KBC Group Quarterly Report 1Q2024

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KBC GROUP
1Q 2024 report

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

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This report contains information that is subject to transparency regulations for listed companies. Date of release: 16 May 2024

First-quarter result of 506 million euros

KBC Group – overview (consolidated, IFRS)	1Q2024	4Q2023	1Q2023
Net result (in millions of EUR)	506	677	882
Basic earnings per share (in EUR)	1.18	1.59	2.08
Breakdown of the net result by business unit (in millions of EUR)			
Belgium	*243*	*474*	*299*
Czech Republic	*197*	*102*	*184*
International Markets	*146*	*178*	*108*
Group Centre	*-80*	*-77*	*291*
Parent shareholders' equity per share (in EUR, end of period)	54.9	53.9	51.9

'We recorded a net profit of 506 million euros in the first quarter of 2024. Compared to the result of the previous quarter, our total income benefited from several factors, including higher net interest income, net fee and commission income and insurance revenues, though these items were partly offset by lower levels of dividend income and trading & fair value income. Costs were up, since the bulk of the bank and insurance taxes for the full year are recorded – as usual – in the first quarter of the year. Disregarding bank and insurance taxes, costs fell by as much as 9% quarter-on-quarter and 1% year-on-year. Impairment charges too were down significantly, as the previous quarter had included a sizeable one-off impairment on goodwill.

Our loan portfolio continued to increase by 1% quarter-on-quarter and 4% year-on-year, with growth being recorded in each of the group's core countries. Customer deposits were up 1% quarter-on-quarter and 1% year-on-year, despite the outflow of deposits triggered by the issue of the retail State Note ('Staatsbon') in Belgium at the start of September 2023.

We have always been at the forefront of new digital developments, the most visible example of which being our personal digital assistant Kate, which we continuously develop further with the aim of ensuring maximum convenience for our customers. To date, around 4.5 million customers have already used Kate, up more than 40% on the year-earlier figure. Moreover, the proportion of cases resolved fully autonomously by Kate continues to improve and now stands at 65% in both Belgium and the Czech Republic, up from 57% and 54% respectively a year ago.

As regards our ongoing share buyback programme of 1.3 billion euros, we had already bought back approximately 15.3 million shares for a total consideration of approximately 0.9 billion euros by the end of April 2024. The programme is planned to run until 31 July 2024.

On 15 May 2024, we paid a final dividend of 3.15 euros per share, bringing the total dividend for full-year 2023 to 4.15 euros per share. In line with our announced capital deployment plan for full-year 2023, the Board of Directors has also decided to distribute the surplus capital above a fully loaded common equity ratio of 15% (approximately 280 million euros) in the form of an extraordinary interim dividend of 0.70 euros per share on 29 May 2024.

Our solvency position remained strong, with a fully loaded common equity ratio of 14.9% at the end of March 2024 (which already fully incorporates the effect of the ongoing share buyback programme of 1.3 billion euros and the extraordinary interim dividend of 0.70 euros per share). Not taking into account the extraordinary interim dividend, our common equity ratio would have been 15.2%. Our liquidity position remained very solid too, with an LCR of 162% and NSFR of 139%.

In closing, I would like to sincerely thank all our customers, employees, shareholders and other stakeholders for their trust and support. More than anything else, that trust and support is and remains fundamental to the success of our group, now and in the future.'

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 the first quarter of 2024

Net interest income increased by 1% quarter-on-quarter and by 3% year-on-year. The net interest margin for the quarter under review amounted to 2.08%, up 9 basis points on the previous quarter and 4 basis points on the year-earlier quarter. Loan volumes were up 1% quarter-on-quarter and 4% year-on-year. Deposits excluding debt certificates were up 1% quarter-on-quarter and 1% year-on-year. Volume growth figures were calculated on an organic basis (excluding changes in the scope of consolidation and forex effects).

The insurance service result (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held) amounted to 134 million euros (compared to 100 million euros and 110 million euros in the previous and year-earlier quarters, respectively) and breaks down into 94 million euros for non-life insurance and 41 million euros for life insurance. The non-life combined ratio for the first quarter of 2024 amounted to an excellent 85%, compared to 87% for full-year 2023. Non-life insurance sales increased by 9% year-on-year, while life insurance sales were up 12% on the level recorded in the previous quarter and by as much as 60% on the level recorded in the year-earlier quarter.

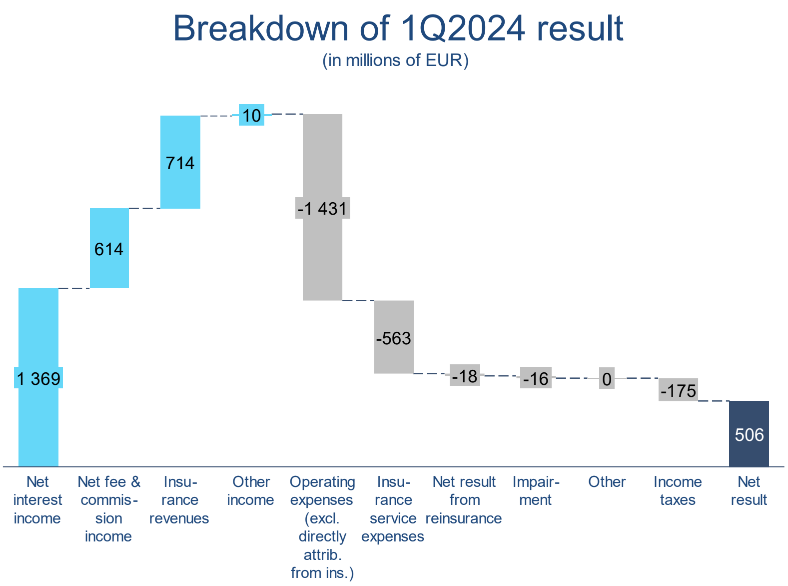
Net fee and commission income was up 2% and 7% on its level in the previous and year-earlier quarters, respectively. Fees for our asset management activities were up 5% quarter-on-quarter, while banking services-related fees were down 2% mainly due to seasonal effects. Year-on-year, fees for our asset management activities increased by 11% and fees for our banking activities decreased by 1%.

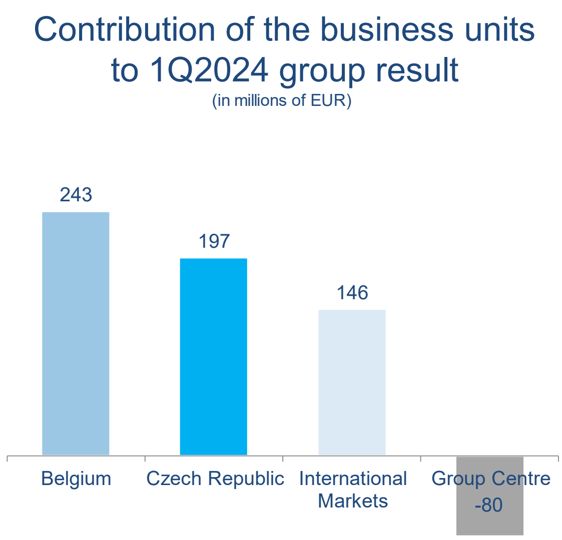
Trading & fair value income and insurance finance income and expense was down 15 million euros on the figure for the previous quarter and 79 million euros on the level recorded in the year-earlier quarter. **Net other income** was slightly above its normal run rate.

Operating expenses excluding bank and insurance taxes were down 9% on their level in the previous quarter and 1% on their year-earlier level. The first quarter of the year traditionally includes the bulk of the bank and insurance taxes for the full year (518 million euros in the first quarter of 2024). The cost/income ratio for the first quarter of 2024 came to 46%, compared to 49% for full-year 2023. In that calculation, certain non-operating items have been excluded and bank and insurance taxes evenly spread throughout the year. Excluding all bank and insurance taxes, the cost/income ratio for the first quarter of 2024 amounted to 43%, the same level as for full-year 2023.

The quarter under review included a 16-million-euro net **loan loss impairment charge**, as opposed to a net release of 5 million euros in the previous quarter and 24 million euros in the year-earlier quarter. The credit cost ratio for the first quarter of 2024 amounted to 0.04%, compared to 0.00% for full-year 2023. Impairment on assets *other than loans* amounted to 0 million euros in the quarter under review, compared to 175 million euros in the previous quarter (including a 109-million-euro impairment on goodwill in the Czech Republic) and 1 million euros in the year-earlier quarter.

Our **liquidity position** remained strong, with an LCR of 162% and NSFR of 139%. Our **capital base** remained robust, with a fully loaded common equity ratio of 14.9% (not taking into account the extraordinary interim dividend of 0.70 euros per share, the ratio would have been 15.2%).





Overview of results and balance sheet

Consolidated income statement, IFRS, KBC Group (simplified; in millions of EUR)	1Q2024	4Q2023	3Q2023	2Q2023	1Q2023
Net interest income	1 369	1 360	1 382	1 407	1 324
Insurance revenues before reinsurance	714	683	699	666	631
Non-life	*598*	*584*	*587*	*567*	*543*
Life	*116*	*99*	*113*	*100*	*88*
Dividend income	7	12	10	30	8
Net result from financial instruments at fair value through P&L and Insurance finance income and expense [1]	-55	-40	-8	33	24
Net fee and commission income	614	600	588	584	576
Net other income	58	60	44	54	498
Total income	2 708	2 674	2 715	2 775	3 060
Operating expenses (excl. directly attributable from insurance)	-1 431	-1 085	-1 011	-1 019	-1 501
Total operating expenses without bank and insurance taxes	*-1 063*	*-1 169*	*-1 101*	*-1 090*	*-1 077*
Total bank and insurance taxes	*-518*	*-36*	*-29*	*-51*	*-571*
Minus: operating expenses allocated to insurance service expenses	*150*	*120*	*119*	*123*	*147*
Insurance service expenses before reinsurance	-563	-567	-540	-523	-490
Of which Insurance commission paid	*-89*	*-94*	*-87*	*-82*	*-77*
Non-Life	*-489*	*-509*	*-485*	*-457*	*-418*
Life	*-73*	*-58*	*-55*	*-66*	*-72*
Net result from reinsurance contracts held	-18	-16	-22	-22	-30
Impairment	-16	-170	-63	-8	26
Of which: on financial assets at amortised cost and at fair value through other comprehensive income[2]	*-16*	*5*	*-36*	*23*	*24*
Share in results of associated companies & joint ventures	0	0	0	-1	-3
Result before tax	680	836	1 079	1 202	1 062
Income tax expense	-175	-159	-203	-236	-180
Result after tax	506	677	877	966	882
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**506**	**677**	**877**	**966**	**882**
Basic earnings per share (EUR)	1.18	1.59	2.07	2.29	2.08
Diluted earnings per share (EUR)	1.18	1.59	2.07	2.29	2.08

Key consolidated balance sheet figures, IFRS, KBC Group (in millions of EUR)	31-03-2024	31-12-2023	30-09-2023	30-06-2023	31-03-2023
Total assets	359 477	346 921	358 453	368 077	347 355
Loans & advances to customers	183 722	183 613	181 821	182 005	179 520
Securities (equity and debt instruments)	73 561	73 696	72 765	71 839	70 291
Deposits from customers (excl. debt certificates)	216 271	216 423	214 203	224 710	219 342
Insurance contract liabilities	16 602	16 784	15 920	16 295	16 282
Liabilities under investment contracts, insurance	14 319	13 461	12 655	12 751	12 164
Total equity	23 917	24 260	23 865	22 853	23 141

Selected ratios KBC Group (consolidated)	1Q2024	FY2023
Return on equity[3]	9%	16%
Cost/income ratio, group		
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	46%	49%
- excl. all bank and insurance taxes	43%	43%
Combined ratio, non-life insurance	85%	87%
Common equity ratio (CET1), Basel III, Danish Compromise		
- fully loaded	14.9%	15.2%
- transitional	15.1%	13.8%
Credit cost ratio[4]	0.04%	0.00%
Impaired loans ratio	2.1%	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)	162%	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% in the first quarter of 2024 (and 15% for full-year 2023) when non-operating items are excluded and bank and insurance taxes evenly spread throughout the year.
4 A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (1Q2024)

Total income: 2 708 million euros

+1% quarter-on-quarter and -12% year-on-year

Net interest income amounted to 1 369 million euros in the quarter under review, up 1% quarter-on-quarter and 3% year-on-year. The quarter-on-quarter increase was due mainly to increasing reinvestment yields (which has a positive impact on the commercial transformation result), loan volume growth and slightly lower costs related to the minimum required reserves held with central banks. These items were partly offset by further shifts from current and savings accounts to customer term deposits at lower margins, continued pressure on loan margins in some core markets, lower interest income from inflation-linked bonds, lower dealing room interest income, a negative forex effect (depreciation of the Czech koruna and Hungarian forint) and fewer days in the quarter under review. The year-on-year increase was attributable primarily to the increase in the commercial transformation result, a higher ALM result, loan volume growth in all core countries and increased interest income from customer term deposits. These items were partly offset by pressure on lending margins in most core markets, lower interest income in Ireland (as a result of the sale of the portfolios there), lower dealing room interest income, lower interest income from inflation-linked bonds, the higher funding cost of participations, higher wholesale funding costs, a negative forex effect and higher costs related to the minimum required reserves held with central banks. Consequently, the net interest margin for the quarter under review amounted to 2.08%, up 9 basis points quarter-on-quarter and 4 basis points year-on-year. For guidance regarding the expected net interest income in 2024 and the years to come, please refer to the section entitled ‘Our guidance’.

Customer loan volume was up 1% quarter-on-quarter and 4% year-on-year. Customer deposits excluding debt certificates were up 1% quarter-on-quarter and 1% year-on-year. When excluding volatile, low-margin short-term deposits at KBC Bank’s foreign branches (driven by short-term cash management opportunities), customer deposits were more or less stable quarter-on-quarter but down 2% year-on-year (still a consequence of the outflow of deposits caused by the issue of a 1-year State Note in Belgium in September 2023). In the growth figures above, the forex-related impact and the effects of changes in the scope of consolidation have been eliminated.

The **insurance service result** (insurance revenues before reinsurance – insurance service expenses before reinsurance + net result from reinsurance contracts held; the two latter items are not part of total income) amounted to 134 million euros and breaks down into 94 million euros for non-life insurance and 41 million euros for life insurance. The **non-life** insurance service result increased by 56% quarter-on-quarter, owing to a combination of higher insurance revenues and lower insurance service expenses. It was down 2% year-on-year, as higher insurance service expenses (due to the very low level of claims in the year-earlier quarter) more than offset the increased insurance revenues and better reinsurance result. The **life** insurance service result went up by 2% quarter-on-quarter, as higher revenues were partly offset by increased insurance service expenses and a lower reinsurance result. It was 168% higher than the result for the year-earlier quarter, thanks almost entirely to higher insurance revenues.

The combined ratio of the non-life insurance activities amounted to an excellent 85% for the first quarter of 2024, compared to 87% for full-year 2023. Non-life insurance sales came to 730 million euros, up 9% year-on-year, with growth in all countries and classes, thanks to a combination of volume and tariff increases. Sales of life insurance products amounted to 765 million euros and were up 12% on the level recorded in the previous quarter, due to higher sales of unit-linked life insurance products (attributable to the launch of a new structured product and commercial campaigns in Belgium) which more than offset the lower sales of guaranteed-interest products (as the last quarter of the year traditionally includes higher volumes in tax-incentivised pension savings products in Belgium). Life insurance sales were up 60% on the (relatively low level in the) year-earlier quarter, due almost entirely to sales of unit-linked products more than doubling. Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 34% and 62%, respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder.

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

Net fee and commission income amounted to 614 million euros, up 2% and 7% on its level in the previous and year-earlier quarters, respectively. The quarter-on-quarter increase was attributable to 5% growth in fee income related to our asset management activities (due to higher management and entry fees) and seasonally higher distribution fees linked to non-life insurance, while fees related to banking activities fell by 2% mainly due to seasonal effects (lower level of payments fees, among other things). Year-on-year, fees for our asset management services increased by 11% (due entirely to higher management fees) and distribution fees linked to non-life insurance were up, while banking fees fell slightly by 1%. At the end of March 2024, our total assets under management amounted to 258 billion euros, up 5% quarter-on-quarter (+1 percentage point related to net inflows and +4 percentage points related to the quarter-on-quarter market performance). Assets under management were up 19% year-on-year, with net inflows accounting for +8 percentage points and market performance for +11 percentage points.

Trading & fair value income and insurance finance income and expense amounted to -55 million euros, down 15 million euros quarter-on-quarter and 79 million euros year-on-year. The quarter-on-quarter decrease was attributable mainly to the increased negative result from derivatives used for asset/liability management purposes, only partly offset by better dealing room results and the positive changes in market value adjustments (xVA). Year-on-year, the decrease was mostly related to the increased negative result from derivatives used for asset/liability management purposes.

The **other remaining income items** included dividend income of 7 million euros and net other income of 58 million euros. The latter was slightly above its 50-million-euro normal run rate (note that the significant decrease on the year-earlier figure was due to the fact that net other income in that quarter had included a positive, one-off impact of 405 million euros related to the sale of the Irish loan and deposit portfolios).

Total operating expenses excluding bank and insurance taxes: 1 063 million euros

-9% quarter-on-quarter and -1% year-on-year

The quarter-on-quarter comparison of operating expenses is distorted by the fact that the bulk of the bank and insurance taxes for the full year is traditionally recorded in the first quarter of the year. In the first quarter of 2024, these taxes amounted to 518 million euros, compared to 36 million euros in the previous quarter and 571 million euros in the year-earlier quarter (the year-on-year decrease was due mainly to lower resolution fund contributions in the quarter under review, partly offset by additional national bank taxes in Belgium and Slovakia and an increased contribution to the deposit guarantee schemes).

Total operating expenses excluding bank and insurance taxes amounted to 1 063 million euros in the first quarter of 2024, down by 9% on their level in the previous quarter, owing mainly to lower ICT expenses, seasonally lower marketing and professional fee costs, decreased facility expenses, lower depreciation and a forex effect.

Operating expenses excluding bank and insurance taxes were down 1% on their year-earlier level, due to reduced costs for Ireland (given the sale of the Irish portfolios), lower depreciation and a forex effect, though this was largely offset by the negative impact of indexation, wage drift and higher ICT expenses, marketing costs and professional fees.

When certain non-operating items are excluded and bank and insurance taxes evenly spread throughout the year, the cost/income ratio for the first quarter of 2024 amounted to 46%, compared to 49% for full-year 2023. When excluding all bank and insurance taxes, the cost-income ratio improved to 43%, the same level as 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: 16-million-euro net charge

versus a 5-million-euro net release in the previous quarter and a 24-million-euro net release in the year-earlier quarter

In the quarter under review, we recorded a 16-million-euro net loan loss impairment charge, as opposed to a net release of 5 million euros in the previous quarter and a net release 24 million euros in the year-earlier quarter. The net impairment charge in the quarter under review included a charge of 43 million euros in respect of our loan book and a 27-million-euro release following the update of the reserve for geopolitical and macroeconomic uncertainties (on account of improving macroeconomic and microeconomic indicators). As a consequence, the outstanding reserve for geopolitical and macroeconomic uncertainties amounted to 223 million euros at the end of March 2024.

For the entire group, the credit cost ratio amounted to 0.04% for the first quarter of 2024 (0.10% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties), compared to 0.00% for full-year 2023 (0.07% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties). At the end of March 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 1.0% of the loan book, again the same level 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’.

There were virtually no impairment charges on assets *other than loans,* as opposed to 175 million euros in the previous quarter and 1 million euros in the year-earlier quarter. The previous quarter had been impacted by a number of factors, including a 109-million-euro impairment on goodwill on building savings company ČSOBS (a subsidiary of ČSOB Bank) following the reduction in the building savings state subsidy in the Czech Republic and a 56 million euros in impairment charges on tangible and intangible assets (mainly software).

Net result by business unit

Belgium 243 million euros; Czech Rep. 197 million euros; International Markets 146 million euros, Group Centre -80 million euros

Belgium: at first sight, the net result (243 million euros) was down 49% quarter-on-quarter. However, the first quarter of the year traditionally includes the bulk of the bank and insurance taxes for the full year, hence distorting the quarter-on-quarter comparison. Excluding bank and insurance taxes, the net result was up 11% quarter-on-quarter, due primarily to the combined effect of slightly higher total income (thanks to higher insurance revenues and net fee and commission income), lower costs (excluding bank and insurance taxes), stable insurance service expenses and higher net impairment charges.

Czech Republic: at first sight, the net result (197 million euros) was up 93% quarter-on-quarter. Excluding bank and insurance taxes, forex effects (depreciation of the Czech koruna) and the one-off 109-million-euro impairment on goodwill on building savings company ČSOBS in the previous quarter, the net result was up 19% quarter-on-quarter. This was essentially attributable to a combination of higher total income (thanks mainly to higher net fee and commission income and trading & fair value income), lower costs (excluding bank and insurance taxes), lower insurance service expenses, and a net loan loss impairment charge (as opposed to a release in the previous quarter).

International Markets: the 146-million-euro net result breaks down as follows: 34 million euros in Slovakia, 50 million euros in Hungary and 63 million euros in Bulgaria. For the business unit as a whole, the net result was, at first sight, down 18% on the previous quarter's result. When excluding bank and insurance taxes, the result was up 45% quarter-on-quarter, due mainly to a combination of higher total income (thanks in part to higher net interest income, insurance revenues and trading & fair value income), lower costs (excluding bank and insurance taxes), higher insurance service expenses and a net impairment release (as opposed to a net charge in the previous quarter).

Group Centre: the net result (-80 million euros) was 2 million euros lower than the figure recorded in the previous quarter owing mainly to a combination of lower total income (due primarily to a decrease in trading & fair value income), lower costs and a net impairment release as opposed to a net charge in the previous quarter.

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 1Q2024	Belgium FY2023	Czech Republic 1Q2024	Czech Republic FY2023	International Markets 1Q2024	International Markets FY2023
Cost/income ratio, group						
- excl. non-operational items and spreading bank and insurance taxes evenly throughout the year	43%	46%	44%	47%	43%	45%
- excl. all bank and insurance taxes	41%	41%	42%	44%	35%	39%
Combined ratio, non-life insurance	86%	85%	79%	84%	102%[2]	97%[2]
Credit cost ratio[1]	0.11%	0.06%	0.04%	-0.18%	-0.25%	-0.06%
Impaired loans ratio	2.1%	2.0%	1.4%	1.4%	1.7%	1.8%

1 A negative figure indicates a net impairment release (positively affecting results). See 'Details of ratios and terms' in the quarterly report.
2 Excluding windfall bank and insurance taxes in Hungary, the combined ratio amounted to 88% in the first quarter of 2024 and 94% for full-year 2023.

Solvency and liquidity

Common equity ratio of 14.9%, NSFR of 139%, LCR of 162%

At the end of March 2024, total equity came to 23.9 billion euros and comprised 22.2 billion euros in parent shareholders' equity and 1.75 billion euros in additional tier-1 instruments. Total equity was down 0.3 billion euros on its level at the end of 2023. This was accounted for by the combined effect of the inclusion of the profit for the first quarter of 2024 (+0.5 billion euros), the repurchase of own shares (-0.3 billion euros), more or less stable revaluation reserves, the repayment of additional tier-1 instruments (-0.5 billion euros) and a number of smaller items. We have provided details of these changes under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section of the quarterly report.

The Annual General Meeting of Shareholders of 2 May 2024 approved a total gross dividend of 4.15 euros per share for financial year 2023, with an interim dividend of 1.0 euro per share already being paid in November 2023 and the remaining 3.15 euros per share being paid on 15 May 2024. In line with our announced capital deployment plan for full-year 2023, the Board of Directors has also decided to distribute the surplus capital above the fully loaded common equity ratio of 15% (approximately 280 million euros) in the form of an extraordinary interim dividend of 0.70 euros per share on 29 May 2024.

Our solvency position remained strong, as illustrated by a fully loaded common equity ratio (CET1) of 14.9% at 31 March 2024, compared to 15.2% at the end of 2023. Note that the ratio already includes the full impact of the ongoing 1.3-billion-euro share buyback programme and the extraordinary interim dividend of 0.70 euros per share. Not taking into account the extraordinary interim dividend, our common equity ratio would have been 15.2%. The solvency ratio for KBC Insurance under the Solvency II framework was 202% at the end of March 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 162% and an NSFR ratio of 139%, compared to 159% and 136%, respectively, at the end of 2023.

ESG developments, risk statement and economic views

ESG developments

We have taken further important steps in our sustainability journey at KBC. We report on this journey and our sustainability performance transparently and consistently in our annual Sustainability Report. In this regard, we would refer the reader to the recently published Sustainability Report for 2023 on www.kbc.com, which provides a detailed overview of our ESG achievements.

We are particularly proud of some first-time achievements, such as reporting on the climate-related impact of part of our insurance underwriting portfolio for the first time, our first climate target for KBC Insurance's own portfolio of corporate investments and the first extensive mandatory and voluntary reporting on our contribution to sustainable business aligned to the EU Taxonomy criteria.

KBC also successfully issued a new 8-year Green Bond in the amount of 750 million euros, the first issuance under our recently updated Green Bond Framework. The proceeds will be used for energy efficient buildings, renewable energy transactions and clean transportation. More than 100 different investors participated in this issuance which enables KBC to continue actively supporting the financing of environmentally sustainable economic activities.

Risk statement

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

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

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

Our view on economic growth

After strong quarter-on-quarter growth of 0.8% in the fourth quarter (non-annualised), US growth slowed in the first quarter of 2024 to 0.4%. This still solid growth rate was mainly attributable to robust domestic demand, in particular private consumption growth, which was supported by persistently robust job creation and a remarkably low unemployment rate. Quarter-on-quarter growth is expected to slow further in the second quarter of 2024.

After the mild contraction in the fourth quarter of 2023 (-0.1%), euro area growth in the first quarter became positive again (0.3%). The manufacturing sector exhibited persistent weakness, while the service sector displayed tentative signs of recovery. From the second half of 2024 onwards, quarterly growth is expected to gradually increase, driven mainly by domestic consumption that benefits from falling inflation and the related increase in real wages.

Quarter-on-quarter growth in the first quarter in Belgium amounted to 0.3%, the same as in the previous quarter. Relatively strong domestic demand outweighed the negative contribution to growth of net exports. For the remainder of 2024, we expect growth to remain broadly in line with that of the euro area. Meanwhile, the Czech economy continued its recovery in the first quarter of 2024 (+0.5% quarter-on-quarter), a slightly faster rate than in the previous quarter. The stabilising manufacturing sector and private consumption growth supported by real wage growth thanks to lower inflation contributed to this performance. Based on our latest estimates, growth rates for the first quarter in our other Central European home markets also point to the recovery gaining traction (Bulgaria 0.5%, Slovakia 0.6% and Hungary 0.8%) with growth expected to gradually pick up more speed in the course of 2024.

The main risks to our short-term outlook for European growth include the global weakness of the manufacturing sector, particularly its effect on the German economy. Moreover, current geopolitical tensions pose risks in the form of more protectionism, supply chain disruptions and higher energy and commodity prices. In addition, political instability risks (various upcoming elections) and the impact of the government budget discussions for 2025 in the run-up to the re-activation of the EU Stability and Growth Pact might impact growth and risk premiums on sovereign debt in a number of European economies.

Our view on interest rates and foreign exchange rates

In the first quarter, the disinflationary trend in the euro area continued, while the latest US inflation data pointed rather more to a pause in this process. Consequently, the ECB is still expected to go ahead with the start of its rate-cutting cycle in mid-2024. The timing of the Fed's first rate cut and the overall number of cuts remains more uncertain and will crucially hinge on how sustainable the central bank assesses the further course of the disinflationary process towards the inflation target. In the background, the run-down of the Fed's and ECB's balance sheet (Quantitative Tightening) continues. Moreover, the ECB will end reinvesting maturing assets in its PEPP portfolio from 2025 on, after a transition period in the second half of 2024.

As the end of the Fed's and ECB's monetary tightening cycle became apparent in the fourth quarter of 2023, benchmark US and German bond yields fell sharply. Since early 2024, however, US and German bond yields have been steadily rising again as markets became increasingly aware that the easing cycle of short-term interest rates in 2024 would start later – and be more limited – than initially expected (especially in the US). This pushed up US and German 10-year bond yields to about 4.7% and 2.6% respectively in the second half of April 2024, with the US-German yield spread sharply widening to levels not seen since the start of the pandemic.

The sizeable growth differential, as well as the increased short-term and long-term interest rate differentials between the US and the euro area, led to a substantial strengthening of the US dollar against the euro. However, based on long-term fundamentals, we expect the US dollar to gradually weaken again in the course of 2024.

In early May, the Czech National Bank (CNB) lowered its policy rate by a further 50 basis points to 5.25%. Since the beginning of the year, the Czech koruna has depreciated against the euro. Nevertheless, it is likely to regain some ground against the euro in the remainder of 2024, thanks in part to the expected start of the ECB rate-cutting cycle in mid-2024.

Since the beginning of 2024, the National Bank of Hungary has cut its policy rate (base rate) four times, bringing it to 7.75%. Additional modest rate cuts are likely to follow. The exchange rate of the Hungarian forint against the euro depreciated during the first quarter of 2024. Driven by the structural inflation differential with the euro area, the forint is expected to continue depreciating in the course of 2024.

Our guidance

Guidance for full-year 2024 (unchanged)

- Net interest income: in the range of 5.3-5.5 billion euros, supported by organic loan volume growth of approximately 3%.
- 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 ECL buffer for geopolitical and macroeconomic uncertainties that was still in place at year-end 2023): well below the through-the-cycle credit cost ratio of 25-30 basis points.

Medium to long-term guidance (unchanged)

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

Capital distribution policy

- In line with our announced capital deployment plan for full-year 2023, the Board of Directors has decided to distribute the surplus capital above the fully loaded common equity ratio of 15% (approximately 280 million euros) in the form of an extraordinary interim dividend of 0.70 euros per share on 29 May 2024.
- We aim to be amongst the better capitalised financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The dividend policy for 2024 to remain unchanged, i.e.:
    - Payout ratio (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit for the financial year;
    - Interim dividend of 1 euro per share in November of each financial year as an advance on the total dividend.
  - The capital deployment policy for 2024 to remain unchanged, i.e.:
    - On top of the payout ratio of at least 50% of consolidated profit, each year (when announcing the full year results), the Board of Directors will take a decision, at its discretion, 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	Extraordinary interim dividend: ex-coupon - 27 May 2024; record date - 28 May 2024; payment - 29 May 2024 2Q2024 results: 8 August 2024 3Q2024 results: 7 November 2024 Other events: www.kbc.com / Investor Relations / Financial calendar
More information on 1Q2024	Quarterly report: www.kbc.com / Investor Relations / Reports Company presentation: www.kbc.com / Investor Relations / Presentations
Information on IFRS 17 implementation	Press release of 18 April 2023: www.kbc.com / Newsroom / Press release archive

KBC Group

Consolidated financial statements according to IFRS

1Q 2024

Glossary:

AC: Amortised Cost
ALM: Asset Liability Management
AT1: Additional tier-1 instruments
BBA: Building block approach
CSM: Contractual service margin
ECL: Expected Credit Loss
FA: Financial Assets
FV: Fair Value
FVO: Fair Value Option (designated upon initial recognition at Fair Value through Profit or Loss)
FVOCI: Fair Value through Other Comprehensive Income
FVPL: Fair Value through Profit or Loss
GCA: Gross Carrying Amount
HFT: Held For Trading
IFIE: Insurance finance income and expense
MFVPL: Mandatorily Measured at Fair Value through Profit or Loss (including HFT)
OCI: Other Comprehensive Income
OPEX: Operating expenses
P&L: Income statement
PAA: Premium allocation approach
POCI: Purchased or Originated Credit Impaired Assets
SPPI: Solely payments of principal and interest
SRB: Single Resolution Board
R/E: Retained Earnings
UL: Unit linked
VFA: Variable fee approach

Section reviewed by the Auditor

Consolidated income statement

(in millions of EUR)	Note	1Q 2024	4Q 2023	1Q 2023
Net interest income	3.1	1 369	1 360	1 324
Interest income	*3.1*	*5 123*	*5 391*	*4 305*
Interest expense	*3.1*	*-3 754*	*-4 031*	*-2 982*
Insurance revenues before reinsurance	3.6	714	683	631
Non-life	*3.6*	*598*	*584*	*543*
Life	*3.6*	*116*	*99*	*88*
Dividend income		7	12	8
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	3.3	- 55	- 40	24
Net result from financial instruments at fair value through profit or loss	*3.3*	*40*	*58*	*90*
Insurance finance income and expense (for insurance contracts issued)	*3.6*	*- 95*	*- 98*	*- 66*
Net fee and commission income	3.4	614	600	576
Fee and commission income	*3.4*	*774*	*771*	*731*
Fee and commission expense	*3.4*	*- 160*	*- 171*	*- 155*
Net other income	3.5	58	60	498
TOTAL INCOME		2 708	2 674	3 060
Operating expenses (excluding Opex allocated to insurance service expenses)	3.7	-1 431	-1 085	-1 501
Total Opex without bank and insurance tax	*3.7*	*-1 063*	*-1 169*	*-1 077*
Total bank and insurance tax	*3.7*	*- 518*	*- 36*	*- 571*
Minus: Opex allocated to insurance service expenses	*3.7*	*150*	*120*	*147*
Insurance service expenses before reinsurance	3.6	- 563	- 567	- 490
Of which insurance commissions paid	*3.6*	*- 89*	*- 94*	*- 77*
Non-life	*3.6*	*- 489*	*- 509*	*- 418*
Of which Non-life - Claim related expenses	*3.6*	*- 293*	*- 328*	*- 237*
Life	*3.6*	*- 73*	*- 58*	*- 72*
Net result from reinsurance contracts held	3.6	- 18	- 16	- 30
Impairment	3.9	- 16	- 170	26
on FA at amortised cost and at FVOCI	*3.9*	*- 16*	*5*	*24*
on goodwill	*3.9*	*0*	*- 109*	*0*
other	*3.9*	*0*	*- 66*	*1*
Share in results of associated companies and joint ventures		0	0	- 3
RESULT BEFORE TAX		680	836	1 062
Income tax expense	3.11	- 175	- 159	- 180
Net post-tax result from discontinued operations		0	0	0
RESULT AFTER TAX		506	677	882
attributable to minority interests		0	0	0
attributable to equity holders of the parent		**506**	**677**	**882**
Earnings per share (in EUR)				
Ordinary		1.18	1.59	2.08
Diluted		1.18	1.59	2.08

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 impact of the most significant acquisitions and disposals in 2023 and 2024 is set out in note 6.6 further in this report.

Consolidated statement of comprehensive income (condensed)

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
RESULT AFTER TAX	**506**	**677**	**882**
Attributable to minority interests	0	0	0
Attributable to equity holders of the parent	506	677	882
OCI THAT MAY BE RECYCLED TO PROFIT OR LOSS	**- 153**	**23**	**364**
Net change in revaluation reserve (FVOCI debt instruments)	- 99	583	108
Net change in hedging reserve (cashflow hedges)	4	113	68
Net change in translation differences	- 168	- 75	212
Hedge of net investments in foreign operations	41	36	- 32
Net insurance finance income and expense from (re)insurance contracts issued	66	- 639	6
Net insurance finance income and expense from reinsurance contracts held	1	6	3
Net change in respect of associated companies and joint ventures	0	0	0
Other movements	2	0	0
OCI THAT WILL NOT BE RECYCLED TO PROFIT OR LOSS	**152**	**47**	**86**
Net change in revaluation reserve (FVOCI equity instruments)	115	51	101
Net change in defined benefit plans	37	- 5	- 15
Net change in own credit risk	0	0	0
Net change in respect of associated companies and joint ventures	0	0	0
TOTAL COMPREHENSIVE INCOME	**505**	**746**	**1 332**
Attributable to minority interests	0	0	0
Attributable to equity holders of the parent	505	747	1 332

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

- Net change in revaluation reserve (FVOCI debt instruments): the -99 million euros in 1Q 2024 is mainly explained by higher interest rates. The +108 million euros in 1Q 2023 is mainly explained by lower interest rates.
- Net change in hedging reserve (cash flow hedge): limited change (+4 million euros) in 1Q 2024. The +68 million euros in 1Q 2023 can for a large part be explained by the unwinding effect of the negative outstanding cash flow hedge reserve.
- The net change in translation differences: the -168 million euros in 1Q 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 (+41 million euros). The +212 million euros in 1Q 2023 was mainly caused by the appreciation of the CZK and HUF versus the EUR. This was partly offset by the hedge of net investments in foreign operations (-32 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 1Q 2024 of +67 million euros is explained by the interest rate increase. Limited movement in 1Q 2023 as the interest rate increase on the long end of the interest curve (>25 years) was largely offset by the interest rate decrease at less than 25 years.
- Net change in revaluation reserve (FVOCI equity instruments): the +115 million euros in 1Q 2024 and the +101 million euros in 1Q 2023 is mainly explained by positive fair value movements thanks to improved equity markets.
- Net change in defined benefit plans: the +37 million euros in 1Q 2024 is mainly explained by the impact of the positive return of the plan assets and the effect of the higher discount rate applied on the obligations. The -15 million euros in 1Q 2023 is mainly explained by the effect of the lower discount rate applied on the obligations and the impact of the higher inflation rate, partly offset by the positive return of the plan assets.

Consolidated balance sheet

(in millions of EUR)	Note	31-03-2024	31-12-2023
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions		45 236	34 530
Financial assets	4.0	307 408	306 047
Amortised cost	*4.0*	*261 729*	*263 625*
Fair value through OCI	*4.0*	*19 415*	*18 587*
Fair value through profit or loss	*4.0*	*25 943*	*23 539*
of which held for trading	*4.0*	*9 813*	*8 327*
Hedging derivatives	*4.0*	*321*	*295*
Reinsurers' contract assets held		87	64
Profit/loss on positions in portfolios hedged for interest rate risk		-2 507	-2 402
Tax assets		900	900
Current tax assets		*207*	*176*
Deferred tax assets		*693*	*724*
Non-current assets held for sale and disposal groups		4	4
Investments in associated companies and joint ventures		35	30
Property, equipment and investment property		3 751	3 702
Goodwill and other intangible assets		2 360	2 355
Other assets		2 203	1 691
TOTAL ASSETS		359 477	346 921
LIABILITIES AND EQUITY			
Financial liabilities	4.0	315 671	303 116
Amortised cost	*4.0*	*293 482*	*280 874*
Fair value through profit or loss	*4.0*	*21 858*	*21 840*
of which held for trading	*4.0*	*6 145*	*7 050*
Hedging derivatives	*4.0*	*331*	*401*
Insurance contract liabilities	5.6	16 602	16 784
Non-life	*5.6*	*2 984*	*2 922*
Life	*5.6*	*13 618*	*13 862*
Profit/loss on positions in portfolios hedged for interest rate risk		- 506	- 505
Tax liabilities		514	472
Current tax liabilities		*130*	*99*
Deferred tax liabilities		*384*	*373*
Liabilities associated with disposal groups		0	0
Provisions for risks and charges		171	183
Other liabilities		3 109	2 611
TOTAL LIABILITIES		335 560	322 661
Total equity	5.10	23 917	24 260
Parent shareholders' equity	5.10	22 166	22 010
Additional tier-1 instruments included in equity	5.10	1 750	2 250
Minority interests		0	0
TOTAL LIABILITIES AND EQUITY		359 477	346 921

The increase of the total liabilities in 1Q 2024 can for the largest part be explained by higher time deposits from customers, higher repos, higher certificates of deposit and other issued bonds. This is partly offset by lower demand deposits from customers and repayment of matured part of the TLTRO III by 2.2 billion euros.

Total assets increase can for the largest part be explained by higher cash and cash balances with central banks.

Consolidated statement of changes in equity

(in millions of EUR)	Issued and paid up share capital	Share premium	Treasury shares	Retained earnings	Total revaluation reserves	Parent shareholders' equity	AT1 instruments included in equity	Minority interests	Total equity
31-03-2024									
Balance at the beginning of the period	1 461	5 548	- 497	14 332	1 166	22 010	2 250	0	24 260
Net result for the period	0	0	0	506	0	506	0	0	506
Other comprehensive income for the period	0	0	0	2	- 3	- 1	0	0	- 1
Subtotal	0	0	0	508	- 3	505	0	0	505
Dividends	0	0	0	0	0	0	0	0	0
Coupon on AT1	0	0	0	- 31	0	- 31	0	0	- 31
Issue/repurchase of AT1 included in equity	0	0	0	0	0	0	- 500	0	- 500
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	3	- 3	0	0	0	0
Purchase/sale of treasury shares	0	0	- 317	0	0	- 317	0	0	- 317
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	0	0	- 317	480	- 7	157	- 500	0	- 343
Balance at the end of the period	1 461	5 548	- 814	14 812	1 159	22 166	1 750	0	23 917
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
31-03-2023									
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	882	0	882	0	0	882
OCI for the period	0	0	0	0	450	450	0	0	450
Subtotal	0	0	0	882	450	1 332	0	0	1 332
Dividends	0	0	0	0	0	0	0	0	0
Coupon on AT1	0	0	0	- 9	0	- 9	0	0	- 9
Capital increase	0	0	0	0	0	0	0	0	0
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	13	- 13	0	0	0	0
Purchase/sale of treasury shares	0	0	0	0	0	0	0	0	0
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	0	0	0	886	437	1 323	0	0	1 323
Balance at the end of the period	1 461	5 542	0	13 512	1 127	21 641	1 500	0	23 141

1Q 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, will be deducted from retained earnings in 2Q 2024.

Additional interim dividend: see note 6.8 further in this report.

Call AT1: On 5 March 2024 KBC Group NV called the Additional Tier-1 Securities issued in 2019 for 500 million euros. For more information, see note 5.10 further in this report.

Treasury shares: within the framework of the share buyback programme of 1.3 billion euros announced on 10 August 2023, the total number of own shares bought by KBC related to the share buyback programme amounted to 13 843 378 at 31 March 2024.

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

2023

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

Composition of the 'Total revaluation reserves' column in the previous table (in millions of EUR)	31-03-2024	31-12-2023	31-03-2023
Total	1 159	1 166	1 127
Revaluation reserve (FVOCI debt instruments)	- 696	- 596	- 987
Revaluation reserve (FVOCI equity instruments)	333	222	172
Hedging reserve (cashflow hedges)	- 575	- 579	- 869
Translation differences	- 409	- 240	87
Hedge of net investments in foreign operations	168	127	43
Remeasurement of defined benefit plans	471	434	452
Own credit risk through OCI	0	0	0
Insurance finance income and expense through OCI after reinsurance	1 866	1 799	2 229

Consolidated cash flow statement

(in millions of EUR)	Note	1Q 2024	1Q 2023
OPERATING ACTIVITIES			
Result before tax	Cons. income stat.	680	1 062
Adjustments for non-cash items in profit & loss		949	-1 353
Changes in operating assets (excluding cash and cash equivalents)		-4 991	- 390
Changes in operating liabilities (excluding cash and cash equivalents)		14 756	-12 440
Income taxes paid		- 136	- 109
Net cash from or used in operating activities		11 258	-13 230
INVESTING ACTIVITIES			
Purchase and proceeds of debt securities at amortised cost	4.1	1 796	-1 531
Acquisition of a subsidiary or a business unit, net of cash acquired (including increases in percentage interest held)		0	0
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)		- 73	- 79
Purchase and proceeds from the sale of property, plant and equipment (excluding goodwill)		- 12	- 50
Other		- 30	80
Net cash from or used in investing activities		1 682	4 900
FINANCING ACTIVITIES			
Purchase or sale of treasury shares	Cons. stat. of changes in equity	- 317	0
Issue or repayment of promissory notes and other debt securities	4.1	- 238	1 307
Proceeds from or repayment of subordinated liabilities	4.1	1 604	496
Proceeds from the issuance of share capital	Cons. stat. of changes in equity	0	0
Call of additional tier-1 instruments	Consolidated statement of changes in equity	- 500	0
Dividends paid	Cons. stat. of changes in equity	0	0
Coupon additional Tier-1 instruments	Cons. stat. of changes in equity	- 31	- 9
Net cash from or used in financing activities		518	1 794
CHANGE IN CASH AND CASH EQUIVALENTS			
Net increase or decrease in cash and cash equivalents		13 458	-6 535
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		- 606	766
Cash and cash equivalents at the end of the period		66 812	61 712
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash and cash balances with central banks and other demand deposits with credit institutions	Cons. balance sheet	45 236	38 729
Term loans to banks at not more than three months (excl. reverse repos)	4.1	956	1 213
Reverse repos with credit institutions and investment firms at not more than three months	4.1	24 833	28 918
Deposits from banks repayable on demand	4.1	-4 213	-7 148
Cash and cash equivalents belonging to disposal groups		0	0
Total		66 812	61 712
of which not available		*0*	*0*

The net cash from operating activities in 1Q 2024 (+11 258 million euros) mainly includes an increase in time deposits and repos and the issuance of certificates of deposit, partly offset by lower demand deposits and repayment of most of the remaining outstanding amount borrowed under TLTRO III (-2.2 billion euros). The net cash from operating activities in 1Q 2023 (-13 230 million euros) mainly includes a decrease in demand deposits and lower repos, both to a large extent linked to short term cash management, and repayment of part of the amount borrowed under TLTRO III (-2.0 billion euros).

Net cash from (used in) investing activities in 1Q 2024 (+1 682 million euros) mainly includes net proceeds from debt securities at amortised cost (+ 1 796 million euros). Net cash from (used in) investing activities in 1Q 2023 (+4 900 million euros) is mainly explained by the cash proceeds from the sale of the Irish loan and deposit portfolios to Bank of Ireland Group, partly offset by additional investments in debt securities at amortised cost.

The net cash flow from financing activities in 1Q 2024 (+518 million euros) includes the issuance of new Tier-2 instruments (1 billion euros and 500 million British pounds) offset by the repayment of an Additional Tier-1 instrument (500 million euros; for more information see note 5.10) and the purchase of treasury shares (317 million euros). The net cash flow from financing activities in 1Q 2023 (+1 794 million euros) mainly includes newly issued Senior Holdco instruments (1 billion US dollars), new Tier-2 instrument (500 million euros) and net increase in covered bonds at KBC Bank (renewal (+1 billion euros) and a matured bond (-0.8 billion 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 31 March 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 to the ECL model, a financial assets attracts life-time ECL once the credit risk has increased significantly since initial recognition; therefore the assessment of the significant increase in credit risk defines the staging of financial assets. The assessment of a significant increase in credit risk is a relative assessment based on the credit risk that was assigned at initial recognition. This is a multi-factor assessment, and, thus KBC has developed a multi-tier approach (MTA) for the bond portfolio on the one hand and for the loan portfolio on the other hand.

For the bond portfolio the MTA consists of three tiers:

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

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

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

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

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

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

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

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

Main exchange rates used:

	Exchange rate at 31-03-2024		Average exchange rate in 1Q 2024	
		Changes relative to 31-12-2023		Changes relative to the average 1Q 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	25.305	-2%	25.090	-6%
HUF	395.26	-3%	389.14	-1%

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
1Q 2024								
Net interest income	809	315	324	*149*	*67*	*107*	- 79	1 369
Insurance revenues before reinsurance	443	138	130	*52*	*26*	*53*	4	714
Non-life	365	114	116	*47*	*21*	*48*	4	598
Life	78	24	15	*5*	*5*	*5*	0	116
Dividend income	7	0	0	*0*	*0*	*0*	0	7
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 101	22	26	*22*	*3*	*0*	- 1	- 55
Net fee and commission income	409	84	122	*63*	*21*	*37*	- 1	614
Net other income	54	5	6	*3*	*3*	*0*	- 7	58
TOTAL INCOME	1 621	564	608	*289*	*121*	*197*	- 85	2 708
Operating expenses (excluding Opex allocated to insurance service expenses)	- 841	- 229	- 326	*- 179*	*- 64*	*- 83*	- 36	-1 431
Total Opex without banking and insurance tax	*- 606*	*- 220*	*- 200*	*- 69*	*- 62*	*- 70*	*- 37*	*-1 063*
Total Banking and insurance tax	*- 317*	*- 35*	*- 167*	*- 137*	*- 9*	*- 21*	*1*	*- 518*
Minus: Opex allocated to insurance service expenses	*82*	*26*	*41*	*27*	*7*	*8*	*1*	*150*
Insurance service expenses before reinsurance	- 340	- 99	- 125	*- 66*	*- 24*	*- 35*	1	- 563
Of which insurance commissions paid	- 57	- 17	- 15	*- 2*	*- 3*	*- 9*	0	- 89
Non-Life	*- 289*	*- 86*	*- 116*	*- 63*	*- 21*	*- 32*	*1*	*- 489*
Of which Non-life - Claim related expenses	*- 191*	*- 49*	*- 55*	*- 25*	*- 13*	*- 17*	*2*	*- 293*
Life	*- 52*	*- 13*	*- 9*	*- 3*	*- 3*	*- 3*	*0*	*- 73*
Net result from reinsurance contracts held	- 24	- 4	0	*5*	*- 1*	*- 4*	10	- 18
Impairment	- 37	- 4	20	*11*	*11*	*- 2*	4	- 16
of which on FA at AC and at fair value through OCI	*- 37*	*- 4*	*20*	*10*	*11*	*- 2*	*4*	*- 16*
Share in results of associated companies and joint ventures	0	0	0	0	0	0	0	0
RESULT BEFORE TAX	380	229	177	*60*	*43*	*74*	- 105	680
Income tax expense	- 137	- 33	- 30	*- 10*	*- 9*	*- 11*	26	- 175
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	0	0
RESULT AFTER TAX	242	197	146	*50*	*34*	*63*	- 80	506
attributable to minority interests	0	0	0	*0*	*0*	*0*	0	0
attributable to equity holders of the parent	**243**	**197**	**146**	***50***	***34***	***63***	**- 80**	**506**

(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
1Q 2023									
Net interest income	769	309	284	*130*	*65*	*90*	- 39	*24*	1 324
Insurance revenues before reinsurance	385	132	111	*46*	*23*	*43*	2	*0*	631
Non-life	333	109	98	*41*	*18*	*39*	2	*0*	543
Life	52	23	13	*5*	*4*	*4*	0	*0*	88
Dividend income	7	0	0	*0*	*0*	*0*	0	*0*	8
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	- 29	22	13	*12*	*0*	*1*	18	*- 1*	24
Net fee and commission income	382	80	116	*58*	*20*	*37*	- 2	*0*	576
Net other income	87	2	5	*1*	*2*	*2*	404	*404*	498
TOTAL INCOME	1 603	544	530	*247*	*110*	*172*	384	*428*	3 060
Operating expenses (excluding Opex allocated to insurance service expenses)	- 849	- 253	- 305	*- 168*	*- 58*	*- 79*	- 95	*- 52*	-1 501
Total Opex without banking and insurance tax	*- 584*	*- 220*	*- 183*	*- 60*	*- 60*	*- 62*	*- 90*	*- 47*	*-1 077*
Total Banking and insurance tax	*- 347*	*- 60*	*- 158*	*- 130*	*- 4*	*- 24*	*- 5*	*- 5*	*- 571*
Minus: Opex allocated to insurance service expenses	*82*	*28*	*36*	*23*	*7*	*7*	*1*	*0*	*147*
Insurance service expenses before reinsurance	- 304	- 90	- 96	*- 49*	*- 19*	*- 27*	- 1	*0*	- 490
Of which insurance commissions paid	- 51	- 14	- 12	*- 2*	*- 2*	*- 7*	0	*0*	- 77
Non-Life	*- 250*	*- 79*	*- 89*	*- 46*	*- 16*	*- 27*	*- 1*	*0*	*- 418*
Of which Non-life - Claim related expenses	*- 156*	*- 43*	*- 37*	*- 14*	*- 10*	*- 14*	*0*	*0*	*- 237*
Life	*- 54*	*- 11*	*- 7*	*- 3*	*- 3*	*- 1*	*0*	*0*	*- 72*
Net result from reinsurance contracts held	- 21	- 9	- 5	*- 1*	*- 1*	*- 3*	5	*0*	- 30
Impairment	11	6	3	*11*	*- 1*	*- 6*	5	*4*	26
of which on FA at AC and at fair value through OCI	*9*	*7*	*4*	*11*	*- 1*	*- 6*	*5*	*4*	*24*
Share in results of associated companies and joint ventures	- 2	0	0	0	0	0	0	0	- 3
RESULT BEFORE TAX	438	198	128	*40*	*31*	*57*	299	*379*	1 062
Income tax expense	- 139	- 14	- 20	*- 8*	*- 6*	*- 6*	- 7	*- 28*	- 180
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	0	*0*	0
RESULT AFTER TAX	299	184	108	*32*	*24*	*51*	291	*351*	882
attributable to minority interests	0	0	0	*0*	*0*	*0*	0	*0*	0
attributable to equity holders of the parent	**299**	**184**	**108**	***32***	***24***	***51***	**291**	***351***	**882**

Other notes

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

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
Total	1 369	1 360	1 324
Interest income	5 123	5 391	4 305
Interest income on financial instruments calculated using the effective interest rate method			
Financial assets at AC	2 484	2 688	2 357
Financial assets at FVOCI	103	123	77
Hedging derivatives	1 559	1 515	861
Financial liabilities (negative interest)	2	2	4
Other	501	475	483
Interest income on other financial instruments			
Financial assets MFVPL other than held for trading	16	16	12
Financial assets held for trading	459	574	510
Of which economic hedges	*415*	*531*	*474*
Other financial assets at FVPL	0	0	0
Interest expense	-3 754	-4 031	-2 982
Interest expense on financial instruments calculated using the effective interest rate method			
Financial liabilities at AC	-1 751	-1 854	-1 397
Financial assets (negative interest)	- 1	0	0
Hedging derivatives	-1 523	-1 542	- 912
Other	- 1	- 1	- 1
Interest expense on other financial instruments			
Financial liabilities held for trading	- 460	- 621	- 658
Of which economic hedges	*- 446*	*- 604*	*- 648*
Other financial liabilities at FVPL	- 19	- 18	- 15
Net interest expense relating to defined benefit plans	1	4	1

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 52 million euros in 1Q 2024, compared to 55 million euros in 4Q 2023 and 14 million euros in 1Q 2023.

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

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
Total	- 55	- 40	24
Breakdown by driver			
Dealing room income	102	78	94
MTM ALM derivatives and other	- 102	- 18	- 24
Market value adjustments (xVA)	5	- 41	4
Result on investment backing UL contracts - under IFRS 17 & Insurance finance income and expense	- 60	- 59	- 50

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 result from financial instruments at fair value through profit or loss and Insurance finance income and expenses in 1Q 2024 is 15 million euros lower compared to 4Q 2023

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

- More negative MTM ALM derivatives and other income in 1Q 2024 compared to 4Q 2023

Partly offset by

- Higher dealing room income in Belgium, more than compensating for slight decrease in Czech Republic
- Positive impact from market value adjustments (xVA) in 1Q 2024 compared to negative impact in 4Q 2023, for a large part driven by increasing EUR yield curves compared to decreasing EUR interest rates in 4Q 2023 and

The result from financial instruments at fair value through profit or loss and Insurance finance income and expenses in 1Q 2024 is 79 million euros lower compared to 1Q 2023.

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

- More negative MTM ALM derivatives and other income in 1Q 2024 compared to 1Q 2023
- More negative fair value result on investments backing unit-linked contracts under IFRS 17 & Insurance Finance Income and Expense in 1Q 2024 compared to 1Q 2023, due to increased interest accretion as a result of increasing market rates

Partly compensated by

- Slightly more positive impact from market value adjustments (xVA) in 1Q 2024 compared to 1Q 2023, driven by increased EUR yield curves
- Higher dealing room income in Belgium, more than compensating for decrease in Czech Republic

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

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
Total	614	600	576
Fee and commission income	774	771	731
Fee and commission expense	- 160	- 171	- 155
Breakdown by type			
Asset Management Services	338	323	304
Fee and commission income	*353*	*338*	*319*
Fee and commission expense	*- 15*	*- 14*	*- 15*
Banking Services	261	265	262
Fee and commission income	*404*	*421*	*397*
Fee and commission expense	*- 143*	*- 156*	*- 134*
Other	*15*	*12*	*10*
Fee and commission income	*18*	*12*	*16*
Fee and commission expense	*- 2*	*0*	*- 6*

- 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 3.6).
- 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)	1Q 2024	4Q 2023	1Q 2023
Total	58	60	498
of which gains or losses on			
Sale of financial assets measured at amortised cost	- 10	- 4	- 4
Sale of debt instruments at FVOCI	0	- 1	1
Repurchase of financial liabilities measured at amortised cost	0	0	0
of which other, including:	68	65	502
Income from operational leasing activities	28	19	25
Income from VAB Group	13	10	10
Legacy legal cases	0	0	- 2
Gain on sale of KBC Bank Ireland’s loan and deposit portfolios	0	0	405
Gain on sale of a participation in Belgium	0	18	0
Recovery of Belgian bank and insurance tax from 2016 (incl. moratorium interest)	0	0	48

In 1Q 2024:

- no special items

In 4Q 2023:

- Realised gain on sale of a participation under equity method in Belgium (+18 million euros)

In 1Q 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) (for more information, see note 6.6).
- Recuperation of Belgian banking and insurance tax (2016) and linked moratorium interests (+48 million euros).

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
1Q 2024					
Insurance service result	**43**	***3***	***110***	**—**	**153**
Insurance revenues before reinsurance	*116*	*6*	*600*	—	*717*
Insurance service expenses	*- 73*	*- 3*	*- 490*	—	*- 564*
Of which Non-life - Claim related expenses	—	—	*- 293*	—	*- 293*
Investment result and insurance finance income and expenses	**36**	***0***	***7***	**—**	***43***
Investment result	**121**	***36***	***17***	***0***	***138***
Net interest income	*80*	*0*	*15*	*0*	*95*
Dividend income	*4*	*0*	*1*	*0*	*5*
Net result from financial instruments at fair value through P&L	*37*	*35*	*0*	*0*	*37*
Net other income	*1*	*0*	*0*	*0*	*1*
Impairment	*1*	*0*	*0*	*0*	*1*
Total insurance finance income and expenses before reinsurance	**- 85**	***- 36***	***- 10***	**—**	**- 95**
Interest accretion	*- 49*	—	*- 11*	—	*- 60*
Effect of changes in financial assumptions and foreign exchange differences	*0*	*0*	*0*	—	*0*
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 36*	*- 36*	—	—	*- 36*
Net insurance and investment result before reinsurance	**80**	***3***	***117***	**0**	**196**
Net result from reinsurance contracts held	**- 3**	**—**	**- 15**	**—**	**- 18**
Premiums paid to the reinsurer	*- 10*	—	*- 26*	—	*- 37*
Commissions received	*1*	—	*3*	—	*4*
Amounts recoverable from reinsurer	*6*	—	*9*	—	*16*
Total (ceded) reinsurance finance income and expense	*0*	—	*- 1*	—	*- 1*
Net insurance and investment result after reinsurance	**77**	***3***	**102**	**0**	**178**
Non-directly attributable income and expenses	**4**	***0***	**- 13**	**6**	**- 3**
Net fee and commission income	*18*	*0*	*0*	*10*	*28*
Net other income	*0*	—	—	*18*	*18*
Operating expenses (incl. banking and insurance tax)	*- 15*	*0*	*- 12*	*- 22*	*- 49*
Impairment - Other	*0*	*0*	*0*	*0*	*0*
Share in results of assoc. comp & joint-ventures	—	—	—	*0*	*0*
Income tax	**—**	**—**	**—**	**- 42**	**- 42**
Result after tax	**80**	**3**	**89**	**- 36**	***133***
Attributable to minority interest	—	—	—	—	—
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	***133***

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non-technical	Total
1Q 2023					
Insurance service result	**16**	***4***	**128**	**—**	**144**
Insurance revenues before reinsurance	*88*	*6*	547	—	635
Insurance service expenses	*- 72*	*- 2*	*- 418*	—	*- 490*
Of which Non-life - Claim related expenses	—	—	*- 237*	—	*- 237*
Investment result and insurance finance income and expenses	**37**	***0***	***11***	**—**	***52***
Investment result on assets	**98**	***16***	**16**	**3**	**118**
Net interest income	*75*	*0*	15	2	92
Dividend income	*4*	*0*	1	0	5
Net result from financial instruments at fair value through P&L	*17*	*16*	0	0	17
Net other income	*3*	*0*	0	1	4
Impairment	*0*	*0*	0	0	0
Total insurance finance income and expenses before reinsurance	**- 61**	***- 16***	**- 5**	**—**	**- 66**
Interest accretion	*- 45*	—	- 5	—	- 50
Effect of changes in financial assumptions and foreign exchange differences	*0*	*0*	0	—	0
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 16*	*- 16*	—	—	- 16
Net insurance and investment result before reinsurance	**53**	***4***	**140**	**3**	**196**
Net result from reinsurance contracts held	**- 1**	**—**	**- 29**	**—**	**- 30**
Premiums paid to the reinsurer	*- 9*	—	- 23	—	- 32
Commissions received	*0*	—	2	—	2
Amounts recoverable from reinsurer	*8*	—	- 8	—	1
Total (ceded) reinsurance finance income and expenses	*0*	—	- 1	—	- 1
Net insurance and investment result after reinsurance	**52**	***4***	**110**	**3**	**166**
Non-directly attributable income and expenses	**1**	***0***	**- 10**	**6**	**- 3**
Net fee and commission income	*15*	*0*	0	9	24
Net other income	*0*	—	—	16	16
Operating expenses (incl. banking and insurance tax)	*- 14*	*0*	- 10	- 19	- 43
Impairment - Other	*0*	*0*	0	0	0
Share in results of assoc. comp & joint-ventures	—	—	—	0	0
Income tax	**—**	**—**	**—**	**- 37**	**- 37**
Result after tax	**54**	**4**	**100**	**- 29**	**125**
Attributable to minority interest	—	—	—	—	0
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	**125**

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).

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

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

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
Total Operating expenses by nature	**-1 582**	**-1 205**	**-1 648**
Staff Expenses	- 663	- 667	- 663
General administrative expenses	- 826	- 443	- 884
ICT Expenses	- 144	- 167	- 142
Facility Expenses	- 60	- 72	- 64
Marketing & communication expenses	- 19	- 40	- 18
Professional fees	- 32	- 45	- 29
Bank and insurance tax	- 518	- 36	- 571
Other	- 52	- 82	- 60
Depreciation and amortisation of fixed assets	- 92	- 96	- 100

The operating expenses for 1Q 2024 include 518 million euros related to bank and insurance levies (36 million euros in 4Q 2023; 571 million euros in 1Q 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.

1Q 2024 includes 71 million euros extraordinary sectoral tax in K&H Hungary, compared to 79 million euros in 1Q 2023.

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 EUR (impact amounts to -28 million euros 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 is driven by an increase of the contribution to the Deposit Guarantee Scheme of -34 million euros in 1Q 2024 (of which -28 million euros in Belgium).

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 1Q 2024 still -27 million euros related to contribution from non-eurozone countries). In 1Q 2023, the total contribution to the Single Resolution Fund amounted to -148 million euros.

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

(in millions of EUR)	1Q 2024	4Q 2023	1Q 2023
Total	**- 16**	**- 170**	**26**
Impairment on financial assets at AC and at FVOCI	- 16	5	24
By IFRS category			
Impairment on financial assets at AC	*- 16*	*7*	*24*
Impairment on financial assets at FVOCI	*0*	*- 2*	*0*
By product			
Loans and advances	*- 16*	*14*	*5*
Debt securities	*- 1*	*- 4*	*0*
Off-balance-sheet commitments and financial guarantees	*0*	*- 4*	*19*
By type			
Stage 1 (12-month ECL)	*- 36*	*4*	*1*
Stage 2 (lifetime ECL)	*95*	*60*	*4*
Stage 3 (non-performing; lifetime ECL)	*- 53*	*- 57*	*20*
Purchased or originated credit impaired assets	*- 22*	*- 2*	*- 1*
By division/country			
Belgium	*- 37*	*- 10*	*9*
Czech Republic	*- 4*	*14*	*7*
International Markets	*20*	*1*	*4*
Slovakia	*11*	*2*	*- 1*
Hungary	*10*	*- 1*	*11*
Bulgaria	*- 2*	*- 1*	*- 6*
Group Centre	*4*	*0*	*5*
Impairment on goodwill	0	- 109	0
Impairment on other	0	- 66	1
Intangible fixed assets (other than goodwill)	0	- 50	0
Property, plant and equipment (including investment property)	0	- 5	2
Associated companies and joint ventures	0	0	0
Other	0	- 10	0

The impairment on financial assets at AC and at FVOCI in 1Q 2024 includes:

- A net impairment release of 27 million euros for the geopolitical and macroeconomic uncertainties, compared to 35 million euros in 4Q 2023 and 21 million euros in 1Q 2023. The outstanding balance of ECL for the geopolitical and macroeconomic uncertainties amounts to 223 million euros at the end of 1Q 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 27 million ECL release for geopolitical & macroeconomic uncertainties in 1Q 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 1Q 2024 include 43 million euros net charge, largely in stage 3 mainly related to a number of corporate files in Belgium, compared to 30 million euros net charge in 4Q 2023 (largely in stage 3 and related to a number of corporate and retail files in Belgium, Hungary and Bulgaria) and a net release of 3 million euros in 1Q 2023.

Impairment on goodwill in 4Q 2023: ČSOB Stavební spořitelna (or ČSOB Stavební, subsidiary of ČSOB Czech Republic) was impacted by the reduction of the building saving state subsidy in the Czech Republic in 2023, having a substantial negative impact to its future projected earnings. This has led to an impairment of 109 million euros on the total outstanding goodwill of 175 million euros (based on the exchange rate of 31 December 2023).

The impairments on property and equipment and intangible assets in 4Q 2023 (-55 million euros) mainly relate to impairments on software in all countries except Slovakia.

The impairment on other (Other) in 4Q 2023 of -10 million euros concern modification losses, related to the latest extension of the interest cap regulation in Hungary until 1 July 2024.

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 1Q 2024 with about 11 million euros.

Top-up tax: 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 1Q 2024 results, the additional top-up tax amounts to roughly 6 million euros. 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.

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, 31-03-2024							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	2 523	0	0	1	0	0	2 523
of which repayable on demand and term loans at not more than three months							*956*
Loans and advances to customers (excl. reverse repos)	182 873	0	849	0	0	0	183 722
Trade receivables	*2 590*	*0*	*0*	*0*	*0*	*0*	*2 590*
Consumer credit	*6 643*	*0*	*594*	*0*	*0*	*0*	*7 237*
Mortgage loans	*75 057*	*0*	*254*	*0*	*0*	*0*	*75 311*
Term loans	*85 330*	*0*	*0*	*0*	*0*	*0*	*85 330*
Finance lease	*7 438*	*0*	*0*	*0*	*0*	*0*	*7 438*
Current account advances	*5 095*	*0*	*0*	*0*	*0*	*0*	*5 095*
Other	*721*	*0*	*0*	*0*	*0*	*0*	*721*
Reverse repos	25 017	0	0	805	0	0	25 822
with credit institutions and investment firms	*24 912*	*0*	*0*	*805*	*0*	*0*	*25 717*
with customers	*105*	*0*	*0*	*0*	*0*	*0*	*105*
Equity instruments	0	1 710	50	510	0	0	2 269
Investment contracts (insurance)	0	0	15 218	0	0	0	15 218
Debt securities issued by	49 212	17 705	14	4 361	0	0	71 292
Public bodies	*41 390*	*13 637*	*0*	*4 176*	*0*	*0*	*59 202*
Credit institutions and investment firms	*5 528*	*2 151*	*0*	*20*	*0*	*0*	*7 699*
Corporates	*2 295*	*1 918*	*14*	*165*	*0*	*0*	*4 391*
Derivatives	0	0	0	4 137	0	321	4 458
Other	2 103	0	0	0	0	0	2 103
Total	261 729	19 415	16 130	9 813	0	321	307 408
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, 31-03-2024					
Deposits from credit institutions and investment firms (excl. repos)	13 798	0	0	0	13 798
of which repayable on demand					*4 213*
Deposits from customers and debt securities (excl. repos)	262 227	50	1 423	0	263 700
Demand deposits	*97 607*	*0*	*0*	*0*	*97 607*
Time deposits	*48 226*	*50*	*268*	*0*	*48 544*
Savings accounts	*70 120*	*0*	*0*	*0*	*70 120*
Subtotal deposits of clients, excl. repos	*215 953*	*50*	*268*	*0*	*216 271*
Certificates of deposit	*19 353*	*0*	*7*	*0*	*19 359*
Savings certificates	*42*	*0*	*0*	*0*	*42*
Non-convertible bonds	*22 583*	*0*	*1 036*	*0*	*23 619*
Non-convertible subordinated liabilities	*4 297*	*0*	*111*	*0*	*4 408*
Repos	13 010	171	0	0	13 181
with credit institutions and investment firms	*8 134*	*171*	*0*	*0*	*8 305*
with customers	*4 876*	*0*	*0*	*0*	*4 876*
Liabilities under investment contracts	29	0	14 290	0	14 319
Derivatives	0	4 886	0	331	5 217
Short positions	0	1 037	0	0	1 037
In equity instruments	*0*	*11*	*0*	*0*	*11*
In debt securities	*0*	*1 026*	*0*	*0*	*1 026*
Other	4 417	1	0	0	4 418
Total	293 482	6 145	15 713	331	315 671
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*
Subtotal deposits of clients, excl. repos	*216 148*	*81*	*194*	*0*	*216 423*
Certificates of deposit	*16 840*	*0*	*6*	*0*	*16 846*
Savings certificates	*79*	*0*	*0*	*0*	*79*
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 1Q 2024 an amount of 2.2 billion euros matured, leaving 0.4 billion euros outstanding.

In 1Q 2024, there was also a substantial shift from demand to time deposits for about 10 billion euros, for the largest part situated in the foreign branches of KBC Bank NV (volatile corporate client deposits) and to a lesser extent following the market trend to shift from non-maturity to maturity funding.

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
31-03-2024			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	212 845	- 2 432	210 413
Stage 1 (12-month ECL)	184 302	- 177	184 125
Stage 2 (lifetime ECL)	24 426	- 395	24 031
Stage 3 (lifetime ECL)	3 680	- 1 753	1 927
Purchased or originated credit impaired assets (POCI)	436	- 107	330
Debt Securities	49 224	- 11	49 212
Stage 1 (12-month ECL)	49 140	- 8	49 132
Stage 2 (lifetime ECL)	78	- 1	77
Stage 3 (lifetime ECL)	5	- 2	4
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	17 711	- 6	17 705
Stage 1 (12-month ECL)	17 711	- 6	17 705
Stage 2 (lifetime ECL)	0	0	0
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0
31-12-2023			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	213 531	- 2 474	211 057
Stage 1 (12-month ECL)	175 853	- 146	175 708
Stage 2 (lifetime ECL)	33 571	- 490	33 081
Stage 3 (lifetime ECL)	3 694	- 1 750	1 944
Purchased or originated credit impaired assets (POCI)	412	- 88	324
Debt Securities	51 384	- 12	51 372
Stage 1 (12-month ECL)	51 300	- 6	51 294
Stage 2 (lifetime ECL)	80	- 4	76
Stage 3 (lifetime ECL)	5	- 2	3
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	16 897	- 5	16 892
Stage 1 (12-month ECL)	16 864	- 4	16 861
Stage 2 (lifetime ECL)	33	- 1	32
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0

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

A collective shift of an exposure of 12.4 billion euros from stage 1 to stage 2 has been applied at 31 March 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 1Q 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. For the majority this is caused by the implementation of the new multi-tier approach for staging (see note 1.2) and for the remainder by a shift for KBC Commercial Finance exposure where the relative change in credit risk has been revisited based on the very low historical credit losses in this portfolio and taking into account the very short maturities. Both movements were introduced to better reflect the underlying credit risk since origination.

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

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

(in millions of EUR)				31-03-2024				31-12-2023
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT FAIR VALUE								
Mandatorily measured at fair value through profit or loss (other than held for trading)	15 132	99	900	16 130	14 253	107	851	15 212
Held for trading	3 382	5 645	786	9 813	2 991	4 625	711	8 327
Designated at fair value	0	0	0	0	0	0	0	0
At fair value through OCI	16 385	2 352	677	19 415	15 290	2 628	669	18 587
Hedging derivatives	0	321	0	321	0	295	0	295
Total	34 899	8 418	2 363	45 680	32 534	7 656	2 231	42 422
FINANCIAL LIABILITIES AT FAIR VALUE								
Held for trading	1 039	3 926	1 180	6 145	1 429	4 582	1 039	7 050
Designated at fair value	14 290	275	1 148	15 713	13 432	202	1 157	14 791
Hedging derivatives	0	258	73	331	0	306	95	401
Total	15 329	4 459	2 401	22 189	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 1Q 2024, KBC transferred about 140 million euros' worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 368 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 1Q 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 unlisted shares increased by 36 million euros, mostly due to new transactions.
- Financial assets held for trading: the fair value of derivatives increased by 75 million euros, primarily due to changes in market parameters and new acquisitions, partly offset by sales of existing positions.
- Financial liabilities held for trading: the fair value of derivatives increased by 141 million euros, mostly due to changes in market parameters and new transactions, partly offset by sales of existing positions.
- Financial liabilities relating to hedging derivatives: the fair value of derivatives decreased by 22 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 2 178 million euros at 31 March 2024, or a decrease of 65 million euros. This decrease is mainly explained by the negative change in best estimates reflected in the CSM (-67 million euros; mainly driven by parameter updates, changes in non-economic & experience variances), CSM of new business (+44 million euros) was slightly higher compared to the CSM release in the income statement (-39 million euros).

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

Quantities	31-03-2024	31-12-2023
Ordinary shares	417 305 876	417 305 876
of which ordinary shares that entitle the holder to a dividend payment	*403 462 498*	*408 508 807*
of which treasury shares	*13 846 573*	*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 largely relate to shares bought in the share buyback programme and to a lesser extent to positions in shares of KBC Group to hedge outstanding derivatives on indices that include KBC Group shares.

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

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

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

- The amount of cash collateral is recognized as a financial asset.
- The 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)

KBC Bank Ireland:

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).

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

Significant non-adjusting events between the balance sheet date (31 March 2024) and the publication of this report (16 May 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% (roughly 280 million euros) in the form of an extraordinary interim dividend of 0.70 euros per share on 29 May 2024 (ex-coupon date 27 May 2024; record date 28 May 2024 and payment date 29 May 2024).
- On 30 April 2024, KBC Bank Ireland returned its banking license to the Central Bank of Ireland (for more information see note 3.11).

REPORT OF THE ACCREDITED AUDITOR TO THE BOARD OF DIRECTORS OF KBC GROUP NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2024 AND FOR THE THREE-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 31 March 2024 and the related interim consolidated income statement and condensed consolidated statement of comprehensive income for the three-months' period then ended, and the interim consolidated statement of changes in equity and condensed consolidated cash flow statement for the three-months' period then ended, and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements".

These statements show a consolidated balance sheet total of EUR 359.477 million and a consolidated profit (attributable to equity holders of the parent) for the three-months' period then ended of EUR 506 million.

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

Scope of Review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Diegem, 15 May 2024

The statutory auditor
PwC Bedrijfsrevisoren BV
represented by

DocuSigned by:
07FB08B09FE24A7...
Damien Walgrave*
Accredited auditor

DocuSigned by:
BE79946D8858484...
Jeroen Bockaert**
Accredited auditor

*Acting on behalf of Damien Walgrave BV

**Acting on behalf of Jeroen Bockaert BV

KBC Group

Additional Information

1Q 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	31-03-2024	31-12-2023
Total loan portfolio (in billions of EUR)[1]		
Amount outstanding and undrawn	257	258
Amount outstanding	202	203
Loan portfolio breakdown by business unit (as a % of the outstanding portfolio)		
Belgium	64.8%	64.7%
Czech Republic	19.2%	19.3%
International Markets	15.5%	15.4%
Group Centre[2]	0.6%	0.6%
Loan portfolio breakdown by counterparty sector (as a % of the outstanding portfolio)		
Private individuals	40.8%	40.8%
Finance and insurance	5.8%	6.0%
Governments	2.8%	2.7%
Corporates	50.6%	50.5%
Services	10.6%	10.5%
Distribution	8.3%	8.3%
Real estate	6.9%	6.9%
Building & construction	4.6%	4.5%
Agriculture, farming, fishing	2.9%	2.9%
Automotive	2.6%	2.6%
Electricity	1.7%	1.8%
Food Producers	1.7%	1.8%
Metals	1.6%	1.6%
Chemicals	1.5%	1.5%
Machinery & Heavy equipment	0.9%	1.0%
Oil, gas & other fuels	0.9%	0.9%
Hotels, bars & restaurants	0.8%	0.8%
Shipping	0.7%	0.8%
Electrotechnics	0.6%	0.6%
Timber & wooden furniture	0.5%	0.5%
Other[3]	3.7%	3.7%
Loan portfolio breakdown by region (as a % of the outstanding portfolio)		
Belgium	55.1%	54.8%
Czech Republic	18.3%	18.4%
Slovakia	6.3%	6.3%
Hungary	4.1%	4.1%
Bulgaria	5.2%	5.1%
Rest of Western Europe	7.6%	7.6%
Rest of Central and Eastern Europe	0.2%	0.2%
of which: Russia and Ukraine	0.01%	0.01%
North America	1.2%	1.4%
Asia	0.9%	0.9%
Other	1.1%	1.1%
Loan portfolio breakdown by counterparty (as % of the outstanding portfolio)		
Retail	40.8%	40.8%
of which: mortgages	37.1%	37.1%
of which: consumer finance	3.7%	3.7%
SME	22.1%	21.8%
Corporate	37.1%	37.4%

	31-03-2024	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)	85.4%	80.1%
of which: PD 1 - 4	66.8%	64.5%
of which: PD 5 - 9 including unrated	18.6%	15.5%
Stage 2 (credit risk has increased significantly since initial recognition – not credit impaired) incl. POCI[4]	12.5%	17.9%
of which: PD 1 - 4	2.4%	5.1%
of which: PD 5 - 9 including unrated	10.1%	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	1.1%	1.1%
of which: more than 90 days past due (PD 11+12)	1.0%	1.0%
Impaired loan portfolio (in millions of EUR)		
Impaired loans (PD10 + 11 + 12)	4 299	4 221
of which: more than 90 days past due	2 067	2 051
Impaired loans ratio (%)		
Belgium	2.1%	2.0%
Czech Republic	1.4%	1.4%
International Markets	1.7%	1.8%
Group Centre[2]	37.0%	36.2%
Total	2.1%	2.1%
of which: more than 90 days past due	1.0%	1.0%
Loan loss impairment (in millions of EUR)		
Loan loss Impairment for Stage 1 portfolio	200	168
Loan loss Impairment for Stage 2 portfolio	408	502
Loan loss Impairment for Stage 3 portfolio	1 915	1 888
of which: more than 90 days past due	1 429	1 459
Cover ratio of impaired loans (%)		
Loan loss impairments for stage 3 portfolio / impaired loans	44.5%	44.7%
of which: more than 90 days past due	69.2%	71.2%
Cover ratio of impaired loans, mortgage loans excluded (%)		
Loan loss impairments for stage 3 portfolio / impaired loans, mortgage loans excluded	46.9%	47.4%
of which: more than 90 days past due	71.9%	74.2%
Credit cost ratio (%)		
Belgium	0.11%	0.06%
Czech Republic	0.04%	-0.18%
International Markets	-0.25%	-0.06%
Slovakia	-0.36%	-0.07%
Hungary	-0.50%	-0.14%
Bulgaria	0.07%	0.00%
Group Centre	0.20%	0.07%
Total	0.04%	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). In 1Q 2024, the remaining direct exposure to Russia, Ukraine and Belarus is 17 million euros or 0.01% of the outstanding loan portfolio (100% stage 3).

The decrease of the stage 2 ratio is mainly caused by a revised staging methodology (change from indicator based on 12 months probability of default to lifetime, for more information see note 1.2) and for the remainder by a shift for KBC Commercial Finance exposure where the relative change in credit risk has been revisited based on the very low historical credit losses in this portfolio and the very short maturities. Both movements were introduced 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 2022 - 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 31-03-2024, in millions of EUR	Business Unit Belgium[1]			Business Unit Czech Republic			Business Unit International Markets			Business Unit Group Centre[2]		
Total portfolio outstanding	**131 095**			**38 729**			**31 255**			**1 147**		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
retail	46 252	35%		22 284	58%		14 057	45%		0	0%	
o/w mortgages	44 569	34%		19 725	51%		10 796	35%		0	0%	
o/w consumer finance	1 683	1%		2 559	7%		3 261	10%		0	0%	
SME	35 339	27%		5 664	15%		3 617	12%		0	0%	
corporate	49 505	38%		10 780	28%		13 582	43%		1 147	100%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	44 569	34%	53%	19 725	51%	49%	10 795	35%	58%	0	0%	0%
o/w FX mortgages	0	0%	-	0	0%	-	85	0%	45%	0	0%	-
o/w ind. LTV > 100%	370	0%	-	17	0%	-	80	0%	-	0	0%	-
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	99 449	76%		22 596	58%		17 197	55%		680	59%	
medium risk (PD 5-7; 0.80%-6.40%)	25 889	20%		14 110	36%		12 219	39%		42	4%	
high risk (PD 8-9; 6.40%-100.00%)	2 715	2%		1 471	4%		1 189	4%		0	0%	
impaired loans (PD 10 - 12)	2 787	2%		549	1%		538	2%		425	37%	
unrated	255	0%		2	0%		113	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	2 787	1 055	38%	549	247	45%	538	245	45%	425	368	87%
o/w PD 10 impaired loans	1 653	323	20%	241	66	28%	273	74	27%	66	22	34%
o/w more than 90 days past due (PD 11+12	1 134	732	65%	309	181	59%	265	170	64%	359	346	96%
all impairments (stage 1+2+3)	1 322			426			406			369		
o/w stage 1+2 impairments (incl. POCI)	267			179			161			1		
o/w stage 3 impairments (incl. POCI)	1 055			247			245			368		
2023 Credit cost ratio (CCR)[3]	0.06%			-0.18%			-0.06%			0.07%		
2024 Credit cost ratio (CCR)[3] - YTD	0.11%			0.04%			-0.25%			0.20%		

[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

31-03-2024, in millions of EUR	**Slovakia**			**Hungary**			**Bulgaria**		
Total portfolio outstanding	**12 282**			**8 299**			**10 674**		
Counterparty break down		% outst.			% outst.			% outst.	
retail	7 066	58%		2 767	33%		4 224	40%	
o/w mortgages	6 551	53%		1 829	22%		2 415	23%	
o/w consumer finance	515	4%		938	11%		1 809	17%	
SME	1 223	10%		89	1%		2 305	22%	
corporate	3 993	33%		5 443	66%		4 146	39%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	6 551	53%	62%	1 829	22%	46%	2 415	23%	60%
o/w FX mortgages	0	0%	-	1	0%	49%	85	1%	45%
o/w ind. LTV > 100%	38	0%	-	23	0%		18	0%	-
Probability of default (PD)		% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	8 164	66%		4 640	56%		4 394	41%	
medium risk (PD 5-7; 0.80%-6.40%)	3 364	27%		3 348	40%		5 507	52%	
high risk (PD 8-9; 6.40%-100.00%)	559	5%		191	2%		439	4%	
impaired loans (PD 10 - 12)	175	1%		119	1%		243	2%	
unrated	20	0%		2	0%		91	1%	
Overall risk indicators		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover
outstanding impaired loans	175	90	51%	119	38	32%	243	117	48%
o/w PD 10 impaired loans	71	19	26%	91	21	23%	111	34	31%
o/w more than 90 days past due (PD 11+12)	105	71	68%	28	17	60%	133	83	62%
all impairments (stage 1+2+3)	143			89			175		
o/w stage 1+2 impairments (incl. POCI)	53			51			58		
o/w stage 3 impairments (incl. POCI)	90			38			117		
2023 Credit cost ratio (CCR)[1]	-0.07%			-0.14%			0.00%		
2024 Credit cost ratio (CCR)[1] - YTD	-0.36%			-0.50%			0.07%		

[1] CCR at country level in local currency

Solvency

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

Solvency KBC Group

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

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

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

As regard 2024, the interim profit is included in the fully loaded CET1 (taking into account 50% pay-out in line with our Dividend Policy plus the approximately 280 million euros extraordinary interim dividend that relates to the distribution of the surplus capital at year-end 2023, for more information see note 6.8), while no interim profit is recognised in the official (transitional) CET1.

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

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

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

The overall capital requirement (CET1) that KBC is to uphold is set at 10.89% (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 1.20% 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)	31-03-2024		31-12-2023	
	Fully loaded	Actuals	Fully loaded	Actuals
CET1 Pillar 1 minimum	4.50%	4.50%	4.50%	4.50%
Pillar 2 requirement to be satisfied with CET1	1.05%	1.05%	1.05%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Buffer for systemically important institutions (O-SII)	1.50%	1.50%	1.50%	1.50%
Systemic Risk Buffer (SRyB)	0.14%	0.21%	0.14%	0.21%
Entity-specific countercyclical buffer	1.20%	0.71%	1.24%	0.67%
Overall Capital Requirement (OCR) - with P2R split, CRD Art. 104a(4)	**10.89%**	**10.46%**	**10.92%**	**10.43%**
CET1 used to satisfy shortfall in AT1 bucket	0.32%	0.32%	0.30%	0.30%
CET1 used to satisfy shortfall in T2 bucket	0.00%	0.00%	0.45%	0.36%
CET1 requirement for MDA	**11.20%**	**10.78%**	**11.68%**	**11.09%**
CET1 capital	17 033	17 215	17 236	15 639
CET1 buffer (= buffer compared to MDA)	4 251	4 921	4 036	3 105

Note: CET1 capital used to satisfy the shortfall in the AT1 and T2 buckets for both the pillar 1 minimum and the pillar 2 requirement. 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) 31-03-2024		numerator (common equity)	denominator (total weighted risk volume)	ratio (%)
Common Equity ratio				
Danish Compromise	Fully loaded	17 033	114 101	14.93%
Deduction Method	Fully loaded	16 297	109 299	14.91%
Financial Conglomerates Directive	Fully loaded	18 542	130 651	14.19%
Danish Compromise	Transitional	17 215	114 101	15.09%
Deduction Method	Transitional	16 497	109 342	15.09%
Financial Conglomerates Directive	Transitional	18 725	130 651	14.33%

KBC's fully loaded CET1 ratio of 14.93% at the end of March 2024 represents a solid capital buffer of 3.73% compared with the Maximum Distributable Amount (MDA) of 11.20%.

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 will end by 31 July 2024. As such, 1.3 billion euros is deducted from the fully loaded and transitional Common equity ratio as of 3Q 2023. As at 31 March 2024, an amount of 814 million euros have been purchased (deducted in IFRS parent shareholders capital); the remaining 486 million euro to be purchased is deducted separately in the fully loaded and transitional Common equity ratio.

The Annual General Meeting of shareholders (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 (411 million euros in total), as decided by KBC Group's Board of Directors of 9 August 2023 and paid on 5 November 2023
- an ordinary dividend of 3.15 euros per share and paid on 15 May 2024 (1 271 million euros in total based on the number of shares as at 31-03-2024; the effective amount depends on the number of shares at ex-coupon date, excluding the shares that are bought back until that date).

On 15 May 2024, the Board of Directors decided to distribute the surplus capital above the fully loaded CET1 ratio of 15% at 31 December 2023 (approximately 280 million euros) in the format of an extraordinary interim dividend (of 0.70 euros per share). For more information see note 6.8.

Solvency ratios KBC Group (Danish Compromise)

In millions of EUR	31-03-2024 Fully loaded	31-03-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Total regulatory capital (after profit appropriation)	22 617	22 903	21 260	19 768
Tier-1 capital	18 783	18 965	18 986	17 389
Common equity	17 033	17 215	17 236	15 639
Parent shareholders' equity (after deconsolidating KBC Insurance)	21 113	21 023	21 181	18 209
Intangible fixed assets, incl deferred tax impact (-)	- 662	- 662	- 712	- 712
Goodwill on consolidation, incl deferred tax impact (-)	- 1 057	- 1 057	- 1 070	- 1 070
Minority interests	0	0	0	0
Hedging reserve (cash flow hedges) (-)	575	575	579	579
Valuation diff. in financial liabilities at fair value - own credit risk (-)	- 29	- 29	- 29	- 29
Value adjustment due to the requirements for prudent valuation (-)	- 32	- 32	- 24	- 24
Dividend payout (-)	- 1 784	- 1 553	- 1 287	0
Share buyback (part not yet executed) (-)	- 486	- 486	- 803	- 803
Coupon of AT1 instruments (-)	- 17	- 17	- 26	- 26
Deduction re. financing provided to shareholders (-)	- 20	- 20	- 56	- 56
Deduction re. Irrevocable payment commitments (-)	- 90	- 90	- 90	- 90
Deduction re NPL backstops (-)	- 202	- 202	- 204	- 204
Deduction re pension plan assets (-)	- 157	- 157	- 121	- 121
IRB provision shortfall (-)	- 32	0	- 4	0
Deferred tax assets on losses carried forward (-)	- 87	- 87	- 98	- 98
Transitional adjustments to CET1	0	9	0	84
Limit on deferred tax assets from timing differences relying on future profitability and significant participations in financial sector entities (-)	0	0	0	0
Additional going concern capital	1 750	1 750	1 750	1 750
CRR compliant AT1 instruments	1 750	1 750	1 750	1 750
Minority interests to be included in additional going concern capital	0	0	0	0
Tier 2 capital	3 834	3 938	2 273	2 379
IRB provision excess (+)	256	187	277	265
Transitional adjustments to T2	0	- 4	0	- 60
Subordinated liabilities	3 578	3 755	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	114 101	114 101	113 038	113 029
Banking	104 285	104 285	103 201	103 192
Insurance	9 133	9 133	9 133	9 133
Holding activities	746	746	710	710
Elimination of intercompany transactions	- 63	- 63	- 6	- 6
Solvency ratios				
Common equity ratio	14.93%	15.09%	15.25%	13.84%
Tier-1 ratio	16.46%	16.62%	16.80%	15.38%
Total capital ratio	19.82%	20.07%	18.81%	17.49%

Note:

- For the composition of the banking RWA, see section 'Solvency banking and insurance activities separately' further in this memo.
- As at 31-03-2024, the difference between the fully loaded total own funds (22 617 million euros, interim profit after 50% pay-out re. 2024 is included) and the transitional own funds (22 903 million euros, interim profit after 50% pay-out re. 2024 is not included) is explained by the net interim result for 2024 (372 million euros under the Danish Compromise method), the 50% pay-out (-231 million euros dividend accrual), the interim dividend (-282 million euros based on number of shares 31-03-2024), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (31 million euros) and the grandfathered tier-2 subordinated debt instruments (-177 million euros).
- At year-end 2023, the difference between the fully loaded total own funds (21 260 million euros; profit and dividend re. 2023 is included) and the transitional own funds (19 768 million euros; profit and dividend re. 2023 is not included) as at 31-12-2023 is explained by the net result for 2023 (3 383 million euros under the Danish Compromise method), the proposed final dividend (-1 698 million euros dividend accrual), the impact of the IFRS 9 transitional measures and IRB excess/shortfall (-15 million euros) and the grandfathered tier-2 subordinated debt instruments (-177 million euros).

Leverage ratio KBC Group

Leverage ratio KBC Group In millions of EUR	31-03-2024 Fully loaded	31-03-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Tier-1 capital	18 783	18 965	18 986	17 389
Total exposures	346 545	346 562	333 791	333 894
Total Assets	359 477	359 477	346 921	346 921
Deconsolidation KBC Insurance	-32 035	-32 035	-30 980	-30 980
Transitional adjustment	0	17	0	103
Adjustment for derivatives	-1 159	-1 159	-1 341	-1 341
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	-2 216	-2 216	-2 286	-2 286
Adjustment for securities financing transaction exposures	1 508	1 508	1 357	1 357
Central Bank exposure	0	0	0	0
Off-balance sheet exposures	20 970	20 970	20 119	20 119
Leverage ratio	5.42%	5.47%	5.69%	5.21%

At the end of March 2024, the fully loaded leverage ratio decreased compared to December 2023, due to lower Tier-1 capital (driven mainly by 282 million euros extraordinary interim dividend) and higher leverage ratio exposure chiefly as a result of higher cash and cash balances with central banks (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)	31-03-2024 Fully loaded	31-03-2024 Transitional	31-12-2023 Fully loaded	31-12-2023 Transitional
Total regulatory capital, after profit appropriation	20 411	20 303	19 375	17 952
Tier-1 capital	16 898	16 863	16 924	15 573
Common equity	15 148	15 113	15 174	13 823
Parent shareholders' equity	17 916	17 839	17 695	15 450
Solvency adjustments	-2 768	-2 726	-2 521	-1 627
Additional going concern capital	1 750	1 750	1 750	1 750
Tier-2 capital	3 513	3 440	2 451	2 379
Total weighted risk volume	104 285	104 285	103 201	103 192
Credit risk	89 145	89 145	88 051	88 042
Market risk	2 106	2 106	2 116	2 116
Operation risk	13 034	13 034	13 034	13 034
Common equity ratio	14.5%	14.5%	14.7%	13.4%

Solvency II, KBC Insurance consolidated (in millions of EUR)	31-03-2024	31-12-2023
Own Funds	4 157	4 130
Tier 1	3 656	3 629
IFRS Parent shareholders' equity	3 526	3 302
Dividend payout	- 326	- 233
Deduction intangible assets and goodwill (after tax)	- 199	- 198
Valuation differences (after tax)	482	597
Volatility adjustment	124	137
Other	49	25
Tier 2	501	501
Subordinated liabilities	501	501
Solvency Capital Requirement (SCR)	2 055	2 005
Market risk	1 487	1 434
Non-life	778	786
Life	1 173	1 131
Health	244	278
Counterparty	120	124
Diversification	-1 290	-1 293
Other	- 457	- 455
Solvency II ratio	202%	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 April 2023, the SRB formally communicated to KBC binding MREL targets (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE):

- 27.83% of RWA as from 01-01-2024 (including transitional Combined Buffer Requirement(1) of 4.91% as from 1Q 2024)
- 7.38% of LRE as from 01-01-2024.

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:

- 23.88% of RWA as from 01-01-2024 (including the Combined Buffer Requirement(1) of 4.91% as from 1Q 2024)
- 7.38% of LRE as from 01-01-2024.

At the end of March 2024, the MREL ratio stands at 33.2% as a % of RWA (versus 30.7% as at the end 2023) and at 10.9% 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 1Q 2024 and increased Tier-2 capital, only partially offset by increase of total weighted risk volume. The increase of the MREL ratio in % of LRE is driven mainly by the growth in available MREL, which more than offset the increased leverage exposure.

(1) Combined Buffer Requirement (transitional) = Conservation Buffer (2.50%) + O-SII Buffer (1.50%) + Countercyclical Buffer (0.71%) + Systemic Risk Buffer (0.21%) 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)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	1 369	1 360	1 382	1 407	1 324
Insurance revenues before reinsurance	714	683	699	666	631
Non-life	598	584	587	567	543
Life	116	99	113	100	88
Dividend income	7	12	10	30	8
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 55	- 40	- 8	33	24
Net fee and commission income	614	600	588	584	576
Net other income	58	60	44	54	498
TOTAL INCOME	2 708	2 674	2 715	2 775	3 060
Operating expenses (excl. Opex allocated to insurance service expenses)	- 1 431	- 1 085	- 1 011	- 1 019	- 1 501
Total Opex without bank and insurance tax	- 1 063	- 1 169	- 1 101	- 1 090	- 1 077
Total bank and insurance tax	- 518	- 36	- 29	- 51	- 571
Minus: Opex allocated to insurance service expenses	150	120	119	123	147
Insurance service expenses before reinsurance	- 563	- 567	- 540	- 523	- 490
Of which Insurance commissions paid	- 89	- 94	- 87	- 82	- 77
Non-life	- 489	- 509	- 485	- 457	- 418
of which Non-life - Claim related expenses	- 293	- 328	- 308	- 284	- 237
Life	- 73	- 58	- 55	- 66	- 72
Net result from reinsurance contracts held	- 18	- 16	- 22	- 22	- 30
Impairment	- 16	- 170	- 63	- 8	26
on FA at amortised cost and at FVOCI	- 16	5	- 36	23	24
on goodwill	0	- 109	0	0	0
other	0	- 66	- 27	- 31	1
Share in results of associated companies and joint ventures	0	0	0	- 1	- 3
RESULT BEFORE TAX	680	836	1 079	1 202	1 062
Income tax expense	- 175	- 159	- 203	- 236	- 180
RESULT AFTER TAX	506	677	877	966	882
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**506**	**677**	**877**	**966**	**882**
Banking	356	566	722	790	755
Insurance	133	108	134	159	125
Holding activities	16	3	20	17	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	183 722	183 613	181 821	182 005	179 520
of which Mortgage loans (end of period)	*75 311*	*75 482*	*75 105*	*75 255*	*74 811*
Customer deposits and debt certificates excl. repos (end of period)	263 700	259 491	260 383	264 167	248 882
Insurance related liabilities (including Inv. Contracts)					
Life insurance	27 938	27 323	25 754	26 204	25 626
Liabilities under investment contracts (IFRS 9)	*14 319*	*13 461*	*12 655*	*12 751*	*12 164*
Insurance contract liabilities (IFRS 17)	*13 618*	*13 862*	*13 099*	*13 453*	*13 463*
Non-life insurance	2 984	2 922	2 821	2 842	2 819
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	114 101	113 038	115 255	108 945	107 686
Required capital, insurance (end of period)	2 055	2 005	2 034	2 015	1 965
Allocated capital (end of period)	13 517	13 788	14 068	13 334	13 141
Return on allocated capital (ROAC, YTD)	15%	25%	27%	28%	27%
Cost/income ratio without banking and insurance tax (YTD)	43%	43%	41%	40%	38%
Combined ratio, non-life insurance (YTD)	85%	87%	85%	84%	83%
Net interest margin, banking (QTD)	2.08%	1.99%	2.04%	2.11%	2.04%

Business unit Belgium (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	809	809	812	857	769
Insurance revenues before reinsurance	443	416	430	407	385
Non-life	365	355	354	344	333
Life	78	61	76	63	52
Dividend income	7	11	7	27	7
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 101	- 86	- 47	- 36	- 29
Net fee and commission income	409	393	384	378	382
Net other income	54	57	43	48	87
TOTAL INCOME	1 621	1 600	1 628	1 681	1 603
Operating expenses (excl. Opex allocated to insurance service expenses)	- 841	- 583	- 556	- 545	- 849
Total Opex without bank and insurance tax	- 606	- 643	- 625	- 611	- 584
Total bank and insurance tax	- 317	- 8	0	- 6	- 347
Minus: Opex allocated to insurance service expenses	82	68	70	72	82
Insurance service expenses before reinsurance	- 340	- 341	- 327	- 313	- 304
Of which Insurance commissions paid	- 57	- 57	- 58	- 53	- 51
Non-life	- 289	- 305	- 292	- 269	- 250
of which Non-life - Claim related expenses	- 191	- 211	- 194	- 173	- 156
Life	- 52	- 36	- 35	- 44	- 54
Net result from reinsurance contracts held	- 24	- 19	- 7	- 16	- 21
Impairment	- 37	- 28	- 58	- 40	11
on FA at amortised cost and at FVOCI	- 37	- 10	- 42	- 39	9
on goodwill	0	0	0	0	0
other	0	- 18	- 16	- 1	2
Share in results of associated companies and joint ventures	0	1	0	- 1	- 2
RESULT BEFORE TAX	380	630	682	766	438
Income tax expense	- 137	- 156	- 164	- 191	- 139
RESULT AFTER TAX	242	474	517	575	299
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**243**	**474**	**517**	**576**	**299**
Banking	143	392	414	448	214
Insurance	99	82	103	128	85
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	119 331	119 168	118 189	118 345	116 698
of which Mortgage loans (end of period)	*45 397*	*45 394*	*45 147*	*45 031*	*44 627*
Customer deposits and debt certificates excl. repos (end of period)	157 665	154 238	155 868	160 503	147 749
Insurance related liabilities (including Inv. Contracts)					
Life insurance	26 213	25 572	24 070	24 483	23 950
Liabilities under investment contracts (IFRS 9)	*14 319*	*13 461*	*12 655*	*12 751*	*12 164*
Insurance contract liabilities (IFRS 17)	*11 894*	*12 111*	*11 415*	*11 732*	*11 787*
Non-life insurance	2 282	2 204	2 139	2 173	2 177
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	63 063	62 030	64 014	57 399	56 186
Required capital, insurance (end of period)	1 785	1 694	1 702	1 679	1 634
Allocated capital (end of period)	8 672	8 728	8 961	8 188	8 006
Return on allocated capital (ROAC, YTD)	11%	22%	23%	22%	15%
Cost/income ratio without banking and insurance tax (YTD)	41%	41%	40%	40%	40%
Combined ratio, non-life insurance (YTD)	86%	85%	83%	82%	81%
Net interest margin, banking (QTD)	1.94%	1.90%	1.91%	2.05%	1.91%

Business unit Czech Republic (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	315	322	316	325	309
Insurance revenues before reinsurance	138	142	143	139	132
Non-life	114	117	119	115	109
Life	24	25	24	24	23
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)	22	13	11	18	22
Net fee and commission income	84	81	81	83	80
Net other income	5	3	- 5	5	2
TOTAL INCOME	564	560	546	569	544
Operating expenses (excl. Opex allocated to insurance service expenses)	- 229	- 210	- 203	- 199	- 253
Total Opex without bank and insurance tax	- 220	- 237	- 231	- 228	- 220
Total bank and insurance tax	- 35	0	0	1	- 60
Minus: Opex allocated to insurance service expenses	26	27	29	28	28
Insurance service expenses before reinsurance	- 99	- 113	- 108	- 109	- 90
Of which Insurance commissions paid	- 17	- 21	- 16	- 15	- 14
Non-life	- 86	- 100	- 94	- 95	- 79
of which Non-life - Claim related expenses	- 49	- 57	- 55	- 57	- 43
Life	- 13	- 13	- 14	- 15	- 11
Net result from reinsurance contracts held	- 4	- 2	- 5	0	- 9
Impairment	- 4	- 114	- 3	53	6
on FA at amortised cost and at FVOCI	- 4	14	- 4	53	7
on goodwill	0	- 109	0	0	0
other	0	- 19	0	0	0
Share in results of associated companies and joint ventures	0	- 1	0	0	0
RESULT BEFORE TAX	229	121	228	314	198
Income tax expense	- 33	- 19	- 27	- 37	- 14
RESULT AFTER TAX	197	102	200	276	184
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**197**	**102**	**200**	**276**	**184**
Banking	164	73	172	248	153
Insurance	32	29	28	29	32
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	36 262	36 470	36 530	36 792	36 609
of which Mortgage loans (end of period)	*19 283*	*19 641*	*19 796*	*20 184*	*20 313*
Customer deposits and debt certificates excl. repos (end of period)	51 435	52 642	54 569	54 798	54 569
Insurance related liabilities (including Inv. Contracts)					
Life insurance	891	931	927	971	975
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*891*	*931*	*927*	*971*	*975*
Non-life insurance	343	357	347	342	336
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	17 488	17 515	17 647	17 738	17 625
Required capital, insurance (end of period)	163	165	170	172	175
Allocated capital (end of period)	2 073	2 152	2 171	2 183	2 173
Return on allocated capital (ROAC, YTD)	38%	35%	40%	42%	34%
Cost/income ratio without banking and insurance tax (YTD)	42%	44%	44%	43%	43%
Combined ratio, non-life insurance (YTD)	79%	84%	83%	82%	82%
Net interest margin, banking (QTD)	2.39%	2.29%	2.26%	2.35%	2.30%

Business unit International Markets (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	324	308	296	291	284
Insurance revenues before reinsurance	130	122	122	117	111
Non-life	116	109	109	104	98
Life	15	13	14	13	13
Dividend income	0	0	0	1	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	26	8	15	19	13
Net fee and commission income	122	127	124	125	116
Net other income	6	0	5	5	5
TOTAL INCOME	608	566	562	558	530
Operating expenses (excl. Opex allocated to insurance service expenses)	- 326	- 222	- 218	- 218	- 305
Total Opex without bank and insurance tax	- 200	- 219	- 209	- 194	- 183
Total bank and insurance tax	- 167	- 28	- 29	- 47	- 158
Minus: Opex allocated to insurance service expenses	41	26	20	22	36
Insurance service expenses before reinsurance	- 125	- 114	- 104	- 100	- 96
Of which Insurance commissions paid	- 15	- 16	- 14	- 13	- 12
Non-life	- 116	- 105	- 97	- 93	- 89
of which Non-life - Claim related expenses	- 55	- 62	- 58	- 54	- 37
Life	- 9	- 9	- 7	- 7	- 7
Net result from reinsurance contracts held	0	- 1	- 4	- 5	- 5
Impairment	20	- 24	- 5	- 11	3
on FA at amortised cost and at FVOCI	20	1	7	8	4
on goodwill	0	0	0	0	0
other	0	- 25	- 11	- 19	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	177	206	232	223	128
Income tax expense	- 30	- 27	- 32	- 33	- 20
RESULT AFTER TAX	146	178	200	190	108
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**146**	**178**	**200**	**190**	**108**
Banking	141	171	185	178	96
Insurance	6	7	14	12	12
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	28 129	27 975	27 101	26 865	26 210
of which Mortgage loans (end of period)	*10 631*	*10 447*	*10 162*	*10 040*	*9 871*
Customer deposits and debt certificates excl. repos (end of period)	31 702	31 687	29 959	29 879	29 577
Insurance related liabilities (including Inv. Contracts)					
Life insurance	833	820	757	750	701
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*833*	*820*	*757*	*750*	*701*
Non-life insurance	345	343	317	307	292
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	23 082	22 980	22 584	22 624	22 562
Required capital, insurance (end of period)	171	167	160	163	155
Allocated capital (end of period)	2 691	2 773	2 721	2 729	2 713
Return on allocated capital (ROAC, YTD)	22%	25%	25%	22%	16%
Cost/income ratio without banking and insurance tax (YTD)	35%	39%	38%	37%	37%
Combined ratio, non-life insurance (YTD)	102%	97%	96%	97%	97%
Net interest margin, banking (QTD)	3.40%	3.27%	3.21%	3.26%	3.31%

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 88% in 1Q24, 94% in 2023, 92% in 9M 2023. 90% in 1H 2023 and 83% in 1Q 2023

Slovakia (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	67	65	60	64	65
Insurance revenues before reinsurance	26	25	25	23	23
Non-life	21	20	21	19	18
Life	5	4	4	4	4
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	3	- 6	3	3	0
Net fee and commission income	21	22	21	21	20
Net other income	3	2	5	2	2
TOTAL INCOME	121	108	113	115	110
Operating expenses (excl. Opex allocated to insurance service expenses)	- 64	- 59	- 57	- 55	- 58
Total Opex without bank and insurance tax	- 62	- 66	- 63	- 60	- 60
Total bank and insurance tax	- 9	0	0	1	- 4
Minus: Opex allocated to insurance service expenses	7	7	6	5	7
Insurance service expenses before reinsurance	- 24	- 30	- 22	- 19	- 19
Of which Insurance commissions paid	- 3	- 4	- 2	- 2	- 2
Non-life	- 21	- 27	- 20	- 17	- 16
of which Non-life - Claim related expenses	- 13	- 18	- 13	- 10	- 10
Life	- 3	- 3	- 2	- 2	- 3
Net result from reinsurance contracts held	- 1	4	- 1	- 2	- 1
Impairment	11	0	- 2	9	- 1
on FA at amortised cost and at FVOCI	11	2	- 2	9	- 1
on goodwill	0	0	0	0	0
other	0	- 2	0	0	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	43	24	32	48	31
Income tax expense	- 9	- 6	- 7	- 11	- 6
RESULT AFTER TAX	34	18	25	37	24
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**34**	**18**	**25**	**37**	**24**
Banking	33	18	23	35	22
Insurance	1	0	2	2	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	11 625	11 589	11 433	11 359	11 168
of which Mortgage loans (end of period)	*6 504*	*6 451*	*6 373*	*6 303*	*6 217*
Customer deposits and debt certificates excl. repos (end of period)	8 830	8 836	8 491	8 375	8 156
Insurance related liabilities (including Inv. Contracts)					
Life insurance	165	168	154	159	164
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*165*	*168*	*154*	*159*	*164*
Non-life insurance	59	58	51	48	47
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	7 817	7 911	6 451	6 512	6 508
Required capital, insurance (end of period)	30	29	28	28	28
Allocated capital (end of period)	884	926	760	766	766
Return on allocated capital (ROAC, YTD)	15%	13%	15%	16%	13%
Cost/income ratio without banking and insurance tax (YTD)	54%	58%	56%	56%	57%
Combined ratio, non-life insurance (YTD)	107%	101%	97%	96%	93%

Hungary (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	149	140	132	127	130
Insurance revenues before reinsurance	52	48	48	47	46
Non-life	47	43	43	42	41
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)	22	14	11	15	12
Net fee and commission income	63	69	66	66	58
Net other income	3	- 3	- 2	1	1
TOTAL INCOME	289	267	256	256	247
Operating expenses (excl. Opex allocated to insurance service expenses)	- 179	- 93	- 93	- 110	- 168
Total Opex without bank and insurance tax	- 69	- 75	- 71	- 68	- 60
Total bank and insurance tax	- 137	- 28	- 29	- 52	- 130
Minus: Opex allocated to insurance service expenses	27	10	7	10	23
Insurance service expenses before reinsurance	- 66	- 44	- 45	- 47	- 49
Of which Insurance commissions paid	- 2	- 3	- 3	- 3	- 2
Non-life	- 63	- 41	- 42	- 44	- 46
of which Non-life - Claim related expenses	- 25	- 22	- 24	- 25	- 14
Life	- 3	- 3	- 3	- 3	- 3
Net result from reinsurance contracts held	5	- 1	- 1	- 1	- 1
Impairment	11	- 21	- 4	- 24	11
on FA at amortised cost and at FVOCI	10	- 1	6	- 5	11
on goodwill	0	0	0	0	0
other	0	- 20	- 10	- 19	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	60	108	113	75	40
Income tax expense	- 10	- 14	- 16	- 12	- 8
RESULT AFTER TAX	50	94	96	63	32
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**50**	**94**	**96**	**63**	**32**
Banking	58	91	94	63	34
Insurance	- 8	3	2	0	- 2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	6 640	6 764	6 445	6 548	6 334
of which Mortgage loans (end of period)	*1 815*	*1 818*	*1 754*	*1 796*	*1 766*
Customer deposits and debt certificates excl. repos (end of period)	9 577	9 610	8 881	9 305	9 302
Insurance related liabilities (including Inv. Contracts)					
Life insurance	305	299	285	289	268
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*305*	*299*	*285*	*289*	*268*
Non-life insurance	117	114	104	104	91
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	6 641	6 646	8 240	8 347	8 540
Required capital, insurance (end of period)	58	59	54	54	53
Allocated capital (end of period)	784	812	989	1 001	1 022
Return on allocated capital (ROAC, YTD)	25%	30%	26%	19%	13%
Cost/income ratio without banking and insurance tax (YTD)	25%	28%	27%	27%	25%
Combined ratio, non-life insurance (YTD)	124%	105%	108%	111%	115%

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 89% in 1Q 2024 ,97% in 2023 & 9M 2023, 95% in 1H 2023 and 83% in 1Q 2023.

Bulgaria (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	107	103	104	99	90
Insurance revenues before reinsurance	53	50	50	47	43
Non-life	48	45	45	43	39
Life	5	5	4	4	4
Dividend income	0	0	0	1	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	0	0	1	1	1
Net fee and commission income	37	37	37	37	37
Net other income	0	1	1	1	2
TOTAL INCOME	197	192	193	187	172
Operating expenses (excl. Opex allocated to insurance service expenses)	- 83	- 70	- 68	- 54	- 79
Total Opex without bank and insurance tax	- 70	- 78	- 75	- 65	- 62
Total bank and insurance tax	- 21	0	0	4	- 24
Minus: Opex allocated to insurance service expenses	8	9	7	7	7
Insurance service expenses before reinsurance	- 35	- 40	- 37	- 34	- 27
Of which Insurance commissions paid	- 9	- 9	- 8	- 8	- 7
Non-life	- 32	- 38	- 35	- 32	- 27
of which Non-life - Claim related expenses	- 17	- 22	- 21	- 18	- 14
Life	- 3	- 3	- 2	- 2	- 1
Net result from reinsurance contracts held	- 4	- 4	- 3	- 3	- 3
Impairment	- 2	- 3	2	4	- 6
on FA at amortised cost and at FVOCI	- 2	- 1	3	4	- 6
on goodwill	0	0	0	0	0
other	0	- 3	- 1	0	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	74	74	88	100	57
Income tax expense	- 11	- 7	- 9	- 10	- 6
RESULT AFTER TAX	63	67	79	90	51
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**63**	**67**	**79**	**90**	**51**
Banking	50	62	69	80	39
Insurance	13	4	10	10	12
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	9 864	9 623	9 223	8 959	8 708
of which Mortgage loans (end of period)	*2 312*	*2 178*	*2 035*	*1 942*	*1 888*
Customer deposits and debt certificates excl. repos (end of period)	13 295	13 241	12 588	12 199	12 119
Insurance related liabilities (including Inv. Contracts)					
Life insurance	364	353	319	303	269
Liabilities under investment contracts (IFRS 9)	*0*	*0*	*0*	*0*	*0*
Insurance contract liabilities (IFRS 17)	*364*	*353*	*319*	*303*	*269*
Non-life insurance	169	171	162	156	154
Performance Indicators					
Risk-weighted assets, banking (Basel III fully loaded, end of period)	8 623	8 423	7 892	7 765	7 513
Required capital, insurance (end of period)	83	80	77	82	73
Allocated capital (end of period)	1 024	1 035	972	962	925
Return on allocated capital (ROAC, YTD)	25%	30%	31%	30%	22%
Cost/income ratio without banking and insurance tax (YTD)	40%	42%	41%	40%	40%
Combined ratio, non-life insurance (YTD)	79%	87%	83%	82%	79%

Business unit Group Centre (in millions of EUR)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Breakdown P&L					
Net interest income	- 79	- 79	- 41	- 66	- 39
Insurance revenues before reinsurance	4	4	4	4	2
Non-life	4	4	4	4	2
Life	0	0	0	0	0
Dividend income	0	1	2	1	0
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for contracts issued)	- 1	25	13	33	18
Net fee and commission income	- 1	- 1	- 1	- 2	- 2
Net other income	- 7	- 1	1	- 4	404
TOTAL INCOME	- 85	- 52	- 22	- 34	384
Operating expenses (excl. Opex allocated to insurance service expenses)	- 36	- 70	- 35	- 57	- 95
Total Opex without bank and insurance tax	- 37	- 70	- 36	- 58	- 90
Total bank and insurance tax	1	0	0	1	- 5
Minus: Opex allocated to insurance service expenses	1	0	1	1	1
Insurance service expenses before reinsurance	1	1	- 1	0	- 1
Of which Insurance commissions paid	0	0	0	0	0
Non-life	1	1	- 1	0	- 1
of which Non-life - Claim related expenses	2	2	- 1	1	0
Life	0	0	0	0	0
Net result from reinsurance contracts held	10	5	- 6	- 1	5
Impairment	4	- 4	2	- 10	5
on FA at amortised cost and at FVOCI	4	0	2	1	5
other	0	- 4	0	- 11	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 105	- 120	- 62	- 102	299
Income tax expense	26	43	21	25	- 7
RESULT AFTER TAX	- 80	- 77	- 41	- 76	291
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**- 80**	**- 77**	**- 41**	**- 76**	**291**
Banking	- 92	- 71	- 50	- 85	292
Insurance	- 4	- 9	- 11	- 9	- 3
Holding activities	16	3	20	17	2
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	0	0	2	3	3
of which Mortgage loans (end of period)	*0*	*0*	*0*	*0*	*0*
Customer deposits and debt certificates excl. repos (end of period)	22 898	20 924	19 986	18 988	16 987
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	1 335	1 380	1 876	2 051	2 179
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)	- 65	- 22	2	2	1
Allocated capital (end of period)	81	134	215	234	248

Regarding the contribution of KBC Bank Ireland, see note 6.6 in this report.

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	1Q 2024	2023	1Q 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	506	3 402	882
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 25	- 64	- 12
/				
Average number of ordinary shares less treasury shares (in millions) in the period (C)	Note 5.10	406	415	417
or				
Average number of ordinary shares plus dilutive options less treasury shares in the period (D)		406	415	417
Basic = (A-B) / (C) (in EUR)		1.18	8.04	2.08
Diluted = (A-B) / (D) (in EUR)		1.18	8.04	2.08

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	1Q 2024	2023	1Q 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'	309	1 204	266
+				
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'	173	676	160
/				
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'	565	2 160	514
= (A+B) / (C)		85.3%	87.0%	82.7%

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	1Q 2024	2023	1Q 2023
Cost/income ratio				
Total Opex without banking and insurance tax (A) +	Consolidated income statement	1 063	4 438	1 077
Insurance commissions paid (B)	Note 3.6, component of ‘Insurance Service Expenses’	89	340	77
/				
Total income (C)	Consolidated income statement	2 708	11 224	3 060
=(A+B) / (C)		42.5%	42.6%	37.7%

Where relevant, we also exclude the exceptional and/or non-operating items when calculating the cost/income ratio. This calculation aims to give a better idea of the relative cost efficiency of the pure business activities. The adjustments include: MTM ALM derivatives (fully excluded), bank and insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC 21) and one-off items. The Cost/Income ratio adjusted for specific items is 46% in 1Q 2024 (versus 49% in 2023 and 50% in 1Q 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	1Q 2024	2023	1Q 2023
Stage 3 impairment on loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	1 915	1 888	1 867
/				
Outstanding impaired loans (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	4 299	4 221	4 026
= (A) / (B)		44.5%	44.7%	46.4%

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	1Q 2024	2023	1Q 2023
Net changes in impairment for credit risks (A)	'Consolidated income statement': component of 'Impairment'	22	- 9	- 20
/				
Average outstanding loan portfolio (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	202 590	200 270	199 498
= (A) (annualised) / (B)		0.04%	0.00%	-0.04%

Note: a negative % is a release

In 1Q 2024, the credit cost ratio without the outstanding ECL for geopolitical and macroeconomic uncertainties, amounts to 0.10% (versus 0.07% in 2023 and 0.00% in 1Q 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	1Q 2024	2023	1Q 2023
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview’ table in the 'Credit risk' section	4 299	4 221	4 026
/				
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	202 226	202 953	201 409
= (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	1Q 2024	2023	1Q 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	102 401	101 555	91 145
/				
Total net cash outflows over the next 30 calendar days (B)		63 370	63 805	60 320
= (A) / (B)		162%	159%	152%

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

- 49bn EUR (or 48%) ‘Cash & Central Bank receivables’ (= liquidity that could at all times be used instantaneously to cover outflows)
- 53bn EUR (or 52%) ‘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	1Q 2024	2023	1Q 2023
Loans and advances to customers (A)	Note 4.1, component of 'Loans and advances to customers'	183 722	183 613	179 520
+				
Reverse repos (not with Central Banks) (B)	Note 4.1, component of 'Reverse repos with credit institutions and investment firms'	588	763	2 939
+				
Debt instruments issued by corporates and by credit institutions and investment firms (banking) (C)	Note 4.1, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	6 606	6 681	6 711
+				
Other exposures to credit institutions (D)		3 520	3 301	3 764
+				
Financial guarantees granted to clients and other commitments (E)	Note 6.1, component of 'Financial guarantees given'	9 941	10 263	10 360
+				
Impairment on loans (F)	Note 4.2, component of 'Impairment'	2 443	2 483	2 603
+				
Insurance entities (G)	Note 4.1, component of 'Loans and advances to customers'	- 1 921	- 1 927	- 1 986
+				
Non-loan-related receivables (H)		- 517	- 528	- 649
+				
Other (I)	Component of Note 4.1	- 2 155	- 1 694	- 1 851
Gross Carrying amount = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)		202 226	202 954	201 409

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	1Q 2024	2023	1Q 2023
Net interest income of the banking activities (A)	'Consolidated income statement': component of 'Net interest income'	1 238	4 812	1 157
/				
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	235 195	231 869	226 989
= (A) (annualised x360/number of calendar days) / (B)		2.08%	2.05%	2.04%

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	1Q 2024	2023	1Q 2023
Available amount of stable funding (A)	Regulation (EU) 2019/876 dd. 20-05-2019	212 326	208 412	214 719
/				
Required amount of stable funding (B)		152 858	153 372	154 454
= (A) / (B)		139%	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	1Q 2024	2023	1Q 2023
Parent shareholders' equity (A)	'Consolidated balance sheet'	22 166	22 010	21 641
/				
Number of ordinary shares less treasury shares (at period-end) (B)	Note 5.10	403	409	417
= (A) / (B) (in EUR)		54.94	53.88	51.88

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 March 2024, the total number of shares entitled to dividend reduced with 13 843 378 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	1Q 2024	2023	1Q 2023
BELGIUM BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	243	1 866	299
/				
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)		8 570	8 343	7 918
= (A) annualised / (B)		11.3%	22.4%	15.1%
CZECH REPUBLIC BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	197	763	184
/				
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)		2 075	2 165	2 159
= (A) annualised / (B)		38.0%	35.0%	34.0%
INTERNATIONAL MARKETS BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	146	676	108
/				
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)		2 684	2 705	2 651
= (A) annualised / (B)		21.8%	25.0%	16.2%

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	1Q 2024	2023	1Q 2023
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	506	3 402	882
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 25	- 64	- 12
/				
Average parent shareholders' equity (C)	'Consolidated statement of changes in equity'	22 088	21 164	20 980
= (A-B) (annualised) / (C)		8.7%	15.8%	16.6%

In 1Q 2024, the return on equity amounts to 14% when including evenly spreading of the bank and insurance tax 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	1Q 2024	2023	1Q 2023
Guaranteed Interest products		261	979	248
+				
Unit-Linked products		471	1 218	199
+				
Hybrid products		33	131	31
Total sales Life (A)+ (B) + (C)		765	2 328	477

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	1Q 2024	2023	1Q 2023
Belgium Business Unit (A)	Company presentation on www.kbc.com	230	218	193
+				
Czech Republic Business Unit (B)		18	17	16
+				
International Markets Business Unit (C)		10	9	8
A)+(B)+(C)		258	244	217