Annual report

KBC Insurance

2024

To the reader

Company name

‘KBC’, ‘the group’, ‘we’ or ‘KBC Insurance as used in this annual report refer (unless otherwise indicated) to the consolidated insurance entity, i.e. KBC Insurance NV including all group companies included in the scope of consolidation. ‘KBC Insurance NV’ refers solely to the non-consolidated entity. The ‘Company annual accounts' section deals only with the non-consolidated entity.

Difference between KBC Insurance and KBC Group

KBC Insurance NV is a subsidiary of KBC Group NV. The KBC group's legal structure has one single entity – KBC Group NV – in control of several underlying companies, of which KBC Bank NV and KBC Insurance NV are the most important. All KBC Insurance NV shares are owned by KBC Group NV. A number of KBC Insurance NV’s debt instruments are exchange-listed. Where mention is made of KBC Group or the KBC group in this annual report, KBC Group NV is meant, including all group companies included in the scope of consolidation.

Forward-looking statements

The expectations, forecasts and statements regarding future developments that are contained in the annual report are based on assumptions and assessments we made when drawing up this report in early March 2025. By their nature, forward-looking statements involve uncertainty. Various factors could cause actual results and developments to differ from the initial statements.

Translation

This annual report is available in Dutch and English. The Dutch version is the original and the English-language version an unofficial translation. KBC warrants that every reasonable effort has been made to avoid any discrepancies between the language versions. However, should such discrepancies exist, the Dutch version will take precedence.

Articles 3:6 and 3:32 of the Belgian Companies and Associations Code (CAC)

These articles specify the minimum content of company and consolidated financial statements required by law. This information has been incorporated into the different sections of the ‘Report of the Board of Directors’, which also contains additional, non-compulsory information. To avoid repetition, reference is sometimes made to information presented in other sections of this report. KBC Insurance has combined the reports for the company and consolidated financial statements. The Risk Report and the www.kbc.com website referred to in certain sections do not form part of the annual report.

Sustainability information – exemption as a KBC Group subsidiary

KBC Insurance is exempt from the obligation to disclose sustainability information (consolidated where applicable) as this information is included in the consolidated sustainability information of its parent company, KBC Group, which has its registered office at Havenlaan 2, 1080 Brussels, Belgium. The consolidated sustainability information and the relevant audit report are included in the KBC Group Annual Report for 2024, which is available at www.kbc.com..

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Ratios used

A list of the most important ratios and terms used in this document (including the alternative performance measures) can be found at the back of this report.

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Report of the Board of Directors

Brief presentation of KBC Insurance

Our area of operation

KBC Insurance is an insurance group catering mainly for retail, SME and mid-cap clients. It concentrates on its home markets of Belgium and four countries in Central and Eastern Europe (the Czech Republic, Slovakia, Hungary and Bulgaria).

Main group companies

Belgium	KBC Insurance NV
Czech Republic	ČSOB Pojišťovna a.s.
Slovakia	ČSOB Poisťovňa a.s.
Hungary	K&H Biztosító
Bulgaria	DZI Insurance
Luxembourg	KBC Group Re

Our shareholders

All KBC Insurance NV shares are owned by KBC Group NV. KBC Group NV is a listed company.

Our clients, staff and network

Clients (estimate)	6.7 million
Number of staff (2024 average in FTEs)	4 120
Insurance network	283 agencies in Belgium, various distribution channels in Central and Eastern Europe

Our long-term credit ratings (29-11-2024)

KBC Insurance NV	Standard & Poor's	A

Management

CEO	Johan Thijs
Chairman of the Board of Directors	Koenraad Debackere

More information

Website	www.kbc.com

Our business model

The strategy, business model and management structure of KBC Insurance is embedded in that of the KBC group. A summary is given below of the business model of the KBC group, where KBC Bank is essentially responsible for the banking business and KBC Insurance for the insurance business.

How do we create sustainable value? (KBC Group)

As a banker, we see to it that our clients are able to save and invest in a well-informed manner and that we actively offer them sustainable investment products. In this way, every client can grow their assets in keeping with their personal wishes and risk profile, and call on our expertise to assist them. We use the deposits our clients entrust to us to provide loans to individuals, businesses and public authorities, thus keeping the economy turning. We also hold a portfolio of investments, which means we invest in the economy indirectly too. At the same time, we fund specific sectors and projects, such as the social profit sector and infrastructure projects that have a major impact on the domestic economy.

As an insurer, we enable our clients to operate free of worry and to limit their risks. We work hard every day to provide the best insurance cover at a fair price and we invest in a high-quality claims-handling service. We use our knowledge of the causes of accidents to develop accident prevention campaigns and we have a long-standing tradition of working with organisations involved in road safety, welfare and victim assistance.

We also offer our clients a variety of other services that are important to them in their everyday lives, including payments, cash management, trade finance, leasing, corporate finance, and money and capital market products. In this way too, we contribute to the economic system.

In all these activities, we seek to take account of the impact on society and the environment, which we translate into concrete targets. We have made a conscious choice to enhance our positive impact on society – where possible – by focusing on areas where we can make a difference as a bank-insurer. The areas in question include financial literacy, environmental awareness, entrepreneurship and the issue of longevity and health. In our business operations, we also prioritise areas such as cyber risk, anti-corruption measures, climate change and other environmental aspects.

“ *We strive to make our clients' financial lives easier in a proactive manner, in which we go beyond pure banking and insurance products alone. The ultimate intention is to support them every step of the way in their search for solutions to housing, mobility, energy and other issues.*

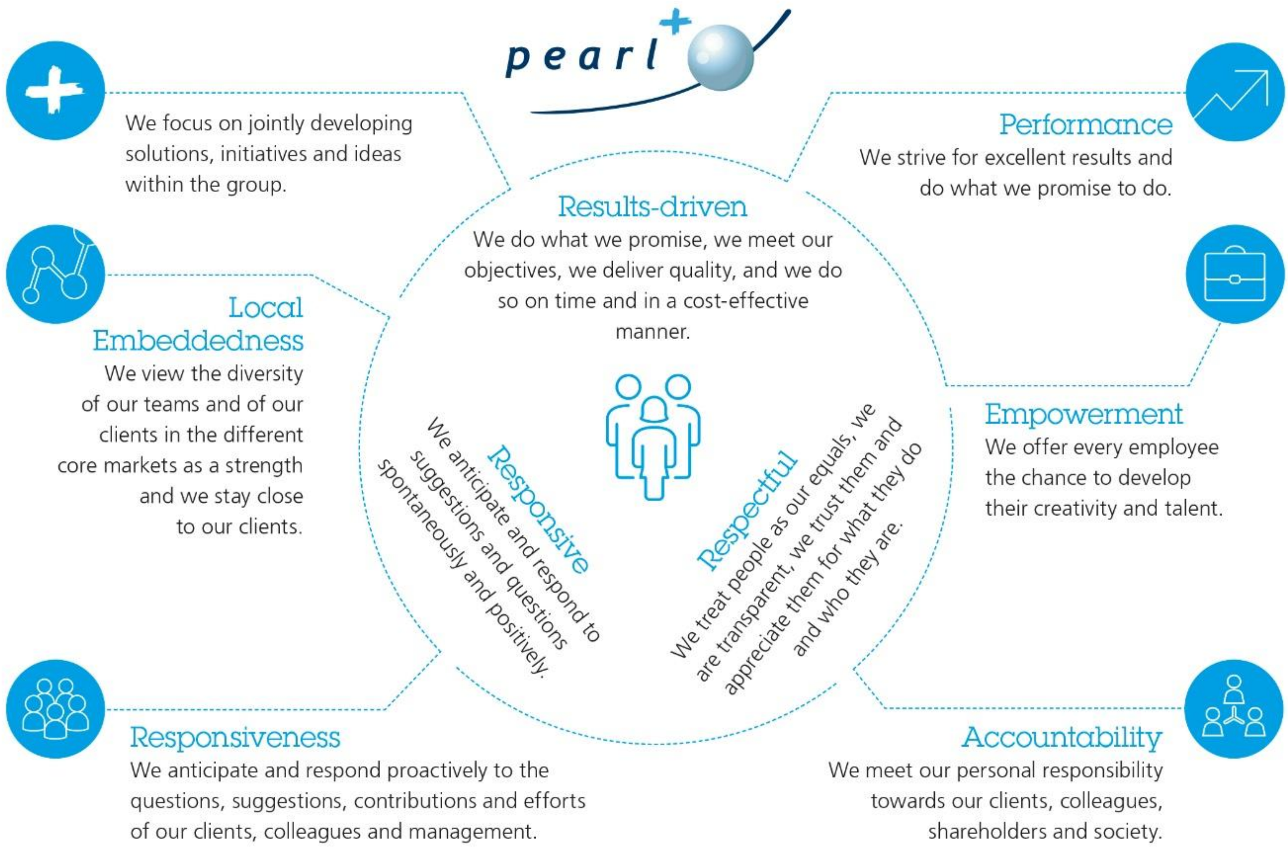
As a bank-insurer, we have a direct influence on climate change through our own energy consumption. More important, however, is the indirect influence that lending, holding an investment portfolio, providing investments to clients and insuring counterparties can have a on the climate. We ourselves also feel the impact of climate change. Examples include higher levels of claims under the insurance we provide relating to consequences of extreme weather conditions and the impact on our loans or investments when relevant counterparties suffer the negative consequences of climate change or the transition to a lower-carbon society. We carefully consider these factors, not only to reduce or prevent adverse consequences, but also to contribute actively by launching sustainable products and services. We closely track our performance in this regard, to which end we apply specific targets. For several years now, we have been expanding the scope of our Sustainable Finance Programme to include other environmental aspects, such as biodiversity and circularity.

What's more, as a major player in each of our core countries, we form part of the local economic and social fabric. We make an important contribution to employment in all our core markets and, as such, recognise that we have a significant impact on the lives of our staff. We encourage responsible behaviour on the part of our employees and offer them a fair reward for their work, thereby contributing to the welfare of the countries in which we operate.

What makes us who we are? (KBC Group)

We sum up our business culture in the acronym 'PEARL+', which stands for Performance, Empowerment, Accountability, Responsiveness and Local Embeddedness. The '+' sign in PEARL+ symbolises our focus on the joint development and smart copying of solutions, initiatives and ideas so that they are easy to utilise and deploy throughout the group, enabling us to work more efficiently, respond more quickly to change and make full use of local skills and talents group-wide. We encourage all our employees to behave in a way that is responsive, respectful and results-driven. An explanation of what we mean is given in the diagram.

PEARL+ is a mindset, a working culture, shared by all our staff. We have appointed a dedicated PEARL manager to make sure that all our employees are thoroughly imbued with these values. The PEARL manager reports to our CEO. To embed this culture across the entire group and to ensure its success, we adopt not only a top-down but also a bottom-up approach to its implementation. This includes appointing hundreds of PEARL ambassadors in the workplace, who give concrete shape to PEARL and help other colleagues to apply it.



What differentiates us from our peers?

1

Our integrated bank-insurance model

We offer an integrated response to our clients' banking and insurance needs. Our organisation is similarly integrated, with most services operating at group level and the group also managed in an integrated style. Our integrated model offers our clients the benefit of a comprehensive, one-stop, relevant and personalised financial service that allows them to choose from a wider, complementary and optimised range of products and services, which go beyond pure bank-insurance. For ourselves, it offers benefits in terms of income and risk diversification, additional sales potential through intensive co-operation between the bank and insurance distribution channels, significant cost-savings and synergies, and heightened interaction opportunities with and a more complete understanding of our clients.

2

Our digital approach

Digital interaction with clients forms the basis of our business model in our strategy, not only in terms of sales and advice, but also in process and product development. In addition to a digital product range, therefore, we also offer our clients digital advice and develop all processes and products as if they had to be sold digitally. Artificial intelligence and data analysis will play an important part in digital sales and advice. Kate, our personal digital assistant, will feature prominently in this regard. Our experts naturally remain available at our branches and call centres to answer complex questions or provide advice at key life moments. The very success of our digital strategy allows us to free up more time to improve the advice we provide to clients.

3

Our strong geographical focus and local responsiveness

We focus on our core markets of Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria. This selection of countries allows us to operate in a mix of mature and growth markets, taking advantage in the latter of the catch-up potential for financial services. We have a limited presence elsewhere in the world, including to support the activities of our corporate clients in our core markets. We want to build sustainable relationships with our local clients in our core countries. The goal is to know and understand our local clients better, pick up signals effectively and respond to them proactively, offer tailored products and services, and focus on the sustainable development of the different communities in which we operate. Where relevant, we facilitate collaboration among our core countries to avoid duplicating our efforts and to offer our clients the best solutions.

4

Our approach to sustainability

As a financial institution, we have a major direct and indirect impact on society. As a company that aims to support the transition to a more sustainable and climate-proof society, we have made sustainability integral to our overall business strategy and integrated it into our day-to-day business operations and the products and services we provide. Our sustainability strategy, which is geared towards the local economy and society, consists of financial resilience and three cornerstones: encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse social impact we might have.

5

Our shareholder structure

A special feature of our shareholder structure is the core shareholder syndicate consisting of Cera, KBC Ancora, MRBB and the other core shareholders, which together held roughly 42% of our shares at the end of 2024. These shareholders act in concert, thereby ensuring shareholder stability in our group.

Our strengths and challenges

Strengths

Unique bank-insurance model and innovative, data-driven digital strategy, which enables us to respond immediately to our clients' needs	Strong commercial banking and insurance franchises in all our business units	Successful track record of underlying business results	Solid capital position and strong liquidity	Firmly embedded in the local economies of our core countries	Strong focus on sustainability Ambitious climate targets that we also use to guide our clients towards a more sustainable future

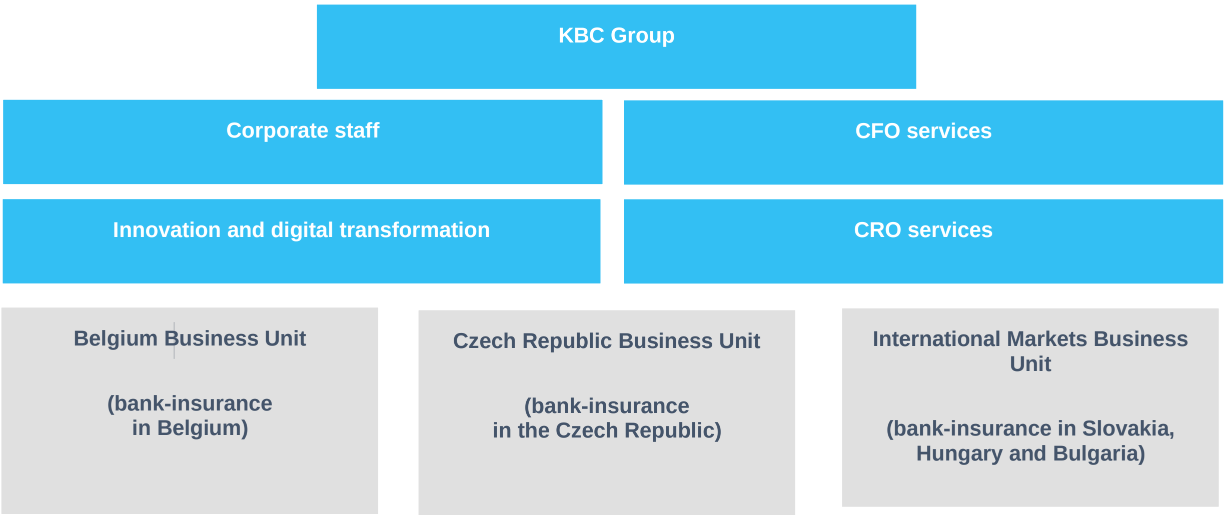
Challenges

A macroeconomic environment characterised by factors including geopolitical challenges	Impact of climate change on our and our clients' operations, and the use of opportunities related to the transition to a greener economy	Stricter regulation in areas like client protection, solvency, the environment, data, AI, etc.	Changing client behaviour, competition (including integrated financial solutions offered by non-financial players)	New technologies and cybercrime

We have structured our group around three business units, which focus on local activities and contribute to sustainable earnings and growth. The units are Belgium, the Czech Republic and International Markets.

The Board of Directors is responsible for defining our group's strategy, general policy and risk appetite. It is supported by several specialised committees: the Audit Committee, the Risk & Compliance Committee, the Nomination Committee and the Remuneration Committee.

Our Executive Committee provides the operational management of the group within the confines of the general strategy approved by the board. Besides the CEO, the Executive Committee includes the Chief Financial Officer (CFO), the Chief Risk Officer (CRO) and the Chief Innovation Officer (CIO) of the group, as well as the CEOs of the three business units.



In what environment do we operate? (KBC Group)

2024 was a year of distinct growth divergence in the global economy, with real GDP growing by 2.8% in the US, by 0.7% in the euro area and by 4.8% in China. The substantial US growth dynamics were primarily driven by private consumption, underpinned by a robust labour market, and by government spending. In many ways, the growth composition in the euro area was the mirror image of the US economy. Domestic demand remained weak due to the high consumer savings ratio and the lack of incentives included in the fiscal policy. Meanwhile, China still suffered from the structural problem of overcapacity in 2024 and the associated deflationary trends.

The disinflationary trend in the US and the euro area continued in 2024, with US and euro area inflation amounting to 3.0% and 2.4%, respectively, although underlying core inflation (excluding food and energy prices) persisted due to services price inflation. The prospect of large-scale trade disputes in 2025 is weighing on the underlying disinflation path, as US import duties will have an inflationary effect on US price levels. The extent of the inflationary boost to the European economy will depend on the European policy response.

Against the background of declining inflationary pressure in 2024, both the Fed and the ECB started easing their key rates in 2024. The ECB commenced its easing cycle in June by lowering its deposit rate from 4% to 3.75%. More steps – of 25 basis points each – followed in September, October and December, leading to a year-end deposit rate of 3%. In January 2025, the ECB cut its deposit rate by another 25 basis points to 2.75%. The interest rate easing is likely to continue in 2025. In the second half of 2024, the ECB also started its net phase-out of the PEPP portfolio, and the ECB fully discontinued its reinvestments in 2025.

The Fed initiated its easing cycle a few months after the ECB, first lowering its key rate by 50 basis points in September and then further easing interest rates twice, in November and December, each time by 25 basis points. Consequently, the key rate ended 2024 at 4.375%. We expect the Fed to also introduce further easing measures in 2025, but they are likely to tread cautiously due to the inflationary impetus given by the more restrictive US trade policy expected in 2025.

In 2024, the divergence between the US and the euro area in terms of both economic growth dynamics and monetary policy prompted a rising long-term interest rate differential between the US and Germany on balance. The considerable increase in the interest rate differential that started in the run-up to the US elections firmly strengthened the dollar against the euro.

A key risk for 2025 is the escalation of trade disputes and geopolitical tensions. The laborious process of drafting the 2025 budget in a number of euro area Member States is also a major point of concern for 2025, as it carries a risk of higher risk premiums on their public debt.

Market conditions in our most important countries in 2024 (KBC Insurance)

	Belgium	Czech Republic	Slovakia	Hungary	Bulgaria
Market environment in 2024					
Change in GDP (real)	1.0%	1.0%	2.1%	0.6%	2.2%
Inflation (average annual increase in consumer prices)	4.3%	2.7%	3.2%	3.7%	2.6%
Unemployment rate (% of the labour force at year-end; Eurostat definition (excluding Ireland)	5.0%	2.6%	5.3%	4.3%	3.8%
Government budget balance (% of GDP)	-4.4%	-2.8%	-5.8%	-4.8%	-2.9%
Public debt (% of GDP)	104.1%	43.3%	58.2%	73.8%	24.3%
Forecast growth in real GDP in years ahead					
2025	0.7%	2.1%	1.9%	2.3%	2.1%
2026	0.9%	2.3%	2.5%	3.9%	2.4%
KBC Insurance's position in each core country					
Main brands	KBC & CBC & KBC Brussels	ČSOB	ČSOB	K&H	UBB & DZI
Network	283 insurance agencies Online channels	Insurance sold through various channels Online channels	Insurance sold through various channels Online channels	Insurance sold through various channels Online channels	Insurance sold through various channels Online channels
Recent acquisitions or disposals (2021-2024)	-	-	-	-	Acquisition of NN's Bulgarian pension and life insurance business (2021).
Insurance clients (millions, estimate)	1.7	2.1	0.5	1.1	1.3
Market share (estimate) - life insurance - non-life insurance	 13% 9%	 9% 9%	 4% 5%	 4% 7%	 25% 13%

What are our main challenges? (KBC Group)

Climate change, global health risks and geopolitical challenges

Our financial performance is obviously impacted by the global economy, as well as by the financial markets and the demographic trends. The coronavirus pandemic and the recent extreme weather conditions demonstrated that climate change and public health risks, too, can have a significant impact. And geopolitical developments, such as the war in Ukraine, can also have major implications for the economy and hence our results.

How are we addressing them?

- ✓ We ensure in our long-term planning/scenario that our capital and liquidity positions are capable of withstanding a negative scenario.
- ✓ We calculate the impact of changes in key parameters and estimate the impact of material events as effectively as possible.
- ✓ If it turns out that the models are not capturing the increased credit risk resulting from specific events, we will set aside additional reserves based on management's assessment.
- ✓ Where necessary (in response to the coronavirus crisis, for example), we take the measures needed to secure business accessibility and continuity.
- ✓ We have translated our environmental and climate change strategy into specific targets and have committed ourselves to several relevant international initiatives. This Annual Report provides a detailed report on sustainability, as does our Sustainability Report, available at www.kbc.com.
- ✓ We constantly adjust our product and service offering by, for instance, responding to demand for sustainable products. We also want to be a partner for our clients in their transformation to a more sustainable future.
- ✓ We aim to diversify our income sources to include more fee business, for example, alongside interest income.

Shifting client behaviour and competition

We face strong competition (from traditional players, online banks, fintechs, bigtechs, and so on), technological changes and shifting client behaviour. All this is influencing clients' expectations in terms of speed, digital interaction, proactivity, personalisation and relevance, and increasing the significance of digitalisation and innovation within our group, creating the need for a resilient, responsive organisation capable of continuously adapting its processes and systems.

How are we addressing them?

- ✓ The creative input and diversity in terms of training and background of our employees is exceptionally important when it comes to equipping ourselves to deal with competition and technological change.
- ✓ We can draw on an immense volume of data, which – subject to clients' consent –enables us to understand more clearly what clients really want. Our integrated model enables us to gain better insights and to offer our clients more comprehensive solutions than pure banks or insurers can. Meanwhile, we are closer to our clients than bigtech companies are, for instance.
- ✓ We have a process in place to ensure that the business side receives approval efficiently for new product and service launches. The process also includes a thorough examination of the potential risks. We regularly review all our existing products, so that they can be adapted to take account of evolving client needs or changing circumstances.
- ✓ Research and development have been performed at a variety of group companies as part of a programme to develop new and innovative financial products and services. Over the past few years, we have launched numerous successful innovative apps.
- ✓ We actively monitor trends and analyse the market.
- ✓ Where possible, applications are copied across the group's different core markets. We are also open to partnerships with fintech firms and sector peers.
- ✓ In addition to innovation and digitalisation, we are working hard to simplify and automate products and processes (straight-through processing). Our digital assistant Kate is a great example of one of our solutions aimed at ensuring maximum convenience for our clients.

Regulation

The following trends and regulations will have a significant impact in the years ahead:

- ✓ Sustainability: EU measures to mobilise financial resources for sustainable growth including by means of tailored reporting (CSRD and Article 8 of the Taxonomy Regulation) and by means of obligations regarding due diligence and preparing and implementing a transition plan for climate change mitigation (CS3D);
- ✓ Digitality: EU initiatives related to the impact of new technologies on the financial services sector (Digital Operational Resilience Act, Cyber Resilience Act, AML directive (digital assets), Markets in Crypto Assets Regulation, proposals for regulations on Financial Data Access, the digital euro and the European Digital Identity);
- ✓ Artificial intelligence: the EU wants to regulate the sale, development and application of AI systems at the European level through a risk-based approach;
- ✓ Prudential supervision: transposition of Basel IV into the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6); revision of Solvency II; further developments related to the reform of the Crisis Management & Deposit Insurance Framework; further developments related to the draft Directive on recovery and resolution planning for insurance undertakings;
- ✓ Payment transactions: a regulation for instant credit transfers in euro, revision of the legal framework for payment services (PSR) and a proposal for a Directive (PSD3) applicable to payment and electronic money institutions that focuses on prudential aspects;
- ✓ Financial markets and products: reform of the European Market Infrastructure Regulation, proposal for a Directive on distance marketing of financial services; EU Green Bonds Standards Regulation; developments related to the EU Listing Act, which amends, for example, the Prospectus Regulation and the Market Abuse Regulation; further expansion of the Capital Markets Union.

How are we addressing them?

- ✓ We are making thorough preparations for the new regulations: details of the new regulations are kept in a database and specialised teams keep close track of the trends and rules, and propose the necessary responses in terms of the group's capital planning, for instance.
- ✓ We participate in working groups at sector organisations, where we analyse draft texts.
- ✓ A special team focuses on contacts with government and regulators.
- ✓ We produce memorandums and provide training courses for the business side.
- ✓ We study the impact of regulations on client behaviour and, where appropriate, adjust our products and processes to take account of shifts in that behaviour; we likewise study the impact on transformation and innovation projects.

Cyber risks and data protection

Following trends in the digital landscape, cyberattacks pose a constant threat in a rapidly digitalising world. Developments based on artificial intelligence increase the number of potential cyberattacks and introduce new ways of launching cyberattacks. Our focus at KBC is on ensuring both our clients and our entities optimum protection against cybercrime.

How are we addressing them?

- ✓ We raise our employees' awareness of cyber risks by providing training in areas like phishing, smishing ('SMS phishing') and vishing ('voice phishing'), and cyber fraud in general. We use simulation tests to check whether employees respond appropriately to various scenarios.
- ✓ We work to achieve highly secure and reliable ICT systems and data protection procedures.
- ✓ We are making every effort to collect threat intelligence and apply several tools that allow us to anticipate and respond to different cyber threats such as DDoS attacks and ransomware as quickly and accurately as possible.
- ✓ Our group-wide Competence Centre for Information Risk Management & Business Continuity tracks all risks relating to data protection, cybercrime and operational ICT. The team informs and assists local entities, tests KBC's defence mechanisms and provides training.
- ✓ We are members of the Belgian Cyber Security Coalition – a knowledge and consultative platform consisting of around 50 public and private-sector enterprises and academics.
- ✓ We also have our entities' cyber risks and defence mechanisms evaluated by internal and external security experts.

Our employees, capital, network and relationships (KBC Group)

Our employees

This is the first year in which we report on our employees in line with the Corporate Sustainability Reporting Directive, or CSRD for short, which contains new EU rules that enhance and update social and environmental reporting by large and listed companies. As required, we disclose the information in a separate 'Sustainability statement' section elsewhere in this annual report.

In order to avoid repeating issues already addressed in the 'Sustainability statement' section, in this section we focus on our values in relation to our employees, how we give them the opportunity to expand their skills and competences – which are essential in implementing our strategy – and how management can contribute to this. Finally, we will also discuss the results of employee surveys and awards. We also refer to our Sustainability Report at www.kbc.com for more details and additional information about our employees.

Our values group-wide are the same and are founded on our PEARL+ business culture. The 'E' in PEARL+ stands for 'Empowerment', referring to our commitment to give every employee the space they need to develop their talent and creativity and to deploy it towards accomplishing our business strategy. The '+' in PEARL+ stands for co-creation across national borders and 'smart copying' between us. In this way, we can benefit even more from the wealth and diversity in our group.

Through the group-wide 'Team Blue' initiatives, we actively promote our PEARL+ culture and unite employees from different countries, to make them proud of their team and their company and enable them to draw on each other's experience. These initiatives include the Team Blue Challenges, the Group Diversity Days and the Group Inspiration Days.

TEAM BLUE YOUR DREAMS

In the autumn of 2024, we launched the latest Team Blue Challenge, called 'Team Blue loves your dreams'. We put our goal of 'making clients' dreams come true and protecting them every day' into practice by rolling up our sleeves for social non-profit organisations that could use some help with their projects, thereby strengthening the bond between employees while giving back to society.

The world is changing at an accelerating pace, as are our client's expectations. KBC aims to be nothing less than the benchmark in this new world. A rapidly evolving environment calls for dynamic and creative employees who are able to respond quickly to their surroundings and the new world of work. By assigning the right person with the right skills to the right job at the right time, we make sure that employees continue to develop and grow in lockstep with KBC. To this end, we are committed to a learning culture, in which learning forms an integral part of our everyday activities and is based on skills. All employees have a personal skills profile that helps them focus on the skills that are needed to improve the performance of their duties and increase their contribution to KBC's strategy. To achieve all this in a smart way, we use an AI-driven learning and talent platform that goes by the name of StiPPLE. It offers learning content that is tailored not only to the relevant skills but also the appropriate skill level. Through progression reviews held with the manager, StiPPLE helps them focus on the right performance and development targets. StiPPLE simultaneously serves as an integrated marketplace for internal job openings that matches available jobs with qualified internal candidates. Employees can also gain insight into the jobs that best match their profile and the skills they can still develop to achieve their further career ambitions. We are also supported by My Kate, every employee's personal, digital assistant who, based on the right prompts at the right time, supports employees in their KBC journey by recommending learning opportunities and initiating actions that improve their performance and benefit their career. Lastly, we also introduced career counselling for employees to help them gain a better understanding of their personal talents and interests, as well as their career options within KBC.

Good managers are key when it comes to bringing out the best in our employees and implementing the KBC strategy successfully. We therefore invest in the training and education of all our managers, guided by the PEARL+ values as our compass. We provide junior managers with intensive training and offer optional digital and classroom training to experienced managers who wish to learn more about crucial skills and competences. We also provide intensive coaching and training to groups of managers who take on a leading role in specific transformations. In Belgium, we continue to organise 'SAMEN Werkt!' ('Working TOGETHER Works!') sessions to promote teamwork, in which we inspire and motivate formal and informal leaders through company-wide challenges. To enable them to pursue a common vision, senior managers from across the group take part in the 'KBC University', an ambitious development programme. We are also actively working on a separate policy for top talent management, in which we identify future senior managers and fast-track them to face tomorrow's challenges.

We keep close track of our employees' opinions by means of group-wide employee surveys. We conducted two surveys in 2024, with a global response rate of 84% in the second half of the year. In Belgium, the survey response rate was 81% in March and 82% in October. In the survey conducted in the second half of the year, 74% of our employees group-wide reported feeling engaged with KBC (Belgium 82%, Czech Republic 74%, Slovakia 75%, Hungary 61%, Bulgaria 63%).
Employee engagement is defined as pride in working for the company, motivation to be in the current role, and a sense of connection with KBC. In 2024, it was precisely this sense of connection that rose to 82% in Belgium and to 73% at group level, as employees are proud of the stability of KBC as a company and of its innovative approach. Apart from engagement, the surveys also gauge the support for and impact of the KBC strategy among our employees, as well as other aspects of PEARL+, such as a sense of autonomy and empowerment. The outcome of the survey reveals, for example, that 80% of our employees throughout the group recognise how their job helps to put the KBC strategy into practice.

The surveys have also resulted in a number of measures, including initiatives to support managers in their coaching roles. Managers can access their results and choose to implement specific measures as necessary.

All our efforts translate into externally validated HR awards for the entire group. In early 2025, several group entities were again certified as Top Employers 2025: KBC (for the fifth time in a row) and CBC (for the fourth time in a row) in Belgium, K&H in Hungary (for the third time in a row) and our shared service centres in the Czech Republic and Bulgaria (both for the third time in a row).

Our capital

Our activities are only possible if we have a solid capital base. At year-end 2024, our total equity came to 24.3 billion euros and our capital was represented by 417 544 151 shares.

Our shares are held by a large number of shareholders in a number of countries. A group of shareholders consisting of MRBB, Cera, KBC Ancora and the Other core shareholders constitute our core shareholders.

Dividend policy and share buyback programme: see ‘We aim to achieve our ambitions within a stringent risk management framework’. Dividend for 2024: see ‘Consolidated statement of changes in equity’ in the ‘Consolidated financial statements’ section.

Our network and our relationships

Alongside staff and capital, our network and relationships are especially important to our activities. An overview of our network can be found under ‘Market conditions in our core markets in 2024’.

Our social and relationship capital comprises all relationships with our clients, shareholders, government, regulators and other stakeholders, enabling us to remain socially relevant and to operate as a socially responsible business. This theme is dealt with in depth under ‘Our role in society’ in the ‘Our strategy’ section and in our Sustainability Statement.

Key intangible resources

The legislation requires that the annual report contain information about the key intangible resources and how the business model of the company fundamentally depends on such resources and how such resources are a source of value creation for the company. We refer to the ‘How do we create value?’ diagram in this section for a general overview of our value creation. Key intangible resources in our business model include the values, loyalty, knowledge, motivation and responsible behaviour of our employees, our corporate culture, our capacity to innovate and our relationships with various stakeholders (our clients in particular, but also our suppliers, investors, etc.).

Our strategy

The strategy, business model and management structure of KBC Insurance is embedded in that of the KBC group. A summary is given below of the strategy of the KBC group, where KBC Bank is essentially responsible for the banking business and KBC Insurance for the insurance business.

Our strategy rests on the following principles:

- We place our clients at the centre of everything we do.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth.
- We meet our responsibility to society and local economies.
- We implement our strategy within a strict risk, capital and liquidity management framework.

As part of our PEARL+ business culture, we focus on jointly developing solutions, initiatives and ideas within the group.

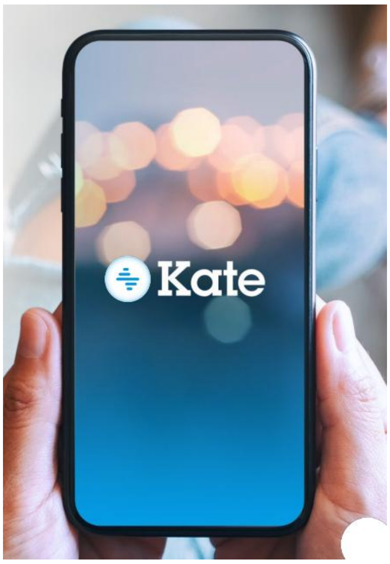
The client is at the centre of our business culture (KBC Group)

Access to financial services and solid financial advice for all sections of society contributes to economic development and forms the basis for financial and social integration.

As a bank-insurer, we are committed to financial literacy and by means of solid and transparent advice we aim to help our clients make the right decisions.
We take initiatives to promote financial literacy. For example, by introducing the option to receive financial and economic news through KBC Mobile we contribute to awareness-raising and financial education.
We also expect our employees to communicate with our clients in an accessible, clear, understandable and transparent manner.

Main challenges

- ✓ Making client experience central and focusing on operational efficiency
- ✓ Offering proactive client-friendly solutions, powered by Artificial Intelligence and qualitative data
- ✓ Paying special attention to data protection and privacy and to transparent client communication
- ✓ Retaining client relationships while integrated financial services are emerging (with non-financial players offering financial products)



For a few years now, we have been designing products, services and processes from a 'digital-first' perspective. This implies that they were modified before being digitalised to make them simpler, more user-friendly and scalable and that they allow a fast and appropriate response to our clients' questions and expectations. For clients who so desire, we will use the available data in an intelligent and appropriate manner.

This is why we are transitioning from an omnichannel distribution model towards a digital-first distribution model. The human factor remains important in both models and our staff and branches are at the disposal of our clients. In a digital-first distribution model, digital interaction with clients will form the initial basis. We therefore aim over time to provide all relevant commercial solutions via mobile applications. In addition to a digital product range, we will offer our clients digital advice and develop all processes and products as if they were sold digitally.

Kate – our personal digital assistant – plays an important role in digital sales and advisory, so that personalised and relevant solutions can be offered proactively. Clients can personally ask Kate questions regarding their basic financial transactions. They also receive regular discrete and proactive proposals at appropriate times in their mobile app to ensure maximum convenience. If the client accepts a proposal, the solution will be offered and processed completely digitally.

Employees in the branch network and contact centres continue to function as a beacon of trust for our clients. Our employees also support and encourage the use of digital processes and monitor this use, supported by artificial intelligence, data and data analysis.

To guarantee our clients maximum ease of use and to be able to offer a growing number of possibilities via Kate, we also changed our internal processes, the way we supply our products and services, and how we organise ourselves internally. At the same time, this requires a further change in mentality and in-service training for our staff. For instance, Kate automates certain administrative acts and answers questions, enabling employees to address other issues, saving valuable time which our employees can use to connect with clients and speak with them about anything that might be on their minds.

After KBC Mobile was named the best digital banking app in Belgium for the third time in a row and even entered the global top 3 of independent international consulting firm SIA Partners, KBC Mobile took no less than first place globally in 2024.

A few years ago, we launched our own banktech, DISCAI, which globally markets our trailblazing artificial intelligence applications that have been developed in-house. The first application focused on the fight against the growing problem of money laundering, which is becoming more and more complex. DISCAI responds to this market demand by entering into strategic collaborations with specialist partners such as Harmoney. These partnerships enable us to offer powerful end-to-end solutions that combine AI-based warning systems with advanced case and process management platforms, allowing us to help financial institutions effectively and efficiently combat financial crime.

Since the start of 2023, KBC clients have been able to acquire Kate Coins when purchasing certain products or services from us, such as a home loan, home insurance or saving spare change, and when purchasing products from specific commercial partners.

They can then use those Kate Coins to save money by exchanging them for additional benefits. For instance, KBC clients can exchange Kate Coins when purchasing an investment plan, a prepaid card, personal accident insurance or family insurance, and enjoy a cashback. KBC clients can also spend their Kate Coins at a number of commercial partners. The partners themselves determine the conditions and timing of their offer. In KBC Mobile, clients can check out partners where they can earn money, and in their Kate Coin Wallet they can see how many Kate Coins they have earned and spent with KBC and the various partners.

Last year, we took the next step by introducing 'S.T.E.M., the Ecosphere', with S.T.E.M. standing for Save Time and Earn Money. By combining a number of concepts and building blocks previously launched, such as Digital First, Kate and Kate Coins, and incorporating them in ecosystems, we are able to offer our clients a new type of service, supporting them – through our distribution channels – every step of the way in their search for solutions to housing, mobility, healthcare and other issues, using our own products and services as well as those of our partners and suppliers. This enables our clients to save and earn money in and beyond the traditional banking and insurance environment.

Digitalisation also comes with the obligation to use the available data in a responsible manner. We therefore make sure we process data in accordance with the GDPR and all privacy rules, and that processes are in place to ensure this for each new service we launch. In doing so, we take into account the key data protection principles of purpose limitation (i.e. not using data for any purpose other than that for which it was collected), data minimisation (i.e. not collecting more data than is required for the intended purpose) and transparency (i.e. being transparent regarding the data collected and used). The latter is related to our privacy policy, which is published by each entity of our group through the appropriate channels in order to ensure that all individuals whose personal data is processed are properly informed. We make every effort to secure and protect data against unwanted or unauthorised access, loss or damage, to not retain any personal data once it is no longer required for the purpose for which it was collected, and to keep all personal data accurate and up to date.

We have documented all the rights of the data subjects and protect this from any infringements on fundamental human rights resulting from our access to data. Because privacy and data protection are not only objective concepts, defined by law, they are highly subjective ones too. We therefore want to let our clients decide how we use their data and how Kate can use this data. In the process, we aim to communicate in a transparent way and offer our clients a clear privacy overview, in which they can adjust their choices at any moment.

Since putting the interests of our clients at the heart of everything we do is the cornerstone of our strategy, we keep a close eye on their situation. We continuously survey our clients and organise regular debates with client panels. A specific dialogue is likewise maintained with NGOs, and a stakeholder debate also organised on a regular basis. We closely monitor our reputation and communicate this analysis to all the departments and individuals concerned, so they can take appropriate action.

The most important Key Performance Indicators (KPIs) relating to client satisfaction and digital sales are set out in the KBC Group annual report.

We offer our clients a unique bank-insurance experience (KBC Group)

As a bank-insurer, we put our clients at the heart of what we do by offering them an integrated range of products and services. Our integrated model offers the client the benefit of a comprehensive, relevant and personalised one-stop service that allows them to choose from a wider, complementary and optimised range of products and services. It offers the group benefits in terms of income and risk diversification, additional sales potential through intensive co-operation between the bank and insurance distribution channels, significant cost-savings, synergies and heightened interaction opportunities with and a more complete understanding of our clients.

Main challenges

- ✓ Ensuring seamless collaboration between data, communication and sales channels
- ✓ Operating as a single business and pursuing a digital-first, lead-driven and AI-led approach as a bank-insurer
- ✓ Bank-insurance+: expanding the offering to include a wider range of economic services
- ✓ Driving up commercial synergies and the number of bank-insurance clients

As stated earlier, we do everything we can to integrate our channels (bank branches and insurance agencies, contact centres, self-service terminals, the website, our home banking application and mobile apps). Because we are both a bank and an insurer, we can commit ourselves completely to this integrated approach and seamless service.

We have developed a unique bank-insurance cooperation concept within our group, a model that goes much further than a bank that sells insurance products. It is all about complete back-office and support-service integration, which delivers operational and commercial optimisation for both the client and for KBC itself. The way we work means, for instance, that we only need one communications department, one marketing department, one risk control department, and so on. It is only the underlying product factories that operate independently, as these are specific professions.

In addition to operating as a single business, we pursue a digital-first, lead-driven and AI-led organisation. This means fully integrated front and back-end applications designed according to the ‘digital first’ principle. We are firmly committed to becoming data and AI-led in all our core countries, at their own pace. Kate (see previous section) is the key element within a data-led organisation of this kind. Our experts naturally remain available at our branches and call centres to answer complex questions or provide advice at key life moments.

We offer not only our own bank and insurance products and services through our mobile apps, but also non-financial products and services. For ‘bank-insurance+’, these solutions are designed to help our clients save money (e.g., suggesting that they switch to a cheaper energy supplier), earn money (e.g., discounts using Kate Coins in Belgium), making everyday payments easier (e.g., paying automatically for parking) or supporting business activities. We work with third parties to provide these solutions. S.T.E.M., the Ecosphere takes this to the next level. We will not only offer non-financial products and services, but we will integrate them into the full client journey to ensure that we can offer our clients a new and more comprehensive one-stop-shop value proposition.

The most important Key Performance Indicators (KPIs) relating to bank-insurance are set out in the KBC Group annual report.

We focus on sustainable and profitable growth (KBC Group)

Developing long-term relationships with our clients is crucial if we are to secure our long-term future. We do not pursue high short-term returns that come with excessive risks but rather focus on sustainable and profitable growth in the long run.

Sustainable and long-term thinking also means concentrating on the local economies of our core markets of Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria. We view our presence in these countries as a long-term commitment and want to consolidate our presence there by means of organic growth or attractive acquisitions, in line with clear and strict criteria.

Arising merger and acquisition opportunities beyond our core markets may be assessed (for approval of the Board of Directors) obviously taking into account very strict strategic, financial, operational and risk criteria.

We want to be in a position to deliver all our products and services in a top class manner. In the case of our core activities, we will retain production in-house, but for peripheral activities, we will mostly look to outsourcing or partnerships with (or in some cases acquisition of) specialists, including start-ups. In Belgium, for instance, we collaborate with a start-up that makes renovation estimates of buildings for our clients and that refers clients to the allowances and grants available to them. This is plainly not a core business of ours, but – besides advancing the level of client satisfaction and ensuring maximum convenience for our clients – it does help us to gain an understanding of our clients in order to improve our core business. If we have access to the details of these transactions – and subject to clients' consent – we can generate added value for our clients by proposing better solutions based on analysis, thereby saving them money or making their lives easier.

Main challenges

- ✓ Developing long-term relationships with our clients
- ✓ Further optimising presence in core countries and integrating businesses acquired
- ✓ Diversifying income base
- ✓ Establishing relevant partnerships and collaborations

As a diversified income base fosters sustainable and profitable growth, we want to generate more revenue from the fee business (commissions) and insurance activities, alongside our interest income.

Stringent risk management in everything we do is an absolute precondition in terms of guaranteeing sustainability. For more information on this, see 'We aim to achieve our ambitions within a stringent risk management framework'.

The most important Key Performance Indicators (KPIs) relating to sustainable and profitable growth are set out in the KBC Group annual report.

Our role in society (KBC Group)

This is the first year in which we provide detailed sustainability information in line with the Corporate Sustainability Reporting Directive, or CSRD for short. We disclose the information in a separate 'Sustainability statement' section in this annual report.

In this section, we avoid repeating issues already addressed in the 'Sustainability statement' section. That is why we mainly focus on our sustainability strategy in this section.

Our sustainability strategy has been created to help us fulfil our role in society and to create value for all our stakeholders. The essence of the strategy is found in financial resilience and a strict risk management system that allows us to do business in a sustainable way. Our sustainability strategy is also underpinned by three important pillars: maximising the positive impact of our products and services on society and the environment, minimising or preventing potential negative impacts, and promoting responsible behaviour among all our employees.

Main challenges

- ✓ Integrating sustainability in key processes and business activities
- ✓ Setting targets to reduce the impact of our activities and implementing actions to reach those targets
- ✓ Managing the risks that climate change poses to us and the companies we finance or insure or in which we invest
- ✓ Taking into account other environmental considerations when determining our strategy (biodiversity, circularity)
- ✓ Complying with new and amended sustainability legislation and collecting necessary and sufficiently detailed climate-related data on our portfolios
- ✓ Focus on responsible behaviour at all levels of our business

We also publish a separate Sustainability Report (available at www.kbc.com). To avoid repetition, you will find references to sustainability topics that are addressed in the ‘Sustainability statement’ section and in our Sustainability Report below.

In 2024, KBC was again included in the list of Climate Leaders compiled by the Financial Times. Just ten Belgian companies hold the title of Climate Leader 2024, and KBC is the only Belgian financial institution featured in the list.

The Sustainability Statement is incorporated in a dedicated section of the KBC Group annual report and is not included in the annual report of KBC Insurance.

Aiming to encourage responsible behaviour on the part of all our employees

Our stakeholders’ trust depends entirely on responsible behaviour on the part of every employee. We therefore expect all our employees to behave responsibly, which means this theme comes high on our agenda every year. The basis of responsible behaviour is integrity, which requires honesty, fairness, transparency and confidentiality, as well as a healthy awareness of risk. Integrity and ethical values are also reflected in our ‘Code of Conduct for KBC Group Employees’.

Given the difficulty of defining responsible behaviour, rather than drawing up guidelines for such behaviour we set out the underlying principles. These are presented in the ‘Compass for Responsible Behaviour’ section.

Responsible behaviour is especially relevant for a bank-insurer when it comes to appropriate advice and sales. We pay particular attention, therefore, to training (including testing) and awareness. We developed an online training course to clarify the importance of responsible behaviour and provide a framework to help our employees take difficult decisions when faced with dilemmas. The online training course has also been incorporated into the onboarding programme for new staff. In 2023, a new initiative in the form of a mandatory webinar was launched to raise awareness of responsible behaviour, which had been completed by nearly all our employees at the end of June 2024. An internal website, accessible to all employees, also went live in late 2024. On this website, employees can read which responsible behaviour is expected of them and why, and conveniently search all material available on this topic.

We communicate transparently on our rules and policy guidelines, which are published at www.kbc.com. More information on our Integrity Policy and its application is provided in the ‘Corporate governance statement’ section.

Aiming to enhance our positive impact on society

We want to enhance our positive impact on society to which end we are focusing on areas in which we, as a bank-insurer, can create added value: financial literacy, entrepreneurship, environmental awareness and longevity and/or health.

Environmental awareness

We reduce our direct and indirect ecological footprint through a diverse range of initiatives and objectives.
We develop products and services that can make a positive contribution to the environment.

Financial literacy

We help clients make the right choices through sound and transparent advice, and clear communication.
We improve general public knowledge of financial concepts and products.
We aim to promote financial literacy among young people to enhance their knowledge of more complex financial products such as home loans.

Entrepreneurship

We contribute to economic growth by supporting innovative ideas and projects.

Longevity and health

We focus on longevity in Belgium and the Czech Republic, adapting our range of products and services to the fact that people live longer. We focus on health in Bulgaria, Slovakia and Hungary, developing products, services and projects geared towards improving health, healthcare and quality of life.

Limiting any negative impact we might have on society

We apply strict sustainability rules to our business activities in respect of human rights, the environment, business ethics and sensitive or controversial social themes. In the light of constantly changing societal expectations and concerns, we review our sustainability policies at least every two years.

A complete list and details of our sustainability policies can be found in our Sustainability Report and our Sustainability Framework at www.kbc.com.

We aim to achieve our ambitions within a stringent risk management framework

Risk management is an integral part of our strategy and our decision-making process.

- We perform risk scans to identify all key risks.
- We define our risk appetite in a clear manner.
- We translate that into strict limit tracking per activity and business unit.
- We monitor the risk profile of existing and new products via a product approval process.
- We challenge the results of the periodic planning process via stress tests.
- We have installed independent chief risk officers in all relevant parts of our organisation.

Although the activities of a large financial group are exposed to risks that only become apparent in retrospect, we can currently identify a number of major challenges for our group. These are set out under 'In what environment do we operate?' in the 'Our business model' section. As a bank-insurer, we are also exposed to the typical risks for the sector, which are listed in the following table. A description of each type of risk can be found in the 'How do we manage our risks?' section.

Sector-specific risks	How are we addressing them?
Credit risk	• Existence of a robust management framework • Recording impairment charges, taking risk-mitigating measures, optimising the overall credit risk profile, reporting, stress testing, etc. • Limit systems to manage concentration risk in the loan portfolio, etc.
Market risk in non-trading activities	• Existence of a robust management framework • Basis Point Value (BPV), sensitivity of net interest income, sensitivity per risk type, stress tests, limit tracking for crucial indicators, etc.
Non-financial risk (operational risk, compliance risk, reputational risk, business risk, strategic risk)	• Existence of a robust management framework • Group key controls, risk scans, Key Risk Indicators (KRIs), etc. • Risk scans and monitoring of risk signals • Strict acceptance policy, stress tests, monitoring, etc.
Market risk in trading activities	• Existence of a robust management framework • Historical VaR method, BPV and basis risk limits, 'greeks' and scenario limits for products with options, stress tests, etc.
Liquidity risk	• Existence of a robust management framework • Drawing up and testing emergency plans for managing a liquidity crisis • Liquidity stress tests, management of funding structure, etc.
Technical insurance risks	• Existence of a robust management framework • Underwriting, pricing, claims reserving, reinsurance and claims handling policies, etc.
Climate-related and other ESG risks	• These risks have been integrated into the existing risk management frameworks (see above).

In addition to the comprehensive monitoring of risk indicators (see the 'How do we manage our risks?' section), we monitor our solvency and liquidity performance using a number of ratios, the most important of which are listed in the following table.

Our financial report

- We review the consolidated results and the balance sheet in this section of the annual report. The non-consolidated financial statements and balance sheet can be found in the 'Company annual accounts' section.
- The overall impact on the net result of fluctuations in the exchange rates of the main non-euro currencies was – on balance – limited.
- KBC Insurance and KBC Bank use the same consolidated financial statement and balance sheet layouts as KBC Group, their parent company, reflecting the integrated bank-insurer character of the KBC group.
- For information on significant post-balance-sheet events, see Note 6.8 of the 'Consolidated financial statements'.
- All KBC Insurance shares are owned directly by KBC Group. In the fourth quarter of 2024, KBC Insurance paid KBC Group an interim dividend of 200 million euros.

Consolidated income statement

The *consolidated* income statement of the KBC Insurance group is as follows:

(in millions of EUR)	Note	2024	2023
Net interest income	3.1	417	392
Interest income	*3.1*	*634*	*544*
Interest expense	*3.1*	*- 217*	*- 152*
Insurance revenues before reinsurance	3.6	2 955	2 690
Non-life	3.6	*2 492*	*2 290*
Life	3.6	*463*	*400*
Dividend income	3.2	34	40
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	3.3	- 249	- 207
Net result from financial instruments at fair value through profit or loss	*3.3*	*92*	*106*
Insurance finance income and expense (for insurance contracts issued)	*3.6*	*- 341*	*- 313*
Net fee and commission income	3.4	102	90
Fee and commission income	3.4	*182*	*166*
Fee and commission expense	3.4	*- 80*	*- 76*
Net other income	3.5	88	78
TOTAL INCOME		3 347	3 082
Operating expenses (excluding opex allocated to insurance expenses)	3.7	- 198	- 188
Total Opex without insurance tax	3.7	*- 567*	*- 541*
Total insurance tax	3.7	*- 31*	*- 30*
Minus: Opex allocated to insurance service expenses	3.7	*401*	*382*
Insurance service expenses before reinsurance	3.6	-2 477	-2 123
Insurance commissions paid	*3.6*	*- 509*	*- 463*
Non-Life	3.6	*-2 181*	*-1 872*
Of which Non-life - Claim related expenses	3.6	*-1 416*	*-1 159*
Life	3.6	*- 296*	*- 251*
Net result from reinsurance contracts held	3.6	- 17	- 90
Impairment	3.9	2	- 2
on FA at amortised cost and at FVOCI	3.9	*2*	*- 2*
on goodwill	3.9	*0*	*0*
other	3.9	*- 1*	*- 1*
Share in results of associated companies and joint ventures	3.10	0	0
RESULT BEFORE TAX		657	679
Income tax expense	3.11	- 142	- 152
Net post-tax result from discontinued operations		0	0
RESULT AFTER TAX		515	527
attributable to minority interests		0	0
attributable to equity holders of the parent		**515**	**527**

Net result

The consolidated result of the KBC Insurance group came to 515 million euros in 2024, a slight decline of -2% (-13 million euros) on the previous year, primarily due to a number of (mostly offsetting) results:

- A decrease in the ‘Insurance service result before reinsurance’ of -89 million euros, negatively impacted by an increase in ‘Insurance service expenses’. For more details, see ‘Review of the technical and non-technical results’.
- A 12-million-euro increase in ‘Net fee and commission income’, due in part to higher fee and commission income from investment-linked insurance contracts in Belgium (unit-linked products measured under IFRS 9) and an increase in fee and commission income from non-insurance subsidiaries ADD and UBB Pension Insurance Company.
- An increase in the ‘Net reinsurance result’ of +72 million euros, relating mainly to non-life insurance, owing primarily to an increase in amounts recoverable from the reinsurer (higher storm-related claims and more exceptionally large claims in 2024), partly offset by an increase in reinsurance premiums payable.
- A slight decline in investment income due to a drop in the ‘Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense’ (mostly due to an increase in interest accretion owing to rising average yield curves) and a decrease in dividend income, partly offset by higher net interest income, an increase in net other income and lower impairment (from a net transfer to a net reversal).
- Higher ‘Operating expenses’ due in part to wage indexation and higher ICT and other costs.
  This resulted in an increase in non-directly attributable operating expenses of -17 million euros.
- Lower ‘Income tax expense’ (+10 million euros) due to a lower result before tax.

Review of the technical and non-technical results

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non-technical	Total
2024					
Insurance service result	**168**	***10***	***310***	**—**	**478**
Insurance revenues before reinsurance	*463*	*24*	*2 492*	—	*2 955*
Insurance service expenses	*- 296*	*- 14*	*- 2 181*	—	*- 2 477*
Of which Non-life - Claim related expenses	—	—	*- 1 416*	—	*- 1 416*
Investment result and insurance finance income and expenses	**150**	***2***	***55***	***8***	***213***
Investment result	**446**	***92***	***100***	***8***	***554***
Net interest income	*325*	*0*	*91*	*1*	*417*
Dividend income	*22*	*0*	*4*	*7*	*34*
Net result from financial instruments at fair value through P&L	*92*	*92*	*0*	*0*	*92*
Net other income	*4*	*0*	*4*	*1*	*9*
Impairment	*2*	*0*	*1*	*0*	*2*
Total insurance finance income and expenses before reinsurance	**- 296**	***- 91***	***- 45***	**—**	**- 341**
Interest accretion	*- 204*	—	*- 46*	—	*- 250*
Effect of changes in financial assumptions and foreign exchange differences	*- 2*	*0*	*1*	—	*- 1*
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 91*	*- 91*	—	—	*- 91*
Net insurance and investment result before reinsurance	**317**	***12***	***365***	**8**	**691**
Net result from reinsurance contracts held	**- 4**	**—**	**- 13**	**—**	**- 17**
Premiums paid to the reinsurer	*- 36*	—	*- 121*	—	*- 157*
Commissions received	*9*	—	*11*	—	*20*
Amounts recoverable from reinsurer	*23*	—	*99*	—	*122*
Total (ceded) reinsurance finance income and expense	*0*	—	*- 1*	—	*- 2*
Net insurance and investment result after reinsurance	**313**	***12***	**352**	**8**	**674**
Non-directly attributable income and expenses	**23**	***- 2***	**- 56**	**16**	**- 17**
Net fee and commission income	*75*	*0*	*- 2*	*28*	*102*
Net other income	—	—	—	*80*	*80*
Operating expenses (incl. insurance tax)	*- 53*	*- 2*	*- 54*	*- 91*	*- 198*
Impairment - Other	*0*	*0*	*0*	*0*	*- 1*
Share in results of assoc. comp & joint-ventures	—	—	—	*0*	*0*
Income tax	**—**	**—**	**—**	**- 142**	**- 142**
Result after tax	**336**	***10***	**296**	**- 117**	***515***
Attributable to minority interest	—	—	—	—	*0*
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	***515***

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non-technical	Total
2023					
Insurance service result	**149**	***12***	**418**	**—**	**567**
Insurance revenues before reinsurance	*400*	*25*	2 290	—	2 690
Insurance service expenses	*- 251*	*- 12*	*- 1 872*	—	*- 2 123*
Of which Non-life - Claim related expenses	—	—	*- 1 159*	—	*- 1 159*
Investment result and insurance finance income and expenses	**151**	***0***	**63**	**19**	***233***
Investment result on assets	**434**	***96***	**93**	**19**	**546**
Net interest income	*304*	*0*	87	1	392
Dividend income	*22*	*0*	4	14	40
Net result from financial instruments at fair value through P&L	*100*	*96*	0	6	106
Net other income	*10*	*0*	2	- 3	10
Impairment	*- 1*	*0*	0	0	- 2
Total insurance finance income and expenses before reinsurance	**- 283**	***- 96***	**- 30**	**—**	**- 313**
Interest accretion	*- 186*	—	- 31	—	- 217
Effect of changes in financial assumptions and foreign exchange differences	*- 1*	*0*	1	—	- 1
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 96*	*- 96*	—	—	- 96
Net insurance and investment result before reinsurance	**300**	***12***	**481**	**19**	**800**
Net result from reinsurance contracts held	**- 3**	**—**	**- 87**	**—**	**- 90**
Premiums paid to the reinsurer	*- 30*	—	- 95	—	- 125
Commissions received	*7*	—	10	—	17
Amounts recoverable from reinsurer	*21*	—	0	—	21
Total (ceded) reinsurance finance income and expenses	*0*	—	- 2	—	- 2
Net insurance and investment result after reinsurance	**297**	***12***	**394**	**19**	**710**
Non-directly attributable income and expenses	**11**	***- 1***	**- 50**	**8**	**- 31**
Net fee and commission income	*67*	*0*	- 2	24	90
Net other income	—	—	—	68	68
Operating expenses (incl. insurance tax)	*- 56*	*- 1*	- 48	- 83	- 188
Impairment - Other	*0*	*0*	0	0	- 1
Share in results of assoc. comp & joint-ventures	—	—	—	0	0
Income tax	**—**	**—**	**—**	**- 152**	**- 152**
Result after tax	**308**	***11***	**344**	**- 124**	**527**
Attributable to minority interest	—	—	—	—	0
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	**527**

Results from the non-life insurance business

The 'Result before tax' generated by the non-life insurance business for 2024 (296 million euros) was 14% lower than in 2023 (344 million euros).

In 2024, 'Insurance revenues before reinsurance' totalled 2 492 million euros, an increase of 9% on the year-earlier figure. They grew by +8% in Belgium, by +6% in the Czech Republic, and by +15% in the three other Central and Eastern European markets combined. Sales of non-life insurance stood at 2 547 million euros and rose by 8% year-on-year, with growth in all countries and classes of insurance due to a combination of volume and rate increases.

'Insurance service expenses before reinsurance' came to -2 181 million euros in 2024, a 17% increase on the year-earlier figure.

Of this amount, 'Non-life claim-related expenses' came to -1 416 million euros in 2024, a 22% increase on the previous year. This increase is visible in all markets and is driven partly by higher claims relating to portfolio growth and inflation and also by a strong negative impact in 2024 due to higher storm-related claims, more exceptionally large claims and adjustments made to the parameters of the insurance models. The higher storm-related claims were mainly in the Czech Republic (storm Boris) and Belgium, having an impact of -133 million euros before reinsurance or -72 million euros after reinsurance (-29 million euros and -34 million euros, respectively, in 2023).

The ‘Non-life non-claim-related expenses’ component rose partly due to higher commissions (related to the higher insurance revenues), higher costs and an additional insurance tax in Hungary.

The ‘Result from reinsurance contracts held’ in 2024 was -13 million euros, compared to -87 million euros in 2023. This increase is mainly attributable to higher reinsurance amounts recovered, partly offset by an increase of reinsurance premiums payable.

‘Investment result and insurance finance income and expense’: see below.

Taking into account the higher ‘Insurance revenues’, the strong increase in ‘Insurance service expenses’ and the better ‘Result from reinsurance contracts held’, the combined ratio came to a very favourable 89.7% (an increase of 2.7 percentage points on the 2023 level). The combined ratio in 2024 excluding storm Boris is 88,3%.

Non-life in%	2024	2023
Net claim ratio	58.4%	55.7%
Net cost ratio (vs written premium)	31.3%	31.3%
Net combined ratio	89.7%	87.0%

Results from the life insurance business

At 336 million euros, the ‘Result before tax’ generated by the life insurance business in 2024 was 9% higher than the figure for 2023 (308 million euros).

The insurance service result before reinsurance in 2024 went up by 19 million euros, primarily attributable to Belgium. The higher CSM release and positive experience adjustments were partly offset by a loss component (mainly on investment products due to increased interest rates).

‘Non-directly attributable income and expenses’ rose from 11 million euros in 2023 to 23 million euros in 2024, primarily due to an increase in ‘Net fee and commission income’ and a decrease in ‘Operating expenses’ in Belgium.

‘Investment result and insurance finance income and expense’: see below.

Sales of life insurance products amounted to 2 906 million euros, a 25% increase compared to 2023, mainly on account of unit-linked insurance contracts in Belgium as well as growth in non-unit-linked insurance contracts in Belgium in particular. The share of non-unit-linked and unit-linked products in our total sales of life insurance in 2024 stood at 42% and 51%, respectively, with the rest consisting of hybrid products (mainly in the Czech Republic).

Non-technical result

The non-technical result includes the results from non-insurance subsidiaries, such as VAB and ADD, as these subsidiaries of KBC Insurance cannot be assigned to either the Life or the Non-life business.
Furthermore, the non-technical result also includes the investment income from equity (mainly net interest income from bonds) and income tax.

The non-technical result after tax came to -117 million euros in 2024, a slight improvement from 2023 (-124 million euros).

In 2024, the non-technical result before tax was down slightly (-2 million euros) on the previous year. In 2024, the non-technical result after tax was up slightly (+10 million euros) from 2023 owing to lower taxes.

Investment result

The investment result went up by 8 million euros compared to 2023.

If, however, this is adjusted for the increases in the fair value of investments related to investment-linked insurance contracts measured under IFRS 17 (offset under ‘Insurance finance income and expense’), the investment result rose by +13 million euros.

We have identified the following developments underlying the investment result:

- A +25-million-euro increase in 'Net interest income', primarily on account of higher interest income from bonds (increase in Belgium, decrease in the Czech Republic). This was only partly offset by lower interest income from inflation-linked bonds in Belgium and higher costs on subordinated loans.
- A -6-million-euro decrease in 'Dividend income', due to a one-off dividend received from Agentuur voor brandherverzekering CV in 2023 (+6 million euros).
- The -14-million-euro decrease in the 'Net result from financial instruments at fair value through profit or loss' is mainly attributable to realised foreign exchange results in 2023 (+8 million euros) relating to dividends received in the Czech Republic and Hungary and a decrease in the fair value (-5 million euros) of investments related to investment-linked insurance contracts measured under IFRS 17.
- A +4-million-euro increase in the 'Impairment result' (reversal in 2024 versus provisioning in 2023).

Insurance finance income and expense

Movements in 'Insurance finance income and expense' amounted to -28 million euros year-on-year.

If, however, we adjust this amount for movements in changes in the fair value of insurance liabilities related to investment-linked insurance contracts measured under IFRS 17 (+5 million euros, -91 million euros in 2024 compared to -96 million euros in 2023), we recorded a decline of -33 million euros. This net decline is fully attributable to an increase in 'Interest accretion' (Life -18 million euros / Non-life -15 million euros) as a result of higher average yield curves.

Income tax expense

The income tax expense for 2024 totalled -142 million euros, or 22% on average, similar to its year-earlier level.

Consolidated balance sheet

(in millions of EUR)	Note	31-12-2024	31-12-2023
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions	-	422	535
Financial assets	4.0	36 429	33 825
Amortised cost	*4.0*	*6 146*	*6 174*
Fair value through OCI	*4.0*	*13 568*	*13 238*
Fair value through profit or loss	*4.0*	*16 675*	*14 374*
of which held for trading	*4.0*	*16*	*21*
Hedging derivatives	*4.0*	*40*	*38*
Reinsurers' contract assets held	5.6	119	64
Profit/loss on positions in portfolios hedged for interest rate risk	-	0	0
Tax assets	5.2	62	80
Current tax assets	*5.2*	*22*	*42*
Deferred tax assets	*5.2*	*39*	*38*
Non-current assets held for sale and disposal groups		0	0
Investments in associated companies and joint ventures	5.3	0	0
Property, equipment and investment property	5.4	302	308
Goodwill and other intangible assets	5.5	245	230
Other assets	5.1	347	297
TOTAL ASSETS		37 926	35 338
LIABILITIES AND EQUITY			
Financial liabilities	4.0	16 420	14 216
Amortised cost	*4.0*	*753*	*775*
Fair value through profit or loss	*4.0*	*15 647*	*13 434*
of which held for trading	*4.0*	*3*	*2*
Hedging derivatives	*4.0*	*20*	*7*
Insurance contract liabilities	5.6	17 113	16 786
Non-life	*5.6*	*3 188*	*2 924*
Life	*5.6*	*13 925*	*13 862*
Profit/loss on positions in portfolios hedged for interest rate risk	-	0	0
Tax liabilities	5.2	284	304
Current tax liabilities	*5.2*	*11*	*4*
Deferred tax liabilities	*5.2*	*273*	*300*
Liabilities associated with disposal groups		0	0
Provisions for risks and charges	5.7	3	3
Other liabilities	5.8	776	728
TOTAL LIABILITIES		34 595	32 037
Total equity	5.10	3 331	3 302
Parent shareholders' equity	5.10	3 331	3 302
Minority interests	-	0	0
TOTAL LIABILITIES AND EQUITY		37 926	35 338

At the end of 2024, the consolidated total assets of KBC Insurance came to 37 926 million euros, up 7% (or 2 588 million euros) year-on-year, due mainly to an increase in financial liabilities (including investments related to unit-linked products measured under IFRS 9) and an increase in ‘Insurance contract liabilities’ and ‘Total equity’. There was an increase in the securities portfolio (including investments related to unit-linked products) on the assets side.

Investments related to unit-linked products and the securities portfolio (bonds and shares) made up almost 94% of the financial assets.

Securities portfolio (excluding investments related to unit-linked products and held for trading)

(In millions of EUR)	31-12-2024	31-12-2023
Bonds	16 072	15 657
Of which FVOCI	12 064	11 759
Of which amortised cost	3 940	3 884
Of which FVPL	68	14
Shares	1 506	1 488
Of which FVOCI	1 504	1 479
Of which FVPL	3	9
Total	17 578	17 145
Bonds %	91%	91%
Shares %	9%	9%

The securities portfolio (excluding investments related to unit-linked products) went up by 433 million euros year-on-year, owing mainly to OCI and driven partly by the purchase of new bonds and an increase in the market value of shares. Most of the securities portfolio remains invested in bonds.

Insurance liabilities and financial liabilities for unit-linked products

Total life insurance liabilities and financial liabilities for unit-linked products were up 8% (or 2 273 million euros), as a result of:

- An increase in financial liabilities related to investment-linked insurance contracts in Belgium (unit-linked investment products measured under IFRS 9) of 16% (or 2 210 million euros) due to an increase in the market value of the portfolio and higher net production in Belgium.
- A slight increase in life insurance liabilities measured under IFRS 17 of 0.5% (or 63 million euros), partly due to an increase in the contractual service margin and risk margin in Belgium, and strong sales in Bulgaria. This was partly offset by a decrease in investment-linked insurance contracts measured under IFRS 17 in the Czech Republic, mainly on account of a large number of contracts coming at maturity.

Non-life insurance liabilities rose by almost 9% (or 264 million euros), reflecting the increase in non-life insurance premiums and a higher claims provision, slightly reinforced by an increase in liabilities for individual Guaranteed Income and Hospitalisation insurance contracts in Belgium.

(In millions of EUR)	31-12-2024	31-12-2023
Life insurance	29 596	27 323
Insurance contract liabilities (IFRS 17)	13 925	13 862
Liablities under investment contracts (IFRS 9)	15 671	13 461
Non-life insurance	3 188	2 924
Total insurance related liabilities (including investment contracts)	32 784	30 247

Equity

Consolidated equity increased by 29 million euros, with a number of items offsetting each other, as shown in the table below.

(In millions of EUR)	31-12-2024
Total	29
Share of the group in profit for the period	515
Dividends paid	- 433
Unrealized gains and losses	- 52

These items were:

- The group's share (+515 million euros) in the result for the financial year.
- A distribution of the final dividend of 233 million euros for the previous financial year and an interim dividend of 200 million euros for 2024.

- A -52-million-euro decrease in the revaluation reserves, with the movements relating primarily to the decrease in 'Insurance finance income and expense in OCI' (-166 million euros) and the 'Revaluation reserve (FVOCI debt instruments)' (-49 million euros), only partly offset by an increase in the 'Revaluation reserve (FVOCI equity instruments)' (+168 million euros).

A detailed overview of changes in equity is provided under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section.

Solvency (according to Solvency II)

(In millions of EUR)	31-12-2024	31-12-2023
Available capital	4 392	4 130
Solvency Capital Requirement (SCR)	2 196	2 005
Solvency II ratio	200%	206%
Solvency surplus	2 196	2 125

The solvency ratio stood at 200%, down 6% on the 2023 level.

The 191-million-euro increase in the amount of capital required was proportionally larger than the 262-million-euro increase in the amount of capital available, leading to an increase in the capital buffer of 71 million euros but the solvency ratio nevertheless declined.

This was mainly the result of:

- An increase in bond spreads, causing the fair value of assets to fall more sharply than the fair value of liabilities (even when taking into account the offsetting impact of the volatility adjustment). Consequently, the rising bond spreads led to a decrease in the solvency ratio on balance.
- Rising stock markets (the MSCI World Index was up 27%). This increase led to more capital being available, as it resulted in a higher valuation of the shares held in portfolio. However, the amount of capital required rose even more, relatively speaking (due to the symmetric adjustment mechanism, which increases the SII stress to be applied to equity), as a result of which the rising stock markets brought the solvency ratio down in practice.
- A fall in short-term interest rates in 2024 caused the fair value of assets to rise more than liabilities (since assets have a lower average maturity than liabilities), which translated into an increase in the amount of capital available. This positive impact on the solvency ratio was more than offset by the increase in the amount of capital required due to higher capital requirements driven by changes in expense risk and early termination risk.
- The above negative effects on the solvency ratio were partly offset by an increase in the amount of capital available relating to the IFRS result after deduction of the foreseeable dividend.

Appropriation of the results of KBC Insurance NV for 2024

The result available for appropriation came to +317 million euros for financial year 2024 (based on the company annual accounts). The Board of Directors will propose to the General Meeting that 291 million euros be paid out as dividend and 2.8 million euros be paid out as an employee profit-sharing bonus. An interim dividend of 200 million euros was already paid out in the fourth quarter of 2024.

Circumstances that could significantly affect the company's development

Conducting insurance business involves typical risks such as credit risk, market risk, liquidity risk, insurance technical risks and operating risk. Managing those risks is one of management's key tasks. For more information on managing risk, see the 'Risk management' section.

Research & development

We must continue to respond as a group to the shifting needs of our clients and to constantly changing market conditions. The commercial relationship with our clients is increasingly shaped by a strict legal framework that aims to protect them and defend their interests. Compliance with these rules is naturally the minimum requirement. However, trust in KBC will be determined chiefly by client experience and how they perceive KBC's service.

Research and development have been performed at a variety of group companies as part of a programme to develop new and innovative financial products and services. Over the past few years, we have launched numerous successful mobile and other innovative apps.

Additional information

Information on financial instruments, hedge accounting and the use thereof is provided in the 'Consolidated financial statements' section (Notes 1.2, 3.3, and 4.0 among others) and in the 'Risk management' section.

How do we manage our risks?

KBC Insurance is subject to a number of industry-specific risks including interest and exchange rate risk, liquidity risk, insurance underwriting risk, credit risk, operational risk and other non-financial risks. ESG-related risks are not considered in isolation but identified as key risks which manifest themselves through these risk areas. Furthermore, integrated risks occur when the aforementioned risks accumulate and possibly reinforce each other. Continuous and holistic risk management is in place to actively identify, manage and assess the material risks KBC is exposed to. This section outlines our risk governance model and the most significant risks we encounter and how these are managed. More detailed information is available in the KBC Risk Report.

More detailed information can be found in the Solvency and Financial Condition Report (SFCR), that will be available end of April 2025 and in KBC's Risk Report, which is available at www.kbc.com (the risk report has not been audited by the statutory auditor).

Our statutory auditors have audited the information in this section that forms part of the IFRS financial statements.

This information is marked with Audited

Introduction

Sound risk management is the result of a strong risk culture, adequate resources (sufficient and skilled people, data and tooling), an effective organisation and a qualitative design and implementation of strict governance and effective risk management processes, which are aligned to and transform in sync with the external context, the KBC business model and its various activities, processes and so on.

KBC and the financial sector as a whole operate in a rapidly changing environment characterised by volatility, uncertainty, complexity and ambiguity:

- The financial industry is undergoing a major transition, with the digital transformation bringing new opportunities (e.g., the opportunity to embed artificial intelligence (AI), big data analysis and automation technologies in our operations to make our interactions with our clients instant, straight-through and friction-free) and challenges (including in the areas of cyber risk, ethical AI and new digital competitors).
- At the same time, the financial sector plays a crucial role in the transition to a greener and more sustainable economy: financial institutions not only need to reflect on their own activities, taking into account all new regulations, but also have a crucial role in helping their clients to make the transition towards a more sustainable world.
- On top of this, the industry continues to face major macroeconomic, financial and geopolitical challenges and instability, whereas regulatory and supervisory pressure and uncertainty continue to be extremely challenging.

KBC responds to these key challenges with its data-driven digital strategy, aiming to create ecosystems that help our clients to save time and money by combining financial and non-financial services, and with its ambition to contribute to a more sustainable world.

The risk, compliance and actuarial functions (which together form the ‘CRO Services’) support KBC in achieving these strategic objectives, contribute to its resilience and agility, provide management and the Board with insights supporting risk-conscious decision-making and inform them about the risks KBC is facing. Priorities for risk management are defined in the KBC Risk Strategy. This strategy finds its origin in the KBC Risk Appetite, the Corporate Strategy and the Pearl Culture, and sets the bar for risk management throughout KBC. To remain in sync with the changing business environment and the KBC Corporate Strategy, the risk, compliance and actuarial functions regularly assess and update their strategy, considering all relevant elements (e.g., top risks), including the ‘external supervisory view’ and upcoming regulatory changes. In this way, we continuously adapt and further strengthen KBC’s Risk Management Framework and its underlying risk management processes.

KBC has a strong corporate culture which guides the actions of our KBC colleagues in all their activities and which is also reflected in the way risks are managed and decided on throughout the entire organisation. The vision of KBC’s Risk Management is to put risk in the hearts and minds of all staff to help KBC create sustainable growth and earn its clients’ trust. To maintain and grow trust, it is important that we behave responsibly in everything we do, across all layers of the organisation. This means that the mindset of all KBC staff should extend beyond regulations and compliance. These aspects are captured via the ‘risk culture’, which encompasses the collective mindset and the shared set of norms, attitudes and values that shape the everyday behaviour of our employees in terms of awareness, management and control of risks. The strong risk culture is reflected, for example, by business proposals which include a thorough assessment of the risks involved, and by the thoughtful consideration in the decision-making process of the challenge and opinions on these proposals, made by the risk function.

The strategy of the risk, compliance and actuarial functions is based on three key pillars:

- Support the business: we support, advise and challenge the business both in its everyday activities (‘business as usual’) and in its transformation, aiming to help it keep KBC’s control environment up to standards and respect KBC’s risk appetite at all times.
- Transform ourselves: in sync with the KBC Corporate Strategy and business we become more digital, data-driven and straight-through. By being more efficient and effective in our business-as-usual processes, we create room to develop approaches for new risks. Moreover, we extend and improve our risk and compliance framework for an increasingly digital, interconnected and sustainable future.
- People: we attract and nurture talent, building an engaged workforce of the future as an enabler of transformation and the execution of our business as usual. We ensure that our people have a clear view of KBC’s strategic direction, how KBC’s transformation impacts their job and how they contribute to KBC’s strategy.

Managing risks in 2024

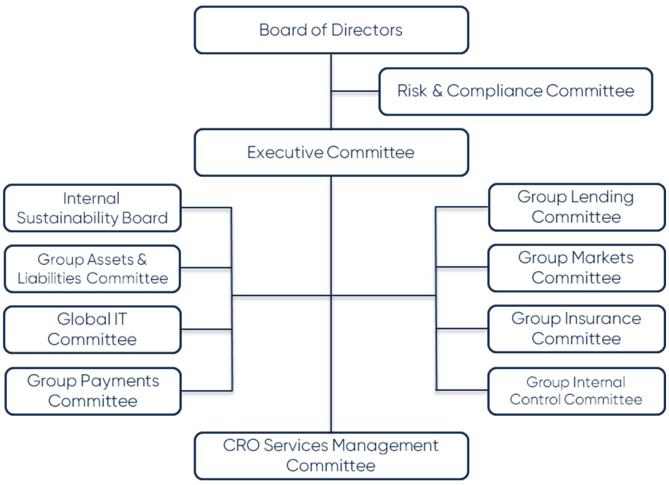
In 2024, geopolitical risks increased further, as evidenced by the continuing Russia-Ukraine conflict, the conflict in Gaza/Israel and the Middle East, tensions between the US and China, etc. Furthermore, a significant number of elections, including in the US, added to the geopolitical uncertainty. These events put additional pressure on economic competitiveness in Europe, causing significant challenges for the economy and financial markets in general, and for the financial sector in particular (including in the areas of market risk, liquidity risk, credit risk and operational risk).

Regulatory developments (including in relation to capital requirements, operational resilience and the new DORA requirements regarding third parties, anti-money laundering regulations, GDPR and ESG) also remained a dominant theme for the sector, as did enhanced consumer protection. Digitalisation (with technology, including AI, as a catalyst) presents both opportunities and threats to the business model of traditional financial institutions. More specifically, cyber risks (reinforced by the use of AI and deepfake technologies) have become one of the main threats over the past few years and are fuelled by international conflicts, such as the war in Ukraine.

Lastly, climate and environmental-related risks are becoming increasingly prevalent. This was evidenced by storm Boris, which caused abundant rainfall for several days in September, leading to severe floods in Central and Eastern Europe. The damage in KBC home countries was the largest in the Czech Republic, but Slovakia and – albeit to a lesser extent – Hungary were also hit. For KBC, the financial consequences were predominantly linked to its insurance activities. KBC is fully aware of the risks posed by the possible effects of environmental change on its business model and continues to assess this (see the Sustainability Statement in this report and the KBC Risk Report 2024).

Risk governance Audited

Our risk governance model includes the following main elements:



- The Board of Directors (Board), supported by the Risk & Compliance Committee, decides on the risk appetite – defining the group's overall risk playing field and the risk strategy – and supervises KBC's risk exposure in relation to this risk appetite. It is also accountable for having robust governance arrangements in place to ensure that all material risks of KBC Group are managed appropriately and for promoting a sound, consistent group-wide risk culture.
- The Risk & Compliance Committee (RCC) is an advisory committee that advises on topics for which the Board is accountable, such as the group's risk appetite, the monitoring of risk exposure compared to the group's risk appetite and the supervision of the implementation, efficiency and effectiveness of the Enterprise Risk Management Framework.
- The Executive Committee (ExCo) is the management committee responsible for integrating risk management, operating in alignment with decisions taken by the Board related to risk appetite, strategy, and performance goals.
- The ExCo is supported by the CRO Services Management Committee (CRO Services MC), risk committees (right-hand side of the figure) and business committees (left-hand side of the figure).

We manage our risks using the 'Three Lines of Defence' model:

- Risk-aware business people act as the first Line of Defence for conducting sound risk management. This involves allocating sufficient priority and capacity to risk topics, performing the right controls in the right manner and making sure that the risk self-assessment of the business side is of a sufficiently high standard.
- In line with regulations, independent control functions, at both group and local level, act as (part of) the second Line of Defence:
    1. The risk function develops, imposes and monitors consistent implementation of the Enterprise Risk Management Framework, describing the processes, methods and approaches to identify, measure and report on risks and to define the risk appetite. To strengthen the voice of the risk function and to ensure that the decision-making bodies of the business entities are appropriately challenged on matters of risk management and receive expert advice, KBC has deployed independent Chief Risk Officers (CROs) throughout the group. Risk departments at group (Group Risk, Group Credit Risk Directorate and Model & Model Risk Management Division) and local level (present in the main entities in our home countries) support the CROs and work closely together. Close collaboration with the business is assured since the independent CROs are present in management committees and take part in the local decision-making process, while their independence is achieved through a functional reporting line to the Group CRO. If necessary, they can exercise a right of veto.
    2. The compliance function's prime objective is to prevent KBC from running a compliance risk (i.e. incurring loss or damage – regardless of its nature – due to non-compliance with applicable laws, regulations or internal rules) that falls either within the scope of the compliance function or within the areas assigned to it by the ExCo (as described in the Integrity Charter). The compliance function is characterised by its specific status (as provided for by law and regulations and described in the Compliance Charter), its place in the organisation chart (Group Compliance, hierarchically under the CRO) and the associated reporting lines (reporting to the RCC and even to the Board in certain cases).
    3. The actuarial function ensures additional quality control by providing expert technical actuarial advice to the supervisory body, the RCC and the executive body of KBC Group, of KBC Insurance and all reinsurance and insurance entities within the group. Such advice covers the calculation of the technical provisions for insurance liabilities, the reinsurance policy and underwriting risk. As described in the 'Actuarial Function Charter', in order to safeguard independence, the actuarial function holder reports functionally to the Group CRO.

- Internal audit acts as the third Line of Defence. It is responsible for giving reasonable assurance to the Board that the overall internal control environment is effective, and that effective policies and processes are in place and applied consistently throughout the group.

More information on risk management can be found in our Risk Report, which is available at www.kbc.com.

Components of a sound risk management

Risk management refers to the coordinated set of activities to proactively identify and manage the risks that KBC faces. It helps KBC to achieve its objectives and to realise its strategy.

The KBC Enterprise Risk Management Framework (ERMF), approved by the Board, defines the risk governance, including the Three Lines of Defence, and sets clear rules and procedures on how risk management should be performed throughout the group. It refers to a set of minimum standards and risk methods, processes and tools that must be translated into all risk-type-specific Risk Management Frameworks (RMFs) and that all entities must adhere to. The ERMF and risk-type-specific RMFs not only detail how KBC manages risks in business as usual, but also in times of change (small and big transformations) and crisis situations, up to the most stressful situations (like recovery and resolution). They also aim to keep KBC compliant with regulatory requirements. Moreover, they cover risks originating from KBC's own operations as well as from the value chain (e.g., the provision of products and services to clients, and outsourcing activities).

In order to continuously safeguard their relevance, the ERMF and risk-type-specific RMFs are annually reviewed, in addition to a formal annual assessment of the quality of their implementation. In our risk taxonomy, environmental, social and governance risks are identified as key risks related to KBC's business environment which manifest themselves through (all) other traditional risk areas, such as credit risk, technical insurance risk, market risk, operational and reputational risk. As such, ESG is not considered in isolation, but firmly embedded in all aspects and areas of KBC's ERMF and underlying processes. For more information on how ESG risk management is performed, we refer to the Sustainability Statement in Annual Report of KBC Group and to the KBC Risk Report 2024.

The risk management process consists of risk identification, risk measurement, setting and cascading risk appetite, risk analysis, reporting, response and follow-up.

Risk identification

Risk identification is the process of systematically and proactively discovering, assessing and describing risks, both within and outside KBC, that could negatively impact the group's strategic objectives today and in the future. Not only the sources of risk are analysed, but also their potential consequences and – in a later step – materiality.

For the purpose of risk identification, KBC has set up robust and solid processes, at both the strategic and operational level, to uncover all material risks to which KBC is exposed. These include:

- The Risk Scan, which is a strategic group-wide exercise aimed at identifying and assessing the top risks for KBC, i.e. the risks that keep managers 'awake at night' because they can severely undermine KBC's business model, financial stability and long-term sustainability. The identified top risks are inputs for the yearly financial planning process and for several risk management exercises, including for defining the priorities of the risk function, risk appetite setting and stress testing.
- The New and Active Products Process (NAPP), which is a group-wide, formalised process to identify and mitigate product-related risks, both for KBC and for its clients. Within the group, no products, client-facing processes or services can be created, purchased, changed or sold without approval in line with NAPP governance. The risk department also conducts periodic assessments of the impact of the expanded and/or updated product and service offering on the group's risk profile.
- Risk signals, which are continuously collected at all levels of the organisation (group and local). The internal and external environments are constantly scanned, using all possible sources of information, to detect events or changes that can potentially impact the group, either directly or indirectly. Risk signal reporting provides management with a summary of the identified risks, their potential impact and possible remedial actions.
- Deep dives and challenges (e.g., in-depth or case studies, detailed risk assessments, ethical hacking, etc.) are performed to gain additional insights into the risk profile or into potential (future) vulnerabilities for KBC and/or to test the strength and maturity of the control environment (i.e. a check on whether the risk requirements and controls imposed by the ERMF are properly implemented).

Risk measurement

KBC defines risk measurement as 'the action to come to a quantitative expression of a risk, or a combination of risks, on a portfolio of instruments/exposures by applying a model or methodology'. Once risks have been identified, certain attributes of the risk can be assessed, such as impact, probability of occurrence, size of exposure, etc. This is done with the help of risk measures, which allow us to assess the materiality of risks, to monitor them over time (with a frequency that is appropriate for the risk type) and to assess the impact of risk management actions.

Risk measures (including the calculation method used) are designed to measure a specific risk or multiple risks at the same time and can be either internally developed or imposed by the regulator. An overview of the extensive set of risk measures in use in KBC (both regulatory and internally defined) is provided in the ERMF and risk-type-specific frameworks.

In order to ensure that risk measures are and remain fit for use and are of high quality, they are subject to strict and robust processes, including adequate documentation and strong governance. Regular reviews and the use of the 'four-eyes principle', including independent internal validation where appropriate, further enhance the accuracy and reliability of these risk measures. All requirements that relate to these processes are documented in the KBC Risk Measurement Standards (RMS).

Setting & cascading risk appetite

Taking and transforming risks is an integral part – and hence an inevitable consequence of – the business of a financial institution. Therefore, KBC does not aim to eliminate all the risks involved (risk avoidance) but instead seeks to identify, control and manage them in order to make optimal use of its available capital (i.e. risk-taking as a means of creating value).

KBC's tolerance for risk is captured via its 'risk appetite'. This risk appetite expresses – both qualitatively and quantitatively – how much and which types of risk we want to take and within which boundaries they should be managed. The ability to accept risk is limited by financial constraints (available capital and liquidity buffers, borrowing capacity, etc.), non-financial constraints (strategic ability, skills, legal constraints, etc.) and regulatory restrictions (e.g., regulatory floors on capital and liquidity ratios). The willingness to accept risk depends on the interests of the various stakeholders. A key component in defining risk appetite is therefore an understanding of the expectations of the organisation's key stakeholders.

Risk appetite is made explicit via the 'risk appetite statement' (RAS), which is decided at both group and local level. The RAS reflects the view of the Board and the ExCo on the acceptable level and composition of risks, ensuring coherence with the desired return and allowing the group to implement its corporate strategy within a clear risk playing field. The high-level risk appetite objectives, which are annually reviewed and reconfirmed by the Board, are further detailed for each separate risk type via qualitative and quantitative statements and via a risk appetite label, which can be Low, Medium or High. The long-term risk appetite is monitored based on a set of risk measures for which risk thresholds are defined. Lastly, risk appetite is translated into risk-type-specific group limits/targets (annually approved by the Board), which are further cascaded down to the entities (annually approved by the ExCo).

As the risk appetite defines the playing field for the business, the risk appetite process is firmly embedded in the financial planning cycle. The Board annually approves the preliminary risk appetite as input into the planning cycle. The financial planning is approved by the Board after a final check has been performed to determine whether the preliminary risk appetite is respected throughout the planning horizon. To ensure that the risk profile remains within the risk appetite when executing the financial plan, the risk appetite is translated into concrete early warning levels and limits. Furthermore, for some indicators, we also set recovery and which, if breached, trigger the activation of the Recovery Plan.

Risk analysis, reporting & follow-up

Risk analysis and reporting aim to give management an increased level of transparency by ensuring a comprehensive, forward-looking and ex-post view of the development of the risk profile versus the risk appetite and of the context in which KBC operates.

This is done via reports that are tailored to the needs of the recipients and recognise the different information needs of the Board, the RCC, the ExCo, top management and other levels of the organisation, helping them to understand the potential issues and to take the relevant actions. In addition to internal reporting, external reports are also prepared for the different stakeholders of KBC, in particular clients, shareholders, debt holders, supervisory authorities, regulators and rating agencies.

The ExCo, the RCC and the Board receive periodic and ad hoc updates on KBC's risk landscape through comprehensive internal risk reporting. This includes the 'Integrated Risk Report' (IRR), which is submitted to these committees eight times per year. This holistic risk report consists of risk signals considered material for the group, allowing us to take timely action if and as needed, and of an overview, for all risk types, of the development of various risk measures versus the risk appetite via the 'health check' dashboard. The IRR is complemented with ad hoc reporting when required. For instance, at least twice a year, it is supplemented with a detailed climate risk dashboard and an information risk management dashboard.

The main external reports to the supervisory authority include the ICAAP (Internal Capital Adequacy Assessment Process), ILAAP (Internal Liquidity Adequacy Assessment Process), and ORSA (Own Risk and Solvency Assessment) reports. These provide a holistic and substantiated underpinning of the opinion of the Board and the ExCo on the adequacy of KBC's capital and liquidity. For this purpose, we have internal economic capital models in place to complement the existing regulatory capital models. These allow us to assess our capital adequacy from an internal perspective, in addition to the regulatory perspective. These reports are complemented by an annual FICO (Financial Conglomerate) report which zooms in on additional risks that could be triggered by KBC being a Financial Conglomerate and on their mitigation. In the context of crisis management regulation, the Recovery Plan KBC Insurance is created to prepare the possible responses in case of (strong) adverse financial circumstances and to allow KBC to act more rapidly and effectively in a crisis situation.

Stress testing

Stress testing is an important tool to support our risk management and decision-making processes by simulating the potential negative impact of specific events and/or movements in risk factors on KBC's (financial) condition, so that we can better prepare for these situations or adjust our risk exposure proactively.

For this purpose, KBC has developed a comprehensive set of stress tests, ranging from plausible to exceptional and even extreme events or scenarios, both at the level of individual risk types and across risk types (integrated stress tests). Integrated stress testing is an important tool to assess to what extent KBC's capital is adequate to cover its risks, whether profit generation is sustainable, etc., under various conditions. It complements stress testing per risk type as it looks at the interaction and combined impact of stress across multiple risk types, including interaction and feedback loops between stresses on financial indicators. The stress testing mix reflects an appropriate balance of different severities of stress, stress testing methodologies, etc., both at integrated and risk-type-specific level. It is kept relevant and up to date via a yearly review.

The outcome of some of the main integrated stress tests is used in important risk management processes and reporting, including ICAAP, ILAAP and ORSA, and recovery and resolution planning. As part of the annual ICAAP, ILAAP and ORSA processes, KBC simulates a once-in-20-years stress event to check and demonstrate that it is able to meet the regulatory capital and liquidity requirements and internal risk appetite targets even under such stressed conditions. Stress tests designed in the context of recovery planning are even more severe and bring KBC to the brink of default. In such scenarios, KBC needs to demonstrate its recovery capacity (in terms of both depth and speed of capital-increasing and risk-reducing actions).

On top of stress testing performed on KBC's own initiative (at group and/or local level), the regulator and supervisory authority can also impose stress tests (e.g., biannual EBA Stress Test, annual EIOPA stress tests, ECB cyber stress test).

Technical insurance risk Audited

Specific information on the insurance activities is provided in Note 3.6 and 5.6 of the 'Consolidated financial statements' section.

Managing technical insurance risk

Technical insurance risk is the risk of loss due to (re)insurance liabilities or of adverse developments in the value of (re)insurance liabilities related to non-life, life and health (re)insurance contracts, stemming from uncertainty about the frequency and severity of losses.

In the area of technical insurance risk, the ExCo is supported by the Group Insurance Committee (GIC), which monitors risks and capital regarding the (re)insurance activities. The governance, rules and procedures on how technical insurance risk management should be performed throughout the group are outlined in the Technical Insurance Risk Management Framework. Its implementation is monitored by Group Risk and its Technical Insurance Risk Competence Centre. The Competence Centre is responsible for providing support for local implementation and for the functional direction of the insurance risk management processes of the insurance subsidiaries. The actuarial function helps to ensure continuous compliance with the requirements regarding the calculation of technical provisions and the risks arising from this calculation and assesses the reinsurance policy and underwriting risk.

The building blocks for managing technical insurance risk

- **Risk identification**: all risk identification exercises described in the 'Components of sound risk management' section apply to the technical insurance risk management context (such as the Risk Scan, the NAPP and the collection of risk signals). Furthermore, special attention is paid to the adequacy of the technical provisions. Part of the risk identification process consists of reliably classifying all insurance risks that may be triggered by (re)insurance contracts. Under the Solvency II directive, insurance activities are split up into three main categories, namely Life, Non-life and Health, each sub-divided into catastrophe and non-catastrophe risks.
- **Risk measurement**: technical insurance risk is measured by means of both regulatory measures, such as Solvency Capital Requirement (SCR) and Best Estimate valuation of insurance liabilities, and internal measures on, for example, economic profitability of insurance portfolios and Non-life capital requirements based on internal stochastic models. These measures of insurance risk are used consistently throughout the group.
- **Setting and cascading risk appetite**: the risk appetite for technical insurance risk is set at low and is overseen by the GIC, where the defined limits are reviewed and reported. The insurance risk limits are determined and set at group level and further cascaded to the local entities. The necessary compliance checks are conducted.
- **Risk analysis, reporting, response and follow-up**: regular reporting and follow-up of the risk measurements is presented in the Insurance Integrated Risk Report, which is submitted to the Group Insurance Committee on a quarterly basis. In addition, relevant risk signals are reported on a regular basis as part of the regular (Insurance) Integrated Risk Report.
- **Stress testing**: internal and externally driven (regulatory) stress tests and sensitivity analyses are performed and the outcome of these tests is reported in the annual Own Risk and Solvency Assessment report (ORSA) and other reports (such as the Regular Supervisory Report (RSR) and the Insurance Integrated Risk Report).

Reinsurance

The insurance portfolios are protected against the impact of large claims or the accumulation of losses by limits per policy, diversification of the portfolio across product lines and geographical regions, and reinsurance.

Reinsurance programmes can be divided into three main groups, i.e. property insurance, liability insurance and personal insurance. Most of the reinsurance contracts are concluded on a non-proportional basis, which provides specific cover against the impact of large loss events.

The independent insurance risk function is responsible for:
- advising on the restructuring of the reinsurance programme during the annual negotiations;
- informing management on a quarterly basis of the top natural catastrophe claims and how these were managed and mitigated;
- conducting ad hoc analyses/deep dives following risk signals or management requests to analyse possible trends in catastrophe events.

Actuarial function

The Solvency II regulatory framework requires an actuarial function to be installed as one of the independent control functions (in addition to the risk management, compliance and internal audit functions) at the level of each insurance entity and at insurance group level. An actuarial function holder is appointed to take charge of the actuarial function's activities. Basically, the task of such a function is to ensure that the company's Board of Directors or Supervisory Board is fully informed of technical actuarial topics in an independent manner.

The main tasks of the actuarial function are to:

- ensure the appropriateness of the methodologies and underlying models used, as well as the assumptions made, in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk management, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

Sensitivity to parameters underlying the IFRS 17 valuation of insurance liabilities

The table gives an overview of the sensitivity of IFRS 17 insurance liabilities to a change at the reporting date of a selection of parameters which are used in the calculation of the IFRS 17 fulfilment cashflows. Liabilities on the balance sheet which are in scope of IFRS 9 reporting, mainly unit-linked liabilities, are not included in the sensitivity reporting below. The impact is reported before reinsurance, given the small impact which the reinsurance has on the sensitivities.

				31-12-2024				31-12-2023
Sensitivity (in millions of EUR)	Discounted Fulfilment Cashflows	Contractual Service Margin	Result before tax	Equity: OCI before tax	Discounted Fulfilment Cashflows	Contractual Service Margin	Result before tax	Equity: OCI before tax
Life insurance: balance	**11 782**	**2 143**			**11 745**	**2 117**		
Impact of:								
Mortality rates: +1%	6	-4	-0	-1	5	-3		-2
Mortality rates: -1%	-6	5	-0	1	-5	3		2
Morbidity rates: +1%	6	-6	-1	1	6	-6		1
Morbidity rates: -1%	-6	7	0	-1	-6	6		-1
Expenses: +5%	55	-57	-7	9	49	-54	-3	9
Expenses: -5%	-55	57	6	-9	-49	53	3	-9
Lapse rate: +10%	58	5	3	-66	55	50	7	-112
Lapse rate: -10%	-60	-5	-4	69	-58	-52	-6	116
Non-Life insurance: balance	**2 444**				**2 238**			
Impact of:								
Unpaid claims & expenses: +5%	122		-125	3	111		-116	5
Unpaid claims & expenses: -5%	-122		125	-3	-111		116	-5

Comparison of IFRS 17 carrying amount and amounts payable for life insurance contracts

In this table the amounts 'payable on demand' for Life insurance contracts measured under IFRS 17 are set off against the carrying amount of those contracts. The carrying amount is defined as the sum of the present value of future cashflows of those contracts increased by the risk adjustment and the contractual service margin. 'Amounts payable on demand' is the amount to which policyholders are contractually entitled if they were to surrender their contracts on the reporting date, before deduction of the surrender fees.

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			31-12-2024			31-12-2023
Life insurance (in millions of EUR)	Amounts payable on demand	Carrying amount insurance liabilities	Difference	Amounts payable on demand	Carrying amount insurance liabilities	Difference
Unit-linked (IFRS 17)	808	842	34	788	811	24
Non unit-linked	11 866	12 099	232	12 825	12 804	-21
Hybrid contracts	1 165	985	-180	233	246	13
Total	13 839	13 925	87	13 846	13 862	16

Sensitivity of the IFRS 17 valuation of insurance liabilities to a change in discount curve

The table shows the sensitivity to a 30-bp parallel shift up and down of the discount curve.

Sensitivity (in millions of EUR)	Fulfilment Cashflows	Contractual Service Margin	Result before tax	Equity: OCI before tax 31-12-2024	Fulfilment Cashflows	Contractual Service Margin	Result before tax	Equity: OCI before tax 31-12-2023
Life insurance:								
Assets: balance	14 729				14 466			
Impact of Discount rate: +0.30%	-230		4	-234	-220		2	-222
Impact of Discount rate: -0.30%	239		-4	242	228		-2	230
Insurance liabilities (excl. unit-linked) : balance	11 782	2 143			11 745	2 117		
Impact of Discount rate: +0.30%	-334	6	-0	328	-306	5	1	300
Impact of Discount rate: -0.30%	364	-7	1	-358	354	-6	-0	-348
Combined effect								
Impact of Discount rate: +0.30%	104	-6	3	95	86	5	3	78
Impact of Discount rate: -0.30%	-126	7	-3	-116	-126	-6	-2	-118
Non-Life insurance:								
Assets: balance	4 204				4 152			
Impact of Discount rate: +0.30%	-13			-13	-12			-12
Impact of Discount rate: -0.30%	13			13	12			12
Insurance liabilities incurred claims: balance	2 444				2 238			
Impact of Discount rate: +0.30%	-36		0	35	-31		0	31
Impact of Discount rate: -0.30%	38		-0	-37	31		-0	-31
Combined effect								
Impact of Discount rate: +0.30%	23		0	23	19		0	19
Impact of Discount rate: -0.30%	-25		-0	-24	-19		-0	-19

Non-life claims development

The table below provides a disclosure about claims development (the Non-life Building Block Approach is excluded because of immateriality). For each accident year, this table shows a yearly follow-up of the total claim charge throughout the years following the year in which the claims occurred. The estimate of the future cashflows is obtained by subtracting for each accident year the amounts that have already been paid from the total estimated claims charge of that year. As IFRS 17-compliant data is available from 2022 on, the three last diagonals show the claims charge calculated according to IFRS 17 principles. The figures in italics were reported under IFRS 4 and are added for reference.

Non-life claims development KBC Insurance (in millions of EUR)	Year of occur-rence before 2015	Year of occur-rence 2015	Year of occur-rence 2016	Year of occur-rence 2017	Year of occur-rence 2018	Year of occur-rence 2019	Year of occur-rence 2020	Year of occur-rence 2021	Year of occur-rence 2022	Year of occur-rence 2023	Year of occur-rence 2024	Total
Estimates of undiscounted cumulative claims before reinsurance												
At the end of the year of occurrence		*940*	*1 024*	*1 000*	*1 072*	*1 149*	*1 018*	*1 262*	*1 097*	1 091	1 247	
1 year later		*796*	*888*	*882*	*939*	*1 019*	*897*	*1 022*	1 091	1 234		
2 years later		*751*	*825*	*849*	*894*	*989*	*782*	1 020	1 086			
3 years later		*720*	*811*	*833*	*876*	*895*	793	1 028				
4 years later		*708*	*806*	*816*	*782*	903	779					
5 years later		*697*	*787*	*743*	786	888						
6 years later		*690*	*746*	743	782							
7 years later		*651*	751	740								
8 years later		654	751									
9 years later		652										
Estimates of undiscounted cumulative claims before reinsurance at reporting date		652	751	740	782	888	779	1 028	1 086	1 234	1 247	9 188
Cumulative actual claims paid before reinsurance last 10 accident years		597	662	666	704	775	676	857	871	861	672	7 340
Total (cumulative) undiscounted future cash flows before reinsurance	703	55	89	74	78	113	103	172	216	372	576	2 550
Effect of discounting												-375
Effect (discounted) risk adjustment												256
Other												-6
Discounted insurance liabilities for incurred claims before reinsurance												2 426
Discounted ceded reinsurance assets for incurred claims before reinsurance												116

Credit risk

Managing credit risk

Audited

> Credit risk is the risk related to non-payment or non-performance by a contracting party, due to that party's insolvency or lack of willingness to pay or perform, or to events or measures taken by the political or monetary authorities of a particular country.

In the area of credit risk, the ExCo is supported by the Group Lending Committee (GLC), which manages KBC's credit risk and the resulting capital requirement in the area of lending. The governance, rules and procedures on how credit risk management should be performed throughout the group are outlined in the Credit Risk Management Framework (CRMF). Its implementation is monitored by Group Credit Risk (GCRD) and its Credit Risk Competence Centre. GCRD works in close cooperation with the local CROs and local risk departments, which are responsible for the local implementation of the CRMF. Business entities are consulted for those areas of the CRMF that impact business processes and/or governance.

Credit risk exposure in the insurance activities

For the insurance activities, credit exposure exists primarily in the investment portfolio and towards reinsurance companies. We have guidelines in place for the purpose of controlling credit risk within the investment portfolio with regard to, for instance, portfolio composition and ratings. The upper part of the table below shows the market value of the investment portfolio of the insurance entities broken down by asset type under Solvency II, while the lower part provides more details of the bond and other fixed-income security components of the portfolio.

Investment portfolio Audited

(in millions of EUR, market value)[1]	31-12-2024	31-12-2023
Per asset type (Solvency II)		
Securities	17 286	16 785
Bonds and alike	16 021	15 540
Shares	1 224	1 205
Derivatives	41	40
Loans and mortgages	2 076	2 160
Loans and mortgages to clients	1 699	1 768
Loans to banks	377	393
Property and equipment and investment property	306	328
Unit-linked investments[2]	16 602	14 348
Investments in associated companies	318	298
Other investments	6	7
Total	36 594	33 926
Details for bonds and other fixed-income securities		
By external rating[3]		
Investment grade	99%	99%
Non-investment grade	1%	1%
Unrated	0%	0%
By sector[3]		
Governments	67%	66%
Financial[4]	23%	22%
Other	11%	12%
By remaining term to maturity[3]		
Not more than 1 year	8%	12%
Between 1 and 3 years	17%	16%
Between 3 and 5 years	18%	14%
Between 5 and 10 years	30%	28%
More than 10 years	28%	30%

[1] The total carrying value amounted to 36 759 million euros at year-end 2024 and to 34 155 million euros at year-end 2023. Figures differ from those appearing in Note 4.1 of the 'Consolidated financial statements' section, due to asset class reporting under Solvency II.

[2] Representing the assets side of unit-linked (class 23) products and completely balanced on the liabilities side. No credit risk involved for KBC Insurance.

[3] Excluding investments for unit-linked life insurance. In certain cases, based on extrapolations and estimates.

[4] Including covered bonds and non-bank financial companies

We are also exposed to a credit risk in respect of (re)insurance companies, since they could default on their commitments under (re)insurance contracts concluded with us. We measure this particular type of credit risk by means of a nominal approach (the maximum loss) and expected loss (EL), among other techniques. Name concentration limits apply. Probability of Default (PD) and expected loss is calculated using internal or external ratings. We determine the exposure at default (EAD) by adding up the net loss reserves and the premiums, and the loss given default (LGD) percentage is fixed at 50%.

Credit exposure to (re)insurance companies by risk class[1]: Exposure at Default (EAD) and Expected Loss (EL)[2] (in millions of EUR) Audited	EAD 2024	EL 2024	EAD 2023	EL 2023
AAA up to and including A-	228	0.1	178	0.1
BBB+ up to and including BB-	14	0.0	3	0.0
Below BB-	0	0.0	0	0.0
Unrated	0	0.0	0	0.0
Total	242	0.1	181	0.1

[1] Based on internal ratings.

[2] EAD figures are audited, whereas EL figures are unaudited.

Market risk in non-trading activities

Managing market non trading risk Audited

Market risk relates to changes in the level or in the volatility of prices in financial markets. The process of managing our structural exposure to market risks in the non-trading activities covers interest rate risk, gap risk, basis risk, option risk (such as prepayment risk), currency risk, equity price risk, real estate price risk, credit spread risk and inflation risk. 'Structural exposure' encompasses all exposure inherent in our commercial activity or in our investments (banking and insurance). Trading activities are therefore not included. This process is also known as Asset/Liability Management (ALM).

In the area of market risk in the non-trading activities, the ExCo is supported by the Group Asset and Liability Committee (GALCO), which is to provide assistance in the area of (integrated) balance sheet management at group level. The governance, rules and procedures and how asset and liability risk management is performed throughout the group are outlined in the Non-Trading Market Risk Management Framework. Its implementation is monitored by the Market Non-Trading Risk Competence Centre of Group Risk. Within the risk function, the ALM & Liquidity Risk Council, chaired by the CRO Markets & Treasury, aims to establish, facilitate, promote and support the solid and efficient integration of all tasks assigned to the local and group risk departments covering ALM and liquidity risks.

The building blocks for managing market risk in non-trading activities Audited

- **Risk identification**: all risk identification exercises described in the 'Components of sound risk management' section apply to the non-trading market risk management context (such as the Risk Scan, the NAPP and the collection of risk signals). Within the Framework, deep dives (in-depth analyses) are performed to identify specific risks related to the market (non-trading) activities and their materiality. Additionally, the key risk drivers for ALM risk for KBC are determined and updated annually and regulatory developments are monitored on a continuous basis.
- **Risk measurements**: a common rulebook, which supplements the framework for technical aspects, and a shared group measurement tool ensure that these risks are measured consistently throughout the group through, among others:
- Basis Point Value (BPV) for interest rate risk;
- gap analysis for interest rate risk, related to repricing mismatches between assets and liabilities and inflation risk;
- economic sensitivities for currency risk, equity price risk and real estate price risk.
- Measures are complemented by stress tests, covering back testing of pre-payments, net interest income results under various scenarios, or the impact on regulatory capital stemming from interest, spread or equity risk residing within the banking books.
- **Setting and cascading risk appetite**: we pursue a medium risk appetite for non-trading market risk. Limits cover all material market risks resulting from the ALM activities, being interest rate risk, equity risk, real estate risk and foreign exchange risk.
- **Risk analysis, reporting, response and follow-up**: besides regulatory reporting, structural reporting to the GALCO is performed. The reporting process includes a sign-off process to ensure data and processing accuracy.

Market risk in the non-trading activities consists of different risk sub-types. These are outlined below, including more details and figures.

Interest rate risk and gap risk

We manage the interest rate risk positions separately for the banking and insurance activities.

The main technique used to measure interest rate risks is the 10 Basis Point Value (BPV) method, which measures the extent to which the value of the portfolio would change if interest rates were to go up by ten basis points across the entire swap curve (negative figures indicate a decrease in the value of the portfolio).

Impact of a parallel 10-basis-point increase in the swap[1] curve

Impact on value[2] (in millions of EUR)	2024	2023
Total	20	11

[1] In accordance with market standards, sensitivity figures are based on a risk-free curve (swap curve).

[2] Full market value, regardless of accounting classification or impairment rules.

The fixed-income investments for the Non-life reserves are invested with the aim of matching the projected pay-out patterns for claims, based on extensive actuarial analysis.

The non-unit-linked Life activities (class 21) combine a guaranteed interest rate with a discretionary participation feature (DPF) fixed by the insurer. The main risks to which the insurer is exposed as a result of such activities are a low-interest-rate risk (the risk that return on investments will drop below the guaranteed level) and the risk that the investment return will not be sufficient to give clients a competitive profit-sharing rate. The risk of low interest rates is managed via a cashflow-matching policy, which is applied to that portion of the Life insurance portfolios covered by fixed-income securities. Unit-linked Life insurance investments (class 23) are not dealt with here, since this activity does not entail any market risk for KBC.

Expected cashflows (not discounted), life insurance activities (in millions of EUR)	0–1 year	1–2 years	2–3 years	3–4 years	4–5 years	> 5 years	Total
31-12-2024							
Fixed-income assets backing liabilities, guaranteed component	1 629	942	924	1 072	895	8 507	13 969
Equity							964
Property							286
Others (no maturity)							182
Liabilities, guaranteed component	1 120	941	969	722	714	9 945	14 410
Difference in time-sensitive expected cashflows	509	1	- 45	350	181	-1 438	- 442
Mean duration of assets							5.67 years
Mean duration of liabilities							7.35 years
31-12-2023							
Fixed-income assets backing liabilities, guaranteed component	1 787	741	932	787	1 044	8 225	13 516
Equity							937
Property							108
Others (no maturity)							299
Liabilities, guaranteed component	1 595	1 201	807	882	834	9 474	14 793
Difference in time-sensitive expected cashflows	192	- 460	125	- 95	210	-1 250	-1 278
Mean duration of assets							6.72 years
Mean duration of liabilities							7.92 years

As mentioned above, the main interest rate risk for the insurer is the risk of low rates for a longer period. We adopt a liability-driven ALM approach focused on mitigating the interest rate risk in accordance with KBC’s risk appetite. For the remaining interest rate risk, we adhere to a policy that takes into account the possible negative consequences of a sustained decline in interest rates, and have built up adequate supplementary reserves.

Breakdown of the reserves for non-unit-linked life insurance by guaranteed interest rate	31-12-2024	31-12-2023
5.00% and higher	3%	3%
More than 4.25% up to and including 4.99%	5%	6%
More than 3.50% up to and including 4.25%	3%	4%
More than 3.00% up to and including 3.50%	9%	9%
More than 2.50% up to and including 3.00%	4%	3%
2.50% and lower	74%	73%
0.00%	2%	2%
Total	100%	100%

Credit spread risk

We purchase bonds with a view to acquiring interest income. Their selection is largely conservative and based on criteria such as credit risk rating, risk/return measures and liquidity characteristics.
We manage the credit spread risk for, *inter alia*, the sovereign bond portfolio by monitoring the extent to which the value of the sovereign bonds would change if credit spreads were to go up by 100 basis points across the entire curve. In addition to the sovereign portfolio, KBC holds a non-sovereign bond portfolio (banks, corporations, supranational bodies). More details regarding the bond portfolio components can be found in the Risk Report.

Exposure to bonds at year-end 2024, carrying value (in millions of EUR) Audited

	At amortised cost	At fair value through other comprehensive income (FVOCI)	Held for trading	Total	For comparison purposes: total at year-end 2023	Economic impact of +100 basis points[1]
Sovereign	2 147	8 440	7	10 594	*10 397*	-852
Of which[2]:						
Belgium	282	3 463		3 745	*3 722*	-288
France	413	1 633		2 046	*1 917*	-152
Czech Republic	342	702		1 043	*1 000*	-69
Slovakia	120	477		597	*270*	-42
Italy	23	413		436	*465*	-13
Non-sovereign[3]	1 793	3 624	4	5 478	*5 260*	-206

[1] Theoretical economic impact in fair value terms of a parallel 100-basis-point upward shift in the spread over the entire maturity structure. Only a portion of this impact is reflected in profit or loss and/or equity

[2]Top 5 largest sovereign portfolio's.

[3]A limited portfolio held at Fair Value To Profit and Loss is included in the Non-Sovereign Total.

Equity risk

We define equity risk as the risk due to changes in the level or in the volatility of equity prices. KBC holds equity portfolios for several purposes. The main exposure to equity is within our insurance business, where the ALM strategies are based on a risk-return evaluation, taking into account the market risk attached to open equity positions. The vast majority of the equity portfolio is held as an economic hedge for long-term liabilities of the insurance company.

Equity portfolio of the KBC Insurance	31-12-2024	31-12-2023
In billions of EUR	1.42	1.39
of which unlisted	0.24	0.18

Impact of a 25% drop in equity prices, impact on value (in millions of EUR)	2024	2023
Total	-355	-348

Non-trading equity exposure (in millions of EUR)	Net realised gains (in income statement) 31-12-2024	Net realised gains (in income statement) 31-12-2023	Net unrealised gains on year-end exposure (in equity) 31-12-2024	Net unrealised gains on year-end exposure (in equity) 31-12-2023
Total	-1	2	339	212

Real estate risk

We define real estate risk as the risk due to changes in the level or in the volatility of real estate prices. Real estate that is exclusively used by KBC and its subsidiaries for their own activities are excluded here. The group's real estate businesses hold a limited real estate investment portfolio. KBC Insurance also holds a diversified real estate portfolio, as an investment for Non-life reserves and long-term Life activities. The real estate exposure is viewed as a long-term hedge against inflation risks and as a way of optimising the risk/return profile of these portfolios.

Impact of a 25% drop in real estate prices, impact on value (in millions of EUR)	2024	2023
Total	-120	-107

Inflation risk

We define inflation risk as the risk due to changes in the level or in the volatility of inflation rates. Inflation can impact a financial company in many ways, for instance via changes in interest rates or operational costs. Inflation in general therefore is not easily quantifiable as a market risk concept. However, certain financial products or instruments have a direct link with inflation and their value is directly impacted by a change in market expectations. At KBC Insurance, inflation risk relates specifically to workmen's compensation insurance, where, particularly in the case of permanent or long-term disabilities, an annuity benefit is paid to the insured person (with the annuity being linked to inflation by law). KBC Insurance partly mitigates the risks by investing in inflation-linked bonds and complements its inflation hedging programme by investing in real estate and shares, as these assets are traditionally correlated with inflation and do not have a maturity date.

For the insurance activities the BPI of liabilities was calculated at -4.9 million euros (increasing the liabilities), against which inflation-linked bonds are held with a 4.2-million-euro BPI, supplemented with a 33-million-euro real estate portfolio. The sensitivity of liabilities to inflation is only known with a quarter's delay. Therefore, the insurance figures in this section are based on the third quarter of 2024.

Foreign exchange risk

We define foreign exchange risk as the risk due to changes in the level or in the volatility of currency exchange rates. We pursue a prudent policy as regards our non-trading currency exposure. Material foreign exchange exposure in the ALM books of banking entities with a trading book is transferred via internal deals to the trading book, where it is managed within the allocated trading limits. The foreign exchange exposure of banking entities without a trading book and of insurance and other entities has to be hedged, if material. However, non-euro-denominated equity holdings in the insurance portfolio are not hedged, as foreign exchange volatility is considered part of the investment return.
KBC focuses on stabilising the common equity ratio against foreign exchange fluctuations.

Impact of a 10% decrease in currency value*

(in millions of EUR)	31-12-2024	31-12-2023
CZK	-32	-31
HUF	-10	-9
BGN	-25	-22
USD	-59	-52

[1] Exposure for currencies where the impact exceeds 10 million euros

Hedge accounting

Assets and liabilities management uses derivatives to mitigate interest rate and foreign exchange risks. The aim of hedge accounting is to reduce the volatility in P&L resulting from the use of these derivatives.

KBC decided not to apply hedge accounting to credit and equity risks. When the necessary criteria are met, it is applied to remove the accounting mismatch between the hedging instrument and the hedged item. For more information about hedge accounting, please see 'Notes on the accounting policies' in the 'Consolidated financial statements' section.

Risk categories applying to hedge accounting

Interest rates
Hedging derivatives are used to mitigate an interest rate risk that arises from a difference in the interest rate profile of assets and their funding liabilities. The hedge accounting status of a hedge can be associated with either the asset or the liability item.

Interest rate derivatives can be designated as:

- Hedges of the fair value of recognised assets or liabilities. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is also recognised in profit or loss.
- Hedges of the cashflow of recognised assets and liabilities which are either certain or highly probable forecasted transactions. The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in the cashflow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised directly in profit or loss.

KBC uses macro hedge accounting strategies for homogeneous portfolios of smaller items, where the frequency of occurrence or the relatively small size of the average operation renders the one-to-one relationship sub-optimal. This is the case for *inter alia* mortgages, loans to SMEs or customer deposits. Macro hedge strategies may be dynamic and undergo frequent changes based on balancing the portfolio ('open portfolio hedge'), among other things.

The micro hedge designation is used when large individual assets or liabilities are hedged. Typical assets are large corporate loans and bond acquisitions for which only the credit spread profile is relevant. Liabilities can include KBC's own issues. Micro hedges are either fair-value or cashflow based.

Foreign exchange
KBC has strategic investments denominated in non-euro currencies. The net asset value of significant participations is partly funded in the local currency by deposits and foreign exchange derivatives, to ensure stability of the common equity ratio. By using hedges of net investments in foreign operations, the foreign exchange component is reported in equity until realisation (unwinding of funding due to liquidation, dividend payments or other decreases in net asset value).
KBC also has a limited portfolio of foreign-currency-denominated bonds that are funded through euro proceeds. These bonds are hedged by cross-currency interest rate swaps to create a synthetic EUR fixed-rate interest income. Cashflow hedge accounting (micro-hedge) is performed to mitigate foreign exchange volatility.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, as well as through periodic prospective and retrospective effectiveness assessments, to ensure that a relevant relationship between the hedged item and the hedging instrument exists and remains valid.

Effectiveness testing
For interest rates, several prospective and retrospective tests are performed to ensure the relationship between the hedged item and the hedging instrument qualifies for the hedge accounting strategy.
Prospective tests are mostly based either on a sensitivity analysis (verifying if the basis point value of the hedged portfolio relative to the hedging instrument stays within the 80-125% interval) or volume tests (if the principal amount of hedge-eligible items exceeds the notional volume of hedging instruments expected to be repriced or repaid in each specified time bucket).
For macro cashflow hedges, extensive forward-looking analyses assess the sufficient likelihood that the future volume of hedged items will largely cover the volume of hedging instruments. A hedge ratio – measuring the proportion of a portfolio that is hedged by derivatives – is calculated for each hedging strategy.
The retrospective effectiveness test of the hedge relationship is periodically carried out by comparing the change in fair value of the portfolio of hedging instruments relative to the change in fair value of the hedged eligible items imputable to the hedged risk over a given period (the ratio of fair value changes remains within the 80-125% interval).
For foreign exchange hedging, effectiveness is ensured by adjusting the sum of the nominal amount of the funding deals and foreign exchange derivatives to the targeted hedge amount of the strategic participations. For foreign-currency-denominated bonds swapped into euro, the start date, maturity date and coupon dates are also matched.

Sources of hedge ineffectiveness
Ineffectiveness for interest rate swaps may occur due to:
- differences in relevant terms between the hedged item and the hedging instrument (it can include discrepancies in interest curves and in periodicity);
- a reduction in volume of the hedged item that would fall under the volume of hedging instruments for any time bucket;
- the credit value adjustment on the interest rate swap not being matched by the loan. However, hedging swaps are fully collateralised or traded through clearing houses and the credit value adjustment is limited.

Regarding the hedge of the net investment in foreign currency, the interest rate component from the hedging instruments can be a source of inefficiency. The counterparty risk on the hedging instrument, even if collateralised, can also be a source of inefficiency.

Discontinuation of hedge accounting
Hedge accounting strategies failing the effectiveness tests are discontinued. A de-designated hedging instrument can be re-designated in a new hedge relationship. Effective hedge accounting strategies may also be discontinued for technical or strategic reasons. Any impact on profit and loss arising from hedge ineffectiveness and discontinuation is reported to the GALCO.

Liquidity risk

Managing liquidity risk Audited

> Liquidity risk is the risk that an organisation will be unable to meet its liabilities and obligations as they come due, without incurring higher-than-expected costs.

In the area of liquidity risk, the ExCo is supported by the Group Asset and Liability Committee (GALCO), which provides assistance in the area of (integrated) balance sheet management at group level, including liquidity and funding. The governance, rules and procedures and how asset and liability risk management is performed throughout the group are outlined in the Liquidity Risk Management Framework. Its implementation is monitored by the Liquidity Risk Competence Centre of Group Risk. Within the risk function, the ALM & Liquidity Risk Council aims to establish, facilitate, promote and support the solid and efficient integration of all tasks assigned to the local and group risk departments.

Insurance entities typically have more stable liabilities than banking entities. An insurance entity's liquidity is managed by matching cashflows and ensuring that sufficient investments are made in liquid assets, thereby guaranteeing that unexpectedly high lapses can be covered by selling or 'repoing' liquid assets. As a result, insurance entities are less sensitive for 'real' liquidity risk than banking entities.

The building blocks for managing liquidity risk Audited

- **Risk identification**: all risk identification exercises described in the 'Components of sound risk management' section apply to the liquidity risk management context (such as the Risk Scan, the NAPP and the collection of risk signals).
- **Risk measurement**: identified liquidity risks are measured by means of both regulatory metrics such as the EIOPA Liquidity Assessment, and internal templates and metrics to – a.o. - analyse whether there are sufficiently large liquid assets to cover the net outflow in a mass lapse scenario.
- **Setting and cascading risk appetite**: the GALCO monitors the development of the liquidity risk profile in relation to the limits. KBC's low risk profile for liquidity risk is illustrated by the fact that KBC is well above the thresholds for regulatory and internal liquidity measures. The GALCO decides on and periodically reviews a framework of limits, early warning levels and policies on liquidity risk activities that is consistent with the group's risk appetite.
- **Risk analysis, reporting, response and follow-up**: to mitigate day-to-day and intraday liquidity risk, group-wide trends in funding liquidity and funding needs are monitored continuously by the Group Treasury and Risk function. A Liquidity Contingency Plan drafted by the Group Treasury function is in place to address possible liquidity crisis situations and is tested at least annually.
- **Stress testing**: liquidity stress tests assess KBC's liquidity contingency risk by measuring how the liquidity buffer of the group's bank and insurance entities changes under extreme stress scenarios. This buffer is based on assumptions regarding liquidity outflows and liquidity inflows resulting from actions to increase liquidity. The liquidity buffer has to be sufficient to cover liquidity needs over (i) a period that is required to restore market confidence in the group following a KBC-specific event, (ii) a period that is required for markets to stabilise after a general market event and (iii) a combined scenario, which takes a KBC-specific event and a general market event into account. This information is fed into the Liquidity Contingency Plan.

Moreover, KBC has an Internal Liquidity Adequacy Assessment Process (ILAAP) in place to ensure it has robust strategies, policies, processes and systems for identifying, measuring, managing and monitoring liquidity risk and funding positions over all appropriate time horizons, in order to maintain adequate levels of liquidity buffers.

Non-financial risks

Operational risk

Managing operational risk

Operational risk is the risk of inadequate or failed internal processes, people and systems or from sudden man-made or natural external events.

In the area of operational risk, the ExCo is supported by the Group Internal Control Committee (GICC) to strengthen the quality and effectiveness of KBC's internal control system. The governance, rules and procedures on the performance of operational risk management throughout the group are outlined in the Operational Risk Management Framework. The framework is fully aligned with the Basel requirement for Operational Resilience and the EU Digital Operational Resilience Act (DORA) – Regulation (EU) 2022/2554. Its implementation is coordinated and monitored by the Operational Risk Competence Centre of Group Risk, which consists of risk experts at both group and local level. The Competence Centre cooperates with other expert functions covering the nine operational risk sub-types: Information Technology, Information Security, Business Continuity, Process, Third-Party and Outsourcing, Model, Legal, Fraud, and Personal and Physical Security risk.

The building blocks for managing operational risks

- **Risk identification**: KBC identifies its operational risks based on various sources, such as following up on legislation, using the output of the New and Active Products Process (NAPP), performing risk scans, analysing key risk indicators and performing independent control monitoring activities and root cause analysis of operational incidents, near misses and losses. A structured repository of operational risks and related mitigating controls is in place, with a review process ensuring that the repository remains in line with new or emerging operational risk sub-types. Risk self-assessments on the operational business lines are performed by the first Line of Defence with the aim of identifying additional local risks and possible operational control gaps. Dynamic trigger-based risk assessments are executed based on the continuous screening of both internal and external risk events. On top of that, risk signals are collected by regular proactive scanning of the environment in order to identify external or internal (cyber) trends which could negatively impact our company in a direct or indirect way.
- **Risk measurement**: uniform group metrics and scales are in place to determine individual (inherent and residual) operational risk levels in the business lines and to underpin the risk profile of an entity in a comprehensive and integrated way across operational risk sub-types and across KBC and its entities.
- In addition, KBC closely monitors the maturity of its internal control environment in a data-driven way. This allows us to frequently assess and report on maturity and take action when necessary. Once a year, these insights also serve as input for the regulatory required Internal Control Statement (ICS), which evaluates how well KBC is in control of and manages its operational risks.
- To determine the degree of assurance that a control measure mitigates a particular risk as expected, we measure the 'control effectiveness' via several metrics such as employee phishing campaign click rates, website vulnerability patching speeds and the number of processing errors.
- **Setting and cascading risk appetite:** overall, KBC strives for a low operational risk environment in a business-as-usual situation. However, in case of projects that introduce a large-scale transformation (such as mergers and acquisitions), the level is increased to 'the lower end of medium' whilst maintaining strict boundaries. The operational risk appetite is set at the overarching level as well as at the level of each operational risk sub-type (see below). The current operational risk profile in relation to the operational risk appetite is discussed quarterly as part of the Operational and Compliance Risk Report to the GICC.
- **Risk analysis, reporting, response and follow-up:** operational risk analysis and reporting aim to give a transparent and comprehensive, forward-looking and ex-post view on the development of the risk profile and the context in which KBC operates. Structural reporting to the GICC (via the Operational and Compliance Risk Report), to the Board, the RCC and the ExCo (via the Integrated Risk Report) takes place on a quarterly basis, and to the Global IT Committee (GITCO) on a monthly basis. The maturity of the internal control environment is reported once a year to the ExCo, the RCC and the Board and to the NBB, the FSMA and the ECB via the annual Internal Control Statement. These are complemented by regular or ad hoc reports that provide additional details on the aforementioned reports.
- **Stress testing**: stress testing in the context of operational risk is done by using scenarios with a potential negative impact on KBC's (financial) position in order to prepare the KBC entities for (extreme) crisis situations. These scenarios describe specific operational risk events ranging from plausible to exceptional or even extreme and/or movements in operational risk loss impacts. Stress testing enables KBC entities, for example, to deal with local cyber crises and handle major incidents. To ensure that Information Security and Information Technology risks are effectively mitigated, a number of challenges are performed throughout the group on a regular basis, such as technical cyber resilience and readiness testing, detailed investigations, employee phishing tests, crisis simulations and other incident drills.

Dedicated focus to manage our major operational risks:

Information risk management

Information risk management encompasses the risks of information security and information technology, driven by an ever changing cyber threat landscape. Information security risk is one of the most material risks that financial institutions face today, driven by factors such as geopolitical tensions, organised cybercrime, technological growth and innovation (e.g., use of AI for phishing, deepfakes, etc.) and internal factors (such as further digitalisation, experiments with emerging technology, and so on). These threats could lead to a loss of integrity, loss of confidentiality and unplanned unavailability, which could impact our data, the availability of our operations and services, KBC's reputation, and so on.

Cyber risks are structurally and continuously managed throughout the group. KBC actively identifies cyber risks by actions such as monitoring the cyber threat landscape, regular ethical hacks, and targeted training and awareness programmes. By combining cyber threat intelligence with insights and findings from these actions, we proactively identify, assess and understand cyber risks that could target our company and stakeholders, enhancing our ability to defend against and respond to cyber threats effectively. More information about how information risk (including cyber risks) is managed can be found in the Sustainability Statement in this report or in the KBC Risk Report.

Third-party and outsourcing risk management

Third-party and outsourcing risk is the risk stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to third parties (whether or not within the group) or performed in collaboration with third parties, or from the equipment or staff made available by third parties. In view of the potential impact on KBC and its clients, it is important to identify, assess, monitor, and control risks related to third-party relationships throughout the entire life cycle of those relationships. Therefore, effective third-party risk management follows the stages of the life cycle for third-party arrangements, which includes due diligence, risk assessment, contracting, onboarding, ongoing monitoring and termination.

Outsourcing risk management is a specific aspect of third-party risk management (TPRM). Regulatory requirements regarding follow-up, measurement and reporting of outsourcing risk have increased over the years (for example, via DORA and the EBA and EIOPA Guidelines on Outsourcing). As contracting external service providers is an essential part of operational processes and intra-group outsourcing is an important aspect of the KBC strategy, the need to focus on outsourcing risk remains a key element of group-wide risk management.

To ensure robust management of its outsourcing processes and risks, KBC has put in place a group-wide outsourcing framework. The framework comprises a group-wide Outsourcing and DORA TPRM policy which sets out the principles and strategy for outsourcing activities and aims to standardise the approach adopted when an activity is considered for outsourcing. It is supported by the Outsourcing & DORA TPRM Process Guidance to ensure a strict and standardised approach throughout the group, applicable to both outsourcing and nearshoring.

Controls are in place to adequately mitigate risks arising from either external or internal outsourcing during the full life cycle of a service provider. Qualitative risk governance of KBC outsourced activities is ensured by regular risk assessments, their frequency being defined by the criticality of the outsourced activity.

Model risk management

KBC's data-driven strategy is underpinned by an expanding set of advanced mathematical, statistical and numerical models to support decision-making, measure and manage risk, manage businesses and streamline processes. AI-based models are also becoming an increasingly common feature across the different business domains (banking, insurance, asset management). As the use of models increases, so does the importance of recognising, understanding and mitigating risks related to the design, implementation or use of models, in order to protect both KBC and its clients. KBC's model risk management standards establish a framework that allows us to identify, understand and efficiently manage model risk, similar to any other risk type. The scope of this framework covers in particular generative AI models and high-risk AI models, in line with the EU AI Act.

As the use of AI models is an important aspect in KBC's strategy, it is important to ensure that the output of the AI models we use is reliable and aligned with KBC's values and principles. To achieve this, KBC adheres to the Trusted AI Framework.

Business continuity management including Crisis management

To ensure availability of critical services, KBC has a business continuity management (BCM) process in place. This ensures that regular business impact analysis is performed and recovery time objectives are defined and implemented.

The BCM process is a mature process within the group, with a focus on both prevention and response. Crisis prevention focuses on reducing the probability of a crisis, while crisis response focuses on the effective and efficient handling of a crisis should one occur. To enable this, practical scenarios called runbooks are available on how to handle an ongoing crisis. Lessons learned from any (internal or external) incident or crisis are drawn and, when needed, our BCM plans are adapted.

Compliance risk

Compliance risk is the risk that a judicial, administrative or regulatory sanction is imposed on an institution and/or its employees because of non-compliance with the laws and regulations pertaining to the compliance domains, resulting in loss of reputation and potential financial loss. This loss of reputation can also be the result of non-compliance with the internal policy in this regard and with the institution's own values and codes of conduct in relation to the integrity of its activities.

Managing compliance risks

As a matter of priority and as a minimum, the scope of activities of the compliance function is to be concentrated on the following areas of integrity: Anti-Money Laundering and Countering the Financing of Terrorism, Tax Fraud Prevention, Investor Protection and Protection of the Policyholder, Data Protection and AI including AI Act Compliance, Business Ethics, Consumer Protection, Governance aspects of CRD IV and V, Solvency II and/or local legislation and Sustainable Finance and Sustainability.

Compliance risk is covered by a holistic framework that includes the Compliance Charter, the Integrity Policy, the specific risk appetite and the accompanying Key Risk Indicators, the Group Compliance Rules, the Compliance Monitoring Programme and other reporting. To guarantee the independence of the compliance function, proper governance is in place with an adequate escalation process to the ExCo, the RCC and the Board. The governance of the compliance function is described in more detail in the Compliance Charter and is in line with EBA/EIOPA guidelines on internal governance.

The building blocks for managing compliance risks

To manage compliance risks, KBC aims to comply with laws and regulations in the compliance domains as determined by KBC's Compliance Charter. The compliance function's role in managing these risks is twofold:

On the one hand, it is particularly dedicated to the identification, assessment and analysis of the risks linked to the compliance domains. Furthermore, it provides advice from an independent viewpoint on the interpretation of laws and regulations pertaining to the domains it covers. This preventive role is put into practice by Group Compliance Rules that define minimum requirements for the entire group, the provision of procedures and instructions, tailored training courses and awareness initiatives, information on new regulatory developments to the governance bodies, support in the implementation of the group strategy, and the implementation of legal and regulatory requirements by the various businesses concerned. Additionally, the compliance function provides advice and independent opinions in the New and Active Products Process (NAPP). Together with the other control functions, the compliance function ensures that, under the NAPP, the launch of any new products conforms with the many legal and regulatory provisions in place, such as MiFID II, the Insurance Distribution Directive (IDD) and other local and EU Regulations, as well as being in line with KBC's values.

On the other hand – as the second Line of Defence – it carries out risk-based monitoring to ensure the adequacy of the internal control environment. More specifically, monitoring allows it to verify whether legal and regulatory requirements are correctly implemented in the compliance domains. It also aims to ensure the effectiveness and efficiency of the controls performed by the first Line of Defence. Moreover, quality controls are performed by Group Compliance in the main group entities to assure the Board that the compliance risk is properly assessed by the local compliance function.

Insight into managing some specific compliance domains

Group Compliance (GCPL) has been working on developing the foundations of a strong group-wide compliance function. The main focus points were processes and efficiency, creating a future-proof strategy reflected in the vision and strengthening staffing and the management team. In addition, GCPL has invested in different tools and in the group's role to meet the ECB's expectations. Going forward, the focus will be on further improving the methodology and processes within the compliance function in order to provide the necessary assurance to the Board and the regulator.

GCPL strives towards a mature organisation with data-driven and documented planning which will aid group-wide steering. The goal is to achieve group-wide synergy and scalability at all levels and in all domains, for example by means of risk assessments, regulatory watches, knowledge management, etc. The main goal is a holistic, risk-based and data-driven approach to compliance.

Financial Crime

A Financial Crime Compliance department was set up to enhance synergies between AML (Anti-Money Laundering), embargoes and other related domains. The prevention of money laundering and terrorist financing, including embargoes, has been a top priority for the compliance function in the past few years and will continue to be prioritised. Efforts are continuously made to adapt the organisation to a constantly changing regulatory environment, particularly with regard to clients who present an increased risk and for whom additional information is required. As such, the compliance function is also closely following the EU developments at the level of the new AML Authority (AMLA) and regulatory provisions expected. Special emphasis is placed on a preventive risk management approach (for example, embargo circumvention measures).

Data and Consumer Protection and AI

Conformity with data and consumer protection obligations is a central hallmark of any sustainable and client-centric organisation. In the context of KBC's data-driven strategy, it is crucial to pay attention to all upcoming regulatory developments in the data and consumer protection domains to ensure future-proof, reliable and dependable bank-insurance activities for KBC clients. The compliance function closely follows up on the regulatory developments impacting the data and/or consumer protection domains such as FIDA, PSD3/PSR and the Basic Banking Service. Since 2020, Kate, the personal assistant, has gained maturity and can increasingly facilitate the everyday lives of our clients. The study of the potential use of generative AI models is closely followed to ensure that risks are duly identified, including the new risks deriving from the AI Act. In anticipation of the implementation of the AI Act, KBC has developed its 'Trusted AI Framework, which ensures that the technologies we use operate in a transparent, fair and secure way.

Investor and Policyholder Protection

Financial markets and insurance legislation are the subject of constant changes and continuous expansion. KBC strives for early preparedness by ensuring that the internal framework (rules, policies, and minimum first- and second-line controls) allows for the frictionless adaptation of business activities. In 2024, this implied a forward-looking approach to translate upcoming requirements into actionable business advice (e.g., Value for Money in insurance, new market structure rules, changes to market abuse provisions). In addition, the compliance function anticipated regulatory expectations in new fields (e.g., crypto-asset legislation). To foster the compliance culture and reduce compliance risk, several initiatives were taken to make Group Compliance Rules easier to understand, use, and interpret (e.g., methodology changes, e-learning courses, guidelines, standardised texts).

Corporate Governance and Business Ethics

Corporate governance in credit institutions and insurance undertakings aims to ensure that they operate in a safe and sound manner, manage risks effectively, and make decisions that are in the best interests of their stakeholders. Strong corporate governance practices strengthen KBC in dealing with, and controlling, compliance risk. As in previous years, Compliance therefore advises on and monitors compliance with governance aspects of CRD IV and V and Solvency II such as outsourcing, the functioning and composition of committees, Fit & Proper, the incompatibility of mandates, follow-up of complaints handling, conflicts of interest, sound remuneration, etc. In 2024, particular attention was paid to efficiency gains (e.g., in the process of reporting complaints handling to the Board) and the follow-up of new and/or upcoming regulatory requirements impacting the aforementioned governance areas (e.g., CRD VI, DORA, etc.).

Additionally, governance of the compliance function, as an independent control function, is of essential importance when dealing with compliance risk. Continuous efforts are made to strengthen compliance governance and enhance group-wide steering, alignment and cooperation with local entities.

Corporate governance principles also go hand in hand with the concept of responsible behaviour, which is one of the three cornerstones of KBC's sustainability strategy. Together with business ethics, responsible behaviour is essential in ensuring that KBC maintains one of its most valuable assets: trust.

Risks linked to irresponsible and/or unethical behaviour are often labelled as 'conduct risk'. As in previous years, KBC continues to limit and mitigate these risks with targeted training and awareness programmes, codes of conduct and specific policies on conflicts of interest, anti-corruption, gifts and entertainment, protection of whistleblowers, etc., and with recurrent risk assessments and quality controls, which ensure sound implementation of these policies. Particular attention in the Business Ethics domain is also paid to the risks linked to the increased use of AI solutions.

Reputational risk

Reputation is a valuable asset in business and this certainly applies to the financial services industry, which thrives to a large extent on trust. Reputational risk is mostly a secondary risk since it is usually connected to – and materialises together with – other risks. To manage reputational risk, we remain focused on sustainable and profitable growth, fulfilling our role in society and the local economy to the benefit of all stakeholders. We promote a strong corporate culture that encourages responsible behaviour throughout the organisation, including social and environmental responsibilities. We put the clients' interests at the heart of what we do and foster trust by treating the client fairly and honestly.

Reputational risk is the risk arising from the loss of confidence by, or negative perception on the part of, stakeholders (such as KBC employees and representatives, clients and non-clients, shareholders, investors, financial analysts, rating agencies, the local community in which it operates, etc.) – be it accurate or not – that can adversely affect a company's ability to maintain existing, or establish new, business and client relationships, and to have continued access to sources of funding.

The governance, rules and procedures and how reputational risk management should be performed throughout the group are outlined in the Reputational Risk Management Framework. Its implementation is monitored by Group Risk. Proactive and reactive management of reputational risk is the responsibility of the business, supported by specialist units (including Group Communication, Investor Relations and Group Compliance). In this respect, we actively monitor a non-exhaustive list of business indicators which provide valuable input from a risk management perspective, including Net Promoter Scores (NPS), the Corporate Reputation Index, statistics on complaints, ESG ratings and the development of the stock price index and other financial indicators.

Managing and reporting on reputational risks is also significantly relevant in the context of crisis management. Any crisis, big or small, can have an impact on our reputation. Therefore, preparation, speed of action and good communication are crucial in any crisis to improve the likelihood of successfully weathering it and to limit reputational damage. To support its reputational resilience, KBC proactively prepares for potential crisis situations via, for example, its Business Continuity Plans (as outlined in the 'Operational risk' section) and the Recovery Plan.

Corporate governance statement

Composition of the Board and its committees at year-end 2024

Name	Position	Period served on the Board in 2024	Expiry date of current term of office	Board meetings attended	Non-executive directors	Shareholders' representatives	Independent directors	Members DC	AC	RCC
		Number of meetings in 2024		11						
DEBACKERE Koenraad	Chairman	Full year	2027	11	■					11(v)
DEPICKERE Franky	Deputy Chairman of the Board	Full year	2027	11	■	■				
THIJS Johan	President of the Executive Committee / Executive Director	Full year	2025	11				■(c)		
ANDRONOV Peter	Executive Director	Full year	2025	9				■		
BLAŽEK Aleš	Executive Director	Full year	2026	11				■		
LUTS Erik	Executive Director	Full year	2025	9				■		
MOUCHERON David	Executive Director	Full year	2025	10				■		
PUELINCKX Bartel	Executive Director	4 months	2025	4				■		
VAN RIJSSEGHEM Christine	Executive Director	Full year	2026	11						
BOSTOEN Alain	Non-Executive Director	Full year	2028	11	■	■				
CLINCK Erik	Non-Executive Director	Full year	2028	11	■	■				
DE BECKER Sonja	Non-Executive Director	Full year	2028	11	■	■			6(c)	
DE CEUSTER Marc	Non-Executive Director	Full year	2027	11	■	■				
DONCK Frank	Non-Executive Director	Full year	2028	11	■	■				
HERMANN Peter	Independent Director	Full year	2025	11	■		■		6	11
LANGFORD Andrew	Independent Director	Full year	2026	11	■		■		6	11
OKKERSE Liesbet	Non-Executive Director	Full year	2028	10	■	■				
ROUSSIS Theodoros	Non-Executive Director	Full year	2028	11	■	■				
SELS Raf	Non-Executive Director	Full year	2027	11	■	■				
VLERICK Philippe	Non-Executive Director	Full year	2028	11	■	■				

Luc Popelier, who was director until 31 August 2024, attended seven Board meetings.

Statutory auditor: PwC Bedrijfsrevisoren BV, represented by Mssrs Damien Walgrave and Kurt Cappoen.

Secretary to the Board of Directors: Wilfried Kupers.
Abbreviations: Board of Directors: Board; Executive Committee: EC; Audit Committee: AC; Risk & Compliance Committee: RCC (c) Chairman of this committee

Changes in the composition of the Board in 2024

- Alain Bostoen, Erik Clinck, Sonja De Becker, Frank Donck, Liesbet Okkerse and Philippe Vlerick were re-appointed as directors for a new four-year term of office. Theodoros Roussis was re-appointed as director for a term of one year.

Changes in the composition of the committees of the Board in 2024

- The composition of the committees remained unchanged in 2024.

Proposed changes in the composition of the Board in 2025

- On the advice of the Nomination Committee, Peter Andronov, Peter Hermann, Erik Luts, David Moucheron, Bartel Puelinckx and Johan Thijs are nominated for reappointment as directors for a new term of office, expiring after the general meeting in 2029.

Composition of the EC (as at 31-12-2024)

The Executive Committee has seven members, viz. Johan Thijs (Group CEO/President of the EC), David Moucheron (CEO of the Belgium Business Unit), Aleš Blažek (CEO of the Czech Republic Business Unit), Erik Luts (Chief Innovation Officer), Peter Andronov (CEO of the International Market Business Unit), Bartel Puelinckx (Chief Financial Officer) and Christine Van Rijsseghem (Chief Risk Officer).

Statutory auditor

The statutory auditor, PwC Bedrijfsrevisoren BV (PwC), was represented by Damien Walgrave and Kurt Cappoen.

On the recommendation of the AC and with the approval of the regulator, KPMG Bedrijfsrevisoren is nominated by the Board for appointment as auditor by the Annual Meeting for a three-year term of office. The auditor will be represented by Kenneth Vermeire and Guillaume Gérard.

Additional information

- Following the share acquisition transaction on 23 December 2015, KBC Insurance holds 48 889 treasury shares.

  Conflicts of interest that fell within the scope of Articles 7:115, 7:116 and 7:117 of the Belgian Companies and Associations Code (CAC):
  During financial year 2024, the Board's decision on the assessment of the ExCo members required the application of Article 7:115 of the CAC. The proposal was discussed at the Board meeting of 7 February 2024, the relevant minutes of which are provided below:

  The Board discusses upon the proposal of the Remuneration Committee as to the individual performance score of the ExCo members (except the CEO). The Board agrees.

  The CEO then leaves the meeting and the Board discusses and agrees upon the proposal of the Remuneration Committee as to the individual performance score of the CEO.

  The Chair further explains that the Remuneration Committee discussed the (collective) KPI's of the Executive Committee for 2023 and came to a global score of 98.92% (compared to 97.79 in 2022). As for the CRO the risk & control parameters count double and the business parameters are not taken into account (due to regulatory requirements), the final score for the CRO is 98.58%.

  During financial year 2024, the Board's decision to grant discharge to the ExCo members – in implementation of Article 7:109, §3 of the CAC – required the application of Article 7:115 of the CAC. The proposal was discussed at the Board meeting of 14 March 2024, the relevant minutes of which are provided below:

  It is explained that KBC Insurance has a dual governance model, though hybrid since all members of the Executive Committee must also sit on the Board of Directors. Article 7:109, §3 of the CCA provides that, after adoption of the annual accounts, the Board has to decide on granting discharge to the members of the Executive Committee. The Board has to describe the pecuniary consequences of the proposed decision and the justification for its decision.

  The Board recognizes that there is a conflict of interest of a patrimonial nature, but that there is no patrimonial impact since the Board does not intend to bring a claim for damages against the Executive Committee and its members.

  The Board grants discharge to the members of the Executive Committee.

There were no conflicts of interest that required the application of Article 7:116 or 7:117 of the CAC.

- Discharge to directors and to the statutory auditor: it will be requested at the General Meeting to grant discharge to the directors and auditor for the performance of their mandate in financial year 2024.
- At year-end 2024, the AC comprised the following members:
    - Marc De Ceuster (non-executive director), who holds a Doctor's degree in Applied Economics (UFSIA Antwerp) and a Master's Degree in Law (UIA Antwerp). He is Professor of Financial Economics at the University of Antwerp, and Executive Director of Cera Beheersmaatschappij NV and of Almancora Beheersmaatschappij NV.
    - Andrew Langford (independent director), who is a graduate in Commerce and a Fellow of the Institute of Chartered Accountants, was Finance Director of FBD Insurance (2003-2008), Group Chief Executive of FBD Holdings plc and FBD Insurance plc (until 2015). From 2017 to 2024, he was CFO and Executive Director of Version 1 Software UK Limited, a digital transformation partner for large domestic and international corporate customers from across the industrial spectrum in the UK and Ireland.
    - Peter Hermann (independent director), who holds a Master of Science in Actuarial Mathematics and an MBA, held various positions in PFA Pension (1997-2011), was director and COO of Nordea Liv & Pension (2011-2013), was responsible for the Prevention, Health & Actuarial Department of PFA Pension (2014-2016), was CEO of Topdanmark Livsforsikring (2016-2018) and has been CEO of Topdanmark A/S since 2018.

They possess the necessary individual and collective expertise in the activities of KBC Insurance and in the fields of accounting and audit, based on their education and extensive business experience.

- At year-end 2024, the RCC comprised the following members:
    - Franky Depickere (Deputy Chairman of the Board), who holds Master's Degrees in Trade & Finance (UFSIA Antwerp) and in Financial Management (VLEKHO Business School). He was internal auditor at CERA Bank and has held positions and offices in various financial institutions. He is currently Managing Director at Cera CV and KBC Ancora NV. Mr Depickere is the Chairman of the RCC.
    - Andrew Langford (independent director).
    - Peter Hermann (independent director).

It can be concluded on the basis of the profiles and competences of the members that each individual member and the RCC as a whole possess the requisite skills and experience.

- In compliance with the laws on the incompatibility of offices held by executives and managers of insurance institutions and in accordance with National Bank of Belgium Circular NBB_2022_19 on external offices held by executives and managers of regulated enterprises, the accompanying annex contains a list of the external offices held by the executives and directors of KBC Insurance in other companies.

A list of the external offices held by the non-executive members of KBC Insurance NV as at 31 December 2024 is provided at www.kbc.com, under under https://www.kbc.com/en/corporate-governance/leadership/externe-mandaten.html.

Consolidated financial statements

Abbreviations used

- AC = amortised cost
- BBA = building block approach
- CSM = contractual service margin
- 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
- HFT = held for trading
- IFIE = Insurance finance income and expense
- MFVPL = mandatorily measured at fair value through profit or loss
- OCI = other comprehensive income
- PAA = premium allocation approach
- POCI = purchased or originated credit impaired assets
- VFA = variable fee approach
- P&L = profit or loss

Consolidated income statement

(in millions of EUR)	Note	2024	2023
Net interest income	3.1	417	392
Interest income	*3.1*	*634*	*544*
Interest expense	*3.1*	*- 217*	*- 152*
Insurance revenues before reinsurance	3.6	2 955	2 690
Non-life	3.6	*2 492*	*2 290*
Life	3.6	*463*	*400*
Dividend income	3.2	34	40
Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)	3.3	- 249	- 207
Net result from financial instruments at fair value through profit or loss	*3.3*	*92*	*106*
Insurance finance income and expense (for insurance contracts issued)	*3.6*	*- 341*	*- 313*
Net fee and commission income	3.4	102	90
Fee and commission income	3.4	*182*	*166*
Fee and commission expense	3.4	*- 80*	*- 76*
Net other income	3.5	88	78
TOTAL INCOME		3 347	3 082
Operating expenses (excluding opex allocated to insurance expenses)	3.7	- 198	- 188
Total Opex without insurance tax	3.7	*- 567*	*- 541*
Total insurance tax	3.7	*- 31*	*- 30*
Minus: Opex allocated to insurance service expenses	3.7	*401*	*382*
Insurance service expenses before reinsurance	3.6	-2 477	-2 123
Insurance commissions paid	*3.6*	*- 509*	*- 463*
Non-Life	3.6	*-2 181*	*-1 872*
Of which Non-life - Claim related expenses	3.6	*-1 416*	*-1 159*
Life	3.6	*- 296*	*- 251*
Net result from reinsurance contracts held	3.6	- 17	- 90
Impairment	3.9	2	- 2
on FA at amortised cost and at FVOCI	3.9	*2*	*- 2*
on goodwill	3.9	*0*	*0*
other	3.9	*- 1*	*- 1*
Share in results of associated companies and joint ventures	3.10	0	0
RESULT BEFORE TAX		657	679
Income tax expense	3.11	- 142	- 152
Net post-tax result from discontinued operations		0	0
RESULT AFTER TAX		515	527
attributable to minority interests		0	0
attributable to equity holders of the parent		**515**	**527**

- We have dealt with the main items in the income statement in the ‘Report of the Board of Directors’ under the ‘Our financial report’ section. The statutory auditor has not audited these sections.
- Since 2024, ‘Net result from financial instruments at fair value through profit or loss’ and ‘Insurance finance income and expense (for insurance contracts issued)’ are shown on the same line, with retroactive restatement of the 2023 figures (see Note 3.3 for more details).
- The breakdown of interest income and interest expense on financial instruments calculated using the effective interest rate method and on other financial instruments (not calculated using the effective interest rate method) is provided in Note 3.1.
- For a breakdown of the operating expenses by nature, see Note 3.7.

Consolidated statement of comprehensive income

(in millions of EUR)	2024	2023
RESULT AFTER TAX	**515**	**527**
Attributable to minority interests	0	0
Attributable to equity holders of the parent	515	527
OCI THAT MAY BE RECYCLED TO PROFIT OR LOSS	**- 226**	**- 39**
Net change in revaluation reserve (FVOCI debt instruments)	- 49	392
Fair value adjustments before tax	- 62	505
Deferred tax on fair value changes	15	- 118
Transfer from reserve to net result	- 2	5
Impairment	*- 2*	*1*
Net gains/losses on disposal	*0*	*5*
Deferred taxes on income	*0*	*0*
Net change in hedging reserve (cashflow hedges)	1	2
Fair value adjustments before tax	1	2
Deferred tax on fair value changes	0	- 1
Transfer from reserve to net result	0	0
Net change in translation differences	- 12	- 12
Gross amount	- 12	- 12
Deferred taxes on income	0	0
Hedge of net investments in foreign operations	0	0
Net insurance finance income and expense from (re)insurance contracts issued	- 166	- 428
Current value adjustments before tax	- 225	- 561
Deferred taxes on CV changes	58	134
Transfer from reserve to net result	0	0
Net insurance finance income and expense from reinsurance contracts held	0	6
Gross amount	*0*	*7*
Deferred taxes on income	*0*	*- 2*
Net change in respect of associated companies and joint ventures	0	0
Gross amount	0	0
Deferred taxes on income	0	0
Other movements	0	1
OCI THAT WILL NOT BE RECYCLED TO PROFIT OR LOSS	**174**	**154**
Net change in revaluation reserve (FVOCI equity instruments)	168	155
Fair value adjustments before tax	167	156
Deferred tax on fair value changes	2	- 1
Net change in defined benefit plans	5	- 1
Remeasurements	9	0
Deferred tax on remeasurements	- 4	- 1
Net change in own credit risk	0	0
Net change in respect of associated companies and joint ventures	0	0
Remeasurements	0	0
Deferred tax on remeasurements	0	0
TOTAL COMPREHENSIVE INCOME	**463**	**642**
Attributable to minority interests	0	0
Attributable to equity holders of the parent	463	642

- Revaluation reserves in 2024:
    - The net change in the ‘revaluation reserve (FVOCI debt instruments)’ came to -49 million euros, which was mainly accounted for by the higher interest rates and the unwinding effect of the negative outstanding revaluation reserve.
    - The net change in the ‘revaluation reserve (FVOCI equity instruments)’ came to +168 million euros, which was largely attributable to positive changes in fair value driven by higher stock markets.
    - The net change in translation differences of -12 million euros was caused primarily by the depreciation of the Czech koruna and the Hungarian forint against the euro.
    - The net change in insurance finance income and expense for (re)insurance contracts issued and held (-166 million euros) was mainly accounted for by a transfer of individual pension agreements from the ‘Risk and Savings’ portfolio to the ‘Hybrid products’ portfolio (see Note 5.6), the decrease in the risk-free rate in euro and the unwinding effect of the outstanding positive insurance finance income and expense through OCI.
- Revaluation reserves in 2023:
    - The net change in the ‘revaluation reserve (FVOCI debt instruments)’ came to +392 million euros, which was mainly accounted for by the lower interest rates and the unwinding effect of the negative outstanding revaluation reserve.
    - The net change in the ‘revaluation reserve (FVOCI equity instruments)’ came to +155 million euros, which was largely attributable to positive changes in fair value driven by higher stock markets.
    - The net change in translation differences of -12 million euros was caused primarily by the depreciation of the Czech koruna against the euro, partly offset by the appreciation of the Hungarian forint against the euro.
    - The net change in insurance finance income and expense for (re)insurance contracts issued and held (-422 million euros) was mainly accounted for by the lower interest rates and the unwinding effect of the outstanding positive Insurance finance income and expense through OCI.

Consolidated balance sheet

(in millions of EUR)	Note	31-12-2024	31-12-2023
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions	-	422	535
Financial assets	4.0	36 429	33 825
Amortised cost	*4.0*	*6 146*	*6 174*
Fair value through OCI	*4.0*	*13 568*	*13 238*
Fair value through profit or loss	*4.0*	*16 675*	*14 374*
of which held for trading	*4.0*	*16*	*21*
Hedging derivatives	*4.0*	*40*	*38*
Reinsurers' contract assets held	5.6	119	64
Profit/loss on positions in portfolios hedged for interest rate risk	-	0	0
Tax assets	5.2	62	80
Current tax assets	*5.2*	*22*	*42*
Deferred tax assets	*5.2*	*39*	*38*
Non-current assets held for sale and disposal groups		0	0
Investments in associated companies and joint ventures	5.3	0	0
Property, equipment and investment property	5.4	302	308
Goodwill and other intangible assets	5.5	245	230
Other assets	5.1	347	297
TOTAL ASSETS		37 926	35 338
LIABILITIES AND EQUITY			
Financial liabilities	4.0	16 420	14 216
Amortised cost	*4.0*	*753*	*775*
Fair value through profit or loss	*4.0*	*15 647*	*13 434*
of which held for trading	*4.0*	*3*	*2*
Hedging derivatives	*4.0*	*20*	*7*
Insurance contract liabilities	5.6	17 113	16 786
Non-life	*5.6*	*3 188*	*2 924*
Life	*5.6*	*13 925*	*13 862*
Profit/loss on positions in portfolios hedged for interest rate risk	-	0	0
Tax liabilities	5.2	284	304
Current tax liabilities	*5.2*	*11*	*4*
Deferred tax liabilities	*5.2*	*273*	*300*
Liabilities associated with disposal groups		0	0
Provisions for risks and charges	5.7	3	3
Other liabilities	5.8	776	728
TOTAL LIABILITIES		34 595	32 037
Total equity	5.10	3 331	3 302
Parent shareholders' equity	5.10	3 331	3 302
Minority interests	-	0	0
TOTAL LIABILITIES AND EQUITY		37 926	35 338

An analysis of the most material items on the balance sheet can be found in the ‘Report of the Board of Directors’ section under ‘Our financial report’. The statutory auditor has not audited that section.

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	Minority interests	Total equity
2024								
Balance at the beginning of the period	65	1 086	- 203	844	1 510	3 302	0	3 302
Net result for the period	0	0	0	515	0	515	0	515
Other comprehensive income for the period	0	0	0	0	- 52	- 52	0	- 52
Subtotal	0	0	0	515	- 52	463	0	463
Dividends	0	0	0	- 433	0	- 433	0	- 433
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	40	- 40	0	0	0
Change in minorities interests	0	0	0	0	0	0	0	0
Total change	0	0	0	121	- 92	29	0	29
Balance at the end of the period	65	1 086	- 203	965	1 418	3 331	0	3 331
2023								
Balance at the beginning of the period	65	1 086	- 203	801	1 420	3 169	0	3 169
Net result for the period	0	0	0	527	0	527	0	527
Other comprehensive income for the period	0	0	0	1	114	114	0	114
Subtotal	0	0	0	528	114	642	0	642
Dividends	0	0	0	- 509	0	- 509	0	- 509
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	24	- 24	0	0	0
Change in minorities interests	0	0	0	0	0	0	0	0
Total change	0	0	0	43	90	133	0	133
Balance at the end of the period	65	1 086	- 203	844	1 510	3 302	0	3 302

- An explanation of the changes in the revaluation reserves is provided under ‘Consolidated statement of comprehensive income’.
- The ‘Dividends’ item in 2023 (509 million euros) includes a gross final dividend for 2022 (308 million euros) as well as the payment of an interim-dividend of 200 million euros. The ‘Dividends’ item in 2024 (433 million euros) includes the final dividend for 2023 (233 million euros) as well as the payment of an interim-dividend of 200 million euros. We propose to the General Meeting of Shareholders of 23 April 2025 a gross final dividend for financial year 2024 of 91 million euros, bringing the total gross dividend to 291 million euros.

Composition of the 'Total revaluation reserves' column in the previous table (in millions of EUR)	31-12-2024	31-12-2023	31-12-2022
Total	1 418	1 510	1 420
Revaluation reserve (FVOCI debt instruments)	- 602	- 553	- 946
Revaluation reserve (FVOCI equity instruments)	336	208	76
Hedging reserve (cashflow hedges)	1	0	- 2
Translation differences	- 1	11	24
Hedge of net investments in foreign operations	1	1	1
Remeasurement of defined benefit plans	50	45	46
Own credit risk through OCI	0	0	0
Insurance finance income and expense after reinsurance	1 633	1 799	2 221

Consolidated cashflow statement

(in millions of EUR)	Note[1]	2024	2023
OPERATING ACTIVITIES			
Result before tax	Cons. income stat.	657	679
Adjustments for non-cash items in profit & loss		77	- 27
Result before tax from discontinued operations	*Consolidated income statement*	*0*	*0*
Depreciation, impairment and amortisation of property, plant and equipment, intangible fixed assets, investment property and securities	*3.9, 4.2, 5.4, 5.5*	*42*	*43*
Profit/Loss on the disposal of investments	—	*- 4*	*- 12*
Change in impairment on loans and advances	*3.9*	*- 1*	*1*
Change in insurance contract liabilities (before reinsurance)	*5.6*	*- 137*	*- 254*
Change in reinsurance contract assets held	*5.6*	*17*	*90*
Change in other provisions	*5.7*	*0*	*0*
Other unrealised gains/losses	—	*159*	*106*
Income from associated companies and joint ventures	*3.10*	*0*	*0*
Cashflows from operating profit before tax and before changes in operating assets and liabilities	—	734	652
Changes in operating assets (excluding cash and cash equivalents)		-2 433	-1 314
Financial assets at amortised cost (excluding debt securities)	*4.1*	*85*	*53*
Financial assets at fair value through OCI	*4.1*	*- 240*	*83*
Financial assets at fair value through profit or loss	*4.1*	*-2 326*	*-1 577*
of which financial assets held for trading	*4.1*	*4*	*4*
Hedging derivatives	*4.1*	*- 2*	*30*
Reinsurance assets	—	*0*	*60*
Operating assets associated with disposal groups, and other assets	—	*51*	*38*
Changes in operating liabilities (excluding cash and cash equivalents)		2 244	1 736
Financial liabilities at amortised cost	*4.1*	*- 20*	*- 420*
Financial liabilities at fair value through profit or loss	*4.1*	*2 213*	*1 435*
of which financial liabilities held for trading	*4.1*	*1*	*- 1*
Hedging derivatives	*4.1*	*14*	*1*
Insurance contracts liabilities	*5.6*	*- 23*	*609*
Operating liabilities associated with disposal groups and other liabilities	—	*60*	*111*
Income taxes paid	3.11	- 101	- 82
Net cash from or used in operating activities		444	992
INVESTING ACTIVITIES			
Purchase of debt securities at amortised cost	4.1	- 583	-1 485
Proceeds from the repayment of debt securities at amortised cost	4.1	512	1 206
Acquisition of a subsidiary or a business unit, net of cash acquired (including increases in percentage interest held)	6.6	0	0
Proceeds from the disposal of a subsidiary or business unit, net of cash disposed of (including decreases in percentage interest held)	—	0	0
Purchase of shares in associated companies and joint ventures	—	0	0
Proceeds from the disposal of shares in associated companies and joint ventures	—	0	0
Dividends received from associated companies and joint ventures	—	0	0
Purchase of investment property	5.4	- 16	- 31
Proceeds from the sale of investment property	5.4	2	11
Purchase of intangible fixed assets (excluding goodwill)	5.5	- 35	- 26
Proceeds from the sale of intangible fixed assets (excluding goodwill)	5.5	6	2
Purchase of property, plant and equipment	5.4	- 10	- 15
Proceeds from the sale of property, plant and equipment	5.4	4	5
Net cash from or used in investing activities		- 119	- 333

(in millions of EUR)	Note[1]	2024	2023
FINANCING ACTIVITIES			
Purchase or sale of treasury shares	Cons. stat. of changes in equity	0	0
Issue or repayment of promissory notes and other debt securities	4.1	0	0
Proceeds from or repayment of subordinated liabilities	4.1	0	0
Proceeds from the issuance of share capital	Cons. stat. of changes in equity	0	0
Dividends paid	Cons. stat. of changes in equity	- 433	- 509
Net cash from or used in financing activities		- 433	- 509
CHANGE IN CASH AND CASH EQUIVALENTS			
Net increase or decrease in cash and cash equivalents		- 108	149
Cash and cash equivalents at the beginning of the period		536	387
Effects of exchange rate changes on opening cash and cash equivalents		- 4	- 1
Cash and cash equivalents at the end of the period		424	536
ADDITIONAL INFORMATION			
Interest paid[2]	3.1	- 217	- 152
Interest received[2]	3.1	634	544
Dividends received (including equity method)	3.2	34	40
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash and cash balances with central banks and other demand deposits with credit institutions	Cons. balance sheet	422	535
Term loans to banks at not more than three months (excl. reverse repos)	4.1	2	1
Reverse repos with credit institutions and investment firms at not more than three months	4.1	0	0
Deposits from banks repayable on demand	4.1	0	0
Cash and cash equivalents belonging to disposal groups	—	0	0
Total	—	424	536
of which not available	—	*0*	*0*

1 The notes referred to do not always contain the exact same amounts as those included in the cashflow statement, as – among other things – adjustments have been made to take account of acquisitions or disposals of subsidiaries, as set out in IAS 7.

2 'Interest paid' and 'Interest received' in this overview are the equivalent of the 'Interest expense' and 'Interest income' items in the consolidated income statement. Given the large number of underlying contracts that generate interest expense and interest income, it would take an exceptional administrative effort to establish actual cashflows. Moreover, it is reasonable to assume that actual cashflows for a bank-insurance company do not differ much from the accrued interest expense and accrued interest income, as most rate products pay interest regularly within the year.

- KBC uses the indirect method to report on cashflows from operating activities.
- 'Net cash from or used in operating activities' in 2024 included positive cashflow from operating profit. In 2023, these items primarily included a positive cashflow from operating profit and a positive net change in operating assets and liabilities.
- Net cash from or used in investing activities in 2024 and 2023 was mainly accounted for by additional investments in debt securities at amortised cost (-71 million euros and -279 million euros, respectively).
- Net cash from financing activities in 2024 and 2023 related to the dividend payment (-433 million euros and -509 million euros, respectively).

1.0 Notes on the accounting policies

Note 1.1: Statement of compliance

The consolidated financial statements of KBC Insurance NV, including all the notes, were authorised for issue on 13 March 2025 by the Board of Directors. They have been prepared in accordance with the IFRS Accounting Standards as adopted for use in the European Union ('endorsed IFRS') and present one year of comparative information. All amounts are shown in millions of euros and rounded to the million (unless otherwise stated).

The following standards became effective on 1 January 2024:
- The IASB has published several limited amendments to existing IFRSs, the impact of which is negligible for KBC.

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), applicable from 2027, with limited impact on the presentation and disclosures;
- IFRS 19 (Subsidiaries without public accountability), with no impact expected;
- The IASB has 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.

Presentation of the income statement: since 2024, we present 'Net result from financial instruments at fair value through profit or loss' and 'Insurance finance income and expense (for insurance contracts issued)' on the same line, with retroactive restatement of the 2023 figures (also see Note 3.3).

Note 1.2: Summary of material accounting policies

General / Basic principle

The general accounting principles of KBC Group NV ('KBC') are based on the IFRS Accounting Standards as adopted by the European Union, and on the IFRS Framework. The financial statements of KBC are prepared based on the going concern assumption. KBC presents each material class of similar items separately. Dissimilar items are presented separately unless they are immaterial, and items are only offset when explicitly required or permitted by the relevant IFRS.

Financial assets

KBC has applied all the requirements of IFRS 9 since 1 January 2018, except for hedge accounting transactions, which continue to be accounted for in accordance with IAS 39.

Financial assets – recognition and derecognition

Recognition: financial assets and liabilities are recognised in the balance sheet when KBC becomes party to the contractual provisions of the instruments. Regular-way purchases or sales of financial assets are recognised using settlement date accounting. All financial assets – except those measured at fair value through profit or loss – are measured initially at fair value plus transaction costs directly attributable to their acquisition.

Derecognition and modification: KBC derecognises a financial asset when the contractual cashflows from the asset expire or when KBC transfers its rights to receive contractual cashflows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. If the terms and conditions change during the term of a financial asset, KBC assesses whether the new terms are substantially different from the original ones and whether the changes indicate that the rights to the cashflows from the instrument have expired. If it is concluded that the terms are substantially different, the transaction is accounted for as a financial asset derecognition, which means that the existing financial asset is removed from the balance sheet and that a new financial asset is recognised based on the revised terms. Conversely, when KBC assesses that the terms are not substantially different, the transaction is accounted for as a financial asset modification.

Write-offs: KBC writes off the gross carrying value of financial assets (or the part of the gross carrying value) it deems uncollectable. This means that there is no reasonable expectation that KBC will recover any interest or principal in a timely manner. The timing of write-offs depends on several factors, including the portfolio, the existence and type of collateral, the settlement process in each jurisdiction, and local legislation. If a loan is uncollectable, the gross carrying value is written off directly against the corresponding impairment. Recoveries of amounts previously written off are recognised as reversals of impairments in the income statement. KBC differentiates between write-offs for financial reporting purposes (which are still subject to credit enforcement activities) and debt forgiveness. The latter entails the forfeiture of the legal right to recover all or part of the debt outstanding to the client.

Classification of debt instruments and equity instruments

On initial recognition of a financial asset, KBC first assesses the contractual terms of the instrument in order to classify it as an equity instrument or a debt instrument. An equity instrument is defined as any contract that evidences a residual interest in another entity's net assets. To satisfy this condition, KBC checks that the instrument does not include a contractual obligation requiring the issuer to deliver cash or exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. Any instruments that do not meet the criteria to qualify as equity instruments are classified as debt instruments by KBC, with the exception of derivatives.

Classification and measurement – debt instruments

If KBC concludes that a financial asset is a debt instrument, then – upon initial recognition – it can be classified in one of the following categories:

- Measured at fair value through profit or loss (FVPL);
    - Mandatorily measured at fair value through profit or loss (MFVPL) – this category includes held-for-trading instruments (HFT);
    - Designated upon initial recognition at fair value through profit or loss (FVO);
- Measured at fair value through other comprehensive income (FVOCI);
- Measured at amortised cost (AC).

Debt instruments have to be classified in the FVPL category where (i) they are not held within a business model whose objective is to hold assets in order to collect contractual cashflows or within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets or, alternatively, (ii) they are held within a business model but, on specified dates, the contractual terms of the instrument give rise to cashflows that are not solely payments of principal and interest on the principal amount outstanding.

Furthermore, KBC may in some cases – on initial recognition – irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as at fair value (FVO) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated to be measured at FVO:

- The asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets;
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at AC only if it meets both of the following conditions and is not designated to be measured at FVO:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cashflows;
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The business model is assessed to determine whether debt instruments should be measured at AC or FVOCI. In performing the assessment, KBC reviews at portfolio level the objective of the business model in which an asset is held because this best reflects how the business is managed and how information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and how those policies operate in practice (in particular, whether management's strategy focuses on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of the financial assets to that of the liabilities that fund those assets, or realising cashflows through the sale of the assets);
- how the performance of the portfolio is evaluated and reported to KBC's Executive Committee and Board of Directors;
- the risks that affect the performance of the business model (and the financial assets held within that model) and how those risks are managed;
- how managers of the business are rewarded (for instance, whether remuneration is based on the fair value of the assets managed or the contractual cashflows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and KBC's expectations of future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how KBC's stated objective for managing the financial assets is achieved and how cashflows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVPL, because they are neither held for collecting contractual cashflows, nor held for both collecting contractual cashflows and selling financial assets.

Assessment whether contractual cashflows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. In assessing whether contractual cashflows are solely payments of principal and interest, KBC considers the contractual terms of the instrument, which entails assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that the instrument would not meet this condition. In making the assessment, KBC considers:

- contingent events that could change the amount and timing of cashflows;
- leverage features;
- prepayment and extension terms;
- terms that limit KBC's claim to cashflows from specified assets (e.g., non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g., periodic resets of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition except in a period after KBC changes its business model for managing financial assets, which can occur when KBC begins or ceases to perform an activity that is significant to its operations (e.g., when KBC acquires, disposes of, or terminates a business line). Reclassification takes place from the start of the reporting period immediately following the change.

Classification and measurement – equity instruments

Financial equity instruments are classified in one of the following categories:

- Mandatorily measured at fair value through profit or loss (MFVPL) – only includes equity instruments held for trading (HFT);
- Equity instruments elected to be measured at fair value through other comprehensive income (FVOCI).

There is a rebuttable presumption that all equity instruments are to be regarded as FVOCI if held for neither trading nor a contingent consideration in a business combination to which IFRS 3 applies. The election to include equity instruments in the FVOCI category is irrevocable on initial recognition and can be done on an investment-by-investment basis, which is interpreted by KBC as a share-by-share basis. Equity instruments categorised as FVOCI are subsequently measured at fair value, with all value changes recognised in other comprehensive income and without any recycling to the income statement, even when the investment is disposed of. The only exception applies to dividend income, which is recognised in the income statement under 'Dividend income'.

Classification and measurement – derivatives (trading and hedging)

KBC can recognise derivative instruments either for trading purposes or as hedging derivatives. They can be accounted for as assets or liabilities depending on their current market value.

Trading derivatives
Derivatives are always measured at fair value and KBC draws distinctions as follows:

- Derivatives that are held with the intent of hedging, but for which hedge accounting cannot be or is not applied (economic hedges): hedging instruments can be acquired with the intention of economically hedging an external exposure but without applying hedge accounting. The interest component of these derivatives is recognised under 'Net interest income', while all other fair value changes are recognised under 'Net result from financial instruments at fair value through profit or loss'.
- Derivatives held with no intent of hedging (trading derivatives): KBC entities can also contract derivatives without any intention to hedge a position economically. Such activity can relate to closing or selling an external position in the near term or for short-term profit-taking purposes. All fair value changes (including interest) on such derivatives are recognised under 'Net result from financial instruments at fair value through profit or loss'.

Hedging derivatives
Hedging derivatives are derivatives that are specifically designated in a hedging relationship. The process for accounting for such derivatives is detailed in 'Hedge accounting'.

Financial assets – impairment

Definition of default

KBC defines defaulted financial assets in the same way as the definition for internal risk management purposes and in line with the guidance and standards of financial industry regulators. A financial asset is considered in default if any of the following conditions is fulfilled:

- There is a significant deterioration in creditworthiness;
- The asset is flagged as non-accrual;
- The asset is forborne and meets the default criteria in accordance with the internal policies for forbearance (for example, when an additional forbearance measure is extended to a forborne asset that did not reach default status within two years of the first forbearance measure being granted, or when a forborne asset becomes more than 30 days past due within the two-year period);
- KBC has filed for the borrower's bankruptcy;
- The counterparty has filed for bankruptcy or sought similar protection measures;
- The credit facility granted to the client has been terminated.

KBC applies a backstop for facilities whose status is '90 days or more past due'. In this context, a backstop is used as a final control to ensure that all the assets that should have been designated as defaulted are properly identified.

Expected credit loss model (ECL model) – general

The ECL model is used to measure impairment of financial assets.

The scope of the ECL model is based on how financial assets are classified. The model is applicable to the following financial assets:

- Financial assets measured at AC and at FVOCI;
- Loan commitments and financial guarantees;
- Finance lease receivables;
- Trade and other receivables.

No ECLs are calculated for investments in equity instruments.

Financial assets that are in scope of the ECL model carry impairment in an amount equal to the lifetime ECL if the credit risk increases significantly after initial recognition. Otherwise, the loss allowance is equal to the 12-month ECL (see below for more information on the significant increase in credit risk).

To distinguish the various stages with regard to quantifying ECL, KBC uses the internationally accepted terminology for 'Stage 1', 'Stage 2' and 'Stage 3' financial assets. Unless they are already credit impaired, all financial assets are classified in 'Stage 1' at the time of initial recognition and 12-month ECL is recognised. Once a significant increase in credit risk occurs after initial recognition, the asset is moved into 'Stage 2' and lifetime ECL is recognised. Once an asset meets the definition of default, it is moved into 'Stage 3'.
For trade receivables, IFRS 9 allows for a practical expedient. The ECL for trade receivables can be measured in an amount equal to their lifetime ECL. KBC applies this practical expedient to trade and other receivables.
Impairment gains and losses on financial assets are recognised under the 'Impairment' heading in the income statement.
Financial assets that are measured at AC are presented in the balance sheet at their net carrying value, which is the gross carrying value less impairment. Debt instruments measured at FVOCI are presented in the balance sheet at their carrying value, which is their fair value on the reporting date. The adjustment for the ECL is recognised as a reclassification adjustment between the income statement and OCI.

Significant increase in credit risk since initial recognition

In accordance with the ECL model, financial assets attract lifetime ECL once their credit risk increases significantly after initial recognition. Therefore, the assessment of a significant increase in credit risk is important for the staging of financial assets. The assessment of a significant increase in credit risk is a relative assessment based on the credit risk that was assigned upon initial recognition. This is a multi-factor assessment and, therefore, KBC has developed a multi-tier approach for both the bond portfolio and the loan portfolio.

Multi-tier approach (MTA) – bond portfolio

For the bond portfolio, the MTA consists of three tiers:

- Low-credit exception: 12-month ECL is always recognised for bonds if they have a low credit risk on the reporting date (i.e. 'Stage 1'). KBC uses this exception for investment grade bonds.
- Lifetime probability of default (LTPD) (only applicable if the first-tier criterion is not met): this is a relative assessment that compares the lifetime probability of default (LTPD) upon initial recognition to that on the reporting date. The relative change in LTPD that triggers staging is an increase of 200%.

- Management assessment: lastly, management review and assess the significant increase in credit risk for financial assets at an individual (i.e. counterparty) and portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA. Examples of idiosyncratic events are unexpected developments in the macroeconomic environment (for example, the coronavirus crisis), uncertainties about geopolitical events (such as a war) and the secondary impact of material defaults (e.g., on the suppliers, clients and employees of a defaulted company).

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

Loan portfolio

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

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

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

Measurement of ECL

ECL is calculated as the product of probability of default (PD), estimated exposure at default (EAD) and loss given default (LGD).

ECL is calculated to reflect:

- an unbiased, probability-weighted amount;
- the time value of money; and
- information about past events, current conditions and forecast economic conditions.

Lifetime ECL represents the sum of ECL over the lifetime of the financial asset discounted at the original effective interest rate. The 12-month ECL represents the portion of lifetime ECL resulting from a default in the 12-month period after the reporting date.

KBC uses specific IFRS 9 models for PD, EAD and LGD in order to calculate ECL. As much as possible and to promote efficiency, KBC uses modelling techniques similar to those developed for prudential purposes (i.e. Basel models). More information on the credit risk models developed by KBC is provided in the 'Internal Modelling' section of the Risk Report at www.kbc.com. That said, KBC ensures that the Basel models are adapted so they comply with IFRS 9:

- KBC removes the conservatism that is required by the regulator for Basel models;
- KBC adjusts how macroeconomic parameters affect the outcome to ensure that the IFRS 9 models reflect a 'point-in-time' estimate rather than one that is 'through the cycle' (as required by the regulator);
- KBC applies forward-looking macroeconomic information in the models.

As regards loans that are in default, the ECL is also calculated as the product of the PD, EAD and LGD. In this specific case, however, the PD is set at 100%, the EAD is known given the default status and the LGD takes into account the net present value of the (un)recoverable amount.

KBC uses the IRB and Standardised models to assign the Basel PD, which then serves as input for IFRS 9 ECL calculations and staging. If there is no Basel PD model with a similar scope to the IFRS 9 model, the long-term observed default rate is used as the PD for all facilities in the portfolio. For low default portfolios, there may have been no or only a small number of defaults in the period being considered, in which case the PD is determined based on expert input and external ratings.

KBC considers forward-looking information in the calculation of ECL via macroeconomic variables and based on management's assessment of any idiosyncratic events. KBC's Chief Economist develops three different macroeconomic scenarios (base-case, up and down) for all the KBC Core Countries and sets a corresponding probability for each scenario. On a quarterly basis, KBC updates the economic scenarios and attributed weightings to be used for the ECL calculation based on the input of the Chief Economist. The incorporation of the macroeconomic variables included in these scenarios in the PD, EAD and LGD components of the ECL calculation is based on statistical correlation in historical datasets.

The maximum period for measurement of ECL is the maximum contractual period (including extensions), except for specific financial assets that include a drawn and an undrawn amount available on demand, and KBC's contractual ability to request repayment of the drawn amount and cancel the undrawn commitment does not limit the exposure to credit risk to the contractual period. Only for such assets can a measurement period extend beyond the contractual period.

Purchased or originated credit impaired (POCI) assets

KBC defines POCI assets as financial assets in scope of the IFRS 9 impairment standard that are already defaulted at origination (i.e. they then meet the definition of default). POCI assets are initially recognised at an amount net of impairment and are measured at amortised cost using a credit-adjusted effective interest rate. In subsequent periods, any changes to the lifetime ECL are recognised in the income statement. Favourable changes are recognised as an impairment gain, even if the lifetime ECL on the reporting date is lower than the lifetime ECL at origination.

Significant judgements and uncertainties

Calculating ECL (and the significant increase in credit risk since initial recognition) requires significant judgement of various aspects, including the borrowers' financial position and repayment capabilities, the value and recoverability of collateral, projections and macroeconomic information. KBC applies a neutral, bias-free approach when dealing with uncertainties and making decisions based on significant judgements.

Cash, cash balances with central banks and other demand deposits with credit institutions

'Cash' comprises cash on hand and demand deposits, e.g., cheques, petty cash and cash balances at central and other banks.

Financial liabilities

Financial instruments or their component parts are classified on initial recognition as liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments. A financial instrument is classified as a liability if:

- KBC has a contractual obligation to deliver cash or another financial asset to the holder or to exchange another financial instrument with the holder under conditions that are potentially unfavourable to KBC; or
- KBC has a contractual obligation to settle the financial instrument in a variable number of its own shares.

A financial instrument is classified as an equity instrument if neither condition is met. In that case, it is accounted for in the way set out under 'Equity'.

Financial liabilities – recognition and derecognition

KBC recognises a financial liability when it becomes party to the contractual provisions of the relevant instrument. This is typically the date when the consideration in the form of cash or some other financial asset is received. Upon initial recognition, the financial liability is recognised at fair value less transaction costs directly attributable to issuance of the instrument, except for financial liabilities at fair value through profit or loss.

Financial liabilities are derecognised when they are extinguished, i.e. the obligation specified in the contract is discharged or cancelled, or it expires. KBC can also derecognise the financial liability and recognise a new one where an exchange takes place between KBC and the lenders of the financial liability, each with substantially different terms, or if there are substantial modifications to the terms of the existing financial liabilities. In assessing whether terms differ, KBC compares the discounted present value of cashflows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, and the discounted present value of the remaining cashflows of the original financial liability. If the difference is 10% or more, KBC derecognises the original financial liability and recognises a new one. Where the exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Financial liabilities – classification and measurement

KBC classifies recognised financial liabilities in three different categories, as provided for by IFRS 9:

- Financial liabilities held for trading (HFT). Held-for-trading liabilities are those incurred principally for generating a profit from short-term fluctuations in price or dealer's margin. A liability also qualifies as a trading liability if it belongs to a portfolio of financial instruments held for trading separately by the trading desk and for which there is a recent pattern of short-term profit-taking. Held-for-trading liabilities can include derivatives, short positions in debt and equity instruments, time deposits and debt certificates. Derivative liabilities are split by KBC into trading and hedging derivatives as in the case of derivative assets. Initially, held-for-trading liabilities are measured at fair value. At the end of the reporting period, derivative liabilities are measured at fair value. Fair value adjustments are always recorded in the income statement.
- Financial liabilities designated by the entity as liabilities at fair value through profit or loss upon initial recognition (FVO). Under IFRS 9, a financial liability or group of financial liabilities can be measured upon initial recognition at fair value, whereby fair value changes are recognised in the income statement except for fair value changes related to changes in own credit risk, which are presented separately in OCI. The fair value designation is used by KBC for the following reasons:
    - managed on an FV basis: KBC designates a financial liability or a group of financial liabilities at fair value where it is managed and its performance is evaluated on a fair value basis. It is used to account for (unbundled) deposit components (i.e. financial liabilities that do not include a discretionary participation feature);
    - Accounting mismatch: the fair value option can be used when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases;
    - Hybrid instruments: a financial instrument is regarded as hybrid when it contains one or more embedded derivatives that are not closely related to the host contract. The fair value option can be used when it is not possible to separate the non-closely-related embedded derivative from the host contract, in which case the entire hybrid instrument can be designated at fair value. This means that both the embedded derivative and the host contract are measured at fair value. KBC uses this option when structured products contain non-closely-related embedded derivatives, in which case both the host contract and the embedded derivative is measured at fair value.
- Financial liabilities measured at amortised cost (AC). KBC classifies most of its financial liabilities under this category, including those used to fund trading activities where no trading intent is present in them (e.g., issued bonds). These financial liabilities are initially measured at cost, which is the fair value of the consideration received including transaction costs. Subsequently, they are measured at amortised cost, which is the amount at which the funding liability was initially recognised minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. The difference between the amount made available and the nominal value is recorded on an accruals basis as an interest expense. Interest expenses accrued but not yet paid are recorded under accruals and deferrals.

Financial liabilities – own credit risk

For financial liabilities designated at fair value, IFRS 9 requires the financial liability to be measured at fair value upon initial recognition. Any changes in fair value are subsequently recognised in the income statement, except for changes in own credit risk, which are presented separately in OCI.
Accordingly, movements in the fair value of the liability are presented in different places: changes in own credit risk are presented in OCI and all other fair value changes are presented in the income statement under 'Net result from financial instruments at fair value through profit or loss'. Amounts recognised in OCI relating to own credit risk are not recycled to the income statement even if the liability is derecognised and the amounts are realised. Although recycling is prohibited, KBC does transfer the amounts in OCI to retained earnings within equity upon derecognition. The only situation in which presentation of own credit risk in OCI is not applied is where this would create an accounting mismatch in the income statement. This could arise if there is a close economic relationship between the financial liability designated at fair value (for which the own credit risk is recognised in OCI), while all changes in fair value of the corresponding financial asset are measured and recognised at fair value through profit or loss. This is the case with unit-linked investment contracts, where changes in fair value of the liability position are fully offset by the asset position.

Financial liabilities – financial guarantee contract

A financial guarantee contract is one that requires KBC to make specified payments to reimburse holders for losses they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at fair value and is subsequently measured at the higher of (a) the amount determined in accordance with the impairment provisions of IFRS 9 (see 'Financial assets – impairment') and (b) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition principle of IFRS 15.

Reverse repos and repos

A reverse repo is a transaction in which KBC purchases a financial asset and simultaneously enters into an agreement to sell the asset (or a similar asset) at a fixed price on a future date; this agreement is accounted for as a loan or advance, and the underlying asset is not recognised in the financial statements.

In a repo transaction, KBC sells a security and simultaneously agrees to repurchase it (or a substantially similar asset) at a fixed price on a future date. KBC continues to recognise the securities in their entirety because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and the financial liability is recognised as the obligation to pay the repurchase price.

Offsetting

KBC offsets and presents only a net amount of a financial asset and financial liability in its balance sheet if and only if (i) it currently has a legally enforceable right to set off the recognised amounts and (ii) it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fair value

KBC defines 'fair value' as 'the price that would be received for sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale. An imbalance between supply and demand (e.g., fewer buyers than sellers, thereby forcing prices down) is not the same as a forced transaction or distress sale.

Market value adjustments are recognised on all positions that are measured at fair value, with fair value changes being reported in the income statement or in OCI. They relate to close-out costs, adjustments for less-liquid positions or markets, mark-to-model-related valuation adjustments, counterparty risk (credit value adjustment) and funding costs:

- Credit value adjustments (CVAs) are used when measuring derivatives to ensure that their market value is adjusted to reflect the credit risk of the counterparty. In making this adjustment, both the mark-to-market value of the contract and its expected future fair value are taken into account. These valuations are weighted based on the counterparty credit risk that is determined using a quoted Credit Default Swap (CDS) spread, or, if there is no such spread, on the counterparty credit risk that is derived from bonds whose issuers are similar to the derivative counterparty in terms of rating, sector and geographical location. A debt value adjustment (DVA) is made for contracts where the counterparty is exposed to KBC. It is similar to a CVA, but the expected future negative fair value of the contracts is taken into consideration.
- A funding value adjustment (FVA) is a correction made to the fair value of uncollateralised derivatives in order to ensure that the (future) funding costs or income attached to entering into and hedging such instruments are factored in when measuring their value.

Hedge accounting

KBC has elected to apply the hedge accounting principles under IAS 39 (EU carve-out version). KBC designates certain derivatives held for risk management purposes, as well as certain non-derivative financial instruments, as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, KBC formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. KBC makes an assessment, both at inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is/are expected to be highly effective in offsetting the changes in the fair value or cashflows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%. KBC makes an assessment for a cashflow hedge of a forecast transaction of whether it is highly probable to occur and presents an exposure to variations in cashflows that could ultimately affect the income statement.

KBC uses the following hedge accounting techniques: cashflow hedges, fair value micro-hedges, fair value hedges for a portfolio of interest rate risk, and hedges of net investments in foreign operations.

Cashflow hedges: if a derivative is designated as the hedging instrument in a hedge of the variability in cashflows attributable to a particular risk associated with a recognised asset, liability or highly probable forecast transaction that could affect the income statement, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve (cashflow hedge) within OCI. Any ineffective portion of changes in the fair value of a derivative is immediately recognised in the income statement under 'Net result from financial instruments at fair value through profit or loss'. The amount recognised in OCI is reclassified to the income statement (as a reclassification adjustment in the same period as the hedged cashflows affect the income statement) under 'Net interest income'. If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cashflow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised under 'Net result from financial instruments at fair value through profit or loss' when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately recycled to the income statement under 'Net result from financial instruments at fair value through profit or loss'.

Fair value micro hedging: when a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability (portfolio of recognised assets or liabilities) or a firm commitment that could affect the income statement, changes in the fair value of the derivative are immediately recognised in the income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk (in the same item in the income statement as the hedged item). However, accrued interest income from interest rate swaps is recognised in 'Net interest income'. If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to the point of discontinuation that is made to a hedged item for which the effective interest method is used is amortised to the income statement as part of the recalculated effective interest rate of the item over its remaining life or recognised directly when the hedged item is derecognised.

Fair value hedges for a portfolio of interest-rate risk (macro hedging): the EU's macro hedging carve-out means that a group of derivatives (or proportions of them) can be viewed in combination and jointly designated as a hedging instrument, and removes some of the limitations on fair value hedge accounting relating to hedging core deposits and underhedging strategies. Under the EU carve-out, hedge accounting may be applied to core deposits and will be ineffective only when the revised estimate of the amount of cashflows in scheduled time buckets falls below the designated amount of that bucket. KBC hedges the interest rate risk of the financial asset portfolios and the financial liability portfolios. Interest rate swaps are measured at fair value, with fair-value changes being reported in the income statement. Accrued interest income from interest rate swaps is recognised in 'Net Interest Income'. The hedged amount of financial assets and liabilities is measured at fair value as well, with fair value changes being reported in the income statement. For hedged items measured at amortised cost, the fair value of the hedged amount is presented as a separate item on the assets or liabilities side of the balance sheet. If a hedge is ineffective, the cumulative fair value change in the hedged amount that was presented as a separate item on the balance sheet will be amortised to the income statement over the remaining lifetime of the hedged assets or will be immediately removed from the balance sheet if ineffectiveness is due to derecognition of the corresponding financial assets and liabilities.

Hedge of net investments in foreign operations: when a derivative instrument or a non-derivative financial instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation having a different functional currency than the direct holding company of the foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in the hedging reserve (investment in foreign operation) in OCI. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the income statement. The amount recognised in OCI is reclassified to the income statement as a reclassification adjustment on disposal of the foreign operation (which includes a dividend distribution or capital decrease).

Insurance contracts

General

KBC applies all the requirements of IFRS 17 as from 1 January 2023.

Scope

In order to qualify as an insurance contract, the associated insurance risk must be significant even if the insured event is extremely unlikely to occur, for example a catastrophic event such as an earthquake. Whether insurance risk is significant is assessed on initial recognition of each individual contract on a present value basis.
In general, the following types of contracts within KBC are in scope of IFRS 17: Non-life insurance contracts, reinsurance contracts (accepted and held), Life insurance contracts being the non-unit-linked contracts, the unit-linked contracts, the hybrid products and investment contracts with discretionary participating features if issued by a KBC insurance entity.
In general, the following types of contracts are out of scope of IFRS 17: investment contracts without discretionary participating features (IFRS 9), most unit-linked contracts of KBC Insurance Belgium (IFRS 9) as these insurance contracts do not contain significant insurance risk, credit cards including certain cover issued by a KBC bank entity (IFRS 15), and roadside assistance contracts (IFRS 15).
Distinct non-insurance components are separated from the insurance components in the contract and thus accounted for in accordance with the appropriate IFRS.

Level of aggregation

IFRS 17 calculations are performed at an aggregated level, rather than contract by contract, taking into account the following four dimensions:
- IFRS 17 portfolio (aggregation of contracts subject to similar risks and managed together);
- Annual cohorts (the year in which the policy was taken out);
- Profitability of the group of contracts (onerous, profitable, doubtful; assessed at inception);
- Set of contracts (aggregation of contracts with a homogeneous profitability expectation).

Aggregation by IFRS 17 portfolio
IFRS 17 portfolios are country-specific and driven by the local product mix (similar risks) and the way in which the local insurance business is managed (managed together). As a minimum, the portfolios are broken down as follows:
- Life
    - Unit-linked
    - Non-unit-linked
    - Hybrid products
- Non-life insurance
    - Personal insurance
    - Liabilities – MTPL
    - Liabilities – other than MTPL
    - Property (including other) other than fully comprehensive
    - Fully comprehensive
    - Accepted reinsurance
- Reinsurance contracts held

Aggregation by annual cohort
KBC applies annual cohorts (a cohort is a time bucket of contracts issued in the same year), aligned with the start and end of the financial year of KBC. On 23 November 2021, the EU published a Regulation endorsing IFRS 17 Insurance Contracts, including the amendments to the original IFRS 17 and a solution for the annual cohort requirement for certain types of insurance contracts, for use in the European Union. KBC will not apply the European optional exemption from the annual cohort requirement.

Aggregation by group of contracts: onerous, profitable or doubtful

BBA and VFA – Expected profitability on initial recognition
For contracts measured according to the Building Block Approach (BBA, see below) and the Variable Fee Approach (VFA, see below), the allocation to the onerous, profitable or doubtful group of contracts (GoC) is determined based on the presence of a Contractual Service Margin (CSM is the unearned profit in the group of contracts at inception) under different risk adjustment levels (i.e. compensation for uncertainty in the amount and timing of future cashflows):

- If CSM < 0 when risk adjustment is calculated at a 75% confidence level, the onerous group of contracts;
- If CSM > 0 when risk adjustment is calculated at a 75% confidence level; AND
  - If CSM < 0 when the risk adjustment is calculated at a 90% confidence level, the doubtful group of contracts;
  - If CSM > 0 when risk adjustment is calculated at a 90% confidence level, the profitable group of contracts.

PAA – Expected profitability on initial recognition
For the Premium Allocation Approach (PAA), facts and circumstances indicating that the group of contracts can be onerous is assessed by the IFRS 17 expected economic combined ratio being more than 100%. This ratio differs from the externally published combined ratio. The IFRS 17 expected economic combined ratio is calculated for a set of contracts on an annual basis. Consequently, the new business of a year is assigned to one specific group of contracts under IFRS 17. In exceptional cases, when qualitative information reveals facts and circumstances indicating a negative trend in the IFRS 17 expected economic ratio, a recalculation is performed during the financial year.

Aggregation by set of contracts
A set of contracts is an aggregation of contracts with a homogeneous profitability expectation. A set of contracts (SoC) is defined such that the conclusion on the expected profitability of the SoC and the associated classification (i.e. profitable, doubtful or onerous) equals the conclusion that would have been reached if the expected profitability assessment had been carried out at the level of the individual contract.

Recognition – derecognition

KBC recognises a group of insurance contracts (and accepted reinsurance contracts) it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due;
- For a group of onerous contracts, when the group becomes onerous.

If there is no contractual due date, the first payment from the policyholder is deemed to be due when it is received.
As time progresses in the cohort, new business can be added to a group of contracts if it meets the initial recognition criteria.
KBC recognises a group of reinsurance contracts held from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held;
- The date the entity recognises an onerous group of underlying insurance contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

KBC delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date that any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
An insurance liability is derecognised from the balance sheet when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Valuation

IFRS 17 applies uniform measurement principles for insurance liabilities that take into account the insurance contract characteristics.

- The general model, the Building Block Approach (BBA), is applied to most Life products.
- The optional Premium Allocation Approach (PAA) is a simplified measurement model that can be used when meeting the PAA eligibility criteria and is applied to most Non-life products and reinsurance contracts.
- The Variable Fee Approach (VFA) is an adjusted Building Block Approach for Life insurance contracts where cashflows to be paid to the policyholder significantly depend on the return of the invested assets. This is a mandatory measurement model when fulfilling the VFA eligibility criteria and is applied to unit-linked products and some hybrid products of Central European entities.

Only one measurement model can be applied to each IFRS 17 portfolio.

The insurance liabilities represent all rights and obligations arising from insurance contracts issued and consist of two components, namely a Liability for Remaining Coverage (LRC) and a Liability for Incurred Claims (LIC).

Measurement of Life insurance liabilities

The Life insurance liabilities are mostly valued according to either the BBA or the VFA model:

- Valuation according to the BBA is applied to calculate the liability for non-unit-linked life insurance contracts and for some hybrid products.
- Valuation according to the VFA is applied in Central European entities to calculate the liability for unit-linked contracts and some hybrid products where the cashflows to be paid to the policyholder depend significantly on the return of the invested assets.

Valuation according to the Building Block Approach (BBA)

The insurance liability consists of the following four blocks:
- Actuarially estimated value of expected future cashflows;
- Discounting to convert the estimation into a present value;
- Risk adjustment as compensation for the uncertainty in the amount and timing of the expected future cashflows;
- Contractual Service Margin (CSM), being the unearned profit that is released from the balance sheet in P&L over the term of the contract based on services provided, i.e. there are no day one gains.

Estimation of expected future cashflows

The basic principle is that Solvency II cashflows are used to ensure consistency with IFRS 17. The IFRS 17 estimation of future cashflows deviates from Solvency II on the following points:
- Under Solvency II all expenses are included in the Best Estimate. Under IFRS 17 expenses are divided into directly attributable costs and non-directly attributable costs. Directly attributable costs are expenses directly related to insurance contracts. Only these directly attributable costs are included in the estimation of expected future cashflows.
- Under Solvency II contracts where the insurer is at risk, tacit renewals and contracts where the coverage period starts in the future are within the Solvency II contract boundary. Under IFRS 17 cashflows are within the contract boundary if they arise from rights and obligations that exist during the reporting period
    - in which the entity can compel the policyholder to pay the premiums; or
    - in which the entity has a substantive obligation to provide services.

Contracts under which the insurer provides cover, i.e. under which the insurer is at risk, are within the IFRS 17 contract boundaries. Tacit renewals for Non-life insurance contracts and contracts with a coverage period starting in the future are outside the IFRS 17 contract boundaries.
Level of aggregation of projected cashflows: the Solvency II aggregation levels are Lines of Business (LoBs) and risk buckets. The IFRS 17 unit of account is based on portfolios, cohorts and expected profitability.

Discounting – time value of money

A discount rate is created per currency that is in line with the currency of the cashflows. The starting point for the creation of the curves are observable market prices of a set of assets with multiple durations. The inflation assumptions for the nominal cashflows and the discount rates are consistent. Inflation is taken into account in the projection of the cashflows. Notwithstanding the reference to 'cashflows', the standard allows the same discount curve to be applied to all cashflows in the same contract. This simplification is applied at KBC.

For cashflows that vary with underlying items, the discount rate is determined by means of a top-down approach. Cashflows that vary with underlying items are typically cashflows such as interest-rate guarantees on future premiums that are not fixed at inception of the contract, future profit sharing, future lapses, etc. A top-down approach is achieved by using a risk-free rate (i.e. interest rate swap) adjusted with a spread based on a reference portfolio of assets. Such a portfolio is based on the current asset mix an entity holds. In addition, the discount curve must only reflect the characteristics of the insurance liabilities. The risk-taking curve is adjusted to exclude the part not related to the insurance liabilities.

Per currency, a Last Liquid Point (LLP) is set at the level of KBC that is consistent for all entities. The LLPs per currency are defined by taking the last available tenor for the risk-free rate in the relevant currency. For long-term Life insurance contracts, the cashflows are modelled over a duration of 110 years. The Ultimate Forward Rate (UFR) is the rate of the 110-year tenor to which the discount curve must converge. This UFR is defined as the sum of an expected real rate and an expected inflation rate.

For cashflows that do not vary with underlying items, KBC chooses to apply the bottom-up approach. The bottom-up approach is determined by adding an illiquidity premium on top of a risk-free rate, so that the discount curve reflects the illiquidity characteristics of the insurance contract liabilities. This approach is used for Non-life liabilities for incurred claims. The illiquidity premium is the premium demanded by the policyholder because the insurance contract liabilities cannot be easily converted into cash at fair market value.

Risk adjustment of Life insurance liabilities

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cashflows that arises from non-financial risk. It is a buffer on top of the Best Estimate future cashflows which represents a 50% probability of being able to fulfil future obligations and thus also a 50% probability of not being able to meet future obligations for outstanding contracts.
Life insurance liabilities are characterised by (long-term) cashflows based on biometric parameters. The risk adjustment is defined as the difference between the Value at Risk (VaR) and the best estimate of future cashflows as part of the fulfilment cashflows. The VaR is calculated at a 75% confidence level. Non-financial risks included in the VaR model are mortality risk, longevity risk, morbidity/disability risk, lapse risk, expense risk and revision risk. The correlations between the different risk types are in line with the correlation matrix of Solvency II.
The diversification benefits between life and non-life insurance contracts are not considered in the calculation, also not at entity level. The risk adjustment is calculated at the level of a set of contracts. There is no diversification effect at this level either.

Contractual service margin

The contractual service margin (CSM) represents the unearned profit the insurer will recognise in P&L as services are provided under the insurance contracts. The CSM is recognised in the balance sheet as part of the insurance liability on initial recognition in order to avoid a day one gain. The CSM on the balance sheet is released gradually over time, on the basis of services provided in the period, and should be zero at the end of the coverage period for a group of contracts.
The CSM release pattern is based on coverage units in the GoC. The number of coverage units is the quantity of services provided by the insurer under the contracts in that GoC, determined by considering for each contract the quantity of the benefits provided to the policyholder under a contract and its expected coverage period. The CSM amount recognised in P&L is the amount of coverage units allocated to the current period for the insurance coverage provided in the current period. The number of coverage units is reassessed at the end of each reporting period to reflect the most up-to-date assumptions of the contract.
KBC has opted to reflect the time value of money on coverage units. By discounting the coverage units, a more stable allocation of the CSM to P&L is achieved. For contracts providing multiple services, i.e. insurance coverage, investment return services and investment management services, KBC works with so-called ‘multivariate coverage units’, taking the following into consideration:
Coverage units are determined based on the individual benefit components separately;
Weights are assigned to each component to reflect an appropriate level of service to be provided.
Such weightings appropriately reflect the release of CSM based on the quantity of the benefits provided for each service. Analogous to coverage units, these weights are also reassessed at the end of each reporting period.
Coverage units cannot be negative. They have a positive sign and are floored to zero. In case of zero coverage units in a given period, no CSM is allocated to P&L as no services have been provided in the period. This is possible in some cases, for instance where contracts provide for ‘waiting periods’. In such cases, the contract has been signed by the policyholder but there is a mandatory waiting period for the client to be able to benefit from insurance coverage.

Valuation according to the Variable Fee Approach (VFA)

Under the VFA, the CSM mainly reflects the fee that KBC expects to earn on the market value of the Assets under Management (AUM), also referred to as ‘underlying items’. The CSM is determined as the net of the fair value of the underlying items and the total entity obligation to the policyholder. The change in the variable fee that impacts the CSM is determined as the net of:

- the change in the fair value of the underlying items; and
- the change in the total entity obligation to the policyholder.

KBC applies the simplification of a combined amount rather than the different CSM unlocking adjustments separately.
Under the VFA, the difference in measurement from BBA lies in the subsequent measurement of direct participating contracts. All changes in fulfilment cashflows are absorbed by the CSM, until the CSM becomes negative and a loss is recognised in P&L.

In Belgium, the insurance company has discretion over the amount of profit sharing allocated to policyholders. The policyholder does not have an ‘enforceable right’ to participate in the returns of the insurance company, which means that the VFA eligibility criteria are not fulfilled and the BBA is applied.

Measurement of Non-life insurance liabilities

Valuation according to the PAA is applied for the liability for most Non-life products. The PAA Liability for Remaining Coverage (LRC) reflects the premium receipts and the acquisition cashflows adjusted for amounts recognised in the income statement on a pro rata temporis basis. When an insured claim arises, a Liability for Incurred Claims (LIC) is recognised, which is similar to the BBA LIC (see below). In the case of onerous contracts, an additional liability to cover expected future losses is added to the LRC on the balance sheet and a loss is recognised immediately in P&L.

Valuation according to the Premium Allocation Approach

The PAA LRC reflects only premiums received and acquisition cashflows. As such, to appropriately present the insurance liability on a cash basis, an adjustment is performed by netting insurance payables and receivables against the LRC value.
Under the PAA, KBC will not make use of the option to expense acquisition costs when incurred. At the end of each reporting period, acquisition cashflows are amortised (i.e. recorded as an insurance service expense) and some of the premium receipts are earned (i.e. recorded as insurance revenues). Both components of the LRC are allocated to P&L on the basis of passage of time or the expected timing of incurred claims and benefits, if that pattern better reflects the release from risk.

Measurement of the Liability for Incurred Claims (LIC) for claims outstanding

The Liability for Incurred Claims is measured separately. A discounted best estimate of future cash outflows subject to a risk adjustment as a safety margin is provisioned on the balance sheet. No CSM is included in the LIC as there is no future coverage in scope of the liabilities for incurred claims, i.e. it contains fulfilment cashflows related to past service.
A provision for the internal cost of settling claims is included, which is calculated as a percentage based on past experience. The risk adjustment for Non-life insurance liabilities is only calculated for claims incurred. Consequently, only reserve risk is taken into account. Comparable with Life insurance liabilities, a Value at Risk method (VaR) is used, but here it is calculated at a 90% confidence level.

Subsequent measurement

BBA/VFA – Liability for Remaining Coverage

At the end of each reporting period, subsequent to initial recognition, KBC updates its estimates and assumptions to reflect the most up-to-date situation. As a result of these updates, the carrying amount of fulfilment cashflows will vary from one period to another.
Subsequent measurement under BBA/VFA for the LRC is driven by:

- experience adjustments – either absorbed by the CSM (i.e. related to future service) or recorded in the insurance result (i.e. related to current or past service) – and portfolio rollforward;
- non-economic parameter updates to the fulfilment cashflows;
- economic parameter updates to the fulfilment cashflows;
- CSM release.

PAA – Liability for Remaining Coverage

Under the PAA, the LRC is unwound on a pro rata temporis basis to obtain the so-called ‘earned premiums’, i.e. the premium reserve and the deferred acquisition commission reserve. At the end of each reporting period, acquisition cashflows are amortised (i.e. recorded as an insurance service expense) and some of the premium receipts are earned (i.e. recorded as insurance revenues). Both components of the LRC are allocated to P&L on the basis of passage of time or the expected timing of incurred claims and benefits, if that pattern better reflects the release from risk.

BBA/VFA/PAA – Liability for Incurred Claims

Any changes to the Liability for Incurred Claims are recorded in the income statement. Depending on the driver of such changes, they are recorded in:

- Insurance service expenses. Main drivers: updates of fulfilment cashflows, i.e. higher or lower total expected claim payments, changes in the statistical percentage of internal claims handling expenses, etc.; or
- Insurance finance income and expense. Main drivers: a change in the discount rate, interest from deposits at the ceding company.

Other matters

KBC has opted for a year-to-date approach, i.e. a recalculation of previously reported quarters, with the impact of the recalculation being included in the current period.
KBC chooses to disaggregate insurance finance income and expense (IFIE) between P&L and OCI. This means recognising in P&L the interest expense on the insurance liability over the reporting period, with this interest expense being calculated using the locked-in rate (i.e. the rate curve applicable at the inception of the IFRS 17 contract) and recognising in OCI the impact of changes in the market interest rate over the reporting period, with the exception of:

- insurance contracts measured under BBA where changes in financial risk have a significant impact on the amounts due to policyholders (future interest-rate guarantees, profit-sharing), for which the allocation to the income statement is derived from the amounts expected to be credited to policyholders (expected crediting rate);
- insurance contracts measured under VFA, for which the current period book yield approach is used. The amount in IFIE corresponds to the financial result presented in the income statement of the underlying items to ensure that the total net financial result equals 0 (also referred to as the 'mirroring approach').

The liability position of insurance contracts and the asset position of reinsurance contracts is presented in the balance sheet on a received basis. Reinsurance contracts held are required to be accounted for and presented separately from the underlying contracts to which they relate.
Upon the acquisition of another insurance company or a portfolio transfer, the consideration received or paid partly consists of the Value of Business In-force (VBI). Insurance contracts acquired in a business combination are measured in the same way as insurance contracts issued by the entity except that the fulfilment cashflows are recognised at the acquisition date.

Leasing

All leases are required to be classified as either finance leases or operating leases. The classification under IFRS 16 is based on the extent to which risk and rewards incidental to ownership of leased assets lie with the lessor or the lessee. A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset.
This classification is crucial for positions as a lessor, but less important for positions as a lessee, since both classifications result in similar recognition and measurement of the lease on the balance sheet and in the income statement.

Equity

Equity represents the residual interest in KBC's total assets after deduction of all its liabilities (referred to as 'net assets') and encompasses all shares issued by KBC, reserves attributable to the holders of the shares and minority interests.

KBC classifies all issued financial instruments as equity or as a financial liability based on the substance of the contractual arrangements. The critical feature that distinguishes a financial liability from a share is whether KBC has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation.
Minority interests represent the equity in a subsidiary that is not attributable to the holders of KBC shares. When the proportion of the equity held by the minority interests changes, KBC adjusts the carrying value of the controlling and minority interests to reflect changes in their relative interests in the consolidated companies. KBC recognises in equity any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received, and allocates it to its controlling stake.

KBC can buy back its own shares within the legal framework. These treasury shares (ordinary shares) are initially recognised on the balance sheet on the transaction date under the 'treasury shares' heading. The acquisition price (including transaction costs) is deducted from equity. The dividend income from 'treasury shares' is recognised in equity.

Employee benefits

Short-term employee benefits

Short-term employee benefits, such as salaries, paid absences, performance-related cash awards and social security contributions, are recognised over the period in which the employees provide the corresponding services. The related expenses are presented in the income statement as 'Operating expenses' under the 'Staff expenses' heading.

Post-employment benefits

KBC offers its employees pension schemes in the form of defined contribution or defined benefit plans. Under the defined contribution plans, KBC's statutory or constructive obligation is limited to the amount that it agrees to contribute to the fund. The amount of the post-employment benefit to be received by the employee is determined by the amount of the contributions paid by KBC and the employee into the post-employment benefit plan, as well as by the investment returns arising from those contributions. The actuarial risk is borne by the employee.
Conversely, under the defined benefit plans, KBC's obligation is to provide the agreed benefits to current and former employees and, in substance, the actuarial risk and investment risk fall on KBC. This means that if, from an actuarial or investment viewpoint, things turn out worse than expected, KBC's obligation may be increased.
In Belgium, defined contribution plans have a legally guaranteed minimum return and the actual return can be lower than the legally required return. In addition, these plans have defined benefit plan features and KBC treats them as defined benefit plans.
Liabilities under the defined benefit plans and the Belgian defined contribution plans (or pension liabilities) are included under 'Other liabilities' and relate to the liabilities for retirement and survivor's pensions, early retirement benefits and similar pensions and annuities.
The pension obligations for employees under the defined benefit plans are calculated using the projected-unit-credit method, with each period of service granting additional entitlement to pension benefits.
Actuarial valuations are performed every reporting period. The defined benefit liabilities are discounted using rates equivalent to the yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have a maturity similar to the related pension liabilities.

Changes in the net defined benefit liability/asset, apart from cash movements, are grouped into three main categories and recognised in operating expenses (service costs), interest expenses (net interest costs) and other comprehensive income (remeasurements).

Net fee and commission income

Most net fee and commission income falls under the scope of IFRS 15 (Revenue from Contracts with Customers), as it relates to the services that KBC provides to its clients and is outside the scope of other IFRS standards. For the recognition of revenue, KBC identifies the contract and defines the promises (performance obligations) in the transaction. Revenue is recognised only when KBC has satisfied the performance obligation.
The revenue presented under 'Securities and asset management' falls under the scope of IFRS 15 and, in principle, entails KBC keeping assets in a trust for the beneficiary ('fund') and being responsible for investing the amounts received from clients to their benefit. These transactions are straightforward, because KBC provides a series of distinct services which clients use at the same time when receiving the benefits. In return, KBC receives a monthly or quarterly management fee, which is calculated as a fixed percentage of the net asset value, or a subscription fee retained from the beneficiary. The fees do not include a variable component.
Revenue reported as 'Margin on life insurance investment contracts without DPF' represents the amount realised on investment contracts without a discretionary participation feature, i.e. a fixed percentage or fixed amount is withheld from the client's payments, enabling the insurance company to cover its expenses.
Payment services, where KBC charges clients for certain current-account transactions, domestic or foreign payments, for payment services provided through ATMs, etc., are usually settled when the actual transaction is carried out, enabling the relevant fee to be recognised directly at that time.

Levies

Public authorities can impose various levies on KBC. The size of the levies can depend on the amount of revenue (mainly interest income) generated by KBC, the amount of deposits accepted from clients, and the total balance sheet volume, including corrections based on certain, specific ratios. In accordance with IFRIC 21, levies are recognised when the obligating event that gives rise to recognition of the liability has occurred as stated in the relevant legislation. Depending on the obligating event, levies can be recognised at a single point in time or over time. Most of the levies imposed on KBC have to be recognised at a single point in time, which is mainly the beginning of the financial year. KBC recognises levies under 'Operating expenses'.

Income tax

Income tax consists of three items, namely taxes paid/payable over the reporting period, underprovisioning/overprovisioning in previous years, and changes in deferred tax assets/deferred tax liabilities. It is accounted for either in the income statement or in other comprehensive income, depending on where the items that triggered the tax are recorded. Income taxes that are initially accounted for in other comprehensive income and that relate to gains or losses that are subsequently recognised in the income statement are recycled to the income statement in the same period in which that item is accounted for in the income statement.

Deferred and current tax assets and liabilities are offset when there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax assets/liabilities

Current tax for the period is measured at the amount expected to be paid to or recovered from the tax authorities, using the rates of tax in effect during the reporting period.

Deferred tax assets/liabilities

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying value of an asset or liability and its tax base. They are measured using the tax rates that are substantively enacted at the reporting date and expected to be in effect on realisation of the assets or settlement of the liabilities to which they relate and that reflect the tax consequences following from the manner in which the entity expects to recover or settle the carrying value of the underlying asset or liability at the balance sheet date.
Deferred tax assets are recognised for all deductible temporary differences between the carrying value of assets and liabilities and their tax base, as well as for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. KBC calculates deferred tax assets to carry forward unused tax losses. When estimating the period over which tax losses can be set off against future taxable profits, KBC uses projections for a period of eight to ten years.
Deferred tax assets/liabilities that relate to business combinations are recorded directly in goodwill.
Deferred tax assets/liabilities are not discounted.

Property and equipment

Property and equipment are recognised initially at cost (including directly allocable acquisition costs). KBC subsequently measures property and equipment at the initial cost less accumulated depreciation and impairment. The rates of depreciation are determined on the basis of the estimated useful life of the assets and are applied according to the straight-line method from the moment the assets are available for use. Property and equipment are derecognised upon disposal or when the relevant asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses upon derecognition are recognised in the income statement in the period in which derecognition occurs.
Property and equipment are subject to impairment testing when there is an indication that the asset might have been impaired.

Depreciation charges, impairment losses and gains or losses on disposal are recognised under 'Operating expenses' in the income statement, with the exception of assets that are leased under operating leases (KBC as a lessor), for which the costs are recognised in 'Net other income'. Where a disposal falls within the definition of a discontinued operation, the net results are reported in a single line in the income statement (see 'Discontinued operations' below).

Investment property

Investment property is defined as a property built, purchased or acquired by KBC under a finance lease and is held to earn rentals or for the purpose of capital appreciation rather than being used by KBC for the provision of services or for administrative purposes. Investment property is initially recognised at cost (including directly attributable costs). KBC subsequently measures it at the initial cost less accumulated depreciation and impairment.
The depreciation charge is recognised under 'Net other income' in the income statement.

Intangible assets

Intangible assets include goodwill, software developed in-house, software developed externally and other intangible assets. Intangible assets can be (i) acquired as part of a business combination transaction (see 'Business combinations and goodwill' below), (ii) acquired separately or (iii) developed internally.

Separately acquired intangible assets (mainly software developed externally) are initially recognised at cost. Internally developed intangible assets (mainly software developed in-house) are recognised only if they arise from development and KBC can demonstrate:

- the technical feasibility of completing them;
- an intention to complete for use or sale;
- an ability to use or sell them;
- the way in which the intangible assets will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets;
- the possibility to reliably measure the expenditure attributable to the intangible assets during their development.

Internally generated intangible assets are initially measured at the development costs directly attributable to the design and testing of the unique software controlled by KBC.
Directly attributable costs capitalised as part of the software developed in-house include software development employee costs and directly attributable overheads.
Research expenses, other development expenditure, costs associated with maintaining software and investment projects (large-scale projects introducing or replacing an important business objective or model) that do not meet the recognition criteria are recognised as an expense in the period they are incurred.

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use as intended by management. Software is amortised as follows:

- System software (initial purchased software forming an integral part with hardware) is amortised at the same rate as hardware.
- Standard software and customised software developed by a third party or developed in-house are amortised over five years according to the straight-line method from the time the software is available for use.
- Core systems (typically including deposit account processing, loan and credit processing, interfaces to the general ledger and reporting tools) are amortised according to the straight-line method over a minimum period of eight years.

Impairment of non-financial assets

When KBC prepares financial statements, it ensures that the carrying value of the non-financial asset does not exceed the amount that could be obtained from either using or selling it (‘recoverable amount’). Property and equipment, investment property and software are subject to the impairment review only when there is objective evidence of impairment. Goodwill and intangible assets with an indefinite useful life are subject to impairment reviews at least annually and also reviewed for impairment indicators every quarter.
Indications that an impairment loss is required may stem from either an internal source (e.g., the condition of the asset) or an external source (e.g., new technology or a significant decline in the asset’s market value).

When an impairment indicator is present, KBC reviews the asset’s recoverable amount and the asset is impaired if its recoverable amount is lower than its carrying value at the reporting date. The recoverable amount is defined as the higher of the value in use and the fair value less cost to sell.
Value in use is defined as the discounted future cashflows expected to be derived from an asset or a cash-generating unit.
Impairment is borne at individual asset level, but when the individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the so-called ‘cash-generating unit’ (CGU) to which the asset or group of assets belongs. In forming the CGUs, KBC applies its own judgement to define the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This process mainly applies to goodwill that has been recognised in relation to acquisitions.
Impairment losses are recognised in the income statement for the period in which they occur. An impairment loss can be reversed if the condition that triggered it is no longer present, except for goodwill, which can never be reversed. Impairment gains are recognised in the income statement for the period in which they occur.

Provisions, contingent liabilities and contingent assets

Provisions are recognised on the reporting date if and only if the following criteria are met:

- There is a present obligation (legal or constructive) due to a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. When the effect of time is material, the amount recognised as a provision is the net present value of the best estimate.
Due to its inherent nature, a provision requires management judgement regarding the amount and timing of probable future economic outflows.

Consolidated financial statements / interim financial statements

All material entities (including structured entities) over which KBC exercises direct or indirect control as defined in IFRS 10 are consolidated according to the method of full consolidation. Changes in ownership interests (that do not result in a loss of control) are accounted for as equity transactions. They do not affect goodwill or profit or loss.

Subsidiaries that are not included in the consolidated financial statements because of immateriality are classified as equity instruments at fair value through other comprehensive income, with all fair value changes being reported in other comprehensive income, except for dividend income, which is recognised in the income statement. Material companies over which joint control is directly or indirectly exercised and material investments in associates (companies over which KBC has significant influence) are all accounted for using the equity method.

Consolidation threshold: subsidiaries are effectively included in the consolidated financial statements using the full consolidation method if at least two of the following materiality criteria are exceeded:

- Group share in equity is 2 500 000 euros;
- Group share in the result is 1 000 000 euros (absolute value);
- Group share in the balance sheet total is 100 000 000 euros.

In order to prevent too many entities from being excluded, KBC checks that the combined balance sheet total of the entities excluded from consolidation does not amount to more than 1% of the consolidated balance sheet total.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Under this method, the cost of an acquisition is measured as the aggregate of the consideration transferred (measured at acquisition-date fair value) and the amount of any minority interests in the acquired entity. For measurement of the minority interests, KBC can decide for each business combination separately whether to measure the minority interest at fair value or as its proportionate share of the acquired entity's net identifiable assets. The way the minority interest is measured on the acquisition date will have an impact on purchase accounting as a result of the determination of goodwill.

Goodwill is the excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. In order to complete the acquisition accounting and determine the goodwill item, KBC applies a measurement period of 12 months. The classification of the financial assets acquired and financial liabilities assumed in the business combination is based on the facts and circumstances existing at the acquisition date (except for lease and insurance contracts, which are classified on the basis of the contractual terms and other factors at the inception of the relevant contract).
Goodwill is presented under 'Goodwill and other intangible assets' and is carried at cost less impairment losses. Goodwill is not amortised, but is tested for impairment at least once a year or when there is objective evidence (external or internal) that it should be impaired. If the acquisition accounting is not complete because the 12-month measurement period has not elapsed, the goodwill is not considered as final and is only tested if there is objective evidence that the provisional goodwill is impaired.
For the purpose of testing goodwill for impairment, it is allocated to each of KBC's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units. An impairment loss is recognised if the carrying value of the cash-generating unit to which the goodwill belongs exceeds its recoverable amount. Impairment losses on goodwill cannot be reversed.

Effects of changes in foreign exchange rates

KBC's functional and presentation currency is the euro. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the spot rate on the balance sheet date. Negative and positive valuation differences, except for those relating to the funding of equity instruments and investments of consolidated companies in a foreign currency, are recognised in the income statement. Non-monetary items measured at historical cost are translated into the functional currency at the historical exchange rate that existed on the transaction date. Non-monetary items carried at fair value are translated at the spot rate on the date the fair value was determined. Translation differences are reported together with changes in fair value. Income and expense items in foreign currency are taken to the income statement at the exchange rate prevailing when they were recognised.

Valuation differences are accounted for either in the income statement or in other comprehensive income. Valuation differences that are initially accounted for in other comprehensive income and that relate to gains or losses that are subsequently recognised in the income statement are recycled to the income statement in the same period in which that item is accounted for in the income statement. The balance sheets of foreign subsidiaries are translated into the presentation currency at the spot rate on the reporting date (except for equity, which is translated at the historical rate). The income statement is translated at the average rate for the financial year as a best estimate of the exchange rate on the transaction date.

Related-party transactions

A related party to KBC is either a party over which KBC has control or significant influence or a party that has control or significant influence over KBC. KBC defines its related parties as:

- KBC subsidiaries and other KBC group entities (primarily KBC Bank NV, KBC Group NV and KBC Global Services NV);
- KBC associates and joint ventures;
- KBC key management staff (i.e. the Board of Directors and the Executive Committee of KBC Insurance NV).

Transactions with related parties must occur at arm's length.

Non-current assets held for sale and disposal groups, liabilities associated with disposal groups and discontinued operations

Non-current assets held for sale and disposal groups, liabilities associated with disposal groups

Non-current assets or groups of assets and liabilities held for sale are those where the carrying value will be recovered by KBC through a sale transaction, which is expected to qualify as a sale within a year, rather than through continued use. Non-current assets and liabilities held for sale are reported separately from the other assets and liabilities in the balance sheet at the end of the reporting date.

Discontinued operations

A discontinued operation refers to a part of KBC that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single, coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Results from discontinued operations are recognised separately in the income statement and in other comprehensive income and contain:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognised on the measurement to fair value less the costs of the sale or disposal of the assets or group of assets.

Events after the reporting period

Events after the reporting date are defined as favourable or unfavourable events that occur between the reporting date and the date on which the financial statements are authorised for issue. There are two types of event after the reporting date:

- Those which provide evidence of conditions that existed on the reporting date (adjusting events);
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events).

The impact of adjusting events has already been reflected in the financial position and financial performance for the current year. The impact and consequences of non-adjusting events are disclosed in the notes to the financial statements.

Exchange rates used

	Exchange rate at 31-12-2024		Average exchange rate in FY 2024	
		Changes relative to 31-12-2023		Changes relative to the average FY 2023
	1 EUR = … … currency	Positive: appreciation relative to EUR Negative: depreciation relative to EUR	1 EUR = … … currency	Positive: appreciation relative to EUR Negative: depreciation relative to EUR
CZK	25.185	-2%	25.137	-5%
HUF	411.35	-7%	395.88	-4%

Note 1.3: Critical estimates and significant judgements

When preparing the consolidated financial statements and applying KBC's accounting policies, management is required to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Some degree of uncertainty is inherent in almost all amounts reported. The estimates are based on the experience and assumptions that KBC's management believes are reasonable at the time the financial statements are being prepared.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant areas of estimation uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are found in, but not limited to, notes 1.4, 3.3, 3.6, 3.9, 3.11, 4.2, 4.4–4.8, 5.2, 5.5–5.7, 5.9, and 6.1.

Note 1.4: Climate-related information

ESG and supporting the transition to a more sustainable and resilient society – including focusing on the climate – are crucial to our overall business strategy and integrated into our day-to-day operations. We have a solid sustainability governance structure in place to ensure group-wide integration of our sustainability strategy, which involves responsibility at the highest level and spans all areas of ESG.

Because sustainability is firmly embedded in our day-to-day operations, it is not relevant to separately consider the financial impact of sustainability-related investments. We would like to emphasise that:

- KBC integrates sustainability-related opportunities and the related costs in the annual general budget round;
- As a financial institution, KBC is highly regulated in terms of sustainability and we provide the necessary resources to comply with these regulatory obligations;
- In addition, KBC has made several voluntary commitments for which appropriate efforts are made and resources deployed;
- KBC applies a strict environmental policy to its loan, investment and insurance portfolios. We have also defined ambitious climate targets for the most important sectors and products in our loan portfolio as well as in our investment portfolio. We work together with our clients to achieve these targets, and we actively collaborate with the companies in which we invest in order to reduce their climate impact.
- As part of our efforts to reduce our own direct footprint, we are taking relevant action in the areas of facilities (buildings) and mobility in particular, with a view to meeting our greenhouse gas emission reduction target. We are also achieving net climate neutrality by offsetting our remaining direct emissions.

In accordance with the relevant ESMA recommendations, all notes and other sections in the Annual Report in which direct or indirect reference is made to the climate and climate-related risks are set out below.

In the 'Report of the Board of Directors':

- See 'How do we create sustainable value?' in 'Our business model'
- See 'What are our main challenges?' in 'Our business model'
- See 'Our role in society' in 'Our strategy'

In the 'Consolidated financial statements' (in the notes below each table)

- Note 3.9: Impairment (income statement)
- Note 4.1: Financial assets and liabilities, breakdown by portfolio and product
- Note 5.4: Property and equipment and investment property
- Note 5.9: Retirement benefit obligations

2.0 Notes on segment reporting

Applies to KBC Group and KBC Bank, but not to KBC Insurance.

3.0 Notes to the income statement

Note 3.1: Net interest income

(in millions of EUR)	2024	2023
Total	417	392
Interest income	634	544
Interest income on financial instruments calculated using the effective interest rate method		
Financial assets at AC	294	250
Financial assets at FVOCI	294	267
Hedging derivatives	38	20
Financial liabilities (negative interest)	0	0
Other	0	0
Interest income on other financial instruments		
Financial assets MFVPL other than held for trading	0	0
Financial assets held for trading	8	7
Of which economic hedges	*8*	*6*
Other financial assets at FVPL	0	0
Interest expense	- 217	- 152
Interest expense on financial instruments calculated using the effective interest rate method		
Financial liabilities at AC	- 188	- 142
Financial assets (negative interest)	0	0
Hedging derivatives	- 22	- 4
Other	- 1	- 1
Interest expense on other financial instruments		
Financial liabilities held for trading	- 7	- 6
Of which economic hedges	*- 7*	*- 6*
Other financial liabilities at FVPL	0	0
Net interest expense relating to defined benefit plans	1	1

Note 3.2: Dividend income

(in millions of EUR)	2024	2023
Total	34	40
Equity instruments MFVPL other than held for trading	2	0
Equity instruments held for trading	0	0
Equity instruments at FVOCI	32	40

Note 3.3: Net result from financial instruments at fair value through profit or loss & Insurance finance income and expense (for insurance contracts issued)

(in millions of EUR)	2024	2023
Total	- 249	- 207
Breakdown by IFRS portfolio		
Net result financial instruments at fair value through profit or loss	92	106
Financial instruments MFVPL other than held for trading	1 661	1 152
Trading instruments (including interest on non-ALM trading derivates and fair value changes on all trading instruments)	0	0
Financial instruments at fair value through profit or loss	- 1 569	- 1 054
Foreign exchange trading	0	6
Fair value adjustments in hedge accounting	0	1
Insurance finance income and expense (for insurance contracts issued)	- 341	- 313
Hedge accounting broken down by type of hedge		
Fair value micro hedges	0	1
Changes in the fair value of the hedged items	*11*	*30*
Changes in the fair value of the hedging derivatives	*- 10*	*- 29*
Cashflow hedges	0	0
Changes in the fair value of the hedging derivatives, ineffective portion	0	0
Hedges of net investments in foreign operations, ineffective portion	0	0
Portfolio hedge of interest rate risk	0	0
Changes in the fair value of the hedged items	*- 6*	*0*
Changes in the fair value of the hedging derivatives	*6*	*0*
Discontinuation of hedge accounting for fair value hedges	0	0
Discontinuation of hedge accounting in the event of cashflow hedges	0	0
Breakdown by driver		
MTM ALM derivatives and other	0	11
Market value adjustments (xVA)	0	0
Result on investment backing UL contracts - under IFRS 17 & Insurance finance income and expense	- 249	- 217

- Since 2024, ‘Net result from financial instruments at fair value through profit or loss’ and ‘Insurance finance income and expense (for insurance contracts issued)’ are shown on the same line, with retroactive restatement of the 2023 figures. This way, the change in fair value of liabilities of unit-linked contracts under IFRS 17 (variable fee approach) recognised under ‘Insurance finance income and expense’ is offset by the change in fair value of the underlying unit-linked assets, which is recognised under ‘Net result from financial instruments at fair value through profit or loss’. The remaining amount primarily comprises interest accretion in ‘Insurance finance income and expense’ (see Note 3.6.1).
- ALM hedging derivatives (recognised in hedge accounting): the interest component of these derivatives is recognised under ‘Net interest income’. Fair value changes in hedging derivatives, excluding those for which an effective cashflow hedge relationship exists, are recognised under ‘Net result from financial instruments at fair value through profit or loss’. Under fair value hedge accounting, changes in the fair value of hedged assets are also recognised under this heading, and offsetting takes place insofar as the hedge is effective. ALM hedging derivatives not recognised in hedge accounting (and therefore classified as trading instruments) are treated in the same way, except most of the related assets are not recognised at fair value (i.e. not marked-to-market).
- Day 1 profit: when the transaction price in a non-active market differs from the fair value of other observable market transactions in the same instrument or from the fair value based on a valuation technique whose variables include only data from observable markets, the difference between the transaction price and the fair value (day 1 profit) is taken to profit or loss. If this is not the case (i.e. the variables do not include only data from observable markets), day 1 profit is reserved and is released in profit or loss during the life and until the maturity of the financial instrument. This day 1 profit involves limited amounts.
- Foreign exchange trading includes the realised and unrealised foreign exchange results (when the monetary assets and liabilities are revalued), regardless of the IFRS portfolio, except for financial assets and liabilities measured at fair value through profit or loss, for which the revaluation is included in the fair value correction. Note that (unrealised) foreign exchange gains/losses on insurance contract liabilities are recognised under ‘Insurance finance income and expense (for insurance contracts issued)’.
- The effectiveness of the hedge is determined according to the following methods:
    - For fair value micro-hedging, we use the dollar offset method on a quarterly basis, with changes in the fair value of the hedged item offsetting changes in the fair value of the hedging instrument within a range of 80%–125%.
    - For cashflow hedges, we compare the designated hedging instrument with a perfect hedge of the hedged cashflows on a prospective (by BPV measurement) and retrospective basis (by comparing the fair value of the designated hedging instrument with the perfect hedge). The effectiveness of both tests must fall within a range of 80%–125%.

- We use the rules set out in the European version of IAS 39 (carve-out) to assess the effectiveness of fair value hedges for a portfolio of interest rate risk. IFRS does not permit net positions to be reported as hedged items, but does allow hedging instruments to be designated as a hedge of a gross asset position (or a gross liabilities position, as the case may be). Specifically, we make sure that the volume of assets (or liabilities) in each maturity bucket is greater than the volume of hedging instruments allocated to the same bucket.

Note 3.4: Net fee and commission income

(in millions of EUR)	2024	2023
Total	102	90
Fee and commission income	182	166
Fee and commission expense	- 80	- 76
Breakdown by type		
Asset Management Services	91	80
Fee and commission income	*159*	*143*
Fee and commission expense	*- 68*	*- 64*
Banking Services	- 7	- 6
Fee and commission income	*1*	*2*
Fee and commission expense	*- 8*	*- 8*
Other	*18*	*16*
Fee and commission income	*22*	*20*
Fee and commission expense	*- 4*	*- 4*

‘Asset management services’ contains management fees, entry fees and distribution fees for investment funds and unit-linked life insurance under IFRS 9. ‘Banking services’ contains credit- and guarantee-related fees, payment transaction fees, network income, securities-related fees, distribution fees paid for banking products and fees for other banking services. Distribution fees paid for insurance products (Life and Non-life under IFRS 17) are recognised in the income statement under ‘Insurance service expenses before reinsurance’ (see Note 3.6). ‘Other’ comprises distribution fees of third-party insurers (not under IFRS 17) and platformication income.

Note 3.5: Net Other income

(in millions of EUR)	2024	2023
Total	88	78
of which gains or losses on		
Sale of financial assets measured at amortised cost	0	- 1
Sale of debt instruments at FVOCI	0	- 5
Repurchase of financial liabilities measured at amortised cost	0	0
of which other, including:	88	84
Income from VAB Group	60	52
Net rental income	17	14

Note 3.6: Insurance results

Note 3.6.1: Insurance profitability – P&L

- The changes in the fair value of investment-linked insurance contracts, measured using the Variable Fee Approach under IFRS 17 (known as 'unit-linked insurance contracts' in Central and Eastern Europe), impacted the following income statements:
  - 'Net result from financial instruments at fair value through profit or loss', where changes in the fair value of investments underlying these contracts are recognised.
  - 'Insurance finance income and expense', where changes in the fair value of insurance liabilities related to these contracts are recognised under 'Changes in fair value of liabilities of unit-linked contracts measured under IFRS 17'.
- However, as these two changes in fair value fully offset each other at the level of the result before tax, developments in the aforementioned income statements are best assessed by disregarding these changes in fair value.

(in millions of EUR)	Life	*of which life direct participating (VFA)*	Non-life	Non-technical	Total
2024					
Insurance service result	**168**	***10***	***310***	**—**	**478**
Insurance revenues before reinsurance	*463*	*24*	*2 492*	*—*	*2 955*
Insurance service expenses	*- 296*	*- 14*	*- 2 181*	*—*	*- 2 477*
Of which Non-life - Claim related expenses	*—*	*—*	*- 1 416*	*—*	*- 1 416*
Investment result and insurance finance income and expenses	**150**	***2***	***55***	***8***	***213***
Investment result	**446**	***92***	***100***	***8***	***554***
Net interest income	*325*	*0*	*91*	*1*	*417*
Dividend income	*22*	*0*	*4*	*7*	*34*
Net result from financial instruments at fair value through P&L	*92*	*92*	*0*	*0*	*92*
Net other income	*4*	*0*	*4*	*1*	*9*
Impairment	*2*	*0*	*1*	*0*	*2*
Total insurance finance income and expenses before reinsurance	**- 296**	***- 91***	***- 45***	**—**	**- 341**
Interest accretion	*- 204*	*—*	*- 46*	*—*	*- 250*
Effect of changes in financial assumptions and foreign exchange differences	*- 2*	*0*	*1*	*—*	*- 1*
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 91*	*- 91*	*—*	*—*	*- 91*
Net insurance and investment result before reinsurance	**317**	***12***	***365***	**8**	**691**
Net result from reinsurance contracts held	**- 4**	**—**	**- 13**	**—**	**- 17**
Premiums paid to the reinsurer	*- 36*	*—*	*- 121*	*—*	*- 157*
Commissions received	*9*	*—*	*11*	*—*	*20*
Amounts recoverable from reinsurer	*23*	*—*	*99*	*—*	*122*
Total (ceded) reinsurance finance income and expense	*0*	*—*	*- 1*	*—*	*- 2*
Net insurance and investment result after reinsurance	**313**	***12***	**352**	**8**	**674**
Non-directly attributable income and expenses	**23**	***- 2***	**- 56**	**16**	**- 17**
Net fee and commission income	*75*	*0*	*- 2*	*28*	*102*
Net other income	*—*	*—*	*—*	*80*	*80*
Operating expenses (incl. insurance tax)	*- 53*	*- 2*	*- 54*	*- 91*	*- 198*
Impairment - Other	*0*	*0*	*0*	*0*	*- 1*
Share in results of assoc. comp & joint-ventures	*—*	*—*	*—*	*0*	*0*
Income tax	**—**	**—**	**—**	**- 142**	**- 142**
Result after tax	**336**	***10***	**296**	**- 117**	***515***
Attributable to minority interest	*—*	*—*	*—*	*—*	*0*
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	***515***

(in millions of EUR)	Life	of which life direct participating (VFA)	Non-life	Non-technical	Total
2023					
Insurance service result	**149**	***12***	**418**	**—**	**567**
Insurance revenues before reinsurance	*400*	*25*	2 290	—	2 690
Insurance service expenses	*- 251*	*- 12*	*- 1 872*	—	*- 2 123*
Of which Non-life - Claim related expenses	—	—	*- 1 159*	—	*- 1 159*
Investment result and insurance finance income and expenses	**151**	***0***	**63**	**19**	***233***
Investment result on assets	**434**	***96***	**93**	**19**	**546**
Net interest income	*304*	*0*	87	1	392
Dividend income	*22*	*0*	4	14	40
Net result from financial instruments at fair value through P&L	*100*	*96*	0	6	106
Net other income	*10*	*0*	2	- 3	10
Impairment	*- 1*	*0*	0	0	- 2
Total insurance finance income and expenses before reinsurance	**- 283**	***- 96***	**- 30**	**—**	**- 313**
Interest accretion	*- 186*	—	- 31	—	- 217
Effect of changes in financial assumptions and foreign exchange differences	*- 1*	*0*	1	—	- 1
Changes in fair value re. liabilities of IFRS 17 unit linked contracts	*- 96*	*- 96*	—	—	- 96
Net insurance and investment result before reinsurance	**300**	***12***	**481**	**19**	**800**
Net result from reinsurance contracts held	**- 3**	**—**	**- 87**	**—**	**- 90**
Premiums paid to the reinsurer	*- 30*	—	- 95	—	- 125
Commissions received	*7*	—	10	—	17
Amounts recoverable from reinsurer	*21*	—	0	—	21
Total (ceded) reinsurance finance income and expenses	*0*	—	- 2	—	- 2
Net insurance and investment result after reinsurance	**297**	***12***	**394**	**19**	**710**
Non-directly attributable income and expenses	**11**	***- 1***	**- 50**	**8**	**- 31**
Net fee and commission income	*67*	*0*	- 2	24	90
Net other income	—	—	—	68	68
Operating expenses (incl. insurance tax)	*- 56*	*- 1*	- 48	- 83	- 188
Impairment - Other	*0*	*0*	0	0	- 1
Share in results of assoc. comp & joint-ventures	—	—	—	0	0
Income tax	**—**	**—**	**—**	**- 152**	**- 152**
Result after tax	**308**	***11***	**344**	**- 124**	**527**
Attributable to minority interest	—	—	—	—	0
Attributable to equity holders of the parent	**—**	**—**	**—**	**—**	**527**

- The column 'of which Life direct participating (VFA)' relates to results of long-term investment-linked insurance contracts (known as 'unit-linked insurance contracts' in Central and Eastern Europe), measured according to the Variable Fee Approach (VFA method) under IFRS 17.
- 'Insurance finance income and expense, before reinsurance' includes:
  - Interest accretion on the IFRS 17 insurance liabilities, which is offset by the investment result on the corresponding assets backing these liabilities;
  - Changes in the fair value of underlying liabilities of insurance contracts measured under the VFA, which represents the change in the fair value of unit-linked liabilities, with the offsetting impact in the change in the fair value of underlying unit-linked assets in 'Net result from financial instruments at fair value through P&L' (see also Note 3.3).
- 'Non-technical' includes the results from non-insurance subsidiaries, such as VAB Group and ADD. They have been included in the note for the 'insurance business' given that they are KBC Insurance subsidiaries (but as they cannot be recognised under 'Life' or 'Non-life', they are included under 'Non-technical'). 'Non-technical' also includes the investment income from equity (i.e. mainly interest income from bonds) and income tax. The non-technical result before tax was down on the year-earlier figure, primarily due to lower dividend income, lower net result from financial instruments at fair value through profit or loss and higher operating expenses, partly offset by higher net fee and commission income and net other income. In 2024, the non-technical result after tax was up slightly from 2023 owing to lower taxes.
- Due to the introduction of IFRS 17, 'Operating expenses' only include operating expenses (including insurance tax) that are not directly attributable to insurance contracts.
- Operating expenses that are directly attributable to insurance contracts are recognised in 'Insurance service expenses' over time (i.e. spread over the term of the relevant insurance contracts).
- In 2024, the Non-life insurance service result was negatively impacted by higher Non-life claim-related expenses (-257 million euros). This was partly due to the impact of inflation, a sector-wide update of claims inflation on bodily injury claims, a higher level of standard claims and the increased impact of storms, mainly in the Czech Republic (storm Boris) and Belgium, having

an impact of -133 million euros before reinsurance or -72 million euros after reinsurance (-29 million euros and -34 million euros, respectively, in 2023). We have dealt with the main items in the income statement in the ‘Report of the Board of Directors’ in the ‘Our financial report’ section. The statutory auditor has not audited these sections.

Note 3.6.2: Insurance profitability – other comprehensive income (OCI)

(in millions of EUR)	Life	*of which Life direct participa-ting (VFA)*	*Non-life*	*Non-technical*	*Total*
2024					
Investment result (other comprehensive income) on financial assets (bonds & shares) at FVOCI	74	0	- 1	30	103
Total insurance finance income and expense - OCI, before reinsurance	- 199	*0*	- 26	—	- 225
Effect of changes in interest rates and other financial assumptions in OCI, incl. foreign exchange differences	- 199	*0*	- 26	—	- 224
Changes in fair value re. liabilities of IFRS 17 unit linked contracts - OCI	0	*0*	—	—	0
Net insurance and investment result before reinsurance - OCI	- 125	*0*	- 26	30	- 122
Total (ceded) reinsurance finance income and expense - OCI	0	—	0	—	0
Deferred tax	—	—	—	75	75
Net insurance and investment result after reinsurance - after tax - OCI	**- 125**	***0***	**- 26**	**104**	**- 47**
2023					
Investment result (other comprehensive income) at FVOCI	594	1	49	0	644
Total insurance finance income and expense - OCI, before reinsurance	- 538	*- 1*	- 23	—	- 561
Effect of changes in interest rates and other financial assumptions in OCI, incl. foreign exchange differences	- 537	*0*	- 23	—	- 560
Changes in fair value re. liabilities of IFRS 17 unit linked contracts - OCI	- 1	*- 1*	—	—	- 1
Net insurance and investment result before reinsurance - OCI	56	*0*	25	0	82
Total (ceded) reinsurance finance income and expense - OCI	0	—	7	—	7
Deferred tax	—	—	—	13	13
Net insurance and investment result after reinsurance - after tax - OCI	**56**	***0***	**33**	**13**	**102**

- Note that there is a (partial) compensating effect between ‘Investment result (OCI) on financial assets at FVOCI’ and the ‘Effect of changes in interest rates and other financial assumptions in OCI, incl. foreign exchange differences’.
- For more information on the investment result and the change in insurance finance income and expense: see ‘Other comprehensive income’.
- In addition to the investment result of the financial assets recognised in profit or loss (Note 3.6.1) and in OCI (Note 3.6.2), results realised on FVOCI equity instruments are recognised directly in equity (see ‘Transfer from revaluation reserves to retained earnings upon realisation’ in ‘Consolidated statement of changes in equity’). The corresponding figures for 2024 and 2023 were 40 million euros and 24 million euros, respectively.
- Significant movements in 2024:
  - The ‘Investment result (OCI) on financial assets at FVOCI’ (+103 million euros) is mainly attributable to the positive development in the revaluation reserve of FVOCI equity instruments (positive changes in fair value driven by higher stock markets), partly offset by the negative development in the revaluation reserve of FVOCI debt instruments (driven by higher interest rates on government bonds and the unwinding effect of the negative outstanding revaluation reserve).
  - The ‘Change in insurance finance income and expense – OCI, before reinsurance’ (-225 million euros) was mainly accounted for by the lower risk-free rates and the unwinding effect of the outstanding positive Insurance finance income and expense through OCI.
- Significant movements in 2023:
  - The ‘Investment result (OCI) on financial assets at FVOCI’ came to +644 million euros, which was mainly accounted for by the positive development in the revaluation reserve of FVOCI debt instruments (driven by lower interest rates and the unwinding effect of the negative outstanding revaluation reserve) and to a lesser extent by the revaluation reserve of FVOCI equity instruments (positive changes in fair value driven by higher stock markets).
  - The ‘Change in insurance finance income and expense – OCI, before reinsurance’ (-561 million euros) was mainly accounted for by the lower interest rates and the unwinding effect of the outstanding positive Insurance finance income and expense through OCI.

Note 3.6.3: Insurance revenues (Life and Non-life) by component

(in millions of EUR)			2024			2023
	Total	Life	Non-life	Total	Life	Non-life
Insurance revenues for BBA and VFA contracts	472	432	39	406	370	36
Amounts related to changes in liabilities for remaining coverage	447	408	38	390	355	35
Expected claims and other insurance service expenses	*262*	*232*	*29*	*226*	*200*	*25*
Changes in risk adjustment for risk expired (non-financial risk)	*14*	*13*	*2*	*15*	*11*	*3*
CSM recognised for services provided	*170*	*163*	*7*	*150*	*143*	*6*
Recovery of insurance acquisition cashflows	25	24	1	16	15	1
Insurance revenues for contracts measured using the PAA	2 483	31	2 452	2 284	30	2 255
Total insurance revenues	**2 955**	**463**	**2 492**	**2 690**	**400**	**2 290**

- The increase in ‘Insurance revenues for contracts measured using the PAA method’ of 199 million euros is mainly attributable to an increase in earned premiums in Non-life insurance in all countries and for all products, on account of both portfolio growth and premium increases.
- The increase in ‘Insurance revenues for BBA and VFA contracts’ of 66 million euros is mainly attributable to Belgium, partly owing to an increase in ‘Expected claims and other expenses for remaining coverage’ as well as to a release of the CSM.

Note 3.6.4: Life insurance sales

(in millions of EUR)	2024	2023
Total	**2 906**	**2 328**
IFRS 17 - non-unit-linked	1 214	975
IFRS 17 - unit-linked	158	171
IFRS 17 - hybrid	197	131
Non-IFRS 17	1 337	1 051

- Non-IFRS 17 sales figures mainly refer to investment contracts without discretionary participation features (DPF), measured under IFRS 9. They concern the so-called ‘unit-linked’ insurance contracts in Belgium, for which margins are reported under ‘Net fee and commission income’.
- Hybrid products: see Note 5.6.1.
- In 2024, Life insurance sales were up 25% on the 2023 level, driven primarily by unit-linked insurance contracts in Belgium (non-IFRS 17) Growth was also seen in IFRS 17 non-unit-linked insurance contracts, again mainly in Belgium.

Note 3.6.5: Non-life profitability by product (P&L)

(in millions of EUR)	Insurance revenues	Insurance service expenses	Insurance finance income & expense before reinsurance in P&L	Total before reinsurance	Net result from reinsurance contracts held	Total after reinsurance
2024						
Total	**2 492**	**- 2 181**	**- 45**	**265**	**- 13**	**252**
Accepted reinsurance	18	- 3	1	16	- 6	10
Primary business	2 474	- 2 179	- 46	249	- 7	242
Personal insurance	*308*	*- 243*	*- 8*	*56*	—	—
MTPL	*594*	*- 578*	*- 19*	*- 3*	—	—
Liability other than MTPL	*154*	*- 139*	*- 6*	*9*	—	—
Casco	*467*	*- 430*	*- 2*	*35*	—	—
Property incl. other than casco	*952*	*- 789*	*- 11*	*152*	—	—
2023						
Total	**2 290**	**- 1 872**	**- 30**	**388**	**- 87**	**301**
Accepted reinsurance	18	- 2	0	17	- 54	- 38
Primary business	2 272	- 1 870	- 31	371	- 33	338
Personal insurance	*274*	*- 211*	*- 4*	*59*	—	—
MTPL	*562*	*- 542*	*- 13*	*7*	—	—
Liability other than MTPL	*144*	*- 88*	*- 4*	*53*	—	—
Casco	*409*	*- 371*	*- 2*	*35*	—	—
Property incl. other than casco	*883*	*- 658*	*- 8*	*217*	—	—

- Higher 'Insurance revenues' from primary business (+202 million euros year-on-year) in all product categories, on account of both portfolio growth and premium increases.
- Significant increase in 'Insurance service expenses' from primary business (-309 million euros year-on-year) in all product categories, owing to both account portfolio growth and inflation as well as to a strong negative impact in 2024 due to higher storm-related claims, more exceptionally large claims and adjustments made to the parameters of the insurance models (see Note 3.6.1).
- The lower total 'Insurance finance income and expense before reinsurance in P&L' from primary business (-15 million euros from 2023) was mainly due to an increase in 'Interest accretion' owing to rising average yield curves, for all product categories.
- The improved 'Net result from reinsurance contracts held' (+73 million euros from 2023), from both accepted reinsurance and primary business, is attributable to higher reinsurance amounts recovered (relating mainly to higher storm-related claims and more exceptionally large claims in 2024), partly offset by an increase in reinsurance premiums payable.

Note 3.7: Operating expenses

(in millions of EUR)	2024	2023
Total	**- 598**	**- 571**
Staff Expenses	- 277	- 262
General administrative expenses	- 299	- 286
ICT	*- 110*	*- 102*
Facility Expenses	*- 28*	*- 29*
Marketing & communication expenses	*- 23*	*- 23*
Professional fees	*- 11*	*- 10*
Insurance tax	*- 31*	*- 30*
Other	*- 95*	*- 93*
Depreciation and amortisation of fixed assets	- 23	- 22

- The table above contains the sum of 'Total operating expenses excluding insurance tax' and 'Insurance tax' from the income statement.
- General administrative expenses include repair and maintenance expenses, advertising costs, rent, professional fees, various (non-income) taxes, utilities and other such expenses. They also include expenses related to the special tax imposed on financial institutions in various countries.

Note 3.8: Personnel

	2024	2023
Total average number of persons employed (in full-time equivalents)	4 120	4 067
By employee classification		
Blue-collar staff	371	335
White-collar staff	3 723	3 706
Senior management	26	26

- The figures in the table are annual averages, which – in terms of scope – may differ from year-end figures that are provided elsewhere.

Note 3.9: Impairment (income statement)

(in millions of EUR)	2024	2023
Total	**2**	**- 2**
Impairment on financial assets at AC and at FVOCI	2	- 2
By IFRS category		
Impairment on financial assets at AC	*1*	*- 1*
Impairment on financial assets at FVOCI	*2*	*- 1*
By product		
Loans and advances	*0*	*0*
Debt securities	*3*	*- 2*
Off-balance-sheet commitments and financial guarantees	*0*	*0*
By type		
Stage 1 (12-month ECL)	*0*	*0*
Stage 2 (lifetime ECL)	*3*	*- 2*
Stage 3 (non-performing; lifetime ECL)	*0*	*0*
Purchased or originated credit impaired assets	*0*	*0*
Impairment on goodwill	0	0
Impairment on other	- 1	- 1
Intangible fixed assets (other than goodwill)	0	0
Property, plant and equipment (including investment property)	0	0
Associated companies and joint ventures	0	0
Other	- 1	- 1

- A sensitivity analysis of the impact of the multiple economic scenarios on the collectively assessed ECL (i.e. without the ECL for individually assessed loans of 0.6 million euros at year-end 2024 and 0.6 million euros at year-end 2023), shows that, in line with last year, there was an immaterial impact. This is because this portfolio is made up primarily of Stage 1 loans for which limited provisions must be held. The assessed scenario-weighted collective ECL (that was recognised) amounted to 4.1 million euros (6.6 million euros in 2023).

Note 3.10: Share in results of associated companies and joint ventures

- No associated companies and joint ventures were recognised using the equity method in 2024 and 2023.
- Impairment on (goodwill on) associated companies and joint ventures is included in ‘Impairment’ (see Note 3.9). The share in results of associated companies and joint ventures does not therefore take this impairment into account.

Note 3.11: Income tax expense

(in millions of EUR)	2024	2023
Total	- 142	- 152
By type		
Current taxes on income	- 101	- 82
Current taxes on income excluding Pillar II income taxes	*- 99*	*- 82*
Current taxes on income related to Pillar II income taxes	*- 2*	*0*
Deferred taxes on income	- 41	- 69
Tax components		
Result before tax	657	679
Income tax at the Belgian statutory rate	25.00%	25.00%
Income tax calculated	- 164	- 170
Plus/minus tax effects attributable to		
differences in tax rates, Belgium – abroad	*13*	*23*
tax-free income	*7*	*9*
adjustments related to prior years	*0*	*- 1*
adjustments to deferred taxes due to change in tax rate	*0*	*4*
unused tax losses and unused tax credits to reduce current tax expense	*0*	*0*
unused tax losses and unused tax credits to reduce deferred tax expense	*0*	*0*
reversal of previously recognised deferred tax assets due to tax losses	*0*	*0*
other (mainly non-deductible expenses)	*3*	*- 17*

- For information on tax assets and tax liabilities, see Note 5.2.
- 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 will be 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 2024 results, the additional top-up tax will be around 2 million euros (mainly in Bulgaria). The group has applied the temporary exception issued by the IASB in May 2023 relating to the accounting requirements for deferred taxes in IAS 12. The group will continue to monitor the effect of the Pillar Two legislation on its future financial performance.

4.0 Notes on the financial assets and liabilities on the balance sheet

Note 4.1 Financial assets and liabilities, breakdown by portfolio and product

(in millions of EUR)	Measured at amortised cost (AC)	Measured at fair value through other compre-hensive income (FVOCI)	Mandatorily measured at fair value through profit or loss (MFVPL) excl. HFT	Held for trading (HFT)	Desig-nated at fair value (FVO) [1]	Hedging derivatives	Total
FINANCIAL ASSETS, 31-12-2024							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	325	0	0	1	0	0	326
of which repayable on demand and term loans at not more than three months							*2*
Loans and advances to customers (excl. reverse repos)	1 847	0	0	0	0	0	1 847
Trade receivables	*2*	*0*	*0*	*0*	*0*	*0*	*2*
Consumer credit	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Mortgage loans	*813*	*0*	*0*	*0*	*0*	*0*	*813*
Term loans	*806*	*0*	*0*	*0*	*0*	*0*	*806*
Finance lease	*16*	*0*	*0*	*0*	*0*	*0*	*16*
Other	*210*	*0*	*0*	*0*	*0*	*0*	*210*
Reverse repos[2]	0	0	0	0	0	0	0
Equity instruments	0	1 504	0	3	0	0	1 506
Investment contracts (insurance)[6]	0	0	16 602	0	0	0	16 602
Debt securities issued by	3 940	12 064	56	12	0	0	16 072
Public bodies	*2 147*	*8 440*	*0*	*7*	*0*	*0*	*10 594*
Credit institutions and investment firms	*822*	*2 013*	*0*	*1*	*0*	*0*	*2 835*
Corporates	*971*	*1 611*	*56*	*4*	*0*	*0*	*2 643*
Derivatives	0	0	0	1	0	40	41
Other[3]	34	0	0	0	0	0	34
Total	6 146	13 568	16 658	16	0	40	36 429
FINANCIAL ASSETS, 31-12-2023							
Loans and advances to credit institutions and investment firms (excl. reverse repos)	335	0	0	1	0	0	336
of which repayable on demand and term loans at not more than three months							*1*
Loans and advances to customers (excl. reverse repos)	1 927	0	0	0	0	0	1 927
Trade receivables	*1*	*0*	*0*	*0*	*0*	*0*	*1*
Consumer credit	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Mortgage loans	*872*	*0*	*0*	*0*	*0*	*0*	*872*
Term loans	*859*	*0*	*0*	*0*	*0*	*0*	*859*
Finance lease	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other	*195*	*0*	*0*	*0*	*0*	*0*	*195*
Reverse repos[2]	0	0	0	0	0	0	0
Equity instruments	0	1 479	4	5	0	0	1 488
Investment contracts (insurance)[6]	0	0	14 348	0	0	0	14 348
Debt securities issued by	3 884	11 759	1	13	0	0	15 657
Public bodies	*2 036*	*8 352*	*0*	*9*	*0*	*0*	*10 397*
Credit institutions and investment firms	*786*	*1 634*	*0*	*1*	*0*	*0*	*2 420*
Corporates	*1 061*	*1 774*	*1*	*3*	*0*	*0*	*2 840*
Derivatives	0	0	0	2	0	38	41
Other[3]	29	0	0	0	0	0	29
Total	6 174	13 238	14 354	21	0	38	33 825

(in millions of EUR)	Measured at amortised cost (AC)	Held for trading (HFT)	Designated at fair value (FVO)	Hedging derivatives	Total
FINANCIAL LIABILITIES, 31-12-2024					
Deposits from credit institutions and investment firms (excl. repos)	17	0	0	0	17
of which repayable on demand					*0*
Deposits from customers and debt securities (excl. repos)	501	0	0	0	501
Demand deposits (incl. special and other deposits)	*0*	*0*	*0*	*0*	*0*
Time deposits	*1*	*0*	*0*	*0*	*1*
Savings accounts	*0*	*0*	*0*	*0*	*0*
Savings certificates	*0*	*0*	*0*	*0*	*0*
Subtotal, customer deposits	*1*	*0*	*0*	*0*	*1*
Certificates of deposit	*0*	*0*	*0*	*0*	*0*
Non-convertible bonds	*0*	*0*	*0*	*0*	*0*
Non-convertible subordinated liabilities	*500*	*0*	*0*	*0*	*500*
Repos[4]	181	0	0	0	181
with credit institutions and investment firms	*181*	*0*	*0*	*0*	*181*
with customers	*0*	*0*	*0*	*0*	*0*
Liabilities under investment contracts[6]	27	0	15 644	0	15 671
Derivatives	0	3	0	20	22
Short positions	0	0	0	0	0
In equity instruments	*0*	*0*	*0*	*0*	*0*
In debt securities	*0*	*0*	*0*	*0*	*0*
Other[5]	28	0	0	0	28
Total	753	3	15 644	20	16 420
FINANCIAL LIABILITIES, 31-12-2023					
Deposits from credit institutions and investment firms (excl. repos)	13	0	0	0	13
of which repayable on demand					*0*
Deposits from customers and debt securities (excl. repos)	501	0	0	0	501
Demand deposits (incl. special and other deposits)	*0*	*0*	*0*	*0*	*0*
Time deposits	*1*	*0*	*0*	*0*	*1*
Savings accounts	*0*	*0*	*0*	*0*	*0*
Savings certificates	*0*	*0*	*0*	*0*	*0*
Subtotal, customer deposits	*1*	*0*	*0*	*0*	*1*
Certificates of deposit	*0*	*0*	*0*	*0*	*0*
Non-convertible bonds	*0*	*0*	*0*	*0*	*0*
Non-convertible subordinated liabilities	*500*	*0*	*0*	*0*	*500*
Repos[4]	205	0	0	0	205
with credit institutions and investment firms	*205*	*0*	*0*	*0*	*205*
with customers	*0*	*0*	*0*	*0*	*0*
Liabilities under investment contracts[6]	29	0	13 432	0	13 461
Derivatives	0	2	0	7	8
Short positions	0	0	0	0	0
In equity instruments	*0*	*0*	*0*	*0*	*0*
In debt securities	*0*	*0*	*0*	*0*	*0*
Other[5]	28	0	0	0	28
Total	775	2	13 432	7	14 216

1. The carrying value comes close to the maximum credit exposure.
2. The amount of the reverse repos is virtually identical to the amount of the underlying assets (that have been lent out).
3. Financial assets not included under ‘Loans and advances to customers’ as they are not directly related to commercial lending.
4. The amount of the repos is virtually identical to the amount of the underlying assets (that have been lent out), with the assets being partly reflected on the balance sheet and partly obtained through reverse repo transactions.
5. Financial liabilities not included under deposits from customers as they are not directly related to commercial deposit acquisition.
6. The difference between ‘Investment contracts (insurance)’ and ‘Liabilities under investment contracts’ is accounted for by the presentation of non-unbundled investment contracts that are included under ‘Investment contracts (insurance)’ on the financial assets side, but are included under ‘Insurance contract liabilities’ on the liabilities side.

- Transferred financial assets that continue to be recognised in their entirety: KBC regularly lends and/or sells securities with the commitment to buy them back at a later date (repo transactions). Securities lent or sold with such a commitment are transferred to the counterparty, and, in exchange, KBC receives cash or other financial assets. However, KBC retains the main risks and income relating to these securities, and, therefore, continues to recognise them on its balance sheet. In addition, a financial liability is recognised equalling the cash or other financial assets received.

Transferred financial assets that continue to be recognised in their entirety (carrying value, in millions of EUR)	**31-12-2024**	**31-12-2023**
Transferred financial assets that continue to be recognised in thier entirety: repo transactions and securities lent out	4 222	4 453
Held for trading	*0*	*0*
Fair value through OCI	*3 790*	*3 914*
Amortised cost	*433*	*539*
Associated financial liability	*4 185*	*4 205*
Held for trading	*0*	*0*
Fair value through OCI	*3 907*	*3 896*
Amortised cost	*278*	*309*

- KBC has more transferred financial assets on its balance sheet than repo transactions, due to the fact that the cash legs of certain repo transactions are offset against reverse repo transactions if they are carried out with the same counterparty, in the same currency and with the same maturity date. Moreover, there is a legally enforceable right, and an intention, to settle the transactions on a net basis or to realise the financial asset and settle the financial liability simultaneously.

Note 4.2: Financial assets and liabilities, breakdown by portfolio and quality

Note 4.2.1: Impaired financial assets

(in millions of EUR)	Carrying value before impairment	Impairment	Carrying value after impairment
31-12-2024			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances *	2 173	- 1	2 172
Stage 1 (12-month ECL)	2 153	0	2 153
Stage 2 (lifetime ECL)	17	0	17
Stage 3 (lifetime ECL)	3	- 1	2
Purchased or originated credit impaired assets (POCI)	0	0	0
Debt Securities	3 941	- 1	3 940
Stage 1 (12-month ECL)	3 901	- 1	3 900
Stage 2 (lifetime ECL)	40	0	40
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	12 066	- 2	12 064
Stage 1 (12-month ECL)	12 066	- 2	12 064
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 *	2 263	- 1	2 262
Stage 1 (12-month ECL)	2 198	0	2 198
Stage 2 (lifetime ECL)	62	0	62
Stage 3 (lifetime ECL)	3	- 1	2
Purchased or originated credit impaired assets (POCI)	0	0	0
Debt Securities	3 887	- 3	3 884
Stage 1 (12-month ECL)	3 871	- 1	3 870
Stage 2 (lifetime ECL)	15	- 2	14
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	11 763	- 3	11 759
Stage 1 (12-month ECL)	11 740	- 2	11 738
Stage 2 (lifetime ECL)	23	- 1	22
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 corresponds to the sum of the '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 'Measured at amortised cost' column).

- Carrying value (before impairment) of loans and advances at amortised cost: decrease of 90 million euros in Stages 1 and 2 in 2024, mainly attributable to a decrease in the loan portfolio (primarily mortgage loans and term loans) due to repayments;
- Carrying value (before impairment) of debt securities at amortised cost: increase of 54 million euros in Stages 1 and 2 in 2024, mainly in debt securities of public bodies and credit institutions and investment firms, partly offset by a decrease in debt securities of corporates.

Note 4.2.2: Impairment details

(in millions of EUR)	Stage 1 Subject to 12-month ECL	Stage 2 Subject to lifetime ECL	Stage 3 Subject to lifetime ECL (non-performing)	Subject to lifetime ECL (purchased or originated credit impaired)	Total
31-12-2024					
LOANS AND ADVANCES AT AMORTISED COST					
Impairment on 01-01-2024	0	0	1	0	1
Movements with an impact on results[1]	0	0	0	0	0
Transfer of financial assets					
Stage 1 (12-month ECL)	*0*	*0*	*0*	*0*	*0*
Stage 2 (lifetime ECL)	*0*	*0*	*0*	*0*	*0*
Stage 3 (lifetime ECL)	*0*	*0*	*0*	*0*	*0*
New financial assets (2)	0	0	0	0	0
Changes in risk parameters	0	0	0	0	0
Changes in the model or methodology	0	0	0	0	0
Derecognised financial assets[3]	0	0	0	0	0
Other	0	0	0	0	0
Movements without an impact on results	0	0	0	0	0
Derecognised financial assets	0	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0
Transfers under IFRS 5	0	0	0	0	0
Other	0	0	0	0	0
Impairment on 31-12-2024	0	0	1	0	1
31-12-2023					
LOANS AND ADVANCES AT AMORTISED COST					
Impairment on 01-01-2023	0	0	1	0	1
Movements with an impact on results[1]	0	0	0	0	0
Transfer of financial assets					
Stage 1 (12-month ECL)	*0*	*0*	*0*	*0*	*0*
Stage 2 (lifetime ECL)	*0*	*0*	*0*	*0*	*0*
Stage 3 (lifetime ECL)	*0*	*0*	*0*	*0*	*0*
New financial assets (2)	0	0	0	0	0
Changes in risk parameters	0	0	0	0	0
Changes in the model or methodology	0	0	0	0	0
Derecognised financial assets[3]	0	0	0	0	0
Other	0	0	0	0	0
Movements without an impact on results	0	0	0	0	0
Derecognised financial assets	0	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0
Transfers under IFRS 5	0	0	0	0	0
Other	0	0	0	0	0
Impairment on 31-12-2023	0	0	1	0	1

1. Amounts recovered in respect of loans that have already been written off are recycled to the income statement and recorded as 'Impairment on financial assets at amortised cost and at fair value through OCI'. However, they have not been included in this table since they do not have any impact on impairment losses on the balance sheet.
2. Also includes impairment related to new financial assets resulting from off-balance-sheet commitments and financial guarantees already given being called.
3. Derecognition without an impact on results occurs when the impairment adjustment has already been made upfront (for example, at the moment of the sale agreement (disposals) or before the write-off). Derecognition with an impact on results occurs when the impairment adjustment takes place at the same time (for instance, in the case of debt forgiveness).

- The table is limited to impairment on loans and advances at amortised cost, as impairment and the movements in impairment on debt securities at amortised cost and on debt securities at fair value through OCI are very limited.
- For information regarding the impact of changes in impairment on the income statement, see Note 3.9.

Note 4.3: Maximum credit exposure and offsetting

(in millions of EUR)	Maximum credit exposure (A)	Collateral and other credit enhan-cements received (B)	Net (A-B) 31-12-2024	Maximum credit exposure (A)	Collateral and other credit enhan-cements received (B)	Net (A-B) 31-12-2023
Subject to impairment	18 457	633	17 824	18 267	667	17 600
of which Stage 3 'non-performing' (AC and FVOCI)	*2*	*0*	*2*	*2*	*0*	*2*
Debt securities	16 004	0	16 004	15 643	0	15 643
Loans and advances (excl. reverse repos)	2 172	633	1 539	2 262	667	1 595
Reverse repos	0	0	0	0	0	0
Other financial assets	34	0	34	29	0	29
Off-balance-sheet liabilities	246	0	246	333	0	333
Irrevocable	246	0	246	333	0	333
Revocable	0	0	0	0	0	0
Not subject to impairment	110	0	110	56	0	56
Debt securities	68	0	68	14	0	14
Loans and advances (excl. reverse repos)	1	0	1	1	0	1
of which FVO	*0*	*0*	*0*	*0*	*0*	*0*
Reverse repos	0	0	0	0	0	0
Derivatives	41	0	41	41	0	41
Other financial assets	0	0	0	0	0	0
Off-balance-sheet liabilities	0	0	0	0	0	0
Total	18 567	633	17 934	18 323	667	17 656

- Maximum credit exposure for a financial asset is the net carrying value. Besides the amounts on the balance sheet, maximum credit exposure also includes the undrawn portion of credit lines granted, financial guarantees granted and other irrevocable commitments.
- The loan portfolio accounts for the largest share of the financial assets. Based on internal management reports, the composition and quality of the loan portfolio is set out in detail in the ‘How do we manage our risks?’ section (under ‘Credit risk’). All parts of that particular section which have been audited by the statutory auditor are listed at the start of the section.
- Collateral and credit enhancements received are recognised at market value and limited to the outstanding amount of the relevant loans.

Financial instruments subject to offsetting, enforceable master netting agreements and similar arrangements	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments set off	Net amounts of financial instruments presented in the balance sheet	Amounts not set off in the balance sheet			Net amount
(in millions of EUR)				Financial instruments	Cash collateral	Securities collateral	
31-12-2024							
FINANCIAL ASSETS							
Derivatives	41	0	41	21	0	0	20
Derivatives (excluding central clearing houses)	*41*	*0*	*41*	*21*	*0*	*0*	*20*
*Derivatives with central clearing houses **	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Reverse repos, securities borrowing and similar arrangements	0	0	0	0	0	0	0
Reverse repos	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Securities borrowing	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial instruments	0	0	0	0	0	0	0
Total	41	0	41	21	0	0	20
FINANCIAL LIABILITIES,							
Derivatives	22	0	22	21	1	0	0
Derivatives (excluding central clearing houses)	*22*	*0*	*22*	*21*	*1*	*0*	*0*
*Derivatives with central clearing houses **	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Repos, securities lending and similar arrangements	181	0	181	0	0	181	0
Repos	*181*	*0*	*181*	*0*	*0*	*181*	*0*
Securities lending	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial instruments	0	0	0	0	0	0	0
Total	203	0	203	21	1	181	0
31-12-2023							
FINANCIAL ASSETS							
Derivatives	41	0	41	19	0	0	21
Derivatives (excluding central clearing houses)	*41*	*0*	*41*	*19*	*0*	*0*	*21*
Derivatives with central clearing houses	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Reverse repos, securities borrowing and similar arrangements	0	0	0	0	0	0	0
Reverse repos	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Securities borrowing	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial instruments	0	0	0	0	0	0	0
Total	41	0	41	19	0	0	21
FINANCIAL LIABILITIES							
Derivatives	8	0	8	8	0	0	0
Derivatives (excluding central clearing houses)	*8*	*0*	*8*	*8*	*0*	*0*	*0*
Derivatives with central clearing houses	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Repos, securities lending and similar arrangements	205	0	205	0	0	205	0
Repos	*205*	*0*	*205*	*0*	*0*	*205*	*0*
Securities lending	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial instruments	0	0	0	0	0	0	0
Total	213	0	213	8	0	205	0

* For central clearing houses, the offsetting procedure refers to the amount of offsetting between derivatives and related cash collateral.

- The criteria for offsetting are met if KBC currently has a legally enforceable right to set off the recognised financial assets and financial liabilities and intends either to settle the transactions on a net basis, or to realise the financial asset and settle the financial liability simultaneously. Financial assets and financial liabilities that are set off relate to financial instruments that were traded on (central) clearing houses.
- The amounts presented in the 'Financial instruments' column under the 'Amounts not set off in the balance sheet' heading are for financial instruments entered into under an enforceable master netting agreement or similar arrangement that does not meet the criteria defined in IAS 32. These amounts refer to situations in which offsetting can only be applied if one of the counterparties defaults, becomes insolvent or goes bankrupt. The same principle applies for financial instruments given or received as collateral. The value given in the table for non-cash collateral received (in the 'Securities collateral' column under the 'Amounts not set off in the balance sheet' heading) is the market value. This is the value that is used if one of the counterparties defaults, becomes insolvent or goes bankrupt.

Note 4.4: Fair value of financial assets and liabilities – general

Fair value of financial assets and liabilities that are not measured at fair value in the balance sheet	Financial assets measured at amortised cost		Financial liabilities measured at amortised cost	
(in millions of EUR)	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS, 31-12-2024				
Loans and advances to credit institutions and investment firms (incl. reverse repos)	325	311	–	–
Loans and advances to customers (incl. reverse repos)	1 847	1 713	–	–
Debt securities	3 940	3 761	–	–
Other	34	34	–	–
Correction for portfolio hedge	0	–	–	–
Total	6 146	5 819	–	–
Level 1	–	2 988	–	–
Level 2	–	724	–	–
Level 3	–	2 107	–	–
FINANCIAL LIABILITIES, 31-12-2024				
Deposits from credit institutions and investment firms (incl. repos)	–	–	198	198
Deposits from customers and debt securities (incl. repos)	–	–	501	501
Liabilities under investment contracts	–	–	27	27
Other	–	–	28	28
Total	–	–	753	753
Level 1	–	–	–	0
Level 2	–	–	–	753
Level 3	–	–	–	0
FINANCIAL ASSETS, 31-12-2023				
Loans and advances to credit institutions and investment firms (incl. reverse repos)	335	315	–	–
Loans and advances to customers (incl. reverse repos)	1 927	1 764	–	–
Debt securities	3 884	3 650	–	–
Other	29	29	–	–
Correction for portfolio hedge	0	–	–	–
Total	6 174	5 757	–	–
Level 1	–	2 883	–	–
Level 2	–	723	–	–
Level 3	–	2 151	–	–
FINANCIAL LIABILITIES, 31-12-2023				
Deposits from credit institutions and investment firms (incl. repos)	–	–	218	218
Deposits from customers and debt securities (incl. repos)	–	–	501	501
Liabilities under investment contracts	–	–	29	29
Other	–	–	28	28
Total	–	–	775	775
Level 1	–	–	–	0
Level 2	–	–	–	775
Level 3	–	–	–	0

- All internal valuation models are validated by an independent Risk Validation Unit. In addition, the Executive Committee has appointed a Group Valuation Committee (GVC) to ensure that KBC meets all the legal requirements for measuring financial assets and liabilities at fair value. The GVC monitors consistent implementation of the KBC Valuation Framework, which consists of various guidelines, including the Group Valuation Policy, the Group Market Value Adjustments Policy and the Group Parameter Review Policy. The GVC meets at least twice a quarter to approve significant changes in valuation methods (including, but not limited to, models, market data and inputs) or deviations from group policies for financial assets and liabilities measured at fair value. The committee is made up of members from Finance, Risk Management and the Middle Office. Valuation uncertainty measurements are made and reported to the GVC every three months. Certain fair values generated by valuation models are challenged by a team set up specifically for this purpose.
- The fair value of mortgage and term loans not measured at fair value on the balance sheet (see table) is calculated by discounting contractual cashflows at the risk-free rate. This calculation is then adjusted for credit risk by taking account of margins obtained on similar, but recently issued, loans or by using a spread derived from the listed-bond spread. The fair value of the main portfolios takes account of prepayment risks and cap options. The fair value of time deposits is calculated by discounting contractual cashflows at the risk-free rate. The fair value of demand and savings deposits is presumed to be equal to their carrying value.
- The difference between the fair value and the carrying value of the financial instruments at amortised cost was caused by the interest movements in 2024, 2023 and 2022. As a hold-to-collect business model is applied on the assets side, interim changes in fair value are less relevant.

Note 4.5: Financial assets and liabilities measured at fair value – fair value hierarchy

(in millions of EUR)				31-12-2024				31-12-2023
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT FAIR VALUE								
Mandatorily measured at fair value through profit or loss, other than held for trading	16 527	75	56	16 658	14 241	107	6	14 354
Loans and advances to credit institutions and investment firms (incl. reverse repos)	0	0	0	0	0	0	0	0
Loans and advances to customers (incl. reverse repos)	0	0	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0	4	4
Investment contracts (insurance)	16 527	75	0	16 602	14 241	107	0	14 348
Debt securities	0	0	56	56	0	0	1	1
of which sovereign bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other	0	0	0	0	0	0	0	0
Held for trading	13	3	0	16	16	5	0	21
Loans and advances to credit institutions and investment firms (incl. reverse repos)	0	1	0	1	0	1	0	1
Loans and advances to customers (incl. reverse repos)	0	0	0	0	0	0	0	0
Equity instruments	3	0	0	3	5	0	0	5
Debt securities	10	1	0	12	11	2	0	13
of which sovereign bonds	*7*	*0*	*0*	*7*	*8*	*1*	*0*	*9*
Derivatives	0	1	0	1	0	2	0	2
Other	0	0	0	0	0	0	0	0
Designated at fair value	0	0	0	0	0	0	0	0
Loans and advances to credit institutions and investment firms (incl. reverse repos)	0	0	0	0	0	0	0	0
Loans and advances to customers (incl. reverse repos)	0	0	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0	0	0
of which sovereign bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
At fair value through OCI	11 082	1 985	500	13 568	10 239	2 458	541	13 238
Equity instruments	1 199	0	305	1 504	1 199	0	280	1 479
Debt securities	9 883	1 985	196	12 064	9 040	2 458	261	11 759
of which sovereign bonds	*7 282*	*1 158*	*0*	*8 440*	*6 929*	*1 396*	*26*	*8 352*
Hedging derivatives	0	40	0	40	0	38	0	38
Derivatives	0	40	0	40	0	38	0	38
Total	27 622	2 104	557	30 282	24 496	2 609	547	27 651

(in millions of EUR)				31-12-2024				31-12-2023
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT FAIR VALUE								
Held for trading	0	3	0	3	0	2	0	2
Deposits from credit institutions and investment firms (incl. repos)	0	0	0	0	0	0	0	0
Deposits from customers and debt securities (incl. repos)	0	0	0	0	0	0	0	0
Derivatives	0	3	0	3	0	2	0	2
Short positions	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Designated at fair value	15 644	0	0	15 644	13 432	0	0	13 432
Deposits from credit institutions and investment firms (incl. repos)	0	0	0	0	0	0	0	0
Deposits from customers and debt securities (incl. repos)	0	0	0	0	0	0	0	0
Liabilities under investment contracts	15 644	0	0	15 644	13 432	0	0	13 432
Other	0	0	0	0	0	0	0	0
Hedging derivatives	0	20	0	20	0	7	0	7
Derivatives	0	20	0	20	0	7	0	7
Total	15 644	22	0	15 666	13 432	8	0	13 441

- The fair value hierarchy prioritises the valuation techniques and the respective inputs into three levels.
  - The fair value hierarchy gives the highest priority to ‘level 1 inputs’. This means that, when there is an active market, quoted prices have to be used to measure the financial assets or liabilities at fair value. Level 1 inputs are prices that are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency (and that are quoted in active markets accessible to KBC). They represent actual and regularly occurring market transactions on an arm’s length basis. The fair value is then based on a mark-to-market valuation derived from currently available transaction prices. No valuation technique (model) is involved.
  - If there are no price quotations available, the reporting entity establishes fair value using a model based on observable or unobservable inputs. The use of observable inputs must be maximised. Observable inputs are also referred to as ‘level 2 inputs’ and reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Examples of observable inputs are the risk-free rate, exchange rates, stock prices and implied volatility. Valuation techniques based on observable inputs include discounted cashflow analysis, or reference to the current or recent fair value of a similar instrument.
  - Unobservable inputs are also referred to as ‘level 3 inputs’ and reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions regarding the risks involved). Unobservable inputs reflect a market that is not active. For example, proxies and correlation factors can be considered to be unobservable in the market.
- When the inputs used to measure the fair value of an asset or a liability can be categorised into different levels of the fair value hierarchy, the fair value measurement is classified in its entirety into the same level as the lowest level input that is significant to the entire fair value measurement. For example, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.
- The valuation methodology and the corresponding classification in the fair value hierarchy of the most commonly used financial instruments are summarised in the table. Whereas the majority of instruments of a certain type are within the level indicated in the table, a small portion may actually be classified in another level.

- KBC follows the principle that transfers into and out of levels of the fair value hierarchy are made at the end of the reporting period. Transfers between the various levels are dealt with in more detail in Note 4.6 and Note 4.7.

Overview at KBC Group level

	Instrument type	Products	Valuation technique
Level 1	Liquid financial instruments for which quoted prices are regularly available	FX spots, exchange traded financial futures, exchange traded options, exchange traded stocks, exchange traded funds, liquid government bonds, other liquid bonds, liquid asset backed securities (ABS) in active markets	Mark-to-market (quoted prices in active markets), for bonds: BVAL or vendor data.
Level 2	Plain vanilla/liquid derivatives	(Cross-currency) interest rate swaps (IRS), FX swaps, FX forwards, forward rate agreements (FRA), inflation swaps, dividend swaps and futures, reverse floaters, bond future options, interest rate future options, overnight index swaps (OIS), FX resets	Discounted cashflow analysis based on discount and estimation curves (derived from quoted deposit rates, FX swaps and (CC)IRS)
		Caps & floors, interest rate options, European stock options, European & American FX options, forward starting options, digital FX options, FX strips of simple options, European swaptions, European cancellable IRS	Option pricing model based on observable inputs (e.g., volatilities)
	Linear financial liabilities (without optional features) – cash instruments	Deposits, simple cashflows, repo transactions	Discounted cashflow analysis based on discount and estimation curves (derived from quoted deposit rates, FX swaps and (CC)IRS)
	Semi-liquid bonds/asset backed securities	Semi-liquid bonds/asset backed securities	BVAL, prices corroborated by alternative observable market data, or using comparable spread method
	Debt instruments	KBC IFIMA own issues (liabilities)	Discounted cashflow analysis and valuation of related derivatives based on observable inputs
	Linear financial assets (cash instruments)	Loans, commercial paper	Discounted cashflow analysis based on discount and estimation curves (derived from quoted deposit rates, FX swaps and (CC)IRS)
Level 3	Exotic derivatives	Target profit forwards, flexible forwards, American & Asian stock options, Bermudan swaptions, digital interest rate options, quanto interest rate options, digital stock options, composite stock options, barrier stock options, quanto digital FX options, FX Asian options, FX European barrier options, FX simple digital barrier options, FX touch rebates, inflation options, Bermudan cancellable IRS, constant maturity swaps (CMS), CMS spread swaps, CMS spread options, CMS interest rate caps/floors, (callable) range accruals, auto-callable options, lookback options, commodity swaps and forwards	Option pricing model based unobservable inputs (e.g., correlation)
	Illiquid credit-linked instruments	Collateralised debt obligations (notes)	Valuation model based on correlation of probability of default of underlying assets
	Private equity investments	Private equity and non-quoted participations	Based on the valuation guidelines of the European Private Equity & Venture Capital Association
	Illiquid bonds/asset backed securities	Illiquid (mortgage) bonds/asset backed securities that are indicatively priced by a single pricing provider in an inactive market	BVAL, third-party pricing (e.g., lead manager), where prices cannot be corroborated due to a lack of available/reliable alternative market data
	Debt instruments	KBC own issues (KBC IFIMA), mortgage bonds held by ČSOB	Discounted cashflow analysis and valuation of related derivatives based on unobservable inputs (indicative pricing by third parties for derivatives)

Note 4.6: Financial assets and liabilities measured at fair value – transfers between levels 1 and 2

- In 2024, KBC transferred 199 million euros' worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 428 million euros' worth of financial assets and liabilities from level 2 to level 1. All of these reclassifications were carried out due to a change in the liquidity of government bonds and corporate bonds.
- In 2023, KBC transferred 134 million euros' worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 69 million euros' worth of financial assets and liabilities from level 2 to level 1. All of these reclassifications were carried out due to a change in the liquidity of government bonds and corporate bonds.

Note 4.7: Financial assets and liabilities measured at fair value – focus on level 3

- In 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 or loss (other than held for trading): the fair value of debt instruments rose by 55 million euros, due primarily to new purchases.
  - Financial assets at fair value through OCI: the fair value of debt instruments decreased by 65 million euros, primarily on account of shifts from level 3, partly offset by new purchases. The fair value of the equity instruments rose by 25 million euros, due mainly to new purchases, partly offset by the sale of existing purchases.
- In 2023, significant movements in financial assets and liabilities classified in level 3 of the fair value hierarchy included the following:
  - Financial assets at fair value through OCI: the fair value of debt instruments increased by 97 million euros, primarily on account of purchases. The fair value of the equity instruments rose by 48 million euros, due primarily to purchases.

Note 4.8: Derivatives

Note 4.8.1: Trading derivatives

	31-12-2024				31-12-2023			
(in millions of EUR)	Carrying value		Notional amount *		Carrying value		Notional amount *	
	Assets	Liabilities	Purchased	Sold	Assets	Liabilities	Purchased	Sold
Total	1	3	38	37	2	2	52	51
Interest rate contracts	1	3	25	25	2	2	38	38
of which interest rate swaps and futures	*1*	*3*	*25*	*25*	*2*	*2*	*38*	*38*
of which options	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Foreign exchange contracts	1	0	13	12	1	0	13	12
of which currency and interest rate swaps, FX swaps and futures	*1*	*0*	*13*	*12*	*1*	*0*	*13*	*12*
of which options	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Equity contracts	0	0	0	0	0	0	0	0
of which equity swaps	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
of which options	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit contracts	0	0	0	0	0	0	0	0
of which credit default swaps	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Commodity and other contracts	0	0	0	0	0	0	0	0

* In this table, both legs of the derivatives are reported in the notional amounts.

Note 4.8.2 Hedging derivatives

31-12-2024 (in millions of EUR)					Hedging instrument				Hedged item		Impact on equity
	Notional amount[1]		Carrying value		Change in fair value of hedging instruments as basis for recognising hedge ineffectiveness for the period[2]	Type			Change in fair value of hedged items as basis for recognising hedge ineffectiveness for the period[2]	Ineffective portion recognised in profit or loss	Effective portion recognised in OCI
Hedging strategy	Pur-chased	Sold	Assets	Liabilities			Total (incl. fair value changes)	Of which accumulated fair value adjustments			
Fair value micro hedge											
Interest rate swaps	1 049	1 049	32	15	- 10	Debt securities held at AC	126	1	0		
Currency and interest rate swaps	0	0	0	0	0	Loans and advances at AC	0	0	0		
						Debt securities held at FVOCI	929	- 30	10		
						Debt securities issued at AC	0	0	0		
						Deposits at AC	0	0	0		
Total	1 049	1 049	32	15	- 10	Total			11	0	-
Portfolio hedge of interest rate risk											
Interest rate swaps	155	155	8	0	6	Debt securities held at AC	0	0	0		
Currency and interest rate options	0	0	0	0	0	Loans and advances at AC	0	0	0		
						Debt securities held at FVOCI	0	0	0		
						Debt securities issued at AC	0	0	0		
						Deposits at AC	0	0	0		
						Life insurance contract liabilities	161	6	- 6		
Total	155	155	8	0	6	Total			- 6	0	-
Cashflow hedge (micro hedge and portfolio hedge)											
Interest rate swaps	0	0	0	0	1						
Currency and interest rate swaps	39	39	0	4	0						
Total	39	39	0	4	1	Total			- 1	0	1
Hedge of net investments in foreign operations											
Total [3]	0	0	0	0	0	Total			0	0	1

1 In this table, both legs of the derivatives are reported in the notional amounts.

2 Ineffectiveness is recognised in 'Net result from financial instruments at fair value through profit or loss' (also see Note 3.3).

3 Carrying value liabilities: hedging instruments in the form of foreign currency deposits.

31-12-2023

(in millions of EUR)	Hedging instrument					Hedged item				Impact on equity	
	Notional amount[1]		Carrying value		Change in fair value of hedging instruments as basis for recognising hedge ineffectiveness for the period	Type			Change in fair value of hedged items as basis for recognising hedge ineffectiveness for the period	Ineffective portion recognised in profit or loss	Effective portion recognised in OCI
Hedging strategy	Pur-chased	Sold	Assets	Liabilities			Total (incl. fair value changes)	Of which accumulated fair value adjustments			
Fair value micro hedge											
Interest rate swaps	700	700	38	3	- 29	Debt securities held at AC	125	1	0		
Currency and interest rate swaps	0	0	0	0	0	Loans and advances at AC	0	0	0		
						Debt securities held at FVOCI	563	- 41	30		
						Debt securities issued at AC	0	0	0		
						Deposits at AC	0	0	0		
Total	700	700	38	3	- 29	Total			30	1	-
Portfolio hedge of interest rate risk											
Interest rate swaps	0	0	0	0	0	Debt securities held at AC	0	0	0		
Currency and interest rate options	0	0	0	0	0	Loans and advances at AC	0	0	0		
						Debt securities held at FVOCI	0	0	0		
						Debt securities issued at AC	0	0	0		
						Deposits at AC	0	0	0		
Total	0	0	0	0	0	Total			0	0	-
Cashflow hedge (micro hedge and portfolio hedge)											
Interest rate swaps	0	0	0	0	2						
Currency and interest rate swaps	0	0	0	3	0						
Total	0	0	0	3	2	Total			- 2	0	0
Hedge of net investments in foreign operations											
Total[3]	0	0	0	0	0	Total			0	0	1

1 In this table, both legs of the derivatives are reported in the notional amounts.

2 Ineffectiveness is recognised in 'Net result from financial instruments at fair value through profit or loss' (also see Note 3.3).

3 Carrying value liabilities: hedging instruments in the form of foreign currency deposits.

- The Treasury departments of the various entities manage the interest rate risk. To prevent rate movements from having a negative impact, the maturities of assets and liabilities are adjusted on the balance sheet using interest rate swaps and other derivatives.
- As regards the relationship between risk management and hedge accounting policy, 'economic' management takes priority and risks are hedged in accordance with the general ALM framework. Only then is a decision made on which, if any, of these techniques will be used to limit any resulting accounting mismatch.

5.0 Notes to other balance sheet items

Note 5.1: Other assets

(in millions of EUR)	31-12-2024	31-12-2023
Total	347	297
Prepaid charges and accrued income	27	21
Other	320	276

Note 5.2: Tax assets and tax liabilities

(in millions of EUR)	31-12-2024	31-12-2023
CURRENT TAXES		
Current tax assets	22	42
Current tax liabilities	11	4
DEFERRED TAXES	**- 233**	**- 262**
Deferred tax assets by type of temporary difference	244	227
Employee benefits	2	2
Losses carried forward	0	0
Tangible and intangible fixed assets	1	2
Provisions for risks and charges	2	1
Impairment for losses on loans and advances	2	4
Financial instruments at fair value through profit or loss and fair value hedges	2	2
Fair value changes, financial assets at FVOCI, cashflow hedges and hedges of net investments in foreign operations	196	178
Insurance liabilities	33	36
Other incl. reinsurance assets	6	2
Deferred tax liabilities by type of temporary difference	477	490
Employee benefits	8	7
Losses carried forward	0	0
Tangible and intangible fixed assets	3	3
Provisions for risks and charges	9	9
Impairment for losses on loans and advances	0	0
Financial instruments at fair value through profit or loss and fair value hedges	1	1
Fair value changes, financial assets at FVOCI, cashflow hedges and hedges of net investments in foreign operations	3	2
Insurance liabilities	452	467
Other incl. reinsurance assets	0	0
Recognised as a net amount in the balance sheet as follows:		
Deferred tax assets	39	38
Deferred tax liabilities	273	300
Unused tax losses and unused tax credits	0	0

- Deferred tax assets are recognised to the extent that it is probable that, on the basis of realistic financial projections, taxable profit will be available against which the deductible temporary differences can be utilised in the foreseeable future (limited to a period of eight to ten years).
- Unused tax losses and unused tax credits concern tax losses of group companies which are not capitalised due to insufficient proof of future taxable profit. Most unused tax losses and unused tax credits can be carried forward for 20 years or more.
- The net change in deferred taxes (+29 million euros in 2024) breaks down as follows:
    - The change in deferred tax assets of +16 million euros was accounted for chiefly by:

    - An increase in deferred tax assets on account of changes in the revaluation reserve for financial instruments measured at fair value through OCI, cashflow hedges and hedges of net investments in foreign operations (+18 million euros), most of which was recorded directly in OCI;
  - The change in deferred tax liabilities of +13 million euros was accounted for chiefly by:
    - A decrease in deferred tax liabilities for insurance contract liabilities (15 million euros), with an amount of +64 million euros being recorded through OCI and -49 million euros being recorded via the income statement;
- The deferred tax assets presented in the balance sheet are attributable primarily to ČSOB Pojišťovna in the Czech Republic.

Note 5.3: Investments in associated companies and joint ventures

- No associated companies and joint ventures were recognised using the equity method in 2024 and 2023.
- Associated companies are companies on whose management KBC exerts significant influence, without having direct or indirect full or joint control. In general, KBC has a 20% to 50% shareholding in such companies. Joint ventures are companies over which KBC exercises joint control.
- Goodwill paid on associated companies and joint ventures is included in the nominal value of ‘Investments in associated companies and joint ventures’ shown on the balance sheet. An impairment test is performed and, if required, the necessary impairment losses on goodwill are recognised (see table).

Note 5.4: Property and equipment and investment property

(in millions of EUR)	31-12-2024	31-12-2023
Property, equipment	45	43
Investment property	258	264
Rental income	21	18
Direct operating expenses from investments generating rental income	4	4
Direct operating expenses from investments not generating rental income	0	0

MOVEMENTS TABLE	Land and buildings	IT equipment	Other equipment	Total property and equipment	Investment property
2024					
Opening balance	35	3	5	43	264
Acquisitions	5	1	4	10	16
Disposals	0	0	0	0	- 2
Depreciation	- 7	- 1	- 2	- 10	- 21
Other movements	2	0	0	2	0
Closing balance	35	3	7	45	258
Accumulated depreciation and impairment	*30*	*9*	*15*	*54*	*208*
Fair value 31-12-2024					403
2023					
Opening balance	38	3	4	44	258
Acquisitions	10	2	2	15	31
Disposals	0	0	0	0	- 8
Depreciation	- 7	- 1	- 2	- 10	- 19
Other movements	- 5	0	1	- 5	2
Closing balance	35	3	5	43	264
Accumulated depreciation and impairment	*27*	*9*	*15*	*51*	*193*
Fair value 31-12-2023					401

- Annual rates of depreciation: mainly 3% for buildings (including investment property), 33% for IT equipment, between 5% and 33% for other equipment. No depreciation is charged for land.
- There are no material obligations to acquire property or equipment. There are no material restrictions on title, or on property and equipment pledged as security for liabilities.
- Most investment property is valued by an independent expert on a regular basis and by in-house specialists on an annual basis, based primarily on the capitalisation of the estimated rental value and on unit prices of similar real property. Account is taken of all the market inputs available on the date of the assessment (including location and market situation, type of building and construction, state of repair, use, etc.).
- Certain other investment property is valued annually by in-house specialists based on the current annual rental per building and expected rental movements and on an individual capitalisation rate per building.
- The impact of the heavy flooding and other extreme weather conditions in 2024 and 2023 on property and equipment and investment property and on the associated impairment was insignificant. For information regarding climate-related and other ESG risks, see www.kbc.com.
- The impact of our own activities as an insurer on the environment is very limited, especially when compared to industrial companies and our indirect impact through lending and other activities, and stems mainly from our buildings and vehicles (commuting). We nevertheless also calculate our own direct greenhouse gas impact and apply certain targets in that regard. See ‘Focus on the climate and the environment’ in the ‘Report of the Board of Directors of KBC Group’ section for a more detailed explanation The statutory auditor has not audited that section. More details can also be found in KBC Group’s Climate Report and Sustainability Report at www.kbc.com.

Note 5.5: Goodwill and other intangible assets

(in millions of EUR)	Goodwill	Software developed in-house	Software developed externally	Other	Total
2024					
Opening balance	167	1	54	8	230
Acquisitions	0	19	16	0	35
Disposals	0	0	0	- 6	- 6
Amortisation	—	0	- 13	0	- 13
Other movements	0	0	0	0	0
Closing balance	167	19	58	2	245
Accumulated amortisation and impairment	*199*	*0*	*78*	*9*	*287*
2023					
Opening balance	167	0	36	7	210
Acquisitions	0	1	21	5	26
Disposals	0	0	0	- 1	- 2
Amortisation	—	0	- 12	0	- 12
Other movements	0	0	10	- 2	7
Closing balance	167	1	54	8	230
Accumulated amortisation and impairment	*199*	*0*	*68*	*9*	*276*

- Goodwill: includes the goodwill paid on companies included in the scope of consolidation and relating to the acquisition of activities. Goodwill paid on associated companies: included in the nominal value of 'Investments in associated companies' shown on the balance sheet.
- For goodwill in respect of recent acquisitions, see Note 6.6.
- Impairment testing: a test was carried out to establish whether impairment on goodwill had to be recognised (see table and Note 3.9). This impairment test is performed at least once a year. We also carry out a high level assessment on a quarterly basis to see whether there is an indication of impairment. In the test, each entity is regarded as a separate cash-generating unit. Each entity has a specific risk profile and it is rare to have different profiles within a single entity.
- Impairment on goodwill under IAS 36: recognised in profit or loss if the recoverable amount of an investment is lower than its carrying value. The recoverable amount is defined as the higher of the value in use (calculated based on discounted cashflow analysis) and the fair value (calculated based on multiple analysis, etc.) less costs to sell.
- The main group companies to which goodwill relates are listed in the table. All of these companies have been valued using the discounted cashflow method. The discounted cashflow method calculates the recoverable amount of an investment as the present value of all future free cashflows of the business. This method is based on long-term projections about the company's business and the resulting cashflows (i.e. projections for a number of years ahead and the residual value of the business at the end of the specific projection period). These long-term projections are the result of an assessment of past and present performances combined with external sources of information on future performances in the respective markets and the global macroeconomic environment. Consequently, in cases where sustainability aspects and products/projects have been factored into the underlying financial projections, this will also affect the valuation. The ultimate growth rate is determined using a long-term average market growth rate. The present value of these future cashflows is calculated using a compound discount rate which is based on the capital asset pricing model (CAPM). A country-specific risk-free rate and a market-risk premium (multiplied by an activity beta) are also used in the calculation. KBC has developed two distinct discounted cashflow models, viz. a bank model and an insurance model. Free cashflows in both cases are the dividends that can be paid out to the company's shareholders, account taken of the minimum capital requirements.

Goodwill outstanding			Discount rates throughout the specific period of cashflow projections	
(in millions of EUR)	31-12-2024	31-12-2023	31-12-2024	31-12-2023
DZI Insurance	75	75	10.1%	11,2% - 10,4%
UBB PIC	56	56	7,3% - 7,8%	8,4% - 8,3%
CSOB Pojist'ovna	18	18	10,4% - 10,3%	10,9% - 10,7%
Rest	18	18	–	-
Total	167	167	–	-

- The period to which the cashflow budgets and projections relate is 10 years in most cases. This longer period is used to take account of current strong growth in the Central and Eastern European countries, where the growth rate is expected to develop towards a more moderate level in the longer term.
- The growth rate used to extrapolate the cashflow projections after that period is equal to the expected nominal long-term growth rate of the gross domestic product. This rate depends on the country and varied between 4.7% and 3.2% in 2024 (between 6.7% and 4.0% in 2023).
- For all entities, at year-end 2024 the recoverable amount exceeded the carrying value to such a large extent that no reasonably possible change in the key assumptions would result in the recoverable amount being less than or equal to the carrying value.

Note 5.6: Insurance balance sheet

Note 5.6.1: Breakdown of (re)insurance contract assets and liabilities

				2024				2023
(in millions of EUR)	Total	PAA	BBA	VFA	Total	PAA	BBA	VFA
Life								
Reinsurance contract assets	20	20	—	—	0	0	—	—
Insurance contract liabilities	13 925	57	12 899	969	13 862	55	12 878	928
LRC (liability for remaining coverage)	13 718	2	12 769	948	13 674	2	12 762	910
Unit-linked	823	0	—	823	798	0	—	798
Non-unit-linked	11 931	2	11 929	—	12 651	2	12 650	—
Hybrid	964	0	840	125	225	0	112	112
Accepted reinsurance	0	0	0	0	0	0	0	0
LIC (liability for incurred claims)	207	56	130	22	188	54	116	18
Unit-linked	19	0	—	19	13	0	—	13
Non-unit-linked	168	56	112	—	153	54	99	—
Hybrid	21	0	18	3	21	0	17	4
Accepted reinsurance	0	0	0	0	0	0	0	0
Assets for acquisition cost	0	0	0	0	0	0	0	0
Non-life								
Reinsurance contract assets	98	98	—	—	64	64	—	—
Insurance contract liabilities	3 188	2 973	214	—	2 924	2 719	206	—
LRC (liability for remaining coverage)	744	547	196	—	702	512	190	—
Personal insurance	211	14	196	—	205	16	190	—
Motor Third-Party Liability (MTPL)	156	156	—	—	160	160	—	—
Liability other than MTPL	25	25	—	—	25	25	—	—
Casco	118	118	—	—	96	96	—	—
Property other than casco	234	234	—	—	216	216	—	—
Accepted reinsurance	- 1	- 1	0	—	0	0	0	—
LIC (liability for incurred claims)	2 444	2 426	18	—	2 222	2 206	16	—
Personal insurance	657	639	18	—	611	595	16	—
Motor Third-Party Liability (MTPL)	935	935	—	—	864	864	—	—
Liability other than MTPL	401	401	—	—	357	357	—	—
Casco	66	66	—	—	53	53	—	—
Property other than casco	365	365	—	—	320	320	—	—
Accepted reinsurance	20	20	0	—	18	18	0	—
Assets for acquisition cost	0	0	0	—	0	0	0	—

- Insurance contract liabilities relate to insurance contracts and investment contracts with discretionary participation features (DPF). Liabilities under investment contracts without DPF are measured at fair value. They concern unit-linked contracts, which are recognised under financial liabilities (see Note 4.1).
- LRC (except PAA) is calculated using various assumptions. Judgement is required when making these assumptions and they are based on various internal and external sources of information. These liabilities are generally calculated using assumptions that were applicable at the inception of the insurance contracts and as such determine the CSM at initial recognition. The key assumptions are:

  - Lapse and dormancy rates at both contract and premium level, as well as mortality and morbidity rates, based on standard mortality tables and adapted where necessary to reflect the group's own experience.
  - Operating expense assumptions which reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses which are considered directly attributable. Expenses are considered directly attributable if they are incurred as a consequence of performing insurance activities for in-force contracts;
  - Assumptions may vary depending on the type of insurance, the generation of contracts (mainly the time when the contract is entered into and the applicable terms and conditions) and the country. This makes it impossible to quantify these assumptions for the entire group.
- Assumptions for LIC are based on past claims experience relating to claim numbers, claim payments and claims handling costs, and adjusted to take account of such factors as anticipated market experience, claims inflation and external factors such as court awards, legislation and discounting.
- For contracts providing multiple services, i.e. insurance coverage, investment return services and investment management services, 'multivariate coverage units' are used, taking into consideration that (a) coverage units are determined based on the individual benefit components separately and (b) weights are assigned to each component to reflect an appropriate level of service to be provided. Such weightings appropriately reflect the release of CSM based on the quantity of the benefits provided for each service. Analogous to coverage units, these weights are also reassessed at the end of each reporting period.
- Coverage units have a positive value and are floored to zero. In case of zero coverage units in a given period, no CSM is allocated to P&L as no services have been provided in the period. This is possible, for instance, where contracts provide for 'waiting periods'. In such cases, the contract has been signed by the policyholder but there is a mandatory waiting period for the client to be able to benefit from insurance coverage.
- Defining IFRS 17 portfolios is a local decision, made by each insurance entity of KBC Group. It is country-specific, driven by the local product mix and the way in which the insurance business is managed locally. The table presents a high-level breakdown by product.
- Within hybrid products, the policyholder can switch within the same contract, containing the coverage of significant insurance risk, from the unit-linked to the non-unit-linked component and vice versa.
- Non-life LRC BBA (196 million euros in 2024, 190 million euros in 2023) represents the LRC health insurance (as part of personal insurance) as they are mostly long-term contracts and are therefore measured according to the BBA. Non-life LIC PAA for personal insurance (638 million euros in 2024, 594 million euros in 2023) represents the incurred claims under personal insurance with regard to 'workmen's compensation' insurance, which are typically settled over a long period.
- Most reinsurance programmes protect against the impact of exceptionally large loss events or accumulation of losses. Therefore, the reinsurance result is not in the same order of magnitude as the direct insurance result, which means the movements in reinsurance contract assets are limited.

- The following yield curves are used to discount cashflows that do not vary based on the returns of underlying items. As these bottom-up discount curves are not entity-specific but currency-dependent, two curves are included for each currency, one with volatility adjustment and one without (the latter is used for VFA liabilities, the former is used for all other liabilities for which bottom-up curves are used).
- Current account transactions with intermediaries and reinsurers are not included in the measurement of insurance liabilities but treated as a separate asset measured under IFRS 9.

Yield curve used tot discount cashflows not varying based on underlying items; bottom-up method

Currency	Illiquidiity premium				Portfolio duration
2024					
EUR	with volatility adjustment	1.91%	2.61%	2.84%	2.14%
	without volatility adjustment	1.67%	2.37%	2.60%	1.91%
CZK	with volatility adjustment	4.01%	3.93%	4.30%	4.20%
	without volatility adjustment	3.84%	3.76%	4.12%	4.03%
HUF	with volatility adjustment	6.92%	6.93%	7.39%	6.55%
	without volatility adjustment	6.84%	6.85%	7.30%	6.48%
BGN	with volatility adjustment	1.94%	2.58%	2.83%	2.19%
	without volatility adjustment	1.78%	2.42%	2.67%	2.03%
2023					
EUR	with volatility adjustment	3.14%	2.51%	2.96%	2.34%
	without volatility adjustment	2.92%	2.29%	2.74%	2.13%
CZK	with volatility adjustment	4.83%	3.19%	3.70%	3.98%
	without volatility adjustment	4.67%	3.03%	3.54%	3.82%
HUF	with volatility adjustment	5.55%	5.25%	6.29%	5.49%
	without volatility adjustment	5.44%	5.14%	6.18%	5.38%
BGN	with volatility adjustment	3.16%	2.50%	3.00%	2.43%
	without volatility adjustment	2.84%	2.18%	2.68%	2.11%

Note 5.6.2: Movements in Life insurance contract liabilities

(in millions of EUR)	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not measured under PAA	Contracts measured under PAA		
				Present value of future cash flows	Risk adjustment	
2024						
Opening balance	**13 667**	**7**	**134**	**50**	**3**	**13 862**
Insurance service result	**- 436**	**24**	**225**	**19**	**0**	**- 168**
Insurance revenue	**- 463**	**—**	**—**	**—**	**—**	**- 463**
BBA + VFA by transition method	- 432	—	—	—	—	- 432
Modified retrospective approach	- 9	—	—	—	—	- 9
Fair value approach	- 280	—	—	—	—	- 280
Other	- 143	—	—	—	—	- 143
PAA	- 31	—	—	—	—	- 31
Insurance service expenses	**28**	**24**	**225**	**19**	**0**	**296**
Incurred claims (excl. repayments of investment components)	—	- 2	156	14	1	169
Incurred costs other than claims	0	- 2	99	3	0	100
Amortised acquisition expenses and commissions	28	—	—	—	—	28
Changes in fulfilment cashflows that relate to future service - loss on and reversal of loss on onerous contracts	—	28	—	—	—	28
Changes in fulfilment cashflows that relate to past service	—	—	- 29	1	- 1	- 29
Investment components	**-2 591**	**—**	**2 591**	**—**	**—**	**0**
Investment result	**6**	**0**	**—**	**—**	**—**	**6**
Net result from financial instruments at fair value through P&L	6	0	—	—	—	6
Insurance finance income and expense	**490**	**1**	**2**	**2**	**0**	**495**
in P&L	292	1	2	1	0	296
in OCI	198	0	0	1	0	199
Total changes in comprehensive income	**-2 529**	**25**	**2 818**	**20**	**0**	**334**
Total cashflows	**2 585**	**—**	**-2 798**	**- 19**	**—**	**- 232**
Premiums received	2 712	—	—	—	—	2 712
Claims paid	—	—	-2 699	- 16	—	-2 715
Costs other than claims paid	—	—	- 99	- 3	—	- 102
Insurance acquisition cash flows paid	- 127	—	—	—	—	- 127
Other	- 37	0	- 2	0	0	- 39
Closing balance	**13 686**	**32**	**152**	**52**	**4**	**13 925**

(in millions of EUR)	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not measured under PAA	Contracts measured under PAA		
				Present value of future cash flows	Risk adjustment	
2023						
Opening balance	**13 258**	**10**	**126**	**47**	**3**	**13 444**
Insurance service result	**- 381**	**- 2**	**218**	**16**	**1**	**- 149**
Insurance revenue	**- 400**	**—**	**—**	**—**	**—**	**- 400**
BBA + VFA by transition method	- 370	—	—	—	—	- 370
Modified retrospective approach	- 10	—	—	—	—	- 10
Fair value approach	- 267	—	—	—	—	- 267
Other	- 93	—	—	—	—	- 93
PAA	- 30	—	—	—	—	- 30
Insurance service expenses	**19**	**- 2**	**218**	**16**	**1**	**251**
Incurred claims (excl. repayments of investment components)	—	- 1	156	13	1	169
Incurred costs other than claims	0	- 7	92	2	0	87
Amortised acquisition expenses and commissions	19	—	—	—	—	19
Changes in fulfilment cashflows that relate to future service - loss on and reversal of loss on onerous contracts	—	6	—	—	—	6
Changes in fulfilment cashflows that relate to past service	—	—	- 30	1	0	- 30
Investment components	**-1 284**	**—**	**1 284**	**—**	**—**	**0**
Investment result	**0**	**0**	**—**	**—**	**—**	**0**
Net result from financial instruments at fair value through P&L	0	0	—	—	—	0
Insurance finance income and expense	**815**	**0**	**3**	**3**	**0**	**821**
in P&L	281	0	1	0	0	283
in OCI	534	0	2	3	0	538
Total changes in comprehensive income	**- 850**	**- 2**	**1 505**	**19**	**1**	**672**
Total cashflows	**1 271**	**—**	**-1 497**	**- 16**	**—**	**- 242**
Premiums received	1 401	—	—	—	—	1 401
Claims paid	—	—	-1 404	- 14	—	-1 419
Costs other than claims paid	—	—	- 92	- 2	—	- 94
Insurance acquisition cash flows paid	- 130	—	—	—	—	- 130
Other	- 12	0	0	0	0	- 13
Closing balance	**13 667**	**7**	**134**	**50**	**3**	**13 862**

- In the transition from IFRS 4 to IFRS 17, KBC applied the Full Retrospective Approach (FRA) for recent years. Applying the FRA for non-recent years was impracticable due to either a lack of historical data (data and hypotheses) or high costs associated with making information from the past available for FRA transition calculations. Where the FRA was impracticable, the Fair Value Approach (FVA) was predominantly used to determine the CSM on the transition date. The Modified Retrospective Approach (MRA) was rarely applied as this transition approach was overly complex and the costs did not outweigh the benefits. KBC calculated a fair value according to IFRS 13 based on the IFRS 17 cashflows and subsequently adjusted a few assumptions or parameters. The adjustments related to the inclusion in the IFRS 13 fair value of total expenses, i.e. including non-directly attributable expenses, and to the inclusion of a risk premium that covers not only non-financial risk, but also system and integration expenses and capital funding costs. All past years were combined into a single cohort for the FVA transition calculations. The FVA CSM ensued from cost and risk margin differences under IFRS 17 and IFRS 13 measurement approaches. The OCI amount on the transition date under the FVA is determined in accordance with the transition exemptions provided in IFRS 17.
- Movement in insurance liabilities in 2024:
  - Due to the further decrease in market interest rates during 2024, an expense in OCI of 199 million euros before tax is recognised as KBC made the accounting policy choice for all portfolios within the group to disaggregate insurance finance income and expense between P&L and OCI.
  - The movement in the investment component of 2 591 million euros from LRC to LIC indicates the amounts of contracts coming at maturity or lapsed and includes 866 million euros resulting from the surrender in 2024 of individual pension agreements from the 'Risk and Savings' portfolio in order to migrate them to the 'Hybrid products' portfolio as the policyholders of the relevant contracts were given the opportunity to invest in unit-linked products.

- Movement in insurance liabilities in 2023:
  - Due to the decrease in market interest rates during 2023, an expense in OCI of 538 million euros before tax is recognised as KBC made the accounting policy choice for all portfolios within the group to disaggregate IFIE between P&L and OCI.
  - The movement in the investment component of 1 284 million euros from LRC to LIC indicates the amounts of contracts coming at maturity or lapsed.
- On transitioning to IFRS 17, KBC applied mainly the fair value approach. Therefore, the amortised acquisition costs are low as they are not estimated under the fair value approach (i.e. the prospective approach).
- The Life insurance contracts are typically long-term contracts and are therefore measured according to the BBA or VFA. The latter is only applied within Central and Eastern European entities for unit-linked contracts or hybrid products as these sold contracts mandatorily contain insurance risk cover.
- Some insurance contracts may specify amounts that are payable when no insured event occurs, and are repayable under all circumstances and as such include an investment component. For defining the investment component, an investigation based on the contract's characteristics needs to be conducted. Within KBC, only investment components are identified within Life insurance, such as life-long death cover. When an insurance contract allows surrender, the gross surrender value is considered an investment component. Any associated surrender fees resulting from surrender are considered insurance components.

Note 5.6.3: Movements in Non-life insurance contract liabilities

(in millions of EUR)	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not measured under PAA	Contracts measured under PAA		
				Present value of future cash flows	Risk adjustment	
2024						
Opening balance	**700**	**1**	**16**	**1 966**	**240**	**2 924**
Insurance service result	**-1 962**	**3**	**31**	**1 608**	**10**	**- 310**
Insurance revenue	**-2 492**	—	—	—	—	**-2 492**
BBA by transition method	- 39	—	—	—	—	- 39
Modified retrospective approach	0	—	—	—	—	0
Fair value approach	- 29	—	—	—	—	- 29
Other	- 11	—	—	—	—	- 11
PAA	-2 452	—	—	—	—	-2 452
Insurance service expenses	**530**	**3**	**31**	**1 608**	**10**	**2 182**
Incurred claims (excl. repayments of investment components)	—	- 1	28	1 254	65	1 346
Incurred costs other than claims	0	0	3	232	0	236
Amortised acquisition expenses and expenses	529	—	—	—	—	529
Changes in fulfilment cashflows that relate to future service - loss on and reversal of loss on onerous contracts	—	4	—	—	—	4
Changes in fulfilment cashflows that relate to past service	—	—	0	122	- 55	67
Investment components	**0**	—	**0**	—	—	**0**
Insurance finance income and expense	**7**	**0**	**0**	**58**	**7**	**72**
In P&L	1	0	0	39	5	45
In OCI	6	0	0	18	2	26
Total changes in comprehensive income	**-1 955**	**3**	**31**	**1 666**	**17**	**- 238**
Total cashflows	**2 001**	—	**- 29**	**-1 457**	—	**515**
Premiums received	2 541	—	—	—	—	2 541
Claims paid	—	—	- 26	-1 225	—	-1 251
Costs other than claims paid	—	—	- 3	- 231	—	- 234
Insurance acquisition cashflows paid	- 540	—	—	—	—	- 540
Other	- 6	0	0	- 6	- 1	- 13
Closing balance	**740**	**4**	**18**	**2 170**	**256**	**3 188**

(in millions of EUR)	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not measured under PAA	Contracts measured under PAA		
				Present value of future cash flows	Risk adjustment	
2023						
Opening balance	**677**	**1**	**14**	**1 826**	**222**	**2 739**
Insurance service result	**-1 799**	**0**	**28**	**1 346**	**7**	**- 418**
Insurance revenue	**-2 290**	**—**	**—**	**—**	**—**	**-2 290**
BBA by transition method	- 36	—	—	—	—	- 36
Modified retrospective approach	0	—	—	—	—	0
Fair value approach	- 29	—	—	—	—	- 29
Other	- 7	—	—	—	—	- 7
PAA	-2 255	—	—	—	—	-2 255
Insurance service expenses	**491**	**0**	**28**	**1 346**	**7**	**1 872**
Incurred claims (excl. repayments of investment components)	—	- 1	26	1 093	62	1 179
Incurred costs other than claims	1	0	3	219	0	223
Amortised acquisition commissions and expenses	490	—	—	—	—	490
Changes in fulfilment cashflows that relate to future service - loss on and reversal of loss on onerous contracts	—	1	—	—	—	1
Changes in fulfilment cashflows that relate to past service	—	—	0	34	- 55	- 21
Investment components	**0**	**—**	**0**	**—**	**—**	**0**
Insurance finance income and expense	**- 48**	**0**	**1**	**89**	**12**	**54**
In P&L	0	0	0	27	4	30
In OCI	- 48	0	0	63	8	24
Total changes in comprehensive income	**-1 848**	**0**	**29**	**1 435**	**19**	**- 364**
Total cashflows	**1 870**	**—**	**- 27**	**-1 291**	**—**	**553**
Premiums received	2 366	—	—	—	—	2 366
Claims paid	—	—	- 24	-1 073	—	-1 097
Costs other than claims paid	—	—	- 3	- 218	—	- 221
Insurance acquisition cashflows paid	- 496	—	—	—	—	- 496
Other	1	0	0	- 4	0	- 3
Closing balance	**700**	**1**	**16**	**1 966**	**240**	**2 924**

- In Non-life, KBC applies mostly the PAA, as the coverage period is 1 year or less.
- The cost of outstanding claims is based on the past claims development experience to project future claims development. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs) and claim numbers based on the observed claim development of earlier years and expected loss ratio. Historical claims are mainly analysed per accident year. Large claims are separately addressed.
- Estimates of salvage recoveries and subrogation reimbursement are considered in the measurement of the ultimate claim costs.
- No asset for insurance acquisition cashflows is currently recognised.

Note 5.6.4: Movements in Life insurance contract liability components (BBA, VFA)

(in millions of EUR)	Present value of future cashflows (incl LIC)	Risk adjustment (incl LIC)	Contractual service margin			Total insurance contract liabilities
			Insurance contracts that existed at the transition date modified retrospective approach	Insurance contracts that existed at the transition date fair value approach	Other insurance contracts	
2024						
Opening balance	**11 538**	**152**	**47**	**1 387**	**683**	**13 807**
Insurance service result	**- 212**	**41**	**- 2**	**- 125**	**138**	**- 159**
Changes that relate to future services:	- 201	53	4	- 11	182	28
New business	*- 245*	*29*	—	—	*230*	*14*
Changes in estimates reflected in the CSM	*32*	*23*	*4*	*- 11*	*- 48*	*0*
Changes in estimates that result in onerous contract losses & reversals	13	1	—	—	—	14
Changes that relate to current service:	16	- 9	- 5	- 114	- 44	- 157
CSM recognised in profit or loss	—	—	*- 5*	*- 114*	*- 44*	*- 163*
Changes in the risk adjustment (expected)	—	*- 9*	—	—	—	*- 9*
Experience adjustments	*16*	—	—	—	—	*16*
Changes to liabilities for incurred claims related to past service	- 27	- 3	—	—	—	- 29
Investment result	**6**	—	—	—	—	**6**
Net result from financial instruments at fair value through P&L	6	—	—	—	—	6
Insurance finance income and expense	**466**	**4**	**1**	**10**	**13**	**493**
In P&L	*269*	*3*	*1*	*10*	*13*	*295*
In OCI	*197*	*1*	—	—	—	*198*
Total changes in comprehensive income	**260**	**44**	**- 1**	**- 115**	**151**	**341**
Total cashflows	**- 241**	**—**	**—**	**—**	**—**	**- 241**
Premiums received	*2 681*	—	—	—	—	*2 681*
Claims paid	*-2 699*	—	—	—	—	*-2 699*
Costs other than claims paid	*- 99*	—	—	—	—	*- 99*
Insurance acquisition cashflows paid	*- 124*	—	—	—	—	*- 124*
Other movements	**- 28**	**- 1**	**- 3**	**- 4**	**- 3**	**- 39**
Closing balance	**11 529**	**195**	**43**	**1 268**	**832**	**13 868**

(in millions of EUR)	Present value of future cashflows (incl LIC)	Risk adjustment (incl LIC)	Contractual service margin			Total insurance contract liabilities
			Insurance contracts that existed at the transition date modified retrospective approach	Insurance contracts that existed at the transition date fair value approach	Other insurance contracts	
2023						
Opening balance	**11 378**	**112**	**45**	**1 377**	**480**	**13 393**
Insurance service result	**- 390**	**47**	**- 1**	**8**	**198**	**- 139**
Changes that relate to future service:	- 399	56	4	120	224	5
New business	*- 161*	*17*	—	—	*150*	*6*
Changes in estimates reflected in the CSM	*- 238*	*39*	*4*	*120*	*74*	*- 1*
Changes in estimates that result in onerous contract losses & reversals	*0*	*0*	—	—	—	*0*
Changes that relate to current service:	38	- 8	- 5	- 113	- 26	- 113
CSM recognised in profit or loss	—	—	*- 5*	*- 113*	*- 26*	*- 143*
Changes in the risk adjustment (expected)	—	*- 8*	—	—	—	*- 8*
Experience adjustments	*38*	—	—	—	—	*38*
Changes to liabilities for incurred claims related to past service	- 29	- 2	—	—	—	- 30
Investment result	**0**	—	—	—	—	**0**
Net result from financial instruments at fair value through P&L	0	—	—	—	—	0
Insurance finance income and expense	**809**	**- 7**	**1**	**9**	**7**	**818**
In P&L	*264*	*2*	*1*	*9*	*7*	*283*
In OCI	*544*	*- 9*	—	—	—	*535*
Total changes in comprehensive income	**418**	**40**	**0**	**16**	**205**	**679**
Total cashflows	**- 252**	**—**	**—**	**—**	**—**	**- 252**
Premiums received	*1 371*	—	—	—	—	*1 371*
Claims paid	*-1 404*	—	—	—	—	*-1 404*
Costs other than claims paid	*- 92*	—	—	—	—	*- 92*
Insurance acquisition cashflows paid	*- 126*	—	—	—	—	*- 126*
Other movements	**- 7**	**- 1**	**2**	**- 6**	**- 1**	**- 14**
Closing balance	**11 538**	**152**	**47**	**1 387**	**683**	**13 807**

- The amount recognised in P&L as release of the CSM is determined by:
  - Identifying the coverage units in the group. The number of coverage units in a group is the quantity of service provided by the insurer under the contracts in that Group of Contracts (GoC), determined by considering for each contract the quantity of the benefits provided to the policyholder under a contract and its expected coverage period.
  - Allocating the CSM at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future, and recognising in P&L the amount allocated to coverage units allocated to the current period.
- Main movements in 2024 and 2023: the +43-million-euro increase in the risk adjustment in 2024 is mostly related to a model change to take into account the risk that clients stop paying premiums for long-term life insurance contracts as well as to the switch from the current rate to the locked-in rate for the calibration of the parameters in the RA model so as to ensure consistency with the RA release that is based on the locked-in rate.

Note 5.6.5: Movements in Non-life insurance contract liability components (BBA)

(in millions of EUR)	Present value of future cashflows (incl LIC)	Risk adjustment (incl LIC)	Contractual service margin			Total insurance contract liabilities
			Insurance contracts that existed at the transition date modified retrospective approach	Insurance contracts that existed at the transition date fair value approach	Other insurance contracts	
2024						
Opening balance	**8**	**71**	**0**	**52**	**74**	**206**
Insurance service result	**- 72**	**60**	**0**	**- 21**	**26**	**- 7**
Changes that relate to future service:	- 74	62	0	- 19	31	0
Contracts initially recognised in the period	*- 21*	*3*	—	—	*18*	*0*
Changes in estimates reflected in the CSM	*- 52*	*58*	*0*	*- 19*	*13*	*0*
Changes in estimates that result in onerous contract losses & reversals	*0*	*0*	—	—	—	*0*
Changes that relate to current service:	1	- 1	0	- 2	- 5	- 7
CSM recognised in profit or loss	—	—	*0*	*- 2*	*- 5*	*- 7*
Changes in the risk adjustment (expected)	—	*- 1*	—	—	—	*- 1*
Experience adjustments	*1*	—	—	—	—	*1*
Changes to liabilities for incurred claims related to past service	0	0	—	—	—	0
Insurance finance income and expense	**15**	**- 9**	**0**	**0**	**1**	**7**
In P&L	*- 1*	1	0	0	1	*1*
In OCI	*16*	*- 10*	—	—	—	*6*
Total changes in the statement of comprehensive income	**- 57**	**51**	**0**	**- 21**	**27**	**- 1**
Total cashflows	**9**	—	—	—	—	**9**
Premiums received	*46*	—	—	—	—	*46*
Claims paid	*- 26*	—	—	—	—	*- 26*
Costs other than claims paid	*- 3*	—	—	—	—	*- 3*
Insurance acquisition cashflows paid	*- 8*	—	—	—	—	*- 8*
Other movements	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance	**- 40**	**122**	**0**	**31**	**101**	**214**

(in millions of EUR)	Present value of future cashflows (incl LIC)	Risk adjustment (incl LIC)	Contractual service margin			Total insurance contract liabilities
			Insurance contracts that existed at the transition date modified retrospective approach	Insurance contracts that existed at the transition date fair value approach	Other insurance contracts	
2023						
Opening balance	**17**	**75**	**0**	**93**	**67**	**252**
Insurance service result	**11**	**16**	**0**	**- 41**	**7**	**- 7**
Changes that relate to future service:	9	19	0	- 38	10	0
Contracts initially recognised in the period	*- 18*	*1*	—	—	*17*	*0*
Changes in estimates reflected in the CSM	*27*	*17*	*0*	*- 38*	*- 7*	*0*
Changes in estimates that result in onerous contract losses & reversals	*0*	*0*	—	—	—	*0*
Changes that relate to current service:	2	- 3	0	- 3	- 4	- 7
CSM recognised in profit or loss	—	—	*0*	*- 3*	*- 4*	*- 6*
Changes in the risk adjustment (expected)	—	*- 3*	—	—	—	*- 3*
Experience adjustments	*2*	—	—	—	—	*2*
Changes to liabilities for incurred claims related to past service	0	0	—	—	—	0
Insurance finance income and expense	**- 29**	**- 19**	**0**	**0**	**1**	**- 48**
In P&L	*0*	*0*	*0*	*0*	*1*	*0*
In OCI	*- 28*	*- 19*	—	—	—	*- 48*
Total changes in the statement of comprehensive income	**- 17**	**- 4**	**0**	**- 41**	**7**	**- 54**
Total cashflows	**8**	—	—	—	—	**8**
Premiums received	*43*	—	—	—	—	*43*
Claims paid	*- 24*	—	—	—	—	*- 24*
Costs other than claims paid	*- 3*	—	—	—	—	*- 3*
Insurance acquisition cashflows paid	*- 7*	—	—	—	—	*- 7*
Other movements	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance	**8**	**71**	**0**	**52**	**74**	**206**

- In Non-life, the BBA is applied to ‘individual health insurance’.
- The decline recognised in insurance finance income and expense through OCI of 48 million euros in 2023 is accounted for by the increase in the discount curve in the long term (more than 20 years). The 6-million-euro increase in 2024 is attributable to a slight decline in the yield curve. A typical feature of the hospitalisation portfolio is that interest rate movements have a greater impact on the cash outflows than on the cash inflows. Hospitalisation premiums are levelled (constant ‘cash in’ during the lifetime of the contract) and claims increase as the insured person ages (‘cash out’ more towards the end of the contract).
- The 52-million-euro drop in the present value of future cashflows for changes in estimates reflected in the CSM in 2024 is due in part to a model update in which expected higher claims result in higher premiums. A higher premium volume generates more future profit and, as a result, lower fulfilment cashflows. The 58-million-euro increase in changes in estimates reflected in the CSM in the risk adjustment in 2024 was accounted for by a model change involving a more conservative estimate of the uncertainty of claim costs related to hospitalisation as well as by the switch from the current rate to the locked-in rate for the calibration of the parameters in the RA model so as to ensure consistency with the RA release that is based on the locked-in rate.

Note 5.6.6: New business (BBA/VFA)

(in millions of EUR)	(Re)insurance contracts issued		(Re)insurance contracts acquired		Total
	Not onerous	Onerous	Not onerous	Onerous	
2024					
Estimates of present value of cash outflows	2 942	625	0	0	3 567
Expected claims	2 645	593	0	0	3 238
Expected other insurance service expenses	151	19	0	0	170
Insurance acquisition cashflows	145	13	0	0	159
Estimates of present value of cash inflows	-3 218	- 614	0	0	-3 833
Risk adjustment for non-financial risk	29	3	0	0	32
Contractual service margin	248	—	0	—	248
Increase in insurance contract liabilities loss component	**—**	**14**	**—**	**0**	**14**
2023					
Estimates of present value of cash outflows	1 194	212	0	0	1 406
Expected claims	1 034	171	0	0	1 205
Expected other insurance service expenses	63	19	0	0	82
Insurance acquisition cashflows	97	22	0	0	119
Estimates of present value of cash inflows	-1 378	- 207	0	0	-1 585
Risk adjustment for non-financial risk	16	2	0	0	18
Contractual service margin	166	—	0	—	166
Increase in insurance contract liabilities loss component	**—**	**7**	**—**	**0**	**7**

- ‘Estimates of present value of cash outflows’ includes 866 million euros resulting from the surrender in 2024 of individual pension agreements from the ‘Risk and Savings’ portfolio in order to migrate them to the ‘Hybrid products’ portfolio as the policyholders of the relevant contracts were given the opportunity to invest in unit-linked products. The net impact of this migration on the CSM is a 96-million-euro increase (see also Note 5.6.2).
- The sale of products with a loss component in 2024 was largely attributable to commercial campaigns in response to the Belgian state note maturing in September 2024. This new business was created with a market-driven competitive guaranteed interest rate (see also Note 4.1).

Note 5.6.7: Future CSM recognition in profit and loss on insurance contracts (at the end of the reporting period) (BBA/VFA)

(in millions of EUR)	1st year	2nd year	3rd year	4th year	5th year	6-10th year	+10 year
2024							
Life	153	145	138	132	126	548	1 023
Non-life	7	7	7	6	6	27	57
2023							
Life	149	142	135	129	122	529	973
Non-life	6	6	6	6	5	24	51

- The table shows the future CSM recognition for the next 25 years.

Note 5.6.8: Fair value of assets backing insurance and investment contracts

(in millions of EUR)	Life	*of which Life direct participating (VFA)*	Non-Life	Non-technical	Total
2024					
Total (underlying) assets	**30 414**	***967***	**4 204**	**1 845**	**36 463**
At amortised cost	1 886	*0*	2 887	1 047	5 819
At FVOCI	11 753	*15*	1 221	593	13 568
Debt securities	10 698	*15*	993	373	12 064
Equity instruments	1 055	*0*	228	220	1 504
At FVPL (excL derivatives)	16 666	*951*	0	8	16 673
Instruments backing unit-linked contracts	16 602	*951*	—	—	16 602
Other	64	*0*	0	8	71
At FVO	0	*0*	0	0	0
Property & equipment and investment property	109	*0*	97	198	403
2023					
Total (underlying) assets	**27 930**	***928***	**4 152**	**1 686**	**33 769**
At amortised cost	1 949	*0*	2 926	882	5 757
At FVOCI	11 490	*15*	1 158	590	13 238
Debt securities	10 441	*15*	933	386	11 759
Equity instruments	1 050	*0*	225	204	1 479
At FVPL (excL derivatives)	14 364	*913*	0	8	14 372
Instruments backing unit-linked contracts	14 348	*912*	—	—	14 348
Other	16	*1*	0	8	24
At FVO	0	*0*	0	0	0
Property & equipment and investment property	127	*0*	68	207	401

- The table also includes the assets backing the liabilities under investment contracts (IFRS 9).

Note 5.6.9: Changes in accumulated OCI for FVOCI assets related to insurance contracts for which the fair value transition approach is used

(in millions of EUR)	2024	2023
OCI that may be recycled to P/L	- 26	340
Net change in revaluation reserve (FVOCI debt instruments)	- 26	340
Fair value adjustments before tax	- 33	446
Deferred tax on fair value changes	9	- 108
Transfer from reserve to net result	- 1	2
Impairment	*- 2*	*2*
Net gains/losses on disposal	*0*	*0*
Deferred taxes on income	*0*	*- 1*
OCI that will not be recycled to P/L	101	110
Net change in revaluation reserve (FVOCI equity instruments)	101	110
Fair value adjustments before tax	101	110
Deferred tax on fair value changes	0	0

- IFRS 17 allows simplifications to set the accumulated OCI for the insurance liabilities at nil at the transition date while maintaining the accumulated OCI for the covering financial assets. This disclosure gives insight into the mismatch between covering financial assets and insurance liabilities as it distorts classification within equity at transition date and subsequently the years thereafter until the portfolio subject to the transition approach reaches maturity.
- See also ‘Consolidated statement of comprehensive income’.

Note 5.7: Provisions for risks and charges

Note 5.7.1: Overview

(in millions of EUR)	31-12-2024	31-12-2023
Total provisions for risks and charges	3	3
Provisions for off-balance-sheet commitments and financial guarantees	0	0
Provisions for other risks and charges	3	3
Provisions for restructuring	*0*	*0*
Provisions for taxes and pending legal disputes	*0*	*0*
Other	*3*	*2*

Note 5.7.2: Details of off-balance-sheet commitments and financial guarantees

Immaterial for KBC Insurance.

Note 5.7.3: Details of provisions for other risks and charges

(in millions of EUR)	Provision for restructuring	Provision for taxes and pending legal disputes	Other	Total
2024				
Opening balance	0	0	2	3
Movements with an impact on results				
Amounts allocated	*0*	*0*	*1*	*1*
Amounts used	*0*	*0*	*0*	*0*
Unused amounts reversed	*0*	*0*	*0*	*0*
Transfers out of/into liabilities associated with disposal groups	0	0	0	0
Changes in the scope of consolidation	0	0	0	0
Other	0	0	0	0
Closing balance	0	0	3	3
2023				
Opening balance	0	0	2	2
Movements with an impact on results				
Amounts allocated	*0*	*0*	*1*	*1*
Amounts used	*0*	*0*	*0*	*0*
Unused amounts reversed	*0*	*0*	*0*	*0*
Transfers out of/into liabilities associated with disposal groups	0	0	0	0
Changes in the scope of consolidation	0	0	0	0
Other	0	0	0	0
Closing balance	0	0	2	3

- For most of the provisions recorded, no reasonable estimate can be made of when they will be used

Note 5.8: Other liabilities

(in millions of EUR)	31-12-2024	31-12-2023
Total	776	728
Breakdown by type		
Retirement benefit obligations or other long-term employee benefits	1	4
Accrued charges and deferred income	64	61
Wages and security charges	42	42
Lease liabilities	4	2
Other	665	618

- For more information on retirement benefit obligations, see Note 5.9 (note that the amount recognised under 'Retirement benefit obligations or other employee benefits' in Note 5.8 relates to a broader scope than the amounts presented in Note 5.9).

Note 5.9: Retirement benefit obligations

(in millions of EUR)	31-12-2024	31-12-2023
DEFINED BENEFIT PLANS		
Reconciliation of defined benefit obligations		
Defined benefit obligations at the beginning of the period	185	173
Current service cost	7	6
Interest cost	6	7
Actuarial gain or loss resulting from changes in demographic assumptions	0	0
Actuarial gain or loss resulting from changes in financial assumptions	- 5	11
Experience adjustments	4	- 2
Past-service cost	0	0
Benefits paid	- 12	- 10
Other	0	0
Defined benefit obligations at the end of the period	185	185
Reconciliation of the fair value of plan assets		
Fair value of plan assets at the beginning of the period	212	196
Actual return on plan assets	17	19
Expected interest income on plan assets, calculated based on the market interest rates of high-quality corporate bonds	*7*	*8*
Employer contributions	6	6
Plan participant contributions	0	0
Benefits paid	- 12	- 10
Other	0	0
Fair value of plan assets at the end of the period	223	212
of which financial instruments issued by the group	*0*	*0*
of which property occupied by KBC	*0*	*0*
Funded status		
Plan assets in excess of defined benefit obligations	38	27
Reimbursement rights	0	0
Asset ceiling limit	- 5	- 2
Unfunded accrued/prepaid pension cost	34	25
Movement in net liabilities or net assets		
Unfunded accrued/prepaid pension cost at the beginning of the period	25	23
Amounts recognised in the income statement	- 6	- 5
Amounts recognised in other comprehensive income	9	0
Employer contributions	6	6
Other	0	0
Unfunded accrued/prepaid pension cost at the end of the period	34	25
Amounts recognised in the income statement	- 6	- 5
Current service cost	- 7	- 6
Interest cost	1	1
Plan participant contributions	0	0
Other	0	0
Changes to the amounts recognised in other comprehensive income	9	0
Actuarial gain or loss resulting from changes in demographic assumptions	0	0
Actuarial gain or loss resulting from changes in financial assumptions	5	- 11
Actuarial result on plan assets	10	11
Experience adjustments	- 4	2
Adjustments to asset ceiling limits	- 2	0
Other	0	- 2
DEFINED CONTRIBUTION PLANS		
Expenses for defined contribution plans	0	0

- Retirement benefits that are actively accrued for the Belgium-based staff of KBC Bank, KBC Insurance and most of their Belgian subsidiaries are accrued exclusively through the KBC pension fund. Up until year-end 2018, employer-funded retirement benefits had accrued primarily through a defined benefit plan, where the benefit is calculated based on the final salary of employees before they retire, the number of years they had been in the plan and a formula that applies a progressive rate scale. A defined contribution plan was introduced on 1 January 2014 for all new employees and any employees who had chosen to switch to it. In this plan, a contribution is deposited based on the current monthly salary and the amounts deposited are paid out together with the (guaranteed) return on retirement. Both types of pension plan are managed by the KBC pension fund, which uses the services of KBC Asset Management for the investment strategy. In addition, there are a number of smaller, closed group insurance schemes from the past that will continue to be funded and are managed by the KBC pension fund. On 1 January 2019, a new defined contribution plan was introduced to replace the one introduced in 2014. All employees were again given the one-time option of switching from the defined benefit plan to the new defined contribution plan. At year-end 2024, 48% of employees were active participants in the defined benefit plan and 52% in the defined contribution plan (the corresponding figures at year-end 2023 were 52% and 48%).

- The expected age of retirement of each employee and the expected wage inflation based on an inflation curve derived from the market value of inflation-linked bonds are taken into account in the calculation of the gross defined benefit obligations.
- Since 1 January 2020, the insurance risks related to death and disability are fully reinsured through an external reinsurance programme.
- The KBC Pension Fund believes in a balanced ESG approach that allows improvement of the greenhouse gas intensity but also considers other environmental themes such as biodiversity and social and governance issues. As regards the management of the assets, the share of responsible investments came to around 89% at the end of December. The aim is for the KBC Pension Fund investment portfolio to be carbon-neutral by 2050. At the end of September 2024, the greenhouse gas intensity of the shares held in portfolio was roughly 89% of the MSCI World AC benchmark, for the corporate bonds held in portfolio it was roughly 42% of the Iboxx Euro Corporates benchmark and for the government bonds held in portfolio it was roughly 114% of the JPM EMU Government Bond benchmark, a decrease from 2019 of 62%, 43% and 27%, respectively.
- As a result of the higher average interest rates, the pension reserves of participants are often higher than the retirement benefit obligations calculated as the present value of the guaranteed minimum pension capital under the defined contribution plan. In 2023, the net asset was therefore reduced by the difference between the retirement benefit obligations calculated in this way and the higher guaranteed minimum reserves and/or the pension reserves calculated using the assigned fund return. The difference at the end of 2024 was 75 million euros and has been added to 'Adjustments to asset ceiling limits', resulting in the net asset being reduced by this amount.
- There are no significant defined benefit plans in the group's other core countries.

Additional information on retirement benefit obligations (in millions of EUR)	2024	2023	2022	2021	2020
Changes in main headings in the main table					
Defined benefit obligations	185	185	173	223	231
Fair value of plan assets	223	212	196	234	207
Unfunded accrued/prepaid pension cost	34	25	23	- 3	- 24

Note 5.10: Parent shareholders' equity

Quantities	31-12-2024	31-12-2023
Ordinary shares	1 050 906	1 050 906
of which ordinary shares that entitle the holder to a dividend payment	*1 050 906*	*1 050 906*
of which treasury shares	*48 889*	*48 889*
Additional information		
Par value per share (in EUR)	62.00	62.00
Number of shares issued but not fully paid up	0	0

The share capital of KBC Insurance NV consists of ordinary shares of no nominal value.

6.0 Other notes

Note 6.1: Off-balance-sheet commitments and financial guarantees given and received

(in millions of EUR)			31-12-2024			31-12-2023
	Nominal amount	Provision	Net exposure	Nominal amount	Provision	Net exposure
Undrawn portion of credit lines granted						
Stage 1	0	0	0	0	0	0
Stage 2	0	0	0	0	0	0
Stage 3 – non-performing	0	0	0	0	0	0
Total	0	0	0	0	0	0
of which irrevocable credit lines	*0*	*0*	*0*	*0*	*0*	*0*
Financial guarantees given						
Stage 1	3	0	3	3	0	3
Stage 2	0	0	0	0	0	0
Stage 3 – non-performing	0	0	0	0	0	0
Total	3	0	3	3	0	3
Other commitments given						
Total	243	0	243	331	0	331
Off-balance-sheet commitments and financial						
Total	246	0	246	333	0	333

- Fair value of financial guarantees: based on the available market value.
- The carrying value of financial assets pledged by KBC as collateral came to 189 million euros for liabilities and 0 million euros for contingent liabilities (239 million euros and 0 million euros, respectively, in 2023).
- There is an obligation to return collateral received (which may be sold or repledged in the absence of default by the owner; see table) in its original form, or possibly in cash. Collateral can be called in if loans are terminated for various reasons such as default or bankruptcy. In the event of bankruptcy, the collateral will be sold by the receiver. In other cases, the bank will organise the foreclosure itself or take possession of the collateral. Collateral received that relates to OTC derivatives is primarily cash, which is recognised by KBC on the balance sheet (and is not included in the table). More details are provided in Note 4.3.

Collateral received (which may be sold or repledged in the absence of default by the owner) (in millions of EUR)	Fair value of collateral received		Fair value of collateral sold or repledged	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Financial assets	4 019	4 196	0	0
Equity instruments	0	0	0	0
Debt securities	4 019	4 196	0	0
Loans and advances	0	0	0	0
Cash	0	0	0	0
Other	0	0	0	0

Note 6.2: Leasing

Applies to KBC Group and KBC Bank, but not to KBC Insurance.

Note 6.3: Related-party transactions

						2024						2023
Transactions with related parties, excluding key management (in millions of EUR)	**Parent entities with joint control**	**Subsidiaries and other entities of group**	**Associated companies**	**Joint ventures**	**Other**	**Total**	**Parent entities with joint control**	**Subsidiaries and other entities of group**	**Associated companies**	**Joint ventures**	**Other**	**Total**
Assets	0	614	1	0	0	615	0	663	1	0	0	664
Loans and advances	0	325	0	0	0	325	0	335	0	0	0	335
Equity instruments (incl. investments in associated companies and jv)	0	67	1	0	0	67	0	80	1	0	0	81
Other	0	222	0	0	0	222	0	248	0	0	0	248
Liabilities	514	245	0	0	0	759	506	248	0	0	0	753
Deposits	1	198	0	0	0	199	1	218	0	0	0	219
Other financial liabilities	500	0	0	0	0	500	500	0	0	0	0	500
Other	13	47	0	0	0	60	4	30	0	0	0	34
Income statement	- 193	32	0	0	4	- 157	- 184	13	0	0	6	- 165
Net interest income	- 29	134	0	0	0	105	- 26	121	0	0	0	95
Interest income	*0*	*294*	*0*	*0*	*0*	*294*	*0*	*236*	*0*	*0*	*0*	*236*
Interest expense	*- 29*	*- 160*	*0*	*0*	*0*	*- 189*	*- 26*	*- 116*	*0*	*0*	*0*	*- 141*
Insurance revenu (before reinsurance)	0	10	0	1	1	12	0	11	0	0	1	13
Insurance service expenses (before reinsurance)	0	- 129	0	0	0	- 129	0	- 125	0	0	0	- 125
Dividend income	0	2	0	0	3	5	0	7	0	0	3	10
Net fee and commission income	0	57	0	0	0	57	0	44	- 1	0	2	45
Fee and commission income	*0*	*128*	*0*	*0*	*0*	*128*	*0*	*112*	*0*	*0*	*2*	*114*
Fee and commission expense	*0*	*- 71*	*0*	*0*	*0*	*- 71*	*0*	*- 68*	*- 1*	*0*	*0*	*- 69*
Net other income	1	0	0	0	0	0	1	0	0	0	0	1
Total Opex	- 165	- 42	0	0	0	- 207	- 159	- 45	0	0	0	- 204
Undrawn portion of loan commitments, financial guarantees and other commitments												
Given by the group	0	0	0	0	0	0	0	0	0	0	0	0
Received by the group	0	156	0	0	0	156	0	167	0	0	0	167

Transactions with key management (members of the Board of Directors and Executive Committee) (in millions of EUR) *	**2024**	**2023**
Total *	0.4	0.4
Breakdown by type of remuneration		
Short-term employee benefits	0.4	0.4
Post-employment benefits	0.0	0.0
Defined benefit plans	*0.0*	*0.0*
Defined contribution plans	*0.0*	*0.0*
Other long-term employee benefits	0.0	0.0
Termination benefits	0.0	0.0
Share-based payments	0.0	0.0
Stock options (units)		
At the beginning of the period	0.0	0.0
Granted	0.0	0.0
Exercised	0.0	0.0
Composition-related changes	0.0	0.0
At the end of the period	0.0	0.0
Advances and loans granted to key management and partners	0.0	0.0

* Remuneration to key management or partners of the consolidating company on the basis of their activity in that company, its subsidiaries and associated companies, including the amount of retirement pensions granted to former key management staff on that basis.

- The ‘Subsidiaries and other entities from the same group’ heading in the first table includes transactions with unconsolidated subsidiaries (transactions with consolidated subsidiaries have already been eliminated from the consolidated financial statements) and transactions with KBC Group sister companies (primarily KBC Bank NV and KBC Global Services NV).
- All related-party transactions occur at arm’s length.
- Key management comprises the members of the Board of Directors and Executive Committee of KBC Insurance.
- There were no significant impairment charges vis-à-vis related parties.

Note 6.4: Statutory auditor’s remuneration

Statutory auditor's remuneration (PwC, in EUR)	**2024**	**2023**
KBC Insurance NV and its subsidiaries		
Standard audit services	1 507 871	1 517 116
Other services	101 149	88 968
Other certifications	101 149	88 968
Tax advice	0	0
Other non-audit assignments	0	0
KBC Insurance NV (alone)		
Standard audit services	640 385	643 559
Other services	18 042	20 390

Note 6.5: Subsidiaries, joint ventures and associated companies

Company	Registered office	Company number	Consolidation percentage	Activity
KBC Insurance: subsidiaries that are fully consolidated				
KBC Verzekeringen NV	Leuven - BE	0403.552.563	100	insurance company
ADD NV	Heverlee - BE	0406.080.305	100	insurance broker
KBC Group Re SA	Luxemburg - LU	--	100	reinsurance
ČSOB Pojišťovna a.s.	Pardubice - CZ	--	99,76	insurance company
ČSOB Poisťovňa a.s.	Bratislava - SK	--	100	insurance company
Double U Building BV	Rotterdam - NL	--	100	real estate
DZI Life Insurance Jsc	Sofia - BG	--	100	life insurance
DZI - General Insurance EAD	Sofia - BG	--	100	non-life insurance
UBB Pension Insurance Company EAD	Sofia - BG	--	100	pension insurance
Groep VAB NV	Zwijndrecht - BE	0456.920.676	100	holding company
VAB NV	Zwijndrecht - BE	0436.267.594	100	roadside assistance
Immo Nightingale NV	Brussel - BE	0685.966.380	100	real estate
Immo IRB NV	Brussel - BE	1017.492.485	100	real estate
K&H Biztosító Zrt	Boedapest - HU	--	100	insurance company
Renaissance Magister Invest NV	Brussel - BE	0893.518.666	100	real estate
KBC Insurance: subsidiaries that are not fully consolidated				
Agentuur voor Brandherverzekering cvba	Leuven - BE	0403.552.761	90,10	insurance broker
ČSOB Pojišťovací servis, s. r. o.	Pardubice - CZ	--	100	insurance broker
Depannage 2000 NV	Hoboken - BE	0403.992.429	100	vehicles
Keypoint	Gistel - BE	0674.440.604	53,01	facilities management and support services
Olympus Mobility NV	Brussel - BE	0638.809.930	50,08	computer programming activities
Omnia Travel NV	Leuven - BE	0413.646.305	100	travel agency
Pardubická Rozvojová, a.s.	Pardubice - CZ	--	100	real estate
VAB Training & Consult NV	Sint-Niklaas - BE	0435.357.180	100	driving school
Sportcomplex Aalst NV	Brussel - BE	0506.736.215	100	real estate
Sportcomplex Heist-op-den-Berg NV	Brussel - BE	0841.432.438	100	real estate
Traject NV	Gent - BE	0448.394.475	76,14	mobility
VAB Banden NV	Zwijndrecht - BE	0459.070.118	100	vehicles
Lubaco BVBA	Ranst - BE	0426.985.189	100	vehicles
VAB Koopman Automotive Solutions NV	Zwijndrecht - BE	0866.583.053	100	vehicles
VAB Rijschool NV	Sint-Niklaas - BE	0448.109.811	100	driving school
24+ NV	Zwijndrecht - BE	0895.810.836	50	customer care center
KBC Insurance: joint ventures accounted for using the equity method				
-				
KBC Insurance: joint ventures not accounted for using the equity method				
-				
KBC Insurance: companies accounted for using the equity method				
-				
KBC Insurance: companies not accounted for using the equity method				
AIA-Pool cvba	Brussel - BE	0453.634.752	33,47	insurance broker
AssurCard NV	Leuven - BE	0475.433.127	20,00	computerised third-party payment system
Optimobil Belgium NV	Brussel - BE	0471.868.277	25,33	vehicles

- Companies eligible for consolidation are effectively included in the consolidated accounts if two of the following criteria are met:
    - (i) the group share in equity exceeds 2.5 million euros;
    - (ii) the group share in the results exceeds 1 million euros;
    - (iii) the balance sheet total exceeds 100 million euros.

  The combined balance sheet total of the companies excluded from consolidation may not amount to more than 1% of the consolidated balance sheet total.

- Interests in unconsolidated structured entities
    - Sponsored unconsolidated structured entities are defined as structured entities where KBC or one of its subsidiaries acts as arranger of the issuance programme, but where the decision-making power of the entities does not reside with KBC or one of its subsidiaries. As a result, these entities are not consolidated. More information on unconsolidated structured entities is provided in the KBC Group annual report.
    - At year-end 2024, KBC Insurance had received income from unconsolidated structured entities in the form of management fees (2.2 million euros).
    - At year-end 2024, KBC Insurance held 1.5 billion euros' worth of notes issued by the unconsolidated structured entities.
    - Any potential decrease in the value of the notes is passed on to the end-client, which means it will have no impact on KBC.

Note 6.6: Main changes in the scope of consolidation

- The composition of the committees remained unchanged in 2024.

Note 6.7: Risk management and capital adequacy

Capital management is a key management process relating to all decisions on the level and composition of our capital, both for banking and insurance. It covers all instruments that are positioned to absorb losses in going concern and/or gone concern situations. Capital management aims to achieve the best possible balance between regulatory requirements, investor expectations, rating agencies' views and management ambitions. Ultimate accountability for capital management lies with the Board of Directors.

Capital management entails a broad scope of activities covering strategic topics (such as defining policies, targets, etc.), frameworks and models (e.g., for regulatory capital, internal capital, cost of equity, measuring performance, etc.), planning and allocation (e.g., allocating capital to business, planning capital instrument issuances, forecasting capital ratios, etc.), implementation (e.g., dividends, capital transactions) and monitoring (including current solvency positions at various levels, compliance with group policies and regulatory requirements).

ICAAP (Internal Capital Adequacy Assessment Process) consists of numerous business and risk processes that together contribute to the aim of being adequately capitalised at all times in view of our risk profile and the quality of our risk management and control environment. In addition to the integrated approach at group level, KBC Insurance and its insurance and reinsurance subsidiaries conduct an Own Risk and Solvency Assessment (ORSA) on a regular basis, in accordance with Solvency II requirements.

We report the solvency of the insurance company based on IFRS data and according to the rules imposed by the regulator.

The solvency of KBC Insurance is calculated on the basis of Solvency II (the regulatory minimum requirement is 100%). At year-end 2024, the Solvency II ratio came to 200%, double the minimum requirement of 100%.

Key solvency figures for KBC Insurance

Solvency II, KBC Insurance consolidated (in millions of EUR)	31-12-2024	31-12-2023
Own Funds	4 392	4 130
Tier 1	3 891	3 629
IFRS Parent shareholders equity	3 331	3 302
Dividend payout	- 91	- 233
Deduction intangible assets and goodwill (after tax)	- 207	- 198
Valuation differences (after tax)	633	597
Volatility adjustment	189	137
Other	37	25
Tier 2	501	501
Subordinated liabilities	501	501
Solvency Capital Requirement (SCR)	2 196	2 005
Market risk	1 533	1 434
Non-life	821	786
Life	1 222	1 131
Health	321	278
Counterparty	121	124
Diversification	-1 385	-1 293
Other	- 435	- 455
Solvency II ratio	200%	206%

More detailed information is provided in the ‘How do we manage our capital?’ section of this report and in KBC’s Risk Report.

The information required in relation to risks (in accordance with IFRS 4 and IFRS 7) is provided in those parts of the ‘How do we manage our risks?’ section which have been audited by the statutory auditor and which constitute part of the financial statements.

Note 6.8: Post-balance-sheet events

Significant non-adjusting events between balance sheet date and the date on which the financial statements were approved for publication by the Board of Directors (13 March 2025):

- None.

Note 6.9: General information on the company

- Name KBC Insurance NV
- Incorporated: 24 October 1922
- Country of incorporation: Belgium.
- Registered office: Professor Van Overstraetenplein 2, 3000 Leuven, Belgium
- VAT: BE 0403.552.563.
- RLP: Leuven
- Legal form: *naamloze vennootschap* (company with limited liability) under Belgian law; organisation of public interest; the company is an insurance company that is subject to the prudential supervision of the National Bank of Belgium.
- Life: undefined.
- Object: the company has as object the transaction of all insurance, co-insurance, reinsurance and capitalisation business and the management of group pension funds (Article 2 of the Articles of Association).
- Documents open to public inspection: The Articles of Association of the company are open to public inspection at the Registry of the Leuven Business Court and are published on www.kbc.com. The financial statements and annual report are filed with the National Bank of Belgium and are available at www.kbc.com. The annual report can also be obtained from the company’s registered office and will be sent to those requesting it. Extracts of minutes concerning decisions on the appointment and the termination of the offices of members of the Executive Committee and the Board of Directors are published in the appendices to the Belgian Official Gazette.
- General Meeting of Shareholders: A General Meeting is held every year at the company’s registered office or at any other place indicated in the convening notice, at 11.30 a.m. on the Wednesday immediately prior to the last Thursday of April, or, if this day is a statutory public holiday or bank holiday, at 11.30 a.m. on the business day immediately before it. Each share gives entitlement to one vote.
- For information on the general meeting of shareholders and the right of shareholders to take part in such meetings, see Article 20 et seq. of the Articles of Association, which are available at www.kbc.com.

Staturory Auditor’s report

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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF KBC VERZEKERINGEN NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2024

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of KBC Verzekeringen NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 27 April 2022, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Group's consolidated accounts for nine consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cashflow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of EUR 37.926 million and a profit for the year (attributable to equity holders of the parent) of EUR 515 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated accounts of the current period. This matter was addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Estimation uncertainty with respect to valuation of insurance contract liabilities

Description of the Key Audit Matter

The LRC of contracts measured using the BBA (EUR 12.965 million) or the VFA (EUR 948 million) includes the PVFCF relating to future insurance services, as well as the CSM and the RA.

The assumptions used for the projections of the said cash flows relate, mainly, to mortality, longevity, lapse, profitability, dormancy and the defining of directly attributable expenses. The actuarial calculation of the cash flows arising from such insurance contracts is complex and highly judgmental as it is based on assumptions which are affected by future economic and political conditions and government regulations. Furthermore, the determination of the appropriate discounting of the said cash flows using the top-down approach is considered complex and highly judgemental, leading us to consider this as a key audit matter.

The LIC of contracts measured using the PAA (EUR 2.482 million) accounts for the estimated cost of claims occurring up to the reporting date. The actuarial projection methods of the present value of expected future cash flows related to past insurance services arising from such insurance contracts are complex and highly judgmental as they are based on a number of key assumptions derived from historical information, mainly relating to the amount of the claim and claim payment patterns including expected future development. Furthermore, the determination of the appropriate discounting of the said cash flows using the bottom-up approach is considered complex and highly judgemental, leading us to consider this as a key audit matter.

Information on the valuation of insurance contract liabilities is included in Note 5.6.1 to the consolidated accounts, in application of the policies as described in Note 1.2 “Summary of material accounting policies”.

How our Audit addressed the Key Audit Matter

We performed procedures on the design and operating effectiveness of the Group’s controls to ascertain that the data used in the valuation and measurement of the insurance contract liabilities are adequate and complete. We performed testing of the Group’s procedures to determine the aforementioned assumptions, testing of the assumptions based on market observable data and actuarial analysis through backtesting of the assumptions used.

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Our substantive procedures on the LRC for insurance contracts measured under the BBA or the VFA mainly consisted of the following procedures:

- Assessing the accounting policies, the methodology and reasonableness of the actuarial models and assumptions used in the calculations of the PVFCF;
- Testing the completeness and accuracy of the data used in determining the assumptions, as well as data used in actuarial calculations;
- Verifying the accuracy of the fulfilment cash flows on a sample basis resulting from our risk assessment;
- Verifying the methodology and reasonableness of the RA;
- Performing a recalculation of the CSM for a sample of selected cohorts, including new business;
- Reviewing the analysis of change and recalculation of the release of the CSM based on coverage units, for a selected sample of units of account; and
- Verifying the locked-in and current discount rates (top-down).

Our substantive procedures on the LIC for insurance contracts measured under the PAA mainly consisted of the following procedures:

- Assessing the accounting policies, the methodology and reasonableness of the actuarial models and assumptions used in the calculations of the present value of fulfilment cash flows;
- Testing the completeness and accuracy of the data used in actuarial calculations;
- Independently assessing the actuarial models for a risk based sample of a group of contracts; and
- Verifying the locked-in and current discount rates (bottom-up).

Finally, we assessed the completeness and accuracy of the disclosures regarding insurance contracts to assess compliance with disclosure requirements included in the IFRS Accounting Standards as adopted by the European Union

Our internal actuarial experts assisted us in performing our audit procedures.

We discussed the outcome of our actuarial analysis with the actuarial function holder of the Group. Our procedures have allowed us to assess the valuation and measurement of the insurance contracts.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts and to report on these matters.

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Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, containing the sections:

- "Company annual accounts"; and
- "Ratios used".

is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statement

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Diegem, 28 March 2025

The statutory auditor
PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
represented by

Damien Walgrave*
Bedrijfsrevisor/Réviseur d'Entreprises

*Acting on behalf of Damien Walgrave BV

Kurt Cappoen**
Bedrijfsrevisor/Réviseur d'Entreprises

**Acting on behalf of Kurt Cappoen BV

Company annual accounts

10					EUR		
NAT.	Date deposition	Nr.	Blz.	E.	D.		VOL1.

ANNUAL ACCOUNT IN EURO

NAME : KBC Insurance

Legal Form : Limited company

Address : Professor Roger Van Overstraetenplein Nr : 2 Bus:

Postal code : 3000 City : Leuven

Register of Legal Persons (RLP) - Office of the commercial court at :

Internet address* : http://www. kbc.be

Company number : 403552563

Date (jjjj/mm/dd) 09/11/2023

mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNTS approved by the General Meeting of 23/04/2025

concerning the financial year covering the period from	1/01/2024	tot	31/12/2024
Previous period from	1/01/2023	tot	31/12/2023

The amounts of the previous financial year are identical to those which have been previously published: yes/~~no~~ **

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

K. Debackere, President Board of Directors, A. Stesselstraat 8 / 3012 Leuven

F. Depickere, Vice-President Board of Directors, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

P. Andronov, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

A. Blazek, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

A. Bostoen, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

M. De Ceuster, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

E. Clinck, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

S. De Becker, Director, Meerbeekstraat 20 / 3071 Erps-Kwerps

P. Vlerick, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

F. Donck, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

Enclosed to these annual accounts: - the report of the statutory auditors **

- the annual account *

Total number of pages deposited:

standard form not deposited for not being of service.

Signature

* Optional statement.

** Delete where appropriate

NAT.	Date deposition	Nr.	Blz.	E.	D.		VOL1.

COMPLETE LIST WITH name, first name, profession, residence-address (addr

and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

R. Sels, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven Since

P. Hermann, Independent Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

A. Langford, Independent Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

E. Luts, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

D. Moucheron, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

L. Okkerse, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

L. Popelier, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven until 01/09/2024

B. Puelinckx, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven since 02/09/2024

T. Roussis, Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

J. Thijs, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

C. Van Rijsseghem, Delegated Director, Professor Roger Van Overstraetenplein 2 / 3000 Leuven

Recognised auditor

PwC Bedrijfsrevisoren

Culliganlaan 5 1831 DIEGEM BTW BE 0458.263.335, Lidmaatschapsnummer B00009

Represented by:

Damien Walgrave A02037

Kurt Cappoen A01969

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- The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

- Have the annual accounts been audited or adjusted by an external accountant or auditor who is not a statutory auditor? ~~Yes~~/No (1)
If YES, mention here after: name, first names, profession and residence-address of each external accountant or auditor and the number of of membership with the professional Institute ad hoc and the nature of this engagement (A. Bookkeeping of the undertaking (2); B. Preparing the annual accounts (2); C. Auditing the annual accounts; D. Adjusting the annual accounts.

- If the assignment mentioned under A.(Bookkeeping of the undertaking) or under B. (Preparing the annual accounts) is performed by authorised accounts or by authorised accounts-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number with the Professional Institute of Accountants and Tax consultants and the nature of his engagement (A. Bookkeeping of the undertaking; B. Preparing the annual accounts).

(1) Delete where appropriate.
(2) Optional statement.

Name, first names, profession and residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

Annex to the Royal Decree relating to the accounts of insurance

Chapter 1: presentation of the financial statements

Section I. Balance sheet 31/12/... (in units from Euro.)

Assets	Code	Current year	Previous year
A. -	**-**		
B. Intangible assets (annex no. 1)	**21**	0	0
I. Formation expenses	211	0	0
II. Intangible assets	212	0	0
1. Goodwill	212.1	0	0
2. Other intangible assets	212.2	0	0
3. Prepayments	212.3	0	0
C. Financial Assets (annex no. 1, 2 and 3)	**22**	18.697.397.790	18.565.491.444
I. Land and buildings (annex no. 1)	221	109.777.693	132.114.925
1. Property of own use	221.1	0	0
2. Other	221.2	109.777.693	132.114.925
II. Investments in affiliated undertakings and participations (annex no. 1, 2 and 18)	222	1.189.513.130	1.167.777.152
Affiliated undertakings	222.1	1.168.596.207	1.152.313.141
1. Shares	222.11	1.168.596.207	1.152.313.141
2. Debt securities, loans	222.12	0	0
- Other companies linked by participating interests	222.2	20.916.923	15.464.011
3. Shares	222.21	20.916.923	15.464.011
4. Debt securities, loans	222.22	0	0
III. Other financial assets	223	17.397.785.565	17.265.272.823

Liabilities	Code	Current year	Previous year
A. Equity (annex no 5)	**11**	1.390.436.175	1.367.776.639
I. Subscribed capital or equivalent fund under deduction of the non-uncalled capital	111	65.156.172	65.156.172
1. Subscribed capital	111.1	65.156.172	65.156.172
2. Uncalled capital (-)	111.2	(0)	(0)
II. Share premium	112	1.085.606.053	1.085.606.052
III. Revaluation reserves	113	0	0
IV. Reserves	114	216.618.392	216.985.305
1. Legal reserves	114.1	6.515.617	6.515.617
2. Reserves not available for distribution	114.2	203.833.639	203.833.639
a) own shares	114.21	203.184.640	203.184.640
b) other	114.22	648.999	648.999
3. Untaxed reserves	114.3	6.269.136	6.636.049
4. Reserves available for distribution	114.4	0	0
V. Result brought forward	115	23.055.558	29.110
1. Profit from previous years	115.1	23.055.558	29.110
2. Loss from previous years	115.2	(0)	(0)
VI. -	-		
B. Subordinated liabilities (annex no. 7 and 18)	12	500.000.000	500.000.000
Bbis. Fund for future allocations	**13**	231.578.708	231.578.708

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Annex to the Royal Decree relating to the accounts of insurance

Chapter 1: presentation of the financial statements

Section I. Balance sheet 31/12/... (in units from Euro.)

Assets	Code	Current year	Previous year	Liabilities	Code	Current year	Previous year
1. Shares, participating interests and other variable-yield securities (annex no 1)	223.1	935.719.609	968.790.869				
2. Debt securities and other fixed-income securities (annex no.1)	223.2	14.333.719.108	14.072.595.907	**C. Technical provisions (annex no. 7)**	**14**	16.748.858.374	16.525.997.151
3. Participation in investment pools	223.3	29.975.732	28.552.618	I. Provision for unearned premiums and provision for unexpired risk	141	308.348.138	296.364.730
4. Loans guaranteed by mortgages	223.4	812.259.363	870.896.743	II. Life assurance provision	142	12.755.810.848	12.809.430.828
5. Other loans	223.5	1.010.482.841	1.048.834.753	III. Provision for claims outstanding	143	2.927.969.147	2.712.607.677
6. Term deposits with credit institutions	223.6	275.000.000	275.000.000	IV. Provision for bonuses and rebates	144	52.203.024	46.786.544
7. Other investments	223.7	628.912	601.933	V. Equalization and catastrophe provision	145	431.866.291	394.632.497
IV. Deposits with ceding undertakings	224	321.402	326.544	VI. Other technical provisions	146	272.660.926	266.174.875
D. Assets held for unit-linked funds	**23**	15.650.548.599	13.435.676.106	**D. Technical provisions for unit-linked funds (annex no. 7)**	**15**	15.650.548.599	13.435.676.106
Dbis. Reinsurers' share in technical provisions	**24**	142.551.879	134.263.904	**E. Provisions other than technical provisions**	**16**	5.829.250	5.476.271
I. Provision for unearned premiums and provisions for unexpired risk	241	2.816.008	1.781.793	I. Provisions for pensions and other obligatory similar obligations	161	3.040.877	2.543.677
II. Life assurance provision	242	18.128.071	15.391.515	II. Provisions for deferred income tax	162	2.089.826	2.212.131
III. Provision for claims outstanding	243	121.558.191	116.997.180	III. Other provisions (annex no 6)	163	698.547	720.463
IV. Provision for bonusses and rebates	244	0	0	**F. Deposits received from reinsurers**	17	114.332.701	125.792.337
V. Other technical provisions	245	49.609	93.416				

Annex to the Royal Decree relating to the accounts of insurance

Chapter 1: presentation of the financial statements

Section I. Balance sheet 31/12/... (in units from Euro.)

Assets	Code	Current year	Previous year	Liabilities	Code	Current year	Previous year
VI. Technical provisions for unit-linked funds	246	0	0				
E. Receivables (annex no. 18 en 19)	**41**	229.417.190	202.286.147	**G. Liabilities (annex no. 7 and 18)**	**42**	692.881.517	850.700.578
I. Direct insurance receivables	411	135.045.360	119.628.254	I. Amounts payable regarding direct insurance operations	421	269.874.796	266.645.738
1. Receivables from policyholders	411.1	42.095.671	35.909.649	II. Amounts payable regarding reinsurance operations	422	45.324.988	40.815.676
2. Receivables from insurance intermediaries	411.2	18.446.024	16.773.474	III. Non subordinated bonds	423	0	0
3. Other	411.3	74.503.665	66.945.131	1. Convertible bonds	423.1	0	0
				2. Non convertible bonds	423.2	0	0
II. Reinsurance receivables	412	30.968.173	31.003.189	IV. Amounts owed to credit institutions	424	188.349.241	218.506.863
III. Other receivables	413	63.403.657	51.654.704	V. Other liabilities	425	189.332.492	324.732.301
IV. Called capital as yet unpaid	414	0	0				
				1. Liabilities regarding taxes, wages and social security charges	425.1	35.434.641	34.835.119
F. Other assets	**25**	451.304.175	544.164.438	a) taxes	425.11	9.468.973	10.282.336
I. Tangible assets	251	292.369	266.843	b) wages and social security charges	425.12	25.965.668	24.552.783
II. Cash	252	247.827.166	340.712.955	2. Other	425.2	153.897.851	289.897.182
III. Own shares	253	203.184.640	203.184.640				
IV. Other	254	0	0				
G. Deferred charges and accrued income (annex no 4)	***431/433***	190.863.021	180.021.905	**H. Accrued charges and deferred income (annex no 8)**	***434/436***	27.617.330	18.906.154
I. Accrued interest and rent	431	189.415.461	176.811.936				
II. Activated acquisition costs	432	0	0				
1. Insurance transactions non-life	432.1	0	0				
2. Insurance transactions life	432.2	0	0				
III. Other	433	1.447.560	3.209.969				
TOTAL	***21/43***	35.362.082.654	33.061.903.944	**TOTAL**	***11/43***	35.362.082.654	33.061.903.944

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro.)

I. Technical account non-life

Content	Codes	Current year	Previous year
1. Earned premiums net of reinsurance	**710**	1.455.569.078	1.352.694.874
a) Gross written premium (annex no 10)	710.1	1.531.112.695	1.426.236.810
b) Share of reinsurers in written premium (-)	710.2	(64.594.424)	(53.395.844)
c) Change in gross provisions for unearned premiums and provisions for unexpired risk (increase -, decrease +)	710.3	-11.983.407	-18.801.824
d) Reinsurers' share in change of provision for unearned premiums and for in expired risk (increase+ , decrease -)	710.4	1.034.214	-1.344.268
2. Net returns on investment including costs, transferred from the non technical account (post 6)	**711**	0	0
2bis. Investment income	**712**	125.911.556	117.052.589
a) Income from investments in affiliated undertakings and participations	712.1	1.620.001	4.000.000
aa) Affiliated undertakings	712.11	1.620.001	4.000.000
1° shares	712.111	1.620.001	4.000.000
2° debt securities, loans	712.112	0	0
bb) Other companies linked by participating interests	712.12	0	0
1° shares	712.121	0	0

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro.)

I. Technical account non-life

Content	Codes	Current year	Previous year
2° debt securities, loans	712.122	0	0
b) Income from other financial investments	712.2	107.617.180	99.805.659
aa) income from land and buildings	712.21	4.140.152	3.449.232
bb) income from other investments	712.22	103.477.028	96.356.427
c) Reversal of impairments on investments	712.3	4.672.687	6.930.950
d) Realised gains on investments	712.4	12.001.688	6.315.980
3. Other technical income net of reinsurance	**714**	530.523	513.062
4. Claims incurred, net of reinsurance (-)	**610**	(913.033.130)	(803.712.260)
a) Claims paid net of reinsurance	610.1	705.909.486	660.577.025
aa) claims paid gross (annex no 10)	610.11	712.116.400	675.819.488
bb) claims paid reinsurers' share (-)	610.12	(6.206.914)	(15.242.463)
b) Change in provision for claims outstanding net of reinsurance (increase +, decrease -)	610.2	207.123.644	143.135.235
aa) Change in provision for claims outstanding gross (annex no 10) (increase +, decrease -)	610.21	211.724.737	124.554.553
bb) Change in provision for claims outstanding reinsurers' share (increase -, decrease +)	610.22	-4.601.093	18.580.682
5. Change in other technical provisions - net of reinsurance (increase -, decrease +)	**611**	-6.534.285	-6.870.526

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro.)

I. Technical account non-life

Content			Codes	Current year	Previous year
6.	**Bonuses and rebates - net of reinsurance (-)**		**612**	(-42.670)	(36.038)
7.	**Operating expenses (-)**		**613**	(451.163.441)	(422.313.322)
	a)	Acquisition costs	613.1	349.698.970	329.815.571
	b)	Change in activated acquisition costs (increase -, decrease +)	613.2	0	0
	c)	Administrative expenses	613.3	103.161.021	93.952.231
	d)	Reinsurance commissions and profit participations (-)	613.4	(1.696.550)	(1.454.480)
7bis.	**Costs on investments (-)**		**614**	(56.099.244)	(51.619.914)
	a)	Management and administrative expenses on investments	614.1	47.027.449	42.681.342
	b)	Impairments on investments	614.2	3.533.868	3.385.078
	c)	Realised losses on investments	614.3	5.537.927	5.553.494

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro.)

I. Technical account non-life

Content	Codes	Current year	Previous year
8. Other technical costs - net of reinsurance (-)	**616**	(25.747.952)	(22.361.445)
9. Change of equalisation provisions - net of reinsurance (increase -, decrease +)	**619**	-37.233.793	-45.767.569
10. Result of the technical account Non-Life			
Profit (+)	*710 / 619*	92.241.982	117.579.451
Loss (-)	*619 / 710*	(0)	(0)

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/... (in units from Euro.)

II. Technical account Life

Content				Code	Current year	Previous year
1.	**Earned premiums net of reinsurance**				2.452.012.069	1.888.932.090
	a)	Gross written premium (annex no. 10)		720.1	2.490.309.051	1.920.285.040
	b)	Share of reinsurers in written premium (-)		720.2	(38.296.982)	(31.352.950)
2.	**Investment income**			**722**	910.950.570	810.996.811
	a)	Income from investments in affiliated undertakings and participations		722.1	1.069.809	533.648
		aa)	affiliated undertakings	722.11	1.069.809	533.648
			1° shares	722.111	1.069.809	533.648
			2° debt securities, loans	722.112	0	0
		bb)	other companies linked by participating interests	722.12	0	0
			1° shares	722.121	0	0
			2° debt securities, loans	722.122	0	0
	b)	Income from other financial investments		722.2	834.973.332	708.625.129
		aa)	income from land and buildings	722.21	8.342.978	7.288.979
		bb)	income from other investments	722.22	826.630.354	701.336.150
	c)	Reversal of impairments on investments		722.3	28.315.820	50.031.172
	d)	Realised gains on investments		722.4	46.591.609	51.806.862
3.	**Value adjustments on assets held for unit-linked funds (gains)**			**723**	1.905.013.165	1.800.726.020
4.	**Other technical income net of reinsurance**			**724**	1.923.442	2.019.160

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/... (in units from Euro.)

II. Technical account Life

Content	Code	Current year	Previous year
5. Claims incurred, net of reinsurance (-)	**620**	(1.907.228.827)	(1.640.042.266)
a) Claims paid net of reinsurance	620.1	1.905.206.100	1.643.394.464
aa) Claims paid gross	620.11	1.930.283.311	1.665.600.084
bb) claims paid reinsurers' share (-)	620.12	(25.077.211)	(22.205.620)
b) Change in provision for claims net of reinsurance (increase +, decrease -)	620.2	2.022.727	-3.352.198
aa) Change in provision of claims outstanding gross (increase +, decrease -)	620.21	2.022.727	-3.386.988
bb) Change in provision of claims outstanding reinsurers' share (increase -, decrease +)	620.22	0	34.790
6. Change in other technical provisions - net of reinsurance (increase -, decrease +)	**621**	-2.157.706.849	-1.354.239.008
a) Change in provisions Life net of reinsurance (increase -, decrease +)	621.1	57.161.545	84.963.231
aa) change in provisions Life gross (increase -, decrease +)	621.11	54.424.989	82.262.582
bb) Change in provisions Life reinsurers' share (increase +, decrease -)	621.12	2.736.556	2.700.649
b) Change in other technical provisions - net of reinsurance (increase -, decrease +)	621.2	-2.214.868.394	-1.439.202.239

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Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/... (in units from Euro.)

II. Technical account Life

Content			Code	Current year	Previous year
7.	**Bonuses and rebates - net of reinsurance (-)**		**622**	(5.459.151)	(6.924.001)
8.	**Operating expenses (-)**		**623**	(160.085.929)	(167.320.929)
	a)	Acquisition costs	623.1	89.035.150	91.874.947
	b)	Change in activated acquisition costs (increase +, decrease -)	623.2	0	0
	c)	Administrative expenses	623.3	80.099.525	82.392.539
	d)	Reinsurance commissions and profit participations (-)	623.4	(9.048.746)	(6.946.557)
9.	**Costs on investments (-)**		**624**	(506.843.556)	(435.733.059)
	a)	Management and administrative expenses on investments	624.1	452.995.160	369.236.975
	b)	Impairments on investments	624.2	25.903.421	26.789.258
	c)	Realised losses on investments	624.3	27.944.975	39.706.826
10.	**Value adjustments on assets held for unit-linked funds (losses) (-)**		**625**	(335.138.412)	(745.771.475)
11.	**Other technical costs - net of reinsurance (-)**		**626**	(16.756.098)	(13.878.866)
12.	**Net returns on investments including costs, transferred to the**				

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/... (in units from Euro.)

II. Technical account Life

Content		Code	Current year	Previous year
	non-technical account (-)	**627**	(0)	(0)
12bis.	**Changes in the fund for future allocations (increase -, decrease +)**	**628**	0	0
13.	**Result of the technical account Life**			
	Profit (+)	***720 / 628***	180.680.424	138.764.477
	Loss (-)	***628 / 720***	( )	(0)

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro)

III. Non-technical account

Content		Code	Current year	Previous year
1.	**Result of the technical account non life (post 10)**			
	Profit (+)	*(710 / 619)*	92.241.982	117.579.451
	Loss (-)	*(619 / 710)*	(0)	(0)
2.	**Result of the technical account life (post 13)**			
	Profit (+)	*(720 / 628)*	180.680.424	138.764.477
	Loss (-)	*(628 / 720)*	(0)	(0)
3.	**Investment income**	**730**	157.334.782	285.103.859
	a) Income from investments in affiliated undertakings and participations	730.1	117.532.382	227.067.816
	b) Income from other financial investments	730.2	39.746.662	39.447.534
	aa) income from land and buildings	730.21	3.655.445	3.681.250
	bb) Income from other investments	730.22	36.091.217	35.766.284
	c) Reversal of impairments on investments	730.3	351.035	16.156.861
	d) Realised gains on investments	730.4	-295.297	2.431.648
4.	**Net return on investments including costes transferred from the technical Life insurance account (post 12)**	**731**	0	0
5.	**Costs on investment (-)**	**630**	(20.977.115)	(22.781.148)
	a) Management and administrative expenses on			

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro)

III. Non-technical account

Content		Code	Current year	Previous year
	investments	630.1	17.670.802	17.740.389
	b) Impairments on investments	630.2	2.933.346	2.605.203
	c) Realised losses on investments	630.3	372.967	2.435.556
6.	**Net returns on investments including costs transferred to the technical Non Life insurance account (post 2) (-)**	**631**	(0)	(0)
7.	**Other operating income (annex no. 13)**	**732**	3.907.637	4.915.341
8.	**Other operating expenses (annes no. 13) (-)**	**632**	(32.205.266)	(28.383.459)
8bis.	**Profit (losses) on ordinary activities before taxes**			
	Profit (+)	*710 / 632*	380.982.444	495.198.521
	Loss (-)	*632 / 710*	(0)	(0)
9.	-	-		
10.	-	-		
11.	**Extraordinary income (annex no 14)**	**733**	0	0
12.	**Extraordinary costs (annex no 4) (-)**	**633**	(257.222)	(0)
13.	**Extraordinary result**			
	Profit (+)	*733 / 633*	0	0
	Loss (-)	*633 / 733*	(257.222)	(0)
14.	-	-		

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro)

III. Non-technical account

Content		Code	Current year	Previous year
15.	**Income Tax (-/+)**	**634 / 734**	-64.079.040	-60.390.474
15bis.	**Deferred Tax (-/+)**	**635 / 735**	122.304	122.304
16.	**Result for the period**			
	Profit (+)	*710 / 635*	316.768.486	434.930.351
	Loss (-)	*635 / 710*	(0)	(0)
17.				
	a) Transfer from tax-free reserves (+)	**736**	366.913	366.910
	b) Transfer to tax-free reserves (-)	**636**	(0)	(0)
18.	**Result for the period available for appropriation**			
	Profit (+)	*710 / 636*	317.135.399	435.297.261
	Loss (-)	*636 / 710*	(0)	(0)

Chapter I. Presentation of the financial statements

Section II. Profit and loss account on 31/12/.. (in units from Euro)

III. Non-technical account

Content			Code	Current year	Previous year
A.	**Profit to be appropriated**		**710 / 637.1**	317.209.529	435.382.414
	Loss to be appropriated (-)		**637.1 / 710**	(0)	(0)
	1.	Profit for the period available for appropriation	710 / 636	317.135.399	435.297.261
		Loss for the period available for appropriation (-)	636 / 710	(0)	(0)
	2.	Profit brought forward from previous year	737.1	74.130	85.153
		Losst brought forward from previous year (-)	637.1	( )	( )
B.	**Transfers from capital and reserves**		**737.2 / 737.3**		
	1.	from capital and share premium account	737.2		
	2.	from reserves	737.3		
C.	**Transfers to capital and reserves (-)**		**637.2 / 637.3**	( )	( )
	1.	to capital and share premium account	637.2		
	2.	to the legal reserve	637.31		
	3.	to other reserves	637.32		
D.	**Profit/loss to be carried forward**				
	1.	Profit to be carried forward (-)	637.4	(23.100.578)	(74.131)
	2.	Loss to be carried forward	737.4		0
E.	**Owner's contribution in respect of losses**		**737.5**		
F.	**Profit to be distributed**		**637.5 / 637.7**	(294.108.951)	(435.308.284)
	1.	Dividends	637.5	291.286.342	432.771.142
	2.	Director's or manager's entitlements	637.6		
	3.	Other beneficiaries	637.7	2.822.609	2.537.142

Nr. 1. Statement of the intangible assets, immovable assets for investment and securities for investment.

NAME		Code	Relevant activa items: B. Intangible assets	C.I. Land and buildings	C.II.1. Shares in affiliated undertakings
			1	2	3
a) ACQUISITION VALUE					
At the end of the previous period		8.01.01	304.000	255.463.899	1.152.313.146
Movements during the period					
. Acquisitions		8.01.021		1.459.269	16.283.066
. New acquisition costs		8.01.022			
. Sales and disposals	(-)	8.01.023	( )	(17.062.451)	(0)
. Transfers from one heading to another	(+)(-)	8.01.024			
. Other movements	(+)(-)	8.01.025			
Acquisition value at the end of the period		8.01.03	304.000	239.860.717	1.168.596.212
b) REVALUATION SURPLUSES					
Revaluations surpluses at the end of the previous period		8.01.04			
Movements during the period :					
. Recorded		8.01.051			
. Acquisitions from third parties		8.01.052			
. Cancelled	(-)	8.01.053		( )	( )
. Transfers from one heading to another	(+)(-)	8.01.054			
Revaluation surpluses at the end of the period		8.01.06	0	0	0
c) DEPRECIATION AND AMOUNTS WRITTEN DOWN					
Depreciation and amounts written down at the end of prev.period		8.01.07	304.000	123.348.974	5
Movements during the period :					
. Recorded		8.01.081		7.247.993	
. Written back	(-)	8.01.082	( )	( )	( )
. Acquisitions from third parties		8.01.083			
. Cancelled	(-)	8.01.084	( )	(513.943)	( )
. Transfers from one heading to another	(+)(-)	8.01.085			
Depreciation and amounts written down at the end of period		8.01.09	304.000	130.083.024	5
d) UNCALLED AMOUNTS (art. 29, § 1.)					
Uncalled amounts at the end of the previous period		8.01.10			
Movements during the period	(+)(-)	8.01.11			
Uncalled amounts at the end of the period		8.01.12			
e) RESULTS FROM THE CONVERSION OF FOREIGN CURRENCY					
At the end of previous period	(+)(-)	8.01.13			
Movements during the period	(+)(-)	8.01.14			
At he end of the period	(+)(-)	8.01.15			
NET BOOK VALUE AT THE END OF THE PERIOD (a) + (b) - (c) - (d) +/- (e)		8.01.16	0	109.777.693	1.168.596.207

Nr. 1. Statement of the intangible assets, immovable assets for investment

NAME		Code	Relevant activa items		
			C.II.2. Debt securities and loans in affiliated undertakings	C.II.3. Shares in companies linked by participated interest	C.II.4. Debt securities and loans in companies linked by participated interests
			4	5	6
a) ACQUISITION VALUE					
At the end of the previous period		8.01.01		27.125.878	
Movements during the period					
. Acquisitions		8.01.021		2.952.912	
. New acquisition costs		8.01.022			
. Sales and disposals	(-)	8.01.023	(0)	(0)	(0)
. Transfers from one heading to another	(+)(-)	8.01.024			
. Other movements	(+)(-)	8.01.025			
Acquisition value at the end of the period		8.01.03	0	30.078.790	0
b) REVALUATION SURPLUSES					
Revaluations surpluses at the end of the previous period		8.01.04			
Movements during the period :					
. Recorded		8.01.051			
. Acquisitions from third parties		8.01.052			
. Cancelled	(-)	8.01.053		( )	
. Transfers from one heading to another	(+)(-)	8.01.054			
Revaluation surpluses at the end of the period		8.01.06		0	
c) DEPRECIATION AND AMOUNTS WRITTEN DOWN					
Depreciation and amounts written down at the end of prev.period		8.01.07		157.867	
Movements during the period :					
. Recorded		8.01.081			
. Written back	(-)	8.01.082	( )	( )	( )
. Acquisitions from third parties		8.01.083			
. Cancelled	(-)	8.01.084	( )	( )	( )
. Transfers from one heading to another	(+)(-)	8.01.085			
Depreciation and amounts written down at the end of period		8.01.09		157.867	
d) UNCALLED AMOUNTS (art. 29, § 1.)					
Uncalled amounts at the end of the previous period		8.01.10		11.504.000	
Movements during the period	(+)(-)	8.01.11		-2.500.000	
Uncalled amounts at the end of the period		8.01.12		9.004.000	
e) RESULTS FROM THE CONVERSION OF FOREIGN CURRENCY					
At the end of previous period	(+)(-)	8.01.13			
Movements during the period	(+)(-)	8.01.14			
At he end of the period	(+)(-)	8.01.15			
NET BOOK VALUE AT THE END OF THE PERIOD (a) + (b) - (c) - (d) +/- (e)		8.01.16	0	20.916.923	0

Nr. 1. Statement of the intangible assets, immovable assets for investment

NAME		Code	Relevant activa items: C.III.1. Shares, participating interests and other var-yield securities.	C.III.2. Debt securities and other fixed-income
			7	8
a) ACQUISITION VALUE				
At the end of the previous period		8.01.01	1.034.720.062	14.075.960.583
Movements during the period				
. Acquisitions		8.01.021	154.179.379	1.972.546.599
. New acquisition costs		8.01.022		
. Sales and disposals	(-)	8.01.023	(197.208.619)	(1.754.918.096)
. Transfers from one heading to another	(+)(-)	8.01.024		
. Other movements	(+)(-)	8.01.025		40.263.930
Acquisition value at the end of the period		8.01.03	991.690.822	14.333.853.016
b) REVALUATION SURPLUSES				
Revaluations surpluses at the end of the previous period		8.01.04		
Movements during the period :				
. Recorded		8.01.051		
. Acquisitions from third parties		8.01.052		
. Cancelled	(-)	8.01.053	( )	
. Transfers from one heading to another	(+)(-)	8.01.054		
Revaluation surpluses at the end of the period		8.01.06	0	0
c) DEPRECIATION AND AMOUNTS WRITTEN DOWN				
Depreciation and amounts written down at the end of prev.period		8.01.07	65.929.193	592.791
Movements during the period :				
. Recorded		8.01.081	22.789.818	
. Written back	(-)	8.01.082	(8.671.676)	( )
. Acquisitions from third parties		8.01.083		
. Cancelled	(-)	8.01.084	(24.076.122)	(558.938)
. Transfers from one heading to another	(+)(-)	8.01.085		
Depreciation and amounts written down at the end of period		8.01.09	55.971.213	33.853
d) UNCALLED AMOUNTS (art. 29, § 1.)				
Uncalled amounts at the end of the previous period		8.01.10		
Movements during the period	(+)(-)	8.01.11		
Uncalled amounts at the end of the period		8.01.12		
e) RESULTS FROM THE CONVERSION OF FOREIGN CURRENCY				
At the end of previous period	(+)(-)	8.01.13		-2.771.884
Movements during the period	(+)(-)	8.01.14		2.671.828
At he end of the period	(+)(-)	8.01.15		-100.056
NET BOOK VALUE AT THE END OF THE PERIOD (a) + (b) - (c) - (d) +/- (e)		8.01.16	935.719.609	14.333.719.107

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Annex Nr. 2. Information relating to the share in the capital and other rights in other companies.

List of both enterprises in which the enterprise holds a participating interest (as mentioned in royal decree of November 17, 1994 (recorded in the headings C.II.1. , C.II.3. , D.II.1.en D.II.3. of assets), and other enterprises in which the enterprise holds rights (recorded in the headings C.III.1. end D.III.1. of assets) in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE an for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by			Information from the most recent period for which annual accounts are available			
	directly		Subsidiaries	Primary financial statement	Monetary unit (*)	Capital and reserves	Net result
	Number	%	%			(+) or (-) (in thousands of monetary units)	
OMNIA TRAVEL NV, MGR LADEUZEPLEIN 15, 3000 LEUVEN (BE0413646305)	500,00	100,00		31/12/23	EUR	3.023,00	260,00
DZI LIFE INSURANCE JSC, VITOSHA BLDV. 89b, 1463 SOFIA (BG)	13.639.150,00	100,00		31/12/23	BGN	340.702,00	23.894,00
IMMO IRB NV, HAVENLAAN 2, 1080 BRUSSEL (BE1017492485)	100,00	100,00			EUR		
K&H BIZTOSÍTÓ ZRT., LECHNER ÖDÖN FASOR 9, 1095 BUDAPEST (HU)	1.772,00	100,00		31/12/23	HUF	27.192.000,00	-1.018.000,00
KBC GROUP RE SA, RUE DU FORT WALLIS 4, 2714 LUXEMBOURG (LU)	544,00	100,00		31/12/23	EUR	52.748,00	4.106,00
RENAISSANCE MAGISTER INVEST NV, HAVENLAAN 2, 1080 BRUSSEL (BE0893518	35.820,00	100,00		31/12/23	EUR	39.906,00	572,00
CSOB POISTOVNA, A.S., ZIZKOVA 11, 811 02 BRATISLAVA (SK)	1.676,00	100,00		31/12/23	EUR	52.138,00	6.375,00
CSOB POJITOVNA, A.S., MASARYKOVO NAMESTI 1458, 530 02 PARDUBICE (CZ)	339,00	99,71		31/12/23	CZK	7.671.595,00	2.802.152,00
AGENTUUR VOOR BRANDHERVERZEKERING CV, VAN OVERSTRAETENPLEIN 2, 3	24.874,00	90,37		31/12/23	EUR	2.960,00	460,00
KEYPOINT BV, NIEUWPOORTSE STEENWEG 104, 8470 GISTEL (BE0674440604)	308,00	53,18		31/12/23	EUR	854,00	38,00
SPORTCOMPLEX HEIST-OP-DEN-BERG NV, HAVENLAAN 2, 1080 BRUSSEL (BE084	1.060,00	100,00		31/12/23	EUR	8.070,00	286,00
GROEP VAB NV, PASTOOR COPLAAN 100, 2070 ZWIJNDRECHT (BE0456920676)	13.777,00	100,00		31/12/23	EUR	18.865,00	1.546,00
AIA-POOL BV, STEENWEG OP JETTE 221, 1080 SINT-JANS-MOLENBEEK (BE04536	502,00	33,47		31/12/23	EUR	362,00	-8,00
ASSURCARD NV, NIEUWLANDLAAN 111, 3200 AARSCHOT (BE0475433127)	900,00	20,00		31/12/23	EUR	3.174,00	81,00
VLAAMSE ENERGIEHOLDING BV, NOORDLAAN 9, 8820 TORHOUT (BE0448632324)	163,00	7,66		30/09/24	EUR	599.524,00	18.447,00
BEM NV, Kunstlaan 20, 1000 BRUSSEL (BE0461612904)	1.500,00	6,47		31/12/23	EUR	3.475,00	-41,00
BELGISCH GEMEENSCHAPPELIJK WAARBORGFONDS, LIEFDADIGHEIDSSTRAAT	1,00	2,56		31/12/23	EUR	36,00	
IMEC.XPAND COMMV, KAPELDREEF 75, 3001 HEVERLEE (BE0671931371)	100.000,00	8,56		31/12/23	EUR	74.361,00	-5.969,00
IMEC.XPAND II COMMV, KAPELDREEF 75, 3001 HEVERLEE (BE0784720102)	100.000,00	3,33		31/12/23	EUR	38.961,00	-2.847,00
IMMO NIGHTINGALE NV, HAVENLAAN 2, 1080 BRUSSEL (BE0685966380)	100,00	100,00		31/12/23	EUR	15.375,00	-75,00
SPORTCOMPLEX AALST NV, HAVENLAAN 2, 1080 BRUSSEL (BE0506736215)	1.000,00	100,00		31/12/23	EUR	13.372,00	483,00

Annex Nr. 2. Information relating to the share in the capital and other rights in other companies.

List of both enterprises in which the enterprise holds a participating interest (as mentioned in royal decree of November 17, 1994 (recorded in the headings C.II.1. , C.II.3. , D.II.1.en D.II.3. of assets), and other enterprises in which the enterprise holds rights (recorded in the headings C.III.1. end D.III.1. of assets) in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE an for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by			Information from the most recent period for which annual accounts are available			
	directly		Subsidiaries	Primary financial statement	Monetary unit (*)	Capital and reserves	Net result
	Number	%	%			(+) or (-) (in thousands of monetary units)	
ADD NV, GELDENAAKSEBAAN 470, 3001 HEVERLEE (BE0406080305)	10.000,00	100,00		31/12/23	EUR	4.066,00	4.442,00
RE-TAIL RETURN PARTNERS I NV, KLEISTRAAT 68, 1785 MERCHTEM (BE08391829	205.152,00	10,04		31/12/23	EUR	5.411,00	-485,00
BUSINESS BREWERY NV, Interleuvenlaan 62, 3001 HEVERLEE (BE0428014676)	20,00	4,76		31/12/23	EUR	1.360,00	-10,00
BEDRIJVENCENTRUM VILVOORDE NV, Mechelsesteenweg 277, 1800 VILVOORDE (E	300,00	8,26		31/12/23	EUR	813,00	-88,00
DOUBLE U BUILDING BV, WATERMANWEG 92, 3067 GG ROTTERDAM (NL)	330.000,00	100,00		31/12/23	EUR	40.429,00	416,00

(*) according to the official codification

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Nr. 3. Fair value of the investments (art. 38).

Assets			Codes	Amounts
C.	Financial assets		8.03	18.405.873.851
	I.	Land and buildings.	8.03.221	232.935.000
	II.	Investments in affiliated undertakings and participations.	8.03.222	1.446.336.581
		- Affiliated undertakings.	8.03.222.1	1.375.105.484
		1. Shares	8.03.222.11	1.375.105.484
		2. Debt securities, loans.	8.03.222.12	0
		- Other companies linked by participating interests.	8.03.222.2	71.231.097
		3. Shares	8.03.222.21	71.231.097
		4. Debt securities, loans.	8.03.222.22	0
	III.	Other financial assets	8.03.223	16.726.280.868
		1. Shares, participating interests and other variable-yield securities	8.03.223.1	1.270.553.862
		2. Debt securities and other fixed-income securities.	8.03.223.2	13.432.489.602
		3. Participation in investment pools.	8.03.223.3	31.195.582
		4. Loans guaranteed by mortgages.	8.03.223.4	755.349.225
		5. Other loans.	8.03.223.5	938.973.025
		6. Term deposits with credit institutions.	8.03.223.6	297.090.660
		7. Other.	8.03.223.7	628.912
	IV.	Deposits with ceding undertakings.	8.03.224	321.402

Nr.3bis Derivative financial instruments not measured on the basis of fair value

Estimate of fair value for each category derivative financial instruments not measured on the basis of fair value, specifying the scope and the nature of the instruments	Net book value	Fair value
Interest Rate Swap	-7.126.291	12.330.657
Currency Interest Rate Swap	-5.958.754	-4.266.081

B. Financial fixed assets, as mentioned in C.II. and C.III., with a net book value higher than their fair value	Net book value	Fair value
Affiliated undertakings.		
1. Shares	439.714.966	238.981.694

For each of the financial fixed assets referred to in B., or the appropriate groups of these separate assets referred to in B., which are taken into account at an amount greater than their fair value, the reasons must also be given why the book value has not been reduced, stating the nature of the evidence underlying the assumption that the carrying amount will be recoverable:

For the reasons why the book value of the participating interests mentioned in B. has not been reduced, we refer to disclosure no. 20 Valuation rules, more specifically the paragraph regarding the participating interests under point 2. Write-downs.

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Annex nr.4 according the deferred charges and accrued income.

Breakdown of the assets G.III. if the amount is significant.	Amount
Revaluation result off-balance	380.832
Front-end fees	410.256
Pro rata interest to receive	656.462

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Annex nr.5 Statement of capital

	Codes	Amounts	Number of shares
A. AUTHORIZED CAPTAL			
1. Subscribed capital (A.I.1. of the liabilities)			
- Opening balance	8.05.111.101	65.156.172,00	xxxxxxxxxxxxxxxxxxxxxxx
- Variations during the year :			
- At the end of the year	8.05.111.102	65.156.172,00	xxxxxxxxxxxxxxxxxxxxxxx
2.Composition of the capital			
2.1. Classes of shares according to company law			
		65.156.172	1.050.906
2.2. Registered shares or bearer shares			
Registered shares	8.05.1.21	xxxxxxxxxxxxxxxxxxxxxxx	1.050.906
Bearer shares	8.05.1.22	xxxxxxxxxxxxxxxxxxxxxxx	

	Codes	Uncalled amount (heading A.I.2. of liabilities)	Amount requested capital unpaid(heading E.I.V.)
B. UNPAID CAPITAL (art.51 - S.W.H.V.)			
Shareholders who have yet to pay			
TOTAL	8.05.2		

Nr.5. Statement of capital (continuation).

	Codes	Capital amount	Number of shares
C. SHARES OF THE COMPANY HELD BY			
- the company itself	8.05.3.1	3.031.118,00	48.889
- the subsidiaries	8.05.3.2		
D.COMMITMENTS TO ISSUE SHARES			
1.Following the exercising of CONVERSION RIGHTS			
. Amount of outstanding convertible loans	8.05.4.1		
. Amount of capital to be subscribed	8.05.4.2		
. Corresponding maximum number of shares to be issued	8.05.4.3		
2.Following the exercising of SUBSCRIPTION RIGHTS			
.Number of outstanding subscription rights	8.05.4.4		
.Amount of capital to be subscribed	8.05.4.5		
.Corresponding maximum number of shares to be issued	8.05.4.6		
3.Following the payment to a third party in shares			
.Amount of capital to be subscribed	8.05.4.7		
.Corresponding maximum number of shares to be issued	8.05.4.8		

Annex nr.5 Statement of capital (continuation)

	Codes	Amount
E.AUTHORIZED, UNISSUED CAPITAL	8.05.5	

	Codes	Number of shares	Associated voting rights
F.SHARED ISSUED, NOT REPRESENTING CAPITAL	8.05.6		
of which - held by the company itself	8.05.6.1		
- held by its subsidiaries	8.05.6.2		

Nr.5. Statement of capital (continuation and end).

G.STRUCTURE OF SHAREHOLDINGS OF THE COMPANY AT THE DATE
OF CLOSING END OF YEAR, as appears from the statements that the company
has received (art. 52quinquies and 52sexies - S.W.H.V.) :

KBC Groep 1.002.017

KBC Verzekeringen 48.889

A/	B/	C/	0403552563	00014	EUR

Annex nr.6 according the provisions other than technical provisions - Other provisions.

Breakdown of the liabilities E.III. if the amount is significant.	Amounts
Provisions ongoing litigations	653.547
Other risks and charges	45.000

A/	B/	C/	0403552563	00014	EUR

Annex nr. 7. according the technical provisions and liabilities

a) Breakdown of the liabilities (or part of the liabilities) of which the residual term is over 5 years.

Liabilities	Codes	Amounts
B. Subordinated liabilities	8.07.1.12	
I. Convertible loans	8.07.1.121	
II. Non convertible loans	8.07.1.122	
G. Liabilities	8.07.1.42	
I. Amounts payable regarding insurance operations	8.07.1.421	
II. Amounts payable regarding reinsurance operations	8.07.1.422	
III. Non subordinated bonds	8.07.1.423	
1.Convertible bonds.	8.07.1.423.1	
2.Non convertible bonds.	8.07.1.423.2	
IV. Amounts owed to credit institutions	8.07.1.424	
V. Other liabilities	8.07.1.425	
TOTAL	8.07.1.5	

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Annex nr. 7 according the technical provisions and liabilities (continuation).

b)Liabilities (or parts of the liabilities) and technical provisions (or parts of the technical provisions) guaranteed by real securities asked or irrevocably promised on the company's assets.

Related items according the liabilities		Amounts
B. Subordinated liabilities.	8.07.2.12	
I. Convertible loans	8.07.2.121	
II. Non convertible loans	8.07.2.122	
C. Technical provisions	8.07.2.14	
D. Technical provisions for unit-funds	8.07.2.15	
G. Liabilities	8.07.2.42	188.349.241
I. Amounts payable regarding insurance operations.	8.07.2.421	
II. Amounts payable regarding reinsurance operations.	8.07.2.422	
III. Non subordinated bonds	8.07.2.423	
1.Convertible bonds	8.07.2.423.1	
2.Non convertible bonds	8.07.2.423.2	
IV. Amounts owed to credit institutions	8.07.2.424	188.349.241
V. Other liabilities	8.07.2.425	
- liabilities regarding taxes, wages and social security charges	8.07.2.425.1	
a)taxes	8.07.2.425.11	
b)wages and social security charges	8.07.2.425.12	
- debts of rent financing and similar	8.07.2.425.26	
- other	8.07.2.425.3	
TOTAL	8.07.2.5	188.349.241

A/ B/ C/ 00014 EUR

Annex nr.7 according the technical provisions and liabilities (continuation and end).

c)Taxes, wages and social liabilities

Liabilities	Codes	Amounts
1.Taxes (G.V.1.a) of the liabilities)		
a)Expired tax payable	8.07.3.425.11.1	
b)Non expired tax payable	8.07.3.425.11.2	9.468.973
2.Wages and social security charges (G.V.1.b) of the liabilities)		
a) Expired amounts due to the National Social Security	8.07.3.425.12.1	
b)Other liabilities according the wages and social security charges	8.07.3.425.12.2	25.965.668

Annex nr.8. according the accrued charges and deferred income of the liabilities.

	Amounts
Breakdown of the liabilities recorded in the heading H if the amount is significant.	
Pro rata interests to be paid	15.655.980
Management fees	2.270.946
Back-end fees	5.668.866
Pro rata guarantee Vastgoed NL	2.800.000

A/ B/ C/ 0403552563 00014 EUR

Nr. 9. Components of assets and liabilities concerning the management for one's own account in favour of a third party of the pension funds (art. 40bis.).

Concerned items and sub items of the assets (*)	Current year	Concerned items and sub items of the liabilities (*)	Current year
TOTAL		TOTAL	

(*) With mentioning of the figures and letters concerning the content of the concerned items and sub items of the balance sheet (for instance : C.III.2. debt securities and other fixed-income securities).

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Nr. 10. Information concerning the technical accounts

I. Non-Life Insurance

Content	Codes	DIRECT BUSINESS					DIRECT BUSINESS					DIRECT BUSINESS		REINSURAN-CE RECEIVED
		Total	Total	Accidents and disease (branches 1 and 2)	Motor Civil Liability (branch 10)	Motor Other Branches (branches 3 and 7)	Shipping Aviation Transport (branches 4,5, 6,7,11 and 12)	Fire and other damage to goods (branches 8 and 9	General Civil Liability (branch 13)	Credit and Suretyship (branches 14 and 15	Various pecuniary losses (branch 16)	Legal assistance (branch 17)	Assistance (branch 18)	
		0	1	2	3	4	5	6	7	8	9	10	11	12
1)Gross premium.	8.10.01.710.1	1.531.112.700	1.519.899.687	255.621.585	259.004.373	211.466.257	1.835.721	545.760.515	109.616.620		25.103.811	74.907.621	36.583.184	11.213.013
2)Gross earned premium	8.10.02	1.519.129.292	1.507.916.437	254.184.857	258.056.337	208.343.377	1.811.040	541.377.157	109.202.779		24.799.607	74.283.030	35.858.253	11.212.855
3)Gross claims	8.10.03	923.841.139	919.955.639	172.532.228	227.620.239	148.534.829	292.381	218.367.951	78.061.264	-3	15.209.278	39.970.594	19.366.878	3.885.500
4)Gross operating expenses	8.10.04	452.859.992	449.323.995	52.799.942	68.445.886	61.975.489	501.206	189.979.545	37.004.112		7.220.195	19.260.279	12.137.341	3.535.997
5)Reinsurance balance	8.10.05	-54.287.753	-53.981.126	-1.829.894	-2.858.714	61.845		-44.485.896	-4.008.004		34.804	-387.916	-507.351	-306.627
6)Commission (art. 37)	8.10.06		293.086.203											

Nr.10. Information concerning the technical accounts (continuation and end)

II. Life Insurance

Content	Codes	Amounts
A.Direct business		
1)Gross premiums :	8.10.07.720.1	2.490.306.728
a) 1. Individual premiums :	8.10.08	2.197.524.528
2. Premiums regarding group insurance contracts:	8.10.09	292.782.199
b) 1. Periodic premiums :	8.10.10	990.218.003
2. Single premiums :	8.10.11	1.500.088.725
c) 1. Premiums regarding non-bonus contracts :	8.10.12	343.567.347
2. Premiums regarding bonus contracts :	8.10.13	812.953.510
3. Premiums for unit-linked contracts :	8.10.14	1.333.785.871
2) Reinsurance balance :	8.10.15	-1.820.422
3) Commissions (art. 37):	8.10.16	58.443.361
B. Reinsurance received		
Gross premiums :	8.10.17.720.1	2.321
III. Non-Life insurance and Life-Insurance, direct business		
Gross premiums :		
- in Belgium :	8.10.18	4.005.715.055
- in other Member States of E.E.C:	8.10.19	4.491.360
- in other countries :	8.10.20	

Nr11. Statement of the persons employed.

A. Data for the current year and for the previous year concerning the employees recorded in the general personnel register and connected with the enterprise by nature of the employment contract or otherwise

Description		Codes	Current year	Previous year
a)	total at the closing data of the period	8.11.10	1.132	1.151
b)	the average number of employees employed by the company during the current year and during the previous	8.11.11	1.031	1.031
	- Management staff	8.11.11.1	11	11
	- Employees	8.11.11.2	1.020	1.020
	- Workers	8.11.11.3		
	- Others	8.11.11.4		
c)	number of working hours	8.11.12	1.403.186	1.393.682

B. Data for the current year and the previous year concerning hired temporary staff and personnel placed at the enterprise's disposal

Description		Codes	Current year	Previous year
a)	total at the closing data of the period	8.11.20	5	3
b)	the average in number in full-time equivalents calculated as recorded in	8.11.21	5	11
c)	number of working hours	8.11.22	9.020	21.657

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Nr.12.Statement concerning the general administration expenses, divided by nature.

(A star (*) at the right side of an item or sub item indicates the existence of a definition or an explanatory note in chapter III of the annex)

Name	Codes	Amounts
I. Staff expenses*	8.12.1	109.428.145
1. a)Salaries	8.12.111	77.997.093
b)Pension costs	8.12.112	
c)Other direct social benefits	8.12.113	
2.Employer's contribution for social security	8.12.12	21.111.545
3.Employer's contribution and premiums for extra-statutory insurance	8.12.13	5.983.770
4.Other personal charges	8.12.14	2.492.394
5.Provisions for pension costs, salaries and social charges	8.12.15	1.234.323
a)Allowances (+)	8.12.15.1	24.205.932
b)Decrease (-)	8.12.15.2	(22.971.609)
[6. Temporary personnel or persons at the disposal of the enterprise	8.12.16]	609.020
II. Services and other goods*	8.12.2	232.482.689
III. Depreciations and amounts written down on intangible fixed assets and tangible fixed assets, other than investments*	8.12.3	59.529
IV. Provisions for other liabilities and charges*	8.12.4	-21.916
1.Allowances (+)	8.12.41	22.635
2.Decrease (-)	8.12.42	(44.551)
V.Other current expenses*	8.12.5	12.575.390
1.Fiscal operating expenses*	8.12.51	5.843.014
a)Property taxes	8.12.511	723.138
b)Other	8.12.512	5.119.876
2.Contributions payed to public entities*	8.12.52	6.412.193
3.Theoretical costs*	8.12.53	
4.Other	8.12.54	320.183
VI. Recovered administration expenses and other current revenues (-)	8.12.6	(19.760.565)
1.Recovered administration expenses	8.12.61	19.144.003
a)Received renumerations for performances of management of collective pension funds on behalf of third parties	8.12.611	
b)Other*	8.12.612	19.144.003
2.Other current revenues.	8.12.62	616.562
TOTAL	8.12.7	334.763.272

As amended by article 10, § 2 of the Royal Decree of the 4th of August 1996.

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Nr.13. Other operating income, other operating expenses.

	Amounts
A. Breakdown of the OTHER OPERATING INCOME (7. of the non technical account), if the amount is significant.	
Reversal of impairments doubtful receivables	2.291.141
Capital gains on realisation intermediaries	651.739
B. Breakdown of the OTHER OPERATING EXPENSES (8. of the non technical account), if the amount is significant.	
Impairments doubtful receivables	2.662.281
Interests on subordinated loans	28.848.750
Costs financial institutions	455.622

Nr.14. Extraordinary result.

	Amounts
A. Breakdown of the EXTRAORDINARY INCOME (11. of the non technical account), if the amount is significant.	
B. Breakdown of the OTHER EXTRADORDINARY COSTS (12. of the non technical account), if the amount is significant.	
Extraordinary depreciation decommission real estate	257.222

Nr.15. Income taxes

	Codes	Amounts
A. BREAKDOWN OF 15 a) 'Income taxes':	8.15.1.634	64.079.040
1.Income taxes on the result of the current period:	8.15.1.634.1	63.808.082
a. Advance payments and refundable prepayments	8.15.1.634.11	68.213.106
b. Other deductible components	8.15.1.634.12	2.805.009
c. Surplus of the advance payments and/or of the refundable prepayments (-)	8.15.1.634.13	(7.210.033)
d. Estimated additional charges for income taxes (included in liabilities item G.V.1.a))	8.15.1.634.14	
2.Income taxes on the result of the previous periods :	8.15.1.634.2	270.958
a) Additional taxes payed or payable :	8.15.1.634.21	270.958
b) Estimated additional charges for income taxes (included in liabilities item G.V.1.a)) or for which provision has ben established (included in liabilities item E.II.2))	8.15.1.634.22	

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Nr. 15. Income taxes.

B. MAIN SOURCES OF DIFFERENCES BETWEEN THE PROFITS BEFORE TAXES, as stated in the financial statements, AND THE ESTIMATED TAXABLE PROFITS, with special mention of timing differences between adopting the book profit on realisation and the fiscal profit (if the income taxes of the current period are materially influenced by such differences).

	Amounts
Change taxable reserves and provisions	16.433.572
Capital gains on shares to a specific tax regime, exemption reversal impairments, rejected impairments and realised losses on equity	-32.183.104
Non-taxable items DBI (after deductions made by the newly introduced bank and insurance tax)	-130.114.766
Non-deductible expenses (other than realised gains and depreciations on shares and corporation taxation)	11.762.309

C. EFFECT OF EXTRAORDINARY RESULTS ON THE AMOUNT OF INCOME TAXES ON THE CURRENT PERIOD

Nr. 15. Income taxes (continuation and end).

	Codes	Amounts
D.STATUS OF FUTURE TAXATION (if it is important for the purpose of evaluating the reporting institution's financial position).		
1. Future tax allowance	8.15.4.1	0
- Cumulated fiscal losses deductible from future taxable profits	8.15.4.11	
2. Future tax liabilities	8.15.4.2	0

Nr.16. Other taxes and taxes supported by third parties.

	Codes	Amounts of the current year	Amounts of the previous year
A. Taxes :			
1.Taxes regarding insurance contracts supported by third parties	8.16.11	141.139.155	132.649.177
2.Other taxes of the company itself	8.16.12	9.092.550	9.379.594
B. The deducted amounts supported by third parties by means of :			
1.Payroll withholding taxes	8.16.21	58.560.831	54.885.444
2.Withholding taxes on Investment Income (on dividends)	8.16.22	0	0

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Nr.17. Commitments and contingencies (art. 14).

(A star (*) at the right side of a post or sub post indicates the existence of a definition or an explanatory note in chapter III of the annex with the conclusion of 17/11/1994)

	Codes	Amounts
A. Security given by third parties or irrevocably promised for account of the company* :	8.17.00	
B. Personal security given by the company or irrevocably promised for account of third parties*	8.17.01	410.846.382
C. Collateral security on own equity given by the company or irrevocably promised as security of the rights and obligations* :		
a) of the company :	8.17.020	4.194.851.681
b) of third parties :	8.17.021	
D. Collateral received* (other than cash) :		
a) participations and values of reinsurers (CFR. Chapter III, Description and enclosure : assets C.III.1 and 2 and liabilities F :	8.17.030	
b) other :	8.17.031	5.952.746.647
E. Term transactions* :		
a)Transactions on participations (purchases) :	8.17.040	105.909.801
b)Transactions on participations (sales) :	8.17.041	
c)Transactions on foreign currency (to receive) :	8.17.042	38.883.094
d)Transactions on foreign currency (to deliver) :	8.17.043	38.502.262
e)Transactions on interest (purchases, ...) :	8.17.044	1.032.800.000
f)Transactions on interest (sales, ...) :	8.17.045	1.032.800.000
g)Other transactions (purchases, ...) :	8.17.046	
h)Other transactions (sales, ...) :	8.17.047	
F. Third party goods and values held by the company* :	8.17.05	
G. Nature and business purpose of the regulations not registered in the balance, their financial consequences, if the risks or advantages as a result of these regulations are of any importance and as far the disclosure of these risks or advantages are necessary to judge the financial position of the company. :	8.17.06	

Nr.17. Commitments and contingencies (art. 14).

(A star (*) at the right side of a post or sub post indicates the existence of a definition or an explanatory note in chapter III of the annex with the conclusion of 17/11/1994)

	Codes	Amounts
H. Other (to be determined) :	8.17.07	1.302.116.050
Forward reverse repo (deriv) between trade and settle		647.793.025
Debit amounts borrowed to be received - repo		647.793.025
Cash collateral received		6.530.000

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Nr.18. Relationships with affiliated undertakings and enterprises linked by participating interests

Assets	Codes	Affiliated undertakings		Enterprises linked by participating interests	
		Current year	Previous year	Current year	Previous year
- C II.Investments in affiliated undertakings and participations	8.18.222	1.168.596.207	1.152.313.141	20.916.923	15.464.011
1 + 3 Participations	8.18.222.01	1.168.596.207	1.152.313.141	20.916.923	15.464.011
2 + 4 Debt securities, loans	8.18.222.02				
- subordinated	8.18.222.021				
- other	8.18.222.022				
- D. II.Investments in affiliated undertakings and participations	8.18.232				
1 + 3 Participations	8.18.232.01				
2 + 4 Debt securities, loans	8.18.232.02				
- subordinated	8.18.232.021				
- other	8.18.232.022				
- E. Receivables	8.18.41	16.988.883	8.528.461	398.474	293.511
I. Direct insurance receivables	8.18.411	8.241.499	3.349.634		
II. Reinsurance receivables	8.18.412	2.005.794	3.072.740	398.474	293.511
III. Other receivables	8.18.413	6.741.590	2.106.087		
- B. Subordinated liabilities	8.18.12	500.000.000	500.000.000		

Nr.18. Relationships with affiliated undertakings and enterprises linked by participating interests

Assets	Codes	Affiliated undertakings		Enterprises linked by participating interests	
		Current year	Previous year	Current year	Previous year
- G. Liabilities	8.18.42	311.643.711	483.761.353	0	0
I. Amounts payable regarding insurance operations	8.18.421	4.482.777	4.905.942		
II. Amounts payable regarding reinsurance operations	8.18.422	9.746.427	5.912.861	0	0
III. Non subordinated bonds	8.18.423				
IV. Amounts owed to credit institutions	8.18.424	188.349.241	218.506.863		
V. Other liabilities	8.18.425	109.065.266	254.435.687		

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Nr.18. Relationships with affiliated undertakings and enterprises linked by participating interests (continuation and end)

	Codes	Affiliated undertakings	
		Current year	Previous year
- By the reporting institution given or irrevocably promised as PERSONAL AND COLLATERAL SECURITY to secure the affiliated enterprises' debts and commitments	8.18.50	167.509.860	127.523.231
- By affiliated enterprises given or irrevocably promised as PERSONAL AND COLLATERAL SECURITY to secure the reporting institution's debts and commitments	8.18.51		
- Other meaningful financial obligations	8.18.52		
- Income generated by land and buildings	8.18.53	511.525	748.196
- Other investment income	8.18.54	120.210.854	231.590.123

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Nr.19. Financial relations with :

A.Directors and managers;

B.Individuals or corporate bodies who control the institution directly or indirectly without being related to it

C.Other companies controlled directly or indirectly by people mentioned under B

	Codes	Amounts
1.Amounts receivable from these persons	8.19.1	
2.Guarantees granted on their behalf	8.19.2	
3.Other significant commitments undertaken in their favour	8.19.3	
4.Direct and indirect remunerations charged to the annual account and granted:		
- to directors and managers	8.19.41	445.000
- to former directors and managers	8.19.42	

- Main conditions concerning the above mentioned numbers 1., 2. and 3.

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Nr.19bis. Financial relations with :

The auditor(s) and the people he (she) is (are) related to

	Codes	Amounts
1. Remuneration of the auditor(s)	8.19.5	640.385
2. Fees for exceptional services or special services provided to the company by the auditor(s)	8.19.6	18.583
- Other audit services	8.19.61	18.583
- Tax advisory services	8.19.62	
- Other non-audit services	8.19.63	
3. Fees for exceptional services or special services provided to the company by persons with whom the auditor(s) is (are) related	8.19.7	
- Other audit services	8.19.71	
- tax advisory services	8.19.72	
- Other non-audit services	8.19.73	

Statements in accordance with Article 133, §6 of the Company Code

Nr.20. Valuation rules.

(This statement aimed in articles : 12bis, § 5 ; 15 ; 19, 3th paragraph ; 22bis, 3th paragraph; 24, 2nd paragraph ; 27, 1°, last paragraph and 2°, last paragraph ; 27bis, § 4, last paragraph ; 28, § 2, 1st and last paragraph ; 34, 2nd paragraph ; 34quinquies, 1st paragraph ; 34sexies, 6°, last paragraph ; 34septies, § 2 and by Chapter III. 'Description and notes', Section II, post 'Theoretical rent'.)

A.Rules governing the validation of the inventories (with exception of the financial assets as stated under D of the assets)

1.Formation and adjustment of the depreciations

In conformity with Article 3 of the above-mentioned Royal Decree, the annual accounts are drawn up according to the principle of a true and fair view. A transparent, clear and consistent financial reporting is important for KBC Bank as a financial institution.
As such, KBC aims to align as much as possible, within the possibilities of the Belgian accounting law and the systems, with the international accounting standards IFRS, as applied for the consolidated annual accounts.
Depreciation is recorded against intangible and tangible fixed assets whose useful life is limited in order to spread the costs of acquisition (as these may be revalued from time to time) over their probable useful life. Depreciation are charged on a straight-line basis from the moment the assets are available for use.
Formation expenses are charged directly to the profit and loss account unless the Board of Directors decides otherwise.
Intangible fixed assets whose useful lifetime is limited are depreciated over five years unless the Board of Directors decides otherwise.
Systems software is depreciated at the same rate as hardware and is therefore depreciated over a period of three years. Software other than systems software is depreciated over five years. Core systems with a longer useful life are depreciated straight line over their expected useful life with a minimum of an eight-year period. Core systems are types of standard software, including back-end data applications, for processing operations during the day and updates of the general ledger balances on the mainframe.
All tangible fixed assets are recognized at acquisition cost, less accumulated depreciation. They are recorded at acquisition cost, including ancillary, directly allocable costs (acquisition costs, non-deductible VAT etc.).
The rates of depreciation are determined on the basis of the anticipated useful economic life of the item and are applied according to the straight-line method. All tangible fixed assets are depreciated on an accruals basis from the time they are available for use. The ancillary costs are written off over the life of the asset. A write-down is charged for ancillary costs on the acquisition of land.

2.Write-downs

Assets not susceptible to depreciation are impaired, if this is necessary, to take account of losses in value, whether definitive or otherwise. This impairment charge may not be upheld if, at the end of the financial year, it exceeds a current assessment of the drop in value for which it was constituted.

Intangible and tangible fixed assets whose useful life is not limited are written down in the event of a lasting diminution in value or impairment.

Participating interests and shares that are considered financial fixed assets are recognized at acquisition costs. Write downs are applied only in the event of a lasting impairment in or loss of value, established on the basis of the financial position, the profitability and the prospectus of the company concerned.

Impairment charges are written back immediately the stock market price rises, albeit to no more than the acquisition value.

Listed shares are impaired if the stock market price is sustainably (> 1 year) or significantly (> 30%) lower than the book value, showing that the impairment is sufficiently lasting in nature. The impairment charge is then equal to the difference between the carrying value and the stock market price. Impairment charges are written back immediately the stock market price rises, albeit to no more than the acquisition value.

Unlisted shares are written down in the event of a lasting diminution in value or impairment justified by the state, profitability or prospects of the company in which the holdings, shares or profit-share certificates are held.

Receivables including fixed-income securities that are recorded under ‘investments in associates and holdings’ are written down in the event that there is uncertainty as to whether all or part of the receivable will be paid when due.

Fixed-income securities and receivables reported under ‘other financial investments’ and assets reported under ‘receivables’ and ‘loans’ are impaired according to the principles that apply for the valuation of granted loans. When market value are declining below acquisition value, an impairment is recognized when there is uncertainty as to whether all or part of the receivable or security will be paid when due.

Fixed-income treasury securities (under ‘other financial investments’) serving to support liquidity are impaired if their market value is lower than the book value.

Impairment is booked on real estate certificates if their market value is less than their acquisition cost (LOCOM). These impairment charges are written back where the market value rises, up to a maximum of the acquisition cost of the underlying security.

Dated commercial credit are recorded in the balance sheet in the outstanding principal amount, plus the interest past due and sundry costs to be paid by the customers. Loans classified as irrecoverable and doubtful, specific write-downs are posted on a case-by-case basis in order to cover the losses which are considered certain or likely to ensue on the outstanding loans.

Investments under assets heading D (class 23) are recognized in the balance sheet at their carrying value in accordance with the statutory provisions.

3.Provisions for risks and charges

Provisions for liabilities and charges are intended to cover losses or charges, the nature of which is clearly defined and which at balance sheet date are either likely or certain to be incurred, but the amount of which is uncertain.

4.Technical provisions

The technical provisions must at all times be sufficient to guarantee that all insurance contract obligations can be met. For direct business, the provision for unearned premiums is in principle calculated according to the accruals method on a daily basis for each contract separately and based on gross premiums, net of commission.

For reinsurance contracts issued, the provision for unearned premiums is calculated for each contract separately based on information supplied by the ceding party, supplemented where necessary by the company's own past experience regarding the evolution of risks over time.

Provisions for the group of life insurance activities are measured according to prevailing actuarial principles.

The technical provisions for traditional class-21 life (non-unit linked) products and provisions for extra-legal benefits to employees in respect of accruing interest are calculated according to prospective actuarial formulas based on the contracts' technical bases. However, traditional class-21 (non-unit-linked) life products, which offer a guaranteed 4.75%, are discounted at a rate of 4% (instead of the 4.75% based on the underwriting assumptions of the contract).

The technical provisions for modern class-21 and class-26 (non-unit-linked) life products and provisions for extra-legal benefits to employees in respect of new, supplementary deposits are calculated according to retrospective formulas based on the contracts' technical bases.

Additionally, supplementary provisions are constituted in accordance with the 'flashing light'.

As of 1 January 2016, KBC Insurance uses the exemption to further increase the 'flashing light', after the formal approval of the National Bank of Belgium, under the condition that KBC Insurance respects the Solvency II rules without application of the so called transitional measures.

The technical provisions for class-23 (unit-linked) life products are determined by multiplying the number of units per fund by the price per unit of the fund in question.

The provision for claims outstanding is calculated per claim or per contract based on known elements in the file and is supplemented by the requisite fixed and statutory provisions such as those for internal claims-handling costs or for claims incurred but not (enough) reported (IBNR and IBNER).

All amounts in the equalization and catastrophe provision are allocated to offsetting non-recurring underwriting losses in the years ahead, equalizing fluctuations in the loss ratio and covering special risks.

The shares of reinsurers in the technical provisions (recorded under assets) are calculated or estimated based on the stipulations set out in reinsurance contracts, supplemented where necessary by the company's own judgements and experience. Write-downs may be applied in the event of actual or probable default on the part of the reinsurer.

5.Revaluations

Property and equipment, participating interests, shares and profit-share certificates recognized on the balance sheet under assets heading C ('investments') may be revalued if, in light of their usefulness to the company, they exhibit an incontestable and lasting increase in value.

6.Other

If securities are sold, the carrying value of each one is determined on a case-by-case basis. All monetary items denominated in foreign currency are translated into their equivalent in euros at the spot rate on the balance sheet date. The balance of the positive and negative differences arising from the translation of the technical provisions denominated in foreign currency are recognized as a 'change to the technical provisions' headings in the profit and loss account. The balances arising from the translation of the technical non-life reinsurance provisions denominated in foreign currency are included under the corresponding 'other technical charges' heading in the technical account for the non-life business.

The balance of the positive and negative differences arising from the translation of monetary items, other than the technical provisions, is taken to the profit and loss account as financial income or a financial expense. Differences are netted per currency

Non-monetary items are valued on the basis of the historical rate at acquisition or, where appropriate, on the basis of the exchange rate at which the currency used to pay the price was purchased.. Expenses and income expressed in foreign currency are recognized in the profit and loss account at the spot rate prevailing when they are incurred (in some cases, at the spot rate at the end of the preceding month), or at a rate close to it.

B.Rules governing the validation of inventories concerning financial assets as stated under D of the assets.

1.Financial assets other than land and buildings

Investments under assets heading D are recognized in the balance sheet at their carrying value in accordance with the statutory provisions.

2.Land and buildings

3.Other

The technical provisions for class-23 (unit-linked) life insurance are computed by multiplying the number of units per fund by the price per unit of the fund in question.

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Nr.21. Changes in valuation rules (art. 16) (art. 17).

A.Mentioning of the changes and their accountabilities.

No changes

B.Difference in estimation as a result of the changes (to mention the first time with the annual report of the year in which changes were performed).

Concerned items and sub items (*)	Amounts	Concerned items and sub items (*)	Amounts

(*) With mentioning of the figures and letters concerning the content of the concerned items and sub items of the balance sheet (for instance : C.III.2. Debt securities and other fixed-income securities).

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Nr.22. Declaration on consolidated accounts.

A.To be completed by all companies.

- The institution has drawn up and has published, accordance with the Royal Decree on consolidated accounts of insurance and reinsurance undertakings, a consolidated annual report.

yes /~~no~~ (*) : Yes

- The institution does not draw up consolidated annual accounts nor a consolidated annual report because she is exempted due to following reasons (*) :

  * The institution does not, solely nor jointly, control one or more subsidiaries governed by Belgian or foreign law

~~yes~~ /no (*) : No

  * The institution is a subsidiary of a parent company that draws up and publishes consolidated accounts.

~~yes~~ /no (*) : No

. Justification of compliance with the conditions set out in Article 8 sections 2 and 3 of the Royal Decree of March 6th 1990:

. Name and full address of the registered office and, for institutions governed by Belgian law, the company number of the parent company publishing the consolidated accounts by virtue of which the exemption is granted.

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* Delete where appropriate

Nr.22. Declaration on consolidated accounts (sequel and end).

B. To be completed by institutions which are jointly-held subsidiaries.

. Name and full address of the registered office and, for companies governed by Belgian law,

the company number of the parent company or companies preparing and publishing the consolidated accounts in which the accounts of the reporting institution are consolidated (**):

. If the parent company or companies are governed by foreign law, state the place where the above-mentioned consolidated accounts may be obtained (**) :

(**) If the accounts are consolidated at several levels, give details of the largest and smallest aggregate to which the reporting institution belongs as a subsidiary and for which consolidated accounts are prepared and published.

A/ B/ C/ 0403552563 00014 EUR

Nr. 23. Additional information required by Royal Decree of 17/11/94.

The company, where applicable, enumerate the additional information, as required :

- by articles :

  2bis. ; 4, 2nd paragraph ; 10, 2nd paragraph ; 11, 3th paragraph ; 19, 4th paragraph ; 22; 27bis, § 3, last paragraph ; 33, 2nd paragraph ;

  34sexies, § 1, 4° ; 39.

- in Chapter III, Section I. of the disclosure :

  for item of the assets C.II.1., C.II.3., C.III.7.c) and F.IV.

  and
  for item of the liabilities C.I.b) and C.IV.
  Exemption from the obligation to add to the additional provisions:
  In accordance with the Annual Accounts Article 34quinquies §4, KBC Insurance has submitted a request to the National Bank of Belgium for exemption from the obligation to add to the additional provisions.
  The regulatory capital requirements in application of the Law of 13 March 2016 on the status and supervision of KBC Insurance's insurance or reinsurance companies are sufficiently covered, without having to resort to the transitional measures of Articles 668 and 669 of the aforementioned law. After carrying out the stress tests requested by the National Bank of Belgium in accordance with Article 322 of the Law on the status and supervision of insurance or reinsurance companies regarding the exposure to the interest rate risk, KBC Insurance complies with the own funds requirements. On the basis of these elements, the National Bank of Belgium exempted KBC Insurance from the obligation to add to the additional provisions.
  The accumulated amount of the dotation to the additional provisions where the company is exempt from equals 116.356.408 euro at the balance sheet date.

Nr. 24 Transactions entered into with related parties by the company, under conditions other than those of the market

The company discloses transactions which it has entered into with related parties, including the amount of such transactions, the nature of the related-party relationship and all other information about the transactions necessary for a better understanding of the financial position of the company, if such transactions are material and have not been concluded under normal market conditions.

The above information may be aggregated according to its nature except where separate information is necessary for a understanding of the effects of related-party transactions on the financial position of the company.

The above information does not have to be disclosed for transactions entered into between two or more members of a group provided that subsidiaries which are party to the transaction are wholly owned by such a member.

Related party' has the same meaning as in international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.

Nr 25. Thematic population loans

Description		Codes	Current year	Previous year
1.	Funds raised under the law of XXX	8.25.001	0	0
2.	Use of the funds raised under the law of XXX	8.25.002	0	0
	- 2.a. Appropriate projects (art.9 of the law)	8.25.002.001	0	0
	- 2.b. Other investments	8.25.002.001	0	0

4. SOCIAL REPORT

Numbers of joint industrial committees which are competent for the enterprise

306	-----------	-----------	-----------

STATEMENT OF THE PERSONS EMPLOYED

EMPLOYEES FOR WHOM THE COMPANY HAS SUBMITTED A DIMONA DECLARATION OR ARE RECORDED IN THE GENERAL PERSONNEL REGISTER.

During the period	Codes	**Total**	**1. Men**	**2. Women**
Average number of employees				
Full-time	1001	646,00	339,00	307,00
Part-time	1002	500,00	95,00	405,00
Total of full-time equivalents (FTE)	1003	1.031,00	409,00	622,00
Number of hours-actually worked				
Full-time	1011	895.404,00	482.374,00	413.030,00
Part-time	1012	507.782,00	92.243,00	415.539,00
Total	1013	1.403.186,00	574.617,00	828.569,00
Personnel costs				
Full-time	1021	69.255.041,00	38.391.435,00	30.863.606,00
Part-time	1022	37.044.261,00	7.468.376,00	29.575.885,00
Total	1023	106.299.302,00	45.859.811,00	60.439.491,00
Advantages in addition to wages	1033	1.894.520,00	817.337,00	1.077.183,00

During the previous period	Codes	**P. Totaal**	**1P. Mannen**	**2P. Vrouwen**
Average number of employees	1003	1.031,00	412,00	619,00
Number of hours actually worked	1013	1.393.682,00	575.256,00	818.426,00
Personnel costs	1023	103.735.516,00	45.462.369,00	58.273.147,00
Advantages in addition to wages	1033	1.910.990,00	837.497,00	1.073.493,00

EMPLOYEES FOR WHOM THE COMPANY HAS SUBMITTED A DIMONA DECLARATION OR ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continuation)

At the closing data of the period	Codes	**1. Full-time**	**2. Part-time**	**3. Total in full-time equivalents**
Number of employees	105	645,00	487,00	1.020,00
By nature of the employment contract				
Contract for an indefinite period	110	642,00	487,00	1.017,00
Contract for a definite period	111	3,00		3,00
Contract for the execution of a specifically assigned work	112			
Replacement contract	113			
According to the gender and by level of education				
Male	120	336,00	94,00	405,00
primary education	1200			
secondary education	1201	24,00	9,00	30,00
higher education (non-university)	1202	181,00	54,00	222,00
university education	1203	131,00	31,00	153,00
Female	121	309,00	393,00	614,00
primary education	1210			
secondary education	1211	21,00	51,00	57,00
higher education (non-university)	1212	163,00	267,00	370,00
university education	1213	125,00	75,00	187,00
By professional category				
Management staff	130	10,00	1,00	11,00
Employees	134	635,00	486,00	1.009,00
Workers	132			
Other	133			

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period	Codes	**1. Temporary personnel**	**2. Persons placed at the disposal of the enterprise**
Average number of employees	150	5	
Number of hours actually worked	151	9.020	
Charges of the enterprise	152	472.714	

TABEL OF PERSONNEL CHANGES DURING THE PERIOD

ENTRIES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
The number of employees for whom the company has submitted a DIMONA declaration or are recorded in the personnel register during the financial year in the general personnel register	205	77,00	19,00	92,00
By nature of the employment contract				
Contract for an indefinite period	210	74,00	19,00	89,00
Contract for a definite period	211	3,00	0,00	3,00
Contract for the execution of a specifically assigned work	212			
Replacement contract	213			

DEPARTURES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
The number of employees with a in the DIMONA declaration indicated or in the general personnel register listed data of termination of the contract during the financial year	305	64,00	63,00	105,00
By nature of the employment contract				
Contract for an indefinite period	310	60,00	63,00	102,00
Contract for a definite period	311	4,00	0,00	3,00
Contract for the execution of a specifically assigned work	312			
Replacement contract	313			
According to the reason for termination of the employment contract				
Retirement	340	11,00	28,00	29,00
Unemployment with company allowance	341			
Dismissal	342	2,00	1,00	3,00
Other reason	343	51,00	22,00	69,00
Of which: the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	350			

INFORMATION WITH REGARD TO TRAINING RECEIVED BY EMPLOYEES DURING THE PERIOD

	Codes	Male	Codes	Female
Total number of official advanced professional training projects at company's expense				
Number of participating employees	5801	376,00	5811	611,00
Number of training hours	5802	7.383,00	5812	10.665,00
Costs for the company	5803	811.373,00	5813	1.318.481,00
of which gross costs directly linked to the training	58031	735.361,00	58131	1.194.962,00
of which paid contributions and deposits in collective funds	58032	76.012,00	58132	123.519,00
of which received subsidies (to be deducted)	58033		58133	
Total number of less official and unofficial advance professional training projects at company expense				
Number of participating employees	5821	432,00	5831	705,00
Number of training hours	5822	4.671,00	5832	6.884,00
Costs for the company	5823	370.828,00	5833	605.170,00
Total number of initial professional training projects at company expense				
Number of participating employees	5841		5851	
Number of training hours	5842		5852	
Costs for the company	5843		5853	

Review of the company annual accounts of KBC Insurance NV at 31 December 2024

The company annual accounts have been prepared according to Belgian accounting standards (B-GAAP).

(1) Balance sheet

KBC Insurance NV					
(x 1.000 EUR)		**31/12/2024**	**31/12/2023**	**Difference**	**% difference**
	ASSETS	**35 362 083**	**33 061 904**	**2 300 179**	**7,0%**
21	Intangible assets	0	0	0	-
22	Financial Assets	18 697 398	18 565 491	131 906	0,7%
23	Assets held for unit-linked funds	15 650 549	13 435 676	2 214 872	16,5%
24	Reinsurers' share in technical provisions	142 552	134 264	8 288	6,2%
41	Receivables	229 417	202 286	27 131	13,4%
25	Other assets	451 304	544 164	-92 860	-17,1%
431/433	Deferred charges and accrued income	190 863	180 022	10 841	6,0%
	LIABILITIES	**35 362 083**	**33 061 904**	**2 300 179**	**7,0%**
11	Equity	1 390 436	1 367 777	22 660	1,7%
	Result for the period			0	0,0%
12	Subordinated liabilities	500 000	500 000	0	0,0%
13	Fund for future allocations	231 579	231 579	0	0,0%
14	Technical provisions	16 748 858	16 525 997	222 861	1,3%
15	Technical provisions for unit-linked funds	15 650 549	13 435 676	2 214 872	16,5%
16	Provisions other than technical provisions	5 829	5 476	353	6,4%
17	Deposits received from reinsurers	114 333	125 792	-11 460	-9,1%
42	Other liabilities	692 882	850 701	-157 819	-18,6%
434/436	Accrued charges and deferred income	27 617	18 906	8 711	46,1%

The balance sheet total increased by +2 300 million euros. The main factor on the assets side was the increase in investments including unit-linked investments (+2 347 million euros). The main factor on the liabilities side was the increase in technical provisions including unit-linked products (+2 438 million euros), partly offset by the drop in amounts payable (-158 million euros).

1.1 Assets

Investments

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
22-23	**Investments**	**34 347 946**	**32 001 168**	**2 346 779**	**7,3%**
222	Investments in affiliated companies and participating interests	1 189 513	1 167 777	21 736	1,9% (1)
223.1	Shares	935 720	968 791	-33 071	-3,4% (2)
223.2	Bonds and other fixed-income securities	14 333 719	14 072 596	261 123	1,9% (3)
223.21	*- Bonds and other long-term investments*	13 985 869	13 809 409	176 460	1,3%
223.22	*- Commercial paper*	347 850	263 187	84 663	32,2%
23	Unit-linked	15 650 549	13 435 676	2 214 872	16,5% (4)
223.4	Mortgage loans	812 259	870 897	-58 637	-6,7% (5)
223.61	Deposits at credit institutions > 1 year (L&R deposits)	275 000	275 000	0	0,0%
223.62	Deposits at credit institutions < 1 year	0	0	0	-
221	Real estate	109 778	132 115	-22 337	-16,9% (6)
223.52-53	Other loans	802 950	856 571	-53 620	-6,3% (7)
223-224	Other	238 459	221 745	16 714	7,5% (8)

(1) ‘Investments in affiliated companies and participating interests’ increased by +22 million euros, relating mainly to:

- KEYPOINT: +4 million euros
- IMMO IRB NV: +16 million euros (contribution of investment property Kortrijk Flanders Make to a new subsidiary)
- IMEC.XPAND: +2 million euros

(2) ‘Shares’ were down -33 million euros (or -3.4% from year-end 2023).

- Purchases and sales linked to the target volume of 1.1 billion euros.
- Performance of the KBC Insurance portfolio in 2024: +16.91%.

(x 1.000 EUR)		
Shares		**-33 071**
	Newly purchased	154 085
	Sold	-195 483
	Reversal (+)	9 958
	Other	-1 631

(3) ‘Bonds and other fixed-income securities’ were up +261 million euros on the year-earlier level.

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
Bonds (including real estate certificates)		**14 333 719**	**14 072 596**	**261 123**	**1,9%**
	Bonds	13 984 947	13 808 336	176 611	1,3%
	Commercial paper	347 850	263 187	84 663	32,2%
	Real estates certificates	922	1 073	-151	-14,1%

(x 1.000 EUR)		31/12/2024		31/12/2023	
Bonds		**13 984 947**		**13 808 336**	
	Credit institutions	2 267 622	16%	2 011 183	15%
	Corporates	2 582 107	18%	2 835 718	21%
	Govies	9 135 218	65%	8 961 435	65%
Commercial paper		**347 850**		**263 187**	
	Credit institutions	248 038	71%	168 381	64%
	Govies	99 812	29%	94 806	36%

(4) Unit-linked products were up +2 215 million euros.
- Revaluation of unit-linked funds: 1 566 million euros.
- Net inflow: 649 million euros.

(5) 'Mortgage loans' fell by -59 million euros as a result of loans being paid off and the discontinuation of additional transfers from KBC Bank to KBC Insurance in September 2024.

(6) 'Real estate' fell by -22 million euros, with the main movements being:
- Investments in investment property: -15 million euros.
  - ✓ Kortrijk Flanders Make: -17 million euros; (contribution to a new subsidiary – see shift to 'Investments in affiliated companies' (1)).
  - ✓ Heverlee Industrieweg: +2 million euros; (shift from facility building to rented property).
- Investments in facility buildings: -1 million euros.
  - ✓ Heverlee Industrieweg: -2 million euros; (shift from facility building to rented property).
  - ✓ Improvement works mainly in Leuven Tiensevest and Haasrode Geldenaaksebaan: +1 million euros.
- Write-offs: -6 million euros.

(7) The 'Other loans' item fell by -54 million euros as a result of loans being paid off and a lack of new business.
- Current volume of secured loans: 650 million euros (81%) and unsecured loans: 153 million euros (19%).
- Undrawn capital: +8 million euros (note that the undrawn amounts are recorded under other liabilities, 'amounts payable regarding mortgages').

(8) The 'Other investments' item rose by +17 million euros.
- Advances on reserves for Life insurance contracts: +15 million euros.
- Participation in investment pools (National Bank Fund): +2 million euros.

Other asset items

'Reinsurers' share in technical provisions' rose by +8 million euros.

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
24	**Reinsurers' share in technical provisions**	**142 552**	**134 264**	**8 288**	**6,2%**
243	Provisions for claims outstanding	121 558	116 997	4 561	3,9% (1)
241	Provisions for unearned premiums and provision for unexpired risk	2 816	1 782	1 034	58,0% (2)
242	Life assurance provisions	18 128	15 392	2 737	17,8% (3)
245	Other technical provisions	50	93	-44	-46,9%

This is the reinsurers' share in technical provisions (including claims incurred in the non-life and life business, the premium reserve, etc.).

(1) It includes the amounts still to be recovered: the difference between the claims provisions associated with claims made in the primary business and hedged by reinsurance business (including IBNR) and amounts already recovered and received from the reinsurer (amounts received for claims incurred result in a lower reserve).

(2) Premium reserve, i.e. the proportionate allocation to the reinsurer of insurance premiums paid.
The premium reserve of 3 million euros at year-end 2024 includes:
- The provision related to the biannual premium for the FAC Oosterweel recorded in June 2024: +2 million euros. This premium will be recognised in profit or loss monthly over the next two years by adjusting the premium reserve.
- The provision for the FAC Facilities (Prof. Liab., Decennale and Cyber Ins): +1 million euros.

(3) The movement in the 'Life insurance provision' mainly relates to the reserves in the 'De Hoop', 'Long term Care' (healthcare class), KB69 and guaranteed income contracts.

'Amounts receivable' were up +27 million euros on account of an increase in debtors arising out of direct insurance operations (+15 million euros) and other receivables (+12 million euros).

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
	Receivables	**229 417**	**202 286**	**27 131**	**13,4%**
411	Direct insurance receivables	135 045	119 628	15 417	12,9%
412	Reinsurance receivables	30 968	31 003	-35	-0,1%
413	Other receivables	63 404	51 655	11 749	22,7%

'Other asset items' went down by -93 million euros to 451 million euros (a snapshot and this item is very volatile).

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
Other assets		**451 304**	**544 164**	**-92 860**	**-17,1%**
251	Tangible assets	292	267	26	9,6%
252	Cash	247 827	340 713	-92 886	-27,3%
253	Own shares	203 185	203 185	0	0,0%
254	Cash collateral	0	0	0	0,0%
254	Other	0	0	0	0,0%

The outstanding balance of deferred charges and accrued income (191 million euros) consisted chiefly of accrued interest income from bonds, term investments, secured and unsecured loans, mortgage loans, swaps and repo transactions.

1.2 Liabilities

Equity

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
11	**Equity**	**1 390 436**	**1 367 777**	**22 660**	**1,7%**
111	Issued capital	65 156	65 156	0	0,0%
112	Share premium	1 085 606	1 085 606	0	0,0%
114	Reserves	216 618	216 985	-367	-0,2%
115	Profit (loss) carried forward	23 056	29	23 026	79101,1%
	Result for the period	0	0	0	-

Subordinated liabilities

Under the capital optimisation exercise, a non-convertible subordinated loan of 500 million euros was taken out with KBC Group in March 2015.

Fund for future appropriation

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
13	**Fund for future appropriation**	**231 579**	**231 579**	**0**	**0,0%**

There were no transfers to or from this fund in 2024.

Technical provisions

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference	
	Total technical provisions (incl. unit-linked insurance)	**32 399 407**	**29 961 673**	**2 437 734**	**8,1%**	
15	**Unit-linked insurance**	**15 650 549**	**13 435 676**	**2 214 872**	**16,5%**	(6)
	Total technical provisions (excl. unit-linked insurance)	**16 748 858**	**16 525 997**	**222 861**	**1,3%**	
141	unexpired risk	308 348	296 365	11 983	4,0%	(1)
142	Life assurance provision	12 755 811	12 809 431	-53 620	-0,4%	(2)
143	Provision for claims outstanding	2 927 969	2 712 608	215 361	7,9%	(3)
144	Provision for profit sharing and rebates	52 203	46 787	5 416	11,6%	(4)
145	Provision for equalization and catastrophe risks	431 866	394 632	37 234	9,4%	(5)
146	Other technical provisions	272 661	266 175	6 486	2,4%	
	- Indexation reserve	*37 400*	*37 306*	*94*	*0,3%*	
	- Ageing reserve	*176 247*	*169 807*	*6 440*	*3,8%*	
	- Pension for white-collar workers (KB69)	*943*	*992*	*-48*	*-4,9%*	
	- Premium deficiency reserve	*58 070*	*58 070*	*0*	*0,0%*	

(1) The <u>‘Provision for unearned premiums and unexpired risk’</u> was up <u>+12 million euros</u> on its year-earlier level.

- This related to the premium reserve and commission reserve for the non-life insurance business.
- The gross written premium was high in January (contracts taking effect on 1 January and with one-off premium payment) and declined in the course of the year.
- An increase year-on-year due to an increase in Non-life insurance premiums.

(2) Life provisions:

(x 1.000 EUR)	31/12/2024	31/12/2023	Difference	% difference
Life assurance provision	**12 755 810**	**12 809 430**	**-53 620**	-0,4%
Mathematical provision	12 109 394	12 168 158	-58 764	-0,5%
modern	10 780 505	10 787 202	-6 697	-0,1%
classic	1 327 531	1 379 662	-52 131	-3,8%
additional	1 358	1 294	64	4,9%
Provision for claims outstanding	-13 653	-12 829	-824	6,4%
"Flashing light" provision	483 154	483 154	0	0,0%
Ageing provision	73 732	62 649	11 083	17,7%
Invalidity allowance provision	97 597	97 058	539	0,6%
Other	5 586	11 240	-5 654	-50,3%

The 'Life insurance provision' was down -54 million euros on its year-earlier level, due mainly to the 'classic portfolio' (-52 million euros). The 'modern portfolio' saw a net outflow of -206 million euros due to internal transfers to unit-linked/Life Experience products and benefits paid, surrendered contracts, death benefits and matured contracts. The drop was cushioned by +174 million euros for 'uprenting' costs and +25 million euros for profit-sharing. We also observe an increase in the ageing reserve of +11 million euros.

(3) The 'Provision for claims outstanding' was up +215 million euros on its year-earlier level.

- This provision mainly relates to the Non-life business (+213 million euros).
- Changes in claim reserves are a snapshot and the result of a change in existing claim reserves due to a payout, a change in the reserve due to parameter updates (see page 9 Net claims incurred non-life), a change in the reserve due to re-estimates, closure of existing claims and a provision for new claims.
- The most significant increases were recorded in 'Civil liability car insurance' (+83 million euros), 'Industrial accidents insurance' (+59 million euros) and 'General civil liability insurance'(+37 million euros).

(4) The 'Provision for profit sharing and rebates' was up +5 million euros on its year-earlier figure.

- Profit allocation of -25 million euros was recorded (interest under profit-sharing) and -1 million euros (death benefits under profit-sharing) (over 2023).
- Transfer of +30 million euros (interest under profit-sharing) and +1 million euros (death benefits under profit-sharing)(related to 2024).

(5) The 'Provision for equalisation and catastrophe risks' was up +37 million euros on its year-earlier level.

- Net transfer to the provision under the 'Storm' (+15 million euros), 'Flood' (+11 million euros), 'Harvest' (+1 million euros), 'Civil liability' (+7 million euros), 'Attacks' (+1 million euros) and 'Acceptance' (+2 million euros) classes.

(6) The provisions for unit-linked life insurance (individual and group) were up +2 215 million euros on the year-earlier figure.

- Positive trend in share prices: +1 567 million euros.
- Net increase of +648 million euros in purchases (premiums, internal transfers) relative to sales (payments).

Other liability items

‘Amounts payable’ fell by -158 million euros, due mainly to a drop in amounts payable to credit institutions (-30 million euros) and other liabilities (-135 million euros).

(x 1.000 EUR)		31/12/2024	31/12/2023	Difference	% difference
42	**Other liabilities**	**692 882**	**850 701**	**-157 819**	**-18,6%**
421	Amounts payable regarding direct insurance operations	269 875	266 646	3 229	1,2%
422	Amounts payable regarding reinsurance operations	45 325	40 816	4 509	11,0%
424	Amounts payable to credit institutions	188 349	218 507	-30 158	-13,8%
425	Other liabilities	189 332	324 732	-135 400	-41,7%

The decrease in amounts payable to credit institutions was due to:

- The repo position entered into with KBC Bank (-24 million euros). Following the sale of a bond in March 2024, the funding was also discontinued.
- The cash collateral position for Surplus CSA (-5 million euros) and for Life Future 8 GMRA (-1 million euros) related to cash collateral received for the purpose of ‘margining’ (*) on repo and reverse repo transactions.

The decrease in other liabilities was mainly due to:

- Amounts payable for the dividend to be paid (-142 million euros): on 31 December 2023, this related to dividend payable in the context of the profit appropriation for 2023 of 233 million euros; on 31 December 2024, this related to dividend payable in the context of the profit appropriation for 2024 of 91 million euros.

We also observe a slight increase in debtors arising out of direct insurance operations (+3 million euros) and in debtors arising out of reinsurance operations (+5 million euros).

(*) ‘Margining’ is the mandatory exchange of collateral between the parties to such a transaction based on the market value of the transaction. This collateral may take the form of cash or securities.

(2) Income statement

Profit and loss reporting 31/12/2024				
(x 1.000 EUR)	**31/12/2024**	**31/12/2023**	**Difference**	**% difference**
Non life				
Net earned premiums	1 455 569	1 352 695	102 874	7,6%
Net claims	-981 976	-878 235	-103 741	11,8%
Net technical result	473 593	474 460	-867	-0,2%
Investment income & expense	69 812	65 433	4 380	6,7%
Net operating expenses	-451 163	-422 313	-28 850	6,8%
Result of the technical account Non-Life	**92 241,98**	**117 579,45**	**-25 337**	**-21,5%**
Net loss ratio non-life	65%	62%		
Net cost ratio non-life	31%	31%		
Combined ratio non-life	96%	92%		
Life				
Class 21 and 26				
Net earned premiums	1 118 243	841 301	276 942	32,9%
Net claims	-1 193 523	-928 348	-265 175	28,6%
Net technical result	-75 280	-87 047	11 767	-13,5%
Investment income & expense	331 323	312 941	18 382	5,9%
Net operating expenses	-128 150	-130 978	2 828	-2,2%
Fund for future appropriations	0	0	0	-
Result class 21 and 26	127 892	94 915	32 977	34,7%
Class 23 : net result	52 788	43 849	8 939	20,4%
Result of the technical account Life	**180 680**	**138 764**	**41 916**	**30,2%**
Non - technical				
Net investment income	136 358	262 323	-125 965	-48,0%
Other income and expenses	-28 298	-23 468	-4 830	-20,6%
Extraordinary result	-257	0	-257	-
Result non-technical	**107 803**	**238 855**	**-131 052**	**-54,9%**
Result before taxes	**380 725**	**495 199**	**-114 473**	**-23,1%**
Taxes	-63 957	-60 268	-3 689	6,1%
Movement of tax free reserves	367	367	0	0,0%
Result for the period available for appropriation	**317 135**	**435 297**	**-118 162**	**-27,1%**

Total				
Net earned premiums	2 573 812	2 193 996	379 816	17,3%
Net technical charges	-2 175 499	-1 806 583	-368 916	20,4%
Net technical result	398 313	387 413	10 900	2,8%
Class 23 : net result	52 788	43 849	8 939	20,4%
Net investment income	537 493	640 696	-103 203	-16,1%
Other income and expenses	-28 298	-23 468	-4 830	20,6%
Net operating expenses	-579 314	-553 292	-26 022	4,7%
Fund for future appropriations	0	0	0	-
Extraordinary result	-257	0	-257	-
Taxes and movement of tax free reserves	-63 590	-59 901	-3 689	6,2%
Result for the period available for appropriation	**317 135**	**435 297**	**-118 162**	**-27,1%**

The result for the financial year was -118 million euros lower than a year earlier (317 million euros compared to 435 million euros at year-end 2023). This decrease was accounted for by a decrease in the result for the non-life business (-25 million euros) and in the non-technical result (-131 million euros) and an increase in the result for the life business, including unit-linked products (+42 million euros), and in taxes (-4 million euros).

Non-life insurance

Net earned premiums in the non-life business were up +103 million euros on their level at year-end 2023. Gross earned premiums rose by +112 million euros. Increases were recorded in all activities, the highest of which were in:

- ‘Industrial accidents’ (+19 million euros): the increase resulted from a combination of new business (chiefly in the brokerage segment), premium increases and higher provisional premiums (advances) based on movements in the central index.
- ‘Fire’ (+37 million euros), with the estimated impact related to ABEX/premium increases being roughly +25 million euros. Furthermore, CyberSecure Insurance increased by roughly +2 million euros and the remaining +10 million euros can be explained by new production and extension of guarantees.
- Comprehensive insurance (+22 million euros), with the estimated impact related to premium increases being roughly +7 million euros. The premium increase was also attributable to the increase in new business and the higher average premium income due to the shift to electric vehicles.
- ‘Statutory liability for motor vehicles’ (+10 million euros), with the estimated impact related to premium increases being roughly +7 million euros.
- ‘General civil liability’ (+8 million euros): the increase resulted from a combination of premium increases and an increase in advances based on movements in the central index and higher settlements compared to last year.
- ‘Other’ (+8 million euros), +3 million euros of which was attributable to an increase in travel insurance.

Premiums transferred to reinsurance were -9 million euros higher than last year, mostly on account of inflation and growth of the portfolio.

Net claims incurred in the non-life business were -104 million euros higher than their level at year-end 2023, on account of:

- A higher level of regular claims (-24 million euros), mainly due to a combination of a higher number of claims and a slightly higher average provision for the current year’s claims.
- A higher gross impact of claims relating to storms (-11 million euros). Despite the increase, the impact of storms remained limited in 2024, as there were no major storms and only minor floods occurred in May and July.
- Higher large claims (-44 million euros). Deltas broken down by class:
  - ✓ ‘Statutory liability for motor vehicles’: -10 million euros, mainly on account of higher levels of claims in 2024 relating to old files.
  - ✓ ‘General civil liability’: -30 million euros, mainly on account of higher levels of claims in 2024 relating to old files.
  - ✓ ‘Industrial accidents’: +3 million euros, mainly on account of higher levels of reversals in 2024 relating to old files.
  - ✓ ‘Property’/’Miscellaneous’: -7 million euros.
- A parameter update of -46 million euros, mainly on account of:
  - ✓ An update of the indicative tables: -89 million euros as an update of the indicative tables was published in December 2024.
  - ✓ An update to the provision for statutory interest: +7 million euros.
  - ✓ A parameter update due to inflation: higher wage loss for victims and higher amounts to cover assistance from third parties: +36 million euros (-6 million euros in 2024 as opposed to -42 million euros in 2023).

- Higher IBNR provisions (-3 million euros), due mainly to the impact of the provision for potential PFAS/PFOS claims: -7 million euros (-10 million euros in 2024 compared to -3 million euros in 2023).
- Higher IBNER provisions (-2 million euros).
- Higher reclaimed technical charges (+14 million euros) primarily on account of:
  - ✓ Recoveries in ‘Fire’ (+9 million euros) and in one ‘Motorcycle’ file (+7 million euros).
  - ✓ Lower recoveries for the large file relating to the fire in the Sheraton Hotel in 2022 (-6 million euros).
- Other items (+12 million euros).
  - ✓ Equalisation provision (+8 million euros).
  - ✓ Lower costs for the interim and final actuarial reserves (+6 million euros).
  - ✓ Higher other technical costs mainly for industrial accidents (-2 million euros).

Net operating expenses in the non-life business rose by <u>-29 million</u> euros, owing to a higher net amount in fees paid (-17 million euros), mainly linked to a higher level of premium income, higher administrative expenses (-9 million euros) and higher acquisition costs (-3 million euros).

Life insurance – guaranteed-interest (class 21) and capitalisation (class 26) products

Net earned premiums in the life business rose by <u>+277 million euros</u>.
The main movements were an increase within Regular Life products (+20 million euros) and an increase in Life Experience products (+262 million euros).
The increase in Regular Life products was primarily attributable to:

- Higher premiums for funeral insurance (+2 million euros), the hospitalisation plan (+1 million euros), the voluntary supplementary pension scheme for the self-employed (+8 million euros), the Life plan (+3 million euros) and group insurance schemes (+8 million euros).
- These increases were partly offset by lower individual pension scheme premiums (-3 million euros), as a continued result of new regulations governing the tax deductibility of individual pension scheme premiums.

The significant increase in Life Experience products (+262 million euros), mainly in the last two quarters of 2024, was attributable to commercial campaigns.

Net technical charges rose by <u>-265 million euros</u>.

- Premiums added to the reserve (-278 million euros).
- An increase in ‘uprenting’ costs (-2 million euros) due to:
  - ✓ Materially higher ‘uprenting’ costs related to Life Experience products (-7 million euros), primarily on account of a higher volume (high sales in 2024), as well as an increase in the average GIR.
  - ✓ Partly offset by lower ‘uprenting’ costs relating to the declining Life Future 8 portfolios and Regular Life products.
- An increase in profit-sharing (-2 million euros).
- A decrease in technical charges for supplementary cover (+10 million euros) on account of a decrease in regular and large claims.
- Cash back campaigns to promote the sale of Life Experience products (-3 million euros).
- Higher technical charges recovered from the reinsurer (+3 million euros).
- Higher death benefits owing to higher premiums (+4 million euros) and lower levels of claims (risk capital paid) (+3 million euros).

Net operating expenses fell by <u>+3 million euros</u>, owing to stable acquisition costs, a slight decrease in administrative expenses (+1 million euros) and higher profit-sharing related to reinsurance contracts (+2 million euros).

Unit-linked life insurance products (class 23)

The result for unit-linked products was up +9 million euros, mainly on account of lower entry fees (-6 million euros), fees paid (+3 million euros) and higher net management fees received (+11 million euros).

(Other) investment income and charges

At 537 million euros, net investment income (excluding unit-linked products) was down -103 million euros on its 2023 level.
Other costs went up by -5 million euros to -28 million euros.
The main movements were:

- More interest being paid on bonds (+30 million euros), mainly due to lower income from inflation-linked bonds (delta of approximately -3 million euros) as a result of a smaller increase in inflation indices in 2024. Another factor was the impact of the portfolio development (+32 million euros), driven by higher average return and reinforced by slightly higher outstanding volumes compared to 2023 and the favourable impact of the 'number-of-day' effect (+1 million euros).
- Higher interest on swaps (+5 million euros).
    - ✓ Higher interest being paid on swaps to reduce interest-rate risk (+2 million euros) due to the increase in the volume.
    - ✓ Higher interest being paid on swaps to hedge the variable rate of the subordinated loan (+3 million euros).
- Less interest being paid on term loans (-1 million euros) as a result of a lower average volume due to loans being paid off and the absence of new loans.
- Interest income on time deposits gradually declined (-1 million euros) due to a lower average volume as a result of deposits reaching maturity and being replaced by higher-yielding assets.
- Higher interest cost on the subordinated loan (-3 million euros) due to a higher average variable rate in 2024.
- A decrease in internal dividend income (-105 million euros): ČSOB CZ (-67 million euros), DZI Life Insurance (-17 million euros), K&H Biztosító ZRT (-17 million euros), ČSOB SK (-5 million euros), Double U Building BV (-2 million euros), KBC Group RE (+2 million euros) and ADD (+2 million euros).
- A decrease in external dividend income (-9 million euros): in 2023, this figure included a 'non-structural' dividend from Agentuur voor Brandherverzekering CV (-6 million euros) resulting from a capital reduction.
- An increase in indirect real estate dividends (+3 million euros).
- A net realised gain on shares (+12 million euros).
- Impairment (provisioning and reversals) on shares and subsidiaries (-35 million euros):
    - ✓ In 2024, the total shares held in portfolio went up by +16.91%, which led to a high reversal of impairment (+11 million euros).
    - ✓ In 2023, this figure (+46 million euros) was driven by a high reversal of impairment linked to the favourable performance of the total shares held in portfolio (+18.95%) and a reversal of the total outstanding impairment charge for subsidiary ADD (+16 million euros).
- Lower real estate results (-2 million euros).
- Lower results from divestments and subsidiaries (-4 million euros).
    - ✓ The release in 2024 of the outstanding guarantees for KBC Vastgoed Nederland (+1 million euros).
    - ✓ The release in 2023 of the outstanding guarantees for KBC Vastgoed Nederland (+5 million euros).

  Higher realised results on bonds (+2 million euros).
    - ✓ The loss realised in 2023 (-2 million euros) due to the sale of bond positions on counterparties Berkshire Hathaway Inc. and Shell Inc.

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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF KBC VERZEKERINGEN NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2024

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of KBC Verzekeringen NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 27 April 2022, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Company's annual accounts for nine consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2024, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 35.362.082.654 and a profit and loss account showing a profit for the year of EUR 316.768.486.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2024, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory Auditor's responsibilities for the audit of the annual accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the annual accounts of the current period. This matter was addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Estimation uncertainty with respect to technical insurance provisions

Description of the Key Audit Matter

At year-end 31 December 2024 the technical insurance provisions (before reinsurance) amount to EUR 16.748.858.374. For detailed information regarding the valuation of the technical insurance provisions, please refer to Note 20 to the annual accounts (point 4 “technical provisions”).

An assessment is performed by the Company in order to confirm that the level of technical insurance provisions is sufficient to cover the estimated future cashflows of the insurance contracts. The calculation of the cashflows arising from insurance contracts is complex, highly judgmental and is based on assumptions which are affected by future economic and political conditions and government regulations. The assumptions used for the projections of the said cash flows in the life insurance business relate, mainly, to mortality, longevity, lapse and expense. The assumptions used for the non-life insurance assessment mainly relate to the amount of the claim, the number of incurred but not yet reported claims and general expenses.

How our Audit addressed the Key Audit Matter

We used our internal actuarial experts to assist us in performing our audit procedures. We performed procedures on the design and operating effectiveness of the Company’s controls to ascertain that the data used in the valuation of the technical provisions arising from insurance contracts are adequate and complete. These procedures include data analysis based on business rules and follow-up procedures on exceptions.

We performed testing of the Company’s procedures to determine the aforementioned assumptions, testing of the assumptions based on market observable data and actuarial analysis through backtesting of the assumptions used.

For the non-life insurance business, we have independently recalculated the level of adequacy of the claims reserves based on recognized actuarial techniques. We then compared our results with the results of the Company and obtained the necessary underlying documentation to justify material differences observed, if any.

For the life insurance business, we reviewed the analysis prepared by management of the movements of technical provisions for life insurance and, if necessary, examined the elements of the reconciliation. On a sample basis, we have also verified the accuracy of the (incoming and outgoing) cash flows used in the liability adequacy test.

We discussed the outcome of the actuarial analysis with the actuarial function holder of the Company.

Our procedures have allowed us to assess the valuation and the setting of the technical insurance provisions.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report, of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code, and to report on these matters.

Aspects related to the directors' report

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required under this Code, including, but not limited to, in relation to salaries and education, and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

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Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code that we have to report to you.
- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.
- We have evaluated the property effects resulting from the decisions of the board of directors dated 7 February 2024 and 14 March 2024 as described in section "Conflicts of interest that fell within the scope of Article 7:115, 7:116 or 7:117 of the CAC" of the directors' report and we have no remarks to make in this respect.
- By virtue of article 7:213 of the Companies' and Associations' Code, during the year an interim dividend has been distributed in relation to which we have prepared the attached report, in accordance with the legal requirements.

Diegem, 28 March 2025

The statutory auditor
PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
represented by

Damien Walgrave*
Bedrijfsrevisor/Réviseur d'Entreprises

*Acting on behalf of Damien Walgrave BV

Kurt Cappoen**
Bedrijfsrevisor/Réviseur d'Entreprises

**Acting on behalf of Kurt Cappoen BV

Appendix: Statutory auditor's review report on 5 November 2024 to the board of directors of KBC Verzekeringen NV on the statement of assets and liabilities in connection with the distribution of an interim dividend

Appendix:

Statutory auditor's review report on 5 November 2024 to the board of directors of KBC Verzekeringen NV on the statement of assets and liabilities in connection with the distribution of an interim dividend

To the attention of the board of directors of KBC Verzekeringen NV

STATUTORY AUDITOR'S REVIEW REPORT OF KBC VERZEKERINGEN NV ON THE STATEMENT OF ASSETS AND LIABILITIES IN CONNECTION WITH THE DISTRIBUTION OF AN INTERIM DIVIDEND (ART. 7:213 CAC)

In accordance with article 7:213 of the Companies' and Associations' Code (hereafter "CAC") and the Articles of Association of KBC Verzekeringen NV (hereafter "the Company"), we, in our capacity as statutory auditor, hereby present to the board of directors our review report on the statement of assets and liabilities as of 30 September 2024.

We have performed the review of the accompanying statement of assets and liabilities of the Company as of 30 September 2024 prepared in accordance with the financial reporting framework applicable in Belgium.

Responsibility of the board of directors for the preparation of the statement of assets and liabilities

The board of directors is responsible for the preparation of this statement of assets and liabilities of the Company as of 30 September 2024 in accordance with the financial reporting framework applicable in Belgium and with the principles of article 3:1, §1, 1° CAC, and for the compliance with the requirements of article 7:213 of the Companies' and Associations' Code.

Responsibility of the statutory auditor

We are responsible for formulating a conclusion on the statement of assets and liabilities based on our review. We conducted our review in accordance with ISRE 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". Such review of the Statement 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 International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all material matters that might be identified in an audit.

Consequently, we shall not express an audit opinion on this statement of assets and liabilities.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement of assets and liabilities of the Company as of 30 September 2024, showing a balance sheet total of EUR 34.905.979.136,34 and a result of the current period of 9 months of EUR 291.165.465,96, has not been prepared, in all material respects, in accordance with the financial reporting framework applicable in Belgium.

Limitation of use of our report

This report is prepared solely to address the requirements of article 7:213 of the Companies' and Associations' Code and may not be used for any other purpose.

Diegem, 5 November 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
represented by

Kurt Cappoen* Accredited auditor	Damien Walgrave** Accredited auditor
*Acting on behalf of Kurt Cappoen BV	**Acting on behalf of Damien Walgrave BV

Appendix: Statement of assets and liabilities as of 30 September 2024

KBC Verzekeringen NV

Statement of assets and liabilities as at 30-09-2024

*Amounts in units

Assets			Code	09-2024
A.		-		0,00
B.		Intangible assets (annex no. 1)	21	0,00
	I.	Formation expenses	211	0,00
	II.	Intangible assets	212	0,00
	1.	**Goodwill**	**212.1**	**0,00**
	2.	**Other intangible assets**	**212.2**	**0,00**
	3.	**Prepayments**	**212.3**	**0,00**
C.		Financial Assets (annex no. 1, 2 and 3)	22	18.572.021.518,75
	I.	Land and buildings (annex no. 1)	221	127.670.861,27
	1.	**Property of own use**	**221.1**	**0,00**
	2.	**Other**	**221.2**	**127.670.861,27**
	II.	Investments in affiliated undertakings and participations (annex no. 1, 2 and 18)	222	1.172.730.064,62
	-	**Affiliated undertakings**	**222.1**	**1.152.313.141,13**
	1.	Shares	222.11	1.152.313.141,13
	2.	Debt securities, loans	222.12	0,00
	-	**Other companies linked by participating interests**	**222.2**	**20.416.923,49**
	3.	Shares	222.21	20.416.923,49
	4.	Debt securities, loans	222.22	0,00
	III.	Other financial assets	223	17.271.273.064,75
	1.	**Shares, participating interests and other variable-yield securities (annex no 1)**	**223.1**	**923.592.676,56**
	2.	**Debt securities and other fixed-income securities (annex no.1)**	**223.2**	**14.184.104.497,31**
	3.	**Participation in investment pools**	**223.3**	**30.205.753,01**
	4.	**Loans guaranteed by mortages**	**223.4**	**833.964.818,84**
	5.	**Other loans**	**223.5**	**1.023.803.386,04**
	6.	**Term deposits with credit institutions**	**223.6**	**275.000.000,00**
	7.	**Other investments**	**223.7**	**601.932,99**
	IV.	Deposits with ceding undertakings	224	347.528,11
D.		Assets held for unit-linked funds	23	15.171.638.702,20

Liabilities			Codes	09-2024
A.		Equity (annex no 5)	11	1.367.501.454,61
	I.	Subscribed capital or equivalent fund under deduction of the non-uncalled capital	111	65.156.172,00
	1.	**Subscribed capital**	**111.1**	**65.156.172,00**
	2.	**Uncalled capital (-)**	**111.2**	**0,00**
	II.	Share premium	112	1.085.606.052,77
	III.	Revaluation reserves	113	0,00
	IV.	Reserves	114	216.710.119,69
	1.	**Legal reserves**	**114.1**	**6.515.617,20**
	2.	**Reserves not available for distribution**	**114.2**	**203.833.638,27**
	a)	own shares	114.21	203.184.639,56
	b)	other	114.22	648.998,71
	3.	**Untaxed reserves**	**114.3**	**6.360.864,22**
	4.	**Reserves available for distribution**	**114.4**	**0,00**
	V.	Result brought forward	115	29.110,15
	1.	**Profit from previous years**	**115.1**	**29.110,15**
	2.	**Loss from previous years**	**115.2**	**0,00**
	VI.	-	.	0,00
A'		Profit of the year		291.165.465,96
B.		Subordinated liabilities (annex no. 7 and 18)	12	500.000.000,00
Bbis.		Fund for future allocations	13	231.578.707,87
C.		Technical provisions (annex no. 7)	14	16.551.616.440,28
	I.	Provision for unearned premiums and provision for unexpired risk	141	361.644.879,28
	II.	Life assurance provision	142	12.609.090.074,55
	III.	Provision for claims outstanding	143	2.851.195.646,13
	IV.	Provision for bonuses and rebates	144	45.473.008,68
	V.	Equalisation and catastrophe provision	145	413.144.486,51
	VI.	Other technical provisions	146	271.068.345,13
D.		Technical provisions for unit-linked funds (annex no. 7)	15	15.171.638.702,20

Assets		Code	09-2024
Dbis.	Reinsurers' share in technical provisions	24	128.831.572,36
I.	Provision for unearned premiums and provisions for unexpired risk	241	3.922.892,03
II.	Life assurance provision	242	16.568.494,26
III.	Provision for claims outstanding	243	108.290.981,64
IV.	Provision for bonusses and rebates	244	0,00
V.	Other technical provisions	245	49.204,43
VI.	Technical provisions for unit-linked funds	246	0,00
E.	Receivables (annex no. 18 and 19)	41	252.789.728,74
I.	Direct insurance receivables	411	138.855.349,44
1.	**Receivables from policyholders**	**411.1**	**44.952.725,52**
2.	**Receivables from insurance intermediaries**	**411.2**	**29.952.310,01**
3.	**Other**	**411.3**	**63.950.313,91**
II.	Reinsurance receivables	412	25.768.487,62
III.	Other receivables	413	88.165.891,68
IV.	Called capital as yet unpaid	414	0,00
F.	Other assets	25	608.646.712,41
I.	Tangible assets	251	269.328,51
II.	Cash	252	405.192.744,34
III.	Own shares	253	203.184.639,56
IV.	Other	254	0,00
G.	Deferred charges and accrued income (annex no 4)	431/433	172.050.901,88
I.	Accrued interest and rent	431	167.428.992,90
II.	Activated acquisition costs	432	0,00
1.	**Insurance transactions non-life**	**432.1**	**0,00**
2.	**Insurance transactions life**	**432.2**	**0,00**
III.	Other	433	4.621.908,98
G'	-		0,00
Total		**21/43**	**34.905.979.136,34**

Liabilities		Code	09-2024
E.	Provisions other than technical provisions	16	5.586.565,42
I.	Provisions for pensions and other obligatory similar obligations	161	2.745.699,49
II.	Provisions for deferred income tax	162	2.120.402,53
III.	Other provisions (annex no 6)	163	720.463,40
F.	Deposits received from reinsurers	17	113.635.989,99
G.	Liabilities (annex no. 7 and 18)	42	645.637.726,31
I.	Amounts payable regarding direct insurance operations	421	322.630.569,38
II.	Amounts payable regarding reinsurance operations	422	39.198.119,18
III.	Non subordinated bonds	423	0,00
1.	**Convertible bonds**	**423.1**	**0,00**
2.	**Non convertible bonds**	**423.2**	**0,00**
IV.	Amounts owed to credit institutions	424	190.317.802,08
V.	Other liabilities	425	93.491.235,67
1.	**Liabilities regarding taxes, wages and social security charges**	**425.1**	**49.934.636,65**
a)	taxes	425.11	24.827.253,87
b)	wages and social security charges	425.12	25.107.382,78
2.	**Other**	**425.2**	**43.556.599,02**
H.	Accrued charges and deferred income (annex no 8)	434/436	27.618.083,70
H'	-		0,00
Total		**11/43**	**34.905.979.136,34**

Commitments and contingencies

	Codes	Bedragen
A. Security given by third parties or irrevocably promised for account of the company:	8.17.00	
B. Personal security given by the company or irrevocably promised for account of third parties:	8.17.01	386.810.177
C. Collateral security on own equity given by the company or irrevocably promised as		
security of the rights and obligations:		
a) of the company:	8.17.020	4.189.011.923
b) of third parties:	8.17.021	
D. Collateral received (other than cash):		
a) participations and values of reinsurers (CFR. Chapter III, Description		
and enclosure : assets C.III.1 and 2 and liabilities F:	8.17.030	
b) other:	8.17.031	6.039.634.942
E. Term transactions:		
a)Transactions on participations (purchases):	8.17.040	
b)Transactions on participations (sales):	8.17.041	
c)Transactions on foreign currency (to receive):	8.17.042	38.883.094
d)Transactions on foreign currency (to deliver):	8.17.043	35.727.045
e)Transactions on interest (purchases, ...):	8.17.044	962.800.000
f)Transactions on interest (sales, ...):	8.17.045	962.800.000
g)Other transactions (purchases, ...):	8.17.046	
h)Other transactions (sales, ...):	8.17.047	
F. Third party goods and values held by the company:	8.17.05	
G. Nature and business purpose of the regulations not registered in the balance, their financial consequences, if the risks or advantages as a result of these regulations are of any importance and as far the disclosure of these risks or advantages are necessary to judge the financial position of the company:	8.17.06	
Gbis. Nature and financial consequences of material events occurring after the balance sheet date that are not reflected in the income statement or balance sheet:	8.17.06B	
H. Other (to be determined):	8.17.07	3.570.450.002
IBS forward rev repo (deriv) betw tr and settle		1.781.000.002
IBS Debit amounts borrowed to be receiv. - repo		1.781.000.000
IBS Cash collateral received		8.450.000

A. Rules applying to the measurement of assets and liabilities (other than investments under assets heading D)

0. General

In conformity with Article 3 of the above-mentioned Royal Decree, the annual accounts are drawn up according to the principle of a true and fair view. A transparent, clear and consistent financial reporting is important for KBC Bank as a financial institution.

As such, KBC aims to align as much as possible, within the possibilities of the Belgian accounting law and the systems, with the international accounting standards IFRS, as applied for the consolidated annual accounts~~.~~

1. Depreciation rules

Depreciation is recorded against intangible and tangible fixed assets whose useful life is limited in order to spread the costs of acquisition (as these may be revalued from time to time) over their probable useful life. Depreciation are charged on a straight-line basis from the moment the assets are available for use.

Formation expenses are charged directly to the profit and loss account unless the Board of Directors decides otherwise.

Intangible fixed assets whose useful lifetime is limited are depreciated over five years unless the Board of Directors decides otherwise. Systems software is depreciated at the same rate as hardware and is therefore depreciated over a period of three years. Software other than systems software is depreciated over five years. Core systems with a longer useful life are depreciated straight line over their expected useful life with a minimum of an eight-year period. Core systems are types of standard software, including back-end data applications, for processing operations during the day and updates of the general ledger balances on the mainframe.

All tangible fixed assets are recognised at acquisition cost, less accumulated depreciation. They are recorded at acquisition cost, including ancillary, directly allocable costs (acquisition costs, non-deductible VAT etc.)

The rates of depreciation are determined on the basis of the anticipated useful economic life of the item and are applied according to the straight-line method. All tangible fixed assets are depreciated on an accruals basis from the time they are available for use. The ancillary costs are written off over the life of the asset. A write-down is charged for ancillary costs on the acquisition of land.

2. Impairment

Assets not susceptible to depreciation are impaired, if this is necessary, to take account of losses in value, whether definitive or otherwise. This impairment charge may not be upheld if, at the end of the financial year, it exceeds a current assessment of the drop in value for which it was constituted.

Intangible and tangible fixed assets whose useful life is not limited are written down in the event of a lasting diminution in value or impairment.

Participating interests and shares that are considered financial fixed assets are recognised at acquisition costs. Write downs are applied only in the event of a lasting impairment in or loss of value, established on the basis of the financial position, the profitability and the prospectus of the company concerned.

Impairment charges are written back immediately the stock market price rises, albeit to no more than the acquisition value.

Listed shares are impaired if the stock market price is sustainably (> 1 year) or significantly (> 30%) lower than the book value, showing that the impairment is sufficiently lasting in nature. The impairment charge is then equal to the difference between the carrying value and the stock market price. Impairment charges are written back immediately the stock market price rises, albeit to no more than the acquisition value.

Unlisted shares are written down in the event of a lasting diminution in value or impairment justified by the state, profitability or prospects of the company in which the holdings, shares or profit-share certificates are held.

Receivables including fixed-income securities that are recorded under 'investments in associates and holdings' are written down in the event that there is uncertainty as to whether all or part of the receivable will be paid when due.

Fixed-income securities and receivables reported under 'other financial investments' and assets reported under 'receivables' and 'loans' are impaired according to the principles that apply for the valuation of granted loans. When market value are declining below acquisition value, an impairment is recognised when there is uncertainty as to whether all or part of the receivable or security will be paid when due.

Fixed-income treasury securities (under 'other financial investments') serving to support liquidity are impaired if their market value is lower than the book value.

Impairment is booked on real estate certificates if their market value is less than their acquisition cost (LOCOM). These impairment charges are written back where the market value rises, up to a maximum of the acquisition cost of the underlying security.

Dated commercial credit are recorded in the balance sheet in the outstanding principal amount, plus the interest past due and sundry costs to be paid by the customers. Loans classified as irrecoverable and doubtful, specific write-downs are posted on a case-by-case basis in order to cover the losses which are considered certain or likely to ensue on the outstanding loans.

Investments under assets heading D (Branch 23) are recognised in the balance sheet at their carrying value in accordance with the statutory provisions.

3. Provisions for liabilities and charges

Provisions for liabilities and charges are intended to cover losses or charges, the nature of which is clearly defined and which at balance sheet date are either likely or certain to be incurred, but the amount of which is uncertain.

4. Technical provisions

The technical provisions must at all times be sufficient to guarantee that all insurance contract obligations can be met. For direct business, the provision for unearned premiums is in principle calculated according to the accruals method on a daily basis for each contract separately and based on gross premiums, net of commission.

For reinsurance contracts issued, the provision for unearned premiums is calculated for each contract separately based on information supplied by the ceding party, supplemented where necessary by the company's own past experience regarding the evolution of risks over time.

Provisions for the group of life insurance activities are measured according to prevailing actuarial principles.

The technical provisions for traditional class-21 life (non-unit linked) products and provisions for extra-legal benefits to employees in respect of accruing interest are calculated according to prospective actuarial formulas ased on the contracts' technical bases. However, traditional class-21 (non-unit-linked) life products, which offer a guaranteed 4.75%, are discounted at a rate of 4% (instead of the 4.75% based on the underwriting assumptions of the contract).

The technical provisions for modern class-21 and class-26 (non-unit-linked) life products and provisions for extra-legal benefits to employees in respect of new, supplementary deposits are calculated according to retrospective formulas based on the contracts' technical bases. Additionally, supplementary provisions are constituted in accordance with the 'flashing light'.

As of 1 January 2016, KBC Insurance uses the exemption to further increase the 'flashing light', after the formal approval of the National Bank of Belgium, under the condition that KBC Insurance respects the Solvency II rules without application of the so called transitional measures.

The technical provisions for branch-23 (unit-linked) life products are determined by multiplying the number of units per fund by the price per unit of the fund in question.

The provision for claims outstanding is calculated per claim or per contract based on known elements in the file and is supplemented by the requisite fixed and statutory provisions such as those for internal claims-handling costs or for claims incurred but not (enough) reported (IBNR and IBNER).

All amounts in the equalisation and catastrophe provision are allocated to offsetting non-recurring underwriting losses in the years ahead, equalising fluctuations in the loss ratio and covering special risks.

The shares of reinsurers in the technical provisions (recorded under assets) are calculated or estimated based on the stipulations set out in reinsurance contracts, supplemented where necessary by the company's own judgements and experience. Write-downs may be applied in the event of actual or probable default on the part of the reinsurer.

5. Revaluations

Property and equipment, participating interests, shares and profit-share certificates recognised on the balance sheet under assets heading C ('investments') may be revalued if, in light of their usefulness to the company, they exhibit an incontestable and lasting increase in value.

6. Other

If securities are sold, the carrying value of each one is determined on a case-by-case basis. All monetary items denominated in foreign currency are translated into their equivalent in euros at the spot rate on the balance sheet date. The balance of the positive and negative differences arising from the translation of the technical provisions denominated in foreign currency are recognised as a ‘change to the technical provisions’ headings in the profit and loss account. The balances arising from the translation of the technical non-life reinsurance provisions denominated in foreign currency are included under the corresponding ‘other technical charges’ heading in the technical account for the non-life business. The balance of the positive and negative differences arising from the translation of monetary items, other than the technical provisions, is taken to the profit and loss account as financial income or a financial expense. Differences are netted per currency.

Non-monetary items are valued on the basis of the historical rate at acquisition or, where appropriate, on the basis of the exchange rate at which the currency used to pay the price was purchased.. Expenses and income expressed in foreign currency are recognised in the profit and loss account at the spot rate prevailing when they are incurred (in some cases, at the spot rate at the end of the preceding month), or at a rate close to it.

B. Rules applying to the measurement of stocks as regards investments under assets heading D.

1. Investments other than land and buildings

Investments under assets heading D are recognised in the balance sheet at their carrying value in accordance with the statutory provisions.

2. Land and buildings

3. Other

The technical provisions for branch-23 (unit-linked) life insurance are computed by multiplying the number of units per fund by the price per unit of the fund in question.

C. Changes of valuation rules

Additional information

Ratios used

Combined ratio (non-life insurance)

Gives an insight into the technical profitability (i.e. after eliminating investment returns, among other items) of the non-life insurance business, more particularly the extent to which insurance premiums adequately cover claim payments and expenses. The combined ratio takes ceded reinsurance into account.

Calculation (in millions of EUR or %)	Reference	2024	2023
Non-life PAA – Claims and claim related costs net of reinsurance (A)	Note 3.6, component of 'Insurance revenues before reinsurance' & of 'Net result from reinsurance contracts held'	1 362	1 204
+			
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'	729	676
/			
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'	2 331	2 160
= (A+B) / (C)		89.7%	87.0%

Solvency ratio

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

(In millions of EUR)	31-12-2024	31-12-2023
Available capital	4 392	4 130
Solvency Capital Requirement (SCR)	2 196	2 005
Solvency II ratio	200%	206%
Solvency surplus	2 196	2 125

Management certification

‘I, Bartel Puelinckx, Chief Financial Officer of KBC Insurance, certify on behalf of the Executive Committee of KBC Insurance NV that, to the best of my knowledge, the financial statements, which are based on the relevant standards for annual accounts, fairly present in all material respects the assets, the financial condition and results of KBC Insurance NV and its consolidated subsidiaries, and that the annual report provides a fair overview of the development, results and the situation of KBC Insurance NV and its consolidated subsidiaries, as well as an overview of the main risks and uncertainties to which they are exposed.’