



20
23

Report
to Society

Dear Reader,

We will remember 2023 as an eventful year.

It seems as though the world has gone from one difficult situation to another since the coronavirus pandemic. The war in Ukraine is still causing a great deal of distress and, in the meantime, we are seeing the same things happening with the conflict in Gaza. All over the world, we are witnessing the consequences of global climate change, which also has direct implications for us as a financial institution. In addition, we had to deal with volatile markets, a sharp rise in interest rates, high inflation, high energy prices and a far from rosy outlook for the global economy.

As bank-insurer, we do not shy away from these complex challenges. We continue to help our customers protect and realise their dreams and projects – after all, that is our core business. Our group strategy supports us in this.

During the past three years we have continued to work on digitally transforming our business model, we have given our customers access to non-financial services, launched Kate and introduced the Kate Coin. All with the aim of taking our customer experience and our operational efficiency to the next level.

Digitalisation enables us to collect high-quality data, and we can use this to proactively offer our customers solutions tailored to their needs. Artificial intelligence has become an important tool to do this. Now that AI is rapidly gaining momentum and we are exploring all the opportunities, it is more essential than ever that we ensure our customers' privacy and monitor the quality of information as best we can – without bias or discrimination.

We also continue to work on developing ecosystems, such as for housing, energy and mobility, and this means offering solutions that go beyond financing. By joining forces with

external partners, we want to make life more convenient for our customers so they can save time and make money.

These ecosystems focus on the consequences of global climate change and guide our customers through their transition to sustainability. We can only achieve this transition together: alongside our employees, our customers and our stakeholders. KBC therefore continues to focus on innovating, going green and connecting.



Koenraad Debackere and Johan Thijs

Innovating and facilitating innovation as key to a sustainable future.

Going green and facilitating going green as a factor in successfully transitioning to sustainable practices.

Connecting and facilitating connections as a foundation for a sustainable society.

These are not three separate actions, but domains that overlap and reinforce each other. This report gives an overview of the steps we have taken in 2023 and the challenges that lie ahead.

Enjoy the read.

Johan Thijs
Chairman of the Executive Committee

Koenraad Debackere
Chairman of the Board of Directors



Sustainability is vast

First and foremost, a sustainable business is one that lasts, and therefore innovates in good time. Furthermore, a sustainable business commits itself to doing business with respect for the environment, for people and for society, and anchors that commitment in its policies.*

Innovating, going green, connecting: KBC has been doing this internally for many years. But KBC is committed to doing more: KBC also wants to use novel and exciting ideas to inspire and encourage its customers to become more sustainable too. As a large bank-insurer with 3.9 million customers in Belgium (13 million across the whole group) we can make a considerable impact.

Sustainability digs deep

KBC's sustainability policy is based on science, but it's easy to summarise:

- encourage responsible behaviour from all our employees
- limit our negative impact on society through strict choices and policies
- increase our positive impact, in particular by focusing on the Sustainable Development Goals (SDGs) where we as bank-insurer can make a bigger difference.

Sustainability never stops

KBC is on its way to greater sustainability – we are on this journey together – but we will never reach our destination. After all, needs are constantly changing, requirements (from Europe and other parties) are getting more rigorous and comprehensive and, of course, we can always do better for sustainability.

* Summarised as the ESG themes (Environmental, Social, Governance)..

A young child with dark hair and large eyes is wrapped in a thick, white, fluffy towel. The child is looking upwards and to the left with a thoughtful expression, their hands held near their mouth. The background is softly blurred, showing what appears to be a window with light-colored curtains and a wooden chair. A teal speech bubble is overlaid on the right side of the image, containing the text.

What will KBC
be like when
I grow up?

KBC innovates

KBC is continually looking for new ways to make life easier for its customers and help them save time and money. We combine the strengths of digitalisation with the power of human contact. We take the utmost care to protect our customers' data and their privacy.

KBC Mobile

KBC offers more than just its own products and services in its smartphone app. Customers can use additional services such as buying public transport or cinema tickets, keeping documents in a digital safe, or reading the financial news. The app also helps us encourage people to connect and go green.

Kate

Since 2020, KBC Mobile has been home to Kate, a personal digital assistant who is getting smarter all the time thanks to artificial intelligence. Kate is now the first point of contact for customers in KBC Mobile and can already answer more than 60% of questions without human intervention. For more complex questions, Kate refers customers to a KBC employee.

Kate Coins

KBC customers love to save money as well as time. They have been able to do this for several years with KBC Deals, through cashback rewards with third parties. Since 2023, they have also been able to save money with Kate Coins in KBC Mobile, making KBC the first financial institution in Europe to launch such a scheme. Customers can earn and spend Kate Coins at KBC and a number of partners.

Personal contact

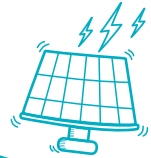
No matter how digitalised the world becomes, personal contacts will continue to make the difference. We help our customers in our bank branches, agencies and through KBC Live, and mobility-challenged and less digitally adept customers can even be visited at home thanks to the KBC Belmobiel.



2023
Belgium



Sia Partners
awards
KBC Mobile
'Best Banking App
in Belgium'
once again



KBCLive

922 031
customer
appointments at
branches and
KBC Live



434
bank branches
292
agencies

Customers ask Kate
19 000
questions a day



4.68 million
conversations
with Kate



KBC helps others innovate

KBC is a driving force behind the economy and encourages businesses to innovate. We do this for start-ups through Start it @KBC, and through Start it X for large organisations and companies.

Driving force behind the economy

The best way to help our customers innovate is to offer them loans and insurance. In 2023, KBC once again invested more than 90% of Belgian customers' savings in the economy through loans to private individuals and companies, participation in government projects, and government bonds.

Start it @KBC

For the past ten years, we have been encouraging innovation through Start it @KBC, the largest accelerator in Belgium. Start it @KBC has already helped 2 222 entrepreneurs apply their enthusiasm and ambition to making an impact on the economy and society. Starters can use a co-working space free of charge - where they receive coaching from experienced mentors and become part of an international network. KBC encourages female entrepreneurship and start-ups which aim to make society more sustainable.

Start it X and Flanders Technology & Innovation

Start it X allows large companies and organisations to give their employees the space to develop their own ideas. Employees at KBC also get the chance to be 'intrapreneurs'. In addition, KBC is one of the investors in Flanders Technology & Innovation, a project established by the Flemish government to address societal challenges.

Innovation breeds innovation

In the past, we worked mainly on our own strengths, but today we strongly believe in co-creation. This means we can offer our customers more than financing – we now offer customers practical solutions to help them make their homes more sustainable, for example. And that's just the beginning.



What is KBC
doing to reduce
CO₂ emissions?

KBC goes greener

KBC is working constantly to reduce its own environmental footprint. As a leader in the sustainability transition, KBC has set climate targets for its core business activities.

KBC's environmental footprint

KBC has been measuring direct emissions across the entire group since 2015. In 2023, we achieved a 68% reduction, which should reach 80% by 2030. We have implemented an ISO 14001 environmental management system in all our core countries to monitor our environmental impact. We are doing our best to limit our energy consumption and we opt for renewable resources where we can. Our electricity consumption is now 100% renewable, and we offset the emissions that we cannot avoid. This means that KBC Group's own activities have been climate neutral since 2021.

Climate targets

We examined which sectors and subsectors within the entire group have a considerable environmental impact, then we set climate targets for those sectors. The key sectors are: energy, property, transport and agriculture. On the one hand, we encourage sustainable investments and, on the other, we limit or even stop investing in less sustainable activities (such as coal and lignite mining and developing new oil and gas fields).

We have also set targets for investment funds and investment-type insurance products, so that responsible investing becomes the standard for our customers. We are doing the same with our own investments and our own pension fund. For the first time, we have now quantified the climate impact of a significant portion of our insurance portfolio.

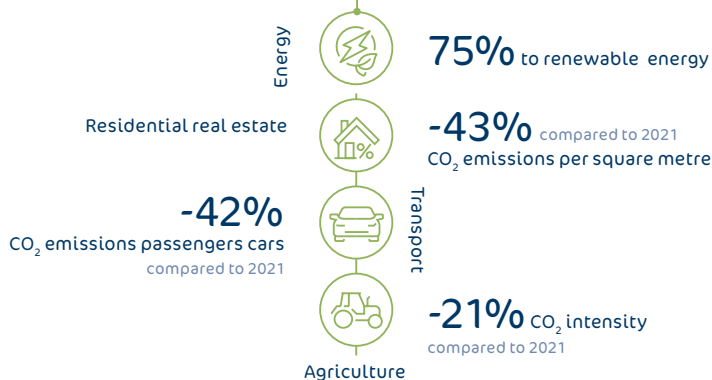
We report annually on our progress in these areas in our group's Sustainability Report. In 2023, KBC received for its Sustainability Report the 'Leadership A rating' from the international CDP (Carbon Disclosure Project) for transparency in climate reporting.



KBC Group has
0 euros
of direct financing
in coal

In 2023, Belgian
customers invested
31.8 billion
in responsible funds

2030 climate targets for **loans** with KBC Group



2030 targets for **investments** with KBC Group

55%
of all managed funds is in responsible investing

14 344
renovation reports for retail customers



3.7
billion euros in new loans that help individuals and businesses to go greener

2023
Belgium



2 484
sustainability discussions at companies with KBC consultants

900
environmental footprint reports for businesses

130
contracts with Encon



296
contracts with ecoWise

39 998
electric cars and bicycles at KBC Autolease





KBC helps others go greener

KBC wants to increase its positive impact on the environment by helping its customers become more sustainable. We do this by informing, encouraging and guiding them through their transition to sustainability. We also keep a close eye on opportunities to integrate scientific insights and innovations.

KBC helps individuals go greener

Our own research shows that our customers want to go green, but do not really know how. That's why we are happy to inform them about sustainability topics, and we offer every customer personalised answers to their questions about topics such as the best energy contract for them and the cost of making energy-efficient renovations to their home. Since 2023, KBC has been offering practical advice on going green in partnership with high-quality businesses. If customers want to insulate their home, install solar panels or a home battery, they can simply request a quote from our partners via KBC Mobile. Of course, as bank-insurer, KBC also offers loans and insurance products that support the move towards greater sustainability. In 2023, one in three eligible home loans received an EPC discount immediately, while other home loans received the discount as soon as an EPC label A or B was awarded.

KBC helps businesses go greener

Making businesses more sustainable has an even greater impact. It is important to us that also small businesses are properly informed about the opportunities available. We discuss the topic of sustainability with businesses, provide insight into their environmental footprint and make recommendations for shrinking this. To help them get started with practical sustainability measures, we put them in touch with a sustainability specialist. For SMEs, that is our subsidiary ecoWise, while larger businesses work with our partner Encon. To support their efforts financially, we offer loans and insurance tailored to their needs and we help them find mobility solutions for their employees.



How does
KBC help lower
barriers?



KBC connects

KBC encourages its employees to work together, grasp opportunities and grow. And also provides a safe, respectful and creative working environment where everyone is welcome. Inclusion is also a guiding principle when dealing with customers.

Working together and learning

The Pearl+ company culture combines individual responsibility with working together. KBC also considers learning and creativity to be very important and wants to offer its employees a sustainable career. That means not only attracting talents, but retaining them and helping them grow. Employees aged 55 or older who want to start a new chapter in their career can join a Minerva programme and opt for community engagement.

Diversity and inclusion

Everyone is welcome in Team Blue. We explicitly stated this in 2021 in our policy framework, but our workforce could certainly be more diverse and inclusion remains an important theme. We are exploring how we can counter unconscious biases and how we can promote equal treatment of all employees. In Belgium, we focused on age diversity and on colleagues with a physical disability in 2023. At Group level, we organised the first International Diversity Day, where colleagues from all our core countries could inspire each other.

Our role in society

We ensure our branches and offices are accessible and we make our digital applications accessible as well, even though that is not always simple. We help customers with their digital transactions and help reduce the digital divide. By helping young people aged from 12 to 24 learn to manage their money, we increase their financial literacy. Through the Get-a-Teacher pack, secondary schools, colleges and universities can invite a KBC trainer free of charge. It goes without saying that KBC also finances and insures many schools, hospitals and residential care facilities. KBC also launched its second social bond loan in 2023.

84 865

Belgian students have participated in the Get-a-Teacher scheme since 2016

KBC has insured:

1 086 educational institutions
1 461 childcare facilities



1 027 residential care facilities
52 hospitals



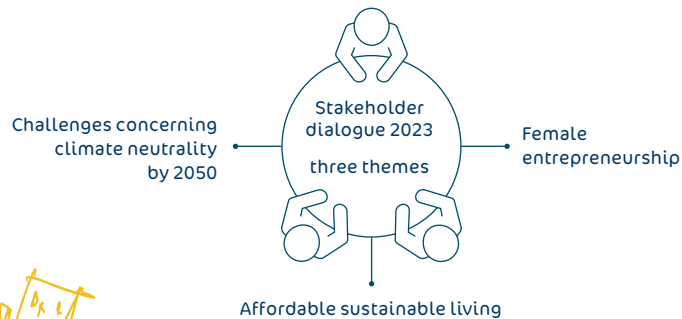
KBC has financed:

715 educational institutions
242 childcare facilities

542 residential care facilities
118 hospitals

KBC has launched :

a second social bond loan of **750 million** euros to fund investments in schools and hospitals



TOP Employer 2024



KBC Group

Board of directors:
69% men, 31% women
Executive Committee:
86% men, 14% women
Senior management:
75% men, 25% women
Middle and junior management:
57% men, 43% women
White collar:
33% men, 67% women

We are taking steps to **increase diversity:** by 2023, 62% of all promotions went to women.

KBC helps to connect

KBC invests in charitable organisations and societal projects by encouraging voluntary work, including among its employees, and providing financial support. KBC also believes in the power of art.

Cera and BRS

Together, Cera and KBC are committed to BRS, an organisation that supports entrepreneurs and farmers in the Global South with microfinancing and microinsurance. KBC employees can volunteer with BRS to make a difference for local cooperatives. Thanks to 'Cera on the move', Cera and KBC strengthen each other when it comes to sustainable growth and social responsibility.

Partner to social initiatives

KBC and 'Kom op tegen Kanker' have been working together for more than 30 years, and CBC has been partnering with CAP48 for almost 20 years. KBC's contribution to 'De Warmste Week' and KBC Brussels' to 'Straatverplegers' started more recently, but our commitment is just as strong. These are powerful partnerships in which many colleagues participate enthusiastically.

Support for small-scale projects

KBC supports small-scale organisations that focus on empowering underprivileged and vulnerable people, particularly in an urban context. We see this as a way of showing good citizenship. In addition, colleagues doing voluntary work for small-scale associations with a social purpose can apply for financial support as part of the annual solidarity campaign.

Snijders&Rockox House

KBC views the Snijders&Rockox House in Antwerp as an enriching meeting place where visitors can experience art and history. We organise exhibitions, lectures, and concerts there, and we have a wide range of activities for schools. Students and their teachers can visit the museum for free, and they can design their own programme.



Our business strategy



Putting the client first

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



Bank-insurance+

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



Sustainable and profitable growth

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



Role in society

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



PEARL+ means

Performance,
Empowerment,
Accountability,
Responsiveness
Local embeddedness.
The + refers to developing ideas together or smart copying.



Our employees and our customers

Belgium	Czech Republic	Hungary	Slovakia	Bulgaria
15 800 employees	11 100 employees	4 000 employees	3 200 employees	6 600 employees
3.9 million customers	4.3 million customers	1.6 million customers	0.8 million customers	2.2 million customers

Our shareholders

Our shareholder structure focuses on the longer term. At the end of 2023, the Group's core shareholders, including Cera, MRBB and other core shareholders (families), held about 41% of the shares. This provides a strong grounding and allows us to focus on our sustainability and long-term strategy.

Our annual figures

KBC Group closed 2023 with a profit of 3.4 billion euros. For the Belgium Business Unit, earnings reached 1.9 billion euros. In total, KBC Group paid 1.5 billion euros in tax, including 687 million euros in bank taxes and bank guarantees. In Belgium, this meant 856 million euros in taxes, including 361 million euros in bank taxes and bank guarantees.

Challenges and ambitions

Regulations and reporting

KBC continues to comply with all regulations, including those regarding corporate sustainability. We want to further increase the quality of our (customer) data and monitor its security, so we can meet our own reporting obligations and help our customers with their reporting.

Professional oath for bankers

From 2025, executives, managers and employees who have contact with customers will take the banker's oath. They will promise to always act with honesty, integrity and professionalism, and to protect the interests of customers. KBC sees this as a means of validating its existing commitment to responsible behaviour.

Sustainable transition

To accelerate the transition towards sustainable practices, we need to develop new products and services, and to ensure that our employees are properly trained. We must find the right balance between the needs of a climate-neutral society and the sustainability of our bank-insurance model.

Affordable sustainable living

KBC is already helping to reduce CO₂ emissions in the property sector. In 2024, we will also work with partners to find creative solutions that enable people with lower incomes to also live more sustainably. In addition, we want to develop a home loan information package to raise awareness of sustainable living with 35 000 young adults by 2030.

Responsible investing, climate and the environment

Up to now, KBC's sustainability measures have mainly focused on the climate. In 2024, we will explore how we can promote biodiversity and the circular economy, as well as how we can help protect water resources and encourage pollution prevention. We will also be taking our investing to the next level and will encourage even more customers to invest in responsible funds.

Follow our sustainability story on the website kbc.be/sustainability or on social media: [#samenduurzamer](https://twitter.com/samenduurzamer)

And discover our sustainability report and our other publications at: www.kbc.com

