KBC Group
Company presentation
2Q 2021

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2Q 2021 key takeaways

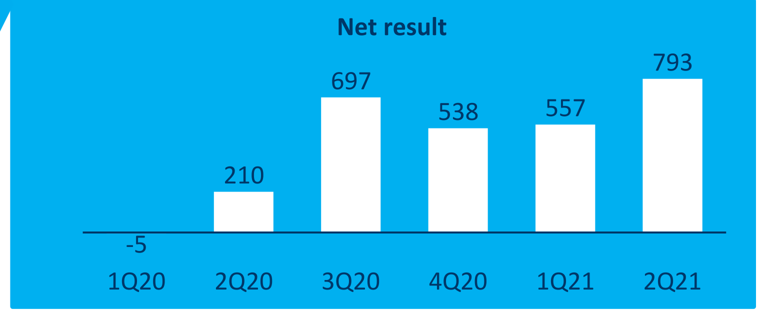
2Q21 financial performance

- **Commercial bank-insurance franchises** in core markets performed very well
- **Customer loans** and **customer deposits** increased y-o-y in most of our core countries
- We **fully eliminated** our remaining **direct exposure to coal** in June 2021, six months ahead of our own schedule
- Higher **net interest income** and net interest margin
- Higher **net fee and commission income**
- Lower **net gains from financial instruments at fair value** and lower **net other income**
- Excellent sales of **non-life** insurance y-o-y and higher sales of **life** insurance q-o-q
- Good **cost** management in line with guidance. A one-off -18m EUR Covid-related staff bonus has additionally been granted
- Higher net **impairment releases**
- Solid **solvency** and **liquidity**

Excellent net result of 793m EUR in 2Q21

1H21

- **ROE 15%***
- **Cost-income ratio excluding bank taxes 49%**
- **Combined ratio 82%**
- **Credit cost ratio -0.22% (-0.06% without collective Covid-19 impairments**)**
- **Common equity ratio 17.5%** (B3, DC, fully loaded)
- **Leverage ratio 5.5%** (fully loaded)
- **NSFR 152% & LCR 166%**

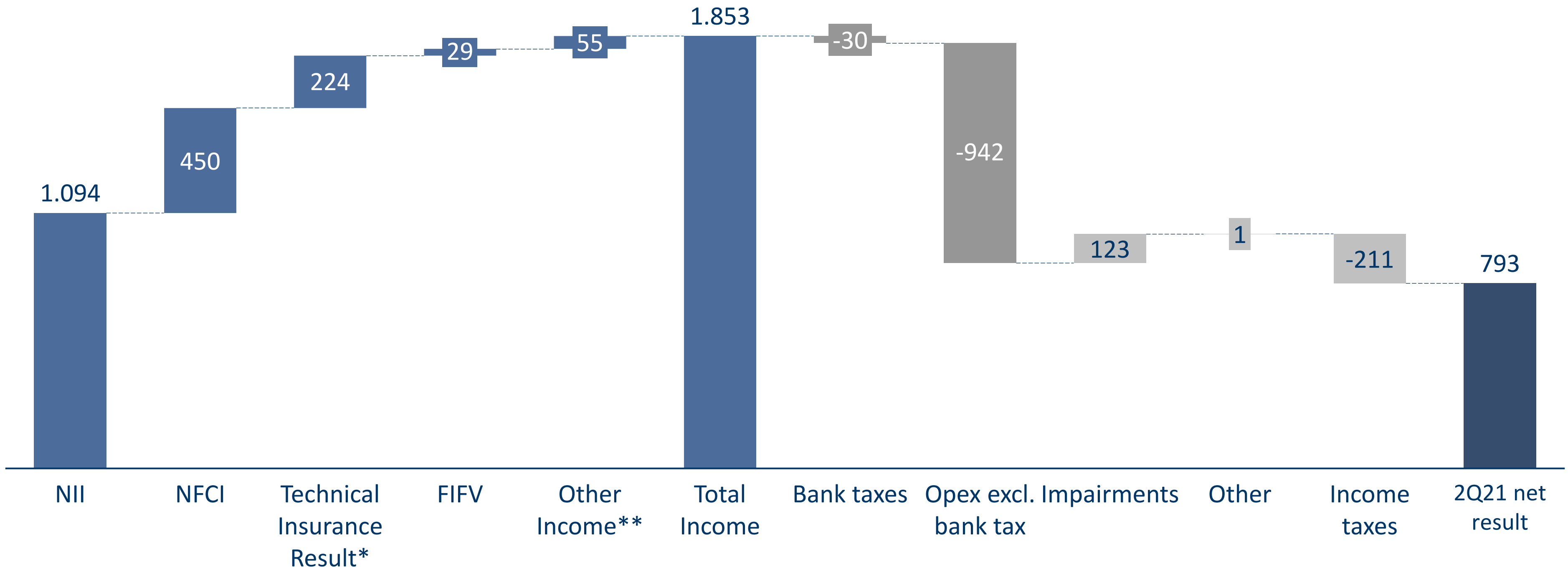


* when evenly spreading the bank tax throughout the year

** Collective Covid-19 impairments lowered from 757m EUR at end 1Q21 to 628m EUR at end 2Q21

Comparisons against the previous quarter unless otherwise stated

Overview of building blocks of the 2Q21 net result



	NII	NFCI	Technical Insurance Result*	FIFV	Other Income**	Total Income	Bank taxes	Opex excl. bank tax	Impairments	Other	Income taxes	2Q21 net result
Q-o-Q	+2%	+2%	-5%	-77%		-4%		+5%				+43%
Y-o-Y	+1%	+16%	-9%	-89%		-9%		+7%				

* Earned premiums – technical charges + ceded reinsurance
** Dividend income + net realised result from debt instruments FV through OCI + net other income

Main exceptional items

		2Q21	1Q21	2Q20
GROUP	Opex – Covid-related staff bonus	-18m EUR		
	Total Exceptional Items GROUP	***-18m EUR***		
BE BU	NOI – Settlements	-8m EUR		
	Impairments – Modification loss from moratorium			-11m EUR
	Total Exceptional Items BE BU	***-8m EUR***		***-11m EUR***
CZ BU	Impairments – Modification loss from moratorium			-5m EUR
	Total Exceptional Items CZ BU			***-5m EUR***
IM BU	HU – Impairments – Modification loss from moratorium	-2m EUR		+7m EUR
	Total Exceptional Items IM BU	***-2m EUR***		***+7m EUR***
Total Exceptional Items (pre-tax)		-28m EUR	0m EUR	-9m EUR
Total Exceptional Items (post-tax)		-22m EUR	0m EUR	-6m EUR

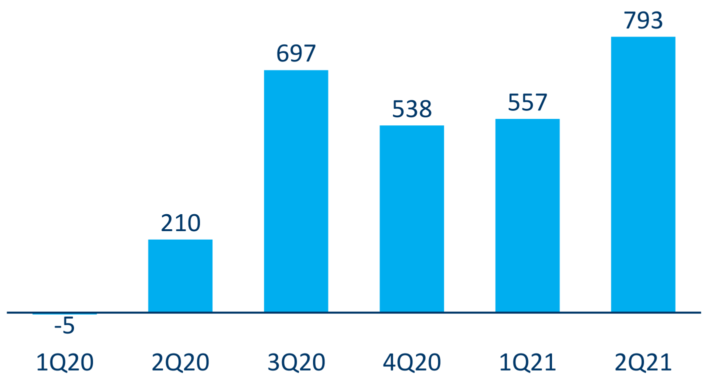
Contents

Section 1

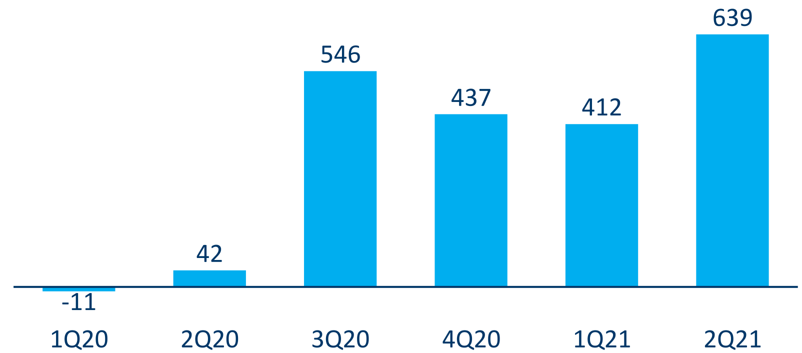
2Q 2021 performance of KBC Group

Net result at KBC Group

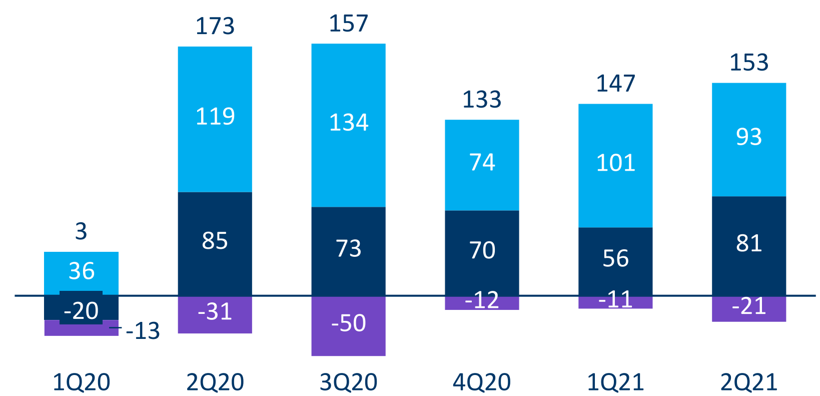
NET RESULT AT KBC GROUP*



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT*



CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT*

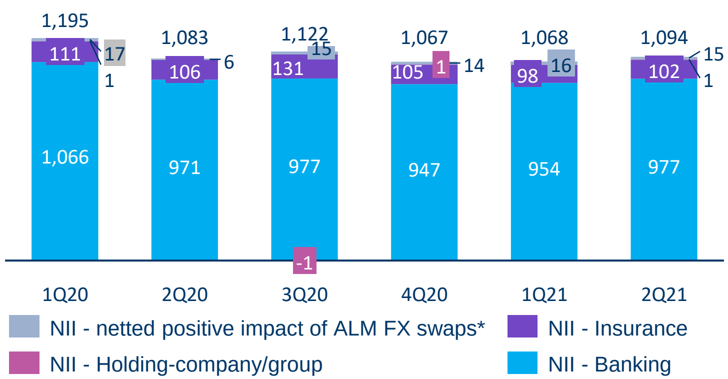


* Difference between net result at KBC Group and the sum of the banking and insurance contribution is accounted for by the holding-company/group items

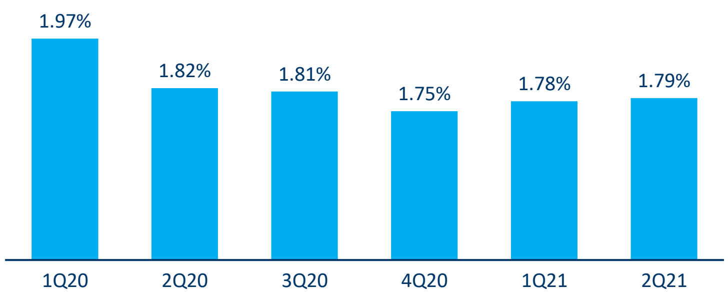
Higher net interest income and net interest margin

NII

Amounts in m EUR



NIM **



* From all ALM FX swap desks

** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos

- **Net interest income (1,094m EUR)**
  - NII increased by 2% q-o-q, driven primarily by:
    - organic loan volume growth
    - intensified charging of negative interest rates on certain current accounts to corporates and SMEs
    - lower funding costs
    - higher number of days (+7m EUR q-o-q)
    - appreciation of the CZK and HUF versus the EUR (+5m EUR q-o-q)
    - higher NII on insurance bond portfolio (inflation linked bonds)

    partly offset by:
    - lower reinvestment yields
    - margin pressure on mortgages, particularly in the Czech Republic and Hungary
    - slightly lower netted positive impact of ALM FX swaps
  - The 1% y-o-y NII increase was mainly the result of higher NII lending, lower funding costs, intensified charging of negative interest rates on certain current accounts to corporates and SMEs, a positive FX effect, higher netted positive impact of ALM FX swaps and the consolidation of OTP SK partly offset by the negative impact of CNB rate cuts and lower reinvestment yields
- **Net interest margin (1.79%)**
  - Increased by 1 bp q-o-q and decreased by 3 bps y-o-y for the reasons mentioned above and an increase of the interest-bearing assets (denominator)

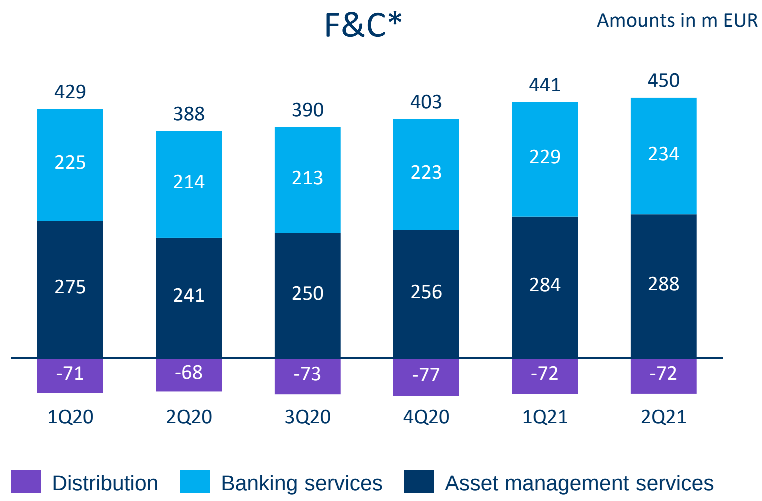
ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	164bn	75bn	243bn	228bn	28bn
Growth q-o-q*	+2%	+2%	+4%	+3%	+1%
Growth y-o-y	+3%	+8%	+14%	+13%	+2%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

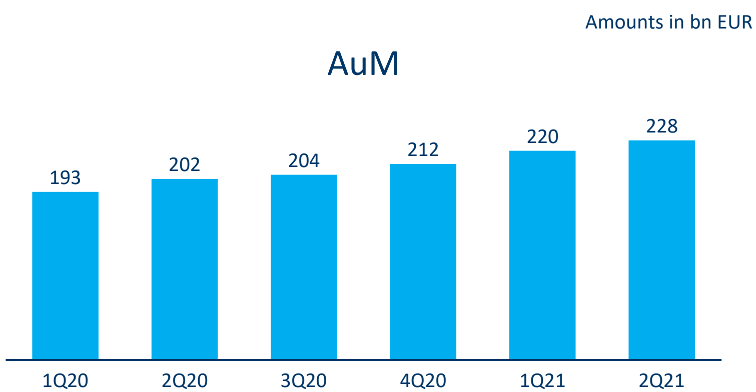
*** Customer deposits, including debt certificates but excluding repos. **Customer deposit volumes excluding debt certificates & repos +1% q-o-q and +8% y-o-y**

KBC

Higher net fee and commission income



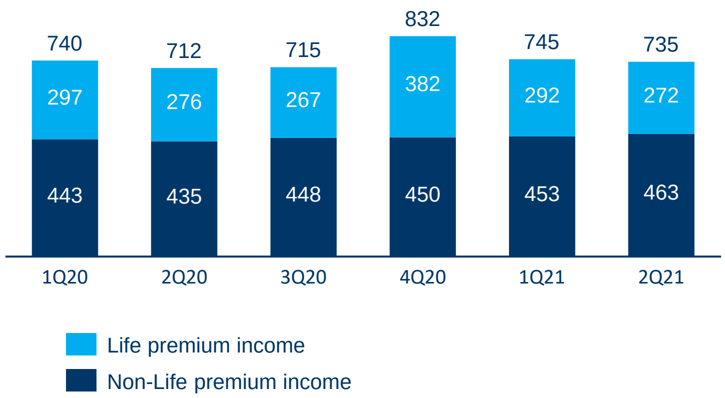
* The building blocks of the 2020 F&C figures were restated, resulting in a shift of roughly 5m EUR per quarter from Banking services to Asset Management services, related to F&C income from CSOB CZ Pension company



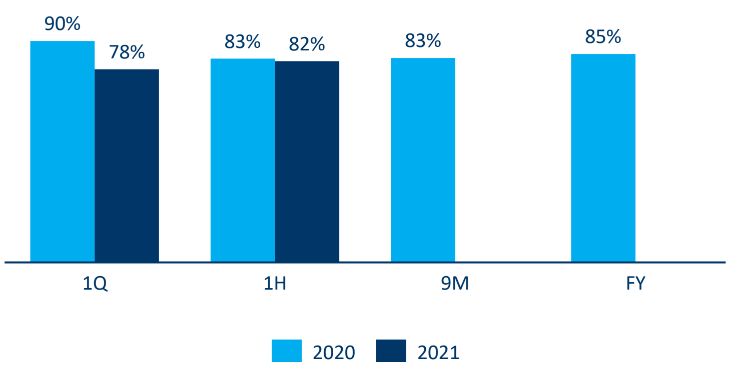
- **Net fee and commission income (450m EUR)**
  - Up by 2% q-o-q and by 16% y-o-y
  - Q-o-q increase was the result of the following:
    - Net F&C income from Asset Management Services increased by 2% q-o-q as a result of higher management fees, partly offset by deliberately reduced entry fees from mutual funds and unit-linked life insurance products as part of successful commercial campaigns
    - Net F&C income from banking services rose by roughly 2% q-o-q (+1% q-o-q excluding FX effect) as higher fees from payment services and higher fees from credit files & bank guarantees were partly offset by lower securities-related fees and lower network income
    - Distribution costs stabilised q-o-q
  - Y-o-y increase was mainly the result of the following:
    - Net F&C income from Asset Management Services rose by 20% y-o-y as a result of higher management and entry fees
    - Net F&C income from banking services increased by 9% y-o-y (+8% y-o-y excluding FX effect) 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
    - Distribution costs rose by 7% y-o-y due chiefly to higher commissions paid linked to increased non-life insurance sales
- **Assets under management (228bn EUR)**
  - Increased by 3% q-o-q due mainly to a positive price effect (+3%), in addition to net inflows
  - Increased by 13% y-o-y due to net inflows (+1%) and a positive price effect (+12%)

Insurance premium income up y-o-y and excellent combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUMS)



COMBINED RATIO (NON-LIFE)



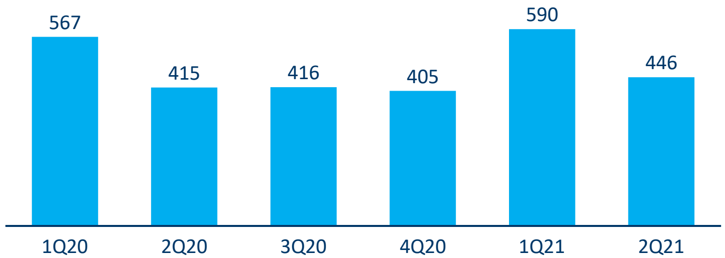
Amounts in m EUR

- **Insurance premium income** (gross earned premiums) **at 735m EUR**
  - Non-life premium income (463m EUR) increased by 6% y-o-y in 2Q21
  - Life premium income (272m EUR) fell by 7% q-o-q and by 2% y-o-y in 2Q21

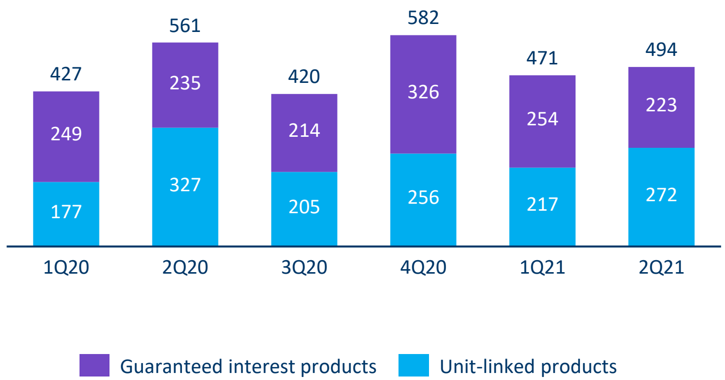
- The non-life **combined ratio** for 1H21 amounted to an excellent **82%** (83% in 1H20). This is the result of 4% y-o-y earned premium growth combined with 6% y-o-y higher technical charges. The latter was due mainly to higher normal claims (mainly in 'Motor', 'Fire' and 'General third-party liability') and higher major claims (especially in 'General third-party liability' and 'Fire'), partly offset by lower storm claims (despite the impact of windstorms and a tornado in the Czech Republic in 2Q21) and lower impact of parameter updates. Furthermore, note that the ceded reinsurance result was less negative in 1H21 (-12m EUR) versus 1H20 (-20m EUR)

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

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



LIFE SALES

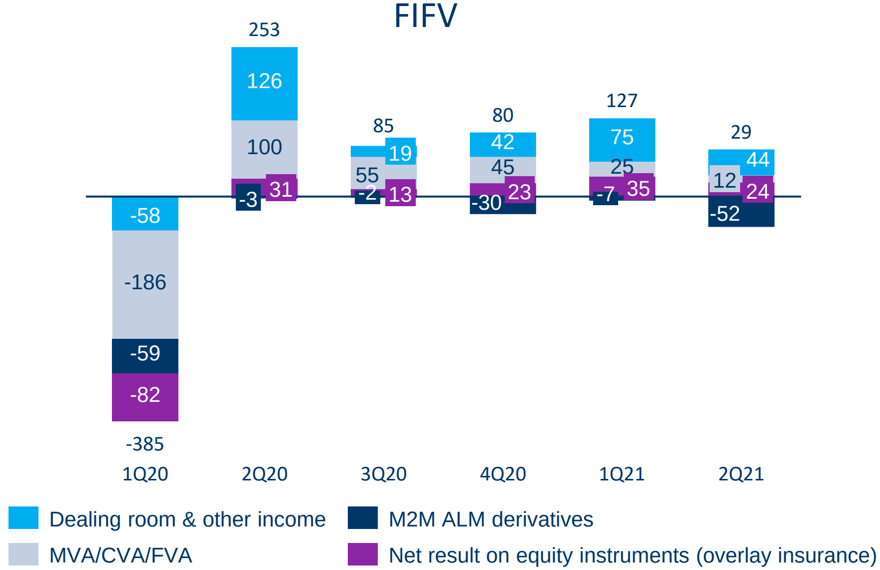


Amounts in m EUR

- **Sales of non-life insurance products**
  - Up by 7% y-o-y due to growth in all classes
- **Sales of life insurance products**
  - Increased by 5% q-o-q and decreased by 12% y-o-y
  - The q-o-q increase was driven mainly by higher unit-linked products in Belgium and the Czech Republic, partly offset by lower sales of guaranteed interest products (volumes in tax-incentivised pension savings products are traditionally higher during 1Q and 4Q in Belgium)
  - The y-o-y decrease was driven by both lower sales of unit-linked products in Belgium (due to high level in 2Q20 as a result of switches from mutual funds to unit-linked products by Private Banking clients) and lower sales of guaranteed interest products (due mainly to the suspension of universal single life insurance products in Belgium)
  - Sales of unit-linked products accounted for 55% of total life insurance sales in 2Q21

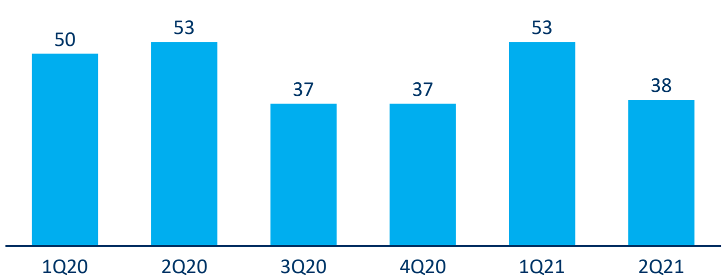
Lower FIFV and net other income

FIFV



- The q-o-q decrease in **net gains from financial instruments at fair value** was attributable mainly to:
  - a negative change in ALM derivatives
  - lower dealing room income
  - a lower net result on equity instruments (insurance)
  - less positive credit and funding value adjustments mainly due to increased IRS hedging-transactions deals in CSOB CZ
    - FVA: 4m EUR (-4m EUR q-o-q)
    - CVA: 7m EUR (-12m EUR q-o-q)
    - MVA: 2m EUR (+4m EUR q-o-q)

NET OTHER INCOME

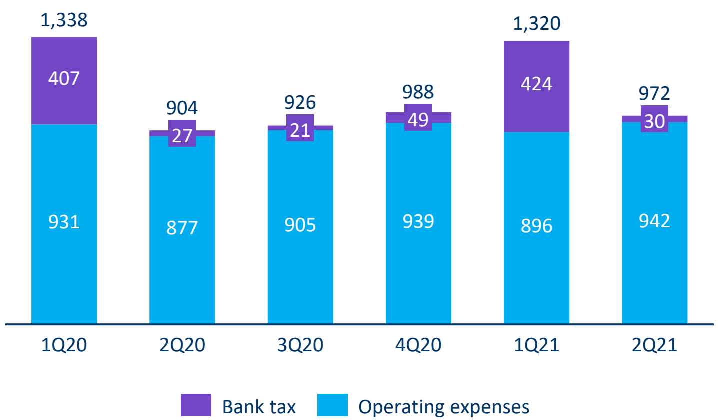


- **Net other income** amounted to 38m EUR, lower than the normal run rate of around 50m EUR per quarter due to some negative one-offs, among other things, the settlement of a tax dispute and the realised losses on (government) bonds

Amounts in m EUR

Good cost management, lower bank taxes

OPERATING EXPENSES



Amounts in m EUR

BANK TAX SPREAD IN 2021 (PRELIMINARY)**

	TOTAL	Upfront		Spread out over the year			
	2Q21	1Q21	2Q21	1Q21	2Q21	3Q21e	4Q21e
BE BU	**6**	311	6	0	0	0	0
CZ BU	**1**	50	1	0	0	0	0
Hungary	**23**	25	2	18	21	22	23
Slovakia	**0**	3	0	3	0	0	1
Bulgaria	**-1**	9	-1	0	0	0	0
Ireland	**1**	3	0	1	1	1	20
GC	**0**	0	0	0	0	0	0
TOTAL	**30**	**402**	**8**	**22**	**22**	**23**	**44**

Amounts in m EUR

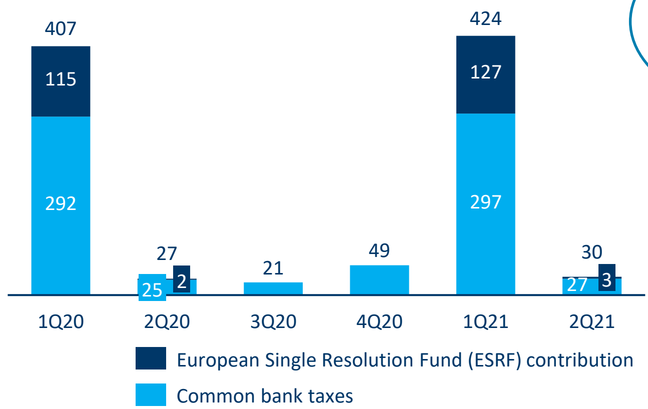
- **Operating expenses excluding bank taxes in 1H21 rose by 0.7% y-o-y like-for-like. The C/I ratio excluding bank taxes amounted to 49% in 1H21**
- **Our FY21 guidance for opex excluding bank taxes remains unchanged: +2% y-o-y like-for-like, despite negative FX effect. Note however that, in addition to the impact of the OTP SK acquisition as of 2021, the one-off -18m EUR Covid-related staff bonus comes on top**
- Operating expenses excluding bank taxes increased by 5% q-o-q primarily as a result of:
  - higher staff expenses, due partly to 1) an -18m EUR Covid-related bonus and 2) wage inflation in most countries
  - higher ICT costs
  - seasonally lower marketing costs and professional fees in 1Q21
  - appreciation of the CZK and HUF versus the EUR (-5m EUR)
- Operating expenses excluding bank taxes increased by 7% y-o-y due chiefly to higher staff expenses (due to the same reasons mentioned above, lower accruals for variable remuneration in 2Q20 and -8m EUR from the consolidation of OTP SK as of 2021), higher ICT and marketing costs and the appreciation of the CZK versus the EUR, partly offset by lower software depreciations
- Cost/income ratio (group) adjusted for specific items* at 55% in 2Q21 and 54% YTD (57% in FY20). Cost/income ratio (group): 52% in 2Q21 and 61% YTD, distorted by bank taxes

* See glossary (slide 92) for the exact definition ** Still subject to changes

Overview of bank taxes*

Amounts in m EUR

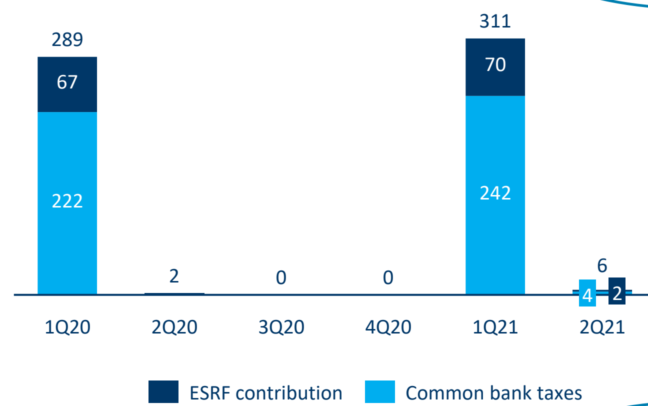
KBC GROUP



Bank taxes of 454m EUR YTD. On a pro rata basis, bank taxes represented 12.4% of 1H21 opex at KBC Group**

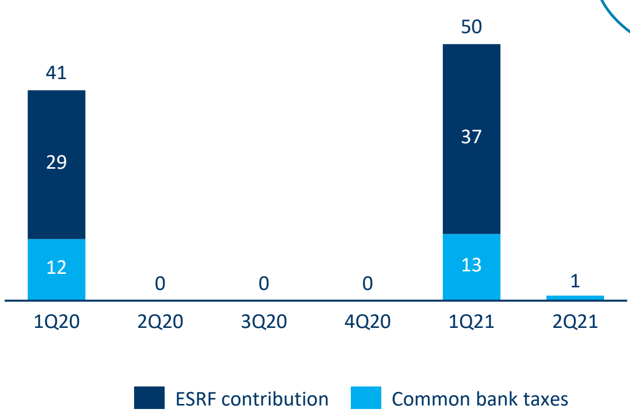
BELGIUM BU

Bank taxes of 318m EUR YTD. On a pro rata basis, bank taxes represented 13.2% of 1H21 opex at the Belgium BU



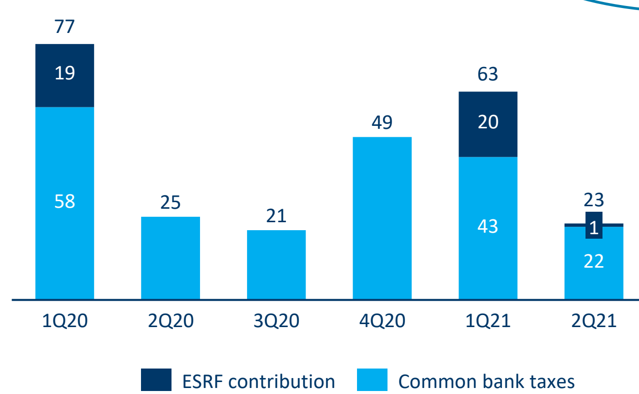
CZECH REPUBLIC BU

Bank taxes of 51m EUR YTD. On a pro rata basis, bank taxes represented 6.7% of 1H21 opex at the CZ BU



INTERNATIONAL MARKETS BU

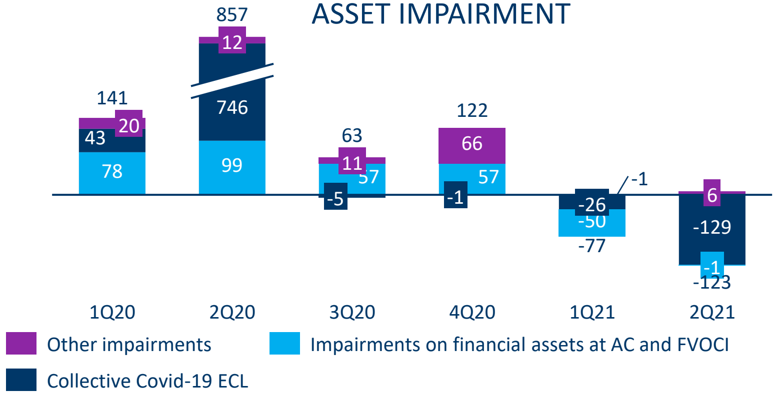
Bank taxes of 86m EUR YTD. On a pro rata basis, bank taxes represented 15.9% of 1H21 opex at the IM BU



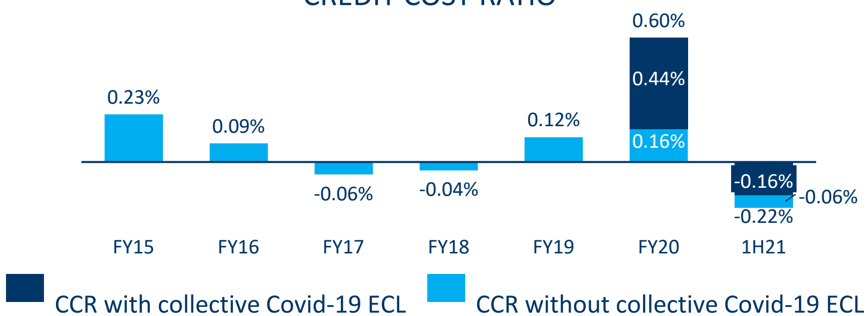
* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.
** The C/I ratio (group) amounted to 49% in 1H21 excluding these bank taxes

Higher net impairment releases and excellent credit cost ratio

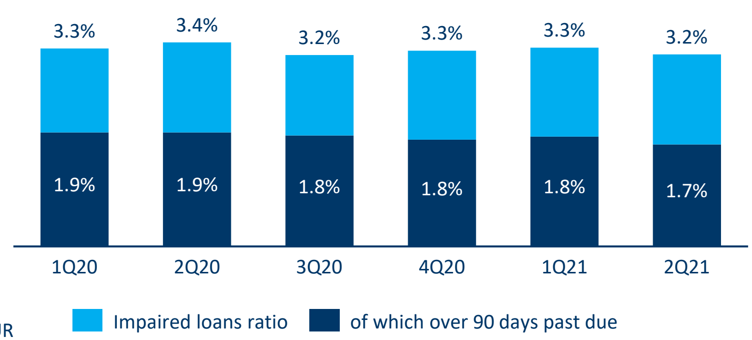
ASSET IMPAIRMENT



CREDIT COST RATIO



IMPAIRED LOANS RATIO



Amounts in m EUR

- **Net impairment releases**
  - Loan loss impairment releases of 130m EUR in 2Q21 (compared with 76m EUR in 1Q21), due almost entirely to a 129m EUR reversal of collective Covid-19 ECL (lowering the total collective Covid-19 impairments from 757m EUR at end 1Q21 to 628m EUR in 2Q21)
  - 6m EUR impairment on 'other'

- The **credit cost ratio in 1H21** amounted to:
  - -6 bps (16 bps in FY20) without collective Covid-19 ECL
  - -22 bps (60 bps in FY20) with collective Covid-19 ECL

- The **impaired loans ratio** improved to 3.2%, 1.7% of which over 90 days past due

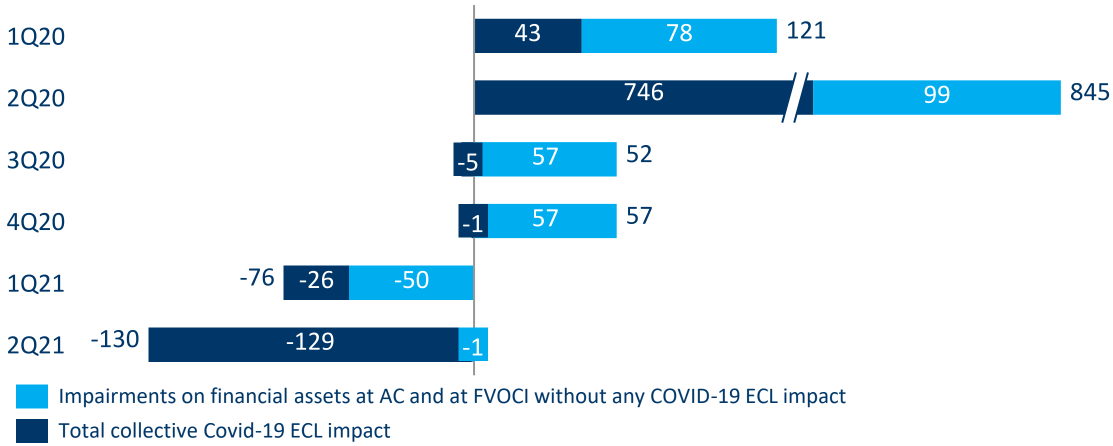
Section 2

Covid-19

COVID-19 Expected credit loss (ECL) (1/6)

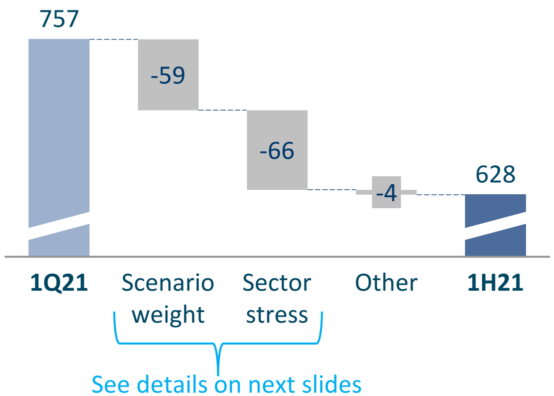
q-o-q decrease of 129m EUR

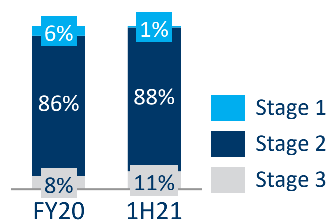
Impairment on financial assets at AC and at FVOCI



- The updated assessment of the impact of Covid-19 on the performing and non-performing portfolios after 1H21, **resulted in a total collective Covid-19 ECL of 628m EUR (q-o-q decrease of 129m EUR)**, mainly driven by:
  - an update of the scenario probabilities towards 80% for the base-case, 10% for the pessimistic and 10% for the optimistic scenario (as opposed to 60%-30%-10% at the end of 1Q21) resulting in a decrease of 59m EUR
  - a change in sector stress applied to less vulnerable sectors, causing a decrease of 66m EUR

Total collective Covid-19 ECL (incl. management overlay)





- **The total collective Covid-19 ECL of 628m EUR consists of 1% stage 1, 88% stage 2 and 11% stage 3 impairments.** The higher relative share of stage 2 and stage 3 impairments was driven by the decrease in stage 1 impairments resulting from the improvement of the macro-economic assumptions

Amounts in m EUR

COVID-19 ECL (2/6)

by country

Collective Covid-19 ECL by country:

End of June'21	Performing portfolio impact				Non-Performing portfolio	1H21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
	Optimistic	*Base*	*Pessimistic*	Probability								
EUR m	10%	*80%*	*10%*	weigthed								
KBC Group	**447**	**542**	**837**	**562**	**66**	**628**	**-129**	**-26**	**-1**	**-5**	**746**	**43**
By country:												
Belgium	283	300	391	307	20	327	-66	-20	3	-3	378	35
Czech Republic	87	123	175	125	9	134	-30	2	-5	9	152	6
Slovakia	21	30	43	30	0	30	-6	-1	0	-3	39	1
Hungary	25	42	78	44	0	44	-9	-3	2	-1	54	1
Bulgaria	6	15	23	15	5	20	-4	0	1	-5	28	n/a
Ireland	25	32	127	41	32	73	-14	-4	-2	-2	95	n/a
versus 1Q21 :	***501***	***609***	***917***	***691***	***66***	***757***						

COVID-19 (3/6)

IFRS 9 macroeconomic scenarios

Macroeconomic scenarios

June 2021

Real GDP growth	2021			2022		
Annual average growth (in %)	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Euro area	5.2%	3.9%	2.1%	5.6%	4.4%	2.2%
Belgium	5.8%	4.5%	3.3%	5.1%	4.1%	2.1%
Czech Republic	4.2%	3.5%	1.8%	5.8%	4.5%	1.7%
Hungary	5.5%	4.5%	3.8%	6.0%	5.3%	4.0%
Slovakia	5.0%	3.7%	2.5%	5.2%	4.5%	3.0%
Bulgaria	4.0%	3.0%	1.0%	4.0%	4.0%	2.0%
Ireland	8.0%	5.0%	1.0%	7.0%	4.0%	1.0%

Unemployment rate*	2021			2022		
End-of-year (in %)	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Belgium	6.5%	7.0%	7.5%	6.2%	6.7%	7.2%
Czech Republic	3.1%	3.4%	4.2%	2.9%	3.2%	4.0%
Hungary	3.8%	4.0%	4.5%	3.5%	3.7%	4.2%
Slovakia	8.5%	9.5%	10.0%	7.8%	8.0%	9.5%
Bulgaria	5.0%	5.0%	8.0%	4.3%	4.8%	7.0%
Ireland	6.5%	8.0%	14.0%	5.0%	6.0%	10.0%

House-price index	2021			2022		
Annual average growth (in %)	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Belgium	3.5%	1.0%	-1.0%	3.0%	1.5%	-3.0%
Czech Republic	8.1%	6.2%	2.0%	5.2%	2.5%	-3.5%
Hungary	5.5%	3.5%	0.0%	6.0%	3.0%	-1.0%
Slovakia	8.0%	4.0%	2.0%	5.0%	2.5%	-2.0%
Bulgaria	4.5%	4.0%	3.8%	4.0%	3.8%	3.5%
Ireland	5.0%	3.0%	0.0%	5.0%	2.0%	-1.0%

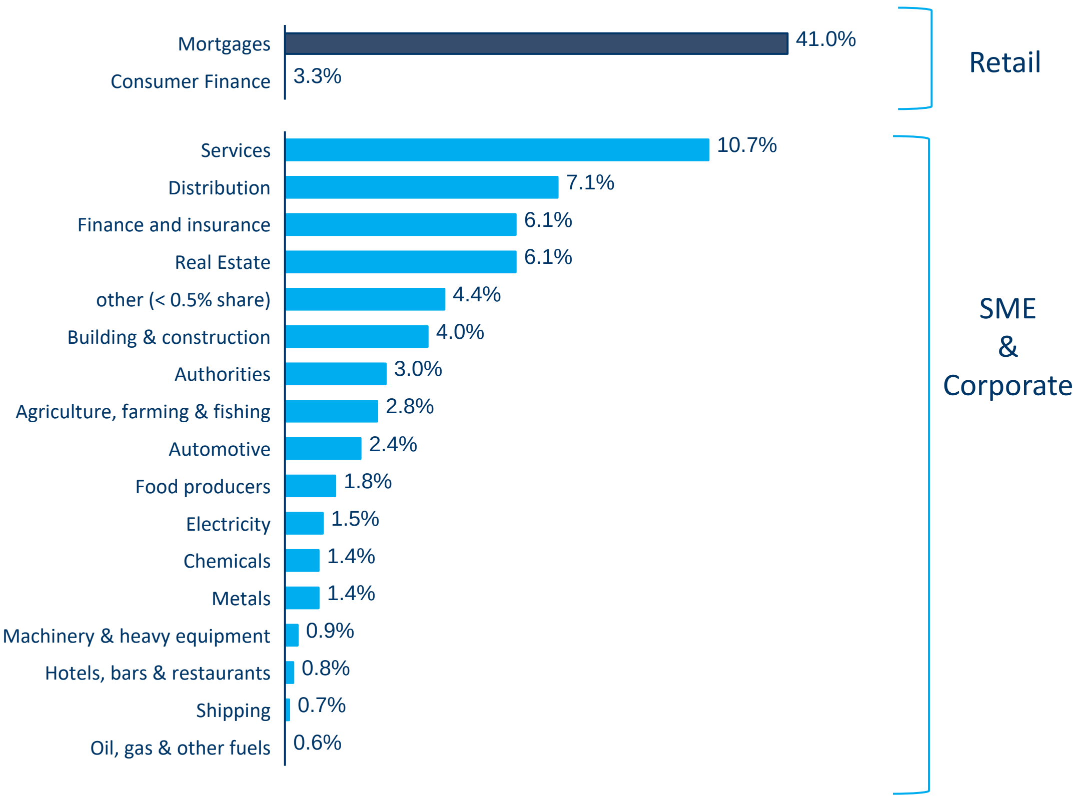
(*) Note: Eurostat definition, except for Ireland (national Covid-19 adjusted unemployment rate)

- The economic outlook is more optimistic compared to previous quarter, driven by the largely resolved uncertainties regarding vaccine supplies in the EU. Recent developments increasingly confirm a re-opening of the economy aligned with the increase of the vaccination rate. However, the outlook remains subject to considerable risks, largely related to new virus variants undermining the effectiveness of existing vaccines and shortfalls in vaccination demand
- Because of this uncertainty, we continue working with three alternative scenarios: a base-case scenario, a more optimistic scenario and a more pessimistic scenario
- The definition of each scenario reflects the latest virus-related and economic developments, with the following probabilities**: 80% for the base-case, 10% for the pessimistic and 10% for the optimistic scenario** (as opposed to 60%-30%-10% at the end of 1Q21)
- The economic outlook for the home markets remains aligned to that of the euro area and confirms the better-than-expected level of resilience

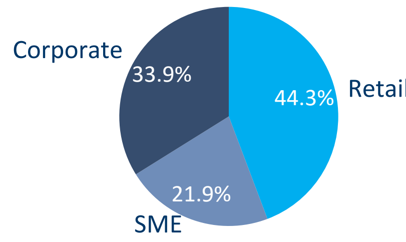
COVID-19 (4/6)
Diversified loan portfolio

Total loan portfolio outstanding by sector
in % of total Group outstanding*

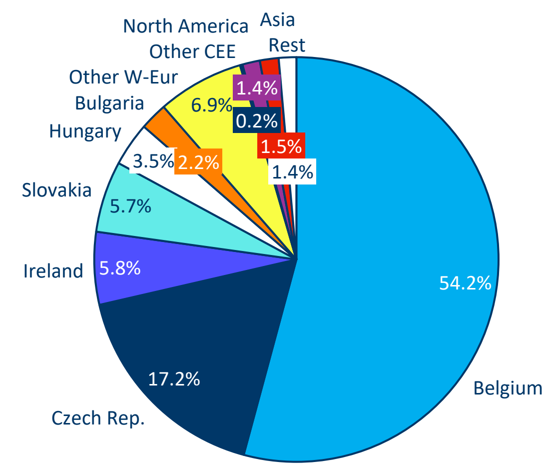
182bn EUR



Total loan portfolio outstanding by segment*



Total loan portfolio outstanding by geographical breakdown*



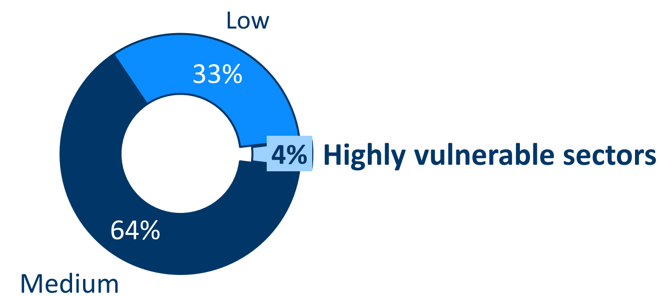
- Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

COVID-19 (5/6)

SME & Corporate loan portfolio* broken down by sector sensitivity to Covid-19

- **From mid-2020, a sectoral risk effect** was incorporated **into the calculation of the collective Covid-19 ECL impact**. All exposures in the SME & Corporate portfolio were classified as high, medium or low risk based on the expected impact of the Covid-19 crisis on the sector affected
- Based on the latest developments, we **recategorised the high-risk sectors** into two groups:
  - the more vulnerable part is still risk weighted at 150% (in line with the originally defined high risk sectors)
  - the less vulnerable part is risk weighted at 100% (in line with the originally defined medium risk sectors)
- Furthermore, we continue to apply a Covid-19 sector risk weight of 50% to the low-risk sectors

4% of the total SME & Corporate loan portfolio is categorised as highly vulnerable (or 2% of the total loan portfolio)



HIGHLY VULNERABLE RISK SECTORS:	
Hotels, bars & restaurants	Fully allocated
Services	A minor share of activities related to entertainment & leisure services
Distribution	Only the activities linked to the wholesale distribution of apparel and retail fashion
Commercial real-estate	A minor share of activities linked to the development of office properties & shopping projects and all activities related to hotels & leisure
Shipping	Mainly the manufacturing activities assigned within the shipping sector
Aviation	Fully allocated

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

COVID-19 (6/6)

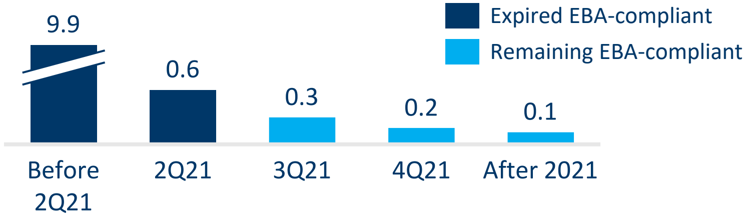
Overview of payment holidays and public Covid-19 guarantee schemes

Payment holidays – expiring volumes

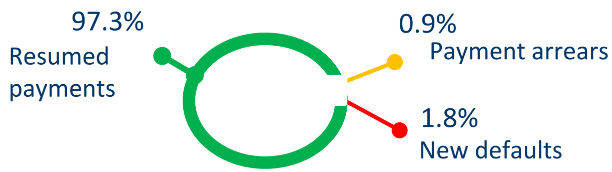
(in bn EUR)

By the end of June 2021:

- The volume of loans granted payment holidays, amounted to 12.7bn[(1)] EUR or 8% of the total loan book[(2)] (EBA-compliant + 1.6bn opt-out of HU)



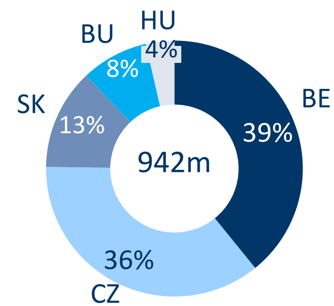
- By now, 10.5bn EUR EBA-compliant payment holidays expired and only 0.6bn EUR EBA-compliant payment holidays is still outstanding



- Non-EBA-compliant:
  - Hungary: additional extension of opt-out until 30 SEP 2021 for a total amount of 1.6bn EUR or 31% of the total loan book. The extension by 3 months resulted in a modification loss of 2m EUR
  - The remaining non-EBA-compliant portfolios are mainly in BE and CR, for a total amount of 0.6bn EUR[(3)]

Public Covid-19 guarantee schemes

(in m EUR)



	Loans granted	Covered by government-guarantee
KBC	**942**	**77%**
BE BU[(4)]	369	72%
CZ BU	339	85%
Slovakia	120	69%
Bulgaria	80	84%
Hungary	34	61%
Ireland	-	-

By the end of June 2021:

- Government-guaranteed loans (under the Covid-19 scheme) amounted to 942m EUR for 15k obligors
- Belgium: second extension of the revised state guarantee scheme (launched in 3Q20 of up to 10bn EUR) to cover losses on future SME loans granted before 31 Dec 2021 (instead of 30 JUN 2021). This government guarantee covers 80% of all losses, in total

(1) In line with the external EBA templates
(2) Loans to customers, excluding reverse repos (and bonds)
(3) Mainly Belgian retail loans and leases not fully in line with national moratoria legislation and early deferral requests in Czech Republic (before implementation of national moratoria legislation)
(4) In Belgium, the exposure of the first Covid guarantee scheme decreased by approximately 300m EUR in 2Q21, as COVID I scheme mainly expired given the 12 months maturity

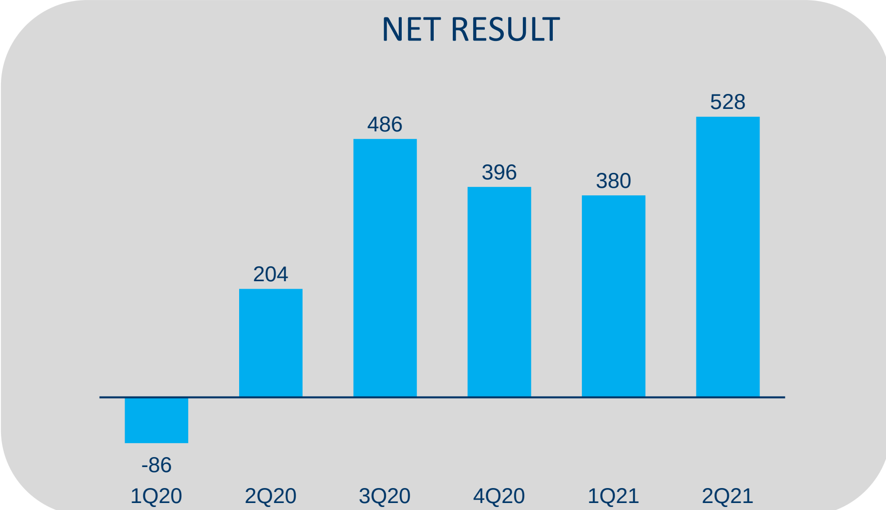
Section 3

2Q 2021 performance of business units

Business profile

	BELGIUM	CZECH REPUBLIC	SLOVAKIA	HUNGARY	BULGARIA	IRELAND	GROUP CENTRE
2Q21 NET RESULT (in million euros)	528m	168m	22m	75m	30m	13m	-42m
ALLOCATED CAPITAL (in billion euros)	7.3bn	1.8bn	0.6bn	0.8bn	0.4bn	0.7bn	0.2bn
LOANS (in billion euros)	106bn	31bn	9bn	5bn	4bn	10bn	
DEPOSITS (in billion euros)	160bn	45bn	8bn	9bn	6bn	5bn	
BRANCHES (end 2Q21)	454	232	174	202	173	12	
Clients (end 2Q21)	3.7m	4.2m	0.8m	1.6m	1.4m	0.3m	

Belgium BU (1): net result of 528m EUR



Amounts in m EUR

Net result at the Belgium Business Unit amounted to 528m EUR in 2Q21

- The quarter under review was characterised by higher net interest income, lower net fee and commission income, higher dividend income, lower trading and fair value income, lower net other income, an excellent combined ratio, higher sales of life insurance products, lower operating expenses due entirely to lower bank taxes and slightly lower net impairment releases q-o-q

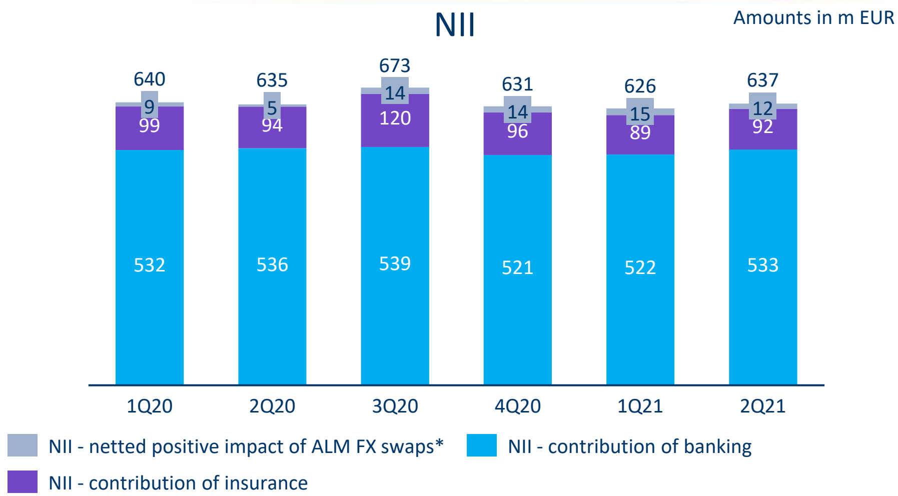
- Customer deposits excluding debt certificates and repos rose by 6% y-o-y, while customer loans rose by 2% y-o-y. Note that 1H20 total loans were temporarily inflated by extra corporate loan drawings as a result of the Covid-19 outbreak

ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	106bn	40bn	160bn	208bn	26bn
Growth q-o-q*	+2%	+2%	+6%	+3%	+1%
Growth y-o-y	+2%	+9%	+17%	+12%	+2%

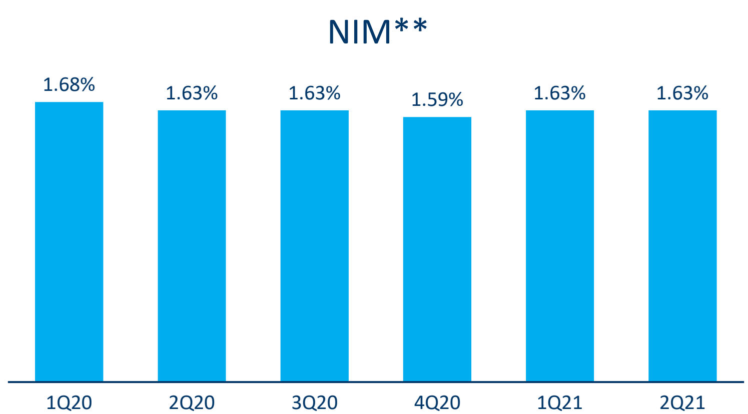
* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos. **Customer deposit volumes excluding debt certificates & repos +2% q-o-q and +6% y-o-y**

Belgium BU (2): higher NII and stable NIM



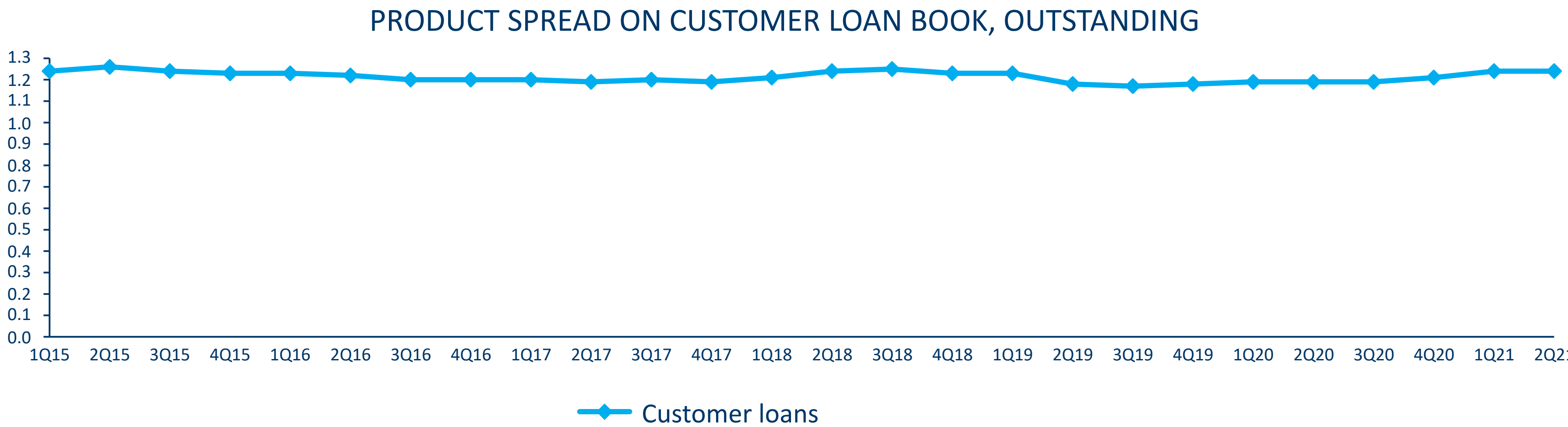
* From all ALM FX swap desks
** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos

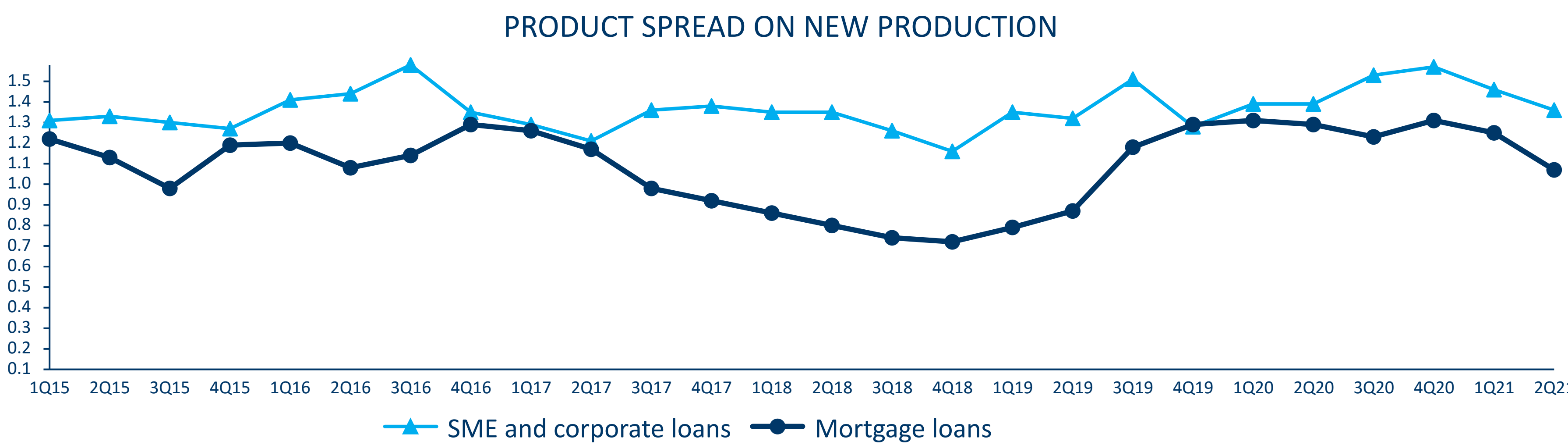


- **Net interest income (637m EUR)**
  - NII rose by 2% q-o-q due mainly to:
    - loan volume growth
    - higher margins on new loan production than on outstanding portfolio both in the mortgage, SME and consumer finance segments
    - lower funding costs
    - intensified charging of negative interest rates on certain current accounts to corporates and SMEs
    - higher number of days
    - higher NII on bond portfolio insurance thanks to inflation linked bonds

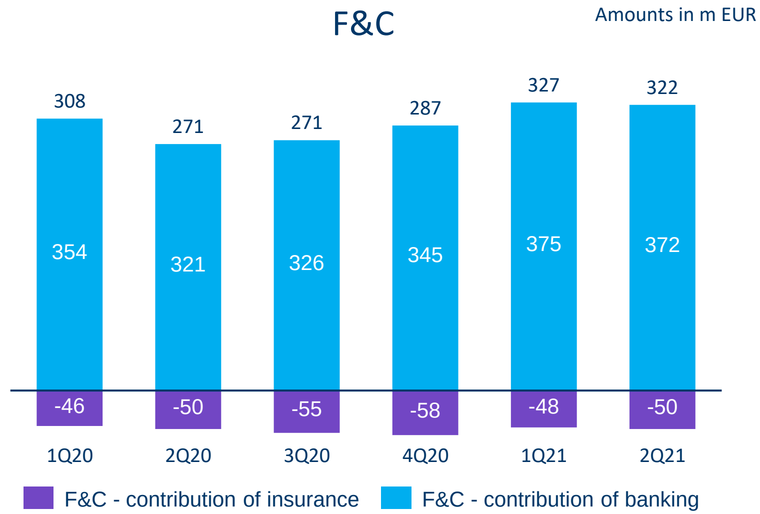
    partly offset by:
    - lower reinvestment yields
    - lower netted positive impact of ALM FX swaps
  - NII slightly increased y-o-y as the positive impact of TLTRO3 (+18m EUR y-o-y) and of ECB deposit tiering (+2m EUR y-o-y), higher NII on lending (both volume and margin driven) and a higher netted positive impact of ALM FX swaps was largely offset by the negative impact of lower reinvestment yields
- **Net interest margin (1.63%)**
  - Stabilised both q-o-q and y-o-y as higher NII on lending (both volume and margin driven) and lower funding costs were offset by the negative impact of lower reinvestment yields and an increase of the interest-bearing assets (denominator)

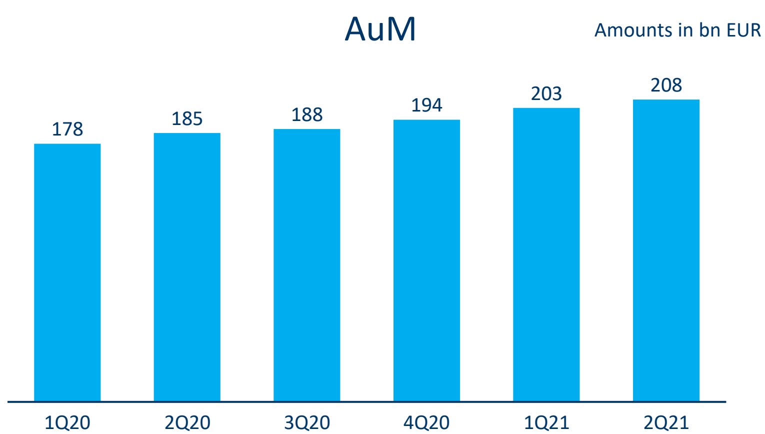
Credit margins in Belgium





Belgium BU (3): good net F&C income level, although slightly lower q-o-q





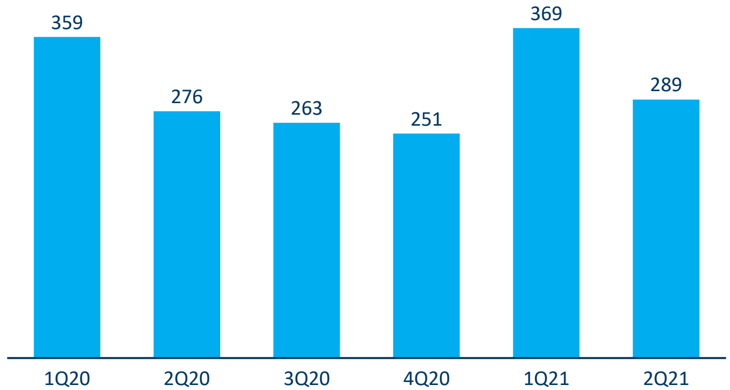
- **Net fee and commission income (322m EUR)**
  - Decreased by 1% q-o-q due mainly to:
    - lower securities-related fees
    - deliberately reduced entry fees from mutual funds and unit-linked life insurance products as part of successful commercial campaigns
    - lower network income
    - higher commissions paid linked to insurance sales

    largely offset by:
    - higher management fees
    - higher fees from payment services
    - higher fees from credit files & bank guarantees
  - Rose by 19% y-o-y driven chiefly by higher management fees, higher fees from payment services, higher network income and higher fees from credit files & bank guarantees, partly offset by higher distribution costs and lower securities-related fees
- **Assets under management (208bn EUR)**
  - Increased by 3% q-o-q due almost entirely to a positive price effect (+3%) in addition to net inflows
  - Increased by 12% y-o-y due to net inflows (+1%) and a positive price effect (+12%)

Belgium BU (4): higher y-o-y non-life sales, excellent combined ratio

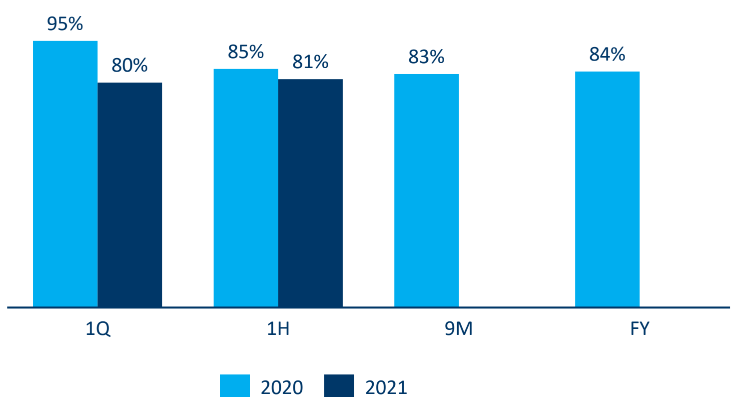
Amounts in m EUR

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



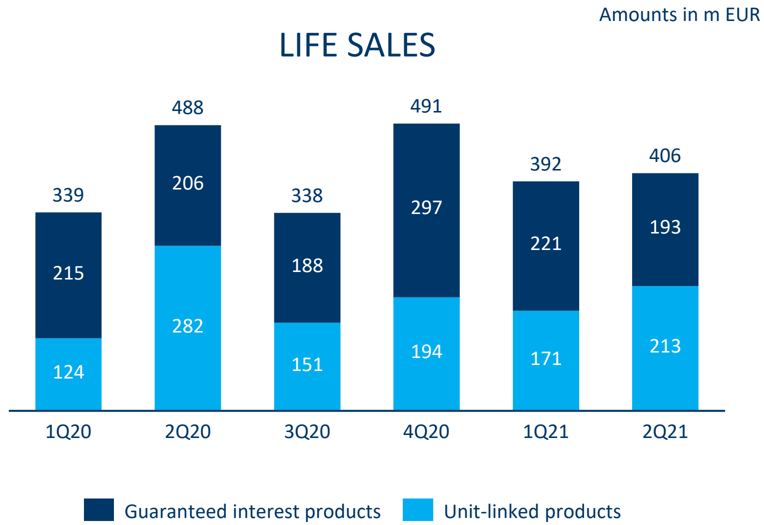
- **Sales of non-life insurance products**
  - Rose by 5% y-o-y in 2Q21
  - Premium growth chiefly in classes 'Property', 'General third-party liability' and 'Accident & Health'

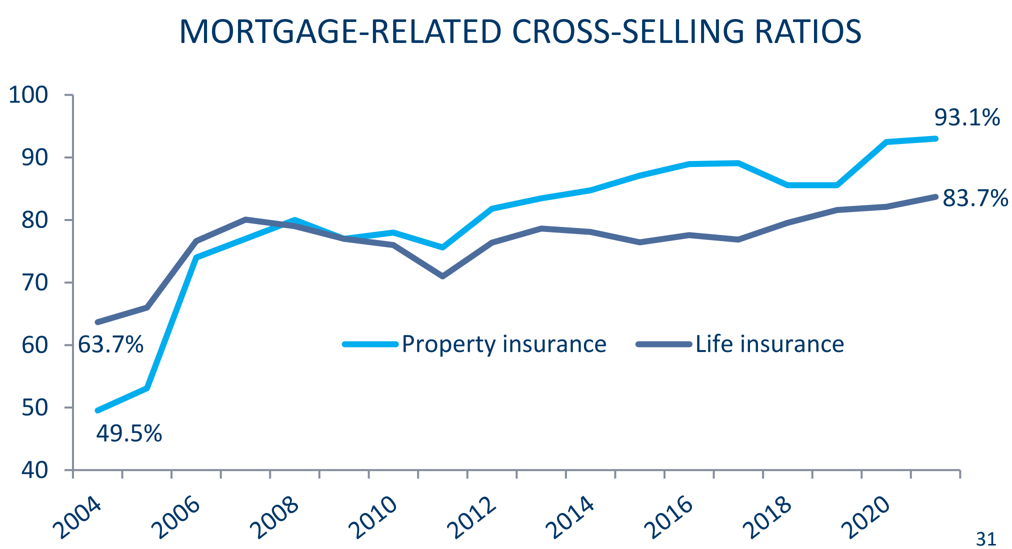
COMBINED RATIO (NON-LIFE)



- **Combined ratio** amounted to an excellent **81%** in 1H21 (85% in 1H20). This is the result of 3% y-o-y earned premium growth combined with 5% y-o-y higher technical charges in 1H21. The latter was due mainly to higher normal claims (mainly in 'Motor', 'Fire' and 'General third-party liability') and higher major claims (especially in 'General third-party liability' and 'Fire'), partly offset by lower storm claims and lower impact of parameter updates. Furthermore, note that the ceded reinsurance result was less negative in 1H21 (-4m EUR) versus 1H20 (-19m EUR)

Belgium BU (5): life sales higher q-o-q, but lower y-o-y, good cross-selling ratios

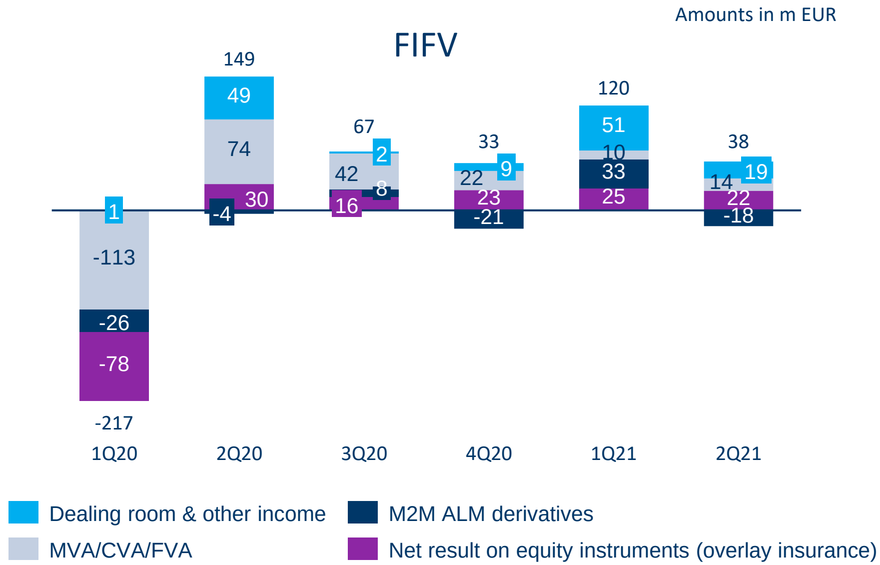




- **Sales of life insurance products**
  - Increased by 4% q-o-q and decreased by 17% y-o-y
  - The q-o-q increase was driven entirely by higher sales of unit-linked products, partly offset by lower sales of guaranteed interest products (volumes in tax-incentivised pension savings products are traditionally higher during 1Q and 4Q)
  - The y-o-y decrease was driven by lower sales of both guaranteed interest products (due mainly to the suspension of universal single life insurance products) and unit-linked products (due to high level in 2Q20 as a result of switches from mutual funds to unit-linked products by Private Banking clients)
  - Guaranteed interest products and unit-linked products accounted for 48% and 52%, respectively, of life insurance sales in 2Q21

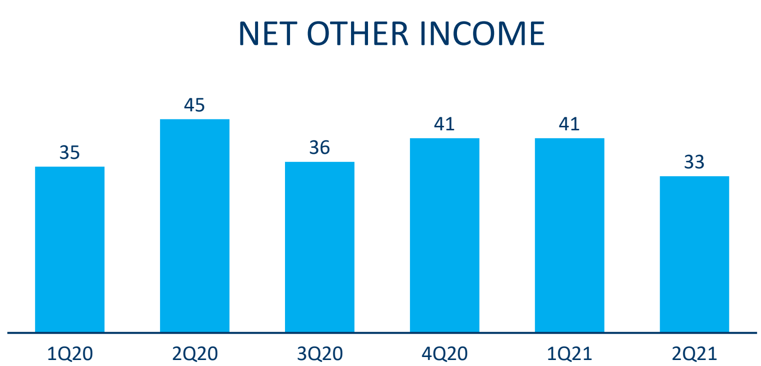
- **Mortgage-related cross-selling ratios**
  - 93.1% for property insurance
  - 83.7% for life insurance

Belgium BU (6): lower FIFV and net other income



- The q-o-q decrease in net gains from financial instruments at fair value was attributable mainly to:
  - a negative change in ALM derivatives
  - lower dealing room income
  - slightly lower net result on equity instruments (insurance)

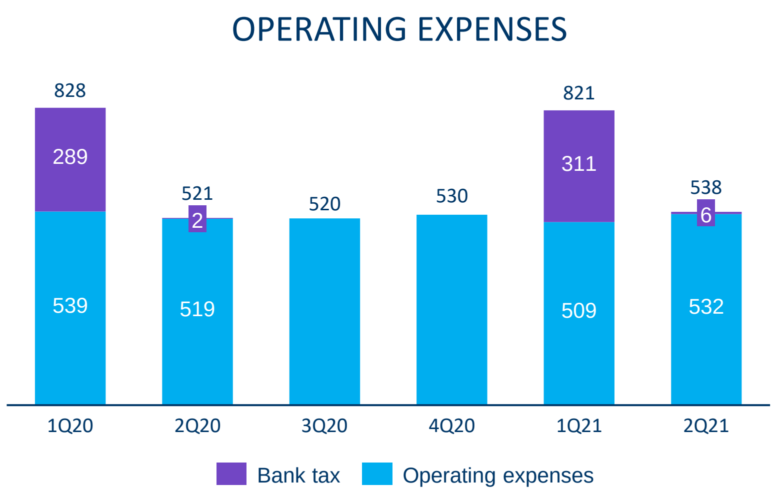
  partly offset by:
  - slightly better market value adjustments, while credit and funding value adjustments roughly stabilised q-o-q

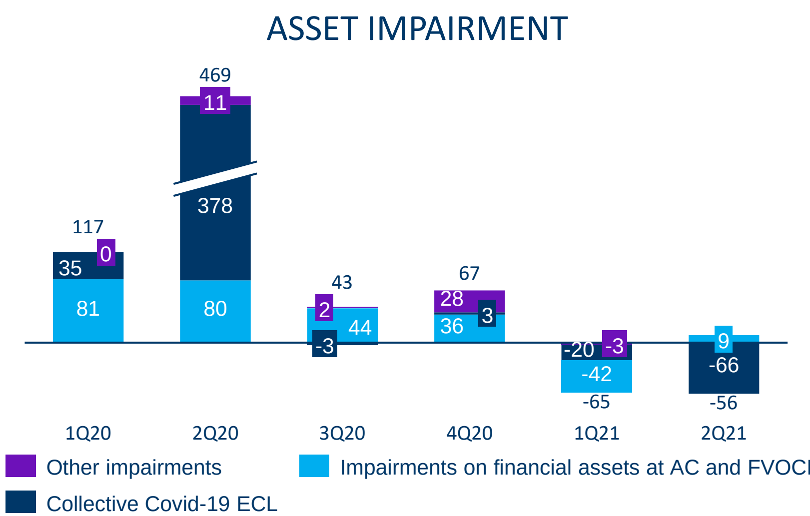


- **Net other income** decreased to 33m EUR in 2Q21 due to some negative one-offs, among other things, the settlement of a tax dispute and the realised losses on (government) bonds

Belgium BU (7): lower opex entirely due to lower bank taxes and slightly lower net impairment releases

Amounts in m EUR





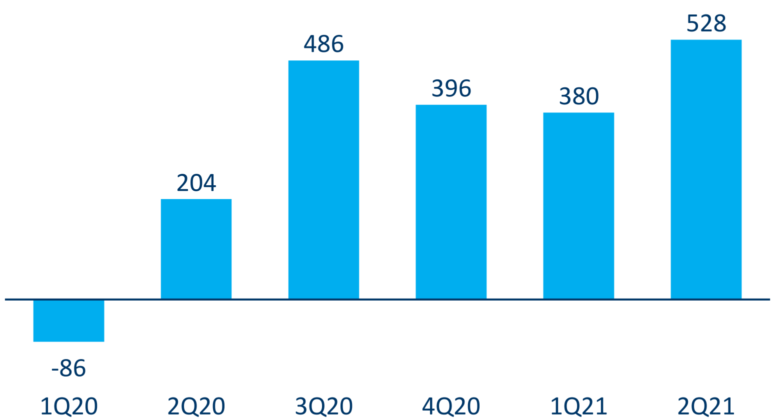
- **Opex without bank taxes**: +4% q-o-q and +3% y-o-y
  - Operating expenses without bank taxes increased by 4% q-o-q due mainly to:
    - higher staff costs (due largely to -5m EUR one-off Covid-related staff bonus and wage inflation)
    - higher ICT and facilities expenses
    - seasonally lower marketing costs in 1Q21
  - Operating expenses without bank taxes increased by 3% y-o-y due chiefly to higher staff expenses (due to reduced variable remuneration in 2Q20 versus 5m EUR one-off Covid-related staff bonus in 2Q21 and wage inflation) and higher marketing costs, partly offset by lower ICT costs and professional fees
  - Adjusted for specific items, the C/I ratio (group) amounted to 51% in 2Q21 and 50% YTD (54% in FY20)
  - Cost/income ratio (group): 46% in 2Q21 and 56% YTD, distorted by bank taxes

- **Loan loss impairment releases** of 56m EUR compared with 62m EUR in 1Q21. Besides a 66m EUR reversal of collective Covid-19 ECL, 2Q21 was slightly impacted by a few corporate files. **Credit cost ratio** amounted to -6 bps (21 bps in FY20) without collective Covid-19 ECL and -20 bps with collective Covid-19 ECL in 1H21

- **Impaired loans ratio** amounted to 2.5%, 1.0% of which over 90 days past due

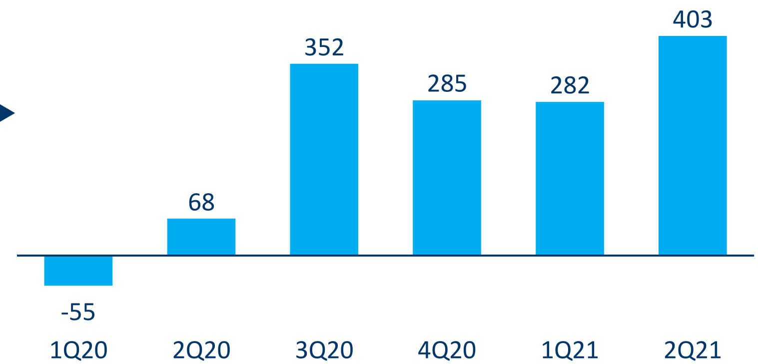
Net result at the Belgium BU

NET RESULT AT THE BELGIUM BU*

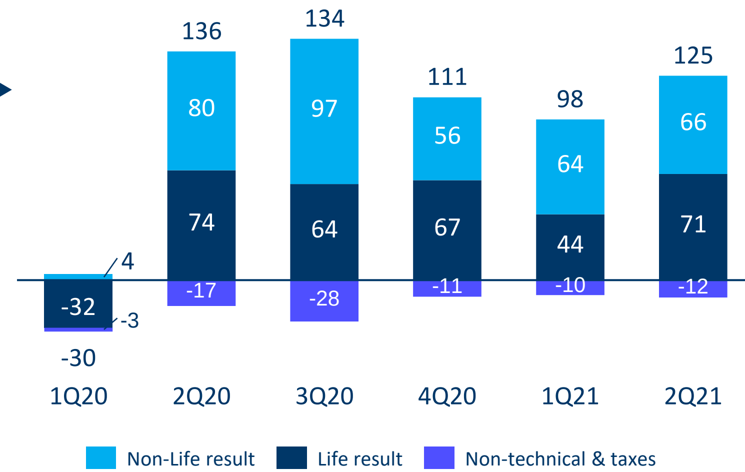


Amounts in m EUR

CONTRIBUTION OF BANKING ACTIVITIES TO NET RESULT OF THE BELGIUM BU*



CONTRIBUTION OF INSURANCE ACTIVITIES TO NET RESULT OF THE BELGIUM BU*

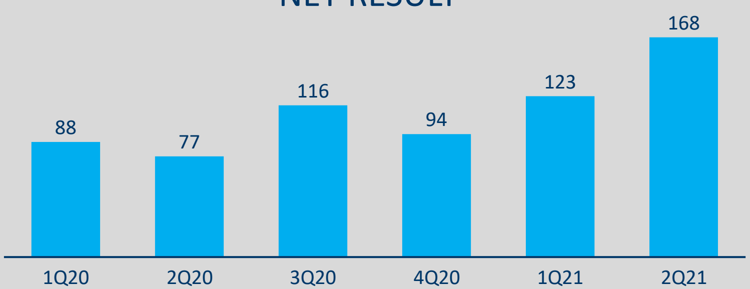


* Difference between net profit at the Belgium Business Unit and the sum of the banking and insurance contribution is accounted for by the rounding up or down of figures

Czech Republic BU

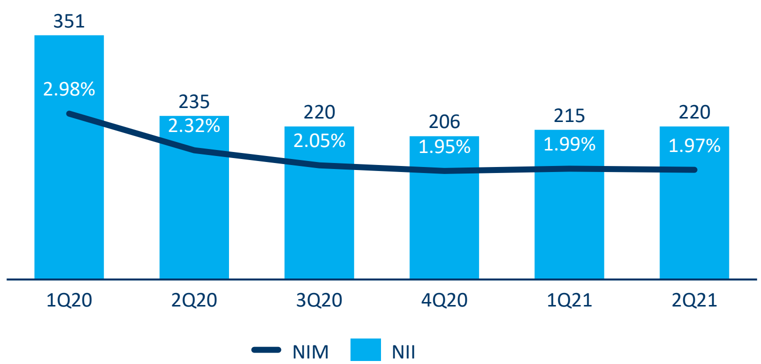
NET RESULT

Amounts in m EUR



NII & NIM

Amounts in m EUR



Net result of 168m EUR in 2Q21

- +34% q-o-q excluding FX effect due mainly to higher net interest income, higher net fee & commission income, lower net results from financial instruments at fair value, lower net other income, an excellent combined ratio, lower costs due entirely to lower bank taxes and higher net impairment releases
- Customer deposits (including debt certificates, but excluding repos) rose by 7% y-o-y, while customer loans increased by 2% y-o-y

Highlights

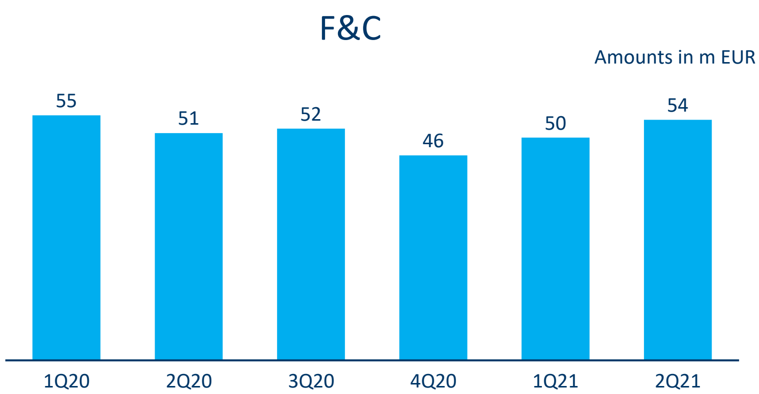
- **Net interest income**
  - +1% q-o-q and -12% y-o-y (both excl. FX effect)
  - Q-o-q increase primarily due to increasing interest rates and the appreciation of the CZK versus the EUR (+3m EUR)
- **Net interest margin**
  - Fell by 2 bps q-o-q due mainly to pressure on mortgage margins (both on new production and outstanding portfolio) and an increase of the interest-bearing assets (denominator)

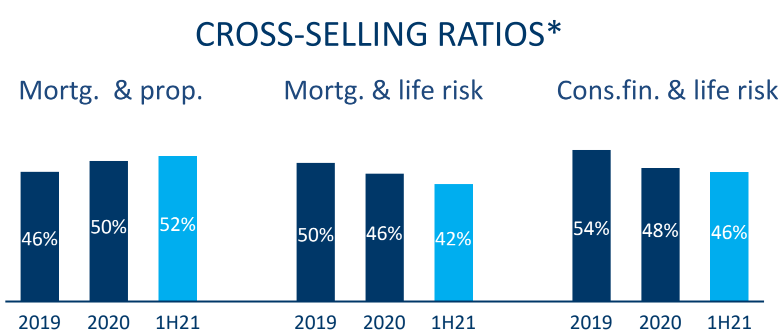
ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	31bn	17bn	45bn	12.8bn	1.3bn
Growth q-o-q*	+2%	+2%	+1%	+7%	+2%
Growth y-o-y	+2%	+6%	+7%	+18%	0%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos.

Czech Republic BU

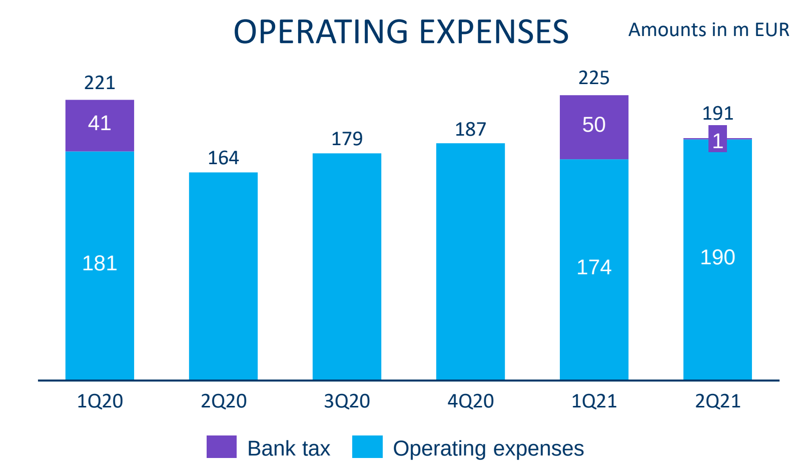


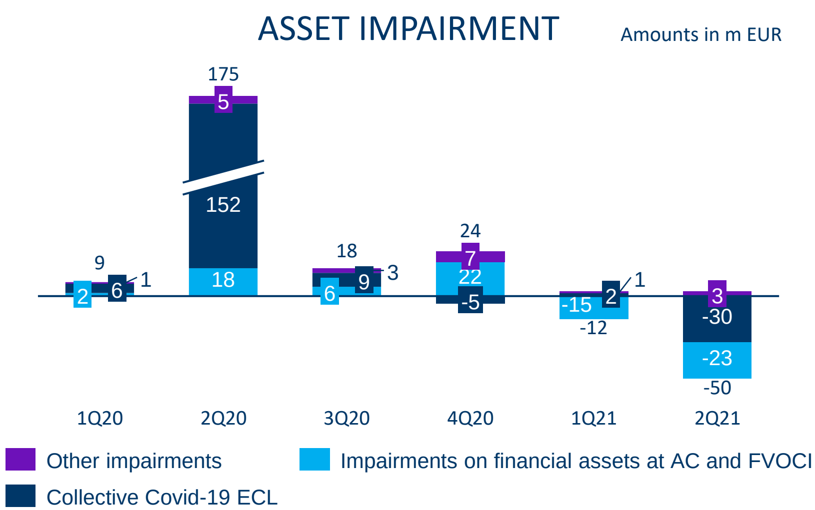


* FY19 and FY20 figures have been restated as a result of the integration of Hypoteční Banka in the retail sales network in 1H21

- **Net F&C income**
  - +7% q-o-q and +2% y-o-y (both excl. FX effect)
  - The higher q-o-q net F&C income was the result of higher fees from payment services, higher network income and lower distribution costs, partly offset by lower securities-related fees
- **Assets under management**
  - 12.8bn EUR
  - +7% q-o-q due to net inflows (+4%) and a positive price effect (+3%)
  - +18% y-o-y due to net inflows (+7%) and a positive price effect (+12%)
- **Trading and fair value income**
  - 22m EUR lower q-o-q net results from financial instruments at fair value (FIFV) to 7m EUR due to lower dealing room income results (driven by the inverted CZK yield curve), a negative q-o-q change in market, credit and funding value adjustments (due mainly to increased IRS hedging transactions deals) and a small negative change in ALM derivatives
- **Insurance**
  - Insurance premium income (gross earned premium): 133m EUR
    - Non-life premium income (82m EUR) +8% y-o-y excluding FX effect, due to growth in all products
    - Life premium income (51m EUR) +19% q-o-q and +10% y-o-y, excluding FX effect, both due mainly to higher sales of unit-linked products
  - Combined ratio of 85% in 1H21 (86% in 1H20), despite the negative impact of windstorms and a tornado in 2Q21

Czech Republic BU





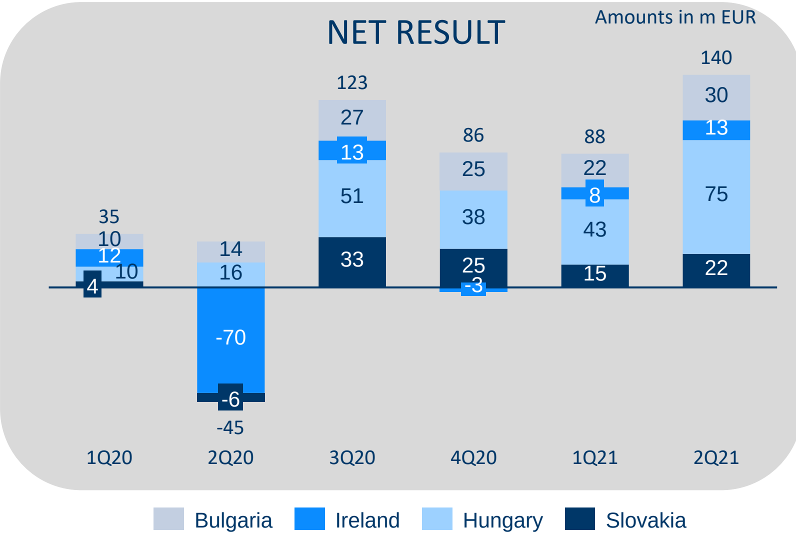
Operating expenses

- 191m EUR; +7% q-o-q and +11% y-o-y, both excluding FX effect and bank taxes
  - Q-o-q increase was due mainly to:
    - higher staff expenses due chiefly to a -4m EUR one-off Covid-related staff bonus and a higher accrual of variable compensation
    - higher ICT costs
    - higher professional fees
  - Y-o-y increase was chiefly the result of higher staff costs and higher ICT costs, partly offset by lower facilities and marketing expenses
- Adjusted for specific items, C/I ratio amounted to roughly 58% in 2Q21 and 55% YTD (52% in FY20)

Loan loss and other impairment

- Higher q-o-q loan loss impairment releases mainly thanks to a 30m EUR reversal of the collective Covid-19 ECL and releases on some SME, corporate & retail files
- Credit cost ratio amounted to -0.23% (0.15% in FY20) without collective Covid-19 ECL and -0.41% with collective Covid-19 ECL in 1H21
- Impaired loans ratio improved to 2.1%, 0.9% of which over 90 days past due
- Impairment of 3m EUR on ‘other’

International Markets BU



Net result of 140m EUR

- Slovakia 22m EUR, Hungary 75m EUR, Bulgaria 30m EUR and Ireland 13m EUR

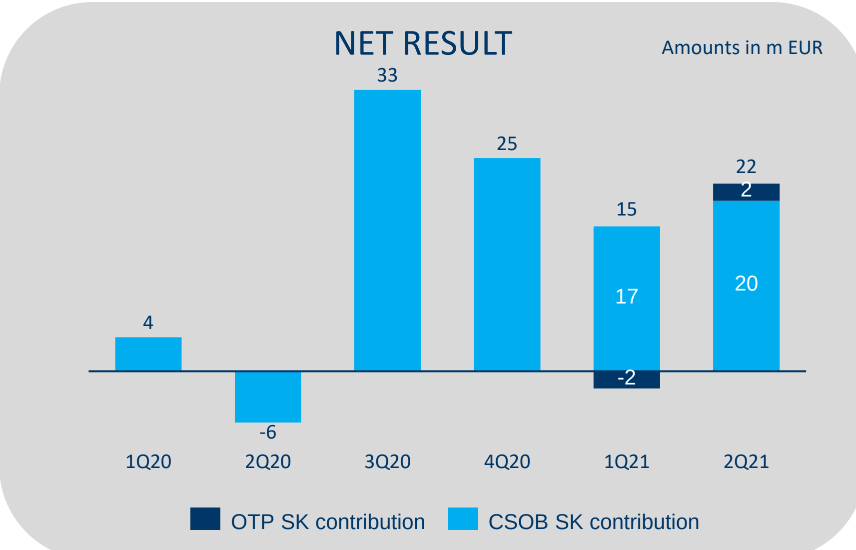
Highlights (q-o-q results)

- Higher net interest income. NIM 2.58% in 2Q21 (+2 bps q-o-q and stable y-o-y)
- Higher net fee and commission income
- Higher result from financial instruments at fair value
- Lower net other income
- An excellent combined ratio of 80% in 1H21 (78% in 1H20)
- Lower non-life insurance sales and stable life insurance sales
- Lower costs due entirely to lower bank taxes
- Net loan loss impairment releases in 2Q21 (compared with no impairment charges/releases in 1Q21)

ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	28bn	18bn	28bn	6.4bn	0.7bn
Growth q-o-q*	+1%	+2%	+1%	+6%	+3%
Growth y-o-y	+7%	+8%	+10%	+17%	+3%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL
*** Customer deposits, including debt certificates but excluding repos.

International Markets BU - Slovakia



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	9bn	5bn	8bn
Growth q-o-q*	0%	+2%	-3%
Growth y-o-y	+5%	+12%	+6%

- Non-annualised

** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos.

Net result of 22m EUR (of which 2m EUR of OTP SK, consolidated in P&L as of 2021)

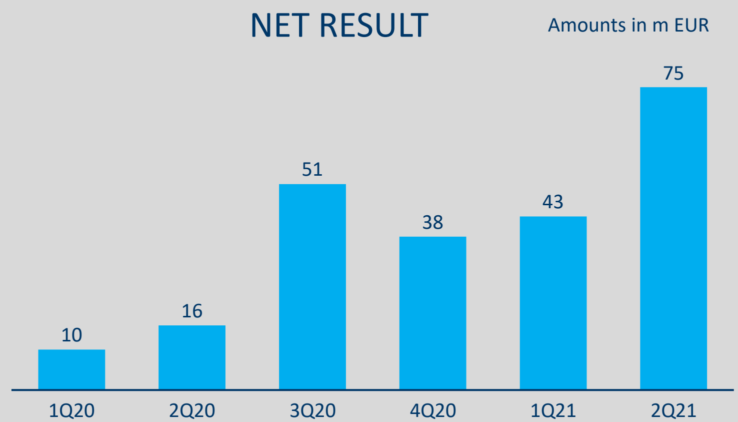
Highlights (q-o-q results)

- Stable net interest income
- Higher net fee & commission income mainly as a result of higher fees from payment services and slightly higher entry fees
- Higher result from financial instruments at fair value
- Excellent combined ratio of 85% in 1H21 (81% in 1H20)
- Lower non-life insurance sales and stable life insurance sales
- Higher operating expenses due mainly to higher staff expenses (driven by a -2m EUR one-off Covid-related staff bonus and wage inflation) and higher ICT costs
- Net loan loss impairment releases in 2Q21 (a 6m EUR reversal of the collective Covid-19 ECL) compared to small net loan loss impairment charges in 1Q21. Credit cost ratio of 0.07% (0.19% in FY20) without collective Covid-19 ECL and -0.06% with collective Covid-19 ECL in 1H21

Volume trend

- Total customer loans stabilised q-o-q and rose by 5% y-o-y, the latter due almost entirely to the increasing mortgage portfolio
- Total customer deposits fell by 3% q-o-q (as the increase in retail & SME deposits was more than offset by decreasing corporate deposits) and rose by 6% y-o-y

International Markets BU - Hungary



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	5bn	2bn	9bn
Growth q-o-q*	+2%	+5%	+1%
Growth y-o-y	+13%	+17%	+13%

- Non-annualised

** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos.

Net result of 75m EUR

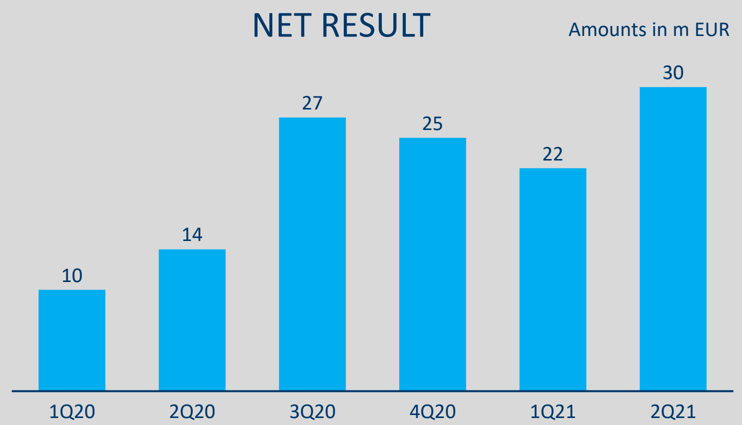
Highlights (q-o-q results)

- Higher net interest income excluding FX effect due chiefly to loan volume growth in retail segment and increasing interest rates
- Higher net fee and commission income excluding FX effect, due mainly to higher fees from payment services
- Lower net results from financial instruments at fair value
- Excellent combined ratio of 82% in 1H21 (80% in 1H20)
- Lower non-life insurance sales and higher life insurance sales
- Lower operating expenses due entirely to lower bank taxes. Operating costs excluding bank taxes increased due mainly to higher staff expenses (driven entirely by a -3m EUR one-off Covid-related staff bonus), higher ICT costs and related depreciation
- Higher net loan loss impairment releases in 2Q21 mainly in corporate segment and a 9m EUR reversal of collective Covid-19 ECL. Credit cost ratio of -0.34% (0.05% in FY20) without collective Covid-19 ECL and -0.72% with collective Covid-19 ECL in 1H21
- 3m EUR impairment on ‘other’ (of which 2m IFRS modification losses on payment moratorium extension till September)

Volume trend

- Total customer loans rose by 2% q-o-q and by 13% y-o-y, the latter due mainly to consumer finance (baby boom loans) and mortgage loans
- Total customer deposits rose by 1% q-o-q (mainly due to retail & corporate deposits) and rose by 13% y-o-y (due to growth in all segments)

International Markets BU - Bulgaria



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	4bn	1bn	6bn
Growth q-o-q*	+4%	+4%	+6%
Growth y-o-y	+11%	+13%	+28%

* Non-annualised

** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos.

Net result of 30m EUR

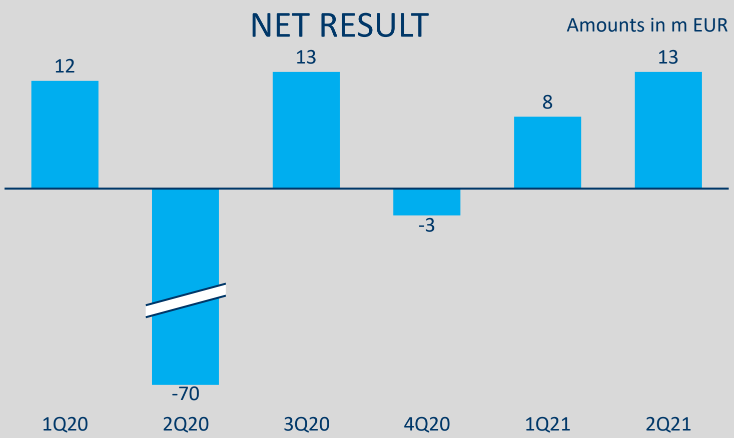
Highlights (q-o-q results)

- Stable net interest income
- Higher net fee and commission income due mainly to higher payment services fees, higher fees from credit files & bank guarantees and higher network income, only partly offset by higher distribution costs
- Excellent combined ratio at 77% in 1H21 (76% in 1H20)
- Higher non-life insurance sales and seasonally lower life insurance sales
- Lower operating expenses due entirely to lower bank taxes. Operating costs excluding bank taxes increased due mainly to higher staff expenses (driven entirely by a -2m EUR one-off Covid-related staff bonus)
- Small net loan loss impairment releases both in 2Q21 and 1Q21. Credit cost ratio of 0.13% (0.07% in FY20) without collective Covid-19 ECL and -0.10% with collective Covid-19 ECL in 1H21

Volume trend:

- Total customer loans +4% q-o-q and +11% y-o-y due to growth in all segments
- Total customer loans: new bank portfolio +4% q-o-q and +12% y-o-y, while legacy -2% q-o-q and -20% y-o-y
- Total customer deposits increased by 6% q-o-q and by 28% y-o-y due to growth in all segments

International Markets BU - Ireland



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	10bn	10bn	5bn
Growth q-o-q*	+1%	+1%	+1%
Growth y-o-y	+5%	+4%	-2%

- Non-annualised

** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments, reclassifications and collective Covid-19 ECL

*** Customer deposits, including debt certificates but excluding repos.

Net result of 13m EUR

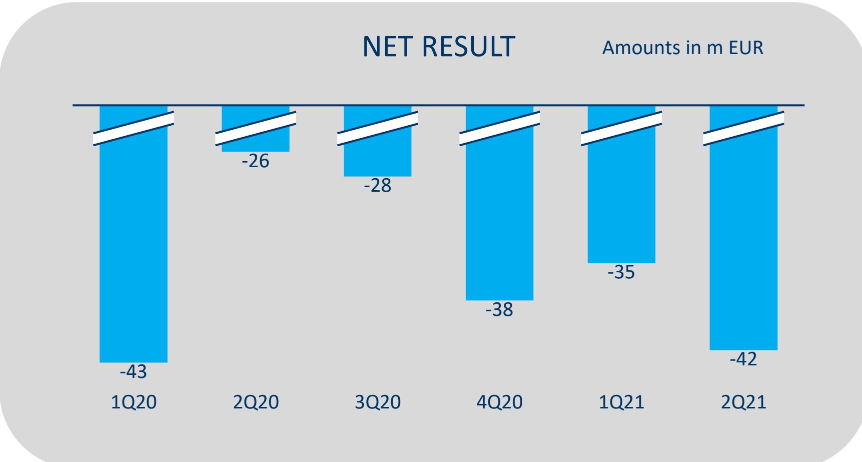
Highlights (q-o-q results)

- Higher net interest income due largely to the recognition of a prior year interest adjustment in 1Q21
- Lower net fee and commission income due mainly to lower fees from payment services
- Lower expenses due entirely to lower bank taxes and lower regulatory levies (given the up-front recognition of both items in 1Q21)
- 0m EUR net impairment charge/release both in 2Q21 and 1Q21. Credit cost ratio of 0.35% (-0.01% in FY20) without collective Covid-19 ECL and 0.00% with collective Covid-19 ECL in 1H21

Volume trend

- Total customer loans rose by 1% q-o-q and by 5% y-o-y driven by new production of fixed rate mortgages
- Total customer deposits increased by 1% q-o-q and decreased by 2% y-o-y, the latter as the increase in retail deposits was more than offset by the deliberate decrease in the more expensive corporate deposits

Group Centre



Net result of -42m EUR

The net result for the Group Centre comprises the results from activities and/or decisions specifically made for group purposes (see table below for components)

Highlights (q-o-q results)

The small q-o-q deterioration was attributable mainly to:

- lower non-life insurance
- impairment charges in 2Q21 versus small net impairment reversal in 1Q21

partly offset by:

- lower costs

BREAKDOWN OF NET RESULT AT GROUP CENTRE	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Group item (ongoing business)	**-46**	**-25**	**-24**	**-39**	**-34**	**-37**
Operating expenses of group activities	-15	-18	-20	-42	-16	-11
Capital and treasury management	-11	-6	1	-4	-4	-6
Holding of participations	-3	-1	2	-1	1	0
Group Re	7	3	3	6	18	5
Other	-25	-3	-10	3	-33	-25
Ongoing results of divestments and companies in run-down	**3**	**-1**	**-4**	**0**	**0**	**-5**
Total	**-43**	**-26**	**-28**	**-38**	**-35**	**-42**

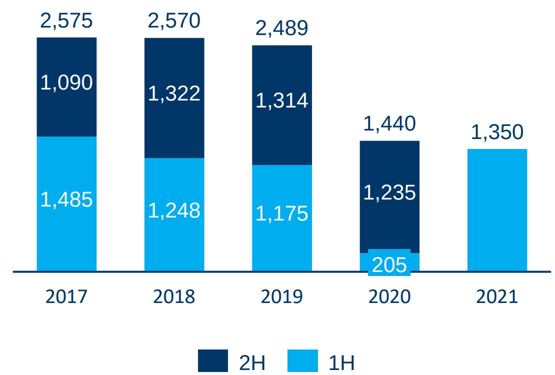
Amounts in m EUR

Overview of contribution of business units to 1H21 result

Amounts in m EUR

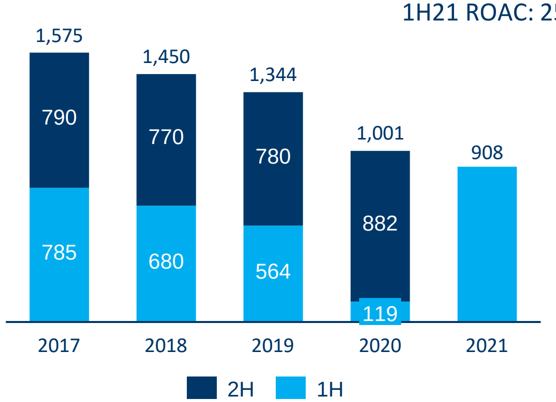
NET PROFIT – **KBC GROUP**

1H21 ROAC: 23%



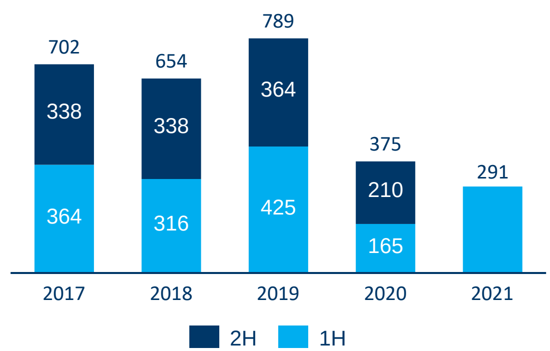
NET PROFIT – **BELGIUM**

1H21 ROAC: 25%



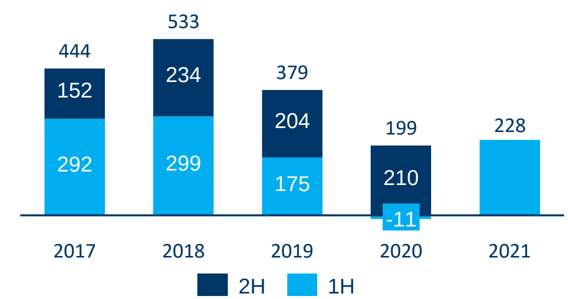
NET PROFIT – **CZECH REPUBLIC**

1H21 ROAC: 33%



NET PROFIT – **INTERNATIONAL MARKETS**

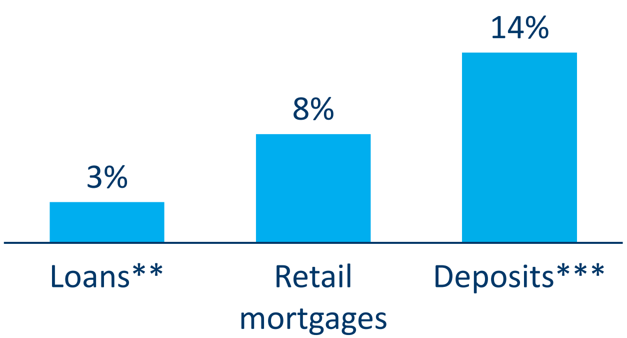
1H21 ROAC: 18%

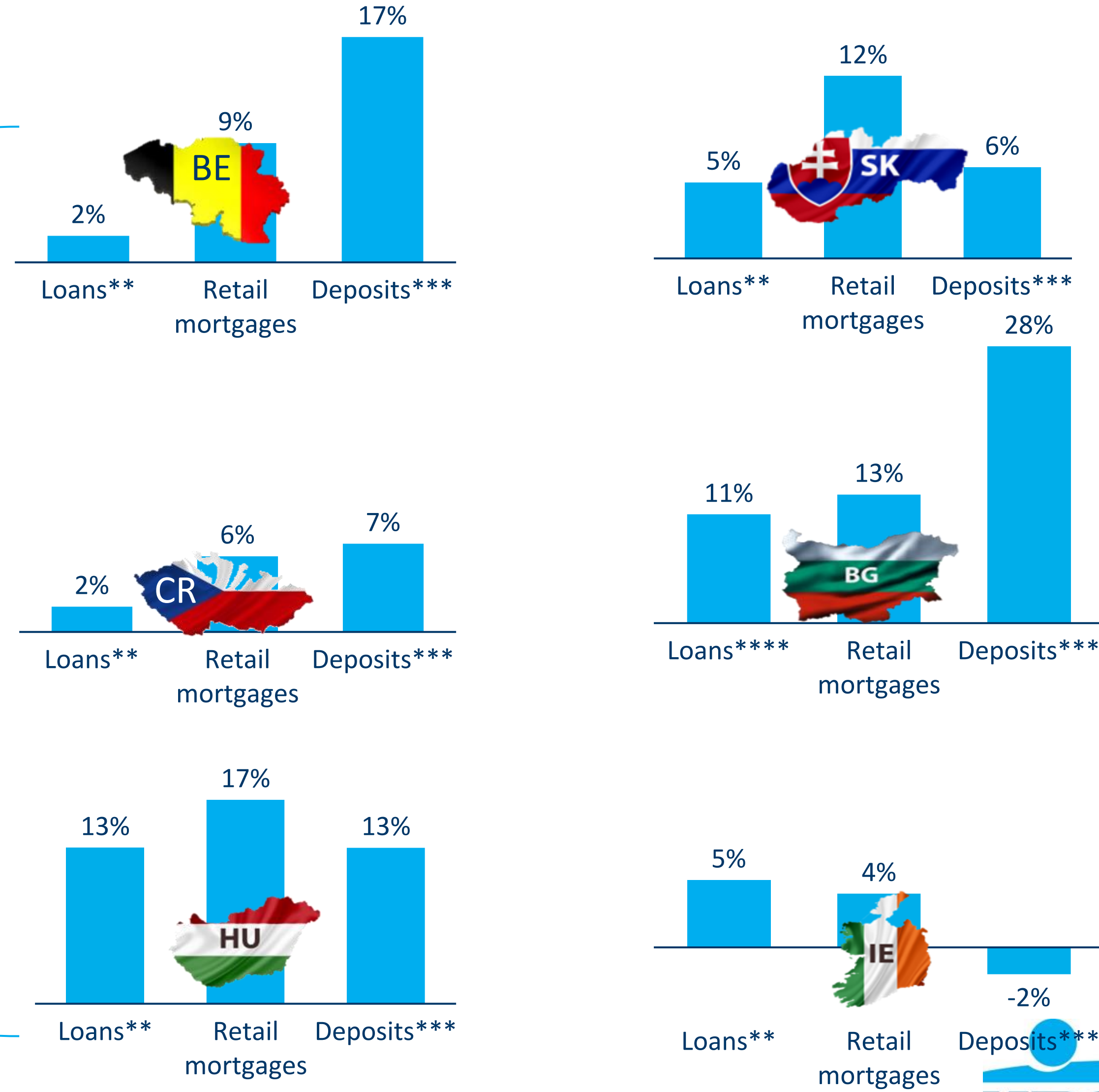


Balance sheet:

Loans and deposits continue to grow in most countries

Y-O-Y ORGANIC* VOLUME GROWTH





* Volume growth excluding FX effects, divestments/acquisitions and collective Covid-19 ECL

** Loans to customers, excluding reverse repos (and bonds)

*** Customer deposits, including debt certificates but excluding repos

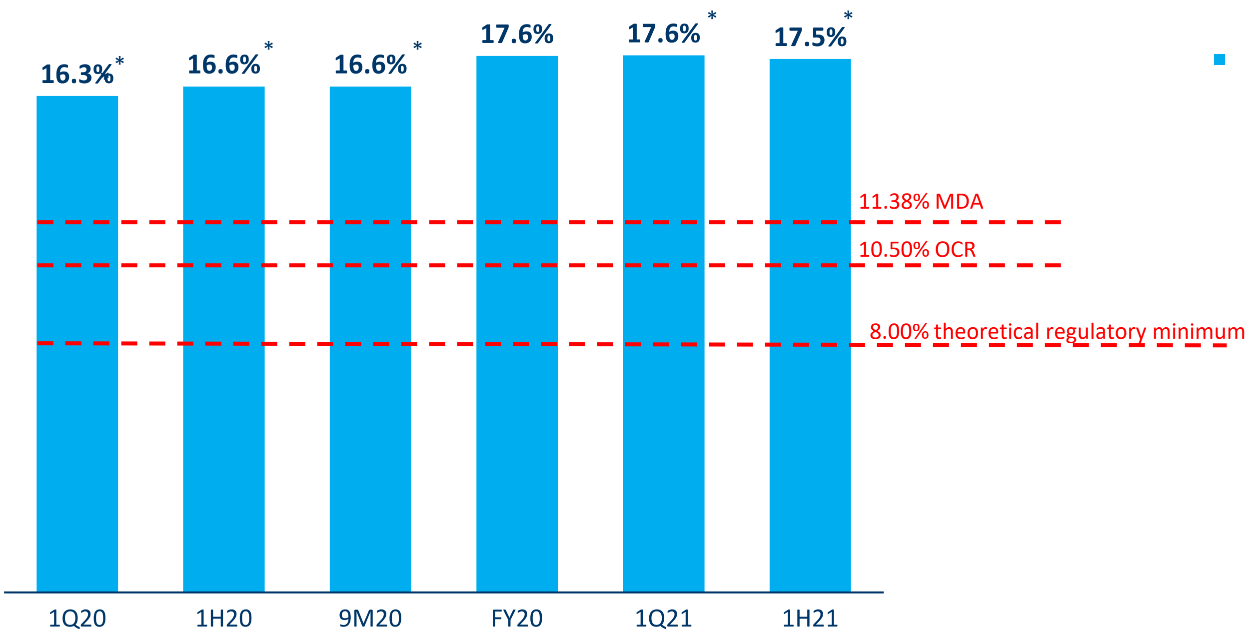
**** Total customer loans in Bulgaria: new bank portfolio +12% y-o-y, while legacy -20% y-o-y

Section 4

Strong solvency and solid liquidity

Strong capital position (1)

Fully loaded Basel 3 CET1 ratio at KBC Group (Danish Compromise)

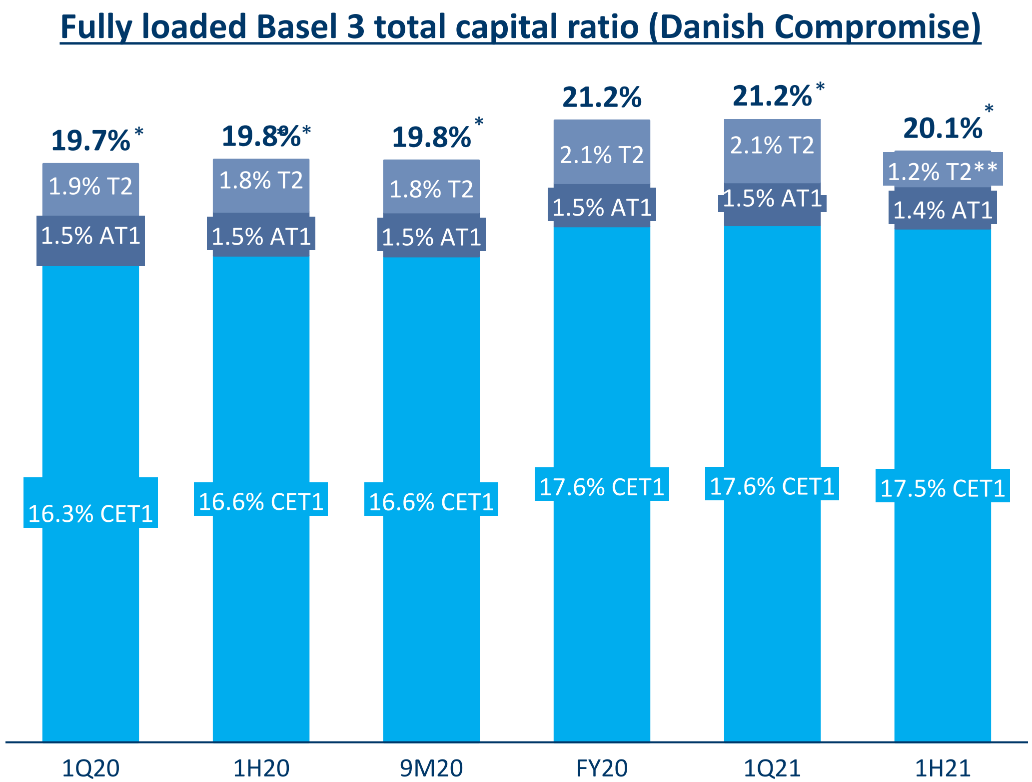


* No IFRS interim profit recognition given the more stringent ECB approach

- **The fully loaded common equity ratio amounted to 17.5%** at the end of 1H21 based on the Danish Compromise
- KBC's CET1 ratio of 17.5% at the end of 1H21 represents a solid capital buffer:
  - **9.5% capital buffer compared with the current theoretical minimum capital requirement of 8.00%** (as a result of the announced ECB and National Bank measures which provided significant temporary relief on the minimum capital requirements)
  - **7.0% capital buffer compared with the Overall Capital Requirement (OCR) of 10.50%** (which still includes the 2.50% capital conservation buffer on top of the 8.00%)
  - **6.1% capital buffer compared with the Maximum Distributable Amount (MDA) of 11.38%** (given large shortfall in T2 bucket** and small shortfall in AT1 bucket)

  ** As of 2Q21, the fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2. These T2 instruments are however included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework
- At the end of 1H21, the impact of the application of the transitional measures resulted in a positive impact on CET1 ratio of 51 bps compared to fully loaded (transitional CET1 ratio amounted to 18.0% at the end of 1H21)

Strong capital position (2)



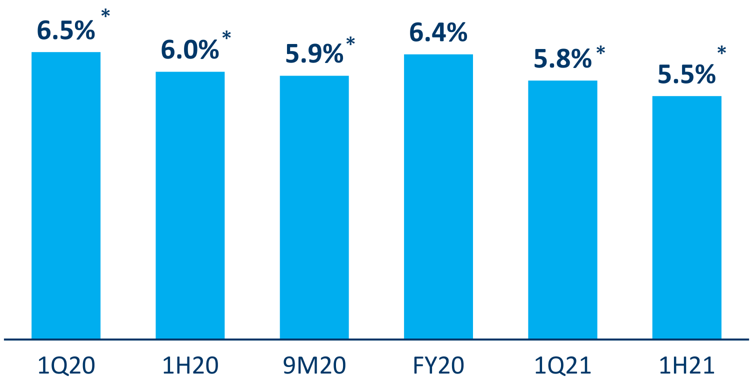
- **The fully loaded total capital ratio amounted to 20.1% at the end of 1H21**

* No IFRS interim profit recognition given more stringent ECB approach

** As of 2Q21, the fully loaded T2 capital excludes the T2 instruments grandfathered under CRR2. These T2 instruments are however included in the actual (transitional) T2 capital for the period of grandfathering, in line with CRR2 and the COREP 3.0 reporting framework

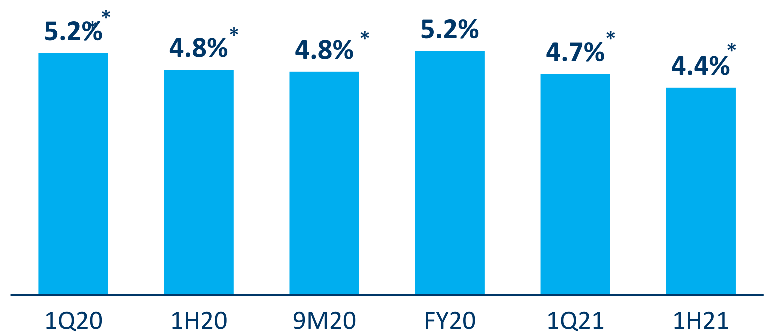
Fully loaded Basel 3 leverage ratio and Solvency II ratio

Fully loaded Basel 3 leverage ratio at KBC Group



* No IFRS interim profit recognition given more stringent ECB approach

Fully loaded Basel 3 leverage ratio at KBC Bank



* No IFRS interim profit recognition given more stringent ECB approach

- The decrease of the leverage ratio was mainly the result of:
  - increased short-term money market and repo opportunities as of 1Q21
  - regulatory and methodology changes implemented as of 2Q21. Excluding these changes, the fully loaded leverage ratio at KBC Group would have been 5.6% in 1H21

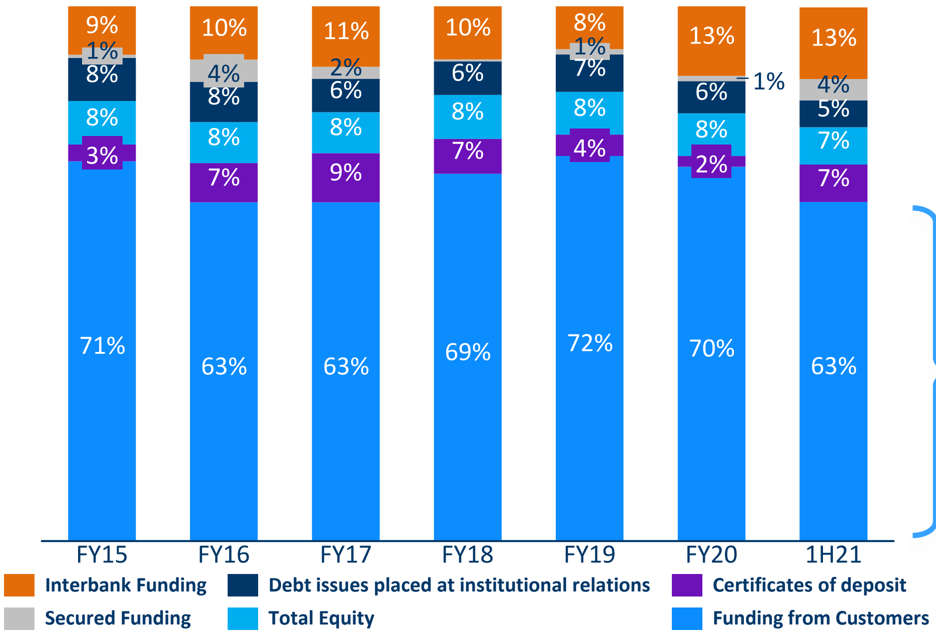
Solvency II ratio

	1Q21	1H21
Solvency II ratio	235%	221%

- The q-o-q delta in the Solvency II ratio was mainly driven by a further increase of the equity markets and the negative impact of a higher symmetric adjustment

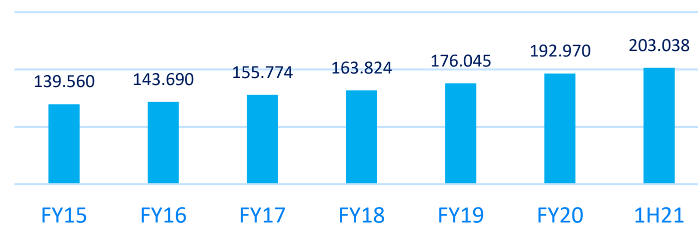
Strong and growing customer funding base with liquidity ratios remaining very strong

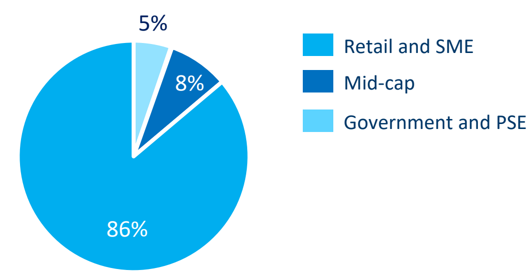
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments and markets
- **Drop in % customer funding** as growth in interbank/CD/secured funding was even outpacing growth in customer funding – monetising several **short-term money market and repo opportunities**
- KBC Bank **participated to the TLTRO III.8 transaction for an amount of 0.35bn EUR** in June 2021 (bringing the total TLTRO exposure to 24.5bn EUR), which is reflected in the 'Interbank Funding' item below



63% customer driven

Funding from customers (m EUR) of KBC Banking Group





Ratios	FY20	1H21	Regulatory requirement
NSFR*	146%	152%	≥100%
LCR**	147%	166%	≥100%

- **NSFR is at 152% and LCR is at 166% by the end of 1H21**
  - Both ratios 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 to EBA guidelines on LCR disclosure.*

Section 5

Looking forward

Looking forward

Economic outlook

- The progress of the vaccination campaigns was the main driver of global economic growth in the second quarter. Despite the appearance of new infectious virus variants, recent data suggest a decoupling of the rate of infections from the rates of hospitalization and Intensive Care Unit occupancy, thanks to the availability of vaccines. We therefore expect that in the second half of 2021, the European economies will further re-open by gradually easing the remaining pandemic-related restrictions that still weigh on the economy. Therefore, we expect European economic growth to accelerate in the second half of 2021. The level of European economic activity is likely to return to its pre-pandemic level in early-2022

Group guidance for 2021

- We are increasing our FY21 NII guidance from 4.3bn EUR to 4.4bn EUR ballpark figure
- Our FY21 guidance for opex excluding bank taxes remains unchanged: +2% y-o-y like-for-like despite negative FX effect as some cost savings announced in 2020 (actions immediately taken after first lockdown in March 2020) are not sustainable in 2021 and cost savings from our digital first strategy are rather back-end loaded. Note however that, next to the impact of the OTP SK acquisition as of 2021, the one-off -18m EUR Covid-related bonus comes on top
- The Credit Cost Ratio (CCR) for FY21 is expected to be around 0bps (excluding potential further Covid-19 ECL reversals in 2H21) instead of the low end of our average through-the-cycle CCR (of 30 - 40bps). This is not taking into account any potential impact of the signing of the two pending loan sales transactions (performing and non-performing loan portfolios) at KBC Bank Ireland
- Starting mid July, Belgium (and particularly the eastern part) was severely hit by several floods. This will have a negative impact of KBC in 3Q 2021 in the non-life technical result. The true extent of the human loss and material damage caused by these extreme weather conditions will become clear in the coming weeks. Nevertheless, the first estimated impact after reinsurance (before tax) is around -41 million euros (under current legislation)

Differently: the next level

Long-term financial guidance

Long-term financial guidance		
CAGR total income ('20-'23)	± 2%	by 2023
CAGR OPEX excl. bank taxes ('20-'23)	± 1%	by 2023
Combined ratio	≤ 92%	by 2023
Common equity ratio*	14.5%, with a management buffer of 1% on top of	as of now

* Fully loaded, Danish Compromise

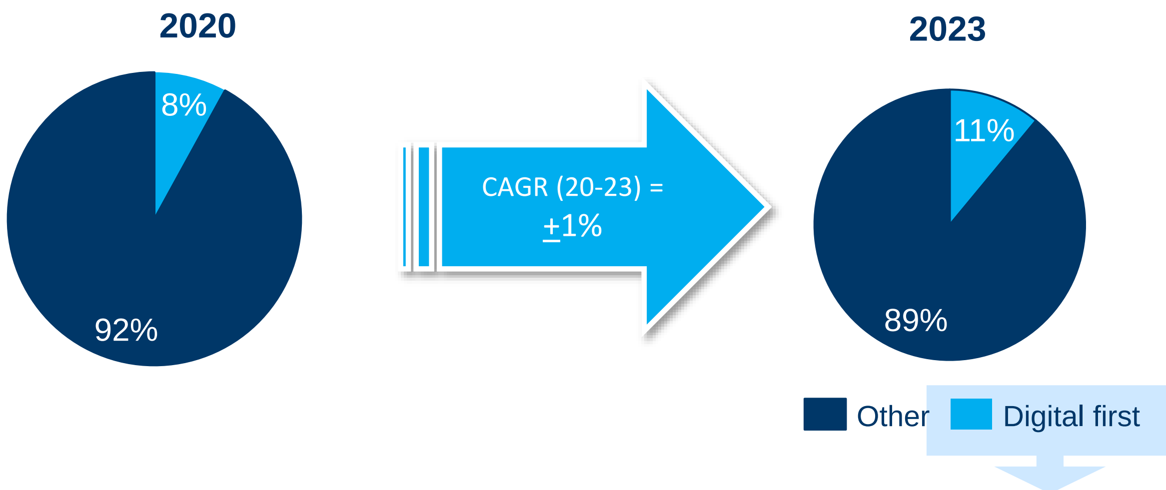
Regulatory requirements		
Overall capital requirement (OCR)**	≥ 10.50%	by 2021
MREL as a % of RWA***	≥ 25.88%	by 2022
MREL as a % of LRE***	≥ 7.34%	by 2022
NSFR	≥ 100%	as of now
LCR	≥ 100%	as of now

** Excluding Pillar 2 guidance of 100 bps

*** The SRB communicated the final MREL targets (under BRRD2) in % of RWA and in % of LRE to KBC. Regarding MREL as a % of RWA; (i) an intermediate MREL target of 25.88% as from 01-01-2022 and (ii) a final MREL target of 26.38% as from 01-01-2024

Differently: the next level
Digital investment 2021-2023

OPEX excl. bank taxes



Forecast Cashflow only digital first strategy
2021-2023 = 1.4bn EUR

Forecast OPEX only digital first strategy
2021-2023 = 1.1bn EUR

Amounts in m EUR

Differently: the next level

Dividend policy & capital distribution: unchanged guidance

- **In calendar year 2021, KBC has the intention to pay out 3.44 EUR gross DPS in total:**
  - For the accounting year 2020, a gross DPS of 0.44 EUR was approved at the AGM and has been paid out on 19 May 2021
  - It is the intention of the Board of Directors of KBC Group to distribute an extra DPS of 2.0 EUR over the accounting year 2020 in 4Q21
  - an interim DPS of 1 EUR as an advance of the total dividend for the accounting year 2021, paid out in November 2021

- **KBC's pre-Basel IV capital deployment plan implies that:**
  - We aim to be amongst the better capitalised financial institutions in Europe
  - On top of the payout ratio of at least 50% of consolidated profit, all capital > 15.5% (the current reference capital position of 14.5% + the current 1% management buffer) will be considered for distribution to the shareholders. Each year, the Board of Directors will take this decision at its discretion when announcing the full year results (next FY results on 10 February 2022)
  - Current capital deployment plan gives much more flexibility to our Board of Directors than in the past:
    - In line with the potential evolutions of our peers' CET1 ratio, our BoD can adjust accordingly the current reference capital position of 14.5% at its discretion
    - the BoD has the flexibility to lower the 1% management buffer at its discretion e.g. in case of an acquisition or in case of buoyant market circumstances
  - From the moment Basel IV will apply, the capital deployment plan will be updated (as from 1 January 2023 at the earliest… but according to rumours, rather from 1 January 2024)

Annex 1

Company profile

KBC Group in a nutshell (1)

✓ We want to be among Europe's best performing financial institutions! By achieving this, KBC wants to become the reference in bank-insurance in its core markets

- We are a leading European financial group with a focus on providing bank-insurance products and services to retail, SME and mid-cap clients, in our core countries: Belgium, Czech Republic, Slovakia, Hungary, Bulgaria and Ireland

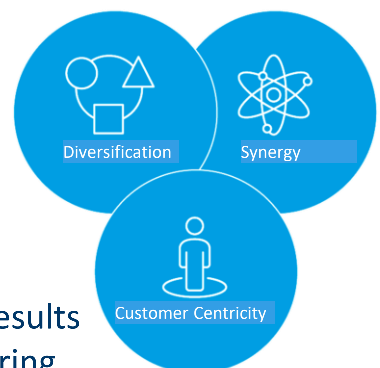
✓ Diversified and strong business performance

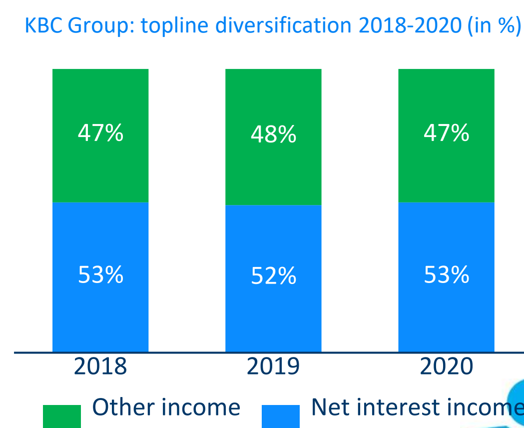
… geographically

- Mature markets (BE, CZ, IRL) versus developing markets (SK, HU, BG)
- Economies of BE & 4 CEE-countries highly oriented towards Germany, while IRL is more oriented to the UK & US
- Robust market position in all key markets & strong trends in loan and deposit growth

… and from a business point of view

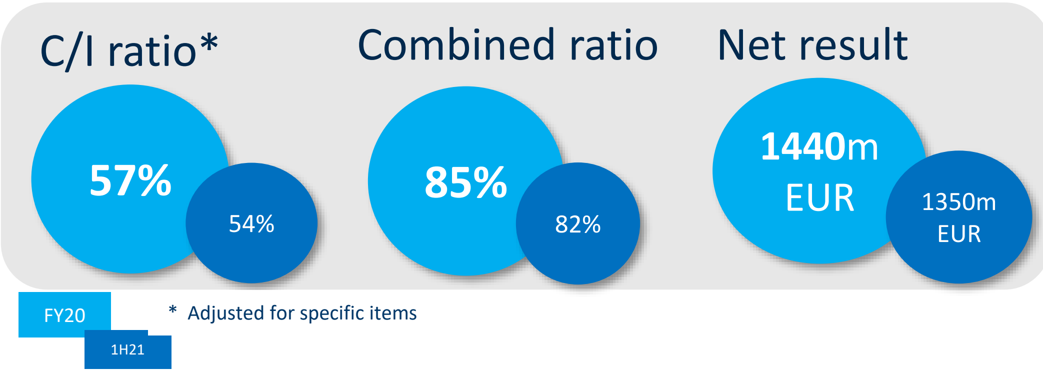
- An integrated bank-insurer
- Strongly developed & tailored AM business
- Strong value creator with good operational results through the cycle
- Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients
- Integrated model creates cost synergies and results in a complementary & optimised product offering
- Broadening 'one-stop shop' offering to our clients





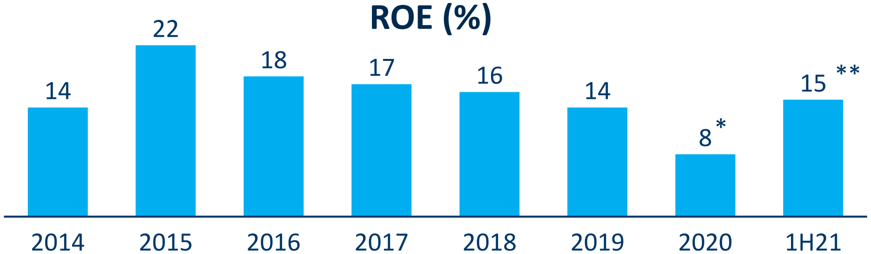
KBC Group in a nutshell (2)

✓ High profitability



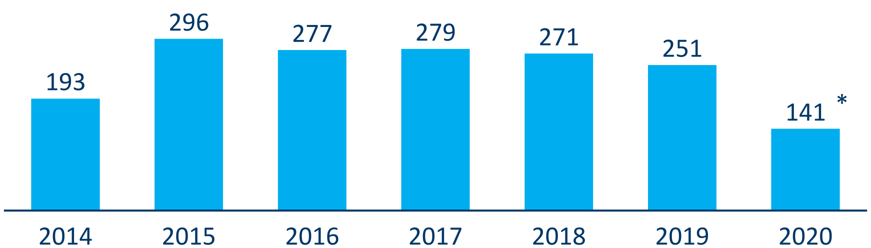
* Adjusted for specific items

ROE (%)



* 11% when adjusted for the collective covid-19 impairments
** when evenly spreading the bank tax throughout the year

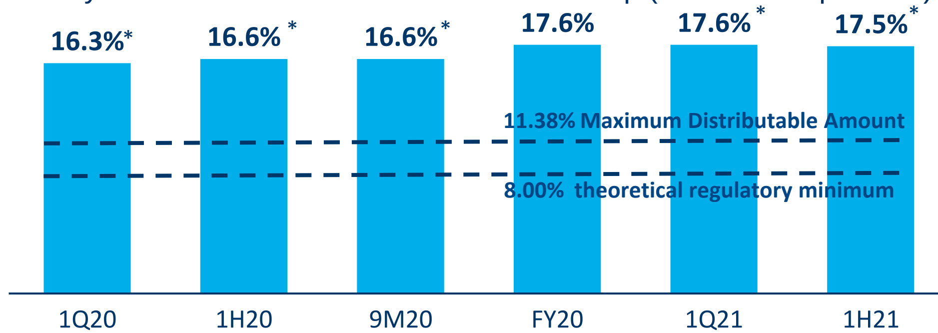
CET1 generation (in bps) before any deployment



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

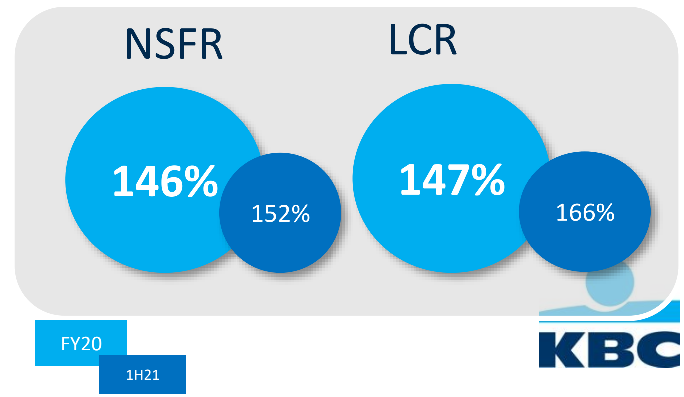
✓ Solid capital position...

Fully loaded Basel 3 CET1 ratio of KBC Group (Danish Compromise)

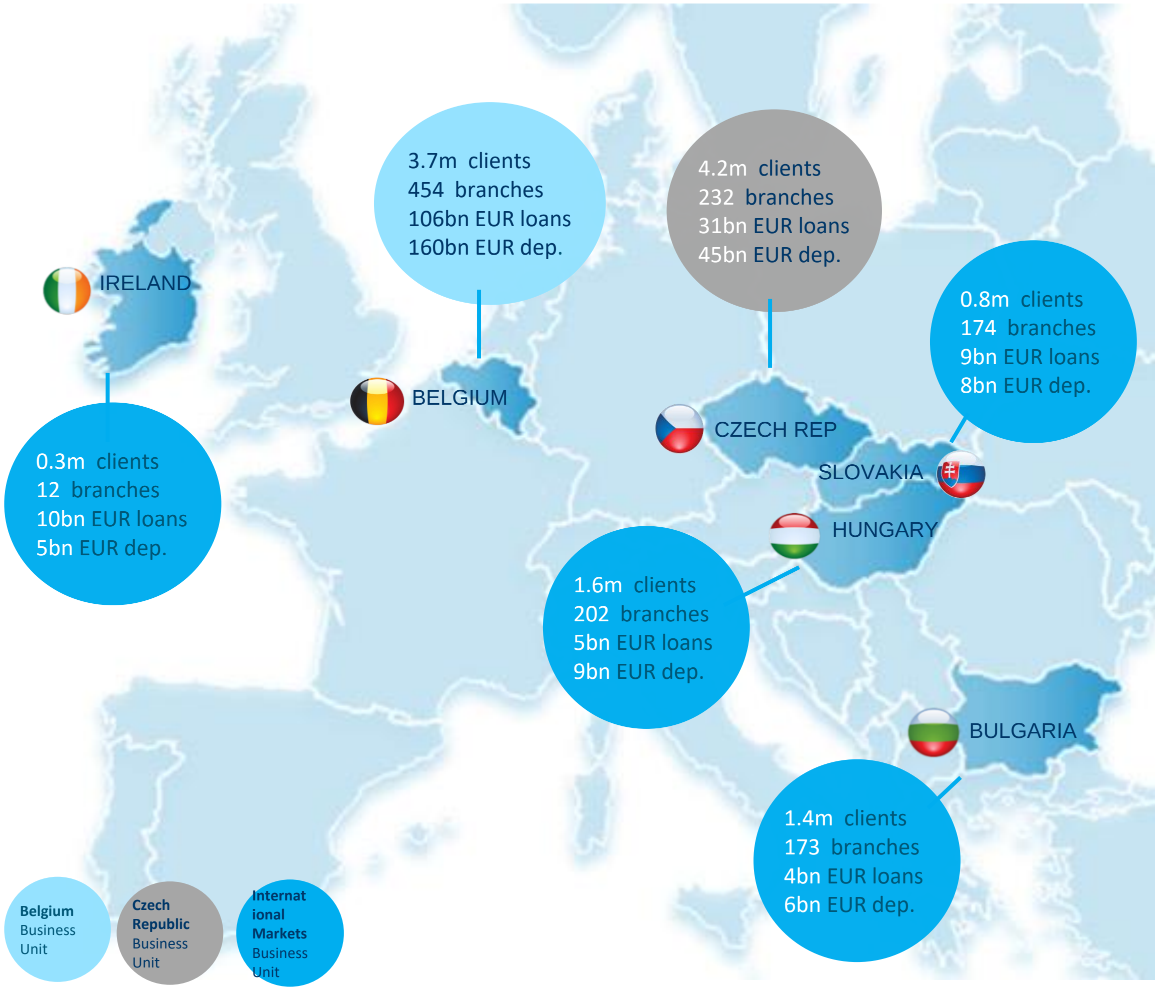


* No IFRS interim profit recognition given more stringent ECB approach

✓ ... and robust liquidity positions



Well-defined core markets



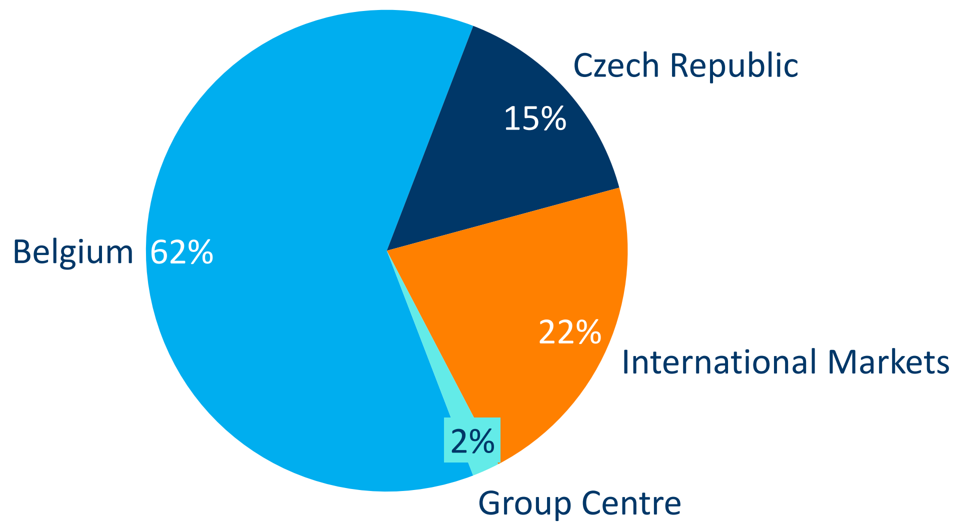
Market share (end 2020)	BE	CZ	SK	HU	BG	IRL
Loans and deposits	19%	21%	12%	11%	10%	8%*
Investment funds	28%	23%	12%	13%	18%	
Life insurance	13%	8%	3%	3%	28%	
Non-life insurance	9%	9%	4%	8%	10%	

Real GDP growth	BE	CZ	SK	HU	BG	IRL
% of Assets	63%	20%	3%	3%	2%	3%
2020	-6.3%	-5.6%	-5.2%	-5.1%	-3.8%	3.4%
2021e	4.5%	3.5%	3.7%	4.5%	3.0%	5.0%
2022e	4.1%	4.5%	4.5%	5.3%	4.0%	4.0%

GDP growth: KBC data, June '21
* Retail segment

Business profile

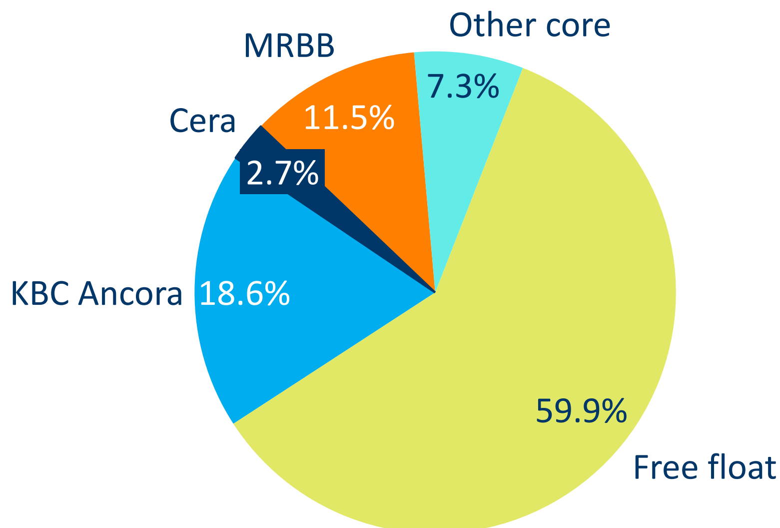
BREAKDOWN OF ALLOCATED CAPITAL (FULLY LOADED) BY BUSINESS UNIT AS AT 30 JUNE 2021



- KBC is a leading player (providing bank-insurance products and services to retail, SME and mid-cap clients) in Belgium, the Czech Republic and its 4 core countries in the International Markets Business Unit

Shareholder structure

SHAREHOLDER STRUCTURE AT END 1H21



- Roughly 40% 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

Annex 2

Differently: the next level

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

DIGITAL FIRST & E2E
We will offer the client a frictionless End2End digital process and in doing so make bank/insurance simple and hassle free

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

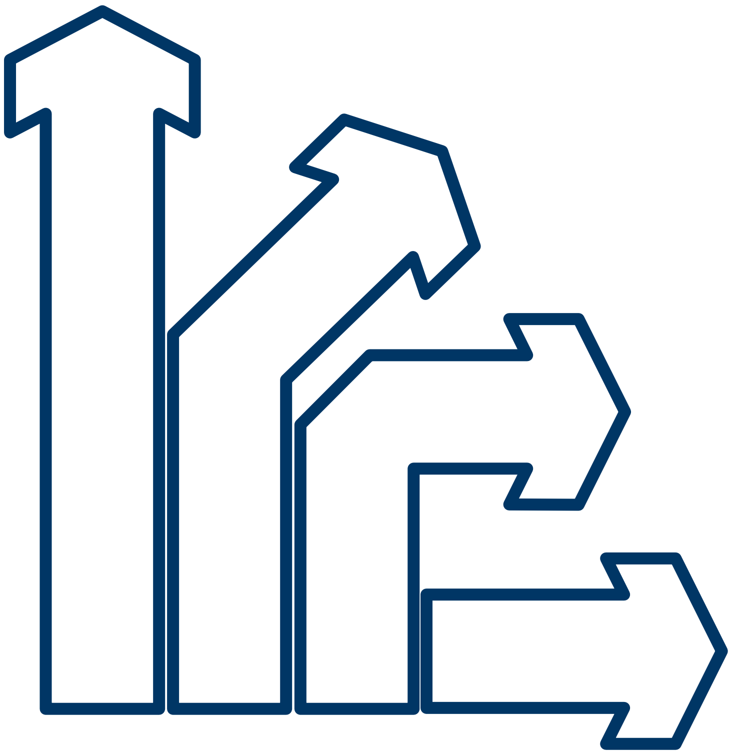
SERVING: SECURE & FRICTIONLESS
Kate will help the client saving time and/or money, focusing more on the convenience factor. Kate will also serve the client regarding security and fraud

VOLUME
We want all our clients to meet Kate as much as possible. Kate will allow us to reach out to a sufficient volume of clients, in terms of transactions and in terms of number of targetable audience

'No hassle, no friction, zero delay'
Johan Thijs

Differently: the next level

Digital lead management: From data driven to solution driven



LEVEL 4: Fully automated lead life cycle management

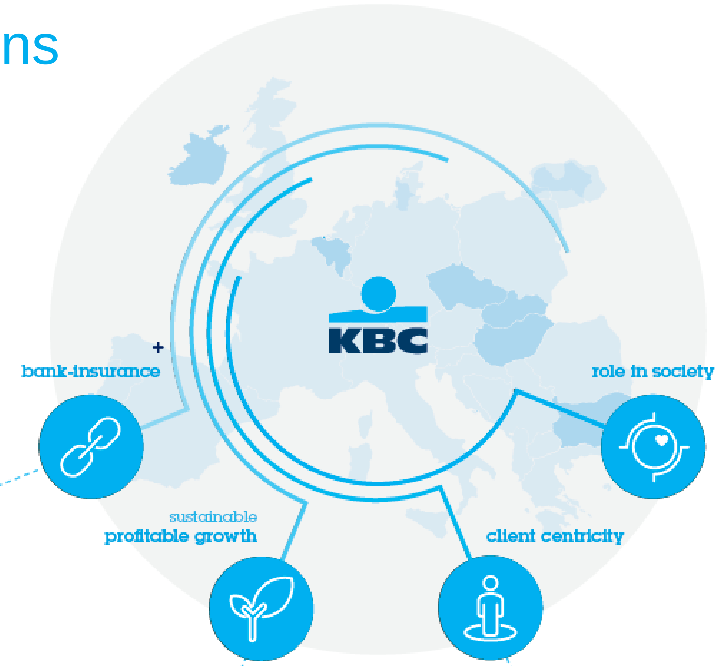
LEVEL 3: AI-powered lead life cycle management

LEVEL 2: Lead life cycle management

LEVEL 1: Basic lead management

Differently: the next level

The strong basis remains



We diversify our income

Bank-insurance remains key
However, we reduce our dependency on interest income
by increasing our insurance income and our fee income

We build our future capabilities

The future is continuously changing
So we have to adapt quickly
This means we prepare ourselves
by acting on trends in our daily bank-insurance activities
and through small investments and experiments
We make smart decisions
so we don't waste money

pearl+

We think local. We create together

We always keep the needs of our local clients in mind
We avoid duplication by copying and sharing ideas
We develop shared solutions in communities
And we take advantage of our scale in non-client facing activities
Because collaboration allows us to deliver
a better, faster service to our clients

We think client. We act digital

We design for a digital world
even when we are selling face to face
This digital way of working makes us even more
responsive and sets us apart from the competition
Our clients want simple, hassle-free solutions
So we simplify our processes and
procedures to facilitate that

We partner

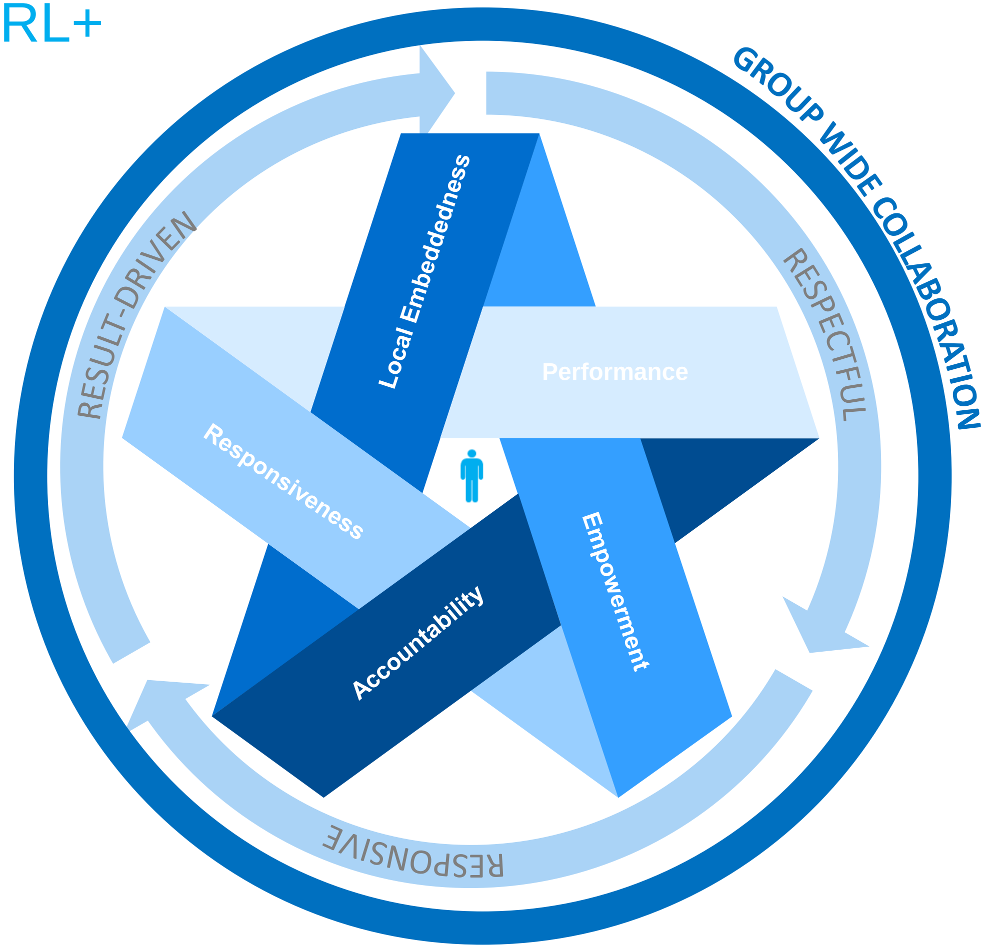
We improve our solutions to meet our clients' needs
by collaborating with partners, like fintechs and even competitors
and creating an IT environment partners can easily plug in and out of

We embrace artificial intelligence

We change our interaction with our clients over time
Technical innovation will help us advise our clients even better
Because human interaction and artificial intelligence reinforce each other

Differently: the next level

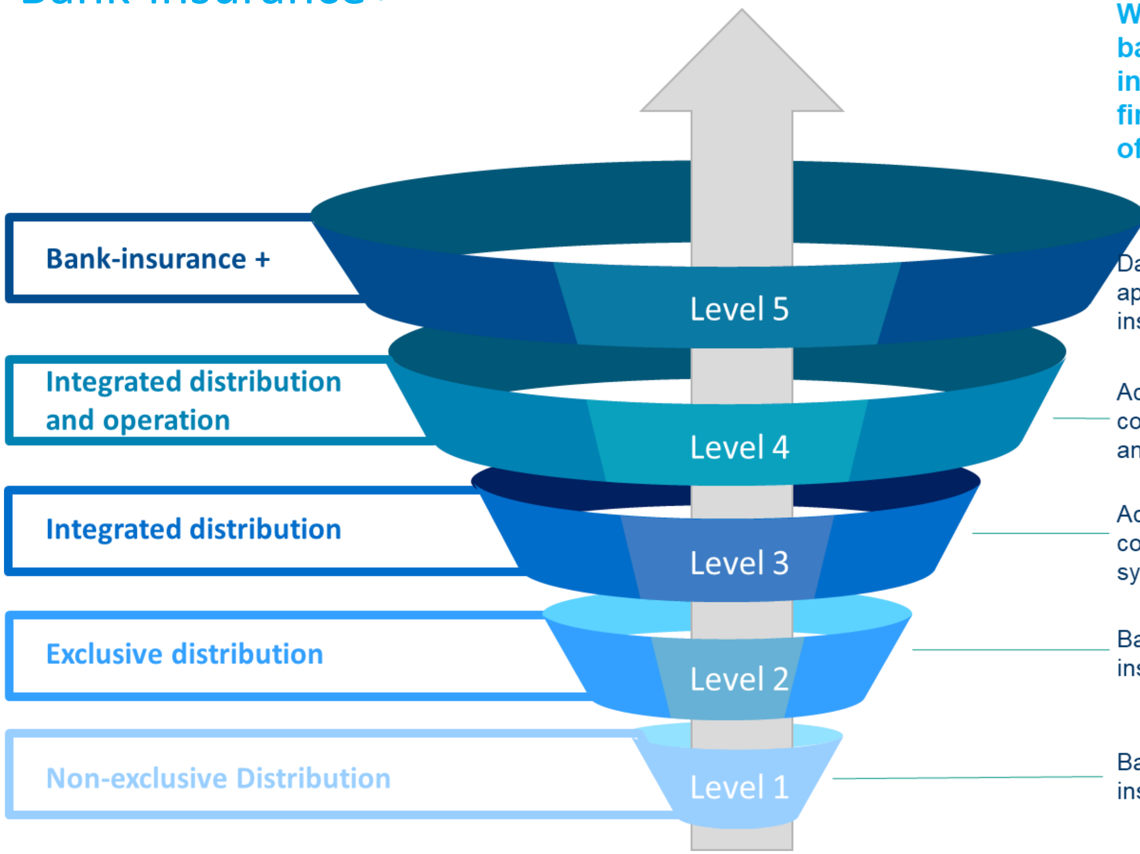
Powered by PEARL+



'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.

Data driven organisation: Fully integrated digital first distribution approach based on a solution driven and AI enabled bank-insurance.

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

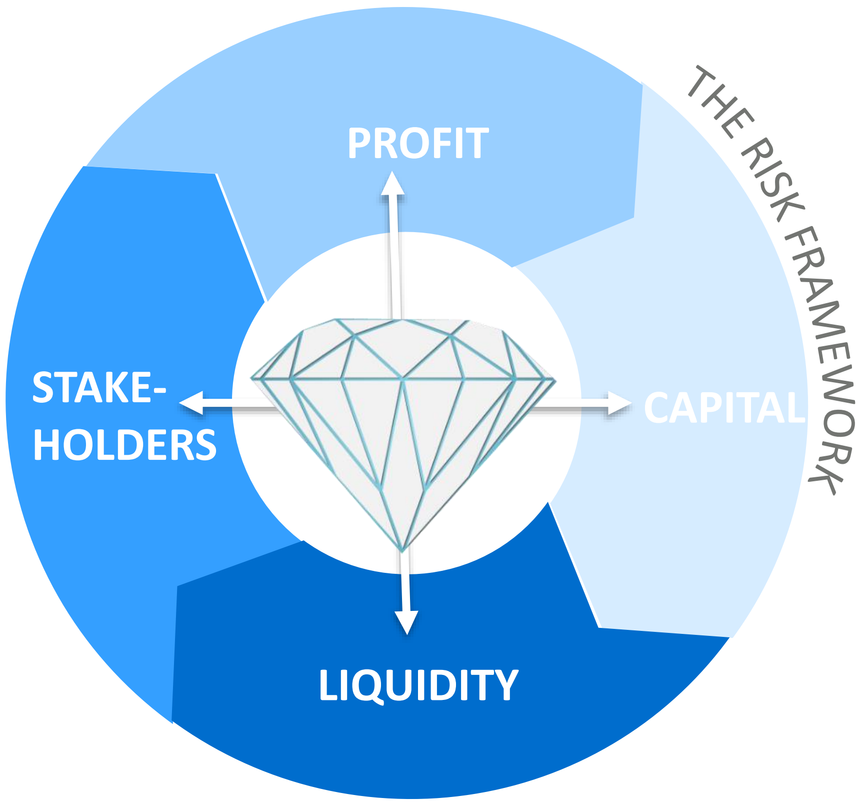
Acting as a single operational company: bank and insurance company working under unified governance, realizing commercial synergies.

Bank branches sell insurance products from intra-group insurance companies as additional source of income.

Bank branches selling insurance products of third party insurers as additional source of income.

Differently: the next level

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

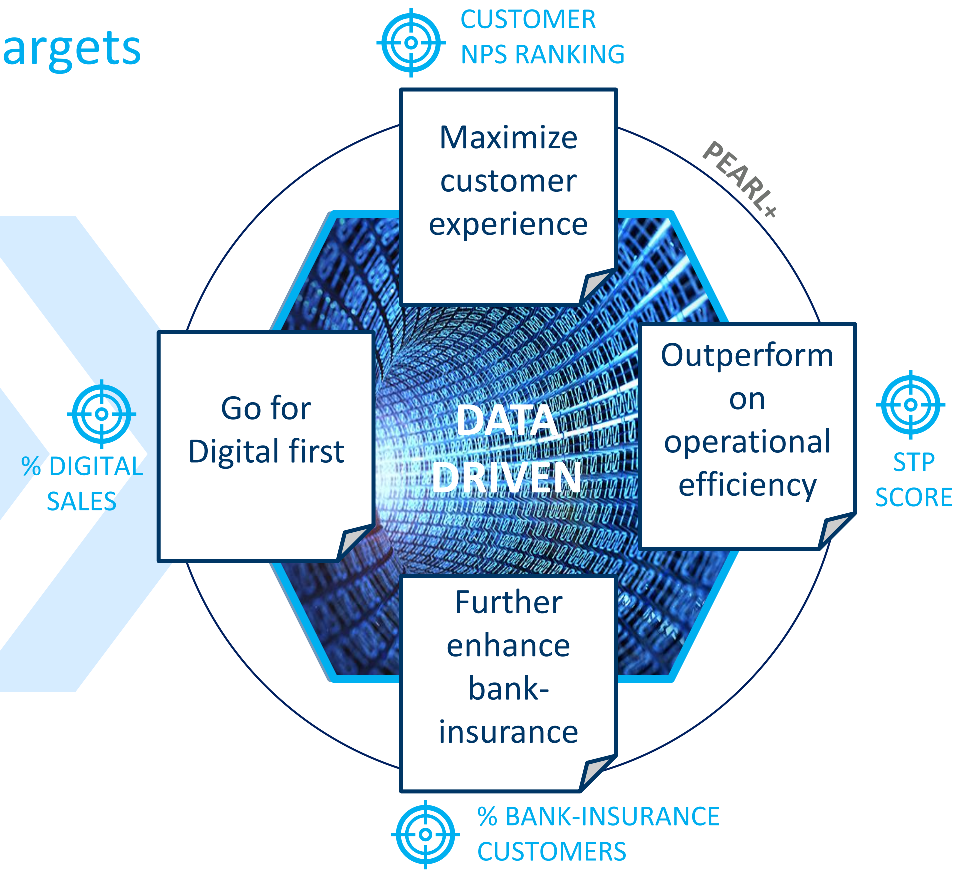
Differently: the next level

Translating strategy into non-financial targets

From key priorities to operational targets

Differently: THE NEXT LEVEL

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



Differently: the next level

Translating strategy into non-financial targets

Introducing 4 new operational targets (1)

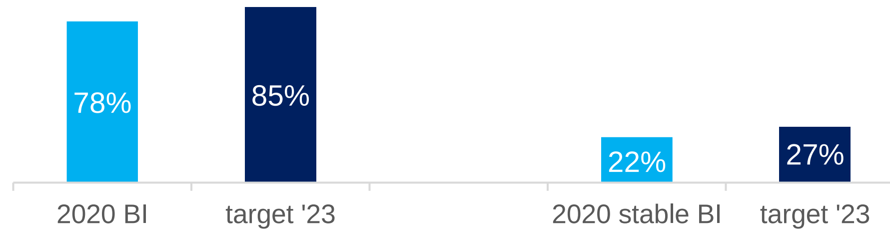
Customer NPS ranking

- Target is to remain the reference (top-2 score on group level)

Based on weighted avg of ranking in six core countries

* Based on the latest available data.

% bank-insurance (BI) clients



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

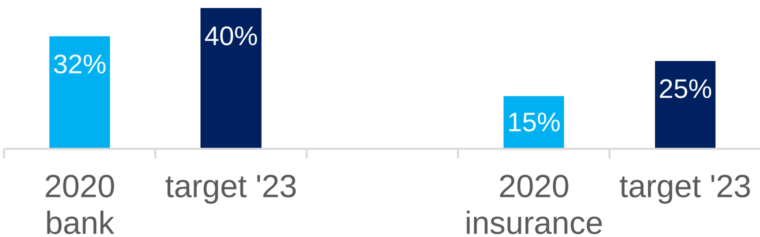
BI customers have at least 1 bank + 1 insurance product of our group.
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

Differently: the next level

Translating strategy into non-financial targets

Introducing 4 new operational targets (2)

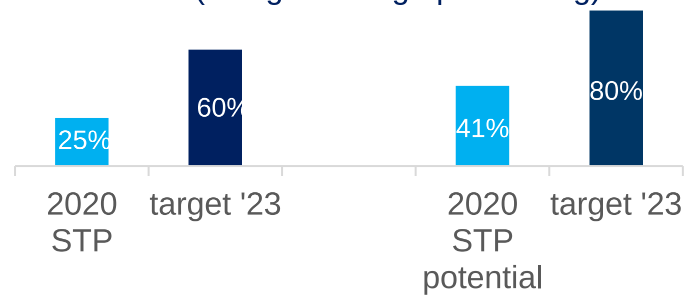
% digital sales
(bank / insurance)



- ➢ Digital sales ≥40% of bank sales
- ➢ Digital sales ≥25% of insurance sales

Based on weighed avg of selected core products

STP score*
(straight through processing)



- ➢ STP ≥60% and STP potential ≥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.

Our sustainability strategy

The cornerstones of our sustainability strategy and our commitment to the United Nations Sustainable Development Goals

Limiting our adverse impact

We apply strict sustainability rules to our business activities in respect of human rights, the environment, business ethics and sensitive or controversial social themes. In the light of constantly changing societal expectations and concerns, we review and update our sustainability policies at least every two years.

Increasing our positive impact

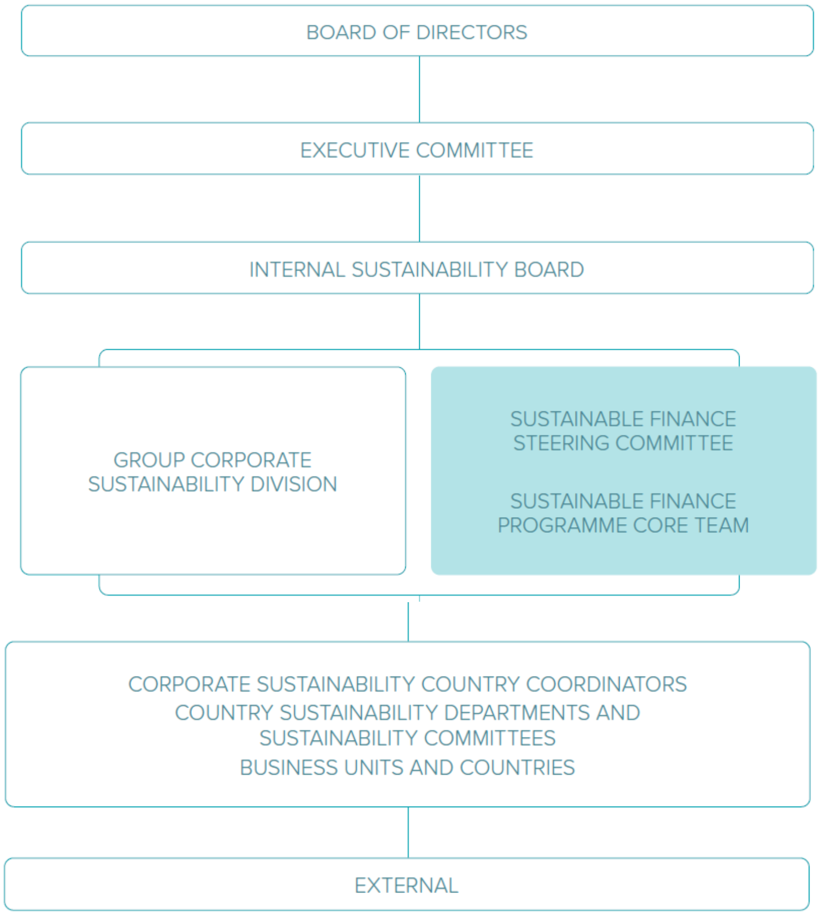
We are focusing on areas in which we, as a bank-insurer, can create added value: financial literacy, entrepreneurship, environmental awareness and longevity and/or health. In doing so, we take into account the local context of our different home markets. Furthermore, we also support social projects that are closely aligned with our policy.

Responsible behaviour

Responsible behaviour is especially relevant for a bank-insurer when it comes to appropriate advice and sales. Therefore, we pay particular attention to training (including testing) and awareness. For that reason, responsible behaviour is also a theme at the KBC University, our senior management training programme, in which the theory is taught and practised using concrete situations. Senior managers are then tasked with disseminating it throughout the organisation.

Our sustainability governance

Sustainability embedded in our organization



- **Top level responsibility** for sustainability and climate strategy
  - The **Executive committee** has the highest level of direct responsibility for sustainability and climate change and reports on it to the **Board of Directors**
  - **Direct responsibility of the Group CEO and Group CFO** for sustainability and climate as chairman in the different governance bodies
- Nomination of **country coordinators in all our core markets** to effectively implement centrally-decided strategies, senior representation of all core countries in **Internal Sustainability Board.**
- Specific **Sustainable Finance Programme** to integrate our policy on climate change and climate action plan within the group
- **External advisory boards** to advise and challenge us on our sustainable strategy

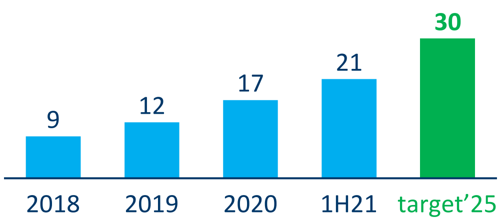
- **Sustainability integrated into our remuneration policy:**
  - The variable remuneration of **Executive Committee members** is linked to - amongst others - progress made in the area of sustainability. The Board of Directors, through its Remuneration Committee, assesses the criteria for evaluating the members of the Executive Committee in this respect
  - At least 10% of the variable remuneration received by **senior management** depends on the achievement of individual targets agreed in advance as part of the group's sustainability strategy, including our climate policy
  - The non-recurrent results-based bonus KBC pays its **employees** in Belgium has been partially linked to our direct footprint target – reducing paper consumption – but also to employee development (training days, digitality and progress management) and to cybersecurity (phishing tests)

Our sustainability ambitions

We substantially raise the bar for our climate-related ambitions

Volume of SRI Funds

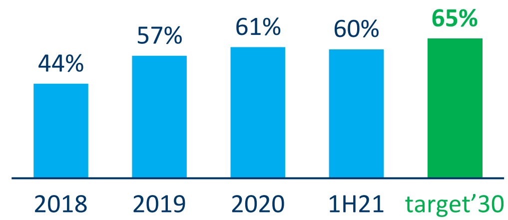
(In billions of EUR)



- Almost doubling of SRI funds by '25 (vs 2020)
- SRI funds ≥ 50% of new fund production by '21
- Including art. 8 & 9 of SFRD

Renewable energy loans

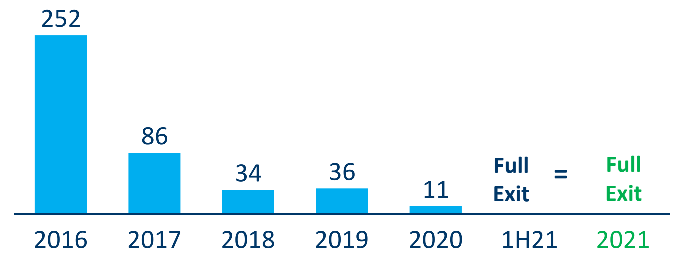
(In % of total energy-sector loan portfolio)



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

Direct coal-related finance

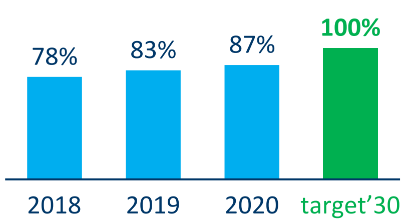
(In millions of EUR)



- All remaining direct coal exposure has been phased out in line with our commitment
- Firm commitment to exit indirect coal exposure, supporting existing clients in their transition. In order to remain eligible for any kind of financing, the related client must commit not to engage into any new coal project and must submit a coal-phase-out plan (to be achieved by 2030 at the latest)

Green electricity

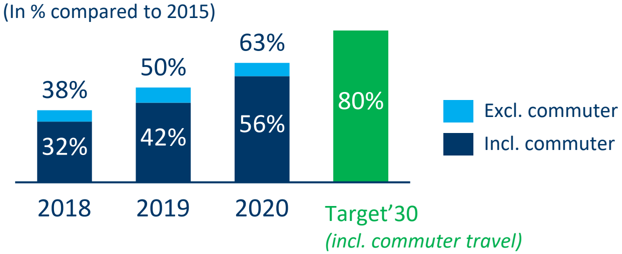
(In % of own electricity consumption)



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

Reduction own GHG emissions (incl. commuter travel)

(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 2021 by offsetting the balance

Our ESG ratings:	Latest Score *(14th of July 2021)*
CDP	A - Leadership
FTSE4Good	4.7/5
ISS ESG	C Prime
MSCI	AAA
Sustainalytics	Low Risk (15.9): 3rd percentile of 417 diversified banks *(risk view)*
S&P Global - RobecoSAM	85th percentile of 253 banks assessed (within top 15%)
Vigeo Eiris	Not publicly available

Sustainable finance

Our commitment to contribute to a sustainable society

Sustainable finance (*) (KBC Group, in millions of euros)	2019	2020
Green finance		
Renewable energy and biofuel sector	1 768	1 840
Green mortgages*		8 817
Social finance		
Health care sector	5 783	6 085
Education sector	975	1 031
Socially Responsible Investments		
SRI funds under distribution	12 016	16 780
Total	**20 542**	**34 553**

(*) from 2020 we extended the overview with the green mortgage volumes of Belgium, Czech Republic, Slovakia and Ireland. This amount covers newly built houses and apartments of our outstanding mortgage loans with energy labels A and B (based on the EU's Energy Performance of Buildings Directive)

Green products and business solutions :

- **Business solutions to promote energy efficiency in buildings, industrial processes and mobility**, e.g.: programmes to help companies prepare for energy audits and a sustainable transition, EIB loan for SMEs to finance climate-improving investments at discounted interest rate, green car loan and lease products, bicycle leasing, mobility services through mobile apps, etc.
- Regarding **social finance** we have specific departments that guide social profit institutions and local authorities in areas such as payments, asset management and financing solutions
- SRI as a **key focus area** of our sustainability strategy:
  - Belgian ***Towards Sustainability*** quality label for all our SRI funds
  - Clear **targets**: volume of SRI and % of new production (first offer and preferred investment solution)
  - **Strict exclusion criteria** on top of general exclusion policies for conventional funds
  - **Positive impact** by investing in companies and countries that score well on sustainability
  - **SRI Advisory Board** = external panel of **independent** experts

For the sustainability report of 2020, we refer to the KBC.COM website

Our sustainability strategy

Our commitment to the climate, following the 'double materiality' approach

FINANCIAL MATERIALITY*

Committed to manage the impact of climate change on our company

ENVIRONMENTAL & SOCIAL MATERIALITY

Committed to manage the direct and indirect impact of our company on climate

- **Impact on our business** as a financial institution, in the shape of both **transition and physical risks and opportunities** arising from climate change

- **Direct environmental impact** through our own operations
- **Indirect impact on the climate** through financing, investing and insuring other parties who could have a direct impact on the climate

- We are committed to **manage our direct environmental impact** and we have substantially raised our ambitions in relation to our direct environmental footprint
- We apply **strict sustainability policies** with respect to human rights, environment, climate and biodiversity, business ethics and sensitive/ controversial societal issues. KBCs sustainability policies **are regularly reviewed**, i.e. at least every two years or more frequently if necessary, and challenged by independent experts in various domains (External Sustainability Board)
- **Updated strategies on the most carbon-intensive industrials sectors and product-lines** (5 out of 11 assessed in 2020) of our lending book. First results and new & updated targets where relevant are presented in so-called **white papers** for the *energy*, *commercial real estate* and *agriculture* sectors, as well as for the following product lines: *mortgage loans* and *car leasing*
- **Ongoing methodological tracks** to understand the potential financial impact of climate-related transition risks on our lending and investment activities and implement new measuring instruments. Based on these methodologies, KBC will be able to publish clear quantitative targets by the end of 2022, in line with the Paris Agreement
- We report on our ongoing climate actions in accordance with **the four pillars of the TCFD Framework** and in line with our commitment to the **Collective Commitment to Climate Action**

PCAF | UNEP FINANCE INITIATIVE | PACTA | Trucost ESG Analysis ** S&P Global | TCFD | Collective Commitment to Climate Action

* *Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements.*

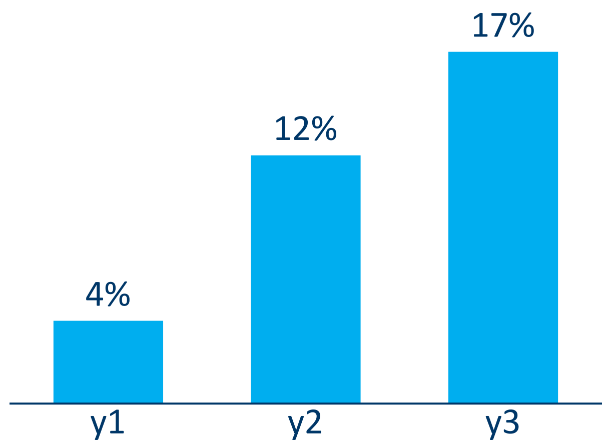
*** S&P Trucost Limited © Trucost 2021*

Annex 3

Other items

Interest rate sensitivity

Impact of an immediate +100bps parallel rate shock across all currencies on NII at KBC Group level



This impact is based on:
- a static balance sheet
- a conservative pass-through rate

%: change on NII at KBC Group level as % of total FY20 reported NII

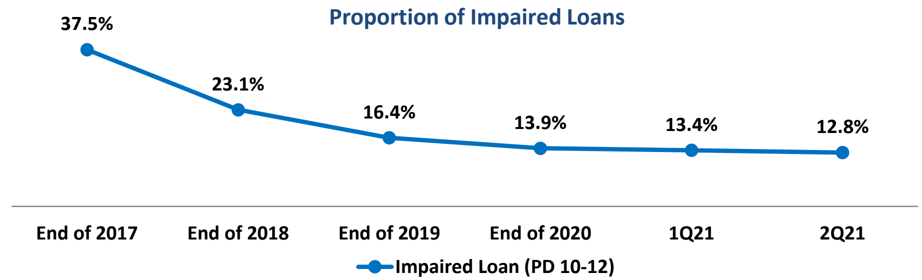
Loan loss experience at KBC

	1H21 CREDIT COST RATIO	FY20 CREDIT COST RATIO	FY19 CREDIT COST RATIO	FY18 CREDIT COST RATIO	FY17 CREDIT COST RATIO	AVERAGE ‘99 –’20
Belgium	**-0.20%**	0.57%	0.22%	0.09%	0.09%	n/a
Czech Republic	**-0.41%**	0.67%	0.04%	0.03%	0.02%	n/a
International Markets	**-0.18%**	0.78%	-0.07%	-0.46%	-0.74%	n/a
Group Centre	**0.41%**	-0.23%	-0.88%	-0.83%	0.40%	n/a
Total	**-0.22%**	**0.60%**	**0.12%**	**-0.04%**	**-0.06%**	**0.43%**

Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

Ireland: impaired loans continue to improve

LOAN PORTFOLIO €m	OUTSTANDING	IMPAIRED LOANS	IMPAIRED LOANS PD 10-12	PROVISIONS PD 10-12	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9,779	1,204	12%	319	27%
Buy to let mortgages	551	131	24%	53	41%
Non Mortgage Retail & SME	128	6	5%	5	92%
Corporate	4	4	100%	2	56%
Total	**10,462**	**1,344**	**13%**	**380**	**28%**



2Q21 Total Portfolio

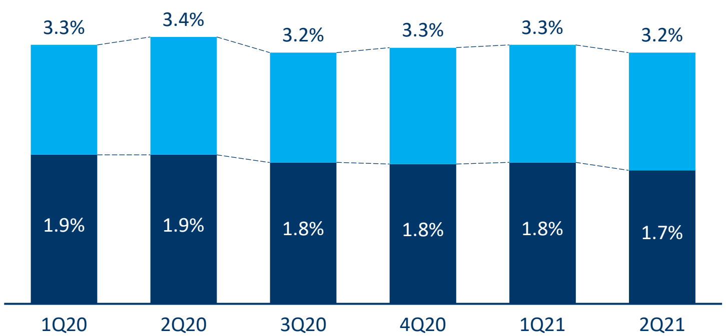
	PD	Exposure	Impairment Provisions	Cover %
Performing	PD 1-8	8,608	13	0.2%
	Of which non Forborne	8,608		
	PD 9	509	43	8.5%
	Of which non Forborne	174		
	Of which Forborne	336		
Impair.	PD 10	611	76	12.5%
	PD 11	643	239	37.1%
	PD 12	90	65	72.7%
	TOTAL PD1-12	**10,462**	**437**	
	PD 10-12 Impairment Provisions /(PD 10-12)			*28.3%*
	Impaired loans (PD 10-12)/ Total Exposure			*12.8%*

- Forborne loans (in line with EBA Technical Standards) comprise loans on a live restructure or continuing to serve a probation period post-restructure/cure to Performing.

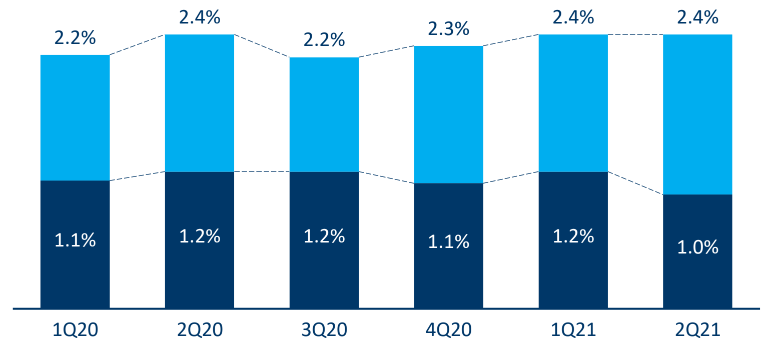
- The outlook for the Irish economy continues to improve, although material uncertainty persists
- Continued buoyancy in multinational exports looks set to underpin rapid growth in Irish GDP in 2021 with potential for an increase of around 10%. A progressive improvement in domestic spending is likely to contribute only modestly to such an outturn
- In marked contrast to the trend in GDP, the Irish jobs market has been materially weakened by the pandemic although the impact across sectors has been very uneven
- Irish house prices have been underpinned by resilient income growth that has enhanced demand at a time when health-related restrictions have further added to a shortfall in supply
- Impaired loan portfolio decreased by roughly 46m EUR q-o-q, resulting in impaired loan ratio reducing to 12.8%
- The 0m EUR net impairment release in 2Q21 reflects improved macro-economic variables and scenario weightings offset by management adjustment to stage 3 ECLs

Impaired loans ratios, of which over 90 days past due

KBC GROUP

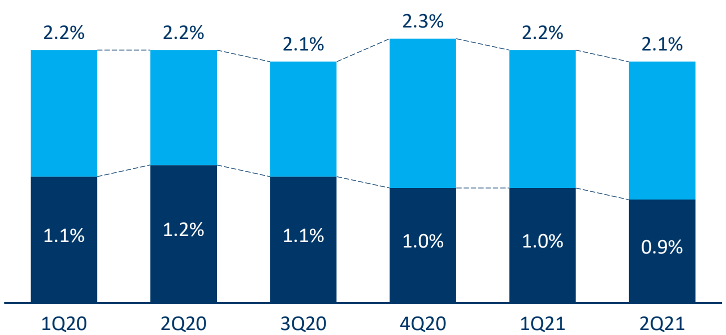


BELGIUM BU

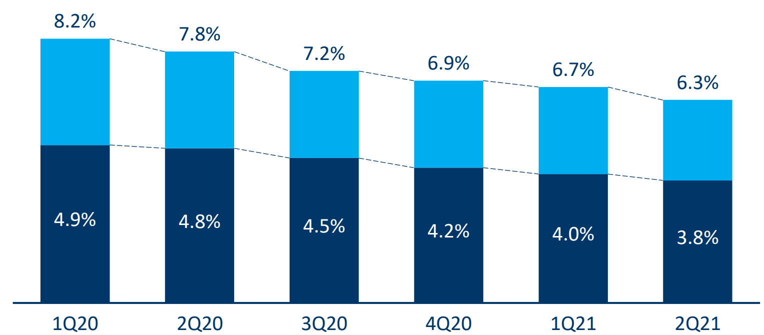


Impaired loans ratio
Of which over 90 days past due

CZECH REPUBLIC BU

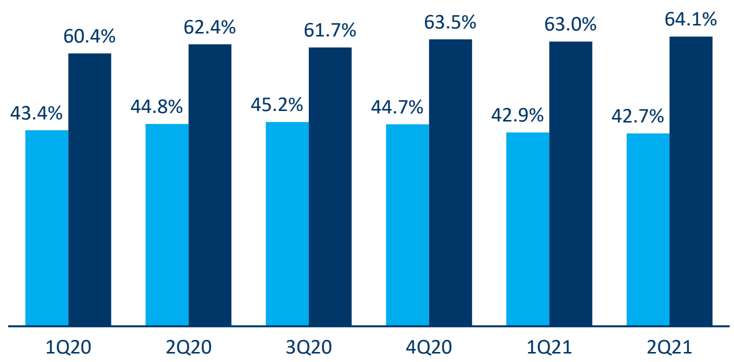


INTERNATIONAL MARKETS BU

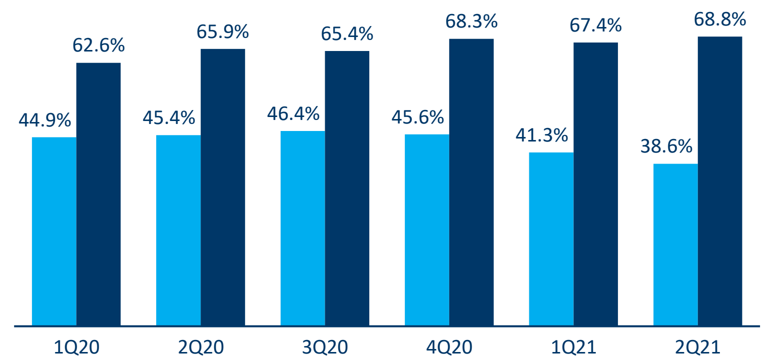


Cover ratios

KBC GROUP



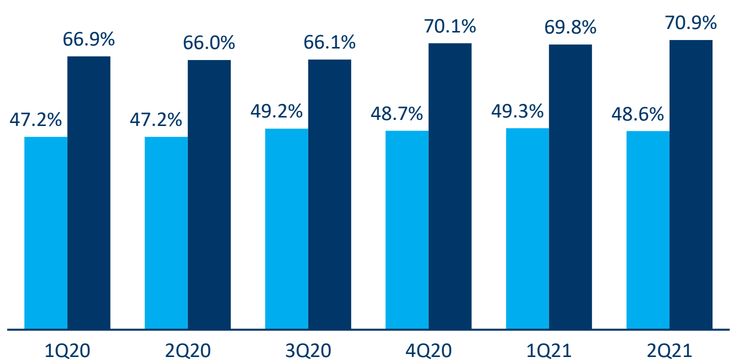
BELGIUM BU



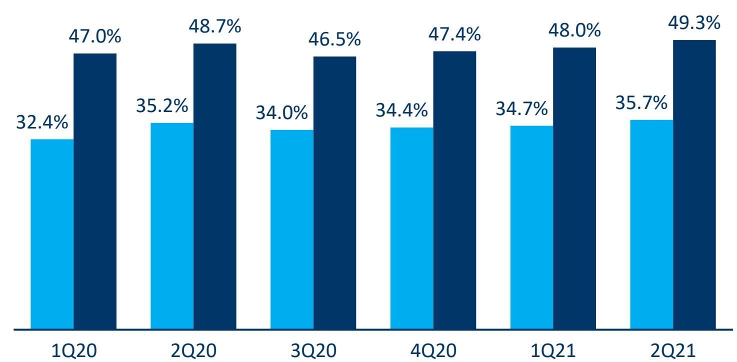
Impaired loans cover ratio

Cover ratio for loans with over 90 days past due

CZECH REPUBLIC BU

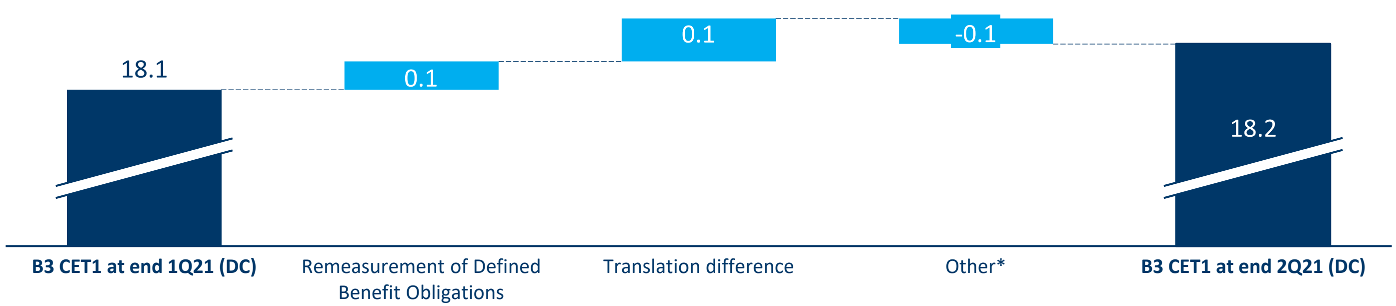


INTERNATIONAL MARKETS BU

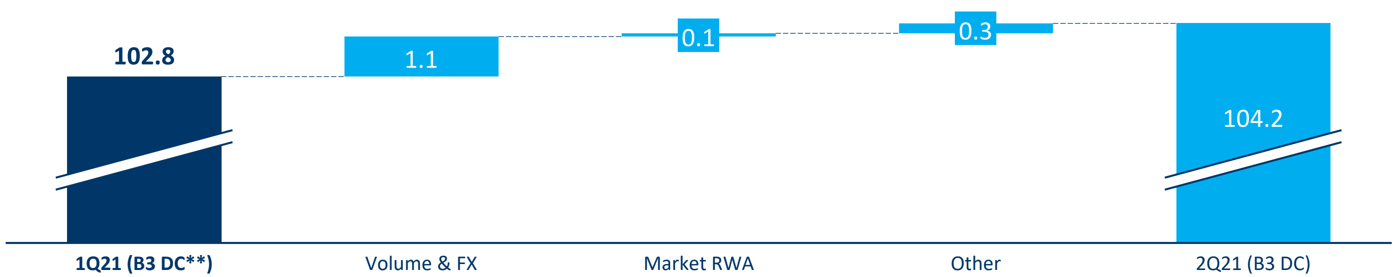


Fully loaded B3 CET1 based on the Danish Compromise (DC) from 1Q21 to 2Q21

DELTA AT NUMERATOR LEVEL (BN EUR)



DELTA ON RWA (BN EUR)



- Fully loaded B3 common equity ratio amounted to 17.5% at the end of 1H21 based on the Danish Compromise
- This clearly exceeds the Overall Capital Requirement (OCR) of 10.50% and the Maximum Distributable Amount (MDA) of 11.38%

* Includes the q-o-q delta in deferred tax assets on losses carried forward, intangible fixed assets, AT1 coupon, etc.

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

Overview of B3 CET1 ratios at KBC Group

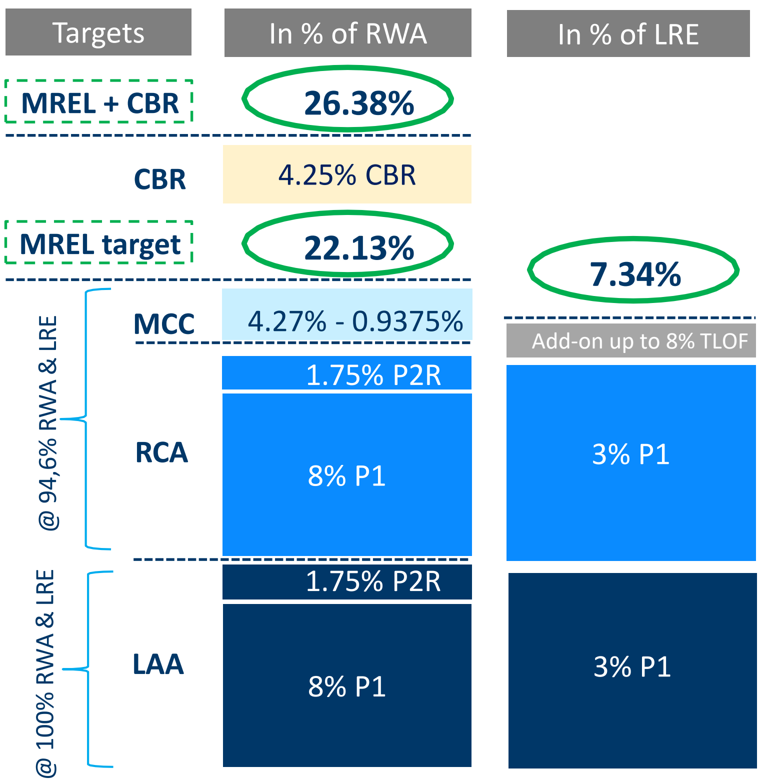
Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, fully loaded	19,874	119,606	16.6%
DC**, fully loaded	18,241	104,241	17.5%
DM***, fully loaded	17,604	99,688	17.7%

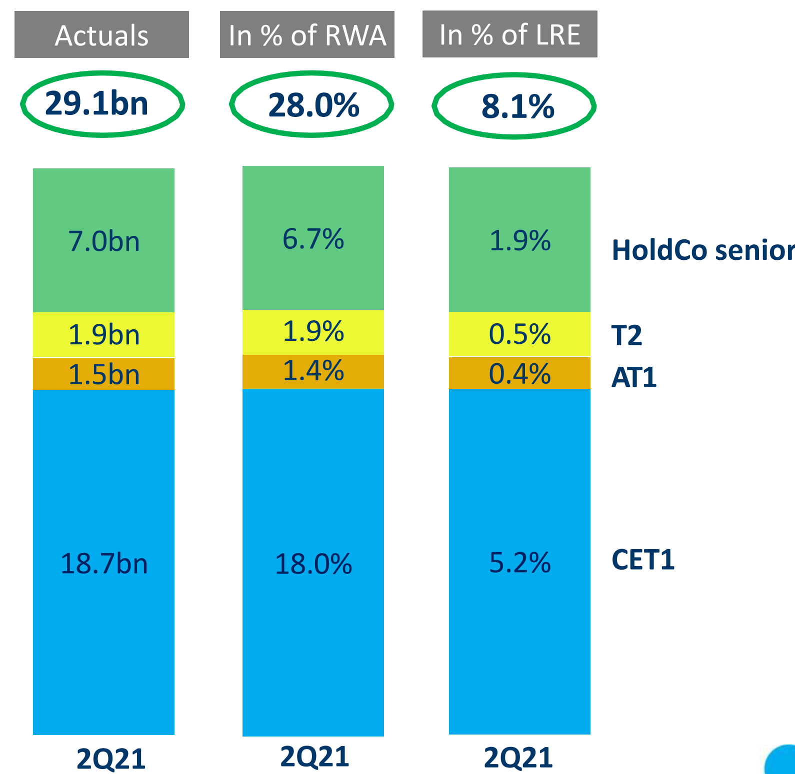
* FICOD: Financial Conglomerate Directive
** DC: Danish Compromise
*** DM: Deduction Method

KBC complies with resolution requirements

New MREL targets applicable as from 01-01-2024, with intermediate targets as from 01-01-2022

- The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level, with **bail-in** as the preferred resolution tool
- The SRB communicated to KBC the final MREL targets (under BRRD2), expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE)
- The **new binding MREL targets (incl. CBR on top of the MREL target in % of RWA)** are:
  - **26.38% of RWA** as from 01-01-2024, with an intermediate target of **25.88%** as from 01-01-2022
  - **7.34% of LRE** as from 01-01-2022

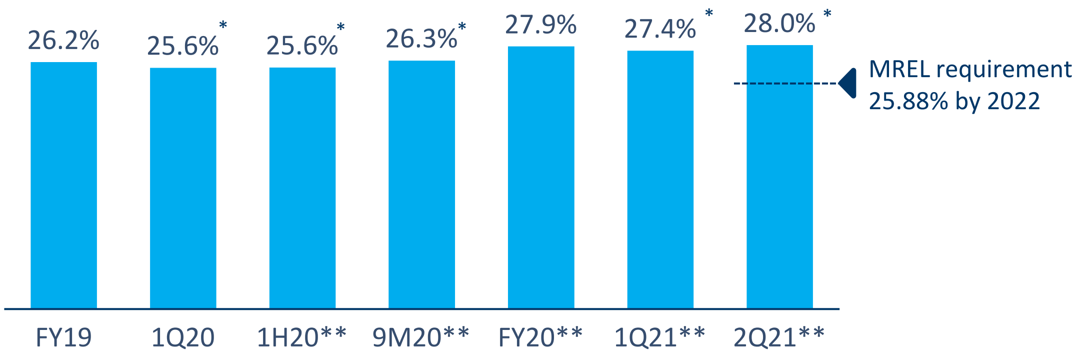




TLOF Total Liabilities and Own Funds LAA **L**oss **A**bsorbing **A**mount RCA **Re**Capitalisation **A**mount
MCC **M**arket **C**onfidence **C**harge = CBR (4.27% as at 2Q 2020) minus 93.75 bps; the discount will decrease in the next years to reach the BRRD2 reference level of CBR minus the Countercyclical Buffer
CBR **C**ombined **B**uffer **R**equirement = Conservation Buffer (2.5%) + O-SII buffer (1.5%) + Countercyclical Buffer (0.25%), comes on top of the MREL target

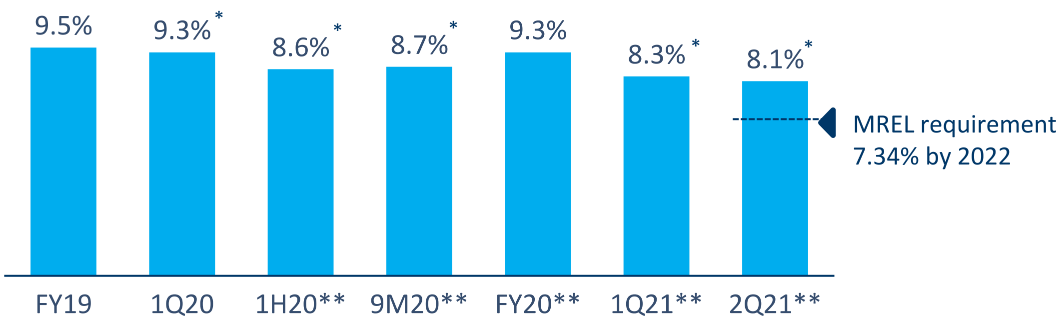
Available MREL as a % of RWA and LRE (BRRD2)

Available MREL as a % of RWA



- The **MREL ratio in % of RWA** increased q-o-q due mainly to the issuance of 2 new HoldCo Senior instruments with total amount of 950m EUR during 2Q21. The positive impact of the 2 new instruments on the MREL ratio was partially offset by the q-o-q increase of the RWA in 2Q21

Available MREL as a % of LRE

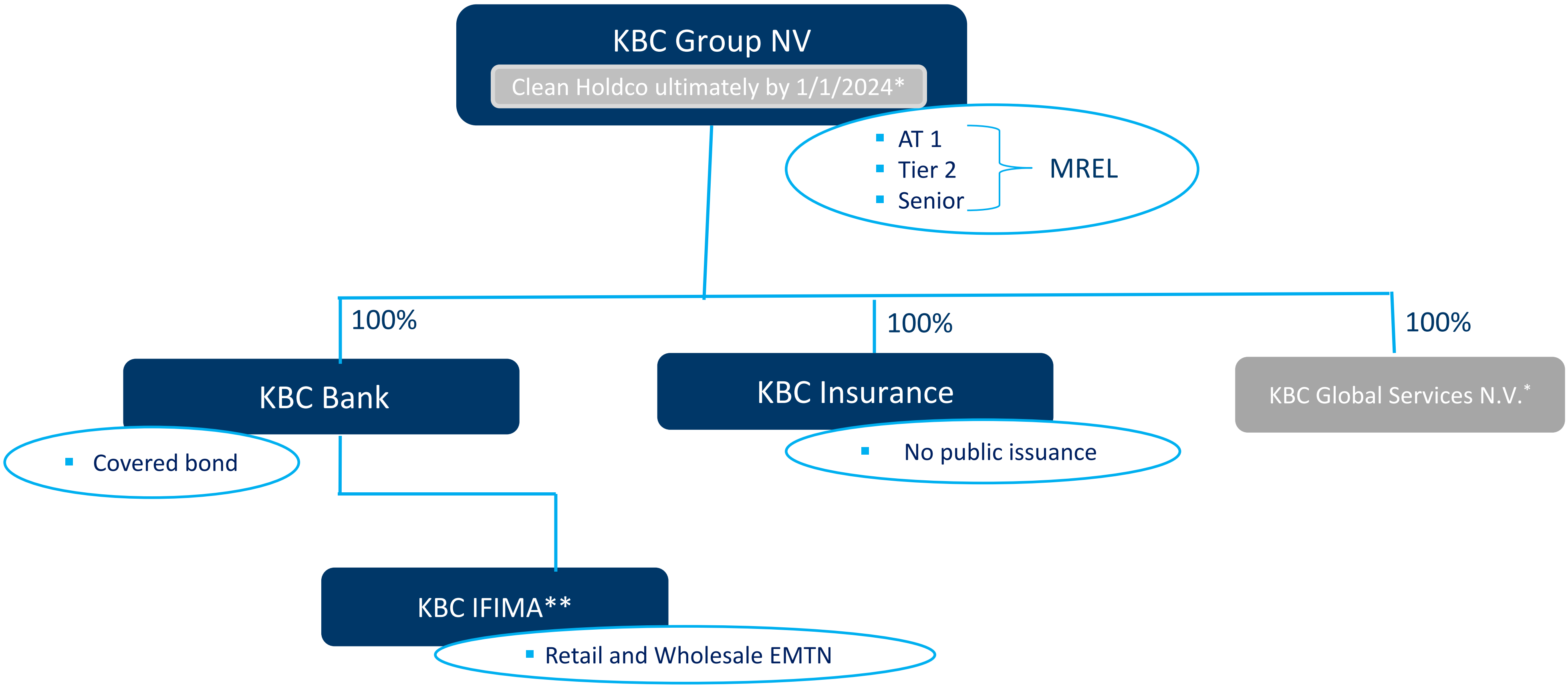


- The **MREL ratio in % of LRE** decreased q-o-q due fully to the increase of the Leverage Ratio Exposure. The Leverage Ratio Exposure increased due to:
  - increased short-term money market and repo opportunities as of 1Q21
  - regulatory and methodology changes implemented as of 2Q21

** No IFRS interim profit recognition given more stringent ECB approach*
*** As of 1H20, MREL ratio includes the impact of IFRS9 transitional measures*

KBC Passport

Group's legal structure and issuer of debt instruments



* To ensure that KBC's HoldCo senior debt is eligible for the subordinated MREL target (i.e., to make sure that no excluded liabilities ranking pari passu or junior with HoldCo senior debt are present in KBC Group NV), the KBC Group ExCo decided on to make KBC Group NV a Clean HoldCo for the purpose of resolution. Ultimately from 1/1/2024, all the activities of KBC Group NV will be transferred to a new subsidiary of KBC Group NV (with exception of the group controlling functions), the financial holding activities and issuing own funds and MREL instruments that remain at KBC Group NV

** All debt obligations of KBC IFIMA are unconditionally and irrevocably guaranteed by KBC Bank

Clean HoldCo Project

KBC is in process of developing a "Clean HoldCo" project which will be implemented by 01-01-2024

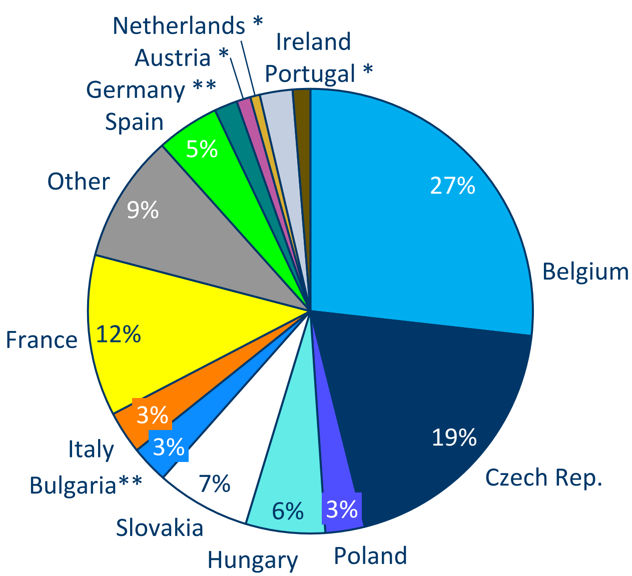
- ✓ Besides a total MREL amount, BRRD2 also requires Banks to maintain a certain part of MREL in subordinated format (i.e. instruments subordinated to liabilities, excluded from bail-in)
- ✓ KBC Group has on its balance sheet a limited amount of liabilities, excluded from bail-in, which rank pari passu to MREL eligible liabilities. These excluded liabilities are related to critical shared services (e.g. IT). This jeopardizes the eligibility of the HoldCo senior debt to be acknowledged by the SRB as subordinated. This is based on the new definition of BRRD2 Article 2(1)(71b), which allows no exemption from the subordination requirement for MREL; for comparison exemption from the subordination requirement is allowed in CRR Article 72b(4) for TLAC (allowance of up to 5% excluded liabilities based on the total amount of MREL)
- ✓ To ensure that KBC's HoldCo senior debt is eligible for the subordinated MREL target (i.e., to make sure that no excluded liabilities ranking pari passu or junior with HoldCo senior debt are present in KBC Group NV), the KBC Group ExCo decided on to make KBC Group NV a Clean HoldCo for the purpose of resolution
- ✓ All activities of KBC Group NV will be transferred to a new subsidiary of KBC Group NV, with exception of some group controlling functions, the financial holding activities and issuing own funds and MREL instruments that remain at KBC Group NV
- ✓ After the implementation of the Clean HoldCo project, KBC's entire MREL stack will be considered as subordinated
- ✓ The intermediate subordinated MREL target as form 1/1/22 will be met with capital instruments; the Clean HoldCo project is expected to be implemented before the final subordinated MREL target becomes applicable as from and 1/1/24, the full amount of the MREL stack of KBC Group will be eligible to meet final subordinated MREL target

KBC

Government bond portfolio – Notional value

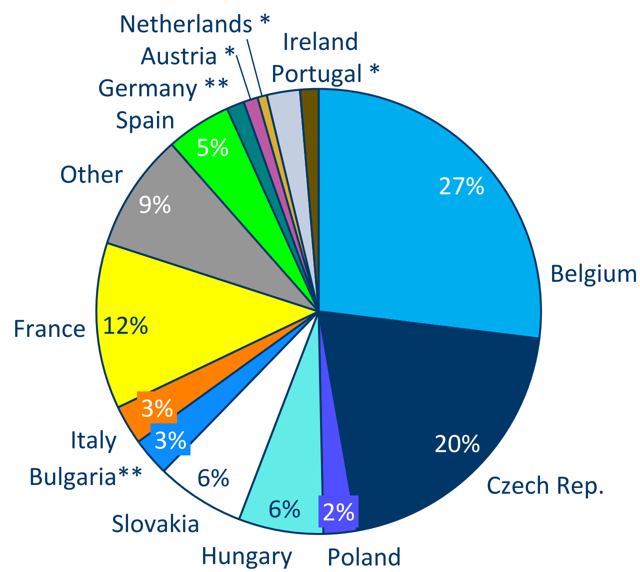
- Notional investment of 52.0bn EUR in government bonds (excl. trading book) at end of 1H21, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 5.9bn EUR at the end of 1H21

END OF FY20
(Notional value of 51.4bn EUR)



(*) 1%, (**) 2%

END OF 1H21
(Notional value of 52.0bn EUR)

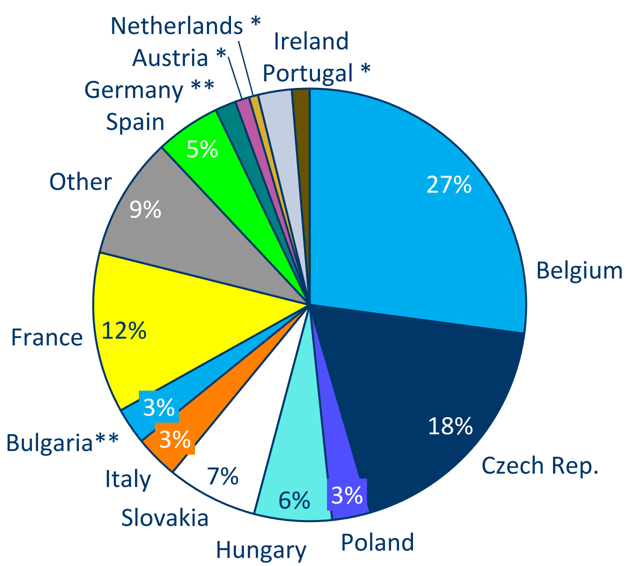


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

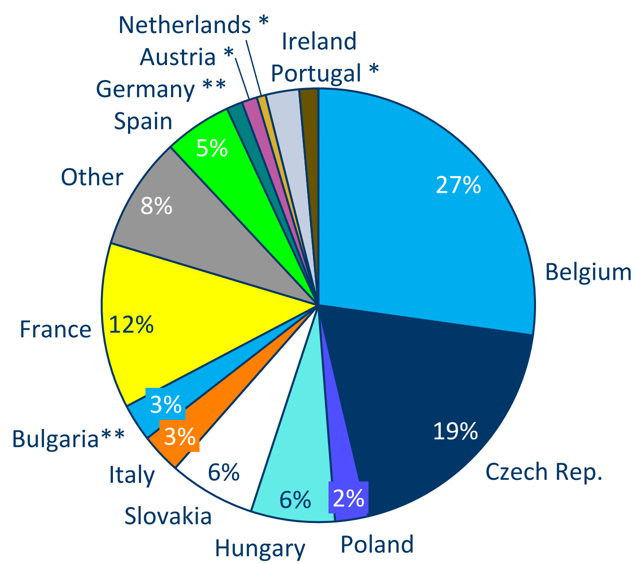
- Carrying value of 54.7bn EUR in government bonds (excl. trading book) at end of 1H21, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 6.5bn EUR at the end of 1H21

END OF FY20
(Carrying value of 54.7bn EUR)



(*) 1%, (**) 2%

END OF 1H21
(Carrying value of 54.7bn EUR)



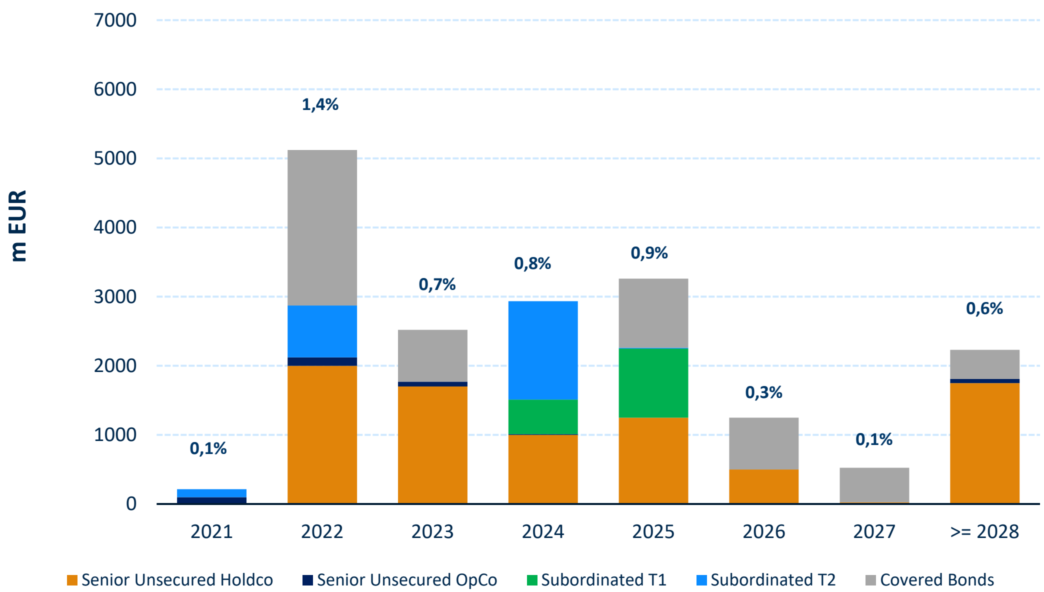
(*) 1%, (**) 2%

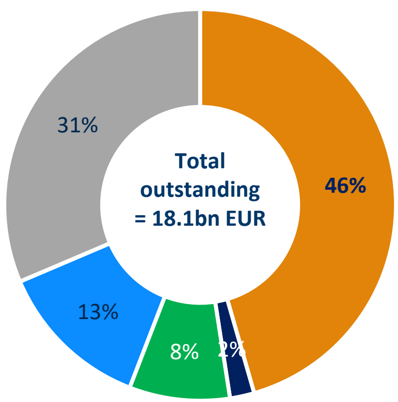
* Carrying value is the amount at which an asset (or liability) is recognised: for those not valued at fair value this is after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon, while carrying amount is equal to fair value when recognised at fair value

Upcoming mid-term funding maturities

Breakdown Funding Maturity Buckets

(Including % of KBC Group's balance sheet)





- In May 2021, KBC Group issued a senior benchmark for an amount of 500m EUR with a 10-year maturity
- In June 2021, a 450m EUR private placement 3NC2 senior transaction was issued

- KBC Bank has 6 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds
  - Structured notes and covered bonds using the private placement format
  - Senior unsecured, T1 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank

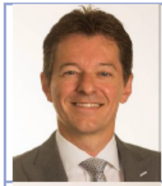
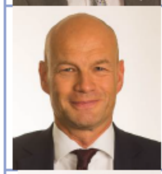
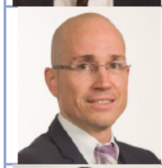
Glossary (1)

AQR	Asset Quality Review
B3 / B4	Basel III / Basel IV
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (group)	[operating expenses of the group] / [total income of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include: • MtM ALM derivatives (fully excluded) • bank & insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) • one-off items
Credit cost ratio (CCR)	[annualised net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula. As the full collective Covid-19 expected credit losses (ECL) have been booked in 1H20, they were not annualised to calculate the ratio in 1H20
EBA	European Banking Authority
ESMA	European Securities and Markets Authority
ESFR	European Single Resolution Fund
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total specific impairments on the impaired loan portfolio (stage 3)] / [part of the loan portfolio that is impaired (PD 10-11-12)]
Impaired loans ratio	[part of the loan portfolio that is impaired (PD 10-11-12)] / [total outstanding loan portfolio]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity coverage ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days]
Management overlay	Our Expected Credit Loss (ECL) models were not able to adequately reflect all the specifics of the Covid-19 crisis or the various government measures implemented in the different countries to support households, SMEs and Corporates through this crisis. Therefore, an expert-based calculation at portfolio level is required via a management overlay

Glossary (2)

MARS	Mortgage Arrears Resolution Strategy
MREL	Minimum requirement for own funds and eligible liabilities
Net interest margin (NIM) of the group	[banking group net interest income excluding dealing room] / [banking group average interest-bearing assets excluding dealing room]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for fair value through Other Comprehensive Income (OCI) assets]
TLAC	Total loss-absorbing capacity

Contacts / Questions

	Johan Thijs KBC Group CEO	
	Luc Popelier KBC Group CFO	
	Kurt De Baenst General Manager Investor Relations	Direct + 32 2 429 35 73 Mobile +32 472 500 427 Kurt.debaenst@kbc.be
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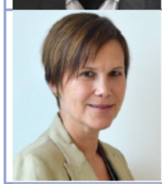	Dominique Agneesens Investor Relations Manager	Direct + 32 2 429 14 41 Mobile +32 473 657 294 Dominique.agneesens@kbc.be
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