KBC Group
Company presentation
FY 2015 / 4Q 2015

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4Q 2015 key takeaways for KBC Group

- **STRONG BUSINESS PERFORMANCE IN 4Q15**

  Good net result of 862m EUR in 4Q15 (and 2.6bn EUR in FY15), supported by a gain of 765m EUR as a result of the liquidation of KBC Financial Holding, partly offset by 344m EUR goodwill impairments

  Excluding these two items, net result amounted to 441m EUR in 4Q15 (and 2.2bn in FY15):
  - Good commercial bank-insurance franchises in our core markets and core activities
  - Q-o-q increase in customer loan volumes in most of our core countries
  - Higher net interest income, despite lower net interest margin q-o-q
  - Net asset management inflows, but lower net fee and commission income q-o-q (slightly above the guided range)
  - Higher net gains from financial instruments at fair value (excluding impact KBC FH), lower net other income and lower realised AFS gains
  - Excellent combined ratio (91% in FY15). Excellent sales of both non-life and life insurance products
  - Cost/income ratio (55% in FY15) adjusted for specific items (one of which was the impact of the liquidation of KBC FH)
  - Seasonally higher impairment charges (excluding goodwill impairments) q-o-q, but sharply lower y-o-y. Loan loss provisions in Ireland amounted to 16m EUR in 4Q15 and 48m EUR in FY15, fully in line with our guidance. We are maintaining our guidance for Ireland, namely the lower end of the 50m-100m EUR range for FY16

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Common equity ratio (B3 phased-in) of 15.2% based on the Danish Compromise** at end 2015, which clearly exceeds the new minimum capital requirements set by the ECB (9.75%) and the NBB (0.5%), i.e. an aggregate 10.25% for 2016. **The B3 fully loaded common equity ratio stood at 14.9% based on the Danish Compromise at end 2015**
  - At the end of 2015, KBC repaid the full outstanding tranche of 2bn EUR of remaining state aid plus a penalty of 1bn EUR to the Flemish Regional Government, well ahead of the official deadline of 2020.
  - Fully loaded B3 **leverage ratio**, based on current CRR legislation, amounted to 6.3**%** at KBC Group
  - **Continued strong liquidity position** (NSFR at 121% and LCR at 127%) at end 2015

- **DIVIDEND PROPOSAL[1]:**
  - As guided, no dividend will be proposed to the AGM for the 2015 accounting year
  - As of the 2016 accounting year, the target for the dividend payout ratio (including the coupon paid on AT1) is at least 50%

1. Any dividend payment will be subject to the usual approval of the regulator

Contents

Section 1

4Q 2015 performance of KBC Group

Some specific remarks for 4Q15

- At the end of 2015, **KBC repaid the full outstanding tranche** of 2bn EUR of remaining state aid plus a penalty of 1bn EUR **to the Flemish Regional Government**, well ahead of the official deadline of 2020

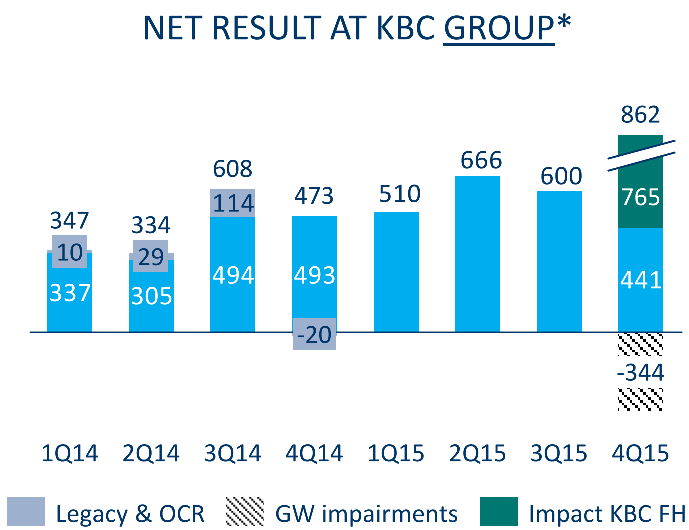
- As mentioned together with the 3Q15 results, **KBC liquidated KBC Financial Holding Inc. (US)**. This resulted in the tax deductibility of losses already booked in previous years (specifically 2008 and 2009), for which a DTA was booked, leading to:
  - an one-off gain in the IFRS P&L of 765m EUR in 4Q15: -156m EUR translation differences booked in net gains from FIFV and +921m EUR in the tax expense line (recognition of tax loss carry forward DTAs and current tax impact on translation differences)
  - initially only a limited positive impact of 0.19% on KBC's fully loaded CET1 ratio under the Danish Compromise

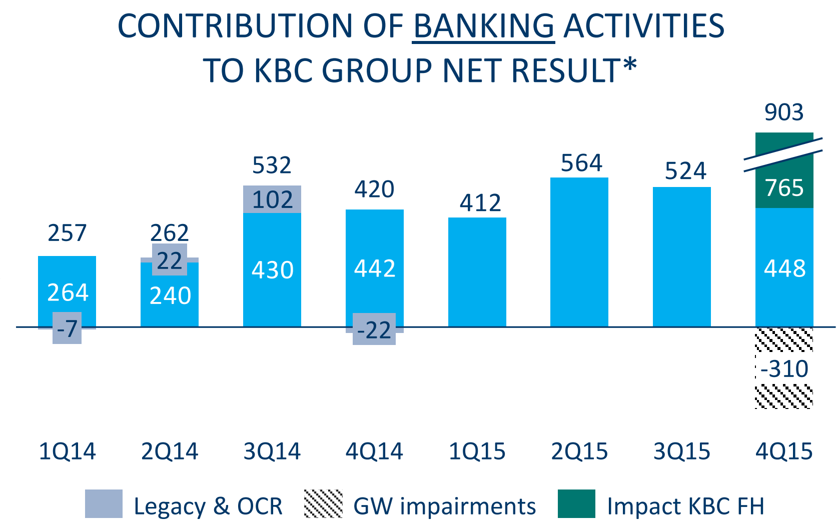
- **Goodwill impairments of 344m EUR** (191m EUR on Istrobanka* in Slovakia, 117m EUR CI Bank and 34m EUR DZI, 2m EUR at Hypotecni Banka**) were recorded in 4Q15, mainly the result of higher local capital targets and a higher discount rate

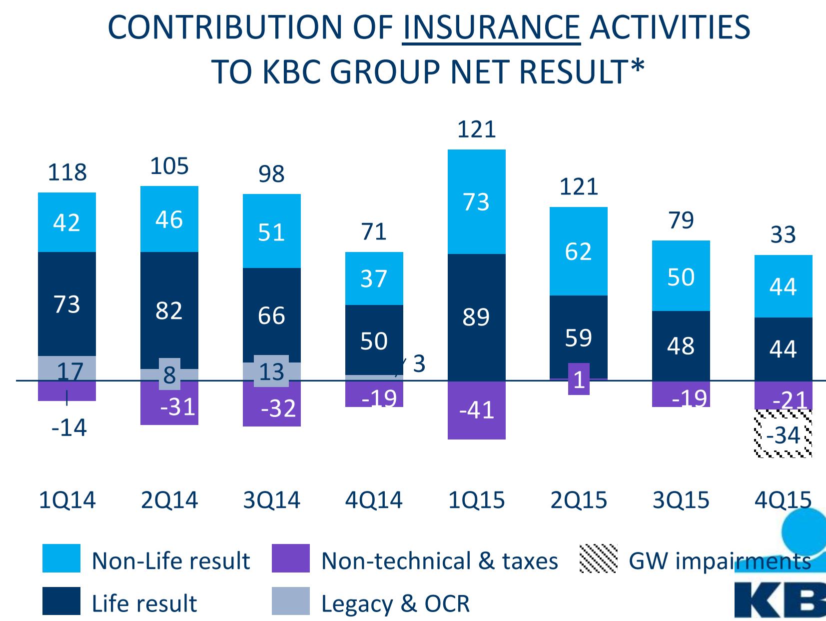
- In 4Q15, the final calculation for 2015 led to an extra 15m EUR contribution to the **European Single Resolution Fund** (on top of the 50m EUR booked in 9M15)

* Istrobanka acquired by and merged with CSOB SK
** A subsidiary of CSOB CZ

Net result at KBC Group



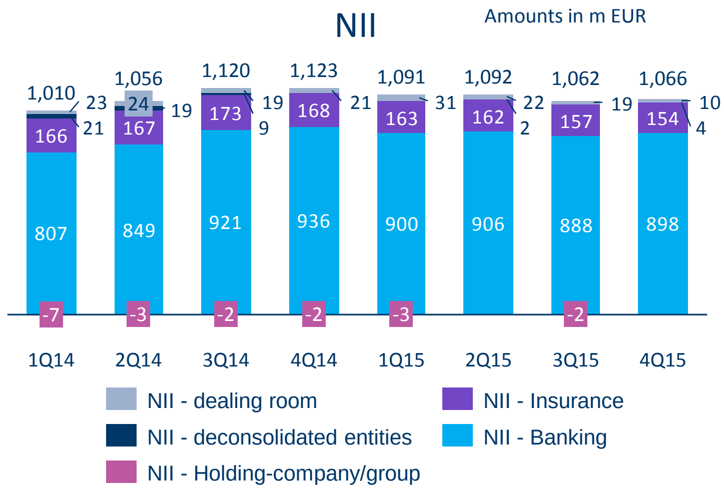


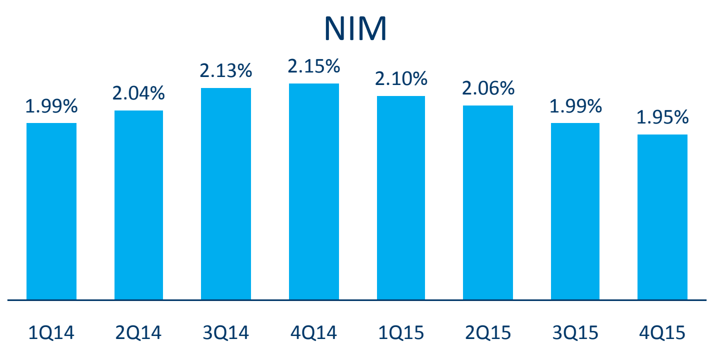


* Difference between net result at KBC Group and the sum of the banking and insurance contribution is accounted for by the holding-company/group items

Amounts in m EUR

Net interest income slightly up, net interest margin slightly under pressure





- **Net interest income**
  - Slightly up q-o-q and down by 5% y-o-y
  - The slight q-o-q increase was driven primarily by:
    - lower funding costs
    - additional rate cuts on savings accounts in all core countries (except in the Czech Republic, which happened at the start of 3Q15)
    - Loan volume growth

    almost fully offset by:
    - mortgages in Belgium: lower upfront prepayment fees (2m EUR less q-o-q) and increased hedging losses on previously refinanced mortgages
    - lower reinvestment yields
    - pressure on commercial loan margins in most core countries
    - a decrease of 9m EUR in NII from the dealing room

- **Net interest margin (1.95%)**
  - Down by 4 bps q-o-q and by 20 bps y-o-y
  - Q-o-q decrease is due almost entirely to lower reinvestment yields (mainly in the Czech Republic), the increased hedging losses on previously refinanced mortgages and pressure on commercial loan margins in most core countries, partly offset by rate cuts on savings accounts and lower funding costs

Customer deposit volumes excluding debt certificates & repos flat q-o-q and +6% y-o-y

VOLUME TREND

Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	128bn	55bn	162bn	209bn	28bn
Growth q-o-q*	+1%	+1%	0%	+4%	+1%
Growth y-o-y	+3%	+3%	+5%	+12%	+1%

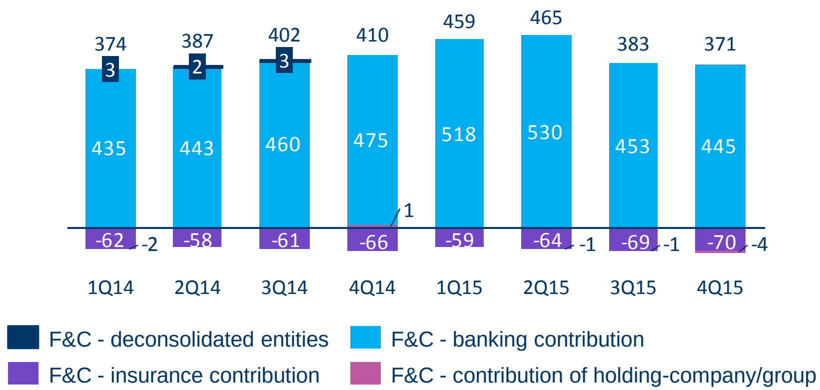
* Non-annualised

** Loans to customers, excluding reverse repos (and bonds)

*** Customer deposits, including debt certificates but excluding repos. Please be aware of the significant impact of calling most of the hybrid tier-1 instruments and maturing wholesale debt

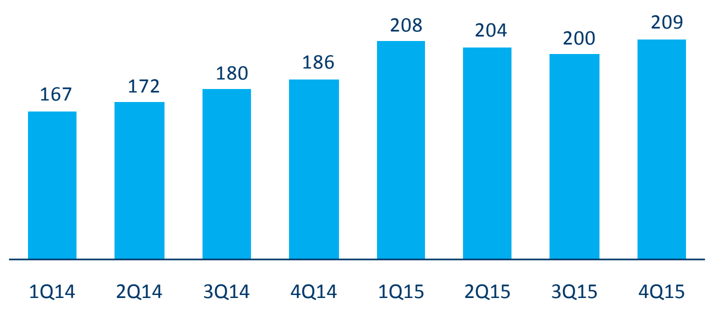
Net asset management inflows, but lower net fee and commission income (slightly above the guided range)

F&C



Amounts in m EUR

AuM



Amounts in bn EUR

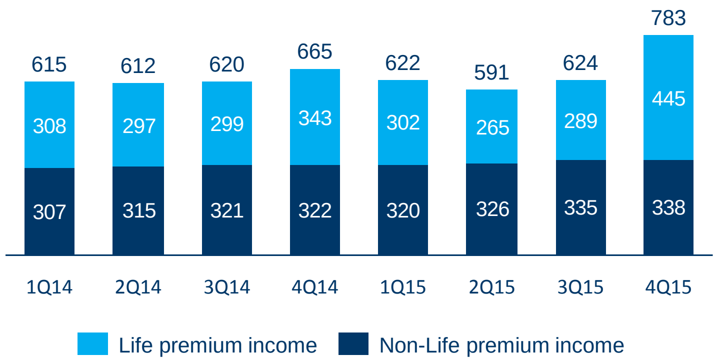
- **Net fee and commission income**
  - Down by 3% q-o-q and by 9% y-o-y
  - Q-o-q decrease was the result chiefly of:
    - lower management fees from mutual funds, due mainly to the effect of the very large switch of CPPI products towards cash at the end of August
    - lower entry fees from unit-linked life insurance products, due mainly to less switches
    - higher commissions paid on insurance sales

    partly offset by:
    - higher entry fees from mutual funds
    - higher fees from securities transactions
  - Y-o-y decline resulted chiefly from lower management fees from mutual funds, lower entry fees from mutual funds and unit-linked life insurance products, lower fees from credit files and bank guarantees and higher commissions paid on insurance sales, partly offset by higher fees from payment services
  - Note that net F&C income in FY15 increased roughly 7% y-o-y and will remain an important top-line contributor
  - Given the current market circumstances, the recovery of net F&C is being delayed

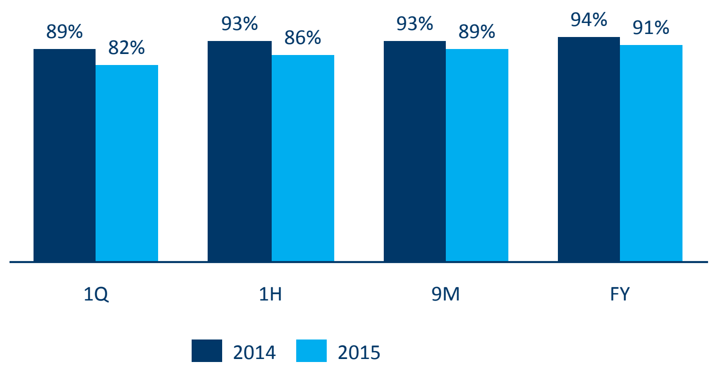
- **Assets under management (209bn EUR)**
  - Up by 4% q-o-q as a result of a net inflows (+2%) and a positive price effect (+2%)
  - Up by 12% y-o-y owing to net inflows (+8%) and a positive price effect (+4%)

Insurance premium income sharply up and excellent combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)

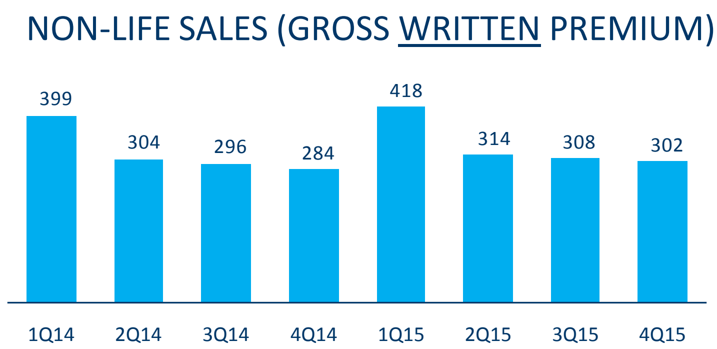


- **Insurance premium income** (gross earned premium) at 783m EUR
  - Non-life premium income (338m) increased by 5% y-o-y
  - Life premium income (445m) up by 54% q-o-q and by 30% y-o-y. The q-o-q increase was driven by the seasonal sale of guaranteed interest products in Belgium and higher sales of unit-linked products in the Czech Republic

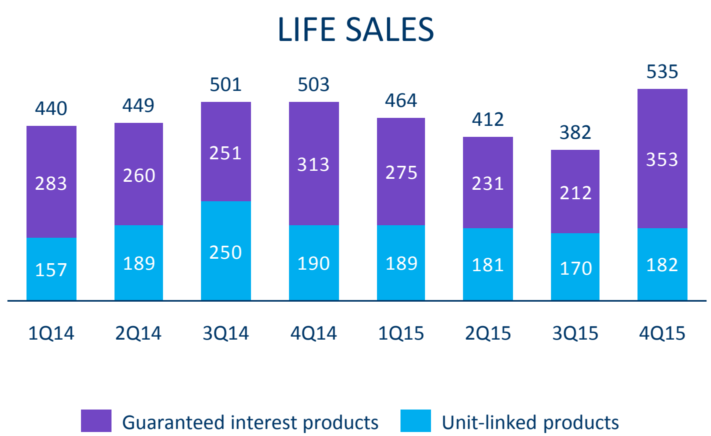
- The non-life **combined ratio** at FY15 stood at an **excellent 91%**, a strong improvement compared to FY14 (as FY14 was negatively impacted by hailstorms in Belgium)

Amounts in m EUR

Non-life sales up y-o-y and life sales up q-o-q and y-o-y



- **Sales of non-life insurance products**
  - Up by 6% y-o-y thanks to a good commercial performance in all major product lines in our core markets and premium increases

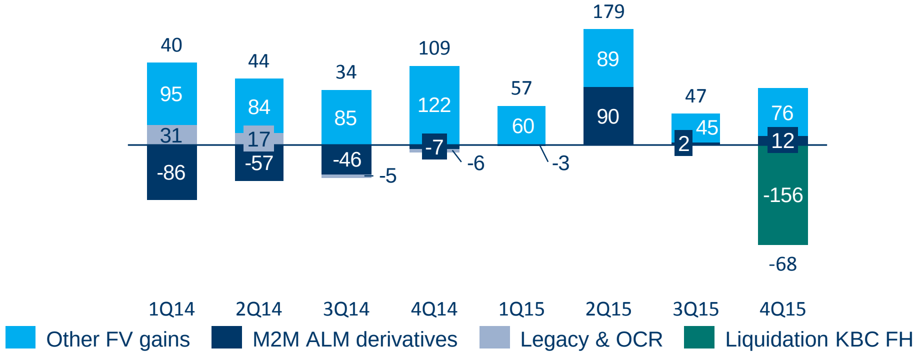


- **Sales of life insurance products**
  - Increased by 40% q-o-q and by 6% y-o-y
  - The q-o-q rise was driven by higher sales of guaranteed interest products in Belgium (attributable chiefly to traditionally higher volumes in tax-incentivised pension saving products in 4Q15) and higher sales of unit-linked products in the Czech Republic
  - The y-o-y increase can be explained by the same reasons as mentioned above, partly offset by lower sales of unit-linked products in Belgium (attributable to the further shift towards AM products)
  - Sales of unit-linked products accounted for 34% of total life insurance sales

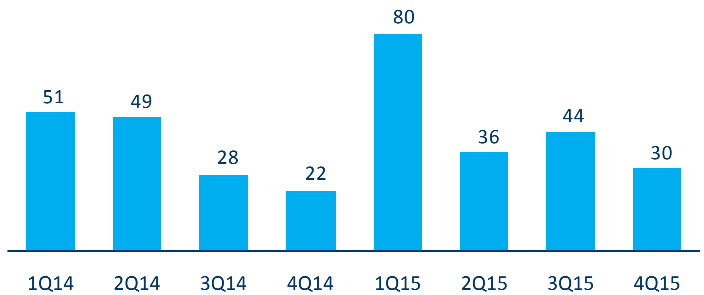
Amounts in m EUR

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

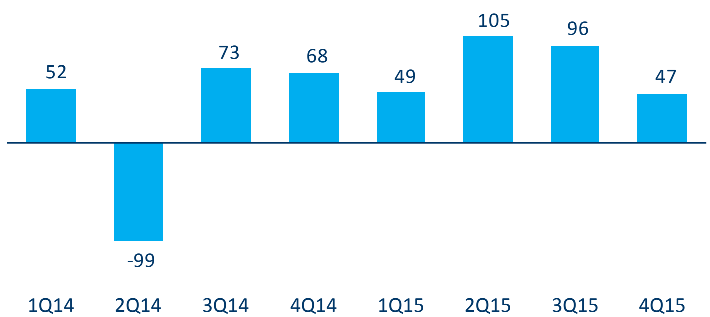
FV GAINS



GAINS REALISED ON AFS ASSETS



OTHER NET INCOME



- The lower q-o-q figures for **net gains from financial instruments at fair value** were attributable to:
  - -156m EUR translation differences as a result of the liquidation of KBC Financial Holding Inc. (US)
  - a positive change in ALM derivatives (12m EUR in 4Q15 compared with 2m EUR in 3Q15)
  - a positive change in market, credit and fair value adjustments (as a result of tightening spreads and decreased volumes)
  - better dealing room income

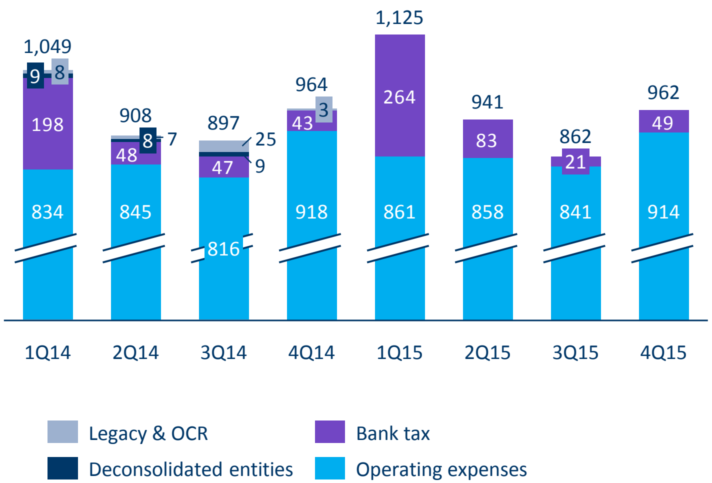
- **Lower gains realised on AFS assets** (mainly on shares)

- **Other net income** amounted to 47m EUR, in line with the normal run rate of around 50m EUR

Amounts in m EUR

Operating expenses up, but good cost/income ratio

OPERATING EXPENSES



EXPECTED BANK TAX SPREAD (including ESRF contribution)

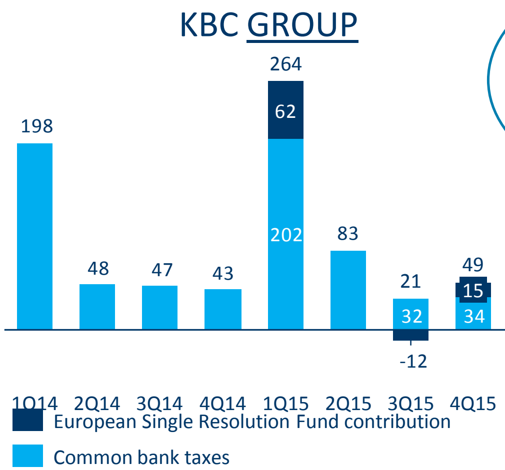
	TOTAL	Upfront				Spread out over the year			
	4Q15	1Q15	2Q15	3Q15	4Q15	1Q15	2Q15	3Q15	4Q15
BU BE	**13**	160	49	0	13	0	0	0	0
BU CZ	**7**	11	0	-12	0	9	10	9	7
Hungary	**20**	56	1	0	0	16	19	19	20
Slovakia	**5**	3	1	0	2	3	3	3	3
Bulgaria	**2**	0	0	0	1	1	1	1	1
Ireland	**0**	2	0	0	-1	0	0	0	1
GC	**0**	5	0	0	0	0	0	0	0
TOTAL	**49**	**237**	**51**	**-12**	**15**	**28**	**32**	**32**	**33**

Amounts in m EUR

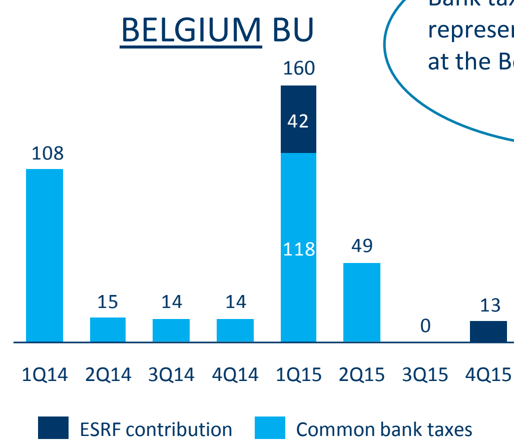
- **Cost/income ratio (banking) adjusted for specific items* at 59% in 4Q15 and 55% in FY15**
  - Operating expenses excluding bank tax went up by 9% q-o-q due to:
    - seasonal effects such as traditionally higher marketing, ICT and professional fee expenses
    - higher pension costs in Belgium
    - a gradual acceleration of (strategic) projects execution
    - restructuring charges in CZ
  - Operating expenses without bank tax decreased by 1% y-o-y due to lower staff and marketing expenses in Belgium in 4Q15 and one-off expenses in Hungary in 4Q14, despite higher ICT investments into the strategic programme of KBC Group (digitalisation, mainly in Belgium and the Czech Republic)
  - 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 4Q15, the final disclosure for 2015 led to an extra 15m EUR contribution to the ESRF (on top of the 50m EUR booked in 9M15)

* See glossary (slide 93) for the exact definition

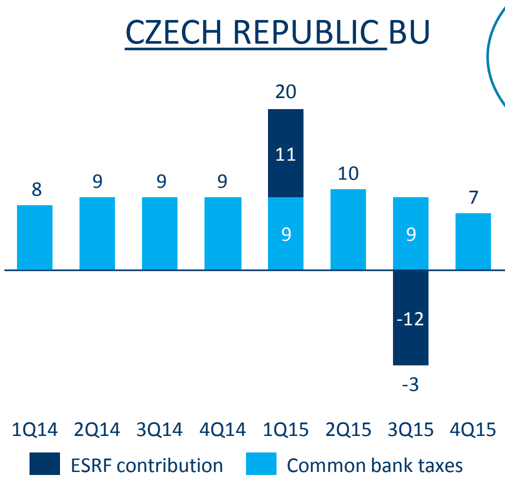
Overview of bank taxes*



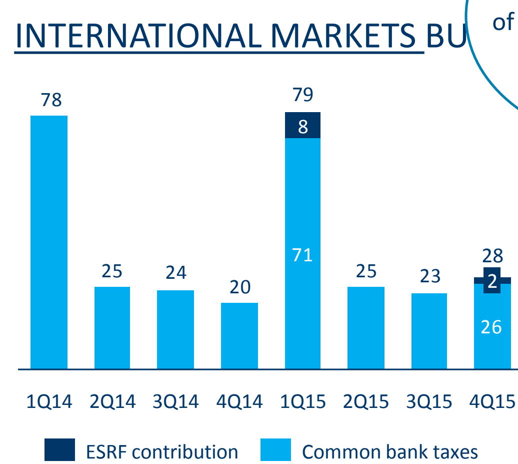
Bank taxes of 417m EUR YTD, representing 10.7% of FY15 opex at KBC Group**



Bank taxes of 222m EUR YTD, representing 9.4% of FY15 opex at the Belgium BU



Bank taxes of 35m EUR YTD, representing 5.7% of FY15 opex at the CR BU

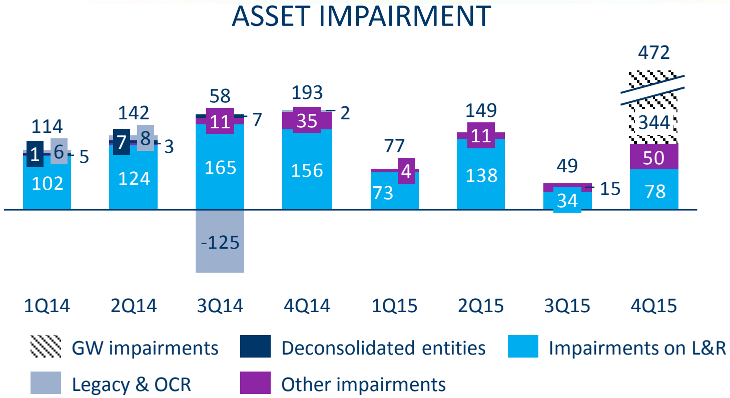


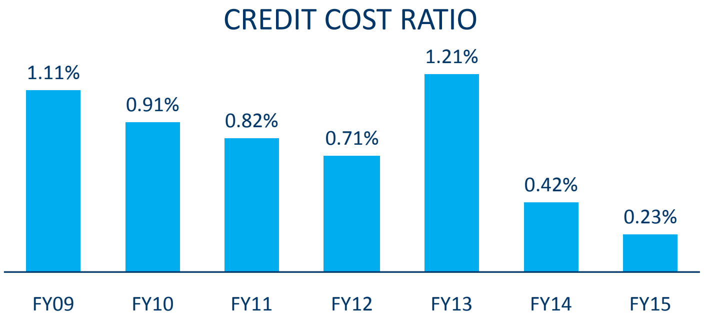
Bank taxes of 154m EUR YTD, representing 20.5% of FY15 opex at the IM BU

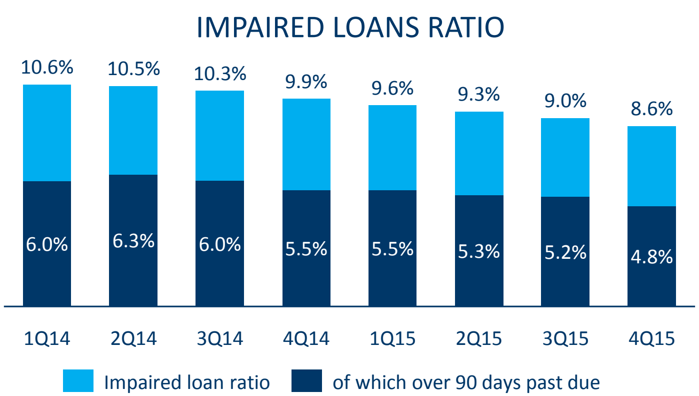
* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

** The C/I ratio adjusted for specific items of 55% in FY15 amounts to roughly 49% excluding these bank taxes

Asset impairment driven by GW impairments, excellent credit cost ratio and impaired loans ratio dropped







- **Sharply higher impairment charges q-o-q**
  - The seasonal q-o-q increase in loan loss provisions was attributable mainly to:
    - high impairments in foreign branches, but low impairments in retail, corporates & real estate in the Belgium Business Unit
    - higher impairments on SMEs in the Czech Republic and Slovakia
    - Ireland (16m EUR compared with 9m in 3Q15 and 41m EUR in 4Q14)
  - Loan loss provisions significantly decreased y-o-y (-50%)
  - Impairment of
    - 21m EUR on AFS shares (18m EUR in Belgium and 4m EUR in the Czech Republic)
    - 344m EUR on goodwill (191m EUR on Istrobanka* in Slovakia, 117m EUR at CI Bank, 34m EUR at DZI and 2m EUR at Hypotecni B.**) booked in Group Centre (except 2m EUR in the Czech BU)
    - 29m EUR on 'other' (of which 20m EUR on Hungarian Data Center)
- The **credit cost ratio** only amounted to 0.23% in FY15 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 further to 8.6%

* Istrobanka acquired by and merged with CSOB SK
** A subsidiary of CSOB CZ

Section 2

4Q 2015 performance of business units

BELGIUM BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

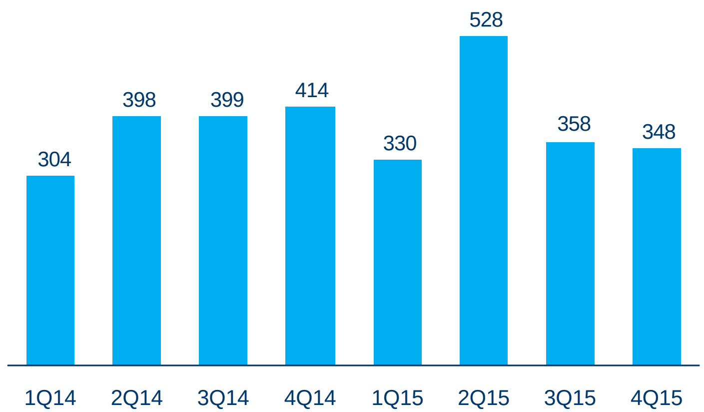
CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

Belgium BU (1): net result of 348m EUR

NET RESULT



Amounts in m EUR

- **Net result** at the Belgium Business Unit amounted to 348m EUR
  - The quarter under review was characterised by lower net interest income, a decline in net fee and commission income, increased trading and fair value income, a decrease in realised gains on AFS assets, lower other net income, an excellent combined ratio in non-life insurance, higher sales of life insurance products, seasonally higher operating expenses (including an additional ESFR contribution) and impairment charges q-o-q
  - Loan volumes rose by 1% q-o-q. Customer deposits decreased by 1% q-o-q

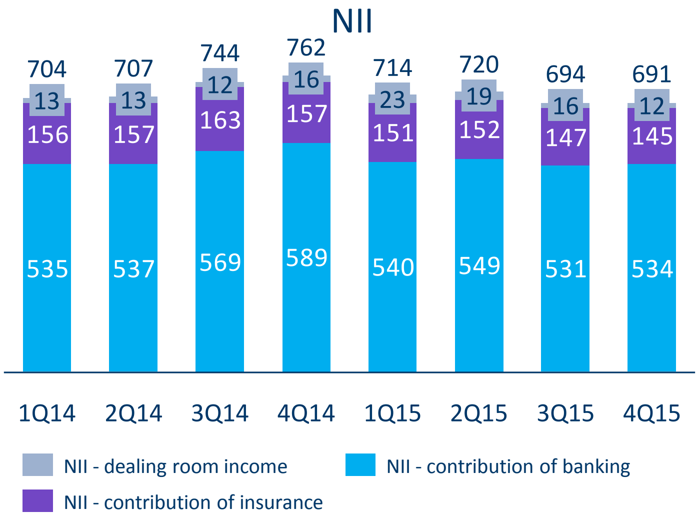
VOLUME TREND

Customer deposit volumes excluding debt certificates & repos -1% q-o-q and +4% y-o-y

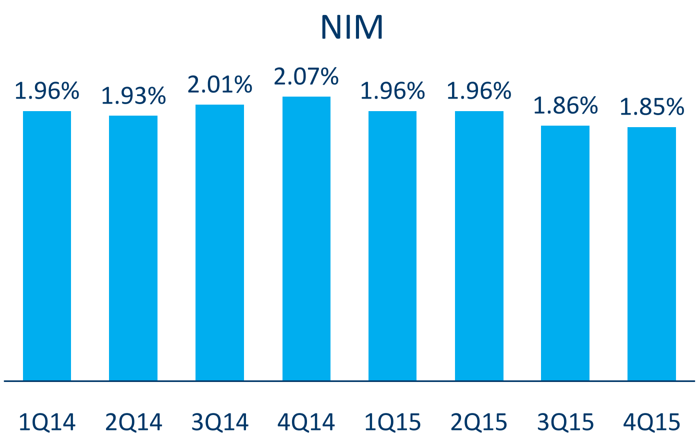
	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	88bn	33bn	111bn	194bn	27bn
Growth q-o-q*	+1%	+1%	-1%	+5%	0%
Growth y-o-y	+3%	+3%	+5%	+13%	+1%

* Non-annualised
** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos

Belgium BU (2): slightly lower NII and NIM



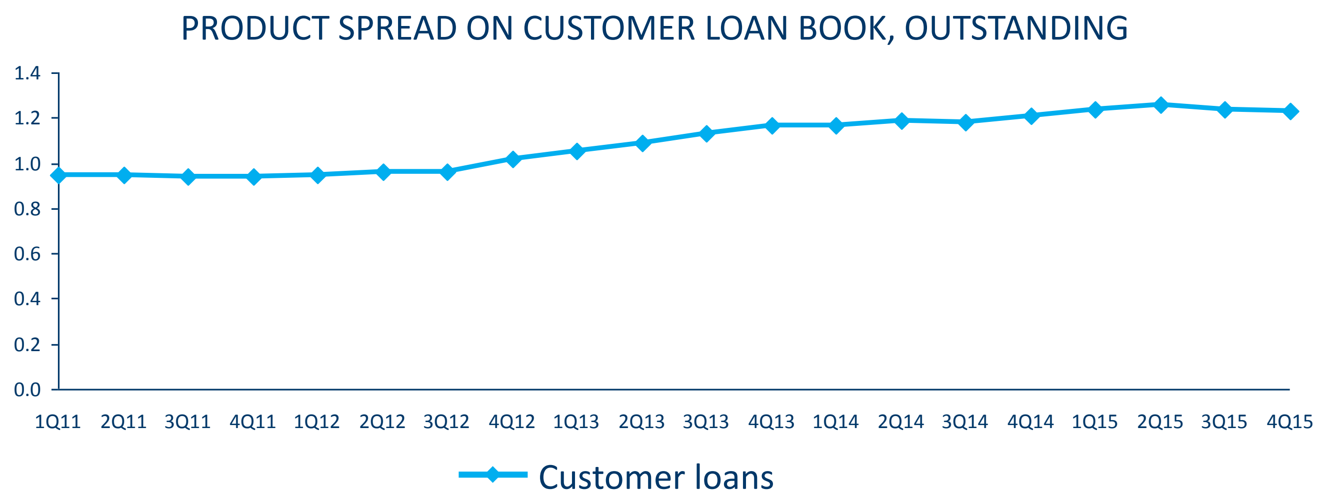
Amounts in m EUR

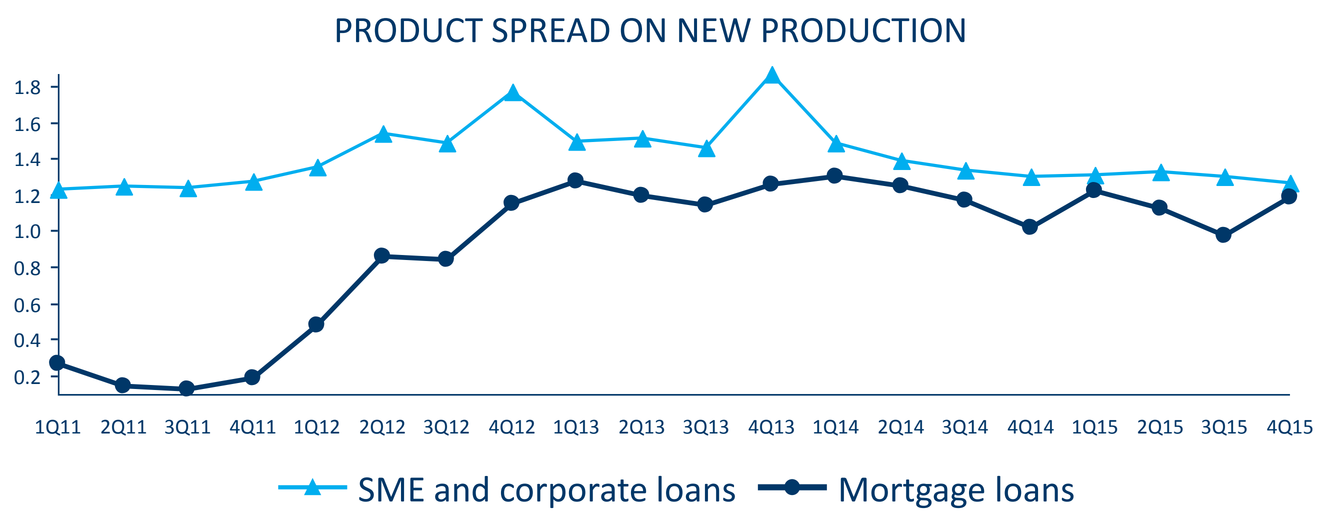


- **Net interest income (691m EUR)**
  - Almost flat q-o-q and down by 9% y-o-y
  - Q-o-q stabilisation was driven primarily by lower funding costs on term deposits and higher volumes on mortgage & corporate loans fully offset by lower upfront prepayment fees (11m EUR in 4Q15 compared with 13m EUR in 3Q15), increased hedging losses on previously refinanced mortgages, lower reinvestment yields and reduced net interest income from the dealing room
  - Decreased y-o-y as sharply lower funding costs on term deposits, lower rate of interest paid on savings accounts, increase in volumes on current and savings accounts and higher net interest income on lending activities were more than offset by lower reinvestment yields, lower prepayment fees (11m EUR in 4Q15 compared with 51m EUR in 4Q14), increased hedging losses on previously refinanced mortgages and lower net interest income from the dealing room
  - Note that customer deposits excluding debt certificates and repos increased by 4% y-o-y, while customer loans rose by 3% y-o-y

- **Net interest margin (1.85%)**
  - Decreased by 1 bp q-o-q and by 22 bps y-o-y due to the negative impact of lower reinvestment yields, increased hedging losses on refinanced mortgages and some pressure on commercial loan margins
  - KBC lowered the savings account rate by 5 bps (base rate) from 20 bps to 15 bps (of which 5 bps base rate and 10 bps loyalty premium) from 8 December 2015 onwards

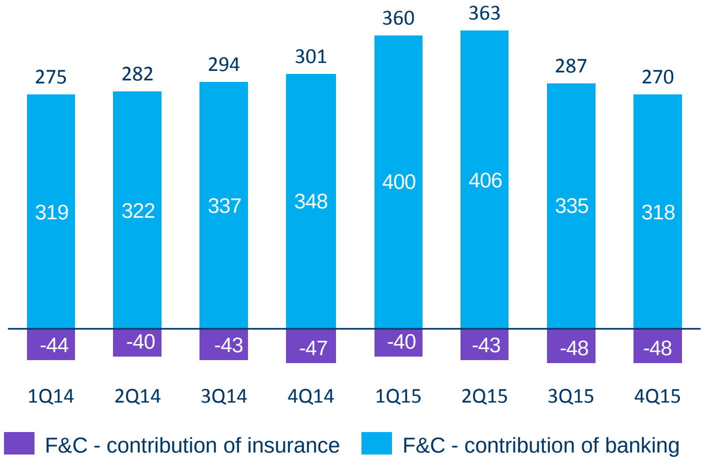
Credit margins in Belgium





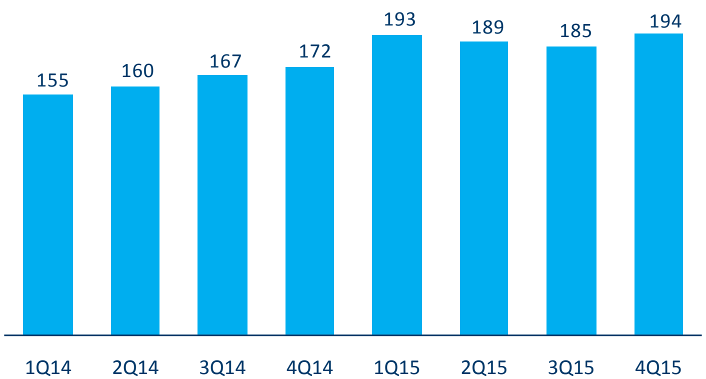
Belgium BU (3): lower net F&C income, but positive net inflows

F&C



Amounts in m EUR

AuM*



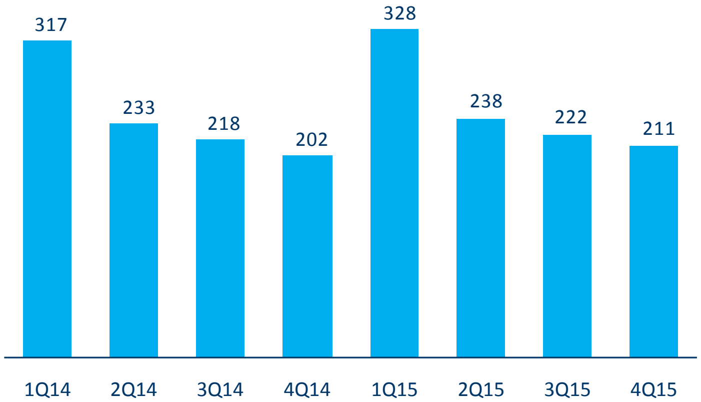
* The breakdown across the BUs is based on the 'Assets under Distribution' in each BU

Amounts in bn EUR

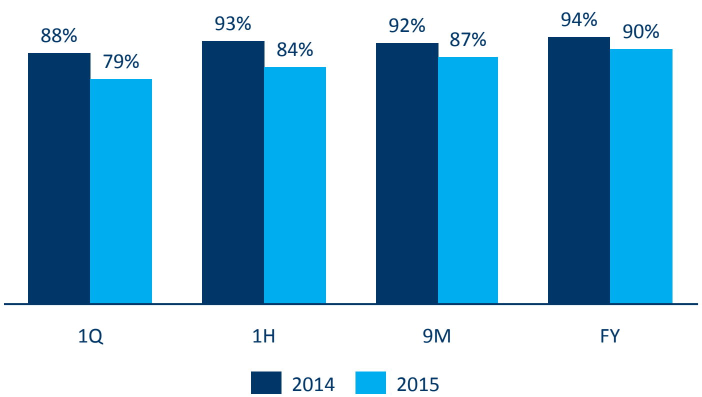
- **Net fee and commission income (270m EUR)**
  - Decreased by 6% q-o-q, due mainly to the combination of lower management fees from mutual funds, lower entry fees from unit-linked life insurance products, lower fees from payment transactions and lower fees from credit files and bank guarantees, which was only partly offset by higher entry fees from mutual funds and higher fees from securities transactions
  - Fell by 10% y-o-y driven chiefly by lower management fees from mutual funds, lower entry fees from mutual funds and unit-linked life insurance products, lower fees from credit files and bank guarantees and slightly higher commissions paid on insurance sales, which was only partly offset by higher fees from payment transactions
- **Assets under management (194bn EUR)**
  - Went up by 5% q-o-q owing to net inflows (+3%) and a positive price effect (+2%)
  - Rose by 13% y-o-y as a result of net inflows (+8%) and a positive price effect (+4%)

Belgium BU (4): higher y-o-y non-life sales and excellent combined ratio

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



COMBINED RATIO (NON-LIFE)



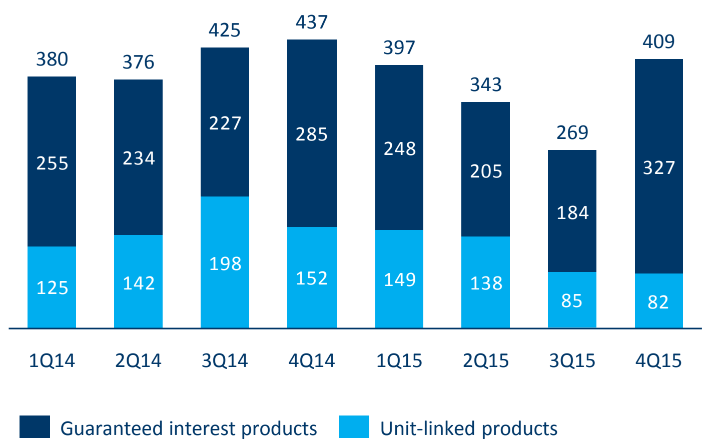
- **Sales of non-life insurance products**
  - Increased by 4% y-o-y driven by premium growth in the 'fire', 'other damage to property' and 'motor' classes and some premium increases

- **Combined ratio** amounted to 90% in FY15, a strong improvement compared with FY14 (FY14 was negatively impacted by hailstorms in Belgium)

Amounts in m EUR

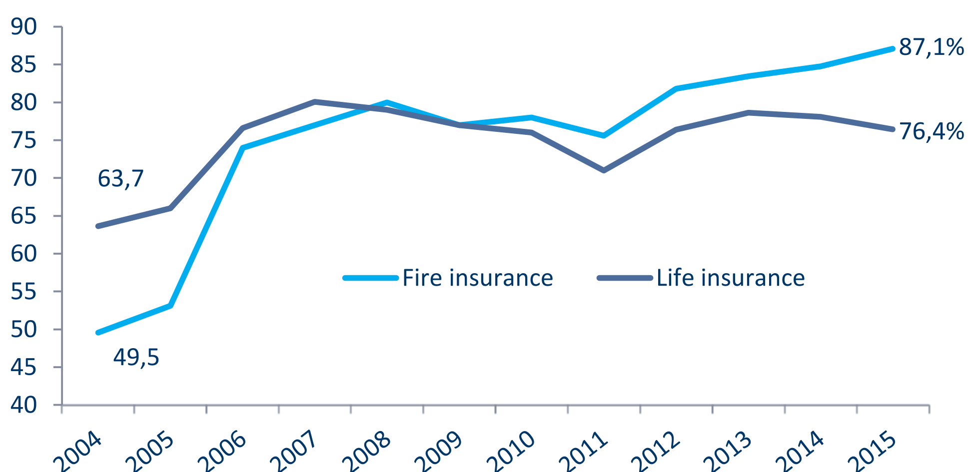
Belgium BU (5): sharply higher life sales and good cross-selling ratios

LIFE SALES



Amounts in m EUR

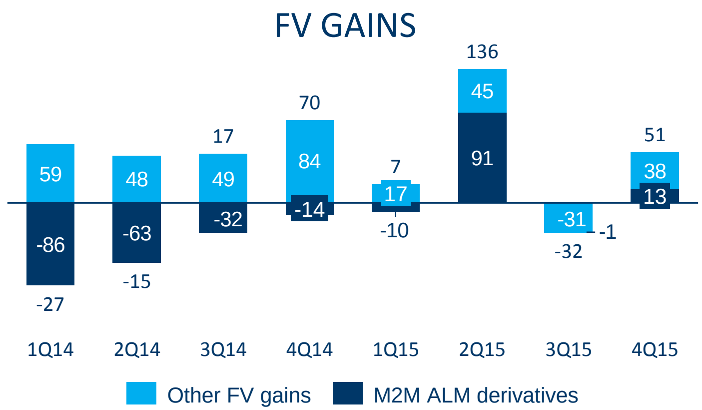
MORTGAGE-RELATED CROSS-SELLING RATIOS

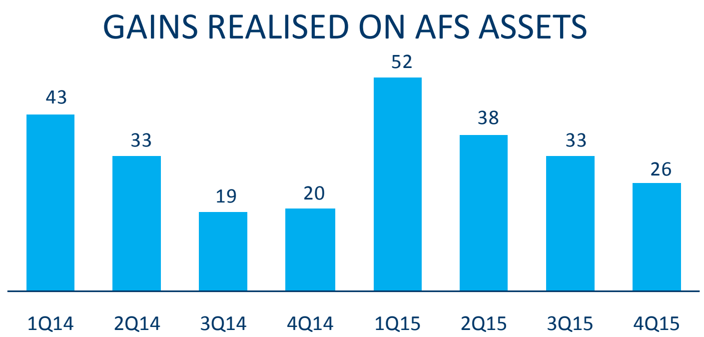


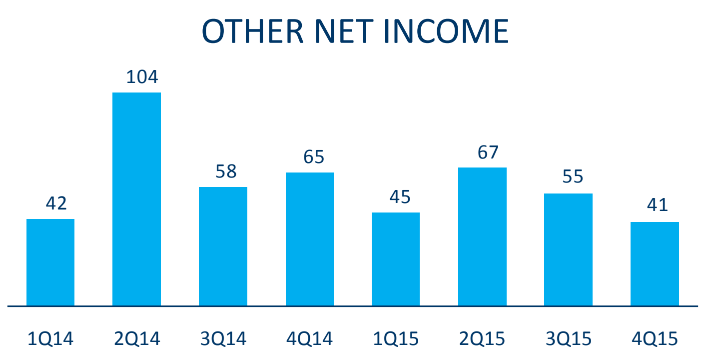
- **Sales of life insurance products**
  - Rose by 52% q-o-q, driven entirely by significantly higher sales of guaranteed interest products, attributable mainly to traditionally higher volumes in pension savings products in 4Q15. On the other hand, lower sales of unit-linked products owing to the further shift towards AM products in 4Q15
  - Fell by 6% y-o-y driven entirely by significantly lower sales of unit-linked products.
  - As a result, guaranteed interest products and unit-linked products accounted for 80% and 20%, respectively, of life insurance sales in 4Q15

- **Mortgage-related cross-selling ratios**
  - 87.1% for fire insurance
  - 76.4% for life insurance

Belgium BU (6): higher FV gains, but lower gains realised on AFS assets and other net income







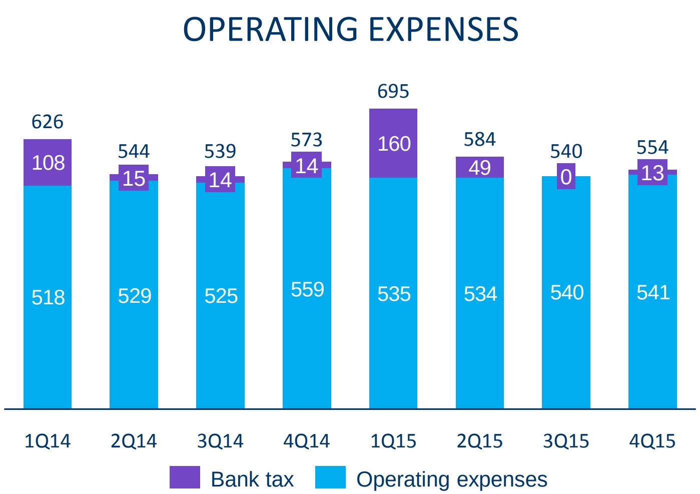
- The higher q-o-q figures for **net gains from financial instruments at fair value** were the result mainly of:
  - a positive q-o-q change in ALM derivatives (13m EUR in 4Q15 compared with -1m EUR in 3Q15)
  - the higher q-o-q figure was due partly to a positive change in market, credit and fair value adjustments
  - better dealing room income (especially IRS)

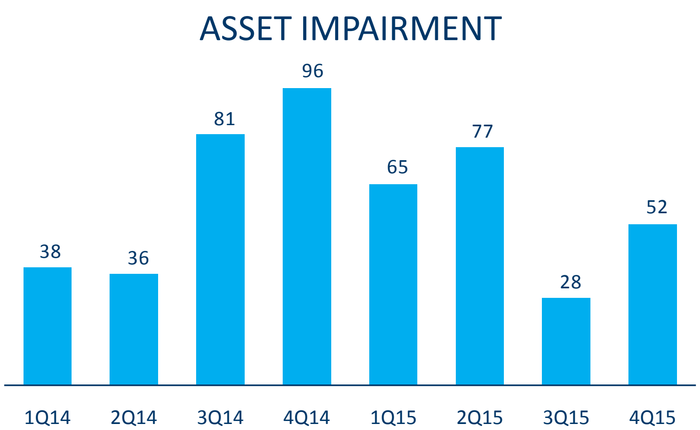
- **Gains realised on AFS assets** came to 26m EUR (less gains realised on both shares and bonds in 4Q15 compared with 3Q15)

- **Other net income** amounted to 41m EUR in 4Q15, somewhat below the normal run rate

Amounts in m EUR

Belgium BU (7): higher operating expenses and impairments, excellent credit cost ratio



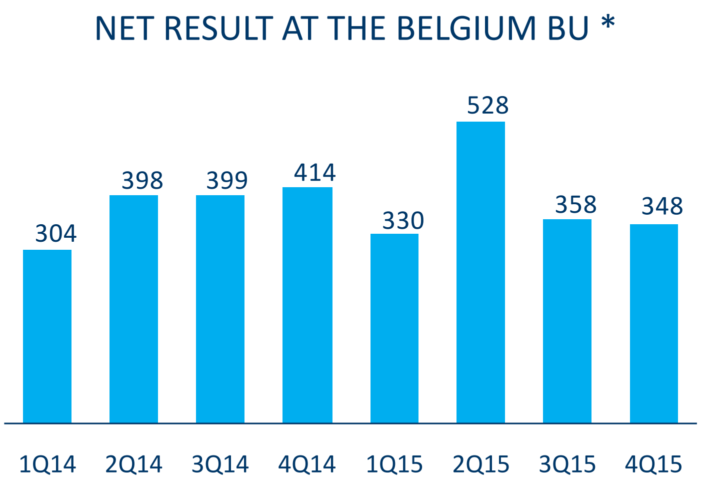


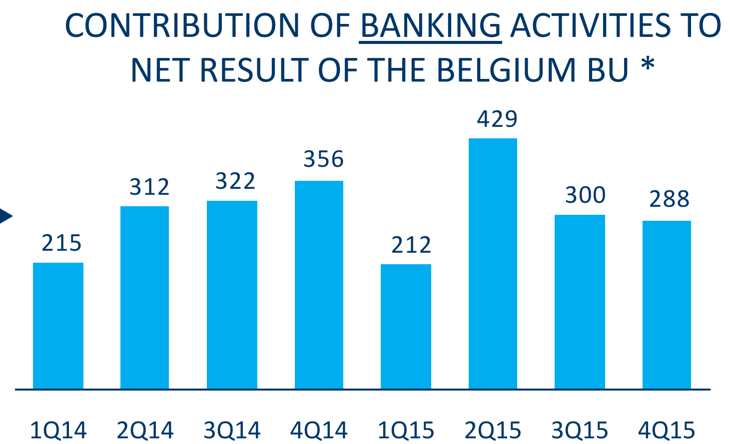
- **Operating expenses**: +3% q-o-q and -3% y-o-y
  - The q-o-q increase was attributable entirely to higher bank taxes. Operating expenses without bank tax were roughly flat q-o-q mainly as lower ICT and facilities expenses were fully offset by higher pension costs and higher marketing expenses
  - The y-o-y decrease was chiefly the result of lower staff and marketing expenses
  - Cost/income ratio: both 50% in 4Q15 and in FY15. Adjusted for specific items, the C/I ratio amounted to roughly 56% in 4Q15 and 53% in FY15

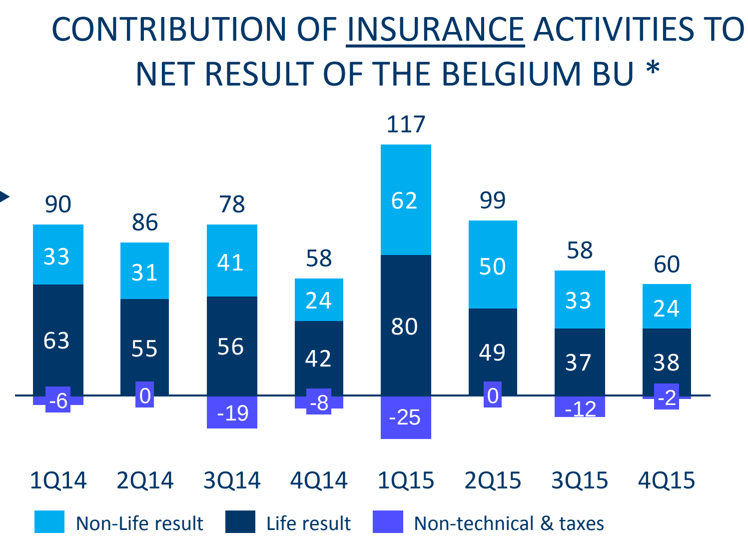
- **Loan loss provisions** amounted to 34m EUR in 4Q15. The q-o-q increase was due chiefly to higher impairments in corporates and foreign branches. Gross impairments remained low in all segments. **Credit cost ratio** amounted to 19 bps in FY15 (23 bps in FY14)
- **Impaired loans ratio** dropped to 3.8%, 2.2% of which over 90 days past due
- **Impairment on AFS shares** (18m EUR)

Amounts in m EUR

Net result at the Belgium BU







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

CZECH REPUBLIC BUSINESS UNIT

CFO SERVICES

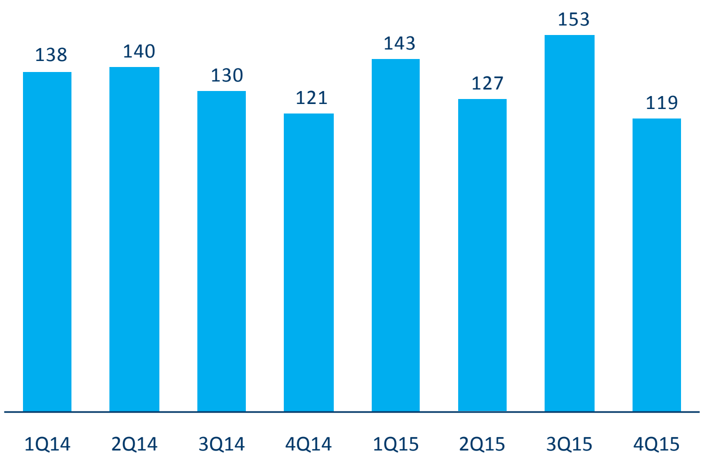
CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

CORPORATE STAFF

Czech Republic BU (1): net result of 119m EUR

NET RESULT



Amounts in m EUR

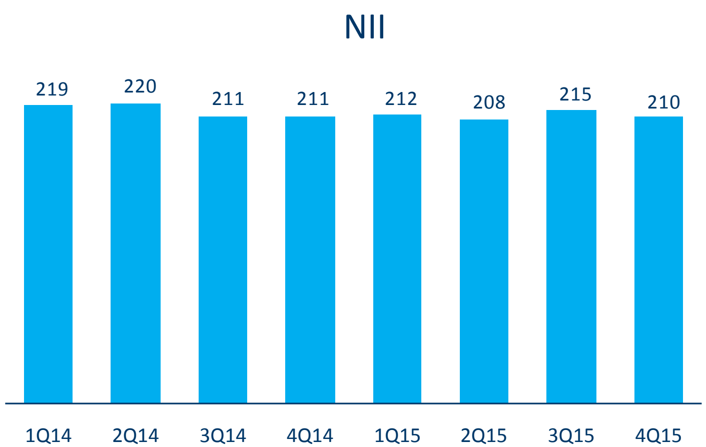
- **Net result** at the Czech Republic Business Unit of 119m EUR
  - Q-o-q results were characterised by lower net interest income, higher net fee and commission income, stable net results from financial instruments, no realised gains on AFS assets, a good combined ratio in non-life insurance and higher sales of life insurance products, higher costs and impairment charges
  - Profit contribution from the insurance business remained limited in comparison to the banking business

VOLUME TREND

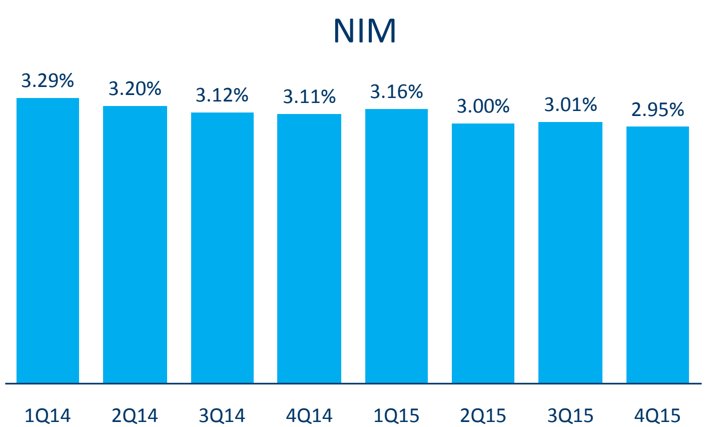
Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	18bn	8bn	24bn	8.8bn	1.0bn
Growth q-o-q*	+2%	+2%	+3%	+4%	+7%
Growth y-o-y	+8%	+9%	+6%	+19%	0%

* Non-annualised
** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos

Czech Republic BU (2): lower NII and NIM



Amounts in m EUR

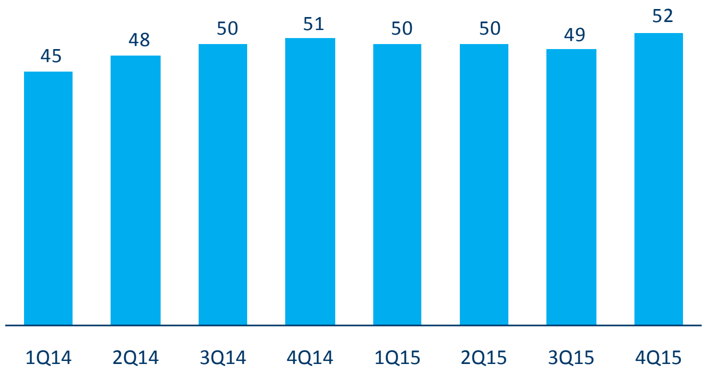


- **Net interest income (210m EUR)**
  - Down by 2% q-o-q and flat y-o-y to 210m EUR. Corrected for FX effects, NII decreased by 2% q-o-q and by 3% y-o-y pro forma
  - The pro forma q-o-q decrease was the result primarily of reduced net interest income from the dealing room, lower reinvestment yields, pressure on lending margins and lower fees on early repaid corporate loans, which were only partly offset by growth in loan volumes.
  - Loan volumes up by 8% y-o-y, driven mainly by growth in mortgages and corporate loans and, to a lesser extent, in SME loans
  - Customer deposit volumes up by 6% y-o-y

- **Net interest margin (2.95%)**
  - Fell by 6 bps q-o-q and by 16 bps y-o-y to 2.95%
  - The q-o-q decrease was attributable to lower reinvestment yields and pressure on lending margins
  - The y-o-y decrease was the result of a lower reinvestment yield and pressure on margins for new loans sold, partially offset by several cuts in interest rates on savings accounts during the last year

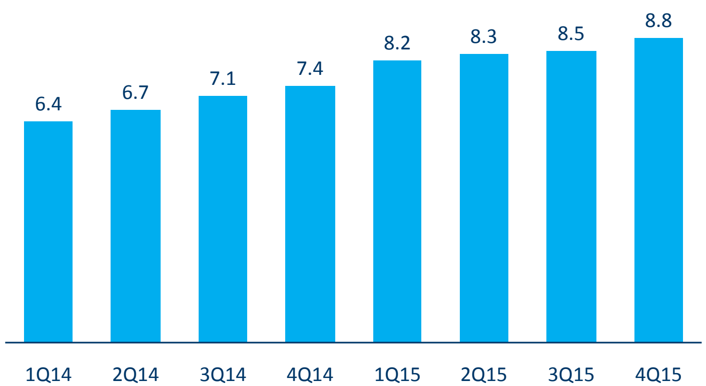
Czech Republic BU (3): higher net F&C income and positive net inflows

F&C



Amounts in m EUR

AuM*



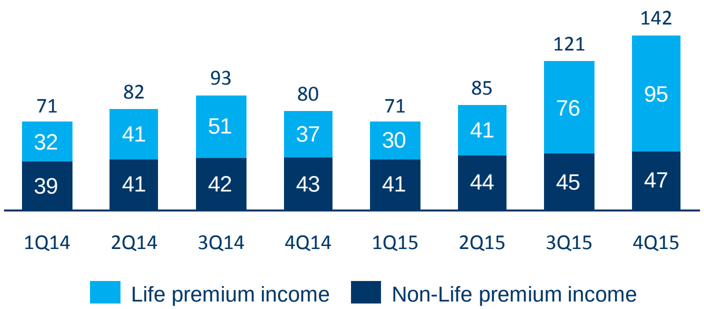
* The breakdown across the BUs is based on the 'Assets under Distribution' in each BU

Amounts in bn EUR

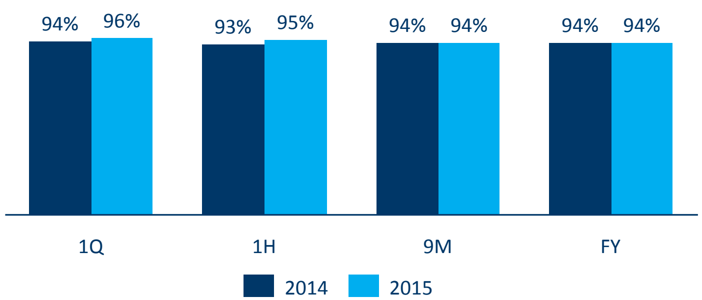
- **Net fee and commission income (52m EUR)**
  - Increased by 6% q-o-q and by 2% y-o-y (or +6% q-o-q and -1% y-o-y pro forma, adjusted to take account of FX effect)
  - The pro forma q-o-q increase was the result of higher fees from payment services (seasonal effect of Christmas and success of contactless cards), higher management fees and higher fees from securities, partly offset by lower fees from credit files and bank guarantees and lower entry fees from mutual funds
  - The pro forma y-o-y decrease was attributable chiefly to lower entry fees from mutual funds and higher fees paid to the Czech Post
- **Assets under management (8.8bn EUR)**
  - Went up by 4% q-o-q to roughly 8.8bn EUR, as a result of a 2% increase in net inflows and a positive price effect (+2%). Net sales of balanced funds and CPPI products in particular were good
  - Y-o-y, assets under management rose by 19%, driven by net inflows (+12%) and a positive price effect (+7%)

Czech Republic BU (4): higher premium income and good combined ratio

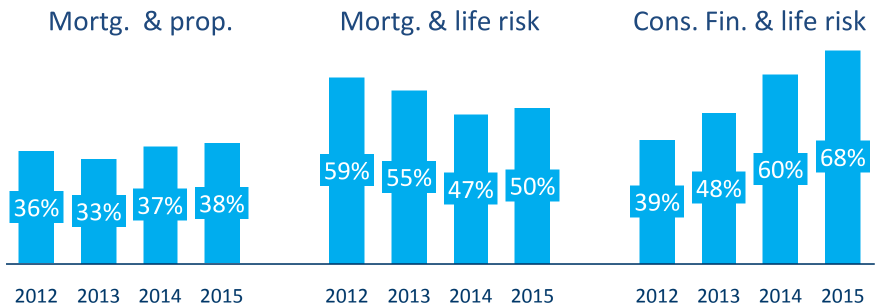
PREMIUM INCOME (GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



CROSS-SELLING RATIOS

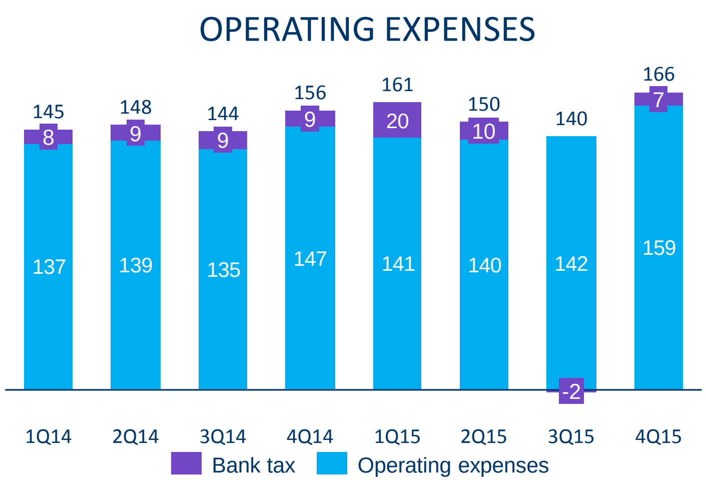


- **Insurance premium income** (gross earned premium) stood at 142m EUR
  - Non-life premium income (47m) rose by 6% y-o-y excluding FX effect, due mainly to improved retail (in motor and households businesses) and corporate sales
  - Life premium income (95m) went up by 24% q-o-q and by 154% y-o-y, excluding FX effect. Growth mainly in unit-linked single premiums due to intensified product campaigns

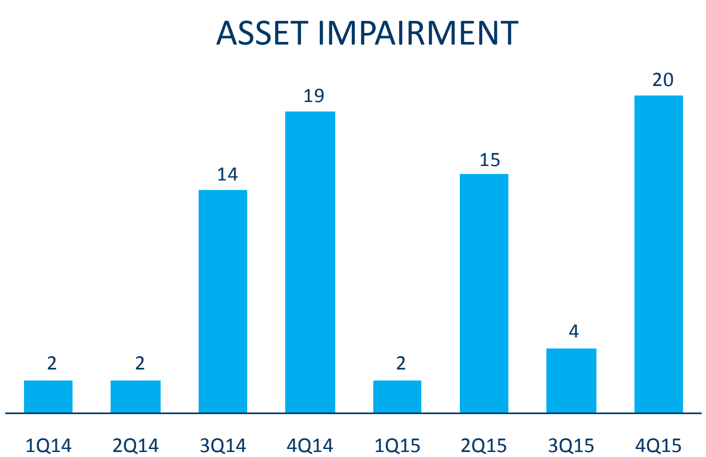
- **Combined ratio**: 94% in FY15, unchanged in relation to last year

- **Cross-selling ratios:** increased commercial focus and sales activities helped to improve demand for property insurance combined with a mortgage

Czech Republic BU (5): higher operating expenses and impairments, excellent credit cost ratio



- **Operating expenses (140m EUR)**
  - Rose by 19% q-o-q and by 4% y-o-y, excluding FX effect
  - Excluding FX effect and bank tax, operating expenses increased by 11% q-o-q and by 5% y-o-y
  - The q-o-q increase excluding FX effect and bank tax was due mainly to traditionally higher marketing expenses, professional fees and ICT expenses (the latter due to a gradual acceleration of (strategic) projects execution) and restructuring charges
  - The y-o-y decrease excluding FX effect and bank tax was attributable primarily to increased IT expenses and restructuring charges
  - Cost/income ratio at 52% in 4Q15 and 48% in FY15



- **Impairments on L&R** increased q-o-q due mainly to higher impairments on SMEs and the extremely low level in 3Q15
- Impairment of 4m EUR on AFS shares and 2m on goodwill
- **Credit cost ratio** amounted to 0.18% in FY15

	2011	2012	2013	2014	2015
CCR	0.37%	0.31%	0.26%	0.18%	0.18%

- **Impaired loans ratio** dropped to 3.4%, 2.5% of which over 90 days past due

INTERNATIONAL MARKETS BUSINESS UNIT

CFO SERVICES

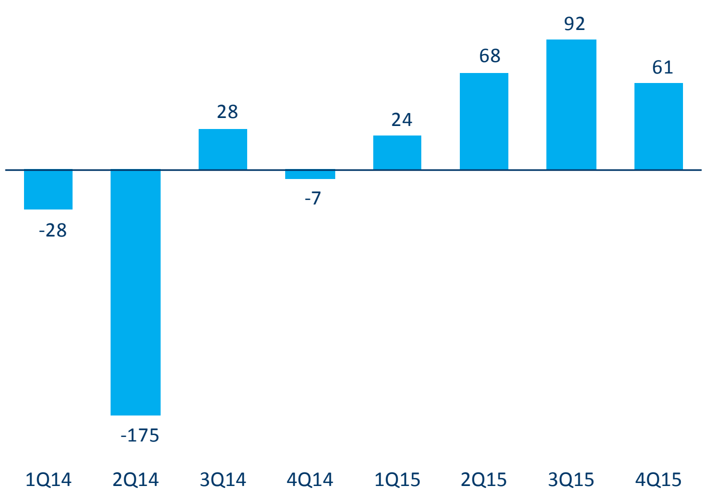
CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

CORPORATE STAFF

International Markets BU (1): net result of 61m EUR in 4Q15 and 245m in FY15. Profitability target more than achieved

NET RESULT



Amounts in m EUR

- **Net result: 61m EUR,** despite 28m EUR bank taxes
  - Profit **breakdown** for International Markets: 14m EUR for Slovakia, 42m EUR for Hungary, 3m EUR for Bulgaria and 3m EUR for Ireland.
  - Q-o-q **results** were characterised by slightly higher net interest income, stable net fee and commission income, lower result from financial instruments at fair value, no realised gains on AFS assets, higher non-life insurance sales and lower life insurance sales, a decrease in net other income, higher costs and loan loss impairment charges

VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	21bn	14bn	17bn	6.2bn	0.6bn
Growth q-o-q*	0%	0%	+4%	-3%	+1%
Growth y-o-y	0%	+1%	+15%	+2%	+8%

* Non-annualised
** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos

International Markets BU (2): organic growth

ORGANIC GROWTH*

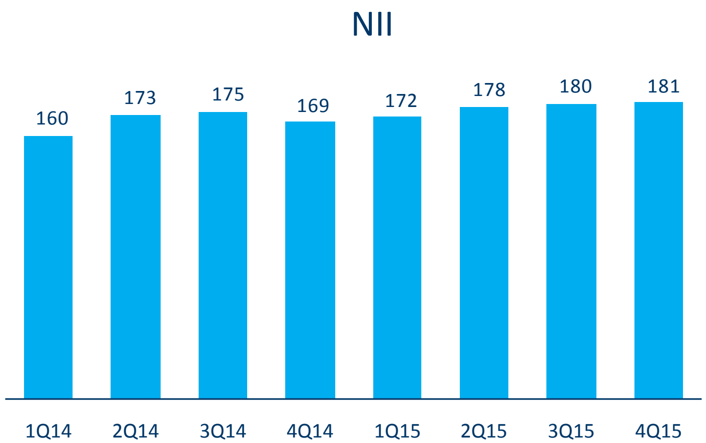
	TOTAL LOANS		MORTGAGES		DEPOSITS	
	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y
IRE	-1%	-4%	-1%	-2%	+1%	+26%
SL	+4%	+16%	+5%	+15%	+3%	+8%
HU	-1%	-7%	0%	+3%	+8%	+12%
BG	+3%	+9%	0%	+1%	+4%	+15%
TOTAL	**0%**	**0%**	**0%**	**+1%**	**+4%**	**+15%**

- The **total loan book** remained unchanged both q-o-q and y-o-y
  - On a y-o-y basis, the 4% decrease in Ireland (matured and impaired mortgage loans surpassed new production + deleveraging of the corporate loan portfolio) and 7% decrease in Hungary (due to large repayments within the Corporate portfolio) were offset entirely by the increases of 16% in Slovakia (due mainly to the continuously increasing mortgage portfolio) and 9% in Bulgaria

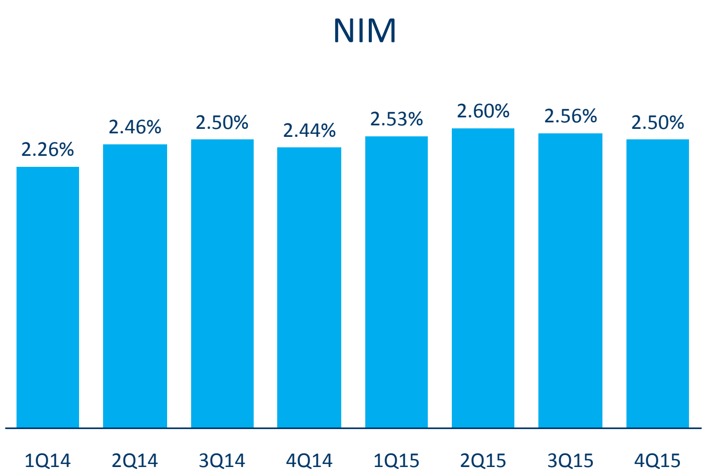
- **Total deposits** were up by 4% q-o-q and by 15% y-o-y
  - The 4% q-o-q increase was accounted for chiefly by an increase of 8% in Hungary (especially on current accounts in retail and SME, driven mainly by the low interest rate environment and K&Hs successful client acquisition strategy), of 3% in Slovakia (primarily in current accounts and corporates) and of 4% in Bulgaria
  - The y-o-y rise of 15% was due mainly to the successful retail deposit campaign in Ireland. Deposits also grew solidly in all the other countries (Slovakia, Hungary and Bulgaria)

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

International Markets BU (3): higher NII, despite lower NIM



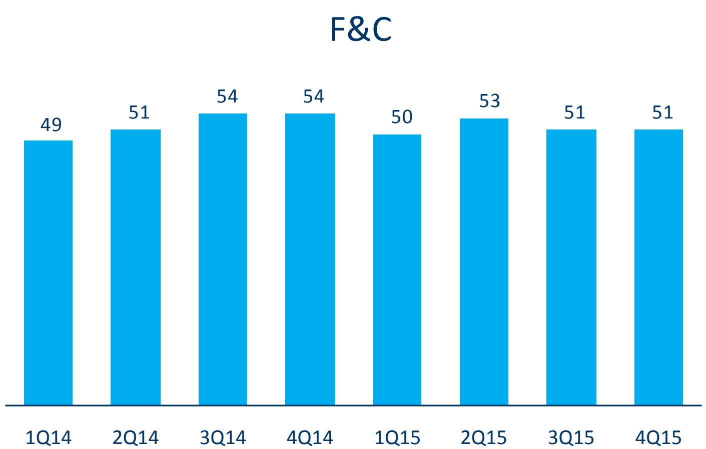
Amounts in m EUR



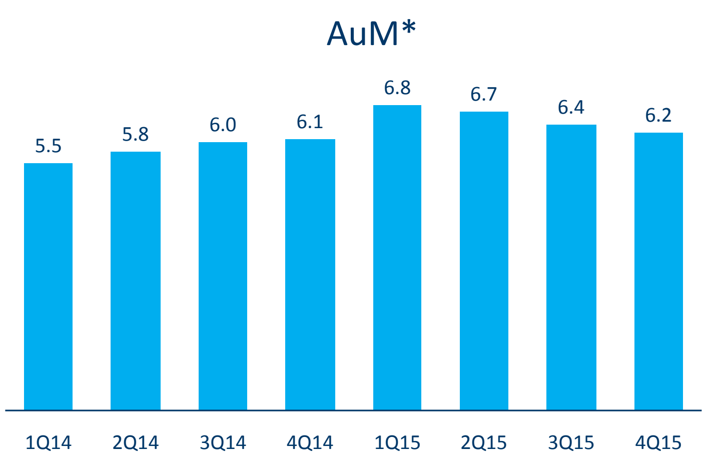
- **Net interest income (181m EUR)**
  - Rose by 1% q-o-q and by 7% y-o-y
  - The q-o-q increase was driven entirely by Ireland (lower allocated liquidity and funding costs)
  - The y-o-y rise was attributable mainly to Ireland (lower allocated liquidity and funding costs) and Slovakia (consolidation of VB Leasing as of 3Q15 and growth of lending volumes), which more than offset a decrease in Hungary (lower reinvestment yield and some Curia decisions, like for instance the conversion of FX mortgages)

- **Net interest margin (2.50%)**
  - Down by 6 bps q-o-q and up by 6 bps y-o-y
  - The q-o-q decrease was accounted for entirely by Slovakia and Bulgaria as a result of reduced lending margins
  - The y-o-y increase was attributable entirely to a considerable rise in NIM in Ireland (mainly as a result of lower allocated liquidity and funding costs)

International Markets BU (4): stable net F&C income



Amounts in m EUR



* The breakdown across the BUs is based on the 'Assets under Distribution' in each BU

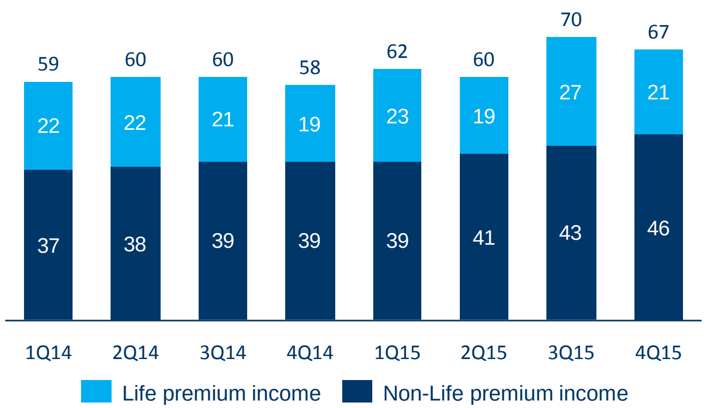
Amounts in bn EUR

- **Net fee and commission income (51m EUR)**
  - Flat q-o-q and down by 4% y-o-y
  - The q-o-q stabilisation was driven primarily by higher fees from payment services in Hungary entirely offset by higher commissions paid on insurance sales in Bulgaria and higher fees paid on banking services in Ireland
  - The y-o-y decrease was driven mainly by:
    - lower fees from credit files and bank guarantees and somewhat lower fees from asset management in Slovakia (despite higher fee income from leasing)
    - higher commissions paid on insurance sales in Bulgaria
    - higher fees paid on banking services in Ireland

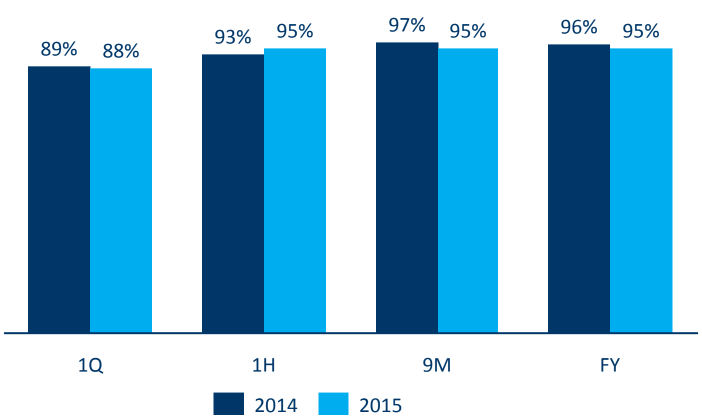
- **Assets under management (6.2bn EUR)**
  - Decreased by 3% q-o-q, as a result of net outflows (-4%), partly offset by a positive price effect (+1%)
  - Y-o-y, assets under management rose by 2%, due fully to positive price effects

International Markets BU (5): lower premium income and good combined ratio

PREMIUM INCOME
(GROSS EARNED PREMIUM)



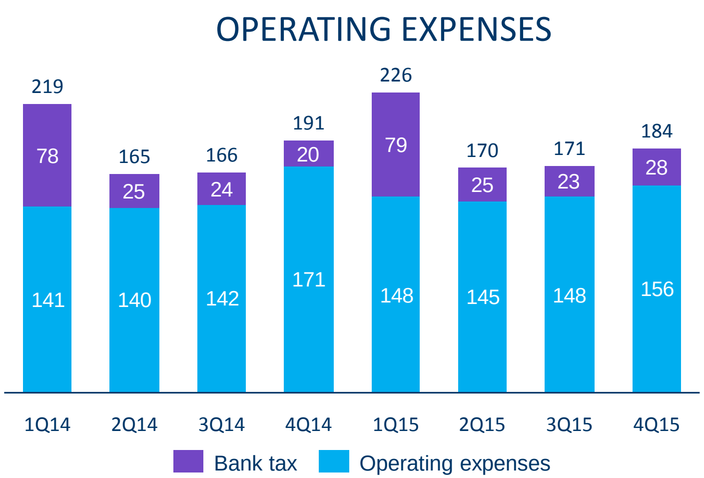
COMBINED RATIO (NON-LIFE)



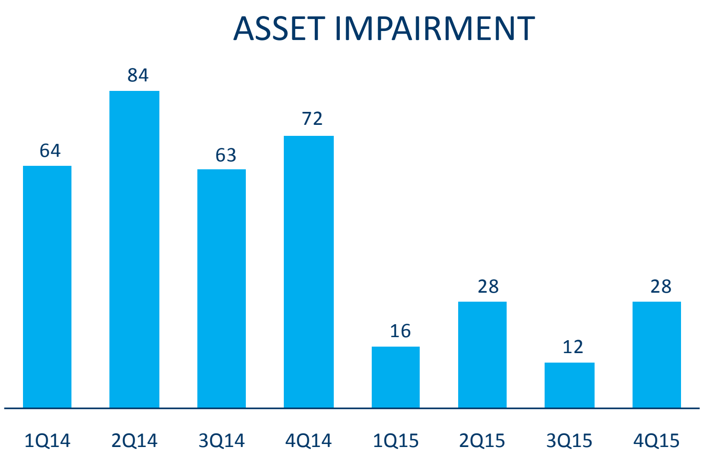
- **Insurance premium income** (gross earned premium) stood at 67m EUR
  - Non-life premium income (46m) rose by 18% y-o-y as a result of:
    - improved sales in motor retail in Hungary
    - good performance in MTPL and home insurance in Slovakia
    - good performance in casco and motor retail in Bulgaria
  - Life premium income (21m)
    - fell by 21% q-o-q due chiefly to lower unit-linked single premiums in Slovakia and a drop in guaranteed interest products in Bulgaria (as 3Q15 was very strong)
    - rose by 10% y-o-y driven mainly by higher unit-linked single premiums in Slovakia

- **Combined ratio** at a good 95% in FY15. The combined ratio for FY15 breaks down into 97% for Hungary, 88% for Slovakia and 97% for Bulgaria

International Markets BU (6): higher operating expenses and impairments, excellent credit cost ratio



Amounts in m EUR



- **Operating expenses (184m EUR)**
  - Rose by 8% q-o-q and fell by 4% y-o-y
  - Opex without bank tax rose by 6% q-o-q driven chiefly by Hungary (higher staff and ICT expenses) and Ireland (higher general administrative expenses)
  - The 9% y-o-y decrease of opex without bank tax was driven by:
    - Hungary, as 4Q14 was impacted by one-off expenses
    - Lower ICT expenses in Slovakia
  - C/I ratio stood at 65% in 4Q15 and 66% in FY15. Adjusted for specific items, the C/I ratio amounted to 71% in 4Q15 and 66% in FY15
- **Impairments on L&R (26m EUR)**
  - Rose q-o-q owing mainly to Ireland, Slovakia (one large corporate file) and Hungary (impairments on real estate in 4Q15 and write-backs in 3Q15)
  - Fell sharply y-o-y driven mainly by Ireland (16m EUR in 4Q15 compared with 41m EUR in 4Q14) and Hungary (as 4Q14 was impacted by higher impairments on some large corporate files)
- **Credit cost ratio** of 0.32% in FY15

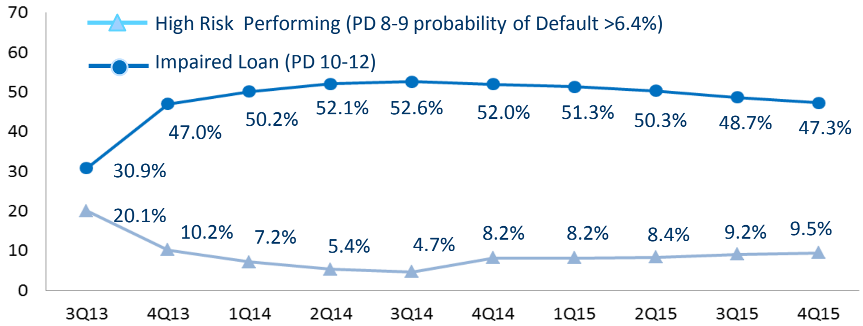
	Loan book	2011 CCR	2012 CCR	2013 CCR	2014 CCR	2015 CCR
IM BU	**25bn**		**2.26%**	**4.48%**	**1.06%**	**0.32%**
- Ireland	14bn	3.01%	3.34%	6.72%	1.33%	0.34%
- Hungary	5bn	4.38%	0.78%	1.50%	0.94%	0.12%
- Slovakia	6bn	0.25%	0.25%	0.60%	0.36%	0.32%
- Bulgaria	1bn	14.73%	0.94%	1.19%	1.30%	1.21%

- **Impaired loans ratio** dropped to 29.8%, of which 16.0% over 90 days past due

Ireland (1): already profitable in FY15

LOAN PORTFOLIO €	OUT-STANDING €	IMPAIRED LOANS €	IMPAIRED LOANS PD 10-12	SPECIFIC PROVISIONS €	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9.1bn	3.1bn	34.6%	1.0bn	31%
Buy to let mortgages	2.6bn	1.8bn	68.4%	0.7bn	38%
SME /corporate	1.1bn	0.7bn	64.6%	0.4bn	61%
Real estate - Investment - Development	 0.9bn 0.3bn	 0.7bn 0.3bn	 77.9% 100%	 0.4bn 0.2bn	 52% 84%
Total	**13.9bn**	**6.6bn**	**47.3%**	**2.7bn**	**41%**

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 growth of about 7% in 2015
- Improvement in domestic spending supporting jobs growth, which reduced unemployment to 8.8% at end 2015
- Economic conditions supportive of solid Irish housing market with recovery now becoming established outside Dublin
- Customer Deposits (Retail & Corporate) net inflows of 0.1bn EUR in 4Q15, resulting in a deposit portfolio of 5.1bn EUR (compared with 5.0bn EUR in 3Q15). Full year growth in 2015 of Customer Deposits amounted to 27% y-o-y
- Loan loss provisions amounted to 16m EUR in 4Q15 compared to 9m EUR in 3Q15 (increase driven by model adjustments). Coverage ratio increased from 40% in 3Q15 to 41% in 4Q15
- Looking forward, we are maintaining our guidance for Ireland, namely:
  - continued profitability on an annual basis
  - loan loss provisions at the lower end of the 50m-100m EUR range for FY16

Ireland (2): Portfolio analysis

4Q15 Retail Portfolio

	PD	Exposure	Impairment	Cover %
Performing	PD 1-8	5,922	25	0.4%
	Of which non Forborne	5,873		
	Of which Forborne	49		
	PD 9	838	42	5.0%
	Of which non Forborne	235		
	Of which Forborne	604		
Impaired	PD 10	2,733	620	22.7%
	PD 11	1,455	539	37.0%
	PD 12	728	535	73.5%
	TOTAL PD1-12	**11,676**	**1,759**	
	Specific Impairment/(PD 10-12)			*34.4%*

'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.

4Q15 Corporate Loan Portfolio

	PD	Exposure	Impairment	Cover %
Perf.	PD 1-8	541	4	0.8%
	PD 9	45	5	11.8%
Impaired	PD 10	560	211	37.6%
	PD 11	335	195	58.2%
	PD 12	770	624	81.0%
	TOTAL PD1-12	**2,251**	**1,040**	
	Specific Impairment/(PD 10-12)			*61.8%*

Retail portfolio

- Impaired portfolio fell by roughly 0.2bn EUR q-o-q due to a combination of property sales and improvement in the portfolio performance. This was in line with previous quarter (reduction of 0.2bn EUR q-o-q and 0.7bn EUR y-o-y)
- Coverage ratio for impaired loans increased to 34.4% in 4Q15 (from 33.0% in 3Q15)
- Overall exposure has decreased due to a reduction of the impaired book, partly offset by new mortgage production

Corporate loan portfolio

- Impaired portfolio has reduced by roughly 50m EUR q-o-q. Reduction driven mainly by continued deleveraging of the portfolio (reduction of 0.2bn EUR y-o-y)
- Coverage ratio for impaired loans has increased to 61.8% in 4Q15 (from 60.9% in 3Q15)
- Overall exposure has dropped by 0.4bn EUR y-o-y

GROUP CENTRE

CFO SERVICES

CRO SERVICES

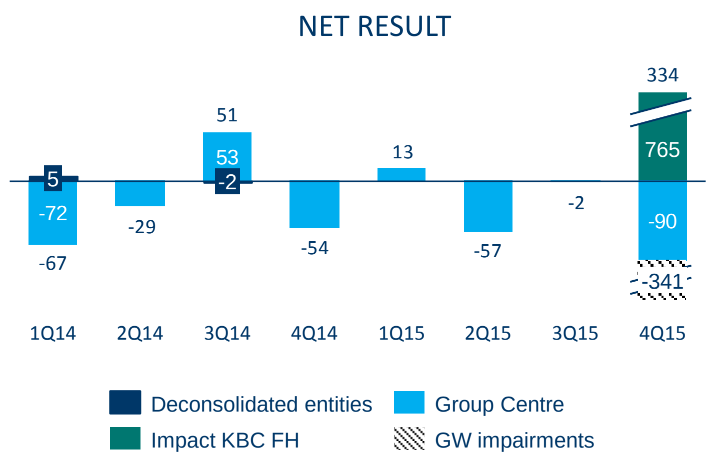
BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

Group Centre: net result of 334m EUR



- **Net result: 334m EUR**
- 4Q15 was impacted by a gain of 765m EUR as a result of the liquidation of KBC Financial Holding, partly offset by 341m EUR goodwill impairments
- The net result for the Group Centre comprises the results coming from activities and/or decisions specifically made for group purposes (see table below for components)
- The q-o-q deterioration pro forma* was attributable mainly to:
  - An increase of 48m EUR in operating expenses in 4Q15 due partly to the traditionally seasonal effect in 4Q15 and the delayed partial shift of the benefit of low opex in 3Q15 at Group Centre to the Business Units
  - 25m EUR impairments on 'other' (of which 20m EUR on the Hungarian Data Center)

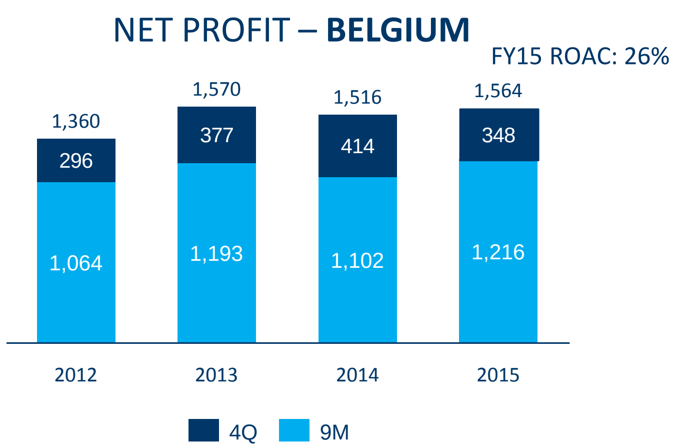
BREAKDOWN OF NET RESULT AT GROUP CENTRE

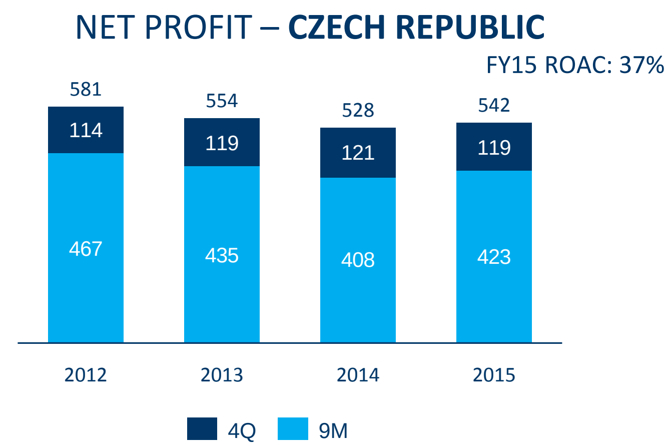
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Group item (ongoing business)	**-81**	**-52**	**-48**	**-31**	**11**	**-36**	**-18**	**-422**
- Operating expenses of group activities	-22	-19	-7	-26	-19	-15	0	-62
- Capital and treasury management	-38	-11	-1	4	5	7	0	0
o/w net subordinated debt cost	-39	-26	-9	-9	-9	-10	-9	-9
- Holding of participations	-22	-25	-34	-17	-17	-26	-18	-15
o/w net funding cost of participations	-10	-11	-11	-8	-7	-7	-7	-6
- Other	-1	4	-4	8	41	-2	0	-346
Ongoing results of divestments and companies in run-down	**6**	**-8**	**-17**	**-4**	**2**	**-22**	**16**	**756**
Legacy & OCR	**10**	**29**	**114**	**-20**	**-**	**-**	**-**	**-**
Total net result at GC	**-67**	**-29**	**51**	**-54**	**13**	**-57**	**-2**	**334**

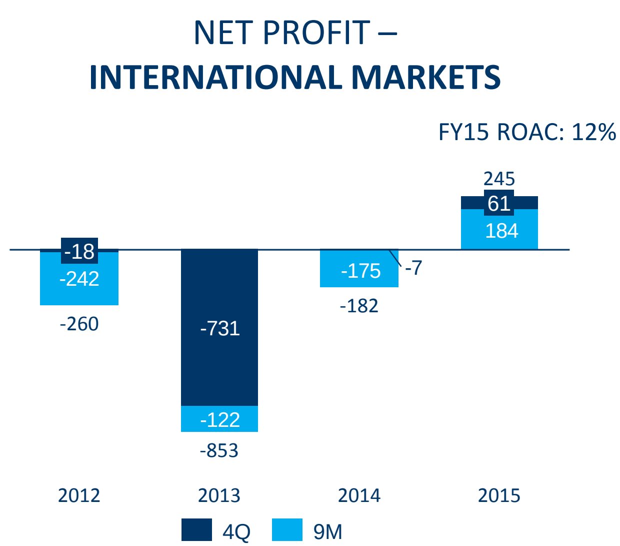
Amounts in m EUR

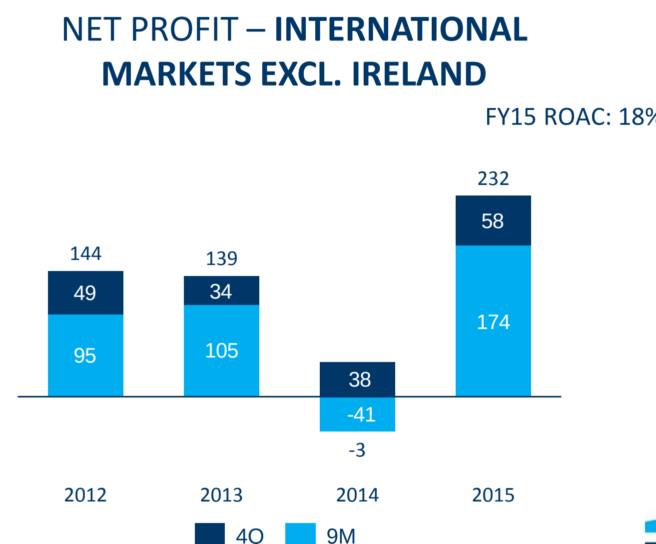
* Excluding the gain on KBC FH and the goodwill impairments

Overview of results based on business units









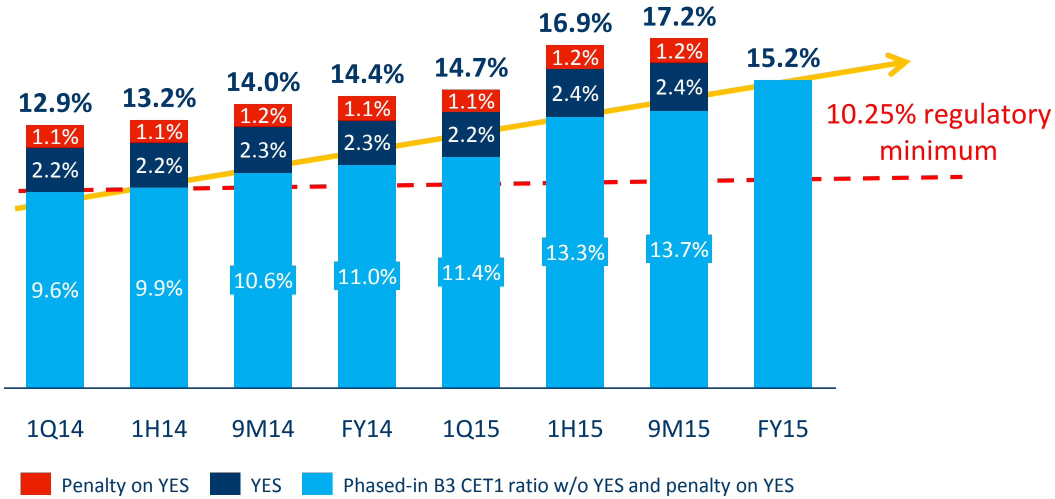
Amounts in m EUR

Section 3

Strong solvency and solid liquidity

Strong capital position

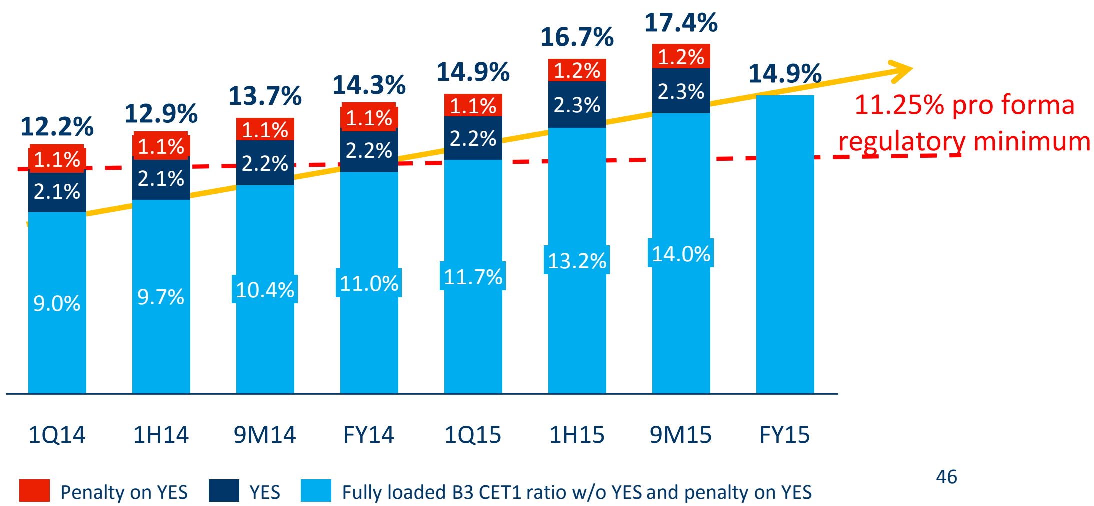
Phased-in Basel 3 CET1 ratio at KBC Group (Danish Compr)



- **Common equity ratio (B3 phased-in) of 15.2%** based on the Danish Compromise at end 2015, which **clearly exceeds** the new minimum capital requirements set by the ECB (9.75%) and the NBB (0.5%)*, i.e. an aggregate 10.25% for 2016

* As announced by the NBB the systemic buffer (CET1 phased-in of 0.5% in 2016 under the Danish Compromise) will gradually increase over a 3-year period, reaching 1.5% in 2018

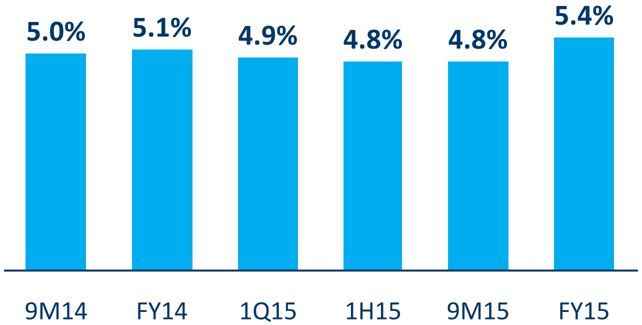
Fully loaded Basel 3 CET1 ratio at KBC Group (Danish Compr)



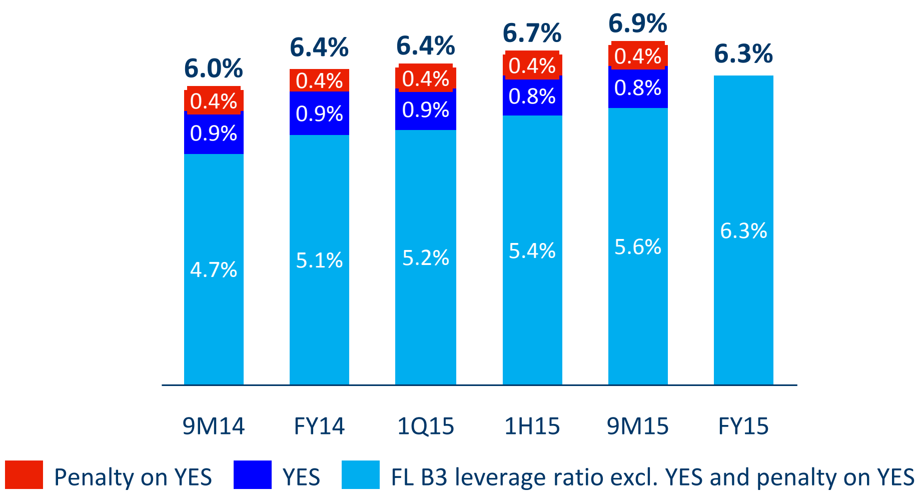
- A pro forma fully loaded common equity ratio translation to 11.25% was clearly exceeded with a **fully loaded B3 common equity ratio of 14.9%** based on the Danish Compromise at end 2015

Fully loaded Basel 3 leverage ratio

Fully loaded Basel 3 leverage ratio at KBC Bank

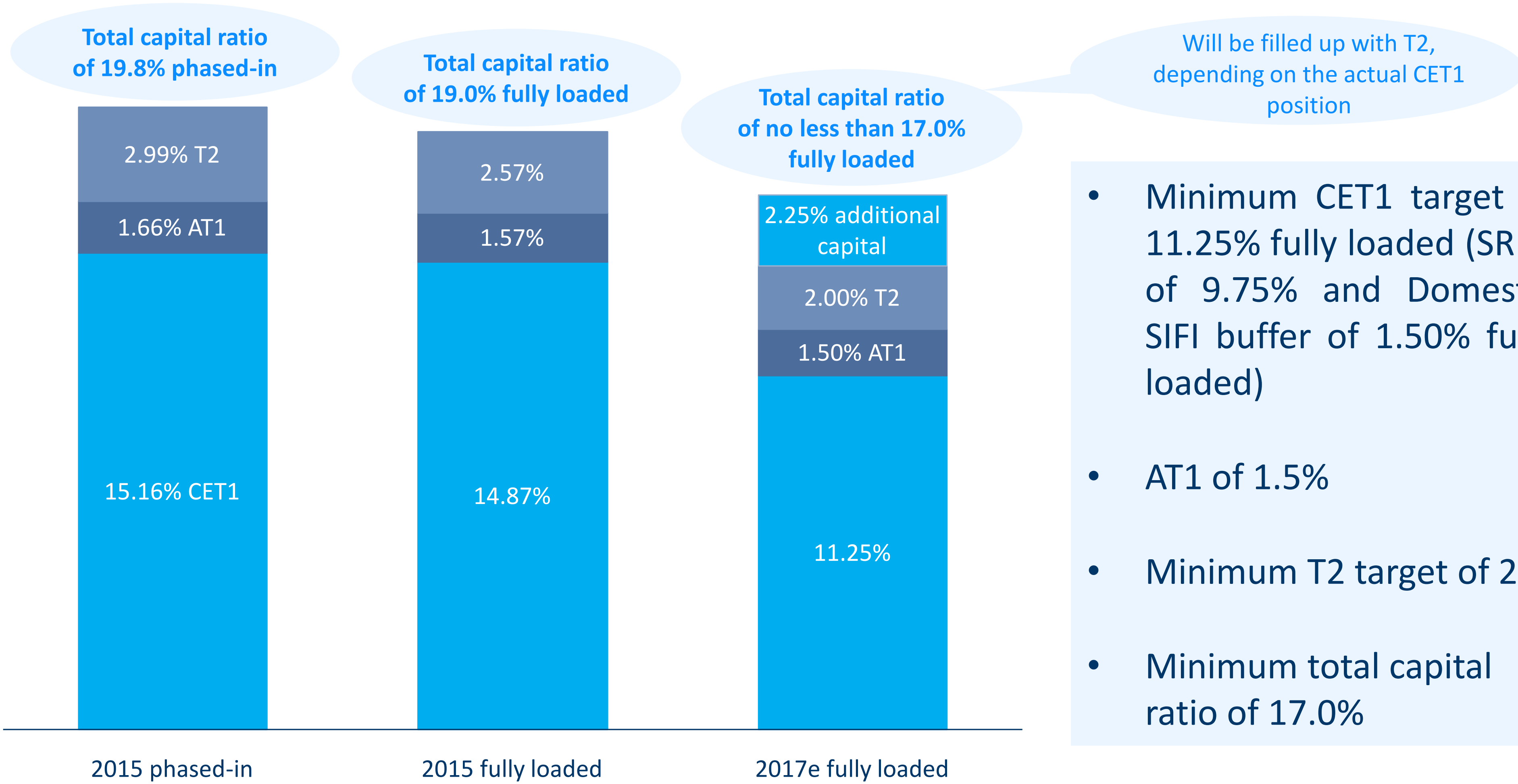


Fully loaded Basel 3 leverage ratio at KBC Group



- **Fully loaded B3 leverage ratio, based on the current CRR legislation** (which was adapted during 4Q14):
  - **5.4%** at KBC Bank consolidated level
  - **6.3%** at KBC Group level

KBC maintains a minimum total capital ratio of 17%*

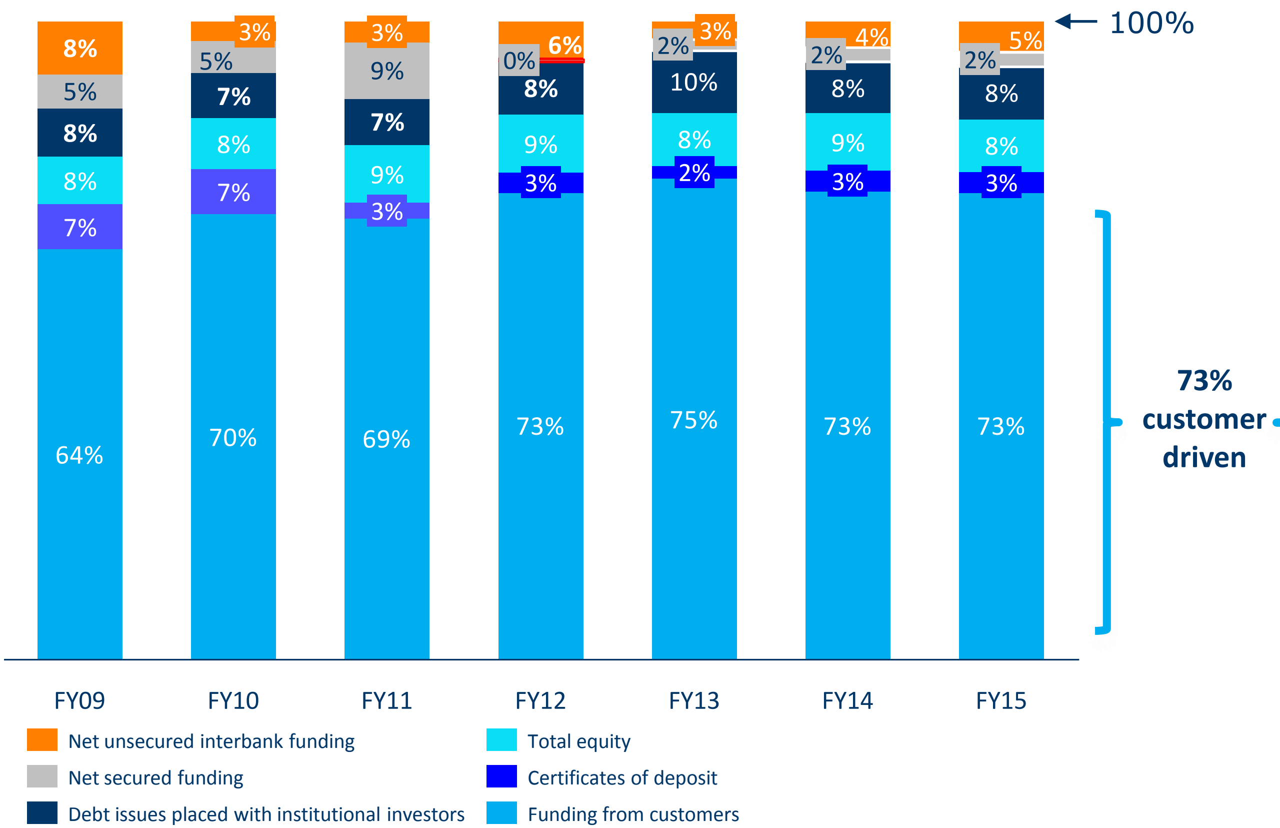


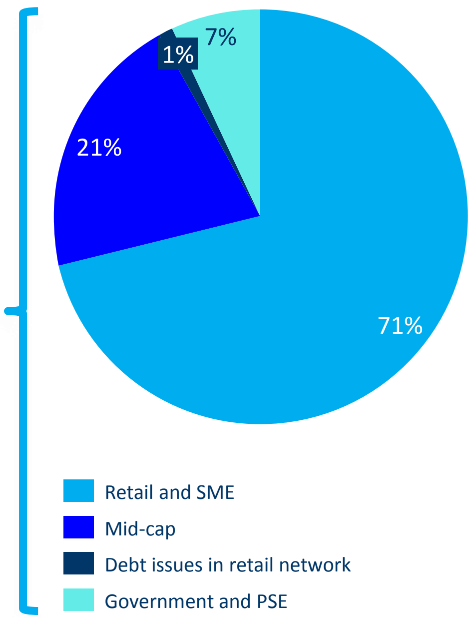
- Minimum CET1 target of 11.25% fully loaded (SREP of 9.75% and Domestic SIFI buffer of 1.50% fully loaded)
- AT1 of 1.5%
- Minimum T2 target of 2%
- Minimum total capital ratio of 17.0%

* Basel 3, Danish compromise

Solid liquidity position (1)

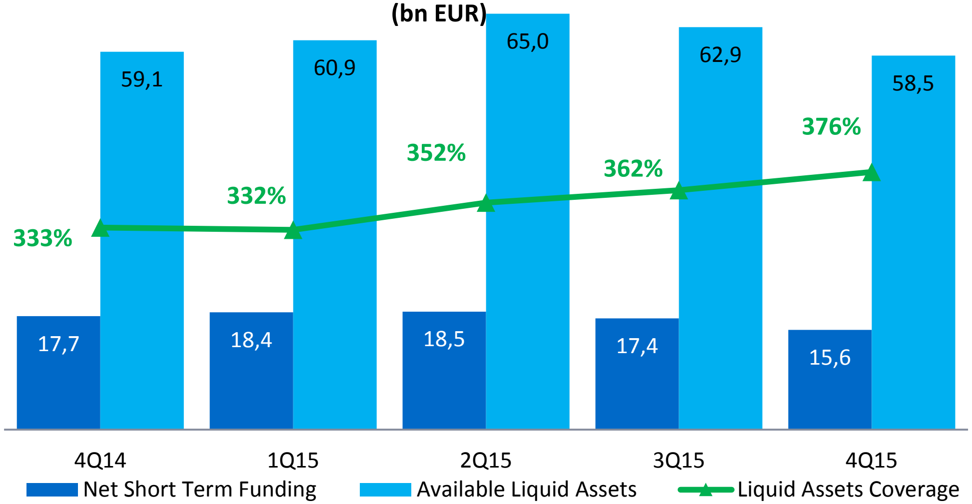
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets





Solid liquidity position (2)

Short term unsecured funding KBC Bank vs Liquid assets as of end December 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	FY15	Target
NSFR[1]	123%	121%	>105%
LCR[1]	120%	127%	>105%

[1] *Liquidity coverage ratio (LCR) is based on the Delegated Act requirements, while the Net Stable Funding Ratio (NSFR) is based on KBC's interpretation of current Basel Committee guidance*

- **NSFR at 121% and LCR at 127% by the end of FY15**
  - Both ratios were well above the minimum target of at least 105%, in compliance with the implementation of Basel 3 liquidity requirements

Section 4

4Q 2015 wrap up

4Q 2015 wrap up

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

Section 5

FY 2015 key takeaways

FY 2015 key takeaways for KBC Group

- **STRONG BUSINESS PERFORMANCE IN FY15**

  Good net result of 2,639m EUR in FY15, impacted by a gain of 765m EUR as a result of the liquidation of KBC Financial Holding, partly offset by 344m EUR goodwill impairments.

  Excluding these two items, net result amounted to 2,218m EUR in FY15:
  - Good commercial bank-insurance franchises in our core markets and core activities
  - Y-o-y increase in customer loan and deposit volumes in most of our core countries
  - Slightly higher net interest income, despite pressure on net interest margin
  - Net fee and commission income increased by 7% y-o-y; AuM increased by 12% y-o-y
  - Higher net gains from financial instruments at fair value (excluding impact KBC FH), realised AFS gains and net other income
  - Excellent combined ratio (91% in FY15). Increase in sales of non-life insurance products, but decline in sales of life insurance products
  - Cost/income ratio (55% in FY15) adjusted for specific items (one of which was the impact of the liquidation of KBC FH)
  - Excellent level of loan loss provisions. Loan loss provisions in Ireland amounted to 48m EUR in FY15, fully in line with guidance (lower end of the 50m-100m EUR range). We are maintaining our guidance for Ireland, namely the lower end of the 50m-100m EUR range for FY16

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Common equity ratio (B3 phased-in) of 15.2% based on the Danish Compromise** at end 2015, which clearly exceeds the new minimum capital requirements set by the ECB (9.75%) and the NBB (0.5%), i.e. an aggregate 10.25% for 2016. **The B3 fully loaded common equity ratio stood at 14.9% based on the Danish Compromise at end 2015**
  - At the end of 2015, KBC repaid the full outstanding tranche of 2bn EUR of remaining state aid plus a penalty of 1bn EUR to the Flemish Regional Government, well ahead of the official deadline of 2020.
  - Fully loaded B3 **leverage ratio**, based on current CRR legislation, amounted to 6.3% at KBC Group
  - **Continued strong liquidity position** (NSFR at 121% and LCR at 127%) at end 2015

- **DIVIDEND PROPOSAL:**
  - As guided, no dividend will be proposed to the AGM for the 2015 accounting year
  - As of the 2016 accounting year, the target for the dividend payout ratio (including the coupon paid on AT1) is at least 50%

1. Any dividend payment will be subject to the usual approval of the regulator

Looking forward to 2016

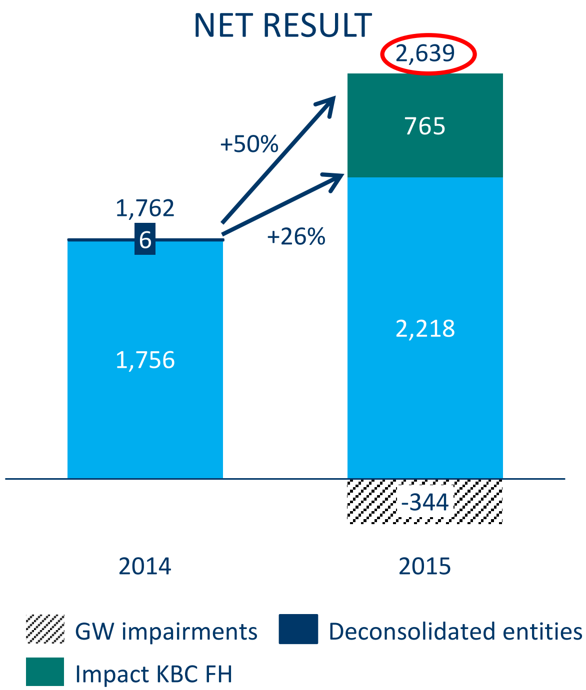
- Looking forward, management envisages:
  - Continued stable and solid returns for the Belgium & Czech Republic Business Units
  - With 245m EUR profit in FY15, the International Markets BU more than achieved its profitability target, which was to become at least profitable as of FY15
  - As per guidance already issued, profitability in Ireland expected to continue for the FY16…
  - …moreover, we are maintaining our guidance on impairments for Ireland, namely the lower end of the 50m-100m EUR range for FY16
  - A phased-in 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 AT1) ≥ 50% as of FY2016*

* Subject to the approval of the General Meeting of Shareholders

Annex 1

FY 2015 performance of KBC Group

FY 2015 net result rose by 50% y-o-y to 2,639m EUR

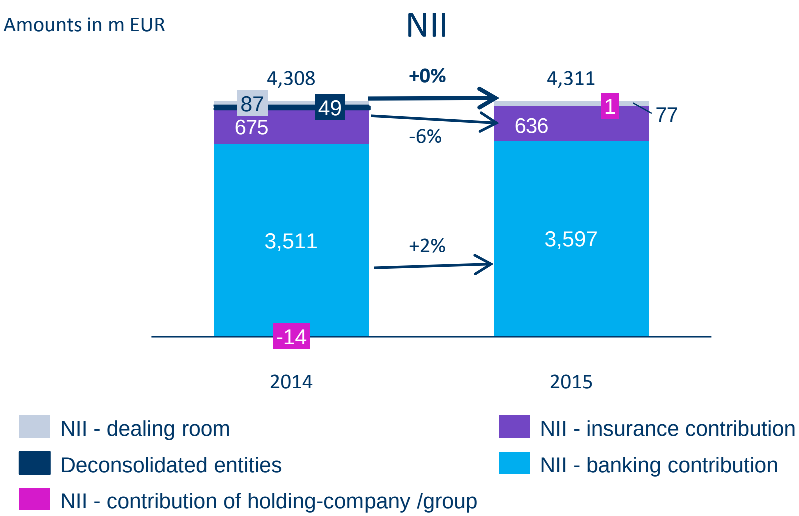


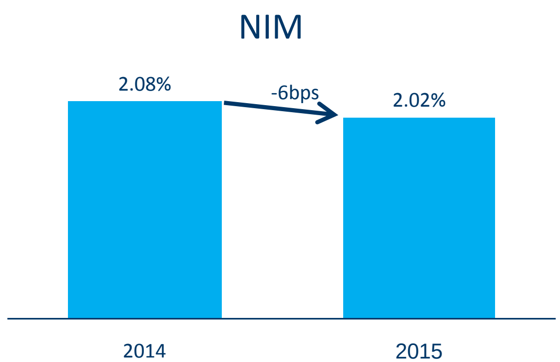
- **Net result of 2,639m EUR in 2015 increased by 50% y-o-y**
  - Net result was positively impacted by a one-off P&L gain of 765m EUR as a result of the liquidation of KBC Financial Holding, partly offset by 344m EUR goodwill impairments
  - Excluding these items as mentioned above, net result in 2015 increased by 26% y-o-y to 2.2bn EUR, mainly as a result of:
    - High quality revenue generation (slightly higher net interest income and 7% higher net fee & commission income), next to lower net result from FIFV, higher realised AFS gains, higher net other income and higher result from non-life insurance after reinsurance
    - Strict cost control excluding bank taxes. Sharply higher bank taxes, partly due to contributions to the new European Single Resolution Fund
    - Lower impairments, despite 2014 benefited from a large release of impairment on the participation in ADB and its reconsolidation

Amounts in m EUR

Net interest income slightly up, net interest margin under pressure

Amounts in m EUR





- **Net interest income**
  - On a comparable basis (excluding deconsolidated entities), net interest income rose by 1% y-o-y, despite lower reinvestment yields and a shift of savings to mutual funds
  - NII contribution of banking activities rose by 2% y-o-y, while NII contribution of insurance activities fell by 6% y-o-y
  - On a comparable basis, loan volumes increased by 3% y-o-y, as an increase of 8% y-o-y in the Czech Republic BU and 3% y-o-y in the Belgium BU was only partly offset by a decrease of 34% y-o-y in the Group Centre
  - Deposit volumes also rose by 5% y-o-y on a comparable basis: the y-o-y increases in the Belgium BU (+5%), in the Czech Republic BU (+6%) and in the International Markets BU (+15%) were partly offset by a 17% decrease in the Group Centre (mainly due to KBC Ifima reimbursements)

- **Net interest margin (2.02%)**
  - Decreased by 6 bps y-o-y
  - Lower reinvestment yields and increased hedging losses on previously refinanced mortgages were only partly offset by rate cuts on savings accounts, higher margins on refinancings and lower funding costs

VOLUME TREND

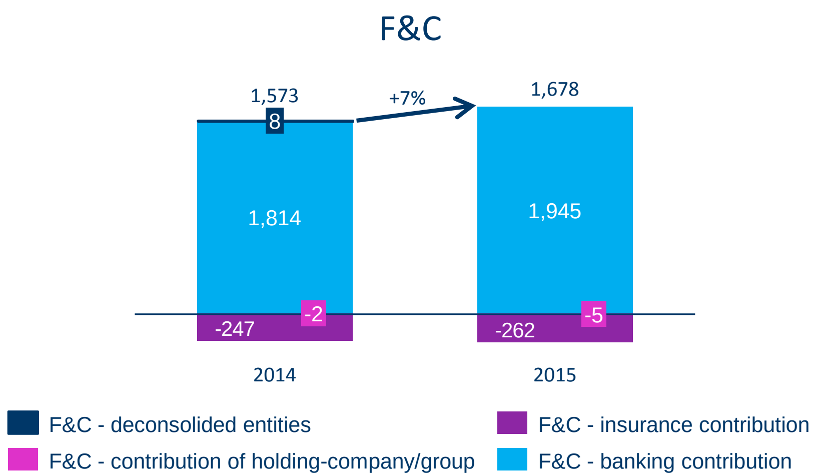
Customer deposit volumes excluding debt certificates & repos +6% y-o-y

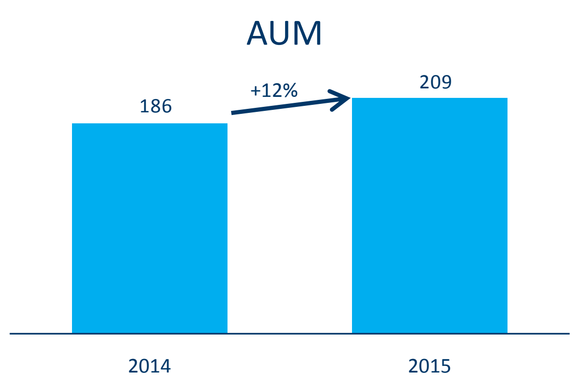
Excluding FX effect	Total loans *	Of which mortgages	Customer deposits**	AuM	Life reserves
Volume	128bn	55bn	162bn	209bn	28bn
Growth y/y	+3%	+3%	+5%	+12%	+1%

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

** Customer deposits, including debt certificates but excluding repos. Please be aware of the significant impact of calling most of the hybrid tier-1 instruments and maturing wholesale debt

Strong net fee and commission income and AUM





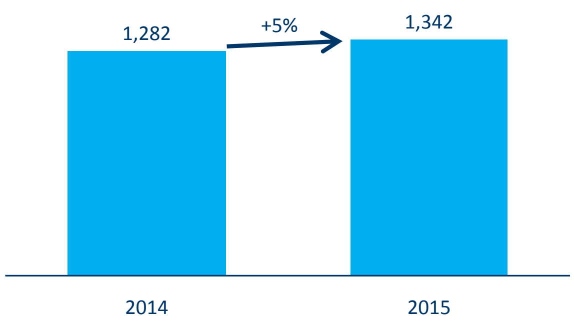
- **Strong net fee and commission income**
  - Increased by 7% y-o-y excluding deconsolidated entities
  - This increase was driven mainly by the Belgium Business Unit (+11% y-o-y) owing to higher management fees on mutual funds and increased fees from credit files and bank guarantees (benefitting from the refinancing of mortgage loans), only partly offset by higher commissions paid on insurance sales and lower entry fees from unit-linked life insurance products

- **Assets under management (209bn EUR)**
  - Rose by 12% y-o-y owing to net inflows (+8%) and a positive price effect (+4%)

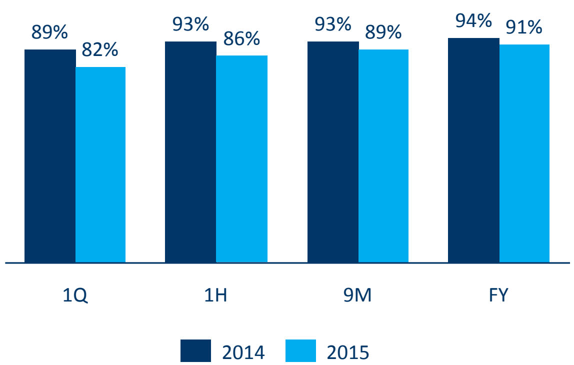
Amounts in m EUR

Higher non-life insurance sales and excellent combined ratio

NON-LIFE SALES
(GROSS WRITTEN PREMIUM)



COMBINED RATIO (NON-LIFE)

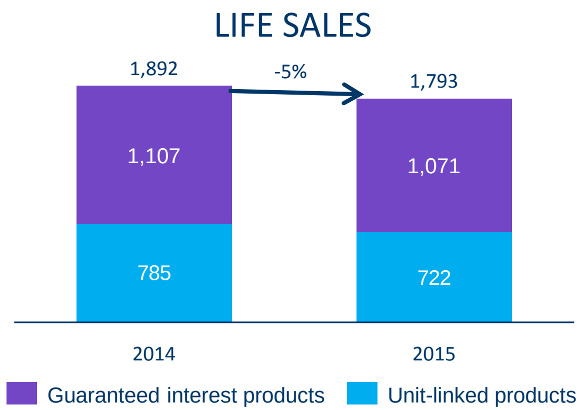


- **Sales of non-life insurance products**
  - Up by 5% y-o-y on a comparable basis mainly thanks to a good commercial performance in all major product lines in our core markets

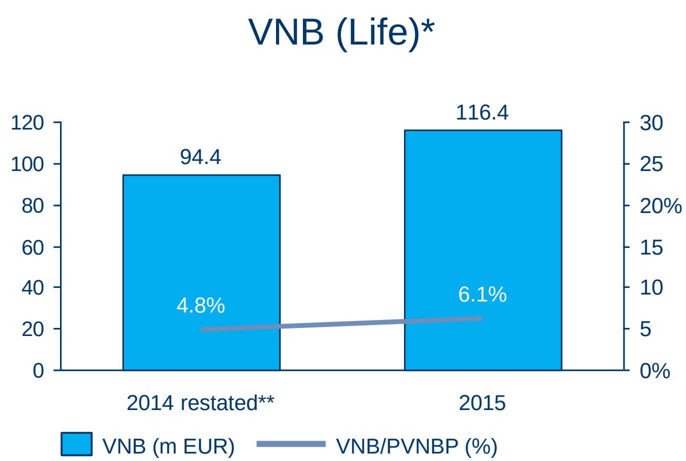
- The **non-life combined ratio** at FY15 stood at an **excellent 91%**, a strong improvement compared to FY14 (as FY14 was negatively impacted by hailstorms in Belgium)

Amounts in m EUR

Lower life insurance sales, but higher VNB



Amounts in m EUR



- **Sales of life insurance products**
  - Down by 5% y-o-y on a comparable basis
  - The decline in sales of unit-linked products was attributable mainly to the small number of newly launched tranches/campaigns, the insurance tax and a shift towards AM products (all factors occurring in the Belgium Business Unit). Furthermore, sales of guaranteed interest products decreased y-o-y as a result of the low rate of guaranteed interest
  - Sales of unit-linked products accounted for just 40% of total life insurance sales

- **VNB**
  - Rose by 23% y-o-y to 116m EUR due to the switch in sales to more profitable products (e.g. mortgage-linked insurance)

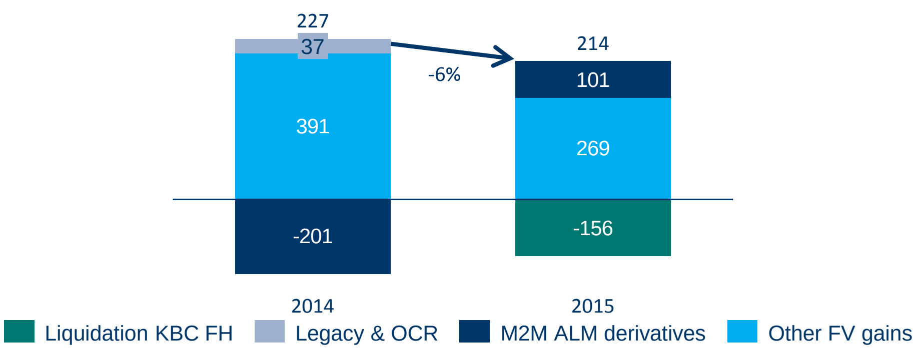
* Around 46% of the total VNB is generated through the inclusion of the expected future profits arising from KBC Asset Management and KBC Bank

** VNB of 2014 has been restated because of the switch to solvency 2 capital and the full inclusion of intragroup banking and asset management income from KBC Insurance Belgium and CSOB Poj CZ

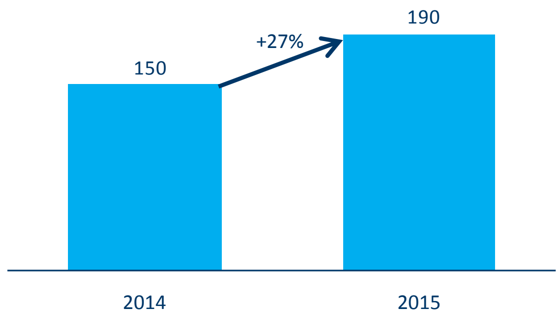
- VNB = Value of New Business = present value of all future profits attributable to the shareholders from the new life insurance policies written during the year
- VNB/PVNBP = VNB at point of sale compared with the Present Value of New Business Premiums. This ratio reflects the margin earned on total premiums

Lower FV gains, but higher gains realised on AFS assets and other net income

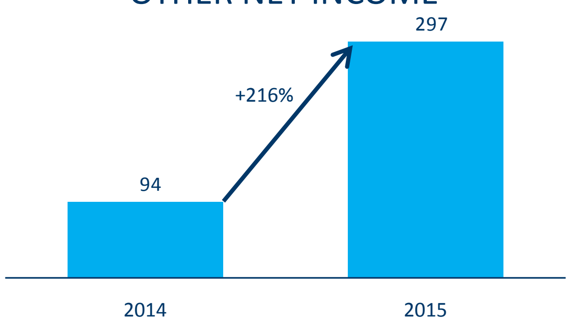
FV GAINS



GAINS REALISED ON AFS ASSETS



OTHER NET INCOME



- The lower y-o-y figure for **net gains from financial instruments at fair value** was attributable entirely to the impact of the liquidation of KBC FH. Note a sharply positive change in ALM derivatives (101m EUR in FY15 compared with -201m EUR in FY14)

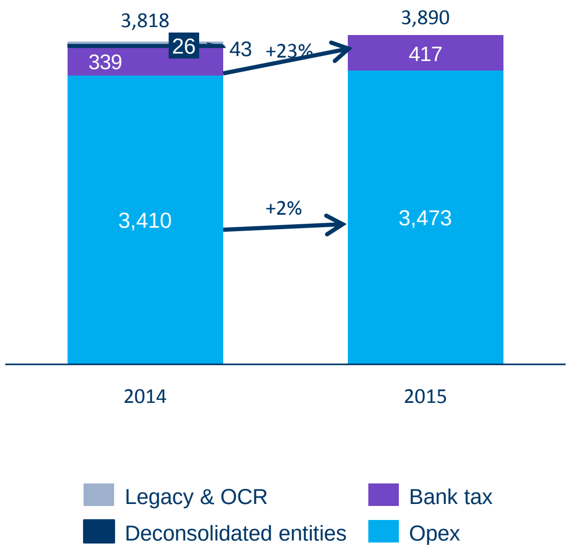
- **Gains realised on AFS assets** came to 190m EUR (mainly on Belgian AFS assets)

- **Other net income** amounted to a high 297m EUR in FY15, higher than the normal run rate of roughly 200m EUR due to, among other things, the settlement of old legal files, real estate gains, a release from the previously booked Curia provision and from (previously announced) divestments in the Group Centre

Amounts in m EUR

Operating expenses up, but good cost/income ratio

OPERATING EXPENSES

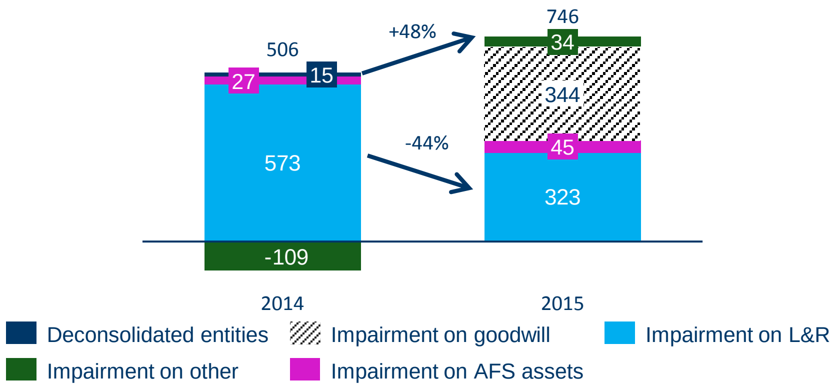


- **Cost/income ratio (banking) at 55% in FY15 adjusted for specific items (one of which was the impact of the liquidation of KBC FH)**
  - Operating expenses increased by 2% y-o-y due mainly to:
    - higher bank tax (+23% y-o-y to 417m EUR, partly due to the contributions to the new European Single Resolution Fund)
    - higher pension costs in Belgium
    - higher ICT investments into the strategic programme of KBC Group (digitalisation, mainly in Belgium and the Czech Republic)

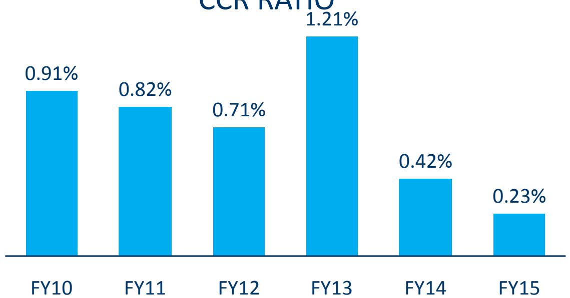
Amounts in m EUR

Higher impairment charges, but sharply improved credit cost and impaired loans ratio

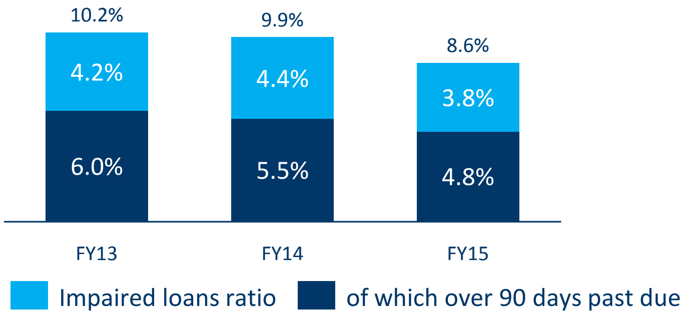
ASSET IMPAIRMENT



CCR RATIO



IMPAIRED LOANS RATIO



- **Significantly higher impairment charges**
  - Total impairments rose by 48% y-o-y due entirely to goodwill impairments
  - Loan loss provisions decreased by 44% y-o-y to 323m EUR, mainly thanks to Ireland (198m EUR in FY14 compared with 48m EUR in FY15), Group Centre and Hungary

- The **credit cost ratio** sharply improved from 0.42% in FY14 to 0.23% in FY15. The credit cost ratio improved in each business unit, except for the Czech Republic Business Unit (which stabilised y-o-y at a low level of 0.18%)

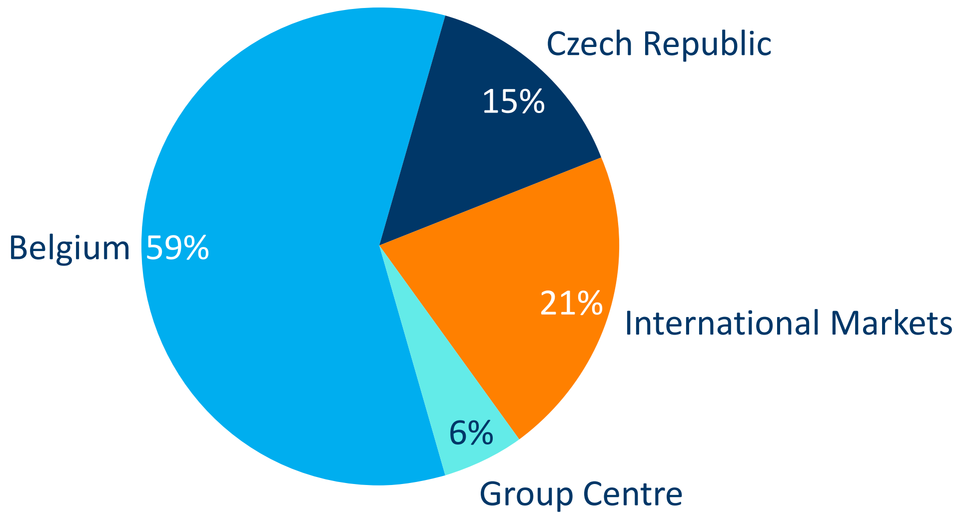
- The **impaired loans ratio** dropped to 8.6%, of which 4.8% over 90 days past due

Annex 2

Company profile

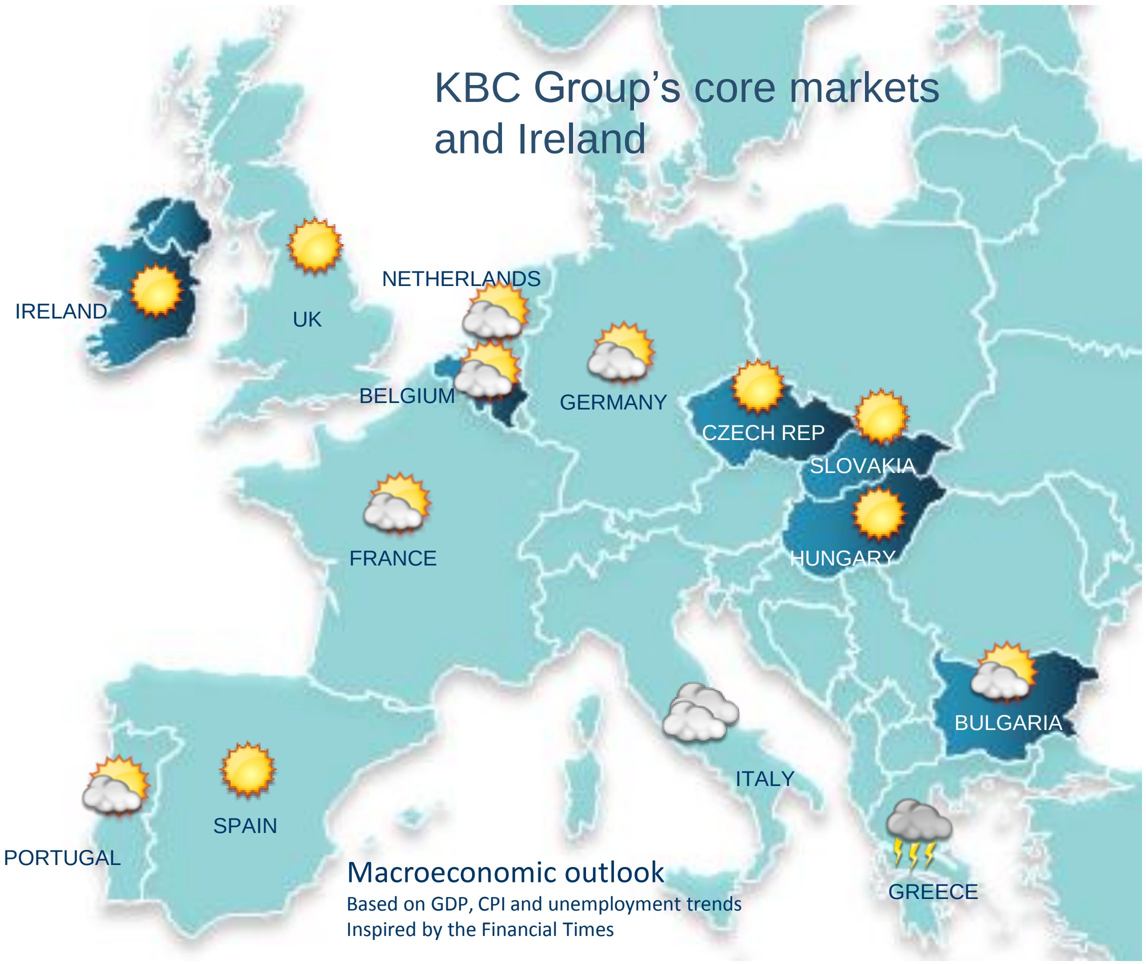
Business profile

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 31 DECEMBER 2015



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

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



MARKET SHARE (END 2015)

	BE	CZ	SK	HU	BG
Loans and deposits	21%	19%	11%	10%	3%
Investment funds	40%	26%	7%	18%	
Life insurance	17%[1]	7%	4%	4%	12%
Non-life insurance	9%	7%	3%	5%	10%

REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[2]

	BE	CZ	SK	HU	BG
% of Assets	69%	14%	3%	3%	1%
2015	1.4%	4.5%	3.2%	2.8%	2.7%
2016e	1.5%	2.5%	3.2%	2.4%	2.5%
2017e	1.5%	2.3%	3.2%	2.7%	2.4%

1. Excluding group insurance. Including group insurance, market share of life insurance amounted to 13% at the end of 2015
2. Source: KBC data, February 2016

Loan loss experience at KBC

	FY15 CREDIT COST RATIO	FY14 CREDIT COST RATIO	FY13 CREDIT COST RATIO	FY 2012 CREDIT COST RATIO	AVERAGE '99 –'15
Belgium	**0.19%**	0.23%	0.37%	0.28%	n/a
Czech Republic	**0.18%**	0.18%	0.26%	0.31%	n/a
International Markets	**0.32%**	1.06%	4.48%*	2.26%*	n/a
Group Centre	**0.54%**	1.17%	1.85%	0.99%	n/a
Total	**0.23%**	**0.42%**	**1.21%****	**0.71%**	**0.52%**

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

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

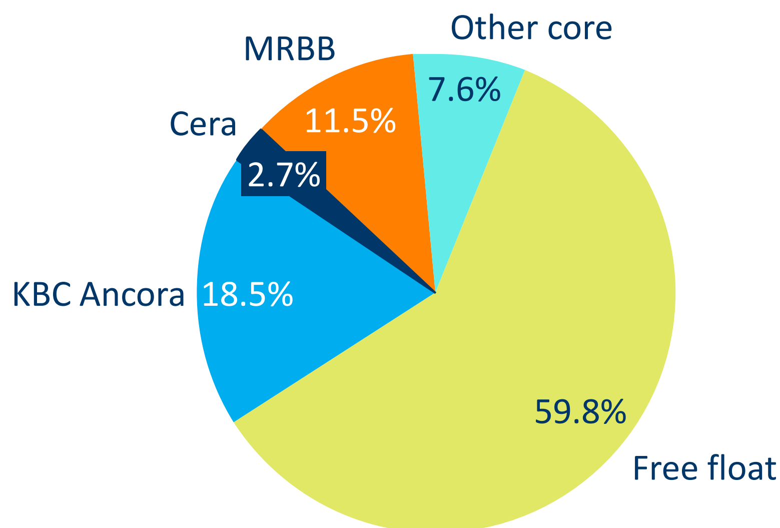
** Credit cost ratio amounted to 1.21% in FY13 due to the reassessment of the loan books in Ireland and Hungary

Key strengths

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

Shareholder structure

SHAREHOLDER STRUCTURE AT END 2015



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

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

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

Summary of the financial targets at KBC Group level 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

KBC Group going forward: An optimised geographic footprint

Strengthen current geographic footprint

- Optimise business portfolio by strengthening current bank-insurance presence through organic growth or through acquisitions if possible.
- Strive for market leadership (top 3 bank/top 4 insurance) in core countries by 2020
- First priority for Ireland is to become profitable from 2016 onwards (already achieved in 2015). As of then, all available options (organically grow a profitable retail bank, build a captive bank-insurance group or sell a profitable bank) will be considered

No further plans to expand beyond current geographic footprint

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

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

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

KBC Group going forward:
An optimised geographic footprint

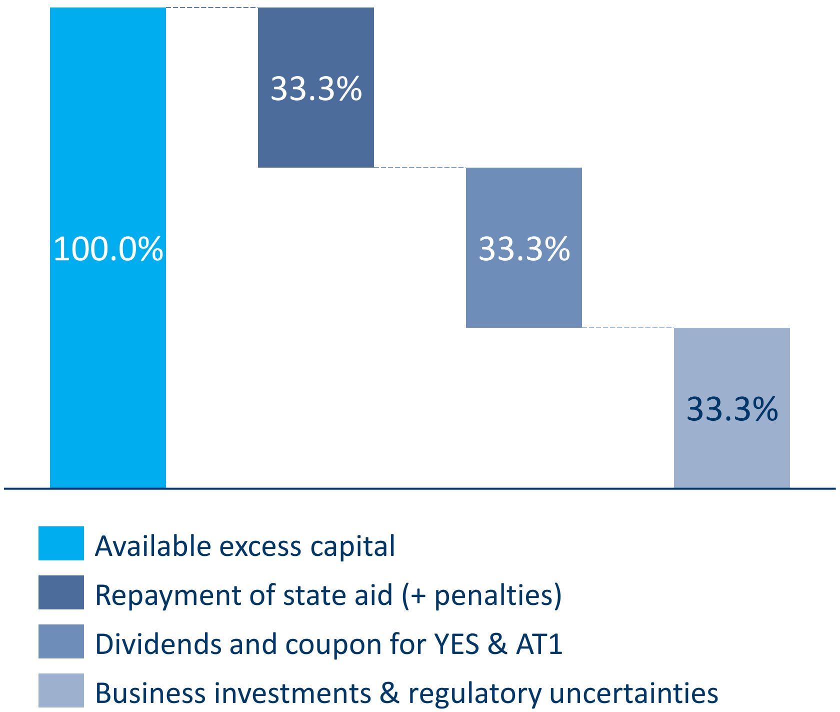
Become a reference in bank-insurance in each core country

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

With a clear focus on sustainable and profitable growth

KBC wants to keep its options open

Multi-year distribution:
Planned employment of capital 2Q14-2017
(current capital buffer + capital generation 2Q14-2017)



Solid capital generation 2Q14-2017

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

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

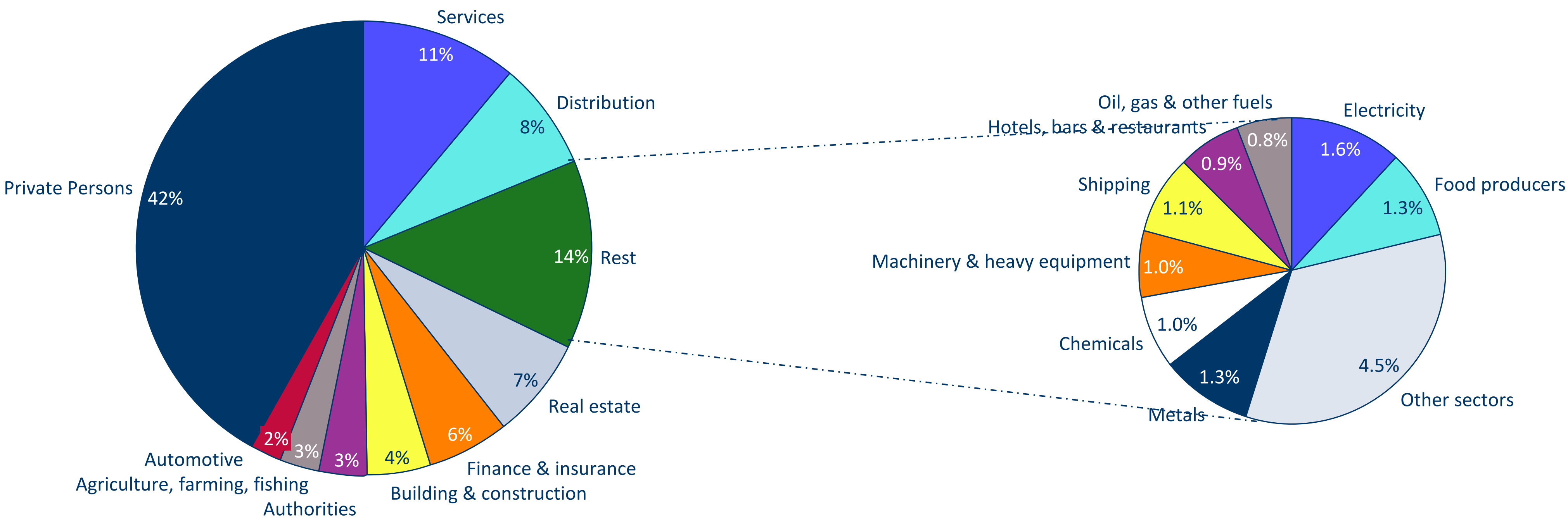
Invest in the business (organic growth and potential small add-on M&A under very strict financial criteria) and deal with regulatory uncertainties: roughly 1/3 of capital to 2Q14-2017

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

Annex 3

Other items

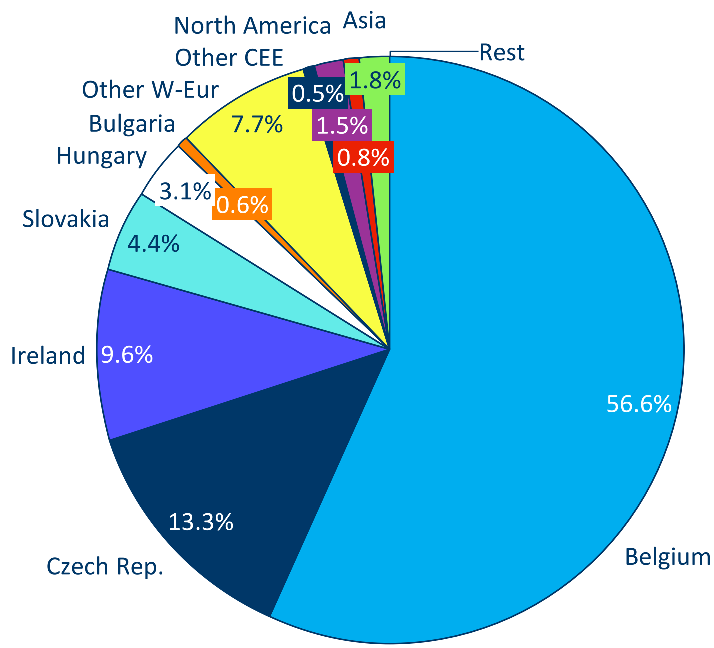
Sectorial breakdown of outstanding loan portfolio (1) (143bn EUR*) of KBC Bank Consolidated



* It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export-/import-related commercial credit), standby credit and credit derivatives, granted by KBC to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included

* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees

Geographical breakdown of the outstanding loan portfolio (2) (143bn EUR*) of KBC Bank Consolidated

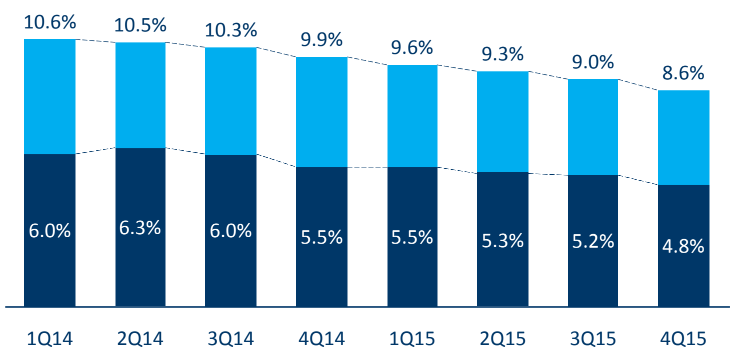


* It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export-/import-related commercial credit), standby credit and credit derivatives, granted by KBC to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included

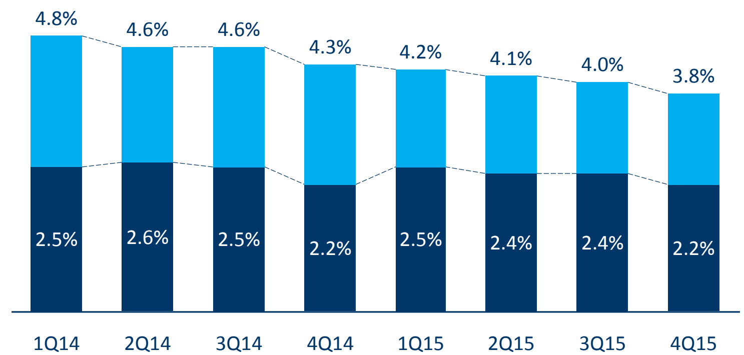
* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees

Impaired loans ratios, of which over 90 days past due

KBC GROUP



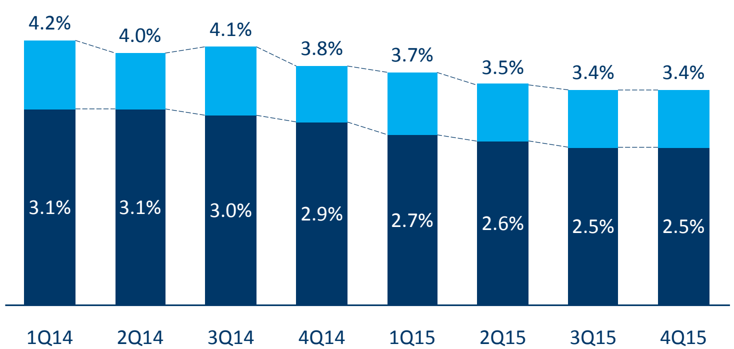
BELGIUM BU



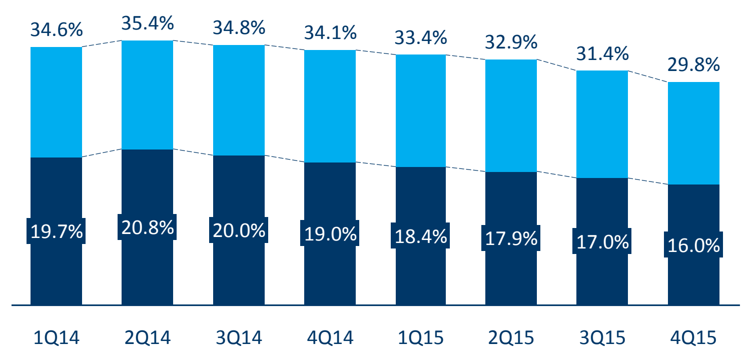
Impaired loans ratio *

of which over 90 days past due **

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU

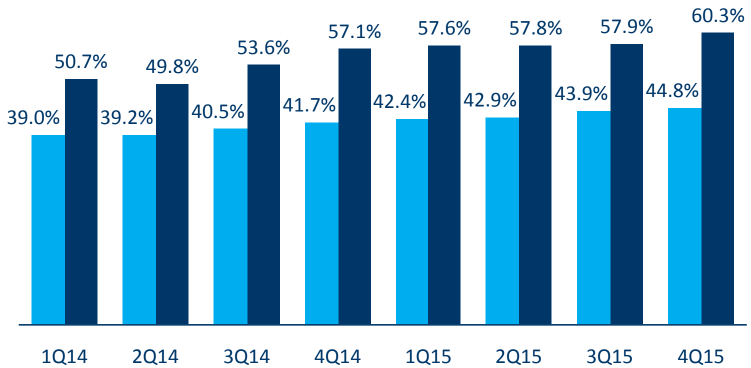


* Impaired loans ratio : total outstanding impaired loans (PD 10-12)/total outstanding loans

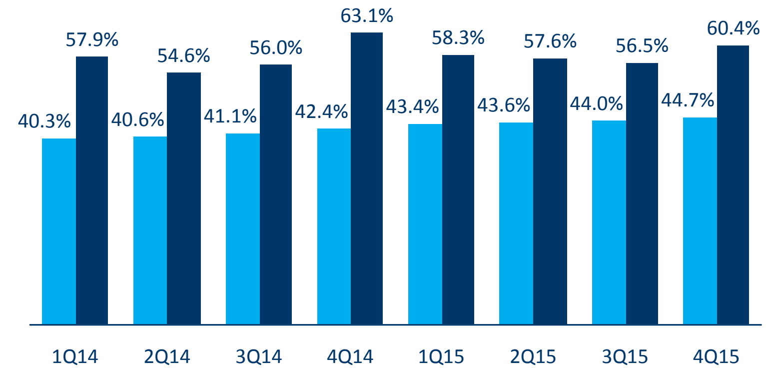
** of which total outstanding loans with over 90 days past due (PD 11-12)/total outstanding loans

Cover ratios

KBC GROUP



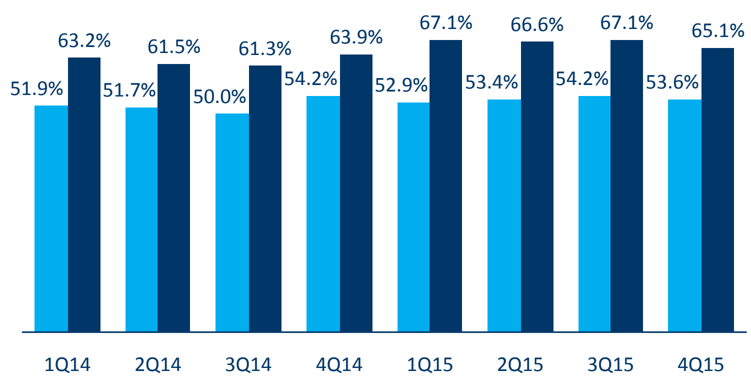
BELGIUM BU



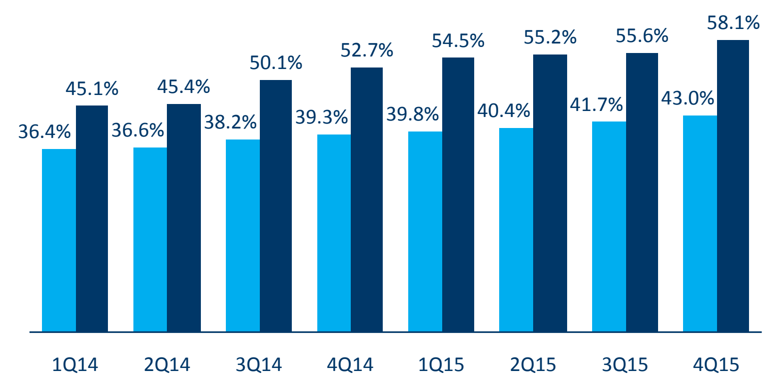
Impaired loans cover ratio

Cover ratio for loans with over 90 days past due

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU

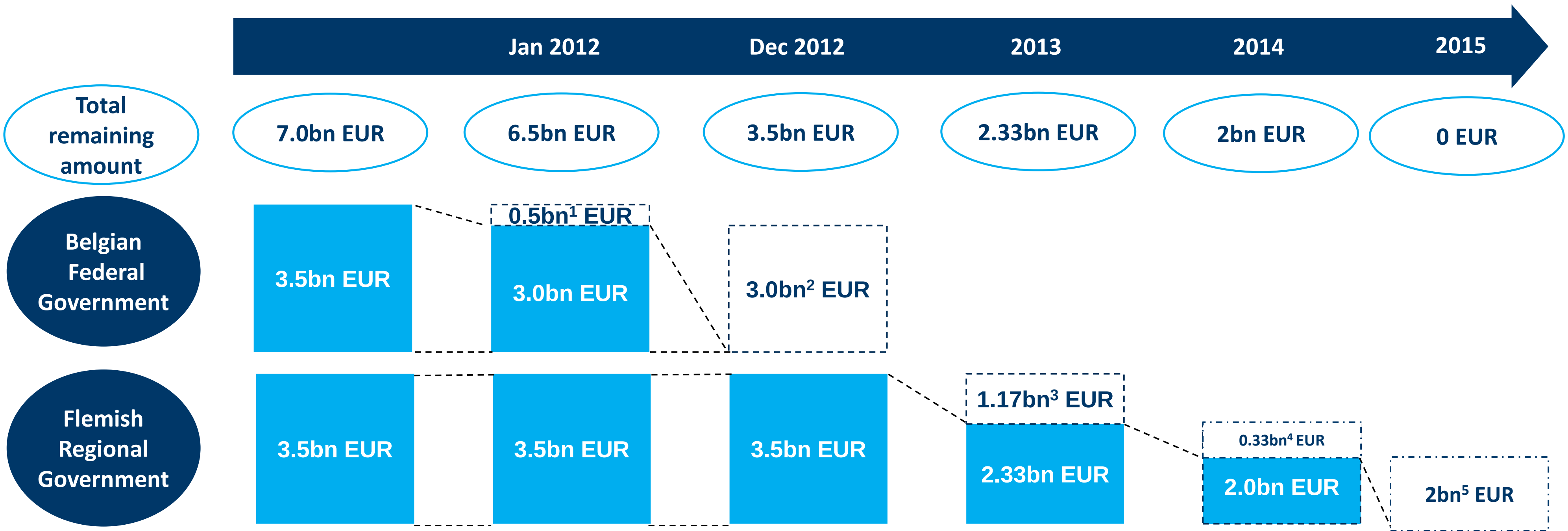


* Impaired loans cover ratio: total impairments (specific) for impaired loans / total outstanding impaired loans (PD10-12)

** 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

State aid position fully paid back by the end of 2015

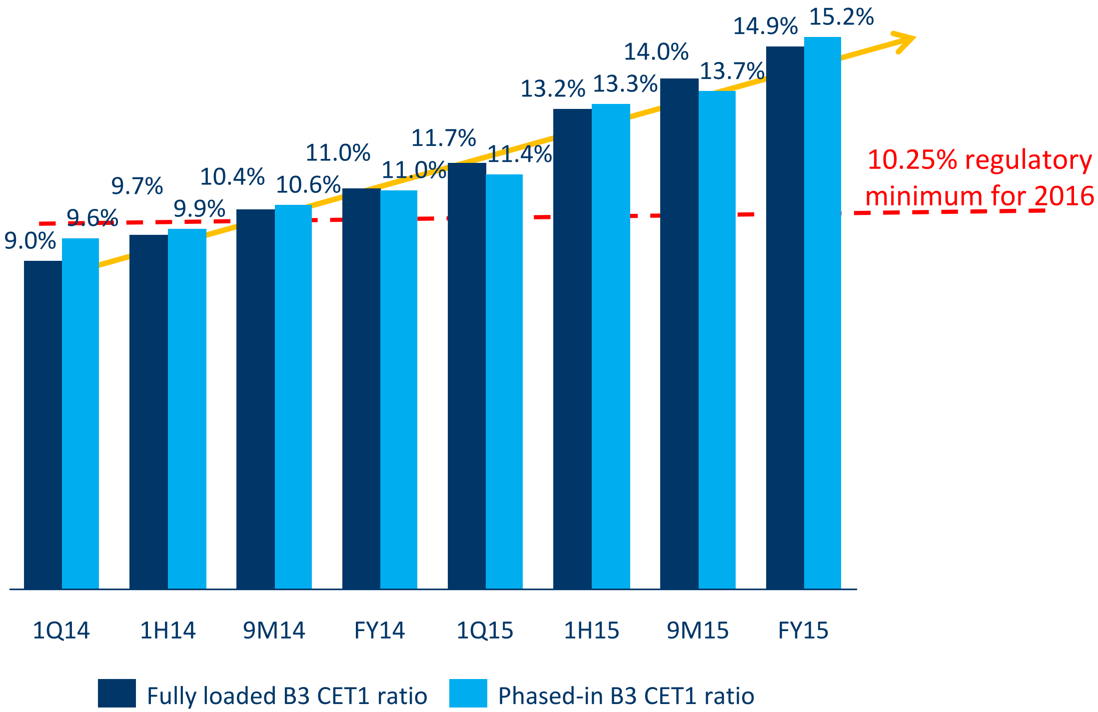
- KBC made accelerated full repayment of 3.0bn EUR of state aid to the Belgian Federal Government in December 2012 and accelerated repayment of 1.17bn EUR of state aid to the Flemish Regional Government mid-2013, approved by the NBB
- At the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty), and as such saved 28m EUR in coupon payments
- At the end of 2015, KBC repaid the full outstanding tranche of 2bn EUR of remaining state aid plus a penalty of 1bn EUR to the Flemish Regional Government, well ahead of the official deadline of 2020



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

Full restated capital position without state aid

Basel 3 CET1 ratio (both fully loaded and phased-in) at KBC Group based on the Danish Compromise*



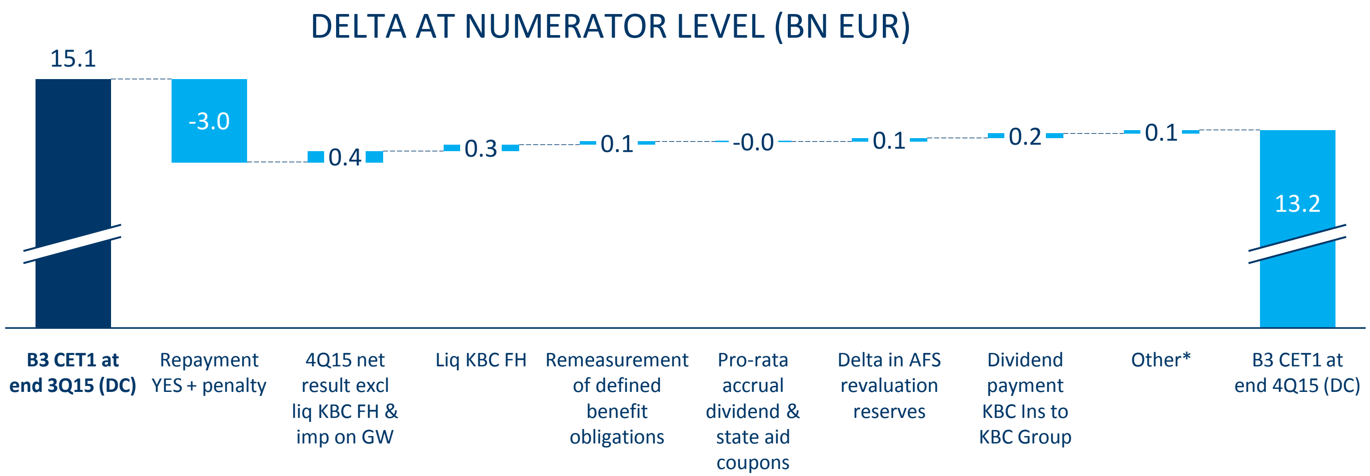
- **Common equity ratio (B3 phased-in) of 15.2%** based on the Danish Compromise at end 2015, which **clearly exceeds** the new minimum capital requirements set by the ECB (9.75%) and the NBB (0.5%)**, i.e. an aggregate 10.25% for 2016

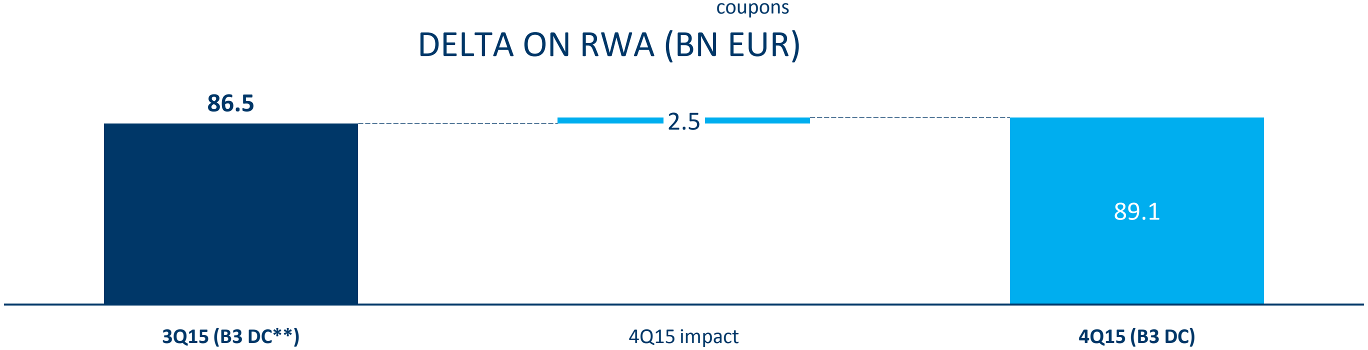
- **The B3 fully loaded common equity ratio stood at 14.9%** based on the Danish Compromise at end 2015

* Pro forma assuming full state aid repayment (principal + penalty)

** As recently announced by the NBB the systemic buffer (CET1 phased-in of 0.5% in 2016 under the Danish Compromise) will gradually increase over a 3-year period, reaching 1.5% in 2018

Fully loaded B3 CET1 based on the Danish Compromise (DC) From 3Q15 to 4Q15





- Fully loaded B3 common equity ratio of approx. 14.9% at end 2015 based on the Danish Compromise (DC)
- A pro forma fully loaded common equity ratio translation to 11.25% was clearly exceeded

* Includes the q-o-q delta in DTAs on losses carried forward, IRB provision shortfall, deduction re. financing provided to shareholders, translation differences, etc

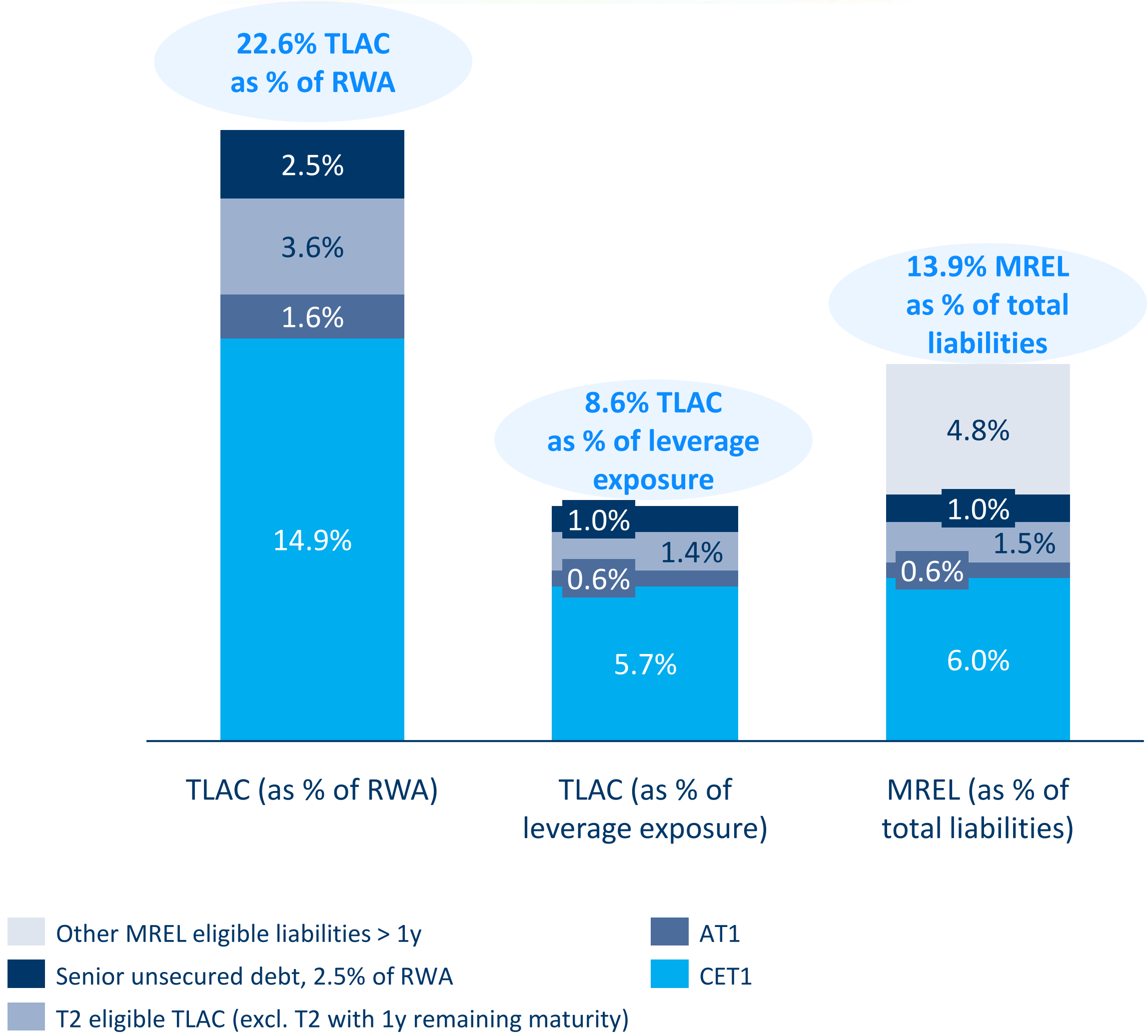
** Includes the RWA equivalent for KBC Insurance based on DC, calculated as the book value of KBC Insurance multiplied by 370%

Overview of B3 CET1 ratios at KBC Group

Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, phased-in	13,503	90,841	14.9%
FICOD, fully loaded	13,508	92,565	14.6%
DC**, phased-in	13,242	87,343	15.2%
DC, fully loaded	13,247	89,067	14.9%
DM***, fully loaded	12,103	83,245	14.5%

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

Comfortable bail-in buffer



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

- 22.6% risk-weighted TLAC*
- 8.6% leveraged TLAC
- 13.9% MREL*

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

P&L volatility from ALM derivatives

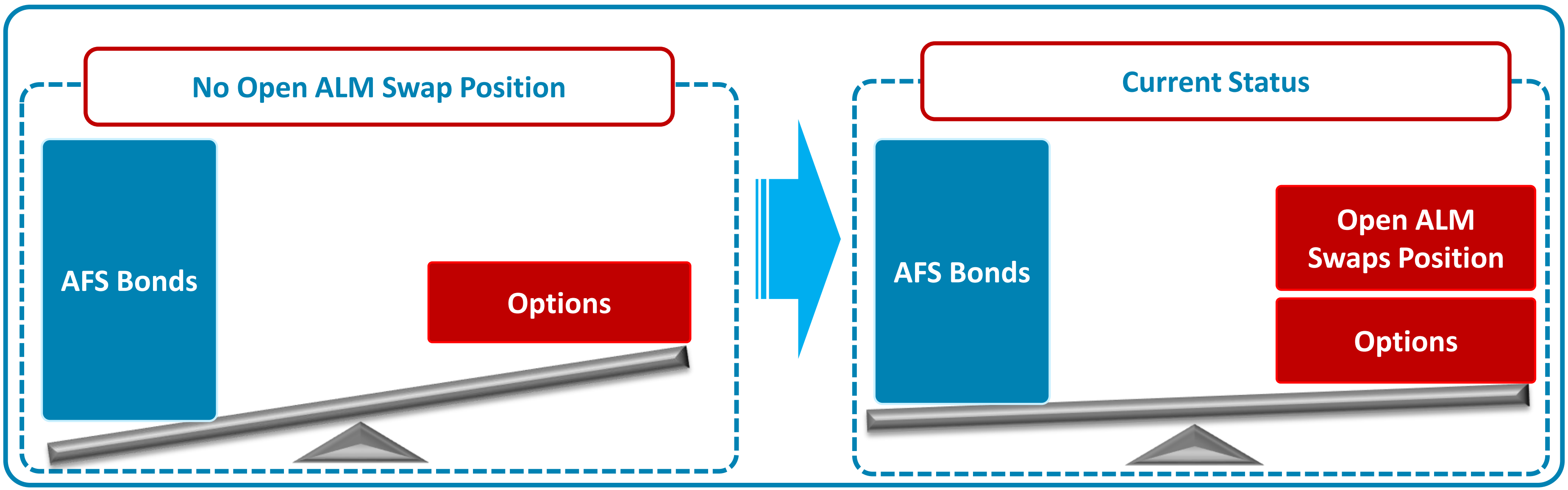
- ALM derivatives (swaps and options) are used to hedge the interest rate risk of the loan & deposit portfolios. This creates an accounting mismatch between derivatives (at market value) and hedged products (at amortised cost)
  - Options are used to hedge the caps/floors that KBC is obliged by law to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

- Most of this mismatch is removed with IFRS hedge accounting

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

Open ALM swap position
Protecting stability of capital ratio

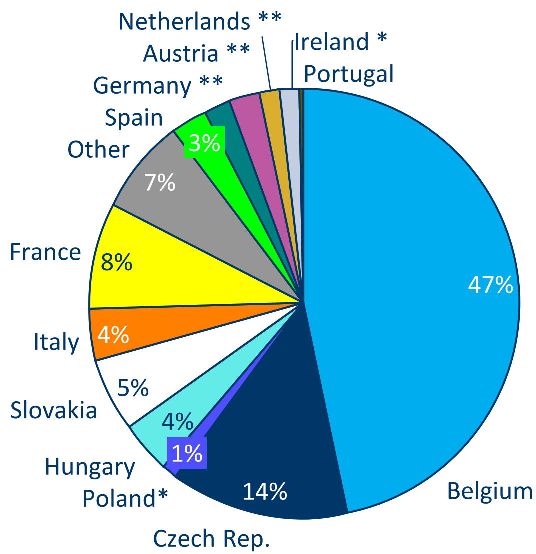
- Keeping part of the ALM swaps outside of hedge accounting reduces the volatility of the capital ratios as shown below (Basel III fully loaded + Danish Compromise insurance deconsolidation)
- Drawback is more volatility in P&L as revaluation of swaps recorded in P&L, whereas the revaluation of the AFS bonds is recognised in capital



Government bond portfolio – Notional value

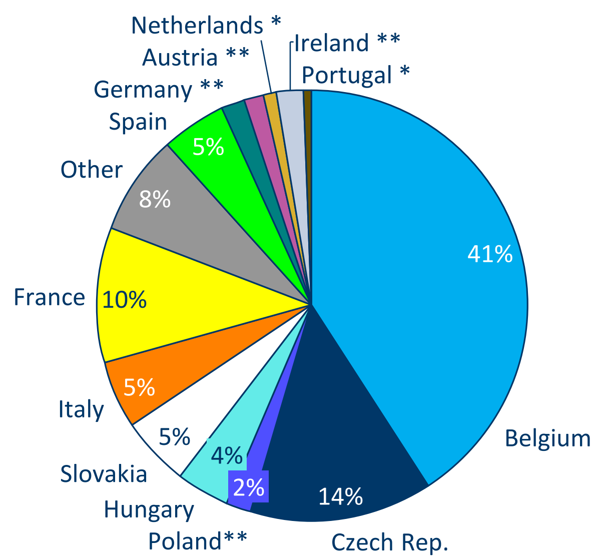
- Notional investment of 48.8bn EUR in government bonds (excl. trading book) at end of 2015, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 6.0bn EUR at end of 2015

END 2014
(Notional value of 46.3bn EUR)



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

END 2015
(Notional value of 48.8bn EUR)

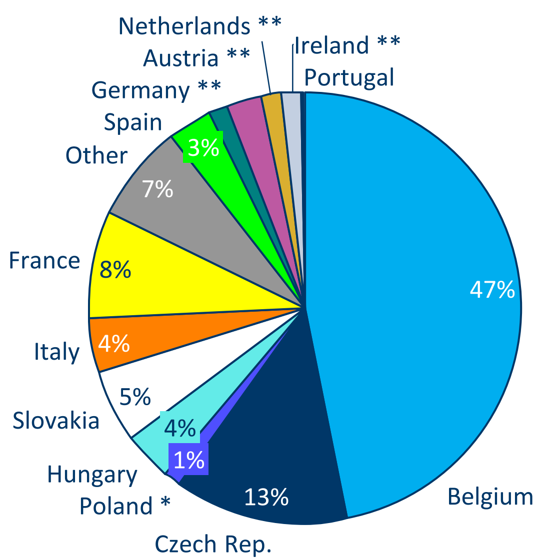


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

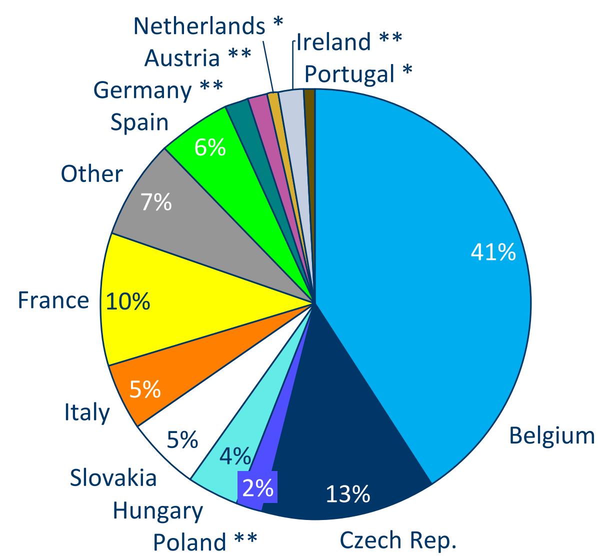
- Carrying value of 53.4bn EUR in government bonds (excl. trading book) at end of 2015, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 7.1bn EUR at end of 2015

END 2014
(Carrying value of 50.9bn EUR)



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

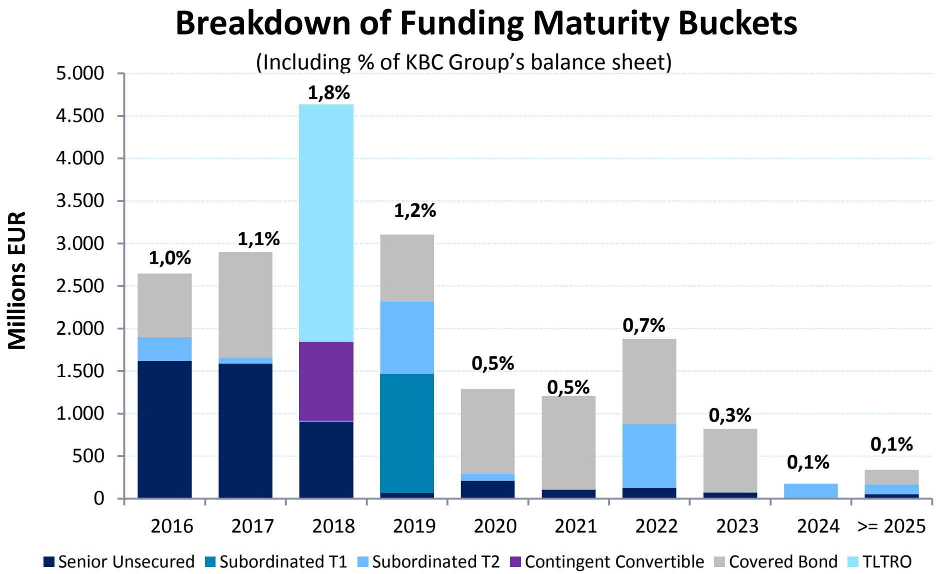
END 2015
(Carrying value of 53.4bn EUR)

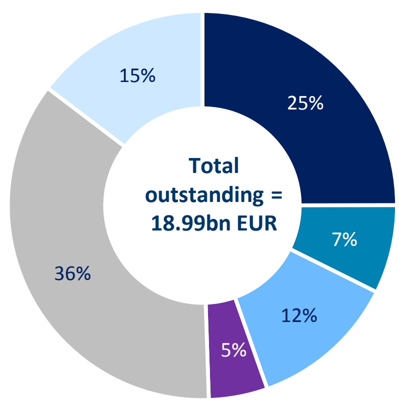


(*) 1%, (**) 2%

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

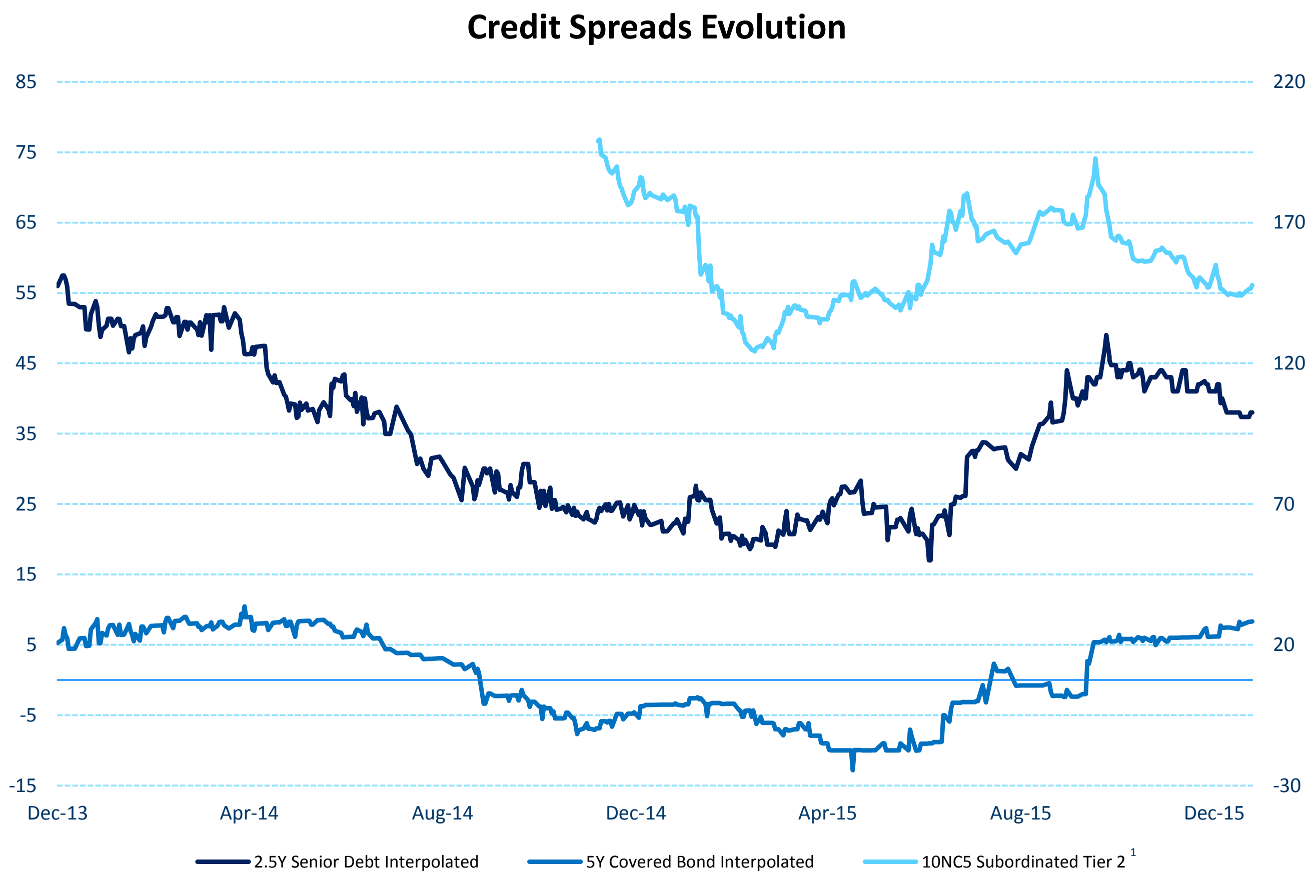
Upcoming mid-term funding maturities





- KBC Bank has overall a limited reliance on wholesale funding
- Senior debt and subordinated Tier 2 spreads have moderately 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 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank

Credit spreads evolution



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

Analysts' coverage

Bank/broker	Analyst	Contact details	Rating	Target Price	Upside
ABN Amro	Jan Willem Knoll	janwillem.knoll@nl.abnamro.com	=	55.00	14%
Alpha Value	Farahad Moshiri	f.moshiri@alphavalue.eu	+	60.00	24%
Autonomous	Farquhar Murray	FMurray@autonomous.com	+	68.20	41%
Bank of America Merrill Lynch	Tarik El Mejjad	tarik.el_mejjad@baml.com	=	65.30	35%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	=	61.00	26%
Berenberg	Andrew Lowe	Andrew.Lowe@berenberg.com	+	64.00	32%
Citi Investment Research	Andrew Coombs	andrew.coombs@citi.com	+	76.00	57%
Credit Suisse	Maxence Le Gouvello	maxence.legouvello@credit-suisse.com	=	62.10	28%
Deutsche Bank	Benjamin Goy	benjamin.goy@db.com	=	61.00	26%
Exane BNP Paribas	Guillaume Tiberghien	guillaume.tiberghien@exanebnpparibas.com	=	64.00	32%
HSBC	Johannes Thormann	Johannes.Thormann@hsbc.de	=	60.00	24%
ING	Albert Ploegh	albert.ploegh@ing.com	+	72.00	49%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	75.00	55%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	=	65.60	36%
KeplerCheuvreux	Benoit Petrarque	benoit.petrarque@keplercm.com	+	70.00	45%
Mediobanca	Robin van den Broek	Robin.VanDenBroek@mediobanca.com	+	68.00	41%
Morgan Stanley	Bruce Hamilton	Bruce.Hamilton@morganstanley.com	=	64.20	33%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	=	65.00	34%
Nomura	Matthew Clark	matthew.clark@nomura.com	=	59.00	22%
Oddo	Julie Legrand	jlegrand@oddo.fr	+	69.00	43%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	70.00	45%
Santander	Patrick Lee	patrick.lee@gruposantander.com	=	63.00	30%
Societe Generale	Philip Richards	philip.richards@sgcib.com	=	62.00	28%
UBS	Anton Kryachok	anton-a.kryachok@ubs.com	=	62.00	28%

Situation as of 17 February 2016, based on a share price of 48.35 EUR

Glossary (1)

AQR	Asset Quality Review
B3	Basel III
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include: • MtM ALM derivatives (fully excluded) • bank taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) • Up to the end of 2014, also Legacy & OCR was an important correction • One-off items (such as the impact of the liquidation of KBC FH)
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
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total impairments (specific) for impaired loans] / [total outstanding impaired loans]. For a definition of 'impaired', see 'Impaired loans ratio'
Impaired loans ratio	[total outstanding impaired loans (PD 10-11-12)] / [total outstanding loans]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity coverage ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days].
Net interest margin (NIM) of the group	[net interest income of the banking activities] / [average interest-bearing assets of the banking activities]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]

Glossary (2)

MARS	Mortgage Arrears Resolution Strategy
MREL	Minimum requirement for own funds and 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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