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- By reading this presentation, each investor is deemed to represent that it possesses sufficient expertise to understand the risks involved.
1Q 2019 key takeaways

1Q19 financial performance

- **Commercial bank-insurance franchises** in core markets performed well
- **Customer loans** and **customer deposits** increased in most of our core countries
- Lower **net interest income** and net interest margin
- Higher **net fee and commission income**
- Higher **net gains from financial instruments at fair value** and lower net other income
- Excellent sales of **non-life** insurance and higher sales of **life** insurance y-o-y
- Strict **cost management**
- Higher **net impairments on loans**
- **Solid solvency and liquidity**

Good net result of **430m EUR in 1Q19**

<table>
<thead>
<tr>
<th>Net result</th>
</tr>
</thead>
<tbody>
<tr>
<td>556</td>
</tr>
<tr>
<td>692</td>
</tr>
<tr>
<td>701</td>
</tr>
<tr>
<td>621</td>
</tr>
<tr>
<td>430</td>
</tr>
</tbody>
</table>

**1Q19**

- **ROE 14.5%**
- **Cost-income ratio 57%** (adjusted for specific items)
- **Combined ratio 93%**
- **Credit cost ratio 0.16%**
- **Common equity ratio 15.7%** (B3, DC, fully loaded)
- **Leverage ratio 6.0%** (fully loaded)
- **NSFR 138% & LCR 140%**

Comparisons against the previous quarter unless otherwise stated.
Overview of building blocks of the 1Q19 net result

<table>
<thead>
<tr>
<th>Component</th>
<th>Q-o-Q</th>
<th>Y-o-Y</th>
<th>1Q19 net result</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>-3%</td>
<td>0%</td>
<td>430</td>
</tr>
<tr>
<td>NFCI</td>
<td>+1%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Technical Insurance Result*</td>
<td>-17%</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>Other Income**</td>
<td>+85%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td>+1%</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>Bank tax</td>
<td>-4%</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Opex excl. bank tax</td>
<td>-69</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Impairments</td>
<td>5</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-73</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Earned premiums – technical charges + ceded reinsurance
** Dividend income + net result from FIFV + net realised result from debt instruments FV through OCI + net other income
<table>
<thead>
<tr>
<th></th>
<th>1Q19</th>
<th>4Q18</th>
<th>1Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BE BU</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOI - Settlement of legacy legal files</td>
<td>+19m EUR</td>
<td>+53m EUR</td>
<td>+6m EUR</td>
</tr>
<tr>
<td>Opex - Facilities expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opex - Staff expenses</td>
<td>+8m EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax - DTA impact</td>
<td>+11m EUR</td>
<td>+20m EUR</td>
<td></td>
</tr>
<tr>
<td><strong>Total Exceptional Items BE BU</strong></td>
<td>+19m EUR</td>
<td>+53m EUR</td>
<td>+6m EUR</td>
</tr>
<tr>
<td><strong>CZ BU</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOI - Settlement of legacy legal files</td>
<td>+6m EUR</td>
<td></td>
<td>-1m EUR</td>
</tr>
<tr>
<td>Opex - Restructuring costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Exceptional Items CZ BU</strong></td>
<td>+6m EUR</td>
<td></td>
<td>-1m EUR</td>
</tr>
<tr>
<td><strong>IM BU</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HU - NOI - Sale of building</td>
<td></td>
<td></td>
<td>+7m EUR</td>
</tr>
<tr>
<td>IRL - Opex - Costs related to sale of part of legacy loan portf.</td>
<td></td>
<td>-1m EUR</td>
<td></td>
</tr>
<tr>
<td><strong>Total Exceptional Items IM BU</strong></td>
<td></td>
<td>-1m EUR</td>
<td>+7m EUR</td>
</tr>
<tr>
<td><strong>GC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax - DTA impact</td>
<td></td>
<td></td>
<td>+7m EUR</td>
</tr>
<tr>
<td>Tax - Belgian corporate tax reform</td>
<td>+4m EUR</td>
<td>-16m EUR</td>
<td>+7m EUR</td>
</tr>
<tr>
<td><strong>Total Exceptional Items GC</strong></td>
<td>+4m EUR</td>
<td>-16m EUR</td>
<td>+7m EUR</td>
</tr>
<tr>
<td><strong>Total Exceptional Items (pre-tax)</strong></td>
<td>+29m EUR</td>
<td>+35m EUR</td>
<td>+20m EUR</td>
</tr>
<tr>
<td><strong>Total Exceptional Items (post-tax)</strong></td>
<td>+25m EUR</td>
<td>+26m EUR</td>
<td>+19m EUR</td>
</tr>
</tbody>
</table>
Contents

1 1Q 2019 performance of KBC Group
2 1Q 2019 performance of business units
3 Strong solvency and solid liquidity
4 Looking forward

Annex 1: Company profile
Annex 2: Other items
Section 1

1Q 2019 performance of KBC Group
**Net result at KBC Group**

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

### Contributions of Banking Activities to KBC Group Net Result*

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td>556</td>
<td>692</td>
<td>701</td>
<td>621</td>
<td>430</td>
</tr>
</tbody>
</table>

### Contributions of Insurance Activities to KBC Group Net Result*

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td>102</td>
<td>155</td>
<td>107</td>
<td>93</td>
<td>96</td>
</tr>
</tbody>
</table>

*Non-Life result | Non-technical & taxes | Life result
Lower net interest income and net interest margin

- **Net interest income (1,129m EUR)**
  - Down by 3% q-o-q and stable y-o-y. Note that NII banking decreased by 2% q-o-q, but rose by 2% y-o-y
  - The q-o-q decrease was driven primarily by:
    - lower reinvestment yields in our euro area core countries
    - pressure on commercial loan margins (on total outstanding portfolio) in most core countries
    - lower netted positive impact of ALM FX swaps
    - lower number of days
  - partly offset by:
    - continued good loan volume growth
    - small additional positive impact of both short- & long-term interest rate increases in the Czech Republic
    - slightly lower funding costs

- **Net interest margin (1.98%)**
  - Down by 4 bps q-o-q and by 3 bps y-o-y due mainly to negative impact of lower reinvestment yields, pressure on commercial loan margins (on total outstanding portfolio) and an increase of the interest-bearing assets (denominator)
Higher net fee and commission income

- **Net fee and commission income (410m EUR)**
  - Up by 1% q-o-q and down by 9% y-o-y
  - Q-o-q increase was the result chiefly of the following:
    - Net F&C income from Asset Management Services increased by 3% q-o-q as a result of higher entry and management fees from mutual funds and unit-linked life insurance products
    - Net F&C income from banking services decreased by 3% q-o-q due mainly to seasonally lower fees from payment services, lower fees from credit files & bank guarantees and lower network income, partly offset by higher securities-related fees
    - Distribution costs fell by 2% q-o-q
  - Y-o-y decrease was mainly the result of the following:
    - Net F&C from Asset Management Services decreased by 12% y-o-y as a result of lower entry and management fees from mutual funds & unit-linked life insurance products
    - Net F&C income from banking services increased by 2% y-o-y as higher fees from payment services and higher network income more than offset lower securities-related fees and lower fees from credit files & bank guarantees
    - Distribution costs rose by 14% y-o-y due chiefly to higher commission paid on non-life insurance sales

- **Assets under management (210bn EUR)**
  - Increased by 5% q-o-q due entirely to a positive price effect
  - The mutual fund business has seen small net inflows, offset by net outflows in investment advice
Insurance premium income up y-o-y and good combined ratio

- **Insurance premium income** (gross earned premiums) at 766m EUR
  - Non-life premium income (415m) increased by 10% y-o-y
  - Life premium income (351m) down by 16% q-o-q and up by 4% y-o-y

- The non-life **combined ratio** for 1Q19 amounted to 93%, a good number given higher technical charges due mainly to storm claims (especially in Belgium, and to a lesser extent in the Czech Republic) and large fire claims in Belgium

**PREMIUM INCOME (GROSS EARNED PREMIUMS)**

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>336</td>
<td>315</td>
<td>293</td>
<td>416</td>
<td>351</td>
</tr>
<tr>
<td>Non-Life</td>
<td>378</td>
<td>392</td>
<td>403</td>
<td>409</td>
<td>415</td>
</tr>
</tbody>
</table>

**COMBINED RATIO (NON-LIFE)**

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>1H</th>
<th>9M</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>90%</td>
<td>88%</td>
<td>88%</td>
<td>88%</td>
</tr>
<tr>
<td>2019</td>
<td>93%</td>
<td>88%</td>
<td>88%</td>
<td>88%</td>
</tr>
</tbody>
</table>

Amounts in m EUR
Non-life and life sales up y-o-y

- **Sales of non-life insurance products**
  - Up by 9% y-o-y thanks to a good commercial performance in all major product lines in our core markets and tariff increases

- **Sales of life insurance products**
  - Increased by 1% q-o-q and by 4% y-o-y
  - The q-o-q increase was driven entirely by higher sales of unit-linked products in Belgium, partly offset by lower sales of guaranteed interest products in Belgium (attributable chiefly to traditionally higher volumes in tax-incentivised pension saving products in 4Q18)
  - The y-o-y increase was driven by higher sales of guaranteed interest products in Belgium and Bulgaria
  - Sales of unit-linked products accounted for 41% of total life insurance sales in 1Q19

---

**NON-LIFE SALES (GROSS WRITTEN PREMIUM)**

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td>492</td>
<td>382</td>
<td>378</td>
<td>373</td>
<td>534</td>
</tr>
</tbody>
</table>

**LIFE SALES**

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td>498</td>
<td>426</td>
<td>383</td>
<td>510</td>
<td>516</td>
</tr>
</tbody>
</table>

- Guaranteed interest products
- Unit-linked products
Higher FV gains and lower net other income

- The higher q-o-q figures for net gains from financial instruments at fair value were attributable mainly to:
  - a positive change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivatives portfolio and decreased credit & funding spreads)
  - higher net result on equity instruments (insurance)
  - higher dealing room income partly offset by:
    - a negative change in ALM derivatives

- Net other income amounted to 59m EUR, more or less in line with the normal run rate of around 50m EUR. 1Q19 was positively impacted by the settlement of a legacy legal file in the Czech Republic (+6m EUR), while 4Q18 was positively impacted by the settlement of legacy legal files in the Belgium Business Unit (+33m EUR)
Strict cost management. Cost/income ratio of 57%

- **Cost/income ratio (banking) adjusted for specific items** at 57% in **1Q19** (57% in FY18)
  Cost/income ratio (banking): 72% in 1Q19, distorted by the bank taxes

- Operating expenses excluding bank tax decreased by 4% q-o-q primarily as a result of:
  - lower staff expenses (partly thanks to an 8m EUR positive one-off due to a review of the employee benefit plans), despite wage inflation in most countries
  - seasonally lower professional fee, ICT & marketing expenses

- Operating expenses without bank tax decreased by 1% y-o-y due mainly to lower staff expenses and lower facility expenses (as 1Q18 was impacted by a 12m negative one-off for one specific file in Belgium)

- Pursuant to IFRIC 21, certain levies (such as contributions to the European Single Resolution Fund) have to be recognised upfront, and this adversely impacted the results for 1Q19

- Total bank taxes (including ESRF contribution) are expected to increase from 462m EUR in FY18 to 488m EUR in FY19

* See glossary (slide 78) for the exact definition
** Still subject to changes
Overview of bank taxes*

KBC GROUP

Bank taxes of 382m EUR in 1Q19. On a pro rata basis, bank taxes represented 11.8% of 1Q19 opex at KBC Group**

CZECH REPUBLIC BU

Bank taxes of 35m EUR in 1Q19. On a pro rata basis, bank taxes represented 5.0% of 1Q19 opex at the CZ BU

BELGIUM BU

Bank taxes of 273m EUR in 1Q19. On a pro rata basis, bank taxes represented 11.3% of 1Q19 opex at the Belgium BU

INTERNATIONAL MARKETS BU

Bank taxes of 74m EUR in 1Q19. On a pro rata basis, bank taxes represented 19.4% of 1Q19 opex at the IM BU

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

** The C/I ratio adjusted for specific items of 57% in 1Q19 amounts to roughly 50% excluding these bank taxes
Higher asset impairments, benign credit cost ratio and stable impaired loans ratio

- **Higher asset impairments**
  - This was attributable mainly to:
    - loan loss impairments of 82m EUR in Belgium due to a few corporate files
    - small loan loss impairments in Slovakia and Bulgaria partly offset by:
      - net loan loss impairment releases in Ireland of 12m EUR (compared with 15m EUR in 4Q18)
      - small net loan loss impairment reversals in the Czech Republic and Group Centre
  - Note that there were no loan loss impairments in Hungary as net impairment releases in retail were offset by loan loss impairments in corporate

- **The credit cost ratio** amounted to 0.16% in 1Q19 due to higher gross impairments in Belgium

- **The impaired loans ratio** stabilised at 4.3%, 2.4% of which over 90 days past due. The sharp improvement noticed in 4Q18 was mainly the result of the sale of part of the Irish legacy portfolio (closed during 4Q18)
Section 2

1Q 2019 performance of business units
## Business profile

<table>
<thead>
<tr>
<th>Country</th>
<th>1Q19 NET RESULT (in million euros)</th>
<th>ALLOCATED CAPITAL (in billion euros)</th>
<th>LOANS (in billion euros)</th>
<th>DEPOSITS (in billion euros)</th>
<th>BRANCHES (end 1Q19)</th>
<th>Clients (end 1Q19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>176m</td>
<td>6.8bn</td>
<td>101bn</td>
<td>134bn</td>
<td>580</td>
<td>3.5m</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>177m</td>
<td>1.7bn</td>
<td>24bn</td>
<td>32bn</td>
<td>235</td>
<td>3.7m</td>
</tr>
<tr>
<td>Slovakia</td>
<td>18m</td>
<td>0.6bn</td>
<td>7bn</td>
<td>6bn</td>
<td>122</td>
<td>0.6m</td>
</tr>
<tr>
<td>Hungary</td>
<td>25m</td>
<td>0.8bn</td>
<td>4bn</td>
<td>7bn</td>
<td>206</td>
<td>1.6m</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>13m</td>
<td>0.4bn</td>
<td>3bn</td>
<td>4bn</td>
<td>207</td>
<td>1.3m</td>
</tr>
<tr>
<td>Ireland</td>
<td>14m</td>
<td>0.6bn</td>
<td>10bn</td>
<td>5bn</td>
<td>16</td>
<td>0.3m</td>
</tr>
<tr>
<td>Group Centre</td>
<td>7m</td>
<td>0.3bn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Belgium BU (1): net result of 176m EUR

**Net result** at the Belgium Business Unit amounted to 176m EUR

- The quarter under review was characterised by lower net interest income, higher net fee and commission income, sharply higher trading and fair value income, lower net other income, a good combined ratio, higher sales of non-life and life insurance products, higher operating expenses due entirely to higher bank taxes, higher impairment charges q-o-q and a positive one-off tax impact of 11m EUR
- Customer deposits excluding debt certificates and repos rose by 7% y-o-y, while customer loans also increased by 5% y-o-y

---

### ORGANIC VOLUME TREND

<table>
<thead>
<tr>
<th></th>
<th>Total loans**</th>
<th>o/w retail mortgages</th>
<th>Customer deposits***</th>
<th>AuM</th>
<th>Life reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td>101bn</td>
<td>35bn</td>
<td>134bn</td>
<td>195bn</td>
<td>26bn</td>
</tr>
<tr>
<td><strong>Growth q-o-q</strong>*</td>
<td>+1%</td>
<td>+1%</td>
<td>+2%</td>
<td>+5%</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>Growth y-o-y</strong></td>
<td>+5%</td>
<td>+2%</td>
<td>+6%</td>
<td>-2%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

* Non-annualised  ** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos. Customer deposit volumes excluding debt certificates & repos +4% q-o-q and +7% y-o-y
Belgium BU (2): lower NII and NIM

- **Net interest income (625m EUR)**
  - Down by 4% q-o-q (also down by 4% y-o-y) due mainly to:
    - Lower reinvestment yields
    - Lower netted positive impact of FX swaps
    - Lower number of days
    - Partly offset by:
      - Good loan volume growth
      - Slightly lower funding cost
  - Note that NII banking fell by 2% q-o-q and roughly stabilised y-o-y

- **Net interest margin (1.71%)**
  - Fell by 1 bp q-o-q and by 2 bps y-o-y due chiefly to the negative impact of lower reinvestment yields and an increase of the interest-bearing assets (denominator)
Credit margins in Belgium

PRODUCT SPREAD ON CUSTOMER LOAN BOOK, OUTSTANDING

PRODUCT SPREAD ON NEW PRODUCTION

Customer loans

SME and corporate loans  Mortgage loans
Belgium BU (3): higher net F&C income

### Net fee and commission income (286m EUR)
- Net F&C income increased by 5% q-o-q due mainly to:
  - higher entry and management fees from mutual funds and unit-linked life insurance products (of which 4m EUR thanks to shift AM fee income from BU CZ towards BU BE*)
    - higher securities-related fees
    - lower commissions paid on non-life insurance sales partly offset by:
      - lower fees from credit files & bank guarantees
      - lower fees from payment services
      - lower network income
- Fell by 10% y-o-y driven chiefly by lower entry and management fees from mutual funds & unit-linked life insurance products, higher commissions paid on insurance sales and lower securities-related fees partly offset by higher fees from payment services

* As a consequence of the change of shareholdership of CSOB AM (product factory activities) and the creation of a Czech branch of KBC AM (sales support activities), the results have shifted to KBC AM (BE)

### Assets under management (195bn EUR)
- Increased by 5% q-o-q as a positive price effect (+6%) was only partly offset by net outflows (-1%)
- Decreased by 2% y-o-y as a positive price effect (+1%) was more than offset by net outflows (-3%)
Belgium BU (4): higher y-o-y non-life sales, good combined ratio

- **Sales of non-life insurance products**
  - Increased by 3% y-o-y
  - Premium growth in all classes (except ‘Accident & Health’)

- **Combined ratio** amounted to **93%** in 1Q19 (87% in FY18). 1Q19 was negatively impacted by higher technical charges y-o-y due mainly to large fire files (20m EUR). The technical charges from storm claims (39m EUR) were only slightly higher y-o-y
Belgium BU (5): higher life sales, good cross-selling ratios

- **Sales of life insurance products**
  - Rose by 7% q-o-q driven entirely by higher sales of unit-linked products due to commercial efforts
  - Increased by 5% y-o-y driven mainly by higher sales of guaranteed interest products
  - As a result, guaranteed interest products and unit-linked products accounted for 63% and 37%, respectively, of life insurance sales in 1Q19

- **Mortgage-related cross-selling ratios**
  - 85.6% for property insurance
  - 80.2% for life insurance

**LIFE SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Guaranteed interest products</th>
<th>Unit-linked products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>154</td>
<td>250</td>
</tr>
<tr>
<td>2Q18</td>
<td>101</td>
<td>233</td>
</tr>
<tr>
<td>3Q18</td>
<td>81</td>
<td>201</td>
</tr>
<tr>
<td>4Q18</td>
<td>87</td>
<td>309</td>
</tr>
<tr>
<td>1Q19</td>
<td>157</td>
<td>423</td>
</tr>
</tbody>
</table>

**MORTGAGE-RELATED CROSS-SELLING RATIOS**

- 63.7%
- 85.6%
- 80.2%
The sharply higher q-o-q figures for **net gains from financial instruments at fair value** were primarily due to a positive change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivative portfolio and decreased credit & funding spreads), higher dealing room income and higher net result on equity instruments (insurance), partly offset by a negative change in ALM derivatives.

**Net other income** amounted to 45m EUR in 1Q19, roughly in line with the normal run rate. Note that 4Q18 benefited from the settlement of legacy legal files.
Belgium BU (7): higher opex entirely to higher bank taxes and higher impairments

- **Operating expenses**: +49% q-o-q and -2% y-o-y
  - Operating expenses without bank tax fell by 1% q-o-q due chiefly to seasonally lower professional fee & marketing expenses and lower staff expenses (partly thanks to an 8m EUR positive one-off due to a review of the employee benefit plans), largely offset by higher ICT expenses
  - Operating expenses without bank tax fell by 3% y-o-y due mainly to lower staff & facilities expenses (as 1Q18 was impacted by a 12m negative one-off for one specific file), partly offset by higher ICT, professional fee and marketing costs
  - Adjusted for specific items, the C/I ratio amounted to 56% in 1Q19 (58% in FY18)
  - Cost/income ratio: 78% in 1Q19, distorted by the bank taxes

- **Loan loss impairments** increased to 82m EUR in 1Q19 (compared with 48m EUR in 4Q18) as 1Q19 was impacted by a few corporate files. **Credit cost ratio** amounted to 30 bps in 1Q19 (9 bps in FY18)

- **Impaired loans ratio** stabilised at 2.6%, 1.2% of which over 90 days past due
Net result at the Belgium BU

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

Amounts in m EUR
Net result of 177m EUR in 1Q19

- +3% q-o-q excluding FX effect due mainly to higher net interest income, higher net other income and lower impairments, partly offset by lower net results from financial instruments at fair value, lower net fee and commission income and higher operating expenses (due entirely to higher bank taxes)
- Customer deposits (including debt certificates, but excluding repos) rose by 7% y-o-y, while customer loans increased by 6% y-o-y

**Highlights**

- **Net interest income**
  - +3% q-o-q and +24% y-o-y excl. FX effects
  - Q-o-q increase: primarily due to growth in loan volume, higher netted positive impact of FX swaps and short- & long-term increasing interest rates, despite pressure on commercial margins (on total outstanding portfolio). Note that the margin on new production mortgages increased q-o-q
  - Net interest margin at 3.25%: flat q-o-q and +23 bps y-o-y

<table>
<thead>
<tr>
<th>ORGANIC VOLUME TREND</th>
<th>Total loans **</th>
<th>o/w retail mortgages</th>
<th>Customer deposits***</th>
<th>AuM</th>
<th>Life reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>24bn</td>
<td>11bn</td>
<td>32bn</td>
<td>10.1bn</td>
<td>1.3bn</td>
</tr>
<tr>
<td>Growth q-o-q*</td>
<td>+2%</td>
<td>+1%</td>
<td>0%</td>
<td>+7%</td>
<td>+2%</td>
</tr>
<tr>
<td>Growth y-o-y</td>
<td>+6%</td>
<td>+7%</td>
<td>+7%</td>
<td>+4%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

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

### Net F&C income
- -10% q-o-q and -12% y-o-y excl. FX effects
- Q-o-q decrease driven mainly by shift AM fee income from BU CZ towards BU BE (4m EUR)*, lower fees from credit files & bank guarantees, lower fees from payment services and lower network income
  
  * As a consequence of the change of shareholdership of CSOB AM (product factory activities) and the creation of a Czech branch of KBC AM (sales support activities), the results have shifted to KBC AM (BE)

### Assets under management
- 10.1bn EUR
- +7% q-o-q due to net inflows (+4%) and a positive price effect (+3%)
- +4% y-o-y due entirely to net inflows

### Trading and fair value income
- 7m EUR lower q-o-q net results from financial instruments at fair value (to -3m EUR) due to lower dealing room results and a negative change in ALM derivatives, partly offset by a positive q-o-q change in market, credit and funding value adjustments

### Insurance
- Insurance premium income (gross earned premium): 122m EUR
  - Non-life premium income (66m EUR) +17% y-o-y excluding FX effect, due to growth in all products
  - Life premium income (56m EUR) -29% q-o-q and -6% y-o-y, excluding FX effect. Q-o-q decrease mainly in unit-linked single premiums
- Combined ratio of 93% in 1Q19 (97% in FY18)
### Operating expenses
- 204m EUR; -10% q-o-q and +6% y-o-y, excluding FX effect and bank tax
- Q-o-q decrease excluding FX effect and bank tax was due mainly to lower staff expenses and traditionally lower facilities, marketing and professional fee expenses
- Y-o-y increase excluding FX effect and bank tax was due primarily to higher depreciation & amortisation and higher staff expenses (wage inflation), marketing & professional fee expenses
- Adjusted for specific items, C/I ratio amounted to roughly 44% in 1Q19 (46% in FY18)
- Cost/income ratio at 50% in 1Q19, distorted by the bank taxes

### Loan loss and other impairment
- Net loan loss impairment releases in 1Q19 (compared with no loan loss impairments in 4Q18). Credit cost ratio amounted to -0.02% in 1Q19

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCR</td>
<td>0.18%</td>
<td>0.11%</td>
<td>0.02%</td>
<td>0.03%</td>
<td>-0.02%</td>
</tr>
</tbody>
</table>
- Impaired loans ratio amounted to 2.4%, 1.3% of which >90 days past due
- No impairment on ‘other’ in 1Q19
Net result of 70m EUR

- Slovakia 18m EUR, Hungary 25m EUR, Ireland 14m EUR and Bulgaria 13m EUR

**Highlights** (q-o-q results)

- Lower net interest income. NIM 2.69% in 1Q19 (-5 bps q-o-q and -19 bps y-o-y)
- Lower net fee and commission income
- Higher result from financial instruments at fair value
- Higher net other income
- An excellent combined ratio of 84% in 1Q19
- Higher life insurance sales
- Higher costs due entirely to higher bank taxes
- Slightly higher net impairment releases

**ORGANIC VOLUME TREND**

<table>
<thead>
<tr>
<th>Volume</th>
<th>Total loans **</th>
<th>o/w retail mortgages</th>
<th>Customer deposits***</th>
<th>AuM</th>
<th>Life reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24bn</td>
<td>15bn</td>
<td>23bn</td>
<td>4.6bn</td>
<td>0.7bn</td>
</tr>
<tr>
<td>Growth q-o-q*</td>
<td>+1%</td>
<td>+1%</td>
<td>+1%</td>
<td>+4%</td>
<td>0%</td>
</tr>
<tr>
<td>Growth y-o-y</td>
<td>+5%</td>
<td>+4%</td>
<td>+1%</td>
<td>+4%</td>
<td>+3%</td>
</tr>
</tbody>
</table>

* Non-annualised  ** Loans to customers, excluding reverse repos (and bonds)  *** Customer deposits, including debt certificates but excluding repos
Net result of 18m EUR

**Highlights (q-o-q results)**
- Lower net interest income as margin pressure and lower reinvestment yields more than offset the volume growth
- Slightly higher net fee & commission income due mainly to higher fees from credit files & bank guarantees
- Higher net other income
- Excellent combined ratio (82% in 1Q19); lower life insurance sales
- Higher operating expenses due entirely to higher bank taxes. Lower operating expenses without bank tax due chiefly to lower marketing costs
- Lower loan loss impairments; credit cost ratio of 0.13% in 1Q19

**Volume trend**
- Total customer loans rose by 1% q-o-q and by 8% y-o-y, the latter due mainly to the continuously increasing mortgage portfolio and corporate portfolio
- Total customer deposits decreased by 1% q-o-q (due to corporate deposits) and stabilised y-o-y

---

**ORGANIC VOLUME TREND**

<table>
<thead>
<tr>
<th>Volume</th>
<th>Total loans **</th>
<th>o/w retail mortgages</th>
<th>Customer deposits***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth q-o-q*</td>
<td>+1%</td>
<td>+2%</td>
<td>-1%</td>
</tr>
<tr>
<td>Growth y-o-y</td>
<td>+8%</td>
<td>+9%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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

Net Result of 25m EUR

**Highlights** (q-o-q results)

- Lower net interest income excluding FX effect
- Lower net fee and commission income excluding FX effect due entirely to traditionally lower fees from payment transactions in the first quarter
- Lower net results from financial instruments at fair value due partly to lower M2M ALM derivatives
- Stable net other income
- Good non-life commercial performance y-o-y in all major product lines and growing average tariff in motor retail; excellent combined ratio (89% in 1Q19); stable sales of life insurance products q-o-q
- Higher operating expenses excluding FX effect due entirely to higher bank taxes
- No impairments in 1Q19 as net impairment releases in retail were offset by loan loss impairments in corporate. Credit cost ratio of 0.00% in 1Q19

**Volume trend**

- Total customer loans rose by 1% q-o-q and by 8% y-o-y, the latter due mainly to mortgages, consumer loans and corporates
- Total customer deposits flat q-o-q and +9% y-o-y (due mainly to retail and SMEs)
Net result of 14m EUR

**Highlights** (q-o-q results)
- Lower net interest income due mainly to the closing of the sale of part of the legacy loan portfolio during 4Q18 and lower reinvestment yields
- Higher net results from financial instruments due entirely to a positive q-o-q change in M2M ALM derivatives
- Lower expenses due entirely to lower bank taxes. Costs excluding bank tax rose q-o-q as lower professional fee expenses were more than offset by higher ICT and marketing costs
- Lower net impairment releases (-12m EUR in 1Q19 compared with -15m EUR in 4Q18). Releases in 1Q19 were driven by an increase in the 9-month average House Price Index and portfolio improvements. Credit cost ratio of -0.44% in 1Q19

**Volume trend**
- Total customer loans stabilised q-o-q and rose by 1% y-o-y
- Total customer deposits +2% q-o-q and -11% y-o-y, the latter as a result of the reduction in the overall funding requirement following legacy loan sales and the replacement of expensive corporate deposits by intragroup funding

---

**ORGANIC VOLUME TREND**

<table>
<thead>
<tr>
<th></th>
<th>Total loans **</th>
<th>o/w retail mortgages</th>
<th>Customer deposits***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>10bn</td>
<td>9bn</td>
<td>5bn</td>
</tr>
<tr>
<td>Growth q-o-q*</td>
<td>0%</td>
<td>0%</td>
<td>+2%</td>
</tr>
<tr>
<td>Growth y-o-y</td>
<td>+1%</td>
<td>+2%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

* Non-annualised
** Loans to customers, excluding reverse repos (and bonds) and disregarding the sale of part of the legacy loan portfolio (which closed during 4Q18, and thus has been deducted from the loan volumes)
*** Customer deposits, including debt certificates but excluding repos
International Markets BU - Bulgaria

Net result of 13m EUR

**Highlights (q-o-q results)**

- **Banking:** lower net result
  - Lower net interest income due to margin pressure
  - Slightly higher net fee and commission income as traditionally lower fees from payment transactions in the first quarter were more than offset by lower commissions paid on insurance sales
  - Slightly higher net results from financial instruments
  - Higher operating expenses due entirely to higher bank taxes. Lower operating expenses without bank tax due chiefly to lower staff and ICT costs
  - Lower loan loss impairments. Credit cost ratio of 0.20% in 1Q19

- **Insurance:** higher net result
  - Strong non-life commercial performance y-o-y in motor retail (both strong volume growth and growing average tariff); excellent combined ratio at 82% in 1Q19
  - Higher life insurance sales, but also higher technical charges

**Volume trend:**

- Total customer loans +1% q-o-q and +3% y-o-y, the latter mainly due to the increasing mortgage portfolio
- Total customer loans: new business +2% q-o-q and +6% y-o-y, while legacy -10% q-o-q and -29% y-o-y
- Total customer deposits rose by 4% q-o-q and by 7% y-o-y (due mainly to retail and corporates)

---

**ORGANIC VOLUME TREND**

<table>
<thead>
<tr>
<th></th>
<th>Total Loans **</th>
<th>o/w Retail Mortgages</th>
<th>Customer Deposits***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>3bn</td>
<td>1bn</td>
<td>4bn</td>
</tr>
<tr>
<td>Growth q-o-q*</td>
<td>+1%</td>
<td>0%</td>
<td>+4%</td>
</tr>
<tr>
<td>Growth y-o-y</td>
<td>+3%</td>
<td>+2%</td>
<td>+7%</td>
</tr>
</tbody>
</table>

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

**Net result of 7m EUR**

The net result for the Group Centre comprises the results from activities and/or decisions specifically made for group purposes (see table below for components)

**Highlights (q-o-q results)**

Q-o-q improvement was attributable mainly to:

- lower income taxes
- lower operating expenses
- higher net results from financial instruments at fair value due partly to higher M2M ALM derivatives partly offset by
- lower net interest income
- lower ceded reinsurance result

---

**Breakdown of Net Result at Group Centre**

<table>
<thead>
<tr>
<th>Group item (ongoing business)</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group item (ongoing business)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses of group activities</td>
<td>-17</td>
<td>-15</td>
<td>-18</td>
<td>-28</td>
<td>-18</td>
</tr>
<tr>
<td>Capital and treasury management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w net subordinated debt cost</td>
<td>-4</td>
<td>8</td>
<td>4</td>
<td>11</td>
<td>-3</td>
</tr>
<tr>
<td>Holding of participations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w net funding cost of participations</td>
<td>-6</td>
<td>-3</td>
<td>-3</td>
<td>-2</td>
<td>-4</td>
</tr>
<tr>
<td>Group Re</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ongoing results of divestments and companies in run-down</td>
<td>23</td>
<td>10</td>
<td>10</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>-53</td>
<td>-17</td>
<td>-3</td>
<td>7</td>
</tr>
</tbody>
</table>

**Amounts in m EUR**
Overview of contribution of business units to 1Q19 result

<table>
<thead>
<tr>
<th>NET PROFIT – KBC GROUP</th>
<th>1Q19 ROAC: 16%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2,639</td>
</tr>
<tr>
<td>2016</td>
<td>2,129</td>
</tr>
<tr>
<td>2017</td>
<td>2,427</td>
</tr>
<tr>
<td>2018</td>
<td>2,575</td>
</tr>
<tr>
<td>2019</td>
<td>2,570</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET PROFIT – BELGIUM</th>
<th>1Q19 ROAC: 11%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,564</td>
</tr>
<tr>
<td>2016</td>
<td>1,432</td>
</tr>
<tr>
<td>2017</td>
<td>1,575</td>
</tr>
<tr>
<td>2018</td>
<td>1,450</td>
</tr>
<tr>
<td>2019</td>
<td>1,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET PROFIT – CZECH REPUBLIC</th>
<th>1Q19 ROAC: 43%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>542</td>
</tr>
<tr>
<td>2016</td>
<td>596</td>
</tr>
<tr>
<td>2017</td>
<td>702</td>
</tr>
<tr>
<td>2018</td>
<td>654</td>
</tr>
<tr>
<td>2019</td>
<td>654</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET PROFIT – INTERNATIONAL MARKETS</th>
<th>1Q19 ROAC: 12%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in m EUR</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>245</td>
</tr>
<tr>
<td>2016</td>
<td>428</td>
</tr>
<tr>
<td>2017</td>
<td>444</td>
</tr>
<tr>
<td>2018</td>
<td>533</td>
</tr>
<tr>
<td>2019</td>
<td>70</td>
</tr>
</tbody>
</table>

* Distorted by bank taxes
**Balance sheet:**

*Loans and deposits continue to grow in most core countries*

### Y-O-Y ORGANIC* VOLUME GROWTH

<table>
<thead>
<tr>
<th>Country</th>
<th>Loans**</th>
<th>Retail Mortgages</th>
<th>Deposits***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>5%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>8%</td>
<td>3%</td>
<td>9%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Ireland</td>
<td>1%</td>
<td>2%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

*Volume growth excluding FX effects and divestments/acquisitions
**Loans to customers, excluding reverse repos (and bonds)
***Customer deposits, including debt certificates but excluding repos
****Retail mortgages in Bulgaria: new business (written from 1 Jan 2014) +6% y-o-y, while legacy -29% y-o-y
Section 3

Strong solvency and solid liquidity
More stringent ECB approach re. dividend policy

Our unchanged dividend policy / capital distribution to shareholders

- Payout ratio policy (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit
- Interim dividend of 1 EUR per share in November of each accounting year as an advance on the total dividend
- On top of the payout ratio of 50% of consolidated profit, each year, the Board of Directors will take a decision, at its discretion, on the distribution of the capital above the ‘Reference Capital Position’

More stringent ECB approach since recently, based on the ECB Umbrella Decision

- We can apply for interim profit recognition based on the ECB Umbrella Decision (Decision EU 2015/656 of 4 February 2015), which states that the dividend to be deducted is the highest of (i) maximum pay-out according to dividend policy, (ii) average pay-out ratio over the last 3 years or (iii) last year’s pay-out ratio
- BUT since recently:
  - the ECB interpret ‘at least 50%’ as a range with an upper end of 100% pay-out
  - ECB indicated that KBC should first accrue for the interim dividend of 1 EUR per share before any profit can be recognised (under the ECB Umbrella decision)

What does this mean in practice in the meantime?

- In anticipation of further clarification and reaching agreement upon our approach re. the interim profit recognition process going forward, no interim profit has been recognised for 1Q19. This resulted in a CET1 ratio of 15.7% at the end of 1Q19
- When including 1Q19 net result taking into account 59% pay-out (dividend + AT1 coupon), in line with the payout ratio in FY2018, the CET1 ratio at KBC Group (Danish Compromise) amounted to 15.8% at the end of 1Q19
The common equity ratio slightly decreased from 16.0% at the end of FY18 to 15.7%* at the end of 1Q19 based on the Danish Compromise due mainly to RWA increase. This clearly exceeds the minimum capital requirements** set by the competent supervisors of 10.7% fully loaded. Our ‘Own Capital Target’ remained at 14.0% for 2019 after the update of the median CET1 ratio of our peer group (based on FY18 numbers)

* See previous slide...Is 15.8% when including 1Q19 net result taking into account the payout ratio in FY2018 of 59% (dividend + AT1 coupon)

** Excludes a pillar 2 guidance (P2G) of 1.0% CET1

The fully loaded total capital ratio rose from 19.2% at the end of 2018 to 19.3% at the end of 1Q19 as we successfully issued a new AT1 instrument of 500m EUR in March 2019
**Fully loaded Basel 3 leverage ratio and Solvency II ratio**

**Fully loaded Basel 3 leverage ratio at KBC Group**

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>1H18</th>
<th>9M18</th>
<th>FY18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.7%</td>
<td>6.0%</td>
<td>6.1%</td>
<td>6.1%</td>
<td>6.0%</td>
<td></td>
</tr>
</tbody>
</table>

**Fully loaded Basel 3 leverage ratio at KBC Bank**

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>1H18</th>
<th>9M18</th>
<th>FY18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7%</td>
<td>5.1%</td>
<td>5.2%</td>
<td>5.2%</td>
<td>5.2%</td>
<td></td>
</tr>
</tbody>
</table>

**Solvency II ratio**

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency II ratio</td>
<td>217%</td>
<td>210%</td>
</tr>
</tbody>
</table>

- The decrease (-7% points) in the Solvency II ratio was mainly the result of lower interest rates and additional bond purchases.
Strong and growing customer funding base with liquidity ratios remaining very strong

- 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 and markets.
- Customer funding increased further versus FY18. The net unsecured interbank funding was related to ST arbitrage opportunities.

### Funding from customers (mln EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding from customers (mln EUR)</td>
<td>133.766</td>
<td>139.560</td>
<td>143.690</td>
<td>155.774</td>
<td>163.824</td>
<td>167.504</td>
</tr>
</tbody>
</table>

- **78%** customer driven

---

### Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>FY18</th>
<th>1Q19</th>
<th>Regulatory requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSFR*</td>
<td>136%</td>
<td>138%</td>
<td>≥100%</td>
</tr>
<tr>
<td>LCR**</td>
<td>139%</td>
<td>140%</td>
<td>≥100%</td>
</tr>
</tbody>
</table>

* Net Stable Funding Ratio (NSFR) is based on KBC Bank’s interpretation of the proposal of CRR amendment.

** Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance to EBA guidelines on LCR disclosure.

---

### NSFR is at 138% and LCR is at 140% by the end of 1Q19
- Both ratios were well above the regulatory requirement of 100%.
Section 4

Looking forward
Looking forward

**Economic outlook**
- In line with global economic developments, the European economy is currently in a slowdown period. However, this is likely temporary and we expect a rebound in 2020. Decreasing unemployment rates, with growing labour shortages in some European economies, combined with gradually rising wage inflation will continue to support private consumption. Moreover, also investments will remain an important growth driver. The main elements that could substantially impede European economic sentiment and growth remain the risk of further economic deglobalisation, including an escalation of trade conflicts, Brexit and political turmoil in some euro area countries.

**Group guidance**
- Solid returns for all Business Units
- The acquisition of the remaining 45% of CMSS in the Czech Republic is expected to close before the end of 2Q19. The transaction will have an impact of approximately -0.3% points on KBC Group’s strong CET1 ratio. The revaluation of KBCs 55% stake in CMSS will lead to a one-off P&L gain for KBC, estimated at approximately 80m EUR
- B4 impact (as of 1 January 2022) for KBC Group estimated at roughly 8bn EUR higher RWA on fully loaded basis at year-end 2018, corresponding with 9% RWA inflation and -1.3% points impact on CET1 ratio

**Business units**
- Next to the Belgium and Czech Republic Business Units, the International Markets Business Unit has become a strong net result contributor (although 2018 figures were flattered by net impairment releases)
Annex 1

Company profile
We want to be among Europe’s best performing financial institutions! By achieving this, KBC wants to become the reference in bank-insurance in its core markets

- We are a leading European financial group with a focus on providing bank-insurance products and services to retail, SME and mid-cap clients, in our core countries: Belgium, Czech Republic, Slovakia, Hungary, Bulgaria and Ireland.

Diversified and strong business performance

- **geographically**
  - Mature markets (BE, CZ, IRL) versus developing markets (SK, HU, BG)
  - Economies of BE & 4 CEE-countries highly oriented towards Germany, while IRL is more oriented to the UK & US
  - Robust market position in all key markets & strong trends in loan and deposit growth

- **and from a business point of view**
  - An integrated bank-insurer
  - Strongly developed & tailored AM business
  - Strong value creator with good operational results through the cycle
  - Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients
  - Integrated model creates cost synergies and results in a complementary & optimised product offering
  - Broadening ‘one-stop shop’ offering to our clients

KBC Group in a nutshell (1)
High profitability

- **C/I ratio**
  - FY18: 57%
  - FY17: 55%

- **Combined ratio**
  - FY18: 88%
  - FY17: 88%

- **Net result**
  - FY18: EUR 2570m
  - FY17: EUR 2575m

- **ROE**
  - FY18: 16%
  - FY17: 17%

- **CET1 generation**
  - 2016: 277 bps
  - 2017: 279 bps
  - 2018: 271 bps

Solid capital position...

- Fully loaded Basel 3 CET1 ratio of KBC Group (Danish Compromise)
  - FY18: 15.7%
  - 1H18: 15.9%
  - 9M17: 16.3%
  - FY17: 15.9%
  - 1Q18: 15.8%
  - 1H18: 16.0%
  - 9M17: 16.0%
  - FY17: 16.0%

  - 14.0% 'Own Capital Target'
  - 10.6% regulatory minimum*

... and robust liquidity positions

- **NSFR**
  - FY18: 136%
  - FY17: 134%

- **LCR**
  - FY18: 139%
  - FY17: 139%

* 10.7% regulatory minimum in 2019
We aim to be one of the better capitalised financial institutions in Europe

- Every year, we assess the CET1 ratios of a peer group of European banks active in the retail, SME and corporate client segments. We position ourselves on the fully loaded median CET1 ratio of the peer group (remained 14% at end of 2018)
- We want to keep a flexible buffer of up to 2%* CET1 for potential add-on M&A in our core markets
- This buffer comes on top of our ‘Own Capital Target’ and together they form the ‘Reference Capital Position’
- Any M&A opportunity will be assessed subject to very strict financial and strategic criteria

* KBC Group’s 2% M&A buffer will be lowered to 1.7% at the closing of the acquisition of the 45% stake in CMSS, which is expected before the end of 2Q19

Capital distribution to shareholders

- Payout ratio policy (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit
- Interim dividend of 1 EUR per share in November of each accounting year as an advance on the total dividend
- On top of the payout ratio of 50% of consolidated profit, each year, the Board of Directors will take a decision, at its discretion, on the distribution of the capital above the ‘Reference Capital Position’
Well-defined core markets: access to ‘new growth’ in Europe

**Belgium**
- 3.5m clients
- 580 branches
- 101bn EUR loans
- 134bn EUR dep.

**Czech Republic**
- 3.7m clients
- 235 branches
- 24bn EUR loans
- 32bn EUR dep.

**Slovakia**
- 0.6m clients
- 122 branches
- 7bn EUR loans
- 6bn EUR dep.

**Hungary**
- 1.6m clients
- 206 branches
- 4bn EUR loans
- 7bn EUR dep.

**Bulgaria**
- 1.3m clients
- 207 branches
- 3bn EUR loans
- 4bn EUR dep.

**Ireland**
- 0.3m clients
- 16 branches
- 10bn EUR loans
- 5bn EUR dep.

---

**Market share (end 2018)**

<table>
<thead>
<tr>
<th></th>
<th>BE</th>
<th>CZ</th>
<th>SK</th>
<th>HU</th>
<th>BG</th>
<th>IRL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and deposits</td>
<td>20%</td>
<td>19%</td>
<td>10%</td>
<td>11%</td>
<td>10%</td>
<td>9%*</td>
</tr>
<tr>
<td>Investment funds</td>
<td>32%</td>
<td>23%</td>
<td>7%</td>
<td>13%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Life insurance</td>
<td>13%</td>
<td>8%</td>
<td>4%</td>
<td>3%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Non-life insurance</td>
<td>9%</td>
<td>8%</td>
<td>3%</td>
<td>7%</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>

**Real GDP growth**

<table>
<thead>
<tr>
<th></th>
<th>BE</th>
<th>CZ</th>
<th>SK</th>
<th>HU</th>
<th>BG</th>
<th>IRL</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Assets</td>
<td>64%</td>
<td>21%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>2018</td>
<td>1.4%</td>
<td>2.9%</td>
<td>4.1%</td>
<td>4.9%</td>
<td>3.1%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2019e</td>
<td>1.2%</td>
<td>2.6%</td>
<td>3.7%</td>
<td>3.9%</td>
<td>3.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2020e</td>
<td>1.1%</td>
<td>2.3%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>3.3%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

GDP growth: KBC data, May ’19
* Retail segment
Business profile

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AS AT 31 MARCH 2019

- Belgium: 61%
- International Markets: 21%
- Czech Republic: 15%
- Group Centre: 3%

- KBC is a leading player (providing bank-insurance products and services to retail, SME and mid-cap clients) in Belgium, the Czech Republic and its 4 core countries in the International Markets Business Unit.
Shareholder structure

- Roughly 40% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers’ association (MRBB) and a group of Belgian industrialist families.

- The free float is held mainly by a large variety of international institutional investors.
KBC Group going forward:
Aiming to be among the best performing financial institutions in Europe

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

- By achieving this, KBC wants to become the reference in bank-insurance in its core markets
KBC Group going forward: The bank-insurance business model, different countries, different stages of implementation

Level 4: Integrated distribution and operation
Acting as a single operational company: bank and insurance operations working under unified governance and achieving commercial and non-commercial synergies

Level 3: Integrated distribution
Acting as a single commercial company: bank and insurance operations working under unified governance and achieving commercial synergies

Level 2: Exclusive distribution
Bank branches selling insurance products from intra-group insurance company as additional source of fee income

Level 1: Non-exclusive distribution
Bank branches selling insurance products of third party insurers as additional source of fee income

KBC targets to reach at least level 3 in every country, adapted to the local market structure and KBC’s market position in banking and insurance

Belgium

Target for Central Europe
More of the same... but differently...

- Integrated distribution model according to a real-time omni-channel approach remains key but client interaction will change over time. Technological development will be the driving force.
- Human interface will still play a crucial role.
- Simplification is a prerequisite:
  - In the way we operate
  - Is a continuous effort
  - Is part of our DNA
- Client-centricity will be further fine-tuned into ‘think client, but design for a digital world’
- Digitalisation end-to-end, front- and back-end, is the main lever:
  - All processes digital
  - Execution is the differentiator
- Further increase efficiency and effectiveness of data management
- Set up an open architecture IT package as core banking system for our International Markets Unit
- Improve the applications we offer our clients (one-stop-shop offering) via co-creation/partnerships with Fintechs and other value chain players
- Investment in our digital presence (e.g., social media) to enhance client relationships and anticipate their needs
- Easy-to-access and convenient-to-use set-up for our clients
- Clients will drive the pace of action and change
- Further development of a fast, simple and agile organisation structure
- Different speed and maturity in different entities/core markets
- Adaptation to a more open architecture (with easy plug in and out) to be future-proof and to create synergy for all
### KBC the reference...

*Group financial guidance (Investor visit 2017)*

<table>
<thead>
<tr>
<th>Guidance</th>
<th>End 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR total income (‘16-’20)*</td>
<td>≥ 2.25% by 2020</td>
</tr>
<tr>
<td>C/I ratio banking excluding bank tax</td>
<td>≤ 47% by 2020</td>
</tr>
<tr>
<td>C/I ratio banking including bank tax</td>
<td>≤ 54% by 2020</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>≤ 94% by 2020</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>≥ 50% as of now</td>
</tr>
</tbody>
</table>

*Excluding marked-to-market valuations of ALM derivatives

<table>
<thead>
<tr>
<th>Regulatory requirements</th>
<th>End 1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common equity ratio*excluding P2G</td>
<td>≥ 10.7% by 2019</td>
</tr>
<tr>
<td>Common equity ratio*including P2G</td>
<td>≥ 11.7% by 2019</td>
</tr>
<tr>
<td>MREL ratio</td>
<td>≥ 25.9% by May ’19</td>
</tr>
<tr>
<td>NSFR</td>
<td>≥ 100% as of now</td>
</tr>
<tr>
<td>LCR</td>
<td>≥ 100% as of now</td>
</tr>
</tbody>
</table>

*Fully loaded, Danish Compromise. P2G = Pillar 2 guidance

**See slide 40... Is 15.8% when including 1Q19 net result taking into account the payout ratio in FY2018 of 59% (dividend + AT1 coupon)

***Taking into account the senior Holdco issue of 500m EUR in April 2019

---

*Excluding marked-to-market valuations of ALM derivatives

**End 2018

2.5% (CAGR FY18 – FY16)

51% (FY2018)

57.5% (FY2018)

88% (FY2018)

59% (end 2018, incl. total dividend and AT1 coupon)

15.7%**

15.7%**

26.0%***

138%

140%
### KBC the reference...

**Group non-financial guidance (Investor visit 2017)**

<table>
<thead>
<tr>
<th>Non-financial guidance:</th>
<th>End 2018</th>
<th>Non-financial guidance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR Bank-Insurance clients</td>
<td>(growth FY18-FY16)</td>
<td>CAGR Bank-Insurance stable clients</td>
</tr>
<tr>
<td>(1 Bank product + 1 Insurance product)</td>
<td></td>
<td>(3 Bk + 3 Ins products in Belgium; 2 Bk + 2 Ins products in CE)</td>
</tr>
<tr>
<td>BU BE</td>
<td>≥ 2% by 2020</td>
<td>+1%</td>
</tr>
<tr>
<td>BU CR</td>
<td>≥ 15% by 2020</td>
<td>+12%</td>
</tr>
<tr>
<td>BU IM</td>
<td>≥ 10% by 2020</td>
<td>+31%</td>
</tr>
</tbody>
</table>

**Non-financial guidance:**

% Inbound contacts via omni-channel and digital channel*

| KBC Group** | ≥ 80% by 2020 | 79% |

---

* Clients interacting with KBC through at least one of the non-physical channels (digital or through a remote advisory centre), possibly in addition to contact through physical branches. This means that clients solely interacting with KBC through physical branches (or ATMs) are excluded.

** Bulgaria & PSB out of scope for Group target
Inbound contacts via omni-channel and digital channel* at KBC Group** amounted to 79% at end 1Q19... on track to reach Investor Visit target (≥ 80% by 2020)

- Clients interacting with KBC through at least one of the non-physical channels (digital or through a remote advisory centre), possibly in addition to contact through physical branches. This means that clients solely interacting with KBC through physical branches (or ATMs) are excluded.

** Bulgaria & PSB out of scope for Group target
Realisation of omnichannel strategy* – client mix in 1Q19

- Clients interacting with KBC through at least one of the non-physical channels (digital or through a remote advisory centre), possibly in addition to contact through physical branches.
  This means that clients solely interacting with KBC through physical branches (or ATMs) are excluded.

** Might be slightly underestimated

*** Bulgaria out of scope for Group target

<table>
<thead>
<tr>
<th>Country</th>
<th>Omnichannel clients</th>
<th>Contact Centre only clients</th>
<th>Digital only clients</th>
<th>Branch or ATM only clients**</th>
</tr>
</thead>
<tbody>
<tr>
<td>BELGIUM</td>
<td>24%</td>
<td>19%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>CZECH REPUBLIC</td>
<td>14%</td>
<td>32%</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>SLOVAKIA</td>
<td>10%</td>
<td>47%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>HUNGARY</td>
<td>28%</td>
<td>30%</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>IRELAND</td>
<td>14%</td>
<td>38%</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>BULGARIA***</td>
<td>1%</td>
<td>5%</td>
<td>70%</td>
<td>24%</td>
</tr>
</tbody>
</table>

* Client mix in 1Q19

** Branch or ATM only clients include clients interacting with KBC through an ATM only.
Digital Investments 2017-2020

Cashflow 2017-2020 = 1.5bn EUR

Operating Expenses 2017-2020 = 1bn EUR

Regulatory driven developments (IFRS 9, CRS(*), MIFID, etc.)

Strategic Growth 36%

Organic growth or operational efficiencies

Strategic Transformation 44%

Omni-channel and core-banking system

Regulatory 20%

2017

Strategic Grow 112
Strategic Transform 43
Regulatory 94

2018

Strategic Grow 125
Strategic Transform 44
Regulatory 78

2019

Strategic Grow 127
Strategic Transform 48
Regulatory 83

2020

Strategic Grow 128
Strategic Transform 55
Regulatory 90

(*) The Common Reporting Standard (CRS) refers to a systematic and periodic exchange of information at international level aimed at preventing tax evasion. Information on the taxpayer in the country where the revenue was taken is exchanged with the country where the taxpayer has to pay tax. It concerns an exchange of information between as many as 53 OECD countries in the first year (2017). By 2018, another 34 countries have joined.
Sustainability
The core of our sustainability strategy

**Strict policies** for our day-to-day activities

Focus on **sustainable investments**

Reducing our own **environmental footprint**

- Increasing our positive impact on society
- Encouraging responsible behaviour on the part of all employees
- Limiting our adverse impact on society

**Four focus domains** that are close to our core activities

- Financial literacy
- Stimulating entrepreneurship
- Environmental responsibility
- Longevity or health

The mindset of all KBC staff should go beyond regulation and compliance. Responsible behaviour is a requirement to implement an effective and credible sustainability strategy. Specific focus on responsible selling and responsible advice.

---

**2018 & 1Q19 achievements:**

- Launch of the first Belgian **Sustainable Pension Savings Fund** for private individuals
- Successful launch of the Green Bond Framework and **issue of the Inaugural Green Bond of 500m EUR**
- **SRI funds increased to 11.6bn EUR** by the end of 1Q19 (12.5bn EUR including KBC’s Pension Fund for its employees)
- Updated **KBC Sustainability Policies**
- KBC/CSOB announced to **stop financing of Coal Fired Power Generation and Coal mining** (current exposure phases out in 2023)
- Launch of a **Sustainable Finance Program** (implementation of TCFD-recommendations and the EU Action Plan on Sustainable Finance)

Please find more info in our 2018 Sustainability Report
## Sustainability
### Our non-financial environmental targets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Goal</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of renewables in total energy credit portfolio</td>
<td>Minimum 50% by 2030</td>
<td>43.8%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Financing of coal-related activities</td>
<td>Immediate stop of coal-related activities and gradual exit in the Czech Republic by 2023(^1)</td>
<td>34m EUR exposure</td>
<td>86m EUR exposure</td>
</tr>
<tr>
<td>Total GHG emissions (excluding commuter travel)</td>
<td>25% reduction by 2020 relative to 2015, both absolute and per FTE Long term target for a 50%-decrease by 2030</td>
<td>-37.58% (absolute)</td>
<td>-28.9% (absolute)</td>
</tr>
<tr>
<td>ISO 14001-certified environmental management system</td>
<td>ISO 14001 certification in all core countries at the end of 2017</td>
<td>All 6 core countries certified</td>
<td>Belgium, Slovakia, Hungary and Bulgaria</td>
</tr>
<tr>
<td>Business solutions in each of the focus domains</td>
<td>Develop sustainable banking and insurance products and services to meet a range of social and environmental challenges</td>
<td>See Sustainability &amp; Annual Report 2018</td>
<td>For examples: see Sustainability &amp; Annual Report 2018</td>
</tr>
<tr>
<td>Volume of SRI funds</td>
<td>10 billion EUR by end 2020(^2)</td>
<td>9 billion EUR(^3)</td>
<td>7.1 billion EUR</td>
</tr>
<tr>
<td>Awareness of SRI among both our staff and clients</td>
<td>Increase awareness and knowledge of SRI</td>
<td>100% awareness among Belgian sales teams through e-learning courses</td>
<td>Progress in line with target</td>
</tr>
</tbody>
</table>

\(^1\) Except for financing of existing coal-fired district heating plants until 2035 under strict conditions, i.e. only to assist further ecological upgrades

\(^2\) Our initial target of 5 billion EUR by the end of 2018 had already been met by mid-2017

\(^3\) This excludes 777m EUR from KBC’s Pension funds and includes 40m EUR Pricos SRI

---

[Image: Sustainability & Annual Report 2018]

---

### Certification

- **ISO 14001**: Certified environmental management system
  - Certified in all core countries at the end of 2017
  - Belgium, Slovakia, Hungary and Bulgaria

- **SRI**: 85/100 (Sector Leader)
  - 100% awareness among Belgian sales teams through e-learning courses
  - Progress in line with target

---

**C (Prime, best in class)**

**A- (Leadership)**

---
Annex 2

Other items
## Loan loss experience at KBC

<table>
<thead>
<tr>
<th></th>
<th>1Q19 CREDIT COST RATIO</th>
<th>FY18 CREDIT COST RATIO</th>
<th>FY17 CREDIT COST RATIO</th>
<th>FY16 CREDIT COST RATIO</th>
<th>FY15 CREDIT COST RATIO</th>
<th>AVERAGE ‘99 –’18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Belgium</strong></td>
<td>0.30%</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.19%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Czech Republic</strong></td>
<td>-0.02%</td>
<td>0.03%</td>
<td>0.02%</td>
<td>0.11%</td>
<td>0.18%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>International Markets</strong></td>
<td>-0.11%</td>
<td>-0.46%</td>
<td>-0.74%</td>
<td>-0.16%</td>
<td>0.32%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Group Centre</strong></td>
<td>-0.60%</td>
<td>-0.83%</td>
<td>0.40%</td>
<td>0.67%</td>
<td>0.54%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.16%</td>
<td>-0.04%</td>
<td>-0.06%</td>
<td>0.09%</td>
<td>0.23%</td>
<td>0.44%</td>
</tr>
</tbody>
</table>

Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio.
Ireland: impaired loans ratio continues to improve

- Reflecting a weaker global backdrop, the Irish economic growth is expected to ease to a slower, but still solid pace in 2019. We currently expect GDP growth of about 3.5% in 2019

- A persistent fall in unemployment and improving household spending power together with a delayed Brexit should underpin positive domestic economic conditions

- Increased supply and affordability constraints on demand translated into a slower pace of Irish house price inflation (y-o-y) in early 2019

- Organic reduction of impaired loans in line with expectation, impaired loan ratio reducing to 22.7% and coverage ratio at 39.2% at 1Q19

- Weighted average indexed LTV on the Retail impaired portfolio has improved y-o-y and in 1Q19 decreased to 99% (from 102% at 1Q18)

- Net loan loss provision release of 12m EUR in 1Q19 driven mainly by CSO House Price Index growth

- On 12 April 2019, KBC Bank Ireland announced an agreement to sell its legacy performing corporate loan portfolio of roughly 0.3bn EUR to Bank of Ireland (transaction is expected to close before the end of 2Q19)
Sectorial breakdown of outstanding loan portfolio (1) (166bn EUR*) of KBC Bank Consolidated

- **Private Persons**: 40%
- **Distribution**: 8%
- **Services**: 11%
- **Rest**: 15%
- **Real estate**: 7%
- **Finance & insurance**: 7%
- **Building & construction**: 4%
- **Agriculture, farming, fishing**: 3%
- **Authorities**: 3%
- **Automotive**: 3%
- **Food producers**: 5.4%
- **Electricity**: 1.7%
- **Hotels, bars & restaurants**: 1.7%
- **Shipping**: 0.6%
- **Machinery & heavy equipment**: 1.0%
- **Chemicals**: 1.4%
- **Metals**: 1.6%
- **Oil, gas & other fuels**: 0.7%
- **Other sectors**: 0.9%

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

* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees.
Geographical breakdown of the outstanding loan portfolio (2) (166bn EUR*) of KBC Bank Consolidated

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

* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees.
Impaired loans ratios, of which over 90 days past due

**KBC GROUP**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Impaired Loans Ratio</th>
<th>Over 90 Days Past Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>5.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2Q18</td>
<td>5.5%</td>
<td>3.2%</td>
</tr>
<tr>
<td>3Q18</td>
<td>5.5%</td>
<td>3.2%</td>
</tr>
<tr>
<td>4Q18</td>
<td>4.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>1Q19</td>
<td>4.3%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

**BELGIUM BU**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Impaired Loans Ratio</th>
<th>Over 90 Days Past Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>2.6%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2Q18</td>
<td>2.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>3Q18</td>
<td>2.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>4Q18</td>
<td>2.6%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1Q19</td>
<td>2.6%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

**CZECH REPUBLIC BU**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Impaired Loans Ratio</th>
<th>Over 90 Days Past Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>2.4%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2Q18</td>
<td>2.1%</td>
<td>1.5%</td>
</tr>
<tr>
<td>3Q18</td>
<td>2.3%</td>
<td>1.4%</td>
</tr>
<tr>
<td>4Q18</td>
<td>2.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>1Q19</td>
<td>2.4%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

**INTERNATIONAL MARKETS BU**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Impaired Loans Ratio</th>
<th>Over 90 Days Past Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>20.4%</td>
<td>12.1%</td>
</tr>
<tr>
<td>2Q18</td>
<td>19.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td>3Q18</td>
<td>18.9%</td>
<td>11.2%</td>
</tr>
<tr>
<td>4Q18</td>
<td>12.2%*</td>
<td>7.9%</td>
</tr>
<tr>
<td>1Q19</td>
<td>11.8%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

* This sharp improvement was mainly the result of the sale of part of the Irish portfolio (closed during 4Q18)
Cover ratios

**KBC GROUP**

- 1Q18: 47.8%
- 2Q18: 48.0%
- 3Q18: 47.2%
- 4Q18: 44.8%
- 1Q19: 45.3%

**BELGIUM BU**

- 1Q18: 44.2%
- 2Q18: 45.9%
- 3Q18: 44.4%
- 4Q18: 41.6%
- 1Q19: 42.1%

**CZECH REPUBLIC BU**

- 1Q18: 52.5%
- 2Q18: 53.0%
- 3Q18: 48.1%
- 4Q18: 47.0%
- 1Q19: 47.4%

**INTERNATIONAL MARKETS BU**

- 1Q18: 46.9%
- 2Q18: 46.0%
- 3Q18: 45.7%
- 4Q18: 42.5%
- 1Q19: 43.0%
Fully loaded B3 CET1 based on the Danish Compromise (DC) from 4Q18 to 1Q19

DELTA AT NUMERATOR LEVEL (BN EUR)

- B3 CET1 at end 4Q18 (DC): 15.2
- Other*: 0.0
- B3 CET1 at end 1Q19 (DC): 15.1

DELTA ON RWA (BN EUR)

- 4Q18 (B3 DC**): 94.9
- 1Q19 impact: 1.7
- 1Q19 (B3 DC): 96.5

- Fully loaded B3 common equity ratio amounted to 15.7% at end 1Q19 based on the Danish Compromise***
- This clearly exceeds the minimum capital requirements set by the competent supervisors of 10.7% fully loaded

* Includes the q-o-q delta in deferred tax assets on losses carried forward, remeasurement of defined benefit obligations, IRB provision shortfall, deduction re. financing provided to shareholders, deduction re. irrevocable payment commitments, intangible fixed assets, AT1 coupon, translation differences, etc.

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

*** See slide 40... Is 15.8% when including 1Q19 net result taking into account the payout ratio in FY2018 of 59% (dividend + AT1 coupon)
# Overview of B3 CET1 ratios at KBC Group

<table>
<thead>
<tr>
<th>Method</th>
<th>Numerator</th>
<th>Denominator</th>
<th>B3 CET1 ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICOD*, fully loaded</td>
<td>16,030</td>
<td>109,285</td>
<td>14.7%</td>
</tr>
<tr>
<td>DC**, fully loaded</td>
<td>15,112</td>
<td>96,527</td>
<td>15.7%</td>
</tr>
<tr>
<td>DM***, fully loaded</td>
<td>14,160</td>
<td>91,182</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

* FICOD: Financial Conglomerate Directive  
** DC: Danish Compromise  
*** DM: Deduction Method
KBC well on track to comply with resolution requirements

- The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level.
- **Bail-in** is identified as the preferred resolution tool.
- SRB’s current approach to **MREL** is defined in the ‘2017 MREL Policy’ published on 20 December 2017, which is based on the current legal framework and hence might be revised in the context of the ongoing legislative process to review BRRD.
- The **MREL target for KBC is 25.9% as % of RWA (9.76% as % of TLOF)**, which is based on fully loaded capital requirements as at 31 December 2016.
- SRB requires KBC to achieve this target by 1 May 2019, using both HoldCo and eligible OpCo instruments. **Taking into account the senior Holdco issue of 500m EUR in April 2019, MREL amounted to 26.0% as % of RWA and 9.9% as % of TLOF.**

### Regulatory requirement

<table>
<thead>
<tr>
<th>MCC</th>
<th>2.9% (CBR – 1.25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCA</td>
<td>1.75% P2R</td>
</tr>
<tr>
<td>LAA</td>
<td>8% P1</td>
</tr>
</tbody>
</table>

- @ 95% RWA
- @ 100% RWA

- **Consolidated approach**
  - HoldCo approach
    - HoldCo senior: 4.9%
    - T2: 2.3%
    - AT1: 1.6%
  - CET1: 15.7%

- **Actual**
  - = 24.4%
  - = 25.9%
  - Translated into a % of TLOF: 9.76% MREL target

- **Combined Buffer Requirement** = 2.5% Conservation Buffer + 1.5% O-SI buffer + 0.15% countercyclical buffer

---

Gradually mature. To be replaced by HoldCo senior.

Equal to 9.7% as % of TLOF.

OpCo (T2 & senior >1y)
Available MREL as a % of RWA (fully loaded)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>OpCo MREL</th>
<th>HoldCo MREL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q18</td>
<td>24.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2Q18</td>
<td>26.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>3Q18</td>
<td>26.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>4Q18</td>
<td>26.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>1Q19</td>
<td>25.4%*</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

* Taking into account the senior Holdco issue of 500m EUR in April 2019, MREL amounted to 26.0% as % of RWA
Government bond portfolio – Notional value

- Notional investment of 44.8bn EUR in government bonds (excl. trading book) at end of 1Q19, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments.
- Notional value of GIIPS exposure amounted to 5.9bn EUR at the end of 1Q19.

END OF FY18
(Notional value of 45.0bn EUR)

END OF 1Q19
(Notional value of 44.8bn EUR)
Government bond portfolio – Carrying value

- Carrying value of 48.1bn EUR in government bonds (excl. trading book) at end of 1Q19, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 6.5bn EUR at the end of 1Q19

*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

- In January 2019, KBC Group NV successfully issued a new senior holdco benchmark of 750m EUR with 5 year maturity
- In March 2019, KBC Group NV successfully issued a new perpetual AT1 instrument of 500m EUR
- In April 2019, KBC Group NV successfully issued a new senior holdco benchmark of 500m EUR with 6-year maturity
- KBC Group NV called the inaugural 1.4bn EUR AT1 instrument at its first call date (March 2019)
- KBC Group’s credit spreads have tightened at the end of 1Q19 in line with the overall market
- KBC Bank has 6 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds
  - Structured notes and covered bonds using the private placement format
  - Senior unsecured, T1 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank
Credit spreads evolution

Credit Spreads Evolution

0.5Y Senior Debt Opco (LHS)  5Y Covered Bond Interpolated (LHS)  5Y Senior Debt Holdco Interpolated (LHS)  7NC2 Subordinated Tier 2 (RHS)
## Glossary (1)

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQR</td>
<td>Asset Quality Review</td>
</tr>
<tr>
<td>B3</td>
<td>Basel III</td>
</tr>
<tr>
<td>CBI</td>
<td>Central Bank of Ireland</td>
</tr>
<tr>
<td>Combined ratio (non-life insurance)</td>
<td>[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)</td>
</tr>
<tr>
<td>Common equity ratio</td>
<td>[common equity tier-1 capital] / [total weighted risks]</td>
</tr>
<tr>
<td>Cost/income ratio (banking)</td>
<td>[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]</td>
</tr>
</tbody>
</table>
| Cost/income ratio adjusted for specific items | The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include:  
  • MtM ALM derivatives (fully excluded)  
  • bank taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21)  
  • one-off items |
<p>| Credit cost ratio (CCR)     | [net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula |
| EBA                         | European Banking Authority                                                  |
| ESMA                        | European Securities and Markets Authority                                   |
| ESFR                        | European Single Resolution Fund                                             |
| FICOD                       | Financial Conglomerates Directive                                           |
| Impaired loans cover ratio  | [total specific impairments on the impaired loan portfolio (stage 3)] / [part of the loan portfolio that is impaired (PD 10-11-12)] |
| Impaired loans ratio        | [part of the loan portfolio that is impaired (PD 10-11-12)] / [total outstanding loan portfolio] |
| Leverage ratio              | [regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure |
| Liquidity coverage ratio (LCR) | [stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days] |
| Net interest margin (NIM) of the group | [banking group net interest income excluding dealing room] / [banking group average interest-bearing assets excluding dealing room] |
| Net stable funding ratio (NSFR) | [available amount of stable funding] / [required amount of stable funding] |</p>
<table>
<thead>
<tr>
<th><strong>MARS</strong></th>
<th>Mortgage Arrears Resolution Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MREL</strong></td>
<td>Minimum requirement for own funds and eligible liabilities</td>
</tr>
<tr>
<td><strong>PD</strong></td>
<td>Probability of default</td>
</tr>
<tr>
<td><strong>Return on allocated capital (ROAC) for a particular business unit</strong></td>
<td>[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance</td>
</tr>
<tr>
<td><strong>Return on equity</strong></td>
<td>[result after tax, attributable to equity holders of the parent] / [average parent shareholders’ equity, excluding the revaluation reserve for fair value through Other Comprehensive Income (OCI) assets]</td>
</tr>
<tr>
<td><strong>TLAC</strong></td>
<td>Total loss-absorbing capacity</td>
</tr>
</tbody>
</table>
# Contacts / Questions

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johan Thijs</td>
<td>KBC Group CEO</td>
<td></td>
</tr>
<tr>
<td>Brik Scheerlinck</td>
<td>KBC Group CFO</td>
<td></td>
</tr>
</tbody>
</table>
| Kurt De Baenst        | Investor Relations General Manager | Direct: +32 2 429 35 73  
                             Mobile: +32 472 300 427  
                             Kurt.debaenst@kbc.be   |
| Ilya Versammen        | Investor Relations Manager   | Direct: +32 2 429 21 26  
                             Mobile: +32 472 727 777  
                             Ilya.versammen@kbc.be  |
| Dominique Agneensens  | Investor Relations Manager   | Direct: +32 2 429 14 41  
                             Mobile: +32 473 857 294  
                             Dominique.agneensens@kbc.be |

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