KBC Group / Bank
Debt presentation
January 2016

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- By reading this presentation, each investor is deemed to represent that it possesses sufficient expertise to understand the risks involved.

3Q 2015 key takeaways for KBC Group

For the update on the MREL strategy, see section 5.

3Q 2015 marked:

- **STRONG BUSINESS PERFORMANCE IN 3Q15**

  Good net result of 600m EUR in 3Q15 (and 1.8bn EUR in 9M15)
  - Good commercial bank-insurance franchises in our core markets and core activities
  - Q-o-q increase in customer loan and deposit volumes in most of our core countries
  - Lower net interest income and net interest margin q-o-q
  - Net inflows, but lower net fee and commission income q-o-q due to adverse market circumstances
  - Significantly lower net gains from financial instruments at fair value
  - Excellent combined ratio (89% YTD). Good sales of non-life insurance products, but decline in sales of life insurance products
  - Good cost/income ratio (54% YTD) adjusted for specific items
  - Excellent level of impairment charges. Loan loss provisions in Ireland amounted to only 9m EUR in 3Q15. We are maintaining our guidance for Ireland, namely the lower end of the 50m-100m EUR range for both FY15 and FY16
- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS** (taking into account the full reimbursement of the remaining state aid[1])
  - **B3 phased-in common equity ratio amounted to 13.7% based on Danish Compromise** at end 3Q15, which clearly exceeds the new minimum capital requirements set by the ECB (9.75% minimum CET1) and the NBB (0.5% SIFI buffer in 2016), i.e. an aggregate 10.25% for 2016. The **B3 fully loaded common equity ratio** stood at **14.0% based on Danish Compromise**
  - Fully loaded B3 **leverage ratio**, based on current CRR legislation, amounted to 5.6**%** at KBC Group
  - **Continued strong liquidity position** (NSFR at 123% and LCR at 118%) at end 9M15
- **POST BALANCE-SHEET EVENTS**
  - KBC will **liquidate KBC Financial Holding Inc. (US)**. This will result in the tax deductibility of losses already booked in previous years (specifically 2008 and 2009), for which a DTA will be booked, leading to[2]:
    - a gain in the IFRS P&L of 763m EUR, likely to be booked in 4Q15
    - initially only a limited positive impact of 0.16% on KBCs fully loaded CET1 ratio under the Danish Compromise
  - On 11 December 2015, KBC announced that it would reimburse the remaining 2bn EUR of State aid by the end of 2015

1. As announced on 11 December 2015, KBC repaid the remaining state aid of 2bn EUR (and 1bn penalty) at the end of 2015
2. Subject to USD/EUR rate at time of realisation

Contents

Overview of key financial data at 3Q 2015

KBC Group

- Market cap (05/01/16): EUR 24bn
- Net result 9M 2015: EUR 1.8bn
- Total assets: EUR 258bn
- Total equity: EUR 17bn
- CET1 ratio (Basel 3 transitional[1]): 13.7%
- CET1 ratio (Basel 3 fully loaded[1]): 14.0%

KBC Bank

- Net result 9M 2015: EUR 1.5bn[2]
- Total assets: EUR 223bn
- Total equity: EUR 13bn
- CET1 ratio (Basel 3 transitional): 12.7%
- CET1 ratio (Basel 3 fully loaded): 13.0%
- C/I ratio: 51%[3]

KBC Insurance

- Net result 9M 2015: EUR 322m
- Total assets: EUR 38bn
- Total equity: EUR 3bn
- Solvency I ratio: 276%
- Combined operating ratio 3Q15: 95%

Credit Ratings of KBC Bank *(KBC Group)* as at 5 January 2016

	S&P	Moody's	Fitch
Long-term *(KBC Group)*	**A (Negative)** *A- (Negative)*	**A2 (Positive)** *Baa2 (Positive)*	**A- (Stable)** A- (Stable)
Short-term	**A-1**	**Prime-1**	**F1**

1. After taking into account the full reimbursement of remaining state aid of 2bn EUR (and penalty)
2. Includes KBC Asset Management ; excludes holding company eliminations
3. Adjusted for specific items, the C/I ratio amounted to c.58% in 3Q 2015

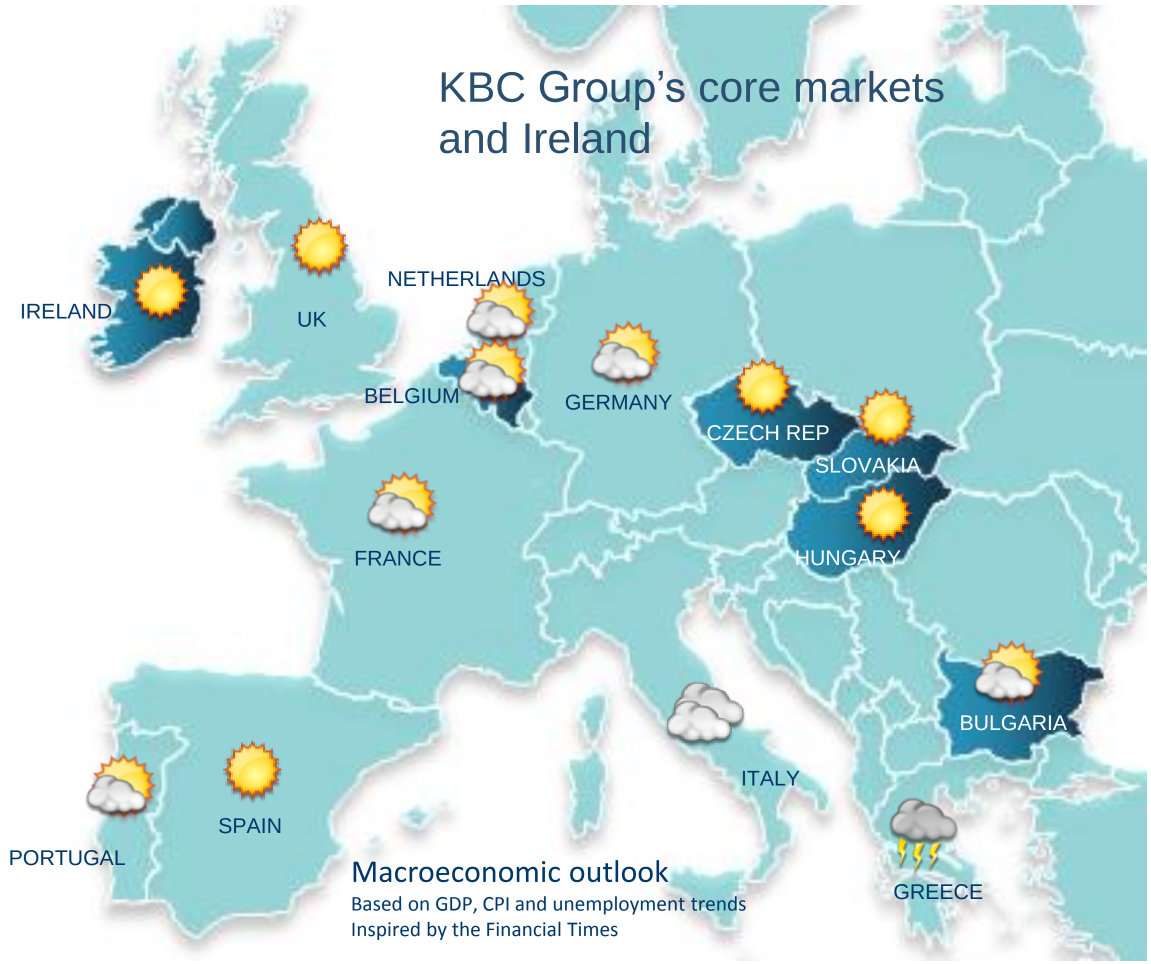
Overview of KBC Group

- STRONG **BANK-INSURANCE GROUP PRESENT WITH LEADING MARKET POSITIONS IN ITS CORE GEOGRAPHIES** (BELGIUM AND CEE)
  - A leading financial institution in both Belgium and the Czech Republic
  - Business focus on Retail, SME & Midcap clients
  - Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients

- **INTEGRATED BANK-INSURANCE BUSINESS MODEL**, LEADING TO HIGH CROSS-SELLING RATES
  - Strong value creator with good operational results through the cycle
  - Integrated model creates cost synergies by avoiding overlap of supporting entities and generates added value for our clients through a complementary and optimised product and service offering

KBC

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



MARKET SHARE (END 2014)

	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*

	BE	CZ	SK	HU	BG
% of Assets	70%	14%	3%	3%	1%
2014	1.1%	2.0%	2.4%	3.6%	1.7%
2015e	1.3%	4.0%	3.0%	3.1%	1.8%
2016e	1.6%	2.5%	3.2%	2.5%	2.1%

* Source: KBC data, November 2015

Business profile: KBC is a leading player in Belgium and its 4 core countries in CEE

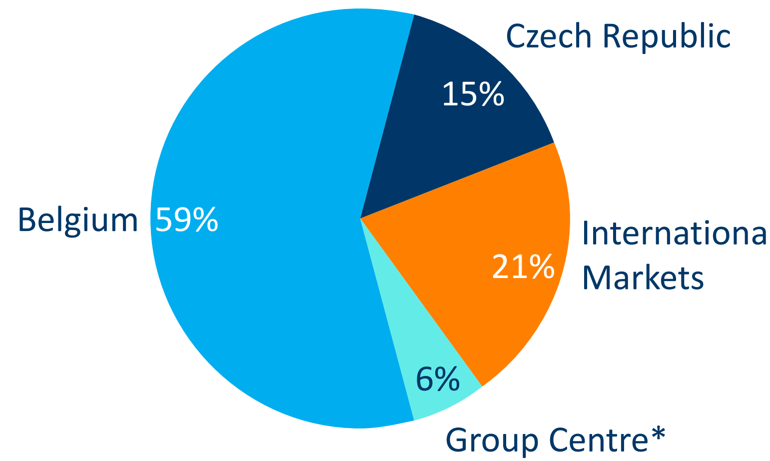
CFO SERVICES

CRO SERVICES

BELGIUM	**CZECH REPUBLIC**	**INTERNATIONAL MARKETS**

CORPORATE STAFF

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 30 SEPTEMBER 2015



*Covers inter alia impact own credit risk and results of holding company

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

- KBC wants to 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 as announced at our investor day in June 2014

Targets…		by…
CAGR total income ('13-'17)[1]	≥ 2.25%	2017
CAGR bank-insurance gross income ('13-'17)	≥ 5%	2017
C/I ratio	≤ 53%	2017
Combined ratio	≤ 94%	2017
Common equity ratio (phased-in, Danish compromise)	≥ 10.25%[2]	2016
Total capital ratio (fully loaded, Danish compromise)	≥ 17%	2017
NSFR	≥ 105%	2014
LCR	≥ 105%	2014
Dividend payout ratio	≥ 50%	2016

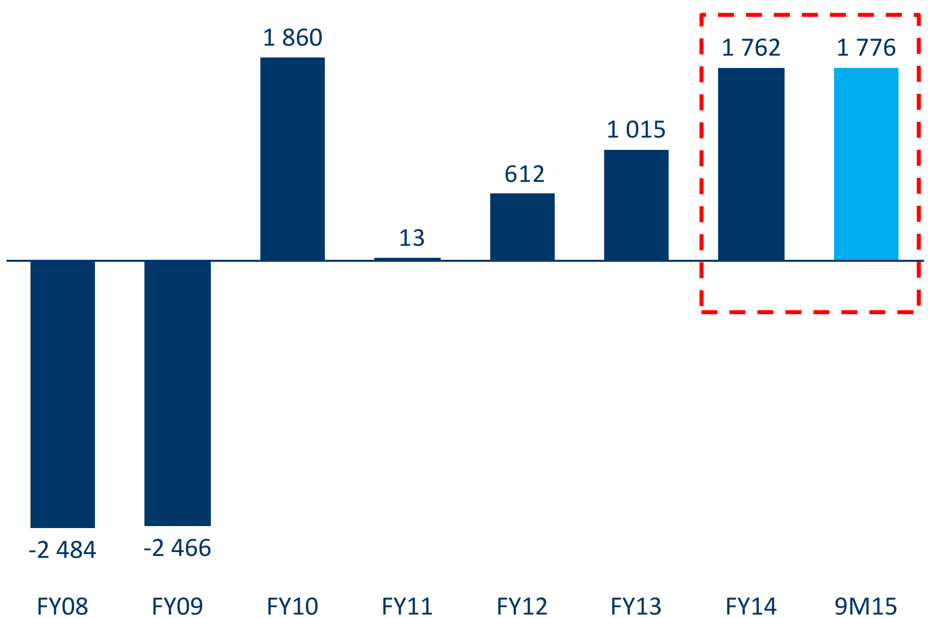
Based on adjusted figures

1. Excluding marked-to-market valuations of ALM derivatives
2. 2016 minimum phased-in CET1 ratio of 10.25% set by the ECB (9.75% minimum CET1) in combination with NBB's systemic buffer (0.5% minimum in 2016, gradually increasing over a 3-year period and reaching 1.5% in 2018) under the Danish compromise

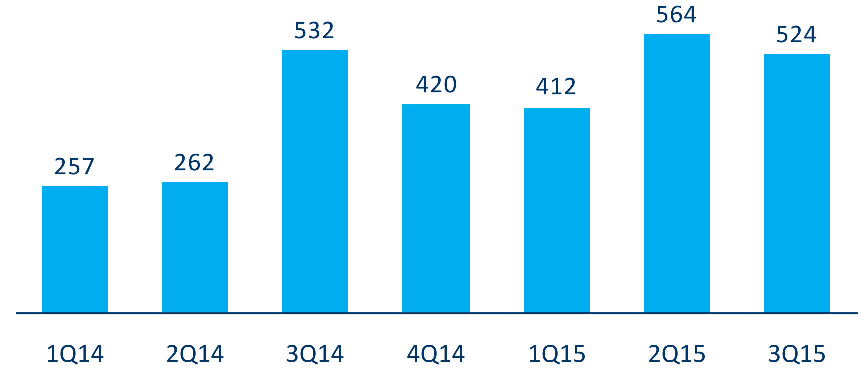
Contents

Earnings capacity

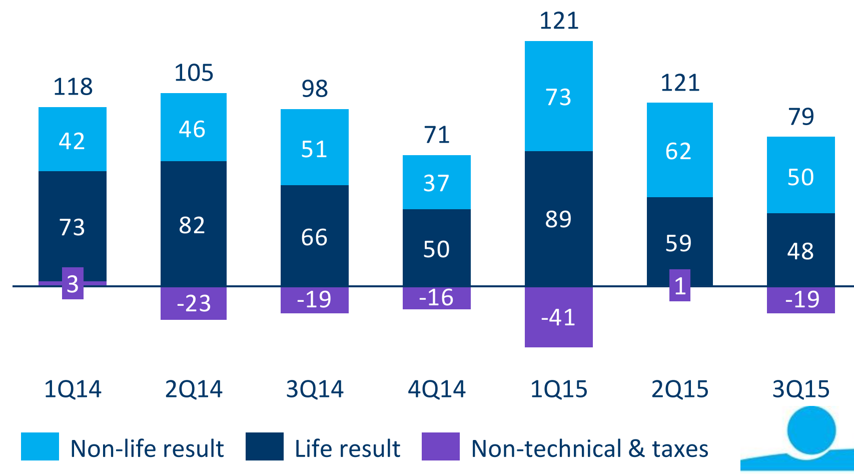
NET RESULT[1]



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT[1,2]



CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT[1,2]

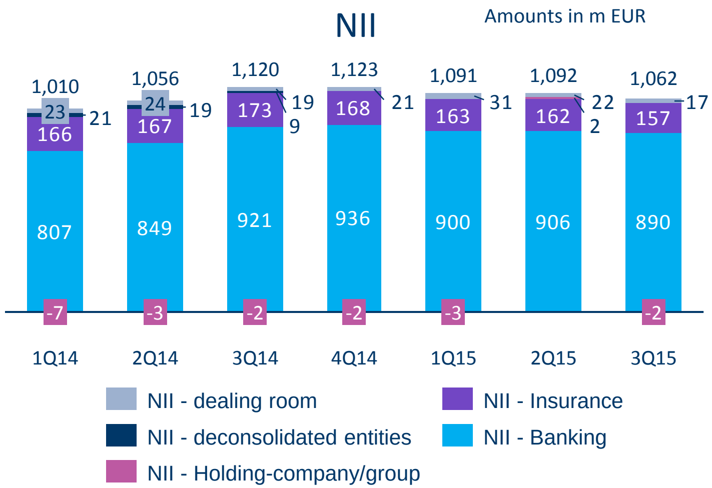


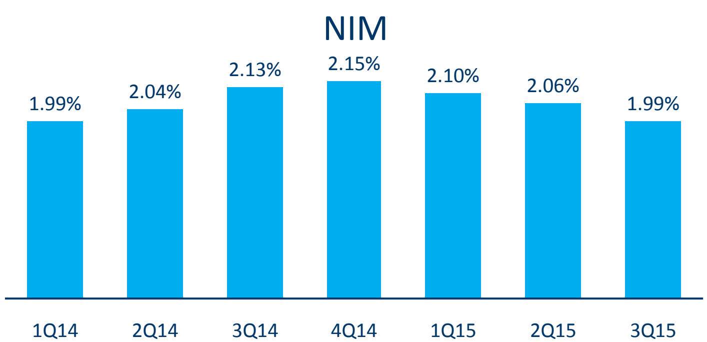
1 Note that the scope of consolidation has changed over time, due partly to divestments

2 Difference between the net result at KBC Group and the sum of the banking and insurance contribution are the holding-company/group items

Amounts in m EUR

Net interest income and margin slightly under pressure





- **Net interest income**
  - Down by 3% q-o-q and by 5% y-o-y (-3% q-o-q and -4% y-o-y pro forma, disregarding the change in the consolidation scope)
  - The q-o-q decline was driven primarily by:
    - mortgages in Belgium: lower upfront prepayment fees (12m EUR less fees in 3Q15) and hedging losses on previously refinanced mortgages
    - lower reinvestment yields
    - pressure on commercial loan margins in most core countries
    - a decrease of 5m EUR in NII from the dealing room

    partly offset by:
    - lower funding costs
    - additional rate cuts on savings accounts in the Czech Republic
    - volume growth

- **Net interest margin (1.99%)**
  - Down by 7 bps q-o-q and by 14 bps y-o-y
  - Q-o-q decrease is due almost entirely to lower reinvestment yields (mainly in the Czech Republic), the hedging losses on previously refinanced mortgages and pressure on commercial loan margins in most core countries, partly offset by rate cuts on savings accounts in the Czech Republic and lower funding costs in Ireland

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

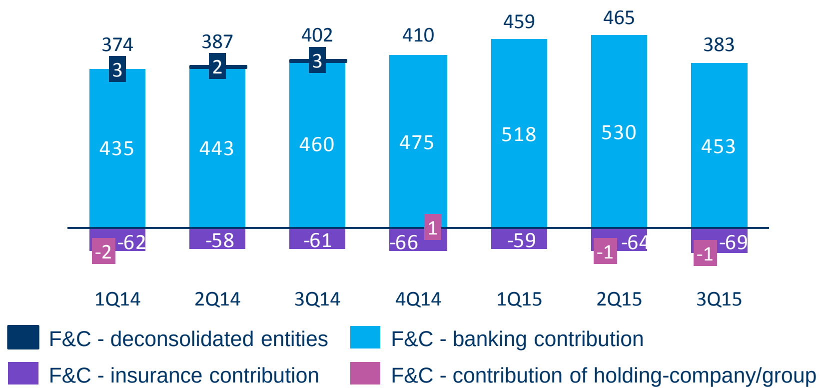
VOLUME TREND

Excluding FX effect	Total loans [2]	Of which mortgages	Customer deposits[3]	AuM	Life reserves
Volume	127bn	55bn	162bn	200bn	28bn
Growth q-o-q[1]	+1%	+1%	0%	-2%	-1%
Growth y-o-y	+3%	+4%	+7%	+11%	+1%

1 Non-annualised
2 Loans to customers, excluding reverse repos (and bonds)
3 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

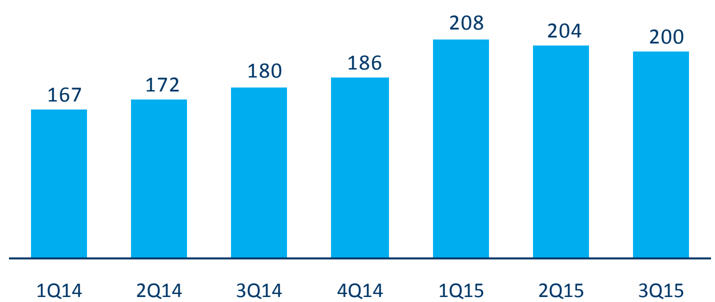
Net inflows, but lower net fee and commission income due to adverse market circumstances

F&C



Amounts in m EUR

AuM

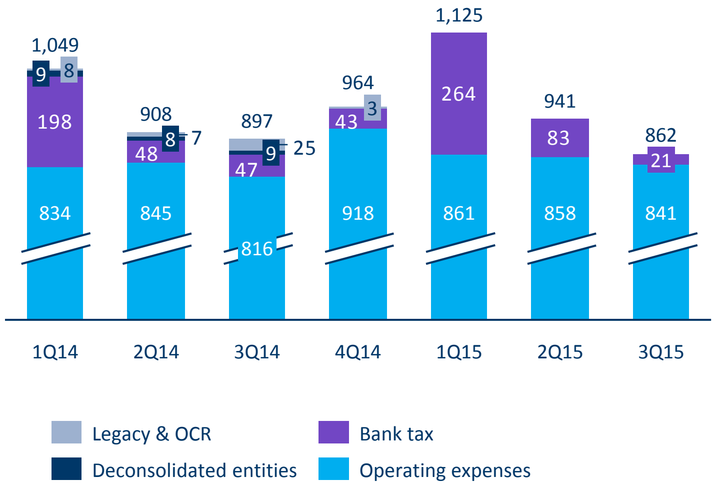


- **Net fee and commission income**
  - Down by 18% q-o-q and by 5% y-o-y
  - Q-o-q decrease was the result mainly of:
    - lower entry fees from mutual funds and unit-linked life insurance products, mainly due to less switches and seasonal effect (holidays season)
    - lower management fees from mutual funds, mainly due to the very large switch of CPPI products towards cash at the end of August
    - lower fees from credit files and bank guarantees (due to less refinancing of mortgage loans)
    - lower fees from securities transactions (seasonal effect)
    - higher commissions paid on insurance sales
  - Y-o-y decline resulted chiefly from lower entry fees from mutual funds and unit-linked life insurance products (due to successful summer campaign in 3Q14), lower fees from securities transactions and higher commissions paid on insurance sales, partly offset by higher management fees from mutual funds
  - Albeit still depending on the market environment of the coming months, we estimate net F&C income in 4Q15 in the range of 360m-370m EUR as the effect of the very large switch of CPPI products towards cash will fully kick in
  - Based on this 4Q15 guidance, net F&C income in FY15 will increase roughly 6% y-o-y and will remain the main topline growth driver going forward under normal circumstances
- **Assets under management (200bn EUR)**
  - Down by 2% q-o-q as a result of a negative price effect (-3%), partly offset by net inflows (+1%)
  - Up by 11% y-o-y owing to net inflows (+7%) and a positive price effect (+4%)

Amounts in bn EUR

Operating expenses down and good cost/income ratio

OPERATING EXPENSES



EXPECTED BANK TAX SPREAD (including ESRF contribution)

	TOTAL	Upfront			Spread out over the year			
	3Q15	1Q15	2Q15	3Q15	1Q15	2Q15	3Q15	4Q15e
BU BE	**0**	160	49	0	0	0	0	0
BU CZ	**-3**	11	0	-12	9	10	9	9
Hungary	**19**	56	1	0	16	19	19	18
Slovakia	**3**	3	1	0	3	3	3	3
Bulgaria	**1**	0	0	0	1	1	1	1
Ireland	**0**	2	0	0	0	0	0	1
GC	**0**	5	0	0	0	0	0	0
TOTAL	**21**	**237**	**51**	**-12**	**28**	**32**	**32**	**32**

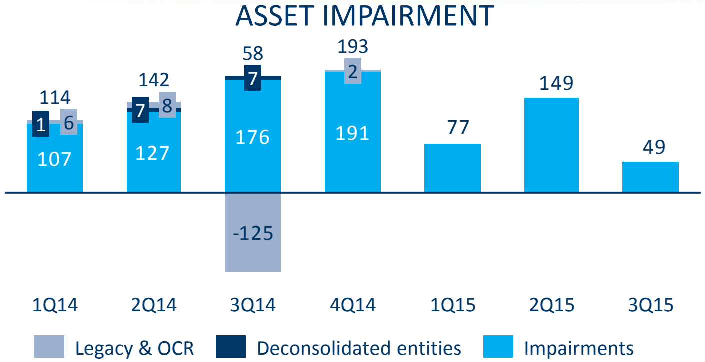
Amounts in m EUR

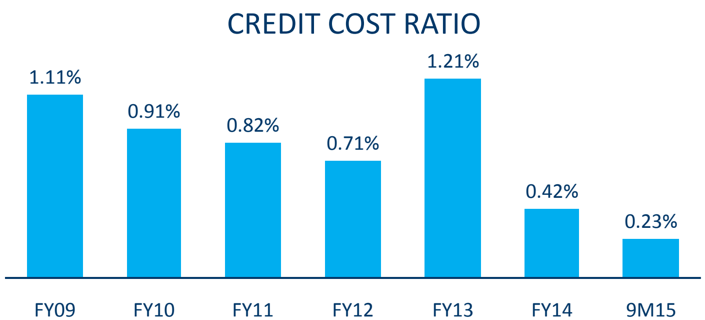
- **Cost/income ratio at 51% in 3Q15 and 54% YTD**
  - The C/I ratio of 51% in 3Q15 was affected mainly by the much lower FIFV and lower net F&C income, offset by high other net income and low bank taxes
  - Cost/income ratio (banking) adjusted for specific items* stood at 58% in 3Q15 and 54% YTD
  - Operating expenses excluding bank tax decreased by 2% q-o-q consequent on:
    - lower opex in Group Centre
    - lower staff and facilities expenses in Belgium
    - reduced severance payments and marketing expenses in the Czech Republic
    - lower ICT expenses in Hungary

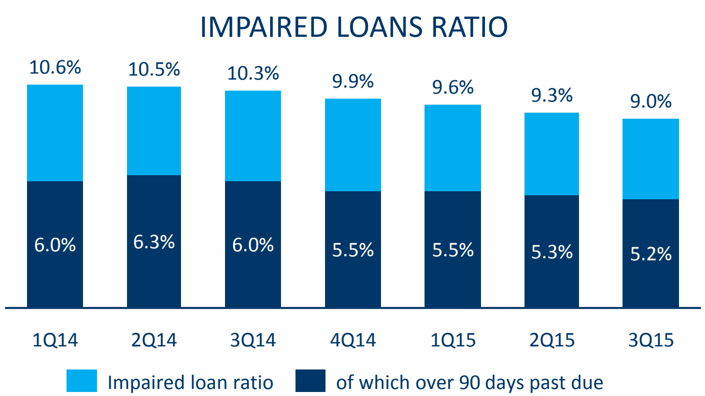
    but the decrease was offset slightly by:
    - higher ICT investments into the strategic programme of KBC Group (digitalisation, mainly in Belgium and the Czech Republic)
    - increased staff expenses in Slovakia (due to consolidation of VB Leasing for the first time), Hungary and Ireland
  - Operating expenses without bank tax increased by 3% y-o-y due to higher pension costs in Belgium, higher ICT investments into the strategic programme of KBC Group (digitalisation, mainly in Belgium and the Czech Republic) and higher staff expenses (mainly in Belgium, Ireland and Slovakia)
  - Pursuant to IFRIC 21, certain levies (such as contributions to the new European Single Resolution Fund) have to be recognised in advance, and this adversely impacted the results for 1Q15. In 3Q15, the contribution to the ESRF at CSOB Czech Republic was reversed as such contributions will only be applicable in the Czech Republic as of 2016

* See glossary (slide 80) for the exact definition

Asset impairment down sharply, credit cost ratio remains good and impaired loans ratio decreases







- **Sharply lower impairment charges q-o-q**
  - The q-o-q decline in loan loss provisions was attributable mainly to:
    - low gross impairments and several releases
    - 34m EUR impairments due to IBNR parameter changes in 2Q15 (21m EUR of which in the Belgium BU and 11m EUR in the Czech Republic BU)
    - a decrease of 22m EUR in the Group Centre (mainly at ADB)
    - Ireland (9m EUR compared with 16m in 2Q15 and 47m EUR in 3Q14)
  - Note that the 3Q14 pro forma level was restated. Since ADB is being run down in a gradual and orderly manner, there was an impairment reversal of +0.1bn EUR
  - Impairment of 15m EUR on AFS shares (in Belgium)

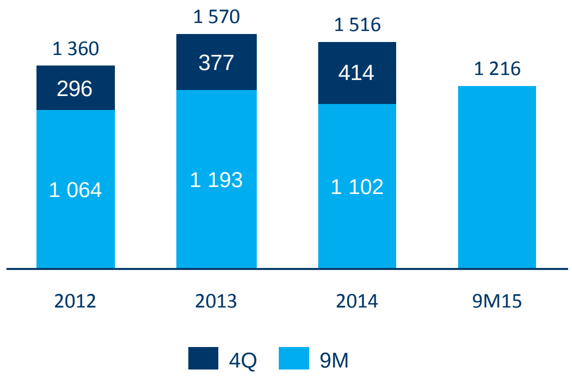
- The **credit cost ratio** only amounted to 0.23% in 9M15 due to low gross impairments (especially in 3Q15) and some releases (especially in 1Q15), despite an increase of IBNR impairments (due to parameter changes) by approximately 34m EUR in 2Q15

- The **impaired loans ratio** dropped to 9.0%

Overview of results based on business units

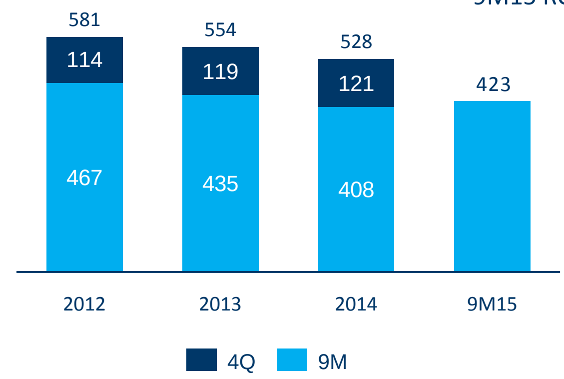
NET PROFIT – **BELGIUM**

9M15 ROAC: 27%



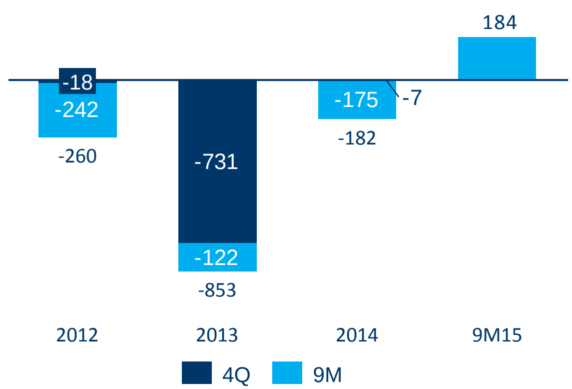
NET PROFIT – **CZECH REPUBLIC**

9M15 ROAC: 38%



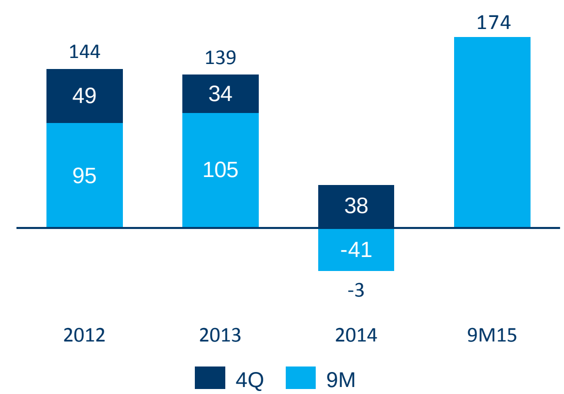
NET PROFIT –
INTERNATIONAL MARKETS

9M15 ROAC: 12%



NET PROFIT – **INTERNATIONAL MARKETS EXCL. IRELAND**

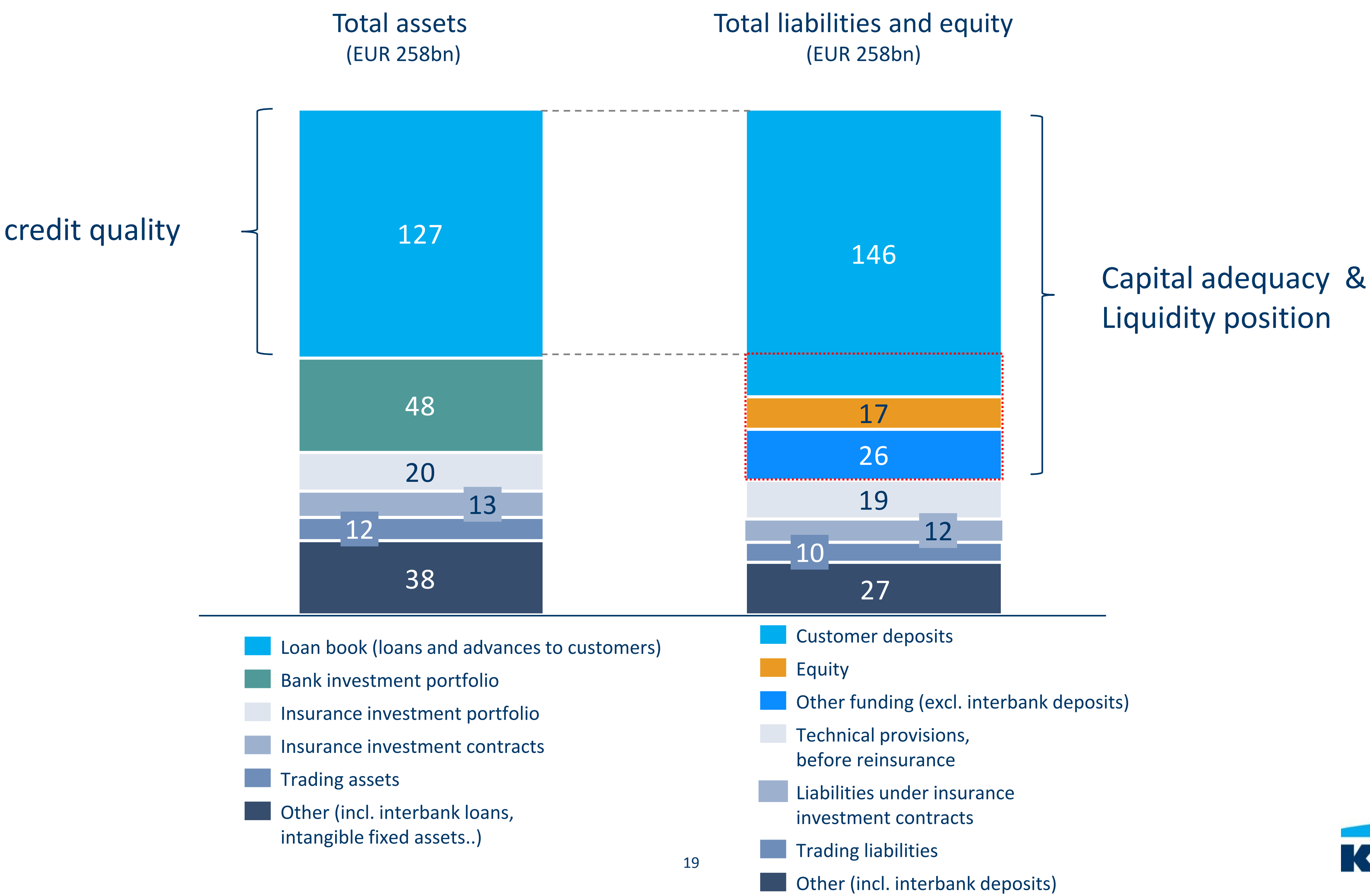
9M15 ROAC: 18%



Amounts in m EUR

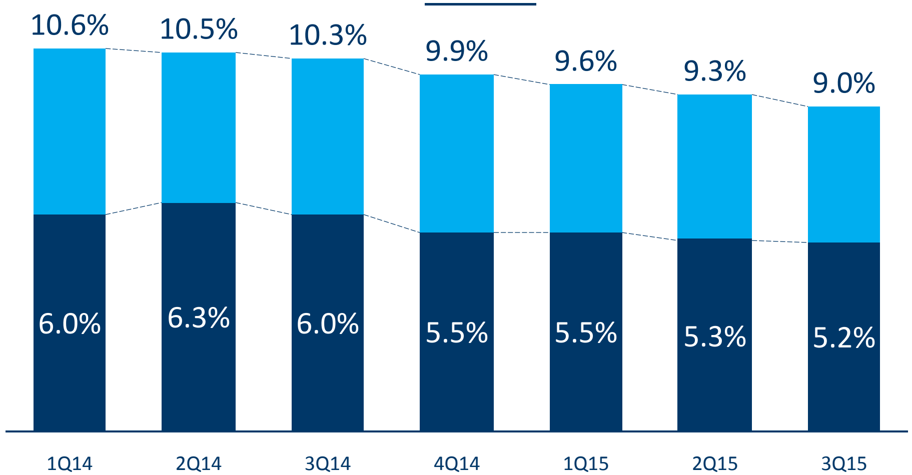
Contents

Balance sheet
(KBC Group consolidated at 30 September 2015)



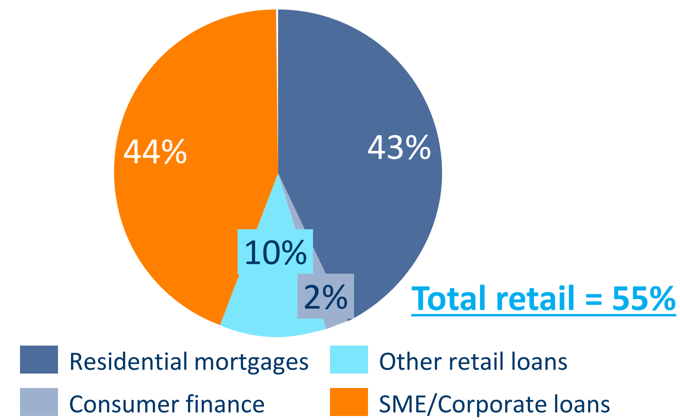
Impaired loans ratios of KBC Group and per Business Unit, *incl. of which over 90 days past due*

KBC GROUP

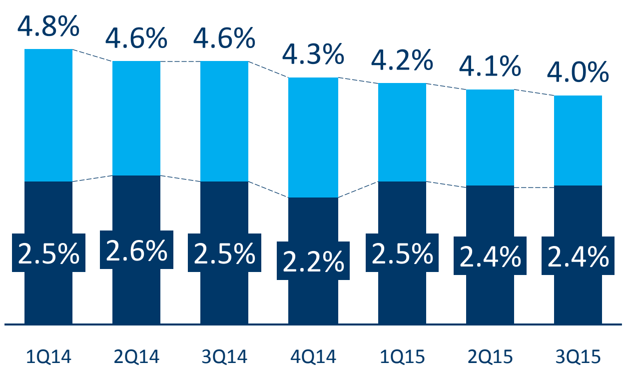


CUSTOMER LOAN BOOK: EUR 127bn at 30-09-2015

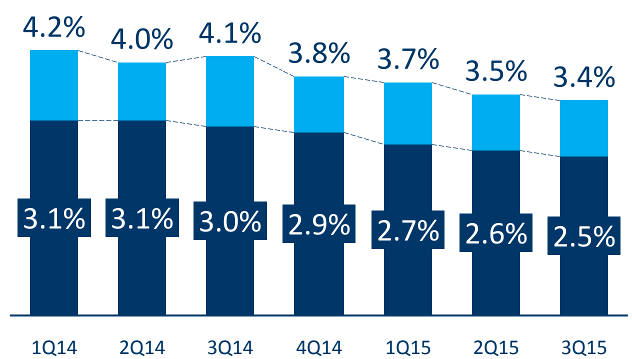
(LARGELY SOLD THROUGH OWN BRANCHES)



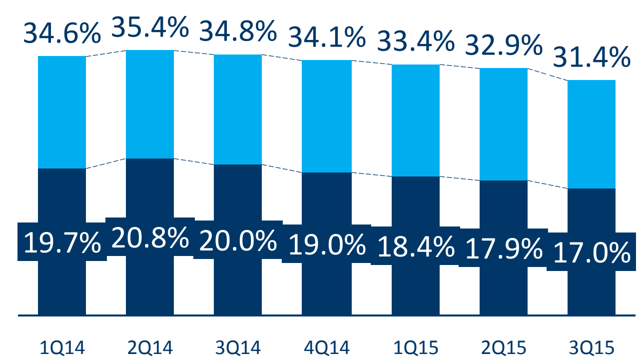
BELGIUM BU



CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU



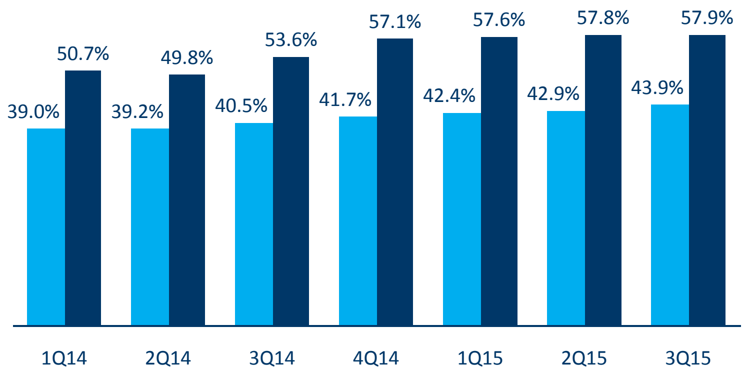
Impaired loans ratio *   of which over 90 days past due **

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

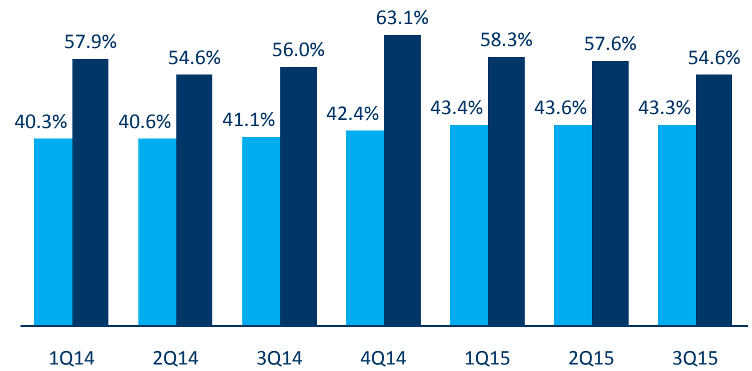
** of which total outstanding loans with over 90 days past due (PD 11-12)/total outstanding loans

Cover ratios

KBC GROUP



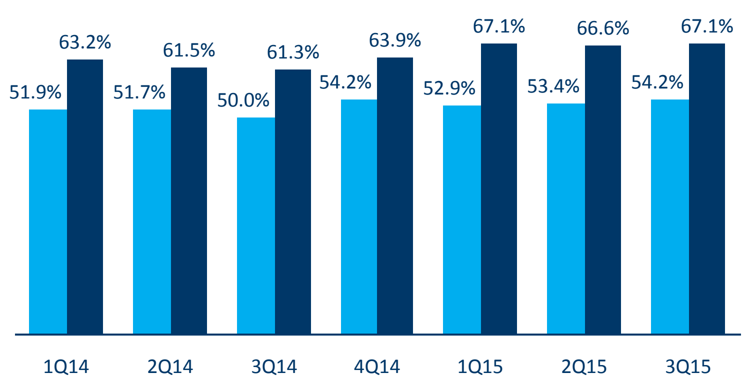
BELGIUM BU



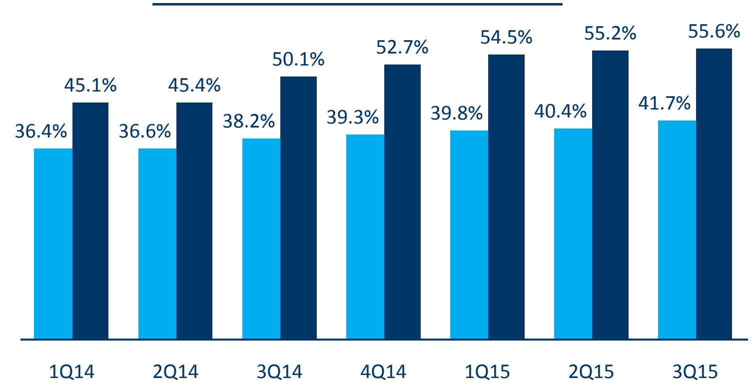
Impaired loans cover ratio*

Cover ratio for loans with over 90 days past due**

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU



* 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

Loan loss experience at KBC

	9M15 CREDIT COST RATIO	FY14 CREDIT COST RATIO	FY13 CREDIT COST RATIO	FY 2012 CREDIT COST RATIO	AVERAGE ‘99 –’14
Belgium	**0.21%**	0.23%	0.37%	0.28%	n/a
Czech Republic	**0.15%**	0.18%	0.26%	0.31%	n/a
International Markets	**0.30%**	1.06%	4.48%[1]	2.26%	n/a
Group Centre	**0.59%**	1.17%	1.85%	0.99%	n/a
Total	**0.23%**	**0.42%**	**1.21%[2]**	**0.71%**	**0.54%**

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

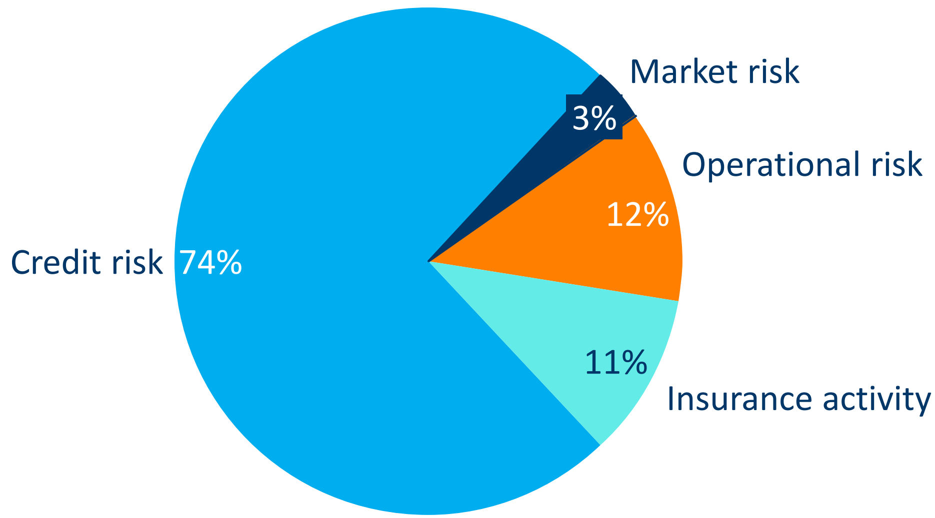
1 The high credit cost ratio at the International Markets Business Unit is due in full to KBC Bank Ireland. Excluding Ireland, the CCR at this business unit amounted to 108 bps in FY13

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

Limited trading activity at KBC Group

BREAKDOWN ACCORDING TO RWA*

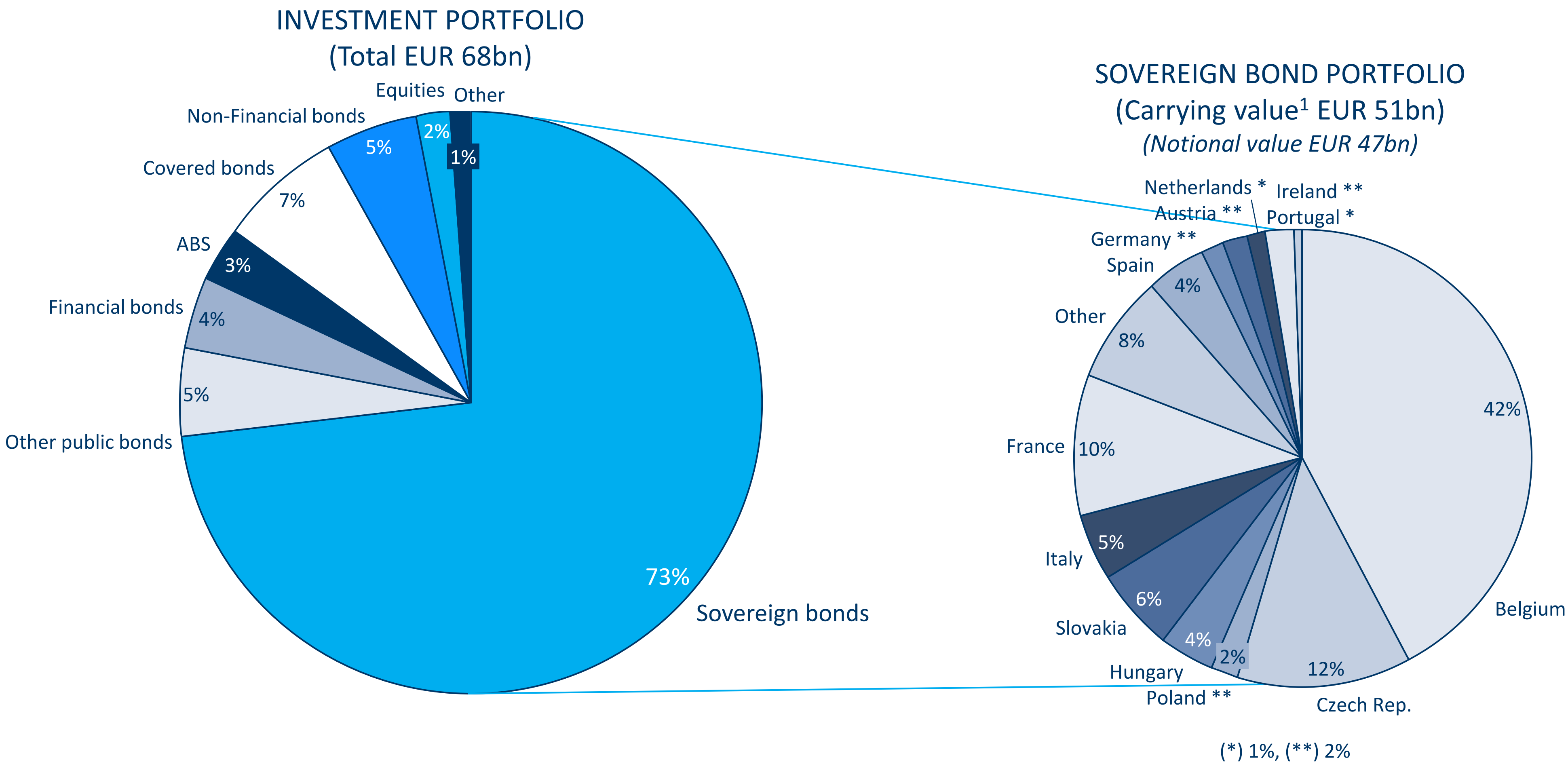
30-09-2015



KBC is exposed to market risk via dealing rooms in Belgium, the Czech Republic, Slovakia and Hungary, as well as via a minor presence in the UK and Asia. The dealing rooms, with the dealing room in Belgium accounting for the lion's share, focus on trading in interest rate instruments, while activity on the FX markets has traditionally been limited. All dealing rooms focus on providing customer service in money and capital market products and on funding the bank activities

* RWA on fully loaded basis and under Danish Compromise

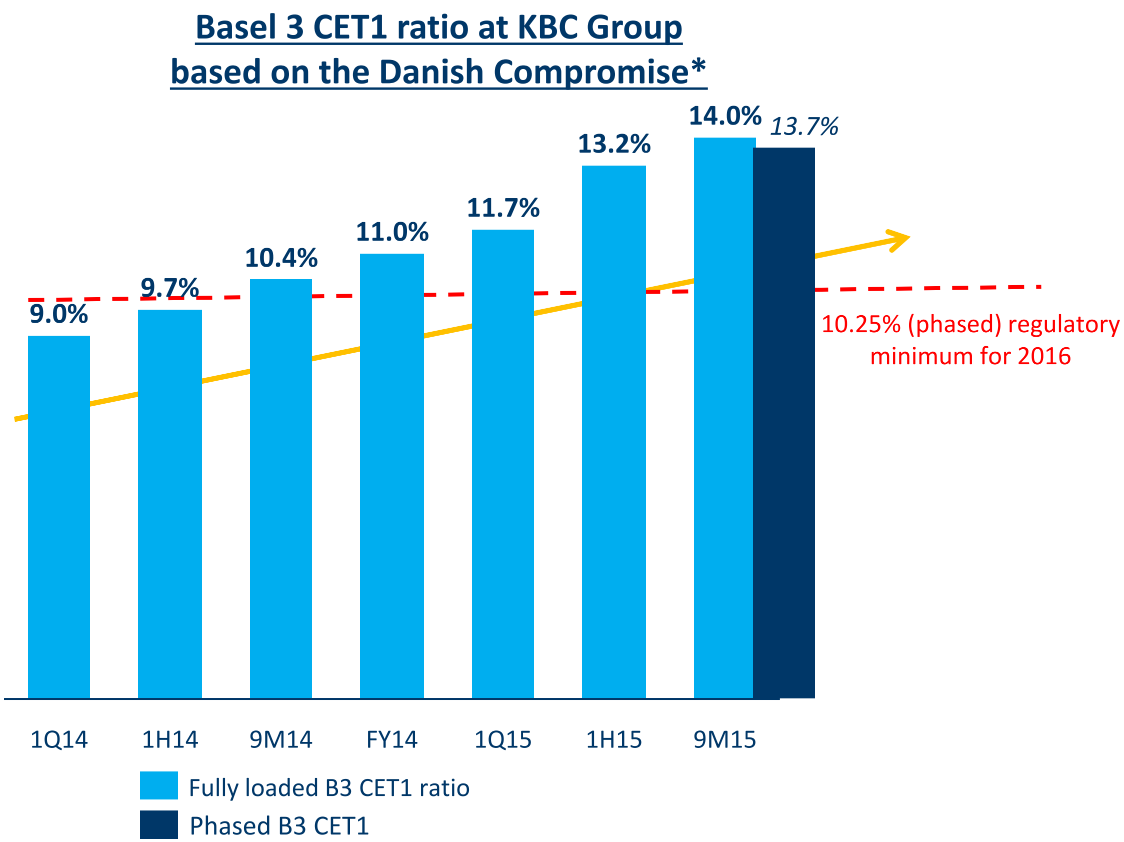
Investment portfolio (as per 30/09/2015)



1 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

Contents

Strong capital position



Common equity ratio (B3 fully loaded) of 14.0% (13.7% B3 phased) based on the Danish Compromise at end 3Q15, and after **taking into account full State repayment as announced on 11 December 2015**. The phased CET1 **clearly exceeds the 2016 phased CET1 ratio target of 10.25%** set by the ECB (9.75% minimum CET1) in combination with NBB's systemic buffer (0.5% minimum in 2016, gradually increasing over a 3-year period and reaching 1.5% in 2018) under the Danish compromise

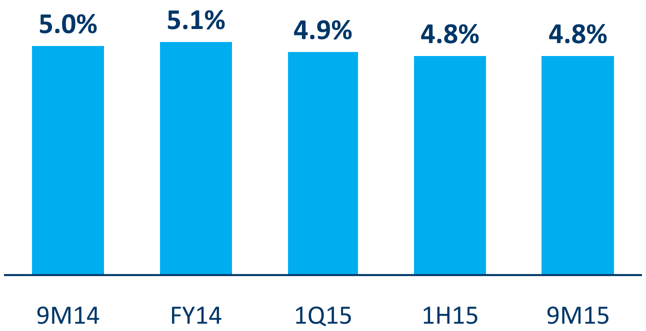
Based on the deduction method the fully loaded B3 CET1 stands at 13.5%.

- Total distributable items (under Belgian GAAP) KBC Group 6.2bn EUR, of which:
  - available reserves 1.3bn EUR
  - accumulated profits (losses) 4.9bn EUR

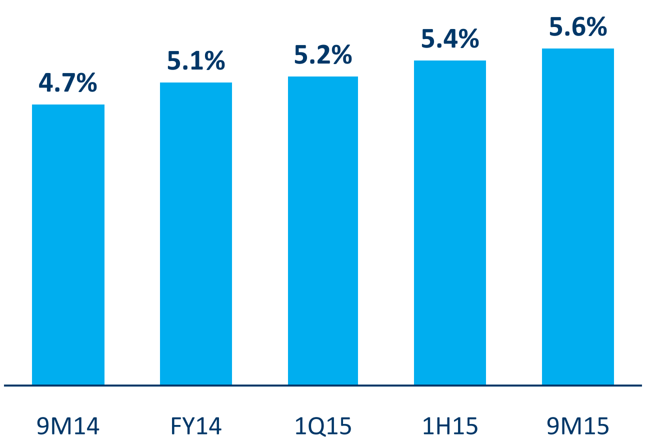
* After taking into account the full repayment of state aid at the end of 2015

Fully loaded Basel 3 leverage ratio

Fully loaded Basel 3 leverage ratio at KBC Bank



Fully loaded Basel 3 leverage ratio at KBC Group*

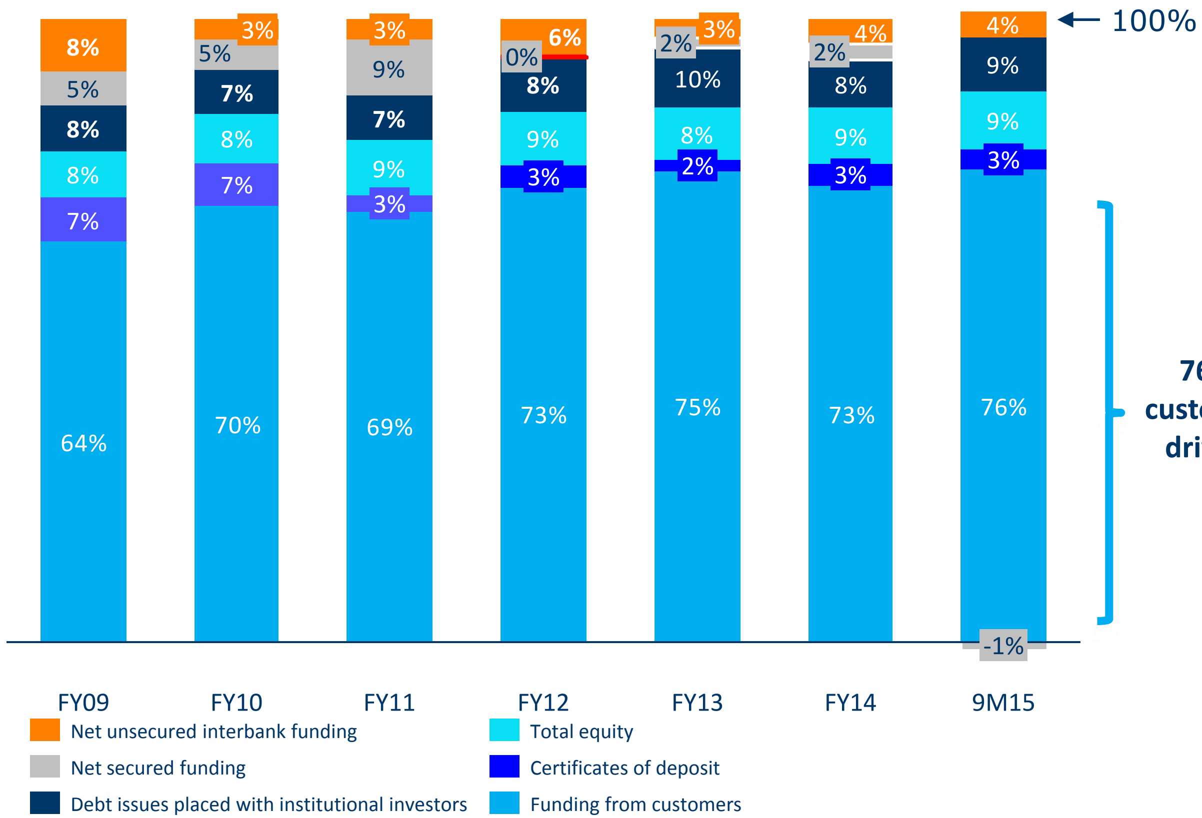


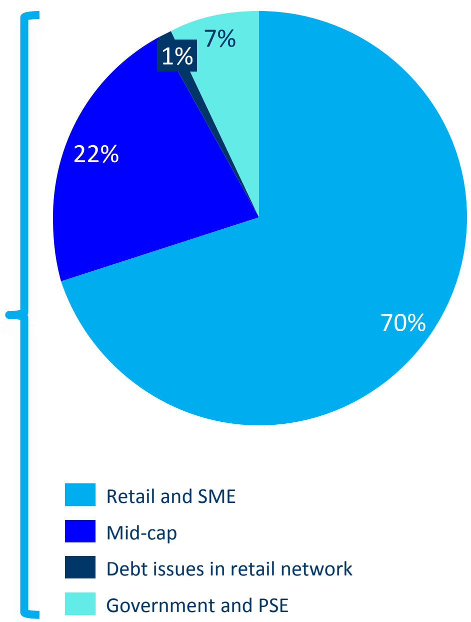
- **Fully loaded B3 leverage ratio, based on the current CRR legislation** (which was adapted during 4Q14):
  - **4.8%** at KBC Bank consolidated level
  - **5.6%** at KBC Group level*

* taking into account the full reimbursement of the remaining 2bn EUR of state aid (and penalty)

Solid liquidity position (1)

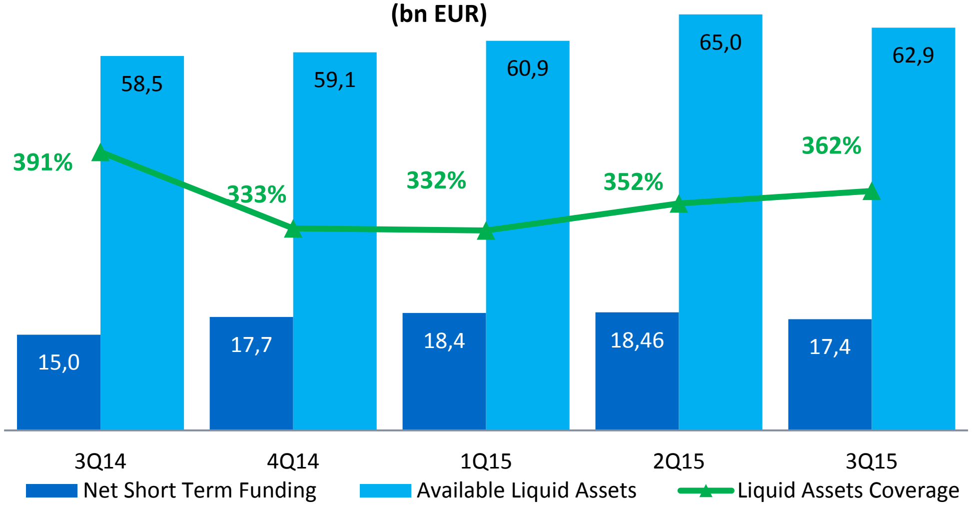
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets





Solid liquidity position (2)

Short term unsecured funding KBC Bank vs Liquid assets as of end September 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

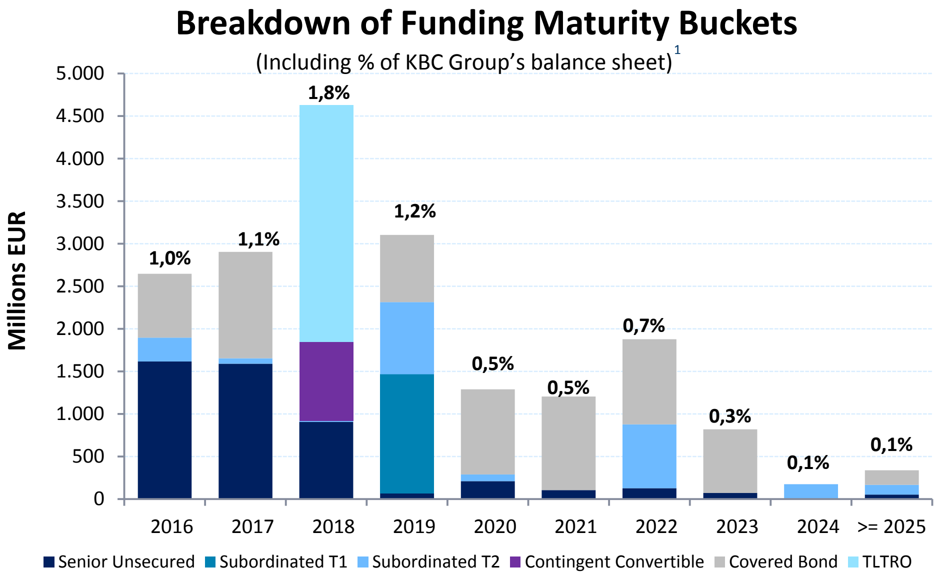
- KBC maintains a solid **liquidity position,** given that:
  - Available liquid assets are more than 3.5 times the amount of the net recourse on short-term wholesale funding
  - Funding from non-wholesale markets is stable funding from core-customer segments in core markets

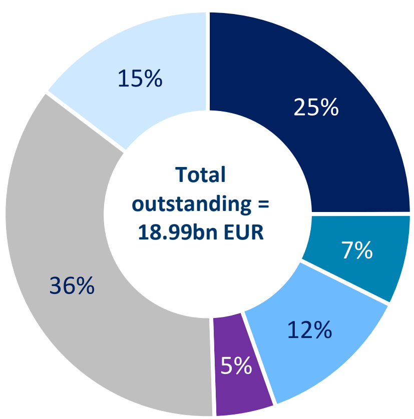
Ratios	FY14	9M15	Target
NSFR[1]	123%	123%	>105%
LCR[1]	120%	118%	>105%

[1] *Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are 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 123% and LCR at 118% by the end of 9M15**
  - Both ratios were well above the minimum target of at least 105%, in compliance with the implementation of Basel 3 liquidity requirements

Upcoming mid-term funding maturities

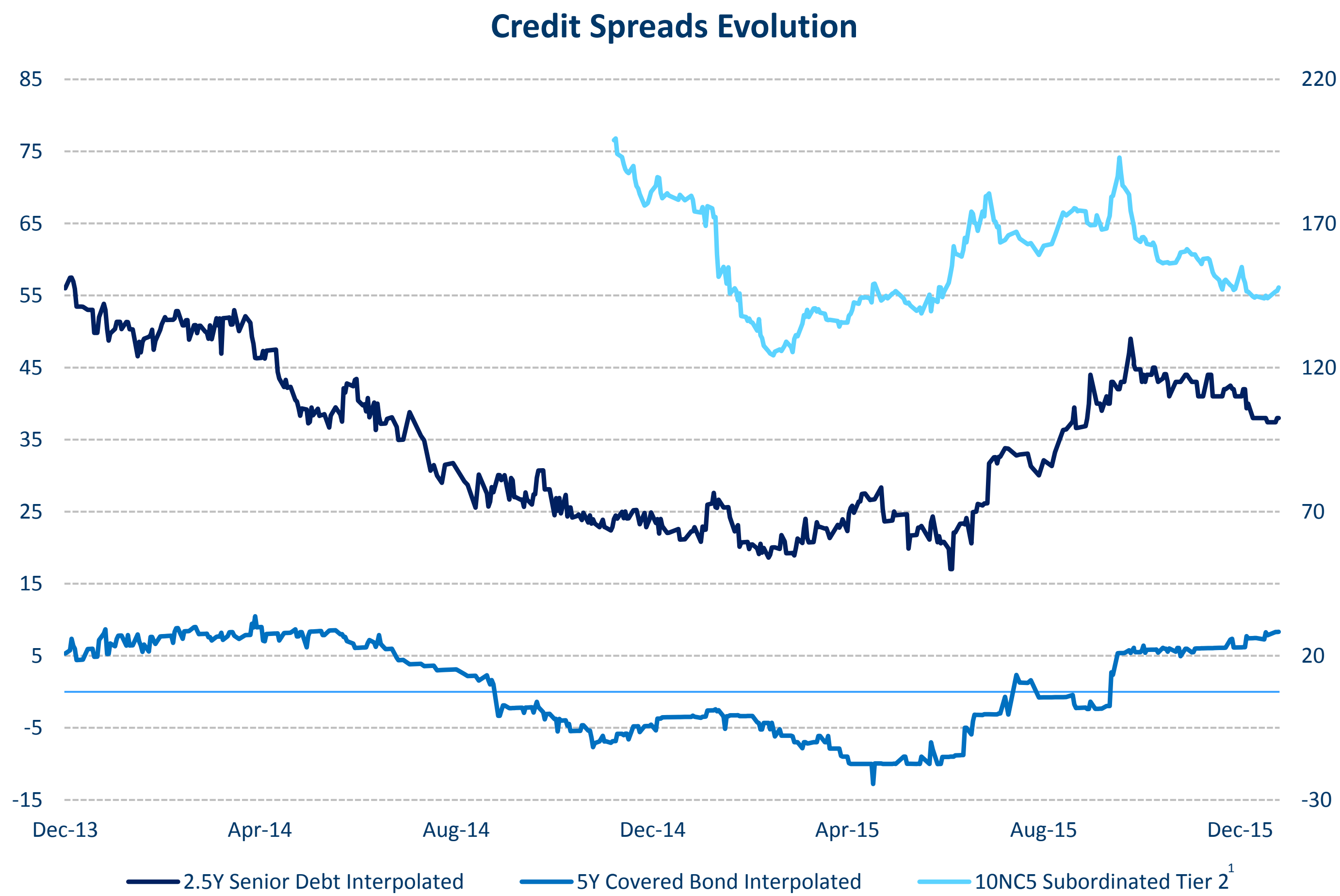




- KBC Bank has overall a limited reliance on wholesale funding
- Credit spreads narrowed towards the end of 4Q15
- KBC Bank has 6 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds
  - Structured notes and covered bonds using the private placement format
  - T1, T2 capital instruments and future Senior issued at KBC Group level and down-streamed to KBC Bank

[1] *Based on the latest available figures of KBC Group's balance sheet as of 3Q15*

Credit spreads evolution



[1] *10NC5 Subordinated Tier 2 spread is depicted based on the right hand axis.*

Summary covered bond programme (1/2) (details, see Annex 3)

- **KBC HAS ISSUED 7 SUCCESSFUL BENCHMARK COVERED BONDS AND PRIVATE PLACEMENTS FOR AN AMOUNT OF 6.81BN EUR**
  - KBC's 10bn EUR covered bond programme is rated Aaa/AAA (Moody's/Fitch)
  - CRD and UCITS compliant / 10% risk-weighted
  - All issues performed well in the secondary market

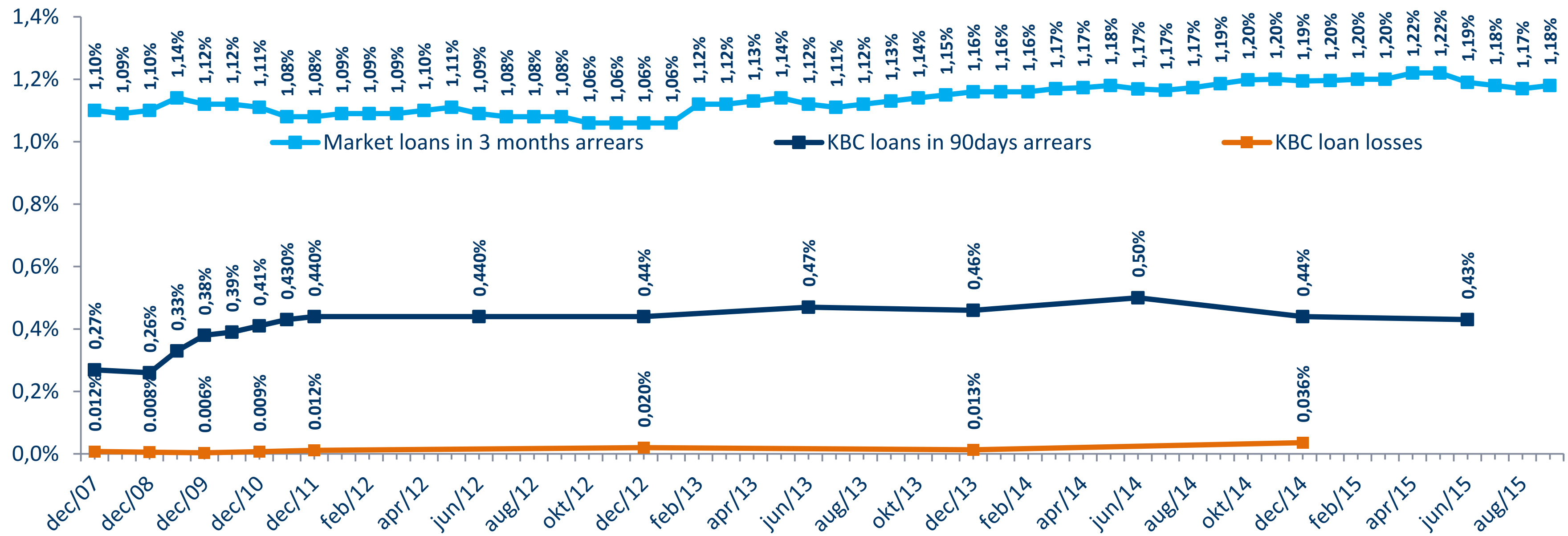
- **KBC'S COVERED BONDS ARE BACKED BY STRONG LEGISLATION AND SUPERIOR COLLATERAL**
  - Cover pool: Belgian residential mortgage loans
  - Strong Belgian legislation – inspired by German Pfandbriefen law
  - Direct covered bond issuance from a bank's balance sheet
  - Dual recourse, including recourse to a special estate with cover assets included in a register
  - Requires license from the National Bank of Belgium (NBB)
  - The special estate is not affected by a bank insolvency. In that case, the NBB can appoint a cover pool administrator to manage the special estate in issuer ; both monitor the pool on a ongoing basis
  - The value of one asset category must be at least 85% of the nominal amount of covered bonds
  - The value of the cover assets must at least be 105% of the covered bonds (value of mortgage loans is limited to 80% LTV)
  - Maximum 8% of a bank's assets can be used for the issuance of covered bonds

- **THE COVERED BOND PROGRAMME IS CONSIDERED AS AN IMPORTANT FUNDING TOOL FOR THE TREASURY DEPARTMENT**
  - KBC's intentions are to be a frequent benchmark issuer if markets permit

Summary covered bond programme (2/2) (details, see Annex 3)

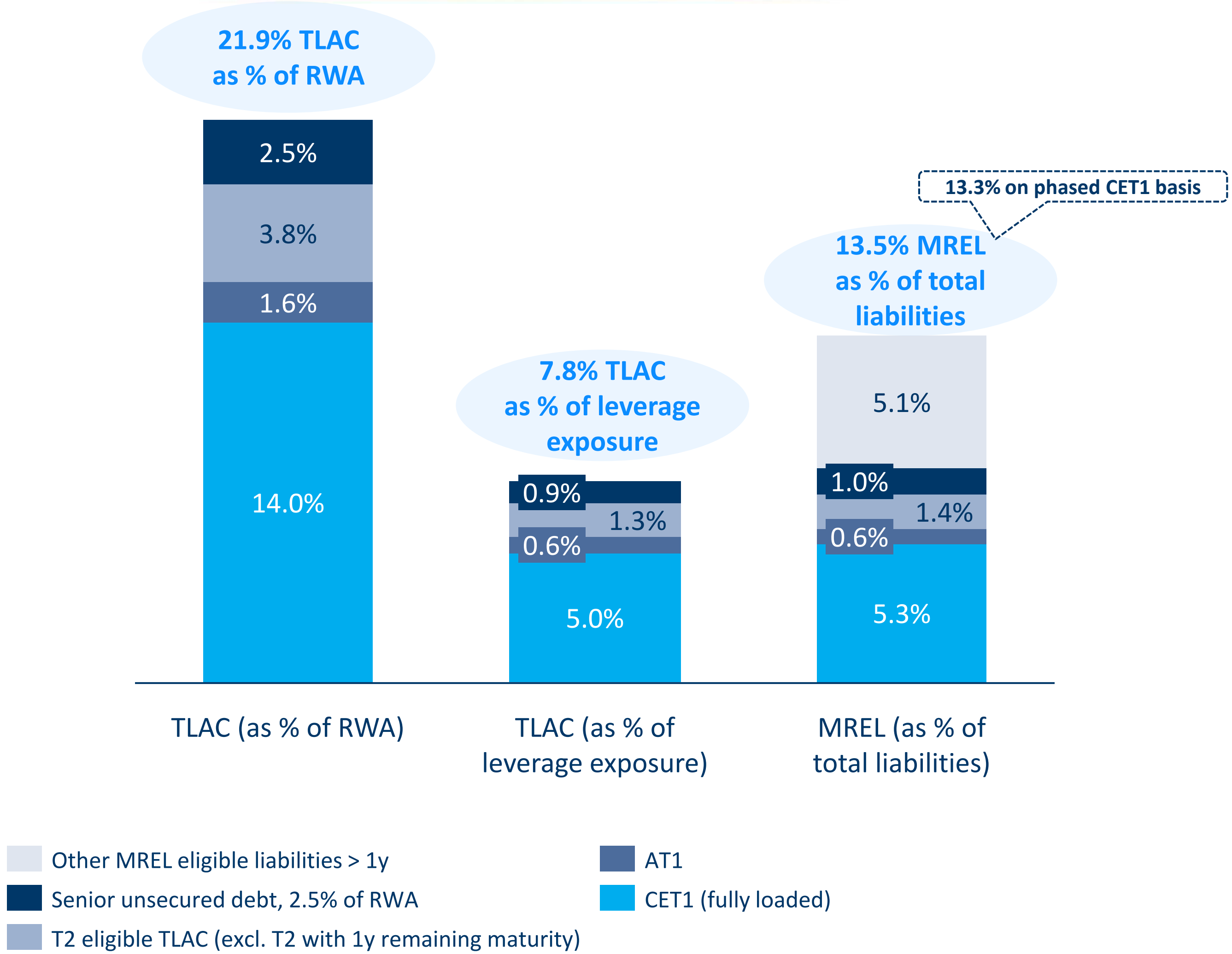
- **COVER POOL: BELGIAN RESIDENTIAL MORTGAGE LOANS**
  - Exclusively, this is selected as main asset category
  - Value (including collections) at least 105% of the outstanding covered bonds
  - Branch originated prime residential mortgages predominantly out of Flanders
  - Selected cover asset have low average LTV (63.4%) and high seasoning (45 months)

- **KBC HAS A DISCIPLINED ORIGINATION POLICY**
  - 2007 to 2014 average residential mortgage loan losses below 4 bp
  - Arrears in Belgium approx. stable over the past 10 years:
    - (i) Cultural aspects, stigma associated with arrears, importance attached to owning one’s property
    - (ii) High home ownership also implies that the change in house prices itself has limited impact on loan performance
    - (iii) Well established credit bureau, surrounding legislation and positive property market



Contents

KBC currently already holds comfortable bail-in buffers according to the latest regulation on TLAC and MREL…

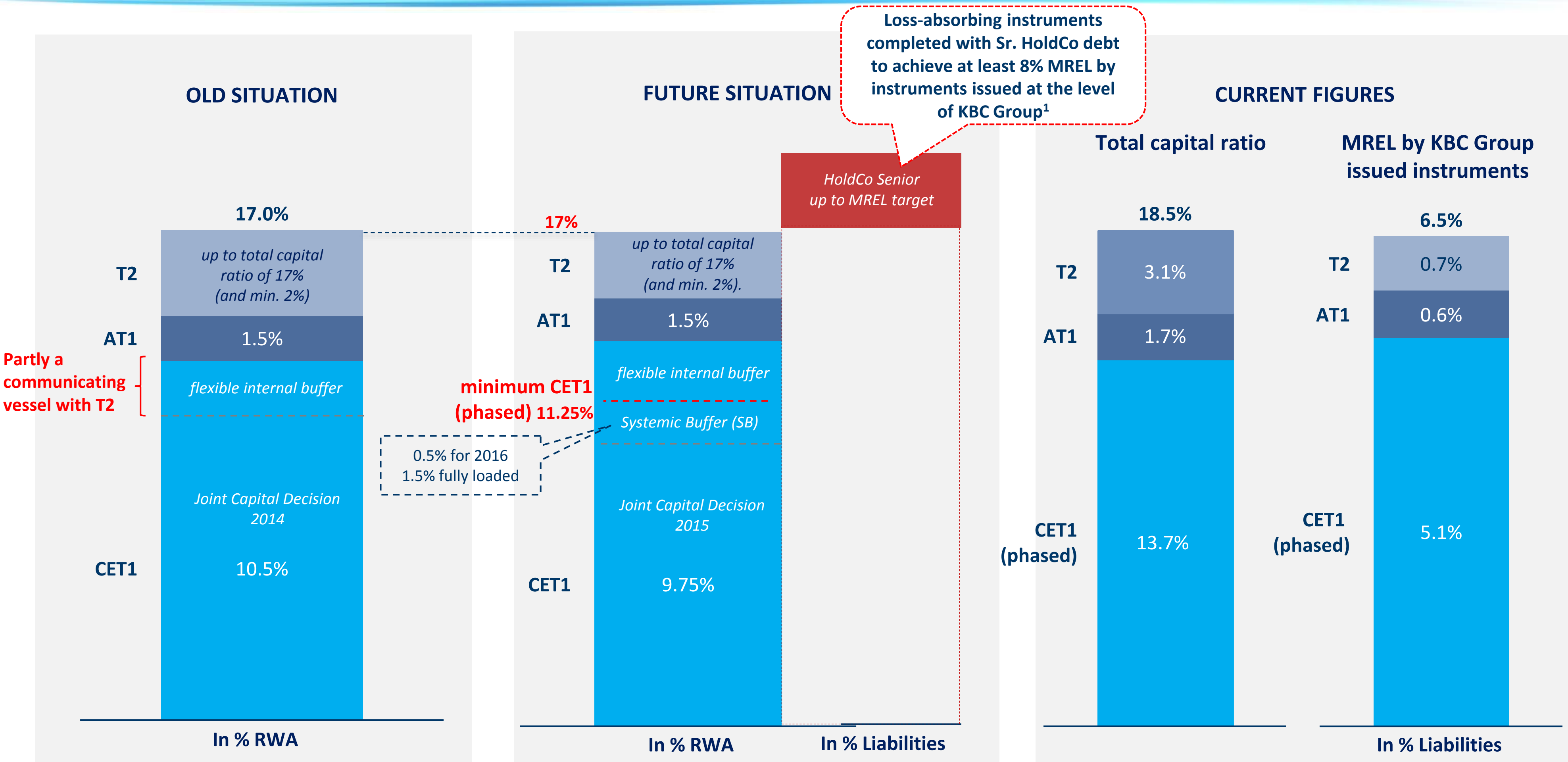


Given the current regulatory framework, KBC Group is comfortable with fully loaded:

- 21.9% risk-weighted TLAC*
- 7.8% leveraged TLAC
- 13.5% MREL*

* TLAC: Total loss-absorbing capacity / MREL: Minimum Required Eligible Liabilities

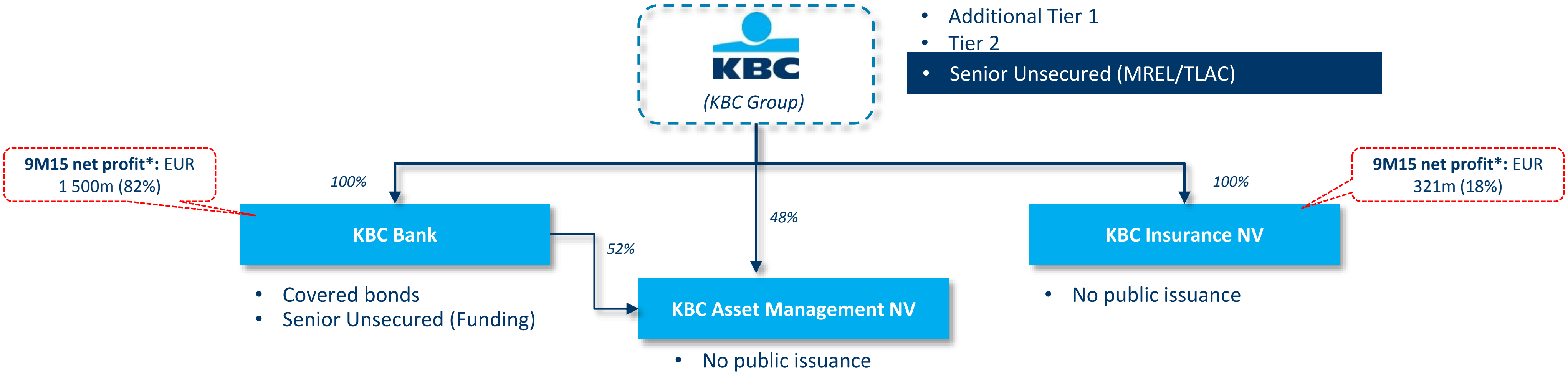
…and now works towards MREL via HoldCo issues



KBC Bank has a limited reliance on wholesale funding and has a number of transactions through KBC IFIMA (fully guaranteed subsidiary of KBC Bank) outstanding. Going forward, KBC will issue public senior unsecured from KBC Group to fulfil MREL needs and use KBC IFIMA issues only to supplement remaining wholesale funding needs

1. Resolution strategy and the individual institution MREL requirements are subject to the decision of the Single Resolution Board.
2. KBC Group bail-inable debt / liabilities; based on phased approach (see slide 70)

KBC's specific holding structure helps mitigate the risks



- KBC'S DIVERSIFIED GROUP STRUCTURE ALLOWS HOLDCO DEBT INVESTORS TO HAVE A CLAIM ON SUBSIDIARIES THAT ARE LESS IMPACTED BY LOSSES (LOWER CORRELATION BETWEEN ENTITIES) OR THAT ARE EVEN OUTSIDE THE RESOLUTION PERIMETER:
  - in a case where KBC Bank is fully wiped out by losses, investors in KBC Group will always have a claim on KBC Insurance and on part of KBC Asset Management
  - In a case where KBC Insurance is fully wiped out by losses, investors in KBC Group will always have a claim on KBC Bank and on part of KBC Asset Management *(note that, KBC Insurance is outside the scope of BRRD)*
- ISSUING SENIOR UNSECURED FROM KBC GROUP WILL PROVIDE FOR EXTRA CUSHION TO THE SENIOR DEBT INVESTORS AT KBC BANK LEVEL GIVEN THE SUBORDINATED ON-LOAN
- FROM KBC PERSPECTIVE, THE BANK-INSURANCE MODEL (I.E. OUR LONG-TERM STRATEGIC VIEW) IS MAINTAINED IN ALL BUT THE MOST EXTREME RESOLUTION SCENARIOS
- WILL KBC ISSUE FROM OTHER ENTITIES WITHIN THE GROUP?
  - Recent capital issuances (AT1 & T2) have come from KBC Group – this approach will continue in the future *(providing support to potential KBC Group senior creditors)*
  - Covered bonds will continue to be issued by KBC Bank
  - Senior unsecured from KBC Bank for funding reasons

* Before intragroup / consolidation effects

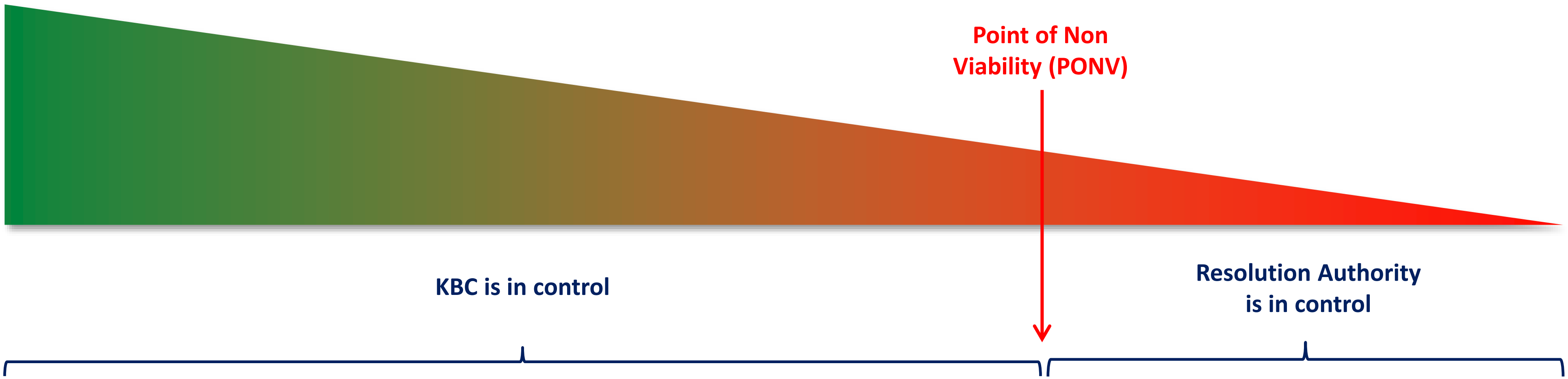
Key investment highlights

- ✓ **KBC is one of the strongest capitalised and most capital generative financials in Europe**
  - Compared with other European financials to have issued from their Holding Companies (see also annex 6), KBC has the strongest leverage ratio and one of the highest CET1 and total capital position
  - According to market estimates, KBC generates at least an approximated additional 2% of CET1 on a yearly basis before dividends
  - Proven track record of prudent capital management (e.g. shareholder loans (2013), capital increase (2012), final repayment of YES (2015))

- ✓ **Given its already strong capitalisation and liquidity, KBC currently foresees relatively limited amounts of senior debt in the future to reach MREL targets (at group level) and/or to complete its funding needs**

- ✓ **A really diversified holding company and the absence of ring-fencing helps to mitigate the risks of structural subordination of Senior debt of KBC Group compared to other issuers**

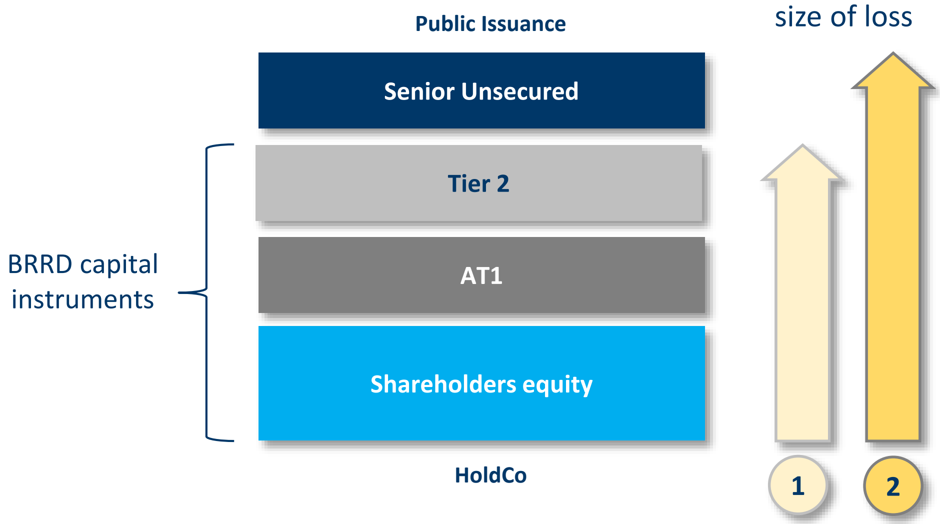
General principles:
What happens in different solvency situations?



Capital instruments

	Business as usual	Recovery plan	Resolution plan
CET1	sufficiently above Joint Capital Decision	in breach (or breach is imminent) of Joint Capital Decision	in breach of minimum requirements (4.5% CET1 / 6% T1 / 8% total capital) or considered as non viable by the competent authorities.
AT1	no impact	coupon uncertain absorbs losses when trigger (5.125% CET1 on transitional basis) is breached	absorb losses at PONV
T2	no impact	no impact (except CoCo: absorbs losses when trigger (7% CET1 on a transitional basis) is breached)	absorb losses at PONV
Senior debt	no impact	no impact	absorb losses beyond PONV (bail-in)

General principles:
What are the risks for HoldCo senior investors?



In all scenarios surpassing the Point of Non Viability, the investors are protected by the No Creditor Worse Off principle ("NCWO"), which stipulates that no instrument will be worse off in resolution than in normal insolvency proceedings

1 **Recapitalisation scenario,** losses (originating in any or in all of the underlying entities*) are lower than the size of the capital instruments at the HoldCo level

⇨ part or all of Senior debt issued by the HoldCo can be converted into shares to recapitalise the HoldCo up to a minimum level as decided by the competent authorities. The investor then has a combination of shares and bonds of the HoldCo instead of only bonds and thus (co-)owns the underlying entities. The conversion factor would be determined by the competent authorities applying the NCWO principle.

2 **Loss absorption scenario,** losses (originating in any or in all of the underlying entities*) exceed the size of the capital instruments at the HoldCo level

⇨ part or all of Senior issued by the HoldCo can be bailed-in to absorb losses. The NCWO principle implies that losses are only up-streamed to the HoldCo upto the amount of the investment of the HoldCo in the entity(ies) generating the losses. Hence, the investor in the HoldCo Senior will lose (up to) its investment to the extent that the amount of outstanding HoldCo senior debt exceeds the value of the remaining underlying entities of the HoldCo

* In KBC Group's case this would be KBC Bank and/or KBC Insurance and/or KBC Asset Management

Contents

3Q 2015 wrap up

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

Post balance-sheet events (1/2): KBC will liquidate KBC Financial Holding Inc. (US)

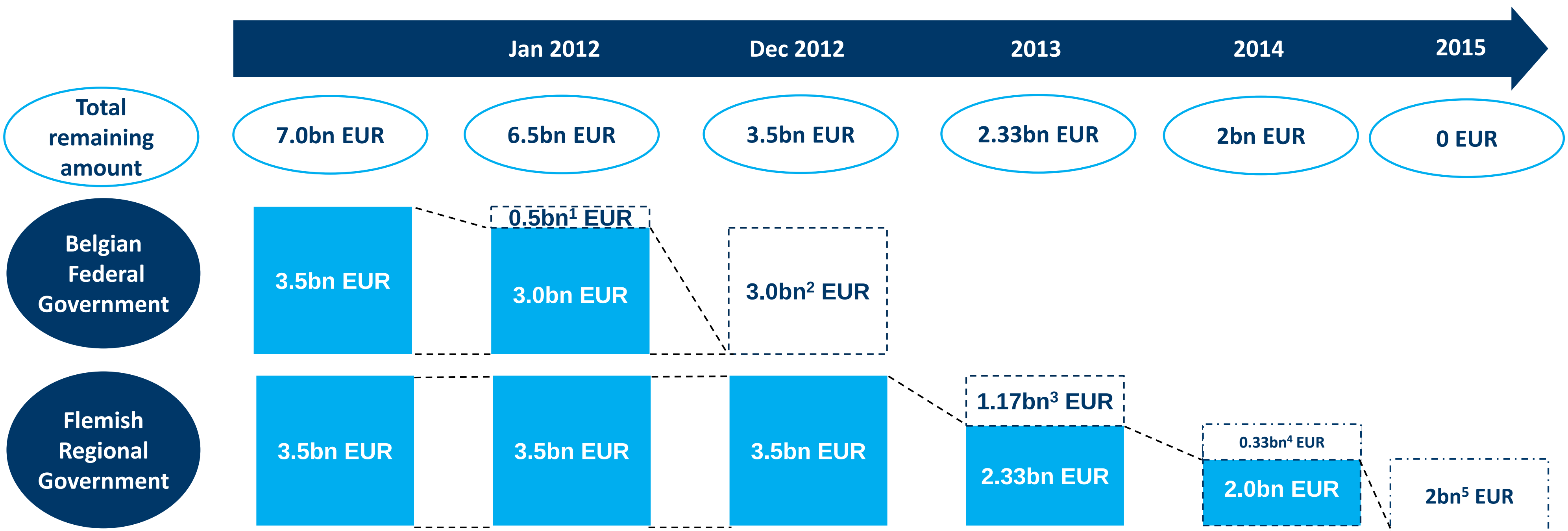
- KBC will liquidate KBC Financial Holding Inc. (US). This will result in the tax deductibility of losses already booked in previous years (specifically 2008 and 2009), for which a DTA[1] will be booked, leading to[2]:
  - a gain in the IFRS P&L of 763m EUR (912m EUR of which recognition of a tax loss carry forward DTAs, partly offset by -148m EUR translation differences which are already accounted for in IFRS equity and flow through P&L upon realisation), likely to be booked in 4Q15
  - an increase in IFRS equity of 912m EUR
  - an initial increase in CET1 ratio of 0.16% fully loaded under the Danish Compromise
    - in principle, a tax loss carry forward DTA is deducted from common equity, while a DTA for timing differences is weighted at 250%
    - the above principles are applied after netting of tax loss carry forward DTAs and DTAs for timing differences with DTLs[1] on a pro rata basis
    - due to this netting with DTL, only 658m EUR will be deducted from common equity
    - the remainder (253m EUR) will be weighted at 250%, leading to 633m EUR RWAs

Danish Compromise, fully loaded	End 3Q15	End 3Q15 pro forma
CET1 capital	15 073	15 326
RWAs	86 524	87 157
CET1 ratio	17.42%	17.58%

1 DTA: Deferred Tax Asset ; DTL: Deferred Tax Liability
2 Subject to USD/EUR rate at time of realisation

Post balance-sheet events (2/2):
KBC repays all remaining State aid ahead of schedule

- accelerated full repayment of 3.0bn EUR of state aid to the Belgian Federal Government in December 2012
- accelerated repayment of 1.17bn EUR of state aid to the Flemish Regional Government mid-2013
- at the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty)
- on 11 December 2015, KBC announced that it would accelerate the reimbursement of the remaining 2bn EUR state aid (plus penalty) by year-end 2015 (and subsequently did so)



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

KBC

Looking forward

- Looking forward, management envisages:
  - Continued stable and solid returns for the Belgium & Czech Republic Business Units
  - The International Markets Business Unit more than achieved its profitability target (184m EUR profit in 9M15)
  - As per guidance already issued, profitability in Ireland expected from 2016 onwards
  - A phased B3 common equity ratio of minimum 10.25% for 2016
  - 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

Appendices

1. KBC 2014/15 benchmarks + overview of outstanding benchmarks
2. KBC Bank CDS levels
3. Summary of KBC’s covered bond programme
4. Details on selective credit exposure
5. Bank taxes
6. Solvency: details on capital
7. Macroeconomic views

KBC 2014 Benchmarks

- KBC 5Y Fixed – Covered – BE0002462373
  - Notional: 750m EUR
  - Issue Date: 25 February 2014 – Maturity: 25 February 2019
  - Coupon: 1%, A, Act/Act
  - Re-offer spread: Mid Swap +10bp (issue price 99.391%)
  - Joint lead managers: KBC, Deutsche Bank, DZ Bank, ING Bank, and Unicredit

- KBC 10NC5 Fixed – Tier 2 – BE0002479542
  - Notional: 750m EUR
  - Issue Date: 25 November 2014 – Maturity: 25 November 2024
  - Coupon: 2.375 %, A, Act/Act
  - Re-offer spread: Mid Swap +198bp (issue price 99.874%)
  - Joint lead managers: KBC, DZ Bank, Goldman Sachs, JP Morgan and Natixis

- KBC PerpNC5Y Fixed – Additional Tier 1 – BE0002463389
  - Notional: 1.4bn EUR
  - Issue Date: 19 March 2014 – Maturity: perpetual NC5
  - Coupon: 5.625%, A, Act/Act
  - Re-offer spread: Mid Swap + 475,9bp (issue price 100%)
  - Joint lead managers: KBC, Goldman Sachs, JP Morgan, Morgan Stanley and UBS

KBC 2015 benchmarks

KBC 7Y Fixed – Covered – BE0002482579

- Notional: 1bn EUR
- Issue Date: 22 January 2015 – Maturity: 22 January 2022
- Coupon: 0.45% A, Act/Act
- Re-offer spread: Mid Swap +2bp (issue price 99.815%)
- Joint lead managers: KBC, HSBC, ING Bank, LBBW and Unicredit

KBC 12NC7 Fixed – Tier 2 – BE0002485606

- Notional: 750m EUR
- Issue Date: 11 March 2015 – Maturity: 11 March 2027
- Coupon: 1.875 %, A, Act/Act
- Re-offer spread: Mid Swap +150bp (issue price 99.49%)
- Joint lead managers: KBC, Bank of America, BNP Parisbas , Deutsche Bank and Morgan Stanley

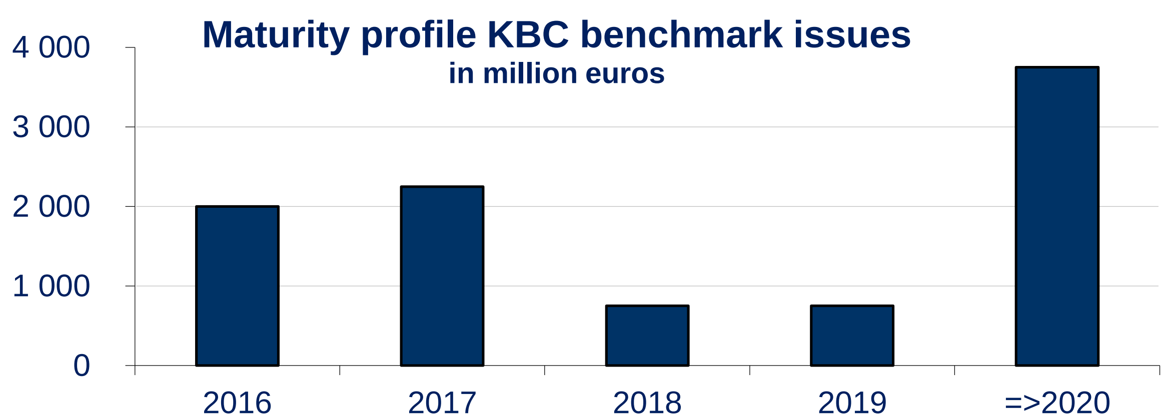
KBC 6Y Fixed – Covered – BE0002489640

- Notional: 1bn EUR
- Issue Date: 28 April 2015 – Maturity: 28 April 2021
- Coupon: 0.125% A, Act/Act
- Re-offer spread: Mid Swap -8 bp (issue price 99.678%)
- Joint lead managers: KBC, Commerzbank, Natixis, RBS and Unicredit

Outstanding benchmarks

Issuer	Curr	Amount issued	Coupon	Settlement Date	Maturity Date	ISIN	YEAR
			Tranche Report				
			UNSECURED				
KBC Ifima N.V.	EUR	750 000 000	5	16/03/2011	16/03/2016	XS0605440345	2016
KBC Ifima N.V.	EUR	1 000 000 000	4.5	27/03/2012	27/03/2017	XS0764303490	2017
KBC Ifima N.V.	EUR	500 000 000	3	29/08/2012	29/08/2016	XS0820869948	2016
KBC Ifima N.V.	EUR	750 000 000	2.125	10/09/2013	10/09/2018	XS0969365591	2018
			COVERED				
KBC Bank N.V.	EUR	1 250 000 000	1.125	11/12/2012	11/12/2017	BE6246364499	2017
KBC Bank N.V.	EUR	750 000 000	2	31/01/2013	31/01/2023	BE0002425974	2023
KBC Bank N.V.	EUR	1 000 000 000	1.25	28/05/2013	28/05/2020	BE0002434091	2020
KBC Bank N.V.	EUR	750 000 000	0.875	29/08/2013	29/08/2016	BE0002441161	2016
KBC Bank N.V.	EUR	750 000 000	1	25/02/2014	25/02/2019	BE0002462373	2019
KBC Bank N.V.	EUR	1 000 000 000	0.45	22/01/2015	22/01/2022	BE0002482579	2022
KBC Bank N.V.	EUR	1 000 000 000	0.125	28/04/2015	28/04/2021	BE0002489640	2021

Total: EUR 9.5bn



Main characteristics of subordinated debt issues

SUBORDINATED BOND ISSUES KBC					
	KBC Bank NV	**KBC Bank NV T2 Coco**	**KBC Groep NV AT1**	**KBC Groep NV Tier II**	**KBC Groep NV Tier II**
Amount issued Tendered	GBP 525 000 000 GBP 480 500 000	USD 1 000 000 000	EUR 1 400 000 000	EUR 750 000 000	EUR 750 000 000
Net Amount	GBP 44 500 000	USD 1 000 000 000	EUR 1 400 000 000	EUR 750 000 000	EUR 750 000 000
ISIN-code	BE0119284710	BE6248510610	BE0002463389	BE0002479542	BE0002485606
Call date	19/12/2019	25/01/2018	19/03/2019	25/11/2019	11/03/2022
Initial coupon	6.202%	8%	5.625%	2.375%	1.875%
Coupon step-up / reset	3m gbp libor + 193bps	$ MS 5Y + 7.097%	€ MS 5Y + 4.759%	€ MS 5Y + 1.980%	€ MS 5Y + 1.50%
First (next) call date	19/12/2019	25/01/2018	19/03/2019	25/11/2019	11/03/2022
ACPM Dividend Stopper	Yes Yes	- -	- -	- -	- -
Conversion into PSC	Yes	-	-	-	-
Trigger	Supervisory event or general "concursus creditorum"	CT1/CET1 < 7% at KBC Group level Full and permanent write-down	Trigger CET1 RATIO < 5.125% Temporary write-down	Regulatory+Tax call	Regulatory+Tax call

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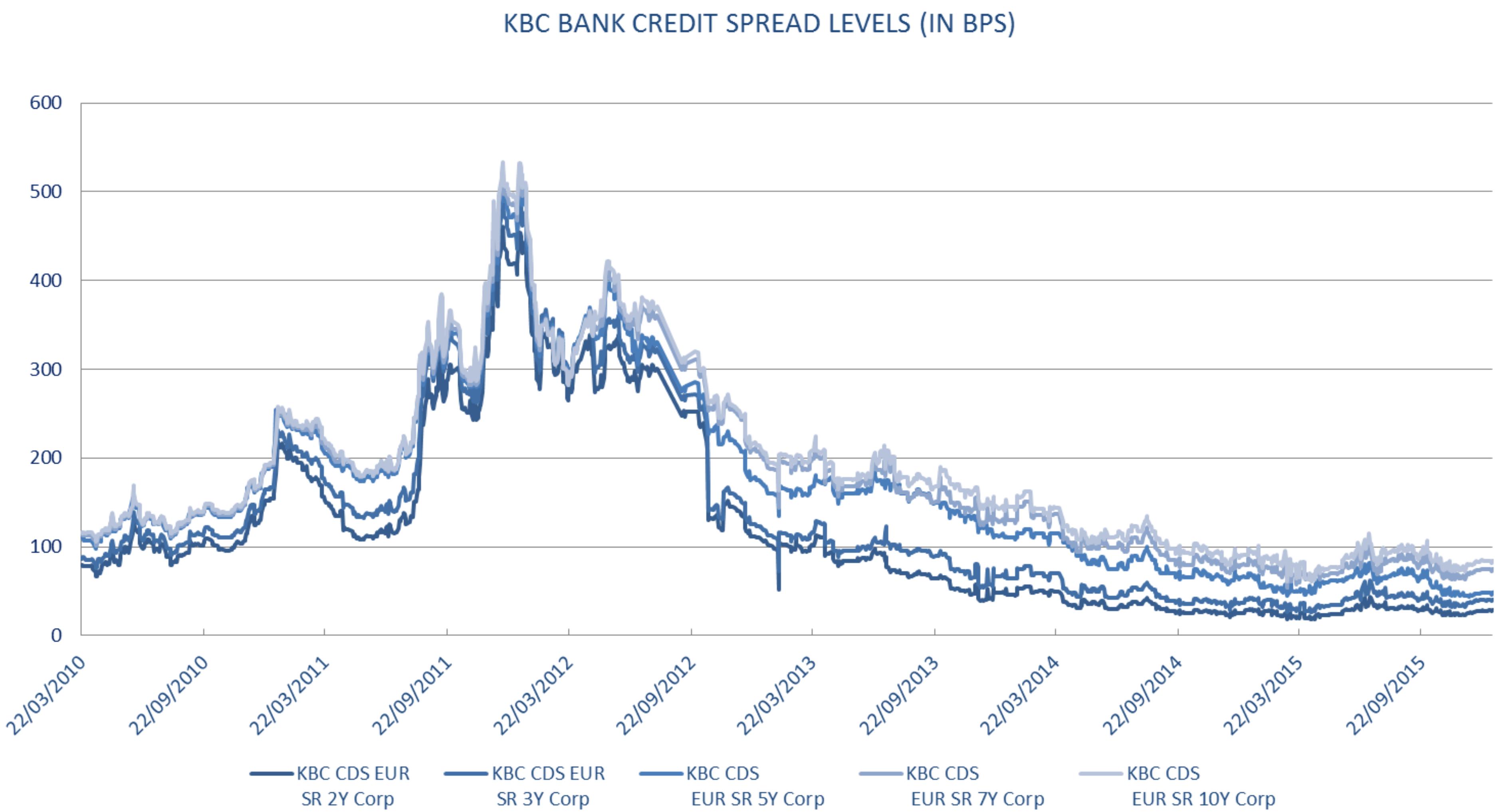
KBC Bank CDS levels



Appendices

Key messages on KBC’s covered bond programme

- **KBC’s covered bonds are backed by strong legislation and superior collateral**
  - KBC’s covered bonds are rated Aaa/AAA (Moody’s/Fitch)
  - Cover pool: Belgian residential mortgage loans
  - Strong Belgian legislation – inspired by German Pfandbriefen law
  - KBC has a disciplined origination policy – 2007 to 2014 average residential mortgage loan losses below 4 bp
  - CRD and UCITS compliant / 10% risk-weighted

- **KBC already issued seven successful benchmark covered bonds in different maturity buckets**

- **The covered bond programme is considered as an important funding tool**

- **Sound economic picture provides strong support for Belgian housing market**
  - High private savings ratio of 13.4 %
  - Belgian unemployment is significantly below the EU average
  - Demand still outstrips supply

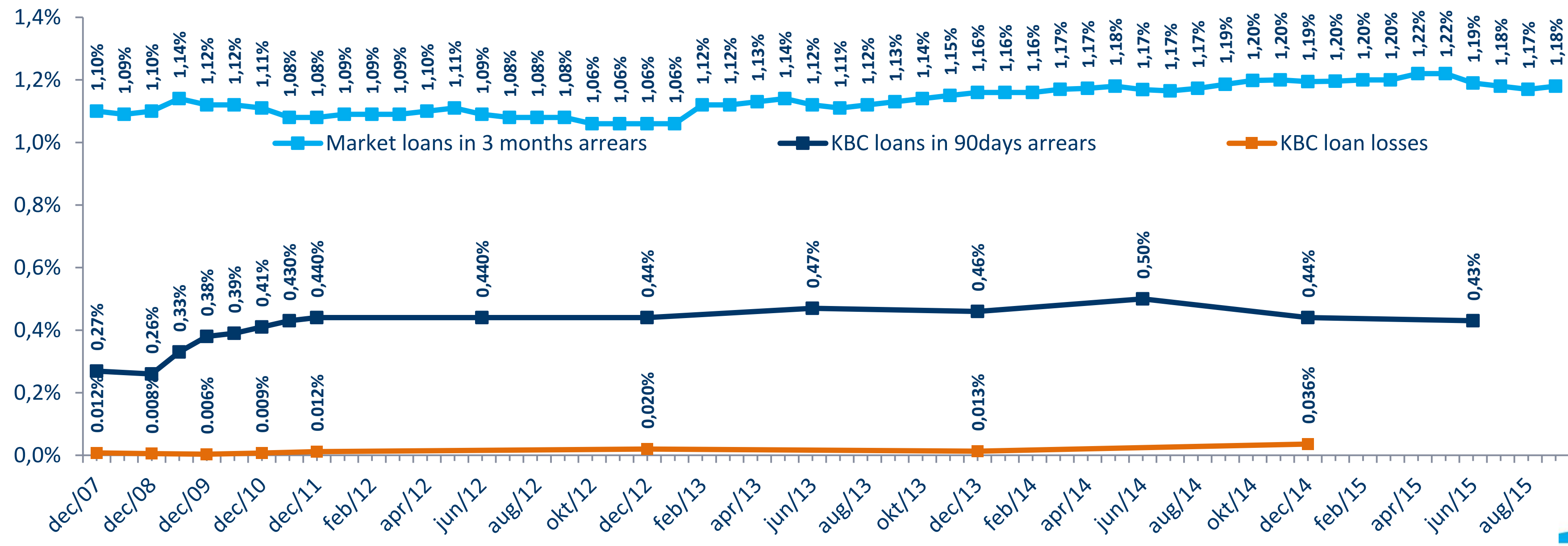
KBC's disciplined origination leads to low arrears and extremely low loan losses

BELGIUM SHOWS A SOLID PERFORMANCE OF MORTGAGES…

Arrears have been very stable over the past 10 years. Arrears in Belgium are low due to:

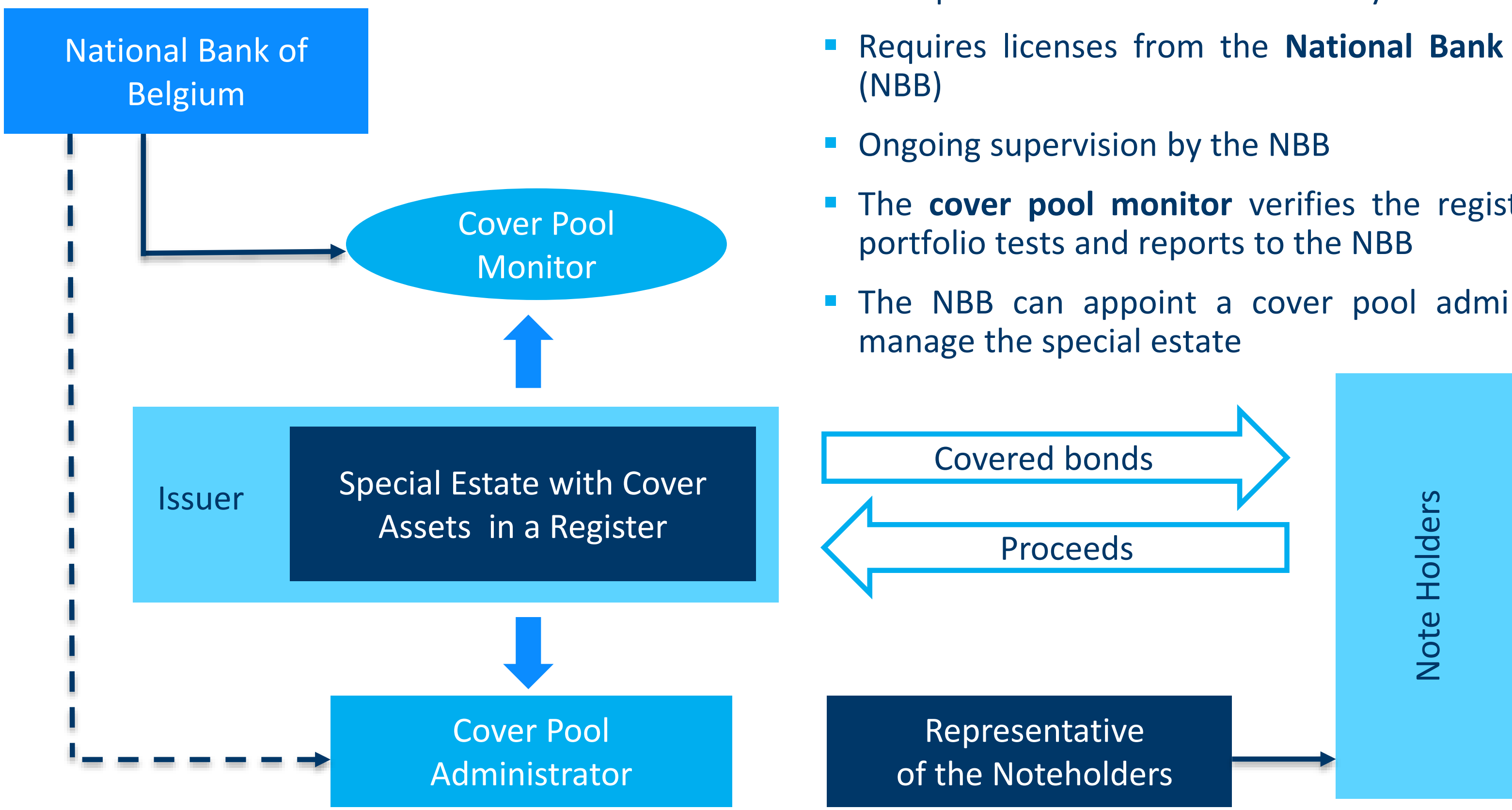
- Cultural aspects, stigma associated with arrears, importance attached to owning one's property
- High home ownership also implies that the change in house prices itself has limited impact on loan performance
- Well established credit bureau and surrounding legislation
- Housing market environment (no large house price declines)

… AND KBC HAS EXTRAORDINARY LOW LOAN LOSSES



Belgian legal framework

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



Strong legal protection mechanisms

1 Collateral type

- The value of one asset category must be at least 85% of the nominal amount of covered bonds
  - KBC Bank selects residential mortgage loans and commits that their value (including collections) will be at least 105%

2 Over-collateralisation Test

- The value of the cover assets must at least be 105% of the covered bonds
  - The value of residential mortgage loans:
    1) is limited to 80% LTV
    2) must be fully covered by a mortgage inscription (min 60%) plus a mortgage mandate (max 40%)
    3) 30 day overdue loans get a 50% haircut and 90 days (or defaulted) get zero value

3 Cover Asset Coverage Test

- The sum of interest, principal and other revenues of the cover assets must at least be the interest, principal and costs relating to the covered bonds
  - Interest rates are stressed by plus and minus 2% for this test

4 Liquidity Test

- Cover assets must generate sufficient liquidity or include enough liquid assets to pay all unconditional payments on the covered bonds falling due the next 6 months
  - Interest rates are stressed by plus and minus 2% for this test

5 Cap on Issuance

- Maximum 8% of a bank's assets can be used for the issuance of covered bonds

KBC Bank NV residential mortgage covered bond programme

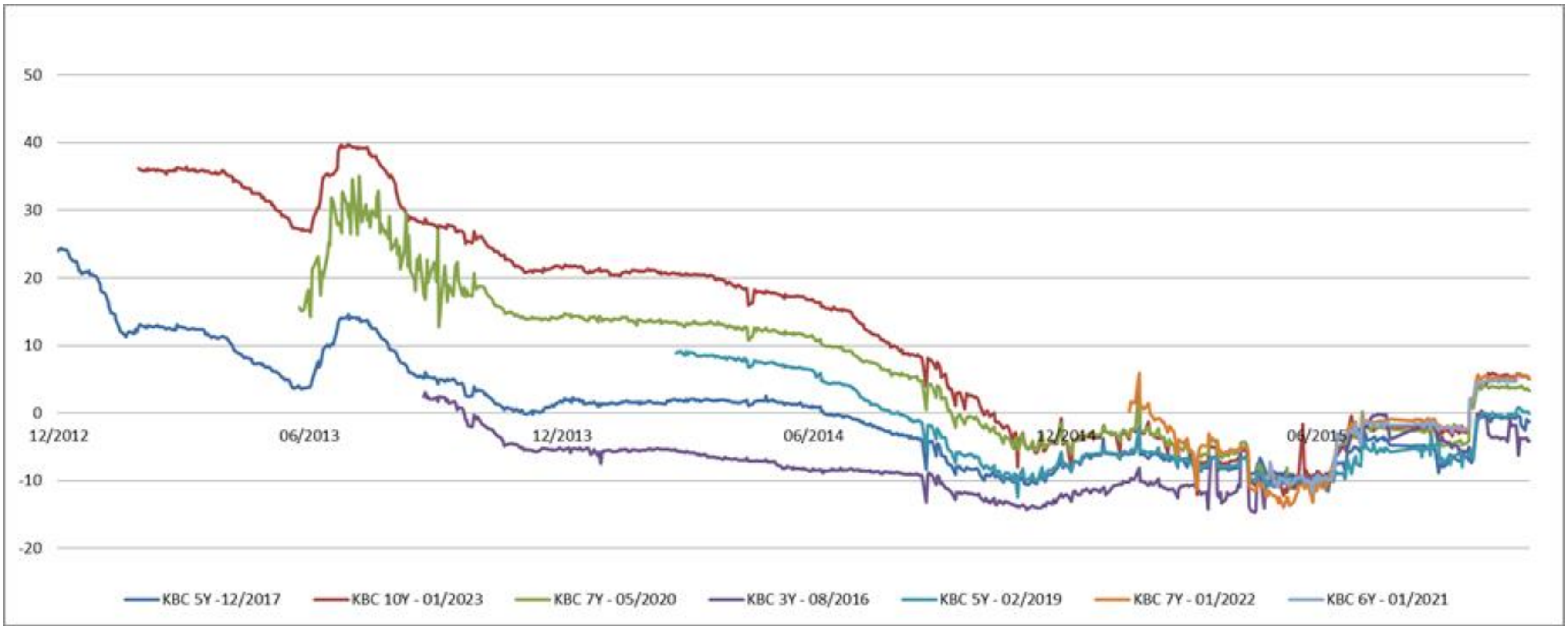
Issuer:	• KBC Bank NV
Main asset category:	• min 105% of covered bond outstanding is covered by residential mortgage loans and collections thereon
Programme size:	• Up to 10bn EUR (only)
Interest rate:	• Fixed rate, floating rate or zero coupon
Maturity:	• Soft bullet: payment of the principal amount may be deferred past the final maturity date until the **extended final maturity date** if the issuer fails to pay • Extension period is 12 months for all series
Events of default:	• Failure to pay any amount of principal on the extended final maturity date • A default in the payment of an amount of interest on any interest payment date
Rating agencies:	• Moody's Aaa / Fitch AAA

	Moody's	Fitch
Over-collateralisation	**15%**	**20%**
	TPI Cap Probable	**D-cap 4 (moderate risk)**

Benchmark issuance KBC covered bonds

- **Since establishment of the covered bond programme KBC has issued seven benchmark issuances**:

SPREAD EVOLUTION KBC COVERED BONDS (SPREAD IN BP VERSUS 6 MONTH MID SWAP)



Source Bloomberg Mid ASW levels

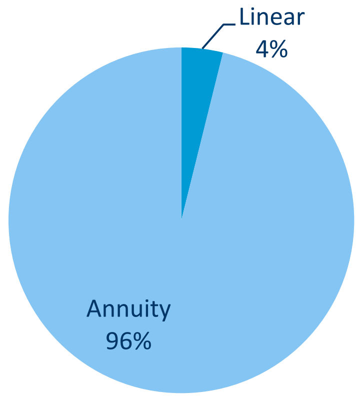
Key cover pool characteristics (1/3)

Investor reports, final terms and prospectus are available on www.kbc.com/covered_bonds

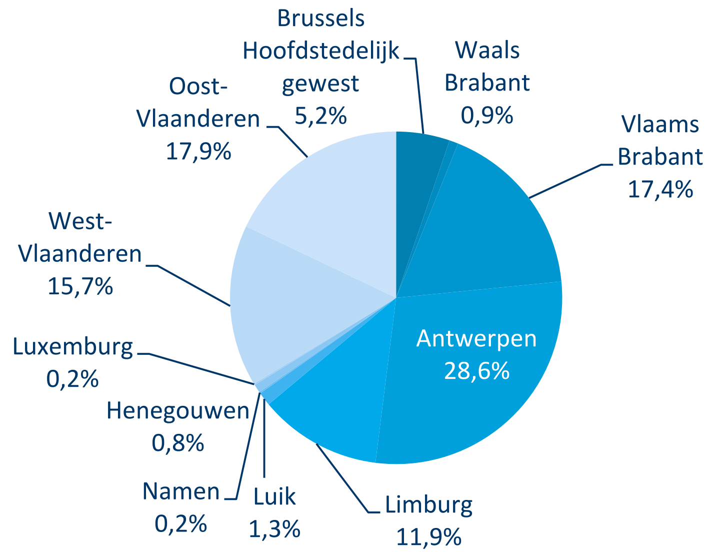
Portfolio data as of :	30 September 2015
Total Outstanding Principal Balance	9 320 339 321
Total value of the assets for the over-collateralisation test	8 589 076
No. of Loans	111 851
Average Current Loan Balance per Borrower	114 796
Maximum Loan Balance	1 000 000
Minimum Loan Balance	1 000
Number of Borrowers	81 190
Longest Maturity	359 month
Shortest Maturity	1 month
Weighted Average Seasoning	45 months
Weighted Average Remaining Maturity	196 months
Weighted Average Current Interest Rate	2.69%
Weighted Average Current LTV	63.4%
No. of Loans in Arrears (+30days)	279
Direct Debit Paying	97.7%

Key cover pool characteristics (2/3)

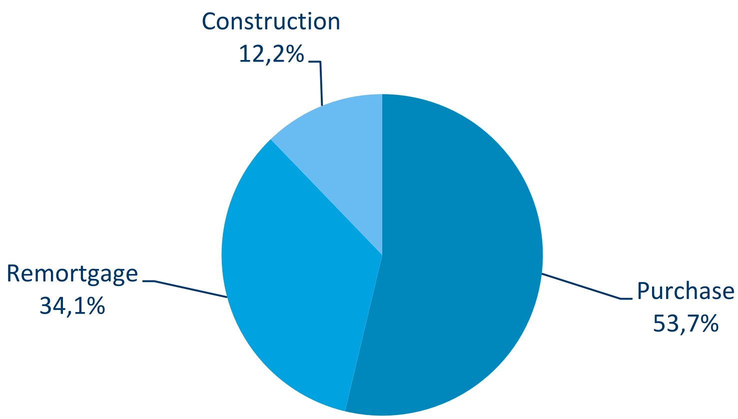
REPAYMENT TYPE (LINEAR VS. ANNUITY)



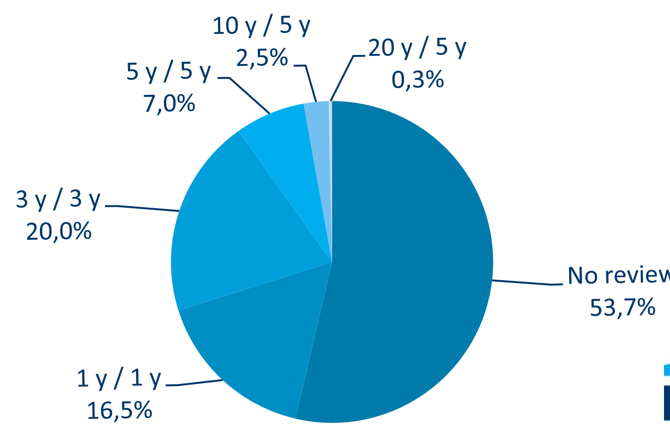
GEOGRAPHICAL ALLOCATION



LOAN PURPOSE

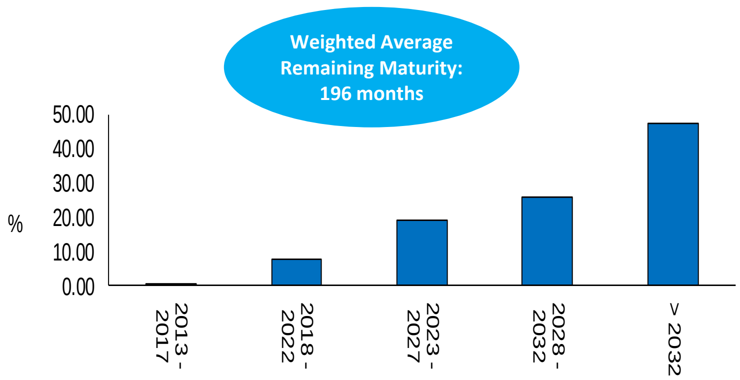


INTEREST RATE TYPE (FIXED PERIODS)

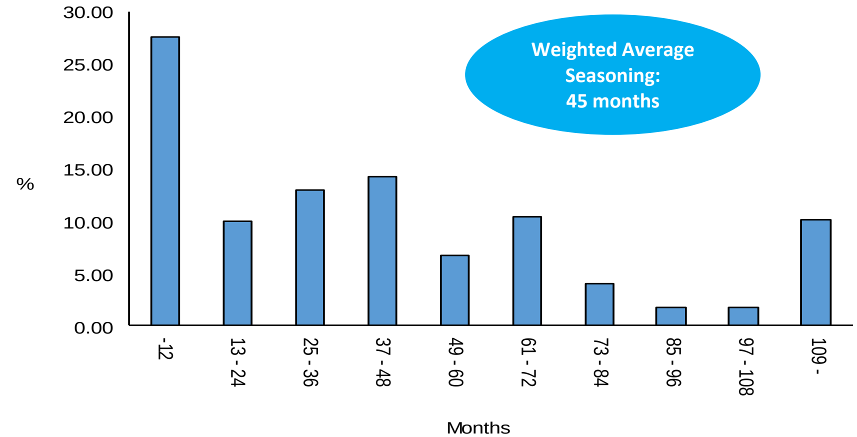


Key cover pool characteristics (3/3)

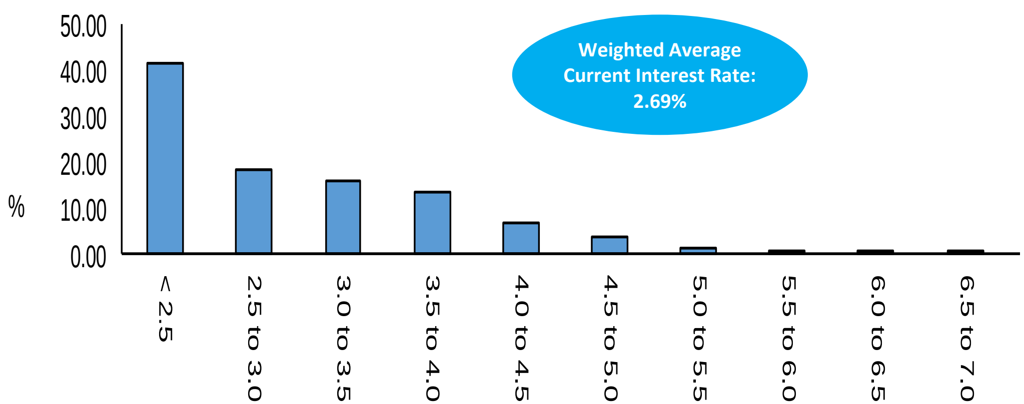
FINAL MATURITY DATE



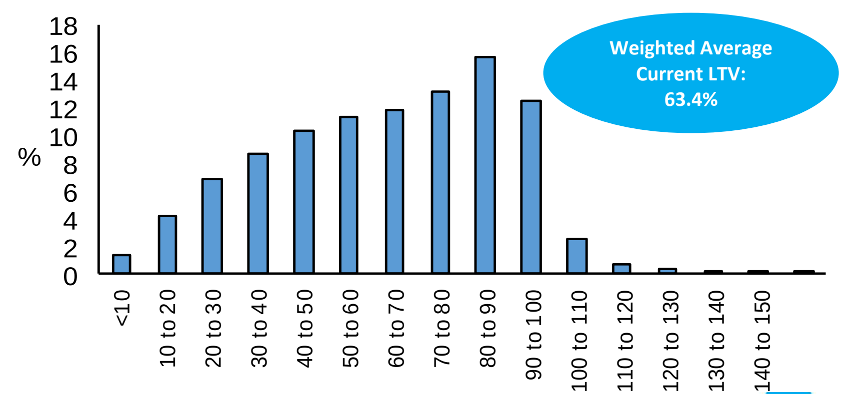
SEASONING



INTEREST RATE



CURRENT LTV



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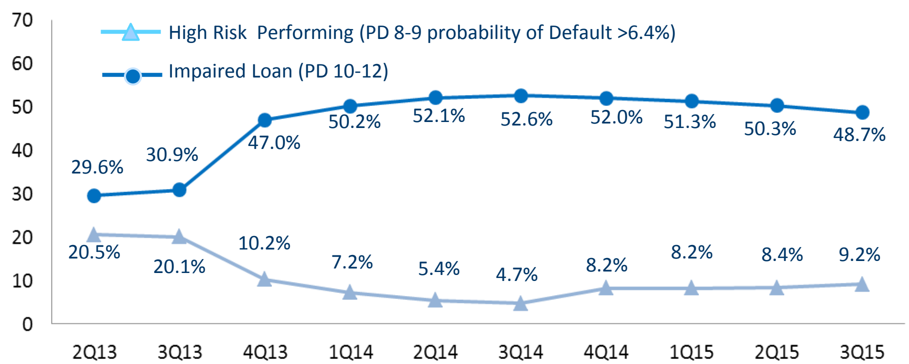
Ireland (1): loan loss provisions amounted to only 9m EUR in 3Q15

LOAN PORTFOLIO €	OUT-STANDING €	IMPAIRED LOANS €	IMPAIRED LOANS PD 10-12	SPECIFIC PROVISIONS €	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9.1bn	3.3bn	36.3%	1.0bn	30%
Buy to let mortgages	2.7bn	1.8bn	68.9%	0.7bn	38%
SME /corporate	1.2bn	0.7bn	64.3%	0.5bn	61%
Real estate - Investment - Development	 0.9bn 0.3bn	 0.7bn 0.3bn	 78.2% 100%	 0.4bn 0.2bn	 52% 84%
Total	**14.1bn**	**6.9bn**	**48.7%**	**2.7bn**	**40%**

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.

- Irish economic growth has moved onto a stronger trajectory, with GDP likely to increase by about 6.5% in 2015
- Improvement in domestic spending supporting jobs growth and set to reduce unemployment to 9% by year end
- Economic conditions supportive of solid Irish housing market with recovery now becoming established outside Dublin
- Customer Deposits (Retail & Corporate) net inflows of 0.2bn EUR in 3Q15, resulting in a deposit portfolio of 5.0bn EUR (compared with 4.8bn EUR in 2Q15)
- Loan loss provisions amounted to only 9m EUR in 3Q15 compared to 16m EUR in 2Q15. Coverage ratio increased from 38% in 2Q15 to 40% in 3Q15
- Looking forward, we are maintaining our guidance for Ireland, namely the lower end of the 50m-100m EUR range for both FY15 and FY16

Ireland (2): Portfolio analysis

3Q15 Retail Portfolio

	PD	Exposure	Impairment	Cover %
Performing	PD 1-8	5,790	26	0.4%
	Of which non Forborne	5,762		
	Of which Forborne	28		
	PD 9	824	39	4.8%
	Of which non Forborne	295		
	Of which Forborne	529		
Impaired	PD 10	2,817	619	22.0%
	PD 11	1,616	588	36.4%
	PD 12	702	490	69.7%
	TOTAL PD1-12	**11,749**	**1,761**	
	Specific Impairment/(PD 10-12)			*33.0%*

'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.

3Q15 Corporate Loan Portfolio

	PD	Exposure	Impairment	Cover %
Perf.	PD 1-8	578	4	0.8%
	PD 9	32	4	12.6%
Impaired	PD 10	576	217	37.7%
	PD 11	422	247	58.6%
	PD 12	720	581	80.8%
	TOTAL PD1-12	**2,328**	**1,054**	
	Specific Impairment/(PD 10-12)			*60.9%*

Retail portfolio

- Impaired portfolio fell by roughly 240m EUR q-o-q due to a combination of property sales and improvement in the portfolio performance resulting in loans positively migrating to a performing status (PD 1-9)
- Coverage ratio for impaired loans increased to 33.0% in 3Q15 (from 31.5% in 2Q15)

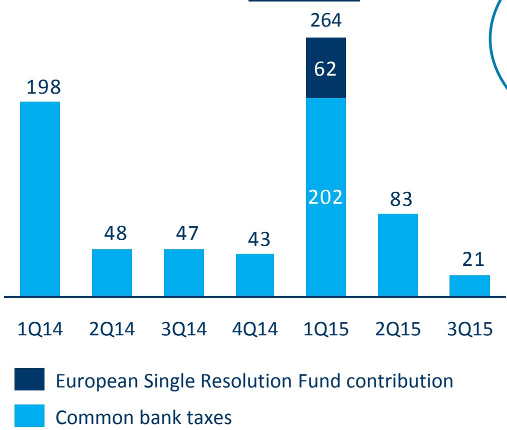
Corporate loan portfolio

- Impaired portfolio has reduced by roughly 40m EUR q-o-q. Reduction driven mainly by continued deleveraging of the portfolio, including underlying asset sales and loan amortisation
- Coverage ratio for impaired loans has increased to 60.9% in 3Q15 (from 59.7% in 2Q15)

Appendices

Overview of bank taxes[1]

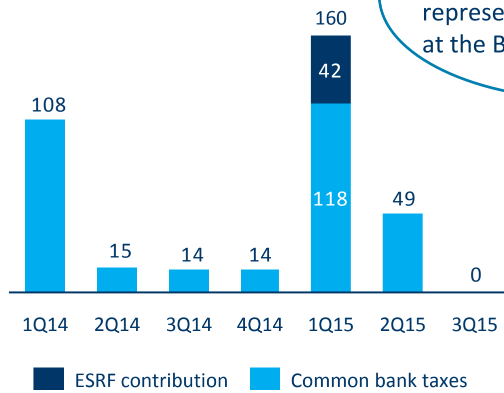
KBC GROUP



Bank taxes of 368m EUR YTD. On a pro rata basis, bank taxes represented 10.2% of 9M15 opex at KBC Group[2]

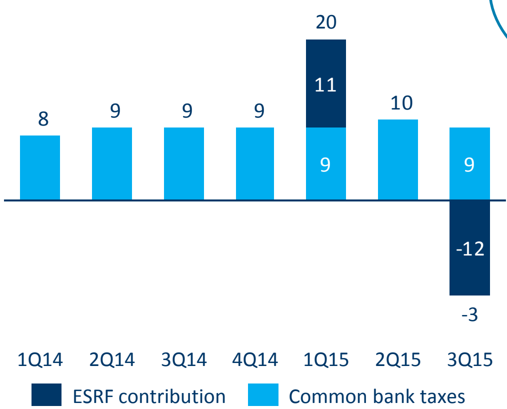
BELGIUM BU

Bank taxes of 209m EUR YTD. On a pro rata basis, bank taxes represented 8.6% of 9M15 opex at the Belgium BU



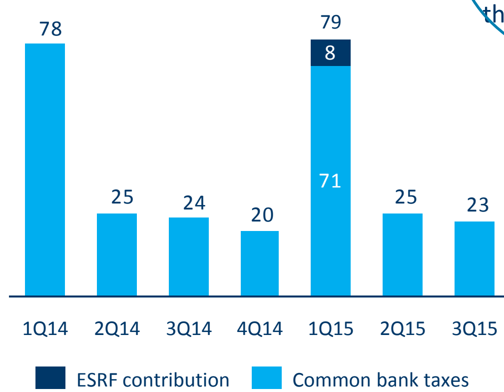
CZECH REPUBLIC BU

Bank taxes of 27m EUR YTD. On a pro rata basis, bank taxes represented 6.0% of 9M15 opex at the CR BU



INTERNATIONAL MARKETS BU

Bank taxes of 126m EUR YTD. On a pro rata basis, bank taxes represented 19.8% of 9M15 opex at the IM BU



1 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.
2 The C/I ratio adjusted for specific items of 54% in 9M15 amounts to roughly 48% excluding these bank taxes

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Active capital management by KBC

>5bn EUR in loss absorbing capital generated

2012

- 16 October: sale of treasury shares – capital release 0.35bn EUR
- 10 December: capital increase – common increase 1.25bn EUR

2013

- 18 January: issuance of CoCo - loss absorbing capital increase 1.0bn USD
- 3 July: shareholder loans I – capital release 0.33bn EUR
- 19 November: shareholder loans II – capital release 0.67bn EUR

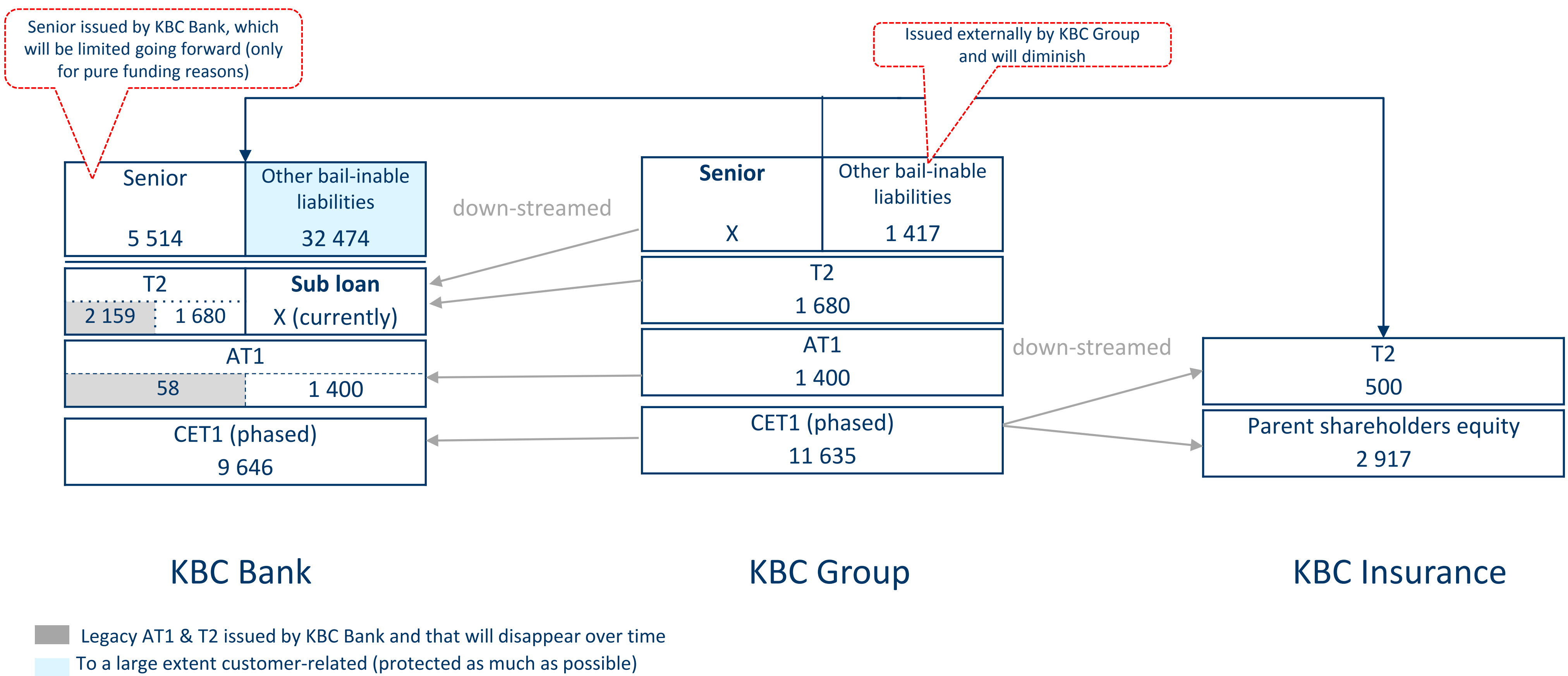
2014

- 12 March: issuance of AT1 – loss absorbing capital increase 1.4bn EUR
- 18 December: capital structure KBC Insurance – loss absorbing capital increase approx. 0.4bn EUR (+0.49% CET1)

In 2Q14, KBC called almost all its old-style hybrid T1 instruments for a total amount of approx. 2.3bn EUR

KBC has strong buffers cushioning Sr. debt at all levels

30/09/2015 (pro forma after full YES repayment)
All amounts are nominal except specified
KBC Asset Management not shown separately as for Solvency purposes it is consolidated to KBC Group and Bank



- MREL GROUP INSTRUMENTS = 6.5% (11.6+1.4+1.7)/226 148)
- MREL KBC GROUP INSTRUMENTS + BANK INSTRUMENTS = 13.3% BASED ON PHASED CET1 (13.5% ON FULLY LOADED BASIS)

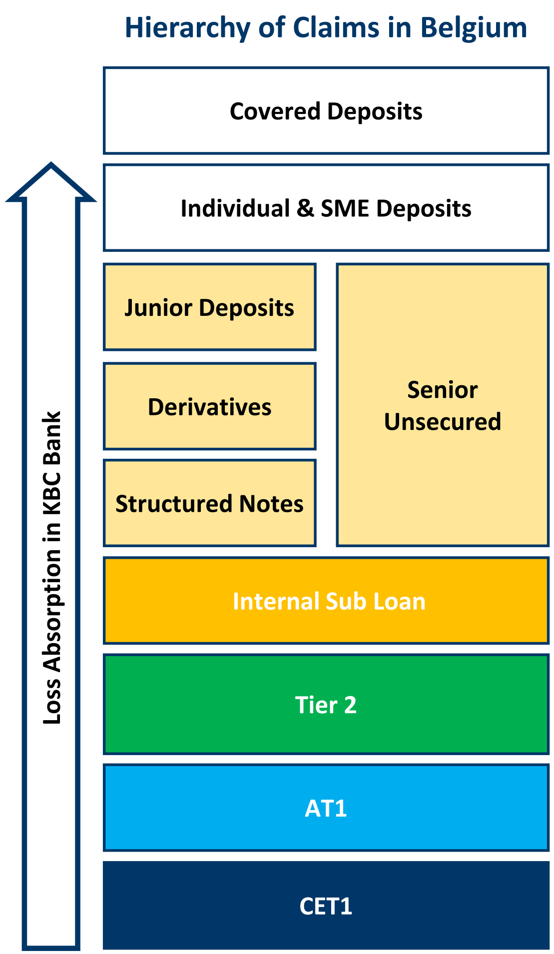
KBC in the context of other HoldCo debt issuers

	KBC	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	Peer 8		Comments
Fully Loaded Leverage Ratio	5,6 %	5,0 %	5,0 %	5,0 %	4,8 %*	4,2 %	4,1 %	3,9 %	3,3 %	✓	KBC strongest
CET1 Generation (2014 Net Income/Latest RWAs)	2,0 %	0,5 %	(0,8)%	1,3 %	1,0 %	0,2 %	0,9 %	0,7 %	1,7 %	✓	KBC strongest
Fully Loaded CET1 Ratio	14,0 %	13,7 %	12,7 %	11,8 %	11,4 %*	11,1 %	11,7 %	10,2 %	14,3 %	✓	KBC 2nd strongest
Phased-in Total Capital / Leverage Exp.	6,7 %	6,9 %	6,0 %	6,7 %	7,3 %	5,5 %	5,3 %	5,5 %	5,9 %	✓	KBC 3rd strongest
Phased-in Total Capital Ratio	18,5 %	22,2 %	16,0 %	17,0 %	18,2 %	16,5 %	17,4 %	20,1 %	25,8 %	✓	KBC 4th strongest
Total Risk-Weighted Assets	€87bn	€305bn	€429bn	€1.024bn	€282bn*	€518bn	€117bn	€261bn	€198bn	✓	Scarcity value
No Ring-Fencing	✓	×	×	×	×	×	×	×	×	✓	Only bank not impacted by ring-fencing
HoldCo Ratings (M/S/F)	Baa2/A-/A-**	Baa1/BBB+/A+	Ba1/BBB-/BBB+	A1/A/AA-	Aa3/A-/A+	Baa3/BBB/A	Baa1/BBB+/A	Baa2/BBB+/A	Baa2/BBB+/A	✓	Highly rated bank

In addition to the above points, KBC also has limited Investment Banking activities as compared with several UK and Swiss HoldCo issuers

Note: KBC figures adjusted for the repayment of the YES securities. Peers' ratios as reported as of 30-Sep-2015 unless otherwise stated
* As of 30-Jun-2015 as not disclosed in Q3 press release
** As at 8 January 2016

Implementation of the BRRD in Belgium



1. The BRRD has been transposed to a large extent by the Act of 25 April 2014 on the legal status and supervision of credit institutions ("The Banking Act") which applies since May-2015, with the exception of some major provisions, such as the bail-in tool. Some provisions will be further implemented by a Royal Decree ("RD"):
   - Bail-in mechanism and MREL requirement of the BRRD: RD was published in the Belgian Official Journal 29 December 2015 and entries into force as from 1 January 2016. However, the resolution strategy and MREL target for KBC are assumptions and have not been determined by the Resolution Authority
   - Group dimension of the BRRD: transposition is currently under preparation
2. The competent authorities are
   - Supervision authority (KBC Bank NV, KBC Group NV): ECB/NBB.
   - Resolution authority (KBC Bank NV, KBC Group NV): Single Resolution Board as from 1 January 2016.
   - Competent authority for conduct supervision of financial institutions and intermediaries (KBC Bank NV): FSMA.
3. The hierarchy of claims in Belgium is in line with the BRRD as provided for in art. 48 BRRD and applies losses accordingly.
   - Creditors are protected by the No Creditor Worse Off ("NCWO") principle which ensures that creditors in resolution can't be worse-off than in normal insolvency proceedings (art 34(1) BRRD).
4. KBC plans on on-lending senior unsecured issued out of KBC Group NV as subordinated instruments at KBC Bank NV to ensure the on-loan would only take losses after Tier 2 securities.
   - Additionally KBC Bank NV's funding needs in senior unsecured are expected to be moderate going forward

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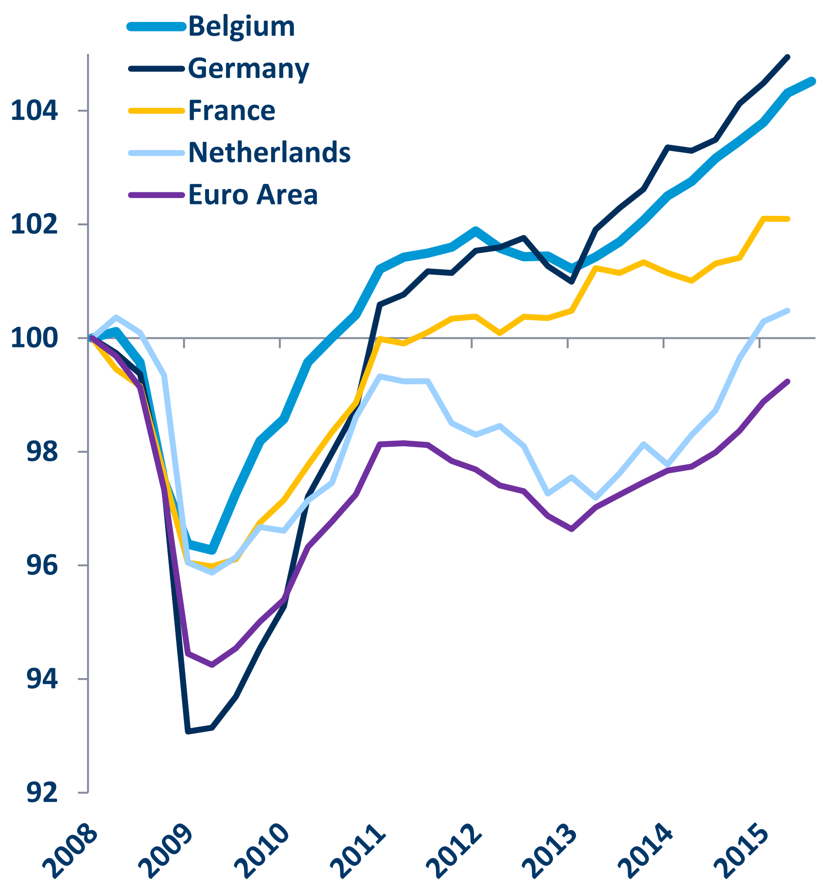
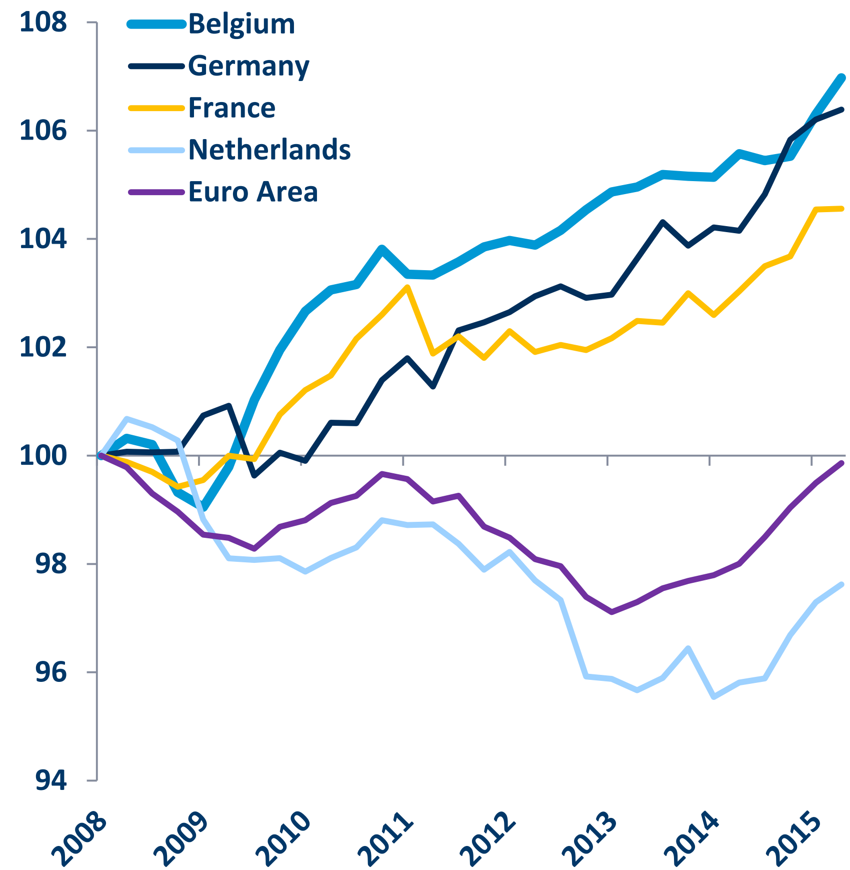
Belgian economic growth
Moderate but steady GDP growth – with strong consumption

Real GDP in the Euro Area
(Q1 2008 = 100)

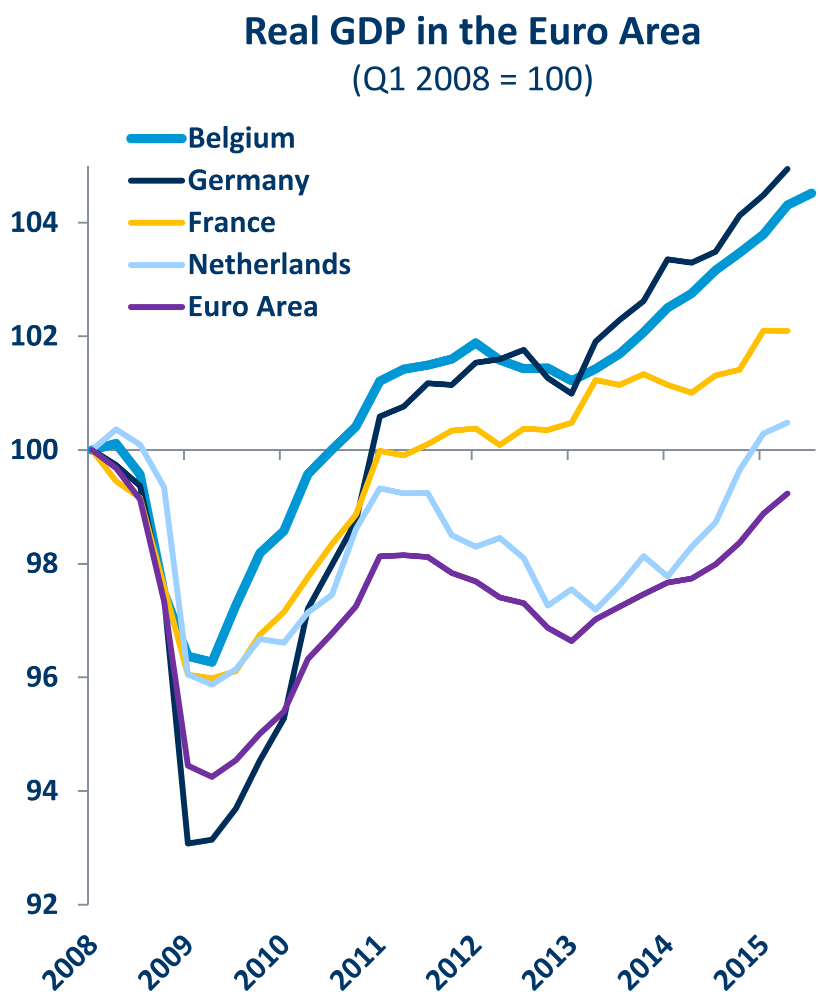


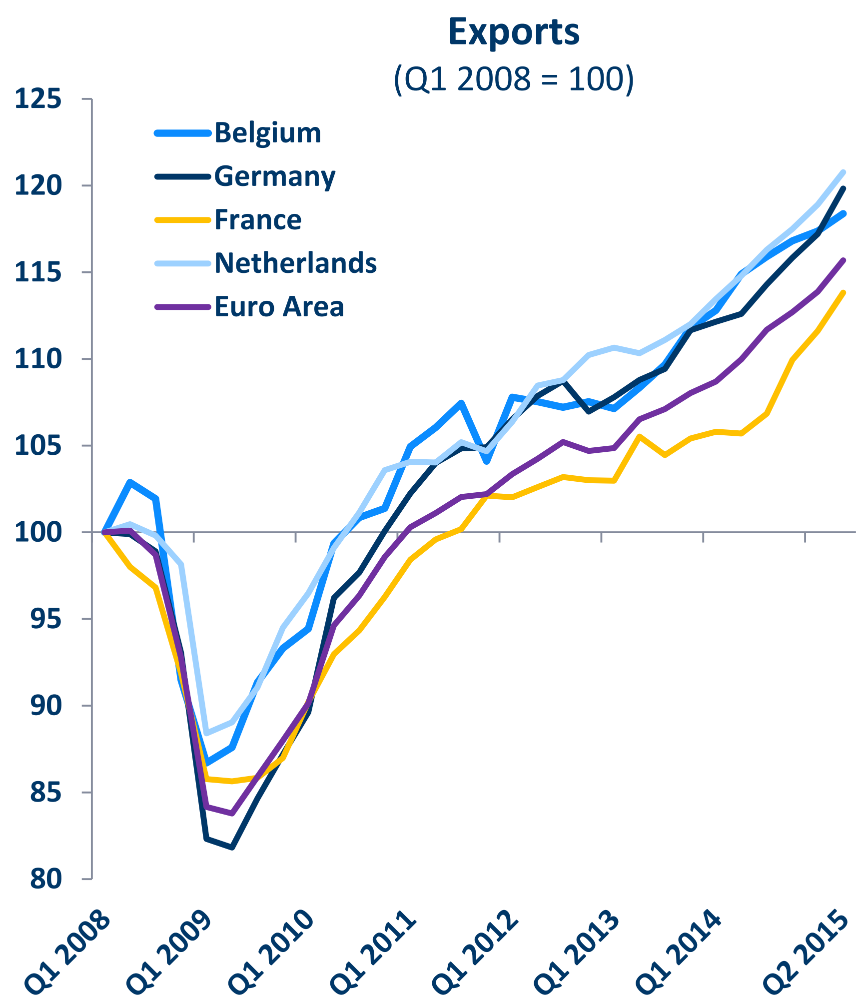
Real private consumption
(Q1 2008 = 100)



Belgian economic growth

Moderate but steady GDP growth – with rising exports

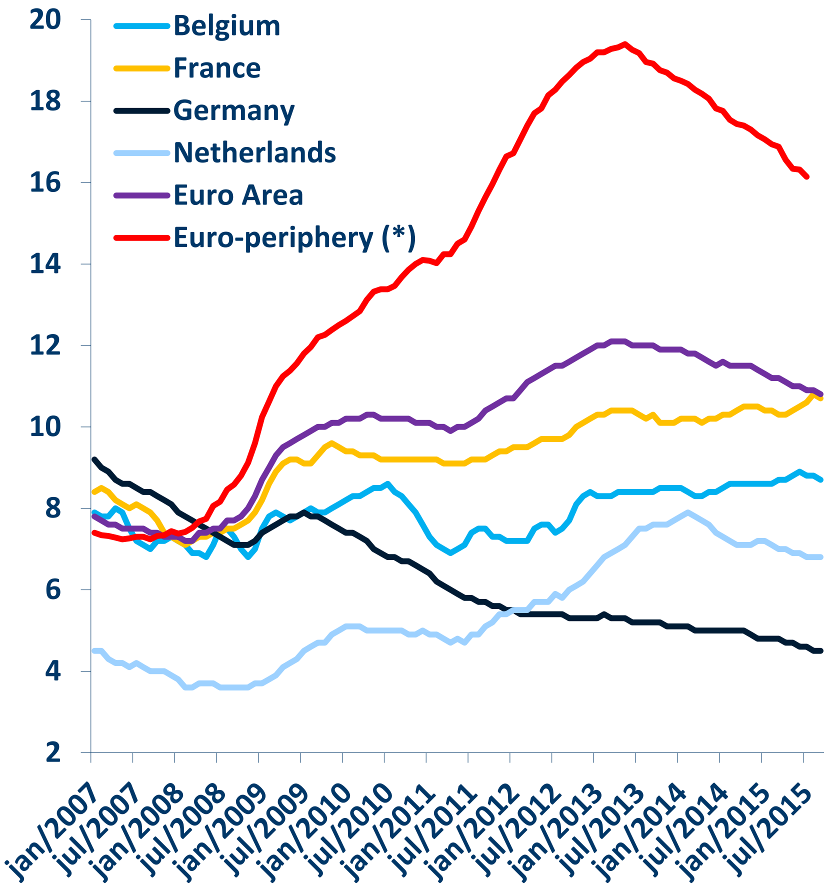




Belgian labour market

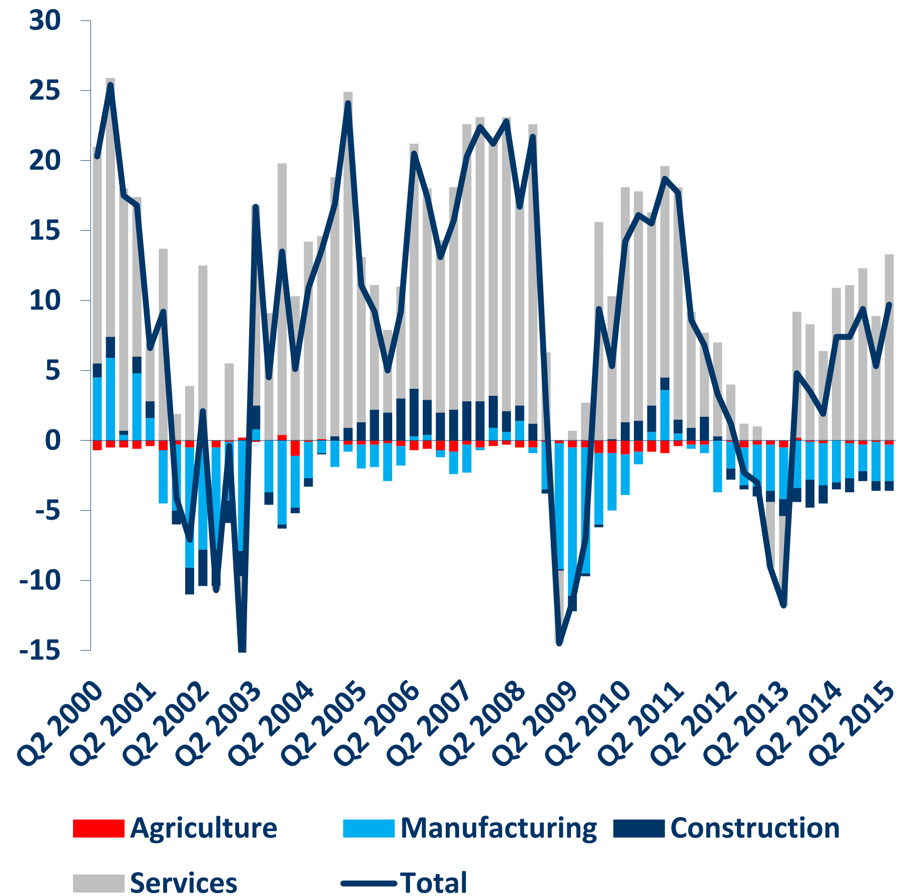
Wage moderation and tax shift fuelling further job creation

Unemployment rate in the Euro Area
(harmonised and seasonally adjusted, Eurostat)

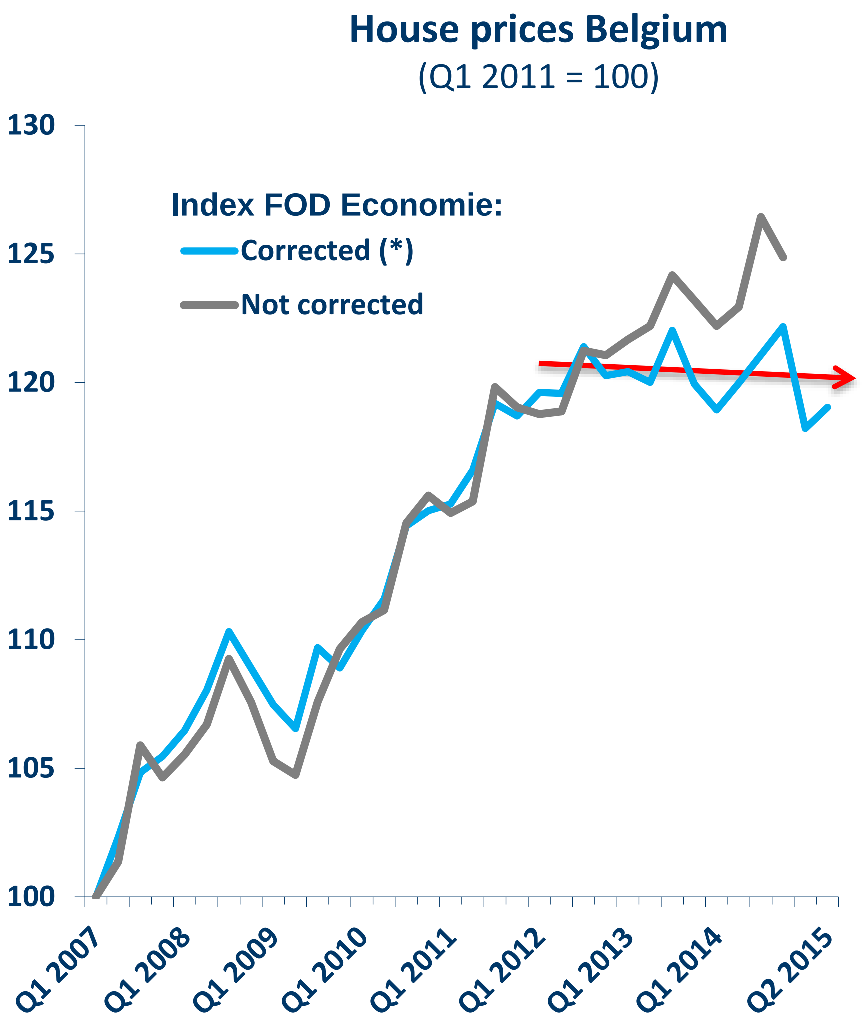


(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

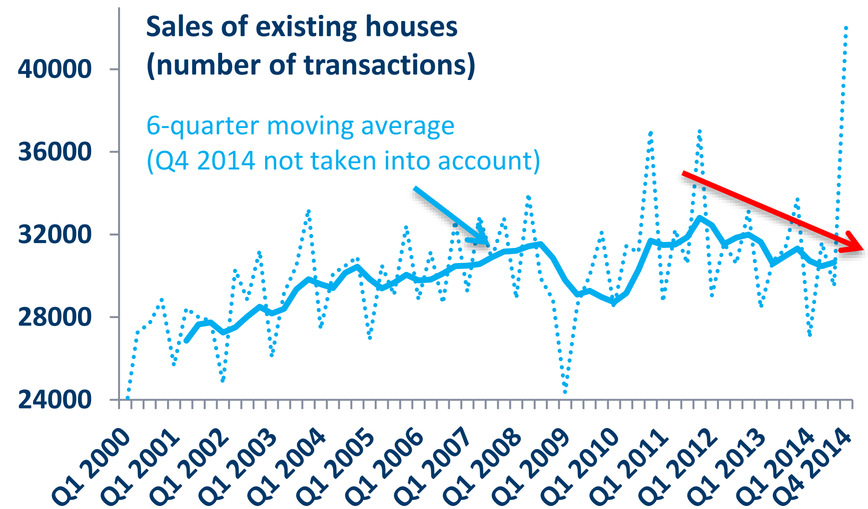
Belgium - Domestic employment
(change vs. previous quarter, number in ‘000)

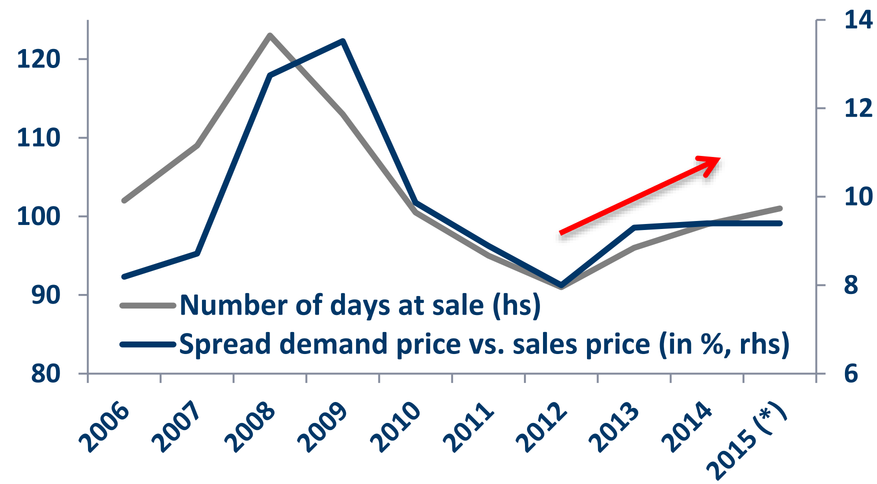


Belgian housing market
A soft landing



(*) Corrected for price changes resulting from changes in the quality and location of the real estate sold





(*) March 2015

Growth outlook 2015 & 2016

	REAL GDP GROWTH (IN %, KBC forecast)		
	2014	2015	2016
US	2.4	2.5	2.9
EMU	0.8	1.6	1.9
GERMANY	1.6	1.8	2.0
BELGIUM	1.1	1.3	1.6
CZECH REP.	2.0	4.0	2.5
SLOVAKIA	2.4	3.0	3.2
HUNGARY	3.6	3.1	2.5
BULGARIA	1.7	1.8	2.1
IRELAND	5.2	6.5	4.5

Comparison with other forecasters

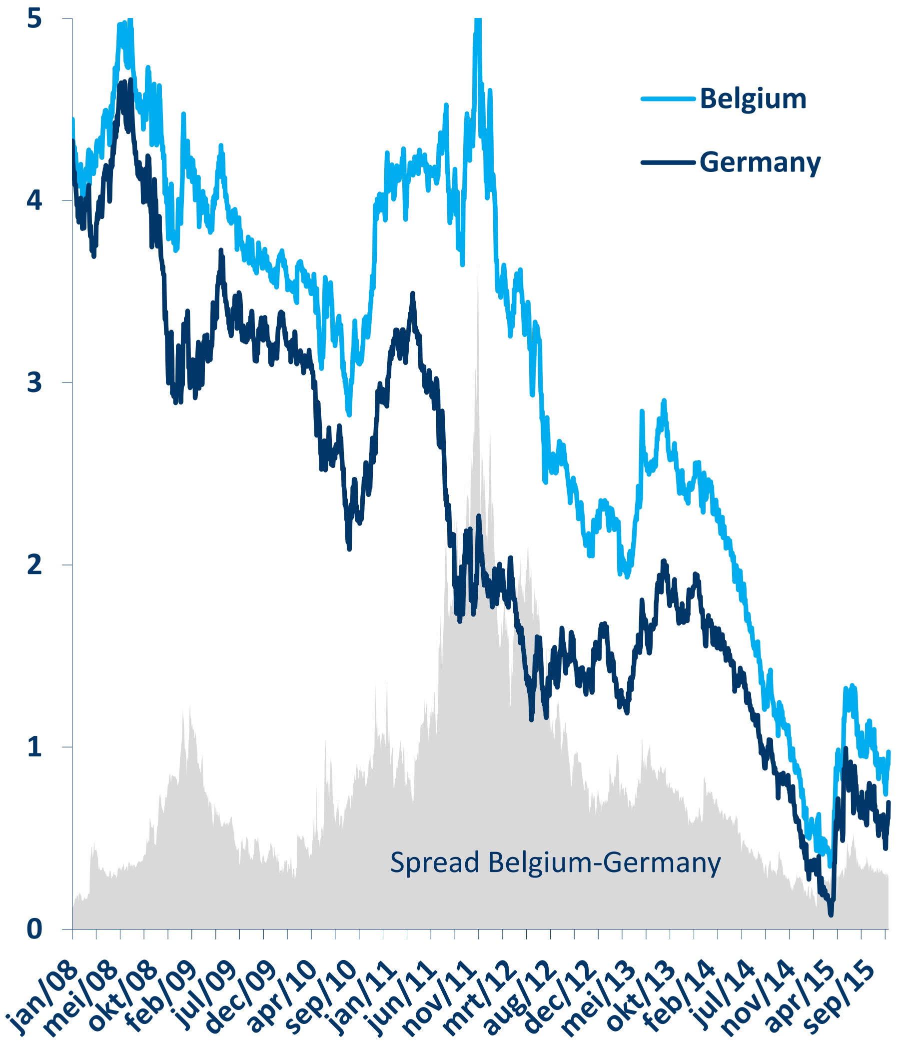
2015	Belgium	EMU	Germany
OECD (March)	1.3	1.4	1.6
IMF (April)	1.3	1.5	1.6
Consensus (October)	1.2	1.5	1.8
EC (November)	1.3	1.6	1.7
KBC (November)	**1.3**	**1.6**	**1.8**

2016	Belgium	EMU	Germany
OECD (March)	1.8	2.1	2.3
IMF (April)	1.5	1.7	1.7
Consensus (October)	1.4	1.7	1.9
EC (November)	1.3	1.8	1.9
KBC (November)	**1.6**	**1.9**	**2.0**

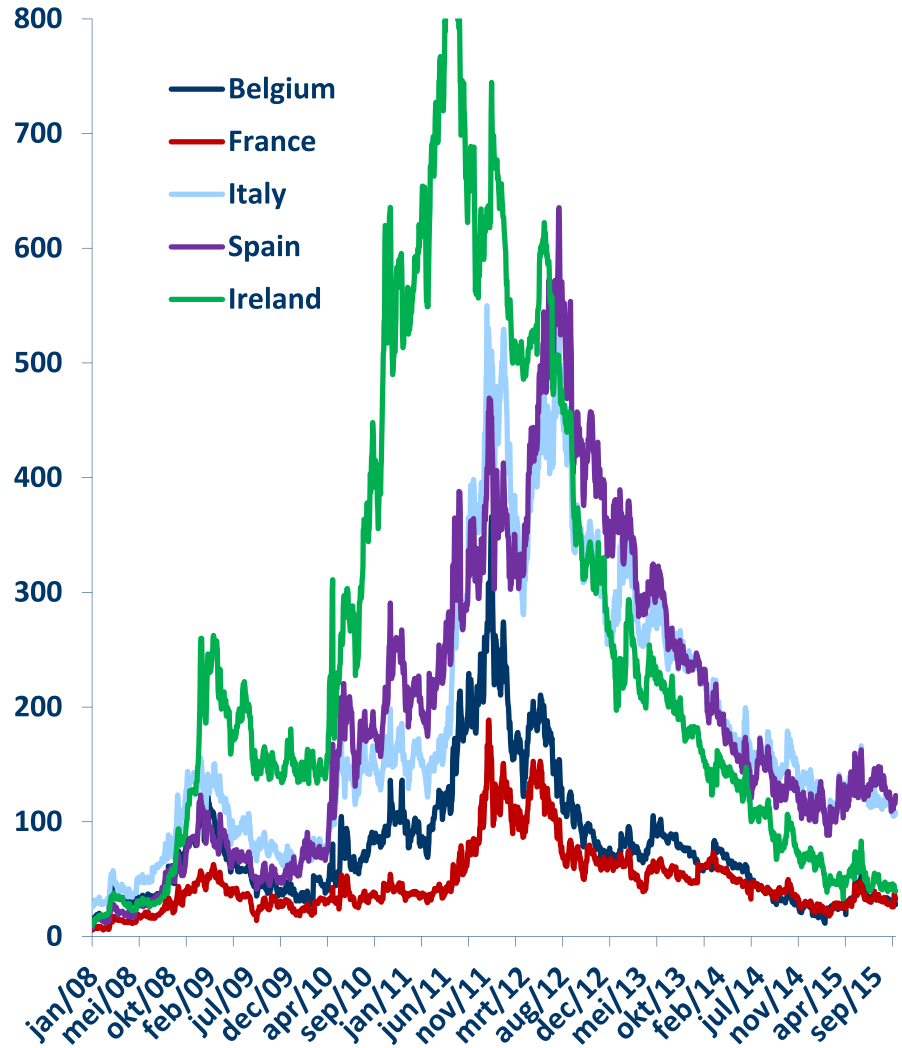
Source: KBC (November 2015)

Interest rate up a bit, but still at a (historically) very low level

10-year government bond yields
(in %)



Interest rate spreads Euro Area
(10-year rate versus Germany, in basis points)



Glossary (1/2)

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 during a particular period in order to provide a better insight in the underlying business trends. Corrections include among other things: • 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 (2/2)

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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