KBC Group
Company presentation
2Q 2022

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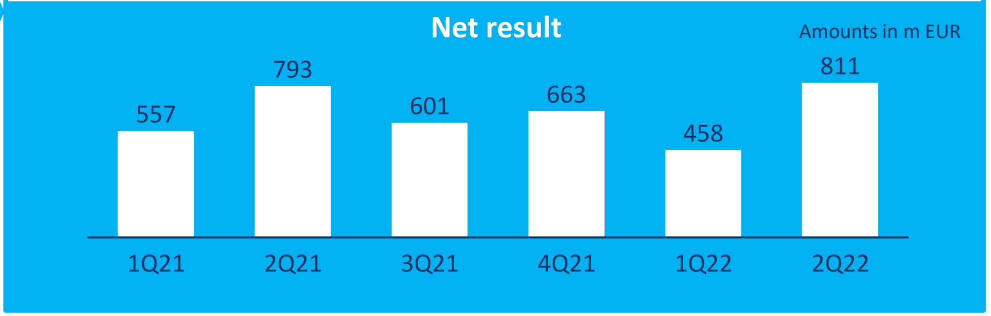
2Q 2022 key takeaways

- **Commercial bank-insurance franchises** in core markets performed excellently
- **Customer loans** and **customer deposits** increased y-o-y in all our core countries (on a comparable basis)
- Substantially all previously determined **sustainability ambitions were achieved,** and new targets will be set by end 3Q22
- Higher **net interest income** and stable net interest margin
- Lower **net fee and commission income** q-o-q (but stable y-o-y)
- Decrease of **net result from financial instruments at fair value,** but increase of **net other income**
- Very strong **non-life** insurance performance and lower sales of **life** insurance y-o-y
- **Costs excl. bank taxes** decreased q-o-q
- Small net **impairment charges,** notwithstanding a 45m EUR extra creation of geopolitical & emerging risks reserve (offset by release of remaining Covid reserves)
- Solid **solvency** and **liquidity**
- **Updated financial guidance** (see slides 53-54)
- **Interim dividend** of 1 EUR per share in November 2022

Excellent net result of 811m EUR in 2Q22

1H22

- **ROE 15%**[1]
- **Cost-income ratio excluding bank taxes 47%**
- **Combined ratio 85%**
- **Credit cost ratio -0.01%**
- **Common equity ratio 15.9%** (B3, DC, fully loaded)[2]
- **Leverage ratio 5.1%** (fully loaded)
- **NSFR 142% & LCR 158%**



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[1] When bank taxes are evenly spread throughout the year
[2] As of 1Q22, interim profit recognition (based on 50% profit accrual)

Comparisons against the previous quarter unless otherwise stated

KBC: the reference

What? | **Current relative ranking** | **Position versus industry average**

Profitability (1H22 ROE[*])
KBC amongst most profitable EU banks

Solvency (1H22 CET1 ratio[**])
KBC amongst best capitalised EU banks

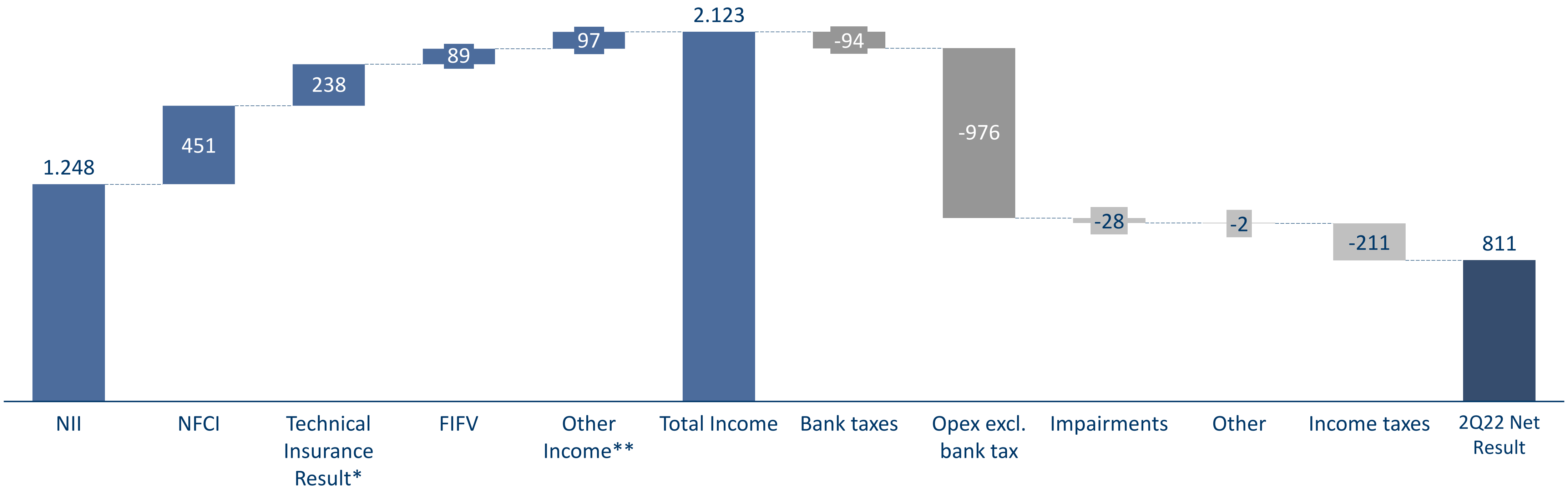
ESG / Sustainability
SUSTAINALYTICS
KBC 9th of 415 diversified global banks

Digitalisation
SIAPARTNERS
Conclusion of Sia Partners (independent research agency) is clear: ‘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.'
KBC Mobile No 1 globally by Sia Partners

* Evenly spreading the bank taxes throughout the year

** As of 1Q22, interim profit recognition (based on 50% profit accrual)

Overview of building blocks of the 2Q22 net result



	NII	NFCI	Technical Insurance Result*	FIFV	Other Income**	Total Income	Bank taxes	Opex excl. bank tax	Impairments	Other	Income taxes	2Q22 Net Result
Q-o-Q	+4%	-6%	+3%			0%		-3%				+77%
Y-o-Y	+14%	0%	+6%			+15%		+4%				+2%

* Earned premiums – technical charges + ceded reinsurance

** Dividend income + net realised result from debt instruments FV through OCI + net other income

Main exceptional items

		2Q22	1Q22	2Q21
GROUP	OPEX – Covid-related/extraordinary staff bonus		-41m EUR	-18m EUR
	Total Exceptional Items GROUP		***-41m EUR***	***-18m EUR***
BE BU	NOI – Gain on the sale of a real estate subsidiary	+68m EUR		
	NOI - Settlements			-8m EUR
	IMP – real estate		-11m EUR	
	Total Exceptional Items BE BU	***+68m EUR***	***-11m EUR***	***-8m EUR***
CZ BU	NOI - Legacy legal files		+7m EUR	
	Total Exceptional Items CZ BU		***+7m EUR***	
IM BU	HU - Impairments - Modification losses	-14m EUR		-2m EUR
	HU - BK TAX – Newly introduced extra bank and insurance tax	-78m EUR		
	HU - BK TAX - extraordinary amount Dep. Guarantee Fund		-24m EUR	
	Total Exceptional Items IM BU	***-92m EUR***	***-24m EUR***	***-2m EUR***
GC	IRL - Sales transaction(s) (FIFV +1m, NOI -3m, Opex –2m, Impairm. -13m)	-17m EUR	-32m EUR	
	Total Exceptional Items GC	***-17m EUR***	***-32m EUR***	
Total Exceptional Items		-40m EUR	-101m EUR	-28m EUR
Total Exceptional Items (post-tax)		-32m EUR	-90m EUR	-22m EUR

Contents

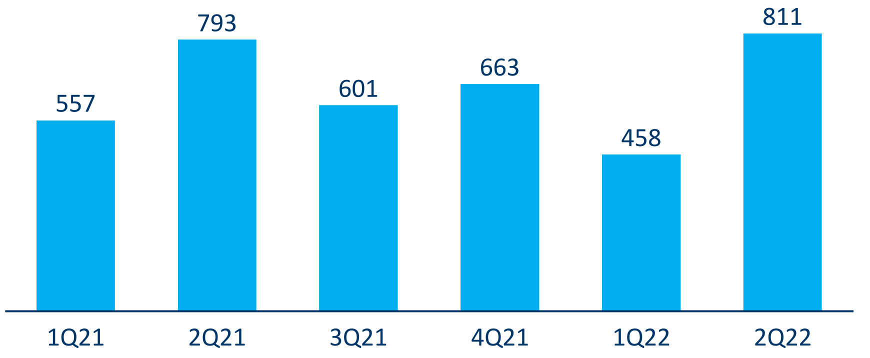
Section 1

2Q 2022 performance of KBC Group

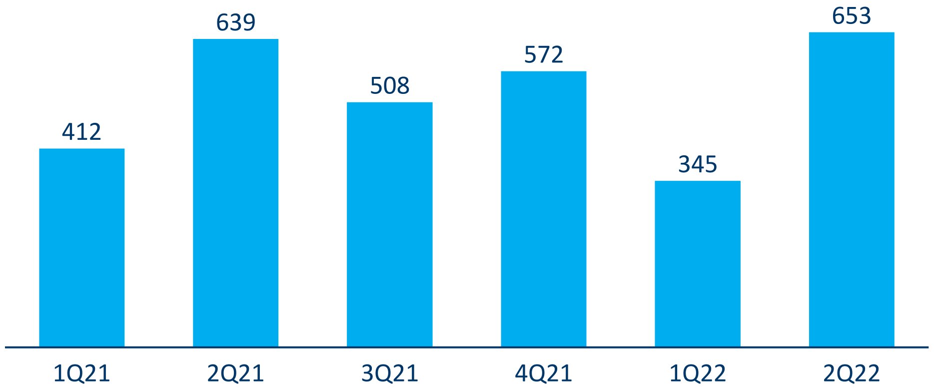
Net result at KBC Group

NET RESULT AT KBC GROUP*

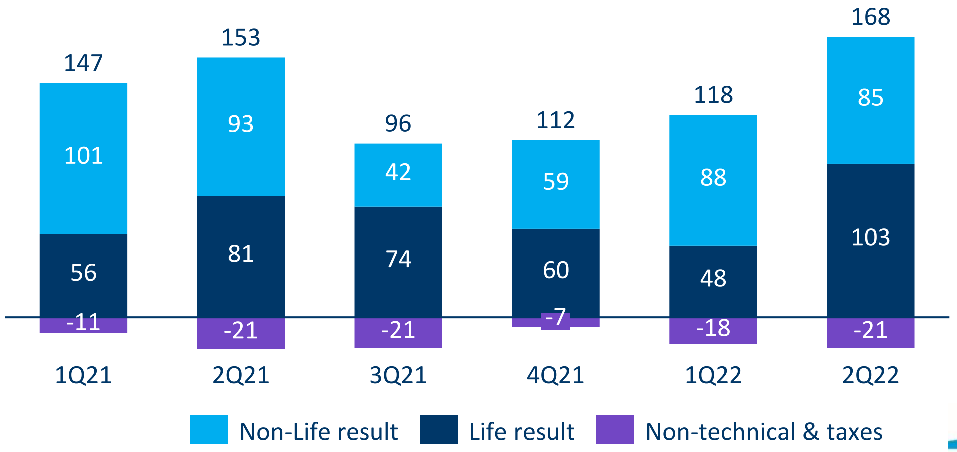
Amounts in m EUR



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT*

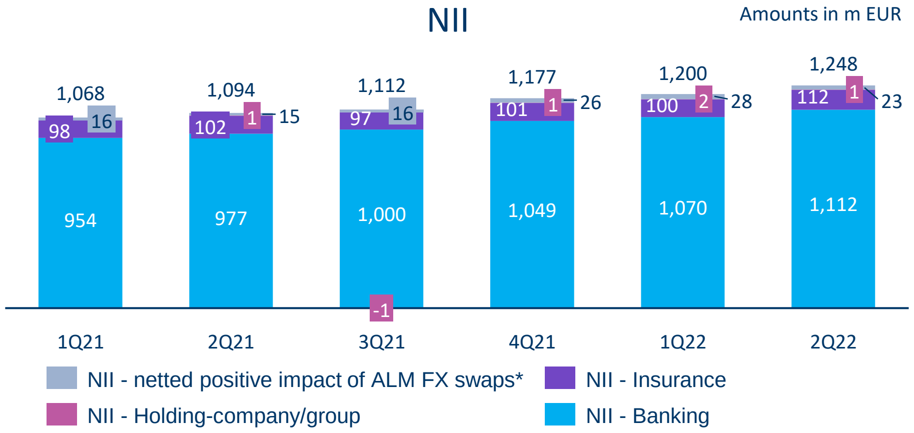


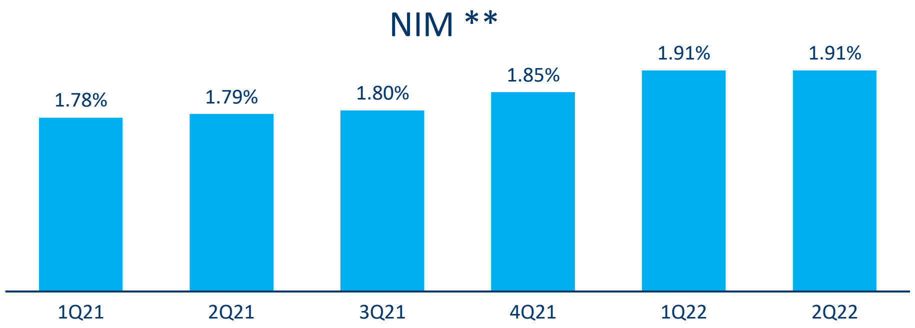
CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT*



* 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

Higher net interest income and stable net interest margin





* From all ALM FX swap desks

** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos

- **Net interest income (1 248m EUR)**
  - NII increased by 4% q-o-q and 14% y-o-y, driven primarily by:
    - Strong organic loan & deposit volume growth
    - Increasing reinvestment yield in euro-denominated countries (q-o-q, for the first time in a while)
    - Rate hikes in the Czech Republic (and to a lesser extent also in Hungary)
    - Extensive charging of negative interest rates on more current accounts held by corporate entities and SMEs
    - Higher NII on insurance bond portfolio (due mainly to inflation-linked bonds)
    - Higher number of days (quarter-on-quarter)

    partly offset by:
    - The negative effect of lower loan margins in most markets
    - Higher funding cost participations (due mainly to increasing CZK rates)

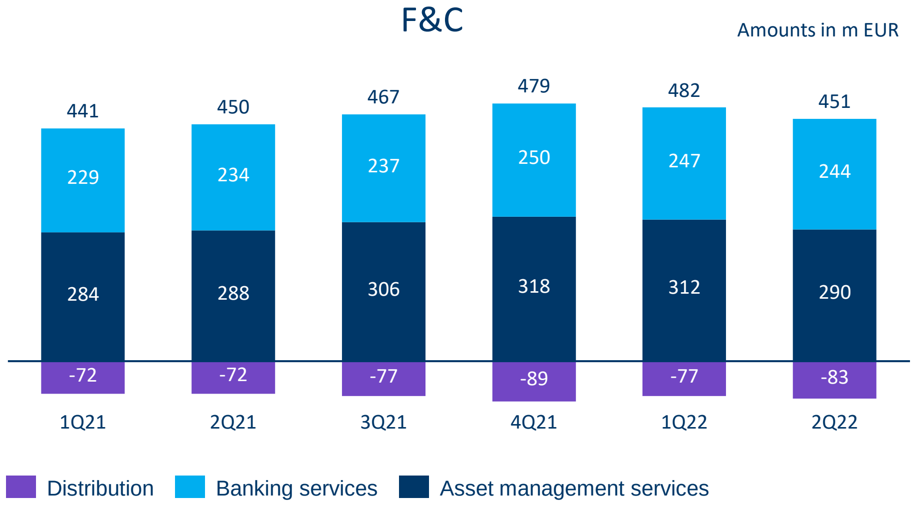
- **Net interest margin (1.91%)**
  - Stable q-o-q and increased by 12 bps y-o-y for the reasons mentioned above and an increase of the interest-bearing assets (denominator), both q-o-q and y-o-y

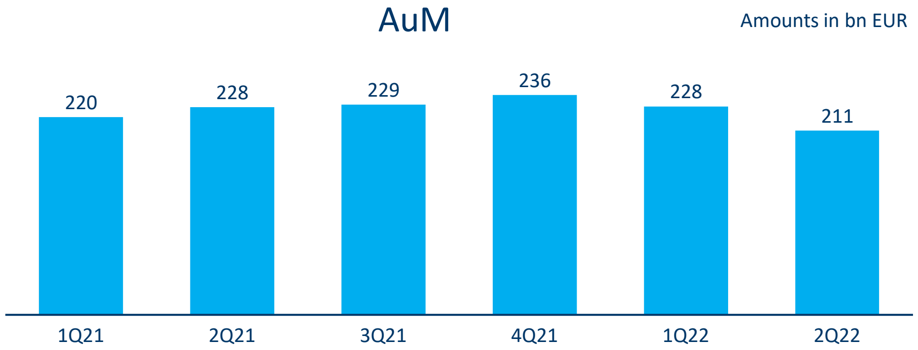
ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	178bn	79bn	220bn	211bn	27bn
Growth q-o-q*	+3%	+2%	+6%	-8%	-4%
Growth y-o-y	+9%	+7%	+9%	-7%	-5%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds), including Ireland (under IFRS 5) . Growth figures are excluding FX, consolidation adjustments and reclassifications.

*** Customer deposits, excluding debt certificates and repos, including Ireland (under IFRS 5). 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

Lower net fee and commission income q-o-q, but stable y-o-y

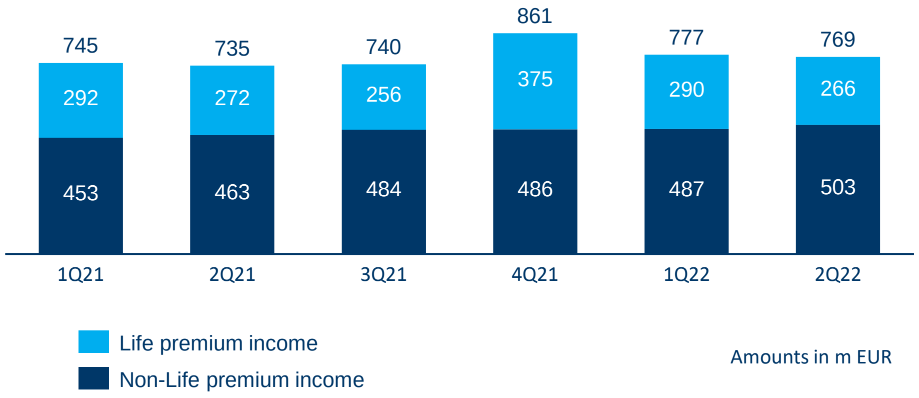




- **Net fee and commission income (451m EUR)**
  - Down by 6% q-o-q and stable y-o-y
  - Q-o-q decrease was mainly the result of the following:
    - Net F&C income from Asset Management Services decreased by 7% q-o-q (despite net inflows in 2Q22, a drop in management fees due to lower AuM, seasonally lower entry fees and both management & entry fees being negatively impacted by decreasing stock markets)
    - Net F&C income from banking services decreased by 1% q-o-q (higher payment fees and credit/guarantee-related fees more than offset by lower securities-related fees and network income)
    - Paid distribution costs went up 9% q-o-q (chiefly higher commissions paid linked to increased non-life insurance sales)
  - Y-o-y stable net F&C was mainly the result of the following:
    - Net F&C income from Asset Management Services rose by 1% y-o-y (higher management fees, but lower entry fees)
    - Net F&C income from banking services increased by 5% y-o-y (all types of banking services fees increased y-o-y)
    - Paid distribution costs rose by 15% y-o-y (mainly higher commissions paid linked to strong sales of insurance products)
- **Assets under management (211bn EUR)**
  - Decreased by 8% q-o-q and by 7% y-o-y as net inflows were more than offset by negative price effect

Insurance premium income up y-o-y and excellent combined ratio

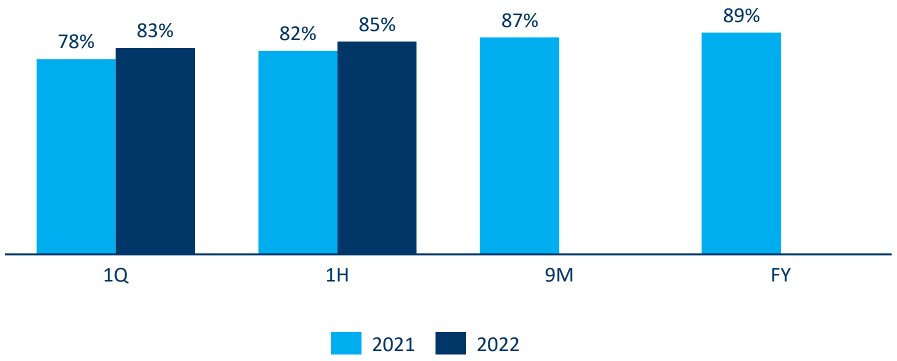
PREMIUM INCOME (GROSS <u>EARNED</u> PREMIUMS)



Amounts in m EUR

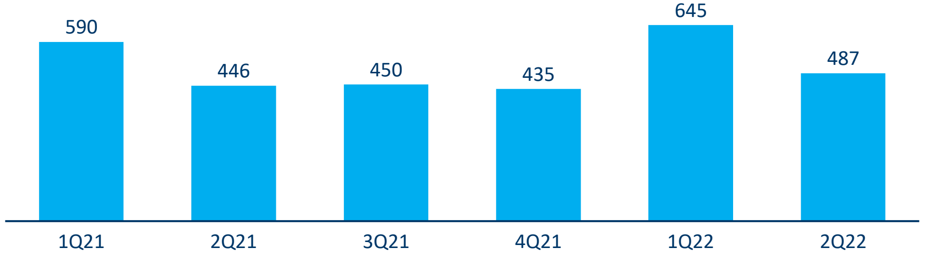
- **Insurance premium income** (gross earned premiums) **at 769m EUR**
  - Non-life premium income (503m EUR) increased by 9% y-o-y
  - Life premium income (266m EUR) decreased by 8% q-o-q and by 2% y-o-y

COMBINED RATIO (NON-LIFE)



- Non-life **combined ratio** for 1H22 amounted to an excellent **85%** (82% in 1H21). This is the result of:
  - 8% y-o-y higher earned premiums
  - 23% y-o-y higher technical charges
    (due mainly to significantly higher storm impact in BE in 1Q22 and higher normal claims)
  - Significantly higher ceded reinsurance result
    (up 39m EUR y-o-y, cf. storm recoveries)

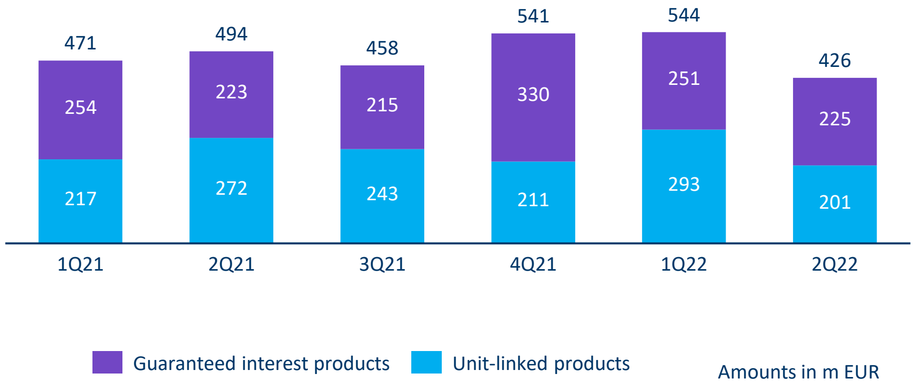
Non-life sales significantly up y-o-y, life sales down q-o-q and y-o-y



NON-LIFE SALES (GROSS WRITTEN PREMIUM)

Amounts in m EUR

- **Sales of non-life insurance products**
  - Up by 9% y-o-y
    (growth in almost all classes, but chiefly in the classes ‘Motor Comprehensive Cover’, ‘Property’, ‘Workmen’s compensation’ and ‘Travel insurance’, as a combination of volume and tariff increases)



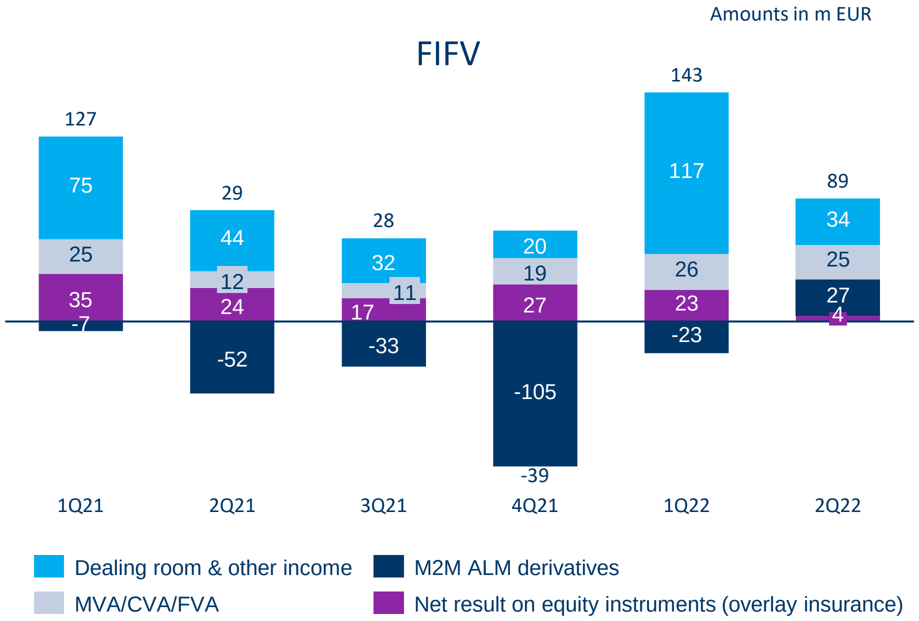
LIFE SALES

Amounts in m EUR

- **Sales of life insurance products**
  - Decreased by 22% q-o-q due mainly to lower sales of unit-linked products and guaranteed interest products in Belgium
  - Decreased by 14% y-o-y due mainly to:
    - A decrease of sales of unit-linked products in Belgium and the Czech Republic

    partly offset by:
    - A small increase of sales of guaranteed interest products in Belgium
    - An increase of sales of both unit-linked and guaranteed interest products in Bulgaria (partly due to the consolidation of the NN Bulgaria’s life insurance activities)
  - Sales of unit-linked products accounted for 47% of total life insurance sales in 2Q22

Decrease of net result from financial instruments at fair value (following an extremely strong 1Q22). Net other income sharply above normal run rate

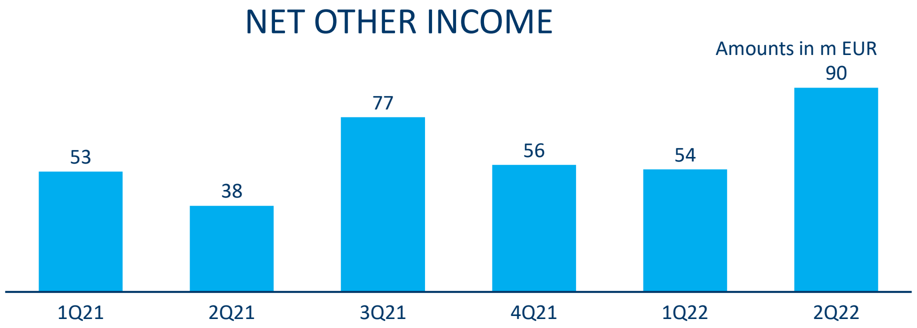


- The 54m EUR q-o-q decrease in **FIFV** was attributable mainly to:
  - Significantly lower dealing room and other income (as 1Q22 was extremely strong)
  - Lower net result on equity instruments (insurance) due to difficult stock markets

partly offset by:

  - Significantly positive change in ALM derivatives due mainly to increasing EUR rates

Note that less positive credit value adjustments were more or less offset by more positive funding and market value adjustments. Like in 1Q22, the benefits of increased yield curves and decreased funding exposures in 2Q22 have been only partly offset by mainly increased counterparty credit spreads (ongoing geopolitical risk from the war in Ukraine)

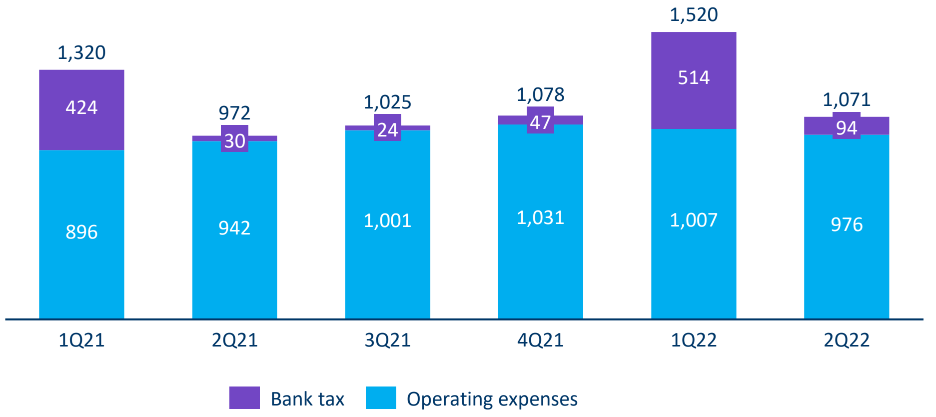


- **Net other income** amounted to 90m EUR
  - Sharply higher than the normal run rate of around 50m EUR per quarter
  - Included a one-off 68m EUR realised gain on the sale of real estate subsidiary at KBC Insurance, which more than offset realised losses on the sale of bonds

Costs excluding bank taxes decreased q-o-q

OPERATING EXPENSES

Amounts in m EUR



BANK TAX SPREAD IN 2022 (preliminary)**

Amounts in m EUR

	TOTAL	Upfront		Spread out over the year			
	2Q22	1Q22	2Q22	1Q22	2Q22	3Q22e	4Q22e
BE BU	**-4**	354	-4	0	0	0	0
CZ BU	**-1**	60	-1	0	0	1	1
Hungary	**99**	56	78	21	22	23	25
Slovakia	**0**	6	0	0	0	0	0
Bulgaria	**-2**	12	-2	0	0	0	0
Ireland & Group Centre	**2**	3	1	1	1	1	0
TOTAL	**94**	**492**	**72**	**23**	**23**	**25**	**26**

- **Operating expenses excluding bank taxes** went down by 3% q-o-q and increased by 4% y-o-y
  - The q-o-q decrease is due mainly to the extraordinary staff bonus and accelerated depreciations in Ireland in 1Q22, partly offset by the impact of inflation/wage indexation, higher ICT, facility and marketing expenses (partly seasonal effect) as well as higher professional fee expenses
  - The y-o-y increase is due to, among other things, higher ICT expenses, inflation/wage indexation, higher marketing expenses and higher professional fee expenses
  - Operating expenses excluding bank taxes and one-offs increased by 2% q-o-q and by 5% y-o-y

- **Operating expenses excluding FX, bank taxes and one-offs** rose by 5% y-o-y in 1H22

- **Cost/income ratio**
  - 53% when evenly spreading the bank taxes over the year and excluding certain non-operating items* (55% in FY21)
  - 47% excluding all bank taxes (51% in FY21)

- Note that 2Q22 included a newly introduced extra bank and insurance tax in Hungary of 78m EUR. Total bank taxes (including ESRF contribution) are expected to increase by 26% y-o-y to 659m EUR in 2022

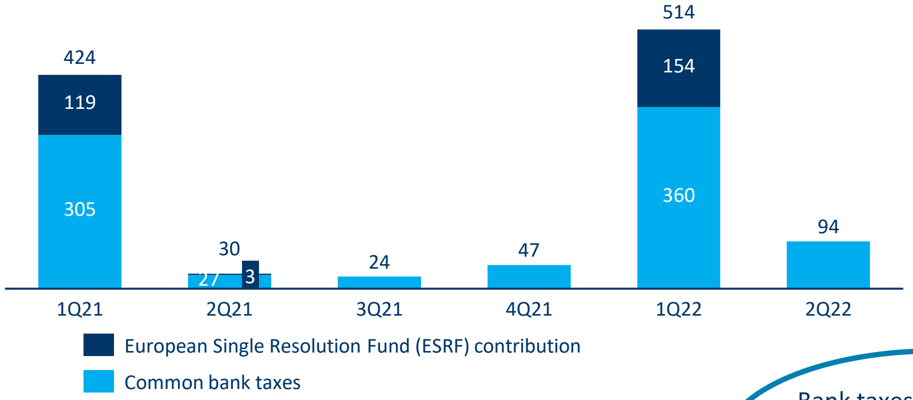
* See glossary for the exact definition

** Still subject to changes

Overview of bank taxes*

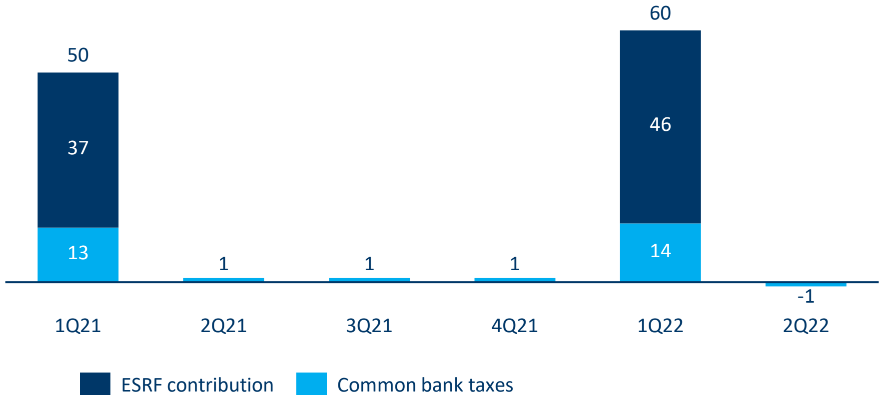
KBC GROUP

Bank taxes of 608m EUR YTD. On a pro rata basis, bank taxes represented 14.3% of 1H22 opex at KBC Group



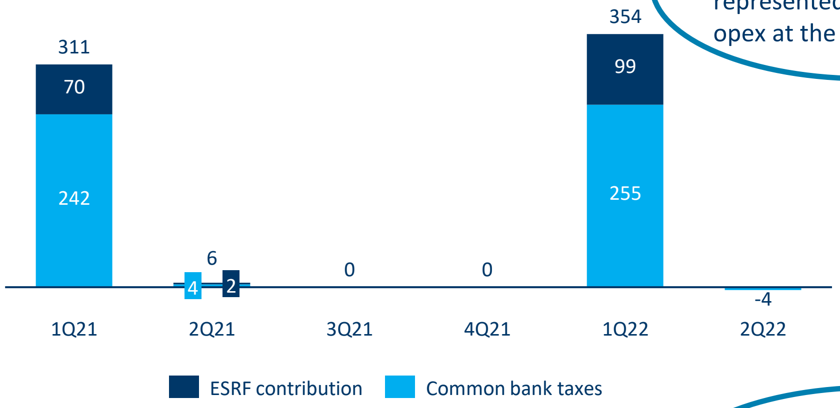
CZECH REPUBLIC BU

Bank taxes of 60m EUR YTD. On a pro rata basis, bank taxes represented 6.9% of 1H22 opex at the CZ BU



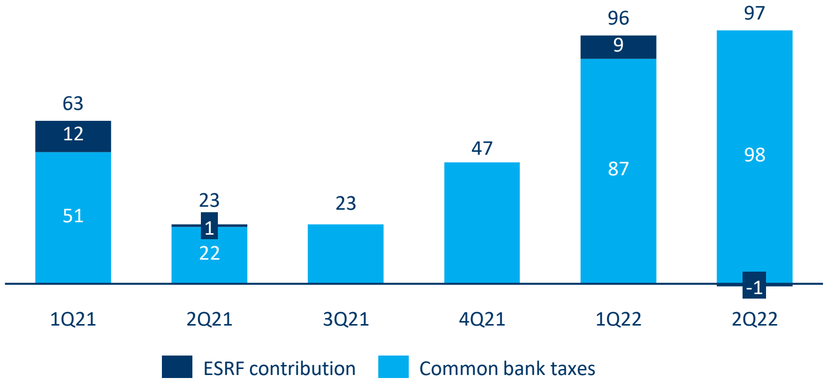
BELGIUM BU

Bank taxes of 350m EUR YTD. On a pro rata basis, bank taxes represented 13.7% of 1H22 opex at the Belgium BU



INTERNATIONAL MARKETS BU**

Bank taxes of 193m EUR YTD. On a pro rata basis, bank taxes represented 28.3% of 1H22 opex at the IM BU



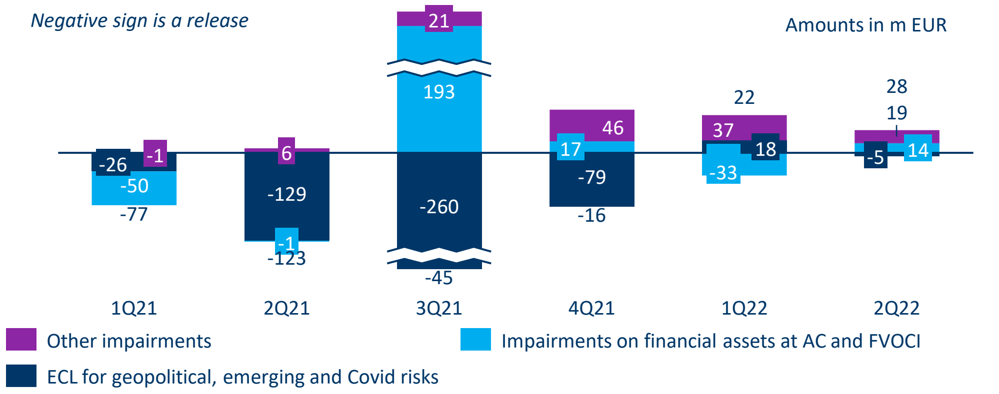
- This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

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

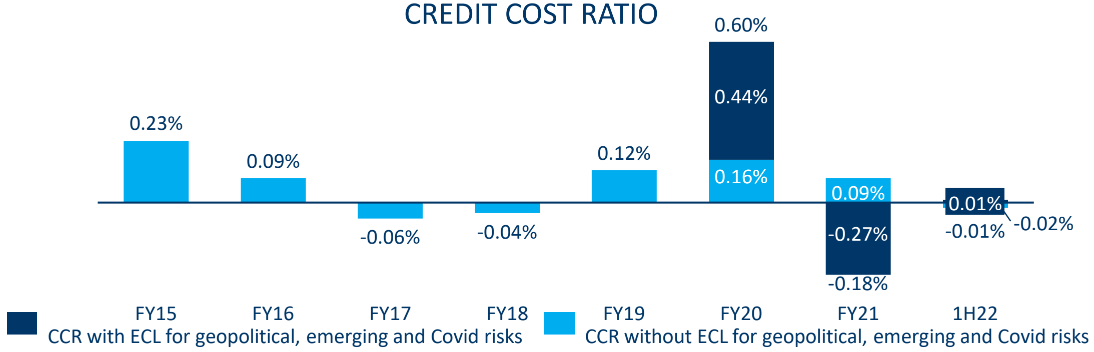
Amounts in m EUR

Small net loan loss impairment charges and excellent credit cost ratio

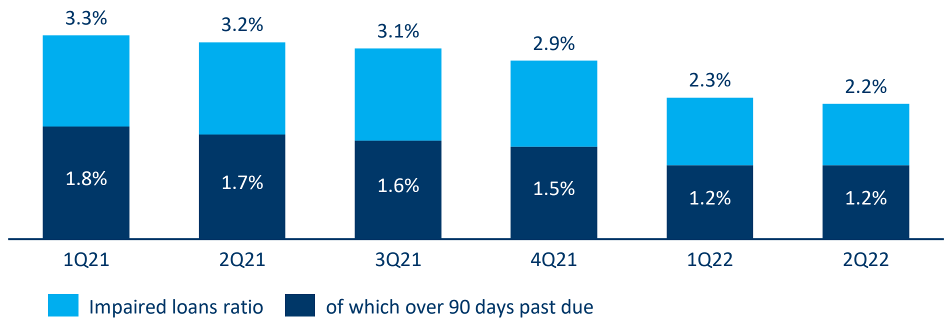
ASSET IMPAIRMENT



CREDIT COST RATIO



IMPAIRED LOANS RATIO

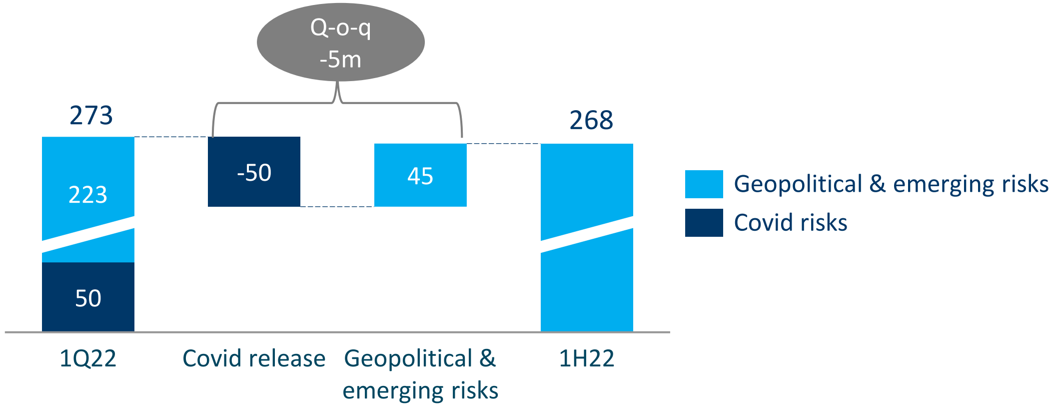


- **Net impairment charges**
  - **Net loan loss impairment charges of 9m EUR in 2Q22** (compared with 15m EUR releases in 1Q22) due to:
    - ○ Only 1m EUR loan impairment charges for individual files
    - ○ 13m EUR one-off loan impairment charges related to the sales transaction in Ireland
    - ○ A full release of 50m EUR of the outstanding ECL for Covid
    - ○ Partly offset by an increase of 45m EUR due to the uncertainties surrounding geopolitical and emerging risks (net of roughly 20m EUR recoveries of Russian exposures)
    - ○ Total outstanding ECL for geopolitical, emerging and Covid risks now stands at 268m EUR (see details on next slides)
  - **19m EUR impairment on 'other', due mainly to**:
    - ○ 14m EUR modification losses, largely related to the interest cap regulation in Hungary (interest cap was extended until year-end 2022)
- The **credit cost ratio in 1H22** amounted to:
  - -2 bps (9 bps in FY21) without ECL for geopolitical, emerging and Covid risks
  - -1 bps (-18 bps in FY21) with ECL for geopolitical, emerging and Covid risks
- The impaired loans ratio improved to 2.2% (1.2% of which over 90 days past due)

Outstanding ECL for geopolitical, emerging and covid risks

Stable buffer q-o-q

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



Outstanding ECL by country

Geopolitical, emerging and Covid risks				
			P&L changes:	
Eur m	1Q22	1H22	*Covid*	*Geopolitical & emerging risks*
KBC Group	**273**	**268**	*-50*	*45*
By country:				
Belgium	122	**105**	*-5*	*-12*
Czech Republic	70	**71**	*-6*	*7*
Slovakia	22	**25**	*-1*	*4*
Hungary	41	**41**	*-37*	*37*
Bulgaria	12	**15**	*-1*	*4*
Ireland	6	**11**	*0*	*5*

- At the end of 2Q 2022, the **ECL for geopolitical and emerging risks amounted to 268m EUR** and included an **impairment release of 5m EUR**, driven by a full release of 50m EUR for Covid ECL, partly offset by an impairment charge of 45m EUR for geopolitical and emerging risks
  - **The full Covid ECL release** reflects the fact that current and forward-looking payment indicators for the remaining subset of customers, do not point to any repayment issues. Specifically for Hungary, the more substantial release this quarter relative to the other countries can be explained by the longer continuation of moratoria measures taken by the Hungarian government
  - **The ECL for geopolitical and emerging risks increased by 45m EUR**. The main drivers are the updated impact assessment, the negative revision of probabilities applied to the macroeconomic scenarios, but partly offset by a reduction in direct transfer risk (see next slide)

Amounts in m EUR

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

Estimated outstanding ECL

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. 35m EUR (-20m q-o-q)** (mainly concentrated in commercial exposure on Russian banks) down from 55m EUR in 1Q22 due to recoveries from these counterparties. **No exposure on Russian sovereigns.**
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[**]: 2.0bn EUR ➔ Total P&L charge[*]: 33m EUR (no changes q-o-q)**
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[**]: 6.3bn EUR (up from 5.9bn EUR) ➔ Total P&L charge[*]: 168m EUR (+33m q-o-q)**
E	**Macroeconomic scenarios**	**Probabilities of macroeconomic scenarios were adjusted** from resp. 80%/10%/10% to 60%/5%/35% for base-case/optimistic/pessimistic scenario, leading to an **additional ECL of 32m EUR in 2Q22**
	Estimated outstanding ECL	A + B + C + D + E = **268m EUR (+45m q-o-q)**

[*] *Estimation of impairments (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 financials . To capture this impact (i.e., forward-looking IFRS 9), a collective stage 2 shift is accompanied by an ECL management overlay (by applying conservative stage 2 and stage 3 cover rates), taking expected PD downgrades into account.*

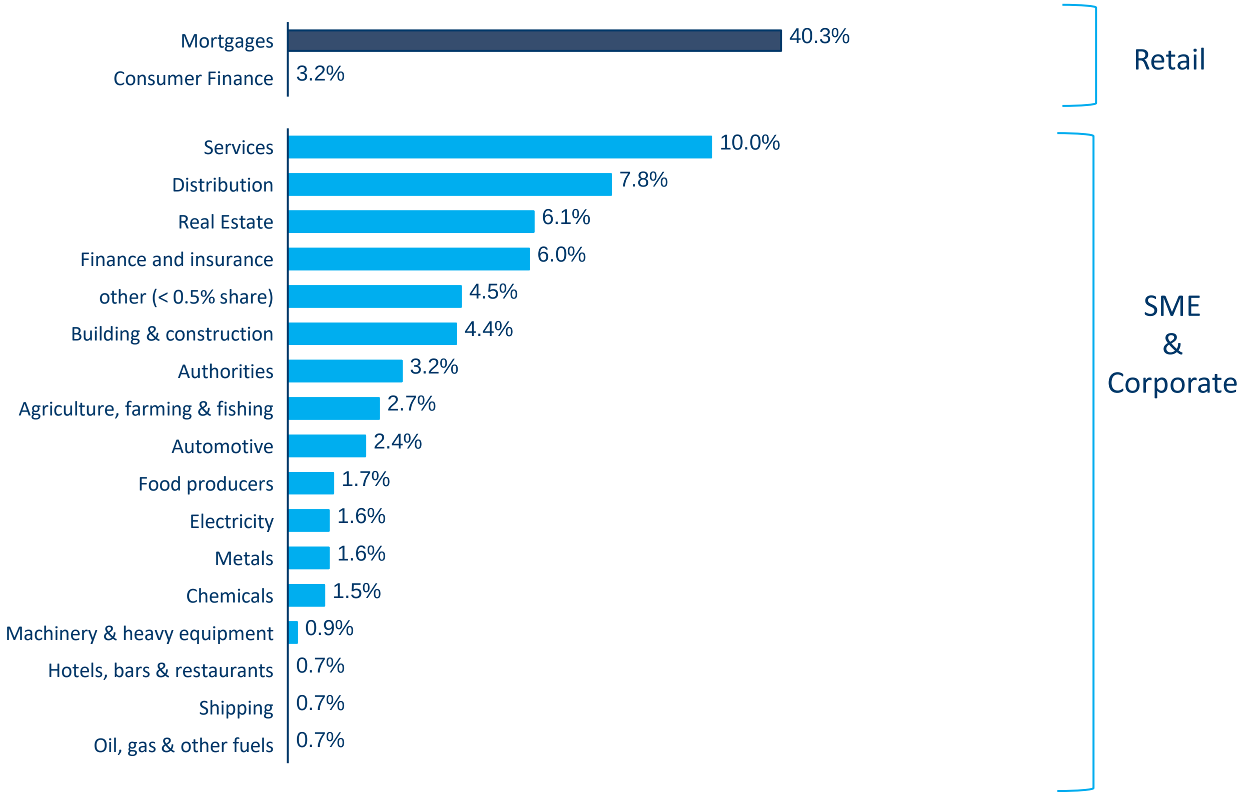
[**] *Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements*

Differently **THE NEXT LEVEL**

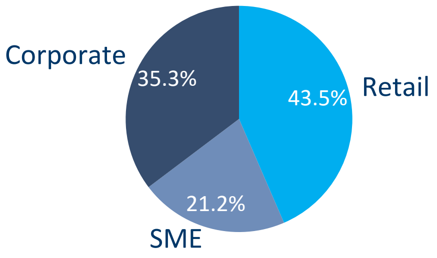
Diversified loan portfolio

Total loan portfolio outstanding by sector
as a % of total Group portfolio outstanding(1)

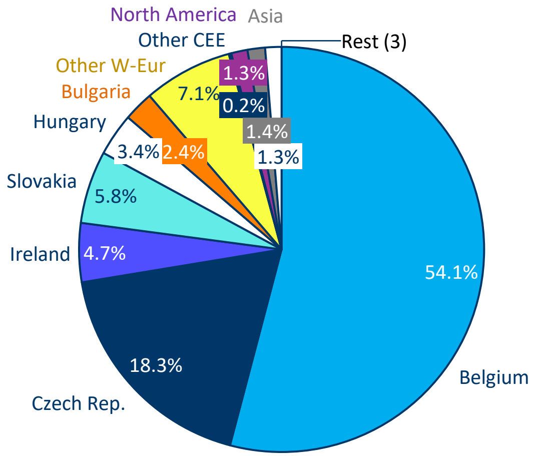
197bn EUR(2)



Total loan portfolio outstanding by segment(1)



Total loan portfolio outstanding by geographical breakdown(1)



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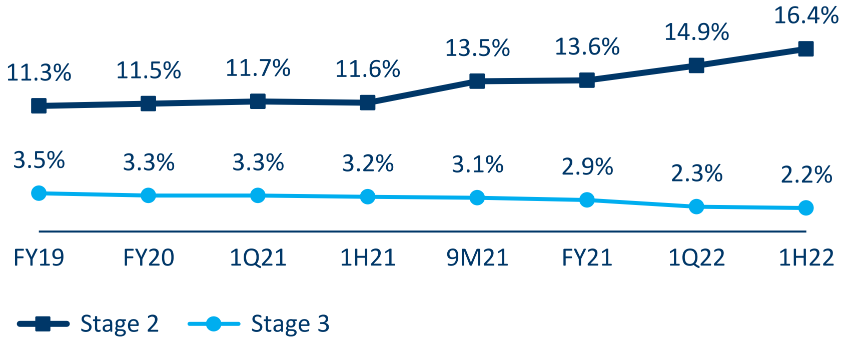
(1) Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements
(2) Including loan portfolio of KBC Bank Ireland, the pro-forma total loan portfolio outstanding without KBC Bank Ireland amounts to 188bn EUR
(3) The ‘rest’ part includes 0.02% of the outstanding portfolio to Russia and Ukraine

Quality of outstanding loan portfolio

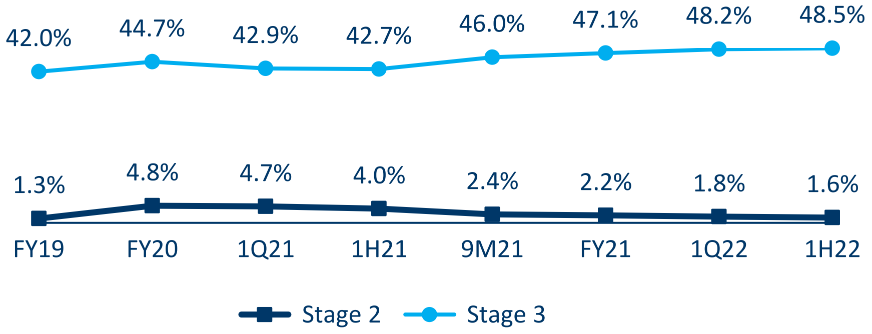
Continue improvement of Stage 3

Total loan portfolio outstanding by IFRS 9 ECL stage*



- Decrease of Stage 3 portfolio is mainly related to the sale of non-performing portfolio of Ireland
- As of 2H21, the increase of the Stage 2 portfolio resulted mainly from collective transfer to Stage 2 of Stage 1 portfolios for the impact of Covid and the Czech interest rate increases
- In 1Q22 and 2Q22, an additional exposure was transferred to Stage 2 linked to the geopolitical and emerging risks, partly compensated in 2Q22 by the full release of the collective transfer of Covid
- Excluding these collective transfers, only minor PD shifts have been observed in our portfolio

Coverage ratio*



- The increase of the Stage 3 coverage ratio is mainly driven by the sale of non-performing mortgage loans of Ireland
- From 2H21, the decline of the Stage 2 coverage ratio resulted mainly from collective shifts to Stage 2 (see above)

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

Section 2

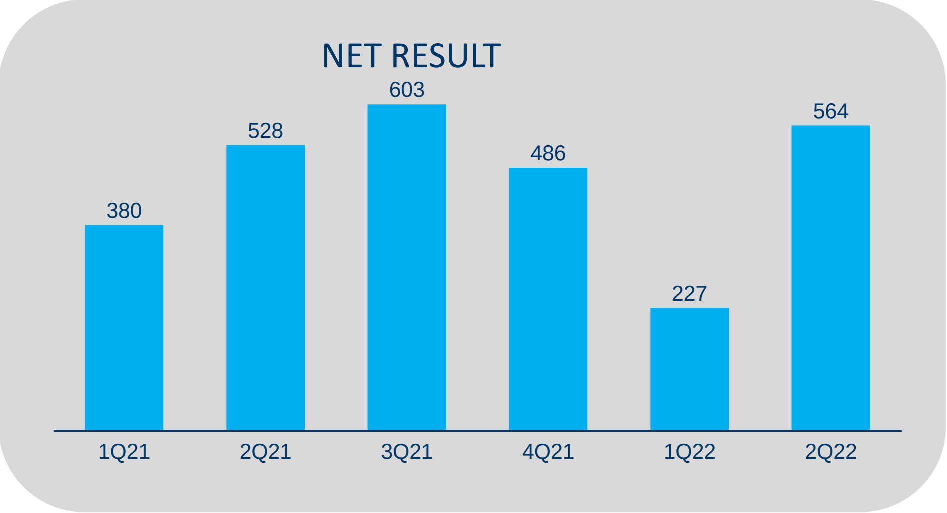
2Q 2022 performance of business units

Business profile

	BELGIUM	CZECH REPUBLIC	SLOVAKIA	HUNGARY	BULGARIA	GROUP CENTRE	Of which IRELAND
2Q22 NET RESULT (in million euros)	564m	237m	28m	-6m	30m	-41m	-2m
ALLOCATED CAPITAL (in billion euros)	7.7bn	2.1bn	0.7bn	0.9bn	0.5bn	0.8bn	0.6bn
LOANS (in billion euros)	115bn	34bn	10bn	5bn	4bn		9bn
DEPOSITS* (in billion euros)	146bn	47bn	8bn	9bn	7bn		4bn
BRANCHES (end 2Q22)	430	203	117	197	157		12
Clients (end 2Q22)	3.8m	4.3m	0.8m	1.6m	1.7m		0.2m

* Customer deposits, excluding debt certificates and repos

Belgium BU (1): net result of 564m EUR



Amounts in m EUR

Net result at the Belgium Business Unit amounted to 564m EUR in 2Q22

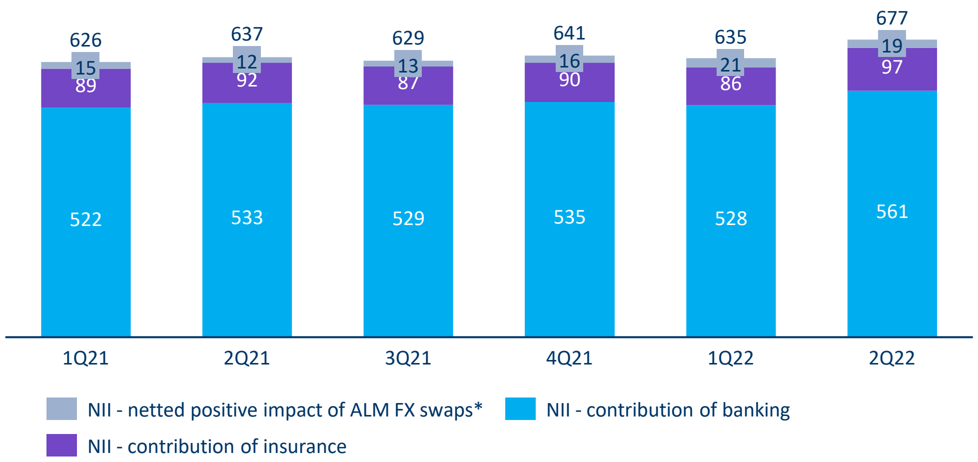
- The quarter was characterised by higher net interest income, lower net fee and commission income, lower trading and fair value income, higher dividend income, higher net other income, an excellent combined ratio, lower sales of non-life and life insurance products, lower operating expenses (due entirely to lower bank taxes) and net impairment releases

- Customer deposits excluding debt certificates and repos rose by 12% y-o-y, while customer loans rose by 9% y-o-y

ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	115bn	43bn	146bn	190bn	25bn
Growth q-o-q*	+3%	+2%	+9%	-8%	-4%
Growth y-o-y	+9%	+8%	+12%	-9%	-5%

* 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 BU BE), customer deposits rose by 2% q-o-q and 6% y-o-y

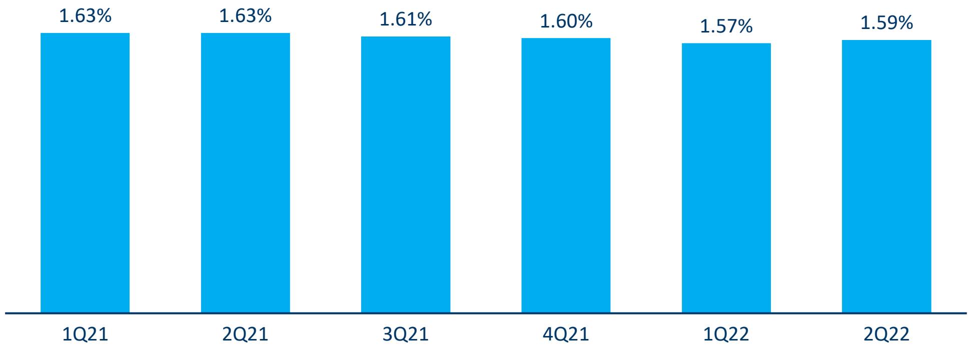
Belgium BU (2): higher NII and NIM


NII

Amounts in m EUR

* From all ALM FX swap desks

** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos


NIM**

- **Net interest income (677m EUR)**
  - NII increased by 7% q-o-q due mainly to:
    - Higher reinvestment yields thanks to increasing interest rates
    - Higher NII on insurance bond portfolio (due mainly to inflation-linked bonds)
    - Good loan and deposit volume growth in almost all segments
    - Charging of negative interest rates on more current accounts to corporates and SMEs
    - Higher number of days
    - Higher result from ECB tiering

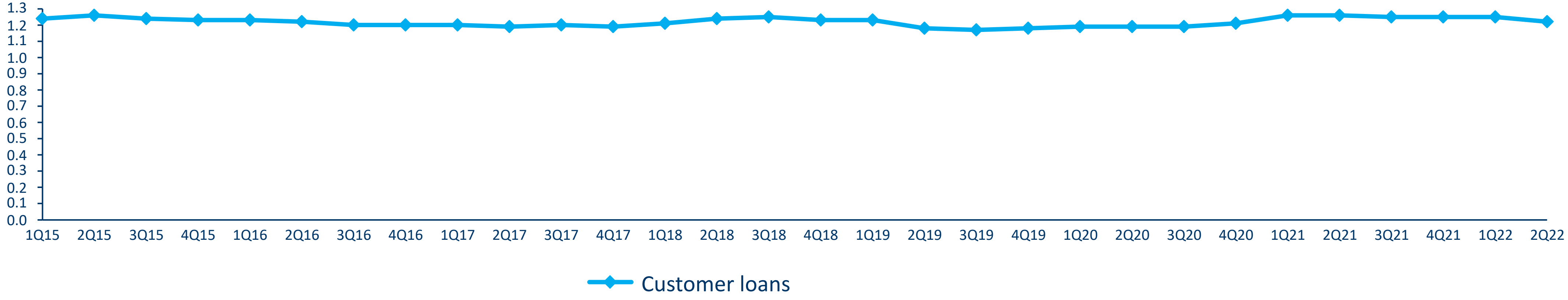
    partly offset by:
    - Margin pressure on the outstanding loan portfolio in all segments
    - Lower netted positive impact of ALM FX swaps
  - NII increased by 6% y-o-y as:
    - Good loan volume growth in almost all segments
    - Charging of negative interest rates on more current accounts to corporates and SMEs
    - Higher netted positive impact of ALM FX swaps
    - Higher NII on insurance bond portfolio (due mainly to inflation-linked bonds)

    were partly offset by:
    - Margin pressure on the outstanding loan portfolio in all segments
    - The negative impact of lower reinvestment yields, although limited

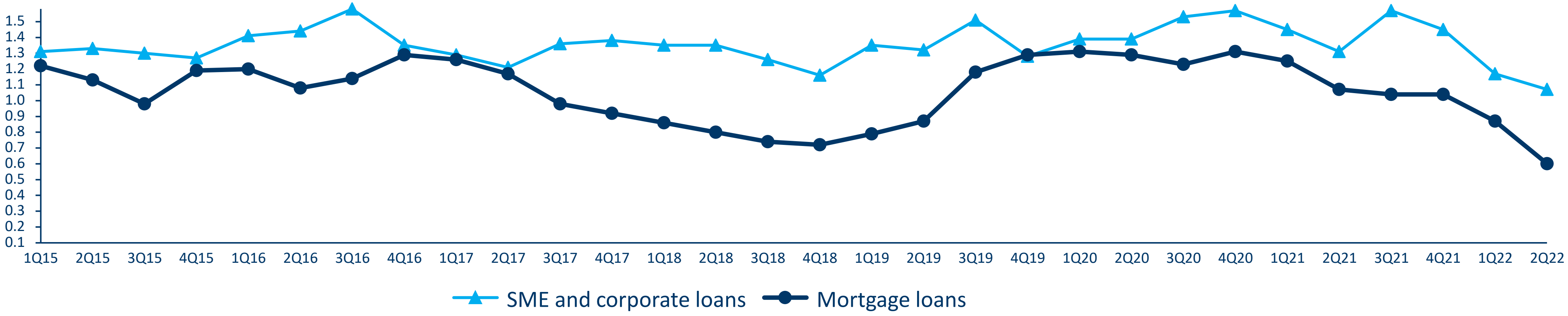
- **Net interest margin (1.59%)**
  - Increased by 2 bps q-o-q and decreased by 4 bps y-o-y for the reasons mentioned above and an increase of the interest-bearing assets (denominator), both q-o-q and y-o-y

Credit margins in Belgium

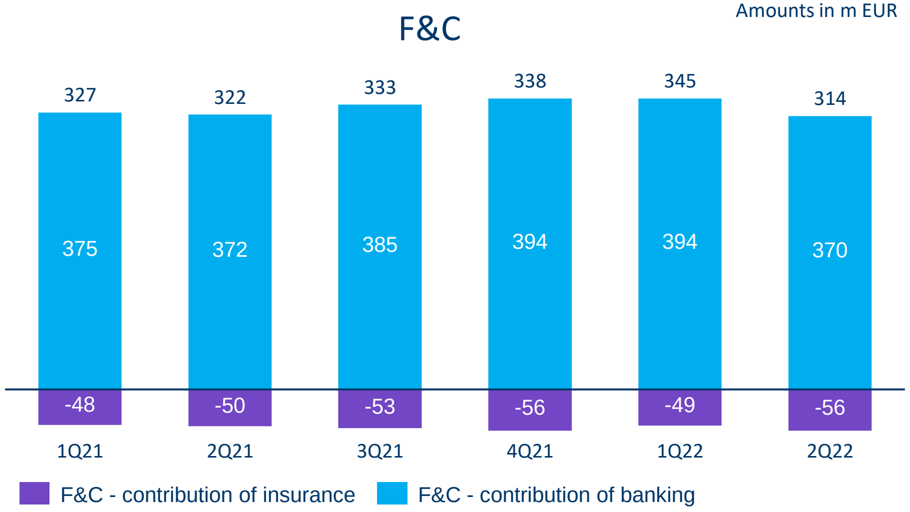
PRODUCT SPREAD ON CUSTOMER LOAN BOOK, OUTSTANDING

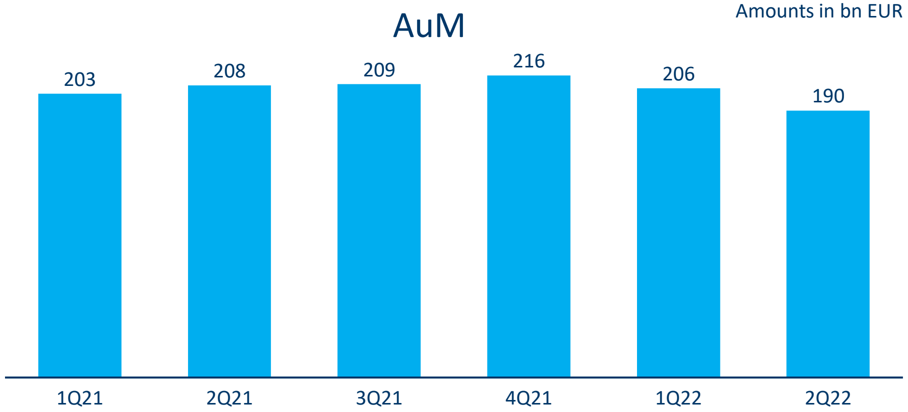


PRODUCT SPREAD ON NEW PRODUCTION



Belgium BU (3): lower net F&C income





- **Net fee and commission income (314m EUR)**
  - Decreased by 9% q-o-q due mainly to:
    - Lower management and entry fees from mutual funds and unit-linked life insurance products
    - Lower network income
    - Lower securities-related fees
    - Higher distribution commissions paid

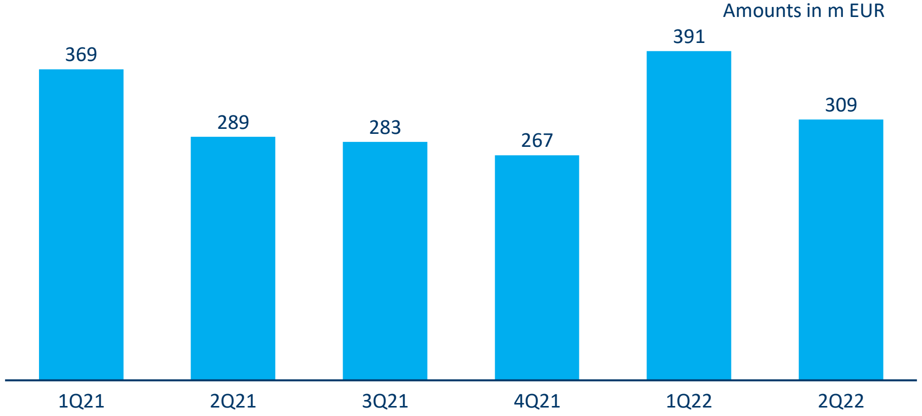
    partly offset by:
    - Higher fees from payment services
  - Fell by 3% y-o-y driven chiefly by:
    - Lower entry fees
    - Lower network income
    - Lower fees from credit files & bank guarantees
    - Lower securities-related fees
    - Higher distribution commissions paid

    partly offset by:
    - Higher management fees
    - Higher fees from payment services

- **Assets under management (190bn EUR)**
  - Decreased by 8% q-o-q and 9% y-o-y as net inflows were more than offset by negative price effect

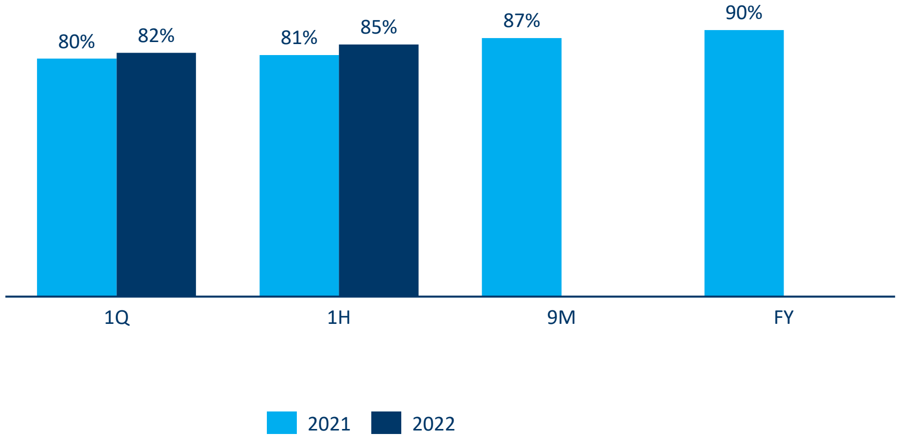
Belgium BU (4): higher y-o-y non-life sales, excellent combined ratio

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



- **Sales of non-life insurance products**
  - Rose by 7% y-o-y in 2Q22
  - Premium growth in all classes, but chiefly in the classes 'Motor Comprehensive Cover', 'Property', 'Workmen's compensation' and 'Travel insurance', as a combination of volume and tariff increases

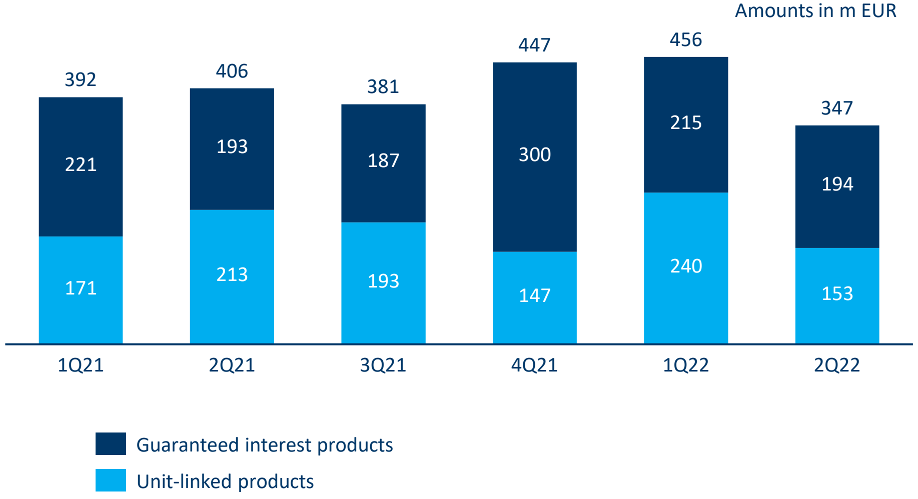
COMBINED RATIO (NON-LIFE)



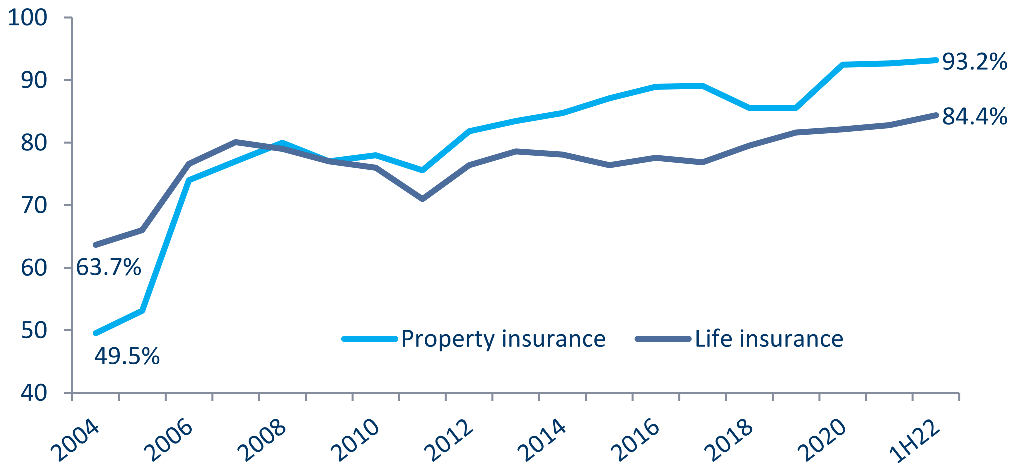
- **Combined ratio** amounted to an excellent **85%** in 1H22 (81% in 1H21). This is the result of:
  - 6% y-o-y earned premium growth in 1H22
  - 31% y-o-y higher technical charges in 1H22 due mainly to:
    - Higher storm claims (94m EUR in 1H22, mainly due to February storms, compared with 11m EUR in 1H21)
    - Higher normal claims (mainly in 'Motor', primarily due to semi-lockdown in 1Q21)
    - Partly offset by lower major claims
  - Ceded reinsurance result, which amounted to +48m EUR in 1H22 (versus -4m EUR in 1H21) due to higher recoveries for storms

Belgium BU (5): life sales lower q-o-q and y-o-y, good cross-selling ratios

LIFE SALES



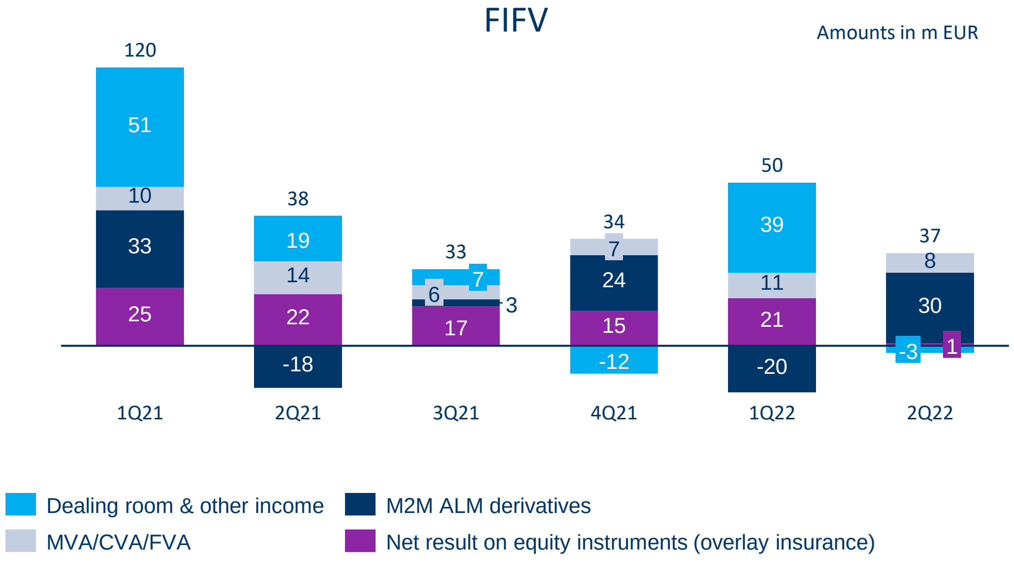
MORTGAGE-RELATED CROSS-SELLING RATIOS



- **Sales of life insurance products**
  - Decreased by 24% q-o-q and by 15% y-o-y
  - The q-o-q decrease was driven by both lower sales of unit-linked products (due to turbulent stock markets) and lower sales of guaranteed interest products (volumes in tax-incentivised pension savings products are traditionally higher during 1Q and 4Q)
  - The y-o-y decrease was driven fully by lower sales of unit-linked products, partly offset by slightly higher sales of guaranteed interest products (partly thanks to the relaunch of a single life product with guaranteed interest for legal entities)
  - Guaranteed interest products and unit-linked products accounted for 56% and 44%, respectively, of life insurance sales in 2Q22

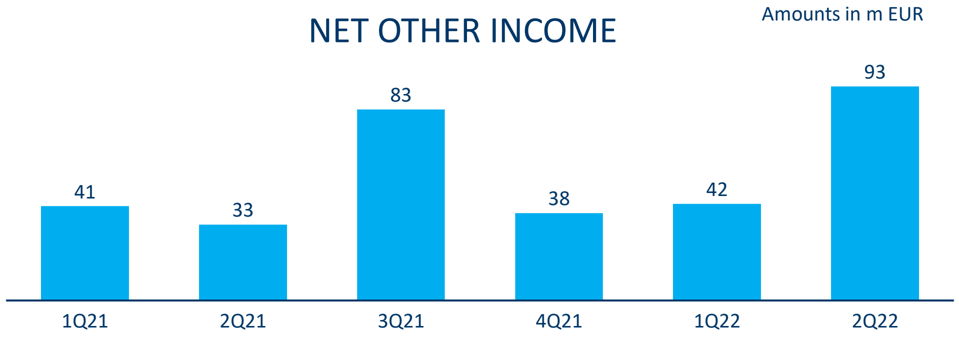
- **Mortgage-related cross-selling ratios**
  - 93.2% for property insurance
  - 84.4% for life insurance

Belgium BU (6): lower FIFV and higher net other income



- The q-o-q decrease in **net gains from financial instruments at fair value** was attributable mainly to:
  - Lower dealing room & other income
  - Lower net result on equity instruments (insurance) due to decreasing stock markets
  - Less positive credit value adjustments, partly offset by more positive funding and market value adjustments (as the negative impact of decreasing stock markets and increased counterparty credit spreads was largely offset by the positive impact of rising yield curves and decreased KBC funding exposure)

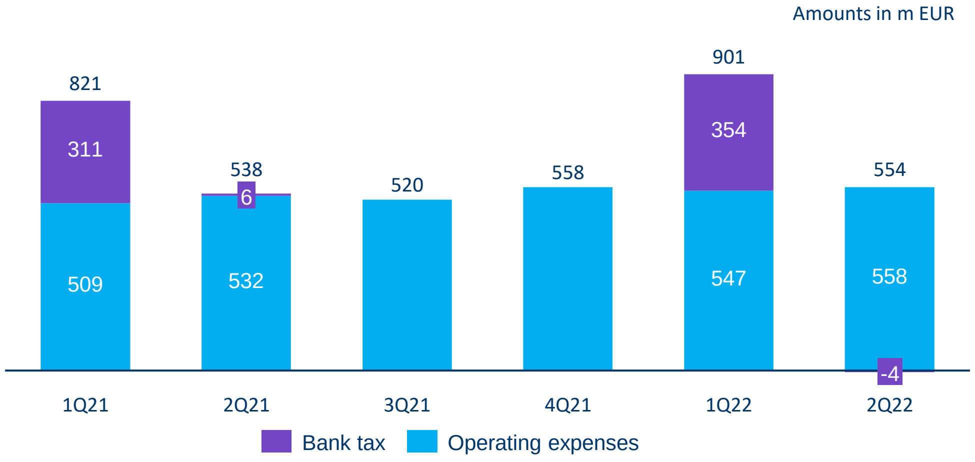
  partly offset by:
  - A positive change in ALM derivatives



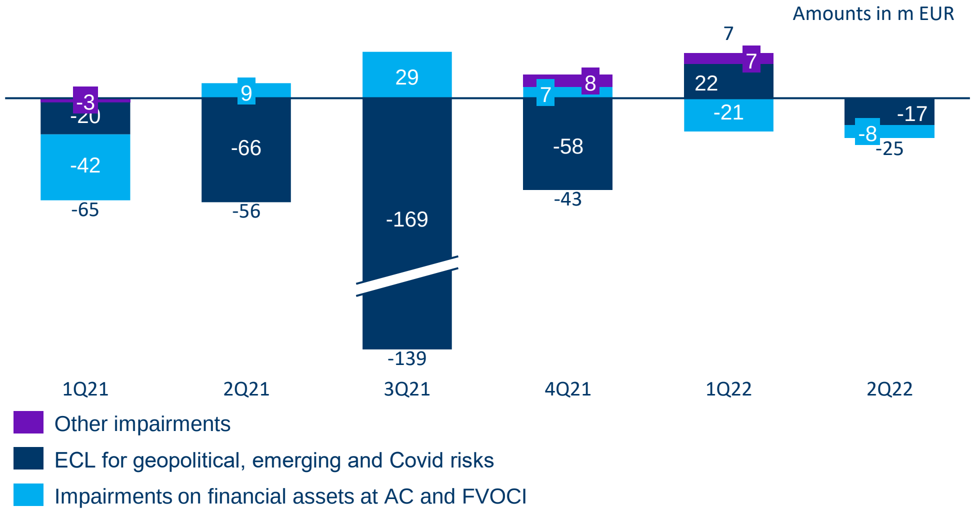
- **Net other income** increased q-o-q to 93m EUR in 2Q22, much higher than the normal run rate. 2Q22 included a one-off 68m EUR realised gain on the sale of a real estate subsidiary at KBC Insurance, which more than offset realised losses on the sale of bonds

Belgium BU (7): lower opex entirely due to lower bank taxes and net impairment releases

OPERATING EXPENSES



ASSET IMPAIRMENT



- **Opex without bank taxes**: +2% q-o-q and +5% y-o-y
  - Operating expenses without bank taxes increased by 2% q-o-q due mainly to:
    - Seasonally higher marketing costs & professional fees
    - Slightly higher ICT costs

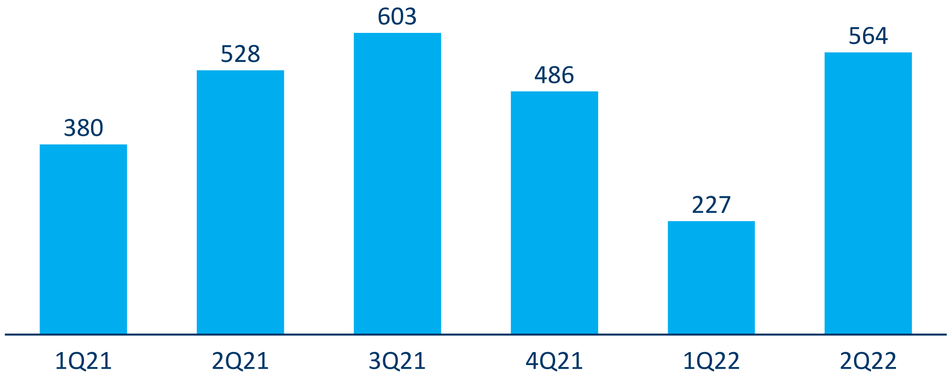
    partly offset by:
    - Lower staff expenses (due to less FTEs and an extraordinary staff bonus of 10m EUR in 1Q22, partly offset by the impact of inflation/wage indexation)
  - Operating expenses without bank taxes rose by 5% y-o-y due chiefly to higher staff expenses (due largely to wage indexation, partly offset by less FTEs), higher ICT costs, higher marketing costs & professional fees
  - **Cost/income ratio** adjusted for specific items and evenly spreading the bank tax throughout the year: 53% in 1H22 (51% in FY21)

- **Loan loss impairment releases** of 25m EUR in 2Q22 (compared with charges of 1m EUR in 1Q22). Besides a 17m EUR impairment release for geopolitical, emerging and Covid risks (driven by recoveries of Russian exposures), there were also loan loss impairment releases mainly for a few corporate files. **Credit cost ratio** amounted to -4 bps in 1H22 (-26 bps in FY21)
- **Impaired loans ratio** improved to 1.9%, 1.0% of which over 90 days past due

Net result at the Belgium BU

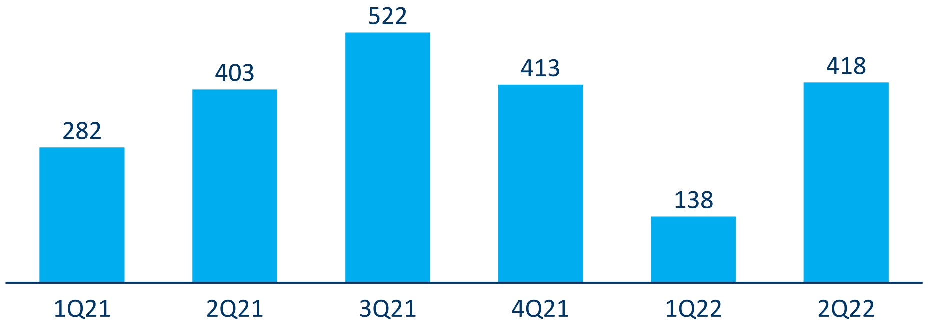
NET RESULT AT THE BELGIUM BU*

Amounts in m EUR

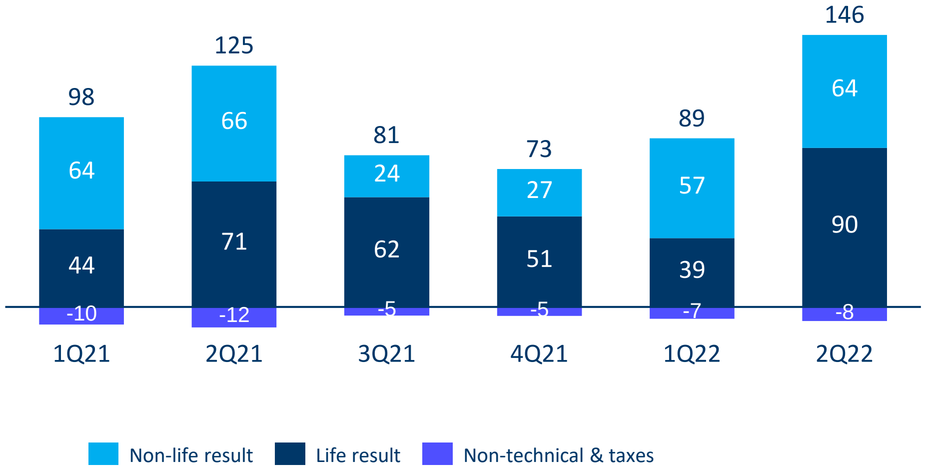


* Difference between net profit at the Belgium Business Unit and the sum of the banking and insurance contribution is accounted for by the rounding up or down of figures

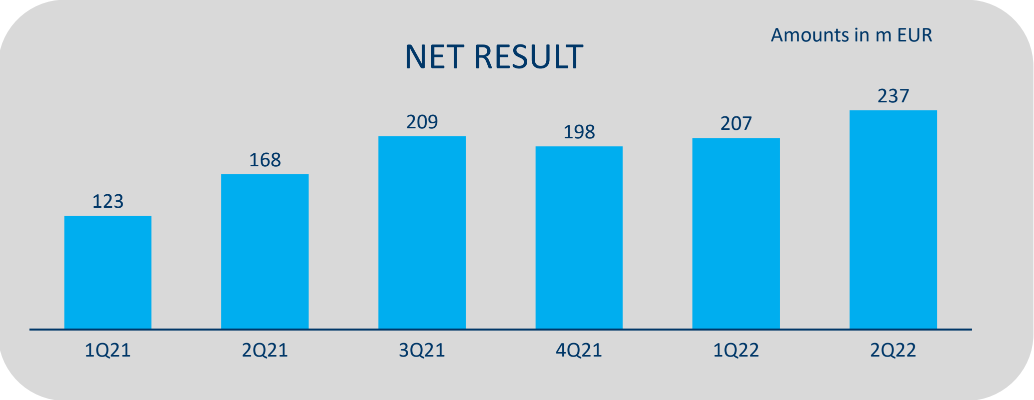
CONTRIBUTION OF BANKING ACTIVITIES TO NET RESULT OF THE BELGIUM BU*

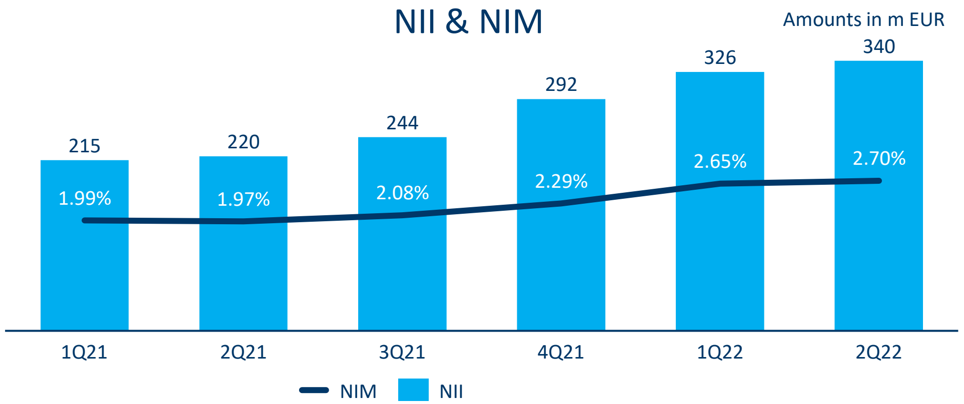


CONTRIBUTION OF INSURANCE ACTIVITIES TO NET RESULT OF THE BELGIUM BU*



Czech Republic BU (1)





Net result of 237m EUR in 2Q22

- +14% q-o-q excluding FX effect due mainly to higher net interest income, an excellent combined ratio, higher sales of non-life products and lower costs (due largely to lower bank taxes), partly offset by lower net fee & commission income, lower net result from financial instruments at fair value, lower net other income, lower sales of life products and net impairment charges (instead of releases as in 1Q22)
- Customer deposits (excluding debt certificates and repos) rose by 5% y-o-y, while customer loans rose by 9% y-o-y

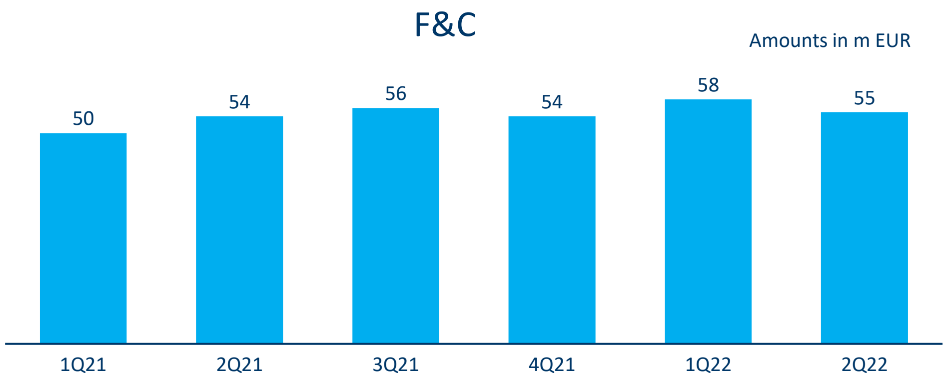
Highlights

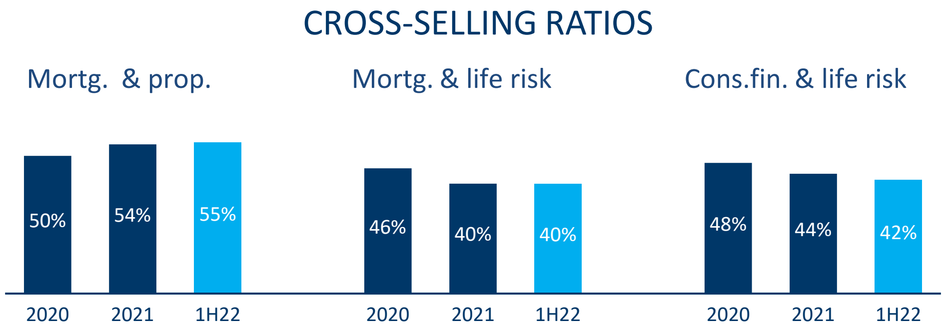
- **Net interest income**
  - +4% q-o-q and +48% y-o-y (both excl. FX effect)
  - Q-o-q and y-o-y increases were primarily due to increasing interest rates and growth in loan and deposit volumes, despite pressure on commercial loan margins
- **Net interest margin**
  - Rose by 5 bps q-o-q and by 73 bps y-o-y for the reasons mentioned above, despite an increase of the interest-bearing assets (denominator)

ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	34bn	19bn	47bn	13.7bn	1.1bn
Growth q-o-q*	+2%	+1%	+1%	-3%	-7%
Growth y-o-y	+9%	+7%	+5%	+7%	-11%

* 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

Czech Republic BU (2)

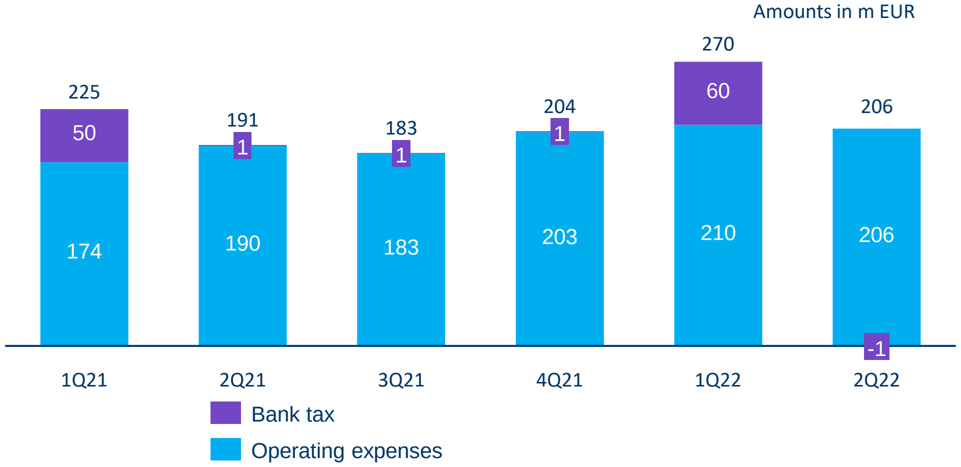




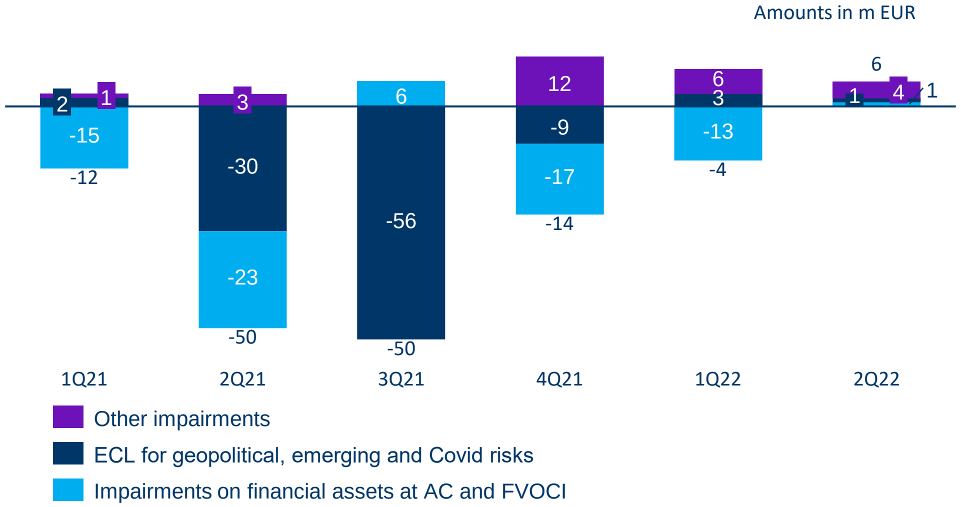
- **Net F&C income**
  - -5% q-o-q and -4% y-o-y (both excl. FX effect)
  - The lower q-o-q net F&C income was mainly the result of lower entry fees, lower securities-related fees and lower fees from payment services
  - The slightly higher y-o-y net F&C income was driven chiefly by higher management fees, higher securities-related fees, higher network income and higher fees from payment services, largely offset by lower entry fees
- **Assets under management**
  - 13.7bn EUR
  - -3% q-o-q due to net inflows (+2%) and a negative price effect (-6%)
  - +7% y-o-y due to net inflows (+14%) and a negative price effect (-6%)
- **Trading and fair value income**
  - 27m EUR lower q-o-q net results from financial instruments at fair value (FIFV) due mainly to lower dealing room income results (which were extremely strong in 1Q22)
- **Insurance**
  - Insurance premium income (gross earned premium): 139m EUR
    - Non-life premium income (99m EUR) +15% y-o-y excluding FX effect, due to growth in all products
    - Life premium income (40m EUR) -6% q-o-q and -25% y-o-y, excluding FX effect. The q-o-q decrease was mainly the result of lower sales of guaranteed interest products
  - An excellent combined ratio of 85% in 1H22 (87% in FY21)

Czech Republic BU (3)

OPERATING EXPENSES



ASSET IMPAIRMENT



Operating expenses

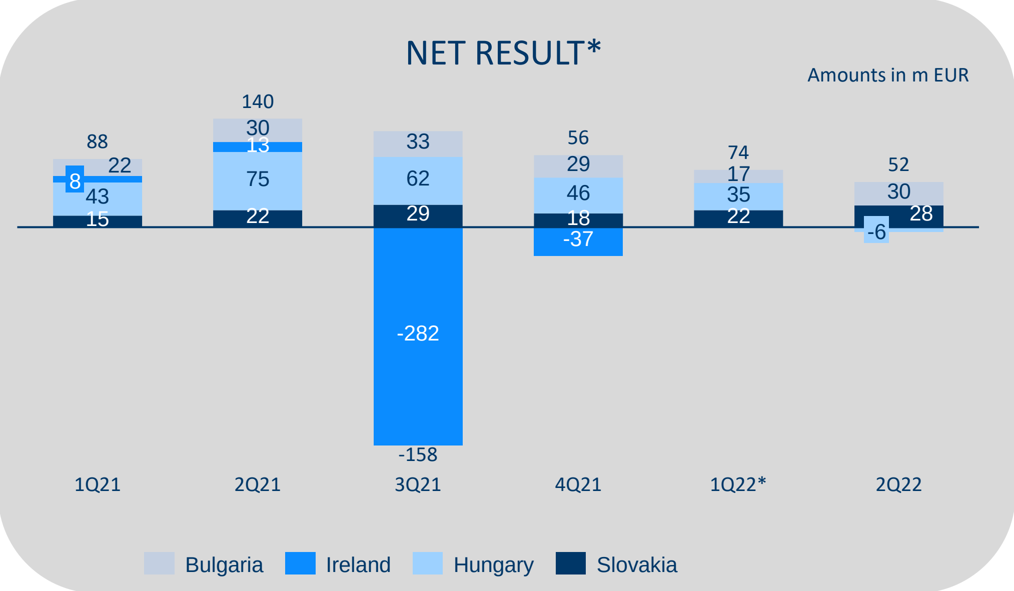
- 206m EUR; -2% q-o-q and +4% y-o-y, both excluding FX effect and bank taxes
  - Q-o-q decrease was due mainly to:
    - Lower staff expenses due to an extraordinary staff bonus of 12m EUR in 1Q22

    offset by:
    - Higher marketing costs (due mainly to Czech Post rebranding) and professional fees
  - Y-o-y increase was chiefly the result of slightly higher staff expenses (wage drift largely offset by less FTEs), higher marketing and facilities costs, higher professional fees and higher depreciations
- Adjusted for specific items and spreading the bank tax throughout the year, C/I ratio amounted to roughly 43% in 1H22 (53% in FY21)

Loan loss and other impairment

- Loan loss impairment charges of 2m EUR in 2Q22 compared with releases of 10m EUR in 1Q22. Besides an additional 1m EUR net impairment charge for geopolitical, emerging and Covid risks, loan loss impairment charges on some corporate files were largely offset by loan loss impairment releases on some SME files in 2Q22
- Credit cost ratio amounted to -0.04% in 1H22 (-0.42% in FY21)
- 4m EUR impairment on other assets
- Impaired loans ratio improved to 1.8%, 0.7% of which over 90 days past due

International Markets BU



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

Net result of 52m EUR

- Slovakia 28m EUR, Hungary -6m EUR and Bulgaria 30m EUR

Highlights (q-o-q results)

- Higher net interest income. NIM 2.84% in 2Q22 (+3 bps q-o-q and +26 bps y-o-y)
- Higher net fee and commission income
- Lower result from financial instruments at fair value
- Lower net realised result from debt instruments at fair value through OCI and lower net other income due to the sale of government bonds (in Hungary)
- An excellent combined ratio of 86% (86% in FY21)
- Lower non-life and life insurance sales
- Lower operating expenses due mainly to lower staff expenses (extraordinary staff bonus of -12m EUR in 1Q22) and despite a newly introduced extra bank and insurance tax in Hungary of 78m EUR
- Higher net impairment charges

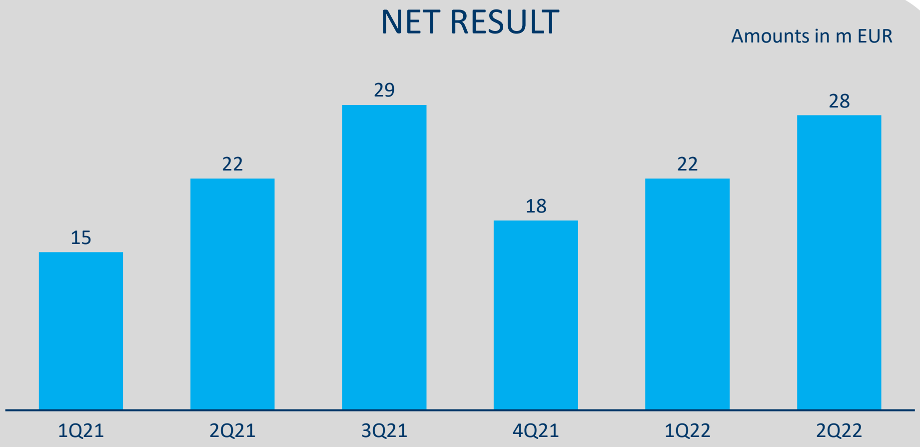
ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	20bn	8bn	23bn	6.8bn	0.7bn
Growth q-o-q*	+5%	+6%	+2%	-8%	-7%
Growth y-o-y	+14%	+14%	+9%	+6%	+4%

* 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

International Markets BU - Slovakia



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	10bn	6bn	8bn
Growth q-o-q*	+5%	+8%	+5%
Growth y-o-y	+13%	+17%	+2%

* 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

Net result of 28m EUR

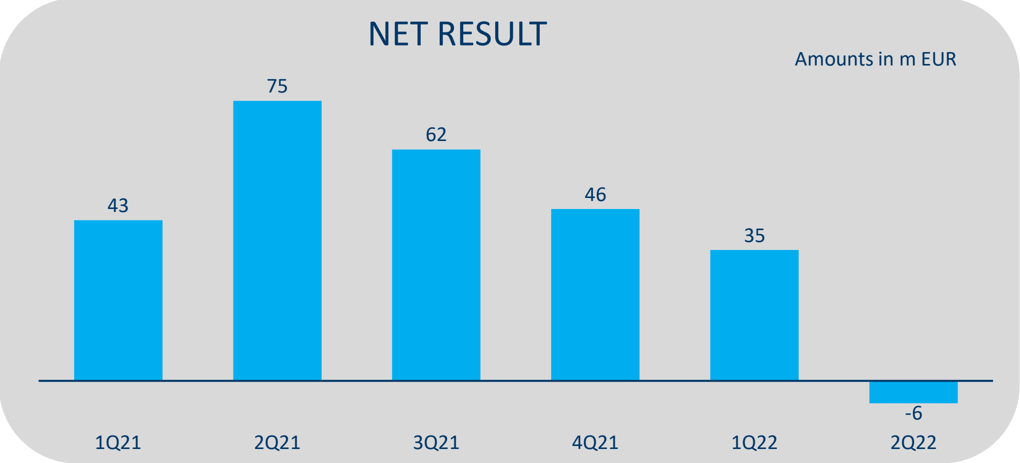
Highlights (q-o-q results)

- Lower net interest income due to higher funding costs and pressure on loan margins, partly offset by loan volume growth and higher reinvestment yields
- Higher net fee & commission income due chiefly to higher fees from credit files & bank guarantees and higher payment related fees
- Higher result from financial instruments at fair value
- An excellent combined ratio of 89% in 1H22 (92% in FY21)
- Lower non-life and life insurance sales
- Lower operating expenses due to lower bank taxes and lower staff expenses (4.5m EUR extraordinary staff bonus in 1Q22)
- Net impairment charges, mainly due to a 3m EUR additional impairment for geopolitical, emerging and Covid risks and a net impairment charge for 1 large corporate file. Credit cost ratio of 0.09% (-0.16% in FY21)

Volume trend

- Total customer loans rose by 5% q-o-q and by 13% y-o-y, especially with strong growth in mortgages
- Total customer deposits rose by 5% q-o-q (due mainly to strong corporate deposit growth) and by 2% y-o-y (due chiefly to strong SME deposit growth)

International Markets BU - Hungary



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	5bn	2bn	9bn
Growth q-o-q*	+4%	0%	0%
Growth y-o-y	+12%	+6%	+14%

- 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

Net result of -6m EUR

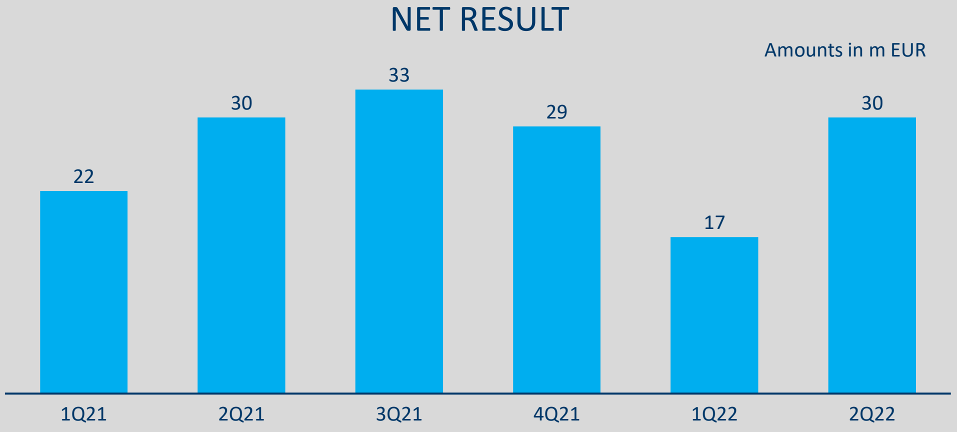
Highlights (q-o-q results)

- Higher net interest income excluding FX effect due chiefly to increasing interest rates and loan volume growth, partly offset by pressure on commercial loan margins
- Higher net fee and commission income excluding FX effect driven by banking services (mainly higher fees from payment services)
- Lower net results from financial instruments at fair value, due mainly to lower dealing room and other income (which was extremely strong in 1Q22)
- Lower net realised result from debt instruments at fair value through OCI and lower net other income due to the sale of fixed income instruments
- An excellent combined ratio of 91% in 1H22 (87% in FY21)
- Higher operating expenses due entirely to higher bank taxes as a result of a newly introduced extra bank and insurance tax of 78m EUR. Costs excluding bank taxes and FX effect roughly stabilised
- Higher net impairment charges, mainly due to a 13m EUR additional impairment related to the interest cap regulation in Hungary (interest cap was extended until year-end 2022). Credit cost ratio of 0.20% (-0.34% in FY21)

Volume trend

- Total customer loans rose by 4% q-o-q (due mainly to consumer finance and SME & corporate loans) and by 12% y-o-y (due to growth in all segments)
- Total customer deposits stabilised q-o-q and rose by 14% y-o-y (the latter due to growth in all segments)

International Markets BU - Bulgaria



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	4bn	1bn	7bn
Growth q-o-q*	+6%	+5%	0%
Growth y-o-y	+19%	+14%	+11%

Net result of 30m EUR

Highlights (q-o-q results)

- Higher net interest income driven mainly by strong loan volume growth in all segments and intensified charging of negative interest rates on more current accounts to corporates and SMEs, partly offset by pressure on commercial margins
- Stable net fee and commission income as higher banking services fees (all types) were offset by higher distribution costs (due mainly to higher commissions paid linked to strong sales of non-life insurance products)
- An excellent combined ratio of 79% in 1H22 (82% in FY21)
- Higher non-life insurance sales and lower life insurance sales volumes
- Lower operating expenses driven mainly by lower bank taxes and lower staff expenses (due to an extraordinary staff bonus of 4m EUR in 1Q22)
- Higher net loan loss impairment charges due to a 3m EUR additional impairment for geopolitical, emerging and Covid risks and a net impairment charge for 1 large corporate file. Credit cost ratio of 0.56% (-0.06% in FY21)

Volume trend:

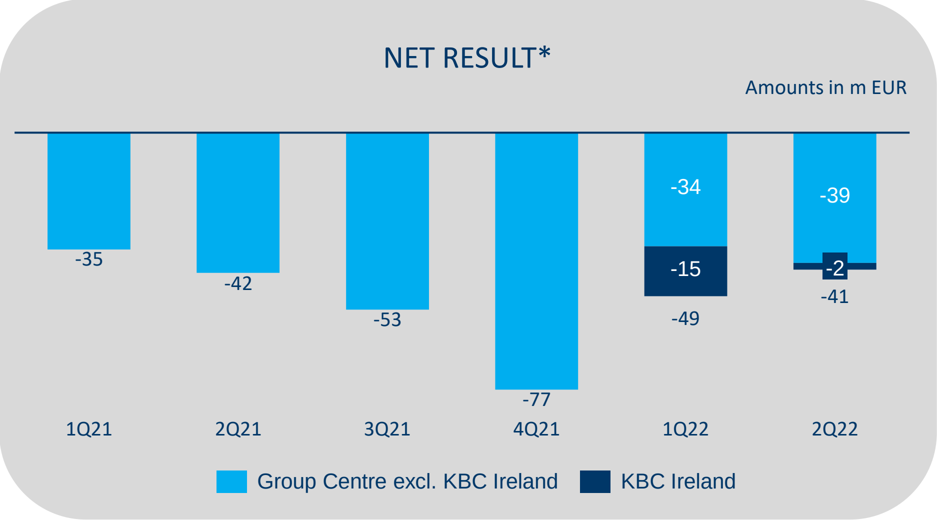
- Total customer loans rose by 6% q-o-q and by 19% y-o-y (due to growth in all segments)
- Total customer deposits stabilised q-o-q and rose by 11% y-o-y (due to growth in all segments)

* 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

Group Centre



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

Net result of -41m EUR, of which -2m EUR from Ireland

The net result for the Group Centre comprises the results from activities and/or decisions specifically made for group purposes (see table below for components) and, as of 1Q22, Ireland

Highlights (q-o-q results)

Excluding Ireland (see next slide), the q-o-q lower result of Group Centre was attributable mainly to:

- Lower net interest income due to higher funding cost participations (as a result of increasing CZK rates)
- Lower net result from financial instruments at fair value
- Lower net realised result from debt instruments FV through OCI
- Higher net impairment charges

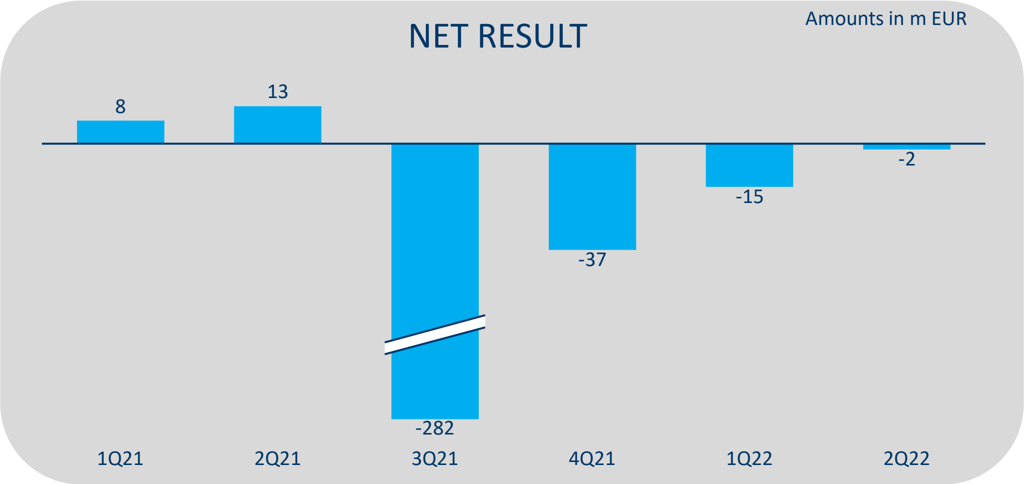
partly offset by

- Higher non-life (incl. ceded reinsurance) result due to lower major claims
- Higher net other income
- Lower costs

Amounts in m EUR

BREAKDOWN OF NET RESULT AT GROUP CENTRE	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Group item (ongoing business)	**-34**	**-37**	**-50**	**-81**	**-34**	**-37**
Operating expenses of group activities	-16	-11	-17	-42	-21	-14
Capital and treasury management	-4	-6	-3	0	4	-16
Holding of participations	1	0	1	29	-12	-10
Group Re	18	5	-5	17	0	7
Other	-33	-25	-27	-85	-4	-5
Ongoing results of divestments and companies in run-down	**0**	**-5**	**-3**	**4**	**-15**	**-4**
Total	**-35**	**-42**	**-53**	**-77**	**-49**	**-41**

Group Centre - Ireland



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	9bn	9bn	4bn
Growth q-o-q*	-3%	-3%	-17%
Growth y-o-y	-3%	-3%	-21%

* Non-annualised

** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding the sold NPL portfolio, FX, consolidation adjustments and reclassifications

*** Customer deposits, excluding debt certificates and repos

Net result of -2m EUR

Highlights (q-o-q results)

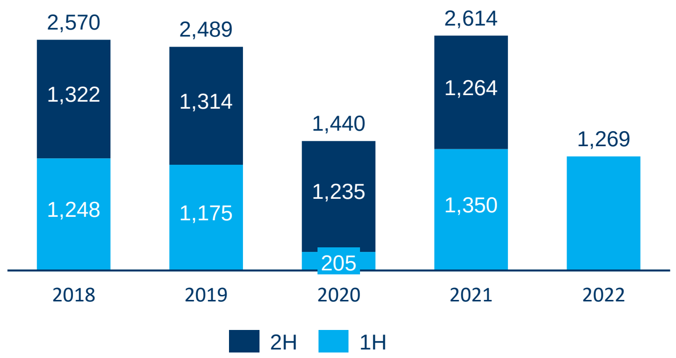
- Lower net interest income given decrease of lending income due to a loan volume reduction and margin pressure
- Lower net fee and commission income due to a one-off +3m EUR impact from the sales transactions in Ireland in 1Q22
- Less negative net results from financial instruments at fair value
- Higher negative net other income due to a -3m EUR one-off
- Lower expenses due mainly to lower staff expenses, lower ICT costs and lower depreciations as most fixed assets are fully written down
- Net loan loss impairment charges of 13m EUR in 2Q22, due entirely to one-offs as a result of the sales transactions in Ireland. Credit cost ratio of -0.02% (1.43% in FY21)

Volume trend

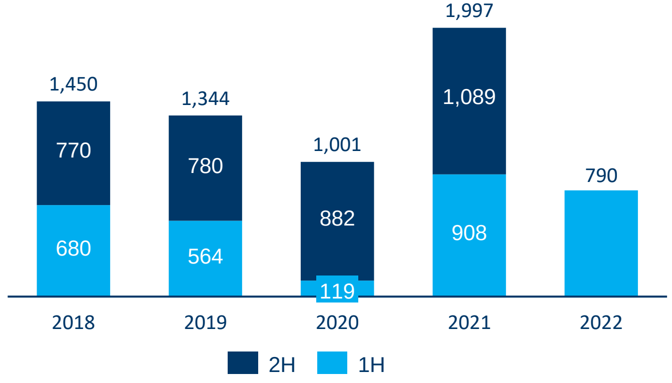
- Total customer loans fell by 3% both q-o-q and y-o-y as a result of the NPL sale in 1Q22 and increased redemptions in 2Q22
- Total customer deposits decreased by 17% q-o-q and by 21% y-o-y, as customers ended the banking relationship (as a result of the withdrawal from Ireland)

Overview of contribution of business units to 1H22 result

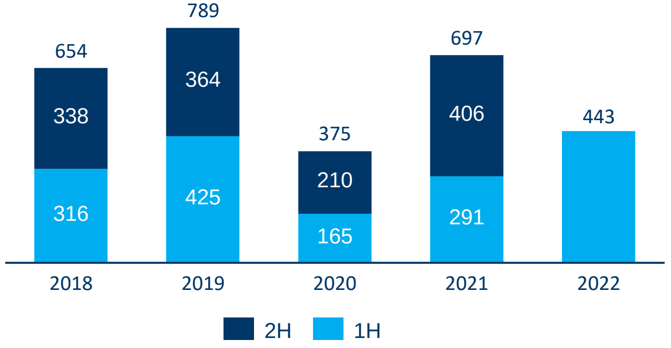
Amounts in m EUR


NET PROFIT – **KBC GROUP**

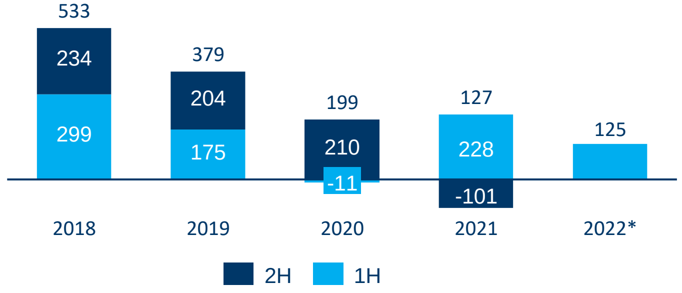
1H22 ROAC: 20%


NET PROFIT – **BELGIUM**

1H22 ROAC: 20%


NET PROFIT – **CZECH REPUBLIC**

1H22 ROAC: 43%


NET PROFIT – **INTERNATIONAL MARKETS**

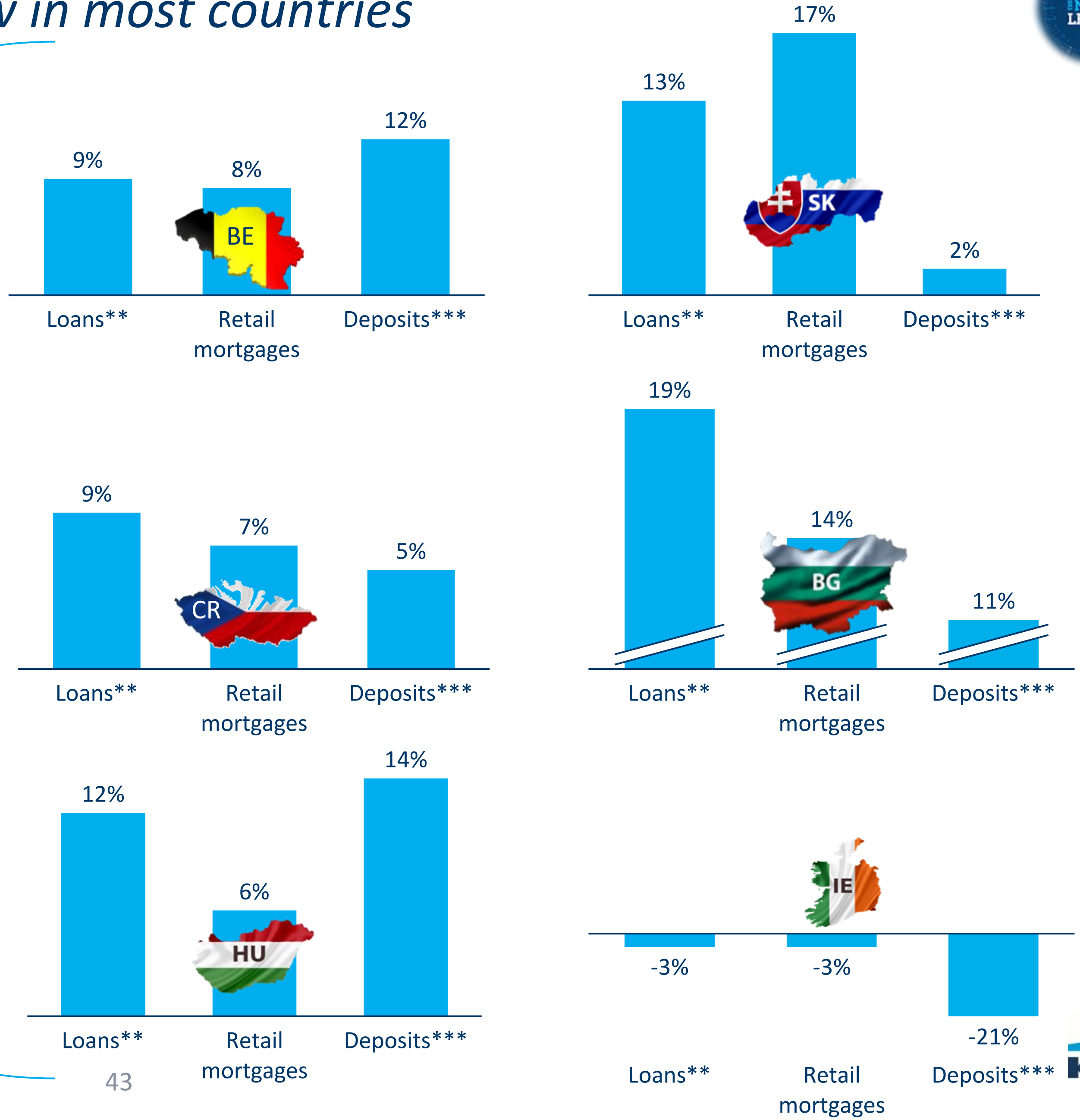
1H22 ROAC: 11%

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

Balance sheet:

Loans and deposits continue to grow in most countries

Y-O-Y ORGANIC* VOLUME GROWTH



* Volume growth excluding FX effects, divestments/acquisitions and reclassifications

** Loans to customers, excluding reverse repos (and bonds)

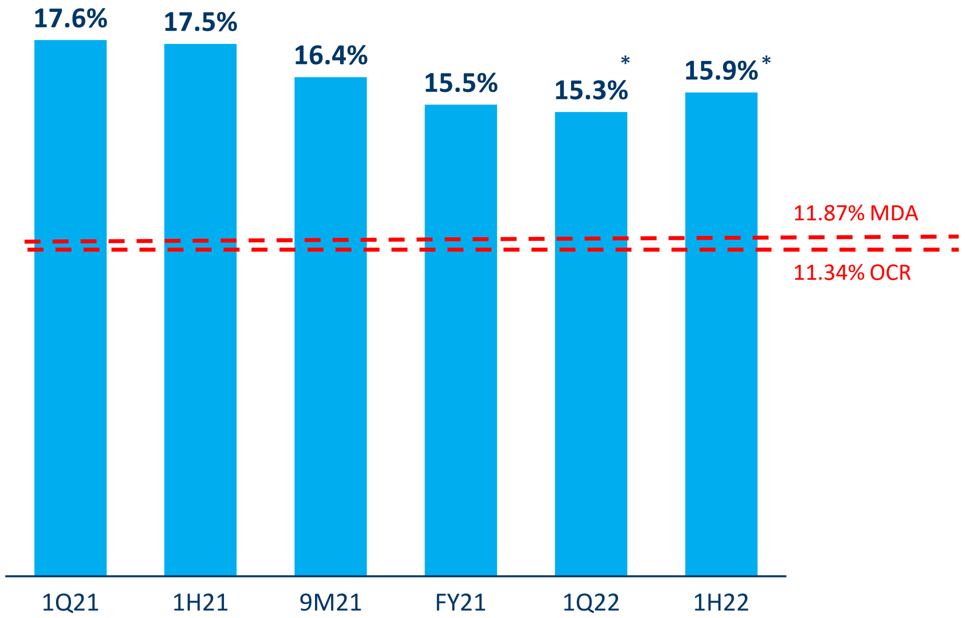
*** Customer deposits, excluding debt certificates and repos. Excluding the volatility in the foreign branches of KBC Bank (included in BU BE), customer deposits rose by 6% y-o-y both at KBC Group level as well as in Business Unit Belgium

Section 3

Strong solvency and solid liquidity

Strong capital position (1)

Fully loaded Basel 3 CET1 ratio at KBC Group (Danish Compromise)

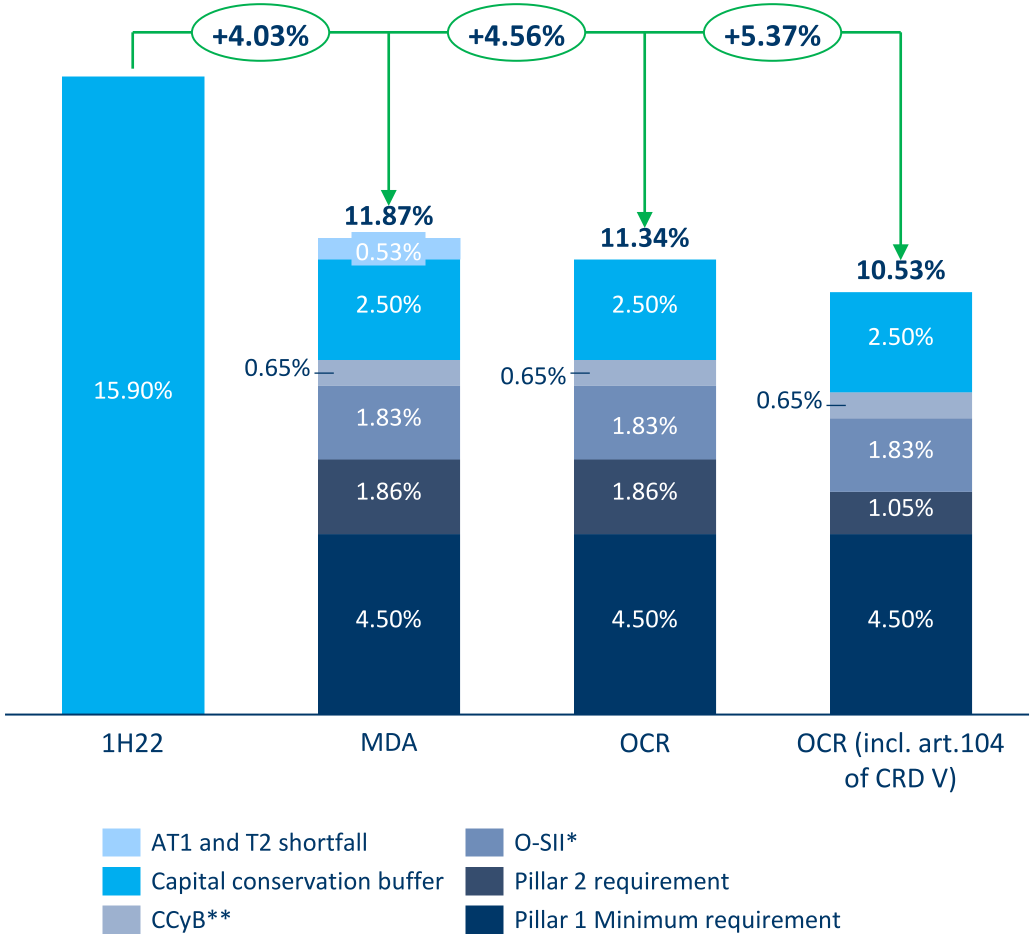


* As of 1Q22, interim profit recognition (based on 50% profit accrual)

- **The fully loaded common equity ratio amounted to 15.9%** at the end of 1H22 based on the Danish Compromise.
  - The q-o-q increase in 2Q22 is mainly related to interim profit recognition (based on 50% profit accrual), a dividend payment from KBC Insurance to KBC Group and a decrease of the risk weighted assets (more details on slide 86)
- KBC's CET1 ratio of 15.9% at the end of 1H22 represents a solid capital buffer:
  - **4.56% capital buffer compared with the Overall Capital Requirement (OCR) of 11.34%**
  - **4.03% capital buffer compared with the Maximum Distributable Amount (MDA) of 11.87%** (given small shortfall in AT1 and T2 bucket)
- At the end of 1H22, the transitional CET1 ratio amounted to 15.1%

Strong capital position (2)

Fully loaded Basel 3 CET1 ratio at KBC Group (Danish Compromise)



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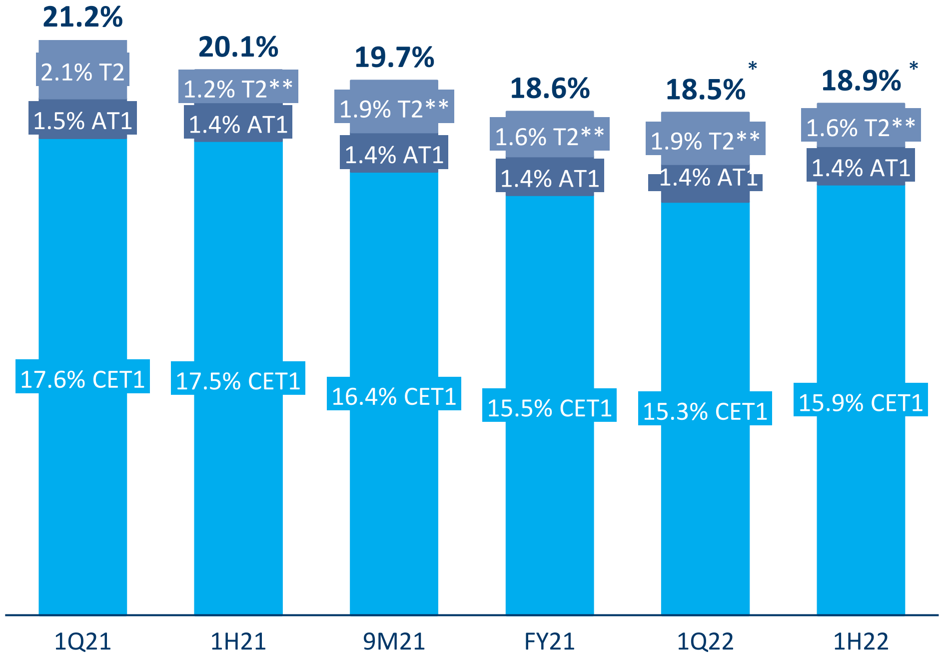
* 1.50% O-SII in 1Q22 + an increase of the sectoral systemic risk buffer by 33bps as of 2Q22 as offsetting factor for the removal of NBB add-on on the Belgian mortgage portfolio

** Increased from 0.55% in 1Q22 to 0.65% in 2Q22

Strong capital position (3)

Fully loaded Basel 3 total capital ratio (Danish Compromise)



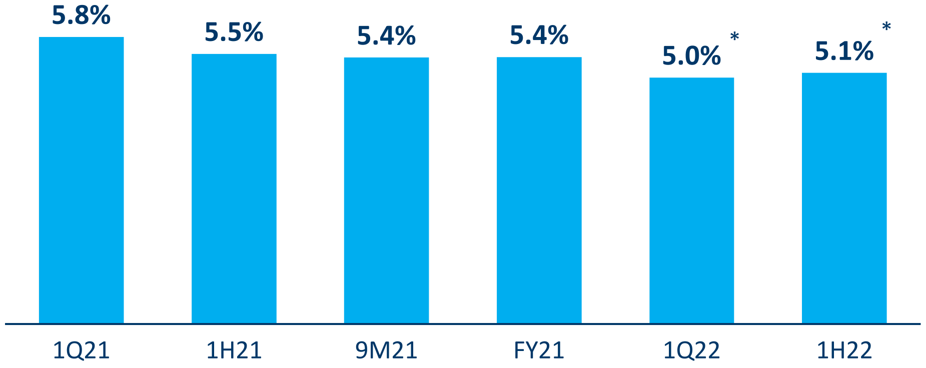
* As of 1Q22, interim profit recognition (based on 50% profit accrual)

** As of 2Q21, the fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2. These T2 instruments are however included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework

- **The fully loaded total capital ratio amounted to 18.9% at the end of 1H22**

Fully loaded Basel 3 leverage ratio and Solvency II ratio

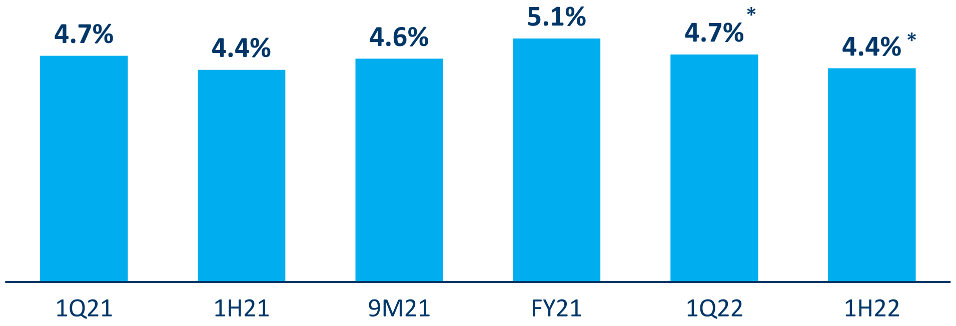
Fully loaded Basel 3 leverage ratio at KBC Group



- The decrease of the leverage ratio at KBC Group was mainly the result of increased short-term money market and repo opportunities as of 1Q21

* As of 1Q22, interim profit recognition (based on 50% profit accrual)

Fully loaded Basel 3 leverage ratio at KBC Bank



* As of 1Q22, interim profit recognition (based on 50% profit accrual)

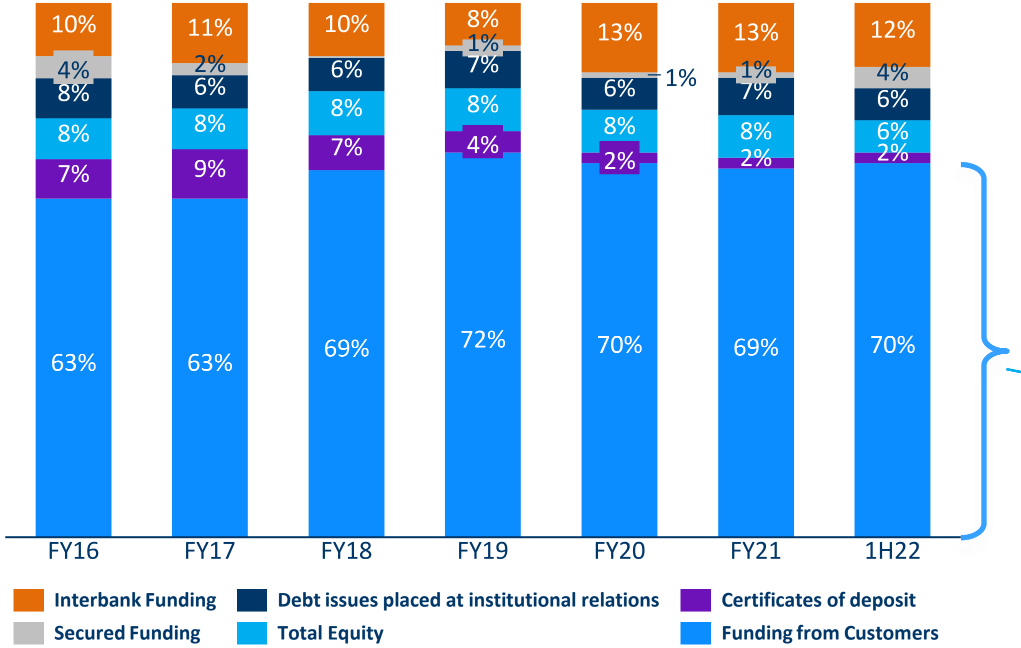
Solvency II ratio

	1Q22	1H22
Solvency II ratio	217%	242%

- The q-o-q delta (+25pp) in the Solvency II ratio was driven mainly by higher interest rates, increased corporate spreads and lower equity markets

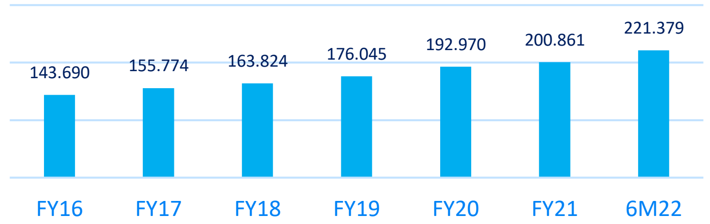
Strong and growing customer funding base with liquidity ratios remaining very strong

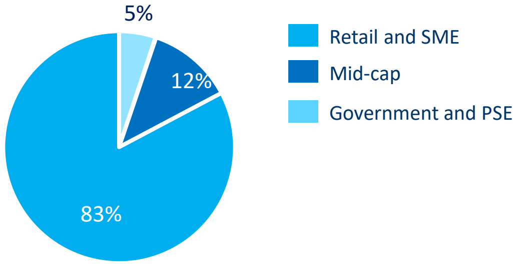
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments and markets;
- **Stable % in customer funding** compared to balance sheet total (but net growth in customer funding in absolute terms);
- KBC Bank **participated to the TLTRO III** for a total exposure of 24.5bn EUR which is reflected in the 'Interbank Funding' item below.



70% customer driven

Funding from customers (m EUR) of KBC Banking Group





Ratios	FY21	1H22	Regulatory requirement
NSFR[*]	148%	142%	≥100%
LCR[**]	167%	158%	≥100%

- **NSFR is at 142% and LCR is at 158% by the end of 1H22**
  - Both ratios 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 to EBA guidelines on LCR disclosure.*

Section 4

Wrap up

Wrap up 2Q22

Excellent performance: KBCs engine firing on all its cylinders

Excellent net result of 811m EUR

- NII up 4% q-o-q to 1 248m EUR, boosted by further improved yield environment
- Lower fee income (-6% q-o-q, flat y-o-y) given decreasing stock markets
- Strong non-life insurance result
- Lower FIFV q-o-q
- Costs remain under control, but higher bank tax (78m additional bank and insurance tax in HU)
- Very low loan loss impairments
- ROE in 1H22: 15%*

Franchise performing very well

- **Strong loan production (+3% q-o-q, +9% y-o-y) given strong growth in mortgages, corporates and SME loans**
- New production loan margins under pressure in most countries
- Customer deposits up 9 % y-o-y
- Sale of non-life insurance products +9% y-o-y in 1H22, with growth in all classes
- Sale of life insurance products: +1% y-o-y in 1H22

KBC amongst best performing financial institutions

- **CET1 15.9%****, which means a buffer of 4.56% versus OCR of 11.34%
- **Solvency II ratio: 242%**
- **Strong liquidity:** NSFR 142% - LCR 158%

Kate is convincing customers

- 2.1m users of Kate completed 7.7m interactions in 1H22 (up 207% y-o-y). In 2.4m out of these 7.7m interactions, clients went at least one step further (up 213% y-o-y)
- Growing number of cases: > 280 combined in BE, CZ & BG
- Digital sales are clearly further increasing (65% current acc., 84% of consumer loans and even a complex product as a mortgage already 20% sold digitally)
- Kate autonomy already up to 50% in BE and 40% in CZ
- Kate now also launched in SK and HU
- **KBC first in Europe to create its own digital coin, the Kate coin, based on blockchain**

* Evenly spreading the bank taxes throughout the year

** As of 1Q22, interim profit recognition (based on 50% profit accrual)

Section 5

Looking forward

Looking forward

Economic outlook

- In 2Q22, both in Belgium and in the Czech Republic economic growth slowed, but remained positive at +0.2% q-o-q. For the second half of 2022, we expect the war in Ukraine to impact the European economy more severely than its US counterpart. Therefore, an economic stagnation in the euro area in the coming quarters cannot be excluded.
- The ECB has also ended net purchases under its general Asset Purchase Programme at the end of June, and raised its policy rates end-July by 50 basis points to address above-target inflation rates in the euro area. We expect this to be the start of a cycle of rate normalization
- The most important risk to our short-term European growth outlook relates to the possibility of a severe distortion of Russian gas supplies leading to critical energy deficits. 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 increased our FY22 total income guidance from 8.0bn EUR** to 8.4bn EUR ballpark figure (both figures excluding the 0.2bn EUR positive one-off effect upon closing the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book, due to a delay of transaction approval), of which 5.05bn EUR ballpark for NII (versus 4.55bn EUR initially guided)
- We increased our FY22 opex excluding bank taxes from 4.0bn EUR to 4.15bn (including one-offs) due to higher than initially expected inflation, the delay of transaction approval in Ireland and the one-off staff bonus of 41m EUR in 1Q22
- This implies that the jaws in 2022 (between y-o-y topline growth and opex growth) increased from roughly 2.5% initially to 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 74m EUR in 2H22 and no potential offsetting ECB measures taken into account
- We took into account the CNB policy rate at 7.50% by end 2022 and further ECB rate hikes during 2022 (1.50% by end 2022)
- Volume growth estimated at roughly 7% y-o-y (versus 4%-5% initially guided)

** Was 8.2bn EUR initially, but this was including the 0.2bn EUR positive one-off effect upon closing the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book

Differently: the next level

3-year and 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

* IFRS17 impact is not yet taken into account given early days
** Fully loaded CET1 ratio, Danish Compromise

⇒ **Jaws of ± 4%**
(instead of 3% earlier guided)

⇒ **C/I ratio excl BT ±46% in 2024**
(instead of ±47% earlier guided)

Long-term financial guidance

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

Regulatory requirements

Overall capital requirement (OCR)*	≥ 11.34%	by 2022
MREL as a % of RWA**	≥ 27.37%	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

Annex 1

Company profile

KBC Group in a nutshell (1)

✓ We want to be among Europe's best performing financial institutions! By achieving this, KBC wants to be the reference in bank-insurance in its core markets

- We are a leading European financial group with a focus on providing bank-insurance products and services to retail, SME and mid-cap clients, in our core countries: Belgium, Czech Republic, Slovakia, Hungary and Bulgaria
- As a result of the withdrawal from Ireland, arising M&A opportunities beyond our core markets may be assessed (for approval of the Board of Directors) taking into account very strict strategic, financial, operational & risk criteria

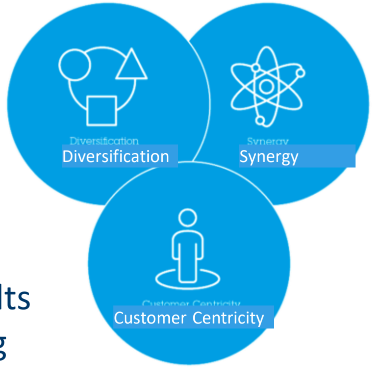
✓ Diversified and strong business performance

… geographically

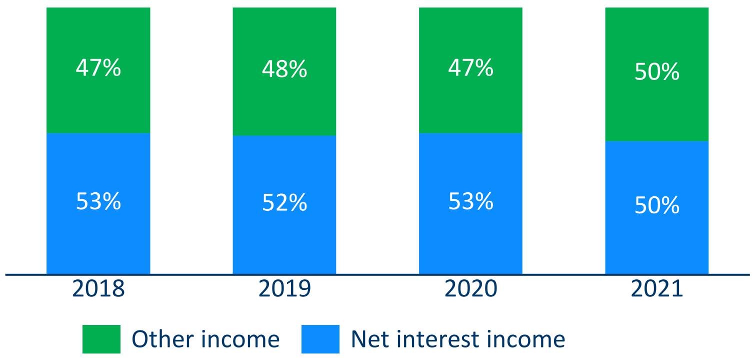
- Mature markets (BE, CZ) versus developing markets (SK, HU, BG)
- Robust market position in all key markets & strong trends in loan and deposit growth

… and from a business point of view

- An integrated bank-insurer
- Strongly developed & tailored AM business
- Strong value creator with good operational results through the cycle
- Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients
- Integrated model creates cost synergies and results in a complementary & optimised product offering
- Broadening 'one-stop shop' offering to our clients

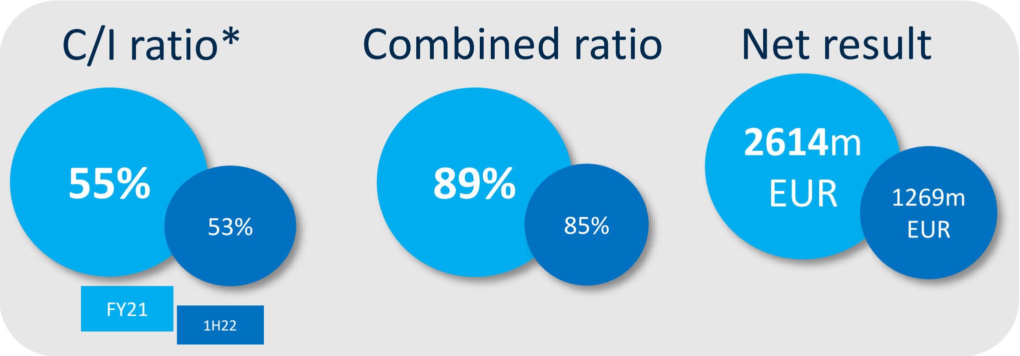


KBC Group: topline diversification 2018-2021 (in %)



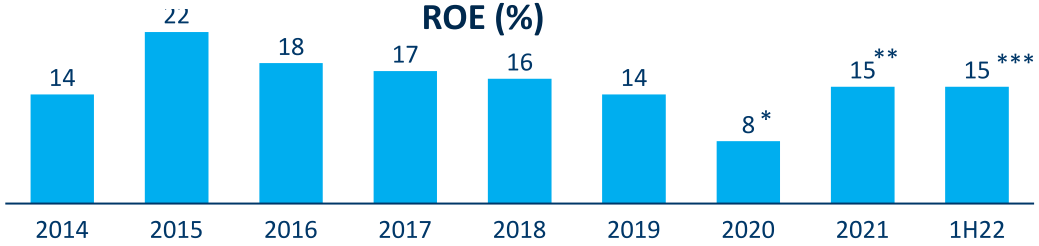
KBC Group in a nutshell (2)

✓ High profitability



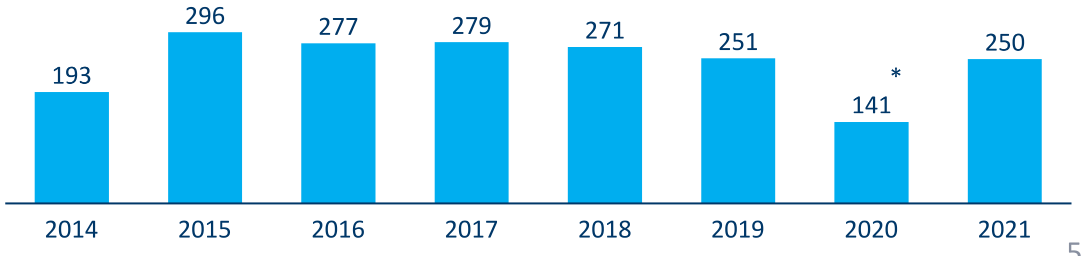
* Adjusted for specific items

ROE (%)



* 11% when adjusted for the collective covid impairments
** when excluding the one-off items due to the pending sales transactions in Ireland
*** when evenly spreading the bank tax throughout the year

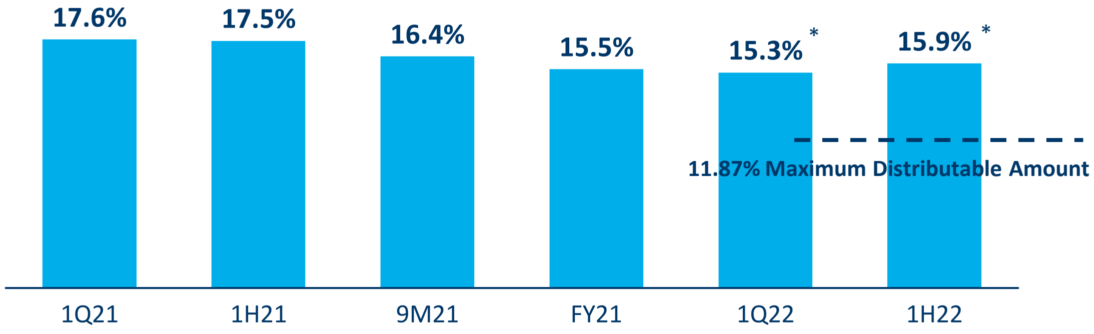
CET1 generation (in bps) before any deployment



* 202bps when adjusted for the collective covid-19 impairments

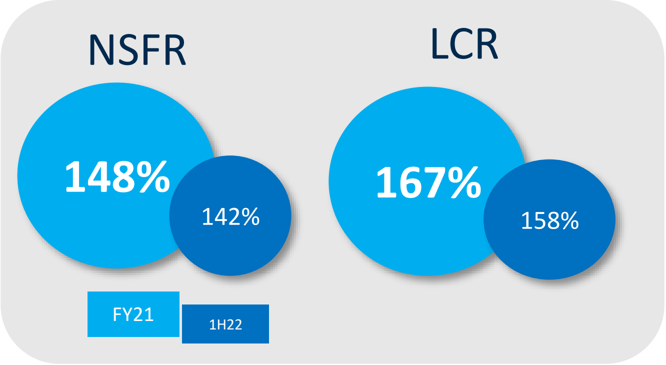
✓ Solid capital position...

Fully loaded Basel 3 CET1 ratio of KBC Group (Danish Compromise)



* As of 1Q22, interim profit recognition (based on 50% profit accrual)

✓ ... and robust liquidity positions



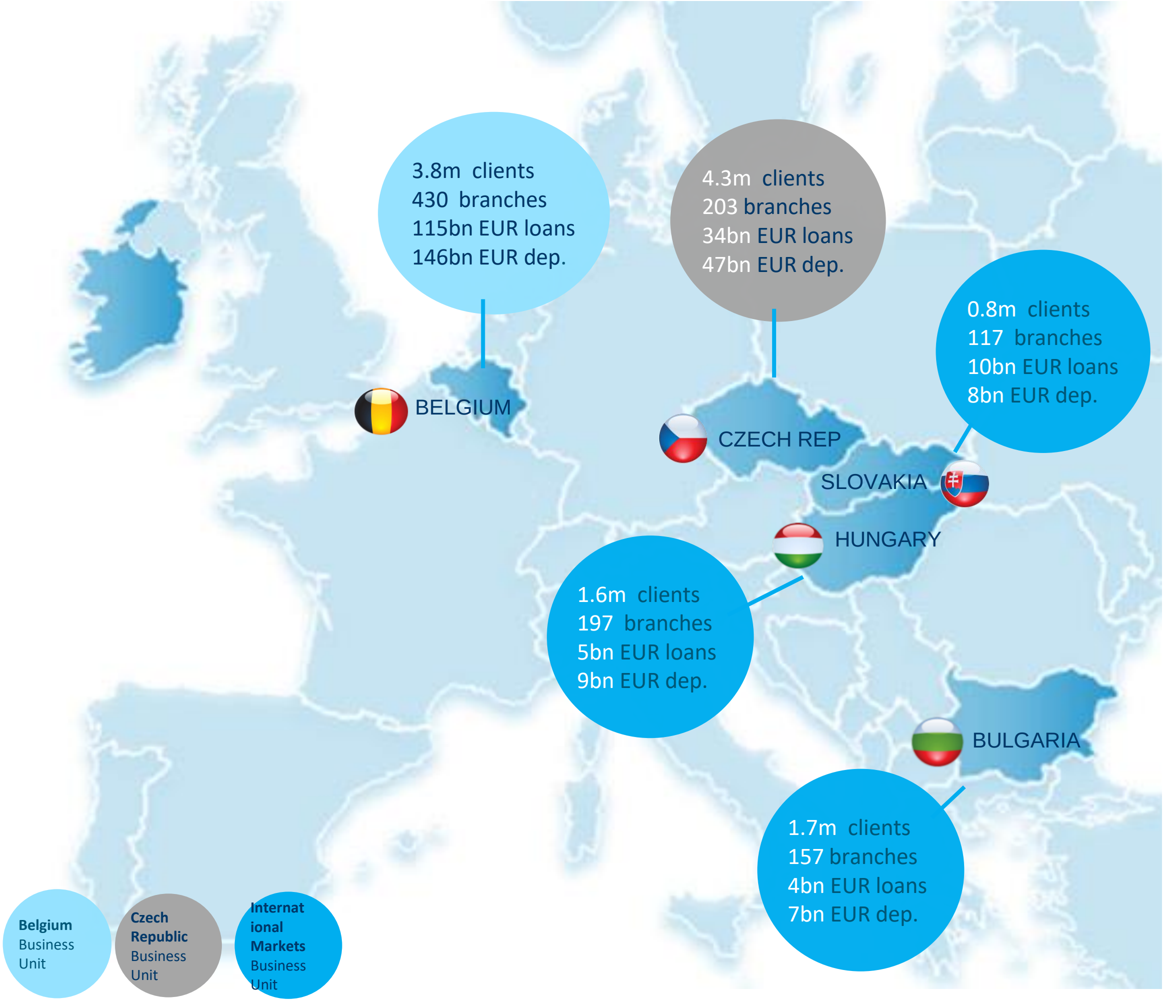
Differently: the next level

Dividend policy & capital distribution as of 2022

- 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

* next FY results on 9 February 2023

Well-defined core markets



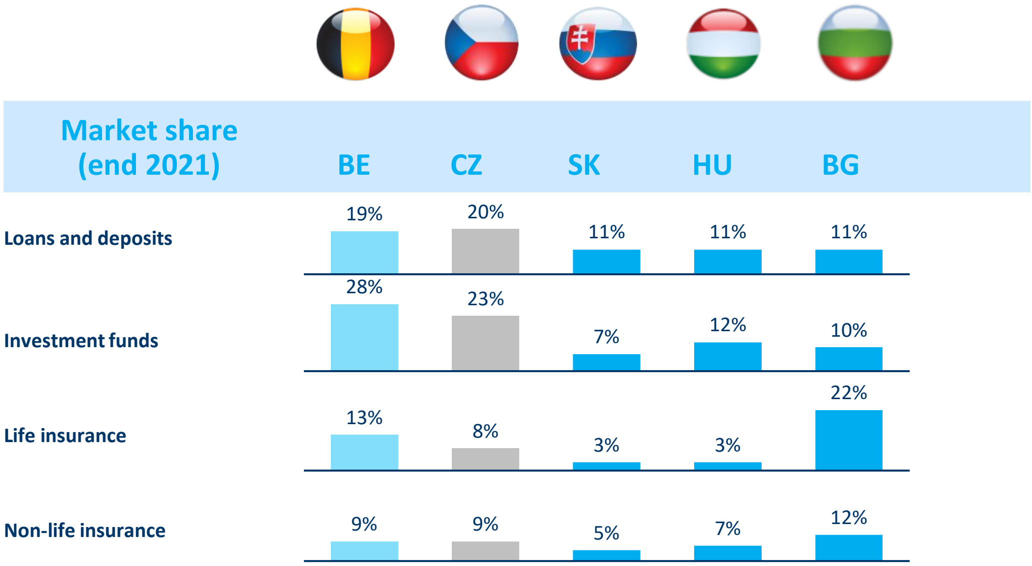
3.8m clients
430 branches
115bn EUR loans
146bn EUR dep.

4.3m clients
203 branches
34bn EUR loans
47bn EUR dep.

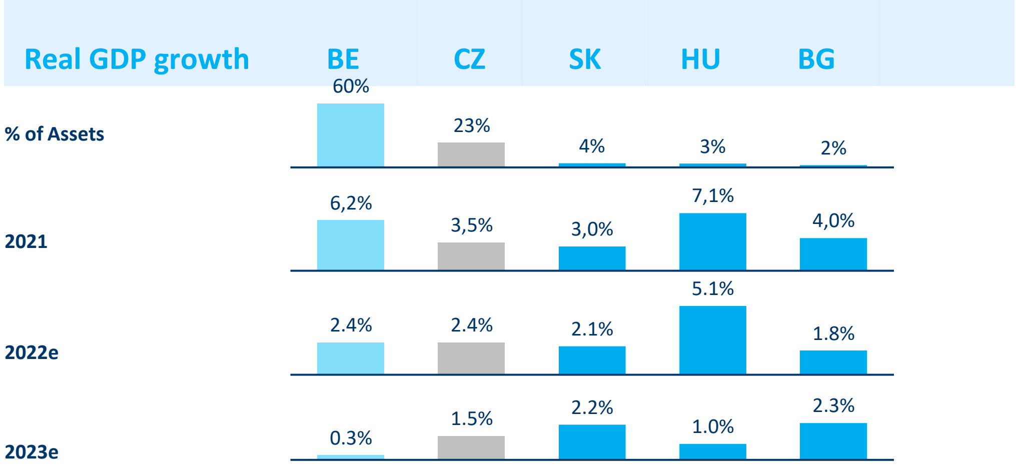
0.8m clients
117 branches
10bn EUR loans
8bn EUR dep.

1.6m clients
197 branches
5bn EUR loans
9bn EUR dep.

1.7m clients
157 branches
4bn EUR loans
7bn EUR dep.



Market share (end 2021)	BE	CZ	SK	HU	BG
Loans and deposits	19%	20%	11%	11%	11%
Investment funds	28%	23%	7%	12%	10%
Life insurance	13%	8%	3%	3%	22%
Non-life insurance	9%	9%	5%	7%	12%

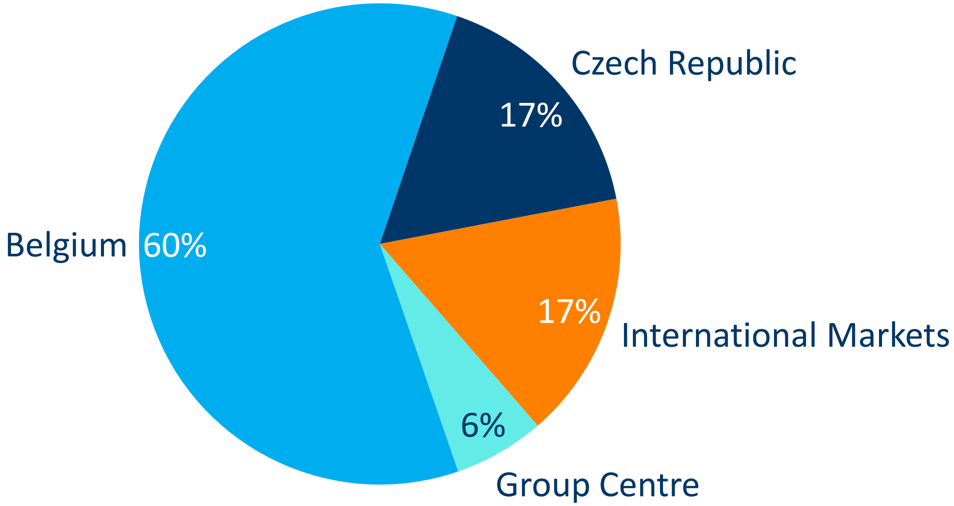


Real GDP growth	BE	CZ	SK	HU	BG
% of Assets	60%	23%	4%	3%	2%
2021	6,2%	3,5%	3,0%	7,1%	4,0%
2022e	2.4%	2.4%	2.1%	5.1%	1.8%
2023e	0.3%	1.5%	2.2%	1.0%	2.3%

GDP growth: KBC data, August '22

Business profile

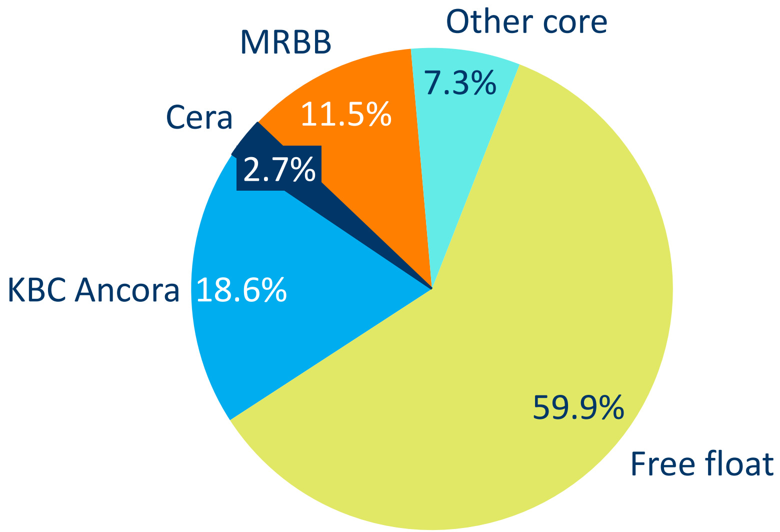
BREAKDOWN OF ALLOCATED CAPITAL (FULLY LOADED) BY BUSINESS UNIT AS AT 30 JUNE 2022



- KBC is a leading player (providing bank-insurance products and services to retail, SME and mid-cap clients) in Belgium, the Czech Republic and its core countries in the International Markets Business Unit

Shareholder structure

SHAREHOLDER STRUCTURE AT END 1H22



- Roughly 40% 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

KBC Group

Annex 2

Kate, your digital assistant

Hyper personalised and trusted financial digital assistant

PERSONALISED & DATA DRIVEN

The interaction between the customer and Kate will be triggered by data analysis (approval granted by customer). Kate will be trained on the basis of the customer's profile, preferences and activities

RELEVANT & VALUABLE OFFER

Kate will only propose offers where sufficient added value is shown or when she can serve the client in an important moment in the client's live

DIGITAL FIRST & E2E

We will offer the client a frictionless End2End digital process and in doing so make bank/insurance simple and hassle free

AT THE RIGHT TIME

Lead journeys driven by time or location are preferably taken care of by Kate, as notifications linked to a specific location or specifying moment in time are perceived as highly personal

SERVING: SECURE & FRICTIONLESS

Kate will help the client saving time and/or money, focusing more on the convenience factor. Kate will also serve the client regarding security and fraud

VOLUME

We want all our clients to meet Kate as much as possible. Kate will allow us to reach out to a sufficient volume of clients, in terms of transactions and in terms of number of targetable audience

> **'No hassle, no friction, zero delay'**
> Johan Thijs

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**).

Available in all KBC's core countries!
BG launched in February, HU in July & SK in August

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

Four flavors, one Kate

Growing number of **USE CASES: 148 in BE, 114 in CZ & 27 in BG**

Kate AUTONOMY 50% BE 40% CZ

use cases for small SME's: 10 in BE & 23 in CZ

2 135 000 clients already in contact with Kate (BE+CZ+BG)

'KATE IN A BOX' delivered to all core countries

Total of 318K Leads dispatched in CZ & BE in 2022

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)

KBC is becoming 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.

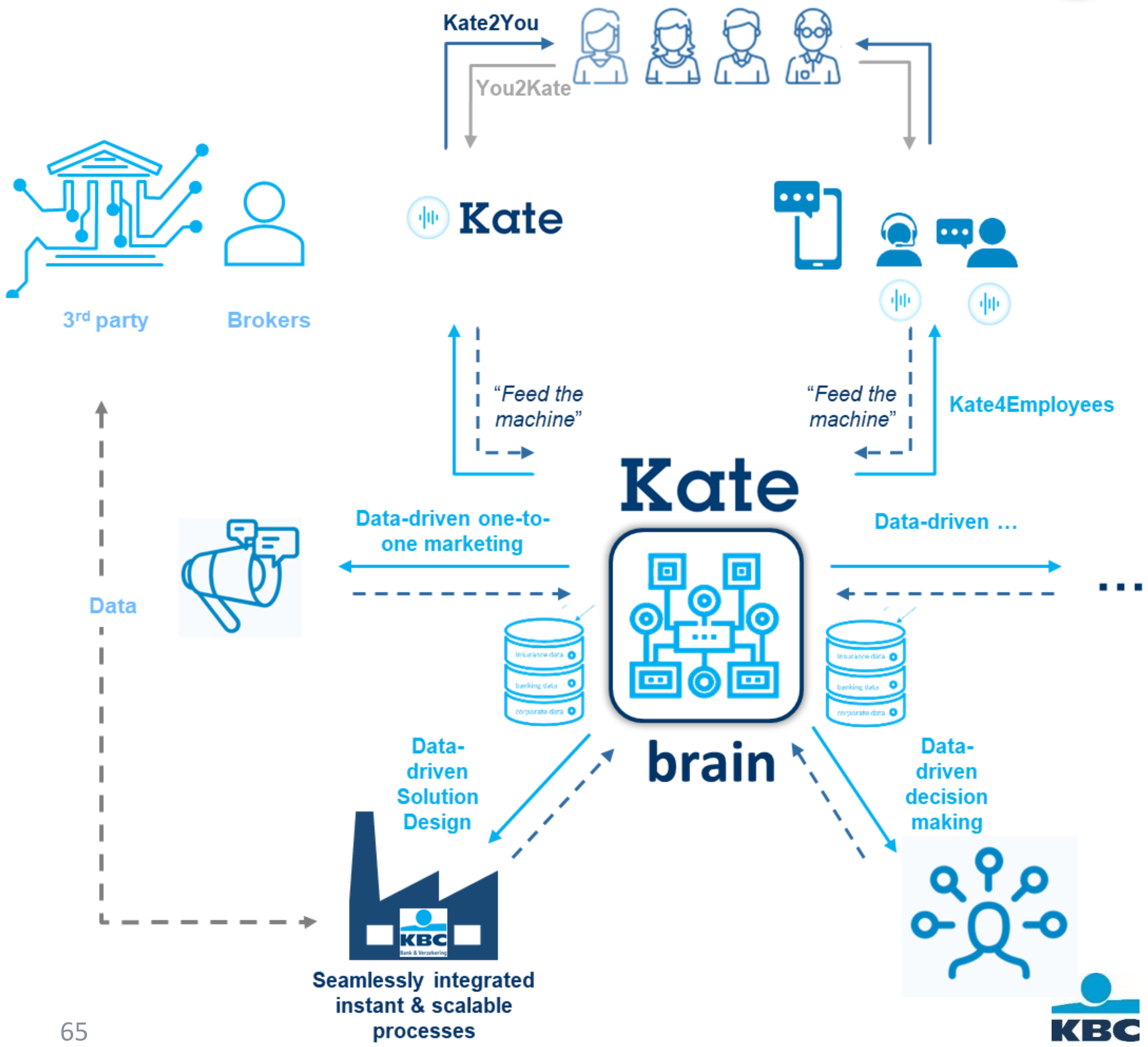
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by providing relevant insights.

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**.

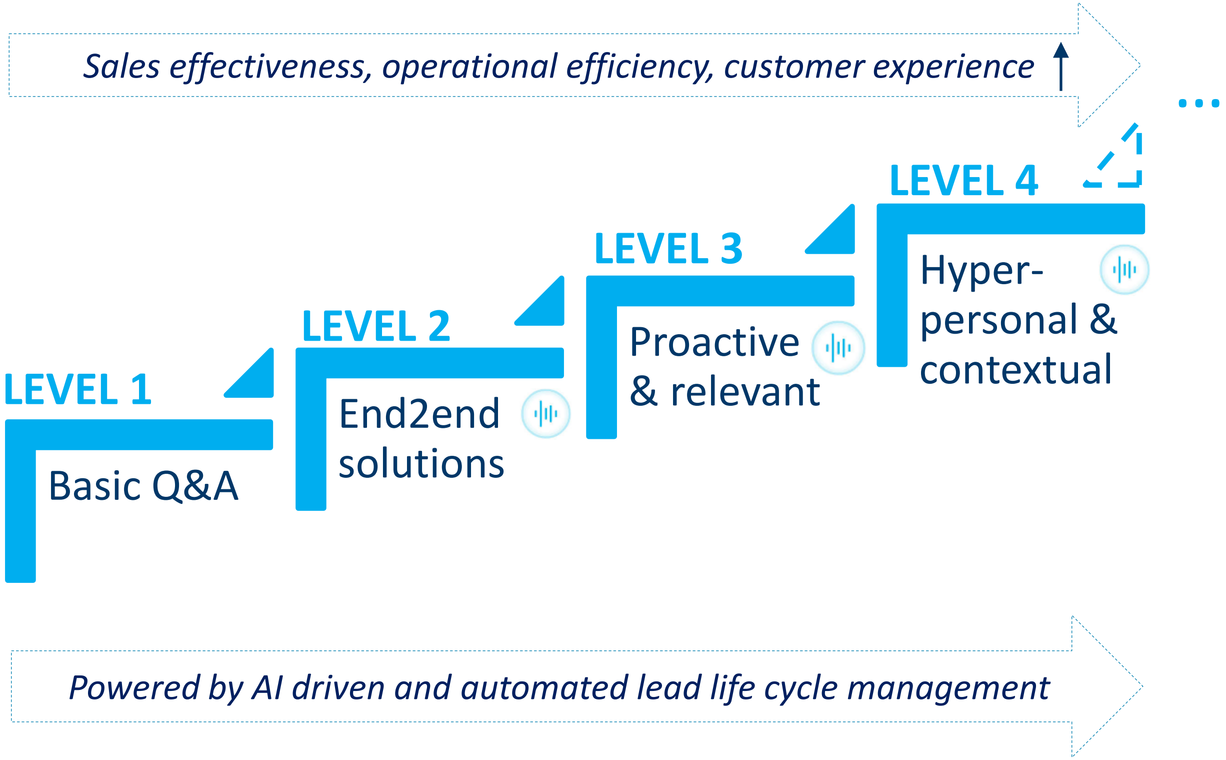
Very important in this are the **feedbacks loops** from all interactions to make **sure Kate is learning** and getting smarter, resulting in better decision making.

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).**



From a basic chatbot to a hyper-personal digital assistant



Sales effectiveness, operational efficiency, customer experience ↑

…

LEVEL 1

Basic Q&A

LEVEL 2

End2end solutions

LEVEL 3

Proactive & relevant

LEVEL 4

Hyper-personal & contextual

Powered by AI driven and automated lead life cycle management

LEVEL 4: Kate offers hyper-personal solutions at the right time

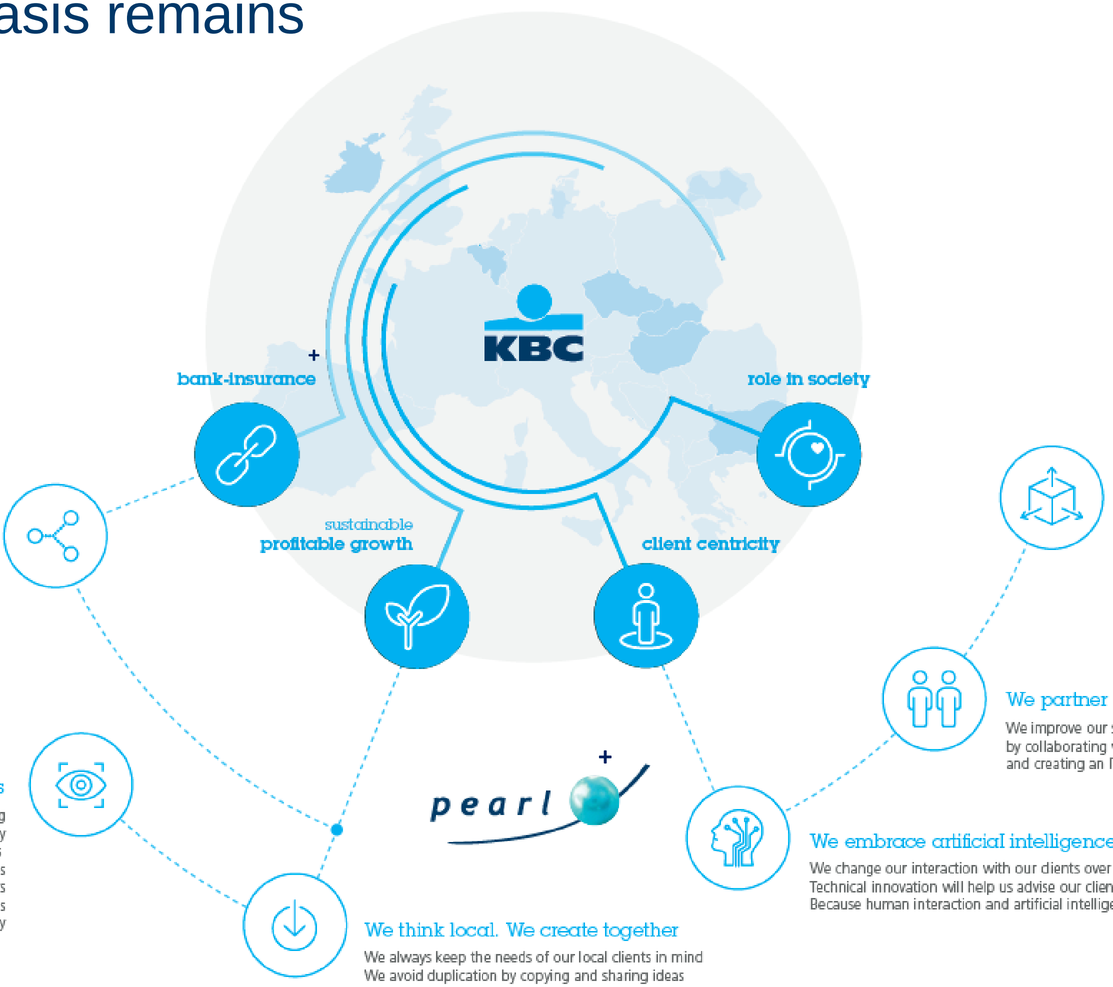
LEVEL 3: Kate proactively offers actionable end-to-end solutions to unburden customers (to save time and money)

LEVEL 2: Kate reactively offers digital end-to-end solutions to customers

LEVEL 1: A chatbot answers basic questions from customers on day-to-day bankinsurance needs

Differently: THE NEXT level

The strong basis remains



We diversify our income

Bank-insurance remains key
However, we reduce our dependency on interest income
by increasing our insurance income and our fee income

We build our future capabilities

The future is continuously changing
So we have to adapt quickly
This means we prepare ourselves
by acting on trends in our daily bank-insurance activities
and through small investments and experiments
We make smart decisions
so we don't waste money

We think local. We create together

We always keep the needs of our local clients in mind
We avoid duplication by copying and sharing ideas
We develop shared solutions in communities
And we take advantage of our scale in non-client facing activities
Because collaboration allows us to deliver
a better, faster service to our clients

We embrace artificial intelligence

We change our interaction with our clients over time
Technical innovation will help us advise our clients even better
Because human interaction and artificial intelligence reinforce each other

We partner

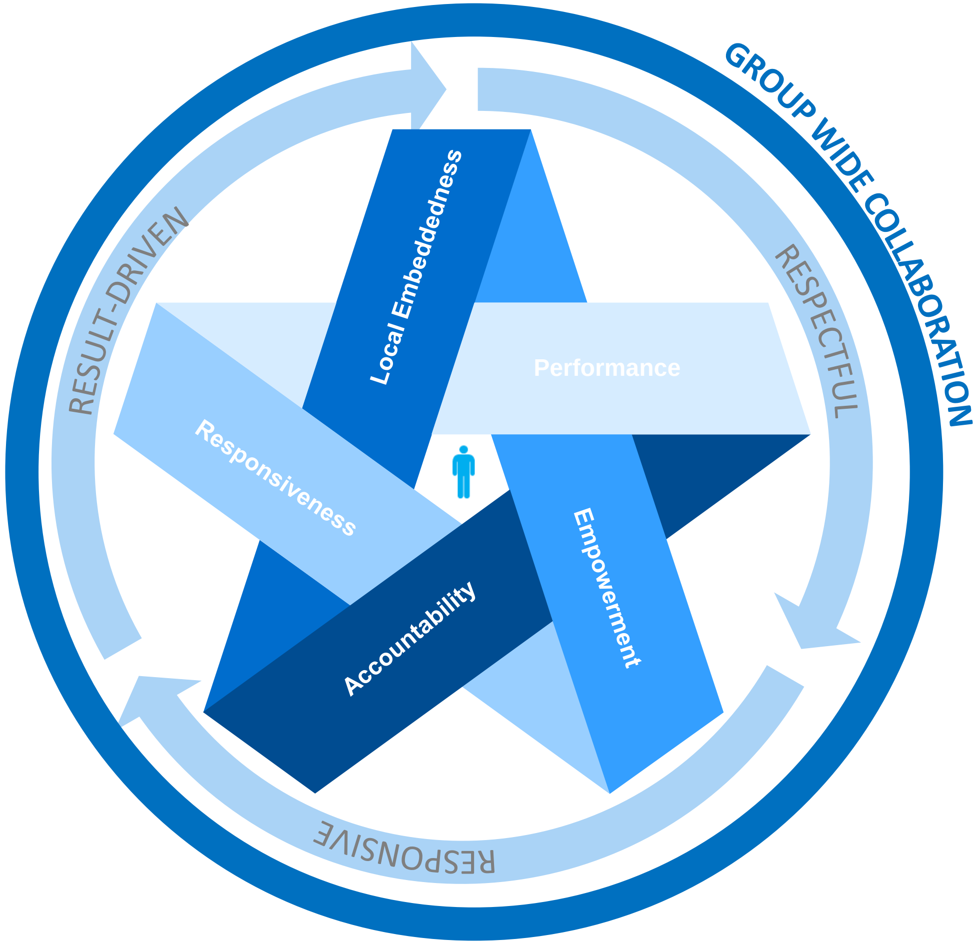
We improve our solutions to meet our clients' needs
by collaborating with partners, like fintechs and even competitors
and creating an IT environment partners can easily plug in and out of

We think client. We act digital

We design for a digital world
even when we are selling face to face
This digital way of working makes us even more
responsive and sets us apart from the competition
Our clients want simple, hassle-free solutions
So we simplify our processes and
procedures to facilitate that

Differently: THE NEXT level

Powered by PEARL+

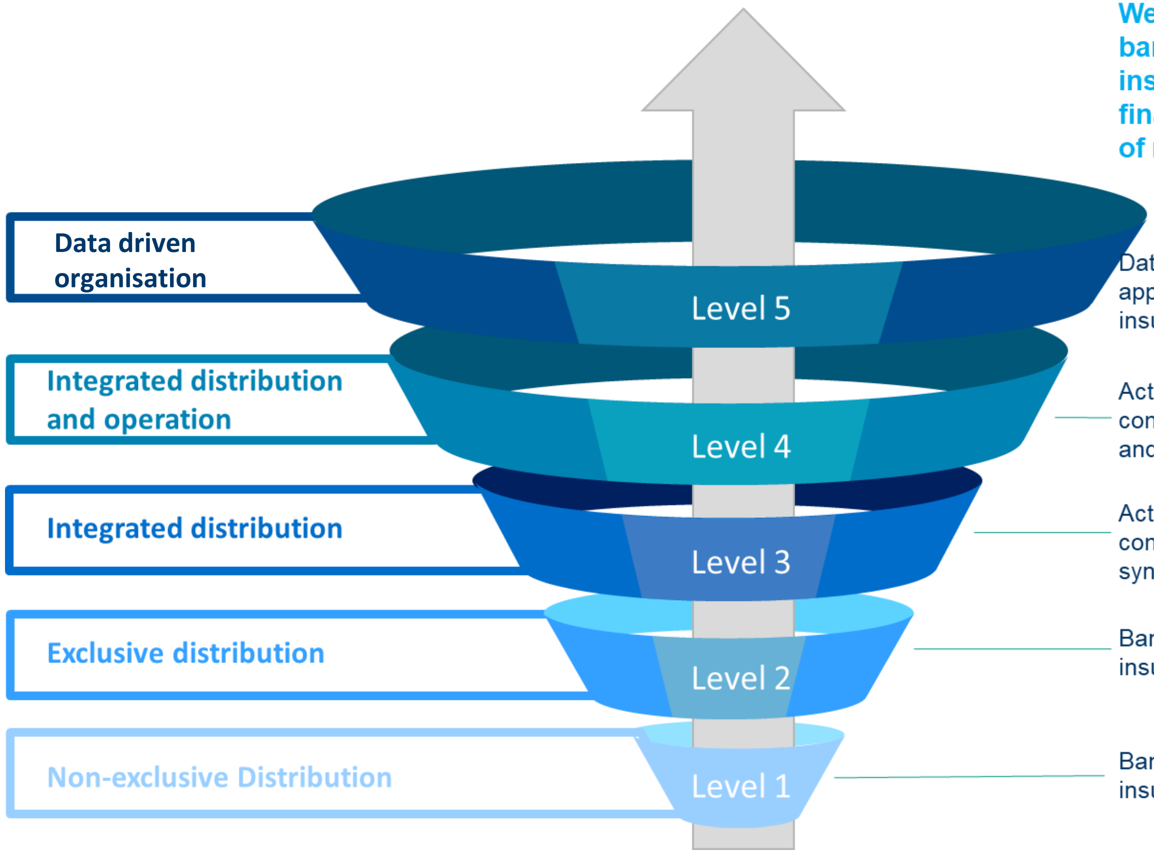


> ‘Why would you build exactly the same thing in your country, when you have the solution next door?’
> Johan Thijs

Differently: THE NEXT level

Bank-insurance+

We move beyond traditional bank-insurance towards bank-insurance + providing not only traditional bank-insurance solutions but also less traditional non-financial solutions that impact the financial wellness of retail customers or the future of their business.



Data driven organisation: Fully integrated digital first distribution approach based on a solution driven and AI enabled bank-insurance.

Acting as a single operational company: bank and insurance company working under unified governance, realizing commercial and non-commercial synergies.

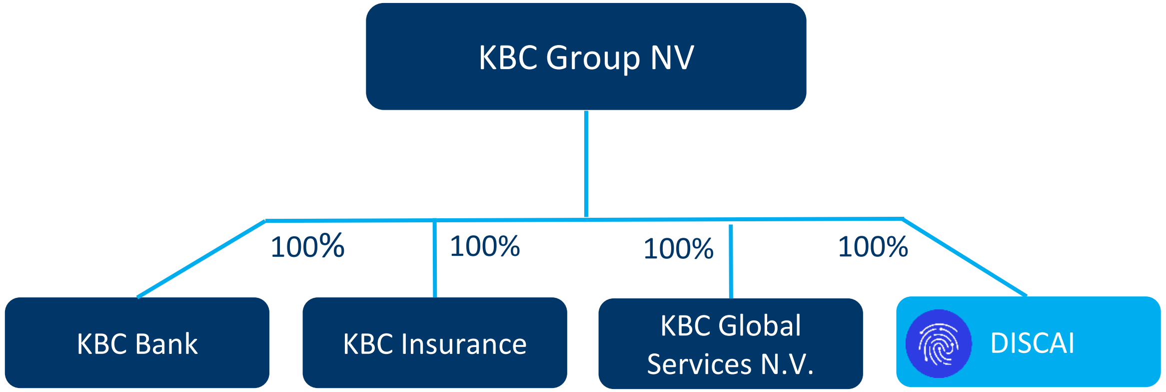
Acting as a single operational company: bank and insurance company working under unified governance, realizing commercial synergies.

Bank branches sell insurance products from intra-group insurance companies as additional source of income.

Bank branches selling insurance products of third party insurers as additional source of income.

DISCAI

KBC Group launched its own AI fintech, DISCAI, a separate legal entity as of 7 March 2022



KBC Group NV

100% 100% 100% 100%

KBC Bank

KBC Insurance

KBC Global Services N.V.

DISCAI

✓ DISCAI - Discovering AI

- Fully owned KBC Group subsidiary, grouping the in-house developed **artificial intelligence** (AI) **solutions**
- **Bank-Insurance as a Service**
  - Offering **innovative solutions** to other companies
  - Leverage investments in **data**, AI, together with KBC's **financial expertise**
  - Fully in line with **KBC's strategy** to go beyond traditional bank-insurance offering and **income diversification**

Next steps:

✓ Starting with commercialisation of AML platform

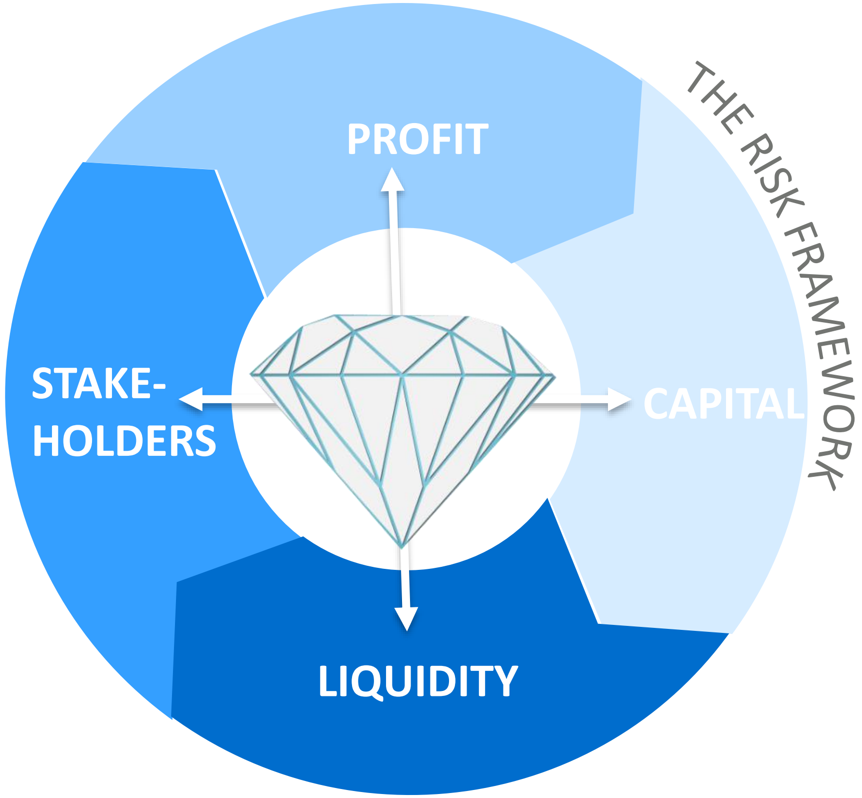
- Innovative and high-performance **AI-based solution** developed by KBC for **anti-money laundering** (AML), a global challenge for financial institutions
- Much **more effective** solution in detecting fraud cases ('know your transaction (**KYT**)' under AML regulations), trend-based instead of rule-based
- Adhering to **strict data privacy standards**
- Partnering with **KPMG** to attract interested B2B parties and support implementation in various countries
- Initial focus on parties **geographically close to KBC Group**

✓ More potential innovative solutions in the future

- In a next phase, **DISCAI** will assist companies and organisations from various sectors in search for **high-performance and innovative solutions** to technological and regulatory challenges

Differently: THE NEXT level

Monitored through the KBC performance diamond



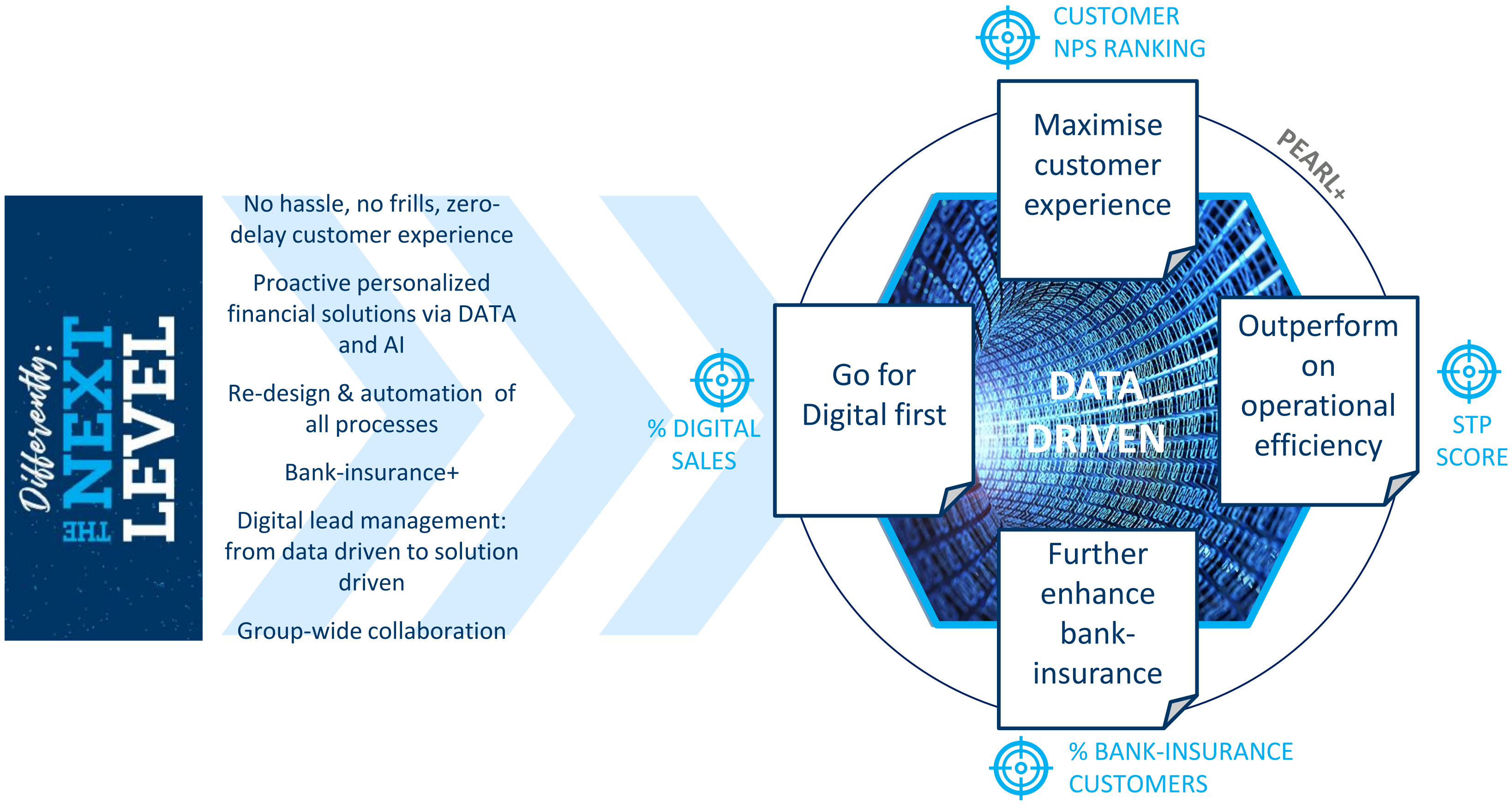
The performance diamond defines, within the limits of the risk management framework, the targets for KBC Group and for all the business units for 4 performance dimensions:

🟦	**NET PROFIT**
🟦	**CAPITAL**
🟦	**LIQUIDITY**
🟦	**STAKEHOLDERS** Clients, staff, society, shareholders

Differently: THE NEXT level

Translating strategy into non-financial targets

From key priorities to operational targets



- No hassle, no frills, zero-delay customer experience
- Proactive personalized financial solutions via DATA and AI
- Re-design & automation of all processes
- Bank-insurance+
- Digital lead management: from data driven to solution driven
- Group-wide collaboration

Maximise customer experience → CUSTOMER NPS RANKING

Go for Digital first → % DIGITAL SALES

Outperform on operational efficiency → STP SCORE

Further enhance bank-insurance → % BANK-INSURANCE CUSTOMERS

Differently: THE NEXT level

Translating strategy into non-financial targets

Update on our 4 operational targets (1)

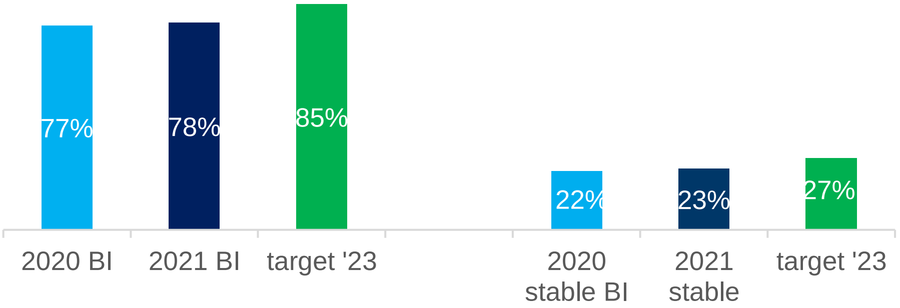
Customer NPS ranking

- ➢ KBC is 3rd in customer NPS ranking
- ➢ Target is to remain the reference (top-2 score on group level)

Based on weighted avg of ranking in six core countries

* Based on the latest available data.

% bank-insurance (BI) clients



- ➢ 78% of active customers are BI customers at end 2021 (vs 2023 target of 85%)
- ➢ 23% of active customers are stable BI customers at end 2021 (vs 2023 target of 27%)

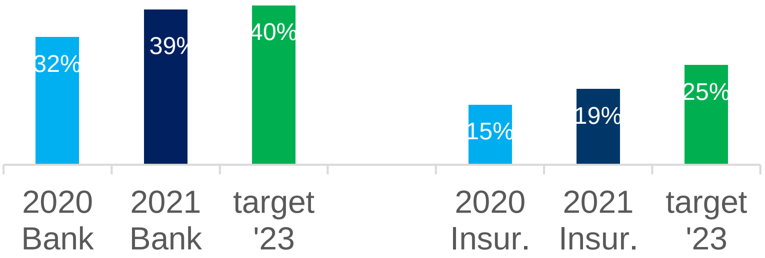
BI customers have at least 1 bank + 1 insurance product of our group.
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

Differently: THE NEXT level

Translating strategy into non-financial targets

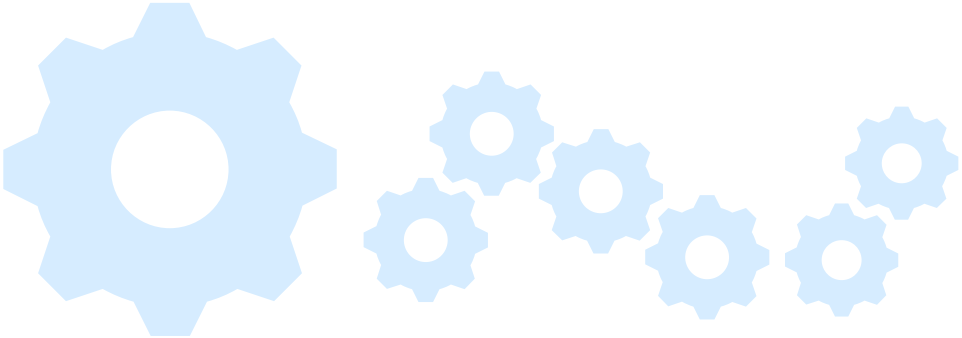
Update on our 4 operational targets (2)

% digital sales
(bank / insurance)

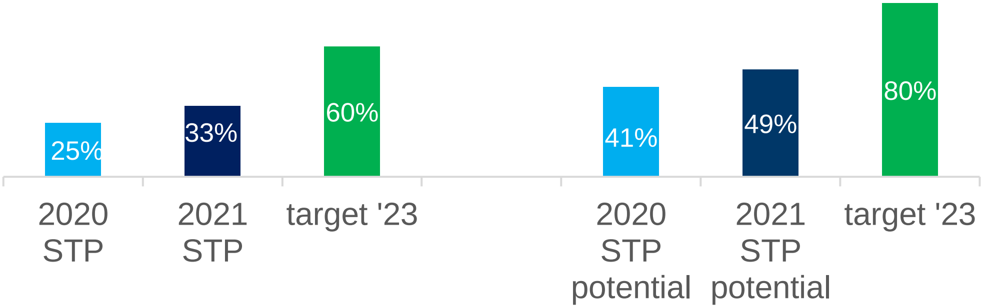


- Digital sales 39% of bank sales (vs 2023 target of ≥40%)
- Digital sales 19% of insurance sales (vs 2023 target of ≥25%)

Based on weighted avg of selected core products



STP score*
(straight through processing)



- STP at 33% at end 2021 (vs 2023 target of ≥60%)
- STP potential at 49% at end 2021 (vs 2023 target of ≥80%)

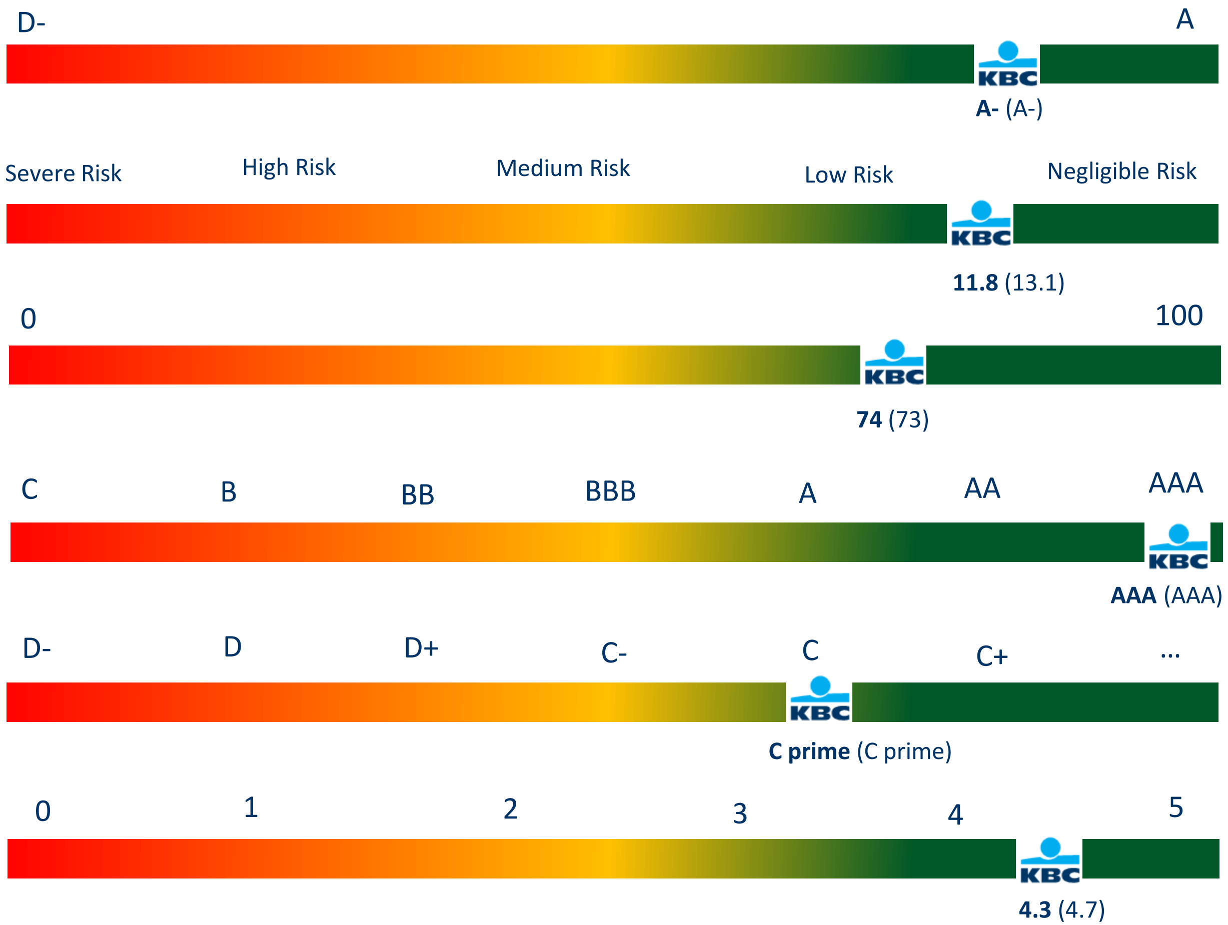
The STP ratio measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

STP potential 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.

ESG Ratings and indices

Ahead of the curve



Agencies	ESG rating of 25th of July 2022 (previous score)	Position versus industry average
CDP DRIVING SUSTAINABLE ECONOMIES	**A-** (A-)	Financial services average B
SUSTAINALYTICS	**11.8** (13.1)	3rd percentile of 415 diversified banks assessed 9th of 415 diversified banks
S&P Dow Jones Indices A Division of S&P Global	**74** (73)	Top 12% (88th percentile of 242 banks assessed)
MSCI	**AAA** (AAA)	4th percentile of 189 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	**C prime** (C prime)	1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	**4.3** (4.7)	Top 2% (98th percentile of banks assessed)

Our sustainability roadmap

KBC milestones and initiatives

Equator Principles

We have been a signatory to the Equator Principles (Eps) since 2004 and have integrated them in our lending policy of project finance

Joined the UN Global compact and **published first sustainability report over FY 2005**

First report to society published

Signed the UNEP FI Principles for Responsible Investment (2016) **and for Sustainable Insurance** (2018)

First Green Bond

The first Belgian financial institution that issued a green bond

Signed the UNEP FI Principles for Responsible Banking & Collective Commitment to Climate Action

By signing the Collective Commitment to Climate Action, we have committed ourselves to stimulate the greening of the economy as much as possible and so limit global warming to well below 2°C, striving for 1.5°C, in line with the Paris climate agreement

KBC Asset Management signed Climate Action 100+

This is an investor-led initiative to engage systemically important GHG emitters and other companies across the global economy, which have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement

Translate the 2°C target into concrete objectives per sector, based on scientific scenarios, by the end of 2022

In 2022, KBC intends to launch its first KBC Social Bond

> *"We report on our GHG emissions of our entire loan and lease portfolios as well as our climate analysis by sector"*
>
> Johan Thijs

Strong progress on Environmental, Social and Governance issues

Some latest highlights

ESG Environmental

- All remaining direct coal exposure has been phased out in line with our commitment
- 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
- 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 among our start-up community
- Promoting diversity and an inclusive culture and inclusion in the Bloomberg Gender-Equality Index

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 to our senior management as part of our leadership development programme
- Completion of responsible behaviour awareness training by the vast majority of staff in all core countries

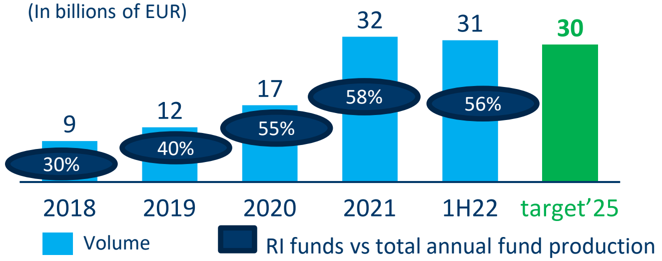
Our sustainability ambitions

We substantially raise the bar for our climate-related ambitions

Achieved ✓

Volume of Responsible Investing Funds(*)

(In billions of EUR)

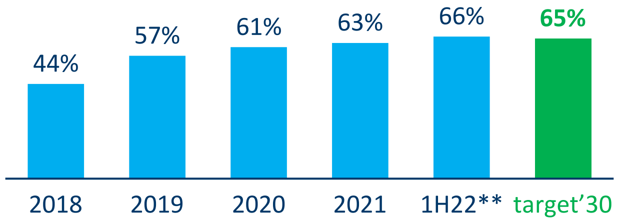


- End of 2021: volume of Responsible Investing funds includes all Belgian KBC pension savings funds (adding 6bn EUR)
- Responsible Investing funds ≥ 50% of annual fund production from 2021 onwards

Achieved ✓

Renewable energy loans

(In % of total energy sector loan portfolio)

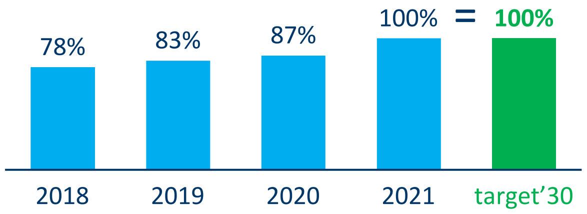


- Target set to 65% by '30
- In the first half of 2022, Project Finance Belgium concluded 3 new renewable energy transactions for a total amount of 61m EUR

Achieved ✓

Renewable electricity

(In % of own electricity consumption)

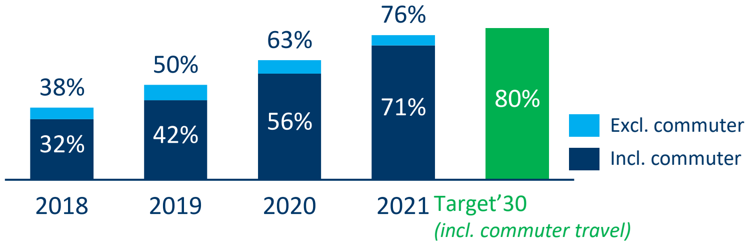


- Continued installation of photovoltaic panels on buildings we own and operate ourselves

Above track ●

Reduction own GHG emissions (incl. commuter travel)

(In % compared to 2015)



- Target reduction of own emissions set to 80% by '30
- A business travel ban and the switch to teleworking in 2020 and 2021 drove the strong result in terms of reduction in GHG emissions

Achieved ✓

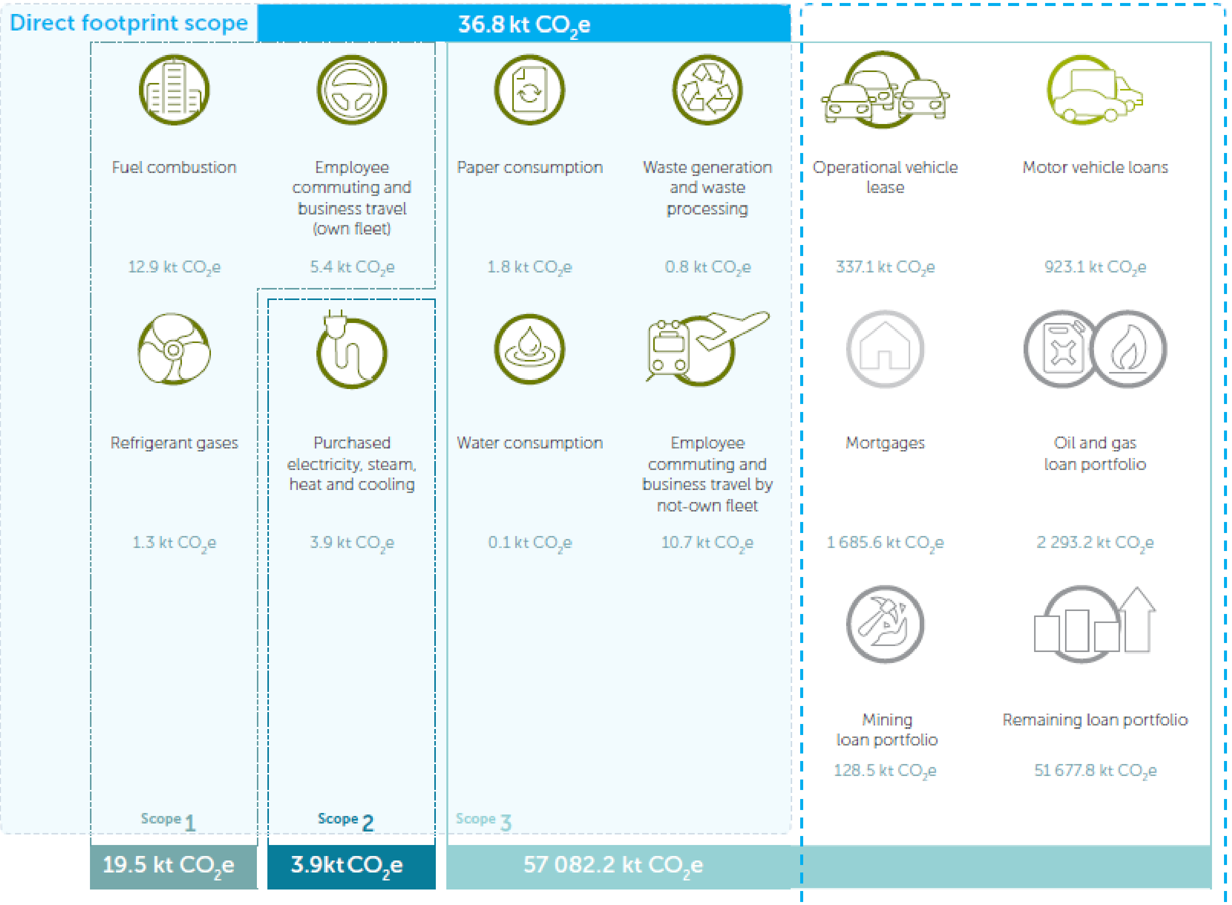
- **KBC achieved net climate neutrality as of the end of 2021 by offsetting our residual direct emissions**
- Three selected climate projects all complying with the highest standards and with clear link to the SDGs and our sustainability strategy

(*) Responsible Investing framework is a KBC in-house but well proven and externally challenged framework. KBC Asset Management is further aligning this framework to new EU regulations such as SFDR and MIFID and currently works under the assumption that all SRI funds are either article 8 or article 9 funds under the SFDR.

(**) figures at 31/5/2022

Our environmental footprint

Measuring and reporting both our direct and indirect footprint scope



Indirect footprint scope:
57.1 Mt CO_2e in absolute terms corresponding to 312 tonnes CO_2e per million euro outstanding

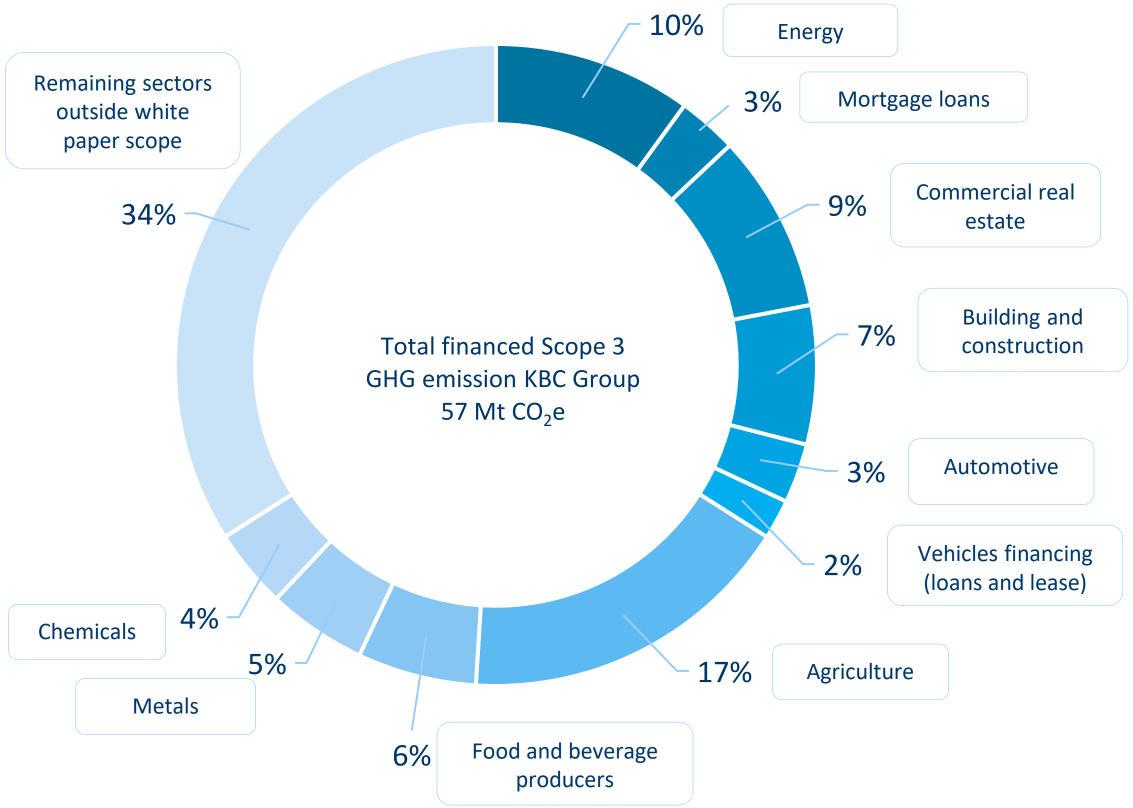
Figure 5.1: Scope and source of KBC Group's total GHG emissions totalling 57.1 Mt CO_2e

The colours of the icons in the figure above are an indication of the data quality of the calculated GHG emissions from that particular source, ranging from dark green (highest data quality) to grey (lowest data quality). Readers are referred to the 'Sustainability facts and figures' section of this report for detailed information on the scope and sources of KBC Group's GHG emissions, the data quality, the calculation methodology and detailed GHG emissions figures and emission intensity data per sector.

- Measure, reduce and set clear targets on our **direct footprint scope** already since 2015.
  - We already substantially reduced our direct footprint by -71% in 2021.
  - In line with our commitment, we reached net-climate neutrality with respect to our direct footprint scope in 2021.
- Measure our **indirect footprint scope** as a first step to identify strategies to reduce this impact and set related targets.
  - In 2021, for the first time, we have calculated the Scope 3 financed emissions of KBC Group's total loan and lease portfolio.

Our environmental footprint

Measuring and reporting both our direct and indirect footprint scope



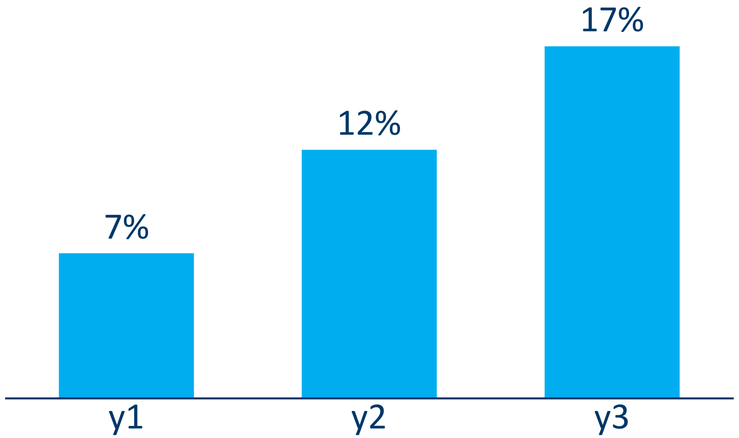
Most material climate-sensitive sectors and product lines and associated Scope 3 GHG emissions in % of total financed GHG emissions of KBC Group. For detailed emission figures per sector and more information on the calculation methodology, please refer the 2021 Sustainability Report of KBC Group, Facts and figures.

Annex 3

Other items

Interest rate sensitivity

Impact of an immediate +100bps parallel rate shock across all currencies on NII at KBC Group level



%: change on NII at KBC Group level as % of **total guided FY22 NII**

This impact is based on:
- a static balance sheet
- a conservative pass-through rate

Loan loss experience at KBC

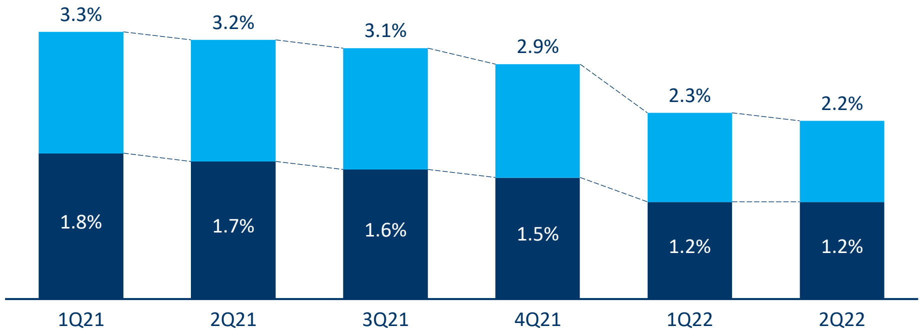
	1H22 CREDIT COST RATIO	**FY21 CREDIT COST RATIO**	**FY20 CREDIT COST RATIO**	**FY19 CREDIT COST RATIO**	**FY18 CREDIT COST RATIO**	**FY17 CREDIT COST RATIO**	**AVERAGE ‘99 –’21**
Belgium	**-0.04%**	-0.26%	0.57%	0.22%	0.09%	0.09%	n/a
Czech Republic	**-0.04%**	-0.42%	0.67%	0.04%	0.03%	0.02%	n/a
International Markets*	**0.22%**	0.36%	0.78%	-0.07%	-0.46%	-0.74%	n/a
Group Centre*	**0.03%**	0.28%	-0.23%	-0.88%	-0.83%	0.40%	n/a
Total	**-0.01%**	**-0.18%**	**0.60%**	**0.12%**	**-0.04%**	**-0.06%**	**0.40%**

Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

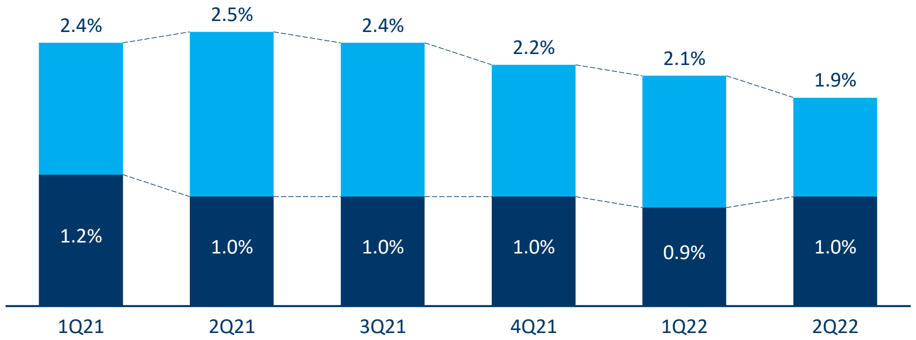
* As of 1Q 2022, KBC Ireland has been shifted from Business Unit International Markets to Group Centre. No restatements have been made

Impaired loans ratios, of which over 90 days past due

KBC GROUP



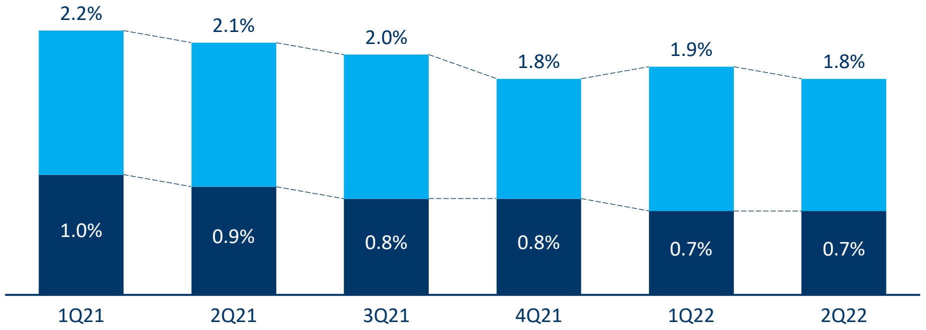
BELGIUM BU



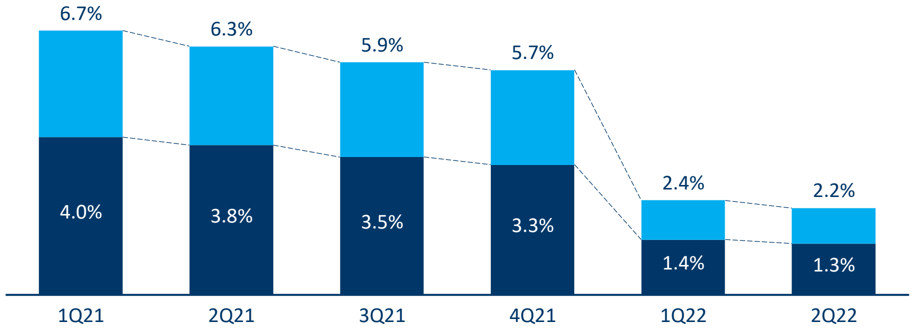
🟦 Impaired loans ratio

■ Of which over 90 days past due

CZECH REPUBLIC BU



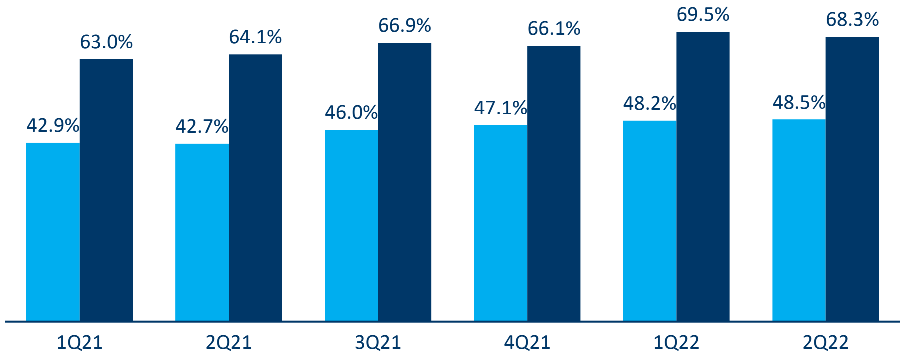
INTERNATIONAL MARKETS BU*



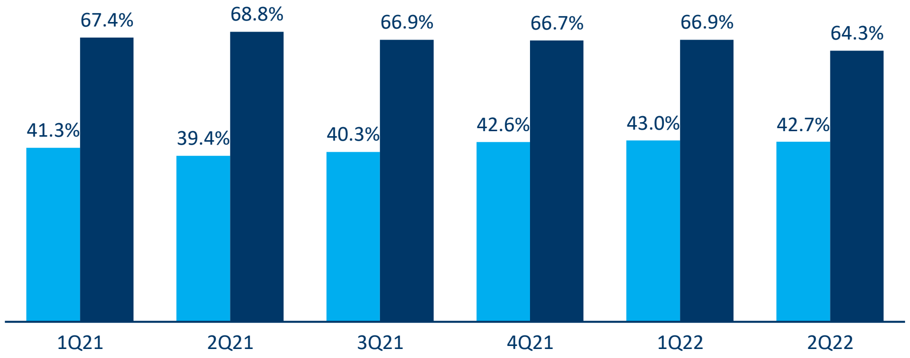
* As of 1Q 2022, KBC Ireland has been shifted from Business Unit International Markets to Group Centre. No restatements have been made

Cover ratios

KBC GROUP



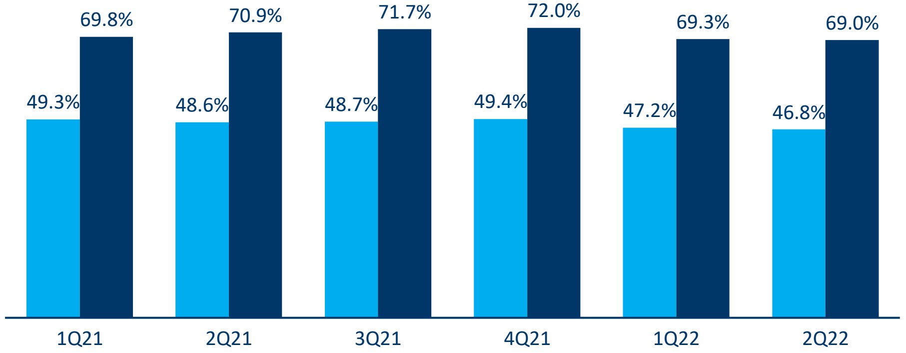
BELGIUM BU



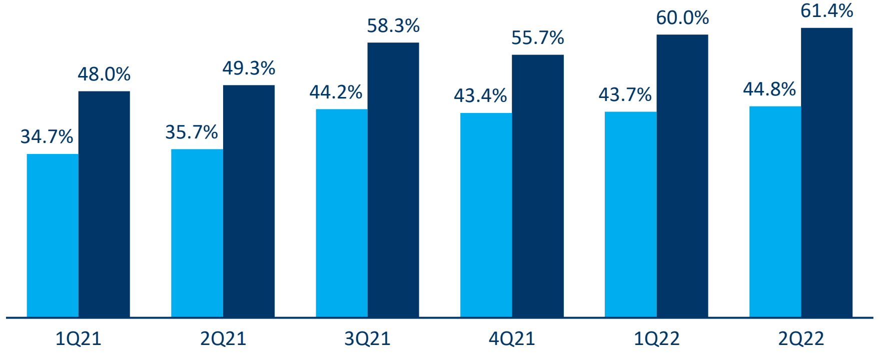
■ Impaired loans cover ratio

■ Cover ratio for loans with over 90 days past due

CZECH REPUBLIC BU

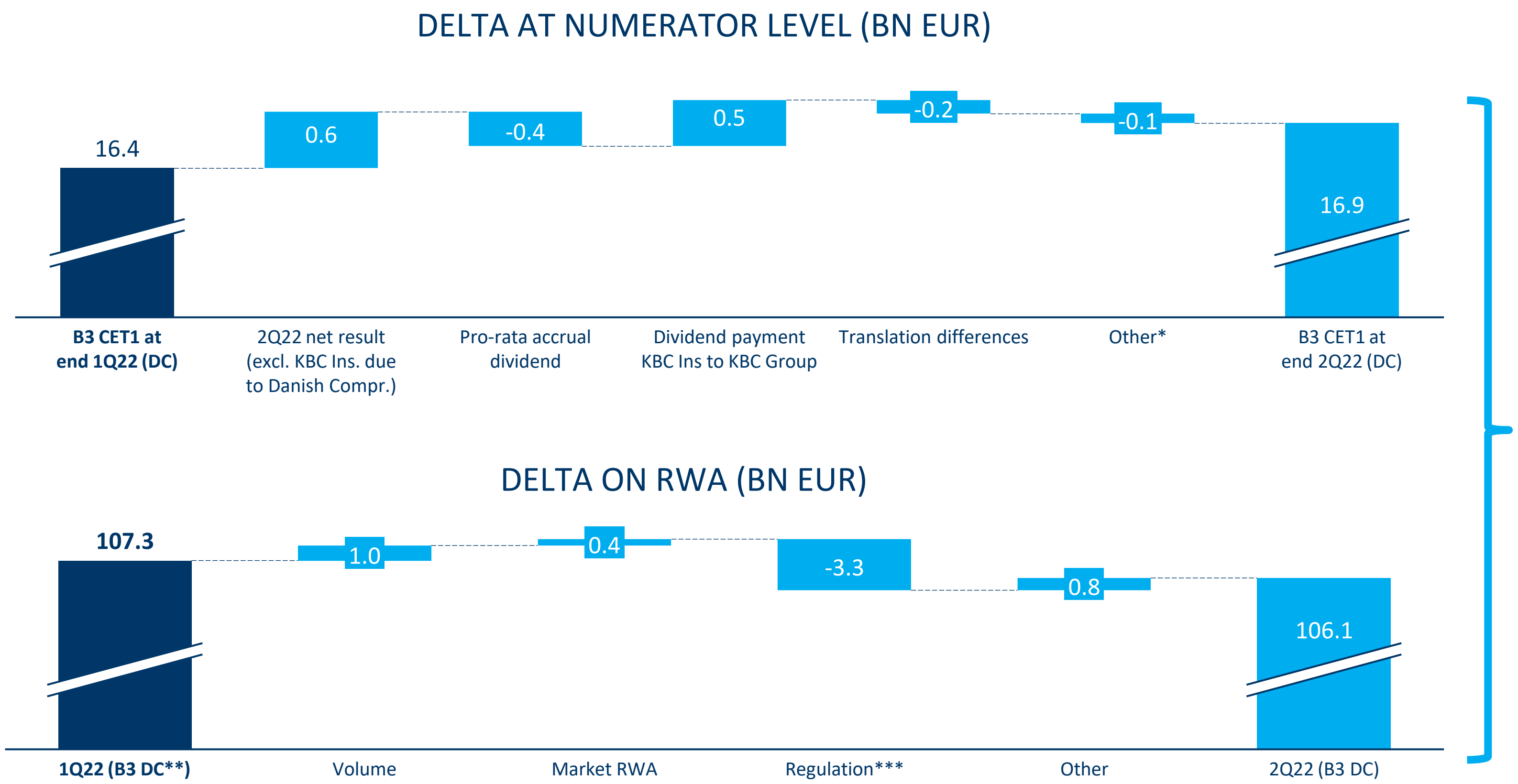


INTERNATIONAL MARKETS BU *



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

Fully loaded B3 CET1 based on the Danish Compromise (DC) from 1Q22 to 2Q22



- Fully loaded B3 common equity ratio amounted to 15.9% at the end of 1H22 based on the Danish Compromise
- As of 1Q22, interim profit recognition (based on 50% profit accrual)
- This clearly exceeds the Overall Capital Requirement (OCR) of 11.34% and the Maximum Distributable Amount (MDA) of 11.87%

* Includes the q-o-q delta in deferred tax assets on losses carried forward, intangible fixed assets, AT1 coupon, revaluation reserves equity & debt instruments, remeasurement of defined benefit obligations, deduction pension plan assets, etc.

** Includes the RWA equivalent for KBC Insurance based on DC, calculated as the historical book value of KBC Insurance multiplied by 370%

*** Removal of NBB add-on on Belgian mortgage portfolio (offset by an increase of the sectoral systemic risk buffer of 33bps)

Overview of B3 CET1 ratios at KBC Group

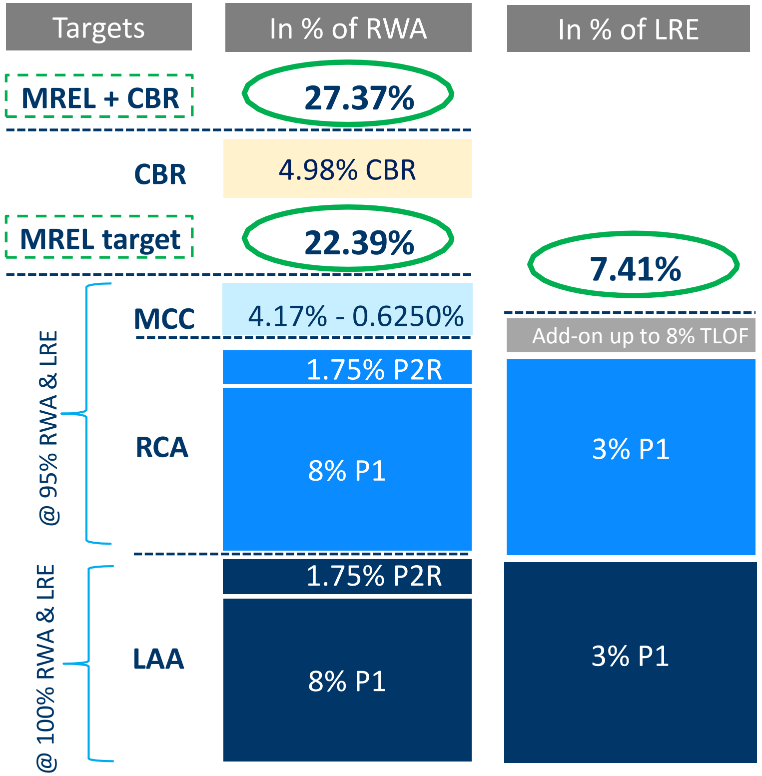
Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, fully loaded	18,289	118,211	15.5%
DC**, fully loaded	16,875	106,105	15.9%
DM***, fully loaded	16,110	101,231	15.9%

* FICOD: Financial Conglomerate Directive
** DC: Danish Compromise
*** DM: Deduction Method

KBC complies with resolution requirements

New MREL targets applicable as from 01-01-2024, with intermediate targets as from 01-01-2022

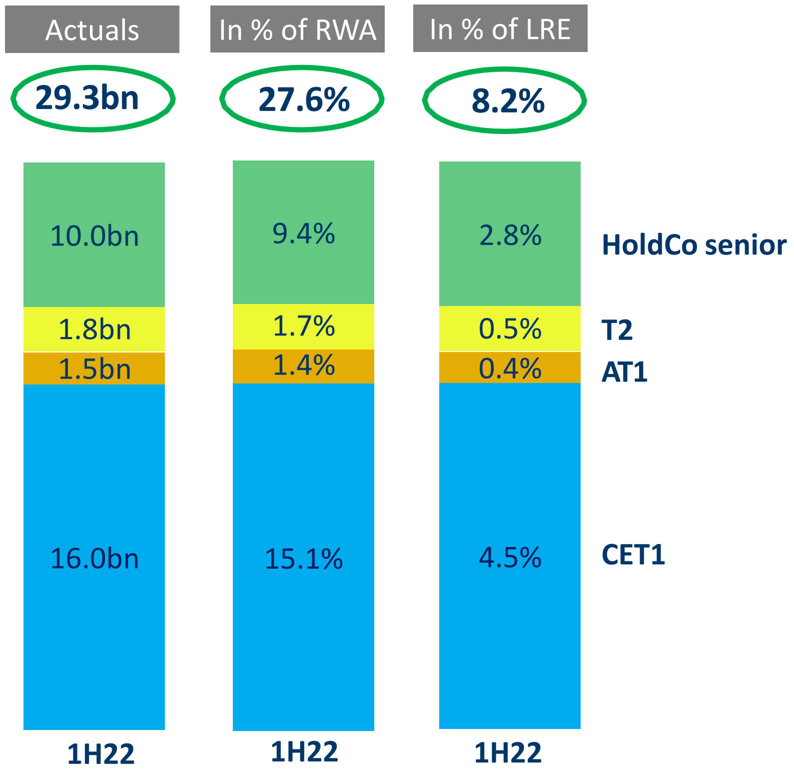
- The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level, with **bail-in** as the preferred resolution tool
- **In 2Q22, the SRB communicated to KBC updated final MREL targets** (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE)
- The **new binding MREL targets (incl. CBR on top of the MREL target in % of RWA)** are:
  - **27.37% of RWA** as from 01-01-2024 (including CBR of 4.98% as from 3Q2023), with an intermediate target of **26.36%** as from 01-01-2022 (including CBR of 4.73% for 2022)
  - **7.41% of LRE** as from 01-01-2024, with an intermediate target of **7.34% of LRE** as from 01-01-2022



Targets	In % of RWA	In % of LRE
MREL + CBR	**27.37%**	
CBR	4.98% CBR	
MREL target	**22.39%**	**7.41%**
MCC	4.17% - 0.6250%	Add-on up to 8% TLOF
RCA	1.75% P2R 8% P1	3% P1
LAA	1.75% P2R 8% P1	3% P1

@ 95% RWA & LRE

@ 100% RWA & LRE

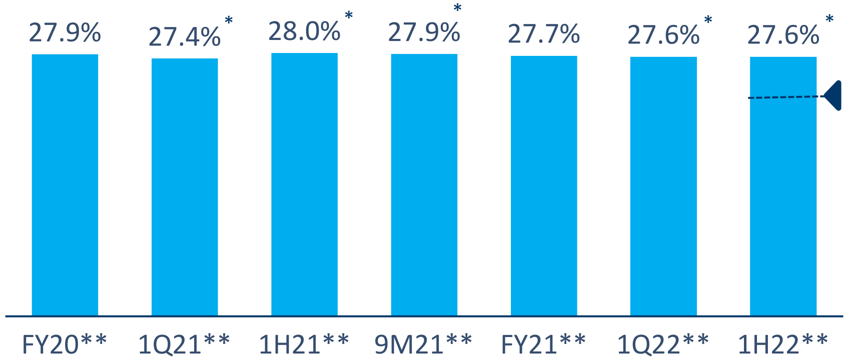


Actuals	In % of RWA	In % of LRE	
29.3bn	**27.6%**	**8.2%**	
10.0bn	9.4%	2.8%	**HoldCo senior**
1.8bn	1.7%	0.5%	**T2**
1.5bn	1.4%	0.4%	**AT1**
16.0bn	15.1%	4.5%	**CET1**
1H22	**1H22**	**1H22**	

TLOF	Total Liabilities and Own Funds
LAA	**L**oss **A**bsorbing **A**mount
RCA	**R**e**C**apitalisation **A**mount
MCC	**M**arket **C**onfidence **C**harge = CBR (4.17% as at 4Q 2020) minus 62.50 bps; the discount will decrease in the next years to reach the BRRD2 reference level of CBR minus the Countercyclical Buffer
CBR	**C**ombined **B**uffer **R**equirement = Conservation Buffer (2.5%) + O-SII buffer (1.5%) + Countercyclical Buffer (0.40% for 2022 and 0.65% as from 3Q 2023) + Systemic Risk Buffer (0,33%), comes on top of the MREL target

Available MREL as a % of RWA and LRE (BRRD2)

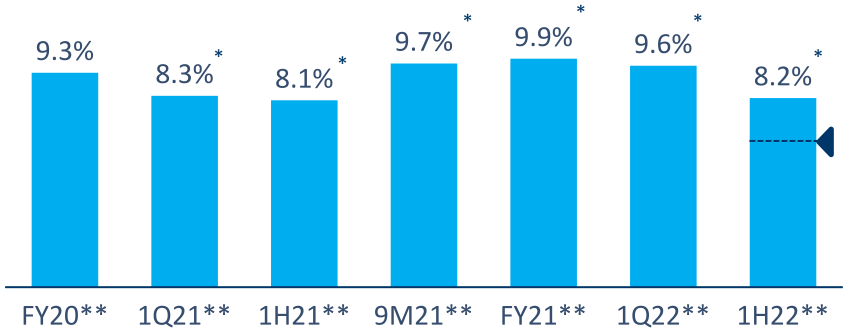
Available MREL as a % of RWA



MREL requirement 26.36% in 2022

- The **MREL ratio in % of RWA** remained stable q-o-q and well above the MREL requirements

Available MREL as a % of LRE



MREL requirement 7.34% in 2022

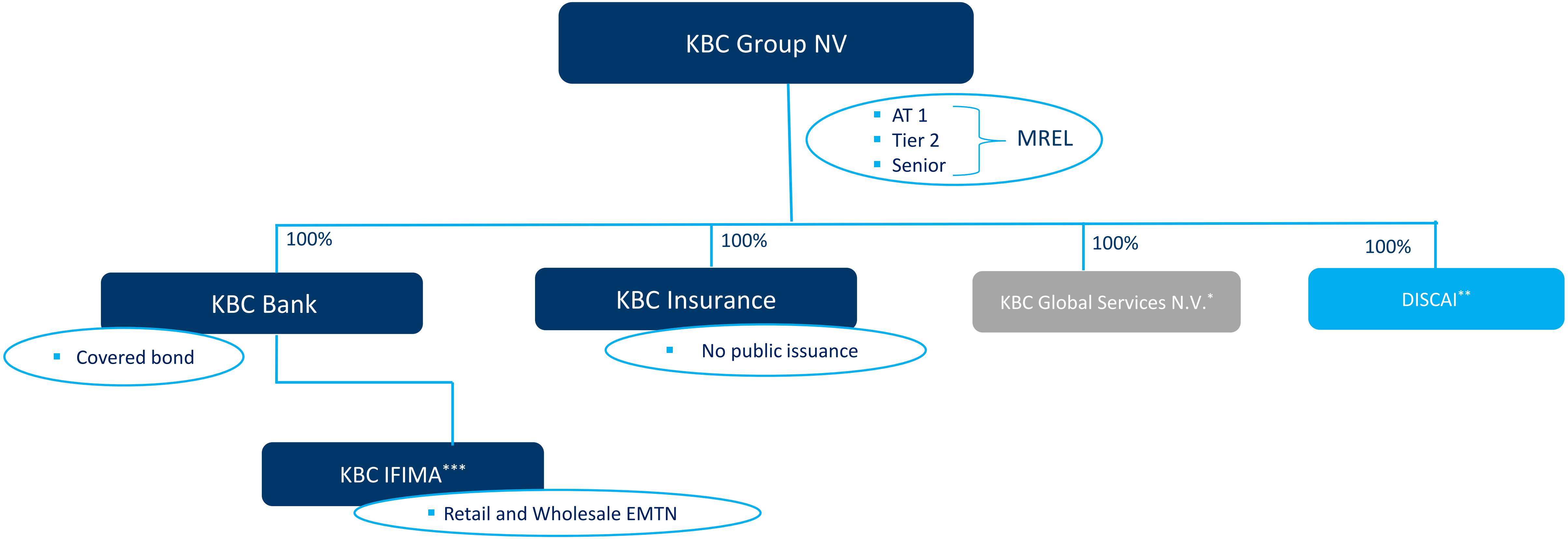
** No IFRS current year interim profit recognition given more stringent ECB approach*
*** As of 1H20, MREL ratio includes the impact of IFRS9 transitional measures*

- The **MREL ratio in % of LRE** decreased q-o-q, but remained well above the MREL requirements. The decrease is due to higher Leverage Ratio Exposure (the exposure to central banks is no longer excluded from the Leverage Ratio Exposure as from 2Q22)

(in the period from 3Q21 to 1Q22, the MREL ratio in % of LRE is at higher levels due to lower Leverage Ratio Exposure, in view of the implementation in the 3Q reporting of the ECB relief measure allowing temporary exclusion of the exposure to central banks from the Leverage Ratio Exposure)

KBC Group Passport

Group's legal structure and issuer of debt instruments



- * To ensure that KBC's HoldCo senior debt is eligible for the subordinated MREL target (i.e., to make sure that no excluded liabilities ranking pari passu or junior with HoldCo senior debt are present in KBC Group NV), the KBC Group ExCo decided on to make KBC Group NV a Clean HoldCo for the purpose of resolution. All the activities of KBC Group NV have been transferred (as at 1/6/2022) to a new subsidiary of KBC Group NV (with exception of the group controlling functions), the financial holding activities and issuing own funds and MREL instruments that remain at KBC Group NV

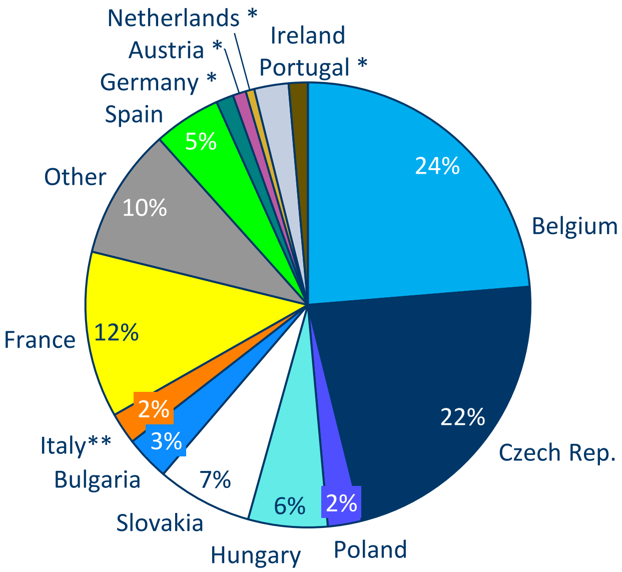
** DISCAI (Discovering AI) is a separate fully owned subsidiary, grouping the in-house developed artificial intelligence solutions for commercialisation to third parties (as of 7 March 2022)

*** All debt obligations of KBC IFIMA are unconditionally and irrevocably guaranteed by KBC Bank

Government bond portfolio – Notional value

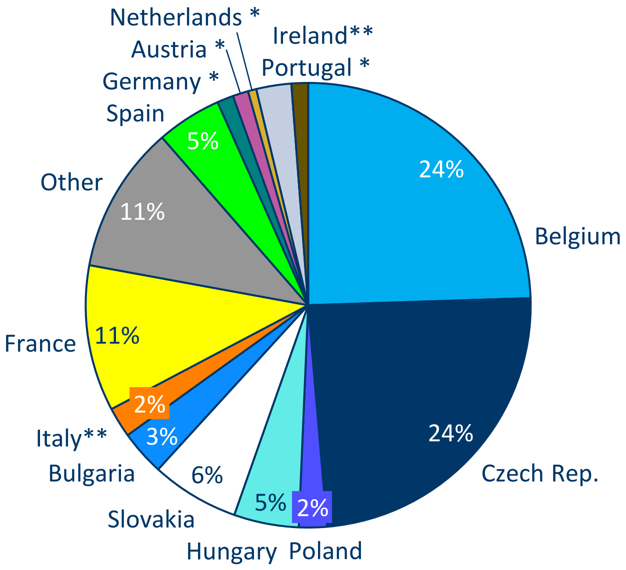
- Notional investment of 52.0bn EUR in government bonds (excl. trading book) at end of 1H22, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 5.6bn EUR at the end of 1H22

END OF FY21
(Notional value of 50.3bn EUR)



(*) 1%, (**) 2%

END OF 1H22
(Notional value of 52.0bn EUR)



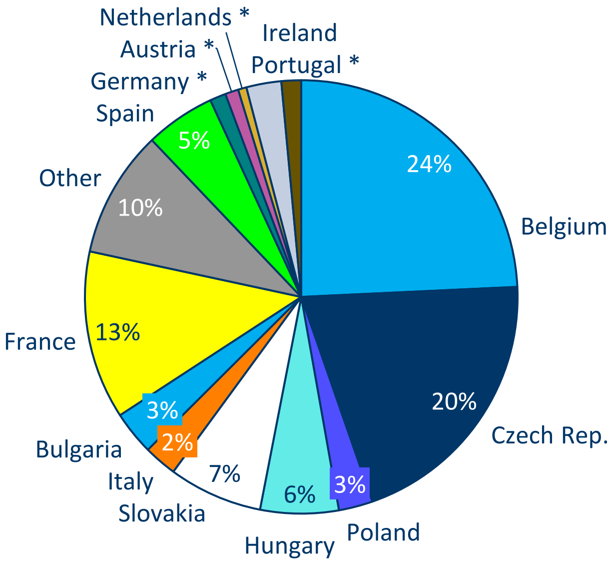
(*) 1%, (**) 2%

Government bond portfolio – Carrying value

- Carrying value of 51.7bn EUR in government bonds (excl. trading book) at end of 1H22, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 5.9bn EUR at the end of 1H22

END OF FY21

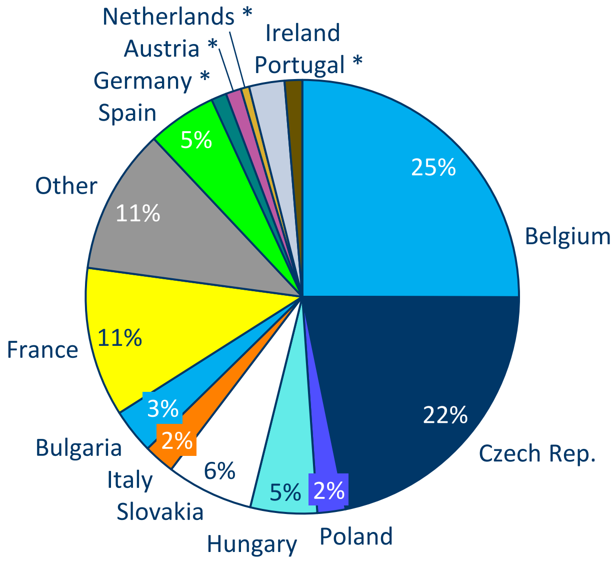
(Carrying value of 52.0bn EUR)



(*) 1%, (**) 2%

END OF 1H22

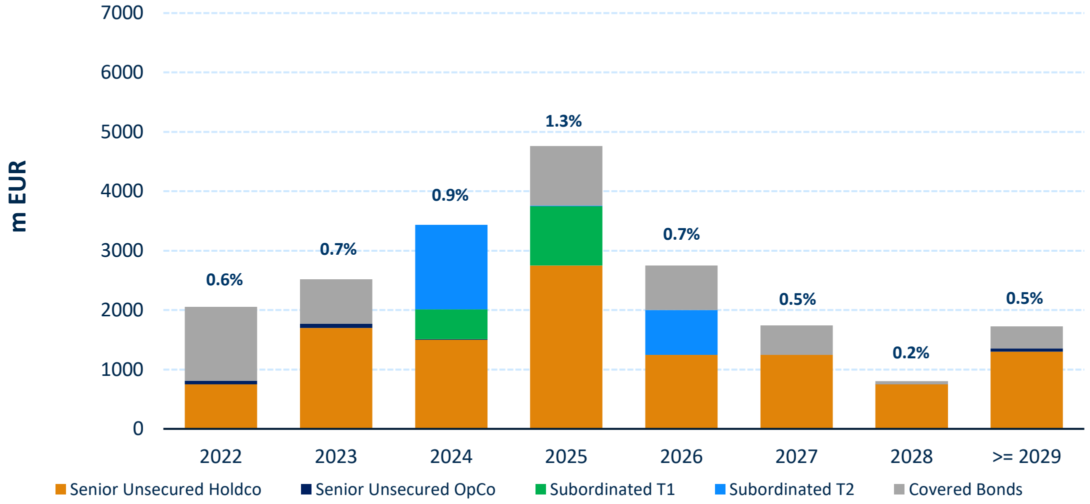
(Carrying value of 51.7bn EUR)



(*) 1%, (**) 2%

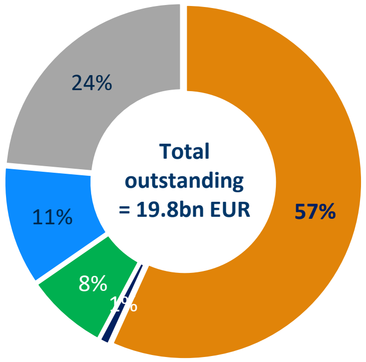
* Carrying value is the amount at which an asset (or liability) is recognised: for those not valued at fair value this is after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon, while carrying amount is equal to fair value when recognised at fair value

Upcoming mid-term funding maturities


Breakdown Funding Maturity Buckets
(Including % of KBC Group's balance sheet)

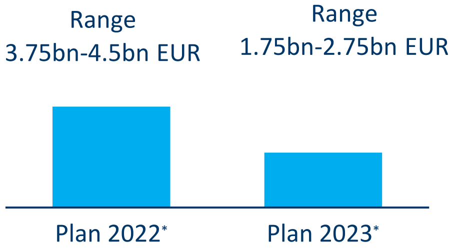
KBC Bank has 6 solid sources of long-term funding:

- Retail term deposits
- Retail EMTN
- Public benchmark transactions
- Covered bonds
- Structured notes and covered bonds using the private placement format
- Senior unsecured, T1 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank



Expected funding program

We aim to issue 1 green/social bond per year



In 1H 2022, **KBC issued in total 3.050m EUR**, of which:

- In **June 2022**, KBC Group issued a senior benchmark for an amount of 750m EUR with a 3-year maturity callable after 2Y.
- In **June 2022**, KBC Group issued 100m EUR 12Y via Private Placements.

- Expected funding plan modified due to a delay of transaction approval of the sale of substantially all of KBC Bank Ireland's performing loan assets and its deposit book
  Note: any change in regulatory requirements, RWA evolutions, MREL targets or market circumstances can change the current disclosed range

Glossary (1)

B3 / B4	Basel III / Basel IV
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (group)	[operating expenses of the group] / [total income of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include: • MtM ALM derivatives (fully excluded) • bank & insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) • one-off items
Credit cost ratio (CCR)	[annualised net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula. As the full collective Covid-19 expected credit losses (ECL) have been booked in 1H20, they were not annualised to calculate the ratio in 1H20
EBA	European Banking Authority
ESMA	European Securities and Markets Authority
ESFR	European Single Resolution Fund
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total specific impairments on the impaired loan portfolio (stage 3)] / [part of the loan portfolio that is impaired (PD 10-11-12)]
Impaired loans ratio	[part of the loan portfolio that is impaired (PD 10-11-12)] / [total outstanding loan portfolio]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity coverage ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days]
Management overlay	Our Expected Credit Loss (ECL) models were not able to adequately reflect all the specifics of the Covid-19 crisis or the various government measures implemented in the different countries to support households, SMEs and Corporates through this crisis. Therefore, an expert-based calculation at portfolio level is required via a management overlay

Glossary (2)

MREL	Minimum requirement for own funds and eligible liabilities
Net interest margin (NIM) of the group	[banking group net interest income excluding dealing room] / [banking group average interest-bearing assets excluding dealing room]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for fair value through Other Comprehensive Income (OCI) assets]
TLAC	Total loss-absorbing capacity

Contacts / Questions

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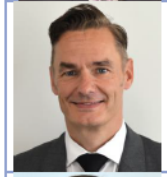	Ilya Vercammen Investor Relations Manager	Direct + 32 2 429 21 26 Mobile +32 472 727 777 Ilya.vercammen@kbc.be
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More information

• Company website	KBC
• Quarterly Report • Table of results (Excel)	Quarterly Reports
• Quarterly presentation • Debt presentation	Presentations

Upcoming 2022 events

12 August	Equity roadshow, London
6 September	Equity roadshow, Scandinavia
7 September	Equity roadshow, London
8 September	Equity roadshow, Frankfurt
13 September	Barclays Conference, New York
14 September	Equity roadshow, Boston
19 September	Equity roadshow, US Midwest
21 September	BoAML Conference, London
,,,	
9 November	3Q2022 Publication of interim results
10 November	Equity roadshow, London