KBC Group
Press presentation
4Q / FY 2024

Johan Thijs, KBC Group CEO
Bartel Puelinckx, KBC Group CFO

More information: www.kbc.com
KBC Group - Investor Relations Office: IR4U@kbc.be

Highlights

- Commercial bank-insurance franchises performed **excellently**
- As policy rates are on their way down, KBC Group is **well-positioned** being an integrated bank-insurer with tailored AM business
- **Customer loans** and **customer deposits** increased q-o-q in all our core countries (on a comparable basis)
- Higher **net interest income q-o-q, resulting in higher than guided FY24 NII**
- Sharply higher **net fee and commission income** q-o-q
- Q-o-q lower **net result from financial instruments at fair value & IFIE** and **net other income** below the normal run rate
- Higher sales of **non-life insurance** y-o-y, sales of **life insurance** down q-o-q and up y-o-y
- **Costs excl. bank & insurance taxes** up q-o-q, perfectly within guidance
- Lower **net loan loss impairment charges, but higher impairments on 'other'**
- **Tax benefit in P&L** of 318m EUR as a result of the forthcoming liquidation of KBC Bank Ireland
- Solid **solvency** and **liquidity position**
- **Updated financial guidance** (see slides 19-20)

Net result of 1,116m EUR over 4Q24

Net result
in m EUR

YTD ratios

- Return on Equity **14%***
- Cost-income ratio **47%****
- Combined ratio **90%** (versus below 91% guided)
- Credit cost ratio **0.10%** (versus well below TTC of 25-30bps guided)
- CET1 ratio **15.0%** (B3, DC, fully loaded)
- Leverage ratio **5.5%** (fully loaded)
- NSFR 139% & LCR 158%

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

Dividend / capital deployment

For FY24:

- A **total gross dividend of 4.85 EUR per share** will be proposed to the AGM for the accounting year 2024, of which
  - 0.70 EUR per share already paid in May 2024, reflecting the surplus capital above the 15% fully loaded CET1 threshold per end 2023
  - 4.15 EUR per share (of which an interim dividend of 1.0 EUR per share already paid in November 2024 and the remaining 3.15 EUR per share to be paid in May 2025), reflecting a pay-out ratio (including 4.15 EUR per share and AT1 coupon) of approximately 51% of 2024 net profit

For FY25:

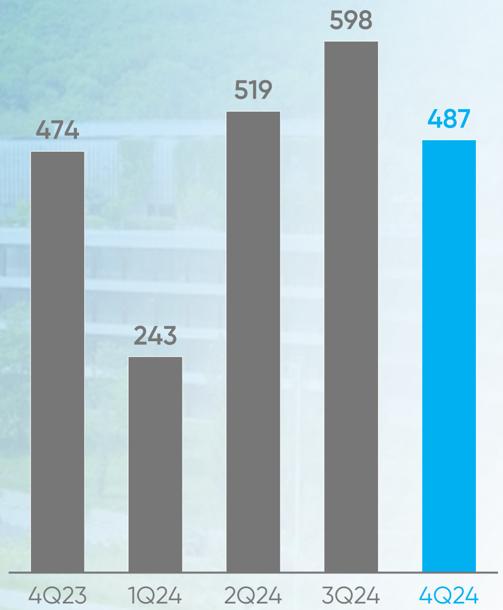
- **Both our dividend policy** and **capital deployment plan** will be **updated with our 1Q25 results**

Excellent contribution from all business units

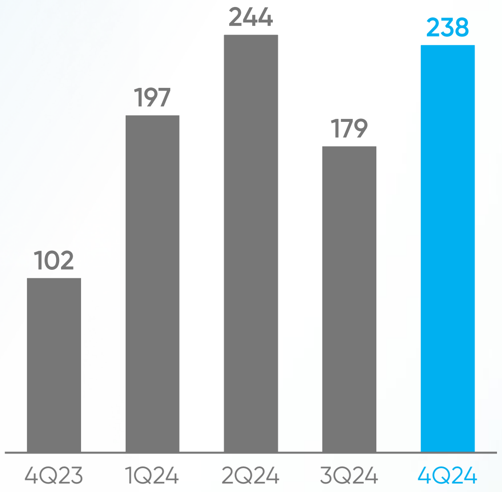
Net result per business unit

in m EUR

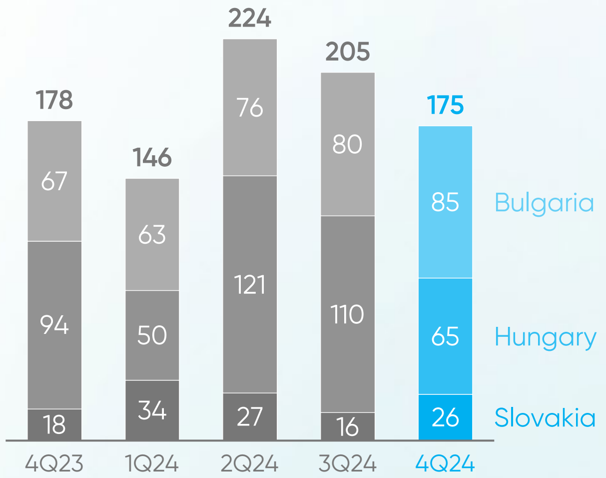
BU BE



BU CZ



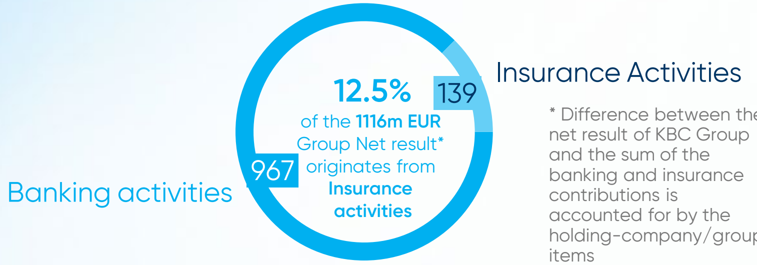
BU IM



Strategic focus | Sia Partners ranked KBC Mobile the N°1 mobile banking app worldwide

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, data-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 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 ranked KBC Mobile the N°1 mobile banking app worldwide in 2024**: a clear recognition of a decade of innovation, development and listening closely to our clients.

5.3 million users in contact with Kate

KATE autonomy
69% BE
71% 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**

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 **14%** in FY24 **KBC** is one of the most profitable EU financial institutions

Solvency

With a **fully loaded CET1 ratio** of **15.0%** at end FY24 KBC is amongst the better capitalised EU banks

Sustainability

SUSTAINALYTICS

Sustainalytics ranks KBC in the **3rd percentile of 262** diversified global banks assessed
(last full update November 29, 2024)

Digitalisation

SIAPARTNERS

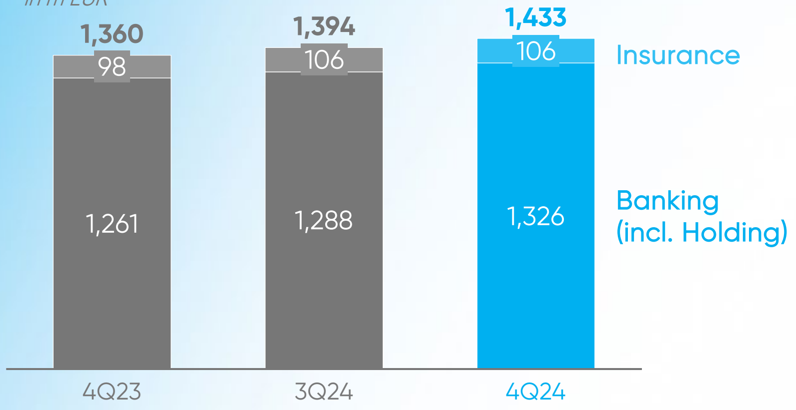
Sia Partners ranks KBC Mobile as **N°1 banking app worldwide**

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

Higher net interest income, resulting in higher than guided FY24 NII

Net interest income

in m EUR



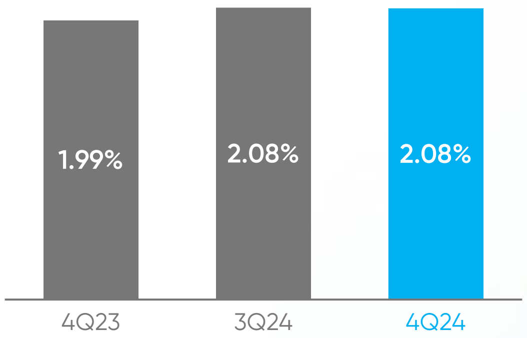
- **NII increased by 3% q-o-q and by 5% y-o-y (+3% q-o-q and +7% y-o-y excluding FX effect)**
- Q-o-q increase was driven primarily by:
  - Higher commercial transformation result (thanks mainly to continued increasing reinvestment yields)
  - Higher lending income (loan volume growth more than offset lower loan margins in some core markets)
  - A +9m EUR correction from a changed accounting approach on mortgage brokerage fees in Bulgaria (the FY24 impact was entirely booked in 4Q24)
  - Higher short-term cash management
  - Lower costs on the minimum required reserves held with the central banks

  partly offset by:
  - Direct negative impact from the fierce competition for the recuperation of the maturing State Note in September in Belgium (roughly -22m EUR in 4Q24 versus -4m EUR in 3Q24), mainly visible in lower NII on term deposits

  Note that NII on inflation-linked bonds stabilised q-o-q at +4m EUR in 4Q24
- Y-o-y increase was driven primarily by higher commercial transformation result, slightly higher lending income, lower funding cost of participations and lower costs on the minimum required reserves held with central banks partly offset by much lower NII on term deposits, lower NII in Ireland, lower dealing room NII, lower NII on inflation-linked bonds (-9m EUR y-o-y, from +13m EUR in 4Q23 to +4m in 4Q24) and a negative FX effect

Net interest margin*

in %, calculated excluding dealing room, ALM FX swaps & repos



- Stable q-o-q and rose by 9 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

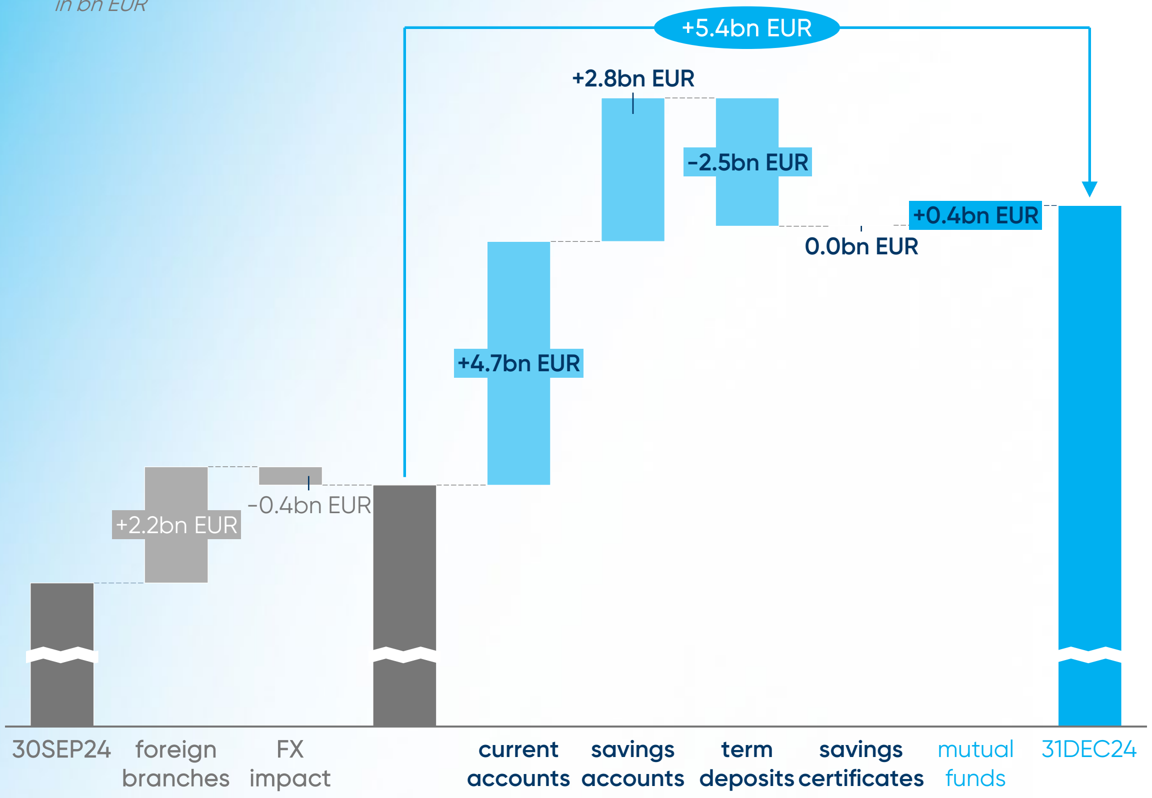
	Total loans**	o/w retail mortgages	Customer deposits***
Volume	192bn	78bn	229bn
Growth q-o-q*	+2%	+1%	+3%
Growth y-o-y	+5%	+4%	+6%

* Non-annualised ** Loans to customers, excluding reverse repos (and bonds).
*** Customer deposits, excluding debt certificates and repos, but including customer savings certificates.
Excluding the volatility in the foreign branches of KBC Bank (included in BE BU), core customer deposits rose by 2% q-o-q and by 7% y-o-y
Growth figures are excluding FX, consolidation adjustments and reclassifications.

Inflow of core customer money

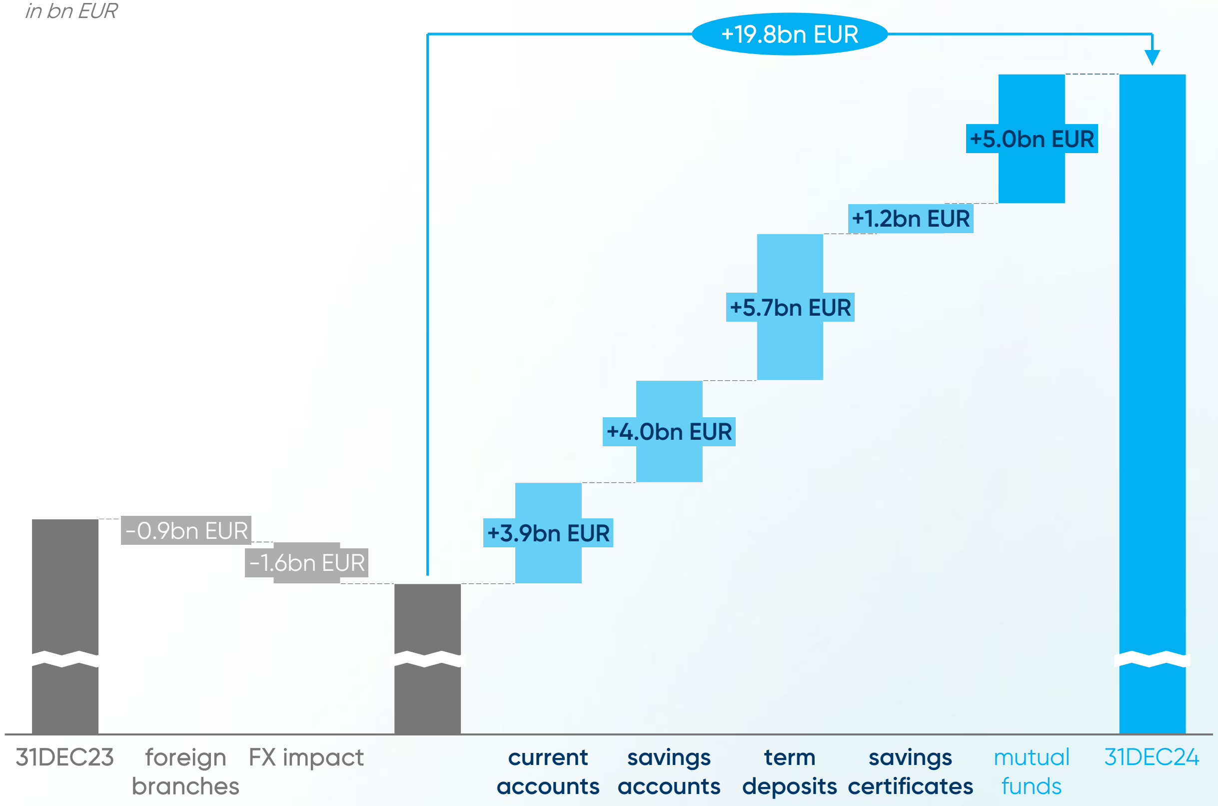
Customer money dynamic over 4Q24

in bn EUR



Customer money dynamic over FY24

in bn EUR

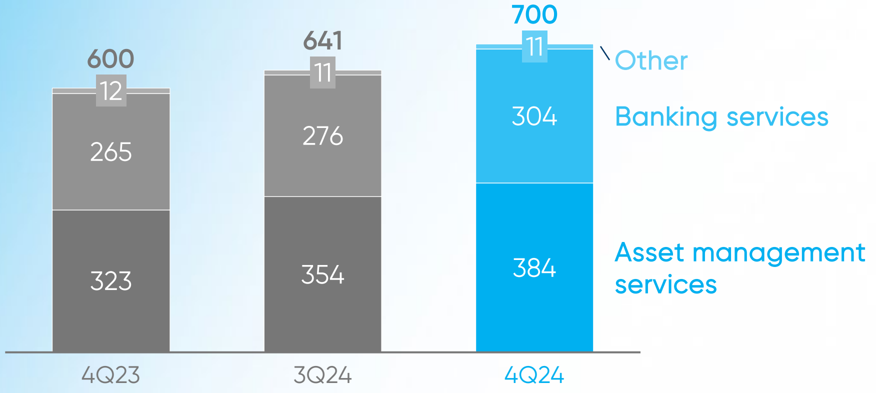


- **4Q24** saw an inflow of core customer money of **+5.4bn EUR** (+5.0bn EUR incl. FX impact)

- Disregarding volatile items, **FY24** saw an inflow of core customer money of **+19.8bn EUR** (+18.2bn EUR incl. FX impact)

Sharply higher net fee and commission income,
Record-high net inflows in direct client money in FY24

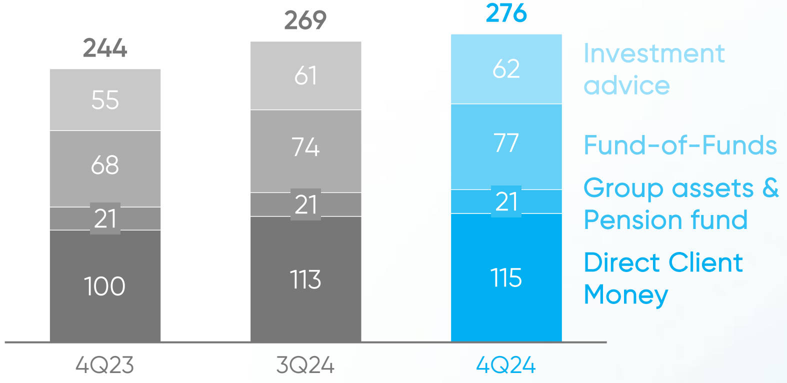
Net fee & commission income
in m EUR



- **Up by 9% q-o-q and by 17% y-o-y (+10% q-o-q and +18% y-o-y excluding FX).**
- Q-o-q increase was mainly the result of:
  - Net F&C income from Asset Management Services increased by 9% q-o-q due mainly to higher management & entry fees
  - Net F&C income from banking services rose by 10% q-o-q. Higher fees from payment services, higher securities-related fees, higher fees from credit files & bank guarantees and higher network income were partly offset by higher distribution commissions paid for banking products
- Y-o-y increase was mainly the result of:
  - Net F&C income from Asset Management Services rose by 19% y-o-y due mainly to higher management & entry fees
  - Net F&C income from banking services increased by 15% y-o-y due mainly to higher fees from payment services, higher securities-related fees and higher network income, partly offset by negative FX effect

- Note that roughly 20m EUR net F&C income in 4Q24 were some year-end effects (linked to the performance of CZ pension fund and a positive FY24 correction in banking services from changed accounting approach in Hungary), and therefore may not be extrapolated going forward

Assets under management
in bn EUR



- **Increased by 2% q-o-q** due almost entirely to positive market performance (+2%)

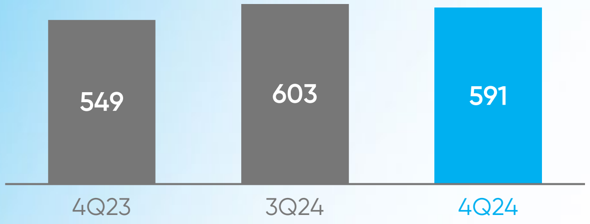
- **Increased by 13% y-o-y** due to net inflows (+3%) and positive market performance (+10%)

- The mutual fund business has seen strong net inflows in FY24, both in higher-margin direct client money (**record-high 5.0bn EUR in FY24** versus 4.8bn in FY23) as well as in lower-margin assets

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

Non-life sales

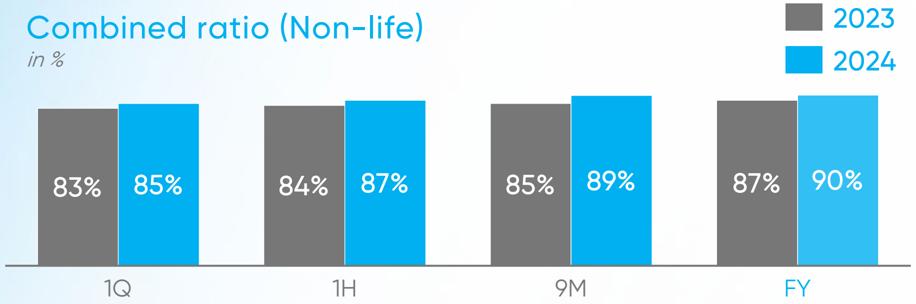
in m EUR



- **Up by 8% y-o-y (+9% y-o-y excluding FX effect)**, with growth in all countries and all main classes, due to a combination of volume and tariff increases

Combined ratio (Non-life)

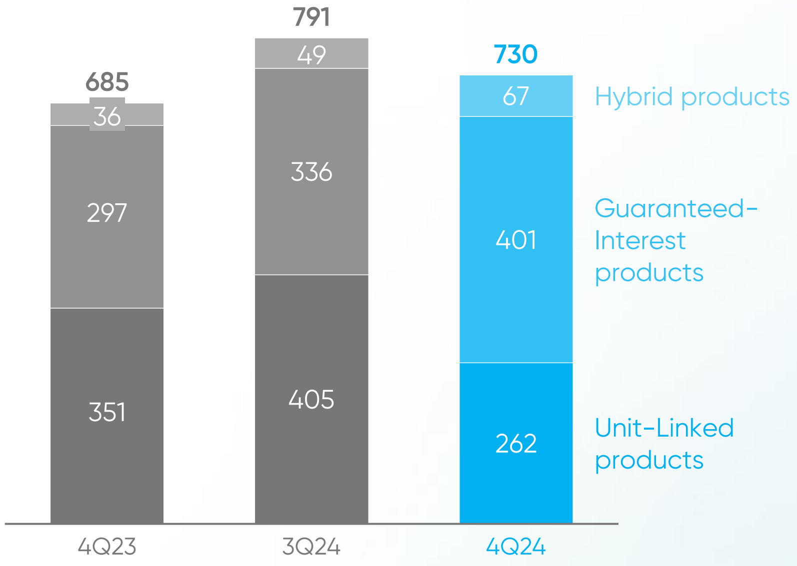
in %



- **Non-life combined ratio for FY24 amounted to an excellent 90%** (87% in FY23). This is mainly the result of:
  - 9% y-o-y higher insurance revenues before reinsurance
  - 17% y-o-y higher insurance service expenses before reinsurance due mainly to the very low level of claims in FY23, the impact of storm Boris in CEE (mainly in the Czech Republic) and the sector wide update of claims inflation on bodily injury claims in Belgium
  - Higher net result from reinsurance contracts held (up by 73m EUR y-o-y)
- **Excluding the impact of storm Boris after reinsurance (-33m EUR pre-tax in 3Q24), the combined ratio amounted to 88% in FY24**

Life sales

in m EUR



- Decreased by 8% q-o-q due entirely to lower sales of unit-linked products (as the result of a successful launch of structured emissions in Belgium in 3Q24), partly offset by higher sales of guaranteed-interest products (due chiefly to traditionally higher volumes in tax-incentivised pension savings products in Belgium) and higher sales of hybrid products
- Increased by 7% y-o-y due to sharply higher sales of guaranteed-interest products as well as higher sales of hybrid products, partly offset by lower sales of unit-linked products (due to the successful launch of new funds in 4Q23)
- Sales of guaranteed-interest products and unit-linked products accounted for 55% and 36% of total life insurance sales in 4Q24 respectively, with hybrid products (mainly in Belgium and the Czech Republic) accounting for the remainder
- Life sales in FY24 rose by 25% y-o-y

FIFV & IFIE result down and net other income below the normal run rate

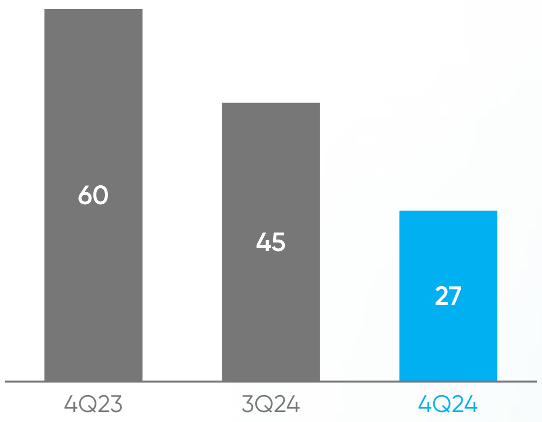
FIFV & IFIE

in m EUR

	4Q23	3Q24	4Q24
Dealing room	78	64	66
MVA/CVA/FVA	-41	-24	-6
IFIE – mainly interest accretion	-59	-63	-66
M2M ALM derivatives and other	-18	-19	-68
FIFV & IFIE	**-40**	**-42**	**-74**

Net other income

in m EUR



- **FIFV & IFIE result down q-o-q**, attributable mainly to:
  - Negative change in 'ALM derivatives and other'
  - Slightly more negative IFIE (mainly interest accretion)

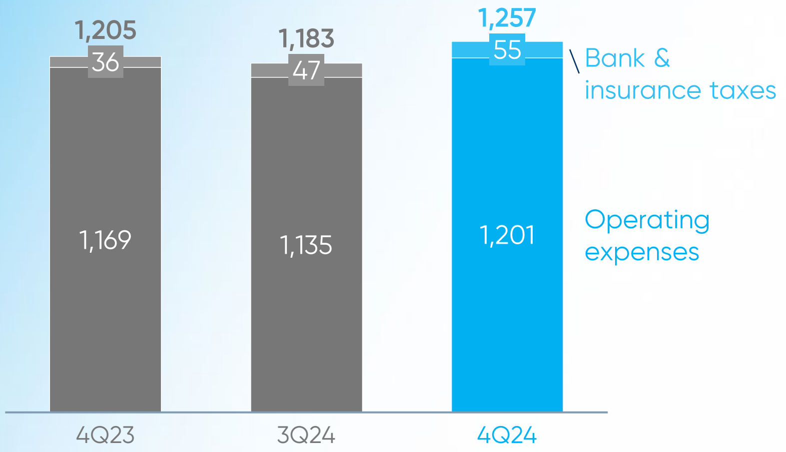
  partly offset by:
  - Less negative credit, funding and market value adjustments, mainly the result of increased CZK interest rates and counterparties' creditworthiness
  - Slightly higher dealing room result

- **Lower than the normal run rate of 50m EUR per quarter in 4Q24**
  - Due mainly to a 28m EUR negative one-off in Hungary as a result of a legal case

Costs excluding bank & insurance taxes increased q-o-q, perfectly within guidance

Operating expenses (including costs directly attributable to insurance)

in m EUR



Cost/income ratio

When excluding bank and insurance taxes

FY23	FY24
43%	**43%**

- **Operating expenses excluding bank & insurance taxes rose by 6% q-o-q and by 3% y-o-y (+6% q-o-q and +4% y-o-y excluding FX effect)**
  - The q-o-q increase excluding FX effect was due mainly to seasonally higher marketing and professional fee expenses, higher ICT costs, higher regulatory costs, higher facility expenses and higher depreciations
  - The y-o-y increase excluding FX effect was due to, among other things, higher staff costs (mainly the impact of wage inflation, partly offset by lower FTEs), higher regulatory costs, higher ICT costs, higher marketing expenses and higher depreciations, partly offset by lower costs in Ireland (related to the sale transaction), lower facility expenses, lower professional fee expenses and an FX effect

- **FY24 opex excluding bank & insurance taxes and including insurance commissions paid rose by 1.6% y-o-y to 4.86bn EUR, in line with our guidance (below +1.7% y—o-y), of which:**
  - +0.8% y-o-y to 4,474m EUR opex excluding bank & insurance taxes*
  - +12.6% y-o-y to 383m EUR insurance commissions paid

- **FY24 cost/income ratio**
  - 47% when excluding certain non-operating items** (49% in FY23)
  - 43% excluding all bank & insurance taxes (43% in FY23)

- Total **bank & insurance taxes** decreased by 9% y-o-y to 623m EUR in 2024 (687m EUR in 2023) due mainly to the lower Resolution Fund contribution

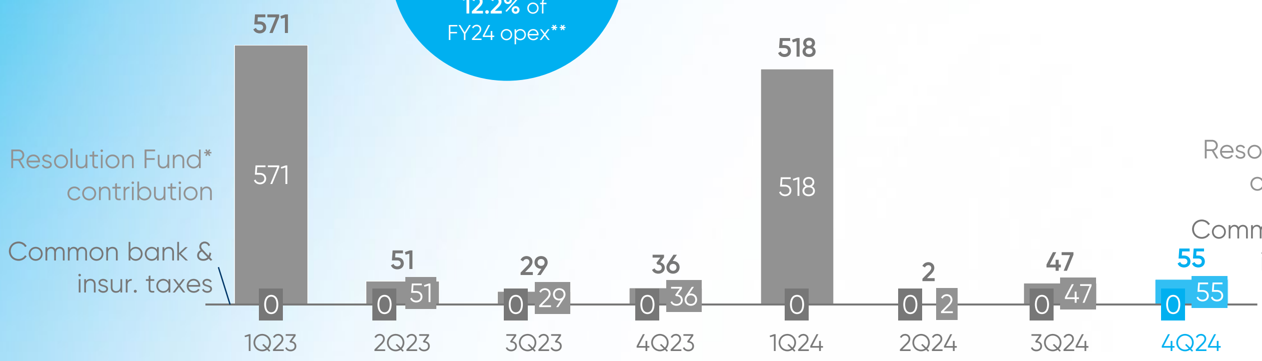
* Rose by 2.7% y-o-y when excluding Ireland (opex excl BIT for Ireland amounted to 107m EUR in FY23 and 25m EUR in FY24)

** See glossary for the exact definition

Overview of bank & insurance taxes*

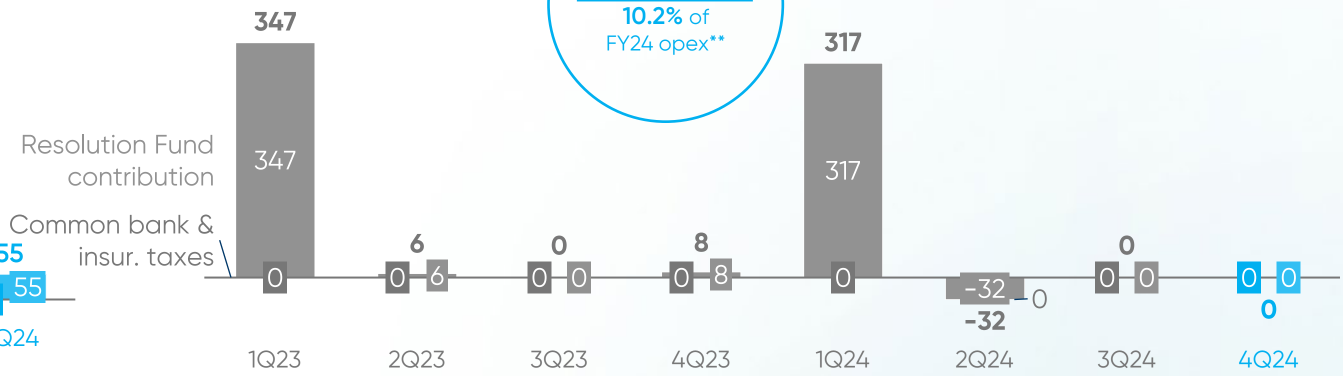
KBC Group
in m EUR

KBC Group
623m EUR
12.2% of FY24 opex**



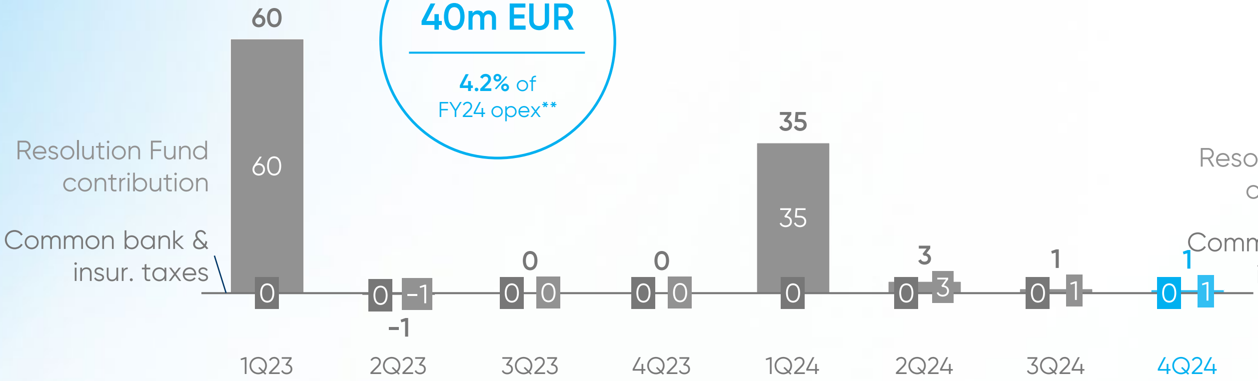
Belgium BU
in m EUR

BU BE
285m EUR
10.2% of FY24 opex**



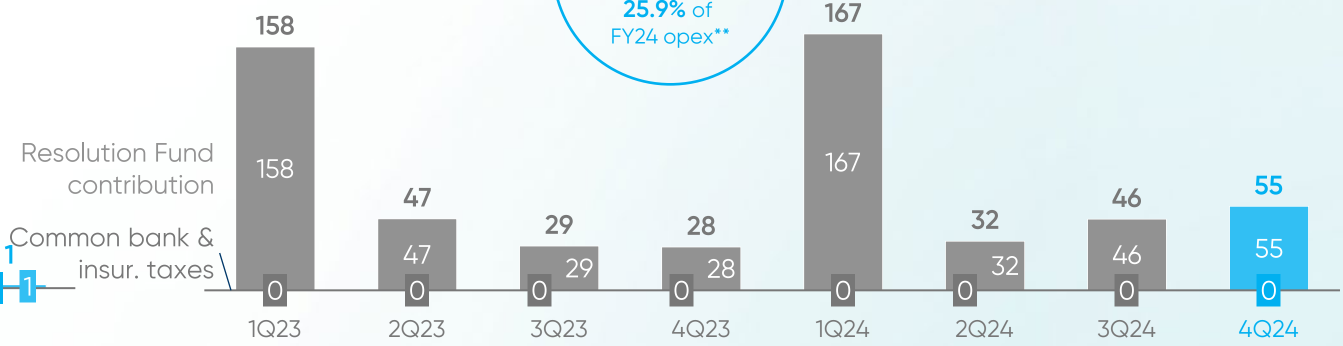
Czech Republic BU
in m EUR

BU CZ
40m EUR
4.2% of FY24 opex**



International Markets BU
in m EUR

BU IM
300m EUR
25.9% of FY24 opex**

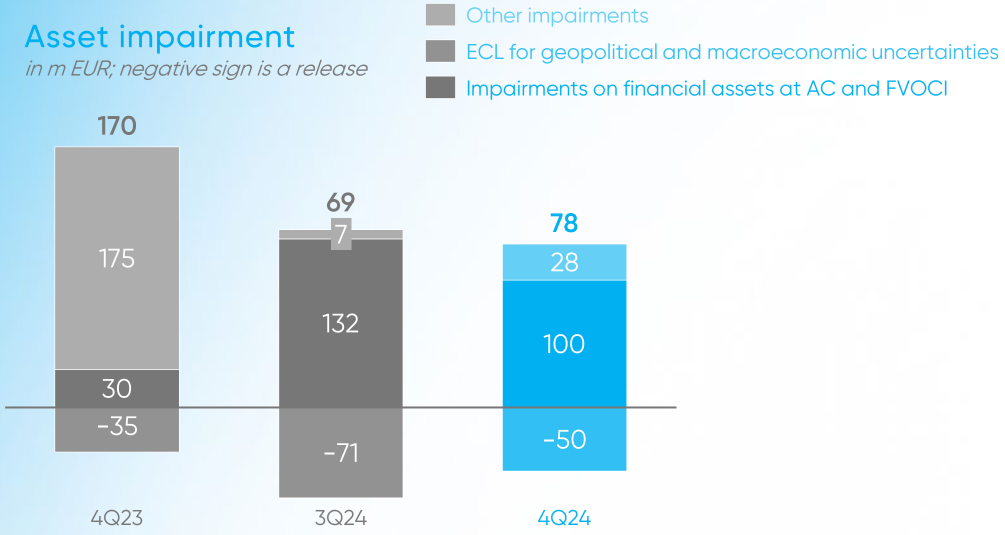


* This refers solely to the bank & insurance taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.
** Including directly attributable costs to insurance

Lower net loan loss impairment charges & excellent credit cost ratio
Higher other impairments

Asset impairment

in m EUR; negative sign is a release

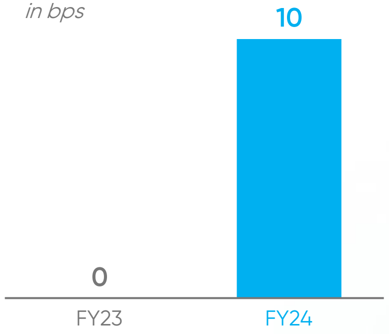


- **Net loan loss impairment charges of 50m EUR in 4Q24** (compared with net loan loss impairment charges of 61m EUR in 3Q24) due to:
  - 100m EUR net loan loss impairment charges on lending book (of which 18m EUR lowering the backstop shortfall for old NPLs in Belgium)
  - A decrease of 50m EUR of the ECL buffer, driven mainly by micro- and macroeconomic indicators
  - Total outstanding ECL for geopolitical & macroeconomic uncertainties now stands at 117m EUR

- **28m EUR impairment on 'other'** (versus 7m EUR in 3Q24), mainly on software besides 4m EUR modification losses related to the extension of the interest cap regulation in Hungary

Credit cost ratio

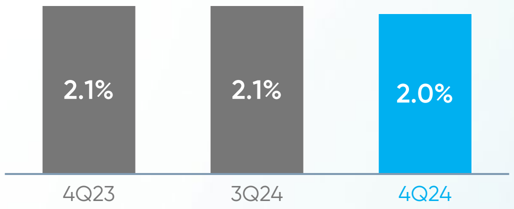
in bps



- The credit cost ratio in FY24 amounted to:
  - 16 bps (7 bps in FY23) without ECL for geopolitical & macroeconomic uncertainties
  - 10 bps (0 bps in FY23) with ECL for geopolitical & macroeconomic uncertainties

Impaired loans ratio

in %



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

Strong capital position with substantial buffer

Fully loaded B3 common equity ratio amounted to 15.0% at the end of FY24 based on the Danish Compromise

The recognition in P&L (+0.3bn EUR) of the deferred tax asset resulting from the liquidation of Ireland is deducted from KBC's regulatory capital (-0.3bn EUR) and is therefore neutral for KBC's regulatory capital. But the application of 50% dividend payment on the additional result of 0.3bn EUR had a limited negative impact on KBC's fully loaded CET1 ratio calculated under the DC method) of -0.13%-point.

In subsequent years, a positive capital impact will be gradually recorded in relation to KBC's profitability

Leverage ratio, Solvency II ratio and liquidity ratios

Leverage ratio | KBC Group

fully loaded, Basel 3

Leverage ratio
5.5% FY24
5.7% FY23

Q-o-q lower leverage ratio (from 5.7% to 5.5%) due mainly to higher leverage ratio exposure (due chiefly to higher cash and cash balances with central banks)

Liquidity ratios | KBC Group

in %

LCR
158% FY24
159% FY23

NSFR
139% FY24
136% FY23

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

Solvency II ratio | KBC Group

in %

Solvency II ratio
200% FY24
206% FY23

Q-o-q higher Solvency II ratio due mainly to the 4Q24 IFRS P&L result, partly offset by higher bond spreads

* 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.

Wrap-up

Excellent financial performance

net result
1,116m
4Q24
3415m
FY24

return on equity
14%*
FY24

combined ratio
90%
FY24

Outstanding solvency and liquidity

CET1 ratio
15.0%
3.5% buffer vs MDA

NSFR
139%
LCR
158%

SII ratio
200%

Kate convinces customers

5.3 million users in contact with Kate

KATE autonomy
69% BE
71% CZ

Franchise is growing

loan volumes
+5%
y-o-y

customer deposits
+6%
y-o-y

AM net inflows of direct client money
+5.0bn
FY24

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

life sales
+25%
y-o-y

* Excluding one-offs

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2024 figures

	2025
Total income	at least +5.5% y-o-y
Net interest income*	at least 5.7bn EUR
Organic loan volume growth	*approx. +4%*
Insurance revenues (before reinsurance)	at least +7% y-o-y
Operating expenses (excl. bank/insurance tax)	below +2.5% y-o-y *below FY24 growth excl. Ireland***
Combined ratio	below 91%
Credit cost ratio	well below TTC of 25-30bps

Jaws at least +3%

* Based on following assumptions: (i) market forward rates of early February, (ii) no speculation on potential measures of any government and (iii) conservative pass-through rates on savings accounts; Every 25bps rate deviation from the market forward rates (across all currencies) generates roughly 50m EUR NII variance on an annual basis

** FY24 growth excl. Ireland at +2.7% (OpEx excl. BIT for Ireland was 107m EUR in FY23 and 25m EUR in FY24)

Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2024 figures

	2027
Total income	CAGR24-27 at least +6%
Net interest income*	CAGR24-27 at least +5%
Insurance revenues (before reinsurance)	CAGR24-27 at least +7%
Operating expenses (excl. bank/insurance tax)	CAGR24-27 below +3%
Combined ratio	below 91%
Credit cost ratio	well below TTC of 25-30bps

Jaws at least +3%

* Based on following assumptions: (i) market forward rates of early February, (ii) no speculation on potential measures of any government and (iii) conservative pass-through rates on savings accounts

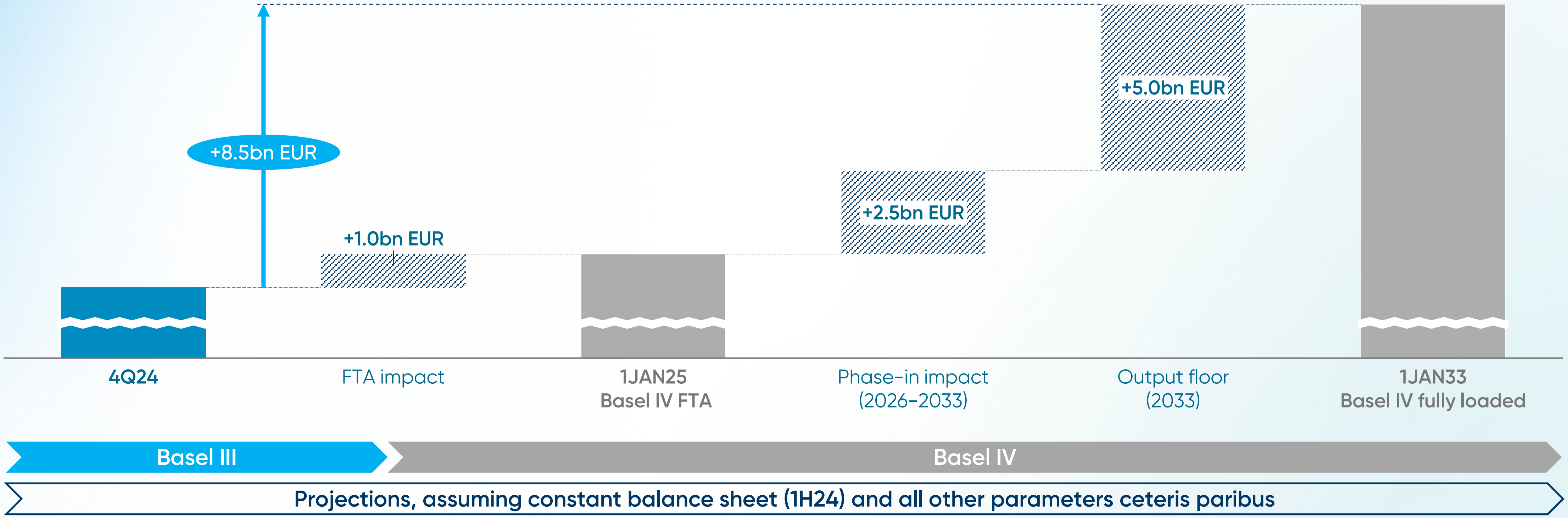
Indicative view on transitional RWA evolution under Basel IV (as provided with 3Q24 results)

- **Moving towards the Basel IV era** and applying a static balance sheet (1H24) and all other parameters ceteris paribus, without mitigating actions, KBC projects
  - at 1JAN25, a **first-time application impact of +1.0bn EUR**
  - by 1JAN33, a **further impact of +7.5bn EUR**

  resulting in a **fully loaded impact of +8.5bn EUR**

Indicative transitional RWA estimate

in bn EUR



Wrap-up: digital-first, data-driven and AI-led integrated bank-insurer with tailored AM
Well-positioned in a decreasing (policy) rate environment

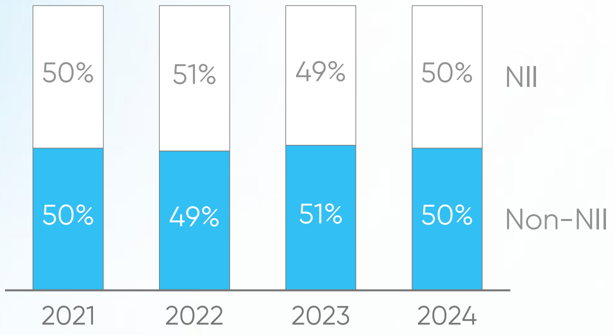
Well-diversified, both geographically and from a business point of view

- **geographically …**
  - Mature markets (BE, CZ) combined with growth markets (SK, HU, BG)
  - Robust market position in all key markets & strong trends in loan and deposit growth
  - Wealth levels are and will continue to gradually converge towards W-European standards
- **… and from a business point of view**
  - Unique integrated, digital-first, data-driven and AI-led bank-insurer with a strongly developed & tailored AM business
  - Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients
  - Our fully integrated distribution model and increasingly straight-through processes allow for sustainable efficiency gains in tandem with a full range of products and services that go beyond banking and insurance through ecospheres
  - Global recognition for our digital-first approach through Kate, fueled by the number 1 banking app worldwide in 2024

Successful digital-first approach through KATE

KBC Group topline diversification: roughly 50% NII and 50% non-NII

in %



- **CAGR24-27 NII of at least +5%, even in decreasing (policy) rate environment**
  - Longer average duration of the replication portfolio will generate a further NII increase, even in a decreasing interest rate environment
  - The negative impact from the State Note in Belgium is likely to disappear
  - In a decreasing (policy) rate environment, the trend noticed in non-EUR denominated countries (CZ & HU), namely shifts from TD to CASA, will highly likely also happen in EUR denominated countries
- **Implicit CAGR24-27 non-NII of roughly +7%**
  - Insurance revenues (before reinsurance) CAGR '24-'27 of at least +7%
  - Sustained fee income growth, propelled by record net sales year after year thanks to success of Regular Investment Plans and the gradual convergence of wealth levels in Central Europe towards Western European standards

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

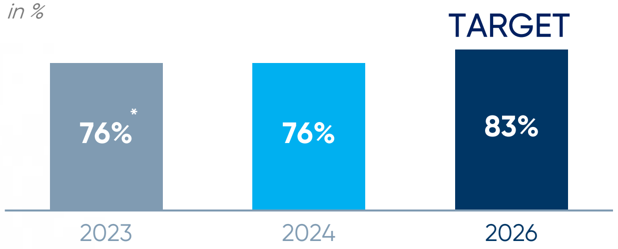
Customer ranking

- **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)

Bank-insurance (BI) clients

BI clients

in %



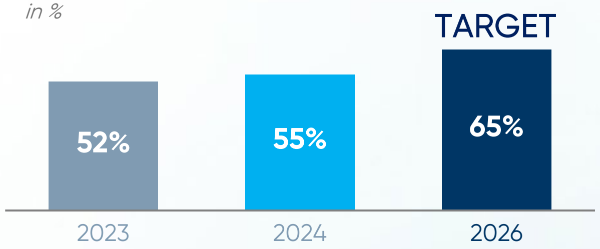
BI customers have at least 1 bank + 1 insurance product of our group.

* Slightly changed due to allignment of definitions

Digital sales

Digital sales banking products*

in %



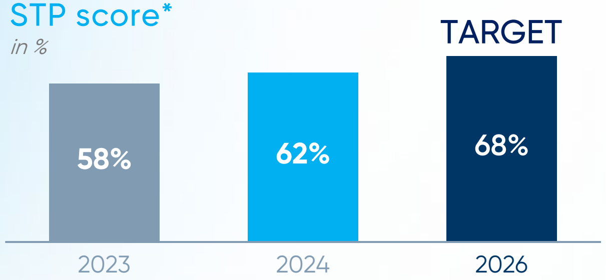
Target: Digital sales 65% of **banking sales**

* Based on weighted average of selected core products.

Straight-through processing

STP score*

in %

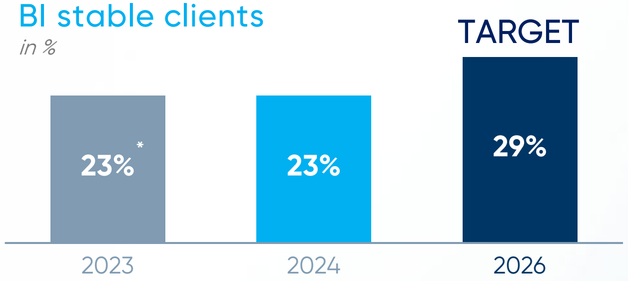


The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

* Based on analysis of all retail processes.

BI stable clients

in %

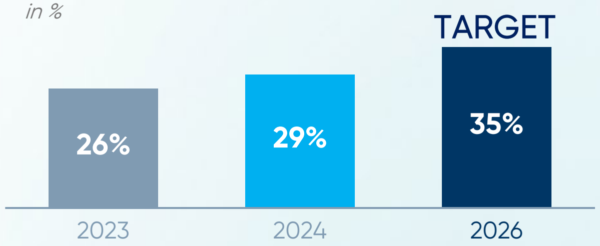


Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

* Slightly changed due to allignment of definitions

Digital sales insurance products

in %



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

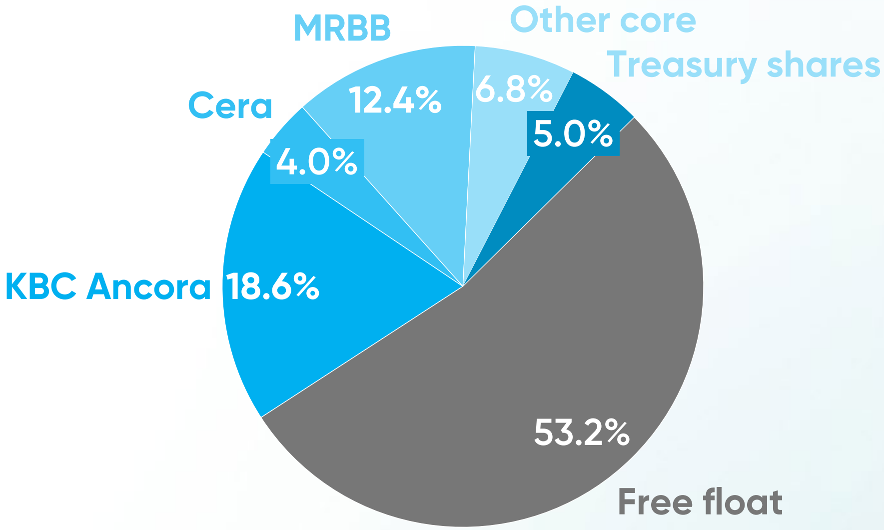
Company profile | KBC Group in a nutshell

Dividend policy & capital distribution
(will be updated with 1Q25 results)

- We aim to be **amongst the better capitalised** financial institutions in Europe. As a consequence, the Board of Directors decided:
  - The dividend policy for 2024 to remain unchanged:
    - 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
  - The capital deployment policy for 2024 to remain unchanged:
    - 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

- Considering the **introduction of Basel 4 as of 1 Jan 2025 onwards**, the **dividend policy as well as the surplus capital threshold will be reviewed in May 2025 (together with the 1Q25 results)**

Shareholder structure
(as at end 2024)



- Roughly **42% 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

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
69% BE
71% CZ

5.3 million users in contact with Kate

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.

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.

312.7k converted Kate leads (1y)

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.

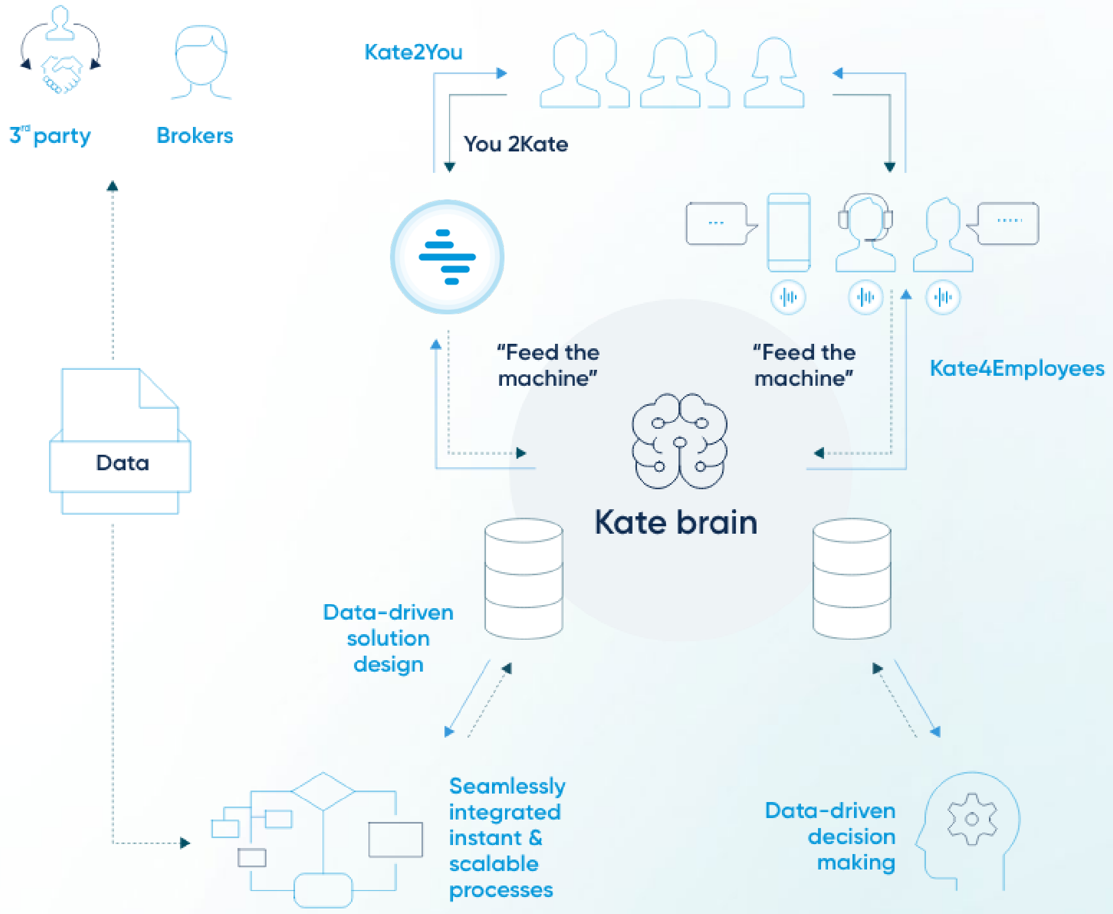
So, Kate is not only steering the interaction with customer-facing touchpoints (digital, physical, remote) but also the product factories and decision makers by **providing relevant insights**.

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 feedback loops from all interactions to make sure **Kate is learning and getting smarter**, resulting in better decision making.

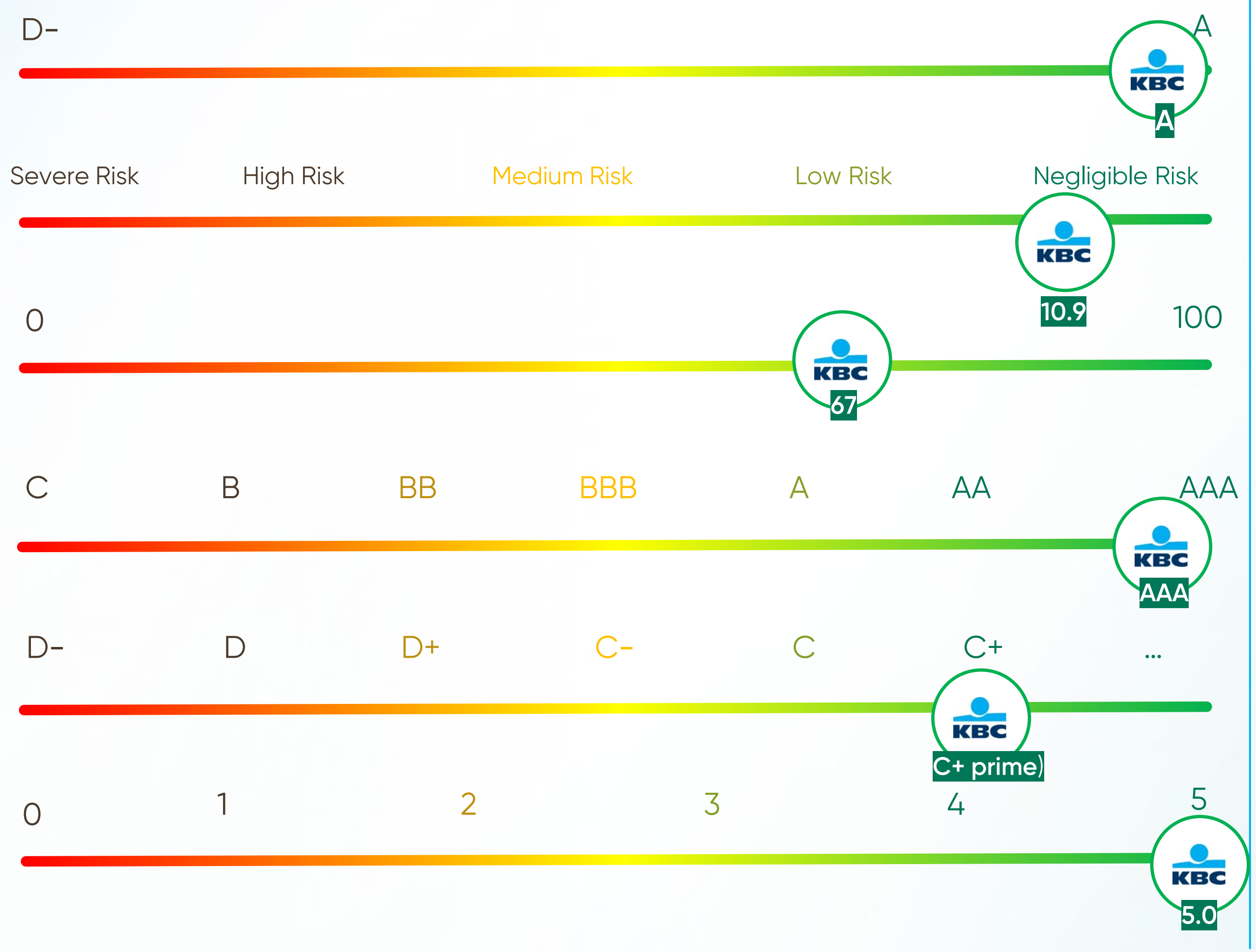
The main purpose remains the same: happy customers. As a **data-driven company** we remain guided by our **client-centric vision**.

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**.



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

Agency | ESG rating end-of-year 2024 | Position versus industry average



CDP DISCLOSURE INSIGHT ACTION
- Leader in addressing climate change
- CDP's A list
- Financial average service B-

SUSTAINALYTICS
- 3rd percentile of 262 diversified banks assessed
  [Last Full Update Nove 29, 2024]

S&P Dow Jones Indices A Division of S&P Global
- Top 8%
- 92nd percentile of 669 banks assessed

MSCI
- Leader among 482 banks assessed

Corporate ESG Performance RATED BY ISS ESG Prime
- 1st decile rank of 314 Commercial Banks & Capital Markets assessed

FTSE4Good
- 100th percentile of banks assessed

Indirect environmental impact: our progress in brief

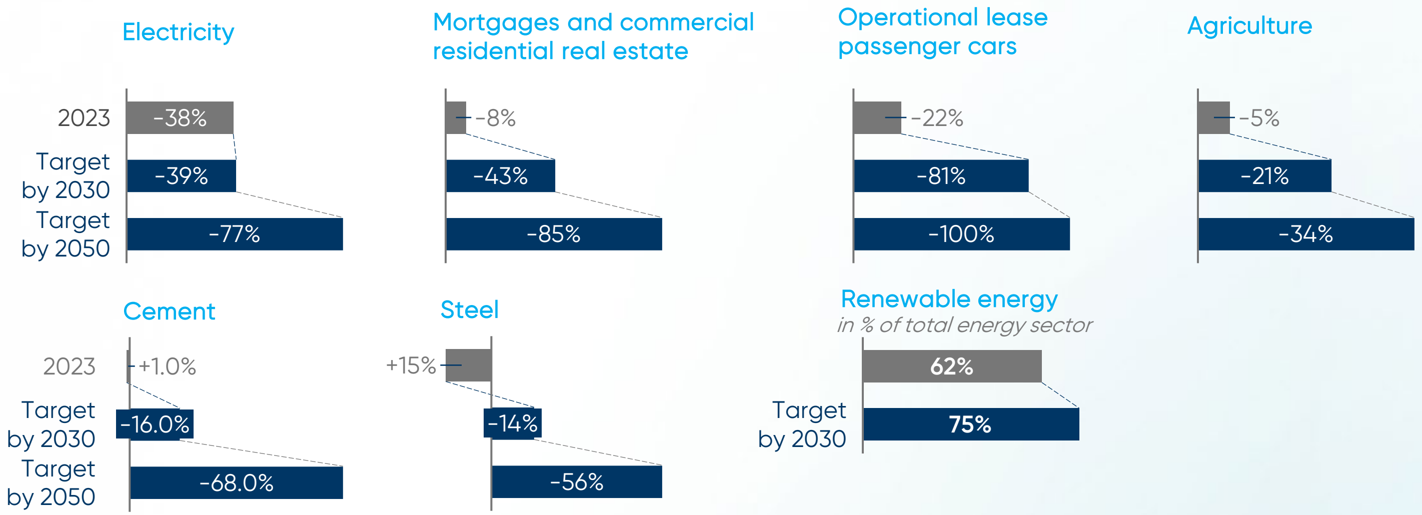
INDIRECT environmental footprint (FY 2023)

- 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 white papers sectors which represent the majority of our lending portfolio emissions. Targets cover 55% of the lending portfolio related GHG emissions
- Clear targets for KBC Asset Management's Responsible Investing (RI) funds
- The baseline of the various targets and the actuals have been externally limited assured

Note: on 31 March 2025 we will release our Sustainability Report of 2024, including the progress on our targets

Loan portfolio (selection of sectors)

reduction compared to 2021 baseline, otherwise indicated



Asset management funds

reduction compared to 2021 baseline, otherwise indicated

Sustainability highlights

Commitment to environmental action

Second progress report published on the 2030 and 2050 climate targets for the most material carbon-intensive industrial sectors and product lines in our lending business

Set of **Climate targets published for our own corporate investments of KBC Insurance** for the first time

Calculated for the first time the GHG emissions of part of **KBC's insurance underwriting portfolio**

Continued to expand our focus to include the themes of biodiversity, circularity, pollution and water, and report on them. **By extension, we also became an adapter of the TNFD recommendations**

Sustainable business

51bn EUR Responsible Investing funds in FY24
or 44% of total assets under distribution (direct client money)

7.4bn EUR
Financing contributing to social objectives

19.3bn EUR
Financing contributing to environmental objectives

We are reporting our contribution to environmental objectives according to the **EU taxonomy for the first time, including but not limited to voluntary EU taxonomy reporting and our mandatory reporting** (more details see further in the presentation)

Social responsibility and governance

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

75% of employees took part in the **new webinar on responsible behaviour** during last quarter 2023

Focus on **improving the gender balance within our leadership**

Collective variable remuneration
At least 30% of the collective, variable results-related remuneration component that is awarded to the members of the Executive Committee is related to sustainability

Note: Sustainability highlights in 2023, unless otherwise indicated
On 31 March 2025 we will release our Sustainability Report of 2024, including the progress on our targets

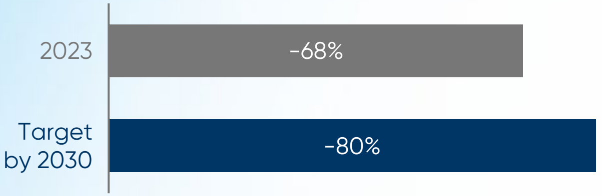
Direct environmental impact: our progress in brief

DIRECT environmental footprint (FY 2023)

- Since 2015, we have been calculating the **GHG emissions arising from our own operations** at group level, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard
- We set group-wide GHG reduction targets in 2016, and we have tightened them over the years
- **In 2020 the most recent targets were set**, with a long-term ambition of achieving an 80% reduction in our direct emissions by 2030 (as compared to 2015). For the third 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

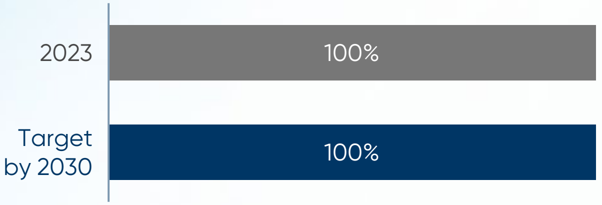
Reduction in our direct GHG emissions

reduction compared to 2015



Renewable electricity

in % of own electricity consumption

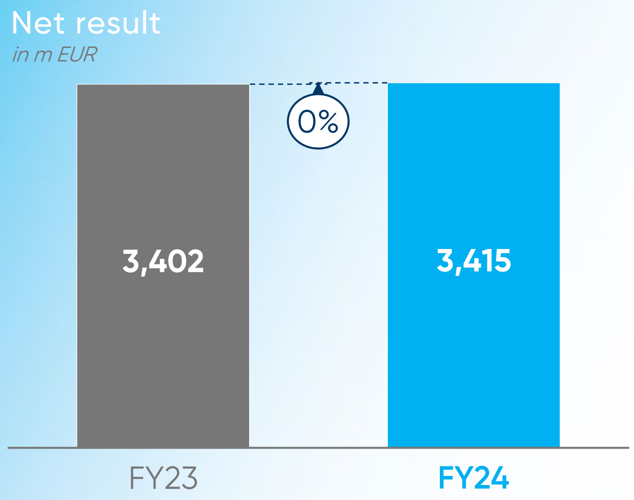


More details in our 2023 Sustainability Report

More details in our 2022 Climate Report

Note: On 31 March 2025 we will release our Sustainability Report of 2024, including the progress on our targets

FY24 | Highlights



Net result roughly stabilised at a high level (3,415m EUR in 2024 versus 3,402m EUR in 2023)

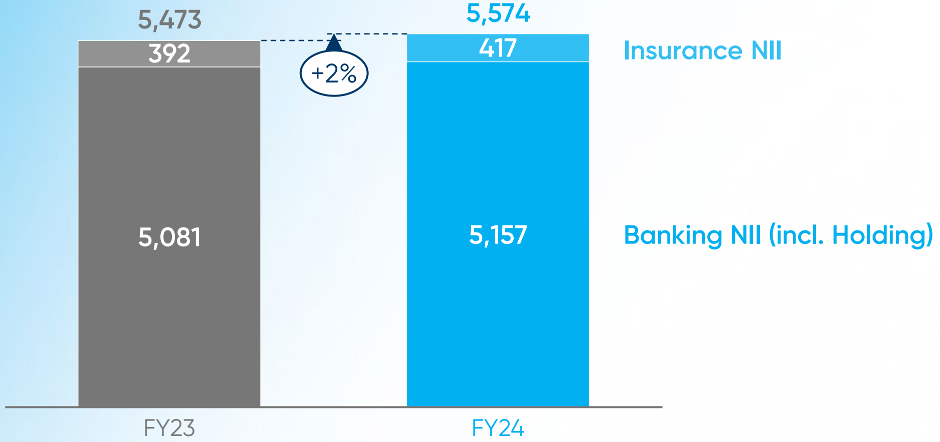
Excluding FX effect, net result increased by 2% y-o-y, mainly as a result of the following:

- **Revenues rose by 1% y-o-y excluding FX effect** as higher net interest income, sharply higher net fee and commission income, sharply higher insurance revenues (both life and non-life) was largely offset by sharply lower net other income (due mainly to +408m EUR one-off gain related to the Irish sale transactions in 2023) and lower net result from FIFV & IFIE
- **Operating expenses excluding bank & insurance taxes** rose by 1% y-o-y including FX effect and by 2% y-o-y excluding FX effect to 4.5bn EUR. **FY24 opex (excluding bank & insurance taxes) and insurance commissions** rose by 1.6% y-o-y, in line with guidance (below +1.7% y–o-y and substantially below inflation). Total bank & insurance taxes decreased from 687m EUR in FY23 to 623m EUR in FY24
- **Net impairment charges amounted to 248m EUR** (compared with 215m EUR in FY23). This was attributable chiefly to :
  - 333m EUR net loan loss impairment charges on lending book (of which 72m EUR lowering the backstop shortfall for old NPLs in Belgium)
  - A 134m EUR reversal of geopolitical & emerging risk buffer in FY24
  - Impairment of 49m EUR on 'other', mainly on software besides 9m EUR modification losses related to the extension of the interest cap regulation in Hungary
- In 2024, a **one-off tax benefit** of 318m EUR was booked as a result of the forthcoming liquidation of KBC Bank Ireland, besides a 79m EUR **one-off gain in 'share in results of associated companies & joint ventures'**

FY24 | Higher net interest income (better than guided) and NIM

Net interest income

in m EUR

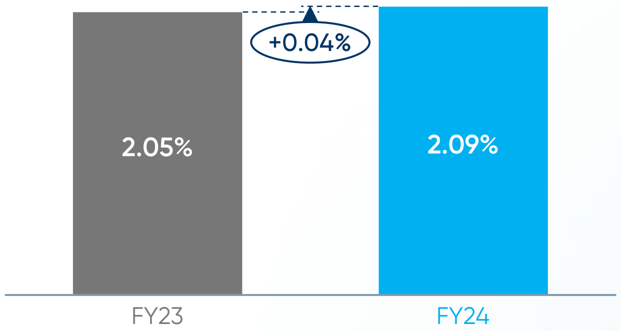


- **FY24 NII rose 2% y-o-y (+3% y-o-y excl. FX effect) to 5,574m EUR, above the guided 5.5bn EUR ballpark figure**, due mainly to :
  - Higher commercial transformation result
  - Higher ALM result
  - Loan volume growth

  partly offset by:
  - Loan margin pressure on the outstanding portfolio in some core countries
  - Higher costs on the minimum required reserves held with the central banks (-190m EUR in FY24 versus -126m EUR in FY23)
  - Higher wholesale funding costs
  - Lower NII on term deposits
  - Lower NII on inflation-linked bonds (23m EUR in FY24 versus 35m EUR in FY23)
  - Lower NII in Ireland (16m EUR in FY24 versus 64m EUR in FY23)
  - Lower short-term cash management
  - Lower dealing room NII
- Loan volumes increased organically by 5% y-o-y, while customer deposits excluding debt certificates and repos rose by 6% y-o-y

Net interest margin

in %



- **Increased by 4 bps y-o-y** for the reasons mentioned under Net interest income, partly offset by an increase in the interest-bearing assets (denominator)

Organic volume trend

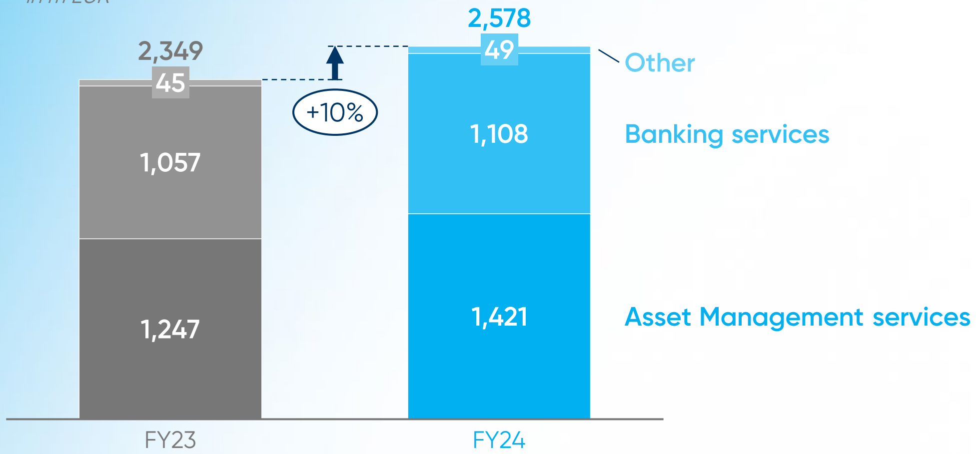
	Total loans*	o/w retail mortgages	Customer deposits**
Volume (EUR)	192bn	78bn	229bn
Growth y-o-y	+5%	+4%	+6%

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

FY24 | Higher net fee and commission income and higher AUM | Record-high net inflows in direct client money

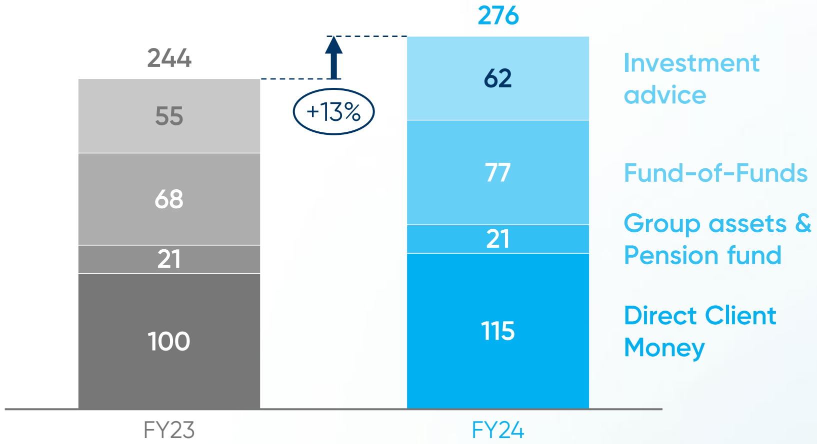
Net fee & commission income

in m EUR



Assets under management

in bn EUR

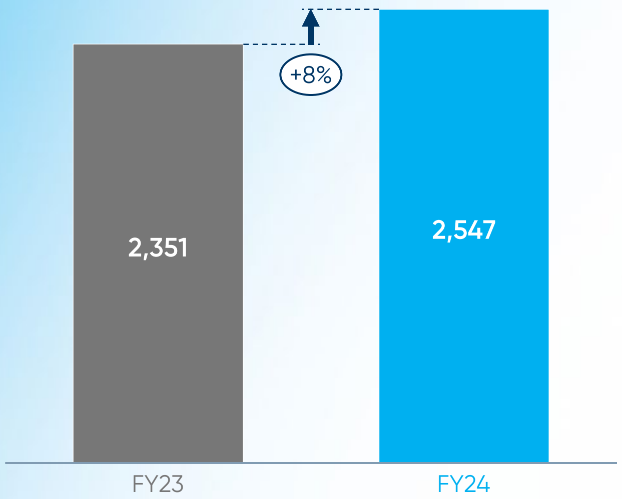


- **Net fee and commission income (2,578m EUR) increased by 10% y-o-y (+11% excl FX effect)**
  - Net F&C from Asset Management Services increased by 14% y-o-y driven mainly by higher management & entry fees
  - Net F&C income from banking services increased by 5% y-o-y driven mainly by higher fees from payment services, higher network income and higher securities-related fees

- **Increased by 13% y-o-y** due to net inflows (+3%) and a positive market performance (+10%)
- The mutual fund business has seen strong net inflows in FY24, both in higher-margin direct client money (**record-high 5.0bn EUR in FY24** versus 4.8bn EUR in FY23) as well as in lower-margin assets

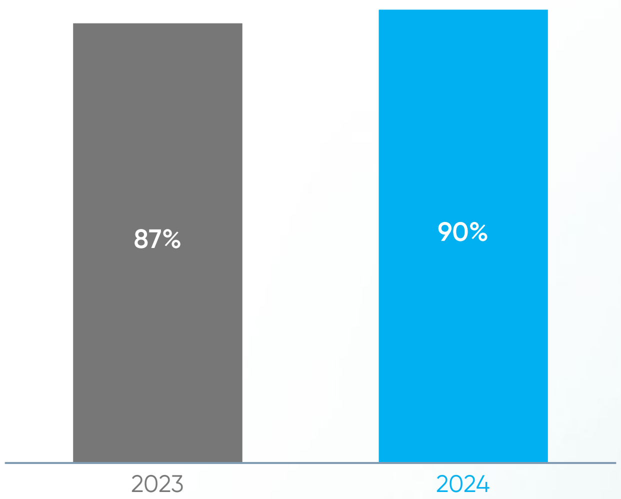
FY24 | Non-life sales significantly up y-o-y

Non-life sales
in m EUR



- **Up by 8% y-o-y (+10% y-o-y excluding FX effect)**, with growth in all countries and all classes, due to a combination of volume and tariff increases

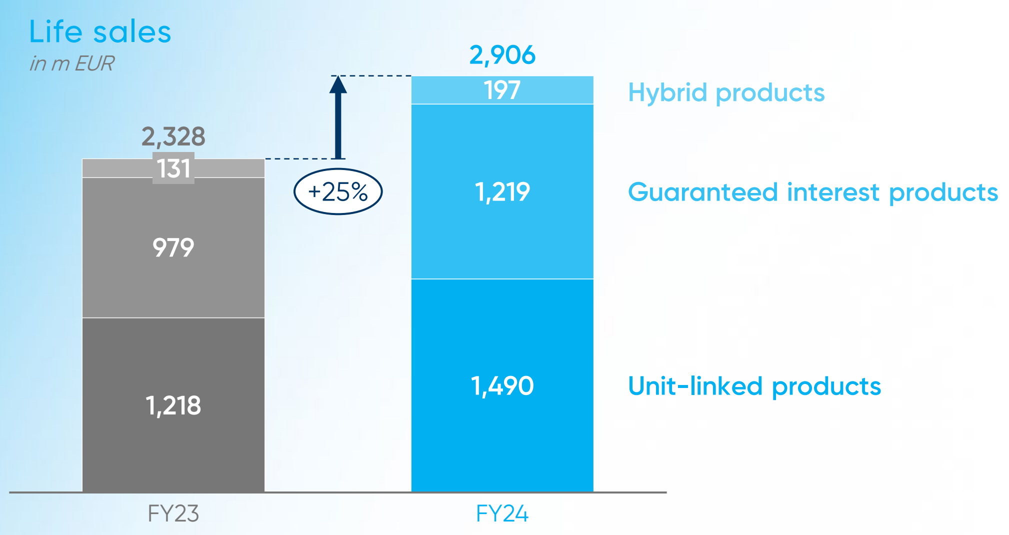
Combined ratio (Non-life)
in %

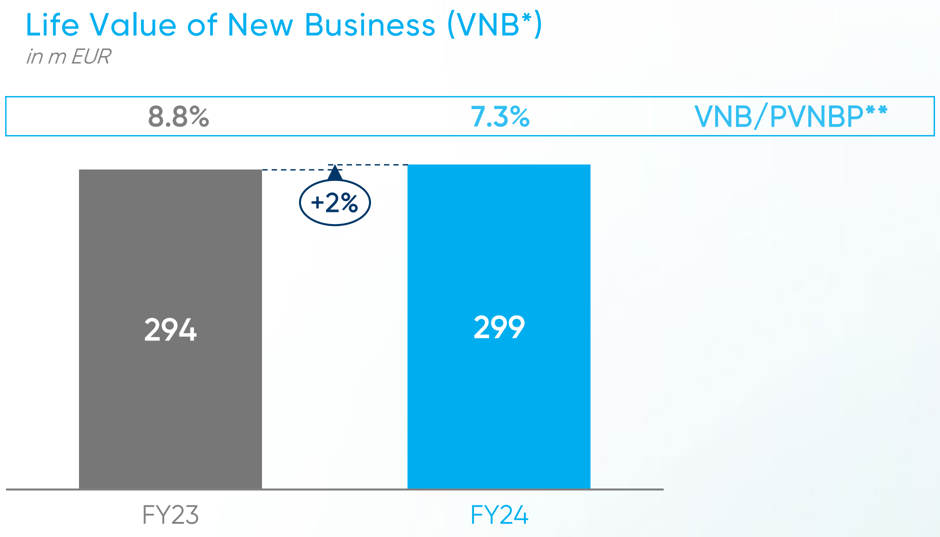


- **Non-life combined ratio for FY24 amounted to an excellent 90%** (87% in FY23) This is the result of:
  - 9% y-o-y earned premium growth in FY24
  - 17% y-o-y higher insurance service expenses before reinsurance due mainly to the very low level of claims in FY23 and the impact of storm Boris in CEE (mainly in the Czech Republic) and the sector wide update of claims inflation on bodily injury claims in Belgium
  - Higher net result from reinsurance contracts held (up by 73m EUR y-o-y)

Excluding the impact of storm Boris, the combined ratio amounted to 88% in FY24

FY24 | Life insurance sales significantly up y-o-y





- **Life sales up by 25% y-o-y**
  - The 22% 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 increased by 25% y-o-y, due partly to inflows form maturing State Note in Belgium, supported by commercial actions
  - Sales of hybrid products even rose by 51% y-o-y

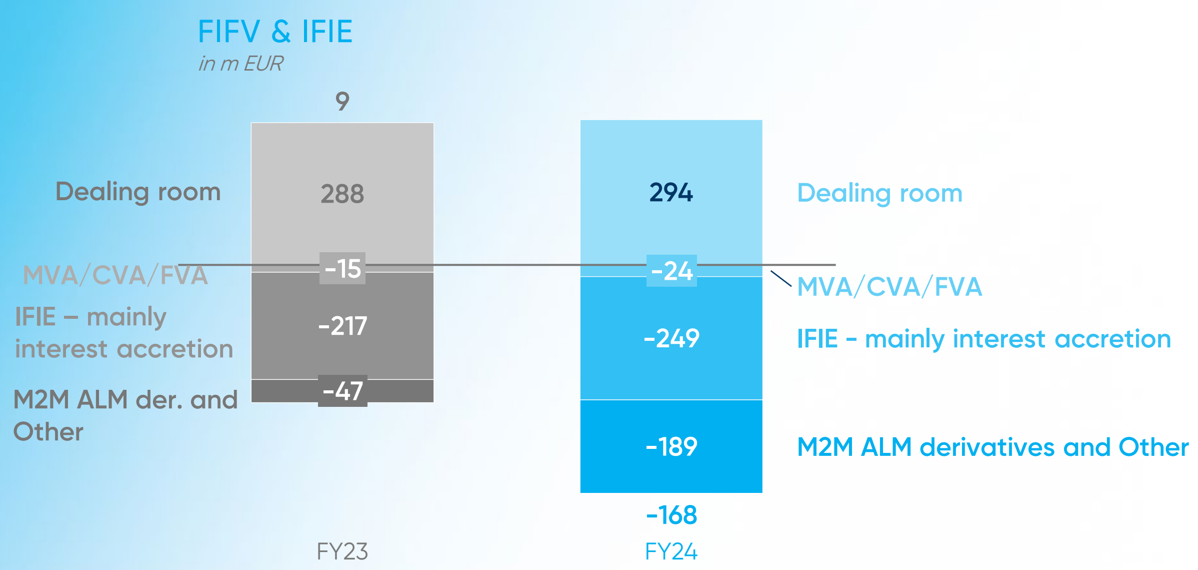
- Sales of unit-linked products accounted for 51% of total life insurance sales

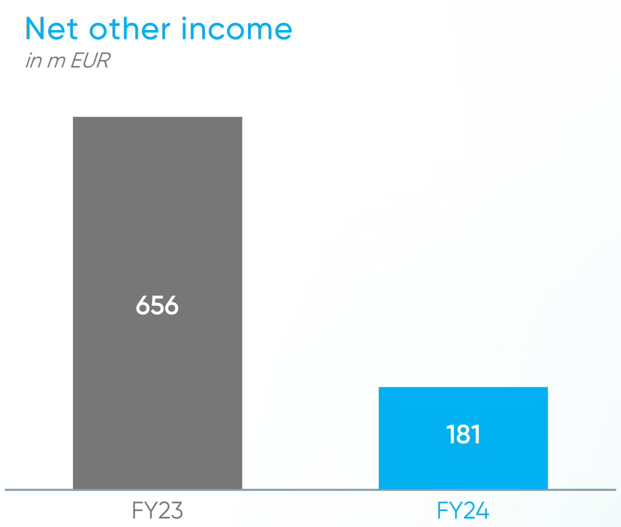
- **Value of New Business up by 2% y-o-y**
  - Slightly higher y-o-y mainly due to an increase in the Central-European entities, driven by higher new business volumes and a change in business mix (shift to more profitable products). This effect was partly offset by a decrease in Belgium, mainly driven by lower margins earned on guaranteed interest products (commercial action linked to the maturity of the Belgian State Note)
  - The VNB/PVNBP decreased to 7.3% mainly due to higher new business volumes in guaranteed interest rate products in Belgium, which have a lower margin earned driven by the commercial action and slightly reinforced by lower market interest rates.

* VNB = present value of all future profit attributable to the shareholders from new life insurance policies written during the year The VNB of KBC Group includes the expected future income generated by parties other than KBC Insurance, but within KBC Group (e.g. KBC Bank & KBC Asset Management) arising from the sales of life insurance business. In 2024, this income amounted to 149m EUR (compared with 129m EUR in 2023)

** VNB/PVNBP = VNB relative to the Present Value of New Business Premiums, reflecting the margin earned on these premiums.

FY24 | Sharply lower FIFV result and lower net other income





- **177m EUR lower y-o-y**, attributable mainly to:
  - Negative change in ALM derivatives and other
  - More negative IFIE (mainly interest accretion)
  - Slightly more negative credit, funding and market value adjustments

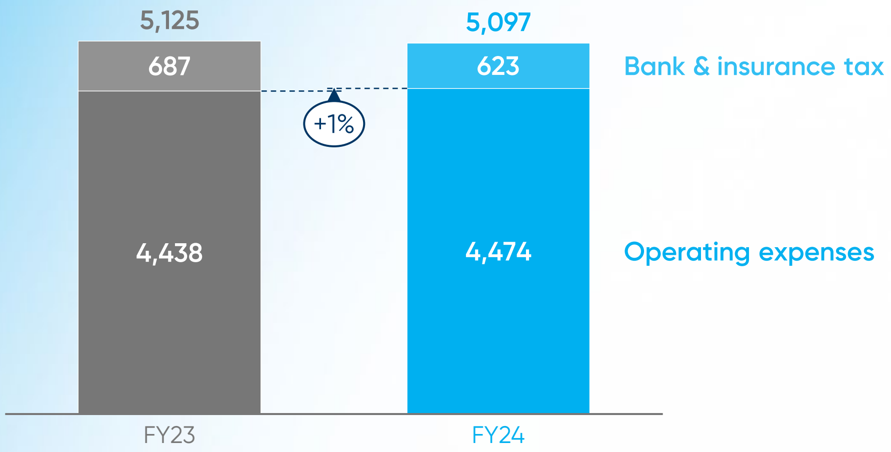
  partly offset by:
  - Slightly higher dealing room

- **Net Other Income decreased from 656m EUR in FY23 to 181m EUR in FY24 (which is only slightly lower than the normal run rate of roughly 200m EUR per year),** due mainly to:
  - A +408m EUR one-off gain related to the Irish sale transactions in 2023
  - A -28m EUR one-off in Hungary as a result of a legal case in 2024

FY24 | Costs in line with guidance

Operating expenses (including costs directly attributable to insurance)

in m EUR



Bank and insurance taxes

in m EUR

	FY24	FY23
BE BU	285	361
CZ BU	40	60
Hungary	245	238
Slovakia	34	4
Bulgaria	21	20
Group Centre	-1	4
Total	623	687

- **FY24 opex excluding bank & insurance taxes and including insurance commissions paid rose by 1.6% y-o-y to 4.86bn EUR, in line with our guidance (below +1.7% y–o-y), of which:**
  - +0.8% y-o-y to 4,474m EUR opex excluding bank & insurance taxes* (see below)
  - +12.6% y-o-y to 383m EUR insurance commissions paid
- **Operating expenses excluding bank & insurance taxes went up by 1% y-o-y (+2% y-o-y excluding FX effect)**
  - The y-o-y increase was due mainly to the higher staff expenses (mainly the impact of wage inflation, partly offset by lower FTEs), higher ICT costs, higher regulatory costs, higher marketing expenses and higher depreciations, partly offset by lower costs in Ireland, lower facility expenses and FX effect

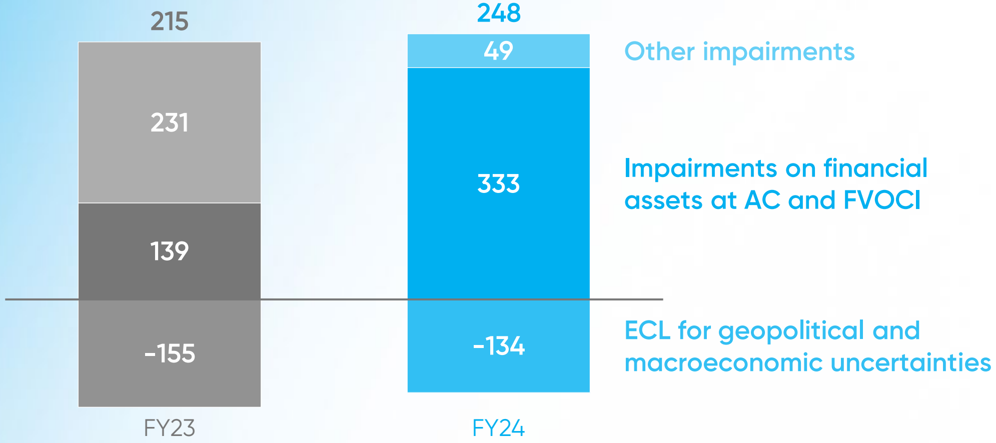
- **FY24 cost/income ratio**
  - 47% when excluding certain non-operating items** (49% in FY23)
  - 43% excluding all bank & insurance taxes (43% in FY23)
- Total **bank & insurance taxes** decreased by 9% y-o-y to 623m EUR in 2024 (687m EUR in 2023), due mainly to the lower Resolution Fund contribution

* Rose by 2.7% y-o-y when excluding Ireland (opex excl BIT for Ireland amounted to 107m EUR in FY23 and 25m EUR in FY24)
** See glossary for the exact definition

FY24 | Net loan loss impairment charges & excellent credit cost ratio

Asset impairment

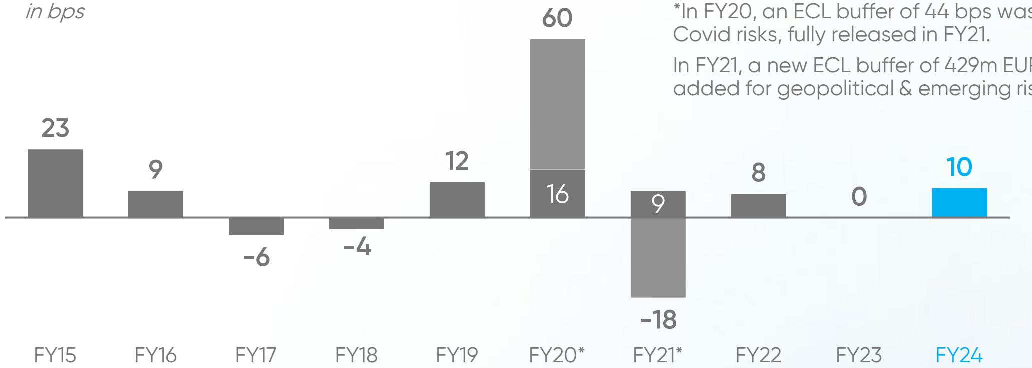
in m EUR; negative sign is a release



- **Net impairment charges amounted to 248m EUR (compared with 215m EUR in FY23)**; this was attributable chiefly to
  - 333m EUR net loan loss impairment charges on lending book (of which 72m EUR lowering the backstop shortfall for old NPLs in Belgium)
  - A 134m EUR reversal of ECL buffer for geopolitical & macroeconomic uncertainties
  - Impairment of 49m EUR on 'other', mainly on software besides 9m EUR modification losses related to the extension of the interest cap regulation in Hungary

Credit cost ratio

in bps



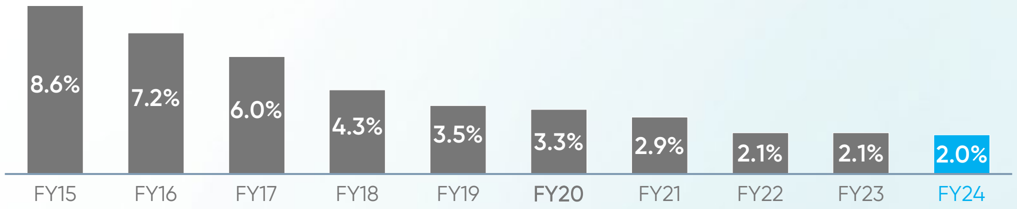
*In FY20, an ECL buffer of 44 bps was added re Covid risks, fully released in FY21.

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

- The **credit cost ratio in FY24** amounted to:
  - 16 bps (7 bps in FY23) without ECL for geopolitical & macroeconomic uncertainties
  - 10 bps (0 bps in FY23) with ECL for geopolitical & macroeconomic uncertainties

Impaired loans ratio

in %



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

We put our clients centre stage as they keep counting on us to help them realise and protect their dreams. We do this proactively and work together to support the society and create sustainable growth. We are genuinely grateful for the confidence they put in us.

I would like to explicitly thank our customers and stakeholders for their confidence and our staff for their relentless efforts.

Johan Thijs, KBC Group CEO

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, ALM FX swaps and repos] / [banking group average interest-bearing assets excluding dealing room, ALM FX swaps and repos]
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

Disclaimer

- This presentation is provided for information purposes only. It does not constitute an offer to sell or the solicitation to buy any security issued by the KBC Group.
- KBC believes that this presentation is reliable, although some information is condensed and therefore incomplete. KBC cannot be held liable for any loss or damage resulting from the use of the information.
- This presentation contains non-IFRS information and forward-looking statements with respect to the strategy, earnings and capital trends of KBC, involving numerous assumptions and uncertainties. There is a risk that these statements may not be fulfilled and that future developments differ materially. Moreover, KBC does not undertake any obligation to update the presentation in line with new developments.
- By reading this presentation, each investor is deemed to represent that they possess sufficient expertise to understand the risks involved.