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TOWARDS A SUSTAINABLE FUTURE



Report to Society
for 2016

We are an **integrated bank-insurer**, which means we offer our clients an outstanding service for both banking products and insurance.

As a banker, we help them achieve their **dreams** and projects, and as an insurer, we protect those achievements. And as an asset manager, we aim to grow and protect our clients' assets in order to contribute to their life goals.

BANKING INSURANCE ASSET MANAGEMENT

The foundations of our business culture are laid by our three **values**: to work in a manner that is respectful, responsive and results-driven.

10 000 000
CLIENTS

We are active in six core markets: **Belgium, the Czech Republic, Slovakia, Hungary, Bulgaria and Ireland.**

We also have a limited presence in several other countries to support corporate clients from those core markets.

KBC has a group of core shareholders, including Cera, KBC Ancora, MRBB and other core shareholders, which held just over 40% of our shares at the end of 2016. Our core shareholders provide KBC with a **solid anchor**.

We closed 2016 with **earnings** of 2.4 billion euros, compared with 2.6 billion euros in 2015. Our loan and deposit volumes continued to grow, as did our life and non-life insurance sales.

Our most important capital ratio* amounted to a robust 15.8% on 31 December 2016, substantially higher than the 10.4% required by the European Central Bank and the National Bank of Belgium. The Solvency II ratio of 203% ranks KBC Insurance amongst the best-capitalised companies in the European insurance industry. Our positive results and strong capital buffer form a solid base for the future.

* Group common equity ratio (Basel III, fully loaded according to the Danish compromise method)

OUR GROUP STRATEGY

is founded on **four** mutually reinforcing **principles**:

- We put our clients' interests at the heart of everything we do and always offer them a high-quality service and relevant solutions.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group's long-term development and aim in that way to achieve sustainable and profitable growth.
- We take our responsibility towards society and local economies very seriously, as reflected in our everyday activities.

OUR BUSINESS CULTURE

is summed up in the acronym **PEARL**.

Performance: we strive for excellent results and do what we promise to do.

Empowerment: we allow the creativity and talent of the individual employee to blossom.

Accountability: we meet our personal responsibility.

Responsiveness: we anticipate and respond readily to questions and suggestions.

Local Embeddedness: we view the diversity of our teams and clients in our core markets as a strength.

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DARE

We can't solve tomorrow's problems with today's solutions. Hence the importance of a daring attitude. Daring to look with fresh eyes and to think originally. Daring to come up with and pursue new ideas. Daring to choose now and to surprise down the line.

THAT'S THE KBC VISION



We want to increase our positive impact on society, limit our adverse impact and carry out all our activities responsibly. Only when we take responsibility can we win back, keep and strengthen the trust of our clients, our stakeholders and society.



Dear Reader,

Looking back over 2016 is not straightforward. Viewed in purely commercial terms, we can be proud of our good results, despite the difficult market conditions. We achieved further expansion in our core countries with the acquisition of United Bulgarian Bank and Interlease, which makes us the largest bank-insurer in Bulgaria. And we confirmed our commitment to the Irish market in February 2017, when Ireland too became one of our group's core markets.

We could equally highlight the general economic trends, innovative technologies and the issues arising from the raising of the retirement age, together with how you, as a business, can respond to these things. At the same time, however, we clearly have to focus on events in the world around us, such as the terrorist attacks in Brussels. We are not oblivious to the suffering and the problems of refugees or problems concerning them, and we also take account of how society is steadily changing.

In our Report to Society, we concentrate on the role that KBC can play in the community, how we meet our stakeholders' needs and requirements, and how we are preparing ourselves for the future. Our updated sustainability strategy sets out a clear course for us. To KBC, corporate sustainability means that we can continue to live up to the expectations of our stakeholders, without external assistance, now and in the future, that we behave like a responsible enterprise and that we communicate transparently.

Our updated sustainability framework is part of the groupwide business strategy, however, in this report, we look in greater depth at the impact KBC has as a bank-insurer on society and at the responsibility we assume. In the following pages, we describe our balanced pursuit of sustainable solutions, sustainable growth and a sustainable future.

Johan Thijs
President of the Executive Committee

Thomas Leysen
Chairman of the Board of Directors



What exactly is corporate sustainability? There are several different ways of looking at it: is it specifically concerned with the continued existence of our planet or, more generally, with responsibility for society in the long term? KBC is committed to the second, broader interpretation of sustainability. Our vision in a nutshell.

RESPONSIBILITY

IN THE SHORT AND LONG TERM

KBC helps its **clients** fulfil and protect their dreams. Families and businesses trust us to do that not only today, but tomorrow as well. The same goes for our partners, investors and employees. Our primary social responsibility, therefore, is to ensure KBC's ongoing good health.

But a large company can also use its operations to help shape **society**, which is precisely what KBC aims to do in the area of sustainability.

As we explained in September 2016, we do not want to achieve this ambition by tinkering on the margins, but by making the entire way we do business more sustainable.



HOW ARE WE ACHIEVING THAT?

Sustainable business begins with responsible behaviour on the part of every employee.

The core of our policy is simple: limit any adverse impact of our operations on society and increase the positive impact.

Strict selection of the businesses we lend to and insure gives KBC the leverage to contribute to a more sustainable society.

You can find more information at www.kbc.be and www.kbc.com.

KBC is a business that carefully monitors the **balance between sustainable and commercial objectives**. Far from undermining our sustainability credentials, the need to maintain our health day by day is crucial if we are to make the fullest possible use in the long term of the leverage of a major bank-insurer.

Responsible behaviour on the part of KBC and our employees is quite rightly the very least each client and society as a whole can expect of us.

The crisis of 2008 severely damaged trust in the conduct of banks. KBC has worked hard in recent years to restore that **trust**, and it is the task of every employee to go on building it every day.



TRUSTWORTHY

HONEST

CORRECT

TRANSPARENT

DISCREET

RESPONSIBLE BEHAVIOUR

ETHICAL CONDUCT

We achieve this by placing our clients and their needs at the heart of what we do. By designing appropriate products and services, and advising on them responsibly. By acting in a manner that is trustworthy, honest, correct, transparent and discreet: in a word, ethical. This is about more than simply obeying the law, complying with procedures and applying codes of conduct: the most important task of every employee is and remains to think self-critically.

DILEMMAS

Professional life is full of dilemmas, or issues that we perceive as such, requiring us to weigh up different interests carefully. It is crucial that we make a conscious effort to think about these things and that we share our thinking with each other. To help with this, we have developed a programme with a special focus on professional integrity, appropriate advice and dealing with dilemmas. In this way, we encourage one another and KBC to become steadily more sustainable.

**LIMITING
ADVERSE
IMPACT**

To help contribute to a low-carbon society, we want to further reduce our own environmental footprint.

To this end, we have set targets for our group, which have been translated into action plans in each of our core countries.

We also want to draw more attention to sustainable investments and we are applying strict policy guidelines to our everyday activities. We tightened up our existing guidelines in 2016 and introduced new ones for socially sensitive themes and sectors such as energy, human rights, controversial weapons systems, controversial regimes, narcotics, gambling, fur, prostitution, mining and deforestation.

A detailed list of our policy guidelines is available at www.kbc.com/en/policies. We look at our updated energy policy in more detail on page 6.

LIMITING ADVERSE IMPACT AND INCREASING POSITIVE IMPACT



ENERGY GUIDELINES

Contributing to a low-carbon society

KBC is scaling back our funding of environmentally harmful energy sources. Our ambition is to gradually increase the share of renewable energy sources in our total lending to the energy sector to at least 50% by 2030. What will we no longer fund? Large-scale biomass operations, power generation from oil and coal (mining), with the exception of tapering operations in the Czech Republic, since coal currently accounts for 42% of electricity production there. We fund electricity generation from nuclear energy and integrated energy companies subject to strict conditions.

OWN ENVIRONMENTAL FOOTPRINT

20% smaller by 2020

At group level, we aim to reduce our own greenhouse gas emissions by at least a further 20% by 2020 (relative to 2015). We also want to achieve ISO 14001 certification in all our core countries by the end of 2017. We are likewise contributing to the transition to a low-carbon society through our HR policy with measures such as reducing commuter and business travel via homeworking and online meetings, promoting public transport use and cycling, and adapting our company car policy.

SUSTAINABLE INVESTMENT

Not always sufficiently well known

We already have 25 years' experience of sustainable investment. However, being a pioneer doesn't mean you can rest on your laurels. We recognise that sustainable investment is not yet familiar to all our clients. Beginning in 2017, therefore, we will organise campaigns and training to raise awareness among both our staff and our clients. Our sustainable investment offering will also be made more accessible. As of this year, more defensive as well as more dynamic clients will be able to invest their entire portfolio sustainably. It will obviously be up to clients themselves whether or not to invest in sustainable funds.

+ FINANCIAL LITERACY

Clear advice and transparent communication

We view clear and appropriate advice as the core of our profession. By offering responsible advice, we want our clients to know precisely what the details and consequences are of the financial solution they choose. We also want to communicate transparently on our products and services, which is not as straightforward as it sounds, given that financial regulations can be quite complex at times. Our clients certainly appreciate our (digital) KBC Housing Guide and our Guide to Inheritance and Estate Planning. We are also committed to improving financial knowledge, especially among young people. As of 2017, secondary schools can request a free lesson or teaching pack devised by KBC staff.

+ ENVIRONMENTAL RESPONSIBILITY

Energy

We develop products and services with a positive impact on the environment, such as the renovation loan for owners' associations, which helps make sustainable renovations possible. KBC joined a pilot project in 2016 to develop a new form of energy investment, known as 'ESCo' – Energy Service Company. An ESCo takes over energy-saving investments from other businesses (e.g., roof insulation or solar panels) and funds them themselves. KBC also financed a high-profile energy project in Mol in 2016, which is researching geothermal power: heat energy extracted from the earth's crust. The study is being performed by the Flemish research and technology organisation VITO. Meanwhile, KBC is acting as a major financial partner for Rentel NV, which began work this spring on the largest wind farm off the Belgian coast.

Mobility

KBC also wants to become the reference for sustainable and high-quality mobility solutions. KBC Insurance, the breakdown assistance organisation VAB and KBC Autolease have joined forces under the umbrella of KBC Mobility. The latter's lease bicycle offering proved an instant success in 2016 (not least at KBC itself). The co-created Olympus app, meanwhile, gives lease car clients the opportunity to use the train, bus, tram, underground, bike or car share as well.

+ POPULATION AGEING OR HEALTHCARE

Living at home for longer

We organised several evening sessions in 2016 on the theme of 'Housing, today and tomorrow'. Participants learned about the different housing options and received practical tips on helpful home alterations. KBC Insurance also launched Happy@Home in 2016, in collaboration with the service provider ONS and the software firm CUBIGO to make domestic assistance readily available. Happy@Home offers a simple app that can be used to call for a cleaner, gardener, odd-job man or housing adviser. For many people, increased life expectancy means a period in which they will require care. The KBC Care Plan, our Hospitalisation Insurance and Funeral Insurance offer financial certainty during the relevant stage of life.

+ STIMULATING ENTREPRENEURSHIP

Supporting start-ups and established businesses

We provide loans to retailers and SMEs in all our local markets, to enable them to build their businesses. Given that entrepreneurs need a fast service, we can deliver business loans within 24 hours. We also fund specific sectors and target groups, such as the social profit sector (local authorities, education, hospitals, and retirement and nursing homes). And we support innovative start-up ideas too. Start it @kbc – now Belgium's largest incubator – has already coached 445 new businesses in Antwerp, Brussels, Ghent, Hasselt, Leuven and Kortrijk. KBC Securities launched the KBC Start it Fund in 2016, from which start-ups can draw capital to fund their growth. The first funding of this kind occurred in January 2017. Bolero, KBC's online stockbroker, also offers start-ups the opportunity to raise capital through crowdfunding.

Also in the Global South

We also support business start-ups in the Global South. BRS Microfinance Coop is a joint initiative of the non-profit organisation BRS, KBC and Cera. The three partners provide start-up capital, knowledge and experience to microfinance and microinsurance initiatives in Africa, Latin America and Asia. BRS Microfinance Coop issues cooperative shares, so that private individuals too can invest in microfinance and insurance. The average microloan enabling many entrepreneurs in the Global South to launch an economic activity is 500 euros.

DRIVING THE ECONOMY

We stimulate the local economy in all our core markets. How do we go about it? We managed 142 billion euros of savings in 2016 – a large volume of **money** that we can use to provide **loans** to private individuals and businesses. Lending of this kind amounted to 133 billion euros in 2016.

Besides loans to individuals and businesses, we continue to invest in specific sectors, such as the **social profit sector**. By investing in schools, retirement homes, hospitals and care centres, we help to improve the general well-being of society. KBC Group invested 5.9 billion euros in the social profit sector in 2016.

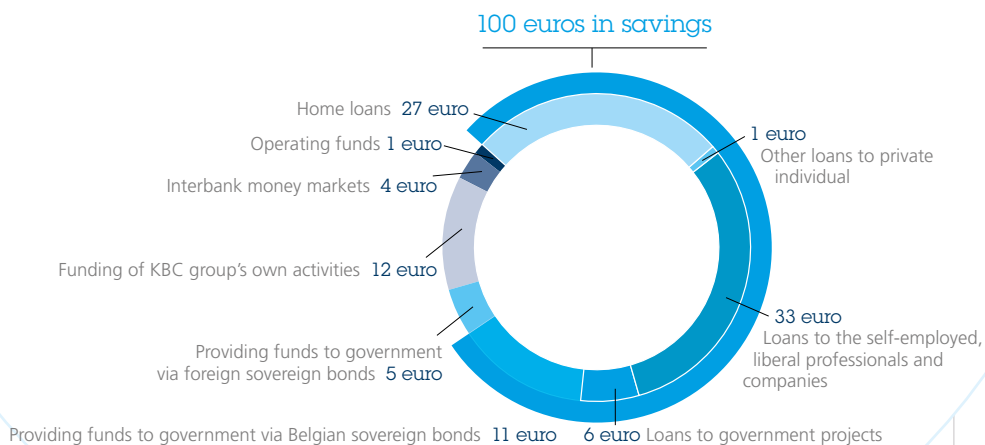
Insurance plays a crucial economic role too, by enabling our clients to protect their investments, their projects or the dreams they have fulfilled.

We also contribute significantly of course to **employment** in all our core countries, providing the purchasing power of almost 40 000 families.

BANKING

IN BELGIUM

We once again invested 67 euros of every 100 euros of our clients' savings in the economy in 2016, through loans to private individuals, businesses and government projects. Plus another 11 euros in Belgian government bonds, making a total of **78 EUROS**.



796

million euros invested in schools/educational establishments (loans provided)

2 964

million euros invested in hospitals

1 660

million euros invested in retirement and care homes (in the broad sense of the word, including residential centres for people with psychiatric problems)

63

million euros invested in nurseries, crèches, day centres for the disabled, etc..

492 620

insured families and their private lives

118 383

people insured
against bodily accidents

690 745

insured homes
and business premises

729 666

cars insured on behalf of individuals,
the self-employed
and (small) businesses

INSURANCE

IN BELGIUM

In 2016, we paid out 500 million euros in compensation for non-life insurance claims, 1.2 billion euros for life insurance, and we managed 27.4 billion euros for our Belgian clients as reserves for their life insurance products in Belgium. This includes 18.4 billion euros in investment-type insurance (unit-linked and non-linked).

99 278

insured companies,
liberal professionals
and welfare institutions

28 331

travel insurance policies

1 419

insured schools

197

insured hospitals

402

insured retirement and care homes

640

insured nurseries,
crèches, disabled
day care centres, etc.

INVESTING IN TOMORROW

KBC has been active in sustainable investment for 25 years now and can build on the expertise of an internal team of analysts and an external advisory board with eight professors. Our offering consists of three types of sustainable fund.



Eco funds invest in firms that pursue solutions in the area of climate change, water shortages and alternative energy sources. This is KBC's oldest type of sustainable fund (the first dates from 1992), but it still exists and is increasingly relevant.

Best-in-class funds invest, like their traditional counterparts, in companies from a broad range of sectors, but screen them according to their environmental approach, social policy and corporate governance. By working only with the best 40% of businesses, and as few as 20% in the mining and energy sectors, companies are challenged to operate more sustainably. It goes without saying that a number of controversial sectors, including tobacco, arms, gambling, defence and pornography are avoided entirely. The KBC Blacklist contains businesses involved with controversial weapons or which commit serious breaches of the UN Global Compact. All transactions with companies like this (and hence with funds that include them) are prohibited.

The funds also include bonds from the most sustainable countries. Criteria for this include the welfare of the population, care of the environment and international relations. KBC also has an **Impact Investing fund**, comprising 50 innovative businesses that are completely rethinking themes like mobility, energy, health and population ageing, and formulating surprising solutions to them. These are often slightly smaller (listed) players, but they have still come through KBC Asset Management's stringent screening.



Best-in-class funds

Eco funds

Impact Investing fund

3

TYPES
OF SUSTAINABLE FUND

IT'S A MYTH THAT SUSTAINABLE FUNDS DON'T PERFORM AS WELL LONG TERM AS OTHER FUNDS.



RECENT DEVELOPMENTS AT OUR GROUP

IRELAND AND BULGARIA

Ireland too became one of our core countries at the beginning of 2017. Positive results in recent years, allied with a thorough analysis of the Irish market, demonstrate that Ireland is a healthy and attractive place to do business, and one where we would like to grow further. We will therefore continue to invest in KBC Ireland, a client-centric bank with a clear focus on digitisation. KBC Ireland's considerable experience with the digital approach will enable it to spearhead the digital transformation of the entire group. Digital solutions will be tested there, before being applied elsewhere in the group. In this way, all our core countries will benefit from the digital expertise of KBC Ireland.

KBC Group agreed in December 2016 to acquire United Bulgarian Bank. We had already been present in Bulgaria since 2007, when we took over CIBANK and the insurance company DZI. We have defined Bulgaria as one of our core countries, which means we aim to become market leader there. With CIBANK, we occupied ninth place for banking, while the takeover of UBB moves us up to third place. Meanwhile, combined with our insurer, DZI, we are now the largest bank-insurance group in Bulgaria.

OVERVIEW OF PAID TAXES IN 2016

(In euros)	Income tax	Non-recoverable VAT and other miscellaneous taxes	Bank levy and deposit protection fund	Total
Belgium	226 000 000	97 000 000	275 000 000	598 000 000
Czech Republic	131 000 000	43 000 000	27 000 000	201 000 000
Hungary	29 000 000	26 000 000	108 000 000	163 000 000
Slovakia	25 000 000	17 000 000	17 000 000	59 000 000
Bulgaria	–	6 000 000	3 000 000	9 000 000
Ireland	19 000 000	10 000 000	7 000 000	36 000 000
Total	430 000 000	199 000 000	437 000 000	1 066 000 000





#

D R E A M

Everyone has their dreams – dreams that KBC wants to help them fulfil and to protect. Together, we are dreaming of a better world and a lot of people are working hard to achieve it. KBC helps to fulfil this kind of dream too, in all the countries in which we are active.

SHAPING OUR FUTURE TOGETHER



KBC is a partner of the cancer charity **Kom op tegen Kanker** and took part in various campaigns in 2016, including '1 000 Kilometres', a four-day cycling event with 700 teams. Each team that raises 5 000 euros (for cancer research) gets to participate in the 1 000 Kilometres. KBC sponsors the event but took even more pride in the 23 teams of KBC employees who took part in 2016.

KBC and Cera are joint sponsors of **Woensdag Fietsdag** (Wednesdays are for Cycling), the new campaign of the mobility organisation **Mobiel 21**, which was launched at 751 Flemish nursery and primary schools in September 2016. Every Wednesday, as many children as possible go to school on foot, by bike or using public transport. The schools focus all year round on safe and ecological travel.

KBC organises its **Solidarity Campaign** every year: 50 employees who commit themselves to a small-scale social project can apply for 1 500 euros to promote 'their' good causes – organisations devoted to the disabled, migrant integration, combating poverty, neighbourhood development, and initiatives for the Global South.



SOCIAL PROJECTS

7 810 944 EUROS INVESTED IN GOOD CAUSES AND SOCIAL PROJECTS



Financial support and the efforts of volunteers enable lots of socially valuable projects to continue, which is why we have committed ourselves to them in each of our core countries. In Belgium, we focus on themes that affect large numbers of people: the fight against [cancer](#) on the one hand and [mobility](#) and [road safety](#) on the other. These have not been chosen at random: we view a concern for safety as something that is bound up intimately with KBC Insurance's core business. For years now, we have been using our knowledge of the causes of accidents to help develop public accident [prevention campaigns](#) ranging from support for road safety initiatives in schools to preventing falls among senior citizens.

It was a similar concern that led us to develop the 'Mums Know Best Safety Shop' – an online store full of solutions to reduce risks in and around the home (falls, fire, water damage, theft, etc.) and on the road.

We also launched KBC DriveSafe in 2016 for new drivers – an app that records driving and braking behaviour, and mobile phone use. Afterwards, drivers receive a concise list of tips and potential improvements, which they can share with their parents. Research shows that the likelihood of accidents is reduced when driving behaviour is tracked.

If, despite these efforts, a serious accident does occur, the after effects can continue for some considerable time. To help reduce that period, we provide a team of external psychologists, while our own claims experts offer home visits to both the victims of accidents and the people who caused them. In the case of serious workplace accidents, we also [oversee](#) the rehabilitation of [victims](#).

Likewise, we support [social projects](#) that have a positive impact on society in the cities in which we operate. Examples include Toekomstatelier, Atelier Groot Eiland, de Foyer, KunstZ, Inburgering Antwerpen, We are Molenbeek, Uilenspiegel in Ghent and Habbekrats.

[In the Global South](#), meanwhile, our collaboration with BRS helps to improve the quality of life of poor people. BRS supports microfinance and microinsurance institutions in developing countries, not only financially, but above all with advice and coaching and practical know-how on banking and insurance, in dialogue with the various parties concerned. BRS's partnership with both Cera and KBC enables it to combine Cera's cooperative vision with KBC's bank-insurance know-how and experience. Voluntary work by KBC employees and members of the BRS Institute means BRS can work banker to banker and insurer to insurer.

There were several major terrorist attacks in Belgium in 2016. KBC undertook to cover 10% of the compensation for the victims. We also took extra initiatives this year to help tackle the [refugee problem](#). KBC has seconded a full-time employee to the Federation of Enterprises in Belgium (FEB) and Febelfin to serve as programme manager of the FEB Refugee Crisis Taskforce set up in 2015. The taskforce aims to develop initiatives that respond on the one hand to the specific needs and requirements of asylum seekers and refugees and, on the other, that facilitate their integration in our society and economy. Various projects have already been launched in which KBC is involved.



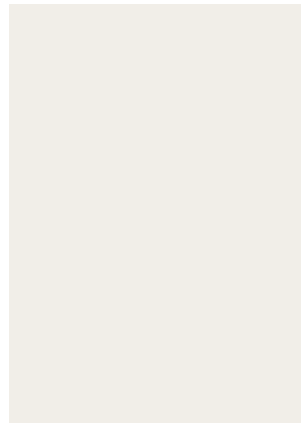
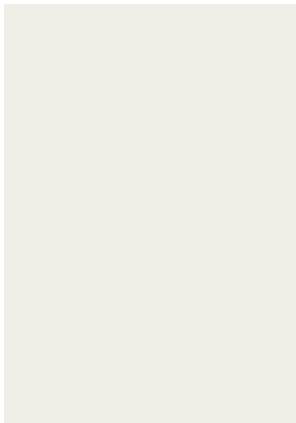
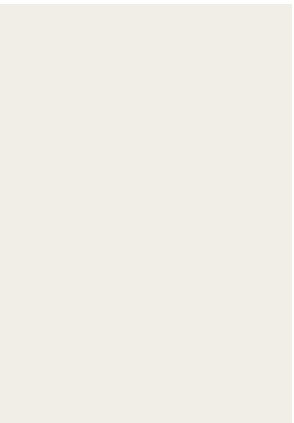
'KBC Bright Ideas' is a unique platform, on which people can suggest ideas to improve their neighbourhood. It donated 250 000 euros over the past two years to 120 innovative projects in Ireland. KBC Bright Ideas also presented an award in 2016 to the most innovative ecological project, Waterford Marine Search and Rescue.

KBC Ireland

The 'ČSOB Head and Heel Programme' is a contest in which students are encouraged to find a creative approach to a financial topic.

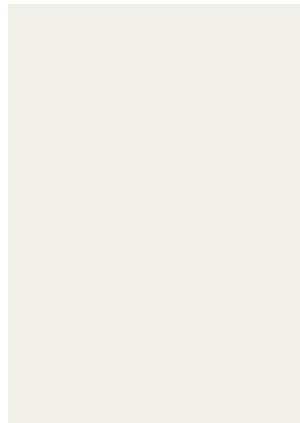
The ČSOB Bratislava Marathon has been a well-known event for years. Over 10 000 runners took part in 2016. ČSOB donates one euro to charity for every registered participant.

ČSOB Slovakia



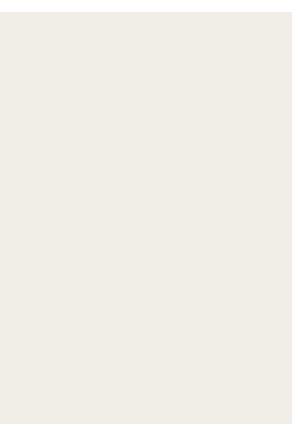
Through its Employee Grant Programme, ČSOB in Slovakia supports a variety of NGOs that promote an active and healthy lifestyle, education and healthcare for children. ČSOB also donated 12 000 euros to the Barriers Account, so that 11 children could move home and are now able to live in better conditions.

ČSOB Slovakia



The 'K&H MediMagic Programme' provides financial and material assistance to sick children. In the 13 years that the programme has been running, medical equipment has been provided to 336 hospitals and a total of 580 million Hungarian forints has been donated. 49 hospitals were given the opportunity to take part in the 'K&H Tale-Reading Programme', in which 41 000 volunteers read stories to sick children.

K&H Hungary

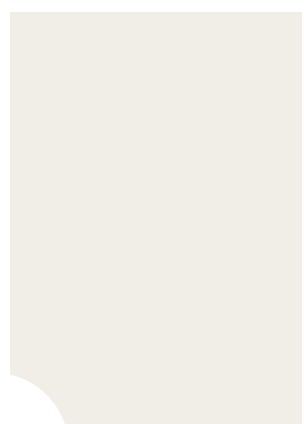


In 2016, KBC Ireland also launched 'Enactus Pitch Perfect Bootcamp', at which nine Enactus students pitched and defended their ideas to a KBC jury. Enactus is committed to a more sustainable society.

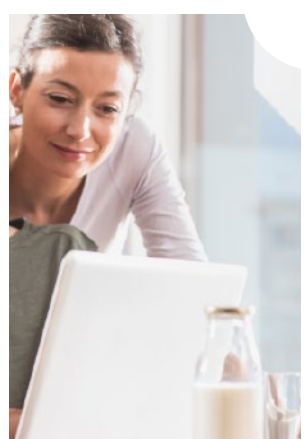
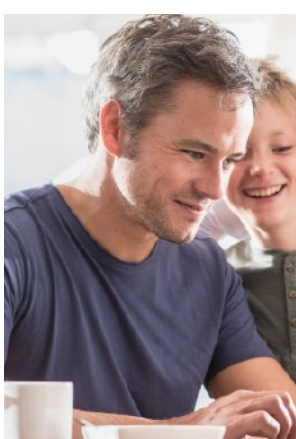
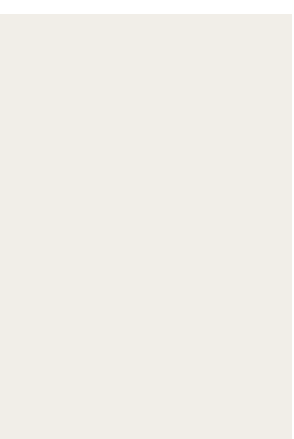
KBC Ireland

Financial education has been part of the social projects at K&H for many years. K&H was active in this area once again in 2016 with its national 'K&H Ready, Steady, Money' contest. Since the competition was launched in 2010, 526 cities, 959 schools and 23 700 students have taken part.

K&H Hungary

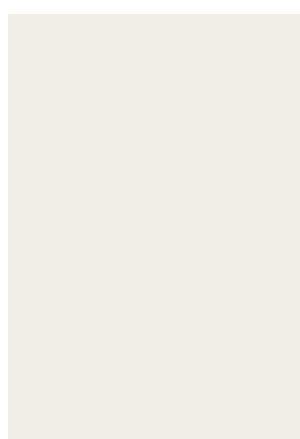


SOCIAL PROJECTS



DZI provided ten university students with a grant for the Faculty of Economics and Business Administration at Sofia University. The grant covers the entire four-year study period, giving the recipients the opportunity to gain their bachelor's degree.

DZI Bulgaria





29 non-profit organisations took part in the Blue Life Academy in 2016. They were helped there by nine team coaches, three individual coaches and numerous consultants and speakers. The organisations had the opportunity to apply for a subsidy (50 000 Czech korunas) to promote their further development.

ČSOB Czech Republic

The 'Together with ČSOB' campaign enabled employees to collect extra money for their chosen charity. ČSOB then matched what they raised. Employees launched 30 money-raising projects in 2016, mostly to support disabled people, deprived children and families. They raised 591 392 Czech korunas.

ČSOB Czech Republic

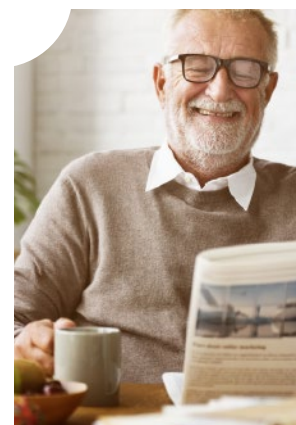
And that's not all... Staff bought Christmas presents for children living in homes, donated blood, and contributed to the ČSOB HelpFund, Run for a Good Cause, Baking for a Good Cause and many other projects too.

ČSOB Czech Republic



The insurer DZI organised a number of initiatives in 2016, including a drawing contest for children, with a focus on road safety. 'DZI Sport Stars' was a one-day event that mobilised over 2 000 children from 120 schools in nine cities to take part in a variety of sports. Charity concerts were organised in nine cities, attracting over 60 000 visitors.

DZI Bulgaria



CIBANK, in collaboration with the BCause Foundation, organised the 'Ready for Success' campaign in 2016. The programme supports children and young people who have to grow up and study without their parents' support. CIBANK offered grants to eight students who successfully completed a placement for which they were also paid.

CIBANK Bulgaria



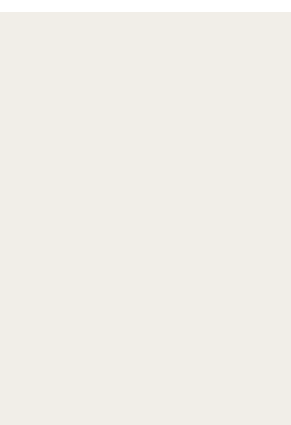
CIBANK continued a long-standing tradition in 2016 by collaborating on the 'Clean and Hospitable Sofia' campaign, which promotes green areas and clean cities. CIBANK staff painted several benches in the area around the National Library.

CIBANK Bulgaria



KBC employees in Ireland also collaborated in 2016 with Junior Achievement, an organisation that motivates and inspires students. In recent years, 110 KBC volunteers have provided training to 2 342 students at 67 schools

KBC Ireland



The 'K&H for the underprivileged' programme provides support to the most disadvantaged micro-regions in the areas of children's healthcare, performing arts, pre-adult education and sports. K&H Insurance donated six million Hungarian forints to primary schools in these regions in 2016, enabling 1 372 children to attend performances at 27 theatres.

K&H Insurance Hungary



M A K E

The more you try, the more you know what you like.
You can try all sorts of things at a big company like KBC. Projects and opportunities. Other departments and other countries. Internal achievements and creations with partners. Made for clients, focused on society's needs and seasoned with your own vision.

TOGETHER WE MAKE THE DIFFERENCE



OVER TEN MILLION CLIENTS



What do our clients want today? To consult us when it suits them, in a straightforward way that offers clarity quickly. What does that mean for us? That we constantly refine our accessibility, ease of use, speed and clarity. **In short, KBC has joined its clients on the digital train.**

THAT'S WHO WE WORK FOR EVERY SINGLE DAY

THE CLIENT CHOOSES

Some clients prefer to seek advice at their bank branch or insurance agency. Others prefer specialist advice via phone or video chat (available from 8 a.m. to 10 p.m., and Saturday from 9 a.m. to 5 p.m.). Others still would rather do everything online. We offer all these options: it's the client who chooses.

DIGITAL CONVENIENCE

We invested some 500 million euros in 2015 and 2016 to make our digital services even better for our clients. We continued to develop our bank-insurance portal KBC Touch and KBC Mobile in 2016. The KBC Invest app, meanwhile, is there for clients who want to track their investment portfolio. KBC Sign means you can now sign digitally without a digipass. And KBC K'Ching is an interactive app that teaches young people (including minors) within strict limits how to handle money and bank securely. For entrepreneurs, there is the digital KBC Business Dashboard, and we have also launched the KBC Match'it platform for business transfers. We are continuing to expand our digital service in the insurance field too. To encourage road safety, learner drivers can track their driving behaviour with the KBC DriveSafe app. If something should still go wrong, anyone can use the KBC Assist app to report a claim quickly and to request breakdown assistance online. As an insurer, KBC also wants to use digitisation to take as much of the practical burden off its clients as possible in the event of a claim.

WITHIN 24 HOURS

What entrepreneurs want most of all is to focus on their business and to implement their plans swiftly and smoothly. We simplified our decision-making procedures in 2016 so that we can now issue loans within 24 hours. 'Could I get an answer tomorrow? Yes, you can!' This is just one example of how digitisation is helping us improve our service.

PRIVACY AND DATA PROTECTION

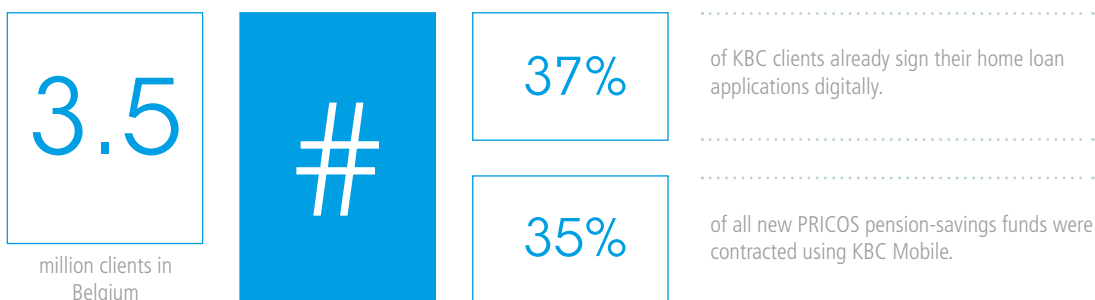
A business can serve its clients more effectively if it combines all the available data and analyses it by computer. But not every client is comfortable with this, so KBC makes a point of letting them choose for themselves.

Clients who give their permission receive personalised advice, promptly and tailored to their specific needs at each stage of their lives. Where someone prefers not to allow this, we fully respect their privacy and stop presenting them with commercial offers in this way. Naturally we continue to offer them personal advice at a bank branch or insurance agency.

AND TOMORROW?

How do we know what our clients will want tomorrow? We are working more and more closely with our clients and external partners. It helps us to keep our client focus fresh while also broadening it. This type of collaboration is already bearing fruit. KBC Touch, for instance, has been developed in close consultation with clients.

In December 2016 figures



We want to be a bank-insurer that focuses on its clients and we see our clients as partners in this. We listen to what they say (and don't say). We look at their individual needs and come up with individual solutions.

38 000 EMPLOYEES

OF WHICH 17 338 IN BELGIUM

Our employees are what make our company strong. It is thanks to their ideas that our business is so client-focused and innovative. Our rapidly changing society is a challenge for them, too.

These are the key principles in Belgium.

WE INVEST IN COMPETENCE

We attach greater importance than ever before to the talents and entrepreneurship of every employee. We have developed a talent scan and a learning GPS, so that everyone can take control over their own career. Our HR policy places strong emphasis on coaching and guidance. KBC backs this up with the necessary budgets, too. We also take a lot of measures proactively to prepare both the employee and the organisation for a changing society. Our employees are encouraged and guided to enhance their digital skills. Our 'Innovation and Inspiration Days' help to familiarise them with new technology and trends.

45 091

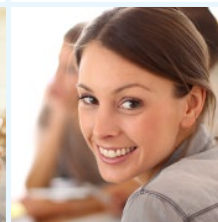
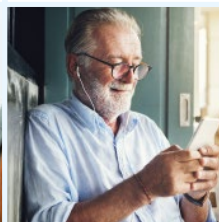
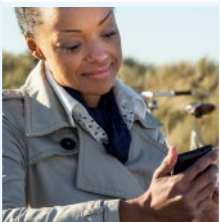
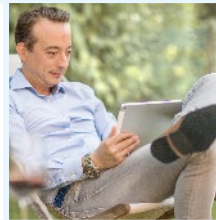
days
of training

CREATIVITY



WE STIMULATE A MORE DARING ATTITUDE

The PEARL business culture is an invitation to every colleague to identify the opportunities they see for improving our company and launching innovative ideas. Only if all of us put our heads together can we be as flexible in the future as our clients and society expect us to be. At the same time, employees are directly answerable for their responsibilities and achievements.



INNOVATION

WE BELIEVE IN DIVERSITY

48%
women

We offer equal opportunities to every employee, based on their intrinsic qualities and potential. We pay specific attention to women, as they make up roughly half our personnel, but are still not represented sufficiently in leadership roles. This is a pity not only for our female employees, but also for KBC itself because we believe that balanced leadership is the way to the future.

WE GIVE OLDER EMPLOYEES THE CHOICE

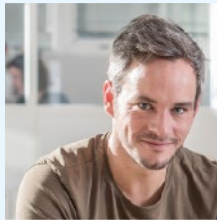
We have developed a package of options for older employees in which they may (but don't have to) opt for a less high-powered job or fewer working hours, or choose to make their knowledge and experience available to organisations in the social sector. This option, which we call Minerva, is unique in the Belgian labour market. In 2016, KBC exceptionally offered 200 older employees (over 57 or with 40 years of service) an early retirement opportunity, to which they could subscribe voluntarily.

INITIATIVE

WE PROMOTE A GOOD WORK-LIFE BALANCE

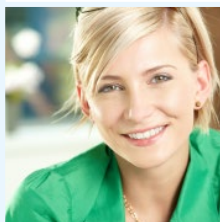
Part-time working is substantially higher at KBC than at other major banks. We also make it possible for employees to log in regularly at a workplace near their home or even at home. Use of Skype meetings, meanwhile, has sharply reduced the amount of business travel. In this way, we aim to help avoid stress and burn-out, which is another clear theme at a rapidly changing KBC. We have developed the Work@bility programme to take these efforts further.

32%
part-timers



WE REWARD GOOD PERFORMANCE

It is only fair that every employee who works hard should be properly rewarded. Sustainability targets have been linked to all variable remuneration. The bonuses – often exceptionally high – paid by many international investment banks are not on the agenda at KBC. What's more, variable remuneration has a ceiling, with payments for management spread over six years. More information on our remuneration policy can be found at www.kbc.com.



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There's no such thing as an average person. That's why listening is so important. Every client says to us: 'I am me, I live my life. I have my own ideas, my own wishes and I expect KBC to take them into account.'

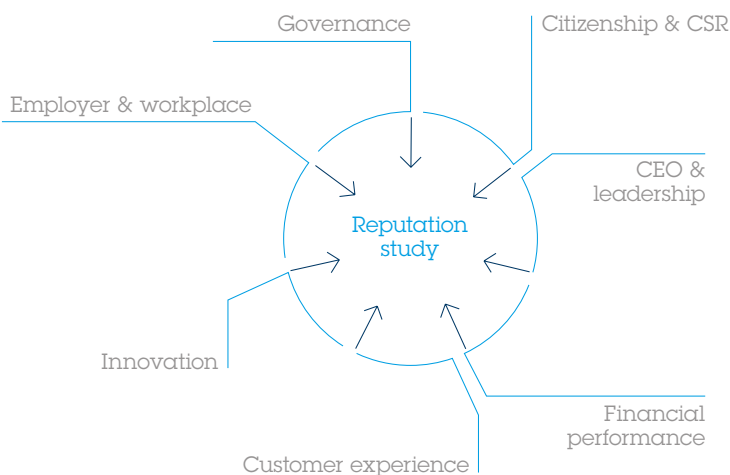
WE CAN DO MORE TOGETHER



How do we treat our stakeholders?

We can only build a sustainable future together if we align our interests and needs with those of our stakeholders. So it's important for us to find out what's important to them. We regularly talk to our clients and we also have a client panel, which we consult about new products, services and initiatives. We organise face-to-face dialogues with NGOs and hold an annual stakeholder dialogue, at which Thomas Leysen and Johan Thijs discuss a variety of themes in greater depth, take questions and listen to feedback.

IN DIALOGUE



We also view the annual [reputation study](#) as an opportunity to gather information about our clients' experiences and how we are perceived by non-clients. We use the results to further improve our products and services.

2018

participants in our stakeholder survey

STAKEHOLDER SURVEY

We carried out another survey this year of the general public in all our core countries and an internal survey of our Board of Directors, Executive Committee and senior management. We identified 27 items for our stakeholder survey via input from market specialists, sustainability experts and global trends. We asked the survey participants to rate the items by importance.

You can find the results of the complete survey in our Sustainability Report (available mid-2017) and in the Annual Report on page 49. This Report to Society presents an overview of the topics rated as most important for both the general public and KBC.

PRIVACY AND DATA PROTECTION

are an integral part of our profession, making them extremely important to both our internal and external stakeholders. We place the client at the centre of what we do and so apply a strict privacy policy, in which clients themselves set the boundaries.

QUALITY, PRICING AND EASE OF USE

Our client-centric approach ensures that we offer high-quality products and services at a fair price in line with the market. We also make our applications extremely user-friendly and we optimise our data, so that our clients experience this personal approach positively.

INTEGRITY AND RESPONSIBLE BEHAVIOUR

are the foundation of our sustainability strategy. Discover our approach on page 3.

FINANCIAL PERFORMANCE

Sustainability and profitability go hand in hand. You can read all about our financial performance in the Annual Report.

STRICT COMPLIANCE WITH LEGISLATION AND REGULATIONS

is a minimum for KBC. We want to go further than that and have introduced strict policy guidelines to help us create a sustainable future. Find out more on page 6 (limiting adverse impact).

We view helping people to take WELL-INFORMED DECISIONS

as the essence of responsible bank-insurance. That's why we have defined financial literacy as one of the four areas on which we will focus in our core activities. You can read more about this in the section 'Increasing positive impact'.



142

billion euros
in savings

2.2

billion euros paid out in
compensation for non-life and
life insurance claims

133

billion euros
in loans

5.9

billion euros in loans to
schools, retirement homes,
hospitals and local authorities

for your trust

1 066

million euros
in paid taxes

7.5

million fewer kilometres due
to teleworking

1 167

million euros in loans for
renewable energy

12.5%

less
CO₂ emissions

#

DARE

DREAM

MAKE

LIVE

TOGETHER

TOWARDS A SUSTAINABLE FUTURE

