KBC Group
Press Presentation
1Q 2014 Results

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- **As of 1Q2014, a number of other changes have been affecting KBC's group and segment reporting figures:**
  - The application of the new IFRS-11 standard. This standard stipulates that joint ventures must be accounted for using the equity method instead of the proportionate consolidation method that has been used so far. For KBC, this mainly applies to CMSS, a joint venture of ČSOB in the Czech Republic. This change does not affect the net result, but does have an impact on various items in the consolidated income statement.
  - The shift from Basel II to Basel III and the abolishment of the home country government bonds carve-out. Among other things, this changes the risk-weighted asset figures and related ratios.
  - An enhanced definition for net interest margin across all business units. This is aimed at providing a clearer picture of the margin generated by KBC's core business. Hence, volatile assets related to general liquidity management or derivatives (such as reverse repos, cash balances with central banks, etc.) were eliminated, and companies that are still to be divested as well as those in run-down were excluded from the scope (in the past: only those companies under IFRS 5).

1Q 2014 key takeaways for KBC Group

- **STRONG BUSINESS PERFORMANCE IN 1Q14**

  Net result of 397m EUR and adjusted[1] net result of 387m EUR. The latter is the result of:
  - Strong commercial bank-insurance franchises in our core markets and core activities
  - Higher net interest margin
  - Q-o-q increase of net fee and commission income and a further rise in AuM
  - Good dealing room results, but substantial negative M2M ALM derivatives (-83m EUR)
  - Excellent combined ratio (89%), but lower life insurance sales
  - Good cost/income ratio (56%) adjusted for specific items (mainly M2M impact of ALM derivatives)
  - Low impairment charges. We are maintaining our FY 2014 guidance of 150m-200m EUR for Ireland

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Accelerated repayment of 0.5bn of State aid** (principal + penalty) to the Flemish Government in January 2014
  - **Pro forma[2] common equity ratio** (B3 fully loaded[3] based on Danish Compromise) **of 12.5%** at end 1Q14
  - **Continued strong liquidity position** (NSFR at 108% and LCR at 130%)

- **INVESTOR DAY ON 17 JUNE**
  - We will provide more insight on specific topics, such as bank-insurance, capital management (including dividend policy as from accounting year 2016) and business development going forward

1. Adjusted net result is the net result excluding a limited number of non-operating items, i.e. legacy CDO and divestment activities and the M2M effect of own debt instruments due to own credit risk
2. Pro forma figures include the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank (ADB)
3. Including remaining State aid of 2bn EUR and the abolishment of the home country government bonds carve-out

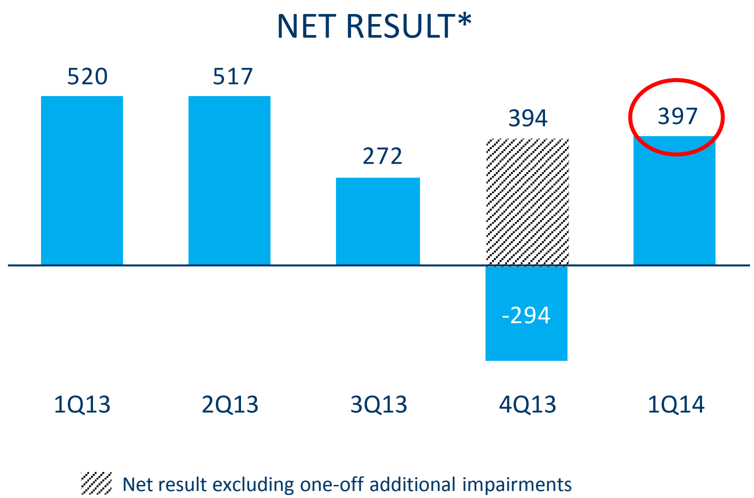
Contents

KBC

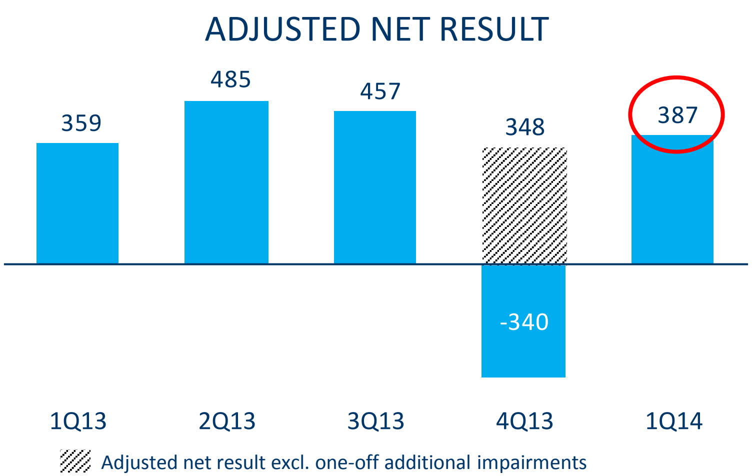
Section 1

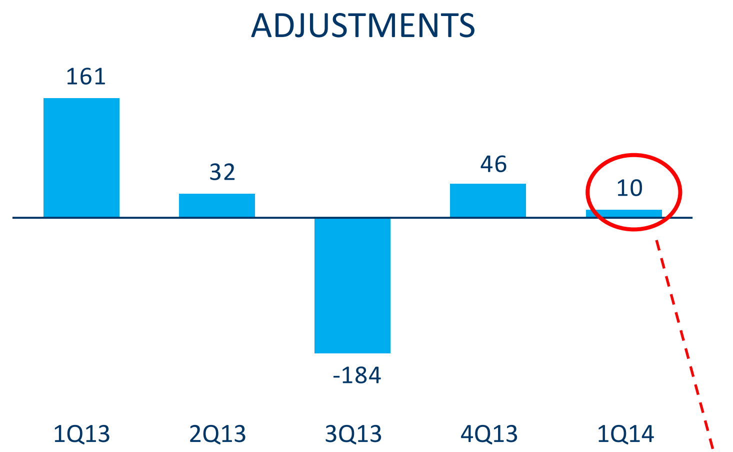
1Q 2014 performance of KBC Group

Earnings capacity



Excluding adjustments





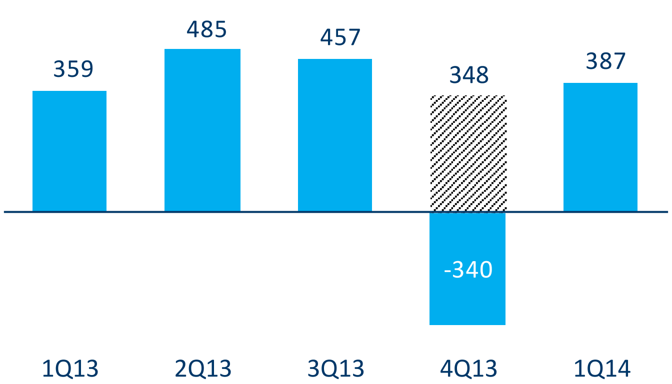
- Legacy + own credit risk items (post-tax)
  - Revaluation of structured credit portfolio + 16m EUR
  - Divestments - 9m EUR
  - M2M own credit risk + 2m EUR

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

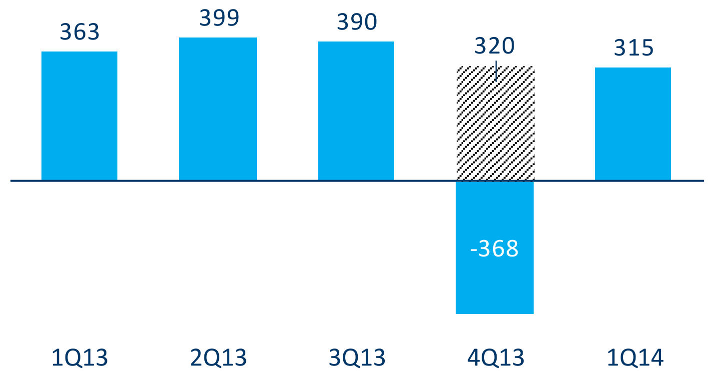
Amounts in m EUR

Adjusted net result at KBC Group

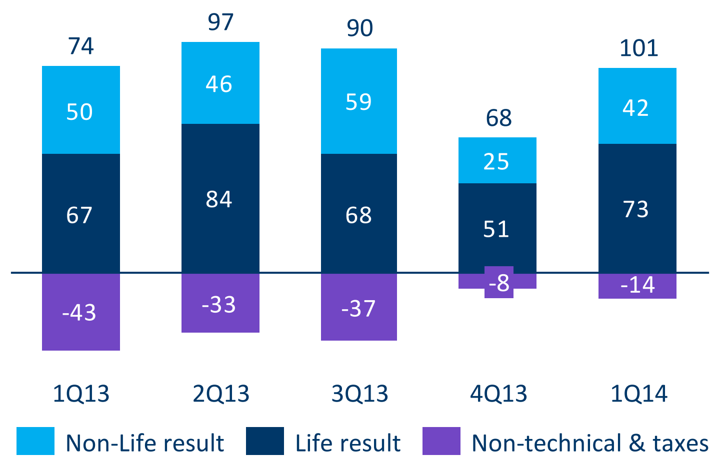
ADJUSTED NET RESULT AT KBC GROUP*



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT*



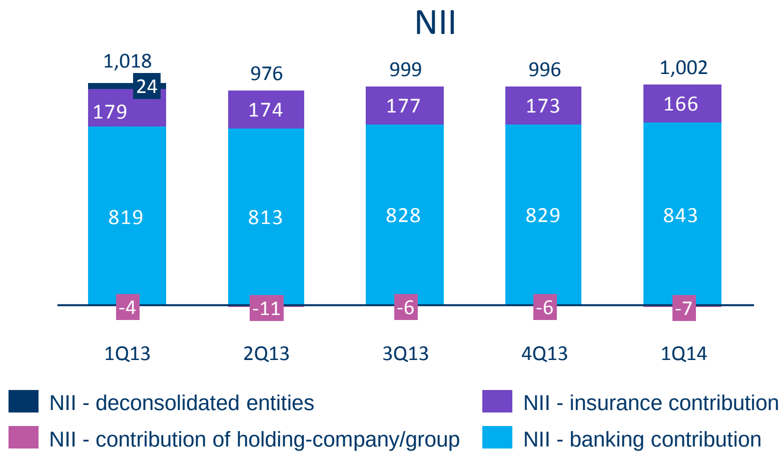
CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT*



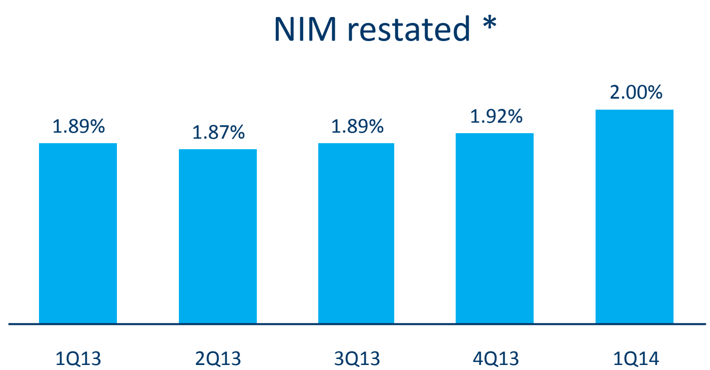
* Difference between adjusted net result at KBC Group and the sum of the banking and insurance contribution are the holding-company/group items

Amounts in m EUR

Net interest income and margin



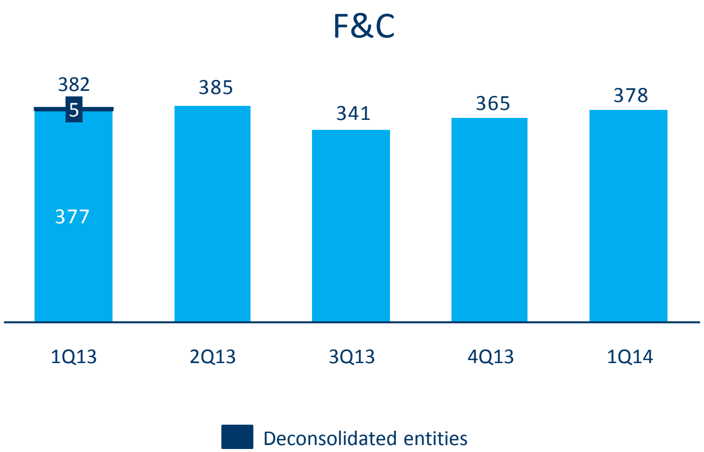
Amounts in m EUR

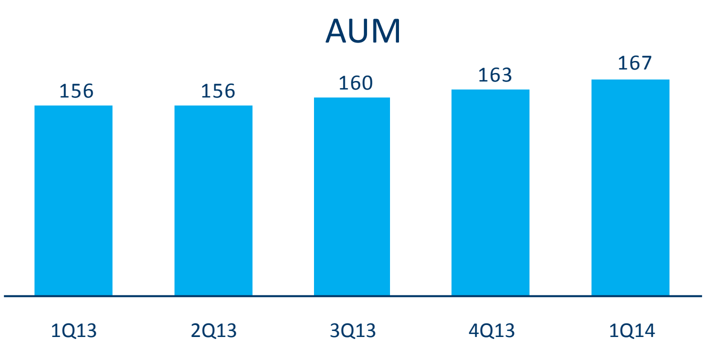


- **Net interest income**
  - Increased 1% both y-o-y and q-o-q (despite 2 days less in 1Q), excluding deconsolidated entities
  - Sound commercial margins and lower funding costs more than offset the negative impact from lower reinvestment yields and the deliberately decreasing loan portfolio at the foreign branches and the legacy Project Finance portfolio at the banking side
  - Net interest income at the insurance side continues to suffer mainly from lower reinvestment yields
  - Stable loan volume q-o-q. Solid mortgage growth in the Czech Republic and Slovakia
  - Deposit volumes were marginally up q-o-q driven mainly by growth in demand deposits, offset by maturing wholesale debt. Strong deposit growth q-o-q in Belgium and Ireland
- **Improved net interest margin (2.00%)**
  - Up by 8bps q-o-q and 11bps y-o-y
  - Q-o-q, sound commercial margins, lower funding costs and better ALM yield management more than offset the negative impact from lower reinvestment yields

* The restated Net Interest Margin (bank) is aimed at providing a clearer picture of the margin generated by our core business. Therefore, the main impact stems from eliminating the volatile assets related to general liquidity management or derivatives (such as reverse repos and cash balances with central banks). Additionally, the scope of companies has been fine-tuned to exclude all divestments and companies in run-down (whereas in the past only those reclassified as IFRS5-companies were excluded)

Net fee and commission income and AUM





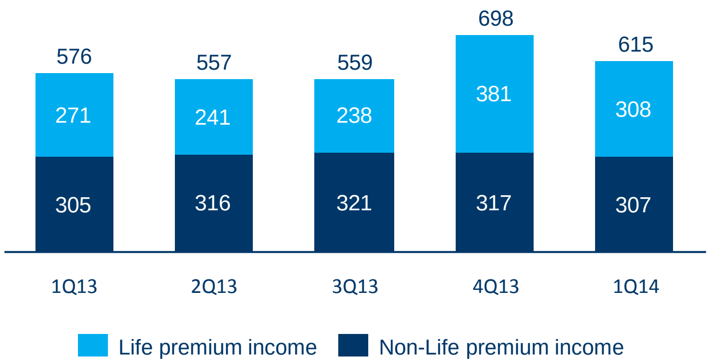
- **Strong net fee and commission income**
  - Increased by 4% q-o-q and stabilised y-o-y excluding deconsolidated entities
  - Q-o-q increase was mainly the result of higher fees from mutual funds and payment transactions, despite lower fees on investment services and booking fees recorded in Hungary
  - Y-o-y stabilisation as lower entry fees from unit-linked products in Belgium were offset by higher management fees there and higher fees from payment transactions and other fees (mainly fees on investment services and booking fees) recorded in Hungary

- **Assets under management (167bn EUR)**
  - Rose by 7% y-o-y owing to net inflows (+3%) and a positive price effect (+4%)
  - Up 2% q-o-q as a result of net inflows (+1%) and a positive price effect (+1%)

Amounts in m EUR

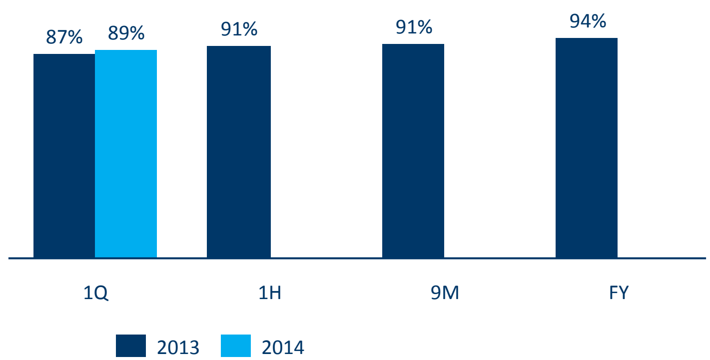
Insurance premium income and combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUM)



- **Insurance premium income** (gross earned premium) at 615m EUR
- Excluding deconsolidated entities
  - Non-life premium income (307m) up 1% y-o-y (the latter driven mainly by the Belgium Business Unit)
  - Life premium income (308m) down 19% q-o-q and up 14% y-o-y (both driven chiefly by the Belgium Business Unit)

COMBINED RATIO (NON-LIFE)

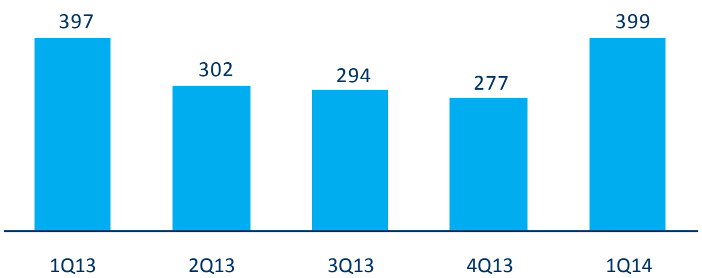


- The non-life **combined ratio** in 1Q14 stood at an excellent 89% thanks to relatively low technical charges as a result of mild winter conditions across all countries

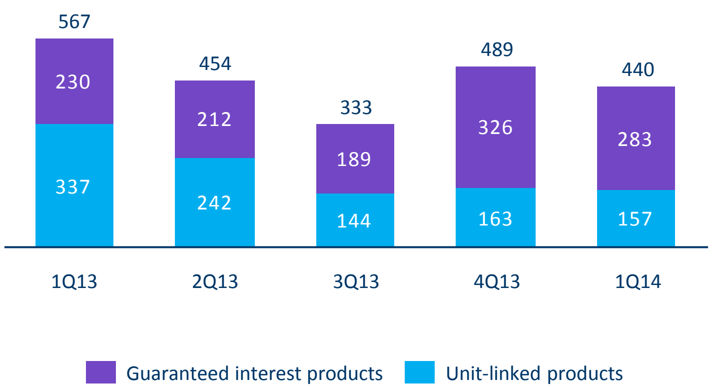
Amounts in m EUR

Sales of insurance products

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



LIFE SALES

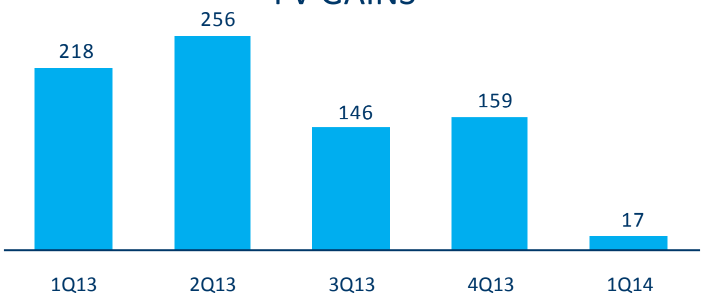


- **Sales of non-life insurance products**
  - Up 1% y-o-y in almost all classes (particularly in the Fire class) in the Belgium BU
- **Sales of life insurance products**
  - Down 10% q-o-q and 23% y-o-y
  - The q-o-q decrease in sales of guaranteed interest products was chiefly attributable to seasonal effects, as the fourth quarter benefits as usual from the savings campaign in October/November (driven by a temporary increase of the most recent guaranteed interest product) and the traditionally higher volumes in tax-incentivised pension saving products (both factors occurring in the Belgium BU)
  - The y-o-y decline was entirely driven by the lower sales of unit-linked products as a result of the increased taxation, the limited number of newly launched products and the shift towards AM products (both factors occurring in the Belgium BU)
  - Sales of unit-linked products accounted for just 36% of total life insurance sales

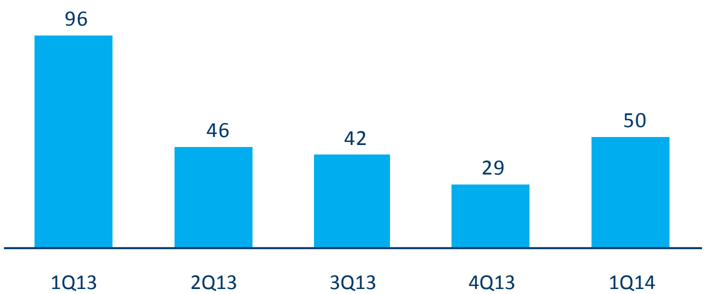
Amounts in m EUR

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

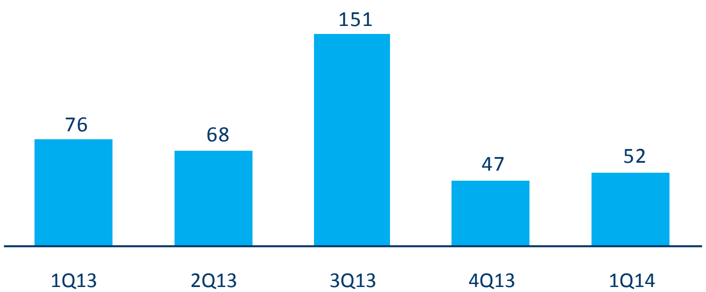
FV GAINS



GAINS REALISED ON AFS ASSETS



OTHER NET INCOME



- The lower q-o-q and y-o-y figures for **net gains from financial instruments at fair value** were attributable to the result of a negative q-o-q change in ALM derivatives (-83m EUR in 1Q14 compared with 28m EUR in 4Q13 and 85m in 1Q13) following decreasing IRS rates, which more than offset the good dealing room income

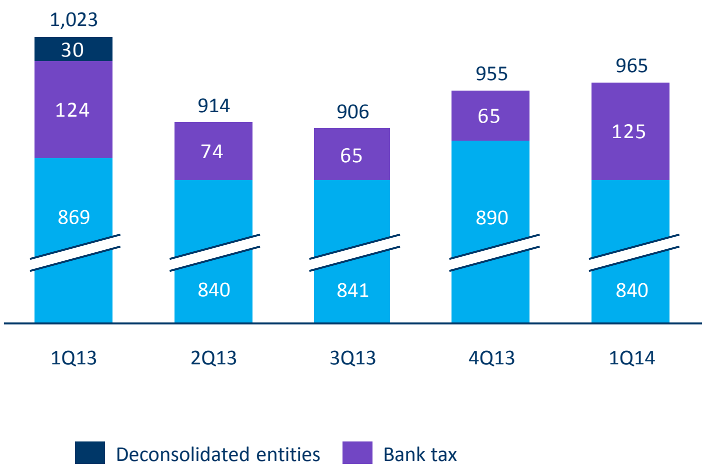
- **Gains realised on AFS assets** (both bonds and shares) came to 50m EUR (mainly on AFS shares at KBC Insurance)

- **Other net income** amounted to 52m EUR in 1Q14, broadly reflecting a normalised level of income from operational activities

Amounts in m EUR

Operating expenses and cost/income ratio

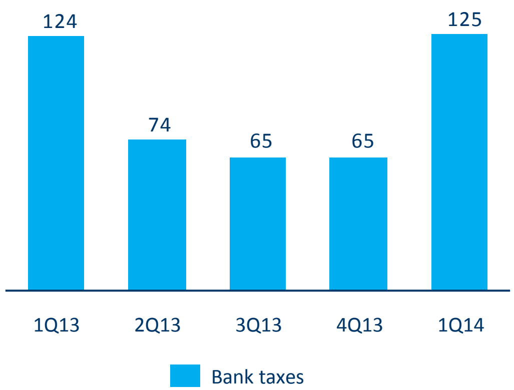
OPERATING EXPENSES



- **Costs well under control, despite high bank taxes**
  - The C/I ratio (62% in 1Q14) was affected by the negative M2M impact of ALM derivatives and high bank taxes, only partly offset by somewhat higher sales of AFS assets
  - Adjusted for specific items, the C/I ratio amounted to roughly 56% in 1Q14
  - Operating expenses went down by 3% y-o-y excluding deconsolidated entities, due to the FX effect and lower staff expenses in the Belgium BU. This was only partly offset by higher staff expenses in Ireland (increased number of FTEs, particularly in the MARS support unit). Excluding all one-off items, operating expenses fell by 1% y-o-y
  - Operating expenses increased by 1% q-o-q excluding deconsolidated entities due mainly to the Hungarian bank tax (51m EUR pre-tax), although this effect was partly offset by lower marketing expenses and other operational expenses. Excluding all one-off items, operating costs decreased by 3% q-o-q

Overview of bank taxes*

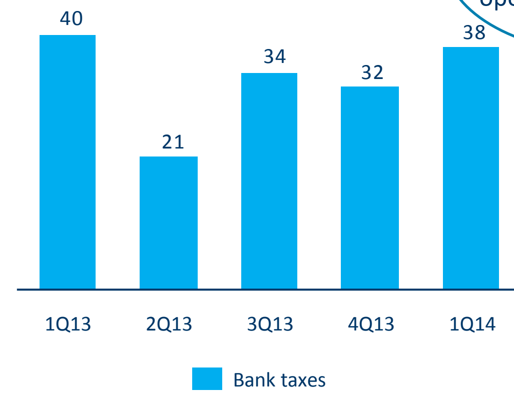
KBC GROUP



Bank taxes of 125m EUR, representing 13.0% of 1Q14 opex at KBC Group

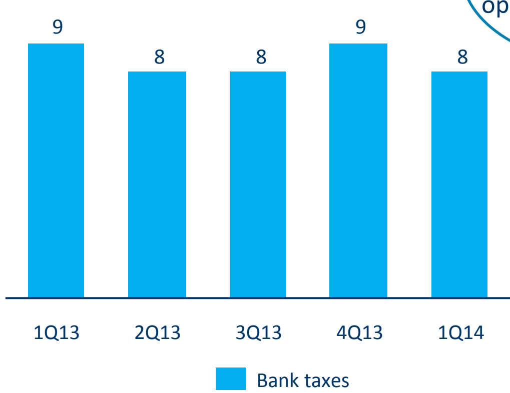
BELGIUM BU

Bank taxes of 38m EUR, representing 6.8% of 1Q14 opex at the Belgium BU



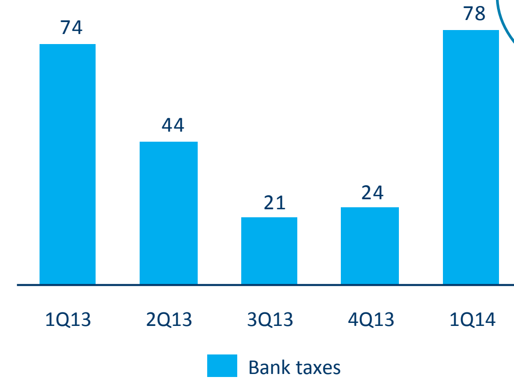
CZECH REPUBLIC BU

Bank taxes of 8m EUR, representing 5.5% of 1Q14 opex at the CR BU



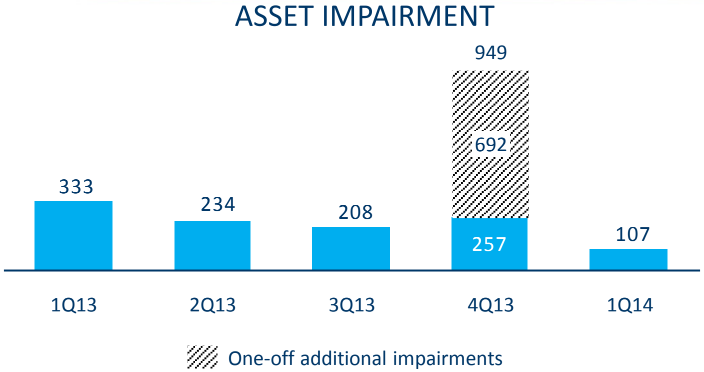
INTERNATIONAL MARKETS BU

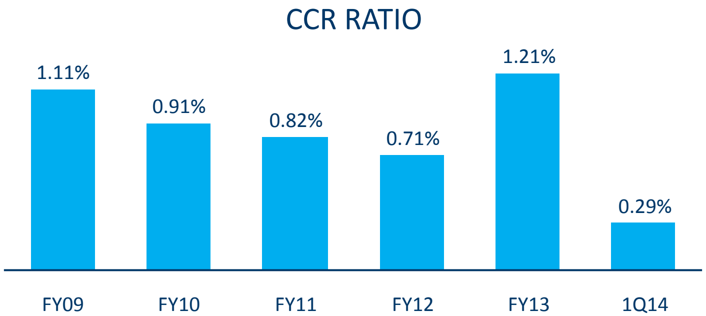
Bank taxes of 78m EUR, representing 36.1% of 1Q14 opex at the IM BU

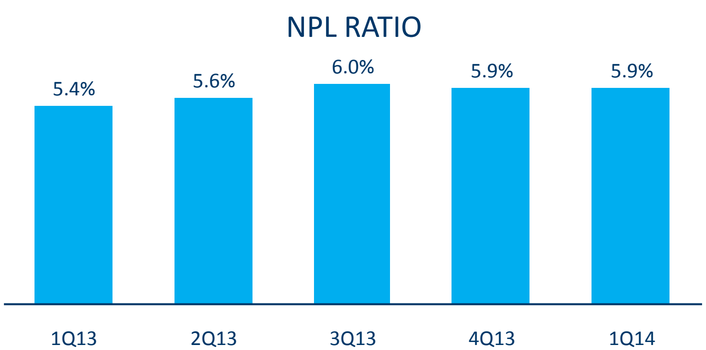


* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

Asset impairment, credit cost and NPL ratio







- **Substantially lower impairment charges**
  - Sharp q-o-q decrease of loan loss provisions as a result of the one-off additional impairments in Ireland (671m EUR) and Hungary (21m EUR) following reassessment of loan books (announced when publishing 3Q13 results) booked in 4Q13, some releases of impairment (mainly in the Czech BU) and lower impairment charges in Group Centre in 1Q14
  - Compared with the 333m EUR level of 1Q13, substantially lower impairments were recorded mainly due to overall lower gross impairments. Lower impairment charges were recognised in Ireland in 1Q14 (48m EUR compared with 99m EUR in 1Q13) whereas 1Q13 experienced a large impairment on one large corporate file
  - Impairment of 5m EUR on AFS shares

- The **credit cost ratio** only amounted to 0.29% in 1Q14 thanks to a.o. some releases of impairment & positive model changes (mainly in the Czech BU) and much lower impairments in Ireland (in line with our guidance)

- The **NPL ratio** stabilised at 5.9%

Section 2

1Q 2014 performance of business units

BELGIUM BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

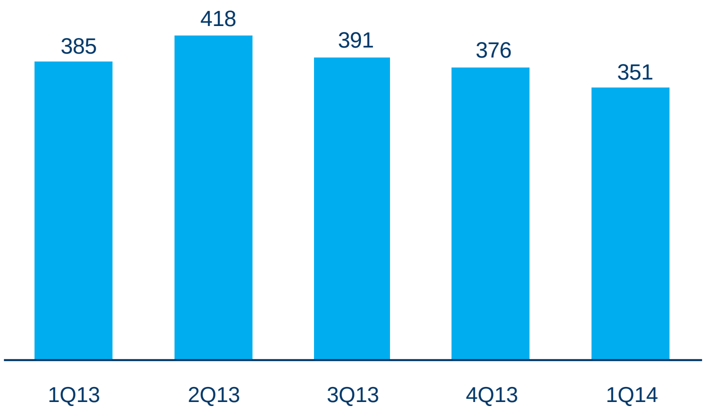
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Belgium Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result** at the Belgium Business Unit amounted to 351m EUR
  - The quarter under review was characterised by higher net interest income, strong net fee and commission income, higher sales of unit-linked life insurance products, a very good combined ratio, negative MTM valuations of ALM derivatives, higher realised gains on AFS bonds and lower other net income, slightly lower opex and significantly lower impairment charges q-o-q
  - Loan volumes fell by 2% y-o-y, mainly due to the deliberate reduction of our foreign branch loan portfolio and the sale of shareholder loans. Excluding these two items, loan growth increased slightly y-o-y

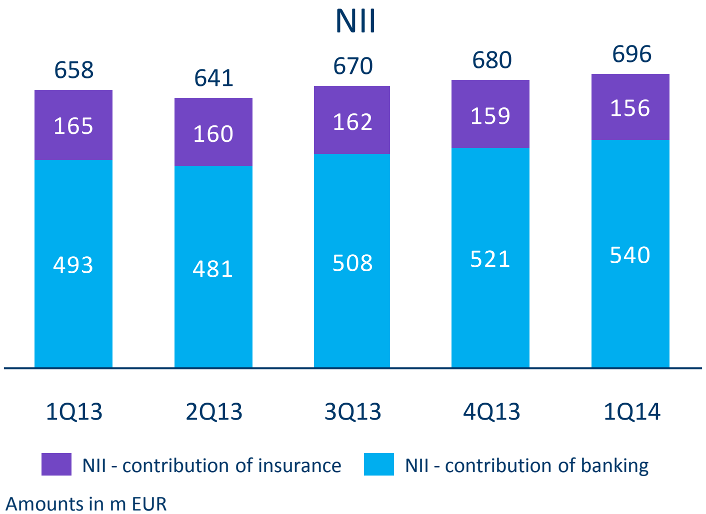
VOLUME TREND

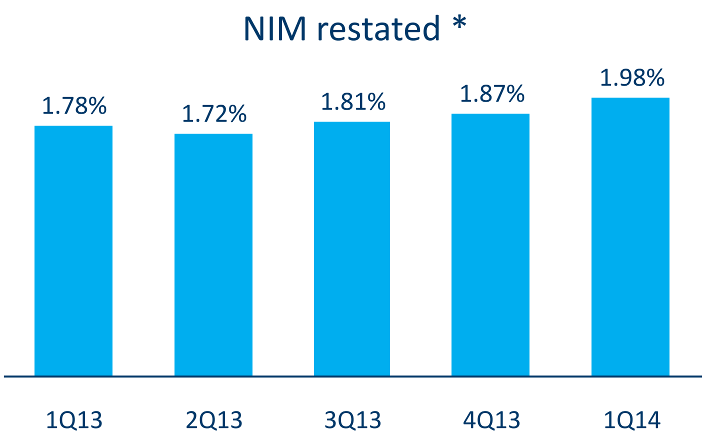
	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	82bn	31bn	100bn	155bn	26bn
Growth q/q*	0%	0%	+4%	+2%	+1%
Growth y/y	-2%	+1%	+1%	+7%	+2%

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

Slight increase y-o-y excluding the deliberate reduction of our foreign branch loan portfolio and the sale of shareholder loans

Belgium Business Unit (2)

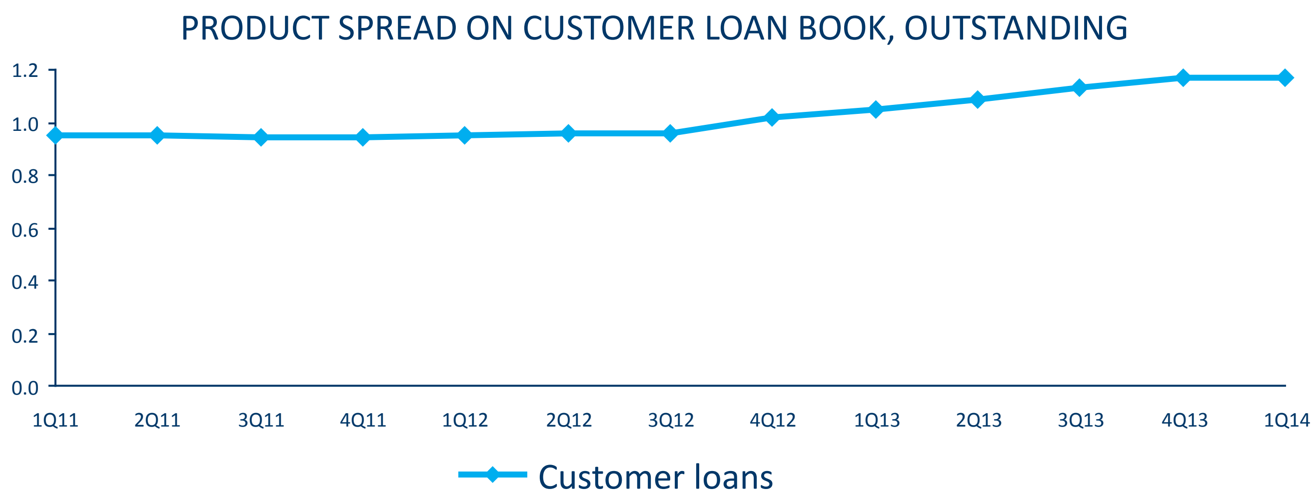


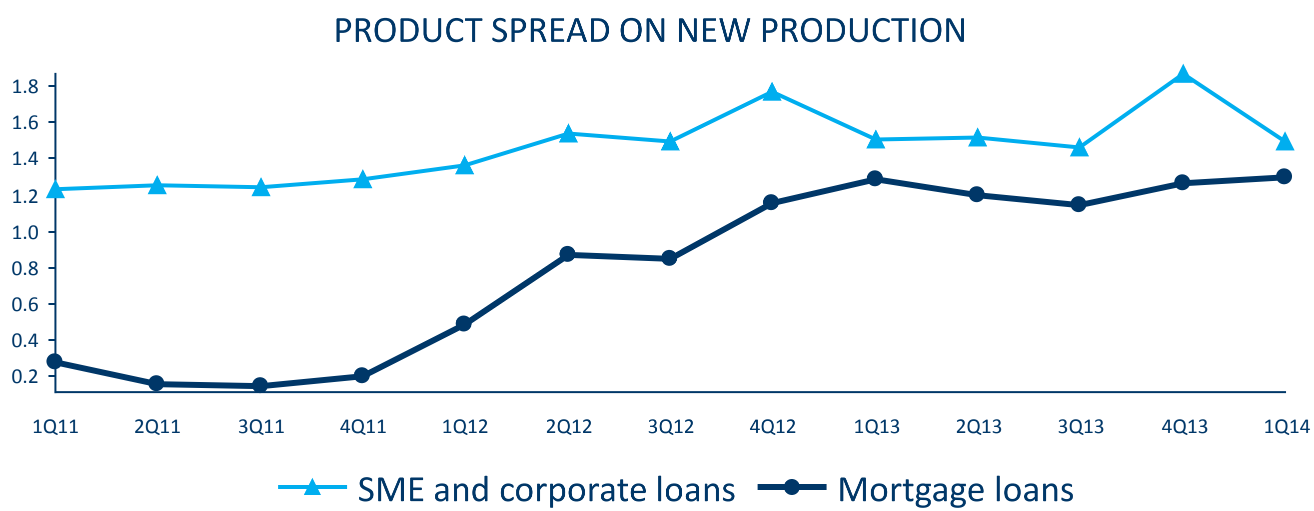


- **Net interest income (696m EUR)**
  - Up 2% q-o-q and 6% y-o-y
  - This q-o-q increase was attributable to the positive impact of lower funding costs (particularly on customer term deposits) and a relatively large amount of prepayment fees (including an upfront intragroup refinancing fee related to the early repayment of a large intercompany loan), despite a lower reinvestment yield and 2 days less in 1Q14
  - The y-o-y increase was attributable primarily to lower paid interests on deposits, a higher banking bond portfolio and a relatively large amount of prepayment fees (including an upfront intragroup refinancing fee related to the early repayment of a large intercompany loan), despite a lower reinvestment yield (mainly on the bond portfolio of KBC Insurance) and a decreasing loan portfolio at the foreign branches
  - Note that customer deposits increased by 1% y-o-y, while mortgage loans rose by 1% y-o-y
- **Net interest margin (1.98%)**
  - Increased by 11bps q-o-q, as sound commercial margins and a relatively large amount of prepayment fees (including an upfront intragroup refinancing fee related to the early repayment of a large intercompany loan) more than offset the negative impact of lower reinvestment yields
  - A higher product margin on savings accounts was achieved due to the decrease of 10bps in the base rate of interest from 20 November onwards
  - Increased by 20bps y-o-y, thanks mainly to better margins on the loan book and (to a lesser extent) to better margins on deposits

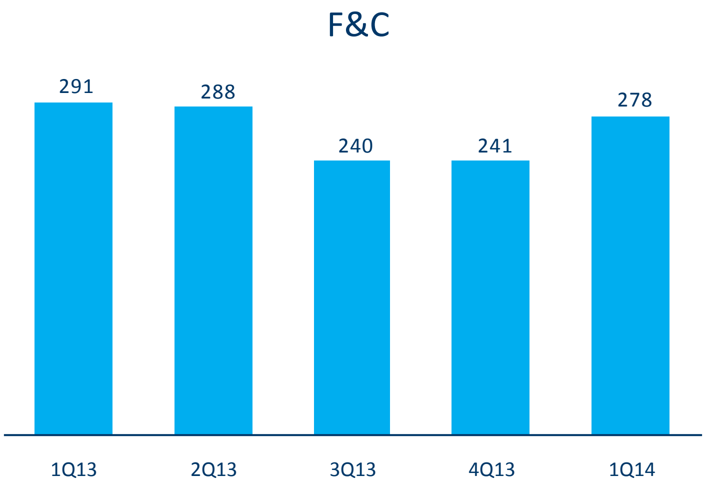
* The restated Net Interest Margin (bank) is aimed at providing a clearer picture of how our core business is evolving (please also see the comment on slide 8). At the level of KBC Bank NV and some other additional relevant companies, a distinction has been made between the assets related to the Belgium BU and those related to the group function (holding function, treasury function, …). The latter usually had a negative impact on the NIM. In addition, we are now taking account of the early repayment penalty. And lastly, the scope of the calculations was extended to include the 'foreign branches' , CBC and KBC AM.

Credit margins in Belgium

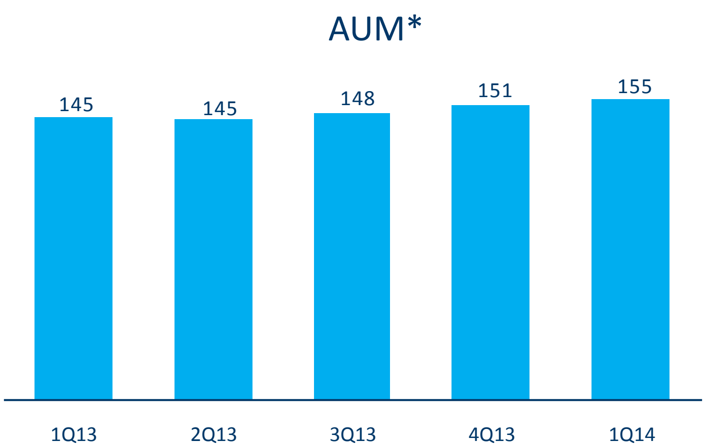




Belgium Business Unit (3)



Amounts in m EUR



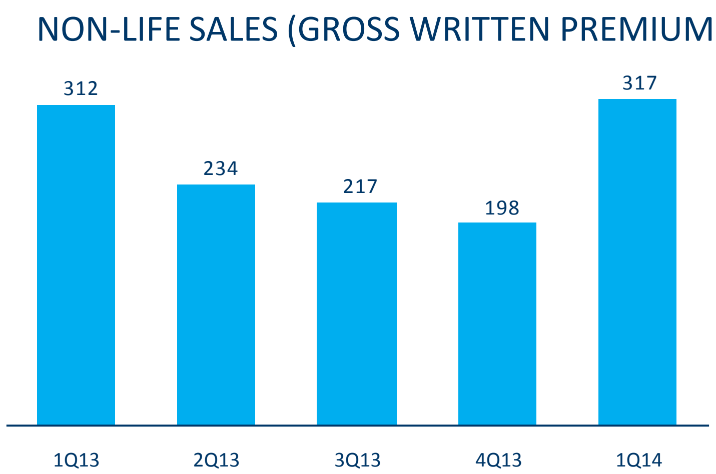
* The split among the BUs is based on the Assets under Distribution in each BU

Amounts in bn EUR

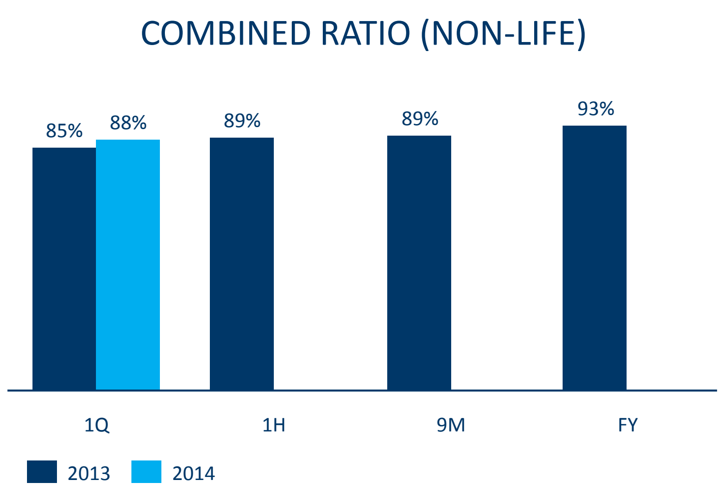
- **Net fee and commission income (278m EUR)**
  - Increased by 15% q-o-q, mainly thanks to significantly higher entry fees on mutual funds, significantly higher entry fees on unit-linked life insurance products and lower commissions paid on insurance sales. Management fees stabilised q-o-q
  - Decreased by 5% y-o-y due to lower entry fees on unit-linked products (due to sharply lower volumes), lower fees on securities transactions and lower fees in foreign branches, despite higher management fees and slightly higher entry fees on mutual funds

- **Assets under management (155bn EUR)**
  - Rose by roughly 7% y-o-y, as a result of a positive price effect (+4%) and some net entries (+3%)
  - Up 2% q-o-q (roughly 1/3 thanks to net inflows and 2/3 due to a positive price effect)

Belgium Business Unit (4)



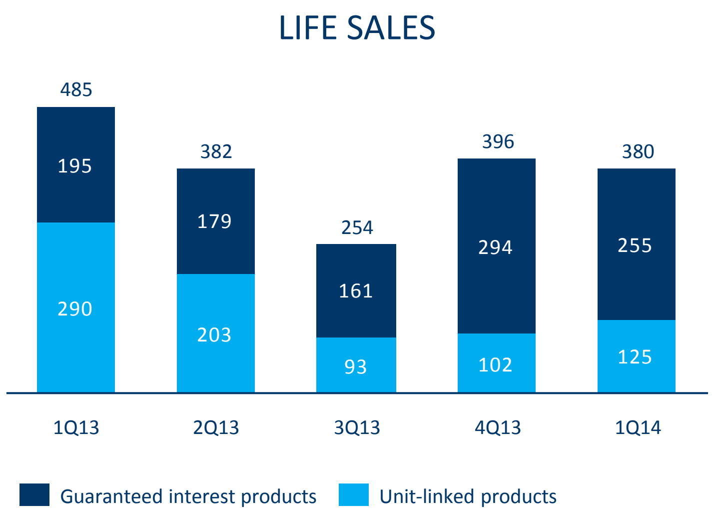
- **Sales of non-life insurance products**
  - Rose by 2% y-o-y in almost all classes (particularly in the Fire class)



- **Combined ratio** amounted to 88% in 1Q14 (93% in FY 2013), an excellent level thanks to low technical charges. Note that technical charges in 4Q13 were high due to higher claims (mainly in the Motor, Fire and industrial accident classes) and the negative impact of storm damage

Amounts in m EUR

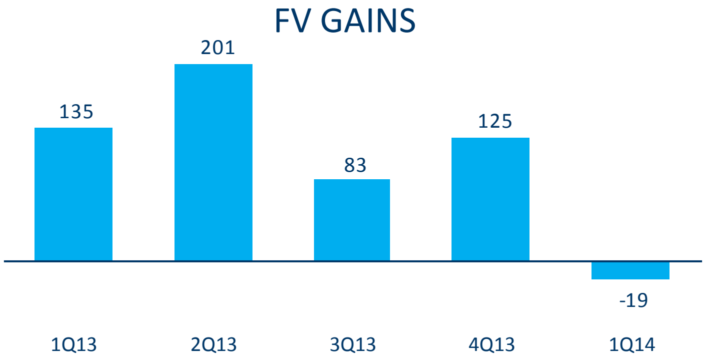
Belgium Business Unit (5)

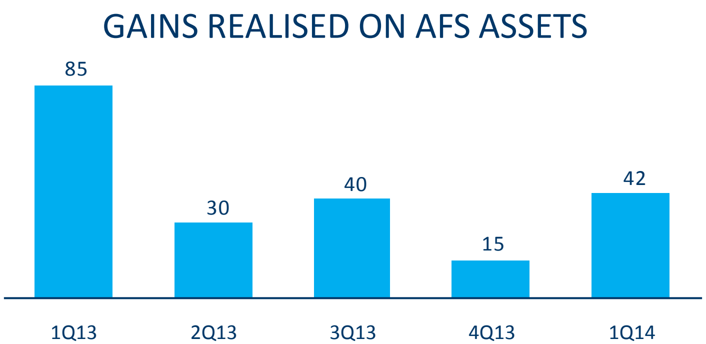


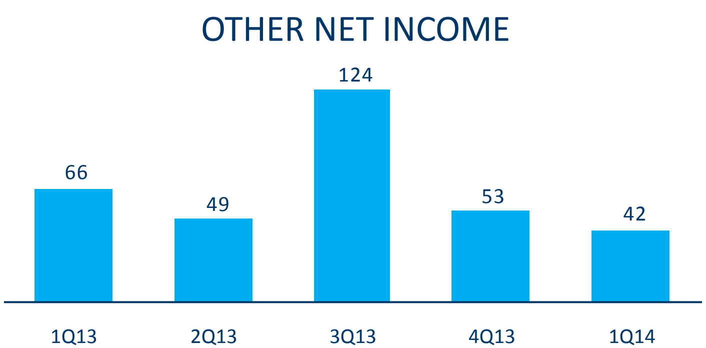
- **Sales of life insurance products**
  - Fell by 22% y-o-y, driven entirely by significantly lower sales of unit-linked products due to the low interest rate environment and the increase in insurance tax. On the other hand, sales of guaranteed interest products rose 31% y-o-y
  - Fell by 4% q-o-q as the sales of guaranteed interest products is traditionally lower in the first quarter because the fourth quarter benefitted from the successful savings campaign in October/November (driven by a temporary increase in interest rate of the most recent guaranteed interest product) and traditionally higher volumes in pension savings products. On the other hand, sales of unit-linked life insurance products increased q-o-q thanks to the re-launch of some products and more shifts from guaranteed interest products to unit-linked products
  - As a result, guaranteed interest products and unit-linked products accounted for 67% and 33%, respectively, of life insurance sales in 4Q13 (55% and 45%, respectively, for FY 2013)

Amounts in m EUR

Belgium Business Unit (6)







- The lower q-o-q and y-o-y figure for **net gains from financial instruments at fair value** was mainly the result of a negative q-o-q change in ALM derivatives (-86m EUR in 1Q14 compared with 41m EUR in 4Q13 and 55m EUR in 1Q13), despite higher dealing room income (both q-o-q and y-o-y)

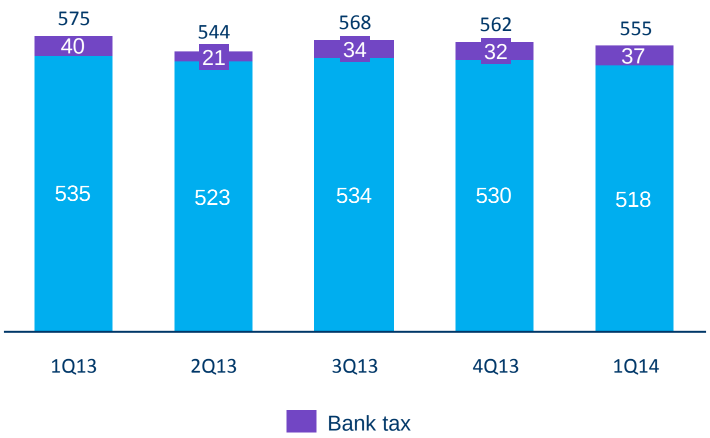
- **Gains realised on AFS assets** came to 42m EUR (primarily more gains realised on shares in 1Q14)

- **Other net income** amounted to 42m EUR in 1Q14, broadly reflecting a normalised level of operational income

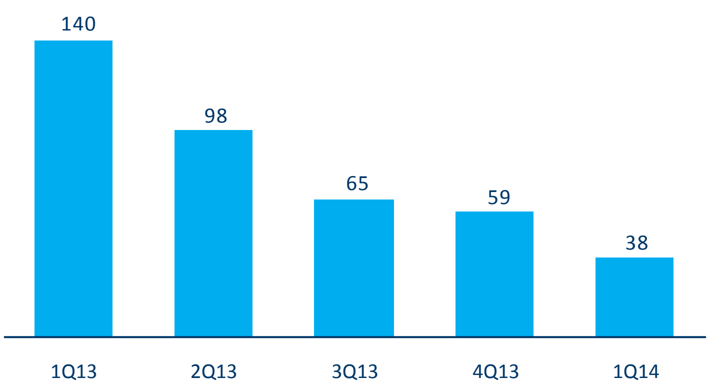
Amounts in m EUR

Belgium Business Unit (7)

OPERATING EXPENSES



ASSET IMPAIRMENT

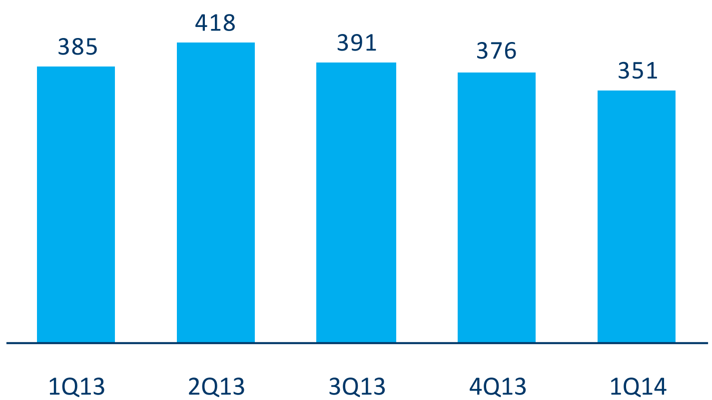


- **Operating expenses**: -1% q-o-q and -4% y-o-y
  - The q-o-q decrease was attributable chiefly to lower staff expenses (lower post-employment benefits) and lower marketing costs. These items more than offset higher bank taxes, variable remuneration and ICT expenses
  - The y-o-y decrease was driven mainly by lower staff expenses (both lower common staff expenses and pension costs), ICT expenses and general operational expenses
  - Cost/income ratio: 53% in 1Q14, distorted mainly due to the negative M2M ALM derivatives (a deterioration compared with 47% in FY 2013). Adjusted for specific items, the C/I ratio amounted to roughly 49% in 1Q14

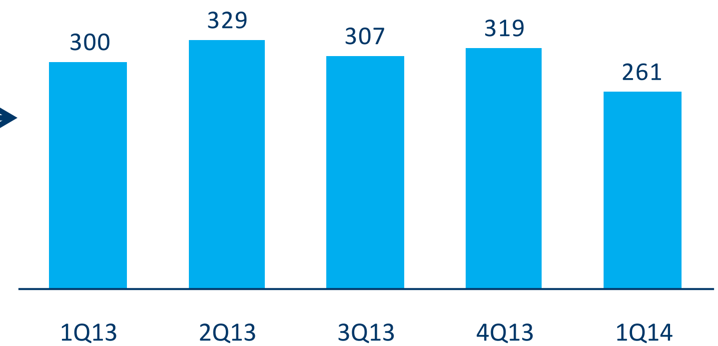
- **Loan loss provisions** amounted to 34m EUR in 1Q14, which is sharply lower y-o-y thanks to lower gross impairments (partly as a result of the absence of high loan loss provisions for large corporate files as was the case in 1Q13)
- **Credit cost ratio** improved from 37bps in FY13 to 15bps in 1Q14
- **NPL ratio** stabilised at 2.5% q-o-q
- Limited **impairment on AFS shares** (5m EUR)

Net result at the Belgium BU

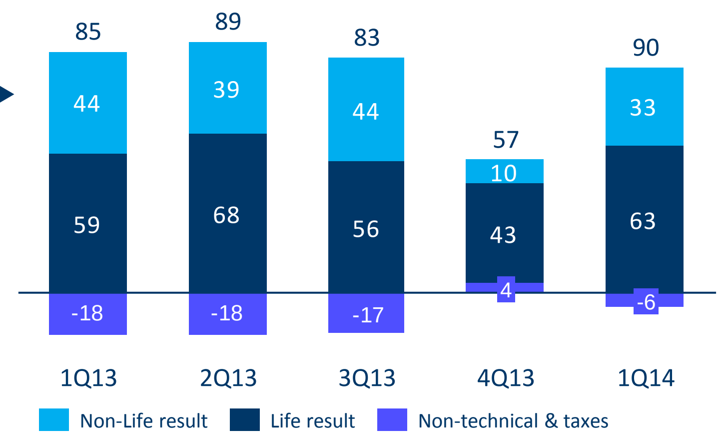
NET RESULT AT THE BELGIUM BU *



CONTRIBUTION OF BANKING ACTIVITIES TO NET RESULT OF THE BELGIUM BU *



CONTRIBUTION OF INSURANCE ACTIVITIES TO NET RESULT OF THE BELGIUM BU *



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

Amounts in m EUR

CZECH REPUBLIC BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

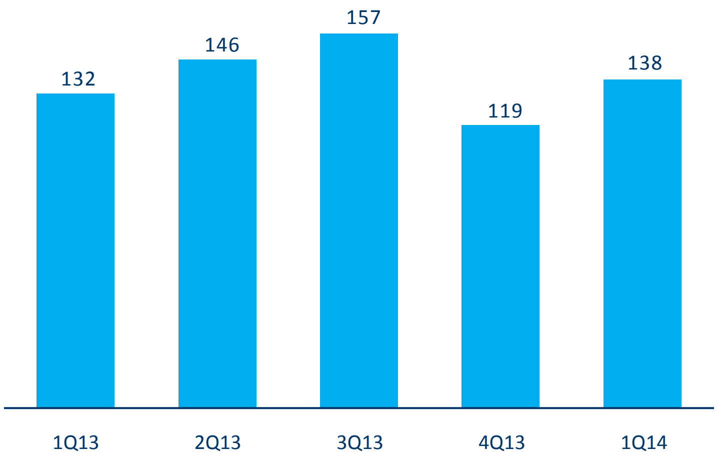
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Czech Republic Business Unit (1)

NET RESULT



Amounts in m EUR

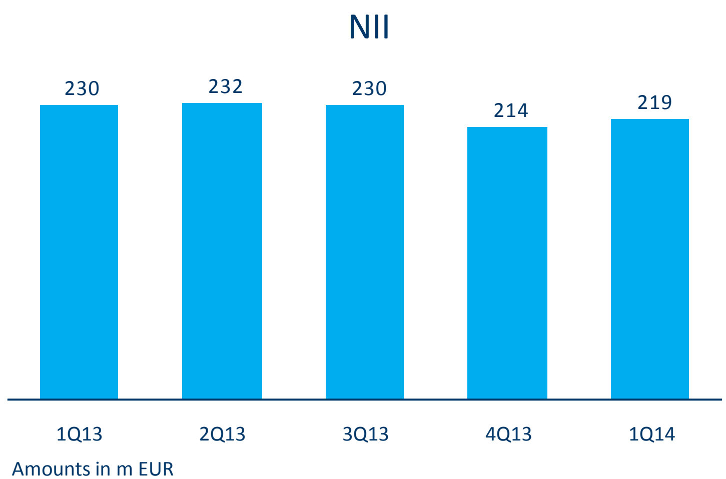
- **Net result** at the Czech Republic Business Unit of 138m EUR
  - Results were characterised by further weakening of Czech koruna, higher net interest income and gains on the sale of bonds, lower net fee and commission income and net results from financial instruments, a good combined ratio in non-life insurance and lower sales of unit-linked life insurance products, lower costs and extremely low loan loss impairment charges q-o-q
  - Profit contribution from the insurance business remained limited in comparison to the banking business

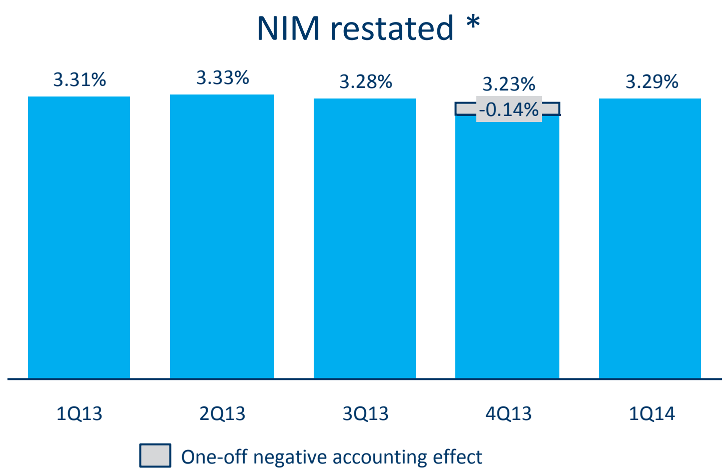
VOLUME TREND

Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	15bn	7bn	22bn	6.4bn	1.1bn
Growth q/q*	-2%	+2%	+1%	+3%	-2%
Growth y/y	+6%	+8%	+6%	+5%	-12%

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

Czech Republic Business Unit (2)



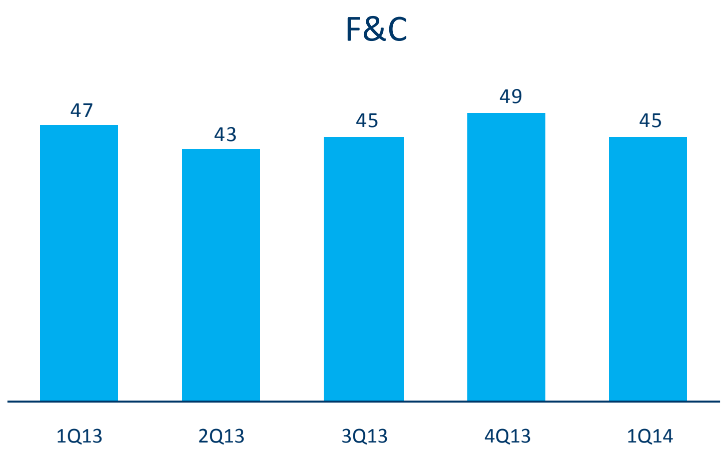


- **Net interest income (219m EUR)**
  - Rose by 2% q-o-q and fell by 5% y-o-y to 219m EUR (rose by 5% and 2%, respectively, excluding FX effect)
  - 4Q13 was negatively impacted by a 9m EUR adjustment of mortgage commission accruals (one-off effect). Excluding this one-off effect and the FX effect, NII rose by 1% q-o-q
  - The increase resulted mainly from both volumes and margin growth, which more than offset a lower reinvestment yield
  - Loan volumes up 6% y-o-y, driven by growth in corporate/SME and mortgage loans
  - Customer deposit volumes up 6% y-o-y

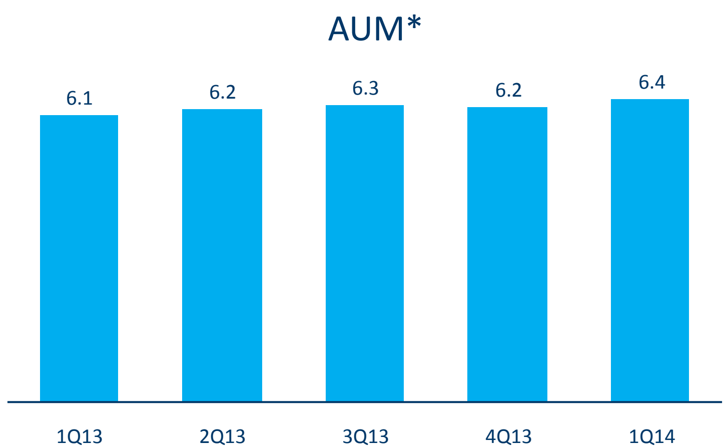
- **Net interest margin (3.29%)**
  - Rose by 6bps q-o-q and fell by 2bps y-o-y to 3.29%, excluding the one-off adjustment of mortgage commission accruals in 4Q13
  - This q-o-q increase was attributable to technical items (such as one-off fees on early-repaid loans and FX effect)
  - This y-o-y decline was caused primarily by a lower reinvestment yield and further pressure on deposit margins, despite several cuts in interest rates on savings deposits

* The restated Net Interest Margin (bank) is aimed at providing a clearer picture of the margin generated by our core business (please also see the comment on slide 8). This NIM is based on the contribution to group (BU NIM), while the former NIM was calculated at the local (sub-consolidated) bank level

Czech Republic Business Unit (3)



Amounts in m EUR



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

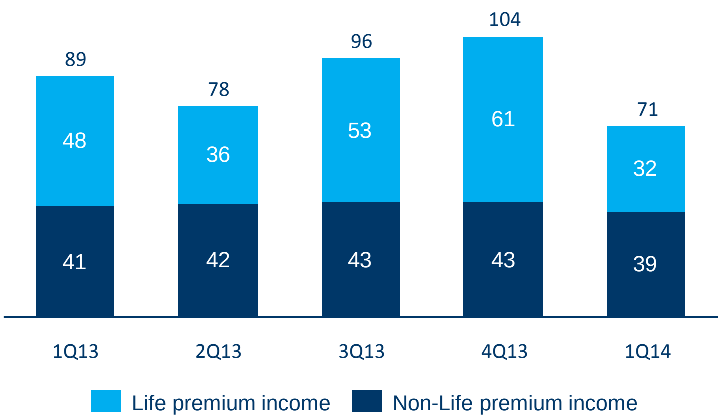
Amounts in bn EUR

- **Net fee and commission income (45m EUR)**
  - Fell by 9% q-o-q and 5% y-o-y (or -6% q-o-q and +2% y-o-y, respectively, excluding the FX effect)
  - The q-o-q decrease was attributable mainly to lower fees on payment cards (seasonal effect) and lower fee income from financial markets
  - The y-o-y increase excluding FX effect was mainly thanks to lower fees paid to distribution, more than offsetting lower account fees and transaction fees

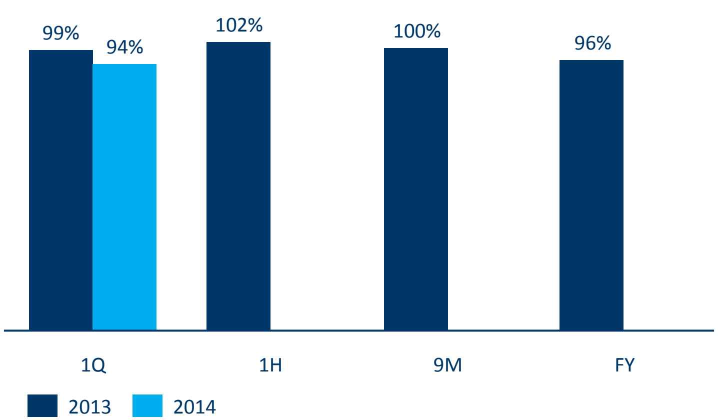
- **Assets under management (6.4bn EUR)**
  - Went up by 3% q-o-q to roughly 6.4bn EUR, as a result of net entries (+2%) and a positive price effect (+1%) despite a negative FX effect
  - Y-o-y, assets under management rose by 5%, driven entirely by net entries (whereby a positive price effect was offset by a negative FX impact)

Czech Republic Business Unit (4)

PREMIUM INCOME
(GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



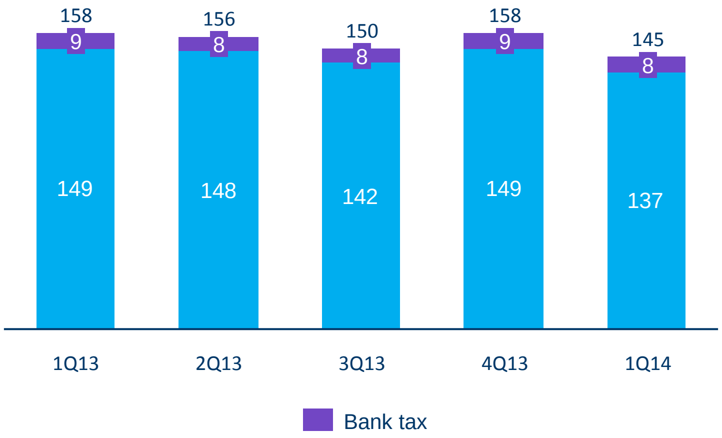
- **Insurance premium income** (gross earned premium) stood at 71m EUR
  - Non-life premium income (39m) fell by 6% y-o-y (flat excluding FX effect)
  - Life premium income (32m) went down 48% q-o-q and 34% y-o-y (-46% q-o-q and -29% y-o-y excluding FX effect). Note that 4Q13 included high unit-linked single premium due to the successful sale of Maximal Invest products (4 tranches issued in 4Q13 versus only one tranche in 1Q13 and 1Q14)

- **Good combined ratio**: 94% in 1Q14 (96% in FY13)

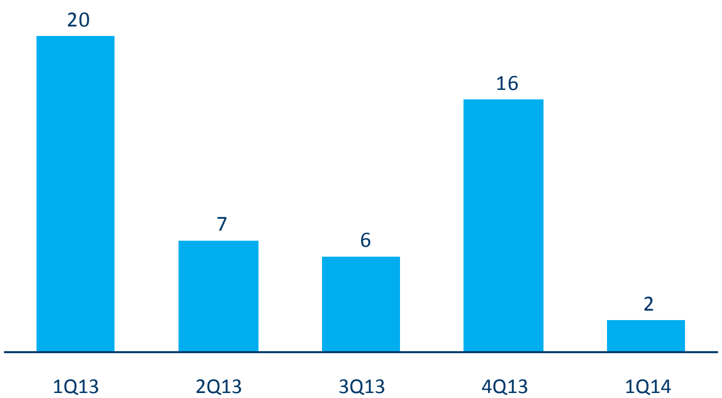
Amounts in m EUR

Czech Republic Business Unit (5)

OPERATING EXPENSES



ASSET IMPAIRMENT



- **Opex (145m EUR)**
  - Fell by 8% q-o-q and y-o-y (-5% q-o-q and -2% y-o-y excluding FX effect)
  - The q-o-q decrease was due mainly to lower marketing and facilities expenses, lower professional fees and lower general administrative expenses (e.g., travel expenses), only partly offset by higher ICT expenses
  - The y-o-y decline was attributable primarily to lower marketing and facilities expenses, partly offset by slightly higher ICT expenses
  - Cost/income ratio at 47% in 1Q14 (also 47% in 2013)

- **Impairments on L&R** fell sharply y-o-y and q-o-q as 1Q14 benefitted from some releases of impairment and positive model changes
- **Credit cost ratio** amounted to 0.03% in FY13

	2010	2011	2012	2013	1Q14
CCR	0.75%	0.37%	0.31%	0.26%	0.03%

- **NPL ratio** continued to hover around 3% (3.1% in 1Q14)
- No other impairments

Amounts in bn EUR

INTERNATIONAL MARKETS BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

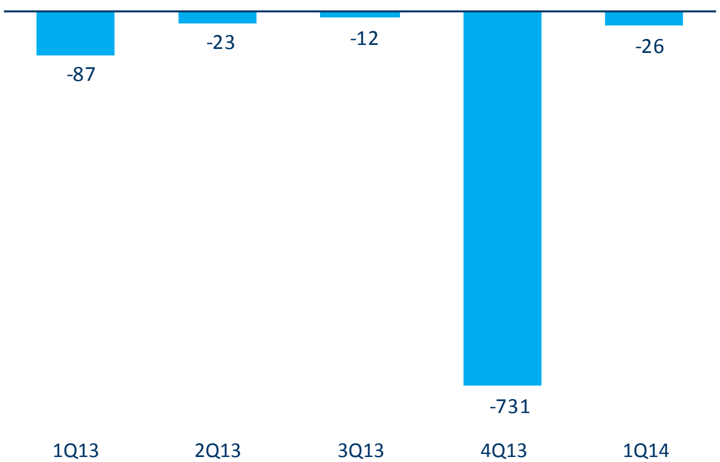
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

International Markets Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result: -26m EUR due to upfront 42m EUR post-tax FY14 Hungarian bank tax**
  - International Markets profit **breakdown**: 18m for Slovakia, -8m for Hungary (+34m EUR before FY14 bank tax), 5m for Bulgaria and -40m for Ireland
  - Q-o-q **results** were characterised by higher net interest income, lower net fee and commission income, higher result from financial instruments at fair value, a very good non-life insurance combined ratio, higher costs due to recording the entire FY14 Hungarian bank tax and significantly lower impairments
  - **Turnaround potential**: breakeven returns at latest by 2015 for International Markets BU, mid-term returns above cost of capital

VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	21bn	14bn	14bn	5.5bn	0.5bn
Growth q/q*	-1%	-1%	+1%	+1%	-2%
Growth y/y	-7%	-7%	+5%	+3%	+4%

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

International Markets Business Unit (2)

ORGANIC GROWTH*

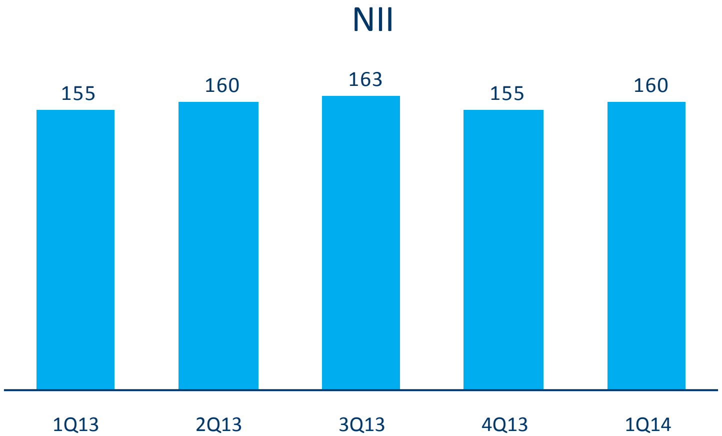
	TOTAL LOANS		MORTGAGES		DEPOSITS	
	q/q	y/y	q/q	y/y	q/q	y/y
IRE	-1%	-13%	-1%	-10%	+11%	+28%
SL	+2%	+5%	+3%	+14%	-1%	+2%
HU	+1%	0%	-2%	-8%	-4%	-3%
BG	-1%	+11%	-1%	-5%	+1%	-8%
TOTAL	**-1%**	**-7%**	**-1%**	**-7%**	**+1%**	**+5%**

- The **total loan book** fell by 1% q-o-q and 7% y-o-y. On a y-o-y basis, the decrease was accounted for by Ireland (matured and impaired loans surpassed new production)
- **Total deposits** were up 1% q-o-q and 5% y-o-y, thanks mainly to the successful retail deposit campaign in Ireland

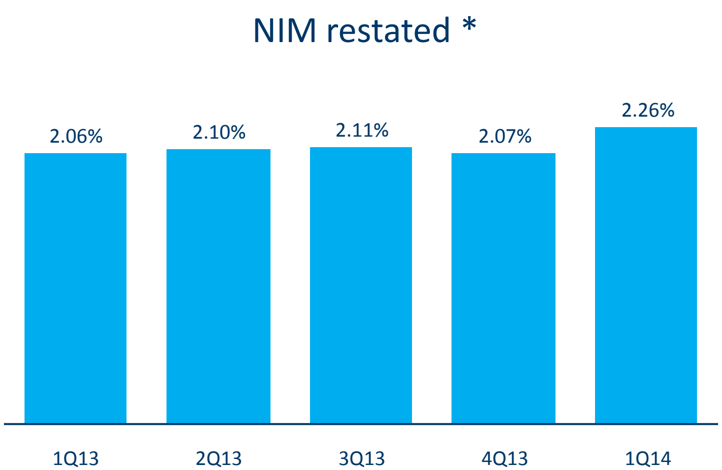
* Organic growth excluding FX impact, q-o-q figures are non-annualised. Loan and mortgage figures after impairment charges

Amounts in m EUR

International Markets Business Unit (3)



Amounts in m EUR

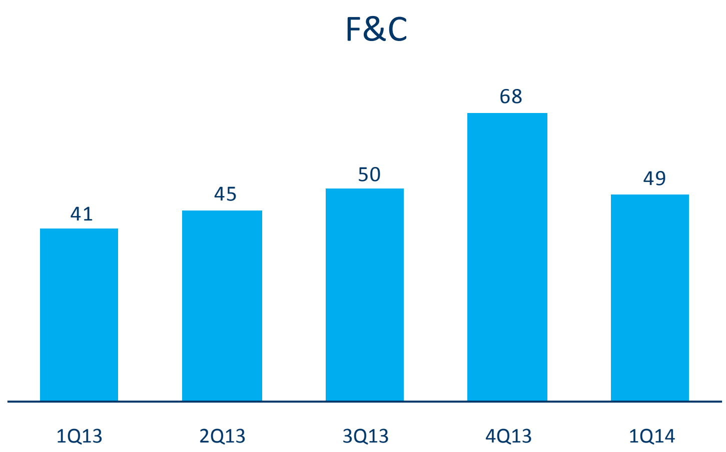


- **Net interest income (160m EUR)**
  - Rose by 3% q-o-q and y-o-y
  - The q-o-q increase was driven entirely by Ireland, given the one-off increase of 12m EUR in allocated liquidity cost in 4Q13, partly offset by higher reserved interest charges in 1Q14
  - The y-o-y increase was attributable mainly to Slovakia (owing to continued growth of the mortgage portfolio) and Hungary (improved funding structure), only partly offset by Ireland (mainly due to higher reserved interest charges)

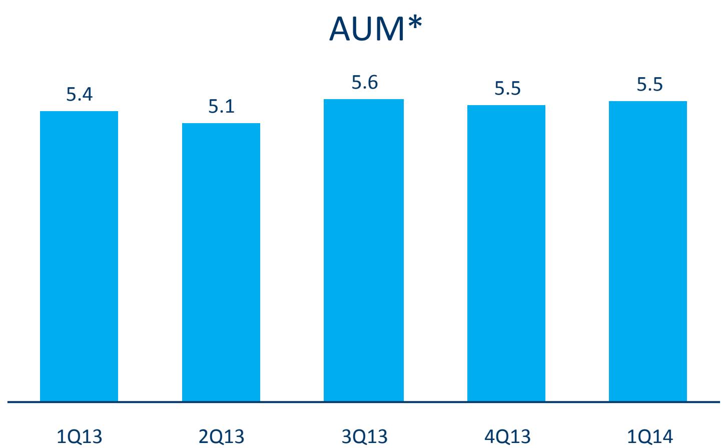
- **Net interest margin (2.26%)**
  - Up by 20bps y-o-y and 19bps q-o-q
  - The y-o-y increase was attributable primarily to a considerable rise in NIM in Slovakia thanks to the product mix (in particular the growth in SME loans and leasing) and Hungary (improved funding structure)
  - The q-o-q increase was accounted for mainly by Ireland (as a result of higher allocated liquidity costs in 4Q13) and Hungary

* The restated Net Interest Margin (bank) aims at better showing the margin generated by our core business (please also see comments on slide 8)

International Markets Business Unit (4)



Amounts in m EUR



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

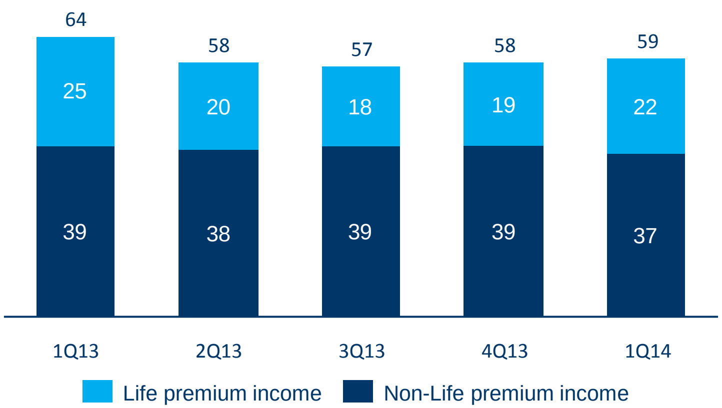
Amounts in bn EUR

- **Net fee and commission income (49m EUR)**
  - Fell by 28% q-o-q, but rose by 18% y-o-y
  - The q-o-q decrease was attributable entirely to Hungary, as seasonal effects and lower pricing tariffs of certain products & services led to lower fees from payment transactions, investment and insurance services and booking fees
  - The y-o-y increase was the result of better pricing tariffs of certain products & services in Hungary

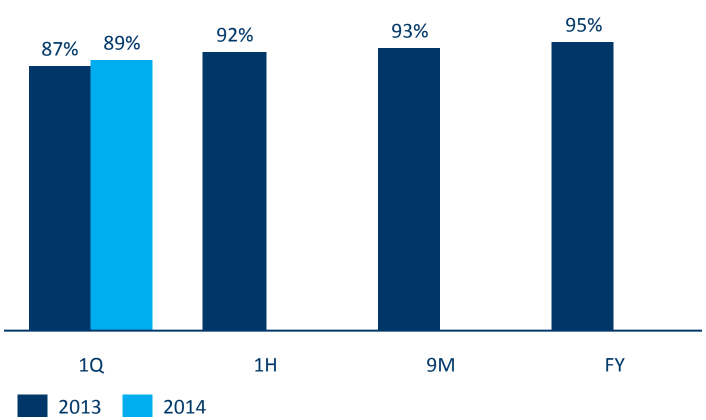
- **Assets under management (5.5bn EUR)**
  - Increased by 1% q-o-q, entirely as a result of net inflows
  - Y-o-y, assets under management rose by 3% (2% net entries and 1% positive price effect)

International Markets Business Unit (5)

PREMIUM INCOME
(GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



- **Insurance premium income** (gross earned premium) stood at 59m EUR
  - Non-life premium income (37m) fell by 3% y-o-y
  - Life premium income (22m) up 11% q-o-q and down 13% y-o-y

- **Combined ratio** at a very good 89% in 1Q14. The combined ratio for 1Q14 breaks down into 82% for Hungary (mainly thanks to favourable claims experience), 82% for Slovakia (release of claims reserves) and 99% for Bulgaria

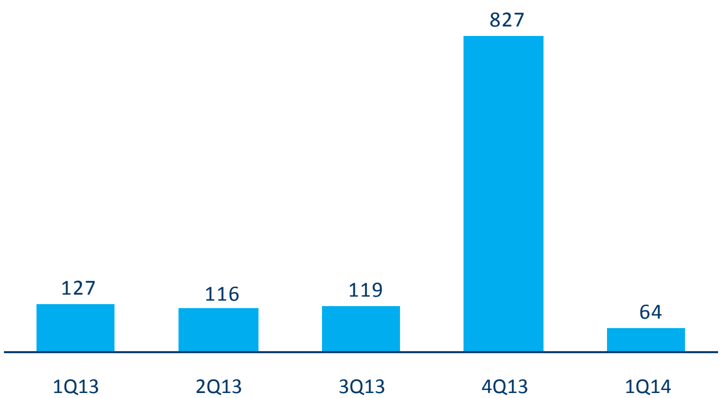
Amounts in m EUR

International Markets Business Unit (6)

OPERATING EXPENSES

Amounts in m EUR

ASSET IMPAIRMENT



- **Opex (216m EUR)**
  - Rose by 25% q-o-q and 3% y-o-y
  - The q-o-q increase was entirely due to the FY14 Hungarian bank tax, recorded in full in 1Q14 (51m pre-tax and 42m post-tax)
  - The y-o-y increase was caused by higher opex in Ireland due to the higher number of FTEs (particularly in the MARS support unit) and higher marketing expenses related to the KBCI retail strategy (e.g., launch of KBCI current account in September 2013)
  - Cost/income ratio at 88% in 1Q14 (69% in FY 2013)
- **Impairments on L&R (64m EUR)** dropped sharply y-o-y mainly thanks to Ireland. Loan loss provisions amounted to 48m in 1Q14 in Ireland compared with 99m in 1Q13. Note that 4Q13 included 692m EUR one-off additional impairments as a result of the reassessment of the loan books in Ireland and Hungary
- **Credit cost ratio** of 0.99% in 1Q14

	Loan book	2010 CCR	2011 CCR	2012 CCR	2013 CCR	1Q14 CCR
IM BU	**26bn**			**2.26%**	**4.48%**	**0.99%**
- Ireland	15bn	2.98%	3.01%	3.34%	6.72%	1.25%
- Hungary	5bn	1.98%	4.38%	0.78%	1.50%	0.90%
- Slovakia	5bn	0.96%	0.25%	0.25%	0.60%	0.32%
- Bulgaria	1bn	2.00%	14.73%	0.94%	1.19%	0.54%

- **NPL ratio** at 19.7%

MARS: Mortgage Arrears Resolution Strategy ;

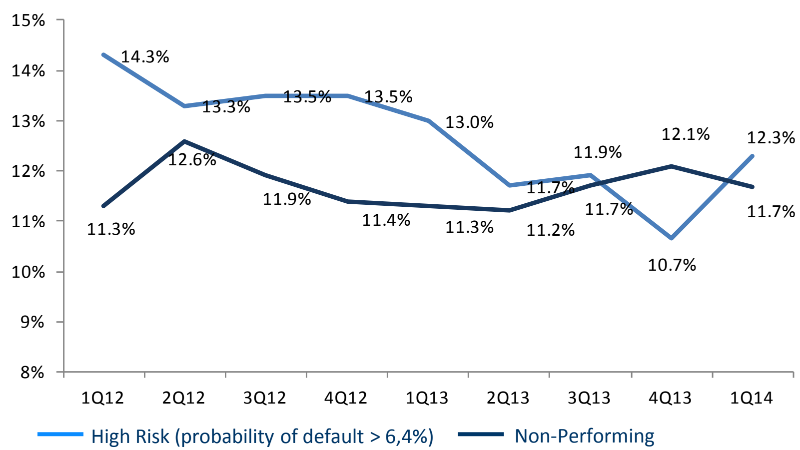
Hungary (1)

HUNGARIAN LOAN BOOK
KEY FIGURES AS AT 31 MARCH 2014

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.7bn	5.9%	64%
Retail	2.3bn	18.3%	73%
o/w private	1.9bn	20.4%	72%
o/w companies	0.4bn	8.6%	76%
TOTAL	**5.0bn**	**11.7%**	**69%***

* NPL coverage ratio calculated under the current definition (NPL = PD 11 & 12). If we apply the new definition (NPL = PD 10, 11 & 12), the NPL coverage ratio would amount to 53%

PROPORTION OF HIGH RISK AND NPLS



- **Net result** at the K&H Group amounted to -8m EUR in 1Q14 (including the full year bank tax charge with -42m EUR post-tax impact), which shows improvement in comparison with the corresponding period last year (-19m EUR in 1Q13, also including FY bank tax impact)
- **Loan loss provisions** amounted to 11m EUR in 1Q14 (compared with 10m EUR in 1Q13 and 43m EUR in 4Q13, including 21m EUR impact of reassessing the loan portfolio)
- The **credit cost ratio** was 0.90% in 1Q14 (1.50% in FY13)
- **NPL** (PD11-12) decreased to 11.7% in 1Q14 from 12.1% in 4Q13
  - share of PD 10-12 exposure was 15.3% in 1Q14 (15.4% in 4Q13)
- The sharp increase in the **high risk portfolio** is mainly due to 1) restructured loans moving out of the non-performing to the performing (but still high risk) loan book and 2) a more conservative review of the PD model for retail loans shifting a part of the low risk book to the high risk book

Hungary (2)

- **FX MORTGAGES**

  - In December 2013, the **Hungarian Supreme Court (Curia)** delivered its 'law unifying resolution' in order to ensure uniformity in the settlement of FX loan disputes in the courts. This resolution is binding on all courts. The Curia dealt with broad questions regarding FX loans. **The major conclusions:**
    - The consequences of FX rate fluctuations must be borne by the borrower if the bank properly informed its customer of the risk of such fluctuation and its effects on repayments. As a result of FX risks, these contracts do not violate good faith, nor are usurious, impossible to perform or sham. As no grounds for invalidity existed as at the date of the conclusion of the contract, these **contracts are valid**
    - Changes following the conclusion of the contract cannot invalidate it. The courts may not in general amend contracts as a general means for solving economic and social issues
    - If a part in a consumer contract proved to be invalid, the courts should endeavour to uphold the arrangement by an appropriate amendment. In this case, the parties remain bound by the valid clauses of the contract

  - The Curia has not yet resolved on whether banks gave sufficiently transparent information about unilateral changes to the terms of loan contracts (interest rates, FX spreads and fees). Also it remains to be decided whether the use of different FX rates at disbursement and repayment may be treated as an unfair term in consumer contracts. These issues were expected to be addressed by the Curia following the ruling of the European Court of Justice (ECJ) on a related OTP case (on 30 April 2014). However, in this instance, the ECJ passed the issue back to Curia. Curia said it would rule on the given case before the summer. The Curia's general guidelines regarding the uniformity of court decisions however are not expected until autumn

  - The **government** said it would wait for the Curia ruling to address the issue of FX loans, so it is too early to tell what proposal will be passed into law and how much this will cost banks

  - The **size of K&H Bank's FX mortgage portfolio** (gross value):
    - Total Retail FX mortgage: 1.4bn EUR
      - Retail FX housing loans: 0.6bn EUR
      - Retail FX home equity loans: 0.8bn EUR

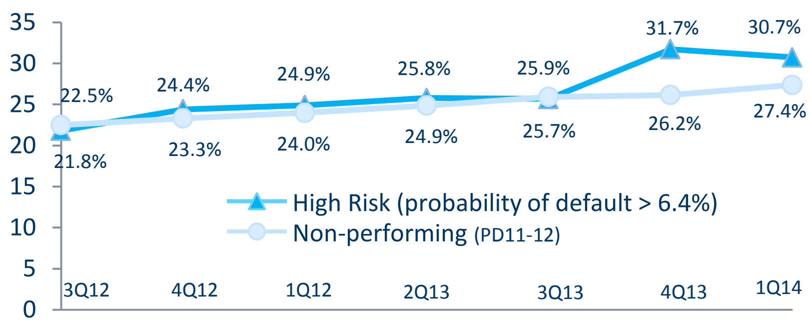
Ireland (1)

IRISH LOAN BOOK
KEY FIGURES AS AT 31 MARCH 2014

LOAN PORTFOLIO	OUTSTANDING	NPL	NPL COVERAGE
Owner occupied mortgages	9.0bn	20.8%	52%[1]
Buy to let mortgages	3.0bn	36.4%	66%[1]
SME /corporate	1.4bn	24.8%	110%
Real estate investment Real estate development	1.2bn 0.5bn	34.0% 89.5%	85% 80%
Total	15.1bn	27.4%	67%[1 2]

1. The total NPL coverage ratio amounted to 72% at the end of 1Q14 (73% in 4Q13) taking into account the adjustments for the Mortgage Indemnity Guarantee and Reserved Interest (61% for owner occupied mortgages and 72% for buy to let mortgages, respectively)
2. NPL coverage ratio calculated under the current definition (NPL = PD 11 & 12). If we apply the new definition (NPL = PD 10, 11 & 12), the NPL coverage ratio would amount to 36%

PROPORTION OF HIGH RISK AND NPLS

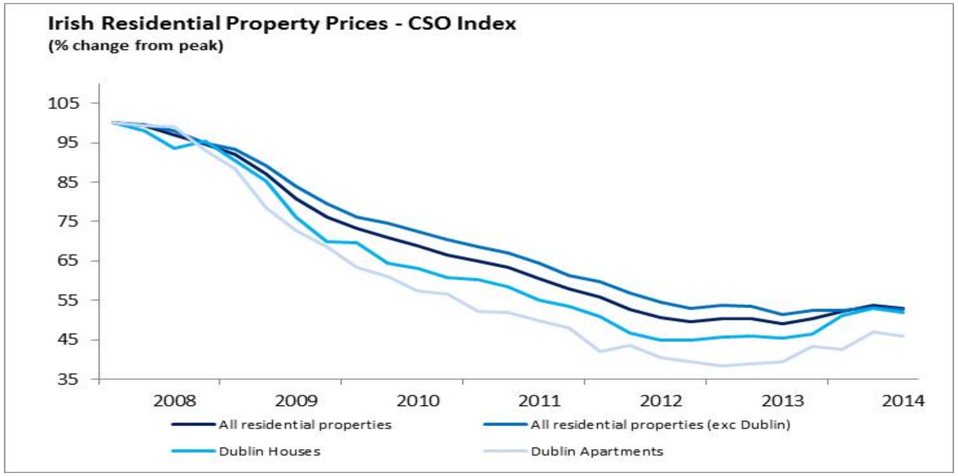


The High Risk portion of loans increased significantly in 4Q13 due to the reassessment of the loan book

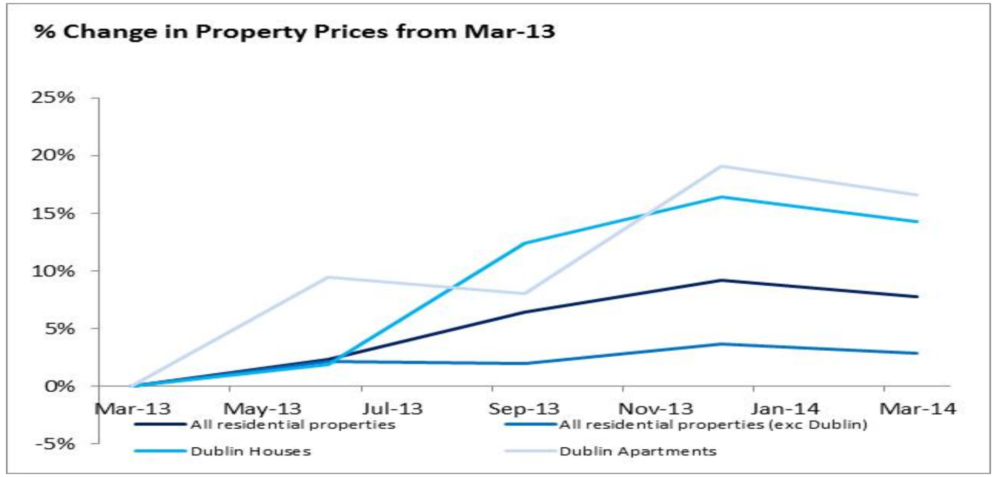
- **Loan loss provisions** in 1Q14 of 48m EUR (773m EUR in 4Q13). A significant decrease q-o-q as a result of the reassessment of the KBCI loan book in light of the EBA guidelines issued in October 2013 and the Central Bank of Ireland Impairment Provisioning Guidelines issued May 2013 which took place in 4Q13. Net loss in 1Q14 was **40m EUR** (-766m EUR in 4Q13)
- GDP data for 2013 proved disappointing due to technical reasons connected to the ending of patents on some pharmaceutical exports. However, most indicators, particularly those related to jobs suggest that the Irish economy moved onto a more positive trajectory in 2013. This is expected to continue in 2014 with domestic spending turning positive and exports being supported by improving conditions in key trading partners.
- The Irish housing market saw transaction levels and prices both improved during 2013 and an improving economy is likely to see these trends persist through the course of 2014 as new supply remains limited. Similarly, healthier economic conditions and increased investor activity are expected to support the commercial property market .
- KBCI is proactively engaging with those customers who are experiencing financial difficulty and is implementing its long term Mortgage Arrears Resolution Strategy. As part of this, **KBCI has met the Q1 2014 public target** set by the Central Bank of Ireland
- **Continued successful retail deposit campaign** with gross retail deposit levels increased by c. 1.0bn EUR since end 2012 to 3.1bn EUR at end 1Q14 and approx. 6,000 new customer accounts opened in the quarter. **Demand for mortgage products continues** to grow with rising consumer confidence and increased brand awareness
- KBCI recently launched a new credit card proposition with personal loan product soon to follow. **Customer growth is being driven** by an expanding digitally-led distribution model supported by selective new office locations
- **Local tier-1 ratio** of 13.1% at the end of 1Q14
- We are maintaining our guidance for loan loss provisions in Ireland: 150m-200m EUR for FY14 and 50m-100m EUR for each of FY15 and FY16. Profitability expected from 2016 onwards
- The current definition of Non-Performing Loans (NPL) (currently being PD11-12) will be reviewed by 3Q14 in the context of the draft October 2013 EBA paper and May 2013 Central Bank of Ireland Impairment Provisioning and Disclosure Guidelines. Based on this reviewed definition, the NPL coverage ratio will drop substantially

Ireland (2) Key indicators show signs of stabilisation

RESIDENTIAL PROPERTY PRICES SHOWING CONTINUED SIGNS OF STABILISATION

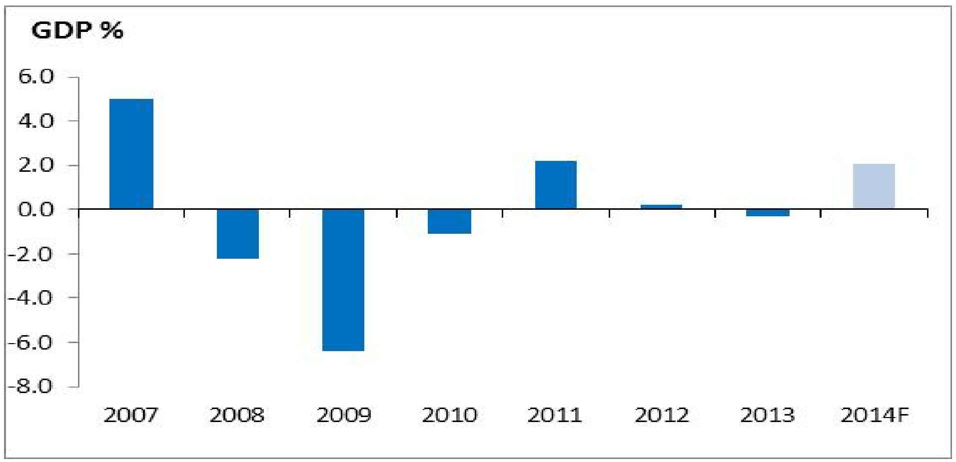


Source: Irish Residential Property Prices - CSO Index

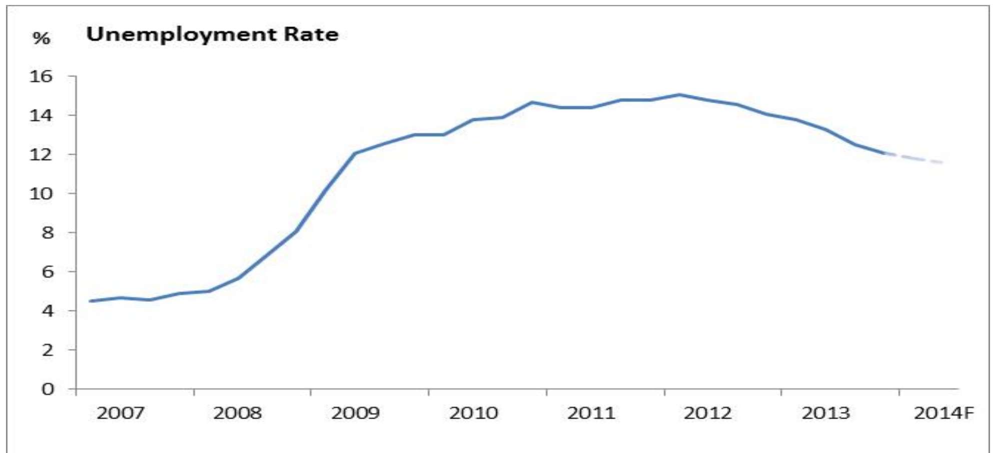


Source: Irish Residential Property Prices - CSO Index

LATEST FORECAST INDICATES STRONGER GDP GROWTH

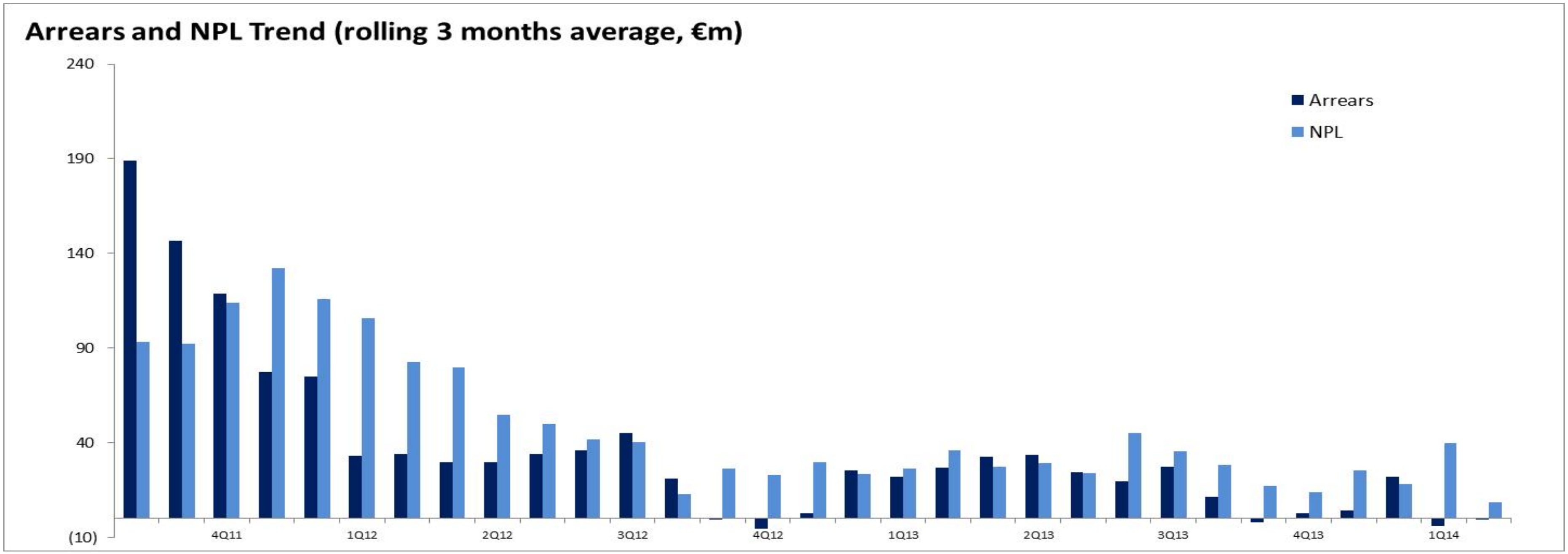


UNEMPLOYMENT RATE FORECAST TO DECREASE FURTHER IN 2014



Ireland (3) Key indicators show tentative signs of stabilisation

KBC IRELAND - **RESIDENTIAL MORTGAGE ARREARS & NPL**



Ireland (4) Homeloans portfolio

4Q13

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,594	18	0.3%
	Of which without restructure	5,566		
	Of which in Live restructure	28		
	PD 9	1259	91	7.2%
	Of which without restructure	1016		
	Of which in Live restructure	243		
	PD 10	2,413	563	23.3%
NPL	PD 11	2,491	806	32.4%
	PD 12	368	192	52.2%
	TOTAL PD1-12	**12,125**	**1,670**	
	Total Impairment/NPL Exposure			*58.4%*
	Total Impairment/NPL Exposure (taking MIG and RI into Account)			*65.4%*

1Q14

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,580	17	0.3%
	Of which without restructure	5,535		
	Of which in Live restructure	45		
	PD 9	824	61	7.4%
	Of which without restructure	646		
	Of which in Live restructure	177		
	PD 10	2,684	591	22.0%
NPL	PD 11	2,566	815	31.8%
	PD 12	413	222	53.8%
	TOTAL PD1-12	**12,066**	**1,707**	
	Total Impairment/NPL Exposure			*57.3%*
	Total Impairment/NPL Exposure (taking MIG and RI into Account)			*64.9%*

Amounts in m EUR

- **0.3bn EUR** of restructured mortgage loans moved **from PD 1-9 (Performing) to PD 10 (Performing, but impaired)**
  - Increase is due to **subsequent restructures** granted in 1Q 2014 to performing (PD1-9) loans, reflecting a consistent application of rules introduced in Q4 2013 (in line with EBA Guidelines).
- **0.1bn EUR** migrated **from PD 1-9 (Performing) to PD 11 (Impaired)** due to arrears greater than 90 days
- **Only 0.2bn EUR** of loans in Live restructure are left in PD 1-9
- Impairment charge of 37m EUR in 1Q14

Ireland (5) Corporate loan portfolio

4Q13

	PD	Exposure	Impairments	Cover %
PERF.	PD 1-8	1050	24	2.3%
	PD 9	72	11	14.9%
	PD 10	895	346	38.7%
NPL	PD 11	482	231	48.0%
	PD 12	656	439	66.9%
	TOTAL PD1-12	**3,155**	**1,052**	
	Total Impairment/NPL Exposure			*92.4%*

1Q14

	PD	Exposure	Impairments	Cover %
PERF.	PD 1-8	962	16	1.6%
	PD 9	43	6	14.5%
	PD 10	885	281	31.7%
NPL	PD 11	472	274	58.0%
	PD 12	690	481	69.8%
	TOTAL PD1-12	**3,052**	**1,058**	
	Total Impairment/NPL Exposure			*91.1%*

Amounts in m EUR

- The Corporate Loan book continues to decrease and the portfolio has contracted by 0.1bn EUR in 1Q14
- The non-performing portfolio slightly increased by 24m EUR in 1Q14
- An impairment charge of 11m EUR was recognised on the Corporate portfolio in 1Q14

GROUP CENTRE

CFO SERVICES

CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

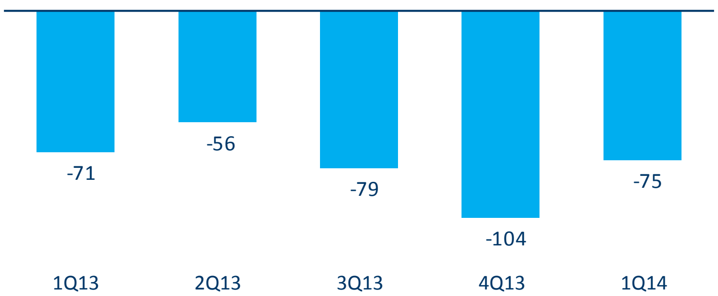
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Group Centre

ADUSTED NET RESULT



- **Adjusted net result: -75m EUR**
- KBL *epb* and Fidea were deconsolidated in the adjusted net result as of 1Q12, Warta and Zagiel as of 3Q12, NLB as of 4Q12, Kredyt Bank as of 1Q13 and Absolut Bank as of 2Q13
- The Group Centre result is comprised of the results of the holding activities, certain funding costs, certain items that are not allocated to the business units, results of companies to be divested, and the impact of legacy business and own credit risk
- The -81m EUR adjusted net result from group item (ongoing business) in 1Q14 is mainly attributable to the net subordinated debt cost (-39m EUR) and net funding cost of participations (-10m EUR), next to general ICT expenses and HQ costs (which cannot be allocated to the business units)

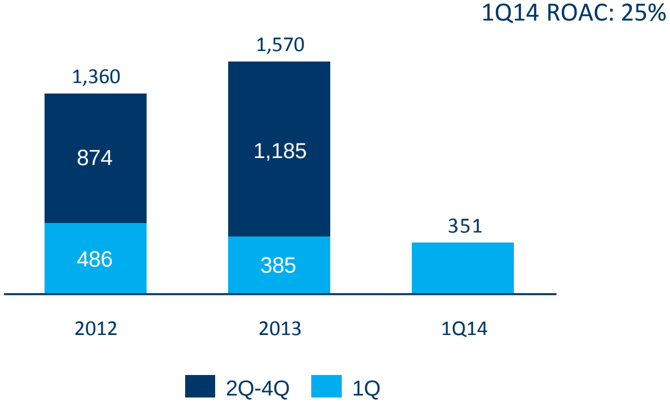
BREAKDOWN OF ADJUSTED NET RESULT AT GROUP CENTRE

	1Q13	2Q13	3Q13	4Q13	1Q14
Group item (ongoing business)	-73	-60	-70	-81	-81
Planned divestments	2	4	-9	-23	6
TOTAL adjusted net result at GC	**-71**	**-56**	**-79**	**-104**	**-75**

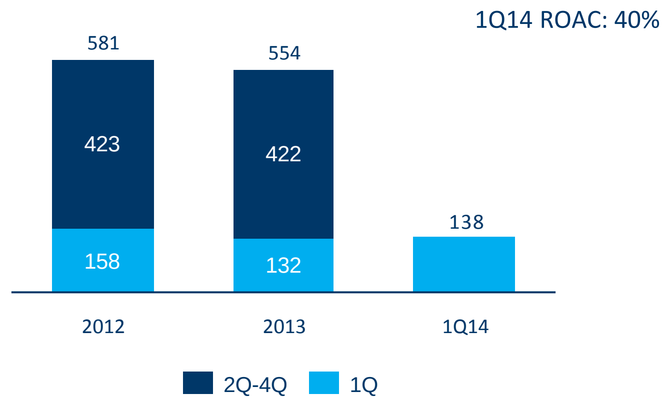
Amounts in m EUR

Overview of results based on business units

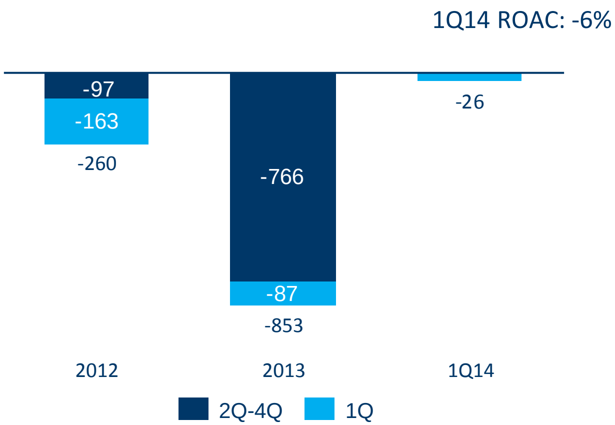
NET PROFIT – **BELGIUM**



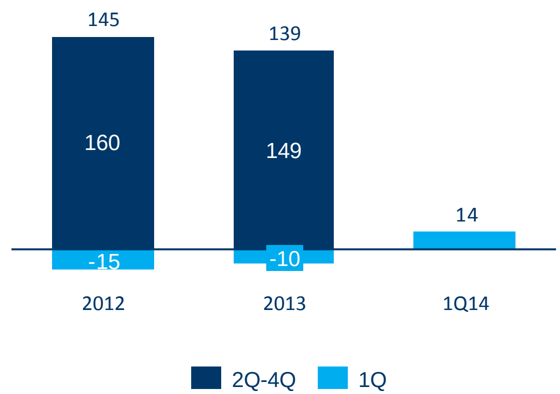
NET PROFIT – **CZECH REPUBLIC**



NET PROFIT –
INTERNATIONAL MARKETS



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

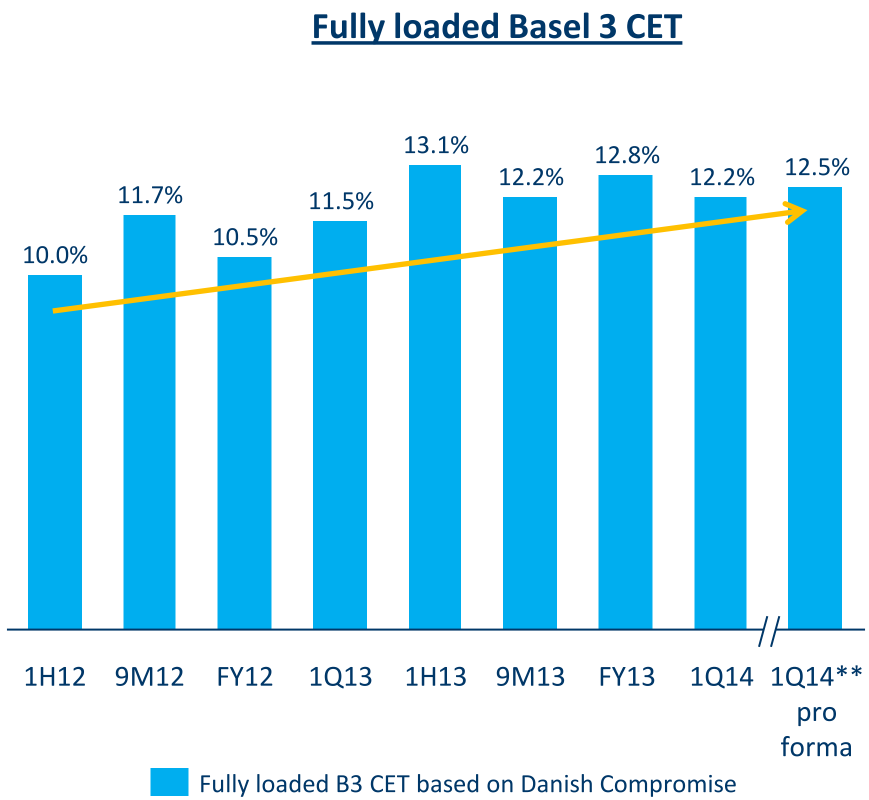


Amounts in m EUR

Section 3

Strong solvency and solid liquidity

Strong capital position



- **Pro forma common equity ratio (B3 fully loaded*) of 12.5%** based on the Danish Compromise, after taking into account:
  - The accelerated repayment of 0.5bn of State aid (principal + penalty) to the Flemish Government in January 2014
  - The abolishment of the home country government bonds carve-out, which led to 4.4bn EUR extra RWAs
  - The CDO collapse in January, which led to a decrease in RWAs of roughly 0.7bn EUR

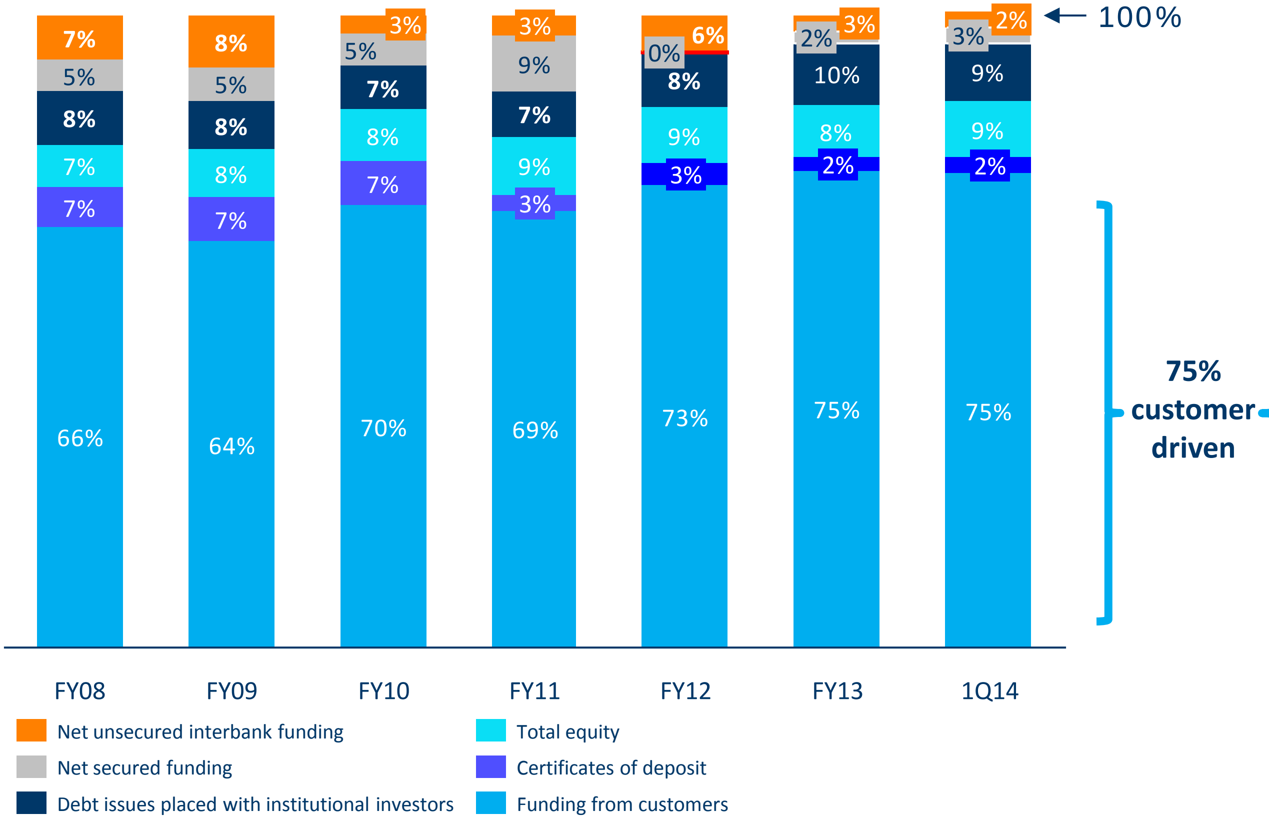
- **Fully loaded B3 leverage ratio**: **4.9%** at KBC Bank Consolidated, based on current CRR legislation

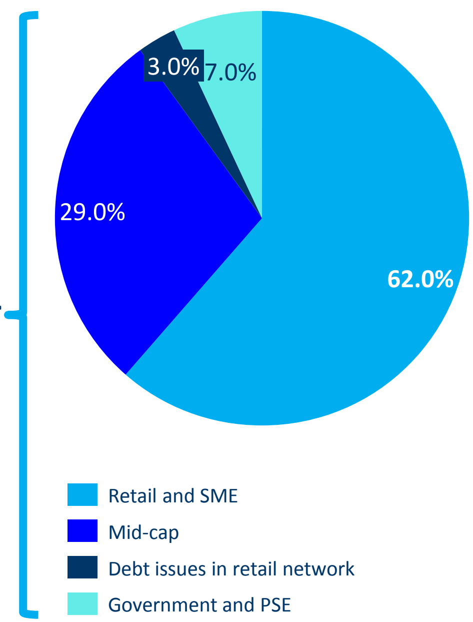
* Including remaining State aid of 2bn EUR as agreed with local regulator

** 1Q14 pro forma CT1 includes the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank (ADB)

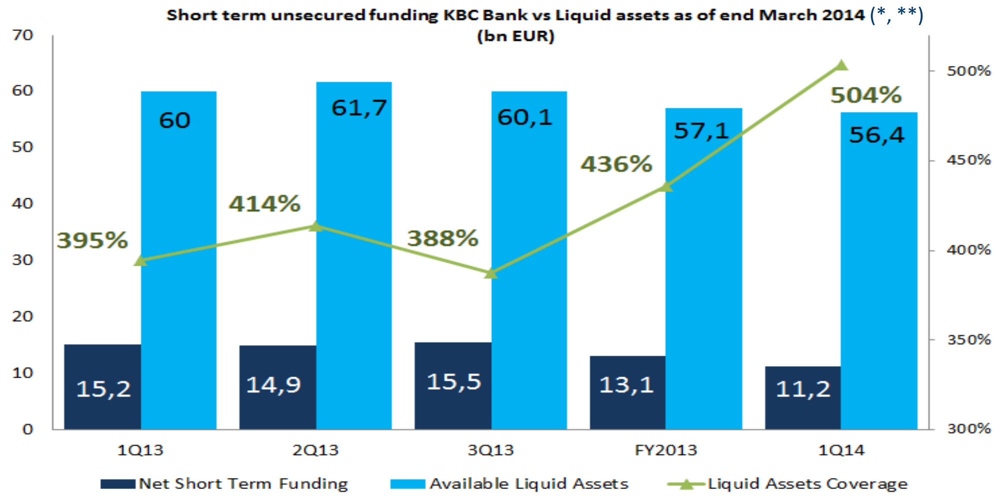
Solid liquidity position (1)

- 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)



* In line with IFRS5, the situation at the end of 1Q14 excludes the divestments that have not yet been completed (KBC Deutschland and ADB)

** 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 has further strengthened the already **excellent liquidity position** in 1Q14 given that:
  - Available liquid assets are more than 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	1Q14	Target 2015
NSFR[1]	**108%**	105%
LCR[1]	**130%**	100%

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

- **NSFR at 108% and LCR at 130% by the end of 1Q14**
  - In compliance with the implementation of Basel 3 liquidity requirements, KBC is targeting LCR and NSFR of at least 100% and 105%, respectively by 2015

Section 4

1Q 2014 wrap up

1Q 2014 wrap up

- Strong commercial bank-insurance franchises in Belgium and the Czech Republic with stable and solid returns

- Successful underlying earnings track record

- Solid capital and robust liquidity position

Looking forward

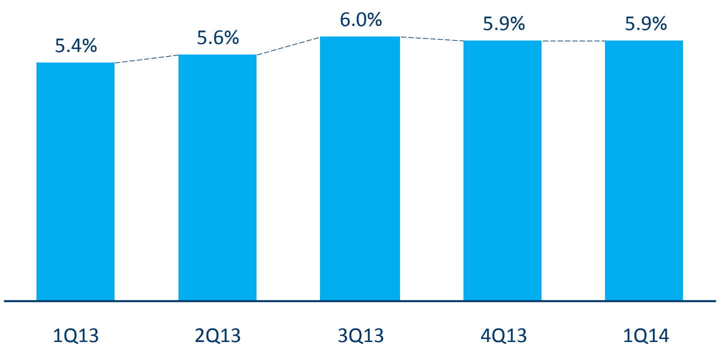
- Looking forward, management envisages:
  - Continued stable and solid returns for the Belgium & Czech Republic BUs
  - Breakeven returns at latest by 2015 for the International Markets BU, mid-term returns above cost of capital
    As per guidance already issued, profitability in Ireland expected from 2016 onwards
  - A fully loaded B3 common equity ratio of minimum 10%
  - LCR and NSFR of at least 100% and 105%, respectively, by 2015

Annex 1

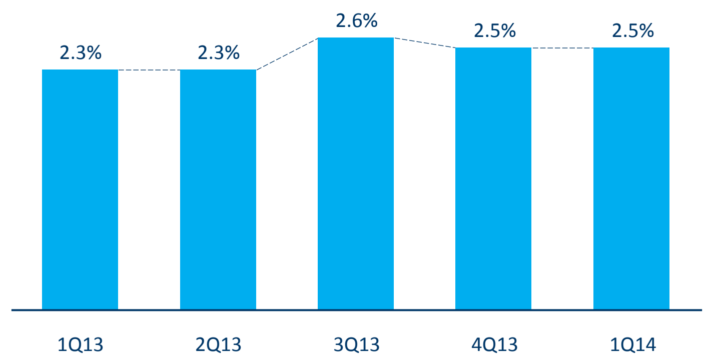
Other items

NPL ratios at KBC Group and per business unit

KBC GROUP

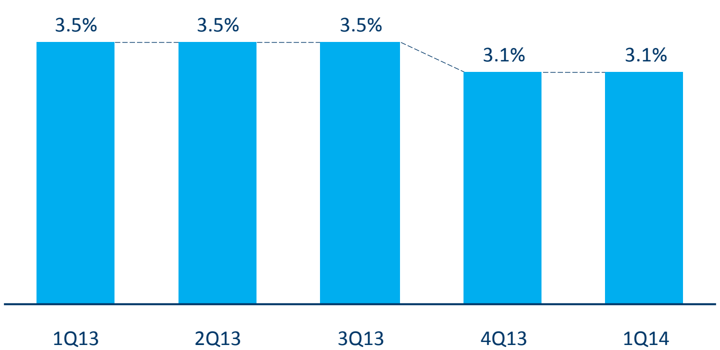


BELGIUM BU

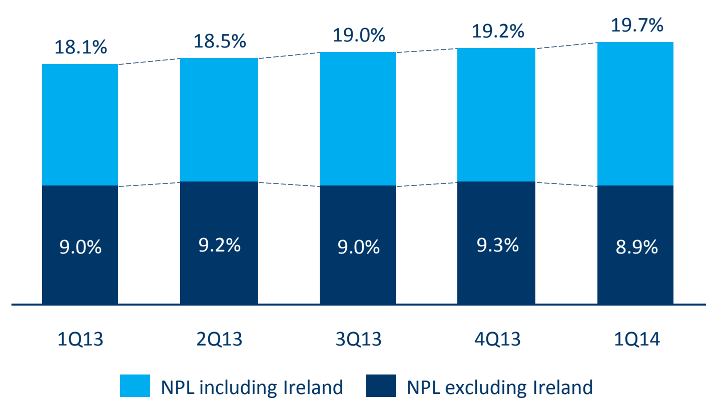


non-performing loan ratio

CZECH REPUBLIC BU



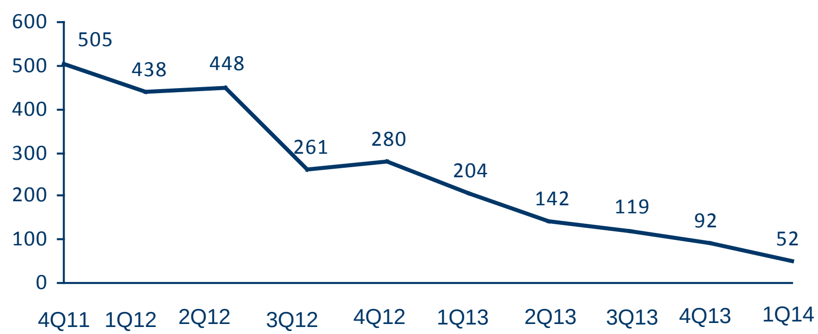
INTERNATIONAL MARKETS BU



Net CDO exposure further reduced in 1Q14

IN BN EUR	NET CDO EXPOSURE	OUTSTANDING MARKDOWNS
▪ CDO exposure protected with MBIA ▪ Other CDO exposure	3.2 0.9	-0.0 -0.1
TOTAL	4.1	-0.1

NEGATIVE P&L IMPACT[1] (m EUR) OF A 50% WIDENING IN CORPORATE AND ABS CREDIT SPREADS



1. Taking into account the guarantee agreement with the Belgian State

Reduction of 2.2bn EUR in net exposure in 1Q14 owing to the collapse of another CDO, which led to **a decrease in RWAs of roughly 0.7bn EUR**

Please note that the net CDO exposure excludes all expired, unwound, de-risked or terminated CDO positions and is after settled credit events.

REMINDER: CDO exposure largely covered by a State guarantee

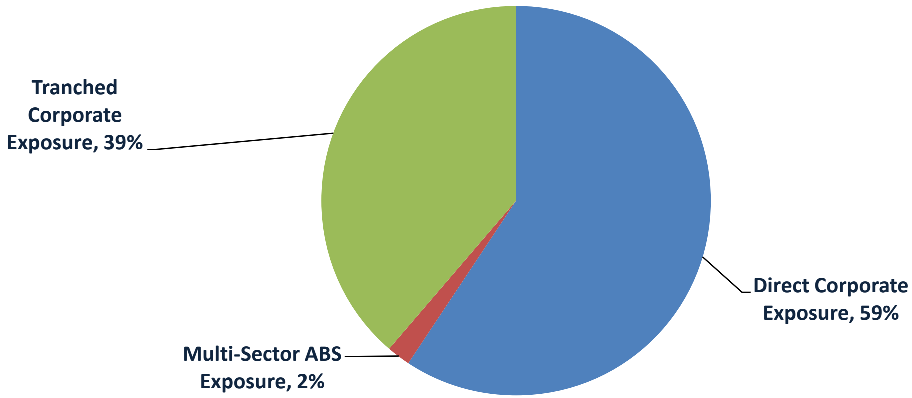
CDO exposure will continue to be viewed in an opportunistic way: we will reduce further if the net negative impact is limited (taking into account the possible impact on P&L, the value of the State guarantee and the reduction in RWA)

P&L sensitivity decreased by 40m EUR in 1Q14 following the collapse of another CDO and the tightening of the credit spreads for the names underlying the deals

Note that for MBIA, a provision rate is in place. At end 1Q14, it was kept constant at 60%

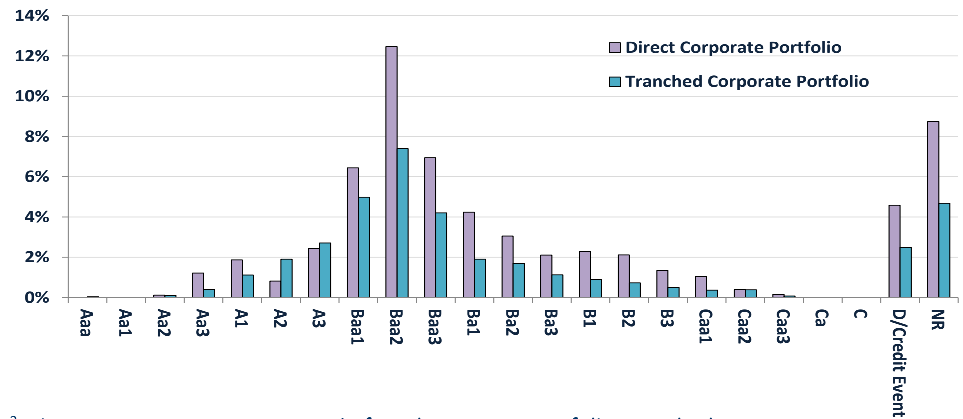
Breakdown of KBC's CDOs originated by KBC FP
(figures as of 7 April 2014)

BREAKDOWN OF ASSETS UNDERLYING KBC'S CDOS ORIGINATED BY KBC FP[1]



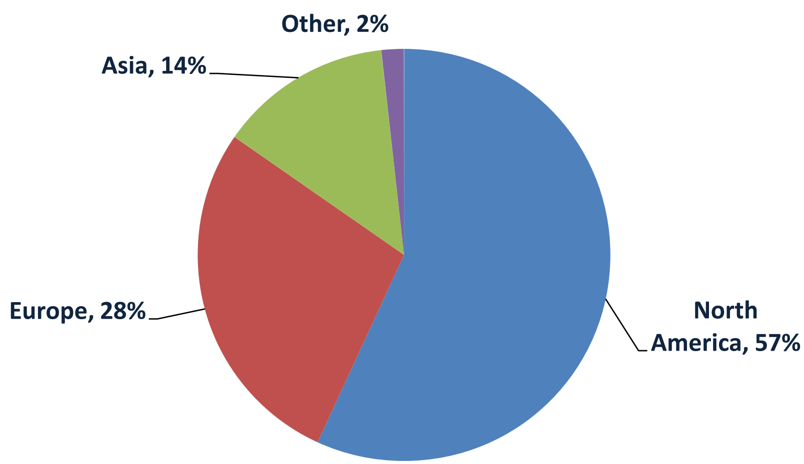
1. as % of total current deal notional, after settled credit events

CORPORATE BREAKDOWN BY RATINGS [3]



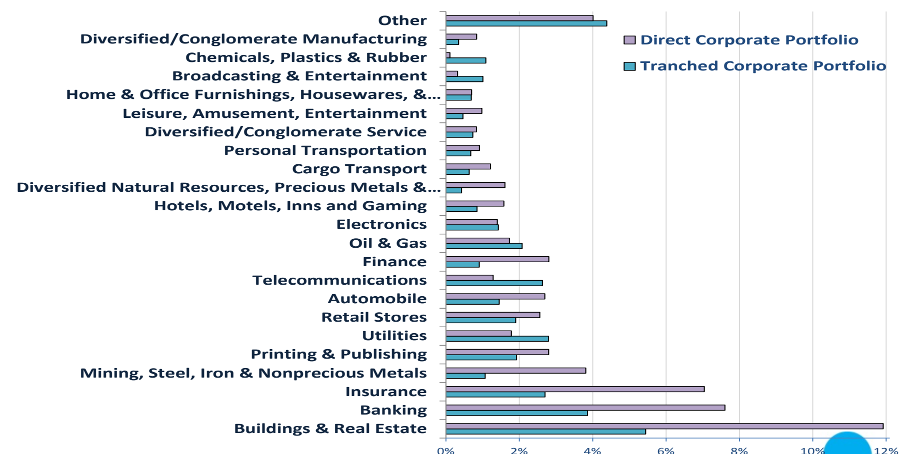
3. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody's ratings.

CORPORATE BREAKDOWN BY REGION[2]



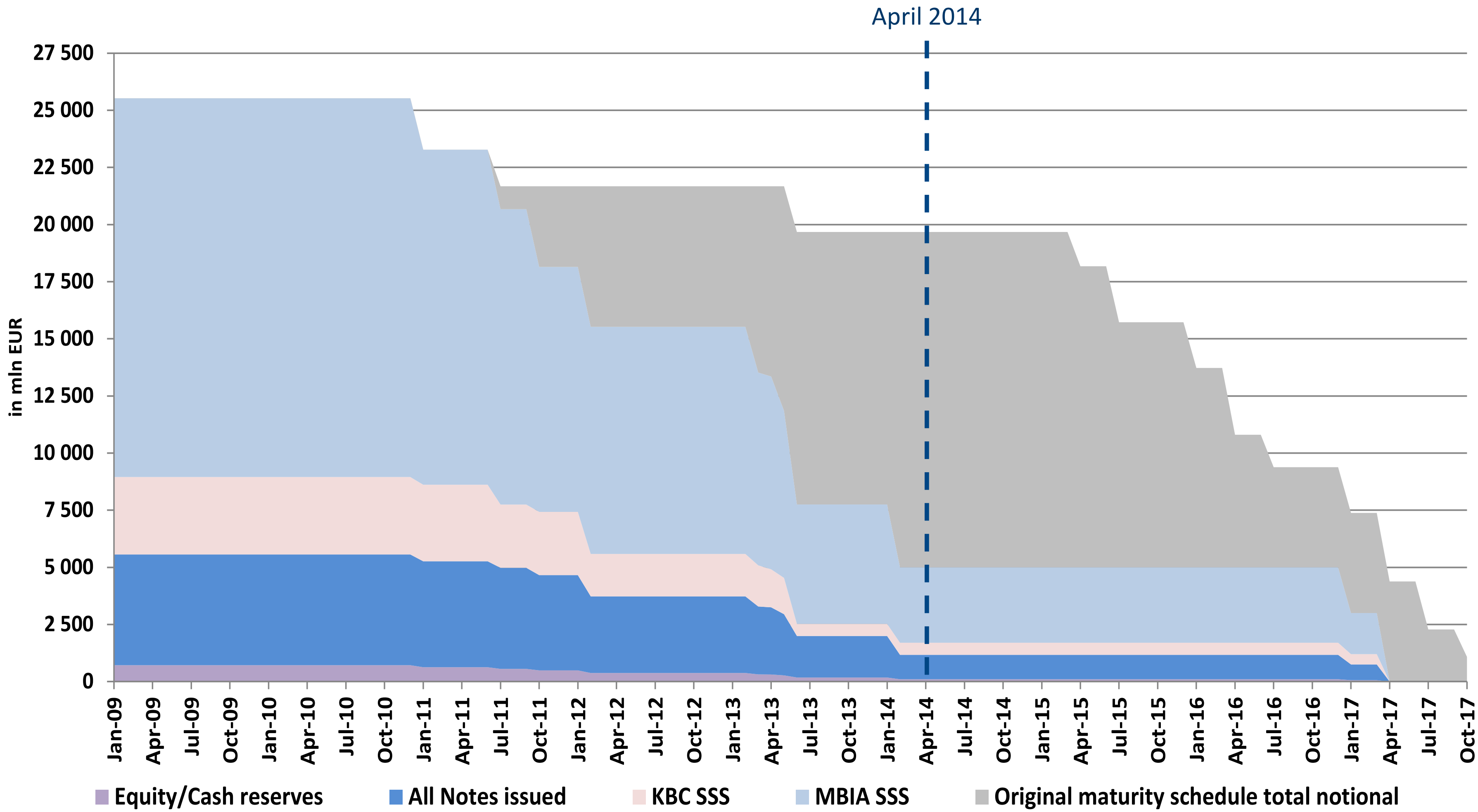
2. Direct and tranched corporate exposure as a % of the total corporate portfolio

CORPORATE BREAKDOWN BY INDUSTRY [4]



4. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody's ratings.

Maturity schedule of the CDOs issued by KBC FP



Summary of government transactions

- STATE GUARANTEE COVERING 3.8BN* EUROS' WORTH OF CDO-LINKED INSTRUMENTS
  - Scope, instrument-by-instrument approach
    - CDO investments that were not yet written down to zero (0.6bn EUR) when the transaction was finalised
    - CDO-linked exposure to MBIA, the US monoline insurer (3.2bn EUR)
  - First and second tranche: 0.9bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 0.4bn EUR (90% of 0.4bn EUR) from the Belgian State
  - Third tranche: 2.9bn EUR, 10% of potential impact borne by KBC

			Potential P&L impact for KBC	Potential capital impact for KBC
3.8bn - 100%	1st tranche	0.5bn	100%	100%
3.3bn - 87%	2nd tranche	0.4bn	100%	10% (90% compensated by equity guarantee)
2.9bn - 75%	3rd tranche	2.9bn	10% (90% compensated by cash guarantee)	10% (90% compensated by cash guarantee)

* Excluding all cover for expired, unwound, de-risked or terminated CDO positions and after settled credit events.

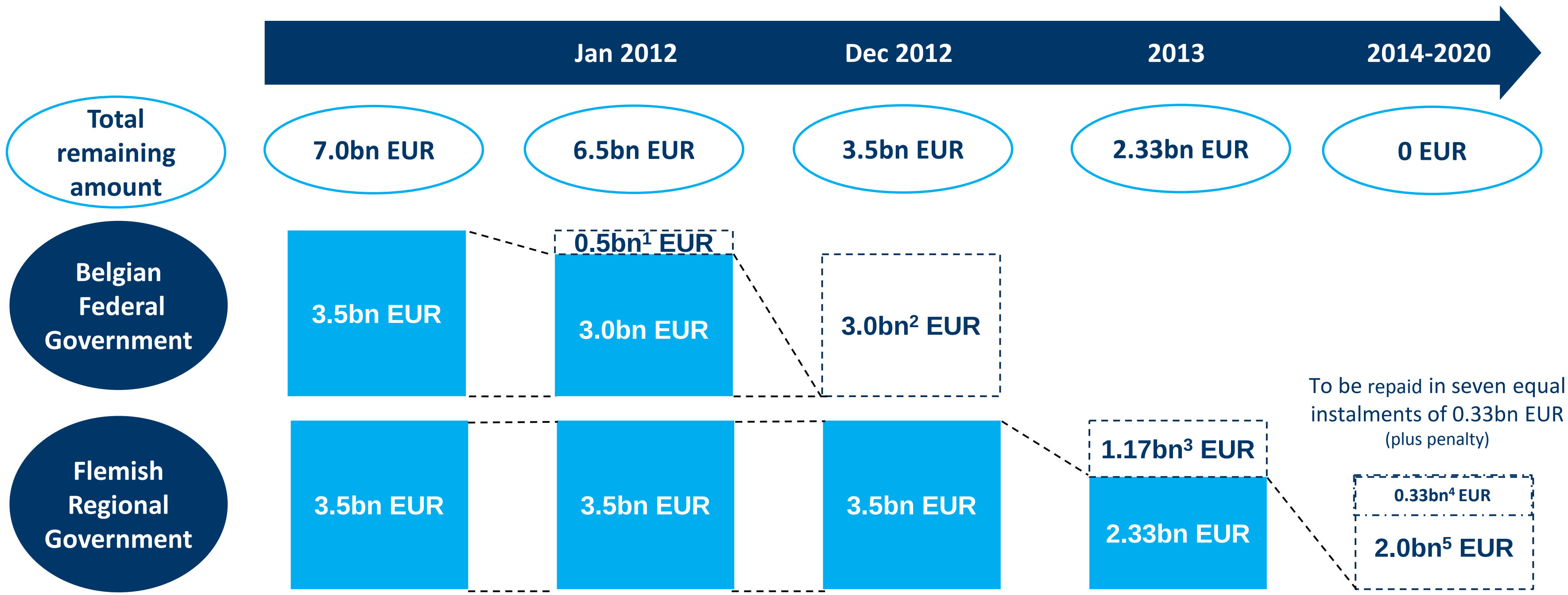
Summary of government transactions (2)

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

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

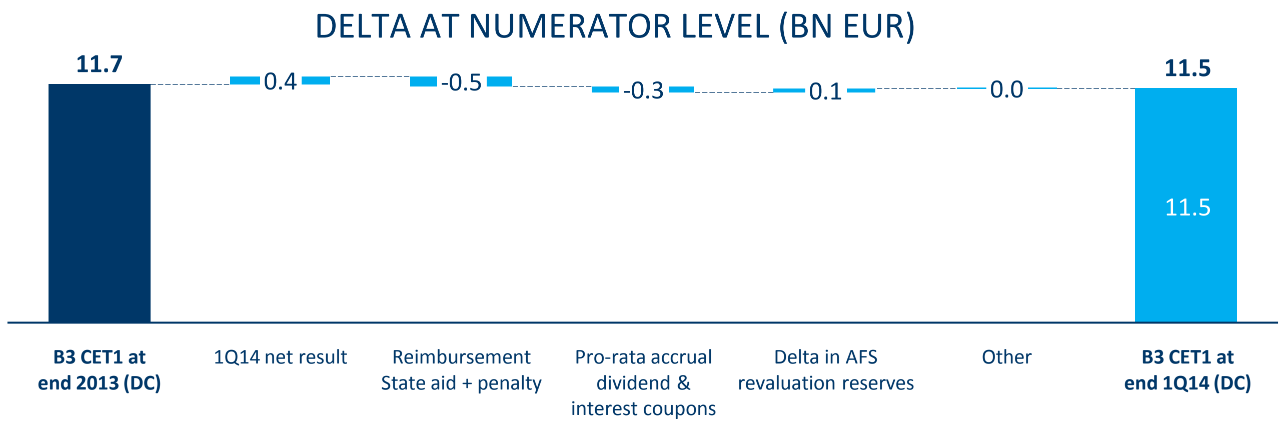
Assessment of the State aid position & repayment schedule

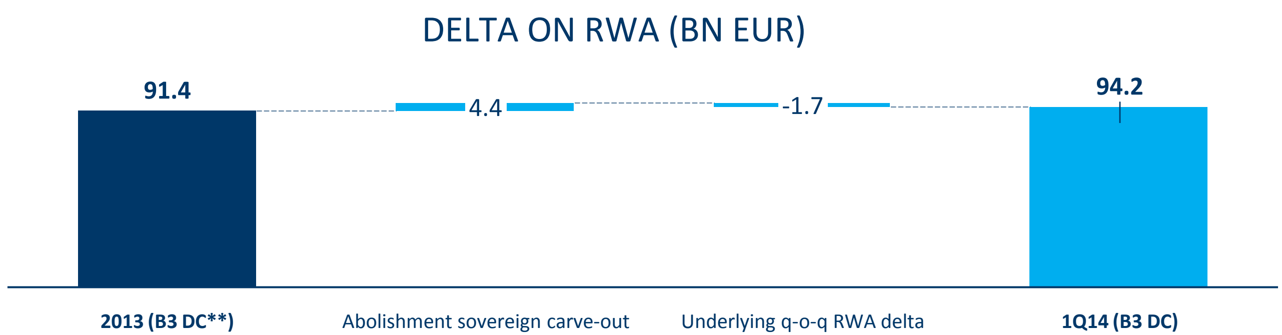
- KBC made accelerated full repayment of 3.0bn EUR of State aid to the Belgian Federal Government in December 2012 and the accelerated repayment of 1.17bn EUR of State aid to the Flemish Regional Government mid-2013, approved by the NBB
- KBC is committed to repaying the remaining outstanding balance of 2.33bn EUR owed to the Flemish Regional Government in seven equal instalments of 0.33bn EUR (plus premium) over the 2014-2020 period (KBC however has the option to further accelerate these repayments). At the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty), and as such saved 28m EUR in interest coupon payments



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

Fully loaded B3* CET1 based on Danish Compromise (DC) From 4Q13 to 1Q14





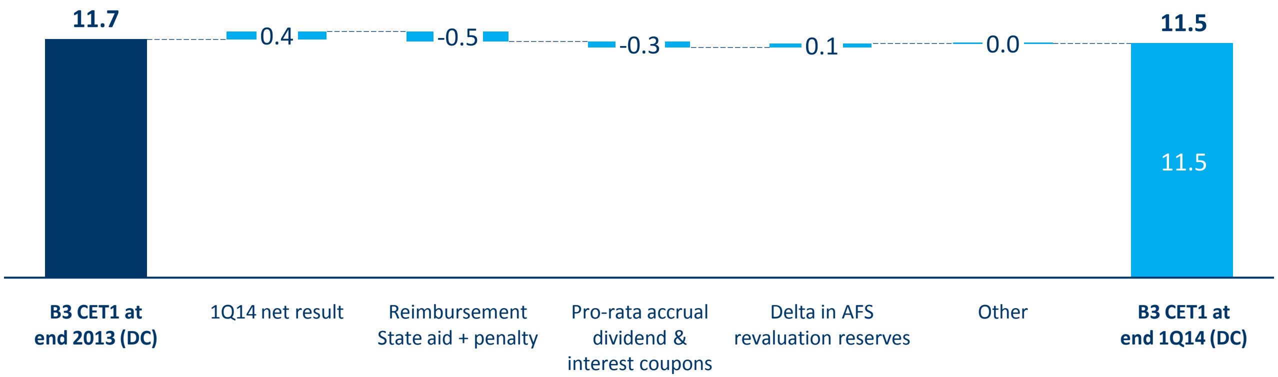
- Fully loaded B3 common equity ratio of approx. 12.2% at end 1Q14 based on Danish Compromise (DC)
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 1 January 2013

* Is including remaining State aid of 2bn EUR and the abolishment of the home country government bonds carve-out

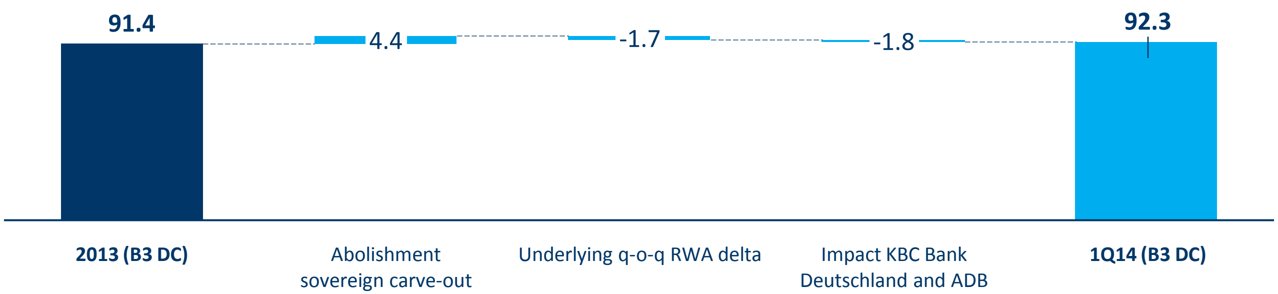
** Is including the RWA equivalent for KBC Insurance based on DC, calculated as the book value of KBC Insurance multiplied by 370%

Pro forma fully loaded B3* CET1 based on Danish Compr. From 4Q13 to 1Q14

DELTA AT NUMERATOR LEVEL (BN EUR)



DELTA ON RWA (BN EUR)



- Pro forma fully loaded B3 common equity ratio of approx. 12.5% at end 1Q14 based on Danish Compromise (DC)
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 1 January 2013

* Is including remaining State aid of 2bn EUR and the abolishment of the home country government bonds carve-out

P&L volatility from ALM derivatives

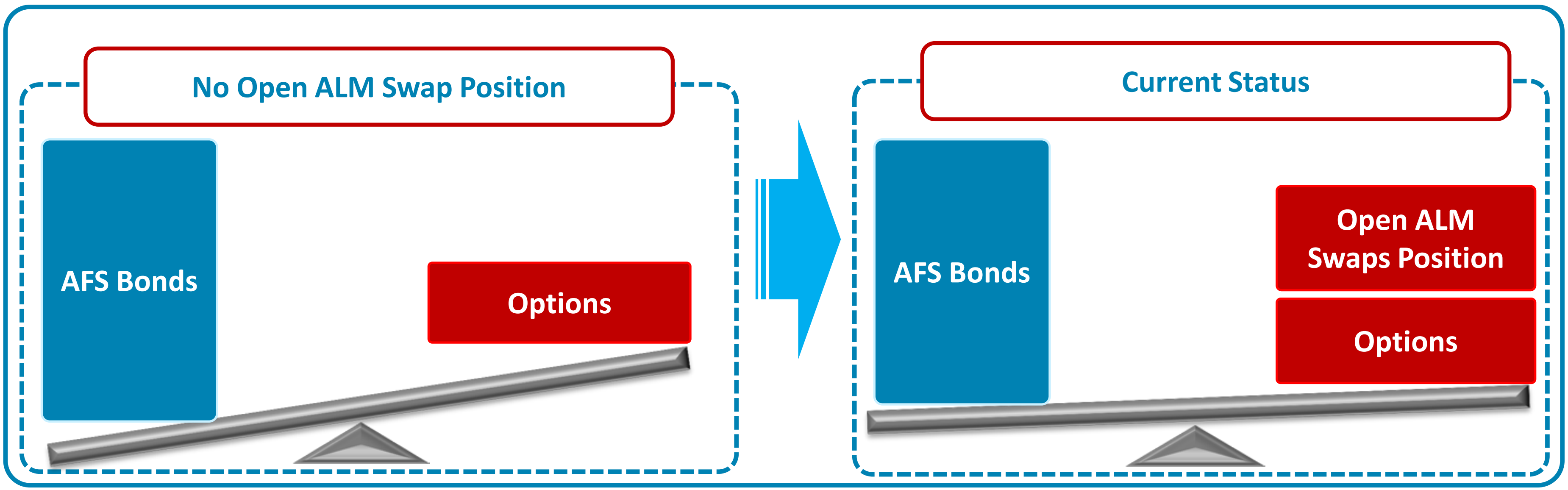
- ALM Derivatives (Swaps and Options) are used to hedge the interest rate risk of the loan & deposit portfolios. This creates an accounting mismatch between derivatives (at market value) and hedged products (at amortized cost)
  - Options are used to hedge the caps/floors which KBC is obliged by law 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, because of offsetting effect with AFS Bonds impact on capital ratios (which is not the case with valuation changes of cash flow hedges due to the applied regulatory capital filter)

Open ALM swap position
Protecting stability of capital ratio

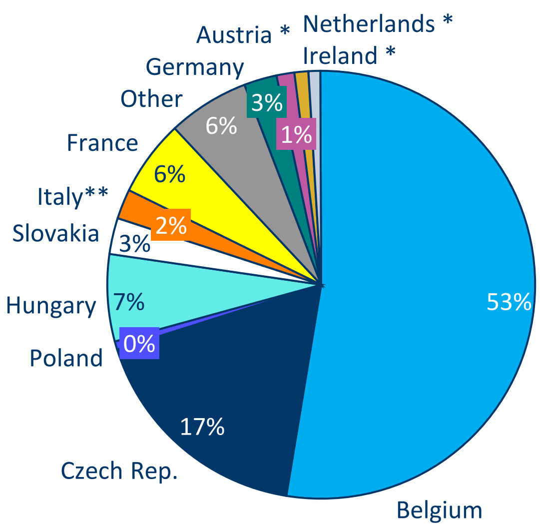
- Keeping part of the ALM swaps outside of hedge accounting reduces the volatility of the capital ratios as shown below (Basel III Fully Loaded + Danish Compromise Insurance Deconsolidation)
- Drawback is more volatility in P&L as revaluation of swaps goes through P&L, while the revaluation of the AFS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



Government bond portfolio – Notional value

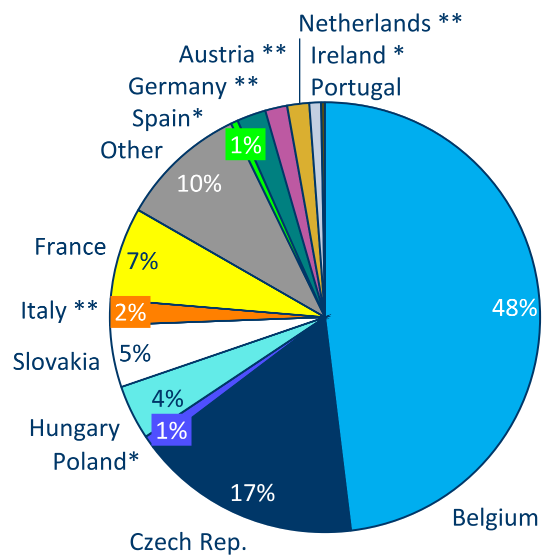
- Notional investment of 44.5bn EUR in government bonds (excl. trading book) at end of 1Q14, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 2.5bn EUR at end of 1Q14

END 2012
(Notional value of 47bn EUR)



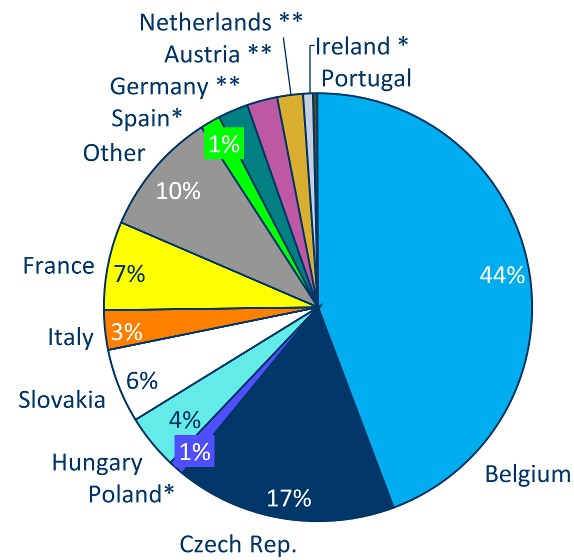
(*) 1%, (**) 2%

END 2013
(Notional value of 45.6bn EUR)



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

END 1Q14
(Notional value of 44.5bn EUR)

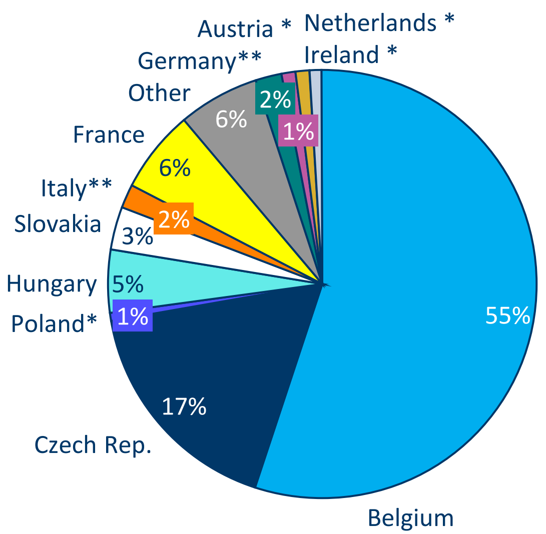


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

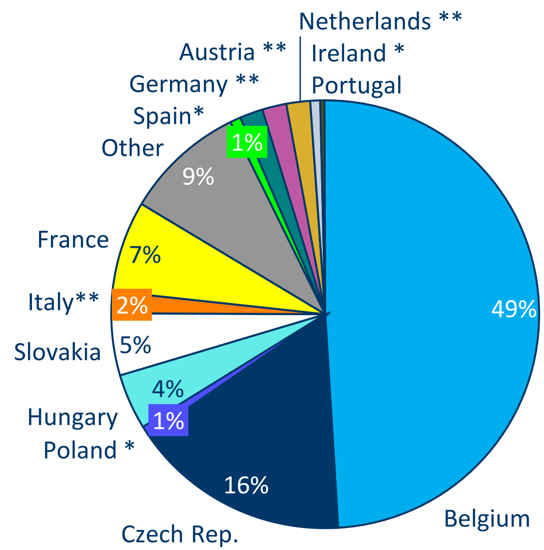
- Carrying value of 47.8bn EUR in government bonds (excl. trading book) at end of 1Q14, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 2.7bn EUR at end of 1Q14

END 2012
(Carrying value of 48.8bn EUR)



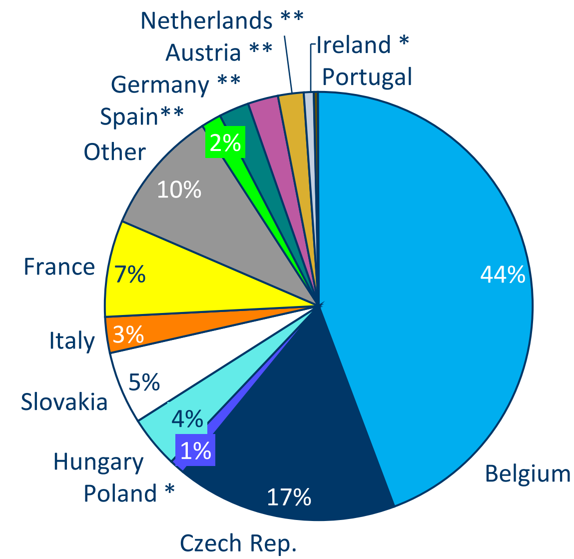
(*) 1%, (**) 2%

END 2013
(Carrying value of 48.5bn EUR)



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

END 1Q14
(Carrying value of 47.8bn EUR)

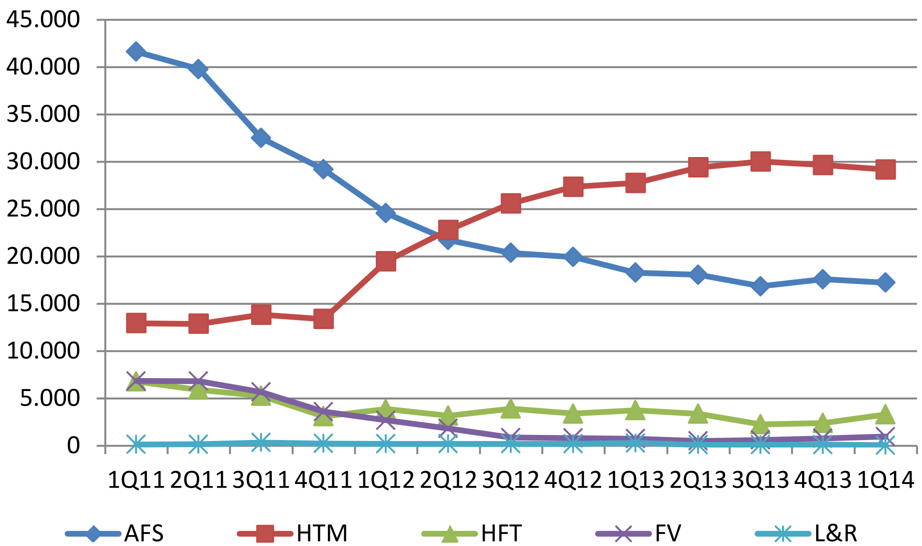


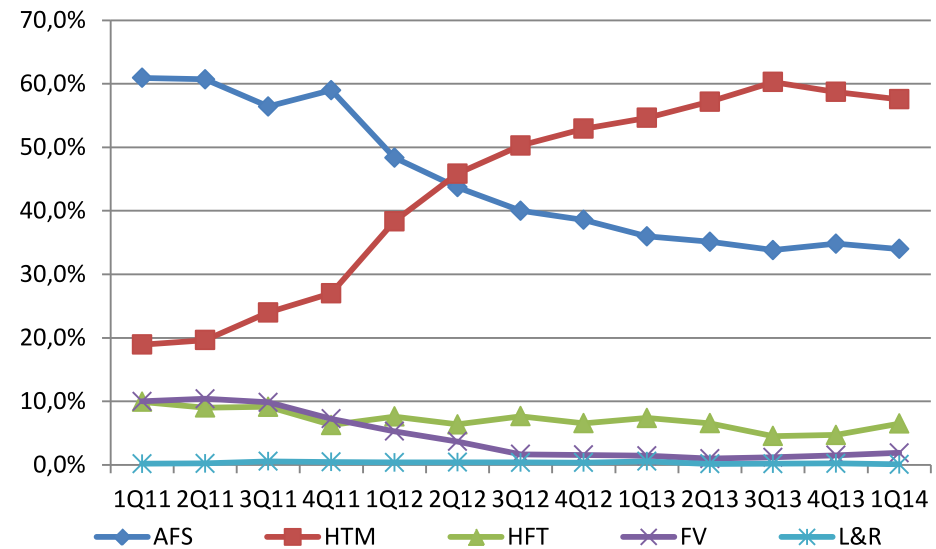
(*) 1%, (**) 2%

* 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

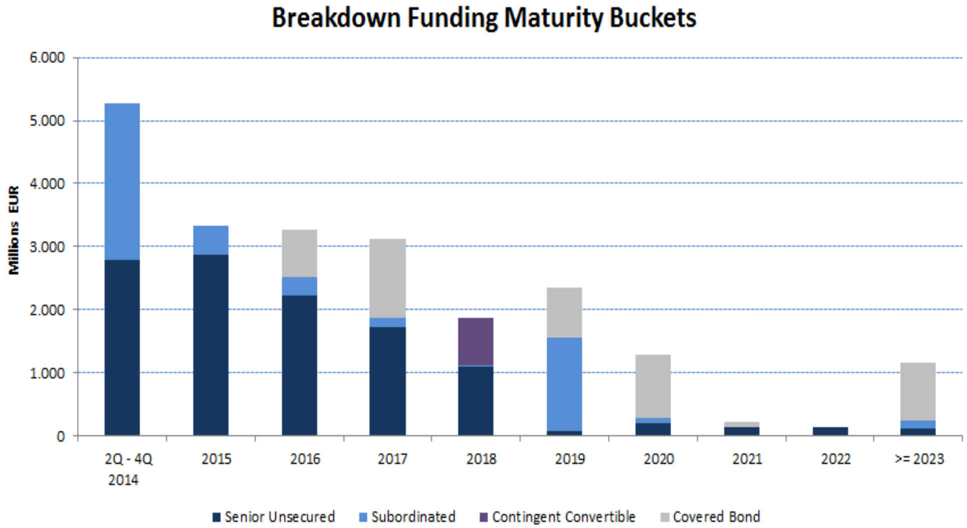
Government bond portfolio – Carrying value

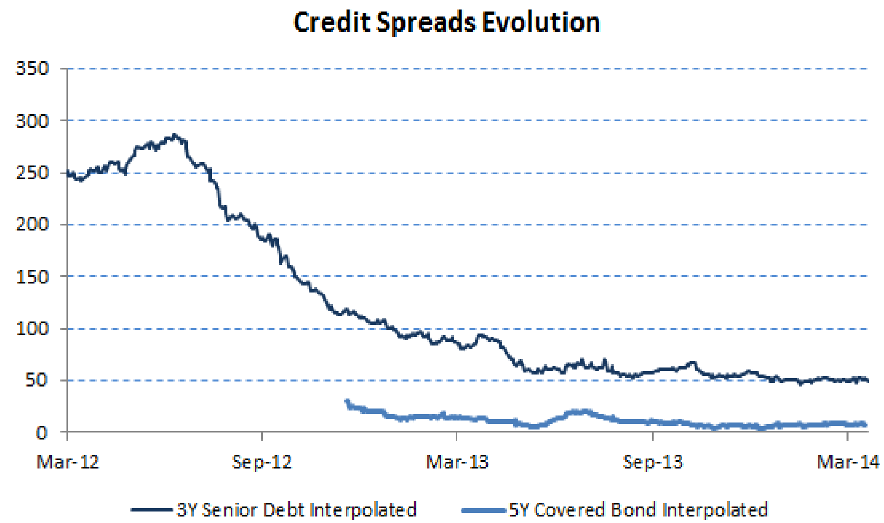
- Reclassification of the government bond portfolio from available-for-sale to held-to-maturity





Upcoming mid-term funding maturities





- KBC successfully issued a 5Y covered bond of 750m EUR and a CRD IV compliant Additional Tier-1 Instrument of 1.4bn EUR in the first quarter of 2014
- KBC's credit spreads remained very stable during 1Q14
- KBC Bank has 5 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds (supporting diversification of the funding mix)
  - Structured notes and covered bonds using the private placement format

Glossary

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)
(Core) Tier-1 capital ratio (Basel II)	[tier-1 capital] / [total weighted risks]. The calculation of the core tier-1 ratio does not include hybrid instruments (but does include the core-capital securities sold to the Belgian Federal and Flemish Regional governments)
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cover ratio	[impairment on loans] / [outstanding non-performing loans]. For a definition of 'non-performing', see 'Non-performing loan ratio'. Where appropriate, the numerator may be limited to individual impairment on non-performing loans
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
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]
Non-performing loan (NPL) ratio	[amount outstanding of non-performing loans (loans for which principal repayments or interest payments are more than 90 days in arrears or overdrawn)] / [total outstanding loan portfolio]
MARS	Mortgage Arrears Resolution Strategy
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)

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