KBC Group
Press presentation

2Q 2023

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Key takeaways

Excellent financial performance

net result
966m
2Q23

return on equity
16%*
YTD

combined ratio
84%
YTD

Outstanding solvency and liquidity

CET1 ratio
16.5%
5.1% buffer vs MDA

NSFR
145%
LCR
152%

SII ratio
206%

Kate convinces customers

3.4 million users in contact with Kate

KATE autonomy
63% BE
62% CZ

Franchise is growing

loan volumes
+4%
y-o-y

customer deposits
0%
y-o-y

AM net inflows of direct client money
+1.1bn
2Q23

non-life sales
+13%
y-o-y

life sales
+72%
y-o-y

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* When bank & insurance taxes are evenly spread throughout the year and excluding one-offs

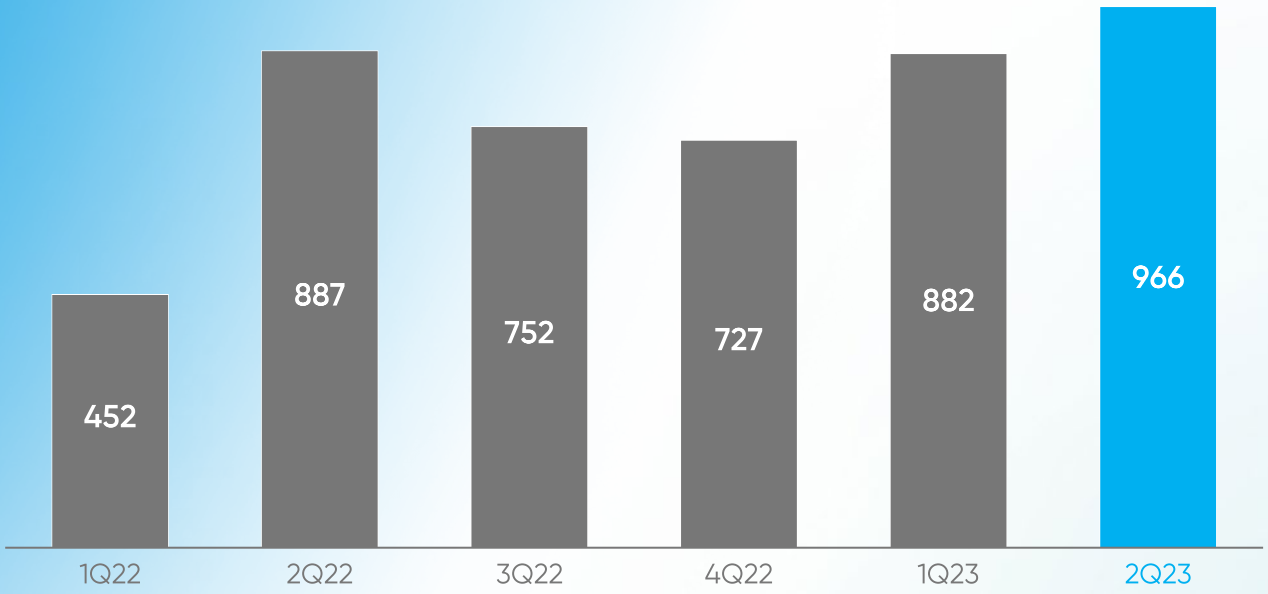
Highlights

- **Commercial bank-insurance franchises** in core markets performed excellently
- **Customer loans** and **customer deposits** increased q-o-q in most of our core countries (on a comparable basis)
- KBC issued its **second social bond in May 2023**
- Higher **net interest income q-o-q**
- Higher **net fee and commission income** q-o-q
- Q-o-q higher **net result from financial instruments at fair value** and q-o-q decrease of **net other income**
- Strong sales of **non-life insurance** y-o-y and strong sales of **life insurance** (both q-o-q and y-o-y)
- Costs down q-o-q due entirely to lower bank & insurance taxes; **costs excl. bank & insurance taxes slightly up q-o-q**
- **Small net loan loss impairment releases**
- Solid **solvency** and **liquidity**

Excellent net result of 966m EUR over 2Q23

Net result

in m EUR



YTD ratios

Return on Equity **16%***

Cost-income ratio **49%****

Combined ratio **84%**

Credit cost ratio **-0.04%**

CET1 ratio **16.5%** (B3, DC, fully loaded)

Leverage ratio **5.4%** (fully loaded)

NSFR **145%** & LCR **152%**

* When bank & insurance taxes are evenly spread throughout the year and excluding one-offs

** When excluding certain non-operating items.

3 capital impacts in the near future

Share buyback of 1.3bn EUR + 1 EUR interim DPS

- **KBC Group will distribute** – over and above the 4 euros already paid as the dividend for 2022 – **1.3bn EUR of surplus capital**, in line with the capital deployment plan KBC Group announced for full-year 2022
- After having received ECB approval, the Board of Directors decided to **distribute 1.3bn EUR in the form of a share buyback** (starting as soon as possible and ending by August 2024)
- As such, 1.3bn EUR will be deducted from the fully loaded and transitional CET1 (ratio) **as of 3Q23**
- In line with our general dividend policy, we will **also pay out an interim dividend of 1 euro per share in November 2023** as an advance on the total dividend for financial year 2023

Further optimisation of KBC's capital structure

- In line with CRD V Art. 104a(4), ECB allows banks to satisfy the P2R with Additional Tier 1 instruments (up to 1.5/8) and Tier 2 instruments (up to 2/8) based on the same relative weights as allowed for meeting the 8% Pillar 1 Requirement
- KBC Group currently has a P2R of 1.86%
- Contrary to most of our peers, KBC currently fills its P2R almost entirely with more conservative but also more expensive CET1 capital
- **KBC decided to further optimise its capital structure** and as such, KBC **will fill up the AT1 and Tier 2 buckets within P2R**

RWA add-on, mitigated

- KBC Group has received a final ECB supervisory decision, following model reviews for predominantly KBC's Belgian corporate & SME credit portfolio
- As a result of this, KBC will be subject to a RWA add-on of approximately 8.2bn EUR in 3Q23. **This 8.2bn EUR RWA add-on will be mitigated** by (1) a 1.7bn EUR RWA release in 3Q23, (2) an expected RWA relief of 2.0bn EUR ballpark figure before year-end 2023 due to model simplification and (3) roughly 4.5bn EUR of the 8.2bn EUR RWA add-on is frontloading of the IRB B4 CET1 impact in 2025*
- **There is currently no material deterioration noticed in the credit portfolio including the Belgian Corporate & SME loan portfolio**

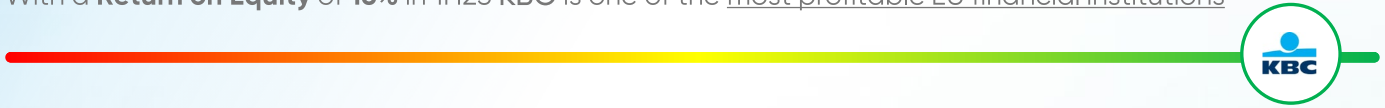
* Note that the FTA impact of B4 has increased from the guided 3bn EUR impact to roughly 7bn EUR due to insurance (to be risk weighted in 2025 at 250% instead of 100%)

Strategic focus | The reference

At KBC it is our ambition to **be the reference** for bank-insurance **in all our core markets**

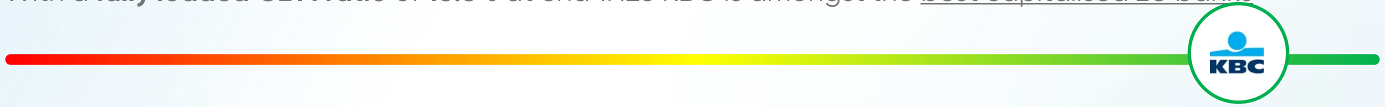
Profitability

With a **Return on Equity** of **16%** in 1H23 **KBC** is one of the most profitable EU financial institutions



Solvency

With a **fully loaded CET1 ratio** of **16.5%** at end 1H23 KBC is amongst the best capitalised EU banks

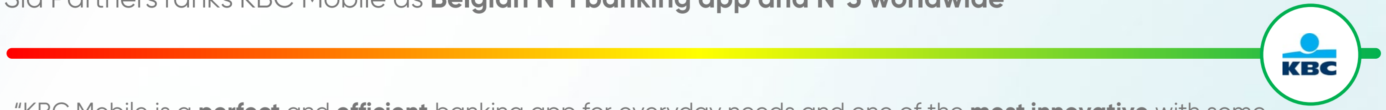


Sustainability

Sustainalytics ranks KBC **9th out of 381** diversified global banks

Digitalisation

Sia Partners ranks KBC Mobile as **Belgian N°1 banking app and N°3 worldwide**

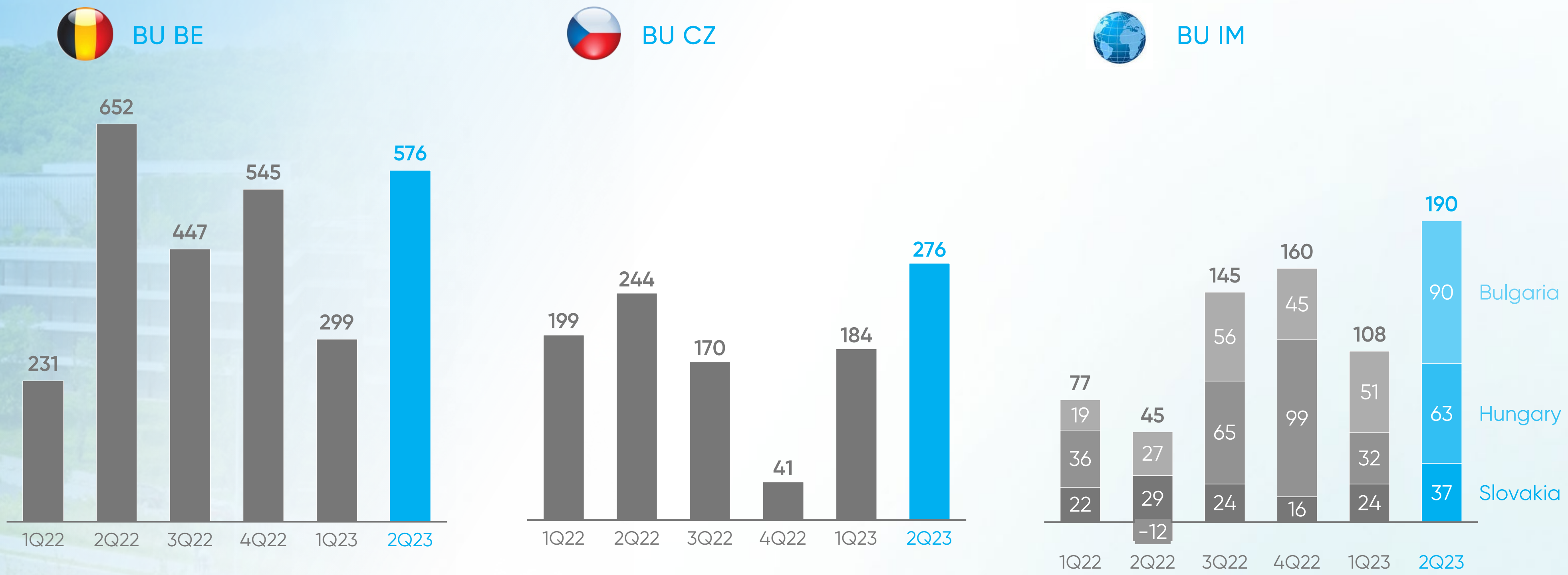


"KBC Mobile is a **perfect** and **efficient** banking app for everyday needs and one of the **most innovative** with some **interesting extras**. The app surprises customers with the wide range of functionalities and the **virtual assistance by Kate**."

Excellent contribution from all business units

Net result per business unit

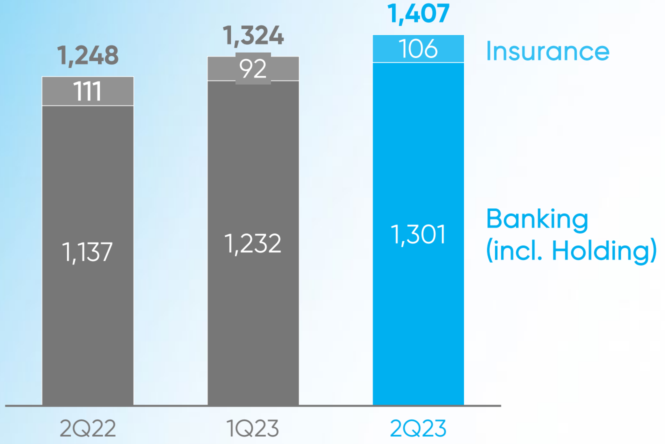
in m EUR



Higher net interest income in line with expectations

Net interest income

in m EUR

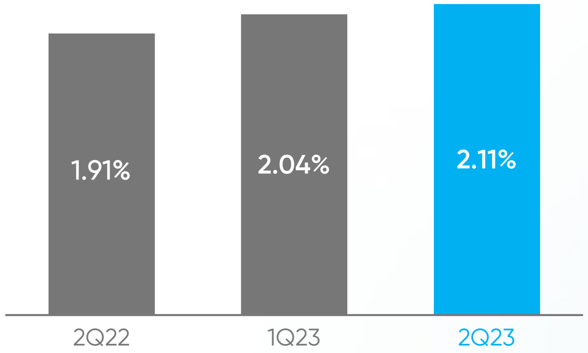


- **NII increased by 6% q-o-q and by 13% y-o-y**
- Q-o-q increase was driven primarily by:
  - Higher commercial transformation result (in all core countries)
  - Higher NII on inflation-linked bonds (+37m EUR)
  - Increased term deposits at better margins
  - Slightly higher lending income (as volume growth more than offsets the negative effect of lower loan margins in most core markets)
  - Higher number of days (+7m EUR)

  partly offset by:
  - 11m EUR lower NII in Ireland (due to the sale early Feb 2023)
  - Higher funding cost of participations
  - Higher costs on the minimum required reserves held with the central bank in both Hungary and Bulgaria (-12m EUR)
- Y-o-y increase was driven primarily by sharply increasing commercial transformation result, the consolidation of Raiffeisenbank Bulgaria as of 3Q22 and increased term deposits at better margins, partly offset by lower lending income, no TLTRO & ECB tiering benefit anymore, lower NII in Ireland, lower NII on inflation-linked bonds, higher funding cost of participations & MREL and higher costs on the minimum required reserves

Net interest margin*

in %, calculated excl. the dealing room and the net positive impact of ALM FX swaps & repos



* Excluding Ireland as of 2023 due to the sale early February 2023

- Rose by 7 bps q-o-q and by 20 bps y-o-y for the reasons mentioned on net interest income, despite an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

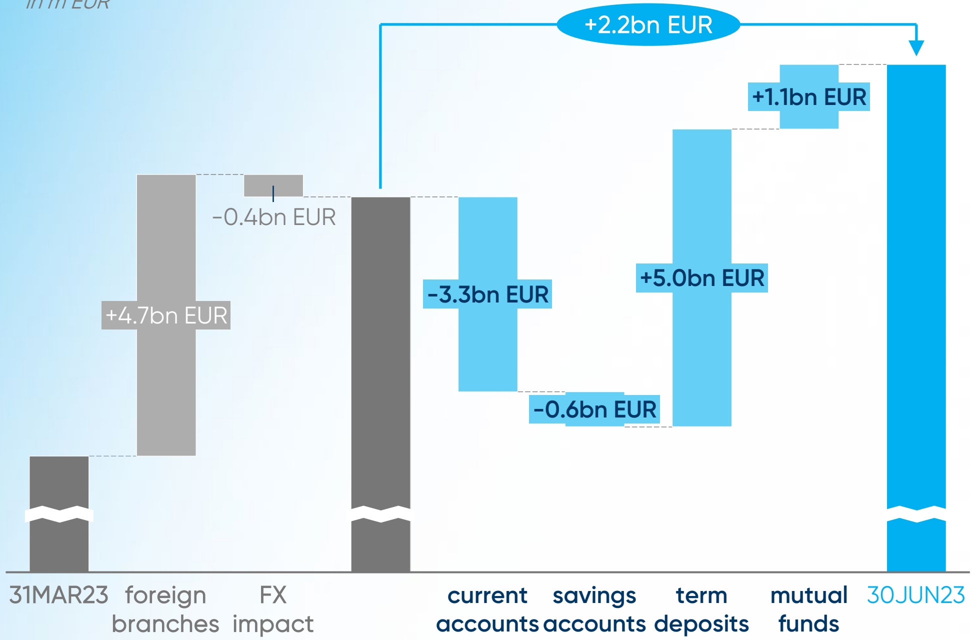
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	182bn	75bn	225bn
Growth q-o-q*	+2%	+1%	+3%
Growth y-o-y	+4%	+4%	0%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments and reclassifications.
*** Customer deposits, excluding debt certificates and repos. **Excluding the volatility in the foreign branches of KBC Bank (included in BE BU), core customer deposits rose by 0.5% q-o-q and by 2% y-o-y**

Inflow of core customer money

Customer money dynamic over 2Q23

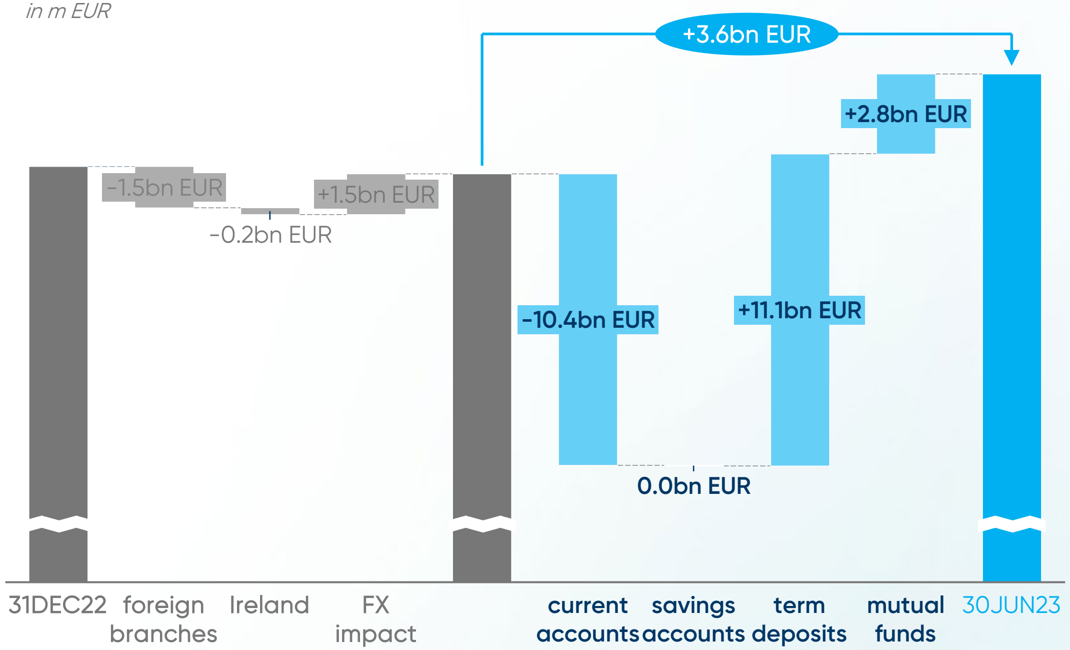
in m EUR



- **2Q23** saw a further inflow of core customer money of **+2.2bn EUR** (+1.8bn EUR incl. FX impact)

Customer money dynamic over 1H23

in m EUR

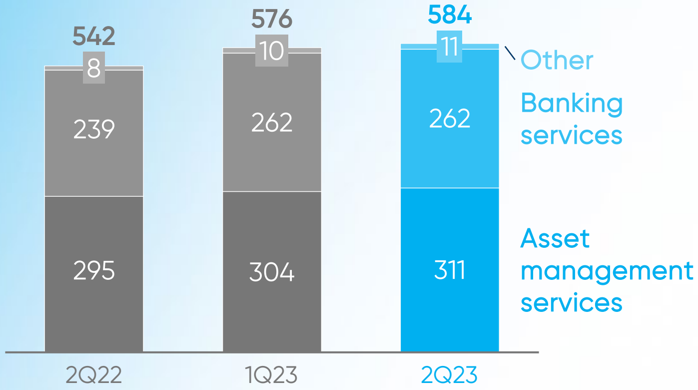


- **1H23** saw a further inflow of core customer money of **+3.6bn EUR** (+5.1bn EUR incl. FX impact)

Higher fee and commission income

Net fee & commission income

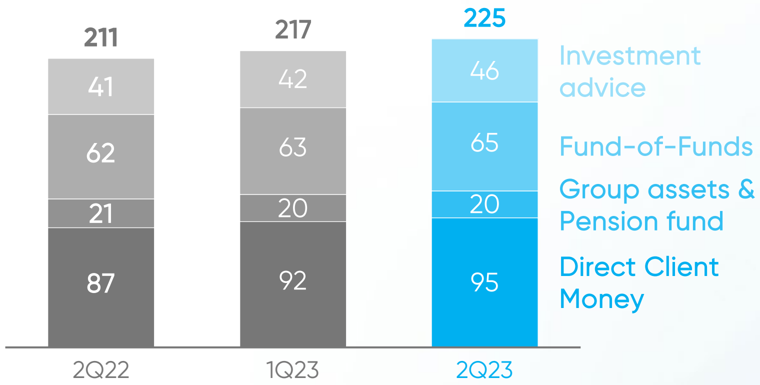
in m EUR



- **Up by 1% q-o-q and by 8% y-o-y**
- Q-o-q increase was mainly the result of the following:
  - Net F&C income from Asset Management Services increased by 2% q-o-q due to higher management fees, partly offset by seasonally lower entry fees and lower distribution fees received linked to unit-linked life insurance products
  - Net F&C income from banking services stabilised q-o-q. Higher fees from payment services and higher fees from credit files & bank guarantees were offset by lower securities-related fees and higher client incentives
- Y-o-y increase was mainly the result of the following:
  - Net F&C income from Asset Management Services rose by 6% y-o-y (due mainly to higher management and entry fees)
  - Net F&C income from banking services increased by 9% y-o-y, partly due to the consolidation of Raiffeisenbank Bulgaria as of 3Q22. Higher fees from payment services, higher network income and lower client incentives in Retail (in the Czech Republic) were only partly offset by lower securities-related fees, lower fees from credit files & bank guarantees and higher distribution commissions paid for banking products

Assets under management

in bn EUR

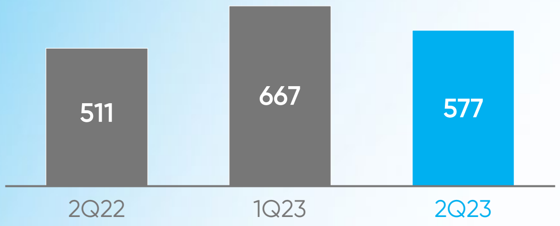


- **Increased by 4% q-o-q** due to **net inflows (+2%)** and the positive market performance (+2%)
- Increased by 7% y-o-y due to net inflows (+4%) and the positive market performance (+3%)
- The mutual fund business has seen strong net inflows both in higher-margin direct client money this quarter (1.1bn EUR in 2Q23 versus 1.8bn EUR in 1Q23 and 0.5bn EUR in 2Q22) as well as in lower-margin assets

Non-life sales significantly up y-o-y, life sales up q-o-q and y-o-y

Non-life sales

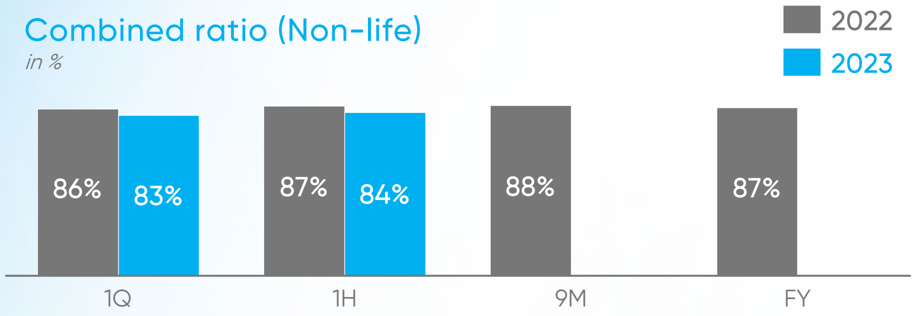
in m EUR



- **Up by 13% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

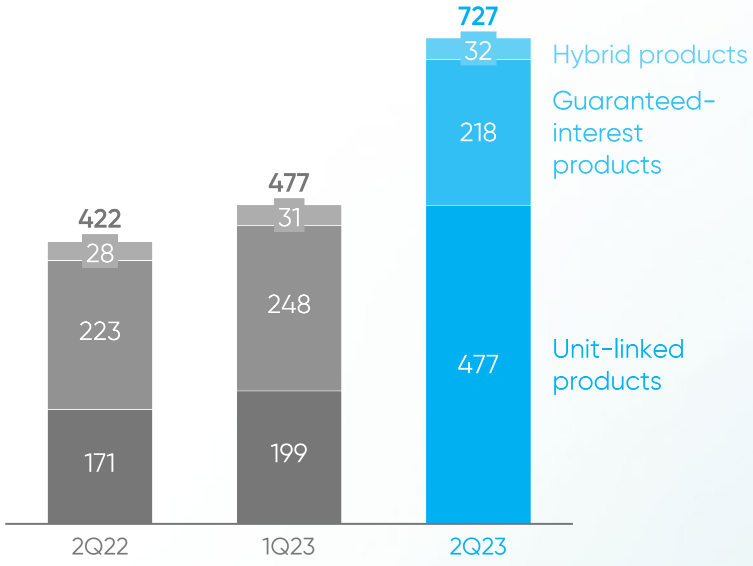
in %



- **Non-life combined ratio for 1H23 amounted to an excellent 84%** (87% in 1H22). This is the result of:
  - 11% y-o-y higher insurance revenues before reinsurance
  - Roughly stable y-o-y insurance service expenses before reinsurance (higher major claims and higher amortised commissions & directly attributable expenses were offset by lower storm claims)
  - Lower net result from reinsurance contracts held (down by 61m EUR y-o-y)

Life sales

in m EUR

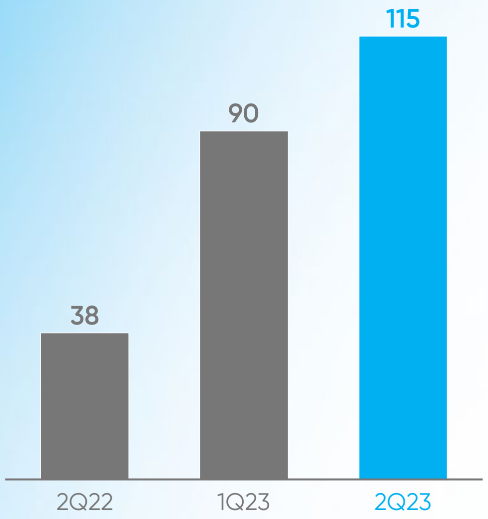


- Increased by 52% q-o-q due mainly to higher sales of unit-linked products (excellent sales in 2Q23 as the result of a successful launch of a new structured fund in Belgium), partly offset by lower sales of guaranteed-interest products (volumes in tax-incentivised pension savings products in Belgium are traditionally higher during 1Q and 4Q)
- Increased by 72% y-o-y due to higher sales of unit-linked products and hybrid products, partly offset by slightly lower sales of guaranteed-interest products
- Sales of guaranteed-interest products and unit-linked products accounted for 30% and 66% of total life insurance sales in 2Q23 respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder

Higher FIFV result and net other income in line with normal run rate

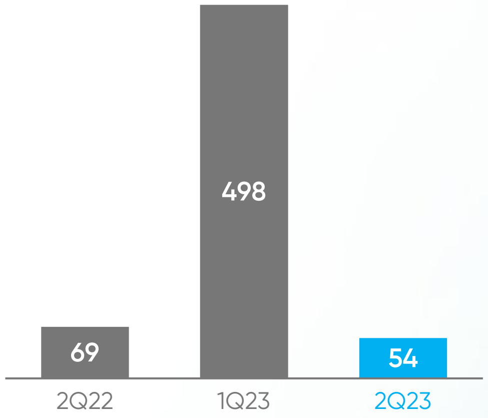
FIFV

in m EUR



Net other income

in m EUR



- **FIFV higher q-o-q**, attributable mainly to:
  - Positive change in ALM derivatives and other
  - Positive credit value adjustments more than offset negative market value adjustments q-o-q, while funding value adjustments were stable q-o-q. This was mainly the result of an increased EUR yield curve and a decrease in some credit spreads
  - Higher FV result on investments backing unit-linked contracts under IFRS 17 (offset by lower IFIE)

  partly offset by:

  - Lower dealing room result

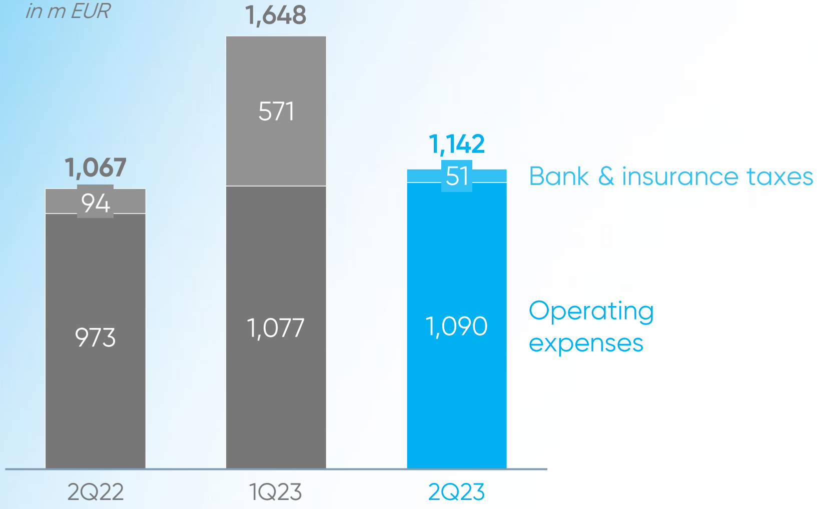
- **Roughly in line with the normal run rate of around 50m EUR per quarter in 2Q23**

- 1Q23 was impacted mainly by a +405m EUR one-off gain related to the Irish sale transaction (announced on 3 Feb 2023) and a 48m EUR recuperation of Belgian bank and insurance taxes paid in the past (2016), and the linked moratorium interests

Costs excluding bank & insurance taxes slightly increased q-o-q

Operating expenses (including directly attributable costs to insurance)

in m EUR



Cost/income ratio

When excluding certain non-operating items

FY22	1H23
49%	**49%**

- **Operating expenses excluding bank & insurance taxes went up by 1% q-o-q and by 12% y-o-y**
  - The q-o-q increase is due mainly to higher ICT costs, higher marketing expenses as well as higher professional fee expenses (partly seasonal effect), partly offset by lower costs in Ireland (related to the sale transaction), lower depreciations and slightly lower facility expenses
  - The y-o-y increase is due to, among other things, the consolidation of Raiffeisenbank Bulgaria, the impact of inflation/wage indexation (despite less FTEs), higher ICT costs, higher facility expenses (mainly energy costs) and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction) and slightly lower marketing expenses

- 1H23 cost/income ratio
  - 49% when excluding certain non-operating items* (49% in FY22)
  - 40% excluding all bank & insurance taxes (45% in FY22)

- Note that 2Q23 included a temporary extra windfall bank & insurance tax in Hungary of 22m EUR, besides the 79m EUR booked in 1Q23

- Total bank & insurance taxes (including ESRF contribution) are expected to increase by 6% y-o-y to 684m EUR in 2023 (646m EUR in 2022)

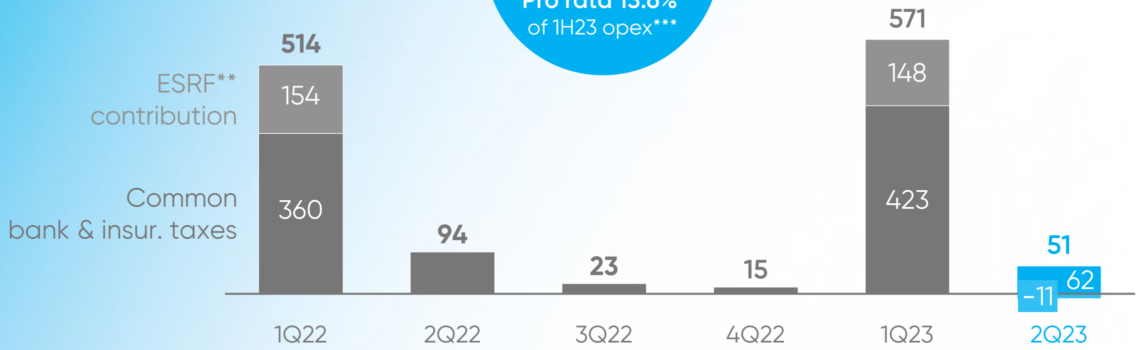
Overview of bank & insurance taxes year-to-date (1H23)*

KBC Group

in m EUR

KBC Group
622m EUR

Pro rata 13.6%
of 1H23 opex***

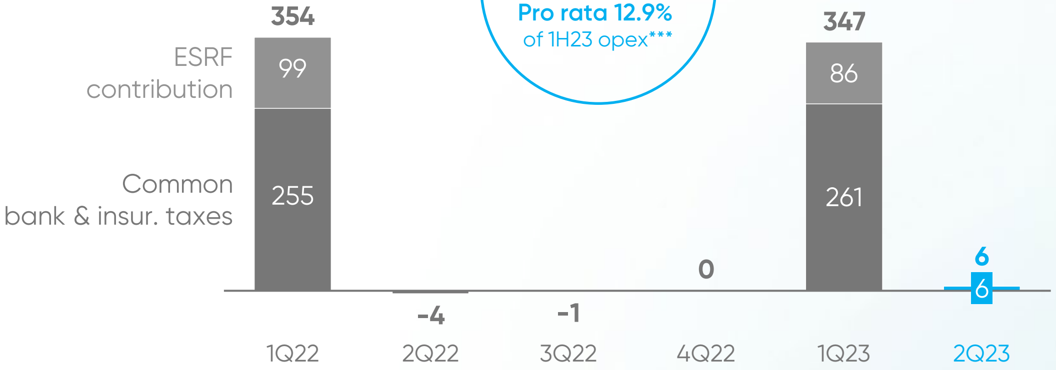


Belgium BU

in m EUR

BU BE
353m EUR

Pro rata 12.9%
of 1H23 opex***

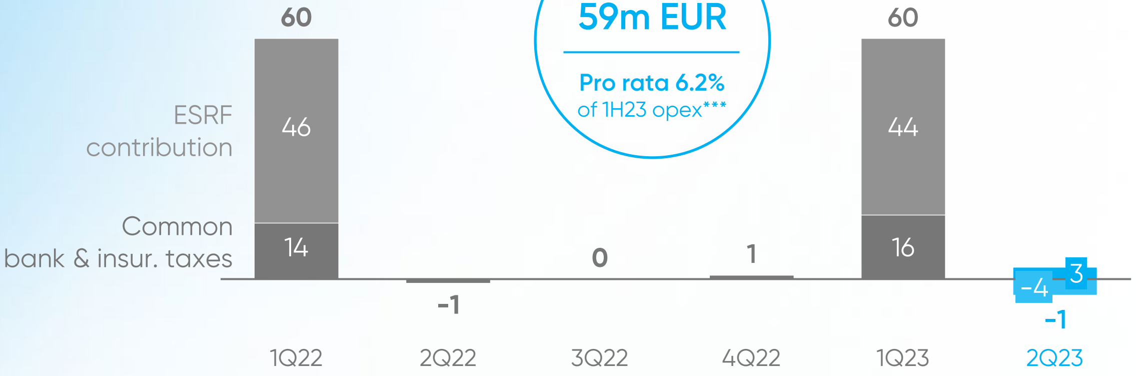


Czech Republic BU

in m EUR

BU CZ
59m EUR

Pro rata 6.2%
of 1H23 opex***

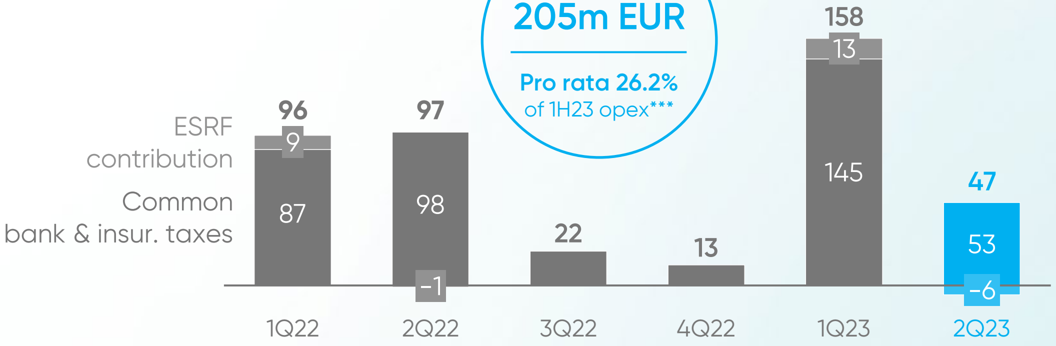


International Markets BU

in m EUR

BU IM
205m EUR

Pro rata 26.2%
of 1H23 opex***



- This refers solely to the bank & insurance taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

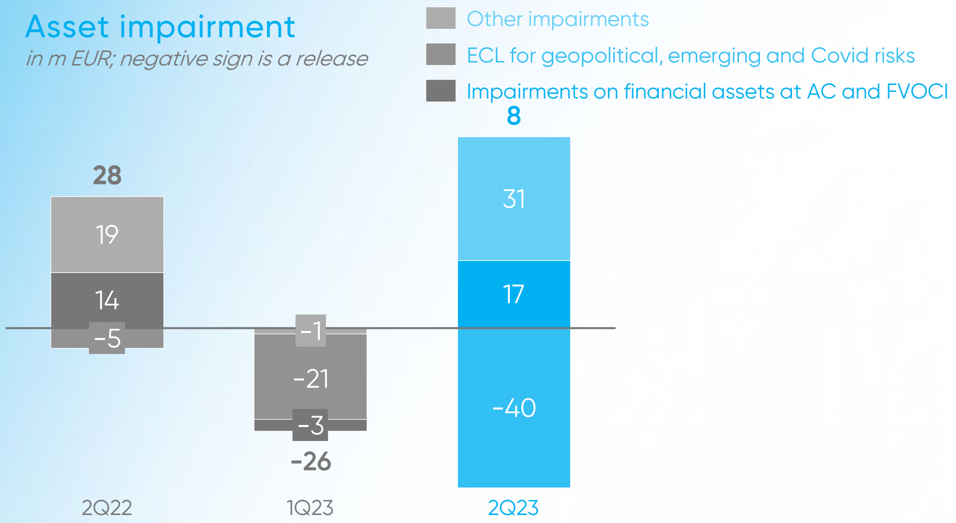
** European Single Resolution Fund

*** Including directly attributable costs to insurance

Net loan loss impairment releases & excellent credit cost ratio

Asset impairment

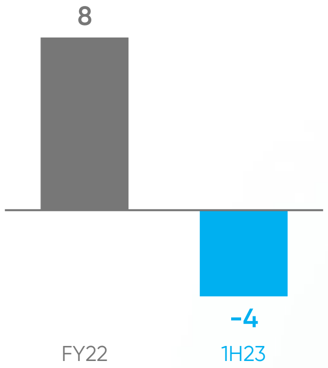
in m EUR; negative sign is a release



- **Small net loan loss impairment charges on lending book combined with a lower geopolitical & emerging risk buffer**
  - **Net loan loss impairment releases of 23m EUR in 2Q23** (compared with net loan loss impairment releases of 24m EUR in 1Q23) due to:
    - 17m EUR net loan loss impairment charges on lending book
    - A decrease of 40m EUR of the ECL buffer due to less uncertainties surrounding geopolitical and emerging risks
    - Total outstanding ECL for geopolitical and emerging risks now stands at 350m EUR (see details on next slide)
  - **31m EUR impairment on 'other'** (versus 1m EUR impairment release on 'other' in 1Q23), of which:
    - 19m EUR modification losses, related to the extension of the interest cap regulation in Hungary (until year-end 2023)
    - 11m EUR impairment related to the sale agreements in Ireland

Credit cost ratio

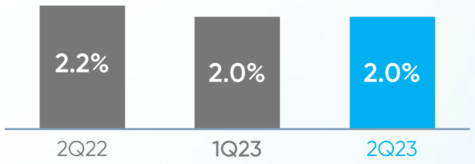
in bps



- The credit cost ratio in 1H23 amounted to:
  - 2 bps (0 bps in FY22) without ECL for geopolitical, emerging and Covid risks
  - -4 bps (8 bps in FY22) with ECL for geopolitical, emerging and Covid risks

Impaired loans ratio

in %

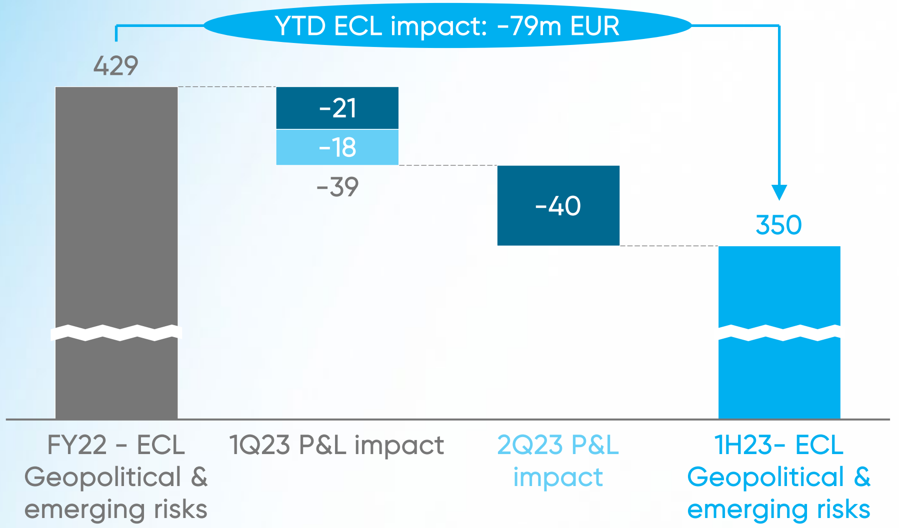


- **The impaired loans ratio stabilised at 2.0%** (1.0% of which over 90 days past due)

Outstanding ECL for geopolitical and emerging risks amounts to 350m EUR

Q-o-q change in the outstanding ECL for geopolitical and emerging risks

in m EUR; negative sign is a release



🟦 P&L impairment release ▨ Sale of KBC Bank Ireland (realised gain) via NOI**

In 2Q23 ECL release of 40m EUR, driven by improved macroeconomic indicators and a review of the sectors considered to be impacted by the geopolitical and emerging risks

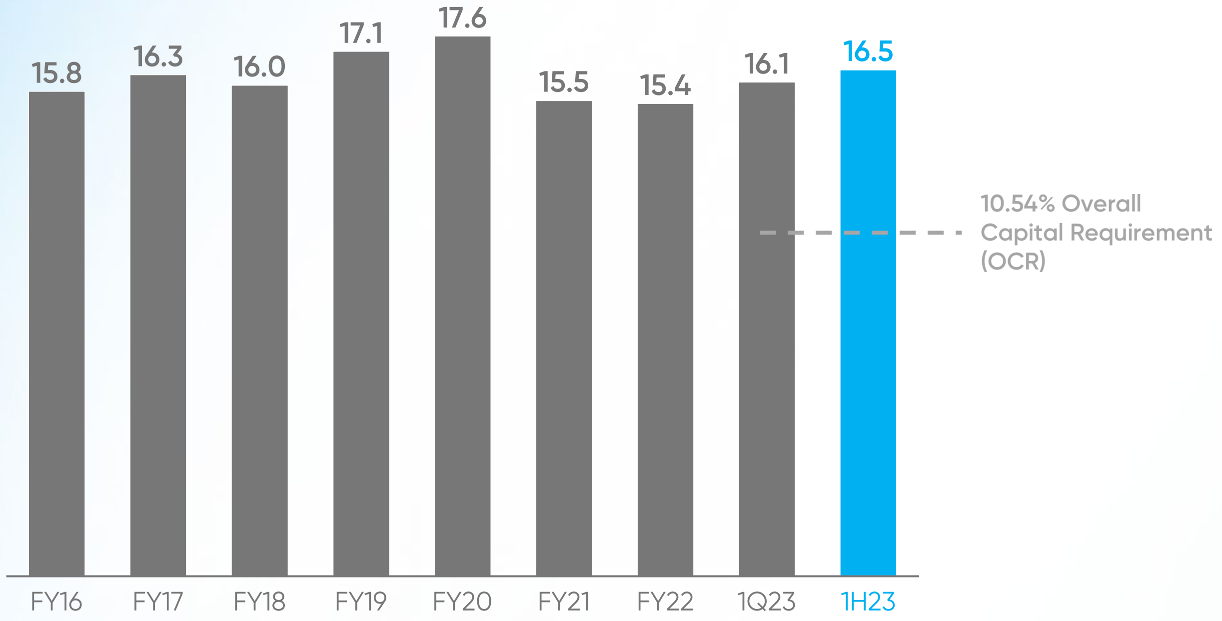
resulting in a remaining ECL for geopolitical and emerging risks of 350m EUR at end 1H23

* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

** The ECL release generated by the sale of KBC Bank Ireland was recorded in 'Net Other Income' in 1Q23

Strong capital position with substantial buffer

CET1 ratio
in %



Fully loaded B3 common equity ratio amounted to 16.5% at the end of 1H23 based on the Danish Compromise

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio

5.4% 1H23

5.3% FY22

Q-o-q decrease of the leverage ratio (from 5.5% in 1Q23 to 5.4% in 2Q23) due mainly to higher cash balances with central banks (in the denominator), to a large extent compensated by the higher Tier 1 capital (in the numerator)

Note that as of 1Q22, interim profit is recognised (based on 50% profit accrual)

Liquidity ratios | KBC Group

in %

LCR

152% 1H23

152% FY22

NSFR

145% 1H23

136% FY22

Both LCR* and NSFR** were well above the regulatory requirement of 100% due to a strong growth in customer funding and the participation to TLTRO III

Solvency II ratio | KBC Group

in %

Solvency II ratio

206% 1H23

203% FY22

Roughly stable qoq (-1pp) and YTD (+3pp)

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* Net Stable Funding Ratio (NSFR) is based on KBC Bank's interpretation of the proposal of CRR amendment.

** Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance with EBA guidelines on LCR disclosure.

Looking forward

Economic outlook

- The **low GDP growth in the euro area** is expected to continue in the remainder of 2023, likely caused by the ECB's monetary policy tightening and the weakness in the global manufacturing sector.
- The main risks to our short-term outlook for European growth relate to the weakening of global growth, the persistence of underlying core inflation (excluding food and energy), and the uncertainty regarding the timing and impact of the monetary policy tightening by the ECB. Other risks relate to still elevated real estate valuations and high levels of debt in the context of tightening financing conditions.

Group guidance under IFRS17 | 2023

- Our **FY23 total income guidance** remains at **11.15bn EUR ballpark figure** (including a 0.4bn EUR positive one-off effect upon closing of substantially all of KBC Bank Ireland's performing loan assets and its deposit book), of which **5.6bn EUR ballpark for NII (instead of 5.7bn EUR ballpark previously due to (1) higher costs on the Minimum Required Reserves (MRR) held with central banks and (2) increased wholesale funding & subordination costs)**
- **FY23 opex (excluding bank & insurance taxes) and insurance commissions** is estimated at **4.75bn EUR ballpark figure (not changed)**
- The **credit cost ratio for FY23** is estimated at **10-15bps, instead of 20-25bps previously**, both excluding any movement in the ECL buffer

Long-term / 3-year financial guidance (as provided with FY22 results, not updated)

3-year financial guidance*

CAGR total income ('22-'25)	± 7.3%	by 2025
CAGR OPEX (excl. bank & ins. taxes) and insurance commissions ('22-'25)	± 2.3%	by 2025
Combined ratio	≤ 92%	as of now
Surplus capital **	> 15%	as of now

Jaws
±5.0%

C/I ratio excl. BIT
±39%

* Our long-term financial guidance is **based on the market forward rates of 3 February 2023** (for ST & LT interest rates). We took into account a pass-through rate of 40% on savings accounts and 80% on term deposits at KBC Group level. Note that on 18 April 2023, the guidance has been translated from IFRS 4 to IFRS 17

** Fully loaded CET1 ratio, Danish Compromise

Long-term financial guidance

Credit cost ratio	25-30 bps	through-the-cycle

Regulatory requirements

Overall capital requirement (OCR)*	≥ 10.54%	by 2023
MREL as a % of RWA**	≥ 27.91%	by 2024
MREL as a % of LRE**	≥ 7.38%	by 2024
NSFR	≥ 100%	as of now
LCR	≥ 100%	as of now

* Excluding Pillar 2 guidance of 100 bps

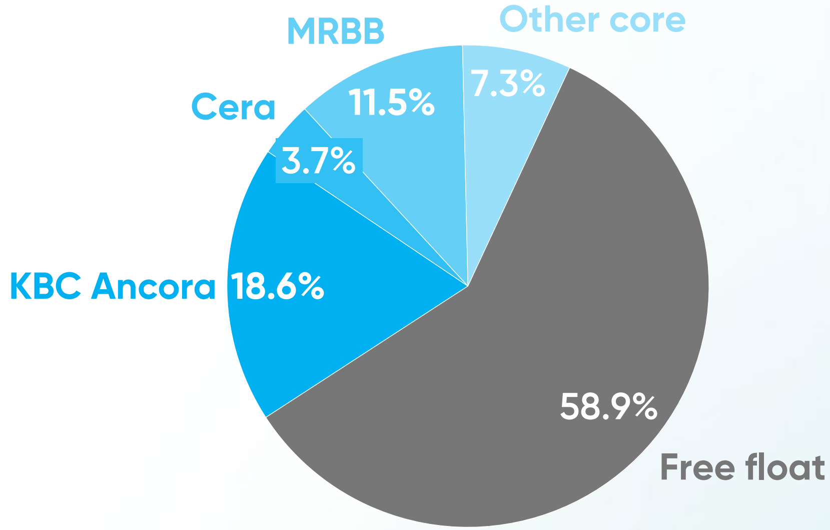
** In December 2022, the SRB communicated the updated draft MREL targets (under BRRD2) for 01-01-2024 in % of RWA and in % of LRE

Dividend policy, capital distribution and shareholder structure)

Dividend policy & capital distribution
(as of 2023)

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the dividend policy of KBC Group is tailored to that purpose. Each year, the Board of Directors will decide, at its discretion, on the total dividend based on the assessment of risks, forward looking profitability and strategic opportunities
- **Payout ratio policy** (i.e. dividend + AT1 coupon) **of at least 50% of consolidated profit** of the accounting year
- **Interim dividend of 1 EUR per share** in November of each accounting year as an advance on the total dividend
- On top of the payout ratio of at least 50% of consolidated profit, **each year** (when announcing the full year results), the Board of Directors will take a **decision, at its discretion**, on the distribution of the **capital above 15.0% fully loaded CET1 ratio, so-called surplus capital**. The distribution of this surplus capital can be **in the form of a cash dividend, a share buy-back or a combination of both**
- From the moment Basel IV will apply (as from 1 January 2025 at the earliest), the capital deployment plan will be updated

Shareholder structure
(as at end 1H23)

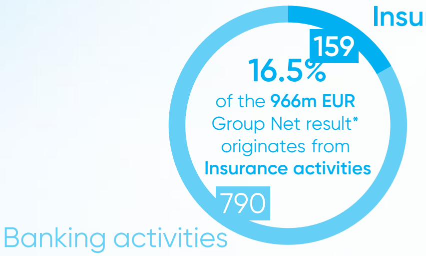


- Roughly **41% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals**. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of Belgian industrialist families
- The **free float** is held mainly by a large variety of international institutional investors

Strategic focus | What differentiates us from peers

Unique integrated bank-insurance+ model

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



* Difference between the net result of KBC Group and the sum of the banking and insurance contributions is accounted for by the holding-company/group items

Successful digital-first approach through KATE

- Our **digital interaction with clients** forms the basis of our business model in our strategy, not only in terms of sales and advice, but also in E2E digital process and product development.
- **Artificial intelligence** and data analysis will play an important part in digital sales and advice. Kate, our personal digital assistant, is featured prominently in this regard.
- **The independent international consulting firm Sia Partners named KBC Mobile one of the top performing mobile banking app worldwide (N°1 in 2021 and N°3 in 2022)**: a clear recognition of a decade of innovation, development and listening closely to our clients.

3.4 million users in contact with Kate

KATE autonomy

63% BE
62% CZ

Firmly embedded sustainability strategy

- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy consists of three cornerstones: **encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse impact we might have**. Note that the first ever Climate Report has been published, (Limited Assurance by external auditor)

see climate targets on next slide

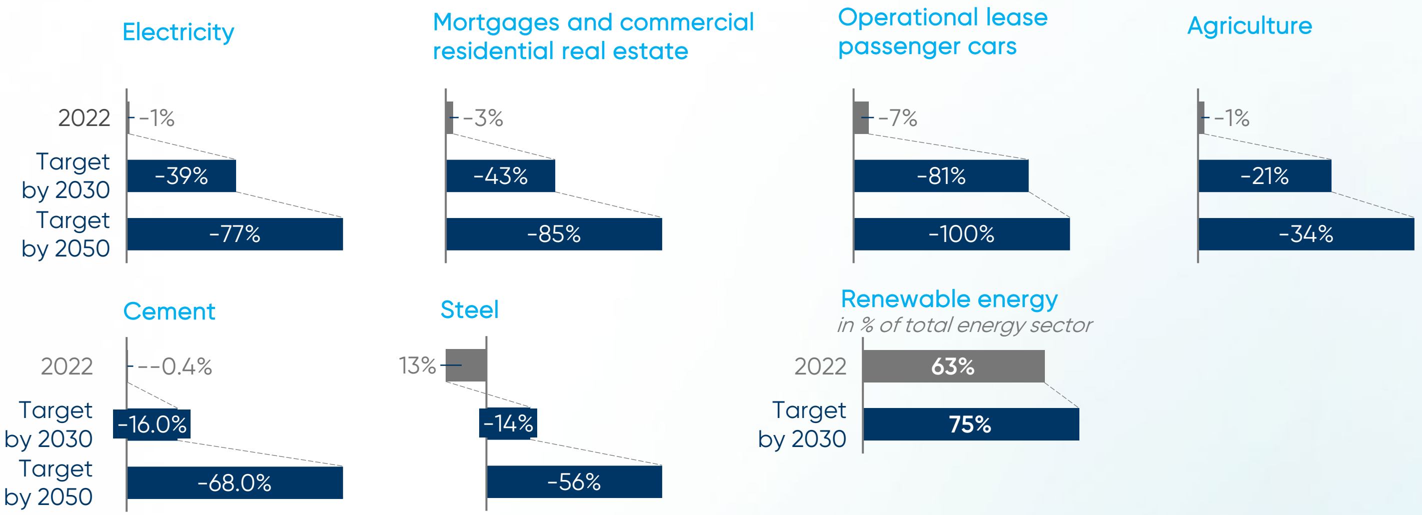
Indirect environmental impact: our progress in brief

INDIRECT environmental footprint (FY 2022)

- We refer to our Collective Commitment to Climate Action (CCCA) and the subsequent publication of our Climate Report at the end of September 2022
- Containing stringent decarbonisation targets for the sectors that cover the majority of our lending portfolio and related GHG emissions (56%) and clear targets for KBC Asset Management's Responsible Investing (RI) funds
- The baseline of the various targets and the actuals have been externally assured

Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated

Kate | Four flavours, one Kate

Kate4MassRetail

Kate is a **personal virtual assistant** that engages with our retail customers to save them time and money. Kate engages both in a reactive way (**You2Kate**) and a proactive way (**Kate2You**).

Kate is available in all KBC's core countries!

KATE autonomy
63% BE
62% CZ

3.4 million
users
in contact
with Kate

use cases
332 BE
205 CZ
183 IM

Kate4Business

Kate will also engage with our **self-employed, micro-SME, SME and corporate clients** with relevant and actionable insights that are personal and proactive.

Already **available in BE and CZ** in a mobile environment. Web environment to follow soon.

use cases
micro SMEs
30+ BE
40+ CZ

Kate Group Platform

We do not build Kate for every country individually. Kate is built once at a group level and then deployed to all core countries (**Kate in a box**).

Technically, we have set up a shared infrastructure on the cloud that allows us to **share use cases, code and IT components maximally**.

Furthermore, KBC strives to have a **common user interface and persona**, so Kate looks and feels the same everywhere.

Finally, everything that can be developed at group level is governed by a specific steering committee that **develops and maintains the group Kate infrastructure**.

'KATE IN A BOX'
delivered to
all core
countries

Kate4Employees

Kate will also have an impact on our employees: Kate will provide commercial steering towards our work force, she will augment our workforce to better serve our clients, Kate will serve as a back-up for our network and will automate certain administrative tasks.

In doing so, employees can focus on providing even more added value to our client.

This will also give tools to management to better coach employees and plan ahead.

Already available in CZ and BE. To be launched in HU, BG and SK (2H23)

450K leads
picked up
by employees
in CZ & BE
YTD

Kate | A data-driven organisation with Kate at the core

Kate is more than an interface towards customers. It also refers to the AI-enhanced software at our center: the Kate brain.

The Kate brain will be the driving force behind data-driven decision making, product design and development, marketing, commercial and sales steering and much more.

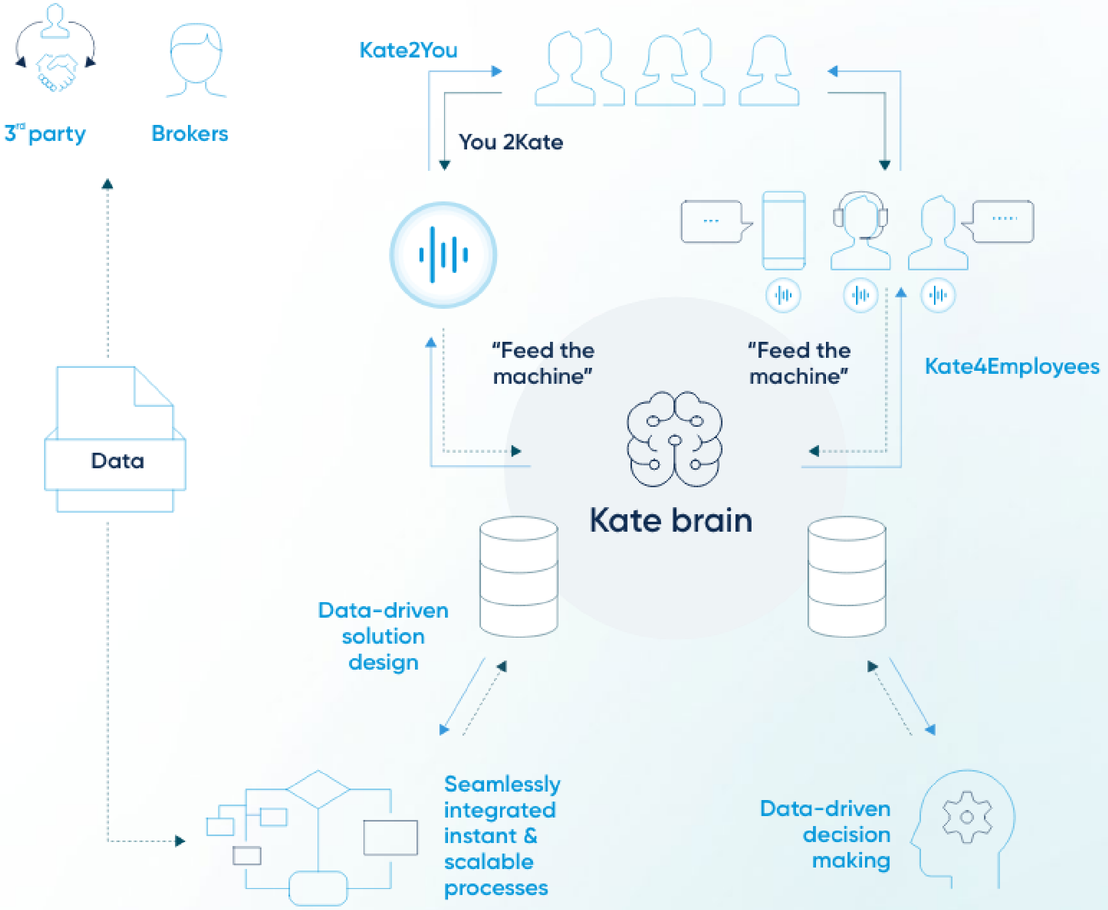
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

The Kate brain is fed by our own banking and insurance data-sources but also by data sources from third party services, resulting in **seamlessly integrated, instant (STP) and scalable processes**.

Very important in this are the feedbacks loops from all interactions to make sure **Kate is learning and getting smarter**, resulting in better decision making.

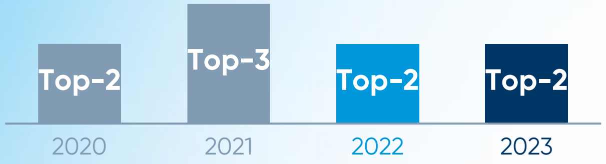
The main purpose remains the same: happy customers. As a **data-driven company** we remain guided by our **client-centric vision**.

Another upside of being AI-powered and solution-driven, is that we not only save time (cost reductions), not only for the customer, and we improve our sales efforts through **better sales productivity**.



Strategy | Update on KBC's non-financial targets

Customer ranking

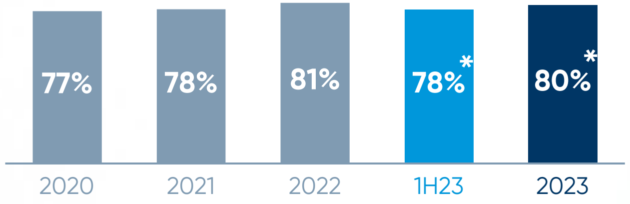


- **KBC is 2nd in customer NPS (Net Promoter Score) ranking** based on weighted avg of ranking in five core countries
- **Target is to remain the reference** (i.e. Top-2 score on group level)

Bank-insurance (BI) clients

BI clients

in %

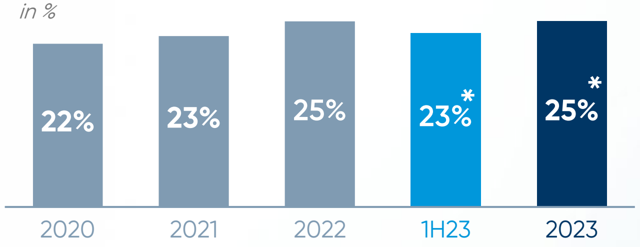


BI customers have at least 1 bank + 1 insurance product of our group.

* An adjustment was made given the change of scope (acquisition of RBBG)

BI stable clients

in %



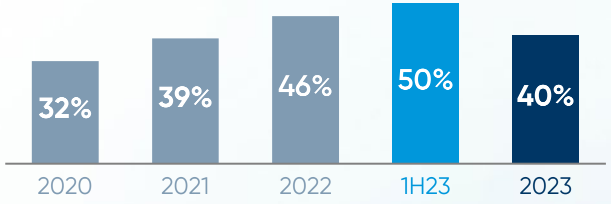
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

* An adjustment was made given the change of scope (acquisition of RBBG)

Digital sales

Digital sales banking products*

in %

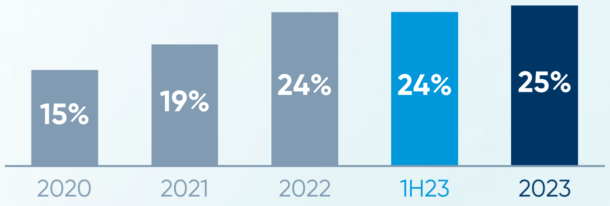


Digital sales 50% of **banking sales** (vs End of 2023 target of ≥40%).

* Based on weighted average of selected core products.

Digital sales insurance products

in %

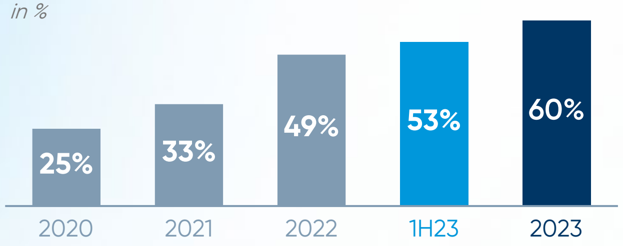


Digital sales 24% of **insurance sales** (vs End of 2023 target of ≥25%)

Straight-through processing

STP score*

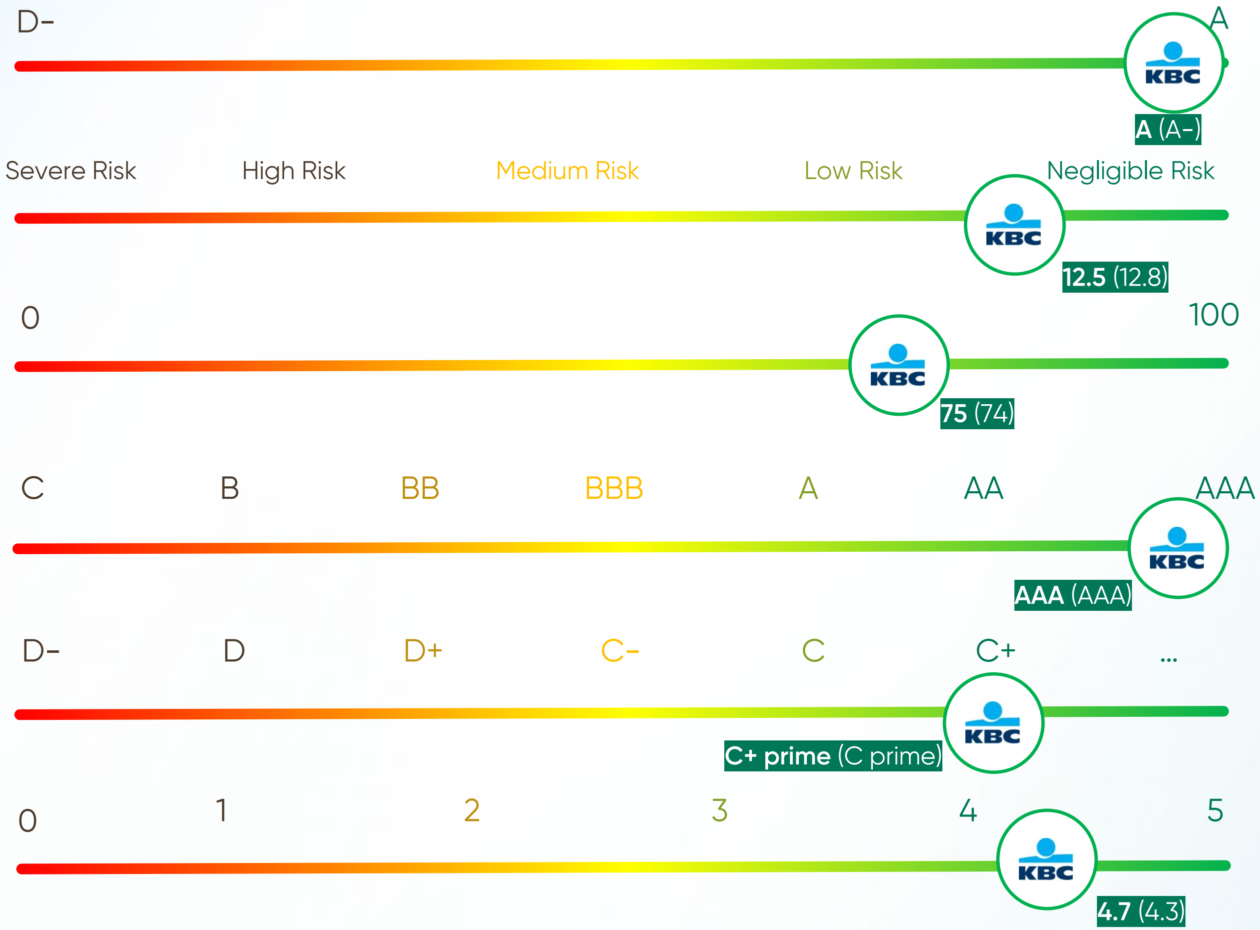
in %



The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of core commercial products.

KBC's ESG ratings and indices are ahead of the curve



Agency	ESG rating of 18th of July 2023 (previous score)	Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	A (A-)	Leader in addressing climate change CDP's A list Financial average service B-
SUSTAINALYTICS	12.5 (12.8)	3rd percentile of 381 diversified banks assessed 9th of 381 diversified banks
S&P Dow Jones Indices A Division of S&P Global	75 (74)	Top 5% (95th percentile of 762 banks assessed)
MSCI	AAA (AAA)	Leader among 488 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	C+ prime (C prime)	1st decile rank of 299 Commercial Banks & Capital Markets assessed
FTSE4Good	4.7 (4.3)	Top 4% (96th percentile of banks assessed)

Sustainability highlights

Commitment to climate action

2030 and 2050 climate targets
Committed to a first set of climate targets for the most material carbon-intensive industrial sectors and product lines in our lending business and our asset management activities (see next slides)

On track
Despite the short lead time since our baseline establishment, our latest sustainability report shows that, overall, we are well on track in meeting our portfolio climate targets

Partner in the transition
More than 3 000 customer engagement dialogues since the start to support our clients' transition

SBTi
KBC bolstered its intentions with regard to climate action by committing our banking activities to the Science-Based Targets (SBTi)

Sustainable business

7.4bn EUR
Financing contributing to social objectives

14.3bn EUR
Financing contributing to environmental objectives

600 000 tonnes CO_2e
Avoided GHG emissions through renewable energy project finance

37bn EUR Responsible Investing funds in 1H23
or 39% of total assets under distribution (direct client money)

Social responsibility

Social bond
Issued a second social bond for investments in healthcare and education in 2Q23

34% Female entrepreneurship
among our start-up community in Belgium

10m EUR
Outstanding loans to microfinance institutions and investments in microfinance funds

Diversity in senior management
24% females in senior management roles

Sustainability highlights in 2022, unless otherwise indicated

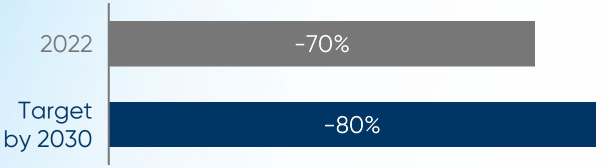
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2022)

- In 2020, we set more stringent ambitions to reduce the GHG emissions resulting from our own operations
- Furthermore, we included commuter travel in our target scope, as we aim to green our policy on employee mobility
- For the second consecutive year, we reached net-climate neutrality by offsetting our residual direct emissions
- Additionally, we committed to increasing our own green electricity consumption to 100% by 2030. The goal was already reached in 2021.

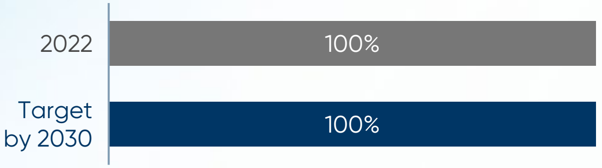
Reduction in our direct GHG emissions

reduction compared to 2015

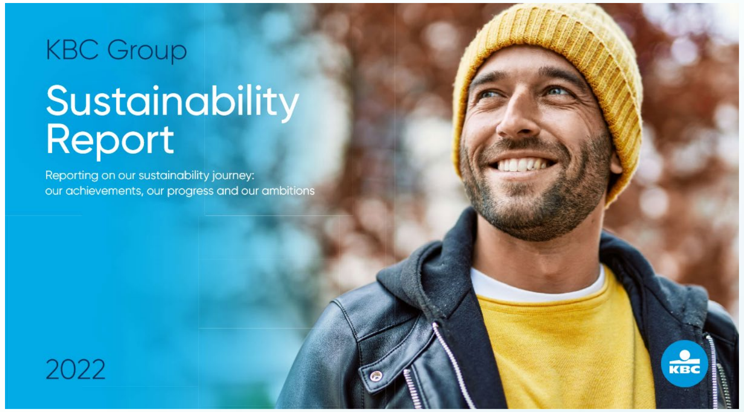


Renewable electricity

in % of own electricity consumption



More details in our 2022 Sustainability Report



KBC Group

Sustainability Report

Reporting on our sustainability journey:
our achievements, our progress and our ambitions

2022

More details in our 2022 Climate Report

KBC Group

Climate Report

Determining our 2021 baseline and target setting for 2030 and 2050

September 2022

We put our clients centre stage as they keep counting on us to help them realise and protect their dreams. We do this proactively and work together to support the society and create sustainable growth. We are genuinely grateful for the confidence they put in us.

I would like to explicitly thank our customers and stakeholders for their confidence and our staff for their relentless efforts.

Johan Thijs, KBC Group CEO

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