KBC Group Quarterly Report 3Q2024

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KBC GROUP
3Q2024 report

Report for 3Q2024

Consolidated financial statements

Additional information

Forward-looking statements

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 Bartel Puelinckx, 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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This report contains information that is subject to transparency regulations for listed companies. Date of release: 7 November 2024

Third-quarter result of 868 million euros

KBC Group – overview (consolidated, IFRS)	3Q2024	2Q2024	3Q2023	9M2024	9M2023
Net result (in millions of EUR)	868	925	877	2 300	2 725
Basic earnings per share (in EUR)	2.14	2.25	2.07	5.58	6.44
Breakdown of the net result by business unit (in millions of EUR)					
Belgium	*598*	*519*	*517*	*1 359*	*1 392*
Czech Republic	*179*	*244*	*200*	*620*	*661*
International Markets	*205*	*224*	*200*	*576*	*498*
Group Centre	*-114*	*-61*	*-41*	*-255*	*174*
Parent shareholders' equity per share (in EUR, end of period)	54.1	53.2	52.2	54.1	52.2

We recorded a net profit of 868 million euros in the third quarter of 2024. Compared to the result for the previous quarter, our total income benefited from several factors, including higher net interest income (despite significantly lower income on inflation-linked bonds), increased insurance revenues supported by commercial actions, and higher net fee and commission income driven by excellent business performance. These items were offset by a decrease in trading & fair value income and the drop in dividend income following its seasonal peak in the second quarter.

Our loan portfolio continued to expand, increasing by 1% quarter-on-quarter and by 5% year-on-year. Customer deposits – excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches – were up 3% quarter-on-quarter and 5% year-on-year. As regards Belgium, deposits grew by as much as 5% quarter-on-quarter and 8% year-on-year, owing to the successful recuperation of customer funds following the maturity of the Belgian state note issued a year earlier. In fact, thanks to our proactive, multi-phased and multi-product customer offering, the total inflow of core customer money after the state note matured amounted to 6.5 billion euros, outpacing last year's 5.7-billion-euro outflow to the state note by 0.8 billion euros.

Operational expenses were up in the quarter under review but remained perfectly within our full-year 2024 guidance. Insurance service expenses were higher, partly as a result of the storms and floods in Central Europe, especially Storm Boris. To date, we are helping some 10 000 customers alleviate the impact of the floods caused by this storm. Next to that, we established a donation fund. Loan loss impairment charges, excluding the reserve for geopolitical and macroeconomic uncertainties, were up on the level recorded in the previous quarter, leading to a credit cost ratio of 16 basis points for the first nine months of 2024, substantially below the guidance. Including the reserve for geopolitical and macroeconomic uncertainties, the credit cost ratio stood at 10 basis points for the first nine months of 2024. In the quarter under review, we also booked a one-off 79-million-euros gain, under 'share in results of associated companies & joint ventures'.

Our solvency position remained strong, with a fully loaded common equity ratio of 15.2% at the end of September 2024. Our liquidity position remained very solid too, as illustrated by an LCR of 159% and NSFR of 142%. As already announced earlier, we will – in line with our general dividend policy – pay an interim dividend of 1 euro per share on 14 November 2024 as an advance on the total dividend for financial year 2024.

The share of bank and insurance products sold digitally has continued to rise: based on a selection of core products, around 55% of our banking and 29% of our insurance products were sold through a digital channel, up from 51% and 26% a year ago. And Kate, our personal digital assistant, is making good progress too: to date, over 5 million customers have already used Kate, an increase of no less than 37% on the year-earlier figure, while the proportion of cases resolved fully autonomously by Kate continues to improve and now stands at 67% in Belgium and 69% in the Czech Republic. I'm also delighted to add that our successful digitalisation and innovation journey regularly receives recognition from external parties. I am particularly proud that, just a few weeks ago, the independent international research agency Sia Partners honoured us by naming KBC Mobile the best mobile banking app in the world.

Our ultimate aim is to be the reference bank-insurer in all our core markets. This ambition is fuelled by our customer-centric business model and, most importantly, by the trust our customers, employees, shareholders, and other stakeholders place in us. We appreciate and are deeply grateful for this continued trust.

Johan Thijs
Chief Executive Officer

The cornerstones of our strategy

- 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 3Q2024

Net interest income increased by 1% both quarter-on-quarter and year-on-year. The net interest margin for the quarter under review amounted to 2.08%, down 1 basis point on the previous quarter and up 4 basis points on the year-earlier quarter. Customer loan volumes were up 1% quarter-on-quarter and 5% year-on-year. Customer deposits – excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches – were up 3% quarter-on-quarter and 5% year-on-year. In Belgium, the total inflow of core customer money (deposits, savings certificates, funds, insurance, bonds, etc.) after the state note matured totalled 6.5 billion euros and hence outpaced last year's 5.7-billion-euro outflow to the state note by 0.8 billion euros.

The insurance service result (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held) amounted to 81 million euros (compared to 113 million euros and 138 million euros in the previous and year-earlier quarters, respectively) and breaks down into 45 million euros for non-life insurance and 36 million euros for life insurance. Our non-life insurance result was evidently impacted by Storm Boris in Central Europe. To date, we are helping some 10 000 customers alleviate the impact of the floods caused by this storm. We estimate the impact on the non-life result (after reinsurance) to be 33 million euros pre-tax in the quarter under review. The non-life insurance combined ratio for the first nine months of 2024 amounted to 89%, compared to 87% for full-year 2023. Non-life insurance sales increased by 8% year-on-year. Life insurance sales were excellent and were up 28% and 80% on the levels recorded in the previous and year-earlier quarters, respectively, due in both cases to higher sales of unit-linked and guaranteed-interest insurance products, thanks, among other things, to inflows from the maturing state note and a successful launch of structured emissions in Belgium.

Net fee and commission income was up 3% and 9% on its level in the previous and year-earlier quarters, respectively. In both cases, the increase came about thanks to the higher level of fees for our asset management activities and our banking services. Assets under management were up 3% quarter-on-quarter and 18% year-on-year.

Trading & fair value income and insurance finance income and expense was down 46 million euros and 34 million euros on the figures for the previous and year-earlier quarters, respectively. **Net other income** was slightly below its normal run rate. **Dividend income** was down on the previous quarter's level, as the second quarter traditionally includes the bulk of dividend income for the full year.

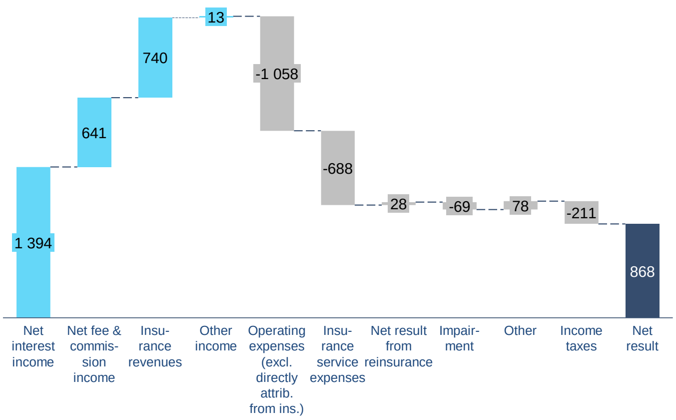
Operating expenses without bank and insurance taxes were up 6% and 3% on their level in the previous and the year-earlier quarters, respectively. The cost/income ratio for the first nine months of 2024 came to 47%, compared to 49% for full-year 2023. In that calculation, certain non-operating items have 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 nine months of 2024 amounted to 43%, fully in line with the figure for full-year 2023.

The quarter under review included a 61-million-euro net **loan loss impairment charge**, compared to 72 million euros in the previous quarter and 36 million euros in the year-earlier quarter. The credit cost ratio for the first nine months of 2024 amounted to 0.10%, compared to 0.00% for full-year 2023. Impairment on assets *other than loans* amounted to 7 million euros in the quarter under review, compared to 13 million euros in the previous quarter and 27 million euros in the year-earlier quarter.

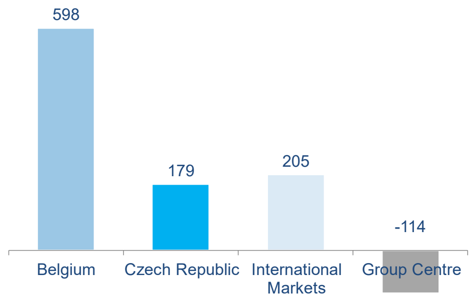
The **share in results of associated companies & joint ventures** for the quarter under review included a 79-million-euros one-off gain related to Isabel.

Our **liquidity position** remained strong, with an LCR of 159% and NSFR of 142%. Our **capital base** remained robust, with a fully loaded common equity ratio of 15.2%.

Breakdown of 3Q2024 result
(in millions of EUR)



Contribution of the business units to 3Q2024 group result
(in millions of EUR)



Overview of results and balance sheet

Consolidated income statement, IFRS, KBC Group (simplified; in millions of EUR)	3Q2024	2Q2024	1Q2024	4Q2023	3Q2023	9M2024	9M2023
Net interest income	1 394	1 379	1 369	1 360	1 382	4 141	4 113
Insurance revenues before reinsurance	740	726	714	683	699	2 181	1 996
Non-life	*631*	*613*	*598*	*584*	*587*	*1 842*	*1 696*
Life	*109*	*114*	*116*	*99*	*113*	*339*	*301*
Dividend income	11	26	7	12	10	44	47
Net result from financial instruments at fair value through P&L and Insurance finance income and expense [1]	-42	3	-55	-40	-8	-94	49
Net fee and commission income	641	623	614	600	588	1 878	1 749
Net other income	45	51	58	60	44	154	596
Total income	2 787	2 809	2 708	2 674	2 715	8 303	8 550
Operating expenses (excl. directly attributable from insurance)	-1 058	-950	-1 431	-1 085	-1 011	-3 440	-3 531
Total operating expenses without bank and insurance taxes	*-1 135*	*-1 074*	*-1 063*	*-1 169*	*-1 101*	*-3 272*	*-3 269*
Total bank and insurance taxes	*-47*	*-2*	*-518*	*-36*	*-29*	*-568*	*-651*
Minus: operating expenses allocated to insurance service expenses	*124*	*126*	*150*	*120*	*119*	*401*	*389*
Insurance service expenses before reinsurance	-688	-590	-563	-567	-540	-1 840	-1 553
Of which Insurance commission paid	*-99*	*-92*	*-89*	*-94*	*-87*	*-280*	*-246*
Non-Life	*-615*	*-514*	*-489*	*-509*	*-485*	*-1 618*	*-1 361*
Life	*-72*	*-76*	*-73*	*-58*	*-55*	*-221*	*-192*
Net result from reinsurance contracts held	28	-24	-18	-16	-22	-13	-74
Impairment	-69	-85	-16	-170	-63	-170	-46
Of which: on financial assets at amortised cost and at fair value through other comprehensive income [2]	*-61*	*-72*	*-16*	*5*	*-36*	*-149*	*11*
Share in results of associated companies & joint ventures	78	2	0	0	0	80	-4
Result before tax	1 079	1 162	680	836	1 079	2 922	3 343
Income tax expense	-211	-237	-175	-159	-203	-623	-619
Result after tax	868	925	506	677	877	2 299	2 725
attributable to minority interests	0	0	0	0	0	-1	-1
attributable to equity holders of the parent	**868**	**925**	**506**	**677**	**877**	**2 300**	**2 725**
Basic earnings per share (EUR)	2.14	2.25	1.18	1.59	2.07	5.58	6.44
Diluted earnings per share (EUR)	2.14	2.25	1.18	1.59	2.07	5.58	6.44

Key consolidated balance sheet figures, IFRS, KBC Group (in millions of EUR)	30-09-2024	30-06-2024	31-03-2024	31-12-2023	30-09-2023
Total assets	353 261	361 945	359 477	346 921	358 453
Loans & advances to customers	188 623	187 502	183 722	183 613	181 821
Securities (equity and debt instruments)	75 929	73 941	73 561	73 696	72 765
Deposits from customers [3]	221 851	221 844	216 314	216 501	214 287
Insurance contract liabilities	17 012	16 521	16 602	16 784	15 920
Liabilities under investment contracts, insurance	15 193	14 780	14 319	13 461	12 655
Total equity	23 300	22 936	23 917	24 260	23 865

Selected ratios KBC Group (consolidated)	9M2024	FY2023
Return on equity [4]	14%	16%
Cost/income ratio, group		
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	47%	49%
- excl. all bank and insurance taxes	43%	43%
Combined ratio, non-life insurance	89%	87%
Common equity ratio (CET1), Basel III, Danish Compromise.		
- fully loaded	15.2%	15.2%
- transitional	14.5%	13.8%
Credit cost ratio [5]	0.10%	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)	142%	136%
Liquidity coverage ratio (LCR)	159%	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 Including customer savings certificates.
4 14% for the first nine months of 2024 and 15% for full-year 2023 when non-operating items are excluded and bank and insurance taxes evenly spread throughout the year.
5 A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (3Q2024)

Total income: 2 787 million euros

-1% quarter-on-quarter and +3% year-on-year

Net interest income amounted to 1 394 million euros in the quarter under review, up 1% both quarter-on-quarter and year-on-year. The 1% quarter-on-quarter increase was due to the higher commercial transformation result (thanks mainly to continued increasing reinvestment yields), a higher level of interest income from lending activities (the positive impact of loan volume growth was only partly offset by the negative impact of pressure on loan margins in some core markets) and lower costs related to the minimum required reserves held with central banks. These items were offset in part by lower interest income from inflation-linked bonds, a lower level of interest income from customer term deposits, and a lower level of interest income from short-term cash management activities.
The 1% year-on-year increase was attributable primarily to an increase in the commercial transformation result, a higher ALM result, the lower funding cost of participations and slightly higher level of income from lending activities. These items were partly offset by lower interest income in Ireland (following the sale of the loan and deposit portfolios and subsequent liquidation process), higher costs related to the minimum required reserves held with central banks, lower interest income from customer term deposits, higher wholesale funding costs, the lower level of 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).
The net interest margin for the quarter under review amounted to 2.08%, down 1 basis point quarter-on-quarter and up 4 basis points 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 (189 billion euros) was up 1% quarter-on-quarter and 5% year-on-year. At first sight, customer deposits (222 billion euros) were stable quarter-on-quarter and up 4% year-on-year. However, 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 3% quarter-on-quarter and 5% year-on-year. In Belgium, these figures amounted to 5% and 8%, respectively, which came about largely because of the successful recuperation of customer money following the maturity of the Belgian state note issued in September 2023. Thanks to our proactive, multi-phased and multi-product offer, we managed to attract a total of some 6.5 billion euros in core customer money in Belgium (deposits, savings certificates, funds, insurance, bonds, etc.), outpacing the 5.7-billion-euros outflow to the state note in September 2023 by 0.8 billion euros. The growth figures above exclude the forex-related impact. Note: the actions taken, amid fierce competition, to recover the outflow to the state note have an estimated direct negative impact on net interest income of roughly -87 million euros (-26 million euros in 2024 and -61 million euros in 2025). This direct negative impact is partly offset by various indirect positive impacts totalling approximately +20 million euros (in various P/L lines).

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 81 million euros and breaks down into 45 million euros for non-life insurance and 36 million euros for life insurance.
The **non-life** insurance service result decreased by 41% quarter-on-quarter and by 44% year-on-year, in both cases essentially owing to a combination of significantly higher insurance service expenses that were impacted by storms and floods (including Storm Boris in Central Europe – mainly the Czech Republic) and partly offset by higher insurance revenues and a better reinsurance result (related in part to the aforementioned storms and floods). We estimate the impact of the floods caused by Storm Boris (after reinsurance) to be 33 million euros pre-tax in the quarter under review.
The **life** insurance service result was more or less stable quarter-on-quarter (lower insurance service expenses offsetting lower insurance revenues) and down 38% year-on-year (higher level of insurance service expenses combined with slightly lower insurance revenues).
The combined ratio of the non-life insurance activities amounted to an excellent 89% for the first nine months of 2024, compared to 87% for full-year 2023. Non-life insurance sales came to 603 million euros and were up 8% year-on-year, with growth in all countries and all classes. Sales of life insurance products amounted to an excellent 791 million euros and were up 28% on the level recorded in the previous quarter (higher sales of guaranteed-interest products and, to a lesser extent, unit-linked products too, thanks, among other things, to inflows from the maturing state note and a successful launch of structured emissions in Belgium) and up 80% on the level recorded in the year-earlier quarter (higher sales of unit-linked products and, to a lesser extent, guaranteed-interest products and hybrid products too). Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 42% and 51%, 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 641 million euros, up 3% and 9% on its level in the previous and year-earlier quarters, respectively. The quarter-on-quarter increase was attributable to 3% growth in fee income from our asset management activities (largely related to the increase in assets under management, see below) and 4% growth in fees from our banking activities (thanks mainly to the – partly seasonal – increase in payment services fees). The 9% year-on-year increase in net fee and commission income was accounted for by 15% growth in fees for our asset management services and, to a lesser extent, a 3% rise in banking fees, slightly offset by a negative forex effect.
At the end of September 2024, our total assets under management amounted to 269 billion euros, up 3% quarter-on-quarter (+1 percentage point related to net inflows and +2 percentage points related to the quarter-on-quarter positive market performance). Assets under management grew by 18% year-on-year, with net inflows accounting for +5 percentage points and the positive market performance for +14 percentage points.

Trading & fair value income and insurance finance income and expense amounted to -42 million euros, down 46 million euros quarter-on-quarter and 34 million euros year-on-year. The quarter-on-quarter decrease was attributable to a number of factors, including negative market value adjustments (xVA). The year-on-year decrease was attributable mainly to negative market value adjustments, partly offset by higher dealing room income.

The **other remaining income items** included dividend income of 11 million euros (down on the 26 million euros recorded 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 45 million euros, slightly below its (50-million-euro) normal run rate.

Operating expenses without bank and insurance taxes: 1 135 million euros

+6% quarter-on-quarter and +3% year-on-year

Operating expenses without bank and insurance taxes amounted to 1 135 million euros in the third quarter of 2024, up 6% on their level in the previous quarter and 3% year-on-year, and remained perfectly within our full-year 2024 guidance. The 6% quarter-on-quarter increase was due in part to higher staff costs (mainly wage drift, partly offset by lower FTEs), ICT expenses, facilities expenses and depreciation charges. Operating expenses without bank and insurance taxes were up 3% on their year-earlier level, due primarily to higher staff costs (mainly inflation and wage indexation, partly offset by lower FTEs), ICT expenses and professional fees, partly offset by lower costs related to Ireland and a forex effect.

Bank and insurance taxes in the quarter under review amounted to 47 million euros, compared to 2 million euros in the previous quarter and 29 million euros in the year-earlier quarter. The quarter-on-quarter increase was accounted for mainly by increased national taxes (primarily in Hungary) and the fact that the previous quarter had included a partial reversal of the contribution to the deposit guarantee fund in Belgium due to a lower calculation base than anticipated by the government.

When certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year, the cost/income ratio for the first nine months of 2024 amounted to 47%, compared to 49% for full-year 2023. When excluding all bank and insurance taxes, the cost-income ratio improved to 43%, in line with the figure 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: 61-million-euro net charge

versus a 72-million-euro net charge in the previous quarter and a 36-million-euro net charge in the year-earlier quarter

In the quarter under review, we recorded a 61-million-euro net loan loss impairment charge, compared to a net charge of 72 million euros in the previous quarter and 36 million euros in the year-earlier quarter. The net impairment charge in the quarter under review included a charge of 132 million euros in respect of our loan book (of which 54 million euros related to lowering the backstop shortfall for old non-performing loans in Belgium) and a reversal of 71 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 168 million euros at the end of September 2024.

As a consequence, the credit cost ratio amounted to 0.10% for the first nine months of 2024 (0.16% 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 September 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 7 million euros, compared to 13 million euros in the previous quarter and 27 million euros in the year-earlier quarter. The quarter under review mainly included impairment charges related to software.

Net result by business unit

Belgium 598 million euros; Czech Rep. 179 million euros; International Markets 205 million euros, Group Centre -114 million euros

Belgium: the net result (598 million euros) was up 15% on the result for the previous quarter. This was due primarily to the combined effect of:

- slightly lower total income (due mainly to the drop in dividend income following the seasonal peak in the previous quarter and slightly lower net interest income, partly offset by higher net fee and commission income, insurance revenues and net other income);
- higher costs (higher staff, ICT and facilities costs, combined with the fact that the previous quarter had benefited from a partial reversal of the contribution to the deposit guarantee fund);
- slightly higher insurance service expenses after reinsurance;
- much lower net impairment charges;
- a one-off 79-million-euros gain related to Isabel, booked under Share in results of associated companies & joint ventures.

Czech Republic: the net result (179 million euros) was down 26% quarter-on-quarter (excluding forex effects). This was essentially attributable to a combination of:
- higher total income (thanks mainly to increased net interest income, insurance revenues and net fee and commission income);
- higher costs;
- much higher insurance service expenses after reinsurance (storm and flood-related impact);
- a net impairment charge, as opposed to a significant release in the previous quarter.

International Markets: the 205-million-euro net result breaks down as follows: 16 million euros in Slovakia, 110 million euros in Hungary and 80 million euros in Bulgaria. For the business unit as a whole, the net result was down 8% on the previous quarter's result (down just 2% if bank and insurance taxes are excluded, see below), due mainly to a combination of:
- stable total income (increase in net interest income, insurance revenues and net fee and commission income, and a decrease in trading & fair value income and net other income);
- higher costs (including increased bank and insurance taxes, especially in Hungary);
- slightly lower insurance service expenses after reinsurance;
- higher net impairment charges.

Group Centre: the net result (-114 million euros) was 52 million euros lower than the figure recorded in the previous quarter owing mainly to a combination of:
- more negative total income (due primarily to lower trading & fair value income);
- higher costs;
- higher insurance service expenses after reinsurance;
- a more or less unchanged level 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).

	Belgium		Czech Republic		International Markets	
Selected ratios by business unit	**9M2024**	**FY2023**	**9M2024**	**FY2023**	**9M2024**	**FY2023**
Cost/income ratio						
- excl. non-operating items and spreading bank and insurance taxes evenly throughout the year	43%	46%	45%	47%	45%	45%
- excl. all bank and insurance taxes	41%	41%	43%	44%	37%	39%
Combined ratio, non-life insurance	87%	85%	87%	84%	97%[2]	97%[2]
Credit cost ratio[1]	0.20%	0.06%	-0.07%	-0.18%	-0.10%	-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 insurance taxes in Hungary, the combined ratio amounted to 92% for the first nine months of 2024 and 94% for full-year 2023.

Solvency and liquidity

Common equity ratio of 15.2%, NSFR of 142%, LCR of 159%

At the end of September 2024, total equity came to 23.3 billion euros and comprised 21.4 billion euros in parent shareholders' equity and 1.9 billion euros in additional tier-1 instruments.

Total equity was down 1.0 billion euros on its level at the end of 2023. This was due to the combined effect of:
- the inclusion of the profit for the first nine months of 2024 (+2.3 billion euros);
- the repurchase of own shares (-0.8 billion euros in 2024);
- the payment of the final dividend for 2023 and an extraordinary interim dividend (both in May 2024), as well as an interim dividend (see below) for 2024 to be paid in November 2024 (-1.9 billion euros combined);
- almost stable revaluation reserves;
- a net decrease in outstanding additional tier-1 instruments (-0.4 billion euros);
- 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.

Note: in line with our general dividend policy, we will pay an interim dividend of 1 euro per share on 14 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 15.2% at 30 September 2024, unchanged on the 15.2% recorded at the end of 2023. The solvency ratio for KBC Insurance under the Solvency II framework was 197% at the end of September 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 159% and an NSFR ratio of 142%, compared to 159% and 136%, respectively, at the end of 2023, all well above the regulatory minima of 100%.

Analysis of the year-to-date period (9M2024)

Net result for 9M2024: 2 300 million euros

down 3% excluding the positive impact related to the sale of the Irish portfolio in the reference period

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

- **Net interest income**: up 1% to 4 141 million euros. This was attributable in part to the higher commercial transformation result, the higher ALM result and increased interest income from customer term deposits, and partly offset by the lower level of income from lending activities (as lower margins in some core markets more than offset volume growth), lower net interest income in Ireland (owing to the past sale of the remaining Irish portfolios and subsequent liquidation process), higher costs related to the minimum required reserves held with central banks, the lower level of 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. Excluding the forex effect, the volume of customer loans rose by 5%, while deposits (excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches) were also up by 5% year-on-year. The net interest margin in the first nine months of 2024 came to 2.09%, up 2 basis points year-on-year.
- **Insurance service result** (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held): down 11% to 328 million euros. The non-life combined ratio for the first nine months of 2024 amounted to an excellent 89%, compared to 87% for full-year 2023. Non-life insurance sales were up 9% to 1 956 million euros, with increases in all classes, while life insurance sales were up 32% to 2 176 million euros, thanks mainly to higher sales of unit-linked products and, to a lesser extent, higher sales of interest guaranteed products and hybrid products.
- **Net fee and commission income**: up 7% to 1 878 million euros. This was attributable primarily to much higher fees for asset management services and a slight increase in banking-related fees. At the end of September 2024, total assets under management were up 18% year-on-year to 269 billion euros due to a combination of net inflows (+5 percentage points) and the effect of a positive market performance in the period under review (+14 percentage points).
- **Trading & fair value income and insurance finance income and expense:** down 144 million euros to -94 million euros. This was due mainly to negative market value adjustments (xVA) and a lower result from derivatives used for asset/liability management purposes, partly offset by higher dealing room income.
- **All other income items combined**: down 69% to 197 million euros. This came about mainly because of lower net other income, as the first nine months of 2023 had included a 0.4-billion-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**: more or less stable at 3 272 million euros. This was attributable in part to lower costs in Ireland and a forex effect, which were offset by the negative impact of higher staff costs (indexation and wage drift, partly offset by lower FTEs) and ICT expenses, among other factors. Bank and insurance taxes amounted to 568 million euros and were down 13%, thanks mainly to the lower contribution to the single resolution fund, partly offset by higher national taxes. The cost/income ratio amounted to 47% 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 43%, in line with the figure for full-year 2023.
- **Loan loss impairment**: net charge of 149 million euros, as opposed to a net release of 11 million euros in the reference period. The first nine months of 2024 included a net charge of 233 million euros for our loan book and a net release of 84 million euros for the reserve for geopolitical and macroeconomic uncertainties. As a result, the credit cost ratio amounted to 0.10%, compared to 0.00% for full-year 2023. Impairment charges on assets other than loans amounted to 20 million euros, compared to 56 million euros in the reference period.
- **The share in results of associated companies & joint ventures:** up 84 million euros to 80 million euros, mainly due to the booking of a one-off gain of 79-million-euro related to Isabel.
- **The net result of 2 300 million euros for the first nine months of 2024** breaks down as follows: 1 359 million euros for the Belgium Business Unit (down 33 million euros on its year-earlier level), 620 million euros for the Czech Republic Business Unit (down 7 million excluding forex effects), 576 million euros for the International Markets Business Unit (up 86 million euros excluding forex effects) and -255 million euros for the Group Centre (down 429 million euros, owing essentially to the 0.4-billion-euro 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

At KBC, we recognise the importance of transparently reporting on our sustainability efforts. Transparent disclosure is the cornerstone of action, forms the basis for future decision-making and drives our progress towards achieving sustainability goals. To this end, we continue to report on the progress we make in the area of sustainability. In the third quarter of 2024, for example, we again publicly disclosed our environmental data in line with CDP. We also disclosed the outcome of the 2024 S&P Global Corporate Sustainability Assessment, where we scored 66/100, placing us in the top 8% of the 664 banks assessed*. Additionally, we are currently in full preparation for first-time reporting under the Corporate Sustainability Reporting Directive (CSRD), which requires our company to report extensively on sustainability matters in a standardised manner in our next annual report.

* Includes 351 banks that, on 14 October 2024, were still assessed based on the 2023 methodology.

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 (as recently evidenced by Storm Boris in Central Europe). 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

US growth in the third quarter amounted to 0.7%, the same as in the second quarter, driven primarily by private consumption. Growth is expected to moderate again to about 0.3% in the fourth quarter of 2024, when the labour market tightness is expected to ease further.

Euro area growth in the third quarter amounted to 0.4%, after 0.2% in the second quarter. The manufacturing sector continues to exhibit a persistent weakness, while the expected service sector recovery has not (yet) materialised. Growth is expected to continue at about its current pace, picking up in the second half of 2025 on the back of recovering domestic consumption.

Quarter-on-quarter growth in Belgium amounted to 0.2% in the third quarter, after 0.3% in the second quarter. Relatively strong domestic demand continued to outweigh 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.

The Czech economy grew by 0.3% in the third quarter, after 0.4% in the second quarter. This was supported by private consumption, against the background of a weak and delayed industrial recovery and the adverse economic impact of the flooding there. Weak growth of the industrial sector also weighed heavily on third-quarter growth in Hungary (-0.7%). Based on our latest estimates, third-quarter growth in Bulgaria and Slovakia was relatively strong, amounting to 0.6% and 0.8%, respectively.

The main risk to our short-term outlook for European growth is the possible repercussion of the US elections in November. Moreover, the conflict in the Middle East poses the risk of higher energy and commodity prices. Other risks include the persistence of the current weakness of the global manufacturing sector. Specific European risk factors include the government budget discussions in the EU for 2025, which may generate increased uncertainty and hence adversely affect economic growth and temporarily raise risk premiums for vulnerable euro area member states.

Our view on interest rates and foreign exchange rates

Disinflation in the euro area and the US was broadly on track in the third quarter. In the euro area, inflation fell more than expected in September to 1.7%, driven mainly by lower energy prices. However, inflation is expected to increase again in the period ahead. After January 2025, inflation is expected to resume its downward trajectory towards the ECB's 2% target rate.

The ECB continued its easing cycle and cut its deposit rate in September and October by 25 basis points each time. It is expected to cut this rate by another 25 basis points in December 2024. Further rate cuts are expected in 2025.

In September, the Fed also started its easing cycle by cutting its policy rate by 50 basis points. The size of this rate cut was motivated by the weakness of labour market data at the time, which triggered a feeling of pessimism and fears of a recession. These disappeared when labour market data proved to be more resilient than feared. The Fed is expected to reduce its policy rate by 25 basis points two more times in 2024. Further rate cuts are expected in 2025.

Ten-year bond yields in the US and Germany gradually moved lower, before bottoming out in mid-September. The main drivers were growth concerns relating mainly to the US labour market. When these concerns eased, bond yields rebounded markedly to their current level of about 4.20% and 2.30% in the US and Germany, respectively. This caused the US-German yield spread to sharply widen again. This yield spread was also the main driver of the US dollar-euro exchange rate. The dollar gradually depreciated as the US-German yield spread narrowed. With the US-German spread widening again from the second half of October, the US dollar started to regain ground.

The Czech National Bank reduced its policy rate in two steps of 25 basis points each in the third quarter. Two more 25-basis-point rate cuts are expected by the end of 2024 and probably one more in the first quarter of 2025. Since the beginning of the third quarter, the Czech koruna has been relatively stable, underpinned primarily by global risk sentiment, interest rate differentials with the major central banks and the exchange rate with the US dollar. The koruna is expected to appreciate moderately in the coming quarters.

In the third quarter of 2024, the National Bank of Hungary cut its policy rate twice by 25 basis points each time. Additional gradual cuts are expected by the end of 2024 and in 2025. On balance, the Hungarian forint has depreciated against the euro and – driven by the structural positive inflation differential with the euro area – is expected to depreciate further in 2025.

Our guidance

Guidance for full-year 2024 *(as provided with the 2Q2024 results)*

- Net interest income: approximately 5.5 billion euros, supported by organic loan volume growth of approximately 4%.
- Insurance revenues (before reinsurance): at least +6% year-on-year.
- Operating expenses and insurance commissions paid (excluding bank and insurance taxes): below +1.7% year-on-year, which is substantially below inflation.
- Cost/income ratio (excluding bank and insurance taxes): below 45%.
- Combined ratio: below 91%.
- Credit cost ratio (excluding any changes in the reserve 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.

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 reserve 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.

Basel IV *(updated)*

Moving towards the Basel IV era and applying a static balance sheet (1H2024) and all other parameters *ceteris paribus*, without mitigating actions, KBC projects:

- at 1 January 2025, a first-time application impact of +1.0 billion euros in risk-weighted assets (+0.0 billion euros previously);
- by 1 January 2033, a further impact of +7.5 billion euros in risk-weighted assets (+8.0 billion euros previously);

resulting in a fully loaded impact of +8.5 billion euros in risk-weighted assets (+8.0 billion euros previously).

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	Interim dividend of 1 euro: ex-coupon: 12 Nov. 2024, record: 13 Nov. 2024, payment: 14 Nov. 2024. 4Q2024 and FY2024 results: 13 Feb. 2025 Annual report FY2024: 31 Mar. 2025 AGM: 30 Apr. 2025 Other events: www.kbc.com / Investor Relations / Financial calendar
More information on 3Q2024	Quarterly report: www.kbc.com / Investor Relations / Reports Company presentation: www.kbc.com / Investor Relations / Presentations

KBC Group

Condensed interim consolidated financial statements according to IFRS

3Q 2024 and 9M 2024

Section reviewed by the Auditor

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

Consolidated income statement

(in millions of EUR)	Note	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Net interest income	3.1	4 141	4 113	1 394	1 379	1 382
Interest income	*3.1*	*15 127*	*14 779*	*4 901*	*5 103*	*5 399*
Interest expense	*3.1*	*-10 985*	*-10 666*	*-3 508*	*-3 724*	*-4 017*
Insurance revenues before reinsurance	3.6	2 181	1 996	740	726	699
Non-life	*3.6*	*1 842*	*1 696*	*631*	*613*	*587*
Life	*3.6*	*339*	*301*	*109*	*114*	*113*
Dividend income		44	47	11	26	10
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	3.3	- 94	49	- 42	3	- 8
Net result from financial instruments at fair value through profit or loss	*3.3*	*164*	*264*	*46*	*78*	*58*
Insurance finance income and expense (for insurance contracts issued)	*3.6*	*- 258*	*- 215*	*- 88*	*- 75*	*- 67*
Net fee and commission income	3.4	1 878	1 749	641	623	588
Fee and commission income	*3.4*	*2 378*	*2 220*	*815*	*789*	*751*
Fee and commission expense	*3.4*	*- 500*	*- 471*	*- 174*	*- 166*	*- 163*
Net other income	3.5	154	596	45	51	44
TOTAL INCOME		8 303	8 550	2 787	2 809	2 715
Operating expenses (excluding opex allocated to insurance expenses)	3.7	-3 440	-3 531	-1 058	- 950	-1 011
Total Opex without bank and insurance tax	*3.7*	*-3 272*	*-3 269*	*-1 135*	*-1 074*	*-1 101*
Total bank and insurance tax	*3.7*	*- 568*	*- 651*	*- 47*	*- 2*	*- 29*
Minus: Opex allocated to insurance service expenses	*3.7*	*401*	*389*	*124*	*126*	*119*
Insurance service expenses before reinsurance	3.6	-1 840	-1 553	- 688	- 590	- 540
Of which insurance commissions paid	3.6	*- 280*	*- 246*	*- 99*	*- 92*	*- 87*
Non-life	3.6	*-1 618*	*-1 361*	*- 615*	*- 514*	*- 485*
Of which Non-life - Claim related expenses	3.6	*-1 050*	*- 829*	*- 427*	*- 331*	*- 308*
Life	3.6	*- 221*	*- 192*	*- 72*	*- 76*	*- 55*
Net result from reinsurance contracts held	3.6	- 13	- 74	28	- 24	- 22
Impairment	3.9	- 170	- 46	- 69	- 85	- 63
on FA at amortised cost and at FVOCI	*3.9*	*- 149*	*11*	*- 61*	*- 72*	*- 36*
on goodwill	*3.9*	*0*	*0*	*0*	*0*	*0*
other	*3.9*	*- 20*	*- 56*	*- 7*	*- 13*	*- 27*
Share in results of associated companies and joint ventures	3.10	80	- 4	78	2	0
RESULT BEFORE TAX		2 922	3 343	1 079	1 162	1 079
Income tax expense	3.11	- 623	- 619	- 211	- 237	- 203
Net post-tax result from discontinued operations		0	0	0	0	0
RESULT AFTER TAX		2 299	2 725	868	925	877
attributable to minority interests		- 1	- 1	0	0	0
attributable to equity holders of the parent		**2 300**	**2 725**	**868**	**925**	**877**
Earnings per share (in EUR)						
Ordinary		5.58	6.44	2.14	2.25	2.07
Diluted		5.58	6.44	2.14	2.25	2.07

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)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
RESULT AFTER TAX	**2 299**	**2 725**	**868**	**925**	**877**
Attributable to minority interests	- 1	- 1	0	0	0
Attributable to equity holders of the parent	2 300	2 725	868	925	877
OCI THAT MAY BE RECYCLED TO PROFIT OR LOSS	**- 206**	**347**	**- 58**	**4**	**18**
Net change in revaluation reserve (FVOCI debt instruments)	33	- 85	269	- 136	- 182
Net change in hedging reserve (cashflow hedges)	99	245	10	85	141
Net change in translation differences	- 194	- 40	- 61	35	- 202
Hedge of net investments in foreign operations	51	16	27	- 18	32
Net insurance finance income and expense from (re)insurance contracts issued	- 195	212	- 302	40	233
Net insurance finance income and expense from reinsurance contracts held	1	0	1	- 1	- 2
Net change in respect of associated companies and joint ventures	0	0	0	0	0
Other movements	- 1	- 1	- 2	- 1	- 3
OCI THAT WILL NOT BE RECYCLED TO PROFIT OR LOSS	**196**	**79**	**8**	**36**	**- 54**
Net change in revaluation reserve (FVOCI equity instruments)	138	107	- 6	30	- 34
Net change in defined benefit plans	58	- 29	14	7	- 20
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	**2 289**	**3 150**	**818**	**966**	**840**
Attributable to minority interests	- 1	- 1	0	0	0
Attributable to equity holders of the parent	2 289	3 150	818	966	840

The largest movements in other comprehensive income (9M 2024 and 9M 2023):

- Net change in revaluation reserve (FVOCI debt instruments): the +33 million euros in 9M 2024 is mainly explained by the unwinding effect of the negative outstanding revaluation reserve, partly offset by slightly higher interest rates in Euro government bonds. The -85 million euros in 9M 2023 is mainly explained by higher interest rates in Euro government bonds, partly offset by lower interest rates on Czech and Hungarian government bonds and the unwinding effect of the negative outstanding revaluation reserve.
- Net change in hedging reserve (cash flow hedge): the +99 million euros in 9M 2024 and the +245 million euros in 9M 2023 can for a large part be explained by the unwinding effect of the negative outstanding cash flow hedge reserve and for the comparison with 9M 2023 also the higher euro interest rates.
- The net change in translation differences: the -194 million euros in 9M 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 (+51 million euros). The -40 million euros in 9M 2023 was mainly caused by the depreciation of the CZK versus the EUR, partly compensated by the appreciation of the 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 9M 2024 of -194 million euros is explained by a migration in 2Q 2024 of contracts of Belgian 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 EUR risk free interest rate decrease and the unwinding effect of the outstanding positive IFIE through OCI. The +212 million euros in 9M 2023 is explained by the EUR interest rate increase, partly offset by the unwinding effect of the outstanding positive IFIE through OCI.
- Net change in revaluation reserve (FVOCI equity instruments): the +138 million euros in 9M 2024 and the +107 million euros in 9M 2023 is mainly explained by positive fair value movements driven by better stock markets.
- Net change in defined benefit plans: the +58 million euros in 9M 2024 is mainly explained by the effect of the lower inflation rate and the positive return of the plan assets, partly offset by the lower discount rate applied on the obligations. The -29 million euros in 9M 2023 is mainly explained by the impact of the higher inflation rate and the negative return of the plan assets, partly offset by higher discount rate applied on the obligations.

Consolidated balance sheet

(in millions of EUR)	Note	30-09-2024	31-12-2023
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions		27 853	34 530
Financial assets	4.0	318 376	306 047
Amortised cost	*4.0*	*269 434*	*263 625*
Fair value through OCI	*4.0*	*21 787*	*18 587*
Fair value through profit or loss	*4.0*	*26 900*	*23 539*
of which held for trading	*4.0*	*9 771*	*8 327*
Hedging derivatives	*4.0*	*255*	*295*
Reinsurers' contract assets held		125	64
Profit/loss on positions in portfolios hedged for interest rate risk		-1 924	-2 402
Tax assets		740	900
Current tax assets		*141*	*176*
Deferred tax assets		*599*	*724*
Non-current assets held for sale and disposal groups		1	4
Investments in associated companies and joint ventures		117	30
Property, equipment and investment property		3 894	3 702
Goodwill and other intangible assets		2 444	2 355
Other assets		1 635	1 691
TOTAL ASSETS		353 261	346 921
LIABILITIES AND EQUITY			
Financial liabilities	4.0	309 437	303 116
Amortised cost	*4.0*	*287 770*	*280 874*
Fair value through profit or loss	*4.0*	*21 341*	*21 840*
of which held for trading	*4.0*	*5 111*	*7 050*
Hedging derivatives	*4.0*	*326*	*401*
Insurance contract liabilities	5.6	17 012	16 784
Non-life	*5.6*	*3 186*	*2 922*
Life	*5.6*	*13 827*	*13 862*
Profit/loss on positions in portfolios hedged for interest rate risk		- 263	- 505
Tax liabilities		448	472
Current tax liabilities		*84*	*99*
Deferred tax liabilities		*364*	*373*
Liabilities associated with disposal groups		0	0
Provisions for risks and charges		154	183
Other liabilities		3 173	2 611
TOTAL LIABILITIES		329 961	322 661
Total equity	5.10	23 300	24 260
Parent shareholders' equity	5.10	21 435	22 010
Additional tier-1 instruments included in equity	5.10	1 864	2 250
Minority interests		0	0
TOTAL LIABILITIES AND EQUITY		353 261	346 921

The increase of the total liabilities in 9M 2024 can for the largest part be explained by higher customer deposits and debt certificates and higher repos, partly offset by lower deposits from credit institutions and investment firms. The increase of customer deposits is driven mainly by the successful recuperation of the maturity of the Belgian state note issued in September 2023 (for more details see note 4.1).

The total assets increase in 9M 2024 can for the largest part be explained by higher loans and advances to customers and higher reverse repos, partly offset by lower 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
30-09-2024									
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	2 300	0	2 300	0	- 1	2 299
Other comprehensive income for the period	0	0	0	- 1	- 9	- 10	0	0	- 10
Subtotal	0	0	0	2 299	- 9	2 289	0	- 1	2 289
Dividends	0	0	0	- 1 941	0	- 1 941	0	0	- 1 941
Coupon on AT1	0	0	0	- 78	0	- 78	0	0	- 78
Issue/repurchase of AT1 included in equity	0	0	0	0	0	0	- 386	0	- 386
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	38	- 38	0	0	0	0
Purchase/sale of treasury shares	0	0	- 803	0	0	- 803	0	0	- 803
Change in minorities interests	0	0	0	0	0	0	0	1	1
Total change	0	0	- 803	317	- 47	- 533	- 386	0	- 919
Balance at the end of the period	1 461	5 548	- 1 300	14 607	1 119	21 435	1 864	0	23 300
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
30-09-2023									
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	2 725	0	2 725	0	- 1	2 725
OCI for the period	0	0	0	- 1	426	425	0	0	425
Subtotal	0	0	0	2 724	426	3 150	0	- 1	3 150
Dividends	0	0	0	- 1 666	0	- 1 666	0	0	- 1 666
Coupon on AT1	0	0	0	- 34	0	- 34	0	0	- 34
Issue/repurchase of AT1 included in equity	0	0	0	- 3	0	- 3	750	0	747
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	29	- 29	0	0	0	0
Purchase/sale of treasury shares	0	0	- 152	0	0	- 152	0	0	- 152
Change in minorities interests	0	0	0	0	0	0	0	1	1
Total change	0	0	- 152	1 050	397	1 296	750	0	2 046
Balance at the end of the period	1 461	5 542	- 152	13 677	1 087	21 614	2 250	0	23 865

9M 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.

Based on our general dividend policy, we will also pay out an interim dividend of 1 euro per share mid November 2024 as an advance on the total dividend for financial year 2024 (deducted from retained earnings in 3Q 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 (AT1) issued in 2019 for 500 million euros. On 17 September 2024, KBC Group NV issued 750 million euros in AT1 Securities.
On 18 September 2024, KBC Group NV announced the repurchase of part of the AT1 Securities issued in 2018 via a cash tender offer for an aggregate principal amount of 636 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 repurchased by KBC during to the programme amounted to 20 980 823 at 31 July 2024, completion date of the share buyback programme.

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)	30-09-2024	31-12-2023	30-09-2023
Total	1 119	1 166	1 087
Revaluation reserve (FVOCI debt instruments)	- 563	- 596	-1 180
Revaluation reserve (FVOCI equity instruments)	322	222	162
Hedging reserve (cashflow hedges)	- 480	- 579	- 692
Translation differences	- 435	- 240	- 165
Hedge of net investments in foreign operations	177	127	91
Remeasurement of defined benefit plans	492	434	438
Own credit risk through OCI	0	0	0
Insurance finance income and expense through OCI after reinsurance	1 605	1 799	2 432

Consolidated cash flow statement

(in millions of EUR)	Note	9M 2024	9M 2023
OPERATING ACTIVITIES			
Result before tax	Cons. income stat.	2 922	3 343
Adjustments for non-cash items in profit & loss		81	- 608
Changes in operating assets (excluding cash and cash equivalents)		-11 789	-4 914
Changes in operating liabilities (excluding cash and cash equivalents)		8 255	-4 460
Income taxes paid		- 481	- 410
Net cash from or used in operating activities		-1 013	-7 048
INVESTING ACTIVITIES			
Purchase and proceeds of debt securities at amortised cost	4.1	2 663	-3 654
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)		- 260	- 242
Purchase and proceeds from the sale of property, plant and equipment (excluding goodwill)		- 138	- 225
Other		- 88	89
Net cash from or used in investing activities		2 178	2 445
FINANCING ACTIVITIES			
Purchase or sale of treasury shares	Cons. stat. of changes in equity	- 803	- 152
Issue or repayment of promissory notes and other debt securities	4.1	- 158	6 197
Proceeds from or repayment of subordinated liabilities	4.1	926	511
Proceeds from the issuance of share capital	Cons. stat. of changes in equity	0	0
Issue or call of additional tier-1 instruments	Consolidated statement of changes in equity	- 386	750
Dividends paid	Cons. stat. of changes in equity	-1 545	-1 252
Coupon additional Tier-1 instruments	Cons. stat. of changes in equity	- 78	- 34
Net cash from or used in financing activities		-2 044	6 021
CHANGE IN CASH AND CASH EQUIVALENTS			
Net increase or decrease in cash and cash equivalents		- 879	1 418
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		- 516	- 78
Cash and cash equivalents at the end of the period		52 566	68 821
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash and cash balances with central banks and other demand deposits with credit institutions	Cons. balance sheet	27 853	42 373
Term loans to banks at not more than three months (excl. reverse repos)	4.1	549	1 264
Reverse repos with credit institutions and investment firms at not more than three months	4.1	29 444	32 198
Deposits from banks repayable on demand	4.1	-5 280	-7 015
Cash and cash equivalents belonging to disposal groups		0	0
Total		52 566	68 821
of which not available		*0*	*0*

The net cash from operating activities in 9M 2024 (-1 013 million euros) mainly includes a decrease of deposits from credit institutions (including repayment of the remaining outstanding amount borrowed under TLTRO III (-2.6 billion euros)) and customer demand deposits, the decrease of certificates of deposits, the increase of loans and advances to costumers (mainly term and mortgage loans) and increase of the debt securities portfolio, partly offset by increased time deposits (for large part driven by the recuperation of the matured Belgian state note) and repos. The net cash from operating activities in 9M 2023 (-7 048 million euros) mainly includes an increasing mortgage and term loan portfolio, a significant decrease of deposits due to a repayment of part of the amount borrowed under TLTRO III (-12.9 billion euros in 9M 2023) as well as lower demand deposits and saving accounts (partly driven by outflow to Belgian state note). This is partly compensated by growth of certificates of deposit and time deposits.

Net cash from (used in) investing activities in 9M 2024 (+2 178 million euros) mainly includes net proceeds from debt securities at amortised cost (+2 663 million euros). Net cash from (used in) investing activities in 9M 2023 (+2 445 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 9M 2024 (-2 044 million euros) includes the dividend payment (-1 545 million euros), the decrease of Additional Tier-1 instruments (-386 million euros; for more information see note 5.10) and the purchase of treasury shares (-803 million euros) partly offset by the increase of new Tier-2 instruments (1 billion euros and 500 million British pounds issued versus 0.7 billion euros repaid). The net cash flow from financing activities in 9M 2023 (+6 021 million euros) mainly includes newly issued Senior Holdco instruments (+4.9 billion euros issued, partly offset by matured positions for -1 billion euros), higher outstanding covered bonds (+2 billion euros) and a newly issued Additional Tier-1 instrument (750 million euros) and Tier-2 instrument (500 million euros), partly compensated by the dividend payment (-1 252 million euros) and the share buyback (-152 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 September 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, 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 with the ECL model, financial assets attract life-time ECL once their credit risk increases significantly after initial recognition. Therefore, the assessment of a 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 upon initial recognition. This is a multi-factor assessment and, therefore 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: 12-months ECL is always recognised for bonds if they have a low credit risk at the reporting date (i.e. stage 1). KBC uses this exception for investment grade bonds.
- Lifetime Probability of default (LTPD): [only applicable if the first-tier criterion is not met] this is a relative assessment that compares the lifetime probability of default (LTPD) upon initial recognition to that the reporting date. The relative change in LTPD that triggers staging is an increase of 200%.
- Management assessment: lastly, management review and assess the significant increase in credit risk for financial assets at an individual (i.e. counterparty) and portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA. Examples of idiosyncratic events are unexpected developments in the macroeconomic

environment (e.g. amongst others due to the coronavirus crisis), uncertainties about geopolitical events (e.g. due to an outbreak of a war) and the secondary impact of material defaults (e.g., on the suppliers, clients and employees of a defaulted company).

If none of these triggers results in a move to stage 2, the bond remains in stage 1. A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. a bond that has moved into stage 2 or stage 3 can revert to stage 1 or stage 2 if the tier criterion that triggered the migration is not met on a subsequent reporting date.

For the loan portfolio KBC uses a five-tier approach. This MTA is a waterfall approach (, i.e. if assessing the first tier does not result in a move into stage 2, the second tier is assessed, and so on. In the end, if all tiers are-assessed without triggering a migration to stage 2, the financial asset remains in stage 1.

- Lifetime Probability of default (LTPD): the LTPD is used as the main criterion for assessing an increase in credit risk. It is a relative assessment that compares the LTPD upon initial recognition to that on the reporting date. KBC does the assessment at the level of the facility for each reporting period. The relative change in LTPD that triggers staging is an increase of 200%.
- Forbearance: forborne financial assets are always considered as stage 2, unless they are already defaulted, in which case, they are moved into stage 3.
- Days past due: KBC uses the backstop defined in the standard. A financial asset that is more than 30 days past due is moved into stage 2.
- Watch list: KBC uses the watch list criterion as a backstop for its loan portfolio to move into 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. KBC does the assessment at the level of the client for each reporting period.
- Management assessment: lastly, management review and assess the significant increase in credit risk for financial assets at an individual (i.e. counterparty) and portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first four tiers of the MTA (see above for a number of examples).

A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. a credit that has moved into stage 2 or stage 3 can revert to stage 1 or stage 2 if the tier criterion that triggered the migration is not met on a subsequent reporting date.

Main exchange rates used:

	Exchange rate at 30-09-2024		Average exchange rate in 9M 2024	
		Changes relative to 31-12-2023		Changes relative to the average 9M 2023
	1 EUR = …	Positive: appreciation relative to EUR	1 EUR = …	Positive: appreciation relative to EUR
	… currency	Negative: depreciation relative to EUR	… currency	Negative: depreciation relative to EUR
CZK	25.184	-2%	25.097	-5%
HUF	396.88	-4%	391.82	-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
9M 2024								
Net interest income	2 468	963	962	*430*	*205*	*327*	- 251	4 141
Insurance revenues before reinsurance	1 335	433	402	*153*	*80*	*169*	11	2 181
Non-life	1 115	359	358	*139*	*65*	*154*	11	1 842
Life	220	74	45	*15*	*15*	*15*	0	339
Dividend income	38	1	1	*0*	*0*	*1*	4	44
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 230	43	48	*44*	*5*	*- 1*	44	- 94
Net fee and commission income	1 238	255	389	*210*	*63*	*115*	- 3	1 878
Net other income	150	3	15	*4*	*8*	*4*	- 14	154
TOTAL INCOME	4 999	1 698	1 816	*841*	*362*	*614*	- 210	8 303
Operating expenses (excluding Opex allocated to insurance service expenses)	-1 907	- 632	- 776	*- 369*	*- 198*	*- 209*	- 125	-3 440
Total Opex without banking and insurance tax	*-1 849*	*- 675*	*- 622*	*- 216*	*- 192*	*- 214*	*- 127*	*-3 272*
Total Banking and insurance tax	*- 285*	*- 39*	*- 245*	*- 199*	*- 26*	*- 21*	*1*	*- 568*
Minus: Opex allocated to insurance service expenses	*226*	*82*	*91*	*45*	*20*	*25*	*2*	*401*
Insurance service expenses before reinsurance	-1 064	- 401	- 373	*- 164*	*- 84*	*- 126*	- 3	-1 840
Of which insurance commissions paid	- 179	- 52	- 49	*- 10*	*- 10*	*- 29*	0	- 280
Non-Life	*- 910*	*- 362*	*- 343*	*- 153*	*- 73*	*- 117*	*- 3*	*-1 618*
Of which Non-life - Claim related expenses	*- 609*	*- 245*	*- 195*	*- 77*	*- 50*	*- 68*	*- 1*	*-1 050*
Life	*- 154*	*- 38*	*- 29*	*- 10*	*- 11*	*- 8*	*0*	*- 221*
Net result from reinsurance contracts held	- 53	50	3	*9*	*2*	*- 8*	- 14	- 13
Impairment	- 202	20	8	*9*	*14*	*- 15*	4	- 170
of which on FA at AC and at fair value through OCI	*- 198*	*21*	*25*	*24*	*14*	*- 14*	*4*	*- 149*
Share in results of associated companies and joint ventures	80	0	0	*0*	*0*	*0*	0	80
RESULT BEFORE TAX	1 853	737	679	*326*	*96*	*257*	- 348	2 922
Income tax expense	- 495	- 117	- 103	*- 46*	*- 20*	*- 37*	93	- 623
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	0	0
RESULT AFTER TAX	1 358	620	576	*280*	*76*	*220*	- 255	2 299
attributable to minority interests	- 1	0	0	*0*	*0*	*0*	0	- 1
attributable to equity holders of the parent	**1 359**	**620**	**576**	***280***	***76***	***220***	**- 255**	**2 300**

(in millions of EUR)	Belgium Business unit	Czech Republic Business unit	International Markets Business unit	*Of which: Hungary*	*Slovakia*	*Bulgaria*	Group Centre	*Of which: Ireland*	Total
9M 2023									
Net interest income	2 439	949	871	*389*	*189*	*293*	- 146	*50*	4 113
Insurance revenues before reinsurance	1 222	414	351	*141*	*71*	*139*	10	*0*	1 996
Non-life	1 032	342	311	*126*	*58*	*127*	10	*0*	1 696
Life	190	71	40	*15*	*12*	*12*	0	*0*	301
Dividend income	42	1	1	*0*	*0*	*1*	3	*0*	47
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 112	51	47	*38*	*6*	*3*	64	*- 3*	49
Net fee and commission income	1 144	244	365	*191*	*63*	*112*	- 4	*- 1*	1 749
Net other income	178	2	15	*0*	*9*	*5*	401	*407*	596
TOTAL INCOME	4 912	1 660	1 650	*759*	*338*	*553*	328	*453*	8 550
Operating expenses (excluding Opex allocated to insurance service expenses)	-1 949	- 655	- 741	*- 370*	*- 170*	*- 201*	- 186	*- 96*	-3 531
Total Opex without banking and insurance tax	*-1 820*	*- 679*	*- 585*	*- 199*	*- 184*	*- 202*	*- 184*	*- 91*	*-3 269*
Total Banking and insurance tax	*- 353*	*- 60*	*- 234*	*- 210*	*- 4*	*- 20*	*- 4*	*- 4*	*- 651*
Minus: Opex allocated to insurance service expenses	*224*	*84*	*79*	*39*	*18*	*21*	*2*	*0*	*389*
Insurance service expenses before reinsurance	- 944	- 307	- 300	*- 141*	*- 60*	*- 98*	- 2	*0*	-1 553
Of which insurance commissions paid	- 163	- 44	- 39	*- 9*	*- 7*	*- 24*	- 1	*0*	- 246
Non-Life	*- 811*	*- 268*	*- 279*	*- 133*	*- 53*	*- 93*	*- 2*	*0*	*-1 361*
Of which Non-life - Claim related expenses	*- 524*	*- 156*	*- 150*	*- 63*	*- 33*	*- 53*	*0*	*0*	*- 829*
Life	*- 133*	*- 39*	*- 20*	*- 9*	*- 7*	*- 5*	*0*	*0*	*- 192*
Net result from reinsurance contracts held	- 44	- 14	- 14	*- 2*	*- 3*	*- 9*	- 2	*0*	- 74
Impairment	- 86	56	- 13	*- 17*	*6*	*- 1*	- 3	*- 5*	- 46
of which on FA at AC and at fair value through OCI	*- 71*	*56*	*18*	*12*	*6*	*0*	*8*	*6*	*11*
Share in results of associated companies and joint ventures	- 3	- 1	0	0	0	0	0	0	- 4
RESULT BEFORE TAX	1 886	740	583	*228*	*110*	*245*	135	*353*	3 343
Income tax expense	- 494	- 79	- 85	*- 37*	*- 24*	*- 25*	39	*- 24*	- 619
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	0	*0*	0
RESULT AFTER TAX	1 392	661	498	*191*	*87*	*220*	174	*328*	2 725
attributable to minority interests	- 1	0	0	*0*	*0*	*0*	0	*0*	- 1
attributable to equity holders of the parent	**1 392**	**661**	**498**	***191***	***87***	***220***	**174**	***328***	**2 725**

Other notes

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

(in millions of EUR)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total	4 141	4 113	1 394	1 379	1 382
Interest income	15 127	14 779	4 901	5 103	5 399
Interest income on financial instruments calculated using the effective interest rate method					
Financial assets at AC	7 407	7 545	2 445	2 479	2 650
Financial assets at FVOCI	355	261	129	123	89
Hedging derivatives	4 628	3 579	1 517	1 553	1 556
Financial liabilities (negative interest)	4	9	0	2	2
Other	1 263	1 668	346	416	551
Interest income on other financial instruments					
Financial assets MFVPL other than held for trading	51	40	18	17	14
Financial assets held for trading	1 419	1 676	447	513	538
Of which economic hedges	*1 268*	*1 554*	*389*	*464*	*490*
Other financial assets at FVPL	0	0	0	0	0
Interest expense	-10 985	-10 666	-3 508	-3 724	-4 017
Interest expense on financial instruments calculated using the effective interest rate method					
Financial liabilities at AC	-5 031	-4 903	-1 601	-1 679	-1 812
Financial assets (negative interest)	- 1	- 1	0	0	0
Hedging derivatives	-4 553	-3 735	-1 498	-1 533	-1 604
Other	- 4	- 4	- 1	- 1	- 1
Interest expense on other financial instruments					
Financial liabilities held for trading	-1 349	-1 979	- 394	- 495	- 584
Of which economic hedges	*-1 313*	*-1 942*	*- 385*	*- 483*	*- 570*
Other financial liabilities at FVPL	- 51	- 50	- 15	- 17	- 18
Net interest expense relating to defined benefit plans	3	6	1	1	3

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 46 million euros in 3Q 2024, compared to 51 million euros in 2Q 2024 and 31 million euros in 3Q 2023 (149 and 71 million euros respectively for 9M 2024 and 9M 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)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total	- 94	49	- 42	3	- 8
Breakdown by driver					
Dealing room income	226	210	62	61	47
MTM ALM derivatives and other	- 117	- 28	- 16	1	- 17
Market value adjustments (xVA)	- 18	26	- 24	1	17
Result on investment backing UL contracts - under IFRS 17 & Insurance finance income and expense	- 183	- 159	- 63	- 60	- 56

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 3Q 2024 is 46 million euros lower compared to 2Q 2024.

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

- Negative impact from market value adjustments (xVA) in 3Q 2024 compared to slightly positive impact in 2Q 2024, mainly the result of a decrease in EUR and CZK yield curves
- Negative MTM ALM derivatives and other income in 3Q 2024 compared to positive amount 2Q 2024
- Slightly more negative result on investments backing unit-linked contracts under IFRS 17 & Insurance Finance Income and Expense in 3Q 2024 compared to 2Q 2023, due to increased interest accretion

Partly offset by:

- Slightly higher dealing room income in 3Q 2024 in Czech Republic and Hungary, more than compensating for slight decrease in Belgium

The result from financial instruments at fair value through profit or loss and Insurance finance income and expenses in 9M 2024 is 144 million euros lower compared to 9M 2023.

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

- More negative MTM ALM derivatives and other income in 9M 2024 compared to 9M 2023
- Negative impact from market value adjustments (xVA) in 9M 2024 compared to positive impact in 9M 2023
- More negative result on investments backing unit-linked contracts under IFRS 17 & Insurance Finance Income and Expense in 9M 2024 compared to 9M 2023, due to increased interest accretion

Partly offset by:

- Higher dealing room income

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

(in millions of EUR)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total	1 878	1 749	641	623	588
Fee and commission income	2 378	2 220	815	789	751
Fee and commission expense	- 500	- 471	- 174	- 166	- 163
Breakdown by type					
Asset Management Services	1 036	924	354	344	309
Fee and commission income	*1 080*	*968*	*367*	*360*	*324*
Fee and commission expense	*- 44*	*- 44*	*- 13*	*- 16*	*- 16*
Banking Services	804	792	276	267	268
Fee and commission income	*1 256*	*1 211*	*437*	*416*	*414*
Fee and commission expense	*- 453*	*- 419*	*- 160*	*- 149*	*- 146*
Other	*38*	*33*	*11*	*12*	*12*
Fee and commission income	*42*	*41*	*12*	*13*	*13*
Fee and commission expense	*- 4*	*- 8*	*- 1*	*- 1*	*- 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 platformication revenues.

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

(in millions of EUR)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total	154	596	45	51	44
of which gains or losses on					
Sale of financial assets measured at amortised cost	- 28	- 18	- 10	- 9	- 12
Sale of debt instruments at FVOCI	0	- 6	1	0	- 7
Repurchase of financial liabilities measured at amortised cost	0	0	0	0	0
of which other, including:	182	620	54	60	63
Income from operational leasing activities	91	82	34	30	32
Income from VAB Group	34	29	12	9	8
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 9M 2024:
- Realized loss on sale of low yielding bonds at amortised cost and FVOCI in Belgium, Czech Republic, Slovakia and Group Centre (total -27 million euros)

In 9M 2023:
- Gain on sale in Ireland: 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
- Realized loss on sale of low yielding bonds at amortised cost and FVOCI in Belgium, Czech Republic, Hungary and Group Re (total -23 million euros, mainly in 3Q 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
9M 2024					
Insurance service result	**118**	***8***	**229**	**—**	**347**
Insurance revenues before reinsurance	*339*	*18*	*1 849*	*—*	*2 188*
Insurance service expenses	*- 221*	*- 10*	*- 1 620*	*—*	*- 1 841*
Of which Non-life - Claim related expenses	*—*	*—*	*- 1 051*	*—*	*- 1 051*
Investment result and insurance finance income and expenses	**114**	***2***	**41**	**5**	***160***
Investment result	**339**	***76***	**74**	**5**	***418***
Net interest income	*243*	*0*	*68*	*0*	*311*
Dividend income	*17*	*0*	*3*	*5*	*25*
Net result from financial instruments at fair value through P&L	*75*	*75*	*0*	*- 1*	*74*
Net other income	*2*	*0*	*3*	*1*	*6*
Impairment	*2*	*0*	*1*	*0*	*2*
Total insurance finance income and expenses before reinsurance	**- 226**	***- 74***	***- 33***	**—**	**- 258**
Interest accretion	*- 150*	*—*	*- 34*	*—*	*- 184*
Effect of changes in financial assumptions and foreign exchange differences	*- 1*	*0*	*1*	*—*	*0*
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 74*	*- 74*	*—*	*—*	*- 74*
Net insurance and investment result before reinsurance	**231**	***10***	***271***	**5**	**507**
Net result from reinsurance contracts held	**- 4**	**—**	**- 9**	**—**	**- 13**
Premiums paid to the reinsurer	*- 28*	*—*	*- 92*	*—*	*- 120*
Commissions received	*6*	*—*	*8*	*—*	*15*
Amounts recoverable from reinsurer	*18*	*—*	*76*	*—*	*93*
Total (ceded) reinsurance finance income and expense	*0*	*—*	*- 1*	*—*	*- 2*
Net insurance and investment result after reinsurance	**227**	***10***	**261**	**5**	**494**
Non-directly attributable income and expenses	**19**	***- 1***	**- 37**	**12**	**- 6**
Net fee and commission income	*56*	*0*	*- 1*	*23*	*78*
Net other income	*—*	*—*	*—*	*56*	*56*
Operating expenses (incl. banking and insurance tax)	*- 36*	*- 1*	*- 36*	*- 68*	*- 140*
Impairment - Other	*0*	*0*	*0*	*0*	*- 1*
Share in results of assoc. comp & joint-ventures	*—*	*—*	*—*	*0*	*0*
Income tax	**—**	**—**	**—**	**- 112**	**- 112**
Result after tax	**247**	***9***	**224**	**- 96**	***375***
Attributable to minority interest	*—*	*—*	*—*	*—*	*—*
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	***375***

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non-technical	Total
9M 2023					
Insurance service result	**108**	***10***	**341**	**—**	**449**
Insurance revenues before reinsurance	*301*	*19*	1 704	—	2 004
Insurance service expenses	*- 192*	*- 9*	*- 1 363*	—	*- 1 555*
Of which Non-life - Claim related expenses	—	—	*- 831*	—	*- 831*
Investment result and insurance finance income and expenses	**116**	***0***	**47**	***20***	***183***
Investment result on assets	**310**	***56***	**68**	**20**	**398**
Net interest income	*226*	*0*	63	5	294
Dividend income	*17*	*0*	3	11	32
Net result from financial instruments at fair value through P&L	*58*	*56*	0	4	63
Net other income	*8*	*0*	1	0	9
Impairment	*0*	*0*	0	0	0
Total insurance finance income and expenses before reinsurance	**- 194**	***- 56***	**- 21**	**—**	**- 215**
Interest accretion	*- 137*	—	- 21	—	- 158
Effect of changes in financial assumptions and foreign exchange differences	*- 1*	*0*	0	—	0
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 56*	*- 56*	—	—	- 56
Net insurance and investment result before reinsurance	**224**	***10***	**389**	**20**	**632**
Net result from reinsurance contracts held	**- 2**	**—**	**- 72**	**—**	**- 74**
Premiums paid to the reinsurer	*- 23*	—	- 71	—	- 94
Commissions received	*5*	—	7	—	11
Amounts recoverable from reinsurer	*17*	—	- 6	—	11
Total (ceded) reinsurance finance income and expenses	*0*	—	- 2	—	- 2
Net insurance and investment result after reinsurance	**222**	***10***	**317**	**20**	**559**
Non-directly attributable income and expenses	**7**	***- 1***	**- 32**	**8**	**- 18**
Net fee and commission income	*50*	*0*	- 1	20	68
Net other income	—	—	—	49	49
Operating expenses (incl. banking and insurance tax)	*- 34*	*- 1*	- 31	- 60	- 125
Impairment - Other	*- 9*	*0*	0	0	- 9
Share in results of assoc. comp & joint-ventures	—	—	—	0	0
Income tax	**—**	**—**	**—**	**- 122**	**- 122**
Result after tax	**229**	***9***	**285**	**- 95**	**419**
Attributable to minority interest	—	—	—	—	0
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	**419**

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 -1 363 million euros in 9M 2023 to -1 620 million euros in 9M 2024 mainly due to higher claim related expenses (-220 million euros), which is a.o. due to impact of inflation, higher number of normal claims and the higher storm impact before reinsurance (mainly in 3Q 2024 related to storm Boris with a claim related impact of -71 million before reinsurance (for the largest part in the Czech Republic) and -33 million euros after 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 to insurance) in order to provide a comprehensive overview of the total cost evolution.

(in millions of EUR)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total Operating expenses by nature	**-3 840**	**-3 920**	**-1 183**	**-1 076**	**-1 130**
Staff Expenses	-2 025	-2 010	- 683	- 679	- 682
General administrative expenses	-1 533	-1 619	- 402	- 305	- 351
ICT Expenses	*- 464*	*- 466*	*- 168*	*- 151*	*- 164*
Facility Expenses	*- 183*	*- 193*	*- 64*	*- 59*	*- 66*
Marketing & communication expenses	*- 67*	*- 69*	*- 25*	*- 23*	*- 24*
Professional fees	*- 100*	*- 98*	*- 35*	*- 33*	*- 29*
Bank and insurance tax	*- 568*	*- 651*	*- 47*	*- 2*	*- 29*
Other	*- 151*	*- 142*	*- 63*	*- 36*	*- 39*
Depreciation and amortisation of fixed assets	- 282	- 291	- 97	- 93	- 97

The operating expenses for 3Q 2024 include -47 million euros related to bank and insurance levies (-2 million euros in 2Q 2024; -29 million euros in 3Q 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 9M 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.

9M 2024 includes -71 million euros extraordinary sectoral tax in K&H Hungary (booked in 1Q 2024), compared to -101 million euros in 9M 2023 (respectively -79 and -22 million euros booked in 1Q 2023 and 2Q 2023).
On 8 July 2024, the Hungarian government announced an increase of the financial transaction levy, resulting in -37 million euros booked in 3Q 2024 compared to -28 million euros in 2Q 2024.

Mid-January 2024 the Slovak Parliament introduced a special bank levy resulting in -25 million euros additional bank taxes in 9M 2024 (-8 million euros both in 1Q and 2Q 2024 and -9 million euros in 3Q24).

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 9M 2024 still -25 million euros related to contribution from non-eurozone countries, of which -27 million euros booked in 1Q 2024). In 9M 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)	9M 2024	9M 2023	3Q 2024	2Q 2024	3Q 2023
Total	**- 170**	**- 46**	**- 69**	**- 85**	**- 63**
Impairment on financial assets at AC and at FVOCI	- 149	11	- 61	- 72	- 36
By IFRS category					
Impairment on financial assets at AC	*- 151*	*11*	*- 63*	*- 72*	*- 36*
Impairment on financial assets at FVOCI	*2*	*0*	*2*	*0*	*0*
By product					
Loans and advances	*- 165*	*- 19*	*- 76*	*- 73*	*- 48*
Debt securities	*4*	*10*	*4*	*1*	*7*
Off-balance-sheet commitments and financial guarantees	*11*	*19*	*10*	*1*	*5*
By type					
Stage 1 (12-month ECL)	*4*	*- 45*	*17*	*23*	*2*
Stage 2 (lifetime ECL)	*85*	*101*	*34*	*- 44*	*10*
Stage 3 (non-performing; lifetime ECL)	*- 205*	*- 35*	*- 104*	*- 48*	*- 42*
Purchased or originated credit impaired assets	*- 34*	*- 9*	*- 9*	*- 2*	*- 7*
By division/country					
Belgium	*- 198*	*- 71*	*- 40*	*- 122*	*- 42*
Czech Republic	*21*	*56*	*- 17*	*41*	*- 4*
International Markets	*25*	*18*	*- 4*	*9*	*7*
Slovakia	*14*	*6*	*- 3*	*6*	*- 2*
Hungary	*24*	*12*	*6*	*8*	*6*
Bulgaria	*- 14*	*0*	*- 7*	*- 5*	*3*
Group Centre	*4*	*8*	*- 1*	*1*	*2*
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 20	- 56	- 7	- 13	- 27
Intangible fixed assets (other than goodwill)	- 12	- 27	- 4	- 8	- 26
Property, plant and equipment (including investment property)	- 3	- 10	- 2	0	- 1
Associated companies and joint ventures	0	0	0	0	0
Other	- 6	- 20	- 1	- 5	0

The impairment on financial assets at AC and at FVOCI in 9M 2024 include:

- A net impairment release of 84 million euros for the geopolitical and macroeconomic uncertainties (of which 71 million euros release in 3Q 2024, 14 million euros charge in 2Q 2024 and 27 million euros release in 1Q 2024), compared to 120 million euros net impairment release in 9M 2023 (of which 59 million euros in 3Q 2023, 40 million euros in 2Q 2023 and 21 million euros in 1Q 2023).
  The outstanding balance of ECL for the geopolitical and macroeconomic uncertainties amounts to 168 million euros at the end of 9M 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 71 million euros ECL release for geopolitical & macroeconomic uncertainties in 3Q 2024 is driven mainly by the positive evolution of micro- and macroeconomic indicators.

- Additionally, the impairments on financial assets at AC and at FVOCI in 9M 2024 include 233 million euros net charge (132 million euros in 3Q 2024 of which 54 million euros is reducing the backstop shortfall for old non-performing loans in Belgium, 58 million euros in 2Q 2024 and 43 million euros in 1Q 2024, largely in stage 3 mainly for a limited number of large corporate files in the business units Belgium and Czech Republic). In 9M 2023, the impairments on financial assets at AC and at FVOCI, include 109 million euros net charge (95 million euros in 3Q 2023, 17 million euros charge in 2Q 2023 and a net release of 3 million euros in 1Q 2023, related to a number of corporate and retail files mainly in Belgium and Bulgaria largely in stage 3).

The impairments on intangible asset (other than goodwill) in 9M 2024 (-4 million euros in 3Q 2024 and -8 million euros in 2Q 2024) and in 9M 2023 (-27 million euros mainly in 3Q 2023) are related to software impairments in Hungary and Belgium.

The impairments on property and equipment in 9M 2024 (-3 million euros) are related to bank office buildings and equipment in Belgium (in 3Q 2024). The impairments on property and equipment in 9M 2023 (-10 million euros) were related to the full write down of leased assets in Ireland (in 2Q 2023).

The impairment on other (Other) in 9M 2024 (-6 million euros, for a large part booked in 2Q 2024) and in 9M 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 9M 2023 until 31 December 2023 for mortgages and SMEs).

Share in results of associated companies and joint ventures (note 3.10 in the annual accounts 2023)

The share in results of associated companies and joint ventures in 3Q 2024 includes a one-off gain of 79 million euros (related to Isabel NV).

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 9M 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 9M 2024 results, the additional top-up tax amounts to roughly 17 million euros (mainly Bulgaria and the Czech Republic). 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)	Measured at amortised cost (AC)	Measured at fair value through other comprehensive income (FVOCI)	Mandatorily measured at fair value through profit or loss (MFVPL) excl. HFT	Held for trading (HFT)	Designated at fair value (FVO)	Hedging derivatives	Total
FINANCIAL ASSETS, 30-09-2024							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	2 578	0	0	1	0	0	2 579
of which repayable on demand and term loans at not more than three months							*549*
Loans and advances to customers (excl. reverse repos)	187 678	0	945	0	0	0	188 623
Trade receivables	*2 589*	*0*	*0*	*0*	*0*	*0*	*2 589*
Consumer credit	*6 129*	*0*	*632*	*0*	*0*	*0*	*6 761*
Mortgage loans	*76 614*	*0*	*312*	*0*	*0*	*0*	*76 926*
Term loans	*88 266*	*0*	*1*	*0*	*0*	*0*	*88 266*
Finance lease	*7 760*	*0*	*0*	*0*	*0*	*0*	*7 760*
Current account advances	*5 366*	*0*	*0*	*0*	*0*	*0*	*5 366*
Other	*955*	*0*	*0*	*0*	*0*	*0*	*955*
Reverse repos	29 815	0	0	439	0	0	30 253
with credit institutions and investment firms	*29 703*	*0*	*0*	*439*	*0*	*0*	*30 142*
with customers	*111*	*0*	*0*	*0*	*0*	*0*	*111*
Equity instruments	0	1 677	8	663	0	0	2 349
Investment contracts (insurance)	0	0	16 110	0	0	0	16 110
Debt securities issued by	48 394	20 110	65	5 011	0	0	73 580
Public bodies	*40 562*	*15 837*	*0*	*3 917*	*0*	*0*	*60 317*
Credit institutions and investment firms	*5 643*	*2 380*	*0*	*1 018*	*0*	*0*	*9 041*
Corporates	*2 189*	*1 893*	*65*	*75*	*0*	*0*	*4 222*
Derivatives	0	0	0	3 657	0	255	3 912
Other	969	0	0	0	0	0	969
Total	269 434	21 787	17 128	9 771	0	255	318 376
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
of which repayable on demand and term loans at not more than three months							*222*
Loans and advances to customers (excl. reverse repos)	182 777	0	836	0	0	0	183 613
Trade receivables	*2 680*	*0*	*0*	*0*	*0*	*0*	*2 680*
Consumer credit	*6 604*	*0*	*608*	*0*	*0*	*0*	*7 211*
Mortgage loans	*75 254*	*0*	*228*	*0*	*0*	*0*	*75 482*
Term loans	*85 694*	*0*	*0*	*0*	*0*	*0*	*85 694*
Finance lease	*7 197*	*0*	*0*	*0*	*0*	*0*	*7 197*
Current account advances	*4 626*	*0*	*0*	*0*	*0*	*0*	*4 626*
Other	*723*	*0*	*0*	*0*	*0*	*0*	*723*
Reverse repos	25 501	0	0	0	0	0	25 501
with credit institutions and investment firms	*25 356*	*0*	*0*	*0*	*0*	*0*	*25 356*
with customers	*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
Public bodies	*43 337*	*13 206*	*0*	*2 966*	*0*	*0*	*59 509*
Credit institutions and investment firms	*5 658*	*1 826*	*0*	*12*	*0*	*0*	*7 496*
Corporates	*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, 30-09-2024					
Deposits from credit institutions and investment firms (excl. repos)	11 742	0	0	0	11 742
of which repayable on demand					*5 280*
Deposits from customers and debt securities (excl. repos)	261 924	83	1 063	0	263 071
Demand deposits	*103 558*	*0*	*0*	*0*	*103 558*
Time deposits	*45 040*	*83*	*242*	*0*	*45 366*
Savings accounts	*71 696*	*0*	*0*	*0*	*71 696*
Savings certificates	*1 232*	*0*	*0*	*0*	*1 232*
Subtotal, customer deposits	*221 526*	*83*	*242*	*0*	*221 851*
Certificates of deposit	*13 980*	*0*	*5*	*0*	*13 985*
Non-convertible bonds	*22 799*	*0*	*704*	*0*	*23 503*
Non-convertible subordinated liabilities	*3 619*	*0*	*111*	*0*	*3 730*
Repos	10 944	84	0	0	11 028
with credit institutions and investment firms	*5 555*	*84*	*0*	*0*	*5 639*
with customers	*5 389*	*0*	*0*	*0*	*5 389*
Liabilities under investment contracts	26	0	15 167	0	15 193
Derivatives	0	4 310	0	326	4 636
Short positions	0	633	0	0	633
In equity instruments	*0*	*15*	*0*	*0*	*15*
In debt securities	*0*	*618*	*0*	*0*	*618*
Other	3 135	0	0	0	3 135
Total	287 770	5 111	16 230	326	309 437
FINANCIAL LIABILITIES, 31-12-2023					
Deposits from credit institutions and investment firms (excl. repos)	15 013	0	0	0	15 013
of which repayable on demand					*6 136*
Deposits from customers and debt securities (excl. repos)	258 051	81	1 359	0	259 491
Demand deposits	*107 568*	*0*	*0*	*0*	*107 568*
Time deposits	*37 770*	*81*	*194*	*0*	*38 044*
Savings accounts	*70 810*	*0*	*0*	*0*	*70 810*
Savings certificates	*79*	*0*	*0*	*0*	*79*
Subtotal, customer deposits	*216 227*	*81*	*194*	*0*	*216 501*
Certificates of deposit	*16 840*	*0*	*6*	*0*	*16 846*
Non-convertible bonds	*22 294*	*0*	*1 045*	*0*	*23 339*
Non-convertible subordinated liabilities	*2 690*	*0*	*114*	*0*	*2 804*
Repos	5 235	40	0	0	5 275
with credit institutions and investment firms	*3 259*	*40*	*0*	*0*	*3 298*
with customers	*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
In equity instruments	*0*	*6*	*0*	*0*	*6*
In debt securities	*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).

In September 2024, the state note issued by the Kingdom of Belgium with a tenor of 1 year for an amount of 22 billion euros, came to maturity, initiating temporary special offers by banks in Belgium in order to attempt to recover the money. For KBC this resulted in a net inflow of core customer money of 6.5 billion euros in 3Q 2024 (of which 6.0 billion euros time deposits, 1.2 billion euros saving certificates and 0.9 billion other inflows (i.e. mutual funds and Life insurance products), partly offset by a transfer from demand and saving deposits of -1.6 billion euros), compared to an outflow to the state note of 5.7 billion euros in 3Q 2023. Note that following the relaunch of the (retail) saving certificates in Belgium, this product is now retroactively included as part of the subtotal of customer deposits.

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
30-09-2024			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	222 551	- 2 479	220 071
Stage 1 (12-month ECL)	192 368	- 147	192 220
Stage 2 (lifetime ECL)	26 197	- 402	25 795
Stage 3 (lifetime ECL)	3 529	- 1 808	1 721
Purchased or originated credit impaired assets (POCI)	456	- 122	334
Debt Securities	48 402	- 8	48 394
Stage 1 (12-month ECL)	48 306	- 6	48 300
Stage 2 (lifetime ECL)	92	- 1	91
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	20 114	- 4	20 110
Stage 1 (12-month ECL)	20 098	- 4	20 094
Stage 2 (lifetime ECL)	17	0	16
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 (since 2022) of an exposure of 12.2 billion euros from stage 1 to stage 2 has been applied at 30 September 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 9M 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 in Belgium 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)				30-09-2024				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)	16 042	81	1 005	17 128	14 253	107	851	15 212
Held for trading	3 642	5 151	979	9 771	2 991	4 625	711	8 327
Designated at fair value	0	0	0	0	0	0	0	0
At fair value through OCI	18 950	2 224	646	21 819	15 290	2 628	669	18 587
Hedging derivatives	0	255	0	255	0	295	0	295
Total	38 633	7 711	2 630	48 974	32 534	7 656	2 231	42 422
FINANCIAL LIABILITIES AT FAIR VALUE								
Held for trading	635	3 125	1 351	5 111	1 429	4 582	1 039	7 050
Designated at fair value	15 167	265	798	16 230	13 432	202	1 157	14 791
Hedging derivatives	0	255	71	326	0	306	95	401
Total	15 802	3 646	2 220	21 667	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 9M 2024, KBC transferred about 180 million euros worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 415 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 9M 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 109 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 51 million euros, mainly due to new acquisitions.
- Financial assets held for trading: the fair value of derivatives increased by 267 million euros, primarily due to changes in market parameters and new acquisitions, partly offset by sales of existing positions.
- Financial assets measured at fair value through other comprehensive income: the fair value of debt securities has decreased by 48 million euros, primarily due to transfers out of level 3. The fair value of equity instruments increased by 24 million euros, mostly due to acquisitions, partly offset by sales of existing positions
- Financial liabilities held for trading: the fair value of derivatives increased by 312 million euros, mostly due to changes in market parameters and new transactions, partly offset by sales of existing positions.
- Financial liabilities designated at fair value: the fair value of debt securities issued decreased by 359 million euros, primarily due to deals that reached maturity and sales of existing positions, only partially offset by acquisitions and changes in market parameters.
- Financial liabilities relating to hedging derivatives: the fair value of derivatives decreased by 24 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 2 255 million euros at 30 September 2024, or an increase of 11 million euros. In 2Q 2024, a migration of Belgian 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 in 2Q 2024.

Excluding the migration, there is a decrease in CSM of 85 million euros compared to the end of 2023, which is mainly driven by negative change in best estimates reflected in the CSM (-108m; mainly driven by parameter updates and changes in non-economic & experience variances), while CSM of new business (+131 million euros) was slightly higher compared to the CSM release in the income statement (-118 million euros).

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

Quantities	30-09-2024	31-12-2023
Ordinary shares	417 305 876	417 305 876
of which ordinary shares that entitle the holder to a dividend payment	*396 325 051*	*408 508 807*
of which treasury shares	*20 980 825*	*8 801 316*
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 Group NV issued Additional Tier-1 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).
In 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.

In September 2024, KBC Group NV issued Additional Tier-1 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 6.25% per year payable every six months). Additionally, KBC Group NV announced the repurchase of part of the Additional Tier-1 securities issued in 2018 via a cash tender offer for an aggregate principal amount of 636 million euros.

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 hypothetic 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 September 2024) and the publication of this report (7 November 2024): None

REPORT OF THE STATUTORY AUDITOR TO THE BOARD OF DIRECTORS OF KBC GROUP NV ON THE REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS AS AT 30 SEPTEMBER 2024 AND FOR THE NINE-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 September 2024 and the related interim consolidated income statement and condensed consolidated statement of comprehensive income for the nine-months' period then ended, and the interim consolidated statement of changes in equity and condensed consolidated cash flow statement for the nine-months' period then ended, and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes, collectively, the "Condensed Interim Consolidated Financial Statements according to IFRS".

These statements show a consolidated balance sheet total of EUR 353.261 million and a consolidated profit (attributable to equity holders of the parent) for the nine-months' period then ended of EUR 2.300 million.

The board of directors is responsible for the preparation and fair presentation of these Condensed Interim Consolidated Financial Statements according to IFRS 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 Condensed Interim Consolidated Financial Statements according to IFRS 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 Condensed Interim Consolidated Financial Statements according to IFRS are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Diegem, 6 November 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

3Q 2024 and 9M 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	30-09-2024	31-12-2023
Total loan portfolio (in billions of EUR) [1]		
Amount outstanding and undrawn	262	258
Amount outstanding	207	203
Loan portfolio breakdown by business unit (as a % of the outstanding portfolio)		
Belgium	64.5%	64.7%
Czech Republic	19.4%	19.3%
International Markets	15.6%	15.4%
Group Centre [2]	0.5%	0.6%
Loan portfolio breakdown by counterparty sector (as a % of the outstanding portfolio)		
Private individuals	40.9%	40.8%
Finance and insurance	5.8%	6.0%
Governments	2.8%	2.7%
Corporates	50.6%	50.5%
Services	10.7%	10.5%
Distribution	8.3%	8.3%
Real estate	6.9%	6.9%
Building & construction	4.7%	4.5%
Agriculture, farming, fishing	2.8%	2.9%
Automotive	2.6%	2.6%
Electricity	1.9%	1.8%
Food Producers	1.8%	1.8%
Metals	1.5%	1.6%
Chemicals	1.3%	1.5%
Machinery & Heavy equipment	1.0%	1.0%
Oil, gas & other fuels	0.8%	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]	3.2%	3.3%
Loan portfolio breakdown by region (as a % of the outstanding portfolio)		
Belgium	54.9%	54.8%
Czech Republic	18.6%	18.4%
Slovakia	6.1%	6.3%
Hungary	4.2%	4.1%
Bulgaria	5.3%	5.1%
Rest of Western Europe	7.7%	7.6%
Rest of Central and Eastern Europe	0.2%	0.2%
North America	1.1%	1.4%
Asia	0.9%	0.9%
Other	1.1%	1.1%
Loan portfolio breakdown by counterparty (as % of the outstanding portfolio)		
Retail	40.9%	40.8%
of which: mortgages	37.0%	37.1%
of which: consumer finance	3.8%	3.7%
SME	22.2%	21.8%
Corporate	36.9%	37.4%

	30-09-2024	31-12-2023
Loan portfolio breakdown by IFRS 9 ECL stage (as % of the outstanding portfolio)		
Stage 1 (credit risk has not increased significantly since initial recognition)	84.6%	80.1%
of which: PD 1 - 4	64.2%	64.5%
of which: PD 5 - 9 including unrated	20.5%	15.5%
Stage 2 (credit risk has increased significantly since initial recognition – not credit impaired) incl. POCI [4]	13.3%	17.9%
of which: PD 1 - 4	2.7%	5.1%
of which: PD 5 - 9 including unrated	10.6%	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)	4 292	4 221
of which: more than 90 days past due	2 241	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]	38.3%	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	166	168
Loan loss Impairment for Stage 2 portfolio	417	502
Loan loss Impairment for Stage 3 portfolio	1 976	1 888
of which: more than 90 days past due	1 464	1 459
Cover ratio of impaired loans (%)		
Loan loss impairments for stage 3 portfolio / impaired loans	46.0%	44.7%
of which: more than 90 days past due	65.3%	71.2%
Cover ratio of impaired loans, mortgage loans excluded (%)		
Loan loss impairments for stage 3 portfolio / impaired loans, mortgage loans excluded	48.7%	47.4%
of which: more than 90 days past due	67.7%	74.2%
Credit cost ratio (%)		
Belgium	0.20%	0.06%
Czech Republic	-0.07%	-0.18%
International Markets	-0.10%	-0.06%
Slovakia	-0.15%	-0.07%
Hungary	-0.38%	-0.14%
Bulgaria	0.16%	0.00%
Group Centre	0.18%	0.07%
Total	0.10%	0.00%

[1] Outstanding 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

[2] Business 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

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

[4] Purchased 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).

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 30-09-2024, in millions of EUR	Business Unit Belgium[1]			Business Unit Czech Republic			Business Unit International Markets			Business Unit Group Centre[2]		
Total portfolio outstanding	**133 787**			**40 222**			**32 257**			**997**		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
retail	46 868	35%		22 948	57%		14 857	46%		0	0%	
o/w mortgages	45 160	34%		20 202	50%		11 378	35%		0	0%	
o/w consumer finance	1 707	1%		2 746	7%		3 479	11%		0	0%	
SME	36 084	27%		5 850	15%		4 109	13%		0	0%	
corporate	50 835	38%		11 424	28%		13 291	41%		997	100%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	45 160	34%	54%	20 202	50%	50%	11 378	35%	57%	0	0%	0%
o/w FX mortgages	0	0%	-	0	0%	-	73	0%	38%	0	0%	-
o/w ind. LTV > 100%	391	0%	-	14	0%	-	69	0%	-	0	0%	-
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	98 129	73%		23 308	58%		16 650	52%		580	58%	
medium risk (PD 5-7; 0.80%-6.40%)	29 093	22%		14 990	37%		13 858	43%		35	4%	
high risk (PD 8-9; 6.40%-100.00%)	3 462	3%		1 375	3%		1 108	3%		0	0%	
impaired loans (PD 10 - 12)	2 831	2%		547	1%		532	2%		382	38%	
unrated	272	0%		2	0%		109	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	2 831	1 140	40%	547	251	46%	532	253	47%	382	332	87%
o/w PD 10 impaired loans	1 500	350	23%	245	72	30%	245	67	28%	61	22	36%
o/w more than 90 days past due (PD 11+12	1 331	790	59%	303	179	59%	287	185	65%	321	310	97%
all impairments (stage 1+2+3)	1 436			397			395			332		
o/w stage 1+2 impairments (incl. POCI)	296			145			142			1		
o/w stage 3 impairments (incl. POCI)	1 140			251			253			332		
2023 Credit cost ratio (CCR)[3]	0.06%			-0.18%			-0.06%			0.07%		
2024 Credit cost ratio (CCR)[3] - YTD	0.20%			-0.07%			-0.10%			0.18%		

[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

30-09-2024, in millions of EUR	**Slovakia**			**Hungary**			**Bulgaria**		
Total portfolio outstanding	**12 295**			**8 661**			**11 301**		
Counterparty break down		% outst.			% outst.			% outst.	
retail	7 211	59%		2 969	34%		4 677	41%	
o/w mortgages	6 664	54%		1 979	23%		2 735	24%	
o/w consumer finance	547	4%		990	11%		1 942	17%	
SME	1 268	10%		102	1%		2 738	24%	
corporate	3 816	31%		5 589	65%		3 886	34%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	6 664	54%	61%	1 979	23%	42%	2 735	24%	60%
o/w FX mortgages	0	0%	-	1	0%	46%	73	1%	38%
o/w ind. LTV > 100%	37	0%	-	18	0%		14	0%	-
Probability of default (PD)		% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	8 124	66%		4 525	52%		4 001	35%	
medium risk (PD 5-7; 0.80%-6.40%)	3 412	28%		3 890	45%		6 556	58%	
high risk (PD 8-9; 6.40%-100.00%)	547	4%		140	2%		421	4%	
impaired loans (PD 10 - 12)	183	1%		102	1%		247	2%	
unrated	29	0%		4	0%		76	1%	
Overall risk indicators		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover
outstanding impaired loans	183	95	52%	102	33	33%	247	125	50%
o/w PD 10 impaired loans	71	19	27%	75	18	24%	99	31	31%
o/w more than 90 days past due (PD 11+12)	112	76	67%	27	16	58%	148	94	64%
all impairments (stage 1+2+3)	139			72			184		
o/w stage 1+2 impairments (incl. POCI)	44			38			59		
o/w stage 3 impairments (incl. POCI)	95			33			125		
2023 Credit cost ratio (CCR)[1]	-0.07%			-0.14%			0.00%		
2024 Credit cost ratio (CCR)[1] - YTD	-0.15%			-0.38%			0.16%		

[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 2024 and the dividend re. 2024 will be recognised in the official (transitional) CET1 of the 1st quarter 2025, which is reported after the General Meeting. The 2024 interim profit is included in the fully loaded CET1 (taking into account 50% pay-out in line with our Dividend Policy).

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 74% of the weighted credit risks. The remaining weighted credit risks (ca. 26%) are calculated according to the Standardised approach.

The overall capital requirement (CET1) that KBC is to uphold is set at 10.82% (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 1.14% 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)	30-09-2024 Fully loaded	Actuals	31-12-2023 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	1.14%	0.86%	1.24%	0.67%
Overall Capital Requirement (OCR) - with P2R split, CRD Art. 104a(4)	**10.82%**	**10.54%**	**10.92%**	**10.43%**
CET1 used to satisfy shortfall in AT1 bucket	0.25%	0.25%	0.30%	0.30%
CET1 used to satisfy shortfall in T2 bucket	0.00%	0.00%	0.45%	0.36%
CET1 requirement for MDA	**11.08%**	**10.79%**	**11.68%**	**11.09%**
CET1 capital	17 742	16 985	17 236	15 639
CET1 buffer (= buffer compared to MDA)	4 802	4 376	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) 30-09-2024		numerator (common equity)	denominator (total weighted risk volume)	ratio (%)
Common Equity ratio				
Danish Compromise	Fully loaded	17 742	116 817	15.19%
Deduction Method	Fully loaded	17 081	112 204	15.22%
Financial Conglomerates Directive	Fully loaded	19 369	135 257	14.32%
Danish Compromise	Transitional	16 985	116 822	14.54%
Deduction Method	Transitional	16 248	112 018	14.51%
Financial Conglomerates Directive	Transitional	18 845	135 262	13.93%

KBC's fully loaded CET1 ratio of 15.19% at the end of September 2024 represents a solid capital buffer of 4.11% compared with the Maximum Distributable Amount (MDA) of 11.08%.

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.

In line with our Dividend Policy, we will pay out an interim dividend of 1 euro per share on 14 November 2024 as an advance on the total dividend for financial year 2024 (already taken into account in the Common equity ratio).

The EBA Monitoring report on AT1, Tier 2 and TLAC / MREL eligible liabilities instruments (27 June 2024) recommends to use the carrying amounts (including accrued interest and hedge adjustments) instead of nominal amounts for own funds calculation. KBC has applied this EBA recommendation as at 30-09-2024. Implementation of this approach increases the volatility in the Tier 2 capital: as at 30-09-2024 it has a 17 million euros positive impact on Tier 2 capital at KBC Group level .

Moving towards the Basel IV era and applying a static balance sheet (1H 2024) and all other parameters ceteris paribus, without mitigating actions, KBC projects:

- at 1 January 2025, a first-time application impact of +1.0 billion euros in risk-weighted assets (+0.0 billion euros previously);
- by 1 January 2033, a further impact of +7.5 billion euros in risk-weighted assets (+8.0 billion euros previously);

resulting in a fully loaded impact of +8.5 billion euros in risk-weighted assets (+8.0 billion euros previously).

Solvency ratios KBC Group (Danish Compromise)

In millions of EUR	30-09-2024 Fully loaded	30-09-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Total regulatory capital (after profit appropriation)	22 947	22 124	21 260	19 768
Tier-1 capital	19 606	18 849	18 986	17 389
Common equity	17 742	16 985	17 236	15 639
Parent shareholders' equity (after deconsolidating KBC Insurance)	20 503	19 023	21 181	18 209
Intangible fixed assets, incl deferred tax impact (-)	- 668	- 668	- 712	- 712
Goodwill on consolidation, incl deferred tax impact (-)	- 1 058	- 1 058	- 1 070	- 1 070
Minority interests	0	0	0	0
Hedging reserve (cash flow hedges) (-)	480	480	579	579
Valuation diff. in financial liabilities at fair value - own credit risk (-)	- 26	- 26	- 29	- 29
Value adjustment due to the requirements for prudent valuation (-)	- 36	- 36	- 24	- 24
Dividend payout (-)	- 692	0	- 1 287	0
Share buyback (part not yet executed) (-)	0	0	- 803	- 803
Coupon of AT1 instruments (-)	- 10	- 10	- 26	- 26
Deduction re. financing provided to shareholders (-)	- 15	- 15	- 56	- 56
Deduction re. Irrevocable payment commitments (-)	- 90	- 90	- 90	- 90
Deduction re NPL backstops (-)	- 249	- 249	- 204	- 204
Deduction re pension plan assets (-)	- 193	- 193	- 121	- 121
IRB provision shortfall (-)	- 149	- 125	- 4	0
Deferred tax assets on losses carried forward (-)	- 56	- 56	- 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	1 864	1 864	1 750	1 750
CRR compliant AT1 instruments	1 864	1 864	1 750	1 750
Minority interests to be included in additional going concern capital	0	0	0	0
Tier 2 capital	3 342	3 275	2 273	2 379
IRB provision excess (+)	233	165	277	265
Transitional adjustments to T2	0	0	0	- 60
Subordinated liabilities	3 109	3 110	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	116 817	116 822	113 038	113 029
Banking	107 029	107 034	103 201	103 192
Insurance	9 133	9 133	9 133	9 133
Holding activities	679	679	710	710
Elimination of intercompany transactions	- 24	- 24	- 6	- 6
Solvency ratios				
Common equity ratio	15.19%	14.54%	15.25%	13.84%
Tier-1 ratio	16.78%	16.13%	16.80%	15.38%
Total capital ratio	19.64%	18.94%	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 30-09-2024, the difference between the fully loaded total own funds (22 947 million euros, interim profit after 50% pay-out re. 2024 is included) and the transitional own funds (22 124 million euros, interim profit after 50% pay-out re. 2024 is not included) is explained by the net interim result for 2024 (2 157 million euros under the Danish Compromise method), the 50% pay-out (1 088 million euros dividend accrual, of which 396 million euros interim dividend of 2024), the extraordinary interim dividend (-280 million euros, paid out in 2Q 2024), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (+36 million euros) and the grandfathered tier-2 subordinated debt instruments (-1 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).
- In September 2024, KBC Group issued a new AT1 for an amount of 750 million euros and at the same has repurchased 636 million euro from the 1 billion euro AT1 instrument that was issued in April 2018 and has a first call date on 24-10-2025.

Leverage ratio KBC Group

Leverage ratio KBC Group In millions of EUR	30-09-2024 Fully loaded	30-09-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Tier-1 capital	19 606	18 849	18 986	17 389
Total exposures	342 034	342 043	333 791	333 894
Total Assets	353 261	353 261	346 921	346 921
Deconsolidation KBC Insurance	-33 034	-33 034	-30 980	-30 980
Transitional adjustment	0	8	0	103
Adjustment for derivatives	175	175	-1 341	-1 341
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	-2 399	-2 399	-2 286	-2 286
Adjustment for securities financing transaction exposures	1 703	1 703	1 357	1 357
Central Bank exposure	0	0	0	0
Off-balance sheet exposures	22 328	22 328	20 119	20 119
Leverage ratio	5.73%	5.51%	5.69%	5.21%

At the end of September 2024, the fully loaded leverage ratio increased compared to December 2023, due to higher Tier-1 capital partly offset by 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)	30-09-2024 Fully loaded	30-09-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Total regulatory capital, after profit appropriation	21 008	20 043	19 375	17 952
Tier-1 capital	17 681	16 784	16 924	15 573
Common equity	15 817	14 920	15 174	13 823
Parent shareholders' equity	17 699	16 770	17 695	15 450
Solvency adjustments	-1 882	-1 850	-2 521	-1 627
Additional going concern capital	1 864	1 864	1 750	1 750
Tier-2 capital	3 327	3 259	2 451	2 379
Total weighted risk volume	107 029	107 034	103 201	103 192
Credit risk	91 960	91 965	88 051	88 042
Market risk	2 035	2 035	2 116	2 116
Operation risk	13 034	13 034	13 034	13 034
Common equity ratio	14.8%	13.9%	14.7%	13.4%

Solvency II, KBC Insurance consolidated (in millions of EUR)	30-09-2024	31-12-2023
Own Funds	4 338	4 130
Tier 1	3 837	3 629
IFRS Parent shareholders' equity	3 405	3 302
Dividend payout	- 263	- 233
Deduction intangible assets and goodwill (after tax)	- 204	- 198
Valuation differences (after tax)	676	597
Volatility adjustment	166	137
Other	56	25
Tier 2	501	501
Subordinated liabilities	501	501
Solvency Capital Requirement (SCR)	2 206	2 005
Market risk	1 569	1 434
Non-life	841	786
Life	1 210	1 131
Health	316	278
Counterparty	135	124
Diversification	-1 403	-1 293
Other	- 464	- 455
Solvency II ratio	197%	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), expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE):

- 28.22% of RWA as from 3Q 2024 (including transitional Combined Buffer Requirement(1) of 4.99% as from 3Q 2024)
- 7.42% of LRE as from 3Q 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:

- 23.79% of RWA as from 3Q 2024 (including the Combined Buffer Requirement(1) of 4.99% as from 3Q 2024)
- 7.42% of LRE as from 3Q 2024

At the end of September 2024, the MREL ratio stands at 31.3% as a % of RWA (versus 30.7% as at the end 2023) and at 10.7% 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 9M 2024 and increased Tier-2 capital, 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 (0.86%) + 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)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	1 394	1 379	1 369	1 360	1 382
Insurance revenues before reinsurance	740	726	714	683	699
Non-life	631	613	598	584	587
Life	109	114	116	99	113
Dividend income	11	26	7	12	10
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 42	3	- 55	- 40	- 8
Net fee and commission income	641	623	614	600	588
Net other income	45	51	58	60	44
TOTAL INCOME	2 787	2 809	2 708	2 674	2 715
Operating expenses (excluding opex allocated to insurance service expenses)	- 1 058	- 950	- 1 431	- 1 085	- 1 011
Total Opex without bank and insurance tax	- 1 135	- 1 074	- 1 063	- 1 169	- 1 101
Total bank and insurance tax	- 47	- 2	- 518	- 36	- 29
Minus: Opex allocated to insurance service expenses	124	126	150	120	119
Insurance service expenses before reinsurance	- 688	- 590	- 563	- 567	- 540
Of which Insurance commissions paid	- 99	- 92	- 89	- 94	- 87
Non-life	- 615	- 514	- 489	- 509	- 485
of which Non-life - Claim related expenses	- 427	- 331	- 293	- 328	- 308
Life	- 72	- 76	- 73	- 58	- 55
Net result from reinsurance contracts held	28	- 24	- 18	- 16	- 22
Impairment	- 69	- 85	- 16	- 170	- 63
on FA at amortised cost and at FVOCI	- 61	- 72	- 16	5	- 36
on goodwill	0	0	0	- 109	0
other	- 7	- 13	0	- 66	- 27
Share in results of associated companies and joint ventures	78	2	0	0	0
RESULT BEFORE TAX	1 079	1 162	680	836	1 079
Income tax expense	- 211	- 237	- 175	- 159	- 203
RESULT AFTER TAX	868	925	506	677	877
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**868**	**925**	**506**	**677**	**877**
Banking	774	774	356	566	722
Insurance	104	139	133	108	134
Holding activities	- 9	13	16	3	20
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	188 623	187 502	183 722	183 613	181 821
of which Mortgage loans (end of period)	*76 926*	*76 236*	*75 311*	*75 482*	*75 105*
Customer deposits and debt certificates excl. repos (end of period)	263 071	271 610	263 700	259 491	260 383
Insurance related liabilities (including Inv. Contracts)					
Life insurance	29 020	28 272	27 938	27 323	25 754
Liabilities under investment contracts (IFRS 9)	*15 193*	*14 780*	*14 319*	*13 461*	*12 655*
Insurance contract liabilities (IFRS 17)	*13 827*	*13 492*	*13 618*	*13 862*	*13 099*
Non-life insurance	3 186	3 029	2 984	2 922	2 821
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	116 817	115 635	114 101	113 038	115 255
Required capital, insurance (end of period)	2 206	2 153	2 055	2 005	2 034
Allocated capital (end of period)	13 965	13 783	13 517	13 788	14 068
Return on allocated capital (ROAC, YTD)	22%	21%	15%	25%	27%
Cost/income ratio without banking and insurance tax (YTD)	43%	42%	43%	43%	41%
Combined ratio, non-life insurance (YTD)	89%	87%	85%	87%	85%
Net interest margin, banking (QTD)	2.09%	2.10%	2.08%	1.99%	2.04%

Business unit Belgium (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	828	831	809	809	812
Insurance revenues before reinsurance	447	445	443	416	430
Non-life	379	371	365	355	354
Life	68	74	78	61	76
Dividend income	7	24	7	11	7
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 65	- 64	- 101	- 86	- 47
Net fee and commission income	419	409	409	393	384
Net other income	49	46	54	57	43
TOTAL INCOME	1 686	1 692	1 621	1 600	1 628
Operating expenses (excluding opex allocated to insurance service expenses)	- 563	- 503	- 841	- 583	- 556
Total Opex without bank and insurance tax	- 634	- 609	- 606	- 643	- 625
Total bank and insurance tax	0	32	- 317	- 8	0
Minus: Opex allocated to insurance service expenses	71	73	82	68	70
Insurance service expenses before reinsurance	- 360	- 363	- 340	- 341	- 327
Of which Insurance commissions paid	- 62	- 59	- 57	- 57	- 58
Amortised insurance acquisition commissions	- 58	- 55	- 53	- 53	- 54
Non-acquisition commissions	- 4	- 5	- 5	- 4	- 4
Non-life	- 311	- 311	- 289	- 305	- 292
of which Non-life - Claim related expenses	- 209	- 210	- 191	- 211	- 194
Life	- 49	- 53	- 52	- 36	- 35
Net result from reinsurance contracts held	- 20	- 9	- 24	- 19	- 7
Impairment	- 42	- 123	- 37	- 28	- 58
on FA at amortised cost and at FVOCI	- 40	- 122	- 37	- 10	- 42
on goodwill	0	0	0	0	0
other	- 2	- 1	0	- 18	- 16
Share in results of associated companies and joint ventures	78	1	0	1	0
RESULT BEFORE TAX	779	694	380	630	682
Income tax expense	- 182	- 176	- 137	- 156	- 164
RESULT AFTER TAX	598	518	242	474	517
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**598**	**519**	**243**	**474**	**517**
Banking	503	407	143	392	414
Insurance	95	111	99	82	103
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	121 832	121 459	119 331	119 168	118 189
of which Mortgage loans (end of period)	*45 970*	*45 613*	*45 397*	*45 394*	*45 147*
Customer deposits and debt certificates excl. repos (end of period)	157 465	165 002	157 665	154 238	155 868
Insurance related liabilities (including Inv. Contracts)					
Life insurance	27 266	26 530	26 213	25 572	24 070
Liabilities under investment contracts (IFRS 9)	*15 193*	*14 780*	*14 319*	*13 461*	*12 655*
Insurance contract liabilities (IFRS 17)	*12 073*	*11 750*	*11 894*	*12 111*	*11 415*
Non-life insurance	2 361	2 298	2 282	2 204	2 139
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	65 297	63 753	63 063	62 030	64 014
Required capital, insurance (end of period)	1 906	1 801	1 785	1 694	1 702
Allocated capital (end of period)	9 036	8 763	8 672	8 728	8 961
Return on allocated capital (ROAC, YTD)	21%	18%	11%	22%	23%
Cost/income ratio without banking and insurance tax (YTD)	41%	40%	41%	41%	40%
Combined ratio, non-life insurance (YTD)	87%	86%	86%	85%	83%
Net interest margin, banking (QTD)	1.94%	1.97%	1.94%	1.90%	1.91%

Business unit Czech Republic (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	325	323	315	322	316
Insurance revenues before reinsurance	151	144	138	142	143
Non-life	126	119	114	117	119
Life	25	25	24	25	24
Dividend income	0	1	0	0	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	11	10	22	13	11
Net fee and commission income	87	84	84	81	81
Net other income	0	- 1	5	3	- 5
TOTAL INCOME	573	561	564	560	546
Operating expenses (excluding Opex allocated to insurance service	- 207	- 196	- 229	- 210	- 203
Total Opex without bank and insurance tax	- 234	- 221	- 220	- 237	- 231
Total bank and insurance tax	- 1	- 3	- 35	0	0
Minus: Opex allocated to insurance service expenses	29	27	26	27	29
Insurance service expenses before reinsurance	- 198	- 104	- 99	- 113	- 108
Of which Insurance commissions paid	- 20	- 16	- 17	- 21	- 16
Non-life	- 185	- 91	- 86	- 100	- 94
of which Non-life - Claim related expenses	- 143	- 53	- 49	- 57	- 55
Life	- 13	- 12	- 13	- 13	- 14
Net result from reinsurance contracts held	60	- 6	- 4	- 2	- 5
Impairment	- 17	41	- 4	- 114	- 3
on FA at amortised cost and at FVOCI	- 17	41	- 4	14	- 4
on goodwill	0	0	0	- 109	0
other	0	- 1	0	- 19	0
Share in results of associated companies and joint ventures	0	0	0	- 1	0
RESULT BEFORE TAX	211	297	229	121	228
Income tax expense	- 32	- 52	- 33	- 19	- 27
RESULT AFTER TAX	179	244	197	102	200
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**179**	**244**	**197**	**102**	**200**
Banking	165	213	164	73	172
Insurance	15	31	32	29	28
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	37 756	37 422	36 262	36 470	36 530
of which Mortgage loans (end of period)	*19 738*	*19 685*	*19 283*	*19 641*	*19 796*
Customer deposits and debt certificates excl. repos (end of period)	51 867	51 939	51 435	52 642	54 569
Insurance related liabilities (including Inv. Contracts)					
Life insurance	862	868	891	931	927
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*862*	*868*	*891*	*931*	*927*
Non-life insurance	422	349	343	357	347
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	18 389	18 124	17 488	17 515	17 647
Required capital, insurance (end of period)	166	170	163	165	170
Allocated capital (end of period)	2 174	2 149	2 073	2 152	2 171
Return on allocated capital (ROAC, YTD)	39%	42%	38%	35%	40%
Cost/income ratio without banking and insurance tax (YTD)	43%	42%	42%	44%	44%
Combined ratio, non-life insurance (YTD)	87%	80%	79%	84%	83%
Net interest margin, banking (QTD)	2.40%	2.42%	2.39%	2.29%	2.26%

Business unit International Markets (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	321	317	324	308	296
Insurance revenues before reinsurance	138	133	130	122	122
Non-life	123	119	116	109	109
Life	15	15	15	13	14
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)	8	14	26	8	15
Net fee and commission income	136	131	122	127	124
Net other income	0	9	6	0	5
TOTAL INCOME	604	605	608	566	562
Operating expenses (excluding Opex allocated to insurance service	- 236	- 215	- 326	- 222	- 218
Total Opex without bank and insurance tax	- 214	- 207	- 200	- 219	- 209
Total bank and insurance tax	- 46	- 32	- 167	- 28	- 29
Minus: Opex allocated to insurance service expenses	25	25	41	26	20
Insurance service expenses before reinsurance	- 127	- 121	- 125	- 114	- 104
Of which Insurance commissions paid	- 17	- 17	- 15	- 16	- 14
Non-life	- 117	- 111	- 116	- 105	- 97
of which Non-life - Claim related expenses	- 73	- 67	- 55	- 62	- 58
Life	- 9	- 11	- 9	- 9	- 7
Net result from reinsurance contracts held	6	- 3	0	- 1	- 4
Impairment	- 9	- 3	20	- 24	- 5
on FA at amortised cost and at FVOCI	- 4	9	20	1	7
on goodwill	0	0	0	0	0
other	- 6	- 11	0	- 25	- 11
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	239	263	177	206	232
Income tax expense	- 34	- 39	- 30	- 27	- 32
RESULT AFTER TAX	205	224	146	178	200
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**205**	**224**	**146**	**178**	**200**
Banking	187	212	141	171	185
Insurance	18	12	6	7	14
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	29 035	28 621	28 129	27 975	27 101
of which Mortgage loans (end of period)	*11 218*	*10 937*	*10 631*	*10 447*	*10 162*
Customer deposits and debt certificates excl. repos (end of period)	32 189	31 730	31 702	31 687	29 959
Insurance related liabilities (including Inv. Contracts)					
Life insurance	891	875	833	820	757
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*891*	*875*	*833*	*820*	*757*
Non-life insurance	379	362	345	343	317
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	22 758	23 382	23 082	22 980	22 584
Required capital, insurance (end of period)	183	179	171	167	160
Allocated capital (end of period)	2 668	2 732	2 691	2 773	2 721
Return on allocated capital (ROAC, YTD)	29%	27%	22%	25%	25%
Cost/income ratio without banking and insurance tax (YTD)	37%	36%	35%	39%	38%
Combined ratio, non-life insurance (YTD)	97%	100%	102%	97%	96%
Net interest margin, banking (QTD)	3.18%	3.27%	3.40%	3.27%	3.21%

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 9M 2024 & 1H 2024, 88% in 1Q 2024, 94% in 2023 and 92% in 9M 2023.

Slovakia (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	69	69	67	65	60
Insurance revenues before reinsurance	28	27	26	25	25
Non-life	22	22	21	20	21
Life	5	5	5	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)	- 1	2	3	- 6	3
Net fee and commission income	21	21	21	22	21
Net other income	0	5	3	2	5
TOTAL INCOME	116	125	121	108	113
Operating expenses (excluding Opex allocated to insurance service	- 69	- 66	- 64	- 59	- 57
Total Opex without bank and insurance tax	- 66	- 64	- 62	- 66	- 63
Total bank and insurance tax	- 9	- 8	- 9	0	0
Minus: Opex allocated to insurance service expenses	7	7	7	7	6
Insurance service expenses before reinsurance	- 28	- 32	- 24	- 30	- 22
Of which Insurance commissions paid	- 3	- 3	- 3	- 4	- 2
Non-life	- 24	- 28	- 21	- 27	- 20
of which Non-life - Claim related expenses	- 16	- 21	- 13	- 18	- 13
Life	- 4	- 4	- 3	- 3	- 2
Net result from reinsurance contracts held	3	0	- 1	4	- 1
Impairment	- 3	6	11	0	- 2
on FA at amortised cost and at FVOCI	- 3	6	11	2	- 2
on goodwill	0	0	0	0	0
other	0	0	0	- 2	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	20	33	43	24	32
Income tax expense	- 4	- 7	- 9	- 6	- 7
RESULT AFTER TAX	16	27	34	18	25
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**16**	**27**	**34**	**18**	**25**
Banking	13	30	33	18	23
Insurance	2	- 4	1	0	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	11 672	11 667	11 625	11 589	11 433
of which Mortgage loans (end of period)	*6 622*	*6 578*	*6 504*	*6 451*	*6 373*
Customer deposits and debt certificates excl. repos (end of period)	9 228	8 961	8 830	8 836	8 491
Insurance related liabilities (including Inv. Contracts)					
Life insurance	173	173	165	168	154
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*173*	*173*	*165*	*168*	*154*
Non-life insurance	72	68	59	58	51
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	7 768	7 827	7 817	7 911	6 451
Required capital, insurance (end of period)	32	32	30	29	28
Allocated capital (end of period)	880	886	884	926	760
Return on allocated capital (ROAC, YTD)	11%	14%	15%	13%	15%
Cost/income ratio without banking and insurance tax (YTD)	56%	54%	54%	58%	56%
Combined ratio, non-life insurance (YTD)	112%	120%	107%	101%	97%

Hungary (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	143	138	149	140	132
Insurance revenues before reinsurance	52	50	52	48	48
Non-life	47	45	47	43	43
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)	9	12	22	14	11
Net fee and commission income	75	71	63	69	66
Net other income	- 2	3	3	- 3	- 2
TOTAL INCOME	277	275	289	267	256
Operating expenses (excluding Opex allocated to insurance service	- 103	- 87	- 179	- 93	- 93
Total Opex without bank and insurance tax	- 75	- 72	- 69	- 75	- 71
Total bank and insurance tax	- 37	- 24	- 137	- 28	- 29
Minus: Opex allocated to insurance service expenses	9	9	27	10	7
Insurance service expenses before reinsurance	- 53	- 44	- 66	- 44	- 45
Of which Insurance commissions paid	- 3	- 4	- 2	- 3	- 3
Non-life	- 50	- 40	- 63	- 41	- 42
of which Non-life - Claim related expenses	- 31	- 21	- 25	- 22	- 24
Life	- 3	- 4	- 3	- 3	- 3
Net result from reinsurance contracts held	6	- 2	5	- 1	- 1
Impairment	1	- 3	11	- 21	- 4
on FA at amortised cost and at FVOCI	6	8	10	- 1	6
on goodwill	0	0	0	0	0
other	- 5	- 11	0	- 20	- 10
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	127	139	60	108	113
Income tax expense	- 17	- 18	- 10	- 14	- 16
RESULT AFTER TAX	110	121	50	94	96
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**110**	**121**	**50**	**94**	**96**
Banking	105	115	58	91	94
Insurance	5	6	- 8	3	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	6 860	6 773	6 640	6 764	6 445
of which Mortgage loans (end of period)	*1 980*	*1 903*	*1 815*	*1 818*	*1 754*
Customer deposits and debt certificates excl. repos (end of period)	9 587	9 536	9 577	9 610	8 881
Insurance related liabilities (including Inv. Contracts)					
Life insurance	316	315	305	299	285
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*316*	*315*	*305*	*299*	*285*
Non-life insurance	125	119	117	114	104
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	6 491	6 777	6 641	6 646	8 240
Required capital, insurance (end of period)	62	62	58	59	54
Allocated capital (end of period)	771	802	784	812	989
Return on allocated capital (ROAC, YTD)	48%	43%	25%	30%	26%
Cost/income ratio without banking and insurance tax (YTD)	27%	26%	25%	28%	27%
Combined ratio, non-life insurance (YTD)	104%	109%	124%	105%	108%

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 9M 2024, 90% in 1H 2024, 89% in 1Q 2024, 97% in 2023 & 9M 2023.

Bulgaria (in millions of EUR)	**3Q 2024**	**2Q 2024**	**1Q 2024**	**4Q 2023**	**3Q 2023**
Breakdown P&L					
Net interest income	110	110	107	103	104
Insurance revenues before reinsurance	59	57	53	50	50
Non-life	54	52	48	45	45
Life	5	5	5	5	4
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)	- 1	- 1	0	0	1
Net fee and commission income	40	38	37	37	37
Net other income	2	1	0	1	1
TOTAL INCOME	211	205	197	192	193
Operating expenses (excluding Opex allocated to insurance service	- 64	- 62	- 83	- 70	- 68
Total Opex without bank and insurance tax	- 72	- 71	- 70	- 78	- 75
Total bank and insurance tax	0	0	- 21	0	0
Minus: Opex allocated to insurance service expenses	9	9	8	9	7
Insurance service expenses before reinsurance	- 45	- 45	- 35	- 40	- 37
Of which Insurance commissions paid	- 10	- 10	- 9	- 9	- 8
Non-life	- 43	- 42	- 32	- 38	- 35
of which Non-life - Claim related expenses	- 26	- 26	- 17	- 22	- 21
Life	- 3	- 3	- 3	- 3	- 2
Net result from reinsurance contracts held	- 2	- 1	- 4	- 4	- 3
Impairment	- 7	- 5	- 2	- 3	2
on FA at amortised cost and at FVOCI	- 7	- 5	- 2	- 1	3
on goodwill	0	0	0	0	0
other	- 1	0	0	- 3	- 1
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	92	91	74	74	88
Income tax expense	- 12	- 14	- 11	- 7	- 9
RESULT AFTER TAX	80	76	63	67	79
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**80**	**76**	**63**	**67**	**79**
Banking	69	67	50	62	69
Insurance	11	9	13	4	10
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	10 503	10 182	9 864	9 623	9 223
of which Mortgage loans (end of period)	*2 616*	*2 456*	*2 312*	*2 178*	*2 035*
Customer deposits and debt certificates excl. repos (end of period)	13 373	13 234	13 295	13 241	12 588
Insurance related liabilities (including Inv. Contracts)					
Life insurance	402	387	364	353	319
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*402*	*387*	*364*	*353*	*319*
Non-life insurance	182	176	169	171	162
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	8 499	8 778	8 623	8 423	7 892
Required capital, insurance (end of period)	89	85	83	80	77
Allocated capital (end of period)	1 017	1 044	1 024	1 035	972
Return on allocated capital (ROAC, YTD)	29%	27%	25%	30%	31%
Cost/income ratio without banking and insurance tax (YTD)	40%	40%	40%	42%	41%
Combined ratio, non-life insurance (YTD)	85%	83%	79%	87%	83%

Business unit Group Centre (in millions of EUR)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Breakdown P&L					
Net interest income	- 80	- 92	- 79	- 79	- 41
Insurance revenues before reinsurance	4	4	4	4	4
Non-life	4	4	4	4	4
Life	0	0	0	0	0
Dividend income	2	1	0	1	2
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	4	42	- 1	25	13
Net fee and commission income	- 1	- 1	- 1	- 1	- 1
Net other income	- 4	- 3	- 7	- 1	1
TOTAL INCOME	- 76	- 49	- 85	- 52	- 22
Operating expenses (excluding Opex allocated to insurance service	- 52	- 36	- 36	- 70	- 35
Total Opex without bank and insurance tax	- 53	- 37	- 37	- 70	- 36
Total bank and insurance tax	0	0	1	0	0
Minus: Opex allocated to insurance service expenses	1	1	1	0	1
Insurance service expenses before reinsurance	- 2	- 1	1	1	- 1
Of which Insurance commissions paid	0	0	0	0	0
Non-life	- 2	- 1	1	1	- 1
of which Non-life - Claim related expenses	- 2	- 1	2	2	- 1
Life	0	0	0	0	0
Net result from reinsurance contracts held	- 18	- 6	10	5	- 6
Impairment	- 1	1	4	- 4	2
on FA at amortised cost and at FVOCI	- 1	1	4	0	2
other	0	0	0	- 4	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 150	- 92	- 105	- 120	- 62
Income tax expense	36	30	26	43	21
RESULT AFTER TAX	- 114	- 61	- 80	- 77	- 41
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**- 114**	**- 61**	**- 80**	**- 77**	**- 41**
Banking	- 81	- 59	- 92	- 71	- 50
Insurance	- 24	- 16	- 4	- 9	- 11
Holding activities	- 9	13	16	3	20
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	0	0	0	0	2
of which Mortgage loans (end of period)	*0*	*0*	*0*	*0*	*0*
Customer deposits and debt certificates excl. repos (end of period)	21 550	22 938	22 898	20 924	19 986
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	1 241	1 243	1 335	1 380	1 876
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)	- 48	2	- 65	- 22	2
Allocated capital (end of period)	87	138	81	134	215

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	9M 2024	2023	9M 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	2 300	3 402	2 725
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 61	- 64	- 40
/				
Average number of ordinary shares less treasury shares (in millions) in the period (C)	Note 5.10	401	415	417
or				
Average number of ordinary shares plus dilutive options less treasury shares in the period (D)		401	415	417
Basic = (A-B) / (C) (in EUR)		5.58	8.04	6.44
Diluted = (A-B) / (D) (in EUR)		5.58	8.04	6.44

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	9M 2024	2023	9M 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'	1 015	1 204	874
+				
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'	531	676	496
/				
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'	1 729	2 160	1 606
= (A+B) / (C)		89.4%	87.0%	85.3%

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	9M 2024	2023	9M 2023
Cost/income ratio				
Total Opex without bank and insurance tax (A) +	Consolidated income statement	3 272	4 438	3 269
Insurance commissions paid (B)	Note 3.6, component of 'Insurance Service Expenses'	280	340	246
/				
Total income (C)	Consolidated income statement	8 303	11 224	8 550
=(A+B) / (C)		42.8%	42.6%	41.1%

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 47% in 9M 2024 (versus 49% in 2023 and 48% in 9M 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	9M 2024	2023	9M 2023
Stage 3 impairment on loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	1 976	1 888	1 873
/				
Outstanding impaired loans (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	4 292	4 221	4 065
= (A) / (B)		46.0%	44.7%	46.1%

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	9M 2024	2023	9M 2023
Net changes in impairment for credit risks (A)	'Consolidated income statement': component of 'Impairment'	157	- 9	- 5
/				
Average outstanding loan portfolio (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	205 108	200 270	199 988
= (A) (annualised) / (B)		0.10%	0.00%	0.00%

Note: a negative % is a release

In 9M 2024, the credit cost ratio without the outstanding ECL for geopolitical and macroeconomic uncertainties, amounts to 0.16% (versus 0.07% in 2023 and 0.08% in 9M 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	9M 2024	2023	9M 2023
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	4 292	4 221	4 065
/				
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	207 263	202 953	202 389
= (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	9M 2024	2023	9M 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	100 353	101 555	100 291
/				
Total net cash outflows over the next 30 calendar days (B)		63 164	63 805	64 119
= (A) / (B)		159%	159%	157%

KBCs large stock of high-quality liquid assets (approximately 100 billion euros in 9M 2024), which consist of cash and bonds which can be repoed in the private market and at the central banks. Note that the 100 billion euros consist of:

- 43 billion euros (or 43%) 'Cash & Central Bank receivables' (= liquidity that could at all times be used instantaneously to cover outflows)
- 57 billion euros (or 57%) '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	9M 2024	2023	9M 2023
Loans and advances to customers (A)	Note 4.1, component of 'Loans and advances to customers'	188 623	183 613	181 821
+				
Reverse repos (not with Central Banks) (B)	Note 4.1, component of 'Reverse repos with credit institutions and investment firms'	1 102	763	2 432
+				
Debt instruments issued by corporates and by credit institutions and investment firms (not with Central Banks) (banking) (C)	Note 4.1, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	5 783	6 681	6 901
+				
Other exposures to credit institutions (D)		3 401	3 301	3 198
+				
Financial guarantees granted to clients and other commitments (E)	Note 6.1, component of 'Financial guarantees given'	10 156	10 263	9 917
+				
Impairment on loans (F)	Note 4.2, component of 'Impairment'	2 487	2 483	2 537
+				
Insurance entities (G)	Note 4.1, component of 'Loans and advances to customers'	- 1 867	- 1 927	- 1 969
+				
Non-loan-related receivables (H)		- 748	- 528	- 567
+				
Other (I)	Component of Note 4.1	- 1 672	- 1 694	- 1 882
Gross Carrying amount = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)		207 264	202 954	202 389

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	9M 2024	2023	9M 2023
Net interest income of the banking activities (A)	'Consolidated income statement': component of 'Net interest income'	3 764	4 812	3 614
/				
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	236 872	231 869	230 836
= (A) (annualised x360/number of calendar days) / (B)		2.09%	2.05%	2.06%

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	9M 2024	2023	9M 2023
Available amount of stable funding (A)	Regulation (EU) 2019/876 dd. 20-05-2019	222 448	208 412	210 651
/				
Required amount of stable funding (B)		157 245	153 372	151 289
= (A) / (B)		142%	136%	139%

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	9M 2024	2023	9M 2023
Parent shareholders’ equity (A)	‘Consolidated balance sheet'	21 435	22 010	21 614
/				
Number of ordinary shares less treasury shares (at period-end) (B)	Note 5.10	396	409	414
= (A) / (B) (in EUR)		54.08	53.88	52.17

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 September 2024, the total number of shares entitled to dividend reduced with 20 980 823 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	9M 2024	2023	9M 2023
BELGIUM BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	1 359	1 866	1 392
/				
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)		8 735	8 343	8 246
= (A) annualised / (B)		20.7%	22.4%	22.5%
CZECH REPUBLIC BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	620	763	661
/				
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)		2 118	2 165	2 168
= (A) annualised / (B)		39.1%	35.0%	40.4%
INTERNATIONAL MARKETS BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	576	676	498
/				
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)		2 692	2 705	2 688
= (A) annualised / (B)		28.5%	25.0%	24.7%

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	9M 2024	2023	9M 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	2 300	3 402	2 725
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 61	- 64	- 40
/				
Average parent shareholders' equity (C)	'Consolidated statement of changes in equity'	21 722	21 164	20 967
= (A-B) (annualised) / (C)		13.7%	15.8%	17.1%

In 9M 2024, the return on equity amounts to 14% when including evenly spreading of the bank taxes throughout the year and excluding one-offs.

Sales Life (insurance)

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

Calculation (in millions of EUR or %)	Reference	9M 2024	2023	9M 2023
Guaranteed Interest products		819	979	682
+				
Unit-Linked products		1 228	1 218	867
+				
Hybrid products		130	131	94
Total sales Life (A)+ (B) + (C)		2 176	2 328	1 643

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	9M 2024	2023	9M 2023
Belgium Business Unit (A)	Company presentation on www.kbc.com	240	218	202
+				
Czech Republic Business Unit (B)		19	17	17
+				
International Markets Business Unit (C)		10	9	8
A)+(B)+(C)		269	244	227