Press Release

Outside trading hours - Regulated information*

Brussels, 7 November 2024 (07.00 a.m. CET)

KBC Group: Third-quarter result of 868 million euros

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

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

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

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

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

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

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

Johan Thijs
Chief Executive Officer

Financial highlights in the third quarter of 2024

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

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

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

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

Operating expenses excluding bank and insurance taxes were up 6% and 3% on their level in the previous and the year-earlier quarters, respectively. The cost/income ratio for the first nine months of 2024 came to 47%, compared to 49% for full-year 2023. In that calculation, certain non-operating items have been excluded and bank and insurance taxes spread evenly throughout the year. Excluding all bank and insurance taxes, the cost/income ratio for the first nine months of 2024 amounted to 43%, fully in line with the figure for full-year 2023.

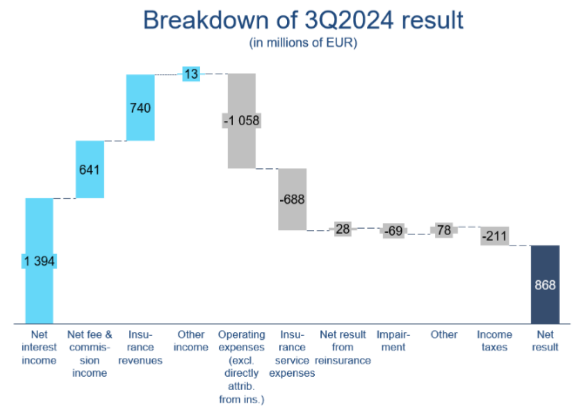
The quarter under review included a 61-million-euro net **loan loss impairment charge**, compared to 72 million euros in the previous quarter and 36 million euros in the year-earlier quarter. The credit cost ratio for the first nine months of 2024 amounted to 0.10%, compared to 0.00% for full-year 2023.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

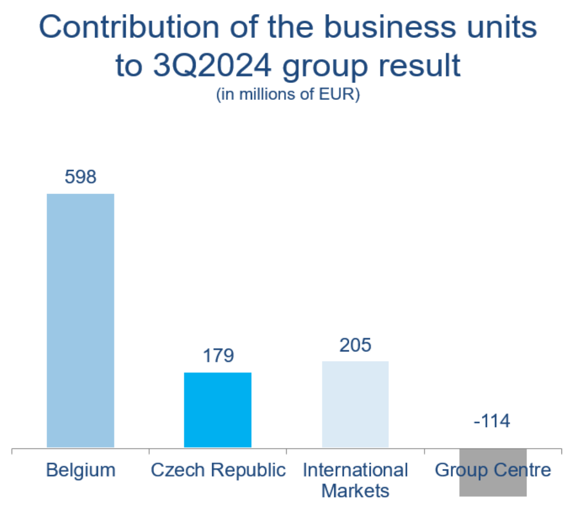
The **share in results of associated companies & joint ventures** for the quarter under review included a 79-million-euros one-off gain related to Isabel.

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

The cornerstones of our strategy

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





Overview of results and balance sheet

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

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

Selected ratios KBC Group (consolidated)	9M2024	FY2023
Return on equity[4]	14%	16%
Cost/income ratio, group		
- excl. non-operating items and evenly spreading bank and insurance taxes throughout the year	47%	49%
- excl. all bank and insurance taxes	43%	43%
Combined ratio, non-life insurance	89%	87%
Common equity ratio (CET1), Basel III, Danish Compromise.		
- fully loaded	15.2%	15.2%
- transitional	14.5%	13.8%
Credit cost ratio[5]	0.10%	0.00%
Impaired loans ratio	2.1%	2.1%
for loans more than 90 days past due	1.1%	1.0%
Net stable funding ratio (NSFR)	142%	136%
Liquidity coverage ratio (LCR)	159%	159%

1 As of 2024, we have combined 'Net result from financial instruments at fair value through P&L' (also referred to as 'Trading & fair value income') and 'Insurance finance income and expense' in one P&L line for the sake of simplification. The figures for past periods have been retroactively restated.
2 Also referred to as 'Loan loss impairment'.
3 Including customer savings certificates.
4 14% for the first nine months of 2024 and 15% for full-year 2023 when non-operating items are excluded and bank and insurance taxes evenly spread throughout the year.
5 A negative figure indicates a net impairment release (positively affecting results).

Analysis of the quarter (3Q2024)

Total income: 2 787 million euros

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

Net interest income amounted to 1 394 million euros in the quarter under review, up 1% both quarter-on-quarter and year-on-year.

The 1% quarter-on-quarter increase was due to the higher commercial transformation result (thanks mainly to continued increasing reinvestment yields), a higher level of interest income from lending activities (the positive impact of loan volume growth was only partly offset by the negative impact of pressure on loan margins in some core markets) and lower costs related to the minimum required reserves held with central banks. These items were offset in part by lower interest income from inflation-linked bonds, a lower level of interest income from customer term deposits, and a lower level of interest income from short-term cash management activities.

The 1% year-on-year increase was attributable primarily to an increase in the commercial transformation result, a higher ALM result, the lower funding cost of participations and slightly higher level of income from lending activities. These items were partly offset by lower interest income in Ireland (following the sale of the loan and deposit portfolios and subsequent liquidation process), higher costs related to the minimum required reserves held with central banks, lower interest income from customer term deposits, higher wholesale funding costs, the lower level of interest income from short-term cash management activities, lower interest income from the dealing room, and a negative forex effect (depreciation of the Czech koruna and Hungarian forint).

The net interest margin for the quarter under review amounted to 2.08%, down 1 basis point quarter-on-quarter and up 4 basis points year-on-year. For guidance regarding expected net interest income in 2024 and the years to come, please refer to the section entitled ‘Our guidance’.

Customer loan volume (189 billion euros) was up 1% quarter-on-quarter and 5% year-on-year. At first sight, customer deposits (222 billion euros) were stable quarter-on-quarter and up 4% year-on-year. However, when excluding volatile, low-margin short-term deposits at KBC Bank’s foreign branches (driven by short-term cash management opportunities), customer deposits were up 3% quarter-on-quarter and 5% year-on-year. In Belgium, these figures amounted to 5% and 8%, respectively, which came about largely because of the successful recuperation of customer money following the maturity of the Belgian state note issued in September 2023. Thanks to our proactive, multi-phased and multi-product offer, we managed to attract a total of some 6.5 billion euros in core customer money in Belgium (deposits, savings certificates, funds, insurance, bonds, etc.), outpacing the 5.7-billion-euros outflow to the state note in September 2023 by 0.8 billion euros. The growth figures above exclude the forex-related impact. Note: the actions taken, amid fierce competition, to recover the outflow to the state note have an estimated direct negative impact on net interest income of roughly -87 million euros (-26 million euros in 2024 and -61 million euros in 2025). This direct negative impact is partly offset by various indirect positive impacts totalling approximately +20 million euros (in various P/L lines).

The insurance service result (insurance revenues before reinsurance – insurance service expenses before reinsurance + net result from reinsurance contracts held; the two latter items are not part of total income) amounted to 81 million euros and breaks down into 45 million euros for non-life insurance and 36 million euros for life insurance.

The **non-life** insurance service result decreased by 41% quarter-on-quarter and by 44% year-on-year, in both cases essentially owing to a combination of significantly higher insurance service expenses that were impacted by storms and floods (including Storm Boris in Central Europe – mainly the Czech Republic) and partly offset by higher insurance revenues and a better reinsurance result (related in part to the aforementioned storms and floods). We estimate the impact of the floods caused by Storm Boris (after reinsurance) to be 33 million euros pre-tax in the quarter under review.

The **life** insurance service result was more or less stable quarter-on-quarter (lower insurance service expenses offsetting lower insurance revenues) and down 38% year-on-year (higher level of insurance service expenses combined with slightly lower insurance revenues).

The combined ratio of the non-life insurance activities amounted to an excellent 89% for the first nine months of 2024, compared to 87% for full-year 2023. Non-life insurance sales came to 603 million euros and were up 8% year-on-year, with growth in all countries and all classes. Sales of life insurance products amounted to an excellent 791 million euros and were up 28% on the level recorded in the previous quarter (higher sales of guaranteed-interest products and, to a lesser extent, unit-linked products too, thanks, among other things, to inflows from the maturing state note and a successful launch of structured emissions in Belgium) and up 80% on the level recorded in the year-earlier quarter (higher sales of unit-linked products and, to a lesser extent, guaranteed-interest products and hybrid products too). Overall, the share of guaranteed-interest products and unit-linked products in our life insurance sales in the quarter under review amounted to 42% and 51%, respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder.

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

Net fee and commission income amounted to 641 million euros, up 3% and 9% on its level in the previous and year-earlier quarters, respectively. The quarter-on-quarter increase was attributable to 3% growth in fee income from our asset management activities (largely related to the increase in assets under management, see below) and 4% growth in fees from our banking activities (thanks mainly to the – partly seasonal – increase in payment services fees). The 9% year-on-year increase in net fee and commission income was accounted for by 15% growth in fees for our asset management services and, to a lesser extent, a 3% rise in banking fees, slightly offset by a negative forex effect.

At the end of September 2024, our total assets under management amounted to 269 billion euros, up 3% quarter-on-quarter (+1 percentage point related to net inflows and +2 percentage points related to the quarter-on-quarter positive market performance). Assets under management grew by 18% year-on-year, with net inflows accounting for +5 percentage points and the positive market performance for +14 percentage points.

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

The **other remaining income items** included dividend income of 11 million euros (down on the 26 million euros recorded in the previous quarter, as the second quarter of the year traditionally includes the bulk of dividend income for the year) and net other income of 45 million euros, slightly below its (50-million-euro) normal run rate.

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

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

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

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

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

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

Loan loss impairment: 61-million-euro net charge

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

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

As a consequence, the credit cost ratio amounted to 0.10% for the first nine months of 2024 (0.16% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties), compared to 0.00% for full-year 2023 (0.07% excluding the changes in the reserve for geopolitical and macroeconomic uncertainties). At the end of September 2024, 2.1% of our total loan book was classified as impaired ('Stage 3'), the same level as at year-end 2023. Impaired loans that are more than 90 days past due amounted to 1.1% of the loan book, compared to 1.0% as at year-end 2023.

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

Impairment charges on assets other than loans amounted to 7 million euros, compared to 13 million euros in the previous quarter and 27 million euros in the year-earlier quarter. The quarter under review mainly included impairment charges related to software.

Net result by business unit

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

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

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

Czech Republic: the net result (179 million euros) was down 26% quarter-on-quarter (excluding forex effects). This was essentially attributable to a combination of:

- higher total income (thanks mainly to increased net interest income, insurance revenues and net fee and commission income);
- higher costs;
- much higher insurance service expenses after reinsurance (storm and flood-related impact);
- a net impairment charge, as opposed to a significant release in the previous quarter.

International Markets: the 205-million-euro net result breaks down as follows: 16 million euros in Slovakia, 110 million euros in Hungary and 80 million euros in Bulgaria. For the business unit as a whole, the net result was down 8% on the previous quarter's result (down just 2% if bank and insurance taxes are excluded, see below), due mainly to a combination of:

- stable total income (increase in net interest income, insurance revenues and net fee and commission income, and a decrease in trading & fair value income and net other income);
- higher costs (including increased bank and insurance taxes, especially in Hungary);
- slightly lower insurance service expenses after reinsurance;
- higher net impairment charges.

Group Centre: the net result (-114 million euros) was 52 million euros lower than the figure recorded in the previous quarter owing mainly to a combination of:

- more negative total income (due primarily to lower trading & fair value income);
- higher costs;
- higher insurance service expenses after reinsurance;
- a more or less unchanged level of impairment.

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

Selected ratios by business unit	Belgium 9M2024	Belgium FY2023	Czech Republic 9M2024	Czech Republic FY2023	International Markets 9M2024	International Markets FY2023
Cost/income ratio						
- excl. non-operating items and spreading bank and insurance taxes evenly throughout the year	43%	46%	45%	47%	45%	45%
- excl. all bank and insurance taxes	41%	41%	43%	44%	37%	39%
Combined ratio, non-life insurance	87%	85%	87%	84%	97%[2]	97%[2]
Credit cost ratio[1]	0.20%	0.06%	-0.07%	-0.18%	-0.10%	-0.06%
Impaired loans ratio	2.1%	2.0%	1.4%	1.4%	1.7%	1.8%

1 A negative figure indicates a net impairment release (positively affecting results). See 'Details of ratios and terms' in the quarterly report.
2 Excluding windfall insurance taxes in Hungary, the combined ratio amounted to 92% for the first nine months of 2024 and 94% for full-year 2023.

Solvency and liquidity

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

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

Total equity was down 1.0 billion euros on its level at the end of 2023. This was due to the combined effect of:

- the inclusion of the profit for the first nine months of 2024 (+2.3 billion euros);
- the repurchase of own shares (-0.8 billion euros in 2024);
- the payment of the final dividend for 2023 and an extraordinary interim dividend (both in May 2024), as well as an interim dividend (see below) for 2024 to be paid in November 2024 (-1.9 billion euros combined);
- almost stable revaluation reserves;
- a net decrease in outstanding additional tier-1 instruments (-0.4 billion euros);
- a number of smaller items.

We have provided details of these changes under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section of the quarterly report.

Note: in line with our general dividend policy, we will pay an interim dividend of 1 euro per share on 14 November 2024 as an advance on the total dividend for financial year 2024.

Our solvency position remained strong, as illustrated by a fully loaded common equity ratio (CET1) of 15.2% at 30 September 2024, unchanged on the 15.2% recorded at the end of 2023. The solvency ratio for KBC Insurance under the Solvency II framework was 197% at the end of September 2024, compared to 206% at the end of 2023. We have provided more details and additional information on solvency under 'Solvency' in the 'Additional information' section of the quarterly report.

Our liquidity position remained excellent too, as reflected in an LCR ratio of 159% and an NSFR ratio of 142%, compared to 159% and 136%, respectively, at the end of 2023, all well above the regulatory minima of 100%.

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

Net result for 9M2024: 2 300 million euros

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

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

- **Net interest income:** up 1% to 4 141 million euros. This was attributable in part to the higher commercial transformation result, the higher ALM result and increased interest income from customer term deposits, and partly offset by the lower level of income from lending activities (as lower margins in some core markets more than offset volume growth), lower net interest income in Ireland (owing to the past sale of the remaining Irish portfolios and subsequent liquidation process), higher costs related to the minimum required reserves held with central banks, the lower level of interest income from short-term cash management activities, lower interest income from the dealing room, the higher funding cost of participations and higher wholesale funding costs, as well as a negative forex effect. Excluding the forex effect, the volume of customer loans rose by 5%, while deposits (excluding volatile, low-margin short-term deposits at KBC Bank's foreign branches) were also up by 5% year-on-year. The net interest margin in the first nine months of 2024 came to 2.09%, up 2 basis points year-on-year.
- **Insurance service result** (insurance revenues before reinsurance - insurance service expenses before reinsurance + net result from reinsurance contracts held): down 11% to 328 million euros. The non-life combined ratio for the first nine months of 2024 amounted to an excellent 89%, compared to 87% for full-year 2023. Non-life insurance sales were up 9% to 1 956 million euros, with increases in all classes, while life insurance sales were up 32% to 2 176 million euros, thanks mainly to higher sales of unit-linked products and, to a lesser extent, higher sales of interest guaranteed products and hybrid products.
- **Net fee and commission income**: up 7% to 1 878 million euros. This was attributable primarily to much higher fees for asset management services and a slight increase in banking-related fees. At the end of September 2024, total assets under management were up 18% year-on-year to 269 billion euros due to a combination of net inflows (+5 percentage points) and the effect of a positive market performance in the period under review (+14 percentage points).
- **Trading & fair value income and insurance finance income and expense:** down 144 million euros to -94 million euros. This was due mainly to negative market value adjustments (xVA) and a lower result from derivatives used for asset/liability management purposes, partly offset by higher dealing room income.
- **All other income items combined:** down 69% to 197 million euros. This came about mainly because of lower net other income, as the first nine months of 2023 had included a 0.4-billion-euro gain on the sale of the loan and deposit portfolios of KBC Bank Ireland (recorded under 'Net other income').
- **Operating expenses without bank and insurance taxes:** more or less stable at 3 272 million euros. This was attributable in part to lower costs in Ireland and a forex effect, which were offset by the negative impact of higher staff costs (indexation and wage drift, partly offset by lower FTEs) and ICT expenses, among other factors. Bank and insurance taxes amounted to 568 million euros and were down 13%, thanks mainly to the lower contribution to the single resolution fund, partly offset by higher national taxes. The cost/income ratio amounted to 47% when certain non-operating items are excluded and bank and insurance taxes spread evenly throughout the year (49% for full-year 2023). When bank and insurance taxes are fully excluded, the cost-income ratio for the period under review amounted to 43%, in line with the figure for full-year 2023.
- **Loan loss impairment:** net charge of 149 million euros, as opposed to a net release of 11 million euros in the reference period. The first nine months of 2024 included a net charge of 233 million euros for our loan book and a net release of 84 million euros for the reserve for geopolitical and macroeconomic uncertainties. As a result, the credit cost ratio amounted to 0.10%, compared to 0.00% for full-year 2023. Impairment charges on assets other than loans amounted to 20 million euros, compared to 56 million euros in the reference period.
- The **share in results of associated companies & joint ventures:** up 84 million euros to 80 million euros, mainly due to the booking of a one-off gain of 79-million-euro related to Isabel.
- The **net result of 2 300 million euros for the first nine months of 2024** breaks down as follows: 1 359 million euros for the Belgium Business Unit (down 33 million euros on its year-earlier level), 620 million euros for the Czech Republic Business Unit (down 7 million excluding forex effects), 576 million euros for the International Markets Business Unit (up 86 million euros excluding forex effects) and -255 million euros for the Group Centre (down 429 million euros, owing essentially to the 0.4-billion-euro gain realised on the sale of the loan and deposit portfolios of KBC Bank Ireland in the reference period).

ESG developments, risk statement and economic views

ESG developments

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

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

Risk statement

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

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

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

Our view on economic growth

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

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

Quarter-on-quarter growth in Belgium amounted to 0.2% in the third quarter, after 0.3% in the second quarter. Relatively strong domestic demand continued to outweigh the negative contribution to growth of net exports. For the remainder of 2024, we expect growth to remain broadly in line with that of the euro area.

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

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

Our view on interest rates and foreign exchange rates

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

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

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

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

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

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

Our guidance

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

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

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

- CAGR net interest income (2023-2026): at least 1.8%.
- CAGR insurance revenues (before reinsurance) (2023-2026): at least 6%.
- CAGR operating expenses and insurance commissions paid (excluding bank and insurance taxes) (2023-2026): below 1.7%, which is substantially below inflation.
- Cost/income ratio (excluding bank and insurance taxes): below 42% by the end of 2026.
- Combined ratio: below 91%.
- Credit cost ratio (excluding any changes in the reserve for geopolitical and macroeconomic uncertainties that was still in place at year-end 2023): well below the through-the-cycle credit cost ratio of 25-30 basis points.

Basel IV *(updated)*

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

- at 1 January 2025, a first-time application impact of +1.0 billion euros in risk-weighted assets (+0.0 billion euros previously);
- by 1 January 2033, a further impact of +7.5 billion euros in risk-weighted assets (+8.0 billion euros previously); resulting in a fully loaded impact of +8.5 billion euros in risk-weighted assets (+8.0 billion euros previously).

Capital distribution policy *(unchanged)*

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

Upcoming events and references

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

For more information, please contact:

Investor Relations, KBC-group
E-mail: IR4U@kbc.be

Viviane Huybrecht, General Manager, Corporate Communication/Spokesperson, KBC Group
Tel +32 2 429 85 45 - E-Mail: pressofficekbc@kbc.be

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

KBC Group NV
Havenlaan 2 – 1080 Brussels
Viviane Huybrecht
General Manager
Corporate Communication /Spokesperson
Tel. + 32 2 429 85 45

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

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

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