Press Release

Outside trading hours - Regulated information*

Brussels, 13 February 2025 (07.00 a.m. CET)

KBC Group: Fourth-quarter result of 1 116 million euros

KBC Group – overview (consolidated, IFRS)	4Q2024	3Q2024	4Q2023	FY2024	FY2023
Net result (in millions of EUR)	1 116	868	677	3 415	3 402
Basic earnings per share (in EUR)	2.75	2.14	1.59	8.33	8.04
Breakdown of the net result by business unit (in millions of EUR)					
Belgium	*487*	*598*	*474*	*1 846*	*1 866*
Czech Republic	*238*	*179*	*102*	*858*	*763*
International Markets	*175*	*205*	*178*	*751*	*676*
Group Centre	*215*	*-114*	*-77*	*-40*	*97*
Parent shareholders' equity per share (in EUR, end of period)	56.6	54.1	53.9	56.6	53.9

'We recorded a net profit of 1 116 million euros in the last quarter of 2024. Compared to the result of the previous quarter, our total income benefited from several factors, including higher net interest income, increased insurance revenues and sharply higher net fee and commission income driven by an excellent business performance. This clearly illustrates how our integrated customer offering strongly contributes to income growth and income diversification. These items were partly offset by a decrease in trading & fair value income and lower net other income.

Our loan portfolio continued to expand, increasing by 2% 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 2% quarter-on-quarter and 7% year-on-year, with the latter figure benefiting from the successful return of customer funds after the Belgian state note had matured in the previous quarter.

Operational expenses were up in the quarter under review but remained perfectly within our full-year 2024 guidance. Insurance service expenses were lower, as the previous quarter had been impacted by storms and floods in Central Europe (especially Storm Boris). Loan loss impairment charges, excluding the reserve for geopolitical and macroeconomic uncertainties, were down on the level recorded in the previous quarter, leading to a credit cost ratio of 16 basis points for full-year 2024, well below our guidance figure. Including the reserve for geopolitical and macroeconomic uncertainties, the credit cost ratio stood at 10 basis points for full-year 2024. We also recorded a one-off tax benefit of 318 million euros in the quarter under review, due to the forthcoming liquidation of Exicon (the remaining activities of KBC Bank Ireland).

Consequently, when adding up the four quarters of the year, our full-year net profit amounted to an excellent 3 415 million euros, slightly up year-on-year.

On the sustainability front, we are proud to be included for the third consecutive year in the CDP Climate A List. This recognition highlights KBC's leading role in climate-related disclosures and actions.

Our solvency position remained strong, with a fully loaded common equity ratio of 15.0% at the end of December 2024. Our liquidity position remained very solid too, as illustrated by an LCR of 158% and NSFR of 139%. Our Board of Directors has decided to propose a total gross dividend of 4.85 euros per share to the General Meeting of Shareholders for the accounting year 2024. That amount includes 0.70 euro per share already paid in May 2024, reflecting the surplus capital above the 15% fully loaded CET1 threshold per end 2023 and 4.15 euros per share, of which an interim dividend of 1 euro per share was already paid in November 2024 and the remaining 3.15 euros per share to be paid in May 2025. When including the proposed dividend of 4.15 euros per share and additional tier-1 coupon, the pay-out ratio would amount to approximately 51% of 2024 net profit.

Lastly, we have also updated our short-term financial guidance. For 2025, we are aiming to achieve an annual growth rate of at least 5.5% for total income and an annual growth rate of below 2.5% for operating expenses excluding bank and insurance taxes. Furthermore, we also want to achieve a combined ratio of maximum 91% in non-life insurance.

In closing, I would like to sincerely thank all our customers, employees, shareholders and all other stakeholders for their trust and support, and assure them that we remain committed to being the reference in bank-insurance, innovation and digitalisation in all our home markets.'

Johan Thijs
Chief Executive Officer

Financial highlights in the fourth quarter of 2024

Net interest income increased by 3% quarter-on-quarter and by 5% year-on-year. The net interest margin for the quarter under review amounted to 2.08%, stable compared to the previous quarter and up 9 basis points on the year-earlier quarter. Customer loan volumes were up 2% 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 2% quarter-on-quarter and 7% year-on-year (with the latter figure benefiting from the inflow of core customer money in the third quarter after the Belgian state note had matured).

The insurance service result (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held) amounted to 125 million euros (compared to 81 million euros and 100 million euros in the previous and year-earlier quarters, respectively) and breaks down into 76 million euros for non-life insurance and 49 million euros for life insurance. Our non-life insurance result rebounded strongly on the previous quarter, which had been impacted by Storm Boris in Central Europe. The non-life insurance combined ratio for full-year 2024 amounted to 90% (88% when excluding the net impact of -33 million euros of Storm Boris), compared to 87% for full-year 2023. Non-life insurance sales increased by 8% year-on-year. Life insurance sales were down 8% on the very high level recorded in the previous quarter and up 7% on their level in the year-earlier quarter.

Net fee and commission income was up 9% and 17% 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 banking services. Assets under management were up 2% quarter-on-quarter and 13% year-on-year.

Trading & fair value income and insurance finance income and expense was down 31 million euros and 34 million euros on the figures for the previous and year-earlier quarters, respectively. **Net other income** was below its normal run rate due mainly to a negative 28-million-euro one-off item relating to a legal case in Hungary.

Operating expenses excluding bank and insurance taxes were up 6% and 3% on their level in the previous and year-earlier quarters, respectively. The cost/income ratio for full-year 2024 came to 47%, compared to 49% for full-year 2023. In that calculation, certain non-operating items have been excluded. When excluding all bank and insurance taxes, the cost/income ratio for full-year 2024 amounted to 43%, the same as for full-year 2023. Full-year 2024 operating expenses excluding bank and insurance taxes but including insurance commissions paid rose by 1.6% compared to full-year 2023, in line with our guidance of an increase below 1.7% year-on-year.

Loan loss impairment charges amounted to 50 million euros, compared to 61 million euros in the previous quarter and a release of 5 million euros in the year-earlier quarter. The credit cost ratio for full-year 2024 amounted to 0.10%, compared to 0.00% for full-year 2023. Impairment on assets other than loans amounted to 28 million euros in the quarter under review, compared to 7 million euros in the previous quarter and 175 million euros in the year-earlier quarter (including a 109-million-euro impairment on goodwill in the Czech Republic).

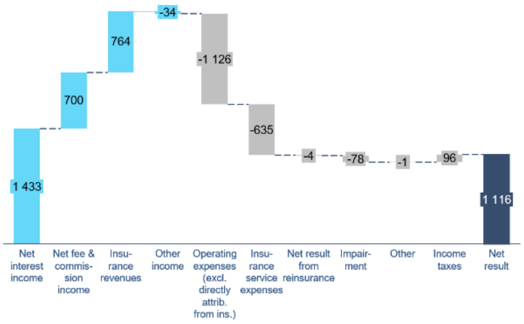
Income tax expenses were positively impacted in the quarter under review by a one-off tax benefit of 318 million euros, due to the forthcoming liquidation of Exicon (the remaining activities of KBC Bank Ireland).

Our **liquidity position** remained strong, with an LCR of 158% and NSFR of 139%. Our **capital base** remained robust, with a fully loaded common equity ratio of 15.0% (which includes the impact of the proposed dividend payment).

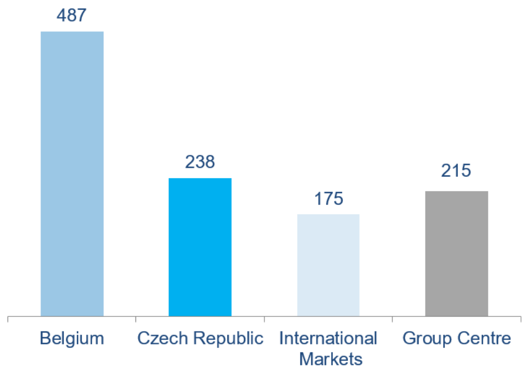
The cornerstones of our strategy

- 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 focussing on the joint development of solutions, initiatives and ideas within the group

Breakdown of 4Q2024 result
(in millions of EUR)



Contribution of the business units to 4Q2024 group result
(in millions of EUR)



Overview of results and balance sheet

Consolidated income statement, IFRS, KBC Group (simplified; in millions of EUR)	4Q2024	3Q2024	2Q2024	1Q2024	4Q2023	FY2024	FY2023
Net interest income	1 433	1 394	1 379	1 369	1 360	5 574	5 473
Insurance revenues before reinsurance	764	740	726	714	683	2 945	2 679
Non-life	*640*	*631*	*613*	*598*	*584*	*2 482*	*2 280*
Life	*124*	*109*	*114*	*116*	*99*	*463*	*399*
Dividend income	13	11	26	7	12	57	59
Net result from financial instruments at fair value through P&L and Insurance finance income and expense [1]	-74	-42	3	-55	-40	-168	9
Net fee and commission income	700	641	623	614	600	2 578	2 349
Net other income	27	45	51	58	60	181	656
Total income	2 863	2 787	2 809	2 708	2 674	11 167	11 224
Operating expenses (excl. directly attributable from insurance)	-1 126	-1 058	-950	-1 431	-1 085	-4 565	-4 616
Total operating expenses excluding bank and insurance taxes	*-1 201*	*-1 135*	*-1 074*	*-1 063*	*-1 169*	*-4 474*	*-4 438*
Total bank and insurance taxes	*-55*	*-47*	*-2*	*-518*	*-36*	*-623*	*-687*
Minus: operating expenses allocated to insurance service expenses	*131*	*124*	*126*	*150*	*120*	*532*	*509*
Insurance service expenses before reinsurance	-635	-688	-590	-563	-567	-2 475	*-2 120*
Of which Insurance commission paid	*-103*	*-99*	*-92*	*-89*	*-94*	*-383*	*-340*
Non-Life	*-561*	*-615*	*-514*	*-489*	*-509*	*-2 179*	*-1 870*
Life	*-74*	*-72*	*-76*	*-73*	*-58*	*-296*	*-251*
Net result from reinsurance contracts held	-4	28	-24	-18	-16	-17	-90
Impairment	-78	-69	-85	-16	-170	-248	-215
Of which: on financial assets at amortised cost and at fair value through other comprehensive income[2]	*-50*	*-61*	*-72*	*-16*	*5*	*-199*	*16*
Share in results of associated companies & joint ventures	-1	78	2	0	0	80	-4
Result before tax	1 020	1 079	1 162	680	836	3 941	4 179
Income tax expense	96	-211	-237	-175	-159	-527	-778
Result after tax	1 115	868	925	506	677	3 414	3 401
attributable to minority interests	0	0	0	0	0	-1	-1
attributable to equity holders of the parent	**1 116**	**868**	**925**	**506**	**677**	**3 415**	**3 402**
Basic earnings per share (EUR)	2.75	2.14	2.25	1.18	1.59	8.33	8.04
Diluted earnings per share (EUR)	2.75	2.14	2.25	1.18	1.59	8.33	8.04

Key consolidated balance sheet figures, IFRS, KBC Group (in millions of EUR)	31-12-2024	30-09-2024	30-06-2024	31-03-2024	31-12-2023
Total assets	373 048	353 261	361 945	359 477	346 921
Loans & advances to customers	192 067	188 623	187 502	183 722	183 613
Securities (equity and debt instruments)	80 339	75 929	73 941	73 561	73 696
Deposits from customers	228 747	221 851	221 844	216 314	216 501
Insurance contract liabilities	17 111	17 012	16 521	16 602	16 784
Liabilities under investment contracts, insurance	15 671	15 193	14 780	14 319	13 461
Total equity	24 311	23 300	22 936	23 917	24 260

Selected ratios KBC Group (consolidated)	FY2024	FY2023
Return on equity[3]	15%	16%
Cost/income ratio, group		
- excl. non-operating items	47%	49%
- excl. all bank and insurance taxes	43%	43%
Combined ratio, non-life insurance	90%	87%
Common equity ratio (CET1), Basel III, Danish Compromise.		
- fully loaded	15.0%	15.2%
- transitional	13.9%	13.8%
Credit cost ratio[4]	0.10%	0.00%
Impaired loans ratio	2.0%	2.1%
for loans more than 90 days past due	1.0%	1.0%
Net stable funding ratio (NSFR)	139%	136%
Liquidity coverage ratio (LCR)	158%	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 14% for full-year 2024 and 15% for full-year 2023 when non-operating items are excluded.
4 A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (4Q2024)

Total income: 2 863 million euros

+3% quarter-on-quarter and +7% year-on-year

Net interest income amounted to 1 433 million euros in the quarter under review, up 3% quarter-on-quarter and 5% year-on-year. The 3% 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), a positive correction of 9 million euros arising from a change in the accounting approach to mortgage brokerage fees in Bulgaria (the impact for full-year 2024 was recorded entirely in the fourth quarter), a higher level of interest income from short-term cash management activities and lower costs related to the minimum required reserves held with central banks (driven by central bank policy rate cuts). These items were offset in part by a lower level of interest income from customer term deposits (due mainly to the success of the campaigns run in the third quarter of 2024 to recover customer money following the maturity of the Belgian state note issued in September 2023).

The 5% year-on-year increase was attributable primarily to an increase in the commercial transformation result, the lower funding cost of participations, lower costs related to the minimum required reserves held with central banks and slightly higher level of income from lending activities. These items were partly offset by lower interest income from customer term deposits, the lower level of interest income in Ireland (following the sale of the loan and deposit portfolios and subsequent liquidation process), lower interest income from the dealing room, lower interest income from inflation-linked bonds 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%, stable quarter-on-quarter but up 9 basis points year-on-year. For guidance regarding expected net interest income in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Customer loan volume (192 billion euros) was up 2% quarter-on-quarter and 5% year-on-year. At first sight, customer deposits (229 billion euros) were up 3% quarter-on-quarter and 6% 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 2% quarter-on-quarter and 7% year-on-year. In Belgium, these figures amounted to 2% and 10%, respectively. The year-on-year increase benefited from the successful return of customer money in the third quarter of 2024 following the maturity of the Belgian state note issued in September 2023. The growth figures above exclude the forex-related impact.

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 125 million euros and breaks down into 76 million euros for non-life insurance and 49 million euros for life insurance. The **non-life** insurance service result rose by 69% quarter-on-quarter, as the previous quarter had been more materially impacted by storms and floods (including Storm Boris in Central Europe – mainly the Czech Republic). It was up 27% year-on-year, due to increased insurance revenues and a higher reinsurance result, which more than offset the increase in insurance service expenses.The **life** insurance service result was up 38% quarter-on-quarter and 24% year-on-year, in both cases essentially owing to higher insurance revenues offsetting higher insurance service expenses.

The combined ratio of the non-life insurance activities amounted to 90% for full-year 2024 (88% when excluding the net impact of -33 million euros of Storm Boris), compared to 87% for full-year 2023. Non-life insurance sales came to 591 million euros and were up 8% year-on-year, with growth in all countries and all the main classes. Sales of life insurance products amounted to 730 million euros and were down 8% on the very high level recorded in the previous quarter (which had benefited from the inflow of customer money from the maturing state note and the successful launch of structured issues in Belgium, though this was partly offset by the traditionally high volume in tax-incentivised pension savings products in the fourth quarter in Belgium), but up 7% on the level recorded in the year-earlier quarter (higher sales of guaranteed-interest products and hybrid products, partly offset by lower sales of unit-linked products). Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 55% and 36%, respectively, with hybrid products (mainly in Belgium and the Czech Republic) accounting for the remainder.

For guidance regarding expected insurance revenues and the combined ratio in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Net fee and commission income amounted to 700 million euros, up 9% and 17% on its level in the previous and year-earlier quarters, respectively. The quarter-on-quarter increase was attributable to 9% growth in fee income from our asset management activities (largely related to the increase in assets under management, see below) and 10% growth in fees from our banking activities (thanks mainly to the increase in payment services fees and securities-related fees).

The 17% year-on-year increase in net fee and commission income was accounted for by 19% growth in fees for our asset management services and a 15% rise in banking fees, slightly offset by a negative forex effect. Note that roughly 20 million euros of net fee and commission income in the quarter under review were some year-end effects (linked to the performance of the Czech pension fund and a positive full-year 2024 correction in banking services from a changed accounting approach in Hungary), and therefore may not be extrapolated going forward.

At the end of December 2024, our total assets under management amounted to 276 billion euros, up 2% quarter-on-quarter (almost entirely related to the positive quarter-on-quarter market performance). Assets under management grew by 13% year-on-year, with net inflows accounting for +3 percentage points and the positive market performance for +10 percentage points.

Trading & fair value income and insurance finance income and expense amounted to -74 million euros, down 31 million euros quarter-on-quarter and 34 million euros year-on-year. In both cases the decrease was attributable to a number of factors, including negative changes in the market value of derivatives used for asset/liability management purposes, partly offset by less negative market value adjustments (xVA).

The **other remaining income items** included dividend income of 13 million euros and net other income of 27 million euros, below its (50-million-euro) normal run rate, due mainly to a negative 28-million-euro one-off item relating to a legal case in Hungary.

Operating expenses excluding bank and insurance taxes: 1 201 million euros

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

Operating expenses excluding bank and insurance taxes amounted to 1 201 million euros in the fourth quarter of 2024, up 6% on their level in the previous quarter and 3% year-on-year. The 6% quarter-on-quarter increase was due in part to seasonally higher marketing expenses and professional fee expenses, higher ICT expenses, regulatory costs, facilities expenses and depreciation charges. Operating expenses excluding 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 fewer FTEs), ICT expenses, regulatory costs, depreciation charges and marketing expenses, partly offset by lower costs related to Ireland (due to the sale transaction), lower facilities expenses, lower professional fee expenses and a forex effect.

Bank and insurance taxes in the quarter under review amounted to 55 million euros, compared to 47 million euros in the previous quarter and 36 million euros in the year-earlier quarter. The quarter-on-quarter increase was accounted for mainly by increased national taxes (primarily in Hungary).

Operating expenses excluding bank and insurance taxes but including insurance commissions paid rose by 1.6% on a full-year basis to 4.86 billion euros, in line with our guidance of an increase below 1.7% year-on-year.

When certain non-operating items are excluded, the cost/income ratio for full-year 2024 amounted to 47%, compared to 49% for full-year 2023. When excluding all bank and insurance taxes, the cost-income ratio amounted to 43%, stable compared to full-year 2023.

For guidance regarding expected operating expenses in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Loan loss impairment: 50-million-euro net charge

versus a 61-million-euro net charge in the previous quarter and a 5-million-euro net release in the year-earlier quarter

In the quarter under review, we recorded a 50-million-euro net loan loss impairment charge, compared to a net charge of 61 million euros in the previous quarter and a net release of 5 million euros in the year-earlier quarter. The net impairment charge in the quarter under review included a charge of 100 million euros in respect of our loan book (18 million euros of which related to lowering the backstop shortfall for old non-performing loans in Belgium) and a reversal of 50 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 117 million euros at the end of December 2024.

As a consequence, the credit cost ratio amounted to 0.10% for full-year 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 December 2024, 2.0% of our total loan book was classified as impaired ('Stage 3'), compared to 2.1% at year-end 2023. Impaired loans that are more than 90 days past due amounted to 1.0% of the loan book, the same level as at year-end 2023.

For guidance regarding the expected credit cost ratio in 2025 and the years to come, please refer to the section entitled 'Our guidance'.

Impairment charges on assets *other than loans* amounted to 28 million euros, compared to 7 million euros in the previous quarter and 175 million euros in the year-earlier quarter. The quarter under review mainly included impairment charges related to software and a 4-million-euro impairment charge related to modification losses from the extension of the interest cap regulation in Hungary.

Net result by business unit

Belgium 487 million euros; Czech Rep. 238 million euros; International Markets 175 million euros; Group Centre 215 million euros

Belgium: the net result (487 million euros) was down 6% on the result for the previous quarter (excluding the 79-million-euro gain recorded under 'Share in results of associated companies & joint-ventures' in the previous quarter). This was due primarily to the combined effect of:

• slightly higher total income (accounted for mainly by higher net fee and commission income, insurance revenues and net interest income, partly offset by lower trading & fair value income);
• higher costs (seasonally higher marketing costs and professional fee expenses, higher ICT expenses and regulatory costs, partly offset by lower staff expenses);
• higher insurance service expenses after reinsurance;
• higher net impairment charges.

Czech Republic: the net result (238 million euros) was up 33% quarter-on-quarter (excluding forex effects). This was essentially attributable to a combination of:

• higher total income (thanks mainly to increased net interest income, net fee and commission income and trading & fair value income);
• higher costs (due primarily to higher ICT expenses and staff costs);
• lower insurance service expenses after reinsurance (storm and flood-related impact in the previous quarter);
• a net impairment release.

International Markets: the 175-million-euro net result breaks down as follows: 26 million euros in Slovakia, 65 million euros in Hungary and 85 million euros in Bulgaria. For the business unit as a whole, the net result was down 15% on the previous quarter's result, due mainly to a combination of:

• slightly higher total income (increase in net fee and commission income and net interest income, partly offset by a decrease in net other income, due mainly to a negative 28-million-euro one-off item relating to a legal case in Hungary);
• higher costs (including increased bank and insurance taxes, especially in Hungary (financial transaction levy));
• slightly higher insurance service expenses after reinsurance;
• higher net impairment charges.

Group Centre: the net result (215 million euros) was 329 million euros higher than the figure recorded in the previous quarter owing mainly to a combination of:

• a less negative level of total income (due primarily to higher net interest income);
• slightly lower costs;
• lower insurance service expenses after reinsurance;
• higher net impairment charges;
• a 318-million-euro one-off tax benefit due to the forthcoming liquidation of Exicon (the remaining activities of KBC Bank Ireland).

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

Selected ratios by business unit	Belgium FY2024	Belgium FY2023	Czech Republic FY2024	Czech Republic FY2023	International Markets FY2024	International Markets FY2023
Cost/income ratio						
- excl. non-operating items	44%	46%	45%	47%	46%	45%
- excl. all bank and insurance taxes	41%	41%	43%	44%	38%	39%
Combined ratio, non-life insurance	88%	85%	86%	84%	96%[2]	97%[2]
Credit cost ratio[1]	0.19%	0.06%	-0.09%	-0.18%	-0.08%	-0.06%
Impaired loans ratio	2.0%	2.0%	1.3%	1.4%	1.6%	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 93% for full-year 2024 and 94% for full-year 2023.

Solvency and liquidity

Common equity ratio 15.0%, NSFR 139%, LCR 158%

At the end of December 2024, total equity came to 24.3 billion euros and comprised 22.4 billion euros in parent shareholders' equity and 1.9 billion euros in additional tier-1 instruments. Total equity was virtually unchanged on its level at the end of 2023. This was due to the combined effect of:

• the inclusion of the profit for full-year 2024 (+3.4 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 for 2024 paid in November 2024 (-1.9 billion euros combined);
• slightly lower revaluation reserves (-0.2 billion euros);
• 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.

In the fourth quarter 2024, risk-weighted assets rose by 3.1 billion euros quarter-on-quarter to 119.9 billion euros, mainly driven by (loan) volume growth (+2.0 billion euros) and 'operational RWAs' (+0.8 billion euros).

Our Board of Directors has decided to propose a total gross dividend of 4.85 euros per share to the General Meeting of Shareholders for the accounting year 2024. That amount includes 0.70 euro per share already paid in May 2024, reflecting the surplus capital above the 15% fully loaded CET1 threshold per end 2023 and 4.15 euros per share, of which an interim dividend of 1 euro per share was already paid in November 2024 and the remaining 3.15 euros per share to be paid in May 2025. When including the proposed dividend of 4.15 euros per share and additional tier-1 coupon, the pay-out ratio would amount to approximately 51% of 2024 net profit.

Our solvency position remained strong, as illustrated by a fully loaded common equity ratio (CET1) of 15.0% at 31 December 2024, compared to 15.2% recorded at the end of 2023. The solvency ratio for KBC Insurance under the Solvency II framework was 200% at the end of December 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 158% and an NSFR ratio of 139%, 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 (FY2024)

Net result for FY2024: 3 415 million euros

stable year-on-year and up 2% when excluding forex effect

Highlights (compared to full-year 2023, unless otherwise stated):

- **Net interest income:** up 2% to 5 574 million euros (up 3% when excluding the forex effect), higher than the guidance of 'approximately 5.5 billion euros'. This was attributable in part to the higher commercial transformation result and higher ALM result, while income from lending activities was stable (as volume growth was offset by lower margins in some core markets). This was partly offset by higher costs related to the minimum required reserves held with central banks, lower interest income from the dealing room, higher wholesale funding costs, the lower level of interest income from short-term cash management activities, a slightly lower level of interest income from customer term deposits, lower net interest income in Ireland (owing to the past sale of the remaining Irish portfolios and subsequent liquidation process), lower interest income from inflation-linked bonds, 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 up by 7% year-on-year. The net interest margin in 2024 came to 2.09%, up 4 basis points year-on-year.

- **Insurance service result** (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held): down 3% to 453 million euros. The non-life combined ratio for full-year 2024 amounted to 90% (88% when excluding the net impact of -33 million euros of Storm Boris), compared to 87% for full-year 2023. Non-life insurance sales were up 8% (10% excluding the forex effect) to 2 547 million euros, with increases in all the main classes, while life insurance sales were up 25% to 2 906 million euros, thanks to higher sales of unit-linked products, interest-guaranteed products and hybrid products.

- **Net fee and commission income:** up 10% to 2 578 million euros (up 11% when excluding the forex effect). This was attributable primarily to much higher fees for asset management services and a 5% increase in banking-related fees. At the end of 2024, total assets under management were up 13% year-on-year to 276 billion euros due to a combination of net inflows (+3 percentage points) and the effect of a positive market performance in the period under review (+10 percentage points).

- **Trading & fair value income and insurance finance income and expense:** down 177 million euros to -168 million euros. This was due mainly to a lower result from derivatives used for asset/liability management purposes, a negative trend in insurance finance income and expenses (mainly driven by increasing interest accretion), negative market value adjustments (xVA), partly offset by higher dealing room income.

- **All other income items combined:** down 476 million euros to 238 million euros. This came about mainly because of lower net other income, as 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 including bank and insurance taxes:** up 1% to 4 474 million euros (up 2% when excluding the forex effect). This was the result of a combination of higher staff costs (indexation and wage drift, partly offset by fewer FTEs), ICT expenses and higher regulatory costs, which were offset in part by the lower costs in Ireland, lower facilities expenses and a forex effect. Bank and insurance taxes amounted to 623 million euros and were down 9% mainly on account of the lower contribution to the single resolution fund (mainly in Belgium), though partly offset by higher national taxes (mainly in Belgium and Slovakia). The cost/income ratio amounted to 47% when certain non-operating items are excluded (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%, the same as for full-year 2023.
  Operating expenses excluding bank and insurance taxes and including insurance commissions paid rose by 1.6% on a full-year basis to 4.86 billion euros, in line with our guidance of an increase below 1.7% year-on-year.

- **Loan loss impairment:** net charge of 199 million euros, as opposed to a net release of 16 million euros in the reference period. Full-year 2024 included a net charge of 333 million euros for our loan book and a net release of 134 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 49 million euros, compared to 231 million euros in the reference period.

- **The net result of 3 415 million euros for full-year 2024** breaks down as follows: 1 846 million euros for the Belgium Business Unit (down 20 million euros on its year-earlier level), 858 million euros for the Czech Republic Business Unit (up 138 million euros excluding forex effects), 751 million euros for the International Markets Business Unit (up 88 million euros excluding forex effects) and -40 million euros for the Group Centre (down 137 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, while 2024 included a 0.3-billion-euro tax benefit on the forthcoming liquidation of Exicon (the remaining activities of KBC Bank Ireland)).

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 essential for making informed decisions and achieving our sustainability objectives. In accordance with the CSRD (Corporate Sustainability Reporting Directive), we will publish our first Sustainability Statement for reporting year 2024 as an integral part of our Annual Report. Our adherence to these reporting requirements reaffirms our longstanding track record in sustainability-related disclosures and shows our commitment to the goal of fostering a sustainable and resilient economy. Our outstanding sustainability ratings clearly validate our efforts. We are also proud to be included for the third consecutive year in the CDP Climate A List. This recognition highlights KBC's leading role in climate-related disclosures.

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 geopolitical risks which have increased significantly over the past few years (including the war in Ukraine, conflicts in the Middle East and trade wars). These risks result or may result in shocks for the global economic system (e.g., GDP and inflation) and the financial markets (including interest rates). European economies, including KBC's home markets, are affected too, creating an uncertain business environment, including for financial institutions. Regulatory and compliance risks (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 and geopolitical tensions in general have 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

Driven primarily by private consumption, US growth in the fourth quarter amounted to 0.6%, somewhat lower than in the third quarter (0.8%). Growth is expected to remain at about 0.6% in the first quarter of 2025, despite labour market tightness that is expected to ease further.

Euro area growth in the fourth quarter came in at 0.0%, after 0.4% in the third. 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 in the first half of 2025 and to pick up in the second half of 2025 on the back of recovering domestic consumption.

Quarter-on-quarter growth in Belgium came in at 0.2% in the fourth quarter, after 0.3% in the third. Relatively strong domestic demand continued to outweigh the negative contribution to growth of net exports. For the first half of 2025, we expect growth to remain broadly in line with that of the euro area.

The Czech economy grew by 0.5% in the fourth quarter, the same as in the third quarter. This was supported by private consumption, against the background of a weak and delayed industrial recovery. Hungarian economic growth recovered to 0.5% in the fourth quarter after contracting by 0.6% in the third quarter. According to our estimates, fourth-quarter growth in Bulgaria and Slovakia was relatively strong, amounting to 0.6% and 0.5%, respectively.

The main risk to our short-term outlook for European growth is the repercussion of the US elections in November, in particular with respect to trade policy. Other risks include the persistence of the current weakness in the global manufacturing sector. Specific European risk factors include political instability and ongoing government budget discussions in the EU for 2025.

Our view on interest rates and foreign exchange rates

The disinflationary process in the euro area and the US paused in the fourth quarter. In the euro area, headline inflation rose again in December, going up to 2.4% and being driven mainly by higher energy prices, the weak euro exchange rate and statistical base effects. The impact of energy prices and potential trade tariffs in the course of 2025 are likely to exert some upward pressure on headline inflation.

The ECB continued its easing cycle and cut its deposit rate in October and December 2024, as well as in January 2025, by 25 basis points each time to its current level of 2.75%. The ECB is expected to cut its policy rate further in the first half of 2025.
The Fed also continued its easing cycle in the fourth quarter by cutting its policy rate in November and December by 25 basis points each time. After a pause in January 2025, the Fed is now expected to continue cutting its policy rate in the course of 2025, but is expected to take a more cautious stance in order to assess the impact of new US economic policies.

Ten-year bond yields in the US and Germany moved higher during the fourth quarter, with the US-German spread widening sharply. The main driver was robust US economic growth and expectations regarding the US presidential elections and the likely inflationary impact of new US policies, in particular with respect to trade tariffs. As a result, the US-German yield spread widened, leading to a stronger dollar against the euro.
The Czech National Bank reduced its policy rate at the end of September and November 2024, as well as in February 2025, by 25 basis points each time to 3.75%. One more 25-basis-point rate cut is expected in the first half of 2025. Since the beginning of the fourth quarter, the Czech koruna has been volatile and relatively weak, due mainly to higher US interest rates, a generally stronger US dollar and overall risk sentiment. The koruna is expected to broadly remain stable in the coming quarters.

At the end of September 2024, the National Bank of Hungary cut its policy rate by 25 basis points to 6.5%. The Hungarian central bank is expected to pause its easing cycle in the first quarter of 2025 because of high energy prices, accelerating growth of domestic consumption and the weakness of the Hungarian forint. During the fourth quarter of 2024, the forint depreciated against the euro by about 3%, and this weakness persisted into the start of 2025. It has been caused by higher interest rates in the US and stronger US dollar, political risks, uncertainty about access to EU funds and a weak export-oriented sector. Besides the possibility of a temporary strengthening correction in the first quarter of 2025, the forint is expected to continue depreciating in the following quarters due mainly to a higher inflation trajectory compared to the euro area.

Our guidance

Guidance for full-year 2025

- Total income: at least +5.5% year-on-year
- Net interest income: at least 5.7 billion euros, supported by organic loan volume growth of approximately 4% (based on following assumptions: (i) market forward rates of early February, (ii) no speculation on potential measures of any government and (iii) conservative pass-through rates on savings accounts)
- Insurance revenues (before reinsurance): at least +7% year-on-year
- Operating expenses (excluding bank and insurance taxes): below +2.5% year-on-year (below full-year 2024 growth excluding Ireland of +2.7%)
- Combined ratio: below 91%
- Credit cost ratio: well below the through-the-cycle credit cost ratio of 25-30 basis points

Medium to long-term guidance

- CAGR total income (2024-2027): at least +6%
- CAGR net interest income (2024-2027): at least +5% (based on following assumptions: (i) market forward rates of early February, (ii) no speculation on potential measures of any government and (iii) conservative pass-through rates on savings accounts)
- CAGR insurance revenues (before reinsurance): at least +7%
- CAGR operating expenses (excluding bank and insurance taxes) (2024-2027): below +3%
- Combined ratio: below 91%
- Credit cost ratio: well below the through-the-cycle credit cost ratio of 25-30 basis points

Basel IV *(unchanged)*

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

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

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

Capital distribution policy

- The updated dividend policy and capital deployment plan will be published along with the results for the first quarter of 2025.

Statement of the auditor

The statutory auditor, PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL, represented by Damien Walgrave and Jeroen Bockaert, has confirmed that its audit work, which is substantially complete, has not to date revealed any significant matters requiring adjustments to the 2024 consolidated income statement, the condensed consolidated statement of comprehensive income, the consolidated balance sheet and the consolidated statement of changes in equity and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes, as included in this press release.

Upcoming events and references

Agenda	Annual report for FY2024: 31 March 2025 AGM: 30 April 2025 Dividend: ex-coupon date: 6 May 2025, record date: 7 May 2025, payment date: 8 May 2025 (subject to approval of the AGM) 1Q2025 results: 15 May 2025 Other events: www.kbc.com / Investor Relations / Financial calendar
More information on 4Q2024	Quarterly report: www.kbc.com / Investor Relations / Reports Company presentation: www.kbc.com / Investor Relations / Presentations

For more information, please contact:

Kurt De Baenst, General manager Investor Relations, KBC-group
Tel +32 2 429 35 73 - E-mail: IR4U@kbc.be

Katleen Dewaele, General Manager, Corporate Communication/Spokesperson, KBC Group
Tel +32 475 78 08 66- E-Mail: pressofficekbc@kbc.be

* This news item contains information that is subject to the transparency regulations for listed companies.

KBC Group NV
Havenlaan 2 – 1080 Brussels
Katleen Dewaele
General Manager
Corporate Communication /Spokesperson
Tel. +32 475 78 08 66

Press Office
Tel. + 32 2 429 29 15 Ilse De Muyer
Tel. + 32 2 429 32 88 Pieter Kussé
Tel. + 32 2 429 85 44 Sofie Spiessens
Tel. + 32 2 429 29 49 Tomas Meyers
pressofficekbc@kbc.be

KBC press releases are available at www.kbc.com or can be obtained by sending an e-mail to pressofficekbc@kbc.be

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