KBC Group

Additional Tier 1 (AT1) Investor Presentation

April 2018

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By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or any of the Joint Lead Managers, each prospective investor will thereby represent, warrant, agree with and undertake to the Issuer and each of the Joint Lead Managers that:

(i) it is not a retail client (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EC (recast) ("MiFID II"));

(ii) whether or not it is subject to the MIFID II or Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products Regulations ("PRIIPS"), it will not:

(a) sell or offer the Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II); or

(b) communicate (including the distribution of the Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to, or disseminated in such a way that it is likely to be received by, a retail client (as defined in MiFID II). In selling or offering Securities or making or approving communications relating to the Securities, it may not rely on the limited exemptions set out in the PI Instrument; and

(iii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

(i) the identified target market for the Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and

(ii) no key information document (KID) under PRIIPs has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.

The Securities are not intended to be offered, sold to or otherwise made available to, and should not be offered, sold or otherwise made available in, Belgium to "consumers" (consumenten/consommateurs) within the meaning of the Belgian Code of Economic Law (Wetboek economisch recht/Code de droit economique) dated 28 February 2013, as amended from time to time (the "Belgian Code of Economic Law").

By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Joint Lead Managers that:

(i) it is not a "consumer" within the territory of Belgium (as defined in the Belgian Code of Economic Law);

(ii) it will not sell, offer or otherwise make the Securities available to "consumers" within the territory of Belgium; and

(iii) it will at all times comply with the applicable laws and regulations relating to the offering of investment instruments (such as the Securities) to "consumers" within the territory of Belgium, including (without limitation) the provisions of the Belgian Code of Economic Law.

Where you act as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase any Securities (or any beneficial interests therein) from the Issuer and/or any of the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding on both you and your client(s).

Executive Summary (1/2)

Proposed AT1 Offering

- ✓ Issuer KBC Group
- ✓ Euro - Denominated Benchmark Transaction
- ✓ 5.125% Phased-In CET1 trigger at consolidated KBC Group level
- ✓ Perpetual, NC 7.5
- ✓ Temporary Write Down loss absorption
- ✓ Semi-Annual, Discretionary, Non-Cumulative coupons
- ✓ Expected Instrument Ratings BB from S&P and BB+ from Fitch

Issuance Rationale

- ✓ The AT1 is being issued in contemplation of potential future call of the existing AT1 securities[1]
- ✓ KBC remains committed to maintaining AT1 in its capital structure
- ✓ Optimise the usage of CET1 versus Regulatory requirements
- ✓ Ensure KBC maintains its "best in class" leverage ratio
- ✓ Add to the Group's MREL-eligible resources ahead of communication of a formal SRB target
- ✓ Supports the Group's robust RAC position with S&P and Loss Given Failure Framework with Moody's

1 Any decision to call the existing AT1 securities (March 2019) will be taken in the context of the issuer's financial position (and other relevant factors) at the relevant time and will be subject to any required regulatory (and other) approvals and pre-conditions being satisfied.

Executive Summary (2/2)

Investment Thesis

Leading Business Model	✓ KBC is an **integrated bank-insurance group**, focussing mainly on retail, private banking, SME and mid-cap clients. ✓ Creating superior client satisfaction via a client-centric omni-channel approach prepared for the new digital world
Strong Capital Position	✓ One of the most profitable and capital generative financial institutions in Europe ➢ **FY 2017 RoE of 17%** ➢ **Per year >200bps CET1 generation before any distribution in recent years (279bps in 2017)** ✓Solid capital position ➢ **Fully loaded CET1 ratio of 16.3%,** tier 1 ratio of 17.9%, total capital ratio of 20.2% and leverage ratio 6.1% at the Group level[1] ➢ Strong transitional buffer to 5.125% trigger of 11.3% or €10.4bn ✓ Well placed with respect to Basel IV (estimated RWA inflation of 9% on a fully loaded basis as at year-end 2017)
Low Non-Payment/ Extension Risk	✓ Ample headroom to **MDA** ➢ **Phased-in 6.6% (€6.0bn) / fully-loaded 5.7% (€5.3bn)** ✓ Robust ADIs of €6.4bn ✓ Proven record of prudent capital management, including approach to calls & payments on T1 / AT1 securities and management's intention to prioritise AT1 coupons
Robust Asset Quality	✓ Solid asset quality with negative credit cost ratio in FY 2017 (-0.06%) and a consistently improving impaired loans ratio

1. Fully-loaded, Basel 3, Danish Compromise

Key takeaways for KBC Group (1/2)

FY 2017

CET1 ratio[1]	Net result	ROE[2]	C/I ratio[3]	Combined ratio
16.3 %	2 575 m EUR	17 %	55 %	88 %

Diversified and strong business performance

- Strong performance of the **commercial bank, asset management and insurance activities** in our six core markets
- **Robust market position** in all key markets and strong trends in loan and deposit growth
- **Very strong asset quality** with a negative credit cost ratio in FY 2017 (-0.06%) and a consistently improving impaired loans ratio (6.0%)
- **Strict cost management** resulted in C/I of 55%

Solid capital and robust liquidity positions

- Capital positions **well above regulatory minimum** of 11.6% (incl. P2G)
- **Well placed with respect to Basel IV**, an estimated 9% RWA inflation on a fully loaded basis as at year-end 2017 (translates into a CET1 impact of -1.3%)[4]
- Fully loaded B3 leverage ratio, based on current CRR legislation, amounts to 6.1%
- **Continued strong liquidity position** (NSFR at 134% and LCR at 139%).

1. Fully loaded; on a phased-in basis the ratio stood at 16.5% for KBC Group
2. ROE of 18% excluding upfront negative effect of 211m euros one-off due to the Belgian corporate income tax reform
3. Adjusted for specific items (see glossary for definition)
4. This figure is based on our current interpretation of Basel 4, a static balance sheet and the current economic environment. It also does not take into account possible management actions.

Key takeaways for KBC Group (2/2)

Guidance as announced at our Investor Visit in June 2017

Our guidance at KBC Group level

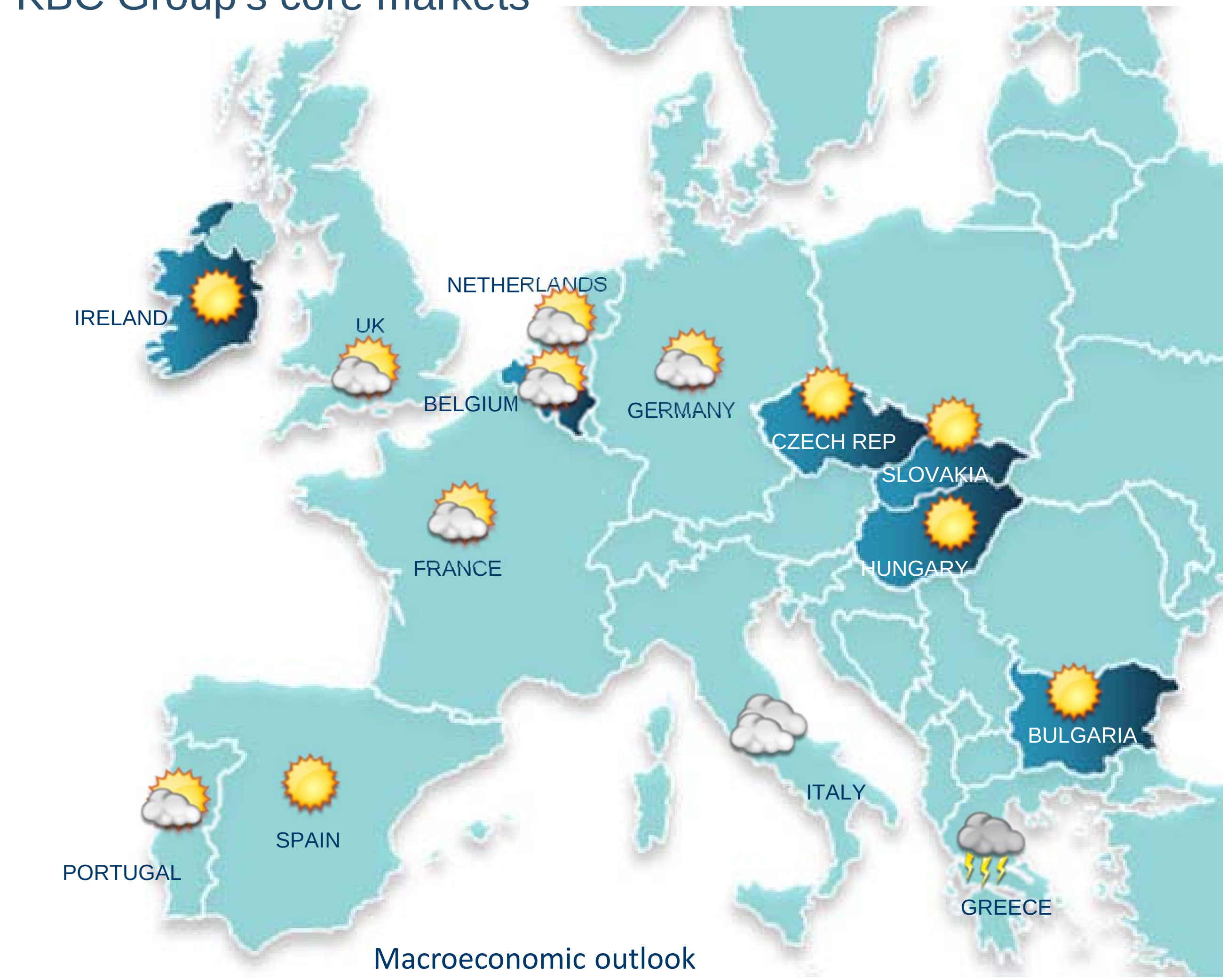
Financial guidance …		Regulatory requirements …	
Total income[1] CAGR for 2016-2020 ≥ 2.25%	**Combined ratio** ≤ 94% by 2020	**Common equity ratio[2] excluding P2G** ≥ 10.6% by 2019	**NSFR** ≥ 100% as of now
Cost/Income ratio excl. banking tax ≤ 47% by 2020	**Dividend payout ratio** ≥ 50% as of now	**Common equity ratio[2] including P2G** ≥ 11.6% by 2019	**LCR** ≥ 100% as of now
Cost/Income ratio incl. banking tax ≤ 54% by 2020		**MREL ratio[3]** ≥ 26.25% by 2020	

1. Excluding marked-to-market valuations of ALM derivatives
2. Fully loaded, Danish Compromise. P2G = Pillar 2 guidance
3. SRB has not formally communicated any MREL target at this point in time (expected by the end of 2Q18). However, an indicative figure is put forward based on the mechanical approach as published by SRB on 28 November 2016. Note that KBC intends to fill in the AT1 and T2 buckets of respectively 1.5% and 2.0%.

Contents

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

KBC Group’s core markets



Macroeconomic outlook

Based on GDP, CPI and unemployment trends
Inspired by the Financial Times

MARKET SHARE (END 2017)

	BE	CZ	SK	HU	BG	IRL
Loans and deposits	20%	20%	11%	11%	10%	8%[1]
Investment funds	33%	22%	7%	13%	13%	
Life insurance	14%	8%	4%	3%	21%	
Non-life insurance	9%	7%	3%	7%	11%	

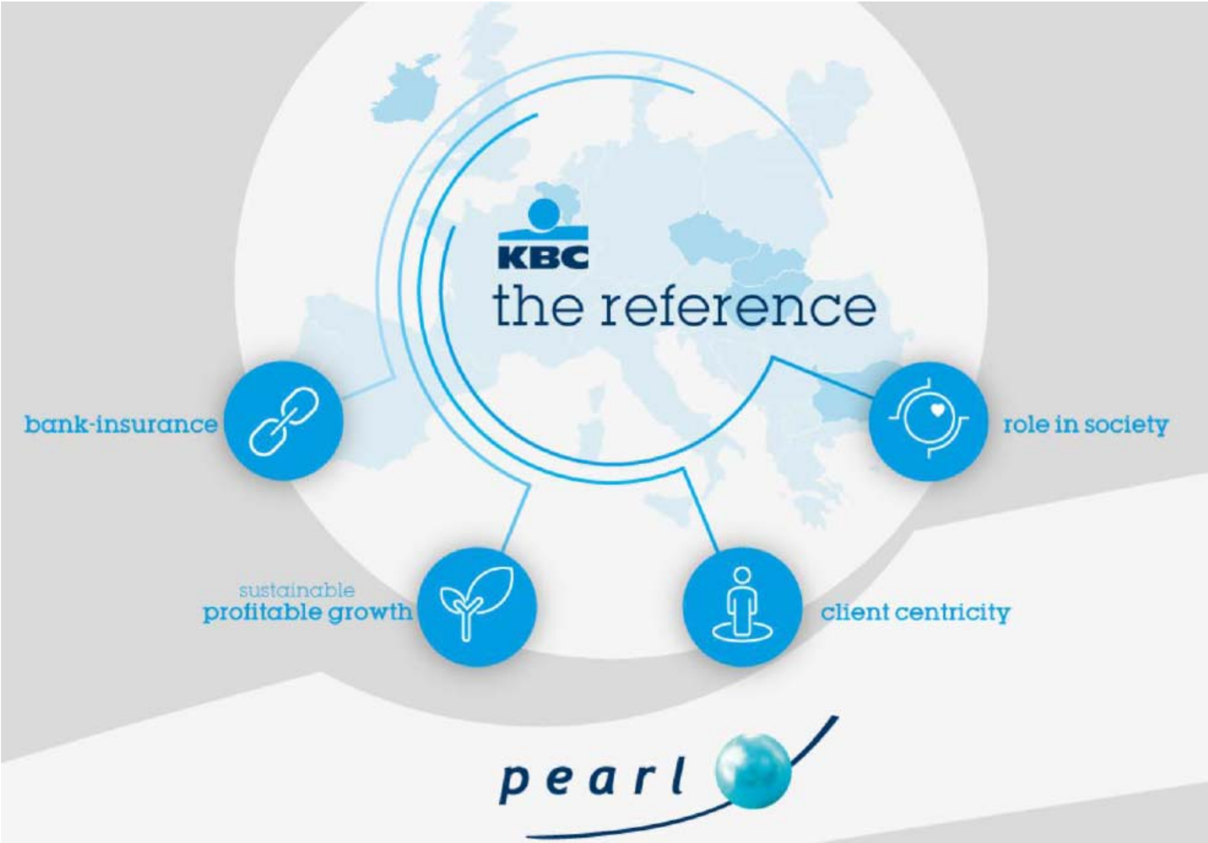
1. Only for retail segment

REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[2]

	BE	CZ	SK	HU	BG	IRL
% of Assets	66%	18%	3%	3%	2%	4%
2017	1.7%	4.4%	3.4%	3.9%	3.9%	6.5%
2018e	1.9%	3.0%	3.8%	3.8%	3.9%	3.5%
2019e	1.7%	2.8%	3.8%	3.0%	3.8%	3.2%

1. Source: KBC data, February 2018

More of the same, but differently...



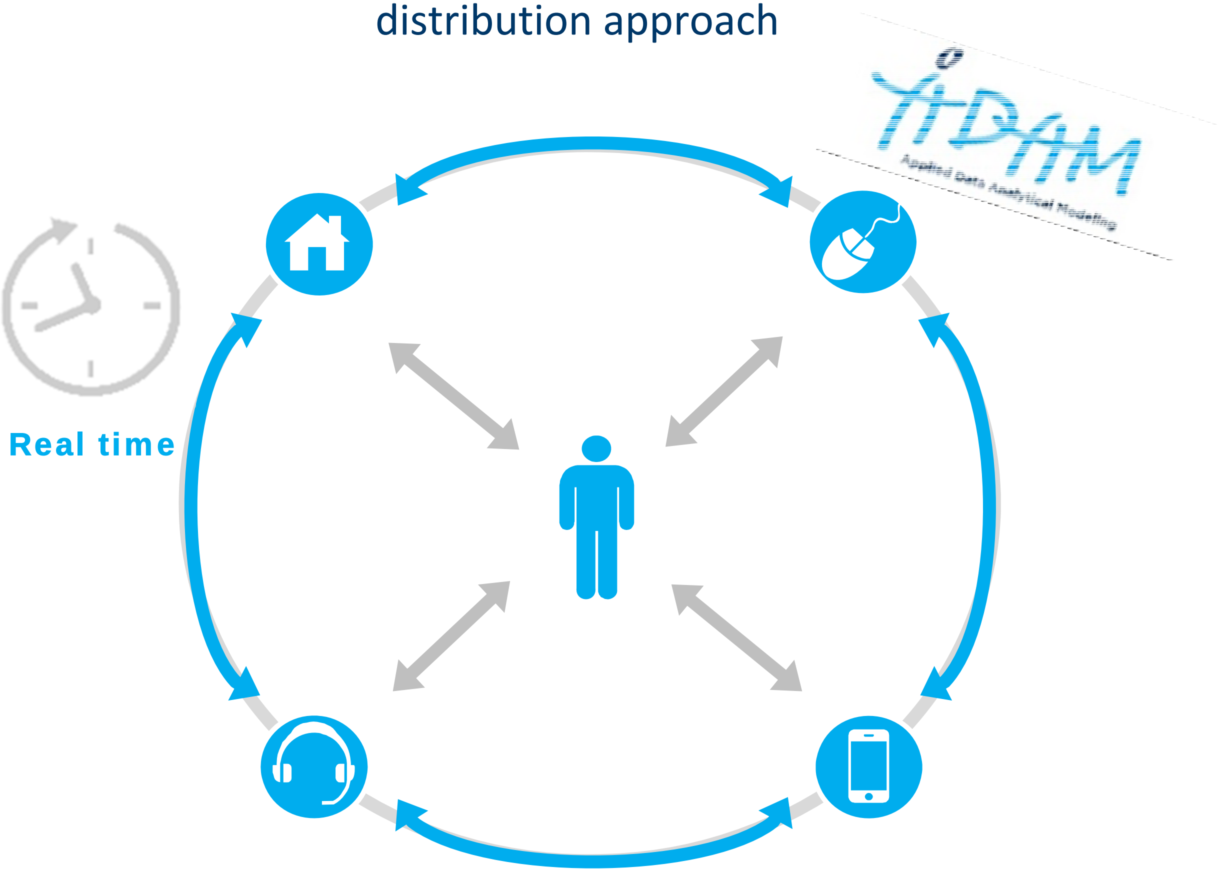
- KBC wants to be among Europe's best performing financial institutions. This will be achieved by:
  - Strengthening our bank-insurance business model for retail, SME and mid-cap clients in our core markets, in a highly cost-efficient way
  - Focusing on sustainable and profitable growth within the framework 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

More of the same, **but differently…**

Enhanced channels for empowered clients

Creating superior client satisfaction via a seamless, multi-channel client-centric distribution approach



Enhanced channels for empowered clients

Investing €1.5bn cash-flow (2017-20):

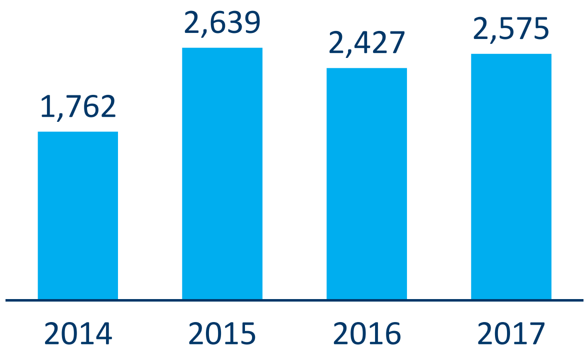
- Further optimise our integrated distribution model according to a real-time omni-channel approach
- Prepare our applications to engage with Fintechs and other value chain players
- Invest in our digital presence (e.g., social media) to enhance client relationships and anticipate their needs
- Further increase efficiency and effectiveness of data management
- Set up an open architecture IT package as core banking system for our International Markets Business Unit

Contents

Overview of results based on business units

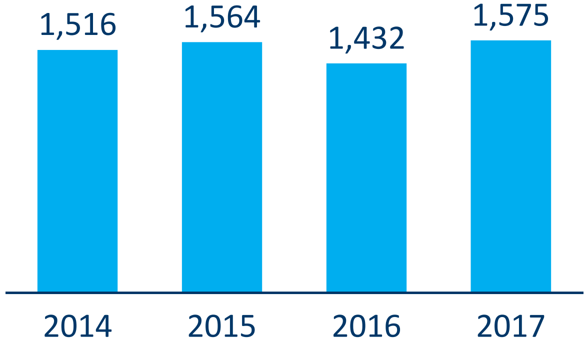
NET PROFIT – **KBC GROUP**

FY17 ROAC: 25%



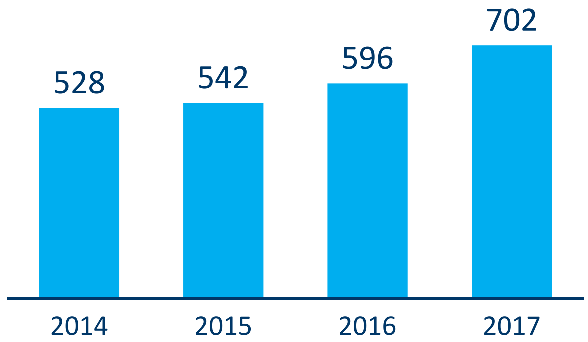
NET PROFIT – **BELGIUM**

FY17 ROAC: 26%



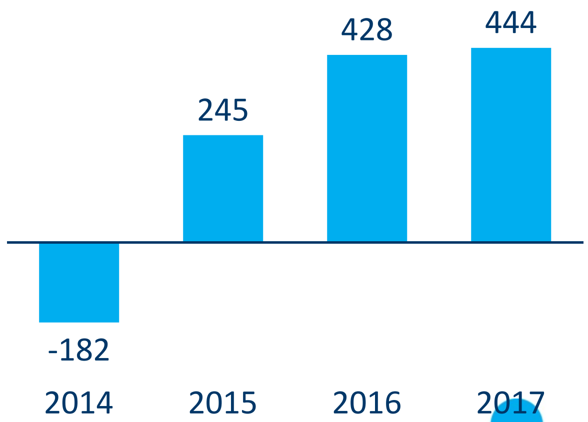
NET PROFIT – **CZECH REPUBLIC**

FY17 ROAC: 43%



NET PROFIT – **INTERNATIONAL MARKETS**

FY17 ROAC: 22%



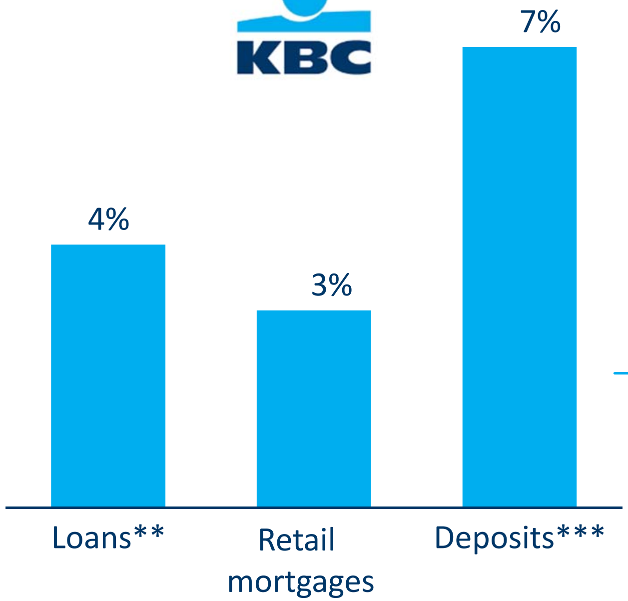
Amounts in m EUR

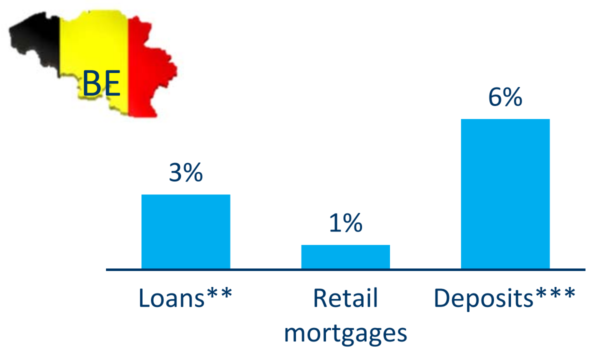
Balance sheet

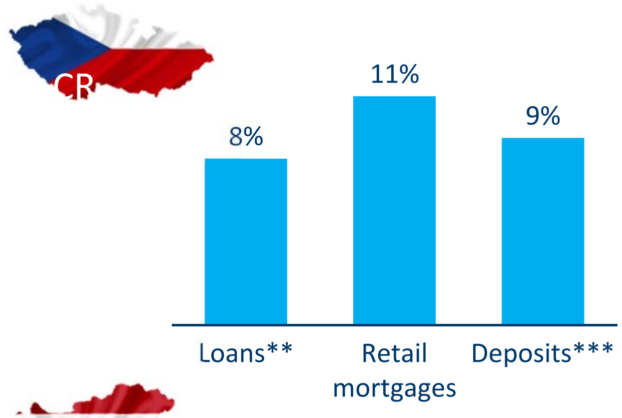
Loans and deposits continue to grow in most core countries

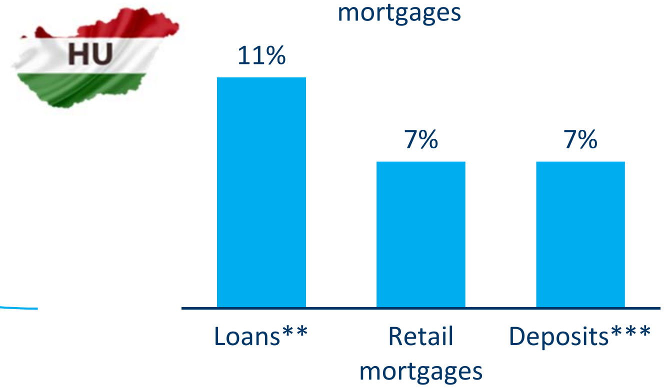
Y-O-Y ORGANIC* VOLUME GROWTH

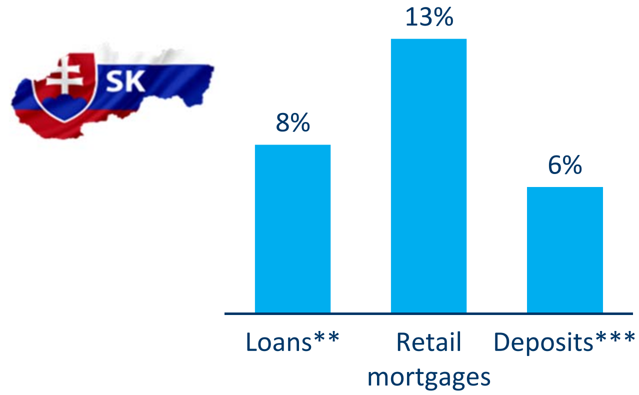
FY2017 VS FY2016

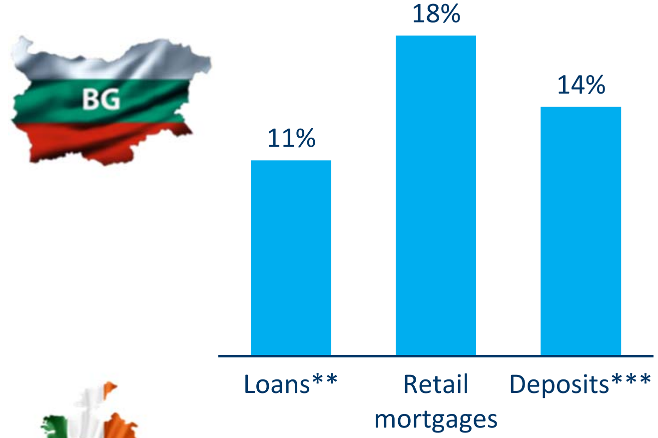


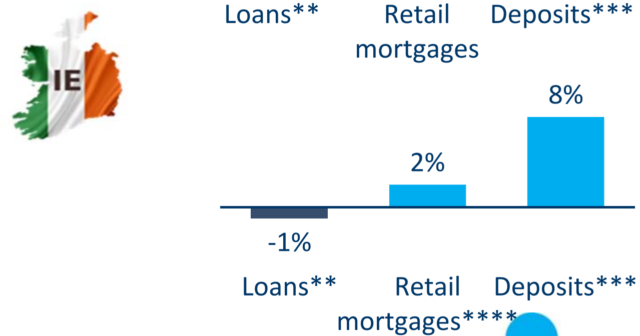












* Volume growth excluding FX effects and divestments/acquisitions

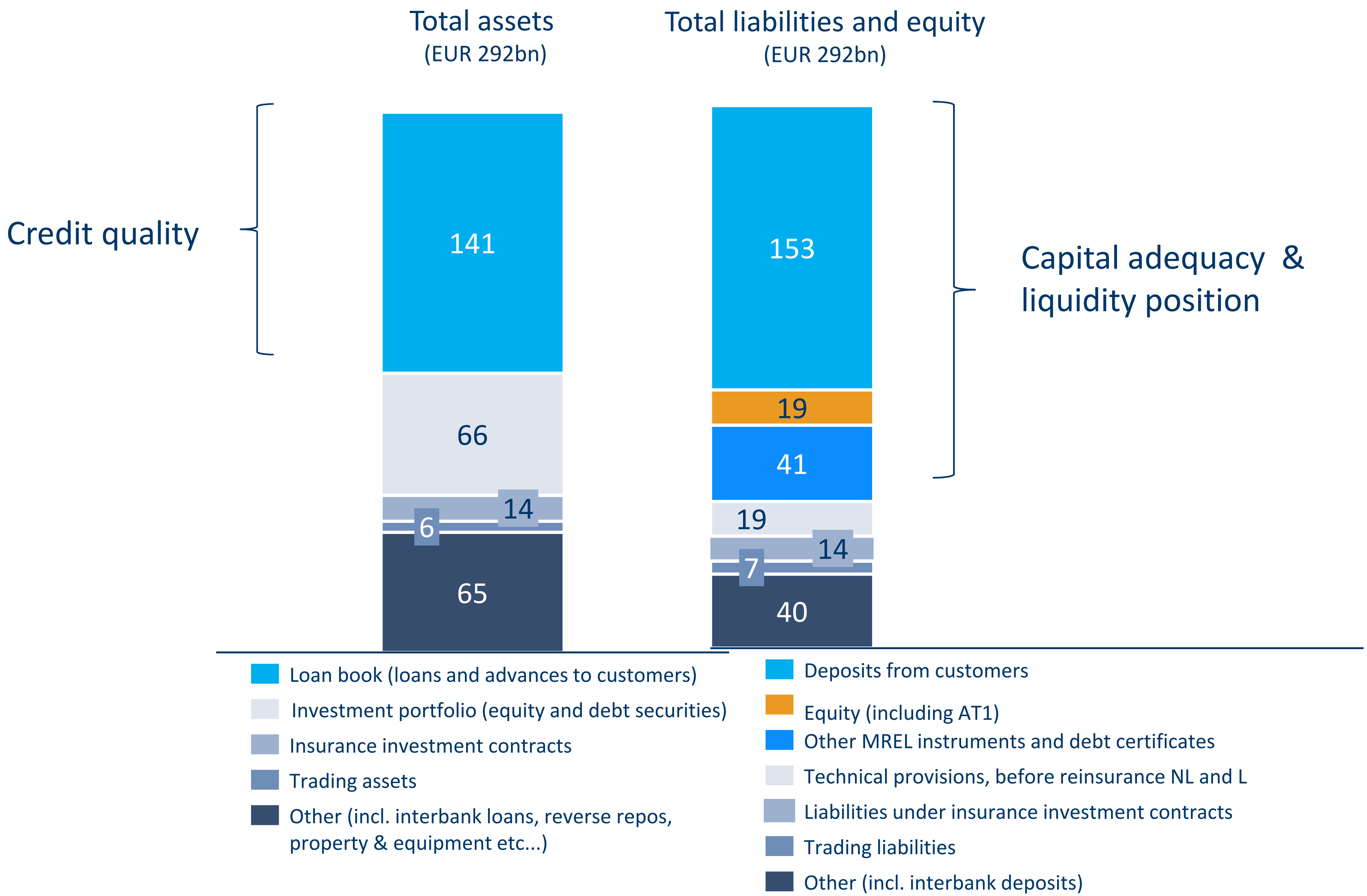
** Loans to customers, excluding reverse repos (and bonds)

*** Customer deposits, including debt certificates but excluding repos

**** Retail mortgages in Ireland: new business (written from 1 Jan 2014) +47% y-o-y, while legacy -7% y-o-y

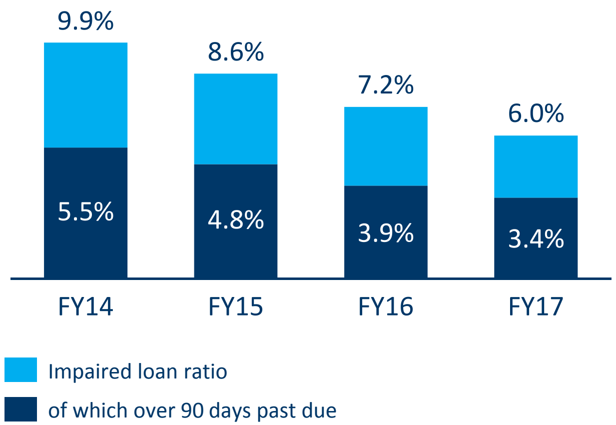
Balance sheet (incl. UBB/Interlease)

KBC Group consolidated at 31 December 2017

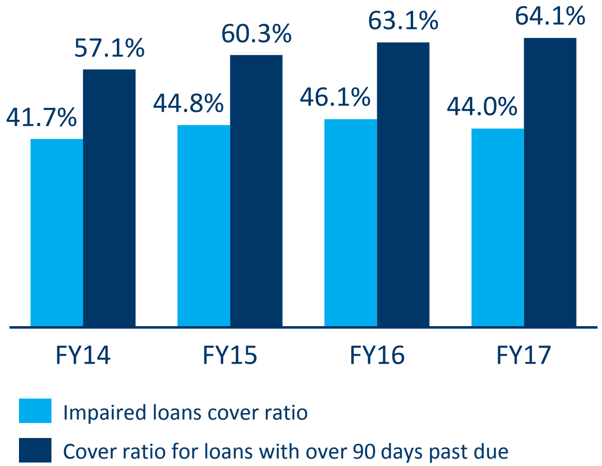


Robust Asset Quality

Impaired loans ratios, of which over 90 days past due



Cover Ratio



CREDIT COST RATIO	FY17	FY16	FY15	FY14	AVERAGE '99 –'17
Belgium	**0.09%**	0.12%	0.19%	0.23%	n/a
Czech Republic	**0.02%**	0.11%	0.18%	0.18%	n/a
International Markets	**-0.74%**	-0.16%	0.32%	1.06%	n/a
Group Centre	**0.40%**	0.67%	0.54%	1.17%	n/a
Total	**-0.06%**	**0.09%**	**0.23%**	**0.42%**	**0.47%**

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

Contents

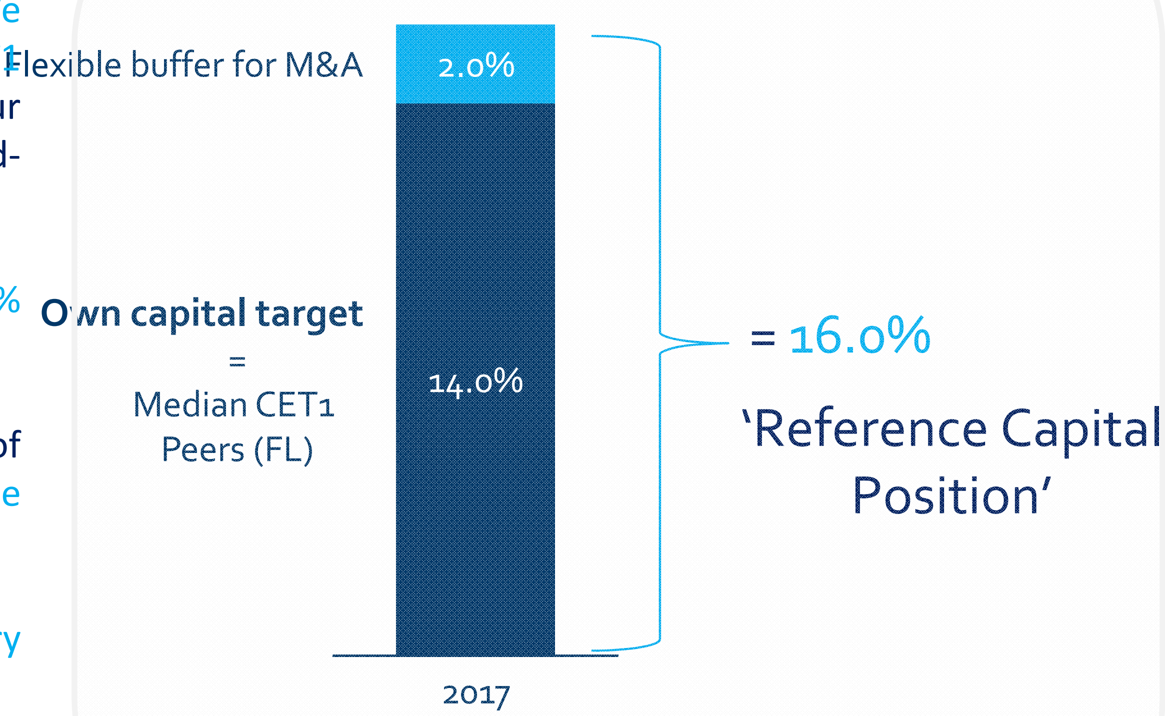
KBC aims to be one of the better capitalised financial institutions in Europe

- As a starting point, we assess each year 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[1]. The median CET1 of our peers increased from 13.6% end-2016 to 14% end-2017.

- KBC Group wants 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 the 'Own Capital Target' of KBC Group, and all together forms the 'Reference Capital Position'

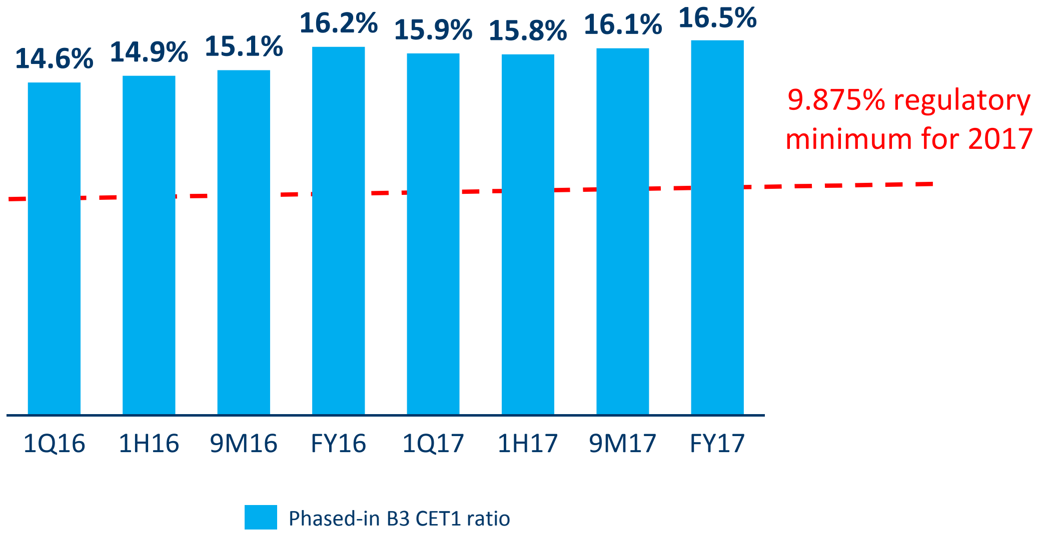
- Any M&A opportunity will be assessed subject to very strict financial and strategic criteria



1. The impact of B4 will be fully included at the start of 2022 (Note that all Basel 4 proposals are applicable in 2022, except for the 72.5% floor which is gradually phased-in and only binding for KBC as of 2027).

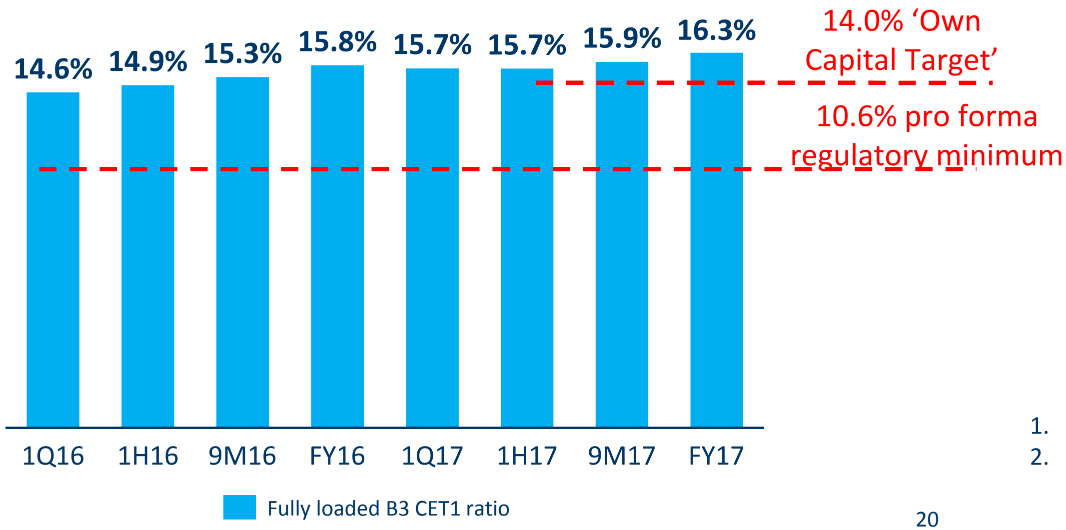
Strong capital position

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



- **Common equity ratio (B3 phased-in) of 16.5%** based on the Danish Compromise at end 2017, which **clearly exceeds** the minimum capital requirements set by the competent supervisors of 9.875% for 2018

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

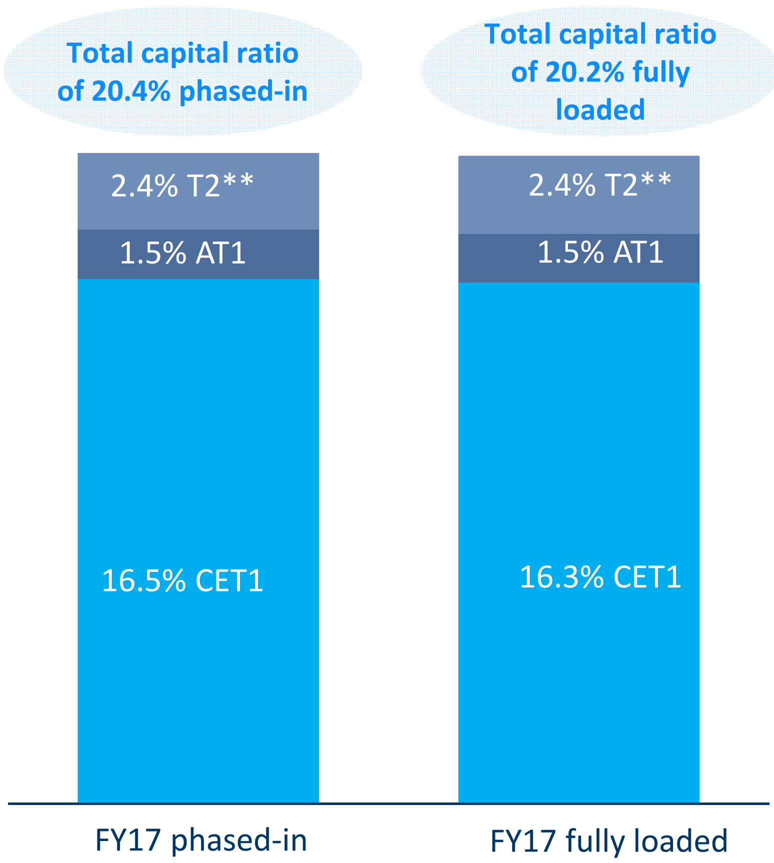


- **A fully loaded common equity ratio increased by 0.4% q-o-q at 16.3%** based on the Danish Compromise. This **clearly exceeds** the minimum capital requirements set by the competent supervisors of 10.6%[1] and our 'Own Capital Target' of 14.0%
- The **pro forma[2] fully loaded CET1 ratio amounted to roughly 15.7% at the end of 2017**

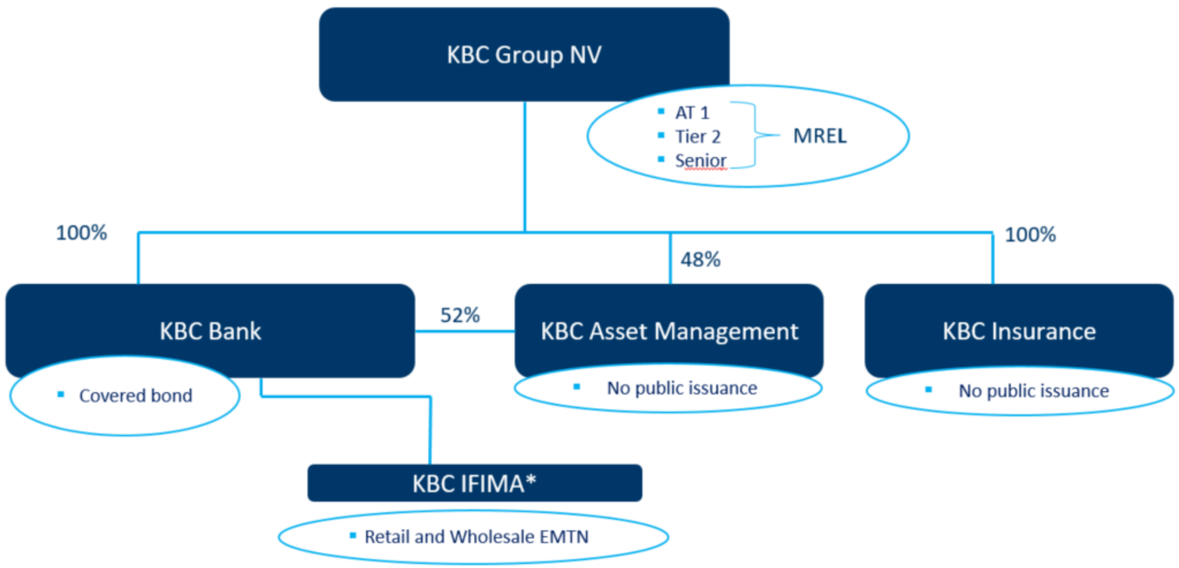
1. Excludes a pillar 2 guidance (P2G) of 1.0% CET1
2. Also taking into account the impact of the first-time application of IFRS 9 (estimated at approximately -41bps on our fully loaded CET1 ratio) and the share buy-back

KBC Group total capital position and issuance vehicles

Total Capital Ratio*



KBC Group Structure



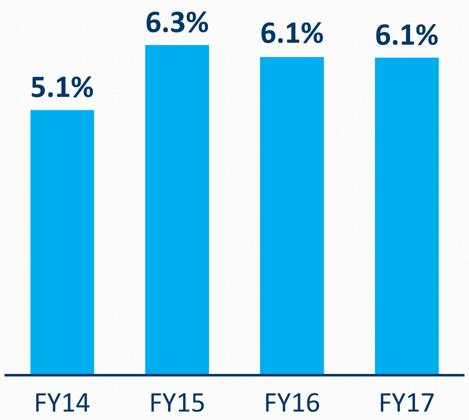
* All debt obligations of KBC IFIMA are unconditionally and irrevocably guaranteed by KBC Bank.

* Basel 3, Danish Compromise

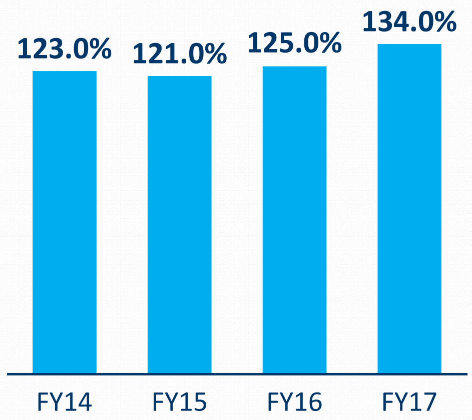
** We called the Tier 2 CoCo in January 2018. Hence, the capital value of the CoCo has already been excluded from Tier 2. The impact of the Tier 2 CoCo call is largely offset by the successful issuance of a 500m EUR Tier 2 benchmark in September 2017.

Leverage, Solvency II ratio and Liquidity

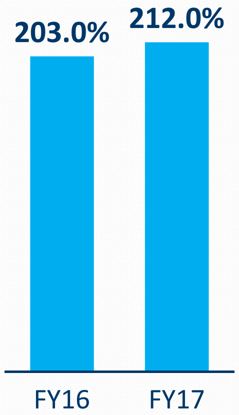
Fully loaded Basel 3 leverage ratio at KBC Group



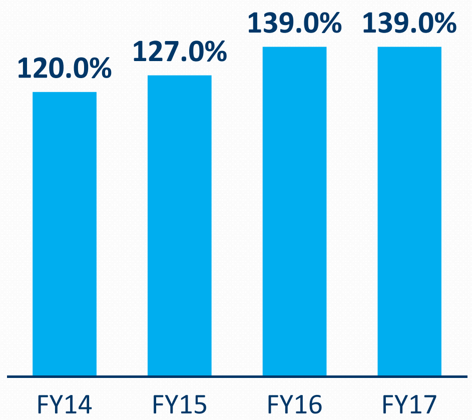
NSFR



Solvency II ratio at KBC Group*



LCR



* On 19 April 2017, the NBB retroactively relaxed the strict cap on the loss absorbing capacity of deferred taxes in the calculation of the required capital. Belgian insurance companies are allowed from 2017 to apply a higher adjustment for deferred taxes, in line with general European standards, if they pass the recoverability test. This is the case for KBC

Contents

Transaction rationale

Regulatory Requirements

- **Ensure continuity meeting our AT1 needs**
  - The AT1 is being issued in contemplation of potential future call of the existing AT1 securities[1]
  - Maintain maximum MDA buffer to facilitate distribution payments
  - Keep flexible and efficient capital structure

Leverage

- **Further strengthen the Group's leverage ratio position**

MREL

- **Add to the Group's MREL-eligible resources ahead of communication of the formal SRB target (expected in 2Q 2018)**

Ratings

- **Maintain equity credit from rating agencies**
  - Supports S&P Risk Adjusted Capital (RAC) and Moody's Loss Given Failure (LGF)

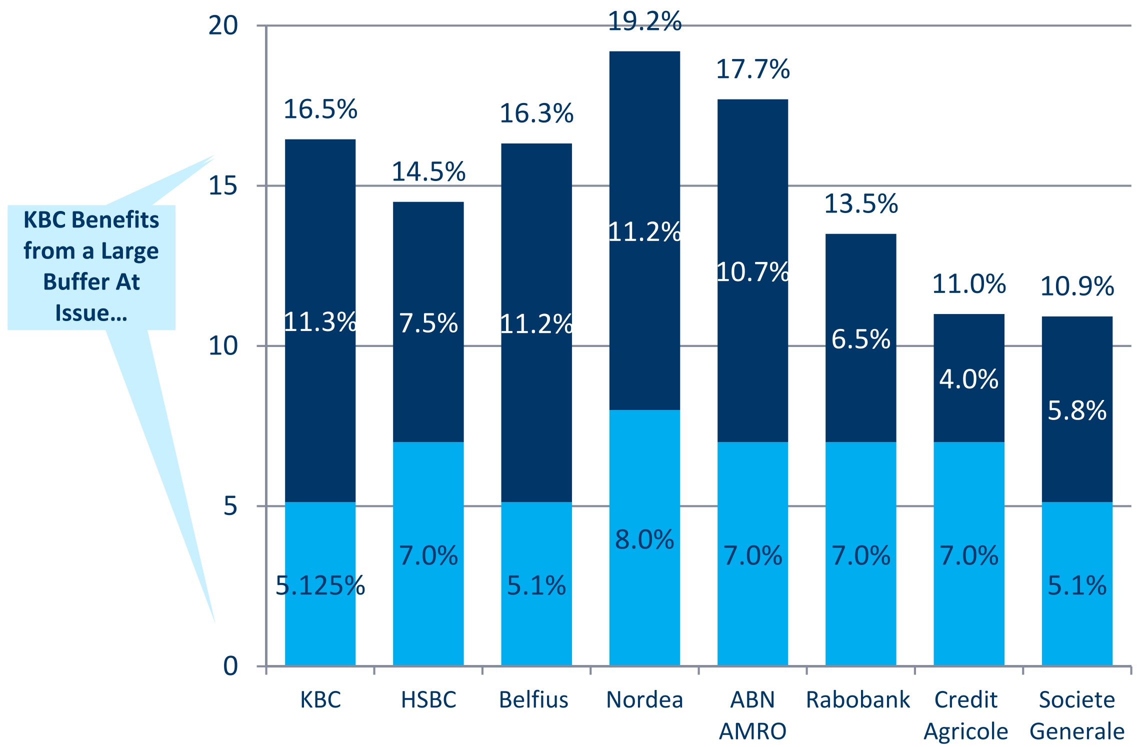
Structure

- **Keep structural changes to a minimum**
  - Longer PerpNC 7.5 tenor and switch to semi-annual interest payment frequency
  - Few additional technical changes to reflect EBA AT1 Guidelines

1 Any decision to call the existing AT1 securities (March 2019) will be taken in the context of the issuer's financial position (and other relevant factors) at the relevant time and will be subject to any required regulatory (and other) approvals and pre-conditions being satisfied.

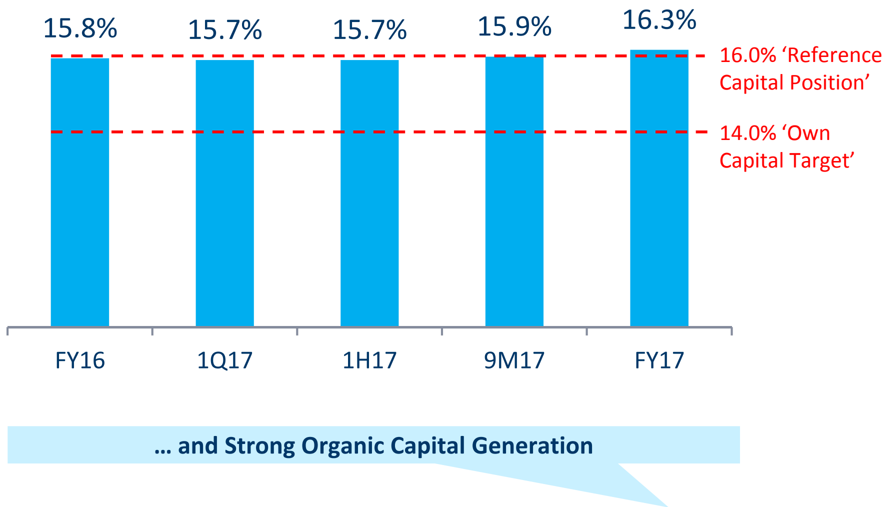
KBC maintains a very strong capital buffer to trigger…

Buffer to Trigger Position vs Selected AT1 Issuers (at Issue)*

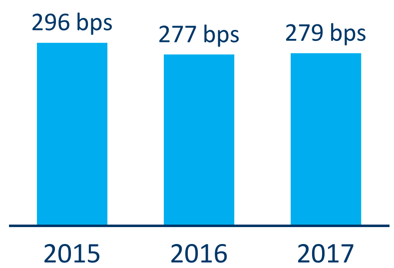


Buffer at Issue**	€10.4bn	€52.8bn	€5.4bn	€14.4bn	€11.1bn	€13.9bn	€22.0bn	€19.8bn

Fully Loaded Basel 3 CET1 Ratio at KBC Group

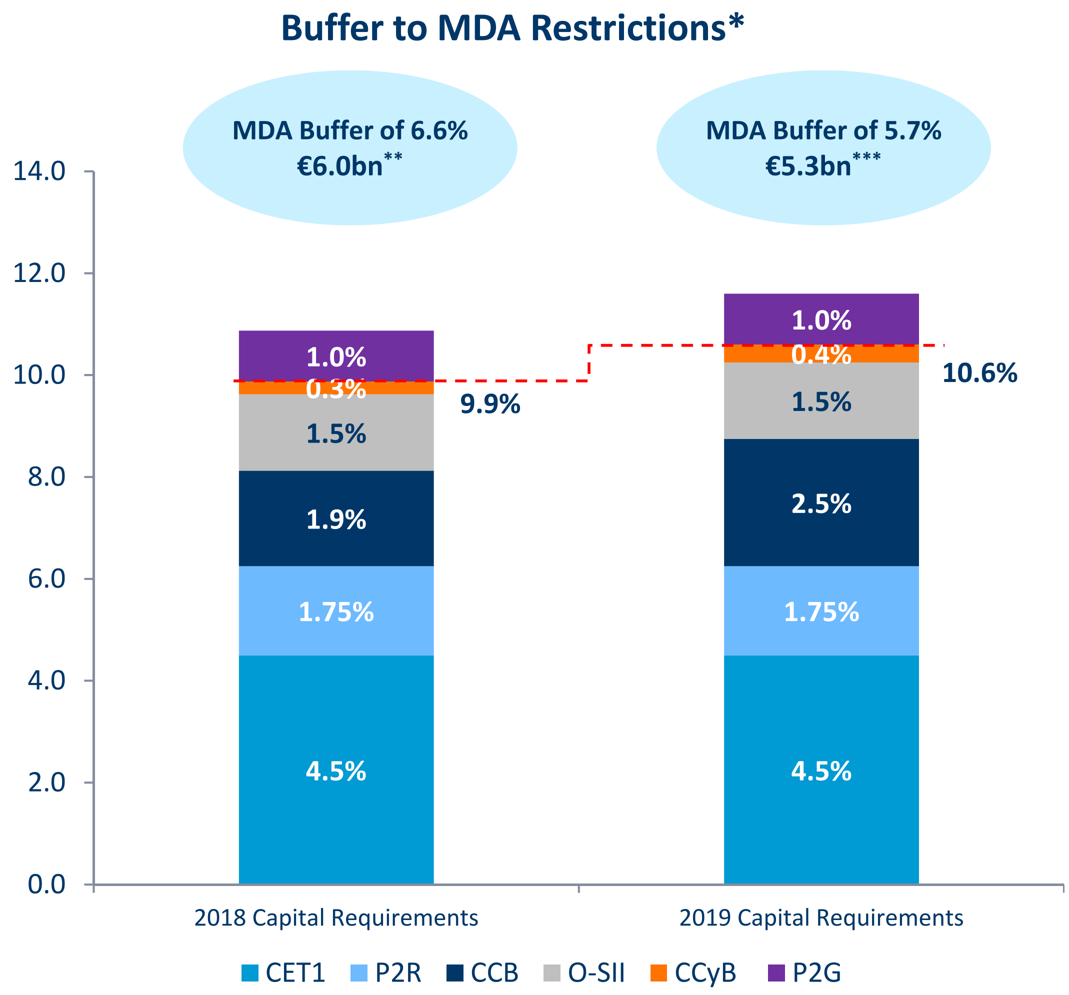


CET1 generation before any distribution***



*Consolidated trigger taken for Belfius; Group triggers taken for Nordea, ABN AMRO, Rabobank, Credit Agricole
**On a phased-in basis , based on KBC Group FY 2017 16.5% phased-in CET1 ratio
*** Calculated based on the fully loaded year-end Risk Weighted Assets

… and low risk of coupon restrictions



MDA Buffer

- KBC has a robust buffer to MDA restrictions
  - EUR 6.0bn / 6.6% buffer versus a phased-in CET1 requirement of 9.875% as at YE 2017
  - EUR 5.3bn / 5.7% versus a fully loaded CET1 requirement of 10.6%
- KBC has a own CET1 target of 14%, well above current and future requirements
- KBC's healthy ongoing earnings generation provide continuous protection against the risk of coupon cancellations

Available Distributable Items

- Strong ADI position at KBC Group level of EUR 6.4bn as at 31 December 2017

* Assumes AT1 and Tier 2 buckets remain filled
** Based on phased-in RWAs of €92.0bn
*** Based on fully-loaded RWAs of €92.4bn

Mitigating key risks to investors

Ongoing Distributions

- KBC operates with a particularly strong capital position (16.5% phased-in and 16.3% fully loaded as at YE 2017)
- KBC maintains robust minimum CET1 targets at 14.0% (own capital target) and 16.0% (reference capital position)
- KBC high CET1 generation before any distribution in recent years (>200bps)
- Announced Basel 4 and FTA IFRS9 impacts are moderate -130 bps CET1 and 41 bps on the fully loaded CET1 ratio at year-end 2017 respectively
- KBC currently intends to respect the hierarchy of capital instruments when making discretionary coupons
  - AT1 coupons expected to remain modest in comparison to KBC's total discretionary distributions and the cost of the existing AT1 transaction
- KBC has a robust buffer to MDA of 6.6% / €6.0bn versus a phased-in CET1 requirement of 9.875% in 2018
- Historically, KBC has not skipped any coupon payments on its publicly held CRD II Tier 1 instruments to date
- ADI position remains strong at EUR 6.4bn as at end 2017

Principal Loss Absorption

- Same loss absorption trigger at the lowest level permissible under CRD IV (5.125%) and on a phased-in basis
- KBC has a strong capital position with phased-in CET1 ratio of 16.5% as at YE 2017
  - There is currently a c.11.3% capital buffer vs. trigger, which represents approx. EUR 10.4bn[1]
- The proposed AT1 uses the same temporary write-down mechanism as the 2014 transaction
  - Allows the Securities to be gradually written up again (subject to MDA restrictions) with profits once the Group returns to financial health and the Group's capital position is above the trigger level
- The Securities can only be called at par protecting the investors from below par redemptions

1. Based on phased-in RWAs of €92.0bn

Overview of summary terms

Issuer	▪ KBC Group NV (the "Issuer")
Instrument	▪ Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Securities (the "Securities")
Ranking	▪ Deeply subordinated and senior only to ordinary shares of the issuer and any other instrument ranking *pari passu* with such ordinary shares, or otherwise junior to the issuer's obligations under the securities
Issuer Ratings	▪ Baa1/BBB+/A (Moody's, S&P, Fitch)
Instrument Rating	▪ Expected to be rated BB by S&P and BB+ Fitch
Currency / Size	▪ EUR [●] MM
Issue Format	▪ PerpNC 7.5
Optional redemption	▪ Callable on the First Call Date and every interest payment date thereafter ▪ Callable on Tax or Regulatory event ▪ Securities callable at the Prevailing Principal Amount plus accrued interest, but only if the Prevailing Principal Amount is equal to the Original Principal Amount ▪ Subject to regulatory approval (if required)
Coupon	▪ Fixed rate of [●]% per annum until (but excluding) the First Call Date, reset every 5 years thereafter (non-step) ▪ Payable semi-annually
Coupon Cancellation	▪ Non-cumulative ▪ Fully discretionary ▪ Mandatory cancellation upon insufficient distributable items, if payment exceeds MDA or if ordered by Competent Authority

Principal Write-down	▪ Temporary write-down upon the occurrence of a Trigger Event
	▪ The write-down amount will be the lower of
	  ▪ The amount of write-down required to cure the Trigger Event *pro rata* with similar loss absorbing instruments; and
	  ▪ The amount necessary to reduce the Prevailing Principal Amount of the securities to 1 cent

Trigger Event	▪ Issuer's consolidated CET1 Ratio < 5.125% (on a transitional basis)
Return to Financial Health	▪ Gradual write-up[1] to the Original Principal Amount if a positive Consolidated Net Profit of the Issuer is recorded ▪ Fully discretionary write-up and pro rata with other similar instruments ▪ Subject to the Maximum Write-up Amount and to the MDA
SubVar	▪ Upon Regulatory, Tax event or to ensure the enforceability of Statutory Loss Absorption
PONV	▪ Statutory, contractual recognition of Statutory Loss Absorption powers in terms and conditions

1. Write-up will be based on the applicable transitional CET1 definition using the Danish Compromise

KBC

Structural side-by-side

	KBC	HSBC	Belfius	Nordea	ABN·AMRO	Rabobank
Issue Date	[•] 2018	19 Mar 2018	25 Jan 2018	21 Nov 2017	27 Sept 2017	19 Apr 2016
Coupon	[•]%	6.25% / 6.50%	3.625%	3.5%	4.75%	6.625%
Size & Currency	€[•] MM	$2,250 / $1,750 MM	€500 MM	€750 MM	€1,000 MM	€1,250 MM
Call Date	PerpNC 7.5	PerpNC5 / NC10	PerpNC7.25	PerpNC7	PerpNC10	PerpNC5
Coupon Cancellation	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
Issue Ratings	- / BB / BB+	Baa3 / - / BBB	Ba2 / BB / -	- / BBB / BBB	- / - / BB+	Baa3 / - / BBB-
CET1 Trigger Level	5.125% Group	7.00% Group	5.125% Conso / Solo	8.00% Group/ 5.125% Solo	7.00% Group/ 5.125% Bank / 5.125% Bank Solo	7.00% Group 5.125% Solo
Loss Absorption Mechanism	Temporary Write-Down	Equity Conversion	Temporary Write-Down	Temporary Write-Down	Temporary Write-Down	Temporary Write-Down
Early Redemption Events	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory	Tax, Regulatory
PONV	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
Listing	Euronext Brussels	Irish Stock Exchange	Euronext Brussels	Irish Stock Exchange	Euronext Amsterdam	Irish Stock Exchange

Appendices

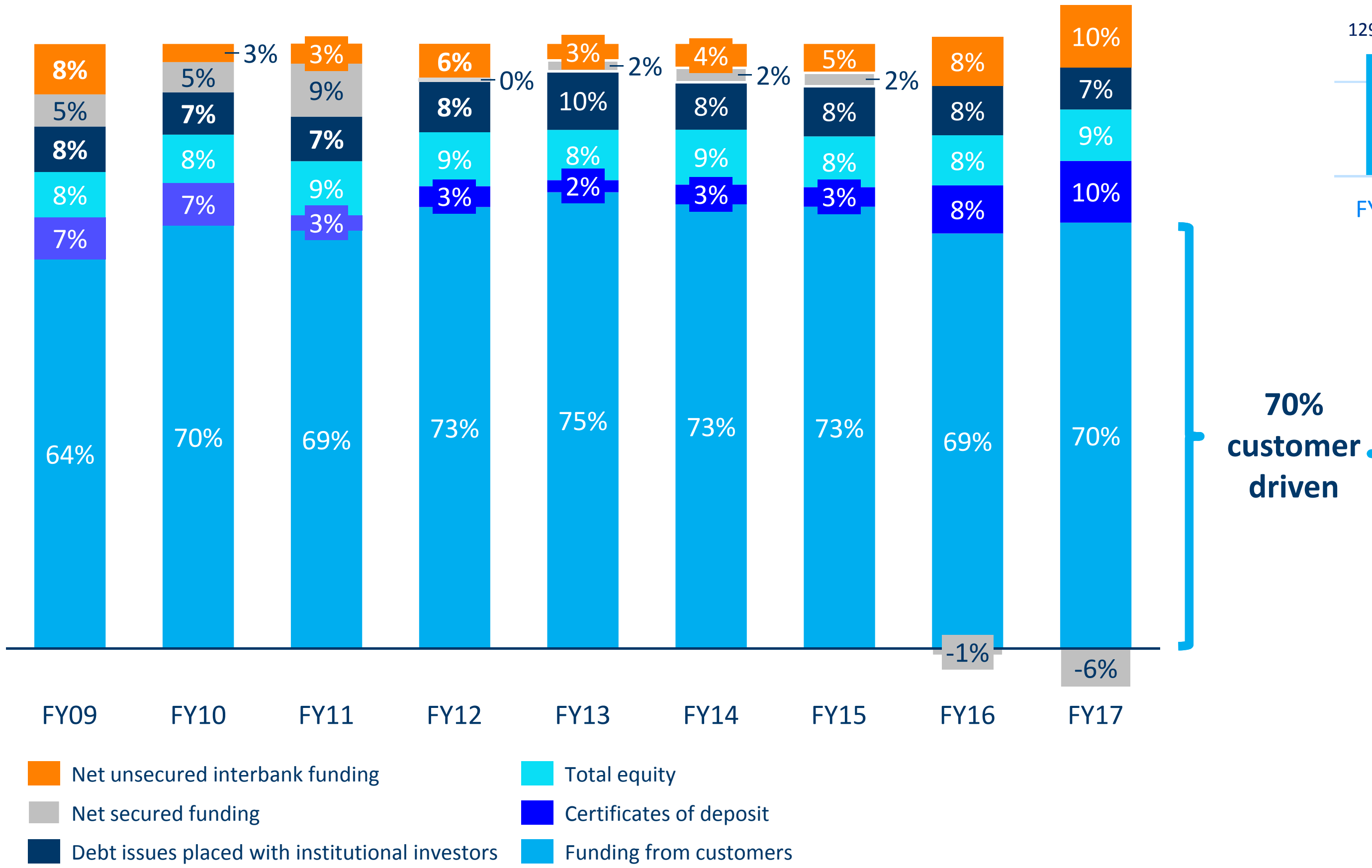
1 Liquidity and upcoming maturity funding

2 Resolution strategy and MREL

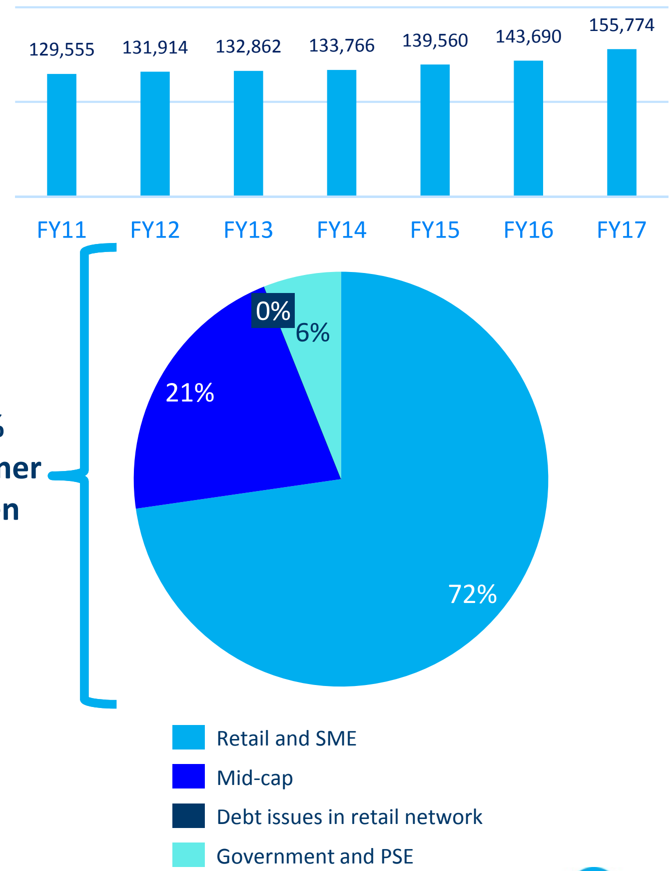
3 Glossary

Solid liquidity position

- 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
- Customer funding further increased y-o-y in FY17. The elevated amount in certificates of deposit and short-term wholesale funding is on the back of short-term EUR/USD and EUR/CZK basis swap arbitrage opportunities



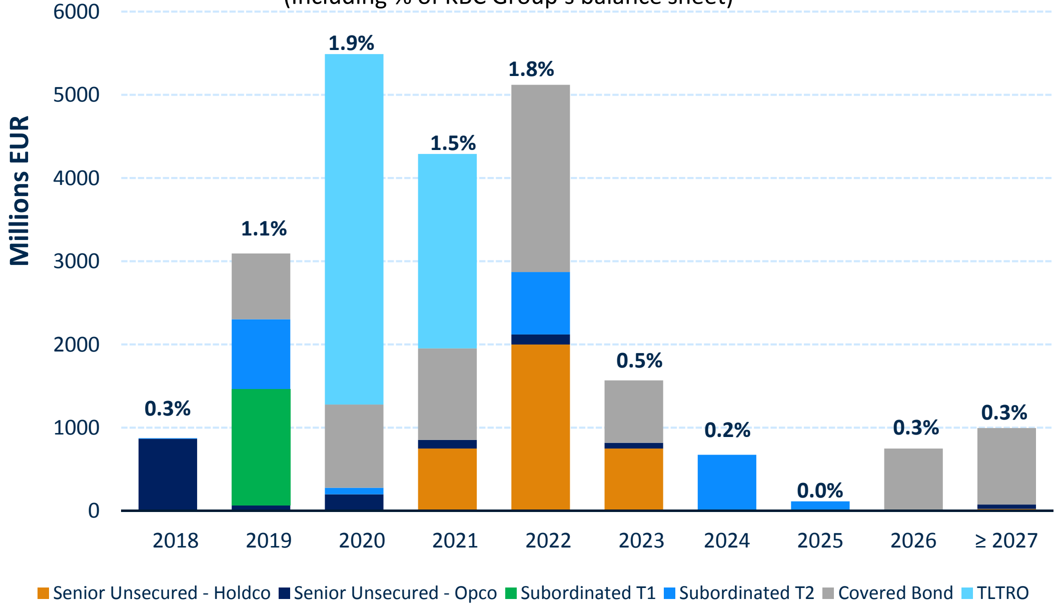
Funding from customers (m EUR)

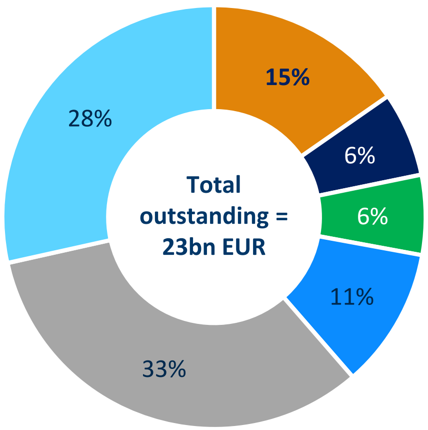


Upcoming mid-term funding maturities

Breakdown Funding Maturity Buckets

(Including % of KBC Group's balance sheet)



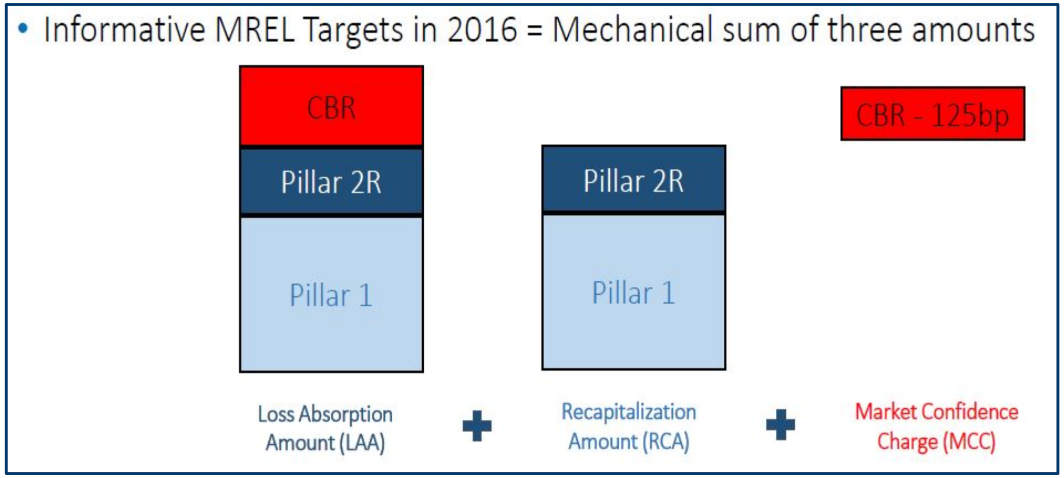


- KBC Bank has successfully issued covered bonds of 750mn EUR with 8-year maturity and 250mn EUR with 20-year maturity in March 2018

- 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

Resolution strategy for KBC

- SRB has informally confirmed its support for KBC’s preference for a **Single Point of Entry** approach at the level of KBC Group with **bail-in as primary resolution tool**
- SRB has not formally communicated the binding MREL target at this point in time (expected in 2Q18)
- The mechanical approach published by SRB on 28 November 2016 showed an indicative target of 26.25% as a % of RWA



Source: SRB, 4th Industry Dialogue 28/11/2016

Applied to KBC (on a fully loaded basis):

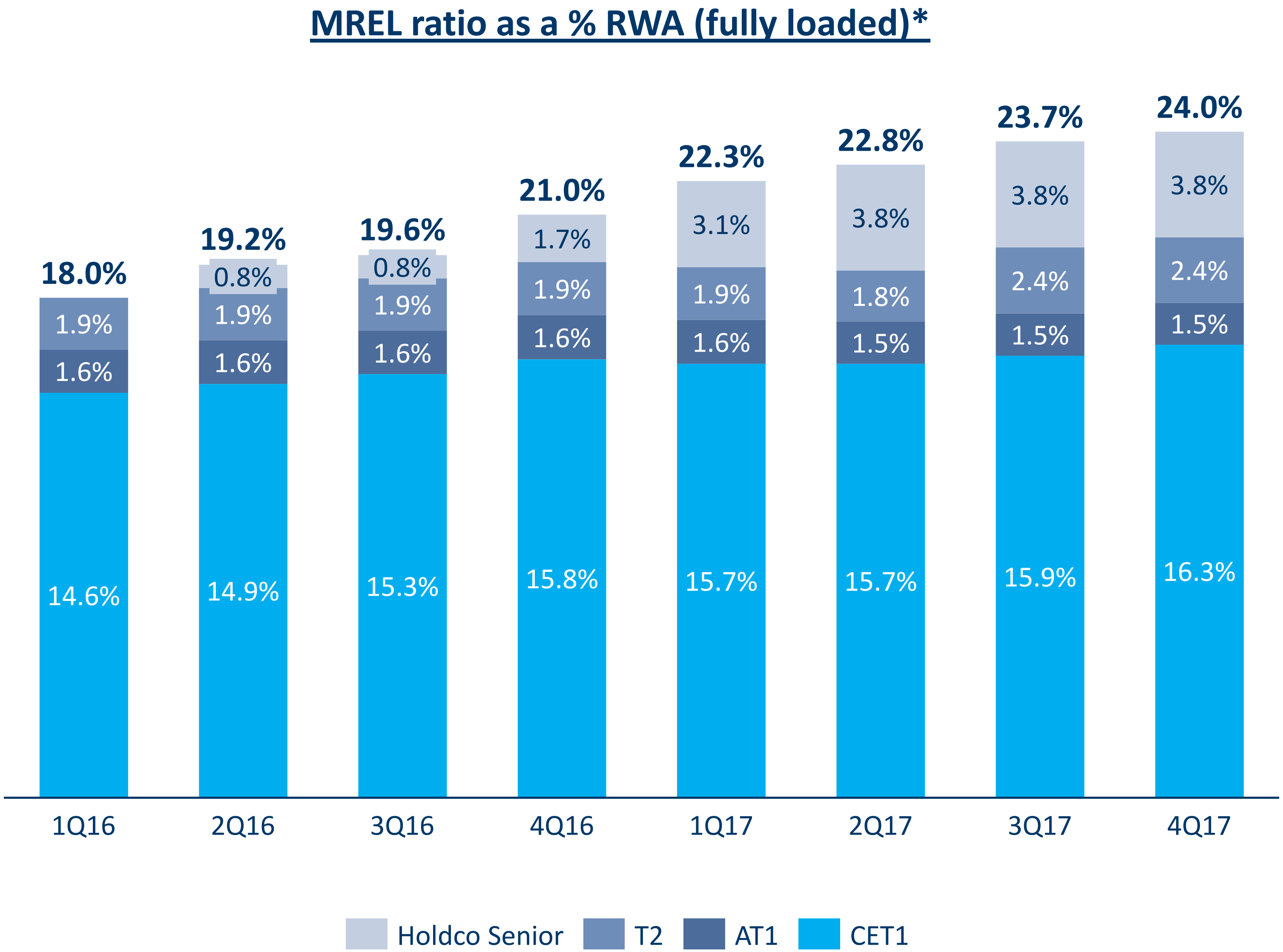
	2 x P1	2 x 8%
+	2 x P2R	2 x 1.75%
+	2 x CBR	2 x (2.5%+1.5%) (*)
-	1.25%	-1.25%

Indicative target = 26.25% as % of RWA

(*) excluding countercyclical buffers that will be introduced in 2017

- Given the SPE approach at KBC Group level, KBC aims to satisfy MREL with instruments issued by KBC Group NV

Available MREL based on KBC resolution strategy (instruments issued by KBC Group only)



* Basel 3, Danish Compromise

Glossary (1/2)

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

Glossary (2/2)

MARS	Mortgage Arrears Resolution Strategy
MREL	Minimum requirement for own funds and eligible liabilities
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale assets]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian Federal and Flemish Regional governments, it will be deducted from the numerator (pro rata)
TLAC	Total loss-absorbing capacity

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