



KBC Group

Compensation Report for
2023

Introduction

The Compensation Report provides information on remuneration principles at the level of KBC Group and discloses remuneration figures for financial year 2023 based on European and national legislation. KBC introduced the KBC Remuneration Policy in 2010. It defines general remuneration guidelines for all staff and specific remuneration guidelines for certain employees (referred to as ‘Key Identified Staff’) who may have a material impact on the risk profile of the company. Due to the fact that legislation applying to financial institutions, insurance companies and asset management companies is continuously changing, the KBC Remuneration Policy is amended each year. In accordance with article 7:89/1 of the Belgian Company Code (which includes the transposition of article 9a of the European Shareholders rights directive of 17 May 2017), a separate Remuneration Policy was drafted for the non-executive members of the Supervisory Board of KBC Group, KBC Bank, KBC Insurance, as well as for the Members Executive Committee of KBC Group, KBC Bank, KBC Insurance (“KBC Group Remuneration policy for the Supervisory Board and the members of the Executive Committee”). This policy is applicable to the non-executive members of the Supervisory Board of KBC Group, KBC Bank, KBC Insurance, as well as the Members Executive Committee of KBC Group, KBC Bank, KBC Insurance since 6 May 2021.

The report comprises general remuneration principles, specific principles for Key Identified Staff and information on remuneration disclosures.

General remuneration principles

The setting of remuneration takes account of market practice, competitiveness, risks, the long-term objectives of the company and its stakeholders and continuously changing regulations.

The remuneration schemes applicable within KBC Group (including the award and pay out conditions for remuneration) are gender-neutral in order that equal pay for workers of all genders for equal work or work of equal value is guaranteed.

An employee’s total remuneration consists of two components, i.e. fixed remuneration and variable remuneration, for which a maximum ratio is set.

Total fixed annual remuneration	Maximum variable remuneration
below 50.000 EUR	100% of fixed
between 50.000 EUR and 100.000 EUR	50.000 EUR
above 100.000 EUR	50% of fixed

Fixed remuneration is mainly determined on the basis of the employee’s professional experience, responsibility and job complexity.

The level of variable remuneration can depend on several factors, such as the KBC group’s overall performance, the performance of the employee’s business unit or entity, the performance related to sustainability objectives and the employee’s individual performance. Variable remuneration may not encourage risk-taking in excess of the risk appetite of the different entities of the KBC group and should, where relevant, be based on risk- and liquidity-adjusted profit, not on gross revenues. Variable remuneration is capped at 750 000 EUR, except for variable remuneration of the members of the Board of Directors of KBC Group NV, KBC Bank NV and KBC Insurance NV and for the members of the Executive Committee of KBC Group NV, KBC Bank NV and KBC Insurance NV.

Key Identified Staff

KBC applies specific rules for Key Identified Staff. The performance-based remuneration of Key Identified Staff is awarded in a manner that promotes sound risk management and does not encourage excessive risk-taking. This is ensured by applying specific rules to the variable remuneration of Key Identified Staff:

- depending on the category of Key Identified Staff and the level of its variable remuneration, 40% to 60% of their variable remuneration awarded is not paid straightaway but instead is paid over a period of four to five years;
- half of the total amount of variable remuneration for Key Identified Staff is awarded in the form of non-cash instruments with a one-year retention period;
- no advance payments are made in relation to the variable component and risk adjustment measures are in place.
- for variable remuneration of senior management, 10% is subject to the achievement of sustainable targets that have been agreed beforehand and 10% to 20% is based on the results of the KBC group. The remaining variable component is realised through the achievement of individual objectives, including quantitative and qualitative, financial and non-financial elements, with a focus on preserving current value and creating future value, and without incentivising excessive risk-taking or mis-selling of products.
- retention payments are permitted only in exceptional circumstances (i.e. if the business entity is divested, wound down or undergoing a major reorganisation) and for the retention of Key Identified Staff on risk- and/or value-preservation grounds, as decided by the Board of Directors.

Key Identified Staff are considered 'exempt Key Identified Staff' if the variable remuneration is lower than €50.000 and does not exceed 1/3 of the staff member's total annual remuneration. In this case, variable remuneration is not subject to deferral and payment in non-cash instruments. The employees whose variable remuneration is subject to deferral and payment in non-cash instruments are called 'material Key Identified Staff'.

Based on national legislation and/or internal decisions for a certain employee group, deferral schemes are sometimes more severe for both material and exempt Key Identified Staff. Not all principles may apply in every KBC group entity and certain exemptions are granted due to specific local regulations or restrictions laid down by supervisory authorities.

Structure for 2023 variable compensation

Material
Key Identified
Staff



Individual variable remuneration awarded for performance year 2023

Material Key Identified Staff - Group ExCo members and KBC Senior General Managers

If variable awarded < 200.000 EUR: 50% deferral for 5 years, 50% in non-cash instrument

Year of payout	2024	2025	2026	2027	2028	2029	2030
Cash	25%	5%	5%	5%	5%	5%	
Non-cash instrument	→	25%	5%	5%	5%	5%	5%

If variable awarded ≥ 200.000 EUR: 60% deferral for 5 years, 50% in non-cash instrument

Year of payout	2024	2025	2026	2027	2028	2029	2030
Cash	20%	6%	6%	6%	6%	6%	
Non-cash instrument	→	20%	6%	6%	6%	6%	6%

Material Key Identified Staff – other

If variable awarded < 200.000 EUR: 40% deferral for 4 years, 50% non-cash instrument

Year of payout	2024	2025	2026	2027	2028	2029
Cash	30%	5,00%	5,00%	5,00%	5,00%	
Non-cash instrument	→	30%	5,00%	5,00%	5,00%	5,00%

If variable awarded ≥ 200.000 EUR: 60% deferral for 5 years, 50% in non-cash instrument

Year of payout	2024	2025	2026	2027	2028	2029	2030
Cash	20%	6%	6%	6%	6%	6%	
Non-cash instrument	→	20%	6%	6%	6%	6%	6%

Cash is payable following vesting

Non-cash instrument is payable following a one-year retention period

7,5

Exempt
Key Identified
Staff



100% of cash is paid upfront

Based on local legislation and/or an internal decision a more severe deferral scheme might be applied for a certain group of employees

All other employees



100% of cash is paid upfront

Variable remuneration is subject to *ex-ante* and *ex-post* risk adjustments.

Ex-ante risk adjustment is achieved through qualitative and quantitative risk-adjusted performance measurements. A Risk Gateway has been installed as a quantitative risk adjustment measure. It comprises a number of internal and legislative capital and liquidity parameters that have to be met before the variable remuneration component may be awarded. The parameters are set each year by the Board of Directors. If one or more of these parameters are not met, this variable remuneration component will not be awarded for the respective performance year and the deferred amounts relating to previous years will not vest and will be lost for that year.

Risk
Gateway
2023

A) the deferred part of previous years' awarded variable due to vest in April 2024

	Deferred Cash			Deferred Non-cash Instrument		
Performance Year 2020	apr/22	apr/23	apr/24	apr/23	apr/24	apr/25
Performance Year 2021	apr/23	apr/24	apr/25	apr/24	apr/25	apr/26
Performance Year 2022	apr/24	apr/25	apr/26	apr/25	apr/26	apr/27

If the Risk Gateway is passed, the variable remuneration component becomes subject to quantitative risk adjustment measures, such as risk-adjusted profit and other indicators (including RAROC, costs and direct income), to impact the size of the bonus pools and the individual awards, and to a performance appraisal procedure at individual level, including risk-related objectives, which can be both qualitative and quantitative and are designed to prohibit excessive risk-taking.

Variable compensation is also subject to *ex-post* risk adjustment measures. *Ex-post* risk adjustments operate either by reducing deferred but unvested amounts (*malus*) or by recouping deferred amounts already vested (claw back).

Action can be taken regarding the payment of deferred amounts that still have to be vested (*malus* arrangement), when:

- there is evidence of misconduct or serious error on the part of the employee, for example, a violation of the code of conduct or other internal rules, including those leading to regulatory sanctions, particularly in relation to risk;
- there is a deterioration of at least 50% of either the net result or the risk-adjusted profit of KBC Group and/or the underlying entity in the year preceding the year of vesting compared to the year of granting;
- there is a negative net result or the risk-adjusted profit of KBC Group in the year preceding the year of vesting.

Variable remuneration already vested will exceptionally be clawed back when there is:

- evidence of fraud or participation in a special mechanism in order to or with the consequence of promoting fiscal fraud by a third party;
- (use of) misleading information.

Corporate governance

The remuneration policy is based on prevailing national and European legislation, the Belgian Corporate Governance Code, the Belgian Banking Act and market data. It is monitored and regularly checked by the Remuneration Committee – with the assistance of specialist members of staff – to see whether it complies with changes in the law, the aforementioned code, and prevailing market practices and trends. The Chairman of the Remuneration Committee informs the Board of Directors on the committee's activities and advises it of any changes to the remuneration policy and its practical implementation. The Board of Directors may also act on its own initiative, or on a proposal from the Executive Committee, and instruct the Remuneration Committee to examine potential changes to the remuneration policy and to advise it accordingly. If required by law, the Board of Directors will submit any policy changes to the General Meeting for approval.

The Remuneration Committee carries out duties for the parent company, subsidiary undertakings and the group as a whole on a consolidated basis. The Remuneration Committee reports to the Board of Directors of KBC Group, submits an annual report on KBC's remuneration policy and practices, and ensures that each year the policy and practices are put to shareholders for approval by the Board of Directors.

The role of the Remuneration Committee of KBC Group is to:

- propose to the Board of Directors a KBC Remuneration Policy that is aligned with KBC Group's long-term business strategy, its business objectives, risk appetite and values, and that recognises the interests of relevant stakeholders;
- propose to the Board of Directors the remuneration, including the terms and other commitments to be made on the retirement, resignation or dismissal of the members of the Board of Directors and

the members of the Executive Committee of KBC Group, with the aim of ensuring fairness and avoiding reward for failure;

- oversee the remuneration of senior managers responsible for the Group Control functions and propose to the Board of Directors the remuneration systems and individual remuneration packages of those persons;
- advise the Board of Directors on compensation systems and individual compensation and severance packages for material Key Identified Staff;
- advise the Board of Directors on retention/incentive bonuses in exceptional circumstances, i.e. if the business entity is divested, wound down or undergoing a major restructuring and a case can be made for the retention of key staff on risk- and/or value-preservation grounds;
- advise the Board of Directors on any material exemptions or changes to the principles of the KBC Remuneration Policy;
- monitor the application of the authority delegated to the Executive Committee and the Divisional Compensation Committee to ensure that policies and principles are being consistently and effectively applied, in particular to Key Identified Staff, seek support and input from Corporate HR and Risk, as appropriate, and ensure appropriate sign-off from the business entities;
- approve the annual Remuneration Policy Statement for the NBB.

Besides the Remuneration Committee, the Risk & Compliance Committee is another committee of the Board of Directors of KBC Group. It acts as an independent reviewer of the KBC Remuneration Policy and practices, and oversees whether risk tolerance and the strategy framework are integrated into the remuneration policy and whether incentives provided by the remuneration system take account of risk appetite, capital, liquidity and the likelihood and timing of earnings.

The remuneration governance bodies at group level are responsible for ensuring that the requirements of the Remuneration Policy are coherently observed at subsidiary level. If required by national regulations, these governance bodies are also established at subsidiary level.

Decisions regarding remuneration systems and individual remuneration packages for Key Identified Staff are ratified by the respective governance body of the subsidiary.

Disclosing information on remuneration

Current reporting of remuneration details is aligned with reporting required by the National Bank of Belgium and the European Banking Authority. Based on the 'Guidelines on the remuneration benchmarking exercise' (EBA/GL/2014/08), the 'Guidelines on the data collection exercise regarding high earners' (EBA/GL/2014/07) and NBB Circular 2016_31, the requested information is collected by 30 June of each year.

[Table EU_REMA - Remuneration policy](#)

[Template EU REM1 - Remuneration awarded for the financial year](#)

[Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile \(identified staff\)](#)

[Template EU REM3 - Deferred remuneration](#)

[Template EU REM4 - Remuneration of 1 million EUR or more per year](#)

[Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile \(identified staff\)](#)

Table EU REMA - Remuneration policy

Institutions shall describe the main elements of their remuneration policies and how they implement these policies. In particular, the following elements, where relevant, shall be described:

Qualitative disclosures	
	Information relating to the bodies that oversee remuneration. Disclosures shall include:
(a)	<ul style="list-style-type: none"> • Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings • External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework. • A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in • A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.
	Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:
(b)	<ul style="list-style-type: none"> • An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the • Information on the criteria used for performance measurement and ex ante and ex post risk adjustment. • Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any • Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee. • Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and
(d)	The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.
	Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:
(e)	<ul style="list-style-type: none"> • An overview of main performance criteria and metrics for institution, business lines and individuals. • An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance. • Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other • Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics.
	Description of the ways in which the institution seeks to adjust remuneration to take account of longterm performance. Disclosures shall include:
(f)	<ul style="list-style-type: none"> • An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or • Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law). • Where applicable, shareholding requirements that may be imposed on identified staff.
(g)	The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall
	<ul style="list-style-type: none"> • Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different
(h)	Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.
(i)	Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.
	<ul style="list-style-type: none"> • For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall
(j)	Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in

Template EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	17	41	223	191
2		Total fixed remuneration	1.883.465	18.175.393	37383120	22.561.001
3		Of which: cash-based	1.883.465	18.175.393	37383120	22.561.001
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	0	0		
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0		
EU-5x		Of which: other instruments	0	0		
6		(Not applicable in the EU)				
7	Of which: other forms	0	0			
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	17	41	223	175
10		Total variable remuneration	8.392	5.972.840	13.267.209	8.866.819
11		Of which: cash-based	8.392	3.007.602	8.193.067	5.281.205
12		Of which: deferred		1.619.602	2.153.113	1.782.019
EU-13a		Of which: shares or equivalent ownership interests		2.965.238	5.074.142	3.585.614
EU-14a		Of which: deferred		1.619.602	2.153.113	1.434.245
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y	Of which: deferred					
15	Of which: other forms					
16	Of which: deferred					
17	Total remuneration (2 + 10)		1.891.857	24.148.233	50.650.329	31.427.820

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	a	b	c	d
	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff			
2	Guaranteed variable remuneration awards -Total amount			
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap			
Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff			
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount			
Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff		1	1
7	Severance payments awarded during the financial year - Total amount		352418	20610
8	Of which paid during the financial year		352418	20610
9	Of which deferred			
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		352418	20610
11	Of which highest payment that has been awarded to a single person		352418	20610

Template EU REM3 - Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to explicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	9.691.654	3.083.621	6.608.033					
8	Cash-based	4.845.827	1.541.810	3.304.017					
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments	4.845.827	1.541.810	3.304.017					
11	Other instruments								
12	Other forms								
13	Other senior management	22.134.082	4.475.333	17.658.749					
14	Cash-based	11.067.041	2.237.667	8.829.374					
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments	11.067.041	2.237.667	8.829.374					
17	Other instruments								
18	Other forms								
19	Other identified staff	10.652.447	2.933.649	7.718.798					
20	Cash-based	5.326.224	1.466.824	3.859.399					

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21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments	5.326.224	1.466.824	3.859.399					
23	Other instruments								
24	Other forms								
25	Total amount								

Template EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	6
2	1 500 000 to below 2 000 000	
3	2 000 000 to below 2 500 000	
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	
6	3 500 000 to below 4 000 000	1
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	
x	To be extended as appropriate, if further payment bands are needed.	

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff									472
2	Of which: members of the MB	17	41	58						
3	Of which: other senior management			12	119	10	55	27	0	
4	Of which: other identified staff			155	21	12	2	1		
5	Total remuneration of identified staff	1891857	24148233	26040090	30102455	27353056	4087420	13335051	7200167	
6	Of which: variable remuneration	8392	5972840	5981232	9114231	6705505	1025702	3556652	1731938	
7	Of which: fixed remuneration	1883465	18175393	20058858	20988224	20647551	3061718	9778399	5468229	