KBC Group
Debt presentation

2Q 2023

More information: www.kbc.com

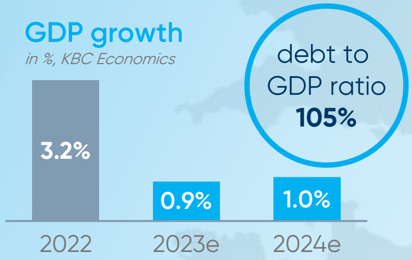
KBC Group - Investor Relations Office: IR4U@kbc.be

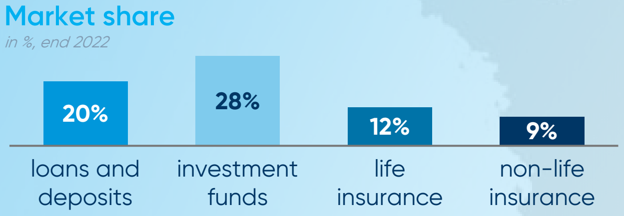
KBC Group passport | Well-defined core markets

BELGIUM BU

61% of assets
3.9m clients
440 branches

debt to GDP ratio **105%**



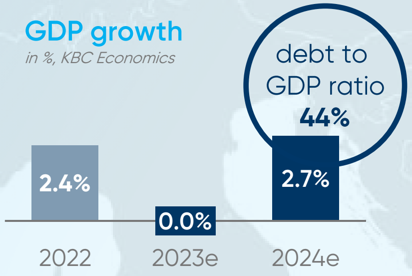


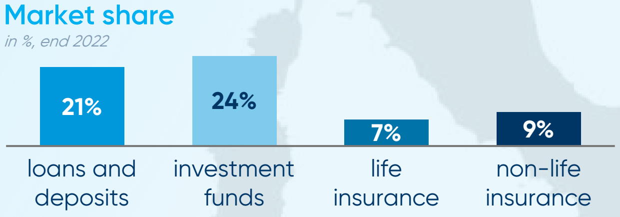
118bn EUR loans
143bn EUR deposits

CZECH REPUBLIC BU

23% of assets
4.3m clients
200 branches

debt to GDP ratio **44%**





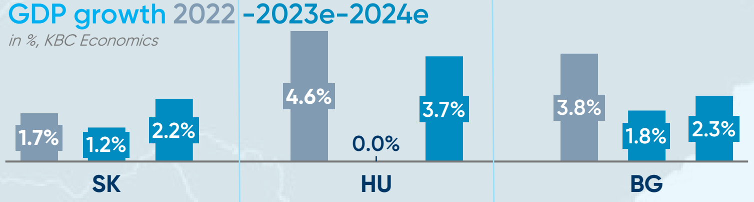
37bn EUR loans
52bn EUR deposits

INTERNATIONAL MARKETS BU

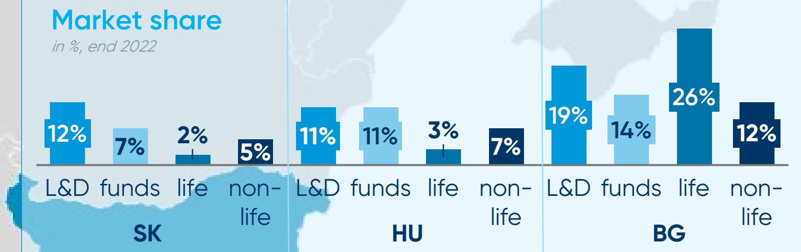
SK
4% of assets
0.8m clients
108 branches
11bn EUR loans
8bn EUR deposits

HU
4% of assets
1.6m clients
195 branches
7bn EUR loans
9bn EUR deposits

BG
4% of assets
2.2m clients
258 branches
9bn EUR loans
12bn EUR deposits



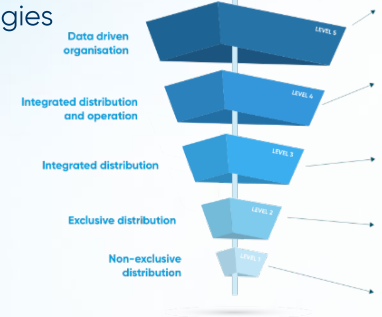
debt/GDP **62%**
debt/GDP **73%**
debt/GDP **23%**



What differentiates us from peers

Unique integrated bank-insurance+ model

- We offer an **integrated response** to our clients' banking and insurance needs. Our **organisation** is similarly integrated, operating as a single business and a **digital-first, lead-driven and AI-led bank-insurer**
- The benefit of a **one-stop**, relevant and personalised financial service that allows our clients to choose from a wider and **complementary range of products and services**, which go beyond pure bank-insurance
- **Benefits in terms of income and risk diversification**, additional sales potential through intensive co-operation between the bank and insurance distribution channels, significant cost-savings and synergies



Successful digital-first approach through KATE

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

3.4 million users in contact with Kate

KATE autonomy

63% BE
62% CZ

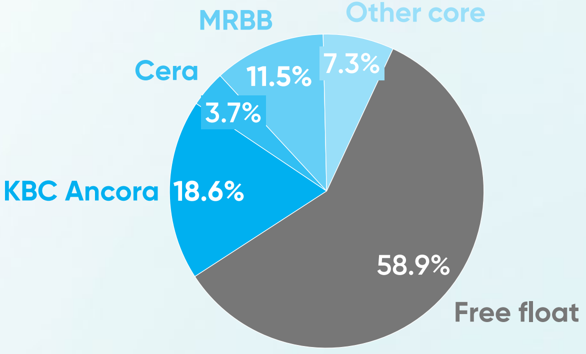
Firmly embedded sustainability strategy

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

TERRA CARTA

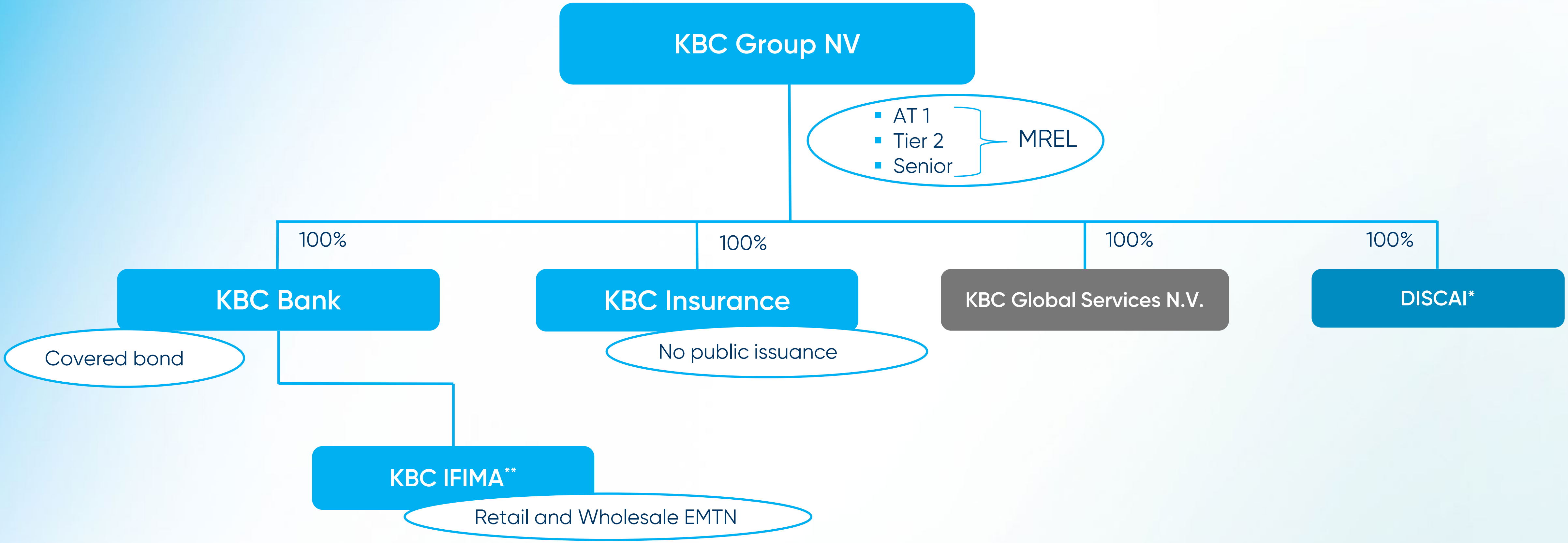
Core shareholder structure

- A special feature of our shareholder structure is the **core shareholder syndicate** consisting of Cera, KBC Ancora, MRBB and the other core shareholders, which together held **roughly 41% of our shares**
- These shareholders act in concert, thereby ensuring shareholder stability in our group
- The **free float** is held mainly by a large variety of international institutional investors



As at end 1H 2023

KBC Group's legal structure and issuer of debt instruments



* DISCAI (Discovering AI) is a separate fully owned subsidiary, grouping the in-house developed artificial intelligence solutions for commercialisation to third parties (as of 7 March 2022)

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

Last credit ratings

		Moody's	S&P	Fitch
Group	**Senior Unsecured**	**Baa1**	**A-**	**A**
	Tier II	Baa2	BBB	BBB+
	Additional Tier I	Ba1	BB+	BBB-
	Short-term	P-2	A-2	F1
	Outlook	Positive	Stable	Stable
Bank	Covered bonds	Aaa	-	AAA
	Senior Unsecured	**A1 (*)**	**A+**	**A+**
	Tier II	-	BBB	-
	Short-term	P-1	A-1	F1
	Outlook	Positive	Stable	Stable
Insurance	Financial Strength Rating	-	A	-
	Issuer Credit Rating	-	A	-
	Outlook	-	Stable	-

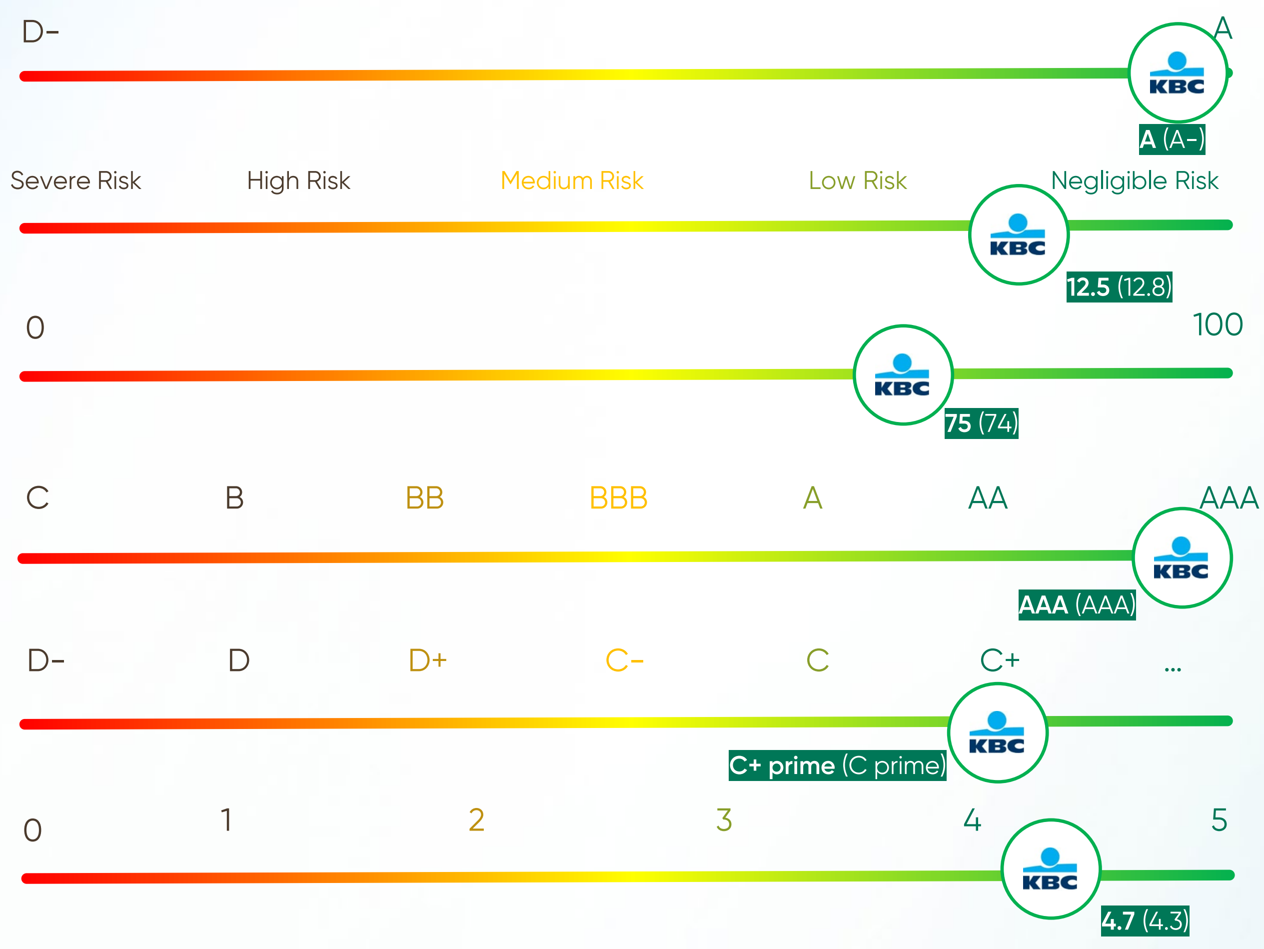
(*) Moody's long-term deposit rating: Aa3 (stable)

Latest update:

6 June 2023: Moody's upgraded KBC Bank's long-term issuer and deposit ratings and affirmed KBC Group's issuer rating (outlook remains positive). The upgrade of KBC Bank's deposit and long-term issuer ratings driven by the continued issuance of senior unsecured and subordinated debt in order to comply with minimum requirement for own funds and eligible liabilities (MREL) targets.

The affirmation of KBC Group's long-term issuer ratings (including positive outlook continues), reflects KBC's sound solvency, strong earnings power, sound asset quality and solid funding profile.

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



Agency	ESG rating of 18th of July 2023 (previous score)	Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	A (A-)	Leader in addressing climate change CDP's A list Financial average service B-
SUSTAINALYTICS	12.5 (12.8)	3rd percentile of 381 diversified banks assessed 9th of 381 diversified banks
S&P Dow Jones Indices A Division of S&P Global	75 (74)	Top 5% (95th percentile of 762 banks assessed)
MSCI	AAA (AAA)	Leader among 488 banks assessed
Corporate ESG Performance Prime RATED BY ISS ESG	C+ prime (C prime)	1st decile rank of 299 Commercial Banks & Capital Markets assessed
FTSE4Good	4.7 (4.3)	Top 4% (96th percentile of banks assessed)

Business profile | Our financial footprint

High profitability (IFRS 17 figures)

C/I ratio*
49% FY22
49% 1H23

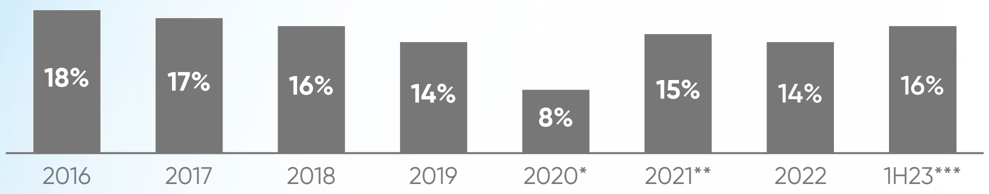
combined ratio
87% FY22
84% 1H23

net result
2,818m FY22
1,848m 1H23

* Adjusted for specific items

Return on Equity

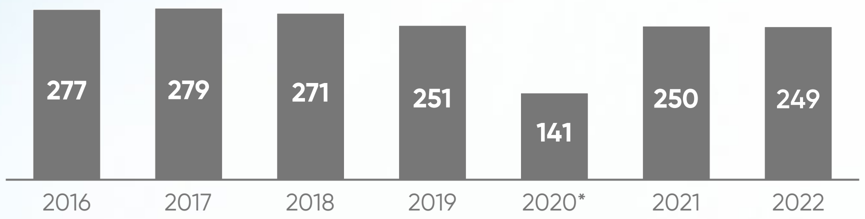
in %



* 11% when adjusted for the collective Covid-19 impairments
** when excluding the one-off items due to the pending sales transactions in Ireland
*** When bank & insurance taxes are evenly spread throughout the year and excluding one-offs

CET1 generation before any capital deployment

in bps

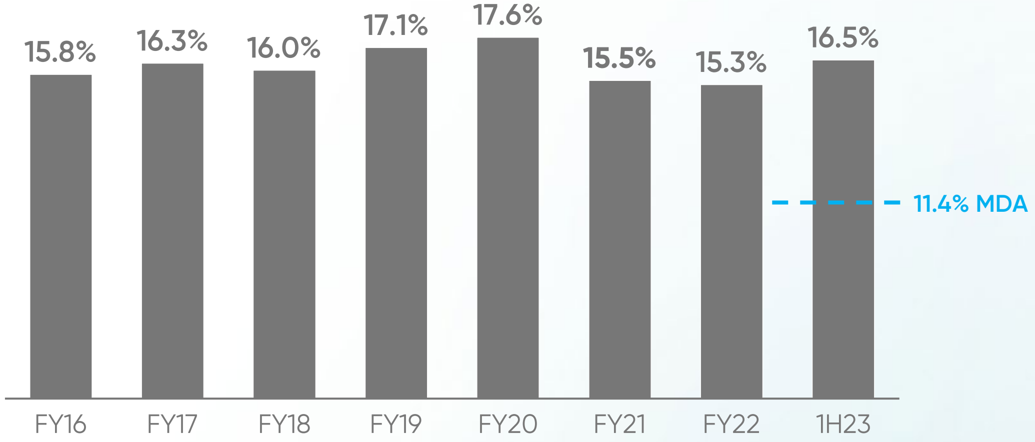


* 202bps when adjusted for the collective Covid-19 impairments

Solid capital position

CET 1 ratio (fully loaded, Danish compromise)

in %



Robust liquidity

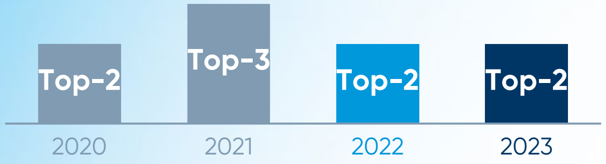
NSFR
136% FY22
145% 1H23

LCR
152% FY22
152% 1H23

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

Our non-financial targets

Customer ranking

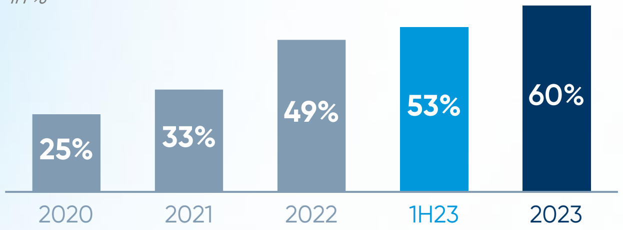


- **KBC is 2nd in customer NPS (Net Promoter Score) ranking** based on weighted avg of ranking in five core countries
- **Target is to remain the reference** (i.e., Top-2 score on group level)

Straight-through processing

STP score*

in %



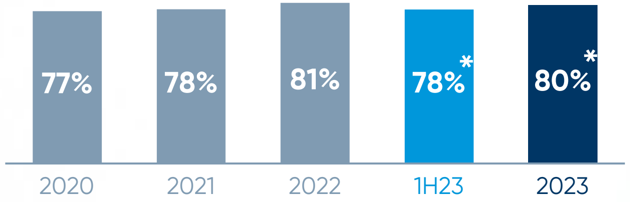
The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of core commercial products.

Bank-insurance (BI) clients

BI clients

in %

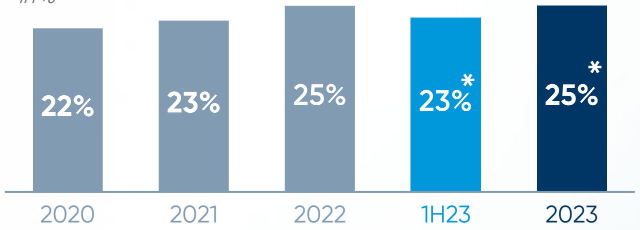


BI customers have at least 1 bank + 1 insurance product of our group

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

BI stable clients

in %



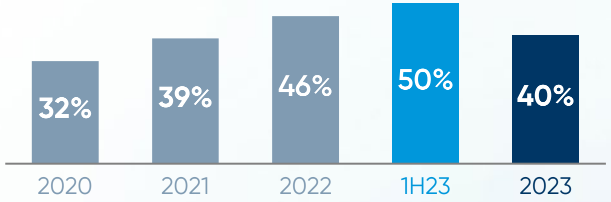
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

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

Digital sales

Digital sales banking products*

in %

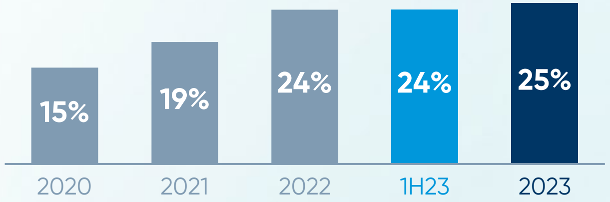


Digital sales 50% of **banking sales** (vs end of 2023 target of ≥40%)

* Based on weighted average of selected core products.

Digital sales insurance products

in %



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

Sustainability highlights

Commitment to climate action

2030 and 2050 climate targets
Committed to a first set of climate targets for the most material carbon-intensive industrial sectors and product lines in our lending business and our asset management activities

On track
Despite the short lead time since our baseline establishment, our latest sustainability report shows that, overall, we are well on track in meeting our portfolio climate targets

Partner in the transition
More than 3 000 customer engagement dialogues since the start to support our clients' transition

SBTi
KBC bolstered its intentions with regard to climate action by committing our banking activities to the Science-Based Targets (SBTi)

Sustainable business

7.4bn EUR
Financing contributing to social objectives

14.3bn EUR
Financing contributing to environmental objectives

600 000 tonnes CO_2e
Avoided GHG emissions through renewable energy project finance

37bn EUR Responsible Investing funds in 1H23
or 39% of total assets under distribution (direct client money)

Social responsibility

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

34% Female entrepreneurship
among our start-up community in Belgium

10m EUR
Outstanding loans to microfinance institutions and investments in microfinance funds

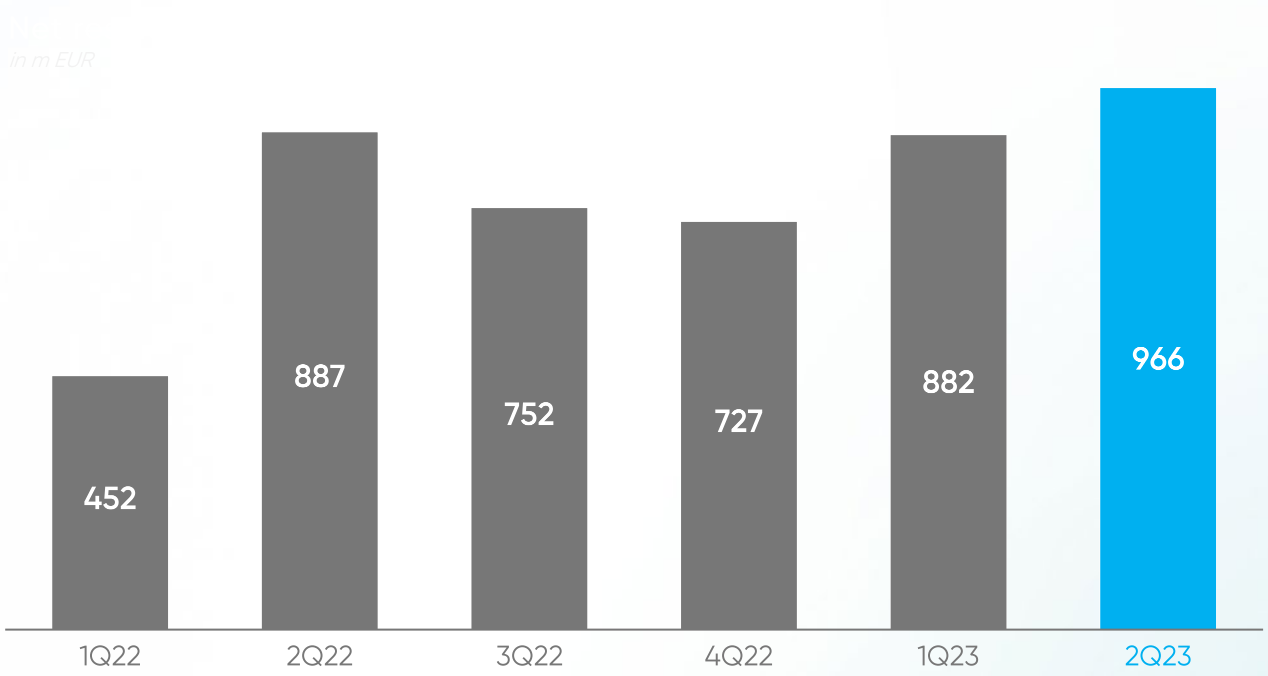
Diversity in senior management
24% females in senior management roles

Sustainability highlights in 2022, unless otherwise indicated

Excellent net result of 966m EUR over 2Q23

Highlights

- **Commercial bank-insurance franchises** in core markets performed excellently
- **Customer loans** and **customer deposits** increased q-o-q in most of our core countries (on a comparable basis)
- KBC issued its **second social bond in May 2023**
- Higher **net interest income q-o-q**
- Higher **net fee and commission income** q-o-q
- Q-o-q higher **net result from financial instruments at fair value** and q-o-q decrease of **net other income**
- Strong sales of **non-life insurance** y-o-y and strong sales of **life insurance** (both q-o-q and y-o-y)
- Costs down q-o-q due entirely to lower bank & insurance taxes; **costs excl. bank & insurance taxes slightly up q-o-q**
- **Small net loan loss impairment releases**
- Solid **solvency** and **liquidity**



YTD ratios

- Return on Equity 16%*
- Cost-income ratio 49%**
- Combined ratio 84%
- Credit cost ratio -0.04%
- CET1 ratio 16.5% (B3, DC, fully loaded)
- Leverage ratio 5.4% (fully loaded)
- NSFR 145% & LCR 152%

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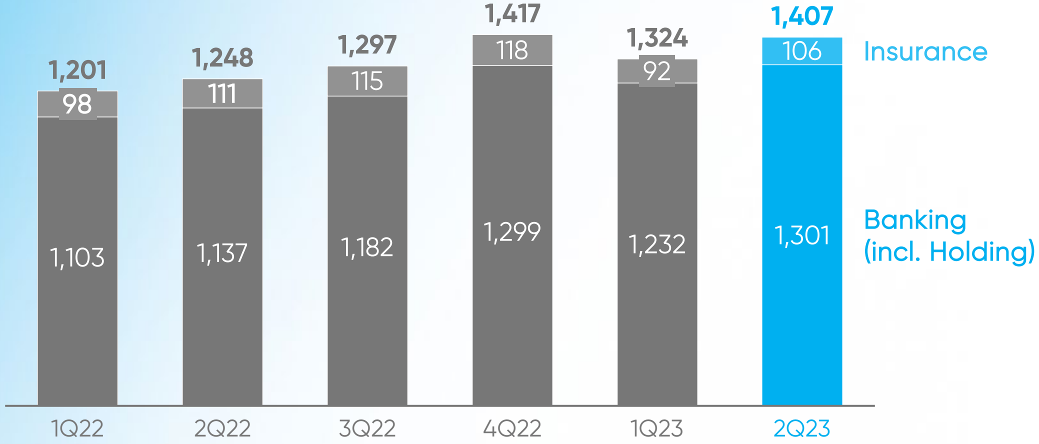
* When bank & insurance taxes are evenly spread throughout the year and excluding one-offs

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

Higher net interest income in line with expectations

Net interest income

in m EUR

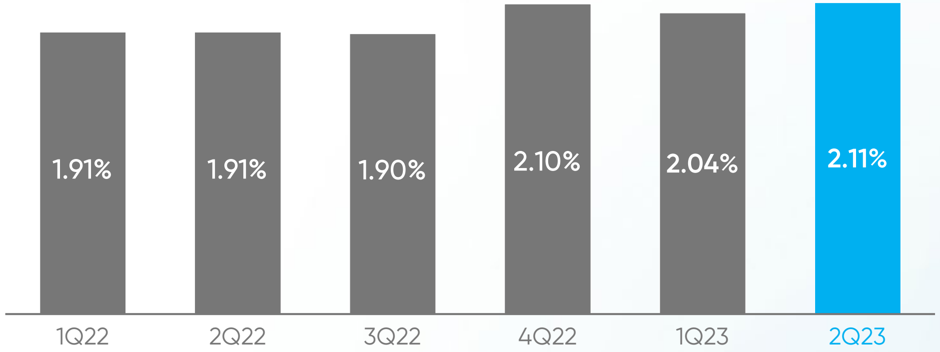


- **NII increased by 6% q-o-q and by 13% y-o-y**
- Q-o-q increase was driven primarily by:
  - Higher commercial transformation result (in all core countries)
  - Higher NII on inflation-linked bonds (+37m EUR)
  - Increased term deposits at better margins
  - Slightly higher lending income (as volume growth more than offsets the negative effect of lower loan margins in most core markets)
  - Higher number of days (+7m EUR)

  partly offset by:
  - 11m EUR lower NII in Ireland (due to the sale early Feb 2023)
  - Higher funding cost of participations
  - Higher costs on the minimum required reserves held with the central bank in both Hungary and Bulgaria (-12m EUR)
- Y-o-y increase was driven primarily by sharply increasing commercial transformation result, the consolidation of Raiffeisenbank Bulgaria as of 3Q22 and increased term deposits at better margins, partly offset by lower lending income, no TLTRO & ECB tiering benefit anymore, lower NII in Ireland, lower NII on inflation-linked bonds, higher funding cost of participations & MREL and higher costs on the minimum required reserves

Net interest margin*

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



* Excluding Ireland as of 2023 due to the sale early February 2023

- Rose by 7 bps q-o-q and by 20 bps y-o-y for the reasons mentioned on net interest income, despite an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

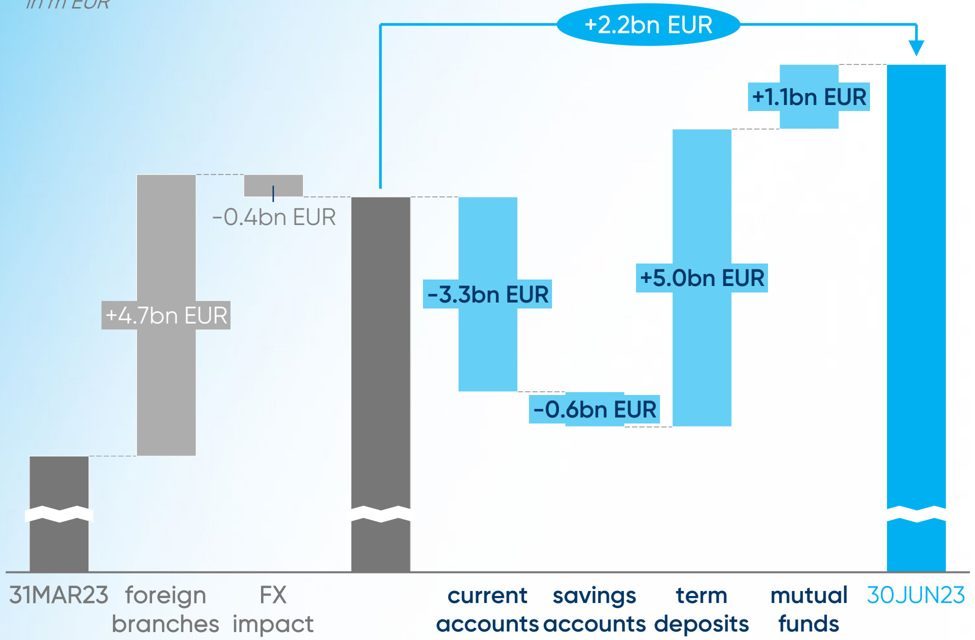
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	182bn	75bn	225bn
Growth q-o-q*	+2%	+1%	+3%
Growth y-o-y	+4%	+4%	0%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments and reclassifications.
*** Customer deposits, excluding debt certificates and repos. **Excluding the volatility in the foreign branches of KBC Bank (included in BE BU), core customer deposits rose by 0.5% q-o-q and by 2% y-o-y**

Inflow of core customer money

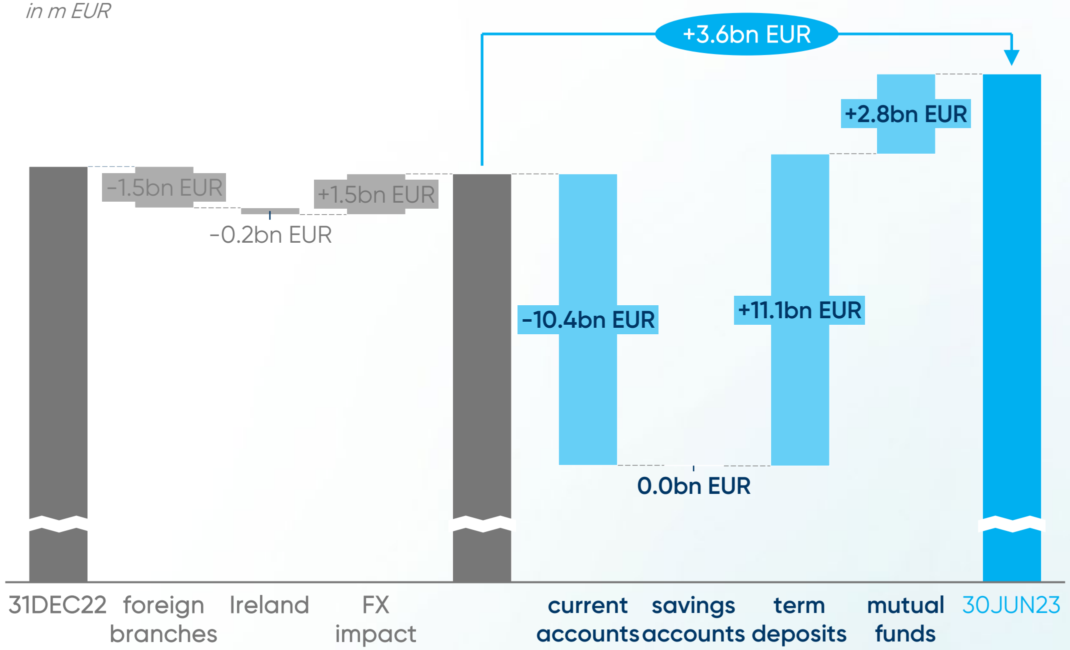
Customer money dynamic over 2Q23

in m EUR



Customer money dynamic over 1H23

in m EUR



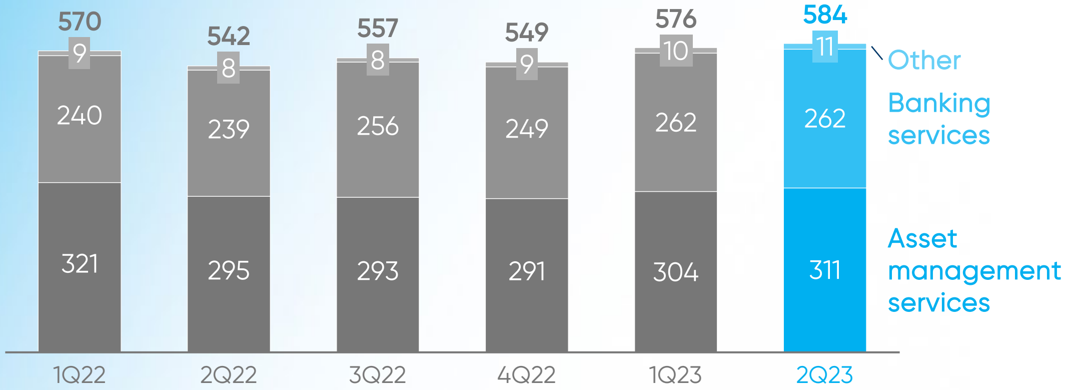
- **2Q23** saw a further inflow of core customer money of **+2.2bn EUR** (+1.8bn EUR incl. FX impact)

- **1H23** saw a further inflow of core customer money of **+3.6bn EUR** (+5.1bn EUR incl. FX impact)

Higher fee and commission income

Net fee & commission income

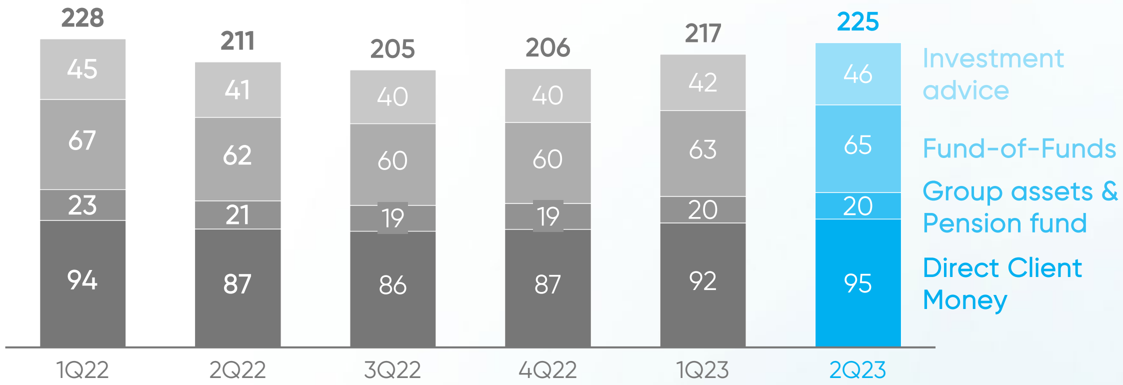
in m EUR



- **Up by 1% q-o-q and by 8% y-o-y**
- Q-o-q increase was mainly the result of the following:
  - Net F&C income from Asset Management Services increased by 2% q-o-q due to higher management fees, partly offset by seasonally lower entry fees and lower distribution fees received linked to unit-linked life insurance products
  - Net F&C income from banking services stabilised q-o-q. Higher fees from payment services and higher fees from credit files & bank guarantees were offset by lower securities-related fees and higher client incentives
- Y-o-y increase was mainly the result of the following:
  - Net F&C income from Asset Management Services rose by 6% y-o-y (due mainly to higher management and entry fees)
  - Net F&C income from banking services increased by 9% y-o-y, partly due to the consolidation of Raiffeisenbank Bulgaria as of 3Q22. Higher fees from payment services, higher network income and lower client incentives in Retail (in the Czech Republic) were only partly offset by lower securities-related fees, lower fees from credit files & bank guarantees and higher distribution commissions paid for banking products

Assets under management

in bn EUR

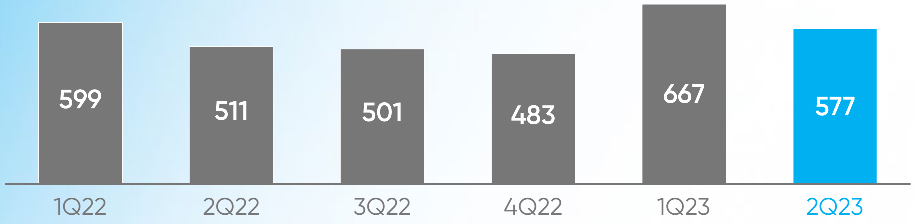


- **Increased by 4% q-o-q** due to **net inflows (+2%)** and the positive market performance (+2%)
- Increased by 7% y-o-y due to net inflows (+4%) and the positive market performance (+3%)
- The mutual fund business has seen strong net inflows both in higher-margin direct client money this quarter (1.1bn EUR in 2Q23 versus 1.8bn EUR in 1Q23 and 0.5bn EUR in 2Q22) as well as in lower-margin assets

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

Non-life sales

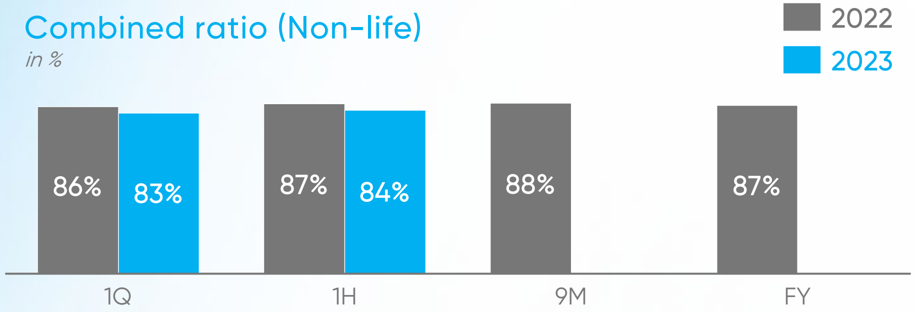
in m EUR



- **Up by 13% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

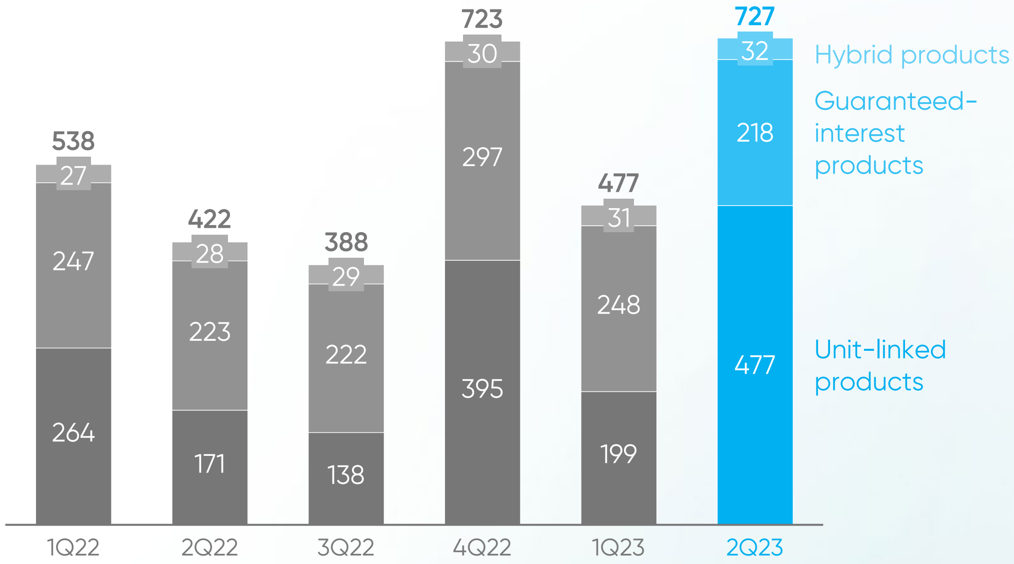
in %



- **Non-life combined ratio for 1H23 amounted to an excellent 84%** (87% in 1H22). This is the result of:
  - 11% y-o-y higher insurance revenues before reinsurance
  - Roughly stable y-o-y insurance service expenses before reinsurance (higher major claims and higher amortised commissions & directly attributable expenses were offset by lower storm claims)
  - Lower net result from reinsurance contracts held (down by 61m EUR y-o-y)

Life sales

in m EUR

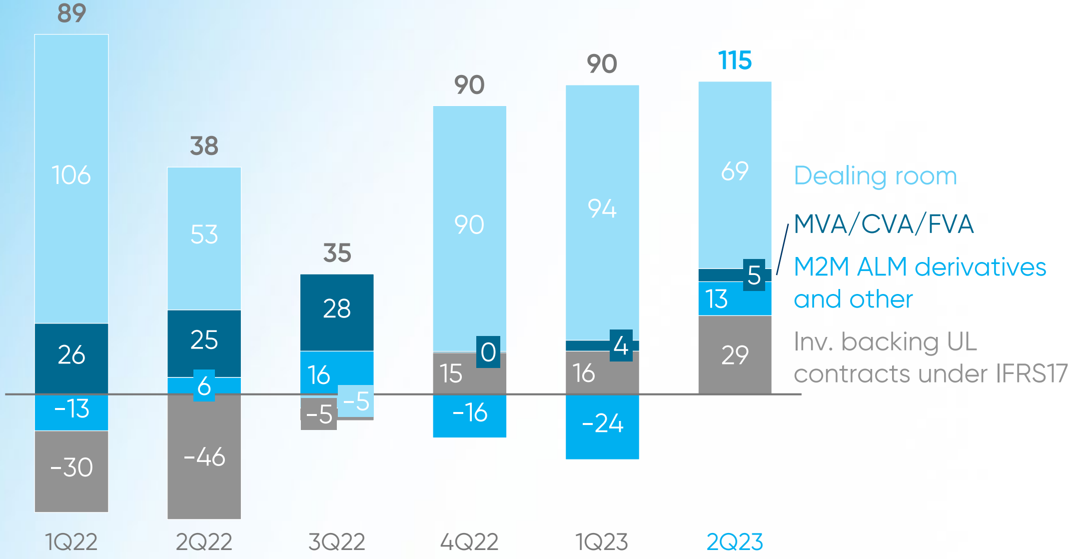


- Increased by 52% q-o-q due mainly to higher sales of unit-linked products (excellent sales in 2Q23 as the result of a successful launch of a new structured fund in Belgium), partly offset by lower sales of guaranteed-interest products (volumes in tax-incentivised pension savings products in Belgium are traditionally higher during 1Q and 4Q)
- Increased by 72% y-o-y due to higher sales of unit-linked products and hybrid products, partly offset by slightly lower sales of guaranteed-interest products
- Sales of guaranteed-interest products and unit-linked products accounted for 30% and 66% of total life insurance sales in 2Q23 respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder

Higher FIFV result and net other income in line with normal run rate

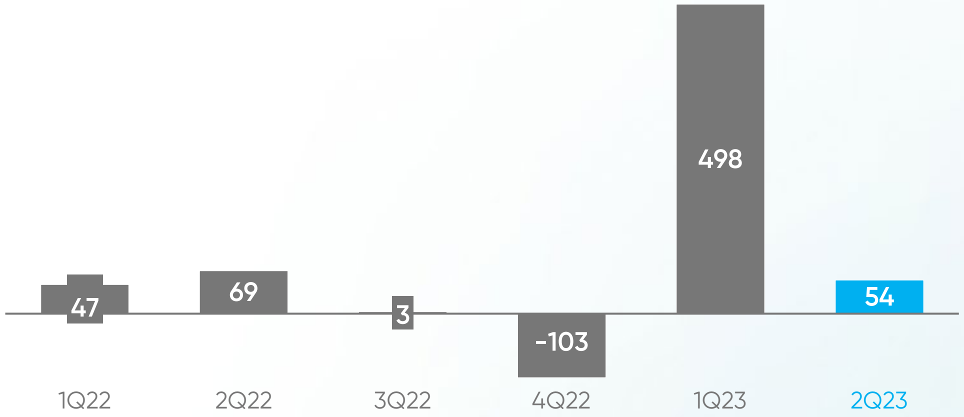
FIFV

in m EUR



Net other income

in m EUR



- **FIFV higher q-o-q**, attributable mainly to:
  - Positive change in ALM derivatives and other
  - Positive credit value adjustments more than offset negative market value adjustments q-o-q, while funding value adjustments were stable q-o-q. This was mainly the result of an increased EUR yield curve and a decrease in some credit spreads
  - Higher FV result on investments backing unit-linked contracts under IFRS 17 (offset by lower IFIE)

  partly offset by:
  - Lower dealing room result

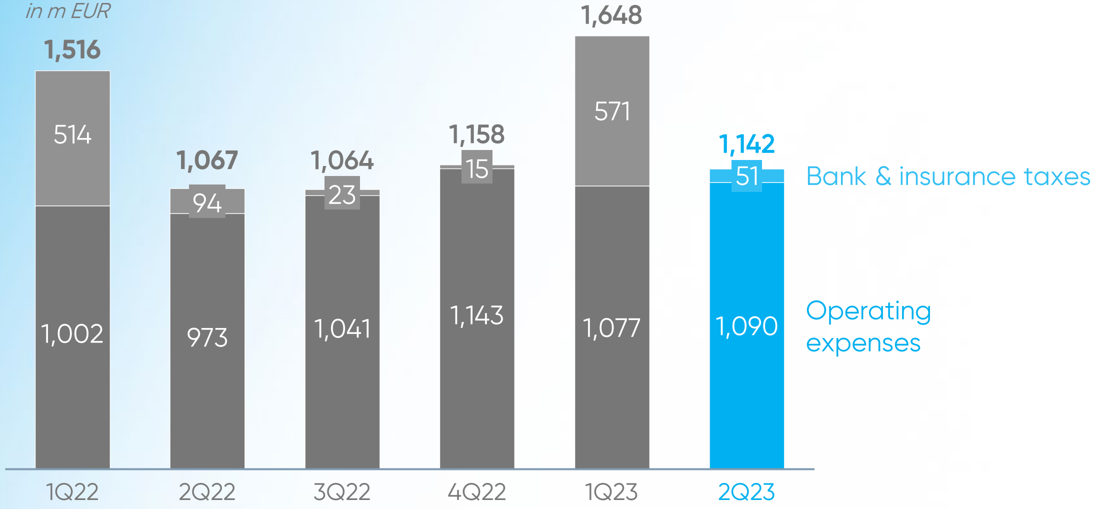
- **Roughly in line with the normal run rate of around 50m EUR per quarter in 2Q23**

- 1Q23 was impacted mainly by a +405m EUR one-off gain related to the Irish sale transaction (announced on 3 Feb 2023) and a 48m EUR recuperation of Belgian bank and insurance taxes paid in the past (2016), and the linked moratorium interests

Costs excluding bank & insurance taxes slightly increased q-o-q

Operating expenses (including directly attributable costs to insurance)

in m EUR



Bank and insurance tax spread 2023 (preliminary)

in m EUR

	Total	Upfront		Spread out over the year			
	2Q23	1Q23	2Q23	1Q23	2Q23	3Q23e	4Q23e
BE BU	6	347	6	0	0	0	0
CZ BU	-1	60	-1	0	0	0	0
Hungary	52	106	24	24	27	30	31
Slovakia	-1	4	-1	0	0	0	1
Bulgaria	-4	24	-4	0	0	0	0
Group Centre	-1	5	-1	0	0	0	0
Total	51	547	24	24	27	30	32

- **Operating expenses excluding bank & insurance taxes went up by 1% q-o-q and by 12% y-o-y**
  - The q-o-q increase is due mainly to higher ICT costs, higher marketing expenses as well as higher professional fee expenses (partly seasonal effect), partly offset by lower costs in Ireland (related to the sale transaction), lower depreciations and slightly lower facility expenses
  - The y-o-y increase is due to, among other things, the consolidation of Raiffeisenbank Bulgaria, the impact of inflation/wage indexation (despite less FTEs), higher ICT costs, higher facility expenses (mainly energy costs) and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction) and slightly lower marketing expenses

- 1H23 cost/income ratio
  - 49% when excluding certain non-operating items* (49% in FY22)
  - 40% excluding all bank & insurance taxes (45% in FY22)

- Note that 2Q23 included a temporary extra windfall bank & insurance tax in Hungary of 22m EUR, besides the 79m EUR booked in 1Q23

- Total bank & insurance taxes (including ESRF contribution) are expected to increase by 6% y-o-y to 684m EUR in 2023 (646m EUR in 2022)

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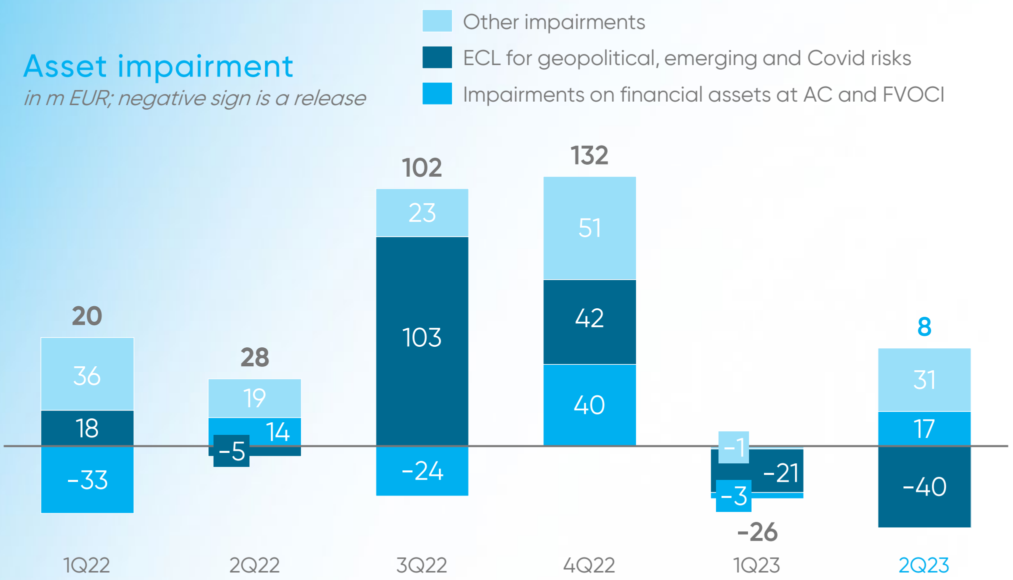
* See glossary for the exact definition

Net loan loss impairment releases & excellent credit cost ratio

Asset impairment

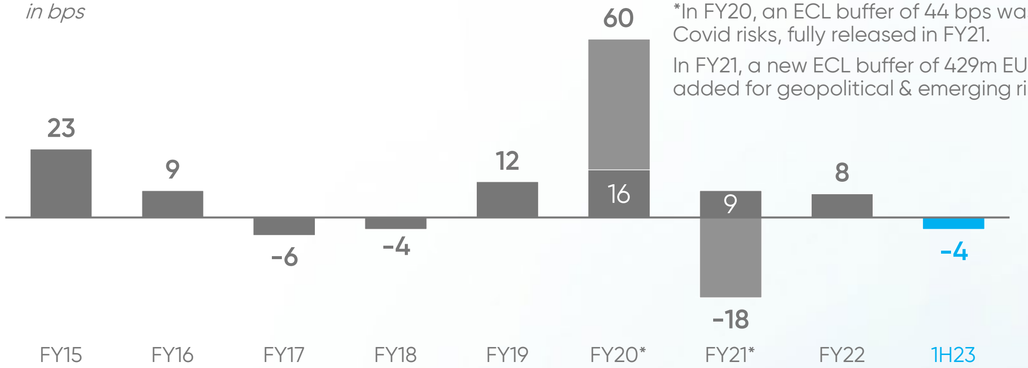
in m EUR; negative sign is a release



- **Small net loan loss impairment charges on lending book combined with a lower geopolitical & emerging risk buffer**
  - **Net loan loss impairment releases of 23m EUR in 2Q23** (compared with net loan loss impairment releases of 24m EUR in 1Q23) due to:
    - 17m EUR net loan loss impairment charges on lending book
    - A decrease of 40m EUR of the ECL buffer due to less uncertainties surrounding geopolitical and emerging risks
    - Total outstanding ECL for geopolitical and emerging risks now stands at 350m EUR (see details on next slide)
  - **31m EUR impairment on 'other'** (versus 1m EUR impairment release on 'other' in 1Q23), of which:
    - 19m EUR modification losses, related to the extension of the interest cap regulation in Hungary (until year-end 2023)
    - 11m EUR impairment related to the sale agreements in Ireland

Credit cost ratio

in bps



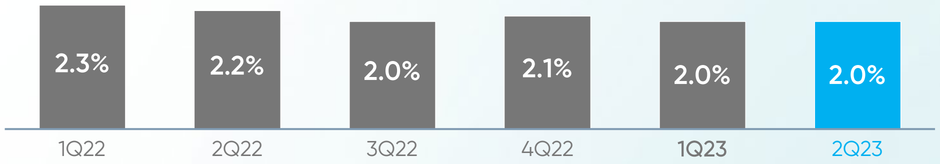
*In FY20, an ECL buffer of 44 bps was added re Covid risks, fully released in FY21.

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

- The credit cost ratio in 1H23 amounted to:
  - 2 bps (0 bps in FY22) without ECL for geopolitical, emerging and Covid risks
  - -4 bps (8 bps in FY22) with ECL for geopolitical, emerging and Covid risks

Impaired loans ratio

in %

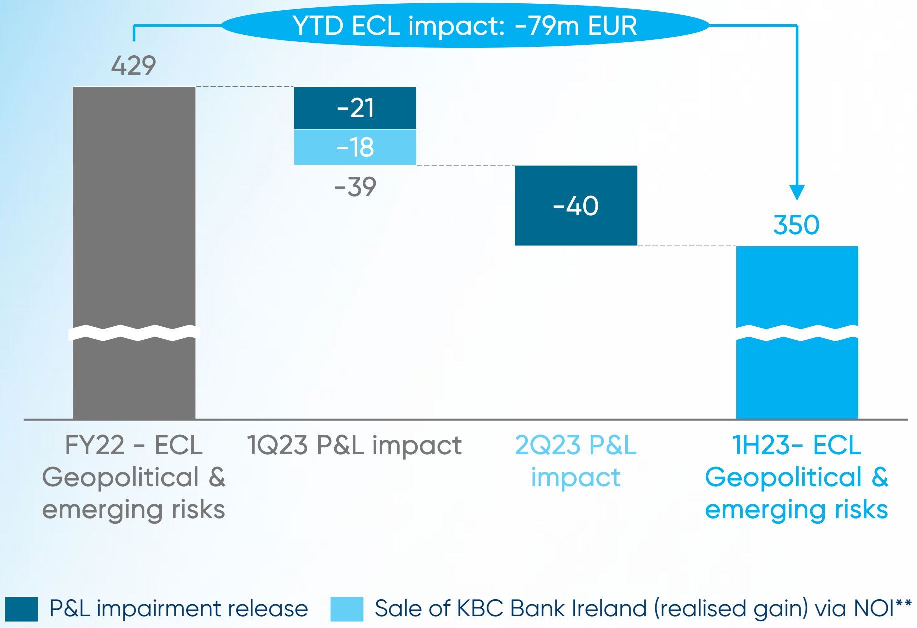


- **The impaired loans ratio stabilised at 2.0%** (1.0% of which over 90 days past due)

Outstanding ECL for geopolitical and emerging risks amounts to 350m EUR

Q-o-q change in the outstanding ECL for geopolitical and emerging risks

in m EUR; negative sign is a release



In 2Q23 ECL release of 40m EUR, driven by improved macroeconomic indicators and a review of the sectors considered to be impacted by the geopolitical and emerging risks

resulting in a remaining ECL for geopolitical and emerging risks of 350m EUR at end 1H23

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

** The ECL release generated by the sale of KBC Bank Ireland was recorded in 'Net Other Income' in 1Q23

Loan loss experience at KBC

Credit cost ratio*

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

	1H23	FY22	FY21	FY20	FY19	FY18	FY17	AVERAGE '99 –'22
Belgium BU	0.05%	0.03%	-0.26%	0.57%	0.22%	0.09%	0.09%	n/a
Czech Republic BU	-0.30%	0.13%	-0.42%	0.67%	0.04%	0.03%	0.02%	n/a
International Markets BU*	-0.08%	0.31%	0.36%	0.78%	-0.07%	-0.46%	-0.74%	n/a
Group Centre BU*	-0.23%	-0.04%	0.28%	-0.23%	-0.88%	-0.83%	0.40%	n/a
Total	-0.04%	0.08%	-0.18%	0.60%	0.12%	-0.04%	-0.06%	0.39%

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

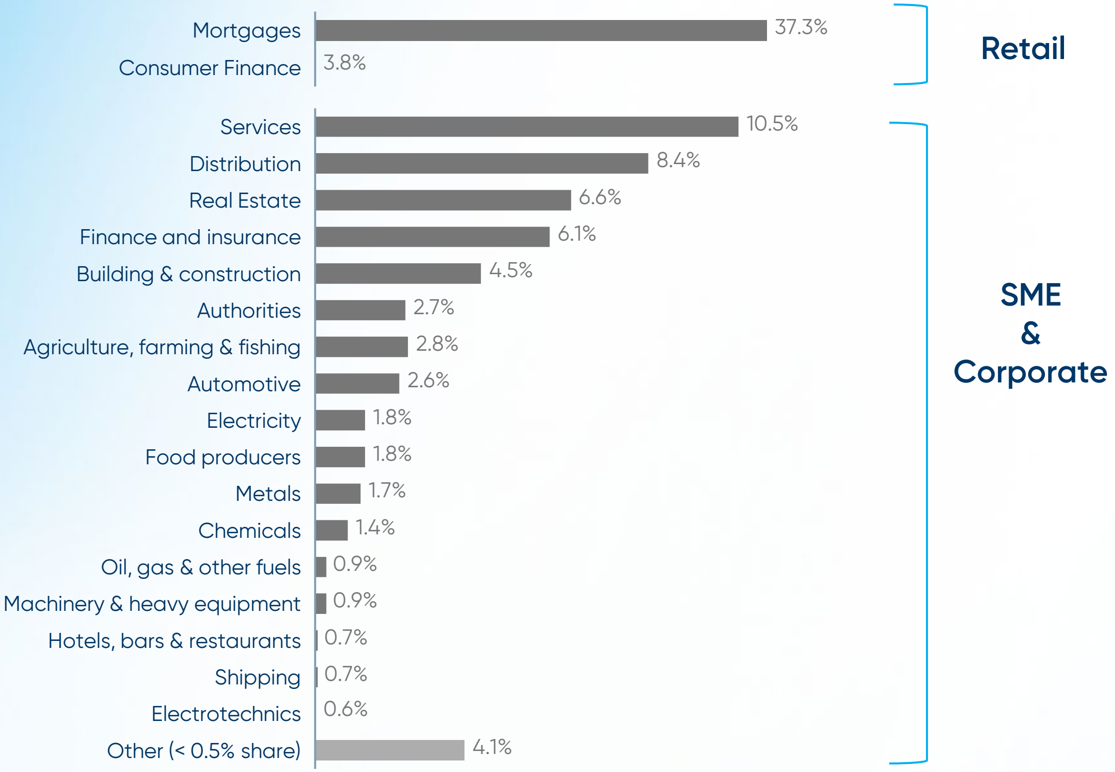
Diversified loan portfolio

Total loan portfolio outstanding

Total loan portfolio outstanding
201bn EUR*
Group level

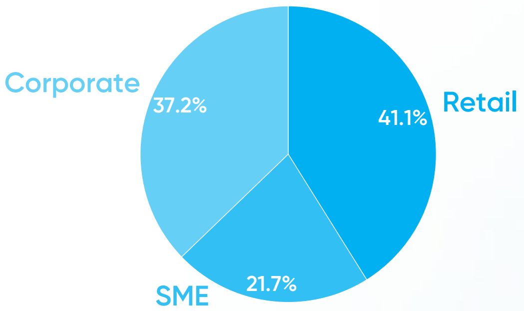
Total loan portfolio outstanding | by sector

*as % of total Group loan portfolio outstanding**



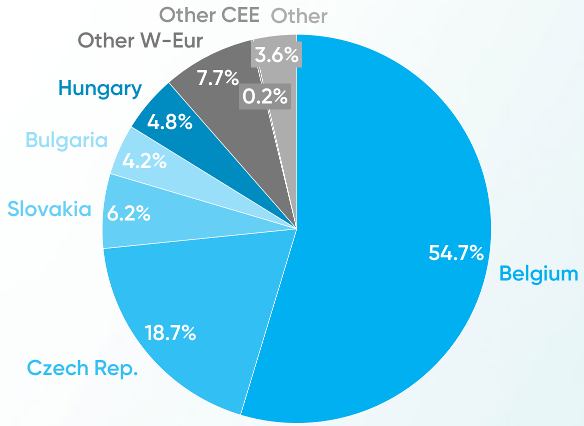
Total loan portfolio outstanding | by segment

*as % of total Group loan portfolio outstanding**



Total loan portfolio outstanding | by geography***

*as % of total Group loan portfolio outstanding**

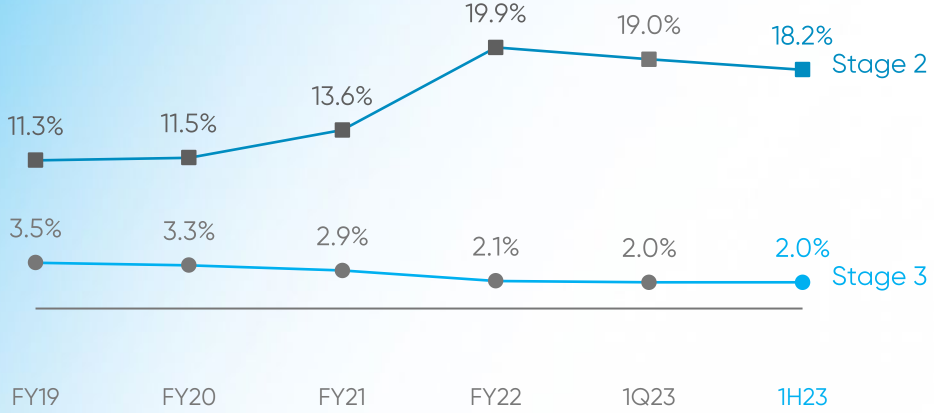


- Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements.

Loan portfolio breakdown by IFRS 9 ECL stage

Total loan portfolio outstanding | by IFRS9 ECL Stage*

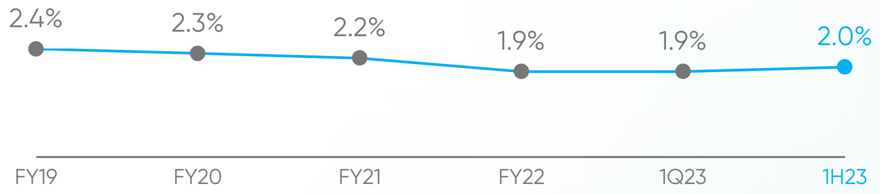
as % of total Group loan portfolio outstanding



- Drop of **Stage 3 ratio over the years** is driven mainly by the sale of the Irish loan portfolio
- The increase of **Stage 2 portfolio** in 2022 resulted mainly from collective transfer to Stage 2 of Stage 1 portfolios, linked to the geopolitical and emerging risks (in line with strict application of the general ECB guidance on staging)
- Q-o-q decline of **Stage 2 ratio** is driven mainly by review of the sector list (linked to the geopolitical and emerging risks)
- Excluding these collective transfers, no general deterioration has been observed in our portfolio

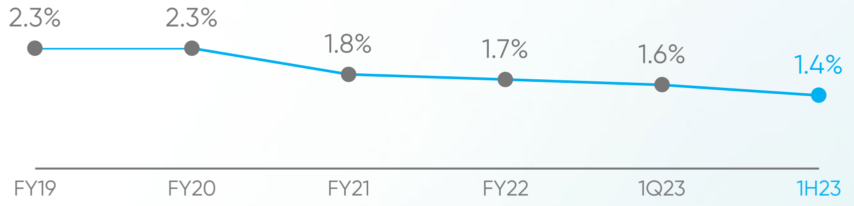
Stage 3 ratio | Belgium BU

in %



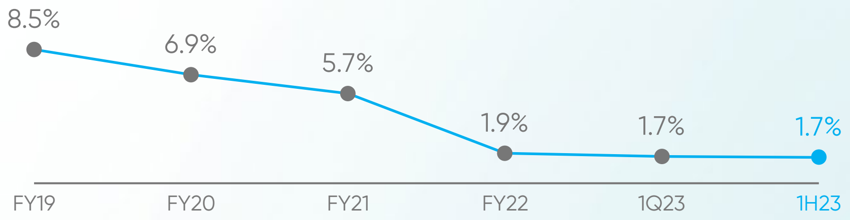
Stage 3 ratio | Czech Republic BU

in %



Stage 3 ratio | International Markets BU

in %



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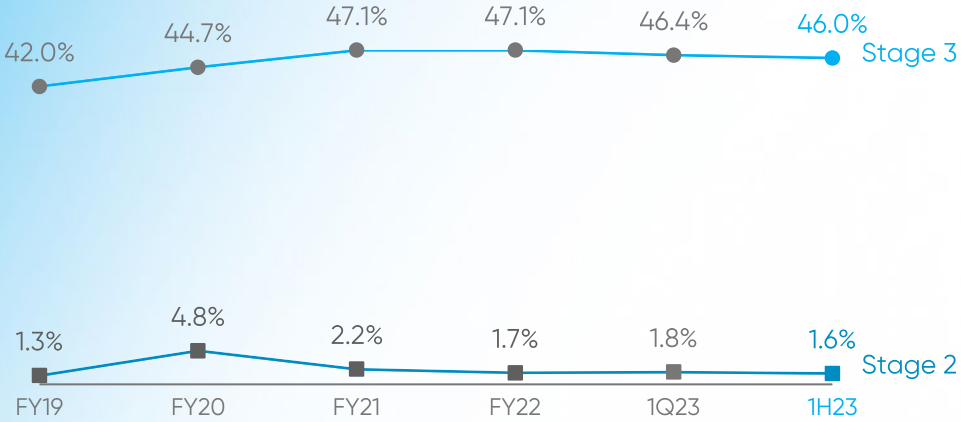
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Cover ratios

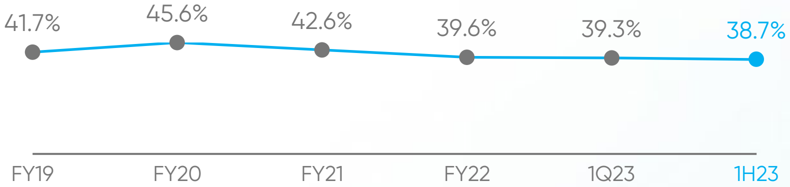
Cover ratio | by IFRS9 ECL Stage*

in %



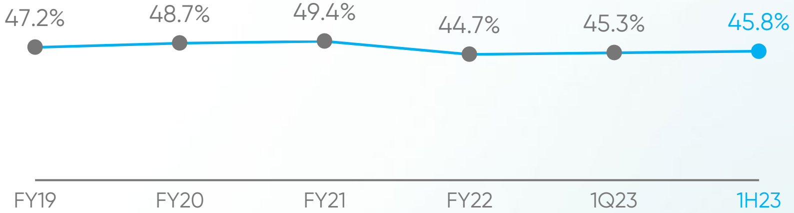
Stage 3 cover ratio | Belgium BU

in %



Stage 3 cover ratio | Czech Republic BU

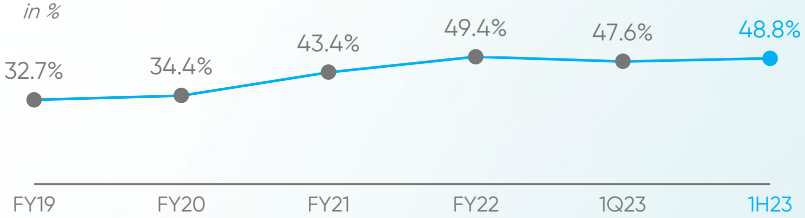
in %



- The q-o-q limited decrease of the **Stage 3 cover ratio** is driven mainly by write-off of stage 3 files with above average cover ratio in Belgium
- The decline of the **Stage 2 cover ratio** as of 2021, resulted mainly from collective shifts to Stage 2 (linked to Covid and the geopolitical & emerging risks). The further reduction in 2Q23 can largely be explained by the quarterly release of the geopolitical & emerging risks impact

Stage 3 cover ratio | International Markets BU

in %



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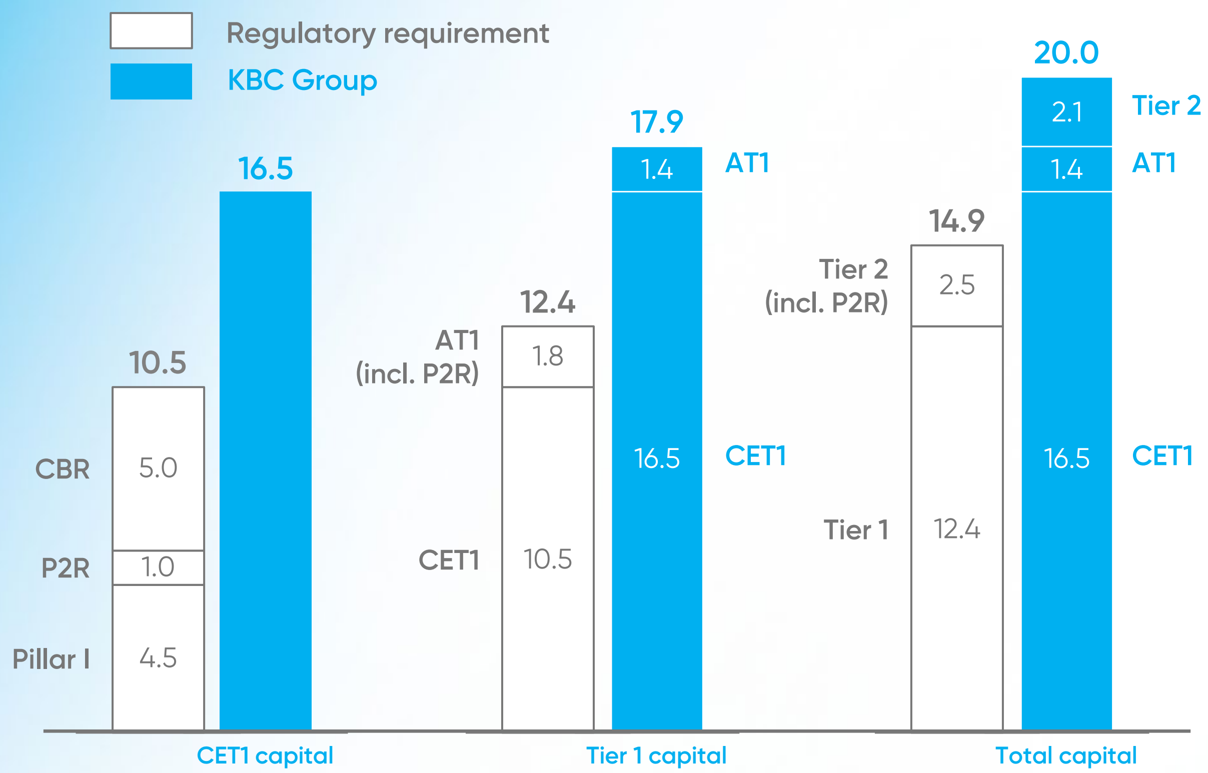
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Solvency, liquidity & funding I Strong capital position with substantial buffer to MDA

Capital requirements and distance to Maximum Distributable Amount (MDA) restrictions as at 30JUN23 (fully loaded, B3)

in %



Total distributable items (under Belgian Gaap) KBC Group 9.9bn EUR at 1H23, of which:

- Available reserves: 949m EUR
- Accumulated profits: 7 255m EUR

Fully loaded B3 common equity ratio amounted to 16.5% at the end of 1H23 **based on the Danish Compromise**

- **P2R 1.86% (= Pillar II requirement)**
  1.05% to be met with CET1, 35bps eligible for AT1 and 46bps for Tier 2
- **CBR 4.99% (= Combined buffer requirement)**
  2.50% Capital conservation buffer
  1.50% O-SII buffer
  0.78% Countercyclical buffer
  0.21% Systemic risk buffer
- **MDA 11.4%**
  i.e. the net of the CET1 ratio of 16.5% and the **MDA buffer of 5.1%**

3 capital impacts in the near future

Share buyback of 1.3bn EUR + 1 EUR interim DPS

- **KBC Group will distribute** – over and above the 4 euros already paid as the dividend for 2022 – **1.3bn EUR of surplus capital**, in line with the capital deployment plan KBC Group announced for full-year 2022
- After having received ECB approval, the Board of Directors decided to **distribute 1.3bn EUR in the form of a share buyback** (starting as soon as possible and ending by August 2024)
- As such, 1.3bn EUR will be deducted from the fully loaded and transitional CET1 (ratio) **as of 3Q23**
- In line with our general dividend policy, we will **also pay out an interim dividend of 1 euro per share in November 2023** as an advance on the total dividend for financial year 2023

Further optimisation of KBC's capital structure

- In line with CRD V Art. 104a(4), ECB allows banks to satisfy the P2R with Additional Tier 1 instruments (up to 1.5/8) and Tier 2 instruments (up to 2/8) based on the same relative weights as allowed for meeting the 8% Pillar 1 Requirement
- KBC Group currently has a P2R of 1.86%
- Contrary to most of our peers, KBC currently fills its P2R almost entirely with more conservative but also more expensive CET1 capital
- **KBC decided to further optimise its capital structure** and as such, KBC **will fill up the AT1 and Tier 2 buckets within P2R**

RWA add-on, mitigated

- KBC Group has received a final ECB supervisory decision, following model reviews for predominantly KBC's Belgian corporate & SME credit portfolio
- As a result of this, KBC will be subject to a RWA add-on of approximately 8.2bn EUR in 3Q23. **This 8.2bn EUR RWA add-on will be mitigated** by (1) a 1.7bn EUR RWA release in 3Q23, (2) an expected RWA relief of 2.0bn EUR ballpark figure before year-end 2023 due to model simplification and (3) roughly 4.5bn EUR of the 8.2bn EUR RWA add-on is frontloading of the IRB B4 CET1 impact in 2025*
- **There is currently no material deterioration noticed in the credit portfolio including the Belgian Corporate & SME loan portfolio**

* Note that the FTA impact of B4 has increased from the guided 3bn EUR impact to roughly 7bn EUR due to insurance (to be risk weighted in 2025 at 250% instead of 100%)

Dividend policy & capital distribution

as of 2023

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the dividend policy of KBC Group is tailored to that purpose. Each year, the Board of Directors will decide, at its discretion, on the total dividend based on the assessment of risks, forward looking profitability and strategic opportunities
- **Payout ratio policy** (i.e. dividend + AT1 coupon) **of at least 50% of consolidated profit** of the accounting year
- **Interim dividend of 1 EUR per share** in November of each accounting year as an advance on the total dividend
- On top of the payout ratio of at least 50% of consolidated profit, **each year** (when announcing the full year results), the Board of Directors will take a **decision, at its discretion**, on the distribution of the **capital above 15.0% fully loaded CET1 ratio, so-called surplus capital**. The distribution of this surplus capital can be **in the form of a cash dividend, a share buy-back or a combination of both**
- From the moment Basel IV will apply (as from 1 January 2025 at the earliest), the capital deployment plan will be updated

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio

5.4% 1H23

5.3% FY22

Q-o-q decrease of the leverage ratio (from 5.5% in 1Q23 to 5.4% in 2Q23) due mainly to higher cash balances with central banks (in the denominator), to a large extent compensated by the higher Tier 1 capital (in the numerator)

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

Liquidity ratios | KBC Group

in %

LCR

152% 1H23

152% FY22

NSFR

145% 1H23

136% FY22

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

Solvency II ratio | KBC Group

in %

Solvency II ratio

206% 1H23

203% FY22

Roughly stable qoq (-1pp) and YTD (+3pp)

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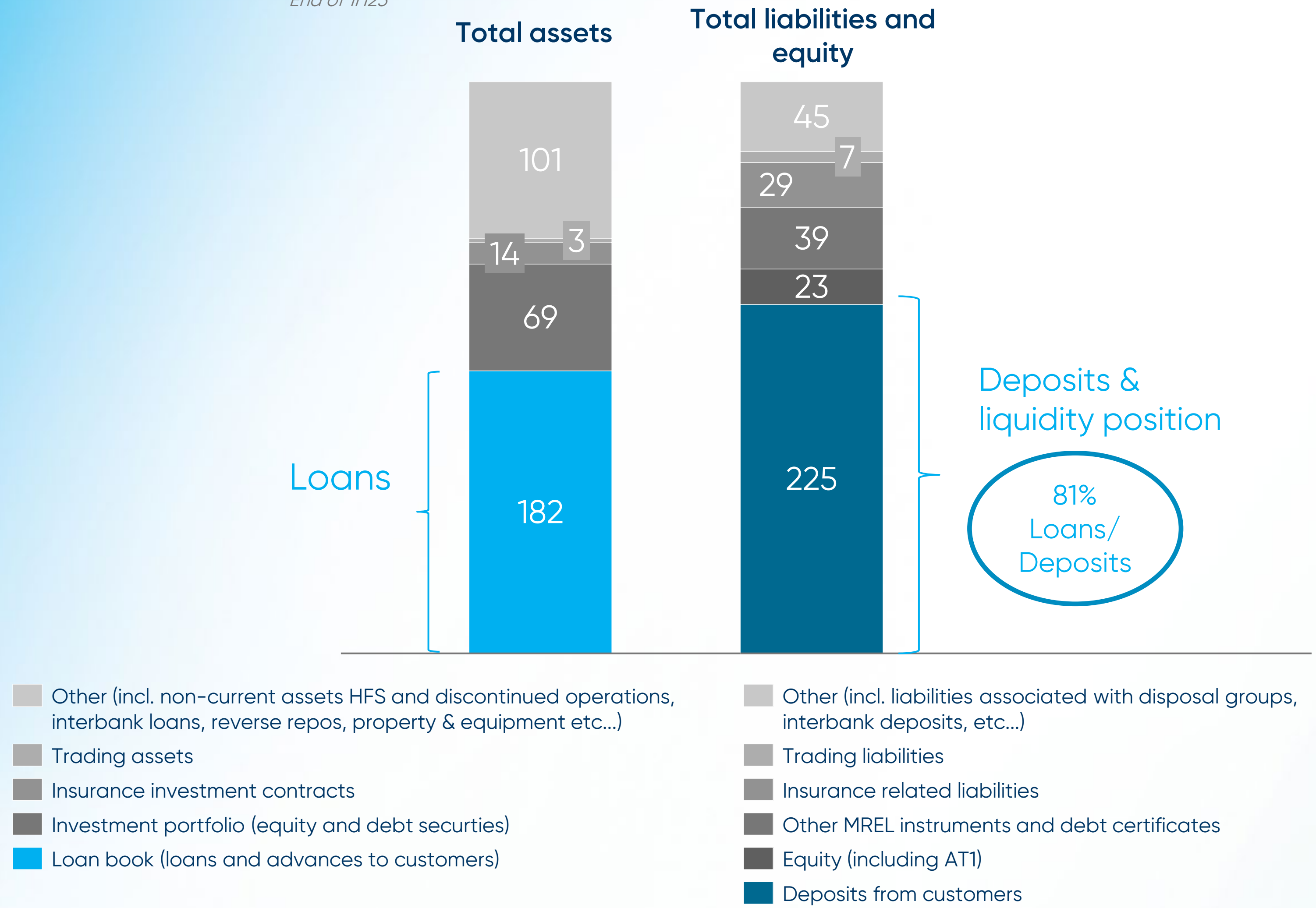
* Net Stable Funding Ratio (NSFR) is based on KBC Bank's interpretation of the proposal of CRR amendment.

** Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance with EBA guidelines on LCR disclosure.

KBC Group consolidated balance sheet

368bn EUR Total balance sheet

End of 1H23

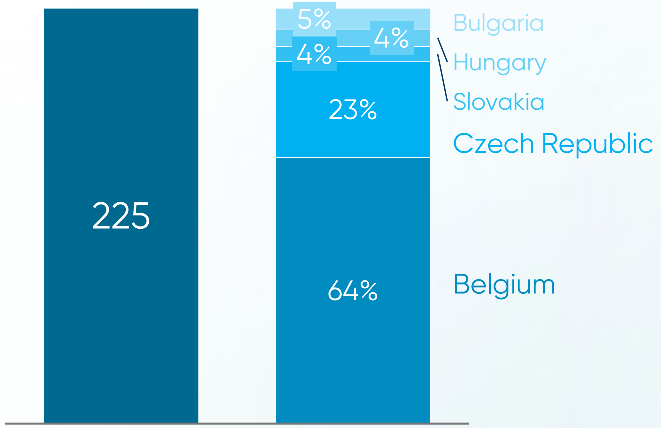


Deposits from customers

End of 1H23

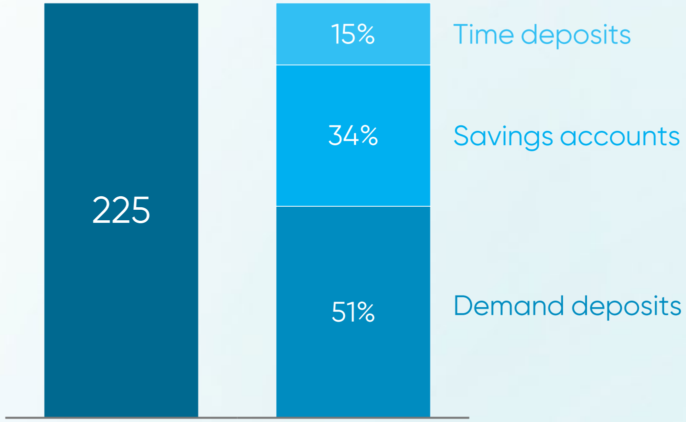
by core countries

as % of total deposits from customers



by product type

as % of total deposits from customers

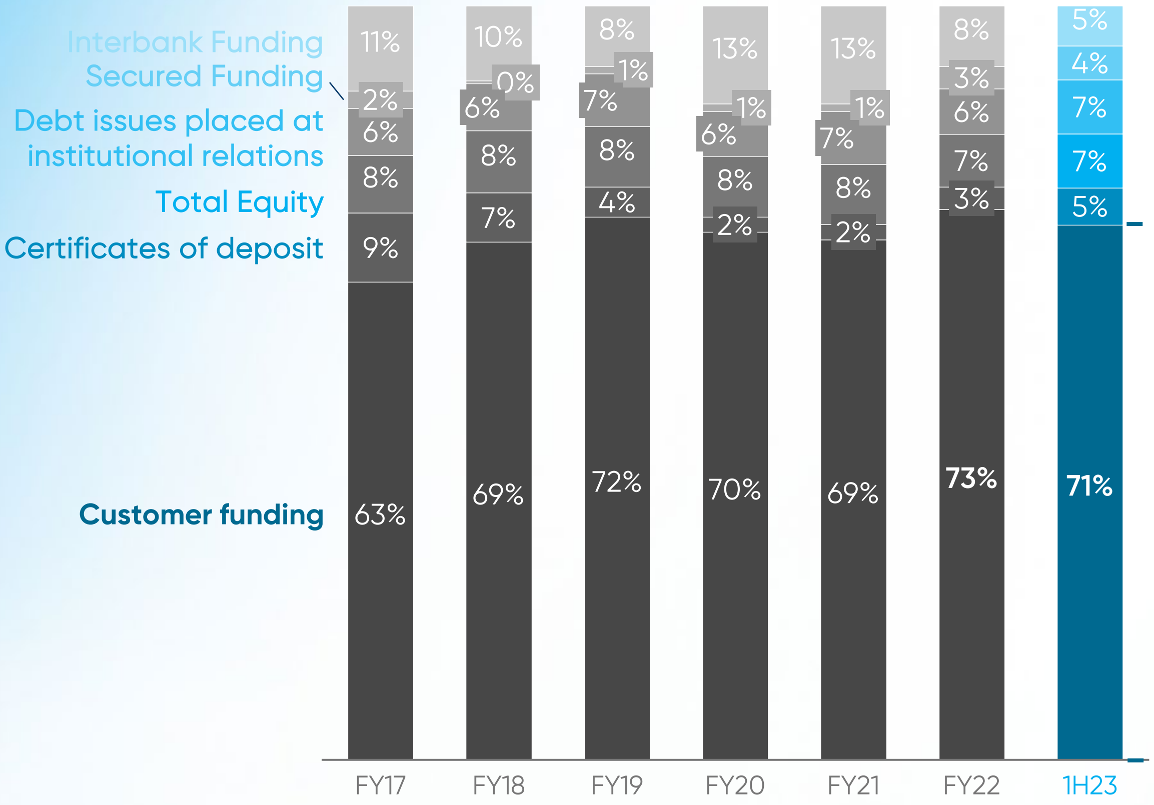


Strong and growing customer funding base

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

Funding base

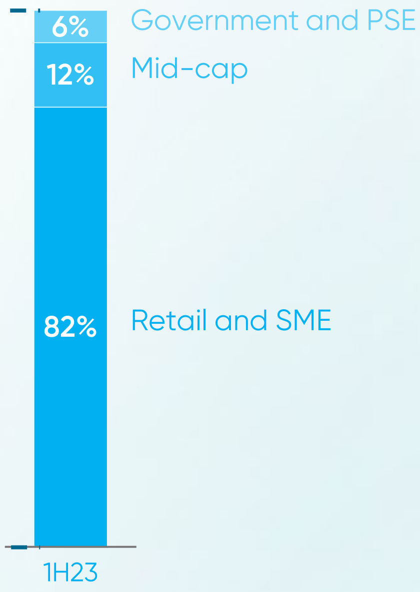
in %



Roughly 50% of total customer deposits are covered by the Deposit Guarantee Fund

Customer funding

in %

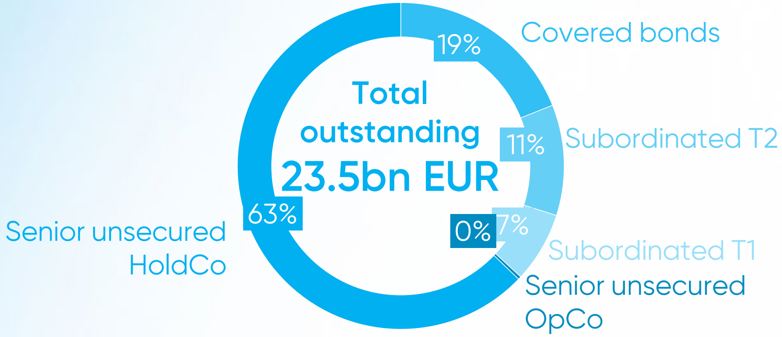


Upcoming mid-term funding maturities

Total outstanding | 2Q23

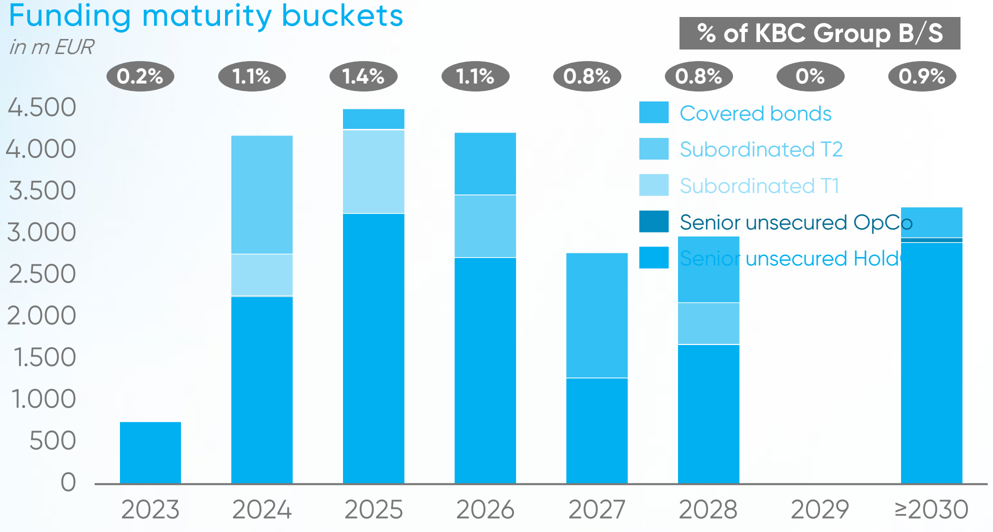
in %

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



Funding maturity buckets

in m EUR

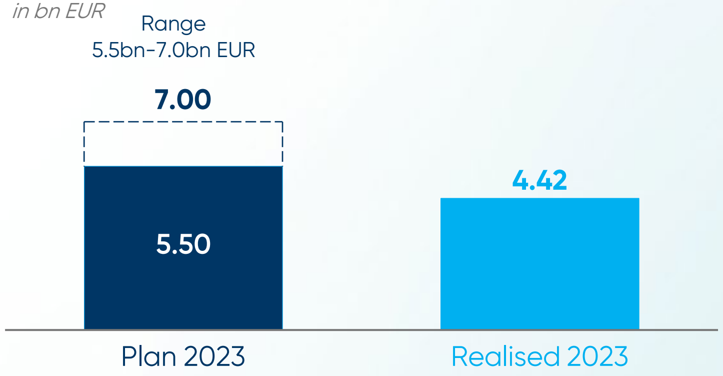


Funding program | 2Q23

- In **April 2023**, KBC Group issued a senior Holdco benchmark for an amount of 1bn EUR with a 7-year maturity callable after 6 years.
- In **June 2023**, KBC Group issued a covered bond for an amount of 750m EUR with a 5-year maturity.
- In **June 2023**, KBC Group issued its first dual tranche. The first tranche was a Senior Holdco benchmark for an amount of 1.25bn EUR with a 3-year maturity callable after 2 years. The second tranche was a senior HoldCo benchmark for an amount of 750m with an 8.5-year maturity in social format.

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

in bn EUR



We aim to issue 1 green/social bond per year

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

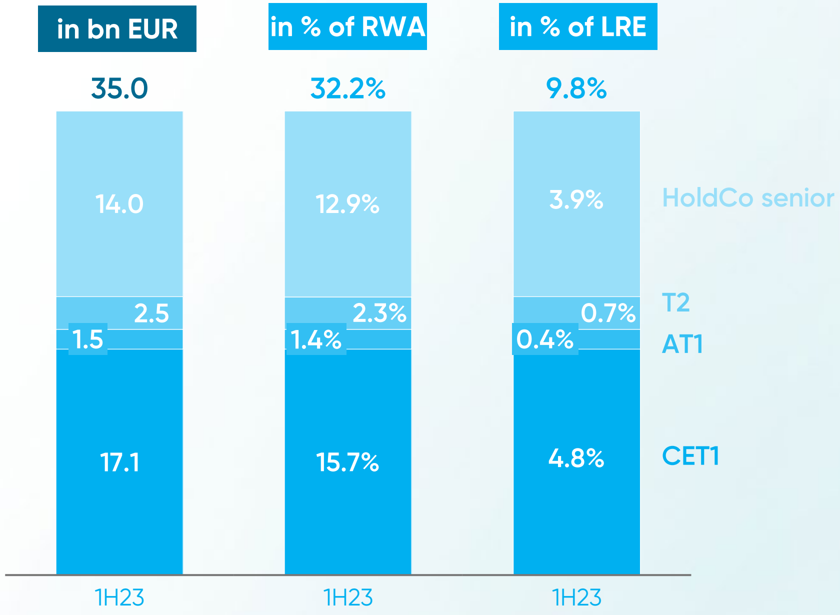
Above resolution requirements of 1H23 in terms of MREL

MREL targets

- The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level, with **bail-in** as the preferred resolution tool
- **In April 2023, the SRB communicated updated MREL targets** (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and Leverage Ratio Exposure Amount (LRE)
- The **new binding MREL targets (incl. CBR on top of the MREL target in % of RWA)** are:
  - **27.91% of RWA** as from 01-01-2024 (including CBR[1] of 4.99% as from 1Q2023), with an intermediate target as from 01-01-2022, reaching 26.55% at YE2023 (including CBR[2] of 4.92%)
  - **7.38% of LRE** as from 01-01-2024, with an intermediate target of 7.34% of LRE as from 01-01-2022

MREL actuals

- The **MREL ratio in % of RWA** increased from 30.1% in 1Q23 to 32.2% in 1H23. This is driven mainly by the issuance of senior holdco instruments
- The **MREL ratio in % of LRE** increased from 9.5% in 1Q23 to 9.8% in 1H23, driven by the increase of the available MREL



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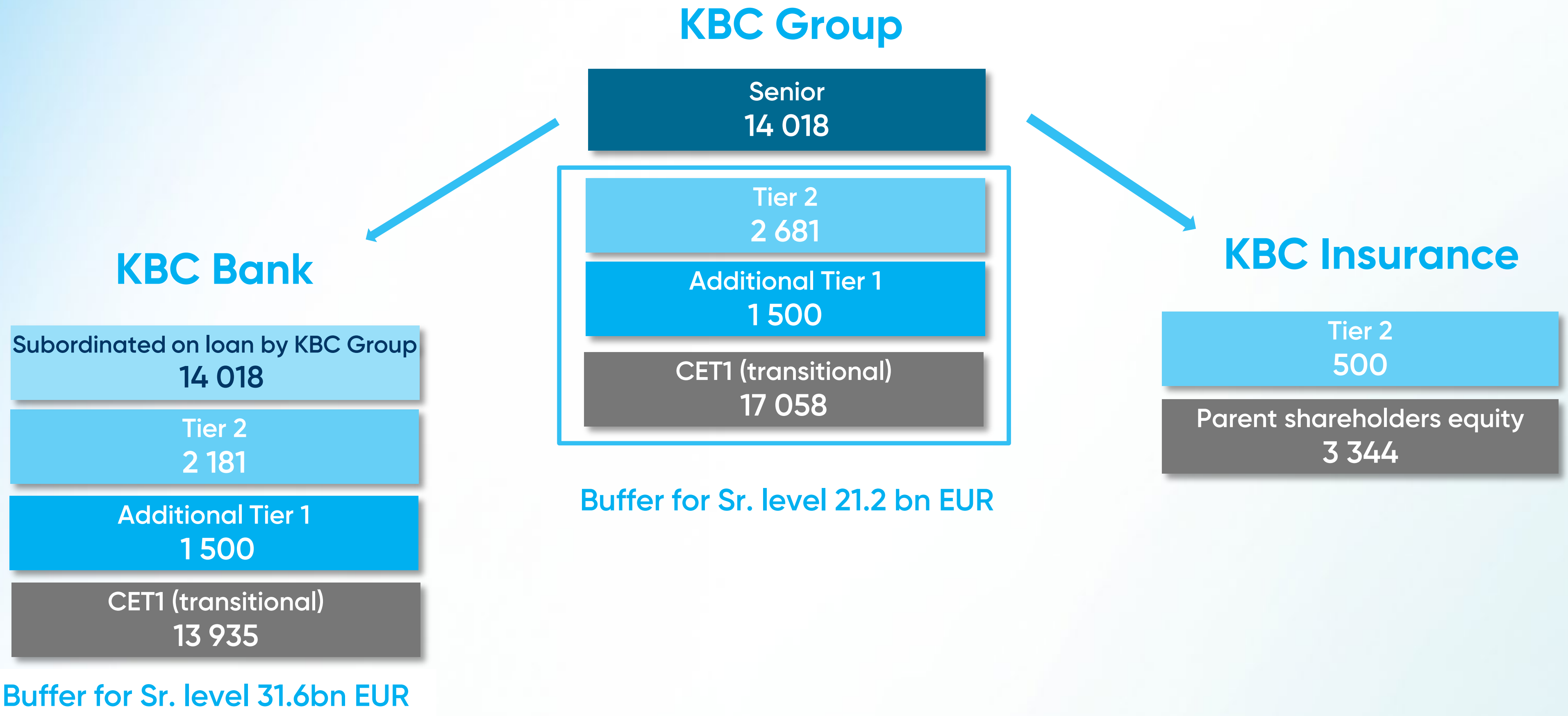
1. Combined Buffer Requirement as of 01-01-2024 = Conservation Buffer (2.5%) + O-SII buffer (1.5%) + Countercyclical Buffer (0.78%) + Systemic Risk Buffer (0.21%)
2. Combined Buffer Requirement at YE 2023 = Conservation Buffer (2.5%) + O-SII buffer (1.5%) + Countercyclical Buffer (0.71%) + Systemic Risk Buffer (0.21%)

KBC has strong buffers cushioning senior debt at all levels

Buffers for senior level debt at KBC Group, KBC Bank & KBC Insurance

in m EUR



KBC Group

Senior
14 018

Tier 2
2 681

Additional Tier 1
1 500

CET1 (transitional)
17 058

Buffer for Sr. level 21.2 bn EUR

KBC Bank

Subordinated on loan by KBC Group
14 018

Tier 2
2 181

Additional Tier 1
1 500

CET1 (transitional)
13 935

Buffer for Sr. level 31.6bn EUR

KBC Insurance

Tier 2
500

Parent shareholders equity
3 344

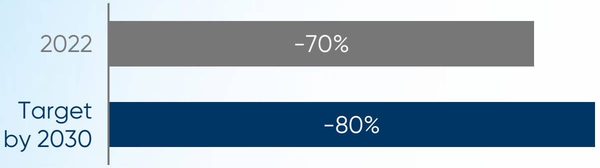
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2022)

- In 2020, we set more stringent ambitions to reduce the GHG emissions resulting from our own operations
- Furthermore, we included commuter travel in our target scope, as we aim to green our policy on employee mobility
- For the second consecutive year, we reached net-climate neutrality by offsetting our residual direct emissions
- Additionally, we committed to increasing our own green electricity consumption to 100% by 2030. The goal was already reached in 2021.

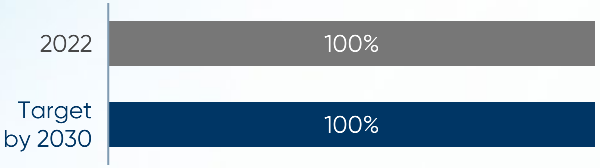
Reduction in our direct GHG emissions

reduction compared to 2015

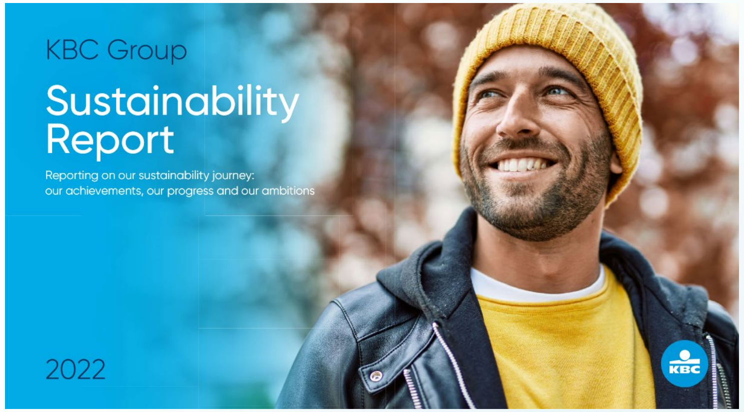


Renewable electricity

in % of own electricity consumption



More details in our 2022 Sustainability Report



KBC Group

Sustainability Report

Reporting on our sustainability journey: our achievements, our progress and our ambitions

2022

More details in our 2022 Climate Report

KBC Group

Climate Report

Determining our 2021 baseline and target setting for 2030 and 2050

September 2022

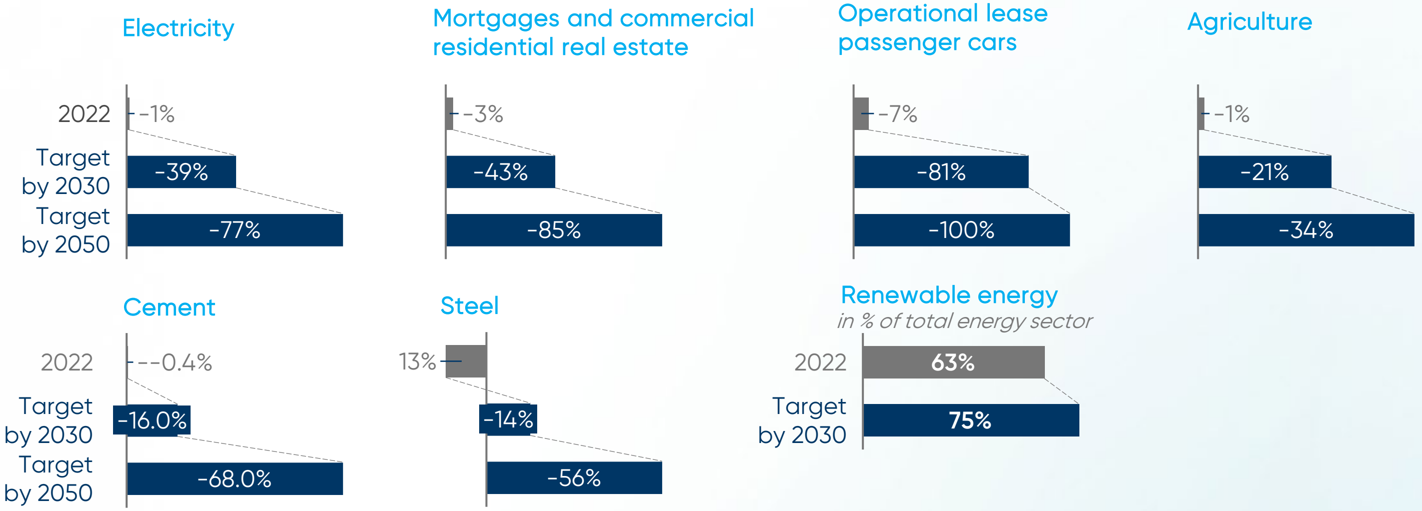
Indirect environmental impact: our progress in brief

INDIRECT environmental footprint (FY 2022)

- We refer to our Collective Commitment to Climate Action (CCCA) and the subsequent publication of our Climate Report at the end of September 2022
- Containing stringent decarbonisation targets for the sectors that cover the majority of our lending portfolio and related GHG emissions (56%) and clear targets for KBC Asset Management's Responsible Investing (RI) funds
- The baseline of the various targets and the actuals have been externally assured

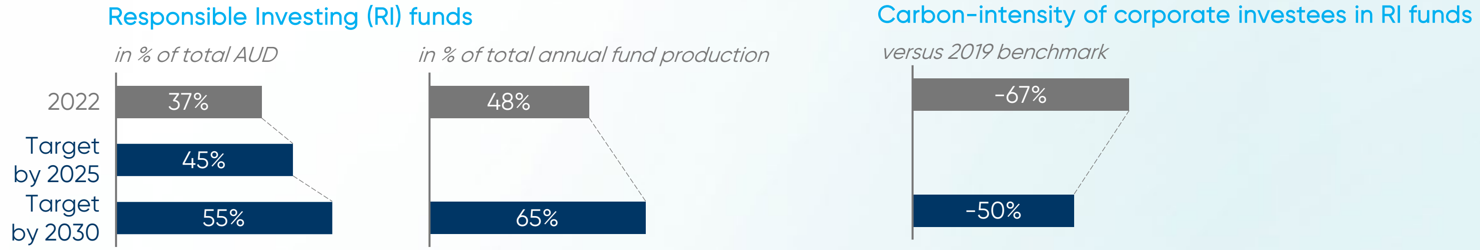
Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated



KBC Green Bond framework and issuances

Aligned with best practices and market developments


The Green Bond Principles 2017
ICMA
2 June 2017

- **The KBC Green Bond Framework** is in line with the Green Bond Principles (2017)
- Second party opinion provided by Sustainalytics and Pre-issuance-certification by the Climate Bonds Initiative
- KBC intends to align its Green Bond Framework with emerging good practices, such as a potential European Green Bond Standard or other forthcoming regulatory requirements and guidelines
- For details of the KBC green bond framework, we refer to kbc.com: *https://www.kbc.com/en/investor-relations/debt-issuance/kbc-green-bond.html*
- **In the context of the Green Bond**, KBC allocated the proceeds to three green asset categories: **renewable energy (share of 49%) and residential real-estate loans (share of 51%).**
- For future transactions, in cooperation with the relevant business teams, KBC aims to capture more green assets from other categories and expand the green eligibility to more business lines and clients.

Certification

- The Climate Bonds Standard Board approved the certification of the KBC Green Bonds

Verification

- One year after issuance and until maturity, a limited assurance report on the allocation of the Green Bond proceeds to Eligible Assets to be provided by an external auditor
- See latest impact report as of EOY 2022 available on kbc.com:

KBC GREEN BOND 2018 – ASSETS & IMPACT *	Renewable energy	Green buildings
Allocated amount	187.9m EUR	312.1m EUR
Electricity produced/energy saved	378,038 mWh	28,895 mWh
Avoided CO_2 emissions	56,399 tonnes	5,371 tonnes

KBC GREEN BOND 2020 – ASSETS & IMPACT	Renewable energy	Green buildings
Allocated amount	242.9m EUR	257.1m EUR
Electricity produced/energy saved	508,072 mWh	23,800 mWh
Avoided CO_2 emissions	104,362 tonnes	4,424 tonnes

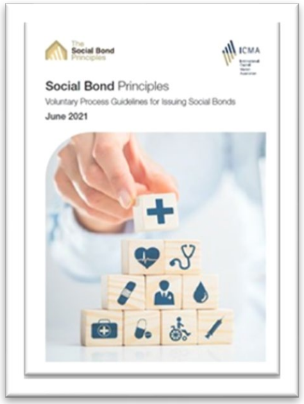
KBC GREEN BOND 2021 – ASSETS & IMPACT	Renewable energy	Green buildings
Allocated amount	426.4m EUR	323.6m EUR
Electricity produced/energy saved	695,326 mWh	29,961 mWh
Avoided CO_2 emissions	103,736 tonnes	5,570 tonnes

*The KBC Green Bond issued in 2018 has matured on June 27th 2023

KBC Social Bond framework and issuances

Aligned with best practices and market developments

- By adding the social aspect to its funding mix, KBC Bank can further enhance its ability to finance social projects and increase its positive social impact on society
- **The KBC Social Bond Framework** is aligned with ICMA's Social Bond Principles (2021).
- Second party opinion provided by Sustainalytics (May 2022)
- Information pertaining to the Social Bond Framework can be found on kbc.com: [*https://www.kbc.com/en/investor-relations/debt-issuance/kbc-social-bond.html*](https://www.kbc.com/en/investor-relations/debt-issuance/kbc-social-bond.html)



Social Bond Principles
Voluntary Process Guidelines for Issuing Social Bonds
June 2021

First financial institution in Belgium

- **KBC Group was the first financial institution in Belgium to issue a Social Bond** (18th of August 2022)
- The first issuance has been 100% allocated to the hospital sector
- The second issuance (June 2023) has been allocated to schools (ca 62%) and hospitals (ca 38%)

Clear Social Bond governance

Use of proceeds

Social Bond Eligible Assets include financing in Belgium in the following categories:

- **Access to Essential Services – Education**
- **Access to Essential Services - Health**
- **Affordable Housing**
- **Employment Generation**

Process for evaluation & selection

KBC's Green and Social Bond Committee is an important part of the selection process for Social Bond Eligible Assets . The Committee's responsibilities include approval of asset inclusion in the Social Bond Portfolio, approval of annual reporting and updating the Framework if required

Management of proceeds

- KBC intends to exclusively **allocate** an amount equivalent to the net social bond **proceeds to a social bond portfolio of Eligible Assets**
- Allocated Eligible Assets to be individually identified in KBC's internal information systems and monitored on a quarterly basis

Reporting

Social Report will be published annually and will include:

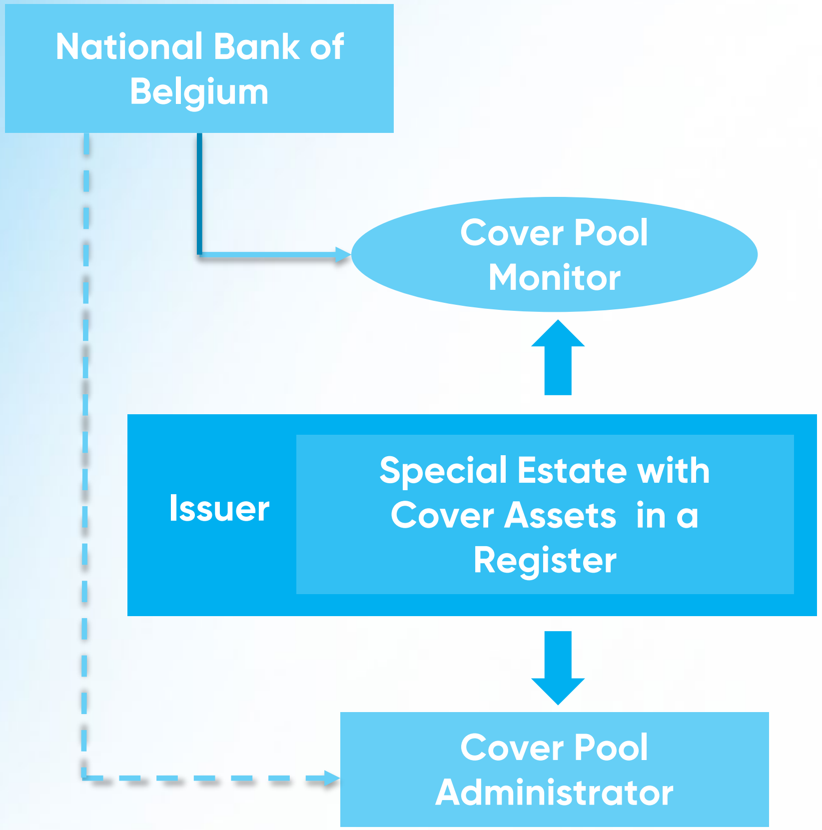
- **Allocation of Proceeds,** including a limited assurance report
- various **output indicators** of the allocated Eligible Assets
- See latest Social report as of EOY 2022 available on kbc.com

Covered bond programme | Overview

The covered bond programme is considered as an important funding tool for the treasury department.
KBC's intentions are to be a frequent benchmark issuer if markets and funding plan permit.

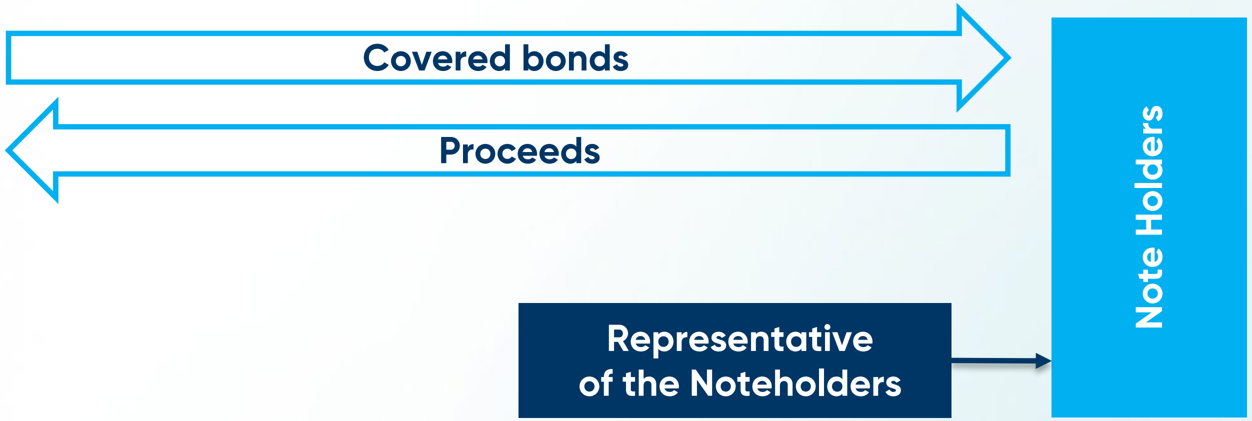
Issuer	KBC Bank NV
Main asset category	Minimum 105% of covered bond outstanding is covered exclusively by residential mortgage loans and collections thereon • Branch originated prime residential mortgages predominantly out of Flanders • Selected cover assets have low average LTV (62.8%) and high seasoning (57 months) • Disciplined origination policy
Programme size	**17.5bn EUR | Outstanding amount of 13.92 bn EUR**
Interest rate	Fixed rate, floating rate or zero coupon
Maturity	• Soft bullet: payment of the principal amount may be deferred past the final maturity date until the **extended final maturity date** if the issuer fails to pay • Extension period is 12 months for all series
Events of default	• Failure to pay any amount of principal on the extended final maturity date • A default in the payment of an amount of interest on any interest payment date
Rating agencies	• Moody's Aaa 9.5% over-collateralisation • Fitch AAA 4% over-collateralisation

Covered bond programme | Belgian legal framework



Belgian legal framework

- Direct covered bond issuance from a bank's balance sheet
- Dual recourse, including recourse to a special estate with cover assets included in a register
- The special estate is not affected by a bank's insolvency
- Requires licenses from the **National Bank of Belgium (NBB)**
- Ongoing supervision by the NBB
- The **cover pool monitor** verifies the register and the portfolio tests and reports to the NBB
- The NBB can appoint a cover pool administrator to manage the special estate



Covered bond programme | Strong legal protection mechanisms

Several legal protection mechanisms are in place:

1	Collateral type	**The value of one asset category must be at least 85% of the nominal amount of covered bonds** ✓ KBC Bank exclusively selects residential mortgage loans and commits that their value (including collections) will be at least 105%
2	Over-collateralisation test	**The value of the cover assets must at least be 105% of the covered bonds** The value of residential mortgage loans: 1) Is limited to 80% LTV 2) Must be fully covered by a mortgage inscription (min 60%) plus a mortgage mandate (max 40%) 3) 30-day overdue loans get a 50% haircut and 90% overdue (or defaulted) get zero value
3	Amortisation test	**The sum of interest, principal and other revenues of the cover assets must at least be the interest, principal and costs relating to the covered bond**
4	Liquidity test	**Cover assets must generate sufficient liquidity or include enough liquid assets to pay all unconditional payments on the covered bonds falling due the next 6 months**
5	Stress testing	**Quarterly stress testing on all Cover tests and Liquidity test** 1) Interest rate shifts of +200bps/-200bps combined with stressed prepayments rates 2) Decreases in credit quality of the borrowers
6	No cap on issuance	**Currently no issuance limit for KBC Bank NV.** Supervisor monitors the TLOF ratio (min 8%) and the encumbrance ratio and has the possibility to limit the issuance volume in order to protect KBC's other creditors.

Looking forward

Economic outlook

- The **low GDP growth in the euro area** is expected to continue in the remainder of 2023, likely caused by the ECB's monetary policy tightening and the weakness in the global manufacturing sector.
- The main risks to our short-term outlook for European growth relate to the weakening of global growth, the persistence of underlying core inflation (excluding food and energy), and the uncertainty regarding the timing and impact of the monetary policy tightening by the ECB. Other risks relate to still elevated real estate valuations and high levels of debt in the context of tightening financing conditions.

Group guidance under IFRS17 | 2023

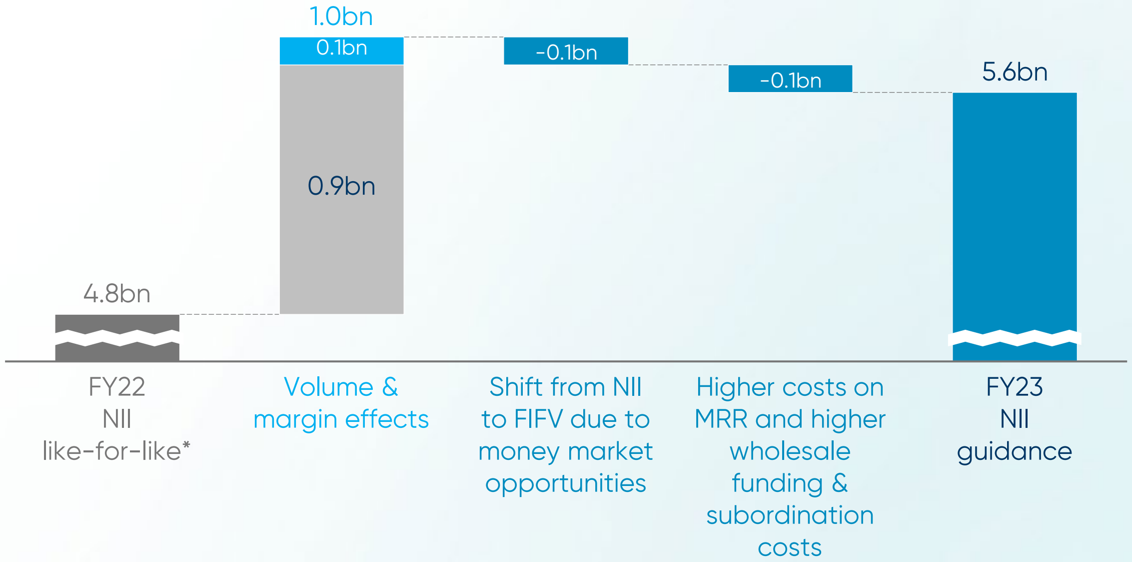
- Our **FY23 total income guidance** remains at **11.15bn EUR ballpark figure** (including a 0.4bn EUR positive one-off effect upon closing of substantially all of KBC Bank Ireland's performing loan assets and its deposit book), of which **5.6bn EUR ballpark for NII (instead of 5.7bn EUR ballpark previously due to (1) higher costs on the Minimum Required Reserves (MRR) held with central banks and (2) increased wholesale funding & subordination costs)**
- **FY23 opex (excluding bank & insurance taxes) and insurance commissions** is estimated at **4.75bn EUR ballpark figure (not changed)**
- The **credit cost ratio for FY23** is estimated at **10-15bps, instead of 20-25bps previously**, both excluding any movement in the ECL buffer

We **increase previous NII outlook on the y-o-y impact of combined volume & margin effects** from 0.9bn EUR **to 1.0bn EUR**, referencing

- Improved interest rate scenario
- Updated projections on volume shifts
- 30% PT on savings accounts, 85% PT on term deposits

FY23 NII guidance

in bn EUR; PT = Pass-Through rate; MRR = Minimum Required Reserves



*FY22 NII, accounting for impacts of (i) KBC Ireland disposal, (ii) KBC Bank Bulgaria acquisition and (iii) TLTRO, ECB Tiering & negative charging

Long-term / 3-year financial guidance (as provided with FY22 results, not updated)

3-year financial guidance*

CAGR total income ('22-'25)	± 7.3%	by 2025
CAGR OPEX (excl. bank & ins. taxes) and insurance commissions ('22-'25)	± 2.3%	by 2025
Combined ratio	≤ 92%	as of now
Surplus capital **	> 15%	as of now

Jaws
±5.0%

C/I ratio excl. BIT
±39%

* Our long-term financial guidance is **based on the market forward rates of 3 February 2023** (for ST & LT interest rates). We took into account a pass-through rate of 40% on savings accounts and 80% on term deposits at KBC Group level. Note that on 18 April 2023, the guidance has been translated from IFRS 4 to IFRS 17

** Fully loaded CET1 ratio, Danish Compromise

Long-term financial guidance

Credit cost ratio	25-30 bps	through-the-cycle

Regulatory requirements

Overall capital requirement (OCR)*	≥ 10.54%	by 2023
MREL as a % of RWA**	≥ 27.91%	by 2024
MREL as a % of LRE**	≥ 7.38%	by 2024
NSFR	≥ 100%	as of now
LCR	≥ 100%	as of now

* Excluding Pillar 2 guidance of 100 bps

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

Annex 1 | Summary of the different business units' performance

1H 2023	KBC Group	Belgium BU	Czech Republic BU	Slovakia	Hungary	Bulgaria	Group Centre BU
				International Markets BU			
Net result (YTD, in euros)	1 848m	875m	461m	62m	95m	141m	215m
ROAC (YTD)	28%	22%	42%	16%	19%	30%	
Allocated capital (in %)		61%	16%	6%	8%	7%	2%
Cost/Income ratio(1) (YTD)	40%	40%	43%	56%	27%	40%	
Combined ratio(2) (YTD)	84%	82%	82%	96%	111%(3)	82%	
Loans(4) (in euros) (y-o-y organic growth loans)	182bn (+4%)	118bn (+3%)	37bn (+3%)	11bn (+11%)	7bn (+16%)	9bn (+15%)	
Deposits(5) (in euros) (y-o-y organic growth deposits)	225bn (+2%)	143bn (+1%)	52bn (+7%)	8bn (+5%)	9bn (-6%)	12bn (+7%)	

Note that 1Q23 included 351m EUR from KBC Bank Ireland, which reflects the impact of the sale of substantially all of KBC Ireland's performing loan assets and deposits in addition to a small portfolio of non-performing mortgages and credit card balances (announced on 3 Feb 2023).

(1) Cost/Income ratio without banking and insurance taxes
(2) Combined ratio, Non-life insurance
(3) Combined ratio excluding windfall tax amounted to 95% in 1H 2023
(4) Loans to customers, excluding reverse repos and bonds (growth figures are excluding FX, consolidation adjustments and reclassifications)
(5) Customer deposits, excluding debt certificates and repos (growth figures are excluding volatility in the foreign branches, FX, consolidation adjustments and reclassifications)

Annex 2 | Outstanding benchmarks as at end of July 2023

Additional tier I securities

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Call date	Maturity	Trigger	Level
KBC Group	EUR	BE0002592708	1,000	4.250%	M/S+359,4bps	24/04/2018	24/10/2025	Perpetual	Temporary write-down	0.05125
KBC Group	EUR	BE0002638196	500	4.750%	M/S+468,9bps	5/03/2019	5/03/2024	Perpetual	Temporary write-down	0.05125

Tier II securities

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Call date	Maturity date	Tenor	Trigger
KBC Group	EUR	BE0002290592	500	1.625%	M/S +125bps	18/09/2017	18/09/2024	18/09/2029	12YNC7	regulatory + tax call
KBC Group	EUR	BE0002664457	750	0.500%	M/S+110bps	3/09/2019	3/12/2024	3/12/2029	10.25NC5.25	regulatory + tax call
KBC Group	EUR	BE0002819002	750	0.625%	M/S+95bps	7/09/2021	7/12/2026	7/12/2031	10.25NC5.25	regulatory + tax call
KBC Group	EUR	BE0002914951	500	4.875%	M/S+225bps	24/01/2023	25/04/2028	25/04/2033	10.25NC5.25	regulatory + tax call

Senior HoldCo

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Maturity date	Tenor
KBC Group	EUR	BE0002266352	750	0.750%	M/S +65bps	18/10/2016	18/10/2023	7y
KBC Group	EUR	BE0002631126	750+250	1.125%	M/S +95bps	25/01/2019	25/01/2024	5y
KBC Group	EUR	BE0002645266	500	0.625%	M/S +60bps	10/04/2019	10/04/2025	6y
KBC Group	EUR	BE0002681626	500	0.750%	M/S +65bps	24/01/2020	24/01/2030	10y
KBC Group	EUR	BE0974365976	500	0.500%	M/S +72bps	16/06/2020	16/06/2027	7NC6
KBC Group	EUR	BE0002728096	750	0.125%	M/S +60bps	3/09/2020	3/09/2026	6NC5
KBC Group	EUR	BE0002766476	750	0.125%	M/S+60bps	14/01/2021	14/01/2029	8NC7
KBC Group	EUR	BE0002799808	500 + 200	0.750%	M/S+65bps	31/05/2021	31/05/2031	10y
KBC Group	GBP	BE0002820018	400	1.250%	M/S+52bps	21/09/2021	21/09/2027	6y
KBC Group	EUR	BE0002832138	750	0.250%	M/S+47bps	1/12/2021	1/03/2027	5.25NC4.25
KBC Group	EUR	BE0002839208	750	0.750%	M/S+70bps	21/01/2022	21/01/2028	6NC5
KBC Group	EUR	BE0002846278	750	1.500%	M/S+90bps	29/03/2022	29/03/2026	4NC3
KBC Group	EUR	BE0974423569	750	2.875%	M/S+125bps	29/06/2022	29/06/2025	3NC2
KBC Group	EUR	BE0002875566	750	3.000%	M/S+125bps	25/08/2022	25/08/2030	8y
KBC Group	GBP	BE0002879600	425	5.500%	M/S+158bps	20/09/2022	20/09/2028	6NC5
KBC Group	EUR	BE0002900810	1,000	4.375%	M/S+170bps	23/11/2022	23/11/2027	5NC4
KBC Group	USD	BE6340805124	1,000	5.796%	T+210bps	19/01/2023	19/01/2029	6NC5
KBC Group	EUR	BE0002935162	1,000	4.375%	M/S+138bps	19/04/2023	19/04/2030	7NC6
KBC Group	EUR	BE0002951326	750	4.375%	M/S+145bps	6/06/2023	6/12/2031	8.5y
KBC Group	EUR	BE0002950310	1,250	4.500%	M/S+95bps	6/06/2023	6/06/2026	3NC2

KBC Green Bond

KBC Social Bond

Annex 3 | KBC's covered bond programme characteristics

Portfolio data as of 30 June 2023

in EUR

Total Outstanding Principal Balance	18 724 728 728
Total value of the assets for the over-collateralisation test	17 115 045 830
No. of Loans	222 654
Average Current Loan Balance per Borrower	125 632
Maximum Loan Balance	1 099 524
Minimum Loan Balance upon selection	1 000
Number of Borrowers	149 044
Longest Maturity	324 months
Shortest Maturity	3 months
Weighted Average Seasoning	57 months
Weighted Average Remaining Maturity	192 months
Weighted Average Current Interest Rate	1.74%
Weighted Average Current LTV	62.84%
No. of Loans in Arrears (+30days)	202
Direct Debit Paying	99%

Interest rate type

in %

Fixed	86%
1 y / 1y	5%
3y / 3y	7%
5y / 5y	3%
10y / 5y	<1%
15y / 5y	<1%
20y / 5y	<1%

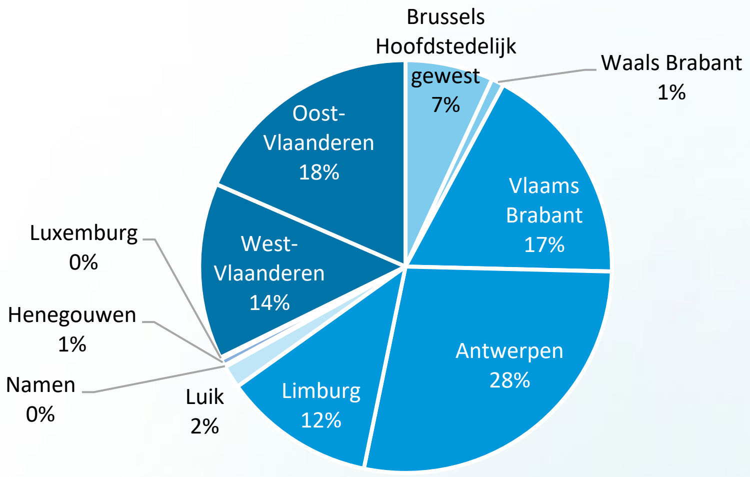
Repayment type

in %

Annuity	>99%
Linear	<1%

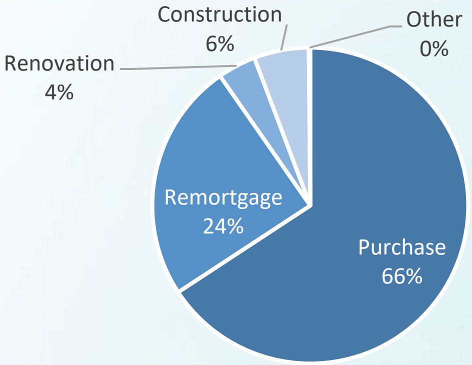
Geographical allocation

in %



Loan purpose

in %

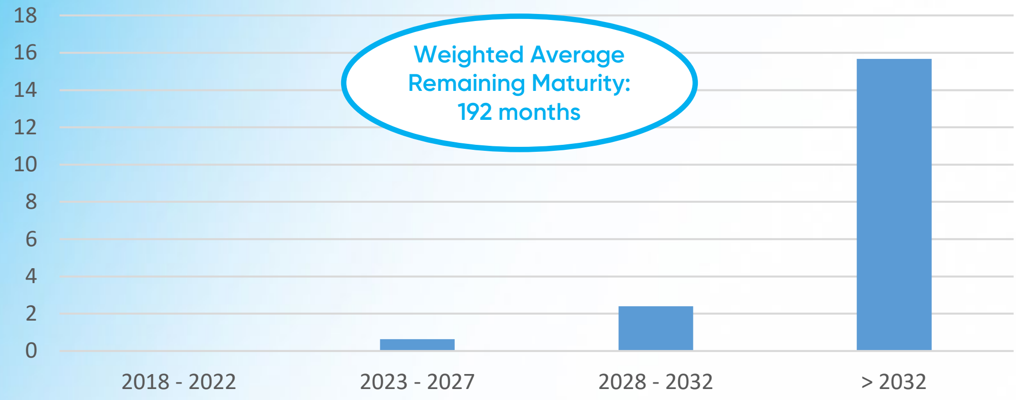


Investor reports, final terms and prospectus are available on www.kbc.com/covered_bonds

Annex 4 | Key cover pool characteristics

Final maturity date

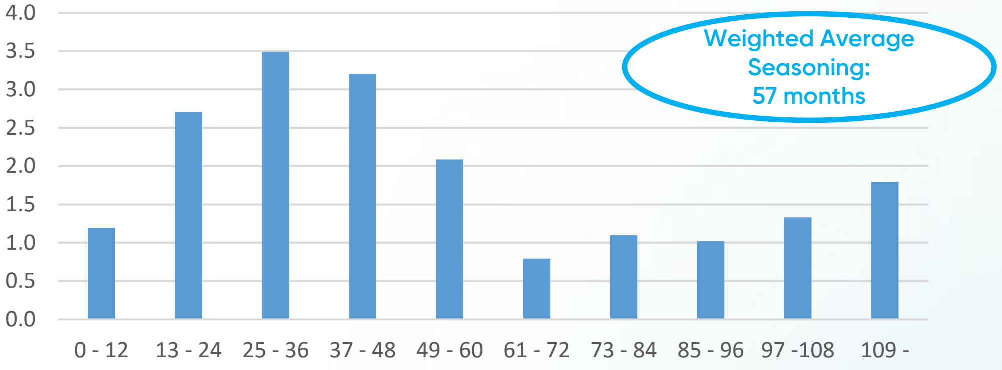
in bn EUR



Weighted Average Remaining Maturity: 192 months

Seasoning

in bn EUR



Weighted Average Seasoning: 57 months

Interest rate

in bn EUR

Weighted Average Current Interest Rate: 1.74%

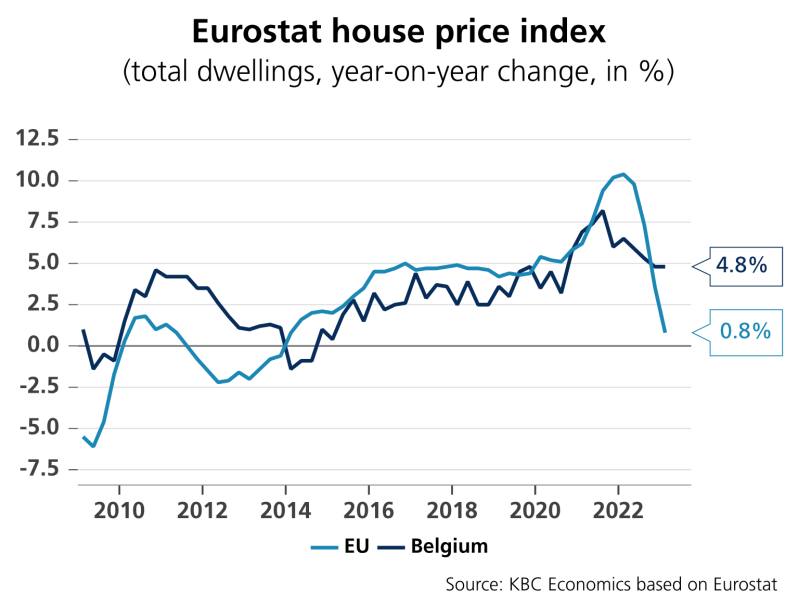
Current LTV

in bn EUR

Weighted Average Current LTV: 62.84%

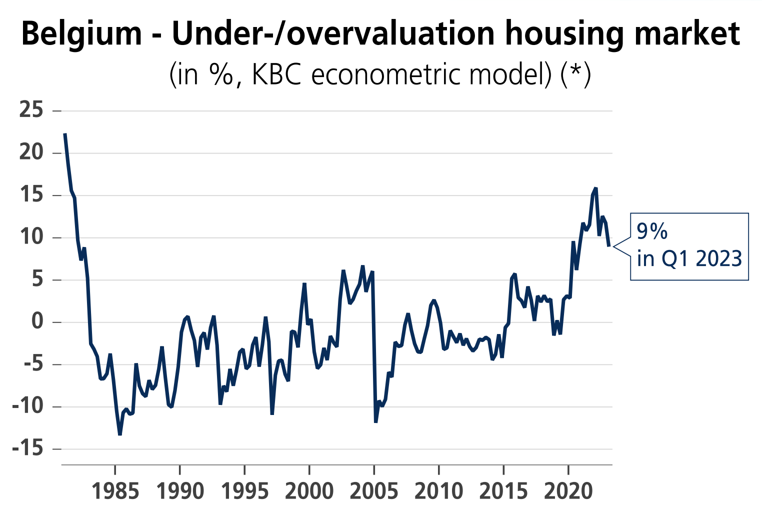
Annex 5 | Belgian real estate market – House price dynamics in Belgium are slowing down

The y-o-y house price increase slowed to 4.8% in Q1 2023, down from a peak of 8.2% in Q3 2021



Source: KBC Economics based on Eurostat

The overvaluation of Belgian real estate is estimated at some 9% in Q1 2023



Source: own calculation KBC Economics

(*) Deviation from the ‘fundamental price’ as determined by household disposable income, mortgage interest rate, number of families and real estate taxation.

Glossary

B3 / B4	Basel III / Basel IV
Combined ratio (non-life insurance)	Short-term non-life insurance contracts: [claims and claim related costs net of reinsurance + costs other than claims and commissions] / [earned expected premiums received, net of reinsurance]
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio without banking and insurance tax (group)	[operating expenses of the group without banking and insurance tax + Insurance commissions paid] / [total income of the group]
Cost/income ratio adjusted for specific items or C/I ratio when excluding certain non-operating items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include (i) MtM ALM derivatives (fully excluded), (ii) bank & insurance taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) and (iii) one-off items
Credit cost ratio (CCR)	[annualised net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula.
EBA	European Banking Authority
ESMA	European Securities and Markets Authority
ESFR	European Single Resolution Fund
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total stage 3 impairments on the impaired loan portfolio] / [part of the loan portfolio that is impaired (PD 10-11-12)]
Impaired loans ratio	[part of the loan portfolio that is impaired (PD 10-11-12)] / [total outstanding loan portfolio]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity coverage ratio (LCR)	[stock of high-quality liquid assets] / [total net cash outflow over the next 30 calendar days]
MREL	Minimum requirement for own funds and eligible liabilities
Net interest margin (NIM) of the group	[banking group net interest income excluding dealing room] / [banking group average interest-bearing assets excluding dealing room]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity]
TLAC	Total loss-absorbing capacity

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More information

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

Upcoming events

21-24 Aug 2023	Credit update, Europe and US (virtual)
30-31 Aug 2023	BNP Conference, Asia (virtual)
13-14 Sep 2023	ECBC Conference, Munchen
27 Sep 2023	ESG Virtual roadshow
…	
20 Oct 2023	3Q23 black out period
9 Nov 2023	3Q23 Publication of Results

Download the KBC IR APP

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