KBC Group

2012 FY/4Q Results

Press Conference

14 February 2013 - 11.00 AM CET

More information www.kbc.com
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4Q 2012 results

Key Takeaways

Resilient business performance

- Underlying net group profit of 309m EUR for 4Q12, demonstrating resilience of commercial franchises despite some seasonal effects
- Loan loss provisions in Ireland: fully in line with our FY 2012 guidance, while our FY 2013 guidance is substantially lower at 300m-400m EUR

Refocus of KBC Group well-advanced

- Capital operations: capital increase of 1.25bn EUR and the sale of treasury shares (350m EUR)
- Repayment of 3.5bn EUR Belgian YES (+15% penalty) in 2012
- Sales of Absolut Bank and NLB have been announced, BZWBK merged with Kredyt Bank
- Updated strategy ‘KBC 2013 and beyond’ being implemented as of 1st January 2013

Solid capital and robust liquidity positions

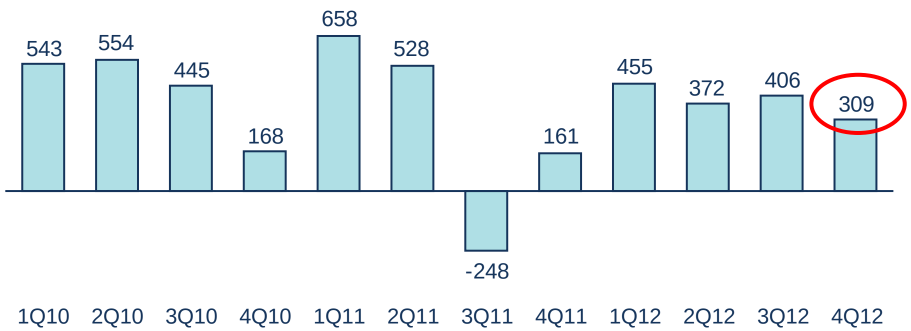
- Pro-forma tier-1 ratio of 14.6% at the end of 2012 at KBC Group after proposed dividend, up from 12.3% at the end of 2011
- Estimated B3 CET at the end of 2013: 11.2% phased in (11.0% fully loaded), factoring in 1.17bn EUR repayment of Flemish YES instruments and after proposed dividend, well above our 10% internal target for fully loaded B3 CET ratio
- Continued strong liquidity position (78% LTD ratio). KBC is well ahead of its 2013 funding plan. Covered bonds will support funding mix diversification, which will reduce funding costs over time

Dividend proposal at the AGM

- Given strong solvency ratios, a gross dividend per share of 1.00 EUR will be proposed at the AGM for this year
- Intention not to pay dividend next year

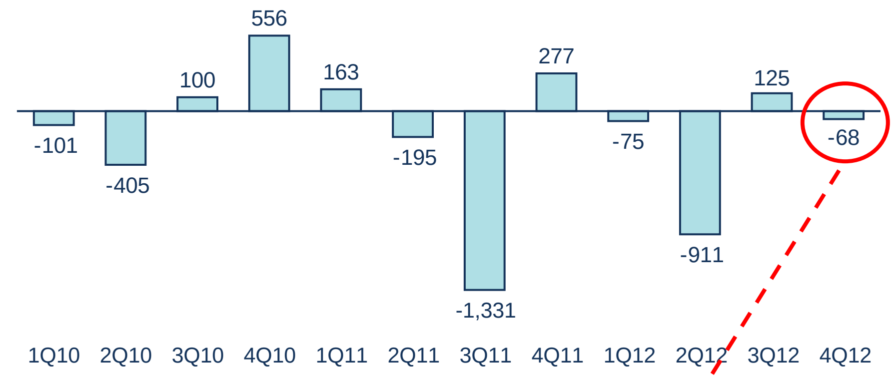
Earnings capacity

Underlying net profit *

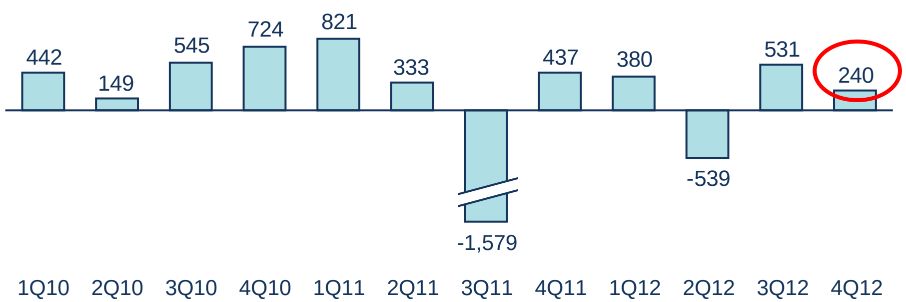


Including exceptional items

Exceptional items



Reported net profit *



Main exceptional item (post-tax)

• M2M of own credit risk	- 0.1bn EUR
• P&L gain from the Kredyt Bank divestment	+ 0.1bn EUR
• P&L loss from the sale of our stake in NLB	- 0.1bn EUR

Amounts in m EUR

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

4Q 2012 financial highlights

Underlying results

- Continued good underlying net group profit of 309m EUR in 4Q12, as a result of strong commercial bank-insurance franchises in all our core markets and core activities
- Net interest income stabilised q-o-q as sound commercial margins and lower funding costs offset the negative impact of lower reinvestment yields
- Good growth in loan and deposit volumes in our core markets (+1% and +2% q-o-q, respectively)
- Net fee and commission income rose by 4% q-o-q and 8% y-o-y on a comparable basis
- Good sales of unit-linked life products. Performance in non-life insurance was negatively impacted by higher technical charges due to bad weather conditions, longevity reserves increase and new indicative tables for bodily injury claims
- Solid gains from financial instruments at fair value, thanks to good dealing room results
- The combined ratio (non-life) stood at a good 95% for FY 2012
- Underlying cost/income ratio of 57% for FY 2012
- Credit cost ratio at a low 0.71% for FY 2012. Excluding Ireland (in line with guidance), this ratio stands at 0.39%

Reported results

- Net reported profit of 240m EUR, as negative M2M on own credit risk was only partly offset by a slight increase in CDO valuations

Capital

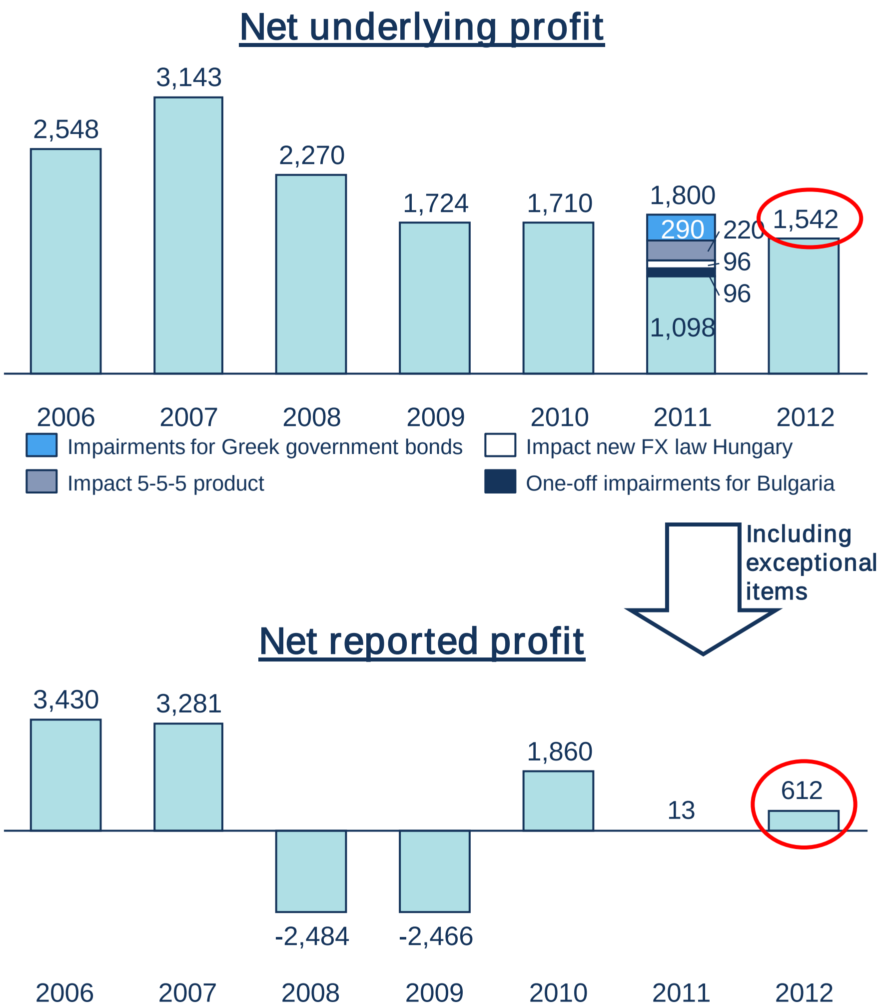
- Continued strong capital base: tier-1 ratio of 13.8% and pro forma tier-1 ratio at approx. 14.6% under Basel 2.5 (with core tier-1 ratio at 12.5%) after proposed dividend. Pro forma figures are including the impact of 1) the signed divestments of Absolut Bank, NLB and 2) the full exit of Kredyt Bank/BZWBK

Liquidity & Funding

- Strong liquidity position, with a loan-to-deposit ratio of 78% (82% at the end of 3Q12) Unencumbered assets are more than double the amount of short-term wholesale funding
- KBC is well ahead of its 2013 funding plan, thanks to the issuance of 0.75bn EUR covered bonds and 1bn USD contingent capital notes in January 2013
- Covered bonds will support funding mix diversification, which will reduce funding costs over time

FY 2012 results

FY 2012 Group profit



Amounts in m EUR

- Net underlying profit of 1.5bn EUR in 2012
  - Good revenue generation excluding deconsolidated entities (increase of net fee & commission income, net gains from FIFV and other income more than offset the decline in NII)
  - Strict cost management (+2% y-o-y, in line with inflation)
  - Significantly lower impairment charges
- Net reported profit in 2012 was negatively impacted by:
  - 0.8bn EUR net impact from divestments
  - 0.5bn EUR M2M losses on own credit risk

  partly offset by:
  - 0.4bn EUR unrealised gains on CDOs/MBIA

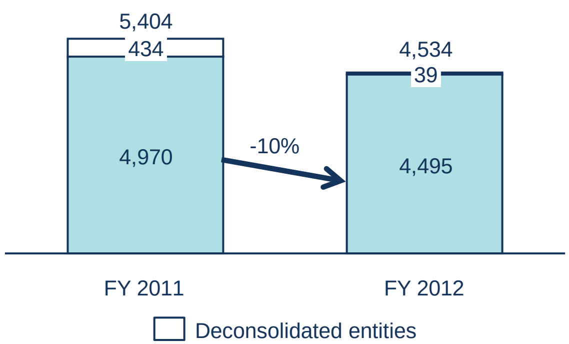
Highlights of underlying FY 2012 results

- Net underlying profit of 1.5bn EUR
- On a comparable basis:
  - Loan volumes rose by 1% y-o-y, while deposit volumes rose by 9% y-o-y
  - Net interest income decreased by 10% y-o-y due to a lower net interest margin (1.81% in 2012 compared to 1.96% in 2011).
  - Sharply higher sales of unit-linked products, only partly offset by lower sales of 'guaranteed interest' products. Gross earned premiums for non-life increased by 4% y-o-y. Good combined ratio at 95%
  - Net fee and commission income slightly up by 2% y-o-y
  - 78% higher trading and fair value income
  - Operating expenses rose by 2% y-o-y, which is to a large extent related to higher banking tax expenses and higher staff expenses
  - Significantly lower loan loss provisions, due in part to 'one-off' impairment charges for Hungary (FX law) and Bulgaria and impairment charges for Greek government bonds in 2011. FY2012 credit cost ratio stood at a satisfactory 0.71% (0.39% excluding Ireland)
- Consistently strong liquidity with a solid loan-to-deposit ratio of 78%
- Solvency: strong capital base: pro forma tier-1 ratio – including the effect of divestments, which have been signed, but not yet closed – at 14.6% (with a core tier-1 ratio of 12.5%). Basel 3 common equity ratio (fully loaded) well above the 10% target
- Given strong solvency ratios, a gross dividend per share of 1.00 EUR will be proposed at the AGM for this year

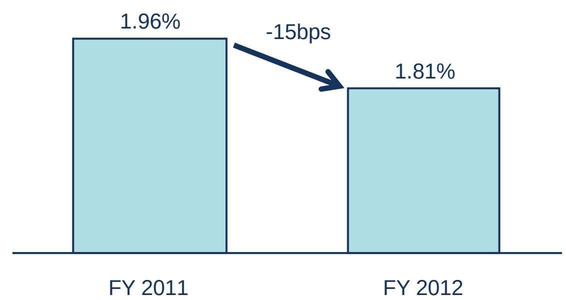
Lower net interest income

Underlying performance on a comparable basis

Net Interest Income



Net Interest Margin



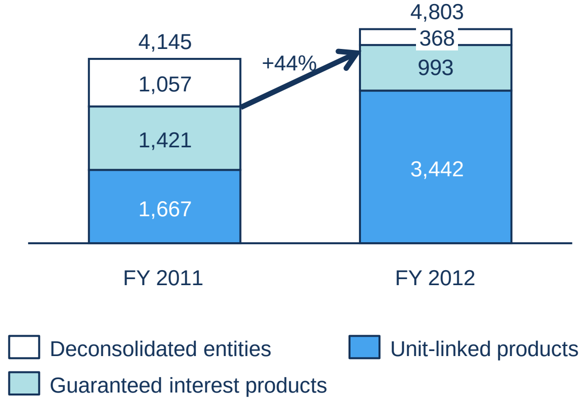
- On a comparable basis (excluding divestments), net interest income fell 10% y-o-y due to lower reinvestment yields (mainly due to reduced GIIPS exposure and declining interest rates) and higher senior debt costs. However, commercial margins remained sound
- On a comparable basis, loan volumes rose by 1% y-o-y, with continued growth in our home markets (+5% y-o-y in the BE BU and +4% y-o-y in the CEE BU), partly offset by a reduced corporate loan book in the MEB BU
- Deposit volumes rose by 9% y-o-y on a comparable basis: +5% in the BE BU, +2% in the CEE BU and +23% in the MEB BU

Amounts in m EUR

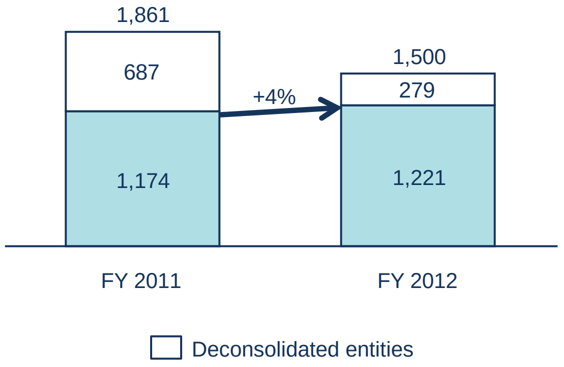
Insurance business – premium trend

Underlying performance on a comparable basis

Sales – Life (gross written premium)



Gross Earned Premium – Non-Life



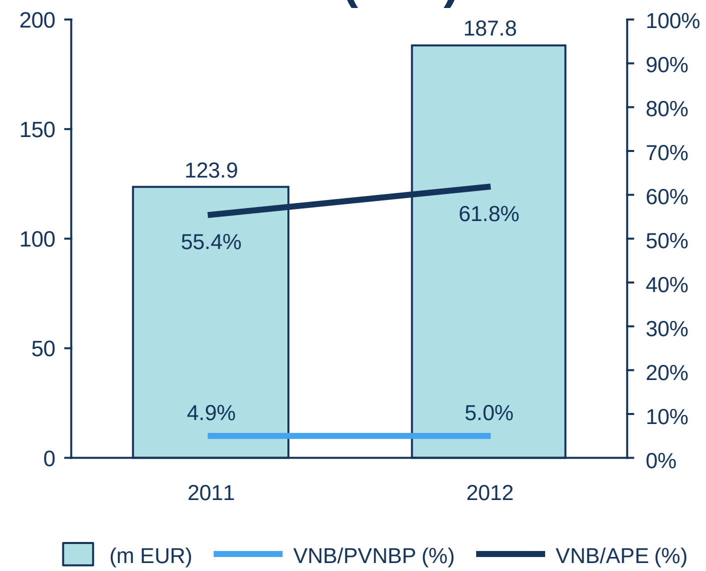
- On a comparable basis, life insurance sales rose by 44% y-o-y: sharply higher sales of unit-linked products (+106% y-o-y), only partly offset by lower sales of ‘guaranteed interest’ products (-30% y-o-y)
- Gross earned premiums for non-life increased by 4% y-o-y on a comparable basis

Amounts in m EUR

Good combined ratio and VNB

Combined ratio (Non-Life)

VNB (Life)*



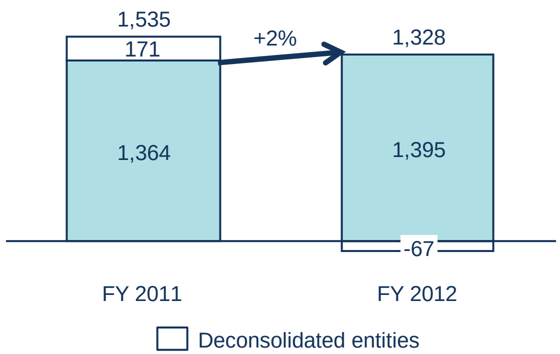
- The non-life combined ratio for the full year 2012 stood at a good 95%
- VNB rose by 52% y-o-y to 188m EUR thanks to more profitable business such as unit-linked and term insurance contracts

* Around 25% of the total VNB is generated through the inclusion of the expected future profits arising from the management of unit-linked funds by KBC Asset management
- VNB = Value of New Business = present value of all future profits attributable to the shareholders from the new life insurance policies written during the year
- VNB/PVNBP = VNB at point of sale compared to the Present Value of New Business Premiums. This ratio reflects the margin earned on total premiums
- VNB/APE = VNB at point of sale compared to the Annualised Premium Equivalent. This ratio reflects the margin earned on recurrent premiums and 1/10th of single premiums

Higher net F&C income

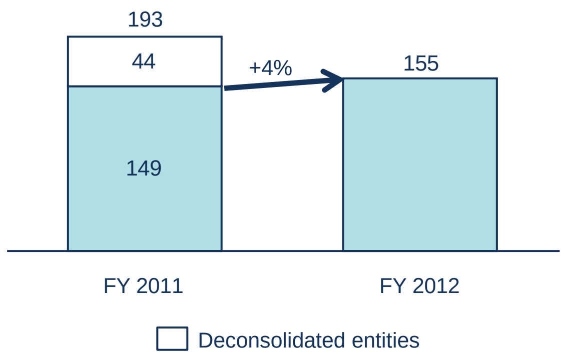
Underlying performance on a comparable basis

Net Fee & Commission Income



Assets Under Management

Amounts in bn EUR



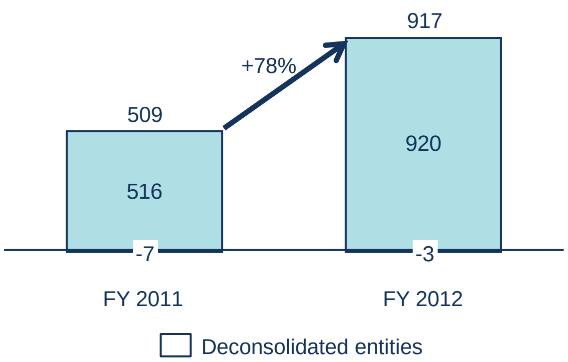
- On a comparable basis, net fee and commission income increased slightly by 2% y-o-y, mainly thanks to the sharply higher sales of unit-linked products
- Assets under management at 155bn EUR (+4% y-o-y, due entirely to a positive price trend, offsetting slightly net outflows): 144bn EUR in Belgium and 11bn EUR in CEE

Amounts in m EUR

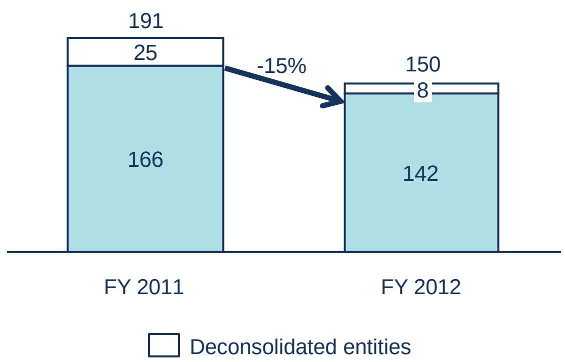
Higher trading and fair value income

Underlying performance on a comparable basis

FV gains



Gains realised on AFS



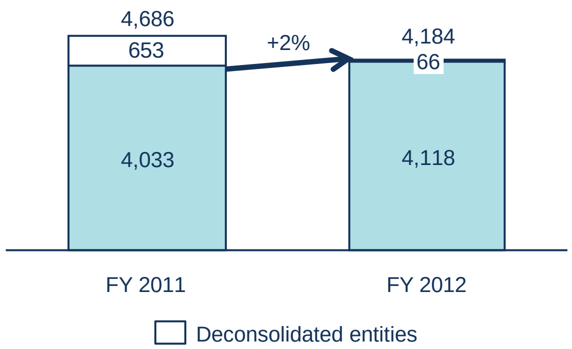
- Trading and fair value income 78% higher y-o-y, driven mainly by satisfactory dealing room results and a positive CVA (Counterparty Value Adjustment)
- 15% y-o-y lower realised gains on available-for-sale investments, partly due to realised losses related to the sale of GIIPS government bonds

Amounts in m EUR

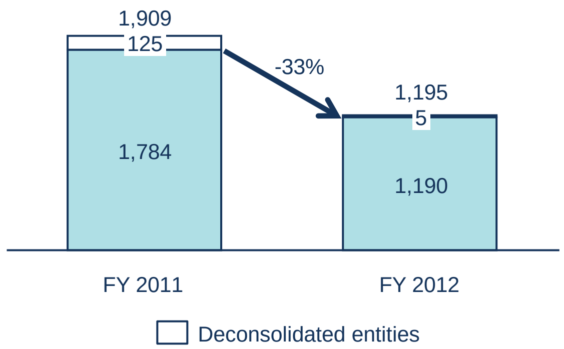
Costs under control, significantly lower impairments

Underlying performance on a comparable basis

Operating expenses



Asset impairment



- Operating expenses rose by 2% y-o-y, which is to a large extent related to higher banking tax expenses and higher staff expenses (inflation-linked in Belgium). Underlying cost/income ratio for the banking business stood at 57% in 2012 (56% excluding the 5-5-5 bond provision in 1Q12), compared to 60% and 57%, respectively for FY 2011

- Significantly lower impairment charges (-33% y-o-y), as the 2011 impairment level was very high mainly due to the impairment charges on Greek government bonds and the one-off impairment charges in Bulgaria and Hungary

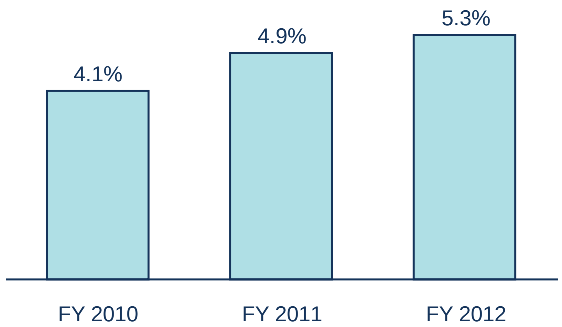
Amounts in m EUR

Credit cost ratio and NPL ratio

- Credit cost ratio fell to 0.71% (compared to 0.82% in 2011)

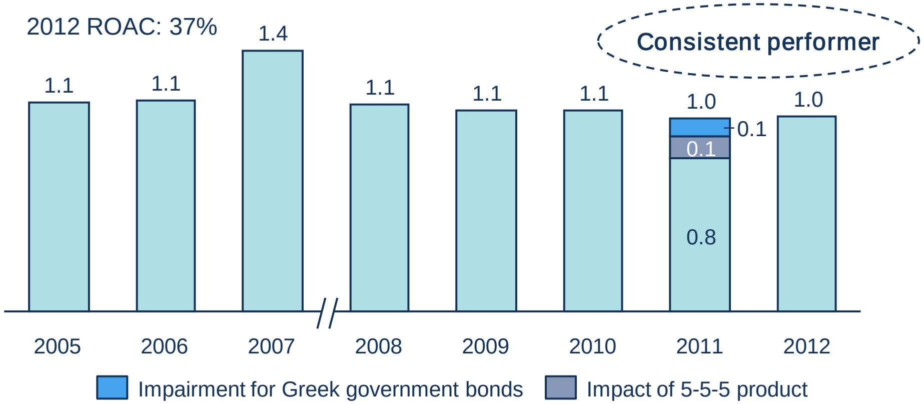
	Loan book	2007 FY	2008 FY	2009 FY	2010 FY	2011 FY	2012 FY
		‘Old’ BU reporting			‘New’ BU reporting		
Belgium	**59bn**	0.13%	0.09%	0.17%	0.15%	0.10%	0.11%
CEE	**31bn**	0.26%	0.73%	2.12%	1.16%	1.59%	0.40%
CEE (excl. 2H11 one-offs)						0.69%	
Merchant B. (incl. Ireland)	**49bn**	0.02%	0.48%	1.32%	1.38%	1.36%	1.42%
Merchant B. (excl. Ireland)	**33bn**	0.02%	0.53%	1.44%	0.67%	0.59%	0.48%
Total Group	**141bn**	**0.13%**	**0.46%**	**1.11%**	**0.91%**	**0.82%**	**0.71%**

- The NPL ratio amounted to 5.3%

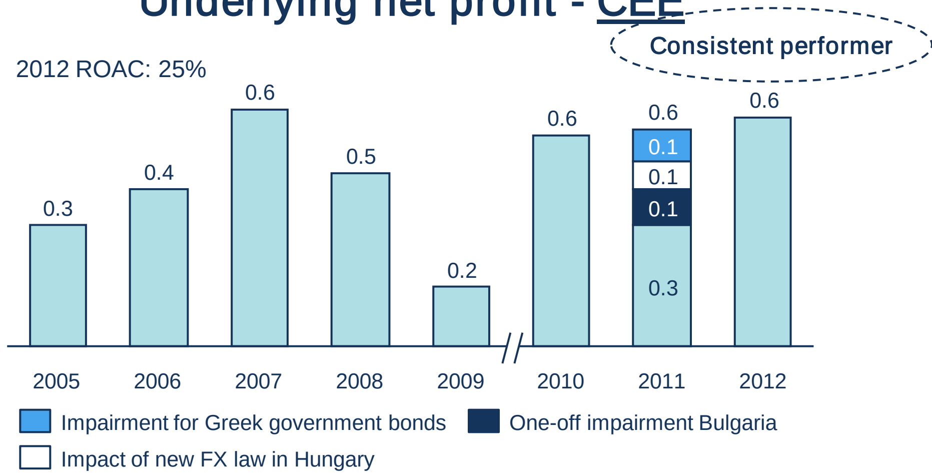


Satisfactory FY results in home markets

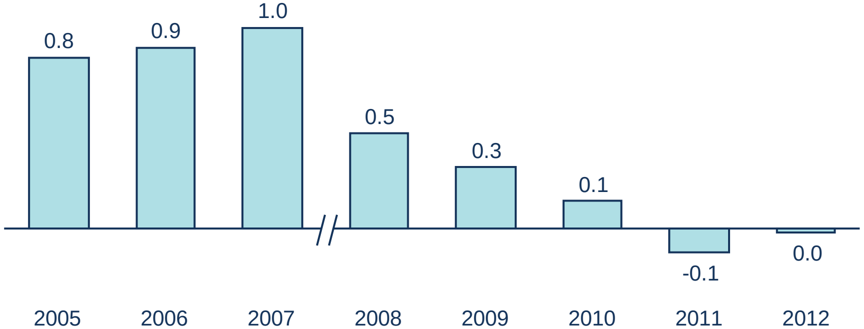
Underlying net profit - Belgium (retail)



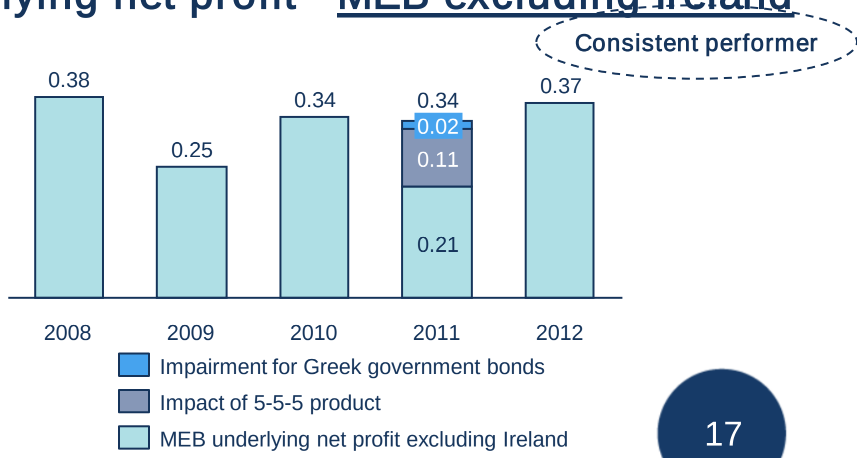
Underlying net profit - CEE



Underlying net profit - Merchant Banking (BE +Intl) (affected by Ireland)



Underlying net profit - MEB excluding Ireland



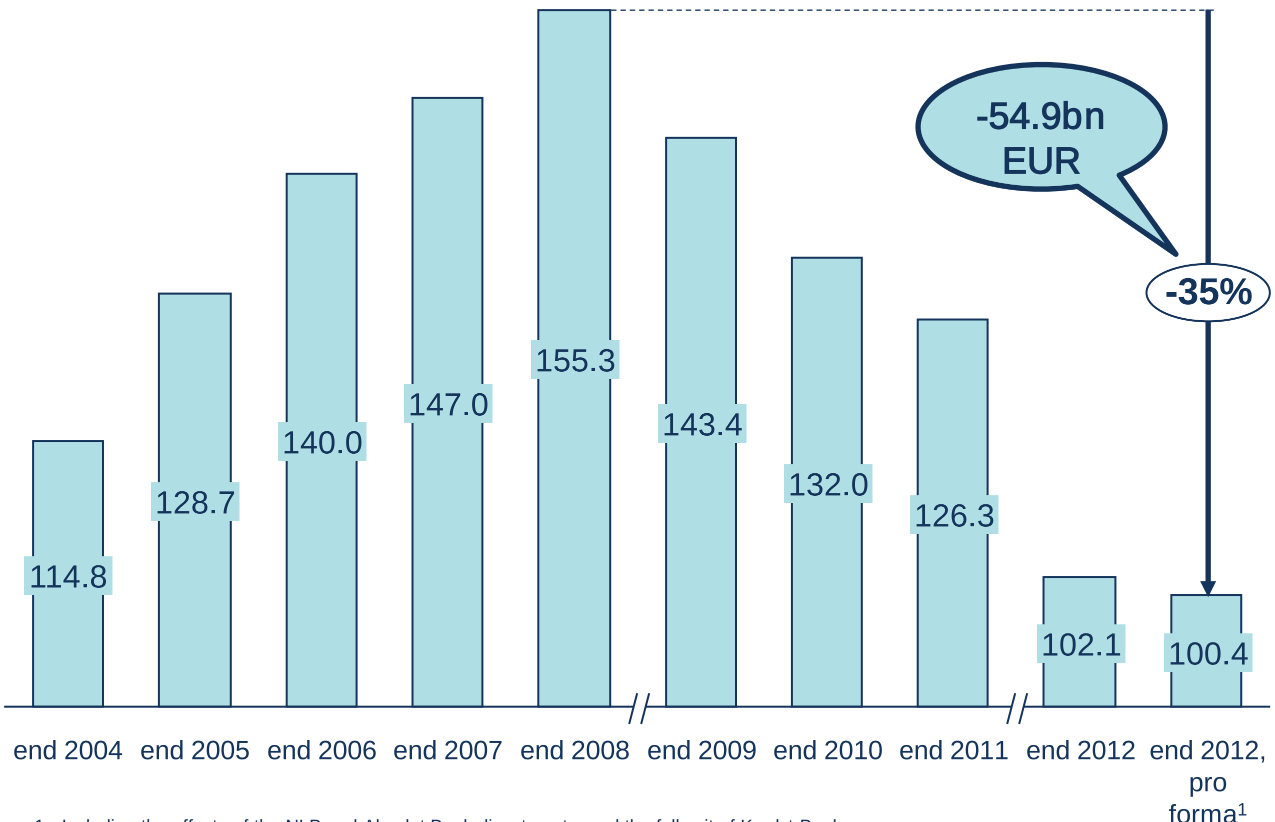
Amounts in bn EUR

Divestments and derisking

RWA reduced by more than initially planned

- 35% reduction in risk weighted assets between the end of 2008 and 2012 due mainly to divestment activities
  - Divestments of KBC companies have taken place on a large scale since 2009: >20 entities

KBC Group risk weighted assets (in bn EUR)



1. Including the effects of the NLB and Absolut Bank divestments, and the full exit of Kredyt Bank

Selected Divestments

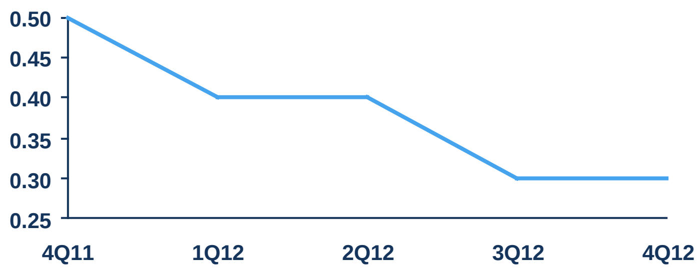
KBC FP Convertible Bonds	✓
KBC FP Asian Equity Derivatives	✓
KBC FP Insurance Derivatives	✓
KBC FP Reverse Mortgages	✓
KBC Peel Hunt	✓
KBC AM in the UK	✓
KBC AM in Ireland	✓
KBC Securities BIC	✓
KBC Business Capital	✓
Secura	✓
KBC Concord Taiwan	✓
KBC Securities Romania	✓
KBC Securities Serbia	✓
Organic wind-down of international MEB loan book outside home markets	✓
Centea	✓
Fidea	✓
Warta	✓
KBL *European Private Bankers*	✓
Zagiel	✓
Kredyt Bank	✓
NLB	Signed
Absolut Bank	Signed
KBC Bank Deutschland	Work-in-progress
Antwerp Diamond Bank	Work-in-progress
KBC Banka	Work-in-progress

Update on outstanding* CDO exposure at KBC (FY 2012)

Outstanding CDO exposure (bn EUR)	Notional	Outstanding markdowns
- CDO exposure protected with MBIA - Other CDO exposure	10.1 5.4	-0.5 -3.4
TOTAL	15.5	-3.9

Amounts in bn EUR	Total
Outstanding value adjustments Claimed and settled losses - Of which impact of settled credit events	-3.9 -2.2 -2.1

Negative P&L impact** of a 50% widening in corporate and ABS credit spreads

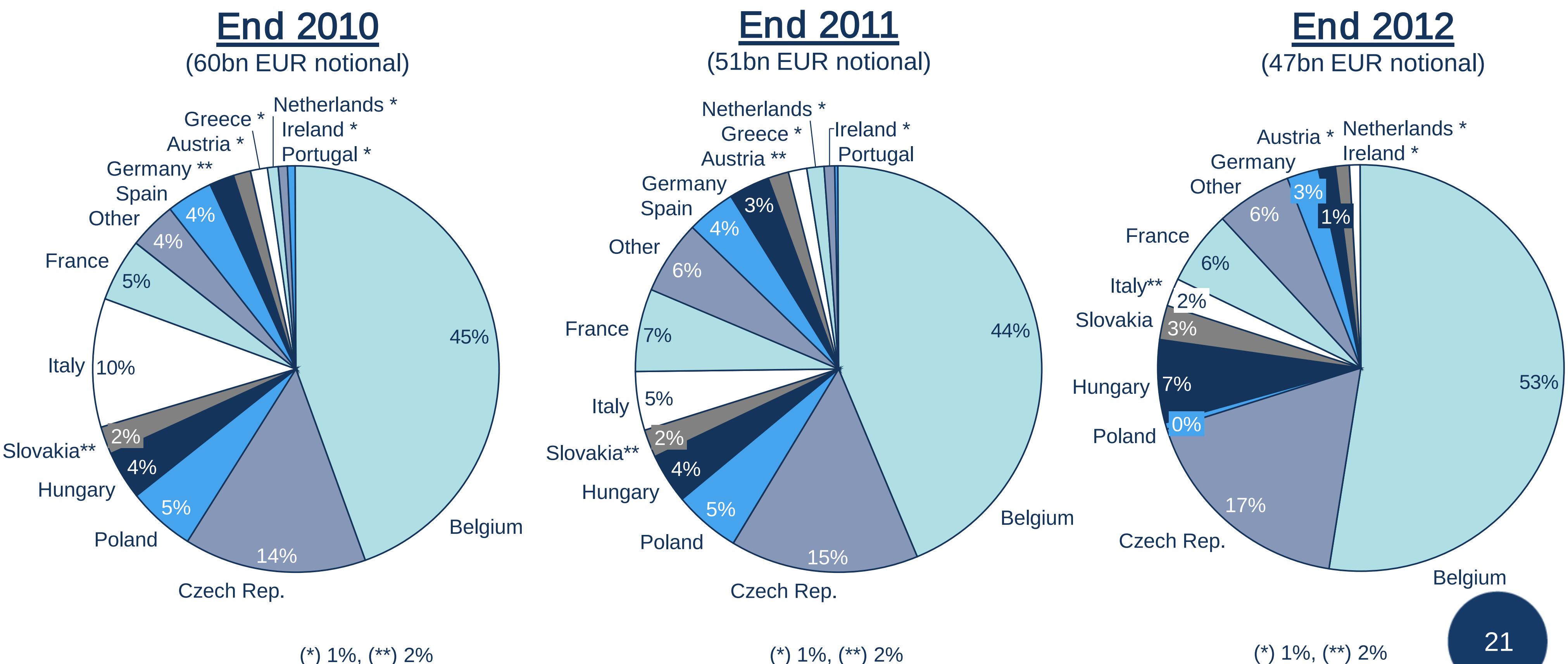


- The total notional amount remained stable throughout the last quarter. The outstanding markdowns decreased as a result of the credit spread tightening
- Claimed and settled losses amounted to 2.2bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 8.9% cumulative loss in the underlying corporate risk (approx. 85% of the underlying collateral consists of corporate reference names)
- P&L sensitivity significantly reduced thanks to derisking activities
- Reminder: CDO exposure largely written down or covered by a State guarantee

* Figures exclude all expired, unwound or terminated CDO positions
** Taking into account the guarantee transacted with the Belgian State and a provision rate for MBIA at 80%

Government bond portfolio

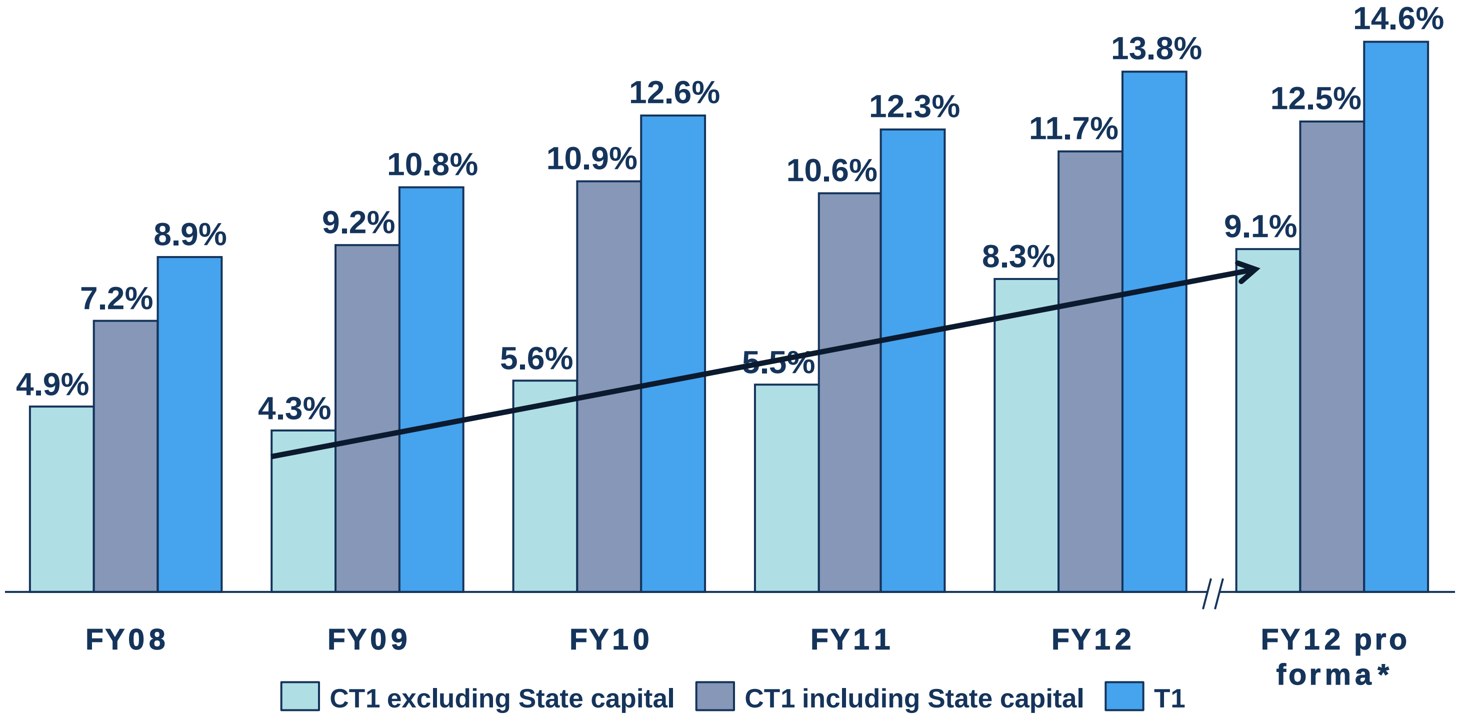
- Notional investment of 47bn EUR in government bonds (excl. trading book) at end of 2012, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves into fixed-income instruments
- GIIPS exposure down by 65% since the end of 2011, to 1.7bn EUR carrying value at the end of 2012



Strong solvency and Solid liquidity

Strong capital position

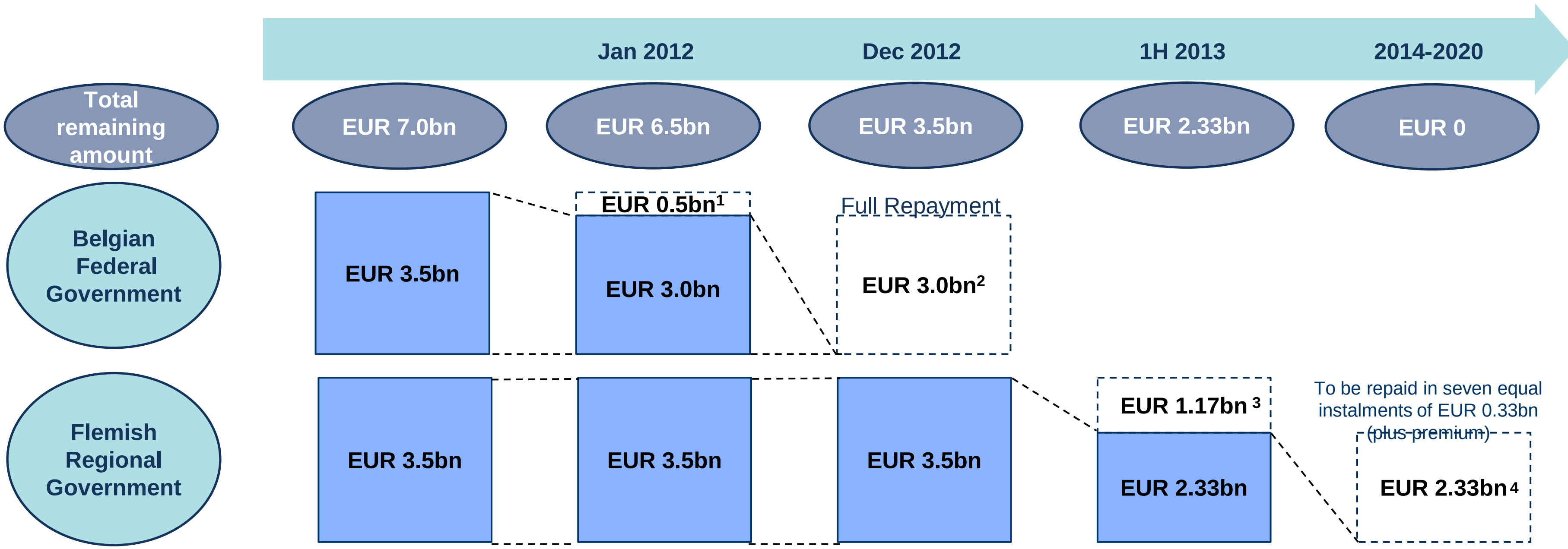
- Strong tier-1 ratio of 13.8% (14.6% pro forma) at KBC Group as at end 2012, after proposed gross dividend of 1.00 EUR per share
- Pro forma core tier-1 ratio of 12.5% at KBC Group (including the impact of the signed divestments of Absolut Bank, NLB and a full exit of Kredyt Bank/BZWBK)



* FY12 pro forma CT1 includes the effects of 1) the signed divestments of Absolut Bank and NLB, and 2) a full exit of Kredyt Bank/BZWBK

Assessment of the State aid position repayment schedule

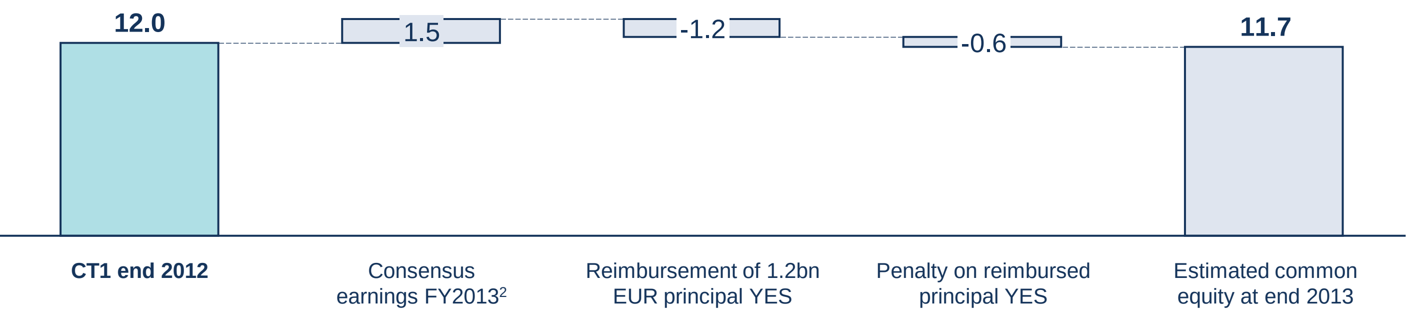
- KBC announced the accelerated full repayment of 3.0bn EUR of State aid to the Belgian Federal Government in December 2012, approved by the NBB, and its intention to accelerate repayment of 1.17bn EUR of State aid to the Flemish Regional Government in 1H13
- KBC is committed to repaying the remaining outstanding balance of 2.33bn EUR issued to the Flemish Regional Government in seven equal instalments of 0.33bn EUR (plus premium) over the 2014-2020 period (KBC however has the option to further accelerate these repayments)



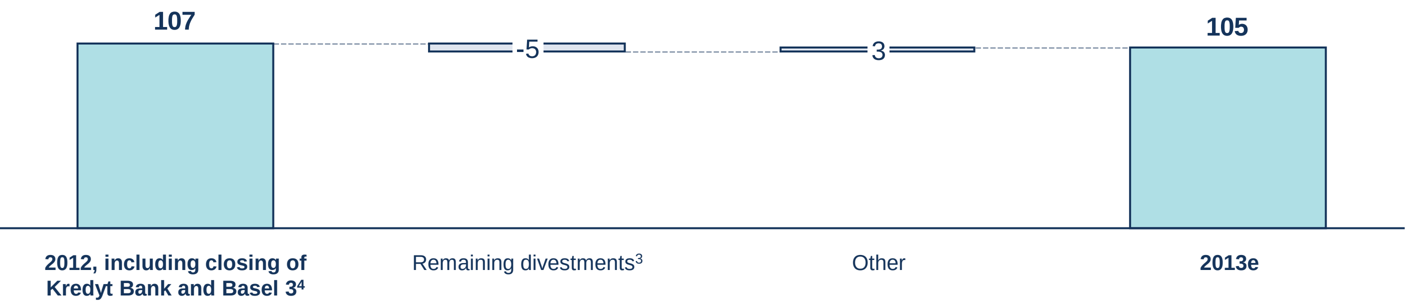
1. Plus 15% premium amounting to 75m EUR
2. Plus 15% premium amounting to 450m EUR
3. Plus 50% premium amounting to 583m EUR
4. Plus 50% premium amounting to 1,165m EUR

Estimated common equity at end 2013 Phased in B3[1]

B3 impact at numerator level (bn EUR)



RWA impact (bn EUR)

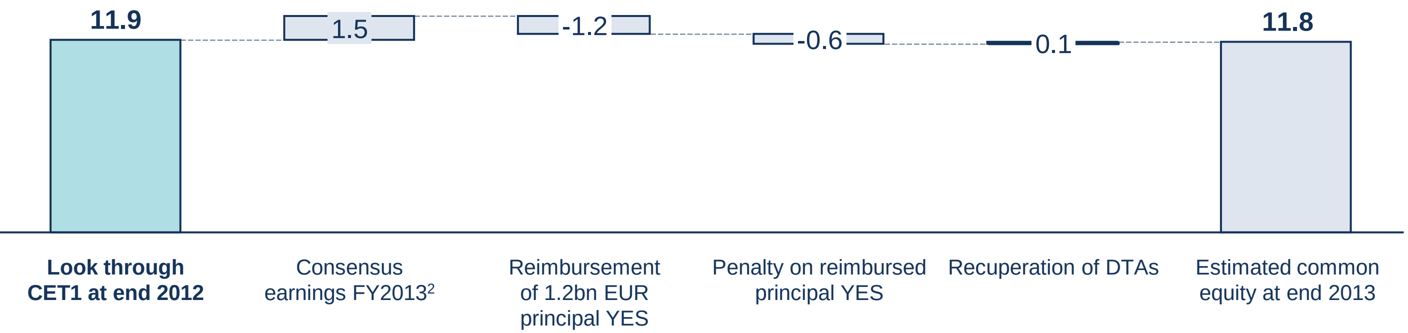


- Phased in B3 common equity ratio of approx. 11.2% at end 2012
- Phased in B3 common equity ratio of approx. 11.2% at end 2013

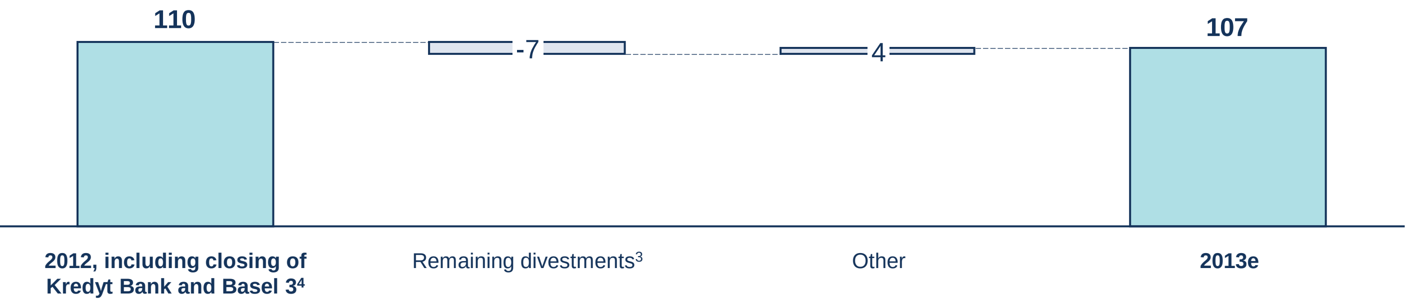
1. Given remaining State aid being part of CET1 as agreed with local regulator
2. Based on average earnings consensus estimates of 12 sell-side equity analysts collected by KBC during the period from 28 January 2013 to 1 February 2013 of 1,474m EUR for 2013
3. Remaining divestments include Absolut Bank, NLB, KBC Bank Deutschland, Antwerp Diamond Bank, KBC Banka
4. After a model refinement, the Basel 3 impact on RWA is 4.6bn EUR in a phased in scenario and 6.1bn EUR in a fully loaded scenario

Estimated common equity at end 2013 Fully loaded B3[1]

B3 impact at numerator level (bn EUR)



RWA impact (bn EUR)



- Fully loaded B3 common equity ratio of approx. 10.8% at end 2012
- Fully loaded B3 common equity ratio of approx. 11.0% at end 2013
- Announced intention to maintain a fully loaded common equity ratio of 10% as of 01-Jan-2013

1. Given remaining State aid being part of CET1 as agreed with local regulator
2. Based on average earnings consensus estimates of 12 sell-side equity analysts collected by KBC during the period from 28 January 2013 to 1 February 2013 of 1,474m EUR for 2013
3. Remaining divestments include Absolut Bank, NLB, KBC Bank Deutschland, Antwerp Diamond Bank, KBC Banka and the stake in BZWBK
4. After a model refinement, the Basel 3 impact on RWA is 4.6bn EUR in a phased in scenario and 6.1bn EUR in a fully loaded scenario

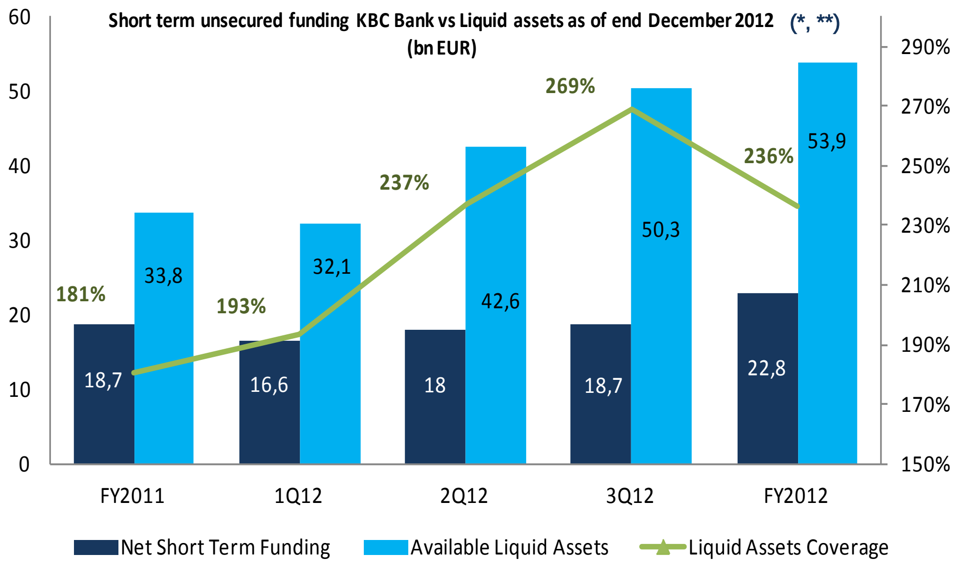
A solid liquidity position (1)

- KBC boasts excellent liquidity ratios as the liquid assets buffer covers over double the short term wholesale funding needs

- KBC's funding needs decreased further due to the recent divestments and the continued efforts to strengthen its client funding basis

- Following the successful issuance of an inaugural covered bond in the amount of 1.25bn EUR in December 2012, KBC also successfully issued a second covered bond of 750m EUR and a 1bn USD contingent capital note in January 2013. As a result, KBC is well ahead of its 2013 funding plan

A solid liquidity position (2)



* According to IFRS5, the situation at the end of 2012 excludes the divestments that have not yet been finalised (Absolut Bank, KBC Deutschland, KBC Banka, ADB)

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

The available liquid assets further increased in comparison with the end of September 2012, due to the following factors:

- Increased investments in highly liquid assets and positive MtM
- The automation of the credit claims pledging process allows KBC to pledge - if needed - an additional 3.7bn EUR's worth (after haircuts) of loans at NBB

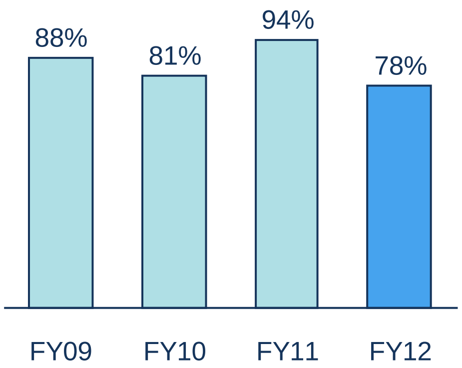
Therefore, the already very strong liquidity position remained at a comfortable level:

- **Unencumbered assets are more than double the amount of the net recourse on short-term wholesale funding**
- **Funding from non-wholesale markets is stable funding from core customer segments in our home markets**

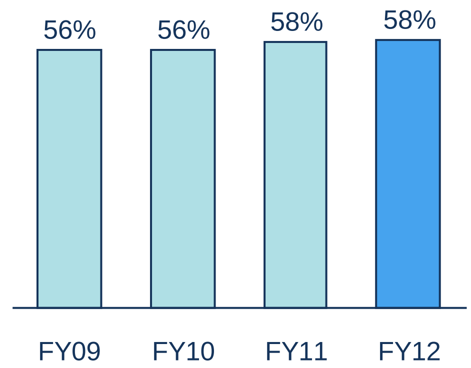
A solid liquidity position (3)

- LTD ratio of 78% at KBC Bank by the end of 2012
- The LTD decrease in 2012 is the result of 1) stronger deposit growth compared to loan growth, 2) the fierce contraction of ST deposits in 4Q11 and 3) a higher pool of pledgeable loans (e.g. securitised loans, covered bonds and ECB eligible loans)

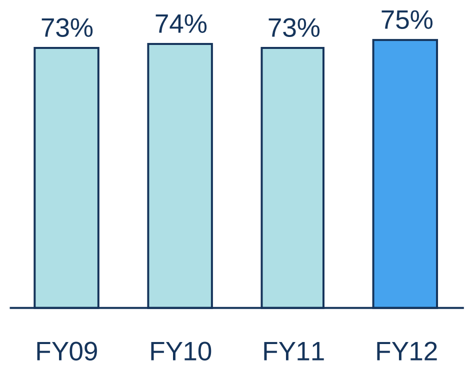
LTD ratio at KBC Bank*



LTD ratio at Belgium BU**



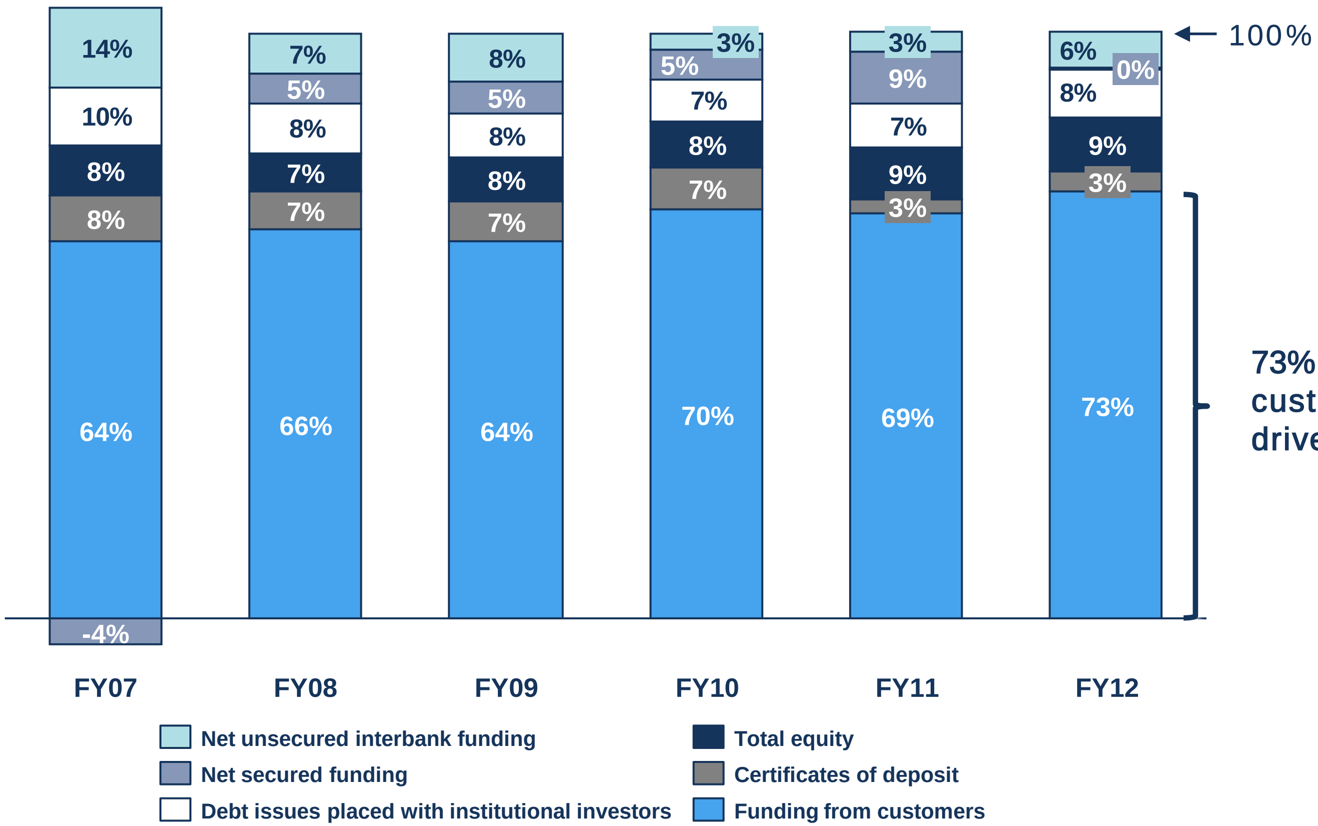
LTD ratio at CEE BU***

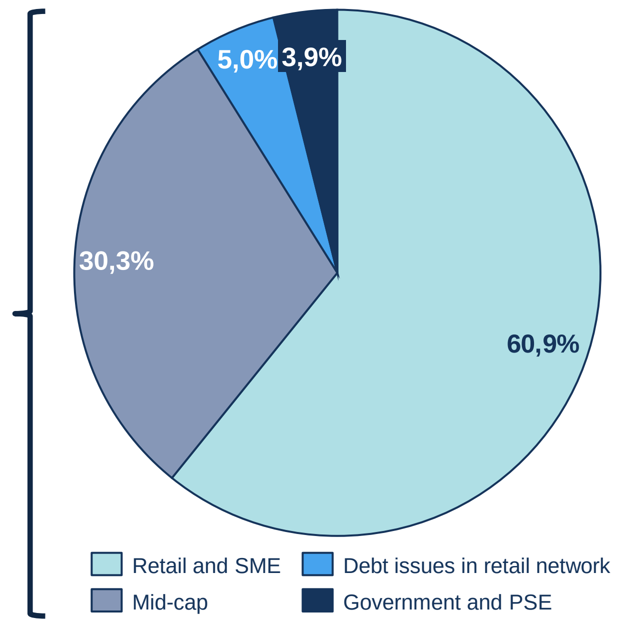


* Excluding all the entities earmarked for divestment in Group Centre: ADB, KBC Deutschland, KBC Banka and Absolut Bank
** Excluding Centea (retroactively adjusted)
*** Excluding Kredyt Bank and Absolut Bank

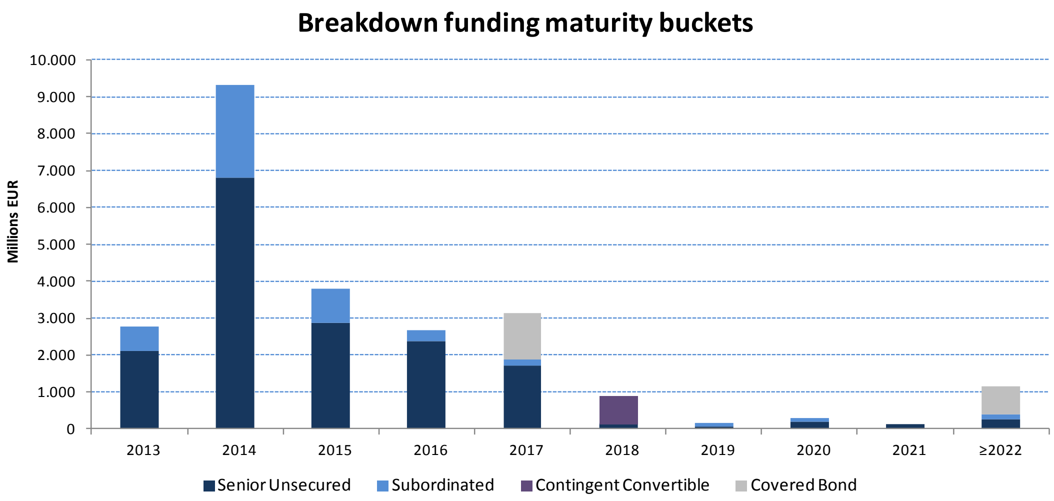
A solid liquidity position (4)

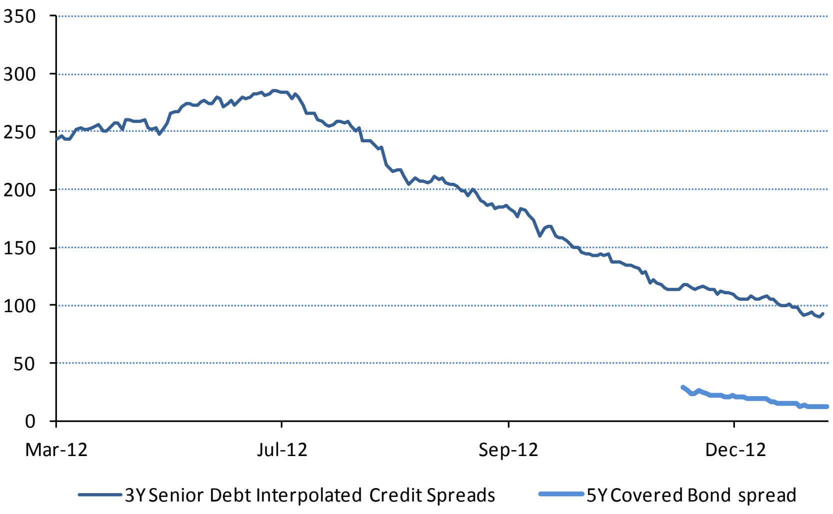
- KBC Bank continues to have a strong retail/mid-cap deposit base in its core markets – resulting in a stable funding mix with a significant portion of the funding attracted from core customer segments & markets





Upcoming mid-term funding maturities





- Following the successful issuance of an inaugural covered bond in the amount of 1.25bn EUR in December 2012, KBC also successfully issued a second covered bond of 750m EUR and a 1bn USD contingent capital note in January 2013. As a result, KBC is well ahead of its 2013 funding plan
- KBC's credit spreads narrowed during 2H12
- KBC Bank has 5 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Structured Notes using the private placement format
  - Covered bonds (which will support the funding mix diversification)

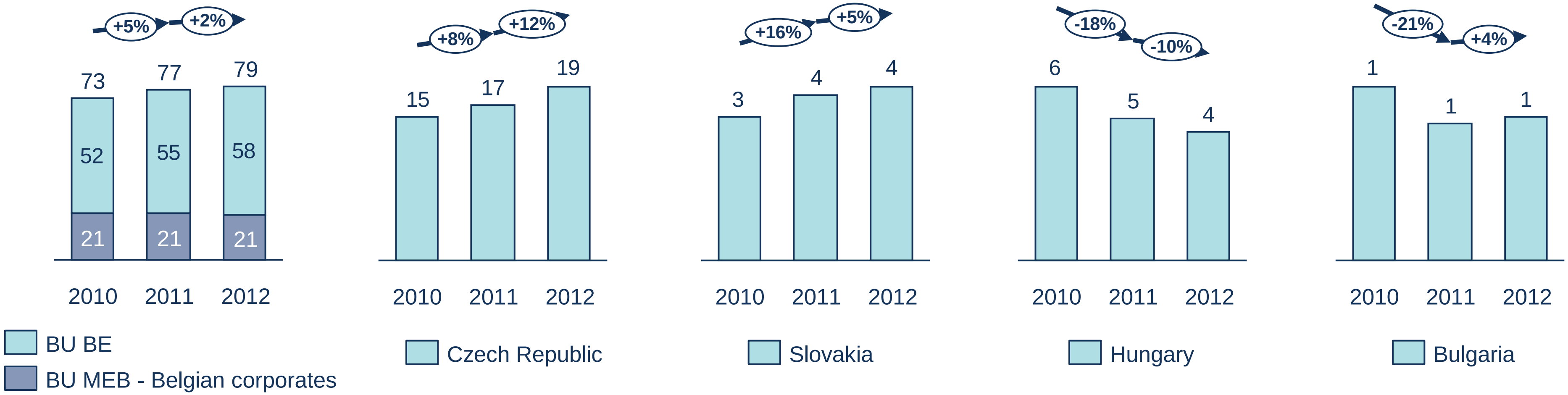
Wrap up

Wrap up

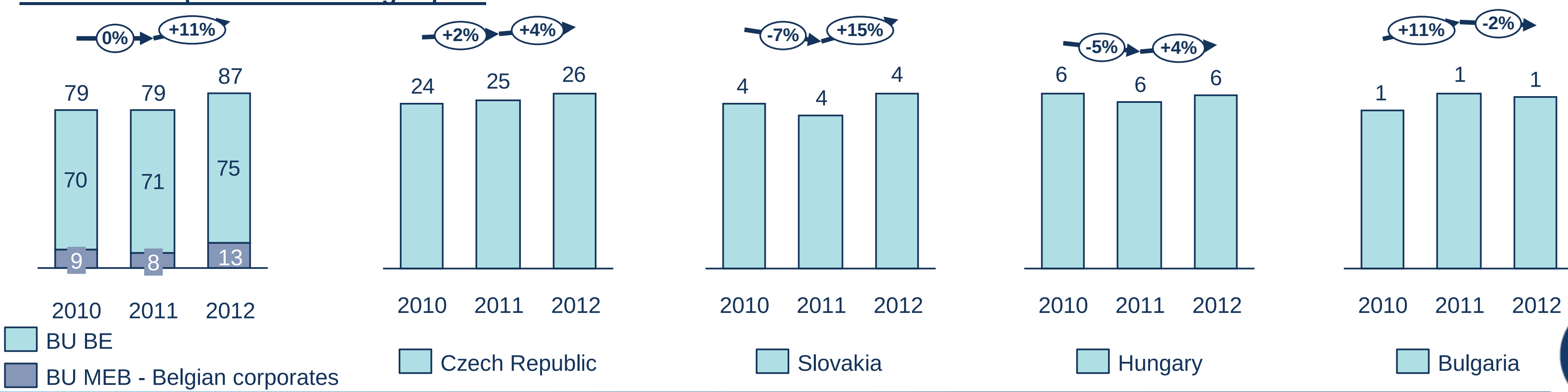
- Resilient business performance in core markets
- Refocus of KBC Group well-advanced
- Solid capital and robust liquidity positions
- Dividend proposal at the AGM

Loans and deposits in our core markets

Customer loans excluding reverse repo's



Customer deposits excluding repo's



Wrap up

- Resilient business performance in core markets
- Refocus of KBC Group well-advanced
- Solid capital and robust liquidity positions
- Dividend proposal at the AGM

KBC Group

2012 FY/4Q Results

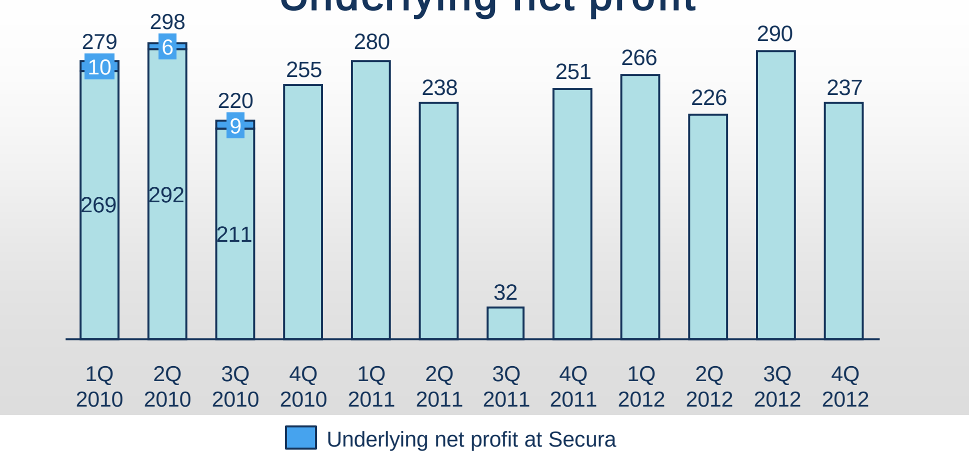
Q&A

Annex 1

4Q 2012 underlying performance of business units

Belgium Business Unit

Underlying net profit



Volume trend

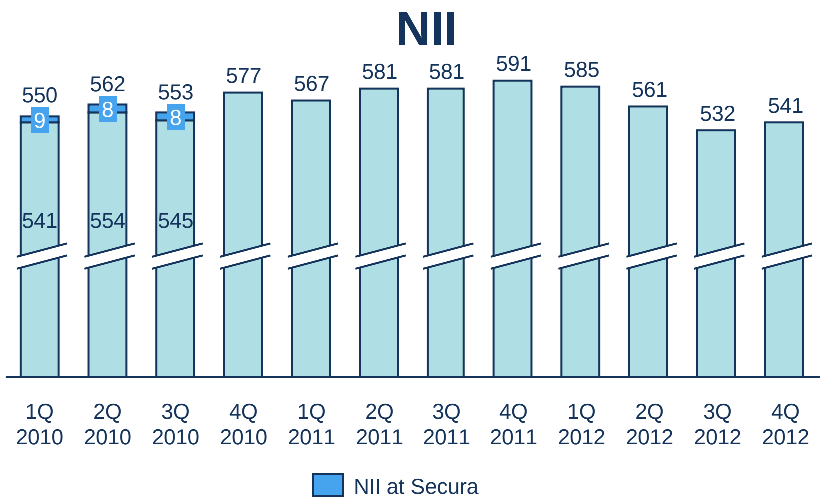
	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	58bn	31bn	75bn	144bn	25bn
Growth q/q*	+1%	+1%	+1%	+0%	+3%
Growth y/y	+5%	+5%	+5%	+5%	+13%

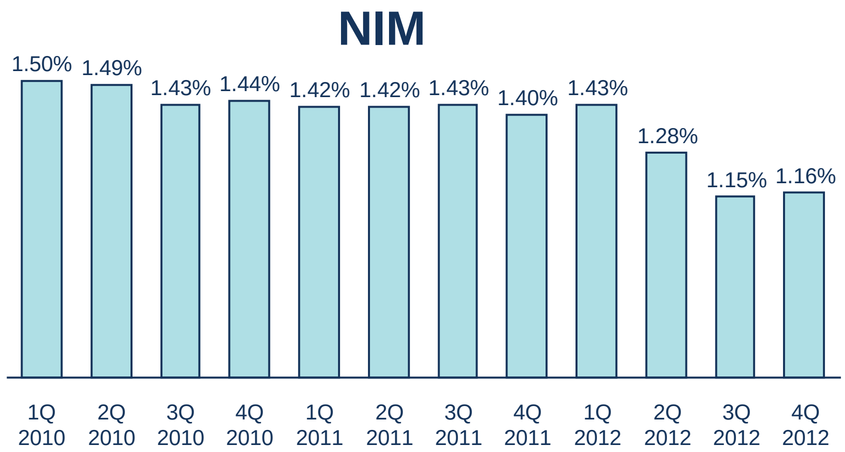
* *Non-annualised*
** *Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying net profit at the Belgium Business Unit amounted to 237m EUR
  - The quarter under review was characterised by slightly higher net interest income, strong unit-linked life insurance sales, higher gross technical charges non-life, increased net fee and commission income, higher costs and impairment charges
- Increase in q-o-q (+1%) and y-o-y (+5%) loan volume, driven by growth in mortgage loans
- Deposit volumes up 5% y-o-y and 1% q-o-q

Amounts in m EUR

Belgium Business Unit (2)



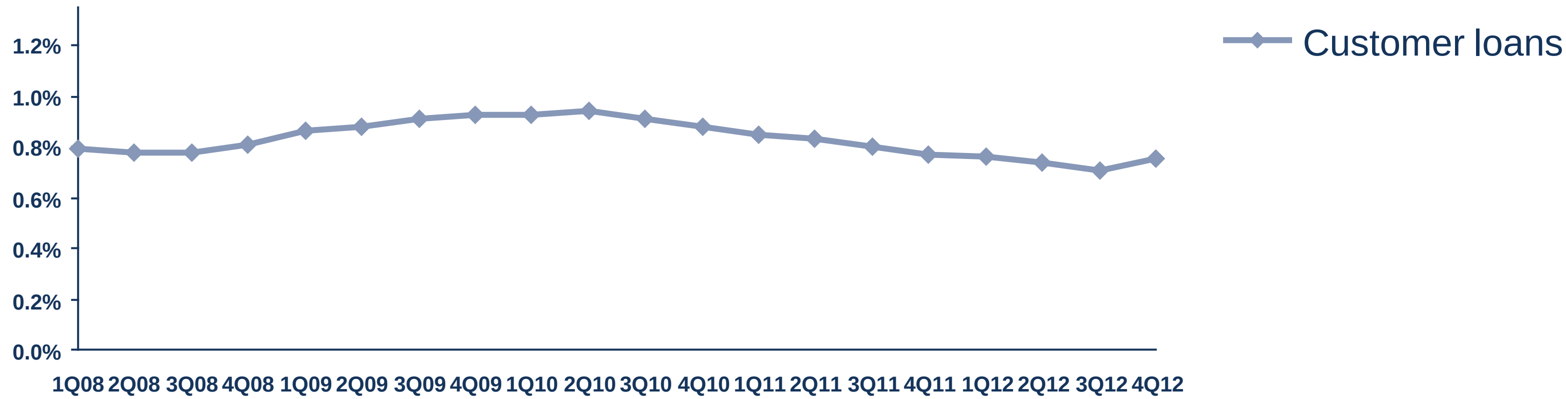


- Net interest income (541m EUR)
  - Up 2% q-o-q and down 8% y-o-y
  - The net interest margin widened by 1bp q-o-q to 1.16%, as sound commercial margins offset the negative impact of lower reinvestment yields (due in part to the reduced exposure to GIIPS during the last 2 years and declining interest rates). We recorded higher product margins in the branches for most products (except for current accounts and term deposits). For saving accounts, this can be explained by the decrease of the basic interest rate by 25bps in November

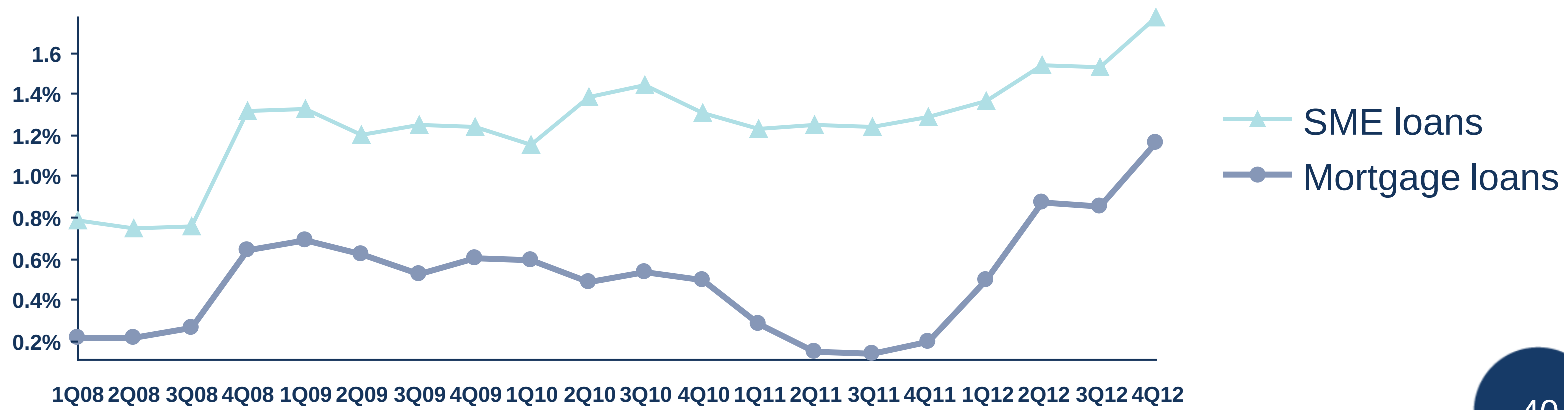
Amounts in m EUR

Credit margins in Belgium

Product spread on customer loan book, outstanding



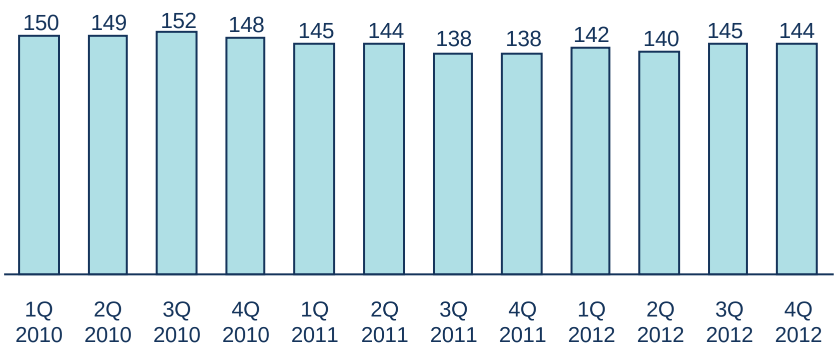
Product spread on new production



Belgium Business Unit (3)

F&C

AUM



Amounts in bn EUR

- Net fee and commission income (212m EUR)
  - Net fee and commission income increased by 28% y-o-y, driven mainly by higher management fees on mutual funds and the impact of successful sales of unit-linked products (the margin on those products is included in net fee and commission income). Net fee and commission income rose by 9% q-o-q thanks to higher income from mutual funds (both entry and management fees), explained in part by the successful savings campaign during 4Q12 and strong sales of unit-linked products

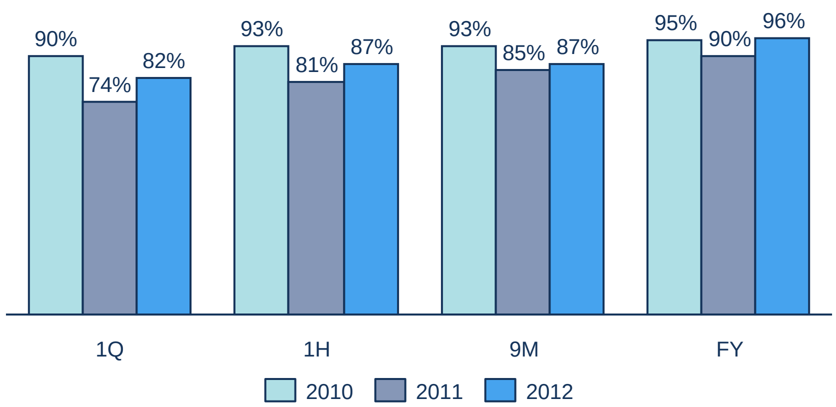
- Assets under management increased by 5% y-o-y (and almost stabilised q-o-q) to 144bn EUR, thanks entirely to a positive price effect

Amounts in m EUR

Belgium Business Unit (4)

Premium income (gross earned premium)

Combined ratio (Non-Life)



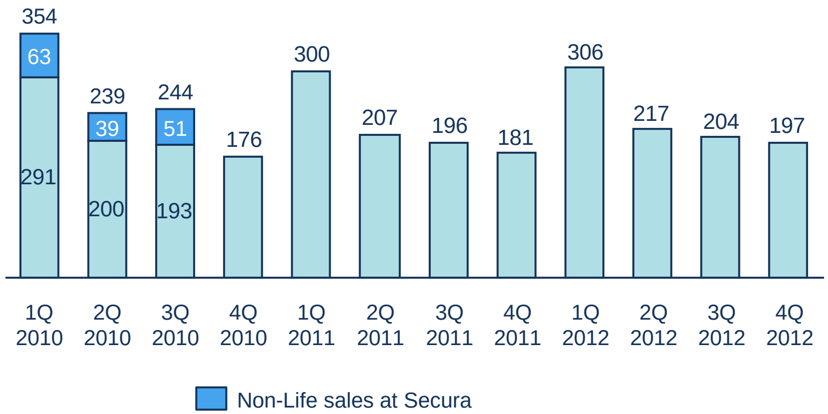
- Insurance premium income (gross earned premium) at 469m EUR
  - Non-life premium income (235m) up 3% q-o-q and 6% y-o-y (mainly in Fire and Motor insurance)
  - Life premium income (233m) up 41% q-o-q, but down 25% y-o-y due to 1) a deliberate shift from the sale of guaranteed interest products to the sale of unit-linked products and 2) a gradual decrease in the guaranteed interest rate on Life savings products during 2012

- Combined ratio amounted to 96% in 2012 (90% in 2011) as 4Q12 was negatively impacted by higher technical charges due to bad weather conditions, longevity reserves increase and new indicative tables for bodily injury claims

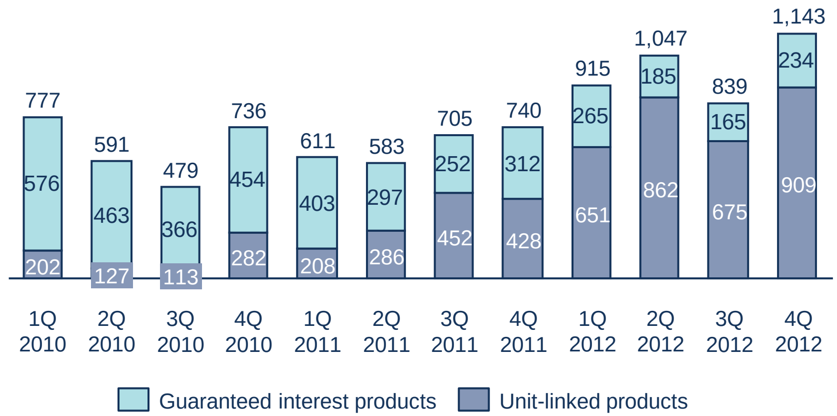
Amounts in m EUR

Belgium Business Unit (5)

Non-Life sales (gross written premium)



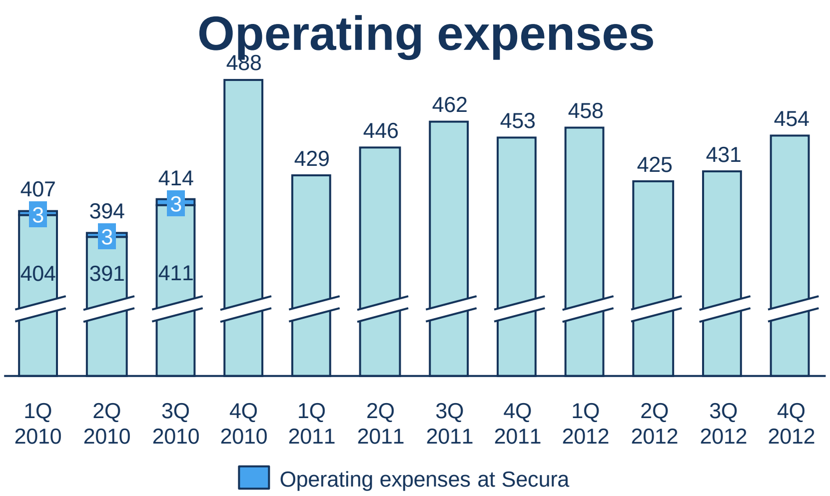
Life sales (gross written premium)

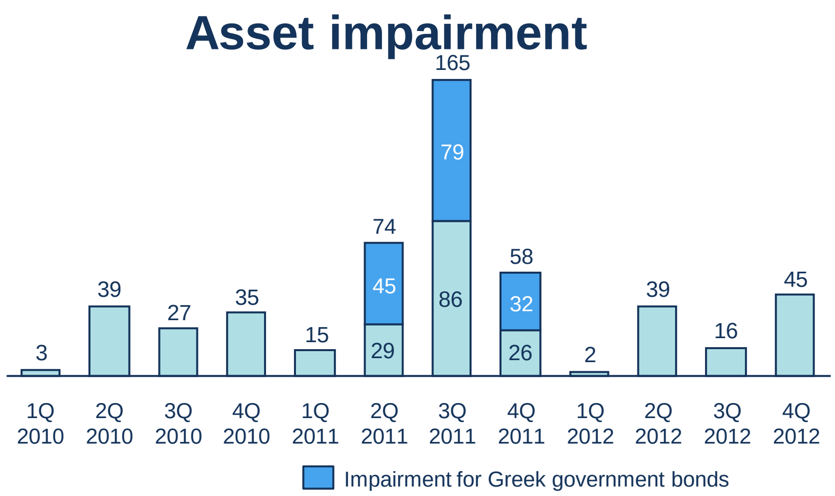


- Sales of Non-Life insurance products:
  - fell by 3% q-o-q, but rose by 9% y-o-y
- Sales of Life insurance products:
  - rose by 55% y-o-y, driven entirely by the higher sales of unit-linked products (thanks to extra commercial efforts), offset in part by deliberately lower sales of guaranteed interest products
  - rose by 36% q-o-q thanks to the successful savings campaign in October/November and the exceptionally high level of sales in December, benefitting from the expected insurance tax increase as from January 2013
  - As a result, guaranteed interest products and unit-linked products accounted for 20% and 80%, respectively, of life insurance sales in 4Q12 (22% and 78%, respectively, for FY 2012)

Amounts in m EUR

Belgium Business Unit (6)





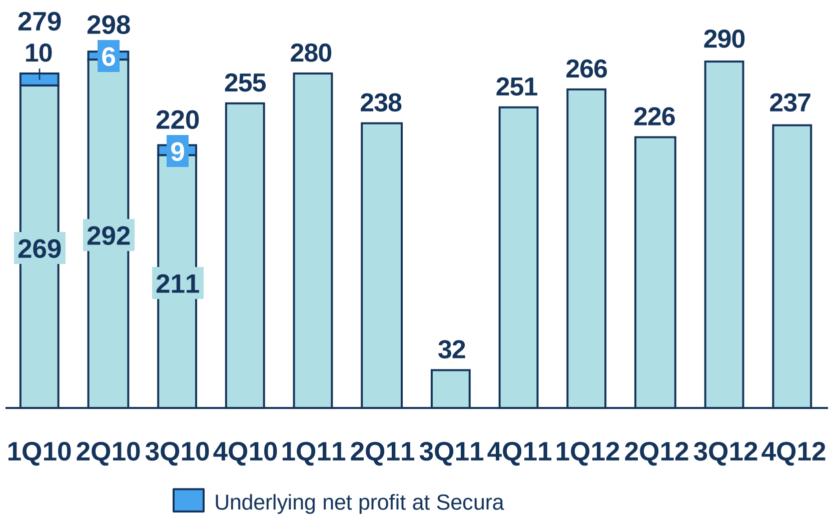
- Operating expenses: +5% q-o-q and flat y-o-y
  - The q-o-q increase is due mainly to seasonally higher marketing and ICT expenses, offset in part by lower staff expenses
  - Underlying cost/income ratio: 59% in 2012 (an improvement compared to 63% in 2011), and 58% excluding the provision for the 5-5-5 product in 1Q12
- Loan loss provisions amounted to 42m EUR in 4Q12. Credit cost ratio of 11 bps in 2012. NPL ratio at 1.6%. Limited impairments on AFS shares (2m EUR)

Amounts in m EUR

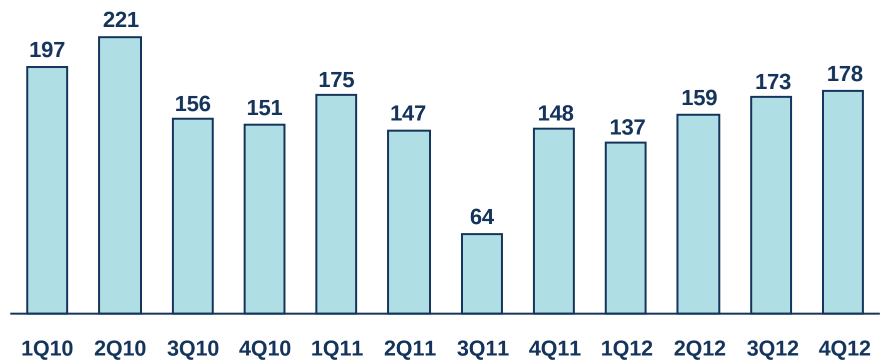
Underlying profit at the Belgium BU

Amounts in m EUR

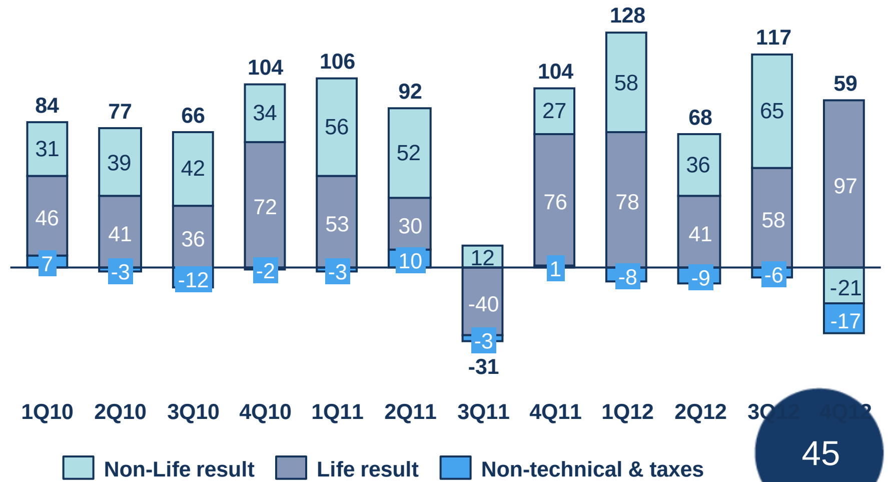
Underlying net profit at the Belgium BU *



Underlying net profit contribution of banking to the Belgium BU *



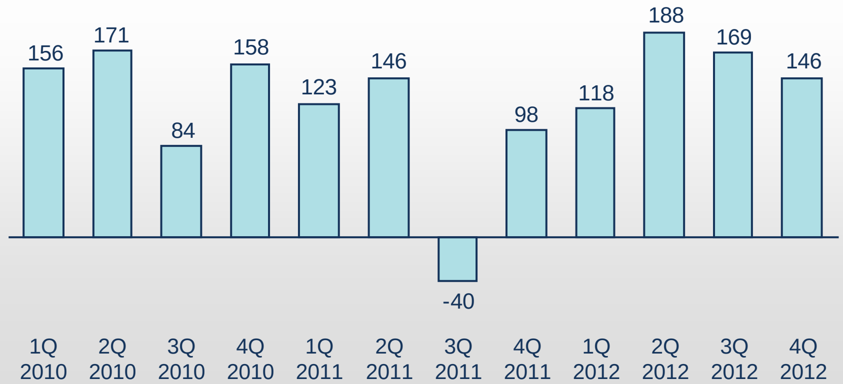
Underlying net profit contribution of insurance to the Belgium BU *



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

CEE Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	27bn	11bn	37bn	11bn	2bn
Growth q/q*	+1%	+2%	+3%	+8%	-1%
Growth y/y	+4%	+5%	+2%	+3%	+8%

** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying net profit at CEE Business Unit of 146m EUR
  - CEE profit breakdown: 124m Czech Republic, 13m Slovakia, 39m Hungary, 4m Bulgaria, -34m Other (due mainly to the recognition at KBC Group level for funding costs of goodwill)
  - Results were characterised by somewhat lower net interest income and net fee and commission income (both at CSOB Bank CZ), a better combined ratio and lower life insurance sales, higher costs (explained by higher marketing, restructuring and ICT expenses) and relatively low loan loss provisions
  - Profit contribution from the insurance business remained limited in comparison to the banking business.

Amounts in m EUR

CEE Business Unit (2)

Organic growth(*)

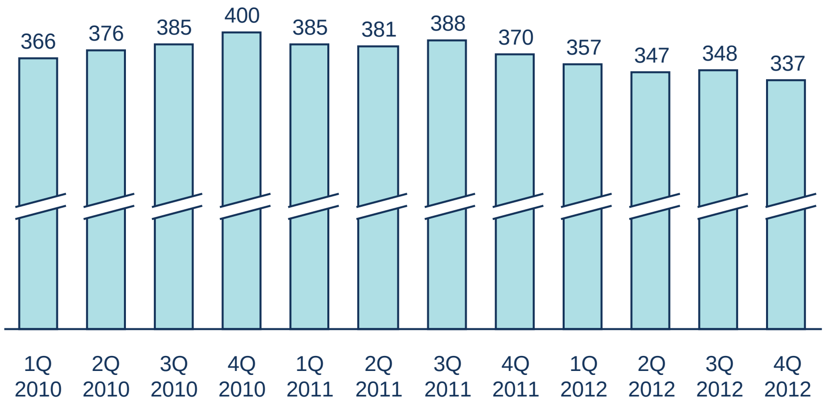
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	+3%	+9%	+2%	+12%	+3%	+2%
SK	+2%	+5%	+4%	+12%	+2%	+15%
HU	-5%	-15%	-2%	-19%	+5%	-3%
BU	+3%	+4%	+2%	-4%	-2%	-2%
TOTAL	**+1%**	**+4%**	**+2%**	**+5%**	**+3%**	**+2%**

- The total loan book rose by 1% q-o-q and 4% y-o-y. On a y-o-y basis, the increases in the Czech Republic (+9% y-o-y thanks to a continued increase in mortgage loans, but also an increase in corporate loans) and Slovakia (+5% y-o-y thanks to an increase in mortgage loans) were only partly offset by decreases in Hungary (where the trend was impacted not only by the FX mortgage relief programme, but also by a decreased corporate loan portfolio)
- Total deposits were up 3% q-o-q and 2% y-o-y
- Loan to deposit ratio at 75%

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

CEE Business Unit (3)

NII



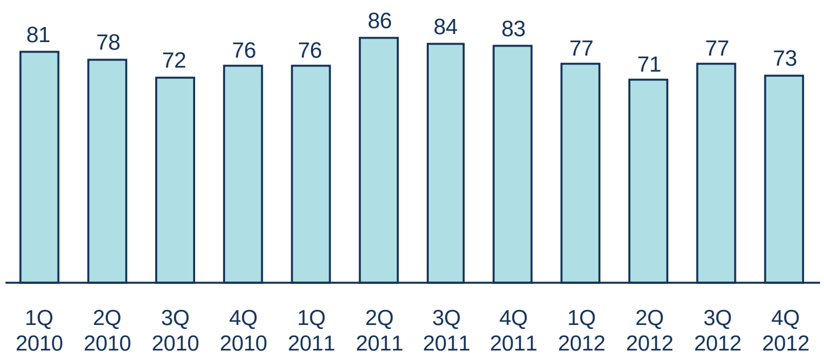
NIM

- Net interest income fell by 3% q-o-q and 9% y-o-y to 337m EUR (-3% and -10%, respectively, excluding FX effect)
  - The y-o-y decline can be explained mainly by a decrease in the loan portfolio at K&H Bank (following the repayment of FX mortgages in 2011 and a decreased corporate loan portfolio) and a lower reinvestment yield in the Czech Republic
  - The q-o-q decrease is due in full to a lower reinvestment yield and increased competition on deposits in the Czech Republic
- The net interest margin decreased by 14bps q-o-q and 38bps y-o-y to 2.89%. As mentioned above, this y-o-y decline was caused primarily by the lower amount of loans & receivables at K&H (especially the result of fewer FX mortgage loans with relative high margins) and a lower reinvestment yield in the Czech Republic

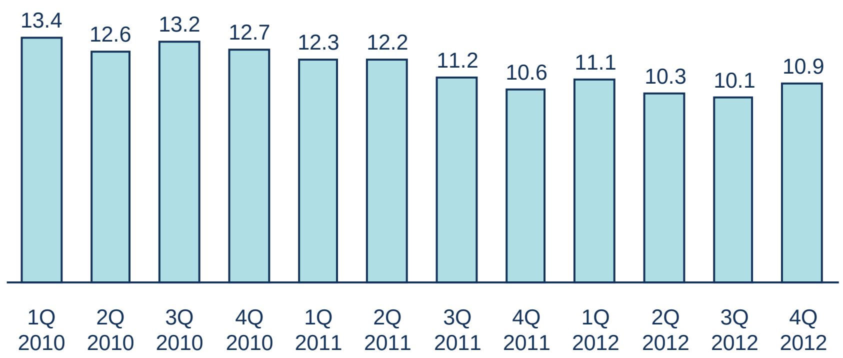
Amounts in m EUR

CEE Business Unit (4)

F&C



AUM



Amounts in bn EUR

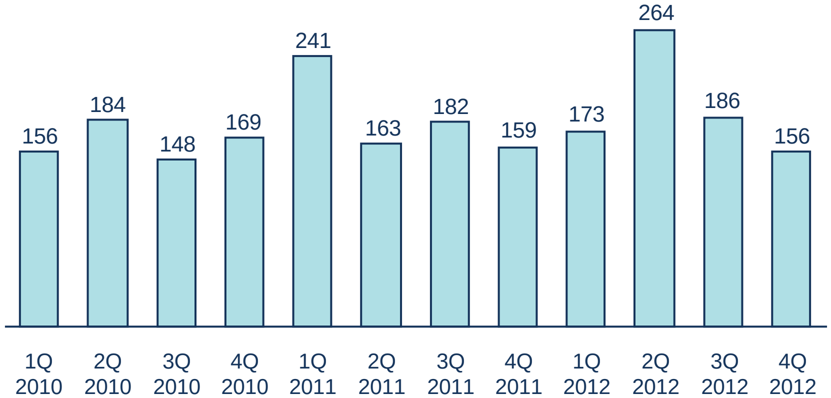
- Net fee and commission income (73m EUR) fell by 6% q-o-q and 12% y-o-y (or -5% q-o-q and -14% y-o-y, respectively, excluding the FX effect). The q-o-q decline is mainly attributable to the faster amortisation of deferred acquisition costs in the Czech Republic. The y-o-y decline is mainly due to amortisation of deferred acquisition costs and lower fee income in the Czech Republic

- Assets under management increased by 8% q-o-q to roughly 11bn EUR, essentially as a result of net inflows (+6%). Y-o-y, assets under management rose by 3%, driven by a large positive price effect (+13%) and net outflows (-10%)

Amounts in m EUR

CEE Business Unit (5)

Premium income (gross earned premium)



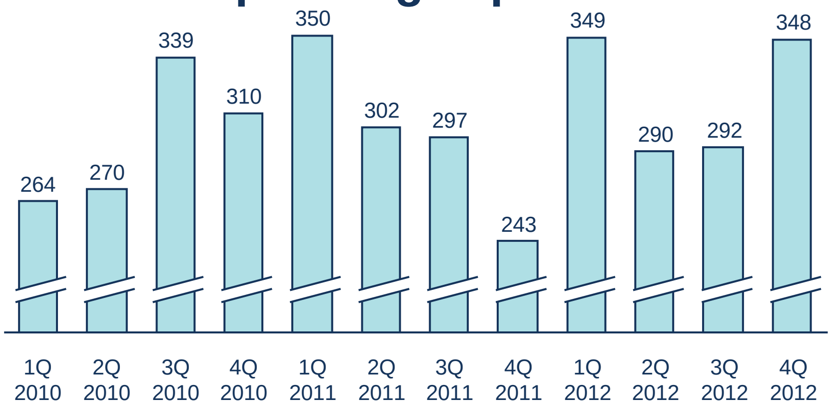
Combined ratio (Non-Life)

- Insurance premium income (gross earned premium) stood at 156m EUR
  - Non-life premium income (84m) stabilised both q-o-q and y-o-y
  - Life premium income (73m) sharply down q-o-q, mainly the result of strong sales of unit-linked products in the Czech Republic during 3Q12
- Combined ratio at 96% in 2012

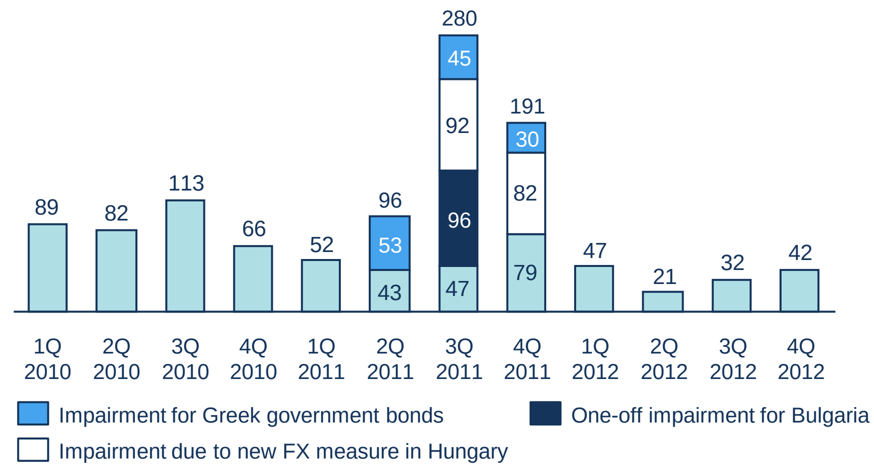
Amounts in m EUR

CEE Business Unit (6)

Operating expenses



Asset impairment



- Opex (348m EUR) rose by 19% q-o-q and 43% y-o-y
  - Excluding FX changes, opex rose 19% q-o-q and 41% y-o-y
  - The q-o-q increase can mainly be explained by higher marketing, restructuring (mainly within CSOB CZ),ICT and staff expenses
  - The y-o-y increase was also caused by the 55m EUR deduction of FX mortgage impairments from the Hungarian banking tax in 4Q11
  - Cost/income ratio at 59% in 2012 (57% excluding Hung. bank tax)
- Asset impairment at 42m
  - The L&R impairments stabilised q-o-q at a low level. This led to a credit cost ratio of 0.40% in 2012 (1.59% in 2011). NPL ratio at 5.2%
  - Increase in other impairments due to revaluation of HQ in Slovakia

	Loan book	2009* CCR	2010 CCR	2011 CCR	2012 CCR
CEE	**31bn**	**2.12%**	**1.16%**	**1.59%**	**0.40%**
- Czech Rep.	21bn	1.12%	0.75%	0.37%	0.31%
- Hungary	5bn	2.01%	1.98%	4.38%	0.78%
- Slovakia	4bn	1.56%	0.96%	0.25%	0.25%
- Bulgaria	1bn	2.22%	2.00%	14.73%	0.94%

** CCR according to 'old business unit reporting'*

Amounts in m EUR

KBC Hungary

- 4Q12 **underlying net profit** at the K&H Group amounted to 39m EUR (74m EUR in FY 2012, including 43m EUR post-tax impact of banking tax)

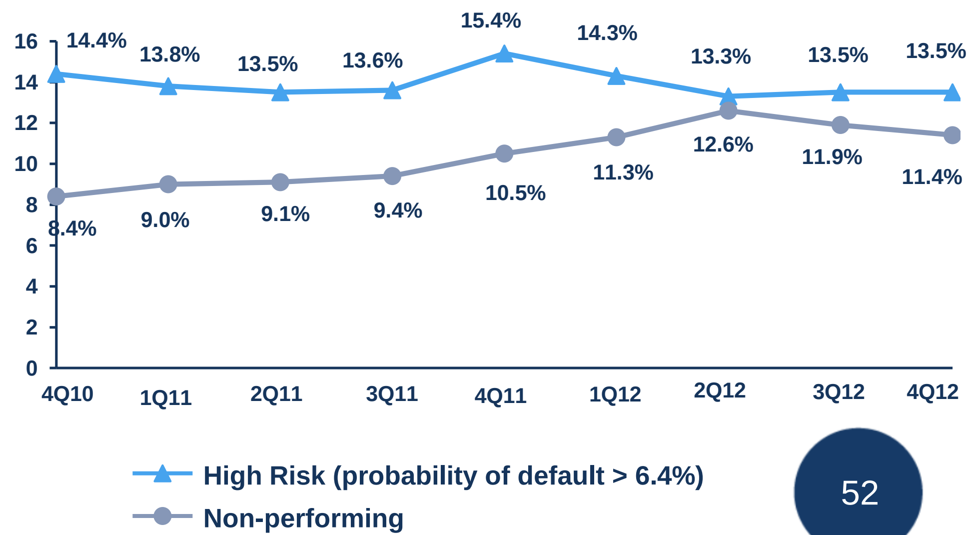
- 4Q12 **loan loss provisions** amounted to 8m EUR (28m EUR in 1Q12, 3m EUR in 2Q12 and 6m EUR in 3Q12). The credit cost ratio came to 0.78% in 2012 versus 4.38% in 2011 (or 1.75% excluding the FX mortgage repayment impact). The favourable 2012 figures are due to:
  - continued stable trends in corporate and SME portfolios
  - positive signs in retail customer behaviour supported by the re-launch of the bank's own easement programme and the positive impact of performing clients signing up for the accumulation loan under the government FX debtor relief programme

- **NPL** declined further to 11.4% (11.9% in 3Q12 and 12.6% in 2Q12)
  - NPL Retail: 16.9% (17.9% in 3Q12 and 19.4% in 2Q12):
    - Increase in retail NPL until May 2012
    - Starting from June, the rise in delinquencies slowed down primarily due to the re-launch of the bank's own easement programme and positive signs of the accumulation loan programme
    - This reduction in new NPL formation continued in 3Q12 and 4Q12

Hungarian loan book – key figures as at 31 Dec 2012

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.6bn	7.4%	66%
Retail	2.5bn	15.6%	67%
o/w private	2.1bn	16.9%	66%
o/w companies	0.4bn	8.7%	83%
	5.1bn	11.4%	67%

Proportion of High Risk and NPLs



Hungary (2)

Municipal loans

The government has announced that it will launch a second phase in the consolidation of municipal debt, whereby a total amount of 500bn HUF (1.7bn EUR) in debt will be taken over by the State via a partial debt consolidation of larger municipalities. In function of various ratios, there will be four layers of consolidation rates 40%, 50%, 60% and 70% (K&H exposure is roughly 290m EUR, based on first calculations 135m EUR might be affected). Consultations are going on among the relevant ministries and the Hungarian Banking Association. Files are expected to be handled on a case-by-case basis for each of such larger municipalities and in cooperation with the banks. In December 2012, the State repaid almost the entire debt of municipalities with less than 5,000 inhabitants, at par

Banking tax

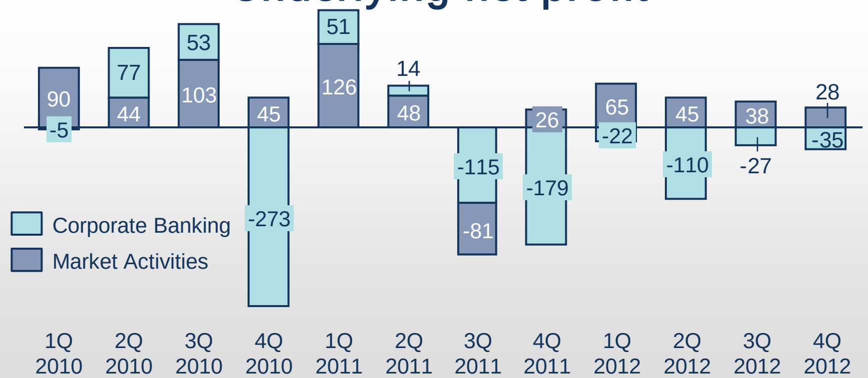
Contrary to the original intentions of the Government to halve the banking tax in 2013 it will be kept at the same level as in 2012 (56m EUR pre-tax for K&H Bank)

Financial transaction levy

As of 1 January 2013, a financial transaction levy was been introduced. The general rate of the levy is 0.3% for cash transactions and 0.2% for other transactions (with certain exceptions), with a cap of 6,000 HUF per transaction. Since this has an impact on the cost of the banks, it has prompted K&H to readjust its fee structure. The gross amount of the levy is estimated to be approximately 43 m EUR pre-tax for K&H a year

Merchant Banking Business Unit

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	**40bn**	**41bn**
Growth q/q*	**-2%**	**+2%**
Growth y/y*	**-6%**	**+23%**

**non-annualised*

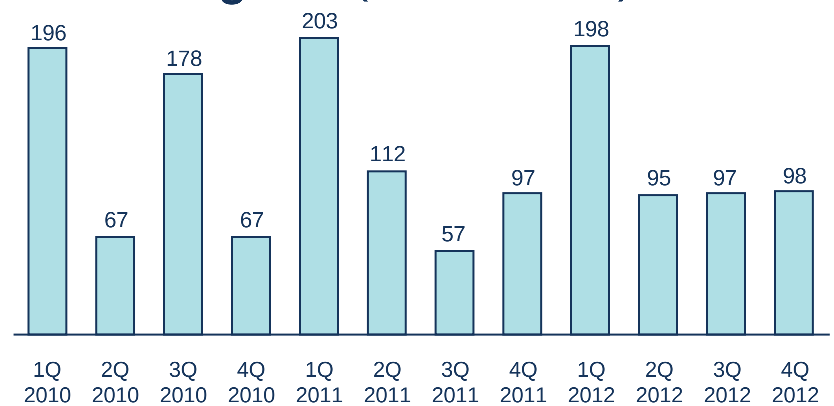
- Underlying net result in the Merchant Banking Business Unit totalled -7m EUR
  - The lower q-o-q result from this business unit's **Corporate Banking** activities in 4Q12 was due largely to a lower credit value adjustment and higher loan loss provisions for foreign branches in 4Q12. This was only partly offset by higher net interest income and a 41m reversal regarding the fraud case at KBC Lease UK. Despite lower loan impairment charges at KBC Bank Ireland (87m EUR in 4Q12 versus 129m in 3Q12, fully in line with our guidance), the result for 4Q12 was negative. Excluding KBC Bank Ireland, the 4Q12 result would be +24m EUR
  - The 28m EUR result from the unit's **Market Activities** was down q-o-q due to a 18m reversal of loan impairment charges at KBC Credit Investments in 3Q12

Amounts in m EUR

Merchant Banking Business Unit (2)

NII (Commercial Banking)

FV gains (Market Activities)



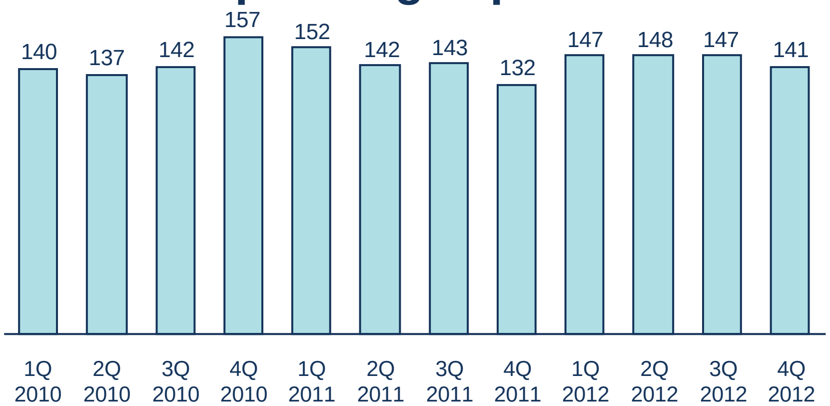
- The 4Q12 net interest income level rose 15% q-o-q partly thanks to a lower funding cost and higher commercial margins, despite lower reinvestment yields

- Stable q-o-q fair value gains within the ‘Market Activities’ sub-unit. The quarter under review included a satisfactory dealing room performance, offset by negative CVAs

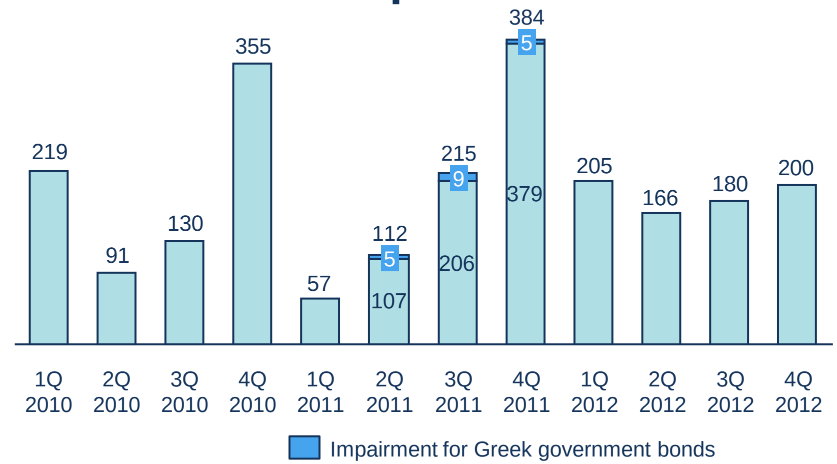
Amounts in m EUR

Merchant Banking Business Unit (3)

Operating expenses



Asset impairment



- Operating expenses decreased by 4% q-o-q, but rose by 6% y-o-y to 141m EUR due mainly to higher banking tax and ICT costs. Underlying cost/income ratio: 42% in 2012 (and 41% excluding the provision for the 5-5-5 product in 1Q12)
- Total impairment charges amounted to 200m EUR in 4Q12
  - The somewhat higher q-o-q impairment on L&R was accounted for by foreign branches in 4Q12 and an 18m reversal of loan impairment charges at KBC Credit Investments in 3Q12. Loan loss provisions at KBC Bank Ireland amounted to 87m EUR (versus 129m EUR in 3Q12 and 228m EUR in 4Q11), fully in line with our guidance. The credit cost ratio came to 1.42% in 2012 (compared to 1.36% in 2011) and the NPL ratio to 9.8% (0.48% and 3.3%, respectively, excluding KBC Bank Ireland)
  - Other impairment charges amounted to 17m EUR, due chiefly to real estate investments

Amounts in m EUR

Ireland

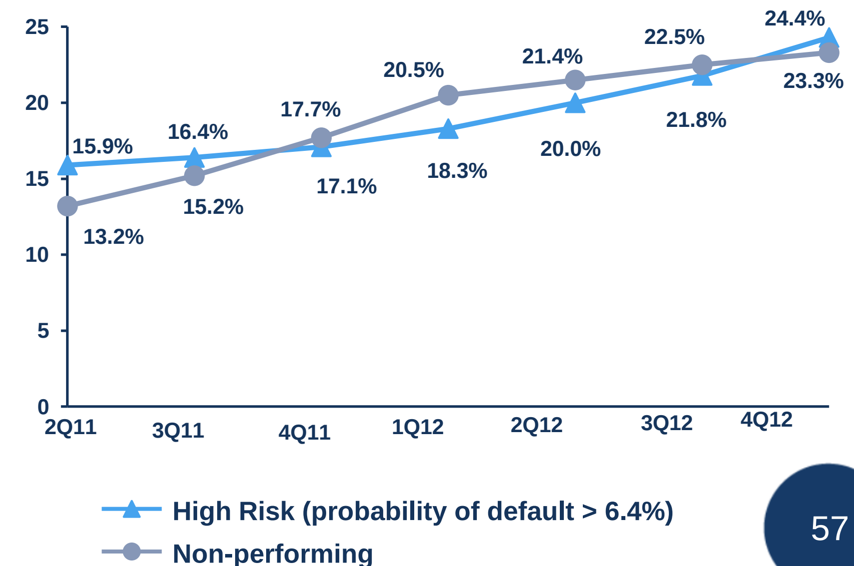
- Loan loss provisions in 4Q12 of 87m EUR (129m EUR in 3Q12). The loss after tax in 4Q12 was 42m EUR
- Modest growth in the economy, driven by strong exports and continuing stabilisation in domestic activity. Ongoing austerity and difficult global conditions mean the turnaround remains uneven. Encouragingly, unemployment is edging lower and surveys point towards slight gains in private sector employment. Improved market sentiment is helping financial conditions
- An increase in transactions and prices is underway in some segments of the housing market and overall the picture is one of a gradual bottoming out
- Operating environment for commercial customers is showing signs of stabilisation given the economic backdrop
- KBCI is expanding the range of resolution options aimed at restoring a significant number of customers back to financial stability through its Mortgage Arrears Resolution Strategy
- Pace of increase in commercial and residential mortgage arrears and NPL levels continues to slow
- Successful retail deposit campaign. Gross retail deposit levels more than doubled in 2012 to 2.1bn EUR and new customer accounts increased to approx. 22,000 towards end 4Q12. The bank is expanding its retail offering to Irish consumers
- Local tier-1 ratio to 11.14% at the end of 4Q12 through a capital increase of 155m EUR (11.36% at the end of 3Q12)

Irish loan book – key figures as at December 2012

Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.3bn	17.5%	30%[1]
Buy to let mortgages	3.2bn	29.2%	43%[1]
SME /corporate	1.7bn	19.4%	75%
Real estate investment	1.3bn	29.3%	65%
Real estate development	0.5bn	90.5%	75%
	16.0bn	23.3%	46%[1]

1. Total NPL coverage ratio amounted to 50% at the end of 2012 taking into account the adjustments for the Mortgage Indemnity Guarantee and Reserved Interest (respectively 36% for owner occupied mortgages and 48% for buy to let mortgages)

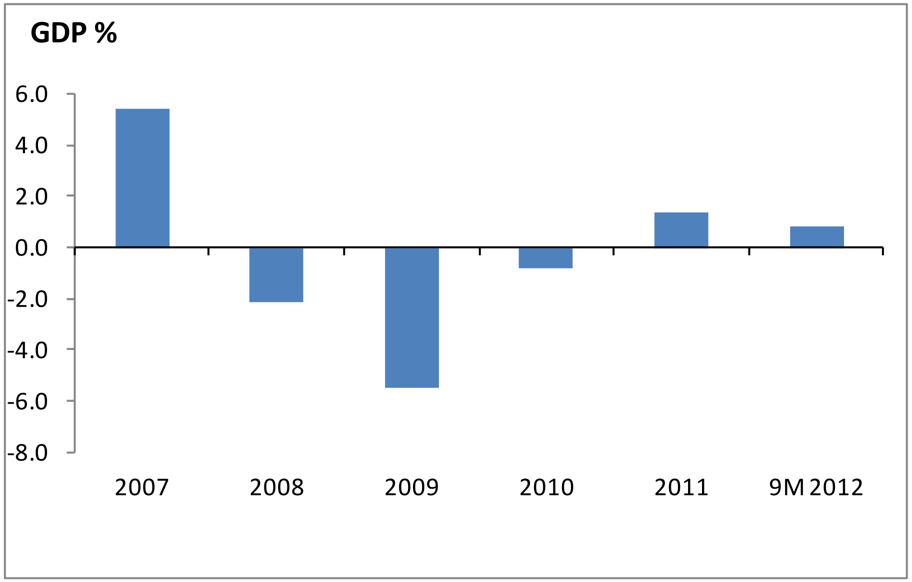
Proportion of High Risk and NPLs



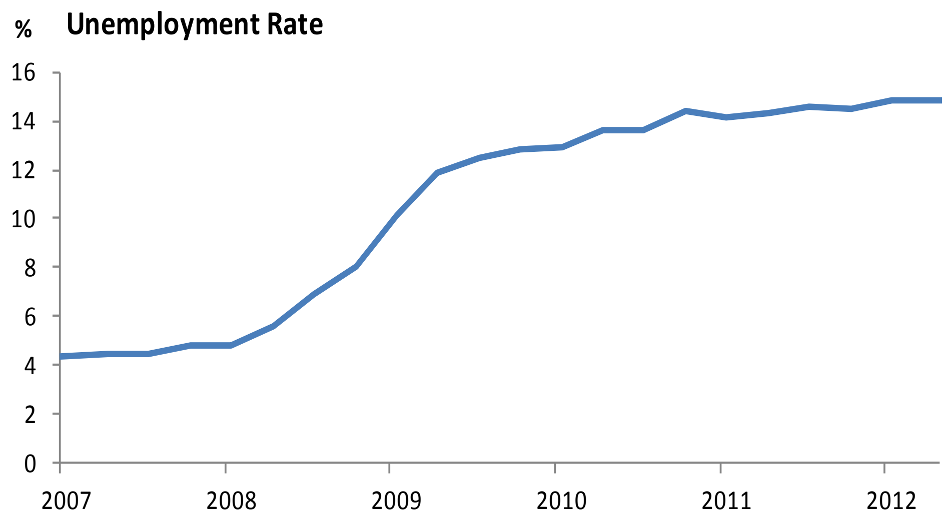
Ireland (2)

Key indicators show tentative signs of stabilisation

Continuing tentative signs of GDP stabilisation

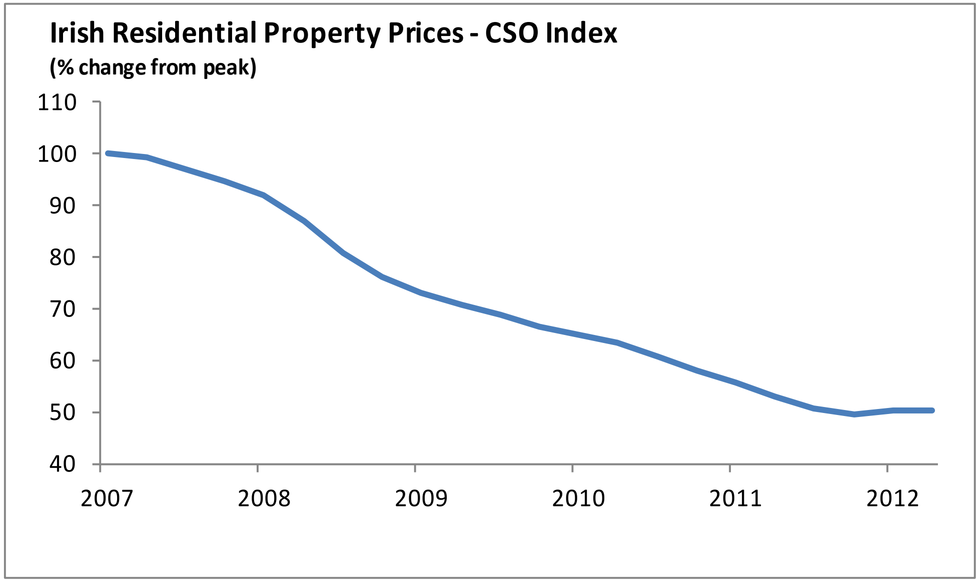


Unemployment rate has remained broadly stable in 2012

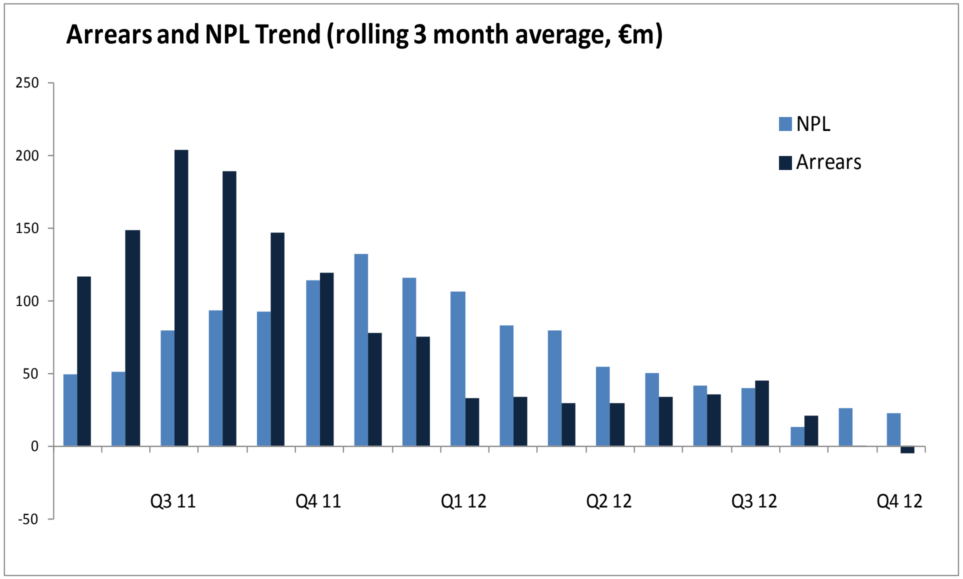


Ireland (3) Key indicators show tentative signs of stabilisation

Residential property prices have increased in 4 of the last 6 months

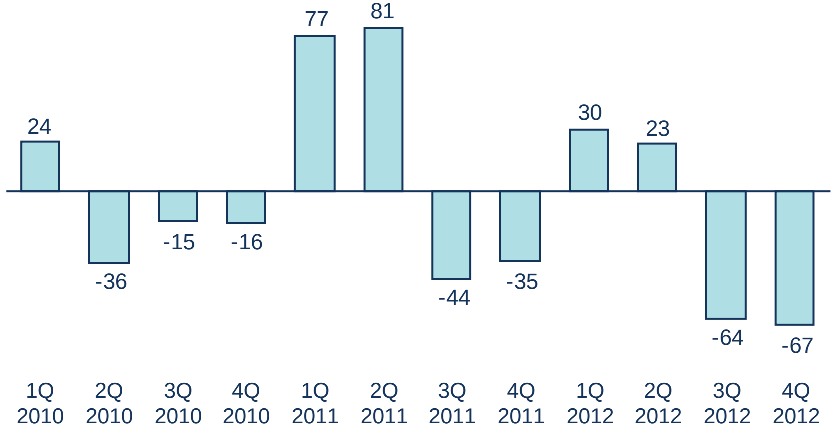


Reduction in residential mortgage arrears & NPL growth in 2012



Group Centre

Underlying net profit



- KBL *epb* and Fidea were deconsolidated in underlying as of 1Q12, Warta and Zagiel as of 3Q12 and NLB as of 4Q12
- In addition to the results of the holding company and shared services, the results of companies scheduled for divestment have been reallocated to the 'Group Centre' (starting in 1Q10). The Group Centre posted an underlying loss of 67m EUR
- Only the planned divestments are included. The Merchant Banking activities that will be wound down on an organic basis have not been shifted to the 'Group Centre'

Amounts in m EUR

Group Centre (2)

Breakdown of underlying net profit at Group Centre

	1Q12	2Q12	3Q12	4Q12
Group item (ongoing business)	**9**	**-8**	**-17**	**-36**
Planned divestments	**20**	**31**	**-47**	**-31**
- Centea	0	0	0	0
- Fidea	0	0	0	0
- Kredyt Bank	10	8	22	23
- Warta	15	26	0	0
- Absolut Bank	12	19	2	0
- 'old' Merchant Banking activities	13	8	-37	-31
- KBL EPB	0	0	0	0
- Other	-30	-30	-34	-23
TOTAL underlying net profit at Group Centre	**30**	**23**	**-64**	**-67**

Due mainly to an increase in loan loss provisions for KBC Bank Deutschland, offset by lower q-o-q loan loss provisions at KBC Finance Ireland

Mainly the allocation funding cost goodwill and liquidity costs regarding divestments

NPL, NPL formation and restructured loans in Russia

	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
NPL	16.1%	13.5%	11.4%	11.2%	10.3%	7.6%	5.6%	4.6%
NPL formation	-0.7%	-2.6%	-2.1%	-0.2%	-0.9%	-2.7%	-2.0%	-1.0%
Restructured loans	4.2%	3.9%	3.9%	3.2%	2.3%	2.3%	2.0%	1.8%
Loan loss provisions (m EUR)	-29	-9	-8	4	-10	-3	-3	-2

Amounts in m EUR