, KBC transferred about 239 million euros worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 400 million euros worth of financial assets and liabilities from level 2 to level 1. Most of these reclassifications were carried out due to a change in the liquidity of government and corporate bonds.

Financial assets and liabilities measured at fair value – focus on level 3 (note 4.7 in the annual accounts 2023)

In 1H 2024 significant movements in financial assets and liabilities classified in level 3 of the fair value hierarchy included the following:

- Financial assets measured at fair value through profit and loss: the fair value of loans and advances increased by 64 million euros, mostly due to new transactions and changes in market parameters, partly offset by deals that reached maturity. The fair value of debt securities has increased by 40 million euros, mainly due to new acquisitions.
- Financial assets held for trading: the fair value of derivatives increased by 60 million euros, primarily due to changes in market parameters and new acquisitions, not fully offset by sales of existing positions.
- Financial liabilities held for trading: the fair value of derivatives increased by 113 million euros, mostly due to changes in market parameters and new transactions, partly offset by sales of existing positions.
- Financial liabilities relating to hedging derivatives: the fair value of derivatives decreased by 30 million euros due to changes in market parameters.

Insurance contract liabilities (note 5.6 in the annual accounts 2023)

The Contractual Service Margin (CSM) as included in the insurance contract liabilities, evolved from 2 244 million euros at the end of 2023 to 2 276 million euros at 30 June 2024, or an increase of 32 million euros. In 2Q 2024, a migration of contracts of individual pension agreements from the portfolio 'Risk and Savings' towards the portfolio 'Hybrid products' has been performed as the policyholders are offered the option to invest in Class 23. The net impact on the CSM is an increase of 96 million euros.

Excluding the migration, there is a decrease in CSM of 64 million euros compared to the end of 2023, which is mainly driven by negative change in best estimates reflected in the CSM (-81m; mainly driven by parameter updates and changes in non-economic & experience variances), while CSM of new business (+89 million euros) was slightly higher compared to the CSM release in the income statement (-78 million euros).

Parent shareholders' equity and AT1 instruments (note 5.10 in the annual accounts 2023)

Quantities	30-06-2024	31-12-2023
Ordinary shares	417 305 876	417 305 876
<i>of which ordinary shares that entitle the holder to a dividend payment</i>	<i>398 394 110</i>	<i>408 508 807</i>
<i>of which treasury shares</i>	<i>18 911 768</i>	<i>8 801 316</i>
Additional information		
Par value per share (in EUR)	3.51	3.51
Number of shares issued but not fully paid up	0	0

The ordinary shares of KBC Group NV have no nominal value and are quoted on Euronext Brussels.

The treasury shares almost entirely relate to shares bought in the share buyback programme.

In September 2023, KBC issued AT1 securities for 750 million euros (perpetual with a first callable after 5 years; temporary write-down trigger should the common equity ratio fall below 5.125%; initial coupon of 8.00% per year payable every six months). On 5 March 2024, KBC Group NV called the Additional Tier-1 Securities it issued in 2019. The European Central Bank (ECB) granted KBC permission to call this instrument, which had a nominal value of 500 million euros, and at the same time to call the subordinated inter-company loan of the same amount that KBC Group NV granted to KBC Bank NV.

Off-balance-sheet commitments and financial guarantees given and received (note 6.1 in the annual accounts 2023)

KBC has in the years 2016-2022 provided irrevocable payment commitments (IPC's) for an amount of 90 million euros to the Single Resolution Fund (SRF) which are covered fully by cash collateral. In line with industry practice, following accounting treatment is applied to IPC's:

- The amount of cash collateral is recognized as a financial asset.
- The hypothetical fund call in case of a resolution is reported as a contingent liability.

The recognition of the cash collateral as a financial asset is based on the consideration that, in any scenario, the collateral should be returned to the bank and that interest is received on the amount outstanding. In 4Q 2023, the General Court of the EU ruled that in a scenario in which a bank loses its banking license, it has no claim on the cash collateral. KBC decided to await the outcome of the appeal in this case at the European Court of Justice before considering the potential implications on the accounting treatment of IPC's.

The 90 million euros is deducted in the calculation of the common equity capital (CET1).

Main changes in the scope of consolidation (note 6.6 in the annual accounts 2023)

On 3 February 2023, KBC Bank Ireland closed the sale of substantially all of its assets and liabilities to Bank of Ireland Group. The transaction had an impact on KBC Group's P&L (1Q 2023) of +0.4 billion euros (for more information on the impact on the P&L of 2022 and 2023, see note 6.6 in the Annual report of 2023). On 30 April 2024, KBC Bank Ireland returned its banking license to the Central Bank of Ireland.

Post-balance sheet events (note 6.8 in the annual accounts 2023)

Significant non-adjusting events between the balance sheet date (30 June 2024) and the publication of this report (8 August 2024):

- In line with our general dividend policy, the Board of Directors decided the 7th of August 2024 to pay out an interim dividend of 1 euro per share in November 2024 as an advance on the total dividend for financial year 2024 (already taken into account in the Common equity ratio).
- As regards our share buyback programme, which started in August 2023 and ended successfully in July 2024, we have bought back a total of approximately 21 million shares for a total consideration of 1.3 billion euros.
- On 8 July 2024, the Hungarian government announced additional contributions to be paid. For banks, it concerns an increase of the financial transaction levy, a new FX conversion levy and an increase of the windfall tax (estimated total impact at up to 40 million euros in 2H 2024).



REPORT OF THE STATUTORY AUDITOR TO THE BOARD OF DIRECTORS OF KBC GROUP NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2024 AND FOR THE SIX-MONTHS' PERIOD THEN ENDED

Introduction

We have reviewed the accompanying interim consolidated balance sheet of KBC Group NV and its subsidiaries (collectively referred to as "the Group") as at 30 June 2024 and the related interim consolidated income statement and condensed consolidated statement of comprehensive income for the six-months' period then ended, and the interim consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-months' period then ended, and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements".

These statements show a consolidated balance sheet total of EUR 361,945 million and a consolidated profit (attributable to equity holders of the parent) for the six-months' period then ended of EUR 1,431 million.

The board of directors is responsible for the preparation and fair presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Diegem, 7 August 2024

The statutory auditor
PwC Bedrijfsrevisoren BV
represented by

DocuSigned by:

07FB08B09FE24A7...
Damien Walgrave*
Registered auditor

*Acting on behalf of Damien Walgrave BV

DocuSigned by:

BE79946D8858484...
Jeroen Bockaert**
Registered auditor

**Acting on behalf of Jeroen Bockaert BV

KBC Group

Additional Information

2Q 2024 and 1H 2024

Section not reviewed by the Auditor

Credit risk

Snapshot of the loan portfolio (banking activities)

The main source of credit risk is the loan portfolio of the bank. It includes all the loans and guarantees that KBC has granted to individuals, companies, governments and banks. Debt securities in the investment portfolio are included if they are issued by companies or banks. Government bonds are not included. The loan portfolio as defined in this section differs from 'Loans and advances to customers' in Note 4.1 of the 'Consolidated financial statements' section of the annual accounts 2023. For more information, please refer to 'Details of ratios and terms on KBC Group level'.

A snapshot of the banking portfolio is shown in the table below. Further on in this chapter, extensive information is provided on the credit portfolio of each business unit.

Credit risk: loan portfolio overview

30-06-2024

31-12-2023

Total loan portfolio (in billions of EUR) ¹		
Amount outstanding and undrawn	260	258
Amount outstanding	207	203
Loan portfolio breakdown by business unit (as a % of the outstanding portfolio)		
Belgium	64.7%	64.7%
Czech Republic	19.4%	19.3%
International Markets	15.5%	15.4%
Group Centre ²	0.5%	0.6%
Loan portfolio breakdown by counterparty sector (as a % of the outstanding portfolio)		
Private individuals	40.6%	40.8%
Finance and insurance	5.9%	6.0%
Governments	2.8%	2.7%
Corporates	50.7%	50.5%
Services	10.6%	10.5%
Distribution	8.4%	8.3%
Real estate	6.8%	6.9%
Building & construction	4.7%	4.5%
Agriculture, farming, fishing	2.8%	2.9%
Automotive	2.7%	2.6%
Food Producers	1.8%	1.8%
Electricity	1.7%	1.8%
Metals	1.5%	1.6%
Chemicals	1.4%	1.5%
Machinery & Heavy equipment	1.0%	1.0%
Oil, gas & other fuels	0.9%	0.9%
Shipping	0.8%	0.8%
Hotels, bars & restaurants	0.8%	0.8%
Electrotechnics	0.6%	0.6%
Beverages	0.5%	0.4%
Timber & wooden furniture	0.5%	0.5%
Other ³	3.3%	3.3%
Loan portfolio breakdown by region (as a % of the outstanding portfolio)		
Belgium	54.8%	54.8%
Czech Republic	18.5%	18.4%
Slovakia	6.1%	6.3%
Hungary	4.1%	4.1%
Bulgaria	5.2%	5.1%
Rest of Western Europe	7.6%	7.6%
Rest of Central and Eastern Europe	0.2%	0.2%
of which: Russia and Ukraine	0.01%	0.01%
North America	1.1%	1.4%
Asia	1.1%	0.9%
Other	1.2%	1.1%
Loan portfolio breakdown by counterparty (as % of the outstanding portfolio)		
Retail	40.6%	40.8%
of which: mortgages	36.8%	37.1%
of which: consumer finance	3.7%	3.7%
SME	22.1%	21.8%
Corporate	37.3%	37.4%

Loan portfolio breakdown by IFRS 9 ECL stage (as % of the outstanding portfolio)		
Stage 1 (credit risk has not increased significantly since initial recognition)	84.9%	80.1%
of which: PD 1 - 4	64.7%	64.5%
of which: PD 5 - 9 including unrated	20.2%	15.5%
Stage 2 (credit risk has increased significantly since initial recognition – not credit impaired) incl. POCI ⁴	13.0%	17.9%
of which: PD 1 - 4	2.8%	5.1%
of which: PD 5 - 9 including unrated	10.2%	12.7%
Stage 3 (credit risk has increased significantly since initial recognition – credit impaired) incl. POCI ⁴	2.1%	2.1%
of which: PD 10 impaired loans	1.0%	1.1%
of which: more than 90 days past due (PD 11+12)	1.1%	1.0%
Impaired loan portfolio (in millions of EUR)		
Impaired loans (PD10 + 11 + 12)	4 265	4 221
of which: more than 90 days past due	2 242	2 051
Impaired loans ratio (%)		
Belgium	2.1%	2.0%
Czech Republic	1.4%	1.4%
International Markets	1.7%	1.8%
Group Centre ²	37.4%	36.2%
Total	2.1%	2.1%
of which: more than 90 days past due	1.1%	1.0%
Loan loss impairment (in millions of EUR)		
Loan loss Impairment for Stage 1 portfolio	178	168
Loan loss Impairment for Stage 2 portfolio	450	502
Loan loss Impairment for Stage 3 portfolio	1 888	1 888
of which: more than 90 days past due	1 489	1 459
Cover ratio of impaired loans (%)		
Loan loss impairments for stage 3 portfolio / impaired loans	44.3%	44.7%
of which: more than 90 days past due	66.4%	71.2%
Cover ratio of impaired loans, mortgage loans excluded (%)		
Loan loss impairments for stage 3 portfolio / impaired loans, mortgage loans excluded	46.8%	47.4%
of which: more than 90 days past due	68.7%	74.2%
Credit cost ratio (%)		
Belgium	0.24%	0.06%
Czech Republic	-0.19%	-0.18%
International Markets	-0.18%	-0.06%
Slovakia	-0.27%	-0.07%
Hungary	-0.43%	-0.14%
Bulgaria	0.13%	0.00%
Group Centre	0.00%	0.07%
Total	0.09%	0.00%

¹Outstanding portfolio includes all on-balance sheet commitments and off-balance sheet guarantees but excludes off-balance sheet undrawn commitments; the amounts are measured in Gross Carrying Amounts

²Business Unit Group Centre = part of non-legacy portfolio assigned to BU Group, activities in wind-down (e.g. ex-Antwerp Diamond Bank). The presence of the residual portfolios of the activities in wind-down explains the high share of impaired loans

³Other includes corporate sectors not exceeding 0.5% concentration and unidentified sectors

⁴Purchased or originated credit impaired assets

As of 2022, a collective shift to stage 2 has been applied for the stage 1 portfolios that are indirectly exposed to military conflicts and vulnerable to the geopolitical and macroeconomic uncertainties (for more information see note 4.2.1). In 1H 2024, the remaining direct exposure to Russia, Ukraine and Belarus is 17 million euros or 0.01% of the outstanding loan portfolio (100% stage 3).

The decrease of the stage 2 ratio is mainly caused by a revised staging methodology (change from indicator based on 12 months probability of default to lifetime, for more information see note 1.2) and for the remainder by a shift for KBC Commercial Finance exposure where the relative change in credit risk has been revisited based on the very low historical credit losses in this portfolio and the very short maturities. Both movements were introduced in 1Q 2024 to better reflect the underlying credit risk since origination.

Impaired loans are loans for which full (re)payment of the contractual cash flows is deemed unlikely. This coincides with KBC's Probability-of-Default-classes 10, 11 and 12 (see annual accounts FY 2023 - section on credit risk for more information on PD classification). These impaired loans are equal to 'non-performing loans' under the definition used by EBA.

Loan portfolio per Business Unit (banking activities)

Legend:

- **ind. LTV - Indexed Loan To Value:** current outstanding loan / current value of property
- **Impaired loans:** loans for which full (re)payment is deemed unlikely (coincides with KBC's PD-classes 10, 11 or 12)
- **Impaired loans that are more than 90 days past due:** loans that are more than 90 days overdue and/or loans which have been terminated/cancelled or bankrupt obligors (coincides with KBC's PD-classes 11 and 12)
- Stage 1+2 impairments: impairments for non-impaired exposure (i.e. exposure with PD < PD 10)
- Stage 3 impairments: loan loss impairments for impaired exposure (i.e. exposure with PD 10, 11 or 12)
- **Cover ratio impaired loans:** stage 3 impairments / impaired loans

Loan portfolio per Business Unit 30-06-2024, in millions of EUR

	Business Unit Belgium ¹			Business Unit Czech Republic			Business Unit International Markets			Business Unit Group Centre ²		
Total portfolio outstanding	133 557			40 000			31 916			1 037		
Counterparty break down	% outst.			% outst.			% outst.			% outst.		
retail	46 488	35%		22 821	57%		14 480	45%		0	0%	
o/w mortgages	44 812	34%		20 136	50%		11 112	35%		0	0%	
o/w consumer finance	1 676	1%		2 685	7%		3 368	11%		0	0%	
SME	35 996	27%		5 818	15%		3 877	12%		0	0%	
corporate	51 073	38%		11 361	28%		13 559	42%		1 037	100%	
Mortgage loans	% outst.		ind. LTV	% outst.		ind. LTV	% outst.		ind. LTV	% outst.		ind. LTV
total	44 812	34%	53%	20 136	50%	50%	11 112	35%	58%	0	0%	0%
o/w FX mortgages	0	0%	-	0	0%	-	78	0%	42%	0	0%	-
o/w ind. LTV > 100%	359	0%	-	16	0%	-	75	0%	-	0	0%	-
Probability of default (PD)	% outst.			% outst.			% outst.			% outst.		
low risk (PD 1-4; 0.00%-0.80%)	98 376	74%		23 071	58%		17 326	54%		612	59%	
medium risk (PD 5-7; 0.80%-6.40%)	28 702	21%		14 858	37%		12 763	40%		37	4%	
high risk (PD 8-9; 6.40%-100.00%)	3 412	3%		1 523	4%		1 195	4%		0	0%	
impaired loans (PD 10 - 12)	2 804	2%		546	1%		527	2%		388	37%	
unrated	264	0%		2	0%		105	0%		0	0%	
Overall risk indicators	stage 3 imp.		% cover	stage 3 imp.		% cover	stage 3 imp.		% cover	stage 3 imp.		% cover
outstanding impaired loans	2 804	1 074	38%	546	240	44%	527	243	46%	388	331	85%
o/w PD 10 impaired loans	1 456	248	17%	233	57	25%	268	73	27%	66	22	34%
o/w more than 90 days past due (PD 11+12)	1 347	826	61%	314	183	58%	259	170	66%	322	309	96%
all impairments (stage 1+2+3)	1 413			384			389			331		
o/w stage 1+2 impairments (incl. POCI)	339			144			146			0		
o/w stage 3 impairments (incl. POCI)	1 074			240			243			331		
2023 Credit cost ratio (CCR) ³	0.06%			-0.18%			-0.06%			0.07%		
2024 Credit cost ratio (CCR) ³ - YTD	0.24%			-0.19%			-0.18%			0.00%		

¹ Business Unit Belgium = KBC Bank (all retail and corporate credit lending activities including the foreign branches, part of non-legacy portfolio assigned to BU Belgium), CBC, KBC Lease Belgium, KBC Immolease, KBC Commercial Finance

² Business Unit Group Centre = part of non-legacy portfolio assigned to BU Group and activities in wind-down (e.g. ex-Antwerp Diamond Bank)

³ CCR at country level in local currency

Loan portfolio Business Unit International Markets

Legend:

- **ind. LTV - Indexed Loan To Value:** current outstanding loan / current value of property
- **Impaired loans:** loans for which full (re)payment is deemed unlikely (coincides with KBC's PD-classes 10, 11 or 12)
- **Impaired loans that are more than 90 days past due:** loans that are more than 90 days overdue and/or loans which have been terminated/cancelled or bankrupt obligors (coincides with KBC's PD-classes 11 and 12)
- Stage 1+2 impairments: impairments for non-impaired exposure (i.e. exposure with PD < PD 10)
- Stage 3 impairments: loan loss impairments for impaired exposure (i.e. exposure with PD 10, 11 or 12)
- **Cover ratio impaired loans:** stage 3 impairments / impaired loans

Loan portfolio Business Unit International Markets

30-06-2024, in millions of EUR

	Slovakia			Hungary			Bulgaria		
Total portfolio outstanding	12 291			8 632			10 993		
Counterparty break down	% outst.			% outst.			% outst.		
retail	7 150	58%		2 878	33%		4 451	40%	
o/w mortgages	6 621	54%		1 914	22%		2 577	23%	
o/w consumer finance	529	4%		964	11%		1 875	17%	
SME	1 255	10%		97	1%		2 524	23%	
corporate	3 885	32%		5 657	66%		4 017	37%	
Mortgage loans	% outst. ind. LTV			% outst. ind. LTV			% outst. ind. LTV		
total	6 621	54%	61%	1 914	22%	45%	2 577	23%	59%
o/w FX mortgages	0	0%	-	1	0%	49%	77	1%	42%
o/w ind. LTV > 100%	37	0%	-	21	0%		17	0%	-
Probability of default (PD)	% outst.			% outst.			% outst.		
low risk (PD 1-4; 0.00%-0.80%)	8 141	66%		4 714	55%		4 471	41%	
medium risk (PD 5-7; 0.80%-6.40%)	3 387	28%		3 618	42%		5 758	52%	
high risk (PD 8-9; 6.40%-100.00%)	565	5%		191	2%		439	4%	
impaired loans (PD 10 - 12)	178	1%		105	1%		244	2%	
unrated	20	0%		3	0%		81	1%	
Overall risk indicators	stage 3 imp. % cover			stage 3 imp. % cover			stage 3 imp. % cover		
outstanding impaired loans	178	90	51%	105	35	33%	244	118	48%
o/w PD 10 impaired loans	70	18	25%	78	18	23%	120	37	31%
o/w more than 90 days past due (PD 11+12)	108	73	68%	27	17	62%	124	81	65%
all impairments (stage 1+2+3)	136			79			174		
o/w stage 1+2 impairments (incl. POCI)	46			44			56		
o/w stage 3 impairments (incl. POCI)	90			35			118		
2023 Credit cost ratio (CCR) ¹	-0.07%			-0.14%			0.00%		
2024 Credit cost ratio (CCR) ¹ - YTD	-0.27%			-0.43%			0.13%		

¹ CCR at country level in local currency

Solvency

KBC reports its solvency at group, banking and insurance level, calculating it on the basis of IFRS figures and the relevant guidelines issued by the competent regulator.

Solvency KBC Group

We report the solvency of the group, the bank and the insurance company based on IFRS data and according to the rules imposed by the regulator. For the KBC group, this implies that we calculate our solvency ratios based on CRR/CRD. This regulation entered gradually into force as of 1 January 2014.

KBC makes use of the IFRS 9 transitional measures (applied from the second quarter of 2020). These transitional measures make it possible to add back a portion of the increased impairment charges to common equity capital (CET1), during a transitional period until 31 December 2024.

Based on CRR/CRD, profit can be included in CET1 capital only after the profit appropriation decision by the final decision body, for KBC Group it is the General Meeting. ECB can allow to include interim or annual profit in CET1 capital before the decision by the General Meeting. In that case, the foreseeable dividend should be deducted from the profit that is included in CET1. Considering that our Dividend Policy of "at least 50%" does not include a maximum, KBC Group no longer requests ECB approval to include interim or annual profit in CET1 capital before the decision by the General Meeting. As such, the annual profit of 2023 and the final dividend re. 2023 is recognised in the official (transitional) CET1 of the 1st quarter 2024, which is reported after the General Meeting. The (informal) fully loaded 31-12-2023 figures already fully reflected the 2023 profit and proposed dividend.

As regard 2024, the interim profit is included in the fully loaded CET1 (taking into account 50% pay-out in line with our Dividend Policy), while no interim profit is recognised in the official (transitional) CET1.

The general rule under CRR/CRD for insurance participations is that an insurance participation is deducted from common equity at group level, unless the competent authority grants permission to apply a risk weighting instead (Danish compromise). As of the fourth quarter of 2020, the revised CRR/CRD requires the use of the equity method, unless the competent authority allows institutions to apply a different method. KBC Group has received ECB approval to continue to use the historical carrying value for risk weighting (370%), after having deconsolidated KBC Insurance from the group figures.

In addition to the solvency ratios under CRR/CRD, KBC is considered a financial conglomerate since it covers both significant banking and insurance activities. Therefore KBC also has to disclose its solvency position as calculated in accordance with the Financial Conglomerate Directive (FICOD; 2002/87/EC). This implies that available capital is calculated on the basis of the consolidated position of the group and the eligible items recognised as such under the prevailing sectorial rules, which are CRR/CRD for the banking business and Solvency II for the insurance business. The capital requirement for the insurance business based on Solvency II is multiplied by 12.5 to obtain a risk weighted asset equivalent.

The Internal Rating Based (IRB) approach is since its implementation in 2008 the primary approach to calculate KBC's risk weighted assets. This is, based on a full application of all the CRR/CDR rules, used for approximately 73% of the weighted credit risks. The remaining weighted credit risks (ca. 27%) are calculated according to the Standardised approach.

The overall capital requirement (CET1) that KBC is to uphold is set at 10.85% (fully loaded, Danish Compromise which includes the CRR/CRD minimum requirement (4.50%), the Pillar 2 Requirement (1.05% P2R, taking into account CRD V Art 104a(4)) and the buffers set by national competent authorities (2.50% Capital Conservation Buffer, 1.50% buffer for other systemically important banks, 0.14% Systemic Risk Buffer and 1.16% Countercyclical Buffer). Furthermore ECB has set a Pillar 2 Guidance of 1.25%. In line with CRD V Art. 104a(4), ECB allows banks to satisfy the P2R (1.86%) with additional tier-1 instruments (up to 1.5/8) and tier-2 instruments (up to 2/8) based on the same relative weights as allowed for meeting the 8% Pillar 1 Requirement.

Distributions (being dividend payments, payments related to additional tier 1 instruments or variable remuneration) are limited in case the combined buffer requirements described above are breached. This limitation is also referred to as "Maximum Distributable Amount" or "MDA" thresholds.

The next table provides an overview of the buffers KBC Group has compared to these thresholds, both on an actuals basis (i.e. versus the regulatory targets that apply at the reporting date) and a fully loaded basis (i.e. versus the regulatory targets that will apply going forward).

Buffer vs. Overall Capital Requirement (in millions of EUR) (consolidated, under CRR, Danish compromise method)	30-06-2024		31-12-2023	
	Fully loaded	Actuals	Fully loaded	Actuals
CET1 Pillar 1 minimum	4.50%	4.50%	4.50%	4.50%
Pillar 2 requirement to be satisfied with CET1	1.05%	1.05%	1.05%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Buffer for systemically important institutions (O-SII)	1.50%	1.50%	1.50%	1.50%
Systemic Risk Buffer (SRyB)	0.14%	0.14%	0.14%	0.21%
Entity-specific countercyclical buffer	1.16%	0.93%	1.24%	0.67%
Overall Capital Requirement (OCR) - with P2R split, CRD Art. 104a(4)	10.85%	10.62%	10.92%	10.43%
CET1 used to satisfy shortfall in AT1 bucket	0.34%	0.34%	0.30%	0.30%
CET1 used to satisfy shortfall in T2 bucket	0.00%	0.00%	0.45%	0.36%
CET1 requirement for MDA	11.18%	10.95%	11.68%	11.09%
CET1 capital	17 421	16 995	17 236	15 639
CET1 buffer (= buffer compared to MDA)	4 492	4 328	4 036	3 105

Note: The fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2; these T2 instruments are included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework.

Following table groups the solvency on the level of KBC Group according to different methodologies and calculation methods, including the deduction method.

Overview of KBC Group's capital ratios (in millions of EUR)		denominator (total weighted risk volume)		ratio (%)
		numerator (common equity)		
30-06-2024				
Common Equity ratio				
Danish Compromise	Fully loaded	17 421	115 635	15.07%
Deduction Method	Fully loaded	16 728	110 941	15.08%
Financial Conglomerates Directive	Fully loaded	18 932	133 409	14.19%
Danish Compromise	Transitional	16 995	115 640	14.70%
Deduction Method	Transitional	16 259	110 838	14.67%
Financial Conglomerates Directive	Transitional	18 739	133 413	14.05%

KBC's fully loaded CET1 ratio of 15.07% at the end of June 2024 represents a solid capital buffer of 3.88% compared with the Maximum Distributable Amount (MDA) of 11.18%.

After having received ECB approval, the Board of Directors decided to distribute 1.3 billion euros in the form of a share buyback, which has started on 11 August 2023 and ended by 31 July 2024. As such, 1.3 billion euros is deducted from the fully loaded and transitional Common equity ratio as of 3Q 2023. As at 30 June 2024, an amount of 1.158 million euros has been purchased (deducted in IFRS parent shareholders capital); the remaining 142 million euros to be purchased is deducted separately in the fully loaded and transitional Common equity ratio.

Solvency ratios KBC Group (Danish Compromise)

In millions of EUR	30-06-2024	30-06-2024	31-12-2023	31-12-2023
	Fully loaded	Transitional	Fully loaded	Transitional
Total regulatory capital (after profit appropriation)	22 988	22 669	21 260	19 768
Tier-1 capital	19 171	18 745	18 986	17 389
Common equity	17 421	16 995	17 236	15 639
Parent shareholders' equity (after deconsolidating KBC Insurance)	20 269	19 556	21 181	18 209
Intangible fixed assets, incl deferred tax impact (-)	- 629	- 629	- 712	- 712
Goodwill on consolidation, incl deferred tax impact (-)	- 1 060	- 1 060	- 1 070	- 1 070
Minority interests	1	1	0	0
Hedging reserve (cash flow hedges) (-)	490	490	579	579
Valuation diff. in financial liabilities at fair value - own credit risk (-)	- 31	- 31	- 29	- 29
Value adjustment due to the requirements for prudent valuation (-)	- 33	- 33	- 24	- 24
Dividend payout (-)	- 674	- 398	- 1 287	0
Share buyback (part not yet executed) (-)	- 142	- 142	- 803	- 803
Coupon of AT1 instruments (-)	- 20	- 20	- 26	- 26
Deduction re. financing provided to shareholders (-)	- 31	- 31	- 56	- 56
Deduction re. Irrevocable payment commitments (-)	- 90	- 90	- 90	- 90
Deduction re NPL backstops (-)	- 248	- 248	- 204	- 204
Deduction re pension plan assets (-)	- 173	- 173	- 121	- 121
IRB provision shortfall (-)	- 150	- 146	- 4	0
Deferred tax assets on losses carried forward (-)	- 57	- 57	- 98	- 98
Transitional adjustments to CET1	0	7	0	84
Limit on deferred tax assets from timing differences relying on future profitability and significant participations in financial sector entities (-)	0	0	0	0
Additional going concern capital	1 750	1 750	1 750	1 750
CRR compliant AT1 instruments	1 750	1 750	1 750	1 750
Minority interests to be included in additional going concern capital	0	0	0	0
Tier 2 capital	3 817	3 924	2 273	2 379
IRB provision excess (+)	232	163	277	265
Transitional adjustments to T2	0	0	0	- 60
Subordinated liabilities	3 585	3 761	1 997	2 174
Subordinated loans non-consolidated financial sector entities (-)	0	0	0	0
Minority interests to be included in tier 2 capital	0	0	0	0
Total weighted risk volume	115 635	115 640	113 038	113 029
Banking	105 870	105 874	103 201	103 192
Insurance	9 133	9 133	9 133	9 133
Holding activities	665	665	710	710
Elimination of intercompany transactions	- 34	- 34	- 6	- 6
Solvency ratios				
Common equity ratio	15.07%	14.70%	15.25%	13.84%
Tier-1 ratio	16.58%	16.21%	16.80%	15.38%
Total capital ratio	19.88%	19.60%	18.81%	17.49%

Note:

- For the composition of the banking RWA, see section 'Solvency banking and insurance activities separately' further in this report.
- As at 30-06-2024, the difference between the fully loaded total own funds (22 988 million euros, interim profit after 50% pay-out re. 2024 is included) and the transitional own funds (22 669 million euros, interim profit after 50% pay-out re. 2024 is not included) is explained by the net interim result for 2024 (+1 392 million euros under the Danish Compromise method), the 50% pay-out (-674 million euros dividend accrual), the extraordinary interim dividend (-280 million euros, paid out in 2Q 2024), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (+58 million euros) and the grandfathered tier-2 subordinated debt instruments (-176 million euros).
- At year-end 2023, the difference between the fully loaded total own funds (21 260 million euros; profit and dividend re. 2023 is included) and the transitional own funds (19 768 million euros; profit and dividend re. 2023 is not included) as at 31-12-2023 is explained by the net result for 2023 (+3 383 million euros under the Danish Compromise method), the proposed final dividend (-1 698 million euros dividend accrual), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (-15 million euros) and the grandfathered tier-2 subordinated debt instruments (-177 million euros).

Leverage ratio KBC Group

Leverage ratio KBC Group In millions of EUR	30-06-2024	30-06-2024	31-12-2023	31-12-2023
	Fully loaded	Transitional	Fully loaded	Transitional
Tier-1 capital	19 171	18 745	18 986	17 389
Total exposures	350 521	350 530	333 791	333 894
Total Assets	361 945	361 945	346 921	346 921
Deconsolidation KBC Insurance	-32 110	-32 110	-30 980	-30 980
Transitional adjustment	0	8	0	103
Adjustment for derivatives	- 849	- 849	-1 341	-1 341
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	-2 377	-2 377	-2 286	-2 286
Adjustment for securities financing transaction exposures	1 609	1 609	1 357	1 357
Central Bank exposure	0	0	0	0
Off-balance sheet exposures	22 304	22 304	20 119	20 119
Leverage ratio	5.47%	5.35%	5.69%	5.21%

At the end of June 2024, the fully loaded leverage ratio decreased compared to December 2023, due to higher leverage ratio exposure chiefly as a result of higher total assets (for more information see balance sheet in the Consolidated financial statements section).

Solvency banking and insurance activities separately

As is the case for the KBC group, the solvency of KBC Bank is calculated based on CRR/CRD. The solvency of KBC Insurance is calculated on the basis of Solvency II rules as they became effective on 1 January 2016.

The tables below show the tier-1 and CAD ratios calculated under Basel III (CRR/CRD) for KBC Bank, as well as the solvency ratio of KBC Insurance under Solvency II.

Regulatory capital requirements KBC Bank (consolidated) (in millions of EUR)	30-06-2024	30-06-2024	31-12-2023	31-12-2023
	Fully loaded	Transitional	Fully loaded	Transitional
Total regulatory capital, after profit appropriation	20 312	20 099	19 375	17 952
Tier-1 capital	16 817	16 674	16 924	15 573
Common equity	15 067	14 924	15 174	13 823
Parent shareholders' equity	17 627	17 472	17 695	15 450
Solvency adjustments	-2 559	-2 548	-2 521	-1 627
Additional going concern capital	1 750	1 750	1 750	1 750
Tier-2 capital	3 495	3 426	2 451	2 379
Total weighted risk volume	105 870	105 874	103 201	103 192
Credit risk	90 830	90 835	88 051	88 042
Market risk	2 006	2 006	2 116	2 116
Operation risk	13 034	13 034	13 034	13 034
Common equity ratio	14.2%	14.1%	14.7%	13.4%

Solvency II, KBC Insurance consolidated
(in millions of EUR)

30-06-2024

31-12-2023

	30-06-2024	31-12-2023
Own Funds	4 295	4 130
Tier 1	3 794	3 629
IFRS Parent shareholders' equity	3 389	3 302
Dividend payout	- 190	- 233
Deduction intangible assets and goodwill (after tax)	- 203	- 198
Valuation differences (after tax)	616	597
Volatility adjustment	134	137
Other	48	25
Tier 2	501	501
Subordinated liabilities	501	501
Solvency Capital Requirement (SCR)	2 153	2 005
Market risk	1 560	1 434
Non-life	807	786
Life	1 256	1 131
Health	257	278
Counterparty	133	124
Diversification	-1 361	-1 293
Other	- 498	- 455
Solvency II ratio	200%	206%

Minimum requirement for own funds and eligible liabilities (MREL)

Besides the ECB and NBB, which supervise KBC on a going concern basis, KBC is also subject to requirements set by the Single Resolution Board (SRB). The SRB is developing resolution plans for the major banks in the euro area. The resolution plan for KBC is based on a Single Point of Entry (SPE) approach at the level of KBC Group with 'bail-in' as the primary resolution tool. MREL measures the amount of own funds and eligible liabilities that can be credibly and feasibly bailed-in.

In June 2024, the SRB formally communicated to KBC binding MREL targets (under BRRD2) as from 2Q 2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE):

- 28.30% of RWA as from 2Q 2024 (including transitional Combined Buffer Requirement⁽¹⁾ of 5.07% as from 2Q 2024)
- 7.42% of LRE as from 2Q 2024

Besides a total MREL amount, BRRD2 also requires KBC to maintain a certain part of MREL in subordinated format (i.e. instruments subordinated to liabilities, excluded from bail-in).

The binding subordinated MREL targets are:

- 23.87% of RWA as from 2Q 2024 (including the Combined Buffer Requirement⁽¹⁾ of 5.07% as from 2Q 2024)
- 7.42% of LRE as from 2Q 2024

At the end of June 2024, the MREL ratio stands at 32.1% as a % of RWA (versus 30.7% as at the end 2023) and at 10.6% as % of LRE (versus 10.4% as at the end of 2023). The increase of the MREL ratio in % of RWA is driven mainly by the increased common equity due to recognition of retained earnings in 1H 2024 and increased Tier-2 capital, only partially offset by increase of total weighted risk volume. The increase of the MREL ratio in % of LRE is driven mainly by the growth in available MREL, which more than offset the increased leverage exposure.

(1) Combined Buffer Requirement (transitional) = Conservation Buffer (2.50%) + O-SII Buffer (1.50%) + Countercyclical Buffer (0.93%) + Systemic Risk Buffer (0.14%) comes on top of the MREL target as a percentage of RWA

Income statement, volumes and ratios of KBC Group and per business unit

Details on our segments or business units are available in the company presentation.

Note: The ECB approved to apply the IFRS9 transitional arrangements from 2Q 2020, as such the difference between fully loaded and the transitional measures are assigned to Group Centre. In other words, the RWA, allocated capital and the ROAC of the different countries remain based on fully loaded.

KBC Group (in millions of EUR)	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	1 379	1 369	1 360	1 382	1 407
Insurance revenues before reinsurance	726	714	683	699	666
Non-life	613	598	584	587	567
Life	114	116	99	113	100
Dividend income	26	7	12	10	30
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	3	- 55	- 40	- 8	33
Net fee and commission income	623	614	600	588	584
Net other income	51	58	60	44	54
TOTAL INCOME	2 809	2 708	2 674	2 715	2 775
Operating expenses (excluding Opex allocated to insurance service)	- 950	- 1 431	- 1 085	- 1 011	- 1 019
Total Opex without bank and insurance tax	- 1 074	- 1 063	- 1 169	- 1 101	- 1 090
Total bank and insurance tax	- 2	- 518	- 36	- 29	- 51
Minus: Opex allocated to insurance service expenses	126	150	120	119	123
Insurance service expenses before reinsurance	- 590	- 563	- 567	- 540	- 523
Of which Insurance commissions paid	- 92	- 89	- 94	- 87	- 82
Non-life	- 514	- 489	- 509	- 485	- 457
of which Non-life - Claim related expenses	- 331	- 293	- 328	- 308	- 284
Life	- 76	- 73	- 58	- 55	- 66
Net result from reinsurance contracts held	- 24	- 18	- 16	- 22	- 22
Impairment	- 85	- 16	- 170	- 63	- 8
on FA at amortised cost and at FVOCI	- 72	- 16	5	- 36	23
on goodwill	0	0	- 109	0	0
other	- 13	0	- 66	- 27	- 31
Share in results of associated companies and joint ventures	2	0	0	0	- 1
RESULT BEFORE TAX	1 162	680	836	1 079	1 202
Income tax expense	- 237	- 175	- 159	- 203	- 236
RESULT AFTER TAX	925	506	677	877	966
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	925	506	677	877	966
Banking	774	356	566	722	790
Insurance	139	133	108	134	159
Holding activities	13	16	3	20	17
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	187 502	183 722	183 613	181 821	182 005
of which Mortgage loans (end of period)	76 236	75 311	75 482	75 105	75 255
Customer deposits and debt certificates excl. repos (end of period)	271 610	263 700	259 491	260 383	264 167
Insurance related liabilities (including Inv. Contracts)					
Life insurance	28 272	27 938	27 323	25 754	26 204
Liabilities under investment contracts (IFRS 9)	14 780	14 319	13 461	12 655	12 751
Insurance contract liabilities (IFRS 17)	13 492	13 618	13 862	13 099	13 453
Non-life insurance	3 029	2 984	2 922	2 821	2 842
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	115 635	114 101	113 038	115 255	108 945
Required capital, insurance (end of period)	2 153	2 055	2 005	2 034	2 015
Allocated capital (end of period)	13 783	13 517	13 788	14 068	13 334
Return on allocated capital (ROAC, YTD)	21%	15%	25%	27%	28%
Cost/income ratio without banking and insurance tax (YTD)	42%	43%	43%	41%	40%
Combined ratio, non-life insurance (YTD)	87%	85%	87%	85%	84%
Net interest margin, banking (QTD)	2.10%	2.08%	1.99%	2.04%	2.11%

Business unit Belgium

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	831	809	809	812	857
Insurance revenues before reinsurance	445	443	416	430	407
Non-life	371	365	355	354	344
Life	74	78	61	76	63
Dividend income	24	7	11	7	27
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 64	- 101	- 86	- 47	- 36
Net fee and commission income	409	409	393	384	378
Net other income	46	54	57	43	48
TOTAL INCOME	1 692	1 621	1 600	1 628	1 681
Operating expenses (excluding Opex allocated to insurance service)	- 503	- 841	- 583	- 556	- 545
Total Opex without bank and insurance tax	- 609	- 606	- 643	- 625	- 611
Total bank and insurance tax	32	- 317	- 8	0	- 6
Minus: Opex allocated to insurance service expenses	73	82	68	70	72
Insurance service expenses before reinsurance	- 363	- 340	- 341	- 327	- 313
Of which Insurance commissions paid	- 59	- 57	- 57	- 58	- 53
Non-life	- 311	- 289	- 305	- 292	- 269
of which Non-life - Claim related expenses	- 210	- 191	- 211	- 194	- 173
Life	- 53	- 52	- 36	- 35	- 44
Net result from reinsurance contracts held	- 9	- 24	- 19	- 7	- 16
Impairment	- 123	- 37	- 28	- 58	- 40
on FA at amortised cost and at FVOCI	- 122	- 37	- 10	- 42	- 39
on goodwill	0	0	0	0	0
other	- 1	0	- 18	- 16	- 1
Share in results of associated companies and joint ventures	1	0	1	0	- 1
RESULT BEFORE TAX	694	380	630	682	766
Income tax expense	- 176	- 137	- 156	- 164	- 191
RESULT AFTER TAX	518	242	474	517	575
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	519	243	474	517	576
Banking	407	143	392	414	448
Insurance	111	99	82	103	128
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	121 459	119 331	119 168	118 189	118 345
of which Mortgage loans (end of period)	45 613	45 397	45 394	45 147	45 031
Customer deposits and debt certificates excl. repos (end of period)	165 002	157 665	154 238	155 868	160 503
Insurance related liabilities (including Inv. Contracts)					
Life insurance	26 530	26 213	25 572	24 070	24 483
Liabilities under investment contracts (IFRS 9)	14 780	14 319	13 461	12 655	12 751
Insurance contract liabilities (IFRS 17)	11 750	11 894	12 111	11 415	11 732
Non-life insurance	2 298	2 282	2 204	2 139	2 173
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	63 753	63 063	62 030	64 014	57 399
Required capital, insurance (end of period)	1 801	1 785	1 694	1 702	1 679
Allocated capital (end of period)	8 763	8 672	8 728	8 961	8 188
Return on allocated capital (ROAC, YTD)	18%	11%	22%	23%	22%
Cost/income ratio without banking and insurance tax (YTD)	40%	41%	41%	40%	40%
Combined ratio, non-life insurance (YTD)	86%	86%	85%	83%	82%
Net interest margin, banking (QTD)	1.97%	1.94%	1.90%	1.91%	2.05%

Business unit Czech Republic

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	323	315	322	316	325
Insurance revenues before reinsurance	144	138	142	143	139
Non-life	119	114	117	119	115
Life	25	24	25	24	24
Dividend income	1	0	0	0	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	10	22	13	11	18
Net fee and commission income	84	84	81	81	83
Net other income	- 1	5	3	- 5	5
TOTAL INCOME	561	564	560	546	569
Operating expenses (excluding Opex allocated to insurance service)	- 196	- 229	- 210	- 203	- 199
Total Opex without bank and insurance tax	- 221	- 220	- 237	- 231	- 228
Total bank and insurance tax	- 3	- 35	0	0	1
Minus: Opex allocated to insurance service expenses	27	26	27	29	28
Insurance service expenses before reinsurance	- 104	- 99	- 113	- 108	- 109
Of which Insurance commissions paid	- 16	- 17	- 21	- 16	- 15
Non-life	- 91	- 86	- 100	- 94	- 95
of which Non-life - Claim related expenses	- 53	- 49	- 57	- 55	- 57
Life	- 12	- 13	- 13	- 14	- 15
Net result from reinsurance contracts held	- 6	- 4	- 2	- 5	0
Impairment	41	- 4	- 114	- 3	53
on FA at amortised cost and at FVOCI	41	- 4	14	- 4	53
on goodwill	0	0	- 109	0	0
other	- 1	0	- 19	0	0
Share in results of associated companies and joint ventures	0	0	- 1	0	0
RESULT BEFORE TAX	297	229	121	228	314
Income tax expense	- 52	- 33	- 19	- 27	- 37
RESULT AFTER TAX	244	197	102	200	276
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	244	197	102	200	276
Banking	213	164	73	172	248
Insurance	31	32	29	28	29
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	37 422	36 262	36 470	36 530	36 792
of which Mortgage loans (end of period)	19 685	19 283	19 641	19 796	20 184
Customer deposits and debt certificates excl. repos (end of period)	51 939	51 435	52 642	54 569	54 798
Insurance related liabilities (including Inv. Contracts)					
Life insurance	868	891	931	927	971
Liabilities under investment contracts (IFRS 9)	0	0	0	0	0
Insurance contract liabilities (IFRS 17)	868	891	931	927	971
Non-life insurance	349	343	357	347	342
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	18 124	17 488	17 515	17 647	17 738
Required capital, insurance (end of period)	170	163	165	170	172
Allocated capital (end of period)	2 149	2 073	2 152	2 171	2 183
Return on allocated capital (ROAC, YTD)	42%	38%	35%	40%	42%
Cost/income ratio without banking and insurance tax (YTD)	42%	42%	44%	44%	43%
Combined ratio, non-life insurance (YTD)	80%	79%	84%	83%	82%
Net interest margin, banking (QTD)	2.42%	2.39%	2.29%	2.26%	2.35%

Business unit International Markets

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	317	324	308	296	291
Insurance revenues before reinsurance	133	130	122	122	117
Non-life	119	116	109	109	104
Life	15	15	13	14	13
Dividend income	0	0	0	0	1
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	14	26	8	15	19
Net fee and commission income	131	122	127	124	125
Net other income	9	6	0	5	5
TOTAL INCOME	605	608	566	562	558
Operating expenses (excluding Opex allocated to insurance service)	- 215	- 326	- 222	- 218	- 218
Total Opex without bank and insurance tax	- 207	- 200	- 219	- 209	- 194
Total bank and insurance tax	- 32	- 167	- 28	- 29	- 47
Minus: Opex allocated to insurance service expenses	25	41	26	20	22
Insurance service expenses before reinsurance	- 121	- 125	- 114	- 104	- 100
Of which Insurance commissions paid	- 17	- 15	- 16	- 14	- 13
Non-life	- 111	- 116	- 105	- 97	- 93
of which Non-life - Claim related expenses	- 67	- 55	- 62	- 58	- 54
Life	- 11	- 9	- 9	- 7	- 7
Net result from reinsurance contracts held	- 3	0	- 1	- 4	- 5
Impairment	- 3	20	- 24	- 5	- 11
on FA at amortised cost and at FVOCI	9	20	1	7	8
on goodwill	0	0	0	0	0
other	- 11	0	- 25	- 11	- 19
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	263	177	206	232	223
Income tax expense	- 39	- 30	- 27	- 32	- 33
RESULT AFTER TAX	224	146	178	200	190
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	224	146	178	200	190
Banking	212	141	171	185	178
Insurance	12	6	7	14	12
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	28 621	28 129	27 975	27 101	26 865
of which Mortgage loans (end of period)	10 937	10 631	10 447	10 162	10 040
Customer deposits and debt certificates excl. repos (end of period)	31 730	31 702	31 687	29 959	29 879
Insurance related liabilities (including Inv. Contracts)					
Life insurance	875	833	820	757	750
Liabilities under investment contracts (IFRS 9)	0	0	0	0	0
Insurance contract liabilities (IFRS 17)	875	833	820	757	750
Non-life insurance	362	345	343	317	307
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	23 382	23 082	22 980	22 584	22 624
Required capital, insurance (end of period)	179	171	167	160	163
Allocated capital (end of period)	2 732	2 691	2 773	2 721	2 729
Return on allocated capital (ROAC, YTD)	27%	22%	25%	25%	22%
Cost/income ratio without banking and insurance tax (YTD)	36%	35%	39%	38%	37%
Combined ratio, non-life insurance (YTD)	100%	102%	97%	96%	97%
Net interest margin, banking (QTD)	3.27%	3.40%	3.27%	3.21%	3.26%

Note: The combined ratio, non-life insurance includes a significant windfall tax fully booked in first quarter. Excluding the windfall tax, the combined ratio amounted to 92% in 1H 2024, 88% in 1Q 2024, 94% in 2023, 92% in 9M 2023 and 90% in 1H 2023

Slovakia

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	69	67	65	60	64
Insurance revenues before reinsurance	27	26	25	25	23
Non-life	22	21	20	21	19
Life	5	5	4	4	4
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	2	3	- 6	3	3
Net fee and commission income	21	21	22	21	21
Net other income	5	3	2	5	2
TOTAL INCOME	125	121	108	113	115
Operating expenses (excluding Opex allocated to insurance service)	- 66	- 64	- 59	- 57	- 55
Total Opex without bank and insurance tax	- 64	- 62	- 66	- 63	- 60
Total bank and insurance tax	- 8	- 9	0	0	1
Minus: Opex allocated to insurance service expenses	7	7	7	6	5
Insurance service expenses before reinsurance	- 32	- 24	- 30	- 22	- 19
Of which Insurance commissions paid	- 3	- 3	- 4	- 2	- 2
Non-life	- 28	- 21	- 27	- 20	- 17
of which Non-life - Claim related expenses	- 21	- 13	- 18	- 13	- 10
Life	- 4	- 3	- 3	- 2	- 2
Net result from reinsurance contracts held	0	- 1	4	- 1	- 2
Impairment	6	11	0	- 2	9
on FA at amortised cost and at FVOCI	6	11	2	- 2	9
on goodwill	0	0	0	0	0
other	0	0	- 2	0	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	33	43	24	32	48
Income tax expense	- 7	- 9	- 6	- 7	- 11
RESULT AFTER TAX	27	34	18	25	37
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	27	34	18	25	37
Banking	30	33	18	23	35
Insurance	- 4	1	0	2	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	11 667	11 625	11 589	11 433	11 359
of which Mortgage loans (end of period)	6 578	6 504	6 451	6 373	6 303
Customer deposits and debt certificates excl. repos (end of period)	8 961	8 830	8 836	8 491	8 375
Insurance related liabilities (including Inv. Contracts)					
Life insurance	173	165	168	154	159
Liabilities under investment contracts (IFRS 9)	0	0	0	0	0
Insurance contract liabilities (IFRS 17)	173	165	168	154	159
Non-life insurance	68	59	58	51	48
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	7 827	7 817	7 911	6 451	6 512
Required capital, insurance (end of period)	32	30	29	28	28
Allocated capital (end of period)	886	884	926	760	766
Return on allocated capital (ROAC, YTD)	14%	15%	13%	15%	16%
Cost/income ratio without banking and insurance tax (YTD)	54%	54%	58%	56%	56%
Combined ratio, non-life insurance (YTD)	120%	107%	101%	97%	96%

Hungary

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	138	149	140	132	127
Insurance revenues before reinsurance	50	52	48	48	47
Non-life	45	47	43	43	42
Life	5	5	5	5	5
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	12	22	14	11	15
Net fee and commission income	71	63	69	66	66
Net other income	3	3	- 3	- 2	1
TOTAL INCOME	275	289	267	256	256
Operating expenses (excluding Opex allocated to insurance service)	- 87	- 179	- 93	- 93	- 110
Total Opex without bank and insurance tax	- 72	- 69	- 75	- 71	- 68
Total bank and insurance tax	- 24	- 137	- 28	- 29	- 52
Minus: Opex allocated to insurance service expenses	9	27	10	7	10
Insurance service expenses before reinsurance	- 44	- 66	- 44	- 45	- 47
Of which Insurance commissions paid	- 4	- 2	- 3	- 3	- 3
Non-life	- 40	- 63	- 41	- 42	- 44
of which Non-life - Claim related expenses	- 21	- 25	- 22	- 24	- 25
Life	- 4	- 3	- 3	- 3	- 3
Net result from reinsurance contracts held	- 2	5	- 1	- 1	- 1
Impairment	- 3	11	- 21	- 4	- 24
on FA at amortised cost and at FVOCI	8	10	- 1	6	- 5
on goodwill	0	0	0	0	0
other	- 11	0	- 20	- 10	- 19
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	139	60	108	113	75
Income tax expense	- 18	- 10	- 14	- 16	- 12
RESULT AFTER TAX	121	50	94	96	63
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	121	50	94	96	63
Banking	115	58	91	94	63
Insurance	6	- 8	3	2	0
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	6 773	6 640	6 764	6 445	6 548
of which Mortgage loans (end of period)	1 903	1 815	1 818	1 754	1 796
Customer deposits and debt certificates excl. repos (end of period)	9 536	9 577	9 610	8 881	9 305
Insurance related liabilities (including Inv. Contracts)					
Life insurance	315	305	299	285	289
Liabilities under investment contracts (IFRS 9)	0	0	0	0	0
Insurance contract liabilities (IFRS 17)	315	305	299	285	289
Non-life insurance	119	117	114	104	104
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	6 777	6 641	6 646	8 240	8 347
Required capital, insurance (end of period)	62	58	59	54	54
Allocated capital (end of period)	802	784	812	989	1 001
Return on allocated capital (ROAC, YTD)	43%	25%	30%	26%	19%
Cost/income ratio without banking and insurance tax (YTD)	26%	25%	28%	27%	27%
Combined ratio, non-life insurance (YTD)	109%	124%	105%	108%	111%

Note: The combined ratio, non-life insurance includes a significant windfall tax fully booked in first quarter. Excluding the windfall tax, the combined ratio amounted to 90% in 1H 2024, 89% in 1Q 2024, 97% in 2023 & 9M 2023 and 95% in 1H 2023.

Bulgaria

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	110	107	103	104	99
Insurance revenues before reinsurance	57	53	50	50	47
Non-life	52	48	45	45	43
Life	5	5	5	4	4
Dividend income	0	0	0	0	1
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 1	0	0	1	1
Net fee and commission income	38	37	37	37	37
Net other income	1	0	1	1	1
TOTAL INCOME	205	197	192	193	187
Operating expenses (excluding Opex allocated to insurance service)	- 62	- 83	- 70	- 68	- 54
Total Opex without bank and insurance tax	- 71	- 70	- 78	- 75	- 65
Total bank and insurance tax	0	- 21	0	0	4
Minus: Opex allocated to insurance service expenses	9	8	9	7	7
Insurance service expenses before reinsurance	- 45	- 35	- 40	- 37	- 34
Of which Insurance commissions paid	- 10	- 9	- 9	- 8	- 8
Non-life	- 42	- 32	- 38	- 35	- 32
of which Non-life - Claim related expenses	- 26	- 17	- 22	- 21	- 18
Life	- 3	- 3	- 3	- 2	- 2
Net result from reinsurance contracts held	- 1	- 4	- 4	- 3	- 3
Impairment	- 5	- 2	- 3	2	4
on FA at amortised cost and at FVOCI	- 5	- 2	- 1	3	4
on goodwill	0	0	0	0	0
other	0	0	- 3	- 1	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	91	74	74	88	100
Income tax expense	- 14	- 11	- 7	- 9	- 10
RESULT AFTER TAX	76	63	67	79	90
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	76	63	67	79	90
Banking	67	50	62	69	80
Insurance	9	13	4	10	10
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	10 182	9 864	9 623	9 223	8 959
of which Mortgage loans (end of period)	2 456	2 312	2 178	2 035	1 942
Customer deposits and debt certificates excl. repos (end of period)	13 234	13 295	13 241	12 588	12 199
Insurance related liabilities (including Inv. Contracts)					
Life insurance	387	364	353	319	303
Liabilities under investment contracts (IFRS 9)	0	0	0	0	0
Insurance contract liabilities (IFRS 17)	387	364	353	319	303
Non-life insurance	176	169	171	162	156
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	8 778	8 623	8 423	7 892	7 765
Required capital, insurance (end of period)	85	83	80	77	82
Allocated capital (end of period)	1 044	1 024	1 035	972	962
Return on allocated capital (ROAC, YTD)	27%	25%	30%	31%	30%
Cost/income ratio without banking and insurance tax (YTD)	40%	40%	42%	41%	40%
Combined ratio, non-life insurance (YTD)	83%	79%	87%	83%	82%

Business unit Group Centre

(in millions of EUR)

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
Breakdown P&L					
Net interest income	- 92	- 79	- 79	- 41	- 66
Insurance revenues before reinsurance	4	4	4	4	4
Non-life	4	4	4	4	4
Life	0	0	0	0	0
Dividend income	1	0	1	2	1
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	42	- 1	25	13	33
Net fee and commission income	- 1	- 1	- 1	- 1	- 2
Net other income	- 3	- 7	- 1	1	- 4
TOTAL INCOME	- 49	- 85	- 52	- 22	- 34
Operating expenses (excluding Opex allocated to insurance service)	- 36	- 36	- 70	- 35	- 57
Total Opex without bank and insurance tax	- 37	- 37	- 70	- 36	- 58
Total bank and insurance tax	0	1	0	0	1
Minus: Opex allocated to insurance service expenses	1	1	0	1	1
Insurance service expenses before reinsurance	- 1	1	1	- 1	0
Of which Insurance commissions paid	0	0	0	0	0
Non-life	- 1	1	1	- 1	0
of which Non-life - Claim related expenses	- 1	2	2	- 1	1
Life	0	0	0	0	0
Net result from reinsurance contracts held	- 6	10	5	- 6	- 1
Impairment	1	4	- 4	2	- 10
on FA at amortised cost and at FVOCI	1	4	0	2	1
other	0	0	- 4	0	- 11
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 92	- 105	- 120	- 62	- 102
Income tax expense	30	26	43	21	25
RESULT AFTER TAX	- 61	- 80	- 77	- 41	- 76
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	- 61	- 80	- 77	- 41	- 76
Banking	- 59	- 92	- 71	- 50	- 85
Insurance	- 16	- 4	- 9	- 11	- 9
Holding activities	13	16	3	20	17
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	0	0	0	2	3
of which Mortgage loans (end of period)	0	0	0	0	0
Customer deposits and debt certificates excl. repos (end of period)	22 938	22 898	20 924	19 986	18 988
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	1 243	1 335	1 380	1 876	2 051
Risk-weighted assets, insurance (end of period, Basel III fully loaded)	9 133	9 133	9 133	9 133	9 133
Required capital, insurance (end of period)	2	- 65	- 22	2	2
Allocated capital (end of period)	138	81	134	215	234

Details of ratios and terms on KBC Group level

Basic and diluted earnings per share

Gives an idea of the amount of profit over a certain period that is attributable to one share (and, where applicable, including dilutive instruments).

Calculation (in millions of EUR)	Reference	1H 2024	2023	1H 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	1 431	3 402	1 848
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 45	- 64	- 25
/				
Average number of ordinary shares less treasury shares (in millions) in the period (C)	Note 5.10	403	415	417
or				
Average number of ordinary shares plus dilutive options less treasury shares in the period (D)		403	415	417
Basic = (A-B) / (C) (in EUR)		3.44	8.04	4.37
Diluted = (A-B) / (D) (in EUR)		3.44	8.04	4.37

Combined ratio (non-life insurance – including reinsurance)

Gives insight into the technical profitability of the short-term non-life insurance business, more particularly the extent to which insurance premiums adequately cover claim payments and expenses. The combined ratio is defined net of reinsurance.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Non-life PAA – Claims and claim related costs net of reinsurance (A)	Note 3.6, component of 'Insurance revenues before reinsurance' & of 'Net result from reinsurance contracts held'	642	1 204	558
+				
Costs other than claims and commissions (B)	Note 3.6, component of 'Insurance Service Expenses' & of 'Non-directly attributable income and expenses' & of 'Net result from reinsurance contracts held'	349	676	326
/				
Non-life PAA - Net earned expected premiums received (C)	Note 3.6, component of 'Insurance revenues before reinsurance' & of 'Net result from reinsurance contracts held'	1 140	2 160	1 050
= (A+B) / (C)		87.0%	87.0%	84.2%

Common equity ratio

A risk-weighted measure of the group's solvency based on common equity tier-1 capital (the ratios given here are based on the Danish compromise). Changes to the capital rules are gradually being implemented to allow banks to build up the necessary capital buffers. The capital position of a bank, when account is taken of the transition period, is referred to as the 'transitional' view. The capital position based on full application of all the rules – as would be the case after this transition period – is referred to as 'fully loaded'.

A detailed calculation can be found under 'Solvency KBC Group' section.

Cost/income ratio without banking and insurance tax (group)

Gives an impression of the relative cost efficiency (costs relative to income without banking and insurance tax, but including insurance commissions paid) of the group.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Cost/income ratio				
Total Opex without bank and insurance tax (A)	Consolidated income statement	2 137	4 438	2 167
+				
Insurance commissions paid (B)	Note 3.6, component of 'Insurance Service Expenses'	181	340	159
/				
Total income (C)	Consolidated income statement	5 516	11 224	5 835
= (A+B) / (C)		42.0%	42.6%	39.9%

Where relevant, we also exclude the exceptional and/or non-operating items when calculating the cost/income ratio. This calculation aims to give a better idea of the relative cost efficiency of the pure business activities. The adjustments include: MTM ALM derivatives (fully excluded), bank and insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC 21) and one-off items. The Cost/Income ratio adjusted for specific items is 46% in 1H 2024 (versus 49% in 2023 and 49% in 1H 2023).

Cover ratio

Indicates the proportion of impaired loans (see 'Impaired loans ratio' for definition) that are covered by impairment charges. The numerator and denominator in the formula relate to all impaired loans, but may be limited to impaired loans that are more than 90 days past due (the figures for that particular calculation are given in the 'Credit risk' section).

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Stage 3 impairment on loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	1 888	1 888	1 859
/				
Outstanding impaired loans (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	4 265	4 221	4 039
= (A) / (B)		44.3%	44.7%	46.0%

Credit cost ratio

Gives an idea of loan impairment charges recognised in the income statement for a specific period, relative to the total loan portfolio (see 'Loan portfolio' for definition). In the longer term, this ratio can provide an indication of the credit quality of the portfolio.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Net changes in impairment for credit risks (A)	'Consolidated income statement': component of 'Impairment'	94	- 9	- 43
/				
Average outstanding loan portfolio (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	204 731	200 270	199 417
= (A) (annualised) / (B)		0.09%	0.00%	-0.04%

Note: a negative % is a release

In 1H 2024, the credit cost ratio without the outstanding ECL for geopolitical and macroeconomic uncertainties, amounts to 0.10% (versus 0.07% in 2023 and 0.02% in 1H 2023).

Impaired loans ratio

Indicates the proportion of impaired loans in the loan portfolio (see 'Loan portfolio' for definition) and, therefore, gives an idea of the creditworthiness of the portfolio. Impaired loans are loans where it is unlikely that the full contractual principal and interest will be repaid/paid. These loans have a KBC default status of PD 10, PD 11 or PD 12. Where appropriate, the numerator in the formula may be limited to impaired loans that are more than 90 days past due (PD 11 + PD 12). Relevant figures for that calculation are given in the 'Credit Risk' section.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	4 265	4 221	4 039
/				
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	206 509	202 953	201 246
= (A) / (B)		2.1%	2.1%	2.0%

Leverage ratio

Gives an idea of the group's solvency, based on a simple non-risk-weighted ratio.
A detailed calculation can be found under 'Solvency KBC Group' section.

Liquidity coverage ratio (LCR)

Gives an idea of the bank's liquidity position in the short term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-month period. It is the average of 12 end-of-month LCR figures.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Stock of high-quality liquid assets (A)	Based on the European Commission's Delegated Act on LCR and the European Banking Authority's guidelines for LCR disclosure	101 716	101 555	96 572
/				
Total net cash outflows over the next 30 calendar days (B)		63 699	63 805	62 882
= (A) / (B)		160%	159%	154%

KBCs large stock of high-quality liquid assets (approximately 102 billion euros in 1H 2024), which consist of cash and bonds which can be repoed in the private market and at the central banks. Note that the 102 billion euros consist of:

- 46 billion euros (or 46%) 'Cash & Central Bank receivables' (= liquidity that could at all times be used instantaneously to cover outflows)
- 55 billion euros (or 54%) 'LCR eligible bonds' which are reported at fair value at all times, independent of IFRS classification

Loan Portfolio

Gives an idea of the magnitude of (what are mainly traditional) lending activities.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Loans and advances to customers (A)	Note 4.1, component of 'Loans and advances to customers'	187 502	183 613	182 005
+				
Reverse repos (not with Central Banks) (B)	Note 4.1, component of 'Reverse repos with credit institutions and investment firms'	895	763	590
+				
Debt instruments issued by corporates and by credit institutions and investment firms (banking) (C)	Note 4.1, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	6 847	6 681	7 067
+				
Other exposures to credit institutions (D)		3 892	3 301	3 421
+				
Financial guarantees granted to clients and other commitments (E)	Note 6.1, component of 'Financial guarantees given'	10 153	10 263	10 125
+				
Impairment on loans (F)	Note 4.2, component of 'Impairment'	2 439	2 483	2 546
+				
Insurance entities (G)	Note 4.1, component of 'Loans and advances to customers'	- 1 902	- 1 927	- 1 964
+				
Non-loan-related receivables (H)		- 569	- 528	- 617
+				
Other (I)	Component of Note 4.1	- 2 748	- 1 694	- 1 931
Gross Carrying amount = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)		206 509	202 954	201 242

Net interest margin

Gives an idea of the net interest income of the banking activities (one of the most important sources of revenue for the group) relative to the average total interest-bearing assets of the banking activities.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Net interest income of the banking activities (A)	'Consolidated income statement': component of 'Net interest income'	2 490	4 812	2 394
/				
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	235 723	231 869	229 335
= (A) (annualised x360/number of calendar days) / (B)		2.09%	2.05%	2.08%

The net interest margin is the net interest income of the banking activities, excluding dealing rooms and the net interest impact of ALM FX swaps and repos.

Net stable funding ratio (NSFR)

Gives an idea of the bank's structural liquidity position in the long term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-year period.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Available amount of stable funding (A)	Regulation (EU) 2019/876 dd. 20-05-2019	216 102	208 412	218 374
/				
Required amount of stable funding (B)		155 072	153 372	150 098
= (A) / (B)		139%	136%	145%

Parent shareholders' equity per share

Gives the carrying value of a KBC share, i.e. the value in euros represented by each share in the parent shareholders' equity of KBC.

Calculation (in millions of EUR or number)	Reference	1H 2024	2023	1H 2023
Parent shareholders' equity (A)	'Consolidated balance sheet'	21 185	22 010	21 352
/				
Number of ordinary shares less treasury shares (at period-end) (B)	Note 5.10	398	409	417
= (A) / (B) (in EUR)		53.18	53.88	51.18

KBC Group launched a share buyback program for the purpose of distributing the surplus capital from 11th August 2023 until 31st July 2024, for a maximum amount of 1.3 billion euros. At the end of June 2024, the total number of shares entitled to dividend reduced with 18.911.766 shares.

Return on allocated capital (ROAC) for a particular business unit

Gives an idea of the relative profitability of a business unit, more specifically the ratio of the net result to the capital allocated to the business unit.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
BELGIUM BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	761	1 866	875
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		8 634	8 343	8 008
= (A) annualised / (B)		17.6%	22.4%	21.8%
CZECH REPUBLIC BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	441	763	461
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		2 100	2 165	2 167
= (A) annualised / (B)		42.0%	35.0%	42.3%
INTERNATIONAL MARKETS BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	370	676	298
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		2 700	2 705	2 677
= (A) annualised / (B)		27.4%	25.0%	22.3%

Return on equity

Gives an idea of the relative profitability of the group, more specifically the ratio of the net result to equity.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	1 431	3 402	1 848
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 45	- 64	- 25
/				
Average parent shareholders' equity (C)	'Consolidated statement of changes in equity'	21 597	21 164	20 835
= (A-B) (annualised) / (C)		12.8%	15.8%	17.5%

In 1H 2024, the return on equity amounts to 15% when including evenly spreading of the bank taxes throughout the year and excluding one-offs.

Sales Life (insurance)

Total sales of life insurance comprise new business of guaranteed interest contracts, unit-linked investment contracts and hybrid contracts.

Calculation (in millions of EUR or %)	Reference	1H 2024	2023	1H 2023
Guaranteed Interest products		483	979	466
+				
Unit-Linked products		822	1 218	676
+				
Hybrid products		80	131	63
Total sales Life (A)+ (B) + (C)		1 385	2 328	1 205

Solvency ratio (insurance)

Measures the solvency of the insurance business, as calculated under Solvency II.

A detailed calculation can be found under 'Solvency banking and insurance activities separately' section.

Total assets under management

Total assets under management (AuM) consist of direct client money (Assets under Distribution towards retail, private banking and institutional clients), KBC Group assets (incl. pension fund), fund-of-funds assets and investment advice. Total AuM comprise assets managed by the group's various asset management companies (KBC Asset Management, ČSOB Asset Management, etc.), as well as assets under advisory management at KBC Bank. The size and development of total AuM are major factors behind net fee and commission income (generating entry and management fees) and hence determine a large part of any change in this income line.

Calculation (in billions of EUR or quantity)	Reference	1H 2024	2023	1H 2023
Belgium Business Unit (A)	Company presentation on www.kbc.com	234	218	200
+				
Czech Republic Business Unit (B)		18	17	17
+				
International Markets Business Unit (C)		10	9	8
A)+(B)+(C)		262	244	225