KBC Group
Company presentation
1Q 2024

More information: www.kbc.com

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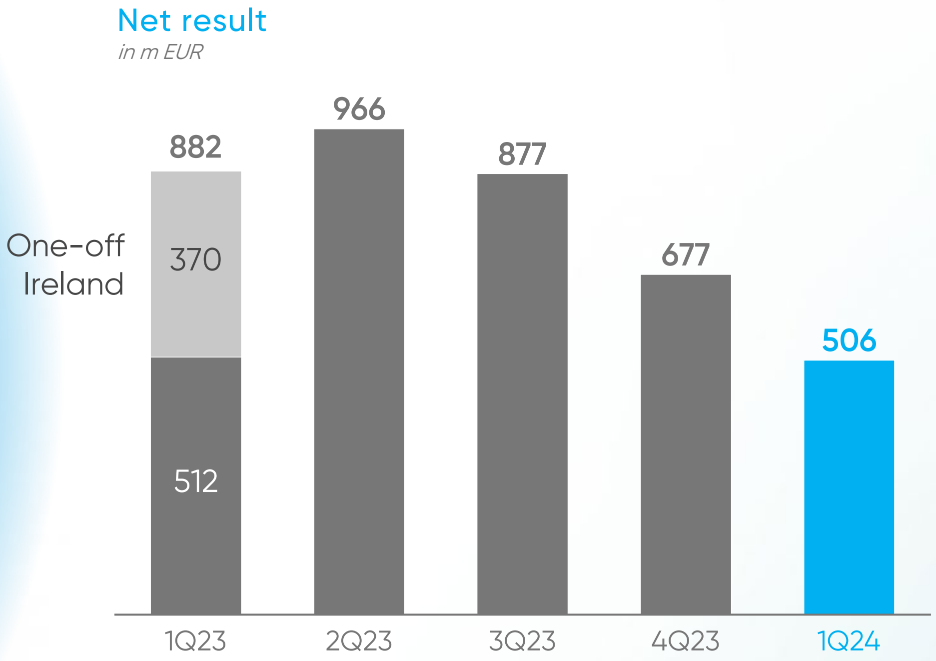
Highlights

- Commercial bank-insurance franchises performed **excellently**
- As policy rates have peaked, KBC Group is **well-positioned** being an integrated bank-insurer with tailored AM business
- **Customer loans** and **customer deposits** increased q-o-q in almost all our core countries (on a comparable basis)
- Higher **net interest income q-o-q**
- Higher **net fee and commission income** q-o-q
- Q-o-q lower **net result from financial instruments at fair value** and **net other income** slightly above normal run rate
- Higher sales of **non-life insurance** y-o-y, strong sales of **life insurance** (up both q-o-q and y-o-y)
- Costs in 1Q include bulk of full-year bank & insurance taxes; (518m EUR bank & insurance taxes in 1Q24)
  Costs excl. bank & insurance taxes down q-o-q
- Limited **net loan loss impairment charges**
- Solid **solvency** and **liquidity**
- **An extraordinary interim dividend of roughly 280m EUR or 0.70 EUR per share in May 2024** (see next page)

Excellent net result of 506m EUR over 1Q24



YTD ratios

- Return on Equity 14%*
- Cost-income ratio 46%**
- Combined ratio 85%
- Credit cost ratio 0.04%
- CET1 ratio 14.9% (B3, DC, fully loaded) after deduction of the extraordinary interim dividend of 280m EUR (CET1 ratio 15.2% without this deduction)
- Leverage ratio 5.4% (fully loaded)
- NSFR 139% & LCR 162%

* When bank & insurance taxes are evenly spread throughout the year and excluding one-offs
** When excluding certain non-operating items. See glossary for the exact definition

Dividend policy and capital deployment policy

- **In line with our announced capital deployment plan for FY23**, the Board of Directors decided to distribute the surplus capital above the fully loaded CET1 ratio of 15% (roughly 280m EUR) in the form of **an extraordinary interim dividend of 0.70 EUR per share on 29 May 2024***

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The **dividend policy for 2024 to remain unchanged:**
    - **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
  - The **capital deployment policy for 2024 to remain unchanged:**
    - 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**
- **Considering the introduction of Basel 4 as of 1 Jan 2025 onwards, the dividend policy as well as the surplus capital threshold will be reviewed in 1H25**

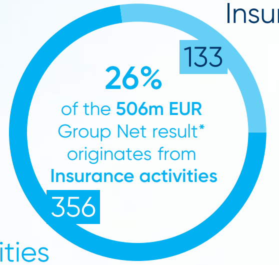
* Ex-coupon date 27 May 2024; record date 28 May 2024 and payment date 29 May 2024

Strategic focus | What differentiates us from peers

Unique integrated bank-insurance+ model

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

Insurance Activities



Banking activities

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

Successful digital-first approach through KATE

- Our **digital interaction with clients** forms the basis of our business model in our strategy, not only in terms of sales and advice, but also in E2E digital process and product development.
- **Artificial intelligence** and data analysis will play an important part in digital sales and advice. Kate, our personal digital assistant, is featured prominently in this regard.
- **The independent international consulting firm Sia Partners named KBC Mobile one of the top performing mobile banking apps worldwide (N°1 in 2021 and N°3 in 2022 and 2023)**: a clear recognition of a decade of innovation, development and listening closely to our clients.

4.5 million users in contact with Kate

KATE autonomy

65% BE
65% CZ

Firmly embedded sustainability strategy

- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy consists of three cornerstones: **encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse impact we might have**

see climate targets on Slide 56

Strategic focus | The reference

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

Profitability

With a **Return on Equity** of **14%** in 1Q24 **KBC** is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **14.9%** at end 1Q24 KBC is amongst the better capitalised EU banks

Sustainability

Sustainalytics ranks KBC **3rd out of 311** diversified global banks

Digitalisation

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

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

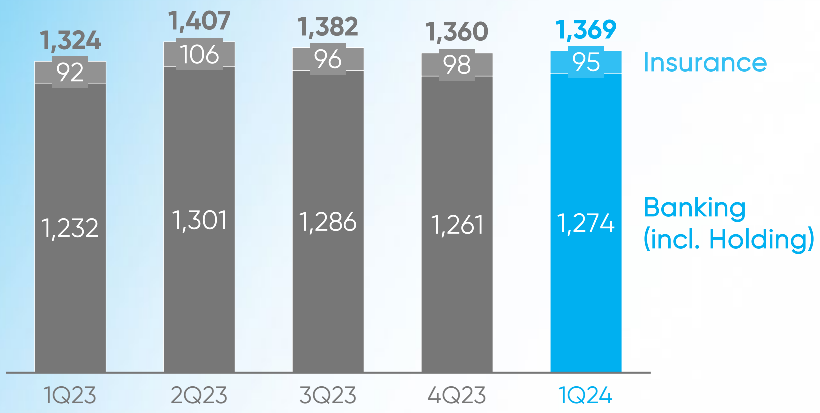
Main exceptional items

		1Q24	4Q23	1Q23
BE BU	NOI – Realised gains		+18m EUR	
	NOI – Recuperation Belgian bank & insurance taxes + moratorium interests			+48m EUR
	Total Exceptional items BE BU		***+18m EUR***	***+48m EUR***
CZ BU	NOI – legacy legal file(s)			-2m EUR
	Impairments – Goodwill on CSOB S		-109m EUR	
	Total Exceptional items CZ BU		***-109m EUR***	***-2m EUR***
IM BU	HU – BK & INS TAX – Temporary extra (windfall/DGS) bank and insurance tax	-71m EUR	-1m EUR	-79m EUR
	HU – BK TAX – (Recovery of) extraordinary Deposit Guarantee Fund			+9m EUR
	HU – Impairments – Modification losses		-10m EUR	
	BG – Opex – Integration costs Raiffeisenbank Bulgaria	-4m EUR	-5m EUR	-1m EUR
	BG – Opex – EUR adoption costs	-1m EUR	-1m EUR	-1m EUR
	Total Exceptional items IM BU	***-76m EUR***	***-17m EUR***	***-72m EUR***
GC BU	IRL – Sales transaction(s)		+0m EUR	+370m EUR
	TAX – Higher DTA (due to higher expected future taxable profits in the UK)		+15m EUR	
	Total Exceptional items GC BU		***+15m EUR***	***+370m EUR***
	Total Exceptional items	***-76m EUR***	***-93m EUR***	***+344m EUR***
	Total Exceptional items (post-tax)	*-69m EUR*	*-72m EUR*	*+340m EUR*

Higher net interest income

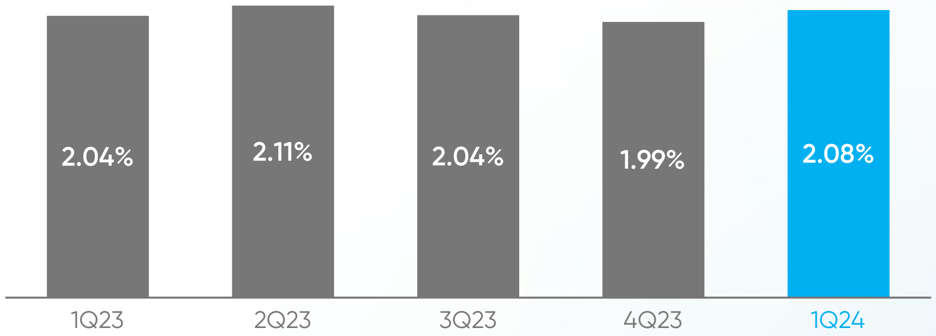
Net interest income

in m EUR



Net interest margin*

in %, calculated excluding dealing room, ALM FX swaps & repos



- **NII increased by 1% q-o-q and by 3% y-o-y**
- Q-o-q increase was driven primarily by:
  - Continued increasing reinvestment yields (which has a positive impact on commercial transformation result)
  - Loan volume growth
  - Slightly lower costs on the minimum required reserves held with the central banks (-52m EUR in 1Q24 versus -55m EUR in 4Q23)

  partly offset by:
  - Further shifts from current & savings accounts to term deposits, at lower margins
  - Lower loan margins in some core markets
  - Lower NII on inflation-linked bonds (-26m EUR q-o-q, from +14m EUR in 4Q23 to -12m EUR in 1Q24)
  - Lower dealing room NII (-14m EUR q-o-q)
  - Negative FX effect (-11m EUR q-o-q)
  - Lower number of days (-8m EUR q-o-q)
- Y-o-y increase was driven primarily by sharply increasing commercial transformation result, higher ALM result and increased term deposits at better margins, partly offset by lower lending income, lower NII in Ireland, lower NII on inflation-linked bonds, lower dealing room NII, higher funding cost of participations & MREL, higher costs on the minimum required reserves and negative FX effect

- Rose by 9 bps q-o-q and by 4 bps y-o-y for the reasons mentioned on net interest income

Organic volume trend

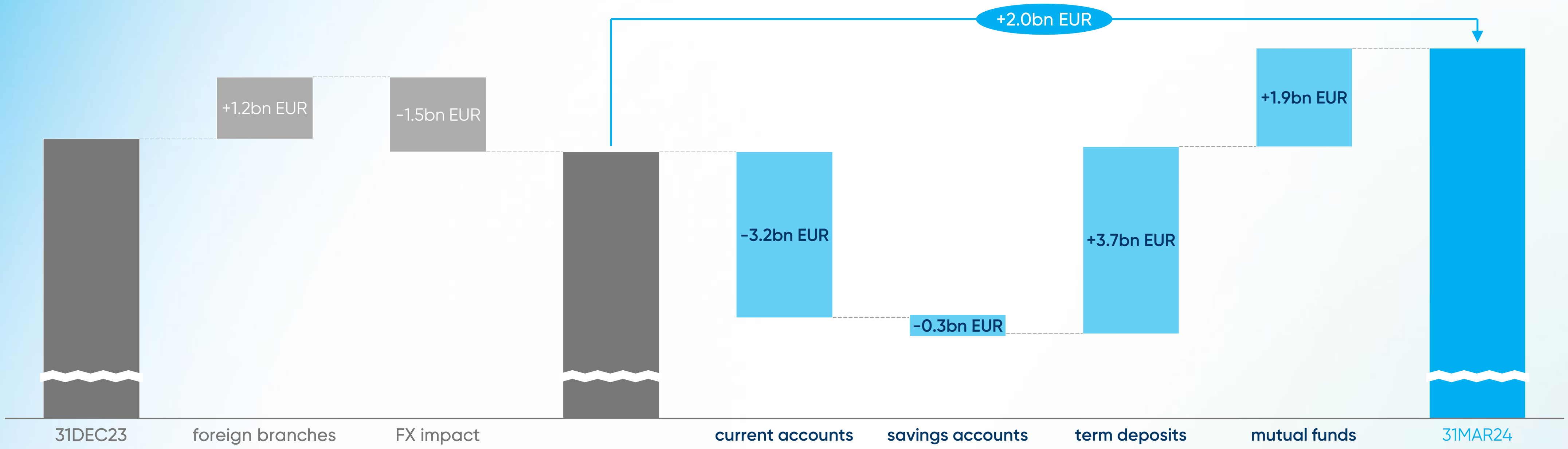
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	184bn	75bn	216bn
Growth q-o-q*	+1%	0%	+1%
Growth y-o-y	+4%	+3%	+1%

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

Inflow of core customer money

Customer money dynamic over 1Q24

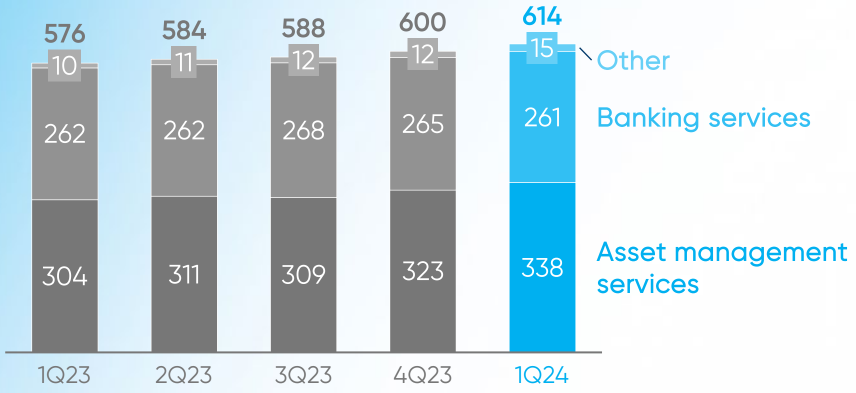
in m EUR



- **1Q24** saw an inflow of core customer money of **+2.0bn EUR** (+0.6bn EUR incl. FX impact)

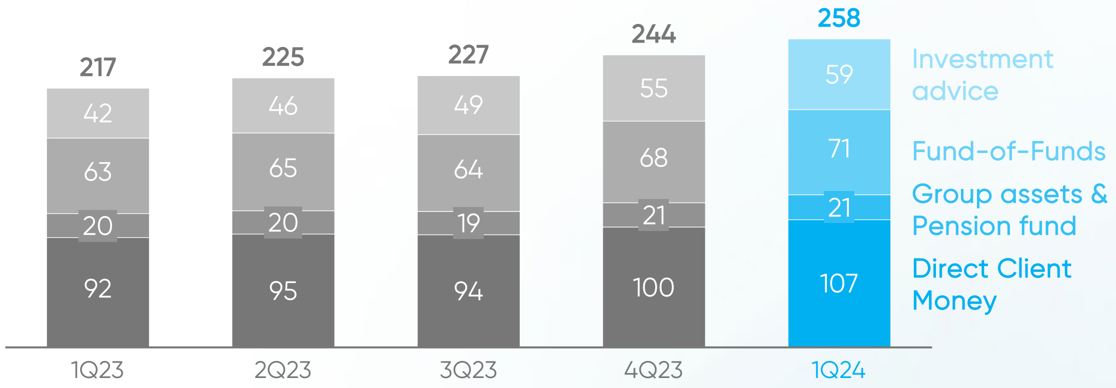
Higher net fee and commission income

Net fee & commission income
in m EUR



- **Up by 2% q-o-q and by 7% y-o-y**
- Q-o-q increase was mainly the result of:
  - Net F&C income from Asset Management Services increased by 5% q-o-q due to higher management & entry fees
  - Net F&C income from banking services fell by 2% q-o-q. Higher securities-related fees, lower distribution commissions paid for banking products and seasonally lower client incentives in Retail (in the Czech Republic) were more than offset by lower fees from payment services (partly seasonal) and lower fees from credit files & bank guarantees
  - Seasonally higher distribution fees linked to non-life insurance
- Y-o-y increase was mainly the result of:
  - Net F&C income from Asset Management Services rose by 11% y-o-y due entirely to higher management fees
  - Net F&C income from banking services fell by 1% y-o-y due mainly to higher client incentives, largely offset by higher securities-related fees, higher fees from payment services and higher network income
  - Higher distribution fees linked to non-life insurance

Assets under management
in bn EUR

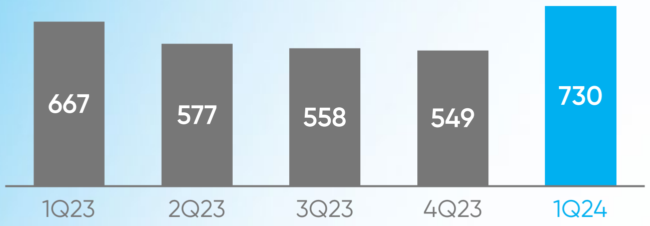


- **Increased by 5% q-o-q** due to **net inflows (+1%)** and positive market performance (+4%)
- **Increased by 19% y-o-y** due to net inflows (+8%) and positive market performance (+11%)
- The mutual fund business has seen strong net inflows this quarter both in higher-margin direct client money (1.9bn EUR in 1Q24 versus 0.9bn EUR in 4Q23 and 1.8bn EUR in 1Q23) as well as in lower-margin assets

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

Non-life sales

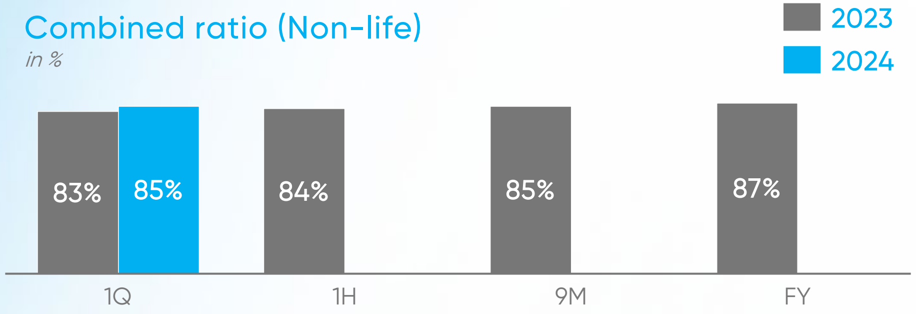
in m EUR



- **Up by 9% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

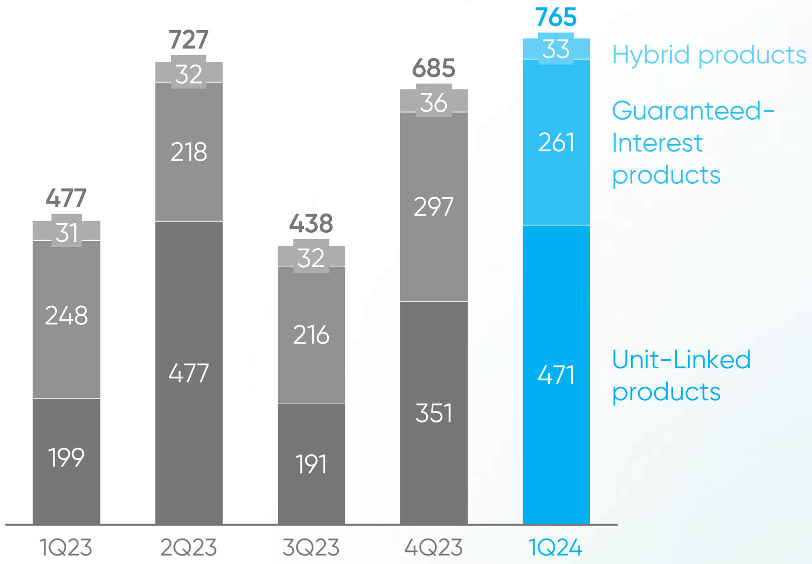
in %



- **Non-life combined ratio for 1Q24 amounted to an excellent 85%** (83% in 1Q23). This is mainly the result of:
  - 10% y-o-y higher insurance revenues before reinsurance
  - 17% y-o-y higher insurance service expenses before reinsurance due to the very low level of claims in 1Q23
  - Higher net result from reinsurance contracts held (up by 14m EUR y-o-y)

Life sales

in m EUR



- Increased by 12% q-o-q due entirely to higher sales of unit-linked products (excellent sales in 1Q24 as the result of a successful launch of a new structured fund and a commercial action within Private Banking in Belgium), partly offset by lower sales of guaranteed-interest products (due partly to traditionally higher volumes in tax-incentivised pension savings products in Belgium in 4Q23) as well as lower sales of hybrid products
- Increased by 60% y-o-y due mainly to sharply higher sales of unit-linked products, besides also higher sales of guaranteed-interest products as well as higher sales of hybrid products
- Sales of guaranteed-interest products and unit-linked products accounted for 34% and 62% of total life insurance sales in 1Q24 respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder

FIFV & IFIE result down q-o-q and net other income slightly above normal run rate

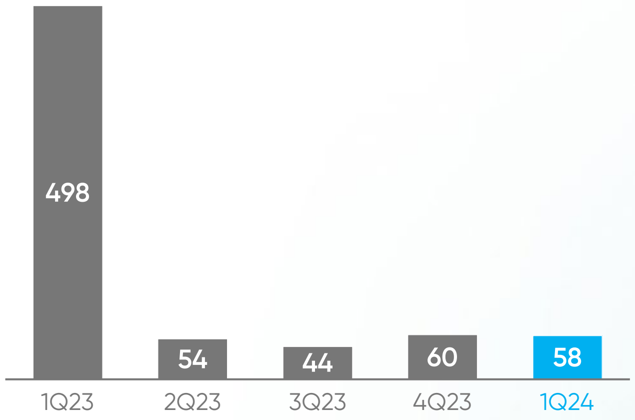
FIFV & IFIE

in m EUR

	1Q23	2Q23	3Q23	4Q23	1Q24
Dealing room	94	69	47	78	102
MVA/CVA/FVA	4	5	17	-41	5
IFIE – interest accretion	-50	-53	-56	-59	-60
M2M ALM derivatives and other	-24	13	-17	-18	-102
FIFV & IFIE	**24**	**33**	**-8**	**-40**	**-55**

Net other income

in m EUR



- **FIFV & IFIE result down q-o-q**, attributable mainly to:
  - Increased negative result from ALM derivatives and other

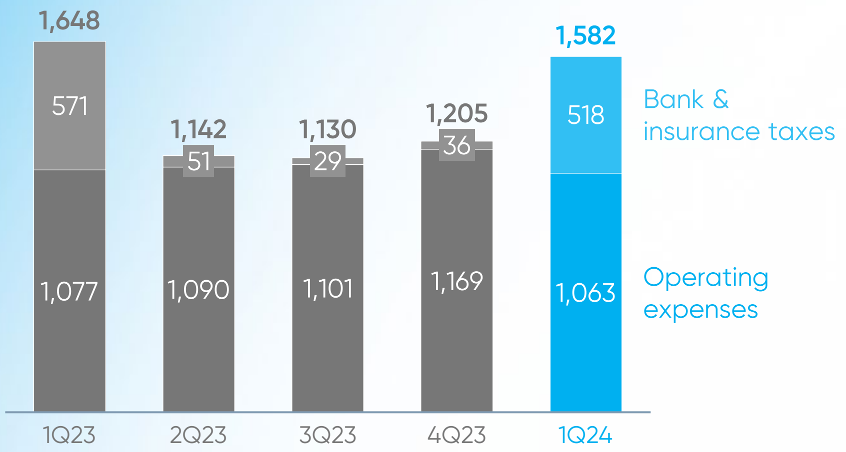
  partly offset by:
  - Higher dealing room result
  - Positive credit, funding and market value adjustments, mainly the result of an increase in EUR yield curves and an increase of the equity markets

- **Slightly above the normal run rate of around 50m EUR per quarter in 1Q24**
  - Note that net other income in 1Q23 was sharply higher due mainly to:
    - a +405m EUR one-off gain related to the Irish sales transactions
    - a 48m EUR recuperation of Belgian bank & insurance taxes paid in the past (2016), and the linked moratorium interests

Costs excluding bank & insurance taxes decreased q-o-q

Operating expenses (including costs directly attributable to insurance)

in m EUR



Bank and insurance tax spread 2024 (preliminary)

in m EUR

	Total	Upfront	Spread out over the year			
	1Q24	1Q24	1Q24	2Q24	3Q24	4Q24
BE BU	317	317	0	0	0	0
CZ BU	35	35	0	0	0	0
Hungary	137	107	30	30	30	31
Slovakia	9	1	8	8	8	8
Bulgaria	21	21	0	0	0	0
Group Centre	-1	-1	0	0	0	0
Total	518	480	38	39	39	40

- **Operating expenses excluding bank & insurance taxes fell by 9% q-o-q and by 1% y-o-y (-8% q-o-q and roughly stable y-o-y excluding FX effect)**
  - The q-o-q decrease is due mainly to lower ICT costs, seasonally lower marketing and professional fee expenses, lower facility costs and lower depreciations
  - The y-o-y decrease is due to, among other things, lower costs in Ireland (related to the sale transaction), lower depreciations and lower facility costs (mainly energy costs), partly offset by higher staff costs (mainly the impact of inflation/wage indexation), higher ICT costs and higher marketing and professional fee expenses
- **1Q24 cost/income ratio**
  - 46% when excluding certain non-operating items* (49% in FY23)
  - 43% excluding all bank & insurance taxes (43% in FY23)

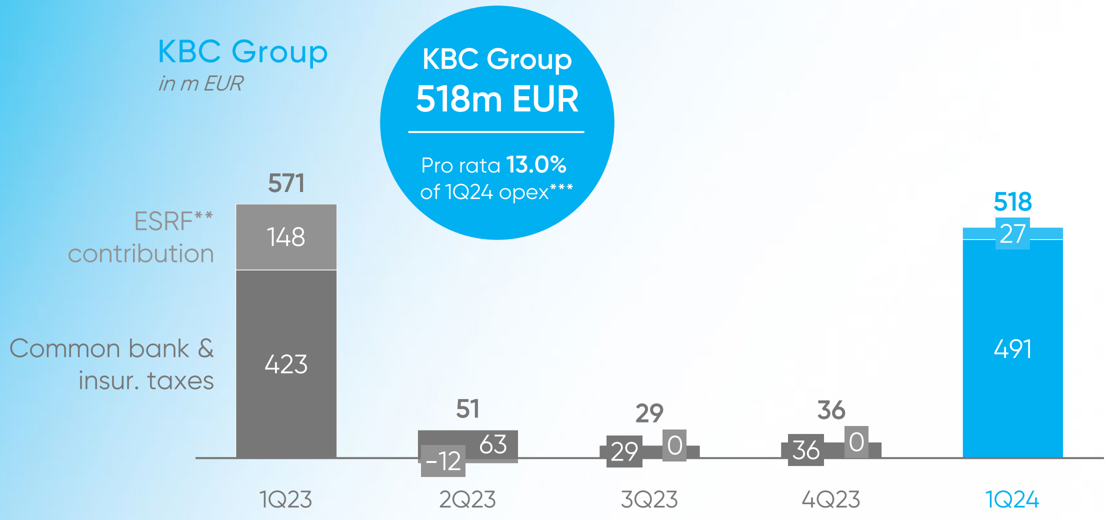
- **1Q includes the bulk of the bank & insurance taxes for the full year (518m EUR), a 9% decrease y-o-y** driven mainly by:
  - 121m EUR lower contribution to the European Single Resolution Fund in 2024 (still 27m EUR contribution from non-eurozone countries in 1Q24 versus 148m EUR total contribution in 1Q23)

  partly offset by:
  - 28m EUR additional national bank taxes in Belgium, as the Belgian government decided to increase the bank taxes for deposits on the balance sheet above 50bn EUR
  - 34m EUR increase of the contribution to the Deposit Guarantee Scheme (+28m EUR in BE, +8m EUR in HU, +1m EUR in BG and -2m EUR in IRL)
  - 8m EUR additional national bank taxes in Slovakia
- Total bank & insurance taxes (including ESRF contribution) are expected to decrease by 8% y-o-y to 638m EUR in 2024 (687m EUR in 2023)

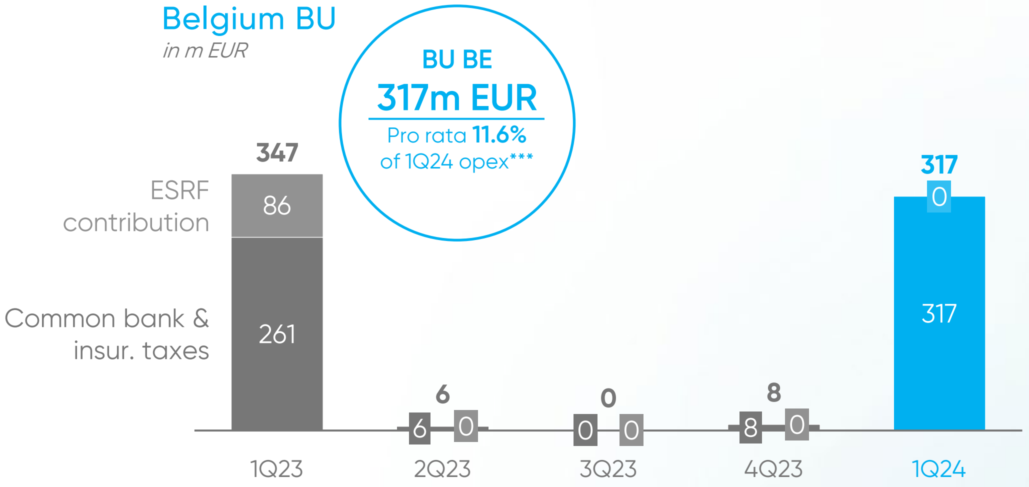
* See glossary for the exact definition

Overview of bank & insurance taxes*

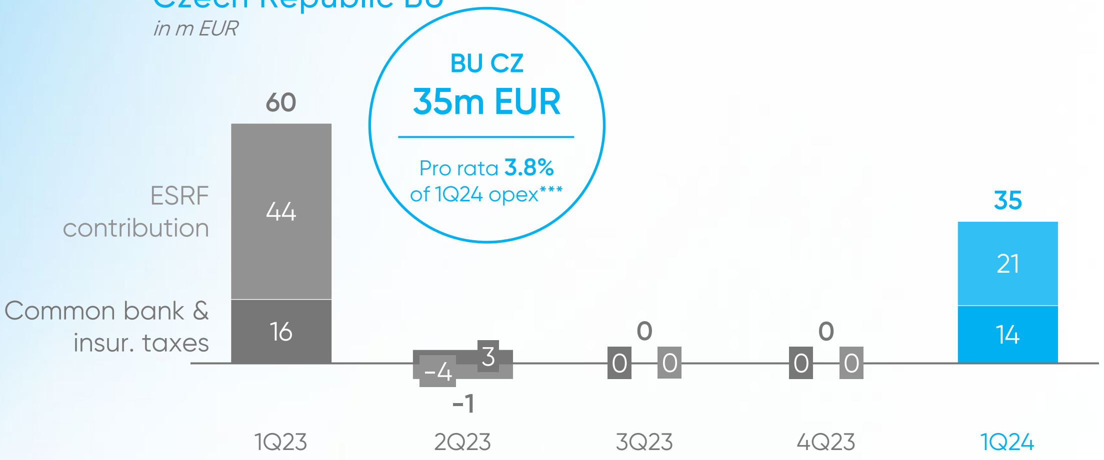
KBC Group
in m EUR



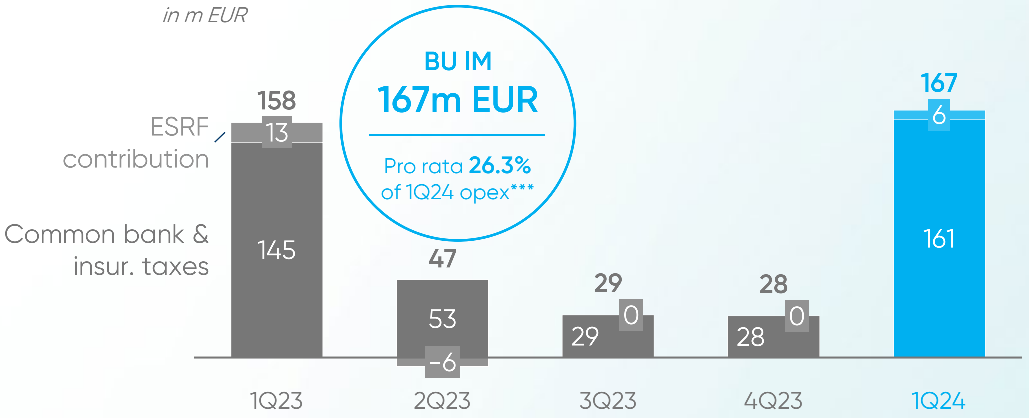
Belgium BU
in m EUR



Czech Republic BU
in m EUR



International Markets BU
in m EUR

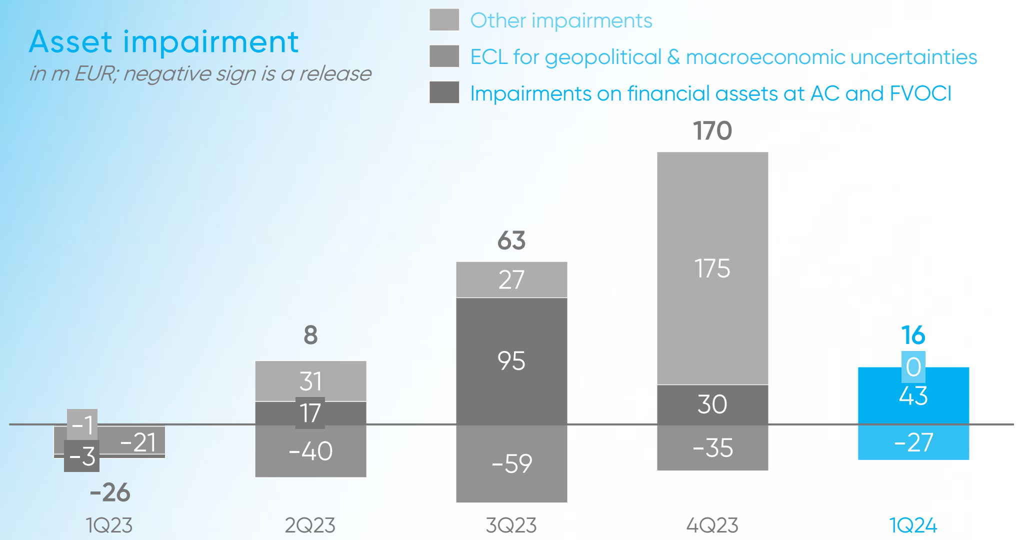


- * This refers solely to the bank & insurance taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.
- ** European Single Resolution Fund
- *** Including directly attributable costs to insurance

Limited net loan loss impairment charges & excellent credit cost ratio

Asset impairment

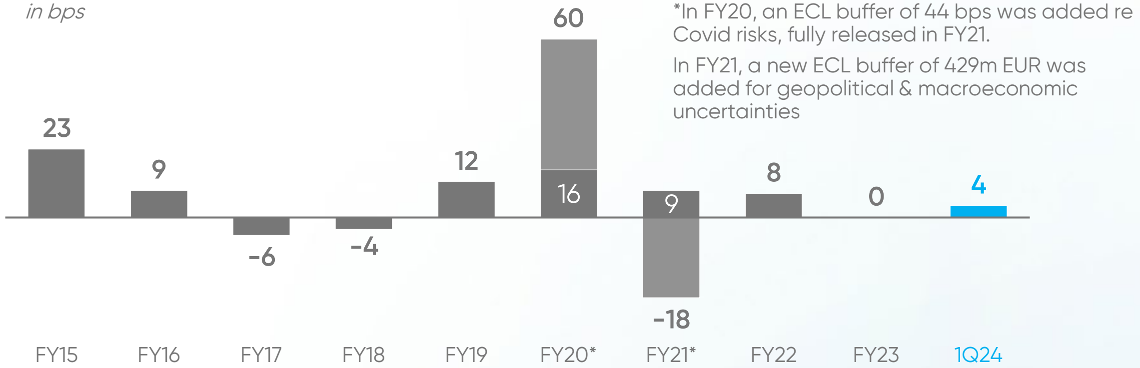
in m EUR; negative sign is a release



- **Net loan loss impairment charges on lending book, partly offset by net impairment ECL buffer reversals for geopolitical & macroeconomic uncertainties**
  - **Net loan loss impairment charges of 16m EUR in 1Q24** (compared with net loan loss impairment releases of 5m EUR in 4Q23) due to:
    - 43m EUR net loan loss impairment charges on lending book
    - A decrease of 27m EUR of the ECL buffer, driven mainly by micro- and macroeconomic indicators
    - Total outstanding ECL for geopolitical & macroeconomic uncertainties now stands at 223m EUR

Credit cost ratio

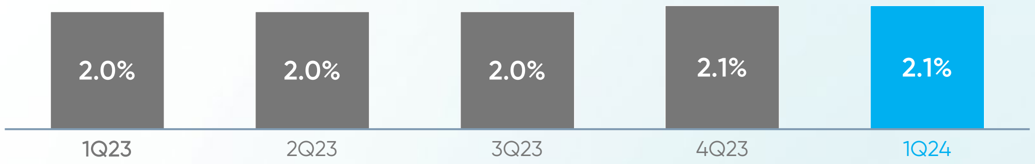
in bps



- The credit cost ratio in 1Q24 amounted to:
  - 10 bps (7 bps in FY23) without ECL for geopolitical & macroeconomic uncertainties
  - 4 bps (0 bps in FY23) with ECL for geopolitical & macroeconomic uncertainties

Impaired loans ratio

in %

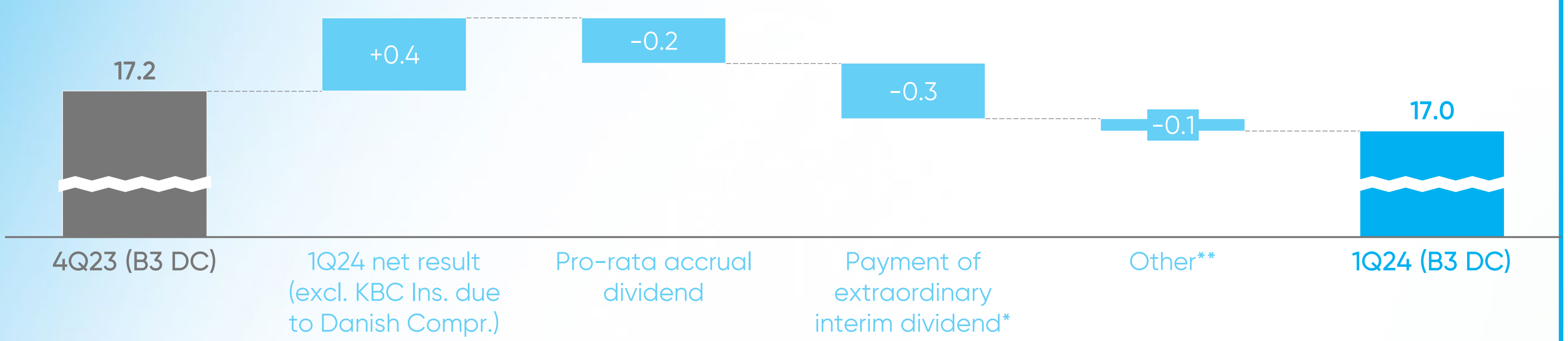


- **The impaired loans ratio amounted to 2.1%** (1.0% of which over 90 days past due)

Fully loaded Basel III CET1 from 4Q23 to 1Q24

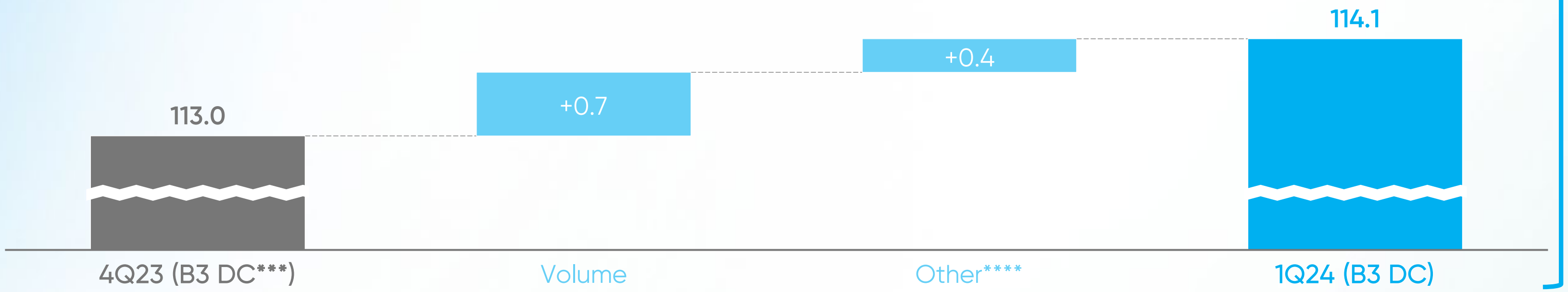
Q-o-q variance of CET1 capital

in bn EUR



Q-o-q variance of RWA

in bn EUR



Fully loaded B3 common equity ratio amounted to 14.9% at the end of 1Q24 based on the Danish Compromise after deduction of the extraordinary interim dividend of 280m EUR (CET1 ratio 15.2% without this deduction)

* In line with our announced capital deployment plan for FY23, the Board of Directors decided to distribute the surplus capital above the fully loaded CET1 ratio of 15% (roughly 280m EUR) in the form of an extraordinary interim dividend of 0.70 EUR per share on 29 May 2024

** Includes the q-o-q delta in translation differences, deferred tax assets on losses carried forward, intangible fixed assets, AT1 coupon, remeasurement of defined benefit obligations, deduction pension plan assets, NPL shortfall etc.

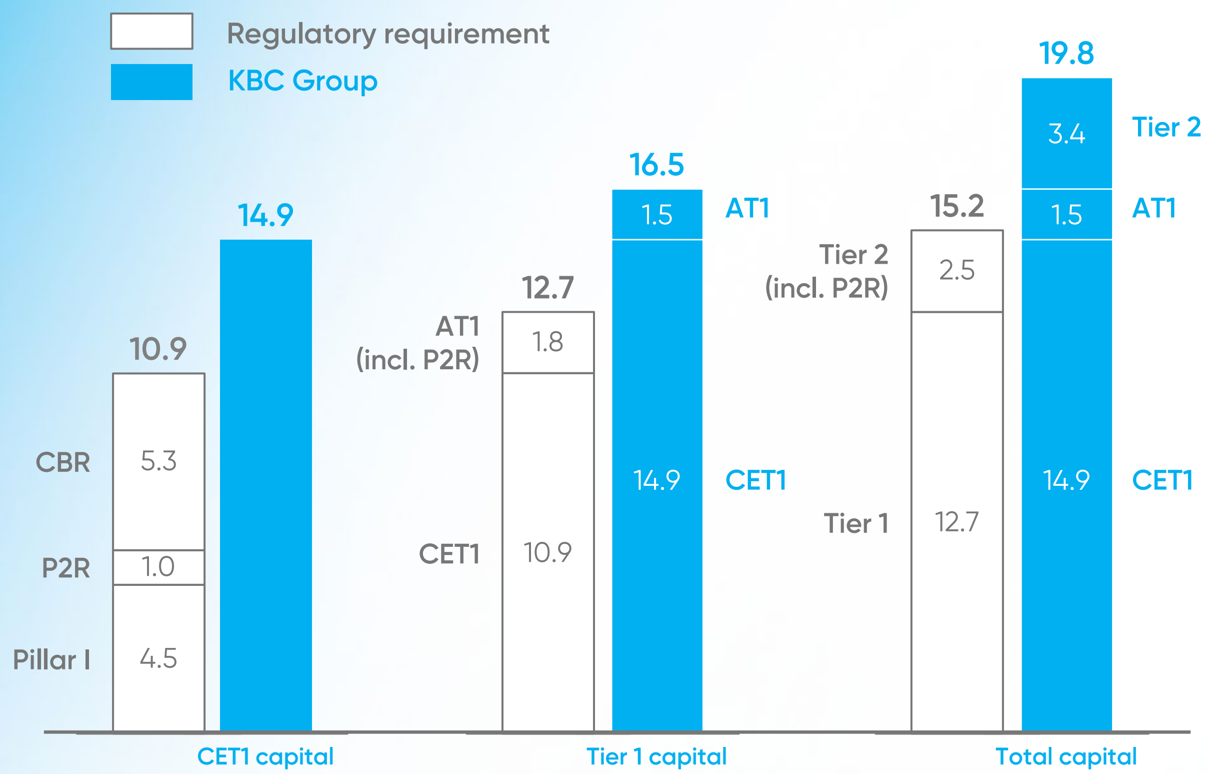
*** Includes the RWA equivalent for KBC Insurance based on DC, calculated as the historical book value of KBC Insurance multiplied by 370%

**** Includes FX, market RWA, model changes, …

Strong capital position with substantial buffer to MDA

Capital requirements and distance to Maximum Distributable Amount (MDA) restrictions as at 31 March 2024 (fully loaded, B3)

in %



- **P2R 1.86% (= Pillar II requirement)**
  1.05% to be met with CET1, 35bps eligible for AT1 and 47bps for Tier 2
- **CBR 5.34% (= Combined buffer requirement)**
  2.50% Capital conservation buffer
  1.50% O-SII buffer
  1.20% Countercyclical buffer
  0.14% Systemic risk buffer
- **OCR (10.9%) buffer 4.0%**
- **MDA buffer 3.7%**
  lowest of the buffers between available and required (i) CET1 capital, (ii) Tier 1 capital and (iii) Total capital
- **MDA 11.2%**
  i.e. the net of the CET1 ratio (14.9%) and the MDA buffer (3.7%)

CET1 capital	Tier 1 capital	Total capital	Distance to MDA restrictions
4.0%	**3.7%**	**4.6%**	
4,610m EUR	**4,251m EUR**	**5,272m EUR**	

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio
5.4% 1Q24

5.7% FY23

Q-o-q lower leverage ratio (from 5.7% to 5.4%) due mainly to:

- Lower Tier-1 capital (driven mainly by the approximately 280m EUR extraordinary interim dividend)
- Higher leverage ratio exposure chiefly as a result of higher cash and cash balances with central banks (in the denominator)

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

Liquidity ratios | KBC Group

in %

LCR
162% 1Q24

159% FY23

NSFR
139% 1Q24

136% FY23

Both LCR* and NSFR** were well above the regulatory requirement of 100%

Solvency II ratio | KBC Group

in %

Solvency II ratio
202% 1Q24

206% FY23

Q-o-q lower Solvency II ratio due mainly to an increase in the EUR interest rate curve and higher global equity markets

* Net Stable Funding Ratio (NSFR) is based on KBC Bank's interpretation of the proposal of CRR amendment.
** Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance with EBA guidelines on LCR disclosure.

Looking forward I Economic outlook

- After the mild contraction in the fourth quarter of 2023, growth in the euro area in the first quarter was positive again. The manufacturing sector showed persistent weakness, while the services sector displayed tentative signs of recovery
- From the second half of 2024 onwards, quarterly growth is expected to gradually increase, mainly driven by domestic consumption that benefits from falling inflation and the related real wage growth
- The main risks to our short-term outlook for European growth include the global weakness of the manufacturing sector, in particularly affecting the German economy, and current geopolitical tensions, with risk of more protectionism, renewed supply chain distortions and higher energy and commodity prices
- Additional risks include political instability (various upcoming elections) and the impact of the government budget discussions for 2025 in the run-up to the re-activation of the EU Stability and Growth Pact, which might impact growth and risk premiums on sovereign debt in a number of European economies

Looking forward I FY24 financial guidance (as provided with FY23 results)

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

	2024
Net interest income*	5.3-5.5bn EUR
Organic loan volume growth	*approx. +3%*
Insurance revenues (before reinsurance)	at least +6% y-o-y
Operating expenses and insurance commissions paid (excl. bank/insurance tax)	below +1.7% y-o-y *substantially below inflation*
Cost/income ratio (excl. bank/insurance tax)	below 45%
Combined ratio	below 91%
Credit cost ratio (excl. any changes in the ECL buffer for geopolitical risk that is still in place at year-end 2023)	well below TTC of 25-30bps

*Still based on conservative assumptions, including (i) market forward rates of mid-January, (ii) increase of MRR to 2% as of 1 April 2024, (iii) no deposit inflows when State Note(s) matures, (iv) further shifts from CA/SA to TD and (v) conservative pass-through rates on savings accounts

FY24 financial guidance | NII sensitivities for 2024 (as provided with FY23 results)

Full guidance range accounts for following conservative assumptions:

- Market forward rates of mid-January
- Increase of MRR to 2% as of 1 April 2024
- No deposit inflows when SEP23 State Note matures
- Further shifts from current/savings accounts to term deposits
- Conservative pass-through rates on savings accounts

5.5bn EUR

5.3bn EUR

NII guidance FY24

Within this range, we see following sensitivities assuming full impact/shock as of 1/1/2024:

- Every 25bps rate deviation from the market forward rates (across all currencies) generates 70m EUR NII variance to the 2024 NII (roughly half of this impact coming from implied 25bps parallel impact on long-term rates)
- Additional State Note in Belgium would lead to -25m EUR NII in 2024 per 1bn EUR subscriptions

Looking forward I FY26 financial guidance (as provided with FY23 results)

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

	2026
Net interest income*	CAGR23-26 at least +1.8%
Insurance revenues (before reinsurance)	CAGR23-26 at least +6%
Operating expenses and insurance commissions paid (excl. bank/insurance tax)	CAGR23-26 below +1.7% *substantially below inflation*
Cost/income ratio (excl. bank/insurance tax)	below 42%
Combined ratio	below 91%
Credit cost ratio (excl. any changes in the ECL buffer for geopolitical risk that is still in place at year-end 2023)	well below TTC of 25-30bps

*Still based on conservative assumptions, including (i) market forward rates of mid-January, (ii) increase of MRR to 2% as of 1 April 2024, (iii) no deposit inflows when State Note(s) matures, (iv) further shifts from CA/SA to TD and (v) conservative pass-through rates on savings accounts

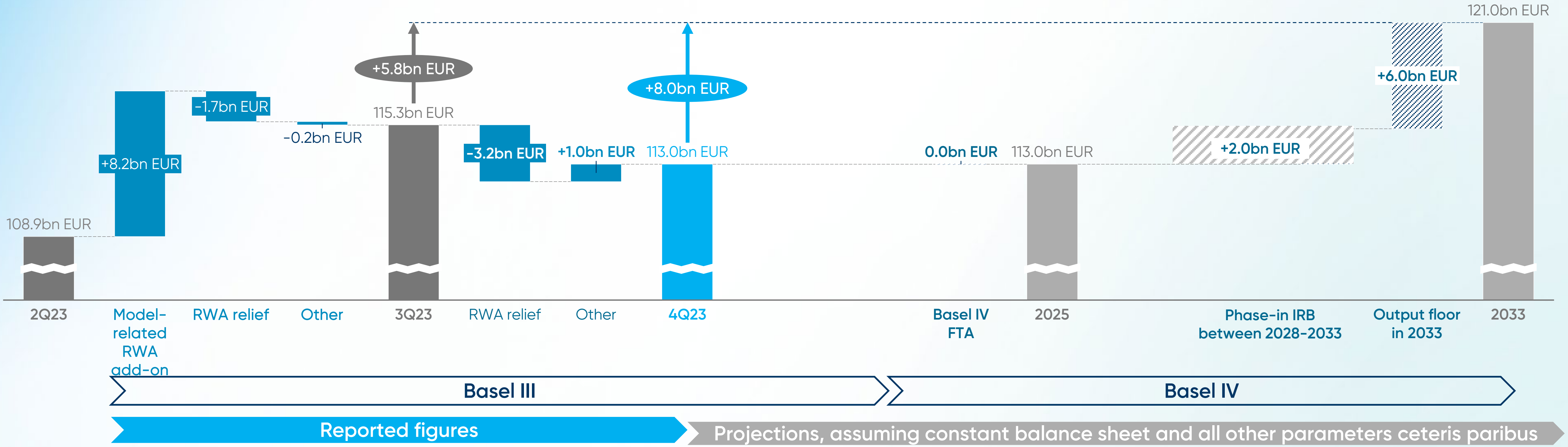
Indicative view on transitional RWA evolution under Basel IV (as provided with FY23 results)

Based on current EU consensus for Basel IV, a static balance sheet and all other parameters ceteris paribus, without any mitigating actions

- 3Q23 included the previously communicated 8.2bn EUR model-related RWA add-on, partly offset by a RWA relief of 1.7bn EUR
- In 4Q23, a **RWA relief of -3.2bn EUR** ballpark figure (versus -2.0bn EUR previously expected) was partly offset by among other things a RWA increase as a result of volume growth
- **Moving towards the Basel IV era (updated based on the political agreement of the trilogue in December 2023),** KBC projects
  - at 1JAN25, **no first-time application impact (contrary to the +2.5bn EUR RWAs previously)**
  - by 1JAN33, a **fully loaded impact of +8.0bn EUR (contrary to +6.0bn RWAs previously)**
- **Publication in the Official Journal, pending formal votes, legal review and translation, is expected for 2Q24. On this basis, we will update our Basel IV projections in November 2024**

Indicative transitional RWA estimate based on draft EU legislation for Basel IV, static balance sheet and all other parameters ceteris paribus, without any mitigating actions

in bn EUR



Wrap-up

Excellent financial performance

net result
506m
1Q24
3402m
FY23

return on equity
14%*
YTD

combined ratio
85%
YTD

Outstanding solvency and liquidity

CET1 ratio
14.9%**
3.7% buffer vs MDA

NSFR
139%
LCR
162%

SII ratio
202%

Kate convinces customers

4.5 million users in contact with Kate

KATE autonomy
65% BE
65% CZ

Franchise is growing

loan volumes
+4%
y-o-y

customer deposits
+1%
y-o-y

AM net inflows of direct client money
+1.9bn
1Q24

non-life sales
+9%
y-o-y

life sales
+60%
y-o-y

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

** After deduction of the extraordinary interim dividend of 280m EUR (CET1 ratio 15.2% without this deduction)

Supplemental information & disclosures

BU view (slide 25-38)

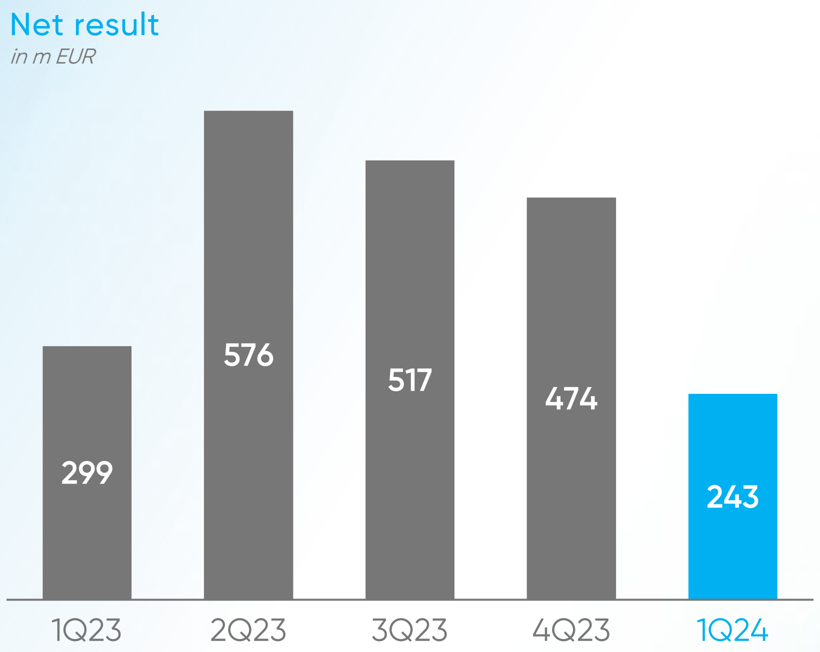
- Belgium BU
- Czech Republic BU
- International Markets BU
  - Slovakia
  - Hungary
  - Bulgaria
- Group Centre BU
- FY 2023

Annexes (slide 39-64)

- Company profile
- KBC strategy
- Sustainability
- Asset quality
- MREL & funding

Navigate quickly to this content by using the below tabs in the digital version of this memo

Belgium BU (1) | Net result



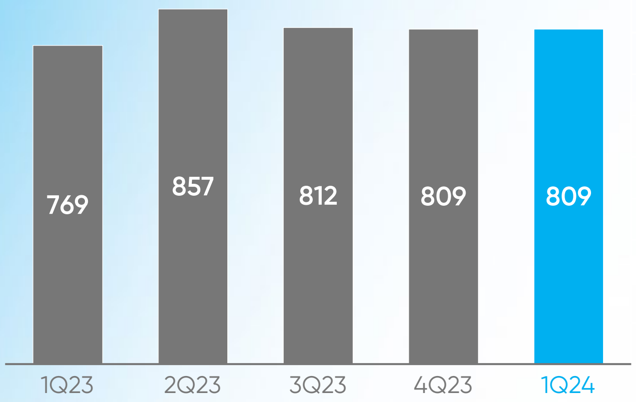
ROAC
1Q24
11%
64% of
Allocated Capital

- The quarter was characterised by stable net interest income, higher net fee and commission income, higher sales of non-life and life insurance products, lower net result from financial instruments at fair value, lower net other income, higher operating expenses (due entirely to seasonally higher bank & insurance taxes), stable insurance service expenses before reinsurance and higher net impairment charges

Belgium BU (2) | Net interest income

Net interest income

in m EUR

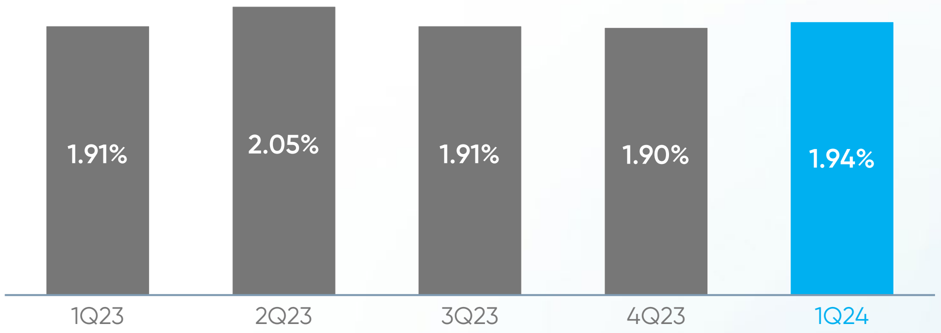


- Flat q-o-q, as
  - Higher commercial transformation result, mainly by continued increasing reinvestment yields
  - Higher short-term cash management
  - Slightly lower costs on the minimum required reserves held with the central bank

  were offset by
  - Further shifts from current & savings accounts to term deposits
  - Margin pressure on the outstanding loan portfolio
  - Lower NII on inflation-linked bonds
  - Lower dealing room NII
- +5% y-o-y as higher commercial transformation result, increased term deposits at better margins, higher NII on the insurance bond portfolio and higher short-term cash management was only partly offset by lower lending income, higher costs on the minimum required reserves held with the central bank, lower dealing room NII, lower NII on inflation-linked bonds and higher funding costs

Net interest margin

in %



- Increased by 4 bps q-o-q and by 3 bps y-o-y for the reasons mentioned on net interest income and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

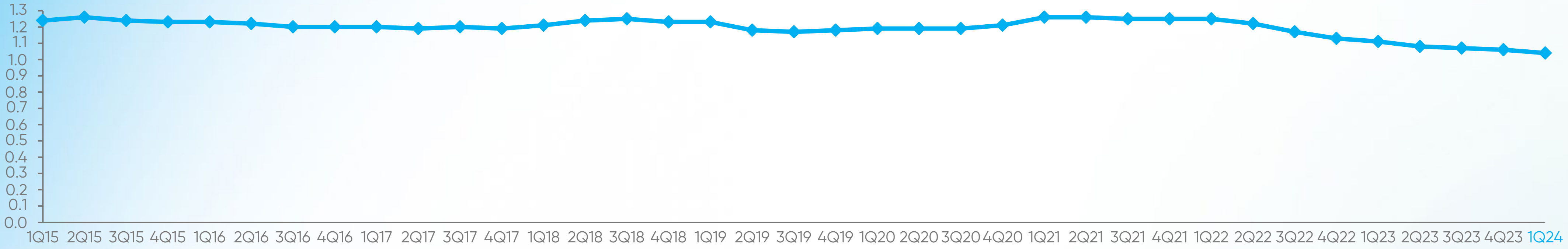
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	119bn	45bn	136bn
Growth q-o-q*	0%	0%	+1%
Growth y-o-y	+2%	+2%	-2%

* 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. **Excluding the volatility in the foreign branches of KBC Bank (included in BE BU), customer deposits stabilised q-o-q and fell by 6% y-o-y**

Belgium BU (3) | Credit margins in Belgium

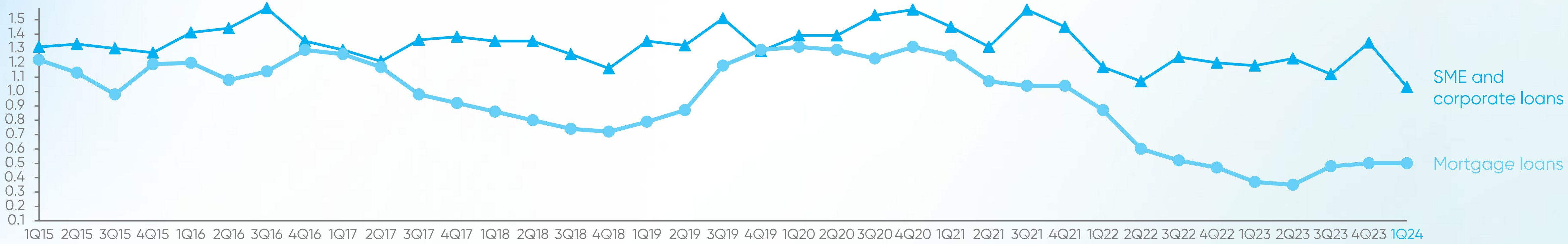
Product spread on customer loan book | Outstanding

in %



Product spread | New production

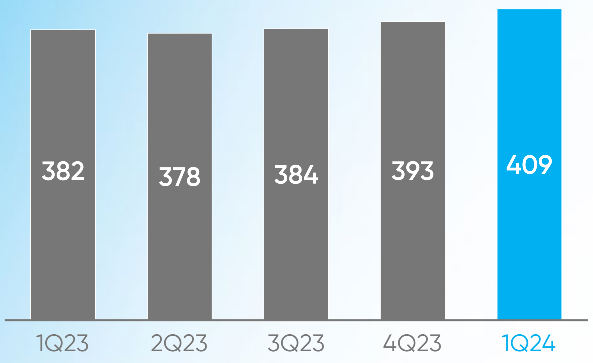
in %



Belgium BU (4) | Other income lines & cross-selling

Net fee & commission income

in m EUR



- The 4% higher q-o-q net F&C income was mainly the result of higher management fees, higher securities-related fees, higher network income and seasonally higher distribution fees linked to non-life insurance, partly offset by lower payment-related fees (partly seasonal), lower fees from credit files & bank guarantees and higher distribution commissions paid linked to mutual funds
- The 7% higher y-o-y net F&C income was driven chiefly by higher management fees, higher network income, higher securities-related fees and higher distribution fees received for non-life insurance products, partly offset by lower entry fees, lower payment-related fees and higher distribution fees paid for mutual funds

Assets under management

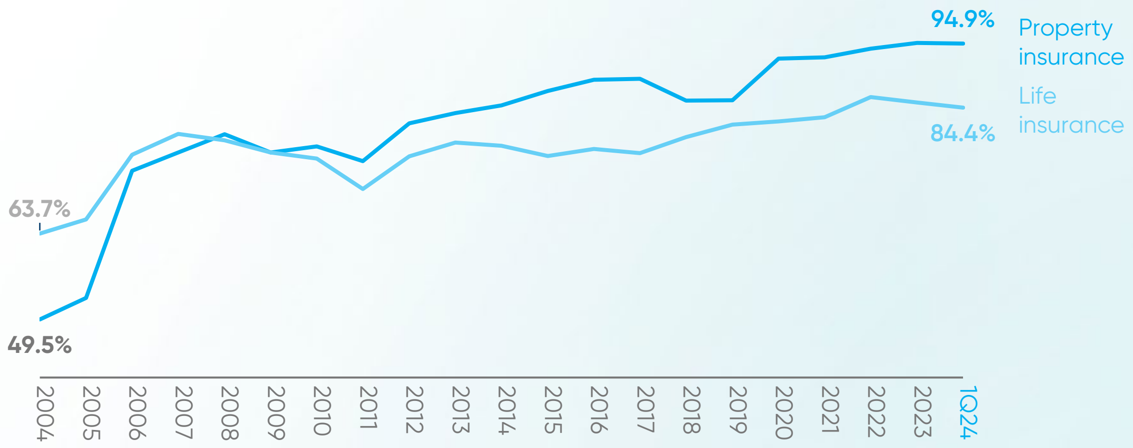
- 230bn EUR
- Increased by 6% q-o-q due to net inflows (+1%) and positive market performance (+4%)
- Increased by 20% y-o-y due to net inflows (+8%) and positive market performance (+12%)

Insurance

- Insurance sales: 1,142m EUR
  - Non-life sales (471m EUR) +8% y-o-y, due to premium growth in all classes, due to a combination of volume and tariff increases
  - Life sales (671m EUR) rose by 15% q-o-q and by 76% y-o-y.
    - The q-o-q increase was driven entirely by higher sales of unit-linked products (the result of a successful launch of a new structured fund and commercial actions), partly offset by lower sales of guaranteed-interest products (attributable chiefly to traditionally higher volumes in tax-incentivised pension savings products in 4Q23)
    - The y-o-y increase was driven by both higher sales of unit-linked products and higher sales of guaranteed-interest products
- Combined ratio amounted to an excellent 86% in 1Q24 (81% in 1Q23)

Mortgage-related cross-selling ratios

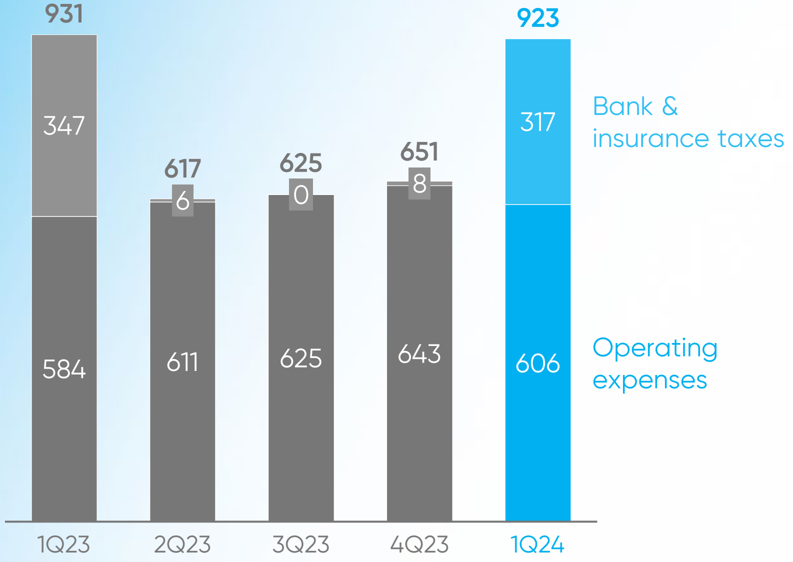
in %



Belgium BU (5) | Opex & impairments

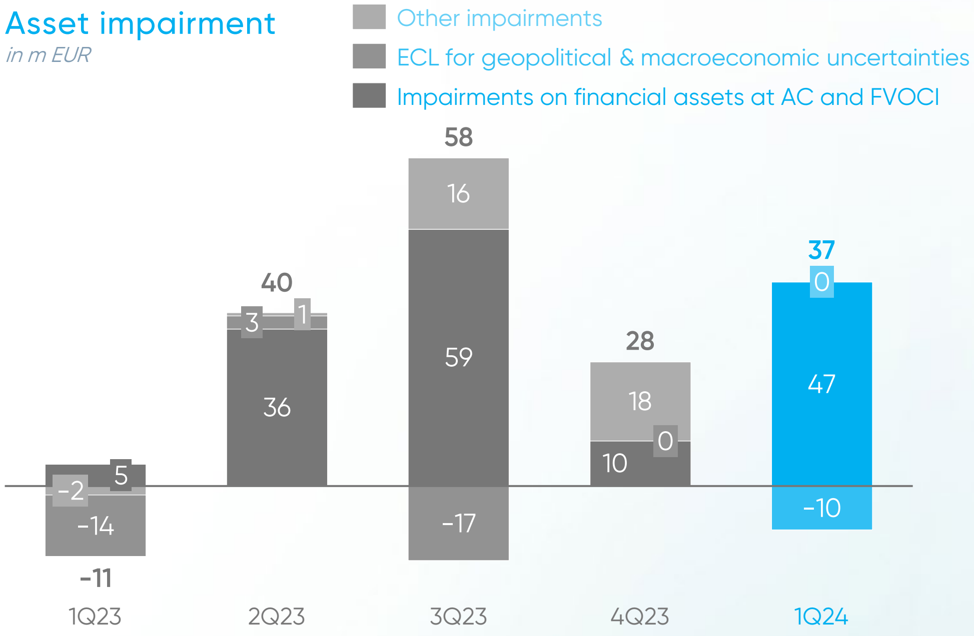
Operating expenses

in m EUR



Asset impairment

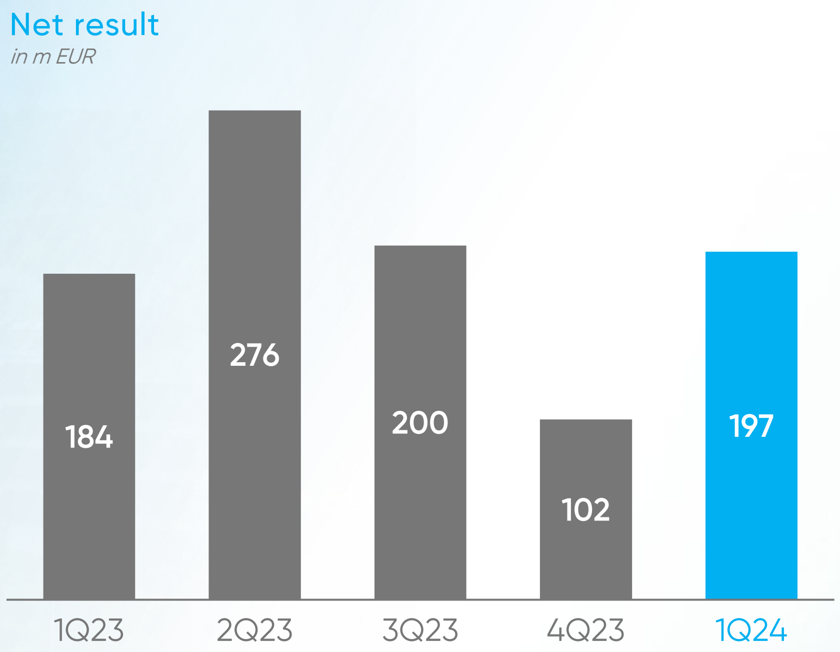
in m EUR



- **Opex (including costs directly attributable to insurance, but excluding bank & insurance taxes): -6% q-o-q and +4% y-o-y**
- -6% q-o-q due mainly to lower ICT costs, seasonally lower marketing and professional fee expenses and lower depreciations, partly offset by higher staff costs and higher facility costs
- +4% y-o-y due chiefly to higher staff costs, higher ICT costs, higher facility costs (mainly energy costs) and higher professional fee expenses, partly offset by lower marketing costs and lower depreciations
- Cost/income ratio adjusted for specific items: 43% in 1Q24 (46% in FY23)

- **Net loan loss impairment charges of 37m EUR in 1Q24 (compared with 10m EUR in 4Q23),** mainly for several corporate files, partly offset by a 10m EUR net impairment reversal for geopolitical & macroeconomic uncertainties. Credit cost ratio amounted to 11 bps in 1Q24 (6 bps in FY23)
- **Impaired loans ratio amounted to 2.1%, 0.9% of which over 90 days past due**

Czech Republic BU (1) | Net result



ROAC 1Q24
38%

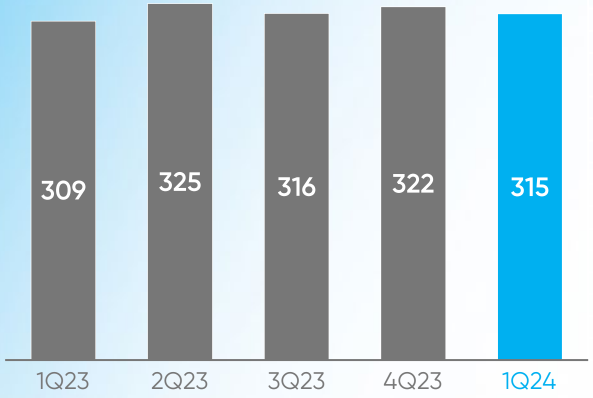
15% of Allocated Capital

- The quarter was characterised by higher net interest income excluding FX, higher net fee & commission income, higher sales of non-life and life insurance products (excluding FX), higher net result from financial instruments at fair value, higher net other income, higher costs (due entirely to higher bank & insurance taxes), lower insurance service expenses before reinsurance and limited net loan loss impairment charges

Czech Republic BU (2) | Net interest income

Net interest income

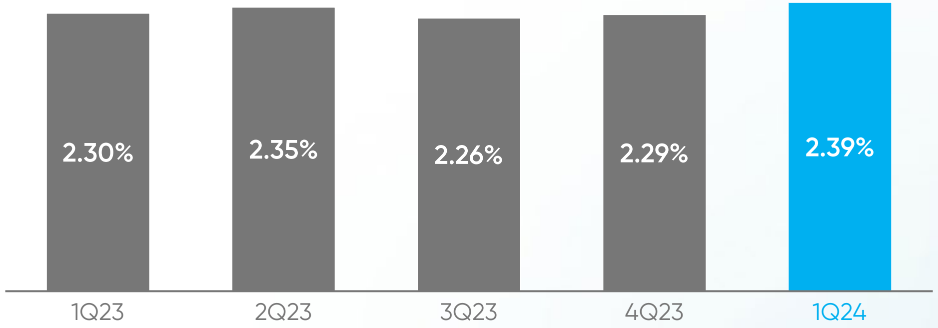
in m EUR



- +1% q-o-q and +8% y-o-y (both excl. FX effect)
- Q-o-q increase driven mainly by higher commercial transformation result (higher reinvestment yields), higher lending income and higher ALM result, partly offset by higher funding costs and lower dealing room NII (driven mainly by lower income from local cash desk and decreasing repo rate)
- Y-o-y increase, as much higher transformation result, higher lending income, higher income from increased term deposits and higher ALM result was only partly offset by higher costs on the minimum required reserves held with the central bank and lower dealing room NII (driven mainly by lower income from local cash desk and decreasing repo rate)

Net interest margin

in %



- Rose by 10 bps q-o-q and by 9 bps y-o-y for the reasons mentioned on net interest income and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

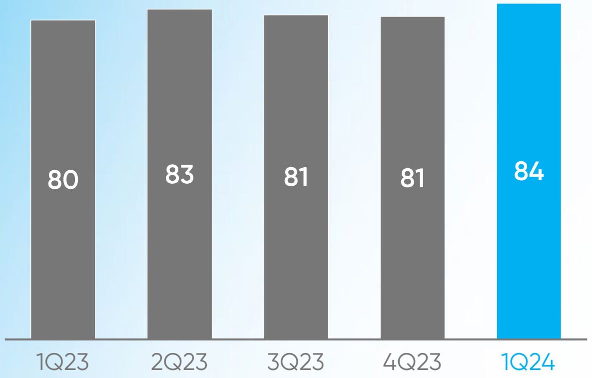
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	36bn	19bn	49bn
Growth q-o-q*	+2%	0%	-1%
Growth y-o-y	+7%	+2%	+2%

* 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.

Czech Republic BU (3) | Other income lines & cross-selling

Net fee & commission income

in m EUR



- +7% q-o-q net F&C income excl. FX effect was mainly the result of higher entry fees, higher securities-related fees and lower commissions paid linked to banking products, partly offset by lower management fees, lower fees from credit files & bank guarantees, lower fees from payment services (seasonal) and lower network income
- The 11% higher y-o-y net F&C income excl. FX effect was driven chiefly by higher entry fees, higher securities-related fees and higher distribution fees for insurance products, partly offset by lower management fees, lower fees from credit files & bank guarantees, lower fees from payment services and lower network income

Assets under management

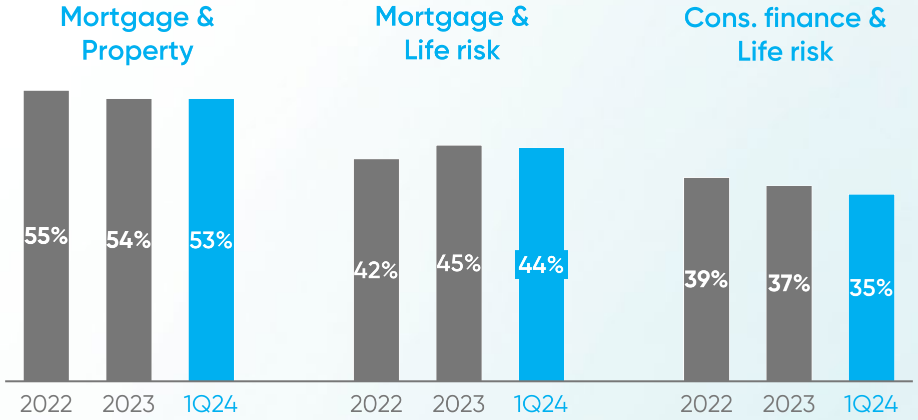
- 17.8bn EUR
- +3% q-o-q due to net inflows (+2%) and positive market performance (+1%)
- +8% y-o-y due to net inflows (+5%) and positive market performance (+3%)

Insurance

- Insurance sales: 172m EUR
  - Non-life sales (124m EUR) +5% y-o-y (+11% excl. FX), due to premium and volume growth in all classes
  - Life sales (47m EUR) roughly stabilised q-o-q (+2% excl. FX) and increased by 2% y-o-y (+8% excl. FX). The y-o-y increase was fully driven by higher sales of unit-linked products and hybrid products
- An excellent combined ratio of 79% in 1Q24 (82% in 1Q23)

Mortgage-related cross-selling ratios

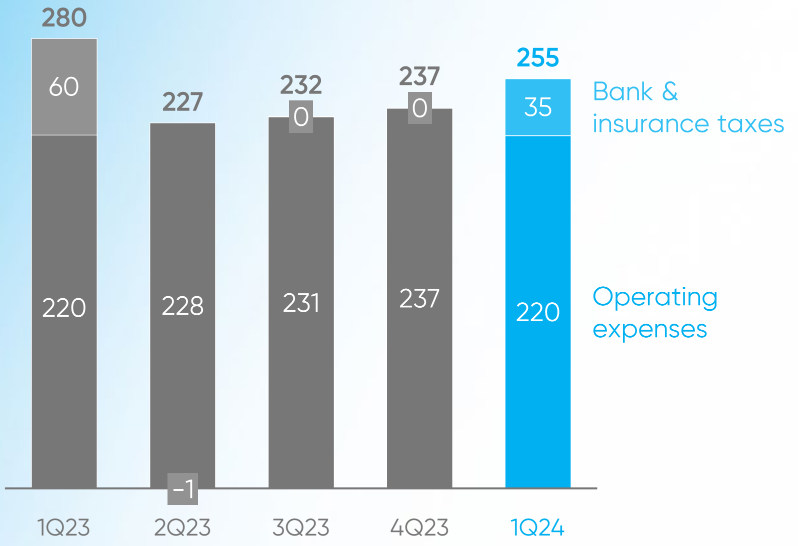
in %



Czech Republic BU (4) | Opex & impairments

Operating expenses

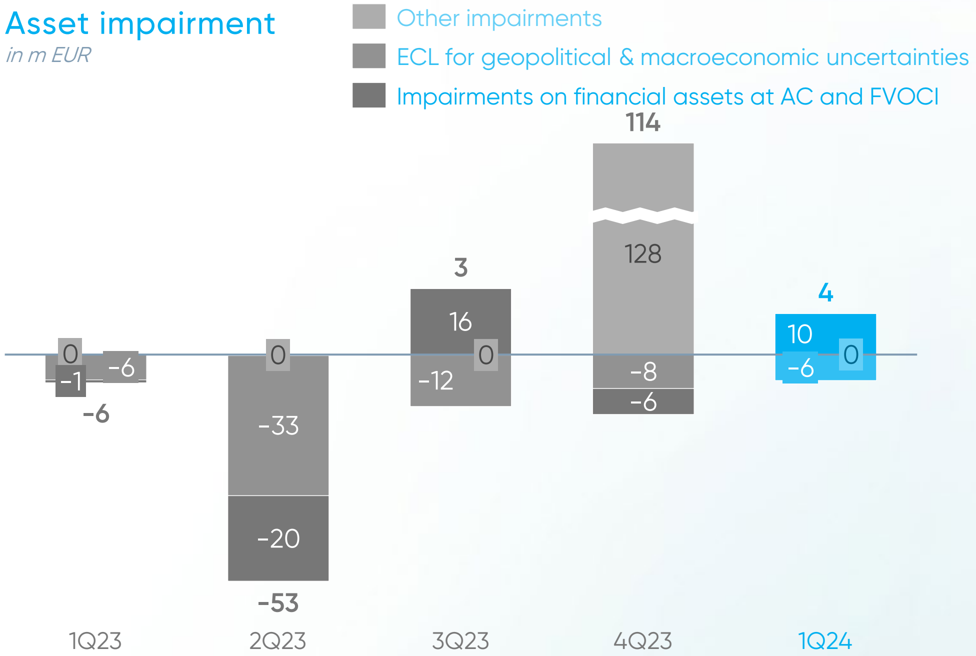
in m EUR



- **Opex (incl. costs directly attributable to insurance and excl. bank & insurance taxes): -5% q-o-q and +6% y-o-y, excl. FX effect**
- Q-o-q decrease was due mainly to lower ICT costs, lower facility costs and seasonally lower marketing costs, partly offset by slightly higher staff costs and slightly higher professional fee expenses
- Y-o-y increase was chiefly the result of higher staff costs and higher marketing costs and professional fees, partly offset by lower ICT costs and lower facility costs
- Adjusted for specific items, C/I ratio amounted to roughly 44% in 1Q24 (47% in FY23)

Asset impairment

in m EUR

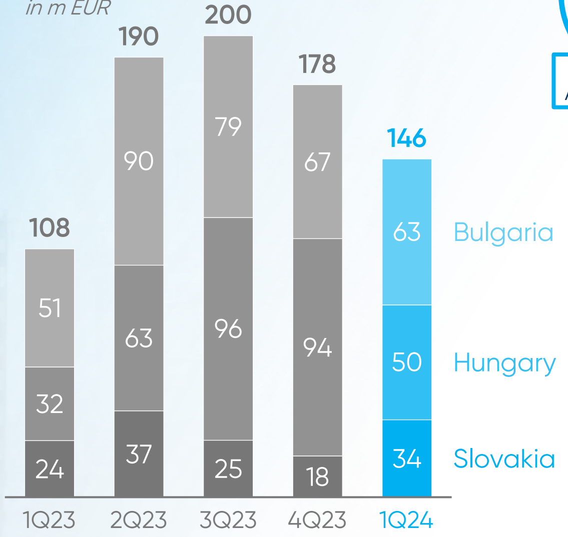


- **Net loan loss impairment charges** of 4m EUR in 1Q24 compared with 14m EUR net loan loss impairment releases in 4Q23. Besides a 6m EUR net impairment reversal for geopolitical and macroeconomic uncertainties, there were 10m EUR net loan loss impairment charges (mainly for several corporate & SME files)
- **Credit cost ratio** amounted to 0.04% in 1Q24 (-0.18% in FY23)
- **Impaired loans ratio** amounted to 1.4%, 0.8% of which over 90 days past due

International markets BU (1) | Highlights

Net result

in m EUR



ROAC 1Q24

22%

20% of Allocated Capital

Highlights (q-o-q)

- Higher net interest income. NIM of 3.40% in 1Q24 (+13 bps q-o-q and +9 bps y-o-y)
- Lower net fee and commission income
- Higher net result from financial instruments at fair value
- Higher non-life and lower life insurance sales
- A combined ratio of 102% in 1Q24 (97% in 1Q23). Excluding the significant windfall tax on insurance in Hungary, the combined ratio amounted to 88% in 1Q24 (83% in 1Q23)
- Higher operating expenses (including directly attributable costs to insurance) due entirely to higher bank & insurance taxes
- Net impairment releases

Organic volume trend

	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	28bn	11bn	32bn
Growth q-o-q*	+1%	+2%	+1%
Growth y-o-y	+8%	+8%	+9%

* 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.

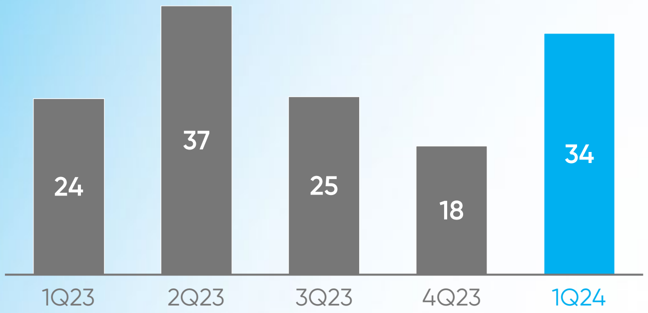
Assets under management

- 9.6bn EUR (+6% q-o-q and +28% y-o-y)

International markets BU (2) | Slovakia

Net result

in m EUR



ROAC 1Q24
15%
7% of Allocated Capital

Highlights (q-o-q)

- Higher net interest income due mainly to higher commercial transformation result and slightly lower funding costs
- Lower net fee & commission income due chiefly to lower fees from credit files & bank guarantees, lower fees from payment services (seasonal), lower network income and lower distribution fees received for insurance products, partly offset by higher management & entry fees and higher securities-related fees
- Higher net result from financial instruments at fair value
- Higher non-life insurance sales and lower life insurance sales
- A combined ratio of 107% in 1Q24 (93% in 1Q23) due to higher MTPL claims (due to inflation)
- Higher operating expenses due entirely to higher bank & insurance taxes (newly introduced bank levy)
- 11m EUR net impairment releases in 1Q24 (0m EUR in 4Q23). Besides a 7m EUR net impairment reversal for geopolitical & macroeconomic uncertainties, there were 4m EUR net loan loss impairment releases. Credit cost ratio of -0.36% in 1Q24 (-0.07% in FY23)

Volume trend

- Total customer loans roughly stabilised q-o-q and rose by 4% y-o-y (the latter due mainly to good growth in mortgage loans)
- Total customer deposits stabilised q-o-q and rose by 8% y-o-y (the latter due to growth in all segments, and especially strong corporate deposit growth)

Organic volume trend

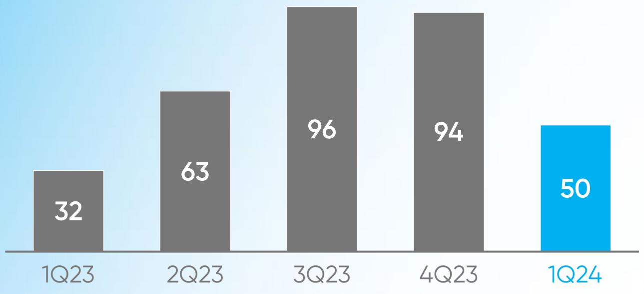
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	12bn	7bn	9bn
Growth q-o-q*	0%	+1%	0%
Growth y-o-y	+4%	+5%	+8%

* 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 (3) | Hungary

Net result

in m EUR



ROAC 1Q24 25%

6% of Allocated Capital

Highlights (q-o-q)

- Higher net interest income due mainly to higher commercial transformation result, higher ALM result, higher lending income (driven by increasing volumes) and lower MRR costs
- Lower net fee and commission income excluding FX driven mainly by seasonally lower fees from payment services
- Higher FIFV & IFIE result (mainly a positive change in ALM derivatives)
- Higher non-life and life insurance sales
- A combined ratio of 124% in 1Q24 (115% in 1Q23) due to windfall tax on insurance. Excluding this windfall tax, the combined ratio amounted to 89% in 1Q24 (83% in 1Q23)
- Higher operating expenses due entirely to higher bank & insurance taxes, as the temporary extra windfall bank & insurance tax of 71m EUR was booked in 1Q24 (versus 79m EUR in 1Q23). Operating expenses excluding FX effect and bank & insurance taxes fell by 7% q-o-q (decrease in all cost categories, except for depreciations)

- 10m EUR net loan loss impairment reversals in 1Q24 (versus 1m EUR net loan impairment charge in 4Q23). Besides a 2m EUR net impairment reversal for geopolitical & macroeconomic uncertainties, there were 8m EUR net loan loss impairment releases. Credit cost ratio of -0.50% in 1Q24 (-0.14% in FY23)

Volume trend

- Total customer loans rose by 1% q-o-q and by 9% y-o-y (the latter due to growth in all segments)
- Total customer deposits rose by 3% q-o-q (due mainly to growth in retail and corporate deposits) and by 9% y-o-y (the latter due chiefly to corporate & SME deposits, while retail deposits were impacted by shifts to mutual funds)

Organic volume trend

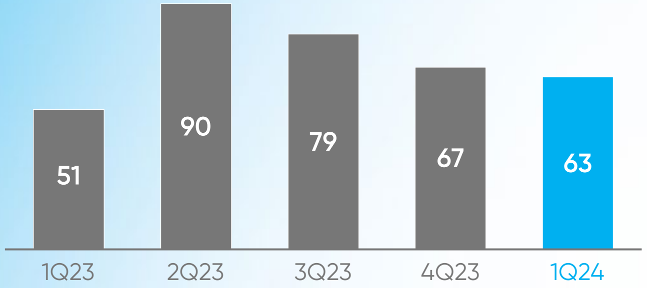
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	7bn	2bn	10bn
Growth q-o-q*	+1%	+3%	+3%
Growth y-o-y	+9%	+7%	+9%

* 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 (4) | Bulgaria

Net result

in m EUR



ROAC 1Q24
25%
8% of Allocated Capital

Highlights (q-o-q)

- Higher net interest income was driven mainly by higher commercial transformation result (increasing interest rates and still limited pass-through), partly offset by lower lending income (pressure on loan margins in all segments)
- Stable net fee and commission income
- Higher non-life insurance sales and lower life insurance sales
- An excellent combined ratio of 79% in 1Q24 (79% in 1Q23)
- Higher operating expenses due entirely to higher bank & insurance taxes. Excluding bank & insurance taxes, operating expenses decreased due mainly to lower ICT costs, seasonally lower marketing costs and slightly lower staff costs
- 2m EUR net loan loss impairment charge as a 2m EUR impairment reversal for geopolitical & macroeconomic uncertainties was more than offset by 4m EUR net loan loss impairment charges. Credit cost ratio of 0.07% in 1Q24 (0.00% in FY23)

Volume trend

- Total customer loans rose by 3% q-o-q (due mainly to growth in mortgages and consumer loans) and by 13% y-o-y (due to growth in all segments)
- Total customer deposits stabilised q-o-q (as growth in retail deposits was offset by lower SME deposits) and rose by 10% y-o-y (due to growth in all segments)

Organic volume trend

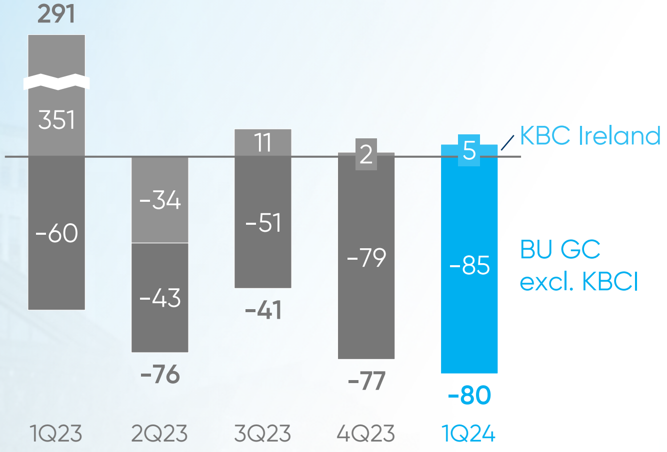
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	10bn	2bn	13bn
Growth q-o-q*	+3%	+6%	0%
Growth y-o-y	+13%	+22%	+10%

* 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 BU | Highlights

Net result

in m EUR



- The net result for the Group Centre comprises the results from activities and/or decisions specifically made for group purposes and, as of 1Q22, Ireland

Highlights (q-o-q), excluding Ireland

- Excluding Ireland, the q-o-q lower result of Group Centre was attributable mainly to:
  - Lower net result from financial instruments at fair value
  - Lower net other income
  - No one-off DTA tax benefit (as was the case in 4Q23)

  partly offset by
  - Higher net interest income
  - Higher net result from reinsurance contracts held
  - Lower operating expenses excluding bank & insurance taxes
  - Lower impairments

Company profile | KBC Group in a nutshell (1)

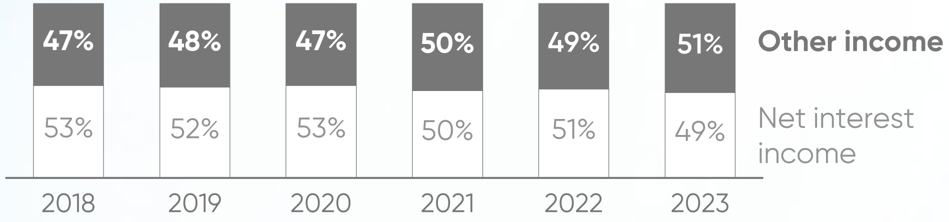
Diversified and strong business performance

- **geographically …**
  - Mature markets (BE, CZ) combined with 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

in %



We want to be among Europe's best performing financial institutions

- 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

Firmly embedded sustainability strategy

- As a company that aims to support the transition to a more sustainable and climate-proof society, we have made sustainability integral to our overall business strategy and integrated it into our day-to-day business operations and the products and services we provide
- Our sustainability strategy consists of three cornerstones: encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse social impact we might have

Company profile | KBC Group in a nutshell (2)

High profitability (IFRS 17 figures)

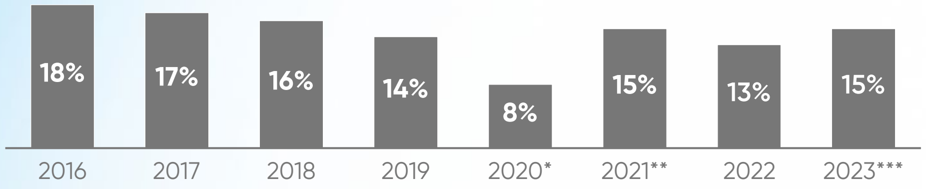
C/I ratio*
49% FY23
49% FY22

combined ratio
87% FY23
87% FY22

net result
3,402m FY23
2,818m FY22

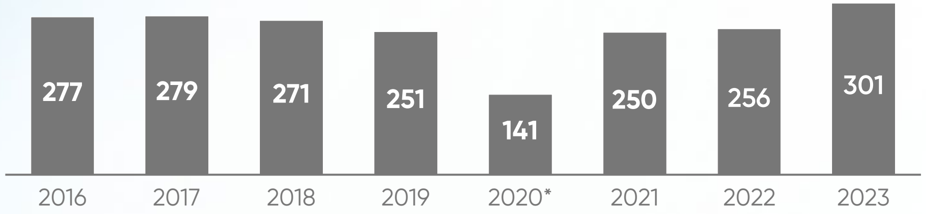
* Adjusted for specific items

Return on Equity
in %



* 11% when adjusted for the collective Covid-19 impairments
** When excluding the one-off items due to the pending sales transactions in Ireland
*** Excluding one-offs

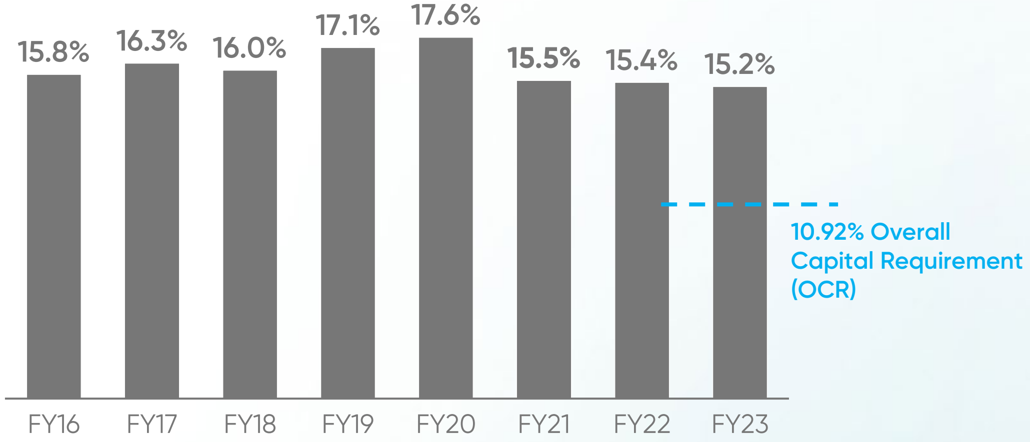
CET1 generation before any capital deployment
in bps



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

Solid capital position

CET 1 ratio (fully loaded, Danish compromise)
in %



Robust liquidity

NSFR
136% FY23
136% FY22

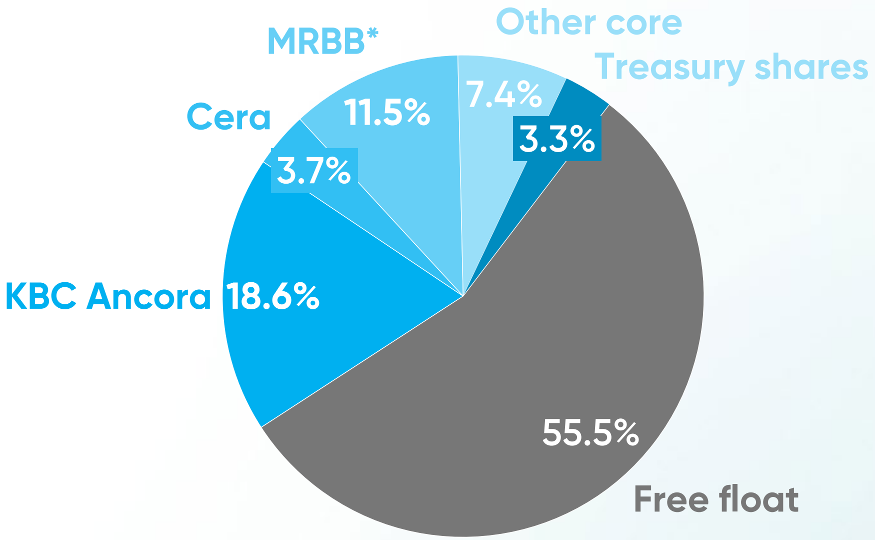
LCR
159% FY23
152% FY22

Company profile | KBC Group in a nutshell (3)

Dividend policy & capital distribution

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The dividend policy for 2024 to remain unchanged:
    - 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
  - The capital deployment policy for 2024 to remain unchanged:
    - 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
- Considering the **introduction of Basel 4 as of 1 Jan 2025 onwards**, the **dividend policy as well as the surplus capital threshold will be reviewed in 1H25**

Shareholder structure
(as at end 1Q24)



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

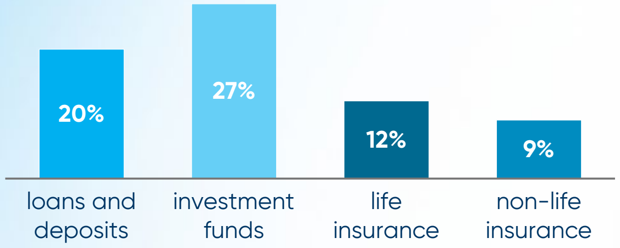
Company profile | Well-defined core markets

Belgium BU

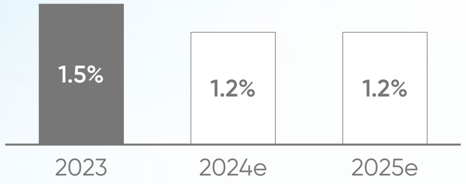
61% of assets
4.0m clients
432 branches

119bn EUR loans
136bn EUR deposits

Market share
in %, end 2023



GDP growth
in %, KBC Economics



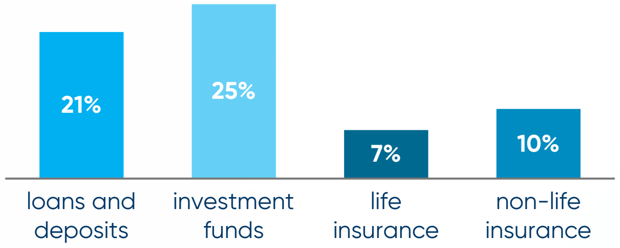
105% debt-to-GDP ratio

Czech Republic BU

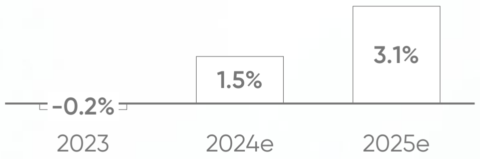
21% of assets
4.3m clients
198 branches

36bn EUR loans
49bn EUR deposits

Market share
in %, end 2023



GDP growth
in %, KBC Economics



44% debt-to-GDP ratio

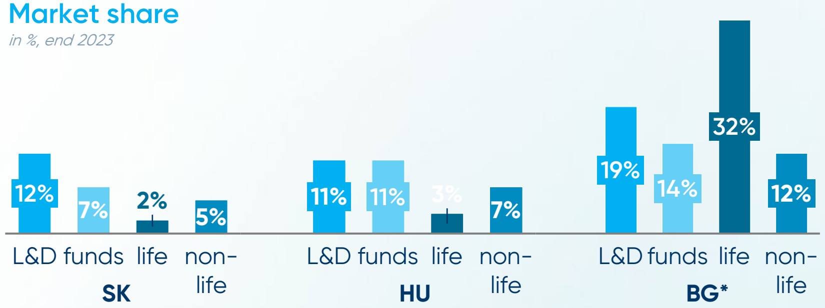
International Markets BU

SK
4% of assets
0.8m clients
99 branches
12bn EUR loans
9bn EUR deposits

HU
4% of assets
1.6m clients
195 branches
7bn EUR loans
10bn EUR deposits

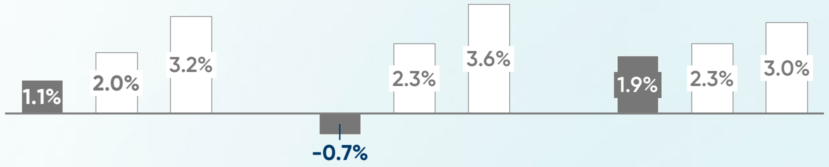
BG
5% of assets
2.2m clients
221 branches
10bn EUR loans
13bn EUR deposits

Market share
in %, end 2023



* Pro forma incl. acquisition of Raiffeisenbank Bulgaria

GDP growth
in %, KBC Economics

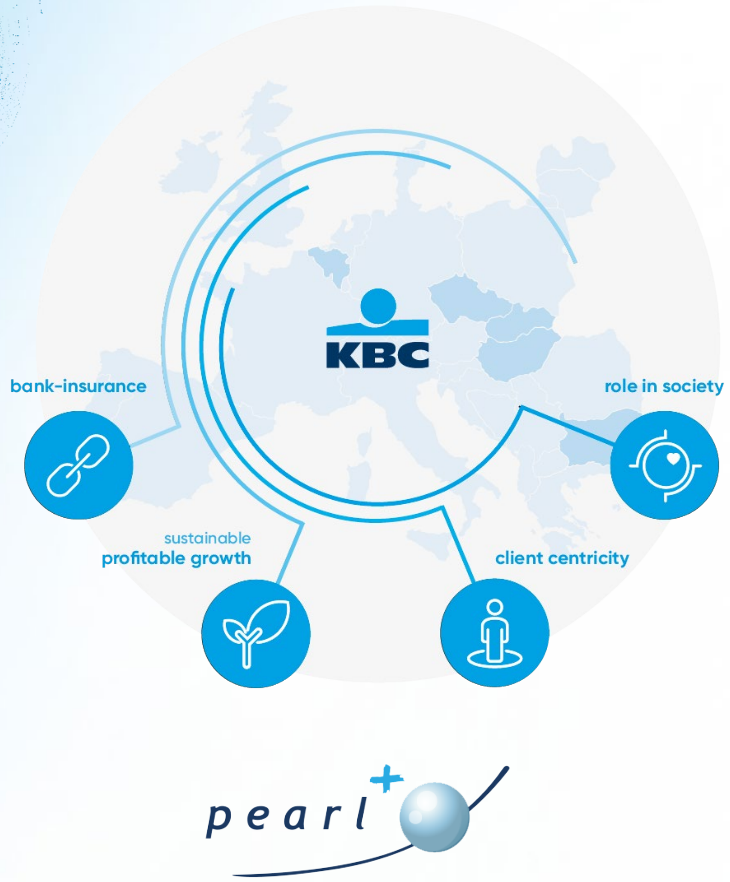


SK
56% debt/GDP

HU
73% debt/GDP

BG
23% debt/GDP

Strategy | Differently: the next level

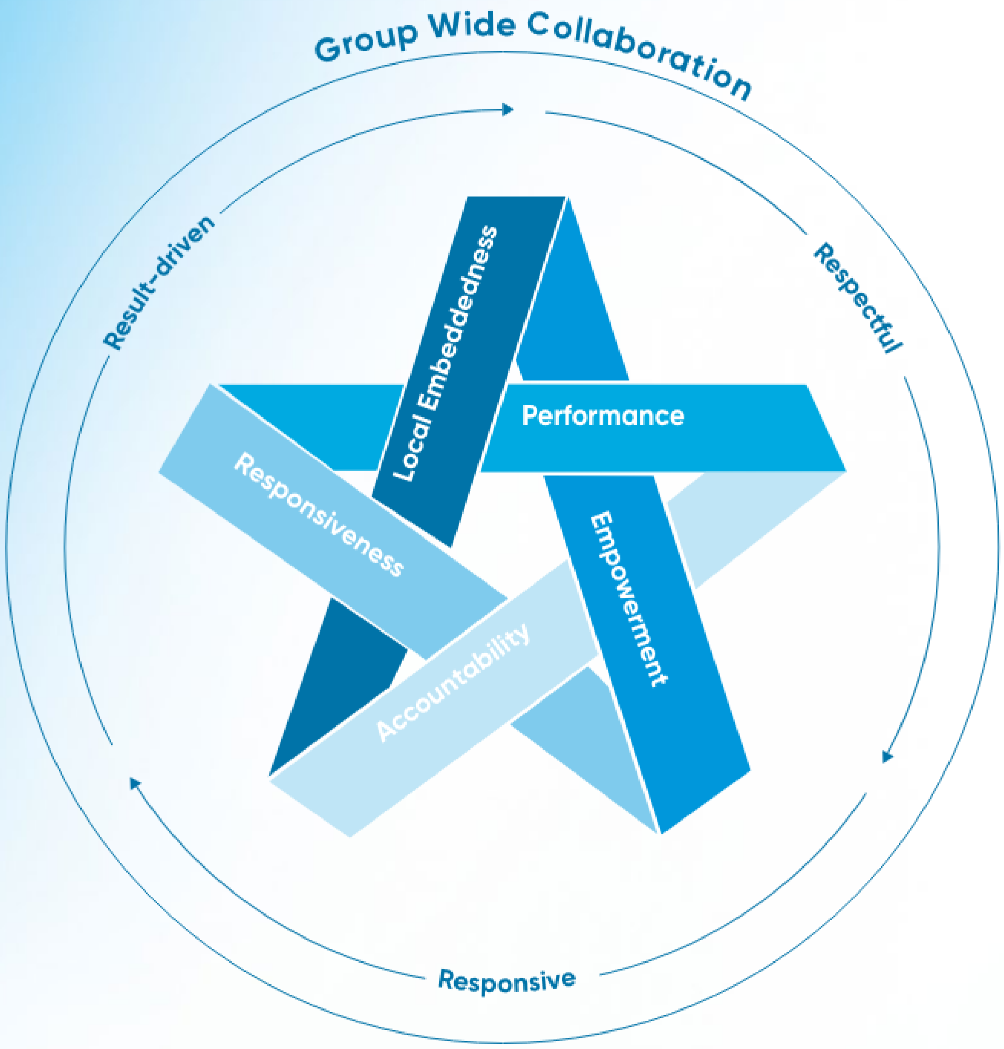


Our strategy rests on the following principles:

- We place our clients at the centre of everything we do.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth
- We assume our role in society and local economies
- We implement our strategy within a strict risk, capital and liquidity management framework

As part of our PEARL+ business culture, we focus on jointly developing solutions, initiatives and ideas within the group

Strategy | Powered by PEARL

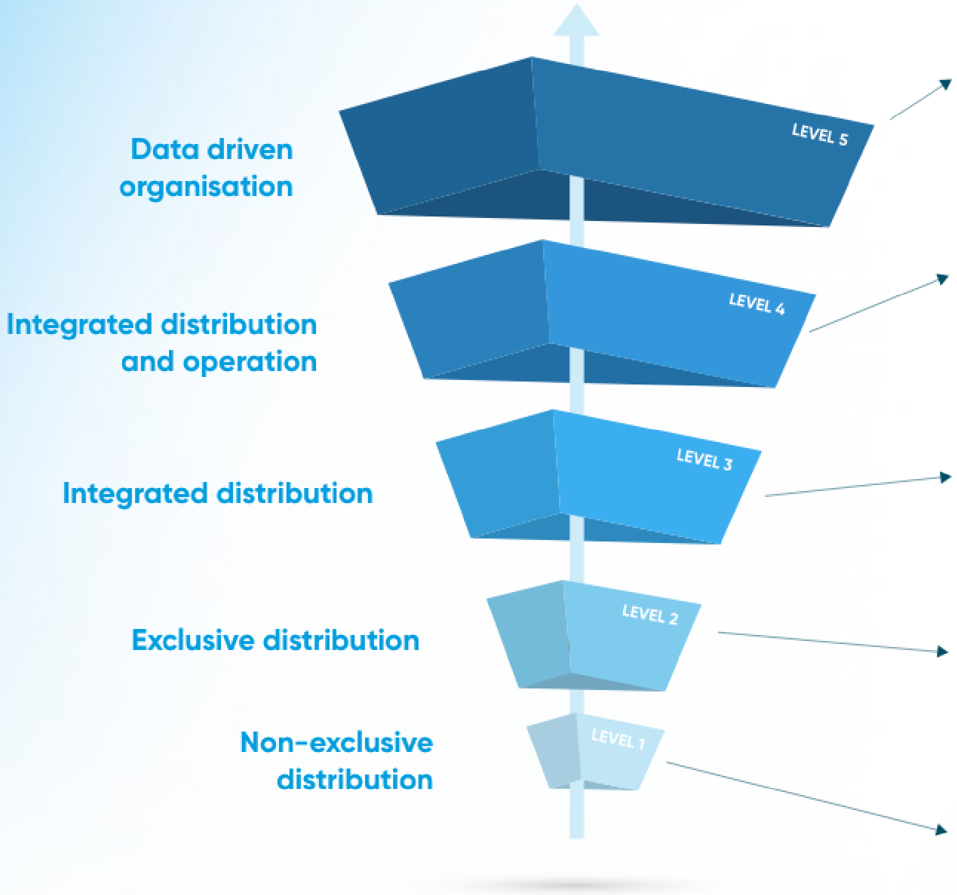


'Why would you build exactly the same thing in your country, when you have the solution next door?'

Johan Thijs

Strategy | 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 organization: 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

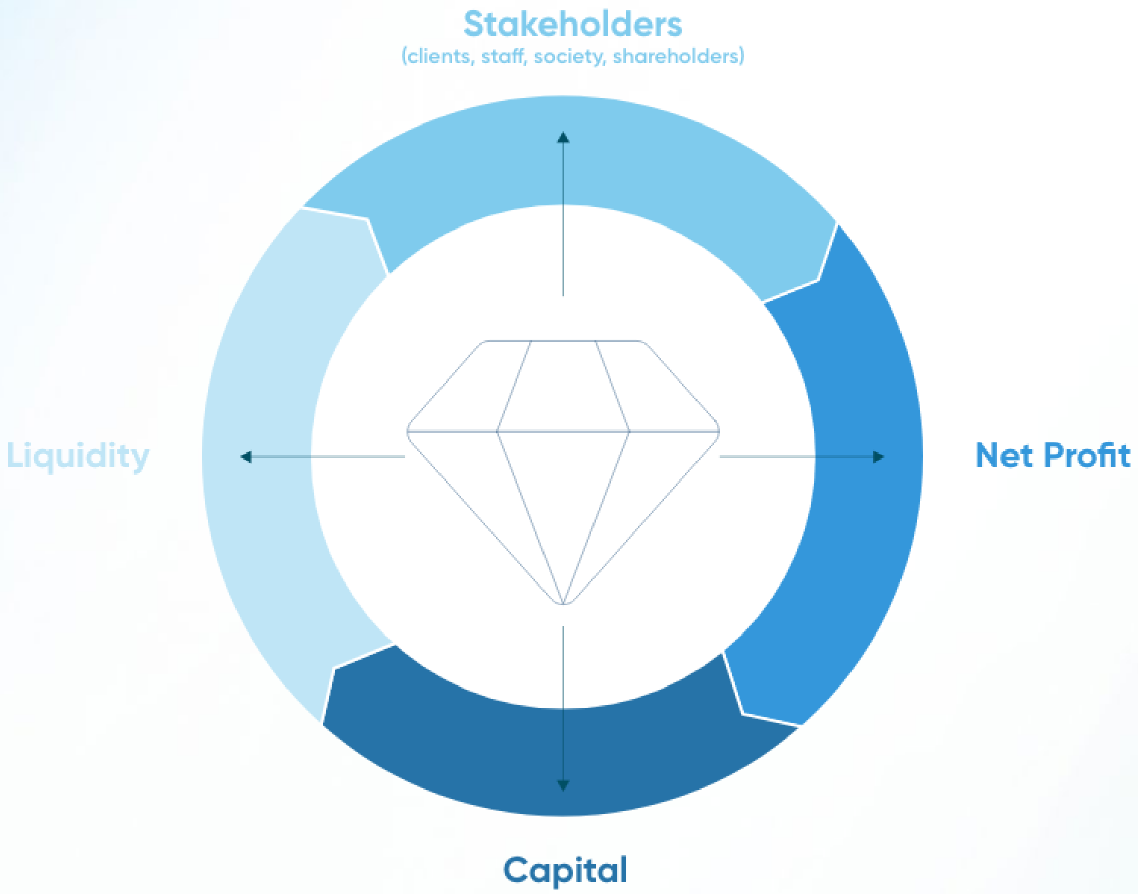
Acting as a single operational company: bank and insurance company working under unified governance, realizing commercial synergies

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

Bank branches sell insurance products of third-party insurers as additional source of income

Strategy | 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:



Kate | KBC's hyper personalised and trusted 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

Digital first & E2E

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

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

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

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

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 | Four flavours, one Kate

Kate4MassRetail

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

Kate is available in all KBC's core countries!

KATE autonomy
65% BE
65% CZ

4.5 million
users
in contact
with Kate

use cases
451 BE
233 CZ
438 IM

Kate4Business

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

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

use cases
Business
67 BE
58 CZ
121 IM

Kate Group Platform

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

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

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

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

'KATE IN A BOX'
delivered to all core countries

Kate4Employees

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

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

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

85.2k sales from Kate leads
In CZ & BE
(1y)

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

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

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

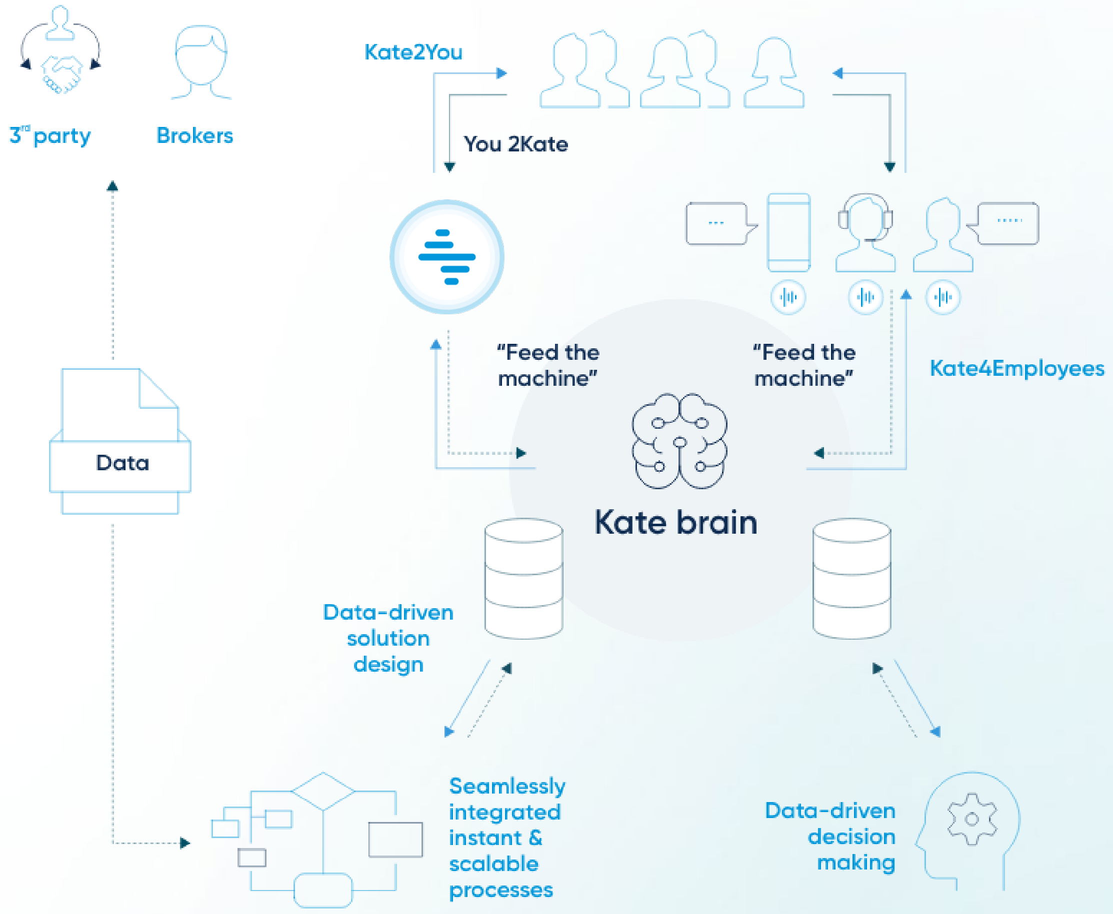
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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

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

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

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



Kate | From basic chatbot to hyper-personal digital assistant

Sales effectiveness, operational efficiency, customer experience ↗
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 earn 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

Strategy | Translating strategy into non-financial targets

Differently: THE NEXT LEVEL

- 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

PEARL+

Data Driven

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

Strategy | KBC's non-financial targets (2023-2026) (update on a half-year basis)

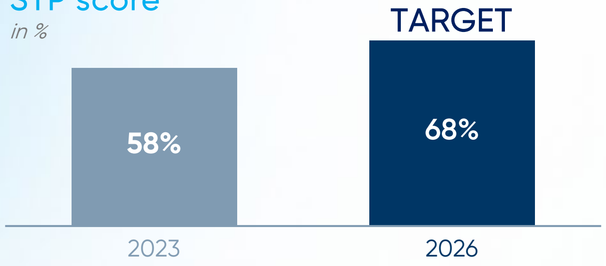
Customer ranking

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

Straight-through processing

STP score*

in %



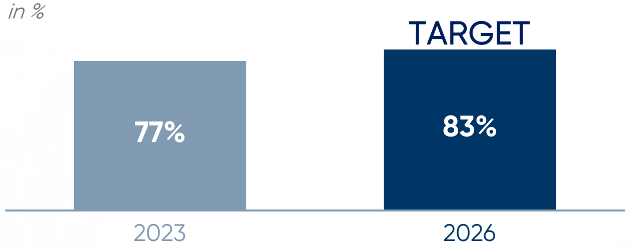
The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of all retail processes.

Bank-insurance (BI) clients

BI clients

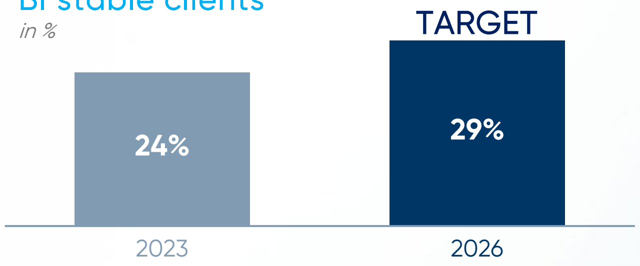
in %



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

BI stable clients

in %

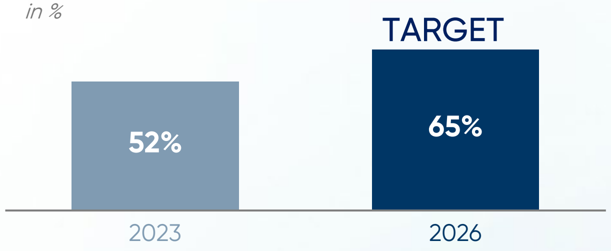


Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

Digital sales

Digital sales banking products*

in %

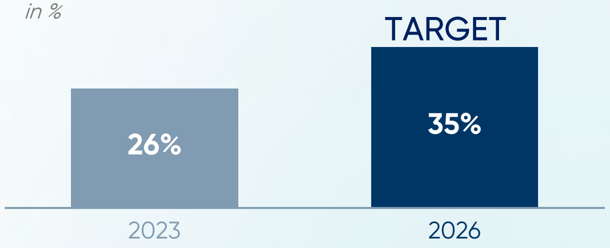


Target: Digital sales 65% of **banking sales**

* Based on weighted average of selected core products.

Digital sales insurance products

in %



Target: Digital sales 35% of **insurance sales**

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

Agency	ESG rating 23rd of April 2024	Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	D- … A; KBC: A	• Leader in addressing climate change • CDP's A list • Financial average service B-
SUSTAINALYTICS	Severe Risk, High Risk, Medium Risk, Low Risk, Negligible Risk; KBC: 9.8	• 2nd percentile of 311 diversified banks assessed • 3rd of 311 diversified banks
S&P Dow Jones Indices A Division of S&P Global	0 … 100; KBC: 64	• Top 7% 93rd percentile of 794 banks assessed
MSCI	C, B, BB, BBB, A, AA, AAA; KBC: AAA	• Leader among 491 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	D-, D, D+, C-, C, C+, …; KBC: C+ (prime)	• 1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	0, 1, 2, 3, 4, 5; KBC: 4.7	• Top 3% (97th percentile of banks assessed)

Sustainability highlights

Commitment to environmental action

Second progress report published on the 2030 and 2050 climate targets for the most material carbon-intensive industrial sectors and product lines in our lending business

Set of **Climate targets published for our own corporate investments of KBC Insurance** for the first time

Calculated for the first time the GHG emissions of part of **KBC's insurance underwriting portfolio**

Continued to expand our focus to include the themes of biodiversity, circularity, pollution and water, and report on them. **By extension, we also became an adapter of the TNFD recommendations**

Sustainable business

44bn EUR Responsible Investing funds in 1Q24
or 41% of total assets under distribution (direct client money)

7.4bn EUR
Financing contributing to social objectives

19.3bn EUR
Financing contributing to environmental objectives

We are reporting our contribution to environmental objectives according to the **EU taxonomy for the first time, including but not limited to voluntary EU taxonomy reporting and our mandatory reporting** (more details see further in the presentation)

Social responsibility and governance

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

75% of employees took part in the **new webinar on responsible behaviour** during last quarter 2023

Focus on **improving the gender balance within our leadership**

Collective variable remuneration
At least 30% of the collective, variable results-related remuneration component that is awarded to the members of the Executive Committee is related to sustainability

Sustainability highlights in 2023, unless otherwise indicated

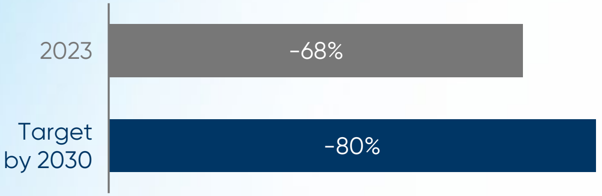
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2023)

- Since 2015, we have been calculating the **GHG emissions arising from our own operations** at group level, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard
- We set group-wide GHG reduction targets in 2016, and we have tightened them over the years
- **In 2020 the most resent targets were set**, with a long-term ambition of achieving an 80% reduction in our direct emissions by 2030 (as compared to 2015). For the third consecutive year, we reached **net-climate neutrality** by offsetting our residual direct emissions
- Additionally, we committed to increasing **our own green electricity consumption to 100% by 2030**. The goal was already reached in 2021

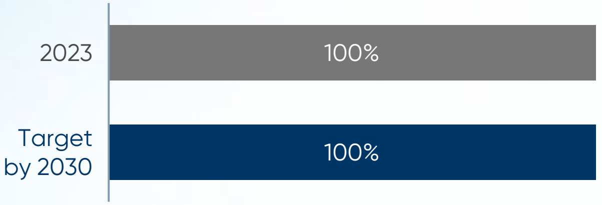
Reduction in our direct GHG emissions

reduction compared to 2015



Renewable electricity

in % of own electricity consumption



More details in our 2023 Sustainability Report

More details in our 2022 Climate Report

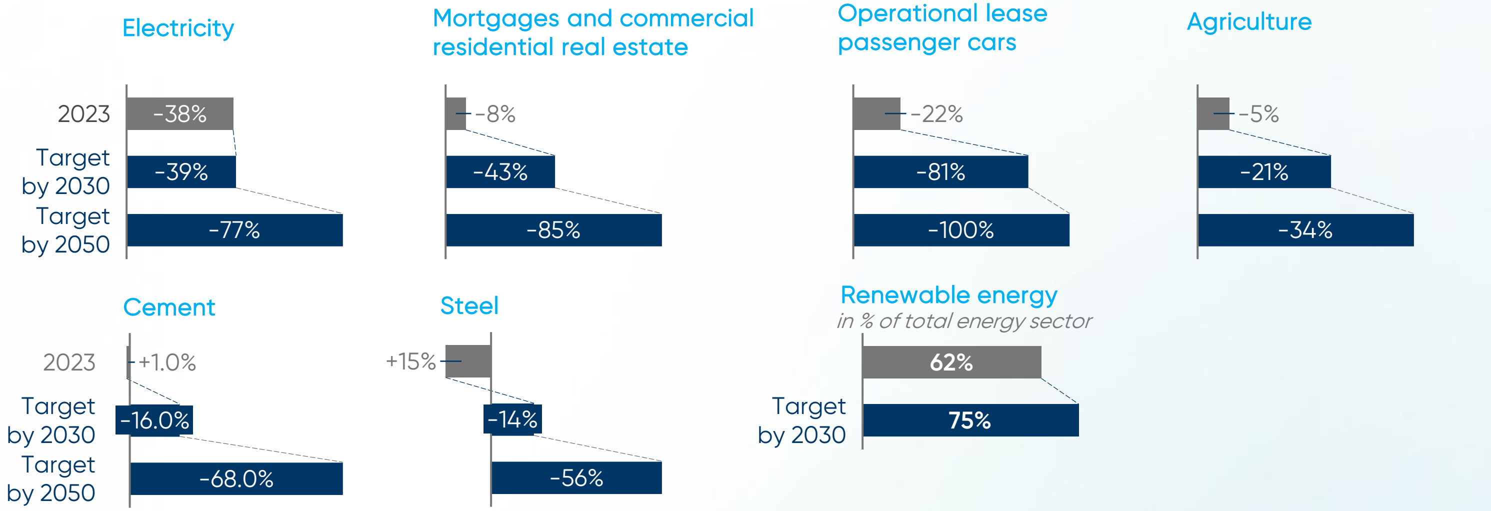
Indirect environmental impact: our progress in brief

INDIRECT environmental footprint (FY 2023)

- We refer to our Collective Commitment to Climate Action (CCCA) and the subsequent publication of our Climate Report at the end of September 2022
- Containing stringent decarbonisation targets for the white papers sectors which represent the majority of our lending portfolio emissions. Targets cover 55% of the lending portfolio related GHG emissions
- Clear targets for KBC Asset Management's Responsible Investing (RI) funds
- The baseline of the various targets and the actuals have been externally limited assured

Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated

Loan loss experience at KBC

Credit cost ratio*

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

	1Q24	FY23	FY22	FY21	FY20	FY19	FY18	AVERAGE '99 –'23
Belgium BU	0.11%	0.06%	0.03%	-0.26%	0.57%	0.22%	0.09%	n/a
Czech Republic BU	0.04%	-0.18%	0.13%	-0.42%	0.67%	0.04%	0.03%	n/a
International Markets BU*	-0.25%	-0.06%	0.31%	0.36%	0.78%	-0.07%	-0.46%	n/a
Group Centre BU*	0.20%	0.07%	-0.04%	0.28%	-0.23%	-0.88%	-0.83%	n/a
Total	0.04%	0.00%	0.08%	-0.18%	0.60%	0.12%	-0.04%	0.37%

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

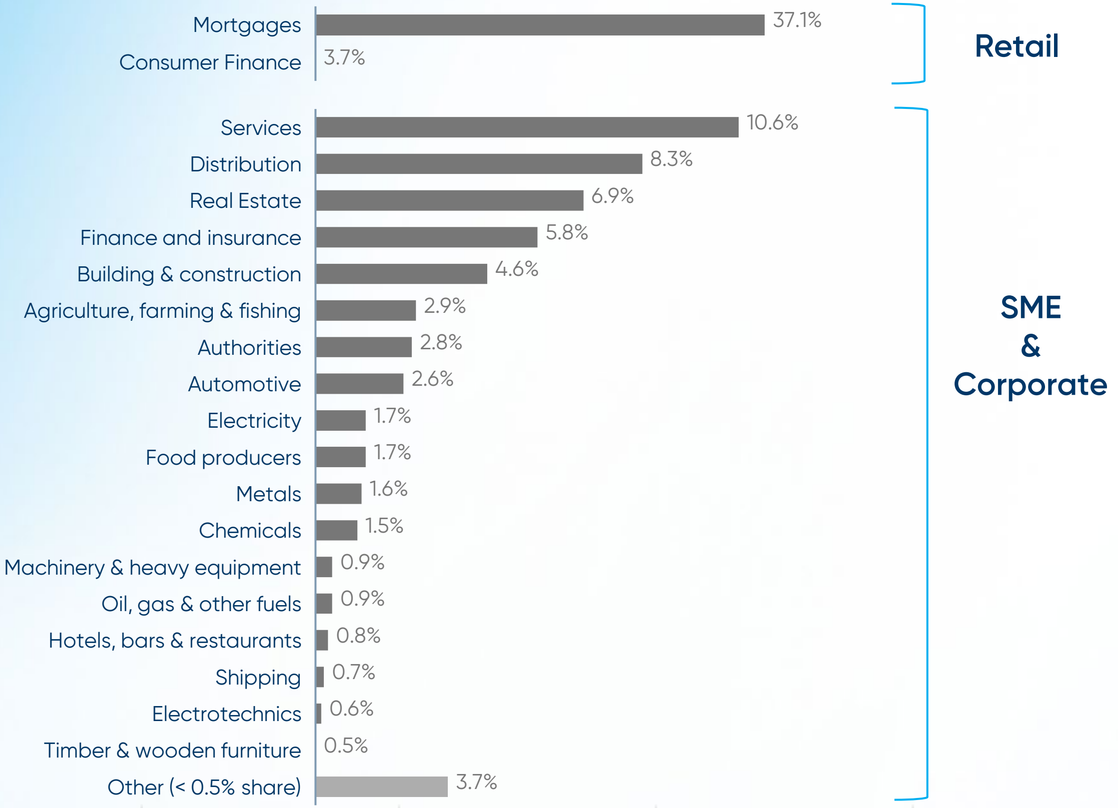
Diversified loan portfolio

Total loan portfolio outstanding

Total loan portfolio outstanding
202bn EUR*
Group level

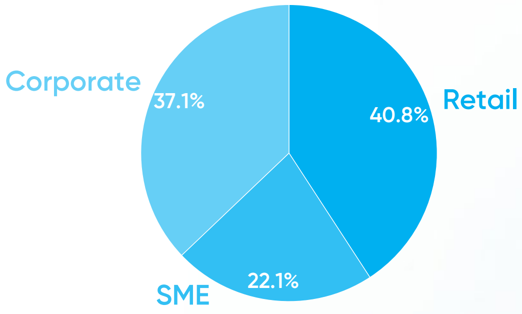
Total loan portfolio outstanding | by sector

*as % of total Group loan portfolio outstanding**



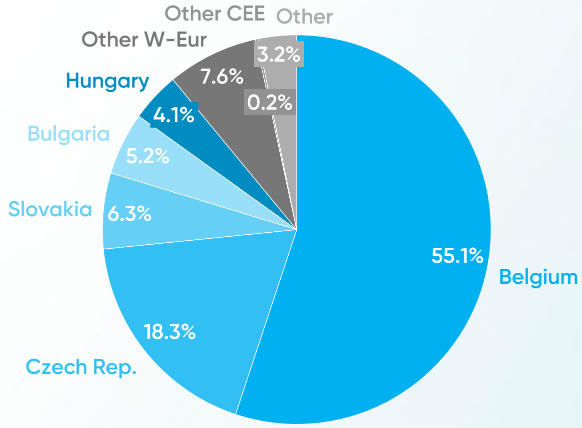
Total loan portfolio outstanding | by segment

*as % of total Group loan portfolio outstanding**



Total loan portfolio outstanding | by geography

*as % of total Group loan portfolio outstanding**

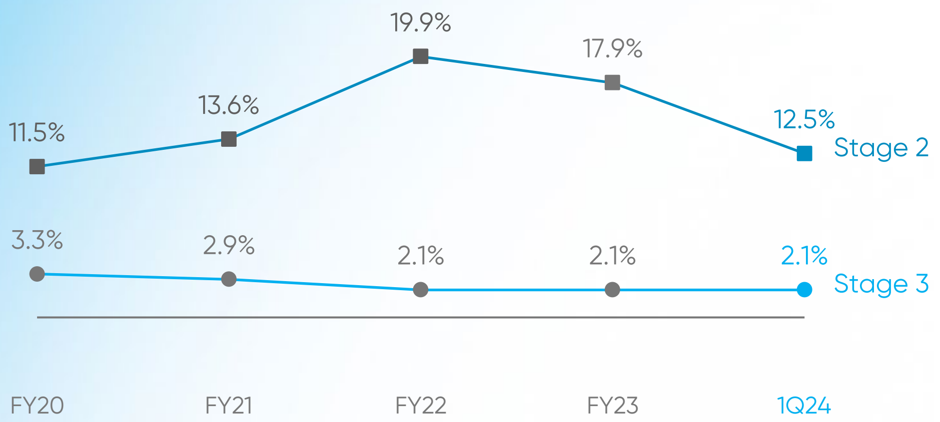


- Aligned with the credit risk view of our loan portfolio outstanding as reported in the quarterly financial statements.

Loan portfolio breakdown by IFRS 9 ECL stage

Total loan portfolio outstanding | by IFRS9 ECL Stage*

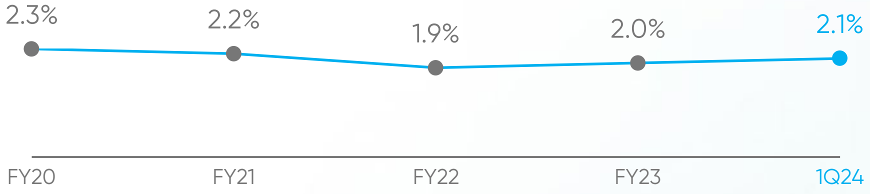
as % of total Group loan portfolio outstanding



- Drop of **Stage 3 ratio over the years** is driven mainly by the sale of the Irish loan portfolio
- The **increase of Stage 2 portfolio in 2022** resulted mainly from collective transfer to Stage 2 of Stage 1 portfolios, linked to the geopolitical and macroeconomic uncertainties (in line with strict application of the general ECB guidance on staging). In 2023, the declining trend of Stage 2 exposures was driven mainly by the partial release of the collective transfer back to Stage 1
- The **q-o-q decrease of the Stage 2 ratio** resulted mainly from a revised staging methodology (change from indicator based on 12 months probability of default to lifetime). Furthermore, KBC Commercial Finance exposure shifted from stage 2 to stage 1 as the relative change in credit risk has been revisited based on the very low historical credit losses in this portfolio and the very short maturities. Both movements were introduced to better reflect the underlying credit risk since origination

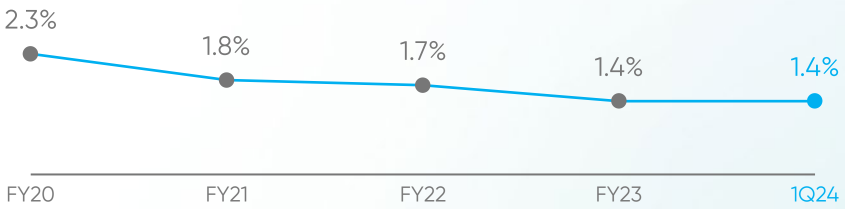
Stage 3 ratio | Belgium BU

in %



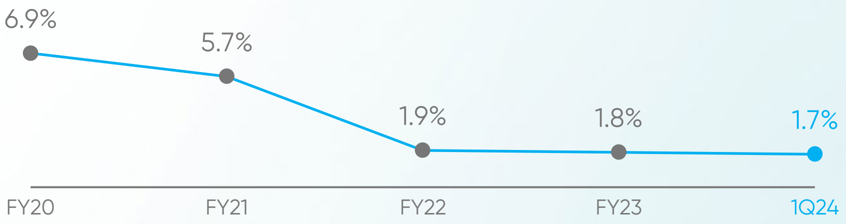
Stage 3 ratio | Czech Republic BU

in %



Stage 3 ratio | International Markets BU

in %

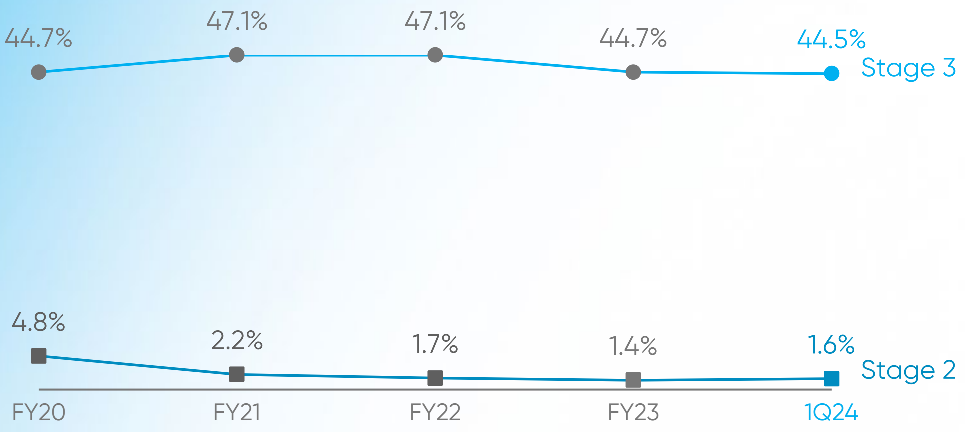


* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Cover ratios

Cover ratio | by IFRS9 ECL Stage*

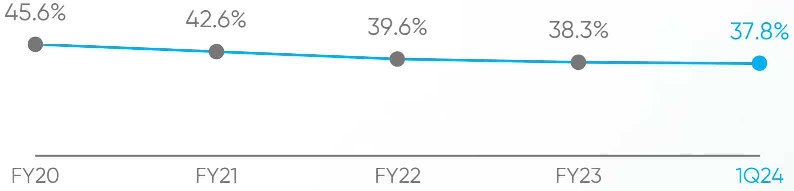
in %



- The decreasing trend of the **Stage 3 cover ratio is** driven mainly by a lower stage 3 cover ratio in business unit Belgium and Czech Republic
- The decline of the **Stage 2 cover ratio** as of 2021 resulted mainly from collective shifts to Stage 2 (linked to Covid and the geopolitical & macroeconomic uncertainties)

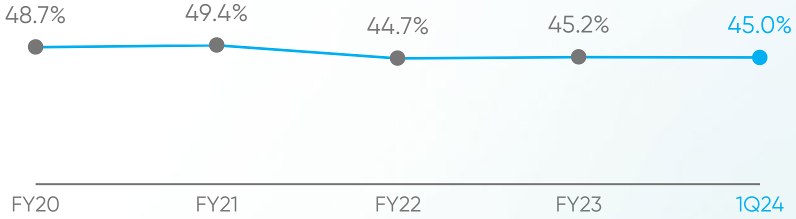
Stage 3 cover ratio | Belgium BU

in %



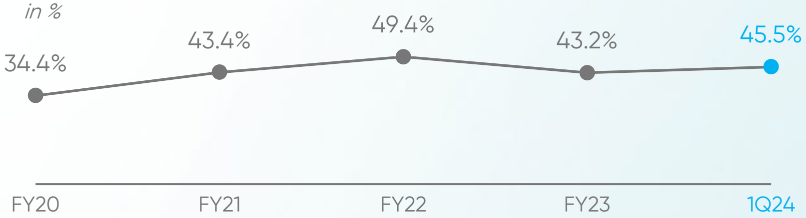
Stage 3 cover ratio | Czech Republic BU

in %



Stage 3 cover ratio | International Markets BU

in %



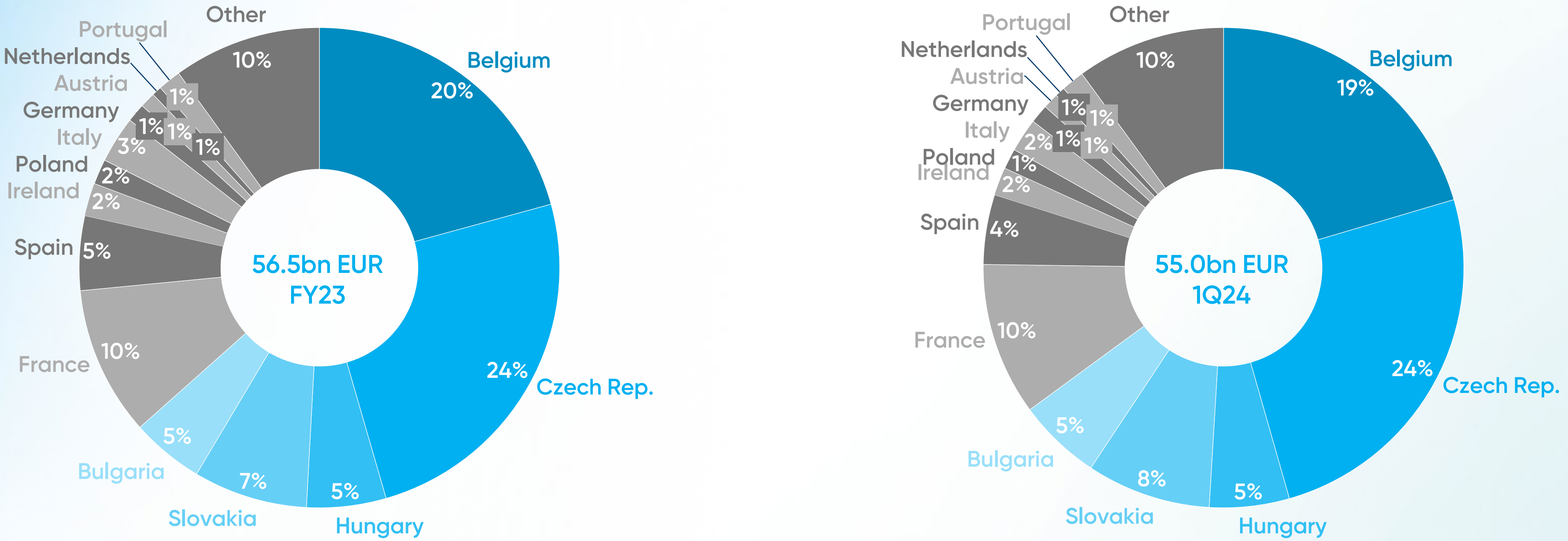
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Substantial and well-diversified government bond portfolio

- **Carrying value of 55.0bn EUR in government bonds** (excl. trading book) at end of 1Q24, 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 5.0bn EUR** at the end of 1Q24

Government bond portfolio | Carrying value* FY23/1Q24

in %



* 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

Above resolution requirements in terms of MREL

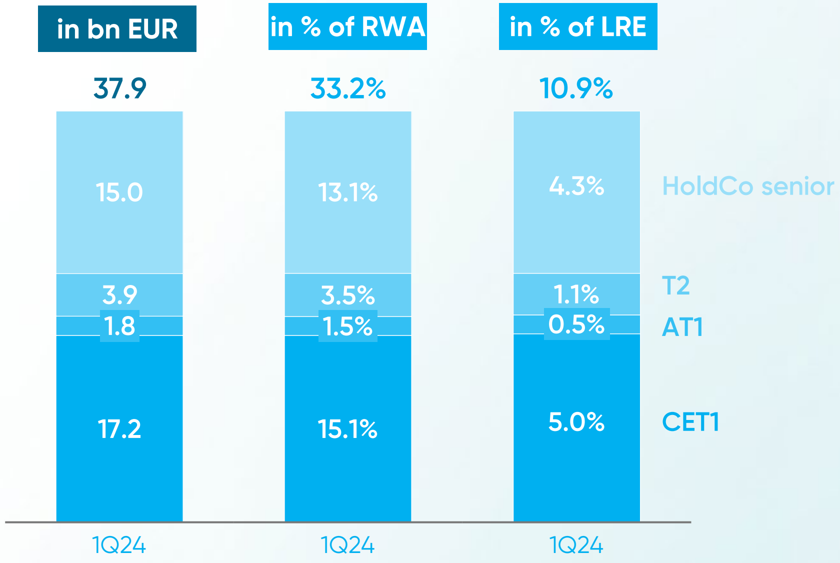
MREL targets

- 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 April 2023, the SRB communicated binding MREL targets** (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE)
- The **binding MREL targets (incl. CBR on top of the MREL target in % of RWA)** are:
  - **27.83% of RWA** as from 01-01-2024 (including transitional CBR* of 4.91% as from 1Q24)
  - **7.38% of LRE** as from 01-01-2024

- Combined Buffer Requirement as of 01-01-2024 = Conservation Buffer (2.50%) + O-SII buffer (1.50%) + Countercyclical Buffer (0.71%) + Systemic Risk Buffer (0.21%)

MREL actuals

- The **MREL ratio in % of RWA** increased from 30.7% in FY23 to 33.2% in 1Q24, driven mainly by the increased CET1 capital due to recognition of retained earnings in 1Q24 and increased Tier 2 capital), only partly offset by an increase of RWA
- **The MREL ratio in % of LRE** increased from 10.4% in FY23 to 10.9% in 1Q24 as the growth in available MREL more than offset the increased leverage exposure

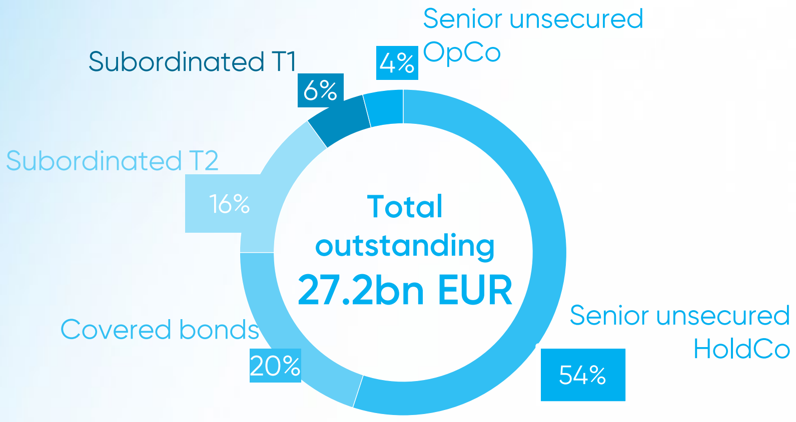


Upcoming mid-term funding maturities

Total outstanding | 1Q24

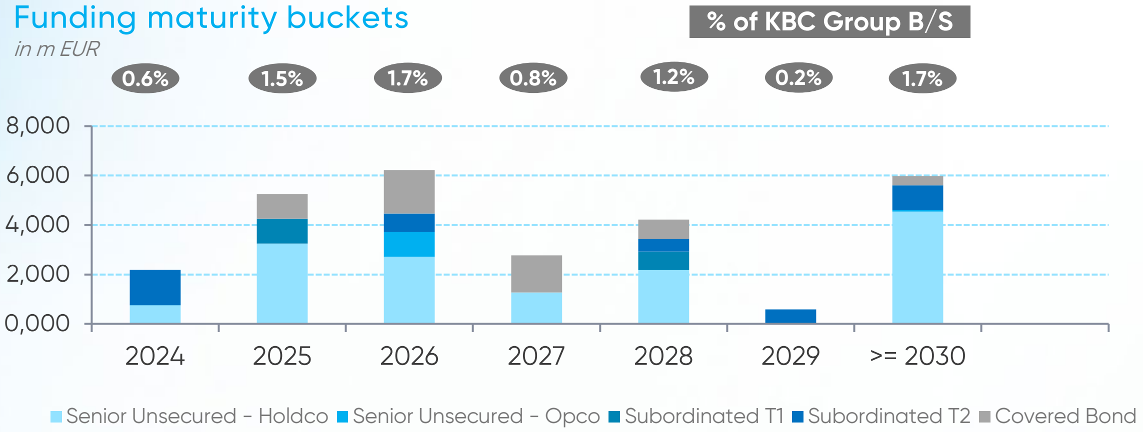
in %

KBC Bank has **6 solid sources of long-term funding**: (i) Retail term deposits, (ii) Retail EMTN, (iii) Public benchmark transactions, (iv) Covered bonds, (v) Structured notes and covered bonds using the private placement format, and (vi) Senior unsecured, T1 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank



Funding maturity buckets

in m EUR

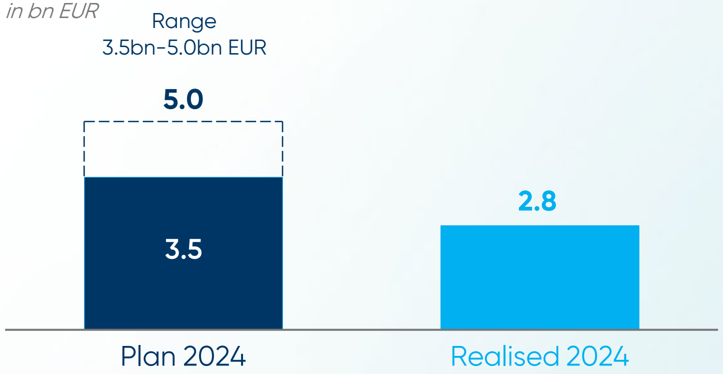


Recent deals

- In **Nov 2023**, KBC Group issued a Senior Holdco benchmark for an amount of 500m EUR with a 6-year maturity callable after 5 years
- In **Jan 2024**, KBC Group issued a Tier 2 benchmark for an amount of 1bn EUR with a 11.25-year maturity callable after 6.25 years
- In **March 2024**, KBC IFIMA issued a Senior Opco benchmark for an amount of 1bn EUR with a 2-year maturity (non-MREL)
- In **March 2024**, KBC Group issued a Tier 2 benchmark for an amount of 500m GBP with a 10-year maturity callable after 5 years
- In **March 2024**, KBC Group issued a Green HoldCo Senior benchmark for an amount of 750m EUR with a 8-year maturity

Funding program for 2024 | Expected MREL funding (incl. capital instruments)

in bn EUR



We aim to issue 1 green/social bond per year

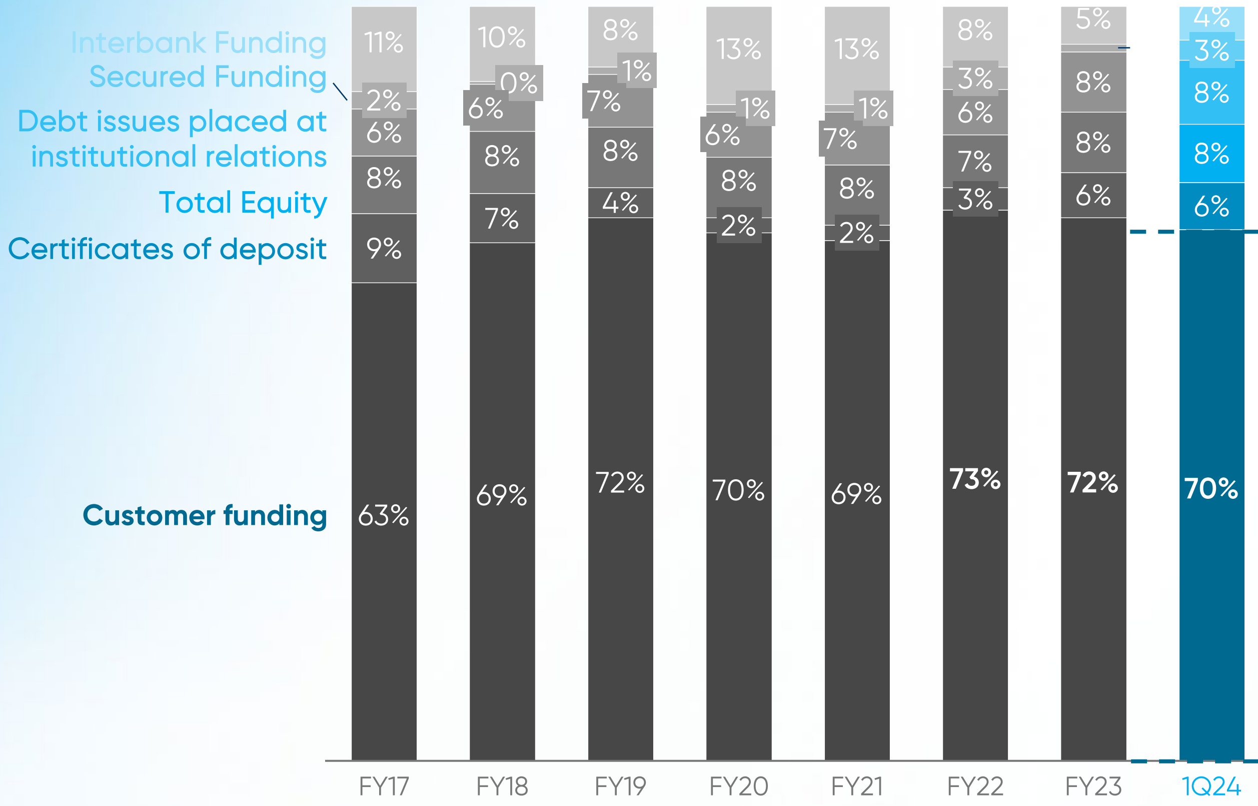
Note: any change in regulatory requirements, RWA evolutions, MREL targets or market circumstances can change the current disclosed range

Strong customer funding base

- 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
- KBC **Bank participated to the TLTRO III** for a remaining exposure of 0.4bn EUR which is reflected in the 'Interbank Funding' item below

Funding base

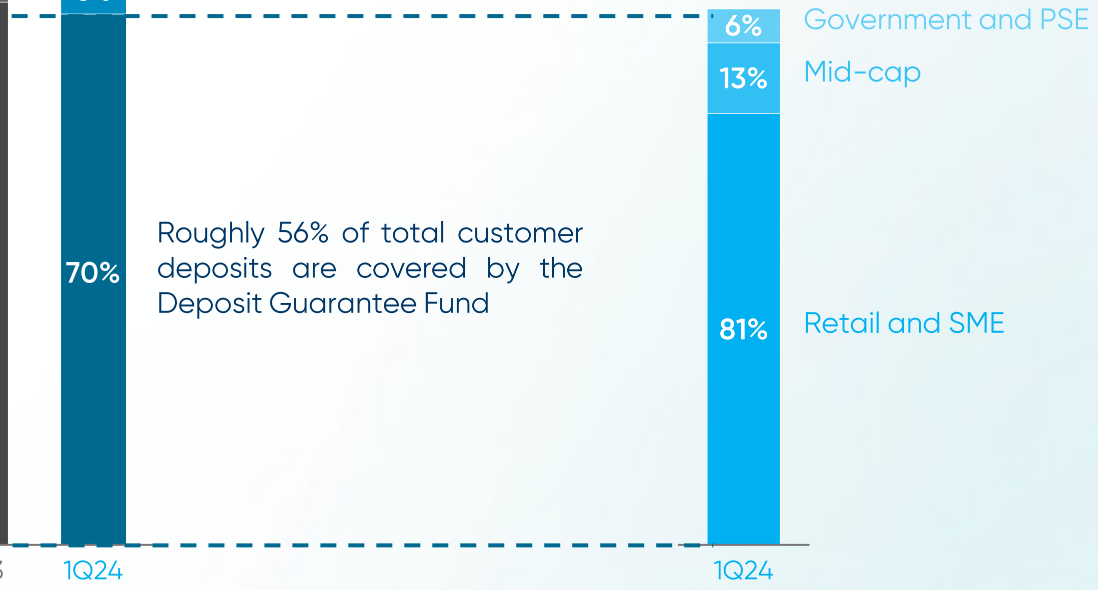
in %



Roughly 56% of total customer deposits are covered by the Deposit Guarantee Fund

Customer funding

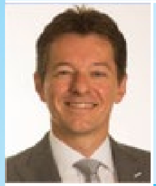
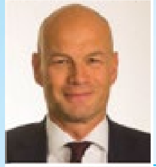
in %



Glossary

B3 / B4	Basel III / Basel IV
Combined ratio (non-life insurance)	Short-term non-life insurance contracts: [claims and claim related costs net of reinsurance + costs other than claims and commissions] / [earned expected premiums received, net of reinsurance]
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio without banking and insurance tax (group)	[operating expenses of the group without banking and insurance tax + Insurance commissions paid] / [total income of the group]
Cost/income ratio adjusted for specific items or C/I ratio when excluding certain non-operating 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 (i) MtM ALM derivatives (fully excluded), (ii) 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) and (iii) 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.
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]
MREL	Minimum requirement for own funds and eligible liabilities
Net interest margin (NIM) of the group	[banking group net interest income excluding dealing room, ALM FX swaps and repos] / [banking group average interest-bearing assets excluding dealing room, ALM FX swaps and repos]
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]
TLAC	Total loss-absorbing capacity

Contacts / questions

	**Johan Thijs** KBC Group CEO	
	**Luc Popelier** KBC Group CFO	
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More information

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

Upcoming events

17 May	**Equity roadshow, London**
28 May	**Equity conference, Brussels**
29 May	Equity conference, NY
30 May	Equity roadshow, Toronto & Montreal
5 June	Equity conference, Madrid
8 August	Publication of 2Q24 results
9 August	**Equity roadshow, London**

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