



# KBC Group Debt presentation FY 2023/4Q 2023

More information: [www.kbc.com](http://www.kbc.com)

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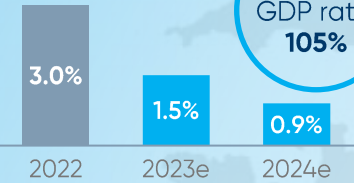


## BELGIUM BU

60% of assets  
3.9m clients  
434 branches

### GDP growth

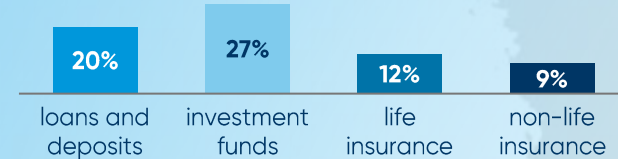
in %, KBC Economics



debt to GDP ratio  
105%

### Market share

in %, end 2022



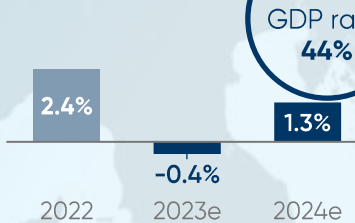
119bn EUR loans | 134bn EUR deposits

## CZECH REPUBLIC BU

22% of assets  
4.3m clients  
198 branches

### GDP growth

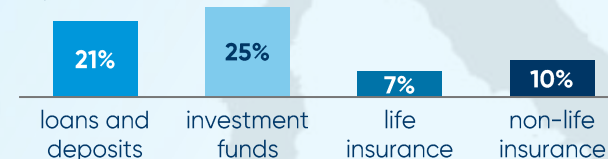
in %, KBC Economics



debt to GDP ratio  
44%

### Market share

in %, end 2022



36bn EUR loans | 51bn EUR deposits

## 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

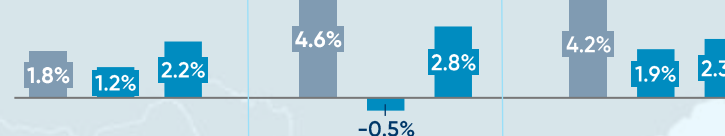
7bn EUR loans  
10bn EUR deposits

BG  
5% of assets  
2.2m clients  
228 branches

10bn EUR loans  
13bn EUR deposits

### GDP growth 2022-2023e-2024e

in %, KBC Economics



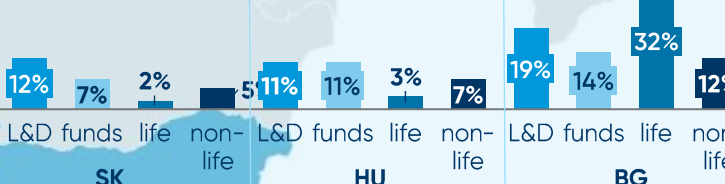
SK  
debt/GDP 62%

HU  
debt/GDP 73%

BG  
debt/GDP 23%

### Market share

in %, end 2022



# What differentiates us from peers

## Unique integrated bank-insurance+ model

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

## Successful digital-first approach through KATE

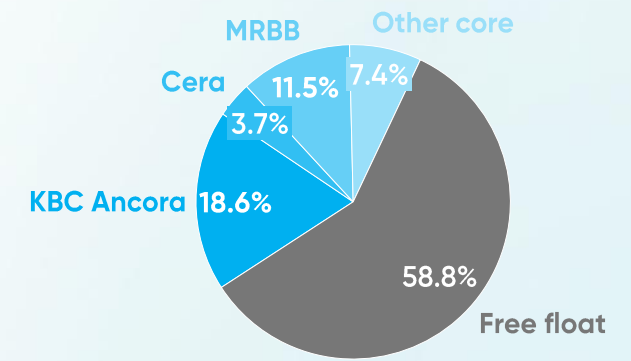
- Our **Digital interaction with clients** forms the basis of our business model in our strategy, not only in terms of sales and advice, but also in E2E digital process and product development
- Artificial intelligence** and data analysis will play an important part in digital sales and advice. **Kate,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

## Firmly embedded sustainability strategy

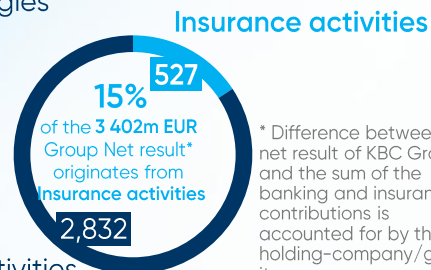
- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide.
- Our sustainability strategy 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**

## Core shareholder structure

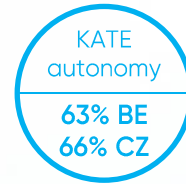
- A special feature of our shareholder structure is the **core shareholder syndicate** consisting of Cera, KBC Ancora, MRBB and the other core shareholders, which together held **roughly 41% of our shares**
- These shareholders act in concert, thereby ensuring shareholder stability in our group
- The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



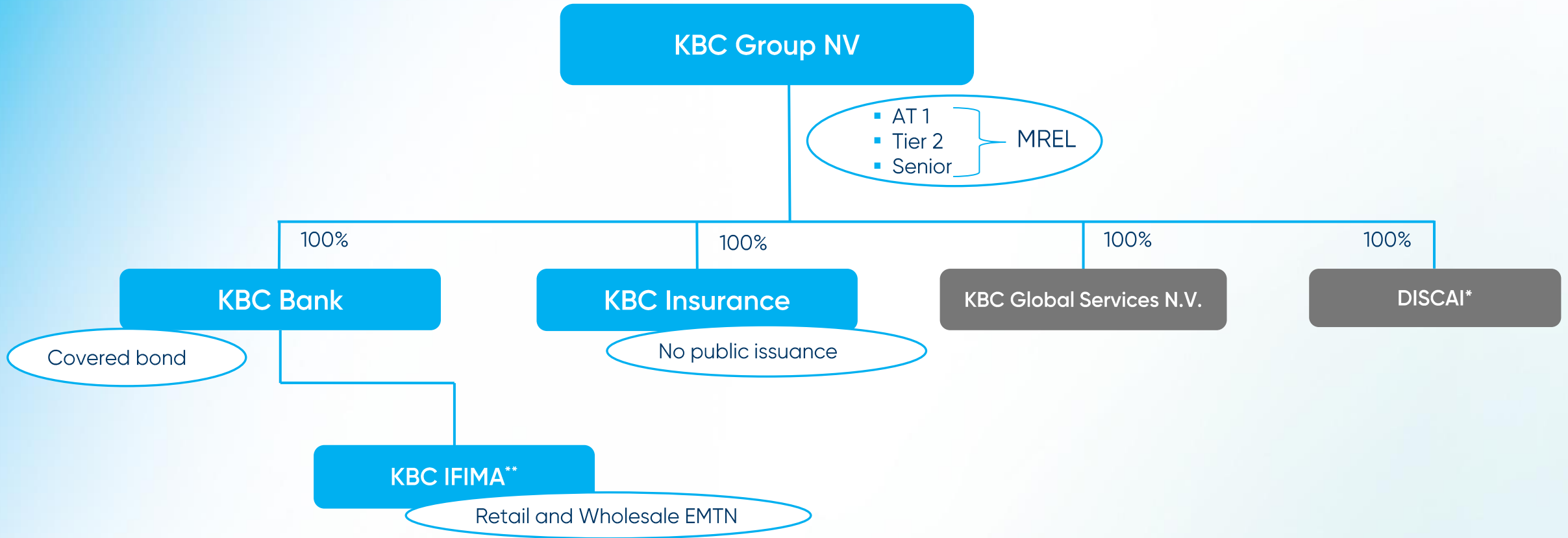
As at end FY 2023



\* 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



# KBC Group's legal structure and issuer of debt instruments



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

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

# Last credit ratings

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

## Latest update:

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

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

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

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

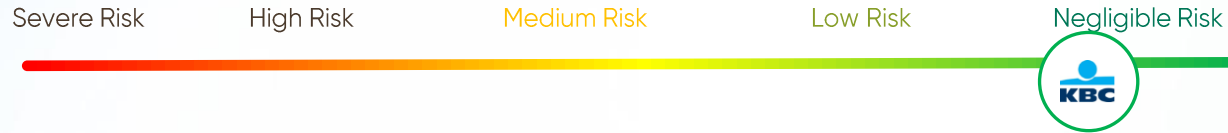
## Agency

## ESG rating 29<sup>th</sup> of December 2023

## Position versus industry average



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



- 2<sup>nd</sup> percentile of 342 diversified banks assessed
- 3<sup>rd</sup> of 342 diversified banks

### S&P Dow Jones Indices

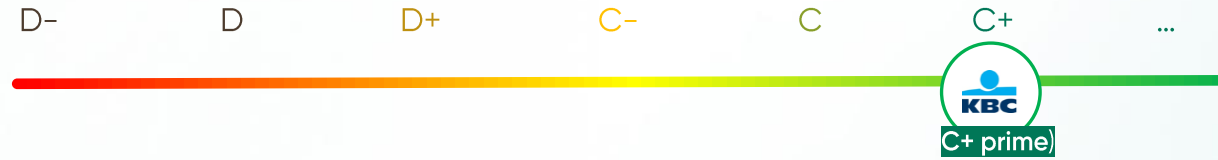
A Division of S&P Global



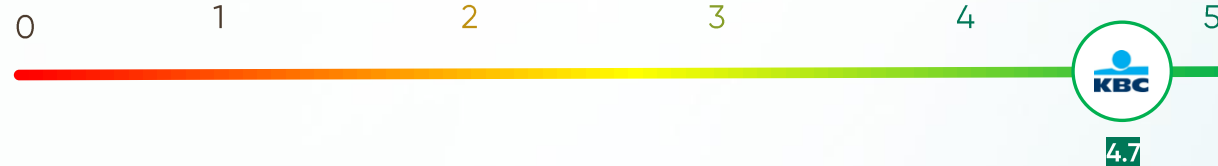
- Top 7%
- 93<sup>rd</sup> percentile of 722 banks assessed according to the 2023 methodology



- Leader among 488 banks assessed



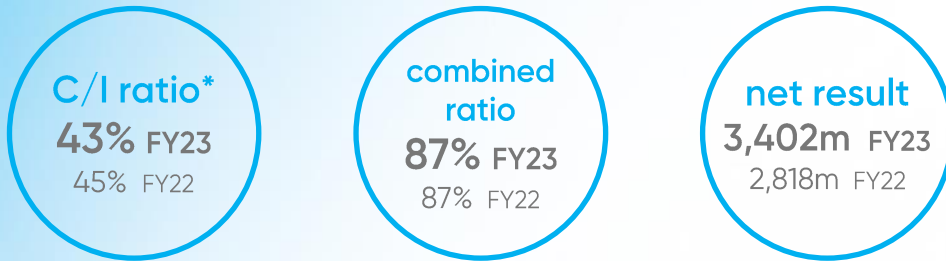
- 1<sup>st</sup> decile rank of 300 Commercial Banks & Capital Markets assessed



- Top 3% (97<sup>th</sup> percentile of banks assessed)

# Business profile | Our financial footprint

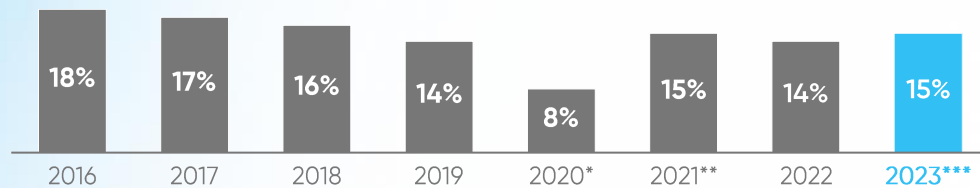
## High profitability (IFRS 17 figures)



\* Cost/Income ratio (without banking and insurance taxes)

### Return on Equity

in %



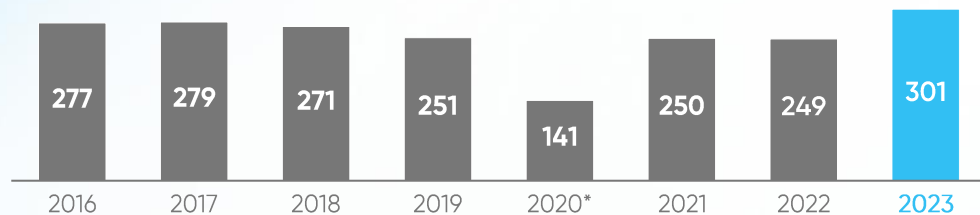
\* 11% when adjusted for the collective Covid-19 impairments

\*\* 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

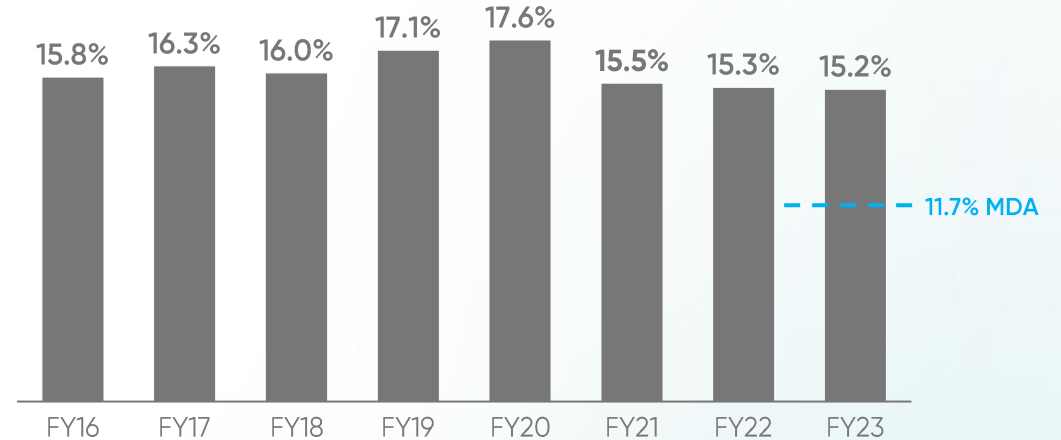


\* 202bps when adjusted for the collective Covid-19 impairments

## Solid capital position

### CET 1 ratio (fully loaded, Danish compromise)

in %



## Robust liquidity



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)

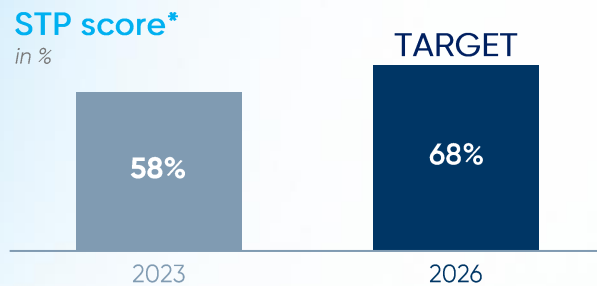
# New KBC's non-financial targets (2023-2026)

## Customer ranking



- KBC is 3<sup>rd</sup> 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)

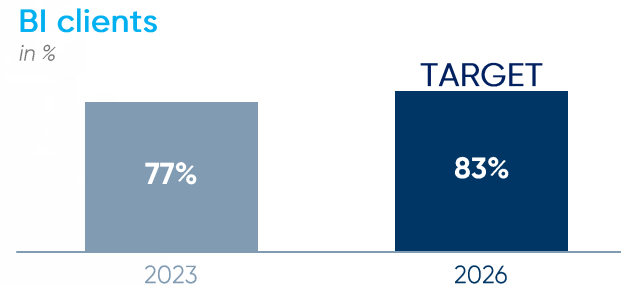
## Straight-through processing



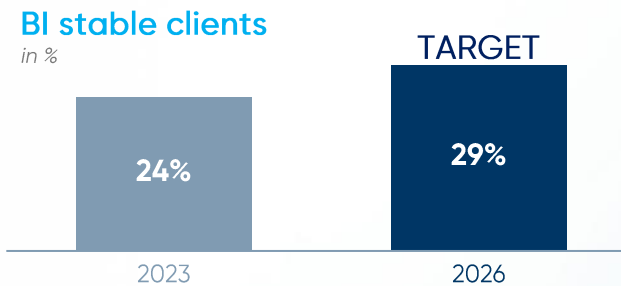
The **STP ratio** measures how many of the services that can be offered digitally are processed without any human intervention and this from the moment of interaction by a client until the final approval by KBC.

\* Based on analysis of all retail processes.

## Bank-insurance (BI) clients

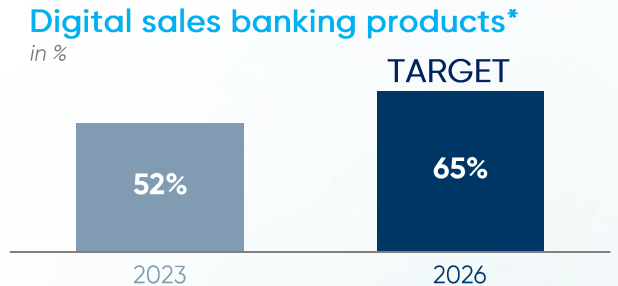


BI customers have at least 1 bank + 1 insurance product of our group.



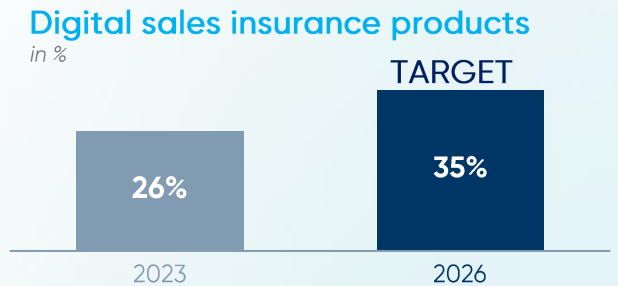
Stable BI customers: at least 2 bank + 2 insurance products (Belgium: 3+3)

## Digital sales



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

\* Based on weighted average of selected core products.



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



## 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<sub>2</sub>e

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

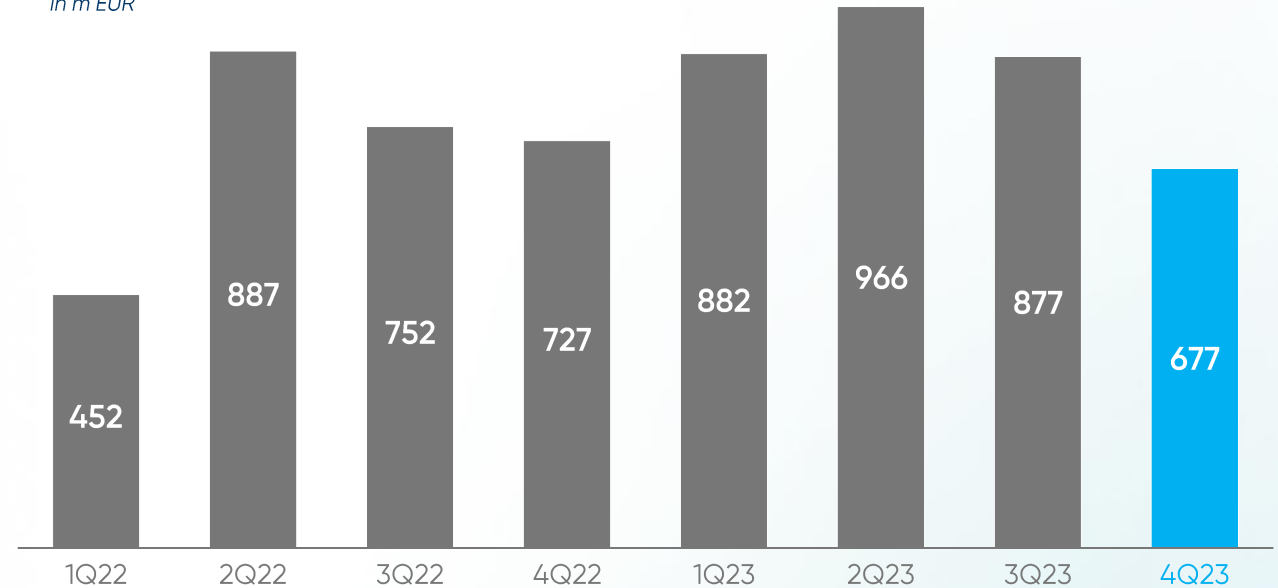
24% females in senior management roles

Sustainability highlights in 2022, unless otherwise indicated

## 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 section *Looking forward*)

Net result  
in m EUR



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

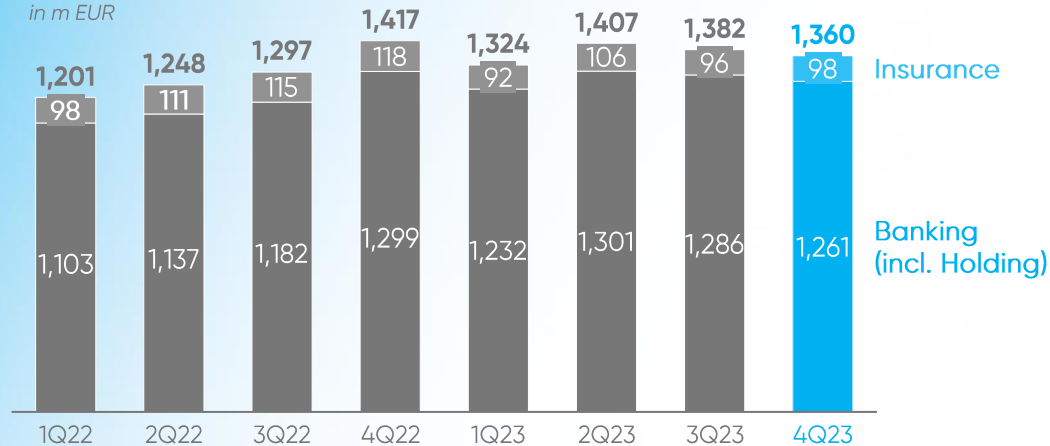
\*\* When excluding certain non-operating items. See glossary for the exact definition

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

# Lower net interest income

## Net interest income

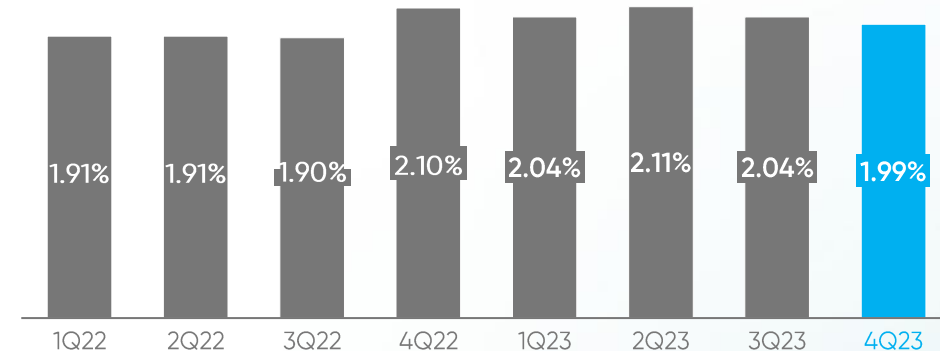
in m EUR



- 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%

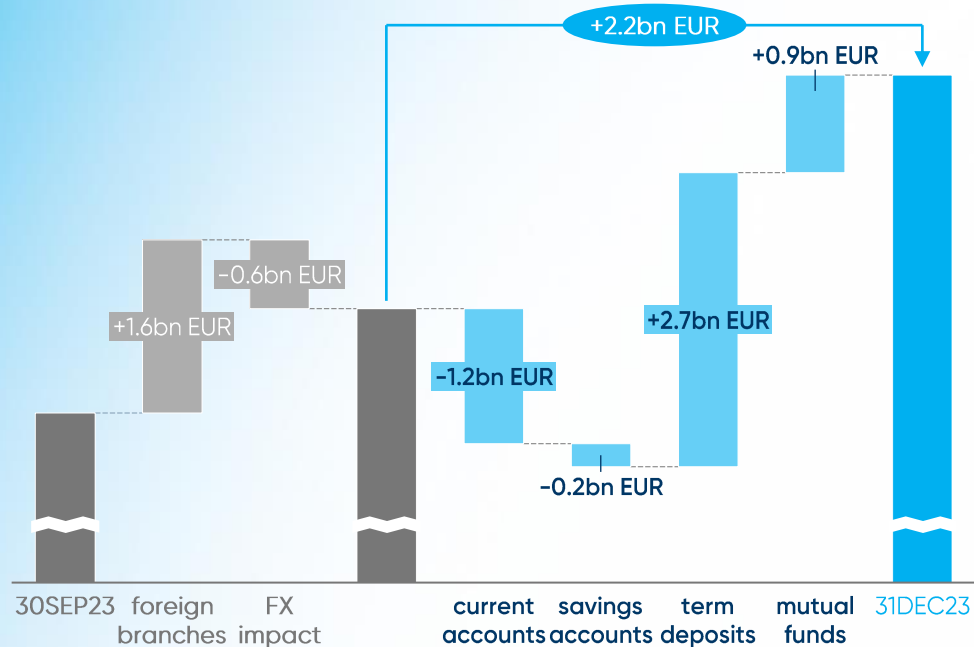
\* Non-annualised \*\* Loans to customers, excluding reverse repos (and bonds). Growth figures are excluding FX, consolidation adjustments and reclassifications.

\*\*\* 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

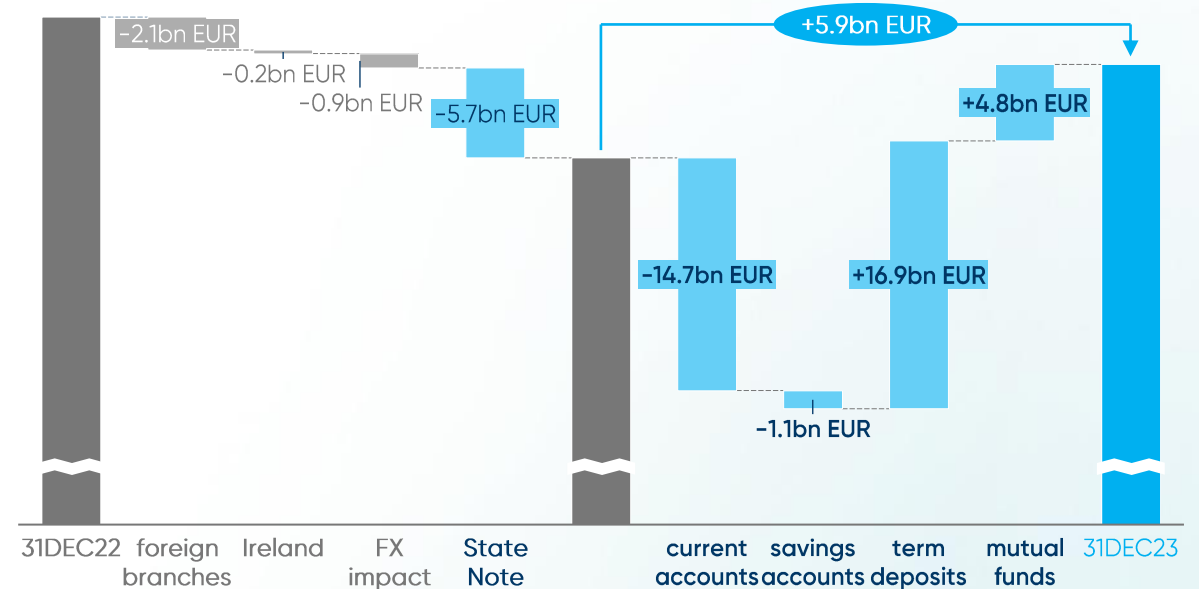
in m EUR



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

## Customer money dynamic over FY23

in m EUR

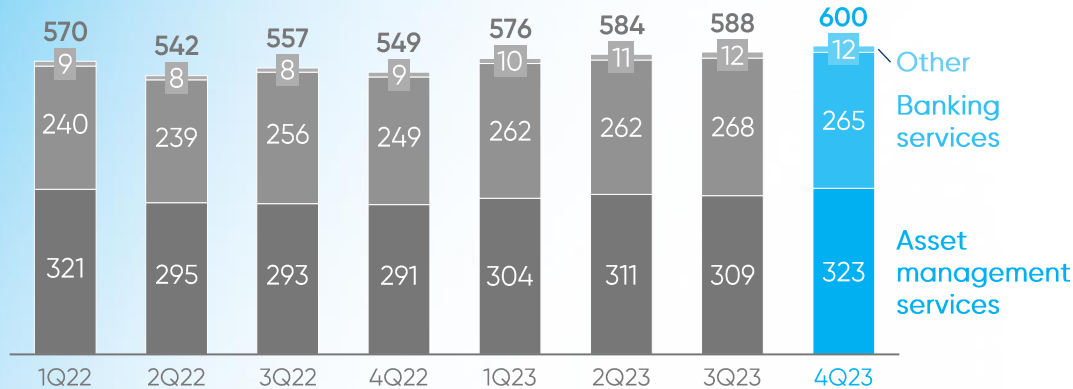


- Disregarding volatile and one-off items, **FY23** saw an inflow of core customer money of **+5.9bn EUR** (+5.0bn EUR incl. FX impact)

# Higher net fee and commission income

## Net fee & commission income

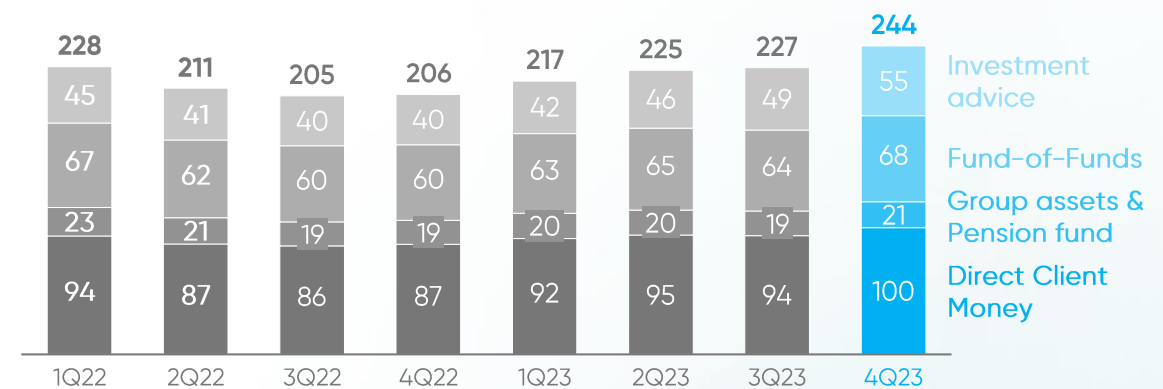
in m EUR



- 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

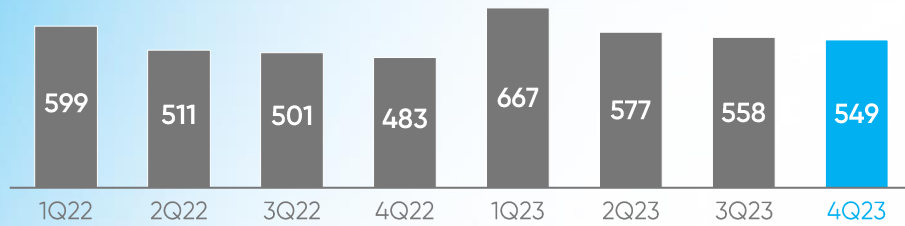


- Increased by 8% q-o-q due to net inflows (+2%) and positive market performance (+6%)
- Increased by 19% y-o-y due to net inflows (+9%) and positive market performance (+10%)
- The mutual fund business has seen strong net inflows both in higher-margin direct client money this quarter (0.9bn EUR in 4Q23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

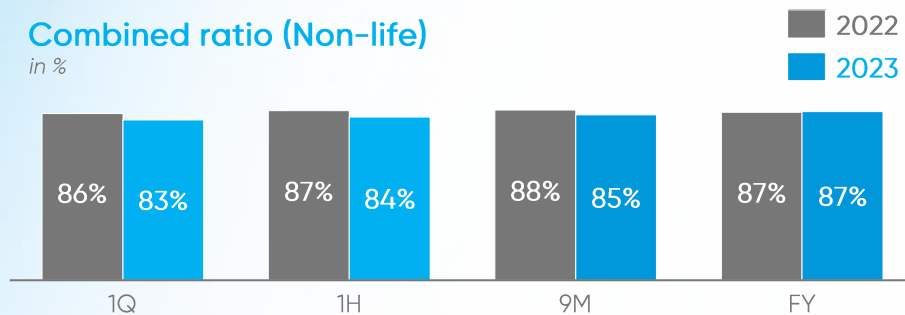
in m EUR



- 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)

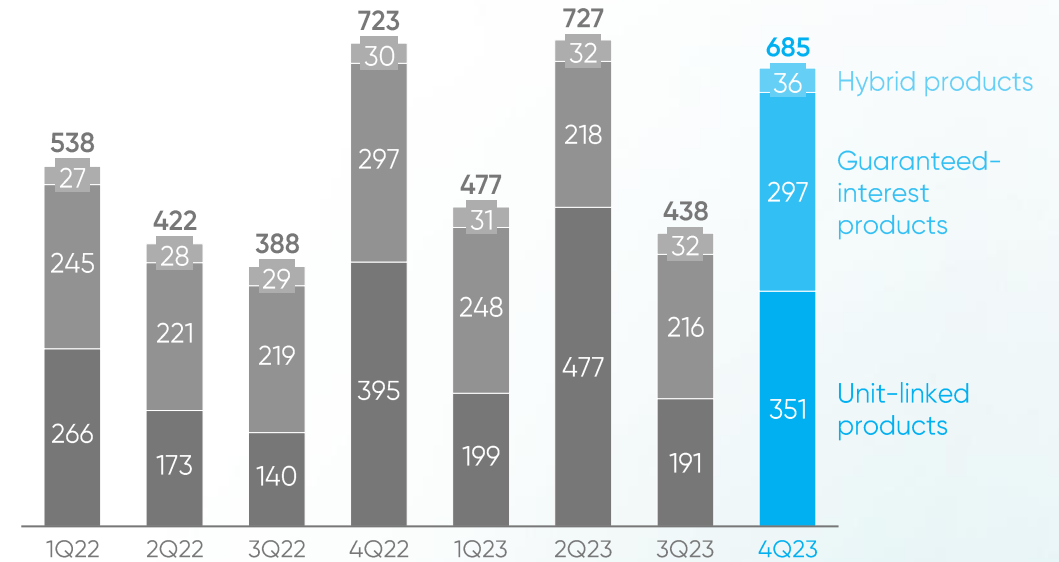
in %



- 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

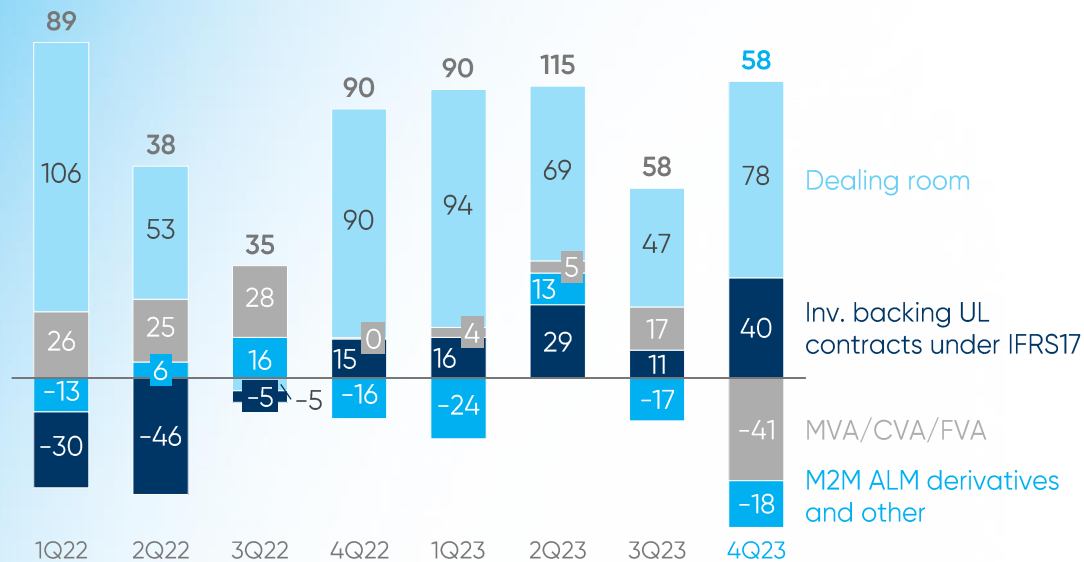
in m EUR



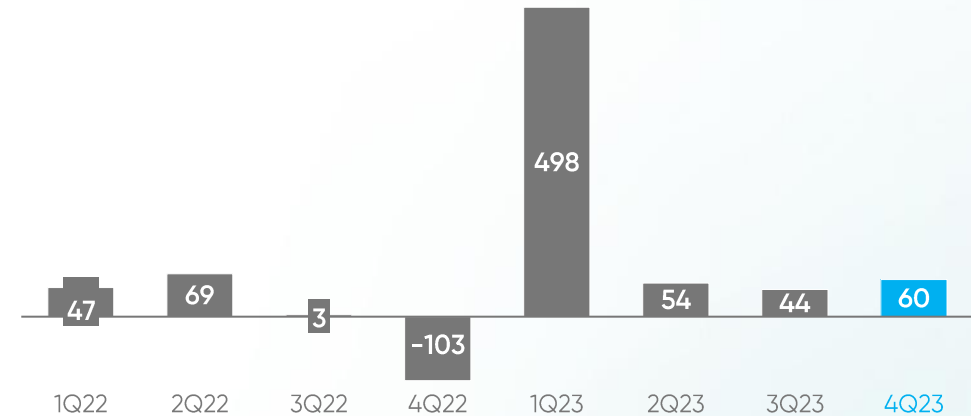
- Increased by 56% q-o-q due to higher sales of unit-linked products (excellent sales in 4Q23 as the result of a successful launch of 2 new structured funds in Belgium), higher sales of guaranteed-interest products (due chiefly to traditionally higher volumes in tax-incentivised pension savings products 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:

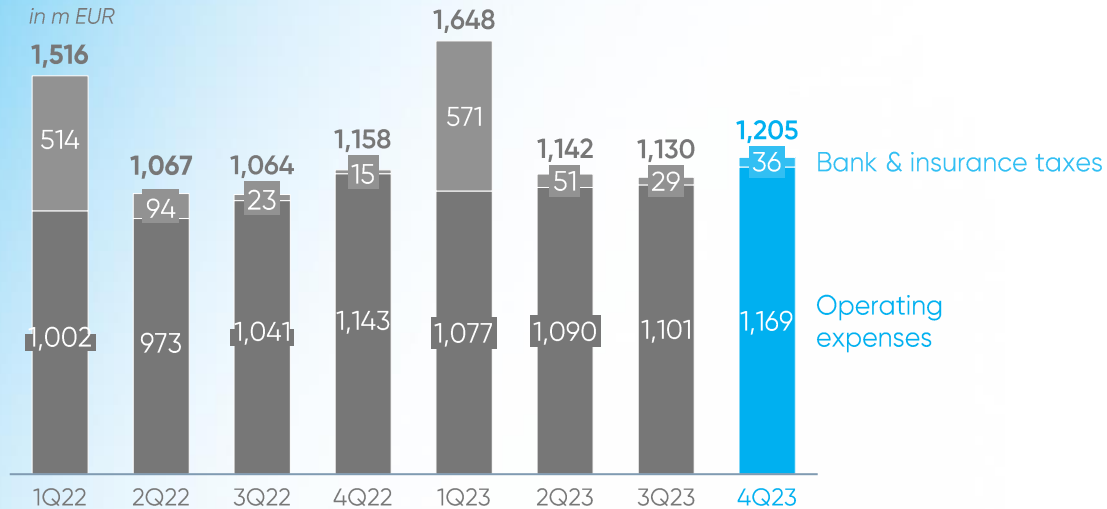
- Negative credit, funding and market value adjustments, mainly the result of a drop in EUR yield curves and reduced KBC credit & funding spreads
- Negative change in ALM derivatives and other

- 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
<b>Total</b>	<b>36</b>	547	24	0	<b>8</b>	24	27	29	<b>28</b>

- 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

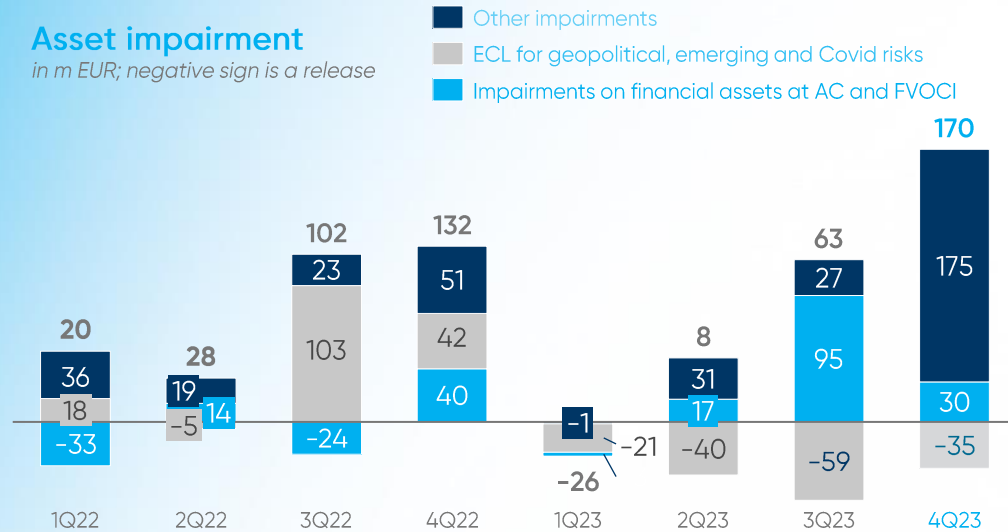


# Net loan loss impairment releases & excellent credit cost ratio

## 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

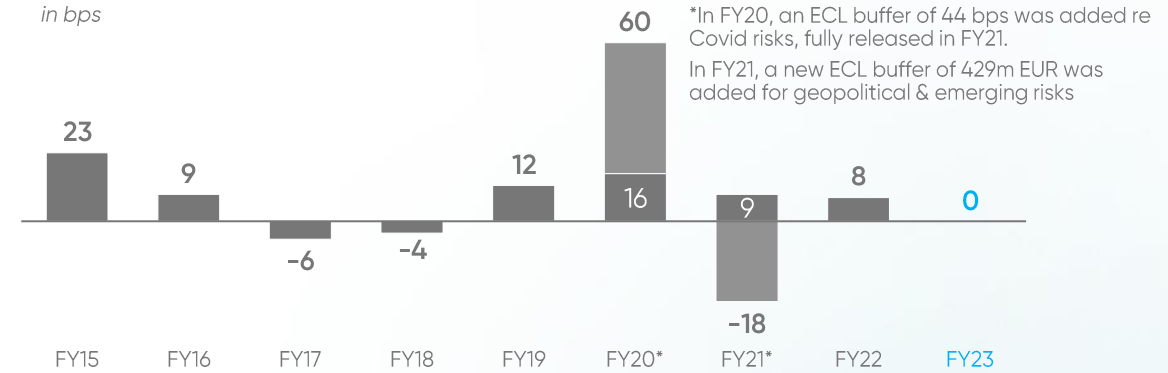
- Net loan loss impairment releases of 5m EUR in 4Q23 (compared with net loan loss impairment charges of 36m EUR in 3Q23) due to:
  - 30m EUR net loan loss impairment charges on lending book
  - A decrease of 35m EUR of the ECL buffer, driven mainly by micro- and macroeconomic indicators
  - Total outstanding 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

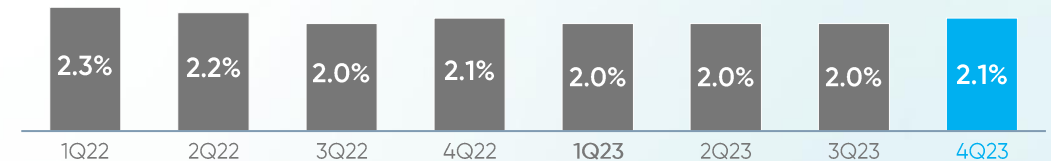


\*In FY20, an ECL buffer of 44 bps was added re Covid risks, fully released in FY21.  
In FY21, a new ECL buffer of 429m EUR was added for geopolitical & emerging risks

- 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 %

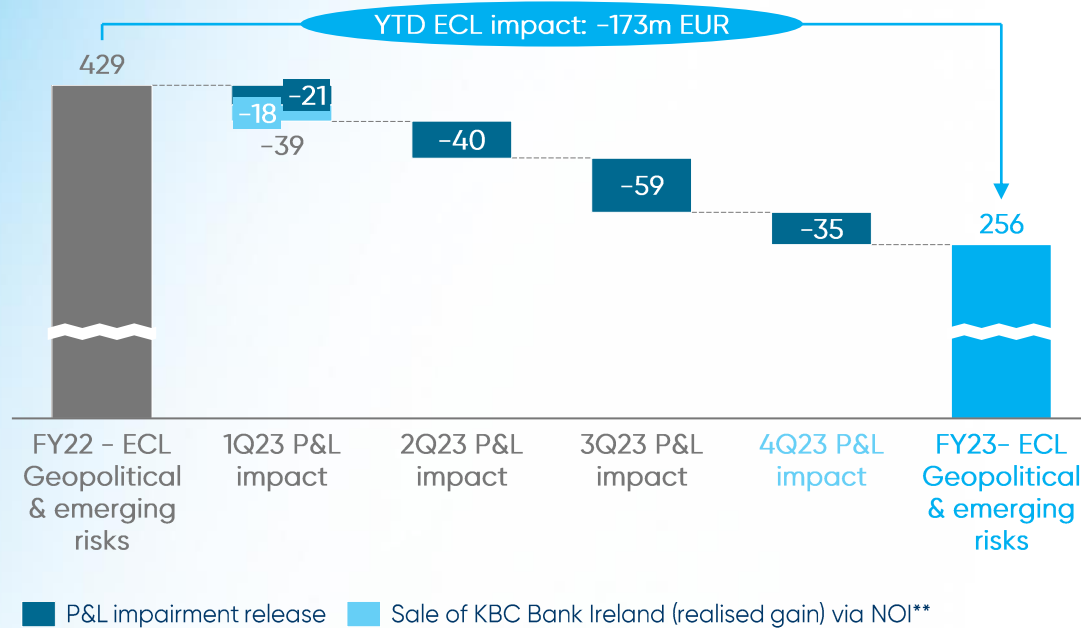


- The impaired loans ratio amounted to 2.1% (1.0% of which over 90 days past due)

# 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

# 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  
Negative sign is a release

	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
<b>Total</b>	<b>0.00%</b>	<b>0.08%</b>	<b>-0.18%</b>	<b>0.60%</b>	<b>0.12%</b>	<b>-0.04%</b>	<b>-0.06%</b>	<b>0.37%</b>

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

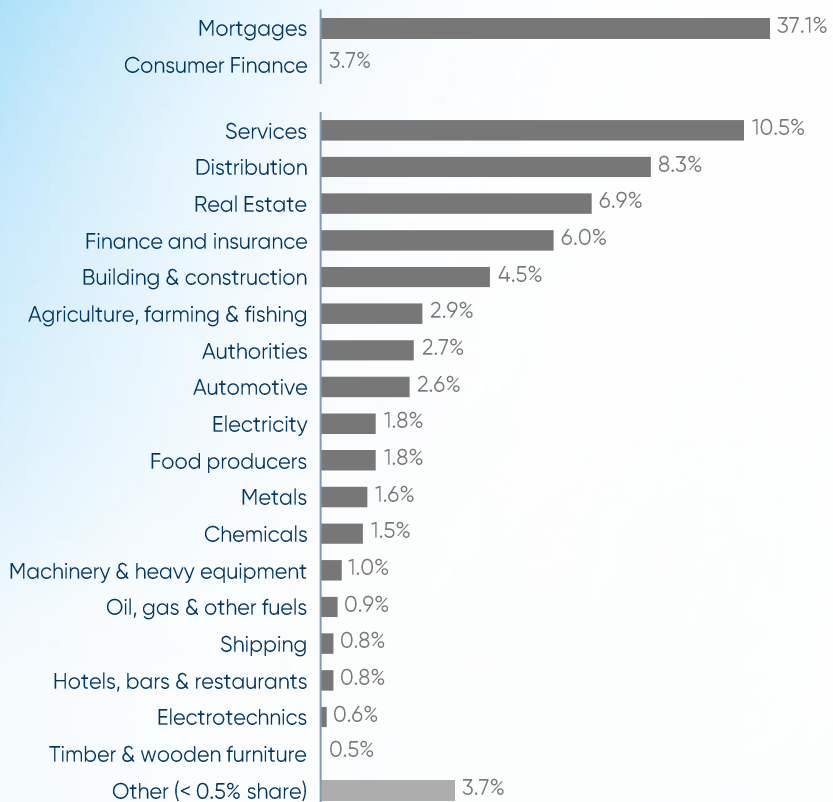
# Diversified loan portfolio

## Total loan portfolio outstanding



## Total loan portfolio outstanding | by sector

as % of total Group loan portfolio outstanding\*

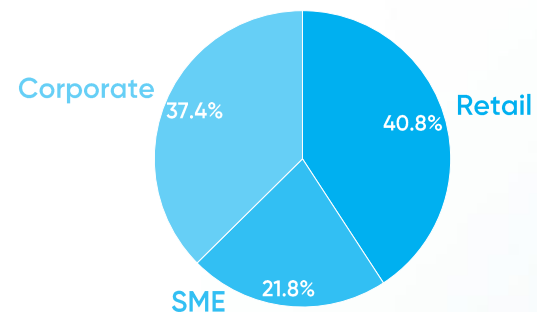


Retail

SME & Corporate

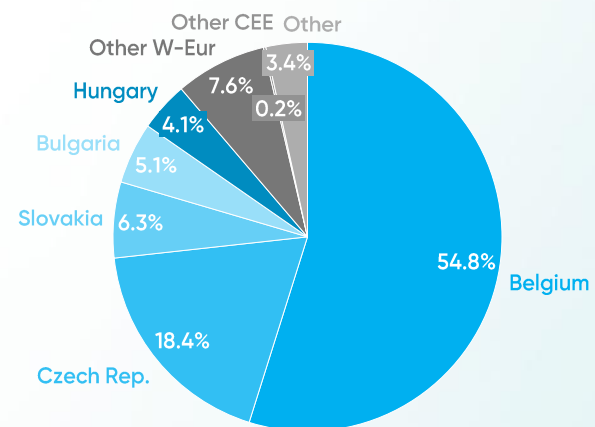
## Total loan portfolio outstanding | by segment

as % of total Group loan portfolio outstanding\*



## Total loan portfolio outstanding | by geography

as % of total Group loan portfolio outstanding\*

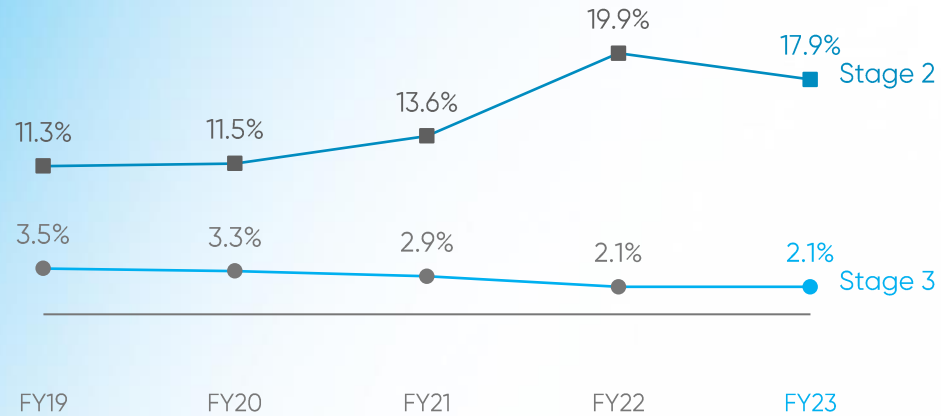


- Aligned with the credit risk view of our loan portfolio outstanding as reported in the quarterly financial statements.

# Loan portfolio breakdown by IFRS 9 ECL stage

## Total loan portfolio outstanding | by IFRS9 ECL Stage\*

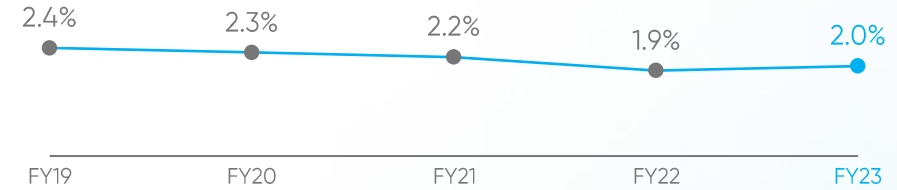
as % of total Group loan portfolio outstanding



- 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

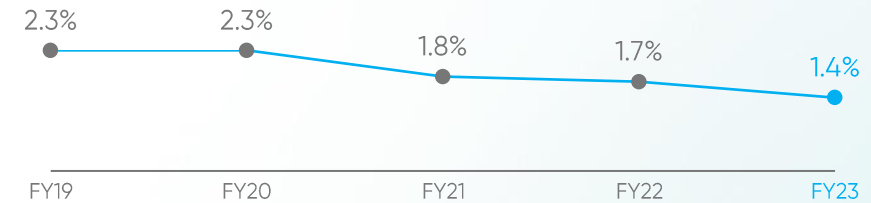
## Stage 3 ratio | Belgium BU

in %



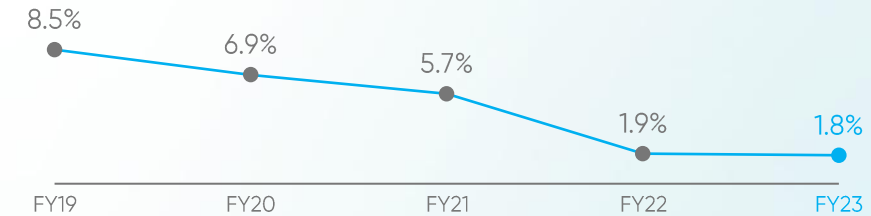
## Stage 3 ratio | Czech Republic BU

in %



## Stage 3 ratio | International Markets BU

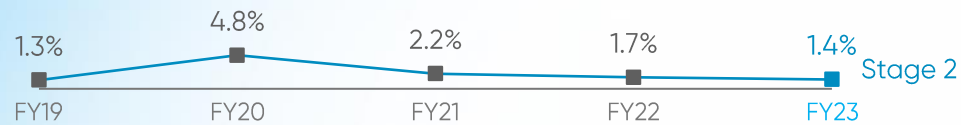
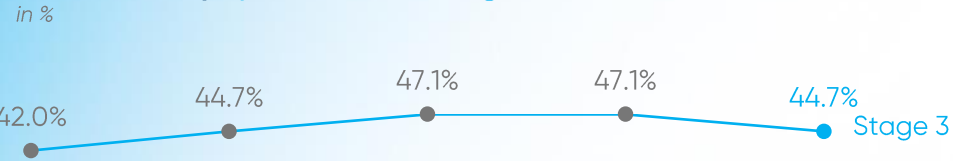
in %



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

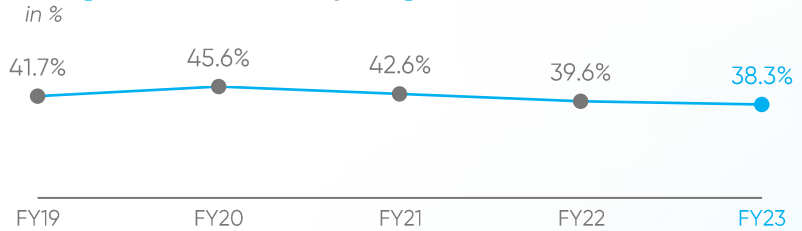
# Cover ratios

## Cover ratio | by IFRS9 ECL Stage\*

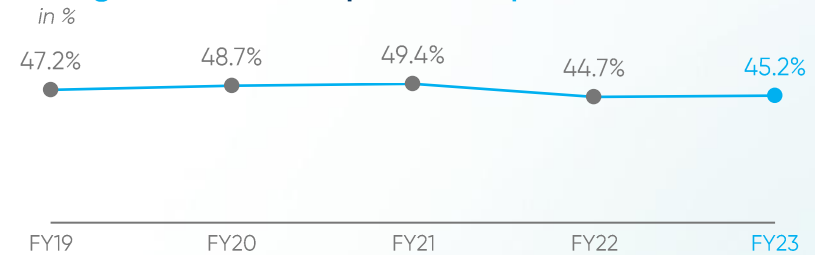


- Y-o-y lower **Stage 3 cover ratio** is driven mainly by a lower stage 3 cover ratio in business unit Belgium and International markets
- The decline of the **Stage 2 cover ratio** as of 2021, resulted mainly from collective shifts to Stage 2 (linked to Covid and the geopolitical & emerging risks)

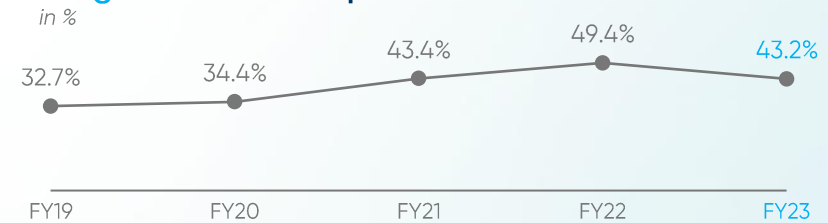
## Stage 3 cover ratio | Belgium BU



## Stage 3 cover ratio | Czech Republic BU



## Stage 3 cover ratio | International Markets BU

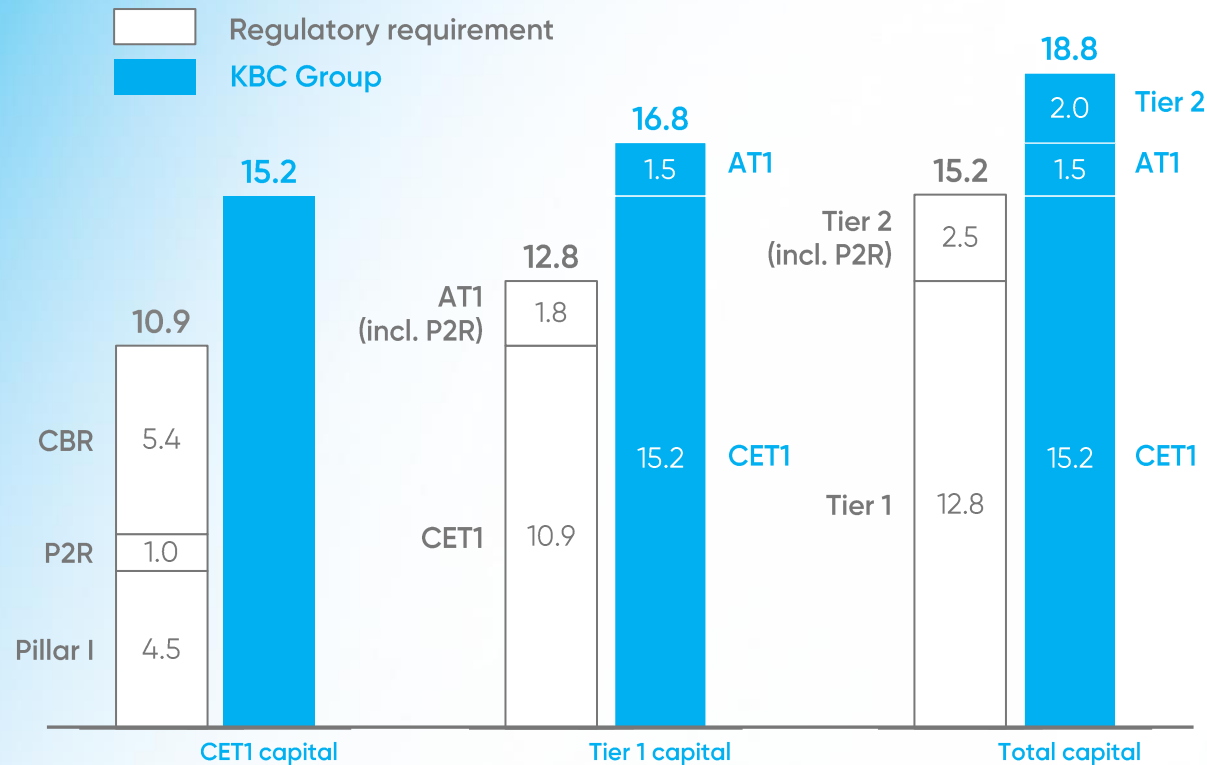


\* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

# Solvency, liquidity & funding | 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 %



Fully loaded B3 common equity ratio amounted to 15.2% based on the Danish Compromise (which includes the full impact of the share buyback programme of 1.3bn EUR and the effects of the ECB supervisory decisions regarding model reviews)

- **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
- **MDA 11.7%**  
i.e. the net of the CET1 ratio of 15.2% and the MDA buffer of 3.6%

Total distributable items (under Belgian Gaap) KBC Group 9.8bn EUR at FY23, of which:

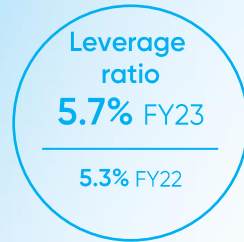
- Available reserves: 473m EUR
- Accumulated profits: 6 844m EUR

Note: KBC has issued 750 million euros AT1 on 5 September 2023 and linked this as a replacement instrument for the 500 million euros AT1 callable in March 2024. The 500 million euros AT1 callable in March 2024 is therefore derecognized from own funds and consequently also from MREL.

# Leverage ratio, Solvency II ratio and liquidity ratios

## Leverage ratio | KBC Group

fully loaded, Basel 3



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

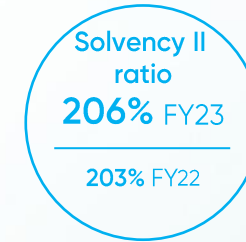
in %



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

## Solvency II ratio | KBC Group

in %



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

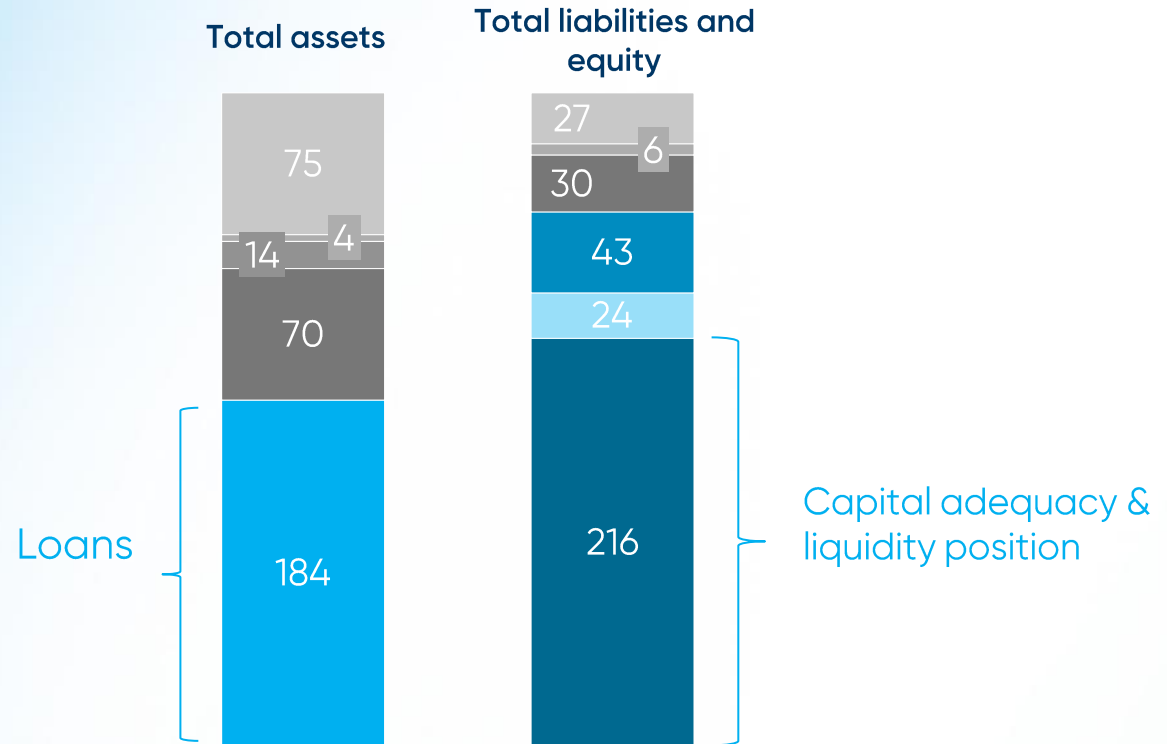
\*\* Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance with EBA guidelines on LCR disclosure.



# KBC Group consolidated balance sheet

## 347bn EUR Total balance sheet

FY23



- Other (incl. non-current assets HFS and discontinued operations, interbank loans, reverse repos, property & equipment etc...)
- Trading assets
- Insurance investment contracts
- Investment portfolio (equity and debt securities)
- Loan book (loans and advances to customers)

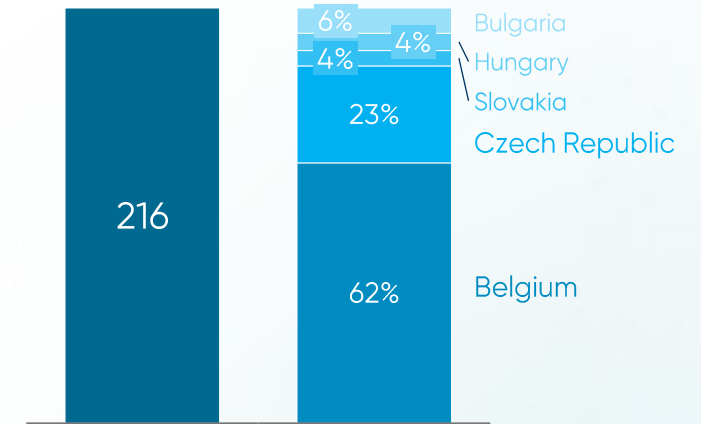
- Other (incl. liabilities associated with disposal groups, interbank deposits, etc...)
- Trading liabilities
- Insurance related liabilities
- Other MREL instruments and debt certificates
- Equity (including AT1)
- Deposits from customers

## Deposits from customers

FY23

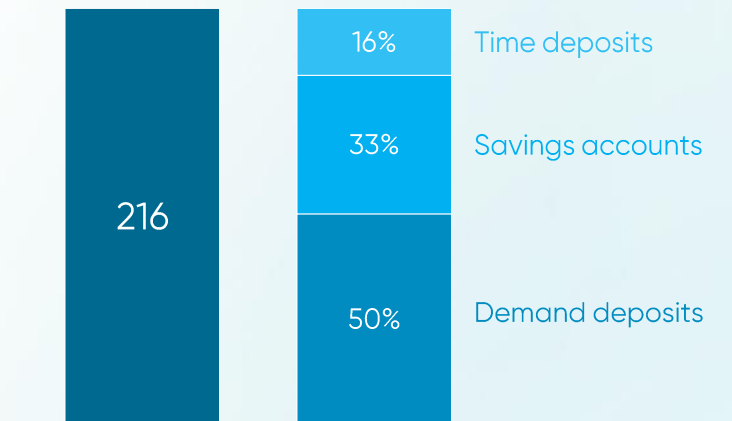
### by core countries

as % of total deposits from customers



### by product type

as % of total deposits from customers

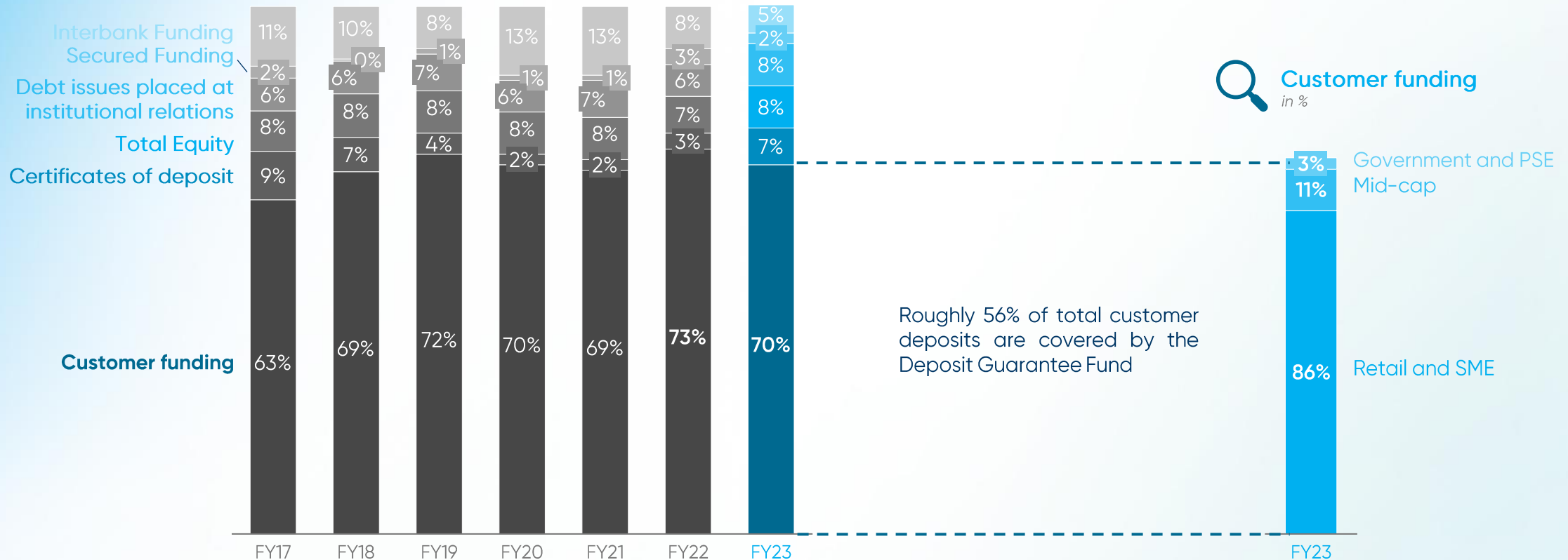


# Strong and growing customer funding base

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

## Funding base

in %

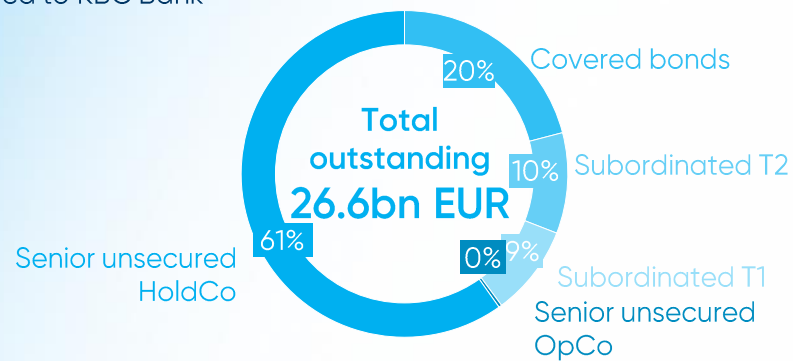


# Upcoming mid-term funding maturities

## Total outstanding | 4Q23

in %

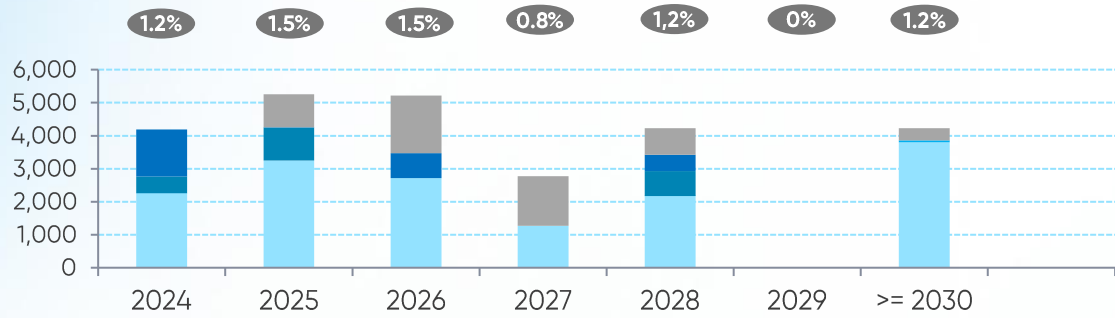
KBC Bank has **6 solid sources of long-term funding**: (i) Retail term deposits, (ii) Retail EMTN, (iii) Public benchmark transactions, (iv) Covered bonds, (v) Structured notes and covered bonds using the private placement format, and (vi) Senior unsecured, T1 and T2 capital instruments issued at KBC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



## Funding maturity buckets

in m EUR

% of KBC Group B/S



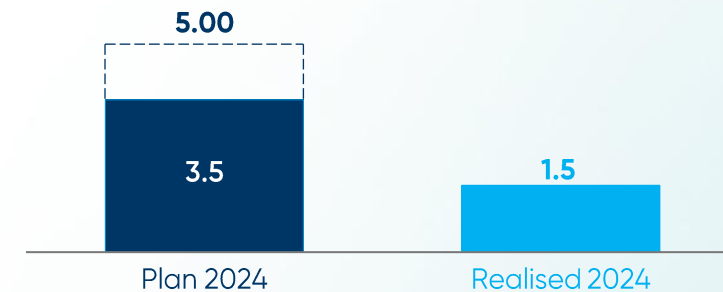
## Recent deals

- 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

Range  
3.5bn-5.0bn EUR



## We aim to issue 1 green/social bond per year

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

# Above resolution requirements of FY23 in terms of MREL

## MREL targets

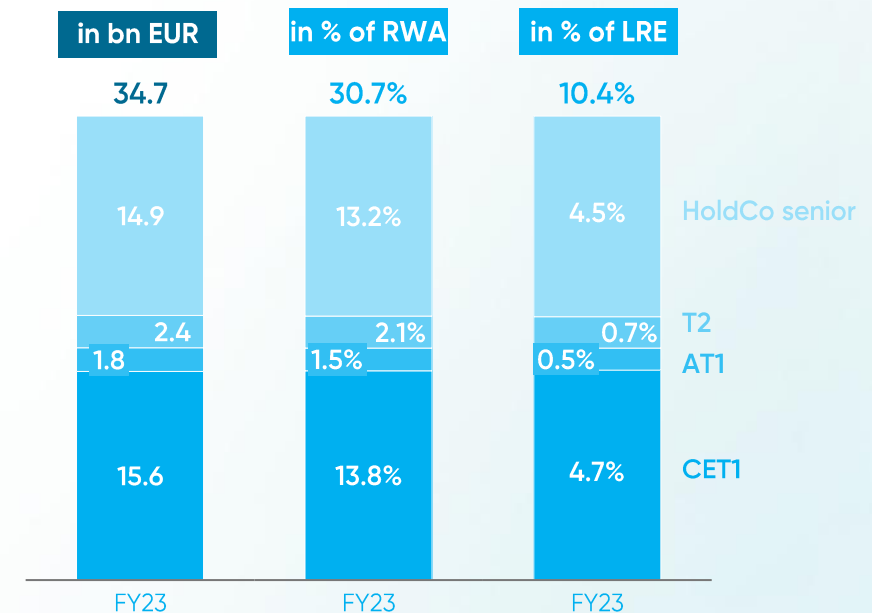
- The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level, with **bail-in** as the preferred resolution tool
- In April 2023, the SRB communicated updated MREL targets (under BRRD2) for 01-01-2024, expressed as a percentage of Risk Weighted Assets (RWA) and 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<sup>1</sup> of 5.38% as from 1Q2023), with an intermediate target as from 01-01-2022, reaching 26.51% at YE2023 (including CBR<sup>2</sup> 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

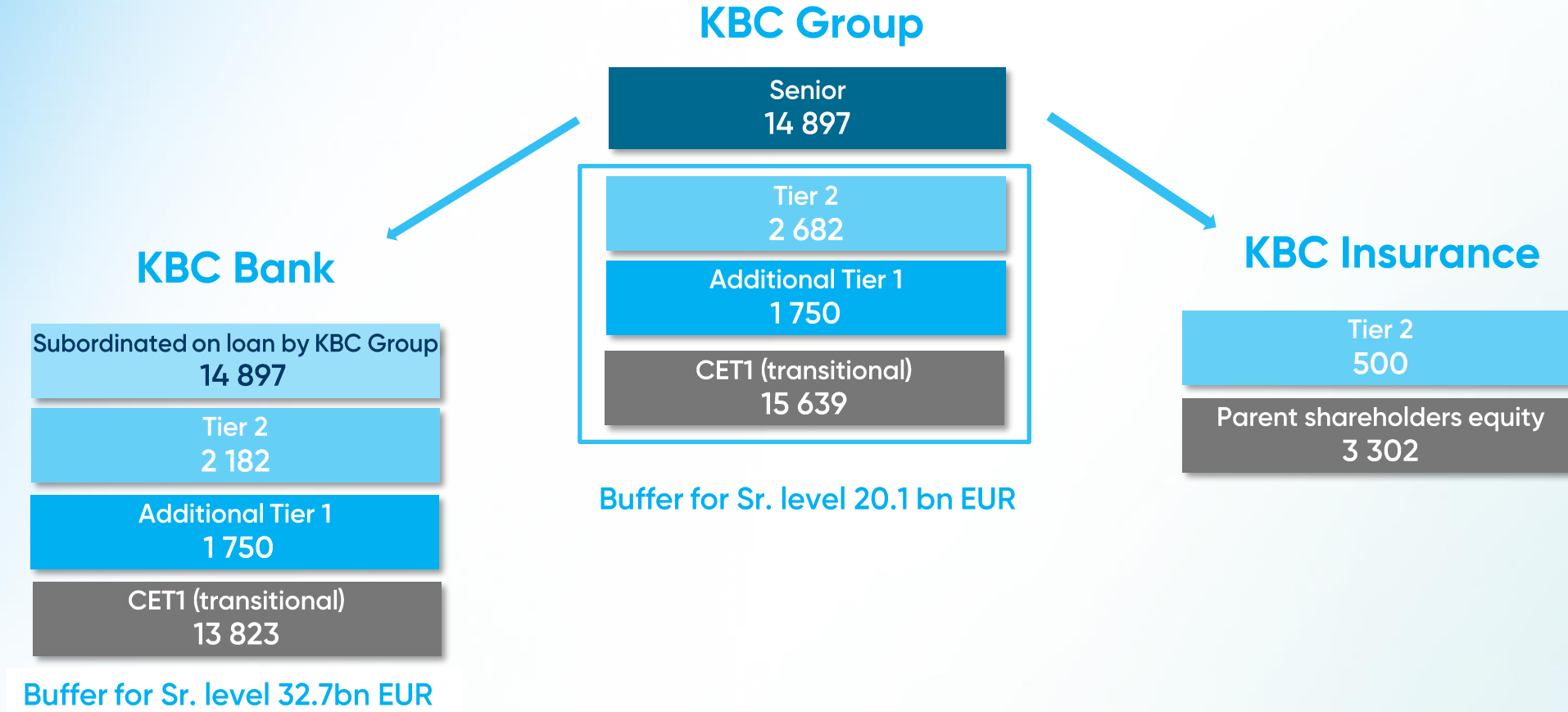
- The **MREL ratio in % of RWA** increased from 30.2% in 9M23 to 30.7% in FY23, driven mainly by the decrease of RWAs
- The **MREL ratio in % of LRE** increased from 10.1% in 9M23 to 10.4% in FY23, due mainly to lower leverage ratio exposure



# KBC has strong buffers cushioning senior debt at all levels

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

in m EUR



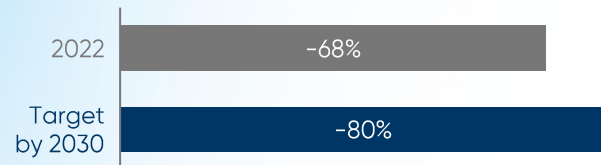
# Direct environmental impact: our progress in brief

## 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.

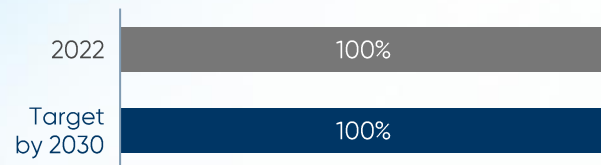
## Reduction in our direct GHG emissions

*reduction compared to 2015*

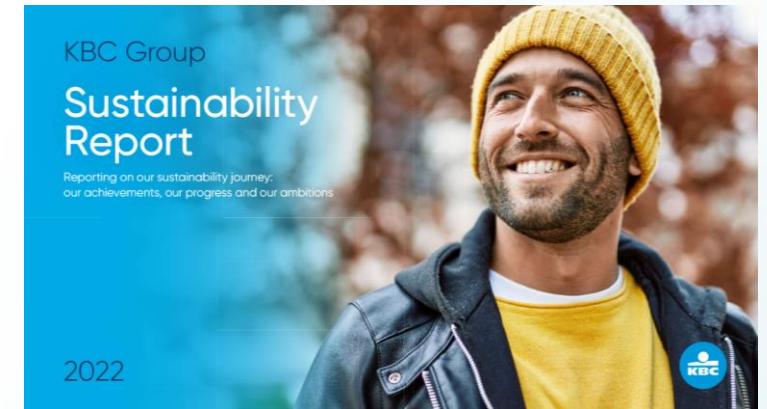


## Renewable electricity

*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

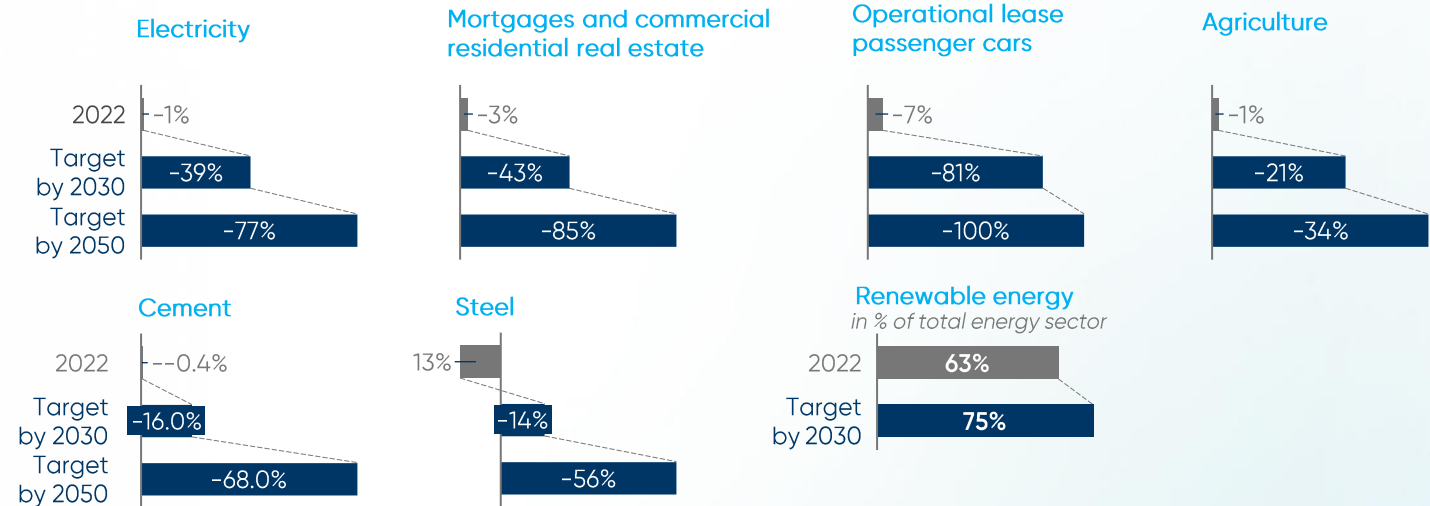
## INDIRECT environmental footprint (FY 2022)

- 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



# KBC Green Bond framework and issuances

## Aligned with best practices and market developments

- **The KBC Green Bond Framework** is in line with the ICMA Green Bond Principles (2021)
- Second party opinion provided by Sustainalytics and Pre-issuance-certification by the Climate Bonds Initiative
- KBC intends to align its Green Bond Framework with emerging good practices, such as environmentally sustainable criteria for economic activities in the EU Taxonomy Climate Delegated Act or European Green Bond Standard
- For details of the updated KBC green bond framework published in January 2024, we refer to [kbc.com: https://www.kbc.com/en/investor-relations/debt-issuance/kbc-green-bond.html](https://www.kbc.com/en/investor-relations/debt-issuance/kbc-green-bond.html)
- **In the context of the Green Bond**, KBC allocated the proceeds to three green asset categories: **renewable energy, energy efficient buildings and clean transportation.**
- Eligible Green Assets aim to align with the Do Not Significant Harm criteria and Minimum Social Safeguards when practically possible.
- For future transactions, in cooperation with the relevant business teams, KBC aims to capture more green assets from other categories and expand the green eligibility to more business lines and clients.



## Certification

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



## Verification

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

KBC GREEN BOND 2018 – ASSETS & IMPACT *	Renewable energy	Green buildings
Allocated amount	187.9m EUR	312.1m EUR
Electricity produced/energy saved	378,038 mWh	28,895 mWh
Avoided CO <sub>2</sub> emissions	56,399 tonnes	5,371 tonnes
KBC GREEN BOND 2020 – ASSETS & IMPACT	Renewable energy	Green buildings
Allocated amount	242.9m EUR	257.1m EUR
Electricity produced/energy saved	508,072 mWh	23,800 mWh
Avoided CO <sub>2</sub> emissions	104,362 tonnes	4,424 tonnes
KBC GREEN BOND 2021 – ASSETS & IMPACT	Renewable energy	Green buildings
Allocated amount	426.4m EUR	323.6m EUR
Electricity produced/energy saved	695,326 mWh	29,961 mWh
Avoided CO <sub>2</sub> emissions	103,736 tonnes	5,570 tonnes

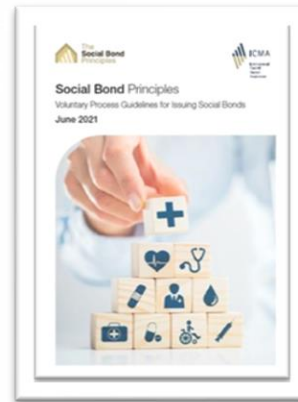
\*The KBC Green Bond issued in 2018 has matured on June 27th 2023



# KBC Social Bond framework and issuances

## Aligned with best practices and market developments

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

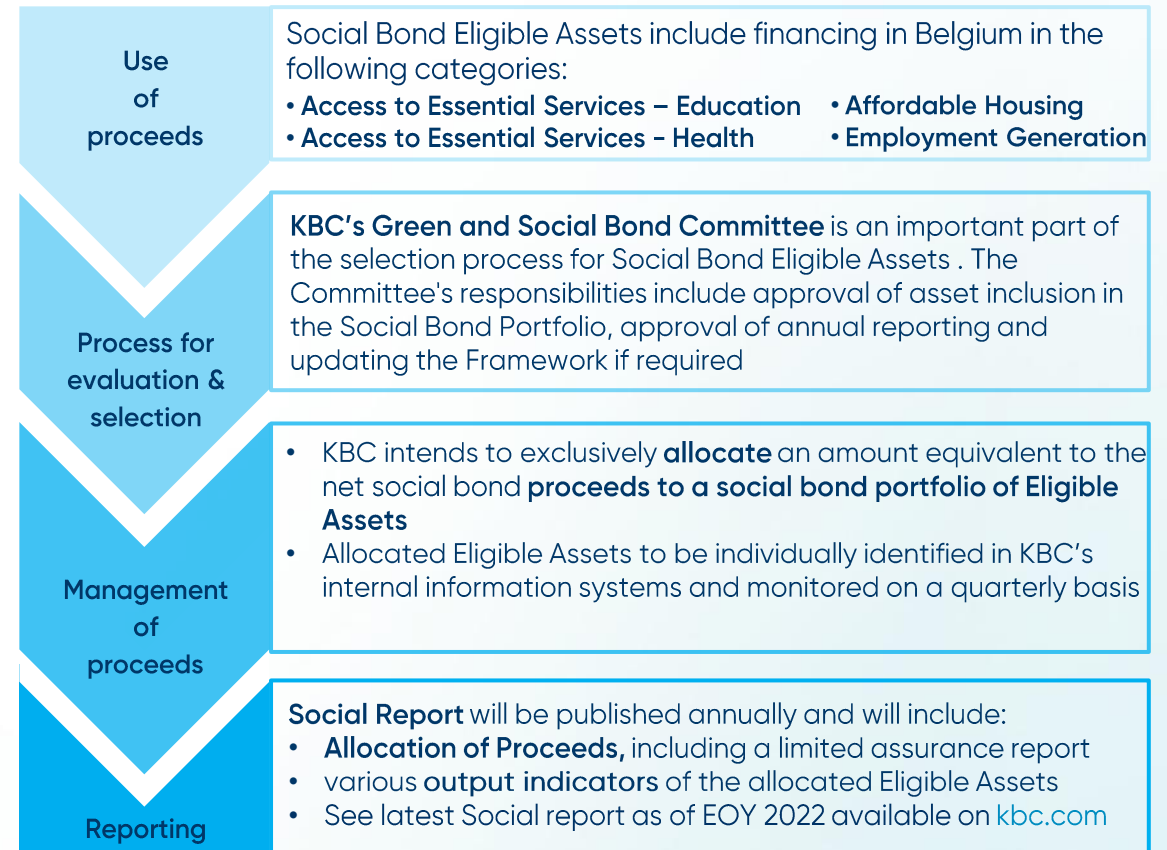


## First financial institution in Belgium

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



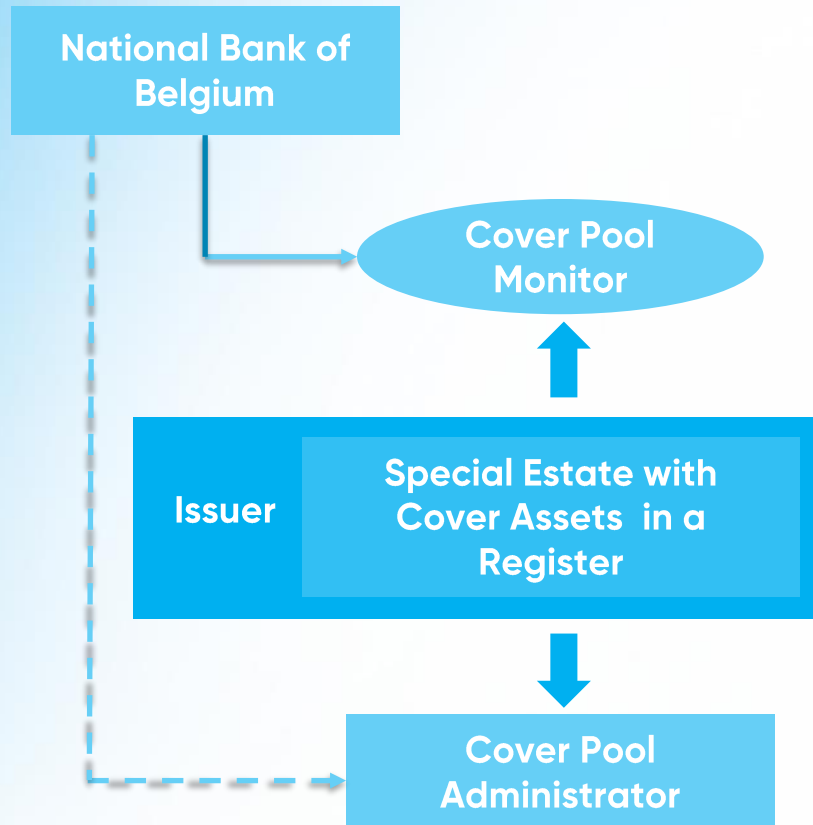
## Clear Social Bond governance



# Covered bond programme | Overview

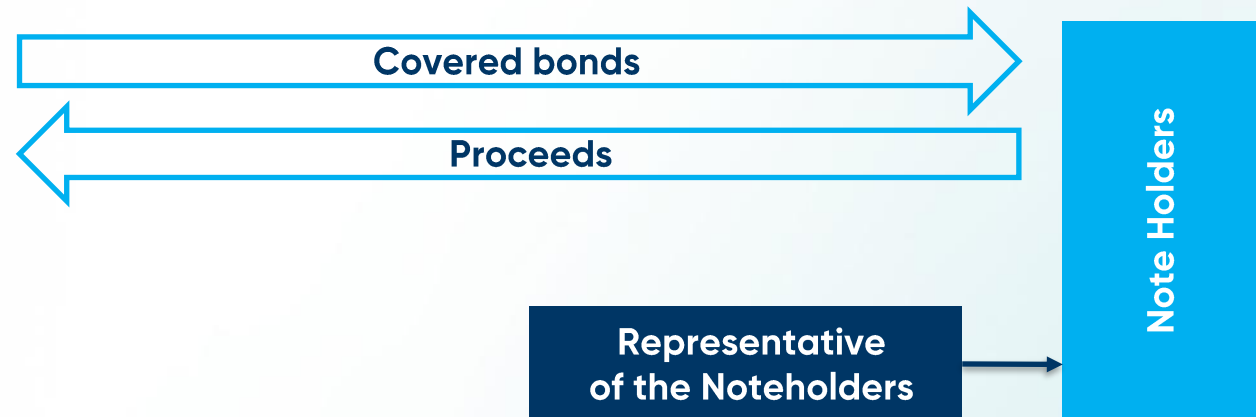
The covered bond programme is considered as an important funding tool for the treasury department. KBC's intentions are to be a frequent benchmark issuer if markets and funding plan permit.

<b>Issuer</b>	KBC Bank NV		
<b>Main asset category</b>	<p>Minimum 105% of covered bond outstanding is covered exclusively by residential mortgage loans and collections thereon</p> <ul style="list-style-type: none"> <li>• Branch originated prime residential mortgages predominantly out of Flanders</li> <li>• Selected cover assets have low average LTV (62.09%) and high seasoning (59 months)</li> <li>• Disciplined origination policy</li> </ul>		
<b>Programme size</b>	<b>17.5bn EUR   Outstanding amount of 14.92 bn EUR</b>		
<b>Interest rate</b>	Fixed rate, floating rate or zero coupon		
<b>Maturity</b>	<ul style="list-style-type: none"> <li>• Soft bullet: payment of the principal amount may be deferred past the final maturity date until the <b>extended final maturity date</b> if the issuer fails to pay</li> <li>• Extension period is 12 months for all series</li> </ul>		
<b>Events of default</b>	<ul style="list-style-type: none"> <li>• Failure to pay any amount of principal on the extended final maturity date</li> <li>• A default in the payment of an amount of interest on any interest payment date</li> </ul>		
<b>Rating agencies</b>	<ul style="list-style-type: none"> <li>• Moody's</li> <li>• Fitch</li> </ul>	<p>Aaa</p> <p>AAA</p>	<p>10.5% over-collateralisation</p> <p>4% over-collateralisation</p>



## Belgian legal framework

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



Several legal protection mechanisms are in place:

- 1 Collateral type**

The value of one asset category must be at least **85%** of the nominal amount of covered bonds

  - ✓ KBC Bank exclusively selects residential mortgage loans and commits that their value (including collections) will be at least 105%
- 2 Over-collateralisation test**

The value of the cover assets must at least be **105%** of the covered bonds

The value of residential mortgage loans:

  - 1) Is limited to 80% LTV
  - 2) Must be fully covered by a mortgage inscription (min 60%) plus a mortgage mandate (max 40%)
  - 3) 30-days overdue loans get a 50% haircut and 90-days overdue (or defaulted) get zero value
- 3 Amortisation test**

The sum of interest, principal and other revenues of the cover assets must at least be the interest, principal and costs relating to the covered bond
- 4 Liquidity test**

Cover assets must generate sufficient liquidity or include enough liquid assets to pay all unconditional payments on the covered bonds falling due the next 6 months
- 5 Stress testing**

Quarterly stress testing on all Cover tests and Liquidity test

  - 1) Interest rate shifts of +200bps/-200bps combined with stressed prepayments rates
  - 2) Decreases in credit quality of the borrowers
- 6 No cap on issuance**

Currently no issuance limit for KBC Bank NV. Supervisor monitors the TLOF ratio (min 8%) and the encumbrance ratio and has the possibility to limit the issuance volume in order to protect KBC's other creditors.

# Looking forward | FY24 financial guidance

## Our bank-insurance+ model is firing on all cylinders

Note: all growth figures are based on reported 2023 figures

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

\*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



**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

**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

NII guidance FY24

## 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

## 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

## Basel IV guidance

**Indicative view on transitional risk-weighted assets (RWA) evolution under Basel IV** (based on current EU consensus – updated based on the political agreement of the trilogue in December 2023 –, a static balance sheet and all other parameters ceteris paribus, without any mitigating actions):

- on 1 January 2025, we expect no first-time application impact
- by 1 January 2033, we expect a further fully loaded impact of approximately +8bn EUR



# Annex 1 | Summary of the different business units' performance

FY 2023	KBC Group	Belgium BU	Czech Republic BU	Slovakia	Hungary	Bulgaria	Group Centre BU
				International Markets BU			
<b>Net result</b> (YTD, in euros)	<b>3 402m</b>	<b>1 866m</b>	<b>763m</b>	<b>105m</b>	<b>285m</b>	<b>286m</b>	<b>97m</b>
<b>ROAC</b> (YTD)	<b>25%</b>	<b>22%</b>	<b>35%</b>	<b>13%</b>	<b>30%</b>	<b>30%</b>	
<b>Allocated capital</b> (in %)		<b>63%</b>	<b>16%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>1%</b>
<b>Cost/Income ratio<sup>(1)</sup></b> (YTD)	<b>43%</b>	<b>41%</b>	<b>44%</b>	<b>58%</b>	<b>28%</b>	<b>42%</b>	
<b>Combined ratio<sup>(2)</sup></b> (YTD)	<b>87%</b>	<b>85%</b>	<b>84%</b>	<b>101%</b>	<b>105%<sup>(3)</sup></b>	<b>87%</b>	
<b>Loans<sup>(4)</sup></b> (in euros) (y-o-y organic growth loans)	<b>184bn</b> (+3%)	<b>119bn</b> (+2%)	<b>36bn</b> (+5%)	<b>12bn</b> (+7%)	<b>7bn</b> (+10%)	<b>10bn</b> (+10%)	
<b>Deposits<sup>(5)</sup></b> (in euros) (y-o-y organic growth deposits)	<b>216bn</b> (-3%)	<b>134bn</b> (-7%)	<b>51bn</b> (+5%)	<b>9bn</b> (+5%)	<b>10bn</b> (-2%)	<b>13bn</b> (+10%)	

Note that 1Q23 included 0.4bn EUR from KBC Bank Ireland, which reflects the impact of the sale of substantially all of KBC Ireland's performing loan assets and deposits in addition to a small portfolio of non-performing mortgages and credit card balances (announced on 3 Feb 2023).

(1) Cost/Income ratio (without banking and insurance taxes) incl. insurance commissions

(2) Combined ratio, Non-life insurance

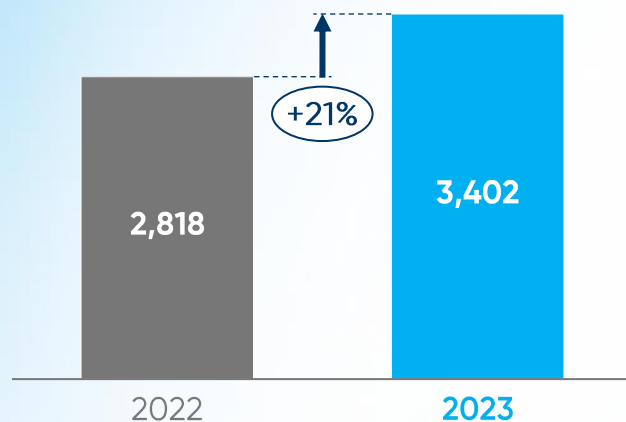
(3) Combined ratio excluding windfall tax amounted to 97%

(4) Loans to customers, excluding reverse repos and bonds (growth figures are excluding FX, consolidation adjustments and reclassifications)

(5) Customer deposits, excluding debt certificates and repos (growth figures are excluding FX, consolidation adjustments and reclassifications)

## Net result

in m EUR



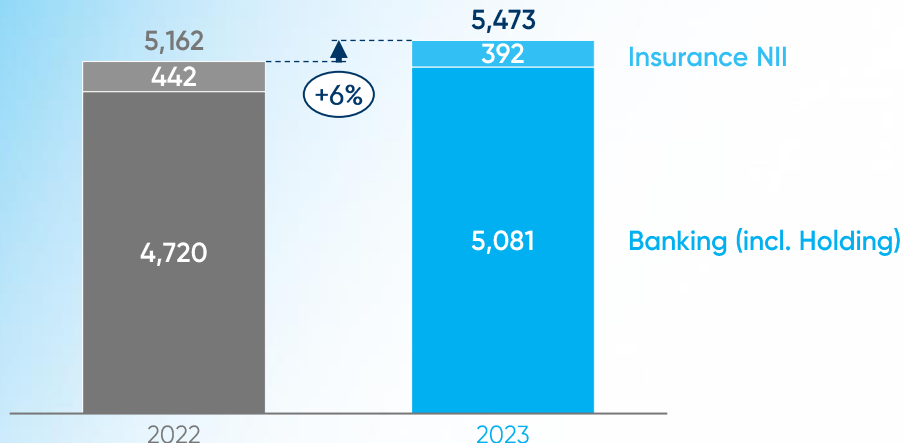
**Net result rose by 21% y-o-y to 3,402m EUR in 2023, mainly as a result of the following**

- **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

# Annex 2 | FY23 – Higher net interest income (better than guided) and NIM

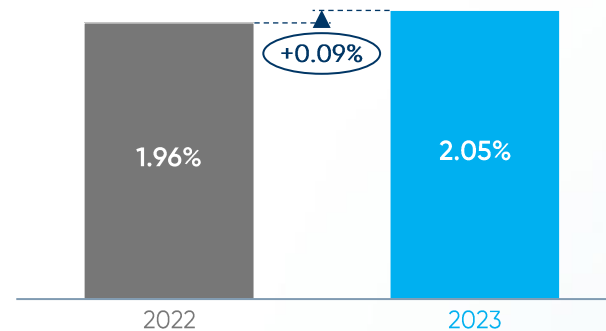
## Net interest income

in m EUR



## 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

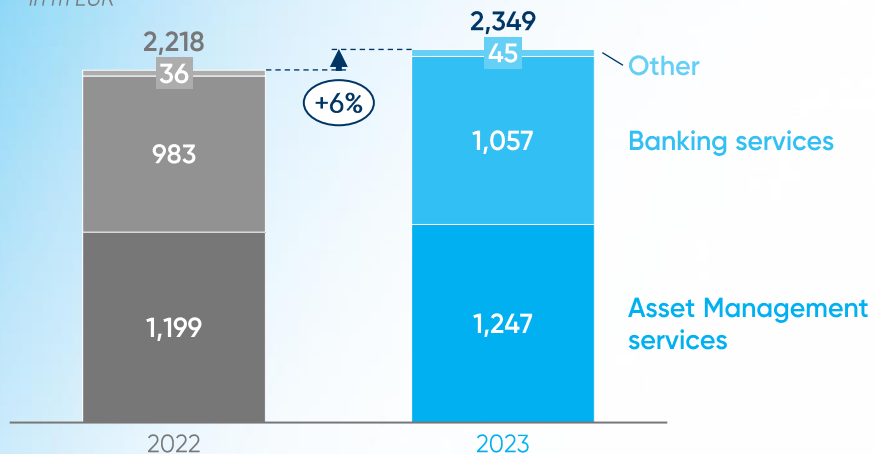
\*\* Customer deposits, excluding debt certificates and repos.

- **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

# Annex 2 | FY23 – Higher net fee and commission income and higher AUM

## Net fee & commission income

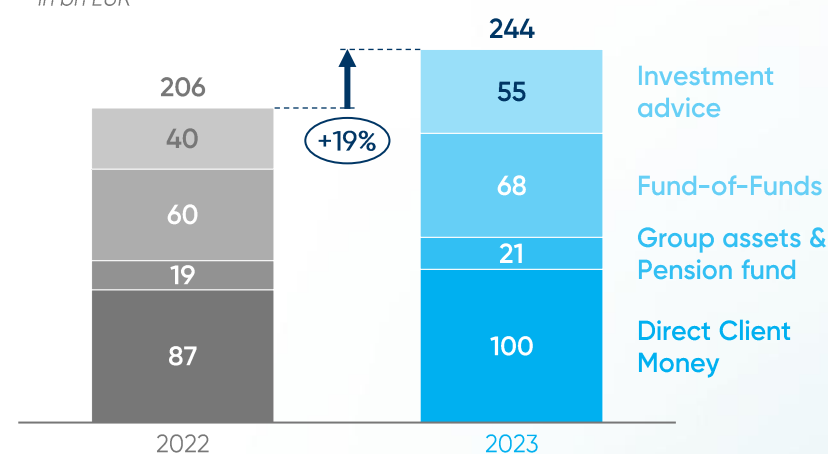
in m EUR



- **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

## Assets under management

in bn EUR

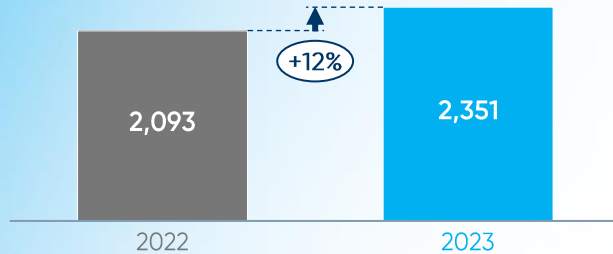


- **Increased by 19% y-o-y** due to net inflows (+9%) and a positive market performance (+10%)
- The mutual fund business has seen 4.8bn EUR net inflows in higher-margin direct client money in FY23 (versus 2.9bn EUR in FY22)

# Annex 2 | 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)

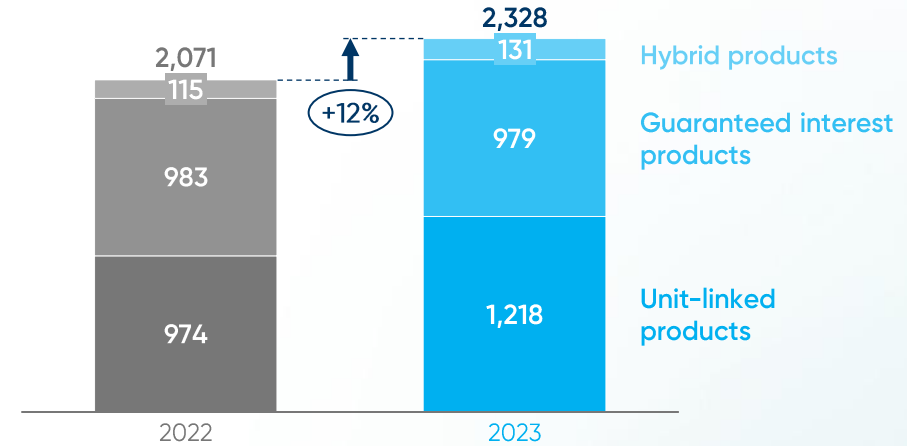
in %



- **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

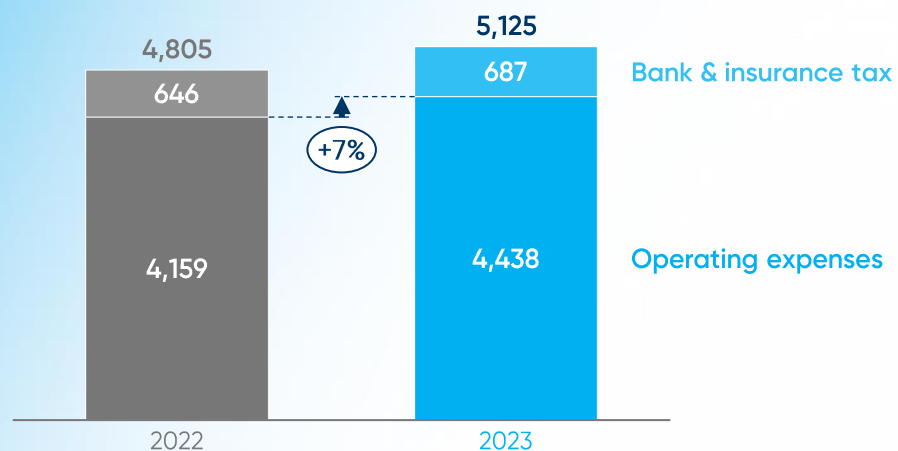


- **Life sales up by 12% y-o-y**
  - The 26% y-o-y increase in sales of unit-linked products was mainly the result of the successful launch of new structured funds in Belgium
  - Sales of guaranteed interest products decreased by 1% y-o-y
- Sales of unit-linked products accounted for 52% of total life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

## Annex 2 | FY23 – Costs in line with guidance

### Operating expenses (including costs directly attributable to insurance)

in m EUR



- **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)

### 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
<b>Total</b>	<b>687</b>	<b>646</b>

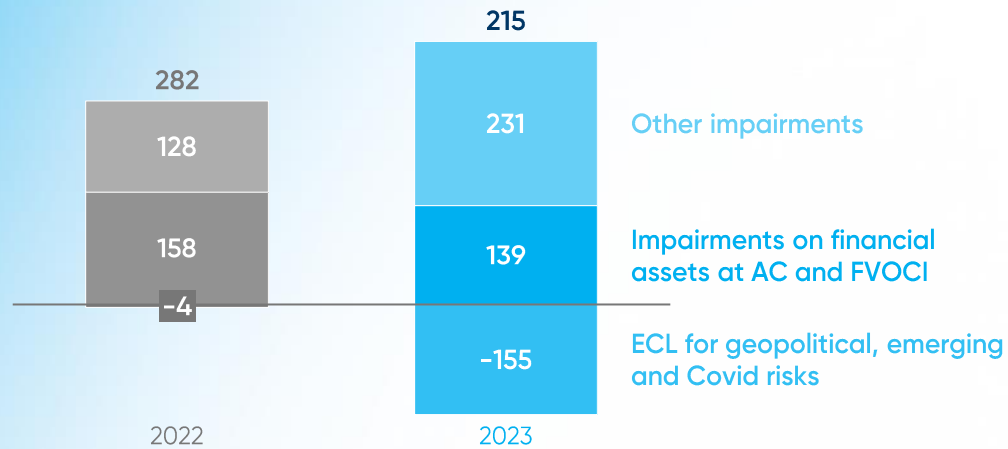
- Total bank & insurance taxes (including ESRF contribution) increased by 6% y-o-y to 687m EUR in 2023 (646m EUR in 2022)

\* See glossary for the exact definition

# Annex 2 | FY23 – Net loan loss impairment charges & excellent credit cost ratio

## Asset impairment

in m EUR; negative sign is a release

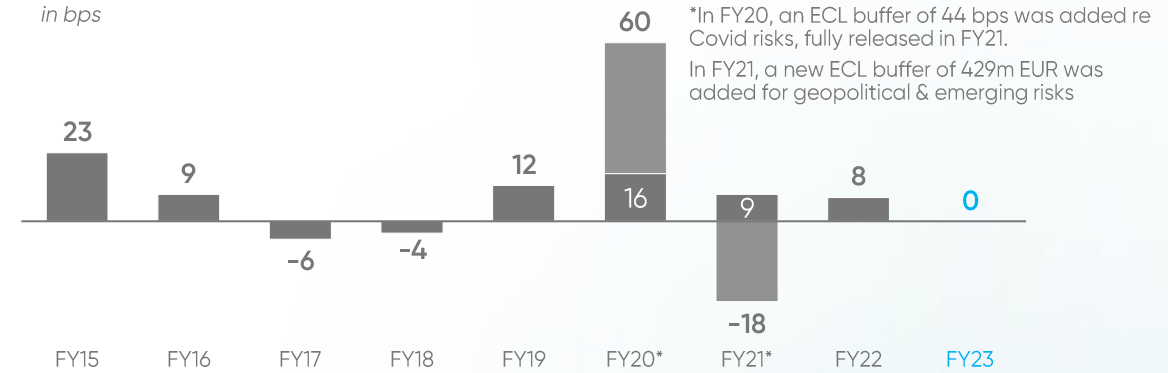


- Net impairment charges amounted to 215m EUR (compared with 282m EUR in FY22); this was attributable chiefly to

- 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

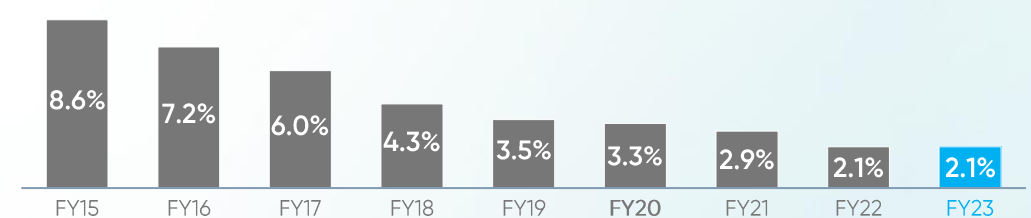
in bps



- 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)

# Annex 3 | Outstanding benchmarks as at end of January 2024

## Additional tier I securities

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Call date	Maturity	Trigger	Level
KBC Group	EUR	BE0002592708	1,000	4.250%	M/S+359.4bps	24/04/2018	24/10/2025	Perpetual	Temporary write-down	0.05125
KBC Group	EUR	BE0002638196	500	4.750%	M/S+468.9bps	5/03/2019	5/03/2024	Perpetual	Temporary write-down	0.05125
KBC Group	EUR	BE0002961424	750	8.000%	M/S+492.8bps	5/09/2023	5/09/2029	Perpetual	Temporary write-down	0.05125

## Tier II securities

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Call date	Maturity date	Tenor	Trigger
KBC Group	EUR	BE0002290592	500	1.625%	M/S+125bps	18/09/2017	18/09/2024	18/09/2029	12YNC7	regulatory + tax call
KBC Group	EUR	BE0002664457	750	0.500%	M/S+110bps	3/09/2019	3/12/2024	3/12/2029	10.25NC5.25	regulatory + tax call
KBC Group	EUR	BE0002819002	750	0.625%	M/S+95bps	7/09/2021	7/12/2026	7/12/2031	10.25NC5.25	regulatory + tax call
KBC Group	EUR	BE0002914951	500	4.875%	M/S+225bps	24/01/2023	25/04/2028	25/04/2033	10.25NC5.25	regulatory + tax call
KBC Group	EUR	BE0002990712	1,000	4.750%	M/S+225bps	17/01/2024	17/01/2030	17/04/2035	11.25NC6.25	regulatory + tax call

## Senior HoldCo

Issuer	Currency	Isin Code	Issued (in mio)	Coupon	Re-off spread	Settlement date	Maturity date	Tenor
KBC Group	EUR	BE0002645266	500	0.625%	M/S+60bps	10/04/2019	10/04/2025	6y
KBC Group	EUR	BE0002681626	500	0.750%	M/S+65bps	24/01/2020	24/01/2030	10y
KBC Group	EUR	BE0974365976	500	0.500%	M/S+72bps	16/06/2020	16/06/2027	7NC6
KBC Group	EUR	BE0002728096	750	0.125%	M/S+60bps	3/09/2020	3/09/2026	6NC5
KBC Group	EUR	BE0002766476	750	0.125%	M/S+60bps	14/01/2021	14/01/2029	8NC7
KBC Group	EUR	BE0002799808	500 + 200	0.750%	M/S+65bps	31/05/2021	31/05/2031	10y
KBC Group	GBP	BE0002820018	400	1.250%	M/S+52bps	21/09/2021	21/09/2027	6y
KBC Group	EUR	BE0002832138	750	0.250%	M/S+47bps	1/12/2021	1/03/2027	5.25NC4.25
KBC Group	EUR	BE0002839208	750	0.750%	M/S+70bps	21/01/2022	21/01/2028	6NC5
KBC Group	EUR	BE0002846278	750	1.500%	M/S+90bps	29/03/2022	29/03/2026	4NC3
KBC Group	EUR	BE0974423569	750	2.875%	M/S+125bps	29/06/2022	29/06/2025	3NC2
KBC Group	EUR	BE0002875566	750	3.000%	M/S+125bps	25/08/2022	25/08/2030	8y
KBC Group	GBP	BE0002879600	425	5.500%	M/S+158bps	20/09/2022	20/09/2028	6NC5
KBC Group	EUR	BE0002900810	1,000	4.375%	M/S+170bps	23/11/2022	23/11/2027	5NC4
KBC Group	USD	USB5341FAB79/ US48241FAB04	1,000	5.796%	T+210bps	19/01/2023	19/01/2029	6NC5
KBC Group	EUR	BE0002935162	1,000	4.375%	M/S+138bps	19/04/2023	19/04/2030	7NC6
KBC Group	EUR	BE0002951326	750	4.375%	M/S+145bps	6/06/2023	6/12/2031	8.5y
KBC Group	EUR	BE0002950310	1,250	4.500%	M/S+95bps	6/06/2023	6/06/2026	3NC2
KBC Group	USD	USB5341FAC52/ US48241FAC86	1,000	6.324%	T+205bps	21/09/2023	21/09/2034	11NC10
KBC Group	EUR	BE0002987684	500	4.250%	M/S+130bps	28/11/2023	28/11/2029	6NC5





# Annex 4 | KBC's covered bond programme characteristics

## Portfolio data as of 31 December 2023

in EUR

Total Outstanding Principal Balance	18 896 139 534
Total value of the assets for the over-collateralisation test	17 410 218 385
No. of Loans	219 834
Average Current Loan Balance per Borrower	126 711
Maximum Loan Balance	1 068 786
Minimum Loan Balance upon selection	1 000
Number of Borrowers	149 127
Longest Maturity	342 months
Shortest Maturity	0 months
Weighted Average Seasoning	59 months
Weighted Average Remaining Maturity	193 months
Weighted Average Current Interest Rate	1.86%
Weighted Average Current LTV	62%
No. of Loans in Arrears (+30days)	205
Direct Debit Paying	99%

## Interest rate type

in %

Fixed	87%
1 y / 1y	4%
3y / 3y	6%
5y / 5y	3%
10y / 5y	<1%
15y / 5y	<1%
20y / 5y	<1%

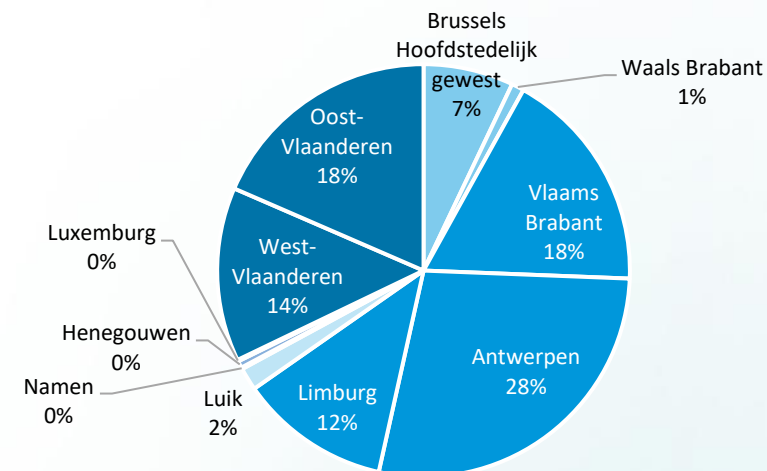
## Repayment type

in %

Annuity	>99%
Linear	<1%

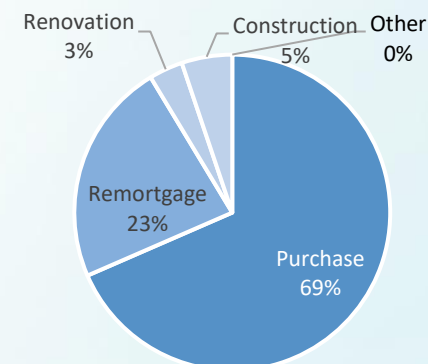
## Geographical allocation

in %



## Loan purpose

in %

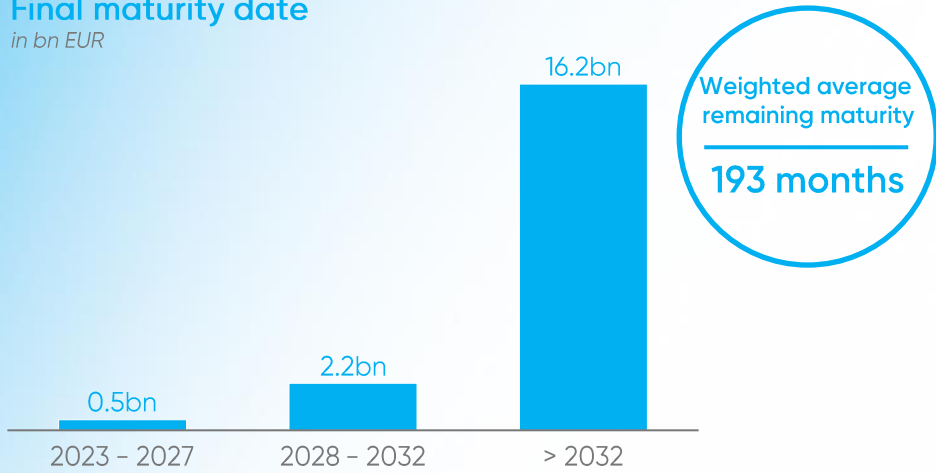


Investor reports, final terms and prospectus are available on [www.kbc.com/covered\\_bonds](http://www.kbc.com/covered_bonds)

# Annex 4 | Key cover pool characteristics

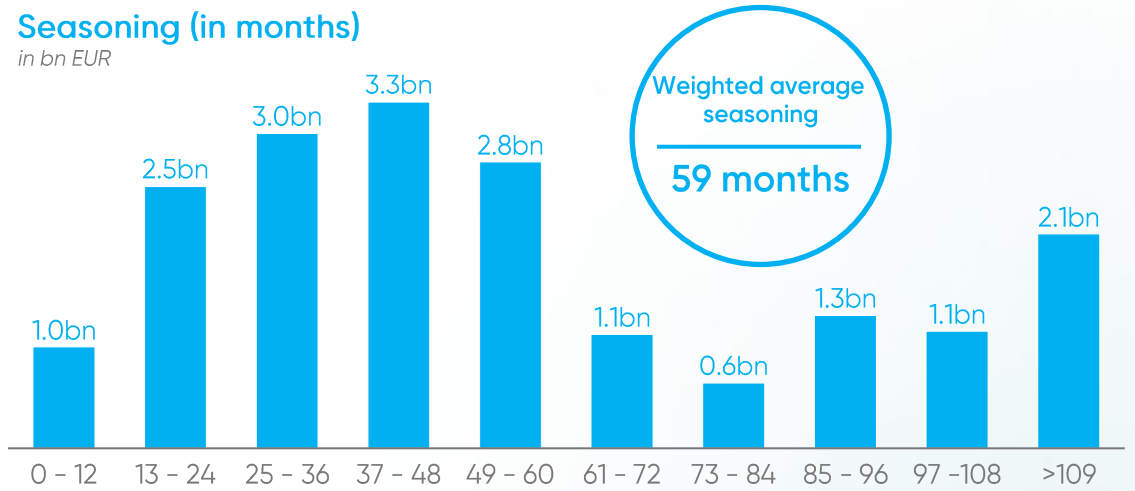
## Final maturity date

in bn EUR



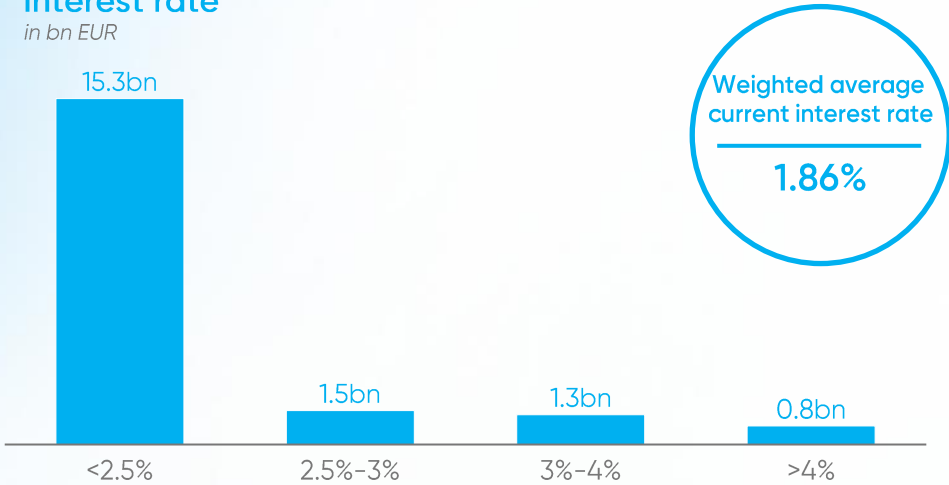
## Seasoning (in months)

in bn EUR



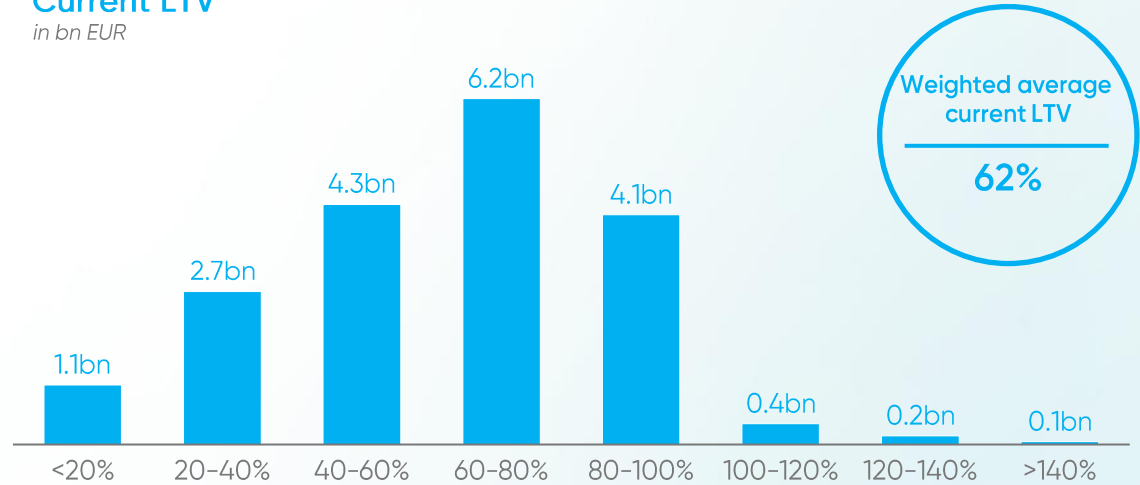
## Interest rate

in bn EUR



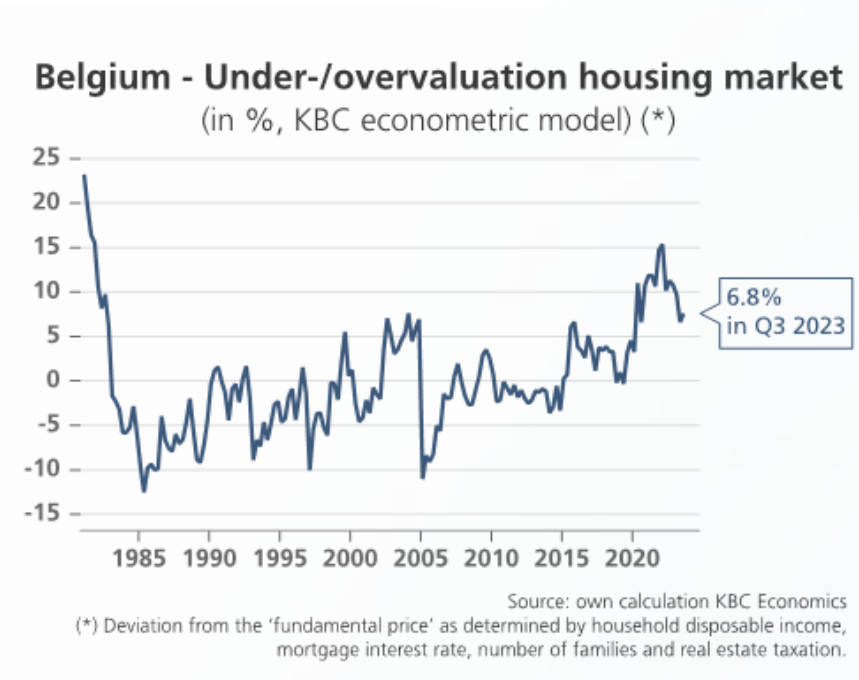
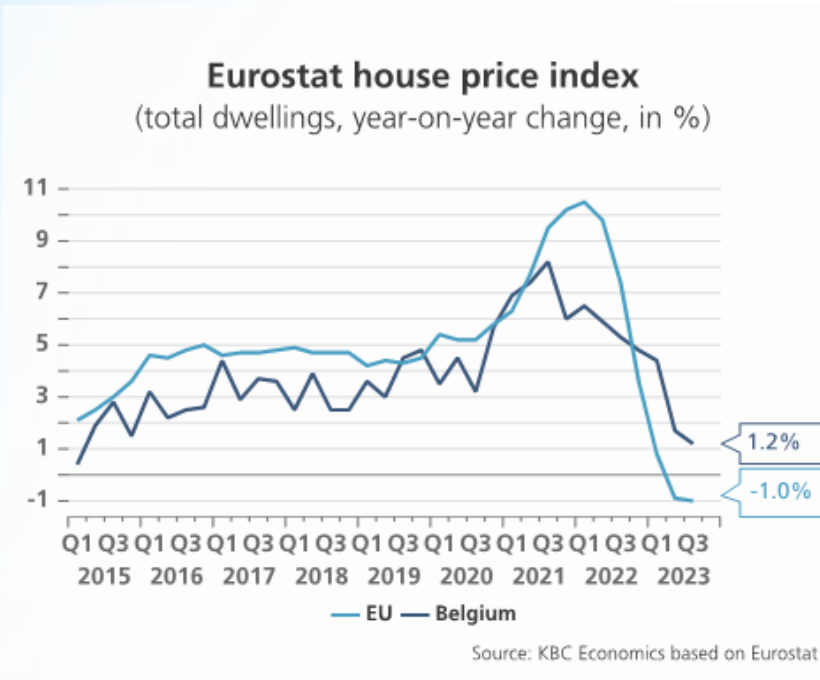
## Current LTV

in bn EUR



The y-o-y house price increase slowed to 1.2% in Q3 2023, down from a peak of 8.2% in Q3 2021

The overvaluation of Belgian real estate is estimated at some 7% in Q3 2023



# Glossary

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

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## More information

- Company website [KBC](#)
- Quarterly Report [Quarterly Reports](#)
- Table of results (Excel)
- Quarterly presentation [Presentations](#)
- Debt presentation

## Upcoming events

12-13 Feb 2024	London, credit update
12 Mar 2024	Amsterdam, credit update
...	
24 Apr 2024	1Q24 black out period
16 May 2024	1Q24 Publication of Results

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