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## KBC Group clarifies remuneration report following publication of 2022 annual report

In its annual report, KBC Group NV provides transparent information concerning the salary and other remuneration received by the members of the Board of Directors and Executive Committee for the past financial year.

The Remuneration Committee – with the assistance of specialist members of staff – monitors and regularly checks the remuneration policy to see whether it complies with changes in the law, the Corporate Governance Code, and prevailing market practices and trends.

The many statutory and regulatory provisions imposed on financial institutions create a highly restrictive framework that offers little scope for KBC to pursue its own policy in this regard. What's more, that policy needs to be consistent with healthy and effective risk management, and the incentives in the system must not promote risks.

Details and background information on the remuneration for the CEO, the members of the Executive Committee and the Board of Directors of KBC Group NV are provided in the 'Remuneration report for financial year 2022' section of the KBC Group Annual Report for 2022, which is available at [www.kbc.com](http://www.kbc.com). The amounts stated in it are gross amounts and subject to standard income tax.

The remuneration is made up of a fixed emolument and a variable emolument based on performance and result.

- **the individual performance-related variable component** of the EC members is set by the Board on the basis of an assessment of the performance of the member in question after advice of the remuneration committee.
- On the advice of the Remuneration Committee, the Board sets the **collective result-related variable component** on the basis of an assessment of a number of pre-agreed criteria relating to the performances of the EC and the company. These criteria are centred on implementing strategy, realising financial plans, strengthening the risk control environment, and the satisfaction of all stakeholders. The performance of the EC in each of these four areas determines the size of this component (with **each area accounting for 25%** of the final outcome).

### Top management remuneration in perspective

- To put developments in the remuneration of top management in perspective, we have provided an overview covering the past five years of the total remuneration earned by the current members of the EC, the average salary of KBC Group NV employees in Belgium (in FTE), the lowest salary of a KBC Group NV employee in Belgium (in FTE) and certain indicators of KBC's performance. The increase of the average salary of 16% was influenced by the split off of KBC Global Services.
- The remuneration awarded to non-executive directors has not been included in the overview due to the fact that it has remained unchanged during the past five years.

As decided at the start of 2022,

- the remuneration of the CEO and the EC members has been linked to the development of the health index since 1 January 2023. Given the high inflation figure in 2022 and the fact that the index link would not be established until 2023, on the advice of the Remuneration Committee the Board decided to increase the remuneration of the CEO and the EC members in line with the development of the health index for 2022, i.e. +11.2%, as applied to the whole organisation, with effect from January.
- Given his excellent performance and with a view to ensuring continuity, the CEO's remuneration will be increased over a period of three years to a more correct position in the benchmark (starting from below the median and moving towards the top 25%). This is done by increasing his compensation (fixed and maximum variable compensation) in the years 2022, 2023 and 2024 by a total of 350,000 euros each time. To temper the impact of this increase on the additional legal pension accrual, the contribution rate for the CEO will be aligned with that for DC members from 2023. Specifically, this means a reduction in the contribution rate during the first 10 years from 40% to 32%. Furthermore, as with EC members, his compensation will also be linked to the index evolution as from 2023.

Top management remuneration in perspective	2018	2019	(year-on-year change)	2020	(year-on-year change)	2021	(year-on-year change)	2022	(year-on-year change)
Remuneration of EC members (in EUR)									
Johan Thijs	2 298 415	2 361 493	+3%	2 245 548	-5%	2 421 147	+8%	3 067 231	+27%
Peter Andronov	-	-	-	-	-	1 506 087 (12/12)	-	1 602 089	+6%
Aleš Blažek	-	-	-	-	-	-	-	1 111 584 (12/12)	-
Erik Luts	1 453 646	1 494 112	+3%	1 426 805	-5%	1 534 287	+8%	1 643 993	+7%
David Moucheron	-	-	-	-	-	1 520 236 (12/12)	-	1 627 611	+7%
Luc Popelier	1 456 816	1 488 162	+2%	1 420 447	-5%	1 527 022	+8%	1 633 710	+7%
Christine Van Rijsseghem	1 465 071	1 500 277	+2%	1 424 458	-5%	1 529 211	+7%	1 632 959	+7%
Average (excluding CEO*)	1 455 630	1 491 388	+2%	1 422 900	-5%	1 522 517	+7%	1 541 991	+7%***
Average salary of Belgian employees of KBC Group NV (in EUR)									
Average salary	90 416	90 780	+0%	92 124	+1%	94 312	+2%	109 106	+16%****
Lowest salary	42 587	43 259	+2%	46 448	+7%	47 767	+3%	53 559	+12%
Ratio of highest to lowest salary	1/54	1/55		1/48		1/51		1/57	
Performance indicators									
Group's net result (in millions of EUR)	2 570	2 489	-3%	1 440	-42%	2 614	+82%	2 743	+5%
Group's total income (in millions of EUR)	7 512	7 629	+2%	7 195	-6%	7 558	+5%	8 463	+12%
Own greenhouse gas emissions (in tonnes of CO2 per FTE)	2.27	1.97	-13%	1.54	-22%	1.02	-34%	1,16**	+14%
Volume of RI funds (in billions of EUR)	9.0	12.0	+34%	16.8	+40%	31.7	+89%	32.3	+2%
Common equity ratio (fully loaded)	16.0%	17.1%	+7%	17.6%	+3%	15.5%	-12%	15.3%	-1%

\* This calculation was based on the EC's composition at the time.

\*\*including for the first time KBC Bank Bulgaria and impacted by a new calculation methodology for cars/commuters (WLTP)

\*\*\*without Ales Blazek

\*\*\*\* the increase was influenced by the split-off of KBC Global Services

## Remuneration from 2023

The result of the vote on the remuneration policy and remuneration report at the General Meeting of 5 May 2022 shows that the vast majority of shareholders endorse the policy and the report.

The Remuneration Committee, therefore decided not to make any other changes to the remuneration policy apart of the changes already decided on.

More details can be found in the annual report of KBC Group.

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