KBC Group
Company presentation
FY 2023 / 4Q 2023

More information: www.kbc.com

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Accounting framework | Implementation of IFRS 17

IFRS 17 (Insurance contracts) is effective from 1 January 2023 (with retrospective application for 2022) and replaces IFRS 4:

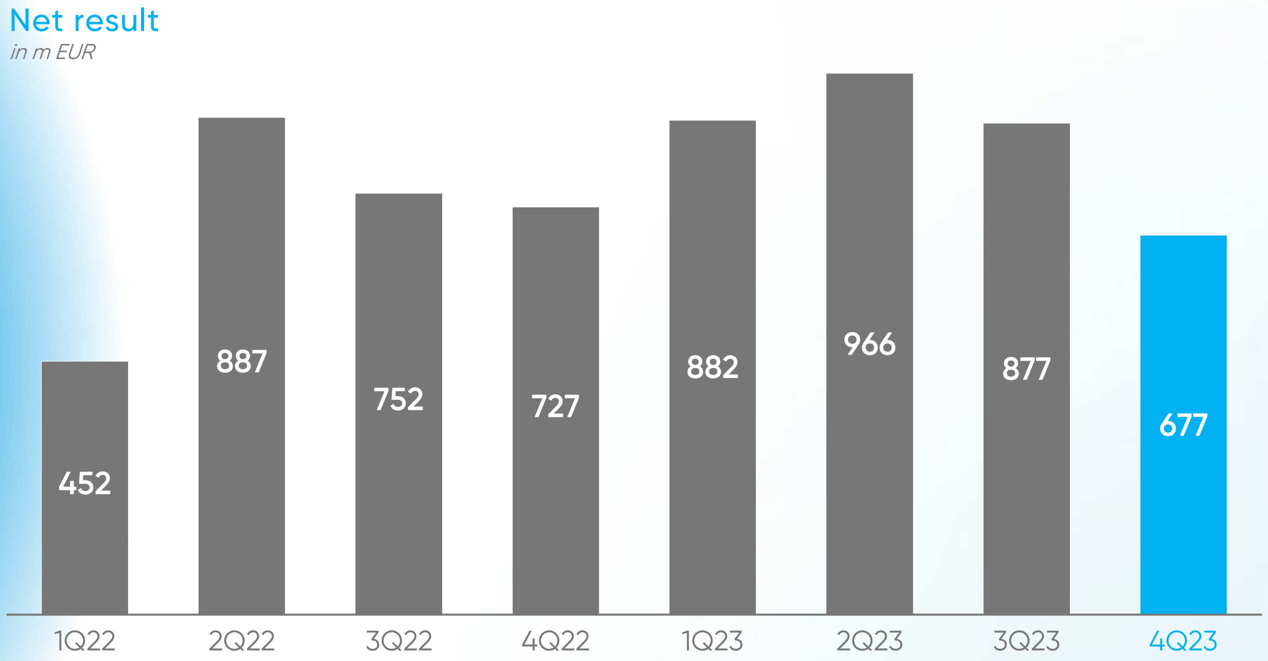
- **The income statement is updated to include the new items introduced by IFRS 17** (also the quarterly figures of 2022 have been restated accordingly)
- **This does not change the underlying economics and steering of the business**
  - No change to KBC Group CET1 ratio
  - No change to capital distribution policy
  - No change to KBC Insurance Solvency II ratio
- It primarily constitutes a new accounting framework
  - **New structure of KBC specific bank-insurance integrated income statement** and some changes to the balance sheet
  - **Some changes to specific Group and Insurance KPIs**, including Cost-income ratio and Combined ratio
  - Belgium unit-linked contracts are not accounted for under IFRS 17, but remain accounted for under IFRS 9, as they do not contain an insurance component

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)

Highlights

- Commercial bank-insurance franchises performed **well**
- As policy rates are peaking, KBC Group is **well-positioned** being an integrated bank-insurer with tailored AM business
- **Customer loans** and **customer deposits** increased q-o-q in almost all our core countries (on a comparable basis)
- Lower **net interest income q-o-q, but better than guided for**
- Higher **net fee and commission income** q-o-q
- Q-o-q stable **net result from financial instruments at fair value** and q-o-q increase of **net other income**
- Strong sales of **non-life insurance** y-o-y, sales of **life insurance** up q-o-q and down y-o-y
- **Costs excl. bank & insurance taxes up q-o-q (fully in line with our FY23 guidance)**
- Limited **net loan loss impairment reversals,** but **high impairments on 'other' and 'goodwill' (109m EUR on building savings company CSOBS)**
- Solid **solvency** and **liquidity**
- **Updated financial guidance (see slides 21-23)**

Good net result of 677m EUR over 4Q23



FY ratios

- Return on Equity 15%*
- Cost-income ratio 49%**
- Combined ratio 87%
- Credit cost ratio 0.00%
- CET1 ratio 15.2% (B3, DC, fully loaded)
- Leverage ratio 5.7% (fully loaded)
- NSFR 136% & LCR 159%

* Excluding one-offs

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

Capital deployment

For FY23:

- A **total gross dividend of 4.15 EUR per share** will be proposed to the AGM for the accounting year 2023 (of which an interim dividend of 1.0 EUR per share already paid in November 2023 and the remaining 3.15 EUR per share to be paid in May 2024)

- Including the proposed total dividend and AT1 coupon, the pay-out ratio would then amount to approximately 51%

- **In line with our announced capital deployment plan for FY23**, the distribution of the surplus capital above the fully loaded CET1 ratio of 15% will be decided at the discretion of the Board of Directors of KBC Group in 1H24

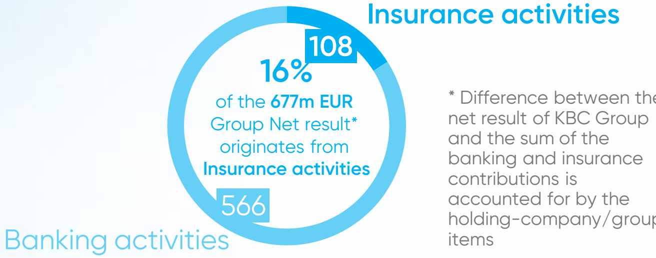
For FY24:

- **Both our dividend policy** and **capital deployment plan** will be **updated with our 1Q24 results**

Strategic focus | What differentiates us from peers

Unique integrated bank-insurance+ model

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



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

Successful digital-first approach through KATE

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

4.2 million users in contact with Kate

KATE autonomy

63% BE
66% CZ

Firmly embedded sustainability strategy

- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy consists of three cornerstones: **encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse impact we might have**. Note that the first ever Climate Report has been published, (Limited Assurance by external auditor)

see climate targets on Slide 67

Strategic focus | The reference

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

Profitability

With a **Return on Equity** of **15%** in FY23 **KBC** is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **15.2%** at end FY23 KBC is amongst the better capitalised EU banks

Sustainability

SUSTAINALYTICS

Sustainalytics ranks KBC **3rd out of 342** diversified global banks

Digitalisation

SIAPARTNERS

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

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

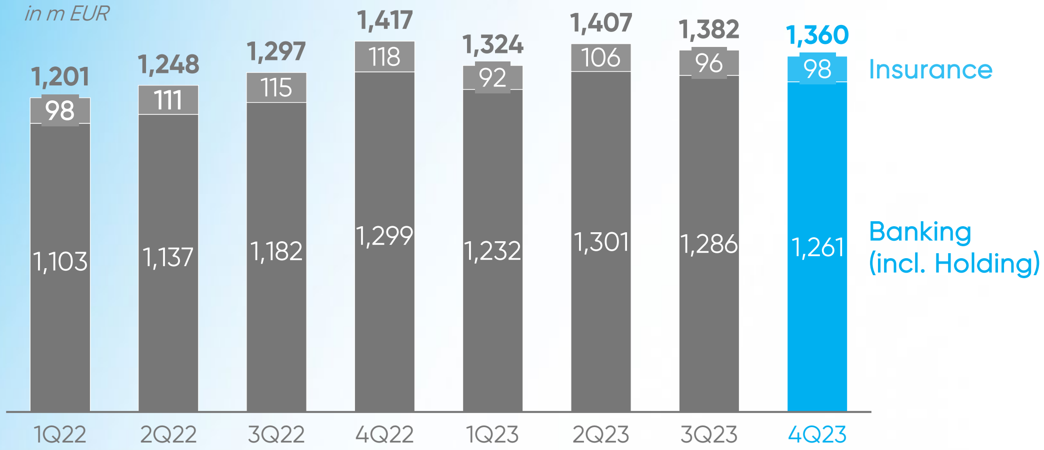
Main exceptional items

		4Q23	3Q23	4Q22
BE BU	F&C – Issuance of State Note		+11m EUR	
	NOI – Realised gains	+18m EUR		
	Total Exceptional items BE BU	***+18m EUR***	***+11m EUR***	
CZ BU	NOI – legacy legal file(s)			-149m EUR
	Impairments – Goodwill on CSOB S	-109m EUR		
	Total Exceptional items CZ BU	***-109m EUR***		***-149m EUR***
IM BU	SK – NOI – Provision for legacy legal files			-7m EUR
	HU – BK & INS TAX – Temporary extra (windfall/DGS) bank and insurance tax	-1m EUR		+14m EUR
	HU – Impairments – Modification losses	-10m EUR		-25m EUR
	BG – Opex – Integration costs Raiffeisenbank Bulgaria	-5m EUR	-4m EUR	-5m EUR
	BG – Opex – EUR adoption costs	-1m EUR	-6m EUR	-1m EUR
	Total Exceptional items IM BU	***-17m EUR***	***-10m EUR***	***-24m EUR***
GC BU	IRL – Sales transaction(s) (opex -2m and impairments +2m in 4Q23)	+0m EUR	+7m EUR	+9m EUR
	TAX – Higher DTA (due to higher expected future taxable profits in the UK)	+15m EUR		+15m EUR
	Total Exceptional items GC BU	***+15m EUR***	***+7m EUR***	***+24m EUR***
	Total Exceptional items	***-93m EUR***	***+8m EUR***	***-149m EUR***
	Total Exceptional items (post-tax)	*-72m EUR*	*+6m EUR*	*-117m EUR*

Lower net interest income

Net interest income

in m EUR

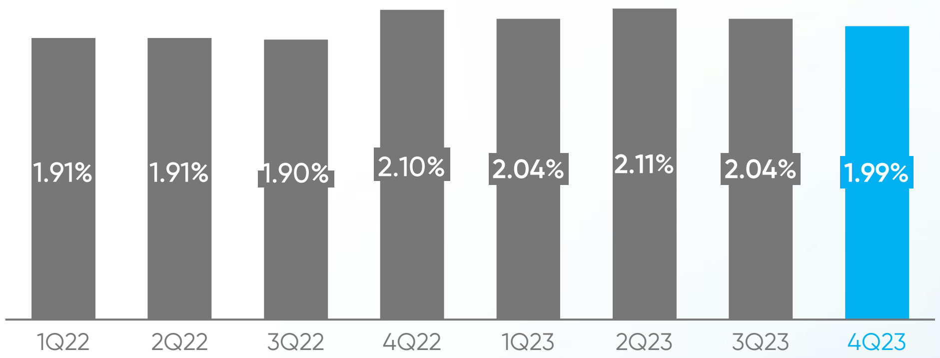


- **NII decreased by 2% q-o-q and by 4% y-o-y**
- Q-o-q decrease was driven primarily by:
  - Negative direct impact from the issuance of the 1-year Belgian State Note (-51m EUR in 4Q23 versus -22m EUR in 3Q23) and higher pass-through on savings accounts in Belgium (as of 1 August 2023)
  - Further shifts from current & savings accounts to term deposits
  - Higher costs on the minimum required reserves held with the central banks (-55m EUR in 4Q23 versus -31m EUR in 3Q23)
  - Higher funding cost of participations and higher wholesale funding cost
  - Lower loan margins in most core markets
  - Lower short-term cash management

  partly offset by:
  - Continued increasing reinvestment yields (which has a positive impact on commercial transformation result)
  - Increased term deposits
  - Loan volume growth
  - Higher NII on inflation-linked bonds (+12m EUR q-o-q)
- Y-o-y decrease was driven primarily by lower lending income, no TLTRO 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, partly offset by sharply increasing commercial transformation result and increased term deposits at better margins

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

- Fell by 5 bps q-o-q and by 11 bps y-o-y for the reasons mentioned on net interest income and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

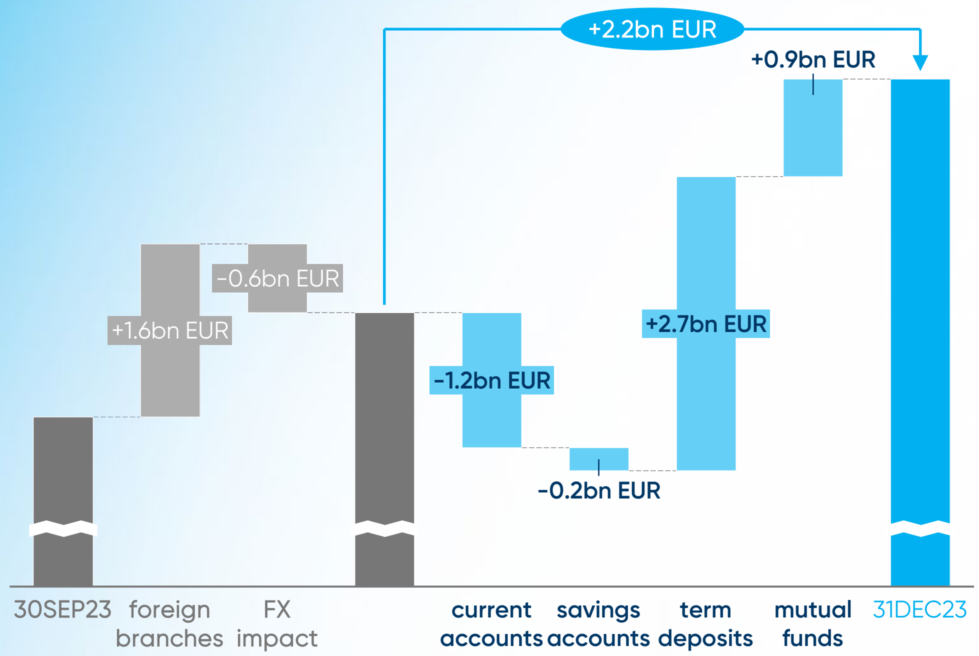
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	184bn	75bn	216bn
Growth q-o-q*	+1%	+1%	+1%
Growth y-o-y	+3%	+3%	-3%

* 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 1% q-o-q and fell by 2% y-o-y**

Inflow of core customer money

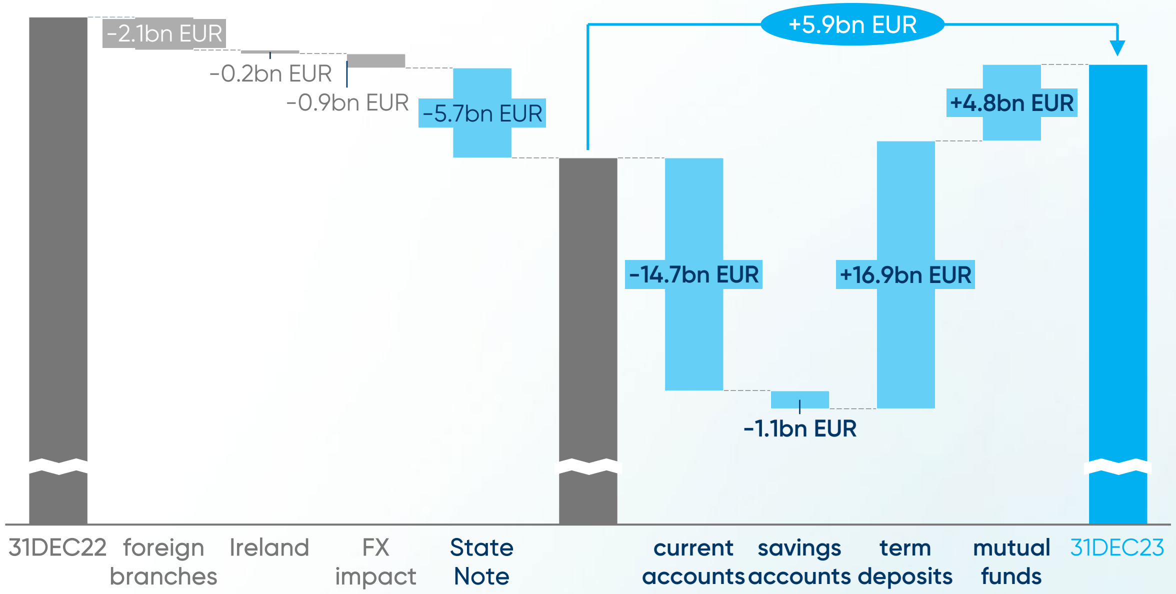
Customer money dynamic over 4Q23

in m EUR



Customer money dynamic over FY23

in m EUR



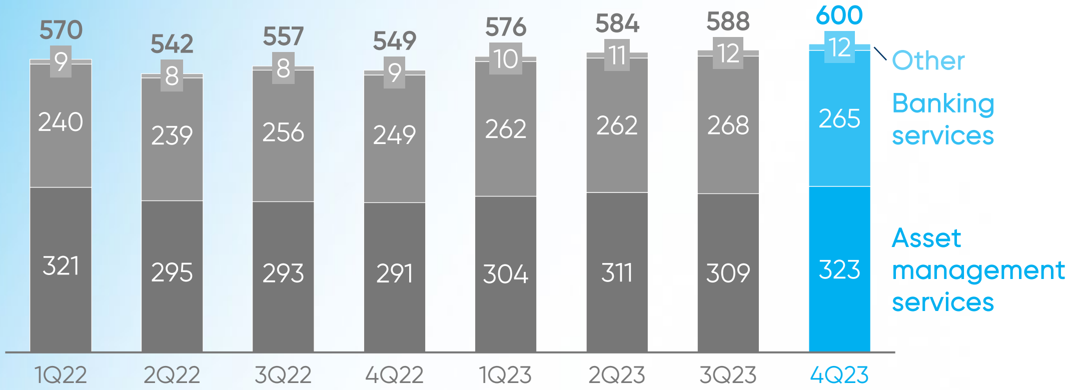
- **4Q23** saw an inflow of core customer money of **+2.2bn EUR** (+1.6bn EUR incl. FX impact)

- Disregarding volatile and one-off items, **FY23** saw an inflow of core customer money of **+5.9bn EUR** (+5.0bn EUR incl. FX impact)

Higher net fee and commission income

Net fee & commission income

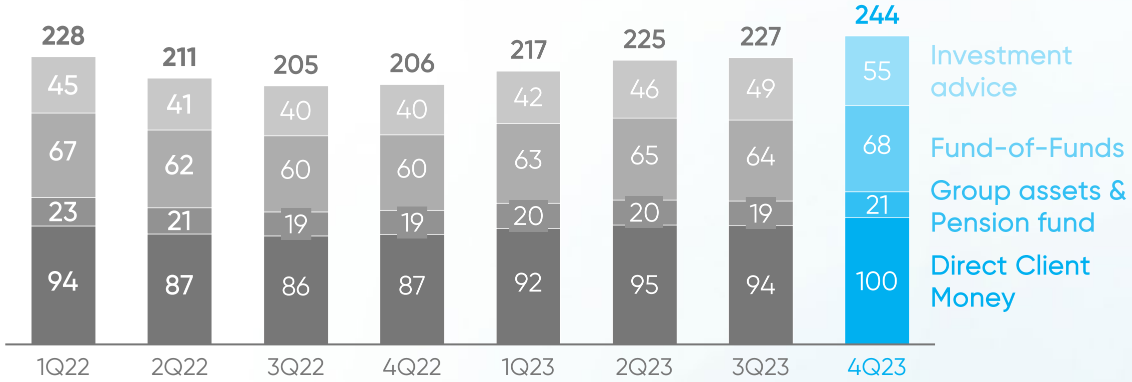
in m EUR



- **Up by 2% q-o-q and by 9% y-o-y**
- Q-o-q increase was mainly the result of:
  - Net F&C income from Asset Management Services increased by 5% q-o-q due to higher management & entry fees
  - Net F&C income from banking services fell by 1% q-o-q. Higher fees from payment services and higher fees from credit files & bank guarantees were partly offset by lower securities-related fees (entirely due to one-off fee from the issuance of the State Note in Belgium in 3Q23), seasonally lower network income and seasonally higher fee expenses in Retail (in the Czech Republic)
- Y-o-y increase was mainly the result of:
  - Net F&C income from Asset Management Services rose by 11% y-o-y due to higher management & entry fees
  - Net F&C income from banking services increased by 6% y-o-y due mainly to higher securities-related fees, higher fees from payment services, higher network income, higher fees from credit files & bank guarantees and lower fee expenses in Retail (in the Czech Republic)

Assets under management

in bn EUR

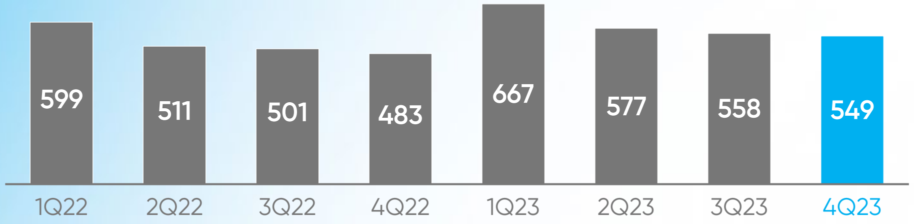


- **Increased by 8% q-o-q** due to **net inflows (+2%)** and positive market performance (+6%)
- Increased by 19% y-o-y due to net inflows (+9%) and positive market performance (+10%)
- The mutual fund business has seen strong net inflows both in higher-margin direct client money this quarter (0.9bn EUR in 4Q23 versus 1.1bn EUR in 3Q23 and 0.3bn EUR in 4Q22) as well as in lower-margin assets

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

Non-life sales

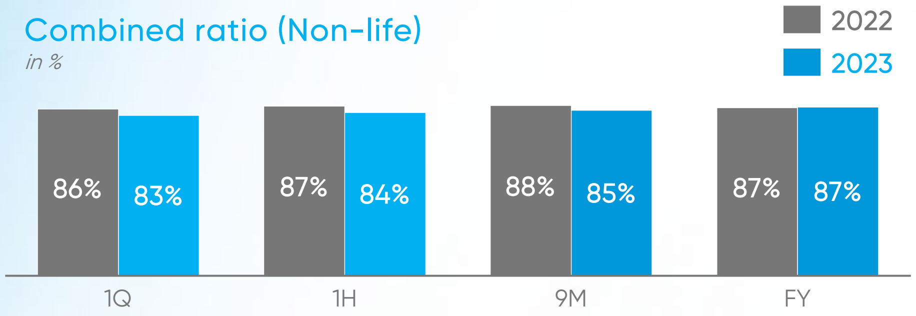
in m EUR



- **Up by 14% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

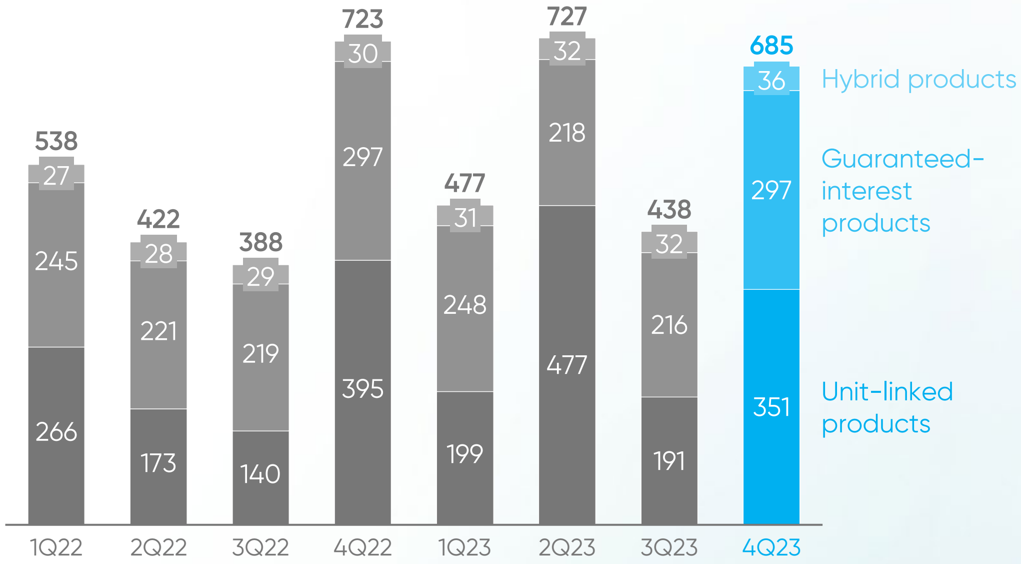
in %



- **Non-life combined ratio for FY23 amounted to an excellent 87%** (87% in FY22). This is mainly the result of:
  - 11% y-o-y higher insurance revenues before reinsurance
  - 8% y-o-y higher insurance service expenses before reinsurance
  - Lower net result from reinsurance contracts held (down by 68m EUR y-o-y)

Life sales

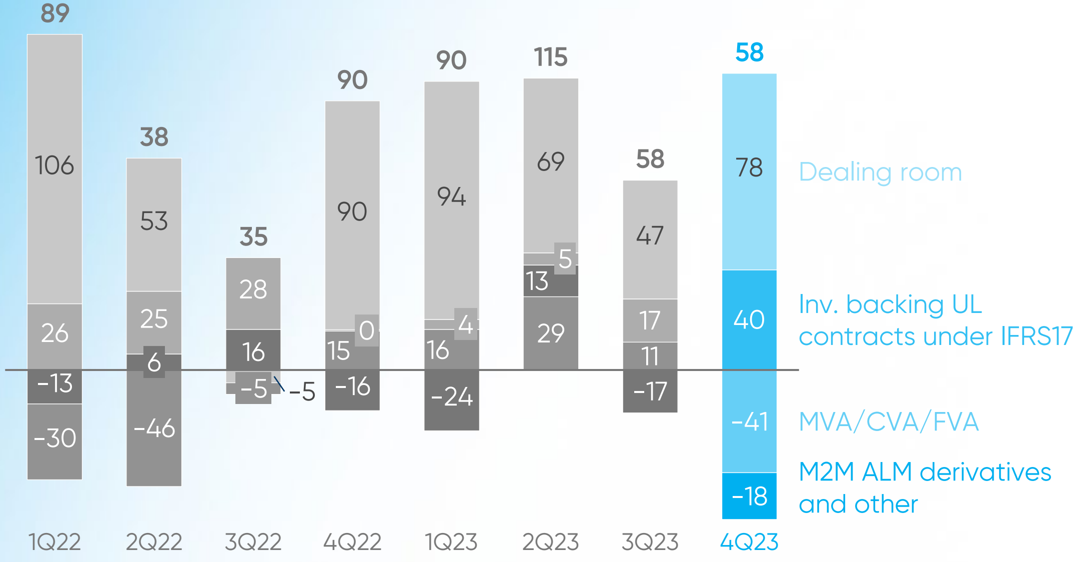
in m EUR



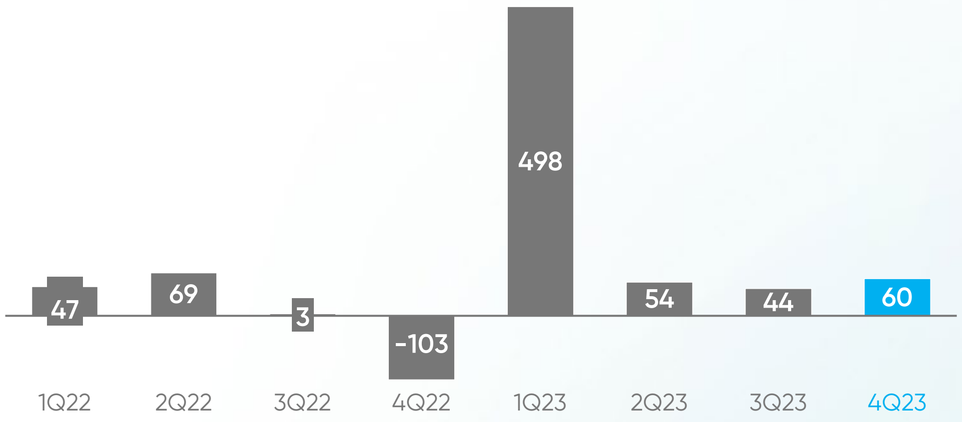
- Increased by 56% q-o-q due to higher sales of unit-linked products (excellent sales in 4Q23 as the result of a successful launch of 2 new structured funds in Belgium), higher sales of guaranteed-interest products (due chiefly to traditionally higher volumes in tax-incentivised pension savings products in Belgium) as well as higher sales of hybrid products
- Decreased by 5% y-o-y due entirely to lower sales of unit-linked products (as the launch of new funds last year was even more successful)
- Sales of guaranteed-interest products and unit-linked products accounted for 43% and 51% of total life insurance sales in 4Q23 respectively, with hybrid products (mainly in the Czech Republic) accounting for the remainder

Stable FIFV result and higher net other income

FIFV
in m EUR



Net other income
in m EUR



- **FIFV stable q-o-q**, attributable mainly to:
  - Higher dealing room result
  - Higher FV result on investments backing unit-linked contracts under IFRS 17 (fully offset by more negative IFIE)

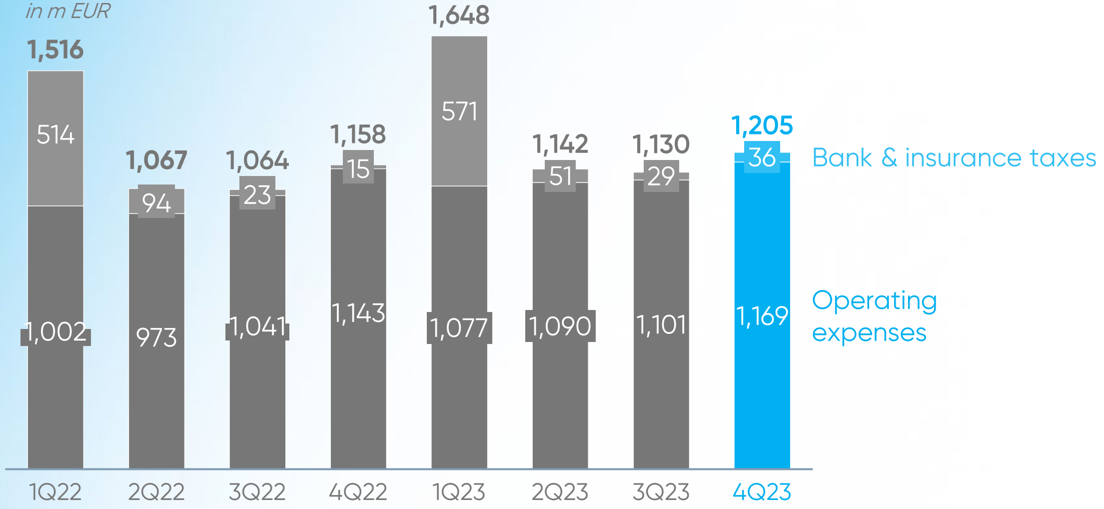
  offset by:
  - Negative credit, funding and market value adjustments, mainly the result of a drop in EUR yield curves and reduced KBC credit & funding spreads
  - Negative change in ALM derivatives and other

- **Above the normal run rate of around 50m EUR per quarter in 4Q23**
  - Due mainly to a one-off realised gain

Costs excluding bank & insurance taxes in line with guidance

Operating expenses (including costs directly attributable to insurance)

in m EUR



Bank and insurance tax spread 2023

in m EUR

	Total	Upfront				Spread out over the year			
	4Q23	1Q23	2Q23	3Q23	4Q23	1Q23	2Q23	3Q23	4Q23
BE BU	8	347	6	0	8	0	0	0	0
CZ BU	0	60	-1	0	0	0	0	0	0
Hungary	28	106	24	0	0	24	27	29	28
Slovakia	0	4	-1	0	0	0	0	0	0
Bulgaria	0	24	-4	0	0	0	0	0	0
Group Centre	0	5	-1	0	0	0	0	0	0
Total	36	547	24	0	8	24	27	29	28

- **FY23 opex excluding bank & insurance taxes amounted to 4.4bn EUR, in line with our guidance**

- **FY23 cost/income ratio**
  - 49% when excluding certain non-operating items* (49% in FY22)
  - 43% excluding all bank & insurance taxes (45% in FY22)

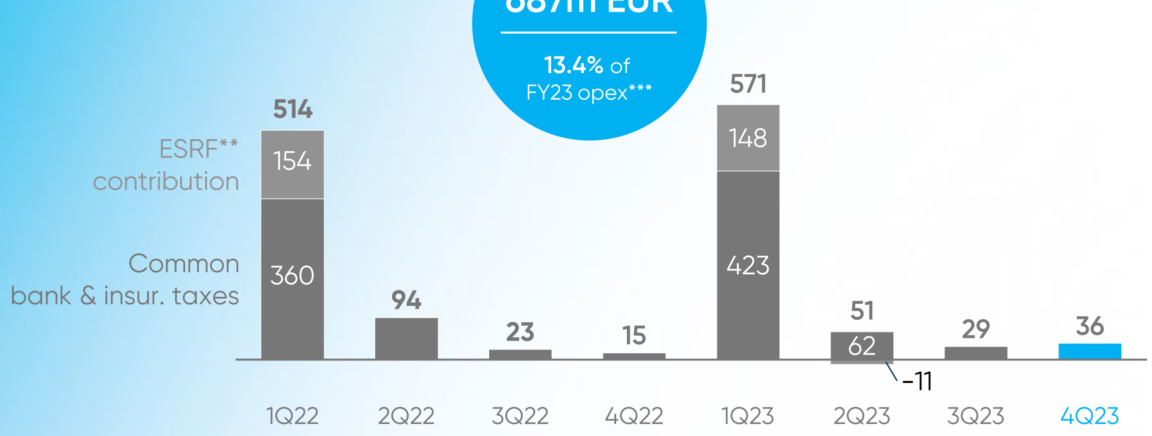
- Total **FY23 bank & insurance taxes** (including ESRF contribution) increased by 6% y-o-y to 687m EUR (646m EUR in 2022)

- **Operating expenses excluding bank & insurance taxes went up by 6% q-o-q and by 2% y-o-y**
  - The q-o-q increase is due mainly to seasonally higher marketing and professional fee expenses, higher facility costs and higher ICT costs, partly offset by lower staff costs and slightly lower depreciations
  - The y-o-y increase is due to, among other things, higher staff costs (mainly the impact of inflation/wage indexation, despite less FTEs), higher ICT costs, higher facility costs (mainly energy costs), partly offset by lower marketing and professional fee expenses, lower costs in Ireland (related to the sale transaction) and lower depreciations

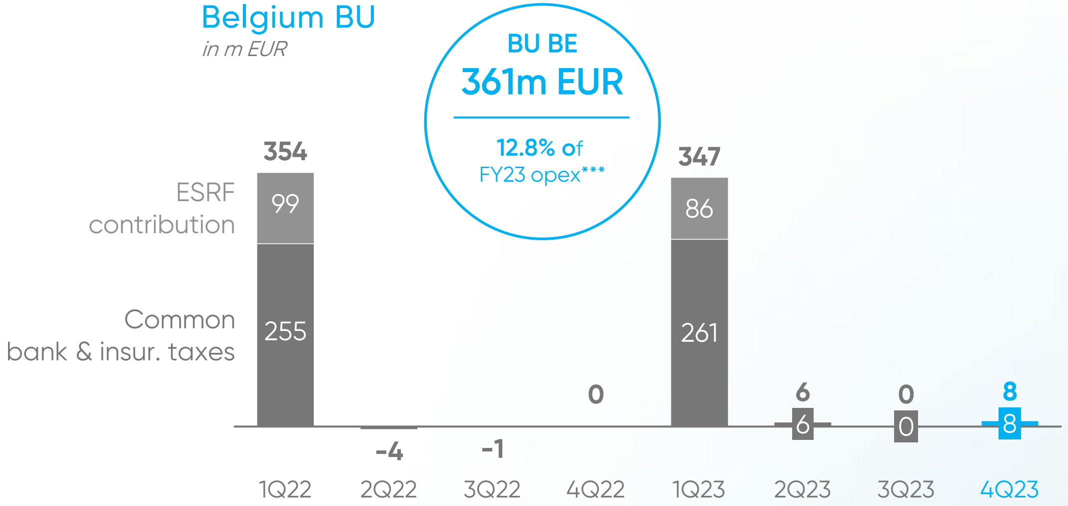
* See glossary for the exact definition

Overview of bank & insurance taxes (FY23)*

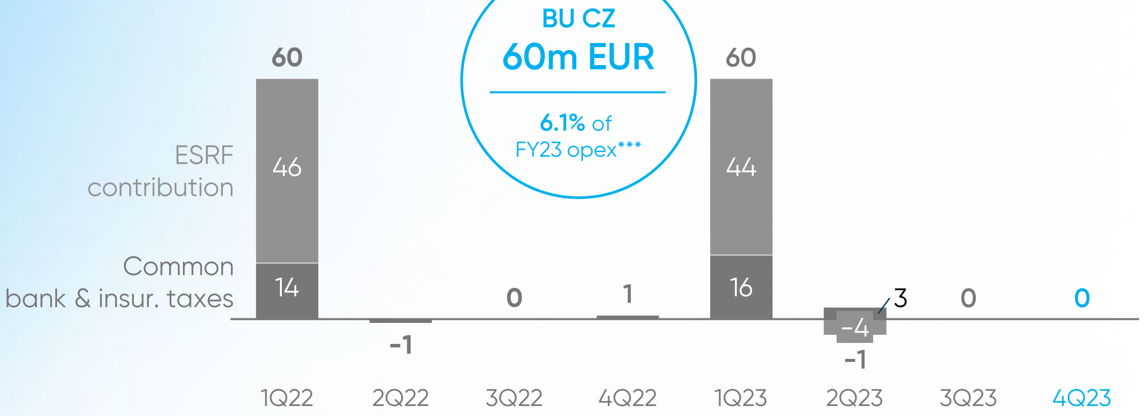
KBC Group
in m EUR



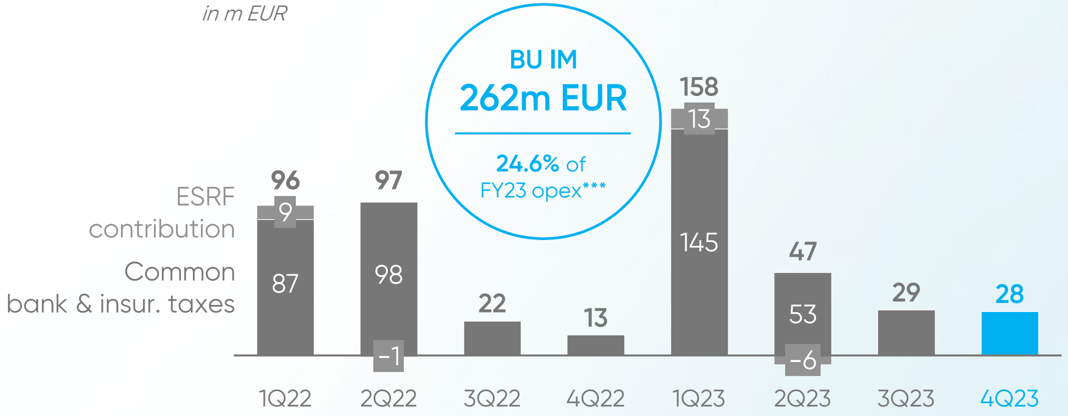
Belgium BU
in m EUR



Czech Republic BU
in m EUR



International Markets BU
in m EUR



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

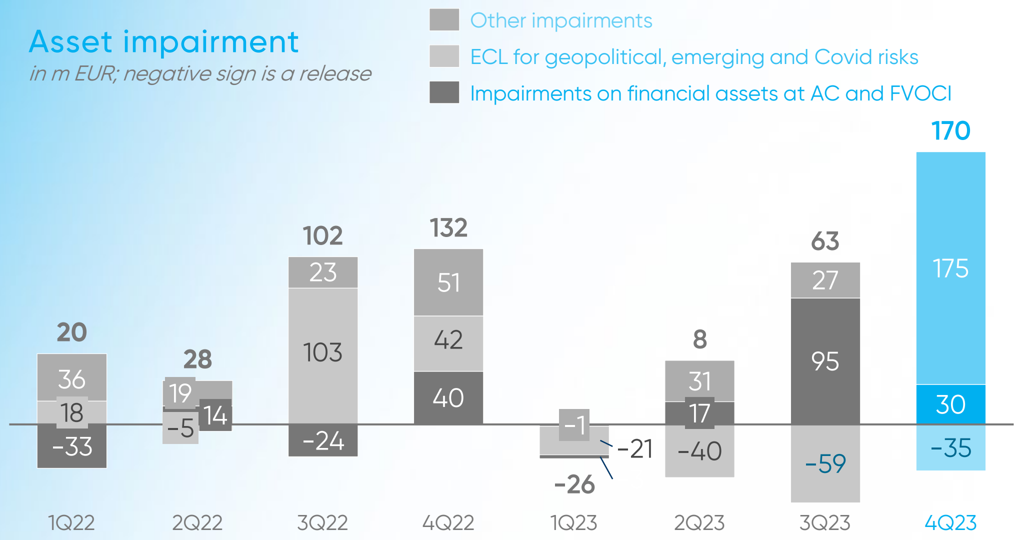
** European Single Resolution Fund

*** Including directly attributable costs to insurance

Net loan loss impairment releases & excellent credit cost ratio High other impairments (mainly goodwill and software)

Asset impairment

in m EUR; negative sign is a release

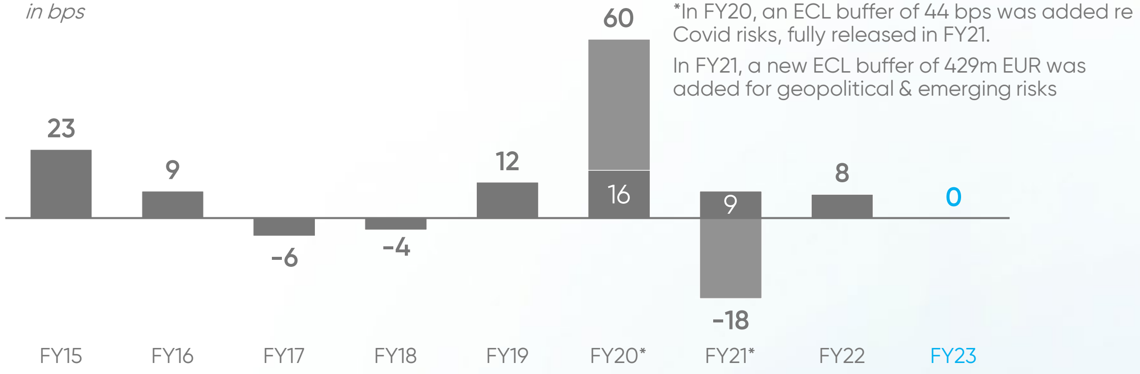


- **Net loan loss impairment charges on lending book, more than offset by a lower geopolitical & emerging risk buffer**
  - **Net loan loss impairment releases of 5m EUR in 4Q23** (compared with net loan loss impairment charges of 36m EUR in 3Q23) due to:
    - 30m EUR net loan loss impairment charges on lending book
    - A decrease of 35m EUR of the ECL buffer, driven mainly by micro- and macroeconomic indicators
    - Total outstanding ECL for geopolitical and emerging risks now stands at 256m EUR (see details on next slide)
- **109m EUR impairment on 'goodwill' on building savings company CSOBS*** (as a result of the reduction of the building savings state subsidy in the Czech Republic) and **66m EUR impairment on 'other'** (versus 27m EUR impairment on 'other' in 3Q23), mainly on software besides 10m EUR modification losses related to the extension of the interest cap regulation in Hungary

* A subsidiary of CSOB Bank

Credit cost ratio

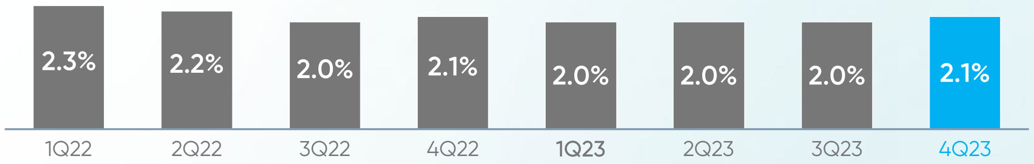
in bps



- The credit cost ratio in FY23 amounted to:
  - 7 bps (0 bps in FY22) without ECL for geopolitical, emerging and Covid risks
  - 0 bps (8 bps in FY22) with ECL for geopolitical, emerging and Covid risks

Impaired loans ratio

in %

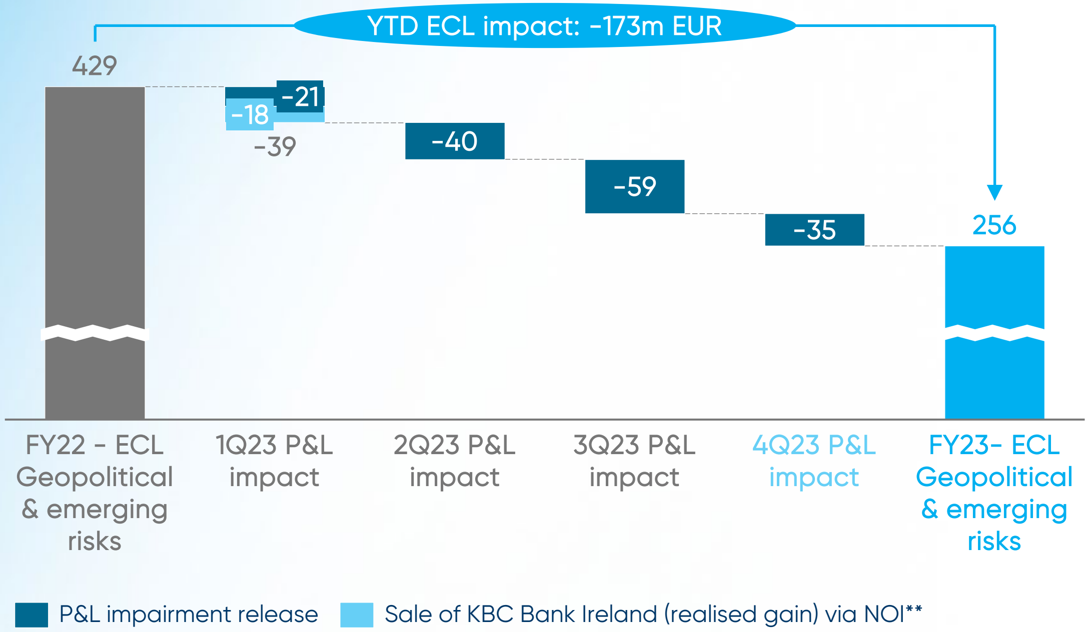


- **The impaired loans ratio amounted to 2.1%** (1.0% of which over 90 days past due)

Outstanding ECL for geopolitical and emerging risks amounts to 256m EUR

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

in m EUR; negative sign is a release



In 4Q23 ECL release of 35m EUR, driven mainly by the evolution of micro- and macroeconomic indicators, **resulting in a remaining ECL for geopolitical and emerging risks of 256m EUR at YE23**

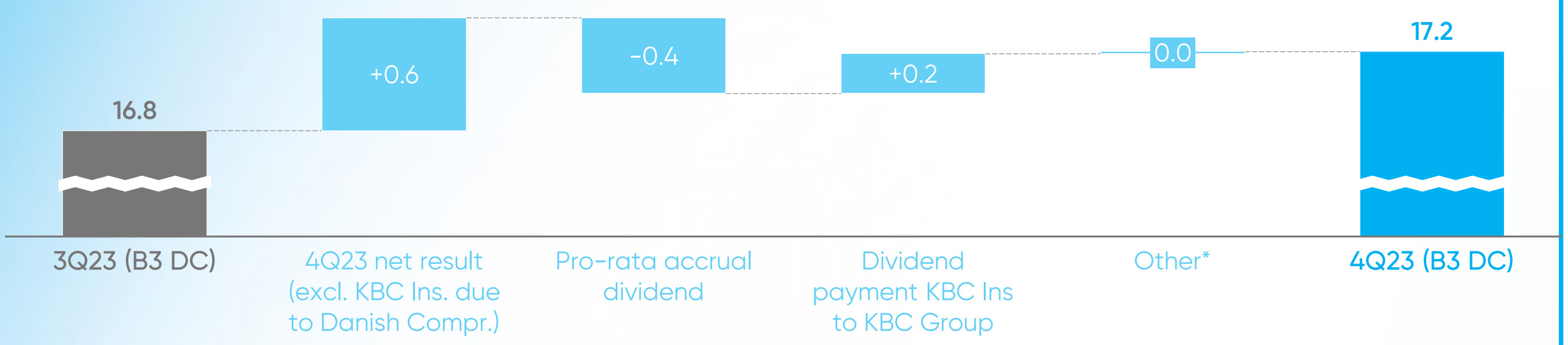
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

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

Fully loaded Basel III CET1 from 3Q23 to 4Q23

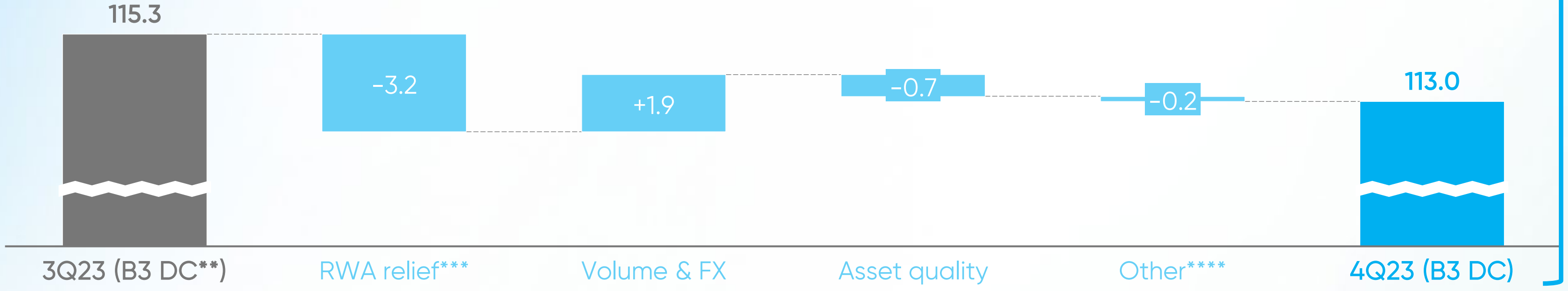
Q-o-q variance of CET1 capital

in bn EUR



Q-o-q variance of RWA

in bn EUR



Fully loaded B3 common equity ratio amounted to 15.2% at the end of FY23 based on the Danish Compromise

* Includes the q-o-q delta in deferred tax assets on losses carried forward, intangible fixed assets, AT1 coupon, remeasurement of defined benefit obligations, deduction pension plan assets, NPL shortfall etc.

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

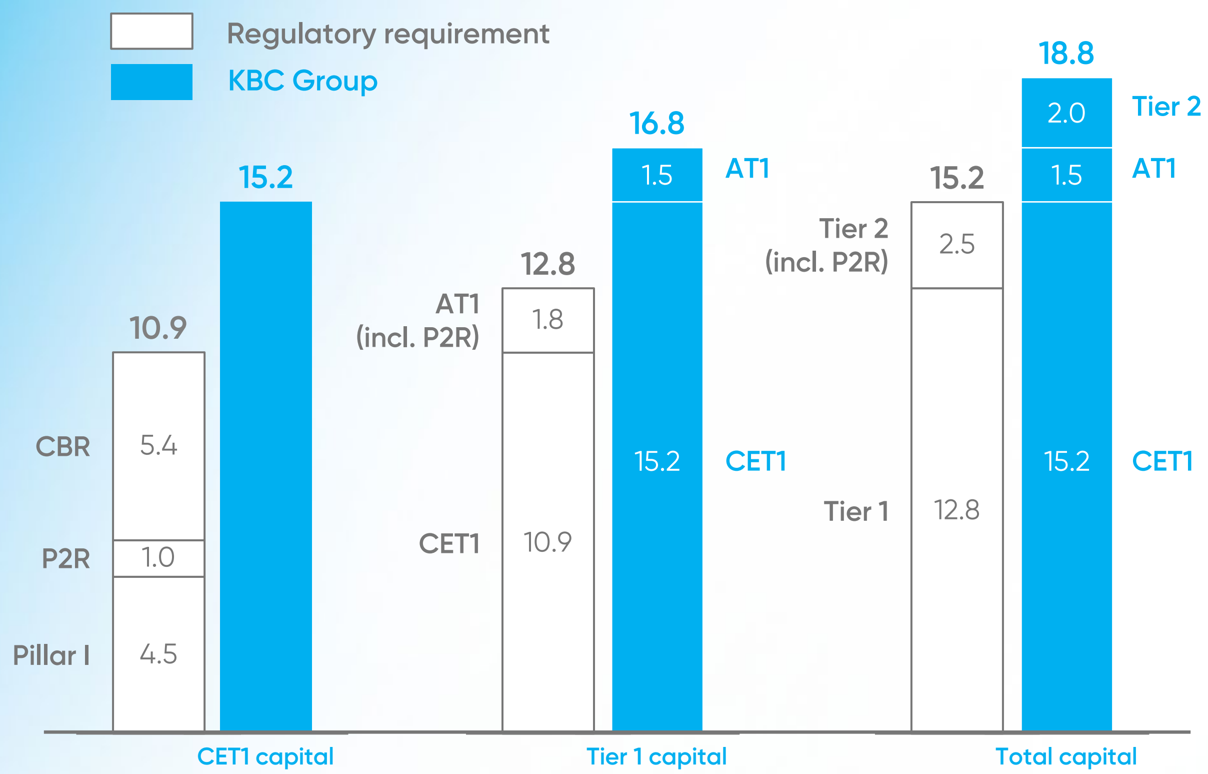
*** Mainly simplification

**** Includes lower market RWA, higher operational risk, model changes, ...

Strong capital position with substantial buffer to MDA

Capital requirements and distance to Maximum Distributable Amount (MDA) restrictions as at 31 December 2023 (fully loaded, B3)

in %



- **P2R 1.86% (= Pillar II requirement)**
  1.05% to be met with CET1, 35bps eligible for AT1 and 46bps for Tier 2
- **CBR 5.38% (= Combined buffer requirement)**
  2.50% Capital conservation buffer
  1.50% O-SII buffer
  1.24% Countercyclical buffer
  0.14% Systemic risk buffer
- **OCR (10.9%) buffer 4.3%**
- **MDA buffer 3.6%**
  lowest of the buffers between available and required (i) CET1 capital, (ii) Tier 1 capital and (iii) Total capital
- **MDA 11.7%**
  i.e. the net of the CET1 ratio (15.2%) and the MDA buffer (3.6%)

CET1 capital	Tier 1 capital	Total capital	
4.3%	**4.0%**	**3.6%**	**Distance to MDA restrictions**
4,889m EUR	**4,549m EUR**	**4,036m EUR**	

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio
5.7% FY23

5.3% FY22

Q-o-q higher leverage ratio (from 5.4% to 5.7%) due mainly to lower leverage ratio exposure chiefly as a result of lower reverse repos and cash balances with central banks (in the denominator)

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

Liquidity ratios | KBC Group

in %

LCR
159% FY23

152% FY22

NSFR
136% FY23

136% FY22

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

Solvency II ratio | KBC Group

in %

Solvency II ratio
206% FY23

203% FY22

* 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.

Looking forward I Economic outlook

- Growth in the euro area stagnated in the fourth quarter of 2023, mainly due to the impact of the ECB's tightening cycle on credit growth and the weakness in the manufacturing sector.
- From the first quarter of 2024 onwards, quarterly growth is expected to become marginally positive again, leading to the recovery gathering strength towards the second half of 2024

- The main risks to our short-term outlook for European growth include the global weakness of the manufacturing sector, in particularly affecting the German economy, and current geopolitical tensions, with risk of renewed supply chain distortions and higher energy and commodity prices.
- Additional risks include the election calendar for 2024 and the increasing cost of financing high levels of sovereign debt in the euro area in the context of subdued short-term economic growth, the run-up to the re-activation of the Stability and Growth Pact and the announced phasing out of PEPP (Pandemic Emergency Purchase Programme) reinvestments by the ECB

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

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

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

FY24 financial guidance | NII sensitivities for 2024

Full guidance range accounts for following conservative assumptions:

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

5.5bn EUR

5.3bn EUR

NII guidance FY24

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

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

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

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

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

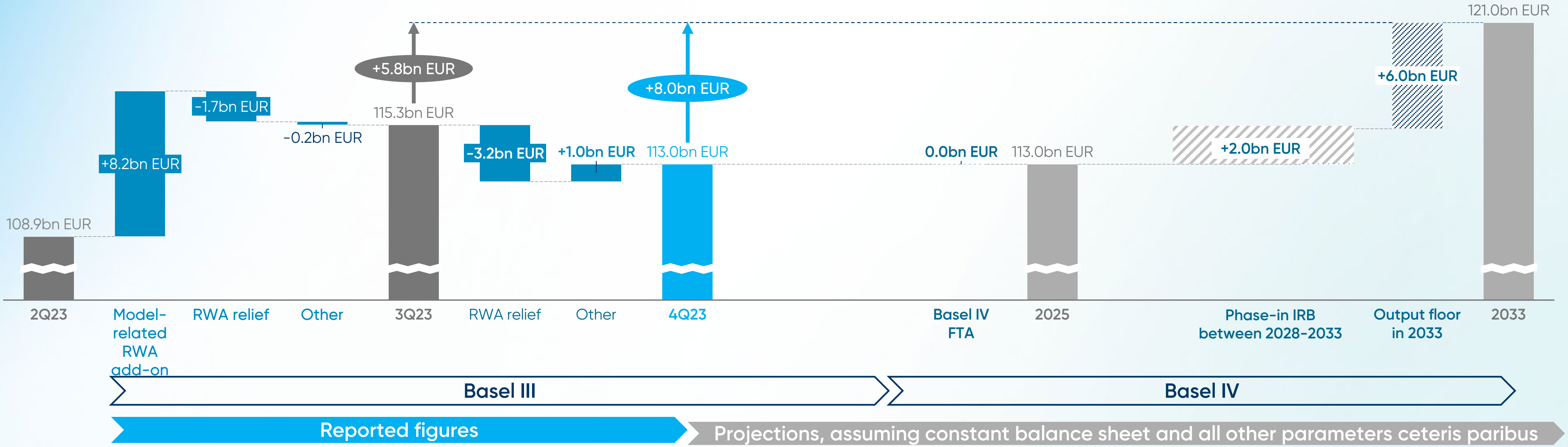
Indicative view on transitional RWA evolution under Basel IV

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

- 3Q23 included the previously communicated 8.2bn EUR model-related RWA add-on, partly offset by a RWA relief of 1.7bn EUR
- In 4Q23, a **RWA relief of -3.2bn EUR** ballpark figure (versus -2.0bn EUR previously expected) was partly offset by among other things a RWA increase as a result of volume growth (see slide 17 for more details)
- **Moving towards the Basel IV era (updated based on the political agreement of the trilogue in December 2023),** KBC projects
  - at 1JAN25, **no first-time application impact (contrary to the +2.5bn EUR RWAs previously)**
  - by 1JAN33, a **fully loaded impact of +8.0bn EUR (contrary to +6.0bn RWAs previously)**
- **Publication in the Official Journal, pending formal votes, legal review and translation, is expected for 2Q24. On this basis, we will update our Basel IV projections in November 2024**

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

in bn EUR



Wrap-up

Excellent financial performance

net result
677m
4Q23
3402m
FY23

return on equity
15%*
YTD

combined ratio
87%
YTD

Outstanding solvency and liquidity

CET1 ratio
15.2%
3.6% buffer vs MDA

NSFR
136%
LCR
159%

SII ratio
206%

Kate convinces customers

4.2 million users in contact with Kate

KATE autonomy
63% BE
66% CZ

Franchise is growing

loan volumes
+3%
y-o-y

customer deposits
-3%
y-o-y

AM net inflows of direct client money
+0.9bn
4Q23

non-life sales
+14%
y-o-y

life sales
-5%
y-o-y

* Excluding one-offs

Supplemental information & disclosures

BU & FY23 view (slide 27-47)

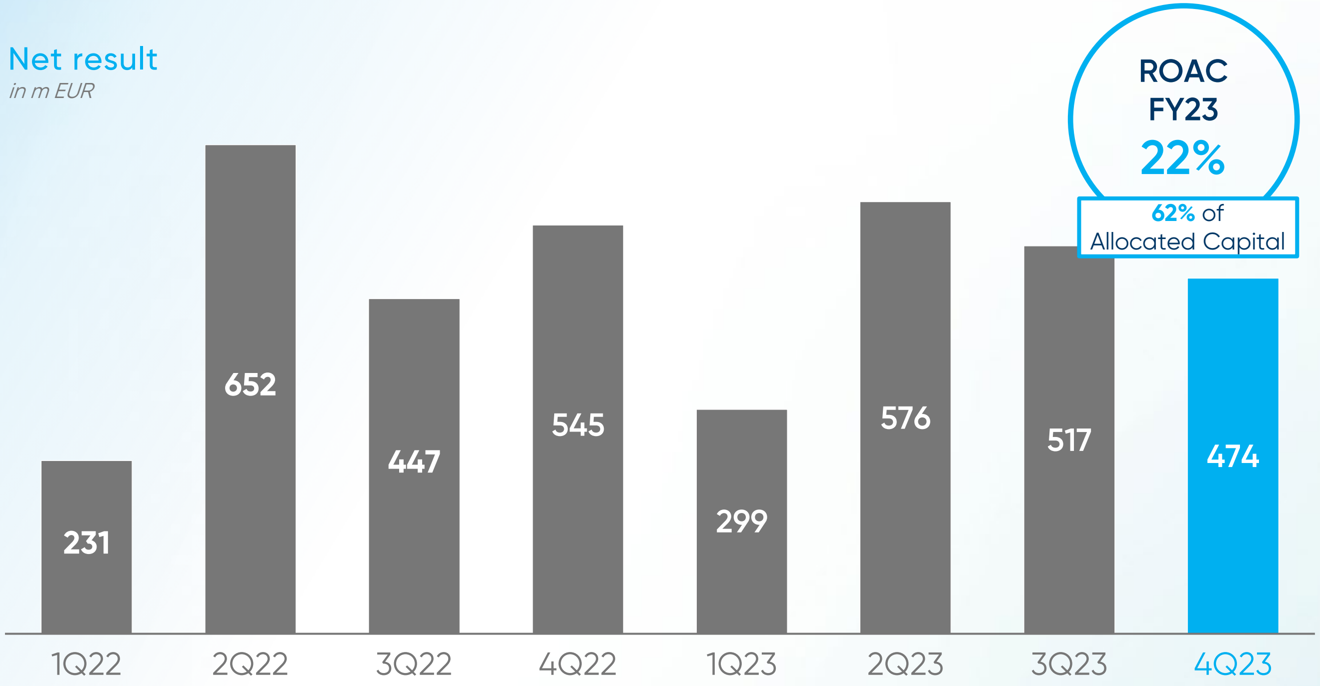
- Belgium BU
- Czech Republic BU
- International Markets BU
  - Slovakia
  - Hungary
  - Bulgaria
- Group Centre BU
- FY 2023

Annexes (slide 48-75)

- Company profile
- KBC strategy
- Sustainability
- Asset quality
- MREL & funding

Navigate quickly to this content by using the below tabs in the digital version of this memo

Belgium BU (1) | Net result

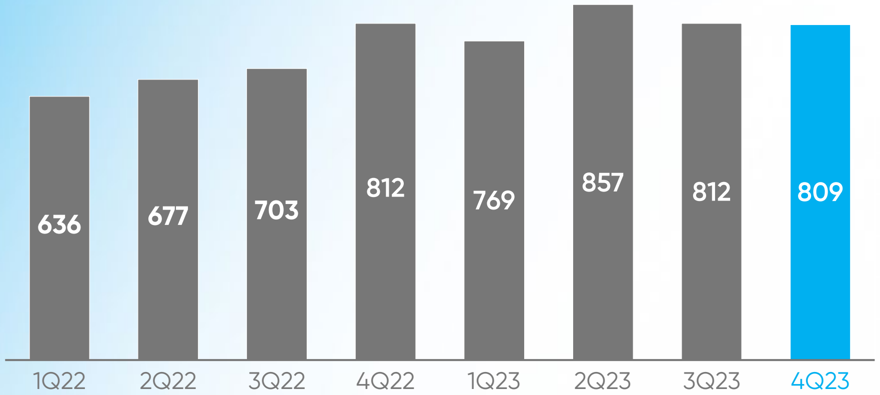


- The quarter was characterised by slightly lower net interest income, higher net fee and commission income, lower net result from financial instruments at fair value, higher net other income, lower sales of non-life insurance products and higher sales of life insurance products, higher operating expenses, higher insurance service expenses before reinsurance and lower net impairment charges

Belgium BU (2) | Net interest income

Net interest income

in m EUR

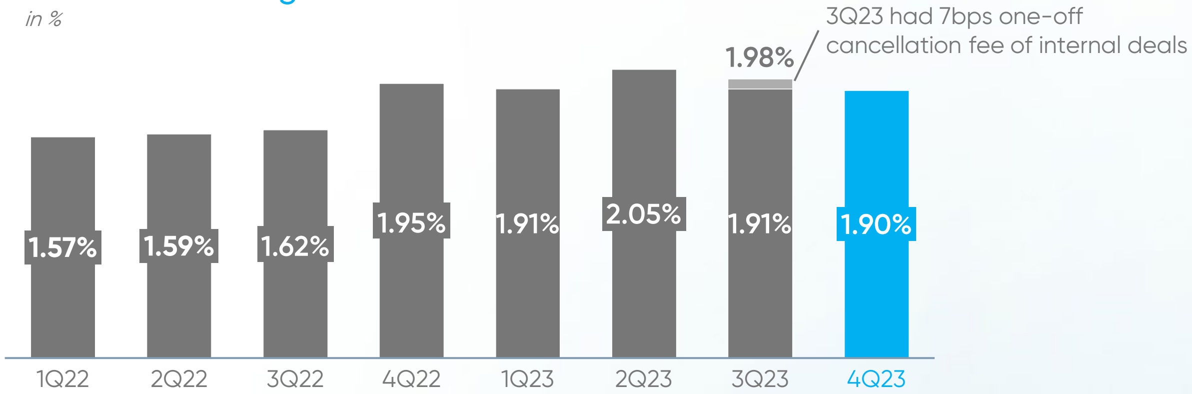


- Almost flat q-o-q, as
  - Lower commercial transformation result (a higher pass-through on savings accounts, lower average deposits in 4Q23 due mainly to the issuance of the 1-year Belgian State Note and further shifts from current & savings accounts to term deposits, offset partly by continued increasing reinvestment yields)
  - Negative direct impact from the issuance of the 1-year Belgian State Note (-51m EUR in 4Q23 versus -22m EUR in 3Q23)
  - Higher costs on the minimum required reserves held with the ECB
  - Lower short-term cash management

  were largely offset by
  - NII on inflation-linked bonds (+12m EUR additional NII)
  - the one-off cancellation fee of internal deals in 3Q23
  - Increased term deposits
  - Slightly higher lending income (despite margin pressure on the outstanding loan portfolio in almost all segments)
- Almost flat y-o-y as lower lending income, lower NII on inflation-linked bonds and higher funding costs (partly due to no TLTRO benefit anymore) were largely offset by much higher transformation result and increased term deposits at better margins

Net interest margin

in %



- Decreased by 1 bp q-o-q (or -8 bps q-o-q excluding the one-off cancellation fee in 3Q23) and by 5 bps y-o-y for the reasons mentioned on net interest income and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

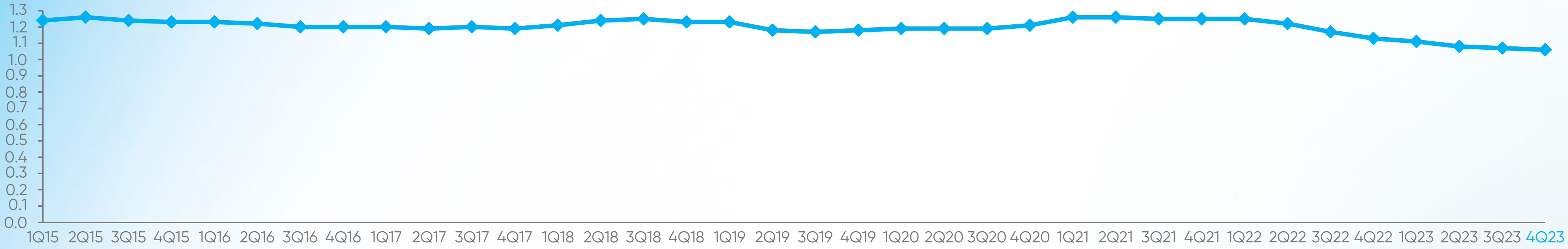
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	119bn	45bn	134bn
Growth q-o-q*	+1%	+1%	+1%
Growth y-o-y	+2%	+2%	-7%

* 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), customer deposits stabilised q-o-q and fell by 7% y-o-y**

Belgium BU (3) | Credit margins in Belgium

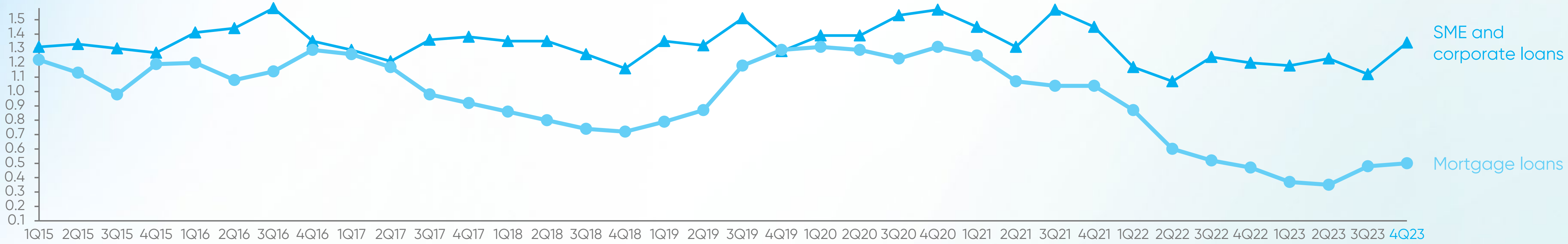
Product spread on customer loan book | Outstanding

in %



Product spread | New production

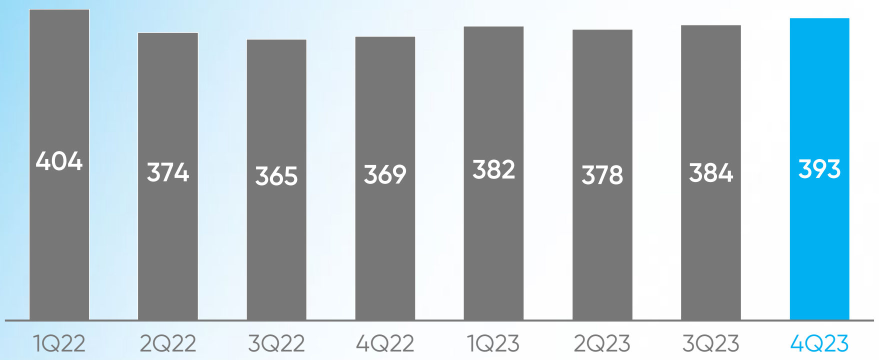
in %



Belgium BU (4) | Other income lines & cross-selling

Net fee & commission income

in m EUR



- The 3% higher q-o-q net F&C income was mainly the result of higher management &entry fees, higher fees from credit files & bank guarantees and higher payment-related fees, partly offset by lower securities-related fees (entirely due to one-off fee from the issuance of the State Note in 3Q23)
- The 7% higher y-o-y net F&C income was driven chiefly by higher management and entry fees, higher fees from credit files & bank guarantees, higher securities-related fees and higher distribution fees received for insurance products, partly offset by higher distribution fees paid for mutual funds

Assets under management

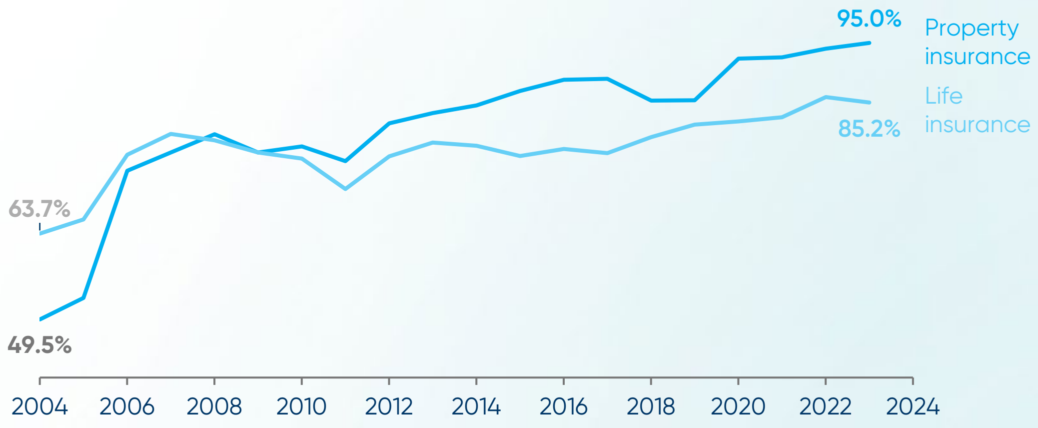
- 218bn EUR
- Increased by 8% q-o-q due to net inflows (+2%) and positive market performance (+6%)
- Increased by 18% y-o-y due to net inflows (+9%) and positive market performance (+10%)

Insurance

- Insurance sales: 898m EUR
  - Non-life sales (317m EUR) +11% y-o-y, due to premium growth in all classes, due to a combination of volume and tariff increases
  - Life sales (581m EUR) rose by 70% q-o-q and fell by 8% y-o-y.
    - The q-o-q increase was driven mainly by higher sales of unit-linked products (excellent sales in 4Q23 as the result of a successful launch of 2 new structured funds) and higher sales of guaranteed-interest products (due chiefly to traditionally higher volumes in tax-incentivised pension savings products)
    - The y-o-y decrease was driven fully by lower sales of unit-linked products (as the launch of new funds last year was even more successful)
- Combined ratio amounted to an excellent 85% in FY23 (85% in FY22)

Mortgage-related cross-selling ratios

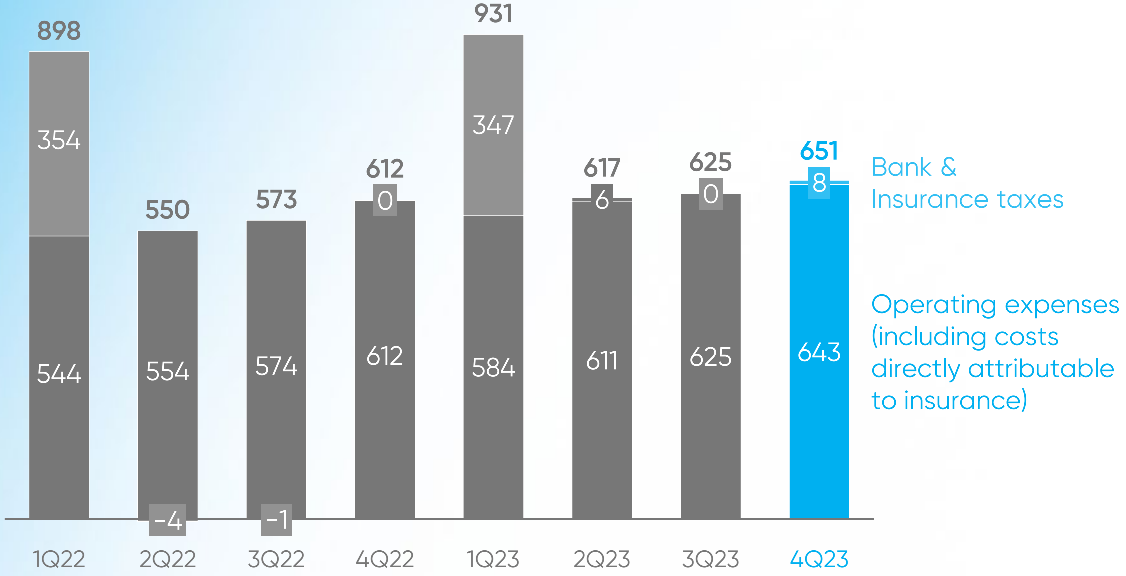
in %



Belgium BU (5) | Opex & impairments

Operating expenses

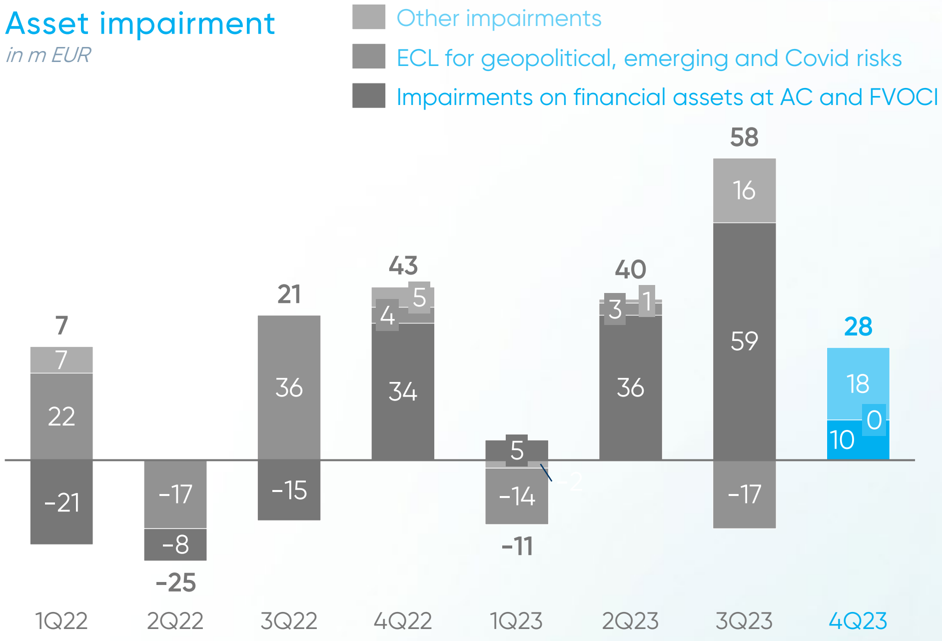
in m EUR



- **Opex (including costs directly attributable to insurance, but excluding bank & insurance taxes): +3% q-o-q and +5% y-o-y**
- +3% q-o-q due mainly to seasonally higher marketing and professional fee expenses and higher ICT costs, partly offset by lower staff costs and lower facility costs
- +5% y-o-y due chiefly to higher ICT costs, higher facility costs (mainly energy costs) and higher marketing costs
- Cost/income ratio adjusted for specific items: 46% in FY23 (47% in FY22)

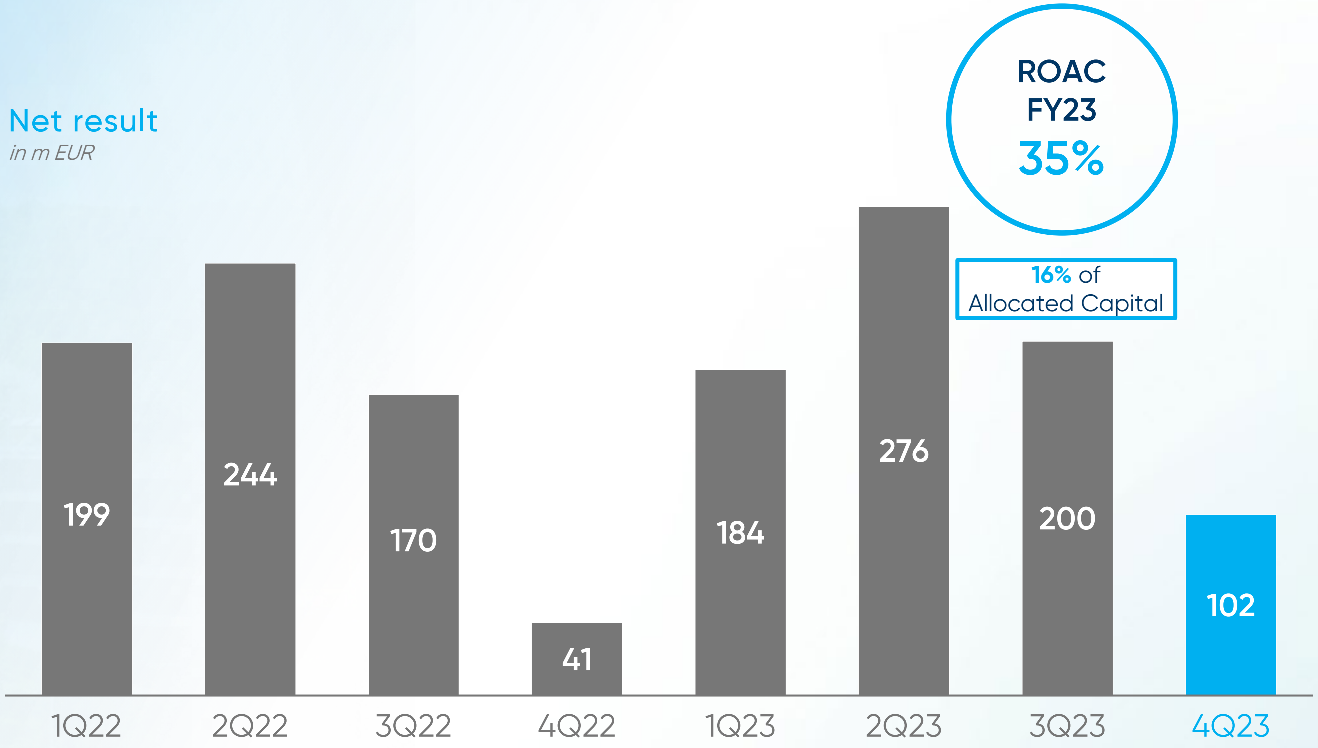
Asset impairment

in m EUR



- **Net loan loss impairment charges of 10m EUR in 4Q23 (compared with 42m EUR in 3Q23),** mainly for several corporate files. Credit cost ratio amounted to 6 bps in FY23 (3 bps in FY22)
- **18m EUR impairment charge on 'other'** (mainly software)
- **Impaired loans ratio amounted to 2.0%, 0.9% of which over 90 days past due**

Czech Republic BU (1) | Net result

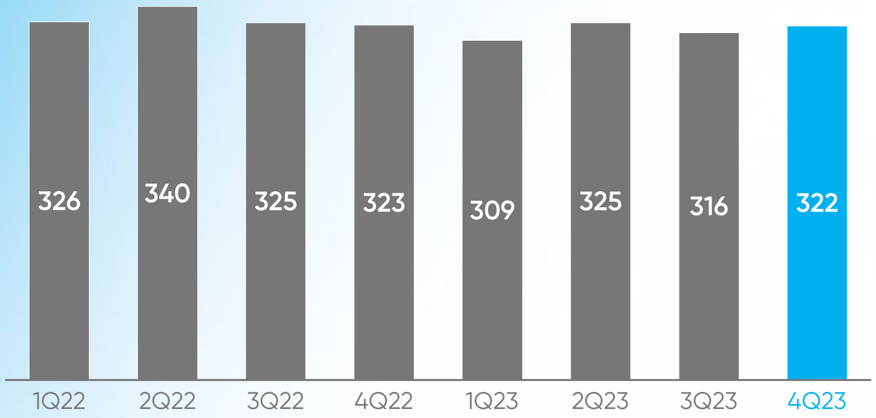


- The quarter was characterised by higher net interest income, stable net fee & commission income, higher net result from financial instruments at fair value, higher sales of non-life insurance and lower sales of life insurance products, lower insurance finance income and expenses (IFIE), higher net other income, higher costs, higher insurance service expenses before reinsurance, net loan loss impairment releases and high goodwill impairment on the building savings company CSOBS)

Czech Republic BU (2) | Net interest income

Net interest income

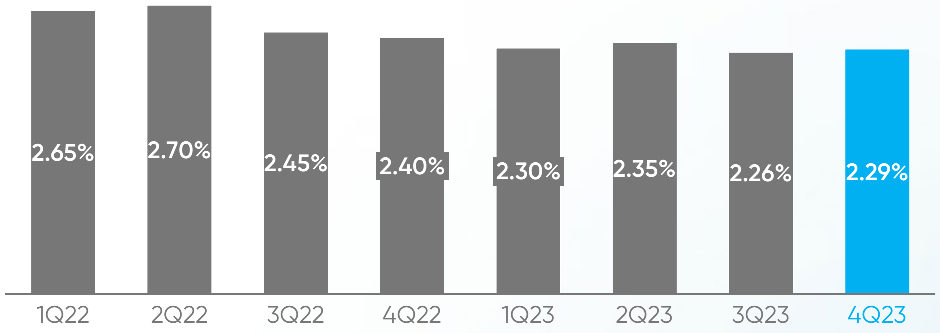
in m EUR



- +4% q-o-q and stable y-o-y (both excl. FX effect)
- Q-o-q increase driven mainly by higher commercial transformation result (higher reinvestment yields), higher lending income and increased term deposits, partly offset by higher costs on the minimum required reserves held with the central bank
- Y-o-y roughly stable, as higher transformation result, higher lending income (volume growth partly offset by margin pressure) and higher income from increased term deposits was offset by higher costs on the minimum required reserves held with the central bank and no positive impact of ALM FX swaps

Net interest margin

in %



- Rose by 3 bps q-o-q and fell by 11 bps y-o-y for the reasons mentioned on net interest income and an increase in the interest-bearing assets (denominator), both q-o-q and y-o-y

Organic volume trend

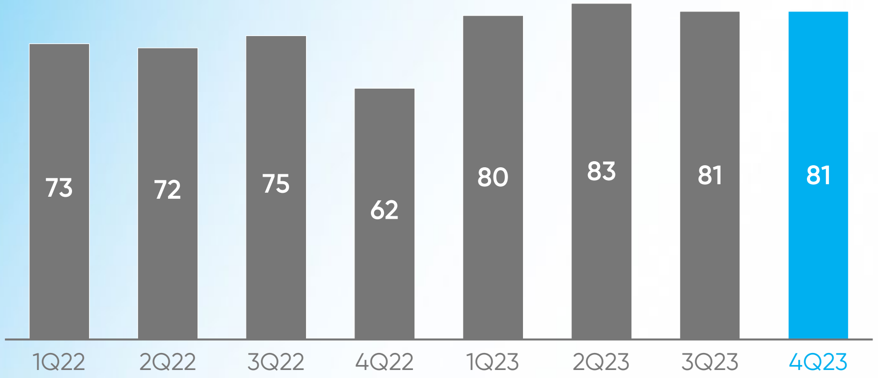
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	36bn	20bn	51bn
Growth q-o-q*	+1%	+1%	-1%
Growth y-o-y	+5%	+2%	+5%

* 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.

Czech Republic BU (3) | Other income lines & cross-selling

Net fee & commission income

in m EUR



- +1% q-o-q net F&C income excl. FX effect was mainly the result of higher management & entry fees, higher distribution fees received linked to mutual funds, higher securities-related fees and higher fees from credit files & bank guarantees, offset by seasonally lower network income, seasonally lower fees from payment services and seasonally higher commissions paid linked to banking products
- The 31% higher y-o-y net F&C income excl. FX effect was driven chiefly by higher management & entry fees, higher distribution fees received linked to mutual funds and higher securities-related fees

Assets under management

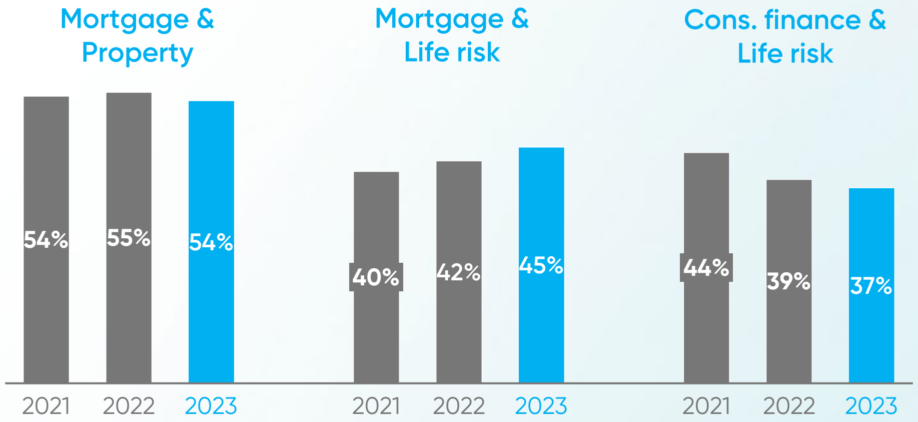
- 17.4bn EUR
- +4% q-o-q due to net inflows (+1%) and positive market performance (+4%)
- +15% y-o-y due to net inflows (+7%) and positive market performance (+8%)

Insurance

- Insurance sales: 165m EUR
  - Non-life sales (120m EUR) +14% y-o-y (also +14% excl. FX), due to premium and volume growth in all classes
  - Life sales (47m EUR) decreased by 2% q-o-q (flat excl. FX) and increased by 7% y-o-y (+8% excl. FX). The q-o-q decrease was almost entirely the result of lower sales of unit-linked products, while the y-o-y increase was fully driven by higher sales of unit-linked products and hybrid products
- An excellent combined ratio of 84% in FY23 (83% in FY22)

Mortgage-related cross-selling ratios

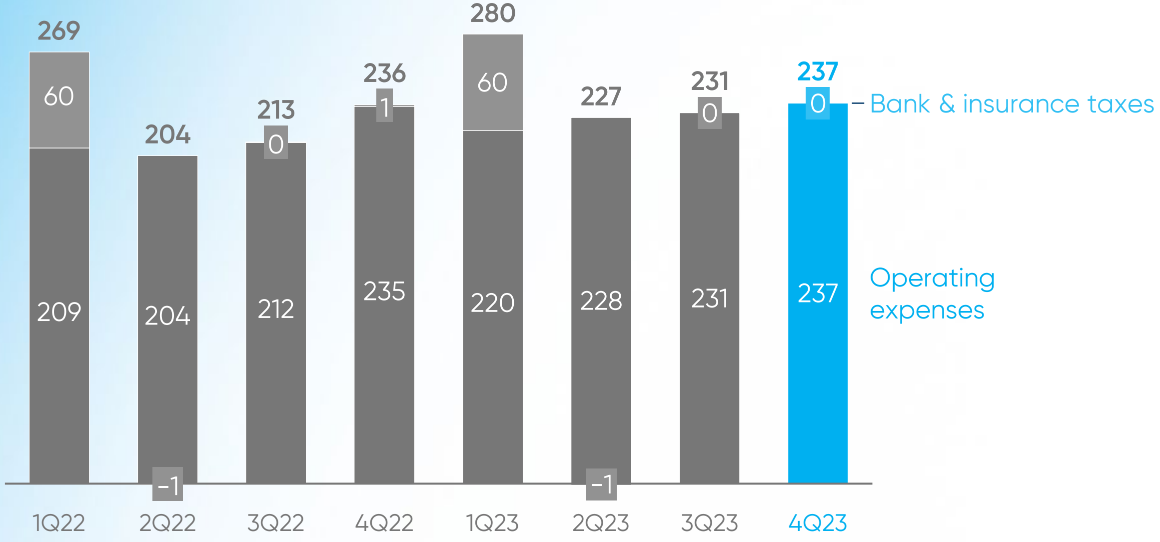
in %



Czech Republic BU (4) | Opex & impairments

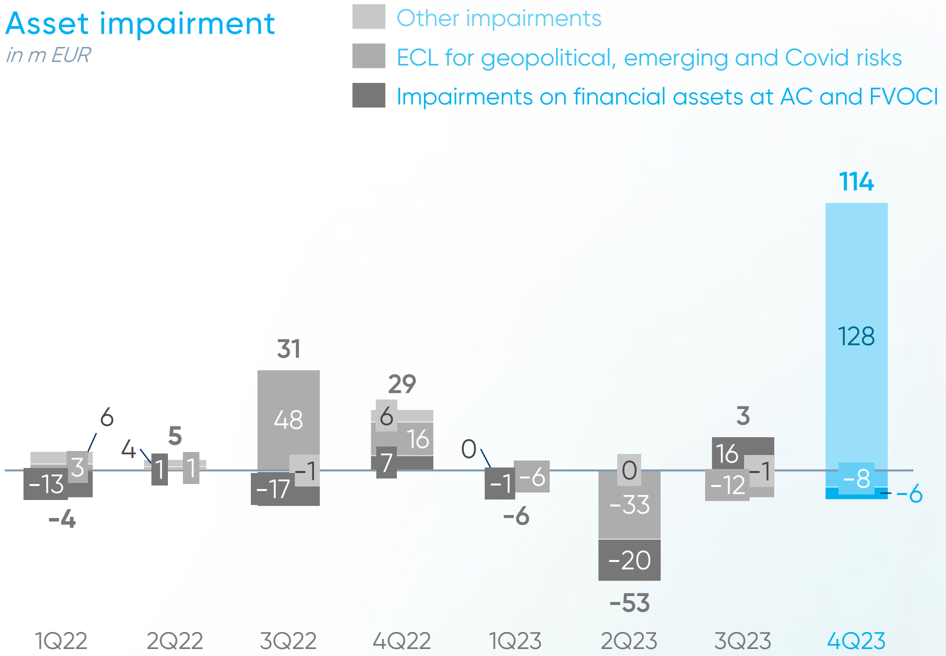
Operating expenses

in m EUR



Asset impairment

in m EUR



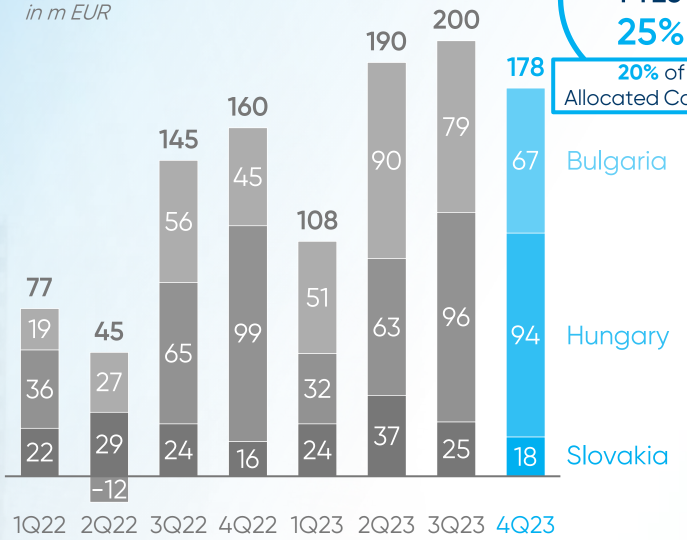
- **Opex (incl. costs directly attributable to insurance and excl. bank & insurance taxes): +4% q-o-q and +1% y-o-y, excl. FX effect**
- Q-o-q increase was due mainly to higher ICT costs, higher facility costs and seasonally higher marketing costs and professional fees, partly offset by lower staff costs,
- Y-o-y increase was chiefly the result of higher staff costs and higher professional fees, partly offset by lower marketing costs and slightly lower depreciations
- Adjusted for specific items, C/I ratio amounted to roughly 47% in FY23 (44% in FY22)

- **Net loan loss impairment releases** of 14m EUR in 4Q23 compared with 4m EUR loan loss impairment charges in 3Q23. Besides a 8m EUR net impairment reversal for geopolitical and emerging risks, there were 6m EUR net loan loss impairment releases
- **109m EUR impairment on 'goodwill' on CSOBS** (as a result of the reduction of the building saving state subsidy in the Czech Republic)
- **19m EUR impairment on 'other'** (mainly software)
- **Credit cost ratio** amounted to -0.18% in FY23 (0.13% in FY22)
- **Impaired loans ratio** amounted to 1.4%, 0.8% of which over 90 days past due

International markets BU (1) | Highlights

Net result
in m EUR

ROAC FY23
25%
20% of Allocated Capital



Highlights (q-o-q)

- Higher net interest income. NIM of 3.27% in 4Q23 (+6 bps q-o-q and +9 bps y-o-y)
- Higher net fee and commission income
- Higher result from financial instruments at fair value
- Higher non-life and lower life insurance sales
- A combined ratio of 97% in FY23 (91% in FY22). Excluding the significant windfall tax on insurance in Hungary, the combined ratio amounted to 94% in FY23
- Higher operating expenses (including directly attributable costs to insurance and excluding bank & insurance taxes)
- Higher net impairment charges

Organic volume trend

	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	28bn	10bn	32bn
Growth q-o-q*	+3%	+2%	+5%
Growth y-o-y	+9%	+8%	+5%

* 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.

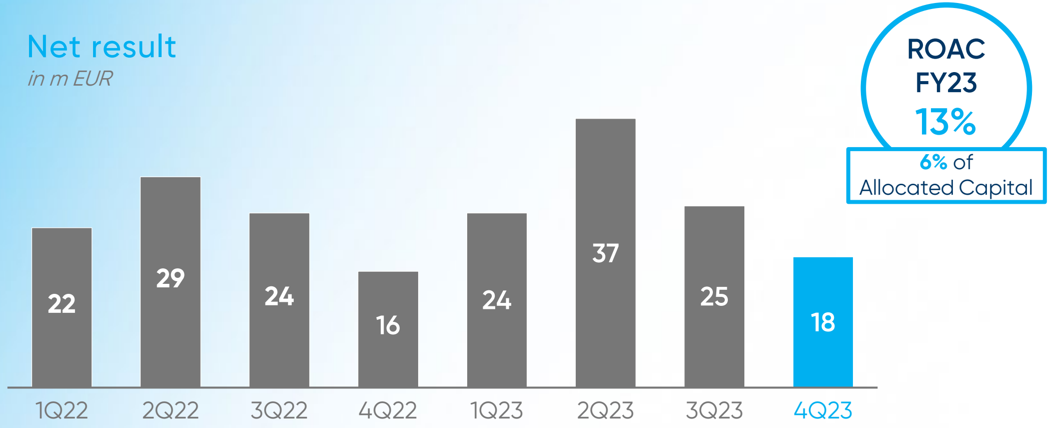
Assets under management

- 9.1bn EUR (+10% q-o-q and +32% y-o-y)

International markets BU (2) | Slovakia

Net result

in m EUR



Highlights (q-o-q)

- Higher net interest income due mainly to higher commercial transformation result and slightly lower funding costs
- Higher net fee & commission income due chiefly to higher management & entry fees, higher fees from credit files & bank guarantees and higher distribution fees received for insurance products
- Lower result from financial instruments at fair value (mainly due to a negative change in ALM derivatives and XVA)
- Lower non-life insurance sales and higher life insurance sales
- A combined ratio of 101% in FY23 (90% in FY22) due to higher claims (mainly MTPL and casco due to higher inflation)
- Higher operating expenses due mainly to higher ICT costs, higher facility costs and seasonally higher marketing and professional fee expenses
- Limited net impairment releases in 4Q23 (versus net impairment charges in 3Q23). 3m EUR net impairment reversal for geopolitical and emerging risks was partly offset by 1m EUR net loan loss impairment charge. Credit cost ratio of -0.07% in FY23 (0.17% in FY22)
- 2m EUR impairment charge on 'other' (mainly software)

Volume trend

- Total customer loans rose by 1% q-o-q and by 7% y-o-y (the latter due mainly to strong loan growth in corporate and good growth in mortgage loans)
- Total customer deposits rose by 4% q-o-q and by 5% y-o-y (both due chiefly to strong corporate deposit growth)

Organic volume trend

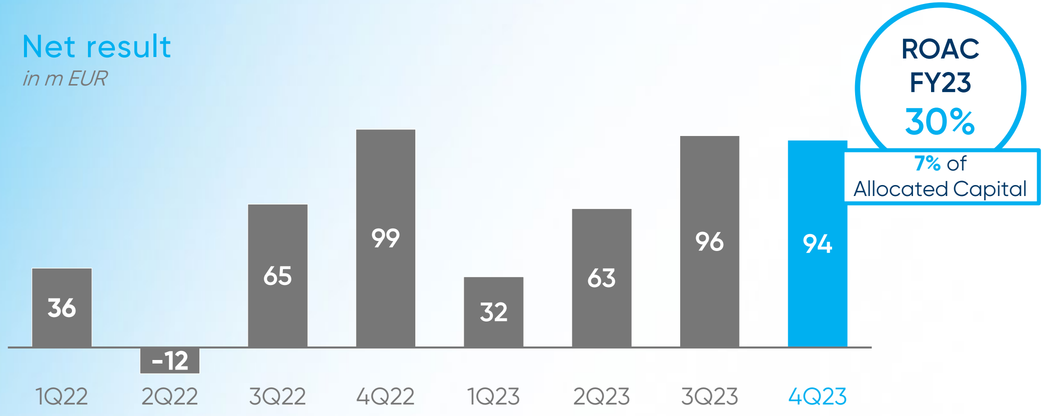
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	12bn	6bn	9bn
Growth q-o-q*	+1%	+1%	+4%
Growth y-o-y	+7%	+6%	+5%

* 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.

International markets BU (3) | Hungary

Net result

in m EUR



Highlights (q-o-q)

- Higher net interest income due mainly to higher commercial transformation result and higher lending income (both driven by increasing volumes)
- Higher net fee and commission income excluding FX driven mainly by higher fees from payment services
- Higher net result from financial instruments at fair value (a positive change in ALM derivatives and higher fair value of unit-linked funds, the latter offset by lower IFIE)
- Lower non-life and higher life insurance sales excluding FX
- A combined ratio of 105% in FY23 (94% in FY22) due to increased windfall tax on insurance. Excluding this windfall tax, the combined ratio amounted to 97% in FY23
- Higher operating expenses excluding FX effect and bank & insurance taxes due mainly to higher staff costs and seasonally higher marketing and professional fee expenses

- 1m EUR net loan loss impairment charge, as a 12m EUR net impairment reversal for geopolitical and emerging risks was more than offset by 13m EUR net loan loss impairment charges (on a few corporate files). Credit cost ratio of -0.14% in FY23 (0.42% in FY22)
- 20m EUR impairment charge on 'other', of which 10m EUR modification losses related to the extension of the interest cap regulation in Hungary and 9m EUR impairments on software

Volume trend

- Total customer loans rose by 3% q-o-q and by 10% y-o-y (the latter due mainly to strong growth in corporate loans, baby boom loans and SME loans)
- Total customer deposits rose by 6% q-o-q (due to growth in all segments) and fell by 2% y-o-y (the latter due chiefly to lower retail deposits impacted by shifts to mutual funds)

Organic volume trend

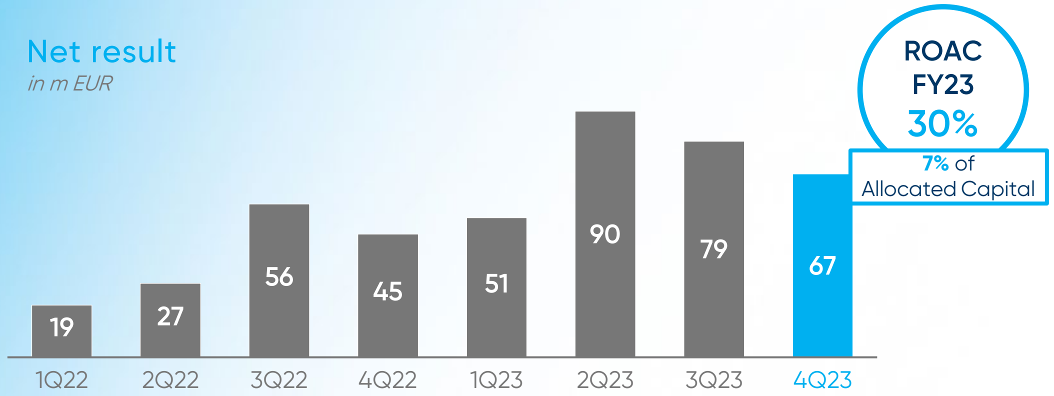
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	7bn	2bn	10bn
Growth q-o-q*	+3%	+2%	+6%
Growth y-o-y	+10%	+3%	-2%

* 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.

International markets BU (4) | Bulgaria

Net result

in m EUR



Highlights (q-o-q)

- Slightly lower net interest income was driven mainly by lower ALM result (partly due to higher costs on the minimum required reserves held with the central bank) and lower lending income (pressure on loan margins in all segments), partly offset by higher commercial transformation result (increasing interest rates and still limited pass-through)
- Stable net fee and commission income as higher management fees and higher network income were offset by lower fees from payment services
- Higher net result from financial instruments at fair value (offset by lower IFIE)
- Higher non-life and life insurance sales
- An excellent combined ratio of 87% in FY23 (90% in FY22)
- Higher operating expenses excluding bank & insurance taxes due mainly to higher staff costs and higher marketing costs
- 1m EUR net loan loss impairment charge as a 12m EUR impairment reversal for geopolitical and emerging risks was more than offset by 13m EUR net loan loss impairment charges. Credit cost ratio of 0.00% in FY23 (0.43% in FY22)

Volume trend

- Total customer loans rose by 4% q-o-q and by 10% y-o-y (both due to growth in all segments)
- Total customer deposits rose by 5% q-o-q (due to growth in all segments, mainly higher corporate deposits) and by 10% y-o-y (due to growth in all segments, mainly higher SME and retail deposits)

Organic volume trend

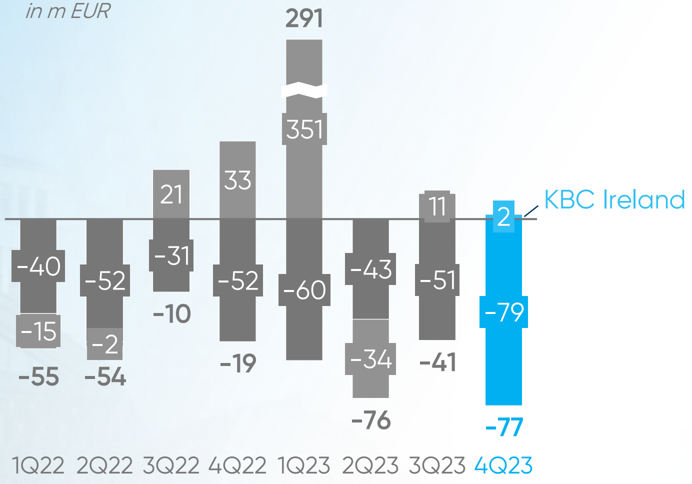
	Total loans**	o/w retail mortgages	Customer deposits***
Volume (EUR)	10bn	2bn	13bn
Growth q-o-q*	+4%	+7%	+5%
Growth y-o-y	+10%	+18%	+10%

* 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.

Group Centre BU | Highlights

Net result

in m EUR



- The net result for the Group Centre comprises the results from activities and/or decisions specifically made for group purposes and, as of 1Q22, Ireland
- Note that 3Q23 included a one-off P&L impact of +7m EUR pre-tax as a result of the Irish sale transaction, spread over several P&L lines: NOI +4m EUR, opex +1m EUR and impairments +2m EUR
- Note that 4Q23 included a one-off P&L impact of 0m EUR pre-tax as a result of the Irish sale transaction, spread over several P&L lines: opex -2m EUR and impairments +2m EUR

Highlights (q-o-q), excluding Ireland

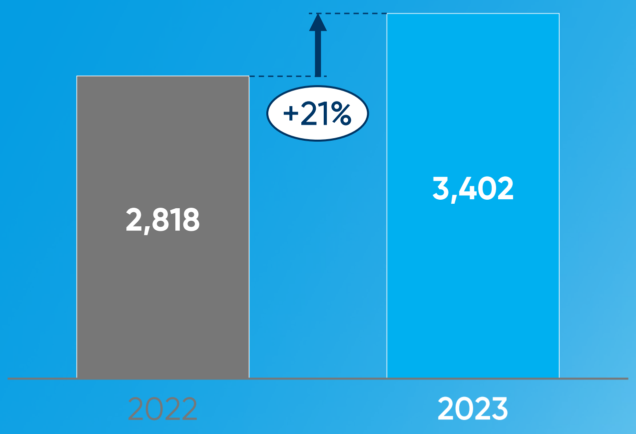
- Excluding Ireland, the q-o-q lower result of Group Centre was attributable mainly to:
  - Lower net interest income (due mainly to a +26m EUR one-off cancellation fee of internal deals, mirrored in the Belgium Business Unit, in 3Q23),
  - Higher operating expenses excluding bank & insurance taxes
  - Higher impairments

  partly offset by
  - Higher net result from financial instruments at fair value, mainly due to a positive change in ALM derivatives
  - Higher net other income
  - Higher net result from reinsurance contracts held

FY23 | Highlights

Net result

in m EUR



FY
23

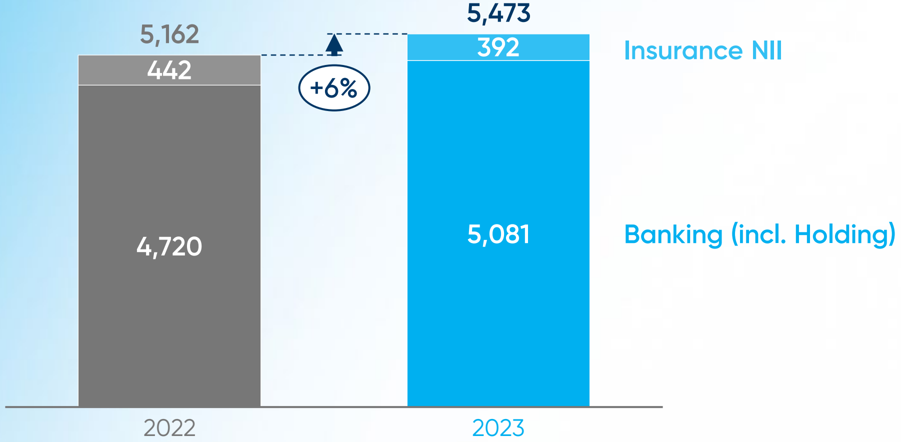
Net result rose by 21% y-o-y to 3,402m EUR in 2023, mainly as a result of the following

- **Revenues rose by 12% y-o-y** due mainly to higher net interest income, higher net fee and commission income, higher insurance revenues (both life and non-life), higher net result from FIFV and sharply higher net other income, partly offset by more negative insurance finance income & expenses (IFIE)
- **Operating expenses excluding bank & insurance taxes** rose by 7% y-o-y to 4.4bn EUR, fully in line with guidance. **FY23 opex (excluding bank & insurance taxes) and insurance commissions** amounted to 4.78bn EUR, in line with guidance (4.75bn EUR ballpark figure). Total bank & insurance taxes (including ESRF contribution) increased from 646m EUR in FY22 to 687m EUR in FY23
- **Net impairment charges amounted to 215m EUR** (compared with 282m EUR in FY22). This was attributable chiefly to :
  - 139m EUR net loan loss impairment charges on lending book
  - A 155m EUR reversal of geopolitical & emerging risk buffer in FY23
  - Impairment of 231m EUR on 'other' and 'goodwill', of which
    - 29m EUR modification losses in Hungary
    - A 77m EUR impairment on intangible assets (mainly software)
    - A 11m EUR one-off impairment related to the sale transactions in Ireland
    - A 5m EUR impairment on tangible assets (in other countries besides Ireland)
    - A 109m EUR goodwill impairment in CZ BU

FY23 | Higher net interest income (better than guided) and NIM

Net interest income

in m EUR

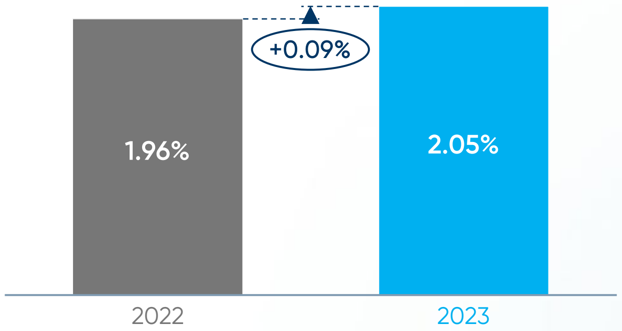


- **Net interest income rose by 6% y-o-y** due mainly to :
  - Higher commercial transformation result
  - Higher ALM result (despite no ECB tiering benefit anymore)
  - Loan volume growth
  - Increased term deposits at better margins
  - Consolidation of Raiffeisen Bank Bulgaria (for a full year in 2023 versus a half year in 2022)

  partly offset by:
  - Loan margin pressure on the outstanding portfolio in almost all countries
  - Negative direct impact from the issuance of the Belgian State Note (-73m EUR)
  - A higher pass-through on savings accounts in some core countries
  - Higher costs on the minimum required reserves held with the central banks (-125m EUR in FY23 versus -13m EUR in FY22)
  - Higher funding cost of participations and higher wholesale funding cost (partly due to no TLTRO benefit anymore)
  - Lower NII on inflation-linked bonds (40m EUR in FY23 versus 100m EUR in FY22)
  - Lower NII in Ireland (64m EUR in FY23 versus 240m EUR in FY22)
  - Lower short-term cash management
- Loan volumes increased by 3% y-o-y, while customer deposits excluding debt certificates and repos fell by 3% y-o-y

Net interest margin

in %



- **Increased by 9 bps y-o-y** for the reasons mentioned under Net interest income and despite an increase in the interest-bearing assets (denominator)

Organic volume trend

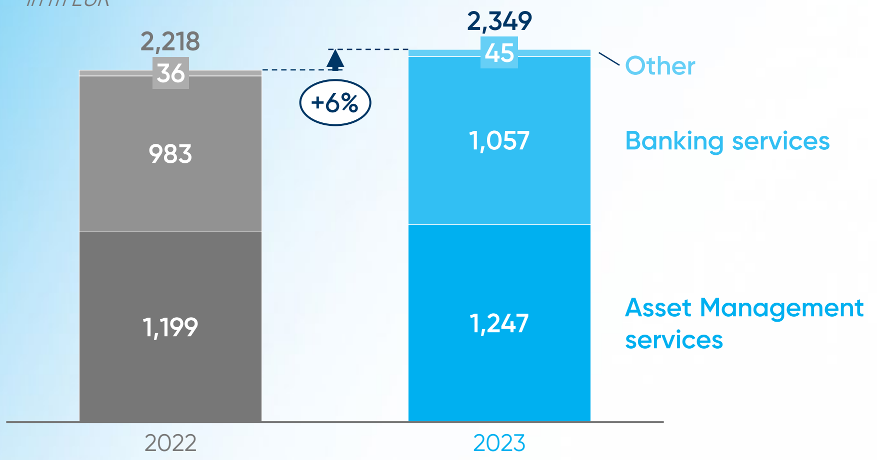
	Total loans*	o/w retail mortgages	Customer deposits**
Volume (EUR)	184bn	75bn	216bn
Growth y-o-y	+3%	+3%	-3%

* Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments and reclassifications
** Customer deposits, excluding debt certificates and repos.

FY23 | Higher net fee and commission income and higher AUM

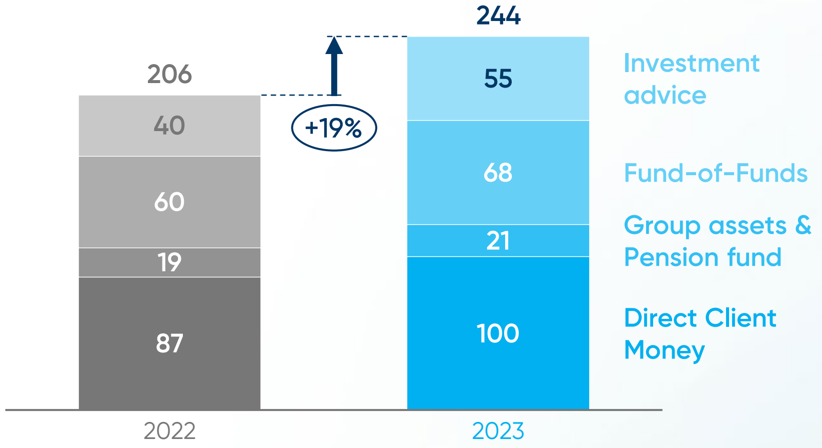
Net fee & commission income

in m EUR



Assets under management

in bn EUR



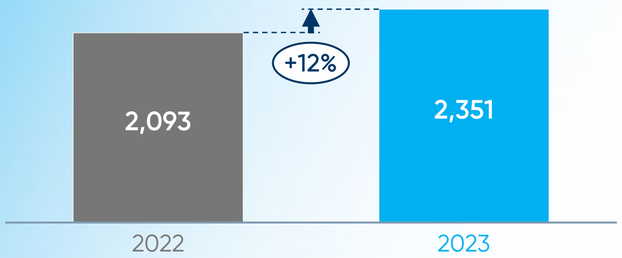
- Net fee and commission income (2,349m EUR) increased by 6% y-o-y
  - Net F&C from Asset Management Services increased by 4% y-o-y driven mainly by higher management & entry fees
  - Net F&C income from banking services increased by 7% y-o-y (including the effect of the consolidation of Raiffeisenbank Bulgaria and the one-off securities-related fees from the issuance of the 1-year State Note in Belgium) driven mainly by higher fees from payment services, higher network income and higher securities-related fees, partly offset by lower fees from credit files & bank guarantees and higher commissions paid linked to banking products

- **Increased by 19% y-o-y** due to net inflows (+9%) and a positive market performance (+10%)
- The mutual fund business has seen 4.8bn EUR net inflows in higher-margin direct client money in FY23 (versus 2.9bn EUR in FY22)

FY23 | Non-life and life insurance sales significantly up y-o-y

Non-life sales

in m EUR



- **Up by 12% y-o-y**, with growth in all countries and all classes, due to a combination of volume and tariff increases

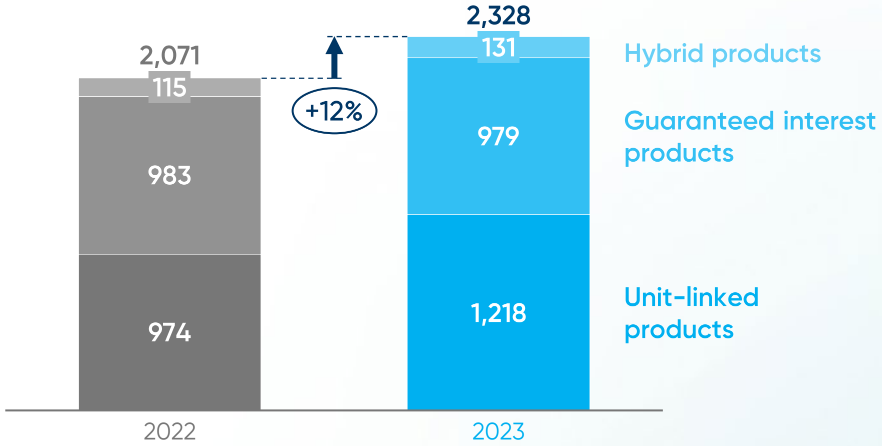
Combined ratio (Non-life)

in %

- **Non-life combined ratio for FY23 amounted to an excellent 87%** (87% in FY22) This is the result of:
  - 11% y-o-y earned premium growth in FY23
  - 8% y-o-y higher insurance service expenses before reinsurance
  - Lower net result from reinsurance contracts held (down by 68m EUR y-o-y)

Life sales

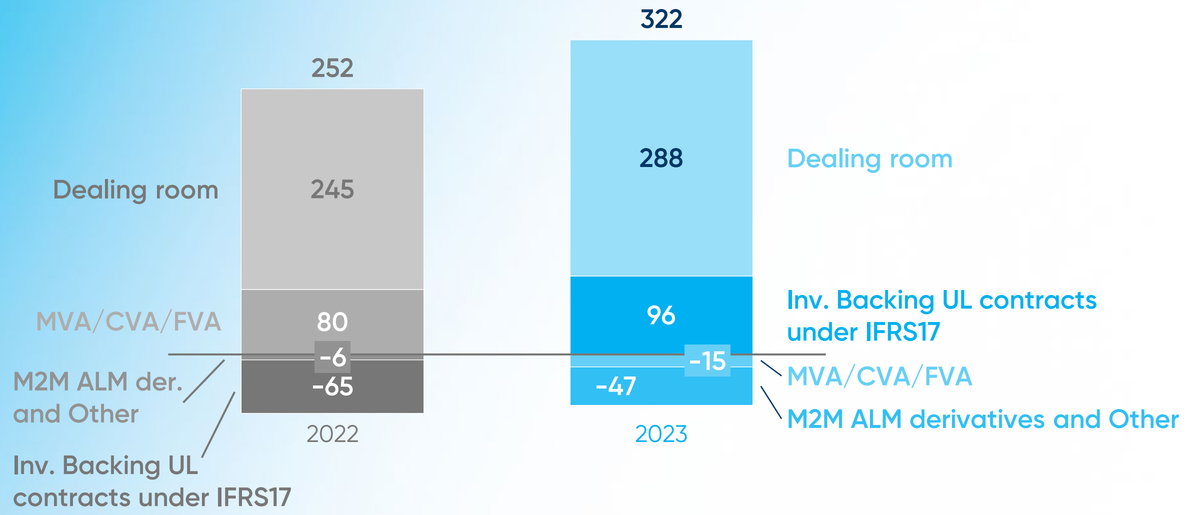
in m EUR



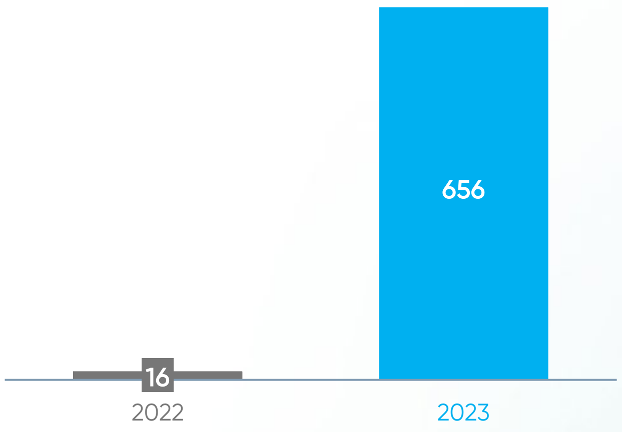
- **Life sales up by 12% y-o-y**
  - The 26% y-o-y increase in sales of unit-linked products was mainly the result of the successful launch of new structured funds in Belgium
  - Sales of guaranteed interest products decreased by 1% y-o-y
- Sales of unit-linked products accounted for 52% of total life insurance sales

Higher FIFV result and sharply higher net other income

FIFV
in m EUR



Net other income
in m EUR



- **FIFV (322m EUR) higher y-o-y**, attributable mainly to:
  - Higher dealing room
  - Higher FV result on investments backing unit-linked contracts under IFRS 17 (offset by more negative IFIE)

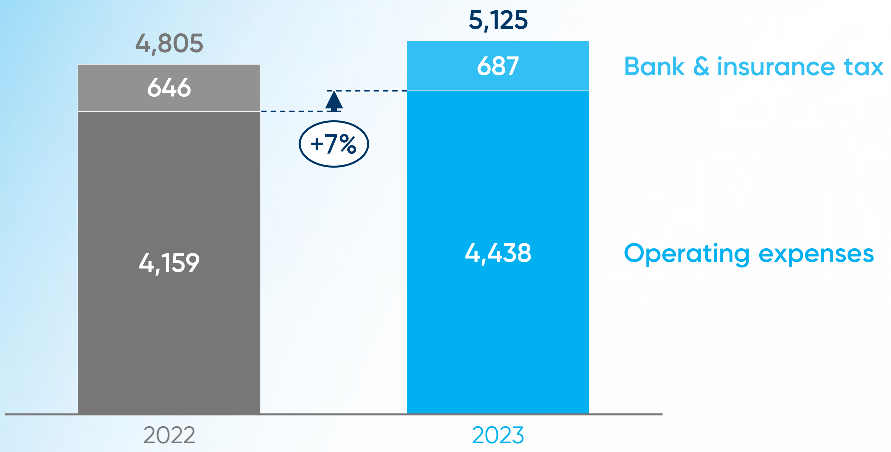
  partly offset by:
  - Negative credit, funding and market value adjustments, mainly the result of a drop in EUR yield curves and KBC credit & funding spreads
  - Negative change in ALM derivatives and other

- **Net Other Income increased from 16m EUR in FY22 to 656m EUR in FY23,** due mainly to:
  - A +408m EUR one-off gain related to the Irish sale transactions in 2023
  - -149m EUR one-off loss related to a legacy legal file in the Czech Republic in 2022

FY23 | Costs in line with guidance

Operating expenses (including costs directly attributable to insurance)

in m EUR



Bank and insurance taxes

in m EUR

	FY23	FY22
BE BU	361	349
CZ BU	60	61
Hungary	238	211
Slovakia	4	7
Bulgaria	20	10
Group Centre	4	8
Total	**687**	**646**

- **Operating expenses excluding bank & insurance taxes went up by 7% y-o-y, in line with the guided 4.4bn EUR**
  - The y-o-y increase was due mainly to the consolidation and integration of the former Raiffeisenbank Bulgaria, higher staff expenses (wage inflation), higher ICT costs, higher facility expenses (mainly energy costs) and higher depreciations, partly offset by the impact of the sale of the Irish portfolios in February 2023 and the extraordinary profit bonus for staff in 2022
- **FY23 cost/income ratio**
  - 49% when excluding certain non-operating items* (49% in FY22)
  - 43% excluding all bank & insurance taxes (45% in FY22)

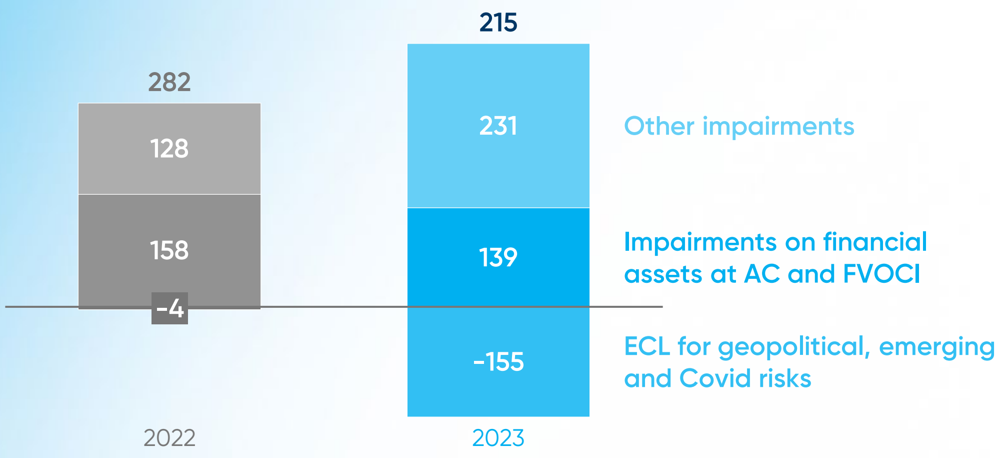
- Total bank & insurance taxes (including ESRF contribution) increased by 6% y-o-y to 687m EUR in 2023 (646m EUR in 2022)

* See glossary for the exact definition

FY23 | Net loan loss impairment charges & excellent credit cost ratio

Asset impairment

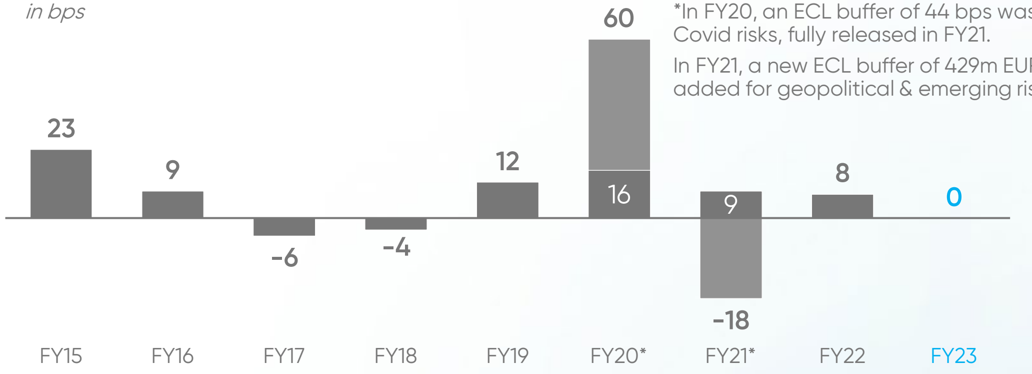
in m EUR; negative sign is a release



- **Net impairment charges amounted to 215m EUR (compared with 282m EUR in FY22)**; this was attributable chiefly to
  - 139m EUR net loan loss impairment charges on lending book
  - A 155m EUR reversal of geopolitical & emerging risk buffer in FY23
  - Impairment of 231m EUR on 'other' and 'goodwill', of which
    - 29m EUR modification losses in Hungary
    - A 77m EUR impairment on intangible assets (mainly software)
    - A 11m EUR one-off impairment related to the sale transactions in Ireland
    - A 5m EUR impairment on tangible assets (in other countries besides Ireland)
    - A 109m EUR goodwill impairment in CZ BU

Credit cost ratio

in bps



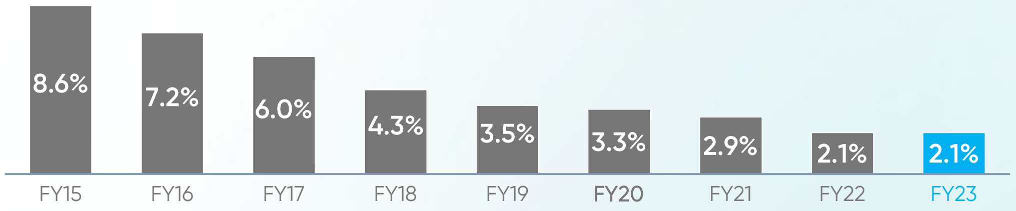
*In FY20, an ECL buffer of 44 bps was added re Covid risks, fully released in FY21.

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

- The **credit cost ratio in FY23** amounted to:
  - 7 bps (0 bps in FY22) without ECL for geopolitical, emerging and Covid risks
  - 0 bps (8 bps in FY22) with ECL for geopolitical, emerging and Covid risks

Impaired loans ratio

in %



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

Company profile | KBC Group in a nutshell (1)

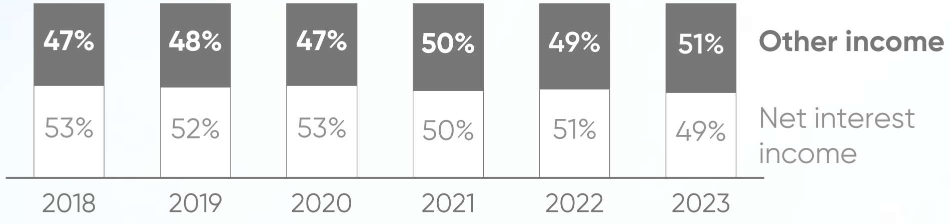
Diversified and strong business performance

- **geographically …**
  - Mature markets (BE, CZ) combined with developing markets (SK, HU, BG)
  - 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 topline diversification

in %



We want to be among Europe's best performing financial institutions

- 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 and Bulgaria
- As a result of the withdrawal from Ireland, arising M&A opportunities beyond our core markets may be assessed (for approval of the Board of Directors) taking into account very strict strategic, financial, operational & risk criteria

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

Company profile | KBC Group in a nutshell (2)

High profitability (IFRS 17 figures)

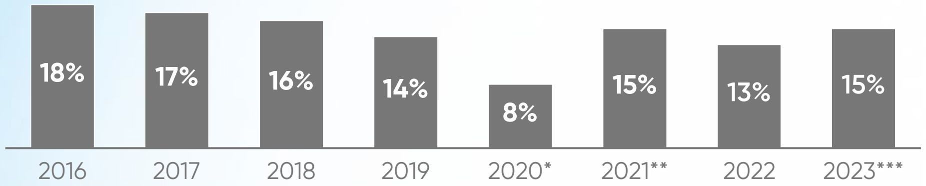
C/I ratio*
49% FY23
49% FY22

combined ratio
87% FY23
87% FY22

net result
3,402m FY23
2,818m FY22

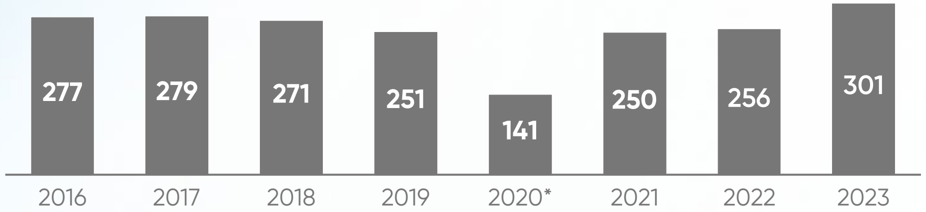
* Adjusted for specific items

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
*** Excluding one-offs

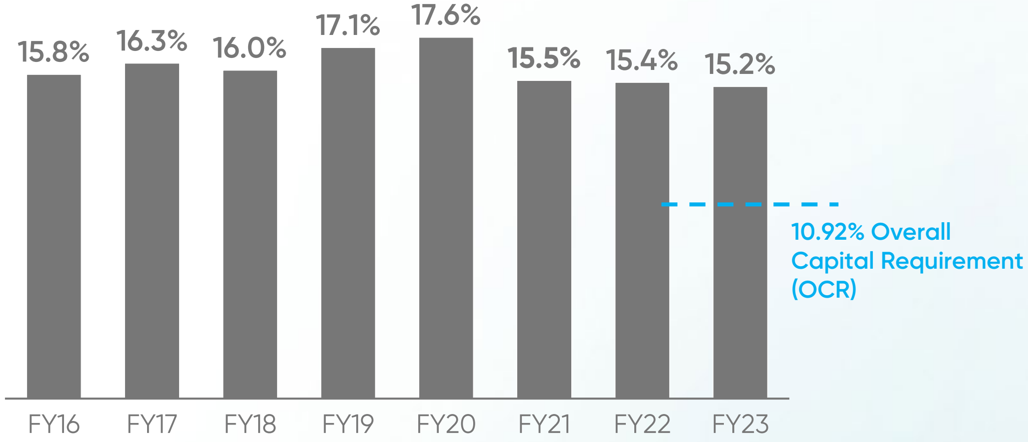
CET1 generation before any capital deployment
in bps



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

Solid capital position

CET 1 ratio (fully loaded, Danish compromise)
in %



Robust liquidity

NSFR
136% FY23
136% FY22

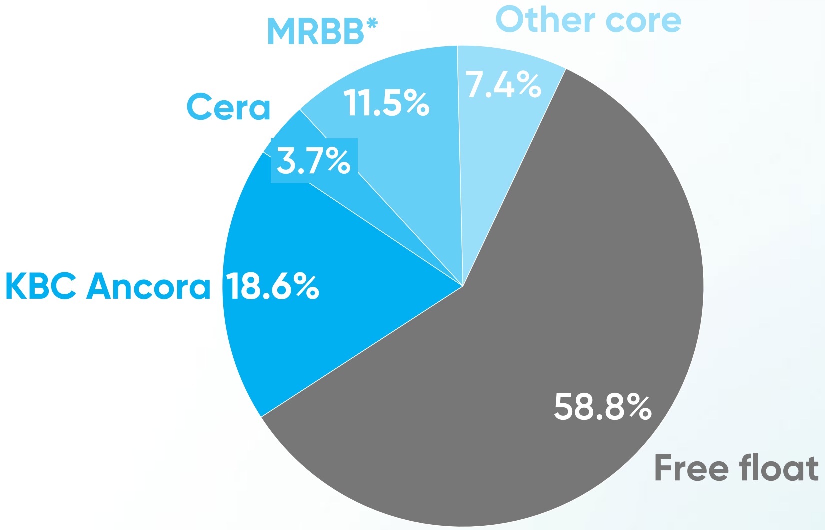
LCR
159% FY23
152% FY22

Company profile | KBC Group in a nutshell (3)

Dividend policy & capital distribution (will be updated with 1Q24 results)

- 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

Shareholder structure (as at end FY23)



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

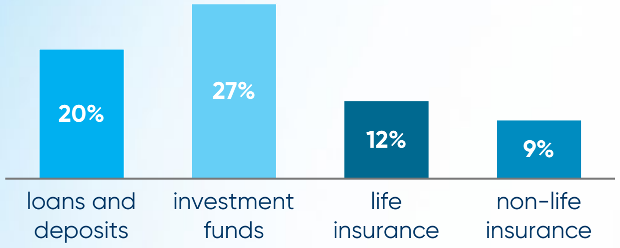
Company profile | Well-defined core markets

Belgium BU

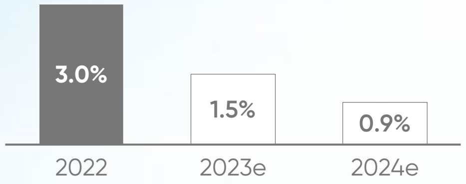
60% of assets
3.9m clients
434 branches

119bn EUR loans
134bn EUR deposits

Market share
in %, end 2023



GDP growth
in %, KBC Economics



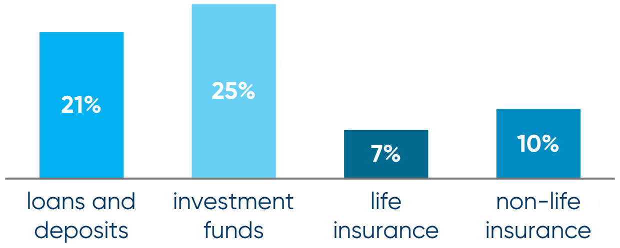
105% debt-to-GDP ratio

Czech Republic BU

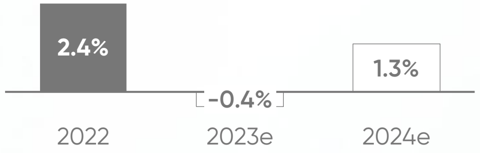
22% of assets
4.3m clients
198 branches

36bn EUR loans
51bn EUR deposits

Market share
in %, end 2023



GDP growth
in %, KBC Economics



44% debt-to-GDP ratio

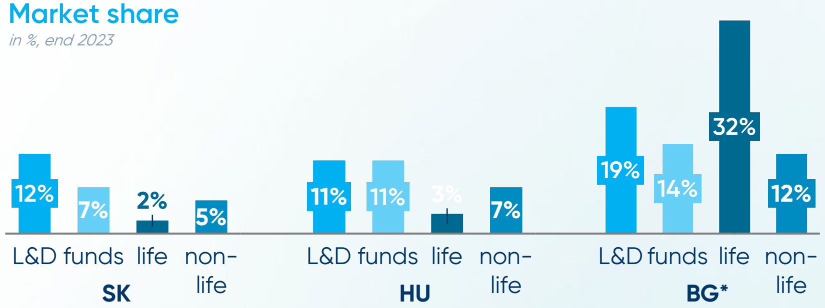
International Markets BU

SK
4% of assets
0.8m clients
99 branches
12bn EUR loans
9bn EUR deposits

HU
4% of assets
1.6m clients
195 branches
7bn EUR loans
10bn EUR deposits

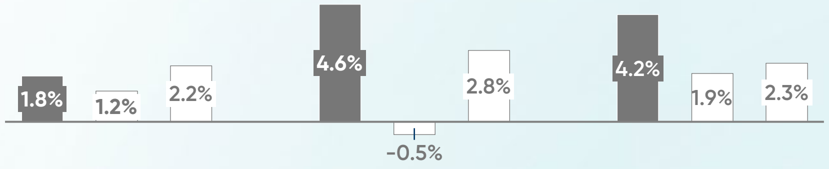
BG
5% of assets
2.2m clients
228 branches
10bn EUR loans
13bn EUR deposits

Market share
in %, end 2023



* Pro forma incl. acquisition of Raiffeisenbank Bulgaria

GDP growth
in %, KBC Economics

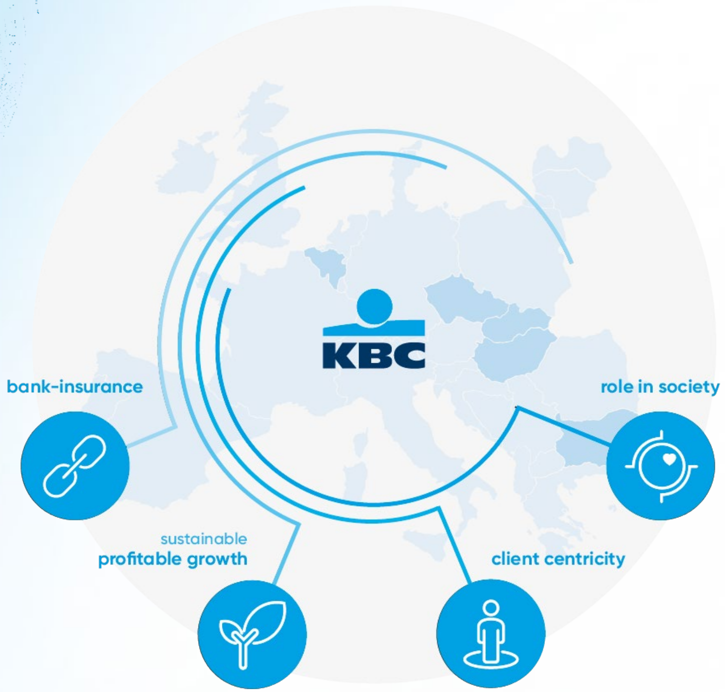


SK
62% debt/GDP

HU
73% debt/GDP

BG
23% debt/GDP

Strategy | Differently: the next level

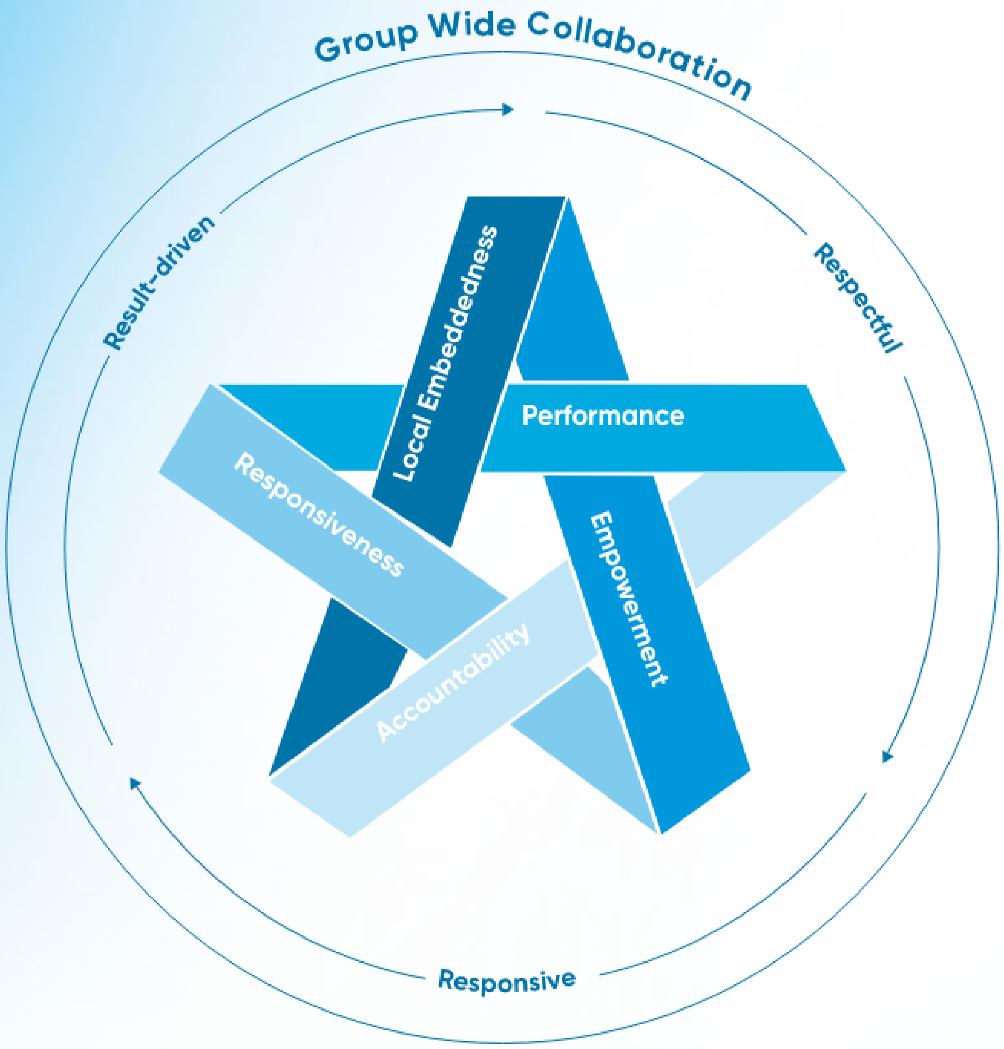


Our strategy rests on the following principles:

- We place our clients at the centre of everything we do.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group's long-term development and aim to achieve sustainable and profitable growth
- We assume our role in society and local economies
- We implement our strategy within a strict risk, capital and liquidity management framework

As part of our PEARL+ business culture, we focus on jointly developing solutions, initiatives and ideas within the group

Strategy | Powered by PEARL

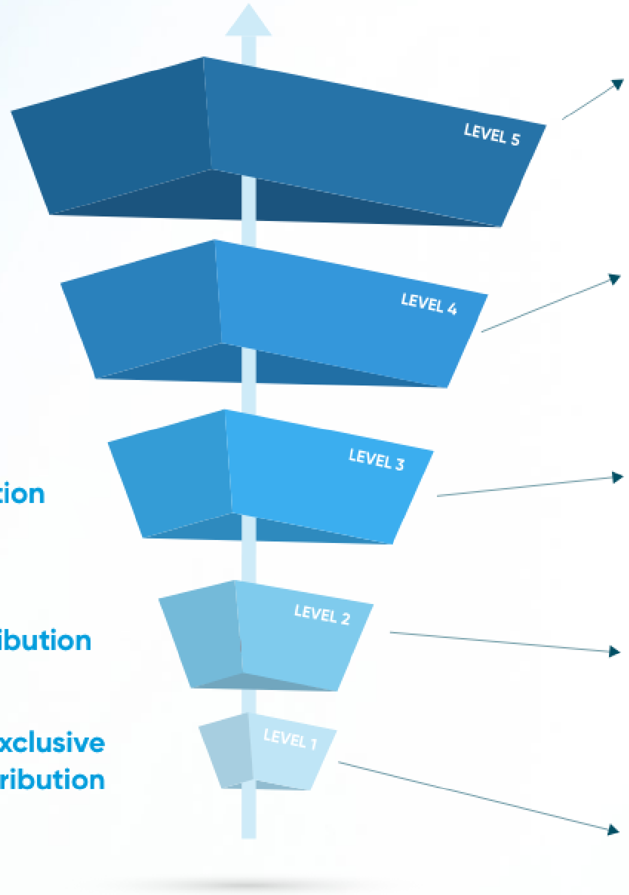


'Why would you build exactly the same thing in your country, when you have the solution next door?'

Johan Thijs

Strategy | 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

Data driven organization: fully integrated digital first distribution approach based on a solution driven and AI enabled bank-insurance

Integrated distribution and operation

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

Integrated distribution

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

Exclusive distribution

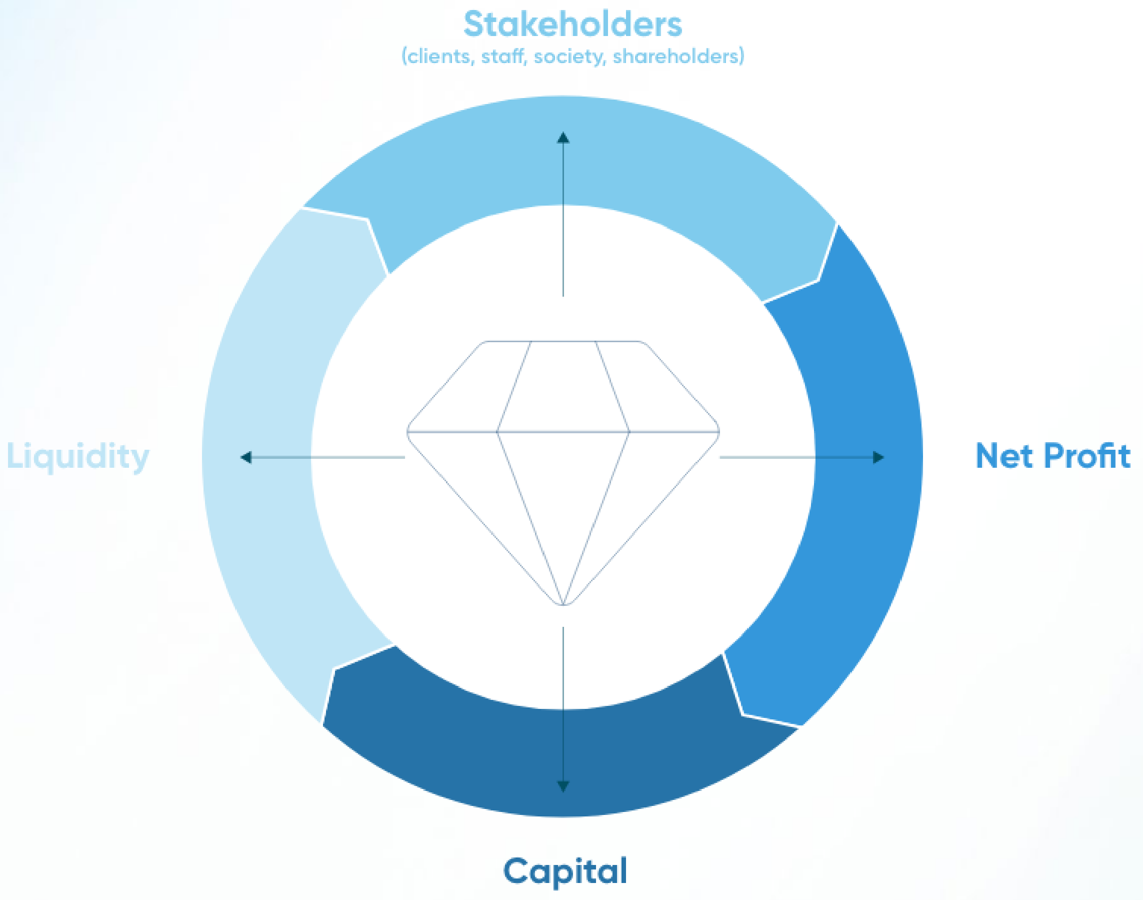
Bank branches sell insurance products from intra-group insurance companies as additional source of income

Non-exclusive distribution

Bank branches sell insurance products of third-party insurers as additional source of income

Strategy | 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:



Kate | KBC's hyper personalised and trusted 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

Digital first & E2E

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

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

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

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

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

Kate | Four flavours, one Kate

Kate4MassRetail

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

Kate is available in all KBC's core countries!

KATE autonomy
63% BE
66% CZ

4.2 million users in contact with Kate

use cases
372 BE
223 CZ
415 IM

Kate4Business

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

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

use cases Business
49 BE
53 CZ
33 IM

Kate Group Platform

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

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

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

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

'KATE IN A BOX'
delivered to all core countries

Kate4Employees

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

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

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

57,4k sales from Kate leads
In CZ & BE YTD

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

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

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

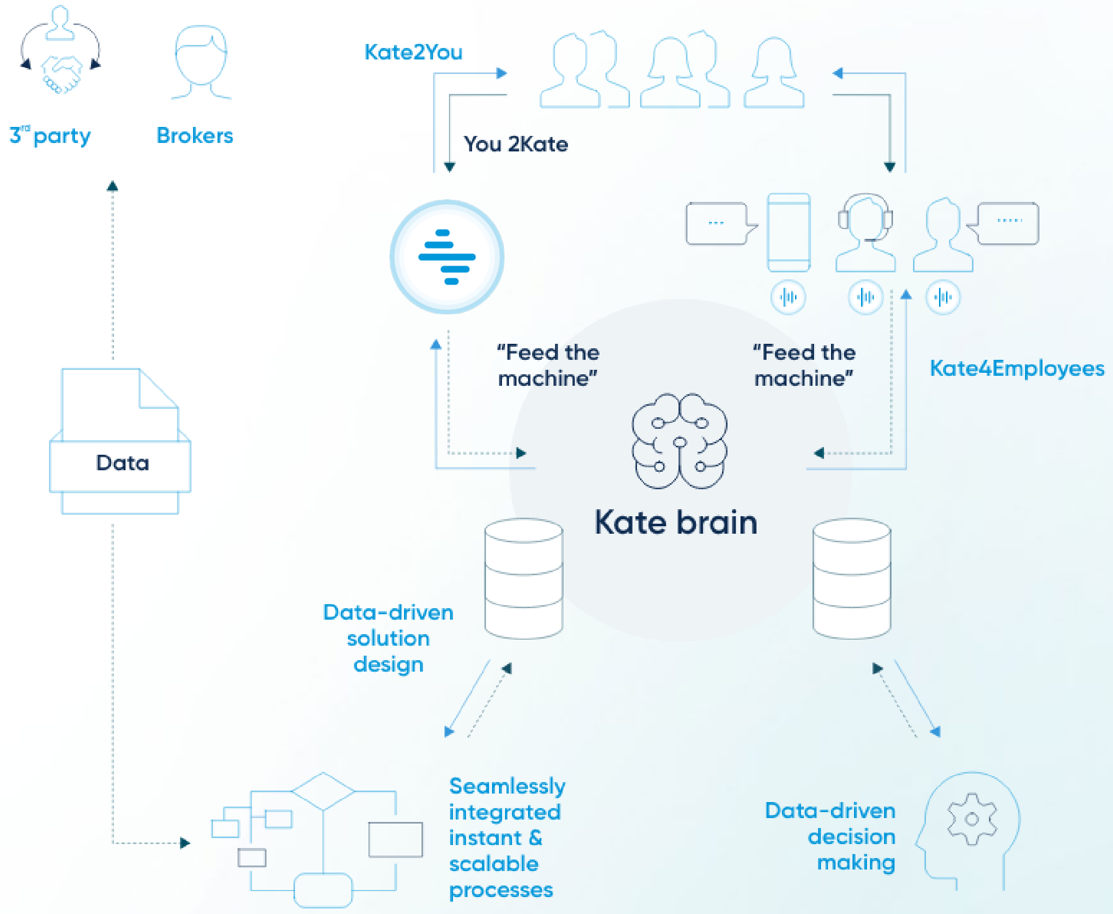
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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

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

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

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



Kate | From basic chatbot to hyper-personal digital assistant

Sales effectiveness, operational efficiency, customer experience ↗
Powered by AI driven and automated lead life cycle management

Level 4: Kate offers hyper-personal solutions at the right time

Level 3: Kate proactively offers actionable end-to-end solutions to unburden customers (to save time and money)

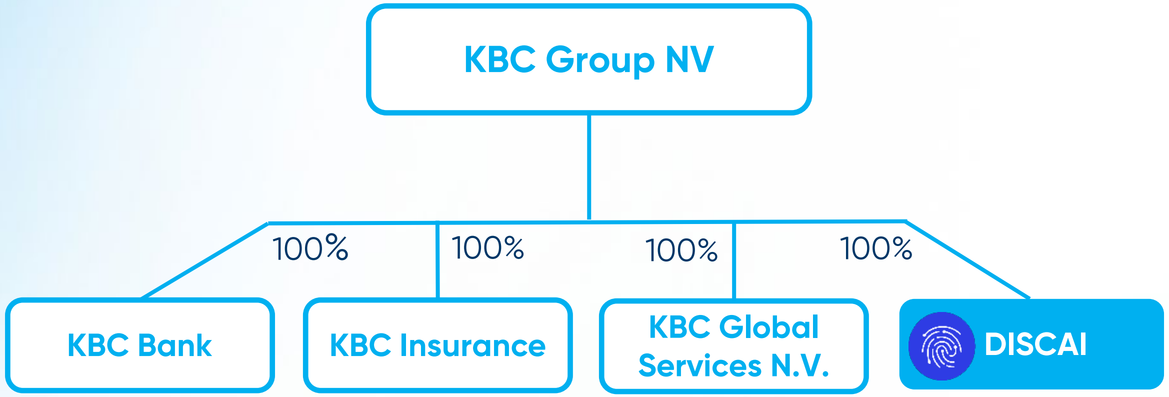
Level 2: Kate reactively offers digital end-to-end solutions to customers

Level 1: A chatbot answers basic questions from customers on day-to-day bankinsurance needs

DISCAI | KBC's AI fintech, launched on 7 March 2022

DISCAI – Discovering AI

- Fully owned KBC Group subsidiary, grouping the in-house developed **artificial intelligence** (AI) **solutions**
- **Bank-Insurance as a Service**
  - Offering **innovative solutions** to other companies
  - Leverage investments in **data**, AI, together with KBC's **financial expertise**
  - Fully in line with **KBC's strategy** to go beyond traditional bank-insurance offering and **income diversification**



Next steps for DISCAI

✓ **Starting with commercialisation of AML platform**

- Innovative and high-performance **AI-based solution** developed by KBC for **anti-money laundering** (AML), a global challenge for financial institutions
- Much **more effective** solution in detecting fraud cases ('know your transaction (**KYT**)' under AML regulations), trend-based instead of rule-based
- Adhering to **strict data privacy standards**
- Partnering with **KPMG** to attract interested B2B parties and support implementation in various countries
- Initial focus on parties **geographically close to KBC Group**

✓ **More potential innovative solutions in the future**

- In a next phase, **DISCAI** will assist companies and organisations from various sectors in search for **high-performance and innovative solutions** to technological and regulatory challenges

Strategy | Translating strategy into non-financial 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

PEARL+

Data Driven

Customer NPS Ranking
Maximise customer experience

Digital Sales
Go for Digital first

STP Score
Outperform on operational efficiency

% Bank-Insurance Customers
Further enhance bank-insurance

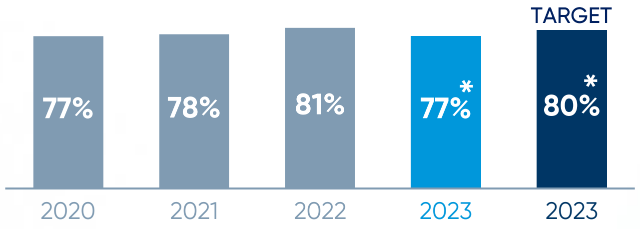
Strategy | KBC's non-financial targets (2020-2023)

Customer ranking

- **KBC is 3rd in customer NPS (Net Promoter Score) ranking** based on weighted avg of ranking in five core countries

Bank-insurance (BI) clients

BI clients
in %

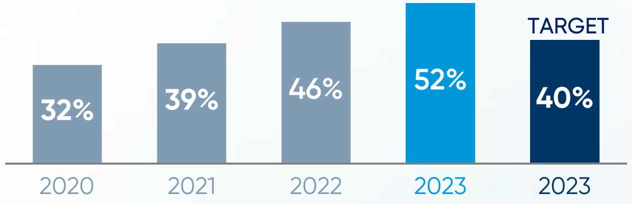


BI customers have at least 1 bank + 1 insurance product of our group.

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

Digital sales

Digital sales banking products*
in %

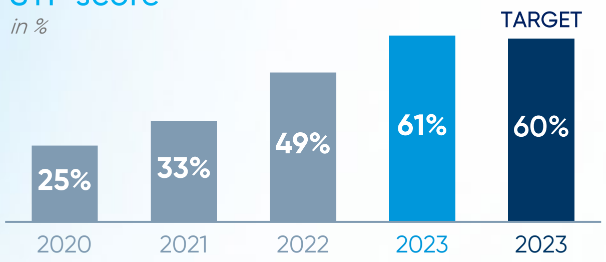


Digital sales 51% of **banking sales** (vs End of 2023 target of ≥40%).

* Based on weighted average of selected core products.

Straight-through processing

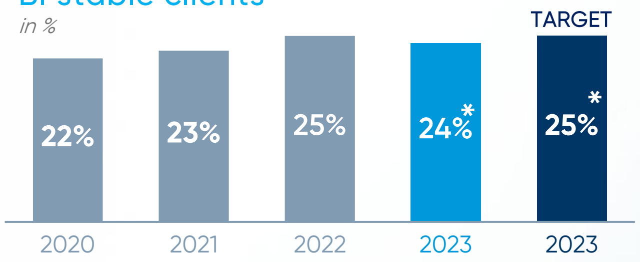
STP score*
in %



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

* Based on analysis of core commercial products.

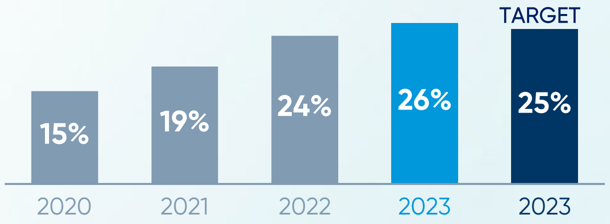
BI stable clients
in %



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 insurance products
in %



Digital sales 26% of **insurance sales** (vs End of 2023 target of ≥25%)

Strategy | New KBC's non-financial targets (2023-2026)

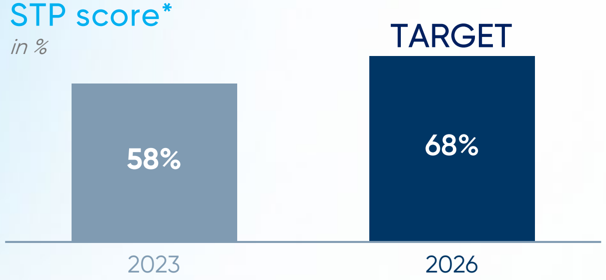
Customer ranking

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

Straight-through processing

STP score*

in %



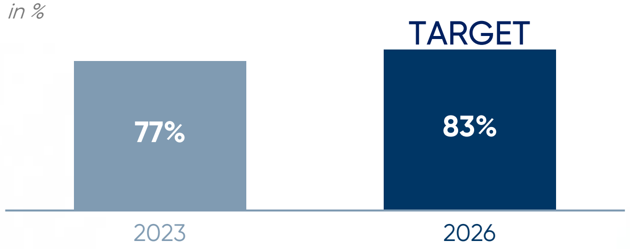
The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of all retail processes.

Bank-insurance (BI) clients

BI clients

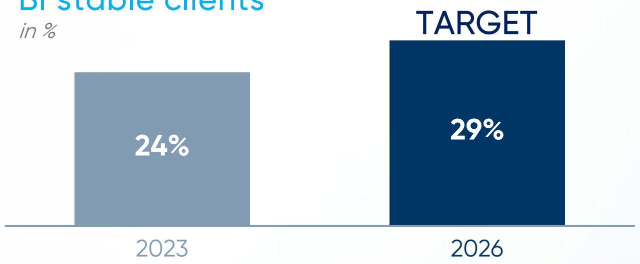
in %



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

BI stable clients

in %

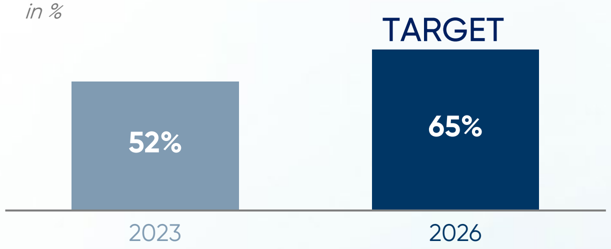


Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

Digital sales

Digital sales banking products*

in %

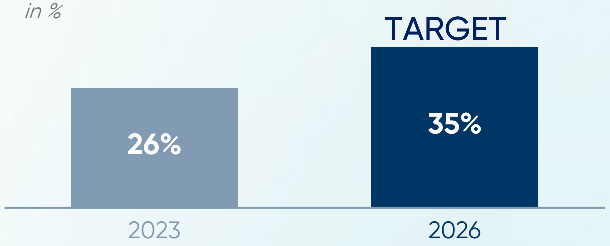


Target: Digital sales 65% of **banking sales**

* Based on weighted average of selected core products.

Digital sales insurance products

in %



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

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

Agency	ESG rating 29th of December 2023		Position versus industry average
CDP DISCLOSURE INSIGHT ACTION	D- … A	KBC A	• Leader in addressing climate change • CDP's A list • Financial average service B-
SUSTAINALYTICS	Severe Risk · High Risk · Medium Risk · Low Risk · Negligible Risk	KBC 9.8	• 2nd percentile of 342 diversified banks assessed • 3rd of 342 diversified banks
S&P Dow Jones Indices (A Division of S&P Global)	0 … 100	KBC 64	• Top 7% 93rd percentile of 722 banks assessed according to the 2023 methodology
MSCI	C · B · BB · BBB · A · AA · AAA	KBC AAA	• Leader among 488 banks assessed
Corporate ESG Performance Prime (RATED BY ISS ESG)	D- · D · D+ · C- · C · C+ · …	KBC C+ prime)	• 1st decile rank of 300 Commercial Banks & Capital Markets assessed
FTSE4Good	0 · 1 · 2 · 3 · 4 · 5	KBC 4.7	• Top 3% (97th percentile of banks assessed)

Sustainability highlights

Commitment to environmental 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 (see next slides)

TNFD
KBC became an early adopter of the TNFD recommendation and commits to expand its focus to other environmental domains.

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)

Green Bond Framework
Alignment of the KBC Green Bond Framework to environmentally sustainable economic activities (EU Taxonomy Climate Delegate Act)

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

41bn EUR Responsible Investing funds in FY23
or 41% 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

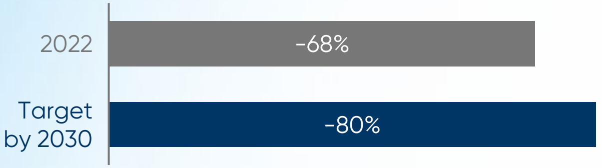
Direct environmental impact: our progress in brief

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.

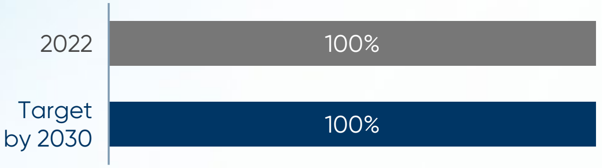
Reduction in our direct GHG emissions

reduction compared to 2015

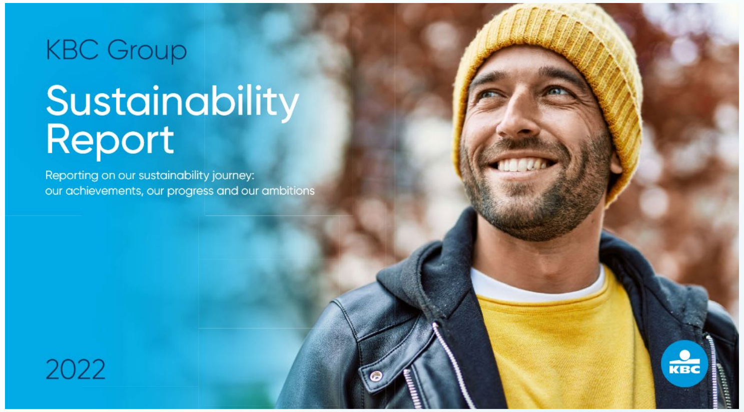


Renewable electricity

in % of own electricity consumption



More details in our [2022 Sustainability Report]



More details in our [2022 Climate Report]

Indirect environmental impact: our progress in brief

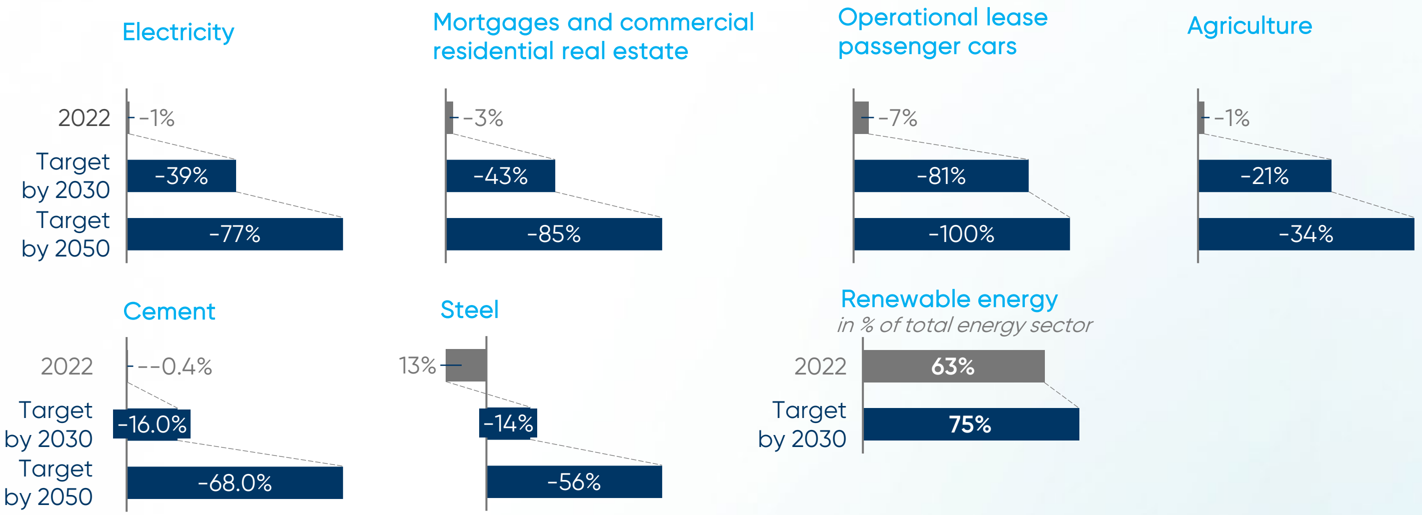
INDIRECT environmental footprint (FY 2022)

- 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

Release date of the Sustainability Report, including the progress on our targets : April 2, 2024

Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated

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

	FY23	FY22	FY21	FY20	FY19	FY18	FY17	AVERAGE '99 –'23
Belgium BU	0.06%	0.03%	-0.26%	0.57%	0.22%	0.09%	0.09%	n/a
Czech Republic BU	-0.18%	0.13%	-0.42%	0.67%	0.04%	0.03%	0.02%	n/a
International Markets BU*	-0.06%	0.31%	0.36%	0.78%	-0.07%	-0.46%	-0.74%	n/a
Group Centre BU*	0.07%	-0.04%	0.28%	-0.23%	-0.88%	-0.83%	0.40%	n/a
Total	**0.00%**	**0.08%**	**-0.18%**	**0.60%**	**0.12%**	**-0.04%**	**-0.06%**	**0.37%**

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

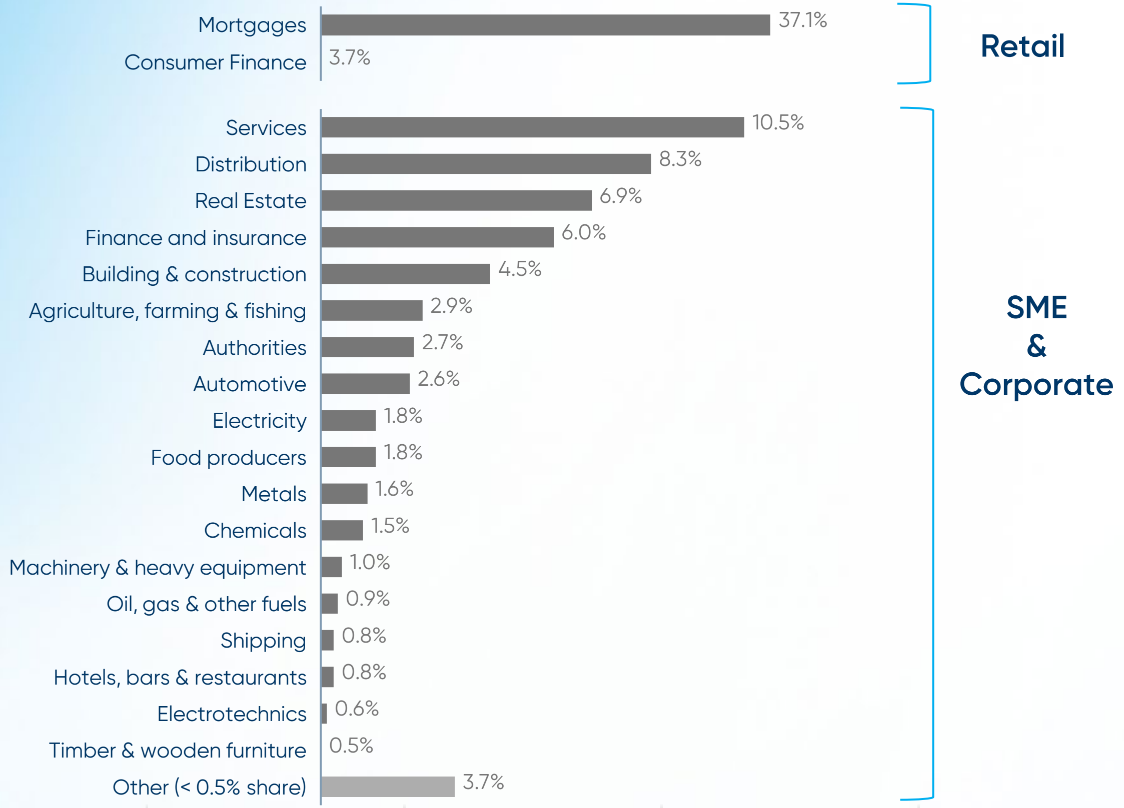
Diversified loan portfolio

Total loan portfolio outstanding

Total loan portfolio outstanding
203bn EUR*
Group level

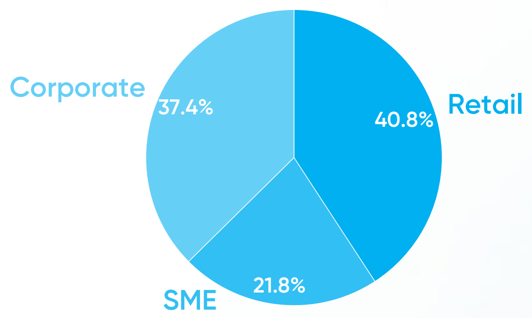
Total loan portfolio outstanding | by sector

*as % of total Group loan portfolio outstanding**



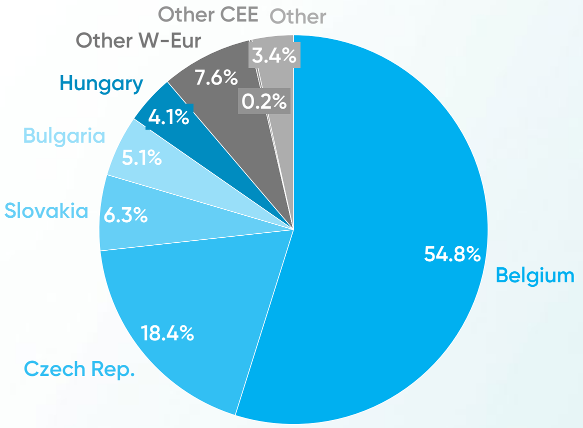
Total loan portfolio outstanding | by segment

*as % of total Group loan portfolio outstanding**



Total loan portfolio outstanding | by geography

*as % of total Group loan portfolio outstanding**

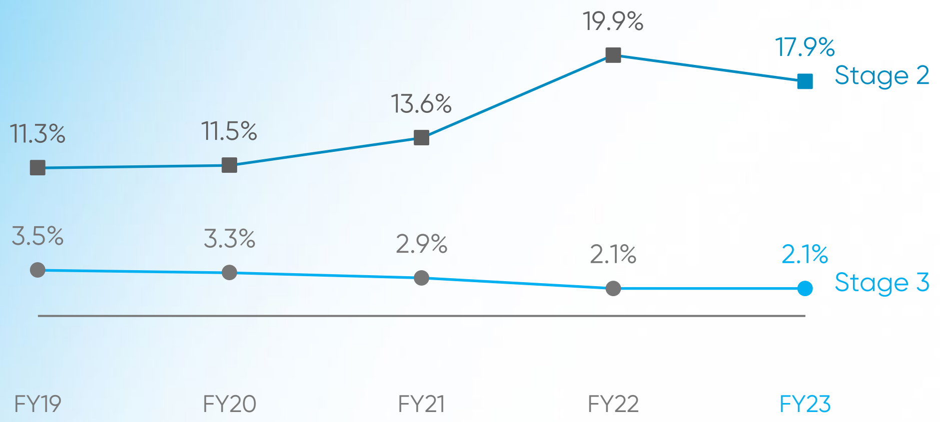


- Aligned with the credit risk view of our loan portfolio outstanding as reported in the quarterly financial statements.

Loan portfolio breakdown by IFRS 9 ECL stage

Total loan portfolio outstanding | by IFRS9 ECL Stage*

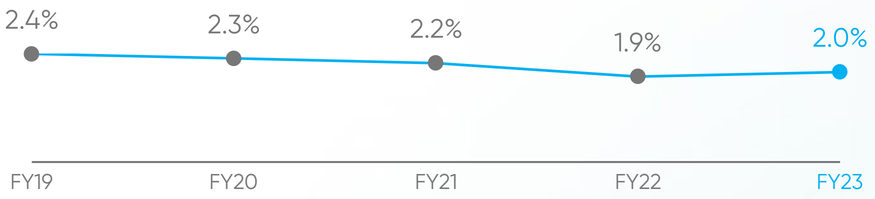
as % of total Group loan portfolio outstanding



- 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). As of 2023, declining trend of Stage 2 exposures driven mainly by the quarterly partial release of the collective transfer back to Stage 1
- Excluding these collective transfers, no general deterioration has been observed in our portfolio

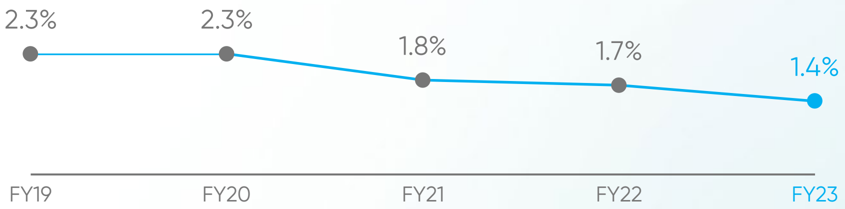
Stage 3 ratio | Belgium BU

in %



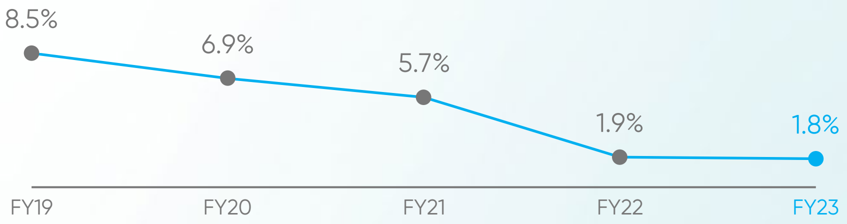
Stage 3 ratio | Czech Republic BU

in %



Stage 3 ratio | International Markets BU

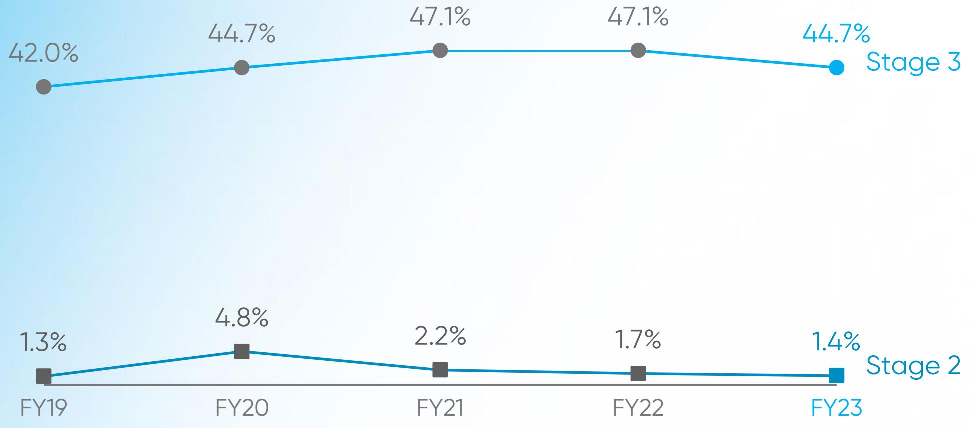
in %



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

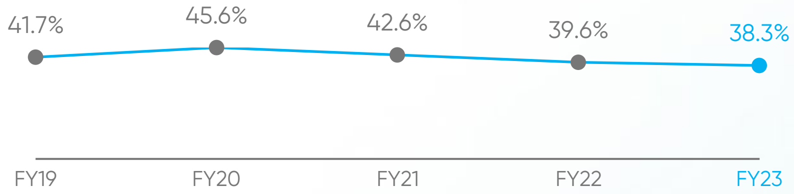
Cover ratios

Cover ratio | by IFRS9 ECL Stage*
in %

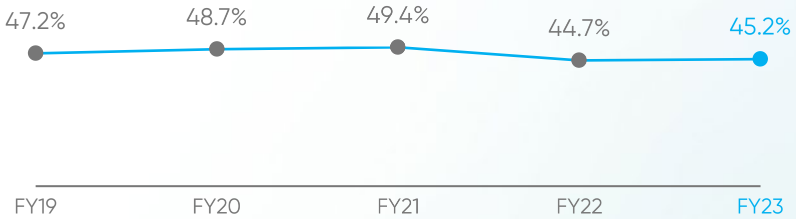


- Y-o-y lower **Stage 3 cover ratio is** driven mainly by a lower stage 3 cover ratio in business unit Belgium and International markets
- The decline of the **Stage 2 cover ratio** as of 2021, resulted mainly from collective shifts to Stage 2 (linked to Covid and the geopolitical & emerging risks)

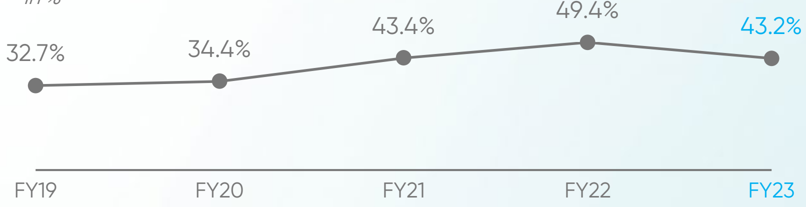
Stage 3 cover ratio | Belgium BU
in %



Stage 3 cover ratio | Czech Republic BU
in %



Stage 3 cover ratio | International Markets BU
in %



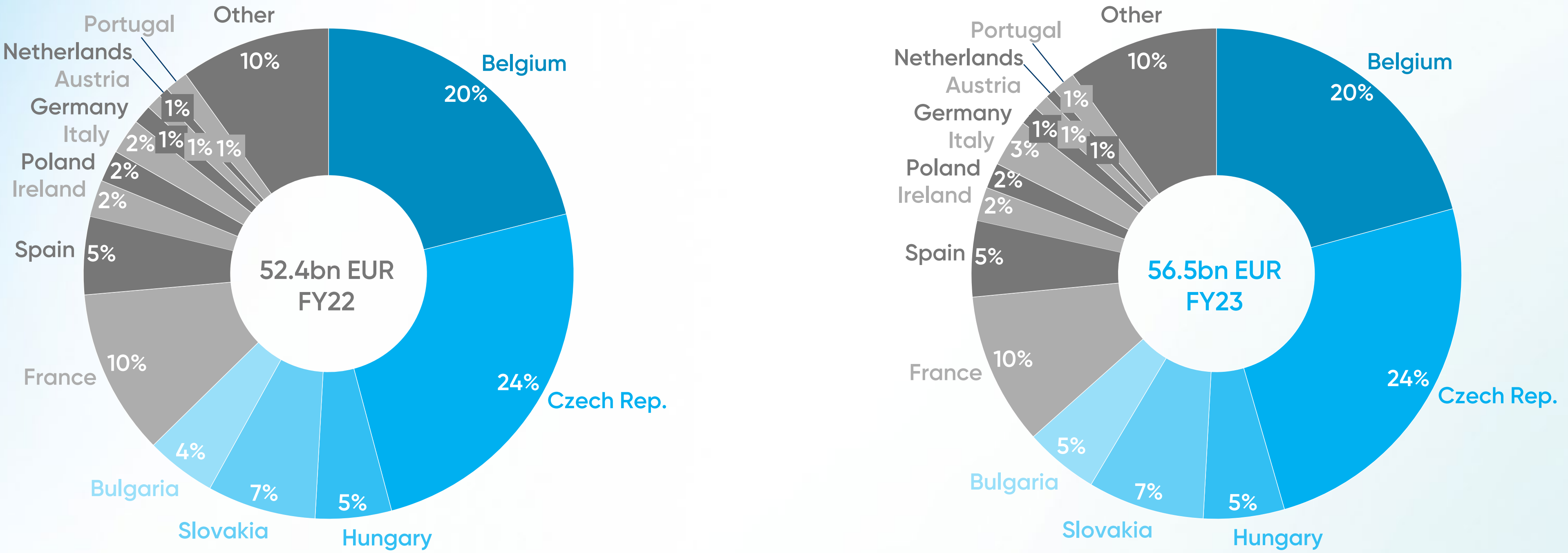
* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

Substantial and well-diversified government bond portfolio

- **Carrying value of 56.5bn EUR in government bonds** (excl. trading book) at end of FY23, 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 6.0bn EUR** at the end of FY23

Government bond portfolio | Carrying value* FY22/FY23

in %



* 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

Above resolution requirements of FY23 in terms of MREL

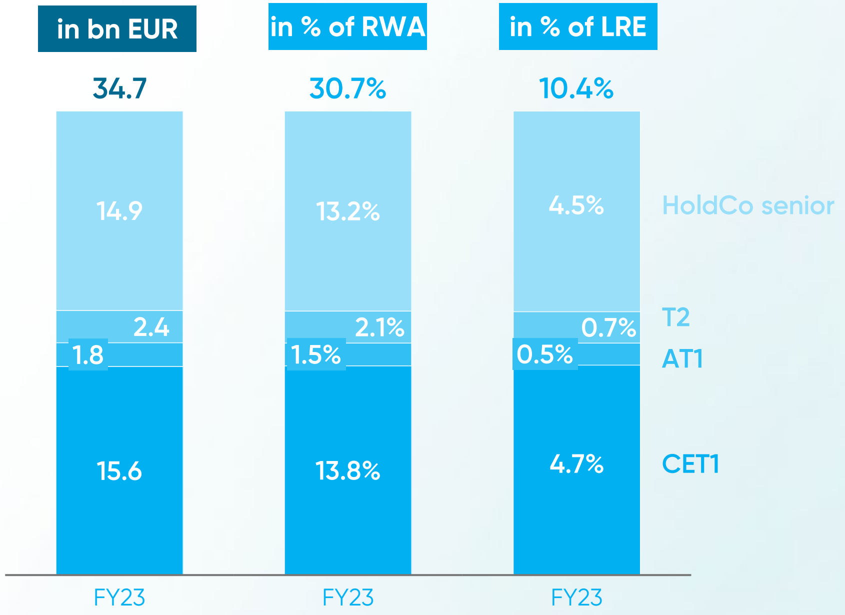
MREL targets

- 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:
    - **28.30% of RWA** as from 01-01-2024 (including CBR[1] of 5.38% as from 1Q2023), with an intermediate target as from 01-01-2022, reaching 26.51% at YE2023 (including CBR[2] of 4.88%)
    - **7.38% of LRE** as from 01-01-2024, with an intermediate target of 7.34% of LRE as from 01-01-2022

1. Combined Buffer Requirement as of 01-01-2024 = Conservation Buffer (2.50%) + O-SII buffer (1.50%) + Countercyclical Buffer (1.24%) + Systemic Risk Buffer (0.14%)
2. Combined Buffer Requirement at YE 2023 = Conservation Buffer (2.50%) + O-SII buffer (1.50%) + Countercyclical Buffer (0.67%) + Systemic Risk Buffer (0.21%)

MREL actuals

- The **MREL ratio in % of RWA** increased from 30.2% in 9M23 to 30.7% in FY23, driven mainly by the decrease of RWAs
- **The MREL ratio in % of LRE** increased from 10.1% in 9M23 to 10.4% in FY23, due mainly to lower leverage ratio exposure

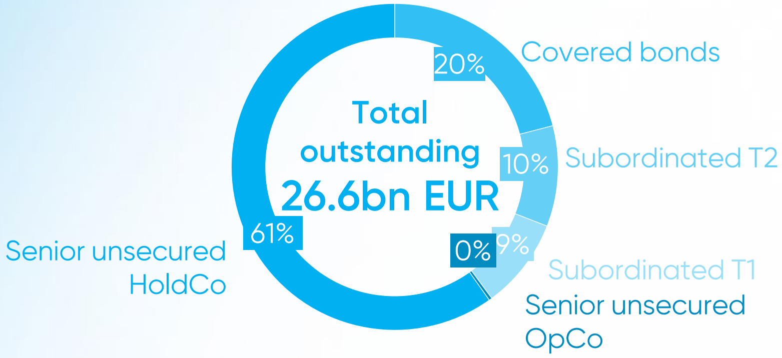


Upcoming mid-term funding maturities

Total outstanding | 4Q23

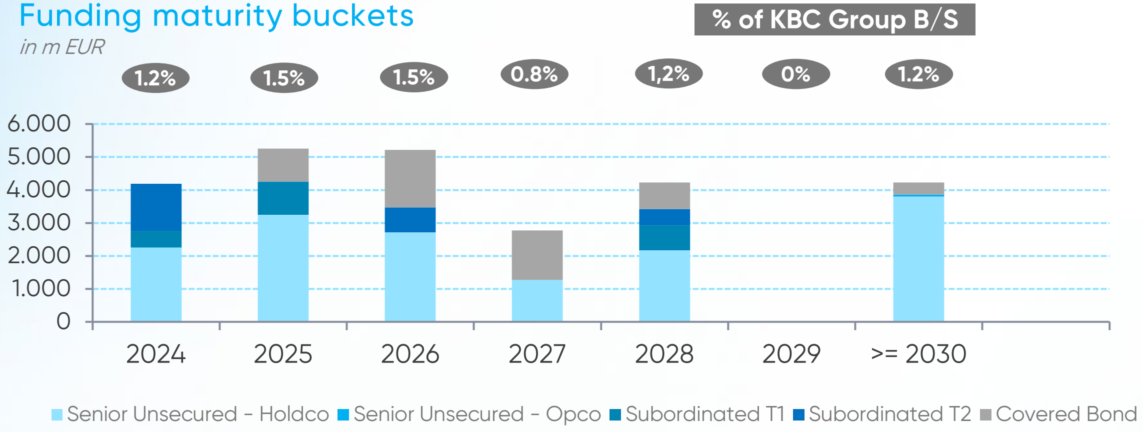
in %

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

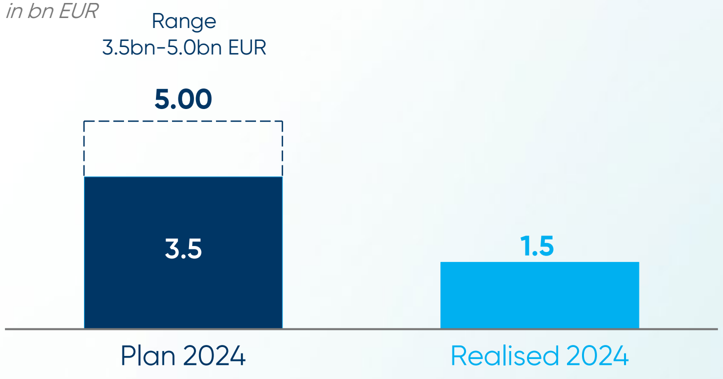


Recent deals

- In **Nov 2023**, KBC Group issued a Senior Holdco benchmark for an amount of 500m EUR with a 6-year maturity callable after 5 years.
- In **Jan 2024**, KBC Group issued a Tier 2 benchmark for an amount of 1bn EUR with a 11.25-year maturity callable after 6.25 years

Funding program for 2024 | Expected MREL funding (incl. capital instruments)

in bn EUR

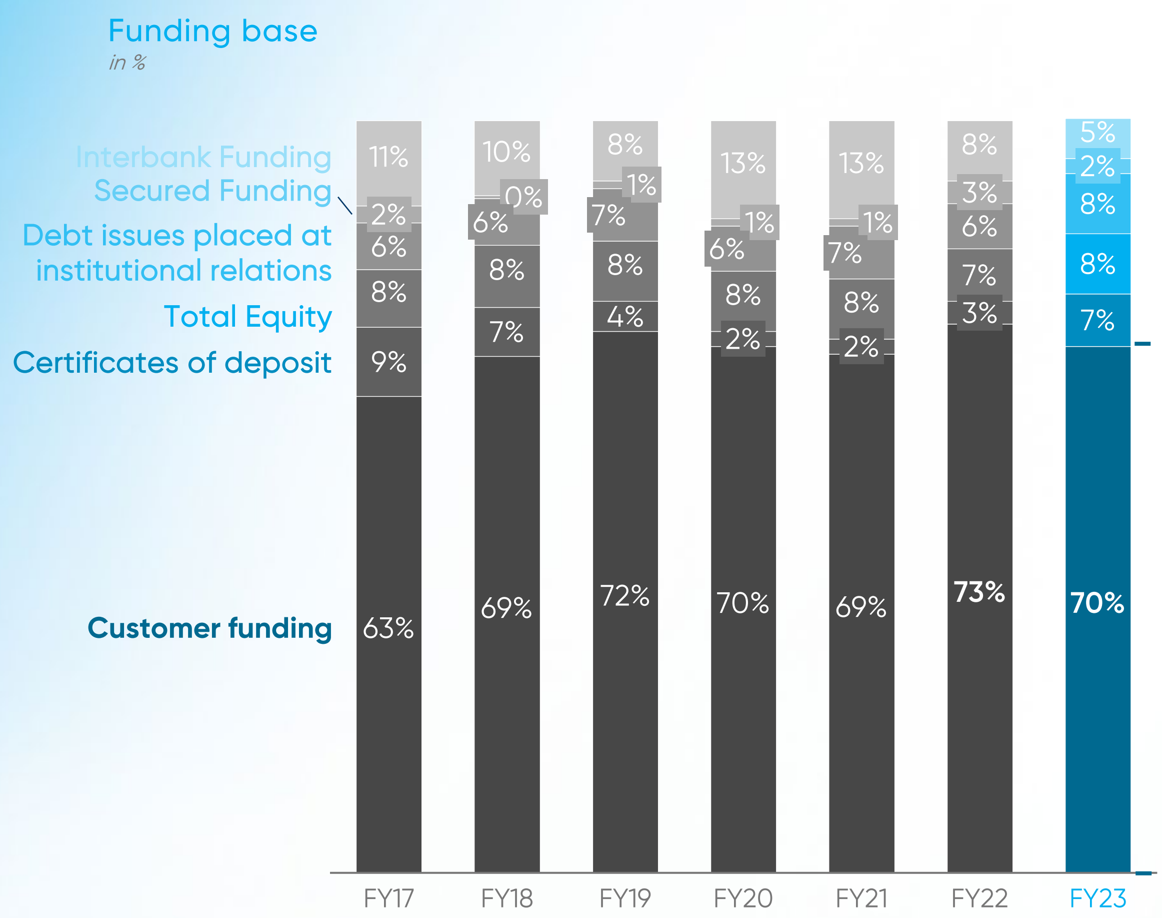


We aim to issue 1 green/social bond per year

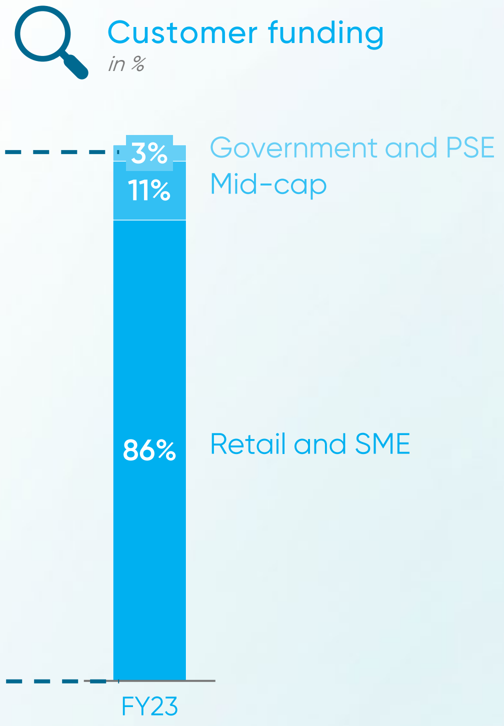
Note: any change in regulatory requirements, RWA evolutions, MREL targets or market circumstances can change the current disclosed range

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
- KBC **Bank participated to the TLTRO III** for a remaining exposure of 2.6bn EUR which is reflected in the 'Interbank Funding' item below



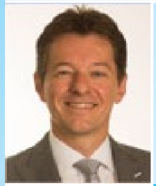
Roughly 56% of total customer deposits are covered by the Deposit Guarantee Fund



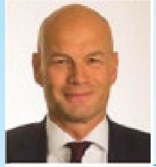
Glossary

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 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]
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

Contacts / questions



Johan Thijs
KBC Group CEO



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More information

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

Upcoming events

9 February	**Equity roadshow, London**
23 February	**Equity roadshow, Frankfurt**
28 February	Equity roadshow, Paris
5 March	Equity roadshow, NY
6 March	Equity roadshow, Boston
7 March	Equity roadshow, Chicago
...	...
16 May	Publication of 1Q24 results
17 May	**Equity roadshow, London**

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