

1Q2016

KBC Group Extended Quarterly Report



Management certification of financial statements and quarterly report

'I, Luc Popelier, Chief Financial Officer of the KBC Group, certify on behalf of the Executive Committee of KBC Group NV that, to the best of my knowledge, the abbreviated financial statements included in the quarterly report are based on the relevant accounting standards and fairly present in all material respects the financial condition and results of KBC Group NV including its consolidated subsidiaries, and that the quarterly report provides a fair view of the main events, the main transactions with related parties in the period under review and their impact on the abbreviated financial statements, and an overview of the main risks and uncertainties for the remainder of the current year.'

Forward-looking statements

The expectations, forecasts and statements regarding future developments that are contained in this report are, of course, based on assumptions and are contingent on a number of factors that will come into play in the future. Consequently, the actual situation may turn out to be (substantially) different.

Glossary of ratios used

See separate section at the end of this report.

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KBC Group

Report for 1Q2016



This report contains information that is subject to
transparency regulations for listed companies.
Date of release: 12 May 2016

Summary:

Strong start to 2016 reflected in profit of 392 million euros, despite high upfront bank taxes.

We aspire to being much more than just a bank and an insurance company. We want to enable and protect the dreams of our clients and to continue to earn their trust. We continuously strive to provide high-quality service. The strong start to 2016 is a testimony of this. We grew lending and deposit volumes and increased insurance sales, while the low cost of credit also underpinned the net result. Against a background of persisting low interest rates, modest economic growth in Belgium and firmer growth in Central Europe, KBC kicked off 2016 by posting a strong net profit figure of 392 million euros, compared to an exceptional 862 million euros in the preceding quarter and a very strong 510 million euros in the first quarter of 2015. Our result was driven by stable total income in our traditional business activities, lower operating expenses, higher bank taxes being booked upfront and the very low level of loan impairment charges.

Financial highlights for the first quarter of 2016, compared with the fourth quarter of 2015:

- Both the banking and insurance franchises in our core markets and core activities performed well.
- More loans were again granted in Belgium (+1% in just one quarter), the Czech Republic (+3%), Slovakia (+2%) and Bulgaria (+2%), while clients further increased their deposits in most of our countries: Belgium (+3%), the Czech Republic (+1%), Slovakia (+6%) and Ireland (+4%).
- Net interest income was slightly up thanks to rate cuts, volume growth and lower funding costs and despite the environment of low interest rates and a certain amount of pressure on loan margins. Our net interest margin edged up quarter-on-quarter (from 1.95% to 1.96%).
- Sales of non-life insurance products across almost all our markets were up, and the non-life combined ratio stood at 91% year-to-date, significantly impacted by the claims due to terrorist attacks in Brussels. Excluding these claims, the combined ratio stood at an excellent 82%. Aggregate sales of life products increased.
- Clients continued to entrust their assets to KBC, but the markets performed poorly, causing total assets under management of our group to fall slightly to 207 billion euros. Our net fee and commission income dropped by 7%, due mainly to lower management fees stemming from a more cautious investment allocation.
- Excluding the 335 million euros in bank taxes heavily influencing the financial result, costs were down by 7%. The cost/income ratio stood at 71% year-to-date, due to bank taxes being booked upfront. After evenly spreading the bank taxes and excluding exceptional items, the cost/income ratio came to 57%.
- The cost of credit amounted to an unsustainably low 0.01% of our loan portfolio.
- Our liquidity position remains solid, and our capital base – with a common equity ratio of 14.6% (phased-in, Danish compromise) – remains well above the regulators' target of 10.25% for 2016.



Johan Thijs, our group CEO, adds:

'The persisting environment of low interest rates poses a real challenge to financial institutions, including our own. However, clients continue to entrust their deposits to us and count on us to help them realise their projects. Once again, lending and deposit volumes increased, as did insurance sales. We are genuinely grateful for this signal of trust from our clients and this proves the success of our bank-insurance model.'

The quarter was characterised by stable total income in our core business, lower operating expenses – disregarding the upfront booking of bank taxes – and a very low cost of credit. We can add a good performance of the insurance business to this, particularly in sales. Our bank-insurance approach ultimately generated a strong result of 392 million euros in the first quarter of this year.

The solvency and liquidity positions of KBC Group remain very healthy, which is comforting for our clients, employees and stakeholders alike.

Our goal is to ensure that our clients, shareholders and other stakeholders benefit from our activities, something which all our employees are committed to working towards. For 2016, we are focusing entirely on the further development of our bank-insurance business and on supporting the local economies and clients in the countries in which we operate. We are continuing to invest in the future and to pro-actively roll out our financial technology plans so we can serve our clients even better going forward. The continuing low level of interest rates as well as the volatility on the financial markets present a challenge for the entire financial sector. However, our bank-insurance model, supported by a solid liquidity and capital base, allows us to generate sustainable results.'

Overview KBC Group (consolidated)	1Q2015	4Q2015	1Q2016
Net result, IFRS (in millions of EUR)	510	862	392
Basic earnings per share, IFRS (in EUR)*	1.19	-0.36	0.91
Breakdown of the net result, IFRS, by business unit (in millions of EUR)			
Belgium	330	348	209
Czech Republic	143	119	129
International Markets	24	61	60
Group Centre	13	334	-6
Parent shareholders' equity per share (in EUR, end of period)	33.3	34.5	34.3

* Note: if a coupon is paid on the core-capital securities sold to the Flemish Regional Government and a coupon is paid on the additional tier-1 instruments included in equity, it will be deducted from the numerator (*pro rata*). If a penalty has to be paid on the core-capital securities, it will likewise be deducted.

Business highlights in the quarter under review

- Our core strategy remains focused on providing bank-insurance products and services to retail, SME and mid-cap clients in Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria.
- On the macroeconomic front, the first quarter of 2016 began with fears that the weakness in the emerging markets would spill over and have an adverse impact on developed markets. Producer confidence in both the manufacturing and service sector deteriorated. This threatened Europe's recovery, which is primarily based on domestic demand growth. Fortunately, sentiment – particularly in the emerging markets and China – stabilised again, reducing the risk to European economic growth for the time being. In the euro area, economic growth doubled from 0.3% quarter-on-quarter in the fourth quarter of 2015 to 0.6% in the first quarter of 2016, underlining the argument of resilient domestic demand. In Belgium, growth in the first quarter slowed down to 0.2%, from 0.5% in Q4 2015, partly due to the impact of the Brussels terrorist attacks in March. Central European first quarter growth figures were not yet available, but forward-looking indicators pointed at some growth deceleration in the beginning of 2016 across the region. Although indicators in Central Europe have been gradually deteriorating, their decline has been moderate so far and the levels remain fairly high. Euro-area inflation remained significantly lower (-0.2% headline inflation and 0.8% core inflation in April), due to persistently low energy prices and slack in the European economy. The low level of inflation led the ECB to ease its monetary policy stance further by cutting its deposit rate to minus 40 basis points and increasing the size of its asset purchase programme from 60 to 80 billion euros per month. Among other measures, the scope of these purchases was extended to the corporate bond market. Uncertainty on the financial markets, stock market corrections and falling benchmark bond yields continued until mid-February. Thereafter, the stock markets recovered, volatility decreased again, and the German 10-year government bond yield rose again from its temporary low of 10 basis points.
- We also embrace our broader role in society. To give one example, we are convinced that we can make a positive contribution to mobility and road safety by offering our clients appropriate solutions. KBC is the only group in Belgium that brings together all aspects of mobility in terms of finance, insurance and assistance. Through companies like KBC Insurance, KBC Autolease and VAB, KBC has access to market leaders and much respected discussion partners in specific areas of mobility. Today, these three companies are facing the same mobility-related trends and challenges. KBC now wants to take this to the next level. By ensuring that KBC Insurance, KBC Autolease and VAB combine their efforts and work together within the KBC Mobility programme, KBC aims to become the reference for sustainable, quality mobility solutions in Belgium. Existing examples are a bicycle loan, mobility advice, car-sharing and roadside bike assistance and our focus on mitigating hassle following an accident using the KBC Assist app. In this way, KBC is actively looking to respond to the changing needs of clients and society. Next to this, on the corporate sustainability and responsibility front, we launched the 'Renovation loan for owners associations' in Belgium to facilitate sustainable and energy-efficient improvements to buildings. In the Czech Republic, ČSOB launched 'ČSOB Helps the Regions', a grant programme where 4 million Czech koruna will be distributed among NGOs operating in local communities. Thanks to the donations generated by the 'Good Will Card' scheme run by ČSOB Private Banking, the 'Help Fund' budget for 2016 increased to 1.3 million Czech koruna, which creates the opportunity to finance special care provided by medical institutions specialised in neuro-rehabilitation. In Hungary, K&H Insurance achieved an outstanding 3rd place in the public vote for the 'Customer-Friendly Insurer of the Year 2015' award. K&H's efforts through its 'Ready, Steady, Money!' financial competition were recognised by the special award in the 'Most Creative Good Deed' category in the 'Three Good Deeds' CSR competition.
- Our long-term commitment to society was highlighted by the combined 80th anniversary of KBC and KBC Ancora's stock market history. It's now 65 years since the Kredietbank's shares were first listed on what was then the Brussels Stock Exchange. Since the KBC merger in 1998, these shares have been listed under the KBC label. And, following the establishment of Almanora by KBC shareholder Cera, it's been 15 years since the share was listed on Euronext, first as Almanora and later as KBC Ancora. Together, KBC and KBC Ancora have now chalked up 80 years of stock market history. Over that period, the two institutions have actively contributed to the development of Belgium's economy and society.

Overview of our results and balance sheet

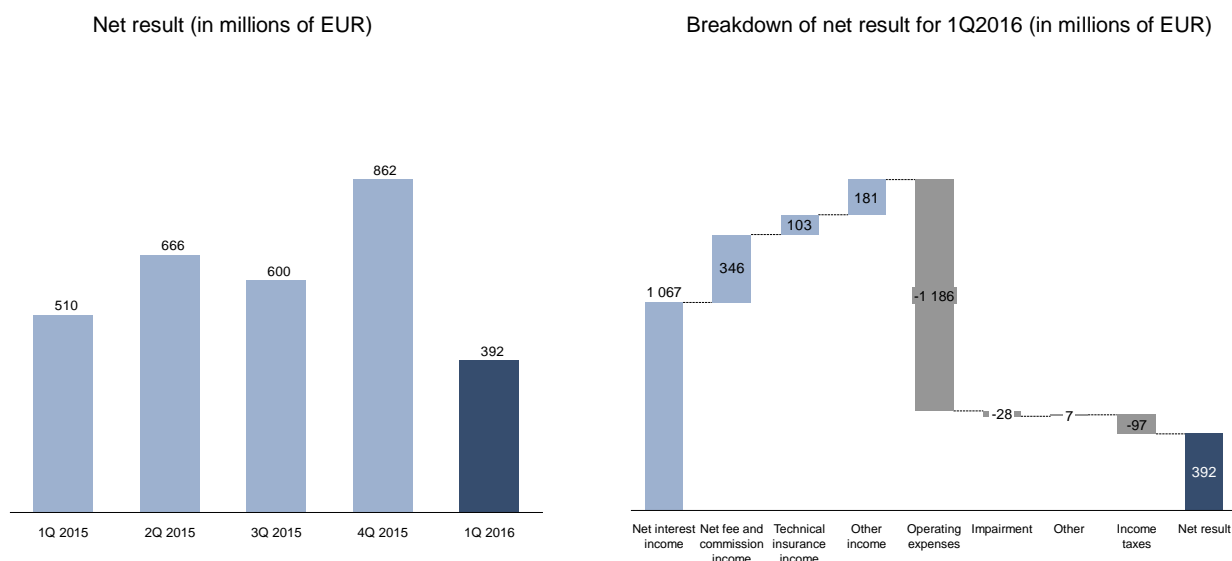
We provide a full overview of our IFRS consolidated income statement and balance sheet in the 'Consolidated financial statements' section of the quarterly report. Condensed statements of comprehensive income, changes in shareholders' equity, as well as several notes to the accounts, are also available in the same section.

Consolidated income statement, IFRS KBC Group (in millions of EUR)	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
Net interest income	1 091	1 092	1 062	1 066	1 067
Interest income	1 850	1 804	1 770	1 725	1 707
Interest expense	-759	-712	-708	-659	-639
Non-life insurance (before reinsurance)	167	155	142	147	145
<i>Earned premiums</i>	320	326	335	338	341
<i>Technical charges</i>	-153	-172	-193	-191	-196
Life insurance (before reinsurance)	-48	-51	-51	-51	-35
<i>Earned premiums</i>	302	265	289	445	426
<i>Technical charges</i>	-350	-316	-340	-496	-461
Ceded reinsurance result	-11	-7	0	-10	-8
Dividend income	12	39	13	12	10
Net result from financial instruments at fair value through P&L	57	179	47	-68	93
Net realised result from available-for-sale assets	80	36	44	30	27
Net fee and commission income	459	465	383	371	346
Fee and commission income	632	634	547	533	507
Fee and commission expense	-174	-169	-164	-162	-161
Other net income	49	105	96	47	51
Total income	1 855	2 013	1 736	1 543	1 697
Operating expenses	-1 125	-941	-862	-962	-1 186
Impairment	-77	-149	-49	-472	-28
on loans and receivables	-73	-138	-34	-78	-4
on available-for-sale assets	-3	-7	-15	-21	-24
on goodwill	0	0	0	-344	0
other	-1	-5	0	-29	-1
Share in results of associated companies and joint ventures	6	8	6	5	7
Result before tax	659	930	831	114	489
Income tax expense	-149	-264	-231	749	-97
Net post-tax result from discontinued operations	0	0	0	0	0
Result after tax	510	666	600	863	392
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	510	666	600	862	392
Basic earnings per share (EUR)*	1.19	1.56	1.41	-0.36	0.91
Diluted earnings per share (EUR)*	1.19	1.56	1.41	-0.36	0.91

* Note: if a coupon is paid on the core-capital securities sold to the Flemish Regional Government and a coupon is paid on the additional tier-1 instruments included in equity, it will be deducted from the numerator (*pro rata*). If a penalty has to be paid on the core-capital securities, it will likewise be deducted.

Key consolidated balance sheet figures KBC Group (in millions of EUR)	31-03-2015	30-06-2015	30-09-2015	31-12-2015	31-03-2016
Total assets	258 396	256 654	257 632	252 356	261 551
Loans and advances to customers	124 632	126 093	126 971	128 223	129 703
Securities (equity and debt instruments)	71 948	70 755	71 115	72 623	72 860
Deposits from customers and debt certificates	167 922	170 159	171 412	170 109	173 646
Technical provisions, before reinsurance	19 181	19 198	19 365	19 532	19 619
Liabilities under investment contracts, insurance	13 263	12 937	12 422	12 387	12 508
Parent shareholders' equity	13 928	13 576	14 022	14 411	14 335
Non-voting core-capital securities	2 000	2 000	2 000	0	0

Analysis of the quarter (1Q2016)



The net result for the quarter under review amounted to 392 million euros, compared to 862 million euros quarter-on-quarter and 510 million euros year-on-year.

Total income up 10% quarter-on-quarter, given the liquidation of KBC Financial Holding Inc. in the fourth quarter of 2015, but stable excluding this item. Net interest income slightly up, good insurance sales and net fee and commission income down.

- Net interest income stood at 1 067 million euros in the first quarter of 2016. In the current environment of low yields, our net interest income was slightly up quarter-on-quarter, but contracted by 2% year-on-year. The quarter-on-quarter trend was driven by better lending income through volume growth, lower funding costs and rate cuts on savings accounts, which offset the impact of lower reinvestment yields and pressure on loan margins. As a result, the net interest margin came to 1.96% for the quarter under review, more or less in line with the level of the previous quarter, but 14 basis points lower than the level of the year-earlier quarter. Interest income continued to be supported by volume growth: loans went up both quarter-on-quarter (by 1%) and year-on-year (by 4%), while deposit volumes went up by 2% quarter-on-quarter and by 3% year-on-year.
- Technical income from our non-life and life insurance activities increased quarter-on-quarter but fell year-on-year. Gross earned premiums less gross technical charges and the ceded reinsurance result contributed 102 million euros to total income, 19% more than in the previous quarter but 6% less than in the year-earlier quarter.

Earned premiums from our non-life insurance activities increased by 1% quarter-on-quarter and by 7% year-on-year. Claims during the first quarter were up 2% on the previous quarter and 28% on their level in the first quarter of 2015, mainly on account of the contribution to the 'Terrorism Reinsurance and Insurance Pool'. The combined ratio came to a 91% year-to-date, significantly impacted by the claims due to terrorist attacks in Brussels. Excluding these claims, the combined ratio stood at an excellent 82%.

Sales of guaranteed-rate life insurance products were roughly flat quarter-on-quarter and up 28% year-on-year, driven by the low interest rate environment and the uncertain investment climate. Sales of unit-linked life insurance products (not included in life premium income) were up 29% quarter-on-quarter and 24% year-on-year. The result was driven by successful commercial efforts, particularly in Belgium and Slovakia.

It should be noted that, during the first quarter of 2016, investment income derived from insurance activities was up 12% on its level of the previous quarter, and down 30% on the year-earlier quarter. Both changes were primarily driven by a lower realised result from available-for-sale assets and changes in impairment (higher year-on-year but lower quarter-on-quarter).

- The financial markets continued to experience persistent uncertainty and investment behaviour was hesitant in this environment. Even so, new entries boosted total assets under management. However, the negative price performance caused total assets under management to decrease to 207 billion euros, 1% lower than the end-of-year figure for 2015. Compared to a year ago, they remained more or less stable, with 4% growth in net entries mitigated by a negative price performance (-5%). The main reasons for the decrease in our net fee and commission income, which came to 346 million

euros (down 25% year-on-year and 7% quarter-on-quarter) were lower entry fees on mutual funds, a lower level of management fees for mutual funds, due to a different asset allocation, lower payment services fees and lower credit related fees offset somewhat by a rebound in entry fees for unit-linked life insurance products.

- The net result from financial instruments at fair value was 93 million euros in the first quarter of 2016, compared to a negative 68 million euros in the previous quarter and 57 million euros in the year-earlier quarter. The last quarter of 2015 had been negatively impacted by the one-off translation difference on the liquidation of KBC Financial Holding Inc. (-156 million euros). Disregarding this effect, fair value income increased by 6% quarter-on-quarter. The quarterly trend was influenced primarily by a marginally higher valuation of derivative instruments used for asset/liability management purposes, a higher level of income generated by the dealing rooms, a one-off benefit from unwinding the hedge of the previous TLTRO from the ECB and the negative impact of valuation adjustments (MVA/CVA/FVA) because of increased exposure and wider credit spreads.
- All other income items combined amounted to 88 million euros. They comprise realised gains on the sale of available-for-sale assets (27 million euros for the quarter under review), dividend income (10 million euros) and other net income (51 million euros).

Operating expenses distorted by bank taxes being booked upfront: excluding special bank taxes, operating expenses down quarter-on-quarter and year-on-year.

- Our operating expenses amounted to 1 186 million euros for the first quarter of 2016, significantly up (23%) on their level of the previous quarter, and up 5% year-on-year. Disregarding bank taxes (335 million euros in this quarter, compared to 49 million in the last quarter of 2015 and 264 million euros in the first quarter of 2015), our operating expenses decreased by 7% quarter-on-quarter and by 1% year-on-year. The quarter-on-quarter decrease was accounted for by traditionally higher marketing expenses and professional fees at year end, as well as by higher pension expenses (lower interest rates) in the previous quarter. The year-on-year decrease resulted from a number of factors, including lower expenses following a decrease in staffing levels in Belgium and the Czech Republic.
The cost/income ratio of our banking activities stood at 71% year-to-date, given the upfront charging of bank taxes (compared to 55% for 2015). Excluding a number of non-sustainable items, the cost/income ratio stood at 57% (likewise compared to 55% for 2015).

Loan impairment charges: extremely low credit cost ratio of 0.01%

- Loan losses stood at an all-time low 4 million euros, well down on the quarter-earlier level of 78 million euros and 73 million euros in the first quarter of 2015. The quarter-on-quarter decrease is accounted for by the very low number of new impaired loans in all segments (retail, SME and corporate). Impairment came to 6 million euros in Belgium, 1 million euros in the Czech Republic, 1 million euros in Slovakia, 1 million euros in Bulgaria, close to zero in the Group Centre and there were net loan loss releases (positive impact) of 2 million euros in Hungary and 3 million euros in Ireland. For the entire group, loan loss impairment in 1Q2016 accounted for some 0.01% the total loan portfolio.
- Impairments on available-for-sale assets stood at 24 million euros, a slight increase on the quarter-earlier figure of 21 million euros and well up on the year-earlier figure of 3 million euros. Impairment was primarily on shares at KBC Insurance.

Results per business unit

- Our quarterly profit of 392 million euros breaks down into 209 million euros for the Belgium Business Unit, 129 million euros for the Czech Republic Business Unit, 60 million euros for the International Markets Business Unit and -6 million euros for the Group Centre. A full results table and a short analysis per business unit are provided in the 'Results per business unit' section of the quarterly report, while more information for each business unit is also given in the analyst presentation (both available at www.kbc.com).

Strong fundamentals: equity, solvency and liquidity

- At the end of March 2016, our total equity stood at 15.7 billion euros, down 0.1 billion euros on its level at the end of 2015. The change in total equity during the year resulted from the inclusion of profit for 1Q2016 (+0.4 billion euros), the lower valuation of cash flow hedges (-0.3 billion euros) and remeasurements of defined benefit plans (-0.2 billion euros).
- Our solvency ratios comfortably passed the newly implemented regulators' joint solvency test for 2016 (a minimum of 10.25%, Basel III, phased-in under the Danish compromise). At 31 March 2016, the group's common equity ratio (Basel III, phased-in under the Danish compromise) stood at a strong 14.6%. The fully loaded figure was 14.6%, as well. The leverage ratio for the group (Basel III, fully loaded) came to 5.9%. The solvency ratio for KBC Insurance at 31 March 2016 was an excellent 210% under the new Solvency II framework.
- The group's liquidity position remained at an excellent level, as reflected in an LCR ratio of 130% and an NSFR ratio of 121% at the end of the first quarter of 2016.

Selected ratios for the KBC group (consolidated)	FY2015	1Q2016
Profitability and efficiency		
Return on equity	22%	12%
Cost/income ratio, banking	55%	71%
Combined ratio, non-life insurance	91%	91%
Solvency		
Common equity ratio according to Basel III (phased-in)	15.2%	14.6%
Common equity ratio according to Basel III (fully loaded)	14.9%	14.6%
Common equity ratio according to FICOD method (fully loaded)	14.6%	13.5%
Leverage ratio according to Basel III (fully loaded)	6.3%	5.9%
Credit risk		
Credit cost ratio	0.23%	0.01%
Impaired loans ratio	8.6%	8.2%
for loans more than 90 days overdue	4.8%	4.7%
Liquidity		
Net stable funding ratio (NSFR)	121%	121%
Liquidity coverage ratio (LCR)	127%	130%

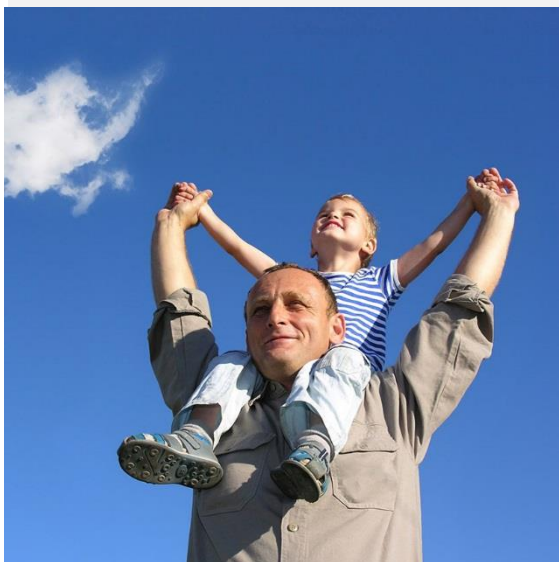
Statement of risk

- As we are mainly active in banking, insurance and asset management, we are exposed to a number of typical risks for these financial sectors such as – but not limited to – credit default risk, counterparty credit risk, concentration risk, movements in interest rates, currency risk, liquidity and funding risk, insurance underwriting risk, changes in regulations, operational risk, customer litigation, competition from other and new players, as well as the economy in general. Although KBC closely monitors and manages each of these risks within a strict risk framework containing governance and limits, they may all have a negative impact on asset values or could generate additional charges beyond anticipated levels.
- At present, a number of items are considered to constitute the main challenges for the financial sector in general and, as a consequence, are also relevant to KBC. Increasing capital requirements are a dominant theme for the sector. Major current regulatory initiatives relate to credit risk, operational risk, trading risk, ALM risk and consumer protection. Besides regulation, the low interest rate environment remains a continuing challenge. If low rates were to be sustained, this would put considerable pressure on the long-term profitability of banks and especially insurers. The risk radar screen of financial institutions show that financial technology is an additional challenge for the business model of traditional financial institutions. Finally, cyber risk has become one of the main threats during the past few years, not just for the financial sector, but for the economy as a whole.
- Risk management data are provided in our annual reports, extended quarterly reports and dedicated risk reports, all of which are available at www.kbc.com.
- On the macroeconomic front, the persistently low rate of inflation means that the ECB is likely to at least maintain its highly accommodating policy stance, or even loosen it further, for an extended period of time. On the other hand, according to its own guidance, the Fed is likely to continue its rate normalisation path in 2016 in a moderate way. This divergence between Fed and ECB policy will probably weaken the euro against the US dollar somewhat in 2016. Low inflation, accommodating monetary policy and continuing fragile global economic growth mean that bond yields will remain low during 2016. Nevertheless, they will very gradually rise when the Fed effectively carries out its measured policy rate hikes towards normalisation, because the financial markets have not yet priced this in. Moreover, the continuing recovery will further reduce slack in the economy, while the year-on-year impact of low energy prices will gradually disappear in the second half of 2016. German rates will follow their US counterpart, but to a lesser extent. As a result, we expect the US-German bond yield spread to widen.
- Despite the expected fragility in emerging markets, we expect 2016 to be a year of sustained economic growth in both the euro area and the US. The fundamental reasons are the resilience of domestic demand, in particular private consumption, somewhat accommodating fiscal policy, and strengthening investment growth, especially in the US. Economic growth in the euro area will be in line with its 2015 level, while US growth might be somewhat lower due to the weak start to 2016, which we expect to be temporary. Growth will be driven mainly by domestic demand against the background of the weak contribution expected from international trade. For Belgian growth, we remain cautiously positive, although the growth figure in 2016, and 2017 as well, likely remains below the one in the euro area, given continuing fiscal austerity. In Central Europe, GDP growth is expected to ease somewhat in 2016, as the impulse provided by European cohesion funds for government investment will dissipate. The main short-term risk is the referendum on 23 June on the UK potentially leaving the EU. Although a vote in favour of a 'Brexit' would have little immediate 'tangible' impact, the resulting uncertainty is likely to weigh heavily on European sentiment and hence recovery. In our view, such a vote is a high impact risk scenario.

KBC Group

1Q2016

results by business unit



Unless otherwise stated, all amounts are given in euros.

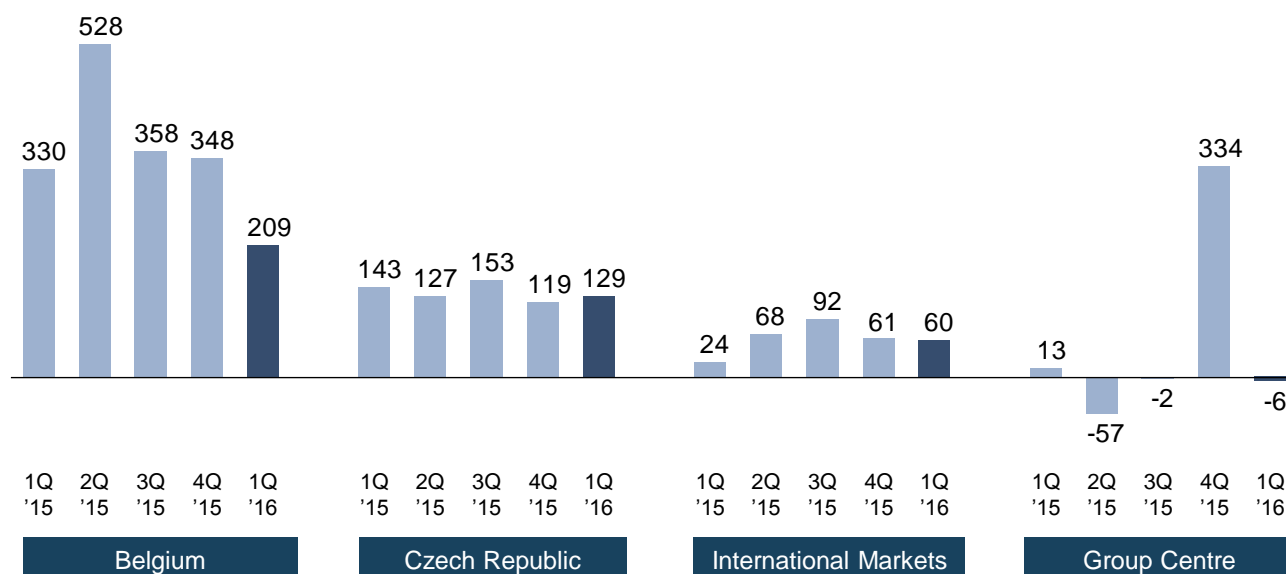
Business unit overview

Our segments or business units

In our segment reporting presentation, the segments (or business units) are:

- the Belgium Business Unit: this unit includes the activities of KBC Bank NV and KBC Insurance NV, as well as their Belgian subsidiaries (CBC Banque, KBC Asset Management, KBC Lease Group, KBC Securities, etc.). Note that Group Re was moved to the Group Centre as of 1Q2016 (with limited impact).
- the Czech Republic Business Unit: this unit groups together all of KBC's activities in the Czech Republic. It encompasses the ČSOB group (operating mainly under the brands ČSOB, Era, Postal Savings Bank, Hypoteční banka, ČMSS and Patria), the insurance company ČSOB Pojišťovna and ČSOB Asset Management.
- the International Markets Business Unit: this unit includes primarily the activities in the other (i.e. non-Czech) Central and Eastern European core markets (ČSOB Bank and ČSOB Poist'ovňa in Slovakia, K&H Bank and K&H Insurance in Hungary, and CIBANK and DZI Insurance in Bulgaria), plus KBC Bank Ireland.
- the Group Centre: this entity includes the operating expenses of the group's holding-company activities, certain capital and liquidity management-related costs, costs related to the holding of participations, the results of the companies or activities that are earmarked for divestment or are in run-down, and the elimination of inter-segment transactions.

Breakdown of net result by business unit (in millions of EUR)



Belgium Business Unit

- The net result amounted to 209 million in 1Q2016, compared to 348 million in the previous quarter and 330 million in the year-earlier quarter. Note that an important part of the difference is explained by the full-year special bank taxes being booked in the first quarter (241 million in 1Q2016, 13 million in 4Q2015, and 160 million 1Q2015 – see below).
- Compared to the previous quarter, total income in 1Q2016 was down somewhat (-30 million or -3%). Notwithstanding the environment of low interest rates, a lower contribution to interest income by the dealing room and Group Re being shifted to the Group Centre (4 million in net interest income), net interest income did well, remaining more or less at the level recorded in the previous quarter (down just -3 million or -0%). This was attributable to a number of items, including higher lending-related interest income, the rate cut for saving accounts (in December 2015) and lower funding costs on customer term deposits. Net fee and commission income, on the other hand, suffered on account of hesitant investor behaviour in volatile markets (-15 million or -6%). This resulted in lower management fees due to a decrease and change in the composition of assets under management (continuing shift to cash in CPPI products, for instance) and lower entry fees for investment funds (whereas entry fees related to sales of unit-linked products went up – see below). Despite a better level of trading income from the dealing room, trading and fair value income fell (-31 million or -61%) due to the decrease in the valuation of ALM derivatives and various value adjustments (CVA/MVA/FVA). The technical income from our non-life insurance activities was up quarter-on-quarter (earned premiums minus technical charges, plus the impact of ceded reinsurance: +3 million compared to 4Q2015) caused mainly by a significantly lower level of normal and major claims, notwithstanding the negative 30.5 million impact of the Brussels attacks on 22 March (worst case estimate). Sales of life insurance products were up (+20%) thanks primarily to a rise in the sale of unit-linked products after the very low level of past quarters. On the whole, however, interest-guaranteed products still accounted for some two-thirds of total life sales in the quarter under review. All other income items combined (dividends, realised gains on the sale of securities, other net income) remained roughly at the same level of the previous quarter.
- Loans and deposit volumes went up in 1Q2016. The loan book on our balance sheet expanded by 1% quarter-on-quarter (to 89 billion), while customer deposits increased by 3% (to 115 billion). There was also a small 0.4% net inflow of assets under management (increase in balanced products and private mandates, to the detriment of CPPI, among other things), but this was more than offset by a negative price effect of -1.2% (hence: an aggregate net impact of circa -1%, to 192 billion). Life reserves in Belgium stood at 26.7 billion, roughly unchanged on the level of the previous quarter.
- At first sight, costs were up significantly on the previous quarter (+220 million or +40%), but this was due entirely to the special bank taxes for the full year being booked in the first quarter (241 million in 1Q2016, compared to 13 million in 4Q2015). Excluding these taxes, costs were down by 1% as a result of various items, including lower (post-employment benefit related) staff expenses and seasonally lower marketing expenses, which offset higher ICT and facilities expenses. The resulting cost/income ratio for 1Q2016 stood at 74% (or 56% excluding a number of exceptional items and after evenly spreading the special bank taxes) compared to 50% for FY2015 (or 53% excluding exceptional items). The combined ratio for non-life insurance stood at an excellent 92% (FY2015: 90%), or even 80% when excluding the impact of the Brussels attacks.
- Loan loss impairment was extremely low in 1Q2016, down (-28 million) on the figure recorded in the previous quarter, driven by low impairment levels in the retail segment and at the foreign branches. This resulted in a very low credit cost ratio of 0.02% in 1Q2016. Impaired loans accounted for 3.7% of the loan book at the end of March 2016. Impairment on other assets (mainly shares at the insurance company) increased (+6 million), which was related to the turmoil on the equity markets.

Belgium Business Unit (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	714	720	694	691	688
Non-life insurance (before reinsurance)	131	121	103	104	107
<i>Earned premiums</i>	243	247	250	250	248
<i>Technical charges</i>	-111	-126	-146	-146	-141
Life insurance (before reinsurance)	-58	-60	-62	-63	-49
<i>Earned premiums</i>	248	206	187	329	335
<i>Technical charges</i>	-306	-266	-249	-391	-384
Ceded reinsurance result	-7	-6	1	-8	-8
Dividend income	11	34	11	9	8
Net result from financial instr. at fair value through P/L	7	136	-32	51	20
Net realised result from available-for-sale assets	52	38	33	26	23
Net fee and commission income	360	363	287	270	255
Other net income	45	67	55	41	46
Total income	1 255	1 412	1 090	1 121	1 090
Operating expenses	-695	-584	-540	-554	-774
Impairment	-65	-77	-28	-52	-30
<i>on loans and receivables</i>	-62	-67	-13	-34	-6
<i>on available-for-sale assets</i>	-3	-3	-15	-18	-24
<i>on goodwill</i>	0	0	0	0	0
<i>Other</i>	0	-6	0	0	0
Share in results of associated companies & joint ventures	-1	0	0	0	-1
Result before tax	494	751	522	515	286
Income tax expense	-164	-223	-164	-166	-77
Result after tax	330	528	358	349	209
<i>attributable to minority interests</i>	0	0	0	0	0
attributable to equity holders of the parent	330	528	358	348	209
<i>Banking</i>	212	429	300	288	176
<i>Insurance</i>	117	99	58	60	33
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	44 310	40 262	40 582	42 157	43 112
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	866	872	884	891	1 497
Allocated capital (end of period)	6 168	5 753	5 808	5 985	5 916
Return on allocated capital (ROAC)	22%	35%	25%	24%	14%
Cost/income ratio, banking	61%	42%	51%	50%	74%
Combined ratio, non-life insurance	79%	89%	95%	98%	92%
Net interest margin, banking	1.96%	1.96%	1.86%	1.85%	1.86%

Czech Republic Business Unit

- The net result amounted to 129 million in 1Q2016, up on the 119 million recorded in the previous quarter but down on the 143 million in the year-earlier quarter.
- Compared to the previous quarter, total income remained more or less stable in 1Q2016 (-2 million or -1%). Notwithstanding the environment of low interest rates and the pressure on margins in the loan portfolio, net interest income did well, ending up roughly at the level recorded in the previous quarter (+1%, or unchanged excluding FX effects). This was thanks to the positive impact of rate cuts on savings accounts, higher lending-related income (volume growth offsetting generally narrower average margins) and a higher level of interest income from dealing room activities. Net fee and commission income, on the other hand, fell (-6 million or -11%) due mainly to lower payment-related fee income (following the seasonal high in 4Q2015 and additionally impacted by the new regulation on interchange). The net result from financial instruments at fair value went up significantly (+6 million or +22%), thanks to the strong performance of the trading desks. The contribution to income growth made by non-life insurance activities declined slightly (premiums minus charges, plus the effect of reinsurance: -2 million or -10% versus 4Q2015), and life insurance sales were down following the strong performance in 4Q2015 (almost -30%). Unit-linked products accounted for over 80% of life sales in 1Q2016.
- Generally speaking, 1Q2016 was another quarter of good loan and deposit growth. The loan book on our balance sheet expanded by 3% quarter-on-quarter (to 19 billion) thanks to the increase in mortgage loans and corporate loans. Customer deposits went up by 1% (to 24 billion), as well. However, assets under management were down slightly, falling by 1% to 8.7 billion, with a 2% net outflow being partially offset by a positive 1% price effect. Life reserves stood at 1.0 billion, up 1% on their level at the end of the previous quarter.
- Costs were slightly up on the previous quarter (+4 million or +2%), as the negative impact of the full-year banking tax (booked entirely in the first quarter) was partially offset by significantly (-11%) lower other costs due to a variety of items, including seasonally lower marketing and ICT expenses and lower restructuring charges compared to 4Q2015. The resulting cost/income ratio for 1Q2016 stood at a good 53% (or 46% excluding a number of exceptional items and after evenly spreading the special bank taxes), compared to 48% for FY2015 (also 48% excluding exceptional items). The non-life insurance combined ratio for the same quarter amounted to 95% (FY2015: 94%).
- Loan loss impairment in 1Q2016 stood at an extremely low level, even down on the figure for 4Q2015 (-13 million) thanks to an overall favourable development in almost all segments (including a number of impairment releases, as well as the impact of certain model-related changes). The credit cost ratio for 1Q2016 accordingly amounted to an excellent 0.01%. Impaired loans accounted for some 3.2% of the loan book at the end of March 2016.

Czech Republic Business Unit (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	212	208	215	210	211
Non-life insurance (before reinsurance)	18	19	21	23	20
<i>Earned premiums</i>	41	44	45	47	45
<i>Technical charges</i>	-23	-25	-24	-24	-25
Life insurance (before reinsurance)	6	6	7	7	8
<i>Earned premiums</i>	30	41	76	95	67
<i>Technical charges</i>	-25	-34	-69	-88	-59
Ceded reinsurance result	-2	-1	-2	-3	-2
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	26	20	26	26	32
Net realised result from available-for-sale assets	12	0	0	0	0
Net fee and commission income	50	50	49	52	46
Other net income	5	7	5	6	5
Total income	325	310	322	320	318
Operating expenses	-161	-150	-140	-166	-170
Impairment	-2	-15	-4	-20	-1
<i>on loans and receivables</i>	-2	-16	-5	-14	-1
<i>on available-for-sale assets</i>	0	0	0	-4	0
<i>on goodwill</i>	0	0	0	-2	0
<i>Other</i>	0	0	0	0	0
Share in results of associated companies & joint ventures	6	7	5	4	6
Result before tax	169	151	183	138	154
Income tax expense	-25	-24	-30	-19	-25
Result after tax	143	127	153	119	129
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	143	127	153	119	129
<i>Banking</i>	138	121	144	113	123
<i>Insurance</i>	6	6	8	6	6
Risk-weighted assets, banking (end of period, BaselIII, fully loaded in '15, phased-in as of '16)	13 120	13 032	12 902	12 919	13 238
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	62	69	70	72	80
Allocated capital (end of period)	1 486	1 489	1 478	1 482	1 437
Return on allocated capital (ROAC)	40%	35%	40%	32%	37%
Cost/income ratio, banking	49%	48%	43%	52%	53%
Combined ratio, non-life insurance	96%	94%	93%	92%	95%
Net interest margin, banking	3.16%	3.00%	3.01%	2.95%	3.00%

International Markets Business Unit

- The net result amounted to 60 million in 1Q2016, in line with the 61 million recorded in the previous quarter and up significantly on the 24 million posted in the year-earlier quarter.
- Compared to the previous quarter, total income remained virtually unchanged (+1 million or +0%). Net interest income declined only slightly (-3 million or -1%), as the decrease in Slovakia, Hungary and Bulgaria was partially offset by an increase in Ireland thanks to lower funding and liquidity costs there. Net fee and commission income fell quarter-on-quarter (-3 million or -6%), which was due in part to seasonal effects. The net result from financial instruments increased (+7 million or +41% compared to 4Q2015) thanks largely to the good dealing room performance in Hungary. The technical non-life insurance result (earned premiums minus technical charges, including the impact of ceded reinsurance) remained roughly unchanged, as did the sale of life insurance products (increase in Slovakia and Bulgaria, but a decrease in Hungary). All other income items combined (dividends, realised gains, net other income) also remained at the level of the previous quarter.
- The overall loan book on our balance sheet (21 billion) was virtually unchanged quarter-on-quarter (with growth in Slovakia and Bulgaria being offset by a contraction in Ireland). Customer deposits (18 billion) were up 3% on the previous quarter's level (with an increase in Slovakia and Ireland, and small decreases in Hungary and Bulgaria). Assets under management fell (by 2% to 6.1 billion), due to a combination of a price increase and a decline in net entries. Life reserves stood at 0.6 billion, up 2% on the previous quarter.
- Costs in the first quarter were up on the previous quarter (+24 million, or +13%), due mainly to the booking of the special bank taxes (the bulk of which are booked in the first quarter). Excluding these taxes, costs even declined (-9 million or -6%) in all countries. The resulting cost/income ratio for the entire business unit stood at 75% for 1Q2016 (or 63% excluding a number of exceptional items and after evenly spreading the special bank taxes) compared to 66% for FY2015 (also 66% excluding exceptional items). The combined ratio for the non-life insurance activities amounted to an excellent 88% for the same period (FY2015: 95%).
- In the quarter under review, there was a net reversal of loan loss impairment charges (positive impact of 3 million, compared to -26 million in the previous quarter), thanks to net loan loss releases in Ireland and Hungary and the absence of any major, new problem corporate loans in Slovakia. For the business unit as a whole, this resulted in an excellent (even negative) credit cost ratio of -0.04% for 1Q2016. Impaired loans accounted for a still high 28.9% of the loan book at the end of March 2016 (due to Ireland).
- The net result of the International Markets Business Unit breaks down as follows: 20 million for Slovakia, 12 million for Hungary, 4 million for Bulgaria and 23 million for Ireland. A results table and brief comments for each country are provided on the following pages.

International Markets Business Unit (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	172	178	180	181	178
Non-life insurance (before reinsurance)	20	17	21	23	20
<i>Earned premiums</i>	39	41	43	46	46
<i>Technical charges</i>	-20	-24	-22	-23	-26
Life insurance (before reinsurance)	4	3	5	5	6
<i>Earned premiums</i>	23	19	27	21	24
<i>Technical charges</i>	-19	-16	-22	-16	-18
Ceded reinsurance result	-2	-2	-1	-2	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	27	12	20	16	23
Net realised result from available-for-sale assets	2	4	-1	0	4
Net fee and commission income	50	53	51	51	48
Other net income	17	10	19	5	1
Total income	291	277	294	279	280
Operating expenses	-226	-170	-171	-184	-208
Impairment	-16	-28	-12	-28	2
on loans and receivables	-16	-29	-12	-26	3
on available-for-sale assets	0	0	0	0	0
on goodwill	0	0	0	0	0
other	0	1	0	-3	-1
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	49	79	111	66	74
Income tax expense	-25	-11	-18	-5	-14
Result after tax	24	68	92	61	60
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	24	68	92	61	60
<i>Banking</i>	18	63	86	58	52
<i>Insurance</i>	6	5	6	3	7
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	18 833	18 467	18 627	19 424	17 928
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	44	45	46	48	106
Allocated capital (end of period)	2 054	2 018	2 037	2 123	1 944
Return on allocated capital (ROAC)	5%	13%	18%	12%	13%
Cost/income ratio, banking	79%	61%	58%	65%	75%
Combined ratio, non-life insurance	88%	103%	94%	97%	88%
Net interest margin, banking	2.53%	2.60%	2.56%	2.50%	2.47%

Ireland

- The net result amounted to 23 million in 1Q2016, up on both the 3 million recorded in the previous quarter and the -2 million in the year-earlier quarter.
- Compared to the previous quarter, total income in 1Q2016 went up (+5 million or +9% compared to 4Q2015), thanks to higher net interest income (lower funding and liquidity costs, among other things), trading and fair value income and net fee and commission income.
- The deleveraging of the Irish loan book on our balance sheet continued. It declined by 2% quarter-on-quarter (to 11 billion), due to the further contraction of the corporate book and the reduction in the impaired mortgage book. Customer deposits continued to rise, going up by 4% on their level in the previous quarter (to 5.5 billion).
- Costs in the first quarter were more or less in line with the previous quarter, with the increase due to special banking taxes being offset by various cost reductions (lower professional fees, decreased depreciation cost, etc.). The resulting cost/income ratio for 1Q2016 stood at 69% (FY2015: 75%).
- There was a net release of loan loss impairment in the quarter under review (positive impact of 3 million), compared to net additions in the previous quarter (-16 million). The 1Q2016 net reversal included releases in the retail segment (thanks to a positive movement in the 9-month-average house price index, among other things) and a write-back on a large corporate loan, which more than offset the negative impact exerted by certain model-related updates. The credit cost ratio for 1Q2016 accordingly stood at an excellent (even negative) -0.10%. Impaired loans still accounted for a high but decreasing 46% of the loan book at the end of March 2016.

Ireland (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	46	53	51	53	55
Non-life insurance (before reinsurance)	0	0	0	0	0
<i>Earned premiums</i>	0	0	0	0	0
<i>Technical charges</i>	0	0	0	0	0
Life insurance (before reinsurance)	0	0	0	0	0
<i>Earned premiums</i>	0	0	0	0	0
<i>Technical charges</i>	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	0	-6	3	1	2
Net realised result from available-for-sale assets	0	1	0	0	0
Net fee and commission income	-1	0	0	-2	0
Other net income	0	0	0	0	0
Total income	44	48	53	53	57
Operating expenses	-39	-35	-36	-39	-39
Impairment	-7	-16	-9	-16	3
<i>on loans and receivables</i>	-7	-16	-9	-16	3
<i>on available-for-sale assets</i>	0	0	0	0	0
<i>on goodwill</i>	0	0	0	0	0
<i>Other</i>	0	0	0	0	0
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	-2	-3	8	-2	21
Income tax expense	0	5	2	5	2
Result after tax	-2	2	10	3	23
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	-2	2	10	3	23
<i>Banking</i>	-2	2	10	3	23
<i>Insurance</i>	0	0	0	0	0
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	6 800	6 727	7 029	7 449	7 095
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	-	-	-	-	-
Allocated capital (end of period)	714	706	738	782	727
Return on allocated capital (ROAC)	-1%	1%	5%	2%	13%
Cost/income ratio, banking	87%	74%	68%	74%	69%
Combined ratio, non-life insurance	-	-	-	-	-

Hungary

- The net result amounted to 12 million in 1Q2016, down on the 42 million recorded in the previous quarter (since a large part of the special bank tax for the full year is booked in the first quarter), but up on the -6 million in the year-earlier quarter.
- Compared to the previous quarter, total income in 1Q2016 fell slightly (-2 million, or -2% compared to 4Q2015), as higher trading and fair value income (thanks to good dealing room performance) only partially offset the drop in net interest income, net fee and commission income (seasonal impact of payment fees) and other net income. The technical result for the non-life insurance activities (earned premiums minus technical charges, plus the ceded insurance result) went up slightly, whereas sales of life products went down (due to lower sales of unit-linked products).
- At 3.6 billion, the Hungarian loan book on our balance sheet remained roughly unchanged in the quarter under review. Deposit volumes (5.9 billion) did not change much either in 1Q2016. Assets under management fell (by 4% to 3.5 billion), due to net outflows and a small negative price effect. Life reserves stood at 0.3 billion, up 3% on the previous quarter.
- Costs were significantly up on their level in the previous quarter (+25 million or +32% compared to 4Q2015), as a large part of the special bank tax for the full year is booked in the first quarter. Excluding this item, cost even declined (-3 million or -5%) which was largely related to a seasonal impact. The resulting cost/income ratio for 1Q2016 stood at 85% (or 63% excluding a number of exceptional items and after evenly spreading the special bank taxes) compared to 65% in FY2015 (also 65% excluding exceptional items). The non-life combined ratio for the same period amounted to an a very good 83% (FY2015: 97%).
- Loan loss impairment stood at a positive 2 million in 1Q2016 (i.e. a net release of loan loss impairments), compared to a positive 1 million in the previous quarter, partly attributable in both cases to model-related changes. As a result, the credit cost ratio for 1Q2016 stood at (an even negative) -0.18%. Impaired loans accounted for some 12% of the loan book at the end of March 2016.

Hungary (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	63	61	61	61	58
Non-life insurance (before reinsurance)	8	5	7	7	8
<i>Earned premiums</i>	15	15	17	18	19
<i>Technical charges</i>	-8	-10	-9	-11	-11
Life insurance (before reinsurance)	1	-1	1	1	1
<i>Earned premiums</i>	4	4	4	4	4
<i>Technical charges</i>	-3	-4	-3	-2	-3
Ceded reinsurance result	0	0	0	-1	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	18	16	15	12	16
Net realised result from available-for-sale assets	0	3	-1	0	3
Net fee and commission income	38	41	40	42	38
Other net income	16	9	13	3	-1
Total income	143	135	136	125	123
Operating expenses	-127	-75	-73	-78	-103
Impairment	-6	-5	4	-1	1
<i>on loans and receivables</i>	-6	-6	5	1	2
<i>on available-for-sale assets</i>	0	0	0	0	0
<i>on goodwill</i>	0	0	0	0	0
<i>Other</i>	0	1	0	-2	-1
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	10	55	68	46	22
Income tax expense	-17	-14	-13	-4	-9
Result after tax	-6	41	54	42	12
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	-6	41	54	42	12
<i>Banking</i>	-9	40	52	42	9
<i>Insurance</i>	3	1	2	0	3
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	7 372	6 927	6 529	6 858	5 515
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	15	15	16	16	23
Allocated capital (end of period)	801	754	713	749	589
Return on allocated capital (ROAC)	-3%	22%	29%	23%	8%
Cost/income ratio, banking	90%	54%	53%	61%	85%
Combined ratio, non-life insurance	80%	112%	95%	108%	83%

Slovakia

- The net result amounted to 20 million in 1Q2016, up on the 14 million recorded in the previous quarter but down on the 27 million in the year-earlier quarter.
- Compared to the previous quarter, total income remained roughly unchanged, with no major changes in the various income lines.
- The Slovak loan book on our balance sheet continued to grow, expanding by 2% quarter-on-quarter (to 5.6 billion) and customer deposits increased too, going up by almost 6% (to 5.6 billion). Assets under management were down on their level in the previous quarter (-3% to 0.7 billion), the net outflow only being partially offset by a positive price effect. Life reserves stood at 0.2 billion, down 1% on the previous quarter.
- Costs in the first quarter were up slightly (+2 million or +4% on their 4Q2015 level), due to the bulk of the special banking tax for 2016 being booked in the first quarter. Excluding special bank taxes, costs were even down somewhat (-2 million or -4%) thanks to lower marketing costs, professional fees, variable remuneration, etc. The cost/income ratio for 1Q2016 stood at 67% (or 59% excluding a number of exceptional items and after evenly spreading the special bank taxes) compared to 60% in FY2015 (also 60% excluding exceptional items). The non-life combined ratio for the same period amounted to an excellent 85% (FY2015: 88%).
- Loan loss impairment was extremely low in the quarter under review, down even further on the level recorded in the previous quarter (-8 million) due to the absence of large new corporate loans. The credit cost ratio for 1Q2016 remained at a very favourable level of just 0.08%. Impaired loans accounted for some 4% of the loan book at the end of March 2016.

Slovakia (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	52	52	55	55	54
Non-life insurance (before reinsurance)	5	4	5	6	5
<i>Earned premiums</i>	7	7	7	8	8
<i>Technical charges</i>	-2	-3	-3	-2	-3
Life insurance (before reinsurance)	3	3	3	2	3
<i>Earned premiums</i>	14	10	15	12	14
<i>Technical charges</i>	-11	-8	-12	-10	-10
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	9	2	2	3	4
Net realised result from available-for-sale assets	2	0	0	0	0
Net fee and commission income	12	12	12	11	11
Other net income	1	1	5	2	1
Total income	83	74	81	78	79
Operating expenses	-47	-46	-48	-50	-51
Impairment	-1	-4	-4	-9	-1
<i>on loans and receivables</i>	-1	-4	-4	-9	-1
<i>on available-for-sale assets</i>	0	0	0	0	0
<i>on goodwill</i>	0	0	0	0	0
<i>other</i>	0	0	0	0	0
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	35	23	30	20	26
Income tax expense	-9	-6	-6	-6	-6
Result after tax	27	17	24	14	20
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	27	17	24	14	20
<i>Banking</i>	25	15	22	12	17
<i>Insurance</i>	2	2	2	1	3
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	3 953	4 085	4 313	4 350	4 522
Required capital, insurance (end of period, Solv. I in '15, Solv. II as of '16)	14	15	15	15	20
Allocated capital (end of period)	440	454	479	483	484
Return on allocated capital (ROAC)	25%	15%	21%	11%	18%
Cost/income ratio, banking	56%	63%	59%	62%	67%
Combined ratio, non-life insurance	84%	92%	90%	87%	85%

Bulgaria

- The net result amounted to 4 million in 1Q2016, up on the 3 million registered in the previous quarter and down on the 5 million registered in the year-earlier quarter.
- Compared to the previous quarter, total income in 1Q2016 was down (-2 million or -8%), due to a number of items including a (partly seasonal) decrease in the contribution made by non-life insurance. Life sales went up from 5 to 7 million.
- The Bulgarian loan book on our balance sheet grew by 2% quarter-on-quarter (to 0.7 billion), and customer deposits fell slightly by -1% (to 0.7 billion). Life reserves stood at 0.04 billion, up 6% on the previous quarter.
- Costs in the quarter under review were reduced (-2 million or -15% on their 4Q2015 level) as a result of several items, including lower facility and marketing expenses, lower ICT costs and professional fees, and lower variable staff remuneration. The resulting cost/income ratio for 1Q2016 stood at 67% (or 60% excluding a number of exceptional items and after evenly spreading the special bank taxes) compared to 65% in FY2015 (also 65% excluding exceptional items). The combined ratio for the non-life insurance activities for the same period amounted to 97% (FY2015: also 97%).
- Loan loss impairment in 1Q2016 was down on its level of the previous quarter (-1 million or -32%). The credit cost ratio for 1Q2016 stood at 0.67%. Impaired loans accounted for some 23% of the loan book at the end of March 2016.

Bulgaria (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	11	12	12	12	12
Non-life insurance (before reinsurance)	8	8	9	10	7
<i>Earned premiums</i>	17	19	19	20	20
<i>Technical charges</i>	-10	-11	-10	-11	-12
Life insurance (before reinsurance)	1	1	1	1	1
<i>Earned premiums</i>	6	5	8	5	6
<i>Technical charges</i>	-5	-4	-7	-4	-5
Ceded reinsurance result	-1	-1	0	0	1
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	1	0	0	0	0
Net realised result from available-for-sale assets	0	1	0	0	0
Net fee and commission income	0	-1	0	-1	-1
Other net income	0	0	0	0	-1
Total income	19	20	22	22	20
Operating expenses	-13	-13	-14	-16	-14
Impairment	-1	-3	-3	-2	-1
<i>on loans and receivables</i>	-1	-3	-3	-2	-1
<i>on available-for-sale assets</i>	0	0	0	0	0
<i>on goodwill</i>	0	0	0	0	0
<i>Other</i>	0	0	0	0	0
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	5	4	5	3	5
Income tax expense	0	4	-1	0	0
Result after tax	5	7	4	3	4
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	5	7	4	3	4
<i>Banking</i>	4	6	2	1	3
<i>Insurance</i>	1	1	2	1	1
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	690	710	739	750	779
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	14	15	16	16	63
Allocated capital (end of period)	98	101	105	108	142
Return on allocated capital (ROAC)	19%	29%	15%	10%	14%
Cost/income ratio, banking	63%	62%	61%	74%	67%
Combined ratio, non-life insurance	101%	100%	95%	92%	97%

Group Centre

The Group Centre's net result in 1Q2016 stood at -6 million, compared to 334 million in the previous quarter and 13 million in the year-earlier quarter. A breakdown of this result by activities is provided in the table below.

The high 334 million result of the previous quarter was largely attributable to exceptional items, i.e. the liquidation of KBC Financial Holding Inc. (+765 million) and impairment on goodwill (-341 million).

Group Centre: breakdown of net result (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Operating expenses of group activities ¹	-19	-15	0	-62	-18
Capital and treasury management-related costs	5	7	0	0	1
Costs related to the holding of participations	-17	-26	-18	-15	-17
Results of remaining companies earmarked for divestments or in run-down ²	2	-22	16	756	-8
Other items ³	41	-2	0	-346	36
Total net result for the Group Centre	13	-57	-2	334	-6

1 4Q2015 includes impairment on the Hungarian Data Centre (-20 million)

2 4Q2015 includes the impact of the liquidation of KBC Financial Holding Inc. (765 million)

3 4Q2015 includes the write-down of goodwill on a number of participations (-341 million)

Group Centre (in millions of EUR)	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Net interest income	-7	-15	-26	-16	-10
Non-life insurance (before reinsurance)	-2	-3	-4	-2	-2
<i>Earned premiums</i>	-3	-5	-4	-4	2
<i>Technical charges</i>	2	3	0	2	-4
Life insurance (before reinsurance)	0	0	0	0	0
<i>Earned premiums</i>	0	0	0	0	0
<i>Technical charges</i>	0	0	0	0	0
Ceded reinsurance result	0	2	1	3	2
Dividend income	1	5	1	2	1
Net result from financial instr. at fair value through P/L	-4	11	33	-161	19
Net realised result from available-for-sale assets	14	-6	11	4	0
Net fee and commission income	-1	-1	-4	-2	-3
Other net income	-18	21	18	-5	0
Total income	-17	15	30	-177	8
Operating expenses	-43	-37	-10	-59	-34
Impairment	6	-29	-4	-371	0
<i>on loans and receivables</i>	6	-26	-4	-4	0
<i>on available-for-sale assets</i>	0	-3	0	0	0
<i>on goodwill</i>	0	0	0	-342	0
<i>Other</i>	0	0	0	-25	0
Share in results of associated companies & joint ventures	1	1	1	1	1
Result before tax	-53	-51	17	-606	-24
Income tax expense	66	-6	-19	939	19
Result after tax	13	-57	-2	334	-6
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	13	-57	-2	334	-6
Banking	44	-49	-6	443	7
Insurance	-8	11	7	-36	2
Group	-23	-19	-4	-73	-14
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	6 728	5 712	5 280	5 433	5 438
Risk-weighted assets, insurance (end of period, Basel III Danish compromise)	9 047	9 133	9 133	9 133	9 133
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	1	1	1	0	3
Allocated capital (end of period)	709	602	556	571	560

**KBC Group
Consolidated
financial statements
according to IFRS
1Q 2016**



This section is reviewed by the auditors

Consolidated income statement

In millions of EUR	Note	1Q 2015	4Q 2015	1Q 2016
Net interest income	3	1 091	1 066	1 067
Interest income		1 850	1 725	1 707
Interest expense		- 759	- 659	- 639
Non-life insurance before reinsurance	9	167	147	145
Earned premiums Non-life		320	338	341
Technical charges Non-life		- 153	- 191	- 196
Life insurance before reinsurance	9	- 48	- 51	- 35
Earned premiums Life		302	445	426
Technical charges Life		- 350	- 496	- 461
Ceded reinsurance result	9	- 11	- 10	- 8
Dividend income		12	12	10
Net result from financial instruments at fair value through profit or loss	5	57	- 68	93
Net realised result from available-for-sale assets	6	80	30	27
Net fee and commission income	7	459	371	346
Fee and commission income		632	533	507
Fee and commission expense		- 174	- 162	- 161
Net other income	8	49	47	51
TOTAL INCOME		1 855	1 543	1 697
Operating expenses	12	- 1 125	- 962	- 1 186
Staff expenses		- 561	- 549	- 556
General administrative expenses		- 502	- 349	- 570
Depreciation and amortisation of fixed assets		- 62	- 65	- 60
Impairment	14	- 77	- 472	- 28
on loans and receivables		- 73	- 78	- 4
on available-for-sale assets		- 3	- 21	- 24
on goodwill		0	- 344	0
on other		- 1	- 29	- 1
Share in results of associated companies and joint ventures		6	5	7
RESULT BEFORE TAX		659	114	489
Income tax expense	16	- 149	749	- 97
RESULT AFTER TAX		510	863	392
Attributable to minority interest		0	0	0
Attributable to equity holders of the parent		510	862	392
Earnings per share (in EUR)				
Basic		1.19	-0.36	0.91
Diluted		1.19	-0.36	0.91

Consolidated statement of comprehensive income (condensed)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
RESULT AFTER TAX	510	863	392
attributable to minority interest	0	0	0
attributable to equity holders of the parent	510	862	392
Other comprehensive income - to be recycled to P&L	315	405	- 251
Net change in revaluation reserve (AFS assets) - Equity	197	184	- 106
Net change in revaluation reserve (AFS assets) - Bonds	264	- 24	198
Net change in revaluation reserve (AFS assets) - Other	0	0	0
Net change in hedging reserve (cash flow hedge)	- 269	61	- 331
Net change in translation differences	121	182	- 11
Net change related to associated companies & joint ventures	3	4	0
Other movements	0	- 1	- 1
Other comprehensive income - not to be recycled to P&L	- 9	116	- 204
Net change in defined benefit plans	- 9	116	- 204
Net change related to associated companies & joint ventures	0	0	0
TOTAL COMPREHENSIVE INCOME	817	1 383	- 63
attributable to minority interest	0	0	0
attributable to equity holders of the parent	816	1 383	- 63

For more information on amendments to IAS 1, triggering a presentation change of the above table, see note 1a.

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2015	31-03-2016
Cash and cash balances with central banks		7 038	6 000
Financial assets	18 - 26	237 346	246 995
Held for trading		10 385	12 049
Designated at fair value through profit or loss		16 514	21 589
Available for sale		35 670	36 098
Loans and receivables		141 305	144 213
Held to maturity		32 958	32 553
Hedging derivatives		514	493
Reinsurers' share in technical provisions		127	137
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		105	283
Tax assets		2 336	2 514
Current tax assets		107	98
Deferred tax assets		2 228	2 416
Non-current assets held for sale and assets associated with disposal groups		15	14
Investments in associated companies and joint ventures		207	214
Investment property		438	433
Property and equipment		2 299	2 315
Goodwill and other intangible assets		959	965
Other assets		1 487	1 681
TOTAL ASSETS		252 356	261 551
LIABILITIES AND EQUITY (in millions of EUR)	Note	31-12-2015	31-03-2016
Financial liabilities	18 - 26	213 333	221 836
Held for trading		8 334	9 220
Designated at fair value through profit or loss		24 426	26 713
Measured at amortised cost		178 383	183 668
Hedging derivatives		2 191	2 235
Technical provisions, before reinsurance		19 532	19 619
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		171	278
Tax liabilities		658	725
Current tax liabilities		109	129
Deferred tax liabilities		549	596
Provisions for risks and charges		310	279
Other liabilities		2 541	3 080
TOTAL LIABILITIES		236 545	245 816
Total equity	39	15 811	15 735
Parent shareholders' equity	39	14 411	14 335
Non-voting core-capital securities	39	0	0
Additional Tier-1 instruments included in equity	39	1 400	1 400
Minority interests		0	0
TOTAL LIABILITIES AND EQUITY		252 356	261 551

Consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Remeasurement of defined benefit obligations	Retained earnings	Translation differences	Parent share-holders' equity	Non-voting core-capital securities	Additional Tier-1 instruments included in equity	Minority interests	Total equity
31-03-2015												
Balance at the beginning of the period (01-01-2015)	1 453	5 421	1 815	- 1 368	- 133	6 197	- 261	13 125	2 000	1 400	- 3	16 521
Net result for the period	0	0	0	0	0	510	0	510	0	0	0	510
Other comprehensive income for the period	0	0	462	- 269	- 9	0	122	307	0	0	0	307
Total comprehensive income	0	0	462	- 269	- 9	510	122	816	0	0	0	817
Coupon additional Tier-1 instruments	0	0	0	0	0	- 13	0	- 13	0	0	0	- 13
Total change	0	0	462	- 269	- 9	497	122	804	0	0	0	803
Balance at the end of the period	1 453	5 421	2 277	- 1 637	- 142	6 693	- 138	13 928	2 000	1 400	- 3	17 325
of which revaluation reserve for shares			566									
of which revaluation reserve for bonds			1 711									
of which revaluation reserve for other assets than bonds and shares			0									
of which relating to non-current assets held for sale and disposal groups			0	0	0	0	0	0				0
of which relating to equity method			25	0	0	0	1	25				25
31-03-2016												
Balance at the beginning of the period (01-01-2016)	1 454	5 437	1 782	- 1 146	94	6 779	11	14 411	0	1 400	0	15 811
Net result for the period	0	0	0	0	0	392	0	392	0	0	0	392
Other comprehensive income for the period	0	0	91	- 331	- 204	- 1	- 11	- 455	0	0	0	- 455
Total comprehensive income	0	0	91	- 331	- 204	391	- 11	- 63	0	0	0	- 63
Coupon additional Tier-1 instruments	0	0	0	0	0	- 13	0	- 13	0	0	0	- 13
Total change	0	0	91	- 331	- 204	378	- 11	- 76	0	0	0	- 76
Balance at the end of the period	1 454	5 437	1 873	- 1 477	- 110	7 156	0	14 335	0	1 400	0	15 735
of which revaluation reserve for shares			441									
of which revaluation reserve for bonds			1 432									
of which revaluation reserve for other assets than bonds and shares			0									
of which relating to non-current assets held for sale and disposal groups			0	0	0	0	- 3	- 3				- 3
of which relating to equity method			21	0	0	0	7	28				28

The revaluation reserve on shares includes +75 million euros on Visa Europe Limited (+69 million euros at 31 December 2015) because of the public offer of Visa Inc.; transfer to net profit expected in 2Q or 3Q 2016 based on the market value at that moment (see also note 48 Post balance sheet events).

KBC will not pay a dividend for financial year 2015.

Condensed consolidated cash flow statement

In millions of EUR	1Q 2015	1Q 2016
Cash and cash equivalents at the beginning of the period	6 518	10 987
Net cash from (used in) operating activities	5 041	4 191
Net cash from (used in) investing activities	- 44	340
Net cash from (used in) financing activities	385	30
Effects of exchange rate changes on opening cash and cash equivalents	123	- 10
Cash and cash equivalents at the end of the period	12 024	15 538

Notes on statement of compliance and changes in accounting policies

Statement of compliance (note 1a in the annual accounts 2015)

The consolidated financial statements of the KBC Group have been prepared in accordance with the International Financial Reporting Standards (IAS34) as adopted for use in the European Union ('endorsed IFRS'). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

An amendment to IAS 1 (presentation of financial statement) requiring the aggregate share in 'other comprehensive income' of associated companies and joint ventures to be recognised separately was issued but not yet mandatory at year-end 2015. It also has to be grouped according to whether or not it is recycled to profit or loss. As a consequence, the amounts presented in the other items of 'other comprehensive income' exclude the share in results of associated companies and joint ventures. KBC had decided to apply the new standard with effect from 2016. The reference figures have been adjusted accordingly.

Summary of significant accounting policies (note 1b in the annual accounts 2015)

A summary of the main accounting policies is provided in the Group's annual accounts as at 31 December 2015.

Notes on segment reporting

Segment reporting according to the management structure of the group (note 2a in the annual accounts 2015)

For a description on the management structure and linked reporting presentation, reference is made to note 2a in the annual accounts 2015.

In millions of EUR 1Q 2015	Business								Group Centre	KBC Group
	Business unit Belgium	Business unit Czech Republic	Business unit Interna- tional Markets	of which: Hungary	of which: Slovakia	of which: Bulgaria	of which: Ireland			
Net interest income	714	212	172	63	52	11	46	- 7	1 091	
Non-life insurance before reinsurance	131	18	20	8	5	8	0	- 2	167	
Earned premiums Non-life	243	41	39	15	7	17	0	- 3	320	
Technical charges Non-life	- 111	- 23	- 20	- 8	- 2	- 10	0	2	- 153	
Life insurance before reinsurance	- 58	6	4	1	3	1	0	0	- 48	
Earned premiums Life	248	30	23	4	14	6	0	0	302	
Technical charges Life	- 306	- 25	- 19	- 3	- 11	- 5	0	0	- 350	
Ceded reinsurance result	- 7	- 2	- 2	0	0	- 1	0	0	- 11	
Dividend income	11	0	0	0	0	0	0	1	12	
Net result from financial instruments at fair value through profit or loss	7	26	27	18	9	1	0	- 4	57	
Net realised result from available-for-sale assets	52	12	2	0	2	0	0	14	80	
Net fee and commission income	360	50	50	38	12	0	- 1	- 1	459	
Net other income	45	5	17	16	1	0	0	- 18	49	
TOTAL INCOME	1 255	325	291	143	83	19	44	- 17	1 855	
Operating expenses	- 695	- 161	- 226	- 127	- 47	- 13	- 39	- 43	- 1 125	
Impairment	- 65	- 2	- 16	- 6	- 1	- 1	- 7	6	- 77	
on loans and receivables	- 62	- 2	- 16	- 6	- 1	- 1	- 7	6	- 73	
on available-for-sale assets	- 3	0	0	0	0	0	0	0	- 3	
on goodwill	0	0	0	0	0	0	0	0	0	
on other	0	0	0	0	0	0	0	0	- 1	
ventures	- 1	6	0	0	0	0	0	1	6	
RESULT BEFORE TAX	494	169	49	10	35	5	- 2	- 53	659	
Income tax expense	- 164	- 25	- 25	- 17	- 9	0	0	66	- 149	
RESULT AFTER TAX	330	143	24	- 6	27	5	- 2	13	510	
Attributable to minority interests	0	0	0	0	0	0	0	0	0	
NET RESULT	330	143	24	- 6	27	5	- 2	13	510	
1Q 2016										
Net interest income	688	211	178	58	54	12	55	- 10	1 067	
Non-life insurance before reinsurance	107	20	20	8	5	7	0	- 2	145	
Earned premiums Non-life	248	45	46	19	8	20	0	2	341	
Technical charges Non-life	- 141	- 25	- 26	- 11	- 3	- 12	0	- 4	- 196	
Life insurance before reinsurance	- 49	8	6	1	3	1	0	0	- 35	
Earned premiums Life	335	67	24	4	14	6	0	0	426	
Technical charges Life	- 384	- 59	- 18	- 3	- 10	- 5	0	0	- 461	
Ceded reinsurance result	- 8	- 2	0	0	0	1	0	2	- 8	
Dividend income	8	0	0	0	0	0	0	1	10	
Net result from financial instruments at fair value through profit or loss	20	32	23	16	4	0	2	19	93	
Net realised result from available-for-sale assets	23	0	4	3	0	0	0	0	27	
Net fee and commission income	255	46	48	38	11	- 1	0	- 3	346	
Net other income	46	5	1	- 1	1	- 1	0	0	51	
TOTAL INCOME	1 090	318	280	123	79	20	57	8	1 697	
Operating expenses	- 774	- 170	- 208	- 103	- 51	- 14	- 39	- 34	- 1 186	
Impairment	- 30	- 1	2	1	- 1	- 1	3	0	- 28	
on loans and receivables	- 6	- 1	3	2	- 1	- 1	3	0	- 4	
on available-for-sale assets	- 24	0	0	0	0	0	0	0	- 24	
on goodwill	0	0	0	0	0	0	0	0	0	
on other	0	0	- 1	- 1	0	0	0	0	- 1	
Share in results of associated companies and joint	- 1	6	0	0	0	0	0	1	7	
RESULT BEFORE TAX	286	154	74	22	26	5	21	- 24	489	
Income tax expense	- 77	- 25	- 14	- 9	- 6	0	2	19	- 97	
RESULT AFTER TAX	209	129	60	12	20	4	23	- 6	392	
Attributable to minority interests	0	0	0	0	0	0	0	0	0	
NET RESULT	209	129	60	12	20	4	23	- 6	392	

Other notes

Net interest income (note 3 in the annual accounts 2015)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
Total	1 091	1 066	1 067
Interest income	1 850	1 725	1 707
Available-for-sale assets	185	178	175
Loans and receivables	1 059	999	976
Held-to-maturity investments	227	253	245
Other assets not at fair value	10	11	18
<i>Subtotal, interest income from financial assets not measured at fair value through profit or loss</i>	<i>1 481</i>	<i>1 441</i>	<i>1 415</i>
Financial assets held for trading	215	183	185
Hedging derivatives	97	83	76
Other financial assets at fair value through profit or loss	57	19	30
Interest expense	- 759	- 659	- 639
Financial liabilities measured at amortised cost	- 340	- 270	- 261
Other	- 1	- 4	- 4
<i>Subtotal, interest expense for financial liabilities not measured at fair value through profit or loss</i>	<i>- 340</i>	<i>- 274</i>	<i>- 264</i>
Financial liabilities held for trading	- 240	- 216	- 208
Hedging derivatives	- 151	- 147	- 146
Other financial liabilities at fair value through profit or loss	- 24	- 19	- 19
Net interest expense on defined benefit plans	- 3	- 4	- 2

Net result from financial instruments at fair value through profit or loss (note 5 in the annual accounts 2015)

In 1Q 2016, the result from financial instruments at fair value through profit or loss was influenced by MtM ALM derivatives, where fair value changes (due to marked-to-market accounting) of ALM hedging instruments (that are treated as held for trading instruments) appear under 'Net result from financial instruments at fair value', whereas most of the related assets are not recognised at fair value. In 1Q 2016, the net result from these financial instruments at fair value through profit or loss amounted to +20 million euros pre-tax (-3 million euros pre-tax in 1Q 2015) of which +21 million euros pre-tax relating to a fair value hedge on the previous Targeted Longer-Term Refinancing Operations (TLTRO) from the ECB, which will be terminated in June 2016 and hence is no longer effective.

Net realised result from available-for-sale assets (note 6 in the annual accounts 2015)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
Total	80	30	27
Breakdown by portfolio			
Fixed-income securities	39	5	6
Shares	41	25	21

Net fee and commission income (note 7 in the annual accounts 2015)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
Total	459	371	346
Fee and commission income	632	533	507
Securities and asset management	346	279	264
Margin on deposit accounting (life insurance investment contracts without DPF)	37	6	12
Commitment credit	70	64	58
Payments	127	142	135
Other	52	42	39
Fee and commission expense	- 174	- 162	- 161

Net other income (note 8 in the annual accounts 2015)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
Total	49	47	51
Of which net realised result following			
The sale of loans and receivables	0	2	0
The sale of held-to-maturity investments	2	1	1
The repurchase of financial liabilities measured at amortised cost	- 8	- 1	0
<i>Other: of which:</i>	55	45	50
Income concerning leasing at the KBC Lease-group	21	20	20
Income from Group VAB	17	8	19
Realised gains or losses on divestments	- 14	0	0
New law on retail loans (Hungary)	17	2	0

Breakdown of the insurance results (note 9 in the annual accounts 2015)

In millions of EUR	Life	Non-life	Non-technical account	TOTAL
1Q 2015				
Earned premiums, insurance (before reinsurance)	302	325		627
Technical charges, insurance (before reinsurance)	- 350	- 153		- 503
Net fee and commission income	2	- 61		- 59
Ceded reinsurance result	0	- 11		- 11
Operating expenses	- 30	- 59		- 89
Internal costs claim paid	- 2	- 15		- 16
Administration costs related to acquisitions	- 7	- 19		- 27
Administration costs	- 21	- 25		- 46
Management costs investments	0	0		0
Technical result	- 76	41	0	- 35
Net interest income			163	163
Dividend income			10	10
Net result from financial instruments at fair value			0	0
Net realised result from AFS assets			41	41
Net other income			- 8	- 8
Impairments			- 3	- 3
Allocation to the technical accounts	164	32	- 196	0
Technical-financial result	89	73	7	169
Share in results of associated companies and joint ventures			1	1
RESULT BEFORE TAX	89	73	8	169
Income tax expense				- 48
RESULT AFTER TAX				121
attributable to minority interest				0
attributable to equity holders of the parent				121
1Q 2016				
Earned premiums, insurance (before reinsurance)	426	346		772
Technical charges, insurance (before reinsurance)	- 461	- 196		- 657
Net fee and commission income	- 9	- 67		- 76
Ceded reinsurance result	0	- 8		- 8
Operating expenses	- 47	- 60	- 1	- 107
Internal costs claim paid	- 2	- 14		- 16
Administration costs related to acquisitions	- 8	- 20		- 28
Administration costs	- 37	- 25		- 62
Management costs investments	0	0	- 1	- 1
Technical result	- 90	15	- 1	- 76
Net interest income			156	156
Dividend income			8	8
Net result from financial instruments at fair value			- 2	- 2
Net realised result from AFS assets			9	9
Net other income			3	3
Impairments			- 24	- 24
Allocation to the technical accounts	118	15	- 134	0
Technical-financial result	28	31	14	73
Share in results of associated companies and joint ventures			1	1
RESULT BEFORE TAX	28	31	16	74
Income tax expense				- 26
RESULT AFTER TAX				48
attributable to minority interest				0
attributable to equity holders of the parent				48

Note: Figures for premiums exclude the investment contracts without DPF, which roughly coincide with the unit-linked products. Figures are before elimination of transactions between the bank and insurance entities of the group (more information in the 2015 annual accounts).

The technical result non-life of the first quarter 2016 was negatively impacted by the terrorist attacks in Brussels (-30 million euros before tax, which corresponds to the maximal exposure of KBC through the Terrorism Reinsurance and Insurance Pool (TRIP)).

Operating expenses – income statement (note 12 in the annual accounts 2015)

The operating expenses of the first quarter 2016 include 335 million euros related to bank (and insurance) levies (264 million euros in 1Q 2015). Application of IFRIC 21 (Levies; in force as of 1 January 2015) has as a consequence that certain levies are taken upfront in expense of the first quarter of the year.

Impairment – income statement (note 14 in the annual accounts 2015)

In millions of EUR	1Q 2015	4Q 2015	1Q 2016
Total	- 77	- 472	- 28
Impairment on loans and receivables	- 73	- 78	- 4
Breakdown by type			
Specific impairments for on-balance-sheet lending	- 82	- 77	- 9
Provisions for off-balance-sheet credit commitments	9	3	8
Portfolio-based impairments	- 1	- 3	- 2
Breakdown by business unit			
Business unit Belgium	- 62	- 34	- 6
Business unit Czech Republic	- 2	- 14	- 1
Business unit International Markets	- 16	- 26	3
of which: Hungary	- 6	1	2
of which: Slovakia	- 1	- 9	- 1
of which: Bulgaria	- 1	- 2	- 1
of which: Ireland	- 7	- 16	3
Group Centre	6	- 4	0
Impairment on available-for-sale assets	- 3	- 21	- 24
Breakdown by type			
Shares	- 3	- 18	- 24
Other	0	- 3	0
Impairment on goodwill	0	- 344	0
Impairment on other	- 1	- 29	- 1
Intangible assets, other than goodwill	0	- 5	0
Property and equipment and investment property	0	- 22	0
Held-to-maturity assets	0	0	0
Associated companies and joint ventures	0	0	0
Other	0	- 1	- 1

Income tax expense – income statement (note 16 in the annual accounts 2015)

In 1Q 2016, the income tax expenses were positively influenced by 18 million euros of Deferred Tax Assets (DTA). The high level of AFS reserves as result of the low interest rate levels triggered a review of the DTA position at KBC Credit Investments. It is unlikely that KBC Credit Investments will pay taxes on these AFS reserves and therefore, on the balance sheet Deferred Tax Liabilities (DTL) are offset by DTA. It is important to mention that the accounting treatment is asymmetrical as the recording of the DTA goes through profit and loss, and the DTL on the AFS reserves is directly recorded through equity.

Financial assets and liabilities: breakdown by portfolio and product (note 18 in the annual accounts 2015)

(In millions of EUR)	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
FINANCIAL ASSETS, 31-12-2015								
Loans and advances to credit institutions and investment firms ^a	0	2 107	0	11 524	-	-	-	13 631
Loans and advances to customers ^b	0	394	0	127 829	-	-	-	128 223
<i>Excluding reverse repos</i>	0	71	0	127 650	-	-	-	127 721
Trade receivables	0	0	0	3 729	-	-	-	3 729
Consumer credit	0	0	0	2 928	-	-	-	2 928
Mortgage loans	0	28	0	55 050	-	-	-	55 078
Term loans	0	366	0	56 997	-	-	-	57 363
Finance leasing	0	0	0	4 512	-	-	-	4 512
Current account advances	0	0	0	4 026	-	-	-	4 026
Securitised loans	0	0	0	0	-	-	-	0
Other	0	0	0	587	-	-	-	587
Equity instruments	411	2	2 071	-	-	-	-	2 485
Investment contracts (insurance)	-	13 330	-	-	-	-	-	13 330
Debt securities issued by	1 785	681	33 598	1 117	32 958	-	-	70 138
Public bodies	1 408	120	21 892	22	31 353	-	-	54 796
Credit institutions and investment firms	192	104	4 893	158	984	-	-	6 330
Corporates	184	456	6 813	937	622	-	-	9 013
Derivatives	8 188	-	-	-	-	514	-	8 702
Other	1	0	0	835	-	-	-	836
Total carrying value	10 385	16 514	35 670	141 305	32 958	514	0	237 346
^a Of which reverse repos								5 012
^b Of which reverse repos								502
FINANCIAL ASSETS, 31-03-2016								
Loans and advances to credit institutions and investment firms ^a	430	7 472	0	12 871	-	-	-	20 773
Loans and advances to customers ^b	69	345	0	129 290	-	-	-	129 703
<i>Excluding reverse repos</i>	38	69	0	129 016	-	-	-	129 123
Trade receivables	0	0	0	3 574	-	-	-	3 574
Consumer credit	0	0	0	2 932	-	-	-	2 932
Mortgage loans	0	27	0	55 291	-	-	-	55 318
Term loans	69	318	0	57 805	-	-	-	58 191
Finance leasing	0	0	0	4 592	-	-	-	4 592
Current account advances	0	0	0	4 499	-	-	-	4 499
Securitised loans	0	0	0	0	-	-	-	0
Other	0	0	0	597	-	-	-	597
Equity instruments	390	3	1 969	-	-	-	-	2 361
Investment contracts (insurance)	-	13 461	-	-	-	-	-	13 461
Debt securities issued by	2 438	309	34 129	1 070	32 553	-	-	70 499
Public bodies	2 052	62	22 638	22	30 964	-	-	55 737
Credit institutions and investment firms	196	3	4 861	154	978	-	-	6 192
Corporates	189	244	6 631	894	612	-	-	8 570
Derivatives	8 722	-	-	-	-	493	-	9 215
Other	0	0	0	983	0	0	0	983
Total carrying value	12 049	21 589	36 098	144 213	32 553	493	0	246 995
^a Of which reverse repos								13 118
^b Of which reverse repos								580

(In millions of EUR)	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
FINANCIAL LIABILITIES, 31-12-2015								
Deposits from credit institutions and investment firms ^a	1	1 123	-	-	-	-	17 828	18 953
Deposits from customers and debt certificates ^b	431	10 916	-	-	-	-	158 762	170 109
<i>Excluding repos</i>	431	2 349	-	-	-	-	158 762	161 542
Deposits from customers	57	9 360	-	-	-	-	135 414	144 831
Demand deposits	0	0	-	-	-	-	55 148	55 148
Time deposits	57	9 360	-	-	-	-	27 724	37 141
Saving accounts	0	0	-	-	-	-	50 075	50 075
Special deposits	0	0	-	-	-	-	1 983	1 983
Other deposits	0	0	-	-	-	-	484	484
Debt certificates	374	1 555	-	-	-	-	23 349	25 278
Certificates of deposit	0	10	-	-	-	-	6 159	6 168
Customer savings certificates	0	0	-	-	-	-	1 092	1 092
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	374	1 253	-	-	-	-	12 576	14 203
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	293	-	-	-	-	3 522	3 815
Liabilities under investment contracts	-	12 387	-	-	-	-	0	12 387
Derivatives	7 487	-	-	-	-	2 191	-	9 677
Short positions	415	0	-	-	-	-	-	415
in equity instruments	58	0	-	-	-	-	-	58
in debt instruments	357	0	-	-	-	-	-	357
Other	0	0	-	-	-	-	1 792	1 792
Total carrying value	8 334	24 426	-	-	-	2 191	178 383	213 333
^a Of which repos								1 128
^b Of which repos								8 567
FINANCIAL LIABILITIES, 31-03-2016								
Deposits from credit institutions and investment firms ^a	163	3 462	-	-	-	-	18 419	22 044
Deposits from customers and debt certificates ^b	521	10 743	-	-	-	-	162 382	173 646
<i>Excluding repos</i>	521	2 187	-	-	-	-	162 042	164 750
Deposits from customers	146	9 459	-	-	-	-	136 861	146 465
Demand deposits	0	0	-	-	-	-	58 540	58 540
Time deposits	146	9 459	-	-	-	-	24 615	34 219
Saving accounts	0	0	-	-	-	-	51 358	51 358
Special deposits	0	0	-	-	-	-	1 956	1 956
Other deposits	0	0	-	-	-	-	392	392
Debt certificates	375	1 284	-	-	-	-	25 522	27 181
Certificates of deposit	0	1	-	-	-	-	7 843	7 844
Customer savings certificates	0	0	-	-	-	-	1 300	1 300
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	375	1 005	-	-	-	-	12 935	14 315
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	278	-	-	-	-	3 443	3 722
Liabilities under investment contracts	-	12 508	-	-	-	-	0	12 508
Derivatives	8 009	0	-	-	-	2 235	-	10 244
Short positions	526	0	-	-	-	-	-	526
in equity instruments	44	0	-	-	-	-	-	44
in debt instruments	483	0	-	-	-	-	-	483
Other	0	0	-	-	-	-	2 867	2 867
Total carrying value	9 220	26 713	-	-	-	2 235	183 668	221 836
^a Of which repos								4 088
^b Of which repos								8 896

Additional information on quarterly time series

Loans and deposits

In millions of EUR	31-03-2015	30-06-2015	30-09-2015	31-12-2015	31-03-2016
Total customer loans excluding reverse repos					
Business unit Belgium	84 782	85 767	87 308	88 017	88 881
Business unit Czech Republic	16 610	17 188	17 618	18 005	18 600
Business unit International Markets	20 974	20 673	20 942	21 035	21 022
<i>of which: Hungary</i>	3 934	3 632	3 577	3 552	3 592
<i>of which: Slovakia</i>	4 717	4 838	5 237	5 462	5 584
<i>of which: Bulgaria</i>	667	679	702	725	741
<i>of which: Ireland</i>	11 655	11 523	11 425	11 295	11 105
Group Centre	1 931	1 705	764	664	620
KBC Group	124 297	125 332	126 633	127 721	129 123
Mortgage loans					
Business unit Belgium	32 400	32 790	33 092	33 341	33 394
Business unit Czech Republic	7 405	7 634	7 839	8 079	8 281
Business unit International Markets	13 635	13 597	13 649	13 657	13 643
<i>of which: Hungary</i>	1 409	1 353	1 380	1 369	1 375
<i>of which: Slovakia</i>	1 844	1 900	1 976	2 072	2 146
<i>of which: Bulgaria</i>	241	245	241	242	245
<i>of which: Ireland</i>	10 141	10 098	10 052	9 975	9 877
Group Centre	29	28	27	0	0
KBC Group	53 468	54 048	54 607	55 078	55 318
Customer deposits and debt certificates excl. repos					
Business unit Belgium	111 218	113 219	112 539	111 136	114 557
Business unit Czech Republic	22 216	22 765	23 323	24 075	24 328
Business unit International Markets	15 621	16 052	16 503	17 089	17 615
<i>of which: Hungary</i>	5 475	5 403	5 474	5 862	5 879
<i>of which: Slovakia</i>	4 842	4 982	5 132	5 263	5 559
<i>of which: Bulgaria</i>	627	643	666	692	688
<i>of which: Ireland</i>	4 676	5 024	5 231	5 272	5 489
Group Centre	10 255	9 706	9 540	9 241	8 251
KBC Group	159 310	161 743	161 906	161 542	164 750

Financial assets and liabilities measured at fair value – fair value hierarchy (note 24 in the annual accounts 2015)

For more details on how KBC defines and determines (i) fair value and the fair value hierarchy and (ii) level 3 valuations reference is made to notes 23 up to and including 26 of the annual accounts 2015.

Fair value hierarchy In millions of EUR	31-12-2015				31-03-2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Held for trading	1 510	6 532	2 342	10 385	1 957	7 801	2 291	12 049
Designated at fair value	13 305	2 797	411	16 514	13 215	8 122	252	21 589
Available for sale	30 456	3 505	1 709	35 670	30 704	3 315	2 078	36 098
Hedging derivatives	0	514	0	514	0	493	0	493
Total	45 271	13 348	4 462	63 082	45 876	19 732	4 621	70 229
Financial liabilities measured at fair value								
Held for trading	415	5 859	2 060	8 334	526	6 656	2 038	9 220
Designated at fair value	12 386	11 445	594	24 426	12 508	13 610	594	26 713
Hedging derivatives	0	2 191	0	2 191	0	2 235	0	2 235
Total	12 801	19 495	2 654	34 950	13 034	22 502	2 632	38 168

Financial assets and liabilities measured at fair value – transfers between level 1 and 2 (note 25 in the annual accounts 2015)

In the first quarter of 2016, an approximate total amount of 0.6 billion euros in financial instruments at fair value was transferred from level 1 to level 2. KBC also transferred around 0.1 billion euros in financial instruments at fair value from level 2 to level 1. The majority of the transfers is due to changed liquidity of corporate and regional government bonds.

Financial assets and liabilities measured at fair value – focus on level 3 (note 26 in the annual accounts 2015)

In the first quarter of 2016 the following material movements are observed with respect to instruments classified in level 3 of the fair value level hierarchy:

- In the financial assets designated at fair value category, the fair value decreased by approximately 0.2 billion euros, which is mainly due to the expiry of a CDO note in January 2016.
- In the available for sale category an approximate total amount of 0.7 billion euros was transferred into level 3. KBC also transferred around 0.4 billion euros in financial instruments out of level 3. The majority of the transfers is due to changed liquidity of corporate and regional government bonds.

Parent shareholders' equity and AT1 instruments (note 39 in the annual accounts 2015)

in number of shares	31-12-2015	31-03-2016
Ordinary shares	418 087 058	418 087 058
<i>of which ordinary shares that entitle the holder to a dividend payment</i>	418 087 058	418 087 058
<i>of which treasury shares</i>	2	2
Non-voting core-capital securities	0	0
Other information		
Par value per ordinary share (in EUR)	3.48	3.48
Number of shares issued but not fully paid up	0	0

The ordinary shares of KBC Group NV have no nominal value and are quoted on NYSE Euronext (Brussels).

Main changes in the scope of consolidation (note 45 in the annual accounts 2015)

In 2015:

- Volksbank Leasing Slovakia was consolidated for the first time in 3Q 2015: at the beginning of July 2015, KBC reached an agreement to acquire all the shares of Volksbank Leasing Slovakia and its insurance brokerage subsidiary, Volksbank Sprostredkovateľ'ska. The deal has no material impact on KBC group's earnings and capital (balance sheet total of Volksbank Leasing Slovakia is approximately 170 million euros), and
- KBC Bank NV merged with Antwerpse Diamantbank NV and KBC Lease Holding NV in 3Q 2015 (no impact), and
- KBC Bank liquidated KBC Financial Holding Inc. in 4Q 2015

In 1Q 2016:

- No material changes.

Post-balance sheet events (note 48 in the annual accounts 2015)

Significant non-adjusting events between the balance sheet date (31 March 2016) and the publication of this report (12 May 2016):

On 21 April 2016, Visa Inc. announced, re. to the takeover of VISA Europe, that the Transaction Agreement will probably be amended, resulting in an additional cash receivable. For KBC this amounts to +5 million euros before tax (+4 million euros after tax) in 2Q 2016 at KBC Group level. Next to that, Visa Inc. informed that the closing of the transaction could possibly be extended to 3Q 2016 instead of 2Q 2016.



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Report of the accredited auditor to the shareholders of KBC Group NV on the review of the interim condensed consolidated financial statements as of 31 March 2016 and for the three-month period then ended

Introduction

We have reviewed the accompanying interim consolidated balance sheet of KBC Group and its subsidiaries (collectively referred to as "the Group") as at 31 March 2016 and the related interim consolidated income statement, the condensed consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed cash flow statement for the three-month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated balance sheet total of € 261.551 million and a consolidated profit (share of the group) for the three-month period then ended of € 392 million. Management is responsible for the preparation and fair presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2400 "*Engagements to review Financial Statements*" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**Report of the accredited auditor to the shareholders of KBC Group NV on
the review of the interim condensed consolidated financial statements
as of 31 March 2016 and for the three-month period then ended**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements does not present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and of its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34, as adopted for use in the European Union.

Brussels, 11 May 2016

Ernst & Young Bedrijfsrevisoren bcvba
Accredited Auditor
Represented by

Jean-François Hubin*
Partner
*Acting on behalf of a BVBA/SPRL

16JFH0268

KBC Group
Risk and
capital management
1Q 2016



This section is not reviewed by the auditors

Credit risk

Snapshot of the credit portfolio (banking activities)

The main source of credit risk is the loan portfolio of the bank. A snapshot of the banking portfolio is shown in the table below. 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. Further on in this chapter, extensive information is provided on the credit portfolio of each business unit. Information specifically on sovereign bonds can be found under 'note 47 (in the annual accounts 2015)'.

Credit risk: loan portfolio overview

Total loan portfolio (in billions of EUR)

	31-12-2015	31-03-2016
Amount granted	174	174
Amount outstanding ¹	143	144
Total loan portfolio, by business unit (as a % of the portfolio of credit outstanding)		
Belgium	65%	64%
Czech Republic	14%	15%
International Markets	18%	18%
Group Centre	3%	3%
Total	100%	100%
Total outstanding loan portfolio sector breakdown		
Private persons	42.0%	42.0 %
Finance and insurance	6.0%	5.9%
Authorities	3.4%	3.2%
Corporates	48.7%	49.0%
services	11.2%	11.2%
distribution	7.6%	7.7%
real estate	7.1%	7.2%
building & construction	4.2%	4.3%
agriculture, farming, fishing	2.8%	2.8%
automotive	2.2%	2.1%
electricity	1.6%	1.6%
food producers	1.3%	1.3%
metals	1.3%	1.3%
shipping	1.1%	1.1%
chemicals	1.0%	1.1%
machinery & heavy equipment	1.0%	1.1%
traders	0.9%	1.0%
hotels, bars & restaurants	0.9%	0.9%
oil, gas & other fuels	0.8%	0.8%
electrotechnics	0.5%	0.6%
other ²	3.0%	2.7%
Total outstanding loan portfolio geographical breakdown		
Home countries	87.6%	87.9%
Belgium	56.6%	56.6%
Czech Republic	13.3%	13.6%
Ireland	9.6%	9.5%
Slovakia	4.4%	4.5%
Hungary	3.1%	3.0%
Bulgaria	0.6%	0.6%
Rest of Western Europe	7.7%	7.6%
France	1.9%	1.8%
Netherlands	1.6%	1.6%
Great Britain	1.2%	1.2%
Spain	0.8%	0.7%
Luxemburg	0.7%	0.7%
Germany	0.5%	0.5%
other	1.1%	1.1%
Rest of Central Europe	0.5%	0.5%
Russia	0.2%	0.2%
other	0.4%	0.3%
North America	1.5%	1.5%
USA	1.3%	1.3%
Canada	0.2%	0.2%
Asia	0.8%	0.8%
China	0.3%	0.3%
Hong Kong	0.2%	0.2%
Singapore	0.2%	0.2%
other	0.1%	0.1%
Rest of the world	1.8%	1.7%

Credit risk: loan portfolio overview

Total loan portfolio (in billions of EUR)

31-12-2015

31-03-2016

Impaired loans (in millions of EUR or %)		
Amount outstanding	12 305	11 845
of which: more than 90 days past due	6 936	6 772
Ratio of impaired loans, per business unit		
Belgium	3.8%	3.7%
Czech Republic	3.4%	3.2%
International Markets	29.8%	28.9%
Group Centre	10.0%	9.4%
Total	8.6%	8.2%
of which: more than 90 days past due	4.8%	4.7%
Specific loan loss impairments (in millions of EUR) and Cover ratio (%)		
Specific loan loss impairments	5 517	5 383
of which: more than 90 days past due	4 183	4 114
Cover ratio of impaired loans		
Specific loan loss impairments / impaired loans	45%	45%
of which: more than 90 days past due	60%	61%
Cover ratio of impaired loans, mortgage loans excluded		
Specific loan loss impairments / impaired loans, mortgage loans excluded	53%	54%
of which: more than 90 days past due	69%	69%
Credit cost, by business unit (%)		
Belgium	0.19%	0.02%
Czech Republic	0.18%	0.01%
International Markets	0.32%	-0.04%
Slovakia	0.32%	0.08%
Hungary	0.12%	-0.18%
Bulgaria	1.21%	0.67%
Ireland	0.34%	-0.10%
Group Centre	0.54%	-0.02%
Total	0.23%	0.01%

1. Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees
2. Other includes corporate sectors not exceeding 0.5% concentration and unidentified sectors

Impaired loans are loans for which full (re)payment of the contractual cash flows is deemed unlikely. This coincides with KBC's Probability-of-Default-classes 10+11+12 (see annual accounts FY 2015 - section on credit risk for more information on PD classification). These impaired loans are equal to 'non-performing loans' under the (new) definition used by EBA.

Credit portfolio per business unit (banking activities)

Legend:

- **ind. LTV - Indexed Loan To Value:** current outstanding loan / current value of property
- **Impaired loans:** loans for which full (re)payment is deemed unlikely (coincides with KBC's PD-classes 10, 11 or 12)
- **Impaired loans that are more than 90 days past due:** loans that are more than 90 days overdue (coincides with KBC's PD-classes 11+12)
- **Portfolio based impairments:** impairments for non-impaired exposure (i.e. exposure with PD < PD 10)
- **Specific impairments:** loan loss impairments for impaired exposure (i.e. exposure with PD 10, 11 or 12)
- **Cover ratio impaired loans:** specific impairments / impaired loans

Loan portfolio Business Unit Belgium

31-03-2016, in millions of EUR

	Belgium ¹		Foreign branches		Total Business Unit Belgium	
Total outstanding amount	87 361		5 494		92 854	
Counterparty break down	% outst.		% outst.		% outst.	
SME / corporate	24 706	28.3%	5 494	100.0%	30 200	32.5%
retail	62 654	71.7%	0	0.0%	62 654	67.5%
o/w private	34 485	39.5%	0	0.0%	34 485	37.1%
o/w companies	28 170	32.2%	0	0.0%	28 170	30.3%
Mortgage loans ²	% outst.		% outst.		% outst.	
total	33 331	38.2%	0	0.0%	33 331	35.9%
o/w FX mortgages	0	0.0%	0	0.0%	0	0.0%
o/w ind. LTV > 100%	1 389	1.6%	0	0.0%	1 389	1.5%
Probability of default (PD)	% outst.		% outst.		% outst.	
low risk (pd 1-4; 0.00%-0.80%)	66 751	76.4%	3 354	61.0%	70 105	75.5%
medium risk (pd 5-7; 0.80%-6.40%)	15 474	17.7%	1 525	27.8%	16 998	18.3%
high risk (pd 8-9; 6.40%-100.00%)	2 157	2.5%	101	1.8%	2 258	2.4%
impaired loans (pd 10 - 12)	2 889	3.3%	512	9.3%	3 401	3.7%
unrated	89	0.1%	3	0.1%	92	0.1%
Overall risk indicators	spec. imp. % cover		spec. imp. % cover		spec. imp. % cover	
outstanding impaired loans	2 889	1 276 44.2%	512	249 48.7%	3 401	1 525 44.8%
o/w pd 10 impaired loans	1 013	189 18.6%	315	94 29.7%	1 328	282 21.3%
o/w more than 90 days past due (pd 11+12)	1 877	1 087 57.9%	196	156 79.3%	2 073	1 243 60.0%
all impairments (specific + portfolio based)	n.a.		n.a.		1 601	
o/w portfolio based impairments	n.a.		n.a.		76	
o/w specific impairments	1 276		249		1 525	
2015 Credit cost ratio (CCR)	0.19%		0.32%		0.19%	
YTD 2016 CCR	0.04%		-0.16%		0.02%	

Remarks

1. Belgium = KBC Bank (all retail and corporate credit lending activities except for the foreign branches), CBC, KBC Lease part Belgium, KBC Commercial Finance, KBC Credit Investments (part of non-legacy portfolio assigned to BU Belgium)
2. mortgage loans: only to private persons (as opposed to the accounting figures)

Loan portfolio Business Unit Czech Republic

31-03-2016, in millions of EUR

For information: ČMSS³
(consolidated via equity-method since
1Q14)

Total outstanding amount	20 963			2 459		
Counterparty break down	% outst.			% outst.		
SME / corporate	7 572	36.1%		43	1.7%	
retail	13 392	63.9%		2 416	98.3%	
o/w private	9 463	45.1%		2 402	97.7%	
o/w companies	3 929	18.7%		14	0.6%	
Mortgage loans ¹	% outst. ind. LTV			% outst. ind. LTV		
total	8 656	41.3%	59%	1 900	77.3%	66%
o/w FX mortgages	0	0.0%	-	0	0.0%	-
o/w ind. LTV > 100%	321	1.5%	-	163	6.6%	-
Probability of default (PD)	% outst.			% outst.		
low risk (pd 1-4; 0.00%-0.80%)	14 541	69.4%		1 591	64.7%	
medium risk (pd 5-7; 0.80%-6.40%)	4 886	23.3%		609	24.8%	
high risk (pd 8-9; 6.40%-100.00%)	746	3.6%		182	7.4%	
impaired loans (pd 10 - 12)	675	3.2%		76	3.1%	
unrated	115	0.5%		0	0.0%	
Overall risk indicators²	spec. imp. % cover			spec. imp. % cover		
outstanding impaired loans	675	366	54.2%	76	34	44.7%
o/w pd 10 impaired loans	174	50	28.4%	18	2	12.7%
o/w more than 90 days past due (pd 11+12)	501	316	63.2%	58	32	54.8%
all impairments (specific + portfolio based)	403			41		
o/w portfolio based impairments	37			7		
o/w specific impairments	366			34		
2015 Credit cost ratio (CCR)	0.18%			n/a		
YTD 2016 CCR	0.01%			n/a		

1. mortgage loans: only to private persons (as opposed to the accounting figures)

2. CCR at country level in local currency

3. ČMSS: pro-rata figures, corresponding with KBC's 55%-participation in ČMSS

Loan portfolio Business Unit International Markets
31-03-2016, in millions of EUR

	Ireland			Slovakia			Hungary			Bulgaria			Total Int Markets		
Total outstanding amount	13 714			6 200			4 497			874			25 290		
Counterparty break down	% outst.			% outst.			% outst.			% outst.			% outst.		
SME / corporate	2 128	15.5%		2 662	42.9%		2 244	49.9%		375	42.9%		7 414	29.3%	
retail	11 586	84.5%		3 538	57.1%		2 253	50.1%		499	57.1%		17 876	70.7%	
o/w private	11 571	84.4%		2 846	45.9%		1 719	38.2%		318	36.3%		16 454	65.1%	
o/w companies	16	0.1%		692	11.2%		533	11.9%		181	20.7%		1 422	5.6%	
Mortgage loans ¹	% outst. ind. LTV			% outst. ind. LTV			% outst. ind. LTV			% outst. ind. LTV			% outst.		
total	11 560	84.3%	90%	2 288	36.9%	66%	1 576	35.1%	79%	167	19.1%	75%	15 591	61.7%	
o/w FX mortgages	0	0.0%	-	0	0.0%	-	14	0.3%	137%	66	7.6%	83%	80	0.3%	
o/w ind. LTV > 100%	3 680	26.8%	-	50	0.8%	-	424	9.4%	-	18	2.0%	-	4 171	16.5%	
Probability of default (PD)	% outst.			% outst.			% outst.			% outst.			% outst.		
low risk (pd 1-4; 0.00%-0.80%)	531	3.9%		4 178	67.4%		2 110	46.9%		164	18.8%		6 982	27.6%	
medium risk (pd 5-7; 0.80%-6.40%)	5 473	39.9%		1 422	22.9%		1 566	34.8%		403	46.1%		8 870	35.1%	
high risk (pd 8-9; 6.40%-100.00%)	1 358	9.9%		277	4.5%		262	5.8%		108	12.4%		2 006	7.9%	
impaired loans (pd 10 - 12)	6 352	46.3%		220	3.6%		536	11.9%		198	22.7%		7 306	28.9%	
unrated	0	0.0%		103	1.7%		23	0.5%		0	0.0%		125	0.5%	
Overall risk indicators ²	spec. imp. % cover			spec. imp. % cover			spec. imp. % cover			spec. imp. % cover			spec. imp. % cover		
outstanding impaired loans	6 352	2 693	42.4%	220	124	56.5%	536	306	57.1%	198	88	44.6%	7 306	3 211	44.0%
o/w pd 10 impaired loans	3 234	846	26.2%	53	17	31.7%	107	31	29.0%	15	1	7.9%	3 409	895	26.3%
o/w more than 90 days past due (pd 11+12)	3 118	1 847	59.2%	167	108	64.4%	428	275	64.2%	184	87	47.5%	3 897	2 316	59.4%
all impairments (specific + portfolio based)	2 774			136			318			91			3 319		
o/w portfolio based impairments	81			12			12			3			108		
o/w specific impairments	2 693			124			306			88			3 211		
2015 Credit cost ratio (CCR)	0.34%			0.32%			0.12%			1.21%			0.32%		
YTD 2016 CCR	-0.10%			0.08%			-0.18%			0.67%			-0.04%		

Remarks

Ireland = KBC Bank Ireland

Total Int Markets: total outstanding amount includes a small amount of KBC internal risk sharings which were eliminated at country level

1. mortgage loans: only to private persons (as opposed to the accounting figures)

2. CCR at country level in local currency

Loan portfolio Group Centre

Total Group Centre

(mainly KBC Finance Ireland, KBC Credit Investments
and ex-Antwerp Diamond Bank (in wind-down))

31-03-2016, in millions of EUR

Total outstanding amount	4 916		
Counterparty break down		% outst.	
SME / corporate	4 916	100.0%	
retail	0	0.0%	
o/w private	0	0.0%	
o/w companies	0	0.0%	
Mortgage loans ¹		% outst.	ind. LTV
total	0	0.0%	-
o/w FX mortgages	0	0.0%	-
o/w ind. LTV > 100%	0	0.0%	-
Probability of default (PD)		% outst.	
low risk (pd 1-4; 0.00%-0.80%)	2 716	55.3%	
medium risk (pd 5-7; 0.80%-6.40%)	1 439	29.3%	
high risk (pd 8-9; 6.40%-100.00%)	287	5.8%	
impaired loans (pd 10 - 12)	463	9.4%	
unrated	11	0.2%	
Overall risk indicators		spec. Imp.	% cover
outstanding impaired loans	463	280	60.5%
o/w pd 10 impaired loans	162	41	25.6%
o/w more than 90 days past due (pd 11+12)	301	239	79.3%
all impairments (specific + portfolio based)	291		
o/w portfolio based impairments	11		
o/w specific impairments	280		
2015 Credit cost ratio (CCR)	0.54%		
YTD 2016 CCR	-0.02%		

Remarks

Total Group Centre = KBC Finance Ireland, KBC Credit Investments (legacy & and part of non-legacy portfolio assigned to BU Group), KBC FP (ex-Atomium assets), KBC Lease UK, KBC Bank part Group (a.o. activities in wind-down: e.g. ex-Antwerp Diamond Bank)

1. mortgage loans: only to private persons (as opposed to the accounting figures)

Solvency

KBC reports its solvency at group, banking and insurance level, calculating it on the basis of IFRS figures and the relevant guidelines issued by the competent regulator.

Solvency KBC Group

We report the solvency of the group, the bank and the insurance company based on IFRS data and according to the rules imposed by the regulator. For the KBC group, this implies that we calculate our solvency ratios based on CRR/CRD IV. This regulation entered gradually into force on 1 January 2014, and will be fully implemented by 1 January 2022. The general rule under CRR/CRD IV for insurance participations is that an insurance participation is deducted from common equity at group level, unless the competent authority grants permission to apply a risk weighting instead (Danish compromise). KBC received such permission from the supervisory authority and hence reports its solvency on the basis of a 370% risk weighting being applied to the holdings of own fund instruments of the insurance company, after having deconsolidated KBC Insurance from the group figures.

In addition to the solvency ratios under CRD IV/CRR, KBC is considered a financial conglomerate since it covers both significant banking and insurance activities. Therefore KBC also has to disclose its solvency position as calculated in accordance with the Financial Conglomerate Directive (FICOD; 2002/87/EC). KBC meets the FICOD requirement by aligning the building block method with method 1 (the accounting consolidation method) under FICOD. This implies that available capital is calculated on the basis of the consolidated position of the group and the eligible items recognised as such under the prevailing sectoral rules, which are CRR/CRD IV for the banking business and Solvency II as of 2016) for the insurance business. The capital requirement for the insurance business based on Solvency II is multiplied by 12.5 to obtain a risk weighted asset equivalent.

The Internal Rating Based (IRB) approach is since its implementation in 2008 the primary approach to calculate KBC's risk weighted assets. This is, based on a full application of all the CRD IV/CRR rules, used for approximately 83% of the weighted credit risks, of which approx. 76% according to Advanced and approx. 7% according to Foundation approach. Note that, retail exposure treated under IRB is always subject to an Advanced approach. The remaining weighted credit risks (ca. 17%) are calculated according to the Standardised approach. 12% of the latter, under the Danish Compromise, are the 370% risk-weighted holdings of own funds instruments of the insurance company.

The ECB required KBC to maintain a CET1 ratio of at least 9.75% (phased-in, Danish Compromise) in 2016, which includes the CRR/CRD IV minimum requirement (4.5%), the conservation buffer (0.625%) and the pillar 2 add-on (4.625%). On top of this, the National Bank of Belgium (NBB) requires KBC – as a systemically important Belgian bank – to hold an additional buffer of 0.5% of CET1 (phased-in, Danish Compromise) in 2016, 1.0% in 2017 and 1.5% in 2018.

Following table groups the solvency on the level of KBC Group according to different methodologies and calculation methods, including the deduction method.

Overview of KBC Group's capital ratios - In millions of EUR - 31-03-2016

		numerator (common equity)	denominator (Total weighted risk volume)	ratio (%)
CRDIV, Common Equity ratio				
Danish Compromise	Phased-in	12 960	88 849	14.59%
	Fully loaded	13 114	89 750	14.61%
Deduction Method	Fully loaded	11 957	83 895	14.25%
Financial Conglomerates Directive*				
	Fully loaded	13 773	101 692	13.54%

* KBC aligned the building block method with method 1 (the accounting consolidation method) under FICOD

In millions of EUR	31-12-2015		31-03-2016	
Danish compromise	Fully loaded	Phased-in	Fully loaded	Phased-in
Total regulatory capital, KBC Group (after profit appropriation)	16 936	17 305	16 824	16 844
Tier-1 capital	14 647	14 691	14 514	14 405
Common equity	13 247	13 242	13 114	12 960
Parent shareholders' equity (after deconsolidating KBC Insurance)	14 075	14 075	13 896	13 896
Intangible fixed assets (incl deferred tax impact) (-)	- 366	- 366	- 373	- 373
Goodwill on consolidation (incl deferred tax impact) (-)	- 482	- 482	- 481	- 481
Minority interests	0	0	0	0
AFS revaluation reserve shares (-)	0	0	0	0
AFS revaluation reserve sovereign bonds (-)	0	- 402	0	- 414
AFS revaluation reserve other bonds(-)	0	- 64	0	- 59
AFS revaluation reserve other (-)	0	0	0	0
Hedging reserve (cash flow hedges) (-)	1 163	1 163	1 492	1 492
Valuation diff. in fin. liabilities at fair value - own credit risk (-)	- 20	- 20	- 27	- 27
Value adjustment due to the requirements for prudent valuation (-)	- 94	- 53	- 112	- 59
Dividend payout (-)	0	0	- 196	- 196
Remuneration of AT1 instruments (-)	- 2	- 2	- 2	- 2
Deduction re. financing provided to shareholders (-)	- 91	- 91	- 91	- 91
IRB provision shortfall (-)	- 171	- 171	- 192	- 192
Deferred tax assets on losses carried forward (-)	- 765	- 345	- 800	- 534
Limit on deferred tax assets from timing differences relying on future profitability and significant participations in financial sector entities (-)	0	0	0	0
Additional going concern capital	1 400	1 450	1 400	1 445
Grandfathered innovative hybrid tier-1 instruments	0	50	0	45
Grandfathered non-innovative hybrid tier-1 instruments	0	0	0	0
CRR compliant AT1 instruments	1 400	1 400	1 400	1 400
Minority interests to be included in additional going concern capital	0	0	0	0
Tier 2 capital	2 289	2 614	2 310	2 439
IRB provision excess (+)	369	359	371	366
Subordinated liabilities	1 920	2 255	1 939	2 073
Subordinated loans non-consolidated financial sector entities (-)	0	0	0	0
Minority interests to be included in tier 2 capital	0	0	0	0
Capital requirement				
Total weighted risk volume	89 067	87 343	89 750	88 849
Banking	79 758	78 034	80 379	79 478
Insurance	9 133	9 133	9 133	9 133
Holding activities	208	208	267	267
Elimination of intercompany transactions	- 33	- 33	- 30	- 30
Solvency ratios				
Common equity ratio	14.87%	15.16%	14.61%	14.59%
Tier-1 ratio	16.44%	16.82%	16.17%	16.21%
CAD ratio	19.01%	19.81%	18.75%	18.96%
Capital buffer (fully loaded)				
Common equity capital	13 247		13 114	
Required pillar 2 capital (11.35%)	10 109		10 187	
Capital buffer vs pillar 2 target	3 138		2 927	
Capital buffer (phased)				
Common equity capital		13 242		12 960
Required pillar 2 capital (10.25%)		8 953		9 107
Capital buffer vs pillar 2 target		4 289		3 853

In millions of EUR FICOD	Fully loaded	31/12/2015 Phased-in	Fully loaded	31/03/2016 Phased-in
Common Equity	14 019	14 014	13 773	13 619
Total weighted risk volume	99 831	98 107	101 692	100 790
Common equity ratio	14.04%	14.28%	13.54%	13.51%

The 31-12-2015 figures on FICOD have been adjusted to reflect the switch from Solvency I to Solvency II regulation for KBC Insurance.

Leverage ratio KBC Group

In millions of EUR Leverage ratio KBC Group (Basel III fully loaded)	31-12-2015	31-03-2016
Tier-1 capital (Danish compromise)	14 647	14 514
Total exposures	233 675	245 710
Total Assets	252 355	261 551
Deconsolidation KBC Insurance	-31 545	-31 720
Adjustment for derivatives	-3 282	-3 617
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	- 806	-2 049
Adjustment for securities financing transaction exposures	1 057	5 175
Off-balance sheet exposures	15 897	16 370
Leverage ratio	6.27%	5.91%

The leverage ratio decreased compared to the end of 2015 due to higher total exposures (higher financial assets, mainly designated at fair value and loans and receivables).

Solvency banking and insurance activities separately

As is the case for the KBC group, the solvency of KBC Bank is calculated based on CRR/CRD IV. The solvency of KBC Insurance is calculated on the basis of Solvency II rules as they became effective on 1 January 2016 (reference figures have been adjusted).

The tables below show the tier-1 and CAD ratios calculated under Basel III (CRD IV/CRR) for KBC Bank, as well as the solvency ratio of KBC Insurance under Solvency II.

More information on the solvency of KBC Bank and KBC Insurance as at 31-12-2015 can be found in their annual accounts and in the KBC Risk Report on www.kbc.com.

KBC Bank consolidated - CRDIV/CRR (in millions of EUR)	31-12-2015		31-03-2016	
	Fully loaded	Phased in	Fully loaded	Phased in
Total regulatory capital, after profit appropriation	16 045	16 075	15 846	15 658
Tier-1 capital	12 346	12 449	12 235	12 107
Of which common equity	10 941	10 988	10 829	10 646
Tier-2 capital	3 699	3 626	3 611	3 551
Total weighted risks	79 758	78 034	80 379	79 478
Credit risk	66 387	64 663	66 761	65 859
Market risk	3 100	3 100	3 346	3 346
Operational risk	10 272	10 272	10 272	10 272
Solvency ratios				
Common equity ratio	13.72%	14.08%	13.47%	13.40%
Tier-1 ratio	15.48%	15.95%	15.22%	15.23%
CAD ratio	20.12%	20.60%	19.71%	19.70%

KBC Insurance consolidated - Solvency II (in millions of EUR)	31-12-2015	31-03-2016
Own Funds	3 683	3 547
Tier 1	3 180	3 047
IFRS Parent shareholders equity	2 815	2 918
Dividend payout	-71	-91
Deduction intangible assets and goodwill (after tax)	-123	-121
Valuation differences (after tax)	416	210
Volatility adjustment	195	209
Other	-53	-78
Tier 2	503	500
Subordinated liabilities	503	500
Solvency Capital Requirement (SCR)	1 592	1 686
Market risk	1 472	1 587
Non-life	498	518
Life	594	593
Health	173	187
Counterparty	83	124
Diversification	-840	-891
Other	-389	-432
Solvency II ratio	231%	210%

Glossary of ratios and terms

Bank-insurance gross income

Gives an insight into the income generated by insurance products sold through the bank channel and, therefore, into the success of the bank-insurance model.

Calculation (in millions of EUR)	Reference	1Q2015	1Q2016
Fee and commission income received by the bank from the linked insurer (A)	'Consolidated income statement': component of 'Net fee and commission income'	45	32
+ Insurance income for insurance products sold by bank branches (B)	'Consolidated income statement': component of 'Total income' (various headings)	81	72
+ Management fees generated by unit-linked insurance products sold by bank branches and recognised at the asset manager (C)	'Consolidated income statement': component of 'Net fee and commission income'	13	14
= (A)+(B)+(C)		139	118

Basic and diluted earnings per share

Gives an idea of the amount of profit over a certain period that is attributable to one share (and, where applicable, including dilutive instruments).

Calculation (in millions of EUR)	Reference	1Q2015	1Q2016
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	510	392
- Coupon (and/or penalty) on the core-capital securities sold to the government (B)	'Consolidated statement of changes in equity'	0	0
- Coupon on the additional tier-1 instruments included in equity (C)	'Consolidated statement of changes in equity'	-13	-13
/ Average number of ordinary shares less treasury shares (in millions) in the period (D)	Note 39	418	418
or Average number of ordinary shares plus dilutive options less treasury shares in the period (E)		418	418
Basic = (A-B-C) / (D) (in EUR)		1.19	0.91
Diluted = (A-B-C) / (E) (in EUR)		1.19	0.91

Combined ratio (non-life insurance)

Gives an insight into the technical profitability (i.e. after eliminating investment returns, among other items) of the non-life insurance business, more particularly the extent to which insurance premiums adequately cover claim payments and expenses. The combined ratio takes ceded reinsurance into account.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
Technical insurance charges, including the internal cost of settling claims (A)	Note 9	169	208
/ Earned insurance premiums (B)	Note 9	315	336
+ Operating expenses (C)	Note 9	115	123
/ Written insurance premiums (D)	Note 9	405	429
= (A/B)+(C/D)		82%	91%

Common equity ratio

A risk-weighted measure of the group's solvency, based on common equity tier-1 capital.

Calculation	31-12-2015	31-03-2016
Detailed calculation under 'Solvency at group level' in the 'Solvency KBC Group' section (the ratio given here is based on the Danish compromise)		
Phased-in*	15.2%	14.6%
Fully loaded*	14.9%	14.6%

* CRD IV capital rules are being implemented gradually to allow banks to build up the necessary capital buffers. The capital position of a bank taking into account the transition period is called 'phased-in'. The capital position of a bank based on a full application of all rules as applicable after the transition period is called 'fully loaded'.

Cost/income ratio

Gives an impression of the relative cost efficiency (costs relative to income) of the banking activities.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
Operating expenses of the banking activities (A)	'Consolidated income statement': component of 'Operating expenses'	1 001	1 053
/			
Total income of the banking activities (B)	'Consolidated income statement': component of 'Total income'	1 580	1 477
= (A) / (B)		63%	71%

Cover ratio

Indicates the proportion of impaired loans (see 'Impaired loans ratio' for definition) that are covered by impairment charges.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Specific impairment on loans	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	5 517	5 383
/			
Outstanding impaired loans	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	12 305	11 845
= (A) / (B)		44.8%	45.4%

Where appropriate, the numerator and denominator in the formula may be limited to impaired loans that are more than 90 days past due.

Credit cost ratio

Gives an idea of loan impairment charges recognised in the income statement for a specific period (in this case, a year), relative to the total loan portfolio (see 'Loan portfolio' for definition). In the longer term, this ratio can provide an indication of the credit quality of the portfolio.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
Net changes in impairment for credit risks (A (annualised))	'Consolidated income statement': component of 'Impairment'	77 (x4)	4 (x4)
/			
Average outstanding loan portfolio (B)	'Loan and investment portfolio, banking' table in the 'Credit risk' section	140 199	144 505
= (A) / (B)		0.21%	0.01%

Impaired loans ratio

Indicates the proportion of impaired loans in the loan portfolio (see 'Loan portfolio' for definition) and, therefore, gives an idea of the creditworthiness of the portfolio. Impaired loans are loans where it is unlikely that the full contractual principal and interest will be repaid/paid. These loans have a KBC default status of PD 10, PD 11 or PD 12 and correspond to the new definition of 'non-performing' used by the European Banking Authority.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	12 305	11 845
/			
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	143 400	144 024
= (A) / (B)		8.6%	8.2%

Where appropriate, the numerator may be limited to impaired loans that are more than 90 days past due (PD 11 + PD 12).

Leverage ratio

Gives an idea of the group's solvency, based on a simple non-risk-weighted ratio.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Regulatory available tier-1 capital (A)	'Leverage ratio KBC Group (Basel III fully loaded' table in the 'Leverage KBC Group' section	14 647	14 514
/			
Total exposure measures (total of non-risk-weighted on and off-balance sheet items, with a number of adjustments) (B)	Based on the Capital Requirements Regulation (CRR)	233 675	245 710
= (A) / (B)		6.3%	5.9%

Liquidity coverage ratio (LCR)

Gives an idea of the bank's liquidity position in the short term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-month period.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Stock of high-quality liquid assets (A)	Based on the European Commission's Delegated Act on LCR	47 300	51 850
/			
Total net cash outflows over the next 30 calendar days (B)		37 150	39 950
= (A) / (B)		127%	130%

Loan portfolio

Gives an idea of the magnitude of (what are mainly pure, traditional) lending activities.

Calculation (in millions of EUR)	Reference	31-12-2015	31-03-2016
Loans and advances to customers (related to the group's banking activities) (A)	Note 18, component of 'Loans and advances to customers'	126 812	128 223
-			
Reverse repos with customers (B)	Note 18	-502	-502
+			
Debt instruments issued by corporates and by credit institutions and investment firms (related to the group's banking activities) (C)	Note 18, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	7 118	6 885
+			
Loans and advances to credit institutions and investment firms (related to the group's banking activities, excluding dealing room activities) (D)	Note 18, component of 'Loans and advances to credit institutions and investment firms'	1 060	1 036
+			
Financial guarantees granted to clients (E)	Note 40, component of 'Financial guarantees given' in the annual report 2015 for 1Q2015 figure only	7 823	7 690
+			
Impairment on loans (F)	Note 21, component of 'Impairment' in the annual report 2015 for 1Q2015 figure only	5 623	5 519
+			
Other (including accrued interest) (G)	Component of Note 18	-4 534	-4 827
= (A)-(B)+(C)+(D)+(E)+(F)+(G)		143 400	144 024

Minimum requirement for own funds and eligible liabilities (MREL)

Indicates the extent to which a bank has sufficient own funds and eligible liabilities available for bail-in. MREL and bail-in are based on the idea that shareholders and debt-holders should bear losses first if a bank fails.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Own funds* and liabilities that satisfy the requirements of the Bank Recovery and Resolution Directive (with the exception of certain excluded liabilities) (A)	Based on BRRD	30 704	29 753
/			
Own funds* and liabilities (B)	'Consolidated balance sheet'	220 809	229 831
= (A) / (B)		13.9%	12.9%

* After deconsolidation of KBC Insurance.

Net interest margin

Gives an idea of the net interest income of the banking activities (one of the most important sources of revenue for the group) relative to the average total interest-bearing assets of the banking activities.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
Net interest income of the banking activities* (A)(annualised)	'Consolidated income statement': component of 'Net interest income'	920 (x360/90)	904 (x360/91)
/			
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	175 155	182 022
= (A) / (B)		2.10%	1.96%

Net stable funding ratio (NSFR)

Gives an idea of the bank's structural liquidity position in the long term, more specifically the extent to which the group is able to overcome liquidity difficulties over a one-year period.

Calculation (in millions of EUR or %)	Reference	31-12-2015	31-03-2016
Available amount of stable funding (A)	–	135 400	138 250
/			
Required amount of stable funding (B)		111 800	114 300
= (A) / (B)		121%	121%

Parent shareholders' equity per share

Gives the carrying value of a KBC share, i.e. the value in euros represented by each share in the parent shareholders' equity of KBC.

Calculation (in millions of EUR or quantity)	Reference	31-12-2015	31-03-2016
Parent shareholders' equity (A)	'Consolidated balance sheet'	14 411	14 335
/			
Number of ordinary shares less treasury shares (at period-end) (B)	Note 39	418 087 056	418 087 056
= (A) / (B) (in EUR)		34.5	34.3

Return on allocated capital (ROAC) for a particular business unit

Gives an idea of the relative profitability of a business unit, more specifically the ratio of the net result to the capital allocated to the business unit.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
BELGIUM BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A) (annualised)	Note 2: Segment reporting based on the management structure	330 (x4)	209 (x4)
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for '15 & II for '16) (B)	'1Q2016 results by business unit' section	6 111	5 815
= (A) / (B)		22%	14%
CZECH REPUBLIC BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A) (annualised)	Note 2: Segment reporting based on the management structure	143 (x4)	129 (x4)
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for '15 & II for '16) (B)	'1Q2016 results by business unit' section	1 444	1 405
= (A) / (B)		40%	37%
INTERNATIONAL MARKETS BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A) (annualised)	Note 2: Segment reporting based on the management structure	24 (x4)	60 (x4)
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for '15 & II for '16) (B)	'1Q2016 results by business unit' section	1 997	1 895
= (A) / (B)		5%	13%

Return on equity

Gives an idea of the relative profitability of the group, more specifically the ratio of the net result to equity.

Calculation (in millions of EUR or %)	Reference	1Q2015	1Q2016
Result after tax, attributable to equity holders of the parent (A) (annualised)	'Consolidated income statement'	510 (x4)	392 (x4)
-			
Coupon on the core-capital securities sold to the government (B) (annualised)	'Consolidated statement of changes in equity'	0	0
-			
Coupon on the additional tier-1 instruments included in equity (C) (annualised)	'Consolidated statement of changes in equity'	-13 (x4)	-13 (x4)
/			
Average parent shareholders' equity, excluding the revaluation reserve for available-for-sale assets (D)	'Consolidated statement of changes in equity'	11 480	12 545
= (A-B-C) / (D)		17%	12%

Solvency ratio (insurance)

Measures the solvency of the insurance business, calculated under Solvency II.

Calculation	31-12-2015	31-03-2016
Detailed calculation under 'Solvency KBC Insurance consolidated – Solvency II' table in the Solvency banking and insurance activities separately section	231%	210%

Total assets under management

Total assets under management (AuM) comprise third-party assets and KBC group assets managed by the group's various asset management companies (KBC Asset Management, ČSOB Asset Management, etc.), as well as assets under advisory management at KBC Bank. The assets, therefore, consist mainly of KBC investment funds and unit-linked insurance products, assets under discretionary and advisory management mandates of (mainly retail, private banking and institutional) clients, and certain group assets. The size and development of total AuM are major factors behind net fee and commission income (generating entry and management fees) and hence account for a large part of any change in this income line. In that respect, the AuM of a fund that is not sold directly to clients but is instead invested in by another fund or via a discretionary/advisory management portfolio, are also included in the total AuM figure, in view of the related work and any fee income linked to them.

Calculation (in billions of EUR)	Reference	31-12-2015	31-03-2016
Belgium Business Unit (A)	Company presentation on www.kbc.com	194	192
+			
Czech Republic Business Unit (B)		9	9
+			
International Markets Business Unit (C)		6	6
(A)+(B)+(C)		209	207

Total capital ratio

A risk-weighted measure of the group's solvency, based on total regulatory capital.

Calculation	31-12-2015	31-03-2016
Detailed calculation under 'Solvency KBC Group' section (the ratio given here is based on the Danish compromise)		
Phased-in	19.8%	19.0%
Fully loaded	19.0%	18.7%