

Report to Society for 2022



Moving forward
together.



KBC INNOVATES ⁶



GOES
GREENER ¹²

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INTRODUCTION

Dear reader,

2022 got off to a hopeful start, with everyone anticipating the end of lockdowns in Europe. Regrettably, in February, we were confronted with the war in Ukraine. This created many uncertainties: about energy supplies, volatile stock markets, rising inflation ... difficult circumstances that not only affect our personal lives but also the way we work and do business. Complex challenges, for our employees, for our customers, and for KBC. But we faced these challenges together. We always do this from the heart of our business: helping our clients realise and protect their projects and dreams. We remain committed to innovating, going greener and connecting.

Innovation is at the core of our DNA and so it's a top priority. Innovation means improving existing and developing new products and services, exploring new ways of working together with customers and third parties. Last but not least, we make sure that Kate, our digital assistant, continues to grow and so keeps on making life for our customers and employees easier every day. Innovation prepares us for the future so we can continue to be the reference, even in the longer term.





Koenraad Debackere and Johan Thijs

Going greener, in response to climate change. Just as in previous years, we are continuing our efforts to reduce our own environmental footprint. But that's only the start. As part of our commitment to the UN Collective Commitment to Climate Action, we have defined our own climate targets for our loan portfolio and for our asset management activities. As a partner, together with our customers we seek new ideas, solutions, products and services for a sustainable transition. In our 2022 climate report, we explain how we are working towards these goals, and we report on the results in our annual sustainability report.

Connecting people remains an important part of our story in 2022. Because connections make people and businesses stronger. Connections improve productivity and encourage creativity. We continue to support initiatives that connect customers and employees and which work towards a better future.

Innovating, going greener and connecting are not separate actions. They are interconnected, and do actually reinforce each other. Read about how we succeeded in taking all this to the next level in 2022 in this report. Enjoy the read.

Johan Thijs
Chairman of the Executive Committee

Koenraad Debackere
Chairman of the Board of Directors



Kate Coin



KBC INNOVATES

and helps others innovate

For us, innovation is and will always be the key to a sustainable future. Companies committed to innovation are flexible and able to cope with changes in society and client behaviour.

We strongly believe in co-creation, both internally and externally. Together we can achieve more. We focus on further digitalisation and are proud of Kate, our digital assistant, who continues to make life easier for our customers. And to reward our loyal customers, we have just launched our own programmable currency, the Kate Coin.

Yet we don't lose sight of our personal touch, we ensure even better service, broader expertise and increased accessibility.

KBC remains a strong innovator, thanks to Team Blue: 40 000 employees in the five core countries* keep a finger on the pulse, inspire each other and work out ideas together. The continuing dialogue with clients and the far-reaching collaboration with partners, who strengthen our offering, enrich our innovative spirit.

As always, our aim is to support our customers even better, make life more convenient, and help them save time (and money). We embrace the benefits of digitalisation and combine these with human contact.

* no longer including Ireland, as meanwhile, KBC has exited the Irish market.



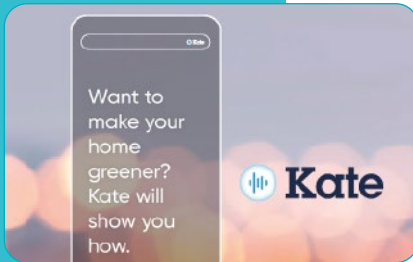
Customers can opt for general or personalised information.

KBC Mobile KBC was quick to realise that the smartphone would become a pillar of digitalisation. At its launch more than 10 years ago, KBC Mobile was a relatively simple app offering basic banking services. Customers quickly became enthusiastic, and that enthusiasm grows with each new feature. In 2022, international research agency, Sia Partners, again crowned KBC Mobile the best mobile banking app in Belgium and rated it as third best worldwide. And that based on three criteria: the extensive functionality, convenience and the score in the app stores.



1.9 million people use KBC Mobile every day.

Products and services In the mobile app, KBC offers a complete range of its own products and services, which we are continually making easier to access. For example, it is very easy to invest your small change, apply for a loan to finance a renovation or energy saving home improvements, share expenses with friends, or submit an insurance claim. By working together with other parties, KBC can now offer additional services through the Mobile app, such as public transport or cinema tickets, keeping documents in a digital safe, reading the financial news, comparing energy prices or switching energy supplier.



Kate already speaks Dutch, French, English, Czech, Slovak, Hungarian and Bulgarian.

Digital assistant KBC Mobile has also been home to Kate, our digital assistant, for two years now. Thanks to artificial intelligence, Kate is becoming smarter and, by the end of 2022, she was already assisting more than 1 million users in Belgium. A storm in your area? Kate asks if you want to claim damage. Need the 'green card' for your car? Kate will find it. Want to make your home greener? Kate will show you how. Want to know more about saving energy? Kate will guide you to the right tool and soon will even give you energy saving tips. Kate also supports commercial KBC employees in their daily work, so they have more time to talk to customers.



In 2022, KBC colleagues tested Kate Coin at Werchter Boutique.

Digital coin KBC customers like to save money as well as time. And they have been able to do this for several years with KBC Deals, through cashbacks from third parties. From 2023, they can also save with the Kate Coin, the digital currency that KBC, as the first financial institution in Europe, has launched. Customers can earn Kate Coins when they purchase certain KBC products or do certain tasks, and Kate Coins can be exchanged for cashbacks on other products. Without fuss, naturally, Kate keeps an eye on that.



Human contact continues to make a difference even in a digital world.

Personal meetings The more customers appreciate how easy our digital channels are to use, the less often they need to visit a bank branch or insurance agent office. Even though we value face to face meetings with customers at crucial moments higher than ever, in recent years we have reduced the number of branches in our network. We organise ourselves around this. In the past, we spread expertise across several branches, we now focus on core branches that offer even better service and a broader range of expertise. In the meantime, we have also expanded the opening hours of KBC Live, making it even easier for customers to speak to a KBC employee on the phone or in a video chat.



Customers in Flanders can call 078 78 77 78 to make an appointment for the KBC Belmobiel.

Home-based services To continue providing good service to mobility-challenged and less digitally adept customers, KBC has launched home-based services. We launched a pilot project in West Flanders in 2022. This received such a positive response that we will be introducing home-based services in the other Flemish provinces in 2023. How does it work? Customers make an appointment. An experienced KBC employee then travels to the customer's home by electric vehicle or bike with a distinctive livery, where he can help the customer with all their questions about everyday banking and insurance issues. So our banking and insurance services remain easily accessible to all our customers.

420 + 298

BANK BRANCHES AND
INSURANCE AGENT OFFICES
IN BELGIUM IN 2022

+ 2 MILLION

CALLS WITH
KBC LIVE
IN 2022

2

ELECTRIC CARS AND
AN ELECTRIC BIKE
PER PROVINCE



In a digital world, fraud prevention and privacy protection are crucial.

Responsible artificial intelligence At KBC, we pay particular attention to the risks associated with using artificial intelligence. When developing, we check our AI models for biases, discrimination or unfair treatment and ensure that customer privacy remains secure. In 2022 we revised and tightened the guidelines for these issues. And in 2022, KBC also offered its own, very effective, anti-money laundering application to external parties through Discai, our own AI fintech. This is another way in which KBC actively contributes to society.



Start it @KBC has hubs in Brussels, Antwerp, Ghent, Leuven, Liège, Hasselt and Kortrijk.

Driver of the economy KBC doesn't just innovate for its own business, we help others innovate too. The best way to do that is to give loans to businesses and to insure their operations. We have been encouraging innovation through Start it @KBC, the largest accelerator in Belgium, since 2014. Start-ups can count on a co-working space – completely free of charge. They are coached by experienced mentors and become part of an international network. Via Start it X, large companies and organisations can give their employees the space to develop their own ideas. And KBC employees also get to be 'intrapreneurs'.

150

START-UPS COACHED
BY START IT @KBC
IN 2022

34%

OF STARTERS WERE WOMEN
(FEMALE FOUNDERS)
IN 2022

25%

START-UPS LAUNCHED IN 2022,
WITH THE GOAL OF MAKING
SOCIETY MORE SUSTAINABLE





KBC GOES GREENER

and helps others go greener too

We make a continuous effort to reduce our environmental footprint. On the one hand, we try to limit our consumption (under the motto: the most sustainable energy is the energy you don't use). On the other, we are switching to renewable sources wherever possible, and for electricity that's even 100%.

But, more importantly, we also want to be a partner for our customers in their sustainable transition. We give our customers tools to measure their own footprint. We then examine the results together to see how savings can be made. We are also making our loan portfolio more climate-friendly and in asset management, the emphasis is on investing in responsible funds.

We now include biodiversity, circular economy, water use and pollution prevention in our sustainability programme.

How can KBC as bank-insurer act as a catalyst for a sustainable transition? By being a true sustainability partner for our customers in each country where we operate. This means we encourage sustainable investments, but it also means we limit or even stop investing in activities that are not sustainable (such as coal and lignite mining and developing new oil and gas fields).
What does this actually involve?

In 2022, we defined climate targets for our loan portfolio in sectors and subsectors that have considerable climate impact or represent a large portion of our credit portfolio.



We have also defined goals for asset management so that responsible investing becomes the norm. We report annually on our progress in these areas in the KBC Group Sustainability Report.



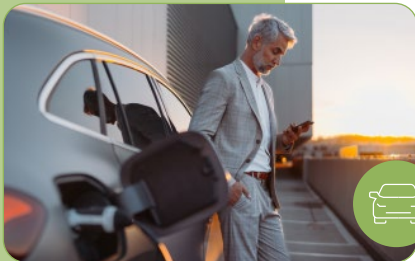
In 2022, KBC provided more than 72 million euros to finance offshore wind farms.

The energy sector accounts for almost one third of greenhouse gas emissions in the EU. This means that making this sector greener has an immediate and positive effect on greenhouse gas emissions. And, in addition, this is crucial for other sectors such as real estate, transport and industry to become more sustainable too. The energy sector represents an estimated 7% of direct and indirect emissions which KBC finances for customers. By 2030, at least 75% of KBC loans to the energy sector must concern renewable sources.



Homes financed by KBC since the end of 2022 with a current or future A or B EPC label are eligible for a reduced interest rate.

The real estate sector is very important to KBC. After all, our lending activities to that sector (including home loans) represent almost half of our portfolio. This means that we can help many customers go greener. Many existing buildings in Europe are not yet energy efficient, so the potential savings are substantial. Together with our customers and external partners, we can make a significant contribution to making the sector more sustainable. For the residential property that KBC finances, CO₂ emissions per square metre per annum must decrease by 43% by 2030.



KBC Autolease is the pioneer for multi-mobility and has set the benchmark for bicycle leasing.

The transport sector is responsible for almost one third of greenhouse gas emissions in Europe. And road transport accounts for 72% of emissions within the sector. As a major financial institution, KBC therefore wants to focus on making this road transport more sustainable by financing, insuring and leasing electric cars and by supporting our customers in their transition to more sustainable mobility. We are aiming for 42% lower emissions from passenger cars financed by KBC by 2030.



The agricultural sector accounts for 16% of direct and indirect emissions that KBC finances.

The agricultural sector risks suffering considerable damage from global warming, but also has a major impact on the environment. It can therefore play a significant role in countering global warming. Some other sectors have relatively concentrated sources of emissions and, thanks to technological developments, these can go greener more quickly. On the other hand, agriculture is a very diverse sector with a wide range of dispersed activities, what's more it must also take the effects of many natural processes into account. However, KBC wants its customers to decrease the CO₂ intensity of their activities by 21% by 2030.



The cement sector is responsible for 26% of all industrial CO₂ emissions worldwide.

The subsectors steel, cement, and aluminium are not core sectors for KBC. Our loan portfolio in these subsectors is very small, but the climate impact is very large, which is why we have set targets for it. These sectors are highly carbon intensive and are difficult to decarbonise with current technology. Many major players are aware of the impact of their activities and show willingness to find innovative and lower-carbon solutions. Together with customers and external partners, KBC wants to find and finance solutions to make these processes more sustainable.



At the end of 2022, 49% of KBC investments in Belgium were already in responsible investment funds.

KBC Asset Management pioneered responsible investing 30 years ago, now it has become the norm at KBC. Our responsible investing funds also meet the European Commission criteria:

- a fund that promotes environmental and/or social characteristics or
- a fund that has sustainable objectives.

With its responsible investment funds, KBC is a driving force behind the transition to a carbon neutral society. Therefore, by 2030, 55% of KBC Group's managed investments must be in responsible investment funds.

Some specific examples



KBC helps the local baker as well as international companies go greener.

Facts are important We discuss sustainability issues with our business customers to help them achieve their sustainable ambitions. These meetings give us insight into their long-term vision and path to sustainability. Using the Carbon Footprint Calculator is one of the facilities we offer. This is a free tool to calculate the climate impact of their business activities and to compare it with other players in the market. We then seek solutions to reduce their footprint, and involve an external partner if appropriate. In 2022, we held 1 477 sustainability meetings and conducted 580 calculations.



You can make your home greener with insulation, windows, heating, solar panels, home battery, etc.

Sustainable living We coach our customers to help them acquire, finance, protect and realise a sustainable home. Together with our external partners Immoscope and Eliq, we help customers gain insight into the housing market and the energy consumption of their own homes. With Setle, we help them emulate renovation costs. Setle links customer data to contractors' software to monitor trends and price developments. KBC offers an advantageous energy loan for renovations of which at least 50% is for saving energy.



KBC employees are enthusiastic about this pilot project that helps reduce energy consumption costs.

Smart home battery Energy, housing and mobility are the biggest expenses for our customers. KBC wants to work more closely with partners in these areas. In 2022, KBC launched a pilot project to help employees optimise their energy consumption. Participants who want to install solar panels and/or a (smart) home battery can find convenient help in KBC Mobile. An energy management system helps get the most out of their solar power and optimise their energy consumption. After a positive evaluation, KBC could also offer this to customers.



DE
WARMSTE
WEEK

KBC

DE
WARMSTE
WEEK



KBC CONNECTS

and helps others connect

Making connections between people is very important to KBC. We are fully aware that, even in a digital world, connection is a key factor for growth, creativity and happiness.

There are many facets to connecting:

- connecting people and businesses encourages entrepreneurship,
- connecting enhances quality of life,
- connecting improves diversity and inclusion,
- connecting strengthens solidarity and commitment.

In other words, connecting makes each of us stronger.

2023 is our jubilee year: KBC is 25. We may still be young,
but our social roots go deep.



KBC was formed in 1998, the result of merging* Kredietbank, CERA Bank and ABB Insurance. Three different companies, but all three based on solidarity: Kredietbank grew from a local entrepreneurial bank, CERA originated 130 years ago as a cooperative agricultural bank and 100 years ago, ABB was the umbrella insurer of small 'mutual' societies for the agricultural population.

Today, societal commitment is still very important to KBC and we express this in various ways.

**In the merger, Kredietbank, ABB Insurance and CERA Bank transferred their banking and insurance activities to KBC. The Cera cooperative continued to exist and was reshaped, initially under the name Cera Holding, abbreviated to Cera in 2004.*



BRS partners from Senegal and Burkina Faso were guests in Leuven during an inspirational trip in 2022.

Cera and BRS Cera is KBC's largest shareholder. With 400 000 enthusiastic partners, it is also the warmest cooperative in the country. Under the motto: together we can go further, experience more and invest better. Cera and KBC work together on sustainable growth for KBC, but also on community projects and social investments. Such as for BRS, which supports rural entrepreneurs and farmers in the Global South by providing microfinance and microinsurance.



The first social bond loan in Belgium invests in the hospital sector.

Social investments At KBC, social profit institutions can get advice regarding payments, asset management, financing solutions and insurance. In 2022, KBC invested 1.1 billion euros in schools and 5.7 billion euros in hospitals and residential care. Last year, KBC was also the first bank in Belgium to launch a social bond. The 750 million euros raised from institutional investors will be used to finance and refinance projects in the hospital sector. Besides tracking the financial results, investors can also monitor the practical aspects, such as the number of hospital beds.



Get-a-Teacher is also available in German, Slovak, Hungarian and Czech.

Financial literacy Financial information can be very complicated. At KBC, we do our best to communicate this clearly. We also want to offer deeper insights into financial information. We have developed the Get-a-Teacher package to help teach young people, from 12 to 24, how to manage money and to think critically about loans, insurance, phishing, budget management and running a business. Secondary schools, colleges and universities can invite a KBC teacher free of charge. Since 2017, Get-a-Teacher has already helped 45 000 students in Belgium become financially literate.

Many valuable societal projects cannot survive on financial support alone. Input from volunteers is often indispensable: they help make dreams come true.

And KBC's commitment to societal projects is only possible thanks to the many colleagues who participate enthusiastically behind the scenes and continue to raise funds.



KBC currently provides for instance support in thrift stores, perhaps we can help in schools too?

Commitment to society KBC continues to offer its Minerva plan in Flanders and Brussels. This enables employees who have eight years or less before retirement to make use of their experience outside KBC, while keeping the same level of pay and employment conditions. Some 79 KBC employees are currently active via Minerva in more than 40 different organisations in the non-profit and social profit sector. Since the launch, a total of 135 colleagues have already taken this step. In this way, KBC is helping to limit the shortage of specific expertise in the labour market. We are currently investigating whether a move to teaching is also possible.



The Straatverplegers charity provides care and actively seeks housing in Brussels.

© Pierre-Yves Jotray

Partnerships KBC and the cancer charity 'Kom op tegen Kanker' have been working together for more than 30 years. CBC has been partnering the CAP48 charity for nearly 20 years. During this time, there have been many advancements in cancer treatment and prevention. Many initiatives have also been taken to promote inclusion of those with a disability and young people in poverty. The 'De Warmste Week' and 'Straatverplegers' charities enjoy support from KBC and KBC Brussels respectively – our help is very much appreciated. Continued support is essential: combatting homelessness, poverty and deprivation, unfortunately even in Belgium, is a long-term project.



In Brussels, KBC supports organisations such as Groot Eiland and its urban agriculture.

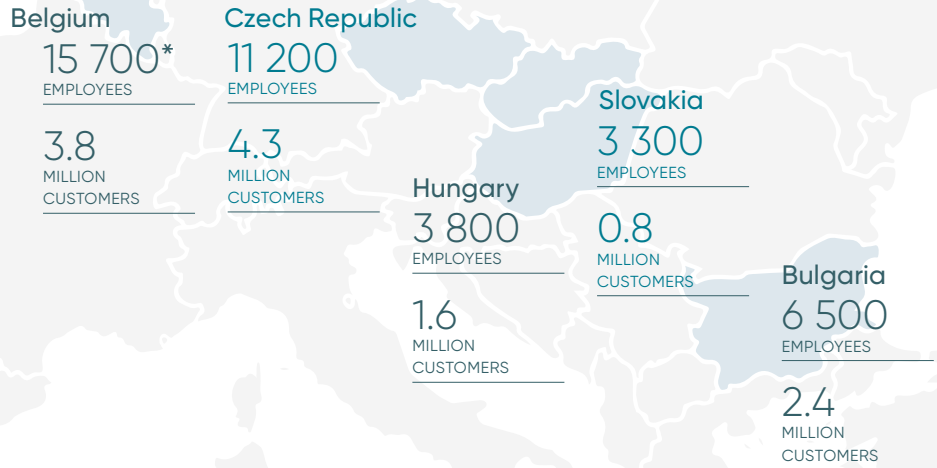
Urban Projects KBC also engages with small-scale organisations who are committed to empowering underprivileged and vulnerable people so they too can participate fully in society. We focus on programmes that provide training, competence-building and employment opportunities. Preferably with a focus on the circular economy, mobility, the environment or social cohesion. In Belgium, we concentrate our efforts in cities where KBC has a head office. And with these projects, we aim to be a good neighbour.



Societies can easily raise money via Trooper.

Societies and volunteers KBC supports Trooper, a platform that allows online shoppers to select a society and give financial support as they shop online. At no cost to them. They can also donate the discount they enjoy through KBC Deals to their favourite association. KBC provides support too: employees who volunteer for a small-scale association with a social purpose can apply for a grant of 1 300 euros through the annual solidarity campaign.

Our employees and our customers



* including employees who work for the whole Group

Our business strategy

Our business strategy is based on the following principles:



We place our customers at the centre of everything we do, we always offer them quality service and relevant solutions.

We want to give our customers a unique experience. The + refers to offering financial and non-financial solutions.

We focus on our Group's long-term development and so aim to achieve sustainable and profitable growth.

We take our responsibility towards society and local economies very seriously, and you can see this reflected in our everyday activities.

PEARL+ stands for: Performance, Empowerment, Accountability, Responsiveness, Local embeddedness. The + means developing ideas together or smart copying.

The KBC strategy applies to all core countries but, in this report, we focus on our activities in Belgium.

VISION

and figures

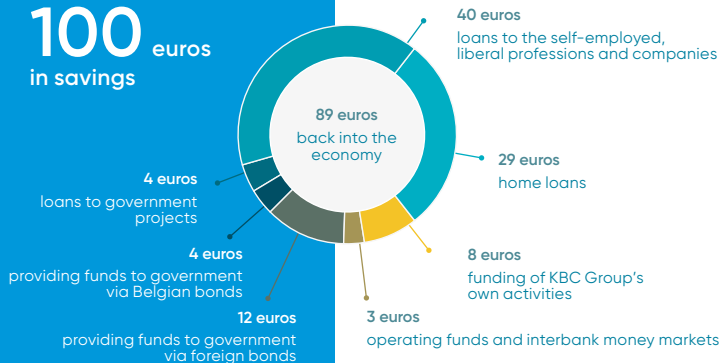
Our sustainability approach is strongly substantiated but simple to summarise:

- we limit our negative impact with our guiding principles and strict choices
- we increase our positive impact in areas where we can make a difference
- we encourage responsible behaviour on the part of all employees.

Annual figures

KBC Group closed 2022 with a profit of 2.74 billion euros, compared to 2.6 billion in 2021. For the Belgium Business Unit, earnings reached 1.7 billion euros. In total, the KBC Group paid 1.4 billion euros in tax, including 646 million euros in bank taxes and bank guarantees. In Belgium, this meant 744 million euros in taxes, including 349 million euros in bank taxes and bank guarantees.

100 euros
in savings



Driver of the local economy

How much do we invest? For every 100 euros in the savings accounts of our Belgian customers, in 2022 we reinvested 73 euros in the economy via loans to private individuals and companies and government projects. Plus another 16 euros via government bonds, making a total of 89 euros.

Shareholders

Our shareholder structure focuses on the long-term. At the end of 2022, the Group's core shareholders including Cera, MRBB and other core shareholders (families), held about 41% of the shares. This provides a strong grounding and allows us to focus on our sustainability and long-term strategy.



Team Blue

We are where we are today thanks to the efforts of our motivated employees. Our strong HR policy helps us do this. We engage in dialogue with our employees, so we discover their expectations, their talents and their concerns. We are committed to health and well-being. We believe in diversity, equal opportunities and inclusion. We encourage our employees to be resilient, agile and innovative. And above all: we work together as a single team, Team Blue.

Challenges



In recent years, our focus on sustainability within KBC has evolved considerably and is now clearly and permanently embedded in all our business activities. We are pleased that the outside world also appreciates our commitment to sustainability. In 2022, we were one of 19 companies worldwide to receive the Terra Carta Seal.

Also in 2023, we remain committed to the three basic ingredients of our sustainable growth: innovation, going greener and connecting.

Innovation As a bank-insurer we want to serve our customers even better and help them save time and money. And to achieve this, we will use the KBC Mobile app and Kate, our digital assistant.

Going greener As a bank, we focus on meeting our climate goals and want to be a partner to our customers in their sustainable transition. As an insurer, we want to go even greener and support our customers to properly assess the risks caused by climate change. And as an asset manager, we want responsible investing to become the norm.

Connecting people Various groups in our society face other challenges. From our social consciousness, in 2023 we will continue to listen to their needs and launch initiatives to enable various groups of people, employees and companies to inspire and help each other.

So, there are plenty of challenges. But above all, we see opportunities. Opportunities to become more sustainable ourselves and opportunities to continue guiding our customers towards a more sustainable society. Team Blue is ready to make the difference, again in 2023.

Discover our other publications
on www.kbc.com

