KBC GROUP
QUARTERLY REPORT 3Q2021

Report for 3Q2021

Consolidated financial statements

Additional information

KBC GROUP Report for 3Q2021

Management certification

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

Forward-looking statements

The expectations, forecasts and statements regarding future developments that are contained in this report are, of course, based on assumptions and are contingent on a number of factors that will come into play in the future. Consequently, the actual situation may turn out to be (substantially) different.

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This report contains information that is subject to transparency regulations for listed companies.
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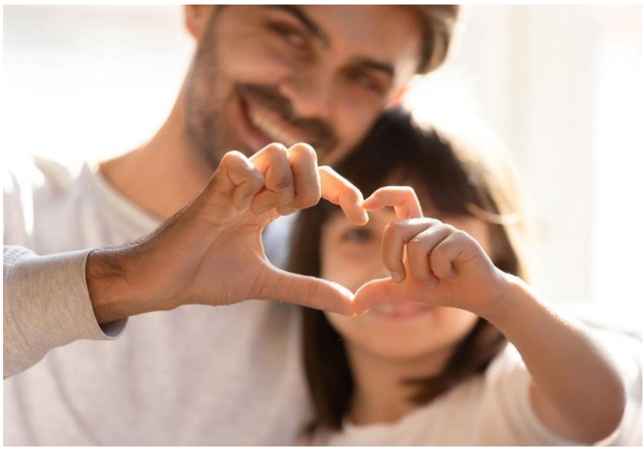


Third-quarter result of 601 million euros

KBC Group – overview (consolidated, IFRS)	3Q2021	2Q2021	3Q2020	9M2021	9M2020
Net result (in millions of EUR)	601	793	697	1 951	902
Basic earnings per share (in EUR)	1.41	1.87	1.64	4.59	2.08
Breakdown of the net result by business unit (in millions of EUR)					
Belgium	*603*	*528*	*486*	*1 511*	*605*
Czech Republic	*209*	*168*	*116*	*500*	*281*
International Markets	*-158*	*140*	*123*	*70*	*113*
Group Centre	*-53*	*-42*	*-28*	*-130*	*-97*
Parent shareholders' equity per share (in EUR, end of period)	53.0	51.8	46.2	53.0	46.2

Early in the third quarter, Belgium was confronted with the devastating consequences of heavy flooding in a number of provinces. We would once again like to express our heartfelt sympathy to everyone directly affected, as well as our deep appreciation to all the relief workers and volunteers who have been working tirelessly on behalf of the victims. We fully support the agreement reached following the talks held between Assuralia (the federation of the Belgian insurance sector) and the authorities, which provides greater security for all victims. Over the past few months, we have been using all our knowledge and expertise – via our broad network of insurance agents, experts and repairers – to ensure that the claims of the customers affected are settled quickly and properly. At the same time, the coronavirus crisis is still high on the agenda. In many countries, the large-scale rollout of vaccines is well under way or even in its final stages. Social life is gradually resuming, but caution is still paramount, as the virus is certainly not beaten yet. From the start of this crisis, we have taken responsibility in safeguarding the health of our staff and customers, while ensuring that services continue to be provided. We have also worked closely with government agencies to support all customers impacted by the coronavirus, implementing various measures such as loan payment holidays.

Over the past few months, we have signed a number of transactions that either strengthened or adjusted our geographic focus. At the end of July, for instance, we strengthened our share of the Bulgarian market by acquiring NN's Bulgarian pension insurance and life insurance businesses. And at the end of August, we reached an agreement to dispose of substantially all of the non-performing mortgage loan portfolio of KBC Bank Ireland. More recently, we also entered into a legally binding agreement relating to the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book to Bank of Ireland Group. A small portfolio of non-performing mortgages will also be sold as part of that transaction. The transaction remains subject to regulatory – including Irish competition – approvals. The immediate one-off P&L impact in the third quarter of these Irish transactions amounted to -0.3 billion euros after tax, while there will be a positive impact of approximately 0.2 billion euros upon closure. The finalisation of both deals will ultimately lead to KBC withdrawing from the Irish market and will have a positive impact on our common equity ratio of approximately 0.9 percentage points.

Profit amounted to 601 million euros in the quarter under review, despite 319 million euros negative one-off impact related to the pending sale transactions in Ireland. Total income went up quarter-on-quarter, as higher net interest income, net fee and commission income and net other income more than offset the lower non-life insurance result (which had been negatively impacted by the floods in Belgium) and the seasonally lower level of dividend income. Excluding one-off and non-operating items (including forex effects and bank taxes), costs remained virtually stable quarter-on-quarter. Loan loss impairment contributed positively to the result, as the reversal of previously recorded impairment charges for the coronavirus crisis more than offset the negative impact on impairment of the pending sale transactions in Ireland. As announced earlier, we will pay an interim dividend of 3 euros per share on 17 November 2021, comprising 2 euros per share for financial year 2020 and 1 euro per share as an advance on the total dividend for financial year 2021.

Lastly, I would like to say a few words about our mobile app. In September, KBC Mobile was crowned best mobile banking app in the world by independent international research agency, Sia Partners. This is a clear recognition of 10 years of innovation, development and carefully listening to our customers. The Digital First approach we launched a year ago is clearly paying off and demonstrates the innovative strength we can harness as a group, with the ultimate goal of making our customers' lives easier. I would also like to take this opportunity to explicitly thank our customers and all other stakeholders for the trust they continue to put in us.

Johan Thijs
Chief Executive Officer

The cornerstones of our strategy

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

Financial highlights in the third quarter of 2021

- **Net interest income** increased by 2% compared to the previous quarter and decreased by 1% compared to the year-earlier quarter. The net interest margin for the quarter under review was 1.80%, up 1 basis point on the previous quarter and down 1 basis point on the year-earlier quarter. Volumes continued to increase, with deposits excluding debt certificates growing by 1% quarter-on-quarter and 7% year-on-year, and loans up 2% quarter-on-quarter and 4% year-on-year. These figures were calculated on an organic basis (excluding the changes in the scope of consolidation and forex effects).

- Technical income from our **non-life insurance activities** (premiums less charges, plus the ceded reinsurance result) was down 18% and 23% on the level recorded in the previous and year-earlier quarters, respectively, due essentially to higher technical charges consequent on the heavy flooding in Belgium (with a gross impact 100 million euros). Non-life earned premiums went up 4% quarter-on-quarter and 8% year-on-year. The combined ratio for the first nine months of 2021 amounted to an excellent 87%. Sales of our **life insurance** products were down 7% on the level recorded in the previous quarter, but up 9% on the level recorded in the year-earlier quarter.

- **Net fee and commission income** was up 4% on its level in the previous quarter and by as much as 20% on the year-earlier quarter. In both cases, this was accounted for primarily by an increase in fees for our asset management activities and, to a lesser extent, higher fee income related to our banking services.

- The **trading & fair value result** was in line with the previous quarter's low figure and down 67% on the year-earlier quarter.

- All **remaining other income items** combined were 67% and 84% higher than the figure recorded in the previous and year-earlier quarters, respectively, thanks mainly to realised gains on the sale of bonds.

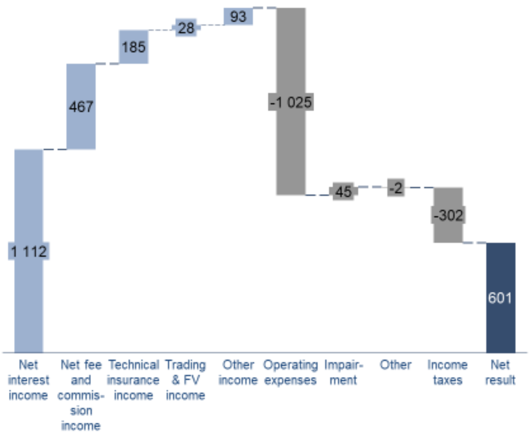
- **Costs** increased 5% quarter-on-quarter and 11% year-on-year. In both cases, this was almost entirely due to items such as forex effects, bank taxes, changes in the scope of consolidation (OTP Banka Slovensko) and one-off items, including 81 million euros of staff-related costs in Ireland in the quarter under review due to the pending sale transactions there. Excluding such items, costs remained virtually stable. The resulting cost/income ratio for the first nine months of 2021 amounted to 54%. In that calculation, certain non-operating items have been excluded and bank taxes spread evenly throughout the year. Excluding all bank taxes, the cost/income ratio amounted to 50% in the first nine months of 2021.

- The quarter under review included a 66-million-euro net release of **loan loss impairment**, compared to a net release of 130 million euros in the previous quarter, and a net charge of 52 million euros in the year-earlier quarter. The net release in the quarter under review was related to a significant reversal (260 million euros) of collective impairment previously recorded for the coronavirus crisis, which more than offset the one-off impairment of 170 million euros relating to the pending sale transactions in Ireland. As a consequence, the credit cost ratio in the first nine months of 2021 amounted to -0.20%, compared to 0.60% for full-year 2020 (a negative sign implies a positive impact on the results).

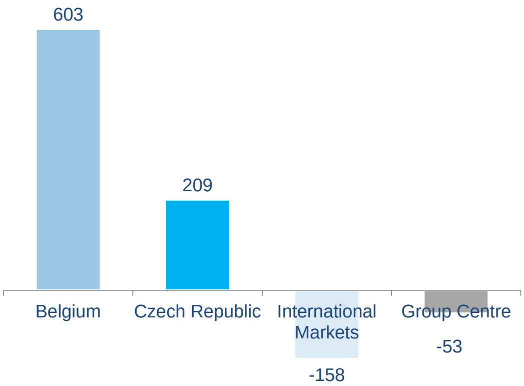
- **Income taxes** were up 43% quarter-on-quarter, due in part to the derecognition of deferred tax assets consequent on the pending sale transactions in Ireland.

- Our **liquidity position** remained strong, with an LCR of 167% and NSFR of 153%. Our **capital base** remained equally as robust, with a fully loaded common equity ratio of 16.4% (under ECB rules, this does not include the interim profit for the interim quarters).

Breakdown of 3Q2021 result
(in millions of EUR)



Contribution of the business units to 3Q2021 group result
(in millions of EUR)



Overview of results and balance sheet

Consolidated income statement, IFRS KBC Group (in millions of EUR)	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	9M2021	9M2020
Net interest income	1 112	1 094	1 068	1 067	1 122	3 274	3 400
Non-life insurance (before reinsurance)	150	213	238	192	233	601	673
Earned premiums	*484*	*463*	*453*	*450*	*448*	*1 399*	*1 327*
Technical charges	*-334*	*-250*	*-215*	*-258*	*-215*	*-798*	*-654*
Life insurance (before reinsurance)	12	10	12	4	1	35	6
Earned premiums	*256*	*272*	*292*	*382*	*267*	*820*	*841*
Technical charges	*-244*	*-262*	*-280*	*-378*	*-266*	*-786*	*-834*
Ceded reinsurance result	23	1	-13	10	-9	10	-30
Dividend income	11	18	7	11	12	36	41
Net result from financial instruments at fair value through P&L[1]	28	29	127	80	85	183	-47
Net realised result from debt instruments at fair value through other comprehensive income	4	-1	2	-1	1	5	4
Net fee and commission income	467	450	441	403	390	1 357	1 207
Net other income	77	38	53	37	37	168	139
Total income	1 884	1 853	1 933	1 802	1 872	5 671	5 394
Operating expenses	-1 025	-972	-1 320	-988	-926	-3 318	-3 168
Impairment	45	123	77	-122	-63	245	-1 060
Of which: on financial assets at amortised cost and at fair value through other comprehensive income[2]	*66*	*130*	*76*	*-57*	*-52*	*272*	*-1 018*
Share in results of associated companies & joint ventures	-2	1	-2	-2	-2	-3	-9
Result before tax	903	1 005	688	690	881	2 595	1 157
Income tax expense	-302	-211	-131	-152	-184	-644	-255
Result after tax	601	793	557	538	697	1 951	902
attributable to minority interests	0	0	0	0	0	0	0
attributable to equity holders of the parent	**601**	**793**	**557**	**538**	**697**	**1 951**	**902**
Basic earnings per share (EUR)	1.41	1.87	1.31	1.26	1.64	4.59	2.08
Diluted earnings per share (EUR)	1.41	1.87	1.31	1.26	1.64	4.59	2.08

Key consolidated balance sheet figures KBC Group (in millions of EUR)	30-09-2021	30-06-2021	31-03-2021	31-12-2020	30-09-2020
Total assets	354 336	368 596	351 818	320 743	321 053
Loans & advances to customers, excl. reverse repos	156 712	164 344	160 960	159 621	157 773
Securities (equity and debt instruments)	66 269	71 098	71 981	71 784	71 310
Deposits from customers excl. debt certificates & repos	198 021	201 420	197 268	190 553	185 182
Technical provisions, before reinsurance	18 971	18 976	18 939	18 718	18 613
Liabilities under investment contracts, insurance	13 213	13 128	12 922	12 724	12 482
Parent shareholders' equity	22 096	21 600	20 768	20 030	19 244

Selected ratios KBC group (consolidated)	9M2021	FY2020
Return on equity[3]	13%	8%
Cost/income ratio, group [when excluding certain non-operating items and spreading bank taxes evenly throughout the year]	59% [54%]	58% [57%]
Combined ratio, non-life insurance	87%	85%
Common equity ratio, Basel III Danish Compromise, fully loaded [transitional]	16.4% [16.9%]	17.6% [18.1%]
Common equity ratio, FICOD fully loaded [transitional]	15.7% [16.1%]	16.4% [16.9%]
Credit cost ratio[4]	-0.20%	0.60%
Impaired loans ratio	3.1%	3.3%
for loans more than 90 days past due	1.6%	1.8%
Net stable funding ratio (NSFR)	153%	146%
Liquidity coverage ratio (LCR)	167%	147%

1 Also referred to as 'Trading & fair value income'.
2 Also referred to as 'Loan loss impairment'.
3 16% when bank taxes are spread evenly throughout the year and the one-off items due to the pending sale transactions in Ireland are excluded.
4 A negative figure indicates a net impairment release (positively affecting results).

Impact of the pending sale transactions for KBC Bank Ireland's loan and deposit portfolios on the balance sheet: as of the third quarter of 2021, all assets and liabilities included in the disposal groups have been moved to 'Non-current assets held for sale and disposal groups' on the assets side of the balance sheet and to 'Liabilities associated with disposal groups' on the liabilities side of the balance sheet (derecognition upon closure of the deals). Impact on the income statement: the results of the disposal groups continue to be included in the relevant P&L lines until derecognition (closure of the deals). Impact on credit cost ratio and impaired loans ratio: Irish loan portfolio included until closure of the deals.

Analysis of the quarter (3Q2021)

Total income **1 884** million euros	• Total income up 2% quarter-on-quarter. • Net fee and commission income, net interest income and net other income up; non-life technical insurance income and dividend income down quarter-on-quarter.

Net interest income amounted to 1 112 million euros in the quarter under review, up 2% on its level in the previous quarter and down 1% on the year-earlier quarter. Quarter-on-quarter, net interest income benefited from the continued growth of lending volumes (see below), the rate hikes in the Czech Republic, more extensive charging of negative interest rates on certain current accounts held by corporate entities and SMEs, and the higher number of days in the quarter under review. These effects were partly offset by a number of factors, including the negative impact of lower reinvestment yields in euro-denominated countries, pressure on mortgage loan portfolio margins in Central and Eastern European countries and lower interest income generated by the insurer's bond portfolio (including inflation-linked bonds). Year-on-year, the small decrease in net interest income was due to a number of items, such as generally lower reinvestment yields, pressure on mortgage loan portfolio margins in Central and Eastern Europe and lower interest income generated by the insurer's bond portfolio (due in part to a positive 26-million-euro one-off item in the reference quarter), which more than offset the positive impact of the increase in the loan portfolio, the rate hikes in the Czech Republic, lower funding costs (including the positive impact of TLTRO III), the consolidation of OTP Banka Slovensko (included in the group result as of 2021), more extensive charging of negative interest rates on certain current accounts held by corporate entities and SMEs, and a positive forex effect. The net interest margin for the quarter under review amounted to 1.80%, up 1 basis point on the previous quarter and down 1 basis point on the year-earlier quarter. For an indication of the expected net interest income for full-year 2021, see 'Guidance' on page 11 of this publication.

Customer deposits excluding debt certificates were up 1% quarter-on-quarter and 7% year-on-year on an organic basis (eliminating the forex-related impact and the effects of changes in the scope of consolidation). The total volume of customer lending rose 2% quarter-on-quarter and 4% year-on-year on an organic basis. The volume of loans that were granted payment holidays under the various relief schemes amounted to 10.9 billion euros (including EBA-compliant moratoria and the now non-EBA-compliant scheme in Hungary, but excluding Ireland). Around 97% of the EBA-compliant moratoria have now expired and for almost 97% of these loans, payments have fully resumed. In addition, we granted some 1 billion euros in loans that fall under the various coronavirus-related government guarantee schemes in our home markets.

Technical income from our **non-life insurance activities** (earned premiums less technical charges, plus the ceded reinsurance result) contributed 174 million euros to total income, down 18% and 23% on its performance in the previous and year-earlier quarters, respectively. In both cases, the increase in earned premiums (+4% quarter-on-quarter and +8% year-on-year) and better reinsurance result (see below) were more than offset by a significant rise in technical charges (+34% quarter-on-quarter and +55% year-on-year), as the quarter under review included 100 million euros in claims related to the heavy flooding in parts of Belgium (note that after reinsurance, the net amount comes down to approximately 79 million euros, 38 million euros of which above the legal limit (which is the ceiling introduced in Belgian law on the intervention of insurers in the event of very large floods)). Overall, the combined ratio for the first nine months of 2021 amounted to what is still an excellent 87%, compared to 85% for full-year 2020.

Technical income from our **life insurance activities** (earned premiums less technical charges, plus the ceded reinsurance result) amounted to 11 million euros, compared to 10 million euros in the previous quarter and 0 million euros in the year-earlier quarter. Sales of life insurance products in the quarter under review (458 million euros) were down 7% on the level recorded in the previous quarter, due mainly to lower sales of unit-linked insurance products in Belgium and the Czech Republic. Life insurance sales were up 9% on the level recorded in the year-earlier quarter, due primarily to increased sales of unit-linked products in Belgium and Bulgaria (the latter supported by the consolidation of NN's Bulgarian life insurance activities). Overall, the share of unit-linked products in our total life insurance sales amounted to 53% in the quarter under review, with guaranteed-interest products accounting for the remaining 47%.

In the quarter under review, **net fee and commission income** amounted to 467 million euros, up 4% on its level in the previous quarter, essentially thanks to higher management fees for our asset management business, and, to a lesser extent, higher fees related to banking services (owing in part to a seasonally driven increase in payment service fees), and only slightly offset by higher distribution fees paid. Net fee and commission income was up by as much as 20% on its level in the year-earlier quarter, thanks to a combination of significantly higher fees for both our asset management services (+22%, attributable to higher management fees) and our banking services (+11%, due to higher fees for payment services, network income and securities transaction fees, among other things), and likewise only slightly offset by higher distribution fees paid. At the end of September 2021, our total assets under management amounted to 229 billion euros, up 1% quarter-on-quarter and 12% year-on-year. In both cases, the increase was due primarily to a further increase in asset prices, coupled with net inflows. Note that there was an important shift from low-margin institutional & advisory mandates towards retail funds.

The **net result from financial instruments at fair value** (trading & fair value income) amounted to a relatively low 28 million euros, more or less comparable to the low figure registered in the previous quarter and down 67% on the level recorded in the year-earlier quarter. Quarter-on-quarter, the increase in the market value of derivatives used for asset/liability management purposes was more or less offset by a lower result for the insurer's share portfolio and lower dealing room and other income. Year-on-year, the higher dealing room income and slightly better result recorded by the insurer's share portfolio could not offset the significant drop in market value adjustments and the lower market value of derivatives used for asset/liability management purposes.

The **other remaining income items** included dividend income of 11 million euros (more or less in line with the year-earlier figure, but down on the previous quarter, due to the fact that the second quarter of the year traditionally includes the bulk of received dividends) and 77 million euros in net other income. The latter was higher than the normal run rate for this item, thanks to relatively high realised gains on the sale of bonds. It should also be noted that net other income included two offsetting one-off items (a 13 million gain on the sale of the Antwerp Tower building and an additional amount of -13 million euros for the tracker mortgage review in Ireland).

Operating expenses

1 025 million euros

- Operating expenses were up 5% quarter-on-quarter and 11% year-on-year, in both cases almost entirely caused by items such as forex effects, bank taxes, changes in the scope of consolidation and one-off items, including costs recorded in Ireland related to the pending sale transactions.
- Group cost/income ratio for the first nine months of 2021 amounted to 54% (when certain non-operating items are excluded and bank taxes are spread evenly throughout the year) or 50% (when bank taxes are fully excluded).

Operating expenses in the third quarter of 2021 amounted to 1 025 million euros, up 5% on their level in the previous quarter. This increase was entirely accounted for by forex effects, bank taxes and several one-off items, among which the negative impact of costs related to the pending sale transactions in Ireland (81 million euros), the release of a cost provision due to the sale of the Antwerp Tower building (9 million euros) and the fact that the previous quarter had included the booking of an exceptional Covid-related bonus for staff (18 million euros). Year-on-year, expenses were up 11%. Again, this was largely related to items such as forex effects, bank taxes and changes in the scope of consolidation (OTP Banka Slovensko), as well as one-off items, including the negative impact of costs related to the pending sale transactions in Ireland and the release of a cost provision due to the sale of the Antwerp Tower building.

The cost/income ratio for the group came to 59% for the first nine months of 2021. Evenly spreading the bank taxes over the full year (in reality, the bulk of bank taxes is recorded in the first quarter of the year) and excluding certain non-operating items, the ratio amounted to 54%, compared to 57% for full-year 2020. When excluding all bank taxes, the cost-income ratio for the first nine months of the year fell to 50%.

For an indication of the expected increase in costs for full-year 2021, see 'Guidance' on page 11 of this publication.

Loan loss impairment

66-million-euro net release

- Release of loan loss impairment in the quarter under review, as reversals of collective impairment previously recorded for the coronavirus crisis more than offset the negative one-off impact of the pending sale transactions in Ireland.
- Credit cost ratio for the first nine months of 2021 at -0.20%.

In the third quarter of 2021, we recorded a 66-million-euro net release of loan loss impairment, compared with a net release of 130 million euros in the previous quarter and a net charge of 52 million euros in the third quarter of 2020. The 66-million-euros release in the quarter under review included a one-off 170-million-euro charge related to the pending sale transactions in Ireland and 23 million euros in charges for individual files, both of which were more than offset by the positive impact of a 260-million-euros release of previously recorded collective coronavirus-related impairment. As a consequence, the remaining collective impairment for the coronavirus crisis on the books at the end of September 2021 fell to 368 million euros, down from 628 million euros at the end of June. A detailed calculation and background information regarding collective impairment charges for the coronavirus crisis is provided in Note 1.4 of the 'Consolidated financial statements' section of the quarterly report.

Broken down by country, net reversals of loan loss impairment came to 139 million euros in Belgium, 50 million euros in the Czech Republic, 14 million euros in Slovakia, 12 million euros in Hungary and 2 million euros in Bulgaria, with only Ireland (due to the pending sale transactions there) and the Group Centre recording an increase in loan loss impairment (of 149 million euros and 2 million euros, respectively).

For the entire group, the credit cost ratio amounted to -0.20% for the first nine months of 2021 (0.10% excluding the amount recorded for the coronavirus crisis), compared to 0.60% for full-year 2020 (0.16% excluding the amount for the coronavirus crisis). A negative figure implies a positive impact on the result. At the end of September 2021, some 3.1% of our total loan book was classified as impaired (Stage 3), compared to 3.3% at year-end 2020. Impaired loans that are more than 90 days past due amounted to 1.6% of the loan book, compared to 1.8% at year-end 2020. Note: excluding the one-off impairment charge in Ireland, the credit cost ratio excluding the coronavirus crisis impact would be -0.02%, while the impaired loans ratio excluding Ireland would be 2.5%.

For an indication of the expected impact of loan loss impairment for full-year 2021, see 'Guidance' on page 11 of this publication.

Impairment on assets *other than loans* amounted to 21 million euros, compared to 6 million euros in the previous quarter and 11 million euros in the third quarter of 2020. The figure for the quarter under review included some 15 million euros in impairment for tangible and intangible assets related to the pending sale transactions in Ireland referred to above, as well as some 5 million euros in Hungary related to modification losses on the extension of the payment moratorium.

Net result by business unit	Belgium	Czech Republic	International Markets	Group Centre
	603 million euros	209 million euros	-158 million euros	-53 million euros

Belgium: the net result (603 million euros) was up 14% quarter-on-quarter due to the combined effect of the increase in net other income and net fee and commission income, offset by a significant decline in the technical non-life insurance result (which was related to the severe flooding in parts of the country) and, to a lesser extent, lower net interest income, trading & fair value income and dividend income, lower costs (the third quarter includes a positive one-off item and the previous quarter had included an exceptional Covid-related bonus for staff) and significantly higher loan loss impairment reversals than in the previous quarter.

Czech Republic: the net result (209 million euros) was up 24% on its level for the previous quarter, excluding forex effects. This was due to a combination of higher total income (thanks to the increase in net interest income and in trading & fair value income), lower costs (partly because the previous quarter had included an exceptional Covid-related bonus for staff), and a more or less stable level of impairment releases compared to the previous quarter.

International Markets: the -158-million-euro net result breaks down as follows: 29 million euros in Slovakia, 62 million euros in Hungary, 33 million euros in Bulgaria and -282 million euros in Ireland. For the business unit as a whole, the net result was down 298 million euros quarter-on-quarter, almost entirely on account of Ireland, where the impact of the pending sale transactions there resulted in one-off costs, additional impairment and a negative tax effect.

Group Centre: the net result (-53 million euros) was 11 million euros lower than the figure recorded in the previous quarter, due in part to the combination of slightly lower total income, higher costs and lower impairments.

	Belgium		Czech Republic		International Markets	
Selected ratios by business unit	**9M2021**	**FY2020**	**9M2021**	**FY2020**	**9M2021**	**FY2020**
Cost/income ratio, group (when excluding certain non-operating items and spreading bank taxes evenly throughout the year)	50%	54%	54%	52%	63%	64%
Combined ratio, non-life insurance	87%	84%	87%	87%	85%	84%
Credit cost ratio*	-0.29%	0.57%	-0.47%	0.67%	0.41%	0.78%
Impaired loans ratio	2.4%	2.3%	2.0%	2.3%	5.9%	6.9%

* A negative figure indicates a net impairment release (positively affecting results). See 'Details of ratios and terms' in the quarterly report.

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

Equity, solvency and liquidity	Total equity	Common equity ratio (fully loaded)	Liquidity coverage ratio	Net stable funding ratio
	23.6 billion euros	16.4%	167%	153%

At the end of September 2021, total equity amounted to 23.6 billion euros, comprising 22.1 billion euros in parent shareholders' equity and 1.5 billion euros in additional tier-1 instruments. Total equity was up 2.1 billion euros on its level at the end of 2020. This was accounted for by the combined effect of a number of items, including the profit for the first nine months of 2021 (+2 billion euros), payment of the dividend to shareholders in May 2021 (-0.2 billion euros), an increase in the revaluation reserves (+0.3 billion euros) and a number of minor items. We have provided details of these changes under 'Consolidated statement of changes in equity' in the 'Consolidated financial statements' section of the quarterly report.

On 30 September 2021, our fully loaded common equity ratio (Basel III, under the Danish compromise) amounted to 16.4%, compared to 17.6% at the end of 2020. The decrease is largely due to the dividend payout of 3 euros per share foreseen in November. Under ECB rules, the ratio for 30 September 2021 does not include the interim profit for the 9-month period. Note that, at completion of the transaction with Bank of Ireland Group (expected in the second half of 2022), the common equity ratio will improve by +0.9%-points primarily due to reduced risk-weighted assets. The solvency ratio for KBC Insurance under the Solvency II framework was 218% at the end of September 2021, compared to 222% at the end of 2020 (down mainly as a result of the acquisition of the Bulgarian pension and life insurance activities of NN). We have provided more details and additional information on solvency under 'Solvency' in the 'Additional information' section of the quarterly report.

Our liquidity position remained excellent too, as reflected in an LCR ratio of 167% and an NSFR ratio of 153%, compared to 147% and 146%, respectively, at the end of 2020.

Analysis of the year-to-date period (9M2021)

Net profit **1 951 million euros**	• Net profit more than doubled year-on-year. • The 2020 reference period had included high collective loan loss impairment charges related to the coronavirus crisis (784 million euros) compared to a net release (415 million euros) in the current period. • Additionally, trading & fair value income, net fee and commission income and net other income were all up. Net interest income, the non-life technical insurance result and dividend income were down. Costs increased year-on-year, though the increase was caused entirely by one-off items, forex effects, bank taxes and changes in the scope of consolidation.

Highlights (compared to the first nine months of 2020):

- Lower net interest income (down 4% to 3 274 million euros), due to a number of factors, including lower reinvestment yields in general, pressure on mortgage loan portfolio margins in Central and Eastern European countries and lower interest income generated by the insurer's bond portfolio (due in part to a 26-million-euro one-off item in the reference period). These items were only partly offset by the positive impact of lower funding costs (including the impact of TLTRO III), a larger loan portfolio, the consolidation of OTP Banka Slovensko, more extensive charging of negative interest rates on certain current accounts held by corporate entities and SMEs, the higher netted positive impact of ALM forex swaps and a positive forex effect. On an organic basis (excluding changes in the scope of consolidation and forex effects), the volume of deposits excluding debt certificates increased by 7% and customer lending volumes went up by 4% year-on-year. The net interest margin in the first nine months of 2021 came to 1.79%, down 7 basis points year-on-year.
- Slight decrease in the contribution to profit made by the technical insurance result (down 0.5% to 646 million euros). The non-life insurance technical result was down 5% on the figure for the year-earlier period, on account of the increased level of technical charges (related to the floods in Belgium and the tornado in the Czech Republic, among other things), which could not be offset entirely by the higher level of premium income and a better ceded reinsurance result. The year-to-date non-life combined ratio amounted to 87%, compared to 85% for full-year 2020. Life insurance sales (1 423 million euros) were up slightly (by 1%), thanks to increased sales of unit-linked products.
- Higher net fee and commission income (up 12% to 1 357 million euros), attributable primarily to an increase in fees for asset management services and, to a lesser extent, higher fees for certain banking services. At the end of September 2021, total assets under management amounted to 229 billion euros, up 12% on the level recorded a year earlier (11% price increase, 1% net inflow).
- Much higher trading & fair value income (up from -47 million euros to 183 million euros). The figure for the reference period had included the extremely negative performance in the first quarter of 2020 (-385 million euros), as the outbreak of the coronavirus crisis in that quarter initially caused stock markets to tumble, credit spreads to widen and long-term interest rates to fall.
- Higher level of all other income items combined (up 14% to 209 million euros) due to higher net other income (which benefited from high realised gains on the sale of bonds, among other things).
- Higher operating expenses (up 5% to 3 318 million euros), entirely related to forex effects, higher bank taxes, the consolidation of OTP Banka Slovensko and a number of one-off items, including staff costs related to the pending sale transactions in Ireland and the booking of an exceptional Covid-related bonus awarded to staff. Excluding these items, costs were more or less stable year-on-year. The year-to-date cost/income ratio came to 59%, or an adjusted 54% when bank taxes are evenly spread throughout the year and certain non-operating items excluded (compared to 57% for full-year 2020). When bank taxes are fully excluded, the cost-income ratio for the nine-month period under review amounted to 50%.
- Significant decrease in loan loss impairment (net reversal of 272 million euros, as opposed to a net charge of 1 018 million euros in the reference period). Note that the reference period included 784 million euros in collective impairment charges for the coronavirus crisis, compared to a net release of 415 million euros in the current period. This was partly offset by the negative 170-million-euro one-off impact related to the pending sale transactions in Ireland. As a result, the credit cost ratio for the whole group improved to -0.20%, compared to 0.60% for full-year 2020 (a negative figure implies a positive impact on the result).
- The 1 951-million-euro net result for the first nine months of 2021 breaks down as follows: 1 511 million euros for the Belgium Business Unit (up 906 million euros on the year-earlier level), 500 million euros for the Czech Republic Business Unit (up 218 million euros), 70 million euros for the International Markets Business Unit (down 42 million euros) and -130 million euros for the Group Centre (down 33 million euros). The result for the International Markets Business Unit for the first nine months of 2021 included 67 million euros for Slovakia, 180 million euros for Hungary, 85 million euros for Bulgaria and -261 million euros for Ireland (owing to the impact of the pending sale transactions there).

Recent ESG developments

We take our role in society, and more particularly as regards financing the transition to a greener and more sustainable economy, very seriously. During the quarter under review, we have continued our work to analyse the risks and opportunities for our most climate-impacted sectors and related products. In line with the commitments made, we will set Paris-aligned targets for these sectors by the third quarter of 2022. One concrete decision prompted by this analysis is to abstain from financing the development of any new oil or gas fields. This restriction, which was announced on 27 October 2021, comes on top of the existing ban on unconventional oil and gas fields (Arctic and Antarctic on- and off-shore oil and gas, deep-water drilling, tar sands, shale oil and gas). In addition, the term of all new financing to vertically integrated oil and gas companies will be limited to 2030 at the latest, unless the company concerned has publicly committed to no longer start operating new oil or gas fields. These new restrictions are in line with the most recent findings of the International Energy Agency (IAE), which show that a sufficient number of oil and gas resources have now been tapped to cover global primary energy supply.

We would also like to repeat that, as announced earlier, after starting to reduce our direct exposure to the thermal coal-related sector (mining as well as electricity or heat generation) as of 2016, we have brought our direct exposure to coal-related projects and activities down to zero as per 30 June 2021. We achieved this goal six months ahead of schedule and estimate that we have reduced the related financing of CO2 emissions by approximately 6 million tonnes over the course of the past five years, i.e. equating to the emissions that would have resulted from about 5 400 flights between Brussels and New York.

During the quarter under review, čSOB in the Czech Republic also successfully completed its first euro-denominated corporate bond mandate (worth 1 billion euros) for CTP, in accordance with the ICMA Green Bond Standards. CTP is a leading logistic property owner and developer in Central Europe. As an industry frontrunner in sustainable finance, CTP allocates all proceeds from its bond transactions to buildings with very good or excellent external sustainability certificates.

In general, we are very happy to see our customers show an increased interest in sustainability and a clearly heightened awareness of climate-related action. We have had, for instance, over 750 discussions on climate with corporate clients in Belgium to inspire and challenge them since the second quarter of 2020. Year to date, this has led to 65 corporate clients taking specific actions mitigating climate change together with Encon, KBC Belgium Corporate Banking's partner in sustainability. These actions take various forms such as the set-up of a sustainability strategy or investment projects in real estate, energy and mobility. KBC Asset Management has also witnessed a continued inflow of money into our socially responsible investment funds. These funds amounted to 22.2 billion euros as at 30 September 2021, up one-third since the end of 2020.

Risk statement, economic views and guidance

Risk statement

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

At present, a number of items are considered to constitute the main challenges for the financial sector. These stem primarily from the impact of the coronavirus crisis on the global economy, both as a result of a new surge in infections and following on from supply-side shortages triggered by the pandemic and related inflation fears. These risks come on top of the risks related to macroeconomic and political developments that affect global and European economies, including KBC's home markets. Regulatory and compliance risks (including with regard to capital requirements, anti-money laundering regulations and GDPR) remain a dominant theme for the sector, as does enhanced consumer protection. Digitalisation (with technology as a catalyst) presents both opportunities and threats to the business model of traditional financial institutions, while climate-related risks are becoming increasingly prevalent, as evidenced by the summer floods in Western Europe, including in Belgium. Finally, cyber risk has become one of the main threats during the past few years, not just for the financial sector, but for the economy as a whole.

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

Our view on economic growth

As was the case in the second quarter, quarterly growth in the US and the euro area was positive again in the third quarter, despite growth decelerating in the US. The euro area economy grew in the third quarter at the same quarterly rate as in the second quarter (2.2%). European economic activity is likely to return to its pre-pandemic level by the end of 2021. Our growth outlook for KBC's home markets is broadly aligned with our outlook for the euro area. In other words, we estimate that quarterly growth in the third quarter was positive again and above the long-term potential growth rate. Based on currently available GDP data, third-quarter economic growth actually increased to 1.8% in Belgium (compared to 1.7% in the second quarter), while it also increased to 1.4% in the Czech Republic (compared to 1.0% in the second quarter). The main risks to our short term growth outlook include longer-than-expected supply-side bottlenecks, more persistent high energy prices and a damaging cost-push spiral if rising inflation expectations become persistently embedded in the wage formation process.

Our view on interest rates and foreign exchange rates

The Fed decided to start 'tapering' its bond buying programme from November 2021 on. The first Fed rate hike is likely to occur in 2022, after the tapering process is completed. This scenario is consistent with the Fed's own forward guidance, the overall favourable performance of the US labour market and strong inflation dynamics at present.

Both US and German 10-year yields decreased at the beginning of the third quarter, before bottoming out and starting to rise again to levels that are currently slightly higher than at the start of the third quarter (particularly in the US). We expect a continuation of the upward trend in the fourth quarter of 2021 and early 2022, due mainly to higher inflation expectations and the market expectation of earlier Fed tightening. For German yields, the correlation with US yields plays a role, as does the imminent end of the ECB's PEPP (expected in March 2022), with more clarity about what programme comes next and possibly more concrete forward guidance about the ECB's rate policy. As a result of the ECB continuing to provide ample liquidity and maintain low policy rates, we expect intra-EMU sovereign spreads to remain broadly stable at their current compressed levels.

In order to bring high inflation back into its symmetric tolerance band around the inflation target of 2%, the Czech National Bank (CNB) started to raise its policy rate at the end of June, followed by another rate hike in early August (by 25 basis points each time). The persistence of inflationary pressure led the CNB to more sizeable rate hikes of 75 basis points at the end of September and of 125 basis points in the beginning of November to the current level of 2.75%. Based on the CNB's communication, we expect that its tightening cycle is not yet completed. The National Bank of Hungary (NBH) also began its tightening cycle in late June in reaction to inflation rising well above the NBH's target. It raised its base rate again in July and August, each time in larger than expected steps of 30 basis points. This was followed by more moderate steps of 15 basis points each in September and October, bringing the base rate to its current level of 1.80%. We expect the NBH's tightening cycle to continue until at least the beginning of 2022.

As regards exchange rates, the third quarter was a volatile period for the Czech koruna. In November, the koruna slightly appreciated against the euro after the CNB's stronger than expected rate hike. We expect the koruna to gradually appreciate further against the euro from current levels, mainly as a result of the interest rate differential with the euro area. The Hungarian forint was even more volatile than its Czech counterpart in the third quarter and depreciated, on balance, against the euro. We expect the Hungarian forint to remain broadly stable around its current level in the fourth quarter. After a possible temporary rebound in the first quarter of 2022 due to the interest rate differential with the euro area, the forint is likely to resume its gradual depreciation path against the euro, caused by inflation differentials.

Guidance

Full-year 2021 guidance

- Net interest income: maintained at approximately 4.4 billion euros.
- Operating expenses excluding bank taxes: adjusted to slightly below +2% year-on-year like-for-like (the impact of the acquisition of OTP Banka Slovensko as of 2021, the one-off -18 million euros Covid-related bonus in the second quarter of 2021 and the one-off items in the third quarter of 2021 (mainly related to Ireland) come on top).
- Credit cost ratio: adjusted to around -10 basis points (excluding potential further coronavirus crisis ECL reversals in the fourth quarter of 2021).

Basel 4 impact (assuming a static balance sheet at 30 September 2021): reconfirmed at roughly 8 billion euros higher risk weighed assets on a fully loaded basis (impact between 2025 and 2033). This corresponds with 7% risk-weighted assets inflation and -1.1 percentage points impact on the common equity ratio at 30 September 2021. Note that the Basel 4 impact will be phased-in, and therefore the first-time application impact on risk-weighted assets in 2025 will only be approximately 2 billion euros.

Upcoming events	Dividend dates: ex-coupon 15 November 2021, record 16 November 2021, payment 17 November 2021. 4Q2021 results: 10 February 2022
More information on 3Q2021	Quarterly report: www.kbc.com / Investor Relations / Reports Company presentation: www.kbc.com / Investor Relations / Presentations
Detailed impact of coronavirus crisis	Quarterly report, Note 1.4 in 'Consolidated financial statements according to IFRS' Company presentation, section 2 on 'Covid-19'
Definitions of ratios	'Details of ratios and terms at KBC Group level' in the last section of the quarterly report.

KBC Group

Consolidated financial statements according to IFRS

3Q 2021 and 9M 2021

Section reviewed by the Auditor

Glossary

AC: Amortised Cost

AFS: Available For Sale (IAS 39)

ALM: Asset Liability Management

ECL: Expected Credit Loss

FA: Financial Assets

FV: Fair Value

FVO: Fair Value Option (designated upon initial recognition at Fair Value through Profit or Loss)

FVOCI: Fair Value through Other Comprehensive Income

FVPL: Fair Value through Profit or Loss

FVPL – overlay: Fair Value through Profit or Loss - overlay

GCA: Gross Carrying Amount

HFT: Held For Trading

MFVPL: Mandatorily Measured at Fair Value through Profit or Loss (including HFT)

OCI: Other Comprehensive Income

POCI: Purchased or Originated Credit Impaired Assets

SPPI: Solely payments of principal and interest

SRB: Single Resolution Board

R/E: Retained Earnings

Consolidated income statement

(in millions of EUR)	Note	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Net interest income	3.1	3 274	3 400	1 112	1 094	1 122
Interest income	*3.1*	*4 566*	*4 800*	*1 557*	*1 529*	*1 468*
Interest expense	*3.1*	*- 1 291*	*- 1 400*	*- 445*	*- 434*	*- 346*
Non-life insurance (before reinsurance)	3.7	601	673	150	213	233
Earned premiums	*3.7*	*1 399*	*1 327*	*484*	*463*	*448*
Technical charges	*3.7*	*- 798*	*- 654*	*- 334*	*- 250*	*- 215*
Life insurance (before reinsurance)	3.7	35	6	12	10	1
Earned premiums	*3.7*	*820*	*841*	*256*	*272*	*267*
Technical charges	*3.7*	*- 786*	*- 834*	*- 244*	*- 262*	*- 266*
Ceded reinsurance result	3.7	10	- 30	23	1	- 9
Dividend income		36	41	11	18	12
Net result from financial instruments at fair value through profit or loss	3.3	183	- 47	28	29	85
of which result on equity instruments (overlay approach)		*76*	*- 37*	*17*	*24*	*13*
Net realised result from debt instruments at fair value through OCI		5	4	4	- 1	1
Net fee and commission income	3.5	1 357	1 207	467	450	390
Fee and commission income	*3.5*	*1 975*	*1 763*	*686*	*650*	*575*
Fee and commission expense	*3.5*	*- 618*	*- 556*	*- 219*	*- 200*	*- 184*
Net other income	3.6	168	139	77	38	37
TOTAL INCOME		5 671	5 394	1 884	1 853	1 872
Operating expenses	3.8	- 3 318	- 3 168	- 1 025	- 972	- 926
Staff expenses	*3.8*	*- 1 842*	*- 1 703*	*- 659*	*- 607*	*- 564*
General administrative expenses	*3.8*	*- 1 223*	*- 1 191*	*- 279*	*- 283*	*- 267*
Depreciation and amortisation of fixed assets	*3.8*	*- 252*	*- 274*	*- 87*	*- 83*	*- 96*
Impairment	3.10	245	- 1 060	45	123	- 63
on financial assets at AC and at FVOCI	*3.10*	*272*	*- 1 018*	*66*	*130*	*- 52*
on goodwill	*3.10*	*0*	*0*	*0*	*0*	*0*
other	*3.10*	*- 27*	*- 42*	*- 21*	*- 6*	*- 11*
Share in results of associated companies and joint ventures		- 3	- 9	- 2	1	- 2
RESULT BEFORE TAX		2 595	1 157	903	1 005	881
Income tax expense		- 644	- 255	- 302	- 211	- 184
Net post-tax result from discontinued operations		0	0	0	0	0
RESULT AFTER TAX		1 951	902	601	793	697
attributable to minority interests		0	0	0	0	0
of which relating to discontinued operations		*0*	*0*	*0*	*0*	*0*
attributable to equity holders of the parent		**1 951**	**902**	**601**	**793**	**697**
of which relating to discontinued operations		*0*	*0*	*0*	*0*	*0*
Earnings per share (in EUR)						
Ordinary		4.59	2.08	1.41	1.87	1.64
Diluted		4.59	2.08	1.41	1.87	1.64

We describe the impact of the most significant acquisitions and disposals in 2020 and 2021 (the acquisition of OTP Banka Slovensko, the acquisition of NN's Bulgarian pension and life insurance business and the sale of the Irish credit and deposit portfolios) in Note 6.6 further in this report.

Overview impact of the overlay approach on the consolidated income statement

The equity instruments of the insurance companies within the group are designated under the overlay approach. These equity instruments, mainly classified as AFS under IAS 39, would have been measured at fair value through P&L under IFRS 9. The overlay approach reclassifies from the income statement to OCI the extra volatility related to the adoption of IFRS 9 as long as IFRS 17 is not in place, until 31 December 2022 (subject to EU endorsement).

The extra volatility due to IFRS 9, reclassified out of the net result from financial instruments at fair value through profit or loss to the revaluation reserves of equity instruments (overlay approach) refers to the unrealised fair value fluctuations amounting to +96 million euros in 9M 2021. It can be summarized as the difference between :

- IFRS 9 result (without applying the overlay): +173 million euros of which +176 million euros realized and unrealized fair value adjustments included in 'net result from financial instruments at fair value through profit or loss' and -3 million euros income taxes;
- IAS 39 result: +76 million euros including net realized result amounting to +91 million euros and impairment loss of -15 million euros.

Consolidated statement of comprehensive income (condensed)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
RESULT AFTER TAX	1 951	902	601	793	697
Attributable to minority interests	0	0	0	0	0
Attributable to equity holders of the parent	1 951	902	601	793	697
OCI THAT MAY BE RECYCLED TO PROFIT OR LOSS	60	- 316	- 65	141	20
Net change in revaluation reserve (FVOCI debt instruments)	- 353	90	- 49	- 79	80
Net change in revaluation reserve (FVPL equity instruments) - overlay	96	- 81	- 13	59	5
Net change in hedging reserve (cashflow hedges)	192	10	30	24	29
Net change in translation differences	174	- 437	- 26	160	- 130
Hedge of net investments in foreign operations	- 49	99	- 7	- 24	34
Net change in respect of associated companies and joint ventures	0	0	0	0	0
Other movements	0	3	0	0	2
OCI THAT WILL NOT BE RECYCLED TO PROFIT OR LOSS	271	- 31	- 31	97	- 35
Net change in revaluation reserve (FVOCI equity instruments)	49	5	0	5	6
Net change in defined benefit plans	224	- 39	- 31	91	- 41
Net change in own credit risk	- 2	5	0	0	1
Net change in respect of associated companies and joint ventures	0	- 2	0	0	0
TOTAL COMPREHENSIVE INCOME	2 282	555	505	1 031	683
Attributable to minority interests	0	0	0	0	0
Attributable to equity holders of the parent	2 282	555	505	1 031	683

The largest movements in other comprehensive income (9M 2021 vs. 9M 2020):

- Net change in revaluation reserve (FVOCI debt instruments): the -353 million euros in 9M 2021 is mainly explained by higher interest rates. The +90 million euros in 9M 2020 is mainly explained by lower interest rates. Note that 9M 2020 includes compensating effects in 1Q versus 2Q and 3Q 2020: the -182 million euros in 1Q 2020 was negatively impacted by higher credit spreads, while the +192 million euros and +80 million euros in respectively 2Q 2020 and 3Q 2020 was characterized by lower interest rates and credit spreads.
- Net change in revaluation reserve (FVPL equity instruments – overlay approach): the +96 million euros in 9M 2021 can be explained by positive fair value movements, partly offset by transfers to net result (gains on disposal partly offset by impairments). The -81 million euros in 9M 2020 can be explained by negative fair value movements, partly offset by transfers to net result (impairments partly offset by gains on disposal).
- Net change in hedging reserve (cash flow hedge): the +192 million euros in 9M 2021 can mainly be explained by the higher interest rates. In 9M 2020, the hedging reserve (cash flow hedge) increased with 10 million caused by different (partially compensating) drivers.
- The net change in translation differences: the +174 million euros in 9M 2021 was mainly caused by the appreciation of the CZK and the HUF versus the EUR, partially offset by the hedge of net investments in foreign operations (-49 million euros). The net change in translation differences (-437 million euros) in 9M 2020 was mainly caused by the substantial weakening of the CZK and HUF versus the EUR. This is only partially compensated by the hedge of the net investment in foreign operations (+99 million euros). The hedging policy of FX participations since mid-2019 aims to stabilize the group capital ratio (and not parent shareholders' equity).
- Net change in revaluation reserve (FVOCI equity instruments): the +49 million euros in 9M 2021 is mainly explained by positive fair value movements related to an amendment to the articles of association of an unquoted equity participation, as a result of which KBC is entitled to a larger compensation in the event of an exit.
- Net change in defined benefit plans: the +224 million euros in 9M 2021 is explained by the combined effect of the higher discount rate applied on the obligations and the positive return of the plan assets, partly offset by the impact of the (as of 3Q 2021 quarterly updated) market based inflation-curve (versus a yearly one-point estimator in previous reporting periods) . The -39 million euros in 9M 2020 includes compensating effects in 1Q versus 2Q and 3Q 2020.

Consolidated balance sheet

(in millions of EUR)	Note	30-09-2021	31-12-2020
ASSETS			
Cash, cash balances with central banks and other demand deposits with credit institutions		56 319	24 583
Financial assets	4.0	278 986	286 386
Amortised cost	*4.0*	*237 594*	*243 527*
Fair value through OCI	*4.0*	*15 927*	*18 451*
Fair value through profit or loss	*4.0*	*25 220*	*24 248*
of which held for trading	*4.0*	*9 018*	*8 695*
Hedging derivatives	*4.0*	*245*	*160*
Reinsurers' share in technical provisions, insurance		200	145
Profit/loss on positions in portfolios hedged for interest rate risk		300	1 360
Tax assets		1 317	1 624
Current tax assets		*185*	*125*
Deferred tax assets		*1 133*	*1 499*
Non-current assets held for sale and disposal groups		10 045	19
Investments in associated companies and joint ventures		37	24
Property, equipment and investment property		3 580	3 691
Goodwill and other intangible assets		1 731	1 551
Other assets		1 821	1 361
TOTAL ASSETS		**354 336**	**320 743**
LIABILITIES AND EQUITY			
Financial liabilities	4.0	304 248	276 781
Amortised cost	*4.0*	*282 608*	*254 053*
Fair value through profit or loss	*4.0*	*20 619*	*21 409*
of which held for trading	*4.0*	*6 041*	*7 157*
Hedging derivatives	*4.0*	*1 021*	*1 319*
Technical provisions, before reinsurance		18 971	18 718
Profit/loss on positions in portfolios hedged for interest rate risk		- 240	99
Tax liabilities		422	498
Current tax liabilities		*60*	*79*
Deferred tax liabilies		*362*	*419*
Liabilities associated with disposal groups		4 483	0
Provisions for risks and charges		259	209
Other liabilities		2 598	2 908
TOTAL LIABILITIES		330 740	299 214
Total equity	5.10	23 596	21 530
Parent shareholders' equity	5.10	22 096	20 030
Additional tier-1 instruments included in equity	5.10	1 500	1 500
Minority interests		0	0
TOTAL LIABILITIES AND EQUITY		**354 336**	**320 743**

The impact of the most important acquisitions and divestments in 2020 and 2021 is described in Note 6.6.

The increase of the balance sheet total in 9M 2021 can for the largest part be explained by the issued certificate of deposits and repos with credit institutions and investment firms, leading to higher cash balances with central banks related to increased short-term money market & repo opportunities.

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	Additional tier-1 instruments included in equity	Minority interests	Total equity
30-09-2021									
Balance at the end of the previous period	**1 459**	**5 514**	**- 1**	**13 146**	**- 88**	**20 030**	**1 500**	**0**	**21 530**
Net result for the period	0	0	0	1 951	0	1 951	0	0	1 951
Other comprehensive income for the period	0	0	0	0	332	331	0	0	331
Subtotal	**0**	**0**	**0**	**1 950**	**332**	**2 282**	**0**	**0**	**2 282**
Dividends	0	0	0	- 183	0	- 183	0	0	- 183
Coupon on AT1	0	0	0	- 34	0	- 34	0	0	- 34
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	- 1	1	0	0	0	0
Purchase/sale of treasury shares	0	0	1	0	0	1	0	0	1
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	0	0	1	1 732	333	2 066	0	0	2 066
Balance at the end of the period	**1 459**	**5 514**	**0**	**14 878**	**245**	**22 096**	**1 500**	**0**	**23 596**
2020									
Balance at the end of the previous period	**1 458**	**5 498**	**- 2**	**11 732**	**37**	**18 722**	**1 500**	**0**	**20 222**
Net result for the period	0	0	0	1 440	0	1 440	0	0	1 440
Other comprehensive income for the period	0	0	0	0	- 102	- 102	0	0	- 102
Subtotal	**0**	**0**	**0**	**1 440**	**- 102**	**1 339**	**0**	**0**	**1 339**
Dividends	0	0	0	0	0	0	0	0	0
Coupon on AT1	0	0	0	- 50	0	- 50	0	0	- 50
Capital increase	1	17	0	0	0	18	0	0	18
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	23	- 23	0	0	0	0
Purchase/sale of treasury shares	0	0	1	0	0	1	0	0	1
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	1	17	1	1 414	- 125	1 308	0	0	1 308
Balance at the end of the period	**1 459**	**5 514**	**- 1**	**13 146**	**- 88**	**20 030**	**1 500**	**0**	**21 530**

(in millions of EUR)	Issued and paid up share capital	Share premium	Treasury shares	Retained earnings	Total revaluation reserves	Parent shareholders' equity	Additional tier-1 instruments included in equity	Minority interests	Total equity
30-09-2020									
Balance at the end of the previous period	**1 458**	**5 498**	**- 2**	**11 732**	**37**	**18 722**	**1 500**	**0**	**20 222**
Net result for the period	0	0	0	902	0	902	0	0	902
OCI for the period	0	0	0	3	- 351	- 348	0	0	- 348
Subtotal	**0**	**0**	**0**	**905**	**- 351**	**555**	**0**	**0**	**555**
Dividends	0	0	0	0	0	0	0	0	0
Coupon on AT1	0	0	0	- 34	0	- 34	0	0	- 34
Transfer from revaluation reserves to retained earnings on realisation	0	0	0	22	- 22	0	0	0	0
Purchase/sale of treasury shares	0	0	1	0	0	1	0	0	1
Change in minorities interests	0	0	0	0	0	0	0	0	0
Total change	0	0	1	893	- 372	522	0	0	522
Balance at the end of the period	**1 458**	**5 498**	**- 1**	**12 625**	**- 336**	**19 244**	**1 500**	**0**	**20 744**

30-09-2021

Based on the approval of the general meeting of shareholders on 6 May 2021, on 19 May 2021 a closing dividend of 0.44 euros for the financial year 2020 was paid out per share (183 million euros in total). This closing dividend was deducted from retained earnings in 2Q 2021.

ECB restrictions on bank dividend payments and share buy backs expired on 30 September 2021. As a result, KBC Group's Board of Directors of 10 November 2021 decided to distribute an interim dividend of 3.00 euros per share (in line with previous decisions and the dividend payout policy), consisting of:

- 2.00 euros per share for financial year 2020
- 1.00 euro per share, as an advance on the final dividend for 2021

This brings the total amount of interim dividend to 3.00 euros per share (1 250 million euros in total), payable on 17 November 2021. The amount of 1 250 million euros will be paid-out of and deducted from retained earnings in 4Q 2021 (see also Note 6.8 Post-balance sheet events further in this report).

2020

The changes in equity in 2020 include a transfer from revaluation reserves (FVOCI equity instruments) to retained earnings for 23 million euros on realisation, mainly related to a corporate action.

In 4Q 2020, KBC made a change in accounting policy for intangible assets. Following the requirements of IAS 8, the change in accounting policy has been applied retrospectively (as if the new accounting policy had always been applied). Consequently, parent shareholders' equity of 30 September 2020 has been retrospectively restated (decrease of 140 million euros). For more information, see Statement of compliance (note 1.1) of the annual report of 2020.

(in millions of EUR)	30-09-2021	31-12-2020
Revaluation reserve (FVOCI debt instruments)	777	1 130
Revaluation reserve (FVPL equity instruments) - overlay	421	325
Revaluation reserve (FVOCI equity instruments)	66	15
Hedging reserve (cashflow hedges)	- 1 102	- 1 294
Translation differences	- 208	- 382
Hedge of net investments in foreign operations	114	163
Remeasurement of defined benefit plans	179	- 45
Own credit risk through OCI	- 1	1
Total revaluation reserves	**245**	**- 88**

Consolidated cash flow statement

(in millions of EUR)	Note (1)	9M 2021	9M 2020
OPERATING ACTIVITIES			
Result before tax	Consolidated income statement	2 595	1 157
Adjustments for non-cash items in profit & loss		179	1 629
Changes in operating assets (excluding cash and cash equivalents)		- 2 380	- 10 104
Changes in operating liabilities (excluding cash and cash equivalents)		29 290	31 579
Income taxes paid		- 357	- 437
Net cash from or used in operating activities		29 328	23 824
INVESTING ACTIVITIES			
Purchase and proceeds of debt securities at amortised cost	4.1	3 437	- 4 688
Acquisition of a subsidiary or a business unit, net of cash acquired (including increases in percentage interest held)		- 71	0
Proceeds from the disposal of a subsidiary or business unit, net of cash disposed of (including decreases in percentage interest held)		0	28
Purchase and proceeds from the sale of intangible fixed assets (excluding goodwill)		- 205	- 228
Purchase and proceeds from the sale of property, plant and equipment (excluding goodwill)		10	107
Other		20	28
Net cash from or used in investing activities		3 191	- 4 753
FINANCING ACTIVITIES			
Purchase or sale of treasury shares	Consolidated statement of changes in equity	1	2
Issue or repayment of promissory notes and other debt securities	4.1	- 340	949
Proceeds from or repayment of subordinated liabilities	4.1	736	- 88
Principal payments under finance lease obligations		0	0
Proceeds from the issuance of share capital	Consolidated statement of changes in equity	0	0
Proceeds from the issuance of preference shares	Consolidated statement of changes in equity	0	0
Dividends paid	Consolidated statement of changes in equity	- 183	0
Coupon additional Tier-1 instruments	Consolidated statement of changes in equity	- 34	- 34
Net cash from or used in financing activities		180	829

(in millions of EUR)	Note (1)	9M 2021	9M 2020
CHANGE IN CASH AND CASH EQUIVALENTS			
Net increase or decrease in cash and cash equivalents		32 699	19 900
Cash and cash equivalents at the beginning of the period		47 794	29 118
Effects of exchange rate changes on opening cash and cash equivalents		738	- 1 786
Cash and cash equivalents at the end of the period		81 230	47 231
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash and cash balances with central banks and other demand deposits with credit institutions	Consolidated balance sheet	56 319	28 227
Term loans to banks at not more than three months (excl. reverse repos)	4.1	3 463	1 114
Reverse repos with credit institutions and investment firms at not more than three months	4.1	27 057	23 351
Deposits from banks repayable on demand	4.1	- 5 608	- 5 460
Cash and cash equivalents belonging to disposal groups		0	0
Total		81 230	47 231
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.

The net cash from operating activities in 9M 2021 (+29 328 million euros) mainly includes a significant growth of deposits, a.o. thanks to higher certificates of deposit, demand deposits, repos and deposits from credit institutions and investment firms. 9M 2021 also includes 2.5 billion euros additional TLTRO III funding (bringing the total TLTRO III funding at 24.5 billion euros).

The net cash from operating activities in 9M 2020 (+23 824 million euros) is mainly explained by +19.5 billion euros TLTRO III funding, in combination with the realized result.

The net cash from investing activities in 9M 2021 (+3 191 million euros) is a.o. explained by maturing investments in debt securities at amortised cost.

The net cash from investing activities in 9M 2020 (-4 753 million euros) is mainly explained by additional investments in debt securities at amortised cost.

The net cash flow from financing activities in 9M 2021 (+180 million euros) mainly includes the issue of Senior Holdco instruments (2.2 billion euros) and a Tier II instrument (750 million euros) in anticipation of the expected call of a Tier II instrument in the beginning of 2022, mostly offset by matured covered bonds (1.2 billion euros), Senior Holdco instruments (750 million euros), a dividend payment (183 million euros) and repayments.

The net cash flow from financing activities in 9M 2020 (+829 million euros) mainly includes the issue of Senior Holdco instruments for 1 750 million euros, partly offset by repayments. Matured covered bond position of 1 billion euros in May is fully renewed in June.

Notes on statement of compliance and changes in accounting policies

Statement of compliance (note 1.1 in the annual accounts 2020)

The condensed interim financial statements of the KBC Group for the period ended 30 September 2021 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union (‘endorsed IFRS’).

The following IFRS standards became effective on 1 January 2021, but KBC decided to early adopt in 2020:

- Amendments to IAS 39 and related standards
  - As part of the phase 2 of the IBOR reform, the IASB has published a number of amendments to IAS 39 (and related standards which are also affected), which provide temporary relief from adopting specific hedge accounting requirements for hedging relationships directly affected by this reform. KBC decided to early adopt these amendments in 2020. For more information regarding the IBOR reform, we refer to the 2020 Annual Report, to the section ‘How do we manage our risks?’.

The following IFRS standards were issued but not yet effective in 2021. KBC will apply these standards when they become mandatory.

- IFRS 17:

  In May 2017, the IASB issued IFRS 17 (Insurance Contracts), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 (Insurance Contracts) that was issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  The core of IFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts. IFRS 17 will become effective for reporting periods beginning on or after 1 January 2023 (subject to EU endorsement), with comparative figures being required. KBC launched a group-wide project to implement IFRS 17 in 2018. The project is composed of sub-projects such as data delivery, local reporting, impact on business and strategic implications, guidance and support, consolidated reporting and IFRS 17 calculation tool.

  The project is driven by the insurance business and Finance together and involves all departments and entities at group and local level that are affected. In the past year the focus has been on the further development of an unambiguous interpretation of the IFRS 17 standard and the further implementation of an IFRS 17-compliant process for the closing of the accounts. The interpretation of the IFRS 17 standard was gradually adjusted where necessary when new information became available from external sources or internal sources. Thus, we now also take into account the amendments to the original standard that were published by the IASB in June 2020.

  The EFRAG (European Financial Reporting Advisory Group) final endorsement advice on IFRS 17 including the June 2020 amendments was submitted to the European Commission on March 31, 2021. Similar to the draft endorsement advice, in their final advice EFRAG Board members did not reach a consensus on the annual cohort requirement for specific types of insurance contracts. On 16 July 2021, the Accounting Regulatory Committee (ARC) voted in favor of endorsing IFRS 17 'Insurance Contracts' for use in the European Union. Publication of final EU regulation is expected in the fourth quarter of 2021. A solution for the annual cohort issue for certain types of insurances contracts is included in this endorsement.

- Other:
  - The IASB published several limited amendments to existing IFRSs and IFRICs. They will be applied when they become mandatory, but their impact is currently estimated to be negligible.

Summary of significant accounting policies (note 1.2 in the annual accounts 2020)

A summary of the main accounting policies is provided in the group's annual accounts as at 31 December 2020.

Main exchange rates used:

	Exchange rate at 30-09-2021		Average exchange rate in 9M 2021	
	1 EUR = … … currency	Changes relative to 31-12-2020 Positive: appreciation relative to EUR Negative: depreciation relative to EUR	1 EUR = … … currency	Changes relative to the average 9M 2020 Positive: appreciation relative to EUR Negative: depreciation relative to EUR
CZK	25.495	3%	25.786	2%
HUF	360.19	1%	356.70	-2%

COVID-19 (note 1.4)

Introduction

The Coronavirus pandemic significantly affected the global economy in 2020. The substantial deterioration in the economic outlook has resulted in an unprecedented monetary policy response from central banks and governments around the world.

Meanwhile, we have been working hard with government agencies to support all customers impacted by coronavirus, by efficiently implementing various relief measures, including loan deferrals. In our home countries combined, we have granted a total of 10.9 billion euros in loan payment deferrals by the end of September 2021 (including EBA-compliant moratoria and the now non-EBA-compliant scheme in Hungary, but excluding Ireland because defined as assets under IFRS 5).
Around 97% of the EBA-compliant moratoria have now expired and for almost 97% of these loans, payments have fully resumed. In addition, we granted some 1 billion euros in loans that fall under the various coronavirus-related government guarantee schemes in our home markets.

Latest status overview of the different government and sector measures in each of our core countries

In Hungary, the blanket moratorium has ended in October 2021 with the option for clients under an active moratoria to extend until June 2022 under certain conditions in an opt-in scheme. This extension resulted in a modification loss booked in 3Q 2021 of 5 million euros (see note 3.10).

Regarding the public Covid-19 guarantee schemes, a second extension was already approved by the Belgian government of the Covid II program (launched in 3Q 2020 of up to 10 billion EUR) to cover losses on future SME loans granted before 31 December 2021 (instead of 30 June 2021). This government guarantee covers 80% of all losses, in total.

Otherwise, there are no changes in the different government and sector measures in our core countries in 3Q 2021. For the full overview, we refer to the annual report of 2020.

Main Covid-19 related items affecting the results, revaluation reserves, liquidity and solvency

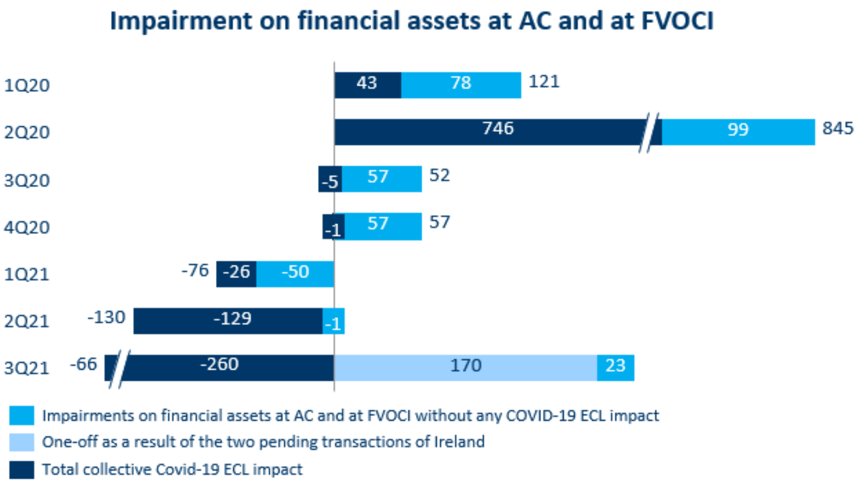
For more information, see the note 1.4 in the annual report of 2020.

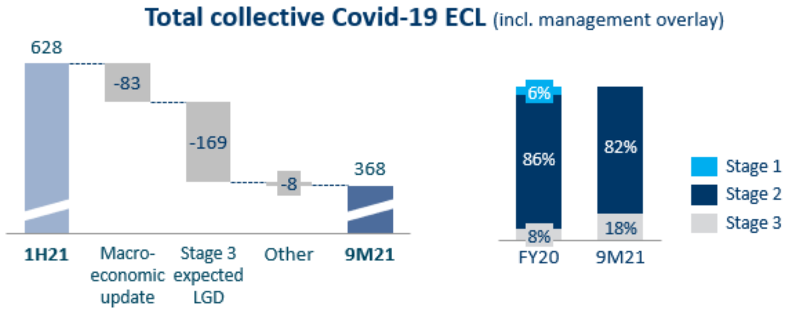
Details related to the impact of the Covid-19 crisis on the loan impairments

Referring to the disclosure in our annual report of 2020, our Expected Credit Loss (ECL) models are not able to adequately reflect all the specifics of the Covid-19 crisis or the various government measures implemented in the different countries to support households, SMEs and Corporates through this crisis.

Therefore, an expert-based calculation at portfolio level is required via a management overlay. In the third quarter of 2021, KBC performed an update of its Covid-19 impact assessment which resulted in a total collective Covid-19 ECL of 368 million euros (versus 783 million euros at year-end 2020). The latter implies a ECL decrease of 260 million euros in 3Q 2021 compared to the 155 million euros ECL decrease of 1H 2021 (26 million euros in 1Q 2021 and 129 million euros in 2Q 2021).

This q-o-q decrease is mainly driven by a change in the improved macroeconomic assumptions with a corresponding reduction in stress applied (i.e. we lowered the expected loss given default for the part of the current performing portfolio expected to migrate to Stage 3 due to Covid-19 crisis).





The total collective Covid-19 ECL of 368 million euros consists of 0% Stage 1, 82% Stage 2 and 18% Stage 3 impairments (versus 6%-86%-8% at year-end 2020). The higher relative share of Stage 3 impairments was driven by the previously mentioned reversal of collective Covid-19 ECL entirely situated in Stage 1 and Stage 2 resulting from the improvement of the macro-economic assumptions and corresponding reduction of applied stress. Similar to previous quarters, the management overlay is presented mainly as Stage 2 when it concerns the existing performing portfolio and Stage 3 when it concerns the existing non-performing portfolio. Additional impairments due to Covid-19 on individually assessed Stage 3 loans are already reflected in the specific allowance of the exposure (hence already included in P&L impairments) and thus not included in the management overlay.

COVID-19 ECL per country – per scenario:

	Performing portfolio impact				Non-Performing portfolio	9M21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
	Optimistic	*Base*	*Pessimistic*	Probability									
EUR m	10%	*80%*	*10%*	weigthed									
KBC Group	**265**	**297**	**393**	**303**	**65**	**368**	**-260**	**-129**	**-26**	**-1**	**-5**	**746**	**43**
By country:													
Belgium	132	138	144	138	20	158	-169	-66	-20	3	-3	378	35
Czech Republic	65	69	84	70	8	78	-56	-30	2	-5	9	152	6
Slovakia	17	20	23	20	0	20	-10	-6	-1	0	-3	39	1
Hungary	32	38	75	41	0	41	-3	-9	-3	2	-1	54	1
Bulgaria	5	11	18	11	5	16	-4	-4	0	1	-5	28	n/a
Ireland	14	21	49	23	32	55	-18	-14	-4	-2	-2	95	n/a
versus 1H21 :	***447***	***542***	***837***	***562***	***66***	***628***							

COVID-19 ECL sector* driven – per scenario:

KBC Group	Performing portfolio				
Base-case scenario	*High risk sectors*	*Medium risk*	*Low risk sectors*	*Mortgages & other retail*	TOTAL
EUR m	*150%*	*100%*	*50%*		
9M21					
Base-case scenario	**18**	**171**	**34**	**74**	**297**
Optimistic scenario	17	156	31	61	265
Pessimistic scenario	24	212	40	117	393

As of 3Q 2021, given the aim of returning fully to the regular impairment process, KBC has decided to capture part of the Covid-19 ECL via a collective transfer to Stage 2 of two Stage 1 portfolios for which the repayment is still uncertain. More specially, the SME & Corporate clients active in a highly vulnerable sector and the payment holidays (Retail & Non-Retail) which are still ongoing or ended maximum 6 months ago. The related files will revert to Stage 1 after a probation period of 6 months in case no other signs of an increase in credit risk are detected. This collective transfer led to a migration of 3.3 billion euros of our outstanding from Stage 1 towards Stage 2 . Excluding this collective shift, only minor PD shifts have been observed in our portfolio (for more information see note 4.2.1).

Economic scenarios

The economic outlook is again more optimistic compared to previous quarter and, looking forward, we expect the pace of the recovery to remain strong. Overall, we maintain a positive economic outlook, despite new uncertainties surrounding the path back to normality, created by such factors as the spread of the Delta variant and current supply chain disruptions. Because of this uncertainty we continue working with three alternative scenarios: a base-case scenario, a more optimistic scenario and a more pessimistic scenario.

The definition of each scenario reflects the latest pandemic evolution and related economic developments, with the following probabilities: 80% for the base-case, 10% for the pessimistic and 10% for the optimistic scenario (in line with 2Q 2021).

The economic outlook for the home markets remains aligned to that of the euro area and confirms the better-than-expected level of resilience.

The following table (in line with the KBC forecast of September 2021) gives these three scenarios for three key indicators (GDP growth, unemployment rate and house price index):

Macroeconomic scenario – key indicators (September 2021)	2021			2022		
Scenario	**Optimistic**	**Base**	**Pessimistic**	**Optimistic**	**Base**	**Pessimistic**
Real GDP growth						
Euro area	5.2%	4.2%	2.1%	5.6%	4.5%	2.2%
Belgium	5.8%	5.3%	3.3%	5.1%	3.6%	2.1%
Czech Republic	3.8%	3.5%	1.8%	5.8%	4.5%	1.8%
Hungary	7.5%	6.7%	4.3%	5.7%	5.1%	2.2%
Slovakia	4.6%	4.2%	2.8%	5.0%	4.6%	3.0%
Bulgaria	6.0%	4.6%	3.0%	4.0%	4.0%	3.0%
Ireland	13.0%	10.0%	6.0%	8.0%	5.0%	2.0%
Unemployment rate						
Belgium	6.1%	6.5%	7.0%	5.5%	6.0%	6.5%
Czech Republic	2.7%	3.0%	4.2%	2.3%	2.6%	4.0%
Hungary	3.6%	3.8%	4.5%	3.3%	3.5%	4.2%
Slovakia	7.5%	8.0%	9.0%	7.2%	7.5%	8.5%
Bulgaria	4.5%	5.0%	7.0%	4.3%	4.8%	6.0%
Ireland	7.5%	10.0%	16.0%	4.0%	6.0%	10.0%
House price index						
Belgium	6.0%	4.0%	2.0%	3.5%	2.5%	-2.0%
Czech Republic	10.3%	9.8%	8.0%	5.0%	3.7%	-0.6%
Hungary	6.5%	4.5%	0.0%	6.0%	3.5%	-1.0%
Slovakia	8.0%	6.0%	2.0%	5.0%	3.0%	-2.0%
Bulgaria	5.5%	5.0%	3.8%	5.8%	4.8%	3.5%
Ireland	7.0%	4.5%	2.0%	5.0%	3.0%	0.0%

Note: Eurostat definition, except for Ireland (national Covid-19 unemployment rate)

Notes on segment reporting

Segment reporting according to the management structure of the group (note 2.2 in the annual accounts 2020)

For a description on the management structure and linked reporting presentation, reference is made to note 2.1 in the annual accounts 2020.

(in millions of EUR)	Belgium Business unit	Czech Republic Business unit	International Markets Business unit	*Of which: Hungary*	*Slovakia*	*Bulgaria*	*Ireland*	Group Centre	Total
9M 2021									
Net interest income	1 892	680	713	*221*	*173*	*105*	*214*	- 11	**3 274**
Non-life insurance (before reinsurance)	360	107	120	*38*	*27*	*55*	*0*	13	**601**
Earned premiums	889	248	251	*108*	*45*	*98*	*0*	11	**1 399**
Technical charges	- 528	- 141	- 131	*- 71*	*- 18*	*- 43*	*0*	2	**- 798**
Life insurance (before reinsurance)	- 38	44	30	*7*	*10*	*12*	*0*	0	**35**
Earned premiums	605	135	81	*29*	*23*	*28*	*0*	0	**820**
Technical charges	- 643	- 92	- 51	*- 22*	*- 13*	*- 16*	*0*	0	**- 786**
Ceded reinsurance result	23	9	- 12	*- 2*	*- 6*	*- 5*	*0*	- 10	**10**
Dividend income	31	1	1	*0*	*0*	*0*	*0*	4	**36**
Net result from financial instruments at fair value through profit or loss	191	60	29	*29*	*4*	*0*	*- 4*	- 96	**183**
Net realised result from debt instruments at fair value through OCI	2	- 1	0	*0*	*0*	*0*	*0*	5	**5**
Net fee and commission income	982	161	218	*143*	*53*	*26*	*- 3*	- 4	**1 357**
Net other income	157	18	- 5	*2*	*4*	*3*	*- 14*	- 2	**168**
TOTAL INCOME	3 599	1 078	1 093	*437*	*265*	*197*	*194*	- 100	**5 671**
Operating expenses	- 1 878	- 599	- 785	*- 253*	*- 193*	*- 105*	*- 234*	- 56	**- 3 318**
Impairment	260	112	- 119	*26*	*17*	*3*	*- 165*	- 7	**245**
of which on FA at amortised cost and at fair value through OCI	258	116	- 94	*34*	*17*	*4*	*- 149*	- 7	**272**
Share in results of associated companies and joint ventures	- 2	- 2	0	*0*	*0*	*0*	*0*	0	**- 3**
RESULT BEFORE TAX	1 979	590	189	*211*	*89*	*95*	*- 206*	- 163	**2 595**
Income tax expense	- 468	- 90	- 119	*- 31*	*- 22*	*- 10*	*- 56*	33	**- 644**
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	*0*	0	**0**
RESULT AFTER TAX	1 511	500	70	*180*	*67*	*85*	*- 261*	- 130	**1 951**
attributable to minority interests	0	0	0	*0*	*0*	*0*	*0*	0	**0**
attributable to equity holders of the parent	1 511	500	70	*180*	*67*	*85*	*- 261*	- 130	**1 951**
9M 2020									
Net interest income	1 948	807	665	*194*	*151*	*108*	*212*	- 20	**3 400**
Non-life insurance (before reinsurance)	435	105	119	*43*	*23*	*53*	*0*	14	**673**
Earned premiums	851	225	242	*109*	*39*	*94*	*0*	10	**1 327**
Technical charges	- 415	- 120	- 123	*- 66*	*- 16*	*- 41*	*0*	5	**- 654**
Life insurance (before reinsurance)	- 53	38	22	*1*	*9*	*11*	*0*	0	**6**
Earned premiums	615	147	79	*26*	*26*	*27*	*0*	0	**841**
Technical charges	- 668	- 109	- 57	*- 25*	*- 17*	*- 16*	*0*	0	**- 834**
Ceded reinsurance result	- 22	- 1	- 7	*- 2*	*- 2*	*- 3*	*0*	0	**- 30**
Dividend income	37	1	0	*0*	*0*	*0*	*0*	3	**41**
Net result from financial instruments at fair value through profit or loss	- 1	- 19	27	*24*	*5*	*0*	*- 3*	- 54	**- 47**
Net realised result from debt instruments at fair value through OCI	1	0	2	*1*	*1*	*0*	*0*	0	**4**
Net fee and commission income	850	157	203	*141*	*44*	*20*	*- 2*	- 4	**1 207**
Net other income	116	15	7	*3*	*7*	*2*	*- 6*	1	**139**
TOTAL INCOME	3 311	1 103	1 039	*406*	*238*	*192*	*201*	- 59	**5 394**
Operating expenses	- 1 868	- 564	- 663	*- 244*	*- 156*	*- 106*	*- 157*	- 72	**- 3 168**
Impairment	- 629	- 203	- 236	*- 68*	*- 43*	*- 30*	*- 95*	7	**- 1 060**
of which on FA at amortised cost and at fair value through OCI	- 615	- 193	- 216	*- 51*	*- 43*	*- 28*	*- 95*	7	**- 1 018**
Share in results of associated companies and joint ventures	- 8	- 1	0	*0*	*0*	*0*	*0*	0	**- 9**
RESULT BEFORE TAX	807	335	140	*94*	*39*	*56*	*- 51*	- 124	**1 157**
Income tax expense	- 202	- 54	- 27	*- 18*	*- 9*	*- 6*	*6*	28	**- 255**
Net post-tax result from discontinued operations	0	0	0	*0*	*0*	*0*	*0*	0	**0**
RESULT AFTER TAX	605	281	113	*76*	*30*	*50*	*- 45*	- 97	**902**
attributable to minority interests	0	0	0	*0*	*0*	*0*	*0*	0	**0**
attributable to equity holders of the parent	605	281	113	*76*	*30*	*50*	*- 45*	- 97	**902**

Other notes

Net interest income (note 3.1 in the annual accounts 2020)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Total	3 274	3 400	1 112	1 094	1 122
Interest income	4 566	4 800	1 557	1 529	1 468
Interest income on financial instruments calculated using the effective interest rate method					
Financial assets at AC	3 448	3 739	1 175	1 148	1 171
Financial assets at FVOCI	219	248	72	73	85
Hedging derivatives	227	285	90	53	49
Financial liabilities (negative interest)	295	136	102	98	81
Other	15	6	0	9	0
Interest income on other financial instruments					
Financial assets MFVPL other than held for trading	17	8	6	5	3
Financial assets held for trading	345	378	112	142	78
Of which economic hedges	*318*	*344*	*101*	*133*	*65*
Other financial assets at FVPL	0	0	0	0	0
Interest expense	-1 291	-1 400	- 445	- 434	- 346
Interest expense on financial instruments calculated using the effective interest rate method					
Financial liabilities at AC	- 335	- 580	- 106	- 118	- 125
Financial assets (negative interest)	- 187	- 44	- 70	- 61	- 26
Hedging derivatives	- 438	- 467	- 152	- 121	- 132
Other	- 6	- 5	- 3	- 1	- 3
Interest expense on other financial instruments					
Financial liabilities held for trading	- 316	- 279	- 110	- 130	- 57
Of which economic hedges	*- 283*	*- 255*	*- 96*	*- 120*	*- 50*
Other financial liabilities at FVPL	- 9	- 22	- 3	- 3	- 3
Net interest expense relating to defined benefit plans	- 1	- 2	0	0	- 1

The vast majority of negative interest on financial liabilities and financial assets relates to transactions with central banks, interbank and professional counterparties as well as the TLTRO (for more information on the TLTRO III, see note 'Financial assets and liabilities: breakdown by portfolio and product' (note 4.1) further in this report).

Net result from financial instruments at fair value through profit or loss (note 3.3 in the annual accounts 2020)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Total	183	- 47	28	29	85
Breakdown by driver					
Market value adjustments (xVA)	48	- 32	11	12	55
MTM ALM derivatives	- 92	- 65	- 33	- 52	- 2
Financial instruments to which the overlay is applied	76	- 37	17	24	13
Dealing room and other	151	87	32	44	19

The result from financial instruments at fair value through profit or loss in 3Q 2021 is 1 million euro lower compared to 2Q 2021. The quarter-on-quarter decrease is due to:

- Lower dealing room and other income in 3Q 2021
- Lower net result on equity instruments (insurance) in 3Q 2021 compared to 2Q 2021, driven by lower realised gains on shares and higher impairments on equity instruments.
- Rather stable Market value adjustments.

For a large part compensated by

- Less negative MTM ALM derivatives in 3Q 2021 compared to 2Q 2021

The result from financial instruments at fair value through profit or loss in 9M 2021 is 231 million euros higher compared to 9M 2020, for a large part explained by:

- Positive net result on equity instruments (insurance) in 9M 2021 compared to a negative net result in 9M 2020, the latter was driven by higher impairments on equity instruments due to decreasing equity markets in 1Q 2020

- Positive impact from market value adjustments in 9M 2021 compared to negative impact in 9M 2020. The positive amount in 9M 2021 can be explained for a large part by the lower credit exposure related to yield curve movements. The substantial negative amount in 9M 2020 was caused mainly as a result of changes in the underlying market value of the derivatives portfolio due to lower long-term interest rates, decreasing equity markets and increasing counterparty credit spreads and KBC funding spreads in 1Q 2020. This was only partly recovered in 2Q and 3Q 2020, with decreasing counterparty credit spreads and KBC funding spreads, while further decrease of long-term interest rates is levelled out by increasing equity markets
- Higher dealing room and other income in 9M 2021 in Belgium and in Czech Republic.

Partly offset by

- More negative MTM ALM derivatives in 9M 2021 compared to 9M 2020

Net fee and commission income (note 3.5 in the annual accounts 2020)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Total	1 357	1 207	467	450	390
Fee and commission income	1 975	1 763	686	650	575
Fee and commission expense	- 618	- 556	- 219	- 200	- 184
Breakdown by type					
Asset Management Services	878	752	306	288	245
Fee and commission income	936	795	328	308	260
Fee and commission expense	- 58	- 43	- 22	- 19	- 15
Banking Services	701	666	237	234	218
Fee and commission income	974	909	336	324	300
Fee and commission expense	- 273	- 243	- 98	- 90	- 81
Distribution	- 221	- 211	- 77	- 72	- 73
Fee and commission income	66	58	23	19	15
Fee and commission expense	- 287	- 269	- 99	- 91	- 88

The building blocks of the 2020 net fee and commission income figures were restated, resulting in a shift of about of 20 million euros for full year 2020 or about 5 million euros per quarter from Banking Services to Asset Management Services, related to fee and commission income from CSOB CZ Pension company.

Net other income (note 3.6 in the annual accounts 2020)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Total	168	139	77	38	37
of which gains or losses on					
Sale of financial assets measured at amortised cost	22	10	23	- 1	1
Repurchase of financial liabilities measured at amortised cost	0	0	0	- 2	0
of which other, including:	146	129	54	41	36
Income from operational leasing activities	73	61	27	26	20
Income from VAB Group	40	37	12	13	12
Gain on sale KBC Tower in Antwerp	13	0	13	0	0
Provisioning for tracker mortgage review	- 13	- 6	- 13	0	- 6

Note :

In 9M 2021 (almost all in 3Q 2021):

- Sale of bonds at amortised cost (+22 million euros), mainly optimization of low yield bond portfolio in Belgium
- Gain on sale of KBC Tower in Antwerp (+13 million euros)
- Provision for tracker mortgage review in KBC Bank Ireland (-13 million euros)

In 9M 2020:

- Provision for tracker mortgage review in KBC Bank Ireland of -6 million euros in 9M 2020 (of which an additional -4 million euro related to the fine).

Breakdown of the insurance results (note 3.7.1 in the annual accounts 2020)

(in millions of EUR)	Life	Non-life	Non-technical account	Total
9M 2021				
Earned premiums, insurance (before reinsurance)	821	1 414	-	2 235
of which change in provision unearned premiums	0	- 139	-	- 138
Technical charges, insurance (before reinsurance)	- 786	- 799	-	- 1 585
Claims paid	- 842	- 642	-	- 1 485
Changes in technical provisions	41	- 150	-	- 109
Other technical result	16	- 7	-	9
Net fee and commission income	- 1	- 273	-	- 274
Ceded reinsurance result	- 2	12	-	10
General administrative expenses	- 113	- 188	- 2	- 303
Internal claims settlement expenses	- 6	- 45	-	- 51
Indirect acquisition costs	- 22	- 51	-	- 73
Administrative expenses	- 85	- 93	-	- 177
Investment management fees	0	0	- 2	- 2
Technical result	- 81	166	- 2	83
Investment Income (*)	293	71	51	414
Technical-financial result	212	237	49	497
Share in results of associated companies and joint ventures	-	-	0	0
RESULT BEFORE TAX	212	237	49	497
Income tax expense	-	-	-	- 101
RESULT AFTER TAX	-	-	-	396
attributable to minority interest	-	-	-	0
attributable to equity holders of the parent	-	-	-	**396**
9M 2020				
Earned premiums, insurance (before reinsurance)	841	1 341	-	2 181
of which change in provision unearned premiums	0	- 118	-	- 117
Technical charges, insurance (before reinsurance)	- 834	- 655	-	- 1 489
Claims paid	- 867	- 597	-	- 1 464
Changes in technical provisions	47	- 14	-	32
Other technical result	- 13	- 44	-	- 57
Net fee and commission income	- 7	- 257	-	- 264
Ceded reinsurance result	- 1	- 28	-	- 30
General administrative expenses	- 111	- 185	- 2	- 298
Internal claims settlement expenses	- 6	- 45	-	- 50
Indirect acquisition costs	- 24	- 54	-	- 78
Administrative expenses	- 81	- 87	-	- 168
Investment management fees	0	0	- 2	- 2
Technical result	- 113	215	- 2	100
Investment Income (*)	250	74	18	343
Technical-financial result	138	289	16	443
Share in results of associated companies and joint ventures	-	-	0	0
RESULT BEFORE TAX	138	289	16	443
Income tax expense	-	-	-	- 110
RESULT AFTER TAX	-	-	-	333
attributable to minority interest	-	-	-	0
attributable to equity holders of the parent	-	-	-	**333**

(*)9M 2021 Investment income consists of (in millions of EUR): Net interest income (297), Net Dividend income (25), Net result from financial instruments at fair value through profit and loss (86), Net other income (3), Impairment (2) and Net result from financial instruments at fair value through OCI (1).

(*)9M 2020 Investment income consists of (in millions of EUR): Net interest income (347), Net Dividend income (25), Net result from financial instruments at fair value through profit and loss (-27), Net realised result from debt instruments at fair value through OCI (1), Net other income (6) and Impairment (-10).

The non-technical account includes also results of non-insurance companies such as VAB group and ADD.

Note: Figures for premiums exclude the investment contracts without DPF (Discretionary Participation Features), which roughly coincide with the unit-linked products. Figures are before elimination of transactions between the bank and insurance entities of the group (more information in the 2020 annual accounts).

In 9M 2021, the technical result non-life was severely negatively impacted by storms: several floods in Belgium starting mid of July (estimated impact -100 million euros pre-tax - before reinsurance; -79 million euros pre-tax - after reinsurance, of which 38m euros above the legal limit) and a tornado in the Czech Republic in June (-24 million euros pre-tax - before reinsurance).

In 9M 2020 the technical result non-life was positively impacted by low claim level largely as a result of the lockdown in 2Q 2020, partially offset by storms in mainly Belgium for a total amount of -37 million euros (pre-tax, before reinsurance).

Note: acquisition of certain life and pension insurance policies from NN in Bulgaria (see Note 6.6 further in this report).

Operating expenses – income statement (note 3.8 in the annual accounts 2020)

The operating expenses for 3Q 2021 include 24 million euros related to bank (and insurance) levies (30 million euros in 2Q 2021; 21 million euros in 3Q 2020). Application of IFRIC 21 (Levies) has as a consequence that certain levies are taken upfront in expense of the first quarter of the year.

In 2Q 2021 an exceptional Covid bonus for all staff members was decided for in total 18 million euros (5.1 million euros in Business Unit Belgium, 3.8 million euros in Business Unit Czech Republic, 2.5 million euros in Hungary, 2.4 million euros in Slovakia, 1.9 million euros in Bulgaria, 0.4 million euros in Ireland and 1.5 million euros in Group Centre).

Note: One-off impact from Ireland in 3Q 2021 (see note 6.6 further in this report).

Impairment – income statement (note 3.10 in the annual accounts 2020)

(in millions of EUR)	9M 2021	9M 2020	3Q 2021	2Q 2021	3Q 2020
Total	**245**	**- 1 060**	**45**	**123**	**- 63**
Impairment on financial assets at AC and at FVOCI	272	- 1 018	66	130	- 52
Of which impairment on financial assets at AC	270	- 1 013	65	130	- 51
By product					
Loans and advances	250	- 997	65	115	- 49
Debt securities	- 1	0	- 3	1	- 1
Off-balance-sheet commitments and financial guarantees	20	- 16	2	14	- 1
By type					
Stage 1 (12-month ECL)	58	- 64	14	16	- 4
Stage 2 (lifetime ECL)	404	- 701	237	153	- 38
Stage 3 (non-performing; lifetime ECL)	- 196	- 246	- 196	- 32	- 11
Purchased or originated credit impaired assets	4	- 1	9	- 7	2
Of which impairment on financial assets at FVOCI	2	- 5	2	0	- 1
Debt securities	2	- 5	2	0	- 1
Stage 1 (12-month ECL)	3	- 3	1	0	- 1
Stage 2 (lifetime ECL)	0	- 2	1	- 1	1
Stage 3 (non-performing; lifetime ECL)	0	0	0	0	0
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 27	- 42	- 21	- 6	- 11
Intangible fixed assets (other than goodwill)	- 7	- 5	- 7	0	- 3
Property, plant and equipment (including investment property)	- 11	- 5	- 9	- 4	- 4
Associated companies and joint ventures	0	0	0	0	0
Other	- 8	- 33	- 5	- 2	- 4

The impairments on financial assets at AC and at FVOCI in 9M 2021 include a release of +415 million euros collective Covid-19 ECL impact (of which +26m in 1Q21, +129 million euros in 2Q 2021 and +260 million euros in 3Q 2021) and -784 million euros addition in 9M 2020 (of which -43 million euros in 1Q 2020 and -746 million euros in 2Q 2020 and +5 million euros in 3Q 2020). For more information, see note 1.4 of this report.

Additionally, 3Q 2021 is negatively impacted by one-off impairments on financial assets at AC and at FVOCI related to the planned sale of the loan portfolio at KBC Bank Ireland for an amount of -170 million euros (for more information see note 6.6 further in this report).

The impairments on financial assets at AC and at FVOCI in 9M 2021 also include 27 million euros net releases related to a number of corporate files mainly in Belgium, Czech Republic and Hungary.

The Stage 3 impairments in 9M 2020 are attributable mainly to loan loss impairments in Belgium and Czech Republic due to a number of corporate files.

The impairment on other (Other) included -7 million euros in 9M 2021 related to modification losses in Hungary and -27 million euros in 9M 2020 related to modification losses in Belgium, Czech Republic and Hungary. Additionally, 3Q 2021 includes -15 million euros related to one-off write-offs on (in)tangible assets in Ireland (for more information see note 6.6 further in this report), while 3Q 2020 included the result of an impairment on a lease contract related to a headquarter building in Hungary for -4 million euros.

Income-tax expense (note 3.12 in the annual accounts 2020)

3Q 2021 income tax is negatively impacted by the derecognition of deferred tax assets related to tax losses carried forward in Ireland (for more information see note 6.6 further in this report).

Financial assets and liabilities: breakdown by portfolio and product (note 4.1 in the annual accounts 2020)

(in millions of EUR)	AC	FVOCI	MFVPL excl. HFT and overlay	Overlay	HFT	FVO	Hedging deriva-tives	Total	*Pro Forma excl. Ireland*
FINANCIAL ASSETS, 30-09-2021									
Loans and advances to credit institutions and investment firms (excl. reverse repos)	6 842	0	0	0	1	0	0	**6 843**	
of which repayable on demand and term loans at not more than three months								***3 463***	
Loans and advances to customers (excl. reverse repos)	156 153	0	559	0	0	0	0	**156 712**	
Trade receivables	1 980	0	0	0	0	0	0	**1 980**	
Consumer credit	5 709	0	398	0	0	0	0	**6 106**	
Mortgage loans	65 734	0	162	0	0	0	0	**65 895**	
Term loans	71 296	0	0	0	0	0	0	**71 296**	
Finance lease	5 742	0	0	0	0	0	0	**5 742**	
Current account advances	5 205	0	0	0	0	0	0	**5 205**	
Other	487	0	0	0	0	0	0	**487**	
Reverse repos	27 581	0	0	0	1 195	0	0	**28 777**	
with credit institutions and investment firms	27 466	0	0	0	1 195	0	0	**28 661**	
with customers	115	0	0	0	0	0	0	**115**	
Equity instruments	0	299	9	1 333	443	0	0	**2 083**	
Investment contracts (insurance)	0	0	14 283	0	0	0	0	**14 283**	
Debt securities issued by	45 804	15 629	18	0	2 735	0	0	**64 186**	
Public bodies	40 056	10 620	0	0	2 622	0	0	**53 298**	
Credit institutions and investment firms	3 520	2 154	0	0	35	0	0	**5 709**	
Corporates	2 228	2 855	18	0	78	0	0	**5 179**	
Derivatives	0	0	0	0	4 643	0	245	**4 888**	
Other	1 213	0	0	0	0	0	0	**1 213**	
Total	237 594	15 927	14 870	1 333	9 018	0	245	**278 986**	
FINANCIAL ASSETS, 31-12-2020									
Loans and advances to credit institutions and investment firms (excl. reverse repos)	6 343	0	0	0	0	0	0	**6 343**	***6 343***
of which repayable on demand and term loans at not more than three months								**1 393**	***1 393***
Loans and advances to customers (excl. reverse repos)	159 234	0	387	0	0	0	0	**159 621**	***149 655***
Trade receivables	1 686	0	0	0	0	0	0	**1 686**	***1 686***
Consumer credit	5 476	0	273	0	0	0	0	**5 749**	***5 705***
Mortgage loans	71 841	0	109	0	0	0	0	**71 950**	***62 106***
Term loans	69 477	0	5	0	0	0	0	**69 482**	***69 418***
Finance lease	5 747	0	0	0	0	0	0	**5 747**	***5 747***
Current account advances	4 285	0	0	0	0	0	0	**4 285**	***4 272***
Other	722	0	0	0	0	0	0	**722**	***722***
Reverse repos	27 628	0	0	0	0	0	0	**27 628**	***27 628***
with credit institutions and investment firms	27 444	0	0	0	0	0	0	**27 444**	***27 444***
with customers	184	0	0	0	0	0	0	**184**	***184***
Equity instruments	0	294	7	1 276	489	0	0	**2 067**	***2 067***
Investment contracts (insurance)	0	0	13 830	0	0	0	0	**13 830**	***13 830***
Debt securities issued by	48 965	18 157	53	0	2 542	0	0	**69 717**	***68 478***
Public bodies	42 432	12 301	0	0	2 479	0	0	**57 212**	***55 973***
Credit institutions and investment firms	3 902	2 569	0	0	19	0	0	**6 490**	***6 490***
Corporates	2 631	3 286	53	0	45	0	0	**6 014**	***6 014***
Derivatives	0	0	0	0	5 659	0	160	**5 818**	***5 806***
Other	1 358	0	0	0	4	0	0	**1 361**	***1 361***
Total	243 527	18 451	14 277	1 276	8 695	0	160	**286 386**	***275 168***

Pro Forma excluding Ireland: it relates to the financial assets and liabilities of KBC Bank Ireland included in "Non-current assets held for sale and disposal groups" and "Liabilities associated with disposal groups" (see Notes 5.11 and 6.6). For the purpose of comparison between the figures as at 30-09-2021 and 31-12-2020, these assets and liabilities have been deducted as at 31-12-2020 in this column.

(in millions of EUR)	AC	HFT	FVO	Hedging derivatives	Total	*Pro Forma excl. Ireland*
FINANCIAL LIABILITIES, 30-09-2021						
Deposits from credit institutions and investment firms (excl. repos)	40 449	0	0	0	**40 449**	
of which repayable on demand					**5 608**	
Deposits from customers and debt securities (excl. repos)	230 764	33	1 364	0	**232 161**	
Demand deposits	112 200	0	0	0	**112 200**	
Time deposits	7 329	10	147	0	**7 486**	
Savings accounts	74 789	0	0	0	**74 789**	
Special deposits	3 046	0	0	0	**3 046**	
Other deposits	500	0	0	0	**500**	
Subtotal deposits from customers, excl. repos	*197 864*	*10*	*147*	*0*	***198 021***	
Certificates of deposit	14 415	0	5	0	**14 420**	
Savings certificates	280	0	0	0	**280**	
Non-convertible bonds	15 264	24	1 078	0	**16 365**	
Non-convertible subordinated liabilities	2 941	0	134	0	**3 075**	
Repos	9 209	156	0	0	**9 365**	
with credit institutions and investment firms	4 086	140	0	0	**4 227**	
with customers	5 122	16	0	0	**5 138**	
Liabilities under investment contracts	0	0	13 213	0	**13 213**	
Derivatives	0	4 340	0	1 021	**5 361**	
Short positions	0	1 511	0	0	**1 511**	
In equity instruments	0	19	0	0	**19**	
In debt securities	0	1 492	0	0	**1 492**	
Other	2 187	0	0	0	**2 187**	
Total	282 608	6 041	14 578	1 021	**304 248**	
FINANCIAL LIABILITIES, 31-12-2020						
Deposits from credit institutions and investment firms (excl. repos)	34 605	0	0	0	**34 605**	***34 331***
of which repayable on demand					**4 604**	***4 341***
Deposits from customers and debt securities (excl. repos)	213 801	101	1 528	0	**215 430**	***211 162***
Demand deposits	100 986	0	0	0	**100 986**	***100 449***
Time deposits	11 768	16	117	0	**11 902**	***10 595***
Savings accounts	74 862	0	0	0	**74 862**	***72 437***
Special deposits	2 543	0	0	0	**2 543**	***2 543***
Other deposits	260	0	0	0	**260**	***260***
Subtotal deposits from customers, excl. repos	*190 419*	*16*	*117*	*0*	***190 553***	***186 285***
Certificates of deposit	5 412	0	5	0	**5 417**	***5 417***
Savings certificates	454	0	0	0	**454**	***454***
Non-convertible bonds	15 319	85	1 264	0	**16 668**	***16 668***
Non-convertible subordinated liabilities	2 196	0	142	0	**2 338**	***2 338***
Repos	3 570	0	0	0	**3 570**	***3 570***
with credit institutions and investment firms	3 288	0	0	0	**3 288**	***3 288***
with customers	282	0	0	0	**282**	***282***
Liabilities under investment contracts	0	0	12 724	0	**12 724**	***12 724***
Derivatives	0	5 362	0	1 319	**6 681**	***6 681***
Short positions	0	1 694	0	0	**1 694**	***1 694***
In equity instruments	0	12	0	0	**12**	***12***
In debt securities	0	1 682	0	0	**1 682**	***1 682***
Other	2 077	0	0	0	**2 077**	***2 077***
Total	254 053	7 157	14 252	1 319	**276 781**	***272 239***

Pro Forma excluding Ireland: it relates to the financial assets and liabilities of KBC Bank Ireland included in "Non-current assets held for sale and disposal groups" and "Liabilities associated with disposal groups" (see Notes 5.11 and 6.6). For the purpose of comparison between the figures as at 30-09-2021 and 31-12-2020, these assets and liabilities have been deducted as at 31-12-2020 in this column.

Deposits from credit institutions and investment firms: includes funding from the ECB's TLTRO programme (in 9M 2021 an additional amount of 2.5 billion euros was drawn, bringing the total TLTRO III funding at 24.5 billion euros). KBC applies the effective interest rate principle to these deposits, changing it when we would no longer meet the terms (similar to a floating rate instrument) in accordance with IFRS 9 (Section B.5.4.5). KBC's management is confident that KBC will meet the related conditions (amongst others the level of lending to non-financial corporates and households) and therefore interest was recognised accordingly.

Impaired financial assets (note 4.2.1 in the annual accounts 2020)

(in millions of EUR)	Carrying value before impairment	Impairment	Carrying value after impairment
30-09-2021			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances (*)	193 262	- 2 685	190 577
Stage 1 (12-month ECL)	166 408	- 109	166 298
Stage 2 (lifetime ECL)	22 774	- 553	22 221
Stage 3 (lifetime ECL)	3 464	- 1 913	1 551
Purchased or originated credit impaired assets (POCI)	617	- 110	507
Debt Securities	45 814	- 10	45 804
Stage 1 (12-month ECL)	45 772	- 5	45 767
Stage 2 (lifetime ECL)	39	- 3	36
Stage 3 (lifetime ECL)	3	- 2	1
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	15 636	- 7	15 629
Stage 1 (12-month ECL)	15 501	- 4	15 497
Stage 2 (lifetime ECL)	135	- 3	131
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0
31-12-2020			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances (*)	196 900	- 3 695	193 205
Stage 1 (12-month ECL)	172 059	- 168	171 891
Stage 2 (lifetime ECL)	19 423	- 992	18 431
Stage 3 (lifetime ECL)	5 278	- 2 517	2 761
Purchased or originated credit impaired assets (POCI)	139	- 18	121
Debt Securities	48 974	- 9	48 965
Stage 1 (12-month ECL)	48 935	- 6	48 929
Stage 2 (lifetime ECL)	36	- 1	35
Stage 3 (lifetime ECL)	3	- 2	1
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	18 166	- 9	18 157
Stage 1 (12-month ECL)	18 028	- 6	18 022
Stage 2 (lifetime ECL)	138	- 3	135
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0

Pro forma 31-12-2020 excl. Ireland			
FINANCIAL ASSETS AT AMORTISED COST			
Loans and advances (*)	186 482	- 3 243	189 725
Stage 1 (12-month ECL)	163 726	- 158	163 884
Stage 2 (lifetime ECL)	18 772	- 925	19 698
Stage 3 (lifetime ECL)	3 844	- 2 142	5 986
Purchased or originated credit impaired assets (POCI)	139	- 18	157
Debt Securities	47 886	- 9	47 896
Stage 1 (12-month ECL)	47 847	- 6	47 853
Stage 2 (lifetime ECL)	36	- 1	37
Stage 3 (lifetime ECL)	3	- 2	6
Purchased or originated credit impaired assets (POCI)	0	0	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI			
Debt Securities	18 015	- 9	18 024
Stage 1 (12-month ECL)	17 877	- 6	17 884
Stage 2 (lifetime ECL)	138	- 3	141
Stage 3 (lifetime ECL)	0	0	0
Purchased or originated credit impaired assets (POCI)	0	0	0

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

Pro Forma excluding Ireland: it relates to the financial assets of KBC Bank Ireland included in "Non-current assets held for sale and disposal groups" (see Notes 5.11 and 6.6). For the purpose of comparison between the figures as at 30-09-2021 and 31-12-2020, these assets and liabilities have been deducted as at 31-12-2020 in the last table.

As of 3Q 2021 a collective shift to Stage 2 has been applied on two Stage 1 portfolios which are deemed to bear more risk from Covid-19, leading to a migration of 3.3 billion euros of our outstanding from Stage 1 towards Stage 2 (for more information see note 1.4 in this report). Apart from this, the table does not include the Stage transfers embedded underlying in the management overlay of the forecasted collective Covid-19 ECL, as these are determined based on a collective statistical approach and hence cannot be individually linked to specific credits. Taking into account the impact of the management overlay on staging would result in a carrying value before impairment of loans and advances of approximately respectively 163.1, 25.2 and 4.4 billion euros in Stage 1,2 and 3 (or a net staging of 2% of the total portfolio from Stage 1 to Stage 2 and of 0,5% from Stage 1 & 2 to Stage 3).

The increase of the Purchased or originated credit impaired assets within the loans and advances category is to a large extent attributable to a reclassification from Stage 3 related to an improved POCI identification in light of the new regulatory reporting requirements.

Financial assets and liabilities measured at fair value – fair value hierarchy (note 4.5 in the annual accounts 2020)

For more details on how KBC defines and determines (i) fair value and the fair value hierarchy and (ii) level 3 valuations reference is made to notes 4.4 up to and including 4.7 of the annual accounts 2020.

(in millions of EUR)				30-09-2021				31-12-2020
Fair value hierarchy	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT FAIR VALUE								
Mandatorily measured at fair value through profit or loss (other than held for trading)	15 280	307	615	16 202	14 722	344	487	15 553
Held for trading	2 872	5 262	884	9 018	2 647	5 081	967	8 695
Fair value option	0	0	0	0	0	0	0	0
At fair value through OCI	12 406	2 960	562	15 927	14 513	3 364	575	18 451
Hedging derivatives	0	245	0	245	0	160	0	160
Total	30 558	8 773	2 061	41 392	31 881	8 948	2 030	42 859
FINANCIAL LIABILITIES AT FAIR VALUE								
Held for trading	1 500	3 032	1 509	6 041	1 697	4 270	1 191	7 157
Designated at fair value	13 213	159	1 206	14 578	12 724	377	1 151	14 252
Hedging derivatives	0	1 021	0	1 021	0	1 319	0	1 319
Total	14 713	4 211	2 715	21 639	14 420	5 966	2 342	22 728

Financial assets and liabilities measured at fair value – transfers between level 1 and 2 (note 4.6 in the annual accounts 2020)

During 9M 2021, KBC transferred about 106 million euros' worth of financial assets and liabilities out of level 1 and into level 2. It also reclassified approximately 213 million euros' worth of financial assets and liabilities from level 2 to level 1. Most of these reclassifications were carried out due to a change in the liquidity of government and corporate bonds.

Financial assets and liabilities measured at fair value – focus on level 3 (note 4.7 in the annual accounts 2020)

In the first 9 months of 2021 significant movements in financial assets and liabilities classified in level 3 of the fair value hierarchy included the following:

- Financial assets measured at fair value through profit and loss: the fair value of loans and advances increased by 172 million euros, primarily due to new transactions. The fair value of debt securities decreased by 33 million euros, mostly due to changes in fair value.
- Financial assets held for trading: the fair value of derivatives decreased by 77 million euros, primarily due to a combination of sales of existing positions, instruments that had reached maturity and transfers out of level 3, only partly offset by a combination of changes in fair value, new transactions, and transfers into level 3 .
- Financial assets measured at fair value through OCI: the fair value of equity instruments increased by 43 million euros, mostly due to revaluation of unconsolidated positions. The fair value of debt securities decreased by 57 million euros, mostly due to transfers out of level 3, only partially offset by transfers into level 3
- Financial liabilities held for trading: the fair value of derivatives increased by 379 million euros, mainly due to a combination of changes in fair value, transfers into level 3, and new transactions, only partially offset by sales of existing positions. The fair value of debt securities issued decreased by 61 million euros, primarily due to instruments that reached maturity
- Financial liabilities designated at fair value: the fair value of debt securities issued increased by 54 million euros, mostly due to new issues only partially offset by repurchases

Provisions for risks and charges (note 5.7 in the annual accounts 2020)

- On 6 October 2011, Irving H. Picard, trustee for the liquidation of Bernard L. Madoff Investments Securities LLC (& Bernard L. Madoff), sued KBC Investments Ltd (a wholly-owned subsidiary of KBC Bank) before the bankruptcy court in New York to recover (claw-back) approximately USD 110,000,000 which had been transferred from Madoff (via a feeder fund KBC had lent to, called Harley) to KBC entities. This claim is one of a whole set made by the trustee against several banks, hedge funds, feeder funds and investors ("joint defense group").
- A lengthy litigation process was conducted on the basis of preliminary objections in respect of the applicability of the Bankruptcy Code's 'safe harbor' and 'good defenses' rules to subsequent transferees (as is the case for KBC Investments Ltd), as detailed in previous disclosures. In June 2015 the trustee amended the original claim which led to an increase of the amount claimed to USD 196,000,000.

- A court ruling dismissing the claim of the Trustee was issued on 3 March 2017. The Trustee appealed and the Court of Appeal reversed the dismissal on 28 February 2019. A petition (i.e. writ of Certioriari) filed on 30 August 2019 was denied by the U.S. Supreme Court on 2 June 2020. As a consequence the merits of the case are handled by the Bankruptcy Court.
- On 30 August 2021 the Court of Appeals for the Second Circuit reversed the pleading standard of good faith from an initial burden for the plaintiff of proving lack of good faith on the part of the defendant to henceforth a burden for the defendant of proving his good faith. The trustee intends to meet and confer separately with each defendant's counsel in the remaining 80 subsequent transferee cases in the near future.
- Although the burden of proof has been increased, KBC still believes it has good and credible defenses, both procedurally as on the merits including demonstrating its good faith. The procedure may still take several years.

Parent shareholders' equity and AT1 instruments (note 5.10 in the annual accounts 2020)

Quantities	30-09-2021	31-12-2020
Ordinary shares	**416 694 558**	**416 694 558**
of which ordinary shares that entitle the holder to a dividend payment	*416 694 558*	*416 694 558*
of which treasury shares	*302*	*20 795*
Additional information		
Par value per share (in EUR)	3.51	3.51
Number of shares issued but not fully paid up	0	0

The ordinary shares of KBC Group NV have no nominal value and are quoted on NYSE Euronext (Brussels). The treasury shares almost fully relate to positions in shares of KBC Group to hedge outstanding equity derivatives.

Non-current assets held for sale and discontinued operations (note 5.11 in the annual accounts 2020)

The sale of loans and deposits at KBC Bank Ireland resulted in a shift to the items 'Non-current assets held for sale and disposal groups' and 'Liabilities associated with disposal groups' because we consider all IFRS 5 conditions are met. More details can be found in the table below. For more information, see note 6.6.

KBC Bank Ireland (in millions of EUR)	30-09-2021
ASSETS	
Loans and advances to customers (excl. reverse repos)	10 045
Consumer credit	47
Mortgage loans	9 922
Term loans	75
Current account advances	0
LIABILITIES	
Deposits from customers and debt securities (excl. repos)	4 153
Demand deposits	384
Time deposits	1 038
Savings accounts	2 731
Deposits from credit institutions and investment firms (excl. repos)	330
of which repayable on demand	325

Main changes in the scope of consolidation (note 6.6 in the annual accounts 2020)

In 9M 2021 and upcoming changes:

NN's Bulgarian pension and life insurance business

On 30 July 2021, we completed the acquisition of NN's Bulgarian pension and life insurance business for 77.7 million euros, without any contingent consideration. It concerns an acquisition by DZI (Bulgarian subsidiary of KBC) of all shares of NN Pension Insurance Company EAD (Bulgaria) and all assets and liabilities of NN Insurance Co. Ltd. - Sofia Branch.

- The impact of this is included in the consolidated balance sheet figures (as of 30 September 2021). The results of the relevant operations were fully consolidated in the income statement from 1 August 2021. See table with details further in this note.
- KBC has recognised goodwill of 56 million euro in the consolidated accounts on Pension Insurance Company UBB EAD. This is justified by the profitability of this company (based on the results of previous years and the business plan for the coming years), and allows UBB and DZI to further increase their cross-selling potential through their already established bancassurance presence on the Bulgarian market, to serve more customers and to benefit from economies of scale and increased visibility.
- KBC booked no goodwill or badwill on the acquisition of all assets and liabilities of NN Insurance Co. Ltd. - Sofia Branch as the acquisition price was approximately equal to the net value of the assets and liabilities acquired (taking into account specific fair value adjustments).
- IFRS 3 (Business Combinations) allows in principle for the adjustment of the goodwill amount during the 12-month period from the acquisition date. Therefore, the goodwill amount is temporary and subject to change (currently there are no indications that a significant change to the goodwill calculation will be necessary). The goodwill cannot be deducted for tax purposes.
- The deal had no impact on KBC's capital position at Group level and only a limited negative impact on the Solvency II ratio.

KBC Bank Ireland:

Transaction with CarVal Investors

On 30 August 2021 KBC Bank Ireland sold substantially all of its remaining non-performing mortgage loan portfolio of roughly 1.1 billion euros in a transaction financed by funds managed by CarVal Investors (“CarVal”). Post completion, Pepper Finance Corporation (Ireland) DAC will be managing the loans as Legal Title Holder. Pepper is regulated by the Central Bank of Ireland. The impact on KBC Group’s P&L in 3Q 2021 is -110 million euros (see table with details further in this note). The transaction is marginally capital accretive with a combined impact (P&L and RWA) on the CET1 ratio of KBC Group of approximately 2bps. The risk-weighted assets decrease by 0.8 billion euros.

Transaction with Bank of Ireland Group

Following the announcement made on the 16th April 2021 that KBC Bank Ireland had entered into a Memorandum of Understanding (MoU) with Bank of Ireland Group, on 22 October 2021 KBC Bank Ireland entered into a legally binding agreement with Bank of Ireland relating to the sale of substantially all of KBC Bank Ireland’s performing loan assets and its deposit book to Bank of Ireland Group. In addition, a small portfolio of non-performing mortgages (NPEs) will also be acquired as part of the transaction.

The acquisition for a total consideration of c. 5.0 billion euros (net of deposits), involves c.8.8 billion euros of performing mortgages, c. 0.1 billion euros of mainly performing commercial and consumer loans, c. 0.3 billion euros of non-performing mortgages, and c. 4.4 billion euros of deposits. The exact size of the portfolio and consideration payable will depend on movements in the portfolio up to completion, but is not expected to materially change.

The transaction remains subject to regulatory, including Irish competition, approvals.

The transaction will have an impact on KBC Group’s P&L which is estimated at +0.2 billion euros at completion. Furthermore, as the transaction would ultimately result in KBC Group’s withdrawal from the Irish market, this also triggers a P&L impact in 3Q 2021 of -209 million euros (see table with details further in this note). Combined, it further improves KBC’s solid capital position on completion of the transaction (expected in 2H 2022), with a positive impact of +0.9%pt. on the CET1 ratio primarily by reducing risk-weighted assets by c.5 billion euros upon completion of the transaction and a further c.1 billion thereafter.

As a result of this announcement, the P&L of KBC Bank Ireland will be transferred from Business Unit International Markets (KBC Group) to Group Centre as of 1 January 2022 (not retroactive).

Impact of transactions relating to Ireland in 3Q 2021 non-recurring items (in millions of EUR)	Sale of non-performing loans to CarVal	Sale of loans and deposits to BOI and planned wind-down	Total
Operating expenses	- 7	- 75	- 81
Impairment	- 119	- 66	- 185
on financial assets at AC and at FVOCI	*- 119*	*- 51*	*- 170*
other	*0*	*- 15*	*- 15*
Income tax expense	16	- 68	- 53
RESULT AFTER TAX	- 110	- 209	- 319

In 2020 :

On 29 May 2020, KBC Insurance and Nova Ljubljanska banka ('NLB') closed the transaction announced on 27 December 2019 to sell, in a joint process, their respective stakes in the Slovenian 50/50 life insurance joint venture **NLB Vita**.

The transaction had a negligible impact on KBC Group's P&L and capital ratio.

On 26 November 2020, we completed the acquisition of 99.44% of **OTP Banka Slovensko** for EUR 64 million, without any contingent consideration.

- The impact was included in the consolidated balance sheet figures of 4Q 2020. The results of OTP Banka Slovensko are fully consolidated in each line of the income statement as of 1 January 2021.
- KBC did not recognise any goodwill or badwill in its consolidated financial statements at the end of 2020 (unchanged at the end of September 2021) as the acquisition price was close to OTP's equity (taking into account specific negative fair value adjustments identified by KBC during the due diligence process). If needed, IFRS 3 (Business Combinations) requires to adjust the goodwill amount during the 12-month period from the acquisition date. Therefore, the goodwill amount is temporary and subject to change (mainly related to fair value adjustments on the loan portfolio, which will be further screened in the coming months).
- The acquisition had a limited impact on KBC's capital position (-0.2% on common equity ratio).
- In 2021, the stake increased to 100% via a squeeze-out bid. On 1 October 2021, CSOB Slovakia merged with OTP Banka Slovensko (merger by absorption).

The following table sets out the fair value of the main assets and liabilities included in the acquisition of OTP Banka Slovensko and of NN's Bulgarian pension and life insurance activities. The following table also shows the profit and loss account of 9M 2021 (and 3Q 2021) of OTP Banka Slovensko and as from 3Q 2021 NN's Bulgarian pension and life insurance activities, as included in KBC's profit and loss account:

(in millions of EUR)	NN Bulgaria 3Q 2021	OTP SK 9M 2021	OTP SK 3Q 2021
Net interest income	0	21	7
Life insurance (before reinsurance)	0	0	0
Earned premiums	*2*	*0*	*0*
Technical charges	*- 1*	*0*	*0*
Dividend income	0	0	0
Net result from financial instruments at fair value through profit or loss	0	0	0
Net realised result from debt instruments at fair value through OCI	0	0	0
Net fee and commission income	2	6	2
Net other income	0	- 1	0
TOTAL INCOME	2	27	8
Operating expenses	- 1	- 27	- 10
Staff expenses	*- 1*	*- 17*	*- 6*
General administrative expenses	*0*	*- 10*	*- 4*
Depreciation and amortisation of fixed assets	*0*	*0*	*0*
Impairment	0	3	3
on financial assets at AC and at FVOCI	*0*	*3*	*3*
on goodwill	*0*	*0*	*0*
other	*0*	*0*	*0*
Share in results of associated companies and joint ventures	0	0	0
RESULT BEFORE TAX	1	2	1
Income tax expense	0	- 2	0
RESULT AFTER TAX	1	0	1
attributable to equity holders of the parent	**1**	**0**	**1**

in millions of EUR	2021	2020
Purchase or sale	Purchase	Purchase
	Bulgarian life and pension insurance from NN	OTP Banka Slovenska
Total share percentage at the end of the relevant year	100.00%	99.44%
For business unit/segment	International Markets	International Markets
Deal date (month and year)	July 2021	November 2020
Incorporation of the result of the company in the result of the group as of:	01-08-2021	01-01-2021
Purchase price	78	64
Cashflow for acquiring or selling companies less cash and cash equivalents acquired	- 71	107
Recognised amounts of identifiable assets acquired and liabilities assumed - provisional fair value at:	31/07/2021	31/12/2020
Cash and cash balances with central banks	7	171
Financial assets	106	1 179
Amortised cost	1	1 176
Fair value through OCI	58	2
Fair value through P&L	47	0
Fair value adjustments of hedged items in portfolio hedge of interest rate risk	0	0
Tax assets	0	16
Property and equipment	1	12
Goodwill and other intangible assets	0	0
Other assets	5	2
of which: cash and cash equivalents (included in the assets above)	*7*	*171*
Financial liabilities	36	1 048
Amortised cost	0	1 048
Fair value through P&L	36	0
Technical provisions, before reinsurance	59	0
Provisions for risks and charges	0	5
Other liabilities	3	21
of which: cash and cash equivalents (included in the liabilities above)	*0*	*0*

Post-balance sheet events (note 6.8 in the annual accounts 2020)

Significant non-adjusting event between the balance sheet date (30 September 2021) and the publication of this report (12 November 2021):

- ECB lifted its restrictions on bank dividend payments and share buy backs as of 30 September 2021. As a result, KBC Group's Board of Directors of 10 November 2021 decided to distribute an interim dividend of 3.00 euros per share (in total 1 250 million euros; including 1.00 euros per share as an advance on the total dividend for financial year 2021), payable on 17 November 2021. For more information see Consolidated statement of changes in equity.

Significant adjusting event between the balance sheet date (30 September 2021) and the publication of this report (12 November 2021):

- Following the announcement made on the 16th April 2021 that KBC Bank Ireland had entered into a Memorandum of Understanding (MoU) with Bank of Ireland Group, on 22 October 2021 KBC Bank Ireland entered into a legally binding agreement with Bank of Ireland relating to the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book to Bank of Ireland Group. For more information, see 'Main changes in the scope of consolidation' - note 6.6.

REPORT OF THE ACCREDITED AUDITOR TO THE BOARD OF DIRECTORS OF KBC GROUP NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021 AND FOR THE NINE-MONTH PERIOD THEN ENDED

Introduction

We have reviewed the accompanying interim consolidated balance sheet of KBC Group NV and its subsidiaries (collectively referred to as "the Group") as at 30 September 2021 and the related interim consolidated income statement and condensed consolidated statement of comprehensive income for the nine-month period then ended, and the interim consolidated statement of changes in equity and consolidated cash flow statement for the nine-month period then ended, and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements".

These statements show a consolidated balance sheet total of EUR 354.336 million and a consolidated profit (attributable to equity holders of the parent) for the nine-month period then ended of EUR 1.951 million.

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

Scope of Review

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

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Conclusion

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

Sint-Stevens-Woluwe, 10 November 2021

The statutory auditor
PwC Bedrijfsrevisoren BV
represented by

Roland Jeanquart
Accredited auditor

Tom Meuleman
Accredited auditor

KBC Group

Additional Information 3Q 2021 and 9M 2021

Section not reviewed by the Auditor

Credit risk

Snapshot of the loan portfolio (banking activities)

The main source of credit risk is the loan portfolio of the bank. It includes all the loans and guarantees that KBC has granted to individuals, companies, governments and banks. Debt securities in the investment portfolio are included if they are issued by companies or banks. Government bonds are not included. The loan portfolio as defined in this section differs from 'Loans and advances to customers' in Note 4.1 of the 'Consolidated financial statements' section of the annual accounts 2020. For more information, please refer to 'Details of ratios and terms on KBC Group level'.

A snapshot of the banking portfolio is shown in the table below. Further on in this chapter, extensive information is provided on the credit portfolio of each business unit.

Credit risk: loan portfolio overview	30-09-2021	Pro-forma excl. Ireland 30-09-2021	31-12-2020
Total loan portfolio (in billions of EUR) [1]			
Amount outstanding and undrawn	231	220	225
Amount outstanding	185	175	181
Loan portfolio breakdown by business unit (as a % of the outstanding portfolio)			
Belgium	63.8%	67.6%	64.0%
Czech Republic	18.3%	19.4%	17.6%
International Markets	16.8%	11.8%	16.6%
Group Centre	1.1%	1.2%	1.8%
Loan portfolio breakdown by counterparty sector (as a % of the outstanding portfolio)			
Private individuals	44.3%	41.0%	43.0%
Finance and insurance	6.3%	6.7%	8.0%
Governments	2.9%	3.0%	2.9%
Corporates	46.5%	49.3%	46.1%
Services	10.5%	11.1%	10.8%
Distribution	7.4%	7.9%	6.9%
Real estate	6.2%	6.5%	6.3%
Building & construction	4.0%	4.3%	3.9%
Agriculture, farming, fishing	2.8%	3.0%	2.7%
Automotive	2.3%	2.5%	2.5%
Food producers	1.7%	1.8%	1.8%
Electricity	1.5%	1.6%	1.6%
Metals	1.4%	1.5%	1.4%
Chemicals	1.3%	1.4%	1.4%
Machinery & heavy equipment	0.9%	1.0%	0.9%
Hotels, bars & restaurants	0.7%	0.8%	0.7%
Shipping	0.6%	0.7%	0.6%
Oil, gas & other fuels	0.5%	0.7%	0.5%
Electrotechnics	0.5%	0.5%	0.5%
Textile & apparel	0.5%	0.5%	0.4%
Traders	0.5%	0.5%	0.5%
Other [2]	3.0%	3.1%	2.9%
Loan portfolio breakdown by region (as a % of the outstanding portfolio)			
Home countries	88.8%	88.2%	86.7%
Belgium	54.3%	57.6%	53.2%
Czech Republic	17.4%	18.4%	16.6%
Ireland	5.8%	0.1%	5.8%
Slovakia	5.6%	5.9%	5.7%
Hungary	3.5%	3.7%	3.3%
Bulgaria	2.3%	2.4%	2.1%
Rest of Western Europe	6.8%	7.2%	8.9%
Rest of Central and Eastern Europe	0.2%	0.2%	0.2%
North America	1.3%	1.4%	1.4%
Asia	1.5%	1.6%	1.2%
Other	1.4%	1.5%	1.6%
Loan portfolio breakdown by counterparty (as % of the outstanding portfolio)			
Retail	44.3%	41.0%	42.9%
of which: mortgages	41.0%	37.6%	39.7%
of which: consumer finance	3.3%	3.4%	3.2%
SME	21.7%	23.0%	21.6%
Corporate	34.0%	36.0%	35.4%

	30-09-2021	Pro-forma excl. Ireland 30-09-2021	31-12-2020
Loan portfolio breakdown by IFRS 9 ECL stage (as % of the outstanding portfolio)			
Stage 1 (credit risk has not increased significantly since initial recognition)	83.4%	83.6%	85.2%
of which: PD 1 - 4	61.8%	64.9%	62.5%
of which: PD 5 - 9 including unrated	21.6%	18.6%	22.7%
Stage 2 (credit risk has increased significantly since initial recognition – not credit impaired) incl. POCI [3]	13.5%	13.9%	11.5%
of which: PD 1 - 4	5.0%	5.3%	3.6%
of which: PD 5 - 9 including unrated	8.5%	8.6%	7.9%
Stage 3 (credit risk has increased significantly since initial recognition – credit impaired) incl. POCI [3]	3.1%	2.5%	3.3%
of which: PD 10 impaired loans	1.5%	1.3%	1.5%
of which: more than 90 days past due (PD 11+12)	1.6%	1.3%	1.8%
Impaired loan portfolio (in millions of EUR)			
Impaired loans (PD10 + 11 + 12)	5 737	4 444	5 902
of which: more than 90 days past due	2 965	2 230	3 220
Impaired loans ratio (%)			
Belgium	2.4%	2.4%	2.3%
Czech Republic	2.0%	2.0%	2.3%
International Markets	5.9%	2.6%	6.9%
Group Centre	20.9%	20.9%	13.9%
Total	3.1%	2.5%	3.3%
of which: more than 90 days past due	1.6%	1.3%	1.8%
Loan loss impairment (in millions of EUR)			
Loan loss Impairment for Stage 1 portfolio	134	128	191
Loan loss Impairment for Stage 2 portfolio	606	572	998
Loan loss Impairment for Stage 3 portfolio	2 638	2 097	2 638
of which: more than 90 days past due	1 984	1 567	2 044
Cover ratio of impaired loans (%)			
Loan loss impairments for stage 3 portfolio / impaired loans	46.0%	47.2%	44.7%
of which: more than 90 days past due	66.9%	70.3%	63.5%
Cover ratio of impaired loans, mortgage loans excluded (%)			
Loan loss impairments for stage 3 portfolio / impaired loans, mortgage loans excluded	49.1%	49.0%	52.3%
of which: more than 90 days past due	72.8%	72.8%	74.8%
Credit cost ratio (%)			
Belgium	-0.29%	-0.29%	0.57%
Czech Republic	-0.47%	-0.47%	0.67%
International Markets	0.41%	-0.36%	0.78%
Slovakia	-0.23%	-0.23%	0.50%
Hungary	-0.72%	-0.72%	1.05%
Bulgaria	-0.13%	-0.13%	0.73%
Ireland	1.90%		0.88%
Group Centre	0.37%	0.37%	-0.23%
Total	-0.20%	-0.32%	0.60%

[1] Outstanding portfolio includes all on-balance sheet commitments and off-balance sheet guarantees but excludes off-balance sheet undrawn commitments; the amounts are measured in Gross Carrying Amounts;
[2] Other includes corporate sectors not exceeding 0.5% concentration and unidentified sectors
[3] Purchased or originated credit impaired assets

As of 3Q 2021, given the aim of returning fully to the regular impairment process, KBC has decided to capture part of the Covid-19 ECL via a collective transfer to Stage 2 of two Stage 1 portfolios for which the repayment is still uncertain. More specially, the SME & Corporate clients active in a highly vulnerable sector and the payment holidays (Retail & Non-Retail) which are still ongoing or ended maximum 6 months ago. The related files will revert to Stage 1 after a probation period of 6 months in case no other signs of an increase in credit risk are detected. This collective transfer led to a migration of 3.3 billion euros of our outstanding from Stage 1 towards Stage 2 . Excluding this collective shift, only minor Stage shifts have been observed in our portfolio (for more information see note 4.2.1).

Impaired loans are loans for which full (re)payment of the contractual cash flows is deemed unlikely. This coincides with KBC's Probability-of-Default-classes 10, 11 and 12 (see annual accounts FY 2020 - section on credit risk for more information on PD classification). These impaired loans are equal to 'non-performing loans' under the definition used by EBA.

Loan portfolio per Business Unit (banking activities)

Legend:

- **ind. LTV - Indexed Loan To Value:** current outstanding loan / current value of property
- **Impaired loans:** loans for which full (re)payment is deemed unlikely (coincides with KBC's PD-classes 10, 11 or 12)
- **Impaired loans that are more than 90 days past due:** loans that are more than 90 days overdue and/or loans which have been terminated/cancelled or bankrupt obligors (coincides with KBC's PD-classes 11 and 12)
- Stage 1+2 impairments: impairments for non-impaired exposure (i.e. exposure with PD < PD 10)
- Stage 3 impairments: loan loss impairments for impaired exposure (i.e. exposure with PD 10, 11 or 12)
- **Cover ratio impaired loans:** stage 3 impairments / impaired loans

Loan portfolio per Business Unit 30-09-2021, in millions of EUR	Business Unit Belgium[1]			Business Unit Czech Republic			Business Unit International Markets			Business Unit Group Centre[2]		
Total portfolio outstanding	**118 003**			**33 913**			**31 155**			**2 007**		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
retail	41 578	35%		20 071	59%		20 357	65%		0	0%	
o/w mortgages	39 928	34%		17 848	53%		18 165	58%		0	0%	
o/w consumer finance	1 650	1%		2 223	7%		2 191	7%		0	0%	
SME	32 796	28%		4 999	15%		2 345	8%		0	0%	
corporate	43 629	37%		8 844	26%		8 454	27%		2 007	100%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	39 928	34%	57%	17 848	53%	60%	18 165	58%	63%	0	0%	-
o/w FX mortgages	0	0%	-	0	0%	-	72	0%	62%	0	0%	-
o/w ind. LTV > 100%	385	0%	-	55	0%	-	656	2%	-	0	0%	-
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	91 058	77%		19 560	58%		11 466	37%		1 456	73%	
medium risk (PD 5-7; 0.80%-6.40%)	20 696	18%		12 534	37%		15 095	48%		131	7%	
high risk (PD 8-9; 6.40%-100.00%)	3 244	3%		1 137	3%		1 699	5%		0	0%	
impaired loans (PD 10 - 12)	2 821	2%		669	2%		1 827	6%		420	21%	
unrated	184	0%		14	0%		1 068	3%		0	0%	
Overall risk indicators		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover
outstanding impaired loans	2 821	1 136	40%	669	326	49%	1 827	808	44%	420	368	88%
o/w PD 10 impaired loans	1 632	340	21%	389	126	32%	724	165	23%	27	24	87%
o/w more than 90 days past due (PD 11+12)	1 189	796	67%	280	201	72%	1 103	643	58%	393	345	88%
all impairments (stage 1+2+3)	1 503			498			1 005			372		
o/w stage 1+2 impairments (incl. POCI)	367			172			197			4		
o/w stage 3 impairments (incl. POCI)	1 136			326			808			368		
2020 Credit cost ratio (CCR)[3]	0.57%			0.67%			0.78%			-0.23%		
2021 Credit cost ratio (CCR)[3] - YTD	-0.29%			-0.47%			0.41%			0.37%		

Remarks

[1] Business Unit Belgium = KBC Bank (all retail and corporate credit lending activities including the foreign branches, part of non-legacy portfolio assigned to BU Belgium), CBC, KBC Lease Belgium, KBC Immolease, KBC Commercial Finance

[2] Business Unit Group Centre = part of non-legacy portfolio assigned to BU Group and activities in wind-down (e.g. ex-Antwerp Diamond Bank)

[3] CCR at country level in local currency

Loan portfolio Business Unit International Markets

Legend:

- **ind. LTV - Indexed Loan To Value:** current outstanding loan / current value of property
- **Impaired loans:** loans for which full (re)payment is deemed unlikely (coincides with KBC's PD-classes 10, 11 or 12)
- **Impaired loans that are more than 90 days past due:** loans that are more than 90 days overdue and/or loans which have been terminated/cancelled or bankrupt obligors (coincides with KBC's PD-classes 11 and 12)
- Stage 1+2 impairments: impairments for non-impaired exposure (i.e. exposure with PD < PD 10)
- Stage 3 impairments: loan loss impairments for impaired exposure (i.e. exposure with PD 10, 11 or 12)
  Cover ratio impaired loans: stage 3 impairments / impaired loans

Loan portfolio Business Unit International Markets 30-09-2021, in millions of EUR	Slovakia			Hungary			Bulgaria			Ireland[1]		
Total portfolio outstanding	**9 999**			**6 416**			**4 185**			**10 555**		
Counterparty break down		% outst.			% outst.			% outst.			% outst.	
retail	5 670	57%		2 581	40%		1 633	39%		10 473	99%	
o/w mortgages	5 068	51%		1 841	29%		861	21%		10 396	98%	
o/w consumer finance	602	6%		740	12%		772	18%		77	1%	
SME	1 117	11%		145	2%		1 027	25%		55	1%	
corporate	3 212	32%		3 690	58%		1 525	36%		27	0%	
Mortgage loans		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV
total	5 068	51%	66%	1 841	29%	52%	861	21%	61%	10 396	98%	64%
o/w FX mortgages	0	0%	-	3	0%	76%	69	2%	61%	0	0%	-
o/w ind. LTV > 100%	43	0%	-	61	1%		20	0%	-	533	5%	-
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	5 995	60%		3 250	51%		1 159	28%		1 062	10%	
medium risk (PD 5-7; 0.80%-6.40%)	2 197	22%		2 888	45%		2 575	62%		7 436	70%	
high risk (PD 8-9; 6.40%-100.00%)	562	6%		186	3%		187	4%		764	7%	
impaired loans (PD 10 - 12)	179	2%		91	1%		264	6%		1 293	12%	
unrated	1 067	11%		1	0%		0	0%		0	0%	
Overall risk indicators		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover		stage 3 imp.	% cover
outstanding impaired loans	179	121	68%	91	39	43%	264	106	40%	1 293	542	42%
o/w PD 10 impaired loans	50	21	42%	48	10	21%	68	9	13%	558	125	22%
o/w more than 90 days past due (PD 11+12)	129	100	77%	43	29	67%	197	98	50%	735	417	57%
all impairments (stage 1+2+3)	198			99			127			581		
o/w stage 1+2 impairments (incl. POCI)	76			60			21			40		
o/w stage 3 impairments (incl. POCI)	121			39			106			542		
2020 Credit cost ratio (CCR)[2]	0.50%			1.05%			0.73%			0.88%		
2021 Credit cost ratio (CCR)[2] - YTD	-0.23%			-0.72%			-0.13%			1.90%		

Remarks

[1] Following IFRS 5 included in the balance sheet line 'Non-current assets held for sale and disposal groups'

[2] CCR at country level in local currency

Solvency

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

Solvency KBC Group

We report the solvency of the group, the bank and the insurance company based on IFRS data and according to the rules imposed by the regulator. For the KBC group, this implies that we calculate our solvency ratios based on CRR/CRD. This regulation entered gradually into force as of 1 January 2014. The general rule under CRR/CRD for insurance participations is that an insurance participation is deducted from common equity at group level, unless the competent authority grants permission to apply a risk weighting instead (Danish compromise). As of the fourth quarter of 2020, the revised CRR/CRD requires the use of the equity method, unless the competent authority allows institutions to apply a different method. KBC Group has received ECB approval to continue to use the historical carrying value for risk weighting (370%) , after having deconsolidated KBC Insurance from the group figures.

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

The Internal Rating Based (IRB) approach is since its implementation in 2008 the primary approach to calculate KBC's risk weighted assets. This is, based on a full application of all the CRR/CDR rules, used for approximately 92% of the weighted credit risks, of which approx. 88% according to Advanced and approx. 4% according to Foundation approach. The remaining weighted credit risks (ca. 8%) are calculated according to the Standardised approach.

The overall capital requirement (CET1) that KBC is to uphold is set at 10.60% (fully loaded, Danish Compromise which includes the CRR/CRD minimum requirement (4.50%), the Pillar 2 Requirement (1.75%) and the buffers set by national competent authorities (2.50% Capital Conservation Buffer, 1.50% Systemic Buffer and 0.35% Countercyclical Buffer). Furthermore ECB has set a Pillar 2 Guidance of 1.00%.

Distributions (being dividend payments, payments related to additional tier 1 instruments or variable remuneration) are limited in case the combined buffer requirements described above are breached. This limitation is also referred to as “Maximum Distributable Amount” or “MDA” thresholds.
The table below provides an overview of the buffers KBC Group has compared to these thresholds, both on an actuals basis (i.e. versus the regulatory targets that apply at the reporting date) and a fully loaded basis (i.e. versus the regulatory targets that will apply going forward).

Buffer vs. Overall Capital Requirement (in millions of EUR)	**30-09-2021**		**31-12-2020**	
(consolidated, under CRR, Danish compromise method)	**Fully loaded**	**Actuals**	**Fully loaded**	**Actuals**
CET1 Pillar 1 minimum	4.50%	4.50%	4.50%	4.50%
Pillar 2 requirement	1.75%	1.75%	1.75%	1.75%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Buffer for systemically important institutions (O-SII)	1.50%	1.50%	1.50%	1.50%
Entity-specific countercyclical buffer	0.35%	0.17%	0.20%	0.17%
Overall Capital Requirement (OCR)	**10.60%**	**10.42%**	**10.45%**	**10.42%**
CET1 used to satisfy shortfall in AT1 bucket (1)	0.05%	0.05%	0.03%	0.03%
CET1 used to satisfy shortfall in T2 bucket (1) (2)	0.09%	-0.40%	-0.13%	0.12%
CET1 requirement (MDA)	**10.74%**	**10.06%**	**10.35%**	**10.57%**
CET1 capital	16 968	17 437	17 948	18 441
CET1 buffer (= buffer to MDA)	5 837	7 037	7 382	7 681

(1) A negative figure in AT1 or T2 bucket relates to a surplus above the pillar 1 bucket for these instruments, which is available to partly satisfy the pillar 2 requirement.
(2) The fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2; these T2 instruments are included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework (introduced as from 2Q 2021 reporting).

Following table groups the solvency on the level of KBC Group according to different methodologies and calculation methods, including the deduction method.

Overview of KBC Group's capital ratios (in millions of EUR) 30-09-2021		numerator (common equity)	denominator (total weighted risk volume)	ratio (%)
Common Equity ratio				
Danish Compromise	Fully loaded	16 968	103 633	16.37%
Deduction Method	Fully loaded	16 207	98 767	16.41%
Financial Conglomerates Directive	Fully loaded	18 664	119 017	15.68%
Danish Compromise	Transitional	17 437	103 350	16.87%
Deduction Method	Transitional	16 676	98 485	16.93%
Financial Conglomerates Directive	Transitional	19 133	118 735	16.11%

KBC's fully loaded CET1 ratio of 16.37% at the end of September 2021 represents a solid capital buffer:

- 5.77% capital buffer compared with the Overall Capital Requirement (OCR) of 10.60%
- 5.63% capital buffer compared with the Maximum Distributable Amount (MDA) of 10.74%.

Danish Compromise [1]

In millions of EUR	30-09-2021 Fully loaded	30-09-2021 Transitional	31-12-2020 Fully loaded	31-12-2020 Transitional
Total regulatory capital (after profit appropriation)	20 449	21 422	21 627	21 856
Tier-1 capital	18 468	18 937	19 448	19 941
Common equity	16 968	17 437	17 948	18 441
Parent shareholders' equity (after deconsolidating KBC Insurance)	18 896	18 896	18 688	18 688
Intangible fixed assets, incl deferred tax impact (-)	- 559	- 559	- 568	- 568
Goodwill on consolidation, incl deferred tax impact (-)	- 747	- 747	- 734	- 734
Minority interests	0	0	0	0
Hedging reserve (cash flow hedges) (-)	1 102	1 102	1 294	1 294
Valuation diff. in financial liabilities at fair value - own credit risk (-)	- 12	- 12	- 13	- 13
Value adjustment due to the requirements for prudent valuation (-)	- 30	- 30	- 25	- 25
Dividend payout (-)	- 1 250	- 1 250	- 183	- 183
Coupon of AT1 instruments (-)	- 15	- 15	- 12	- 12
Deduction re. financing provided to shareholders (-)	- 57	- 57	- 57	- 57
Deduction re. Irrevocable payment commitments (-)	- 72	- 72	- 58	- 58
Deduction re NPL backstops (-)	- 33	- 33	- 11	- 11
IRB provision shortfall (-)	- 2	- 2	0	0
Deferred tax assets on losses carried forward (-)	- 253	- 253	- 373	- 373
Transitional adjustments to CET1	0	469	0	493
Limit on deferred tax assets from timing differences relying on future profitability and significant participations in financial sector entities (-)	0	0	0	0
Additional going concern capital	1 500	1 500	1 500	1 500
CRR compliant AT1 instruments	1 500	1 500	1 500	1 500
Minority interests to be included in additional going concern capital	0	0	0	0
Tier 2 capital	1 981	2 485	2 178	1 914
IRB provision excess (+)	485	485	427	427
Transitional adjustments to T2	0	- 485	0	- 264
Subordinated liabilities	1 497	2 485	1 751	1 751
Subordinated loans non-consolidated financial sector entities (-)	0	0	0	0
Minority interests to be included in tier 2 capital	0	0	0	0
Total weighted risk volume	103 633	103 350	102 111	101 843
Banking	94 318	94 036	92 903	92 635
Insurance	9 133	9 133	9 133	9 133
Holding activities	185	185	66	66
Elimination of intercompany transactions	- 4	- 4	9	9
Solvency ratios				
Common equity ratio	16.37%	16.87%	17.58%	18.11%
Tier-1 ratio	17.82%	18.32%	19.05%	19.58%
Total capital ratio	19.73%	20.73%	21.18%	21.46%

Note: for the composition of the banking RWA, see section ‘Solvency banking and insurance activities separately’ further in this memo.

The ECB lifted its restrictions on bank dividend payments and share buy backs as of 30 September 2021. As a result, KBC’s Board of Directors of 10 November 2021 decided to distribute from retained earnings an interim dividend of 3.00 euros per share (in total 1 250 million euros, payable on 17 November 2021), and therefore deducted from solvency ratios in 3Q 2021.

The impact on ‘Total weighed risk volume ‘and the ‘Common equity ratio’ of our most significant acquisitions and disposals in 2020 and 2021 (the acquisition of OTP Banka Slovenska, the acquisition of NN’s Bulgarian pension and life insurance business and the sale of the Irish credit and deposit portfolio) are described in Note 6.6 of this report.

(1) No IFRS interim profit recognition at the end of September 2021 given more stringent ECB approach.

Leverage ratio KBC Group[1]

Leverage ratio KBC Group (Basel III) In millions of EUR	30-09-2021 Fully loaded	30-09-2021 Transitional	31-12-2020 Fully loaded	31-12-2020 Transitional
Tier-1 capital	18 468	18 937	19 448	19 941
Total exposures	341 371	298 538	303 069	303 696
Total Assets	354 336	354 336	320 743	320 743
Deconsolidation KBC Insurance	-33 285	-33 285	-32 972	-32 972
Transitional adjustment	0	609	0	
Adjustment for derivatives	-1 819	-1 819	-4 158	-4 158
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	-1 682	-1 682	-1 825	-1 825
Adjustment for securities financing transaction exposures	2 451	2 451	830	830
Central Bank exposure	0	-43 442	0	0
Off-balance sheet exposures	21 369	21 369	20 451	20 451
Leverage ratio	5.41%	6.34%	6.42%	6.57%

At the end of September 2021, the fully loaded leverage ratio decreased compared to December 2020, mainly due to lower Tier-1 Capital following the deduction of the 3.00 euros interim dividend per share in 3Q 2021 and an increase of the total assets driven by increased short-term money market and repo opportunities as of 1Q 2021.

The higher transitional ratio (in comparison with the fully loaded ratio) reflects the exclusion of Central Bank exposures (CRR Art. 500b; applied as from the end of September 2021 onwards).

Solvency banking[1] and insurance activities separately

As is the case for the KBC group, the solvency of KBC Bank is calculated based on CRR/CRD. The solvency of KBC Insurance is calculated on the basis of Solvency II rules as they became effective on 1 January 2016.

The tables below show the tier-1 and CAD ratios calculated under Basel III (CRR/CRD) for KBC Bank, as well as the solvency ratio of KBC Insurance under Solvency II.

Regulatory capital requirements KBC Bank (consolidated) (in millions of EUR)	30-09-2021 Fully loaded	30-09-2021 Transitional	31-12-2020 Fully loaded	31-12-2020 Transitional
Total regulatory capital, after profit appropriation	18 571	18 690	17 792	18 021
Tier-1 capital	15 712	16 182	15 585	16 078
Common equity	14 212	14 682	14 085	14 578
Parent shareholders' equity	14 881	14 881	14 567	14 567
Solvency adjustments	- 669	- 200	- 481	12
Additional going concern capital	1 500	1 500	1 500	1 500
Tier-2 capital	2 859	2 509	2 206	1 942
Total weighted risk volume	94 318	94 036	92 903	92 635
Credit risk	79 694	79 412	78 785	78 518
Market risk	3 223	3 223	2 716	2 716
Operation risk	11 401	11 401	11 401	11 401
Common equity ratio	15.1%	15.6%	15.2%	15.7%

(1) No IFRS interim profit recognition at the end of September 2021 given more stringent ECB approach.

Solvency II, KBC Insurance consolidated (in millions of EUR)	30-09-2021	31-12-2020
Own Funds	4 280	3 868
Tier 1	3 780	3 368
IFRS Parent shareholders equity	3 882	3 815
Dividend payout	-154	0
Deduction intangible assets and goodwill (after tax)	- 196	- 136
Valuation differences (after tax)	231	- 383
Volatility adjustment	41	89
Other	- 24	- 16
Tier 2	500	500
Subordinated liabilities	500	500
Solvency Capital Requirement (SCR)	1 961	1 744
Market risk	1 537	1 355
Non-life	611	583
Life	777	735
Health	301	305
Counterparty	139	101
Diversification	-1 100	-1 027
Other	- 304	- 308
Solvency II ratio	218%	222%

Minimum requirement for own funds and eligible liabilities (MREL) (1)

Besides the ECB and NBB, which supervise KBC on a going concern basis, KBC is also subject to requirements set by the Single Resolution Board (SRB). The SRB is developing resolution plans for the major banks in the euro area. The resolution plan for KBC is based on a Single Point of Entry (SPE) approach at the level of KBC Group with 'bail-in' as the primary resolution tool. MREL measures the amount of own funds and eligible liabilities that can be credibly and feasibly bailed-in.

The Eligible instruments to satisfy the MREL target are defined in the BRRD2. The SRB communicated to KBC the final MREL targets expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE):

- 22.13% of RWA as from 01-01-2024 with an intermediate target of 21.63% as from 01-01-2022 (the Combined Buffer Requirement(2) of 4.35% needs to be held on top)
- 7.34% of LRE as from 01-01-2022

At the end of September 2021, the MREL ratio stands at 27.9% as a % of RWA (stable versus 31-12-2020) and at 9.7% as % of LRE (versus 9.3% as at 31-12-2020). The MREL ratio in % of LRE increases, compared to 31-12-2020, due to decrease of the Leverage Ratio Exposure (mainly driven by implementation of the ECB relief measure from September 2021, allowing temporary exclusion of the exposure to central banks from the Leverage Ratio Exposure).

Besides a total MREL amount, BRRD2 also requires KBC to maintain a certain part of MREL in subordinated format (i.e. instruments subordinated to liabilities, excluded from bail-in). KBC Group has on its balance sheet a limited amount of liabilities, excluded from bail-in, which rank pari passu to MREL eligible liabilities. These excluded liabilities are related to critical shared services (e.g. IT). This jeopardizes the eligibility of the HoldCo senior debt to be acknowledged by the SRB as subordinated. This is based on the new definition of BRRD2 Article 2(1)(71b), which allows no exemption from the subordination requirement for MREL; for comparison exemption from the subordination requirement is allowed in CRR Article 72b(4) for TLAC (allowance of up to 5% excluded liabilities based on the total amount of MREL).

To ensure that KBC's HoldCo senior debt is eligible for the subordinated MREL target (i.e., to make sure that no excluded liabilities ranking pari passu or junior with HoldCo senior debt are present in KBC Group NV), the KBC Group ExCo decided on to make KBC Group NV a Clean HoldCo for the purpose of resolution. After implementation of the Clean HoldCo, KBC's entire MREL stack will be considered as subordinated.

The new binding subordinated MREL targets are:

- 15.95% of RWA as from 01-01-2024 with an intermediate target of 13.50% as from 01-01-2022 (the Combined Buffer Requirement(2) of 4.35% needs to be held on top)
- 7.34% of LRE as from 01-01-2024 with an intermediate target of 6.19% as from 01-01-2022

At the end of September 2021, the subordinated MREL ratio stands at 20.7% as a % of RWA (versus 21.5% as at 31-12-2020) and at 7.2% as % of LRE (stable versus 31-12-2020).

(1) No IFRS interim profit recognition at the end of September 2021 given more stringent ECB approach.

(2) Combined Buffer Requirement = Conservation Buffer (2.5%) + O-SII Buffer (1.5%) + Countercyclical Buffer (0.35%), comes on top of the MREL target as a percentage of RWA.

Income statement, volumes and ratios per business unit

Details on our segments or business units are available in the company presentation.

Note: The ECB approved to apply the IFRS9 transitional arrangements from 2Q 2020, as such the difference between fully loaded and the transitional measures are assigned to Group Centre. In other words, the RWA, allocated capital and the ROAC of the different countries remain based on fully loaded.

Business unit Belgium (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	629	637	626	631	673
Non-life insurance (before reinsurance)	77	143	140	127	157
Earned premiums	306	293	289	290	287
Technical charges	- 229	- 150	- 149	- 164	- 130
Life insurance (before reinsurance)	- 13	- 13	- 12	- 10	- 16
Earned premiums	189	194	223	298	191
Technical charges	- 202	- 207	- 235	- 308	- 206
Ceded reinsurance result	27	- 3	- 1	10	- 3
Dividend income	10	15	6	10	10
Net result from financial instruments at fair value through profit or loss	33	38	120	33	67
Net realised result from debt instruments at fair value through OCI	0	1	1	- 2	1
Net fee and commission income	333	322	327	287	271
Net other income	83	33	41	41	36
TOTAL INCOME	1 179	1 173	1 248	1 127	1 197
Operating expenses	- 520	- 538	- 821	- 530	- 520
Impairment	139	56	65	- 67	- 43
on financial assets at AC and at FVOCI	139	56	62	- 39	- 41
other	- 1	0	3	- 27	- 2
Share in results of associated companies and joint ventures	- 2	1	- 1	- 1	- 2
RESULT BEFORE TAX	796	693	490	529	633
Income tax expense	- 193	- 165	- 110	- 132	- 147
RESULT AFTER TAX	603	528	380	396	486
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**603**	**528**	**380**	**396**	**486**
Banking	522	403	282	285	352
Insurance	81	125	98	111	134
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	106 952	105 594	103 960	103 092	103 844
of which Mortgage loans (end of period)	*40 800*	*40 069*	*39 452*	*38 831*	*37 717*
Customer deposits and debt certificates excl. repos (end of period)	151 203	159 581	150 296	135 442	137 271
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	12 942	12 984	13 018	13 032	12 944
Unit-Linked (end of period)	13 262	13 217	13 014	12 819	12 576
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	54 493	54 419	53 759	52 671	53 363
Required capital, insurance (end of period)	1 648	1 651	1 546	1 491	1 393
Allocated capital (end of period)	7 342	7 338	7 164	6 995	6 970
Return on allocated capital (ROAC)	33%	29%	21%	23%	28%
Cost/income ratio, group	44%	46%	66%	47%	43%
Combined ratio, non-life insurance	98%	83%	80%	87%	81%
Net interest margin, banking	1.61%	1.63%	1.63%	1.59%	1.63%

Business unit Czech Republic (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	244	220	215	206	220
Non-life insurance (before reinsurance)	34	30	43	36	36
Earned premiums	88	82	78	77	78
Technical charges	- 54	- 52	- 35	- 41	- 42
Life insurance (before reinsurance)	15	14	15	10	12
Earned premiums	41	51	43	59	50
Technical charges	- 27	- 37	- 27	- 49	- 38
Ceded reinsurance result	4	8	- 3	0	- 1
Dividend income	0	1	0	0	0
Net result from financial instruments at fair value through profit or loss	24	7	29	26	16
Net realised result from debt instruments at fair value through OCI	0	- 2	0	0	0
Net fee and commission income	56	54	50	46	52
Net other income	5	6	7	- 3	3
TOTAL INCOME	383	339	356	322	337
Operating expenses	- 183	- 191	- 225	- 187	- 179
Impairment	50	50	12	- 24	- 18
on financial assets at AC and at FVOCI	50	53	13	- 17	- 15
other	0	- 3	- 1	- 7	- 3
Share in results of associated companies and joint ventures	- 1	0	- 1	- 1	0
RESULT BEFORE TAX	249	198	143	111	139
Income tax expense	- 40	- 30	- 20	- 17	- 23
RESULT AFTER TAX	209	168	123	94	116
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**209**	**168**	**123**	**94**	**116**
Banking	195	152	105	81	104
Insurance	14	16	18	12	12
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	31 288	30 551	29 273	29 099	28 106
of which Mortgage loans (end of period)	*17 437*	*17 190*	*16 449*	*16 190*	*15 384*
Customer deposits and debt certificates excl. repos (end of period)	45 108	44 650	43 079	41 610	39 162
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	676	676	663	655	622
Unit-Linked (end of period)	572	594	576	614	615
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	16 139	15 594	15 109	15 338	14 971
Required capital, insurance (end of period)	149	149	149	137	131
Allocated capital (end of period)	1 835	1 778	1 728	1 739	1 696
Return on allocated capital (ROAC)	47%	38%	28%	22%	27%
Cost/income ratio, group	48%	56%	63%	58%	53%
Combined ratio, non-life insurance	92%	87%	83%	87%	90%
Net interest margin, banking	2.08%	1.97%	1.99%	1.95%	2.05%

Business unit International Markets (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	243	239	231	229	227
Non-life insurance (before reinsurance)	34	40	46	31	34
Earned premiums	86	83	82	80	81
Technical charges	- 52	- 43	- 37	- 49	- 47
Life insurance (before reinsurance)	11	9	9	5	4
Earned premiums	26	27	27	26	25
Technical charges	- 15	- 18	- 18	- 22	- 21
Ceded reinsurance result	- 3	- 2	- 7	2	- 1
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	5	13	11	16	18
Net realised result from debt instruments at fair value through OCI	0	0	0	0	0
Net fee and commission income	78	74	66	69	68
Net other income	- 10	1	4	1	- 4
TOTAL INCOME	358	374	361	353	347
Operating expenses	- 299	- 231	- 254	- 231	- 200
Impairment	- 142	23	0	- 15	1
on financial assets at AC and at FVOCI	- 121	26	0	- 1	6
other	- 21	- 3	- 1	- 13	- 5
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 83	166	106	107	148
Income tax expense	- 75	- 26	- 18	- 20	- 24
RESULT AFTER TAX	- 158	140	88	86	123
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**- 158**	**140**	**88**	**86**	**123**
Banking	- 166	127	72	79	112
Insurance	9	13	17	7	11
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	18 472	28 199	27 726	27 430	25 824
of which Mortgage loans (end of period)	*7 658*	*17 515*	*17 180*	*16 929*	*15 952*
Customer deposits and debt certificates excl. repos (end of period)	23 664	27 950	27 438	28 075	24 789
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	306	251	250	249	250
Unit-Linked (end of period)	450	418	399	398	390
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	21 929	23 190	23 020	23 224	20 791
Required capital, insurance (end of period)	156	141	135	135	130
Allocated capital (end of period)	2 448	2 565	2 541	2 561	2 302
Return on allocated capital (ROAC)	-25%	22%	14%	15%	21%
Cost/income ratio, group	84%	62%	70%	66%	58%
Combined ratio, non-life insurance	93%	83%	78%	90%	89%
Net interest margin, banking	2.60%	2.58%	2.56%	2.59%	2.61%

We describe the impact of the pending sale transactions of the Irish credit and deposit portfolio in note 5.11 and note 6.6 in this report.

Slovakia (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	58	57	57	51	52
Non-life insurance (before reinsurance)	8	8	11	4	7
Earned premiums	16	15	14	14	13
Technical charges	- 8	- 7	- 3	- 10	- 6
Life insurance (before reinsurance)	4	3	3	3	3
Earned premiums	8	8	8	8	9
Technical charges	- 4	- 4	- 5	- 5	- 5
Ceded reinsurance result	- 1	- 1	- 4	4	- 1
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	1	3	0	3	6
Net realised result from debt instruments at fair value through OCI	0	0	0	0	0
Net fee and commission income	18	19	16	14	15
Net other income	1	0	2	2	1
TOTAL INCOME	88	91	86	82	84
Operating expenses	- 64	- 66	- 62	- 48	- 46
Impairment	14	6	- 3	- 2	5
on financial assets at AC and at FVOCI	14	6	- 3	1	5
other	0	0	0	- 2	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	38	30	20	32	43
Income tax expense	- 9	- 8	- 5	- 6	- 10
RESULT AFTER TAX	29	22	15	25	33
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**29**	**22**	**15**	**25**	**33**
Banking	27	20	12	23	30
Insurance	2	2	3	3	3
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	9 213	9 100	9 090	9 016	7 857
of which Mortgage loans (end of period)	*5 000*	*4 904*	*4 814*	*4 707*	*3 992*
Customer deposits and debt certificates excl. repos (end of period)	7 639	7 908	8 178	8 601	7 100
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	114	114	115	114	114
Unit-Linked (end of period)	69	72	73	83	87
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	5 750	5 683	5 809	5 919	5 011
Required capital, insurance (end of period)	29	29	29	29	28
Allocated capital (end of period)	630	623	636	648	552
Return on allocated capital (ROAC)	18%	14%	10%	18%	24%
Cost/income ratio, group	73%	73%	72%	59%	54%
Combined ratio, non-life insurance	93%	85%	85%	80%	87%

Hungary (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	76	74	70	68	68
Non-life insurance (before reinsurance)	8	14	16	12	12
Earned premiums	36	35	37	34	35
Technical charges	- 28	- 21	- 22	- 23	- 24
Life insurance (before reinsurance)	3	2	2	- 2	- 2
Earned premiums	9	10	9	9	9
Technical charges	- 7	- 8	- 7	- 11	- 11
Ceded reinsurance result	0	- 1	- 1	0	- 1
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	5	11	12	14	12
Net realised result from debt instruments at fair value through OCI	0	0	0	0	0
Net fee and commission income	51	49	43	49	46
Net other income	0	1	1	1	0
TOTAL INCOME	144	150	143	142	136
Operating expenses	- 77	- 81	- 94	- 79	- 74
Impairment	7	16	3	- 17	- 2
on financial assets at AC and at FVOCI	12	19	3	- 8	3
other	- 5	- 3	0	- 9	- 5
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	73	86	52	46	59
Income tax expense	- 11	- 11	- 9	- 8	- 9
RESULT AFTER TAX	62	75	43	38	51
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**62**	**75**	**43**	**38**	**51**
Banking	61	70	36	35	46
Insurance	2	5	8	4	4
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	5 457	5 304	5 047	4 940	4 775
of which Mortgage loans (end of period)	*1 817*	*1 795*	*1 657*	*1 600*	*1 541*
Customer deposits and debt certificates excl. repos (end of period)	9 045	9 139	8 766	8 982	7 983
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	45	48	46	46	46
Unit-Linked (end of period)	261	270	258	255	251
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	7 749	7 468	7 165	6 961	6 895
Required capital, insurance (end of period)	49	49	48	47	45
Allocated capital (end of period)	859	830	797	775	766
Return on allocated capital (ROAC)	30%	37%	22%	21%	27%
Cost/income ratio, group	54%	54%	66%	56%	55%
Combined ratio, non-life insurance	100%	87%	78%	93%	92%

Bulgaria (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	36	35	35	36	36
Non-life insurance (before reinsurance)	18	19	19	15	15
Earned premiums	34	33	31	32	32
Technical charges	- 16	- 14	- 12	- 17	- 17
Life insurance (before reinsurance)	5	4	4	3	3
Earned premiums	9	9	10	9	7
Technical charges	- 5	- 5	- 6	- 6	- 4
Ceded reinsurance result	- 2	- 1	- 2	- 2	0
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	0	0	0	0	0
Net realised result from debt instruments at fair value through OCI	0	0	0	0	0
Net fee and commission income	11	8	7	8	8
Net other income	1	0	2	1	1
TOTAL INCOME	68	65	65	61	63
Operating expenses	- 33	- 32	- 40	- 33	- 31
Impairment	1	1	0	0	- 2
on financial assets at AC and at FVOCI	2	1	1	1	- 2
other	0	0	0	- 1	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	37	33	25	28	30
Income tax expense	- 4	- 3	- 3	- 3	- 3
RESULT AFTER TAX	33	30	22	25	27
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**33**	**30**	**22**	**25**	**27**
Banking	27	23	15	23	22
Insurance	6	7	7	2	5
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	3 799	3 671	3 547	3 508	3 413
of which Mortgage loans (end of period)	*842*	*819*	*790*	*778*	*752*
Customer deposits and debt certificates excl. repos (end of period)	6 017	5 919	5 560	5 453	4 802
Technical provisions plus unit-linked, life insurance					
Interest Guaranteed (end of period)	147	90	89	88	90
Unit-Linked (end of period)	121	77	68	60	52
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	3 349	3 336	3 233	3 254	3 133
Required capital, insurance (end of period)	78	63	58	58	57
Allocated capital (end of period)	428	412	396	398	384
Return on allocated capital (ROAC)	32%	30%	22%	25%	27%
Cost/income ratio, group	48%	50%	62%	54%	49%
Combined ratio, non-life insurance	86%	77%	76%	89%	85%

Ireland (in millions of EUR)	**3Q 2021**	**2Q 2021**	**1Q 2021**	**4Q 2020**	**3Q 2020**
Breakdown P&L					
Net interest income	72	72	69	74	72
Non-life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	0	0	0	0	0
Technical charges	0	0	0	0	0
Life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	0	0	0	0	0
Technical charges	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net result from financial instruments at fair value through profit or loss	- 1	- 2	- 1	- 2	- 1
Net realised result from debt instruments at fair value through OCI	0	0	0	0	0
Net fee and commission income	- 1	- 2	- 1	- 1	- 1
Net other income	- 13	- 1	0	- 3	- 6
TOTAL INCOME	58	69	67	68	64
Operating expenses	- 125	- 52	- 58	- 71	- 49
Impairment	- 165	0	0	4	0
on financial assets at AC and at FVOCI	- 149	0	0	5	0
other	- 16	0	0	- 1	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 231	17	9	1	15
Income tax expense	- 51	- 4	- 1	- 4	- 2
RESULT AFTER TAX	- 282	13	8	- 3	13
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**- 282**	**13**	**8**	**- 3**	**13**
Banking	- 281	14	9	- 2	14
Insurance	- 1	- 1	- 1	- 1	- 1
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	3	10 124	10 042	9 966	9 779
of which Mortgage loans (end of period)	*0*	*9 996*	*9 919*	*9 844*	*9 666*
Customer deposits and debt certificates excl. repos (end of period)	963	4 983	4 935	5 040	4 904
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	5 080	6 704	6 813	7 089	5 750
Allocated capital (end of period)	531	701	712	741	601
Return on allocated capital (ROAC)	-168%	7%	4%	-2%	8%
Cost/income ratio, group	214%	75%	86%	104%	77%

We describe the impact of the pending sale transactions of the Irish credit and deposit portfolio in note 5.11 and note 6.6 in this report.

Group Centre - Breakdown net result (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Operational costs of the Group activities	- 17	- 11	- 16	- 42	- 20
Capital and treasury management	- 3	- 6	- 4	- 4	1
Holding of participations	1	0	1	- 1	2
Results companies in rundown	- 3	- 5	0	0	- 4
Other	- 32	- 20	- 15	9	- 8
Total net result for the Group centre	- 53	- 42	- 35	- 38	- 28

Business unit Group Centre (in millions of EUR)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Breakdown P&L					
Net interest income	- 5	- 2	- 4	2	2
Non-life insurance (before reinsurance)	4	0	9	- 2	7
Earned premiums	4	4	3	3	3
Technical charges	0	- 4	6	- 4	4
Life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	0	0	0	0	0
Technical charges	0	0	0	0	0
Ceded reinsurance result	- 5	- 2	- 3	- 2	- 4
Dividend income	1	2	1	1	1
Net result from financial instruments at fair value through profit or loss	- 34	- 29	- 32	4	- 16
Net realised result from debt instruments at fair value through OCI	4	0	0	0	0
Net fee and commission income	0	- 1	- 3	0	- 1
Net other income	0	- 2	1	- 2	1
TOTAL INCOME	- 35	- 33	- 31	0	- 9
Operating expenses	- 23	- 12	- 21	- 39	- 27
Impairment	- 2	- 6	1	- 17	- 2
on financial assets at AC and at FVOCI	- 2	- 6	1	1	- 2
other	0	0	0	- 18	0
Share in results of associated companies and joint ventures	0	0	0	0	0
RESULT BEFORE TAX	- 60	- 52	- 51	- 57	- 38
Income tax expense	6	10	17	18	10
RESULT AFTER TAX	- 53	- 42	- 35	- 38	- 28
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**- 53**	**- 42**	**- 35**	**- 38**	**- 28**
Banking	- 42	- 43	- 48	- 9	- 22
Holding	- 4	2	- 2	- 31	- 6
Insurance	- 8	- 1	15	2	0
Breakdown Loans and deposits					
Total customer loans excluding reverse repos (end of period)	0	0	0	1	0
of which Mortgage loans (end of period)	*0*	*0*	*0*	*0*	*0*
Customer deposits and debt certificates excl. repos (end of period)	12 186	11 123	11 025	10 303	10 450
Performance Indicators					
Risk-weighted assets, banking (end of period, Basel III fully loaded)	1 939	1 904	1 773	1 744	1 912
Risk-weighted assets, insurance (end of period, Basel III fully loaded)	9 133	9 133	9 133	9 133	9 133
Required capital, insurance (end of period)	9	18	- 8	- 18	- 18
Allocated capital (end of period)	212	217	178	164	182

Details of ratios and terms on KBC Group level

Basic and diluted earnings per share

Gives an idea of the amount of profit over a certain period that is attributable to one share (and, where applicable, including dilutive instruments).

Calculation (in millions of EUR)	Reference	9M 2021	2020	9M 2020
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	1 951	1 440	902
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 37	- 50	- 37
/				
Average number of ordinary shares less treasury shares (in millions) in the period (C)	Note 5.10	417	416	416
or				
Average number of ordinary shares plus dilutive options less treasury shares in the period (D)		417	416	416
Basic = (A-B) / (C) (in EUR)		4.59	3.34	2.08
Diluted = (A-B) / (D) (in EUR)		4.59	3.34	2.08

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	9M 2021	2020	9M 2020
Technical insurance charges, including the internal cost of settling claims (A)	Note 3.7.1	789	945	696
/				
Earned insurance premiums (B)	Note 3.7.1	1 368	1 742	1 302
+				
Operating expenses (C)	Note 3.7.1	423	536	404
/				
Written insurance premiums (D)	Note 3.7.1	1 448	1 769	1 371
= (A/B)+(C/D)		86.9%	84.5%	82.9%

In 3Q 2021, the technical insurance charges were severely negatively impacted by several floods in Belgium (estimated impact -79 million euros after reinsurance).

Common equity ratio

A risk-weighted measure of the group's solvency based on common equity tier-1 capital (the ratios given here are based on the Danish compromise). Changes to the capital rules are gradually being implemented to allow banks to build up the necessary capital buffers. The capital position of a bank, when account is taken of the transition period, is referred to as the 'transitional' view. The capital position based on full application of all the rules – as would be the case after this transition period – is referred to as 'fully loaded'.

A detailed calculation can be found under 'Solvency KBC Group' section.

Cost/income ratio (group)

Gives an impression of the relative cost efficiency (costs relative to income) of the banking, insurance and holding activities.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Cost/income ratio				
Operating expenses of the group activities (A)	'Consolidated income statement': component of 'Operating expenses'	3 318	4 156	3 168
/				
Total income of the group activities (B)	'Consolidated income statement': component of 'Total income'	5 671	7 195	5 394
=(A) / (B)		58.5%	57.8%	58.7%

Where relevant, we also estimate exceptional and/or non-operating items when calculating the cost/income ratio. This calculation aims to give a better idea of the relative cost efficiency of the pure business activities. The adjustments include: MTM ALM derivatives (fully excluded), bank and insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC 21) and one-off items. The Cost/Income ratio adjusted for specific items is 54% in 9M 2021 (versus 57% in FY 2020 and 57% in 9M 2020).

Cover ratio

Indicates the proportion of impaired loans (see 'Impaired loans ratio' for definition) that are covered by impairment charges. The numerator and denominator in the formula relate to all impaired loans, but may be limited to impaired loans that are more than 90 days past due (the figures for that particular calculation are given in the ‘Credit risk’ section.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Specific impairment on loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	2 638	2 638	2 576
/				
Outstanding impaired loans (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	5 737	5 902	5 702
= (A) / (B)		46.0%	44.7%	45.2%

The increase of the coverage ratio is mainly driven by additional impairments from the sale of the non-performing portfolio in Ireland, booked in 3Q 2021 (for more information see note 6.6).

Credit cost ratio

Gives an idea of loan impairment charges recognised in the income statement for a specific period, relative to the total loan portfolio (see 'Loan portfolio' for definition). In the longer term, this ratio can provide an indication of the credit quality of the portfolio.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Net changes in impairment for credit risks (A)	'Consolidated income statement': component of 'Impairment'	- 269	1 068	1 012
/				
Average outstanding loan portfolio (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	182 985	177 542	177 157
= (A) (annualised) / (B)		-0.20%	0.60%	0.61%

The credit cost ratio of FY 2020 and 9M 2020 includes a total collective Covid-19 expected credit loss (ECL) of 783 million euros in FY 2020 or 784 million euros in 9M 2020 . Without the collective Covid-19 ECL impact, the credit cost ratio amounts to 0.16% in FY 2020 or 0.17% in 9M 2020.
After 9 months, the credit cost ratio excluding the decrease of the collective Covid-19 ECL of 415 million euros, amounts to 0.10%.

Impaired loans ratio

Indicates the proportion of impaired loans in the loan portfolio (see 'Loan portfolio' for definition) and, therefore, gives an idea of the creditworthiness of the portfolio. Impaired loans are loans where it is unlikely that the full contractual principal and interest will be repaid/paid. These loans have a KBC default status of PD 10, PD 11 or PD 12. Where appropriate, the numerator in the formula may be limited to impaired loans that are more than 90 days past due (PD 11 + PD 12). Relevant figures for that calculation are given in the 'Credit Risk' section.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	5 737	5 902	5 702
/				
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	185 079	180 891	178 883
= (A) / (B)		3.1%	3.3%	3.2%

Leverage ratio

Gives an idea of the group's solvency, based on a simple non-risk-weighted ratio.

A detailed calculation can be found under 'Solvency KBC Group' section.

Liquidity coverage ratio (LCR)

Gives an idea of the bank's liquidity position in the short term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-month period. It is the average of 12 end-of-month LCR figures.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Stock of high-quality liquid assets (A)	Based on the European Commission's Delegated Act on LCR and the European Banking Authority's guidelines for LCR disclosure	102 771	81 833	77 858
/				
Total net cash outflows over the next 30 calendar days (B)		61 846	55 714	55 057
= (A) / (B)		167%	147%	142%

Loan Portfolio

Gives an idea of the magnitude of (what are mainly traditional) lending activities.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Loans and advances to customers (A)	Note 4.1, component of 'Loans and advances to customers'	156 712	159 621	157 773
+				
Reverse repos (not with Central Banks) (B)	Note 4.1, component of 'Reverse repos with credit institutions and investment firms'	703	3 295	3 886
+				
Debt instruments issued by corporates and by credit institutions and investment firms (banking) (C)	Note 4.1, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	5 076	6 056	6 082
+				
Other exposures to credit institutions (D)		4 525	4 009	4 236
+				
Financial guarantees granted to clients and other commitments (E)	Note 6.1, component of 'Financial guarantees given'	8 677	7 919	8 254
+				
Impairment on loans (F)	Note 4.2, component of 'Impairment'	2 694	3 703	3 600
+				
Insurance entities (G)	Note 4.1, component of 'Loans and advances to customers'	- 2 071	- 2 198	- 2 251
+				
Non-loan-related receivables (H)		- 341	- 592	- 1 465
+				
Other (I)	Component of Note 4.1	9 102	- 923	- 1 233
Gross Carrying amount = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)		185 079	180 891	178 883

As of 3Q 2021, the pending sale transactions of the Irish loan portfolio resulted in a shift to the line 'Non-current assets held for sale and disposal groups' part of the 'Other' line (for more information see note 5.11 and note 6.6).

Net interest margin

Gives an idea of the net interest income of the banking activities (one of the most important sources of revenue for the group) relative to the average total interest-bearing assets of the banking activities.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Net interest income of the banking activities (A)	'Consolidated income statement': component of 'Net interest income'	2 858	3 788	2 866
/				
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	210 362	203 616	202 799
= (A) (annualised x360/number of calendar days) / (B)		1.79%	1.84%	1.86%

The net interest margin takes into account the banking group net interest income, excluding dealing room and the net positive impact of ALM FX swaps & repos.

Net stable funding ratio (NSFR)

Gives an idea of the bank's structural liquidity position in the long term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-year period.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Available amount of stable funding (A)	As of 2020: Regulation (EU) 2019/876 dd. 20-05-2019	222 938	209 932	202 010
/				
Required amount of stable funding (B)		145 805	143 901	138 488
= (A) / (B)		152.9%	145.9%	145.9%

Parent shareholders' equity per share

Gives the carrying value of a KBC share, i.e. the value in euros represented by each share in the parent shareholders' equity of KBC.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Parent shareholders' equity (A)	'Consolidated balance sheet'	22 096	20 030	19 244
/				
Number of ordinary shares less treasury shares (at period-end) (B)	Note 5.10	417	417	416
= (A) / (B) (in EUR)		53.03	48.07	46.22

The parent shareholder's equity of 9M 2020 has been retrospectively restated. For more information, see Statement of compliance (note 1.1) in of the annual report of 2020.

Return on allocated capital (ROAC) for a particular business unit

Gives an idea of the relative profitability of a business unit, more specifically the ratio of the net result to the capital allocated to the business unit.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
BELGIUM BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	1 511	1 001	605
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		7 210	6 894	6 869
= (A) annualised / (B)		27.9%	14.5%	11.7%
CZECH REPUBLIC BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	500	375	281
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		1 770	1 717	1 711
= (A) annualised / (B)		37.6%	21.7%	21.7%
INTERNATIONAL MARKETS BUSINESS UNIT				
Result after tax (including minority interests) of the business unit (A)	Note 2.2: Results by segment	70	199	113
/				
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency II) (B)		2 529	2 367	2 318
= (A) annualised / (B)		3.7%	8.4%	6.5%

Return on equity

Gives an idea of the relative profitability of the group, more specifically the ratio of the net result to equity.

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	1 951	1 440	902
-				
Coupon on the additional tier-1 instruments included in equity (B)	'Consolidated statement of changes in equity'	- 37	- 50	- 37
/				
Average parent shareholders' equity, excluding the revaluation reserve for FVOCI instruments and for FVPL equity instruments – overlay approach (C)	'Consolidated statement of changes in equity'	19 697	17 954	17 614
= (A-B) (annualised) / (C)		13.0%	7.7%	6.5%

The return on equity amounts to 13.4% in 9M 2021 when including evenly spreading of the bank taxes throughout the year.

The parent shareholder's equity of 9M 2020 has been retrospectively restated. For more information, see Statement of compliance (note 1.1) in of the annual report of 2020.

Sales Life (insurance)

Total sales of life insurance compromise life insurance premiums and unit-linked life insurance premiums (as required under IFRS, we use margin deposit accounting for most of these unit-linked contracts, which means they are not recognised under 'Earned insurance premiums').

Calculation (in millions of EUR or %)	Reference	9M 2021	2020	9M 2020
Life Insurance - earned premiums (before reinsurance) (A)	'Consolidated income statement'	820	1 223	841
+				
Life insurance: difference between written and earned premiums (before reinsurance) (B)	-	- 1	2	0
+				
Investment contracts without discretionary participation feature (large part of unit-linked) – margin deposit accounting (C)	-	603	764	567
Total sales Life (A)+ (B) + (C)		1 423	1 989	1 407

Solvency ratio (insurance)

Measures the solvency of the insurance business, as calculated under Solvency II.

A detailed calculation can be found under 'Solvency banking and insurance activities separately' section.

Total assets under management

Total assets under management (AuM) comprise third-party assets and KBC group assets managed by the group's various asset management companies (KBC Asset Management, ČSOB Asset Management, etc.), as well as assets under advisory management at KBC Bank. The assets, therefore, consist mainly of KBC investment funds and unit-linked insurance products, assets under discretionary and advisory management mandates of (mainly retail, private banking and institutional) clients, and certain group assets. The size and development of total AuM are major factors behind net fee and commission income (generating entry and management fees) and hence account for a large part of any change in this income line. In that respect, the AuM of a fund that is not sold directly to clients but is instead invested in by another fund or via a discretionary/advisory management portfolio, are also included in the total AuM figure, in view of the related work and any fee income linked to them.

Calculation (in billions of EUR or quantity)	Reference	9M 2021	2020	9M 2020
Belgium Business Unit (A)	Company presentation on www.kbc.com	209	194	188
+				
Czech Republic Business Unit (B)		13	11	11
+				
International Markets Business Unit (C)		7	6	6
A)+(B)+(C)		229	212	204