KBC Group
Press presentation
1Q 2024

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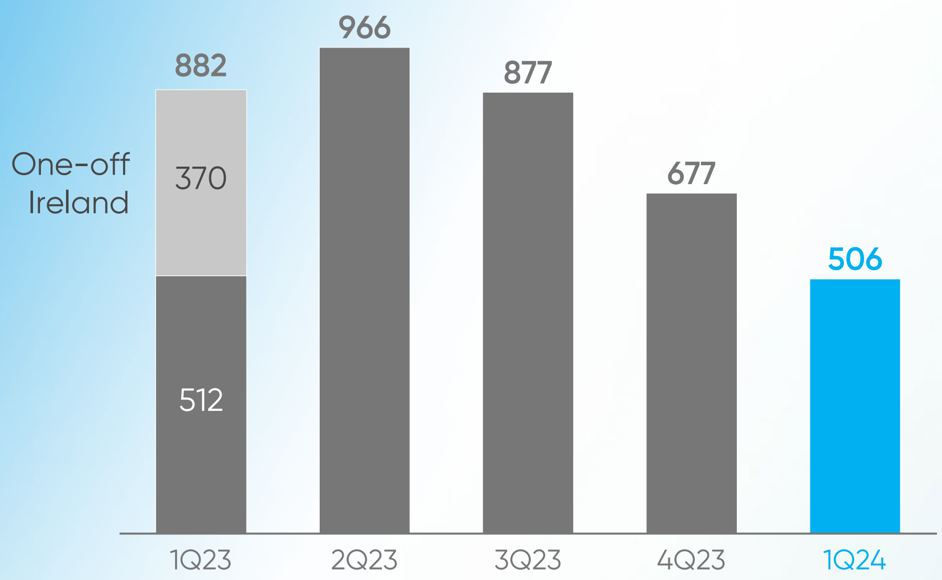
Highlights

Excellent net result of 506m EUR over 1Q24

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

Net result
in m EUR



YTD ratios

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

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

Dividend policy and capital deployment policy

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

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The **dividend policy for 2024 to remain unchanged:**
    - **Payout ratio policy** (i.e. dividend + AT1 coupon) **of at least 50% of consolidated profit** of the accounting year
    - **Interim dividend of 1 EUR per share** in November of each accounting year as an advance on the total dividend
  - The **capital deployment policy for 2024 to remain unchanged:**
    - On top of the payout ratio of at least 50% of consolidated profit, **each year** (when announcing the full year results), the Board of Directors will take a **decision, at its discretion**, on the distribution of the **capital above 15.0% fully loaded CET1 ratio, so-called surplus capital**. The distribution of this surplus capital can be **in the form of a cash dividend, a share buy-back or a combination of both**
- **Considering the introduction of Basel 4 as of 1 Jan 2025 onwards, the dividend policy as well as the surplus capital threshold will be reviewed in 1H25**

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

Strategic focus | The reference

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

Profitability

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

Solvency

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

Sustainability

SUSTAINALYTICS

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

Digitalisation

SIAPARTNERS

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

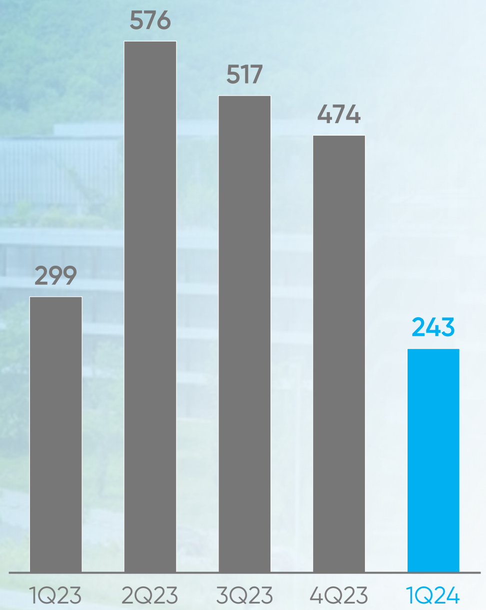
"KBC Mobile is a **perfect** and **efficient** banking app for everyday needs and one of the **most innovative** with some **interesting extras**. The app surprises customers with the wide range of functionalities and the **virtual assistance by Kate**."

Excellent contribution from all business units

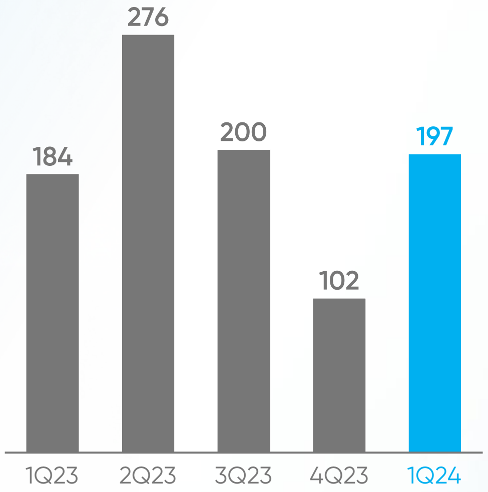
Net result per business unit

in m EUR

BU BE



BU CZ



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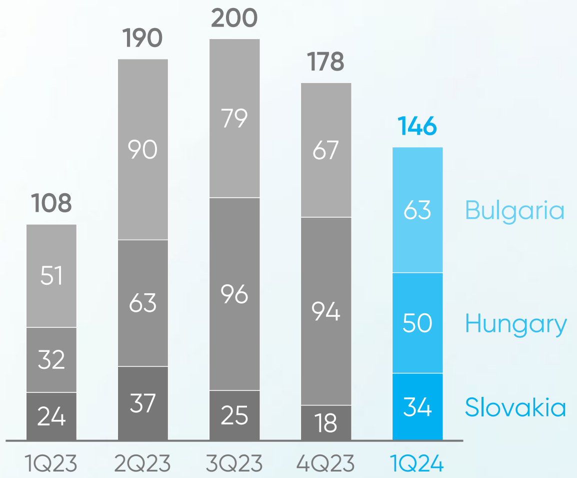
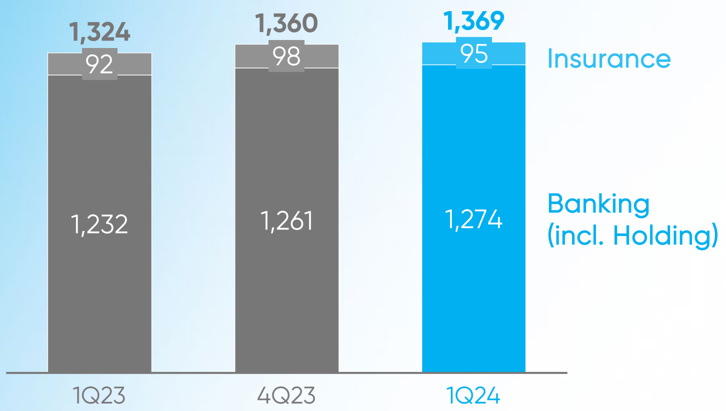


Higher net interest income

Net interest income

in m EUR

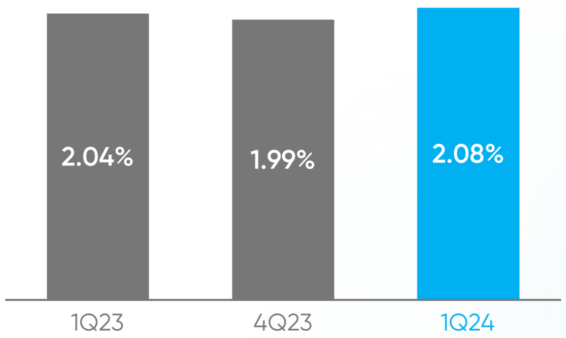


- **NII increased by 1% q-o-q and by 3% y-o-y**
- Q-o-q increase was driven primarily by:
  - Continued increasing reinvestment yields (which has a positive impact on commercial transformation result)
  - Loan volume growth
  - Slightly lower costs on the minimum required reserves held with the central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

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

Net interest margin

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



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

Organic volume trend

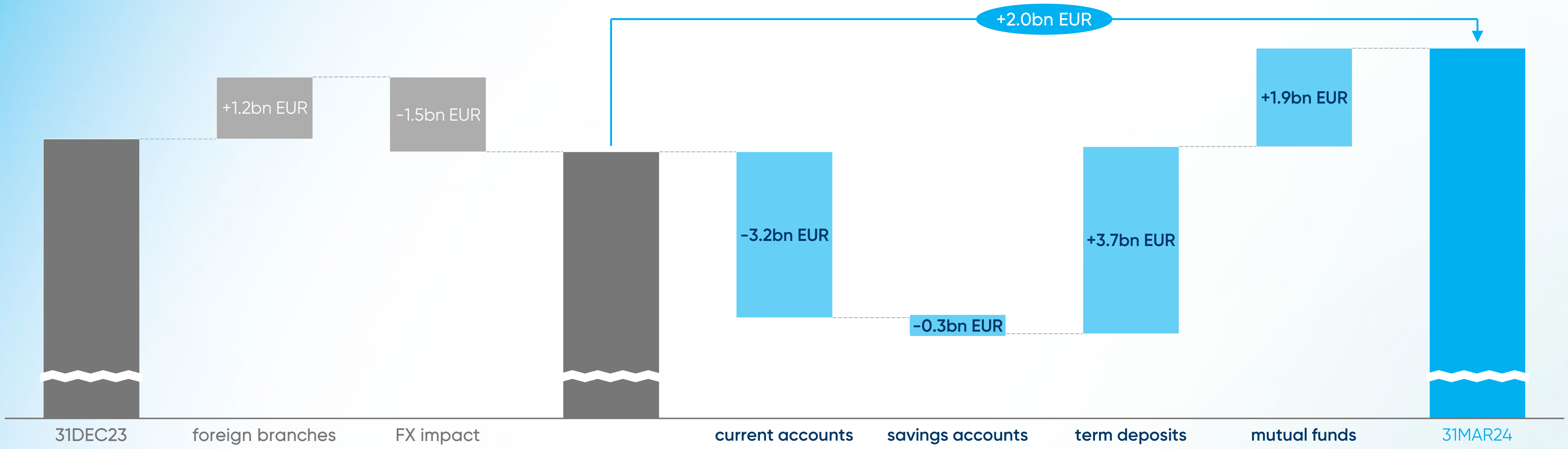
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	184bn	75bn	216bn
Growth q-o-q*	+1%	0%	+1%
Growth y-o-y	+4%	+3%	+1%

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

Inflow of core customer money

Customer money dynamic over 1Q24

in m EUR

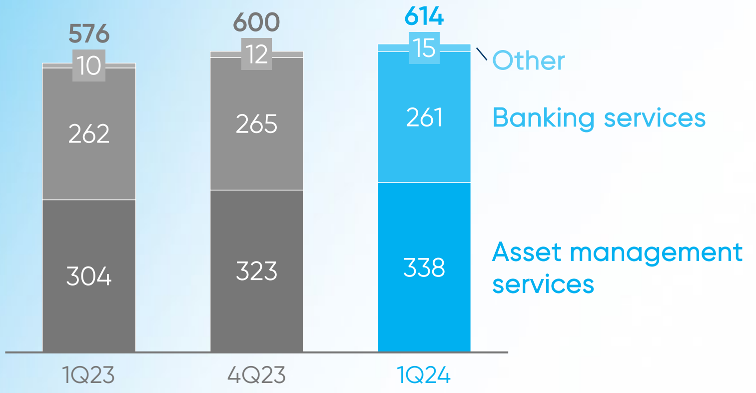


- **1Q24** saw an inflow of core customer money of **+2.0bn EUR** (+0.6bn EUR incl. FX impact)

Higher net fee and commission income

Net fee & commission income

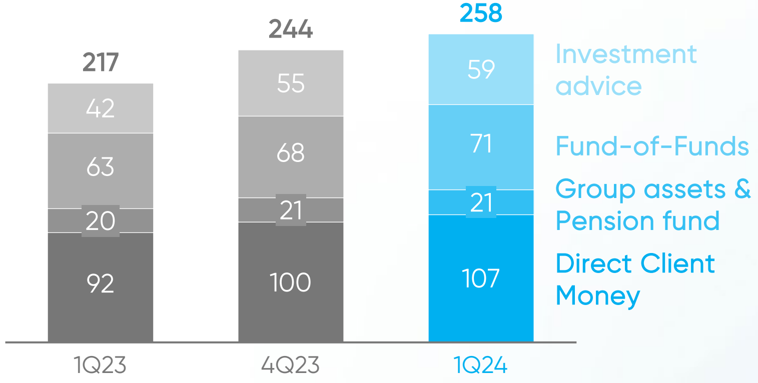
in m EUR



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

Assets under management

in bn EUR

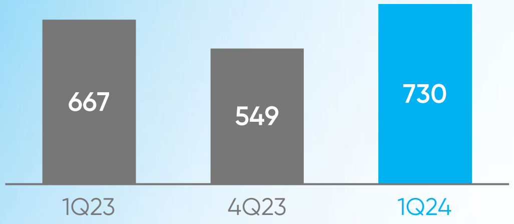


- **Increased by 5% q-o-q** due to **net inflows (+1%)** and positive market performance (+4%)
- **Increased by 19% y-o-y** due to net inflows (+8%) and positive market performance (+11%)
- The mutual fund business has seen strong net inflows this quarter both in higher-margin direct client money (1.9bn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

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

Non-life sales

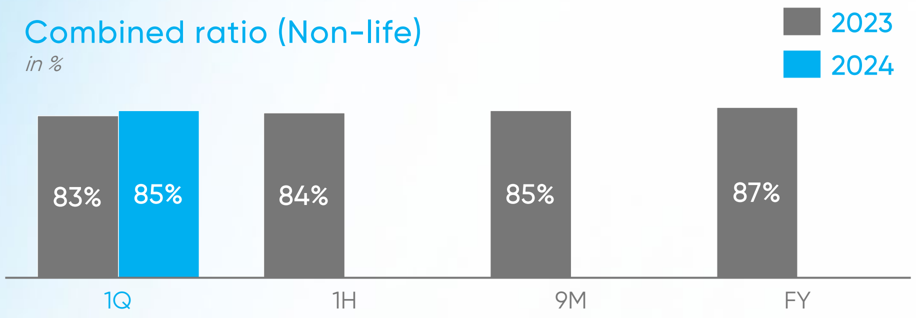
in m EUR



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

Combined ratio (Non-life)

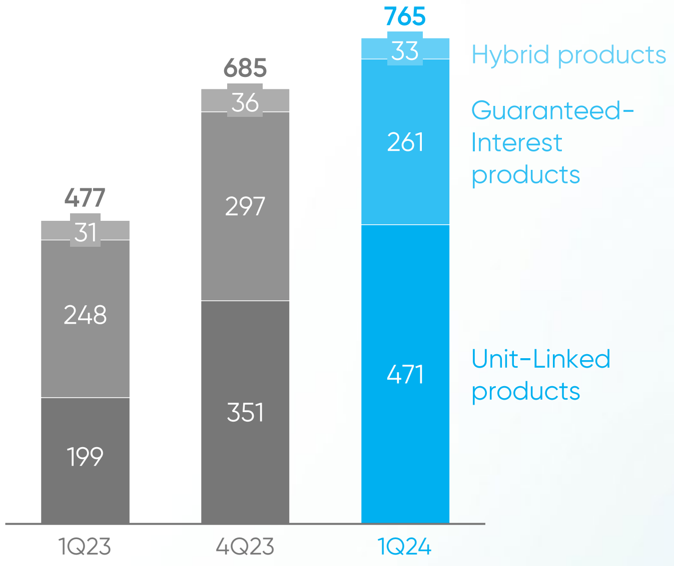
in %



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

Life sales

in m EUR



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

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

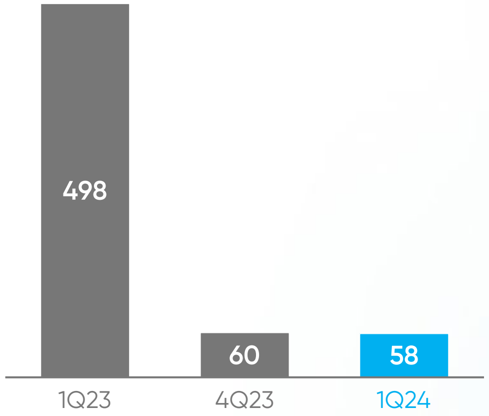
FIFV & IFIE

in m EUR

	1Q23	4Q23	1Q24
Dealing room	94	78	102
MVA/CVA/FVA	4	-41	5
IFIE – interest accretion	-50	-59	-60
M2M ALM derivatives and other	-24	-18	-102
FIFV & IFIE	**24**	**-40**	**-55**

Net other income

in m EUR



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

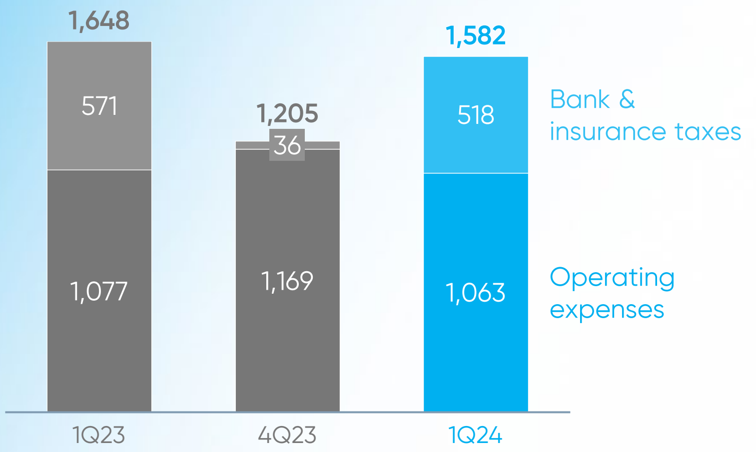
  partly offset by:
  - Higher dealing room result
  - Positive credit, funding and market value adjustments, mainly the result of an increase in EUR yield curves and an increase of the equity markets

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

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

Operating expenses (including costs directly attributable to insurance)

in m EUR



Cost/income ratio

When excluding bank and insurance taxes

FY23	3M24
43%	**43%**

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

- **1Q24 cost/income ratio**
  - 46% when excluding certain non-operating items (49% in FY23)
  - 43% excluding all bank & insurance taxes (43% in FY23)

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

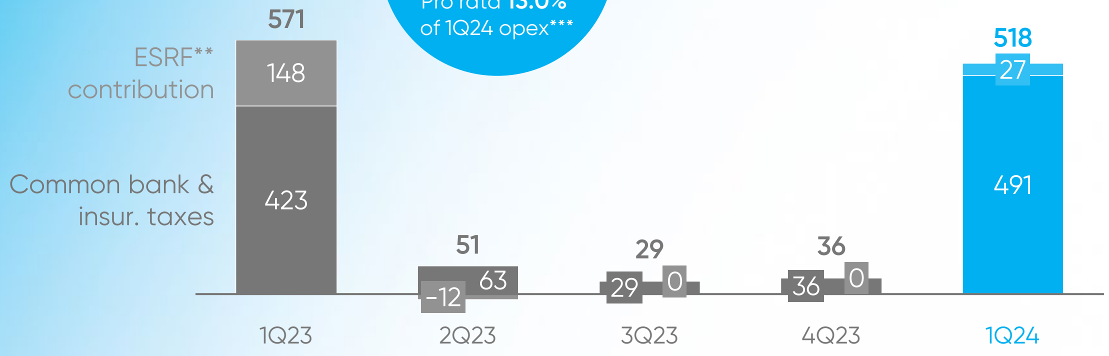
  partly offset by:
  - 28m EUR additional national bank taxes in Belgium, as the Belgian government decided to increase the bank taxes for deposits on the balance sheet above 50bn EUR
  - 34m EUR increase of the contribution to the Deposit Guarantee Scheme (+28m EUR in BE, +8m EUR in HU, +1m EUR in BG and -2m EUR in IRL)
  - 8m EUR additional national bank taxes in Slovakia

- Total bank & insurance taxes (including ESRF contribution) are expected to decrease by 8% y-o-y to 638m EUR in 2024 (687m EUR in 2023)

Overview of bank & insurance taxes*

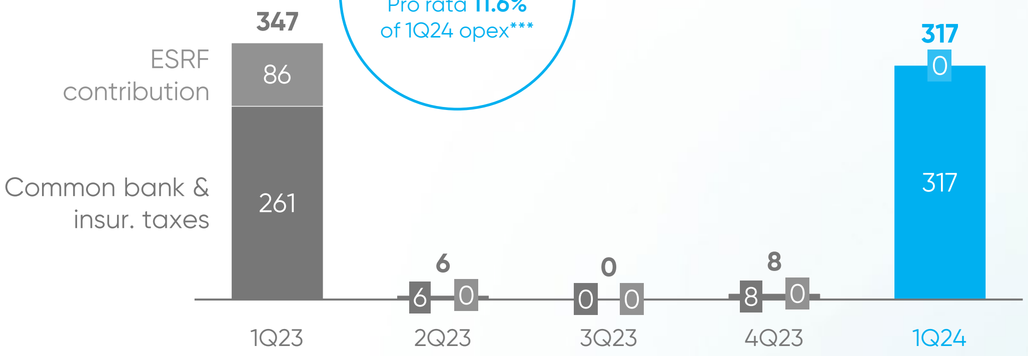
KBC Group
in m EUR

KBC Group
518m EUR
Pro rata **13.0%** of 1Q24 opex***



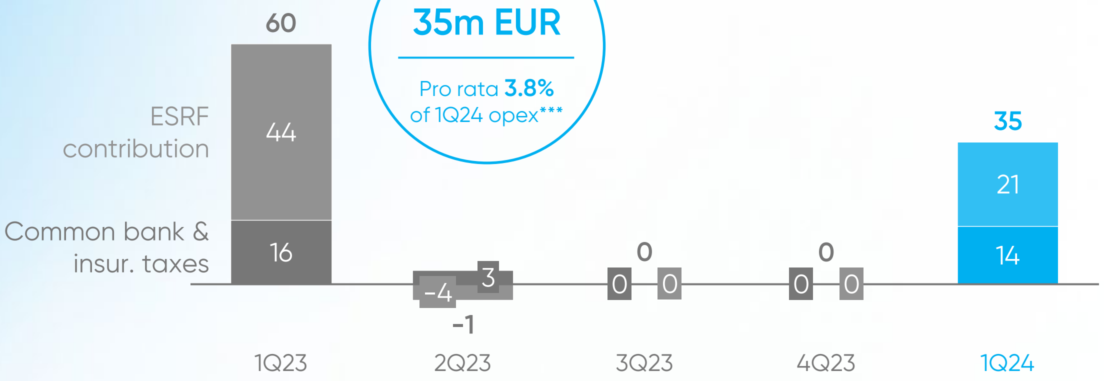
Belgium BU
in m EUR

BU BE
317m EUR
Pro rata **11.6%** of 1Q24 opex***



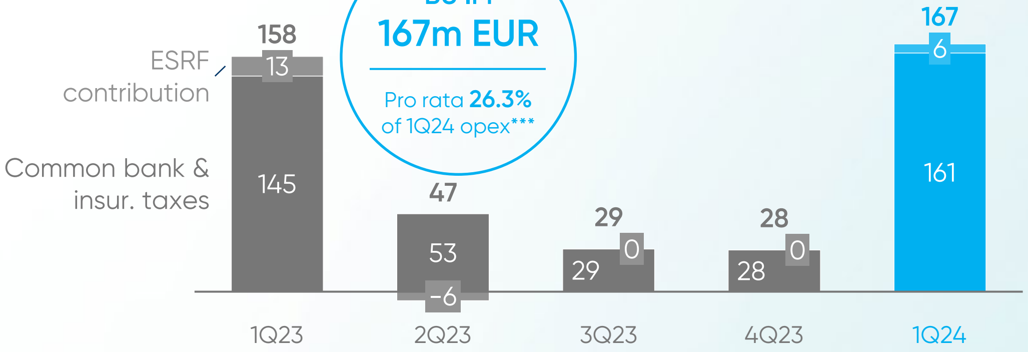
Czech Republic BU
in m EUR

BU CZ
35m EUR
Pro rata **3.8%** of 1Q24 opex***



International Markets BU
in m EUR

BU IM
167m EUR
Pro rata **26.3%** of 1Q24 opex***



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

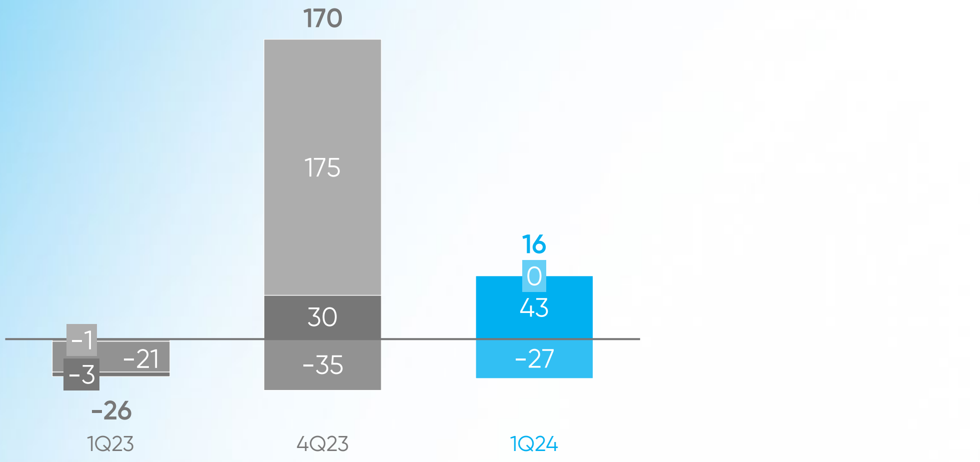
** European Single Resolution Fund

*** Including directly attributable costs to insurance

Limited net loan loss impairment charges & excellent credit cost ratio

Asset impairment

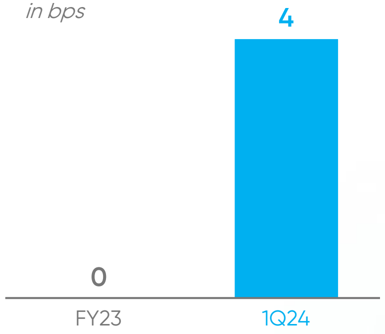
in m EUR; negative sign is a release



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

Credit cost ratio

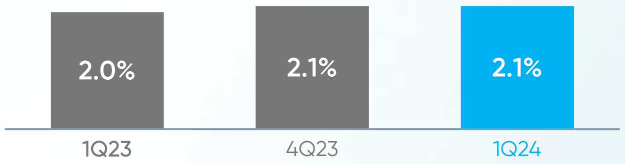
in bps



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

Impaired loans ratio

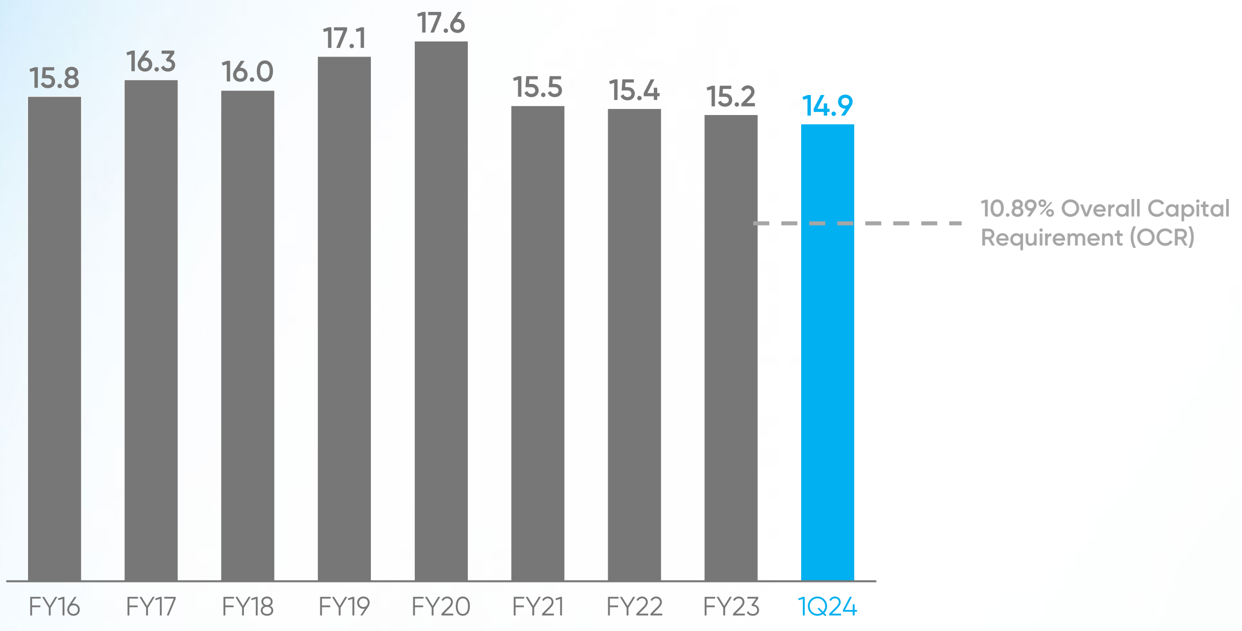
in %



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

Strong capital position with substantial buffer

CET1 ratio
in %



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

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio
5.4% 1Q24

5.7% FY23

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

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

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

Liquidity ratios | KBC Group

in %

LCR
162% 1Q24

159% FY23

NSFR
139% 1Q24

136% FY23

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

Solvency II ratio | KBC Group

in %

Solvency II ratio
202% 1Q24

206% FY23

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

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

Wrap-up

Excellent financial performance

net result
506m
1Q24
3402m
FY23

return on equity
14%*
YTD

combined ratio
85%
YTD

Outstanding solvency and liquidity

CET1 ratio
14.9%**
3.7% buffer vs MDA

NSFR
139%
LCR
162%

SII ratio
202%

Kate convinces customers

4.5 million users in contact with Kate

KATE autonomy
65% BE
65% CZ

Franchise is growing

loan volumes
+4%
y-o-y

customer deposits
+1%
y-o-y

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

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

life sales
+60%
y-o-y

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

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

Looking forward I Economic outlook

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

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

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

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

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

Full guidance range accounts for following conservative assumptions:

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

5.5bn EUR

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

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

5.3bn EUR

NII guidance FY24

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

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

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

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

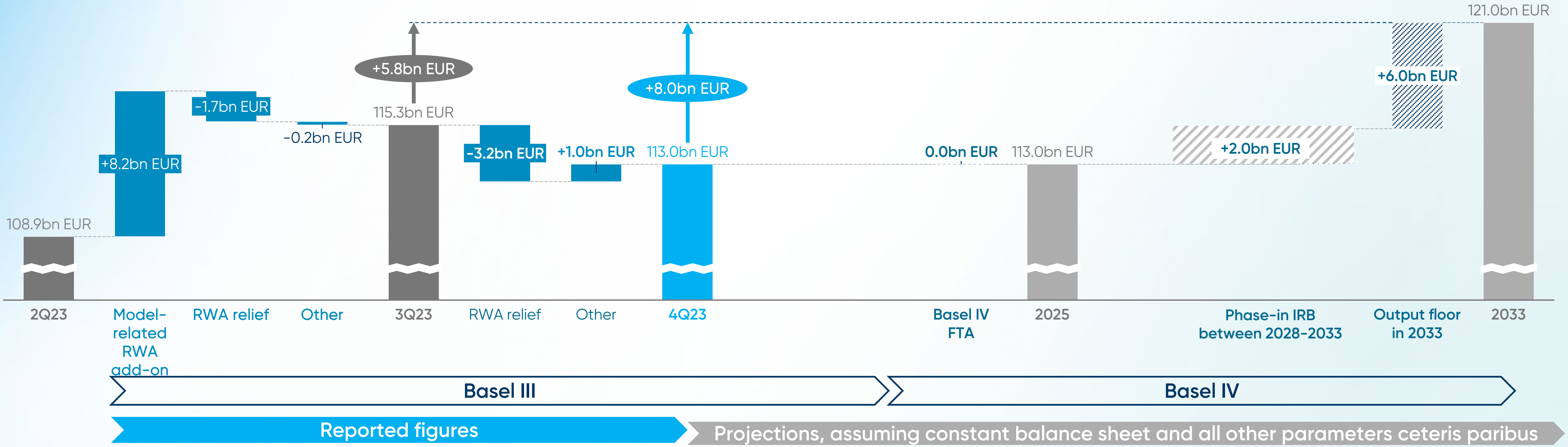
Indicative view on transitional RWA evolution under Basel IV (as provided with FY23 results)

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

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

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

in bn EUR



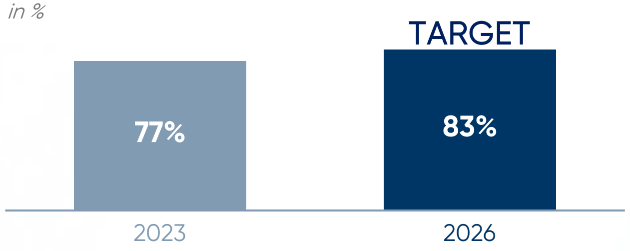
Strategy | KBC's non-financial targets (2023-2026) (update on a half-year basis)

Customer ranking

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

Bank-insurance (BI) clients

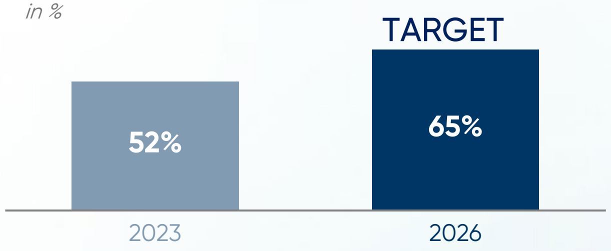
BI clients
in %



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

Digital sales

Digital sales banking products*
in %

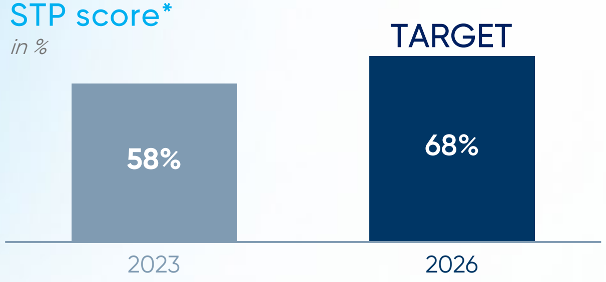


Target: Digital sales 65% of **banking sales**

* Based on weighted average of selected core products.

Straight-through processing

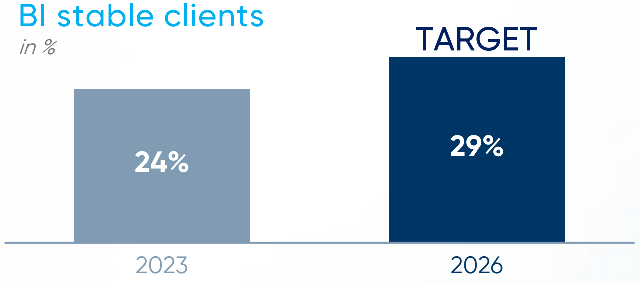
STP score*
in %



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

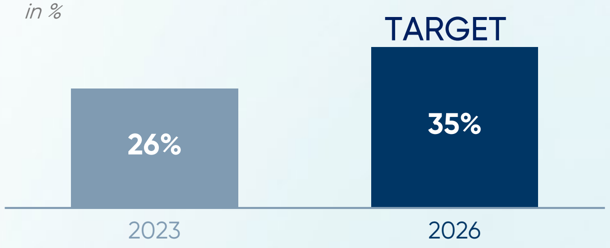
* Based on analysis of all retail processes.

BI stable clients
in %



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

Digital sales insurance products
in %



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

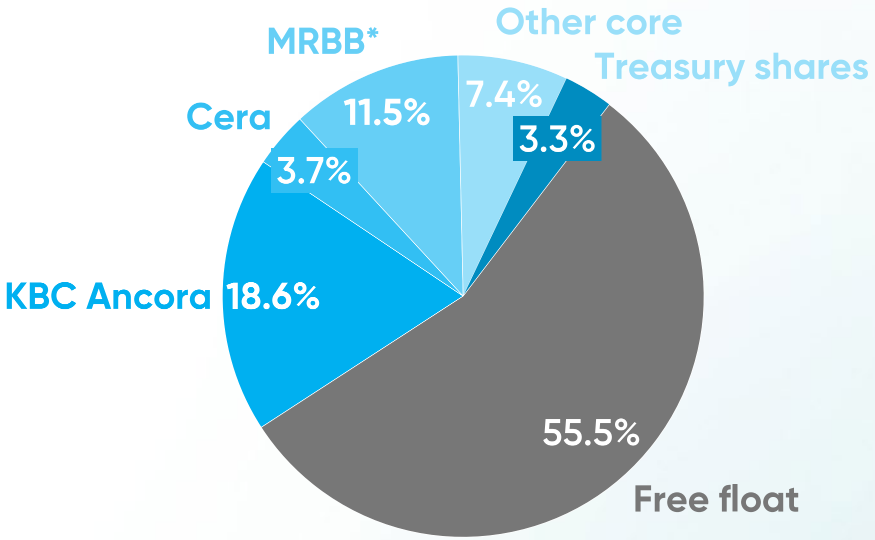
Company profile | KBC Group in a nutshell

Dividend policy & capital distribution

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The dividend policy for 2024 to remain unchanged:
    - Payout ratio policy (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit of the accounting year
    - Interim dividend of 1 EUR per share in November of each accounting year as an advance on the total dividend
  - The capital deployment policy for 2024 to remain unchanged:
    - On top of the payout ratio of at least 50% of consolidated profit, each year (when announcing the full year results), the Board of Directors will take a decision, at its discretion, on the distribution of the capital above 15.0% fully loaded CET1 ratio, so-called surplus capital. The distribution of this surplus capital can be in the form of a cash dividend, a share buy-back or a combination of both

- Considering the **introduction of Basel 4 as of 1 Jan 2025 onwards**, the **dividend policy as well as the surplus capital threshold will be reviewed in 1H25**

Shareholder structure
(as at end 1Q24)



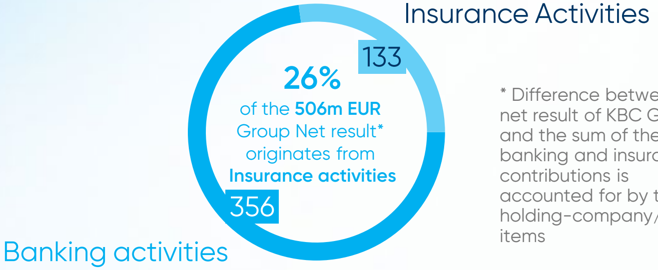
- Roughly **41% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals**. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of Belgian industrialist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

- The **free float** is held mainly by a large variety of international institutional investors

Strategic focus | What differentiates us from peers

Unique integrated bank-insurance+ model

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



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

Successful digital-first approach through KATE

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

4.5 million users in contact with Kate

KATE autonomy

65% BE
65% CZ

Firmly embedded sustainability strategy

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

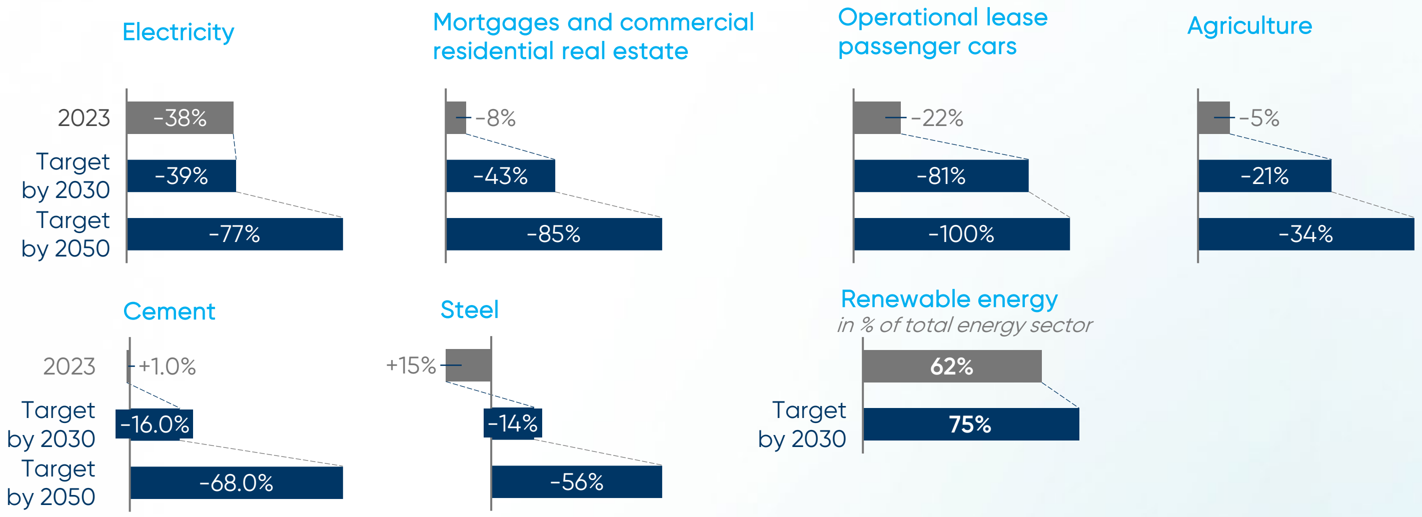
Indirect environmental impact: our progress in brief

INDIRECT environmental footprint (FY 2023)

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

Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated

Kate | Four flavours, one Kate

Kate4MassRetail

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

Kate is available in all KBC's core countries!

KATE autonomy
65% BE
65% CZ

4.5 million users in contact with Kate

use cases
451 BE
233 CZ
438 IM

Kate4Business

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

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

use cases Business
67 BE
58 CZ
121 IM

Kate Group Platform

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

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

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

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

'KATE IN A BOX'
delivered to all core countries

Kate4Employees

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

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

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

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

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

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

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

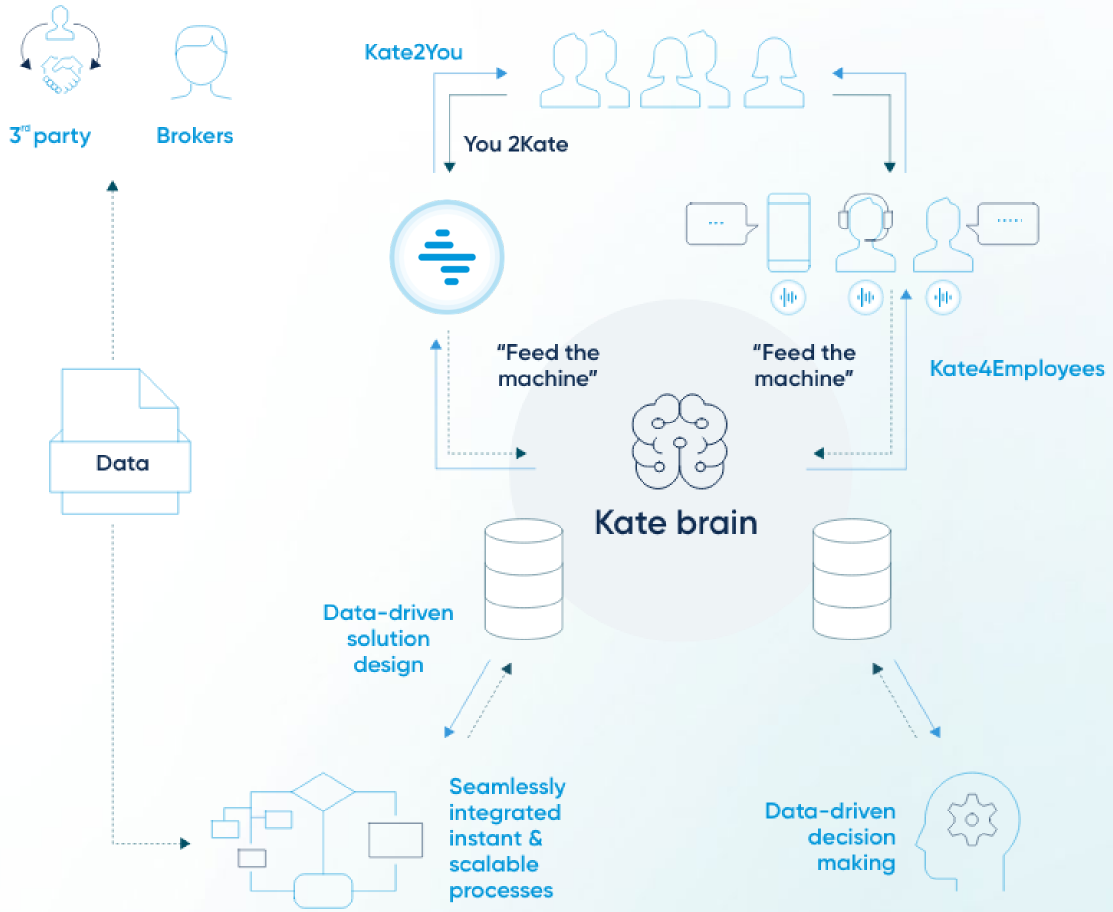
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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

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

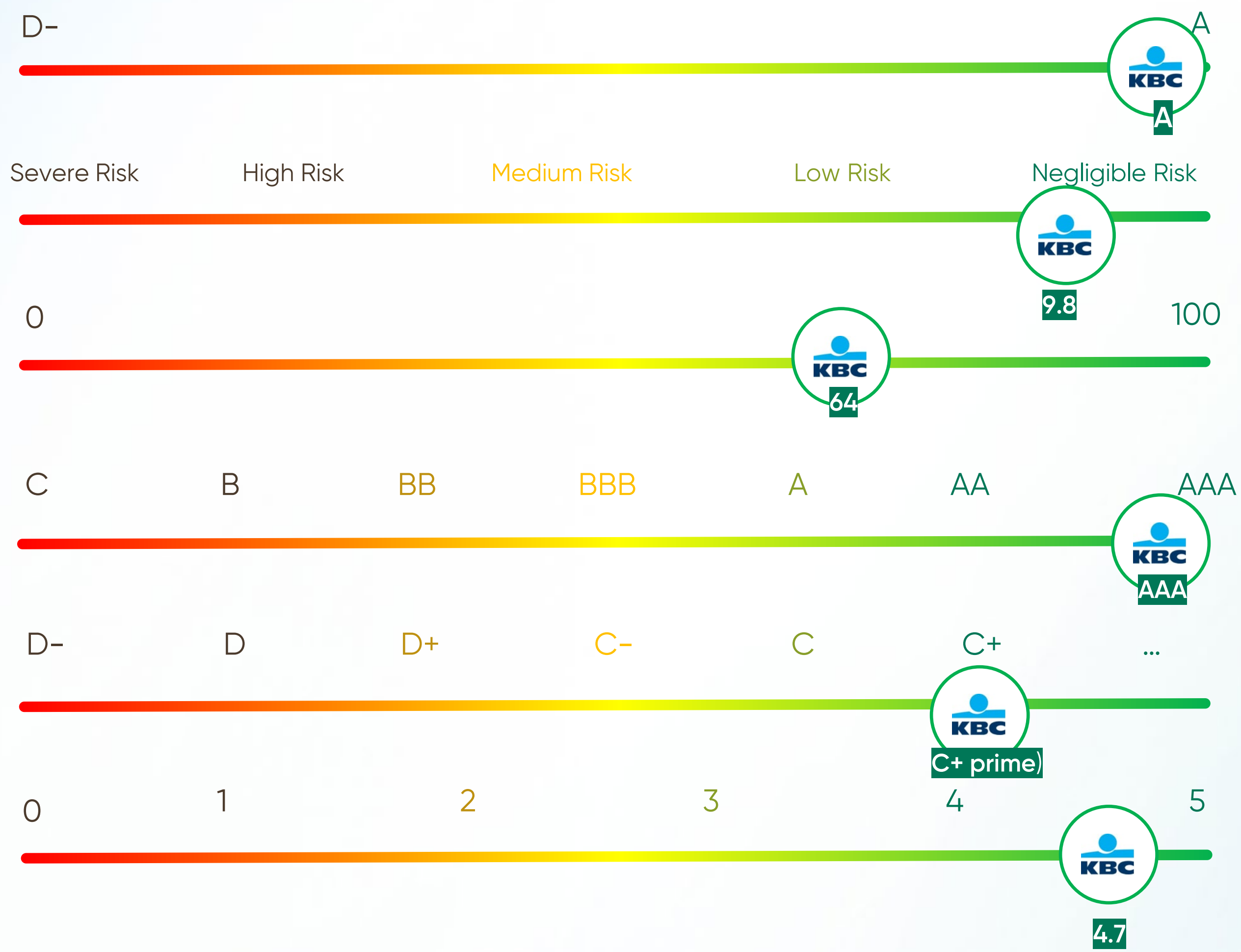
The main purpose remains the same: happy customers. As a **data-driven company** we remain guided by our **client-centric vision**.

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



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

ESG rating 23rd of April 2024



Agency	Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	• Leader in addressing climate change • CDP's A list • Financial average service B-
SUSTAINALYTICS	• 2nd percentile of 311 diversified banks assessed • 3rd of 311 diversified banks
S&P Dow Jones Indices A Division of S&P Global	• Top 7% 93rd percentile of 794 banks assessed
MSCI	• Leader among 491 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	• 1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	• Top 3% (97th percentile of banks assessed)

Sustainability highlights

Commitment to environmental action

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

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

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

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

Sustainable business

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

7.4bn EUR
Financing contributing to social objectives

19.3bn EUR
Financing contributing to environmental objectives

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

Social responsibility and governance

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

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

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

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

Sustainability highlights in 2023, unless otherwise indicated

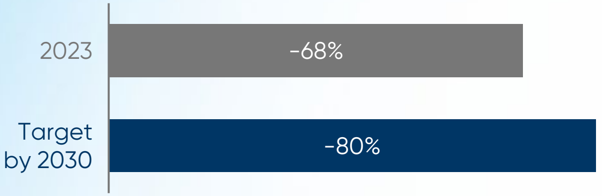
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2023)

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

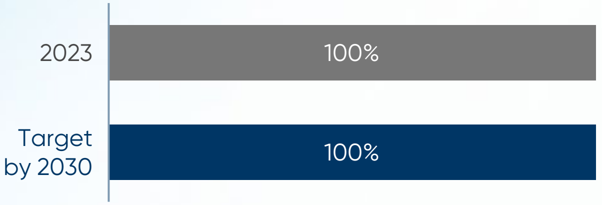
Reduction in our direct GHG emissions

reduction compared to 2015



Renewable electricity

in % of own electricity consumption



More details in our 2023 Sustainability Report

More details in our 2022 Climate Report

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

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

Johan Thijs, KBC Group CEO

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