4Q2016

KBC Group Extended Quarterly Report

KBC

Management certification of financial statements and quarterly report

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

Forward-looking statements

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

Glossary of ratios used

See separate section at the end of this report.

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KBC Group

Report for 4Q2016 and FY2016

This report contains information that is subject to transparency regulations for listed companies.
Date of release: 9 February 2017

Summary: Strong fourth-quarter result of 685 million euros, leading to a full-year profit of 2.4 billion euros

In an environment of persisting low interest rates, firm economic growth in Central Europe and Ireland, and more modest growth in Belgium, KBC turned in a strong performance by posting net profit of 685 million euros in the fourth quarter of 2016, compared with 629 million euros in the preceding quarter and an exceptional 862 million euros in the fourth quarter of 2015 (or 441 million euros excluding two major one-off items in that quarter). For full year 2016, our net result amounted to 2 427 million euros, compared with 2 639 million euros for 2015 (2 218 million euros excluding the two main one-off items). Moreover, our lending and deposit volumes continued to grow in 2016, as did sales of both non-life and life insurance products. Our already solid solvency and liquidity positions strengthened further.

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

- Both our banking and insurance franchises in our core markets and core activities continued to perform well.
- Lending to our customers increased by 1%, with volumes going up in all countries except Ireland. Deposits from our customers went up by 6%.
- Net interest income – our main source of income – continued to be impacted by the climate of low interest rates, but its quarter-on-quarter decrease was less than 1% thanks to offsetting factors such as healthy lending growth and lower funding costs. Our average net interest margin stood at 1.90% in the fourth quarter, similar to the quarter-earlier level. For full year 2016, our net interest margin stood at 1.92%.
- The premium income we earned on our non-life insurance products increased by 2%, while claims fell by 4%. Consequently, the non-life combined ratio for FY2016 ended up at a good 93%. Following a relatively weak third quarter, sales of life insurance products increased strongly by 17%, partially because of seasonal effects.
- Our net fee and commission income went up again, rising by 2% mainly on account of management fees and loan-related fees. Assets under management increased further, going up by 2% to 213 billion euros.
- Trading and fair value income more than tripled, thanks to a better performance in the dealing room, a higher mark-to-market valuation of derivatives used for asset/liability management purposes and positive changes in our valuation adjustments.
- Our operating expenses were up 8% on their level in the previous quarter, due to a one-off expense for early retirement and seasonal effects. Strict cost management resulted in a cost/income ratio for FY2016 of 55% (57% when adjusted for specific items).
- Loan loss impairment stood at 54 million euros in the quarter under review, which brought the cost of credit to an excellent, but unsustainably low, 0.09% of our loan portfolio for full year 2016.
- Our liquidity position remained solid, as did our capital base, with a common equity ratio of 15.8% (fully loaded, Danish compromise). This compares positively to the new target of 10.40% set by the regulators to be reached by 2019 (with additional pillar 2 guidance (P2G) of 1.0% CET1).

Johan Thijs, our group CEO, adds:

'Once again KBC continues to perform very well, as reflected in an overall increase in lending, deposits, sales of life and non-life insurance products and in assets under management in 2016. This shows clients continue to entrust their deposits and assets to us and count on us to help them realise and protect their projects. We're firing on all cylinders at KBC and the results show that our client-centric approach is paying off.

The fourth quarter was characterised by an almost stable level of net interest income, increased net fee and commission income and significantly higher trading and fair value income. Costs were up, due in part to a one-off item, and loan loss impairment increased somewhat on the exceptionally low level of the previous quarter. Overall, we managed to generate a strong result of 685 million euros in this quarter, which brings our profit for the full year to 2 427 million euros, a fine result indeed and one for which we want to explicitly thank our employees.

On the strategic front, our acquisition of United Bulgarian Bank and Interlease will enable CIBANK and DZI Insurance to become the largest bank-insurance group in Bulgaria, a country in which we look forward to developing our bank-insurance business further. In addition to this strategic move, we decided to make Ireland one of our core countries. It is a sound and attractive market in which we wish to play a more active role.

The solvency and liquidity positions of our group remained strong– even after paying an interim dividend in November – and comfortably surpassed the new minimum capital requirements set by the regulators in December, namely a fully loaded minimum CET1 ratio of 10.40% under Basel III, excluding additional regulatory guidance of 1%.

Consequently, we will propose to the General Meeting of Shareholders in May to set the full (gross) dividend for 2016 at 2.80 euros per share, meaning that – after subtracting the 1 euro interim dividend per share that was paid in November 2016 – the final gross dividend to be paid in May will be 1.80 euros per share. This is in line with the dividend payment policy for this year and the years ahead.

Our aim for 2017 is to build on the momentum of previous years and, in particular, to maintain our role in society as a client-centric organisation. Our bank-insurance model, supported by solid liquidity and capital bases, allows us to generate sustainable results. However, the continuing low level of interest rates remains a challenge for the entire financial sector. And as political uncertainty creates volatility on the financial markets, it makes our fee business more challenging. Fundamentally, we are continuing to invest in the future and to pro-actively roll out our financial technology plans so we can serve our clients even better than we already do today.'

Overview KBC Group (consolidated)	4Q2015	3Q2016	4Q2016	FY2015	FY2016
Net result, IFRS (in millions of EUR)	862	629	685	2 639	2 427
Basic earnings per share, IFRS (in EUR)*	-0.36	1.47	1.61	3.80	5.68
Breakdown of the net result, IFRS, by business unit (in millions of EUR)					
Belgium	348	414	439	1 564	1 432
Czech Republic	119	145	131	542	596
International Markets	61	106	139	245	428
Group Centre	334	-36	-24	287	-29
Parent shareholders' equity per share (in EUR, end of period)	34.5	36.2	38.1	34.5	38.1

* Note: if a coupon had been paid on the core-capital securities sold to the Flemish Regional Government (in 2015) and a coupon was paid on the additional tier-1 instruments included in equity, it was deducted from the numerator (*pro rata*). If a penalty had to be paid on the core-capital securities (in 2015), it was likewise deducted.

The core of our strategy

- Our core strategy remains focused on providing bank-insurance products and services to retail, SME and mid-cap clients in Belgium, Bulgaria, the Czech Republic, Hungary and Slovakia. We have now also defined Ireland as our sixth core country.
- Established in a number of different countries, we are a group of some 38 000 talented individuals who work together and share a common culture. Our culture is paramount to building our strategy, which consists of four interacting cornerstones:

  We strive to offer our clients a unique bank-insurance experience.

  We develop our group with a long-term perspective in order to achieve sustainable and profitable growth.

  We put our clients' interests at the heart of what we do and strive to offer them high quality service and relevant solutions at all times.

  We take our responsibility towards society and local economies very seriously and aim to reflect that in our everyday activities.
- We are convinced that our strategy – powered by our culture and the efforts of our people – helps us earn, keep and grow trust day by day and, therefore, gives us the capacity to become the reference in our core markets.

Highlights in the quarter under review

- In mid-December 2016, we were informed by the European Central Bank (ECB) of its new minimum capital requirements. Following the Supervisory Review and Evaluation Process (SREP) performed for 2016, the ECB formally notified KBC of its decision to set a pillar 2 requirement (P2R) of 1.75% common equity tier 1 (CET1) and a pillar 2 guidance (P2G) of 1.0% CET1. The capital requirement for KBC Group is determined not only by the ECB, but also by the decisions of the various local competent authorities in KBC's core markets. Adding these national requirements brings the CET1 requirement (under the Danish Compromise) to 10.40% (11.25% in the previous year) with an additional 1% guidance (P2G). At the close of the fourth quarter of 2016, KBC's fully loaded CET1 ratio came to 15.8%, well above the new CET1 requirement.
- On 30 December 2016, we agreed to acquire United Bulgarian Bank (UBB) and Interlease for a total consideration of 610 million euros. This deal will enable us to become the largest bank-insurance group in Bulgaria. KBC has been present in the Bulgarian banking sector since 2007 through its subsidiary CIBANK. The combination of UBB and CIBANK will result in the creation of the third-largest banking group in Bulgaria in terms of assets, with a market share of approximately 11%. Potential synergies (in terms of both revenue and costs) are estimated at approximately 20 million euros (pre-tax, 2023). KBC has also been active in the Bulgarian life and non-life insurance sectors through its subsidiary DZI Insurance. UBB, CIBANK and DZI together will become the largest bank-insurance group in Bulgaria, one of KBC's core markets, boasting strong macroeconomic fundamentals and characterised by a high degree of underpenetration of financial services compared to

developed, Western European markets. The parties involved in the deal expect it to be concluded during the second quarter of 2017 at the latest.

- In February 2017 (post-reporting period), we confirmed our long standing commitment of 40 years to the Irish market. Ireland will become one of the group's core markets, alongside Belgium, Bulgaria, the Czech Republic, Hungary and Slovakia. As a consequence, KBC Bank Ireland will strive to achieve a share of at least 10% in the retail and micro-SME market, and plans to develop similar bank-insurance operations to our other core markets. KBC Bank Ireland will accelerate its efforts and investments in expertise and resources to evolve fully into a digital-first client-centric bank, while continuing to carefully and efficiently manage its legacy portfolio for maximum recovery. The bank will further target retail and micro-SME clients. Life and non-life insurance products will continue to be offered through partnerships and collaboration.

- We are continuing to pro-actively roll-out our financial technology plans so we can serve our clients even better going forward.

  The Happy@Home initiative is designed to make life easier for households by bringing outside help closer to them. Households often find it time-consuming and far from straightforward to source external help. KBC is the first financial institution to offer a service – through an ecosystem –that allows clients to use a digital platform to purchase domestic help, garden maintenance and other specific home services.

  In December, Google's Android Pay launched in Ireland and is available to KBC customers who can now use their Android phone to pay for goods and services at a point of sale. KBC is one of the first banks in Ireland to offer customers this more convenient way to make mobile payments.

  At the end of the year. ČSOB SmartBanking welcomed its 100.000th user in Slovakia. The app is already used by more than 30% of the bank's client portfolio and it makes CSOB SmartBanking one the bank applications with the highest penetrations in central Europe.

  KBC has agreed in principle with six other banks to develop a ground-breaking shared platform that aims to make domestic and cross-border trade easier for European small and medium-sized enterprises (SMEs) by harnessing the power of distributed ledger technology ('blockchain'). This group of seven banks intends to collaborate on the development and commercialisation of a new product called Digital Trade Chain (DTC). The KBC product, which won the Efma-Accenture Innovation Award for 'best new product or service of 2016' in October, is designed to seamlessly connect the parties involved in a trade transaction online and via mobile devices. It will simplify trade finance processes for SMEs by addressing the challenge of managing, tracking and securing domestic and international trade transactions.

- At the end of 2016, the renowned London-based International Banker magazine named Johan Thijs 'Banking CEO of the Year in Western Europe' for 2016. It also honoured KBC Belgium with awards in the categories 'Best Innovation in Retail Banking Belgium' and 'Private Bank of the Year Belgium' for 2016. The International Banker Awards are voted for by the magazine's readership and a jury comprising financial journalists. International Banker described Johan Thijs as the personification of the values promoted by KBC, and also praised the company's trademark transparency.

  At the start of 2017, Euronext Brussels named KBC Securities 'Equity Finance House of the Year' and 'Belgian SME Brokerage House of the Year'. These awards are granted to the major players on the Brussels stock markets for their achievements over the previous year.

Overview of our results and balance sheet

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

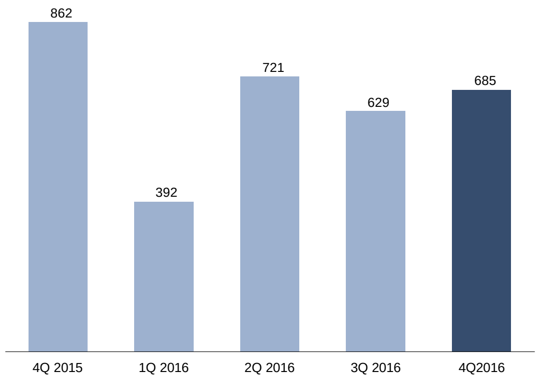
Consolidated income statement, IFRS KBC Group (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016	FY 2015	FY 2016
Net interest income	1 066	1 067	1 070	1 064	1 057	4 311	4 258
Interest income	1 725	1 720	1 654	1 673	1 593	7 150	6 642
Interest expense	-659	-653	-585	-609	-537	-2 839	-2 384
Non-life insurance (before reinsurance)	147	145	141	164	178	611	628
Earned premiums	*338*	*341*	*349*	*357*	*363*	*1 319*	*1 410*
Technical charges	*-191*	*-196*	*-208*	*-193*	*-185*	*-708*	*-782*
Life insurance (before reinsurance)	-51	-35	-38	-34	-44	-201	-152
Earned premiums	*445*	*426*	*402*	*336*	*413*	*1 301*	*1 577*
Technical charges	*-496*	*-461*	*-440*	*-370*	*-457*	*-1 502*	*-1 728*
Ceded reinsurance result	-10	-8	-13	-1	-15	-29	-38
Dividend income	12	10	36	12	19	75	77
Net result from financial instruments at fair value through P&L	-68	93	154	69	224	214	540
Net realised result from available-for-sale assets	30	27	128	26	8	190	189
Net fee and commission income	371	346	360	368	376	1 678	1 450
Fee and commission income	533	507	517	525	552	2 348	2 101
Fee and commission expense	-162	-161	-157	-157	-176	-670	-651
Other net income	47	51	47	59	101	297	258
Total income	1 543	1 697	1 885	1 727	1 903	7 148	7 211
Operating expenses	-962	-1 186	-904	-895	-963	-3 890	-3 948
Impairment	-472	-28	-71	-28	-73	-747	-201
on loans and receivables	-78	-4	-50	-18	-54	-323	-126
on available-for-sale assets	-21	-24	-20	-7	-4	-45	-55
on goodwill	-344	0	0	0	0	-344	0
other	-29	-1	-1	-3	-15	-34	-20
Share in results of associated companies and joint ventures	5	7	6	9	5	24	27
Result before tax	114	489	916	814	871	2 535	3 090
Income tax expense	749	-97	-194	-184	-186	104	-662
Net post-tax result from discontinued operations	0	0	0	0	0	0	0
Result after tax	863	392	721	629	685	2 639	2 428
attributable to minority interests	0	0	0	0	0	0	0
attributable to equity holders of the parent	**862**	**392**	**721**	**629**	**685**	**2 639**	**2 427**
Basic earnings per share (EUR)*	-0.36	0.91	1.69	1.47	1,61	3.80	5.68
Diluted earnings per share (EUR)*	-0.36	0.91	1.69	1.47	1,61	3.80	5.68

* Note: if a coupon had been paid on the core-capital securities sold to the Flemish Regional Government (in 2015) and a coupon was paid on the additional tier-1 instruments included in equity, it was deducted from the numerator (*pro rata*). If a penalty had to be paid on the core-capital securities (in 2015), it was likewise deducted.

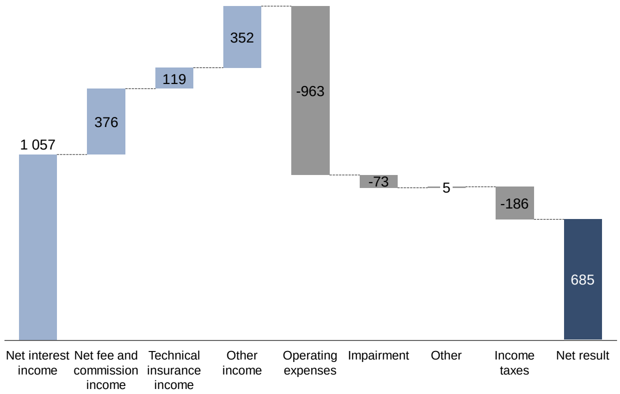
Key consolidated balance sheet figures KBC Group (in millions of EUR)	31-12-2015	31-03-2016	30-06-2016	30-09-2016	31-12-2016
Total assets	252 356	261 551	265 681	266 016	275 200
Loans and advances to customers	128 223	129 703	131 383	131 973	133 231
Securities (equity and debt instruments)	72 623	72 860	73 494	72 774	73 262
Deposits from customers and debt certificates	170 109	173 646	175 870	170 425	177 730
Technical provisions, before reinsurance	19 532	19 619	19 724	19 745	19 657
Liabilities under investment contracts, insurance	12 387	12 508	12 427	12 506	12 653
Parent shareholders’ equity	14 411	14 335	14 834	15 135	15 957

Analysis of the quarter (4Q2016)

Net result (in millions of EUR)



Breakdown of net result for 4Q2016 (in millions of EUR)



The net result for the quarter under review amounted to 685 million euros, compared to 629 million euros in the previous quarter and 862 million euros in the corresponding quarter a year earlier (or 441 million euros excluding the two main one-off items in that quarter, i.e. the positive effect of the liquidation of KBC Financial Holding Inc. and the negative effect of the large impairment on goodwill).

Total income up 10% quarter-on-quarter: net interest income only marginally down, net fee and commission income slightly up, good non-life result, life insurance sales rebound and strong increase in trading and fair value

- Our net interest income in the quarter under review (1 057 million euros) was only marginally down on the level recorded in the previous quarter (less than -1%) and on the year-earlier quarter (also less than -1%). The low level of interest rates continues to weigh on reinvestment yields in the investment book. In addition, the contribution to interest income made by the dealing room was lower and pressure on margins persists. However, the impact of these items was almost entirely offset by lower funding costs, rate cuts on saving accounts, the further expansion of the investment book and higher lending-related interest income (thanks to volume growth (see below)). As a result, our net interest margin came to 1.90% for the quarter under review, a similar level compared to the previous quarter, and 5 basis points lower than the level of the year-earlier quarter. As mentioned, interest income continued to be supported by loan volume growth: our total lending volume went up both quarter-on-quarter (by 1%) and year-on-year (by 4%). The volume of deposits went up by 6% quarter-on-quarter and 10% year-on-year.
- Technical income from our non-life and life insurance activities (gross earned premiums less gross technical charges and the ceded reinsurance result, which came to 119 million euros) was down 8% on its quarter-earlier level and up 38% on its year-earlier level.

  Non-life insurance activities contributed 163 million euros to technical insurance income, on a par with the previous quarter but up 19% on the year-earlier quarter. Total earned premiums from our non-life insurance activities rose by 2% quarter-on-quarter and 7% year-on-year, with all countries making a positive contribution to this growth, while non-life insurance claims were lower quarter-on-quarter (-4%) and year-on-year (-3%). The reinsurance result was -15 million in the fourth quarter of 2016, compared to -1 million euros in the previous quarter and -10 million euros in the year-earlier quarter. As a result, our combined ratio for full year 2016 came to a fine 93% (a slight deterioration on the 91% for full year 2015).

  Life insurance activities contributed -44 million euros to technical insurance income, compared to -34 million euros in the previous quarter and -51 million euros in the year-earlier quarter. Following a relatively weak third quarter, aggregate sales of our unit-linked and guaranteed-interest life insurance products increased by 17%. Year-on-year sales of life insurance fell slightly (-2%).

  During the fourth quarter of 2016, investment income derived from insurance activities was down 4% on its level of the previous quarter, and up 20% on the year-earlier quarter. The quarter-on-quarter deterioration was driven primarily by lower net interest income and the net realised result from available-for-sale assets, while the year-on-year improvement was due chiefly to much lower impairment on available-for-sale assets.

- In the quarter under review, our total assets under management increased quarter-on-quarter (+2% to 213 billion euros), driven mainly by positive price performance while net entries were flat. Our total assets under management were up 2% year-on-year as well, thanks primarily to another positive price performance (+3%), somewhat mitigated by negative net sales (-1%). Asset management services are one of the main drivers of our net fee and commission income, which continued to improve (up 2% quarter-on-quarter and 1% year-on-year to 376 million euros), owing essentially to increased management fees on investment products and higher credit and guarantee-related fees.
- The net result from financial instruments at fair value (trading and fair value income) stood at a high 224 million euros in the fourth quarter of 2016, compared to 69 million euros in the previous quarter and -68 million euros in the year-earlier quarter. The figure for the fourth quarter of 2015 had been negatively impacted by a one-off translation difference relating to the liquidation of KBC Financial Holdings Inc. (-156 million euros, though largely offset by the positive tax impact – see below). The remaining quarter-on-quarter and year-on-year changes were primarily driven by the higher valuation of derivative instruments used for asset/liability management purposes, a higher level of income generated by the dealing rooms and a substantial positive impact of valuation adjustments (MVA/CVA/FVA) primarily because of lower exposure and model changes.
- All other income items amounted to an aggregate 128 million euros, 31 million euros more than in the previous quarter and 39 million euros more than in the year-earlier quarter. The figures for the fourth quarter of 2016 include 8 million euros in gains realised on the sale of securities, 19 million euros of dividend income and 101 million euros of other net income (which contains a number of one-off items totalling 51 million euros).

Operating expenses up 8% quarter-on-quarter, but in line with their year-earlier level

- Our operating expenses amounted to 963 million euros in the quarter under review, which is 8% higher than the previous quarter. It includes items such as a one-off expense for early retirement in Belgium, as well as seasonally higher marketing costs, ICT expenses and professional fees. Year-on-year, costs stayed at the same level owing to a number of factors, including lower bank taxes in that quarter, mitigated by the one-off expense for early retirement in Belgium. As a result, the full-year cost/income ratio of our banking activities stood at 55%, the same level as in 2015.

Loan impairment charges: up slightly quarter-on-quarter, but still an extremely low credit cost ratio of 0.09% for full year 2016

- Loan loss impairment charges stood at 54 million euros in the quarter under review, up on the extremely low 18 million euros recorded in the previous quarter but down on the 78 million euros recorded a year earlier. Broken down by country, loan loss impairment in the fourth quarter of 2016 came to 46 million euros in Belgium (including KBC Bank's limited branch network abroad), 11 million euros in the Czech Republic, 7 million euros in Slovakia, 5 million euros in the Group Centre and a net release (with a positive impact) of 1 million euros in Hungary, 1 million euros in Bulgaria and 12 million euros in Ireland. For the entire group, loan loss impairment in 2016 accounted for a very low 0.09% of the total loan portfolio. At the end of December 2016, some 7.2% of our loan book was classified as impaired (3.90% was impaired and more than 90 days past due); in both cases, this is a gradual improvement on the situation at the beginning of the year (8.6% and 4.8%, respectively).
- Impairment on assets other than loans stood at 19 million euros, compared to 10 million in the third quarter of 2016 and a high 394 million euros in the fourth quarter of 2015. The latter had included significant impairment on goodwill (344 million) relating largely to group companies in Bulgaria and Slovakia.

Income tax expense

- There was an income tax charge of 186 million euros in the fourth quarter of 2016, compared to 184 million euros in the previous quarter and a tax credit of 749 million euros in the year-earlier quarter. The latter figure was accounted for by the liquidation of KBC Financial Holding Inc. (the loss in paid-up capital at KBC Bank was tax-deductible for the parent company at the moment of liquidation).

Results per business unit

- Our quarterly profit of 685 million euros breaks down into 439 million euros for the Belgium Business Unit, 131 million euros for the Czech Republic Business Unit, 139 million euros for the International Markets Business Unit and -24 million euros for the Group Centre. A full results table and a short analysis per business unit are provided in the 'Results per business unit' section of the quarterly report, while more information for each business unit is also given in the analyst presentation (both available at www.kbc.com).

Strong fundamentals: equity, solvency and liquidity

- At the end of December 2016, our total equity (including our additional tier-1 issues) stood at 17.4 billion euros, up 1.5 billion euros on its level at the beginning of the year. The change during 2016 resulted from the inclusion of the profit for that period (+2.4 billion euros), changes in the valuation of the cash flow reserve (-0.2 billion euros), the payment of an interim dividend in November (-0.4 billion euros), remeasurements of defined benefit plans (-0.2 billion euros) and a number of minor items.
- Our solvency ratios continue to comfortably exceed the regulators' current joint solvency targets for 2016 (a minimum CET1 ratio of 10.25%, Basel III, phased-in under the Danish compromise) and also surpass the new target (a minimum CET1 of 10.40% by 2019 (Basel III, fully loaded under the Danish compromise), with additional pillar 2 guidance (P2G) of 1.0% CET1). At 31 December 2016, our common equity ratio (Basel III, under the Danish compromise) stood at a strong 16.2%

(phased-in) or 15.8% (fully loaded), while our leverage ratio (Basel III, fully loaded) came to 6.1%. Although impacted by a cap (on the use of deferred tax assets) imposed by the Belgian regulator, the solvency ratio for KBC Insurance under the new Solvency II framework was a sound 203% at 31 December 2016 (and 214% without this cap).

- Our liquidity position remained at an excellent level, as reflected in an LCR ratio of 139% and an NSFR ratio of 125% at the end of December 2016.

Analysis of full year 2016

Our aggregate result for full year 2016 amounted to 2 427 million euros, compared with 2 639 million euros a year earlier.

Compared with the previous year, the result for 2016 was characterised by:

- A slightly lower level of net interest income (-1% to 4 258 million euros), due primarily to the current environment of low interest rates, the adverse impact of losses on prepaid mortgages and the lower level of interest income generated by the dealing room, but partly offset by lower funding costs and higher interest income from lending activities. The deposit volume increased (+10%), as did the lending volume (+4%). The net interest margin for 2016 amounted to 1.92%, down 10 basis points year-on-year.
- A higher contribution made by technical insurance results (gross earned premiums less gross technical charges and the ceded reinsurance result: +15% to 438 million euros), due to higher earned premiums both in the life and non-life segments, though partly offset by higher claims and technical charges. In non-life insurance, the resulting year-to-date combined ratio stood at 93%. In life insurance, sales were up 18%, with growth in sales of both interest-guaranteed and unit-linked products.
- Lower net fee and commission income (-14% to 1 450 million euros), due to lower levels of entry fees on investment products, management fees (driven by the asset mix) and securities-related fees. At the end of December 2016, total assets under management stood at 213 billion euros, a 2% year-on-year increase resulting from a 1% net outflow and a 2% average price increase.
- A significantly higher net result from financial instruments at fair value (+152% to 540 million euros), partly due to the fact that 2015 had been negatively impacted by the liquidation of KBC Financial Holdings Inc. (-156 million euros; though largely offset by the positive tax impact – see below), higher dealing room income and higher value adjustments (CVA, MVA, FVA).
- A small decrease in all other income items combined (-7% to an aggregate 524 million euros). It includes roughly the same amount of net realised gains from available-for-sale assets (189 million euros, including the gain on the sale of Visa Europe shares recorded in the second quarter), slightly higher dividend income (+2% to 77 million euros) and lower other net income (-13% to 258 million euros).
- Slightly higher operating expenses (+1% to 3 948 million euros), owing essentially to higher bank taxes (up 5%), ICT costs and the one-off expense of 33 million euros for early retirement in the fourth quarter, somewhat mitigated by lower facilities expenses. As a result, the full-year cost/income ratio came to 55%, the same year-earlier level.
- Significantly lower loan loss impairment charges (-61% to 126 million euros). The improvement came about largely on account of Ireland, where there was a net impairment release of 45 million euros in 2016, compared to a net addition of 48 million euros the year before. As a result, the credit cost ratio for the whole group stood at an excellent but unsustainable 0.09%.
- An income tax charge of 662 million euros, compared to a tax credit of 104 million in 2015, which had benefited from the positive tax impact relating to the liquidation of KBC Financial Holding Inc.

Selected ratios for the KBC group (consolidated)	FY2015	FY2016
Profitability and efficiency		
Return on equity	22%	18%
Cost/income ratio, banking	55%	55%
Combined ratio, non-life insurance	91%	93%
Solvency		
Common equity ratio according to Basel III Danish Compromise method (phased-in)	15.2%	16.2%
Common equity ratio according to Basel III Danish Compromise method (fully loaded)	14.9%	15.8%
Common equity ratio according to FICOD method (fully loaded)	14.0%	14.5%
Leverage ratio according to Basel III (fully loaded)	6.3%	6.1%
Credit risk		
Credit cost ratio	0.23%	0.09%
Impaired loans ratio	8.6%	7.2%
for loans more than 90 days overdue	4.8%	3.9%
Liquidity		
Net stable funding ratio (NSFR)	121%	125%
Liquidity coverage ratio (LCR)	127%	139%

Statement of risk

- As we are mainly active in banking, insurance and asset management, we are exposed to a number of typical risks for these financial sectors such as – but not limited to – credit default risk, counterparty credit risk, concentration risk, movements in interest rates, currency risk, market risk, liquidity and funding risk, insurance underwriting risk, changes in regulations, operational risk, customer litigation, competition from other and new players, as well as the economy in general. Although we closely monitor and manage each of these risks within a strict risk framework containing governance and limits, they may all have a negative impact on asset values or could generate additional charges beyond anticipated levels.
- At present, a number of items are considered to constitute the main challenges for the financial sector in general and, as a consequence, are also relevant to us. Regulatory uncertainty regarding capital requirements is a dominant theme for the sector. Current major regulatory initiatives relate to capital charges for credit risk, operational risk, trading risk, ALM risk and enhanced consumer protection. Another ongoing challenge remains the low interest rate environment despite the recent uptrend at the longer end of the curve. If low rates were to persist, this would put considerable pressure on the long-term profitability of banks and especially insurers. The financial sector also faces the potential systemic consequences of political and financial developments like Brexit and protectionist measures in the US, which will have an impact on the European economy. Moreover, EU political risks are growing given that multiple elections are to take place in 2017 and because concerns remain about the banking sector in certain countries, such as Italy. Financial technology is an additional challenge for the business model of traditional financial institutions. Finally, cyber risk has become one of the main threats during the past few years, not just for the financial sector, but for the economy as a whole.
- On the macroeconomic front, the world's economic environment in the fourth quarter of 2016 was relatively favourable. Recent data show a broad-based strengthening of growth and inflation in the global economy. Expectations about the US president's expansionary policies have boosted sentiment in the US, which has had positive spill-over effects in both developed and emerging economies. Led by the favourable developments after the presidential election in the US, the growth environment in other developed economies and in the emerging markets improved further at the end of 2016. Moreover, the better-than-expected data confirm our view that the current expansionary phase will continue. The base effects of rising commodity prices are pushing up headline inflation. Indeed, in response to the general improvement of economic conditions, a recovering labour market, heightened inflation expectations and rising bond yields, the Federal Reserve decided to up its policy rate by 25 basis points in December 2016, one year after the previous rate hike. This, together with the heightened inflationary expectations has led to a sharp upward correction in bond yields and to an appreciation of the US dollar against the euro.
- Risk management data is provided in our annual reports, extended quarterly reports and dedicated risk reports, all of which are available at www.kbc.com.

Views and guidance

- Our view on interest rates and foreign exchange rates: given the political uncertainty in 2017, intra-EMU spreads are likely to be volatile and may even widen temporarily ahead of the upcoming political events. The presidential election in France is the most important event-related risk in this regard. We are working on the assumption that the euro area will 'survive' its election calendar of 2017 and that intra-EMU spreads will eventually ease again to about their current levels by the end of 2017. After December 2017, we expect the ECB to start 'real tapering' and, therefore, the QE programme will last well into 2017. Based on its own earlier communication, we expect the ECB not to raise its policy rate until well after its QE programme has come to an end, i.e. not before the end of 2018. In the meantime, the Fed has stated that it will stick to its policy of gradual rate adjustments, but has revised up the number of times it expects to raise rates to three in 2017. For 2018, we forecast two more rate hikes, although the risks are tilted to the upside, as wage inflation could accelerate if Trump's policies become genuinely expansionary.

  As a result, we expect the US dollar to appreciate further against the euro as it will benefit from interest rate support thanks to the divergence in policy being pursued by the Fed and ECB. We expect German and US long-term bond yields to increase only gradually during the coming period. A lot of the expansionary effects of the US president's policies are already priced in. Given the above, the upward potential for German yields remains limited. Some downward correction of (mainly US) bond yields is possible, should the US not deliver on its policy promises to the same extent that the markets are currently pricing in.
- Our view on economic growth: we expect a further modest expansion for the euro area economy, driven by the growth engine of Germany. The main risks stem from political events and from the growing trend of de-globalisation. German growth will most likely accelerate again in the coming quarters as consumption benefits from a further tightening of the German labour market and the increased minimum wage. Furthermore, public-sector investments are also increasing. However, the German economy may also suffer from the growing trend of de-globalisation. As Germany has always been the main export engine of the euro area, this also poses a risk to other open economies in the euro area. The most significant risks stem from political events, with multiple elections on the horizon and the start of Brexit negotiations. These will cause additional uncertainty that could potentially spill over to the real economy in the form of more pessimistic sentiment and a postponement of investments.

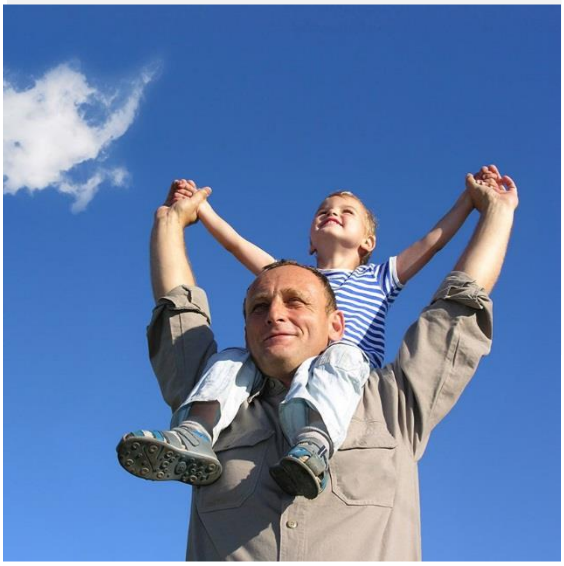
- Our guidance on KBC's results for 2017: we anticipate solid returns for all our business units. We see the current credit cost ratio as being unsustainably low. For Ireland, in particular, our guidance for loan impairment charges is for a release of 25-75 million euros for the full year.
- It will be proposed to the Annual General Meeting of Shareholders that the total gross dividend for financial year 2016 amount to 2.80 euros per share entitled to dividend. As the group already paid an interim dividend of 1 euro in November 2016, the final gross dividend for financial year 2016 will amount to 1.80 euros per share (ex-date: 9 May 2017; record date: 10 May 2017; payment date: 11 May 2017).

Additional information

- The statutory auditor, PwC Bedrijfsrevisoren bcvba/Reviseurs d'Entreprises sccrl, represented by Roland Jeanquart and Tom Meuleman, has confirmed that its audit work, which is substantially complete, has not to date revealed any significant matters requiring adjustments to the 2016 consolidated income statement, the condensed consolidated statement of comprehensive income for the year, the consolidated balance sheet and the consolidated statement of changes in equity and explanatory notes, comprising a summary of significant accounting policies and other explanatory notes included in this press release.
- Financial calendar for 2017:
  - 31 March 2017: 2016 Annual Report and 2016 Risk Report
  - 4 May 2017: Annual General Meeting
  - 11 May 2017: Publication of 1Q 2017 results
  - 10 August 2017: Publication of 2Q 2017 results
  - 16 November 2017: Publication of 3Q 2017 results

KBC Group

4Q2016 results by business unit



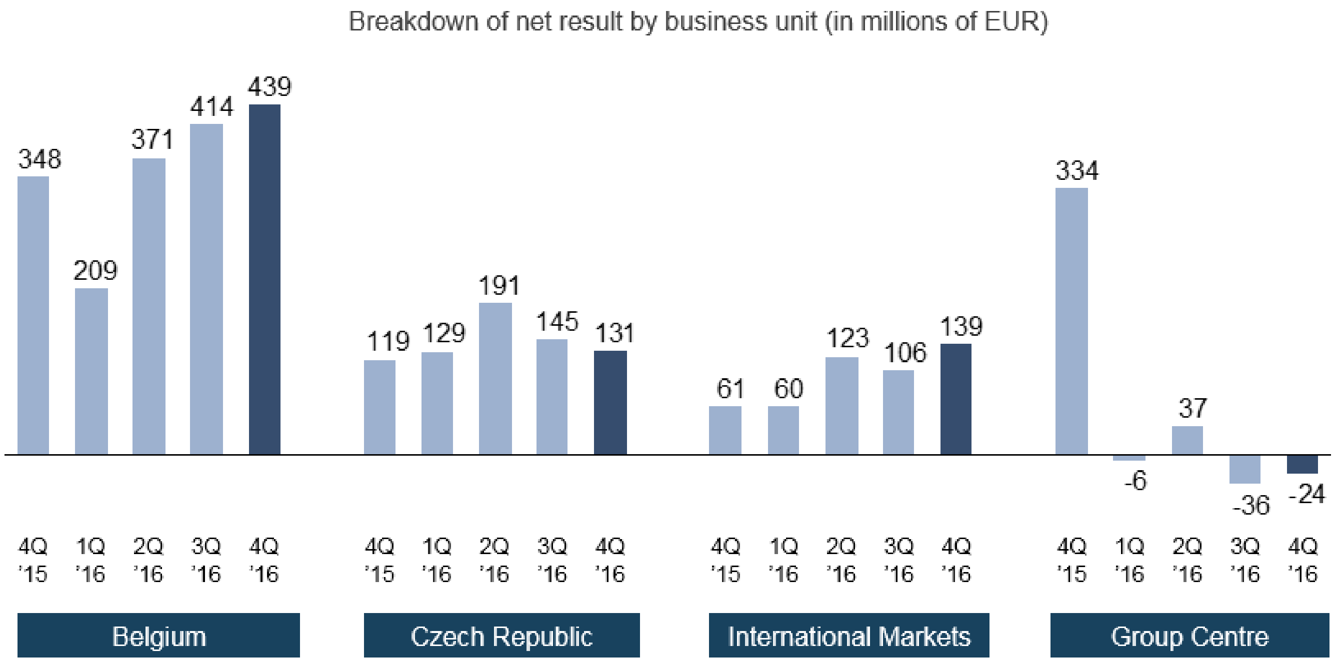
Unless otherwise stated, all amounts are given in euros.

Business unit overview

Our segments or business units

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

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



Belgium Business Unit

- The business unit's net result amounted to 439 million in 4Q2016, up on the 414 million recorded in 3Q2016 and on the 348 million posted in 4Q2015.
- Total income in 4Q2016 was up on its quarter-earlier level (+67 million or +6%). *Net interest income* (-29 million or -4%) continued to be hit by the climate of low interest rates (which leads to lower reinvestment yields), a lower level of prepayment fees following a decrease in home loan prepayments and less interest income being generated by the dealing room. However, these items were partly offset by other items such as lending volume growth (see below), lower funding costs, increased volumes in current accounts and the positive effect of enhanced ALM management. *Net fee and commission income,* on the other hand, was up quarter-on-quarter (+8 million or +3%), thanks largely to higher asset management-related fees. *Trading and fair value income* was up (+105 million) owing to the higher level of income generated by the dealing room, an increase in the value of derivatives used for asset/liability management purposes and the positive effect of various model-related market value adjustments. *Realised gains on available-for-sale assets* were down (-6 million or -48%). *Dividend income* was up (+5 million), due largely to the dividend received from Visa Belgium NV, while *other net income* went up (+14 million or +26%). Following a strong third quarter, our *non-life insurance activities* (earned premiums minus technical charges, plus the impact of ceded reinsurance) turned in a somewhat weaker technical performance and decreased by 16 million in the quarter under review, due mainly to the fact that the previous quarter's performance had been boosted by relatively large reinsurance recoveries. On the other hand, sales of *life insurance* products rose again (+11%), thanks entirely to higher sales of guaranteed-interest products in the quarter under review. However, sales of life insurance products fell due to a technical issue.
- Volume growth was a mixed big in 4Q2016. The loan book on the balance sheet increased slightly by 1% quarter-on-quarter to 92 billion (due in part to mortgage loan growth), while customer deposits increased by 7% to 125 billion. There was also a small 2% increase in total assets under management (to 199 billion), almost entirely by the positive price effect (+2%) in the quarter under review. Life reserves in Belgium stood at 27 billion, marginally up 0.2% on the level of the previous quarter.
- Costs were up on the previous quarter (+26 million or +5%), which was accounted for mainly by higher ICT costs, traditionally high marketing expenses and professional fees, and a number of negative one-off costs, including a 20 million provision for early retirement (announced in November). The resulting cost/income ratio for FY2016 stood at 54% (or 55% excluding a number of exceptional items) compared to 50% for FY2015 (or 53% excluding exceptional items). The combined ratio for non-life insurance stood at a very good 92% in FY2016 (FY2015: 90%).
- At 46 million, loan loss impairment was up on the low 33 million registered in the previous quarter, as a result of changes to IBNR parameters. Gross impairment remained low in all other segments. Overall, this resulted in what is still a very favourable credit cost ratio of 0.12% in FY2016. Impaired loans fell further to 3.3% of the loan book by the end of December 2016. Impairment on assets other than loans stood at 14 million in 4Q2016 and included ICT-related impairment and some impairment on available-for-sale assets (mainly in the insurance investment portfolio).

Belgium Business Unit (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	691	688	682	680	651
Non-life insurance (before reinsurance)	104	107	94	118	122
Earned premiums	*250*	*248*	*251*	*256*	*257*
Technical charges	*-146*	*-141*	*-158*	*-138*	*-135*
Life insurance (before reinsurance)	-63	-49	-50	-47	-62
Earned premiums	*329*	*335*	*327*	*257*	*298*
Technical charges	*-391*	*-384*	*-377*	*-304*	*-360*
Ceded reinsurance result	-8	-8	-7	11	-8
Dividend income	9	8	27	10	15
Net result from financial instr. at fair value through P/L	51	20	66	69	174
Net realised result from available-for-sale assets	26	23	49	12	6
Net fee and commission income	270	255	264	272	279
Other net income	41	46	44	53	66
Total income	1 121	1 090	1 169	1 177	1 244
Operating expenses	-554	-774	-573	-529	-556
Impairment	-52	-30	-48	-41	-60
on loans and receivables	*-34*	*-6*	*-28*	*-33*	*-46*
on available-for-sale assets	*-18*	*-24*	*-20*	*-7*	*-7*
on goodwill	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*-1*	*-7*
Share in results of associated companies & joint ventures	0	-1	0	1	0
Result before tax	515	286	548	608	628
Income tax expense	-166	-77	-177	-193	-189
Result after tax	349	209	371	414	439
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**348**	**209**	**371**	**414**	**439**
Banking	*288*	*176*	*303*	*330*	*371*
Insurance	*60*	*33*	*68*	*84*	*68*
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	42 157	43 112	42 697	42 537	42 566
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	891	1 652	1 639	1 782	1611
Allocated capital (end of period)	5 985	6 071	6 016	6 142	5 974
Return on allocated capital (ROAC)	24%	14%	25%	28%	29%
Cost/income ratio, banking	50%	74%	50%	47%	45%
Combined ratio, non-life insurance	98%	92%	100%	86%	92%
Net interest margin, banking	1.85%	1.86%	1.84%	1.78%	1.72%

Czech Republic Business Unit

- The business unit's net result amounted to 131 million in 4Q2016, down on the145 million recorded in the previous quarter but up on the 119 million posted in the year-earlier quarter.
- Total income was up compared with the figure recorded in the previous quarter (+8 million or +2% compared to 3Q2016). Notwithstanding the negative impact of continuing low interest rates, *net interest income* was comparable to its quarter-earlier level (+2 million or +1%), thanks in part to the positive effects of a cut in the savings account rate, higher lending volumes and the positive effect of enhanced ALM management. *Net fee and commission income* was up on the previous quarter (+4 million or +9%, thanks to the seasonally higher level of payment fees received and increased asset management-related fee income, among other things). The *net result from financial instruments at fair value* increased (+4 million or +20%) mainly as a result of higher dealing room income and the greater impact of various valuation adjustments (MVA/FVA/CVA), which more than offset the decrease in the value of derivatives used for asset/liability management purposes. Net other income fell by 5 million. The *non-life insurance activities* (premiums minus charges, plus the effect of reinsurance) contributed slightly more to income growth (+1 million quarter-on-quarter), as the increase in premium income and lower claims level were largely offset by a lower result from the ceded reinsurance business. *Life insurance sales* were up by 59% quarter-on-quarter, thanks to higher sales of unit-linked products (Maximal Invest).
- Generally speaking, 4Q2016 was another quarter of solid lending activity and deposit growth. The loan book on the balance sheet expanded by 1% quarter-on-quarter to 20 billion (thanks in part to mortgage loans). Customer deposits also went up, increasing by almost 3% to 26 billion. Total assets under management were down (-1%) to 8.5 billion, resulting from a 2% small increase in net entries and a -3% price performance. Life reserves stood at roughly 1 billion, up 7% on their level at the end of the previous quarter.
- Costs were up quarter-on-quarter (+7 million or +5%), as a result of seasonally higher marketing expenses and professional fees. The resulting cost/income ratio for FY2016 remained at an excellent 45% (46% excluding a number of exceptional items), compared to 48% for FY2015 (likewise 48% excluding exceptional items). The non-life insurance combined ratio for FY2016 amounted to 96% (FY2015: 94%).
- At 11 million, loan loss impairment in 4Q2016 remained low, though clearly up on the very low 2 million registered in the previous quarter (impairment charges in the previous quarter were extremely low due to several reversals, while the increase in the fourth quarter was driven by the SME and corporate segments, despite impairment releases in the retail segment). The credit cost ratio for FY2016 consequently amounted to a very favourable 0.11%. Impaired loans edged up to just 2.8% of the loan book at the end of December 2016.

Czech Republic Business Unit (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	210	211	210	213	215
Non-life insurance (before reinsurance)	23	20	17	17	24
Earned premiums	*47*	*45*	*46*	*49*	*50*
Technical charges	*-24*	*-25*	*-29*	*-32*	*-27*
Life insurance (before reinsurance)	7	8	8	10	10
Earned premiums	*95*	*67*	*51*	*59*	*94*
Technical charges	*-88*	*-59*	*-43*	*-49*	*-84*
Ceded reinsurance result	-3	-2	-1	2	-3
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	26	32	41	20	24
Net realised result from available-for-sale assets	0	0	48	0	0
Net fee and commission income	52	46	49	46	50
Other net income	6	5	4	7	2
Total income	320	318	378	314	322
Operating expenses	-166	-170	-143	-144	-152
Impairment	-20	-1	-10	-2	-11
on loans and receivables	*-14*	*-1*	*-9*	*-2*	*-11*
on available-for-sale assets	*-4*	*0*	*0*	*0*	*3*
on goodwill	*-2*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*-1*	*0*	*-3*
Share in results of associated companies & joint ventures	4	6	5	8	4
Result before tax	138	154	231	175	163
Income tax expense	-19	-25	-40	-30	-33
Result after tax	119	129	191	145	131
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**119**	**129**	**191**	**145**	**131**
Banking	*113*	*123*	*186*	*137*	*118*
Insurance	*6*	*6*	*5*	*8*	*13*
Risk-weighted assets, banking (end of period, BaselIII, fully loaded in '15, phased-in as of '16)	12 919	13 238	13 571	13 921	13 664
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	72	80	84	90	103
Allocated capital (end of period)	1 482	1 437	1 475	1 517	1 504
Return on allocated capital (ROAC)	32%	37%	54%	41%	36%
Cost/income ratio, banking	52%	53%	36%	45%	47%
Combined ratio, non-life insurance	92%	95%	100%	96%	93%
Net interest margin, banking	2.95%	3.00%	2.91%	2.91%	2.96%

International Markets Business Unit

- The business unit's net result amounted to 139 million in 4Q2016, well up on the 106 million recorded in the previous quarter and even more so on the 61 million posted in the year-earlier quarter.
- Total income went up quarter-on-quarter (+35 million or +13%), which was due primarily to an increase in *net interest income* (+13 million or +7%, with the largest increase in Ireland, thanks primarily to reserved interest being released mainly in relation to the settlement of a non-performing corporate loan, and to lower funding and liquidity costs. The *net result from financial instruments* also went up (+13 million or +118%, due in part to the increase in value of the derivatives used for asset/liability management). Changes in the other income items were relatively limited. The *technical non-life insurance result* (earned premiums minus technical charges, including the impact of ceded reinsurance) remained unchanged on its quarter-earlier level, while *sales of life insurance* products were up (+3%) quarter-on-quarter (accounted for by higher sales of guaranteed-interest insurance products in Bulgaria).
- The overall loan book on the balance sheet (21 billion) expanded by 1% quarter-on-quarter, with growth in all countries except Ireland (-1%). Customer deposits (18 billion) were up 2% on the previous quarter's level, with the increases in Hungary and Bulgaria being partially offset by a decrease in Slovakia and Ireland (see below). Total assets under management fell by 3% to 5.7 billion, due essentially to a 1% average asset price increase and a 4% net outflow of assets. Life reserves stood at 0.6 billion, up 1% on the previous quarter.
- Costs in the third quarter were up on the previous quarter (+8 million, or +4%), with increases being recorded in all countries except Ireland. The resulting cost/income ratio for the entire business unit stood at 64% for FY2016 (66% excluding a number of exceptional items), down slightly on the 66% recorded for FY2015 (likewise 66% excluding exceptional items). The combined ratio for the non-life insurance activities amounted to an excellent 94% for the same period (FY2015: 95%).
- There was a net release of 8 million in loan loss impairment charges in the quarter under review, compared to a 37 million net release in the previous quarter. The net release in 4Q2016 was largely attributable to Ireland. For the business unit as a whole, this resulted in an excellent credit cost ratio of -0.16% for FY2016 (as a negative figure indicates a net impairment release, the impact on the results was a positive one). Impaired loans fell further to a still high 25% of the loan book at the end of December 2016 (elevated figure caused by the high, but improving figure for Ireland – see below).
- The 4Q2016 net result of the International Markets Business Unit breaks down as follows: 16 million for Slovakia, 23 million for Hungary, 5 million for Bulgaria and 95 million for Ireland. A results table and brief comments for each country are provided on the following pages.

International Markets Business Unit (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	181	178	179	184	198
Non-life insurance (before reinsurance)	23	20	24	24	24
Earned premiums	*46*	*46*	*49*	*50*	*52*
Technical charges	*-23*	*-26*	*-25*	*-27*	*-28*
Life insurance (before reinsurance)	5	6	4	3	7
Earned premiums	*21*	*24*	*24*	*20*	*21*
Technical charges	*-16*	*-18*	*-19*	*-17*	*-14*
Ceded reinsurance result	-2	0	-2	-2	-2
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	16	23	31	11	24
Net realised result from available-for-sale assets	0	4	32	0	2
Net fee and commission income	51	48	51	52	50
Other net income	5	1	-2	-2	2
Total income	279	280	317	271	305
Operating expenses	-184	-208	-172	-180	-189
Impairment	-28	2	-6	35	3
on loans and receivables	*-26*	*3*	*-6*	*37*	*8*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*0*	*0*	*0*	*0*	*0*
Other	*-3*	*-1*	*0*	*-2*	*-5*
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	66	74	139	125	119
Income tax expense	-5	-14	-16	-19	20
Result after tax	61	60	123	106	139
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**61**	**60**	**123**	**106**	**139**
Banking	*58*	*52*	*119*	*99*	*135*
Insurance	*3*	*7*	*4*	*7*	*5*
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	19 424	17 928	17 406	17 642	17 163
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	48	106	98	91	95
Allocated capital (end of period)	2 123	1 944	1 882	1 899	1 854
Return on allocated capital (ROAC)	12%	13%	26%	22%	29%
Cost/income ratio, banking	65%	75%	53%	67%	61%
Combined ratio, non-life insurance	97%	88%	93%	97%	98%
Net interest margin, banking	2.50%	2.47%	2.48%	2.52%	2.70%

Ireland

- Ireland's net result amounted to 95 million in 4Q2016, a robust increase on the 37 million recorded in the previous quarter and significantly more than the 3 million in the year-earlier quarter.
- Compared to the previous quarter, there was a considerable increase in total income in 4Q2016 (+26 million or +54%), due essentially to higher trading and fair value income (model-related market value adjustments in the previous quarter had a negative impact) and the higher level of other net income (negative one-off item in the previous quarter), while net interest income also continued to improve, thanks primarily to reserved interest being released mainly in relation to the settlement of a non-performing corporate loan, and to lower funding and liquidity costs.
- The Irish loan book on the balance sheet continued to decline, contracting by 1% quarter-on-quarter (due to further deleveraging of the corporate loan book and a decline in the retail loan book, as mortgage redemptions outpaced new production). Customer deposits fell by 6% quarter-on-quarter, primarily in the corporate segment, and were replaced by TLTRO funding.
- Costs in the second quarter were down on their quarter-earlier level (-4 million or -10%), as the previous quarter had been negatively impacted by high consultancy fees and a one-off provision to cover a sanction. The resulting cost/income ratio for FY2016 stood at 62% (FY2015: 75%).
- Loan loss impairment in 4Q2016 was a positive 12 million (indicating a net release), compared with a positive 28 million in the previous quarter. The net release of impairment in 4Q2016 was driven mainly by an increase in the 9-month average House Price Index, an improvement in the non-performing portfolio of retail loans, and lower provisioning for existing non-performing loans combined with a release of specific provisions stemming from deleveraging, and the improved macroeconomic conditions for corporate clients. As a consequence, the credit cost ratio for FY2016 stood at an excellent -0.33% (a negative figure implies a net release of impairment). Impaired loans – though still high – continue their downward trend and stood at 43% of the loan book at the end of December 2016.
- A deferred tax asset of 44 million was recognised on losses carried forward, thanks to the expected higher level of sustainable profits going forward.

Ireland (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	53	55	59	61	69
Non-life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	*0*	*0*	*0*	*0*	*0*
Technical charges	*0*	*0*	*0*	*0*	*0*
Life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	*0*	*0*	*0*	*0*	*0*
Technical charges	*0*	*0*	*0*	*0*	*0*
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	1	2	6	-9	7
Net realised result from available-for-sale assets	0	0	0	0	0
Net fee and commission income	-2	0	0	0	-1
Other net income	0	0	0	-4	-1
Total income	53	57	65	49	75
Operating expenses	-39	-39	-37	-40	-36
Impairment	-16	3	1	27	12
on loans and receivables	*-16*	*3*	*1*	*28*	*12*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*-1*	*0*
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	-2	21	28	35	51
Income tax expense	5	2	1	1	44
Result after tax	3	23	30	37	95
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**3**	**23**	**30**	**37**	**95**
Banking	*3*	*23*	*30*	*37*	*95*
Insurance	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets, banking (end of period, BaselIII, fully loaded in '15, phased-in as of	7 449	7 095	6 810	6 787	6 477
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	-	-	-	-	-
Allocated capital (end of period)	782	727	698	696	664
Return on allocated capital (ROAC)	2%	13%	16%	20%	52%
Cost/income ratio, banking	74%	69%	58%	83%	49%
Combined ratio, non-life insurance	-	-	-	-	-

Hungary

- Hungary's net result amounted to 23 million in 4Q2016, down on the 42 million recorded in the previous and year-earlier quarters.
- Compared to the previous quarter, total income in 4Q2016 rose (+4 million, or +4%) on the back of higher net interest income (thanks mainly to the impact of rising loan volumes) and improved insurance results. Net fee and commission income remained flat quarter-on-quarter and trading and fair value income came in lower (-3 million, or -18%). The technical result for the non-life activities (earned premiums minus technical charges, plus the ceded insurance result) increased compared to the previous quarter, while sales of life insurance products were flat.
- The Hungarian loan book on the balance sheet expanded by 2% in the quarter under review. Deposit volumes went up by 12% (mainly in demand deposits). Life reserves stood at 0.3 billion, up 1% on the previous quarter.
- Costs were up on their level in the previous quarter (+4million or +5%), due largely to higher staff expenses and depreciation. The resulting cost/income ratio for FY2016 stood at 67% (or 68% excluding a number of exceptional items) compared to 65% in FY2015 (likewise 65% excluding exceptional items). The non-life combined ratio for the same period amounted to a good 93% (FY2015: 97%).
- Loan loss impairment amounted to a positive 1 million, compared to a positive 11 million (indicating a net release of loan loss provisions) in 3Q2016. The net addition in 4Q2016 was accounted for by releases in both the retail and corporate segments, while the release in 3Q2016 was due mainly to changes in the retail portfolio impairment model and a number of releases relating to corporate loans. As a result, the credit cost ratio for FY2016 stood at an excellent -0.33% (a negative figure implies a net release of impairment). Impaired loans accounted for some 9% of the loan book at the end of December 2016.

Hungary (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	61	58	57	58	59
Non-life insurance (before reinsurance)	7	8	8	8	9
Earned premiums	*18*	*19*	*20*	*21*	*22*
Technical charges	*-11*	*-11*	*-11*	*-13*	*-13*
Life insurance (before reinsurance)	1	1	0	-1	3
Earned premiums	*4*	*4*	*4*	*4*	*4*
Technical charges	*-2*	*-3*	*-3*	*-5*	*-1*
Ceded reinsurance result	-1	0	0	0	-1
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	12	16	17	18	15
Net realised result from available-for-sale assets	0	3	15	0	0
Net fee and commission income	42	38	40	40	40
Other net income	3	-1	1	1	2
Total income	125	123	137	122	127
Operating expenses	-78	-103	-75	-78	-82
Impairment	-1	1	0	10	0
on loans and receivables	*1*	*2*	*1*	*11*	*1*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*0*	*0*	*0*	*0*	*0*
Other	*-2*	*-1*	*0*	*-1*	*-1*
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	46	22	63	55	45
Income tax expense	-4	-9	-10	-13	-21
Result after tax	42	12	53	42	23
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**42**	**12**	**53**	**42**	**23**
Banking	*42*	*9*	*50*	*40*	*21*
Insurance	*0*	*3*	*3*	*2*	*2*
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	6 858	5 515	5 197	5 562	5 199
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	16	23	26	29	33
Allocated capital (end of period)	749	589	558	599	566
Return on allocated capital (ROAC)	23%	8%	35%	28%	15%
Cost/income ratio, banking	61%	85%	55%	63%	65%
Combined ratio, non-life insurance	108%	83%	92%	101%	99%

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Slovakia

- Slovakia's net result amounted to 16 million in 4Q2016, down on both the 20 million recorded in the previous quarter and the 14 million in the year-earlier quarter.
- Compared to the previous quarter, total income was up (+6 million or +8%), due essentially to higher net interest income. Trading and fair value income and the technical result of the insurance activities (earned premiums minus technical charges, plus the ceded insurance result) remained flat quarter-on-quarter, whereas net fee and commission income fell (-1 million, or -5%). Sales of life insurance products declined by 4%, owing to lower sales of unit-linked products.
- The Slovak loan book on the balance sheet continued to grow, expanding by 3% quarter-on-quarter (thanks in part to strong mortgage loan growth), while customer deposits decreased by 2%. Life reserves stood at 0.2 billion, up 1% on the previous quarter.
- Costs in the quarter under review were up (+6 million or +8%) on their level in the previous quarter, due to staff expenses, marketing campaigns and higher ICT expenses. Consequently, the cost/income ratio for FY2016 stood at 60% (or 64% excluding a number of exceptional items) compared to 60% in FY2015 (likewise 60% excluding exceptional items). The non-life combined ratio for the same period amounted to an excellent 89% (FY2015: 88%).
- Loan loss impairment stood at 7 million, clearly up on the extremely low 1 million registered in the previous quarter. The quarter-on-quarter increase was driven by a number of sizeable corporate loans. Consequently, the credit cost ratio for FY2016 stood at a favourable level of just 0.24%. Impaired loans accounted for some 3.1% of the loan book at the end of December 2016.

Slovakia (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	55	54	52	53	56
Non-life insurance (before reinsurance)	6	5	5	5	5
Earned premiums	*8*	*8*	*8*	*8*	*9*
Technical charges	*-2*	*-3*	*-3*	*-3*	*-3*
Life insurance (before reinsurance)	2	3	3	3	3
Earned premiums	*12*	*14*	*12*	*13*	*12*
Technical charges	*-10*	*-10*	*-10*	*-10*	*-9*
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	3	4	7	2	2
Net realised result from available-for-sale assets	0	0	14	0	1
Net fee and commission income	11	11	11	12	11
Other net income	2	1	1	1	2
Total income	78	79	94	76	82
Operating expenses	-50	-51	-45	-48	-55
Impairment	-9	-1	-6	-1	-7
on loans and receivables	*-9*	*-1*	*-6*	*-1*	*-7*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*0*	*0*	*0*	*0*	*0*
other	*0*	*0*	*0*	*0*	*0*
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	20	26	43	26	20
Income tax expense	-6	-6	-6	-6	-4
Result after tax	14	20	37	20	16
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**14**	**20**	**37**	**20**	**16**
Banking	*12*	*17*	*35*	*17*	*14*
Insurance	*1*	*3*	*2*	*3*	*2*
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of '16)	4 350	4 522	4 592	4 480	4 635
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	15	20	22	25	23
Allocated capital (end of period)	483	484	493	484	499
Return on allocated capital (ROAC)	11%	18%	32%	17%	13%
Cost/income ratio, banking	62%	67%	46%	65%	66%
Combined ratio, non-life insurance	87%	85%	89%	87%	94%

Bulgaria

- Bulgaria's net result amounted to 5 million in 4Q2016, down on the 8 million registered in the previous quarter, but up on the 3 million recorded in the year-earlier quarter.
- Compared to the previous quarter, total income in 4Q2016 was down (-2 million or -9%), owing to lower other net income (losses on the sale of files in the legacy book), lower net fee and commission income and a lower technical result of the non-life insurance activities (earned premiums minus technical charges, plus the ceded insurance result). Net interest income rose (+ 4%) and the fair value result (+12%) increased. Sales of life insurance products went up (+2 million or +55%) on their level of the previous quarter.
- The Bulgarian loan book on the balance sheet grew by 8% quarter-on-quarter, while customer deposits went up by 6%. Life reserves stood at 0.04 billion, down 1% on the previous quarter.
- Costs in the quarter under review were up (+2 million or +13%) on their 3Q2016 level mainly as a result of increased staff expenses, higher marketing costs and professional fees. The resulting cost/income ratio for FY2016 stood at 61% (63% excluding a number of exceptional items) compared to 65% in FY2015 (likewise 65% excluding exceptional items). The combined ratio for the non-life insurance activities for the same period amounted to 97% (FY2015: likewise 97%).
- There was a net release of loan loss impairment of 1 million (thanks to a release for a large loan), compared to a net addition of impairment in the previous quarter. The credit cost ratio for FY2016 stood at 0.32%. Impaired loans dropped further to 16% of the loan book at the end of December 2016. Impairment on investment property amounted to 3 million in the quarter under review, compared to virtually zero in the previous quarter.

Bulgaria (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	12	12	12	12	13
Non-life insurance (before reinsurance)	10	7	10	10	10
Earned premiums	*20*	*20*	*21*	*21*	*22*
Technical charges	*-11*	*-12*	*-11*	*-11*	*-12*
Life insurance (before reinsurance)	1	1	1	1	1
Earned premiums	*5*	*6*	*8*	*3*	*5*
Technical charges	*-4*	*-5*	*-6*	*-2*	*-4*
Ceded reinsurance result	0	1	-1	-1	-1
Dividend income	0	0	0	0	0
Net result from financial instr. at fair value through P/L	0	0	0	0	1
Net realised result from available-for-sale assets	0	0	3	0	0
Net fee and commission income	-1	-1	-1	-1	-1
Other net income	0	-1	-4	0	-1
Total income	22	20	21	23	21
Operating expenses	-16	-14	-14	-13	-15
Impairment	-2	-1	-1	-1	-2
on loans and receivables	*-2*	*-1*	*-1*	*-1*	*1*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*0*	*-3*
Share in results of associated companies & joint ventures	0	0	0	0	0
Result before tax	3	5	5	9	4
Income tax expense	0	0	-1	-1	1
Result after tax	3	4	4	8	5
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**3**	**4**	**4**	**8**	**5**
Banking	*1*	*3*	*5*	*5*	*4*
Insurance	*1*	*1*	*-1*	*2*	*1*
Risk-weighted assets, banking (end of period, Basel III, fully loaded in '15, phased-in as of	750	779	792	799	839
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)	16	63	50	37	39
Allocated capital (end of period)	108	142	131	119	125
Return on allocated capital (ROAC)	10%	14%	12%	22%	16%
Cost/income ratio, banking	74%	67%	58%	53%	66%
Combined ratio, non-life insurance	92%	97%	96%	97%	98%

Group Centre

The Group Centre's net result in 4Q2016 stood at -24 million, as opposed to -36 million in the previous quarter and an exceptionally high +334 million in the year-earlier quarter (that quarter had benefitted from a large gain related to the liquidation of a group company). The figures for 4Q2016 included higher income (mainly higher levels of fair value gains and other net income), increased operating expenses (+25 million, +62%) and lower impairment (-14 million, -74%). A breakdown of the net result by activity is provided in the table below.

Group Centre: breakdown of net result (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Operating expenses of group activities[1]	-62	-18	-7	-21	-39
Capital and treasury management-related costs	0	1	1	-4	4
Costs related to the holding of participations	-15	-17	-9	-13	-14
Results of remaining companies earmarked for divestment or in run-down[2]	756	-8	10	17	14
Other items[3]	-346	36	41	-14	11
Total net result for the Group Centre	**334**	**-6**	**37**	**-36**	**-24**

1 4Q2015 includes impairment on the Hungarian Data Centre (-20 million).
2 4Q2015 includes the impact of the liquidation of KBC Financial Holding Inc. (765 million).
3 4Q2015 includes the write-down of goodwill on a number of participations (-341 million); 1Q2016 and 2Q2016 include the impact of a deferred tax asset relating to Credit Investments (18 and 47 million, respectively).

Group Centre (in millions of EUR)	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Net interest income	-16	-10	-2	-13	-7
Non-life insurance (before reinsurance)	-2	-2	6	5	8
Earned premiums	*-4*	*2*	*3*	*2*	*3*
Technical charges	*2*	*-4*	*4*	*3*	*5*
Life insurance (before reinsurance)	0	0	0	0	0
Earned premiums	*0*	*0*	*0*	*0*	*0*
Technical charges	*0*	*0*	*0*	*0*	*0*
Ceded reinsurance result	3	2	-4	-12	-2
Dividend income	2	1	9	2	3
Net result from financial instr. at fair value through P/L	-161	19	16	-31	2
Net realised result from available-for-sale assets	4	0	-1	13	0
Net fee and commission income	-2	-3	-4	-2	-2
Other net income	-5	0	1	2	30
Total income	-177	8	20	-35	32
Operating expenses	-59	-34	-16	-41	-67
Impairment	-371	0	-7	-20	-5
on loans and receivables	*-4*	*0*	*-7*	*-20*	*-5*
on available-for-sale assets	*0*	*0*	*0*	*0*	*0*
on goodwill	*-342*	*0*	*0*	*0*	*0*
Other	*-25*	*0*	*0*	*0*	*0*
Share in results of associated companies & joint ventures	1	1	1	1	1
Result before tax	-606	-24	-2	-95	-39
Income tax expense	939	19	39	59	15
Result after tax	334	-6	37	-36	-24
attributable to minority interests	0	0	0	0	0
attributable to equity holders of the parent	**334**	**-6**	**37**	**-36**	**-24**
Banking	443	7	35	-14	-11
Insurance	-36	2	-1	-4	11
Group	-73	-14	2	-17	-24
Risk-weighted assets, banking (end of period, BaselIII, fully loaded in '15, phased-in	5 433	5 438	5 341	4 921	4 186
Risk-weighted assets, insurance (end of period, Basel III Danish compromise)	9 133	9 133	9 133	9 133	9 133
Required capital, insurance (end of period, Solv.I in '15, Solv.II as of '16)*	0	-20	-35	-18	-18
Allocated capital (end of period)	571	537	513	487	428

* Including diversification effect

KBC Group Consolidated financial statements according to IFRS 4Q 2016 and FY 2016

Consolidated income statement

(in millions of EUR)	Note	4Q 2015	3Q 2016	4Q 2016	2015	2016
Net interest income	3	1 066	1 064	1 057	4 311	4 258
Interest income		1 725	1 673	1 593	7 150	6 642
Interest expense		- 659	- 609	- 537	- 2 839	- 2 384
Non-life insurance before reinsurance	9	147	164	178	611	628
Earned premiums Non-life		338	357	363	1 319	1 410
Technical charges Non-life		- 191	- 193	- 185	- 708	- 782
Life insurance before reinsurance	9	- 51	- 34	- 44	- 201	- 152
Earned premiums Life		445	336	413	1 301	1 577
Technical charges Life		- 496	- 370	- 457	- 1 502	- 1 728
Ceded reinsurance result	9	- 10	- 1	- 15	- 29	- 38
Dividend income		12	12	19	75	77
Net result from financial instruments at fair value through profit or loss	5	- 68	69	224	214	540
Net realised result from available-for-sale assets	6	30	26	8	190	189
Net fee and commission income	7	371	368	376	1 678	1 450
Fee and commission income		533	525	552	2 348	2 101
Fee and commission expense		- 162	- 157	- 176	- 670	- 651
Net other income	8	47	59	101	297	258
TOTAL INCOME		1 543	1 727	1 903	7 148	7 211
Operating expenses	12	- 962	- 895	- 963	- 3 890	- 3 948
Staff expenses		- 549	- 560	- 581	- 2 245	- 2 252
General administrative expenses		- 349	- 272	- 318	- 1 392	- 1 449
Depreciation and amortisation of fixed assets		- 65	- 62	- 63	- 253	- 246
Impairment	14	- 472	- 28	- 73	- 747	- 201
on loans and receivables		- 78	- 18	- 54	- 323	- 126
on available-for-sale assets		- 21	- 7	- 4	- 45	- 55
on goodwill		- 344	0	0	- 344	0
on other		- 29	- 3	- 15	- 34	- 20
Share in results of associated companies and joint ventures		5	9	5	24	27
RESULT BEFORE TAX		114	814	871	2 535	3 090
Income tax expense	16	749	- 184	- 186	104	- 662
RESULT AFTER TAX		863	629	685	2 639	2 428
Attributable to minority interest		0	0	0	0	0
Attributable to equity holders of the parent		**862**	**629**	**685**	**2 639**	**2 427**
Earnings per share (in EUR)						
Basic		-0.36	1.47	1.61	3.80	5.68
Diluted		-0.36	1.47	1.61	3.80	5.68

Consolidated statement of comprehensive income (condensed)

(in millions of EUR)	4Q 2015	3Q 2016	4Q 2016	2015	2016
RESULT AFTER TAX	863	629	685	2 639	2 428
attributable to minority interest	0	0	0	0	0
attributable to equity holders of the parent	862	629	685	2 639	2 427
Other comprehensive income - to be recycled to P&L	405	168	54	461	- 196
Net change in revaluation reserve (AFS assets) - Equity	184	62	85	176	- 57
Net change in revaluation reserve (AFS assets) - Bonds	- 24	129	- 375	- 209	26
Net change in revaluation reserve (AFS assets) - Other	0	0	0	0	0
Net change in hedging reserve (cash flow hedge)	61	- 35	305	222	- 201
Net change in translation differences	182	- 4	38	264	20
Net change related to associated companies & joint ventures	4	3	0	6	4
Other movements	- 1	12	0	2	11
Other comprehensive income - not to be recycled to P&L	116	- 65	80	226	- 231
Net change in defined benefit plans	116	- 65	80	226	- 231
Net change related to associated companies & joint ventures	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	1 383	732	819	3 327	2 000
attributable to minority interest	0	0	0	0	0
attributable to equity holders of the parent	1 383	732	819	3 326	2 000

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

The largest movements in other comprehensive income (12M 2016 vs. 12M 2015):

- Net change in revaluation reserve (AFS assets) – Equity: the -57 million euros in 2016 can be explained for a large part by the realisation of Visa Europe Limited shares (following the public offering of Visa Inc.) partly compensated by positive fair value movements. The 176 million euros in 2015 was positively affected by favourable equity markets and included moreover 69 million euros for Visa Europe Limited shares (following the public offering of Visa Inc.).
- Net change in revaluation reserve (AFS assets) – Bonds: 26 million euros for 2016: mainly explained by a decrease in long-term interest rates partly offset by approaching maturities of AFS bonds with positive AFS reserves and realisation of gains; -209 million euros for 2015: mainly caused by approaching maturities of AFS bonds with positive AFS reserves and realisation of gains.
- Net change in hedging reserve (cash flow hedge): -201 million euros for 2016: mainly explained by a decrease in long-term interest rates partly offset by recycling to P&L; 222 million euros for 2015: mainly due to recycling to P&L.
- Net change in translation differences: 264 million euros for 2015: due in part to the liquidation of KBC Financial Holding Inc. (the foreign exchange loss on the capital of KBC Financial Holding Inc. was transferred from equity to profit or loss; net impact of 145 million euros (after tax))
- Net change in defined benefit plans: -231 million euro for 2016: due to a decrease in discount rate; 226 million euro for 2015: due to an increase in the discount rate at that time

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2015	31-12-2016
Cash and cash balances with central banks		7 038	20 148
Financial assets	18 - 26	237 346	246 836
Held for trading		10 385	9 683
Designated at fair value through profit or loss		16 514	14 185
Available for sale		35 670	36 708
Loans and receivables		141 305	152 152
Held to maturity		32 958	33 697
Hedging derivatives		514	410
Reinsurers' share in technical provisions		127	110
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		105	202
Tax assets		2 336	2 312
Current tax assets		107	66
Deferred tax assets		2 228	2 246
Non-current assets held for sale and assets associated with disposal groups		15	8
Investments in associated companies and joint ventures		207	212
Investment property		438	426
Property and equipment		2 299	2 451
Goodwill and other intangible assets		959	999
Other assets		1 487	1 496
TOTAL ASSETS		252 356	275 200

LIABILITIES AND EQUITY (in millions of EUR)	Note	31-12-2015	31-12-2016
Financial liabilities	18 - 26	213 333	234 300
Held for trading		8 334	8 559
Designated at fair value through profit or loss		24 426	16 553
Measured at amortised cost		178 383	207 485
Hedging derivatives		2 191	1 704
Technical provisions, before reinsurance		19 532	19 657
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		171	204
Tax liabilities		658	681
Current tax liabilities		109	188
Deferred tax liabilies		549	493
Provisions for risks and charges		310	238
Other liabilities		2 541	2 763
TOTAL LIABILITIES		236 545	257 843
Total equity	39	15 811	17 357
Parent shareholders' equity	39	14 411	15 957
Additional Tier-1 instruments included in equity	39	1 400	1 400
Minority interests		0	0
TOTAL LIABILITIES AND EQUITY		252 356	275 200

Consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Remea-surement of defined benefit obligations	Retained earnings	Translation differences	Parent share-holders' equity	Non-voting core-capital securities	Additional Tier-1 instruments included in equity	Minority interests	Total equity
31-12-2015												
Balance at the beginning of the period (01-01-2015)	1 453	5 421	1 815	- 1 368	- 133	6 197	- 261	13 125	2 000	1 400	- 3	16 521
Net result for the period	0	0	0	0	0	2 639	0	2 639	0	0	0	2 639
Other comprehensive income for the period	0	0	- 34	222	226	2	272	688	0	0	0	688
Total comprehensive income	**0**	**0**	**- 34**	**222**	**226**	**2 640**	**272**	**3 326**	**0**	**0**	**0**	**3 327**
Dividends	0	0	0	0	0	- 836	0	- 836	0	0	0	- 836
Coupon non-voting core-capital securities	0	0	0	0	0	- 171	0	- 171	0	0	0	- 171
Coupon additional Tier-1 instruments	0	0	0	0	0	- 52	0	- 52	.	0	0	- 52
Capital increase	1	16	0	0	0	0	0	17	0	0	0	17
Repayment of non-voting core-capital securities	0	0	0	0	0	- 1 000	0	- 1 000	- 2 000	0	0	- 3 000
Change in scope	0	0	1	0	0	0	0	1	0	0	3	4
Total change	**1**	**16**	**- 33**	**222**	**226**	**582**	**272**	**1 286**	**- 2 000**	**0**	**3**	**- 710**
Balance at the end of the period	**1 454**	**5 437**	**1 782**	**- 1 146**	**94**	**6 779**	**11**	**14 411**	**0**	**1 400**	**0**	**15 811**
of which revaluation reserve for shares			547									
of which revaluation reserve for bonds			1 235									
of which relating to non-current assets held for sale and disposal groups			0	0	0	0	- 3	- 3				- 3
of which relating to equity method			22	0	0	0	7	28				28
31-12-2016												
Balance at the beginning of the period (01-01-2016)	1 454	5 437	1 782	- 1 146	94	6 779	11	14 411	0	1 400	0	15 811
Net result for the period	0	0	0	0	0	2 427	0	2 427	0	0	0	2 428
Other comprehensive income for the period	0	0	- 26	- 201	- 231	11	20	- 427	0	0	0	- 427
Total comprehensive income	**0**	**0**	**- 26**	**- 201**	**- 231**	**2 439**	**20**	**2 000**	**0**	**0**	**0**	**2 000**
Dividends	0	0	0	0	0	- 418	0	- 418	0	0	0	- 418
Coupon additional Tier-1 instruments	0	0	0	0	0	- 52	0	- 52	0	0	0	- 52
Capital increase	1	15	0	0	0	0	0	16	0	0	0	16
Total change	**1**	**15**	**- 26**	**- 201**	**- 231**	**1 969**	**20**	**1 546**	**0**	**0**	**0**	**1 546**
Balance at the end of the period	**1 455**	**5 453**	**1 756**	**- 1 347**	**- 138**	**8 747**	**31**	**15 957**	**0**	**1 400**	**0**	**17 357**
of which revaluation reserve for shares			490									
of which revaluation reserve for bonds			1 266									
of which relating to equity method			26	0	0	0	7	32				32

As an advance payment of the total 2016 dividend, KBC decided to distribute an interim dividend of 1 euro per share (418 million euros in total), paid on 18 November 2016 (already deducted from retained earnings). Furthermore, for 2016 KBC will additionally propose a closing dividend of 1.80 euros per share (a total of 753 million euros will be deducted from retained earnings in 2Q 2017 subject to approval) to the Annual Meeting on 4 May 2017.

Condensed consolidated cash flow statement

On 30 December 2016, KBC announced the acquisition of the United Bulgarian Bank and Interlease in Bulgaria: we expect the deal to close during the second quarter of 2017 at the latest. The consolidated figures in these condensed interim financial statements do not yet include the impact of this announced acquisition. The cash flows from investing activities in 2017 will be negatively impacted by the payments of the total consideration of 610 million euros in cash.

Notes on statement of compliance and changes in accounting policies

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

The condensed interim financial statements of the KBC Group have been prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union ('endorsed IFRS'). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2016 and 2015, which have been prepared in accordance with the endorsed IFRSs.
The same accounting policies, methods of computation and presentation have been followed in its preparation as were applied in the most recent annual financial statements, except for the following item:

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

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

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

Notes on segment reporting

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

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

In millions of EUR	Business unit Belgium	Business unit Czech Republic	Business unit International Markets	*of which: Hungary*	*of which: Slovakia*	*of which: Bulgaria*	*of which: Ireland*	Group Centre	KBC Group
12M 2015									
Net interest income	2 819	845	711	*248*	*214*	*47*	*202*	- 63	4 311
Non-life insurance before reinsurance	460	80	81	*27*	*20*	*35*	*0*	- 10	611
Earned premiums Non-life	989	177	169	*65*	*29*	*76*	*0*	- 16	1 319
Technical charges Non-life	- 530	- 96	- 88	*- 38*	*- 9*	*- 41*	*0*	6	- 708
Life insurance before reinsurance	- 243	26	16	*2*	*10*	*4*	*0*	0	- 201
Earned premiums Life	969	243	90	*15*	*52*	*23*	*0*	0	1 301
Technical charges Life	- 1 212	- 216	- 73	*- 13*	*- 41*	*- 20*	*0*	0	- 1 502
Ceded reinsurance result	- 20	- 8	- 6	*- 3*	*- 1*	*- 2*	*0*	6	- 29
Dividend income	65	0	0	*0*	*0*	*0*	*0*	10	75
Net result from financial instruments at fair value through profit or loss	162	98	76	*60*	*16*	*2*	*- 2*	- 121	214
Net realised result from available-for-sale assets	149	12	6	*3*	*2*	*0*	*1*	23	190
Net fee and commission income	1 280	201	206	*160*	*47*	*- 2*	*- 3*	- 9	1 678
Net other income	207	23	50	*42*	*9*	*0*	*0*	17	297
TOTAL INCOME	4 878	1 277	1 141	*539*	*317*	*83*	*198*	- 148	7 148
Operating expenses	- 2 373	- 617	- 752	*- 353*	*- 190*	*- 56*	*- 149*	- 149	- 3 890
Impairment	- 222	- 42	- 84	*- 8*	*- 18*	*- 10*	*- 48*	- 399	- 747
on loans and receivables	- 177	- 36	- 82	*- 6*	*- 18*	*- 10*	*- 48*	- 28	- 323
on available-for-sale assets	- 38	- 4	0	*0*	*0*	*0*	*0*	- 3	- 45
on goodwill	0	- 2	0	*0*	*0*	*0*	*0*	- 342	- 344
on other	- 7	0	- 2	*- 2*	*0*	*0*	*0*	- 25	- 34
Share in results of associated companies and joint ventures	- 1	23	0	*0*	*0*	*0*	*0*	3	24
RESULT BEFORE TAX	2 282	640	305	*179*	*108*	*17*	*1*	- 693	2 535
Income tax expense	- 717	- 98	- 60	*- 47*	*- 26*	*2*	*12*	980	104
RESULT AFTER TAX	1 565	542	245	*131*	*82*	*18*	*13*	287	2 639
Attributable to minority interests	0	0	0	*0*	*0*	*0*	*0*	0	0
NET RESULT	1 564	542	245	*131*	*82*	*18*	*13*	287	2 639
12M 2016									
Net interest income	2 701	849	740	*231*	*216*	*48*	*244*	- 32	4 258
Non-life insurance before reinsurance	440	78	91	*33*	*21*	*37*	*0*	18	628
Earned premiums Non-life	1 012	190	198	*82*	*32*	*83*	*0*	10	1 410
Technical charges Non-life	- 572	- 112	- 107	*- 49*	*- 12*	*- 46*	*0*	8	- 782
Life insurance before reinsurance	- 208	36	20	*4*	*12*	*4*	*0*	0	- 152
Earned premiums Life	1 217	271	89	*16*	*51*	*22*	*0*	0	1 577
Technical charges Life	- 1 425	- 234	- 69	*- 12*	*- 39*	*- 18*	*0*	0	- 1 728
Ceded reinsurance result	- 12	- 4	- 6	*- 2*	*- 1*	*- 3*	*0*	- 17	- 38
Dividend income	61	0	0	*0*	*0*	*0*	*0*	15	77
Net result from financial instruments at fair value through profit or loss	329	117	89	*66*	*15*	*2*	*6*	6	540
Net realised result from available-for-sale assets	90	48	38	*19*	*16*	*4*	*0*	13	189
Net fee and commission income	1 070	191	201	*157*	*45*	*- 4*	*- 1*	- 11	1 450
Net other income	208	18	- 1	*2*	*6*	*- 5*	*- 4*	33	258
TOTAL INCOME	4 680	1 333	1 173	*509*	*330*	*84*	*246*	25	7 211
Operating expenses	- 2 432	- 608	- 750	*- 338*	*- 199*	*- 56*	*- 154*	- 158	- 3 948
Impairment	- 179	- 24	34	*12*	*- 16*	*- 6*	*44*	- 32	- 201
on loans and receivables	- 113	- 23	42	*15*	*- 15*	*- 3*	*45*	- 32	- 126
on available-for-sale assets	- 58	3	0	*0*	*0*	*0*	*0*	0	- 55
on goodwill	0	0	0	*0*	*0*	*0*	*0*	0	0
on other	- 8	- 4	- 7	*- 3*	*0*	*- 3*	*- 1*	0	- 20
Share in results of associated companies and joint ventures	0	23	0	*0*	*0*	*0*	*0*	4	27
RESULT BEFORE TAX	2 070	724	457	*183*	*115*	*22*	*136*	- 161	3 090
Income tax expense	- 637	- 128	- 29	*- 54*	*- 23*	*0*	*49*	132	- 662
RESULT AFTER TAX	1 433	596	428	*130*	*92*	*22*	*184*	- 29	2 428
Attributable to minority interests	0	0	0	*0*	*0*	*0*	*0*	0	0
NET RESULT	1 432	596	428	*130*	*92*	*22*	*184*	- 29	2 427

Other notes

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

In millions of EUR	4Q 2015	3Q 2016	4Q 2016	2015	2016
Total	1 066	1 064	1 057	4 311	4 258
Interest income	1 725	1 673	1 593	7 150	6 642
Available-for-sale assets	178	180	172	717	703
Loans and receivables	999	949	936	4 085	3 805
Held-to-maturity investments	253	243	249	1 013	981
Other assets not at fair value	11	21	18	41	79
Subtotal, interest income from financial assets not measured at fair value through profit or loss	*1 441*	*1 393*	*1 375*	*5 857*	*5 568*
Financial assets held for trading	183	168	142	807	661
Hedging derivatives	83	67	68	360	288
Other financial assets at fair value through profit or loss	19	44	9	127	124
Interest expense	- 659	- 609	- 537	-2 839	-2 384
Financial liabilities measured at amortised cost	- 270	- 221	- 197	-1 202	- 870
Other	- 4	- 8	- 21	- 8	- 33
Subtotal, interest expense for financial liabilities not measured at fair value through profit or loss	*- 274*	*- 228*	*- 217*	*-1 210*	*- 903*
Financial liabilities held for trading	- 216	- 191	- 175	- 926	- 771
Hedging derivatives	- 147	- 141	- 132	- 590	- 564
Other financial liabilities at fair value through profit or loss	- 19	- 47	- 11	- 103	- 139
Net interest expense on defined benefit plans	- 4	- 1	- 2	- 10	- 6

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

The result from financial instruments at fair value through profit or loss in 4Q 2016 is 154 million euros higher compared to 3Q 2016. The relatively strong quarter-on-quarter increase is due largely to improved results for MtM ALM deriviatives (increase of interest rates in 4Q 2016), market value adjustments (combined effect of market evolutions and for 3Q 2016 model changes with negative P&L impact) and dealing room income.
Compared to 4Q 2015, the result from financial instruments at fair value through profit or loss is 292 million euros higher, for a large part (156 million euros) due to the foreign exchange loss in 4Q 2015 on the capital of KBC Financial Holding Inc., following that business's liquidation. Furthermore, a higher level of both dealing room income and MtM ALM derivatives in 4Q 2016 compared to 4Q 2015.
On a full-year basis, the result from financial instruments at fair value through profit or loss is 326 million euros higher, mainly thanks to the abovementioned foreign exchange loss in 4Q 2015, a higher dealing room income and less negative market value adjustments in 2016.

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

In millions of EUR	4Q 2015	3Q 2016	4Q 2016	2015	2016
Total	30	26	8	190	189
Breakdown by portfolio					
Fixed-income securities	5	14	3	54	24
Shares	25	11	6	136	165

The realised gains on available-for-sale shares for FY 2016 include the realised gain related to the takeover of Visa Europe by Visa Inc. (in 2Q 2016) on the basis of the market value as at 22 June 2016 (99 million euros pre-tax, 84 million euros after tax).

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

In millions of EUR	4Q 2015	3Q 2016	4Q 2016	2015	2016
Total	371	368	376	1 678	1 450
Fee and commission income	533	525	552	2 348	2 101
Securities and asset management	279	277	295	1 289	1 107
Margin on deposit accounting (life insurance investment contracts without DPF)	6	11	12	81	48
Commitment credit	64	62	66	266	254
Payments	142	146	146	535	566
Other	42	27	34	178	127
Fee and commission expense	- 162	- 157	- 176	- 670	- 651

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

In millions of EUR	4Q 2015	3Q 2016	4Q 2016	2015	2016
Total	47	59	101	297	258
Of which net realised result following					
The sale of loans and receivables	2	1	26	3	27
The sale of held-to-maturity investments	1	2	1	6	4
The repurchase of financial liabilities measured at amortised cost	- 1	0	0	- 9	- 7
Other: of which:	45	57	73	297	234
Income concerning leasing at the KBC Lease-group	20	20	19	81	78
Income from Group VAB	8	15	16	59	69
Realised gains or losses on divestments	0	0	3	11	3
Provisions for the new Hungarian act on consumer loans	2	0	0	34	0
Impact surrender reinsured contract	0	0	25	0	25
Deconsolidation real estate companies	0	0	0	18	0

Impact surrender reinsured contract: due to the surrender of a large reinsured savings policy, gains were realised on the reinvestments (included in net other income) which were entirely transferred to the client (included in technical charges Life) hence without impact on our net result.

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

In millions of EUR	Life	Non-life	Non-technical account	TOTAL
12M 2015				
Earned premiums, insurance (before reinsurance)	1 303	1 338		2 642
Technical charges, insurance (before reinsurance	- 1 502	- 708		- 2 210
Net fee and commission income	- 15	- 247		- 262
Ceded reinsurance result	- 2	- 27		- 29
Operating expenses	- 119	- 231	- 3	- 353
Internal costs claim paid	- 7	- 53		- 60
Administration costs related to acquisitions	- 29	- 77		- 107
Administration costs	- 82	- 101		- 183
Management costs investments	0	0	- 3	- 3
Technical result	- 334	125	- 3	- 212
Net interest income			636	636
Dividend income			53	53
Net result from financial instruments at fair value			- 9	- 9
Net realised result from AFS assets			108	108
Net other income			- 6	- 6
Impairments			- 69	- 69
Allocation to the technical accounts	574	104	- 678	0
Technical-financial result	240	228	31	499
Share in results of associated companies and joint ventures			3	3
RESULT BEFORE TAX	240	228	34	502
Income tax expense				- 148
RESULT AFTER TAX				355
attributable to minority interest				0
attributable to equity holders of the parent				354
12M 2016				
Earned premiums, insurance (before reinsurance)	1 579	1 428		3 007
Technical charges, insurance (before reinsurance	- 1 728	- 784		- 2 512
Net fee and commission income	- 29	- 272		- 301
Ceded reinsurance result	- 1	- 37		- 38
Operating expenses	- 135	- 242	- 3	- 380
Internal costs claim paid	- 8	- 54		- 62
Administration costs related to acquisitions	- 32	- 80		- 112
Administration costs	- 95	- 108		- 203
Management costs investments	0	0	- 3	- 3
Technical result	- 315	94	- 3	- 224
Net interest income			614	614
Dividend income			45	45
Net result from financial instruments at fair value			- 10	- 10
Net realised result from AFS assets			56	56
Net other income			18	18
Impairments			- 55	- 55
Allocation to the technical accounts	558	73	- 631	0
Technical-financial result	242	167	35	445
Share in results of associated companies and joint ventures			4	4
RESULT BEFORE TAX	242	167	39	449
Income tax expense				- 135
RESULT AFTER TAX				314
attributable to minority interest				0
attributable to equity holders of the parent				314

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

The technical result non-life of the first quarter 2016 was negatively impacted by the terrorist attacks in Brussels (-30 million euros before tax, which corresponds to the maximal exposure of KBC through the Terrorism Reinsurance and Insurance Pool (TRIP)). In 2Q and 4Q 2016, respectively 10 and 4 million euros before tax of this provision were reversed since the estimate of the total claims was decreased.

Impact surrender reinsured contract: see comments included in note 8 Net other income.

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

The operating expenses for FY 2016 include 437 million euros related to bank (and insurance) levies (27 million euros in 4Q 2016; respectively 417 and 49 million euros for FY 2015 and 4Q 2015).
Application of IFRIC 21 (Levies; in force as of 1 January 2015) has as a consequence that certain levies are taken upfront in expense of the first quarter of the year. The bank levies of 2Q 2016 include an impact of -38 million euros due to the reorganisation of the Belgian Banking taxes (one new banking tax replacing the four existing banking taxes), which is partly compensated by the agreement to register 15% of the contribution to the ESRF in some countries (+9 million euros) as an irrevocable payment commitment (booked off-balance as a contingent liability).

In 4Q 2016,the operating expenses include -33 million euros expenses related to early retirement in Belgium.

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

In millions of EUR	4Q 2015	3Q 2016	4Q 2016	2015	2016
Total	- 472	- 28	- 73	- 747	- 201
Impairment on loans and receivables	- 78	- 18	- 54	- 323	- 126
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 77	3	- 45	- 322	- 75
Provisions for off-balance-sheet credit commitments	3	- 3	4	9	8
Portfolio-based impairments	- 3	- 18	- 13	- 10	- 58
Breakdown by business unit					
Business unit Belgium	- 34	- 33	- 46	- 177	- 113
Business unit Czech Republic	- 14	- 2	- 11	- 36	- 23
Business unit International Markets	- 26	37	8	- 82	42
of which: Hungary	*1*	*11*	*1*	*- 6*	*15*
of which: Slovakia	*- 9*	*- 1*	*- 7*	*- 18*	*- 15*
of which: Bulgaria	*- 2*	*- 1*	*1*	*- 10*	*- 3*
of which: Ireland	*- 16*	*28*	*12*	*- 48*	*45*
Group Centre	- 4	- 20	- 5	- 28	- 32
Impairment on available-for-sale assets	- 21	- 7	- 4	- 45	- 55
Breakdown by type					
Shares	- 18	- 7	- 7	- 43	- 58
Other	- 3	0	3	- 3	3
Impairment on goodwill	- 344	0	0	- 344	0
Impairment on other	- 29	- 3	- 15	- 34	- 20
Intangible assets, other than goodwill	- 5	0	- 10	- 7	- 11
Property and equipment and investment property	- 22	- 2	- 5	- 27	- 7
Held-to-maturity assets	0	0	0	0	- 1
Associated companies and joint ventures	0	0	0	0	0
Other	- 1	- 1	1	0	- 1

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

In 1Q 2016, the income tax expenses were positively influenced by 18 million euros of Deferred Tax Assets (DTA) at KBC Credit Investments.

In 2Q 2016, an additional +27 million euro DTA was booked: (i) +47 million euros at KBC Credit Investments and (ii) -20 million euros at KBC Securities.

In 4Q 2016, an additional +44 million euros DTA was booked at KBC Bank Ireland (related to unused tax losses carried forward). This was partially offset by a negative 8 million euros impact on DTAs in Hungary due to the lower corporate income tax rate as of 2017.

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

In millions of EUR	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Total
FINANCIAL ASSETS, 31-12-2015							
Loans and advances to credit institutions and investment firms [a]	0	2 107	0	11 524	-	-	13 631
Loans and advances to customers [b]	0	394	0	127 829	-	-	128 223
Excluding reverse repos	*0*	*71*	*0*	*127 650*	-	-	*127 721*
Trade receivables	0	0	0	3 729	-	-	3 729
Consumer credit	0	0	0	2 928	-	-	2 928
Mortgage loans	0	28	0	55 050	-	-	55 078
Term loans	0	366	0	56 997	-	-	57 363
Finance leasing	0	0	0	4 512	-	-	4 512
Current account advances	0	0	0	4 026	-	-	4 026
Securitised loans	0	0	0	0	-	-	0
Other	0	0	0	587	-	-	587
Equity instruments	411	2	2 071	-	-	-	2 485
Investment contracts (insurance)	-	13 330	-	-	-	-	13 330
Debt securities issued by	1 785	681	33 598	1 117	32 958	-	70 138
Public bodies	1 408	120	21 892	22	31 353	-	54 796
Credit institutions and investment firms	192	104	4 893	158	984	-	6 330
Corporates	184	456	6 813	937	622	-	9 013
Derivatives	8 188	-	-	-	-	514	8 702
Other	1	0	0	835	-	-	836
Total carrying value	10 385	16 514	35 670	141 305	32 958	514	237 346
[a] *Of which reverse repos*							*5 012*
[b] *Of which reverse repos*							*502*
FINANCIAL ASSETS, 31-12-2016							
Loans and advances to credit institutions and investment firms [a]	6	1	0	17 459	-	-	17 466
Loans and advances to customers [b]	1	77	0	133 154	-	-	133 231
Excluding reverse repos	*1*	*45*	*0*	*132 810*	-	-	*132 856*
Trade receivables	0	0	0	3 549	-	-	3 549
Consumer credit	0	0	0	3 180	-	-	3 180
Mortgage loans	0	29	0	57 307	-	-	57 335
Term loans	0	49	0	59 035	-	-	59 083
Finance leasing	0	0	0	4 916	-	-	4 916
Current account advances	0	0	0	4 640	-	-	4 640
Securitised loans	0	0	0	0	-	-	0
Other	1	0	0	527	-	-	528
Equity instruments	427	2	1 723	-	-	-	2 153
Investment contracts (insurance)	-	13 693	-	-	-	-	13 693
Debt securities issued by	1 001	411	34 985	1 015	33 697	-	71 109
Public bodies	713	47	22 982	16	32 131	-	55 889
Credit institutions and investment firms	127	174	5 032	140	948	-	6 421
Corporates	161	190	6 970	859	618	-	8 799
Derivatives	8 249	-	-	-	-	410	8 659
Other	0	0	0	524	0	0	525
Total carrying value	9 683	14 185	36 708	152 152	33 697	410	246 836
[a] *Of which reverse repos*							*11 776*
[b] *Of which reverse repos*							*376*

In millions of EUR	Held for trading	Designated at fair value	Hedging derivatives	Measured at amortised cost	Total
FINANCIAL LIABILITIES, 31-12-2015					
Deposits from credit institutions and investment firms [a]	1	1 123	-	17 828	18 953
Deposits from customers and debt certificates [b]	431	10 916	-	158 762	170 109
Excluding repos	*431*	*2 349*	-	*158 762*	*161 542*
Deposits from customers	57	9 360	-	135 414	144 831
Demand deposits	0	0	-	55 148	55 148
Time deposits	57	9 360	-	27 724	37 141
Saving accounts	0	0	-	50 075	50 075
Special deposits	0	0	-	1 983	1 983
Other deposits	0	0	-	484	484
Debt certificates	374	1 555	-	23 349	25 278
Certificates of deposit	0	10	-	6 159	6 168
Customer savings certificates	0	0	-	1 092	1 092
Convertible bonds	0	0	-	0	0
Non-convertible bonds	374	1 253	-	12 576	14 203
Convertible subordinated liabilities	0	0	-	0	0
Non-convertible subordinated liabilities	0	293	-	3 522	3 815
Liabilities under investment contracts	-	12 387	-	0	12 387
Derivatives	7 487	-	2 191	-	9 677
Short positions	415	0	-	-	415
in equity instruments	58	0	-	-	58
in debt instruments	357	0	-	-	357
Other	0	0	-	1 792	1 792
Total carrying value	8 334	24 426	2 191	178 383	213 333
[a] *Of which repos*					*1 128*
[b] *Of which repos*					*8 567*
FINANCIAL LIABILITIES, 31-12-2016					
Deposits from credit institutions and investment firms [a]	5	1 766	-	30 248	32 020
Deposits from customers and debt certificates [b]	541	2 134	-	175 055	177 730
Excluding repos	*536*	*1 869*	-	*175 017*	*177 421*
Deposits from customers	117	1 100	-	140 468	141 686
Demand deposits	0	0	-	63 427	63 427
Time deposits	117	1 100	-	21 027	22 245
Saving accounts	0	0	-	53 328	53 328
Special deposits	0	0	-	2 056	2 056
Other deposits	0	0	-	630	630
Debt certificates	424	1 034	-	34 587	36 044
Certificates of deposit	0	14	-	16 629	16 643
Customer savings certificates	0	0	-	1 959	1 959
Convertible bonds	0	0	-	0	0
Non-convertible bonds	424	744	-	12 889	14 057
Convertible subordinated liabilities	0	0	-	0	0
Non-convertible subordinated liabilities	0	276	-	3 109	3 385
Liabilities under investment contracts	-	12 653	-	0	12 653
Derivatives	7 334	0	1 704	-	9 037
Short positions	665	0	-	-	665
in equity instruments	36	0	-	-	36
in debt instruments	629	0	-	-	629
Other	13	0	-	2 182	2 195
Total carrying value	8 559	16 553	1 704	207 485	234 300
[a] *Of which repos*					*9 420*
[b] *Of which repos*					*309*

Additional information on quarterly time series

Loans and deposits

In millions of EUR	31-12-2015	31-03-2016	30-06-2016	30-09-2016	31-12-2016
Total customer loans excluding reverse repo					
Business unit Belgium	88 017	88 881	90 218	90 605	91 804
Business unit Czech Republic	18 005	18 600	18 983	19 269	19 552
Business unit International Markets	21 035	21 022	21 020	21 268	21 496
of which: Hungary	*3 552*	*3 592*	*3 556*	*3 727*	*3 802*
of which: Slovakia	*5 462*	*5 584*	*5 756*	*5 910*	*6 094*
of which: Bulgaria	*725*	*741*	*762*	*773*	*835*
of which: Ireland	*11 295*	*11 105*	*10 945*	*10 859*	*10 765*
Group Centre	664	620	501	268	4
KBC Group	127 721	129 123	130 722	131 410	132 856
Mortgage loans					
Business unit Belgium	33 341	33 394	33 784	34 079	34 265
Business unit Czech Republic	8 079	8 281	8 503	8 799	9 077
Business unit International Markets	13 657	13 643	13 716	13 897	13 993
of which: Hungary	*1 369*	*1 375*	*1 379*	*1 441*	*1 451*
of which: Slovakia	*2 072*	*2 146*	*2 316*	*2 491*	*2 608*
of which: Bulgaria	*242*	*245*	*237*	*235*	*234*
of which: Ireland	*9 975*	*9 877*	*9 784*	*9 731*	*9 700*
Group Centre	0	0	0	0	0
KBC Group	55 078	55 318	56 003	56 776	57 335
Customer deposits and debt certificates excl. repos					
Business unit Belgium	111 136	114 557	120 067	116 489	125 074
Business unit Czech Republic	24 075	24 328	24 888	25 403	26 183
Business unit International Markets	17 089	17 615	18 117	18 018	18 344
of which: Hungary	*5 862*	*5 879*	*6 054*	*6 096*	*6 814*
of which: Slovakia	*5 263*	*5 559*	*5 773*	*5 840*	*5 739*
of which: Bulgaria	*692*	*688*	*694*	*750*	*792*
of which: Ireland	*5 272*	*5 489*	*5 597*	*5 333*	*4 999*
Group Centre	9 241	8 251	8 368	7 624	7 820
KBC Group	161 542	164 750	171 440	167 534	177 421

Technical provisions plus unit linked, life insurance

Technical provisions, Life Insurance	31-12-2015		31-03-2016		30-06-2016		30-09-2016		31-12-2016	
In millions of EUR	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked	Interest Guaranteed	Unit Linked
Business unit Belgium	14 237	12 490	14 102	12 605	14 183	12 525	14 233	12 609	14 143	12 760
Business unit Czech Republic	495	480	494	488	492	483	493	460	493	525
Business unit International Markets	200	360	202	368	203	383	197	402	196	408
of which: Hungary	*51*	*245*	*51*	*254*	*51*	*267*	*49*	*280*	*48*	*284*
of which: Slovakia	*107*	*115*	*107*	*113*	*107*	*116*	*107*	*121*	*107*	*122*
of which: Bulgaria	*42*	*0*	*44*	*0*	*46*	*0*	*42*	*1*	*41*	*2*
KBC Group	14 932	13 330	14 798	13 461	14 877	13 391	14 923	13 471	14 832	13 693

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

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

Fair value hierarchy				31-12-2015				31-12-2016
In millions of EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Held for trading	1 510	6 532	2 342	10 385	1 034	6 585	2 064	9 683
Designated at fair value	13 305	2 797	411	16 514	13 377	617	191	14 185
Available for sale	30 456	3 505	1 709	35 670	31 427	3 716	1 565	36 708
Hedging derivatives	0	514	0	514	0	410	0	410
Total	45 271	13 348	4 462	63 082	45 838	11 329	3 820	60 987
Financial liabilities measured at fair value								
Held for trading	415	5 859	2 060	8 334	665	5 659	2 234	8 559
Designated at fair value	12 386	11 445	594	24 426	12 652	3 344	557	16 553
Hedging derivatives	0	2 191	0	2 191	0	1 704	0	1 704
Total	12 801	19 495	2 654	34 950	13 318	10 707	2 791	26 815

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

In 2016, a total amount of 99 million euros in financial instruments at fair value was transferred from level 1 to level 2. KBC also transferred 120 million euros in financial instruments at fair value from level 2 to level 1. The majority of the transfers is due to changed liquidity of corporate, covered and regional government bonds.

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

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

- In the assets held for trading category, the fair value of derivatives decreased by 199 million euros, which is mainly due to maturing deals, partly compensated by new deals and positive fair value movements. For the liabilities held for trading category, the fair value of derivatives increased by 176 million euros, which is mainly due to new deals.
- In the financial assets designated at fair value category, the fair value of debt securities decreased by 192 million euros, which is mainly due to the expiry of a CDO note in January 2016.
- In the available for sale category, a total net amount of about 153 million euros was transferred out of level 3. The majority of the transfers is due to changed liquidity of corporate and regional government bonds.

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

in number of shares	31-12-2015	31-12-2016
Ordinary shares	**418 087 058**	**418 372 082**
of which ordinary shares that entitle the holder to a dividend payment	*418 087 058*	*418 372 082*
of which treasury shares	*2*	*2*
Other information		
Par value per ordinary share (in EUR)	3.48	3.48
Number of shares issued but not fully paid up	0	0

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

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

In 2015:

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

In 2016:

- No material changes.

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

Significant non-adjusting events between the balance sheet date (31 December 2016) and the publication of this report (9 February 2017): none.

KBC Group
Risk and
capital management
4Q 2016 and FY 2016

Credit risk

Snapshot of the credit portfolio (banking activities)

The main source of credit risk is the loan portfolio of the bank. A snapshot of the banking portfolio is shown in the table below. It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export-/import-related commercial credit), standby credit and credit derivatives, granted by KBC to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included. Further on in this chapter, extensive information is provided on the credit portfolio of each business unit. Information specifically on sovereign bonds can be found under 'note 47 (in the annual accounts 2015)'.

Credit risk: loan portfolio overview

Total loan portfolio (in billions of EUR)	31-12-2015	31-12-2016
Amount granted	174	181
Amount outstanding [1]	143	148
Total loan portfolio, by business unit (as a % of the portfolio of credit outstanding)		
Belgium	65%	65%
Czech Republic	14%	15%
International Markets	18%	17%
Group Centre	3%	3%
Total	100%	100%
Total outstanding loan portfolio sector breakdown		
Private persons	42.0%	42.3 %
Finance and insurance	6.0%	5.7%
Authorities	3.4%	3.1%
Corporates	48.7%	48.9%
services	11.2%	11.5%
distribution	7.6%	7.6%
real estate	7.1%	6.9%
building & construction	4.2%	4.2%
agriculture, farming, fishing	2.8%	2.8%
automotive	2.2%	2.2%
electricity	1.6%	1.6%
food producers	1.3%	1.4%
metals	1.3%	1.4%
shipping	1.1%	1.2%
machinery & heavy equipment	1.0%	1.1%
chemicals	1.0%	1.1%
traders	0.9%	0.9%
hotels, bars & restaurants	0.9%	0.9%
oil, gas & other fuels	0.8%	0.7%
electrotechnics	0.5%	0.6%
timber & wooden furniture	0.4%	0.5%
other [2]	2.6%	2.5%
Total outstanding loan portfolio geographical breakdown		
Home countries	87.6%	88.2%
Belgium	*56.6%*	56.8%
Czech Republic	*13.3%*	14.0%
Ireland	*9.6%*	8.9%
Slovakia	*4.4%*	4.8%
Hungary	*3.1%*	3.1%
Bulgaria	*0.6%*	0.6%
Rest of Western Europe	7.7%	7.3%
France	*1.9%*	1.8%
Netherlands	*1.6%*	1.7%
Great Britain	*1.2%*	1.1%
Spain	*0.8%*	0.6%
Luxemburg	*0.7%*	0.6%
Germany	*0.5%*	0.4%
other	*1.1%*	1.0%
Rest of Central Europe	0.5%	0.5%
Russia	*0.2%*	0.1%
other	*0.4%*	0.4%
North America	1.5%	1.6%
USA	*1.3%*	1.4%
Canada	*0.2%*	0.2%
Asia	0.8%	0.8%
China	*0.3%*	0.3%
Hong Kong	*0.2%*	0.2%
Singapore	*0.2%*	0.2%
other	*0.1%*	0.1%
Rest of the world	1.8%	1.6%

Credit risk: loan portfolio overview Total loan portfolio (in billions of EUR)	31-12-2015	31-12-2016
Impaired loans (in millions of EUR or %)		
Amount outstanding	12 305	10 583
of which: more than 90 days past due	6 936	5 711
Ratio of impaired loans, per business unit		
Belgium	3.8%	3.3%
Czech Republic	3.4%	2.8%
International Markets	29.8%	25.4%
Group Centre	10.0%	8.8%
Total	8.6%	7.2%
of which: more than 90 days past due	4.8%	3.9%
Specific loan loss impairments (in millions of EUR) and Cover ratio (%)		
Specific loan loss impairments	5 517	4 874
of which: more than 90 days past due	4 183	3 603
Cover ratio of impaired loans		
Specific loan loss impairments / impaired loans	45%	46%
of which: more than 90 days past due	60%	63%
Cover ratio of impaired loans, mortgage loans excluded		
Specific loan loss impairments / impaired loans, mortgage loans excluded	53%	54%
of which: more than 90 days past due	69%	72%
Credit cost, by business unit (%)		
Belgium	0.19%	0.12%
Czech Republic	0.18%	0.11%
International Markets	0.32%	-0.16%
Slovakia	0.32%	0.24%
Hungary	0.12%	-0.33%
Bulgaria	1.21%	0.32%
Ireland	0.34%	-0.33%
Group Centre	0.54%	0.67%
Total	0.23%	0.09%

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

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

Credit portfolio per business unit (banking activities)

Legend:

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

Loan portfolio Business Unit Belgium

31-12-2016, in millions of EUR	Belgium [1]			Foreign branches			Total Business Unit Belgium		
Total outstanding amount	**89 792**			**5 852**			**95 644**		
Counterparty break down		% outst.			% outst.			% outst.	
SME / corporate	25 659	28.6%		5 852	100.0%		31 511	32.9%	
retail	64 133	71.4%		0	0.0%		64 133	67.1%	
o/w private	35 286	39.3%		0	0.0%		35 286	36.9%	
o/w companies	28 847	32.1%		0	0.0%		28 847	30.2%	
Mortgage loans [2]		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	
total	33 890	37.7%	60%	0	0.0%	-	33 890	35.4%	
o/w FX mortgages	0	0.0%	-	0	0.0%	-	0	0.0%	
o/w ind. LTV > 100%	1 444	1.6%	-	0	0.0%	-	1 444	1.5%	
Probability of default (PD)		% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	67 533	75.2%		3 379	57.7%		70 912	74.1%	
medium risk (PD 5-7; 0.80%-6.40%)	16 726	18.6%		1 934	33.0%		18 659	19.5%	
high risk (PD 8-9; 6.40%-100.00%)	2 812	3.1%		101	1.7%		2 913	3.0%	
impaired loans (PD 10 - 12)	2 682	3.0%		429	7.3%		3 111	3.3%	
unrated	40	0.0%		8	0.1%		48	0.1%	
Overall risk indicators		spec. imp.	% cover		spec. imp.	% cover		spec. imp.	% cover
outstanding impaired loans	2 682	1 196	44.6%	429	201	46.8%	3 111	1 396	44.9%
o/w PD 10 impaired loans	1 201	251	20.9%	302	103	34.0%	1 504	354	23.5%
o/w more than 90 days past due (PD 11+12)	1 481	945	63.8%	126	98	77.5%	1 607	1 043	64.9%
all impairments (specific + portfolio based)	n.a.			n.a.			1 507		
o/w portfolio based impairments	n.a.			n.a.			110		
o/w specific impairments	1 196			201			1 396		
2015 Credit cost ratio (CCR)	0.19%			0.32%			0.19%		
2016 CCR	0.11%			0.32%			0.12%		

Remarks

[1] Belgium = KBC Bank (all retail and corporate credit lending activities except for the foreign branches), CBC, KBC Lease part Belgium, KBC Commercial Finance, KBC Credit Investments (part of non-legacy portfolio assigned to BU Belgium)

[2] Mortgage loans: only to private persons (as opposed to the accounting figures)

Loan portfolio Business Unit Czech Republic

31-12-2016, in millions of EUR

For information: ČMSS [3] *(consolidated via equity-method since 1Q14)*

Total outstanding amount	**21 880**			**2 408**		
Counterparty break down		% outst.			% outst.	
SME / corporate	7 472	34.1%		43	1.8%	
retail	14 408	65.9%		2 365	98.2%	
o/w private	10 345	47.3%		2 353	97.7%	
o/w companies	4 063	18.6%		13	0.5%	
Mortgage loans [1]		% outst.	ind. LTV		% outst.	ind. LTV
total	9 405	43.0%	59%	1 850	76.8%	69%
o/w FX mortgages	0	0.0%	-	0	0.0%	-
o/w ind. LTV > 100%	301	1.4%	-	169	7.0%	-
Probability of default (PD)		% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	15 132	69.2%		1 769	73.5%	
medium risk (PD 5-7; 0.80%-6.40%)	5 338	24.4%		403	16.7%	
high risk (PD 8-9; 6.40%-100.00%)	750	3.4%		158	6.6%	
impaired loans (PD 10 - 12)	616	2.8%		78	3.2%	
unrated	43	0.2%		0	0.0%	
Overall risk indicators [2]		spec. imp.	% cover		spec. imp.	% cover
outstanding impaired loans	616	337	54.7%	78	37	47.2%
o/w PD 10 impaired loans	195	47	24.2%	14	2	12.8%
o/w more than 90 days past due (PD 11+12)	421	290	68.9%	65	35	54.5%
all impairments (specific + portfolio based)	381			41		
o/w portfolio based impairments	43			4		
o/w specific impairments	337			37		
2015 Credit cost ratio (CCR)	0.18%			n/a		
2016 CCR	0.11%			n/a		

[1] Mortgage loans: only to private persons (as opposed to the accounting figures)

[2] CCR at country level in local currency

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

Loan portfolio Business Unit International Markets 31-12-2016, in millions of EUR	Ireland			Slovakia			Hungary			Bulgaria			Total Int Markets		
Total outstanding amount	**13 130**			**6 767**			**4 572**			**927**			**25 415**		
Counterparty break down		% outst.			% outst.			% outst.			% outst.			% outst.	
SME / corporate	1 763	13.4%		2 717	40.2%		2 650	58.0%		341	36.7%		7 489	29.5%	
retail	11 367	86.6%		4 050	59.8%		1 922	42.0%		587	63.3%		17 926	70.5%	
o/w private	11 352	86.5%		3 265	48.3%		1 764	38.6%		353	38.0%		16 734	65.8%	
o/w companies	15	0.1%		785	11.6%		158	3.5%		234	25.2%		1 192	4.7%	
Mortgage loans [1]		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	ind. LTV		% outst.	
total	11 332	86.3%	84%	2 727	40.3%	69%	1 627	35.6%	72%	194	20.9%	64%	15 879	62.5%	
o/w FX mortgages	0	0.0%	-	0	0.0%	-	12	0.3%	117%	58	6.3%	59%	70	0.3%	
o/w ind. LTV > 100%	3 141	23.9%	-	47	0.7%	-	336	7.3%	-	3	0.4%	-	3 527	13.9%	
Probability of default (PD)		% outst.			% outst.			% outst.			% outst.			% outst.	
low risk (PD 1-4; 0.00%-0.80%)	572	4.4%		4 096	60.5%		2 116	46.3%		136	14.7%		6 928	27.3%	
medium risk (PD 5-7; 0.80%-6.40%)	5 535	42.2%		2 171	32.1%		1 774	38.8%		552	59.5%		10 040	39.5%	
high risk (PD 8-9; 6.40%-100.00%)	1 342	10.2%		271	4.0%		254	5.5%		89	9.6%		1 957	7.7%	
impaired loans (PD 10 - 12)	5 682	43.3%		207	3.1%		416	9.1%		150	16.2%		6 455	25.4%	
unrated	0	0.0%		22	0.3%		13	0.3%		0	0.0%		35	0.1%	
Overall risk indicators [2]		spec. imp.	% cover		spec. imp.	% cover		spec. imp.	% cover		spec. imp.	% cover		spec. imp.	% cover
outstanding impaired loans	5 682	2 426	42.7%	207	126	61.2%	416	248	59.7%	150	62	41.4%	6 455	2 863	44.4%
o/w PD 10 impaired loans	2 908	800	27.5%	45	17	37.8%	57	18	31.2%	28	3	9.9%	3 038	838	27.6%
o/w more than 90 days past due (PD 11+12)	2 774	1 625	58.6%	161	109	67.7%	359	231	64.2%	122	59	48.7%	3 417	2 025	59.3%
all impairments (specific + portfolio based)	2 499			139			260			65			2 964		
o/w portfolio based impairments	73			13			12			3			101		
o/w specific impairments	2 426			126			248			62			2 863		
2015 Credit cost ratio (CCR)	0.34%			0.32%			0.12%			1.21%			0.32%		
2016 CCR	-0.33%			0.24%			-0.33%			0.32%			-0.16%		

Remarks

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

[1] Mortgage loans: only to private persons (as opposed to the accounting figures)

[2] CCR at country level in local currency

Loan portfolio Group Centre

31-12-2016, in millions of EUR

Total Group Centre [1]

Total outstanding amount	**4 587**		
Counterparty break down		% outst.	
SME / corporate	4 587	100.0%	
retail	0	0.0%	
o/w private	0	0.0%	
o/w companies	0	0.0%	
Mortgage loans [2]		% outst.	ind. LTV
total	0	0.0%	-
o/w FX mortgages	0	0.0%	-
o/w ind. LTV > 100%	0	0.0%	-
Probability of default (PD)		% outst.	
low risk (PD 1-4; 0.00%-0.80%)	2 545	55.5%	
medium risk (PD 5-7; 0.80%-6.40%)	1 438	31.3%	
high risk (PD 8-9; 6.40%-100.00%)	202	4.4%	
impaired loans (PD 10 - 12)	401	8.8%	
unrated	0	0.0%	
Overall risk indicators		spec. Imp.	% cover
outstanding impaired loans	401	278	69.2%
o/w PD 10 impaired loans	135	32	24.0%
o/w more than 90 days past due (PD 11+12)	267	245	92.1%
all impairments (specific + portfolio based)	311		
o/w portfolio based impairments	33		
o/w specific impairments	278		
2015 Credit cost ratio (CCR)	0.54%		
2016 CCR	0.67%		

Remarks

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

[2] Mortgage loans: only to private persons (as opposed to the accounting figures)

Solvency

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

Solvency KBC Group

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

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

The Internal Rating Based (IRB) approach is since its implementation in 2008 the primary approach to calculate KBC's risk weighted assets. This is, based on a full application of all the CRD IV/CRR rules, used for approximately 82% of the weighted credit risks, of which approx. 75% according to Advanced and approx. 7% according to Foundation approach. Note that, retail exposure treated under IRB is always subject to an Advanced approach. The remaining weighted credit risks (ca. 18%) are calculated according to the Standardised approach. 12% of the latter, under the Danish Compromise, are the 370% risk-weighted holdings of own funds instruments of the insurance company.

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

On 14 December 2016, KBC disclosed its new ECB minimum capital requirements for 2017. These constitute of a Pillar 2 Requirement (P2R) of 1.75% and an additional Pillar 2 Guidance (P2G) of 1%. The 2017 minimum CET1 requirement (incl. the buffers set by national competent authorities) to uphold is set at 8.65% (phased-in, Danish Compromise). For further information see press release of 14 December 2016 on www.kbc.com.

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

Overview of KBC Group's capital ratios - In millions of EUR - 31-12-2016

		numerator (common equity)	denominator (total weighted risk volume)	ratio (%)
CRDIV, Common Equity ratio				
Danish Compromise	Phased-in	14 033	86 878	16.15%
	Fully loaded	13 886	87 782	15.82%
Deduction Method	Fully loaded	12 806	82 120	15.59%
Financial Conglomerates Directive*				
	Fully loaded	14 647	101 039	14.50%

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

Danish Compromise		31-12-2015		31-12-2016
In millions of EUR	Fully loaded	Phased-in	Fully loaded	Phased-in
Total regulatory capital (after profit appropriation)	16 936	17 305	17 571	17 887
Tier-1 capital	14 647	14 691	15 286	15 473
Common equity	13 247	13 242	13 886	14 033
Parent shareholders' equity (after deconsolidating KBC Insurance)	14 075	14 075	15 500	15 500
Intangible fixed assets (incl deferred tax impact) (-)	- 366	- 366	- 400	- 400
Goodwill on consolidation (incl deferred tax impact) (-)	- 482	- 482	- 483	- 483
AFS revaluation reserve sovereign bonds (-)		- 402		- 154
AFS revaluation reserve other bonds(-)		- 64		- 52
Hedging reserve (cash flow hedges) (-)	1 163	1 163	1 356	1 356
Valuation diff. in fin. liabilities at fair value - own credit risk (-)	- 20	- 20	- 18	- 18
Value adjustment due to the requirements for prudent valuation (-)	- 94	- 53	- 140	- 109
Dividend payout (-)	0	0	- 753	- 753
Renumeration of AT1 instruments (-)	- 2	- 2	- 2	- 2
Deduction re. financing provided to shareholders (-)	- 91	- 91	- 91	- 91
IRB provision shortfall (-)	- 171	- 171	- 203	- 203
Deferred tax assets on losses carried forward (-)	- 765	- 345	- 879	- 557
Additional going concern capital	1 400	1 450	1 400	1 440
Grandfathered innovative hybrid tier-1 instruments	0	50	0	40
CRR compliant AT1 instruments	1 400	1 400	1 400	1 400
Tier 2 capital	2 289	2 614	2 285	2 414
IRB provision excess (+)	369	359	367	362
Subordinated liabilities	1 920	2 255	1 918	2 053
Total weighted risk volume	89 067	87 343	87 782	86 878
Banking	79 758	78 034	78 482	77 579
Insurance	9 133	9 133	9 133	9 133
Holding activities	208	208	198	198
Elimination of intercompany transactions	- 33	- 33	- 32	- 32
Solvency ratios				
Common equity ratio	14.87%	15.16%	15.82%	16.15%
Tier-1 ratio	16.44%	16.82%	17.41%	17.81%
Total capital ratio	19.01%	19.81%	20.02%	20.59%

FICOD		31-12-2015		31-12-2016
In millions of EUR	Fully loaded	Phased-in	Fully loaded	Phased-in
Common Equity	14 019	14 014	14 647	14 794
Total weighted risk volume	99 831	98 107	101 039	100 136
Common equity ratio	14.04%	14.28%	14.50%	14.77%

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

Leverage ratio KBC Group

Leverage ratio KBC Group In millions of EUR	31-12-2015	31-12-2016
Tier-1 capital (Danish compromise)	14 647	15 286
Total exposures	233 675	251 891
Total Assets	252 355	275 200
Deconsolidation KBC Insurance	-31 545	-32 678
Adjustment for derivatives	-3 282	-5 784
Adjustment for regulatory corrections in determining Basel III Tier-1 capital	- 806	-2 197
Adjustment for securities financing transaction exposures	1 057	1 094
Off-balance sheet exposures	15 897	16 256
Leverage ratio	6.27%	6.07%

The leverage ratio decreased compared to the end of 2015 due to higher total exposures (higher financial assets, mainly loans and receivables and higher cash and cash balances with central banks), only partly compensated by a higher Tier-1 capital.

Solvency banking and insurance activities separately

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

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

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

KBC Bank consolidated - CRDIV/CRR		31-12-2015		31-12-2016
In millions of EUR	Fully loaded	Phased in	Fully loaded	Phased in
Total regulatory capital, after profit appropriation	16 045	16 075	16 229	16 347
Tier-1 capital	12 346	12 449	12 625	12 803
Of which common equity	10 941	10 988	11 219	11 348
Tier-2 capital	3 699	3 626	3 604	3 544
Total weighted risks	79 758	78 034	78 482	77 579
Credit risk	66 387	64 663	65 933	65 030
Market risk	3 100	3 100	2 417	2 417
Operational risk	10 272	10 272	10 132	10 132
Solvency ratios				
Common equity ratio	13.7%	14.1%	14.3%	14.6%
Tier-1 ratio	15.5%	16.0%	16.1%	16.5%
CAD ratio	20.1%	20.6%	20.7%	21.1%

KBC Insurance consolidated - Solvency II In millions of EUR	31-12-2015	31-12-2016
Own Funds	3 683	3 637
Tier 1	3 180	3 137
IFRS Parent shareholders equity	2 815	2 936
Dividend payout	-71	-103
Deduction intangible assets and goodwill (after tax)	-123	-123
Valuation differences (after tax)	416	349
Volatility adjustment	195	120
Other	-53	-42
Tier 2	503	500
Subordinated liabilities	503	500
Solvency Capital Requirement (SCR)	1 592	1 791
Market risk	1 472	1 589
Non-life	498	531
Life	594	608
Health	173	181
Counterparty	83	87
Diversification	-840	-881
Other	-389	-323
Solvency II ratio	231%	203%

In April, the National Bank of Belgium issued Belgian specific regulation which limits the adjustment to the amount of net deferred tax liabilities on the economic balance sheet. Without applying this Belgian specific regulation, the Solvency II ratio of 4Q 2016 equals 214%. This latter ratio is comparable to ratios of other (non-Belgian) European insurance companies who also apply this methodology. The SII ratio as at 31 December 2015 in the table above also represents the ratio with application of the Belgian specific regulation. The impact of that regulation was at that moment negligible.

Details of ratios and terms

Basic and diluted earnings per share

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

Calculation (in millions of EUR)	Reference	2015	2016
Result after tax, attributable to equity holders of the parent (A)	'Consolidated income statement'	2 639	2 427
-			
Coupon (and/or penalty) on the core-capital securities sold to the	'Consolidated statement of changes in equity'	- 1 000	0
-			
Coupon on the additional tier-1 instruments included in equity (C)	'Consolidated statement of changes in equity'	- 52	- 52
/			
Average number of ordinary shares less treasury shares (in millions) in the period (D)	Note 39	418	418
or			
Average number of ordinary shares plus dilutive options less treasury		418	418
Basic = (A-B-C) / (D) (in EUR)		3.80	5.68
Diluted = (A-B-C) / (E) (in EUR)		3.80	5.68

Combined ratio (non-life insurance)

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Net technical insurance charges, including the internal cost of settling	Note 9	757	839
/			
Net earned insurance premiums (B)	Note 9	1 301	1 387
+			
Operating expenses (C)	Note 9	435	460
/			
Net written insurance premiums (D)	Note 9	1 325	1 406
= (A/B)+(C/D)		91%	93%

Common equity ratio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
'Detailed calculation 'Danish compromise' table in the 'Solvency KBC Group' section.'			
Phased-in*		15.2%	16.2%
Fully loaded*		14.9%	15.8%

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

Cost/income ratio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Operating expenses of the banking activities (A)	'Consolidated income statement': component of 'Operating expenses'	3 391	3 437
/			
Total income of the banking activities (B)	'Consolidated income statement': component of 'Total income'	6 144	6 238
=(A) / (B)		55%	55%

Cover ratio

Indicates the proportion of impaired loans (see 'Impaired loans ratio' for definition) that are covered by impairment charges. Where appropriate, the numerator and denominator in the formula may be limited to impaired loans that are more than 90 days past due.

Calculation (in millions of EUR or %)	Reference	2015	2016
Specific impairment on loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	5 517	4 874
/			
Outstanding impaired loans (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	12 305	10 583
= (A) / (B)		44.8%	46.1%

Credit cost ratio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Net changes in impairment for credit risks (A) (annualised)	'Consolidated income statement': component of 'Impairment'	323	126
/			
Average outstanding loan portfolio (B)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	141 951	146 257
= (A) (annualised) / (B)		0.23%	0.09%

Impaired loans ratio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Amount outstanding of impaired loans (A)	'Credit risk: loan portfolio overview' table in the 'Credit risk' section	12 305	10 583
/			
Total outstanding loan portfolio (B)	'Credit risk: loan portfolio overview in the 'Credit risk' section	143 400	147 526
= (A) / (B)		8.6%	7.2%

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

Leverage ratio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Regulatory available tier-1 capital (A)	'Leverage ratio KBC Group (Basel III fully loaded)' table in the 'Leverage KBC Group' section	14 647	15 286
/			
Total exposure measures (total of non-risk-weighted on and off-balance sheet items, with a number of adjustments) (B)	Based on the Capital Requirements Regulation (CRR)	233 675	251 891
= (A) / (B)		6.3%	6.1%

Liquidity coverage ratio (LCR)

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Stock of high-quality liquid assets (A)	Based on the European Commission's Delegated Act on LCR	47 300	65 400
/			
Total net cash outflows over the next 30 calendar days (B)		37 150	47 100
= (A) / (B)		127%	139%

Loan Portfolio

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Loans and advances to customers (related to the group's banking activities) (A)	Note 18, component of 'Loans and advances to customers'	126 812	131 415
-			
Reverse repos with customers (B)	Note 18	- 502	- 376
+			
Debt instruments issued by corporates and by credit institutions and investment firms (related to the group's banking activities) (C)	Note 18, component of 'Debt instruments issued by corporates and by credit institutions and investment firms'	7 118	7 114
+			
Loans and advances to credit institutions and investment firms (related to the group's banking activities, excluding dealing room activities) (D)	Note 18, component of 'Loans and advances to credit institutions and investment firms '	1 060	952
+			
Financial guarantees granted to clients (E)	Note 40, component of 'Financial guarantees given' in the annual report 2015 for 1Q2015 figure only	7 823	8 279
+			
Impairment on loans (F)	Note 21, component of 'Impairment'	5 623	5 094
+			
Other (including accrued interest) (G)	Component of Note 18	- 4 534	- 4 952
= (A)-(B)+(C)+(D)+(E)+(F)+(G)		143 400	147 526

Minimum requirement for own funds and eligible liabilities (MREL)

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Own funds and eligible liabilities (issued from KBC Group) (A)	based on the strategy of KBC Group to issue MREL eligible instruments from the Holding company (Danish compromise method)	16 327	18 467
/			
Risk weighted assets (consolidated, CRR/CRD IV, Danish compromise method)		89 067	87 782
= (A) / (B)		18.3%	21.0%

Net interest margin

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Net interest income of the banking activities (A) (annualised)	'Consolidated income statement': component of 'Net interest	3 644	3 602
/			
Average interest-bearing assets of the banking activities (B)	'Consolidated balance sheet': component of 'Total assets'	177 629	184 117
= (A) (annualised x360/number of calendar days) / (B)		2.02%	1.92%

Net stable funding ratio (NSFR)

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Available amount of stable funding (A)		135 400	144 150
/			
Required amount of stable funding (B)		111 800	114 950
= (A) / (B)		121%	125%

Parent shareholders’ equity per share

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Parent shareholders’ equity (A)	‘Consolidated balance sheet’	14 411	15 957
/			
Number of ordinary shares less treasury shares (at period-end in milliions) (B)	Note 39	418	418
= (A) / (B) (in EUR)		34.5	38.1

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

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

Calculation (in millions of EUR or %)	Reference	2015	2016
BELGIUM BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A)	Note 2: Segment reporting based on the management structure	1 564	1 432
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for ’15 & II for ‘16l) (B)	4Q2016 results by business unit’ section	5 955	6 092
= (A) annualised / (B)		26.3%	23.5%
CZECH REPUBLIC BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A)	Note 2: Segment reporting based on the management structure	542	596
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for ’15 & II for ‘16) (B)	4Q2016 results by business unit’ section	1 474	1 455
= (A) annualised / (B)		36.8%	40.9%
INTERNATIONAL MARKETS BUSINESS UNIT			
Result after tax (including minority interests) of the business unit (A)	Note 2: Segment reporting based on the management structure	245	428
/			
The average amount of capital allocated to the business unit is based on the risk-weighted assets for the banking activities (under Basel III) and risk-weighted asset equivalents for the insurance activities (under Solvency I for ’15 & II for ‘16) (B)	4Q2016 results by business unit’ section	2 028	1 959
= (A) annualised / (B)		12.1%	21.9%

Return on equity

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

Calculation (in millions of EUR or %)	Reference	2015	2016
Result after tax, attributable to equity holders of the parent (A) (annualised)	'Consolidated income statement'	2 639	2 427
-			
Coupon on the core-capital securities sold to the government (B) (annualised)	'Consolidated statement of changes in equity'	0	0
-			
Coupon on the additional tier-1 instruments included in equity (C) (annualised)	'Consolidated statement of changes in equity'	- 52	-52
/			
Average parent shareholders’ equity, excluding the revaluation reserve for available-for-sale assets (D)	'Consolidated statement of changes in equity'	11 969	13 415
= (A-B-C) (annualised) / (D)		21.61%	17.71%

Solvency ratio (insurance)

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

Calculation	Reference	2015	2016
Detailed calculation under 'Solvency II, KBC Insurance consolidated' table in the Solvency banking and insurance activities separately section		231%	203%

Total assets under management

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

Calculation (in billions of EUR)	Reference	2015	2016
Belgium Business Unit (A)	Company presentation on www.kbc.com	194	199
+			
Czech Republic Business Unit (B)		9	9
+			
International Markets Business Unit (C)		6	6
A)+(B)+(C)		209	213

Total capital ratio

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

Calculation	2015	2016
Detailed calculation in the table 'Danish Compromise' under 'Solvency KBC Group' section		
Phased-in*	19.8%	20.6%
Fully loaded*	19.0%	20.0%

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