KBC Group
Press presentation
3Q 2022

Johan Thijs, KBC Group CEO
Luc Popelier, KBC Group CFO

more information: www.kbc.com

KBC Group - Investor Relations Office: IR4U@kbc.be

Key takeaways | KBC's engine firing on all cylinders

Excellent financial performance

net result
776m
3Q22

ROE
14%
9M22 YTD*

Outstanding solvency and liquidity

CET1 ratio
15.0%
3.0% buffer vs MDA**

SII ratio
227%

NSFR
140%
LCR
155%

KATE convinces customers

KATE users
2.5m***
9M22

KATE autonomy
54% | 63%
BE | CZ

Franchise is growing

loan volumes
+9%
y-o-y

customer deposits
+6%
y-o-y

non-life sales
+8%
y-o-y

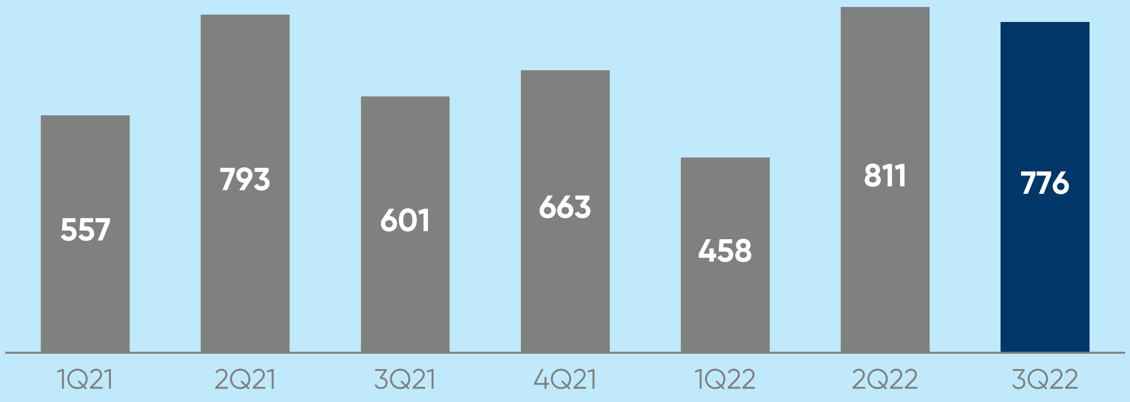
life sales
-15%
y-o-y

AM net inflows of direct client money
+3.4bn
y-o-y

* Evenly spreading the bank taxes throughout the year
** As of 1Q22, interim profit recognition (based on 50% profit accrual)
*** Of which 1.5m active users

Excellent 3Q22 net result of 776m EUR

NET RESULT
in m EUR



YTD ratios

- Return on Equity **14%**[1]
- Cost-income ratio excluding bank taxes **48%**
- Combined ratio **86%**
- Credit cost ratio **0.05%**
- CET1 ratio **15.0%** (B3, DC, fully loaded)[2]
- Leverage ratio **5.2%** (fully loaded)
- NSFR **140%** & LCR **155%**

1. When bank taxes are evenly spread throughout the year
2. As of 1Q22, interim profit recognition (based on 50% profit accrual) and including the impact of acquired Raiffeisenbank Bulgaria

Highlights

- **Commercial bank-insurance franchises** in core markets performed excellently
- The **acquired Raiffeisenbank Bulgaria** has been fully consolidated as of 3Q22
- **Customer loans** and **customer deposits** increased y-o-y in almost all our core countries (on a comparable basis)
- An **inaugural social bond** was issued in 3Q22 to support the health care sector. Furthermore, **new ambitious climate targets** were set end 3Q22 as part of our first ever Climate Report
- Higher **net interest income** q-o-q
- Higher **net fee and commission income** q-o-q
- Q-o-q decrease of **net result from financial instruments at fair value** and **net other income**
- Very strong **non-life insurance** performance and lower sales of **life insurance** y-o-y
- **Costs excl. bank taxes** increased q-o-q
- Net **impairment charges,** due entirely to a 103m EUR extra creation of geopolitical & emerging risks reserve
- Solid **solvency** and **liquidity**
- **Interim dividend of 1 EUR per share** (as advance payment on the total 2022 dividend) will be paid on 16 November 2022

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 **14%*** in 9M22
KBC is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **15.0%**** at end 9M22
KBC is amongst the best capitalised EU banks

Sustainability

Sustainalytics ranks KBC
8th out of 411 diversified global banks

SUSTAINALYTICS

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**."

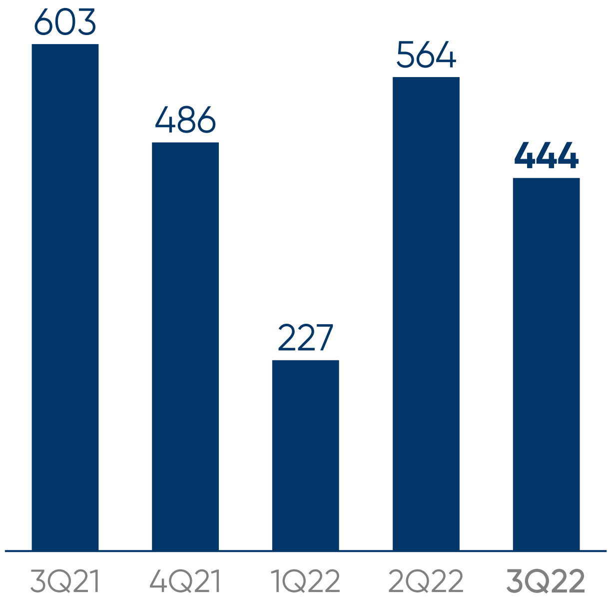
SIAPARTNERS

* Evenly spreading the bank taxes throughout the year
** As of 1Q22, interim profit recognition (based on 50% profit accrual)

NET RESULT PER BUSINESS UNIT
in m EUR

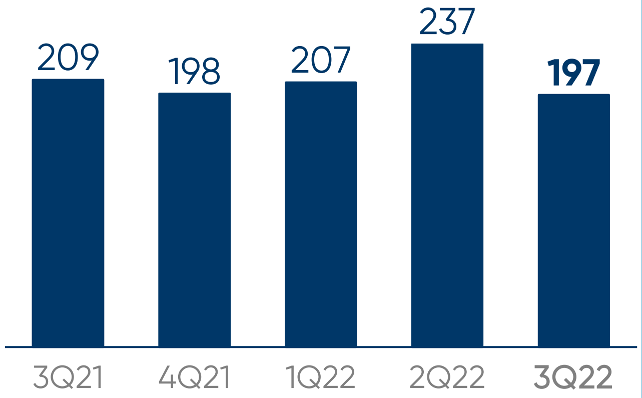
BU BE

q-o-q



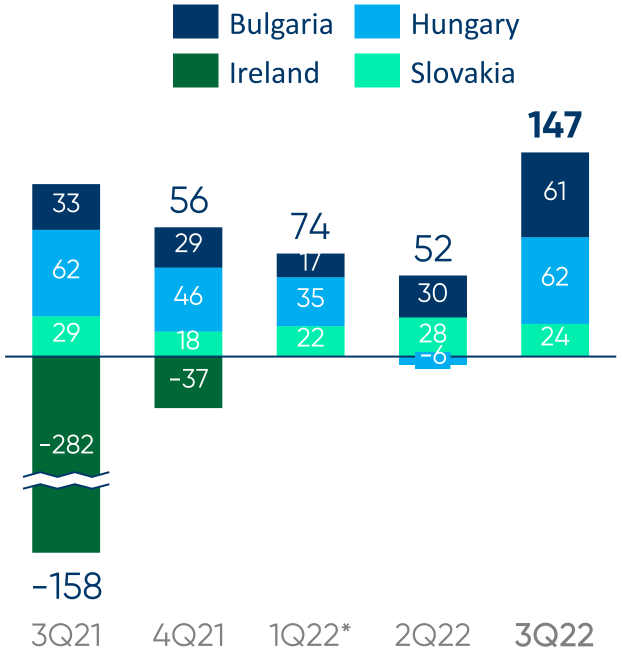
BU CZ

q-o-q



BU IM

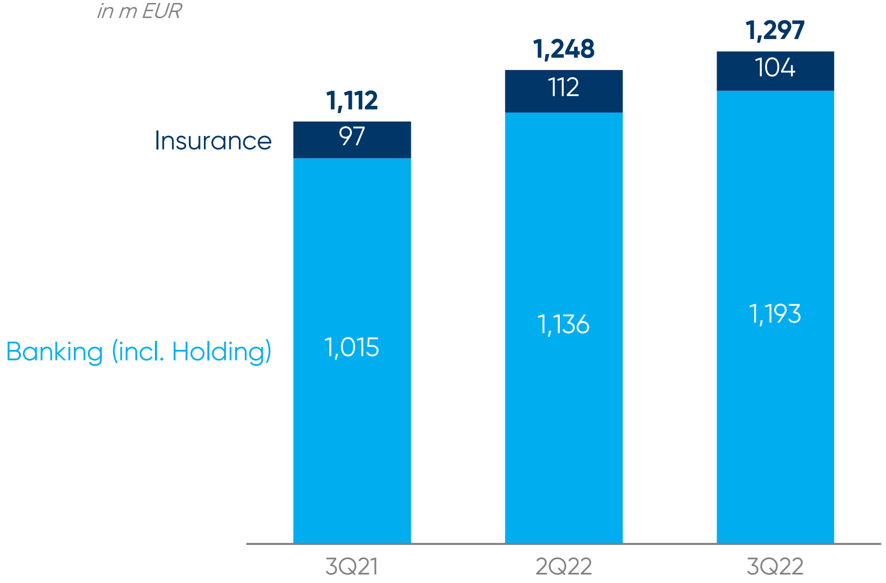
q-o-q



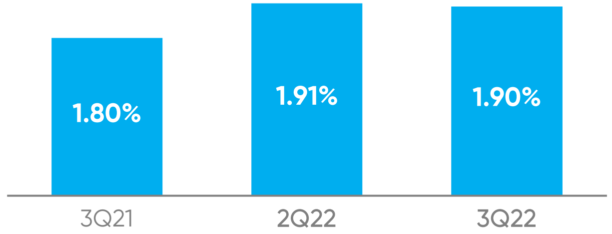
*As of 1Q 2022, KBC Ireland has been shifted from Business Unit International Markets to Group Centre. No restatements have been made

Higher net interest income

NET INTEREST INCOME
in m EUR



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



- **Net interest income (1 297m EUR)**
  - NII increased by 4% q-o-q and by 17% y-o-y, due partly to the consolidation of Raiffeisenbank Bulgaria as of 3Q22 (+33m EUR NII in 3Q22)
  - On a comparable basis, NII increased by 1% q-o-q and by 14% y-o-y, driven primarily by:
    - Organic loan volume growth
    - Increasing reinvestment yield in all core countries
    - Increased income related to funding (increased term deposits at better margins)
    - Higher number of days (q-o-q)

    partly offset by:
    - The negative effect of lower loan margins in most markets
    - Almost no charging of negative interest rates on current accounts held by corporate entities and SMEs and almost no positive tiering effect anymore
    - Lower reinvestment income of retained earnings due to the large dividend payout in the Czech Republic at the end of 2Q22 (roughly -16m EUR q-o-q)
    - Lower q-o-q NII on insurance bond portfolio (due mainly to inflation-linked bonds, mostly linked to the strong positive evolution of inflation indices in 2Q22)
- **Net interest margin (1.90%)**
  - Fell by 1 bp q-o-q and rose by 10 bps y-o-y for the reasons mentioned above and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

- **Organic volume trend**

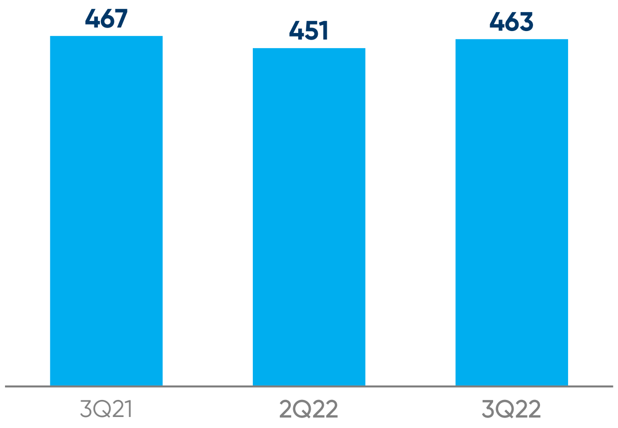
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	186bn	81bn	220bn
Growth q-o-q*	+2%	+1%	-2%
Growth y-o-y	+9%	+6%	+6%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds), including Ireland (under IFRS 5) and Raiffeisenbank Bulgaria. Growth figures are excluding FX, consolidation adjustments and reclassifications.
*** Customer deposits, excluding debt certificates and repos, including Ireland (under IFRS 5) and Raiffeisenbank Bulgaria. **Excluding the volatility in the foreign branches of KBC Bank (included in BU BE), customer deposits rose by 1% q-o-q and 6% y-o-y**

Higher fee and commission income

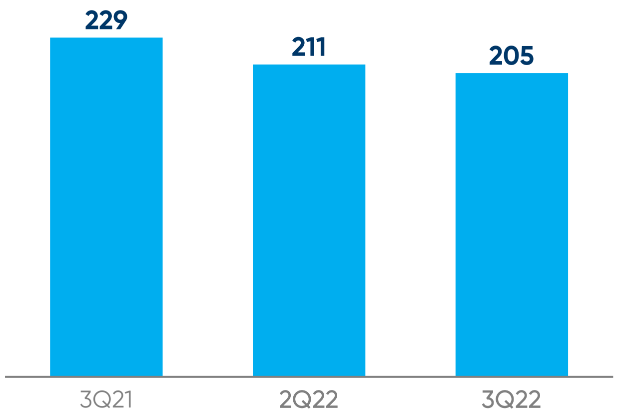
NET FEE & COMMISSION INCOME

in m EUR



ASSETS UNDER MANAGEMENT

in bn EUR



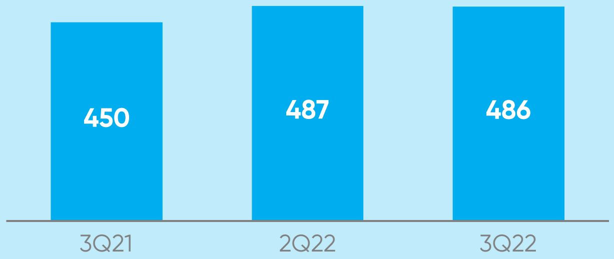
- **Net fee and commission income (463m EUR)**
  - Up by 3% q-o-q and down by 1% y-o-y (on a comparable basis, down by 2% q-o-q and by 5% y-o-y)
  - Q-o-q increase was mainly the result of the following:
    - Net F&C income from Asset Management Services decreased by 1% q-o-q (due entirely to lower entry fees, as management fees stabilised in 3Q22)
    - Net F&C income from banking services increased by 8% q-o-q, almost entirely due to the consolidation of Raiffeisenbank Bulgaria as of 3Q22 (+19m EUR net F&C income in 3Q22). Higher payment-related fees and network income were largely offset by lower securities-related fees and fees from credit files & bank guarantees
    - Paid distribution costs went up by 7% q-o-q (chiefly higher commissions paid linked to banking products and increased non-life insurance sales)
  - Y-o-y decrease was mainly the result of the following:
    - Net F&C income from Asset Management Services fell by 6% y-o-y (lower management and entry fees)
    - Net F&C income from banking services increased by 11% y-o-y (all types of banking services fees increased y-o-y, except securities-related fees)
    - Paid distribution costs rose by 16% y-o-y (mainly higher commissions paid linked to banking products and strong sales of insurance products)

- **Assets under management (205bn EUR)**
  - Decreased by 3% q-o-q and by 11% y-o-y due almost entirely to the negative market performance
  - The mutual fund business has seen good net inflows in higher-margin direct client money this quarter, more than offset by net outflows in lower-margin investment advice and group assets

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

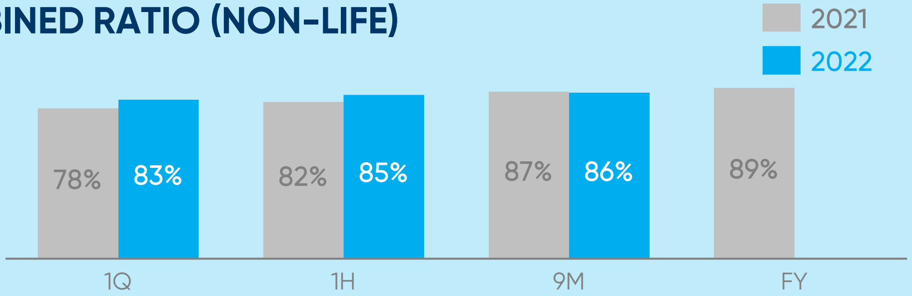
NON-LIFE SALES (GROSS WRITTEN PREMIUMS)

in m EUR



COMBINED RATIO (NON-LIFE)

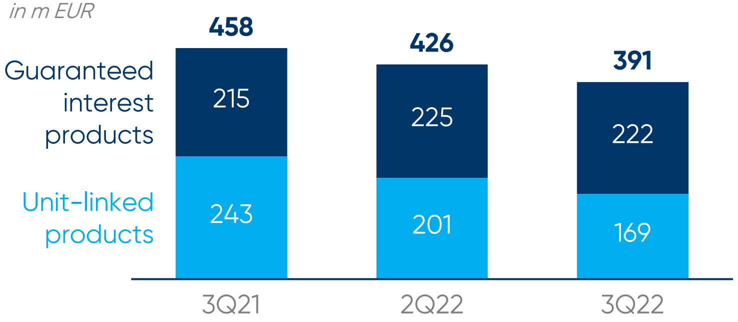
in %



- **Sales of non-life insurance products**
  - Up by 8% y-o-y
    (growth in almost all classes and countries, but chiefly in the classes 'Motor Comprehensive Cover' and 'Property', as a combination of volume and tariff increases)
- **Non-life combined ratio for 9M22 amounted to an excellent 86%** (87% in 9M21). This is the result of:
  - 8% y-o-y higher earned premiums
  - 7% y-o-y higher technical charges
  - Higher ceded reinsurance result (up 8m EUR y-o-y, cf. storm recoveries)
- Note that the technical charges Life and Non-Life (after reinsurance) in 3Q 2022 included a release of technical provisions of respectively 31m EUR and 10m EUR, booked in the Czech Republic Business Unit, as a result of reassessing the confidence level of the technical provisions

LIFE SALES

in m EUR

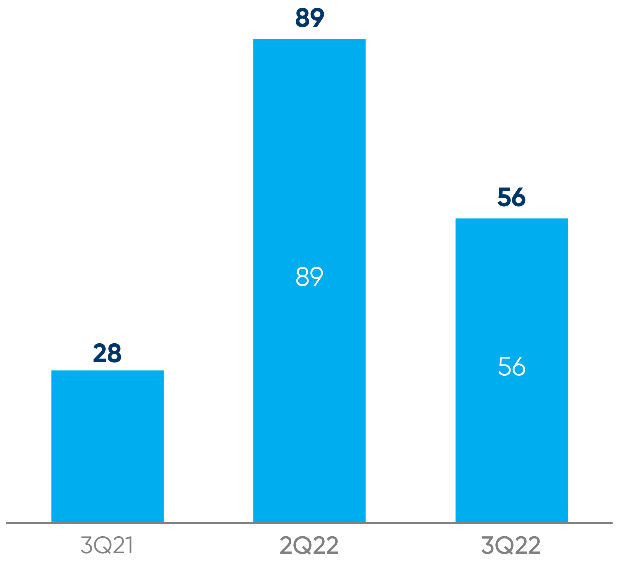


- **Sales of life insurance products**
  - Decreased by 8% q-o-q due mainly to seasonally lower sales of unit-linked products in Belgium
  - Decreased by 15% y-o-y due mainly to:
    - A decrease in sales of unit-linked products in Belgium and Bulgaria

    partly offset by:
    - A small increase in sales of guaranteed interest products in Belgium and Bulgaria
    - An increase in sales of unit-linked products in the Czech Republic
  - Sales of unit-linked products accounted for 43% of total life insurance sales in 3Q22

FIFV

in m EUR

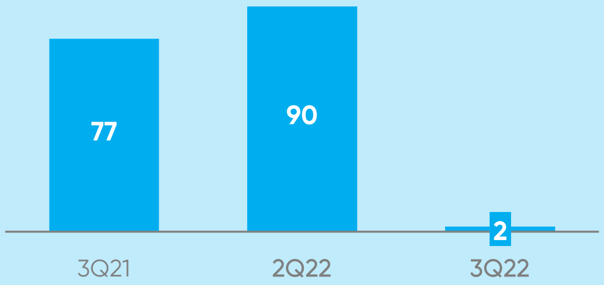


- **The 33m EUR q-o-q decrease in FIFV was attributable mainly to:**
  - Significantly lower dealing room
  - Less positive change in ALM derivatives

  partly offset by:
  - Higher net result on equity instruments (insurance) & other income
  - More positive credit value adjustments have been only partly offset by less positive funding value adjustments. Like in the previous quarters, the benefits of increased yield curves and decreased funding exposures in 3Q22 have been only partly compensated by increased counterparty credit spreads due to geopolitical risk and decrease of equity markets

NET OTHER INCOME

in m EUR

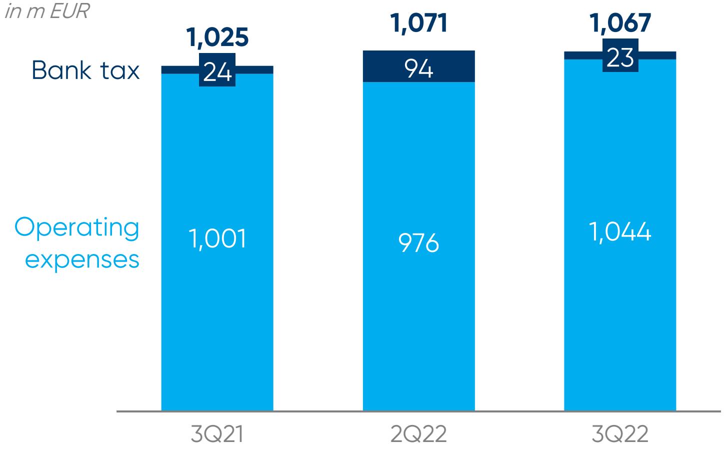


- **Net other income amounted to 2m EUR**
  - Sharply lower than the normal run rate of around 50m EUR per quarter
  - Due mainly to realised losses on the sale of bonds in 3Q22 (versus a one-off 68m EUR realised gain on the sale of real estate subsidiary at KBC Insurance in 2Q22)

Costs excluding bank taxes increased q-o-q

OPERATING EXPENSES

in m EUR



COST/INCOME RATIO

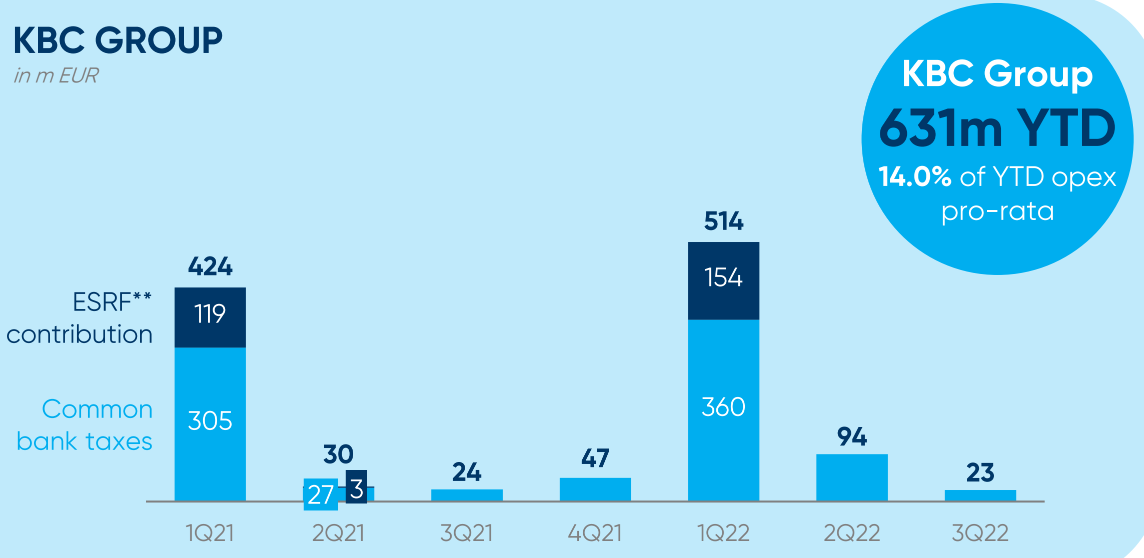
Group, adjusted for specific items: MtM ALM derivatives and one-off items are fully excluded but bank and insurance taxes are included pro-rata

FY21	**9M22**
55%	**54%**

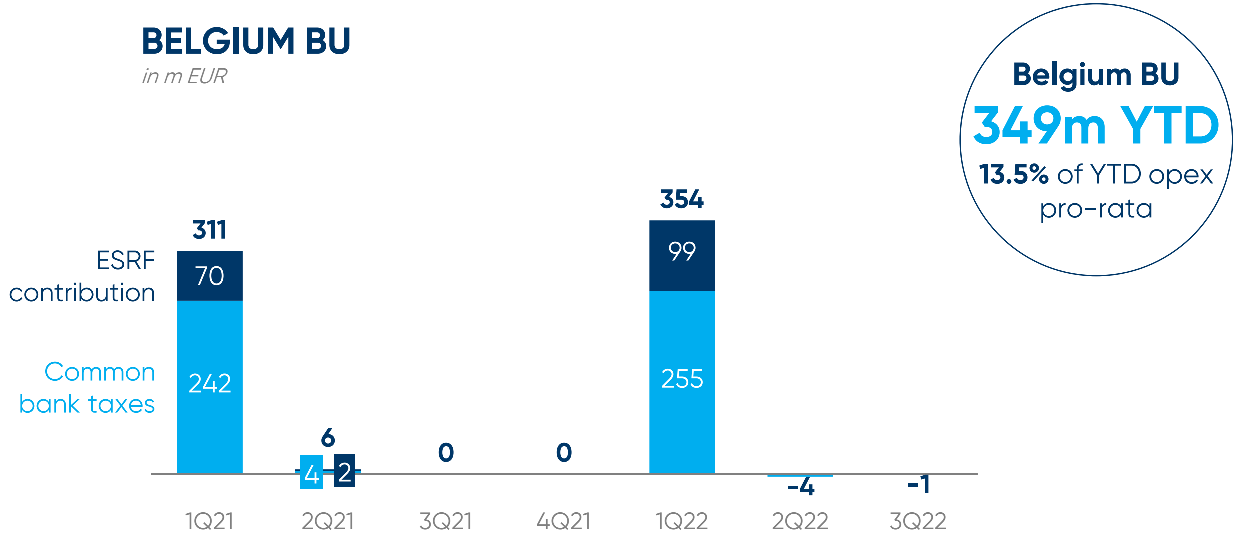
- **Operating expenses excluding bank taxes** went up by 7% q-o-q and by 4% y-o-y. When excluding the 26m EUR consolidation impact of Raiffeisenbank Bulgaria in 3Q22, opex excluding bank taxes increased by 4% q-o-q and by 2% y-o-y
  - The like-for-like q-o-q increase is due mainly to additional negative one-off costs related to the sales transaction in Ireland (-15m EUR in 3Q22 versus -2m EUR in 2Q22), the impact of inflation/wage indexation, higher facility expenses, higher depreciations as well as higher professional fee expenses, partly offset by (seasonally) lower ICT and marketing expenses
  - The like-for-like y-o-y increase is due to, among other things, higher ICT expenses, inflation/wage indexation, higher facility expenses and higher professional fee expenses, partly offset by less negative one-off costs related to the sales transactions in Ireland (-15m EUR in 3Q22 versus -81m EUR in 3Q21)
- **Like-for-like, operating expenses excluding FX, bank taxes and one-offs** rose by 6% y-o-y in 9M22
- **YTD cost/income ratio**
  - 54% when evenly spreading the bank taxes over the year and excluding certain non-operating items* (55% in FY21)
  - 48% excluding all bank taxes (51% in FY21)
- Total bank taxes (including ESRF contribution) are expected to increase by 25% y-o-y to 657m EUR in 2022

Overview of bank taxes*

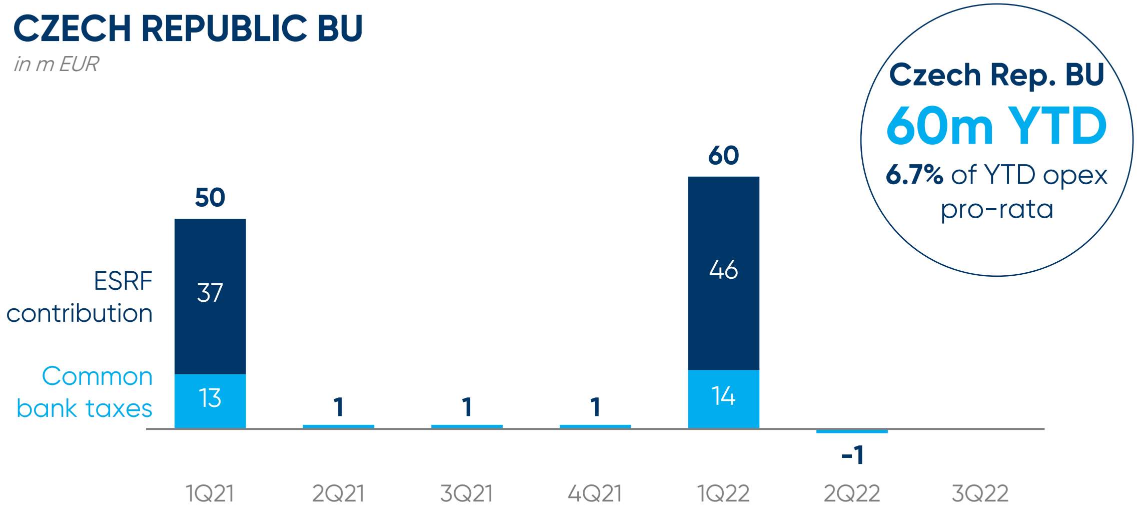
KBC GROUP
in m EUR



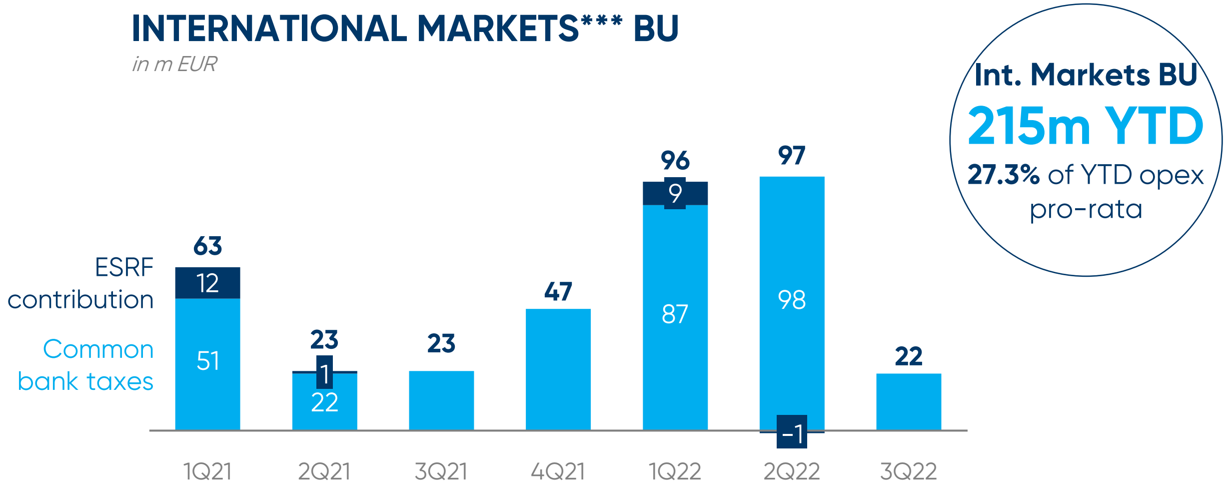
BELGIUM BU
in m EUR



CZECH REPUBLIC BU
in m EUR



INTERNATIONAL MARKETS*** BU
in m EUR



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

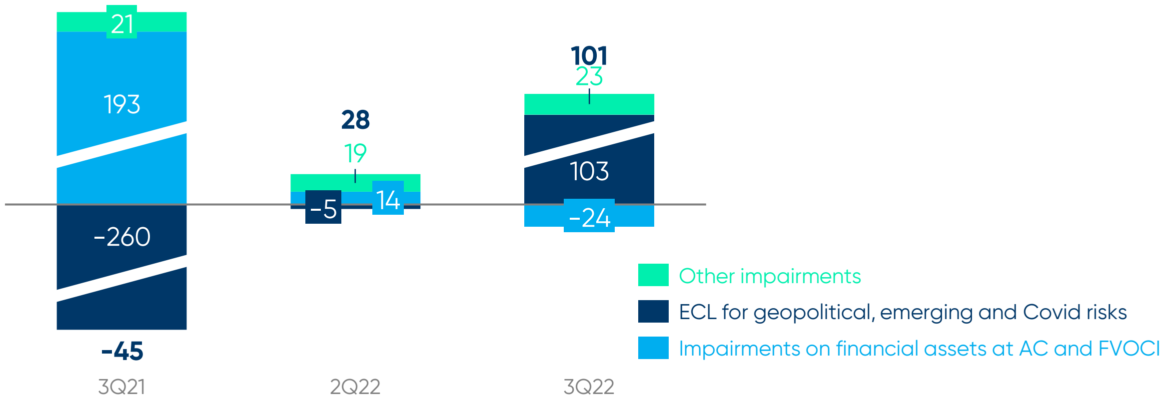
** European Single Resolution Fund

*** As of 1Q 2022, KBC Ireland has been shifted from International Markets Business Unit to Group Centre. No restatements have been made

Net loan loss impairment charges & excellent credit cost ratio

ASSET IMPAIRMENT

in m EUR; negative sign is a release



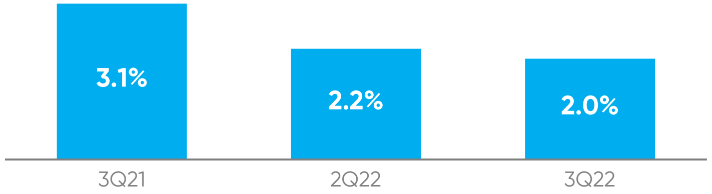
- **Net loan loss impairment releases on lending book, more than offset by an increased geopolitical & emerging risk buffer**
  - **Net loan loss impairment charges of 79m EUR** in 3Q22 (compared with 9m EUR charges in 2Q22) due to:
    - 24m EUR net loan impairment reversals on lending book
    - An increase of 103m EUR due to the uncertainties surrounding geopolitical and emerging risks (net of roughly 7m EUR recoveries of Russian exposures)
    - Total outstanding ECL for geopolitical and emerging risks now stands at 387m EUR (see details on next slide)
  - 23m EUR impairment on 'other', due mainly to:
    - 24m EUR modification losses, largely related to the extension of the interest cap regulation in Hungary until mid-2023

CREDIT COST RATIO *in %; negative sign is a release*	FY21	9M22
With ECL for geopolitical, emerging and Covid risks	-0.18%	**0.05%**
Without ECL for geopolitical, emerging and Covid risks	0.09%	**-0.03%**

- **The credit cost ratio in 9M22 amounted to:**
  - -3bps (9bps in FY21) without ECL for geopolitical, emerging and Covid risks
  - 5bps (-18bps in FY21) with ECL for geopolitical, emerging and Covid risks

IMPAIRED LOANS RATIO

in %



- **The impaired loans ratio improved to 2.0%**
  (1.1% of which over 90 days past due)

Update on the Russia/Ukraine conflict (including emerging risks)

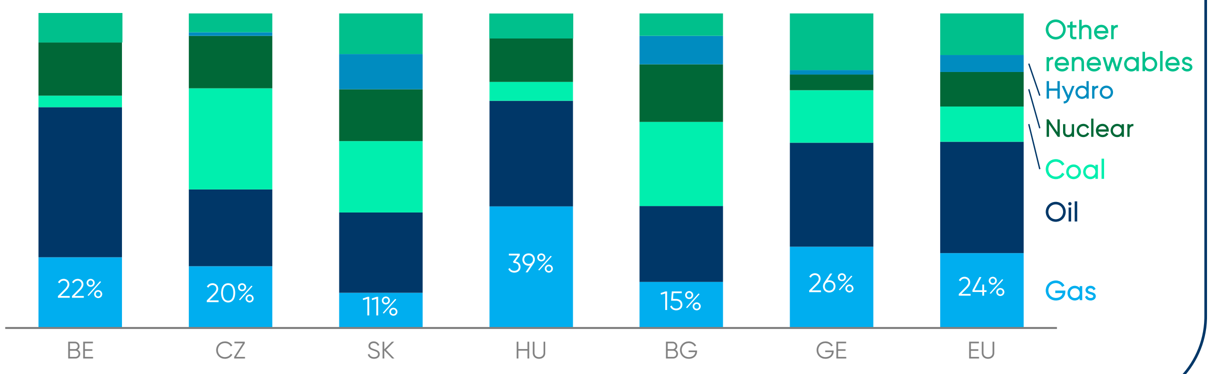
A	**No direct subsidiaries**	KBC has no direct subsidiaries in Russia (R), Belarus (B) or Ukraine (U)
B	**Very limited direct credit exposure**	Direct transfer risk exposure amounts to approx. **28m EUR ECL** (-7m EUR q-o-q) (mainly concentrated in commercial exposure on Russian banks) down from 35m EUR in 2Q22 due to recoveries from these counterparties. No exposure on Russian sovereign debt *negative sign is a release*
C	**Indirect credit impact: counterparties***	Counterparties-at-risk: (total client credit exposure on group level) • Corp & SME with >20% sales, cost or profit in R, B or U • Corp & SME directly impacted by possible disruption of Russian oil and gas supplies ➔ Outstanding exposure**: 3.1bn EUR (up from 2.0bn EUR)➔ **ECL*: 49m EUR** (+16m EUR q-o-q) The increase is driven mainly by an extended list of energy sensitive sectors following a prolonged disruption in gas supplies
D	**Emerging risks (secondary indirect credit impact): portfolios/(sub)sectors***	Vulnerable clients in retail and non-retail portfolios/(sub)sectors impacted by newly emerging risks (energy prices/supply bottlenecks/higher cost of living and rising interest rates) ➔ Outstanding exposure**: 9.0bn EUR (up from 6.3bn EUR) ➔ **ECL*: 245m EUR** (+77m EUR q-o-q) The increase was driven mainly by recent inflation dynamics and energy prices, resulted in an extended list of sectors and retail clients
E	**Macroeconomic scenarios**	Downward revision of macroeconomic forecasts and probabilities to 55%/1%/44% (for base-case/optimistic/pessimistic scenario) ➔ **ECL: 49m EUR** (+17m EUR q-o-q)
F	**KBC Bank Bulgaria**	First-time consolidation of the Bulgarian activities of Raiffeisenbank International ➔ **ECL: 16m EUR** (no P&L impact)
	Estimated outstanding ECL	A + B + C + D + E + F = **387m EUR** (+103m q-o-q)

** Estimate of impairment (in C and D): it is expected that PDs of listed counterparties and portfolios/sectors at risk will change in the future even though this is not reflected in the current financial figures . To capture this impact (i.e. forward-looking IFRS 9), a collective transfer to stage 2 is accompanied by an ECL management overlay (by applying conservative Stage 2 and Stage 3 cover rates), taking expected PD downgrades into account.*
*** Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements.*

Macroeconomic impact of the Russia/Ukraine conflict

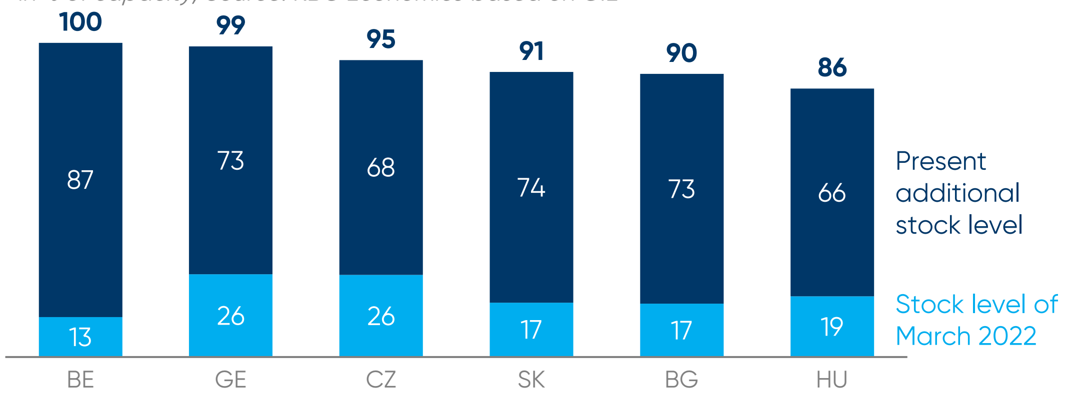
PRIMARY ENERGY CONSUMPTION | DECOMPOSITION

in fraction of Joules consumed; Source: BP



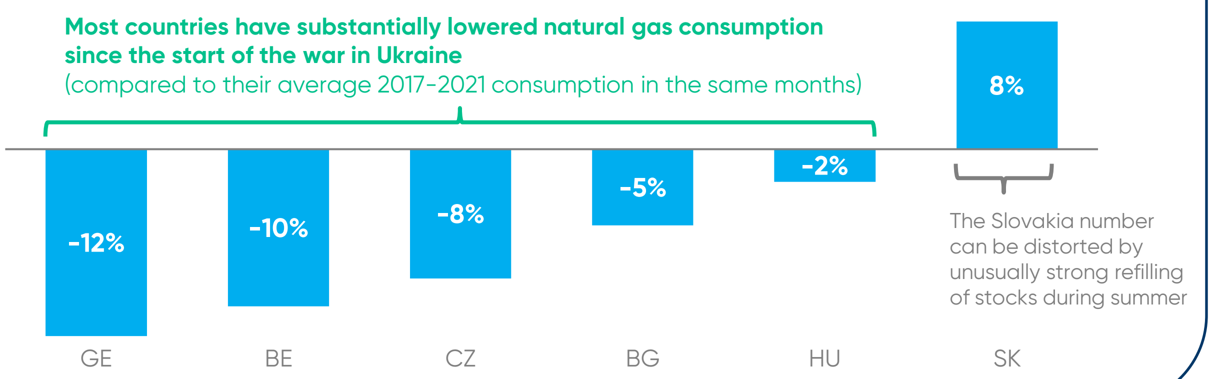
NATURAL GAS STOCK LEVEL | AS ON 31/OCT/22

in % of capacity; Source: KBC Economics based on GIE



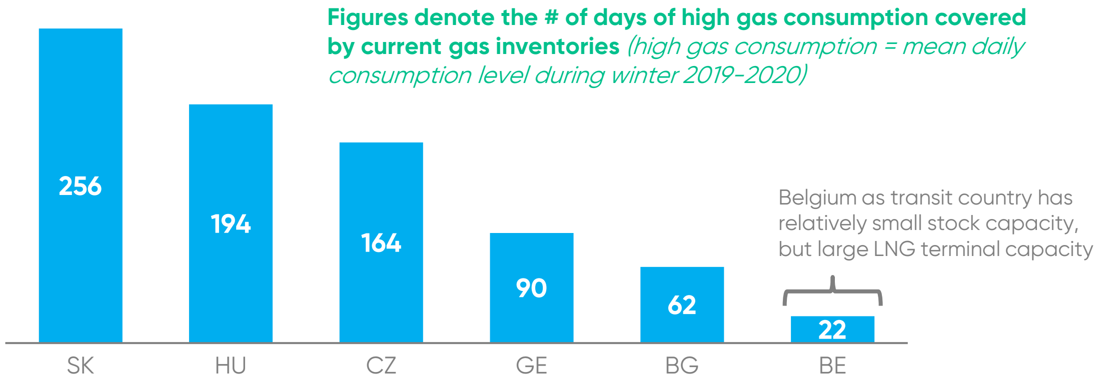
NATURAL GAS CONSUMPTION MAR-SEP | 2022 VS AVG 2017-2021

in %; Source: KBC Economics based on Eurostat



NATURAL GAS COVERAGE | AS ON 31/OCT/22

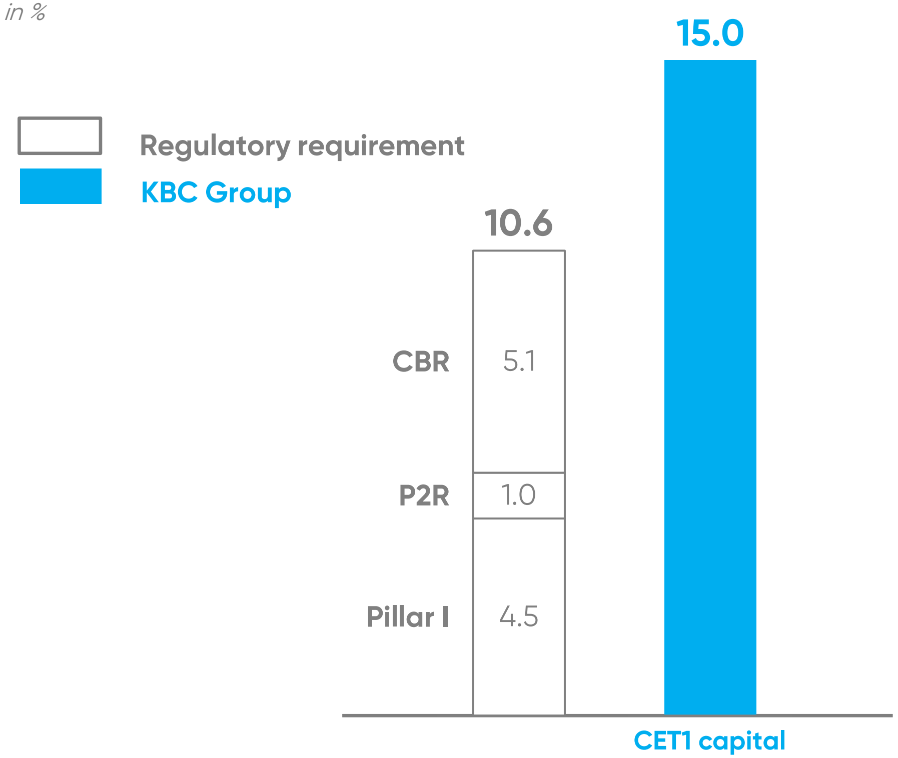
in %; Source: KBC Economics based on GIE, Eurostat



Strong capital position with substantial buffer

CAPITAL REQUIREMENTS

in %



- **Fully loaded B3 common equity ratio amounted to 15.0% at the end of 9M22** based on the Danish Compromise
- As of 1Q22, interim profit recognition (based on 50% profit accrual)

Leverage ratio, Solvency II ratio and liquidity ratios

LEVERAGE RATIO | KBC GROUP

fully loaded, Basel 3

leverage ratio
5.2%
9M22
5.1% in 1H22

Roughly stable q-o-q leverage ratio

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

SOLVENCY II RATIO | KBC INSURANCE

SII ratio
227%
9M22
242% in 1H22

The q-o-q delta (-15pp) in the Solvency II ratio was driven mainly by higher interest rates combined with flattening yield curves and lower equity markets

LIQUIDITY RATIOS | KBC GROUP

LCR
155%
9M22
158% in 1H22

NSFR
140%
9M22
142% in 1H22

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

* 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.

Economic outlook

- Leading confidence indicators suggest that the euro area economy has entered a technical recession in the fourth quarter, with the economy expected to shrink during the fourth quarter of 2022 and the first quarter of 2023 due to the impact of the energy crisis and the tightening financial conditions
- The economies of both Belgium and the Czech Republic are likely to have entered a technical recession, with real GDP expected to shrink in the fourth quarter 2022 as well
- The most important risk to our short-term European growth outlook relates to critical energy deficits, caused by the possible inability of Europe to compensate a severe distortion of Russian gas supplies. Other risks continue to include the general post-pandemic supply chain disruptions, reappearing pandemic waves and the vulnerability caused by high levels of debt in the context of globally tightening financing conditions

Group guidance for 2022*

Based upon our latest set of macroeconomic and business assumptions (impacted by the invasion of Russia in Ukraine, causing major macroeconomic and financial shocks, and very volatile markets):

- We confirm our **FY22 total income guidance of 8.4bn EUR ballpark figure**, **of which 5.05bn EUR ballpark for NII**
- We confirm our **FY22 opex excluding bank taxes guidance of 4.15bn**
- This implies **jaws over 21-22** (between y-o-y topline growth and opex growth) of **roughly 4.0%**
- We confirm our **guided credit cost ratio for 2022 of between 10 and 25 bps** (25-30 bps = through-the-cycle CCR guidance)

* Our Group guidance for 2022 is based on the following assumptions:

- The consolidation of Raiffeisen Bulgaria as of mid-2022 and the consolidation of KBC Bank Ireland for the entire year 2022 (due to a delay of transaction approval)
- An additional P&L benefit from TLTRO3 of 73m EUR in 2H22 (neutralization of TLTRO3 benefit as of 23rd November 2022 taken into account)
- We took into account the CNB policy rate at 7.00% by end 2022 and further ECB rate hikes during 2022 (2.25% by end 2022)
- Volume growth estimated at roughly 8% y-o-y

Long-term financial guidance

3-year financial guidance*		
CAGR total income ('21-'24)	± 7.0%	by 2024
CAGR OPEX excl. bank taxes ('21-'24)	± 3.0%	by 2024
Combined ratio	≤ 92%	as of now
Surplus capital **	> 15%	as of now

⇒ **Jaws of ± 4%**

⇒ **C/I ratio excl BT ±46%**

* IFRS17 impact is not yet taken into account given early days
** 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)*	≥ 11.43%	by 2022
MREL as a % of RWA**	≥ 27.46%	by 2024
MREL as a % of LRE**	≥ 7.41%	by 2024
NSFR	≥ 100%	as of now
LCR	≥ 100%	as of now

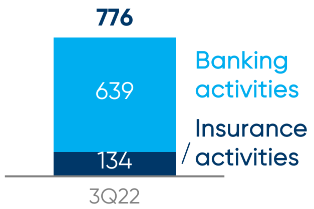
* Excluding Pillar 2 guidance of 100 bps
** The SRB communicated the final MREL targets (under BRRD2) in % of RWA and in % of LRE to KBC. Regarding MREL as a % of RWA, an intermediate MREL target of 26.36% as from 01-01-2022. Regarding MREL as a % of LRE, an intermediate MREL target of 7.34% as from 01-01-2022

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**.

NET RESULT 3Q22 | BANKING & INSURANCE*

in m EUR



17% of the Group Net result originates from **insurance activities**

* Difference between the net result at 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.

KATE users 2.5m* **9M22**

KATE autonomy 54%|63% BE | CZ

* Of which 1.5m active users

Firmly embedded sustainability strategy

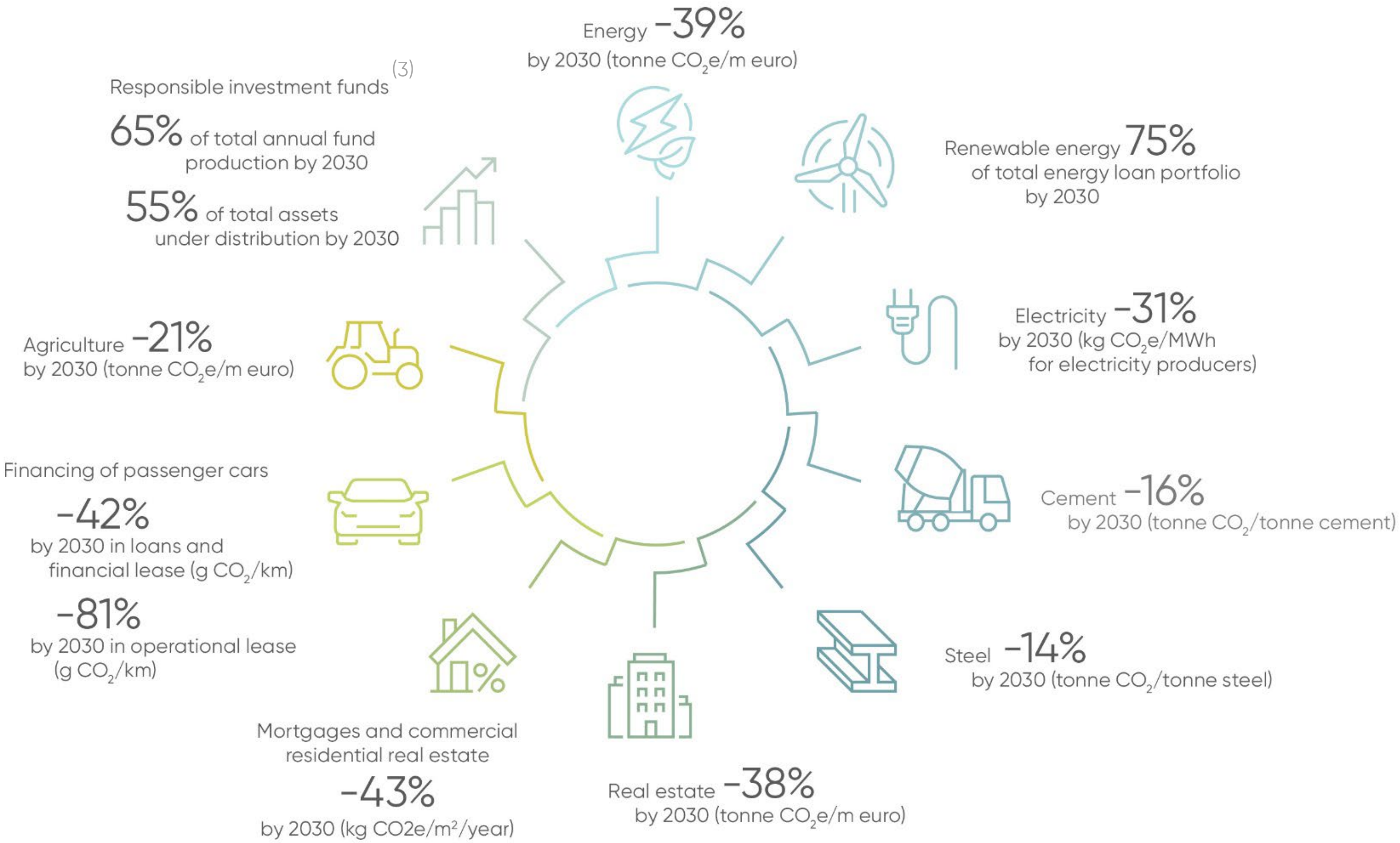
- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy 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 **new climate targets** on next slide

Our 2030 Climate targets

INDIRECT footprint

Specific targets(1) for reducing future GHG emissions(2) of our lending and asset management business



- In September 2019, KBC strengthened its climate commitment by signing the **UN Collective Commitment to Climate Action** (CCCA)
- We aligned our business strategy with **the Paris Agreement** to keep global warming well below 2°C, while striving for a target of 1.5°C
- By signing the CCCA, KBC takes concrete actions **to reduce exposure to most material and climate sensitive sectors and product lines**
- The **first Climate Report** details our commitment, objectives and accomplishments in our role as a CCCA company (see KBC.COM website). The base-line data and underlying calculations **received limited assurance**

1. 2050 KBC targets available in our KBC Group Climate Report
2. Percentage reduction compared to 2021 levels
3. Additional target of 50% reduction of the carbon intensity of the Corporate investees by 2030 (versus the end of 2019)

KATE | Four flavors

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**).

Available in all KBC's core countries!

Kate4Business

Kate will also engage with our **SME and corporate clients** with relevant and actionable insights that are personal and proactive.

Already available in BE and CZ

Growing number of retail **USE CASES**: BE:212, CZ: 136, BG:37, HU:16, SK: 30,

Kate **AUTONOMY** 54% BE 63% CZ

use cases for small SME's : 19 in BE & 30 in CZ

2 460 000 clients already in contact with Kate (BE+CZ+BG+HU)

Four flavors, one Kate

'KATE IN A BOX' delivered to all core countries

High converstion rate: 97% of leads get picked up !

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.

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 (2023)

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.

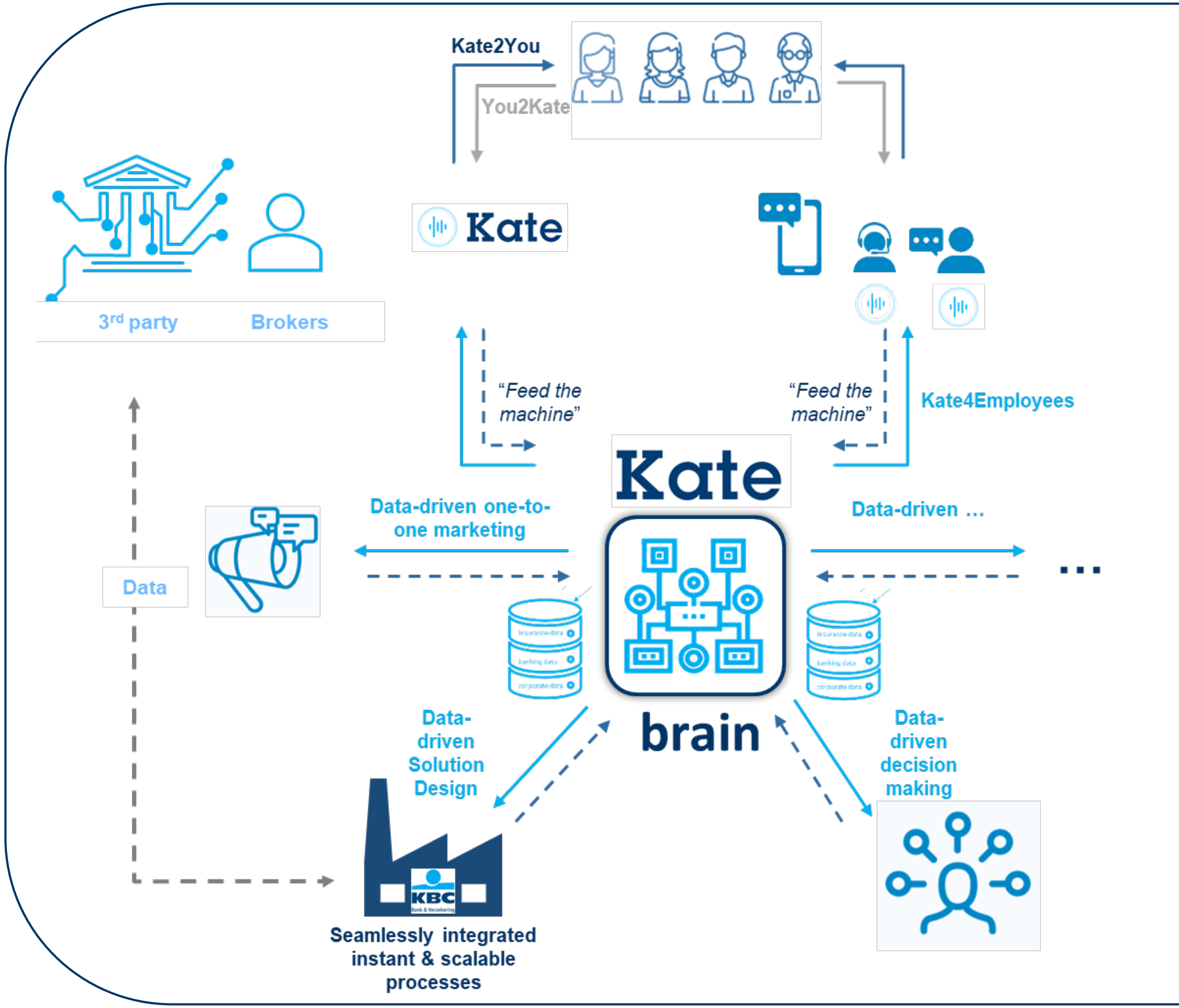
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by providing relevant insights.

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 (better sales productivity).**



Customer NPS ranking

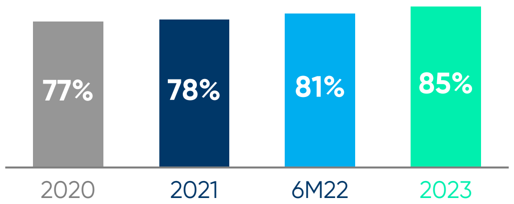
* Based on the latest available data.

- **KBC is 3rd in customer NPS (Net Promoter Score) ranking** based on weighted avg of ranking in six core countries
- **Target is to remain the reference** (i.e. Top-2 score on group level)

Bank-insurance (BI) clients

BI CLIENTS

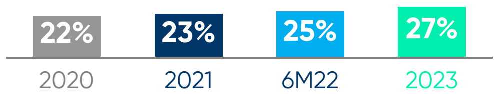
in %



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

BI STABLE CLIENTS

in %

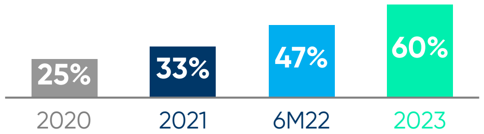


Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

Straight-through processing (STP)

STP SCORE*

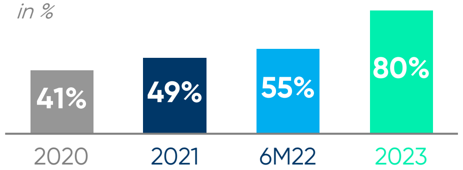
in %



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.

STP POTENTIAL*

in %



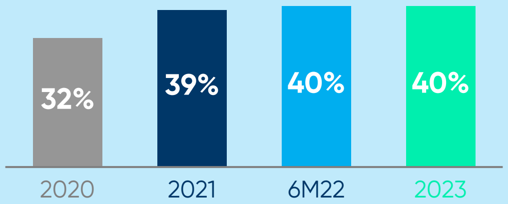
The **STP potential** measures what the STP ratio would be if KBC would only have the digital channel in its interaction with clients for a given process or product.

* Based on analysis of core commercial products.

Digital sales

DIGITAL SALES BANKING PRODUCTS*

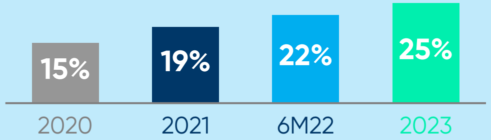
in %



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

DIGITAL SALES INSURANCE PRODUCTS

in %



Digital sales 22% of **insurance sales** (vs 2023 target of ≥25%)

* Based on weighted average of selected core products.

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

Agency	ESG rating of 27th of October 2022 (previous score)	Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	Scale: D- … A KBC: **A-** (A-)	• Financial services average B
SUSTAINALYTICS	Scale: Severe Risk, High Risk, Medium Risk, Low Risk, Negligible Risk KBC: **12.8** (11.8)	• 3rd percentile of 411 diversified banks assessed • 8th of 411 diversified banks
S&P Dow Jones Indices A Division of S&P Global	Scale: 0 … 100 KBC: **75** (74)	• Top 12% (88th percentile* of 242 banks assessed) * Final percentile of 2022 ranking is not available, as not all banks are assessed yet by S&P Global
MSCI	Scale: C, B, BB, BBB, A, AA, AAA KBC: **AAA** (AAA)	• 5th percentile of 191 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	Scale: D-, D, D+, C-, C, C+, … KBC: **C prime** (C prime)	• 1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	Scale: 0, 1, 2, 3, 4, 5 KBC: **4.3** (4.7)	• Top 10% (90th percentile of banks assessed)

Some recent ESG realisations

ESG – Environmental

- Disclosure of **2030-2050 climate targets** for our lending portfolio and responsible investing funds in line with our CCCA ambitions
- We calculated the **GHG emissions for the entire KBC Group's loan and lease portfolio** for the first time based on the PCAF methodology
- We calculated the **climate-related impact of our own investments and asset management portfolio** through Trucost data and methodology
- Net climate-neutral regarding **our direct environmental footprint**

ESG – Social

- 31bn EUR in **Responsible Investing funds**
- Implementation of our social bond framework and **first Belgian financial institution to issue a 750m EUR social bond**
- 10.2m EUR of outstanding **loans to microfinance institutions and investments in microfinance funds**, reaching 1.7m rural entrepreneurs and farmers in the South
- Promoting **female entrepreneurship** targeting 50% of female founders in our start-up community
- Promoting **diversity and an inclusive culture** in the Bloomberg Gender-Equality Index
- First-time participation to the **Workforce disclosure initiative**

ESG – Governance

- Top level responsibility for sustainability and climate change – anchored in our **sustainability governance and remuneration**
- **Our people** as one of the main drivers in our sustainable transition
- Our climate business game was further enrolled into our organisation
- Completion of **responsible behaviour awareness training** by the vast majority of staff in all core countries

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.

Particularly in these challenging times, 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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