KBC Group
Press Presentation
1Q 2015 Results

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- IFRIC 21 (Levies) was approved by the European Union in June 2014 and became effective on 1 January 2015. As a consequence, certain levies need to be taken upfront and this negatively impacts the 1Q results (but will not impact the full-year results). This also applies to the contribution to the new European Resolution Fund (ERF). As regards the latter, for all entities (except K&H in Hungary), the contribution to the ERF will be recognised in 1Q2015 at 70% (actual estimated cash out), whereas the remaining 30% will be considered as an irrevocable payment commitment (recorded off-balance-sheet as a contingent liability), as permitted under EU legislation. Pursuant to local legislation, the K&H contribution to the ERF will be posted in full in 1Q2015 . As IFRIC 21 needs to be applied retroactively, KBC has restated the comparable quarterly figures for 2014

1Q 2015 key takeaways for KBC Group

- **STRONG BUSINESS PERFORMANCE IN 1Q15**

  Exceptionally good start of the year with a net result of 510m EUR, despite the large upfront banking tax, as a result of:
  - Strong commercial bank-insurance franchises in our core markets and core activities
  - Increasing customer loan and deposit volumes q-o-q in most of our core countries
  - Lower net interest income and NIM q-o-q
  - Q-o-q sharp increase of net fee and commission income and a further rise in AuM
  - Lower net gains from financial instruments at fair value and lower net other income, but higher AFS gains
  - Excellent combined ratio (82% in 1Q15). Good sales of non-life insurance products, while sales of life insurance products were lower
  - Good cost/income ratio (52% in 1Q15) adjusted for specific items
  - Sharply lower impairment charges q-o-q. Loan loss provisions in Ireland only amounted to 7m EUR in 1Q15. We are maintaining our guidance for Ireland, namely 50m-100m EUR for both FY15 and FY16

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Common equity ratio** (B3 fully loaded[1]) of **14.9% based on Danish Compromise** and of **15.4% based on FICOD[2]** at end 1Q15, which clearly exceeds the fully loaded CET1 ratio target of 10.5% set by the ECB
  - Fully loaded B3 **leverage ratio**, based on current CRR legislation, amounted to **6.4%** at KBC Group
  - **Continued strong liquidity position** (NSFR at 126% and LCR at 132%) at end 1Q15

1. Including remaining state aid of 2bn EUR
2. FICOD: Financial Conglomerate Directive

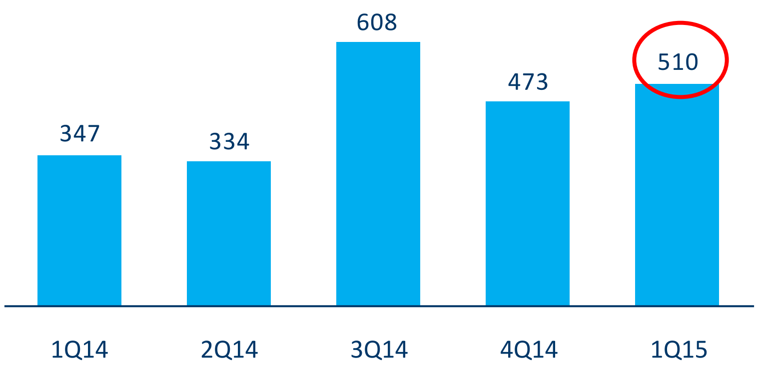
Contents

Section 1

1Q 2015 performance of KBC Group

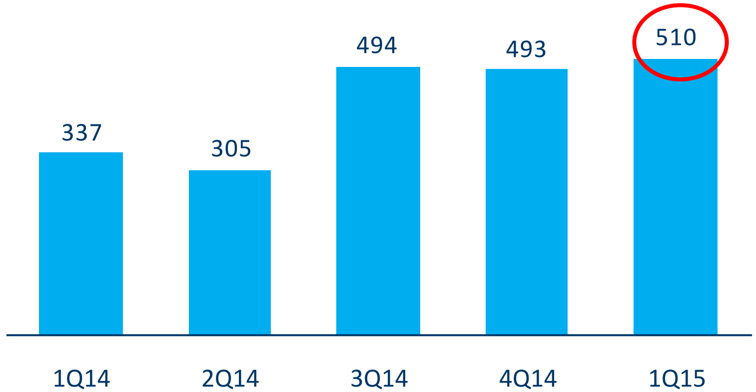
Earnings capacity

NET RESULT*

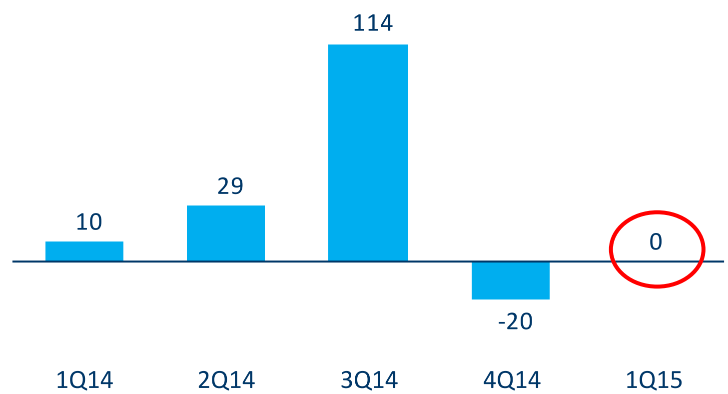


Excluding adjustments

ADJUSTED NET RESULT



ADJUSTMENTS

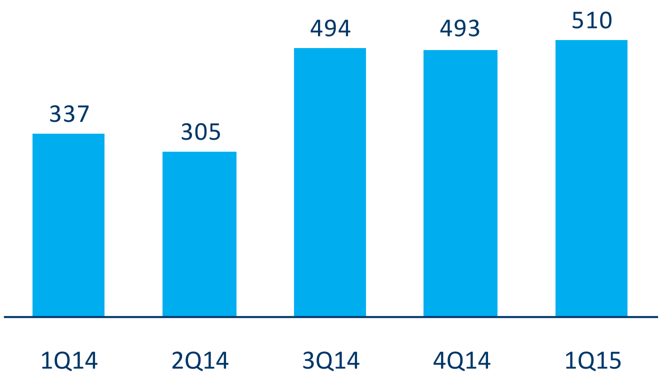


* Note that the scope of consolidation has changed over time, due partly to divestments

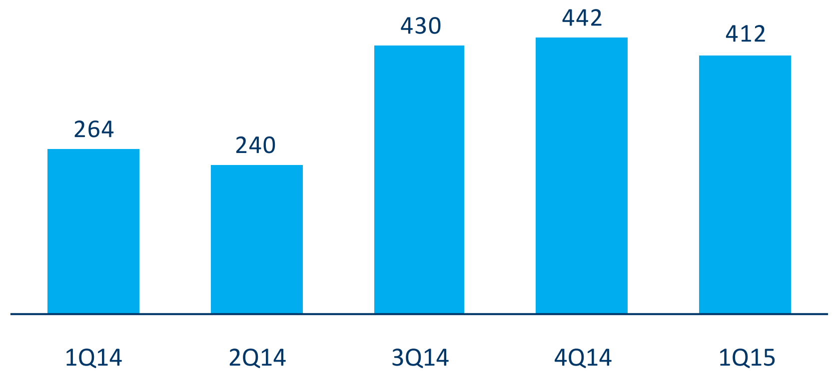
Amounts in m EUR

Net result at KBC Group

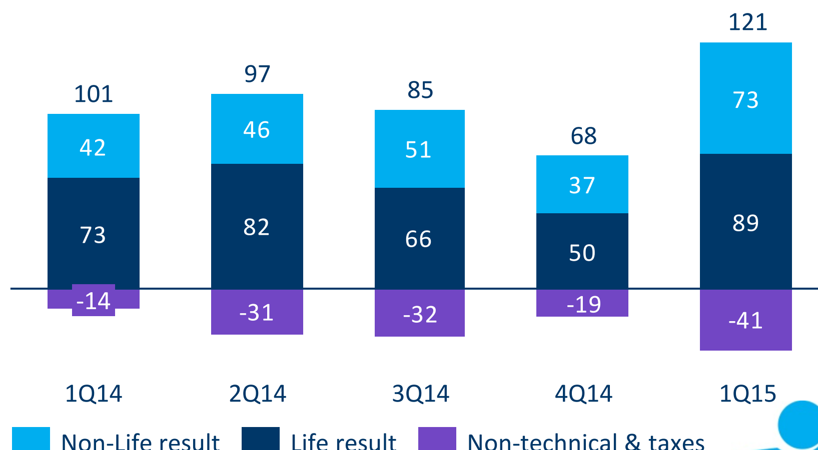
NET RESULT AT KBC GROUP*



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT*

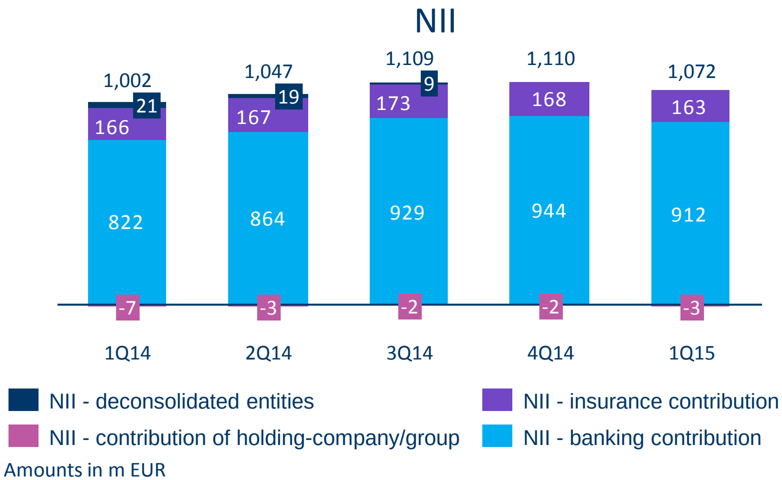


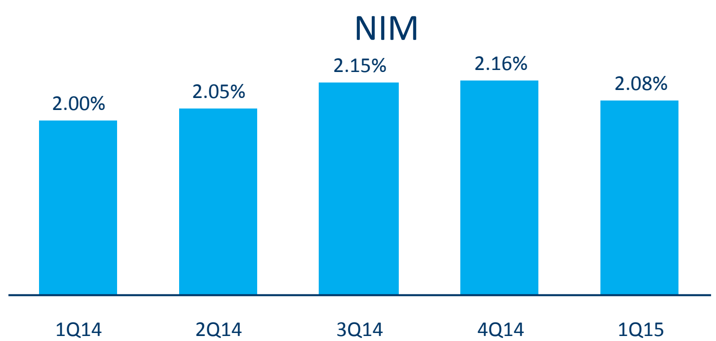
CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT*



* Difference between net result at KBC Group and the sum of the banking and insurance contribution are the holding-company/group items. By way of comparison, we have compared the net result as of 1Q15 with the adjusted net result numbers in 2014 (as legacy & OCR were still distorting the results in 2014, while this is no longer the case in 2015)

Net interest income and margin





- **Net interest income**
  - Decreased by 3% q-o-q, but increased by 7% y-o-y (-3% q-o-q and +9% y-o-y pro forma, disregarding the change in consolidation scope)
  - The 3% q-o-q decrease was driven primarily by:
    - mortgages in Belgium: lower upfront prepayment fees (22m EUR less fees in 1Q15) and hedging losses on previously refinanced mortgages
    - lower reinvestment yields
    - 2 days less

    partly offset by:
    - lower funding costs
    - additional rate cuts on savings accounts
  - The 9% y-o-y increase was the result of sound commercial margins (on both loans and deposits), volume increases in current accounts and mortgage loans, lower funding costs and higher prepayment fees
  - Increasing customer loan and deposit volumes q-o-q
- **Improved net interest margin (2.08%)**
  - Down by 8 bps q-o-q and up by 8 bps y-o-y
  - Q-o-q decrease is almost entirely due to Belgium as a result of lower prepayment fees, hedging losses on previously refinanced mortgages and lower reinvestment yields

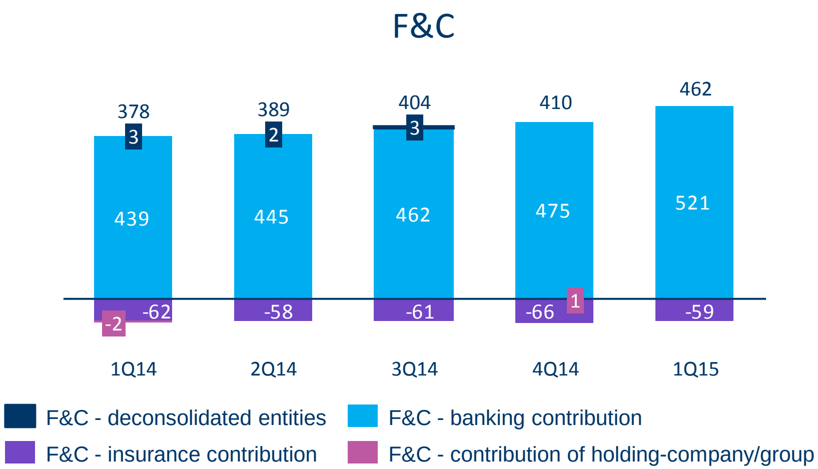
Customer deposit volumes excluding debt certificates & repos +3% q-o-q and +8% y-o-y

VOLUME TREND

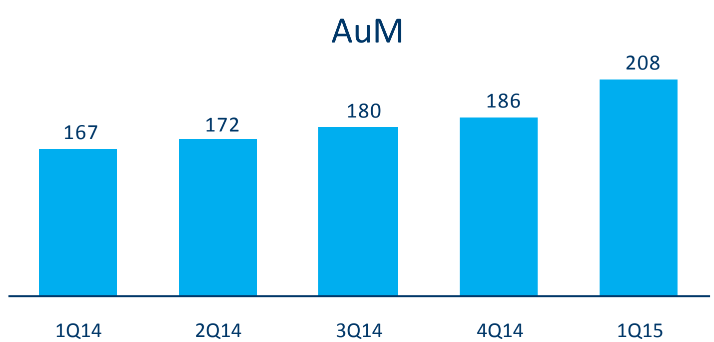
Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	124bn	53bn	159bn	208bn	29bn
Growth q/q*	+1%	+1%	+3%	+12%	+2%
Growth y/y	+4%	+3%	+6%	+25%	+5%

* Non-annualised
** Loans to customers, excluding reverse repos (and not including bonds)
*** Customer deposits, including debt certificates but excluding repos. Please be aware of the significant impact of calling most of the hybrid tier-1 instruments and maturing wholesale debt

Net fee and commission income and AuM



Amounts in m EUR



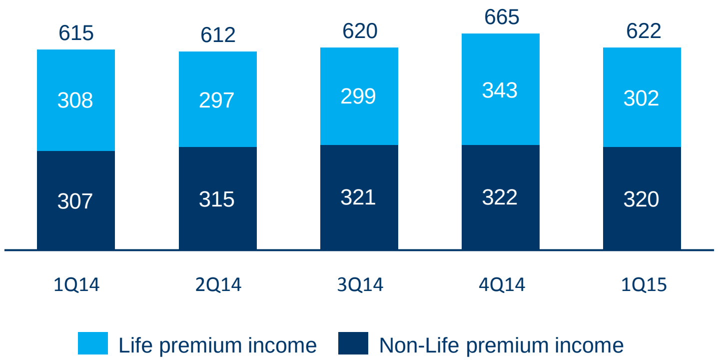
Amounts in bn EUR

- **Strong net fee and commission income**
  - Increased by 13% q-o-q and 22% y-o-y (+13% q-o-q and +23% y-o-y pro forma, disregarding the change in the consolidation scope)
  - Q-o-q increase was mainly the result of significantly higher entry fees from mutual funds and unit-linked life insurance products, higher management fees from mutual funds, higher fees from payment transactions and lower commissions paid on insurance sales in Belgium
  - Y-o-y increase resulted chiefly from higher management fees from mutual funds, higher entry fees from mutual funds and unit-linked life insurance products, higher fees from credit files and bank guarantees (benefitting from the refinancing of mortgage loans) and lower commissions paid on insurance sales in Belgium

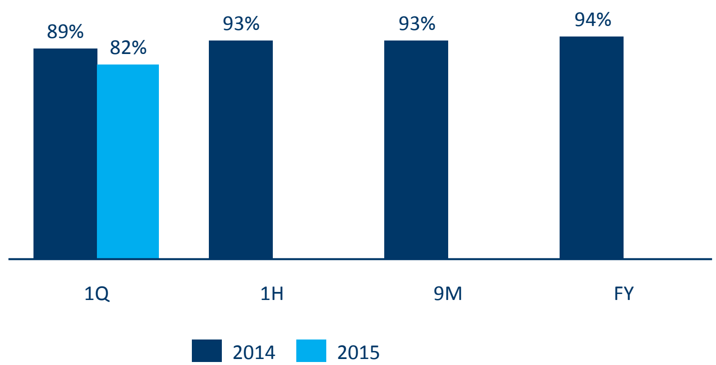
- **Assets under management (208bn EUR)**
  - Up by 12% q-o-q as a result of net inflows (+4%) and a positive price effect (+8%).
  - Rose by 25% y-o-y owing to net inflows (+9%) and a positive price effect (+16%)

Insurance premium income and combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



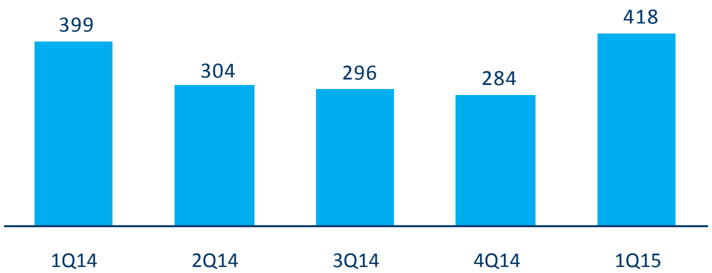
- **Insurance premium income** (gross earned premium) at 622m EUR
  - Non-life premium income (320m) increased by 4% y-o-y
  - Life premium income (302m) down by 12% q-o-q (mainly due to the seasonal sale of guaranteed interest products in Belgium in 4Q14) and down by 2% y-o-y (driven by lower sales of guaranteed interest products in Belgium (as a result of lower guaranteed interest) and the lower sales of unit-linked products in the Czech Republic)

- The non-life **combined ratio** in 1Q15 stood at an **excellent 82%** thanks to relatively low technical charges as a result of mild winter conditions across all countries

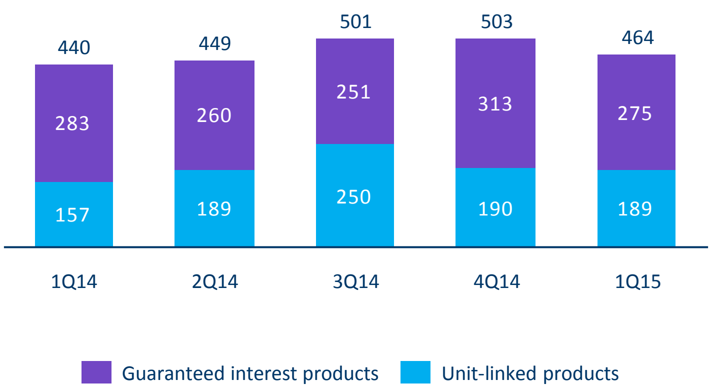
Amounts in m EUR

Sales of insurance products

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



LIFE SALES



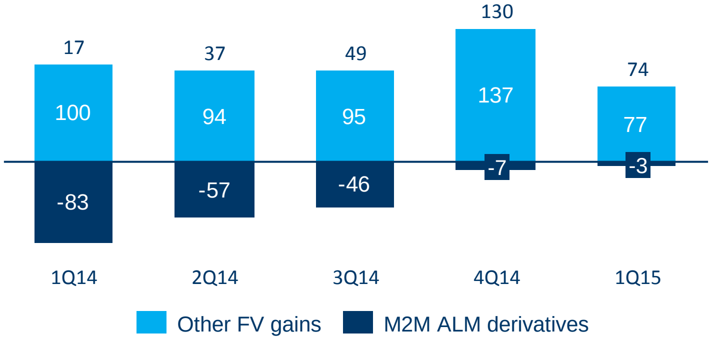
- **Sales of non-life insurance products**
  - Up by 5% y-o-y thanks to:
    - growth in all classes except workmen's compensation in Belgium
    - improved sales in motor retail in Hungary thanks to a campaign

- **Sales of life insurance products**
  - Decreased by 8% q-o-q and increased by 6% y-o-y
  - The q-o-q decrease in sales of guaranteed interest products was attributable chiefly to seasonal effects, as the fourth quarter, as usual, benefits from higher volumes in tax-incentivised pension savings products in the Belgium Business Unit
  - The y-o-y rise was driven by the higher sales of unit-linked products, which more than offset slightly lower sales of guaranteed interest products
  - Sales of unit-linked products accounted for 41% of total life insurance sales

Amounts in m EUR

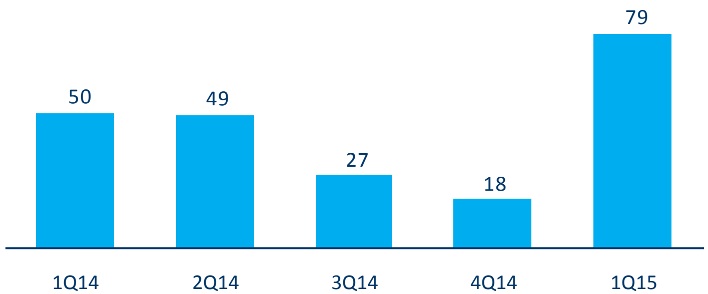
FV gains, gains realised on AFS assets and other net income

FV GAINS



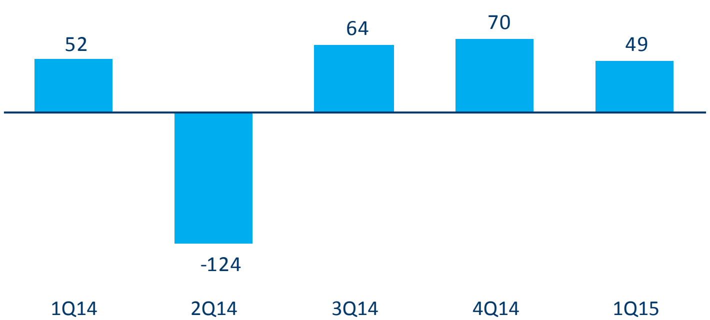
- The lower q-o-q figures for **net gains from financial instruments at fair value** were attributable mainly to the one-off positive impact of the CVA model review (47m EUR) in 4Q14 and negative MVA & FVA adjustments in 1Q15

GAINS REALISED ON AFS ASSETS



- **Higher gains realised on AFS assets** (both shares and bonds)

OTHER NET INCOME

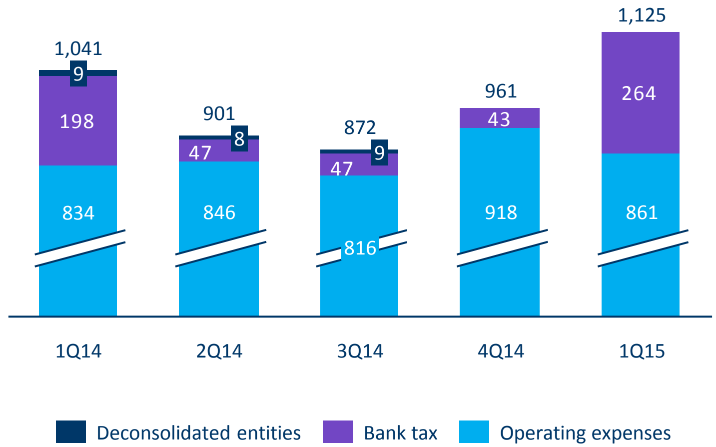


- **Other net income** amounted to 49m EUR, in line with the normal run rate of around 50m EUR

Amounts in m EUR

Operating expenses and cost/income ratio

OPERATING EXPENSES



EXPECTED BANK TAX SPREAD (including ESRF contribution)

	TOTAL	Upfront	Spread out over the year			
	1Q15	1Q15	1Q15	2Q15e	3Q15e	4Q15e
BU BE	**160**	145	14	17	14	14
BU CZ	**20**	11	9	9	9	9
Hungary	**71**	56	16	17	18	19
Slovakia	**5**	3	3	3	3	3
Bulgaria	**1**		1	1	1	1
Ireland	**2**	2				1
GC	**5**	5				
TOTAL	**264**	**222**	**43**	**47**	**45**	**47**

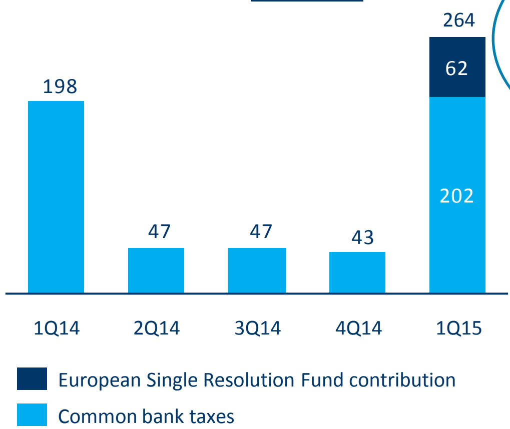
Amounts in m EUR

- **Cost/income ratio (banking) adjusted for specific items* at a good 52% in 1Q15**
  - The C/I ratio of 63% in 1Q15 was affected by IFRIC 21
  - Operating expenses without bank tax went down by 6% q-o-q due mainly to traditionally lower marketing and communication expenses, as well as lower pension costs and lower retirement benefit obligations in Belgium and the absence of one-off expenses in Hungary and Ireland
  - Operating expenses without bank tax increased by 2% y-o-y (and +3% pro forma, disregarding the change in the consolidation scope) due chiefly to higher staff expenses in Belgium, the Czech Republic and Ireland, higher pension costs in Belgium and higher IT expenses in Belgium and the Czech Republic
  - Due to IFRIC 21, certain levies have to be recognised in advance, and this adversely impacted the results for the first quarter of 2015. As IFRIC 21 needs to be applied retroactively, KBC restated the comparable quarterly figures for 2014
    - 202m EUR in common bank taxes compared with 43m EUR in 4Q14 and 198m EUR in 1Q14
    - 62m EUR in new European Single Resolution Fund (ESRF) contribution

* See glossary (slide 77) for exact definition

Overview of bank taxes*

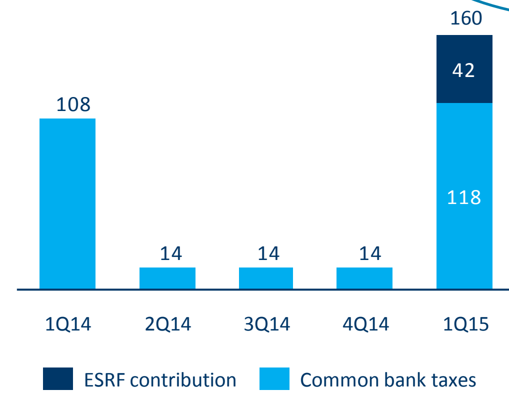
KBC GROUP



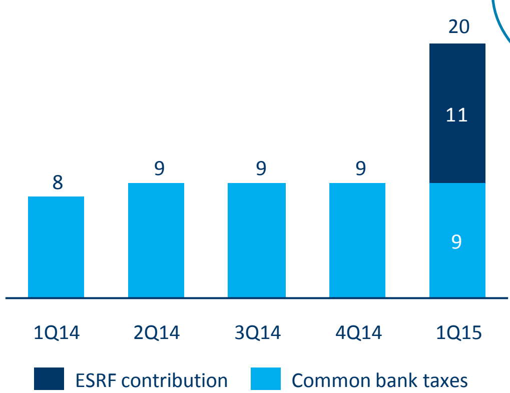
Bank taxes of 264m EUR in 1Q15. On a pro rata basis, bank taxes represented 9.0% of 1Q15 opex at KBC Group**

BELGIUM BU

Bank taxes of 160m EUR in 1Q15. On a pro rata basis, bank taxes represented 7.4% of 1Q15 opex at the Belgium BU



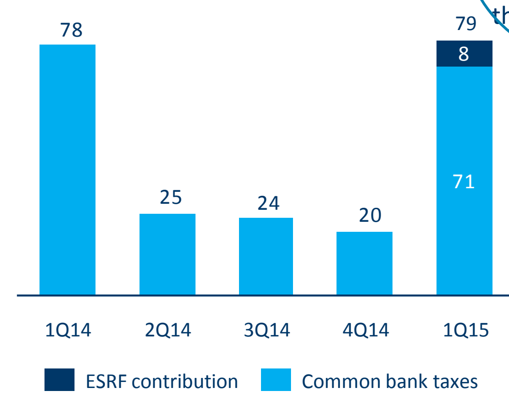
CZECH REPUBLIC BU



Bank taxes of 20m EUR in 1Q15. On a pro rata basis, bank taxes represented 7.3% of 1Q15 opex at the CR BU

INTERNATIONAL MARKETS BU

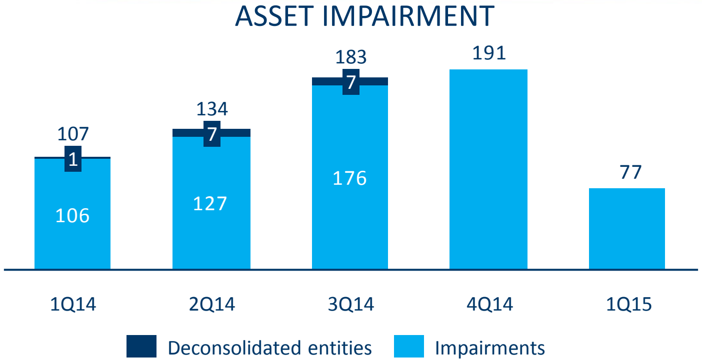
Bank taxes of 79m EUR in 1Q15. On a pro rata basis, bank taxes represented 16.2% of 1Q15 opex at the IM BU

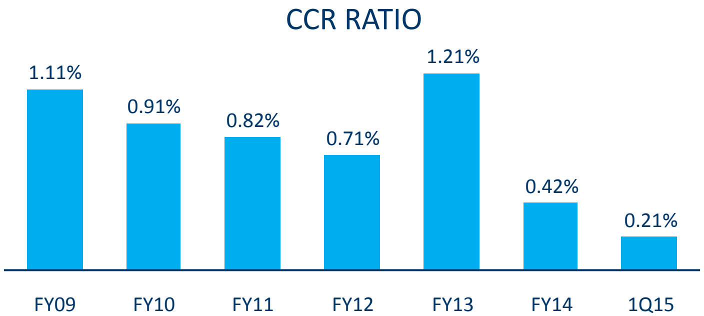


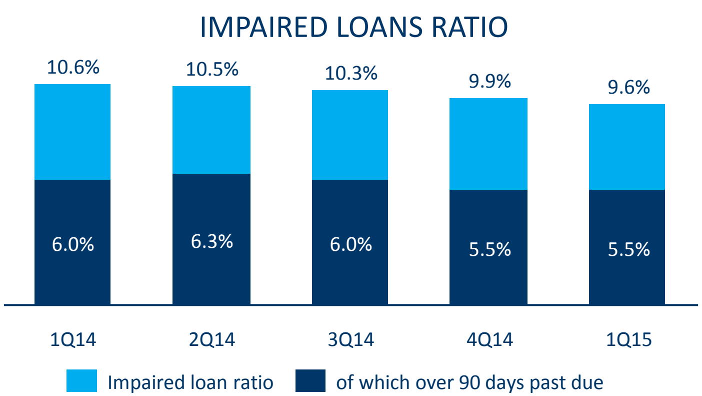
* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

** The C/I ratio adjusted for specific items of 52% in 1Q15 would amount to roughly 47% excluding these bank taxes

Asset impairment, credit cost and NPL ratio







- **Substantially lower impairment charges**
  - Sharp q-o-q decrease of loan loss provisions, attributable mainly to Ireland (7m EUR compared with 41m in 4Q14 and 48m EUR in 1Q14), the Czech Republic (several releases, model update and overall favourable development in all segments), Belgium (low gross impairments in retail and corporate branches, but also several releases) and the Group Centre (mainly thanks to releases at KBC Finance Ireland)
  - Compared with the 1Q14 pro forma level, lower loan loss provisions were recorded mainly in Ireland, Hungary and Group Centre
  - Impairment of 3m EUR on AFS shares (in Belgium) and 1m EUR in ‘other’

- The **credit cost ratio** only amounted to 0.21% in 1Q15 due to low gross impairments and some releases (mainly in the Belgium and Czech Business Unit)

- The **impaired loans ratio** dropped to 9.6%

Section 2

1Q 2015 performance of business units

BELGIUM BUSINESS UNIT

CFO SERVICES

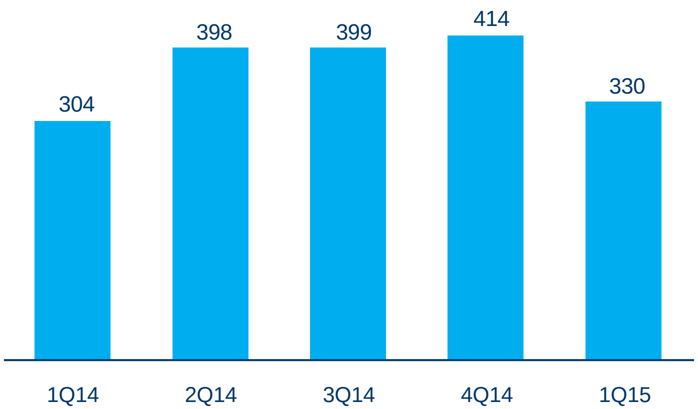
CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

CORPORATE STAFF

Belgium Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result** at the Belgium Business Unit amounted to 330m EUR
  - The quarter under review was characterised by lower net interest income, strong net fee and commission income, lower trading and fair value income, higher realised gains on AFS assets, lower income, higher realised gains on AFS assets, lower other net income, an excellent combined ratio in non-life insurance, higher sales of unit-linked life insurance products, higher opex due entirely to higher bank taxes, lower impairment charges q-o-q and one-off negative tax adjustments
  - Loan volumes rose by 1% q-o-q, while customer deposits increased by 5% q-o-q. Note that mortgage loan volumes even slightly increased q-o-q, despite the strong volume growth in 4Q14 in anticipation of the changes to the tax regime as of 2015

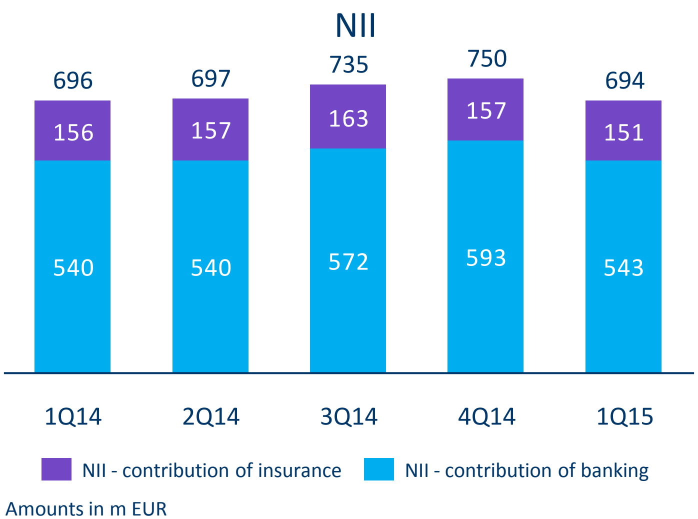
VOLUME TREND

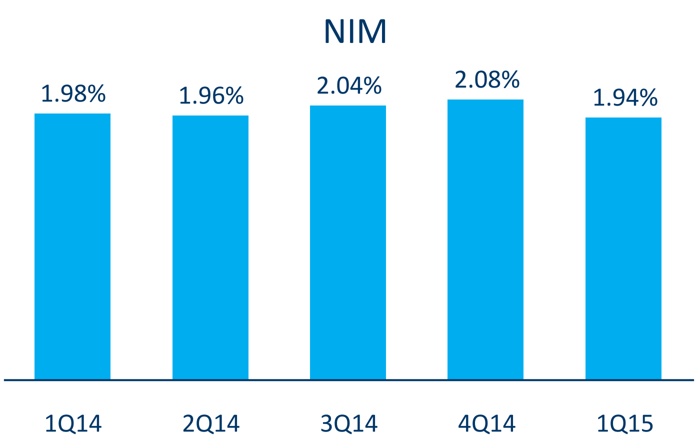
Customer deposit volumes excluding debt certificates & repos +2% q-o-q and +7% y-o-y

	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	85bn	32bn	111bn	193bn	27bn
Growth q/q*	+1%	0%	+5%	+12%	+2%
Growth y/y	+5%	+4%	+11%	+25%	+6%

* Non-annualised
** Loans to customers, excluding reverse repos (and not including bonds)
*** Customer deposits, including debt certificates but excluding repos

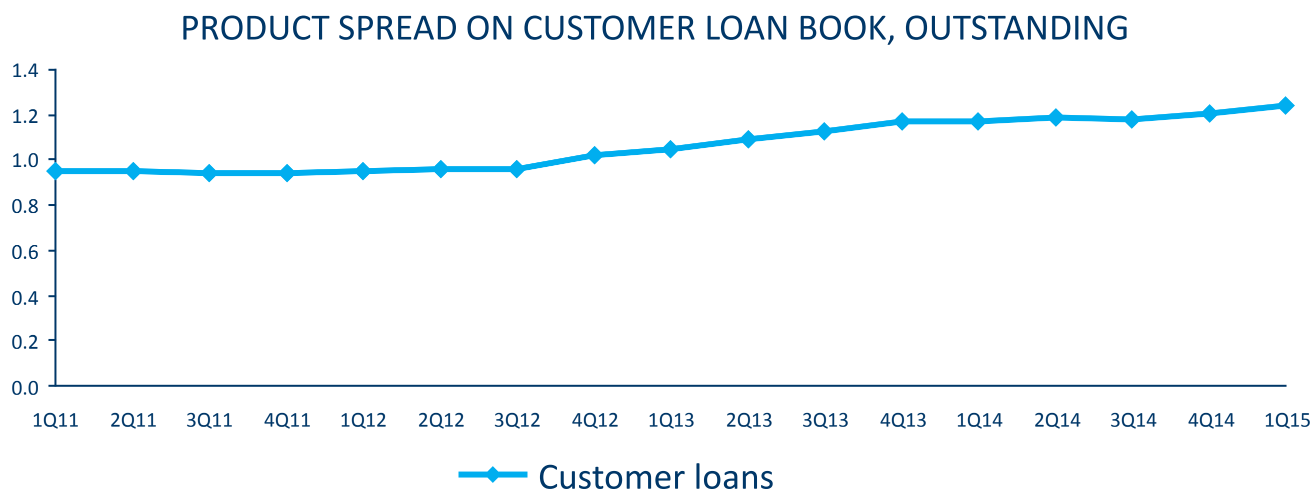
Belgium Business Unit (2)

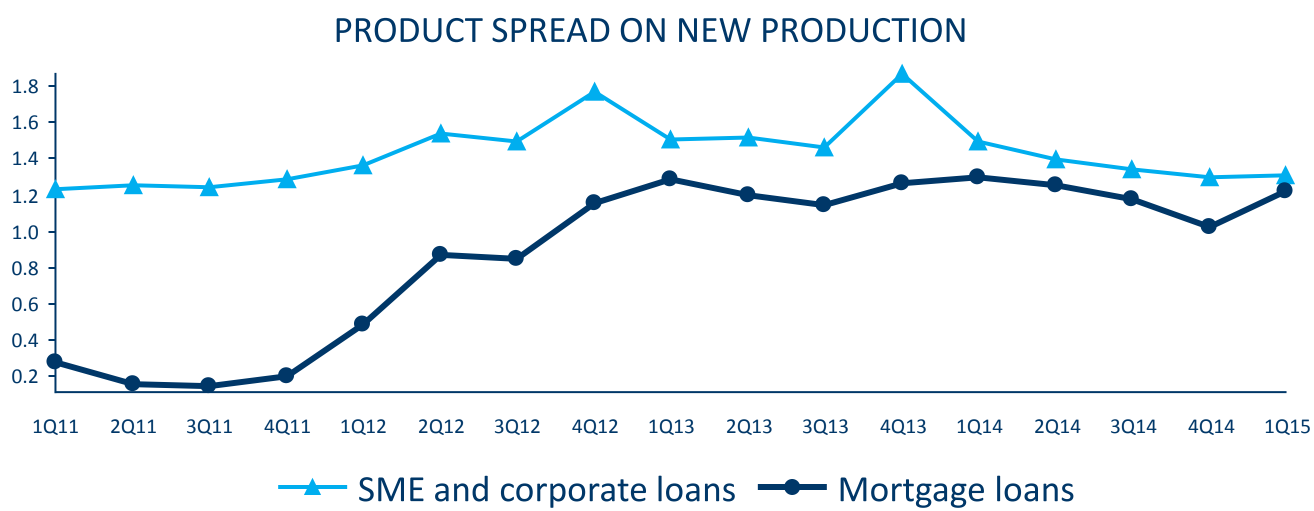




- **Net interest income (694m EUR)**
  - Down by 7% q-o-q and flat y-o-y
  - Q-o-q decrease was driven primarily by lower upfront prepayment fees (29m EUR in 1Q15 compared with 51m EUR in 4Q14), hedging losses on previously refinanced mortgages, an 8m EUR shift of fees for commitment loans from NII to net F&C income and lower reinvestment yields, partly offset by lower funding costs, additional rate cuts on savings accounts and higher volumes on current & savings accounts and mortgage loans
  - Stabilised y-o-y as lower paid interests on savings accounts, volume increases in current and savings accounts, a higher banking bond portfolio, higher net interest income on lending activities, lower funding costs on term deposits and higher prepayment fees (29m EUR in 1Q15 compared with 11m EUR in 1Q14) were offset by lower reinvestment yields, hedging losses on previously refinanced mortgages, an 8m EUR shift of fees for commitment loans from NII to net F&C income and the negative impact from deliberately decreasing the loan portfolio at the foreign branches
  - Note that customer deposits excluding debt certificates and repos increased by 7% y-o-y (mainly driven by corporate and institutional customer deposits), while customer loans rose by 5% y-o-y
- **Net interest margin (1.94%)**
  - Decreased by 14 bps q-o-q, as better commercial margins on refinanced mortgages and the decrease on the savings account base rate (10 bps from 16 December onwards and another 5bps from 23 March onwards) were more than offset by a lower amount of prepayment fees, the negative impact of lower reinvestment yields and hedging losses on refinanced mortgages
  - Decreased by 4 bps y-o-y

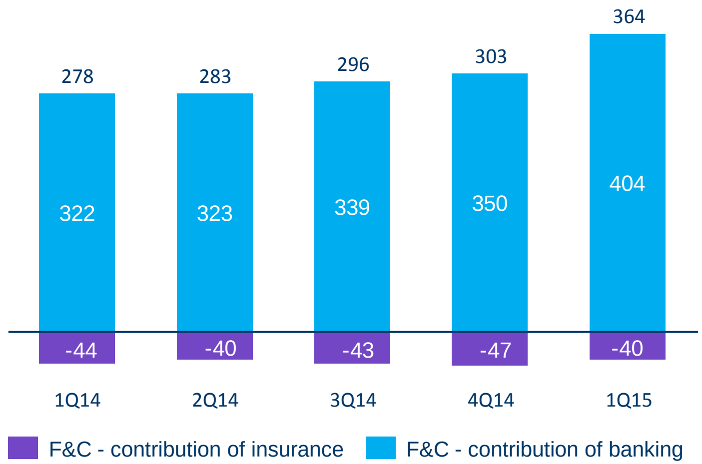
Credit margins in Belgium





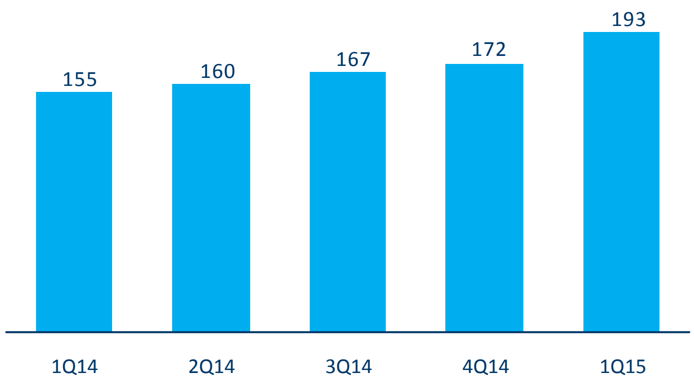
Belgium Business Unit (3)

F&C



Amounts in m EUR

AuM*



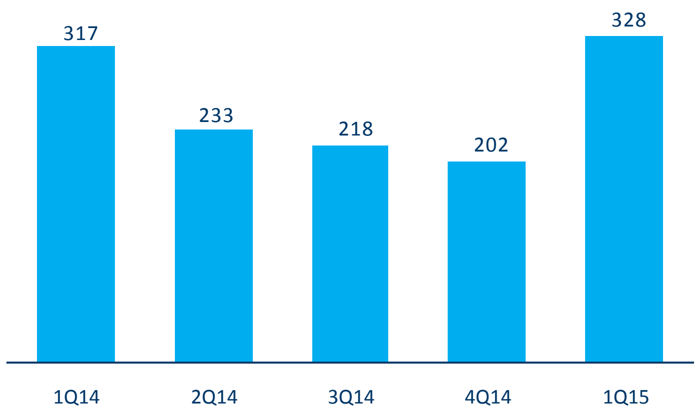
* The split among the BUs is based on the Assets under Distribution in each BU

Amounts in bn EUR

- **Net fee and commission income (364m EUR)**
  - Increased by 20% q-o-q, due mainly to the result of significantly higher entry fees from mutual funds and unit-linked life insurance products, higher management fees from mutual funds, higher fees from payment transactions and lower commissions paid on insurance sales. Also note that 8m EUR fees for commitment loans were shifted from NII to net F&C income
  - Rose by 31% y-o-y driven chiefly by higher management fees from mutual funds, higher entry fees from mutual funds and unit-linked life insurance products, higher fees from credit files and bank guarantees (benefitting from the refinancing of mortgage loans) and lower commissions paid on insurance sales
- **Assets under management (193bn EUR)**
  - Up by 12% q-o-q, as a result of net entries (+3%) and a positive price effect (+9%). Especially CPPI (Constant Proportion Portfolio Insurance) products continued to perform strongly (+21% q-o-q, half of which thanks to new entries). Discretionary asset management also went up significantly, thanks to a strong increase in private banking mandates
  - Rose by 25% y-o-y, as a result of net entries (+8%) and a positive price effect (+16%)

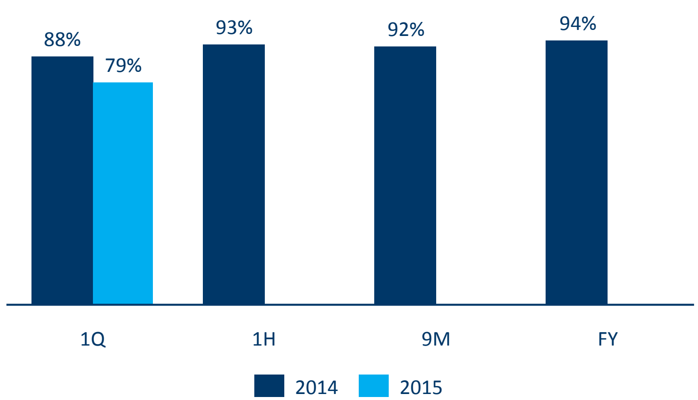
Belgium Business Unit (4)

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



- **Sales of non-life insurance products**
  - Increased by 4% y-o-y driven by growth in all classes, except workmen's compensation

COMBINED RATIO (NON-LIFE)

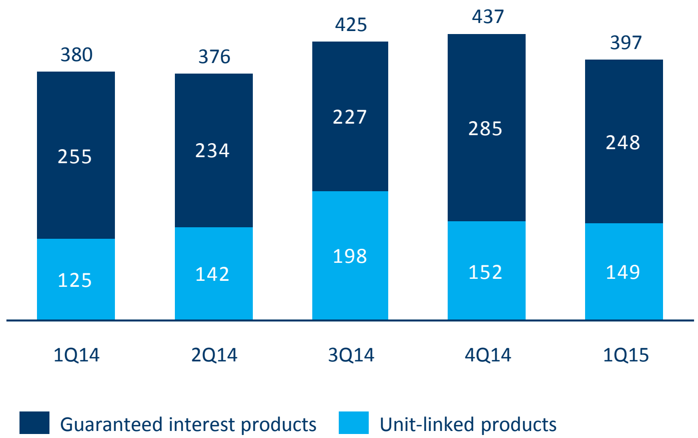


- **Combined ratio** amounted to 79% in 1Q15 (94% in FY 2014), an excellent level as a result of low technical charges. Note that technical charges in 4Q14 were high due to higher claims (mainly in 'fire' and 'industrial accident' classes)

Amounts in m EUR

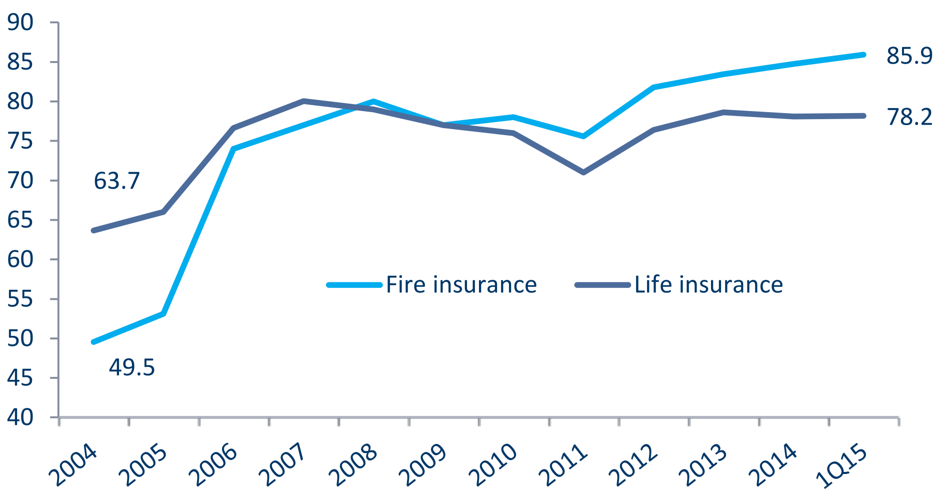
Belgium Business Unit (5)

LIFE SALES



Amounts in m EUR

MORTGAGE-RELATED CROSS-SELLING RATIOS

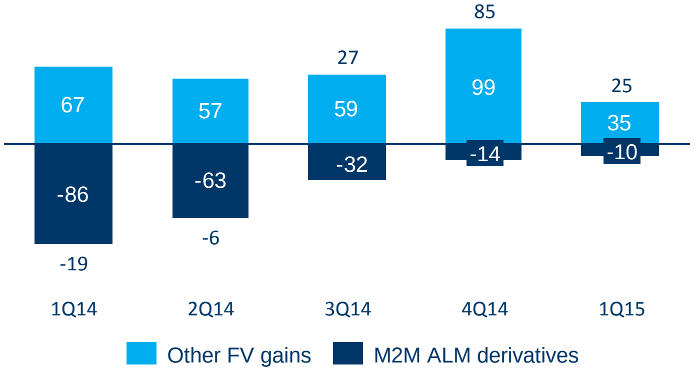


- **Sales of life insurance products**
  - Fell by 9% q-o-q as the sales of guaranteed interest products is traditionally lower in the first quarter due to the fourth quarter benefitting from the savings campaign in October/November and traditionally higher volumes in pension savings products in the fourth quarter
  - Increased by 4% y-o-y driven by the higher sales of unit-linked products
  - As a result, guaranteed interest products and unit-linked products accounted for 62% and 38%, respectively, of life insurance sales in 1Q15 (in line with FY 2014)

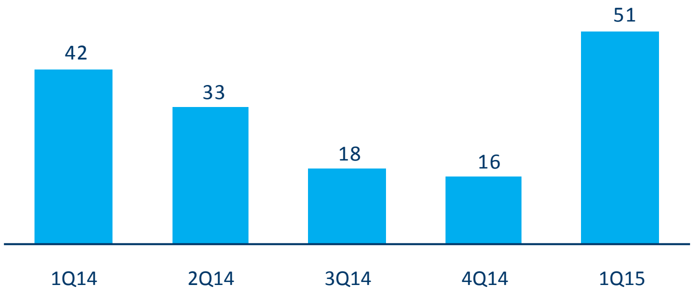
- **Mortgage-related cross-selling ratios**
  - 85.9% for fire insurance
  - 78.2% for life insurance

Belgium Business Unit (6)

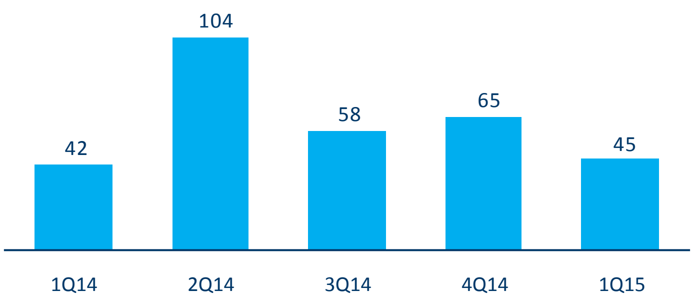
FV GAINS



GAINS REALISED ON AFS ASSETS



OTHER NET INCOME



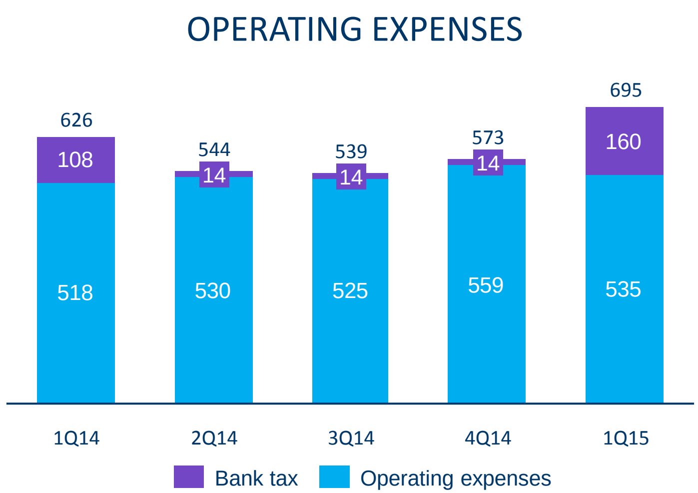
- The higher y-o-y figure for **net gains from financial instruments at fair value** was mainly the result of a positive y-o-y change in ALM derivatives (-10m EUR in 1Q15 compared with -86m EUR in 1Q14), on account of decreasing long-term IRS rates. The lower q-o-q figure was due chiefly to the positive impact of the CVA model review (+30m EUR) in 4Q14 and 25m EUR less FVA in 1Q15

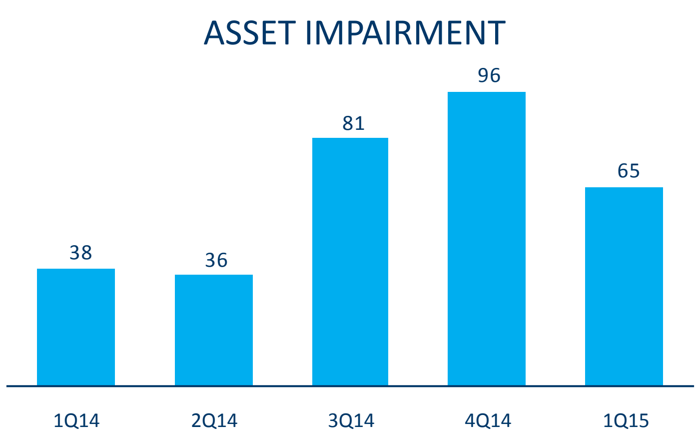
- **Gains realised on AFS assets** came to 51m EUR (primarily more gains realised on shares in 1Q15 compared with 4Q14)

- **Other net income** amounted to 45m EUR in 1Q15, roughly in line with the normal run rate

Amounts in m EUR

Belgium Business Unit (7)

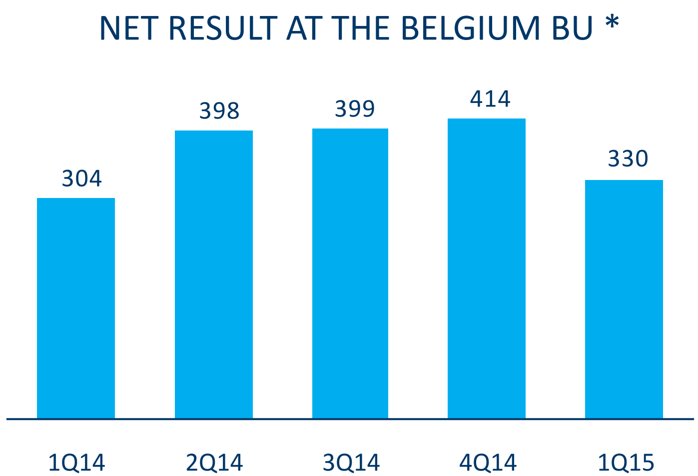


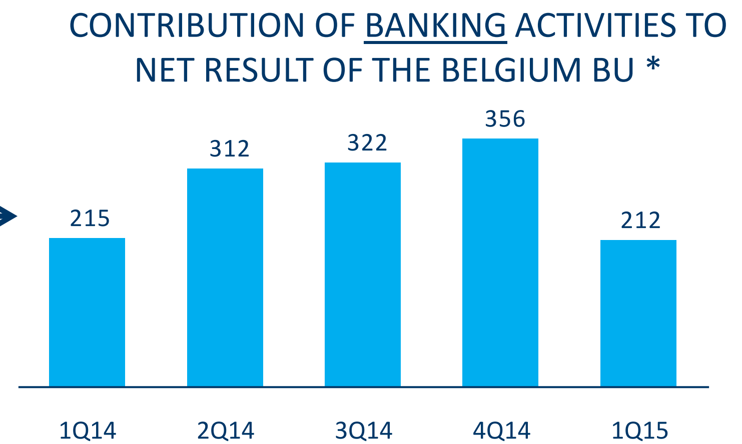


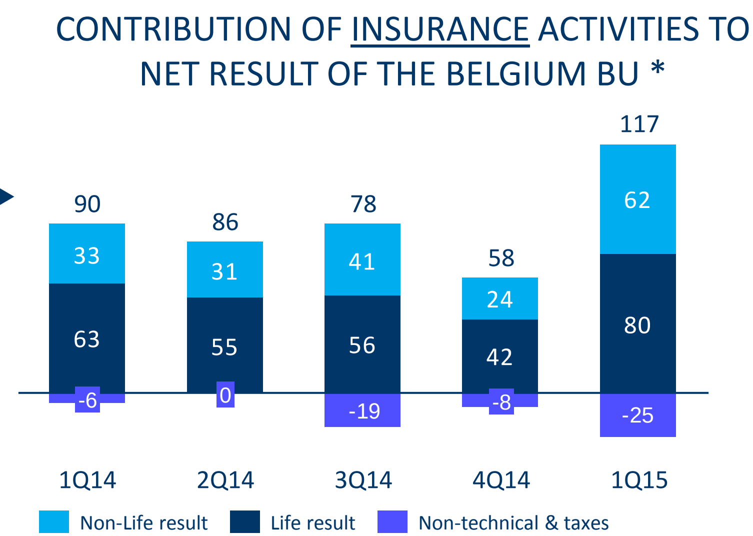
- **Operating expenses**: +21% q-o-q and +11% y-o-y
  - The q-o-q increase was attributable entirely to higher bank taxes. Opex without bank tax fell by 4% q-o-q mainly as a result of lower marketing & communication expenses in 1Q15 (partly offset by higher ICT costs) and roughly 20m EUR in one-off costs in 4Q14 as a result of higher pension costs and higher retirement benefit obligations
  - The y-o-y increase was driven chiefly by higher bank taxes. Opex without bank tax rose by 3% y-o-y driven mainly by higher staff expenses and post-employment benefits. These items more than offset lower facilities expenses
  - Cost/income ratio: 61% in 1Q15, distorted mainly by the bank taxes. Adjusted for specific items, the C/I ratio amounted to roughly 49% in 1Q15 (in line with FY 2014)
- **Loan loss provisions** amounted to 62m EUR in 1Q15. The q-o-q decrease was due chiefly to lower impairments in retail & corporate branches and net releases in foreign branches. The y-o-y increase was driven mainly by higher gross impairments for a few large real estate files in 1Q15
- **Credit cost ratio** amounted to 28 bps in 1Q15 (23 bps in FY14)
- **Impaired loans ratio** amounted to 4.2%, of which 2.5% over 90 days past due
- **Impairment on AFS shares** (3m EUR)

Amounts in m EUR

Net result at the Belgium BU







* Difference between net profit at the Belgium Business Unit and the sum of the banking and insurance contribution is accounted for by the rounding up or down of figures

Amounts in m EUR

CZECH REPUBLIC BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

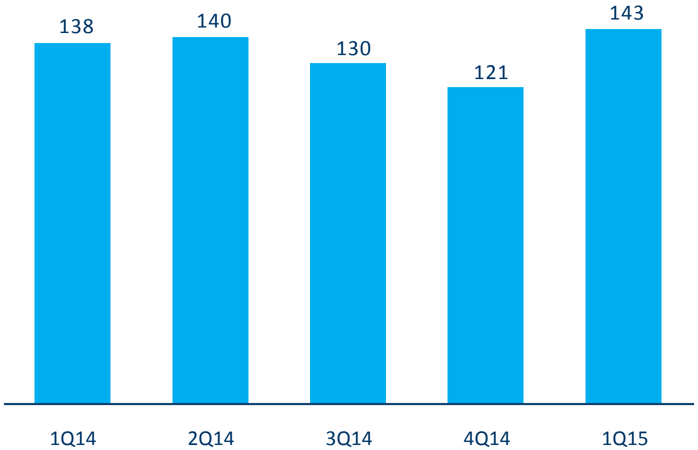
CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

Czech Republic Business Unit (1)

NET RESULT



Amounts in m EUR

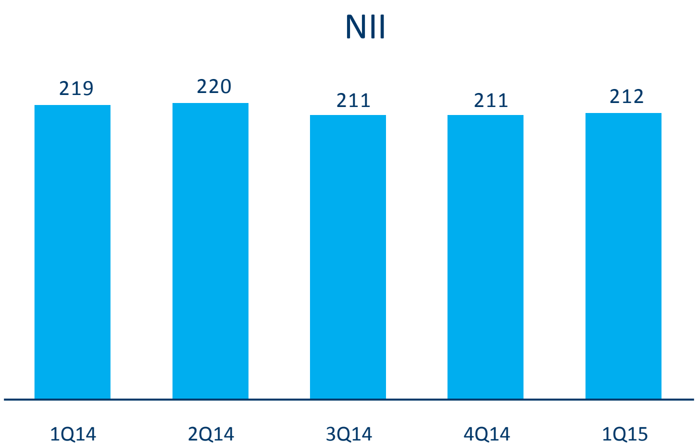
- **Net result** at the Czech Republic Business Unit of 143m EUR
  - Results were characterised by more or less stable net interest income notwithstanding the low interest environment, slightly lower net fee and commission income, higher net results from financial instruments, higher realised gains on AFS assets, a good combined ratio in non-life insurance and lower sales of life insurance products, higher costs due entirely to higher bank taxes and extremely low loan loss impairment charges q-o-q
  - Profit contribution from the insurance business remained limited in comparison to the banking business

VOLUME TREND

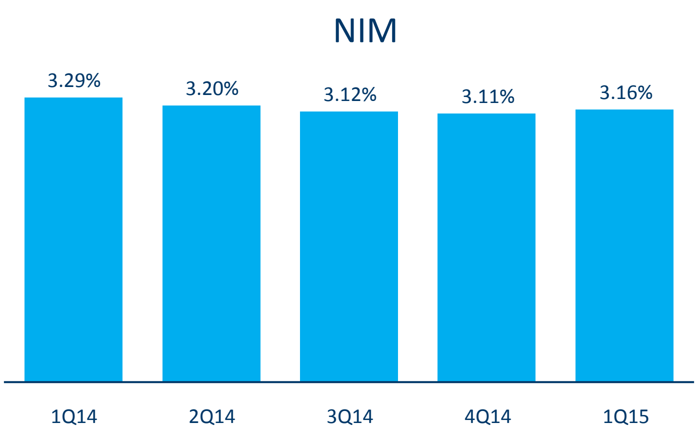
Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	17bn	7bn	22bn	8.2bn	1bn
Growth q/q*	+2%	+1%	0%	+10%	-1%
Growth y/y	+9%	+8%	+7%	+28%	-8%

* Non-annualised
** Loans to customers, excluding reverse repos (and not including bonds)
*** Customer deposits, including debt certificates but excluding repos

Czech Republic Business Unit (2)



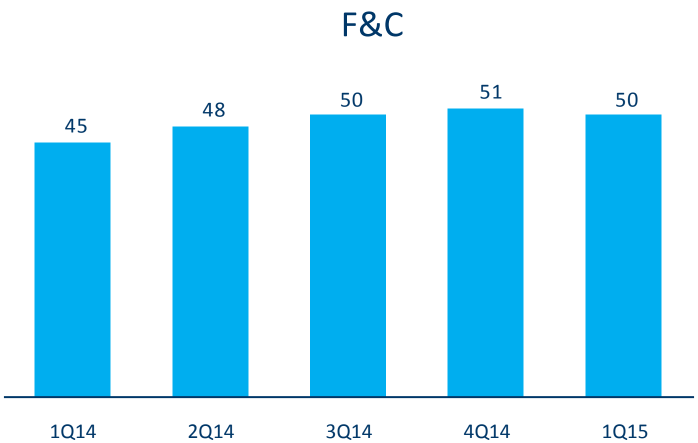
Amounts in m EUR



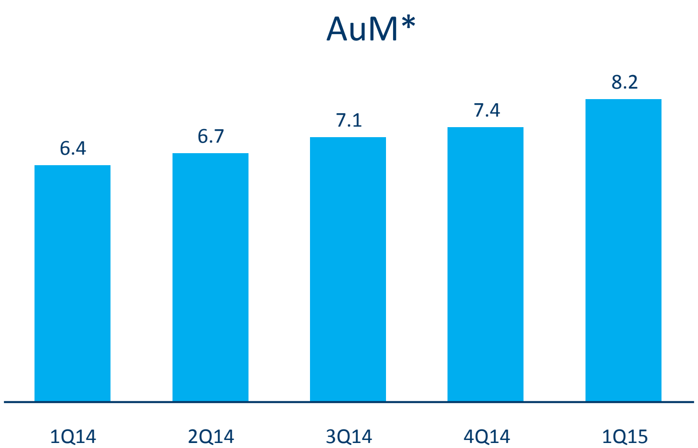
- **Net interest income (212m EUR)**
  - Up by 1% q-o-q and down by 3% y-o-y to 212m EUR, but flat q-o-q and +1% y-o-y pro forma, corrected for FX effects and the change in the consolidation scope (mainly deconsolidation of a pension fund in 3Q14)
  - The pro forma q-o-q stabilisation is the result of a reduction of the average offered rate on saving accounts, higher volumes in current accounts and lending, fully offset by a lower reinvestment yield and 2 days less
  - The pro forma y-o-y increase resulted entirely from growth in loan and current account volumes and several cuts in interest rates on savings deposits, which more than offset a lower reinvestment yield
  - Loan volumes up by 9% y-o-y, driven mainly by growth in mortgages and corporate loans and to a lesser extent in SME loans
  - Customer deposit volumes up by 7% y-o-y

- **Net interest margin (3.16%)**
  - Rose by 5 bps q-o-q and fell by 13 bps y-o-y to 3.16%
  - The q-o-q increase was the result of a change of business mix and another cut in interest rates on savings deposits
  - The y-o-y decrease was caused primarily by a lower reinvestment yield and further pressure on deposit margins, despite several cuts in interest rates on savings deposits

Czech Republic Business Unit (3)



Amounts in m EUR



* The split among the BUs is based on the Assets under Distribution in each BU

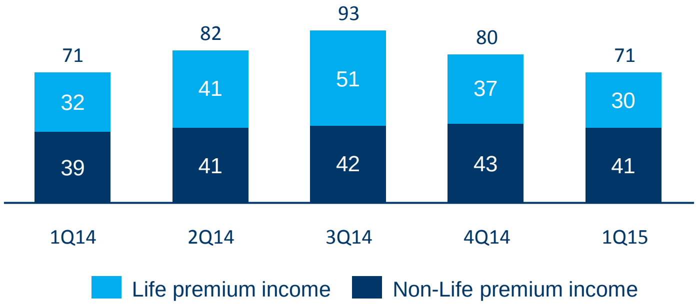
Amounts in bn EUR

- **Net fee and commission income (50m EUR)**
  - Fell by 1% q-o-q and rose by 12% y-o-y (or -2% q-o-q and +5% y-o-y pro forma, corrected for FX effects and the change in the consolidation scope)
  - The pro forma q-o-q decrease was attributable mainly to lower transaction fees (higher card fees during the Christmas period) and higher fees paid to the Czech Post, partly offset by higher fee income from financial markets and higher entry & management fees from mutual funds
  - The pro forma y-o-y increase was the result of an increase in entry & management fees on mutual funds and lower fees paid to the Czech Post, partly offset by lower loan fees and lower account fees

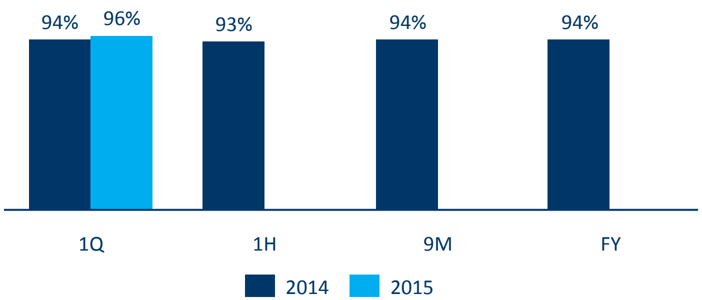
- **Assets under management (8.2bn EUR)**
  - Went up by 10% q-o-q to roughly 8.2bn EUR, as a result of net entries (+6%) and a positive price effect (+4%). Especially balanced funds and CPPI products witnessed strong net sales
  - Y-o-y, assets under management rose by 28%, driven by net entries (+18%) and a positive price effect (+9%, despite the negative FX impact)

Czech Republic Business Unit (4)

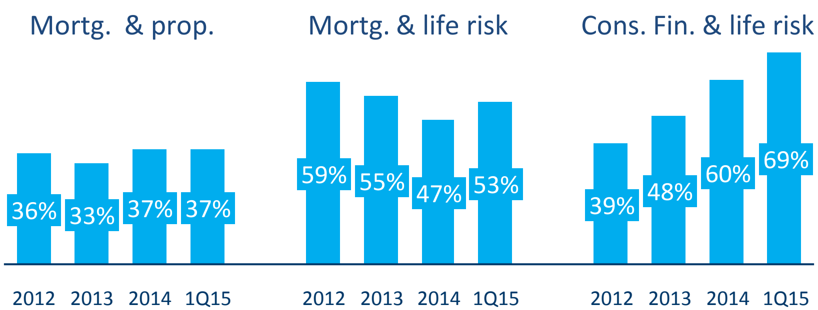
PREMIUM INCOME (GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



CROSS-SELLING RATIOS

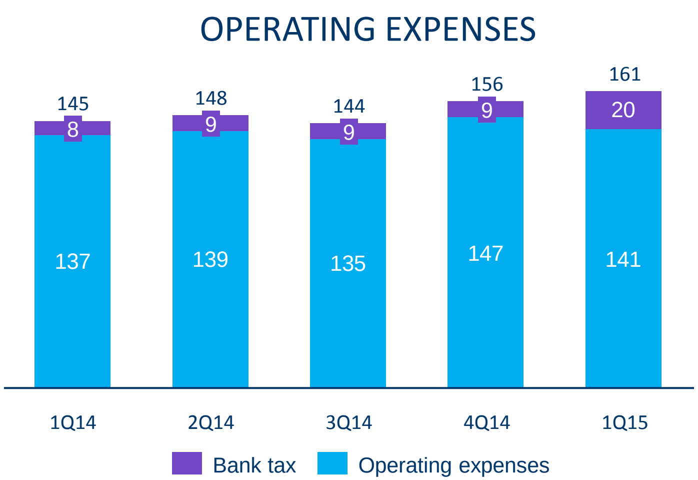


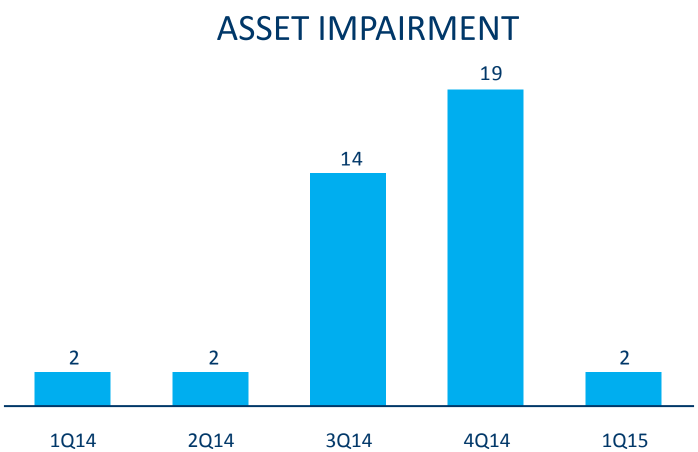
- **Insurance premium income** (gross earned premium) stood at 71m EUR
  - Non-life premium income (41m) rose by 7% y-o-y excluding FX effect, due mainly to improved sales in motor retail and households business
  - Life premium income (30m) went down by 18% q-o-q and 5% y-o-y, excluding FX effect. Note that 1Q15 included lower unit-linked single premiums as only one tranche of Maximal Invest products was issued with limited success

- **Combined ratio**: 96% in 1Q15 (compared with 94% in FY14) due to several large corporate claims

- **Cross-selling ratios:** increased commercial focus and sales activities helped to improve both demand for life risk insurance combined with a mortgage as well as the consumer loan and life risk insurance cross ratio

Czech Republic Business Unit (5)





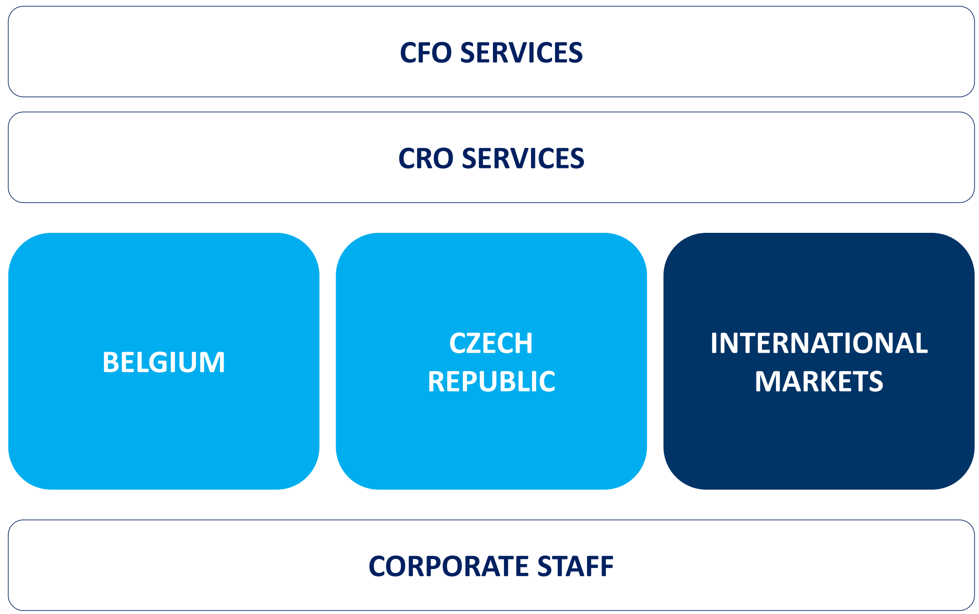
- **Opex (161m EUR)**
  - Rose by 3% q-o-q and 12% y-o-y, excluding FX effect
  - Excluding FX effect and bank tax, opex decreased by 5% q-o-q, but increased by 4% y-o-y
  - The q-o-q decrease excluding FX effect and bank tax was due mainly to lower marketing, professional and facilities expenses and expenses related to the Czech Post, partly offset by higher IT expenses
  - The y-o-y increase excluding FX effect and bank tax was attributable primarily to higher IT and staff expenses
  - Cost/income ratio at 49% in 1Q15, distorted by IFRIC 21. Adjusted for specific items, the C/I ratio amounted to roughly 46% in 1Q15 (and 48% in FY14)

- **Impairments on L&R** were extremely low due to several reversals in SMEs, Corporates & Leasing and overall favourable development in all segments
- **Credit cost ratio** amounted to 0.04% in 1Q15

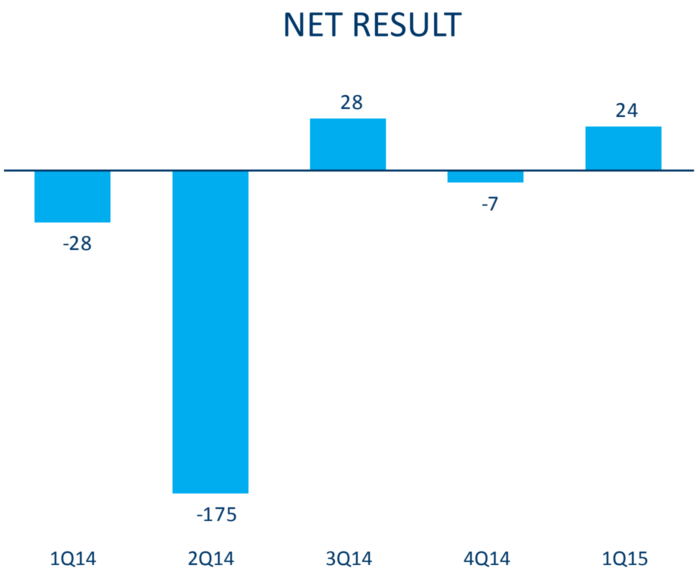
	2011	2012	2013	2014	1Q15
CCR	0.37%	0.31%	0.26%	0.18%	0.04%

- **Impaired loans ratio** continued to hover around 4% (3.7% in 1Q15), of which 2.7% over 90 days past due

INTERNATIONAL MARKETS BUSINESS UNIT



International Markets Business Unit (1)



Amounts in m EUR

- **Net result: 24m EUR,** despite 79m EUR bank taxes (driven mainly by the FY15 Hungarian bank tax, which was recorded in full in 1Q15 (51m EUR pre-tax and 41m EUR post-tax))
  - Profit **breakdown** for International Markets: 27m EUR for Slovakia, -6m EUR for Hungary, 5m EUR for Bulgaria and -2m EUR for Ireland.
  - Q-o-q **results** were characterised by higher net interest income, lower net fee and commission income, higher result from financial instruments at fair value, an improved combined ratio and higher life insurance sales, higher net other income due to a partial release of previously booked Curia provision, higher costs due entirely to higher bank tax and sharply lower loan loss impairment charges

VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	21bn	14bn	16bn	6.8bn	0.6bn
Growth q/q*	0%	0%	+3%	+12%	+7%
Growth y/y	0%	+1%	+8%	+24%	+14%

* Non-annualised
** Loans to customers, excluding reverse repos (and not including bonds)
*** Customer deposits, including debt certificates but excluding repos

International Markets Business Unit (2)

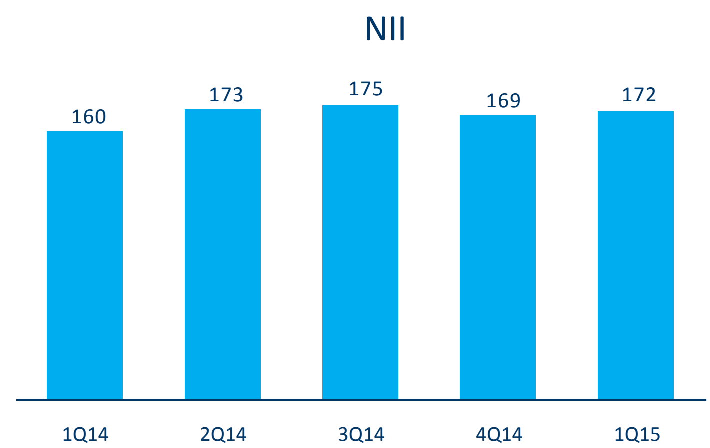
ORGANIC GROWTH*

	TOTAL LOANS		MORTGAGES		DEPOSITS	
	q/q	y/y	q/q	y/y	q/q	y/y
IRE	-1%	-5%	-1%	-2%	+12%	+22%
SL	+3%	+9%	+2%	+14%	0%	+6%
HU	-3%	+3%	+1%	+1%	0%	-2%
BG	0%	+11%	+1%	+3%	+5%	+15%
TOTAL	**0%**	**0%**	**0%**	**+1%**	**+3%**	**+8%**

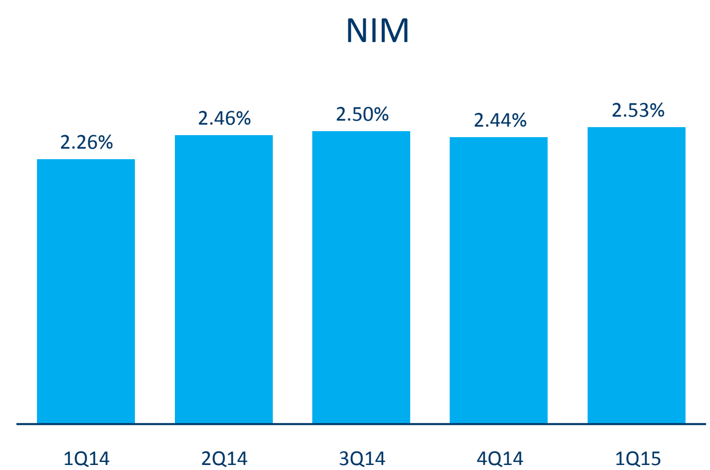
- The **total loan book** stabilised q-o-q and y-o-y
  - On a y-o-y basis, the decrease in Ireland (matured and impaired mortgage loans surpassed new production + deleveraging of the corporate loan portfolio) was fully offset by the 9% increase in Slovakia (due mainly to the continuously increasing mortgage portfolio), the 3% increase in Hungary (driven by Corporates and SMEs) and the 11% increase in Bulgaria (as a result of consumer, SME and Corporate loans)
- **Total deposits** were up by 3% q-o-q and 8% y-o-y
  - The 3% q-o-q increase was the result of a 12% increase in Ireland (both retail and corporate deposit growth) and 5% increase in Bulgaria
  - The 8% y-o-y increase was due mainly to the successful retail deposit campaign in Ireland. We also noticed fine growth in Slovakia (supported by campaigns) and Bulgaria, which more than offset the 2% decline in Hungary (due to lower deposits from funds managed by K&H AM)

* Organic growth excluding FX impact, q-o-q figures are non-annualised. Loan and mortgage figures after impairment charges

International Markets Business Unit (3)

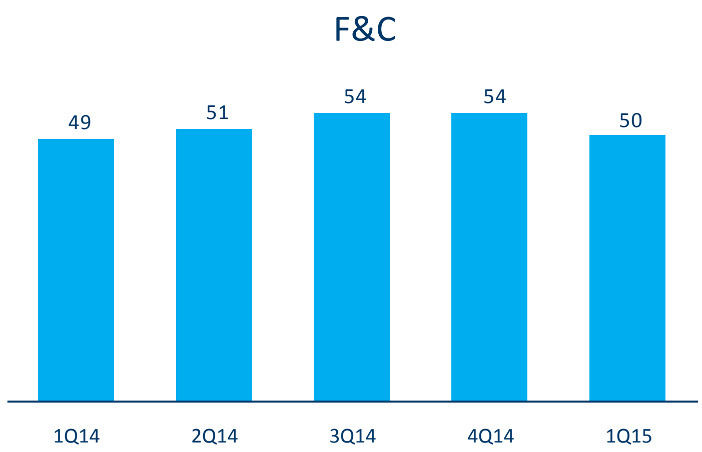


Amounts in m EUR

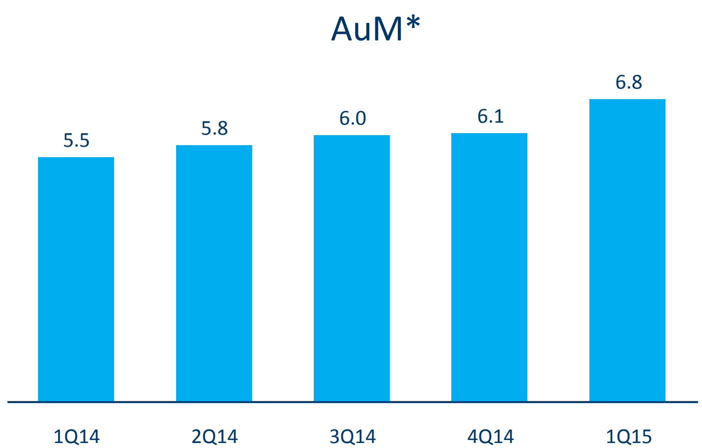


- **Net interest income (172m EUR)**
  - Rose by 2% q-o-q and 8% y-o-y
  - The q-o-q and y-o-y increase was driven chiefly by Ireland (favourable mortgage margin income, lower allocated liquidity and funding costs)
- **Net interest margin (2.53%)**
  - Up by 9 bps q-o-q and 27 bps y-o-y
  - The q-o-q increase was accounted for by Ireland and Hungary
  - The y-o-y increase was attributable primarily to a considerable rise in NIM in Hungary (improved funding structure and a change of business mix) and Ireland (mainly as a result of favourable mortgage margin income, lower allocated liquidity and funding costs)

International Markets Business Unit (4)



Amounts in m EUR



* The split among the BUs is based on the Assets under Distribution in each BU

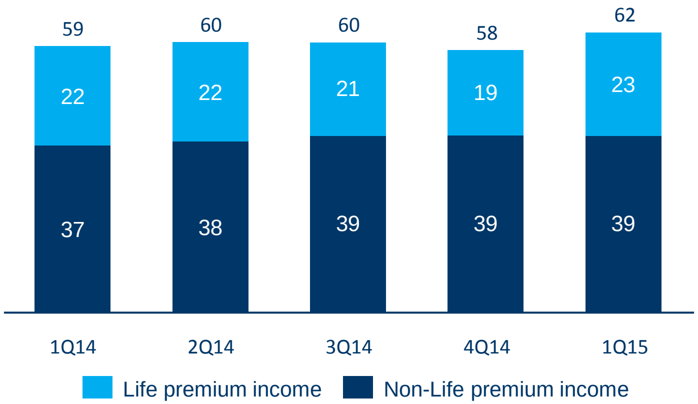
Amounts in bn EUR

- **Net fee and commission income (50m EUR)**
  - Down by 7% q-o-q and up by 3% y-o-y
  - The q-o-q decrease was driven entirely by Hungary, due mainly to lower fee income from transactional services (traditionally lower in 1Q) and investment services
  - The y-o-y increase was the result of higher fee income from securities and higher entry fees from mutual funds, both in Slovakia

- **Assets under management (6.8bn EUR)**
  - Increased by 12% q-o-q, as a result of net entries (+4%) and positive price effects (+8%)
  - Y-o-y, assets under management rose by 24% (12% net entries and 12% positive price effects)

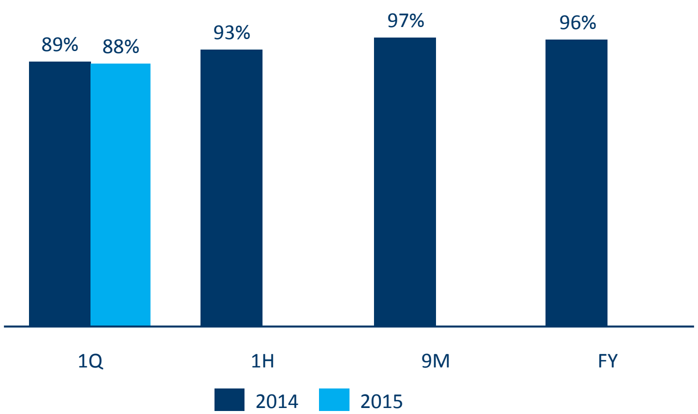
International Markets Business Unit (5)

PREMIUM INCOME
(GROSS EARNED PREMIUM)



- **Insurance premium income** (gross earned premium) stood at 62m EUR
  - Non-life premium income (39m) rose by 6% y-o-y as a result of improved sales in motor retail in Hungary thanks to a campaign
  - Life premium income (23m) rose by 23% q-o-q and by 8% y-o-y driven mainly by higher unit-linked single premiums in Slovakia

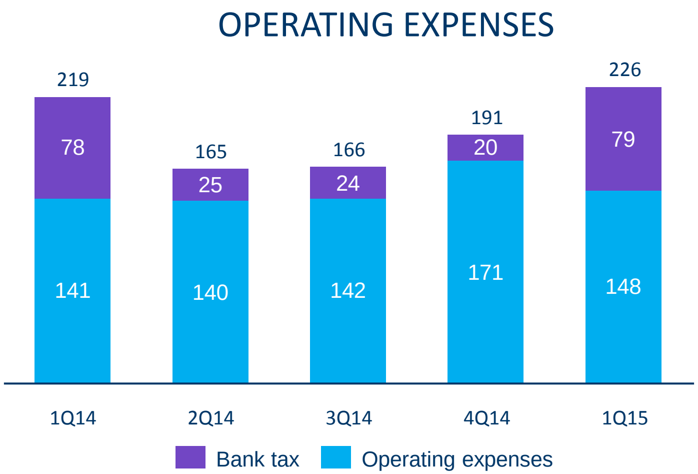
COMBINED RATIO (NON-LIFE)



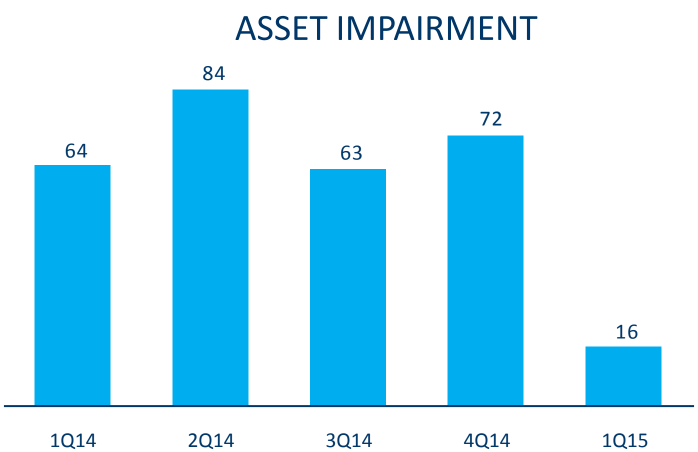
- **Combined ratio** at a very good 88% in 1Q15 (96% in FY14). The combined ratio for 1Q15 breaks down into 80% for Hungary, 84% for Slovakia and 101% for Bulgaria

Amounts in m EUR

International Markets Business Unit (6)



Amounts in m EUR



- **Opex (226m EUR)**
  - Rose by 18% q-o-q and by 3% y-o-y
  - The q-o-q increase was attributable entirely to higher bank taxes. Opex without bank tax fell 14% q-o-q mainly as a result of:
    - lower ICT and professional fee expenses in 1Q15, while 4Q14 was distorted by accelerated depreciation of intangible assets in Hung.
    - lower staff, ICT and professional fee expenses in Slovakia
    - lower staff expenses in Ireland
  - The 5% y-o-y increase of opex without bank tax was driven by:
    - increased staff expenses (due to more FTEs), higher marketing expenses and higher depreciation & amortisation costs in Ireland
    - higher staff and ICT expenses in Slovakia

    only partly offset by cost savings in various categories in Hungary
  - C/I ratio stood at 79% in 1Q15 distorted by IFRIC 21. Adjusted for specific items, the C/I ratio amounted to 63% in 1Q15 (69% in FY14)
- **Impairments on L&R (16m EUR)** dropped sharply q-o-q and y-o-y owing mainly to Ireland and Hungary. Loan loss provisions amounted to 7m EUR in 1Q15 in Ireland compared with 41m EUR in 4Q14 and 48m EUR in 1Q14.
- **Credit cost ratio** of 0.25% in 1Q15

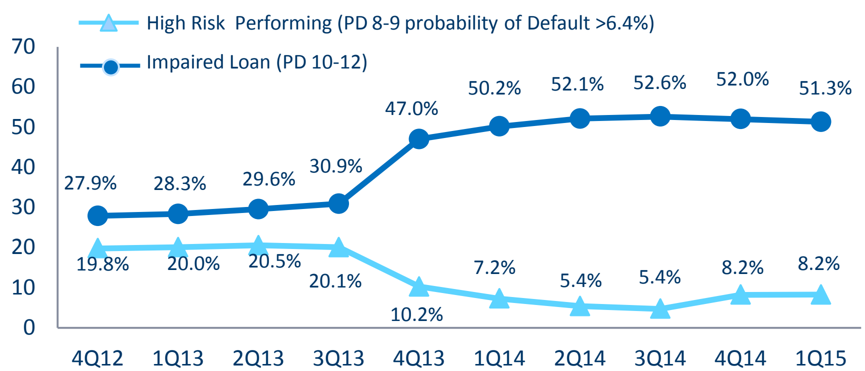
	Loan book	2011 CCR	2012 CCR	2013 CCR	2014 CCR	1Q15 CCR
IM BU	**25bn**		**2.26%**	**4.48%**	**1.06%**	**0.25%**
- Ireland	14bn	3.01%	3.34%	6.72%	1.33%	0.20%
- Hungary	5bn	4.38%	0.78%	1.50%	0.94%	0.46%
- Slovakia	5bn	0.25%	0.25%	0.60%	0.36%	0.08%
- Bulgaria	1bn	14.73%	0.94%	1.19%	1.30%	0.73%

- **Impaired loans ratio** amounted to 33.4%, of which 18.4% over 90 days past due

Ireland (1)

LOAN PORTFOLIO €	OUT-STANDING €	IMPAIRED LOANS €	IMPAIRED LOANS PD 10-12	SPECIFIC PROVISIONS €	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9.0bn	3.6bn	39.7%	1.1bn	30%
Buy to let mortgages	2.9bn	2.0bn	69.6%	0.6bn	32%
SME /corporate	1.3bn	0.8bn	63.5%	0.4bn	50%
Real estate - Investment - Development	 0.9bn 0.4bn	 0.7bn 0.3bn	 74.4% 100%	 0.4bn 0.3bn	 52% 87%
Total	**14.4bn**	**7.4bn**	**51.3%**	**2.8bn**	**38%**

PROPORTION OF HIGH RISK AND IMPAIRED LOANS



The Impaired portion of loans increased significantly in 4Q13 due to the reassessment of the loan book. KBC's definition of impaired loans includes PD 10-12. PD 10 is considered as unlikely to pay exposure.

- Healthier Irish economic growth as continuing export growth is accompanied by a pick-up in domestic spending. Estimated GDP growth of 4% in 2015
- The unemployment rate looks set to fall towards 9% over the remainder of the year
- The underlying trend in the Irish housing market remains positive
- KBCI is continuing to proactively engage with customers experiencing financial difficulty and is nearing completion of the implementation of its Mortgage Arrears Resolution Strategy. This has continued to drive the downward trend in the number of customers in arrears and >90 days arrears
- Retail Deposit net inflows increased in 1Q15, resulting in a retail deposit portfolio of 3.6bn EUR (compared with 3.4bn EUR in 4Q14). The corporate deposit portfolio rose 0.3bn EUR q-o-q to 0.9bn EUR in 1Q15
- Loan loss provisions decreased from 41m EUR in 4Q14 to 7m EUR in 1Q15, partly thanks to a 14m EUR write-back on one significant impaired corporate loan
- Looking forward, we are maintaining our guidance: 50m-100m EUR loan loss provisions for both FY15 and FY16. Profitability expected from 2016 onwards
- Local tier-1 ratio of 11.2% at the end of 1Q15

Ireland (2) Portfolio Analysis

1Q15 Homeloans Portfolio

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,611	34	0.6%
	Of which non Forborne	5,582		
	Of which Forborne	30		
	PD 9	681	42	6.1%
	Of which non Forborne	338		
	Of which Forborne	342		
IMPAIRED	PD 10	2,964	530	17.9%
	PD 11	1,947	759	39.0%
	PD 12	635	412	64.8%
	TOTAL PD1-12	**11,838**	**1,776**	
	Specific Impairment/(PD 10-12)			*30.7%*

Forborne' loans, in line with EBA Technical Standards, comprise loans on a live restructure or continuing to serve a probation period post-restructure/cure to Performing.

1Q15 Corporate Loan Portfolio

	PD	Exposure	Impairment	Cover %
PREF.	PD 1-8	682	9	1.3%
	PD 9	31	5	16.9%
IMPAIRED	PD 10	658	246	37.3%
	PD 11	441	283	64.1%
	PD 12	730	563	77.1%
	TOTAL PD1-12	**2,543**	**1,105**	
	Specific Impairment/(PD 10-12)			*59.7%*

Homeloans Portfolio

- Impaired portfolio reduced by roughly 90m EUR q-o-q. Reduction is due to property sales and improvement in portfolio performance resulting in loans positively migrating to a performing status (PD 1-9)
- Coverage ratio for impaired loans has increased to 30.7% in 1Q15 (from 30.1% in 4Q14)

Corporate loan Portfolio

- Impaired portfolio has reduced by roughly 80m EUR q-o-q. Reduction mainly driven by continued deleveraging of the portfolio, including underlying asset sales and loan amortisation
- Coverage ratio impaired loans has increased to 59.7% in 1Q15 (from 59.1% in 4Q14)
- Provisions in 1Q15 were positively impacted by a repayment and 14m EUR write-back on one significant impaired loan

KBC

GROUP CENTRE

CFO SERVICES

CRO SERVICES

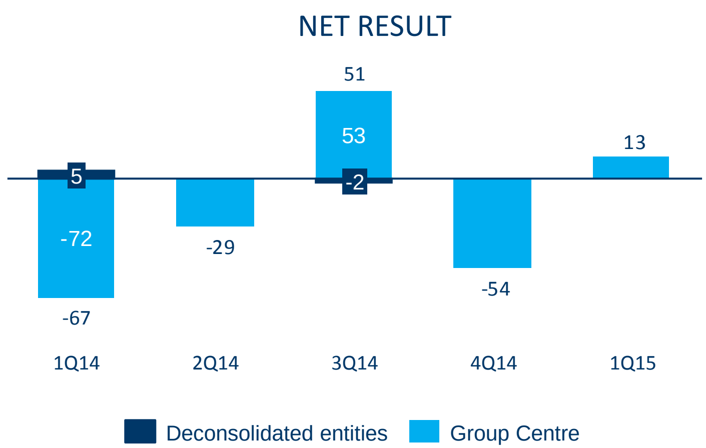
BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

Group Centre



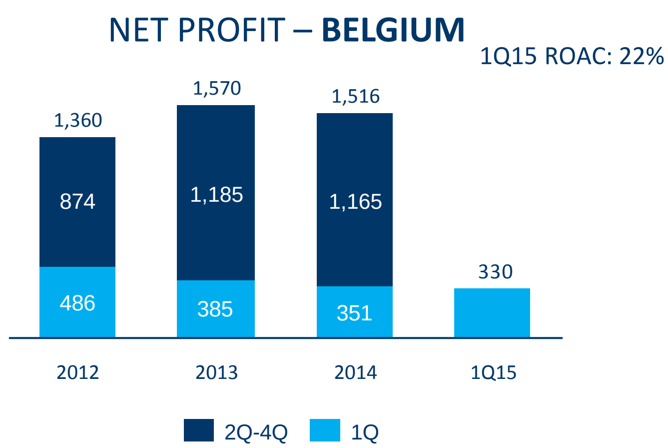
- **Net result: 13m EUR**
- The net result for Group Centre contains the results coming from activities and/or decisions specifically made for group purposes (please see table below for components)
- In 1Q 2015, the income tax expenses were positively influenced by 49m EUR of Deferred Tax Assets (DTA). The high level of unrealised AFS gains as result of the low interest rate levels triggered a review of the DTA position at KBC Credit Investments. It is unlikely that KBC Credit Investments will pay taxes on these AFS reserves and therefore, on the balance sheet increased Deferred Tax Liabilities (DTL) are offset by increased DTAs. It is important to mention that the accounting treatment is asymmetrical as the recording of the DTA goes through P/L and the DTL on the AFS reserves is directly recorded through equity

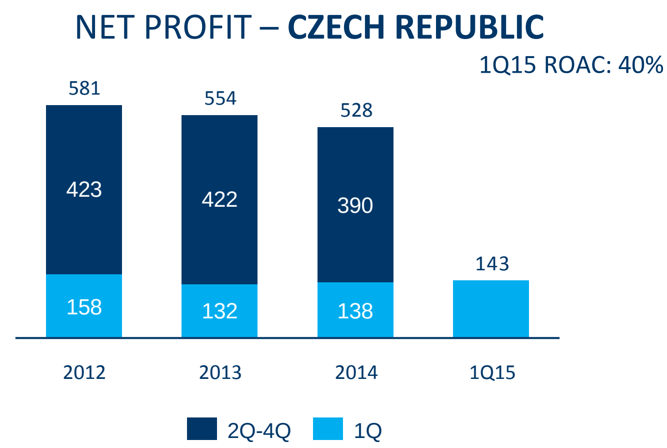
BREAKDOWN OF NET RESULT AT GROUP CENTRE

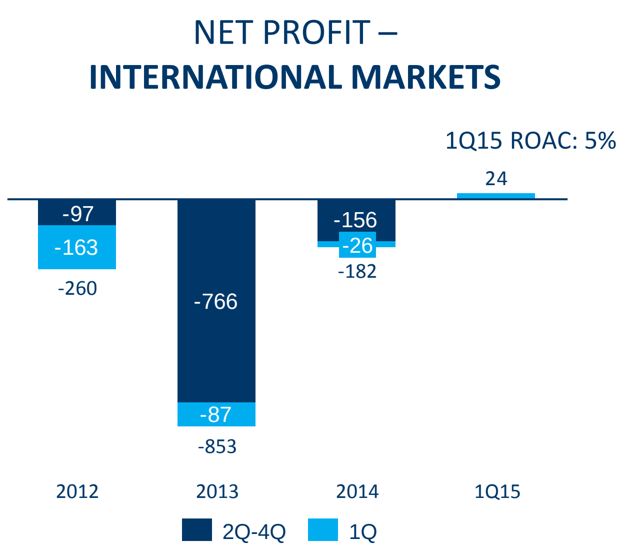
	1Q14	2Q14	3Q14	4Q14	1Q15
Group item (ongoing business)	**-81**	**-52**	**-48**	**-31**	**11**
- Opex of Group activities	-22	-19	-7	-26	-17
- Capital and treasury management	-38	-11	-1	4	2
o/w net subordinated debt cost	-39	-26	-9	-9	-11
- Holding of participations	-22	-25	-34	-17	-17
o/w net funding cost of participations	-10	-11	-11	-8	-7
- Other	-1	4	-4	8	42
Ongoing results of divestments and companies in run-down	**6**	**-8**	**-17**	**-4**	**2**
Legacy & OCR	**10**	**29**	**114**	**-20**	**-**
Total net result at GC	**-67**	**-29**	**51**	**-54**	**13**

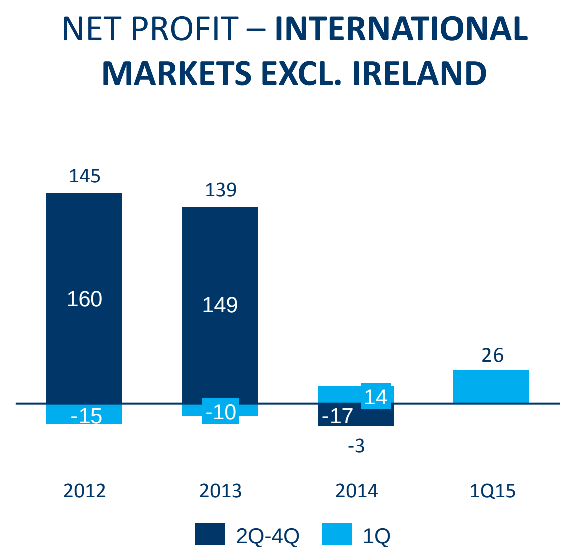
Amounts in m EUR

Overview of results based on business units







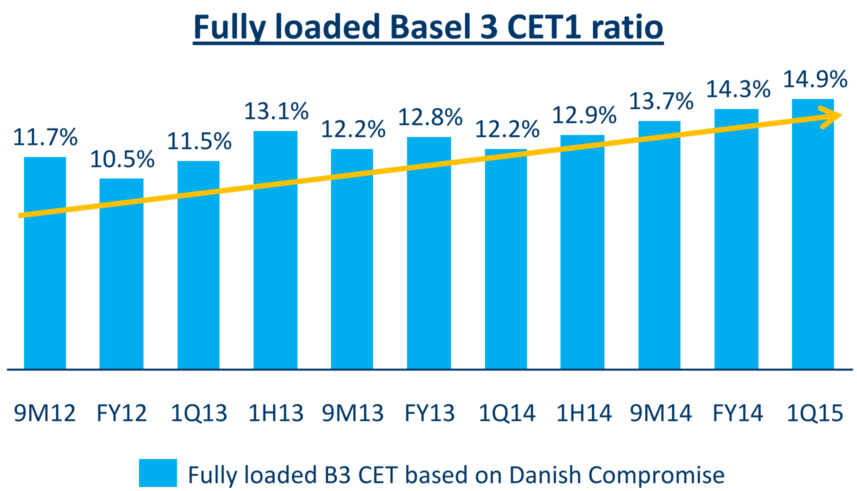


Amounts in m EUR

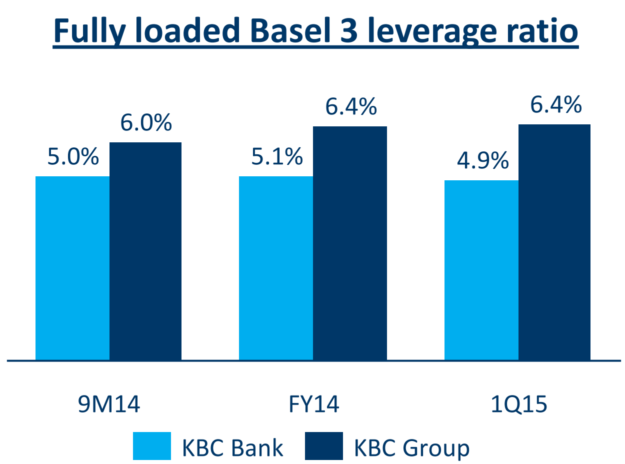
Section 3

Strong solvency and solid liquidity

Strong capital position



- **Common equity ratio (B3 fully loaded*) of 14.9%** based on Danish Compromise and of 15.4% based on FICOD** at end 1Q15, which **clearly exceeded** the fully loaded CET1 ratio target of 10.5% set by the ECB

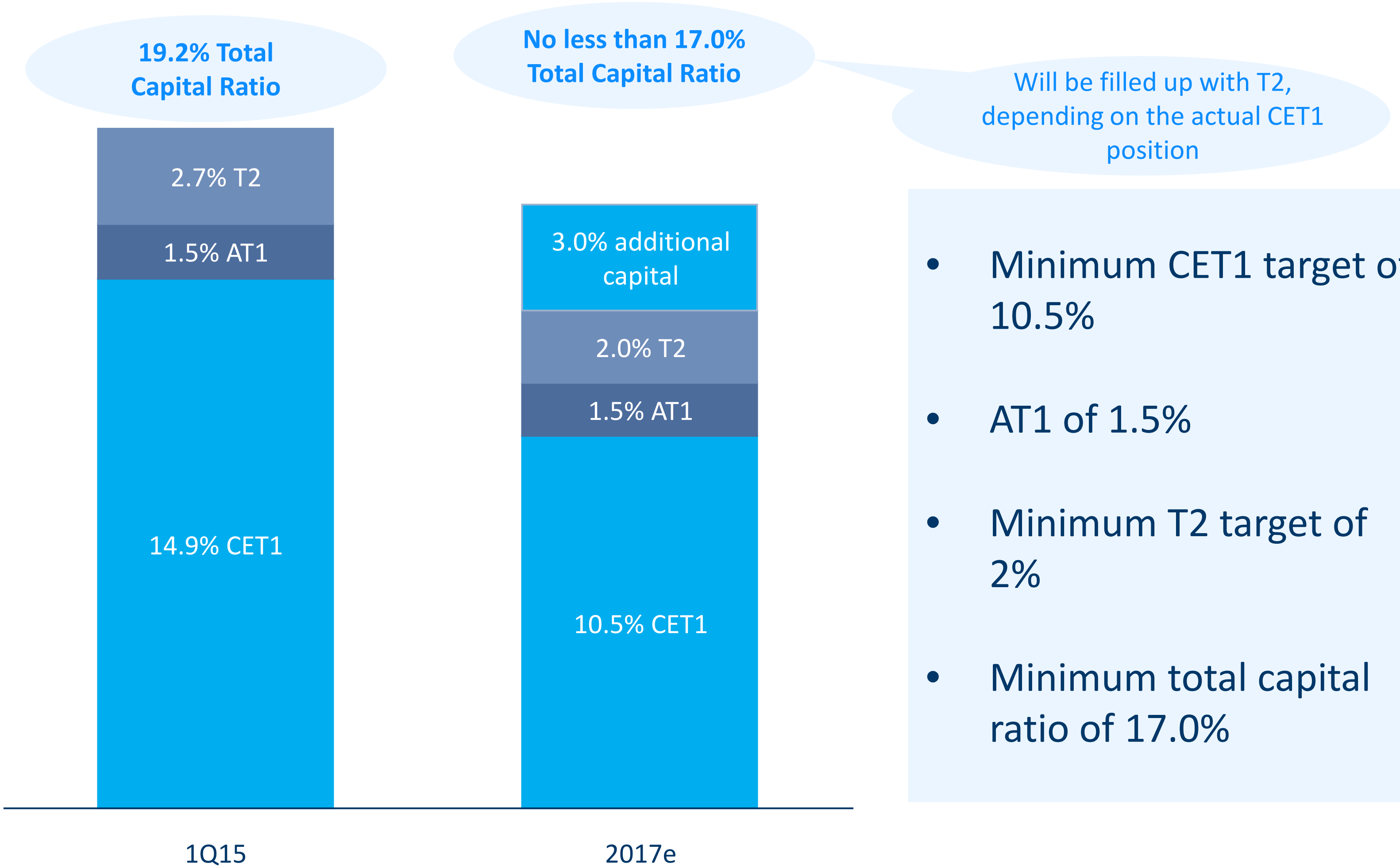


- **Fully loaded B3 leverage ratio, based on current CRR legislation** (which was adapted during 4Q14):
  - **4.9%** at KBC Bank Consolidated
  - **6.4%** at KBC Group*

* Including remaining state aid of 2bn EUR as agreed with regulator and also the requirements for prudent valuation

** FICOD: Financial Conglomerate Directive

KBC maintains minimum 17% total capital ratio*

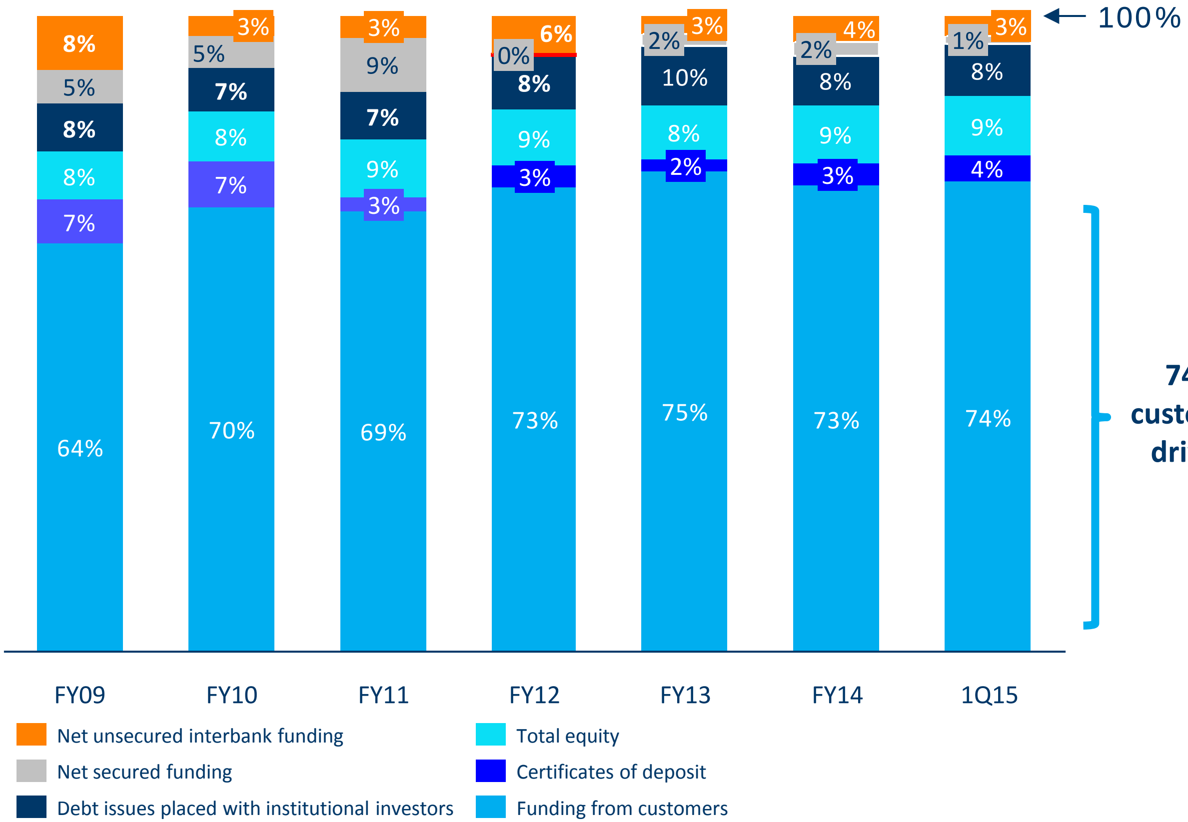


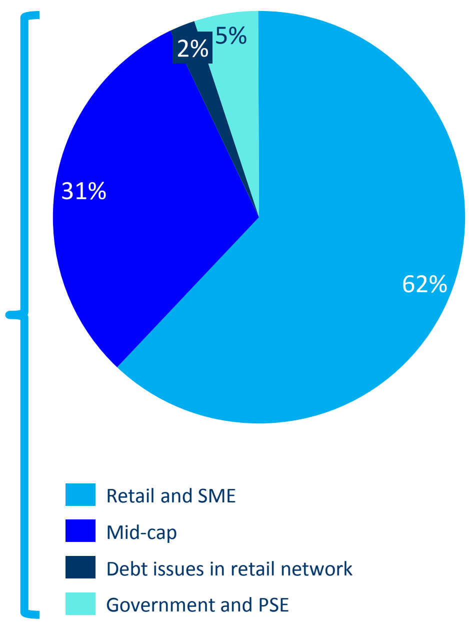
- Minimum CET1 target of 10.5%
- AT1 of 1.5%
- Minimum T2 target of 2%
- Minimum total capital ratio of 17.0%

*Basel 3, fully loaded, Danish compromise

Solid liquidity position (1)

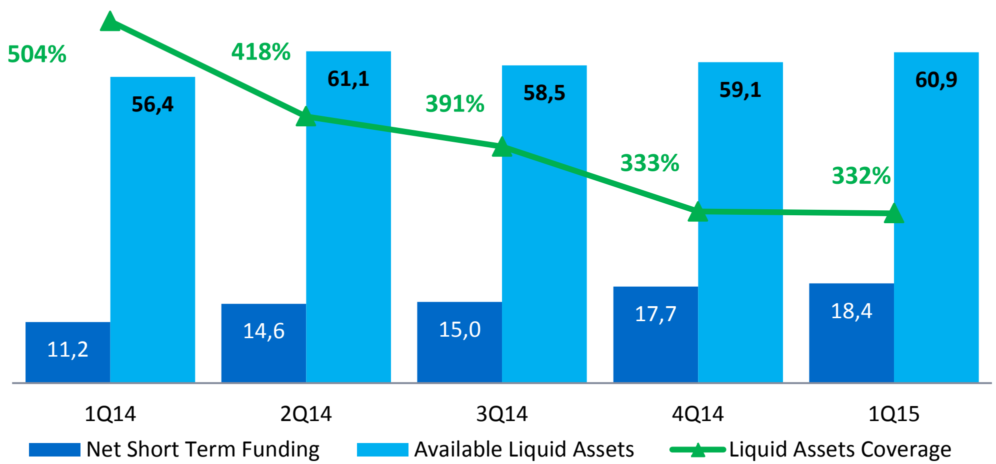
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets





Solid liquidity position (2)

Short term unsecured funding KBC Bank vs Liquid assets as of end March 2015 (bn EUR) (*)



* Graphs are based on Note 18 of KBC's quarterly report, except for the 'available liquid assets' and 'liquid assets coverage', which are based on the KBC Group Treasury Management Report

- KBC maintains a solid **liquidity position,** given that:
  - Available liquid assets are more than 3 times the amount of the net recourse on short-term wholesale funding
  - Funding from non-wholesale markets is stable funding from core-customer segments in core markets

	OLD DEFINITION	NEW DEFINITION		
Ratios	**FY14**	**FY14**	**1Q15**	**Target**
NSFR	110%	123%[1]	126%[1]	>105%
LCR[2]	120%	120%	132%	>105%

[1] *NSFR is calculated based on KBC's interpretation of the new Basel Committee guidance published in October 2014*

[2] *LCR (Liquidity Coverage ratio) is calculated based on KBC's interpretation of the current Basel Committee guidance, which may change in the future. The LCR can be relatively volatile in future due to its calculation method, as month-to-month changes in the difference between inflows and outflows can cause important swings in the ratio even if liquid assets remain stable*

- **NSFR at 126% and LCR at 132% by the end of 1Q15**
  - Both ratios were well above the minimum target of at least 105%, in compliance with the implementation of Basel 3 liquidity requirements

Section 4

1Q 2015 wrap up

1Q 2015 wrap up

- Strong commercial bank-insurance results in our core countries
- Successful underlying earnings track record
- Solid capital and robust liquidity position

Looking forward

- Looking forward, management envisages:
  - Continued stable and solid returns for the Belgium & Czech Republic Business Units
  - Breakeven returns by 2015 for the International Markets Business Unit, mid-term returns above cost of capital. As per guidance already issued, profitability in Ireland expected from 2016 onwards
  - A fully loaded B3 common equity ratio of minimum 10.5%
  - LCR and NSFR of at least 105%
  - Dividend payout ratio (including the coupon paid on state aid and AT1) ≥ 50% as of FY2016*

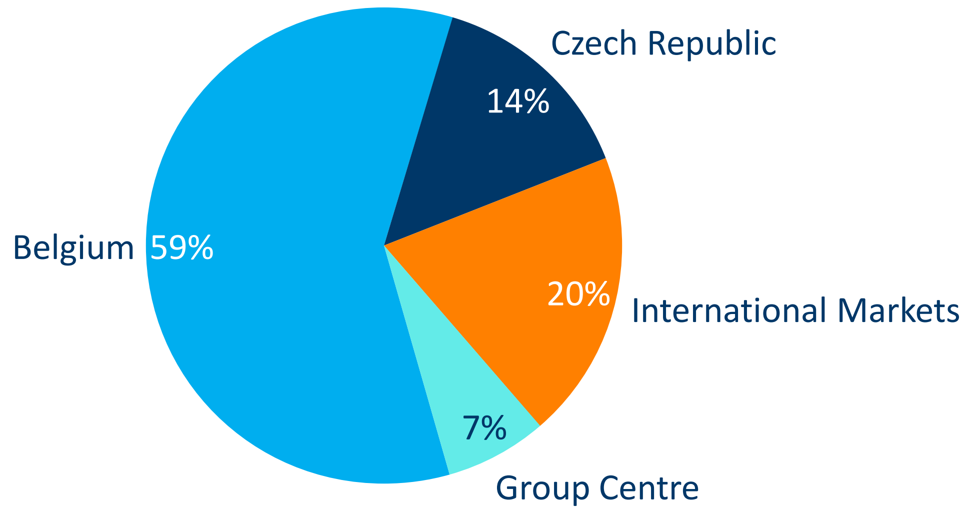
* Subject to the approval of the General Meeting of Shareholders

Annex 1

Company profile

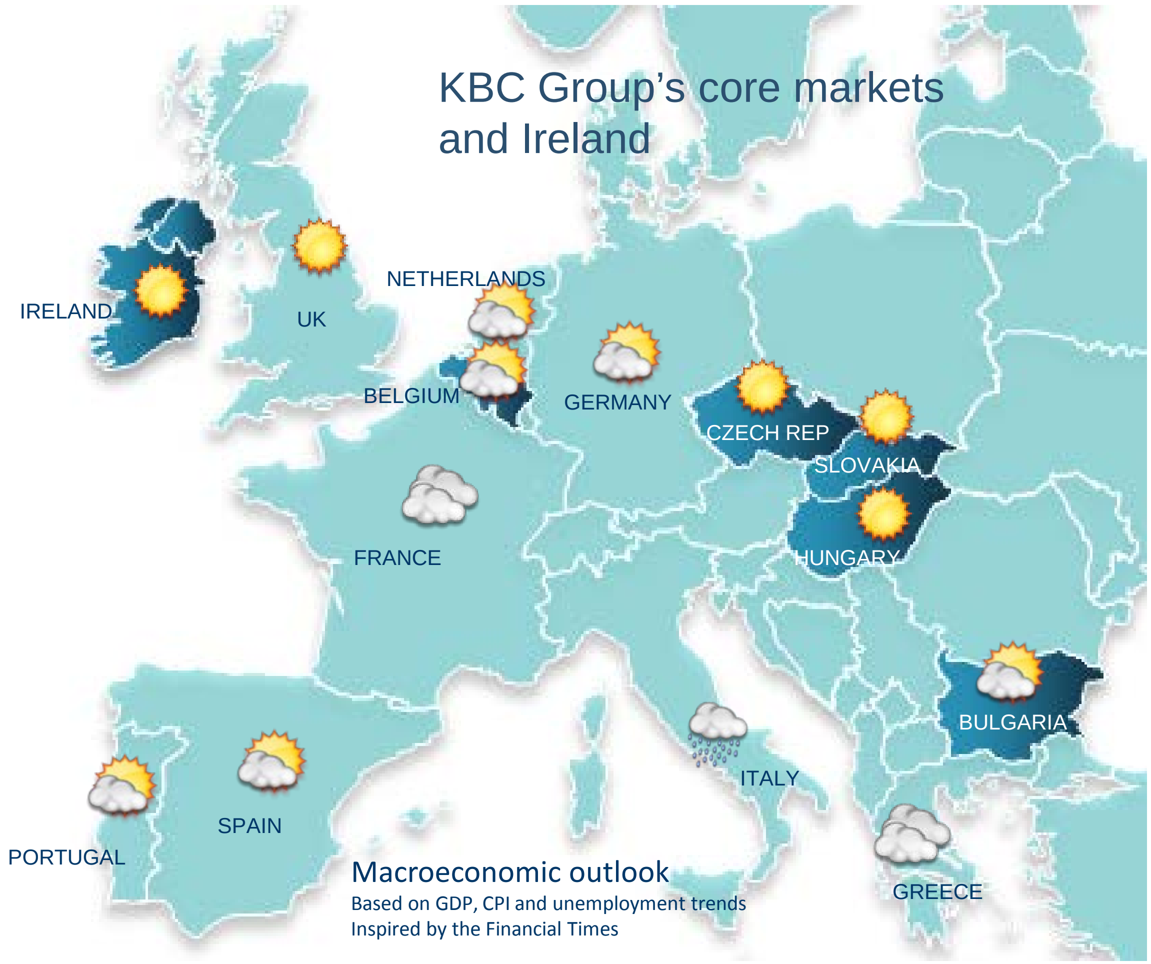
Business profile

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 31 MARCH 2015



- KBC is a leading player (retail and SME bank-insurance, private banking, commercial and local investment banking) in Belgium and its 4 core countries in CEE

Well-defined core markets provide access to 'new growth' in Europe



MARKET SHARE, AS OF MAY 2015

	BE	CZ	SK	HU	BG
Loans and deposits	20%	19%	10%	9%	3%
Investment funds	37%	27%	6%	16%	
Life insurance	17%	6%	5%	3%	10%
Non-life insurance	9%	7%	3%	5%	10%

REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[1]

	BE	CZ	SK	HU	BG
% of Assets	70%	14%	3%	3%	1%
2014	1.0%	2.0%	2.4%	3.6%	1.7%
2015e	1.3%	2.3%	2.8%	3.1%	1.7%
2016e	1.7%	2.5%	3.2%	2.5%	2.0%

1. Source: KBC data, May 2015

Loan loss experience at KBC

	1Q15 CREDIT COST RATIO	FY14 CREDIT COST RATIO	FY13 CREDIT COST RATIO	FY 2012 CREDIT COST RATIO	AVERAGE '99 –'14
Belgium	**0.28%**	**0.23%**	0.37%	0.28%	n/a
Czech Republic	**0.04%**	**0.18%**	0.26%	0.31%	n/a
International Markets	**0.25%**	**1.06%**	4.48%*	2.26%*	n/a
Group Centre	**-0.44%**	**1.17%**	1.85%	0.99%	n/a
Total	**0.21%**	**0.42%**	**1.21%****	**0.71%**	**0.54%**

Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

* The high credit cost ratio at the International Markets Business Unit is due in full to KBC Bank Ireland. Excluding Ireland, the CCR at this business unit amounted to 108 bps in FY13

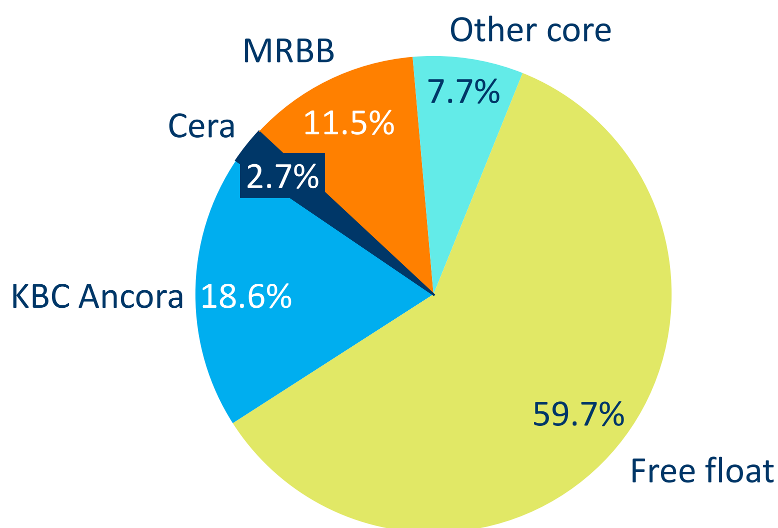
** Credit cost ratio amounted to 1.21% in FY13 due to the reassessment of the loan books in Ireland and Hungary

Key strengths

- Well-developed bank-insurance strategy and strong cross-selling capabilities
- Strong commercial bank-insurance franchises in Belgium and the Czech Republic with stable and solid returns
- Turnaround potential in the International Markets Business Unit
- Successful underlying earnings track record
- Solid capital and robust liquidity position

Shareholder structure

SHAREHOLDER STRUCTURE AT END 1Q15



- Roughly 40% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of industrialist families
- The free float is held mainly by a large variety of international institutional investors

KBC Group going forward:
To be among the best performing retail-focused institutions in Europe

- KBC wants to build on its strengths and be among Europe's best performing retail-focused financial institutions. This will be achieved by:
  - Strengthening our bank-insurance business model for retail, SME and mid-cap clients in our core markets, in a highly cost-efficient way
  - Focusing on sustainable and profitable growth within the framework of solid risk, capital and liquidity management
  - Creating superior client satisfaction via a seamless, multi-channel, client-centric distribution approach
- By achieving this, KBC wants to become the reference in bank-insurance in its core markets

Summary of the financial targets at KBC Group level

Targets…		by…
CAGR total income ('13-'17)*	≥ 2.25%	2017
CAGR bank-insurance gross income ('13-'17)	≥ 5%	2017
C/I ratio	≤ 53%	2017
Combined ratio	≤ 94%	2017
Common equity ratio (fully loaded, Danish compromise)	≥ 10.5%	2014
Total capital ratio (fully loaded, Danish compromise)	≥ 17%	2017
NSFR	≥ 105%	2014
LCR	≥ 105%	2014
Dividend payout ratio	≥ 50%	2016

Based on adjusted figures

* Excluding marked-to-market valuations of ALM derivatives

KBC Group going forward: An optimised geographic footprint

Strengthen current geographic footprint

- Optimise business portfolio by strengthening current bank-insurance presence through organic growth or through acquisitions if possible.
- Strive for market leadership (top 3 bank/top 4 insurance) in core countries by 2020
- First priority for Ireland is to become profitable from 2016 onwards. As of then, all available options (organically grow a profitable retail bank, build a captive bank-insurance group or sell a profitable bank) will be considered

No further plans to expand beyond current geographic footprint

KBC Group will consider acquisition options, if any, to strengthen current geographic bank-insurance footprint,

Clear financial criteria for investment decision-making, based on:

Solid capital position of KBC Group
Investment returns in the short and mid terms
New investment contributing positively to group ROE

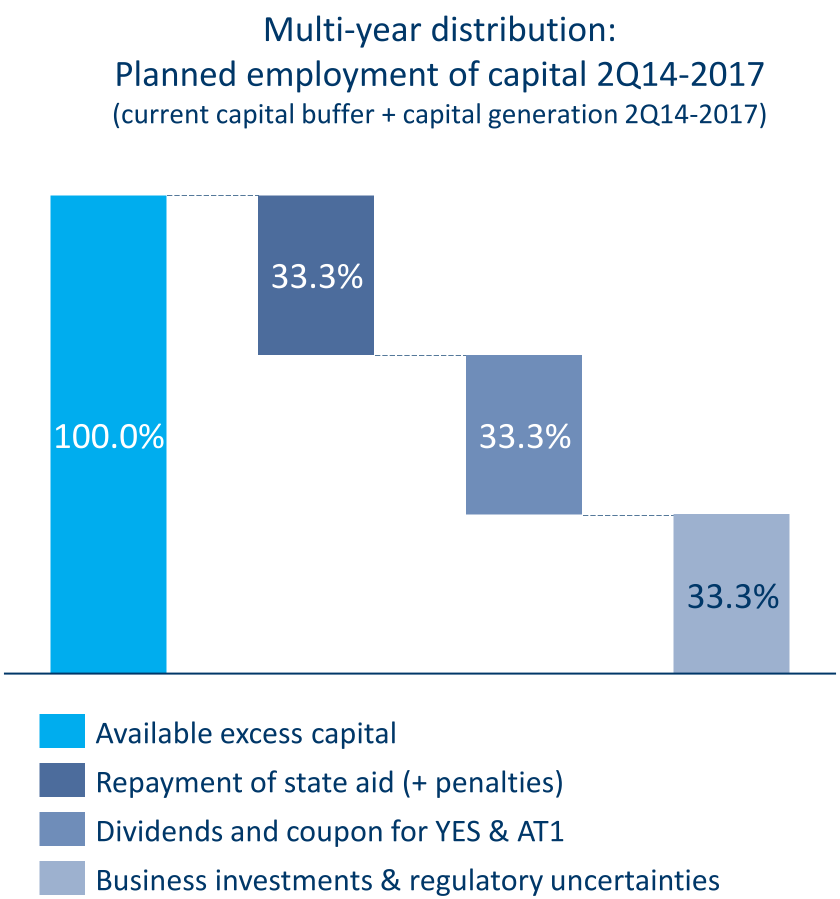
KBC Group going forward:
An optimised geographic footprint

Become a reference in bank-insurance in each core country

Through a locally embedded bank-insurance business model and a strong corporate culture, creating superior client satisfaction

With a clear focus on sustainable and profitable growth

KBC wants to keep its options open



Solid capital generation 2Q14-2017

Accelerate the repayment of state aid (+ penalties) by year-end 2017 at the latest: roughly 1/3 of capital available in 2Q14-2017

Increase dividend payout ratio (including coupon for YES and AT1) to ≥ 50% from financial year 2016 onwards. Given the current solvency buffer (above 10.5% B3 CET1) and given no dividend for financial year 2015: roughly 1/3 of capital to 2Q14-2017

Invest in the business (organic growth and potential small add-on M&A under very strict financial criteria) and deal with regulatory uncertainties: roughly 1/3 of capital to 2Q14-2017

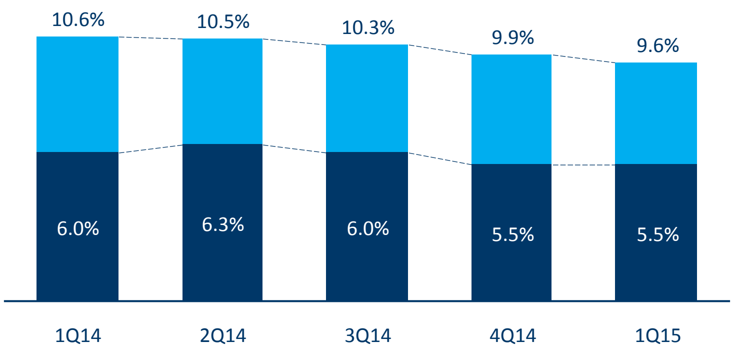
The excess capital can be returned to the shareholders if no value-added business investments are found

Annex 2

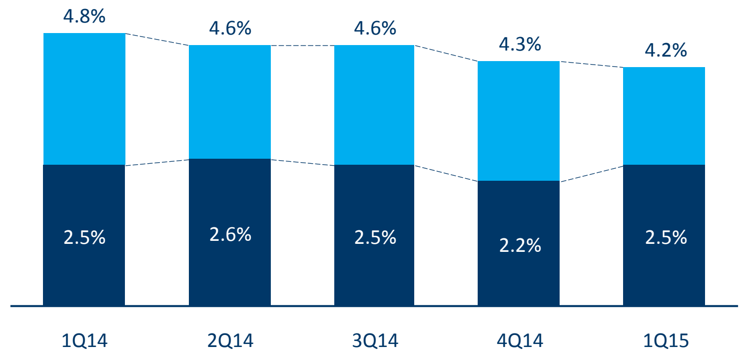
Other items

Impaired loans ratios, of which over 90 days past due

KBC GROUP



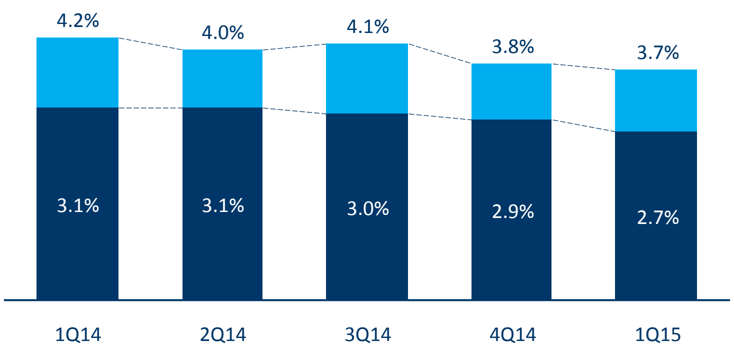
BELGIUM BU



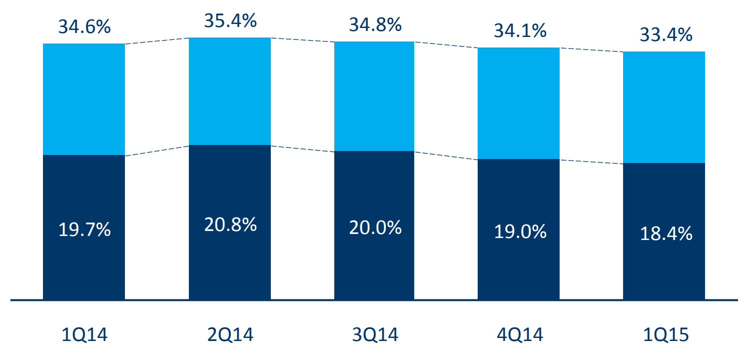
Impaired loans ratio *

of which over 90 days past due **

CZECH REPUBLIC BU



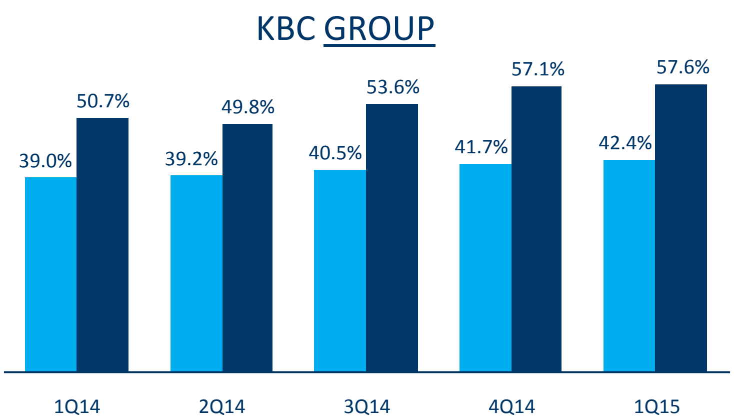
INTERNATIONAL MARKETS BU

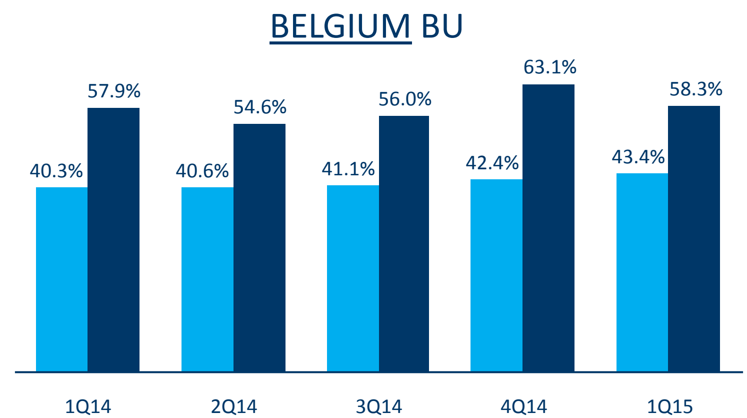


* Impaired loans ratio : total outstanding impaired loans (PD 10-12)/total outstanding loans

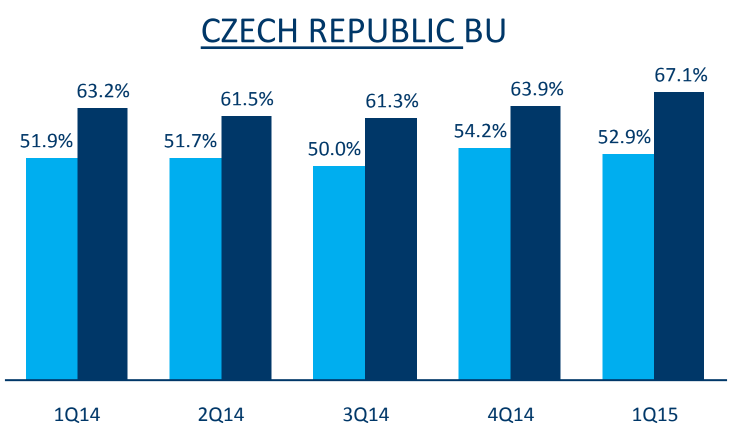
** of which total outstanding loans with over 90 days past due (PD 11-12)/total outstanding loans

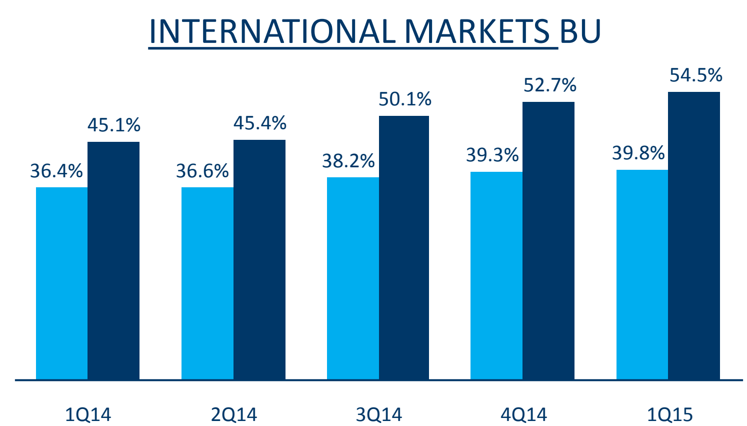
Cover ratios





Impaired loans cover ratio
Cover ratio for loans with over 90 days past due





* Impaired loans cover ratio: total impairments (specific) for impaired loans / total outstanding impaired loans (PD10-12)
** Cover ratio for loans with over 90 days past due: total impairments (specific) for loans with over 90 days past due / total outstanding PD11-12 loans

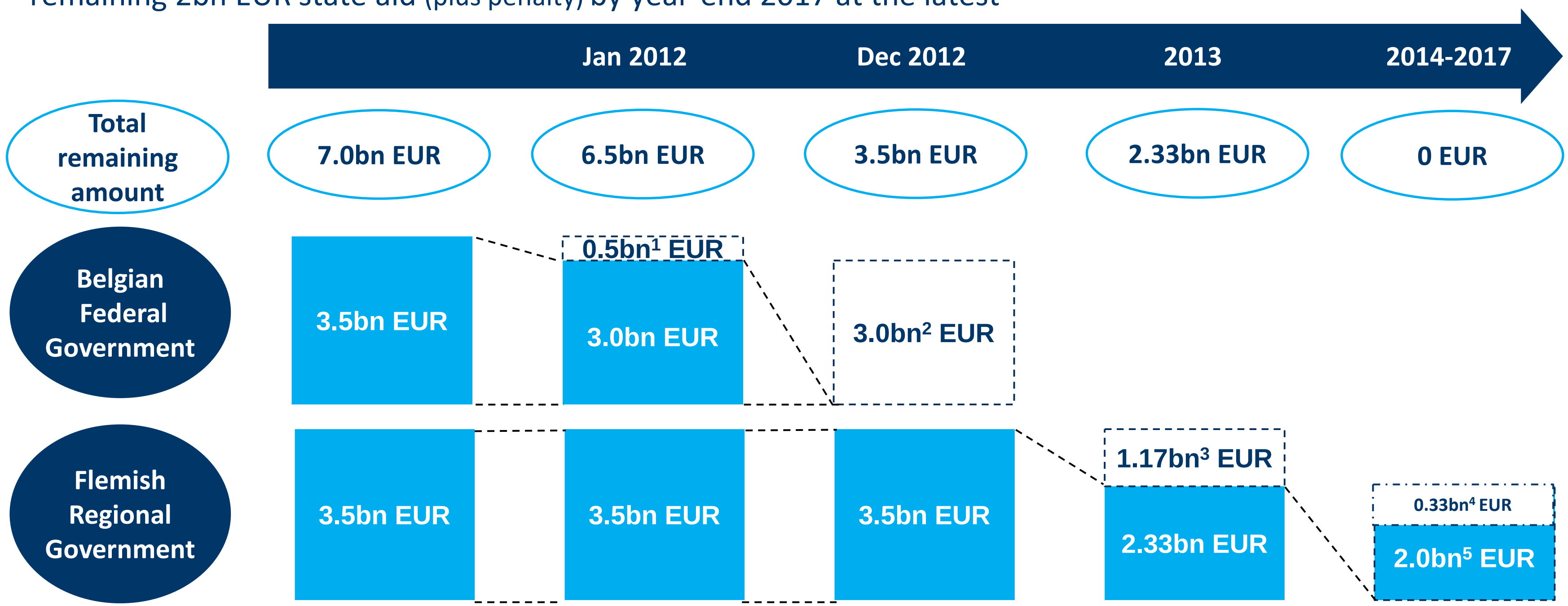
Summary of government transactions

- ORIGINALLY, 7BN EUR WORTH OF CORE CAPITAL SECURITIES SUBSCRIBED BY THE BELGIAN FEDERAL AND FLEMISH REGIONAL GOVERNMENTS

	BELGIAN STATE	FLEMISH REGION
Amount	3.5bn	3.5bn
Instrument	Perpetual fully paid up new class of non-transferable securities qualifying as core capital	
Ranking	Pari passu with ordinary stock upon liquidation	
Issuer	KBC Group Proceeds used to subscribe ordinary share capital at KBC Bank (5.5bn) and KBC Insurance (1.5bn)	
Issue price	29.5 EUR	
Interest coupon	Conditional on payment of dividend to shareholders The higher of (i) 8.5% or (ii) 120% of the dividend for 2009 and 125% for 2010 onwards Not tax deductible	
Buyback option for KBC	Option for KBC to buy back the securities at 150% of the issue price (44.25)	
Conversion option for KBC	From December 2011 onwards, option for KBC to convert securities into shares (1 for 1). In that case, the State can ask for cash at 115% (33.93) increasing every year by 5% to the maximum of 150%	No conversion option

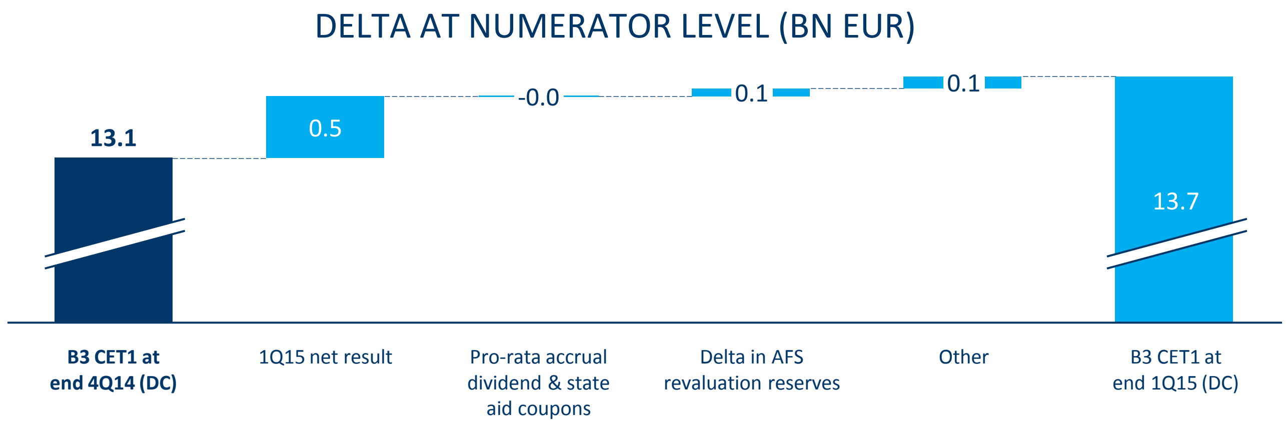
Assessment of the state aid position & repayment schedule

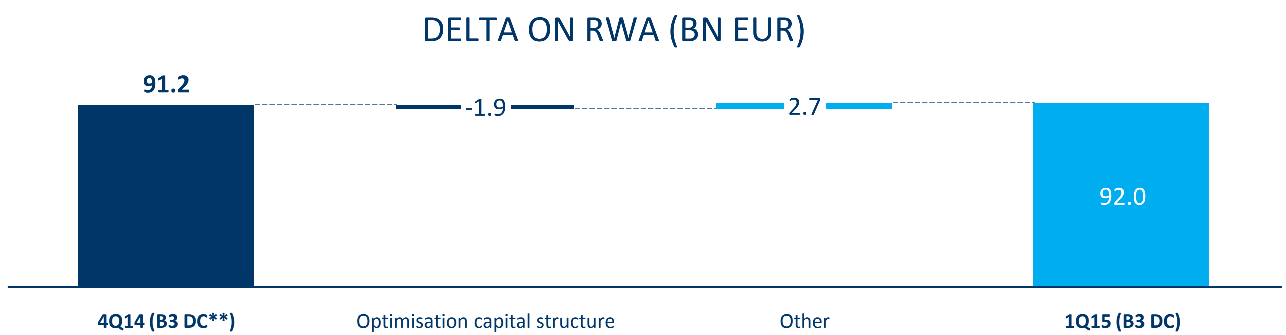
- KBC made accelerated full repayment of 3.0bn EUR of state aid to the Belgian Federal Government in December 2012 and the accelerated repayment of 1.17bn EUR of state aid to the Flemish Regional Government mid-2013, approved by the NBB
- At the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty), and as such saved 28m EUR in coupon payments
- At the Investor Day on 17 June 2014, KBC announced that it will accelerate the reimbursement of the remaining 2bn EUR state aid (plus penalty) by year-end 2017 at the latest



1. Plus 15% penalty amounting to 75m EUR
2. Plus 15% penalty amounting to 450m EUR
3. Plus 50% penalty amounting to 583m EUR
4. Plus 50% penalty amounting to 167m EUR
5. Plus 50% penalty amounting to 1,000m EUR

Fully loaded B3* CET1 based on Danish Compromise (DC) From 4Q14 to 1Q15





- Fully loaded B3 common equity ratio of approx. 14.9% at end 1Q15 based on Danish Compromise (DC)
- The fully loaded common equity ratio target of 10.5% set by the ECB was clearly exceeded

* Is including remaining State aid of 2bn EUR as agreed with local regulator and also the requirements for prudent valuation

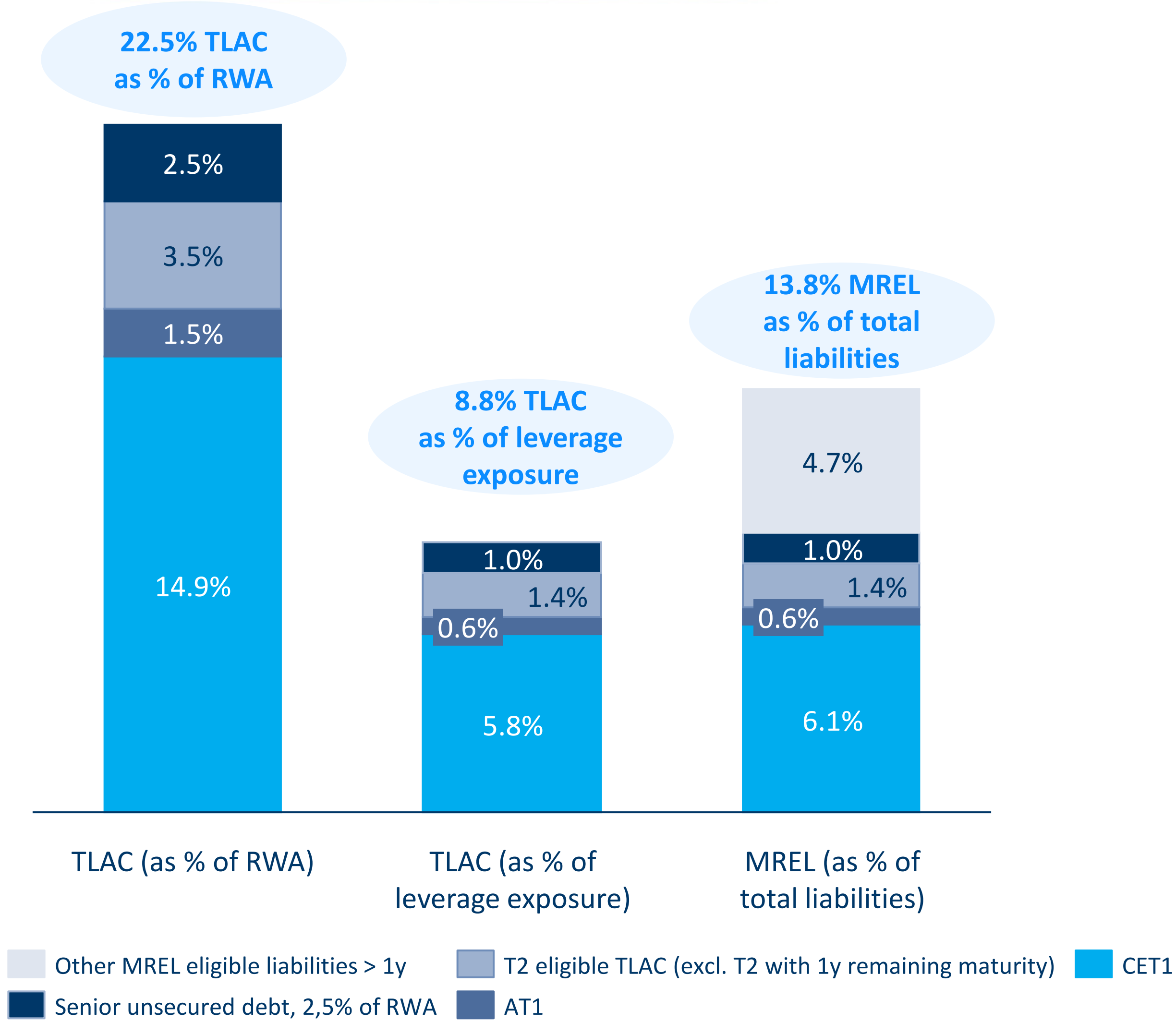
** Is including the RWA equivalent for KBC Insurance based on DC, calculated as the book value of KBC Insurance multiplied by 370%

Overview of B3 CET1 ratios at KBC Group

Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, phased-in	14,132	93,040	15.2%
FICOD, fully loaded	14,664	95,155	15.4%
DC**, phased-in	13,216	89,924	14.7%
DC, fully loaded	13,749	92,038	14.9%
DM***, fully loaded	12,678	86,428	14.7%

* FICOD: Financial Conglomerate Directive
** DC: Danish Compromise
*** DM: Deduction Method

Comfortable bail-in buffer



Given the current regulatory framework, KBC Group is comfortable with:

- 22.5% risk-weighted TLAC*
- 8.8% leveraged TLAC
- 13.8% MREL*

* TLAC: Total Loss-Absorbing Capacity
MREL: Minimum Required Eligible Liabilities

P&L volatility from ALM derivatives

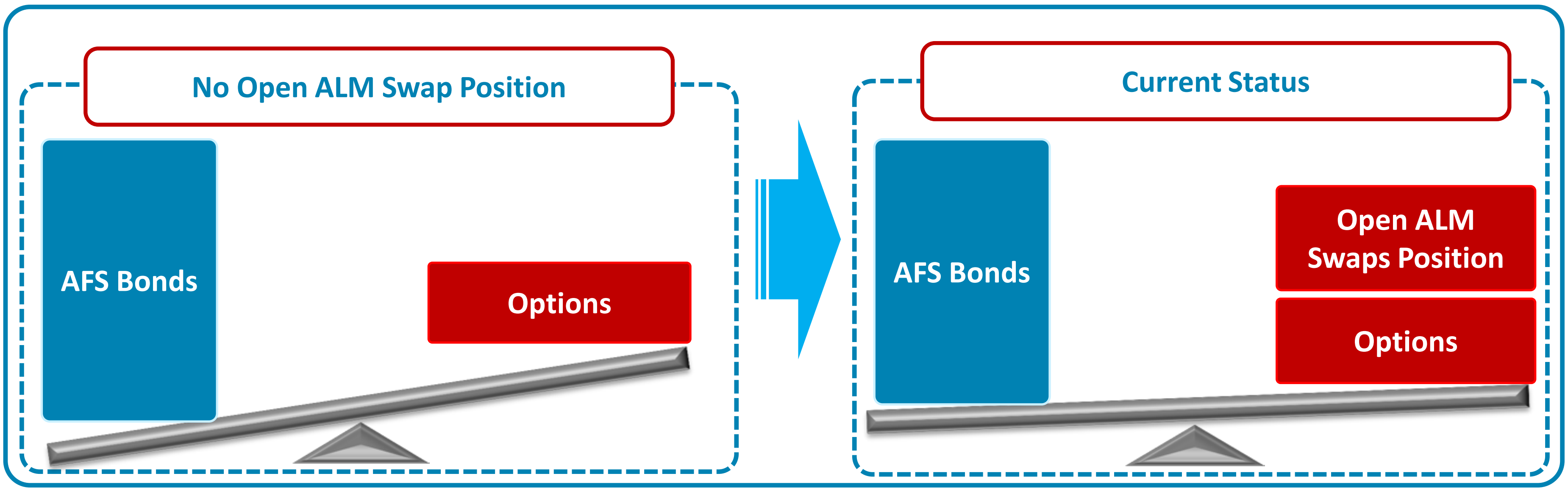
- ALM Derivatives (Swaps and Options) are used to hedge the interest rate risk of the loan & deposit portfolios. This creates an accounting mismatch between derivatives (at market value) and hedged products (at amortised cost)
  - Options are used to hedge the caps/floors that KBC is obliged by law to include in Belgian mortgages

- Most of this mismatch is removed with IFRS hedge accounting

- A part of the ALM derivatives has not been included in any hedge accounting structure for different reasons:
  - Option hedging for mortgage loans: no hedge accounting possible given the dynamic hedging strategy used
  - Part of the ALM interest rate derivatives has not been included in a hedge accounting structure, due to the offsetting effect with AFS Bonds impact on capital ratios (which is not the case with valuation changes of cash flow hedges due to the applied regulatory capital filter)

Open ALM swap position
Protecting stability of capital ratio

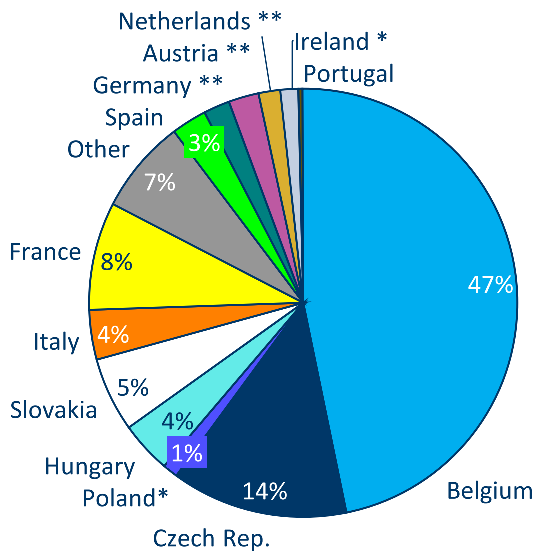
- Keeping part of the ALM swaps outside of hedge accounting reduces the volatility of the capital ratios as shown below (Basel III Fully Loaded + Danish Compromise Insurance Deconsolidation)
- Drawback is more volatility in P&L as revaluation of swaps goes through P&L, while the revaluation of the AFS bonds goes only through capital



Government bond portfolio – Notional value

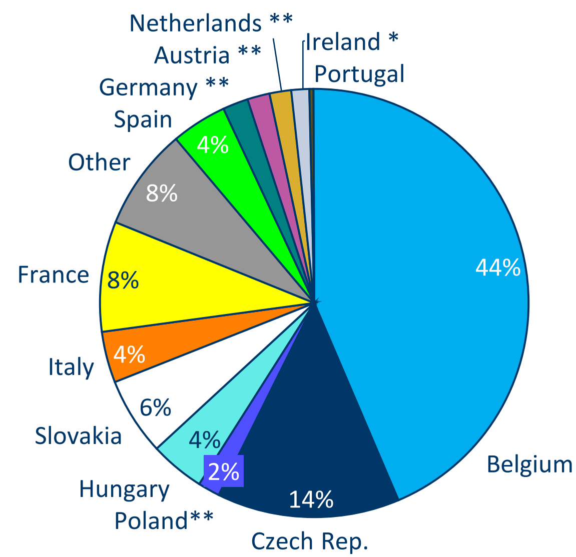
- Notional investment of 46.6bn EUR in government bonds (excl. trading book) at end of 1Q15, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 4.6bn EUR at end of 1Q15

END 2014
(Notional value of 46.3bn EUR)



(*) 1%, (**) 2%

END 1Q15
(Notional value of 46.6bn EUR)

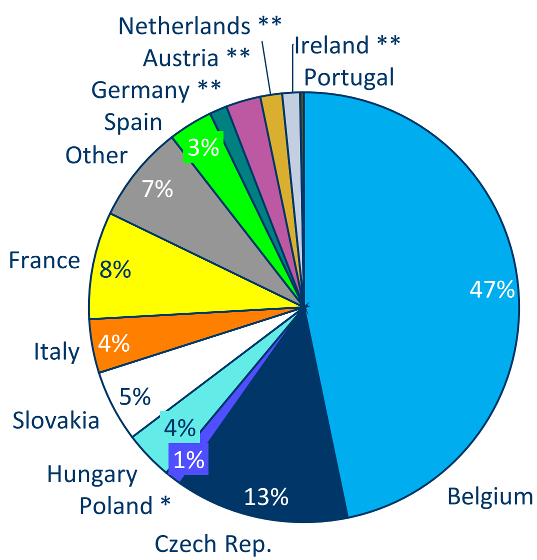


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

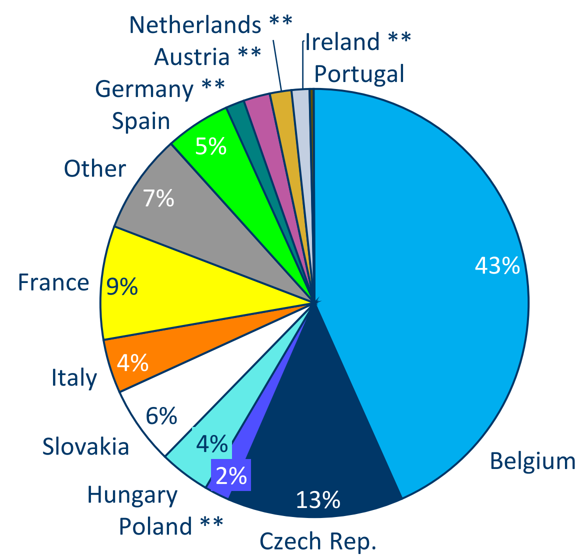
- Carrying value of 51.7bn EUR in government bonds (excl. trading book) at end of 1Q15, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 5.7bn EUR at end of 1Q15

END 2014
(Carrying value of 50.9bn EUR)



(*) 1%, (**) 2%

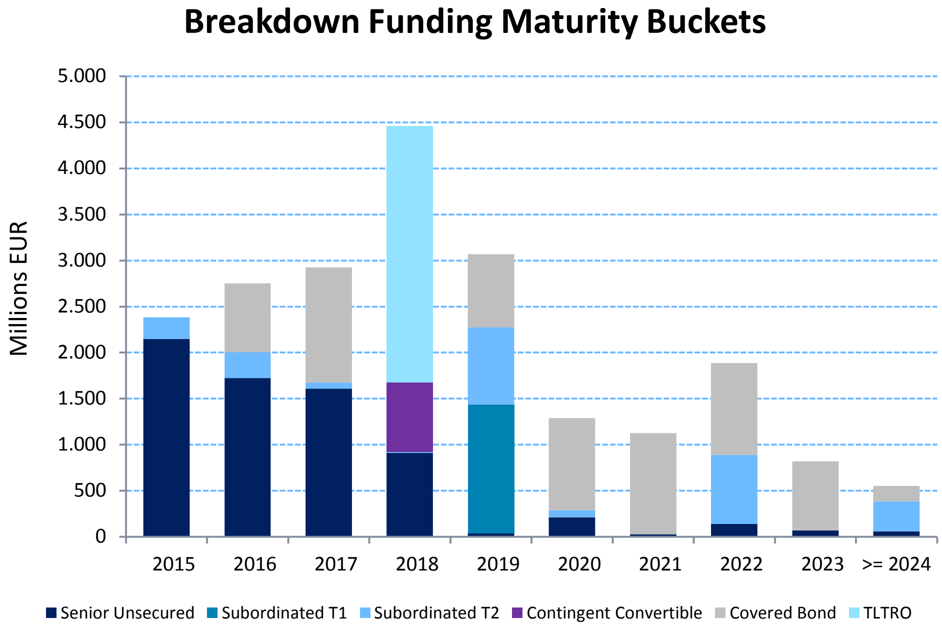
END 1Q15
(Carrying value of 51.7bn EUR)

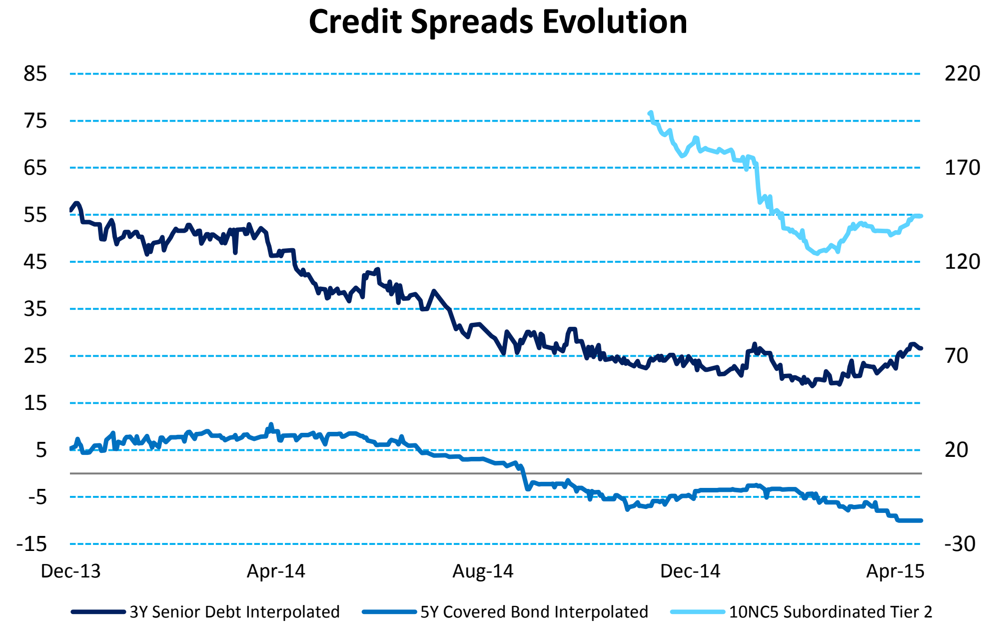


(*) 1%, (**) 2%

* Carrying value is the amount at which an asset [or liability] is recognised: for those not valued at fair value this is after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon, while carrying amount is equal to fair value when recognised at fair value

Upcoming mid-term funding maturities





- KBC successfully issued 1bn EUR covered bond with 7 year maturity in January 2015, 1bn EUR covered bond with 6 year maturity in April 2015, and 750m EUR Tier 2 subordinated debt in March
- KBC's credit and covered bond spreads moved within a tight range during 1Q15
- KBC Bank has 5 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds (supporting diversification of the funding mix)
  - Structured notes and covered bonds using the private placement format

Glossary (1)

AQR	Asset Quality Review
B3	Basel III
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are corrected for (exceptional) items which distort the P&L of a particular period in order to provide a better insight in the underlying business trends. Corrections include among others: • the MtM ALM Derivatives (fully excluded) • the bank taxes (including European Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of for a large part booked upfront (as required by IFRIC21) • Up to the end of 2014, also legacy & OCR was an important correction
Impaired loans cover ratio	[total impairments (specific) for impaired loans] / [total outstanding impaired loans]. For a definition of ‘impaired’, see ‘Impaired loans ratio’
Credit cost ratio (CCR)	[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
Impaired loans cover ratio	[total impairments (specific) for impaired loans] / [total outstanding impaired loans]. For a definition of ‘impaired’, see ‘Impaired loans ratio’
Impaired loans ratio	[total outstanding impaired loans (PD 10-11-12)] / [total outstanding loans]
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].
Net interest margin (NIM) of the group	[net interest income of the banking activities] / [average interest-bearing assets of the banking activities]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]

Glossary (2)

MARS	Mortgage Arrears Resolution Strategy
MREL	Minimum Required Eligible Liabilities
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, excluding the revaluation reserve for available-for-sale assets]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian Federal and Flemish Regional governments, it will be deducted from the numerator (pro rata)
TLAC	Total Loss-Absorbing Capacity

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