KBC Group
Company presentation
2Q 2013

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Key takeaways for KBC Group

- **STRONG BUSINESS PERFORMANCE IN 2Q13**
  - **Net reported profit of 517m EUR**
  - Continued good **adjusted* net result of 485m EUR, an increase of 35% q-o-q, leading to a ROE of 15%.** This is the result of:
    - Strong commercial bank-insurance franchises in our core markets and core activities,
    - Stable net interest margin
    - Strong net fee and commission income,
    - Solid gains from financial instruments at fair value (mainly high M2M ALM derivatives),
    - Good combined ratio
    - Excellent Cost/Income ratio
    - Lower impairment charges. Note that the loan loss provisions in Ireland were in line with guidance. As such, we are maintaining our FY 2013 guidance of 300m-400m EUR for KBC Bank Ireland

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Pro forma** common equity** (B3 fully loaded***) ratio of 11.8% at end 1H13
  - **Continued strong liquidity position** (NSFR at 107% and LCR at 125%)****. Unencumbered assets are more than 4 times the amount of short-term wholesale funding

- **MOMENTUM MAINTAINED ON DIVESTMENTS AND DERISKING**
  - Further **progress on divestments**: the sale of Absolut Bank is completed
  - **CDO/ABS exposure** further reduced by roughly 4.6bn EUR

* Adjusted net result is the net result excluding a limited number of non-operating items, i.e. legacy CDO and divestment activities and the M2M effect of own debt instruments due to own credit risk

** Pro forma figures include the accelerated repayment of 1.17bn EUR of State aid to the Flemish Regional Government (+50% penalty), the impact of the transfer of part of the shareholder loans and the impact of the signed divestment of KBC Banka

*** Including remaining State aid of 2.33bn EUR

**** NSFR: Net Stable Funding Ratio; LCR: Liquidity Coverage Ratio

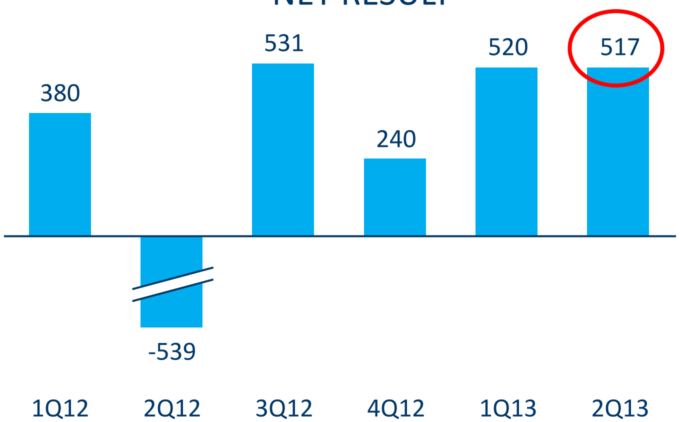
Contents

Section 1

2Q 2013 performance of KBC Group

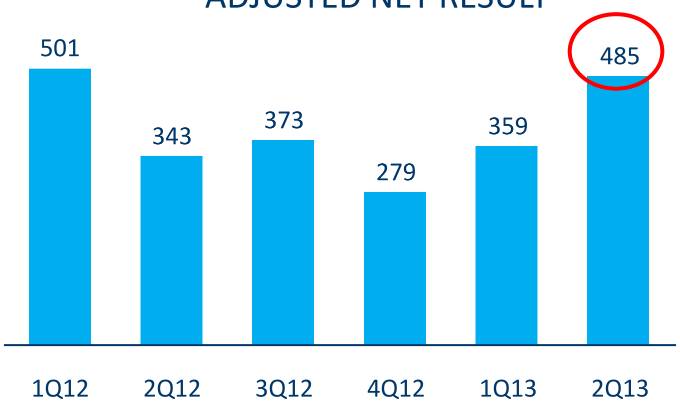
Earnings capacity

NET RESULT *

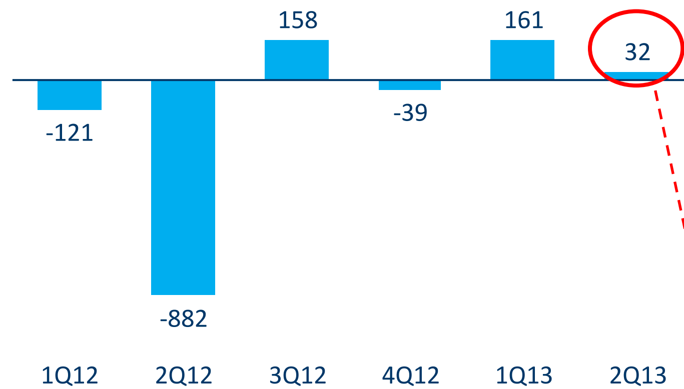


Excluding adjustments

ADJUSTED NET RESULT



ADJUSTMENTS



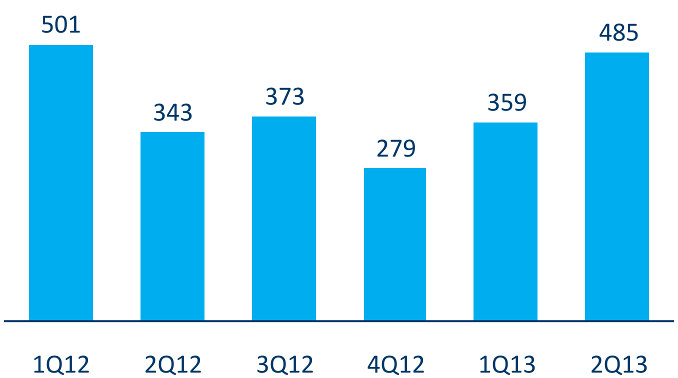
- Legacy + own credit risk items (post-tax)
  - Revaluation of structured credit portfolio + 180m EUR
  - Divestments - 128m EUR
  - M2M own credit risk - 20m EUR

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

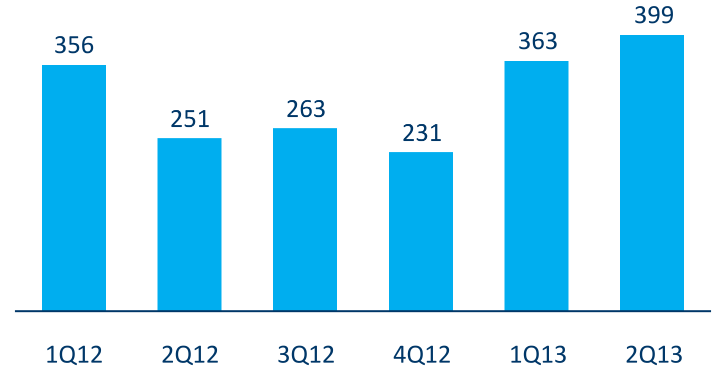
Amounts in m EUR

Adjusted net result at KBC Group

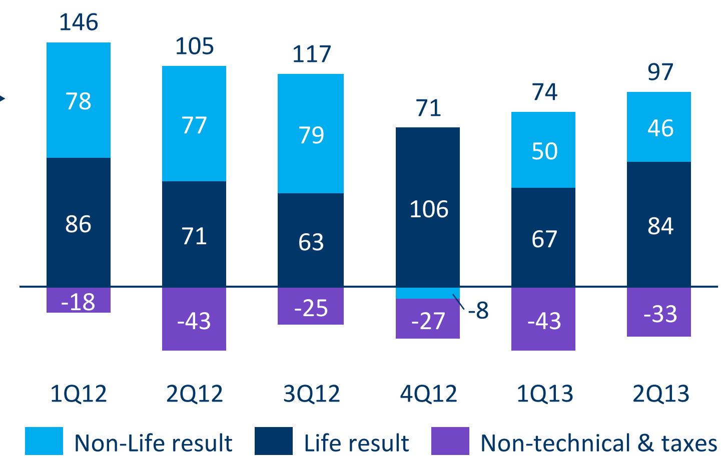
ADJUSTED NET RESULT AT KBC GROUP *



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT*



CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT*

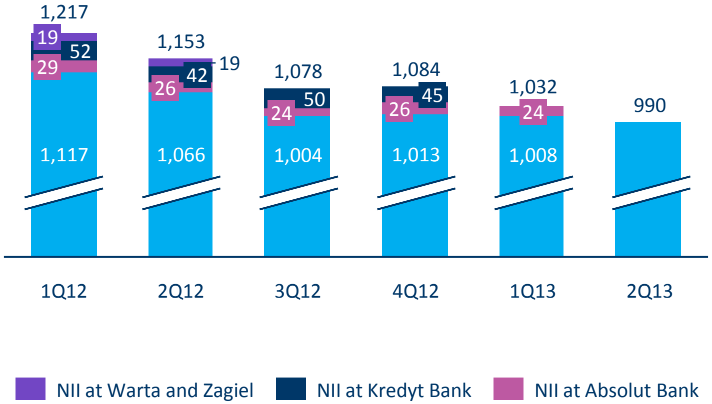


* Difference between adjusted net result at KBC Group and the sum of the banking and insurance contribution are the holding-company/group items

Amounts in m EUR

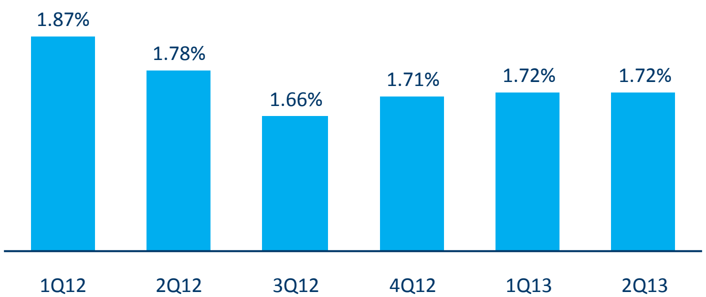
Net interest income and margin

NII



NIM*

(excl. IFRS 5 entities and divestments in 2012)



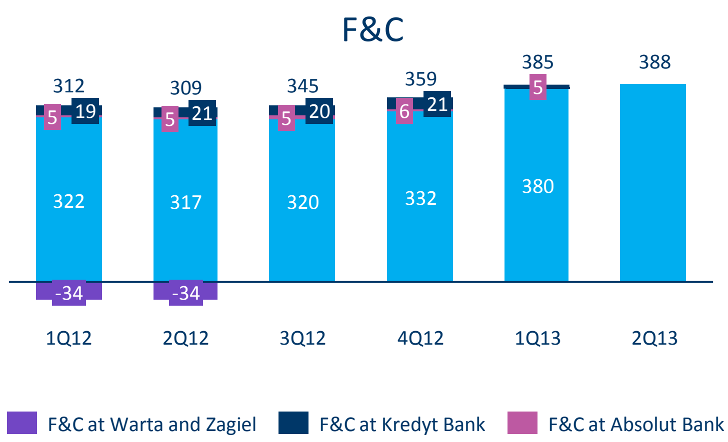
- **Net interest income**
  - Fell by 2% q-o-q and 7% y-o-y (across all business units), excluding deconsolidated entities
  - Both q-o-q and y-o-y decline can mainly be explained by lower reinvestment yields and a deliberately decreasing loan portfolio at the foreign branches and the legacy Project Finance portfolio, despite sound commercial margins and deposit volume increases (4% y-o-y on a comparable basis)

- **Net interest margin (1.72%)**
  - flat q-o-q and down by 6bps y-o-y
  - Q-o-q, sound commercial margins offset the negative impact from lower reinvestment yields

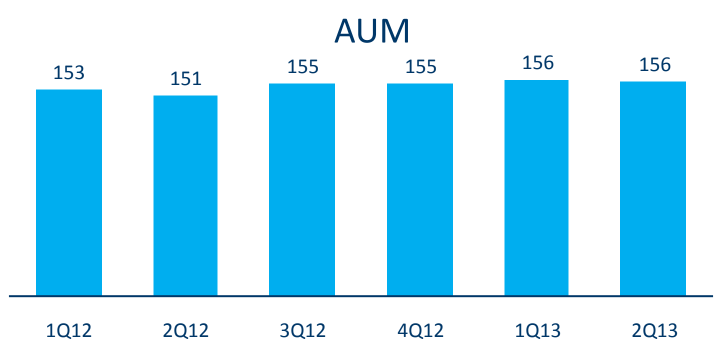
* Net interest margin: net Interest Income divided by total interest bearing assets excl. reverse repos

Amounts in m EUR

Net fee and commission income and AUM



- **Strong net fee and commission income**
  - Increased by 2% q-o-q and 23% y-o-y excluding deconsolidated entities
  - Y-o-y increase is driven by higher entry and management fees on mutual funds
  - The q-o-q increase can be explained by higher management fees on investment products

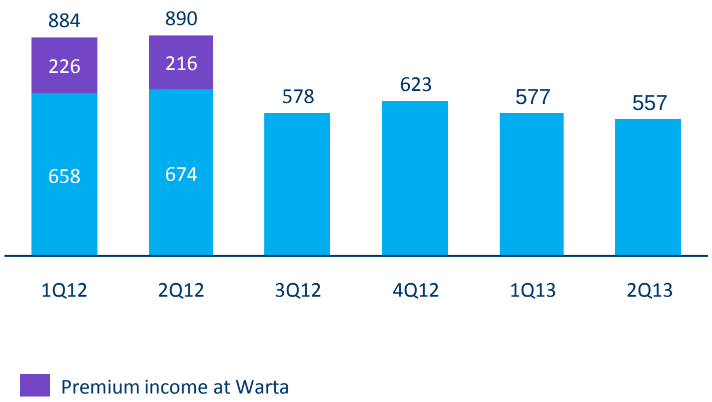


- **Assets under management (156bn EUR)**
  - Rose by 3% y-o-y thanks to a positive price effect
  - Stabilised q-o-q with net new entries compensated by negative price effects

Amounts in m EUR

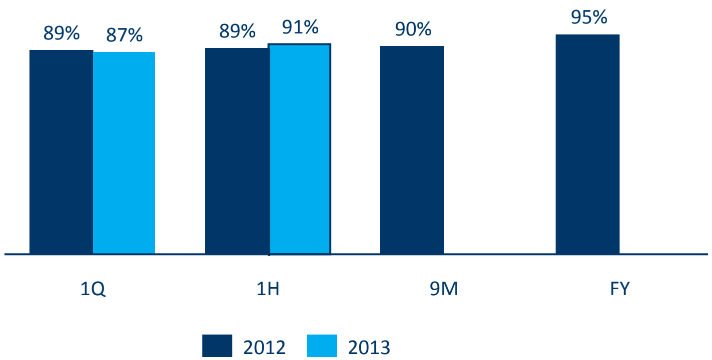
Premium income and combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUM)



- **Insurance premium income** (gross earned premium) at 557m EUR
- Excluding deconsolidated entities
  - Non-life premium income (316m) up 3% q-o-q and 4% y-o-y.
  - Life premium income (241m) down 11% q-o-q and 35% y-o-y

COMBINED RATIO (NON-LIFE)

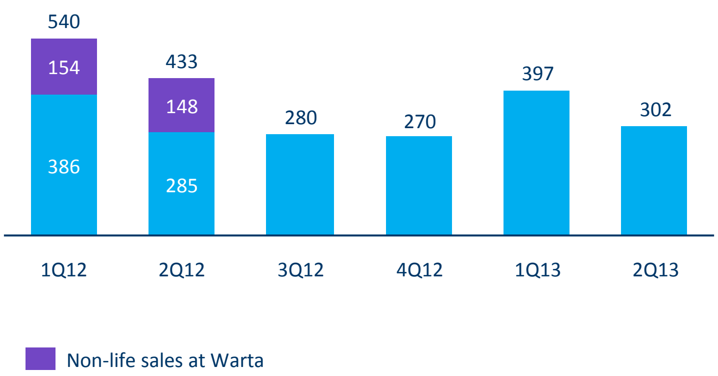


- The non-life **combined ratio** in 1H13 stood at a good 91% (despite 2Q13 being negatively impacted by the floods in the Czech Republic)

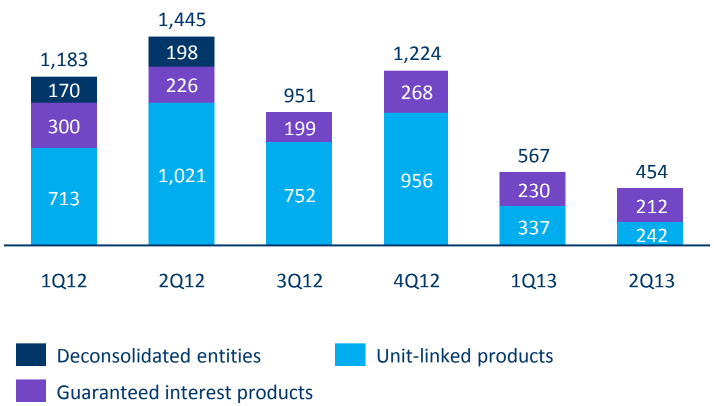
Amounts in m EUR

Sales of insurance products

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



LIFE SALES

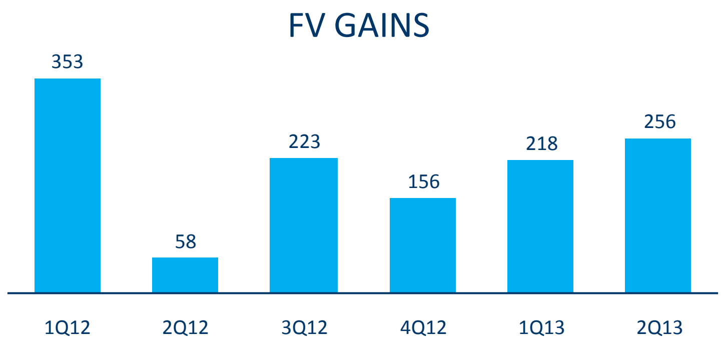


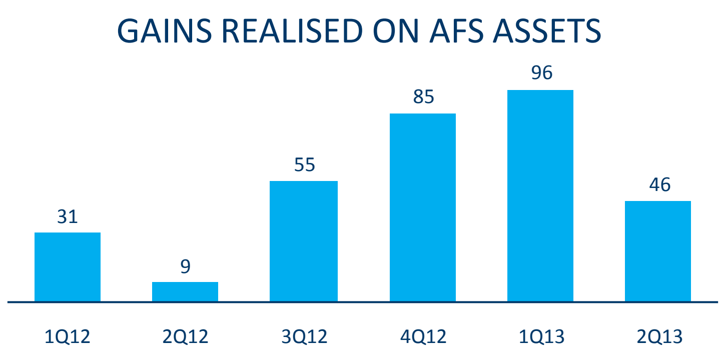
- **Sales of non-life insurance products**
  - Up almost 6% y-o-y (excluding Warta)
  - Down 24% q-o-q (seasonal effect)

- **Sales of life insurance products**
  - Down 20% q-o-q and 69% y-o-y (-20% and -64%, respectively, excluding deconsolidated entities)
  - The q-o-q decline in sales of unit-linked products can be explained by a limited number of newly launched tranches/campaigns and the increase in insurance tax as from January 2013 and with a shift towards AM products (both factors occurring in the Belgium BU). Furthermore, there was limited premium income from guaranteed interest products due to the low rate of guaranteed interest
  - Sales of unit-linked products only accounted for 53% of total life insurance sales

Amounts in m EUR

FV gains and gains realised on AFS



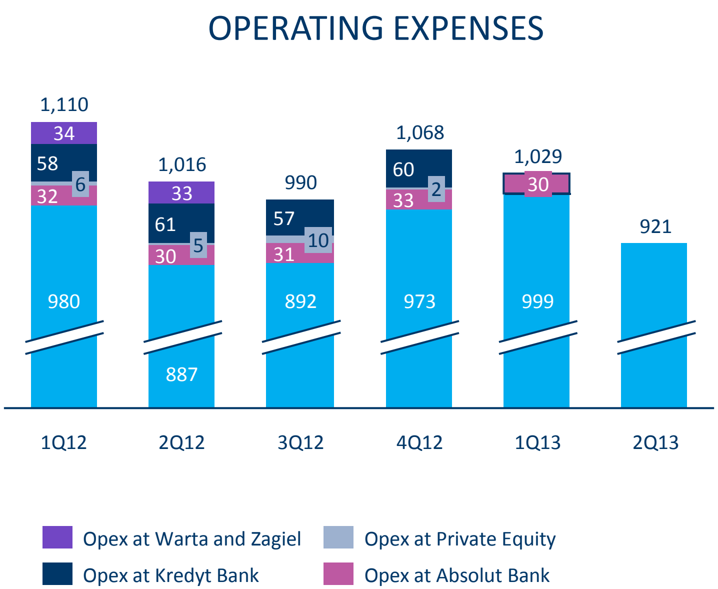


- The higher q-o-q figure for **net gains from financial instruments at fair value** (256m EUR) was the result of a positive q-o-q change in ALM derivatives (126m EUR in 2Q13 compared with 85m EUR in 1Q13)

- **Gains realised on AFS assets** came to 46m EUR (mainly on Belgian AFS assets)

Amounts in m EUR

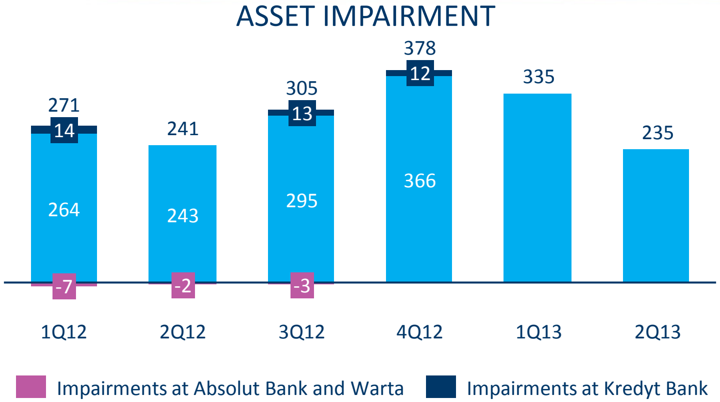
Operating expenses and C/I ratio

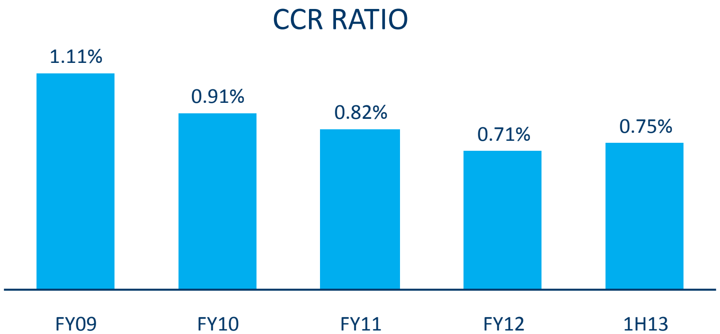


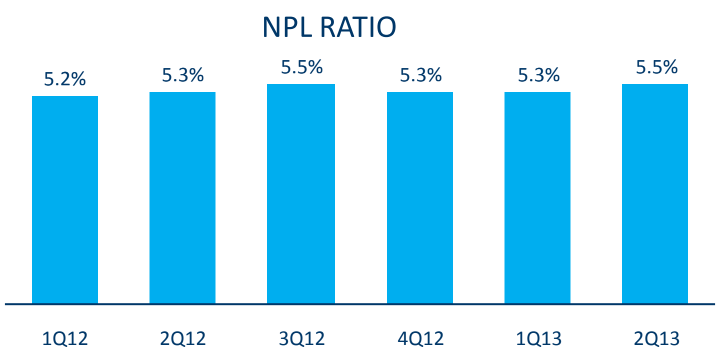
- **Cost/income ratio (banking) at excellent 50%**
  - Driven by the high M2M impact of ALM derivatives and the realisation of AFS assets
  - Adjusted for specific items, the C/I ratio amounted to roughly 56% in 1H13
  - Operating expenses went up by 4% y-o-y excluding deconsolidated entities, accounted for almost entirely by a higher recurrent new financial transaction levy (FTL) in K&H (as of 2013) and higher bank tax in both the Belgium BU (despite the recovery of amounts from the former Deposit Guarantee Scheme) and Hungary (an additional one-off FTL related charge in 2Q13). Excluding all one-offs, operating costs fell 1% y-o-y
  - Operating expenses decreased by 8% q-o-q excluding deconsolidated entities due mainly to lower bank tax (as a consequence of reimbursement of amounts from the Deposit Guarantee Scheme in Belgium in 2Q13 and the FY13 Hungarian bank tax in 1Q13, partly offset by an additional one-off FTL related charge in Hungary in 2Q13). Excluding all one-offs, operating costs fell 3% q-o-q

Amounts in m EUR

Asset impairment, credit cost and NPL ratio







- **Lower impairment charges**
  - Q-o-q decrease of 79m EUR in loan loss provisions (217m EUR in 2Q13), mainly the result of lower impairments for corporates in the Belgium BU, KBC Bank Ireland (88m in 2Q13 compared with 99m EUR in 1Q13) and KBC Finance Ireland
  - Compared with the level recorded in 2Q12 (202m EUR), loan loss provisions were up by 15m EUR given the unsustainable low level recorded in the Belgium BU in 2Q12 and despite the fact that 2Q12 included 136m EUR loan loss provisions at KBC Bank Ireland
  - Impairment of 3m EUR on AFS shares (mainly on a bond at DZI) and of 15m EUR related to real estate

- The **credit cost ratio** amounted to 0.75% in 1H13, due mainly to a deterioration in the SME portfolio, KBC Bank Ireland and a few large corporate files. Excluding KBC Bank Ireland and the one large corporate file in 1Q13, the CCR stood at 0.46% in 1H13

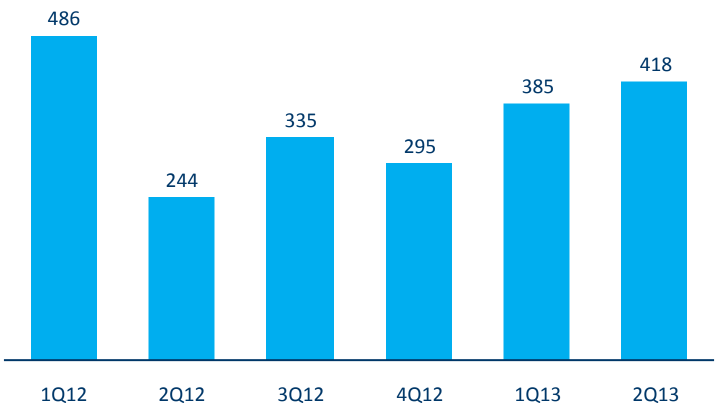
- The **NPL ratio** amounted to 5.5%, primarily due to increases in Slovakia, Ireland and Group Centre

Section 2

2Q 2013 financial highlights per business unit

Key takeaways for the Belgium Business Unit

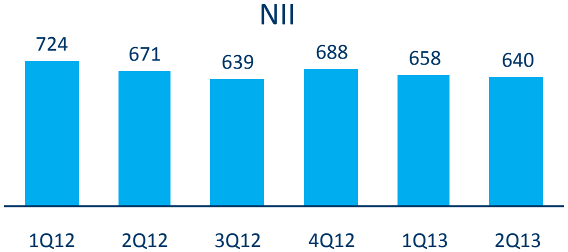
NET RESULT

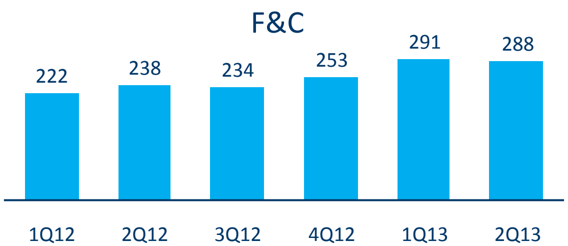


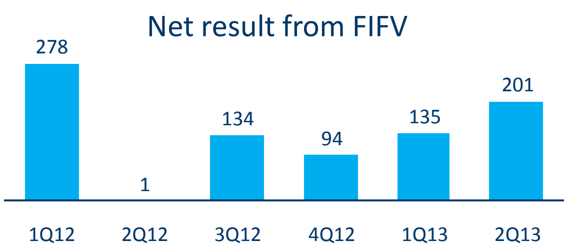
- **Net result increased by 8% q-o-q to 418m EUR** as a result of:
  - Slightly higher net interest margin
  - Strong net fee and commission income (thanks to our integrated bank-insurance model)
  - Lower unit-linked life insurance sales
  - Seasonally higher dividend income
  - High M2M impact of ALM derivatives, more than offsetting the smaller amount realised on AFS assets
  - Good combined ratio (93% in 2Q13 and 89% YTD)
  - Excellent C/I ratio (44% in 2Q13 and 45% YTD)
  - Lower impairment charges q-o-q
- **ROAC at 29%** in 1H13

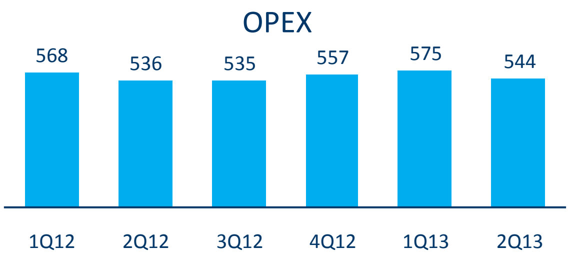
Amounts in m EUR

Details of net result for Belgium Business Unit (1)









Amounts in m EUR

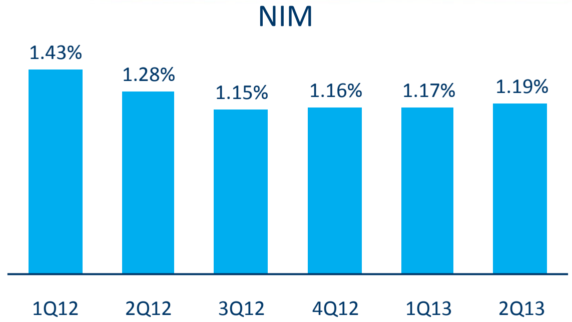
- **Net result: +8% q-o-q to 418m EUR**
  - **Net interest income** (640m EUR) down 3% q-o-q and 5% y-o-y. This decline can mainly be explained by technical items and a decreasing loan portfolio at the foreign branches, despite an increase in commercial NII. Note that the SME & Corporate loan portfolio and customer deposits increased y-o-y (+1% and +6%, respectively)
  - Strong **net fee and commission income** (-1% q-o-q and +21% y-o-y) thanks to our integrated bank-insurance model. The y-o-y growth was driven primarily by higher income from mutual funds (both entry and management fees). The q-o-q decline was attributable to lower fee income related to unit-linked life insurance products (less transfers from guaranteed interest to unit-linked products) and less switches between different unit-linked products
  - **Net result from FIFV** rose by 49% q-o-q owing chiefly to high M2M impact of ALM derivatives
  - **Costs** fell by 6% q-o-q (but rose by 1% y-o-y) mainly thanks to the recovery of 13m EUR from the former Deposit Guarantee Scheme and lower ICT expenses. This resulted in an excellent C/I ratio (44% in 2Q13)
  - Lower **impairment charges** q-o-q

VOLUME TREND

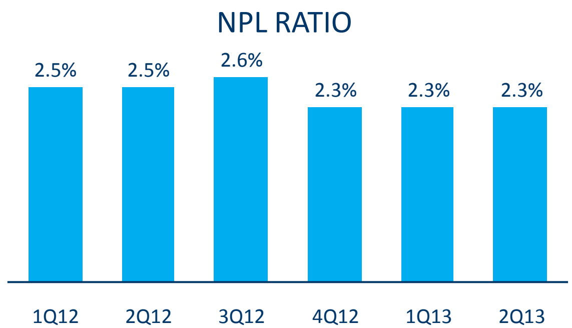
	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	83bn	31bn	100bn	145bn	25bn
Growth q/q*	0%	0%	0%	0%	0%
Growth y/y	-1%	+3%	+6%	+4%	+7%

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

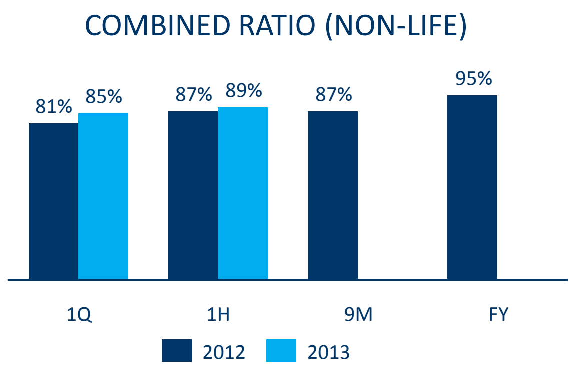
Details of net result for Belgium Business Unit (2)



- The **net interest margin** widened by 2bps q-o-q to 1.19%, as sound commercial margins offset the negative impact of lower reinvestment yields. The higher product margin on savings accounts was due to the decrease of 5bps in the basic interest rate and of 15bps in the fidelity premium from mid-May onwards



- The **credit cost ratio** increased from 28bps in FY12 to 49bps in 1H13 due to a deterioration in the SME & Corporate portfolio (compared with 62bps in 1Q13 due to a few corporate files). Excluding the one large corporate file in 1Q13, the CCR amounted to 35bps in 1H13
- The **NPL ratio** stabilised at 2.3%



- An excellent (non-life) **combined ratio** (89% YTD). Note that technical charges in 2Q13 increased (both q-o-q and y-o-y) driven by a higher level of car insurance claims and some other large claims files

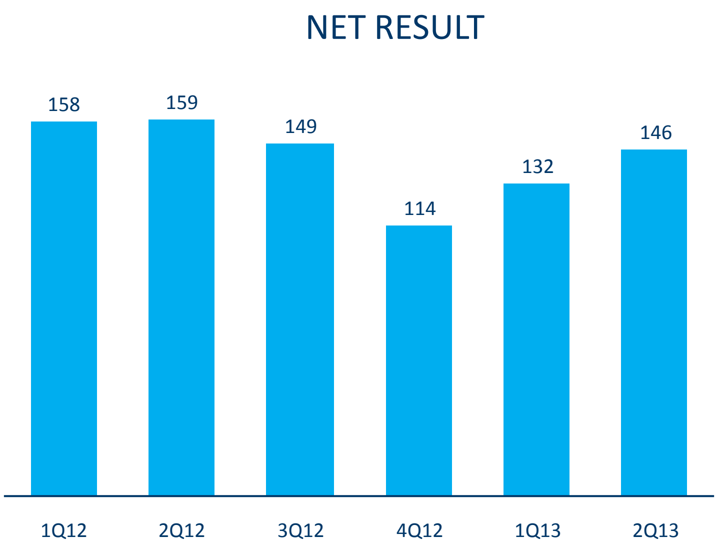
Economic background and 2Q13 key events Belgium Business Unit

- Economic background
  - Consumer and producer confidence have been clearly improving since March. In June, however, the NBB indicator was down slightly again. The significant volatility of the indicator since end 2012 confirms the current uncertainty still surrounding the Belgian economic situation
  - The difficult economic climate is having a tangible impact on the labour market, with unemployment rising since spring 2012. In May 2013, the unemployment rate stood at 8.6%, which is 0.2% above the peak in the summer of 2010
  - Economic activity will only recover gradually in the months ahead. It is expected to be hampered by ongoing weak European growth and by the slow recovery in confidence. Overall, GDP growth will be close to zero in 2013. The recovery should result in stronger growth in 2014, although it will be modest at an estimated 1.3%

- 2Q13 key events
  - Opening of the first new branch concept (Bamboo) in June, substantially cheaper than a traditional branch set-up of a similar size, with a totally different customer experience to emphasise the multi-channel coverage of our retail client relationships
  - Campaign focused on local entrepreneurship (known as the 'gap in the market'-campaign) was chosen as best campaign of its kind in Europe (winning the golden lion award at the advertising awards in Cannes) , stressing the importance of local embeddedness in our SME market
  - KBC Private Banking elected best private bank in Belgium in 2013 by Euromoney
  - Further implementation of PEARL strategy through different initiatives, focusing on increasing efficiency and stimulating entrepreneurial behavior

Amounts in m EUR

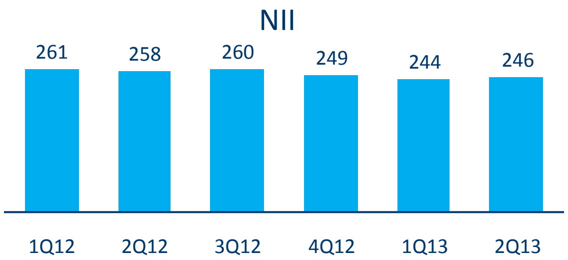
Key takeaways for the Czech Republic Business Unit

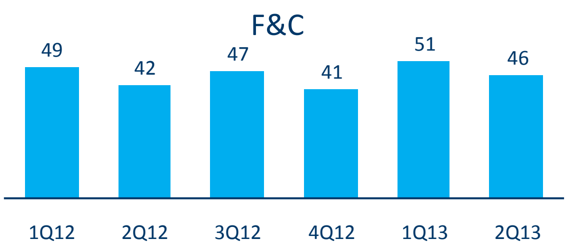


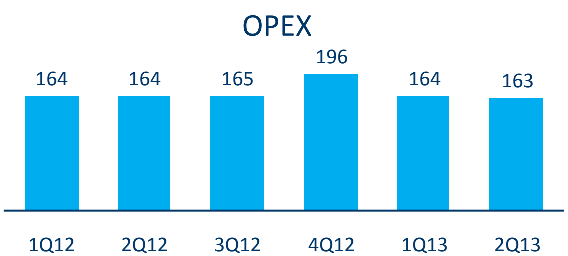
- **Net result increased by 11% q-o-q to 146m EUR** as a result of:
  - Slightly higher net interest income
  - Lower net fee and commission income
  - Higher (non-life) claims due to floods and lower life insurance sales
  - Higher net gains from financial instruments at fair value
  - Stable costs
  - Lower impairment charges
- **ROAC at 34%** in 1H13

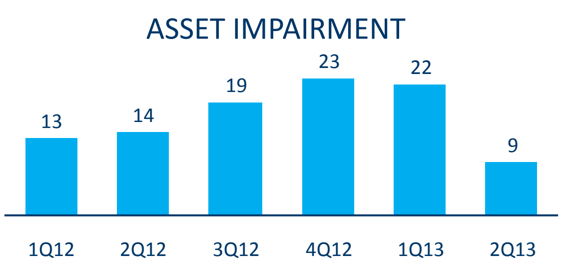
Amounts in m EUR

Details of net result for Czech Republic BU (1)









Amounts in m EUR

- **Net result: +11% q-o-q to 146m EUR**
  - Excluding FX effect, **net interest income**
    - Rose by 2% q-o-q, a result primarily of higher NII on loans in the Corporate/SME segment
    - Fell by 3% y-o-y due mainly to a lower reinvestment yield
    - Loan volumes were up 3% q-o-q and 8% y-o-y, driven by growth in corporate/SME and mortgage loans
  - Excluding FX effect, **net fee and commission income**
    - Decreased by 7% q-o-q, attributable chiefly to lower entry fees for mutual funds and lower sales fees for pension funds
    - Rose by 12% y-o-y, on account of higher entry fees for mutual funds and lower fees paid to distribution
  - Excluding FX effect, **opex** stabilised q-o-q, but rose by 1% y-o-y. Q-o-q, slightly lower staff (less FTEs) and marketing expenses were offset by a number of small other items. C/I ratio at 46%
  - **Impairments on L&R** fell sharply q-o-q thanks to releases in the corporate/SME segment owing to improved models and a better performing portfolio

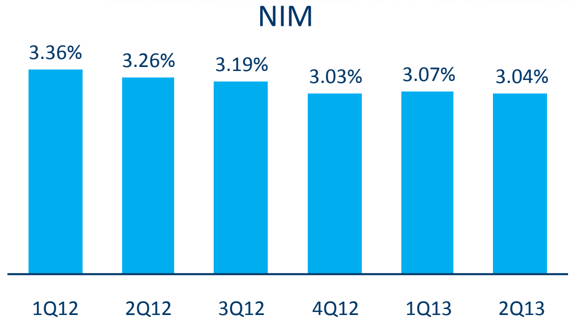
VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	19bn	8bn	25bn	6.2bn	1.1bn
Growth q/q*	+3%	+2%	0%	+2%	-4%
Growth y/y	+8%	+9%	+2%	+10%	-7%

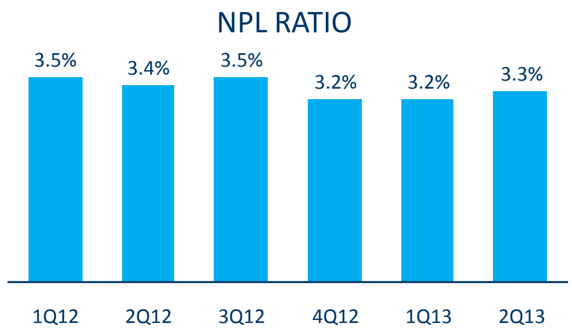
* Non-annualised

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

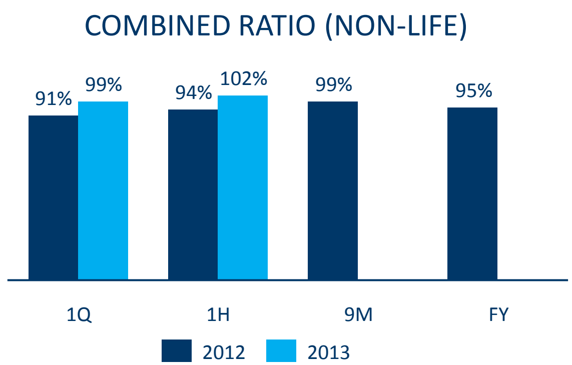
Details of net result for Czech Republic BU (2)



- The **net interest margin** decreased by 3bps q-o-q and 22bps y-o-y to 3.04%
  - This y-o-y decline decline was caused primarily by a lower reinvestment yield
  - The q-o-q decrease was partly the result of further pressure on deposit margins, despite the cut in interest rates on savings deposits in April



- The **credit cost ratio** amounted to 0.30% (0.31% in 2012)
- The **NPL ratio** came to 3.3%



- The **combined ratio** stood at 102% in 1H13 (104% in 2Q13), due mainly to flood claims

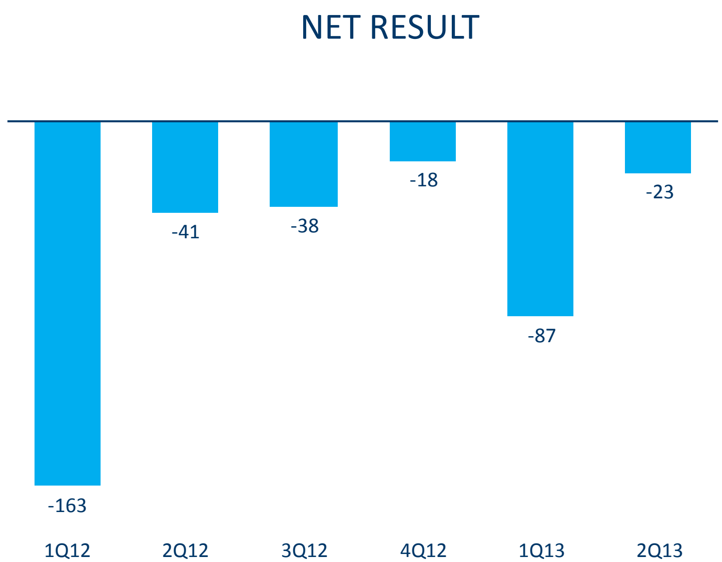
Economic background and 2Q13 key events Czech Republic Business Unit

- Economic background
  - The Czech economy has been marked by a recession lasting one and a half years so far, and which is hitting the construction and service sectors in particular. But export-oriented industry has also noted a decline due to the suppression of European demand
  - The decline of the economy has been reflected in the labour market (higher unemployment and reduced real wages) and a greater tendency to save (households less interested in spending and taking on debt)
  - Decline in household consumption has significantly stifled inflation pressures. This has enabled the central bank to maintain its key interest rate at the all-time low of 0.05% and keep the Czech koruna at weaker levels with verbal interventions
  - The favourable results of public budgets, reduced aversion to risk, and stable rating of the Czech Republic by rating agencies have resulted in maintaining a low level of yields on Czech Republic government bonds

- 2Q13 key events
  - The UK's EMEA Finance magazine named ČSOB the best bank in the Czech Republic for 2012. The main criteria included market share, size of portfolio and profitability or corporate strategy
  - The UK's ACQ Finance magazine named ČSOB the best acquisition finance bank in the Czech Republic for 2012
  - ČSOB successfully launched Czech POINT service as the only bank in the Czech Republic at selected Era financial centers, so people can get extracts from various official registers there (e.g. extracts from the commercial register, land register etc.)
  - Successful launch of special cash service for retailers and logistic companies allowing cash deposits directly at their premises.
  - Clients can conclude new travel insurance contracts via the ČSOB and Era smartbanking application
  - ČSOB was one of the Joint Lead Managers for the successful City of Prague 10Y bond issue amounting to 200m EUR, historically the largest municipal bond issue in the Czech Republic
  - ČSOB launched a new loan programme focused on the agricultural segment to meet clients' needs in the light of business seasonality
  - Employees helped non-profit organisations as well as their colleagues to clean up after floods. ČSOB provided advantageously priced loans and supported a benefit concert for the victims of floods

Amounts in m EUR

Key takeaways for the International Markets Business Unit



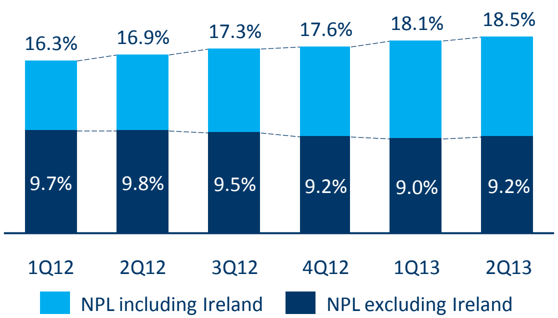
- **Net result amounted to -23m EUR**
  - Mainly due to Ireland (-69m EUR)
  - Loan loss provisions in Ireland (88m EUR in 2Q13 compared with 99m EUR in 1Q13) were in line with guidance. We are maintaining our FY 2013 guidance of 300m-400m EUR for KBC Bank Ireland
  - Turnaround potential: break-even returns at latest by 2015 for International Markets BU, mid-term returns above cost of capital
- **ROAC at -14%** in 1H13

Amounts in m EUR

Details of net result for International Markets BU

	Loan book	2010 CCR	2011 CCR	2012 CCR	1H13 CCR
IM BU	**26bn**			**2.26%**	**1.76%**
- Ireland	16bn	2.98%	3.01%	3.34%	2.35%
- Hungary	5bn	1.98%	4.38%	0.78%	0.79%
- Slovakia	5bn	0.96%	0.25%	0.25%	0.80%
- Bulgaria	1bn	2.00%	14.73%	0.94%	1.62%

NPL RATIO



- **Net result: -23m EUR**
  - International Markets profit **breakdown**: 16m Slovakia, 26m Hungary, 3m Bulgaria and -69m Ireland
  - Q-o-Q **results** were characterised by higher net interest income, higher net fee and commission income, recuperation of insurance claims, lower costs (accounted for primarily by the FY13 Hungarian bank tax, recorded in full in 1Q13) and lower impairments
  - **Credit cost ratio** of 1.76%. Excluding Ireland, the CCR in BU IM amounted to 85bps
  - **NPL ratio** at 18.5%
  - Total **loan book** fell by 1% q-o-q and 5% y-o-y. On a y-o-y basis, the decrease was accounted for by Ireland (matured loans surpassed new production) and Hungary (where the trend was impacted by e.g. the FX mortgage relief programme)
  - Total **deposits** were up 3% q-o-q and 20% y-o-y, thanks mainly to the successful retail deposit campaign in Ireland

ORGANIC GROWTH**

	TOTAL LOANS		MORTGAGES		DEPOSITS	
	q/q	y/y	q/q	y/y	q/q	y/y
IRE	-2%	-8%	-2%	-6%	+9%	+79%
SK	+1%	+5%	+4%	+14%	+1%	+11%
HU	+1%	-6%	-2%	-5%	+2%	+10%
BU	0%	+3%	0%	-2%	-7%	-11%
TOTAL	**-1%**	**-5%**	**-1%**	**-4%**	**+3%**	**+20%**

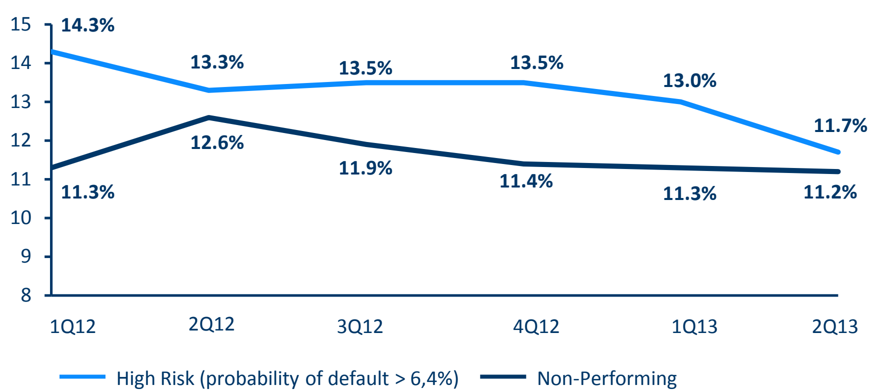
** Organic growth excluding FX impact, q-o-q figures are non-annualised. Loan and mortgage figures after impairment charges

Hungary

HUNGARIAN LOAN BOOK
KEY FIGURES AS AT 30 JUNE 2013

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.8bn	6.0%	61%
Retail	2.4bn	17.2%	65%
o/w private	2.0bn	18.7%	65%
o/w companies	0.4bn	9.1%	69%
	5.1bn	11.2%	64%

PROPORTION OF HIGH RISK AND NPLS



- **YTD profitable:** net result amounted to 7m EUR (including the post-tax impact all bank taxes and levies)
- **Credit cost remains** at 0.79%, **in line** with 1Q and FY12. NPL formation in private loan book versus decrease in corporate book
- **Tax burden**: FY13 'regular' bank tax of 43m EUR post-tax (recorded in full in 1Q13) and an additional one-off FTL related charge of 22m EUR post-tax (recorded in 2Q13). On top of that, the increased financial transaction levy will be around 40m EUR post-tax for the full year 2013, of which 16m EUR already recorded in 1H13
- **Municipal Loans**: end of June 46% of K&H's municipality portfolio has been taken over by the State at par
- **FX Housing Loans**: discussion ongoing towards intention for law proposal in September. Total retail FX housing loan portfolio amounts to 0.6bn EUR
- **Funding for Growth**: K&H lends to SME's against 0% funding at MNB. First lending has happened of the 96bn HUF allotted pool. Positive P&L impact primarily in 2014

Amounts in bn EUR

Ireland

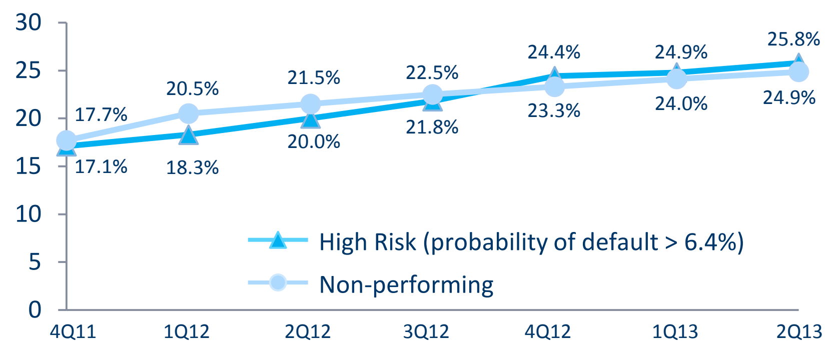
IRISH LOAN BOOK
KEY FIGURES AS AT JUNE 2013

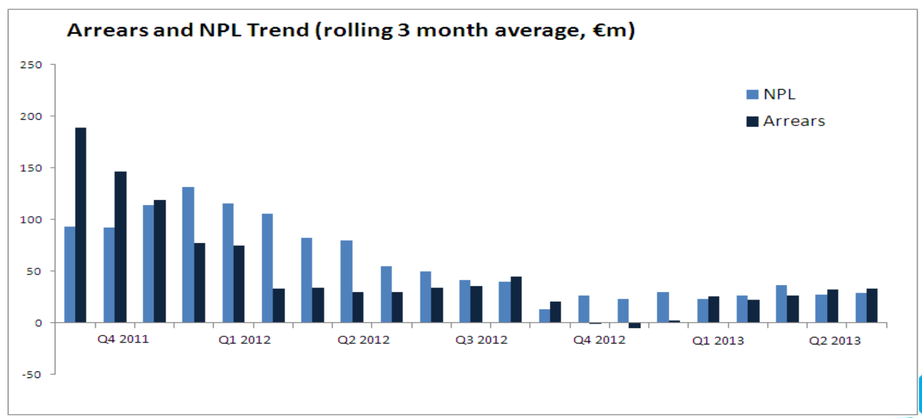
LOAN PORTFOLIO	OUTSTANDING	NPL	NPL COVERAGE
Owner occupied mortgages	9.2bn	18.8%	34%[1]
Buy to let mortgages	3.1bn	32.0%	43%[1]
SME /corporate	1.6bn	21.4%	77%
Real estate investment Real estate development	1.3bn 0.5bn	31.3% 89.6%	67% 77%
	15.6bn	24.9%	48%[1]

1. The total NPL coverage ratio amounted to 53% at the end of 2Q13 (52% in 1Q13) taking into account the adjustments for the Mortgage Indemnity Guarantee and Reserved Interest (42% for owner occupied mortgages and 49% for buy to let mortgages, respectively)

- **Credit cost continues slowdown a**t 2.35% compared to 3.34% FY12. Mild increase in NPL formation in 2Q13. Loan loss provisions in 2Q13 of 88m EUR (136m EUR in 2Q12). We maintain our full year 2013 guidance on LLP of 300m-400m EUR
- Overall, recent data remain consistent with the expectation of a **modest rise in GDP in 2013, increasing employment** and a **gradual but uneven improvement in the housing market** in 2013
- KBCI has met the **Q2 public target** set by the Central Bank of Ireland in relation to the resolution of greater than 90 day arrears cases
- KBCI is resolving the mortgage difficulties of a significant number of its customers and this should reduce the requirement for such customers to seek a **Personal Insolvency Arrangement** (operational from Q3 onwards)
- **Continued successful retail deposit campaign** with gross retail deposit levels increased by 0.6bn EUR since end 2012 to 2.7bn EUR at end 2Q13 and approx. 6,000 new customer accounts were opened in the quarter
- **Local tier-1 ratio of 12.51%** at the end of 2Q13

PROPORTION OF HIGH RISK AND NPLS





Amounts in m EUR

Economic background and 2Q13 key events International Markets Business Unit

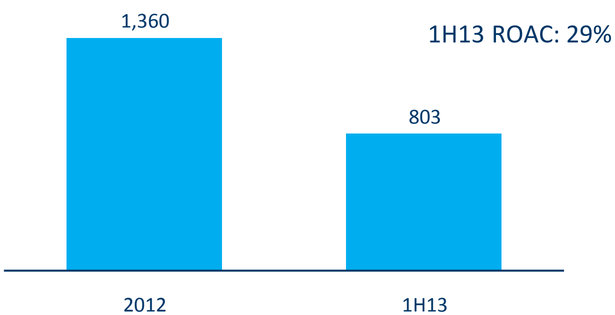
- Economic background
  - Economic growth in Ireland, Slovakia, Hungary and Bulgaria remained weak. For example, industrial output growth was mostly negative, with the only exception being Slovakia
  - In the light of the ongoing recession, unemployment generally stagnated at a high level, with the negative exception being Bulgaria (with rising unemployment). Future prospects, however, look better, with consumer confidence indicators improving. However, actual data for retail sales growth continued to stagnate
  - Inflation rates followed the global disinflationary trend, with inflation being well below the respective central banks' inflation target. In the case of Hungary, this prompted further policy rate cuts
  - The global monetary climate, mainly influenced by the US Fed, put some (limited) depreciating pressure on the HUF. Against that background, bond yields remained stable or rose moderately in line with the German Bund. In the case of the Hungarian 10-year government bond yield, there was substantial volatility during 2Q13

- 2Q13 key events
  - CSOB Group Slovakia:
    - Further mobile app development allows management of mortgage loan installments as first in the market.
    - Successful SME loan campaign supported through a EUR 140m guarantee facility provided by European Investment Fund.
  - K&H Group Hungary:
    - Best Bank in Hungary for 2013 awarded by Euromoney.
    - Both Bank and Insurance remained profitable despite additional government measures and contrary to peers.
  - CiBank & DZI Bulgaria
    - DZI elected General Insurer of the year in 2013 for the 3rd consecutive year and CiBank most efficient bank for 2012.
    - Retail mortgage sales in CiBank outperform the market (continued increase in market share since the end of 2011)
  - KBC Bank Ireland
    - KBC Bank Ireland referenced as having the best brand reputation of any bank in Ireland (International *Reputation Institute*)
    - New branch operational in Cork and further openings planned in Limerick and Galway (roll-out of retail strategy planned for 3Q13)

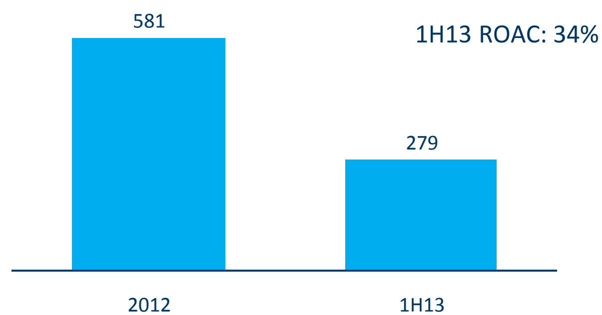
KBC

Overview of results based on new business units

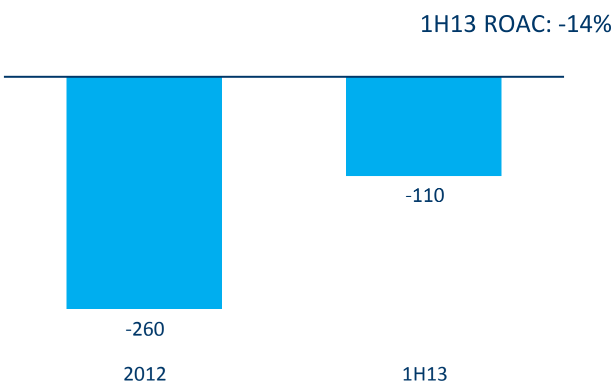
NET PROFIT - **BELGIUM**



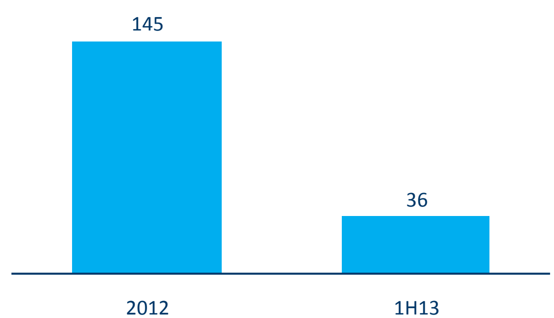
NET PROFIT – **CZECH REPUBLIC**



NET PROFIT - **INTERNATIONAL MARKETS**



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



Amounts in m EUR

Section 3

Divestments and derisking

RWA reduced by more than initially planned

- **40% reduction in risk weighted assets between the end of 2008 and 1H13** due mainly to divestment activities
  - Further progress on divestments: the sale of Absolut Bank is completed, and we have signed agreement to sell KBC Banka
  - The 4.7bn EUR RWA reduction during 2Q13 was attributable chiefly to the further reduction of loan exposure in foreign branches and LGD model changes (both in the Belgian BU), next to the divestment of Absolut Bank and the further reduced CDO exposure (both in Group Centre)

KBC GROUP RISK WEIGHTED ASSETS (bn EUR)

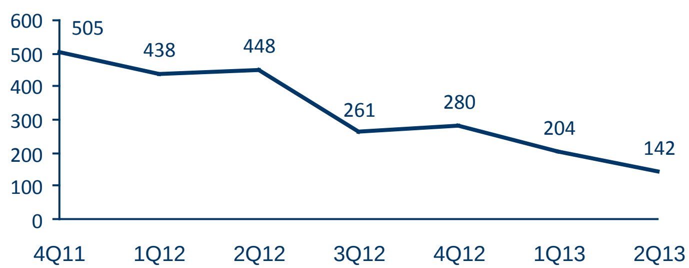
SELECTED DIVESTMENTS	
KBC FP Convertible Bonds	✓
KBC FP Asian Equity Derivatives	✓
KBC FP Insurance Derivatives	✓
KBC FP Reverse Mortgages	✓
KBC Peel Hunt	✓
KBC AM in the UK	✓
KBC AM in Ireland	✓
KBC Securities BIC	✓
KBC Business Capital	✓
Secura	✓
KBC Concord Taiwan	✓
KBC Securities Romania	✓
KBC Securities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

* Including the effects of the KBC Banka divestment

Net CDO exposure further reduced (2Q 2013)

IN BN EUR	NET CDO EXPOSURE	OUTSTANDING MARKDOWNS
▪ CDO exposure protected with MBIA ▪ Other CDO exposure	5.3 1.1	-0.1 -0.3
TOTAL	6.3	-0.4

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



Exposure reduction to the tune of 4.5bn EUR thanks to the collapsing of several CDOs. Please note that the net CDO exposure excludes all expired, unwound or terminated CDO positions and after settled credit events (3.1bn EUR)

REMINDER: CDO exposure largely covered by a State guarantee

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

P&L sensitivity further decreased by 30% in the second quarter of 2013 mainly due to the de-risking activities and the lowering of the provisioning rate for MBIA from 80% to 60%

For more info, see slides 80-82 in annex

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

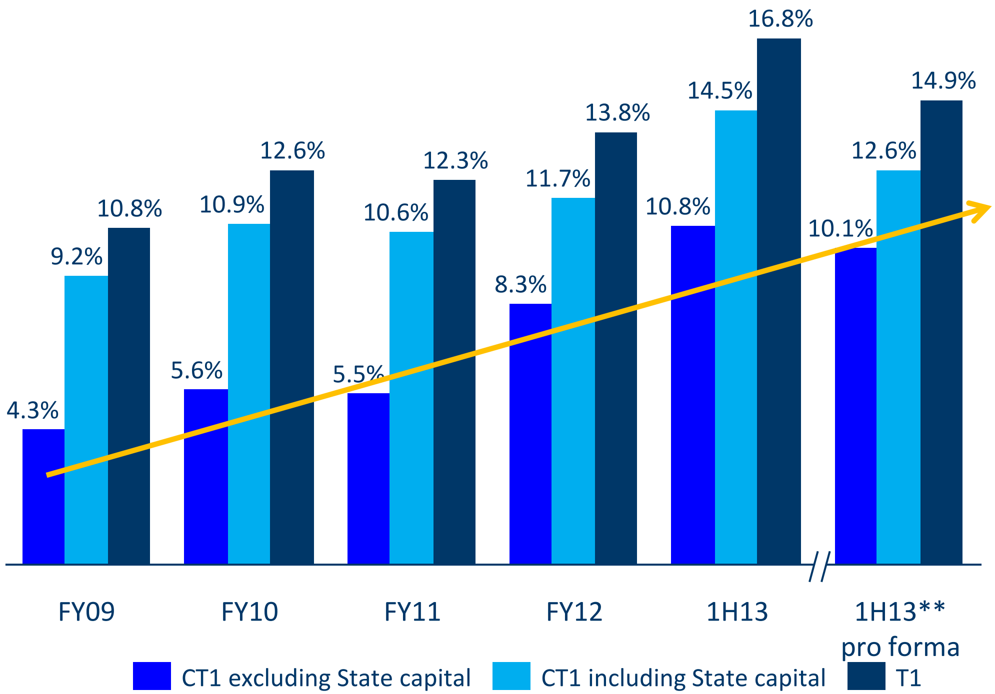
Section 4

Strong solvency and solid liquidity

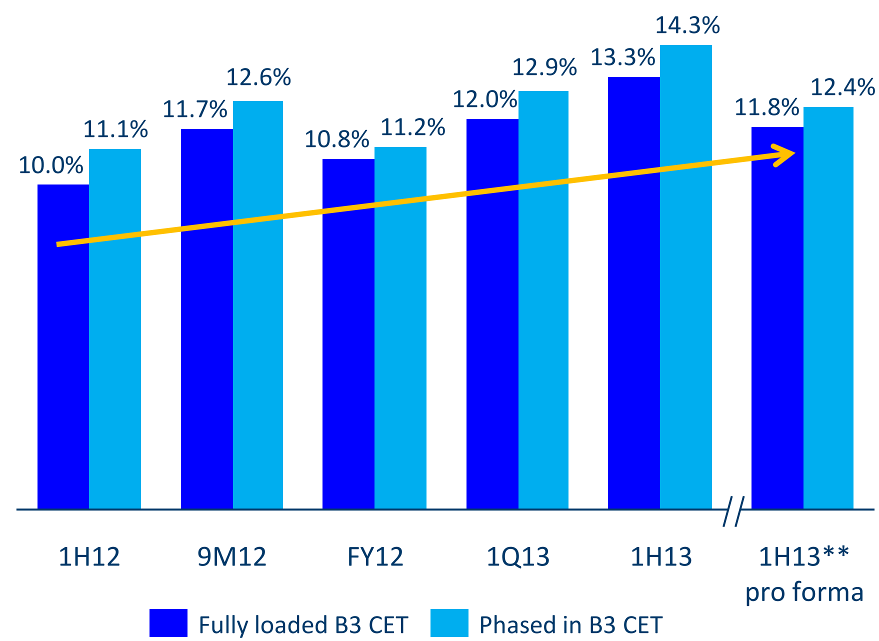
Strong capital position

- **Strong tier-1 ratio** of 16.8% under B2.5 and **common equity (B3 fully loaded*)** of 13.3% as at end 1H13
- **Pro forma** solvency ratios**: **core tier-1 ratio** of 12.6% under B2.5 and **common equity (B3 fully loaded*)** of 11.8% at KBC Group
- **Fully loaded B3 CET1 leverage ratio**: 3.7% at KBC Bank Consolidated, based on current CRR legislation

Basel 2.5



Basel 3

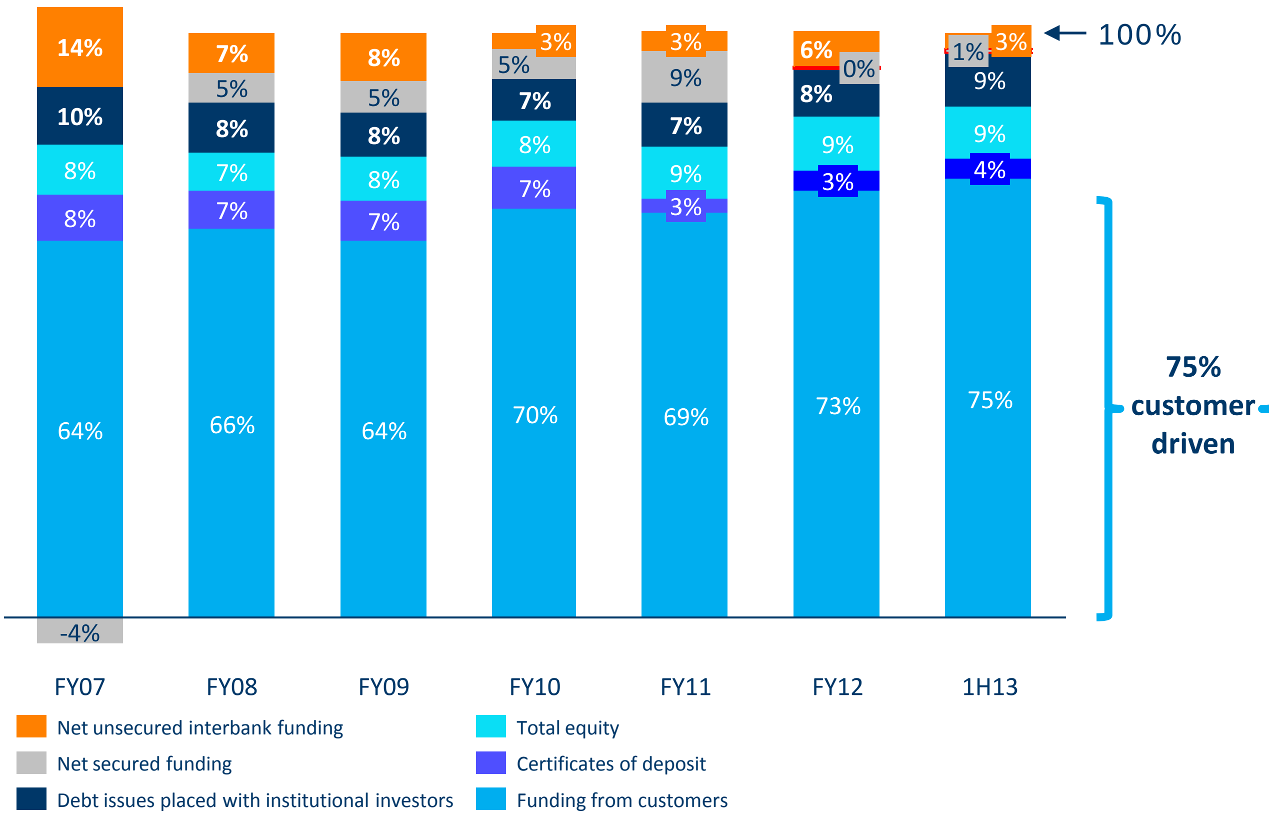


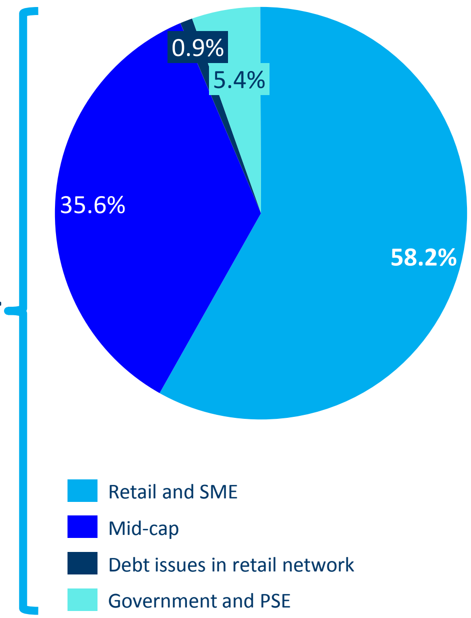
* With remaining State aid included in CET1 as agreed with local regulator

** 1H13 pro forma CT1 includes the effects of the accelerated repayment of 1.17bn EUR of State aid to the Flemish Regional Government (+50% penalty), the impact of the transfer of part of the shareholder loans and the impact of the signed divestment of KBC Banka

Solid liquidity position (1)

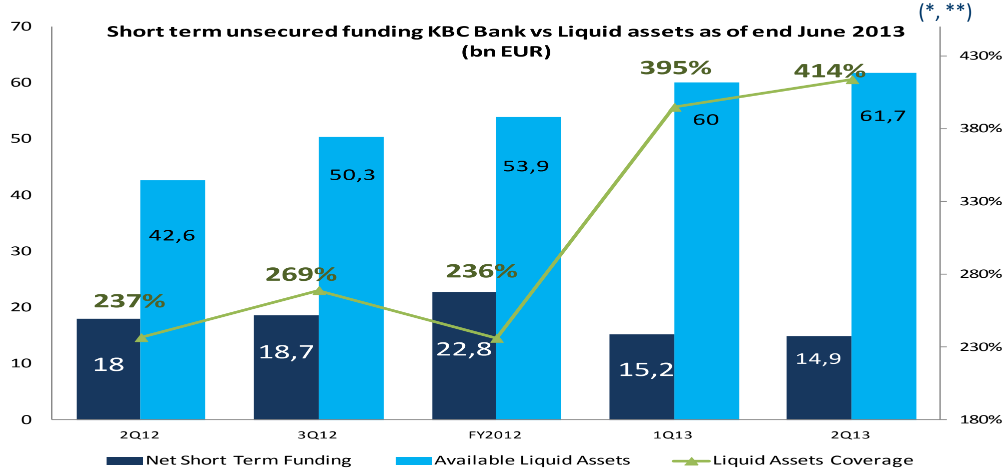
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets





Solid liquidity position (2)

(*, **)



* In line with IFRS5, the situation at the end of 2Q13 excludes the divestments that have not yet been completed (KBC Deutschland, KBC Banka, & ADB)

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

- The **available liquid assets** increased slightly in comparison with the end of 1Q13, due primarily to:
  - Increased investments in high liquidity assets
  - Reduction in secured funding in 2Q13
- Therefore, the already **solid liquidity position further strengthened**
  - Unencumbered assets are now more than 4 times the amount of the net recourse on short-term wholesale funding
  - Funding from non-wholesale markets is stable funding from core customer segments in our core markets

Ratios	2Q13	Target 2015
NSFR[1]	**107%**	105%
LCR[1]	**125%**	100%

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

- **NSFR at 107% and LCR at 125% by the end of 2Q13**
  - In compliance with the implementation of Basel 3 liquidity requirements, KBC is targeting LCR and NSFR of at least 100% and 105%, respectively by 2015. KBC's target for LCR is well above regulatory requirement of only 60% in 2015. There is no regulatory requirement yet for NSFR

Section 5

Wrap up

Wrap up

- Strong commercial bank-insurance franchises in Belgium and the Czech Republic with stable and solid returns
- Turnaround potential in the International Markets Business Unit
- Successful underlying earnings track record
- Solid capital and robust liquidity position
- Momentum maintained on divestments and derisking

Looking forward

- Looking forward, management envisages:
  - Continued stable and solid returns for the Belgium & Czech Republic BUs
  - Break-even returns at latest by 2015 for the International Markets BU, mid-term returns above cost of capital
  - A fully loaded B3 common equity ratio of minimum 10%
  - LCR and NSFR of at least 100% and 105%, respectively by 2015

Annex 1

2Q 2013 performance of business units

BELGIUM BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

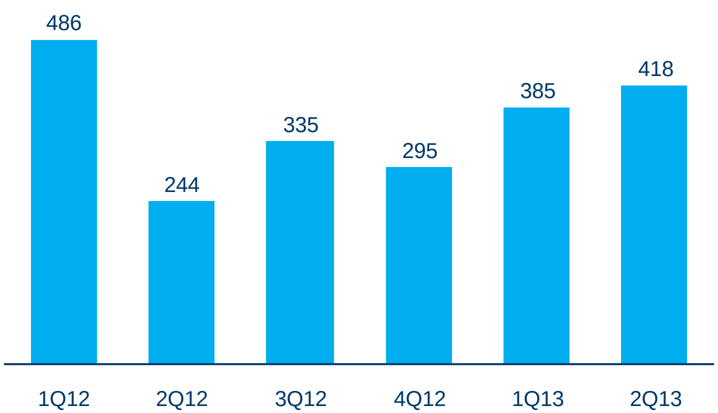
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Belgium Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result** at the Belgium Business Unit amounted to 418m EUR
  - The quarter under review was characterised by a slightly higher net interest margin, strong net fee and commission income, lower unit-linked life insurance sales, seasonally higher dividend income, high M2M impact of ALM derivatives, lower realised gains on AFS assets, recuperation on insurance claims, a good non-life insurance combined ratio, excellent C/I ratio and lower impairment charges q-o-q

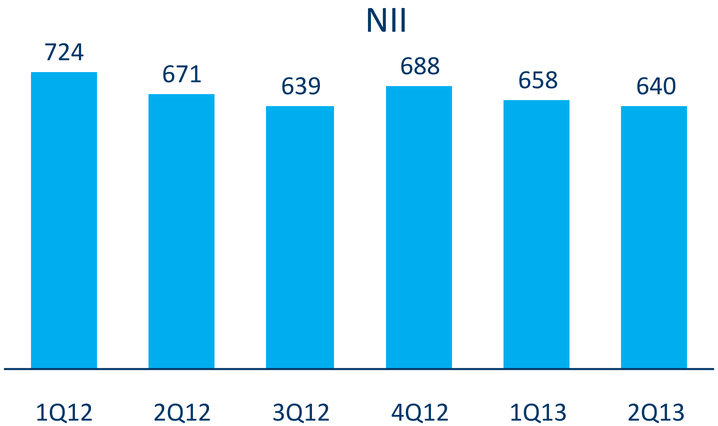
VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	83bn	31bn	100bn	145bn	25bn
Growth q/q*	0%	0%	0%	0%	0%
Growth y/y	-1%	+3%	+6%	+4%	+7%

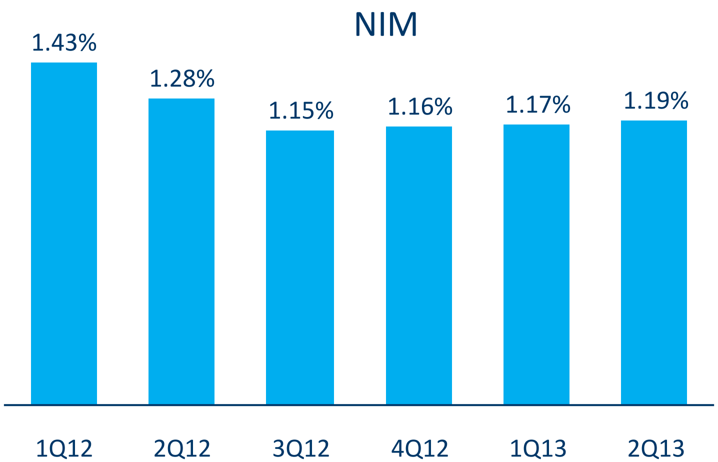
* Non-annualised

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

Belgium Business Unit (2)



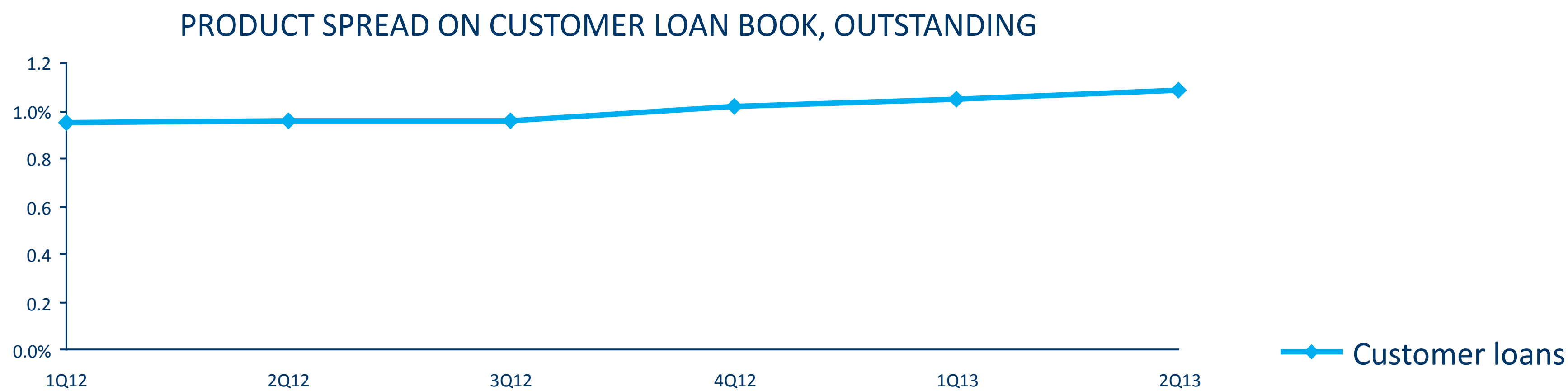
- **Net interest income (640m EUR)**
  - Down 3% q-o-q and 5% y-o-y
  - This decline was attributable primarily to technical items and a decreasing loan portfolio at the foreign branches. Note that commercial net interest income rose q-o-q, owing chiefly to the decrease in interest rates on savings accounts, increase in volumes on current accounts and a higher margin on mortgage and investment loans.
  - Note that the SME & Corporate loan portfolio and customer deposits increased y-o-y (+1% and +6%, respectively)

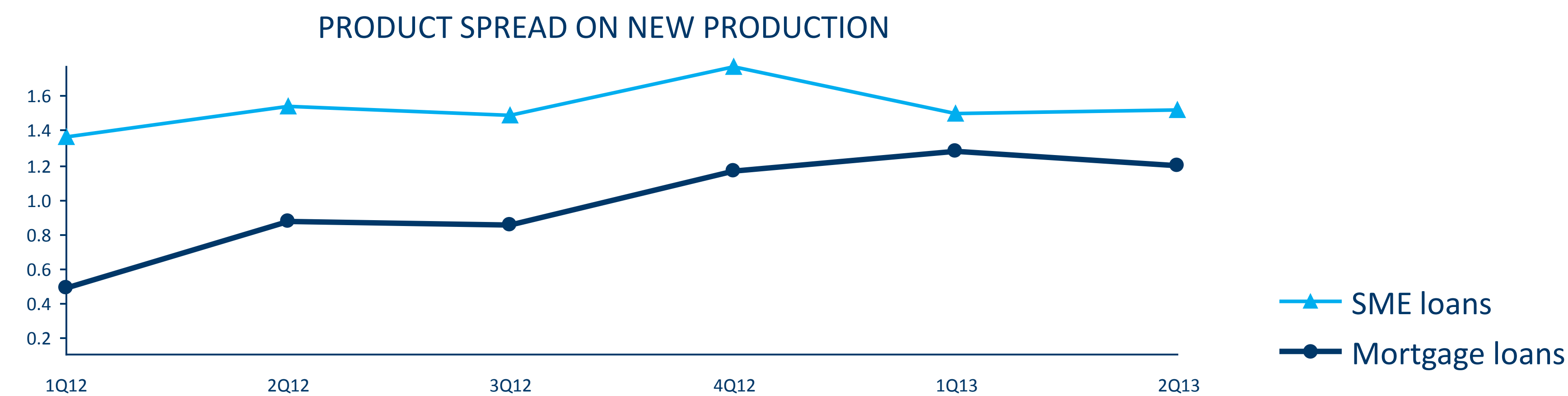


- **Net interest margin (1.19%)**
  - Widened by 2bps q-o-q, as sound commercial margins offset the negative impact of lower reinvestment yields (due in part to the reduced exposure to GIIPS during the last 2 years and declining interest rates)
  - The higher product margin on savings accounts was accounted for by the decrease of 5bps in the basic interest rate and of 15bps in the fidelity premium from mid-May onwards

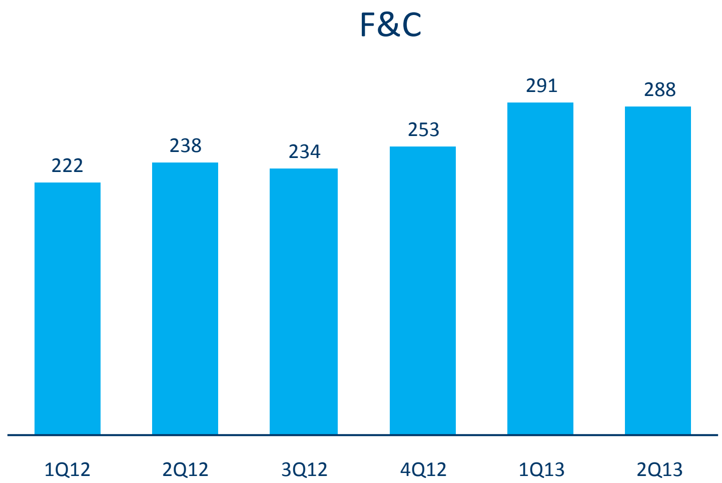
Amounts in m EUR

Credit margins in Belgium

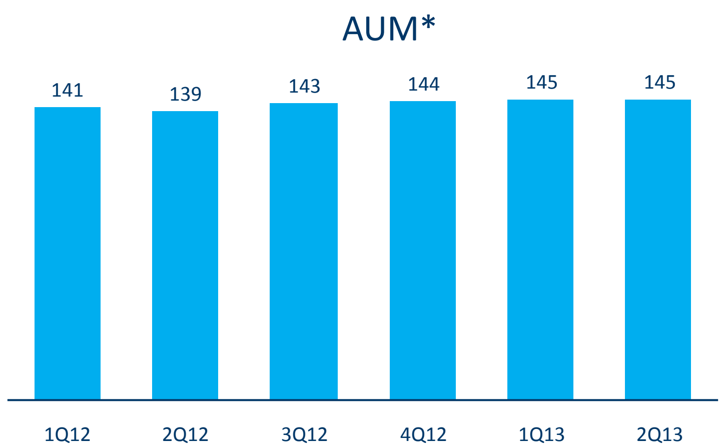




Belgium Business Unit (3)



Amounts in m EUR



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

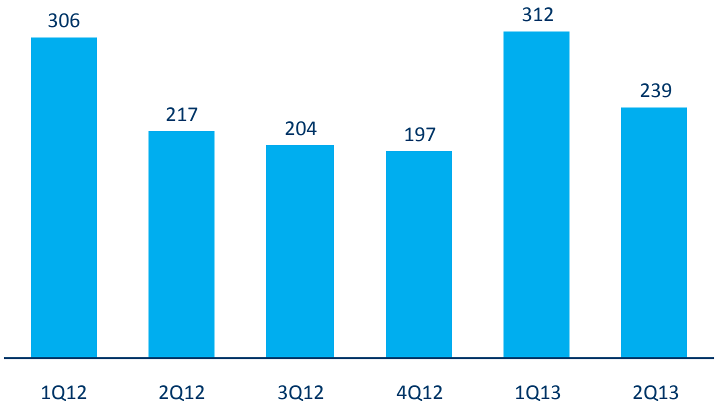
Amounts in bn EUR

- **Net fee and commission income (288m EUR)**
  - Increased by 21% y-o-y, driven mainly by higher income from mutual funds (both entry and management fees)
  - Fell slightly q-o-q (by 1%), due to lower fee income related to unit-linked life insurance products, despite higher fee income from mutual funds

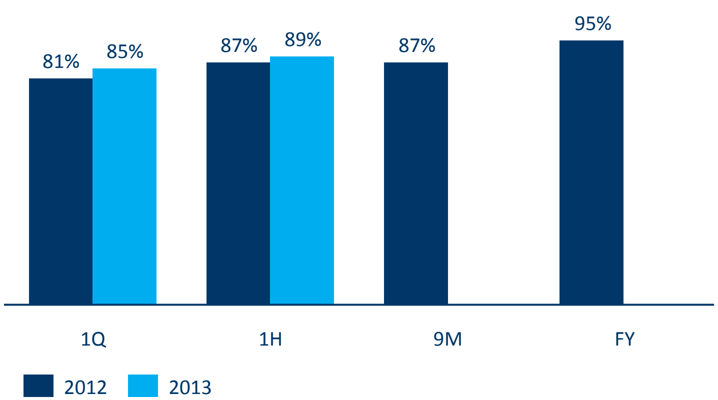
- **Assets under management (145bn EUR)**
  - Rose by roughly 4% y-o-y, entirely as a result of a positive price effect
  - Stabilised q-o-q

Belgium Business Unit (4)

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



COMBINED RATIO (NON-LIFE)

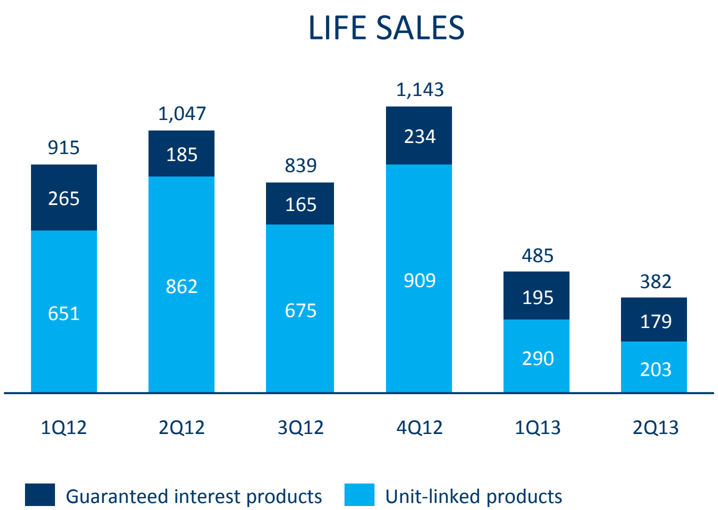


- **Sales of non-life insurance products**
  - Fell by 23% q-o-q as the first quarter is traditionally a very strong quarter
  - Rose by 10% y-o-y (mainly in Fire and Motor insurance)

- **Combined ratio** amounted to 89% in 1H13 (95% in FY 2012), an excellent level. Note that technical charges in 2Q13 increased (both q-o-q and y-o-y) driven by a higher level of car insurance claims and some other large claims files

Amounts in m EUR

Belgium Business Unit (5)

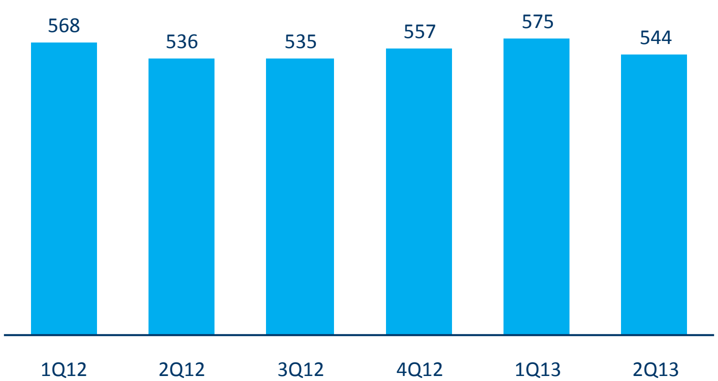


- **Sales of life insurance products**
  - Fell by 64% y-o-y, driven almost entirely by sharply lower sales of unit-linked products, as 2Q12 benefitted from extra commercial efforts and due to the increase in insurance tax from January 2013
  - Fell by 21% q-o-q as the sale of unit-linked life insurance products continued to suffer from the increase in insurance tax, converging total client charges on mutual funds and unit-linked products (whereas in the past, unit-linked products had a favorable overall cost structure for the client). Furthermore, a limited number of new tranches/ campaigns were launched during 2Q13
  - As a result, guaranteed interest products and unit-linked products accounted for 47% and 53%, respectively, of life insurance sales in 2Q13 (22% and 78%, respectively, for FY 2012)

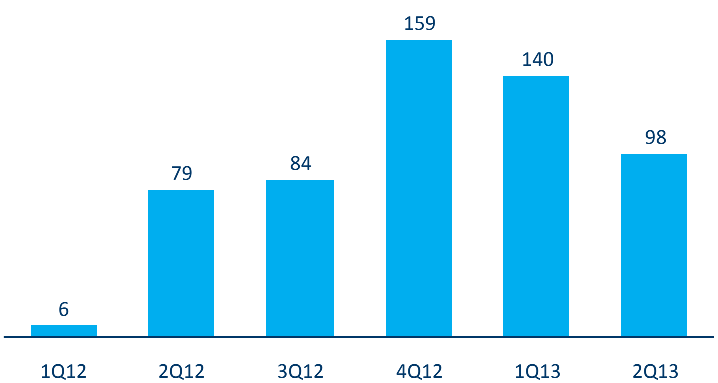
Amounts in m EUR

Belgium Business Unit (6)

OPERATING EXPENSES



ASSET IMPAIRMENT



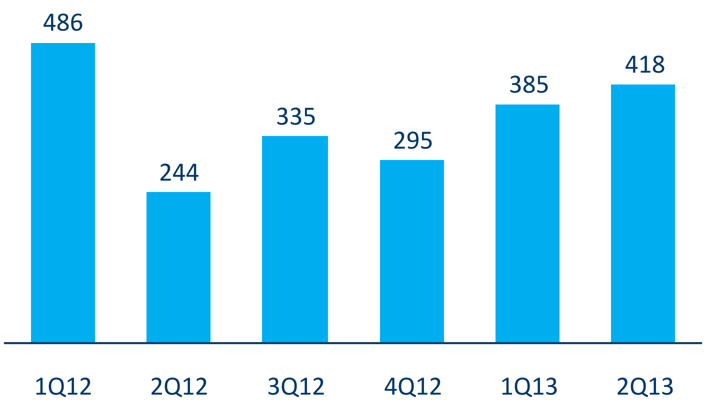
- **Operating expenses**: -6% q-o-q and +1% y-o-y
  - The q-o-q decrease was attributable chiefly to the recovery of 13m EUR from the former Deposit Guarantee Scheme and lower ICT expenses
  - Cost/income ratio: 44% in 2Q13 and 45% YTD (an improvement compared to 51% in FY 2012)

- **Loan loss provisions** amounted to 82m EUR in 2Q13
  - Note that 1Q13 was impacted by high loan loss provisions for corporates (mainly due to a few large files)
- **Credit cost ratio** increased from 28bps in FY12 to 49bps in 1H13 due to a deterioration in the SME & Corporate portfolio (compared with 62bps in 1Q13 due to a few corporate files). Excluding the one large corporate file in 1Q13, the CCR amounted to 35bps in 1H13
- **NPL ratio** stabilised at 2.3%
- Limited **impairment on AFS shares** (2m EUR) and **impairment** of 14m EUR **related to real estate**

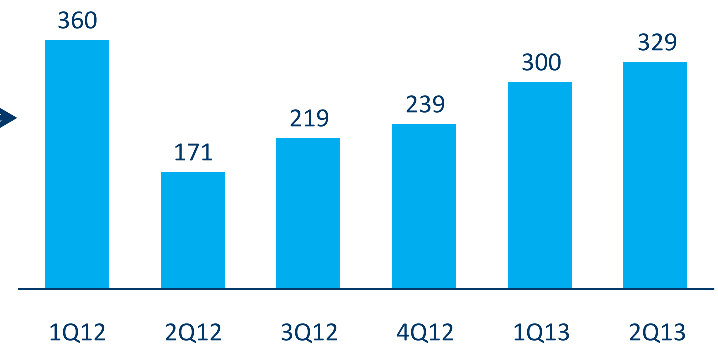
Amounts in m EUR

Net result at the Belgium BU

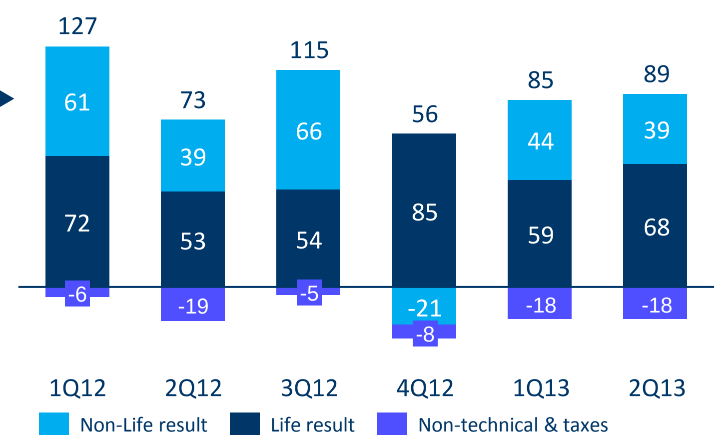
NET RESULT AT THE BELGIUM BU *



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



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



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

CZECH REPUBLIC BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

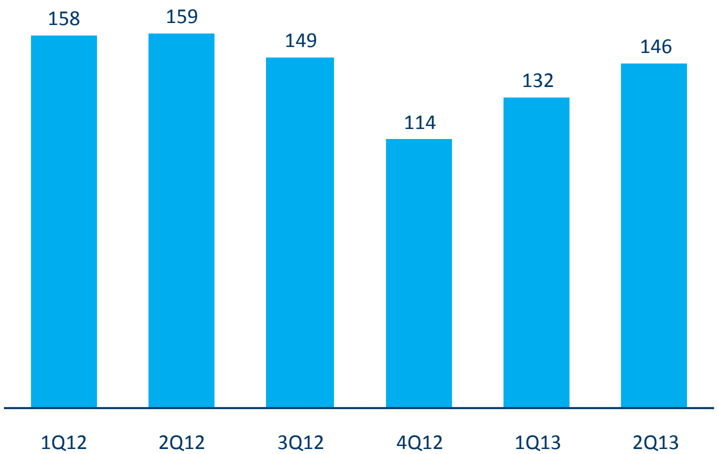
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Czech Republic Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result** at the Czech Republic Business Unit of 146m EUR
  - Results were characterised by slightly higher net interest income, lower net fee and commission income, higher (non-life) claims due to floods and lower life insurance sales, higher M2M impact of ALM derivatives, stable costs and lower loan loss provisions q-o-q
  - Profit contribution from the insurance business remained limited in comparison to the banking business

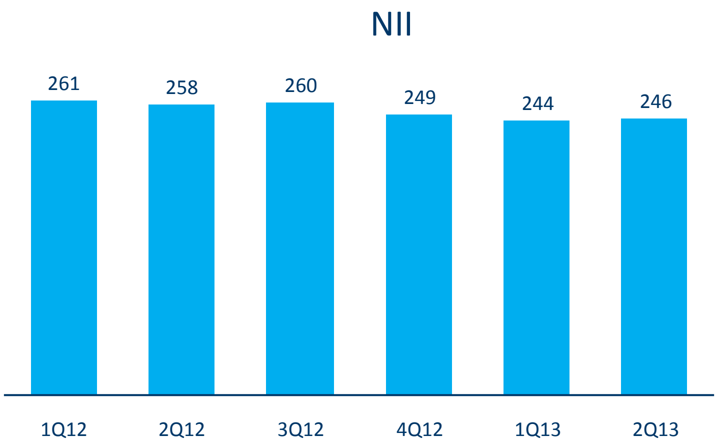
VOLUME TREND

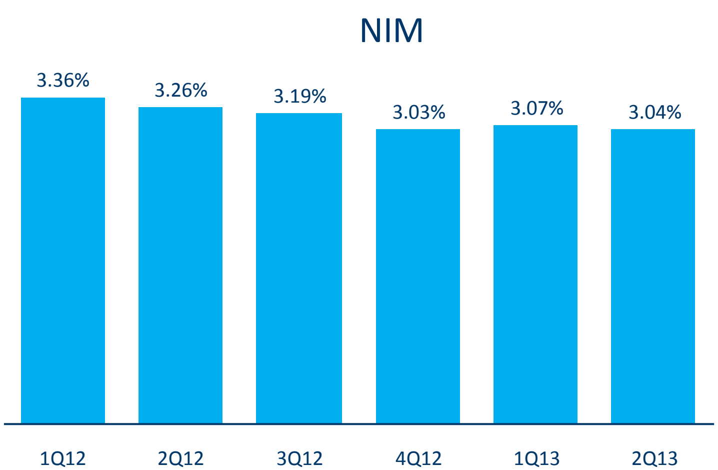
	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	19bn	8bn	25bn	6.2bn	1.1bn
Growth q/q*	+3%	+2%	0%	+2%	-4%
Growth y/y	+8%	+9%	+2%	+10%	-7%

* Non-annualised

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

Czech Republic Business Unit (2)



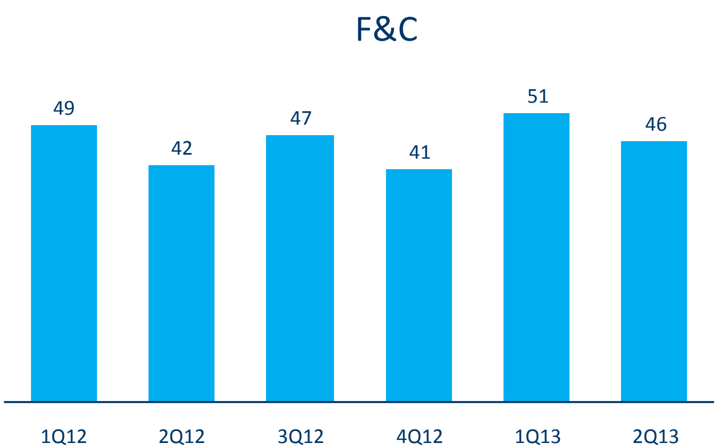


- **Net interest income (246m EUR)**
  - Rose by 1% q-o-q, but fell by 5% y-o-y to 246m EUR (+2% and -3%, respectively, excluding FX effect)
  - The q-o-q increase mainly resulted from higher NII on loans in the Corporate/SME segment
  - The y-o-y decline was accounted for mainly by a lower reinvestment yield
  - Loan volumes up 3% q-o-q and 8% y-o-y, driven by growth in corporate/SME and mortgage loans

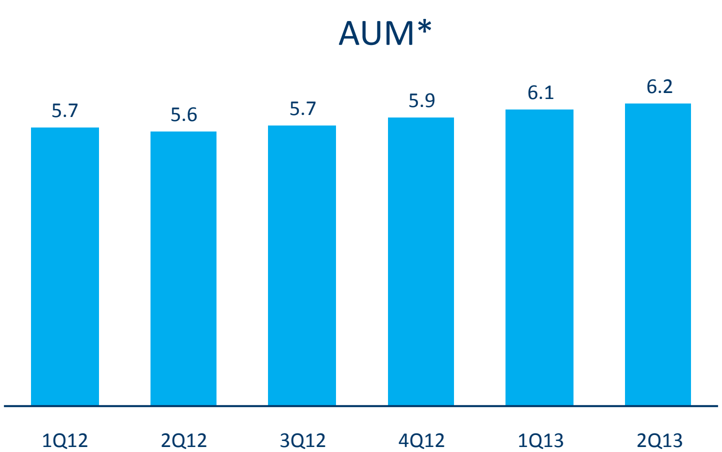
- **Net interest margin (3.04%)**
  - Fell by 3bps q-o-q and 22bps y-o-y to 3.04%
  - This y-o-y decline was caused primarily by a lower reinvestment yield
  - The q-o-q decrease was partly the result of further pressure on deposit margins, despite the cut in interest rates on savings deposits in April

Amounts in m EUR

Czech Republic Business Unit (3)



Amounts in m EUR



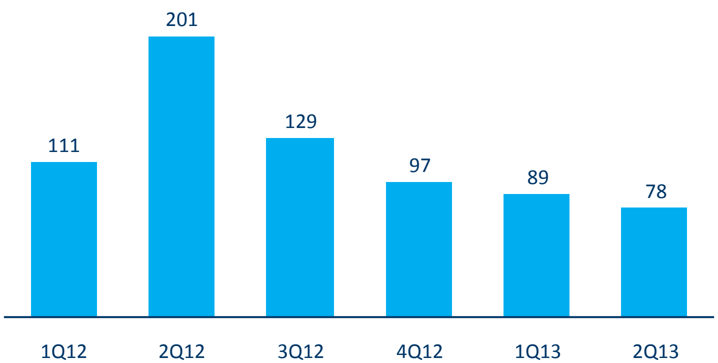
* The split among the BUs is based on the Assets under Distribution in each BU

Amounts in bn EUR

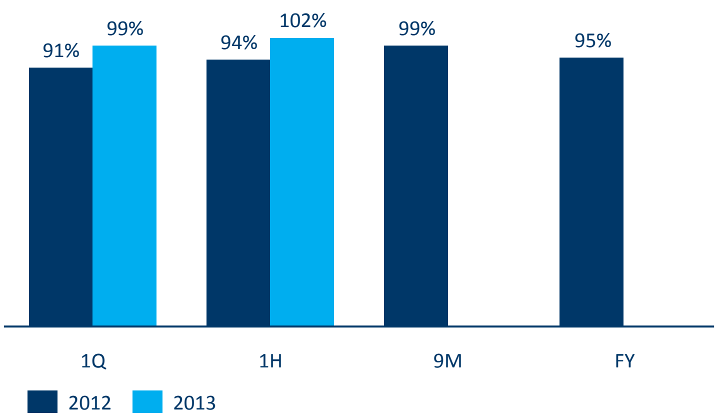
- **Net fee and commission income (46m EUR)**
  - Fell by 8% q-o-q, but rose by 9% y-o-y (or -7% q-o-q and +12% y-o-y, respectively, excluding the FX effect)
  - The q-o-q decrease was attributable mainly to lower entry fees for mutual funds and lower sales fees for pension funds
  - The y-o-y increase was achieved by higher entry fees for mutual funds and lower fees paid to distribution
- **Assets under management (6.2bn EUR)**
  - Went up by 2% q-o-q to roughly 6.2bn EUR, entirely as a result of a positive price effect
  - Y-o-y, assets under management rose by 10%, mainly driven by net inflows

Czech Republic Business Unit (4)

PREMIUM INCOME
(GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)

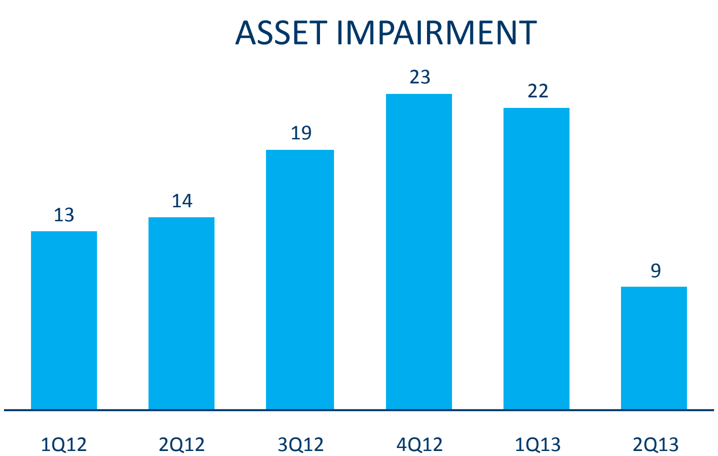


- **Insurance premium income** (gross earned premium) stood at 78m EUR
  - Non-life premium income (42m) rose by 2% q-o-q and y-o-y (+4% q-o-q and +5% y-o-y excluding FX effect)
  - Life premium income (36m) went down 25% q-o-q and 78% y-o-y (-25% q-o-q and -77% y-o-y excluding FX effect). Note that 2Q12 included high unit-linked single premium due to the more successful sale of Maximal Invest products (only one tranche issued in 2Q13)
- Overall, the **life result** in 2Q13 was in line with 2Q12, but slightly below 1Q13
- **Combined ratio** at 102% in 1H13 (104% in 2Q13), due mainly to flood claims

Amounts in m EUR

Czech Republic Business Unit (5)

- **Opex (163m EUR)**
  - Fell by 1% q-o-q and y-o-y (flat q-o-q and +1% y-o-y excluding FX effect)
  - Q-o-q, slightly lower staff (less FTEs) and marketing expenses were offset by a number of small other items
  - Cost/income ratio at 46% in 2Q13 (and YTD)



- **Impairments on L&R** fell sharply q-o-q thanks to releases in the corporate/SME segment owing to improved models and a better performing portfolio
- **Credit cost ratio** amounted to 0.30% in 1H13

	2010	2011	2012	1H13
CCR	0.75%	0.37%	0.31%	0.30%

- **NPL ratio** amounted to 3.3%
- No other impairments

Amounts in bn EUR

INTERNATIONAL MARKETS BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

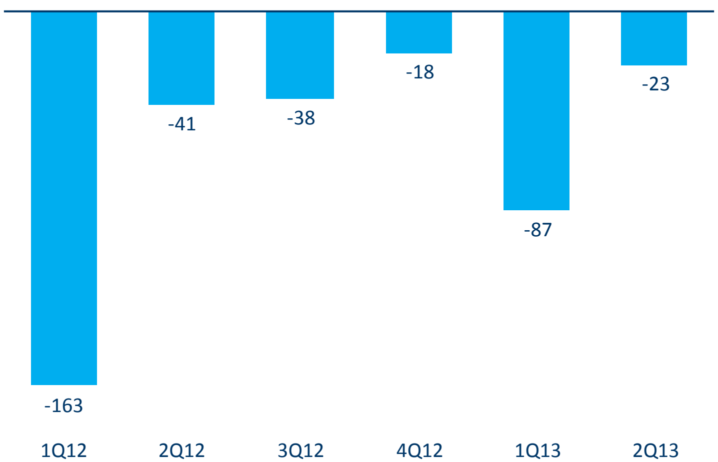
INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

International Markets Business Unit (1)

NET RESULT



Amounts in m EUR

- **Net result: -23m EUR**
  - International Markets profit **breakdown**: 16m Slovakia, 26m Hungary, 3m Bulgaria and -69m Ireland
  - Q-o-q **results** were characterised by higher net interest income, higher net fee and commission income, recuperation of insurance claims, lower costs (accounted for primarily by the FY13 Hungarian bank tax, recorded in full in 1Q13) and lower impairments
  - **Turnaround potential**: break-even returns at latest by 2015 for International Markets BU, mid-term returns above cost of capital

VOLUME TREND

	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	23bn	15bn	14bn	5.1bn	0.5bn
Growth q/q*	-1%	-1%	+3%	-4%	+3%
Growth y/y	-5%	-4%	+20%	-16%	+5%

* Non-annualised

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

International Markets Business Unit (2)

ORGANIC GROWTH*

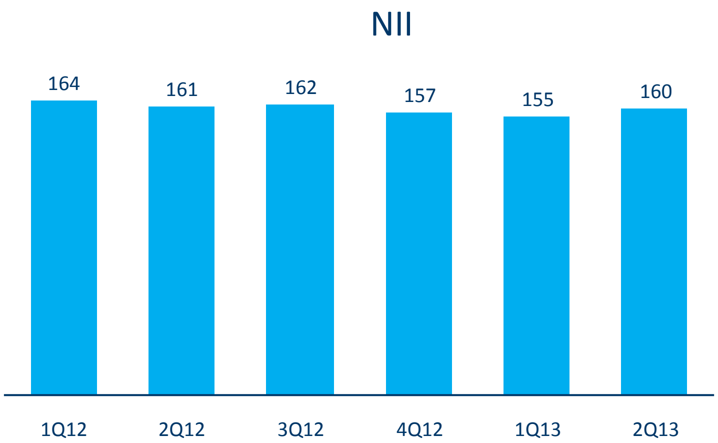
	TOTAL LOANS		MORTGAGES		DEPOSITS	
	q/q	y/y	q/q	y/y	q/q	y/y
IRE	-2%	-8%	-2%	-6%	+9%	+79%
SK	+1%	+5%	+4%	+14%	+1%	+11%
HU	+1%	-6%	-2%	-5%	+2%	+10%
BU	0%	+3%	0%	-2%	-7%	-11%
TOTAL	**-1%**	**-5%**	**-1%**	**-4%**	**+3%**	**+20%**

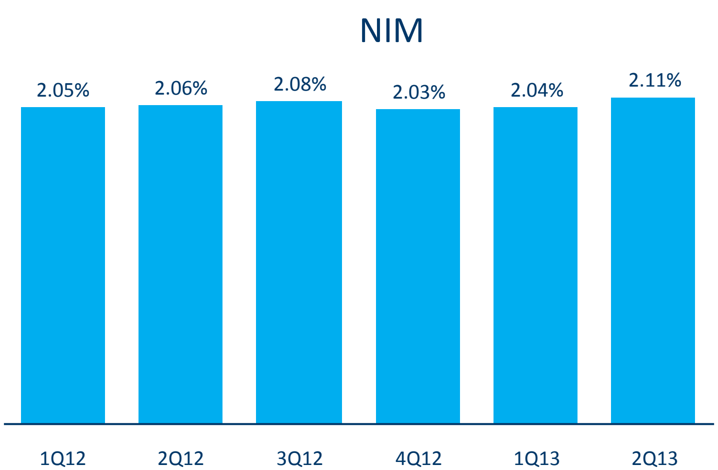
- The **total loan book** fell by 1% q-o-q and 5% y-o-y. On a y-o-y basis, the decrease was accounted for by Ireland (matured loans surpassed new production) and Hungary (where the trend was impacted by e.g. the FX mortgage relief programme)
- **Total deposits** were up 3% q-o-q and 20% y-o-y, thanks mainly to the successful retail deposit campaign in Ireland

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

Amounts in m EUR

International Markets Business Unit (3)





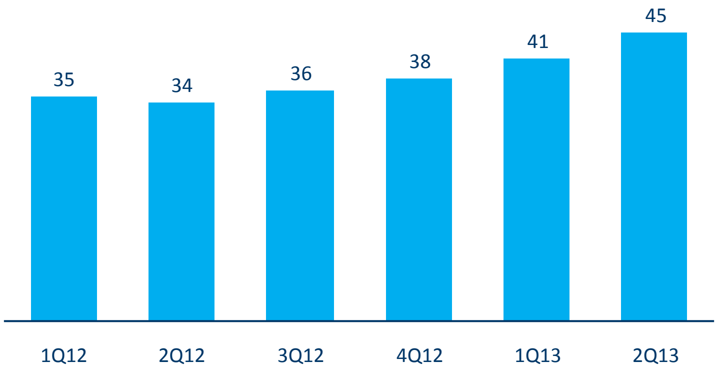
- **Net interest income (160m EUR)**
  - Rose by 4% q-o-q, but fell by 1% y-o-y
  - The y-o-y decline was attributable mainly to higher funding costs in Ireland due to a new methodology used
  - The q-o-q increase was driven by:
    - Hungary: some technical items (e.g. higher number of calendar days) and less maturities of bonds in the non-life portfolio
    - Slovakia: continuous growth in the mortgage portfolio, successful consumer finance and SME campaigns, expiration of term deposits with high external rates and a small decline in the funding cost allocation

- **Net interest margin (2.11%)**
  - Increased by 5bps y-o-y and 7bps q-o-q
  - The q-o-q increase was attributable primarily to a considerable increase in NIM in Slovakia thanks to lower interest expenses related to deposits (expiration of relatively expensive 1Y term deposits)

Amounts in m EUR

International Markets Business Unit (4)

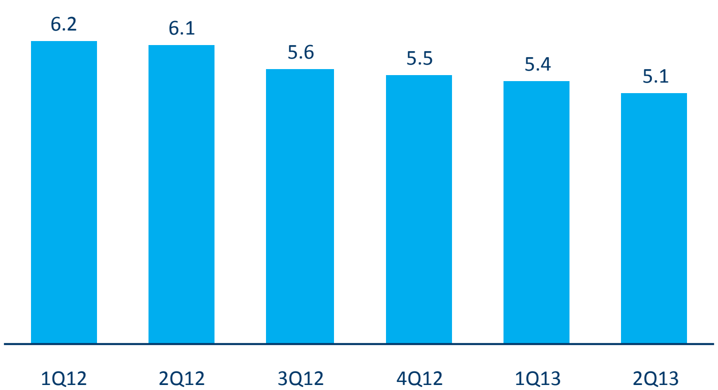
F&C



Amounts in m EUR

- **Net fee and commission income (45m EUR)**
  - Rose by 9% q-o-q and 31% y-o-y
  - The q-o-q increase was attributable mainly to Hungary, where more transactions and services were provided and more fees were received for sales of unit-linked life insurance and mutual fund products
  - In addition, part of the y-o-y increase was the result of increases in fees in Hungary from 2013 onwards

AUM*



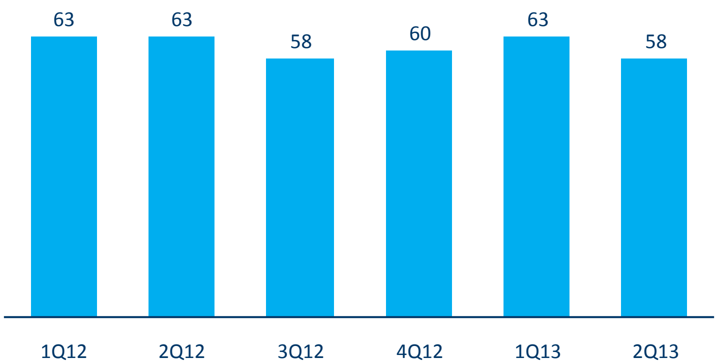
* The split among the BUs is based on the Assets under Distribution in each BU

Amounts in bn EUR

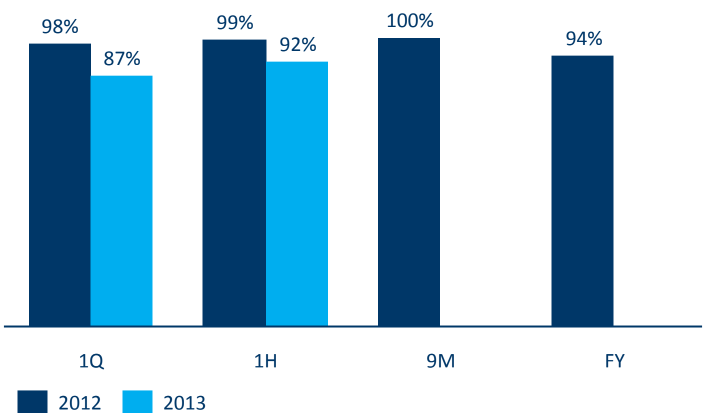
- **Assets under management (5.1bn EUR)**
  - Decreased by 4% q-o-q, entirely as a result of a negative price effect
  - Y-o-y, assets under management fell by 16%, driven by net outflows (-3%) and a negative price effect (-13%)

International Markets Business Unit (5)

PREMIUM INCOME
(GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)



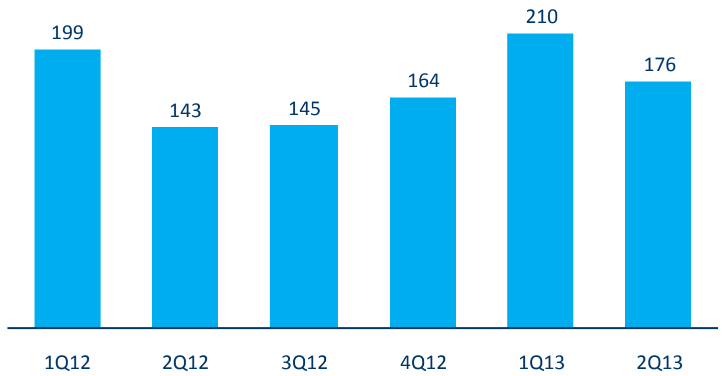
- **Insurance premium income** (gross earned premium) stood at 58m EUR
  - Non-life premium income (38m) stabilised q-o-q, but fell by 6% y-o-y
  - Life premium income (20m) down 17% q-o-q and 6% y-o-y

- **Combined ratio** at 92% in 1H13

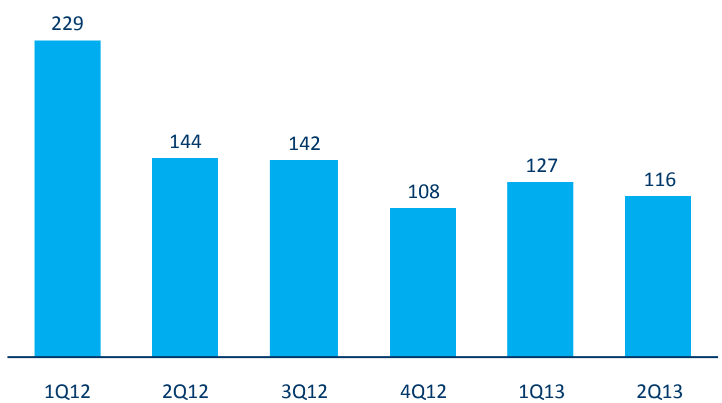
Amounts in m EUR

International Markets Business Unit (6)

OPERATING EXPENSES



ASSET IMPAIRMENT



- **Opex (176m EUR)**
  - Fell by 16% q-o-q, but rose by 24% y-o-y
  - The q-o-q decrease was consequent chiefly on the FY13 Hungarian bank tax, recorded in full in 1Q13 (54m pre-tax and 44m post-tax), despite the additional one-off FTL related charge of 27m EUR pre-tax (22m post-tax) in Hungary in 2Q13. Also lower ICT expenses in both Slovakia and Hungary contributed to this decrease
  - The y-o-y increase was caused by the introduction of a Financial Transaction Levy and the additional one-off FTL related charge in Hungary, as well as higher staff expenses in Ireland (higher number of FTEs)
  - Cost/income ratio at 65% in 2Q13 (76% YTD)

- **L&R impairments (114m EUR)**: the decline of 2% q-o-q and 20% y-o-y was due mainly to Ireland
- **Credit cost ratio** of 1.76% in 1H13

	Loan book	2010 CCR	2011 CCR	2012 CCR	1Q13 CCR
IM BU	**26bn**			**2.26%**	**1.76% ***
- Ireland	16bn	2.98%	3.01%	3.34%	2.35%
- Hungary	5bn	1.98%	4.38%	0.78%	0.79%
- Slovakia	5bn	0.96%	0.25%	0.25%	0.80%
- Bulgaria	1bn	2.00%	14.73%	0.94%	1.62%

* Excluding Ireland, the CCR in IM BU amounted to 85bps in 1H13

- **NPL ratio** at 18.5%

Amounts in bn EUR

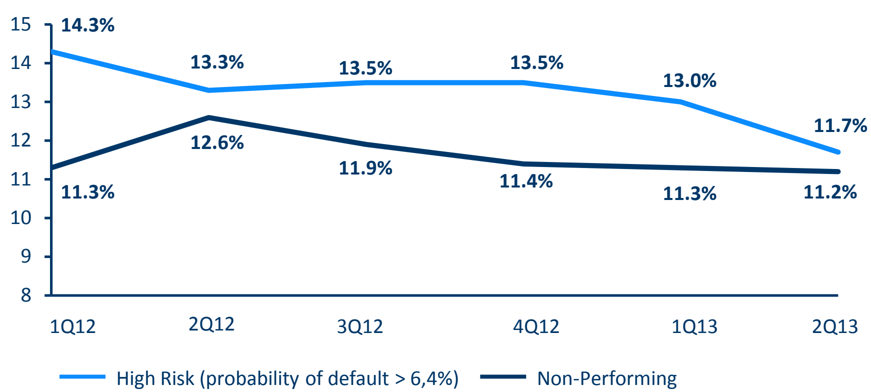
KBC

Hungary (1)

HUNGARIAN LOAN BOOK KEY FIGURES AS AT 30 JUNE 2013

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.8bn	6.0%	61%
Retail	2.4bn	17.2%	65%
o/w private	2.0bn	18.7%	65%
o/w companies	0.4bn	9.1%	69%
	5.1bn	11.2%	64%

PROPORTION OF HIGH RISK AND NPLS



- 2Q13 **net result** at the K&H Group amounted to 26m EUR. This includes the full impact of the additional one-off Financial Transaction Levy (FTL) related charge of 27m EUR pre-tax (22m post-tax) in Hungary to compensate shortage of FTL related income in the state budget
- **YTD net result** amounted to 7m EUR (including the post-tax impact of the FY13 'regular' bank tax of 43m EUR and the additional one-off FTL related charge of 22m EUR post-tax, as mentioned above)
- In line with 1Q13, **loan loss provisions** amounted to 10m EUR in 2Q13
- The **credit cost ratio** came to 0.79% in 1H13 (versus 0.78% FY 2012) driven by continued stable trends in corporate and SME portfolios
- **NPL ratio** again declined slightly, to 11.2% in 2Q13 (11.3% in 1Q13, 11.4% in 4Q12, 11.9% in 3Q12 and 12.6% in 2Q12)

Amounts in bn EUR

Hungary (2)

- **Municipal loans**
  - In December 2012, the State repaid almost the entire debt of the municipalities with less than 5000 inhabitants at par. The second phase of the consolidation of municipal debt (partial debt consolidation of larger municipalities) was completed by the statutory deadline of June 28. There was no haircut, all items taken over were done at par (141m EUR, i.e. approximately 46% of K&H’s municipality portfolio was involved)

- **Financial transaction levy**
  - The Hungarian Parliament adopted fiscal adjustment measures on 27 June 2013, including
    - a significant increase in the level of the financial transaction levy (FTL) introduced in 1 Jan 2013
    - a one-off charge (to compensate shortfall in the FTL in the state budget) which was set to 208% of the FTL payment obligation for the January-April period
  - Details of the increased FTL levels, which will come into effect on 1 August 2013:
    - The levy on electronic and paper-based transfers and other non-cash financial transactions will be increased to 0.3% from the current 0.2% (the cap remains unchanged at 6,000 HUF)
    - The levy on cash transactions will be raised from the current 0.3% to 0.6% and the 6,000 HUF cap will be abolished
    - Since this will have an impact on the cost to banks, it has prompted K&H to readjust its fee structure again. The gross amount of the levy is estimated to be approximately 49m EUR pre-tax (40m EUR post-tax) for K&H in FY13 (of which roughly 20m EUR pre-tax was recorded in 1H13)
  - The one-off charge based on 208% of the FTL obligation for the January-April period is to be paid in four equal instalments in the September-December period. K&H has included the full amount of this one-off charge in its books for 2Q13 (27m EUR pre-tax and 22m EUR post-tax)

Hungary (3)

- **FX housing loans**
  - On 24 July, Economy Minister announced that foreign **currency-denominated mortgage loans taken out for home purchases** need to be taken out of the local lending market and a situation must be created where those borrowing in forint are not worse off than if they had taken out an FX loan
  - Based on that working groups will be set up at the Ministry of the National Economy and the Hungarian Banking Association to start discussions. The government intends to submit a law proposal to parliament in September
  - Since the outcome of these discussions is uncertain, the potential impact is also uncertain
  - The size of K&H Bank's FX mortgage portfolio (gross value):
    - Total Retail FX mortgage: 1.4 bn EUR
    - **Retail FX housing loans: 0.6 bn EUR**
    - Retail FX home equity loans: 0.8 bn EUR

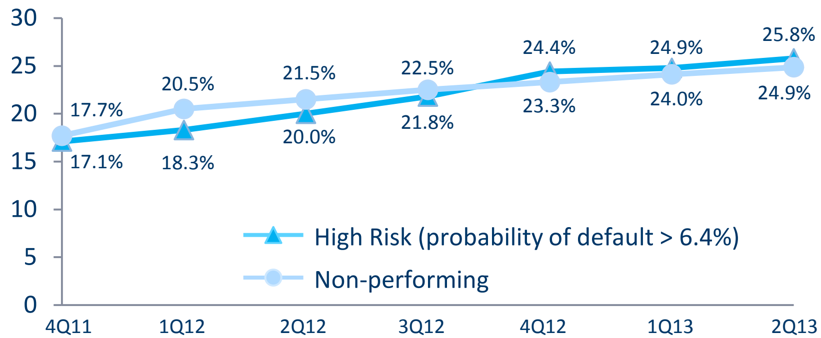
Ireland (1)

IRISH LOAN BOOK
KEY FIGURES AS AT JUNE 2013

LOAN PORTFOLIO	OUTSTANDING	NPL	NPL COVERAGE
Owner occupied mortgages	9.2bn	18.8%	34%[1]
Buy to let mortgages	3.1bn	32.0%	43%[1]
SME /corporate	1.6bn	21.4%	77%
Real estate investment Real estate development	1.3bn 0.5bn	31.3% 89.6%	67% 77%
	15.6bn	24.9%	48%[1]

1. The total NPL coverage ratio amounted to 53% at the end of 2Q13 (52% in 1Q13) taking into account the adjustments for the Mortgage Indemnity Guarantee and Reserved Interest (42% for owner occupied mortgages and 49% for buy to let mortgages, respectively)

PROPORTION OF HIGH RISK AND NPLS



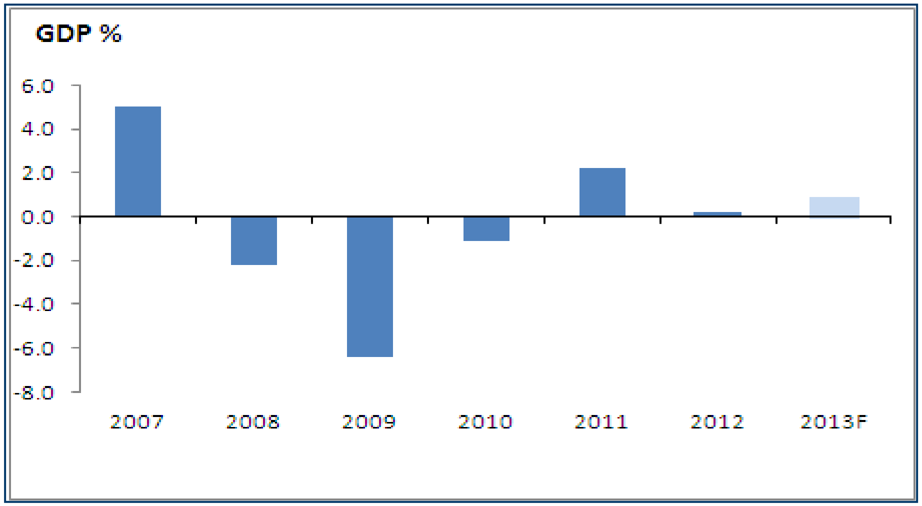
Amounts in m EUR

- **Loan loss provisions** in 2Q13 of 88m EUR (136m EUR in 2Q12). We are maintaining our FY 2013 guidance of 300m-400m EUR for KBC Bank Ireland. The loss after tax in 2Q13 was 69m EUR (-95m EUR in 2Q12).
- Employment and incomes are increasing and survey evidence points towards some improvement in business conditions. Weak growth in export markets and ongoing budget adjustment in Ireland are restraining the recovery in Irish economic activity. Overall, recent data have been mixed but remain consistent with the expectation of a **modest rise in GDP in 2013**
- Most indicators point towards a **gradual but uneven improvement in the housing market** in the first half of 2013. Broadly similar conditions are likely to prevail through the remainder of the year
- **Increased demand for commercial property** within key urban areas from domestic and international investment funds
- KBCI is proactively engaging with those customers who are experiencing financial difficulty and is implementing its long term Mortgage Arrears Resolution Strategy. As part of this, **KBCI has met the Q2 public target set by the Central Bank of Ireland in relation to the resolution of greater than 90 day arrears cases**
- The new Insolvency Service of Ireland (ISI) is expected to be operational in 3Q13. As part of the rollout of its **Mortgage Arrears Resolution Strategy,** KBCI is resolving the mortgage difficulties of a significant number of its customers and this should reduce the requirement for such customers to seek a Personal Insolvency Arrangement
- **Continued successful retail deposit campaign** with gross retail deposit levels increased by 0.6bn EUR since end 2012 to 2.7bn EUR at end 2Q13 and approx. 6,000 new customer accounts were opened in the quarter. KBCI is experiencing **improved demand for mortgage products,** from a low base, as evidence of a stable housing market emerges
- **Local tier-1 ratio of 12.51%** at the end of 2Q13

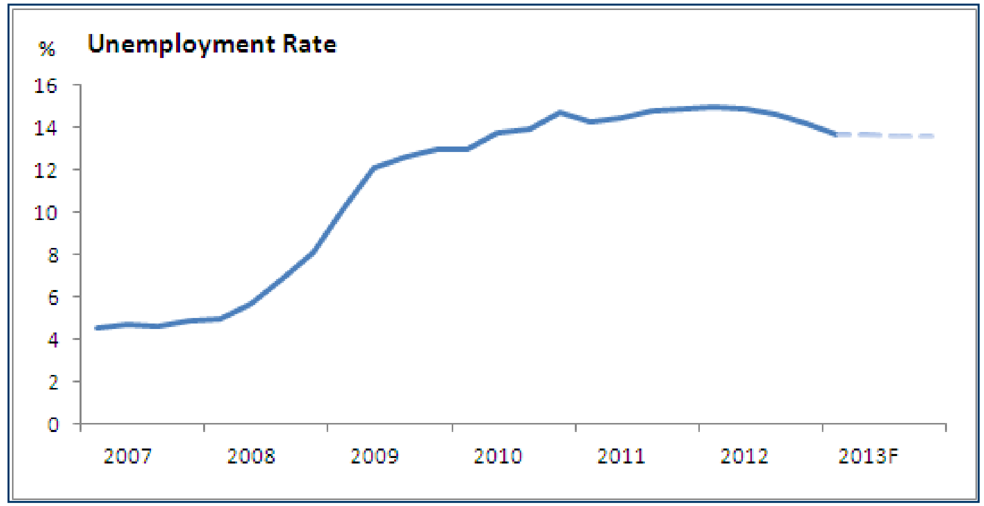
KBC

Ireland (2) Key indicators show tentative signs of stabilisation

CONTINUING TENTATIVE SIGNS OF **GDP GROWTH**



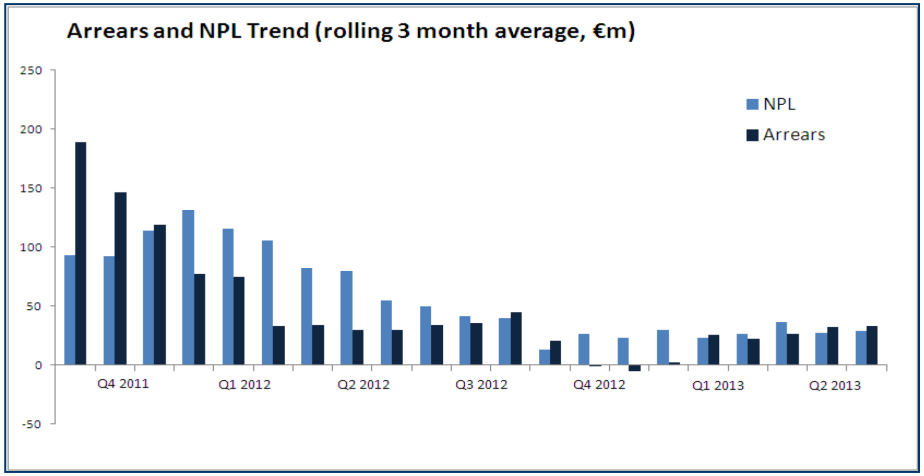
UNEMPLOYMENT RATE HAS REMAINED BROADLY STABLE YEAR TO DATE



Ireland (3) Key indicators show tentative signs of stabilisation

RESIDENTIAL PROPERTY PRICES SHOWING SIGNS OF STABILISATION

SLOWING PACE OF INCREASE IN **RESIDENTIAL MORTGAGE ARREARS & NPL**



GROUP CENTRE

CFO SERVICES

CRO SERVICES

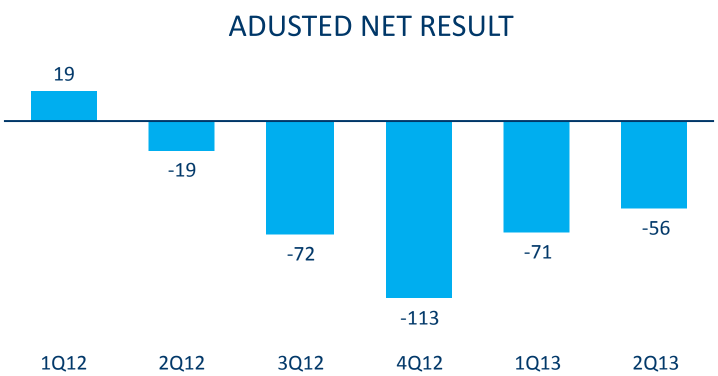
BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

Group Centre



- **Adjusted net result: -56m EUR**
- KBL *epb* and Fidea were deconsolidated in the adjusted net result as of 1Q12, Warta and Zagiel as of 3Q12, NLB as of 4Q12, Kredyt Bank as of 1Q13 and Absolut Bank as of 2Q13
- The Group Centre result is comprised of the results of the holding company, certain items that are not allocated to the business units, results of companies to be divested, and the impact of legacy business and own credit risk

BREAKDOWN OF ADJUSTED NET RESULT AT GROUP CENTRE

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Group item (ongoing business)	-53	-76	-71	-108	-73	-60
Planned divestments	72	57	-1	-4	2	4
TOTAL adjusted net result at GC	**19**	**-19**	**-72**	**-113**	**-71**	**-56**

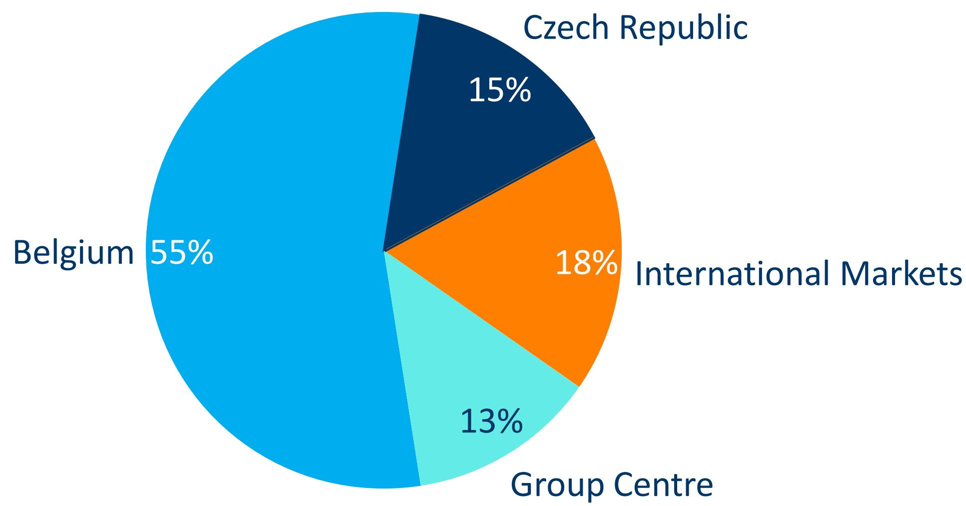
Amounts in m EUR

Annex 2

Company profile

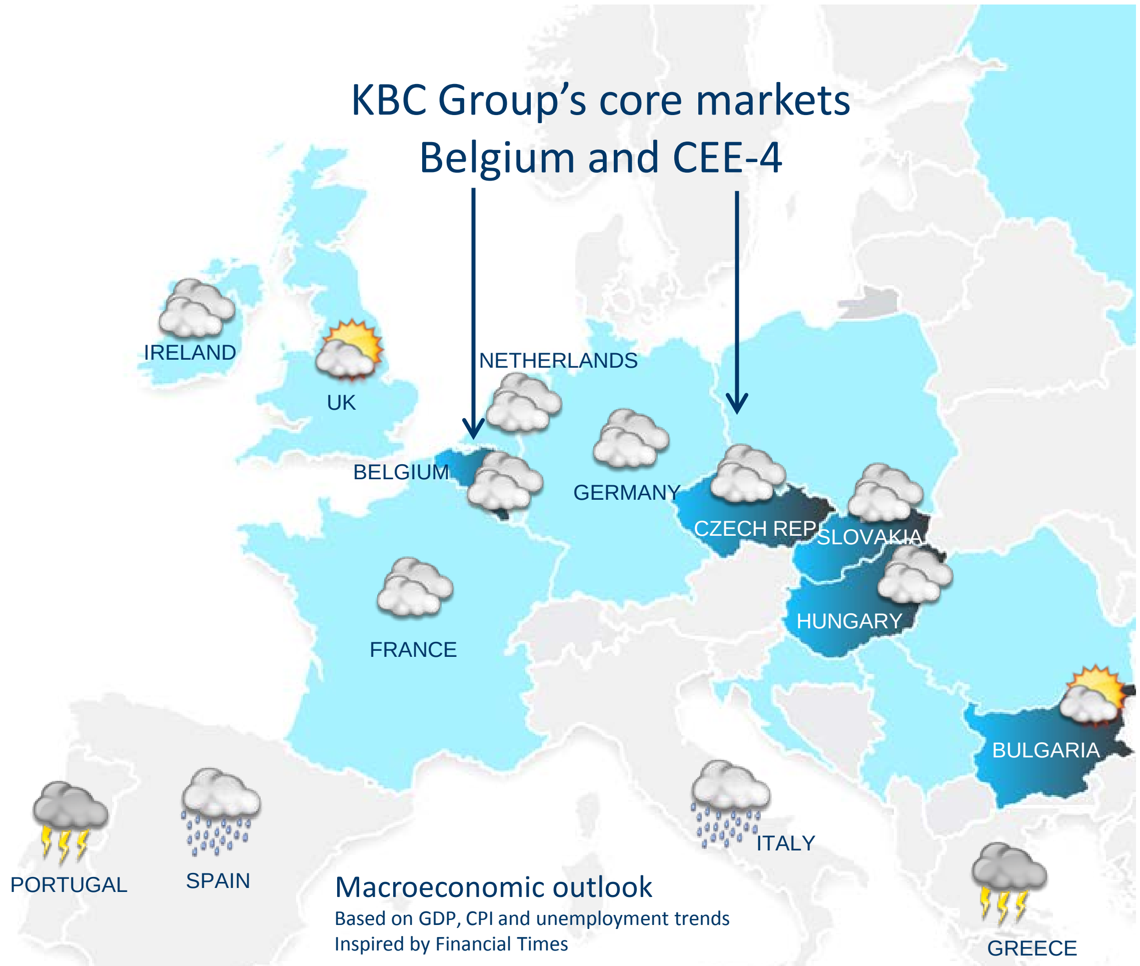
Business profile

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 30 JUNE 2013



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

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



MARKET SHARE, AS OF END 2012

	BE[1]	CZ	SK	HU	BG
Loans and deposits	20%	20%[2]	10%	8%	2%
Investment funds	35%	30%	8%	20%	
Life insurance	17%	8%	5%	3%	13%
Non-life insurance	9%	6%	3%	4%	11%

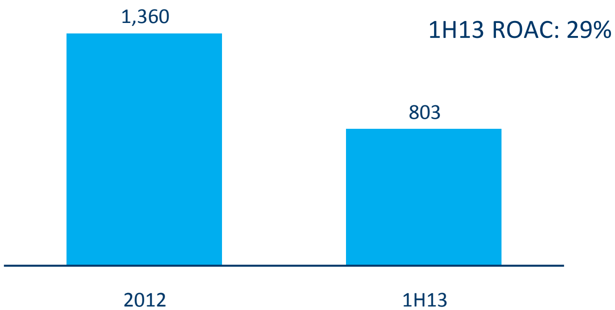
REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[3]

	BE	CZ	SK	HU	BG
% of Assets	66%	15%	3%	4%	1%
2012a	-0,3%	-1,2%	2,0%	-1,7%	0,8%
2013e	0,1%	-1,0%	0,5%	0,3%	1,3%
2014e	1,3%	1,7%	1,5%	1,5%	1,8%

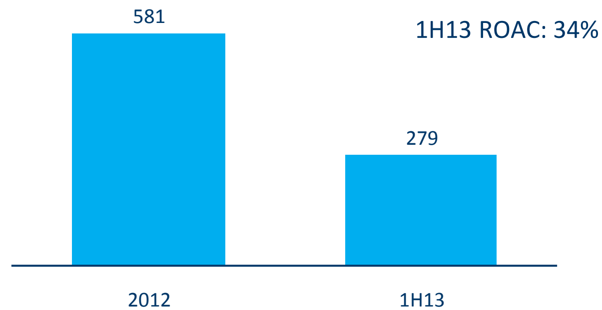
1. Excluding Centea and Fidea
2. Including 55% of the joint venture with CMSS
3. Source: KBC data, August 2013

Overview of results based on new business units

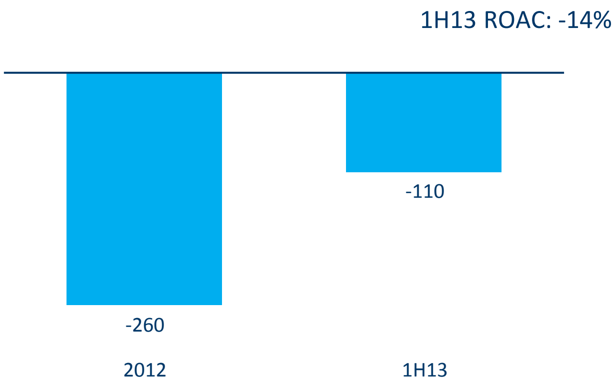
NET PROFIT - **BELGIUM**



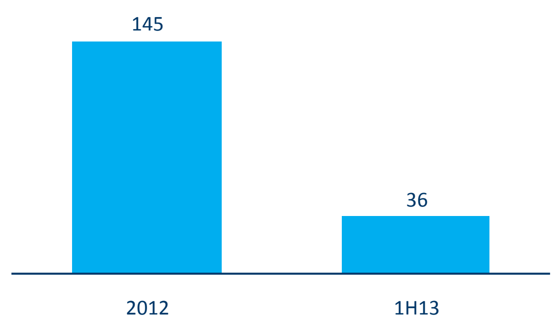
NET PROFIT – **CZECH REPUBLIC**



NET PROFIT -
INTERNATIONAL MARKETS



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



Amounts in m EUR

Loan loss experience at KBC

	1H13 CREDIT COST RATIO	FY 2012 CREDIT COST RATIO	AVERAGE ‘99 –’12	PEAK ‘99 –’12
Belgium	**0.49%**	**0.28%**	n.a.	n.a.
Czech Republic	**0.30%**	**0.31%**	n.a.	n.a.
International Markets	**1.76%***	**2.26%***	n.a.	n.a.
Group Centre	**1.41%**	**0.99%**	n.a.	n.a.
Total	**0.75%****	**0.71%****	**0.50%**	**1.11%**

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

* The high credit cost ratio at the International Markets BU is due in full to KBC Bank Ireland. Excluding Ireland, the CCR at this business unit amounted to 85bps in 1H13

** Credit cost ratio amounted to 0.75% in 1H13 (from 0.71% in FY 2012). Excluding KBC Bank Ireland and the one large corporate file in 1Q13, the credit cost ratio stood at 0.46% in 1H13

Key strengths

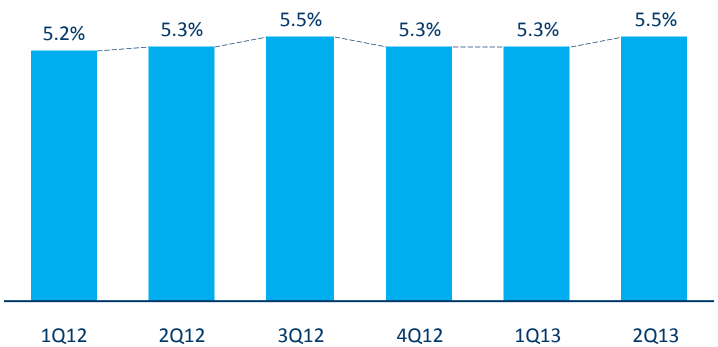
- Well-developed bank-insurance strategy and strong cross-selling capabilities
- Strong commercial bank-insurance franchises in Belgium and the Czech Republic with stable and solid returns
- Turnaround potential in the International Markets Business Unit
- Successful underlying earnings track record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

Annex 3

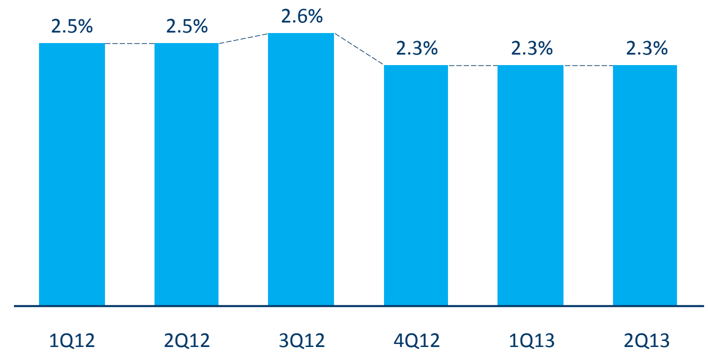
Other items

NPL ratios at KBC Group and per business unit

KBC GROUP

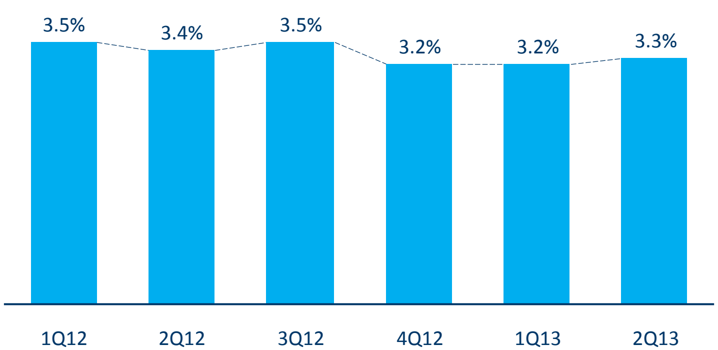


BELGIUM BU

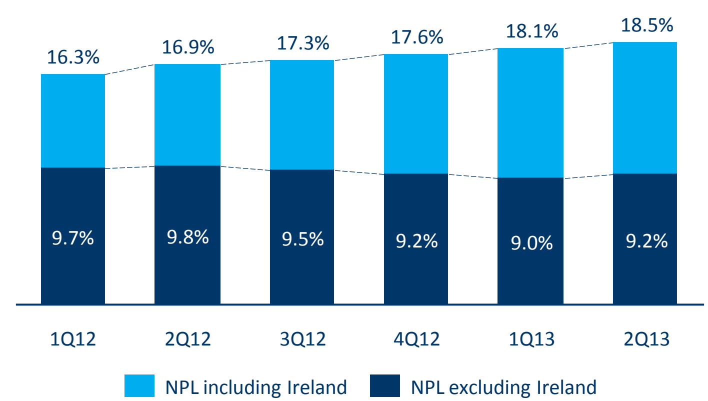


non-performing loan ratio

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU

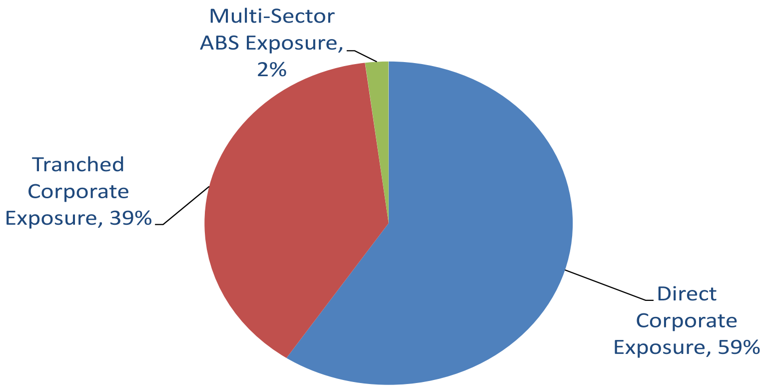


Non-performing and high risk loans

1H 2013	NON-PERFORMING LOANS (>90 DAYS OVERDUE)	HIGH RISK, EXCL. RESTRUCTURED LOANS (PROBABILITY OF DEFAULT >6.4%)	RESTRUCTURED LOANS (PROBABILITY OF DEFAULT >6.4%)
BELGIUM BU	2.3%	4.9%	1.1%
CZECH REPUBLIC BU	3.3%	4.0%	0.9%
INTERNATIONAL MARKETS BU INCLUDING IRELAND	18.5%	9.7%	10.2%
INTERNATIONAL MARKETS BU EXCLUDING IRELAND	9.2%	8.1%	3.0%
IRELAND	24.9%	10.8%	15.0%

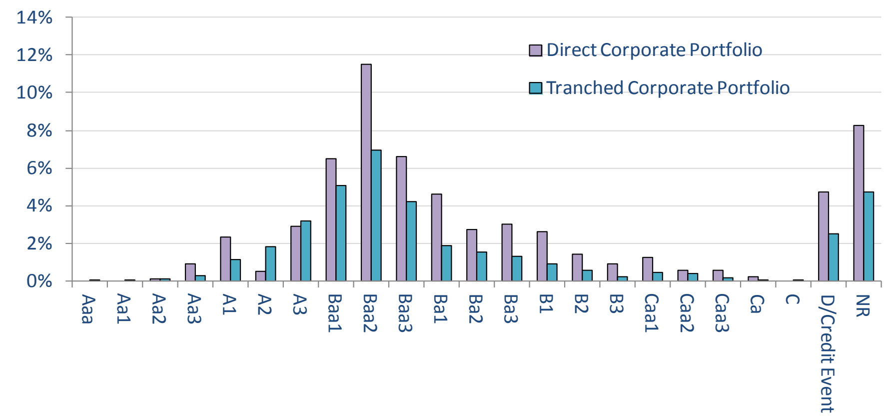
Breakdown of KBC’s CDOs originated by KBC FP
(figures as of 8 July 2013)

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



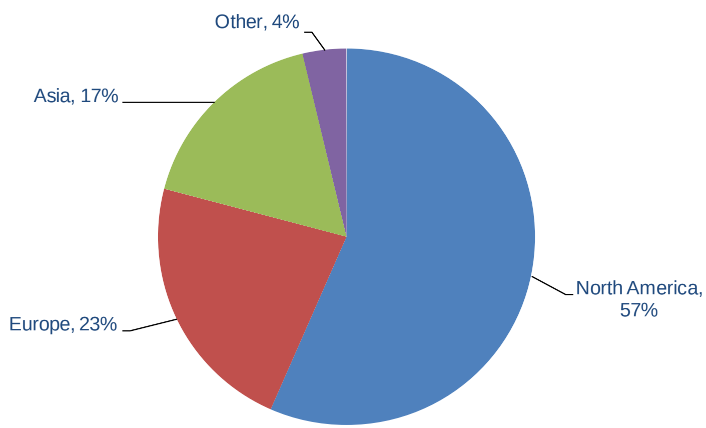
1. as % of total current deal notional, after settled credit events

CORPORATE BREAKDOWN BY RATINGS [3]



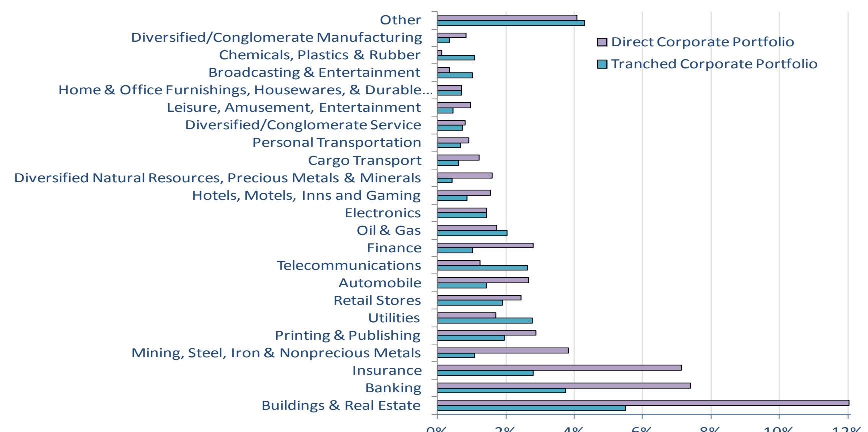
3. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody’s ratings.

CORPORATE BREAK DOWN BY REGION[2]



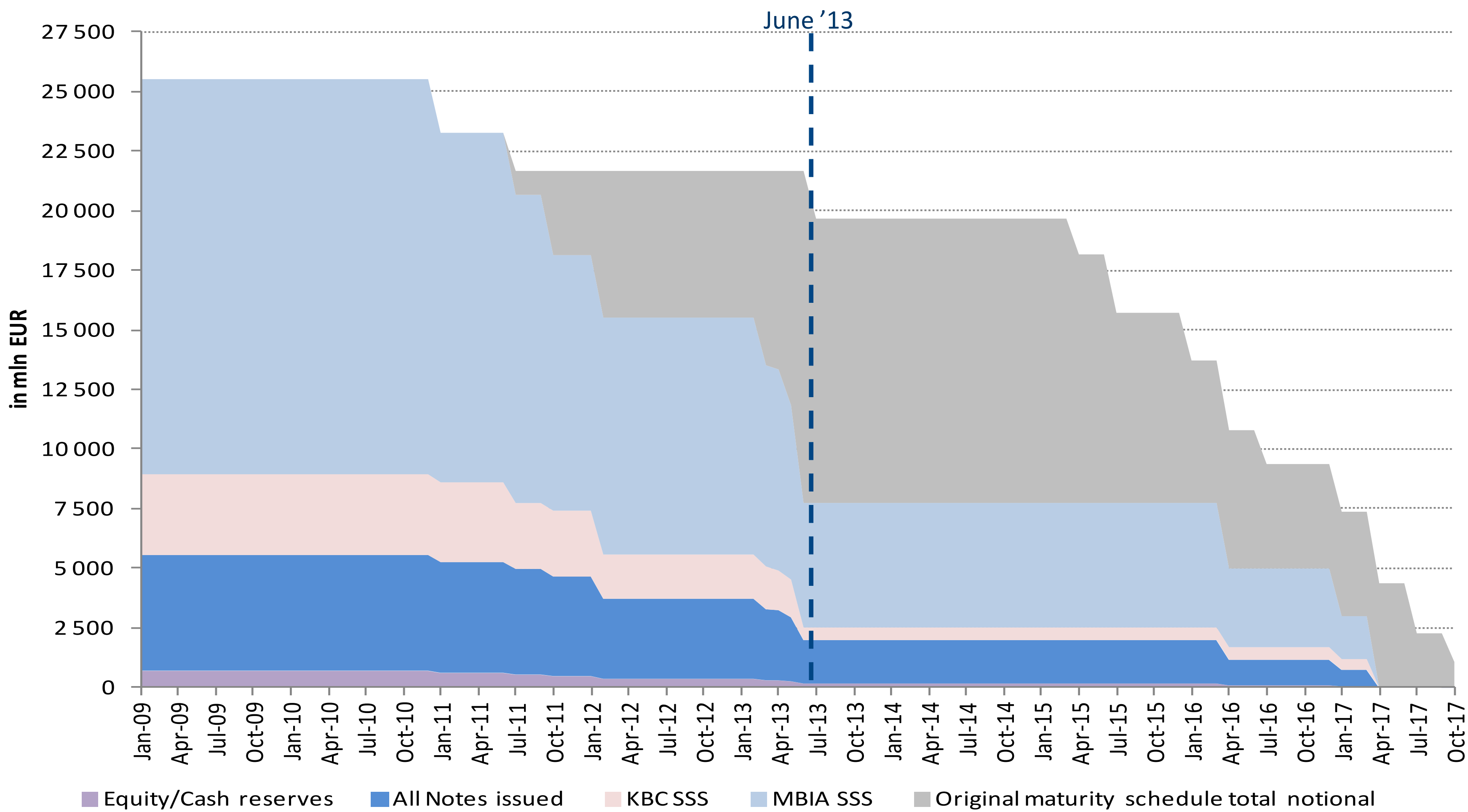
2. Direct and tranched corporate exposure as a % of the total corporate portfolio

CORPORATE BREAKDOWN BY INDUSTRY [4]



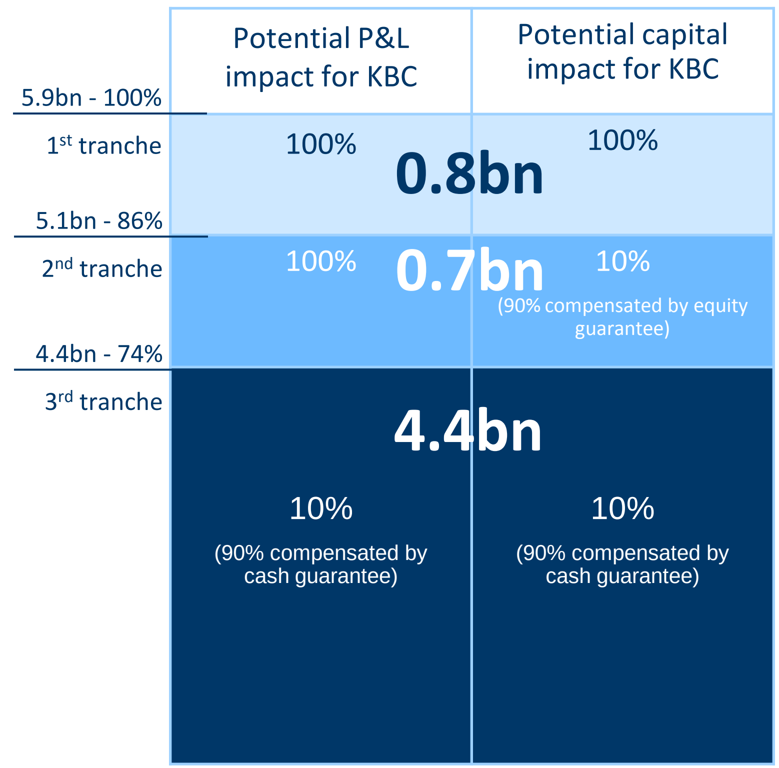
4. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody’s ratings.

Maturity schedule of the CDOs issued by KBC FP



Summary of government transactions (1)

- STATE GUARANTEE COVERING 5.9BN* EUROS' WORTH OF CDO-LINKED INSTRUMENTS
  - Scope, instrument by instrument approach
    - CDO investments that were not yet written down to zero (0.7bn EUR) when the transaction was finalised
    - CDO-linked exposure to MBIA, the US monoline insurer (5.3bn EUR)
  - First and second tranche: 1.5bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 0.6bn EUR (90% of 0.7bn EUR) from the Belgian State
  - Third tranche: 4.4bn EUR, 10% of potential impact borne by KBC



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

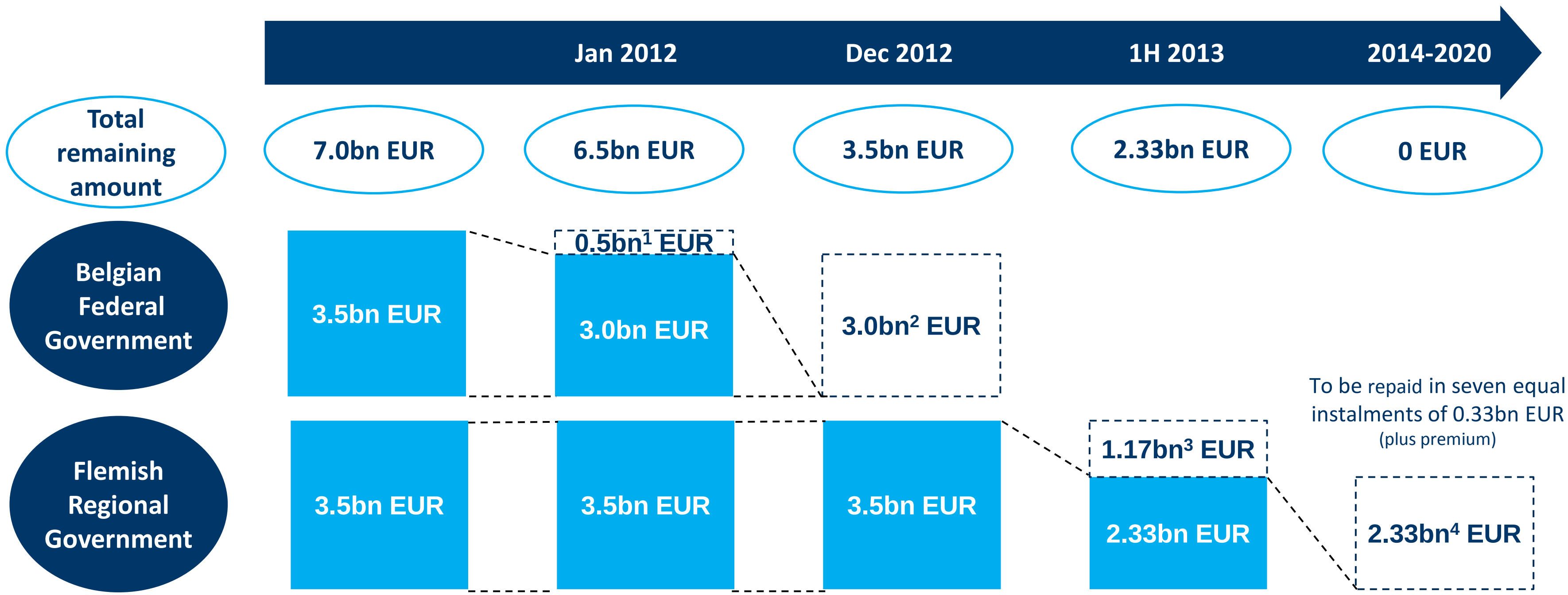
Summary of government transactions (2)

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

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

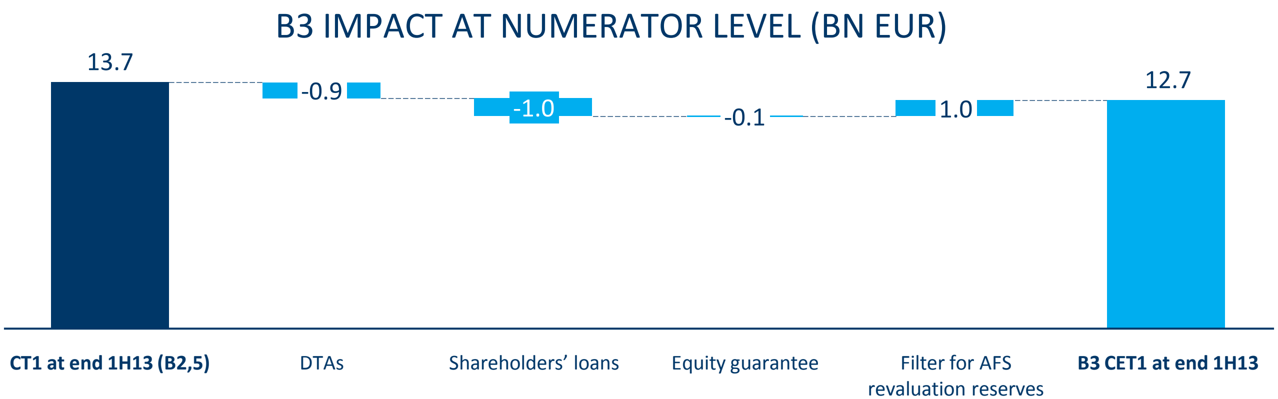
Assessment of the State aid position & repayment schedule

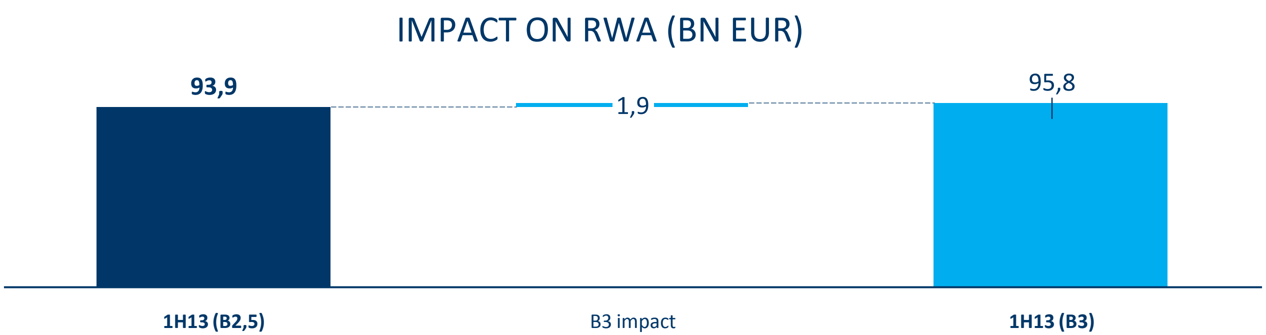
- KBC made accelerated full repayment of 3.0bn EUR of State aid to the Belgian Federal Government in December 2012 and the accelerated repayment of 1.17bn EUR of State aid to the Flemish Regional Government mid-2013, approved by the NBB
- KBC is committed to repaying the remaining outstanding balance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



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

Common equity at end 1H13 - Fully loaded B3[1]

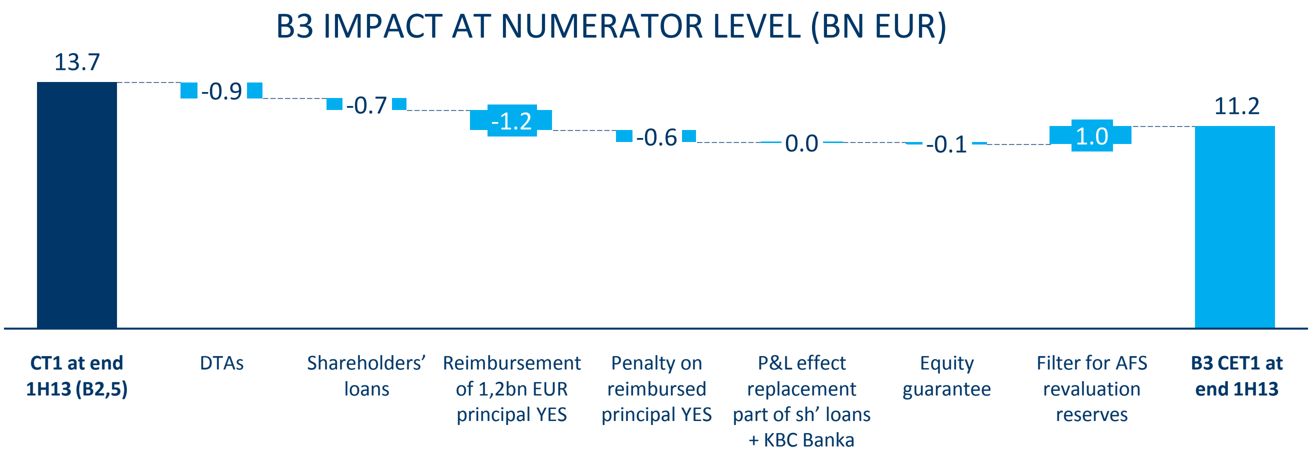


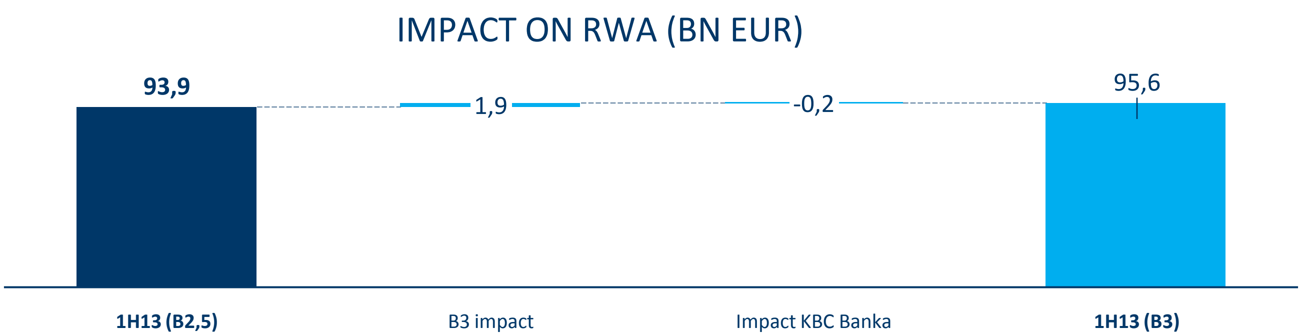


- Fully loaded B3 common equity ratio of approx. 13.3% at end 1H13
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 01-Jan-2013

1. With remaining State aid included in CET1 as agreed with local regulator

Common equity at end 1H13 pro forma - Fully loaded B3[1]





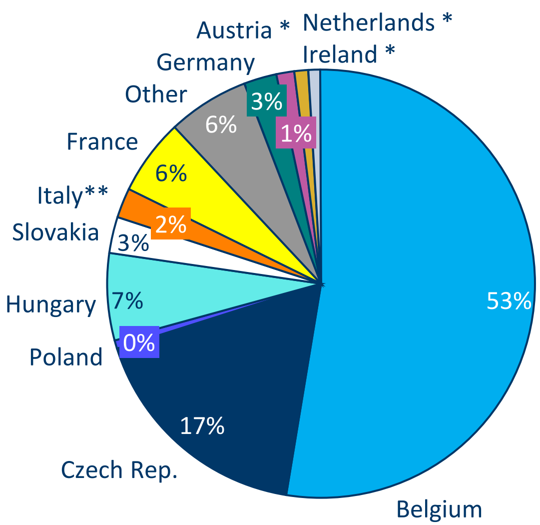
- Pro forma fully loaded B3 common equity ratio of approx. 11.8% at end 1H13
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 01-Jan-2013

1. With remaining State aid included in CET1 as agreed with local regulator

Government bond portfolio – Notional value

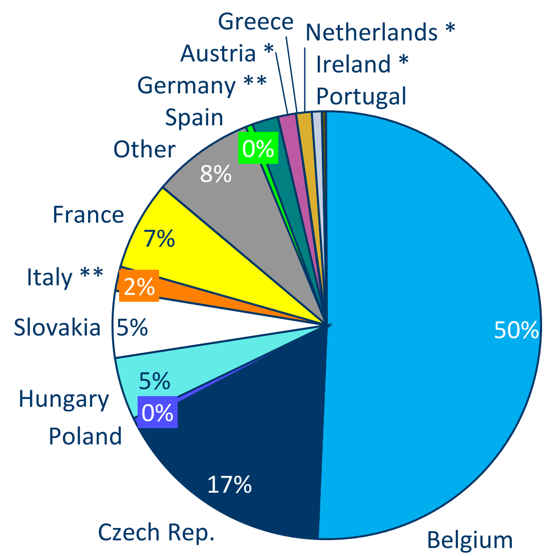
- Notional investment of 45.6bn EUR in government bonds (excl. trading book) at end of 1H13, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves into fixed-income instruments
- Notional value of GIIPS exposure amounted to 1.6bn EUR at end of 1H13

END 2012
(47bn EUR notional value)



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

END 1H13
(45.6bn EUR notional value)

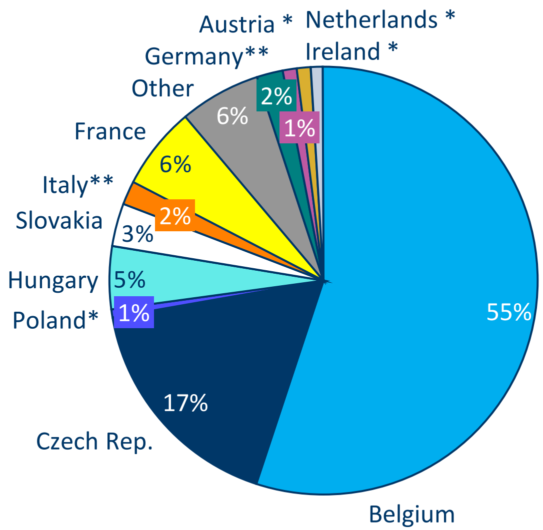


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

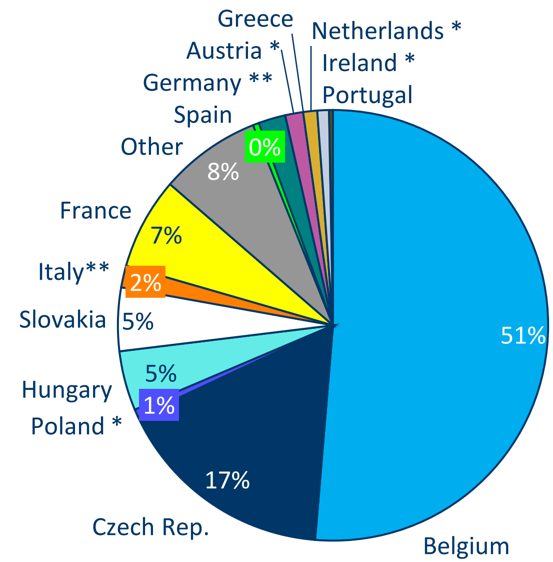
- Carrying value of 48.4bn EUR in government bonds (excl. trading book) at end of 1H13, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves into fixed-income instruments
- Carrying value of GIIPS exposure amounted to 1.6bn EUR at end of 1H13

END 2012
(48.8bn EUR carrying value)



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

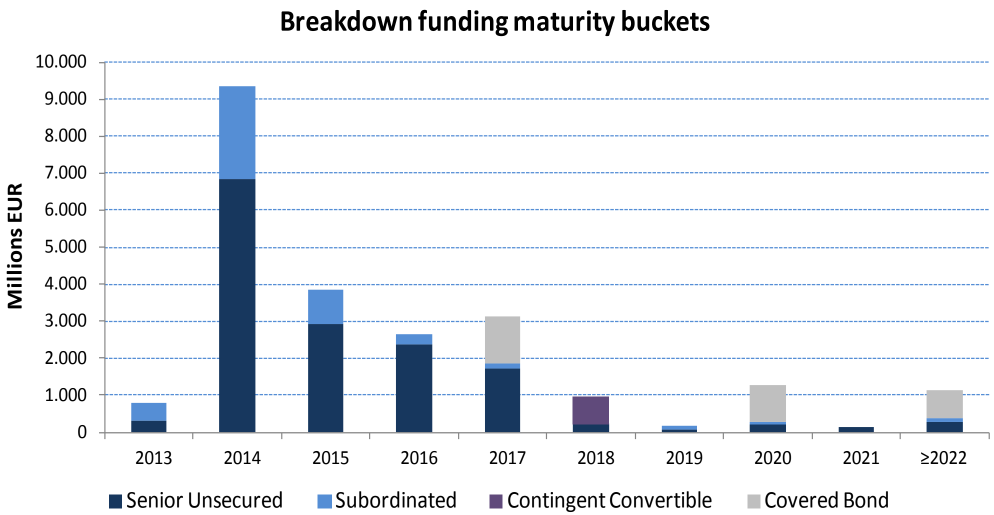
END 1H13
(48.4bn EUR carrying value)

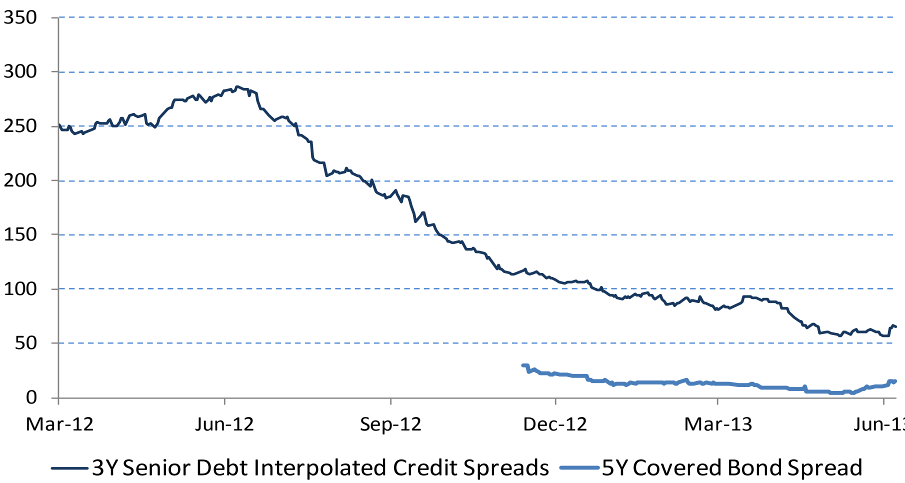


(*) 1%, (**) 2%

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

Upcoming mid-term funding maturities





- KBC successfully issued a third covered bond of 1bn EUR in May 2013
- KBC's credit spreads narrowed during 2Q13
- KBC Bank has 5 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Structured Notes using the private placement format
  - Covered bonds (supporting diversification of the funding mix)

Analysts' coverage

Bank/broker	Analyst	Contact details	Rating	Target Price	Upside
ABN Amro	-	-	+	34.00	5%
Alpha Value	Christophe Nijdam	c.nijdam@alphavalue.com	-	32.30	-1%
Autonomous	Giovanni Carriere	gcarriere@autonomous.com	=	31.50	-3%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	+	35.00	8%
Berenberg	Eleni Papoula	Eleni.Papoula@berenberg.com	+	35.00	8%
Citi Investment Research	Stefan Nedialkov	stefan.nedialkov@citi.com	+	36.00	11%
Deutsche Bank	Flora Benhakoun	flora-a.benhakoun@db.com	+	38.00	17%
Exane BNP Paribas	François Boissin	francois.boissin@exanebnpparibas.com	+	38.00	17%
HSBC	Johannes Thormann	Johannes.Thormann@hsbc.de	+	41.00	26%
ING	Albert Ploegh	albert.ploegh@ing.com	+	34.00	5%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	38.00	17%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	+	44.70	38%
KeplerCheuvreux	Benoit Petrarque	benoit.petrarque@keplercm.com	+	41.00	26%
Macquarie	Thomas Stögner	thomas.stoegner@macquarie.com	-	23.00	-29%
Mediobanca	Riccardo Rovere	riccardo.rovere@mediobanca.it	+	37.00	14%
Morgan Stanley	Sara Minelli	Sara.Minelli@morganstanley.com	+	33.80	4%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	+	35.00	8%
Nomura	Marco Kisic	Marco.Kisic@nomura.com	=	32.00	-2%
Oddo	Julie Legrand	jlegrand@oddo.fr	=	32.00	-2%
Petercam	Tom van Kempen	tom.vankempen@petercam.be	=	28.90	-11%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	37.00	14%
Societe Generale	Philip Richards	philip.richards@sgcib.com	=	33.00	2%
UBS	Anton Kryachok	anton-a.kryachok@ubs.com	+	24.00	-26%

Situation as of 2 August 2013, based on an actual share price of 32.49 EUR

Contact information
Investor Relations Office
E-mail: investor.relations@kbc.com

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