KBC Group
Analysts' presentation

3Q 2023

The webinar link is available on www.kbc.com

More information: www.kbc.com
KBC Group - Investor Relations Office: IR4U@kbc.be

Accounting framework | Implementation of IFRS 17

IFRS 17 (Insurance contracts) is effective from 1 January 2023 (with retrospective application for 2022) and replaces IFRS 4:

- **The income statement is updated to include the new items introduced by IFRS 17** (also the quarterly figures of 2022 have been restated accordingly)

- **This does not change the underlying economics and steering of the business**
  - No change to KBC Group CET1 ratio
  - No change to capital distribution policy
  - No change to KBC Insurance Solvency II ratio

- It primarily constitutes a new accounting framework
  - **New structure of KBC specific bank-insurance integrated income statement** and some changes to the balance sheet
  - **Some changes to specific Group and Insurance KPIs**, including Cost-income ratio and Combined ratio
  - Belgium unit-linked contracts are not accounted for under IFRS 17, but remain accounted for under IFRS 9, as they do not contain an insurance component

Refer to KBC.com for more details on **concepts applied within KBC's transition to IFRS 17** as well as **restatements of the 2022 quarterly and annual results** (publication of 18APR23)

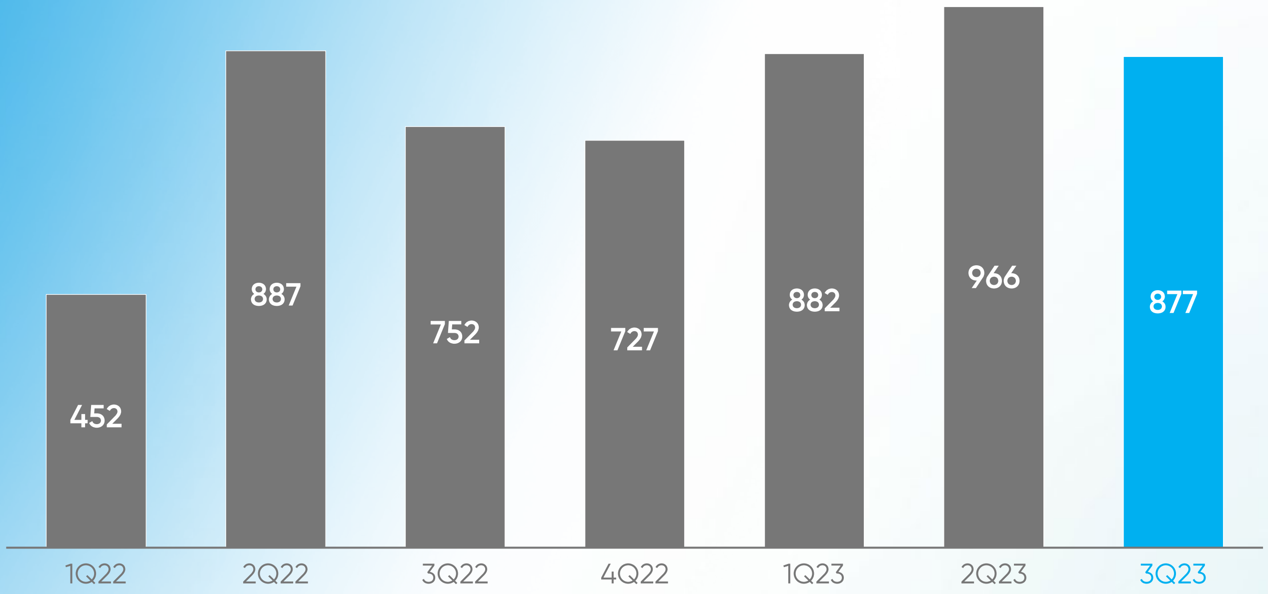
Highlights

- 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%

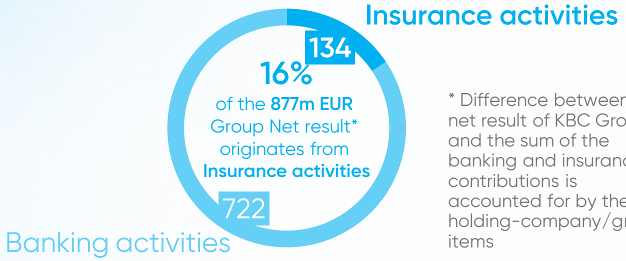
* When bank & insurance taxes are evenly spread throughout the year and excluding one-offs

** When excluding certain non-operating items. See glossary for the exact definition

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)

see climate targets on Slide 58

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**."

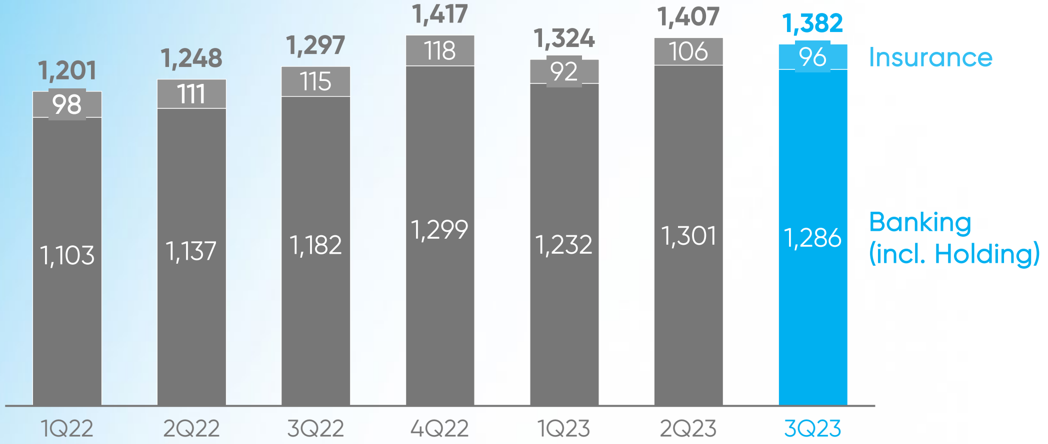
Main exceptional items

		3Q23	2Q23	3Q22
BE BU	F&C – Issuance of State Note	+11m EUR		
	Dividend inc – final liquidation dividend of real estate participation			+12m EUR
	Total Exceptional items BE BU	***+11m EUR***		***+12m EUR***
IM BU	HU – BK & INS TAX – Temporary extra windfall bank and insurance tax		-22m EUR	
	HU – Impairments – Modification losses		-19m EUR	-24m EUR
	BG – Opex – Integration costs Raiffeisenbank Bulgaria	-4m EUR	-3m EUR	-6m EUR
	BG – Opex – EUR adoption costs	-6m EUR		
	Total Exceptional items IM BU	***-10m EUR***	***-44m EUR***	***-30m EUR***
GC BU	IRL – Sales transaction(s) (NOI +4m, opex +1m and impairments +2m in 3Q23)	+7m EUR	-12m EUR	+9m EUR
	Total Exceptional items GC BU	***+7m EUR***	***-12m EUR***	***+9m EUR***
	Total Exceptional items	***+8m EUR***	***-56m EUR***	***-9m EUR***
	Total Exceptional items (post-tax)	*+6m EUR*	***-50m EUR***	*-8m EUR*

Lower net interest income

Net interest income

in m EUR

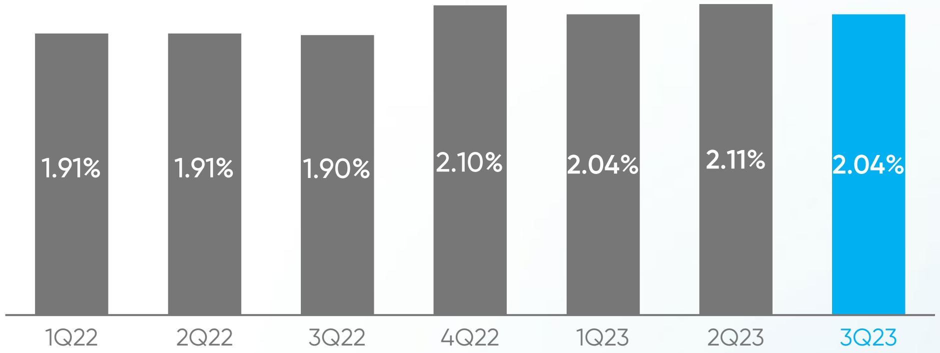


- **NII decreased by 2% q-o-q and increased by 7% y-o-y**
- Q-o-q decrease was driven primarily by:
  - Lower NII on inflation-linked bonds (-27m EUR)
  - Negative impact from the issuance of the Belgian State Note (-22m EUR) and higher pass-through on savings accounts in Belgium
  - Higher funding cost 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

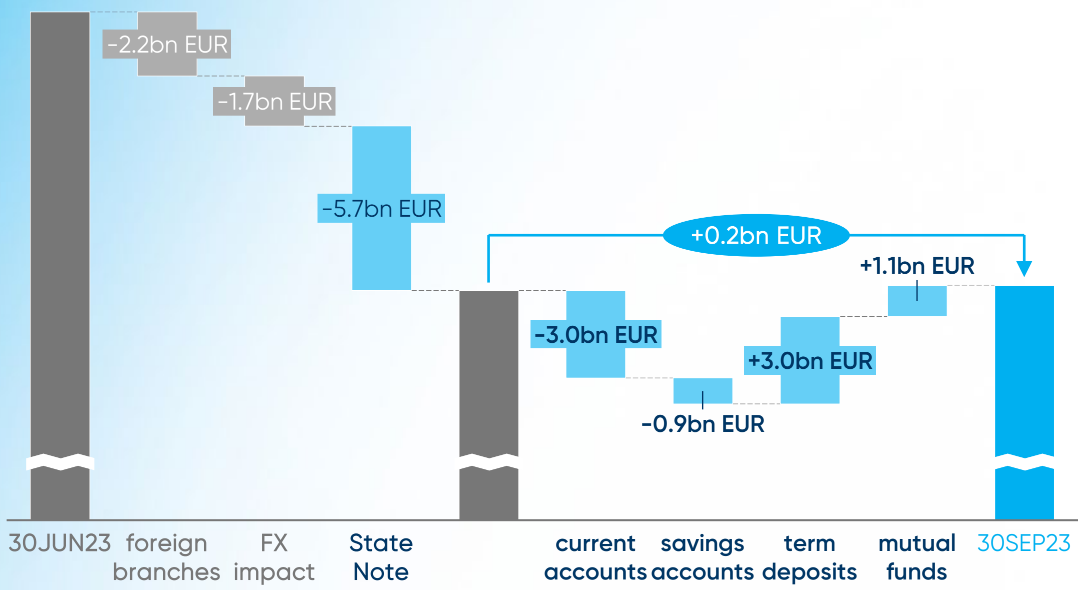
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	182bn	75bn	214bn
Growth q-o-q*	+1%	+1%	-4%
Growth y-o-y	+2%	+3%	-2%

* 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

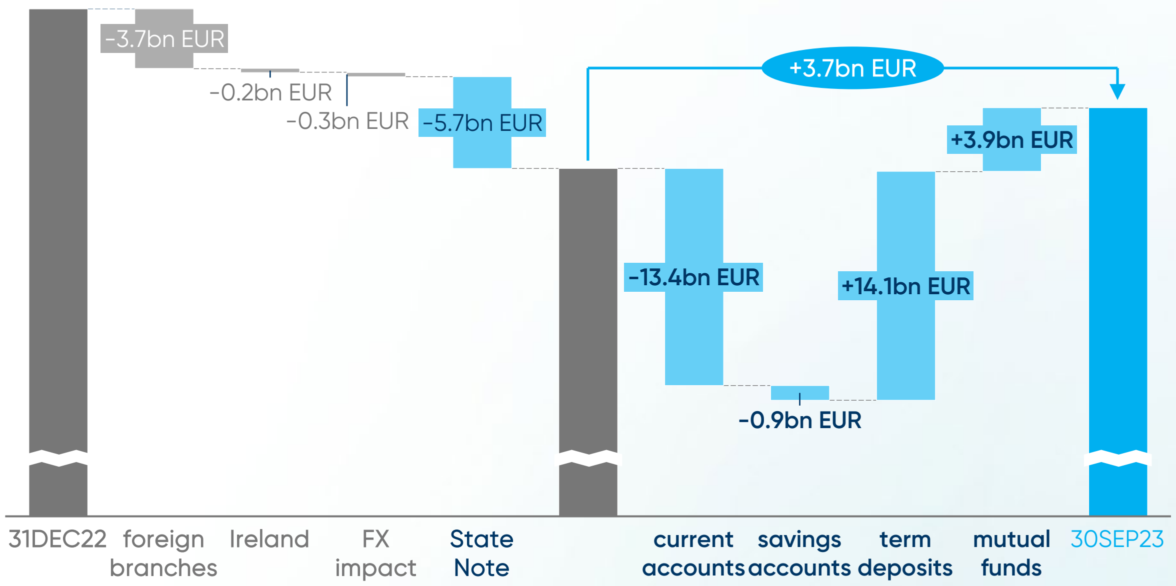
in m EUR



- 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

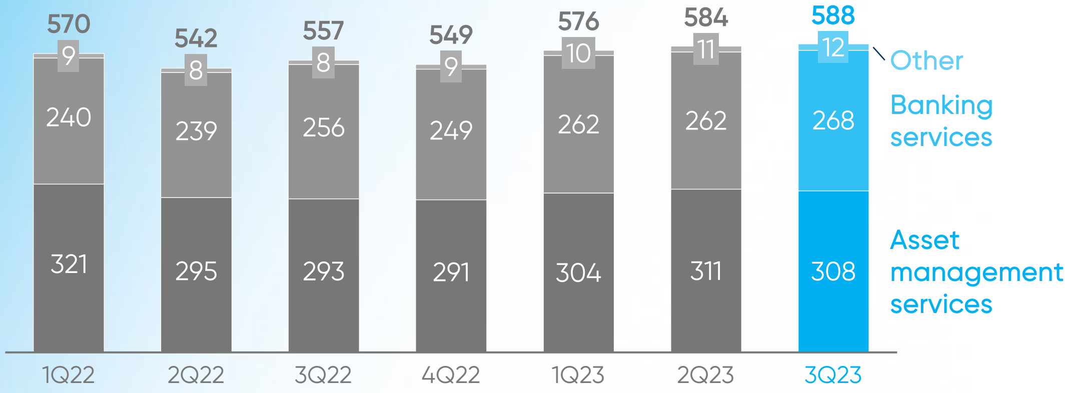


- Disregarding volatile and one-off items, **9M23** saw an inflow of core customer money of **+3.7bn EUR** (+3.4bn EUR incl. FX impact)

Higher net fee and commission income

Net fee & commission income

in m EUR



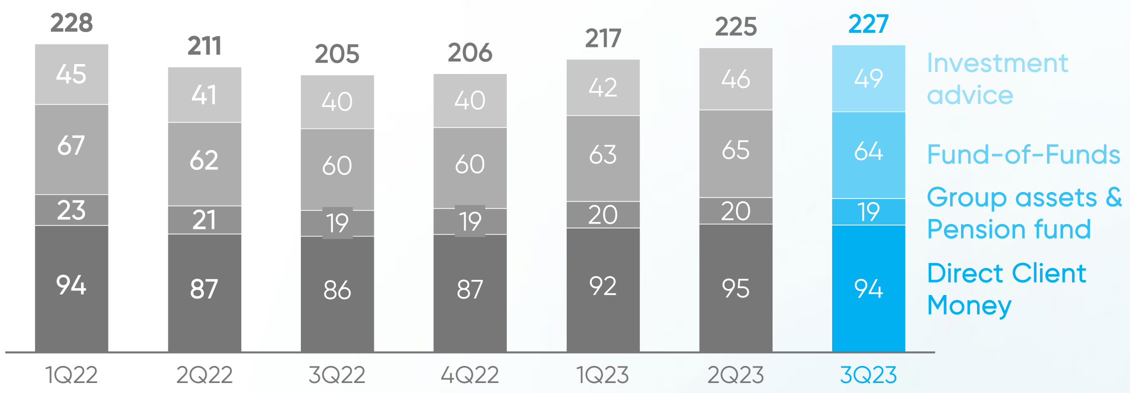
- **Up by 1% q-o-q and by 6% y-o-y**

- 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%)

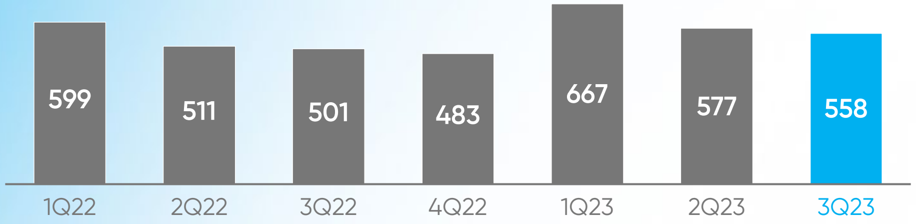
- Increased by 11% y-o-y due to net inflows (+6%) and positive market performance (+5%)

- 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

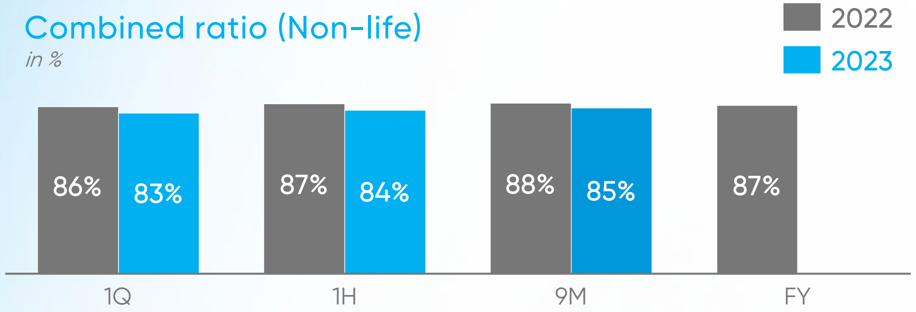
in m EUR



- **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)

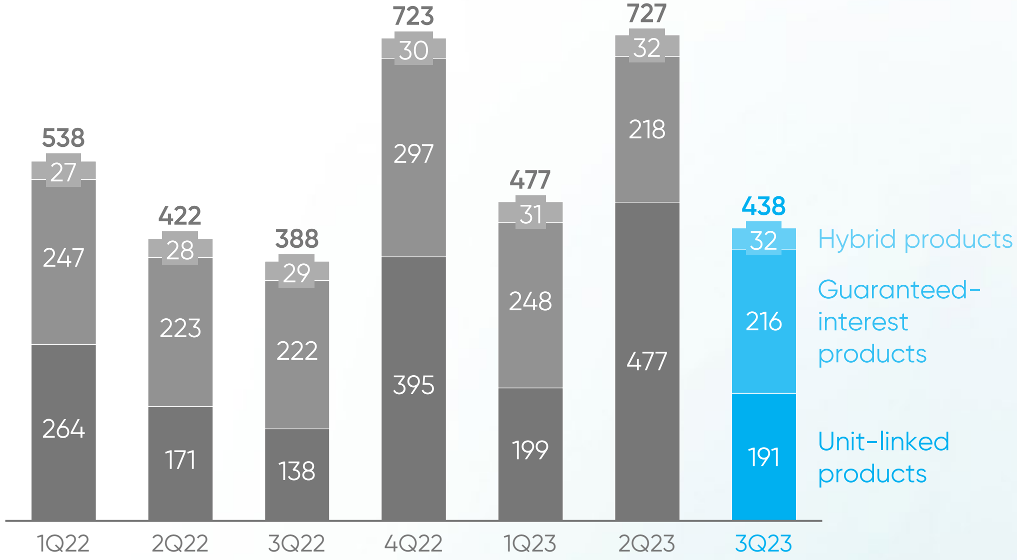
in %



- **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

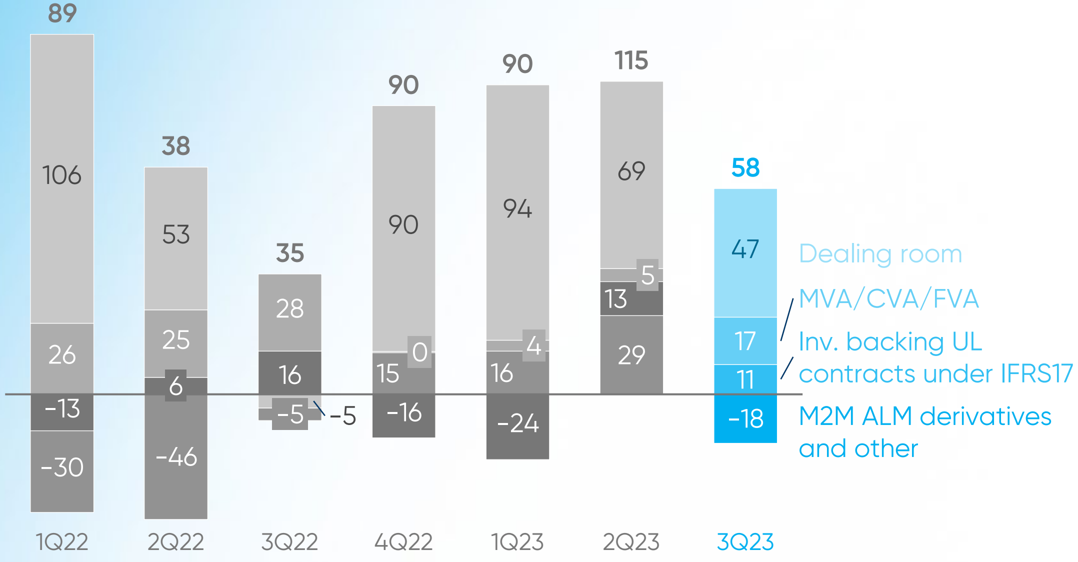
in m EUR



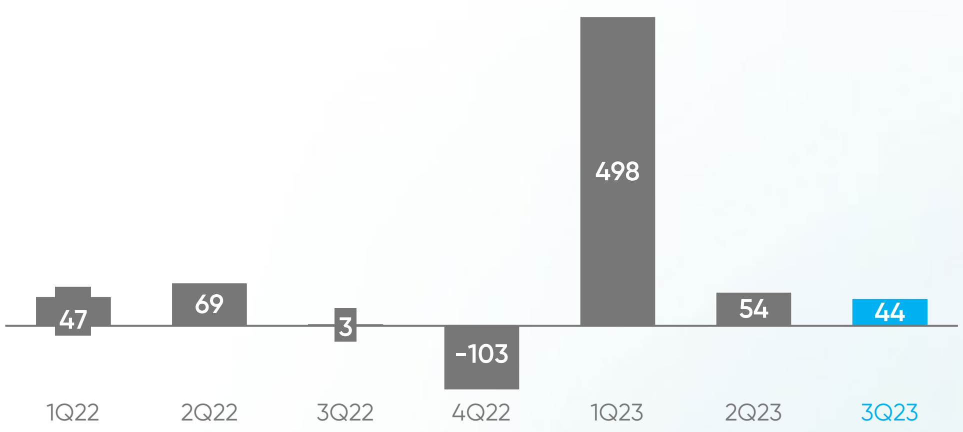
- Decreased by 40% q-o-q due mainly to lower sales of unit-linked products (excellent sales in 2Q23 as the result of a successful launch of a new structured fund in Belgium)
- Increased by 13% y-o-y due to higher sales of unit-linked products and hybrid products, partly offset by slightly lower sales 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)

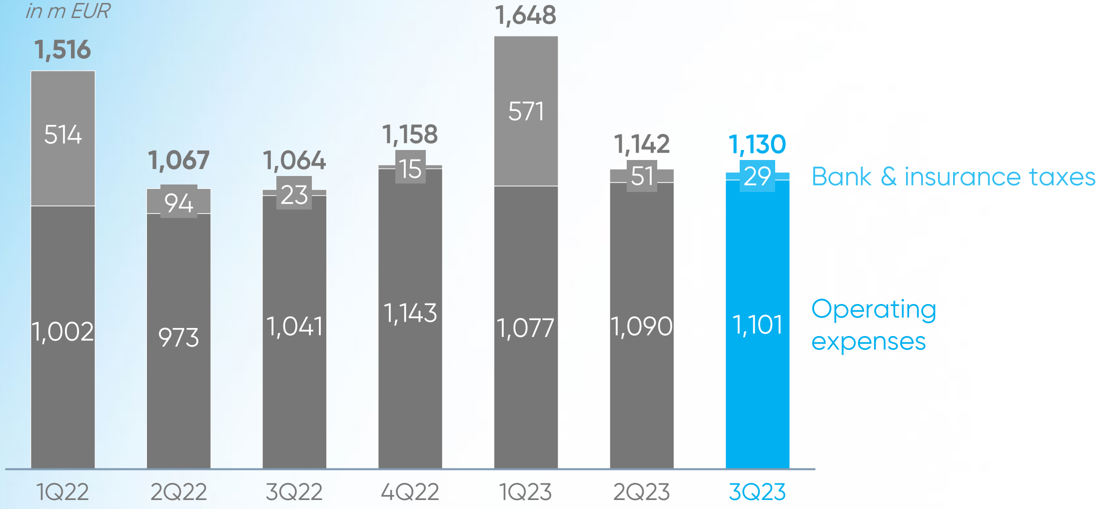
  partly offset by:
  - Positive credit, funding and market value adjustments, mainly the result of an increased EUR yield curve

- **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)

in m EUR



Bank and insurance tax spread 2023 (preliminary)

in m EUR

	Total	Upfront			Spread out over the year			
	3Q23	1Q23	2Q23	3Q23	1Q23	2Q23	3Q23	4Q23e
BE BU	0	347	6	0	0	0	0	10
CZ BU	0	60	-1	0	0	0	0	0
Hungary	29	106	24	0	24	27	29	31
Slovakia	0	4	-1	0	0	0	0	1
Bulgaria	0	24	-4	0	0	0	0	0
Group Centre	0	5	-1	0	0	0	0	0
Total	29	547	24	0	24	27	29	42

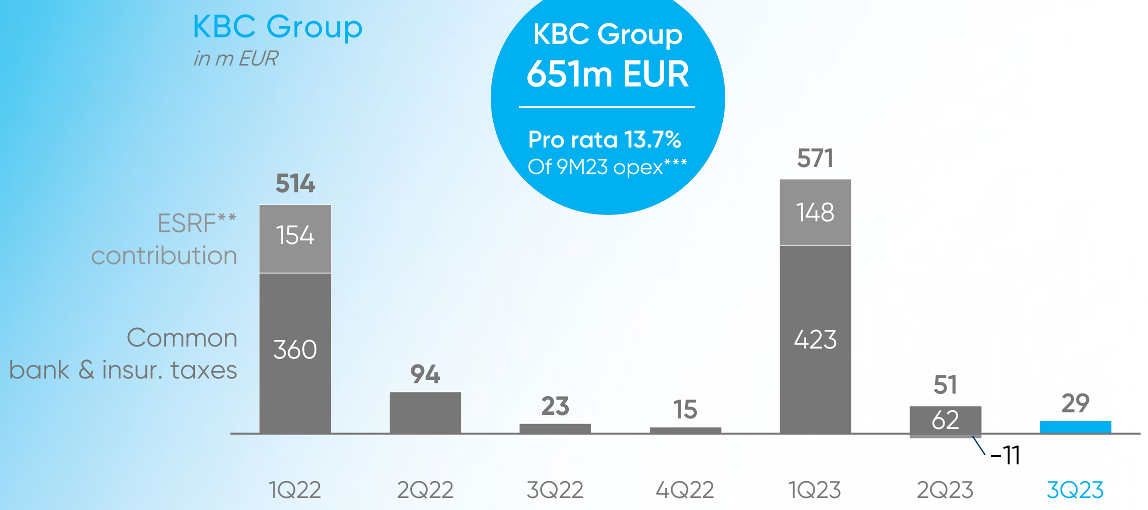
- **Operating expenses excluding bank & insurance taxes went up by 1% q-o-q and by 6% y-o-y**
  - The q-o-q increase is due mainly to higher staff costs, higher ICT costs, higher facility costs and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction), lower 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

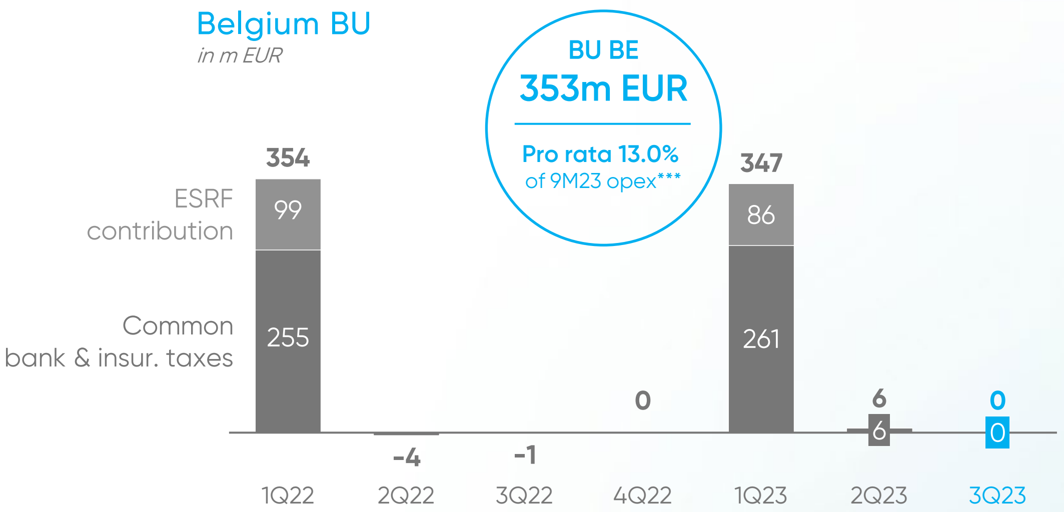
- 9M23 cost/income ratio
  - 48% when excluding certain non-operating items* (49% in FY22)
  - 41% excluding all bank & insurance taxes (45% in FY22)

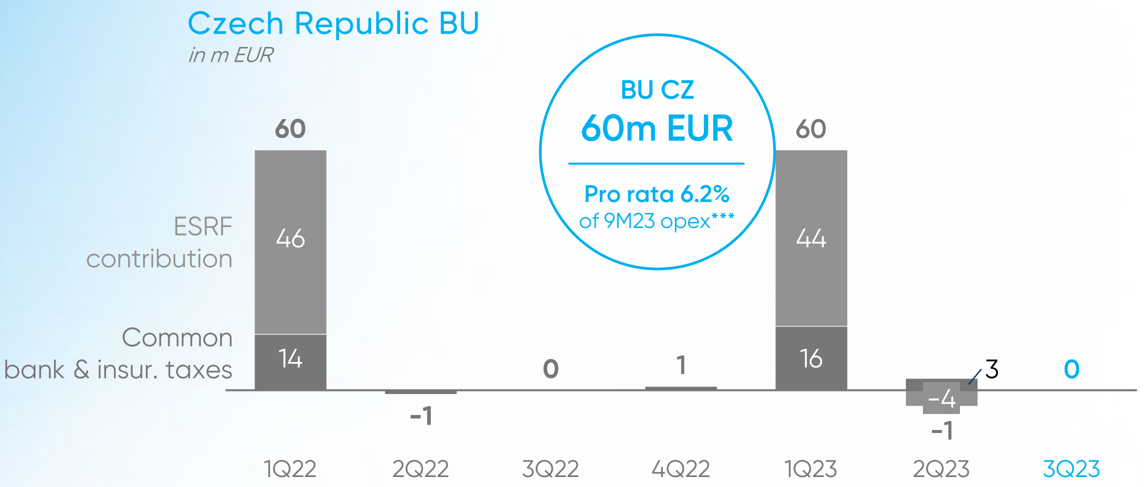
- Total bank & insurance taxes (including ESRF contribution) are expected to increase by 7% y-o-y to 693m EUR in 2023 (646m EUR in 2022)

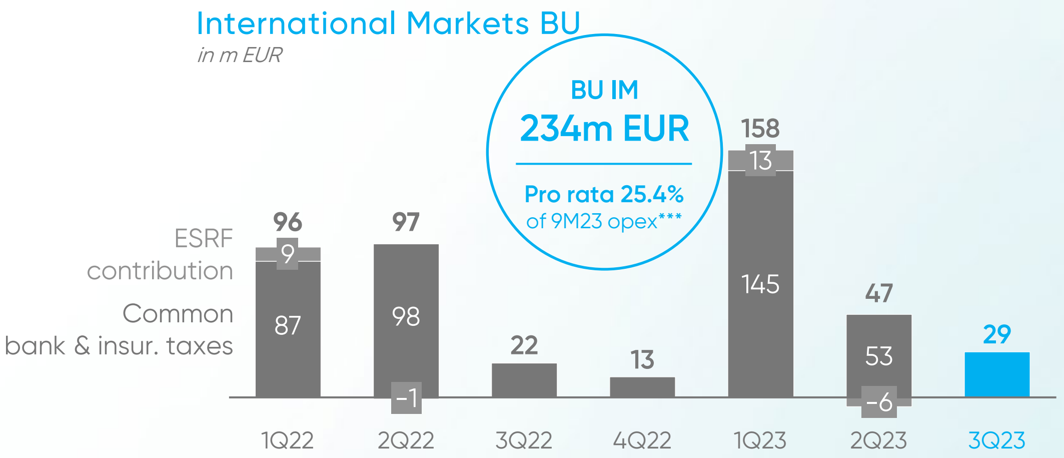
* See glossary for the exact definition

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







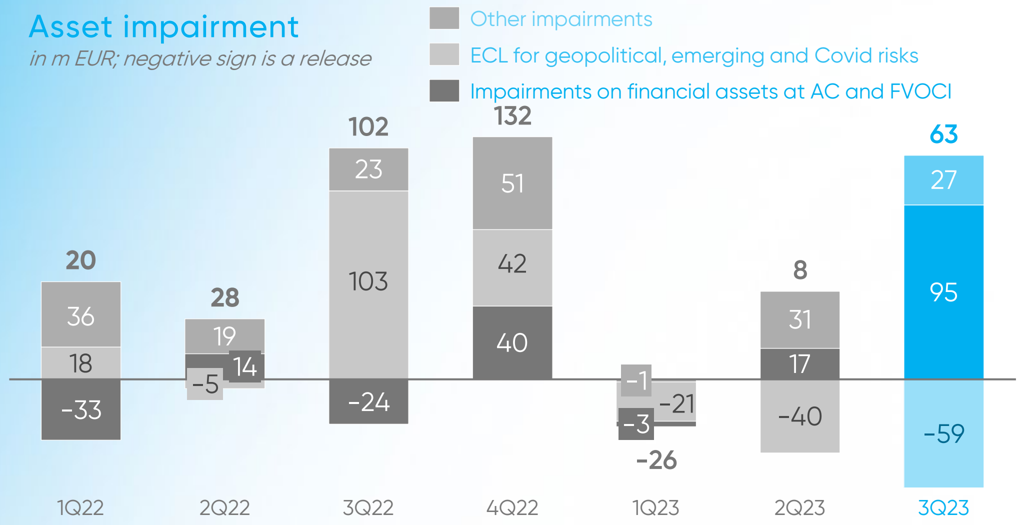


- * This refers solely to the bank & insurance taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.
- ** European Single Resolution Fund
- *** Including directly attributable costs to insurance

Net loan loss impairment charges & excellent credit cost ratio

Asset impairment

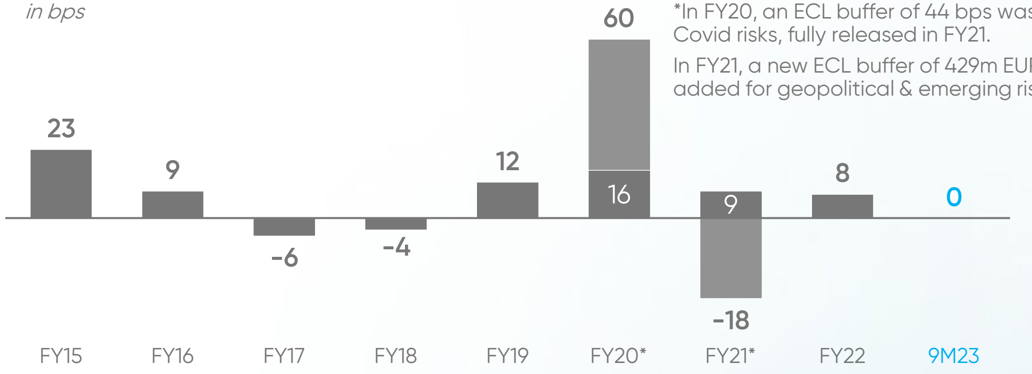
in m EUR; negative sign is a release



- **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



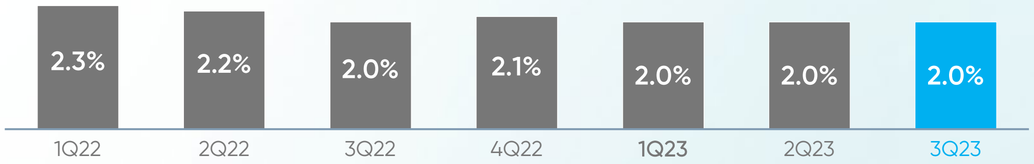
*In FY20, an ECL buffer of 44 bps was added re Covid risks, fully released in FY21.

In FY21, a new ECL buffer of 429m EUR was added for geopolitical & emerging risks

- 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 %

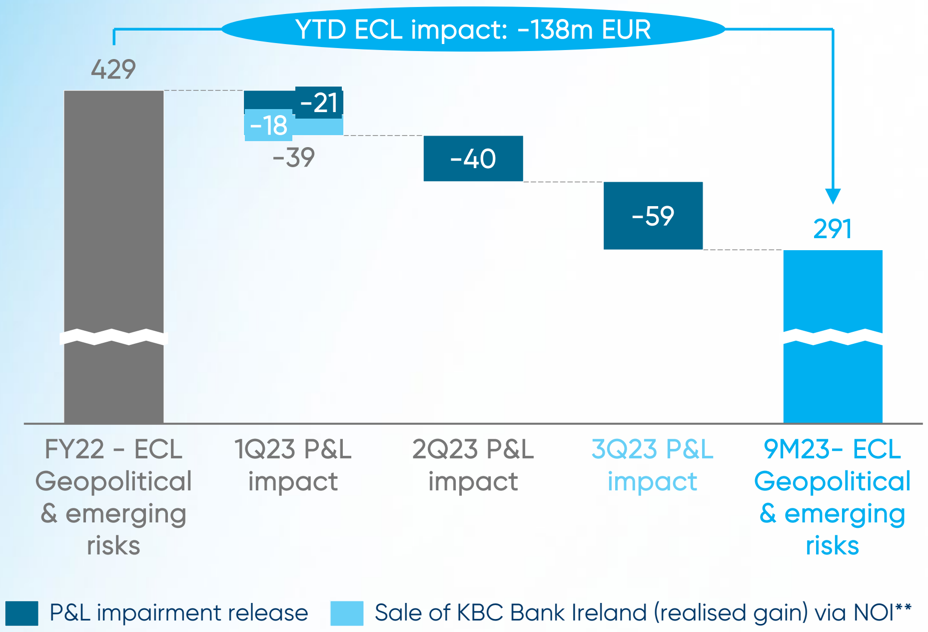


- **The impaired loans ratio stabilised at 2.0%** (1.1% of which over 90 days past due)

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



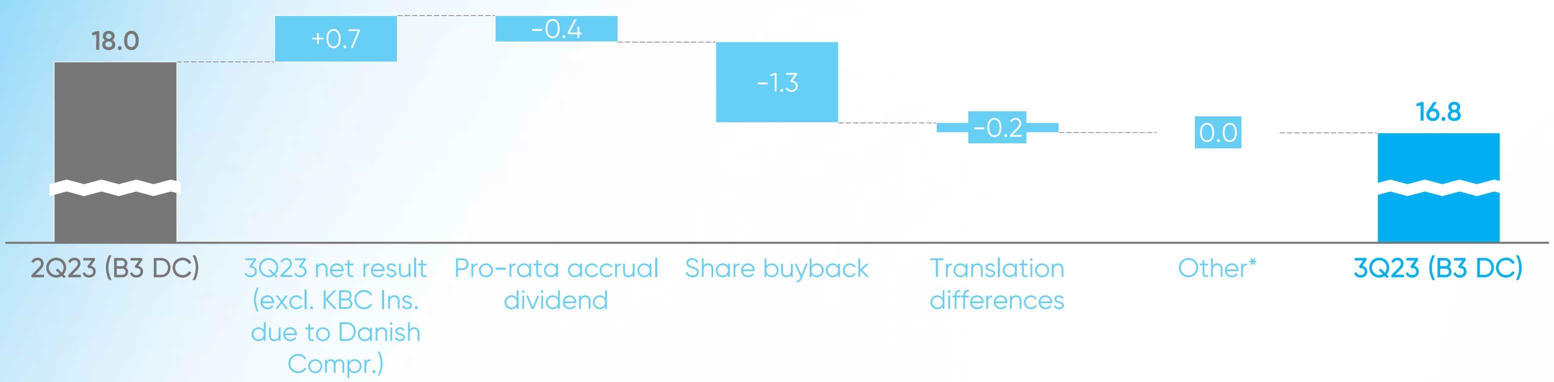
ECL release of 59m EUR in 3Q23, driven mainly by improved micro- and macroeconomic indicators, **resulting in a remaining ECL for geopolitical and emerging risks of 291m EUR at end 9M23**

* 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

Fully loaded Basel III CET1 from 2Q23 to 3Q23

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 14.6% at the end of 9M23 based on the Danish Compromise

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

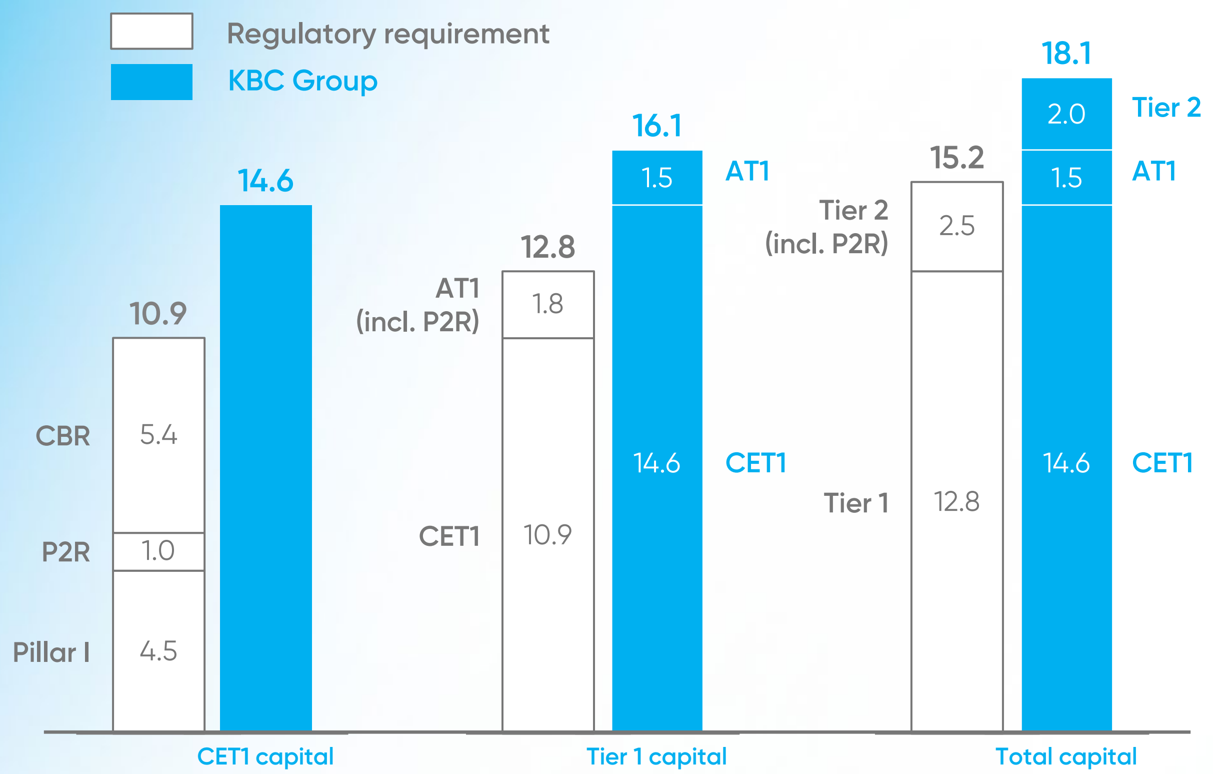
** Includes the RWA equivalent for KBC Insurance based on DC, calculated as the historical book value of KBC Insurance multiplied by 370%

*** Includes improved asset quality, lower market RWA,…

Strong capital position with substantial buffer to MDA

Capital requirements and distance to Maximum Distributable Amount (MDA) restrictions as at 30SEP23 (fully loaded, B3)

in %



- **P2R 1.86% (= Pillar II requirement)**
  1.05% to be met with CET1, 35bps eligible for AT1 and 46bps for Tier 2
- **CBR 5.38% (= Combined buffer requirement)**
  2.50% Capital conservation buffer
  1.50% O-SII buffer
  1.24% Countercyclical buffer
  0.14% Systemic risk buffer
- **OCR (10.9%) buffer 3.7%**
- **MDA buffer 2.9%**
  lowest of the buffers between available and required (i) CET1 capital, (ii) Tier 1 capital and (iii) Total capital
- **MDA 11.7%**
  i.e. the net of the CET1 ratio (14.6%) and the MDA buffer (2.9%)

CET1 capital	Tier 1 capital	Total capital	
3.7%	**3.3%**	**2.9%**	**Distance to MDA restrictions**
4,236m EUR	**3,855m EUR**	**3,328m EUR**	

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.

Looking forward

Economic outlook

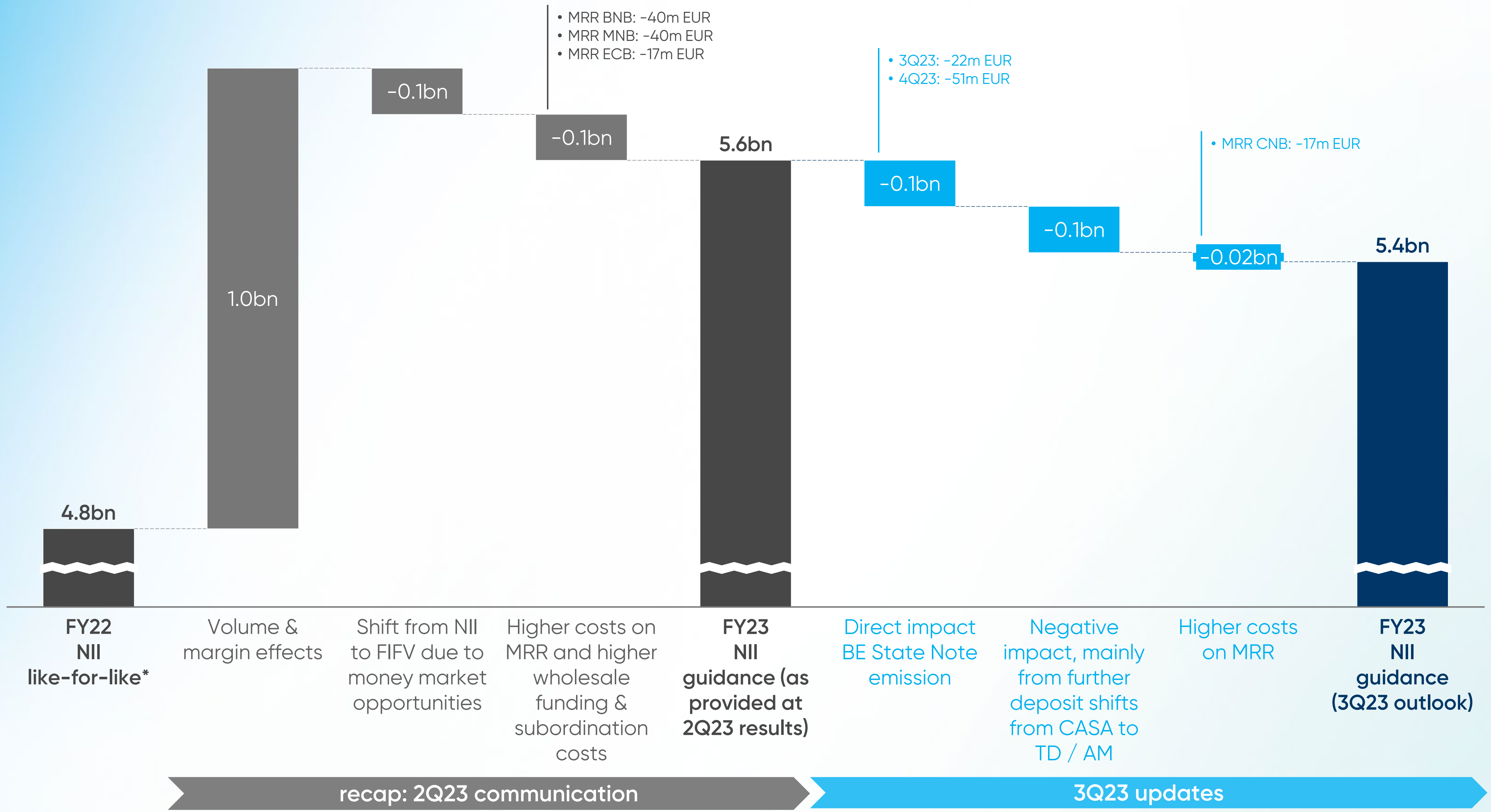
- The growth in the euro area is expected to stagnate for the remainder of 2023, due to the impact of the ECB's tightening cycle on credit growth, the weakness in the manufacturing sector and increasingly also in the service sector
- The main risks to our short-term outlook for European growth relate 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 in income tax expense)**
- Additionally, a further increase of the bank taxes can be expected based on the 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)

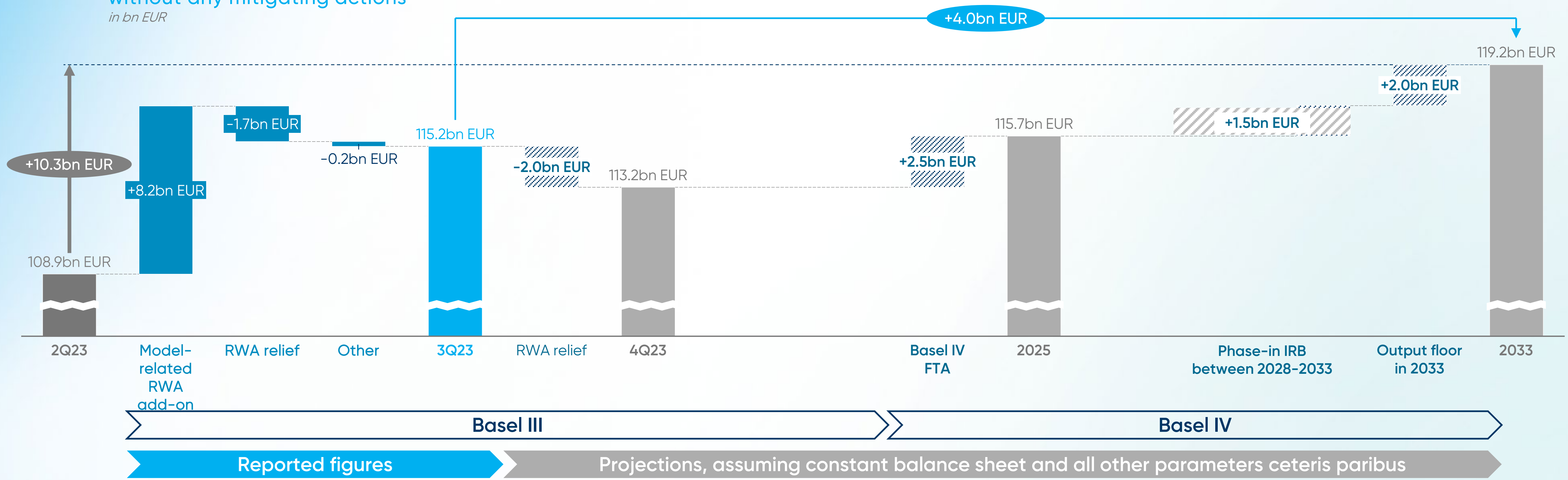
Indicative view on transitional RWA evolution under Basel IV

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



Wrap-up

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

Supplemental information & disclosures

Business unit view (slide 26-39)

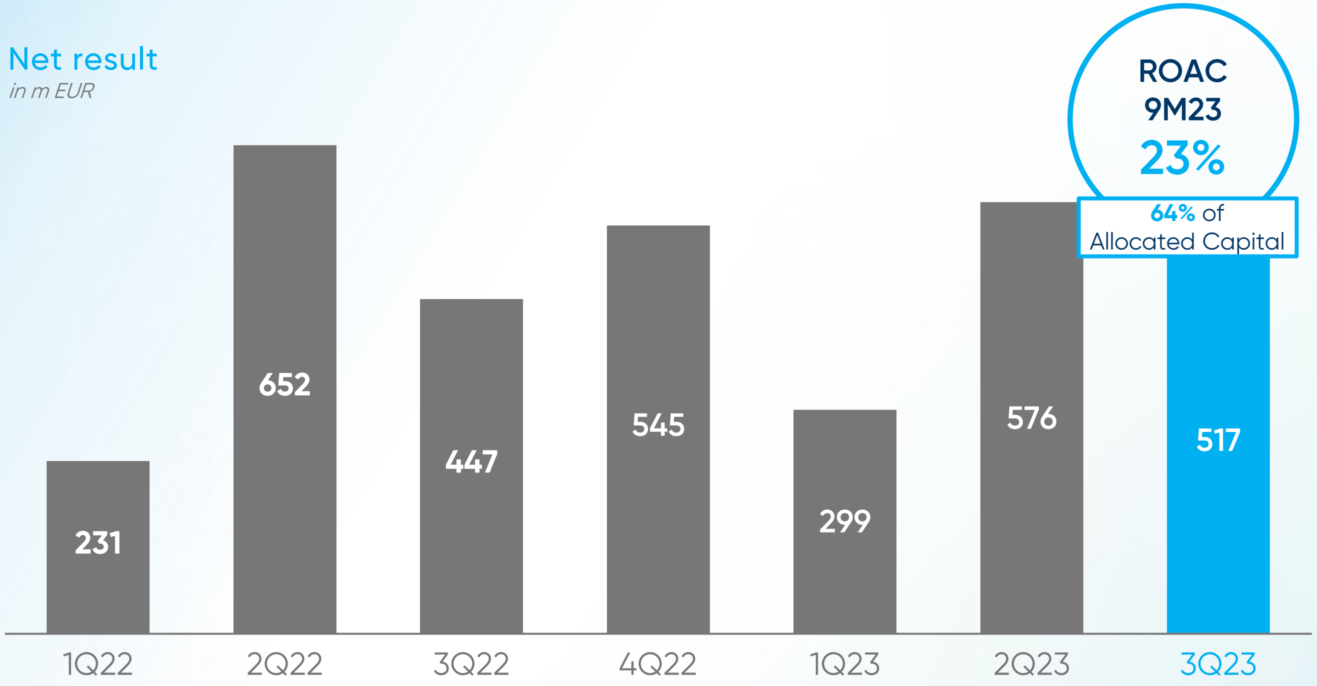
- Belgium BU
- Czech Republic BU
- International Markets BU
  - Slovakia
  - Hungary
  - Bulgaria
- Group Centre BU

Annexes (slide 40-66)

- 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

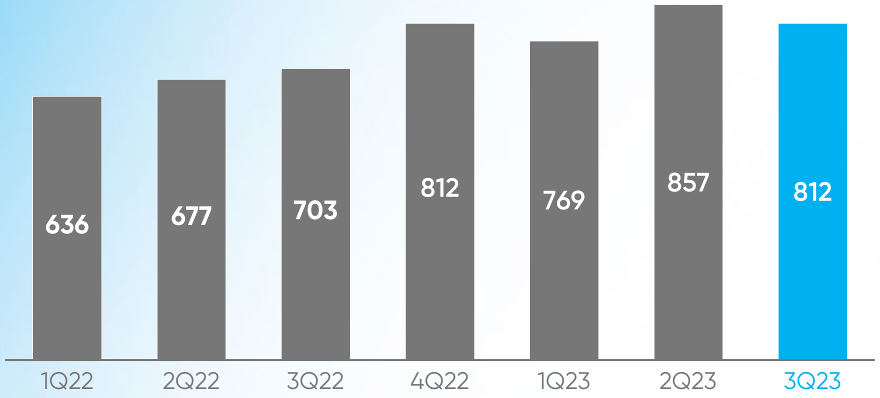


- The quarter was characterised by lower net interest income, higher net fee and commission income, lower net result from financial instruments at fair value, lower dividend income, lower net other income, lower sales of non-life and life insurance products, higher operating expenses and net impairment charges

Belgium BU (2) | Net interest income

Net interest income

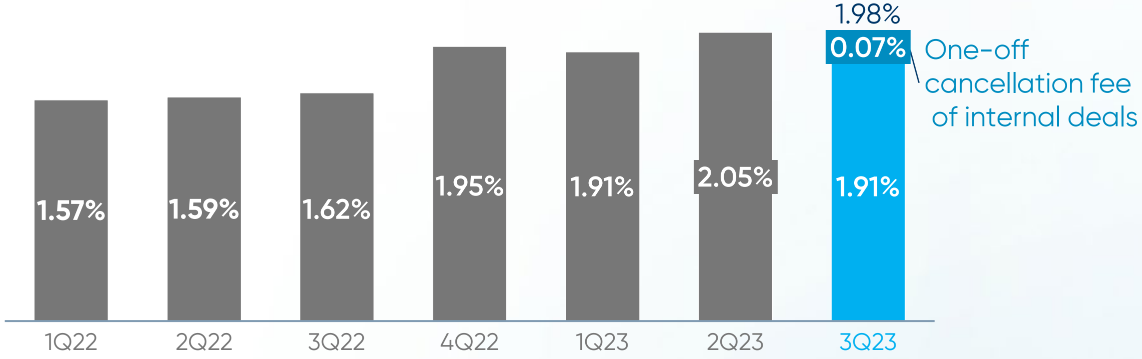
in m EUR



- -5% q-o-q, driven mainly by lower NII on inflation-linked bonds (-27m EUR), a one-off cancellation fee of internal deals (-26m EUR, mirrored in Group Centre Business Unit), higher costs on the minimum required reserves held with the ECB and slightly lower lending income (margin pressure on the outstanding loan portfolio in almost all segments), partly offset by higher commercial transformation result (thanks to increasing interest rates, offset partly by a higher pass-through on savings accounts and deposit outflows due mainly to the issuance of the Belgian State Note) and increased term deposits at better margins
- +16% y-o-y due chiefly to much higher transformation result and increased term deposits at better margins, partly offset by lower lending income, lower NII on inflation-linked bonds and higher funding costs (partly due to no TLTRO benefit anymore)

Net interest margin

in %



- Decreased by 14 bps q-o-q and rose by 29 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
- Excluding the one-off cancellation fee, NIM amounted to 1.98%

Organic volume trend

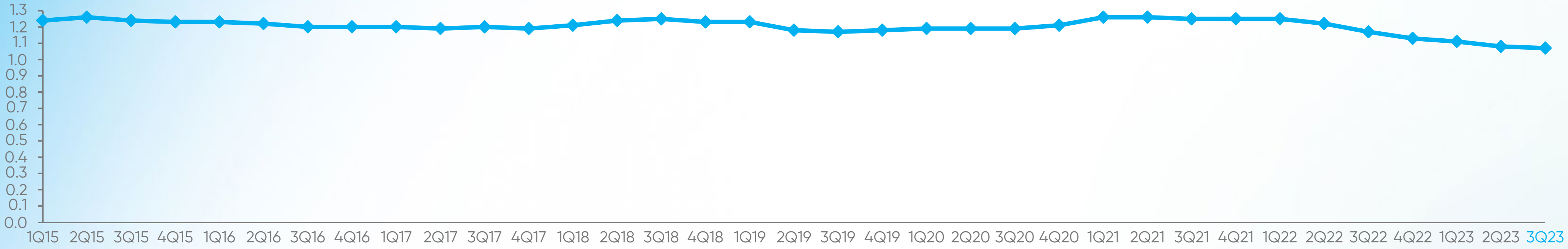
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	118bn	45bn	133bn
Growth q-o-q*	0%	0%	-7%
Growth y-o-y	0%	+3%	-6%

* 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 fell by 6% q-o-q and by 7% y-o-y**

Belgium BU (3) | Credit margins in Belgium

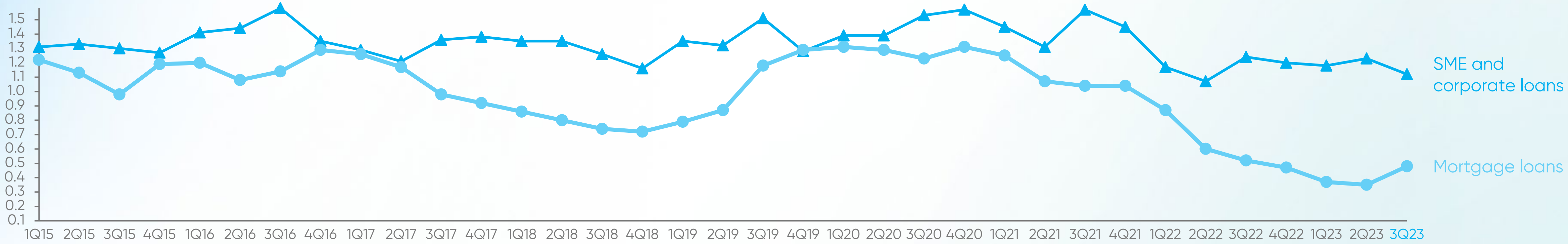
Product spread on customer loan book | Outstanding

in %



Product spread | New production

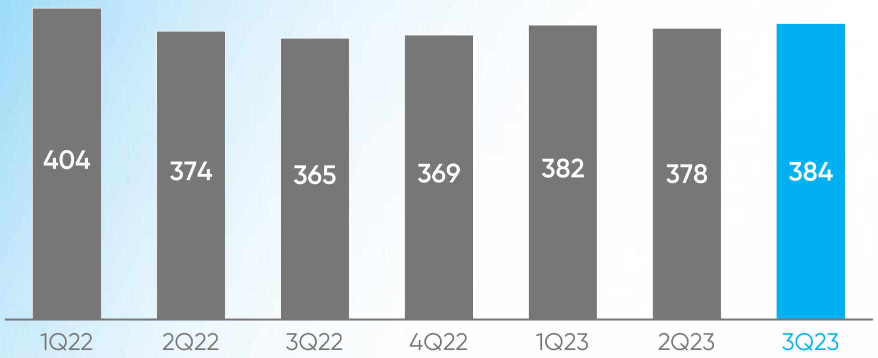
in %



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

Net fee & commission income

in m EUR



- The 2% higher q-o-q net F&C income was mainly the result of higher management fees, higher securities-related fees (entirely due to one-off fee from the issuance of the State Note), higher network income and higher payment-related fees, partly offset by lower entry fees, lower fees from credit files & bank guarantees, higher distribution fees paid for mutual funds and seasonally lower distribution fees received for insurance products
- The 5% higher y-o-y net F&C income was driven chiefly by higher management fees, higher securities-related fees (almost entirely due to one-off fee from the issuance of the State Note), and higher distribution fees received for insurance products, partly offset by lower fees from credit files & bank guarantees, lower fees from payment services, lower network income and higher distribution fees paid for mutual funds

Assets under management

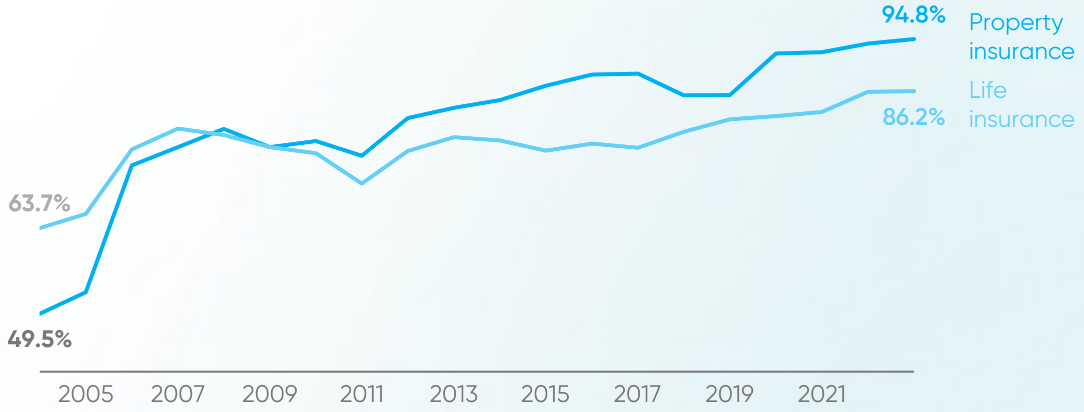
- 202bn EUR
- Increased by 1% q-o-q due to net inflows (+2%), partly offset by negative market performance (-1%)
- Increased by 10% y-o-y due to net inflows (+6%) and positive market performance (+4%)

Insurance

- Insurance sales: 673m EUR
  - Non-life sales (331m EUR) +9% y-o-y, due to premium growth in all classes, due to a combination of volume and tariff increases
  - Life sales (342m EUR) fell by 45% q-o-q and rose by 9% y-o-y.
    - The q-o-q decrease was driven almost entirely by lower sales of unit-linked products (due mainly to the successful launch of a new structured fund in 2Q23)
    - The y-o-y increase was driven fully by higher sales of unit-linked products, partly offset by slightly lower sales of guaranteed- interest products
- Combined ratio amounted to an excellent 83% in 9M23 (86% in 9M22)

Mortgage-related cross-selling ratios

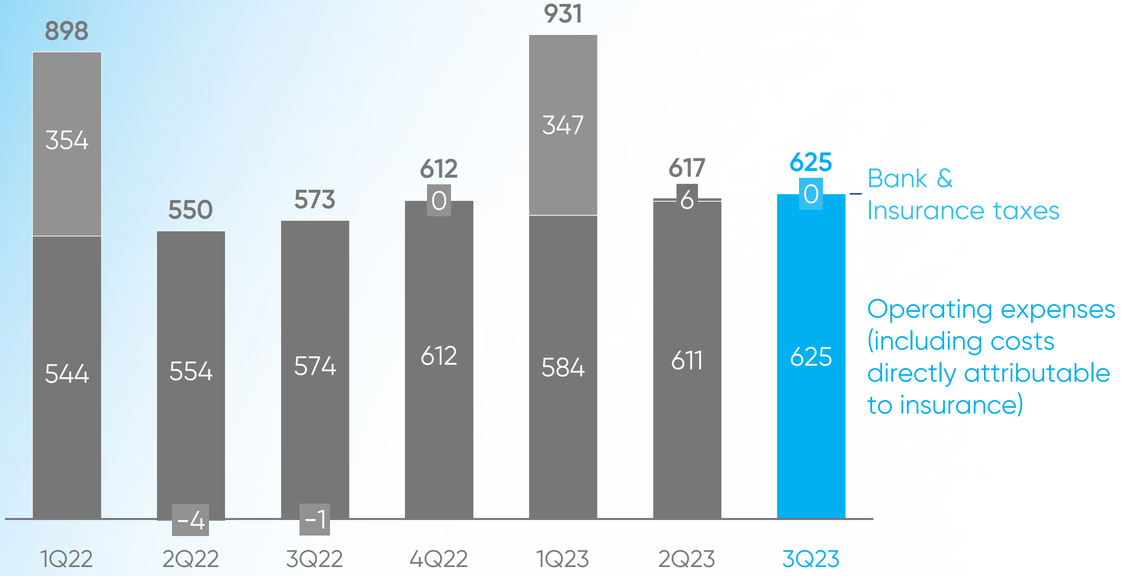
in %



Belgium BU (5) | Opex & impairments

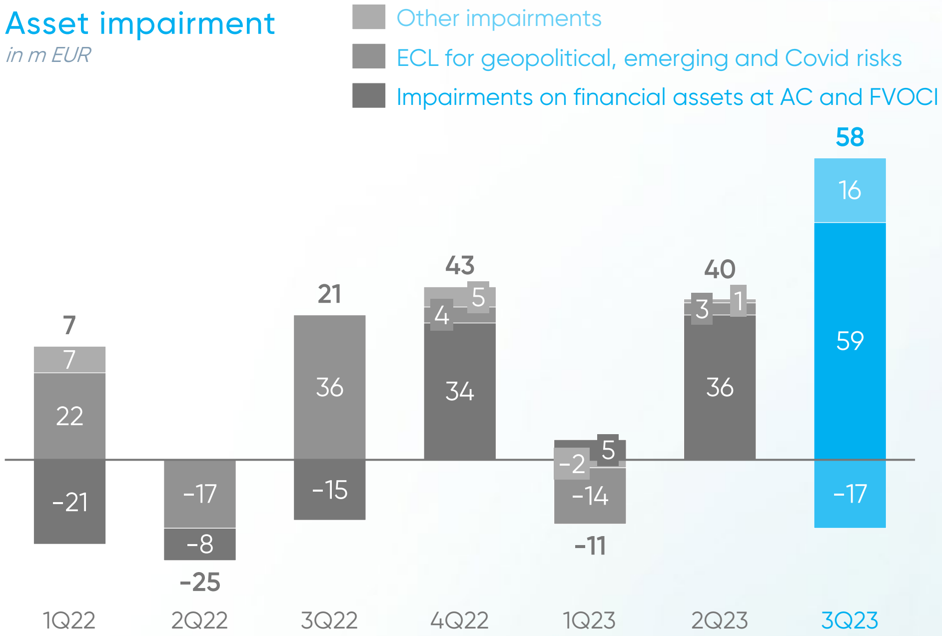
Operating expenses

in m EUR



Asset impairment

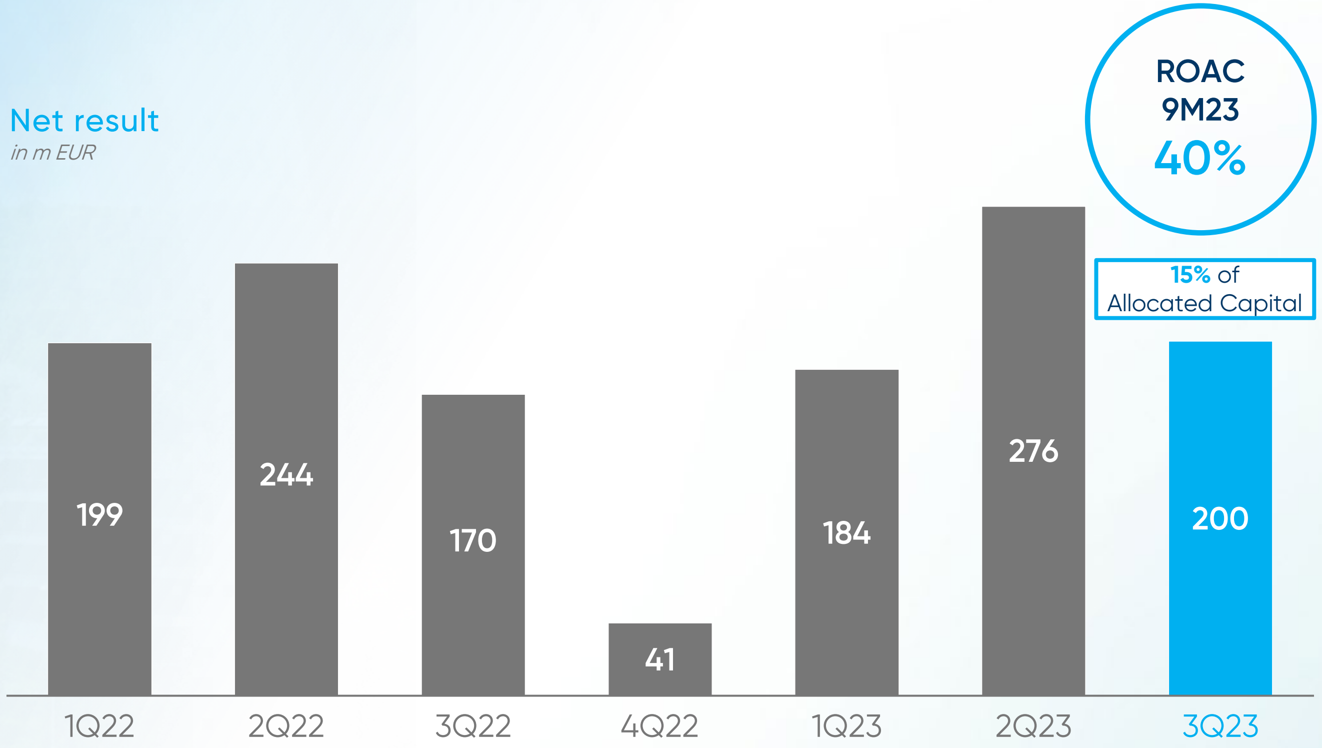
in m EUR



- **Opex (including costs directly attributable to insurance, but excluding bank & insurance taxes): +2% q-o-q and +9% y-o-y**
- +2% q-o-q due mainly to higher staff costs (despite less FTEs) and ICT costs
- +9% y-o-y due chiefly to higher staff costs (due largely to wage indexation, despite less FTEs), higher ICT costs, higher facility costs (mainly energy costs) and higher marketing costs
- Cost/income ratio adjusted for specific items: 46% in 9M23 (47% in FY22)

- **Net loan loss impairment charges of 42m EUR in 3Q23 (compared with 39m EUR in 2Q23). 17m EUR net impairment reversal for geopolitical and emerging risks was more than offset by 59m EUR net loan loss impairment charges,** mainly for several corporate files (partly in foreign branches). Credit cost ratio amounted to 7 bps in 9M23 (3 bps in FY22)
- 16m EUR impairment charge on 'other' (software)
- **Impaired loans ratio amounted to 2.0%, 0.9% of which over 90 days past due**

Czech Republic BU (1) | Net result

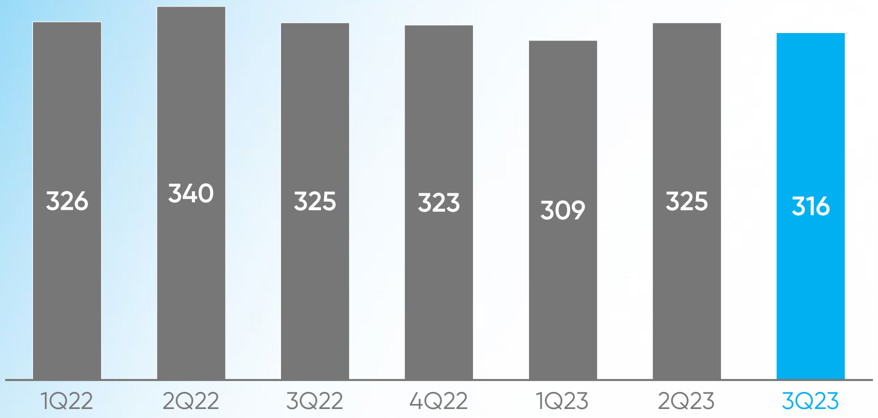


- The quarter was characterised by lower net interest income, stable net fee & commission income, lower net result from financial instruments at fair value, lower sales of non-life insurance and higher sales of life insurance products, lower net other income, higher costs and small net impairment charges (versus releases in 2Q23)

Czech Republic BU (2) | Net interest income

Net interest income

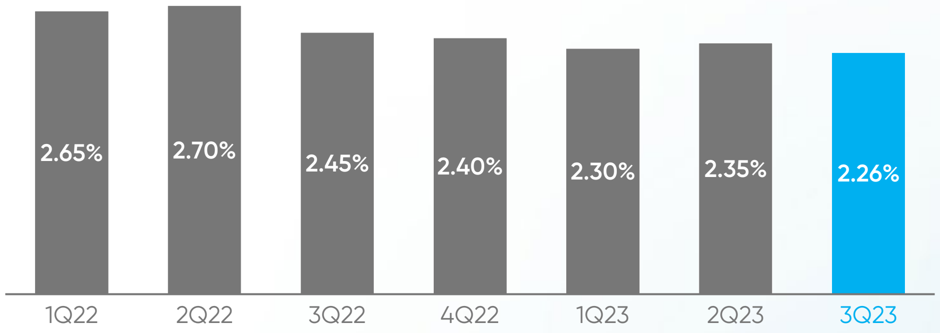
in m EUR



- -1% q-o-q and -5% y-o-y (both excl. FX effect)
- Q-o-q decrease driven mainly by a decreased ALM result, partly offset by higher commercial transformation result (higher reinvestment yields), higher lending income (mainly corporates with higher volumes and margins) and increased term deposits (at lower margins though)
- Y-o-y decrease was mainly the result of lower transformation result (higher pass-through on the deposit side and shift to term deposits), lower lending income (volume growth more than offset by margin pressure) and less positive impact of ALM FX swaps, partly offset by income related to funding (increased term deposits) and increased ALM result

Net interest margin

in %



- Fell by 9 bps q-o-q and by 19 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

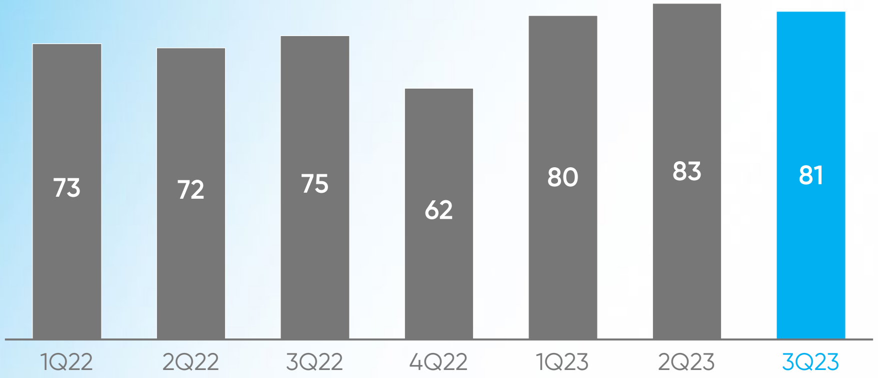
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	37bn	20bn	52bn
Growth q-o-q*	+2%	+1%	+1%
Growth y-o-y	+4%	+2%	+7%

* 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



- Stable q-o-q net F&C income excl. FX effect was mainly the result of higher securities-related fees and seasonally higher network income, offset by lower entry fees and higher client incentives
- The 6% higher y-o-y net F&C income excl. FX effect was driven chiefly by higher securities-related fees, higher network income, partly offset by lower fees from payment services

Assets under management

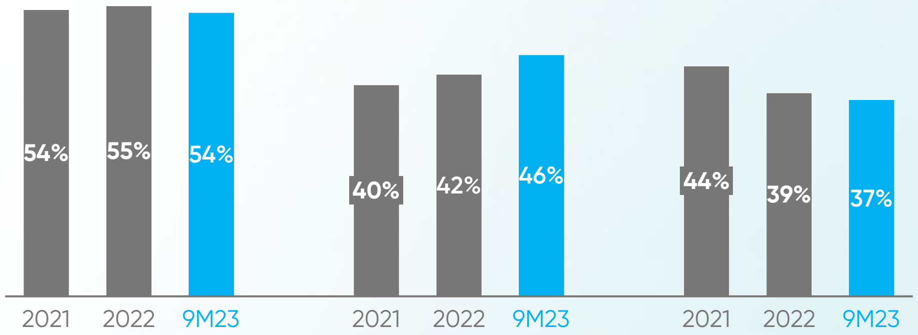
- 16.6bn EUR
- -1% q-o-q due to negative market performance (-2%), partly offset by net inflows (+1%)
- +16% y-o-y due to net inflows (+8%) and positive market performance (+9%)

Insurance

- Insurance sales: 165m EUR
  - Non-life sales (117m EUR) +11% y-o-y (+9% excl. FX), due to premium growth in all classes
  - Life sales (48m EUR) increased by 5% q-o-q (+7% excl. FX) and by 9% y-o-y (+6% excl. FX). The q-o-q increase was entirely the result of higher sales of unit-linked products, while the y-o-y increase was fully driven by higher sales of unit-linked products and hybrid products
- An excellent combined ratio of 83% in 9M23 (81% in 9M22)

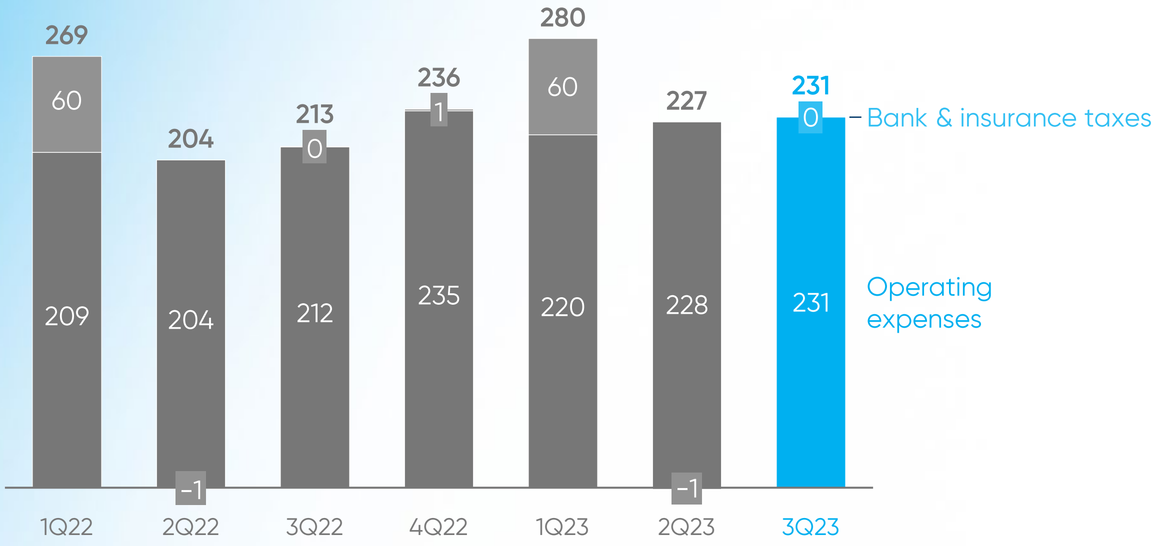
Mortgage-related cross-selling ratios

in %



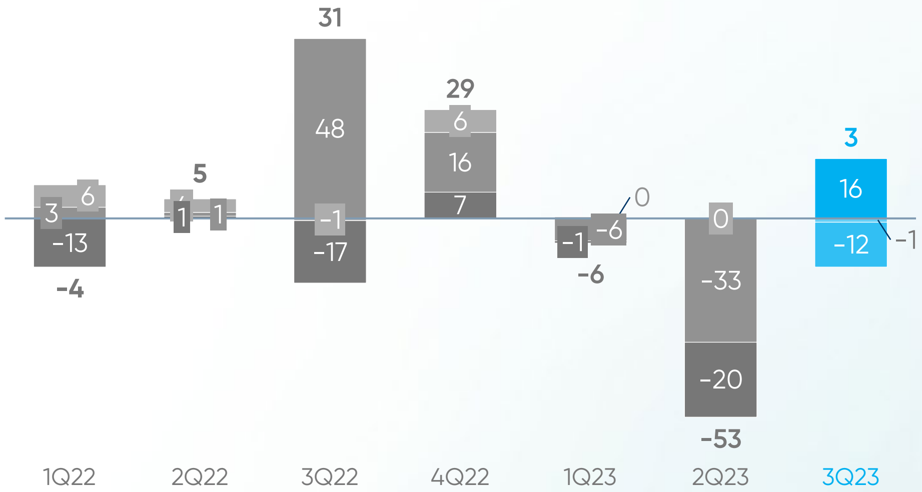
Czech Republic BU (4) | Opex & impairments

Operating expenses
in m EUR



- **Opex (incl. costs directly attributable to insurance and excl. bank & insurance taxes): +3% q-o-q and +6% y-o-y, excl. FX effect**
- Q-o-q increase was due mainly to higher staff costs, higher facility costs and higher depreciations, partly offset by seasonally lower marketing costs and professional fees
- Y-o-y increase was chiefly the result of higher staff costs and higher ICT costs, partly offset by lower marketing costs and lower facility costs
- Adjusted for specific items, C/I ratio amounted to roughly 46% in 9M23 (44% in FY22)

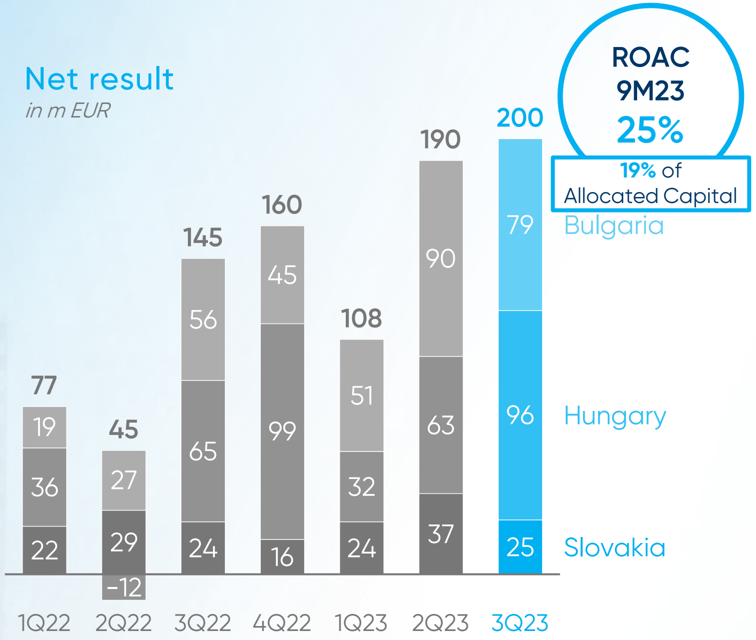
Asset impairment
in m EUR



- **Net loan loss impairment charges** of 4m EUR in 3Q23 compared with 53m EUR loan loss impairment releases in 2Q23. Besides a 12m EUR net impairment reversal for geopolitical and emerging risks, there were 16m EUR net loan loss impairment charges
- **Credit cost ratio** amounted to -0.19% in 9M23 (0.13% in FY22)
- **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



Highlights (q-o-q)

- Higher net interest income. NIM 3.21% in 3Q23 (-5 bps q-o-q and +10 bps y-o-y)
- Lower net fee and commission income
- Lower result from financial instruments at fair value
- Higher non-life and lower life insurance sales
- A combined ratio of 96% in 9M23 (90% in 9M22). Excluding the significant windfall tax on insurance in Hungary booked in 1Q23, the combined ratio amounted to a good 92% in 9M23
- Higher operating expenses (including directly attributable costs to insurance and excluding bank & insurance taxes)
- Small net impairment charges

Organic volume trend

	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	27bn	10bn	30bn
Growth q-o-q*	+2%	+2%	+2%
Growth y-o-y	+9%	+8%	+3%

* 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.

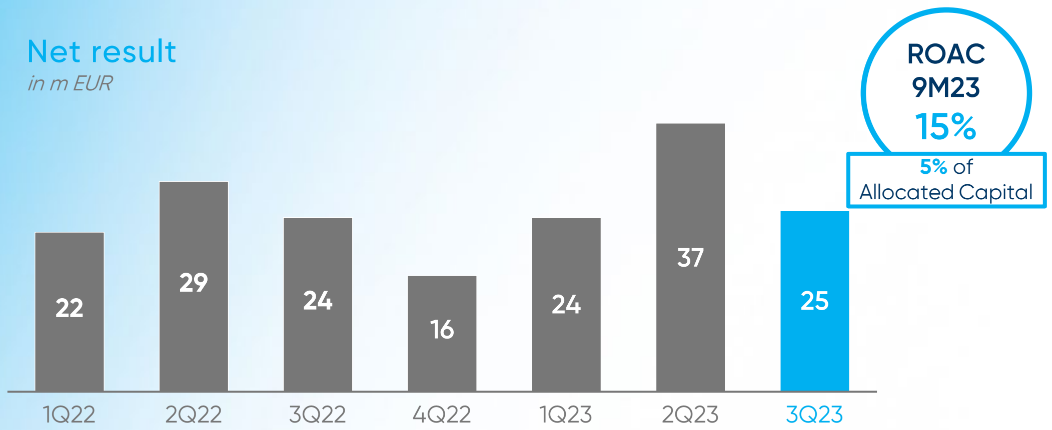
Assets under management

- 8.3bn EUR (+2% q-o-q and +25% y-o-y)

International markets BU (2) | Slovakia

Net result

in m EUR



Highlights (q-o-q)

- Lower net interest income due mainly to higher funding costs and lower ALM result
- Lower net fee & commission income due chiefly to lower fees from credit files & bank guarantees
- Lower result from financial instruments at fair value (mainly due to a negative change in ALM derivatives)
- Higher non-life insurance sales and stable life insurance sales
- A combined ratio of 97% in 9M23 (87% in 9M22) due to higher claims (mainly MTPL and casco due to higher inflation)
- Higher operating expenses due mainly to higher staff and ICT costs
- Limited net impairment charges in 3Q23 (versus net impairment releases in 2Q23). 7m EUR net impairment reversal for geopolitical and emerging risks was more than offset by 9m EUR net loan loss impairment charges. Credit cost ratio of -0.07% in 9M23 (0.17% in FY22)

Volume trend

- Total customer loans rose by 1% q-o-q and by 9% y-o-y (the latter due mainly to strong loan growth in corporate and mortgage loans)
- Total customer deposits rose by 1% q-o-q and by 3% y-o-y (both due chiefly to strong corporate deposit growth)

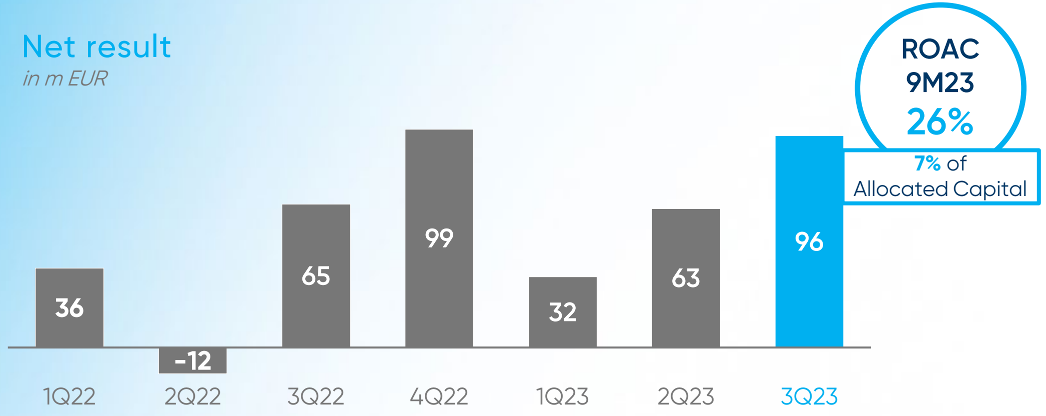
Organic volume trend

	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	11bn	6bn	8bn
Growth q-o-q*	+1%	+1%	+1%
Growth y-o-y	+9%	+8%	+3%

* 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



Highlights (q-o-q)

- Higher net interest income due mainly to higher ALM result (lower costs of minimum required reserves as a result of lower interest rates) and higher lending income, partly offset by lower commercial transformation result (shift to term deposits)
- Higher net fee and commission income excluding FX driven mainly by higher fees from payment services, higher network income and increasing mutual funds volumes
- Lower net results from financial instruments at fair value (lower dealing room result and lower fair value of unit-linked funds, the latter offset by higher IFIE)
- Higher non-life and lower life insurance sales excluding FX
- A combined ratio of 108% in 9M23 (97% in 9M22) due to increased windfall tax on insurance booked in 1Q23. Excluding this windfall tax, the combined ratio amounted to 97% in 9M23
- Lower operating expenses due entirely to lower bank & insurance taxes. Operating expenses excluding FX effect and bank & insurance taxes rose by 7% q-o-q (increase of staff and ICT costs)

- Net loan loss impairment releases, as a 13m EUR net impairment reversal for geopolitical and emerging risks more than offset the 7m EUR net loan loss impairment charges. Credit cost ratio of -0.20% in 9M23 (0.42% in FY22)
- 10m EUR impairment charge on 'other' (software)

Volume trend

- Total customer loans rose by 3% q-o-q and by 8% y-o-y (the latter due mainly to strong growth in corporate loans, baby boom loans and SME loans)
- Total customer deposits rose by 1% q-o-q and fell by 5% y-o-y (the latter due chiefly to lower retail deposits)

Organic volume trend

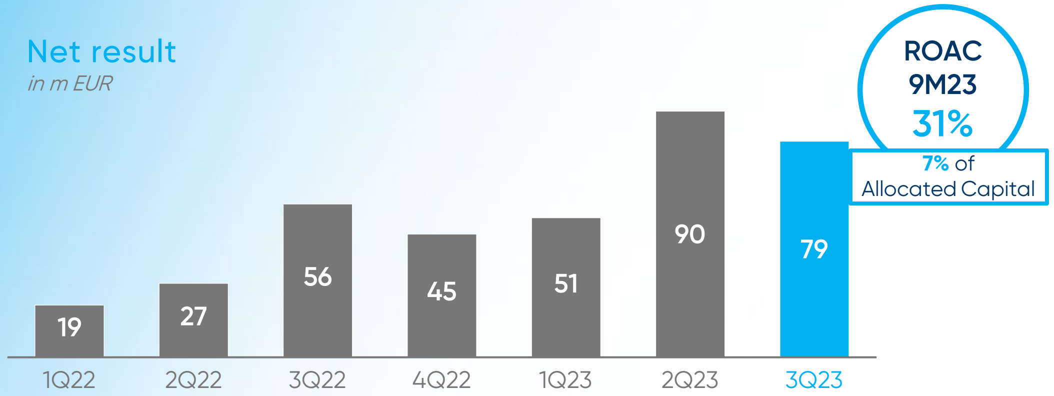
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	6bn	2bn	9bn
Growth q-o-q*	+3%	+2%	+1%
Growth y-o-y	+8%	+1%	-5%

* Non-annualised
** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments and reclassifications
*** Customer deposits, excluding debt certificates and repos.

International markets BU (4) | Bulgaria

Net result

in m EUR



Highlights (q-o-q)

- Higher net interest income was driven mainly by higher commercial transformation result (increasing interest rates and still limited pass-through) and higher income related to increased term deposits (at higher margins), partly offset by higher costs on the minimum required reserves held with the central bank and lower lending income (pressure on loan margins in almost all segments)
- Stable net fee and commission income
- Lower net results from financial instruments at fair value (offset by higher IFIE)
- Higher non-life insurance sales and lower life insurance sales
- An excellent combined ratio of 83% in 9M23 (86% in 9M22)
- Higher operating expenses excluding bank & insurance taxes due mainly to higher staff costs, higher ICT costs (the latter mainly due to the integration of the acquired Raiffeisenbank Bulgaria into UBB and EUR adoption costs) and higher facility costs
- Net loan loss impairment releases due mainly to a 10m EUR impairment reversal for geopolitical and emerging risks. Credit cost ratio of -0.01% in 9M23 (0.43% in FY22)

Volume trend

- Total customer loans rose by 3% q-o-q (due to growth in all segments) and by 9% y-o-y (due to growth in all segments, except corporate loans)
- Total customer deposits rose by 3% q-o-q (due to growth in all segments, mainly higher corporate and SME deposits) and by 10% y-o-y (due to growth in SME and retail deposits)

Organic volume trend

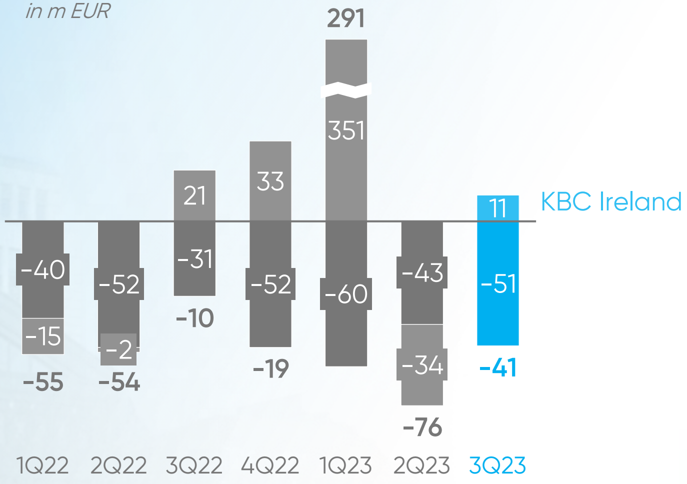
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	9bn	2bn	13bn
Growth q-o-q*	+3%	+5%	+3%
Growth y-o-y	+9%	+16%	+10%

* 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
- Note that 2Q23 included a one-off P&L impact of -12m EUR pre-tax as a result of the Irish sale transaction, spread over several P&L lines: NOI -1m EUR, opex -1m EUR and impairments -11m EUR
- Note that 3Q23 included a one-off P&L impact of +7m EUR pre-tax as a result of the Irish sale transaction, spread over several P&L lines: NOI +4m EUR, opex +1m EUR and impairments +2m EUR

Highlights (q-o-q), excluding Ireland

- Excluding Ireland, the q-o-q lower result of Group Centre was attributable mainly to:
  - Lower net results from financial instruments at fair value, mainly due to a lower realised FX result on the dividend payments from Czech Republic to Belgium and negative change in ALM derivatives
  - Lower net other income
  - Lower net result from reinsurance contracts held

  partly offset by
  - Higher net interest income (due entirely to a +26m EUR one-off cancellation fee of internal deals, mirrored in the Belgium Business Unit),
  - Lower operating expenses excluding bank & insurance taxes

Company profile | KBC Group in a nutshell (1)

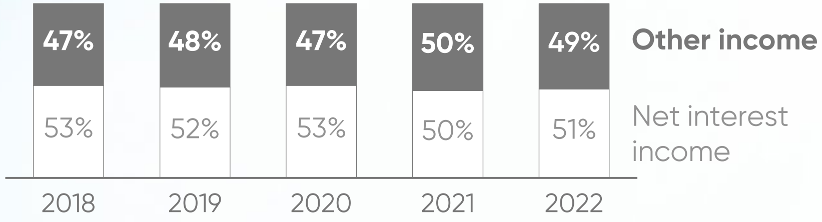
Diversified and strong business performance

- **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)

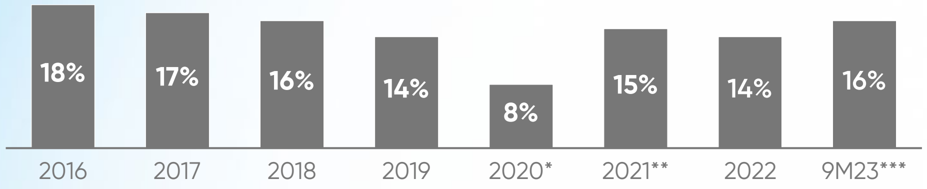
C/I ratio*
49% FY22
48% 9M23

combined ratio
87% FY22
85% 9M23

net result
2,818m FY22
2,725m 9M23

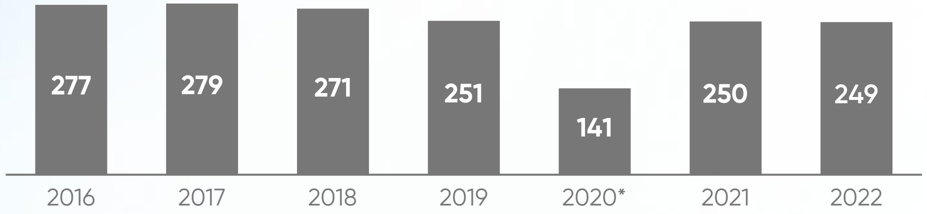
* Adjusted for specific items

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

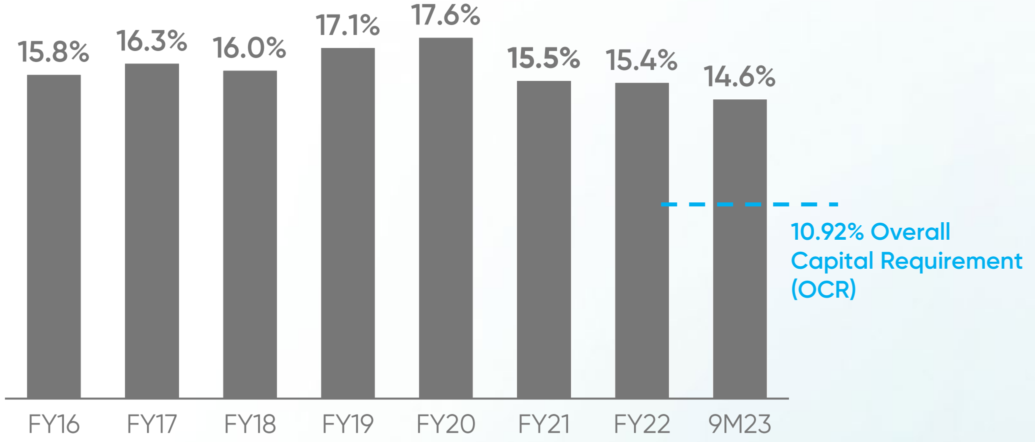
CET1 generation before any capital deployment
in bps



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

Solid capital position

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



Robust liquidity

NSFR
136% FY22
139% 9M23

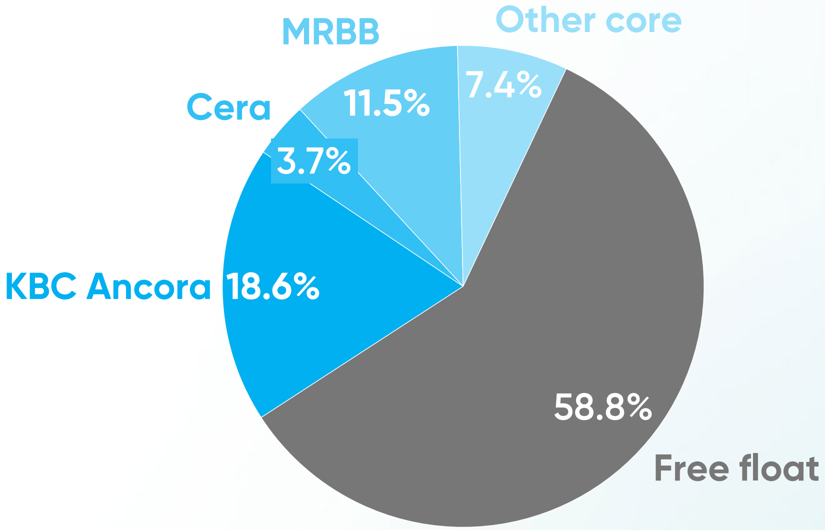
LCR
152% FY22
157% 9M23

Company profile | KBC Group in a nutshell (3)

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

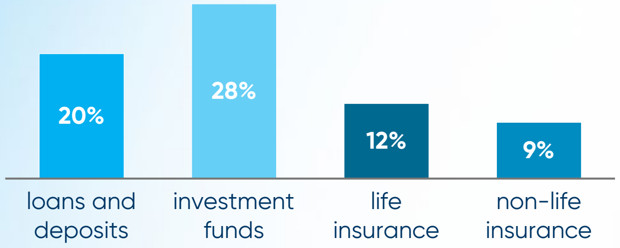
Company profile | Well-defined core markets

Belgium BU

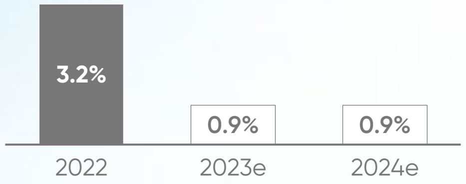
60% of assets
3.9m clients
436 branches

118bn EUR loans
133bn EUR deposits

Market share
in %, end 2022



GDP growth
in %, KBC Economics



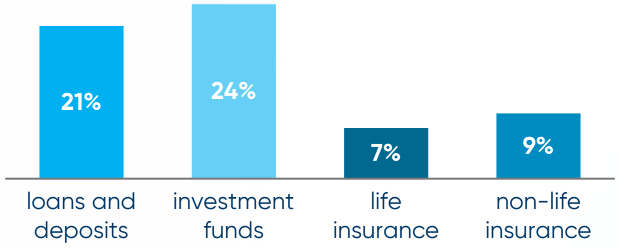
105% debt-to-GDP ratio

Czech Republic BU

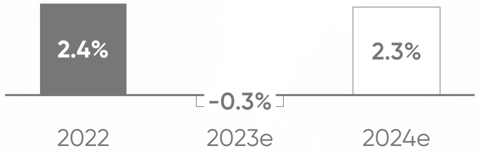
24% of assets
4.3m clients
200 branches

37bn EUR loans
52bn EUR deposits

Market share
in %, end 2022



GDP growth
in %, KBC Economics



44% debt-to-GDP ratio

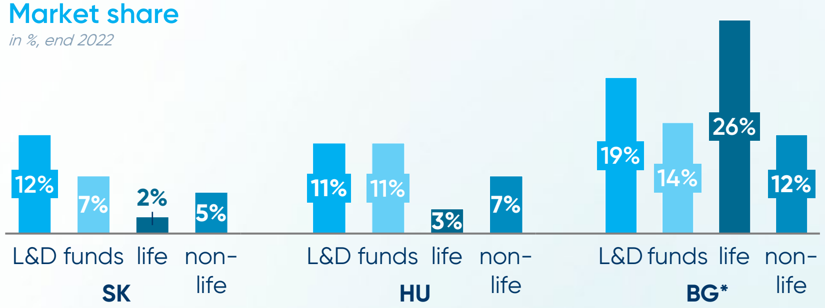
International Markets BU

SK
4% of assets
0.8m clients
103 branches
11bn EUR loans
8bn EUR deposits

HU
4% of assets
1.6m clients
195 branches
6bn EUR loans
9bn EUR deposits

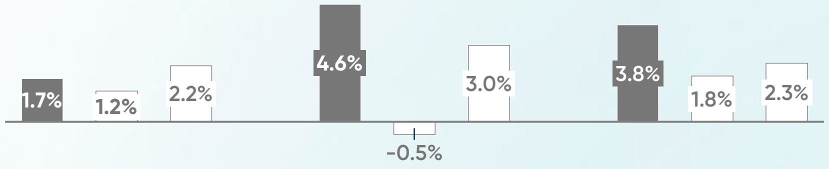
BG
4% of assets
2.2m clients
237 branches
9bn EUR loans
13bn EUR deposits

Market share
in %, end 2022



* Pro forma incl. acquisition of Raiffeisenbank Bulgaria

GDP growth
in %, KBC Economics

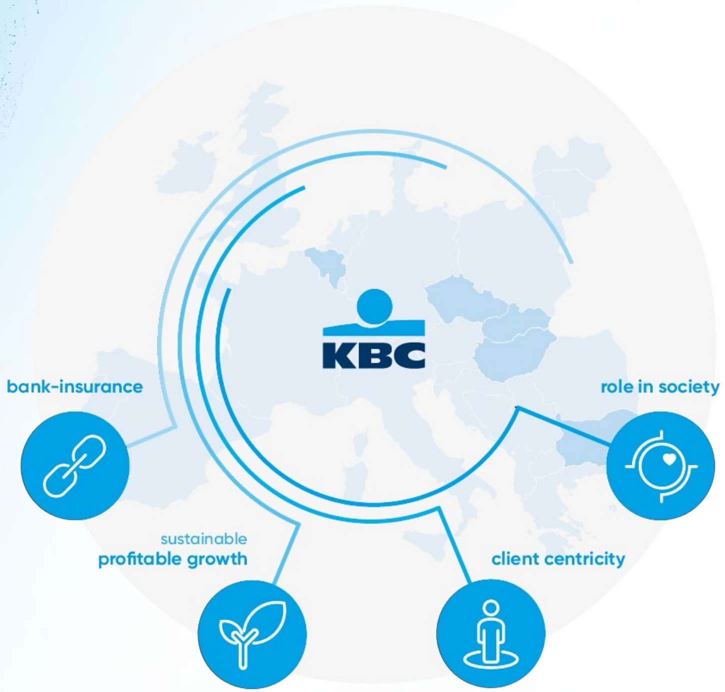


SK
62% debt/GDP

HU
73% debt/GDP

BG
23% debt/GDP

Strategy | Differently: the next level

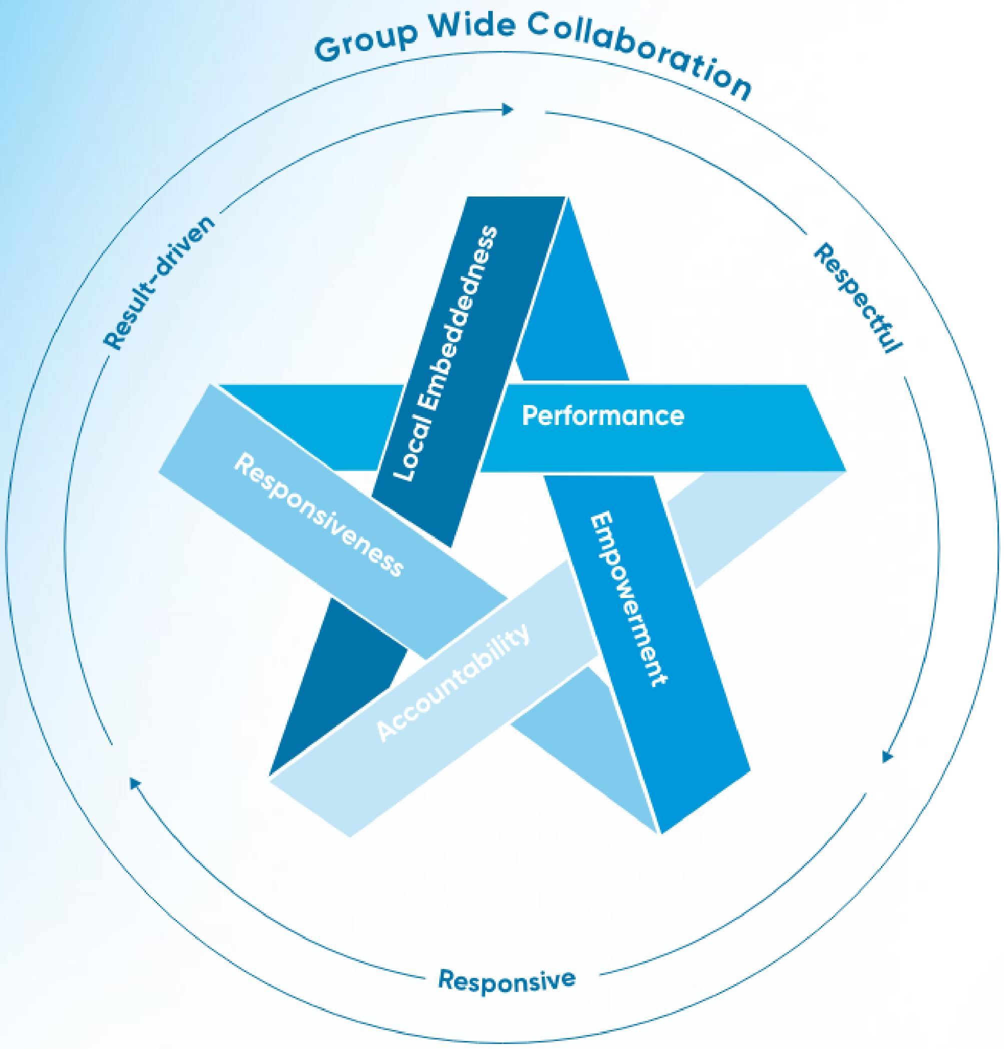


Our strategy rests on the following principles:

- 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 meet our responsibility to society and local economics
- 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

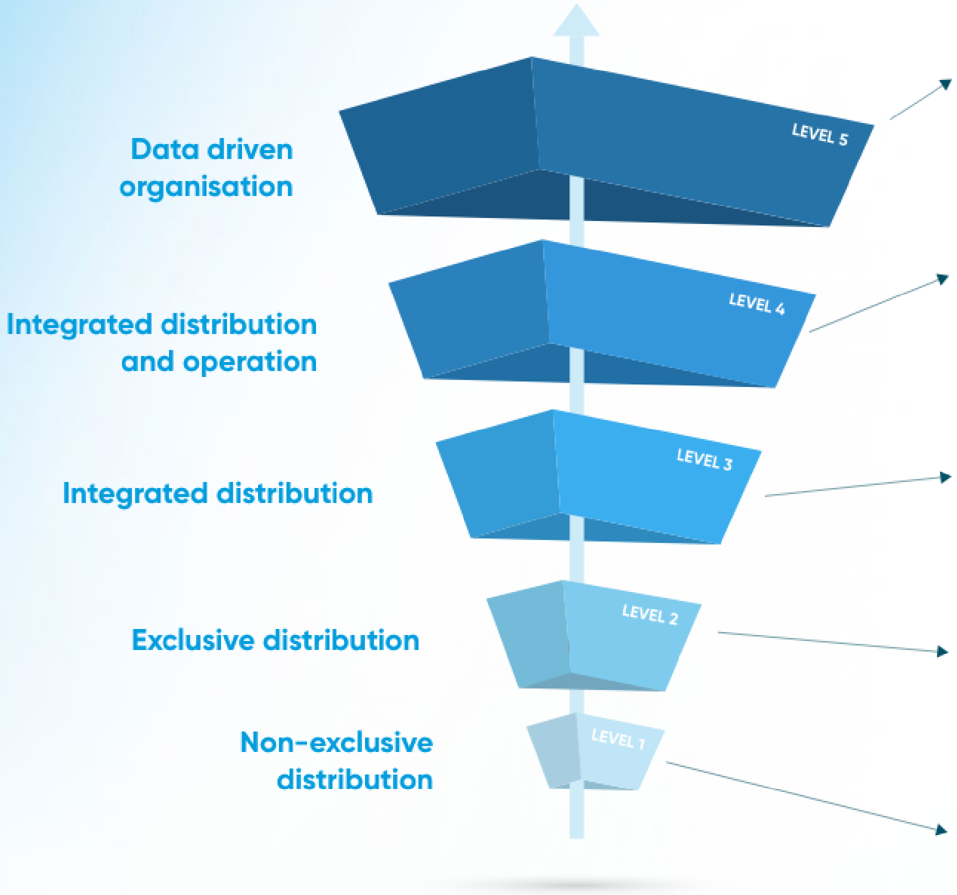


'Why would you build exactly the same thing in your country, when you have the solution next door?'

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

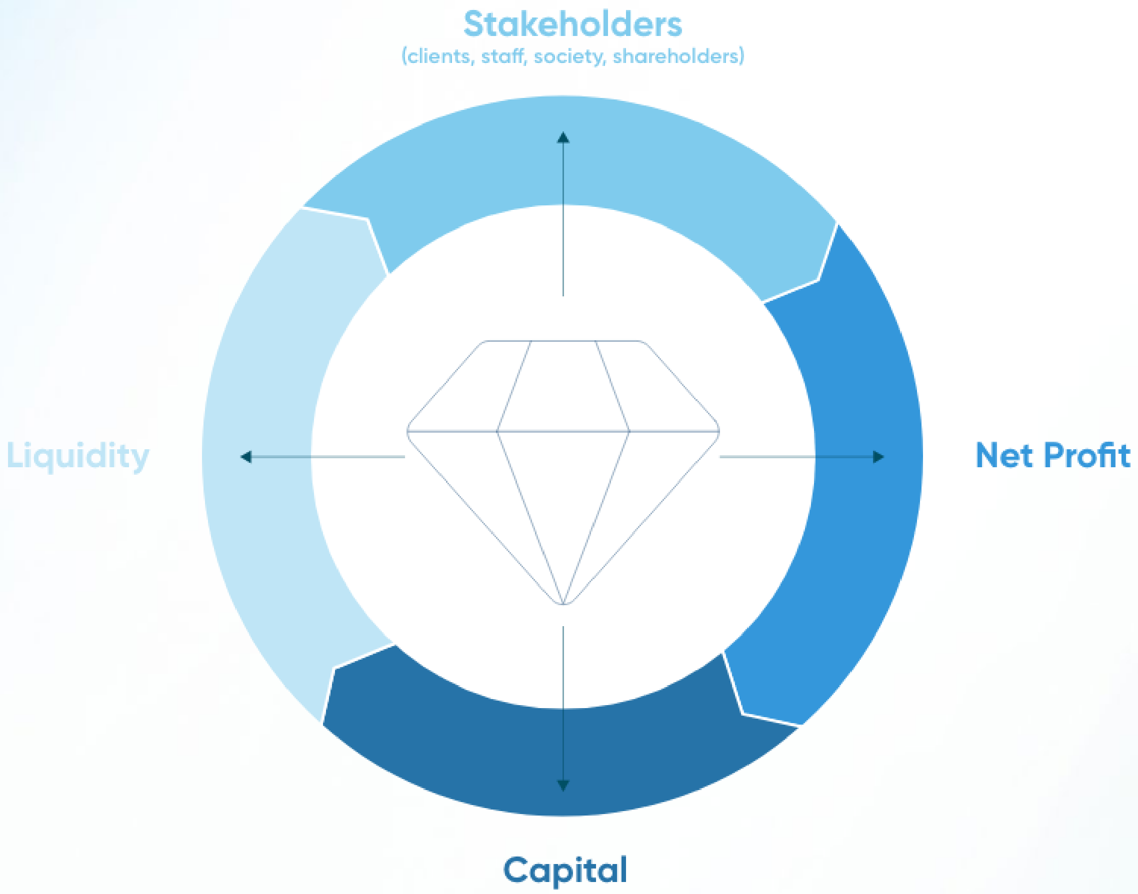
Acting as a single operational company: bank and insurance company working under unified governance, realizing commercial synergies

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
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.

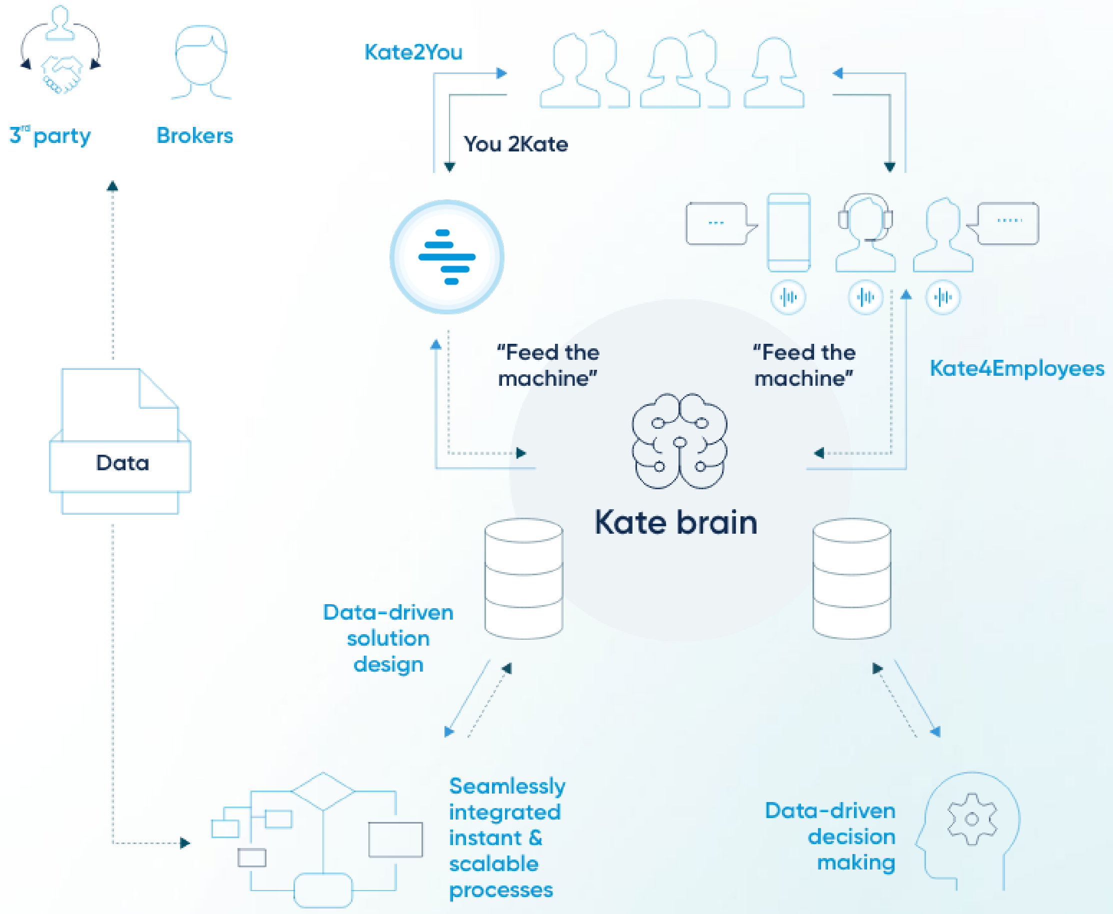
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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**.



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 money)

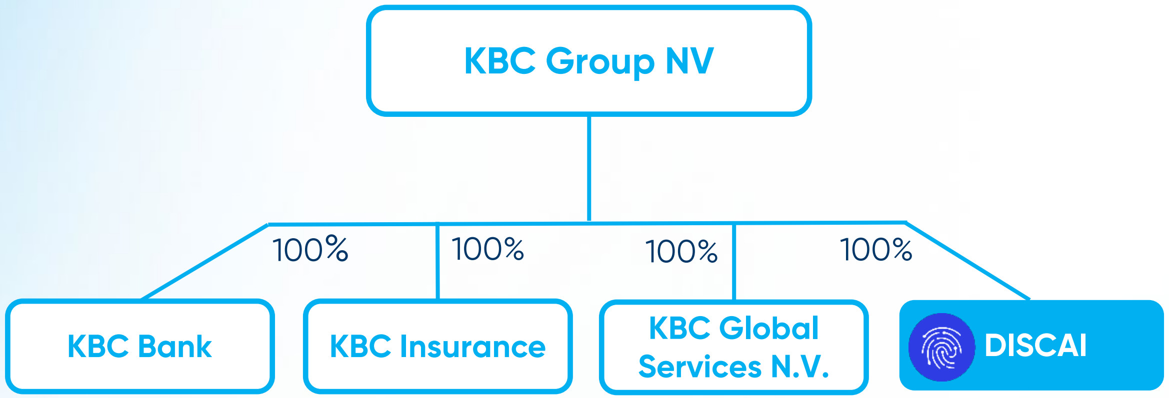
Level 2: Kate reactively offers digital end-to-end solutions to customers

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

DISCAI | KBC's AI fintech, launched on 7 March 2022

DISCAI – Discovering AI

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



Next steps for DISCAI

✓ **Starting with commercialisation of AML platform**

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

✓ **More potential innovative solutions in the future**

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

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+

Customer NPS Ranking
Maximise customer experience

Digital Sales
Go for Digital first

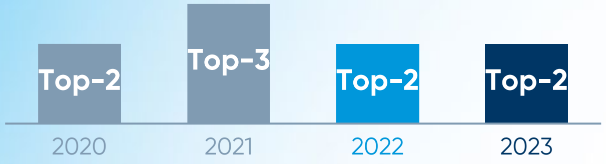
Data Driven

STP Score
Outperform on operational efficiency

% Bank-Insurance Customers
Further enhance bank-insurance

Strategy | Update on KBC's non-financial targets

Customer ranking

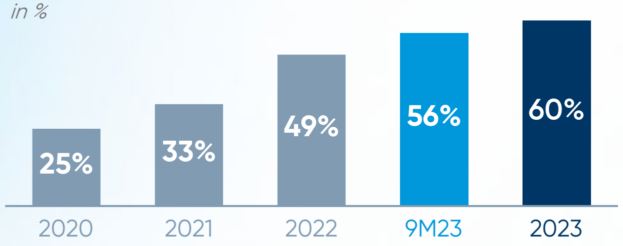


- **KBC is 2nd in customer NPS (Net Promoter Score) ranking** based on weighted avg of ranking in five core countries
- **Target is to remain the reference** (i.e. Top-2 score on group level)

Straight-through processing

STP score*

in %



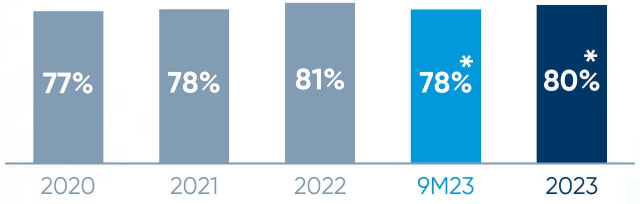
The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC

* Based on analysis of core commercial products.

Bank-insurance (BI) clients

BI clients

in %

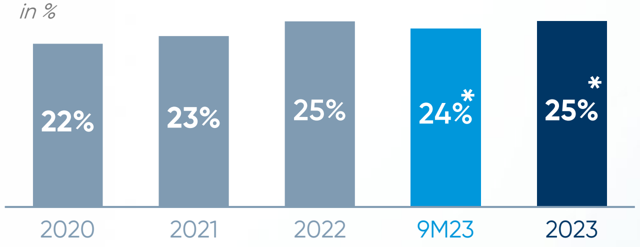


BI customers have at least 1 bank + 1 insurance product of our group

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

BI stable clients

in %



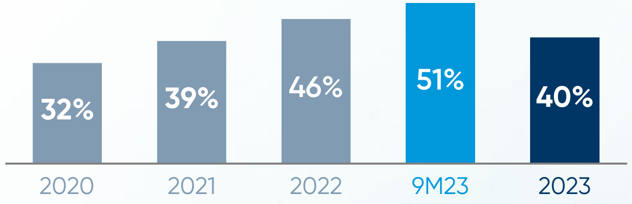
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

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

Digital sales

Digital sales banking products*

in %

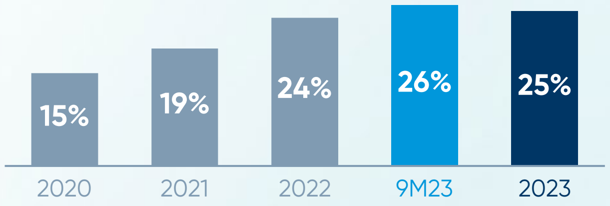


Digital sales 51% of **banking sales** (vs end of 2023 target of ≥40%)

* Based on weighted average of selected core products.

Digital sales insurance products

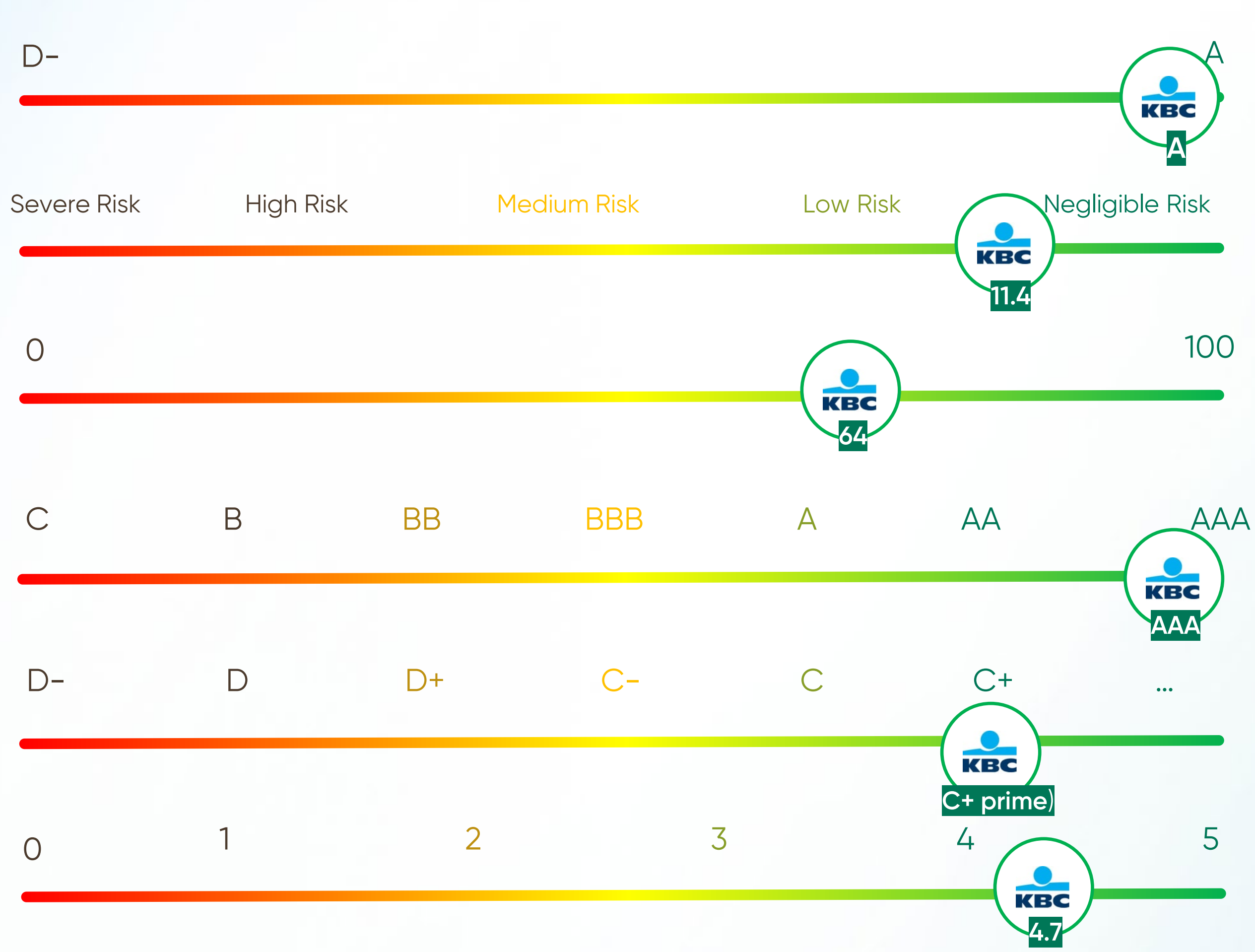
in %



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

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	A	• Leader in addressing climate change • CDP's A list • Financial average service B-
SUSTAINALYTICS	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	64	• Top 6% 94th percentile of 361 banks assessed according to the 2023 methodology
MSCI	AAA	• Top 6% among 200 banks assessed
Corporate ESG Performance RATED BY ISS ESG Prime	C+ prime)	• 1st decile rank of 299 Commercial Banks & Capital Markets assessed
FTSE4Good	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

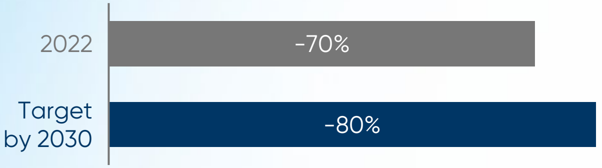
Direct environmental impact: our progress in brief

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.

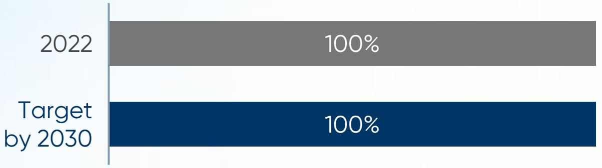
Reduction in our direct GHG emissions

reduction compared to 2015

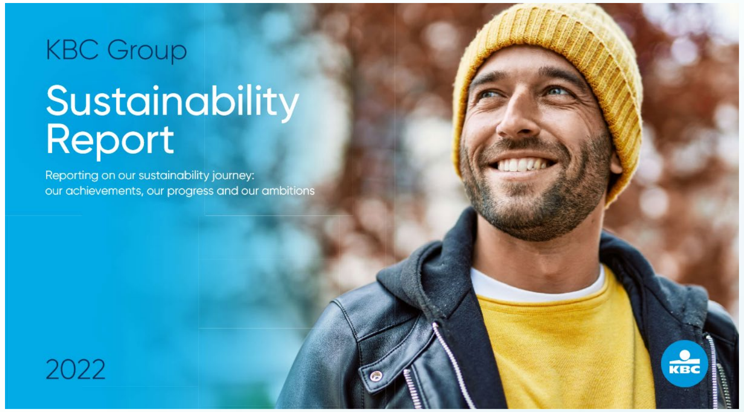


Renewable electricity

in % of own electricity consumption



More details in our 2022 Sustainability Report



More details in our 2022 Climate Report

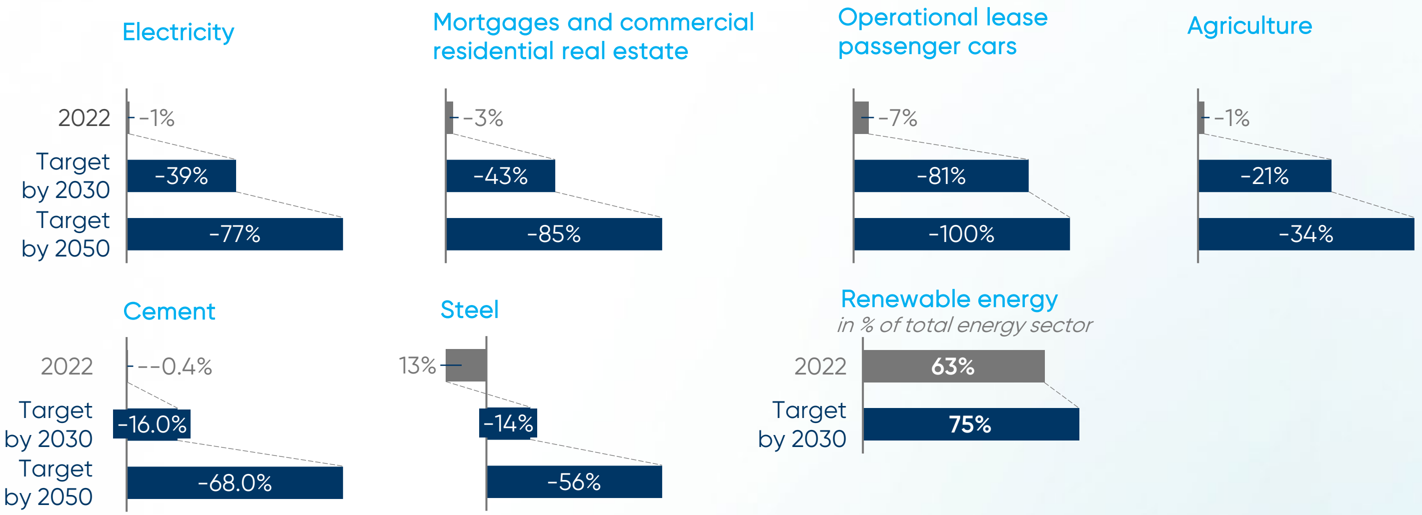
Indirect environmental impact: our progress in brief

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

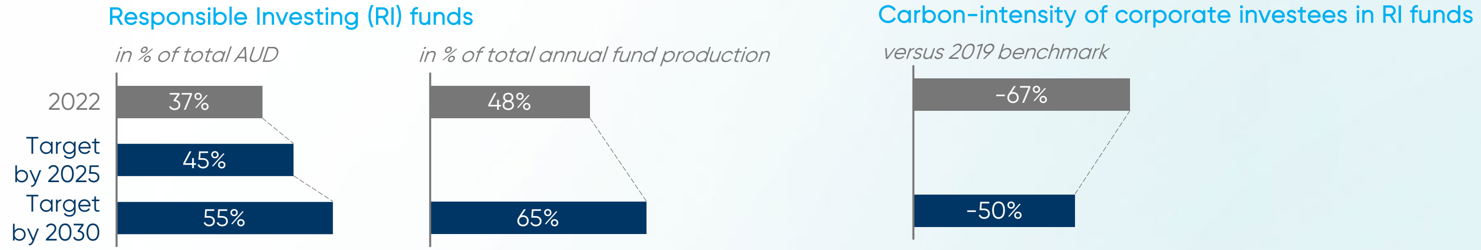
Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated



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

	9M23	FY22	FY21	FY20	FY19	FY18	FY17	AVERAGE '99 –'22
Belgium BU	0.07%	0.03%	-0.26%	0.57%	0.22%	0.09%	0.09%	n/a
Czech Republic BU	-0.19%	0.13%	-0.42%	0.67%	0.04%	0.03%	0.02%	n/a
International Markets BU*	-0.08%	0.31%	0.36%	0.78%	-0.07%	-0.46%	-0.74%	n/a
Group Centre BU*	-0.14%	-0.04%	0.28%	-0.23%	-0.88%	-0.83%	0.40%	n/a
Total	0.00%	0.08%	-0.18%	0.60%	0.12%	-0.04%	-0.06%	0.39%

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

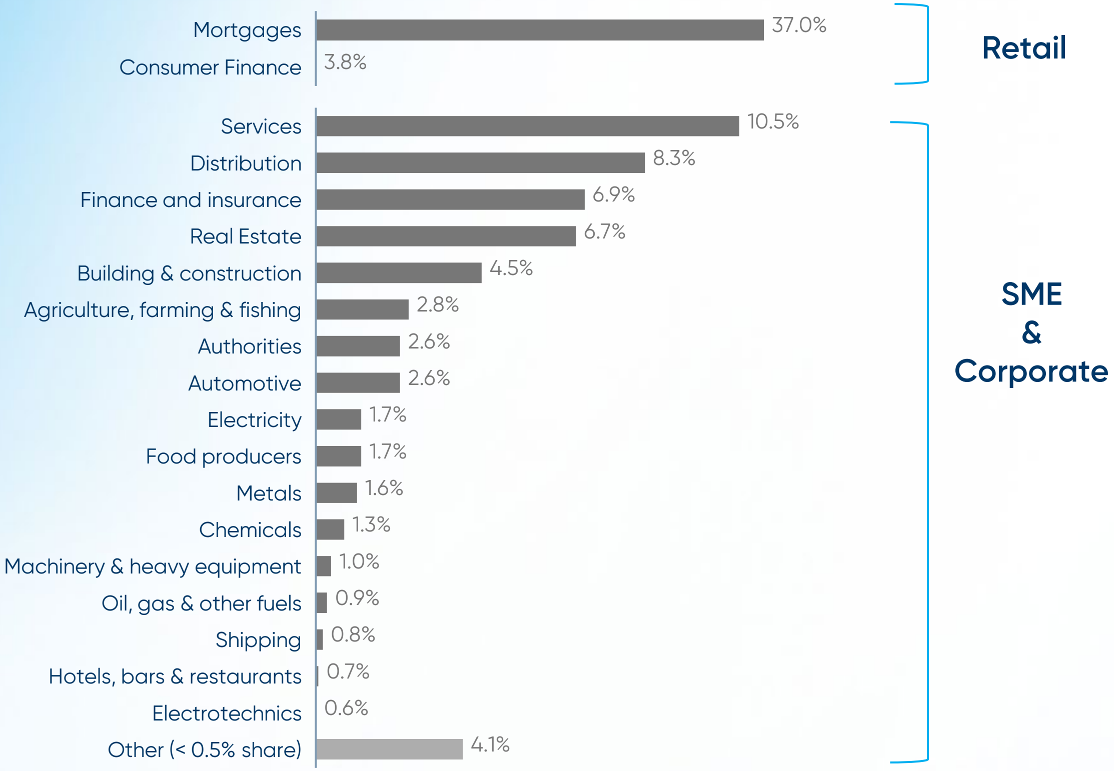
Diversified loan portfolio

Total loan portfolio outstanding

Total loan portfolio outstanding
202bn EUR*
Group level

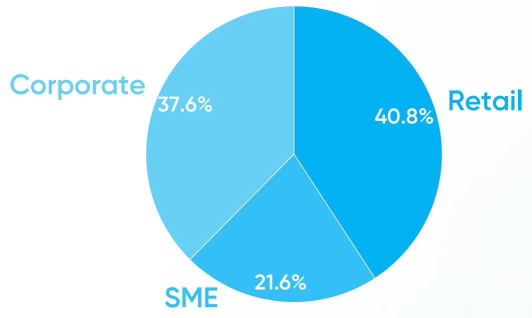
Total loan portfolio outstanding | by sector

*as % of total Group loan portfolio outstanding**



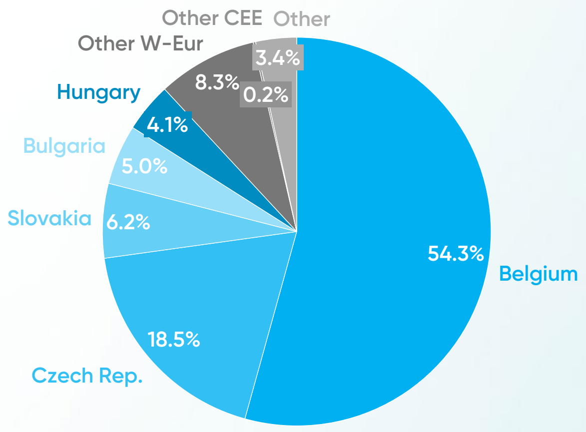
Total loan portfolio outstanding | by segment

*as % of total Group loan portfolio outstanding**



Total loan portfolio outstanding | by geography

*as % of total Group loan portfolio outstanding**

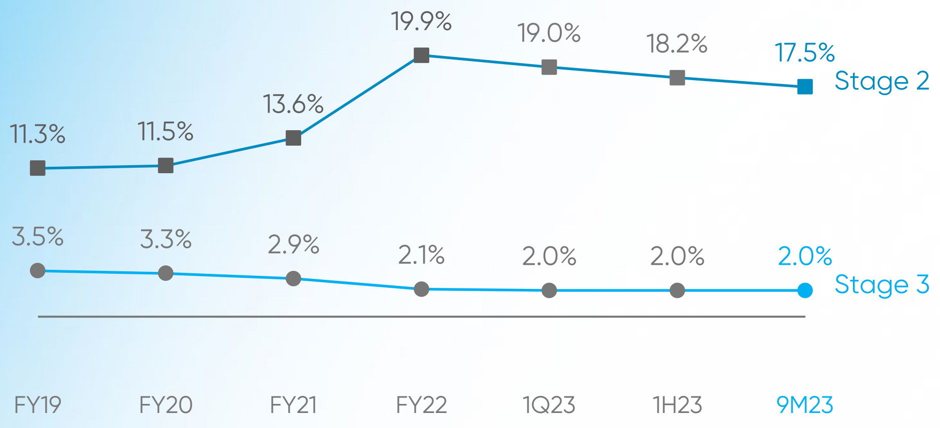


- Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements.

Loan portfolio breakdown by IFRS 9 ECL stage

Total loan portfolio outstanding | by IFRS9 ECL Stage*

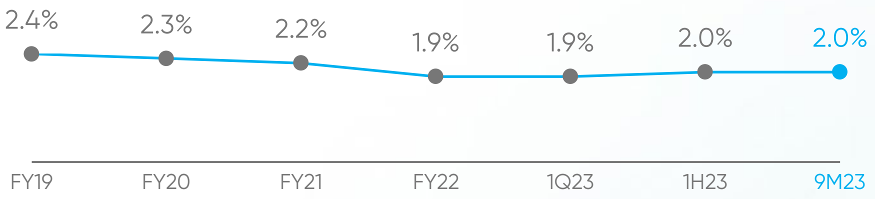
as % of total Group loan portfolio outstanding



- 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 emerging risks (in line with strict application of the general ECB guidance on staging). As of 2023, declining trend of Stage 2 exposures driven mainly by the quarterly partial release of the collective transfer back to Stage 1
- Excluding these collective transfers, no general deterioration has been observed in our portfolio

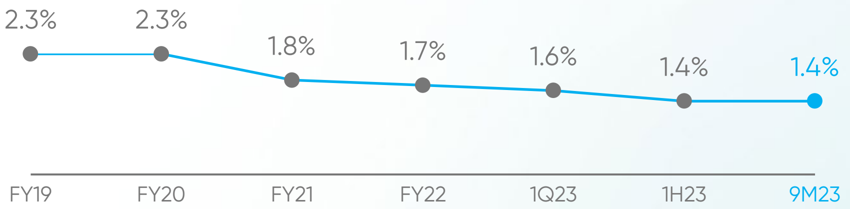
Stage 3 ratio | Belgium BU

in %



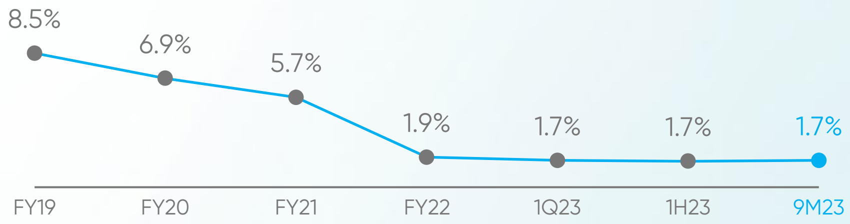
Stage 3 ratio | Czech Republic BU

in %



Stage 3 ratio | International Markets BU

in %

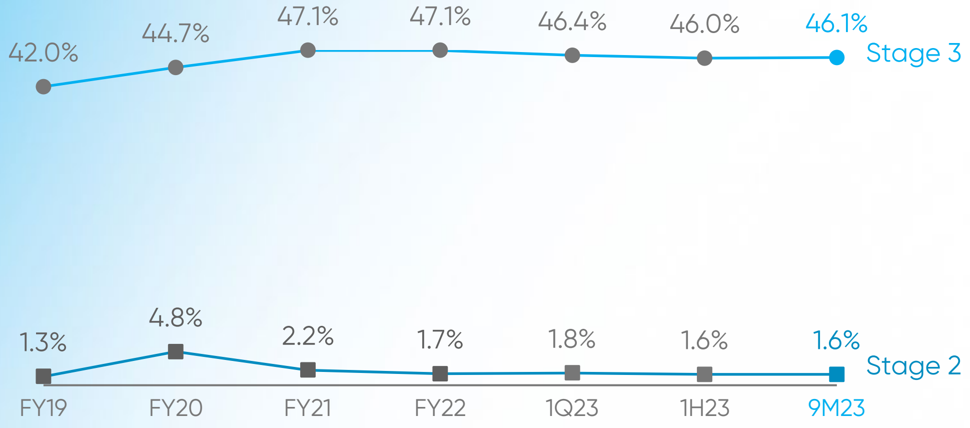


* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Cover ratios

Cover ratio | by IFRS9 ECL Stage*

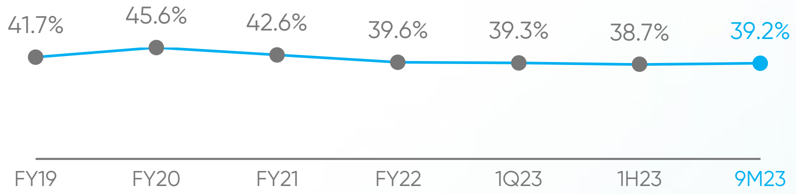
in %



- Q-o-q stable **Stage 3 cover ratio** driven by a higher stage 3 cover ratio in Belgium offset by a lower stage 3 cover ratio in the other business units
- 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 & emerging risks)

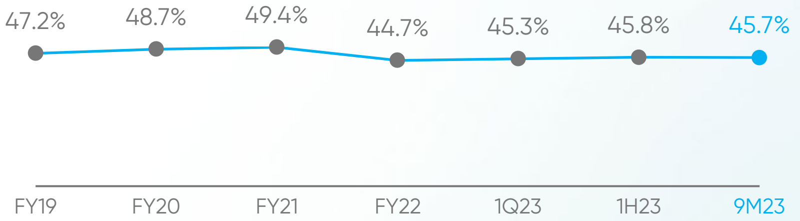
Stage 3 cover ratio | Belgium BU

in %



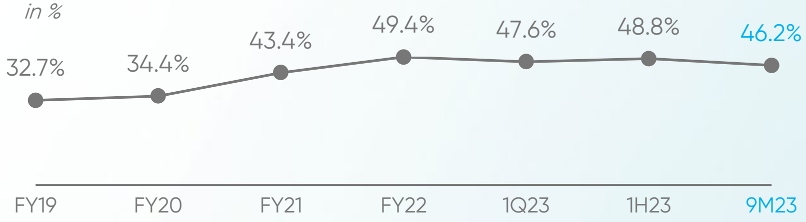
Stage 3 cover ratio | Czech Republic BU

in %



Stage 3 cover ratio | International Markets BU

in %



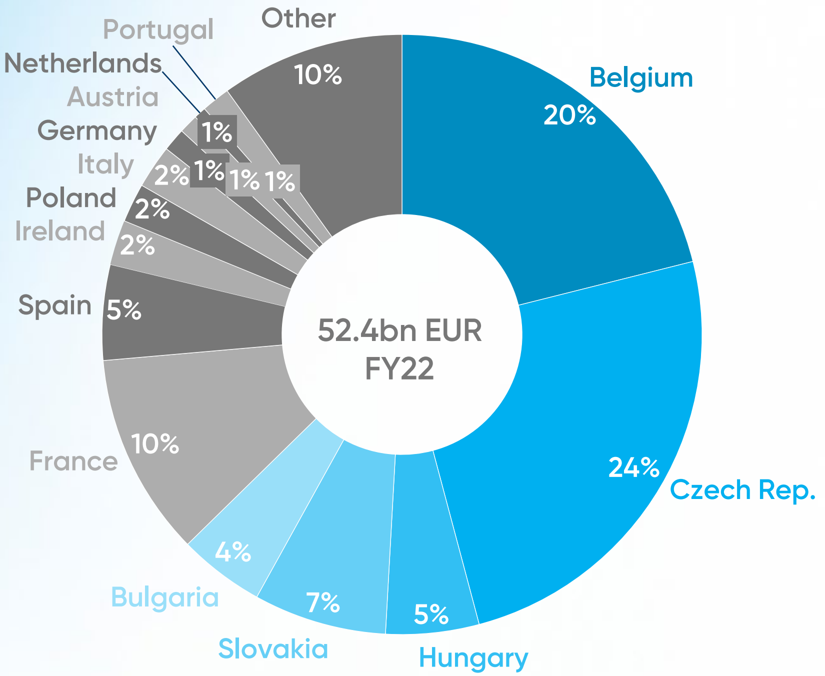
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

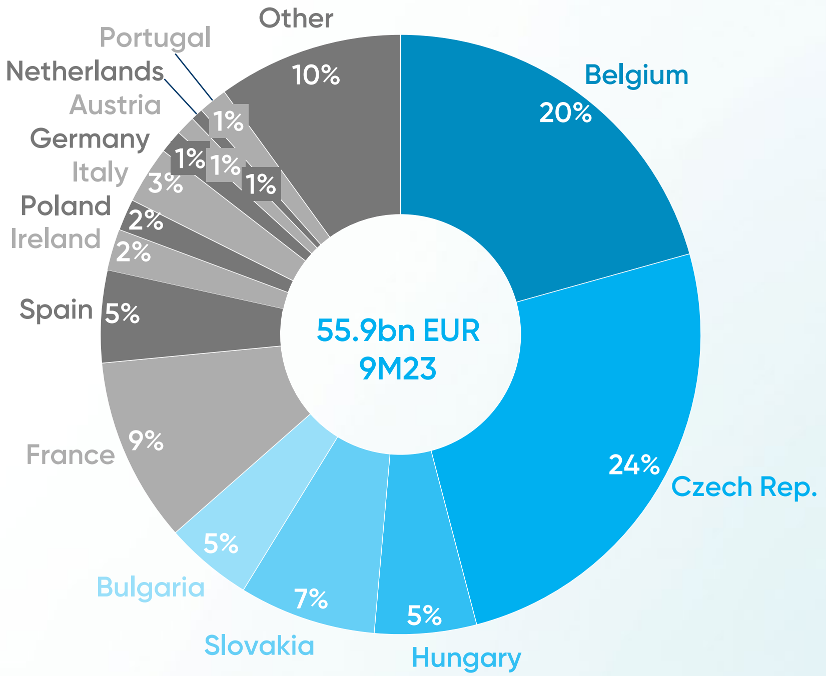
Substantial and well-diversified government bond portfolio

- **Carrying value of 55.9bn EUR in government bonds** (excl. trading book) at end of 9M23, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- **Carrying value of GIIPS exposure amounted to 5.9bn EUR** at the end of 9M23

Government bond portfolio | Carrying value* FY22/9M23

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 of 9M23 in terms of MREL

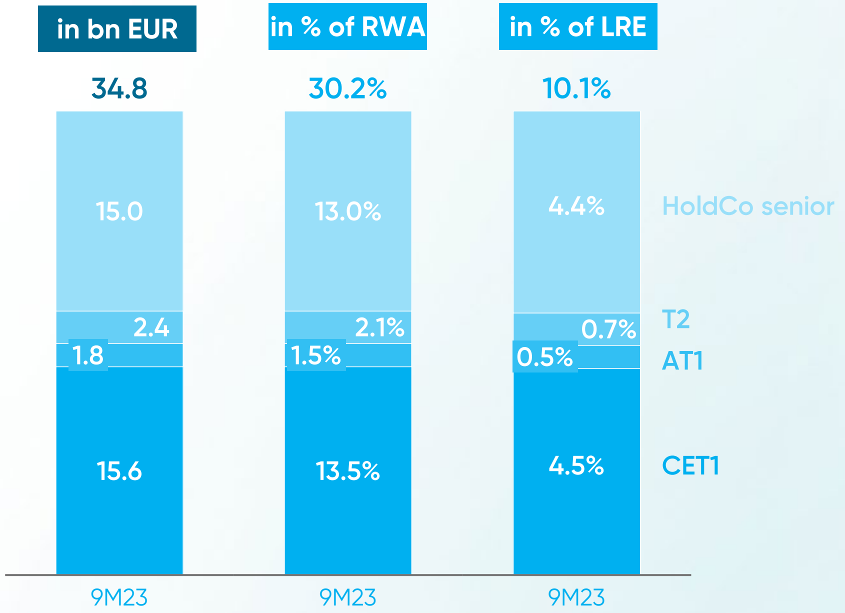
MREL targets

- 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 updated MREL targets** (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE)
- The **new binding MREL targets (incl. CBR on top of the MREL target in % of RWA)** are:
  - **28.30% of RWA** as from 01-01-2024 (including CBR[1] of 5.38% as from 1Q2023), with an intermediate target as from 01-01-2022, reaching 26.51% at YE2023 (including CBR[2] of 4.88%)
  - **7.38% of LRE** as from 01-01-2024, with an intermediate target of 7.34% of LRE as from 01-01-2022

1. Combined Buffer Requirement as of 01-01-2024 = Conservation Buffer (2.50%) + O-SII buffer (1.50%) + Countercyclical Buffer (1.24%) + Systemic Risk Buffer (0.14%)
2. Combined Buffer Requirement at YE 2023 = Conservation Buffer (2.50%) + O-SII buffer (1.50%) + Countercyclical Buffer (0.68%) + Systemic Risk Buffer (0.20%)

MREL actuals

- The **MREL ratio in % of RWA** decreased from 32.2% in 1H23 to 30.2% in 9M23. This is driven mainly by 1) the decrease of CET1 capital due to the share buyback and 2) the RWA add-on in relation to ECB decision
- The **MREL ratio in % of LRE** increased from 9.8% in 1H23 to 10.1% in 9M23, driven by the decrease of the leverage ratio exposure

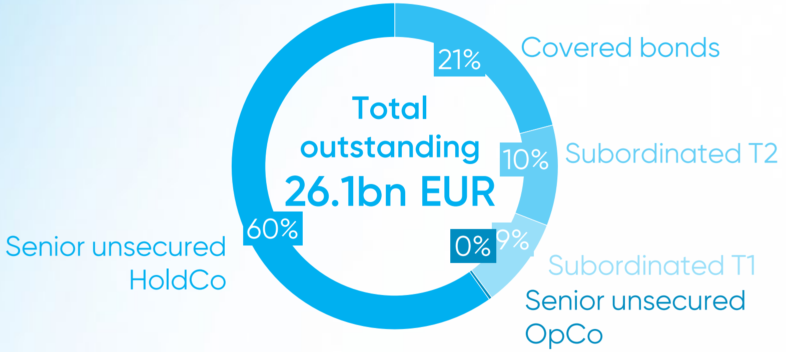


Upcoming mid-term funding maturities

Total outstanding | 3Q23

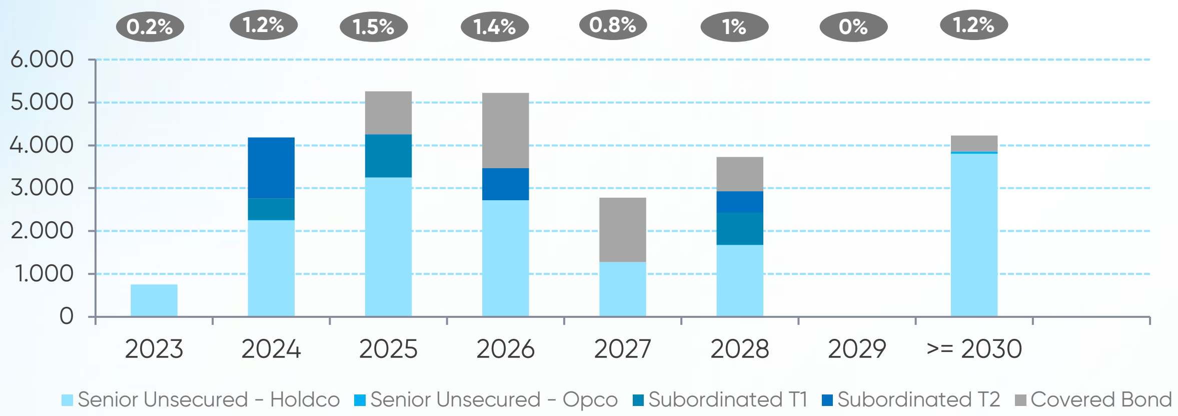
in %

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

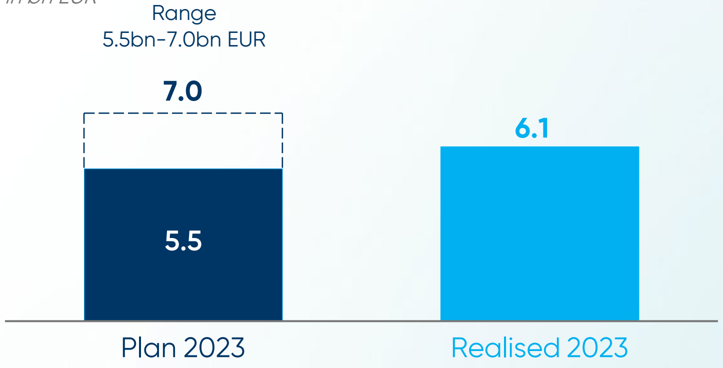


Funding program | 3Q23

- In **September 2023,** KBC Group issued an AT1 for an amount of 750m EUR
- In **September 2023**, KBC Group issued a Senior Holdco benchmark for an amount of 1bn USD, with a 11-year maturity callable after 10 years
- In **September 2023**, KBC Bank issued a covered bond for an amount of 1bn EUR with a 3-year maturity

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

in bn EUR

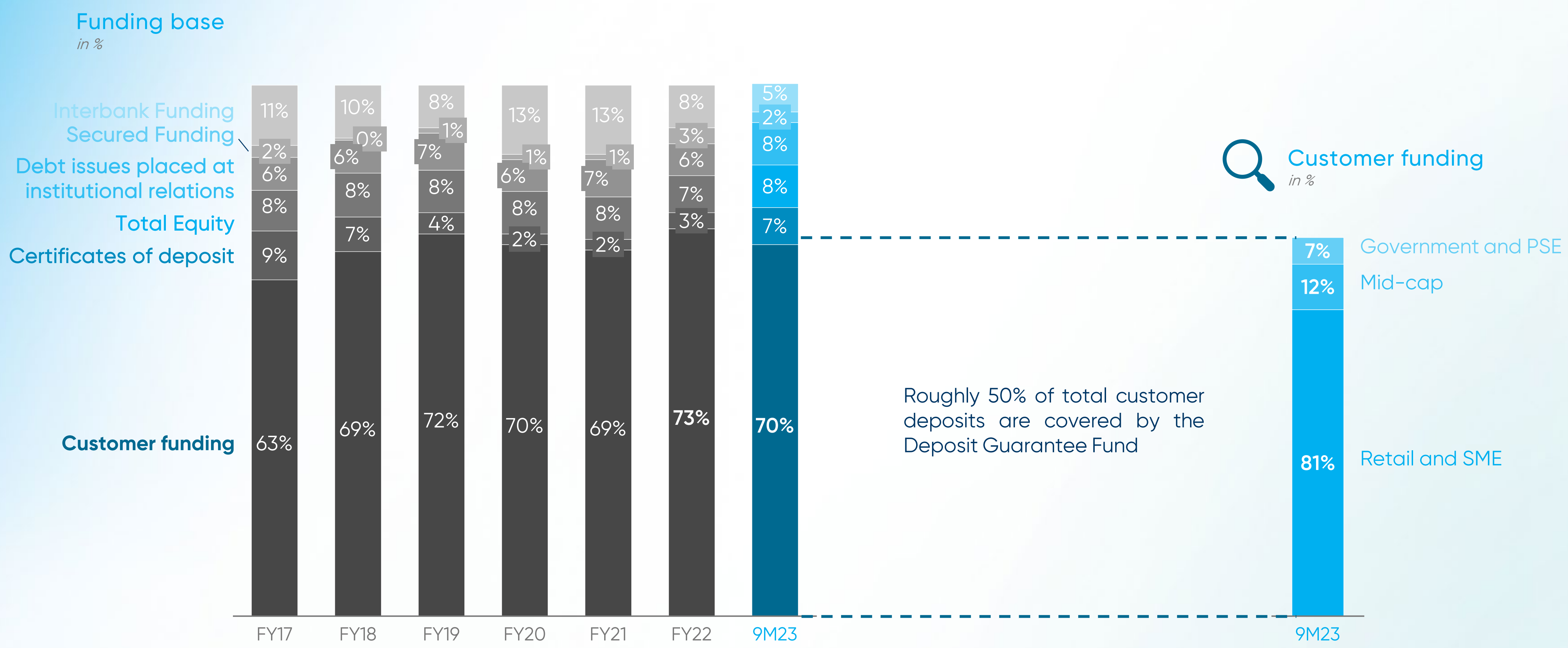


We aim to issue 1 green/social bond per year

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

Strong and growing customer funding base

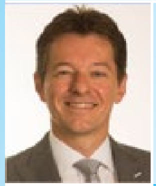
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments and markets
- **Stable % in customer funding** compared to balance sheet total (but net growth in customer funding in absolute terms)
- KBC **Bank participated to the TLTRO III** for a remaining exposure of 2.6bn EUR which is reflected in the 'Interbank Funding' item below



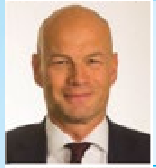
Glossary

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] / [banking group average interest-bearing assets excluding dealing room]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity]
TLAC	Total loss-absorbing capacity

Contacts / questions



Johan Thijs
KBC Group CEO



Luc Popelier
KBC Group CFO

Kurt De Baenst
Investor Relations General Manager
direct +32 2 429 35 73
mobile +32 472 500 427
kurt.debaenst@kbc.be

Ilya Vercammen
Investor Relations Manager
direct +32 2 429 21 26
mobile +32 472 727 777
ilya.vercammen@kbc.be

Dominique Agneesens
Investor Relations Manager
direct +32 2 429 14 41
mobile +32 473 657 294
dominique.agneesens@kbc.be

Martijn Schelstraete
Investor Relations Analyst
direct +32 2 429 08 12
mobile +32 474 213 535
martijn.schelstraete@kbc.be

More information

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

Upcoming events

10 November	Equity roadshow, London
29 November	Equity roadshow, NY
30 November	Equity roadshow, Boston
6 December	Debt conference, Boston
7 December	Debt conference, NY
8 February	4Q23/FY23 Publication of Results
9 February	Equity roadshow, London

Disclaimer

- This presentation is provided for information purposes only. It does not constitute an offer to sell or the solicitation to buy any security issued by the KBC Group.
- KBC believes that this presentation is reliable, although some information is condensed and therefore incomplete. KBC cannot be held liable for any loss or damage resulting from the use of the information.
- This presentation contains non-IFRS information and forward-looking statements with respect to the strategy, earnings and capital trends of KBC, involving numerous assumptions and uncertainties. There is a risk that these statements may not be fulfilled and that future developments differ materially. Moreover, KBC does not undertake any obligation to update the presentation in line with new developments.
- By reading this presentation, each investor is deemed to represent that they possess sufficient expertise to understand the risks involved.