KBC Group
Press presentation
3Q 2023

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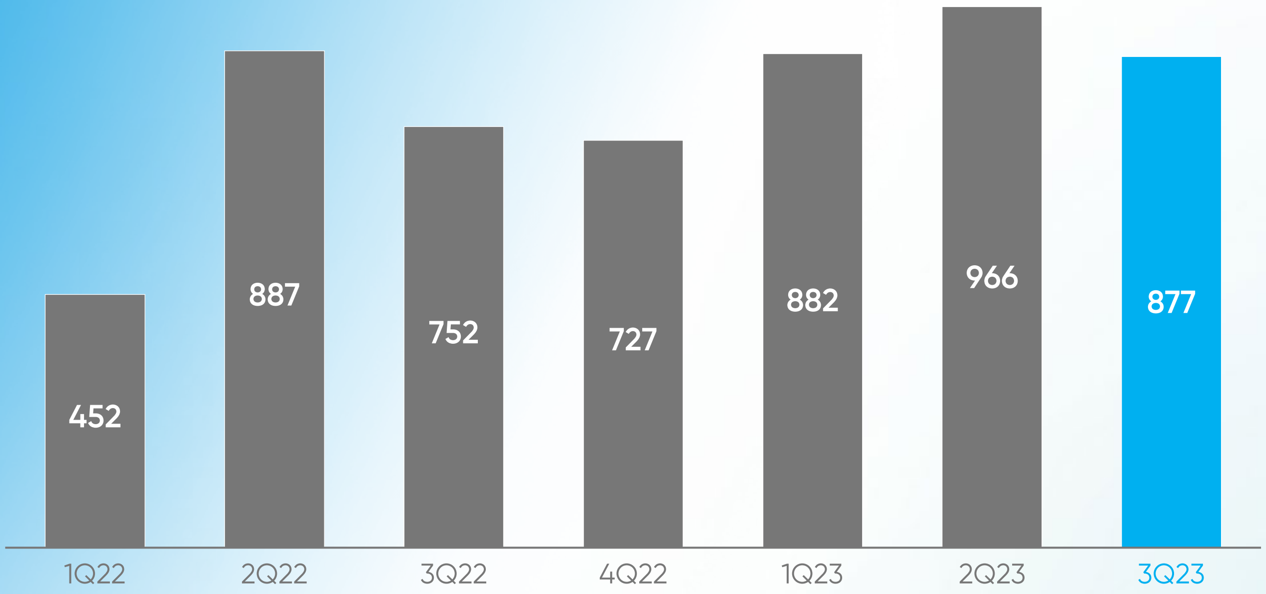
Highlights

- Commercial bank-insurance franchises in core markets **performed strongly**
- As policy rates are peaking, KBC Group is **well-positioned** being an integrated bank-insurer with tailored AM business
- **Customer loans** and **customer deposits** increased q-o-q in all our core countries, except Belgium (on a comparable basis)
- KBC Insurance recently committed to **invest up to 200m EUR in sustainable infrastructure funds** in Europe in partnership with EIF
- Lower **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 q-o-q decrease of **net other income**
- Strong sales of **non-life insurance** y-o-y, sales of **life insurance** down q-o-q and up y-o-y
- Costs down q-o-q due entirely to lower bank & insurance taxes; **costs excl. bank & insurance taxes slightly up q-o-q**
- **Limited net loan loss impairment charges**
- Solid **solvency** and **liquidity**
- **Interim dividend of 1 EUR per share (as advance payment on the total 2023 dividend) will be paid on 15 November 2023**

Strong net result of 877m EUR over 3Q23

Net result
in m EUR



YTD ratios

- Return on Equity 16%*
- Cost-income ratio 48%**
- Combined ratio 85%
- Credit cost ratio 0.00%
- CET1 ratio 14.6% (B3, DC, fully loaded)
- Leverage ratio 5.4% (fully loaded)
- NSFR 139% & LCR 157%

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

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 **16%** in 9M23 **KBC** is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **14.6%** at end 9M23 KBC is amongst the better capitalised EU banks

Sustainability

Sustainalytics ranks KBC **5th out of 359** diversified global banks

Digitalisation

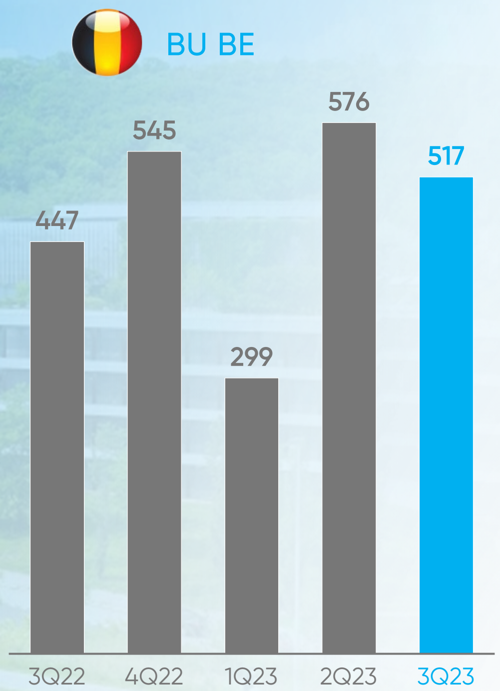
Sia Partners ranks KBC Mobile as **Belgian N°1 banking app and N°3 worldwide**

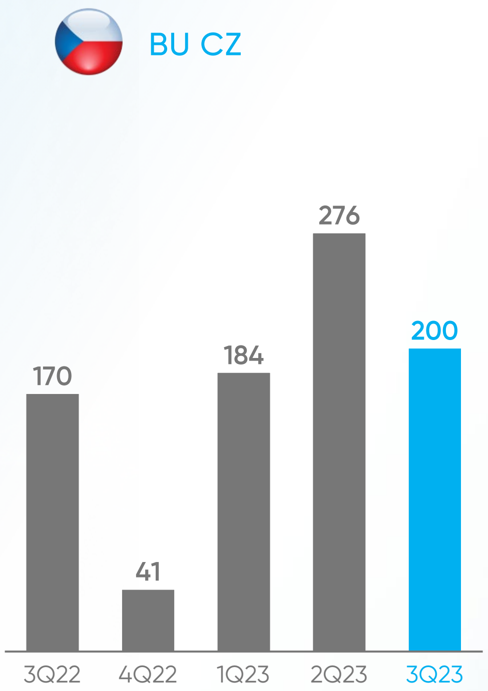
"KBC Mobile is a **perfect** and **efficient** banking app for everyday needs and one of the **most innovative** with some **interesting extras**. The app surprises customers with the wide range of functionalities and the **virtual assistance by Kate**."

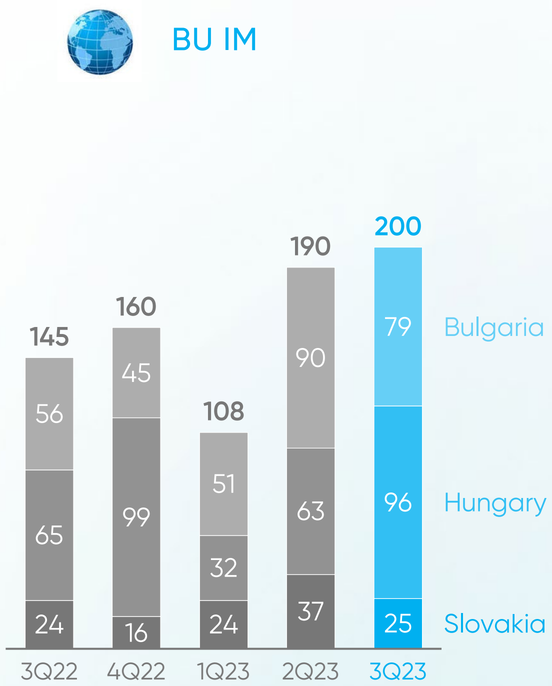
Strong contribution from all business units

Net result per business unit

in m EUR



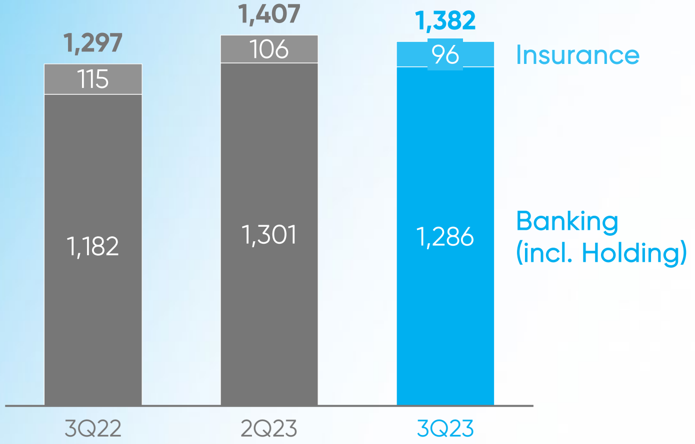




Lower net interest income

Net interest income

in m EUR

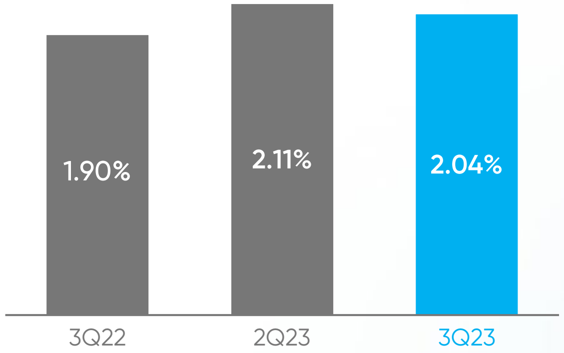


- **NII decreased by 2% q-o-q and increased by 7% y-o-y**
- Q-o-q decrease was driven primarily by:
  - Lower NII on inflation-linked bonds (-27m EUR)
  - Negative impact from the issuance of the Belgian State Note (-22m EUR) and higher pass-through on savings accounts in Belgium
  - Higher funding cost of participations and higher wholesale funding cost
  - Higher costs on the minimum required reserves held with the central banks (-5m EUR)
  - Lower loan margins in most core markets

  partly offset by:
  - Higher commercial transformation result (driven by continued increasing reinvestment yields)
  - Increased term deposits
  - Loan volume growth
  - Higher number of days (+7m EUR)
- Y-o-y increase was driven primarily by sharply increasing commercial transformation result and increased term deposits at better margins, partly offset by lower lending income, no TLTRO benefit anymore, lower NII in Ireland, lower NII on inflation-linked bonds, higher funding cost of participations & MREL and higher costs on the minimum required reserves

Net interest margin*

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



* Excluding Ireland as of 2023 due to the sale early February 2023

- Fell by 7 bps q-o-q, but rose by 14 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

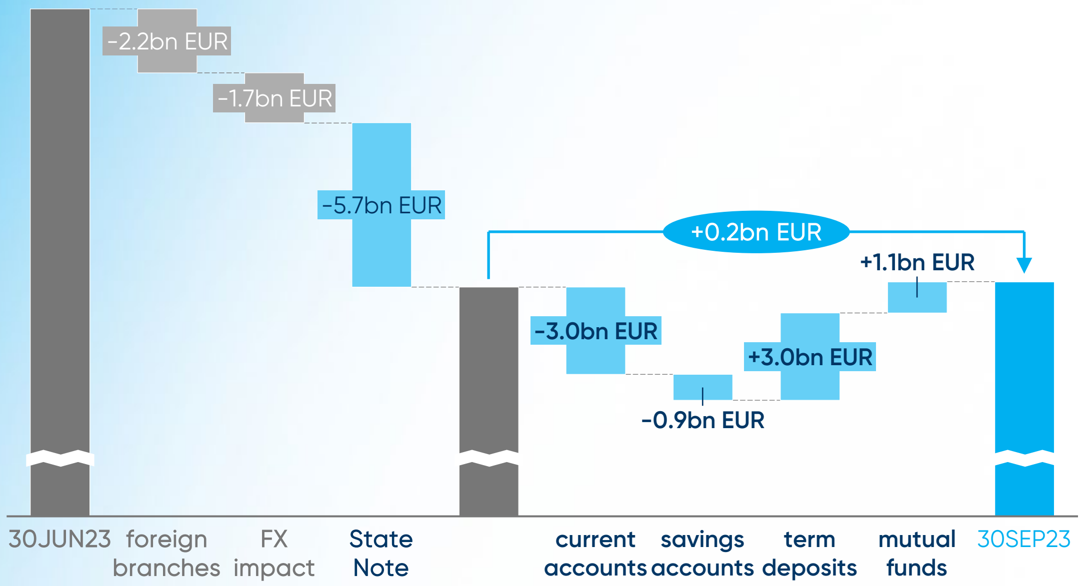
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	182bn	75bn	214bn
Growth q-o-q*	+1%	+1%	-4%
Growth y-o-y	+2%	+3%	-2%

* 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), core customer deposits fell by 3% both q-o-q and y-o-y**

Inflow of core customer money

Customer money dynamic over 3Q23

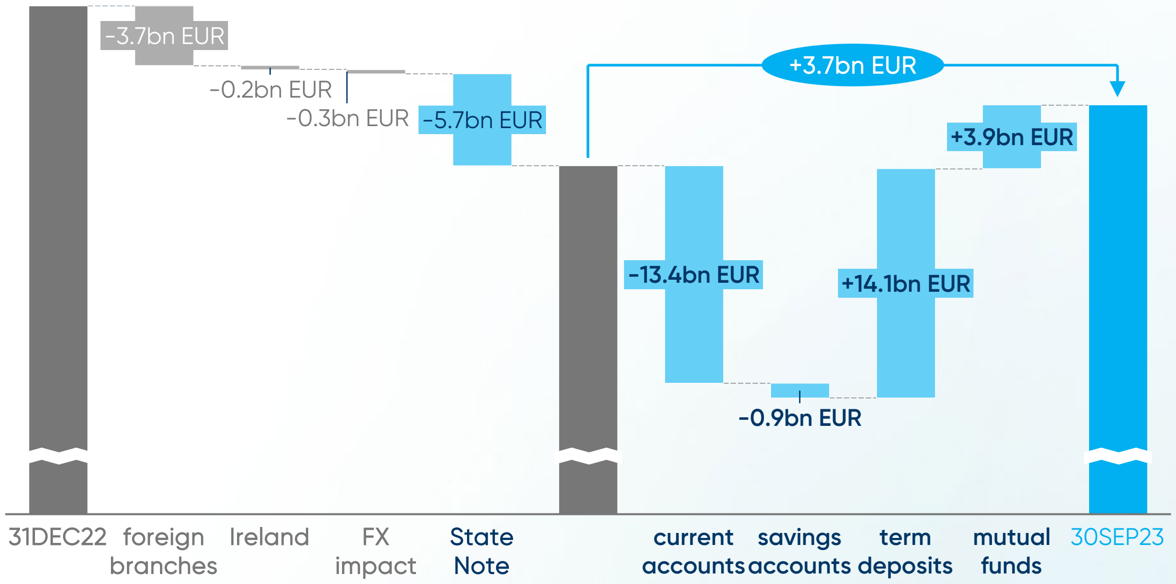
in m EUR



- Disregarding the -5.7bn EUR direct impact of the Belgian State Note issuance, **3Q23** saw an inflow of core customer money of **+0.2bn EUR** (-1.5bn EUR incl. FX impact)

Customer money dynamic over 9M23

in m EUR

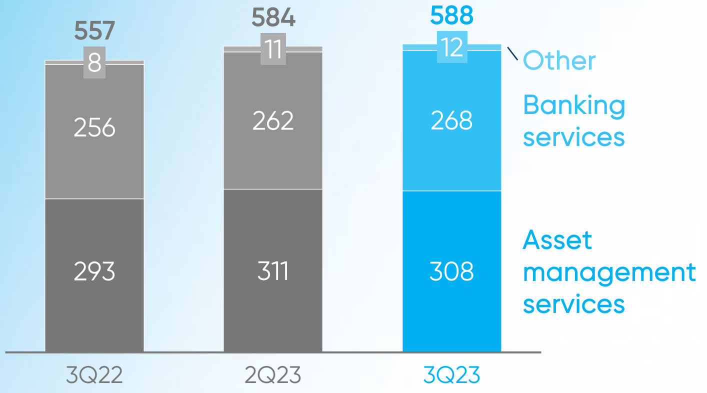


- Disregarding volatile and one-off items, **9M23** saw an inflow of core customer money of **+3.7bn EUR** (+3.4bn EUR incl. FX impact)

Higher net fee and commission income

Net fee & commission income

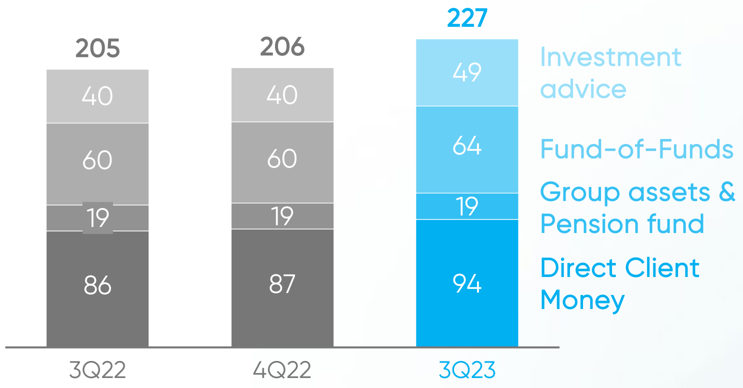
in m EUR



- **Up by 1% q-o-q and by 6% y-o-y**
- Q-o-q increase was mainly the result of:
  - Net F&C income from Asset Management Services decreased by 1% q-o-q due to lower entry fees and lower distribution fees received linked to mutual funds and unit-linked life insurance products, partly offset by higher management fees
  - Net F&C income from banking services rose by 2% q-o-q. Higher securities-related fees (entirely due to one-off fee from the issuance of the State Note in Belgium), seasonally higher network income and higher fees from payment services were partly offset by lower fees from credit files & bank guarantees and higher client incentives
- Y-o-y increase was mainly the result of:
  - Net F&C income from Asset Management Services rose by 5% y-o-y (due mainly to higher management and entry fees)
  - Net F&C income from banking services increased by 5% y-o-y. Higher securities-related fees, higher fees from payment services and higher network income were only partly offset by lower fees from credit files & bank guarantees and higher distribution commissions paid for banking products

Assets under management

in bn EUR

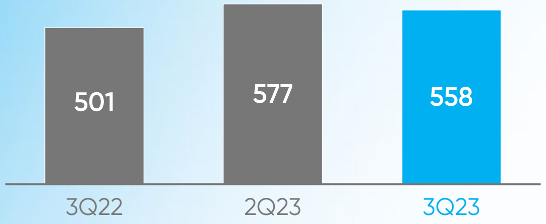


- **Increased by 1% q-o-q** due to **net inflows (+2%),** partly offset by negative market performance (-1%)
- Increased by 11% y-o-y due to net inflows (+6%) and positive market performance (+5%)
- The mutual fund business has seen strong net inflows both in higher-margin direct client money this quarter (1.1bn EUR in 3Q23 versus 1.1bn EUR in 2Q23 and 0.5bn EUR in 3Q22) as well as in lower-margin assets

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

Non-life sales

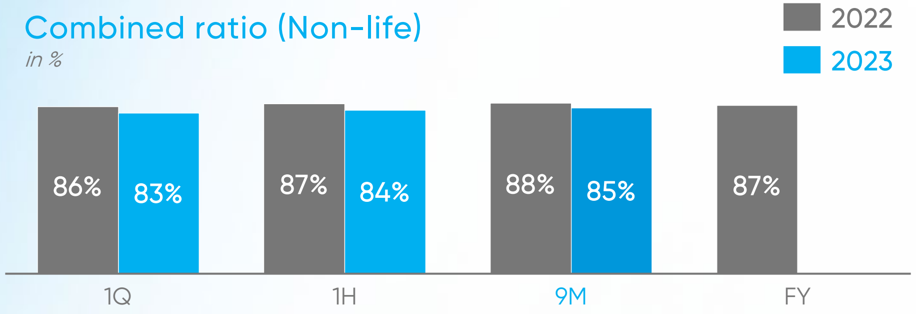
in m EUR



- **Up by 11% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

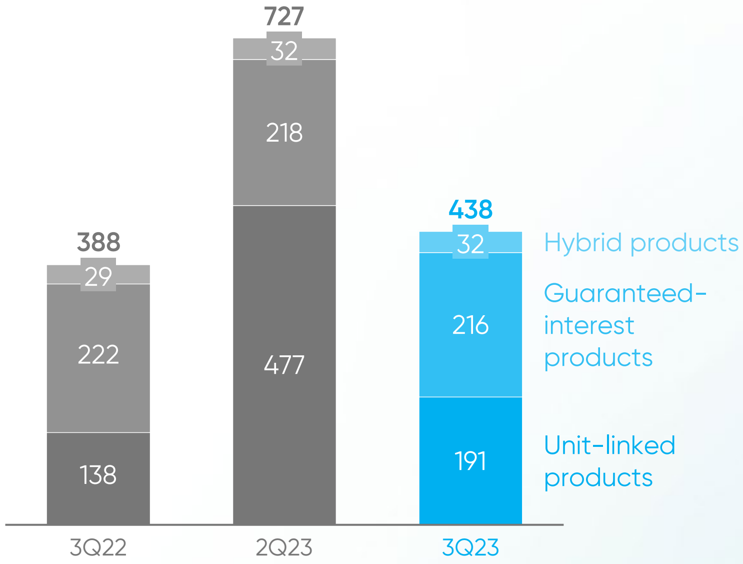
in %



- **Non-life combined ratio for 9M23 amounted to an excellent 85%** (88% in 9M22). This is the result of:
  - 11% y-o-y higher insurance revenues before reinsurance
  - 3% y-o-y higher insurance service expenses before reinsurance (worse claim experience and higher amortised commissions & directly attributable expenses due to inflation were offset partly by lower storm claims)
  - Lower net result from reinsurance contracts held (down by 67m EUR y-o-y)

Life sales

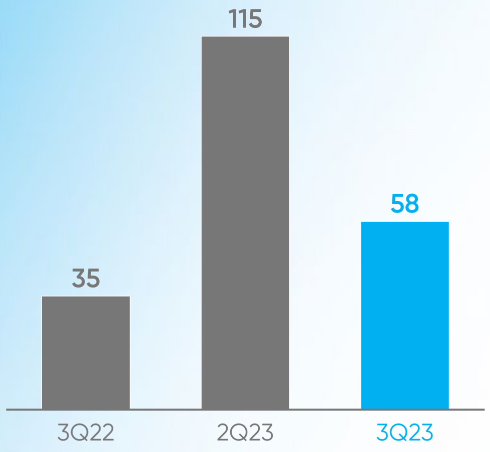
in m EUR



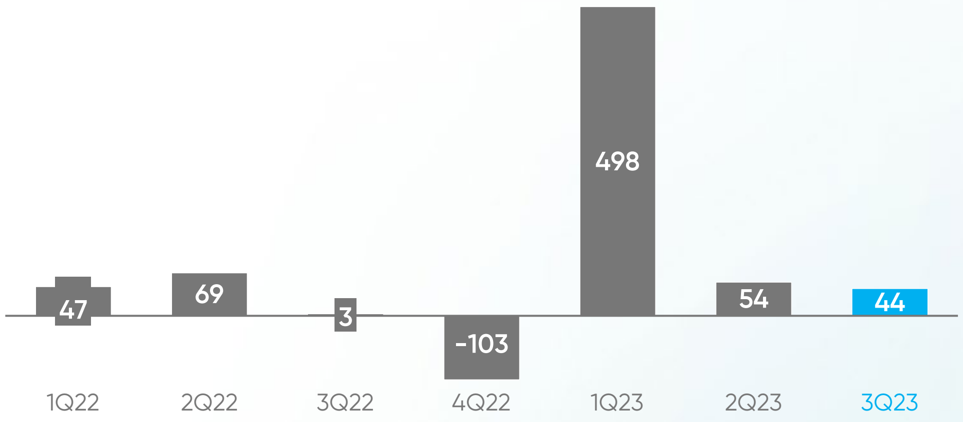
- Decreased by 40% q-o-q due mainly to lower sales of unit-linked products (excellent sales in 2Q23 as the result of a successful launch of a new structured fund in Belgium)
- Increased by 13% y-o-y due to higher sales of unit-linked products and hybrid products, partly offset by slightly lower sales of guaranteed-interest products
- Sales of guaranteed-interest products and unit-linked products accounted for 49% and 44% of total life insurance sales in 3Q23 respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder

Lower FIFV result and lower net other income

FIFV
in m EUR



Net other income
in m EUR



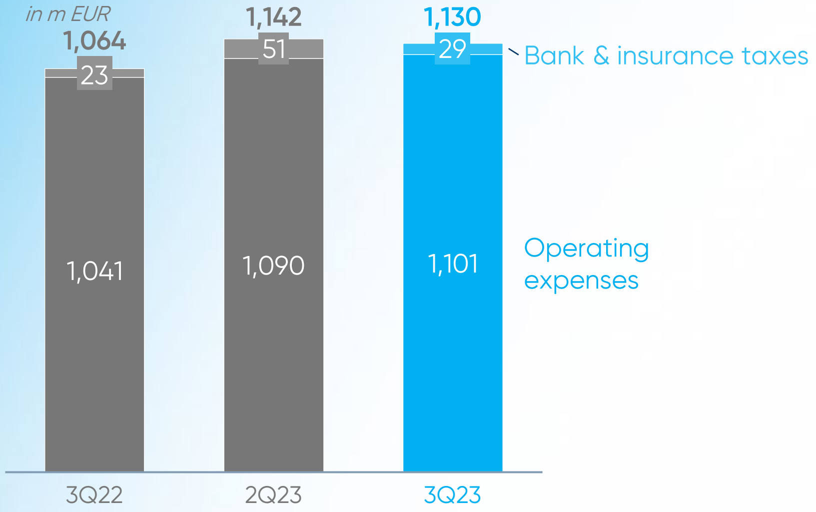
- **FIFV lower q-o-q**, attributable mainly to:
  - Lower dealing room result
  - Negative change in ALM derivatives and other
  - Lower FV result on investments backing unit-linked contracts under IFRS 17 (offset by less negative IFIE)

  partly offset by:
  - Positive credit, funding and market value adjustments, mainly the result of an increased EUR yield curve

- **Below the normal run rate of around 50m EUR per quarter in 3Q23**
  - Due mainly to realised losses on the sale of bonds in 3Q23

Costs excluding bank & insurance taxes slightly increased q-o-q

Operating expenses (including costs directly attributable to insurance)



Cost/income ratio

When excluding bank and insurance taxes

FY22	9M23
45%	**41%**

- **Operating expenses excluding bank & insurance taxes went up by 1% q-o-q and by 6% y-o-y**
  - The q-o-q increase is due mainly to higher staff costs, higher ICT costs, higher facility costs and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction), lower professional fee expenses and seasonally lower marketing costs
  - The y-o-y increase is due to, among other things, the impact of inflation/ wage indexation (despite less FTEs), higher ICT costs, higher facility costs (mainly energy costs) and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction) and lower professional fee expenses

- 9M23 cost/income ratio
  - 48% when excluding certain non-operating items* (49% in FY22)
  - 41% excluding all bank & insurance taxes (45% in FY22)

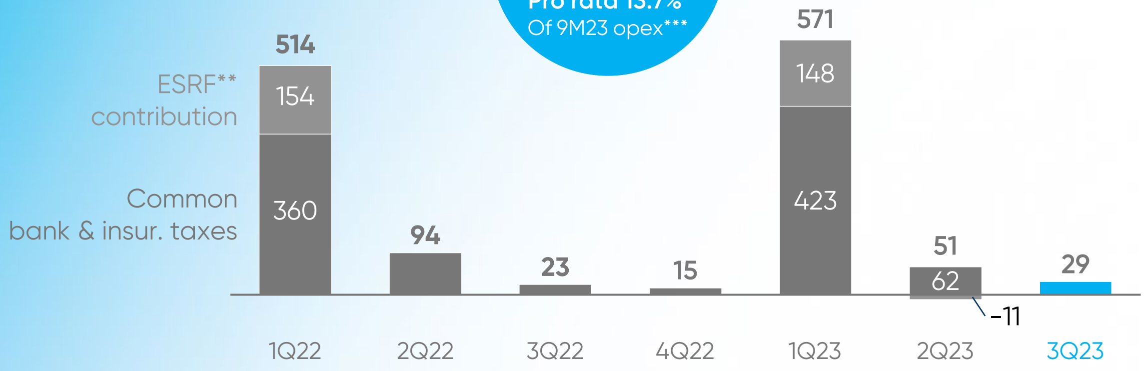
- Total bank & insurance taxes (including ESRF contribution) are expected to increase by 7% y-o-y to 693m EUR in 2023 (646m EUR in 2022)

* See glossary for the exact definition

Overview of bank & insurance taxes year-to-date (9M23)*

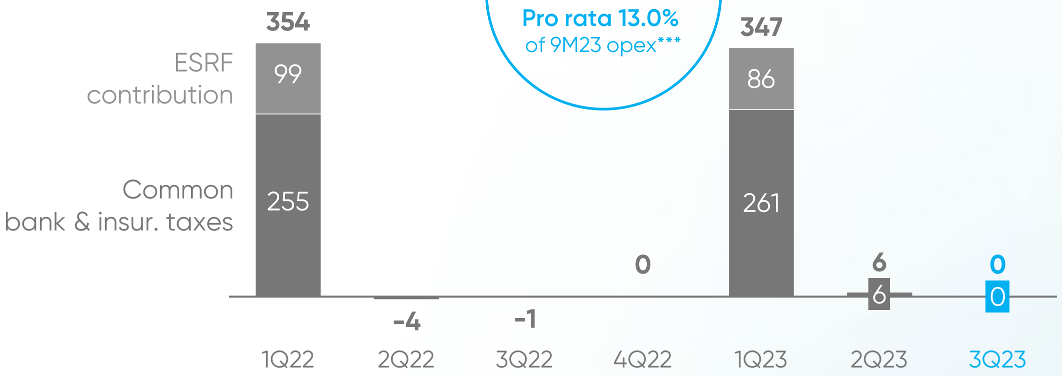
KBC Group
in m EUR

KBC Group
651m EUR
Pro rata 13.7%
Of 9M23 opex***



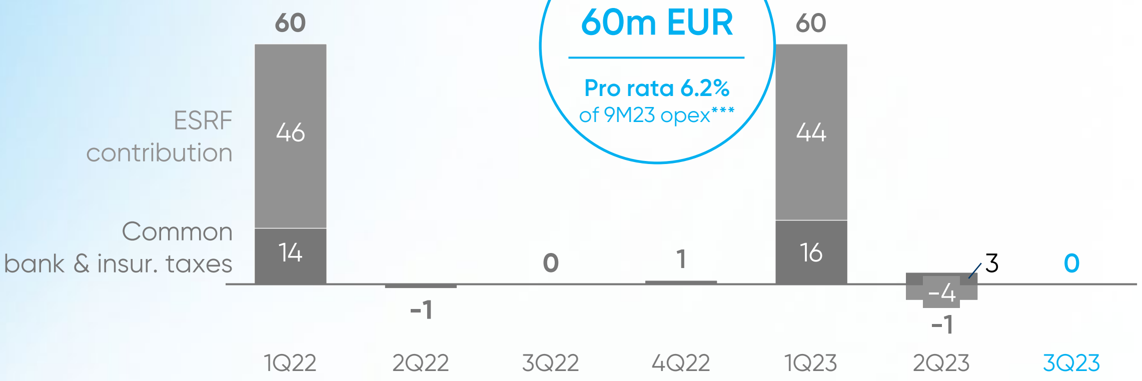
Belgium BU
in m EUR

BU BE
353m EUR
Pro rata 13.0%
of 9M23 opex***



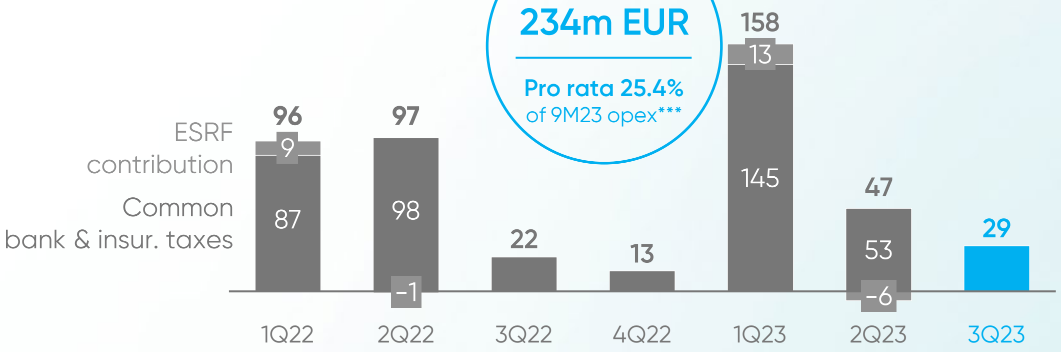
Czech Republic BU
in m EUR

BU CZ
60m EUR
Pro rata 6.2%
of 9M23 opex***



International Markets BU
in m EUR

BU IM
234m EUR
Pro rata 25.4%
of 9M23 opex***



- 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.

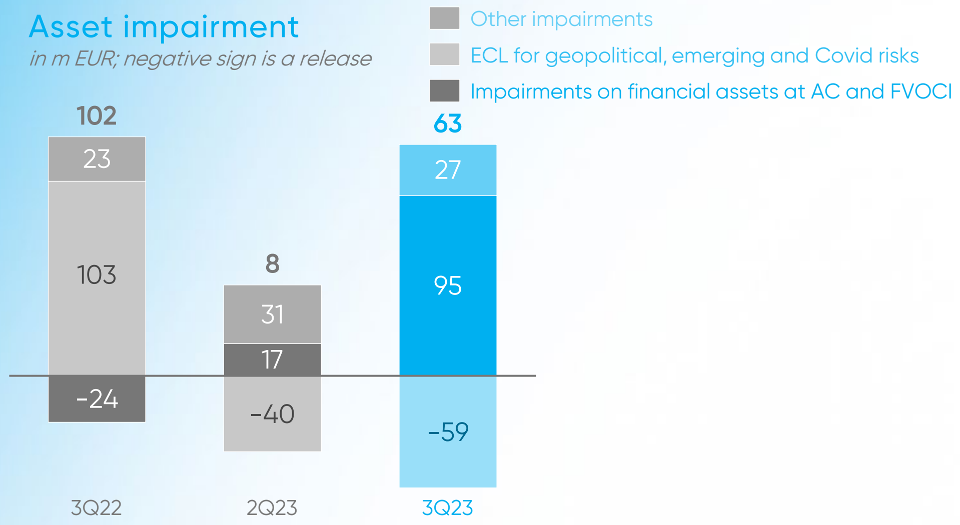
** European Single Resolution Fund

*** Including directly attributable costs to insurance

Net loan loss impairment charges & excellent credit cost ratio

Asset impairment

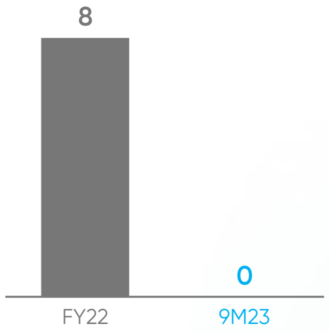
in m EUR; negative sign is a release



- **Net loan loss impairment charges on lending book combined with a lower geopolitical & emerging risk buffer**
  - **Net loan loss impairment charges of 36m EUR in 3Q23** (compared with net loan loss impairment releases of 23m EUR in 2Q23) due to:
    - 95m EUR net loan loss impairment charges on lending book
    - A decrease of 59m EUR of the ECL buffer, driven mainly by improved micro- and macroeconomic indicators
    - Total outstanding ECL for geopolitical and emerging risks now stands at 291m EUR (see details on next slide)
  - **27m EUR impairment on 'other'** (versus 31m EUR impairment on 'other' in 2Q23), mainly on software (in Belgium and Hungary)

Credit cost ratio

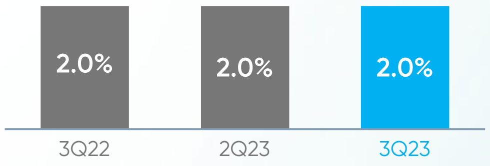
in bps



- The credit cost ratio in 9M23 amounted to:
  - 8 bps (0 bps in FY22) without ECL for geopolitical, emerging and Covid risks
  - 0 bps (8 bps in FY22) with ECL for geopolitical, emerging and Covid risks

Impaired loans ratio

in %

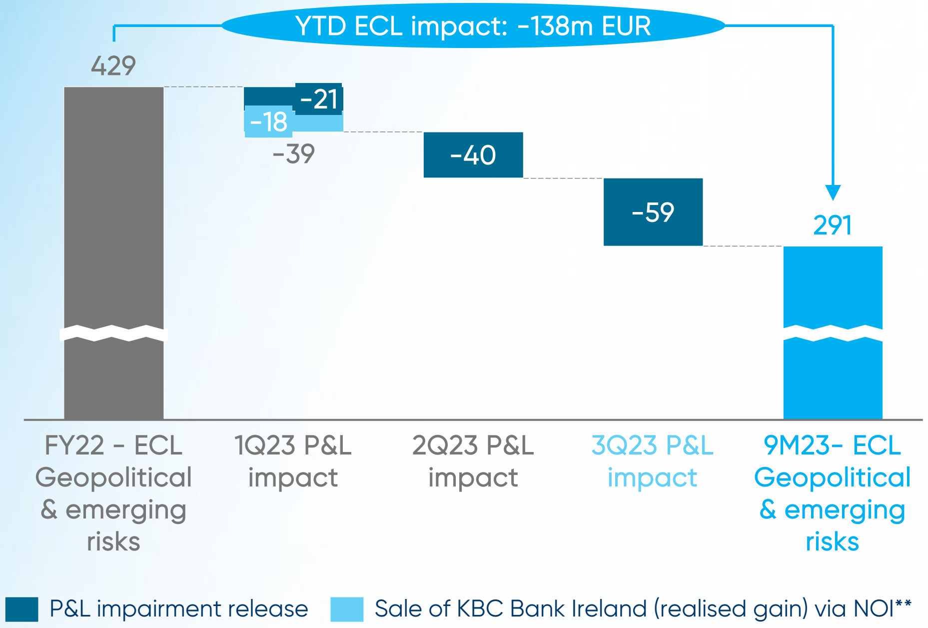


- **The impaired loans ratio stabilised at 2.0%** (1.1% of which over 90 days past due)

Outstanding ECL for geopolitical and emerging risks amounts to 291m EUR

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

in m EUR; negative sign is a release



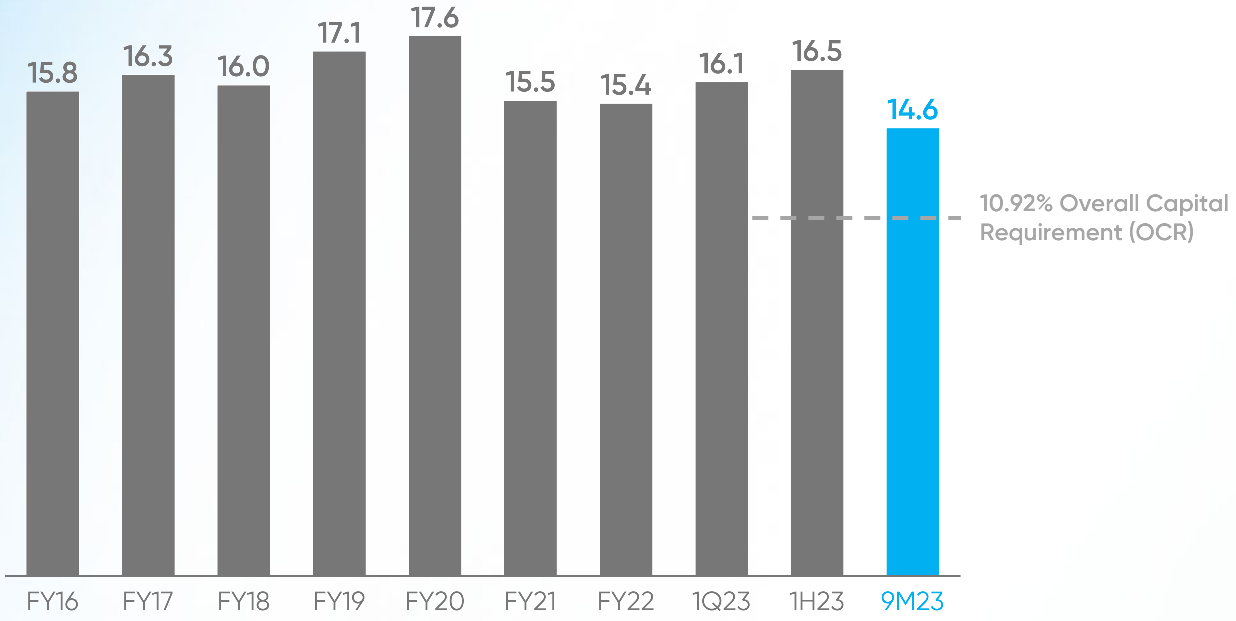
ECL release of 59m EUR in 3Q23, driven mainly by improved micro- and macroeconomic indicators, **resulting in a remaining ECL for geopolitical and emerging risks of 291m EUR at end 9M23**

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

** The ECL release generated by the sale of KBC Bank Ireland was recorded in 'Net Other Income' in 1Q23

Strong capital position with substantial buffer

CET1 ratio
in %



Fully loaded B3 common equity ratio amounted to 14.6% at the end of 9M23 based on the Danish Compromise

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio
5.4% 9M23

5.3% FY22

Q-o-q stable leverage ratio (at 5.4%) as lower Tier 1 capital due to the share buyback (in the numerator) was offset by lower leverage ratio exposure mainly as a result of lower 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
157% 9M23

152% FY22

NSFR
139% 9M23

136% FY22

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

Solvency II ratio | KBC Group

in %

Solvency II ratio
202% 9M23

203% FY22

Roughly stable YTD (-1pp)

* 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.

Overview

Excellent financial performance

net result
877m
3Q23

return on equity
16%*
YTD

combined ratio
85%
YTD

Outstanding solvency and liquidity

CET1 ratio
14.6%
2.9% buffer vs MDA

NSFR
139%
LCR
157%

SII ratio
202%

Kate convinces customers

3.7 million users in contact with Kate

KATE autonomy
60% BE
62% CZ

Franchise is growing

loan volumes
+2%
y-o-y

customer deposits
-2%
y-o-y

AM net inflows of direct client money
+1.1bn
3Q23

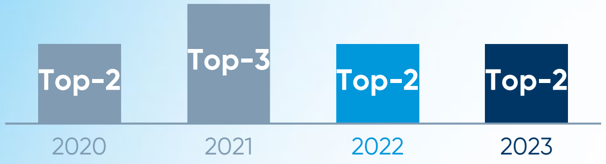
non-life sales
+11%
y-o-y

life sales
+13%
y-o-y

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

Strategy | Update on KBC's non-financial targets

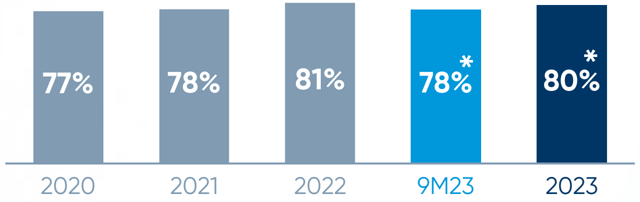
Customer ranking



- **KBC is 2nd 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)

Bank-insurance (BI) clients

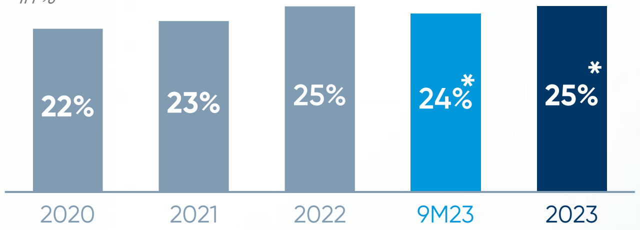
BI clients
in %



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

* An adjustment was made given the change of scope (acquisition of RBBG)

BI stable clients
in %

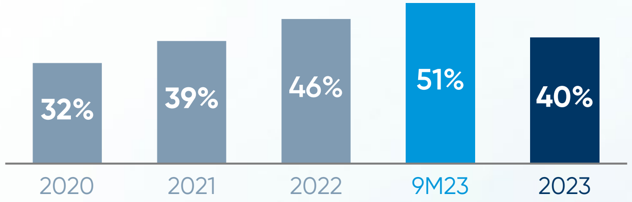


Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

* An adjustment was made given the change of scope (acquisition of RBBG)

Digital sales

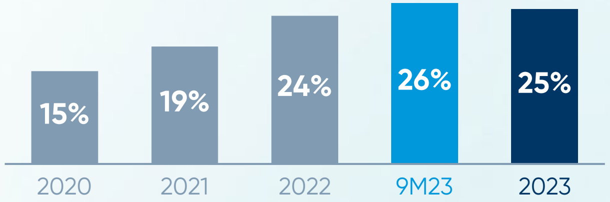
Digital sales banking products*
in %



Digital sales 51% of **banking sales**
(vs end of 2023 target of ≥40%)

* Based on weighted average of selected core products.

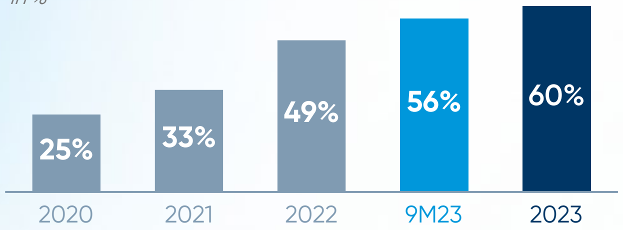
Digital sales insurance products
in %



Digital sales 26% of **insurance sales**
(vs end of 2023 target of ≥25%)

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 core commercial products.

Looking forward

Economic outlook

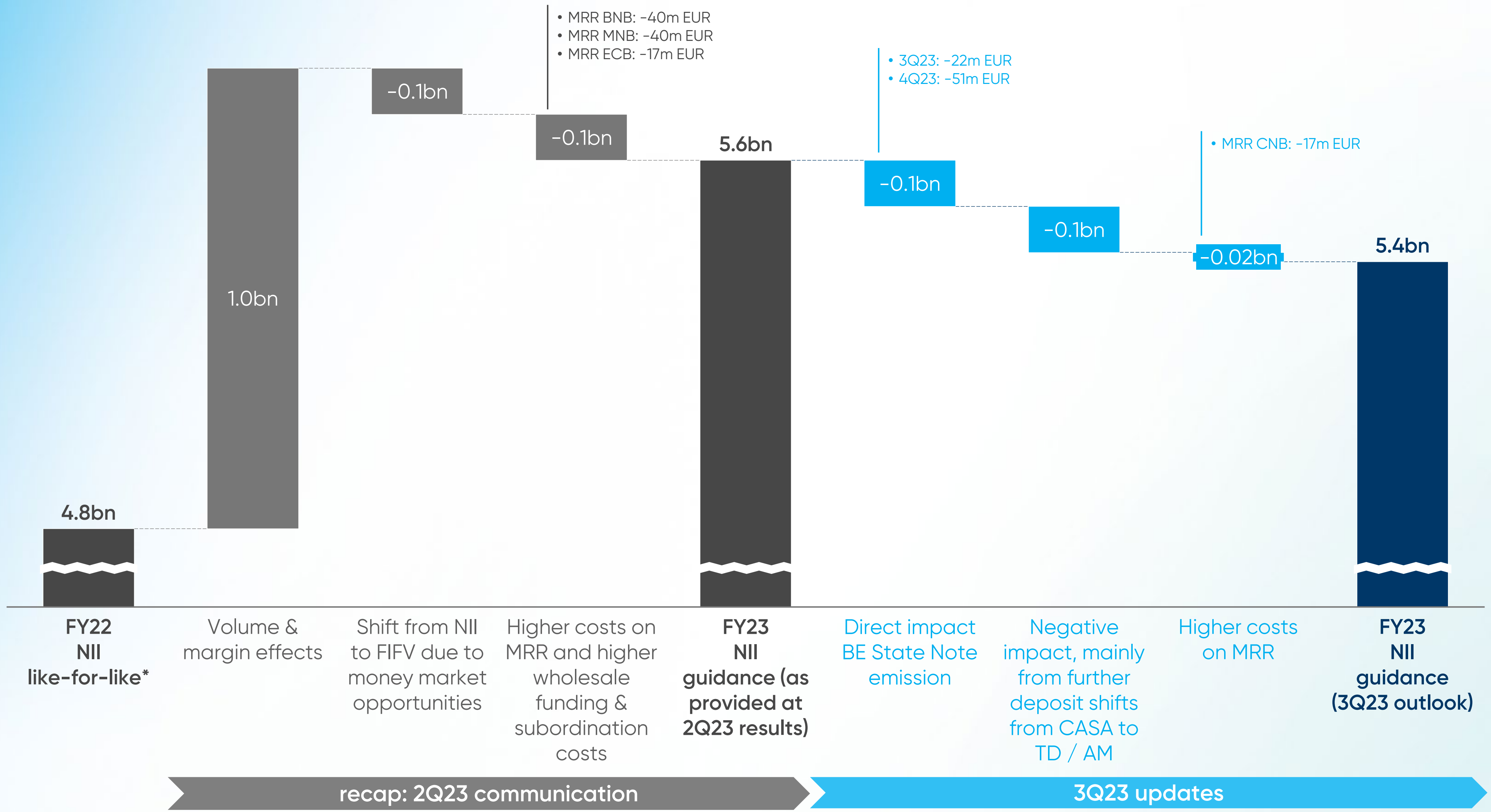
- The growth in the euro area is expected to stagnate for the remainder of 2023, due to the impact of the ECB's tightening cycle on credit growth, the weakness in the manufacturing sector and increasingly also in the service sector
- The main risks to our short-term outlook for European growth relate to the current geopolitical tensions, with an upside risk for energy and commodity prices. Stronger-than expected persistence of underlying core inflation and uncertainty regarding the impact on the real economy of the ECB's tightening cycle are also playing a role. Additional risks include the increasing financing costs of high levels of sovereign debt in the euro area against the background of tightened financing conditions and subdued economic growth

Group guidance under IFRS17 | 2023

- Our **FY23 total income guidance** remains at **11.15bn EUR ballpark figure** (including a 0.4bn EUR positive one-off effect upon closing of substantially all of KBC Bank Ireland's performing loan assets and its deposit book), of which **5.4bn EUR ballpark for NII (instead of 5.6bn EUR ballpark previously) due to (1) the direct negative impact of the issued State Note in Belgium; 2) the negative impact mainly from further shifts from current & savings accounts to term deposits & asset management and 3) higher costs on the Minimum Required Reserves (MRR) held with central banks**
- **FY23 opex (excluding bank & insurance taxes) and insurance commissions** is estimated at **4.75bn EUR ballpark figure (not changed)**
- Our FY23 **credit cost ratio guidance remains at 10-15bps,** excluding any movement in the ECL buffer

FY23 NII guidance

in bn EUR; MRR = Minimum Required Reserves; CASA = Current Accounts and Savings Accounts, TD = Term Deposits



*FY22 NII, accounting for impacts of (i) KBC Ireland disposal, (ii) KBC Bank Bulgaria acquisition and (iii) TLTRO, ECB Tiering & negative charging

Indicative impacts of recent external events on FY24

Impact of the SEP23 Belgian State Note emission

- Referencing its 1-year tenor, the deposit outflows following the SEP23 Belgian State Note emission will continue to impact KBC's NII in 2024
- The **direct impact** is -139m EUR in 2024 (-51m EUR in 1Q24, -51m EUR in 2Q24, and -37m EUR in 3Q24)

MRR impact

- Assuming Minimum Reserve Requirements will remain in place in 2024, negative impacts on NII will persist as well
- The magnitude of impacts depends (linearly) on the interest rate evolution for KBC's core countries
- Sensitivity: Following impacts for FY24 are in place based on the current policy rates and current MRR remuneration structure

	ECB	BNB	CNB	MNB	Total
Policy rate	4.00% ECB rate		7.00%	12.25%	
MRR impact FY24	-64m EUR*	-60m EUR	-65m EUR	-31m EUR	**-220m EUR**

* If the market rumour that the ECB will increase the MRR from 1% to 2% as of 1 April 2024 materialises, the ECB MRR impact for FY24 would amount to -112m EUR

Increased Belgian bank tax

- The Belgian government decided recently to increase the national bank taxes by:
  - (1) higher bank taxes for deposits on the balance sheet above 50bn EUR
  - (2) abolishment of the income tax deductibility of the banking taxes

  The combined impact for KBC is **roughly -40m EUR and expected as of 2024 (of which roughly -30m EUR in banking & insurance tax and -10m EUR in income tax expense)**
- Additionally, a further increase of the bank taxes can be expected based on a latest discussion in the Belgian Parliament driven by **an increase of the contribution to the Deposit Guarantee Scheme, which will result in roughly -10m EUR in 4Q23 and -24m EUR in 2024**

Anticipated tax benefit of 0.3bn EUR

- Based on the approval received from the Irish Department of Finance on 13 September 2023, the main hurdles to start the legal liquidation process of KBC Bank Ireland have been taken. The aim is to close this liquidation process in the course of 2024. The formal closing of the liquidation process can give rise to a tax-deductible loss in KBC Bank NV of about 1.3 billion euros in 2024 for which no deferred tax assets are yet recognized, as we consider this as a contingent asset at this moment subject to official authorisation of the Irish tax authorities to liquidate KBC Bank Ireland.
- This could lead to a **tax benefit in P&L of 0.3bn EUR in 2024**

Looking forward - FY24 NII indication

FY24 NII is estimated to be flattish yoy (hence 5.4bn EUR ballpark), based on the following assumptions:

- The market forward rates (for ST & LT interest rates)
- Commercial transformation result will continue to benefit from the positive impact of increasing reinvestment yields
- The deposit outflows following the SEP23 Belgian State Note emission will continue to impact KBC's NII in 2024 (see previous slide)
- Conservative assumption re. deposit flow once the Belgian State Note matures
- Further shifts from current accounts and savings accounts to term deposits
- Higher pass-through rates on savings accounts
- Higher costs on MRR* (see previous slide)
- Loan volume growth at roughly 3% y-o-y in 2024
- Asset margins will (very) gradually improve
- Higher funding costs

* We assume that the ECB will increase the MRR from 1% to 2% as of 1 April 2024 (in line with market expectations)

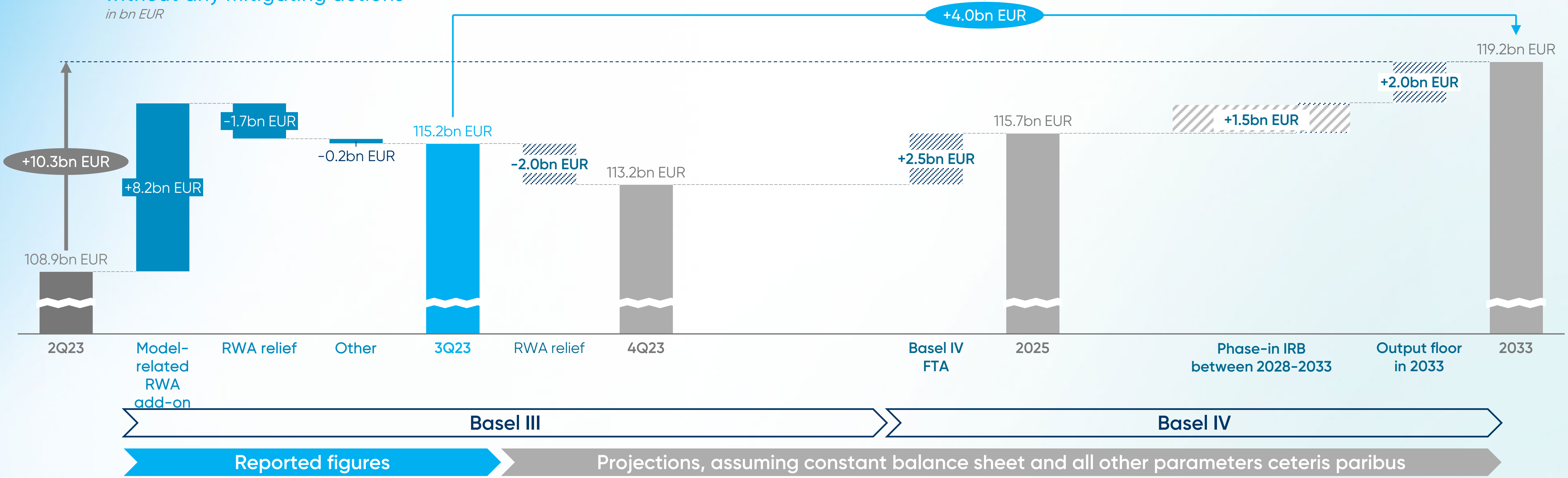
Indicative view on transitional RWA evolution under Basel IV

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
- For 4Q23, KBC expects **RWA relief of -2.0bn EUR** ballpark figure
- **Moving towards the Basel IV era,** KBC projects
  - at 1JAN25, a **first-time application impact of +2.5bn EUR**, being the net of the earlier announced 7.0bn EUR FTA impact and the 4.5bn EUR frontloading that is contained within the 8.2bn EUR add-on in relation to the ECB decision for predominantly KBC's Belgian corporate & SME credit portfolio;
  - by 1JAN33, a **further fully loaded impact of +3.5bn EUR**, mainly due to the Output floor (+2.0bn EUR), which has only become a constraint for KBC after the Ireland sale early 2023

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

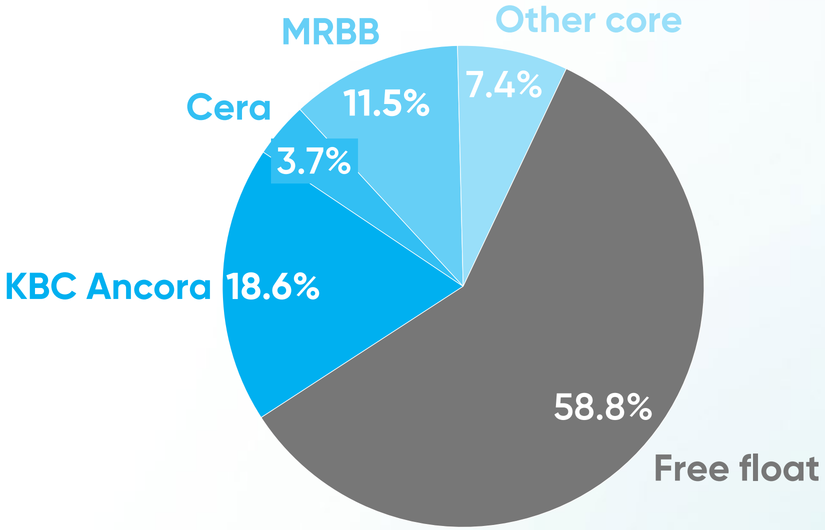


Company profile | KBC Group in a nutshell

Dividend policy & capital distribution
(as of 2023)

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the dividend policy of KBC Group is tailored to that purpose. Each year, the Board of Directors will decide, at its discretion, on the total dividend based on the assessment of risks, forward looking profitability and strategic opportunities
- **Payout ratio policy** (i.e. dividend + AT1 coupon) **of at least 50% of consolidated profit** of the accounting year
- **Interim dividend of 1 EUR per share** in November of each accounting year as an advance on the total dividend
- On top of the payout ratio of at least 50% of consolidated profit, **each year** (when announcing the full year results), the Board of Directors will take a **decision, at its discretion**, on the distribution of the **capital above 15.0% fully loaded CET1 ratio, so-called surplus capital**. The distribution of this surplus capital can be **in the form of a cash dividend, a share buy-back or a combination of both**
- From the moment Basel IV will apply (as from 1 January 2025 at the earliest), the capital deployment plan will be updated

Shareholder structure
(as at end 9M23)

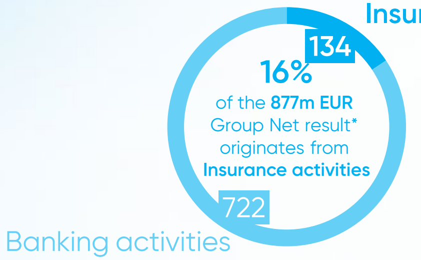


- Roughly **41% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals**. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of Belgian industrialist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

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



* 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 app 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.

3.7 million users in contact with Kate

30 million conversations with Kate

KATE autonomy
60% BE
62% 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**. Note that the first ever Climate Report has been published, (Limited Assurance by external auditor)

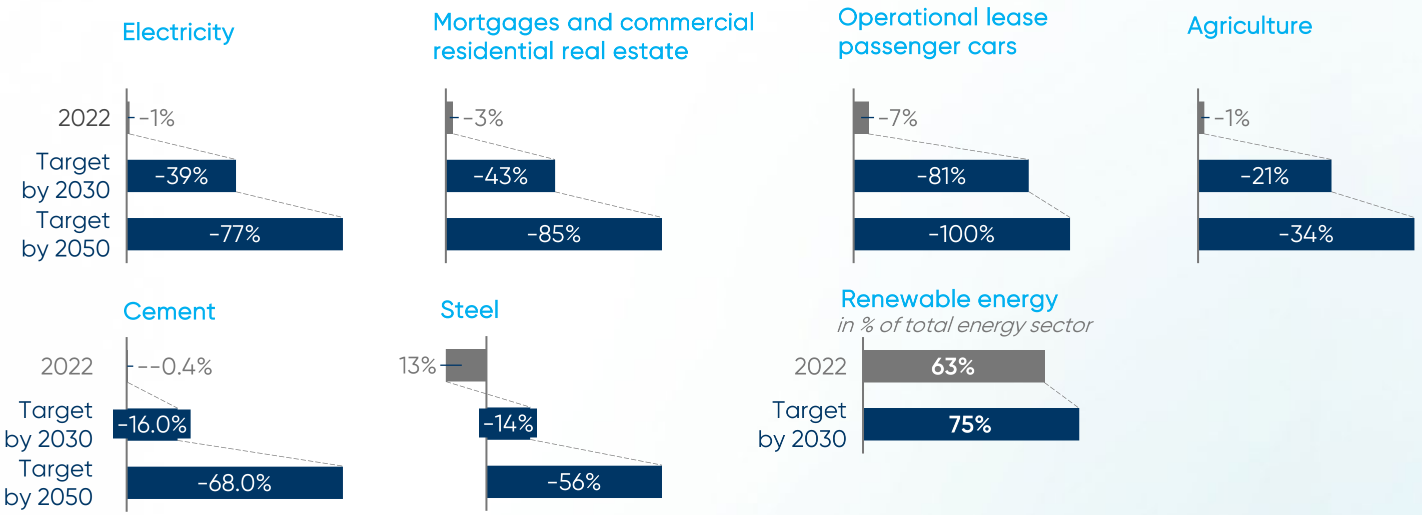
Indirect environmental impact: our progress in brief

INDIRECT environmental footprint (FY 2022)

- 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 sectors that cover the majority of our lending portfolio and related GHG emissions (56%) and clear targets for KBC Asset Management's Responsible Investing (RI) funds
- The baseline of the various targets and the actuals have been externally assured

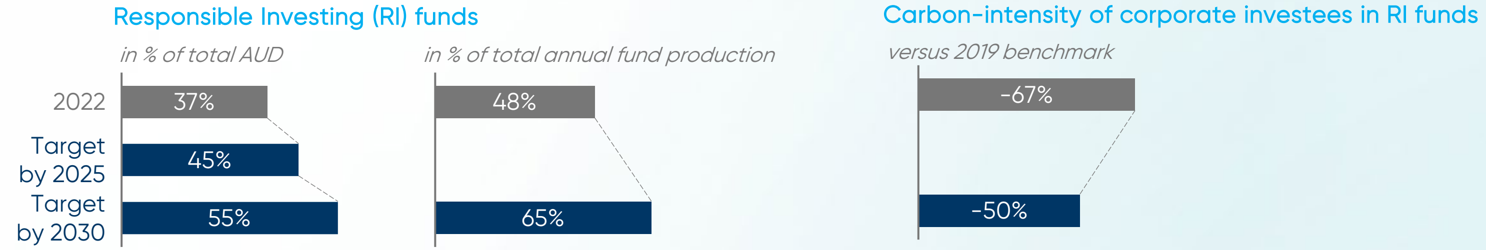
Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated



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
60% BE
62% CZ

3.7 million users in contact with Kate

use cases
339 BE
214 CZ
270 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 micro SMEs
34 BE
48 CZ

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.

Already available in BE, CZ, BG and SK. To be launched in HU (4Q23)

36,5k sales from Kate leads
In CZ & BE
YTD

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

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

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

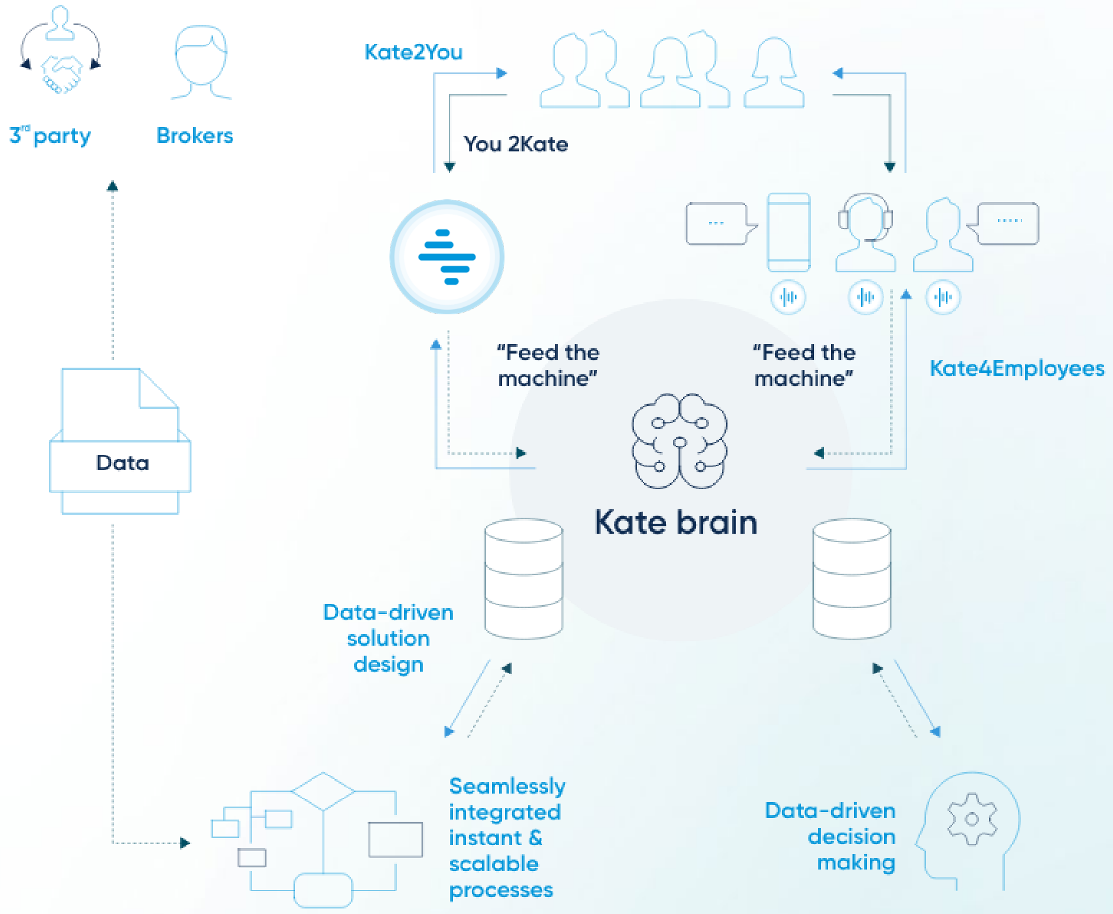
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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

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

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

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



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

Agency	ESG rating of 25th of October 2023	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: 11.4	• 2nd percentile of 359 diversified banks assessed • 5th of 359 diversified banks
S&P Dow Jones Indices (A Division of S&P Global)	0 … 100; KBC: 64	• Top 6% 94th percentile of 361 banks assessed according to the 2023 methodology
MSCI	C, B, BB, BBB, A, AA, AAA; KBC: AAA	• Top 6% among 200 banks assessed
Corporate ESG Performance, RATED BY ISS ESG, Prime	D-, D, D+, C-, C, C+, …; KBC: C+ prime)	• 1st decile rank of 299 Commercial Banks & Capital Markets assessed
FTSE4Good	0, 1, 2, 3, 4, 5; KBC: 4.7	• Top 4% (96th percentile of banks assessed)

Sustainability highlights

Commitment to climate action

2030 and 2050 climate targets
Committed to a first set of climate targets for the most material carbon-intensive industrial sectors and product lines in our lending business and our asset management activities (see next slides)

On track
Despite the short lead time since our baseline establishment, our latest sustainability report shows that, overall, we are well on track in meeting our portfolio climate targets

Partner in the transition
More than 3 000 customer engagement dialogues since the start to support our clients' transition

SBTi
KBC bolstered its intentions with regard to climate action by committing our banking activities to the Science-Based Targets (SBTi)

Sustainable business

7.4bn EUR
Financing contributing to social objectives

14.3bn EUR
Financing contributing to environmental objectives

600 000 tonnes CO_2e
Avoided GHG emissions through renewable energy project finance

36bn EUR Responsible Investing funds in 9M23
or 39% of total assets under distribution (direct client money)

Social responsibility

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

34% Female entrepreneurship
among our start-up community in Belgium

10m EUR
Outstanding loans to microfinance institutions and investments in microfinance funds

Diversity in senior management
24% females in senior management roles

Sustainability highlights in 2022, unless otherwise indicated

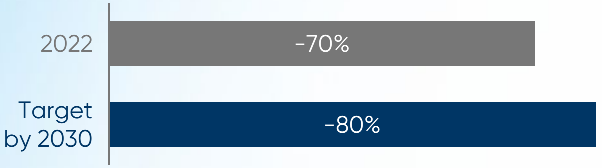
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2022)

- In 2020, we set more stringent ambitions to reduce the GHG emissions resulting from our own operations
- Furthermore, we included commuter travel in our target scope, as we aim to green our policy on employee mobility
- For the second 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.

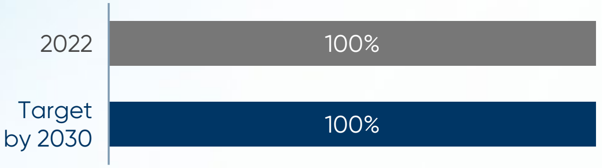
Reduction in our direct GHG emissions

reduction compared to 2015

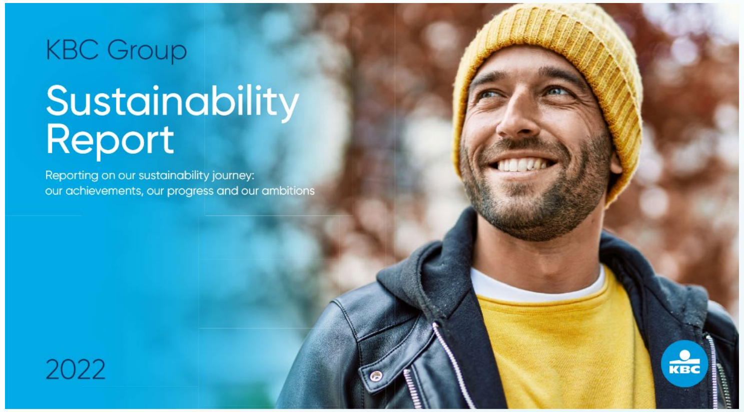


Renewable electricity

in % of own electricity consumption



More details in our 2022 Sustainability Report



More details in our 2022 Climate Report

We put our clients centre stage as they keep counting on us to help them realise and protect their dreams. We do this proactively and work together to support the society and create sustainable growth. We are genuinely grateful for the confidence they put in us.

I would like to explicitly thank our customers and stakeholders for their confidence and our staff for their relentless efforts.

Johan Thijs, KBC Group CEO

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