



Differently:
THE NEXT
LEVEL



WELCOME

Strategy Update

November 12th, 2020

Johan Thijs

Differently:
**THE NEXT
LEVEL**

Bank-insurance ecosystem is changing

Business cycles come and go

Waves:	1 st Wave: Industrial Revolution	2 nd Wave: Industrial Production	3 rd Wave: Scientific Revolution	4 th Wave: Scientific- Technical Revolution	5 th Wave: Information and Telecom Revolution	6 th Wave: ...
Date range:	~1780 – 1830	~1830 – 1880	~1880 - 1930	~1930 – 1970	~1970 - 2010	~2010 – 2050
Economic trend (US S&P 500)						
Key developments	Steam engine, industrialization	Railways, steel, heavy engineering	Electricity, chemistry, chemical industry	Automobile, mass production, petrochemical industry	Microcomputers, information, telecom	

Bank-insurance ecosystem is changing

Customer behavior is changing

‘Customers are
in control and
they decide’

Johan Thijs



Bank-insurance ecosystem is changing

New business models



Bank-insurance ecosystem is changing

New business models



‘Once the alternative is created, clients always shift to the better’
Johan Thijs

Bank-insurance ecosystem is changing

Customer expectations are changing



Bank-insurance ecosystem is changing

New assertive innovative competitors



Bank-insurance ecosystem is changing

Data is the new electricity



Bank-insurance ecosystem is changing

Banks have 4 options for the future



Remain a traditional – digital bank

Status quo: business transforms into a customer centric bank with a traditional scope and a shrinking business model

Broaden distribution

Financial Supermarkets: banks use their customer base to provide customers with other (non-bank) services

Platformication

Banks open their core processing as part of the supply chain of other banks or other industries

Complementary of alternative business income

Look for adjacent business or expand into new territory, leveraging existing customer base

Bank-insurance ecosystem is changing

Insurers have 4 options for the future



Remain a traditional-digital insurance company

Status quo: business transforms into a customer centric insurer with a traditional scope and a shrinking business model

Broaden distribution

Financial Supermarkets: insurance companies use their customer base to provide customers with other (non-insurance) services

Platformication

Insurance companies open their core processing as part of the supply chain of other insurers, bank or different industries

Complementary of alternative business income

Look for adjacent business or expand into new territory, leveraging existing customer base

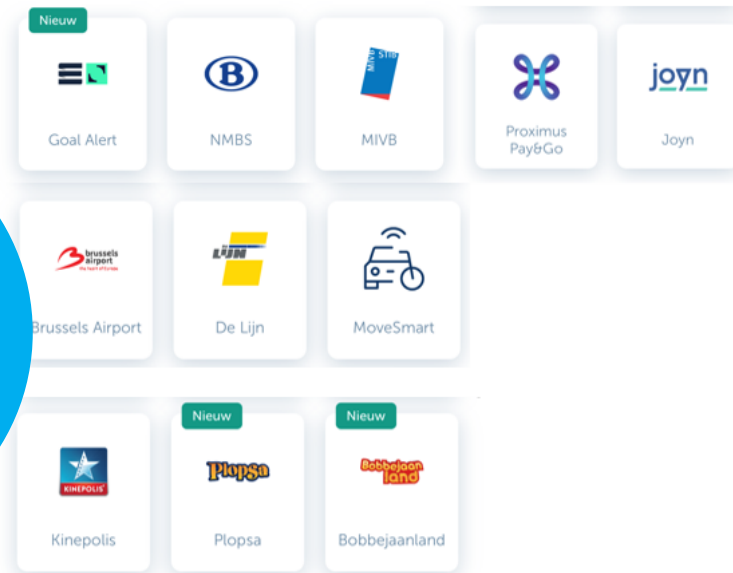


Differently: the next level Bank-insurance+

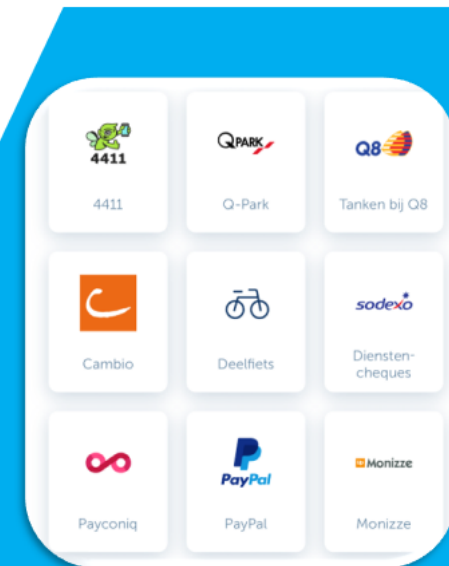
Beyond bank-insurance: value added service provider

'We go beyond bank-insurance in our offer to clients'
Johan Thijs

Some services are available to all



Others are Customer-only



Some products and services are reserved to our (paying) bank/insurance customers.

Some to create an extra incentive to become a KBC customer.
Others because of an increased risk.

Differently: the next level Bank-insurance+

Beyond bank-insurance: value added service provider



Differently: the next level Bank-insurance+

Beyond bank-insurance: value added service provider

 **ušetřeno.cz** | Chyťte šetří s námi! 226 289 029
po-pá 8:00-20:00 info@usetreno.cz

Úvod Energie Tarify Internet Půjčky Konsolidace Hypotéky Kreditní karty Účty Spoření Pojištění Magazin

Ušetřete čas a peníze pomocí srovnání produktů a služeb
s největším online finančním supermarketem v ČR

Nová kategorie

Srovnání mobilních tarifů

Volejte a pište až o 40 % výhodněji

Srovnajte si tarify mobilních operátorů v naší kalkulačce. Máme pro vás nabídky, které jinde nenajdete!

[Kalkulačka tarifů](#)



Energie Ušetřete za plyn a elektřinu. Najdeme pro Vás zdarma nejlevnějšího dodavatele. Více informací	Tarify Srovnajte si tarify mobilních operátorů a získajte akční neveřejné nabídky. Více informací	Internet Neplaťte za surfování víc, než musíte. Porovnejte ceny internetu na doma i na cesty. Více informací	Půjčky Získejte snadno peníze na cokoli. Najdeme pro vás tu nejvýhodnější půjčku. Více informací	Hypotéky Najděte si hypoteční úvěr s nejnižším úrokem a RPSN pomocí naší kalkulačky. Více informací
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Stačí 2 minuty a víte, kolik ušetříte

[Přihlásit odběr](#)

Ušetřete díky srovnání mobilních tarifů

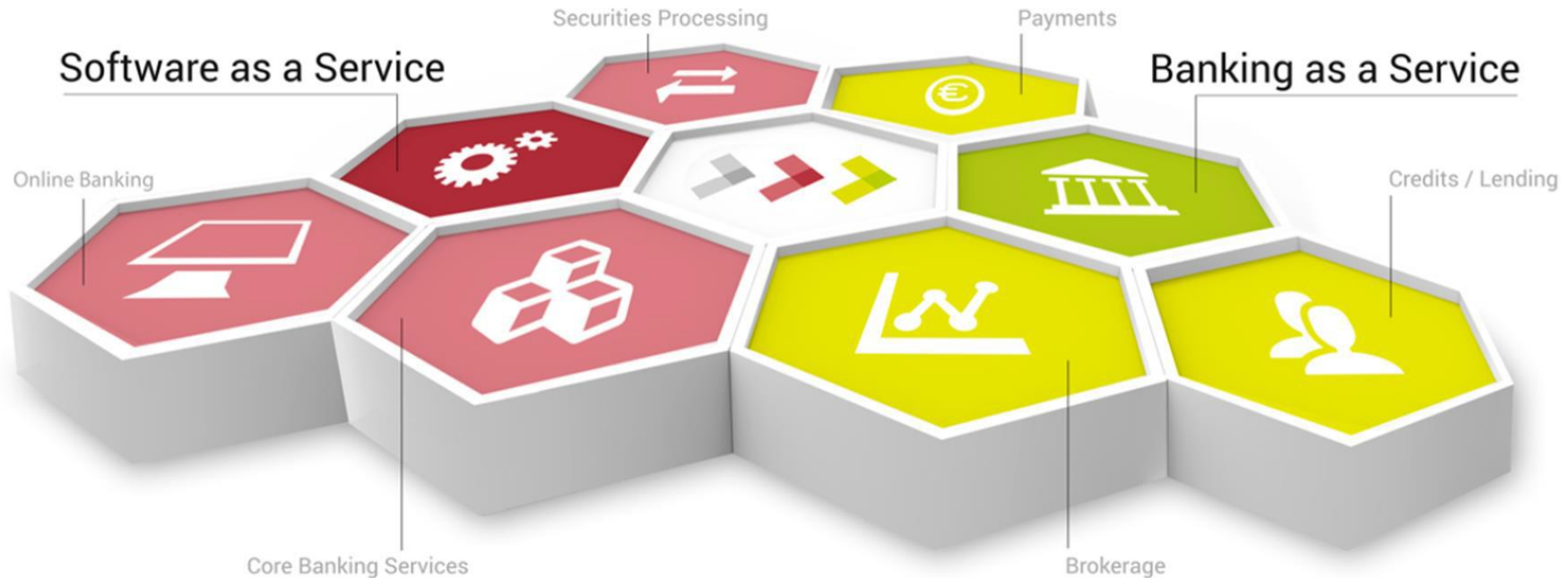
Hledáte levné volání, SMS a data?
Pomůžeme vám najít **nejvýhodnější mobilní tarif**.

[Srovnání mobilních tarifů](#)



Differently: the next level Bank-insurance+

Platformication: Bank-insurance core systems become a building block in other players value chain





**YOU CAN'T
STOP THE WAVES
BUT YOU CAN LEARN
HOW TO SURF**

Differently: the next level

The customer remains at the center ...

What are customers telling us ?

KNOW ME

KNOW YOUR
STUFF

KEEP IT SAFE

KEEP IT SIMPLE

'Digital First
means
Customer First
at KBC'
Johan Thijs



Differently: the next level

The customer remains at the center ... Be a trusted partner



Differently: the next level

The customer remains at the center ... Be proactive



Differently: the next level

The customer remains at the center ... Be personal



Differently: the next level

The customer remains at the center ... Be efficient



Straight through processing

KBC is the reference

The winning factors



Trust

Capitalising on the trust customers place in us today

Customer experience

Providing zero-hassle, no-frills customer experience leveraging our unique strengths on data-security and data-privacy

Straight-through processes

This implies re-design of processes and avoiding to digitise the current ones. Aim is E2E digital processes

Personalised solutions

Using data and AI to offer proactively compelling, relevant and personalised financial solutions

Broad offer

Emphasising our broad financial offer and ensuring these solutions are Bigtech proof (pro-active, convenient & personalised)

Beyond bank-insurance

Staying focused on the financial wellness of our customers and offer services to become embedded in our customer's daily life



**Proactively
providing solutions
to fulfill customer
needs in a digital
first way**

Kate, your digital assistant

KBC's **A**ssistant **T**o **E**ase your mind ...



DIGITAL FIRST STRATEGY

CLIENT NEED ANALYSIS

CONVENIENCE

AI DRIVEN

INTELLIGENT

BEYOND TRADITIONAL BANK-INSURANCE



Kate, your digital assistant

Hyper personalised and trusted financial 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



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



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

DIGITAL FIRST & E2E

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



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

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



'No hassle, no friction, zero delay'

Johan Thijs

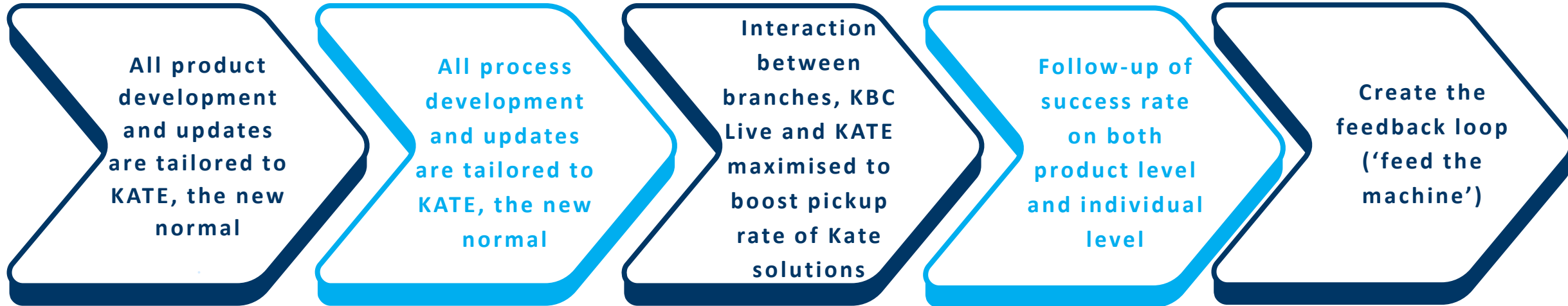


Kate, your digital assistant

Disruptive strategy: impact on all products & processes

'We take control of the entire customer journey'.

Johan Thijs



Kate, your digital assistant

14 Cases to be rolled out in BE in 2020

First Date With Kate:

"Hi Johan, I'm Kate your digital assistant. Do you want to know what I can do for you?"

Money Transfer: Hi Kate, Transfer 100€ to Jan Peeters

Search Transactions: Hi Kate, have I paid my Telenet invoice this month?

Proof of Insurance / File a car claim :

Hi Kate, show my cars proof of insurance?

Hospitalisation:

Hi Kate, show my Assurcard? Can I help you to file your hospitalisation claim?

Mortgage:

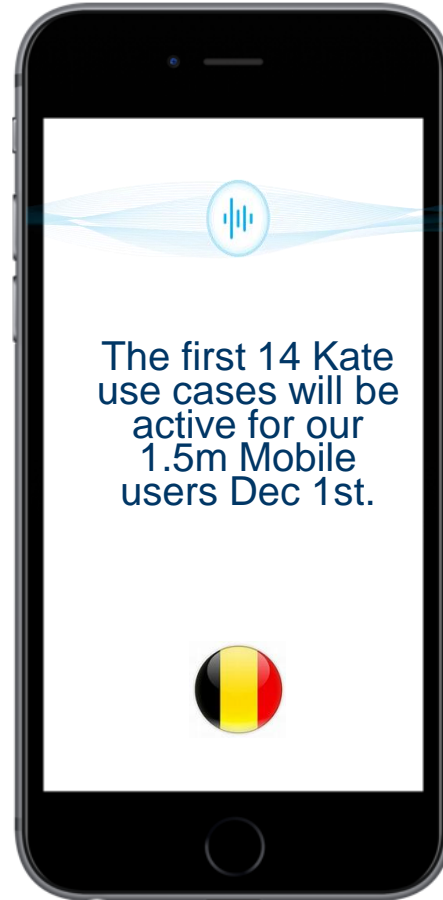
"Hi Johan, Do you want to know how much you can spend on your mortgage?"

Kids are starting to drive

"Hi Johan, I noticed your daughter started taking driving lessons. Can I add her to your car insurance?"

Nudge about unused features current account

"Hi Johan, your card is about to expire. You can personalise your card. Shall we do this right away?"



Downsell Car Insurance:

"Hi Johan, I noticed your car is more than 5 years old. I think we can optimise your insurance coverage for your car."

Energy Switch:

"Hi Johan, I noticed you paid your energy provider. Are you interested in finding out how much you could save for your situation?"

After the storm:

"Hi Johan, That was quite a storm. I hope nothing got damaged? I'm here when you need me (assistance/file a claim)"

Travel case:

"Hi Johan, I noticed you are traveling abroad. Don't forget check your credit card limits & to arrange your settings for payments outside the EU. Shall we do this right now?"

Stop Parking 4411:

"Hi Johan, I noticed you reached your car. Can I end your active parking session?"

Payments:

"Hi Johan, You can save money by switching from your basic to plus account. Do you want to find out more?"

Kate, your digital assistant

7 Cases to be rolled out in CZ in 2020

First Date With Kate:

"Hi Johan, I'm Kate your digital assistant. Do you want to know what I can do for you?"

General Questions:

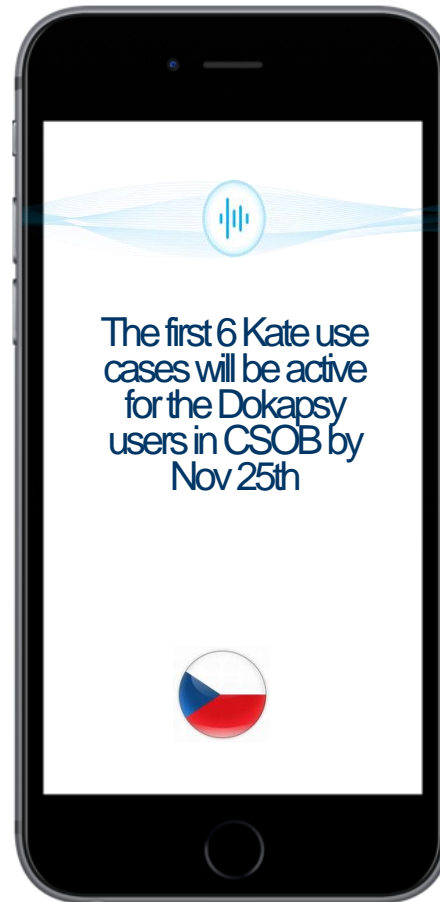
Approx 1000 questions and answers related to multiple bank products and general topics.

Pet Insurance

"Dear Ellen, do you know you could insure your pet for vet charges?"

Debit/Credit Card delivery

"Dear Ellen, your credit card is about to expire, would you like to check where it will be delivered to?"



One time insurance:

"Dear Ellen, I can arrange a travel insurance for you."

Travel Insurance Reminder

"Dear Ellen, you are already set up! With the premium insurance you have you don't have to worry about getting insurance for your trip"

Energy Comparison (will be launched by December)

"Dear Ellen, you could save up to 500 per month by changing your energy provider"

Kate, your digital assistant

Beyond 2020 ...



Starting 2021, we will launch at least 2 new cases every month !

Differently: the next level

Products and services are top-notch

KBC relies on its own products for Financial Services

i.e. Closed product architecture

KBC relies on 3rd parties for non-financial services

KBC acts as gate-keeper in these eco-systems

KBC's products and services are top-notch

of high standards, simple and easy to use (zero-hassle)

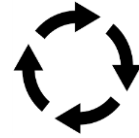
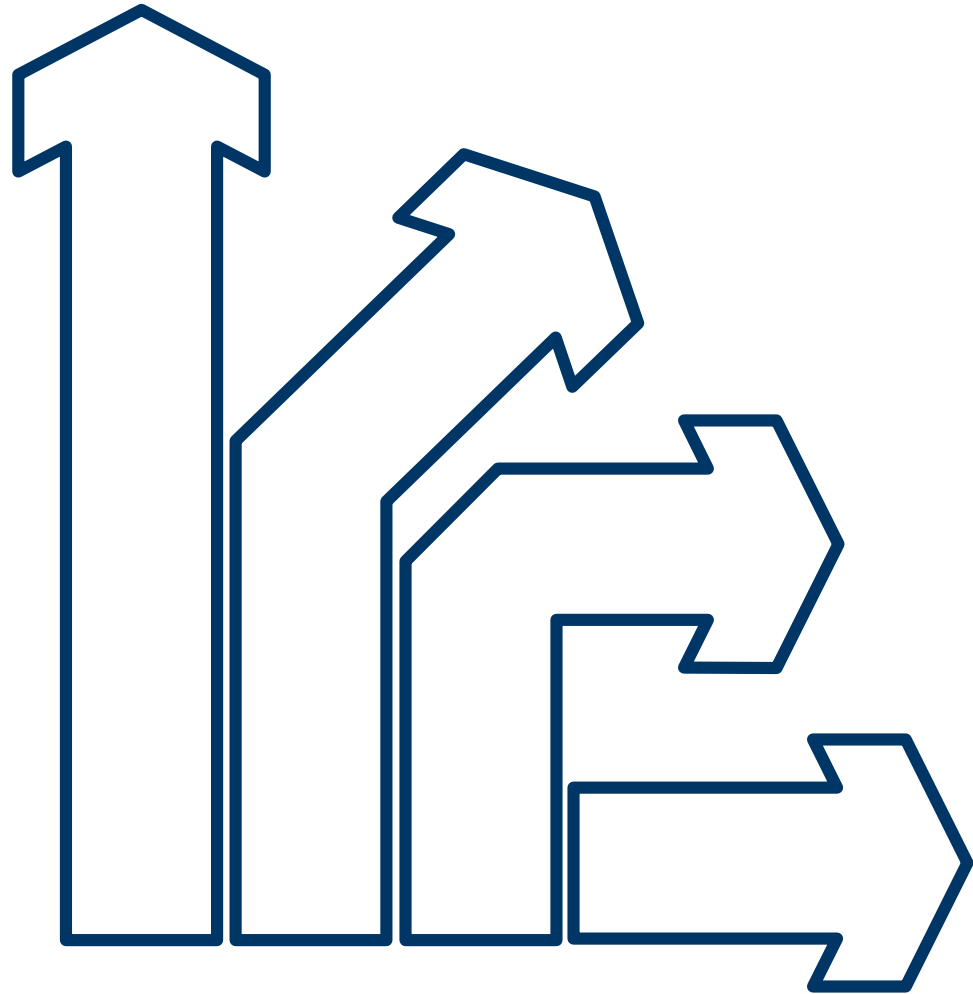
Requires investments in E2E processes

These processes need to be digital first

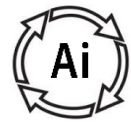
Continuously improving the customer journey by matching identified customer needs with high-end personalised product & services that solve these needs

Differently: the next level

Digital lead management: From data driven to solution driven



LEVEL 4: Fully automated lead life cycle management



LEVEL 3: AI-powered lead life cycle management



LEVEL 2: Lead life cycle management

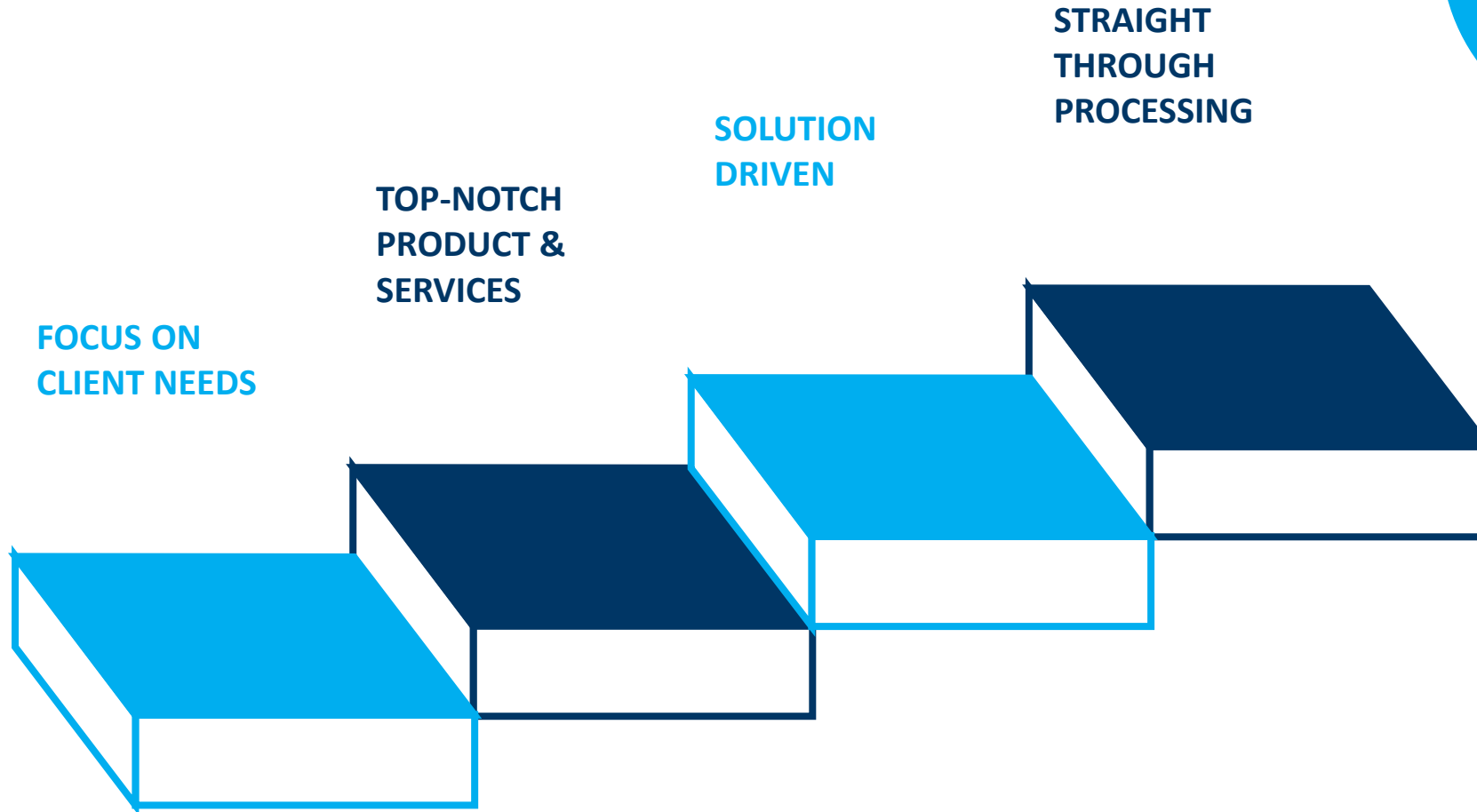


LEVEL 1: Basic lead management



Differently: the next level

What we deliver?

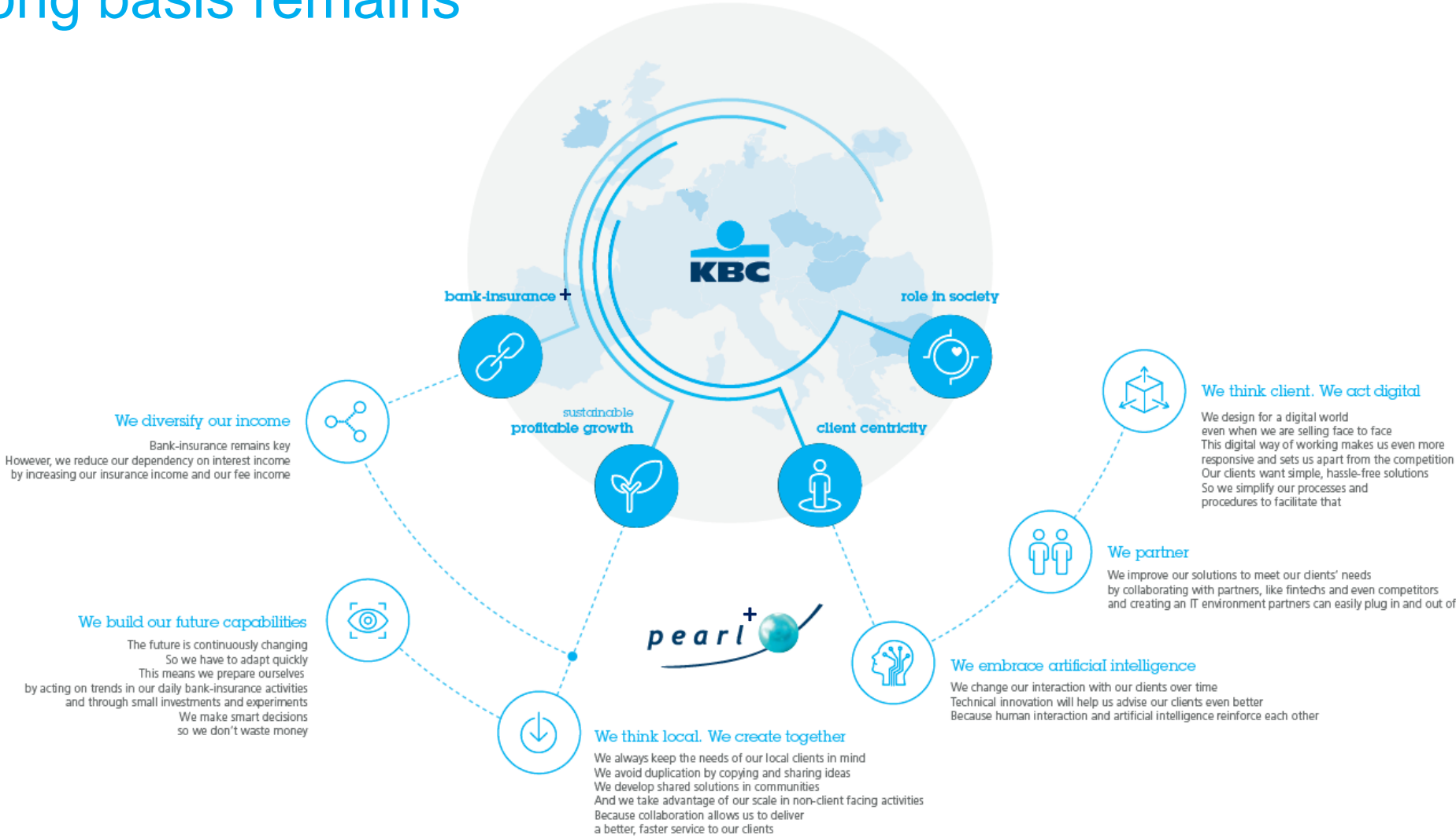


'Our clients are massively turning to digital.'
Johan Thijs

**THE STRONG BASIS
REMAINS THE SAME !**

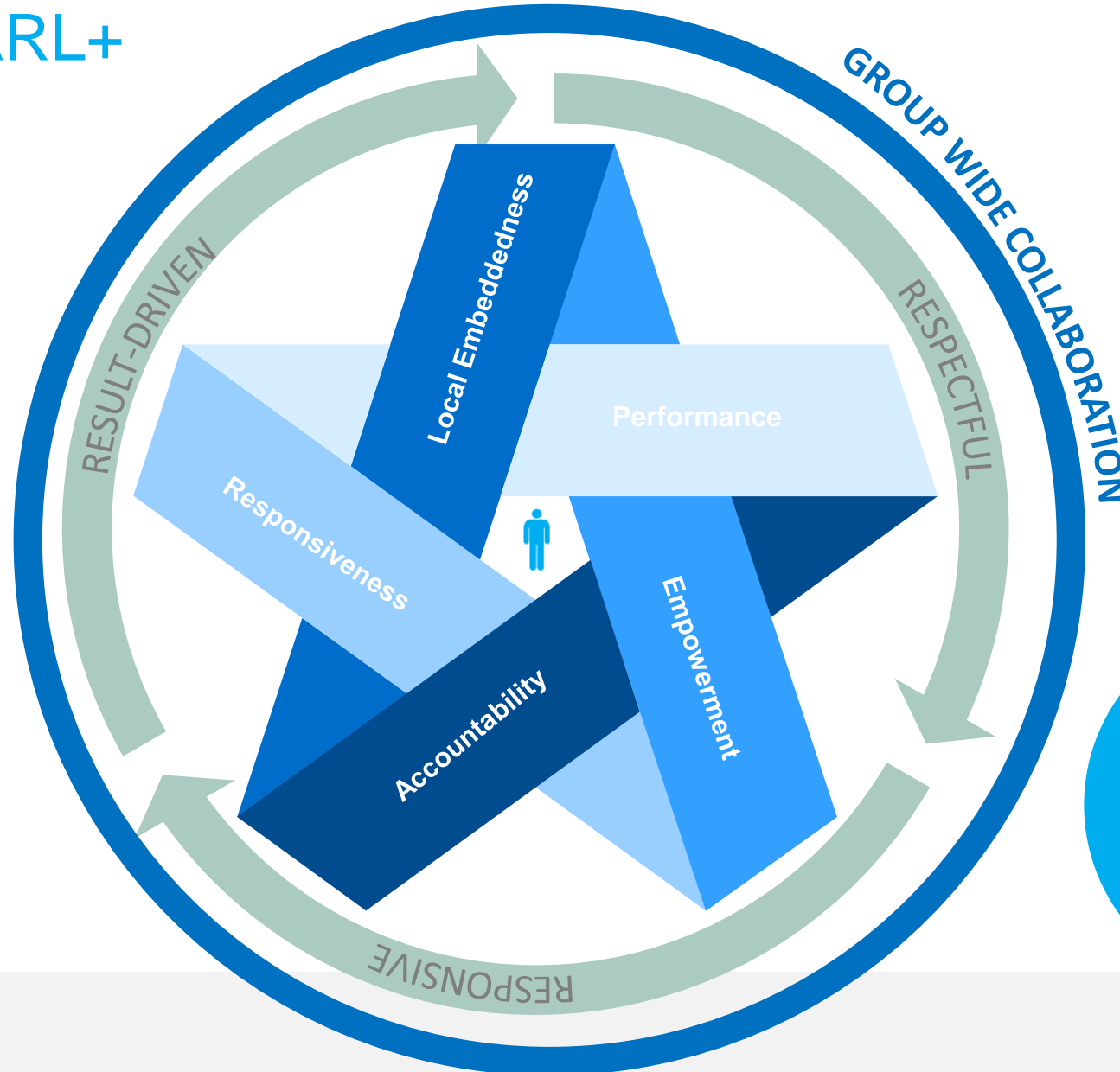
Differently: the next level

The strong basis remains



Differently: the next level

Powered by PEARL+



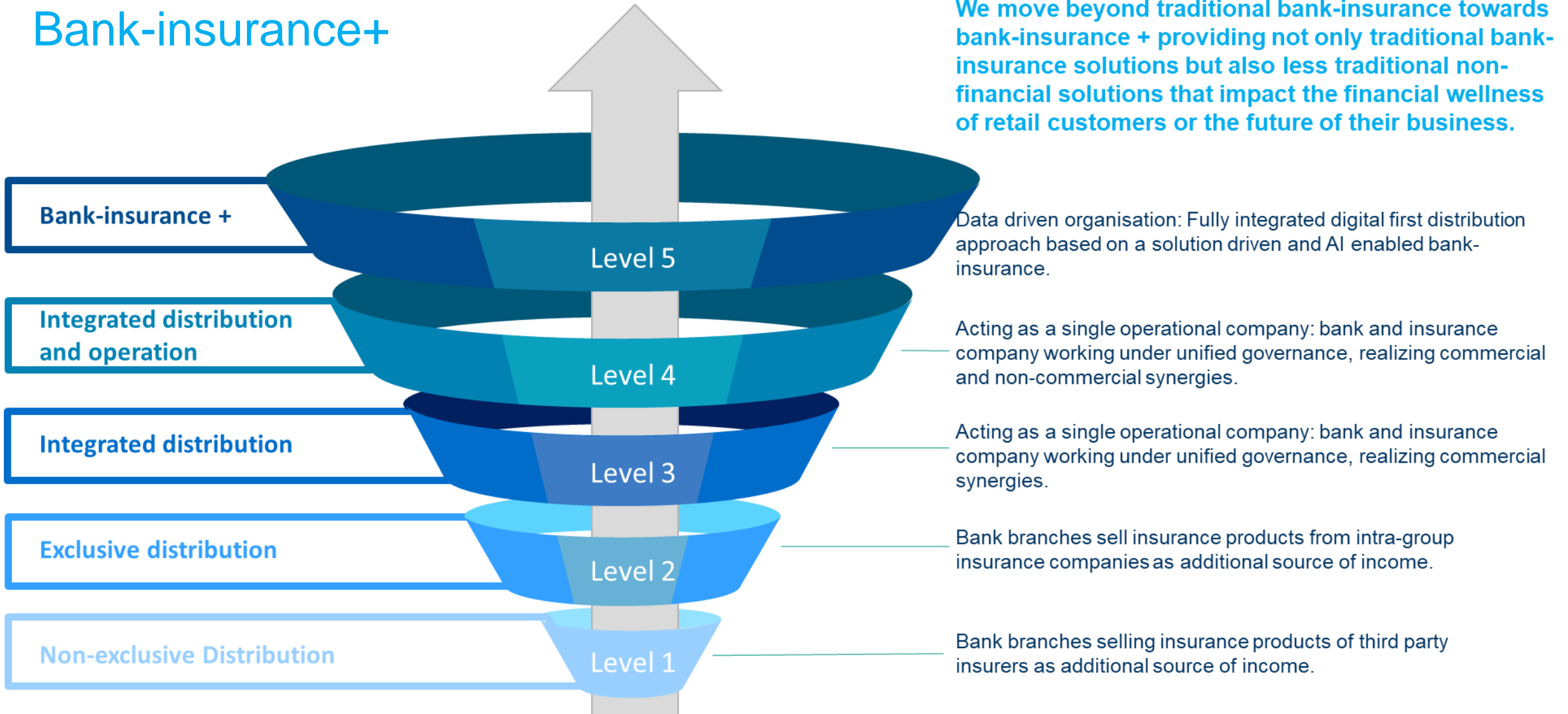
'Why would you build exactly the same thing in your country, when you have the solution next door?'

Johan Thijs

Differently: the next level

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.



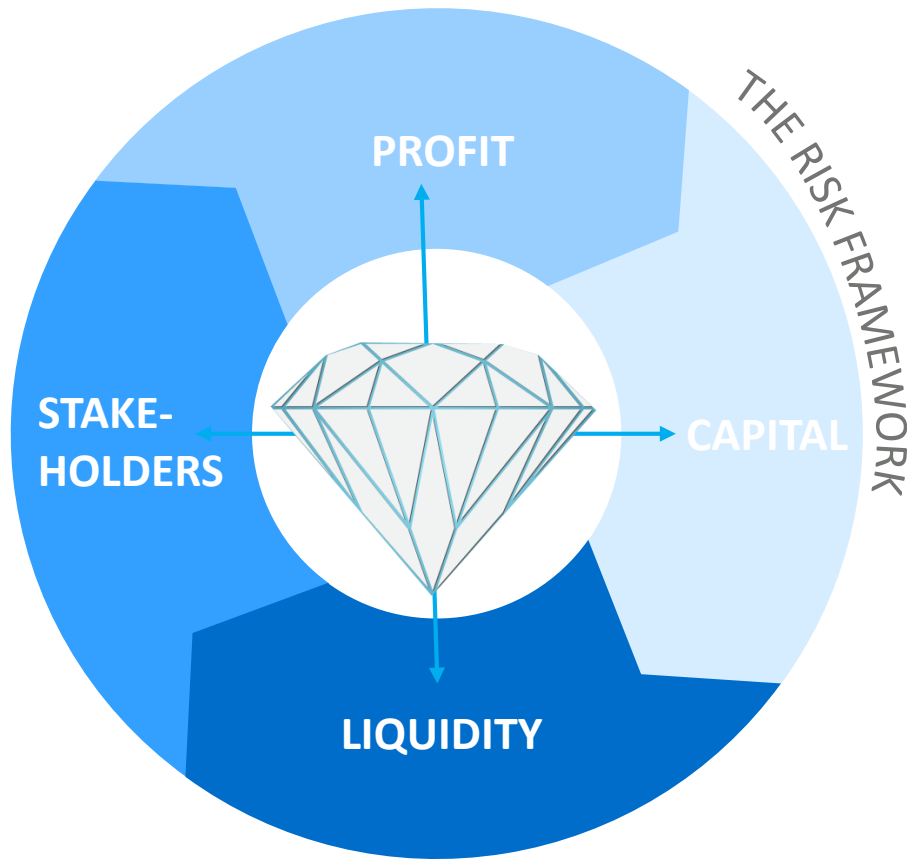
Differently: the next level

Among the best performing financial institutions in Europe ...



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Monitored through the KBC performance diamond

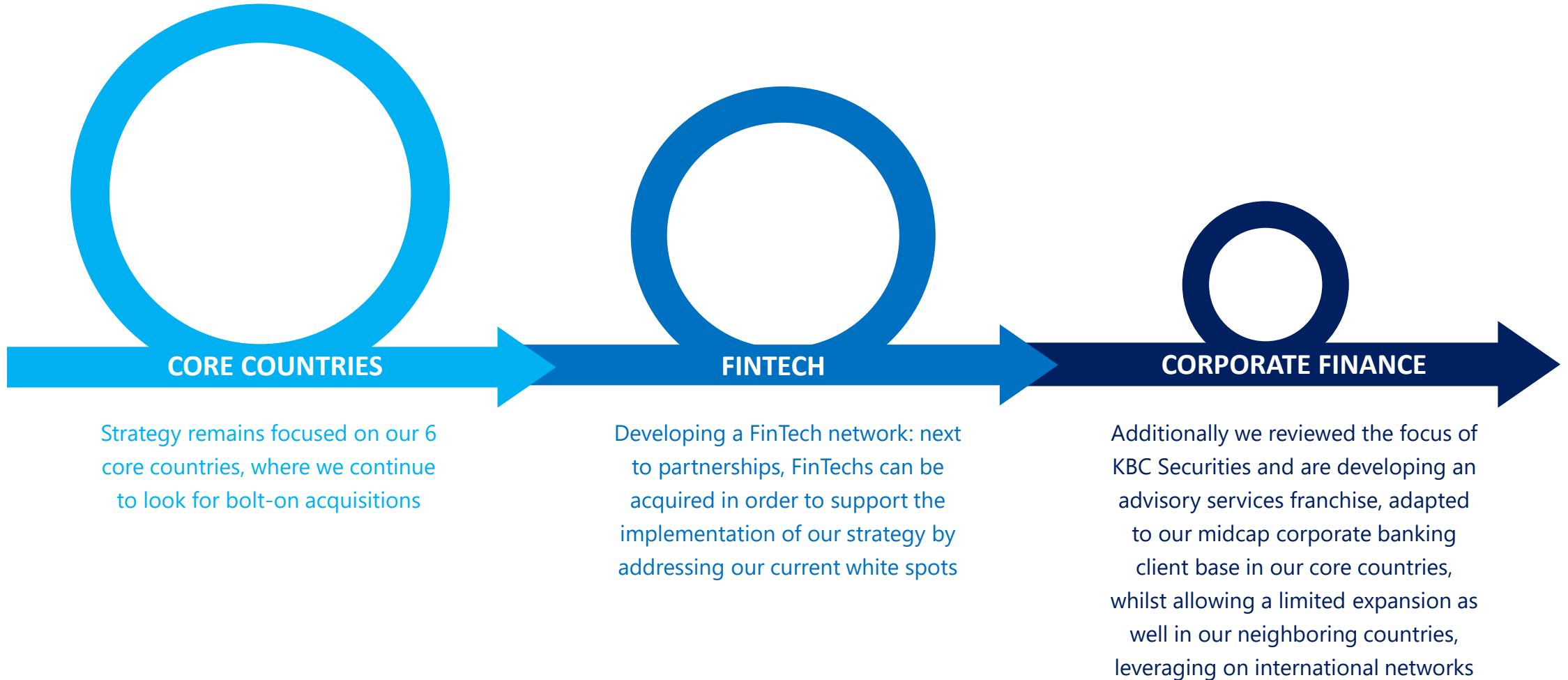


The performance diamond defines, within the limits of the risk management framework, the targets for KBC Group and for all the business units for 4 performance dimensions:

-  **NET PROFIT**
-  **CAPITAL**
-  **LIQUIDITY**
-  **STAKEHOLDERS**
Clients, staff, society, shareholders

Differently: the next level

Geographical playing field



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Retail/SME vs SME/corporate: same approach – different speeds



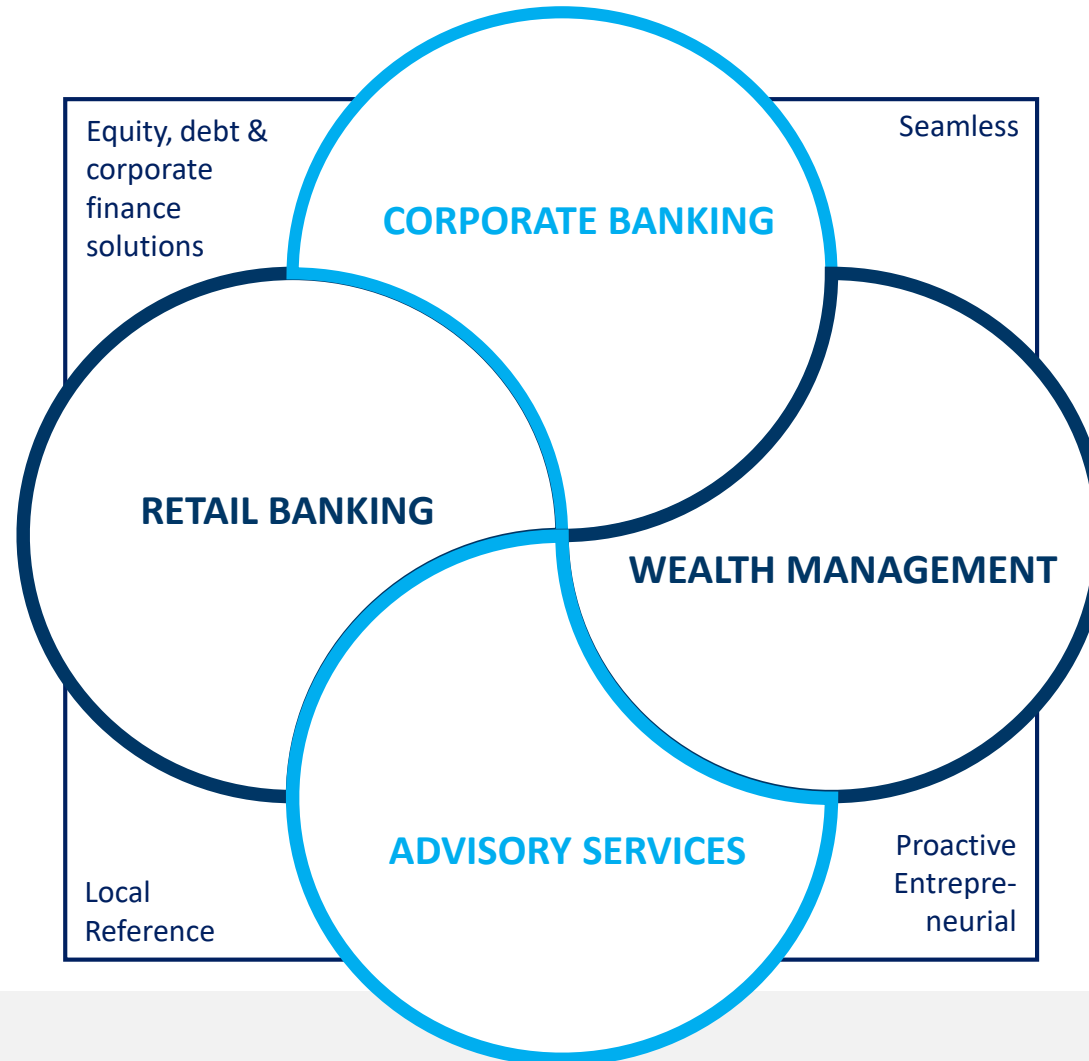
- ✓ Trusted partner for financial and related services (Bank-Insurance+)
- ✓ Intelligent digital assistant 'KATE' that pro-actively takes the hassle to fulfill financial needs away from the client
- ✓ We offer convenience by simplifying daily activities
- ✓ KBC relies on its own solutions for financial services. For non-financial related services we rely on 3rd parties



- ✓ Trusted partner for financial and 'strategically adjacent' services
- ✓ The human factor remains paramount, through accountmanagers, with data and technology acting as prime levers
- ✓ a strong regional advisory services franchise
- ✓ Strategic adjacent services ensure a complete integrated Bank-Insurance + customer journey and offer

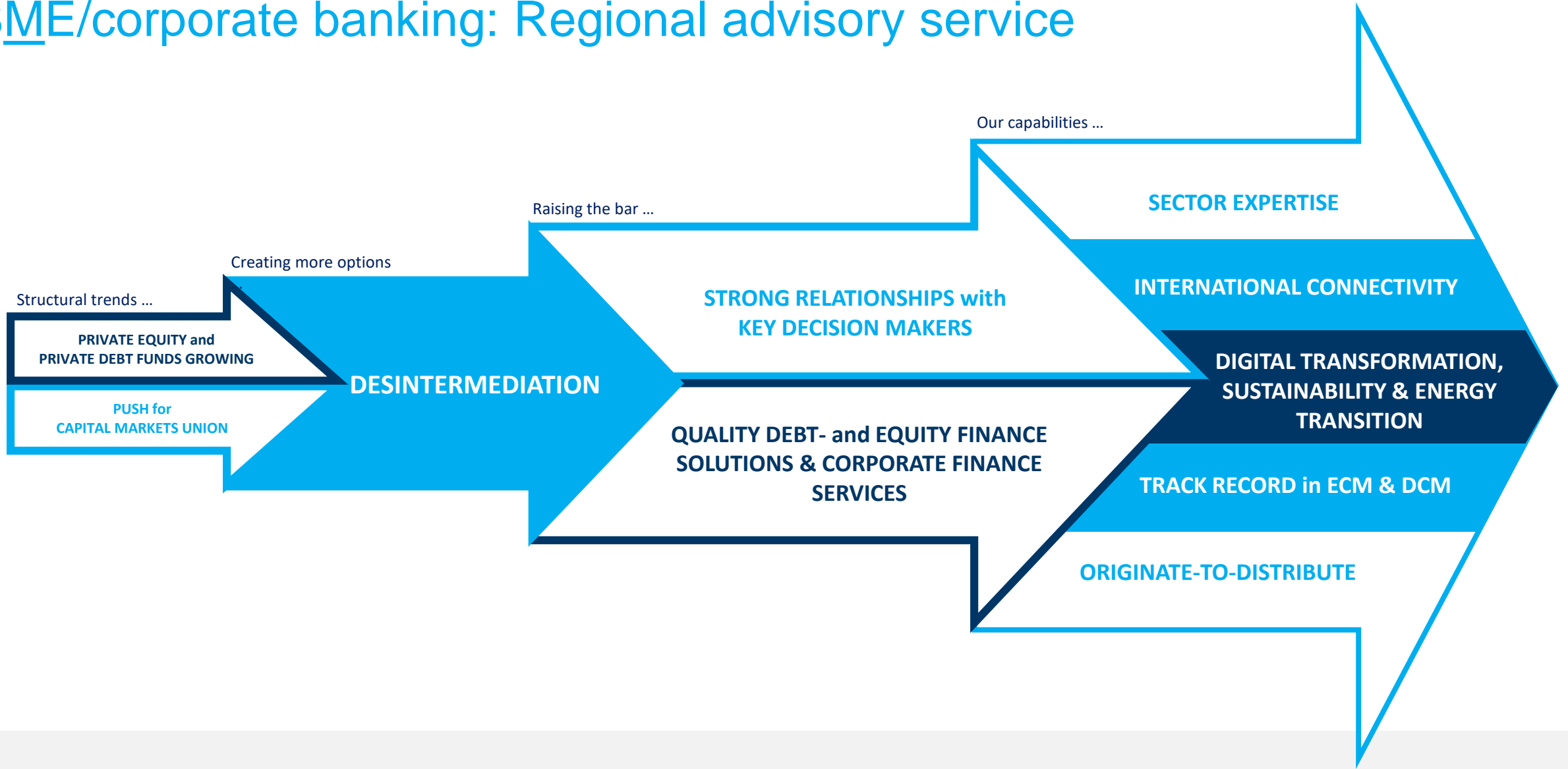
Differently: the next level

SME/corporate banking: full service franchise



Differently: the next level

SME/corporate banking: Regional advisory service



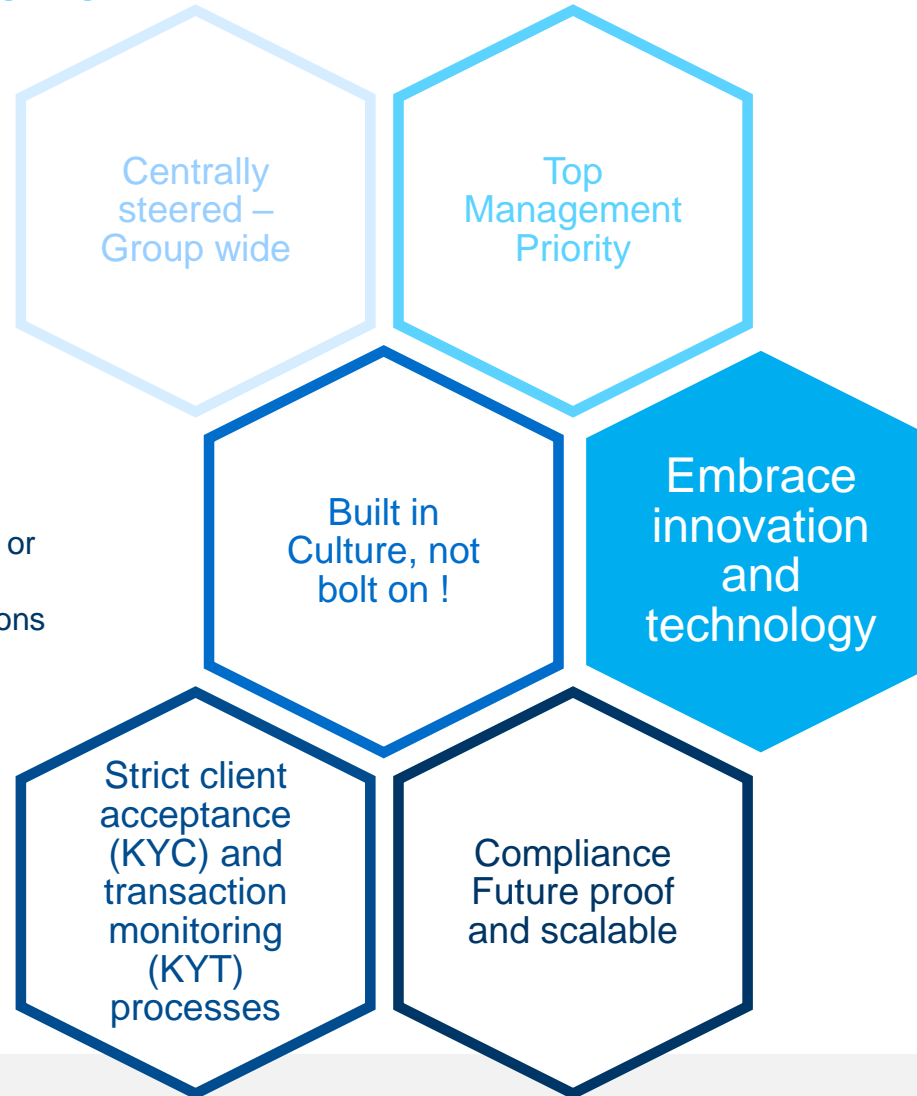
Differently: the next level

Taking AML to the next level

- Compliance groupwide function with clear governance structure
- Identical building blocks in different countries
- International cooperation supported by Expertise Board

- Constantly improving awareness and culture.
- Constantly updated rules and policies
- Career long training and e-learning, more general or dedicated to client facing staff
- Clear guidelines with regards to atypical transactions

- Part of the integration process in M&A
- Very limited N° of non-resident clients
- Regular updates of client information (supported by Big Data and AI)
- Behavioural analysis + use of scenario tools



- Responsible behavior top priority of CEO
- Periodic reporting to highest management levels

- **Advanced data driven detection.**
- **Advanced monitoring tools using AI engine (algorithmic self-learning model)**
- **Rule-based → trend-based**

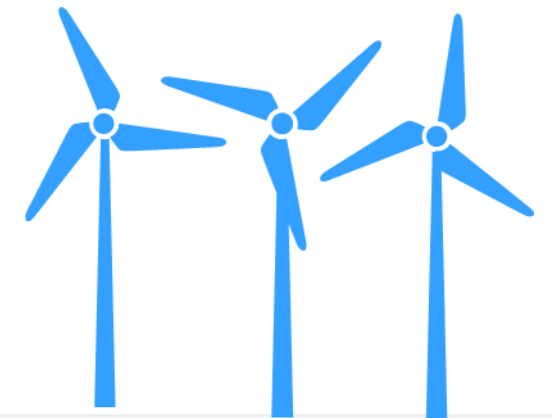
- Increased focus on monitoring and constant quality control
- First layer of defence is network

Differently: the next level

Role in society: Sustainability



-  Remain a reference: increase of ambition levels
-  Strongly embedded in our organization
-  4 focus domains
 -  Financial literacy
 -  Environmental Responsibility
 -  Stimulating entrepreneurship
 -  Longevity or Health
-  Clear shift into 'environment / climate'



TRANSLATION IN OUR NON-FINANCIAL GUIDANCE

Differently: the next level

Translating strategy into non-financial targets

**MORE STRINGENT
CLIMATE-RELATED
TARGETS**

The graphic features a dark blue vertical bar on the left with the text "MORE STRINGENT CLIMATE-RELATED TARGETS" and a white leaf icon. The main area is a grid of hexagons with various icons: gears, a lightbulb labeled "IDEA", a target with an arrow, a bar chart, a handshake, a group of three business people, and a money bag.

Differently: the next level

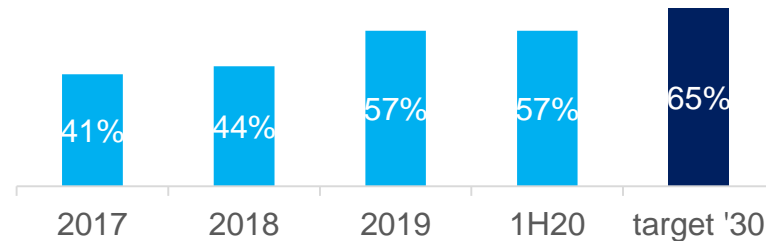
We substantially raise the bar for our climate-related ambitions (1)

SRI Funds
(in billions of EUR)



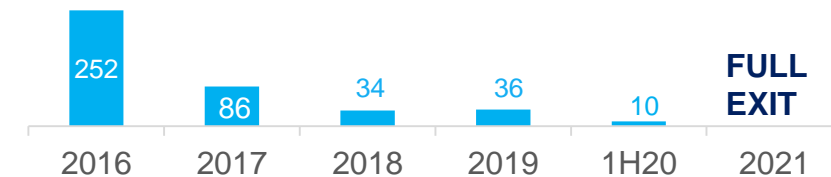
- More than doubling of SRI funds by '25
- SRI funds ≥ 50% of new fund production by '21

Renewable energy loans
(in % of total energy-sector loan portfolio)



- Target raised from 50% to 65% by '30

Direct coal-related finance
(in millions of EUR)

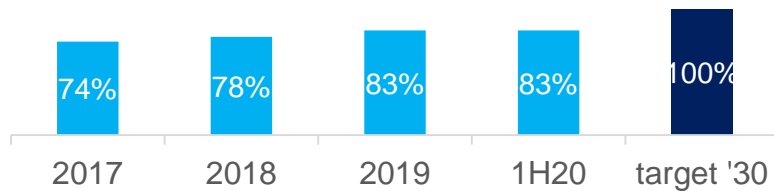


- Proven track record in building down direct coal exposure
- Firm commitment to exit coal, supporting existing clients in their transition

Differently: the next level

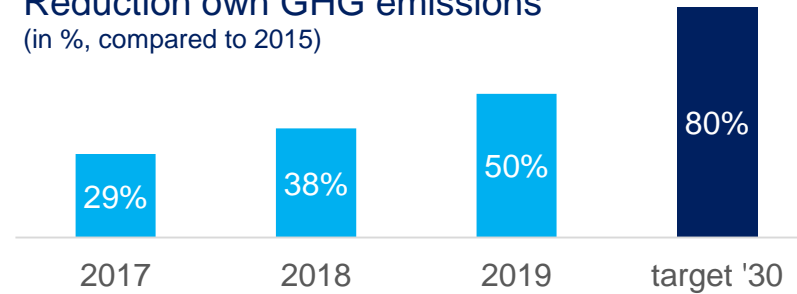
We substantially raise the bar for our climate-related ambitions (2)

Green electricity
(in % of own electricity consumption)

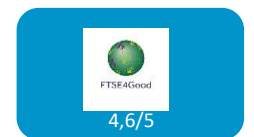
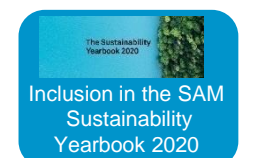


- Target raised from 90% to 100% by '30

Reduction own GHG emissions
(in %, compared to 2015)



- Target reduction of own emissions raised from 65% to 80% by '30
- KBC will achieve full climate neutrality as of the end of '21 by offsetting the balance



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Translating strategy into non-financial targets

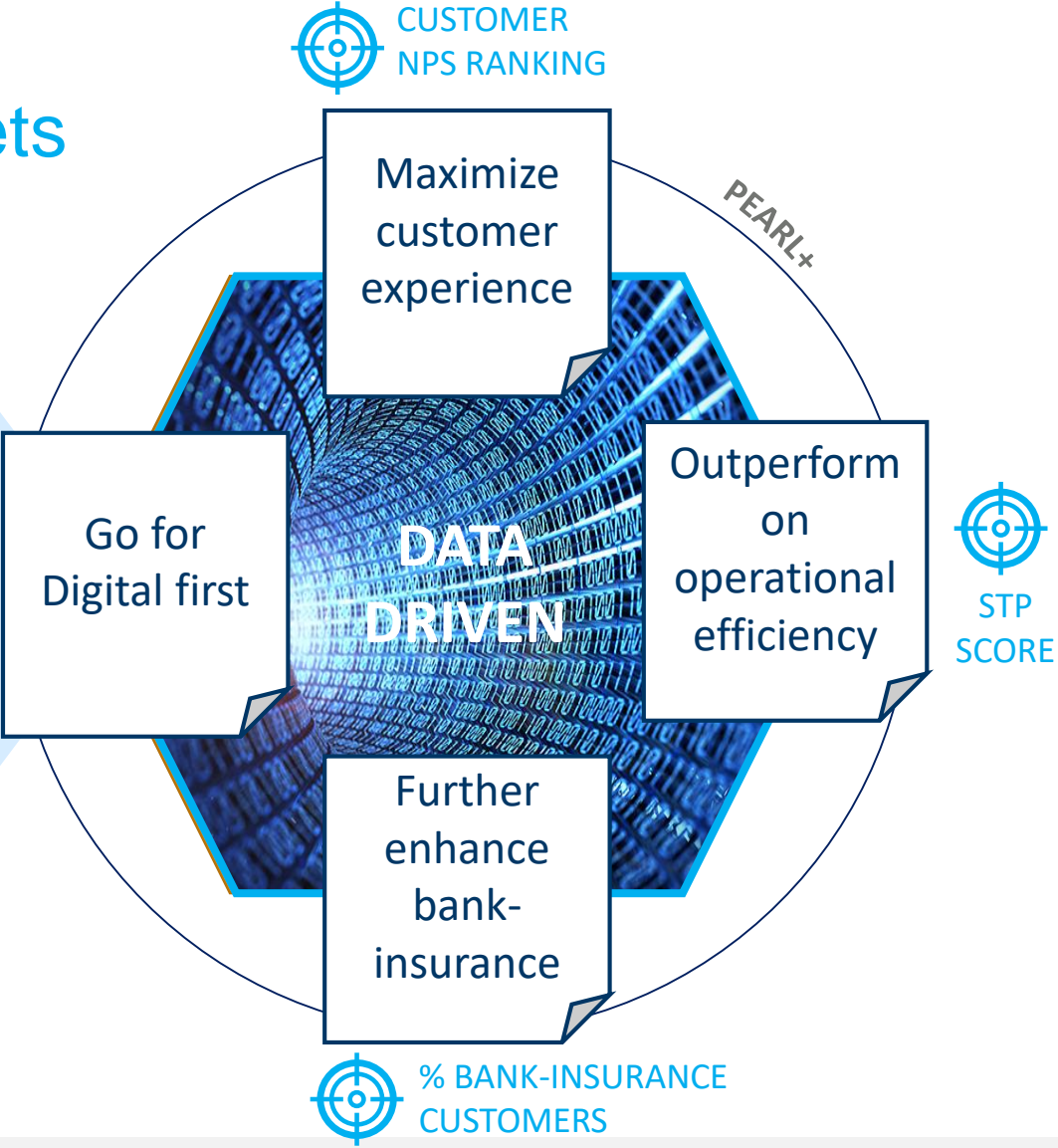


Differently: the next level

From key priorities to operational targets



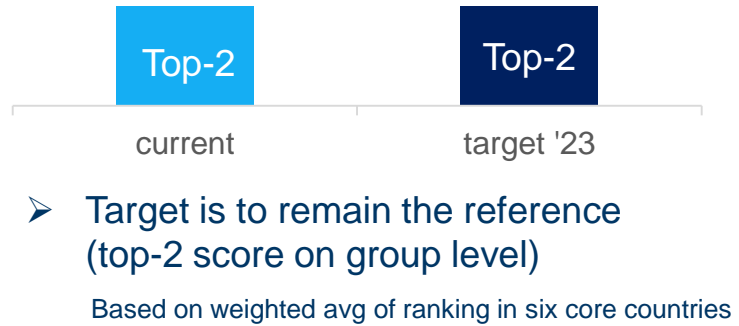
- No hassle, no frills, zero-delay customer experience
- Proactive personalized financial solutions via DATA and AI
- Re-design & automation of all processes
- Bank-insurance+
- Digital lead management: from data driven to solution driven
- Group-wide collaboration



Differently: the next level

Introducing 4 new operational targets (1)

Customer NPS ranking



% bank-insurance (BI) clients



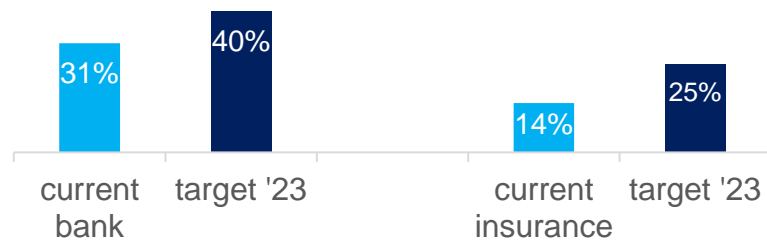
- ≥85% of active customers to be BI customers
- ≥27% of active customers to be stable BI customers

BI customers have at least 1 bank + 1 insurance product of our group.
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3).

Differently: the next level

Introducing 4 new operational targets (2)

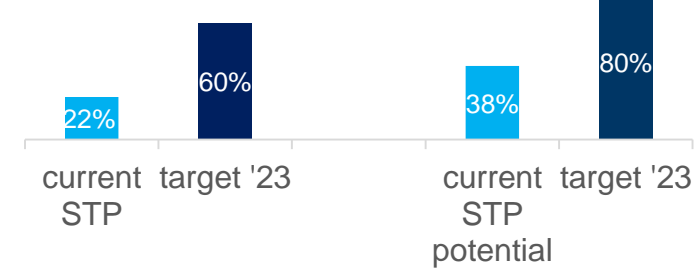
% digital sales
(bank / insurance)



- Digital sales $\geq 40\%$ of bank sales
- Digital sales $\geq 25\%$ of insurance sales

Based on weighed avg of selected core products

STP score*
(straight through processing)



- STP $\geq 60\%$ and STP potential $\geq 80\%$

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.

STP potential measures what the STP-ratio would be if KBC would only have the digital channel in its interaction with clients for a given process or product.

* Based on analysis of core commercial products.





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