Disclaimer
This document should be read together with the press release of 17 February 2023 "KBC confirms that ČSOB (Czech Republic) was delivered an arbitral award in the arbitration proceedings against ICEC- Holding" , in order for the reader to have a complete view on the 2022 financial results of KBC Group.

KBC Group
Press presentation
4Q 2022 / FY 2022

Johan Thijs, KBC Group CEO
Luc Popelier, KBC Group CFO

more information: www.kbc.com

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Key takeaways | KBC's engine firing on all cylinders

Excellent financial performance

net result
818m in 4Q22
2864m in FY22

ROE
14%
FY22

Outstanding solvency and liquidity

CET1 ratio
15.4%
3.6% buffer vs MDA

SII ratio
203%

NSFR
136%
LCR
152%

KATE convinces customers

KATE users
2.9m*
FY22

KATE autonomy
56% | 51%
BE | CZ

Franchise is growing

FY22 loan volumes
+7%
y-o-y

FY22 customer deposits
+8%
y-o-y

FY22 non-life sales
+8%
y-o-y

FY22 life sales
+6%
y-o-y

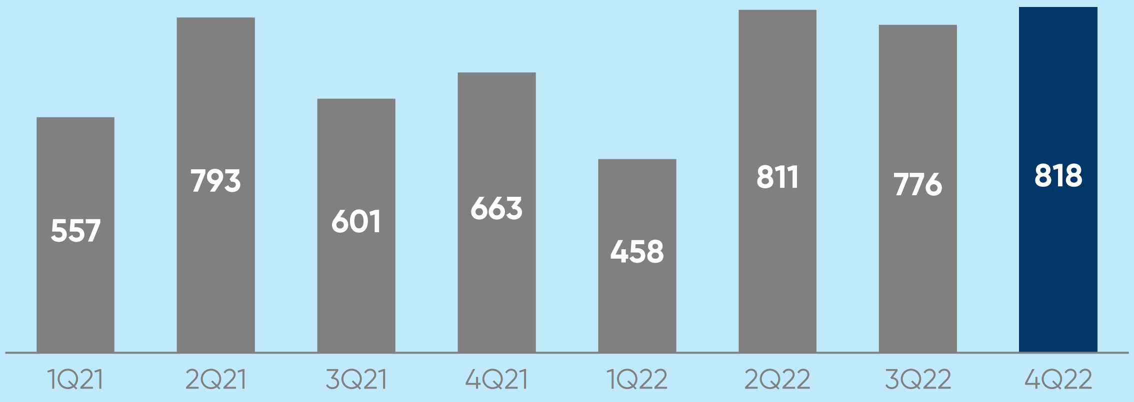
FY22 AM net inflows of direct client money
+2.9bn
y-o-y

* Of which 1.9m active users

Excellent 4Q22 net result of 818m EUR

NET RESULT

in m EUR



YTD ratios

- Return on Equity **14%**
- Cost-income ratio excluding bank taxes **48%**
- Combined ratio **89%**
- Credit cost ratio **0.08%**
- CET1 ratio **15.4%** (B3, DC, fully loaded)
- Leverage ratio **5.3%** (fully loaded)
- NSFR **136%** & LCR **152%**

Highlights

- **Commercial bank-insurance franchises** in core markets performed excellently
- **Customer loans** and **customer deposits** increased y-o-y in all our core countries (on a comparable basis)
- All KBC banking activities will **subject its existing climate targets to SBTi**
- Higher **net interest income** q-o-q
- Lower **net fee and commission income** q-o-q
- Q-o-q increase of **net result from financial instruments at fair value** and **net other income**
- Strong sales of **non-life insurance** y-o-y and strong sales of **life insurance** (both q-o-q and y-o-y)
- **Costs excl. bank taxes** increased q-o-q
- Higher net **impairment charges**
- Solid **solvency** and **liquidity**
- **Updated financial guidance**

Key takeaways | Capital deployment

Capital deployment

For FY22:

- A **total gross dividend of 4.0 EUR per share** will be proposed to the AGM for the accounting year 2022 (of which an interim dividend of 1.0 EUR per share already paid in November 2022 and the remaining 3.0 EUR per share to be paid in May 2023)
- Including the proposed total dividend and AT1 coupon, the pay-out ratio would then amount to approximately 60%
- **In line with our announced capital deployment plan for FY22**, we envisage to distribute the surplus capital above the fully loaded CET1 ratio of 15% (approximately 0.4bn EUR), in the form of share buy-back (subject to ECB approval) and/or an extraordinary interim dividend. The final decision by the Board of Directors will be taken in 1H23
- Including the proposed total dividend, AT1 coupon and the surplus capital above the fully loaded CET1 ratio of 15%, the pay-out ratio would then amount to approximately 75%

In 1Q23: capital relief from the closing of the sale of substantially all of KBC Bank Ireland's performing loan asset and liabilities

- The closing of the sale of substantially all of KBC Bank Ireland's performing loan assets and liabilities to Bank of Ireland Group will lead to **a capital relief of approximately 1bn EUR**
- **We envisage to distribute this 1bn EUR,** in the form of share buy-back (subject to ECB approval) and/or an extraordinary interim dividend. The final decision by the Board of Directors will be taken in 1H23

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 FY22
KBC is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **15.4%** at end FY22
KBC is amongst the best capitalised EU banks

Sustainability

Sustainalytics ranks KBC
10th out of 405 diversified global banks

SUSTAINALYTICS

Digitalisation

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

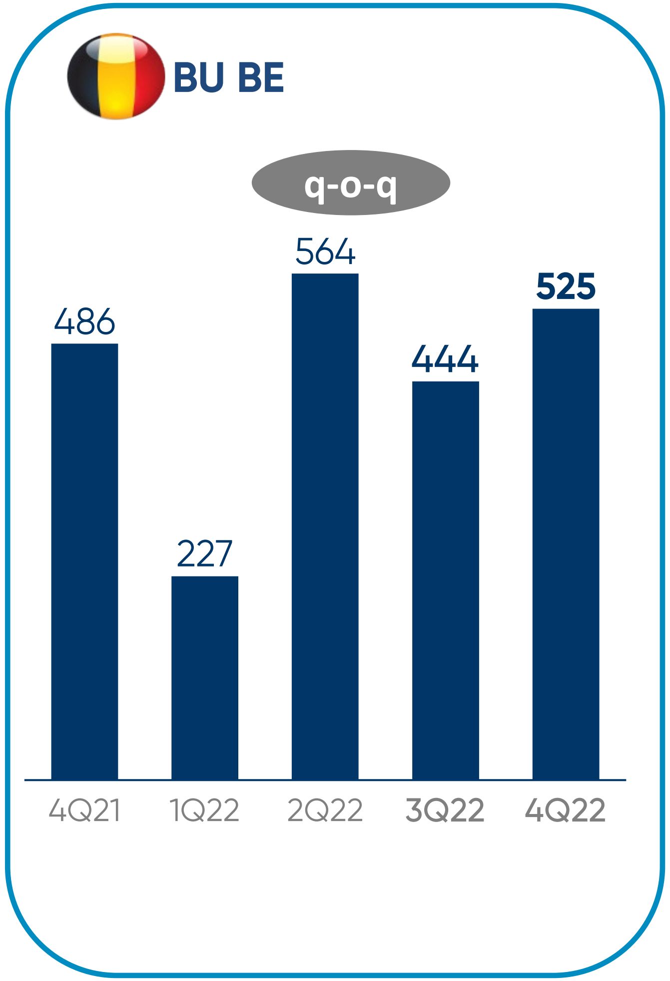
"KBC Mobile is a **perfect** and **efficient** banking app for everyday needs and one of the **most innovative** with some **interesting extras**. The app surprises customers with the wide range of functionalities and the **virtual assistance by Kate**."

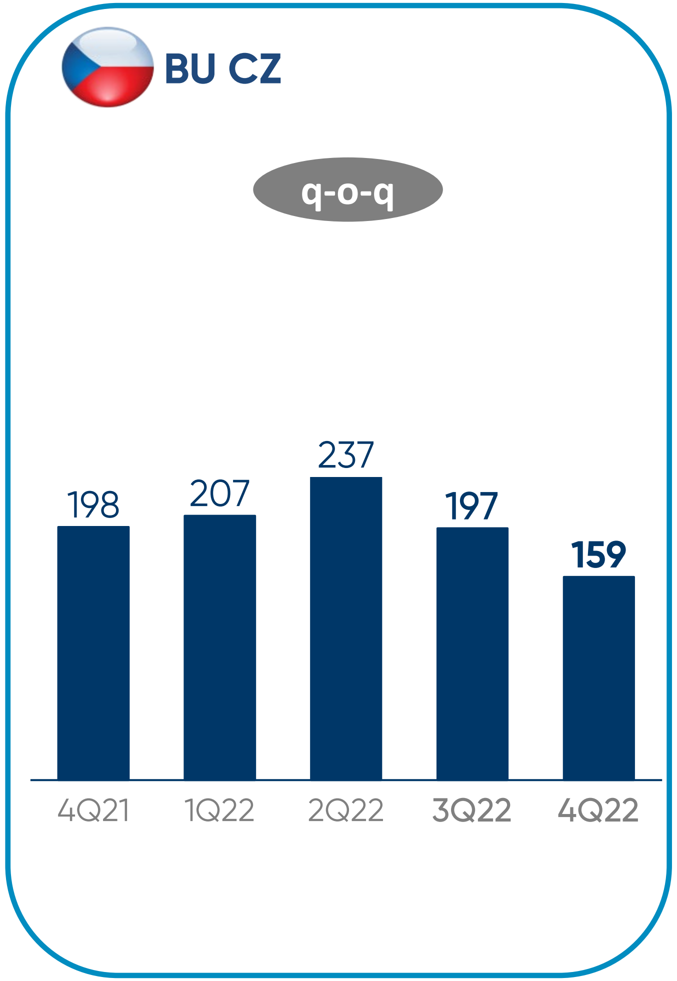
SIAPARTNERS

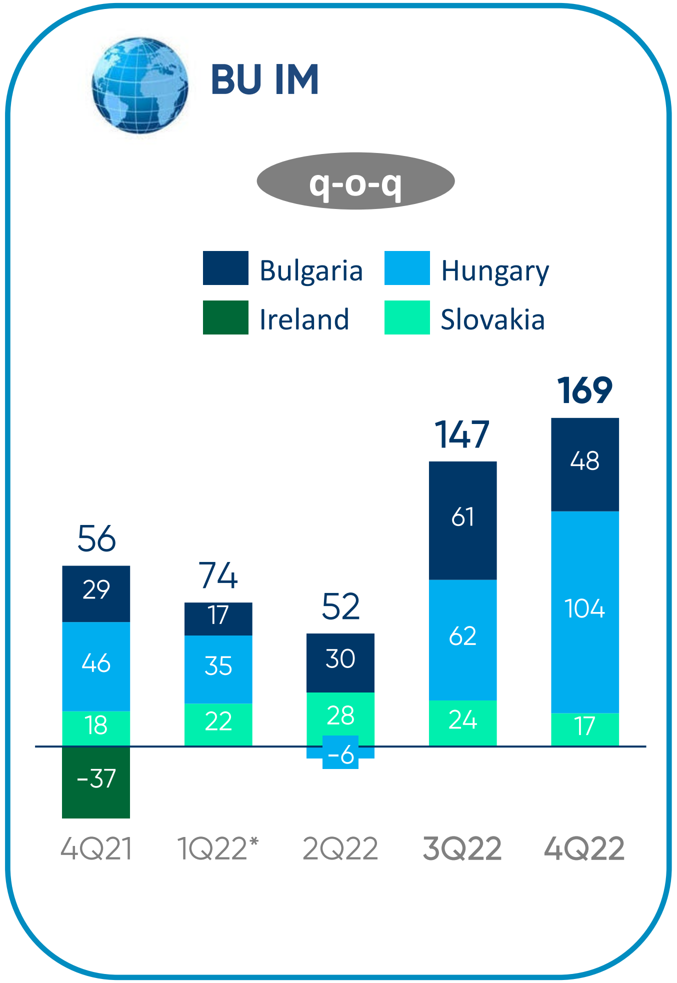
Excellent contribution from all business units

NET RESULT PER BUSINESS UNIT

in m EUR





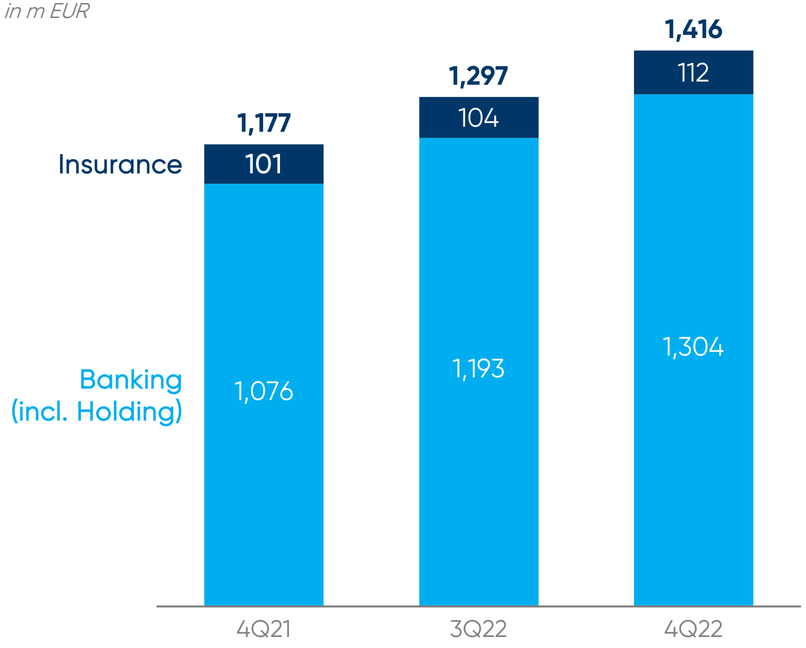


*As of 1Q 2022, KBC Ireland has been shifted from Business Unit International Markets to Group Centre. No restatements have been made

Higher net interest income

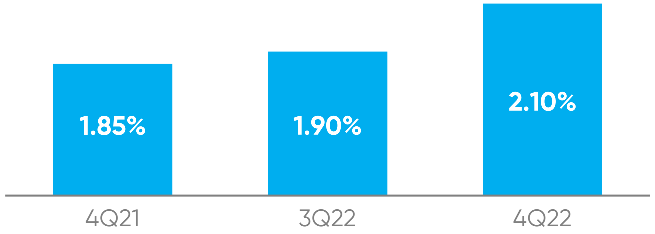
NET INTEREST INCOME

in m EUR



NET INTEREST MARGIN

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



- **Net interest income (1 416m EUR)**
  - NII increased by 9% q-o-q and by 20% y-o-y, the latter due partly to the consolidation of Raiffeisenbank Bulgaria as of 3Q22 (+37m EUR NII in 4Q22)
  - On a comparable basis, NII increased by 9% q-o-q and by 17% y-o-y, driven primarily by:
    - Increasing reinvestment yield in all core countries (except q-o-q in the Czech Republic)
    - Organic loan (y-o-y) and deposit (both q-o-q and y-o-y) volume growth
    - Increased income related to funding (increased term deposits at better margins)
    - Higher NII on insurance bond portfolio (due mainly to inflation-linked bonds)

    partly offset by:
    - The negative effect of lower loan margins in most markets
    - Lower netted positive impact of ALM FX swaps

- **Net interest margin (2.10%)**
  - Rose by 20 bps q-o-q and by 25 bps y-o-y for the reasons mentioned above and despite an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

- **Organic volume trend**

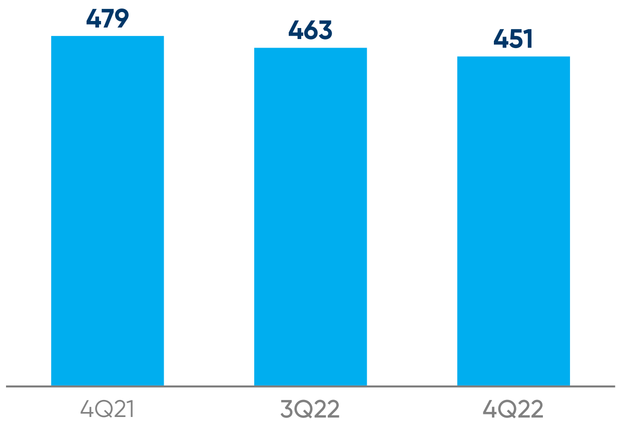
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	186bn	82bn	226bn
Growth q-o-q*	0%	+1%	+2%
Growth y-o-y	+7%	+4%	+8%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds), including Ireland (under IFRS 5) and Raiffeisenbank Bulgaria. Growth figures are excluding FX, consolidation adjustments and reclassifications.
*** Customer deposits, excluding debt certificates and repos, including Ireland (under IFRS 5) and Raiffeisenbank BG. **Excluding the volatility in the foreign branches of KBC Bank (included in BE BU), customer deposits rose by 1% q-o-q and 5% y-o-y**

Lower fee and commission income

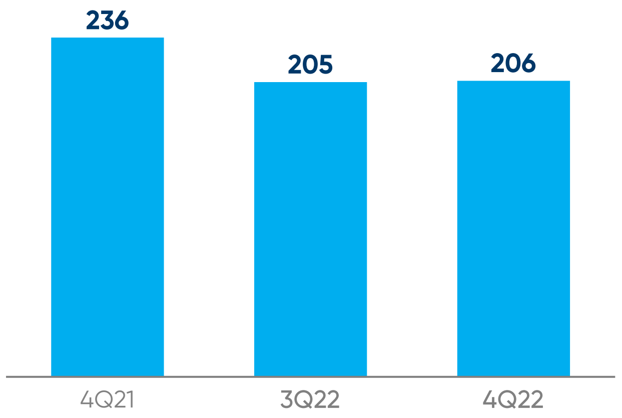
NET FEE & COMMISSION INCOME

in m EUR



ASSETS UNDER MANAGEMENT

in bn EUR

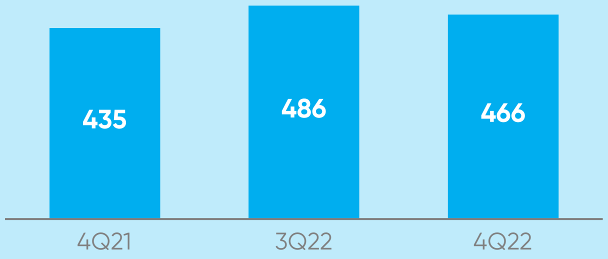


- **Net fee and commission income (451m EUR)**
  - Down by 3% q-o-q and by 6% y-o-y (on a comparable basis, down by 3% q-o-q and by 9% y-o-y)
  - Q-o-q decrease was mainly the result of the following:
    - Net F&C income from Asset Management Services decreased by 1% q-o-q (due entirely to lower management fees, partly offset by higher entry fees)
    - Net F&C income from banking services increased by 1% q-o-q. Higher payment-related fees and securities-related fees were partly offset by lower fees from credit files & bank guarantees and higher fee expenses in Retail (in the Czech Republic)
    - Paid distribution costs went up by 12% q-o-q (chiefly higher commissions paid linked to banking products and increased insurance sales, mainly seasonal)
  - Y-o-y decrease was mainly the result of the following:
    - Net F&C income from Asset Management Services fell by 10% y-o-y (lower management and entry fees)
    - Net F&C income from banking services increased by 6% y-o-y, entirely due to the consolidation of Raiffeisenbank Bulgaria as of 3Q22 (+17m EUR net F&C income in 4Q22)
    - Paid distribution costs rose by 12% y-o-y (mainly higher commissions paid linked to strong sales of non-life insurance products)
- **Assets under management (206bn EUR)**
  - Increased by 1% q-o-q due almost entirely to the market performance
  - Decreased by 13% y-o-y due to the negative market performance (-15%), partly offset by net inflows (+2%)
  - The mutual fund business has seen net inflows in higher-margin direct client money this quarter (0.3bn in 4Q22 and 2.9bn EUR in FY22), more than offset by net outflows in lower-margin fund-of-funds and group assets

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

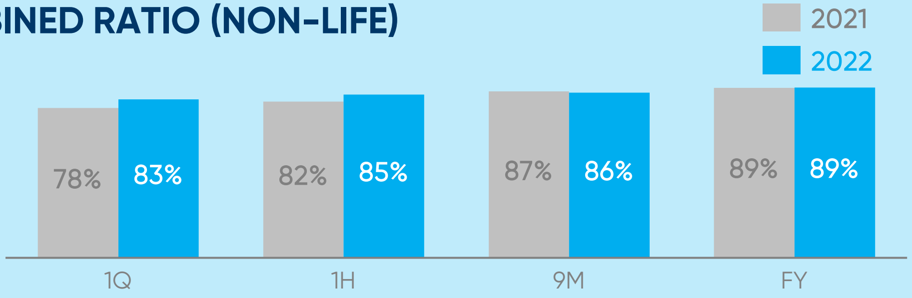
NON-LIFE SALES (GROSS WRITTEN PREMIUMS)

in m EUR



COMBINED RATIO (NON-LIFE)

in %

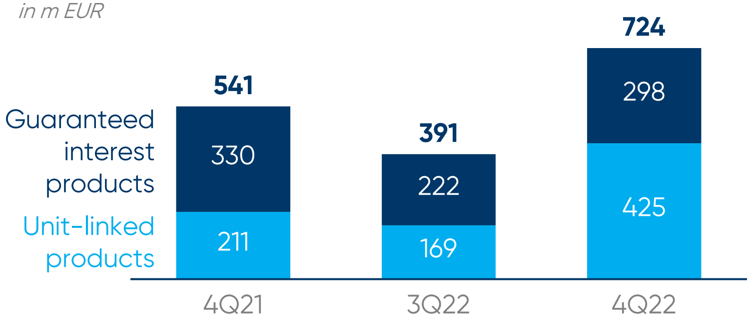


- **Sales of non-life insurance products**
  - Up by 7% y-o-y
    (growth in all countries and almost all classes, but chiefly in the classes 'Motor Comprehensive Cover' and 'Property', as a combination of volume and tariff increases)

- **Non-life combined ratio for FY22 amounted to an excellent 89%** (89% in FY21). This is the result of:
  - 8% y-o-y higher earned premiums
  - 4% y-o-y higher technical charges (higher normal claims and more negative impact of parameter updates were partly offset by lower major claims and lower storm claims)
  - Lower ceded reinsurance result (down by 26m EUR y-o-y)

LIFE SALES

in m EUR

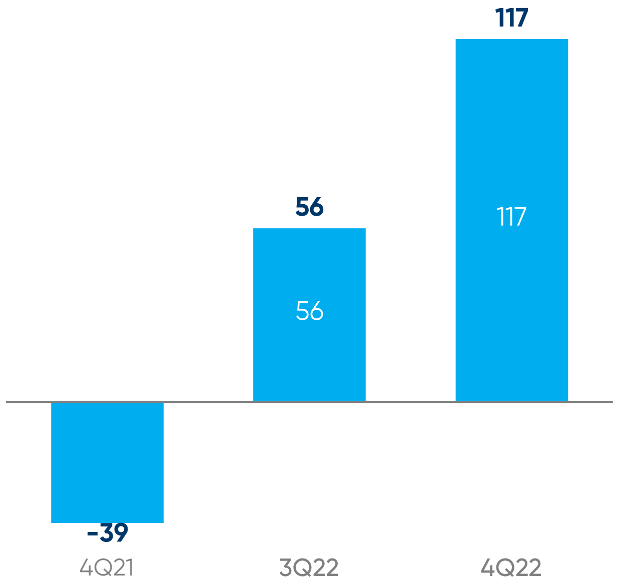


- **Sales of life insurance products**
  - Increased by 85% q-o-q due mainly to excellent sales of unit-linked products (up by 151% q-o-q due mainly to the successful launch of new structured funds in Belgium) and higher sales of guaranteed interest products (due chiefly to traditionally higher volumes in tax-incentivised pension savings products in Belgium)
  - Increased by 34% y-o-y due mainly to higher sales of unit-linked products, partly offset by lower sales of guaranteed interest
  - Sales of unit-linked products accounted for 59% of total life insurance sales in 4Q22

Sharply higher FIFV result and net other income

FIFV

in m EUR

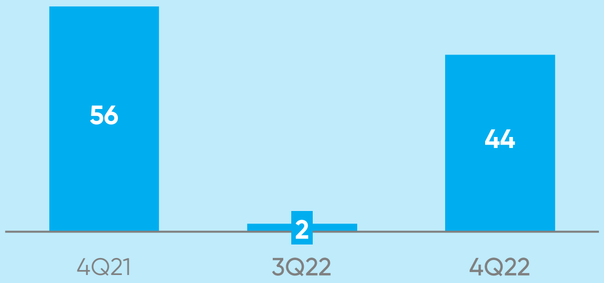


- **The 60m EUR q-o-q increase in FIFV was attributable mainly to:**
  - Significantly higher dealing room
  - Higher net result on equity instruments (insurance) & other income

  partly offset by:
  - Negative change in ALM derivatives
  - Less positive credit value adjustments and negative funding value adjustments which have been only partly offset by positive market value adjustments. The benefits of increased yield curves, an overall increase in equity markets and decreased counterparty credit spreads have been fully compensated by decreased KBC credit and funding spreads

NET OTHER INCOME

in m EUR

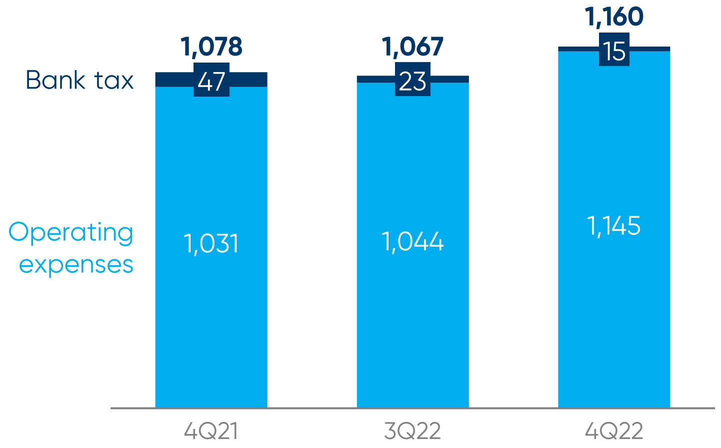


- **Net other income amounted to 44m EUR**
  - Somewhat lower than the normal run rate of around 50m EUR per quarter due to a -7m EUR provision for legacy legal files in Slovakia (while 3Q22 was impacted mainly by realised losses on the sale of bonds)

Costs in line with guidance

OPERATING EXPENSES

in m EUR



COST/INCOME RATIO

Group, adjusted for specific items: MtM ALM derivatives and one-off items are fully excluded

FY21	**FY22**
55%	**54%**

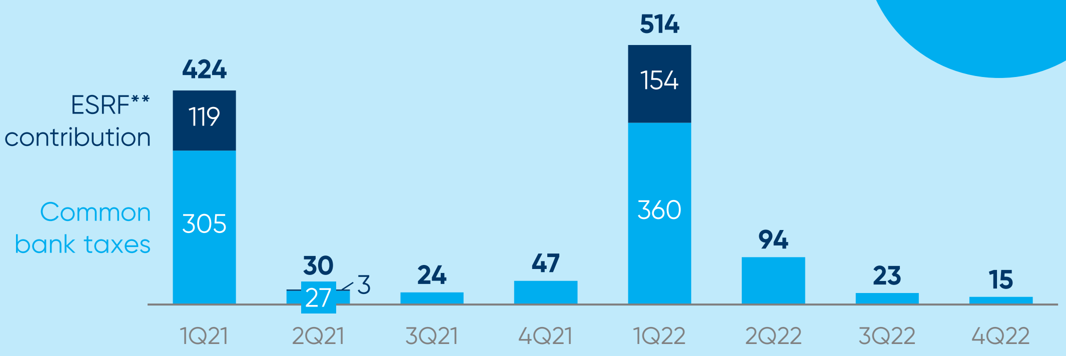
- **FY22 opex excluding bank taxes amounted to 4.17bn EUR, in line with our guidance of 4.15bn EUR**
- **Operating expenses in FY22 excluding bank taxes, changes in the consolidation scope, one-offs and FX effect rose by 7% y-o-y** due mainly to higher staff expenses (wage inflation), higher ICT costs, higher marketing and professional fee expenses
- **FY22 cost/income ratio**
  - 54% when excluding certain non-operating items* (55% in FY21)
  - 48% excluding all bank taxes (51% in FY21)
- **Operating expenses excluding bank taxes** went up by 10% q-o-q and by 11% y-o-y. When excluding the 24m EUR consolidation impact of Raiffeisenbank Bulgaria in 4Q22, opex excluding bank taxes increased by 9% y-o-y
  - The q-o-q increase is due mainly to the impact of inflation/wage indexation, higher ICT costs, seasonally higher marketing and professional fee expenses as well as higher depreciations, partly offset by less negative one-off costs related to the sales transaction in Ireland (-5m EUR in 4Q22 versus -15m EUR in 3Q22)
  - The like-for-like y-o-y increase is due to, among other things, the impact of inflation/wage indexation, higher ICT costs, higher marketing and professional fee expenses, partly offset by less negative one-off costs related to the sales transactions in Ireland (-5m EUR in 4Q22 versus -16m EUR in 4Q21)
- Total bank taxes (including ESRF contribution) increased by 23% y-o-y to 646m EUR in FY22

Overview of bank taxes*

KBC GROUP

in m EUR

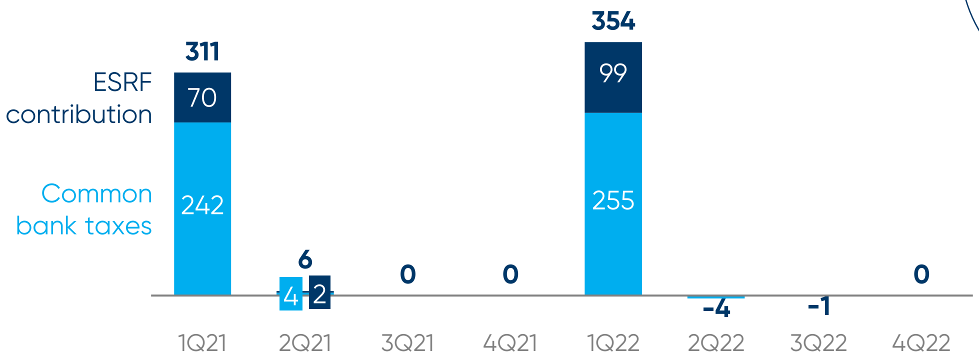
KBC Group
646m EUR
13.4% of FY22 opex



BELGIUM BU

in m EUR

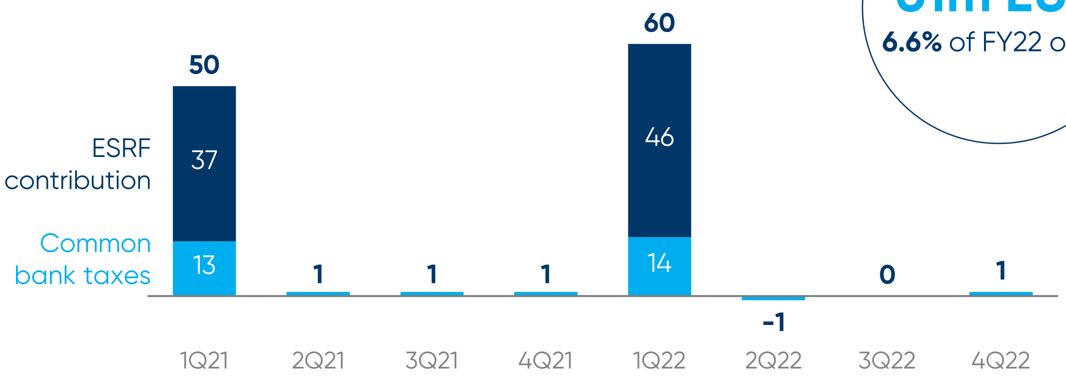
Belgium BU
349m EUR
13.2% of FY22 opex



CZECH REPUBLIC BU

in m EUR

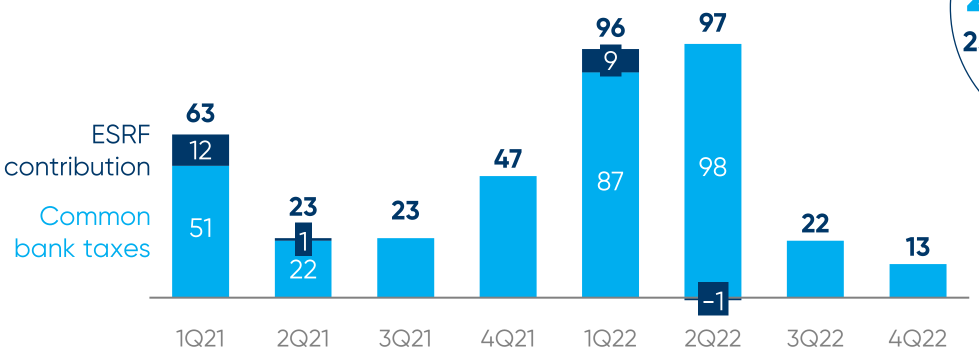
Czech Rep. BU
61m EUR
6.6% of FY22 opex



INTERNATIONAL MARKETS*** BU

in m EUR

Int. Markets BU
228m EUR
25.2% of FY22 opex



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

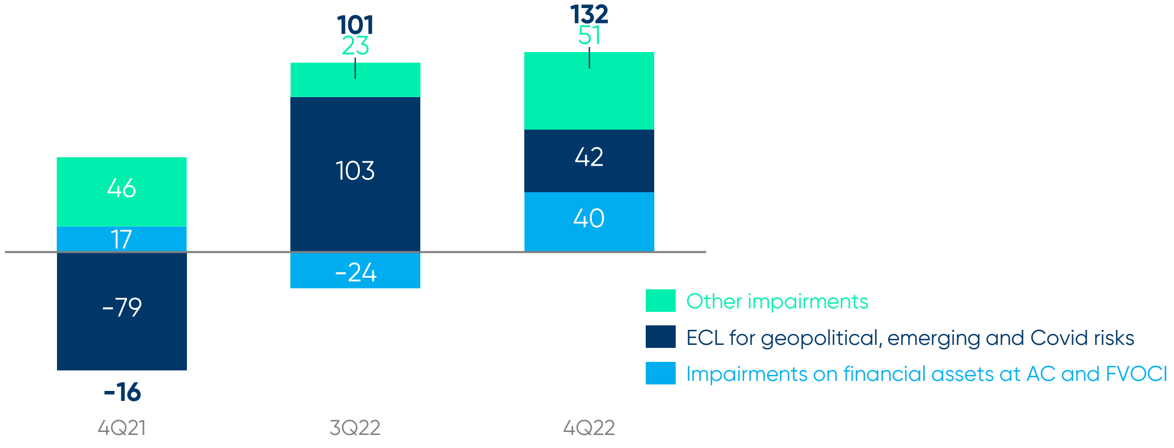
** European Single Resolution Fund

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

Net loan loss impairment charges & excellent credit cost ratio

ASSET IMPAIRMENT

in m EUR; negative sign is a release



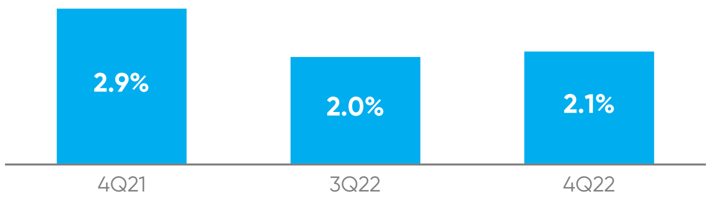
- **Net loan loss impairment charges on lending book combined with an increased geopolitical & emerging risk buffer**
  - **Net loan loss impairment charges of 82m EUR** in 4Q22 (compared with 79m EUR in 3Q22) due to:
    - 40m EUR net loan impairment charges on lending book
    - An increase of 42m EUR due to the uncertainties surrounding geopolitical and emerging risks
    - Total outstanding ECL for geopolitical and emerging risks now stands at 429m EUR (see details on next slide)
  - **51m EUR impairment on 'other'**, due mainly to:
    - 25m EUR modification losses related to the interest cap regulation in Hungary (19m EUR for SMEs and an additional 6m EUR for retail mortgages)
    - A 21m EUR impairment on (in)tangibles
    - A 5m EUR goodwill impairment in the Czech Republic

CREDIT COST RATIO *in %; negative sign is a release*	FY21	FY22
With ECL for geopolitical, emerging and Covid risks	-0.18%	**0.08%**
Without ECL for geopolitical, emerging and Covid risks	0.09%	**0.00%**

- **The credit cost ratio in FY22 amounted to:**
  - 0 bps (9 bps in FY21) without ECL for geopolitical, emerging and Covid risks
  - 8 bps (-18 bps in FY21) with ECL for geopolitical, emerging and Covid risks

IMPAIRED LOANS RATIO

in %

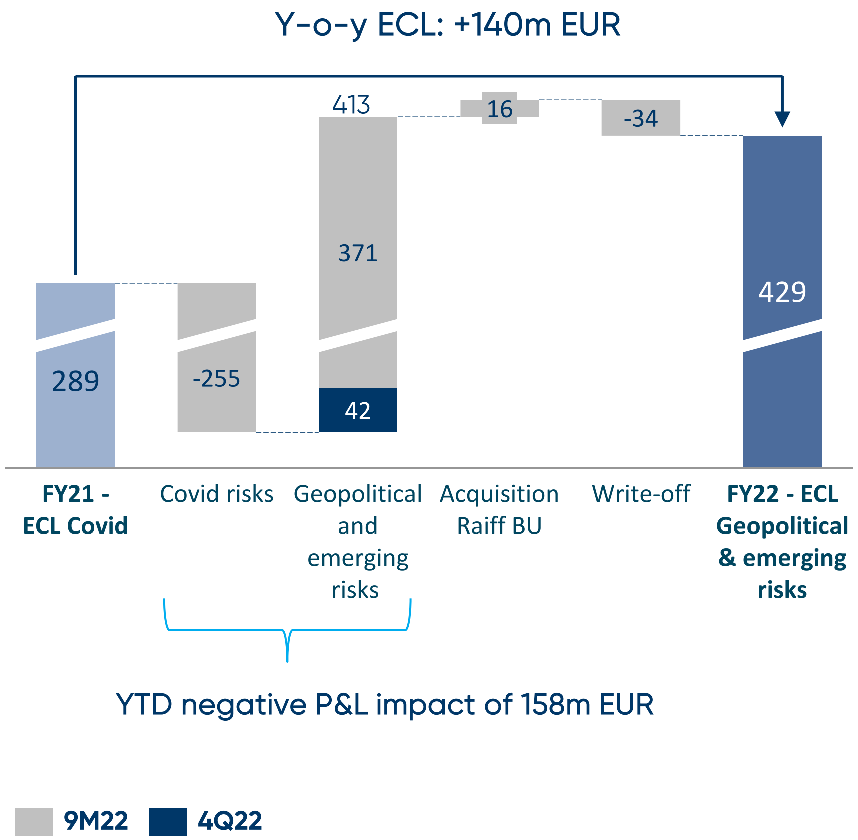


- **The impaired loans ratio amounted to 2.1%**
  (1.1% of which over 90 days past due)

Outstanding ECL for geopolitical and emerging risks amounts to 429m EUR

Y-O-Y CHANGE IN THE OUTSTANDING ECL FOR COVID, GEOPOLITICAL & EMERGING RISKS

in m EUR; negative sign is a release



OUTSTANDING ECL BY RISK DRIVERS AT YE22 (and q-o-q change)

in m EUR; negative sign is a release

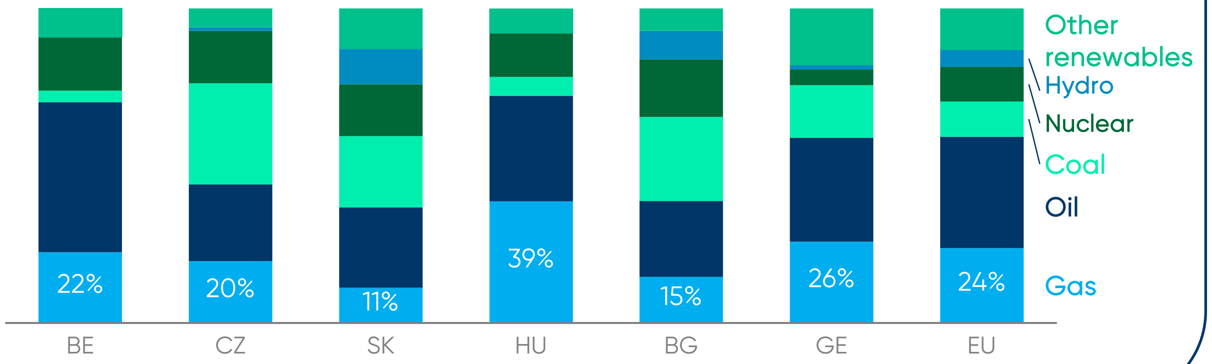
A	No direct subsidiaries	KBC has **no direct subsidiaries** in Russia, Belarus or Ukraine
B	Very limited **direct** credit exposure	**Direct transfer risk exposure** amounts to **29m EUR ECL,** mainly concentrated in commercial exposure on Russian banks (due to recoveries, down from 34m EUR[2] after 9M22 or -5m EUR q-o-q). No exposure on Russian sovereign debt
C	**Indirect** credit impact: counterparties	Counterparties-at-risk: (total client credit exposure at group level) • Corp & SME with >20% sales, cost or profit in R, B or U • Corp & SME directly impacted by possible disruption of Russian oil and gas supplies ➔ Outstanding exposure[1]: 2.8bn EUR ➔ **ECL: 39m EUR** (down from 49m EUR after 9M22 or **-10m EUR q-o-q,** due mainly to the list of Belgian clients being updated)
D	Emerging risks (secondary credit impact): portfolios/ (sub)sectors	Vulnerable clients in retail and non-retail portfolios/(sub)sectors impacted by newly emerging risks (energy prices/supply bottlenecks/higher cost of living and rising interest rates) ➔ Outstanding exposure[1]: 11.3bn EUR ➔ **ECL: 304m EUR (up from 255m EUR[2] after 9M22 or +49m EUR q-o-q,** driven mainly by the sectors that are vulnerable to the energy crisis being refined)
E	Macroeconomic scenarios	Downward revision of macroeconomic forecasts, partly compensated by slightly improved probabilities to 60%/5%/35% (for base-case/optimistic/pessimistic scenario) ➔ **ECL: 57m EUR (up from 49m EUR after 9M22 or +8m EUR q-o-q)**
	Outstanding ECL	**A + B + C + D + E = ECL: 429m EUR (+42m EUR q-o-q)**

1. Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements
2. Including Raiffeisenbank Bulgaria , +6m (B) and +10m (D)

Macroeconomic impact of the Russia/Ukraine conflict

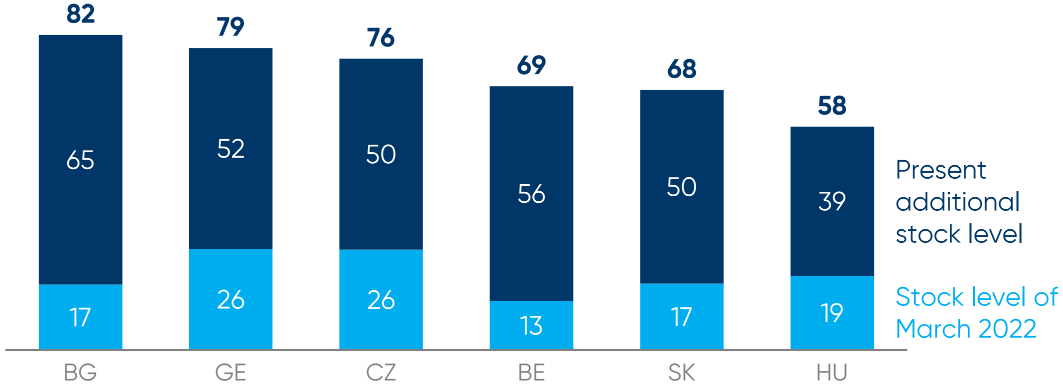
PRIMARY ENERGY CONSUMPTION | DECOMPOSITION

in fraction of Joules consumed; Source: BP



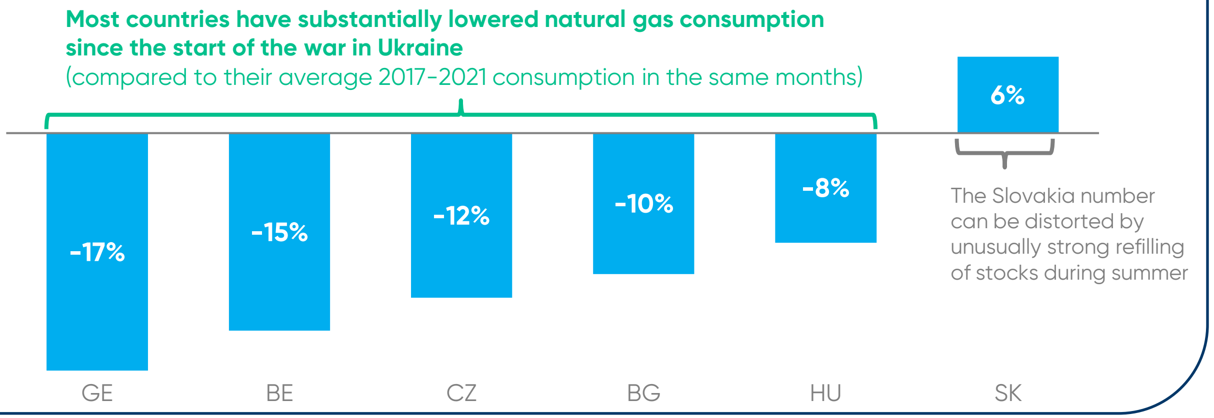
NATURAL GAS STOCK LEVEL | AS ON 31/JAN/23

in % of capacity; Source: KBC Economics based on GIE



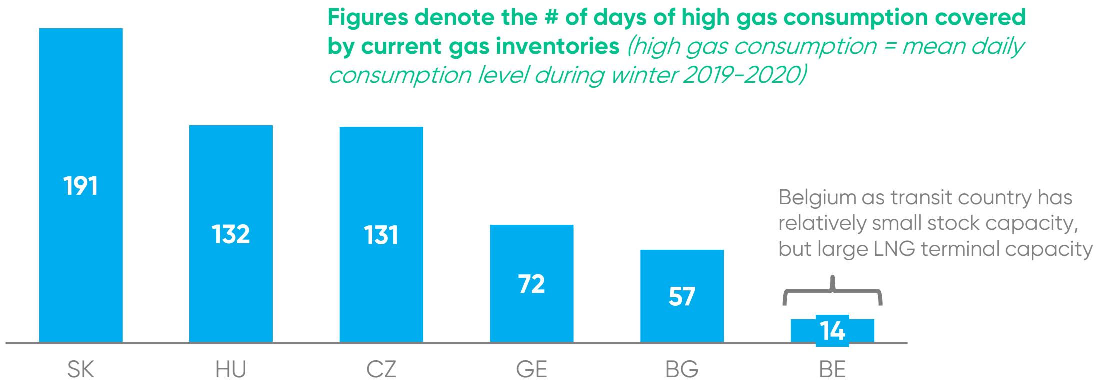
NATURAL GAS CONSUMPTION MAR-NOV | 2022 VS AVG 2017-2021

in %; Source: KBC Economics based on Eurostat



NATURAL GAS COVERAGE | AS ON 31/JAN/23

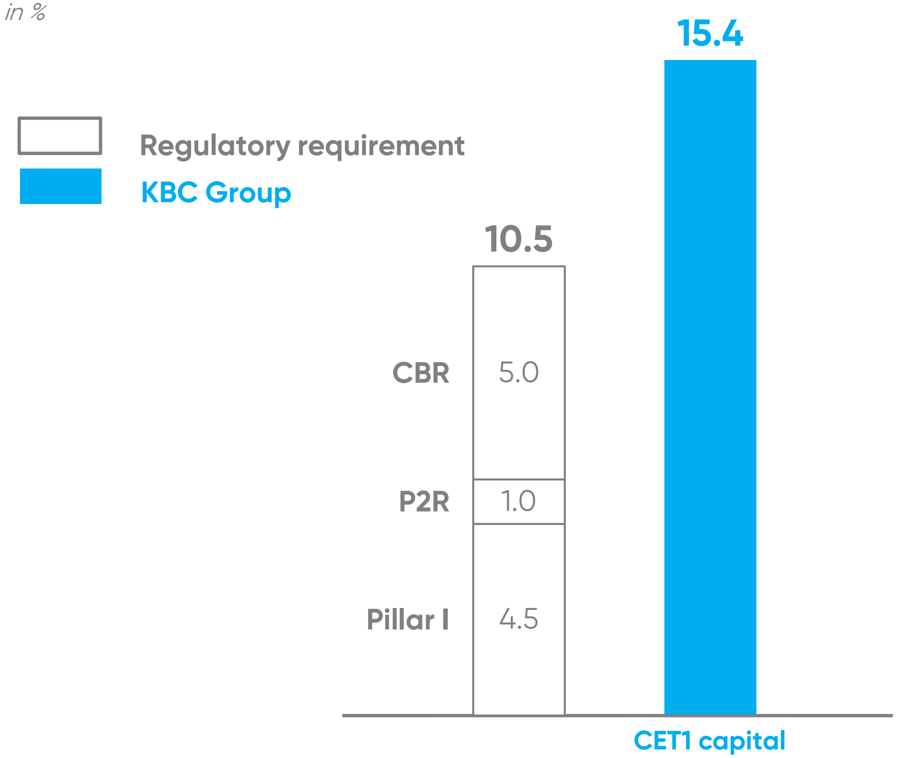
in %; Source: KBC Economics based on GIE, Eurostat



Strong capital position with substantial buffer

CAPITAL REQUIREMENTS

in %



- **Fully loaded B3 common equity ratio amounted to 15.4% at the end of FY22** based on the Danish Compromise

Leverage ratio, Solvency II ratio and liquidity ratios

LEVERAGE RATIO | KBC GROUP

fully loaded, Basel 3

leverage ratio
5.3%
FY22
5.2% in 9M22

Slight q-o-q increase of the leverage ratio

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

SOLVENCY II RATIO | KBC INSURANCE

SII ratio
203%
FY22
227% in 9M22

The q-o-q delta (-24pp) in the Solvency II ratio was driven mainly by inverted EUR interest rate curves and higher equity markets

LIQUIDITY RATIOS | KBC GROUP

LCR
152%
FY22
155% in 9M22

NSFR
136%
FY22
140% in 9M22

Both LCR* and NSFR** were well above the regulatory requirement of 100% due to a strong growth in customer funding and the participation to TLTRO III

* 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.

Economic outlook

- While at the end of 2022 some of the headwinds to the global economy turned into tailwinds (mild winter weather, significant structural savings in gas consumption…) and despite strong economic resilience last year, we expect a broad-based slowdown
- Inflation may have peaked in major economies as headline inflation turned lower in the US and the euro area. Going forward, we expect inflation to gradually decelerate as energy inflation falls back and core inflation gradually decreases
- We expect central banks (i.e. FED and ECB) to continue their rate hikes in the first half of 2023, while early moving CEE-central banks such as the CNB and NBH remain in a wait-and-see stance against a backdrop of still high inflation

Group guidance for 2023*

- Our **FY23 total income guidance** stands at **9.4bn 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 **5.7bn EUR ballpark for NII**
- **FY23 opex excluding bank taxes** is estimated at **4.4bn EUR ballpark figure**
- The **credit cost ratio for 2023** is estimated at **20-25bps** (below the through-the-cycle CCR of 25-30bps), excluding any movement in the ECL buffer

Basel 4 guidance

- The B4 impact on RWA will be phased-in, and therefore the first-time application RWA impact in 2025 will only be approximately 3bn EUR

* Our Group guidance for 2023 is based on the market forward rates of 3 February 2023 (for ST & LT interest rates). We took into account a pass-through rate of 40% on savings accounts and 80% on term deposits at KBC Group level. Volume growth in 2023 is estimated at roughly 3-4% y-o-y. Note that IFRS17 impact is not yet taken into account (explanatory slides will be provided on 18 April 2023)

Long-term / 3-year financial guidance

3-year financial guidance*		
CAGR total income ('22-'25)	± 6.0%	by 2025
CAGR OPEX excl. bank taxes ('22-'25)	± 1.8%	by 2025
Combined ratio	≤ 92%	as of now
Surplus capital **	> 15%	as of now

⇒ **Jaws of ± 4.2%**

⇒ **C/I ratio excl BT ±43%**

* Our long-term financial guidance is based on the market forward rates of 3 February 2023 (for ST & LT interest rates). We took into account a pass-through rate of 40% on savings accounts and 80% on term deposits at KBC Group level. Note that IFRS17 impact is not yet taken into account. KBC estimates that the forward rates are on the conservative side.

** Fully loaded CET1 ratio, Danish Compromise

Long-term financial guidance		
Credit cost ratio	25-30 bps	through-the-cycle

Regulatory requirements		
Overall capital requirement (OCR)*	≥ 11.31%	by 2023
MREL as a % of RWA**	≥ 27.87%	by 2024
MREL as a % of LRE**	≥ 7.38%	by 2024
NSFR	≥ 100%	as of now
LCR	≥ 100%	as of now

* Excluding Pillar 2 guidance of 100 bps

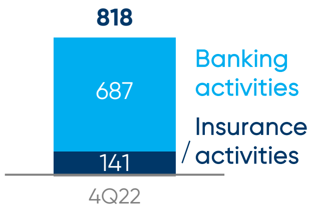
** In December 2022, the SRB communicated the updated draft MREL targets (under BRRD2) for 01-01-2024 in % of RWA and in % of LRE

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**.

NET RESULT 4Q22 | BANKING & INSURANCE*

in m EUR



17% of the Group Net result originates from **insurance activities**

* Difference between the net result at 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)**: a clear recognition of a decade of innovation, development and listening closely to our clients.

KATE users **2.9m**

KATE active users 1.9m

KATE autonomy 56%|51% BE | CZ

Firmly embedded sustainability strategy

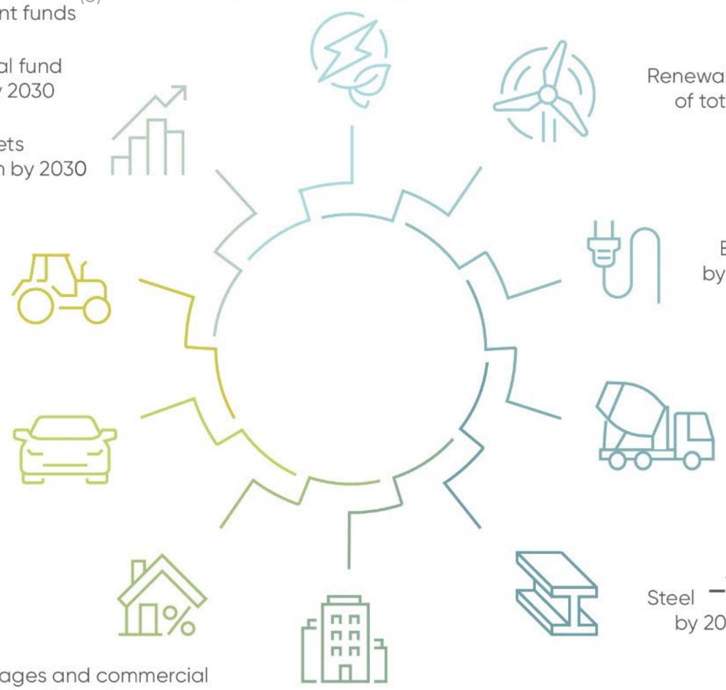
- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy 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 **new climate targets** on next slide

Our 2030 Climate targets

INDIRECT footprint

Specific targets[1] for reducing future GHG emissions[2] of our lending and asset management business



Energy −39%
by 2030 (tonne CO_2e/m euro)

Responsible investment funds[3]
65% of total annual fund production by 2030
55% of total assets under distribution by 2030

Renewable energy 75%
of total energy loan portfolio by 2030

Agriculture −21%
by 2030 (tonne CO_2e/m euro)

Electricity −31%
by 2030 (kg CO_2e/MWh for electricity producers)

Financing of passenger cars
−42%
by 2030 in loans and financial lease (g CO_2/km)
−81%
by 2030 in operational lease (g CO_2/km)

Cement −16%
by 2030 (tonne CO_2/tonne cement)

Steel −14%
by 2030 (tonne CO_2/tonne steel)

Mortgages and commercial residential real estate
−43%
by 2030 (kg CO2e/m²/year)

Real estate −38%
by 2030 (tonne CO_2e/m euro)

- In September 2019, KBC strengthened its climate commitment by signing the **UN Collective Commitment to Climate Action** (CCCA)
- We aligned our business strategy with **the Paris Agreement** to keep global warming well below 2°C, while striving for a target of 1.5°C
- By signing the CCCA, KBC takes concrete actions **to reduce exposure to most material and climate sensitive sectors and product lines**
- The **first Climate Report** details our commitment, objectives and accomplishments in our role as a CCCA company (see KBC.COM website). The baseline data and underlying calculations **received limited assurance**
- In 2022, we measured our **performance** in the covered sectors, and we will publicly disclose all details in our 2022 Sustainability Report.

1. 2050 KBC targets available in our KBC Group Climate Report
2. Percentage reduction compared to 2021 levels
3. Additional target of 50% reduction of the carbon intensity of the Corporate investees in responsible funds by 2030 (versus the end of 2019)

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**).

Available in all KBC's core countries!

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

Four flavors, one Kate

Growing number of retail **USE CASES:** BE: 258, CZ: 154, IM: 135

Kate AUTONOMY 56% BE 51% CZ

use cases for Micro-SME's : 21 in BE & 35 in CZ

2 892 364 clients already in contact with Kate (BE+CZ+IM)

'KATE IN A BOX' delivered to all core countries

Total of 580K Leads picked up by employees in CZ & BE in 2022

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.

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 CZ and BE
To be launched in HU, BG and SK (2H23)

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.

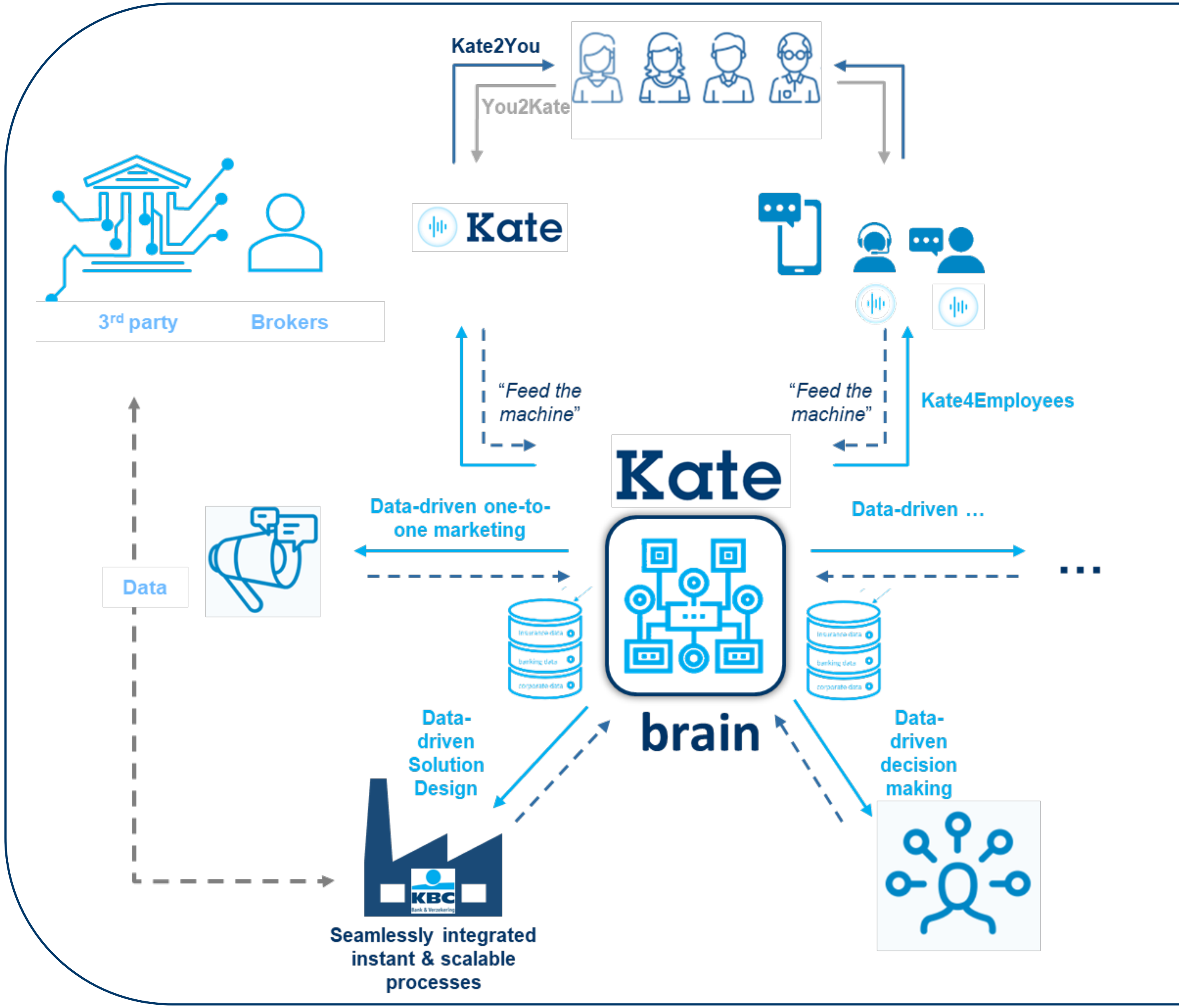
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by providing relevant insights.

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.**

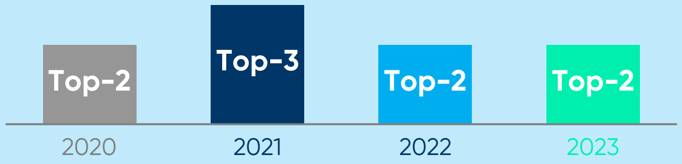
Very important in this are the **feedbacks loops** from all interactions to make **sure Kate is learning** and getting smarter, resulting in better decision making.

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 (better sales productivity).**



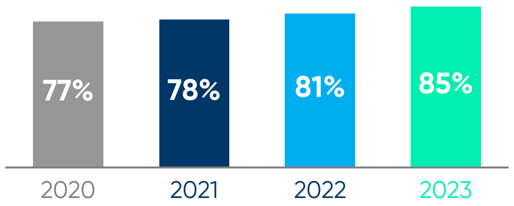
Customer NPS ranking



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

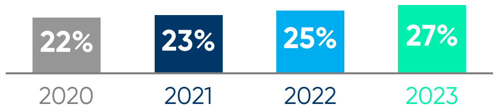
Bank-insurance (BI) clients

BI CLIENTS
in %



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

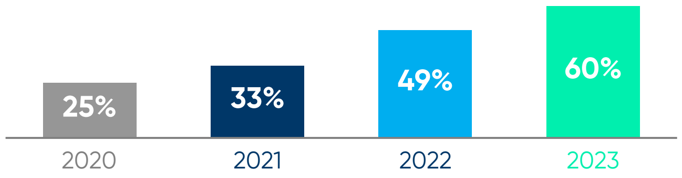
BI STABLE CLIENTS
in %



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

Straight-through processing (STP)

STP SCORE*
in %

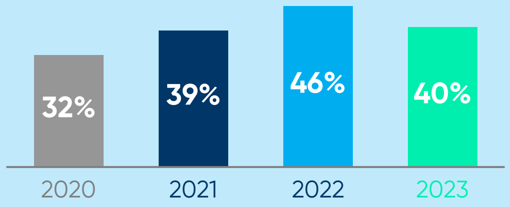


The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of core commercial products.

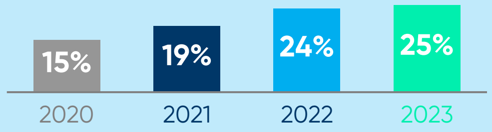
Digital sales

DIGITAL SALES BANKING PRODUCTS*
in %



Digital sales 46% of **banking sales** (vs 2023 target of ≥40%).

DIGITAL SALES INSURANCE PRODUCTS
in %

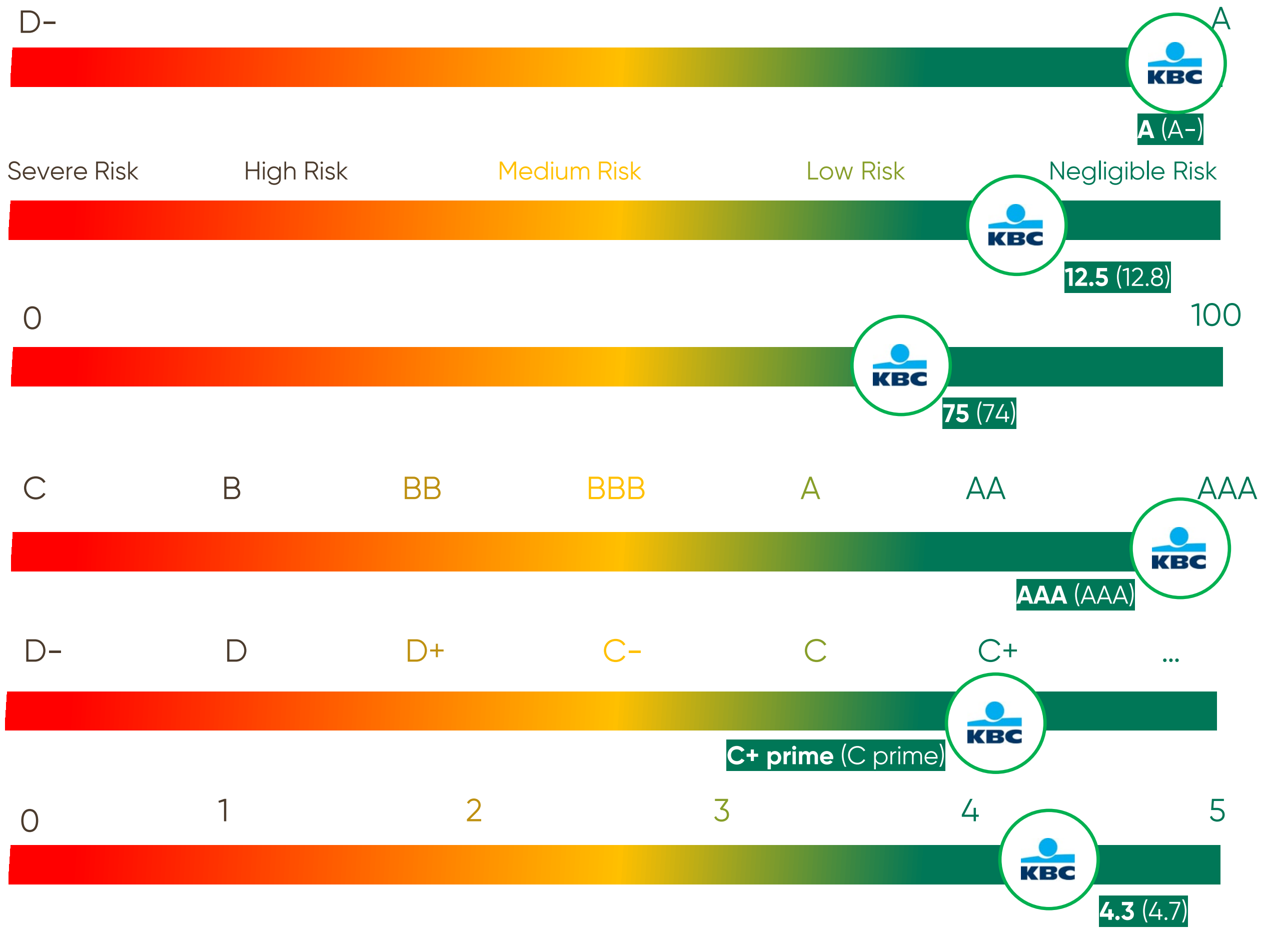


Digital sales 24% of **insurance sales** (vs 2023 target of ≥25%)

* Based on weighted average of selected core products.

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

Agency	ESG rating of 28th of December 2022 (previous score)	Position versus industry average
CDP (DISCLOSURE INSIGHT ACTION)	A (A-)	• Leader in addressing climate change • CDP's A-list • Financial average service B-
SUSTAINALYTICS	12.5 (12.8)	• 3rd percentile of 405 diversified banks assessed • 10th of 405 diversified banks
S&P Dow Jones Indices (A Division of S&P Global)	75 (74)	• Top 15% (85th percentile* of 242 banks assessed) * Final percentile of 2022 ranking is not available, as not all banks have been assessed yet by S&P Global
MSCI	AAA (AAA)	• 5th percentile of 197 banks assessed
Corporate ESG Performance Prime (RATED BY ISS ESG)	C+ prime (C prime)	• 1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	4.3 (4.7)	• Top 10% (90th percentile of banks assessed)



Some recent ESG realisations

ESG Environmental

- Disclosure of 2030-2050 climate targets for our lending portfolio and responsible investing funds in line with **our CCCA ambitions**
- All KBC banking activities have committed to the **Science Based Targets initiative (SBTi)**
- We calculated the climate-related impact of our **own investments and asset management portfolio** through **Trucost data and methodology**
- KBC received the **Terra Carta Seal** in recognition of its commitment to creating a sustainable future.
- **Net climate-neutral** regarding our direct environmental footprint

ESG Social

- 32bn EUR in **Responsible Investing funds**
- Implementation of our social bond framework and **first Belgian financial institution to issue a 750m EUR social bond**
- 9.7m EUR of outstanding **loans to microfinance institutions and investments in microfinance funds**, reaching 1.4m rural entrepreneurs and farmers in the South
- Promoting **female entrepreneurship** targeting 50% of female founders in our start-up community
- Promoting **diversity and an inclusive culture. Inclusion in** the Bloomberg Gender-Equality Index.
- First-time participation to the **Workforce disclosure initiative** and signatory of the **Women's Empowerment Principles**

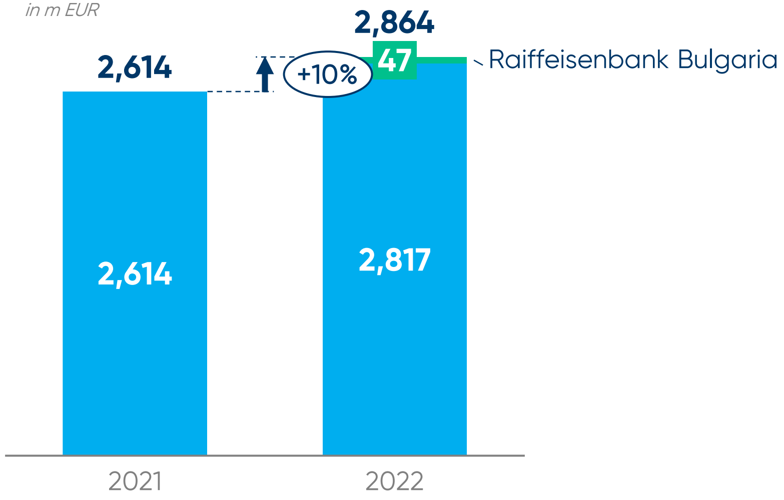
ESG Governance

- Top level responsibility for sustainability and climate change – anchored in our **sustainability governance and remuneration**
- **Our people** as one of the main drivers in our sustainable transition.
- KBC, CBC and K&H have been awarded **Top Employer certification** by the Top Employer's Institute
- Completion of **responsible behaviour awareness training** by the vast majority of staff in all core countries
- **Strengthening of our sustainability governance**. The country general manager sustainability has functional reporting requirements to the Senior General Manager Sustainability at KBC Group

FY 2022 | Net result amounted to 2 864m EUR

NET RESULT

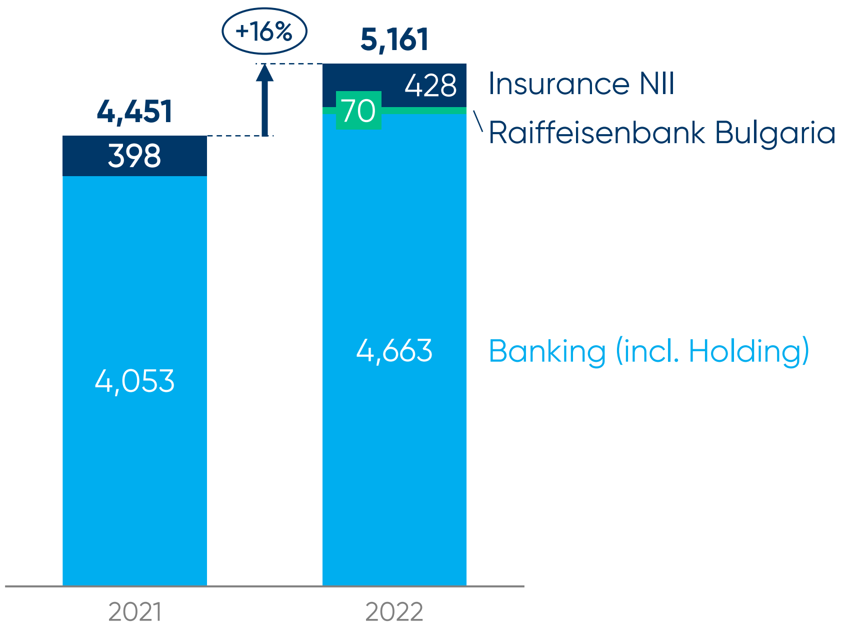
in m EUR



- **Net result rose by 10% y-o-y to 2,864m EUR in 2022 (and +8% y-o-y excluding Raiffeisenbank Bulgaria)**, mainly as a result of the following
  - **Revenues rose by 14% y-o-y (and +13% y-o-y excluding Raiffeisenbank Bulgaria)** mainly due to higher net interest income, net result from FIFV, higher result from insurance (both life and non-life), higher dividend income and slightly higher net fee and commission income, partly offset by lower net other income and lower net realised result from debt instruments at fair value through OCI
  - **Operating expenses excluding bank taxes** rose by 8% y-o-y (and +6% y-o-y excluding Raiffeisenbank Bulgaria) to 4.17bn EUR, in line with the guided 4.15bn EUR. Total bank taxes (including ESRF contribution) increased from 525m EUR in FY21 to 646m EUR in FY22
  - **Net impairment charges amounted to 284m EUR** (compared with net impairment releases of 261m EUR in FY21). This was attributable chiefly to :
    - A 413m EUR geopolitical & emerging risk buffer
    - A 255m EUR reversal of collective Covid-19 impairments in FY22
    - One-off loan loss impairments of 17m EUR as a result of the two pending sales transactions in Ireland
    - 21m EUR loan loss provision reversals on some individual files
    - Impairment of 130m EUR on 'other', of which
      - 63m EUR modification losses in Hungary
      - A 24m EUR one-off as a result of the two pending sales transactions in Ireland
      - A 38m EUR impairment, mainly on (in)tangibles (in other countries besides Ireland)
      - A 5m EUR goodwill impairment in CZ BU

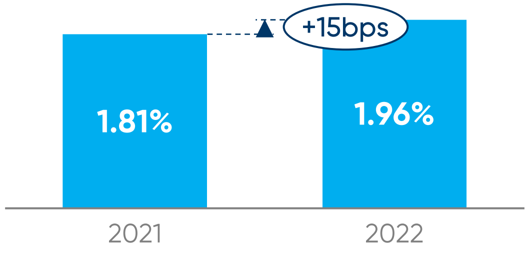
NET INTEREST INCOME

in m EUR



NET INTEREST MARGIN

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



- **Net interest income (5 161m EUR)**
  - Net interest income rose by 16% y-o-y due mainly to :
    - Increasing reinvestment yield in all core countries
    - Good loan and deposit volume growth
    - Increased income related to funding (increased term deposits at better margins and slightly positive impact of TLTRO3)
    - Consolidation of Raiffeisen Bank Bulgaria as of 3Q22 (70m EUR NII in 2H22)
    - Higher NII on insurance bond portfolio (due mainly to inflation-linked bonds)
    - Higher netted positive impact of ALM FX swaps
    - The appreciation of the CZK versus the EUR

    partly offset by:
    - Loan margin pressure on the outstanding portfolio in almost all countries
    - Less positive impact of charging of negative interest rates on current accounts held by corporate entities and SMEs and less positive impact of ECB deposit tiering
    - The depreciation of the HUF versus the EUR
  - Loan volumes increased by 7% y-o-y, while customer deposits excluding debt certificates and repos rose by 8% y-o-y
- **Net interest margin (1.96%)**
  - Increased by 15 bps y-o-y for the reasons mentioned above and despite an increase of the interest-bearing assets (denominator)

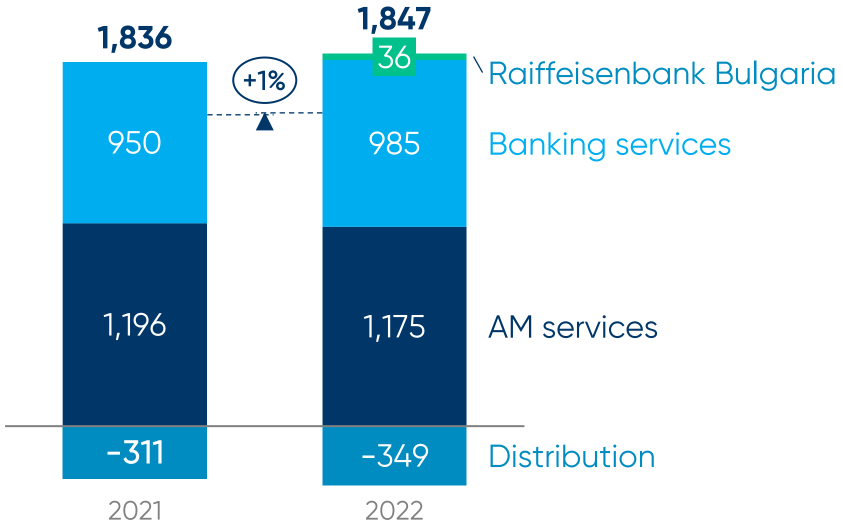
- **Organic volume trend**

	Total loans*	o/w retail mortgages	Customer deposits**
Volume	186bn	82bn	226bn
Growth y-o-y	+7%	+4%	+8%

* Loans to customers, excluding reverse repos (and bonds), including Ireland (under IFRS 5) and Raiffeisenbank Bulgaria. Growth figures are excluding FX, consolidation adjustments and reclassifications.
** Customer deposits, excluding debt certificates and repos, including Ireland (under IFRS 5) and Raiffeisenbank BG.

NET FEE & COMMISSION INCOME

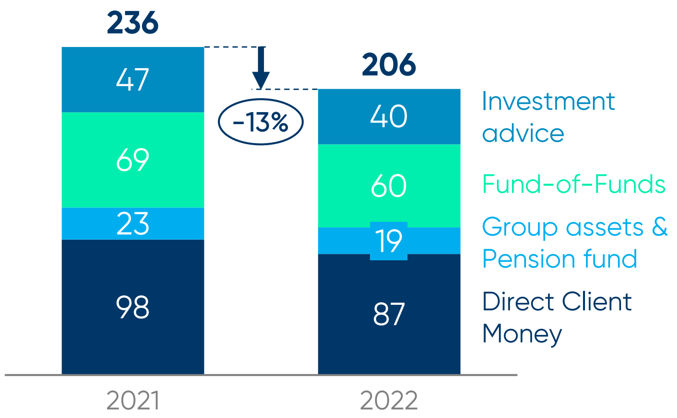
in m EUR



- **Net fee and commission income (1,847m EUR)**
  - Increased by 1% y-o-y
    - Net F&C from Asset Management Services decreased by 2% y-o-y driven entirely by lower entry fees. Management fees roughly stabilised y-o-y
    - Net F&C income from banking services increased by 7% y-o-y driven mainly by higher fees from payment services, higher network income and higher fees from credit files & bank guarantees, partly offset by lower securities-related fees. Net F&C income from banking services rose by 4% y-o-y on a comparable basis (excluding the +36m EUR impact in 2H22 from the consolidation of Raiffeisenbank Bulgaria)
    - Distribution costs rose by 12% y-o-y due chiefly to higher commissions paid linked to banking products and increased non-life insurance sales

ASSETS UNDER MANAGEMENT

in bn EUR

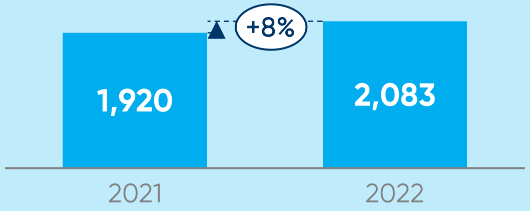


- **Assets under management (206bn EUR)**
  - Decreased by 13% y-o-y due entirely to the market performance (-15%), partly offset by net inflows (+2%)
  - The mutual fund business has seen 2.9bn EUR net inflows in higher-margin direct client money in FY22

Non-life and life insurance sales significantly up y-o-y

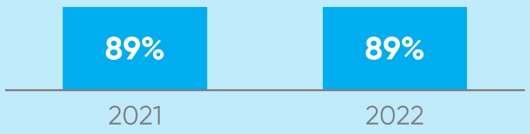
NON-LIFE SALES (GROSS WRITTEN PREMIUMS)

in m EUR



COMBINED RATIO (NON-LIFE)

in %



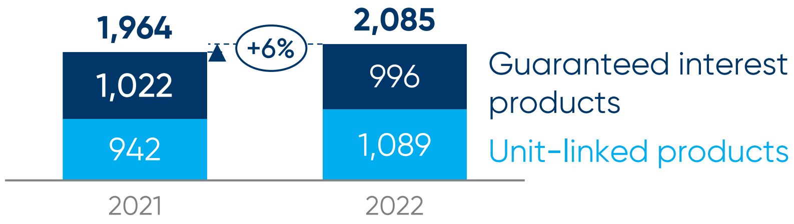
- **Sales of non-life insurance products**
  - Up by 8% y-o-y thanks to growth in all classes
- **The non-life combined ratio for FY22 amounted to an excellent 89%** (89% in FY21). This is the result of :
  - 8% y-o-y earned premium growth in FY22
  - 4% y-o-y higher technical charges in FY22 due mainly to:
    - Higher normal claims and more negative impact of parameter updates

    partly offset by:
    - Lower major claims and lower storm claims
  - Lower ceded reinsurance result (down 26m EUR y-o-y)

Note that the technical charges for Life and Non-Life (after reinsurance) in 2022 included a release of technical provisions of respectively 31m EUR and 10m EUR, booked in the Czech Republic, as a result of reassessing the confidence level of the technical provisions

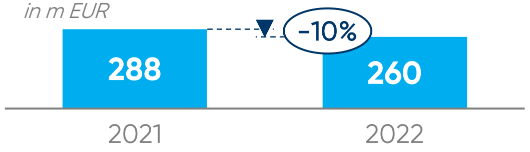
LIFE SALES

in m EUR



VNB* LIFE

in m EUR



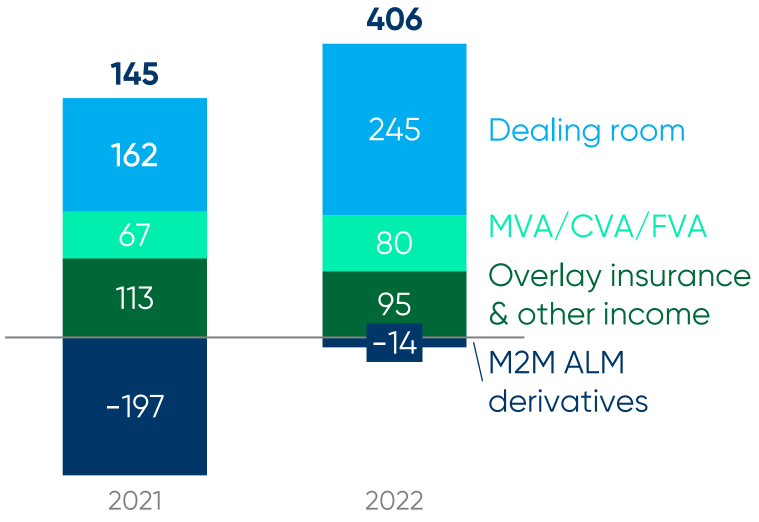
7.7%	8.9%	VNB/PVNBP**

- **Sales of life insurance products**
  - Up by 6% y-o-y
    - The 16% y-o-y increase in sales of unit-linked products was mainly the result of the successful launch of new structured funds in Belgium
    - Sales of guaranteed interest products decreased by 3% y-o-y
  - Sales of unit-linked products accounted for 52% of total life insurance sales
- **Value of New Business (VNB)**
  - Decrease y-o-y mainly driven by lower fee income on unit-linked products in Belgium, partly offset by higher interest rates
  - The VNB/PVNBP increased to 8.9% due to the higher margin on guaranteed interest rate products, driven by increasing interest rates

* VNB = present value of all future profit attributable to the shareholders from the new life insurance policies written during the year
The VNB of KBC Group includes the expected future income generated by parties other than KBC Insurance, but within KBC Group (e.g. KBC Bank & KBC Asset Management) arising from the sales of life insurance business. In 2022, this income amounted to 102m EUR (compared with 124m EUR in 2021)
** VNB/PVNBP = VNB compared to the Present Value of New Business Premiums. This ratio reflects the margin earned on total premiums

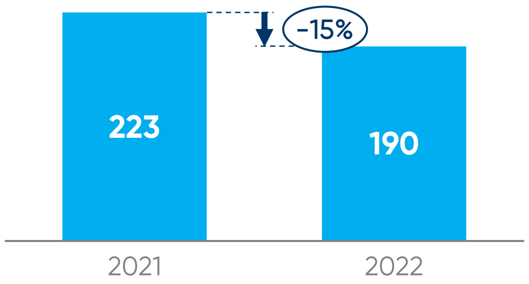
FIFV

in m EUR



NET OTHER INCOME

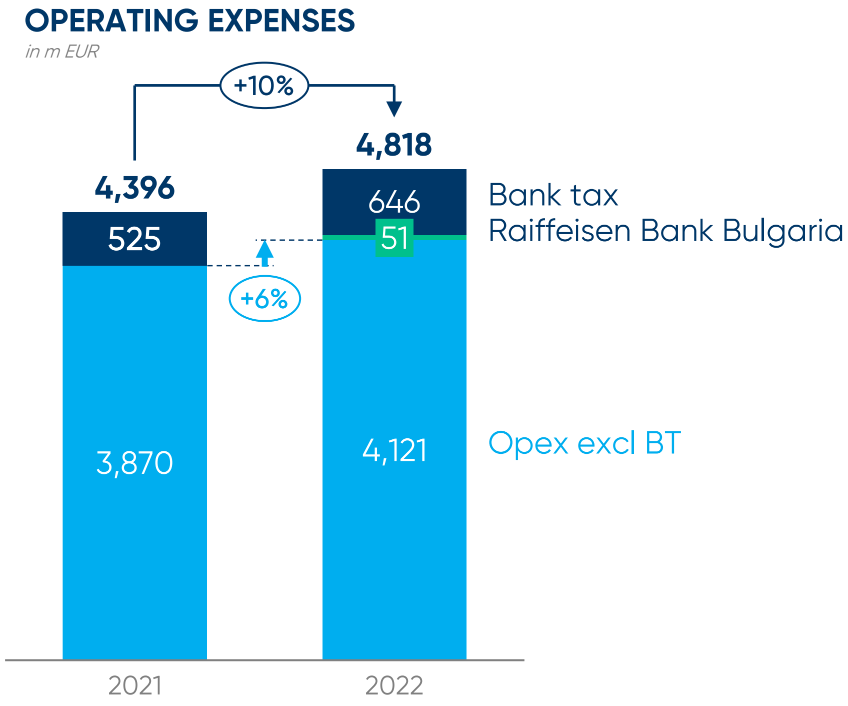
in m EUR



- **Net gains from financial instruments at fair value (406m EUR)**
  - Increased y-o-y attributable to
    - Higher dealing room
    - A less negative change in ALM derivatives
    - A positive change in market, credit and funding value adjustments

    partly offset by:
    - Lower net result on equity instruments (insurance) & other income

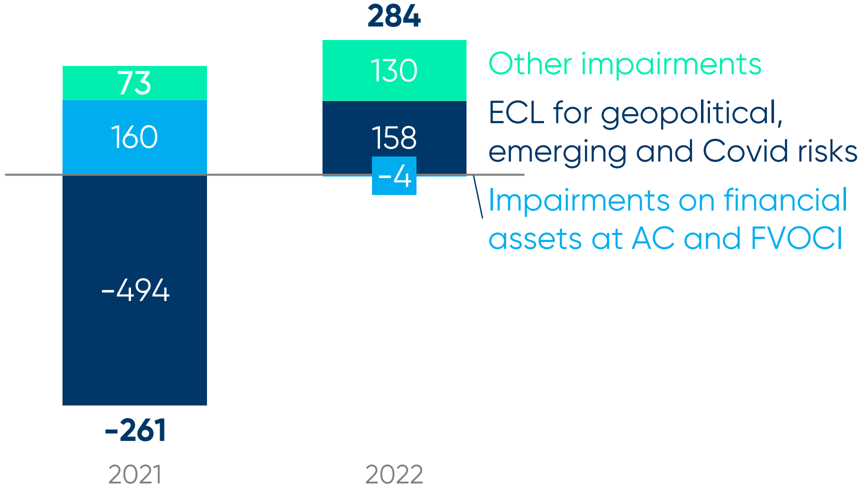
- **Net other income (190m EUR)**
  - Decreased from 223m EUR in FY21 to 190m EUR in FY22. This is somewhat lower than the normal run rate of 200m EUR per year due mainly to realised losses on the sale of bonds, largely offset by some positive one-off items (including a 68m EUR realised gain on the sale of a real estate subsidiary at KBC Insurance)



- **Operating expenses excluding bank taxes** rose by 8% y-o-y (and +6% y-o-y excluding Raiffeisenbank Bulgaria) to 4.17bn EUR, in line with the guided 4.15bn EUR
- **Operating expenses in FY22 excluding bank taxes, changes in the consolidation scope, one-offs and FX effect rose by 7% y-o-y** due mainly to higher staff expenses (wage inflation), higher ICT costs, higher marketing and professional fee expenses
- **The C/I ratio excluding bank taxes amounted to 48% in FY22** (51% in FY21)
- Total bank taxes (including ESRF contribution) increased from 525m EUR in FY21 to 646m EUR in FY22

ASSET IMPAIRMENT

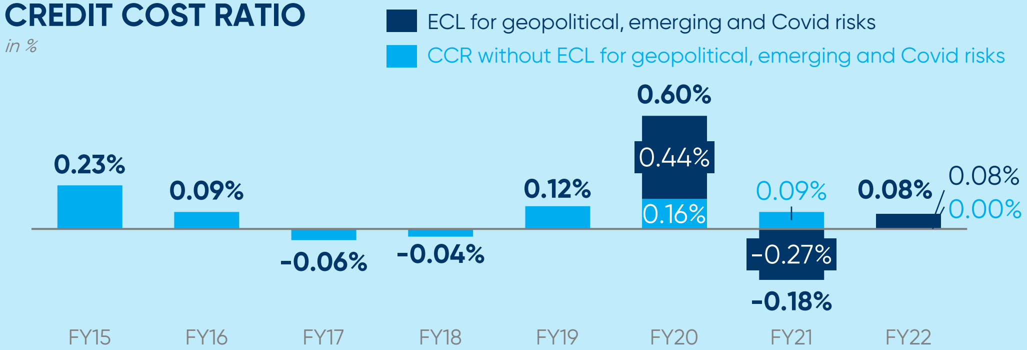
in m EUR; negative sign is a release



- **Net impairment charges amounted to 284m EUR** (compared with net impairment releases of 261m EUR in FY21). This was attributable chiefly to
  - A 413m EUR geopolitical & emerging risk buffer
  - A 255m EUR reversal of collective Covid-19 impairments in FY22
  - One-off loan loss impairments of 17m EUR as a result of the two pending sales transactions in Ireland
  - 21m EUR net loan loss provision reversals on some individual files
  - Impairment of 130m EUR on 'other', of which
    - 63m EUR modification losses in Hungary
    - A 24m EUR one-off as a result of the two pending sales transactions in Ireland
    - A 38m EUR impairment, mainly on (in)tangibles (in other countries besides Ireland)
    - A 5m EUR goodwill impairment in CZ BU

CREDIT COST RATIO

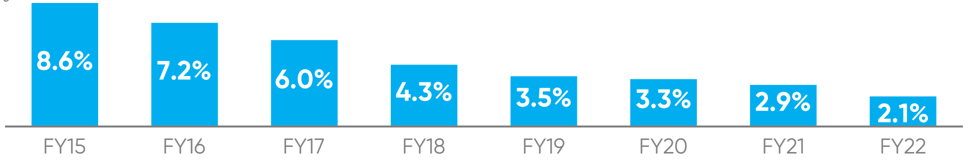
in %



- **The credit cost ratio in FY22 amounted to:**
  - 0bps (9bps in FY21) without ECL for geopolitical, emerging and Covid risks
  - 8bps (-18bps in FY21) with ECL for geopolitical, emerging and Covid risks

IMPAIRED LOANS RATIO

in %



- **The impaired loans ratio improved to 2.1%** (1.1% of which over 90 days past due)

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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