KBC Group
Company presentation
1Q 2020

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1Q 2020 key takeaways

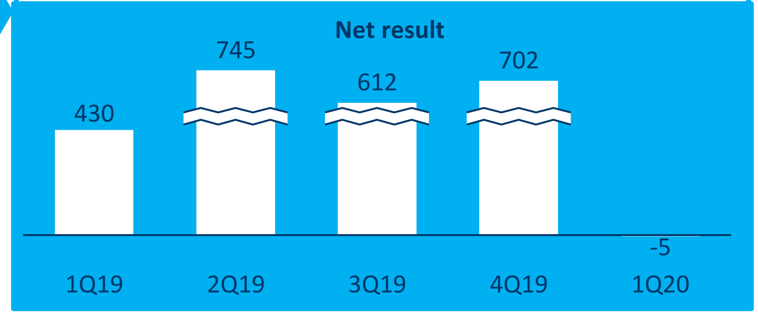
1Q20 financial performance

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

Net result of -5m EUR in 1Q20

1Q20

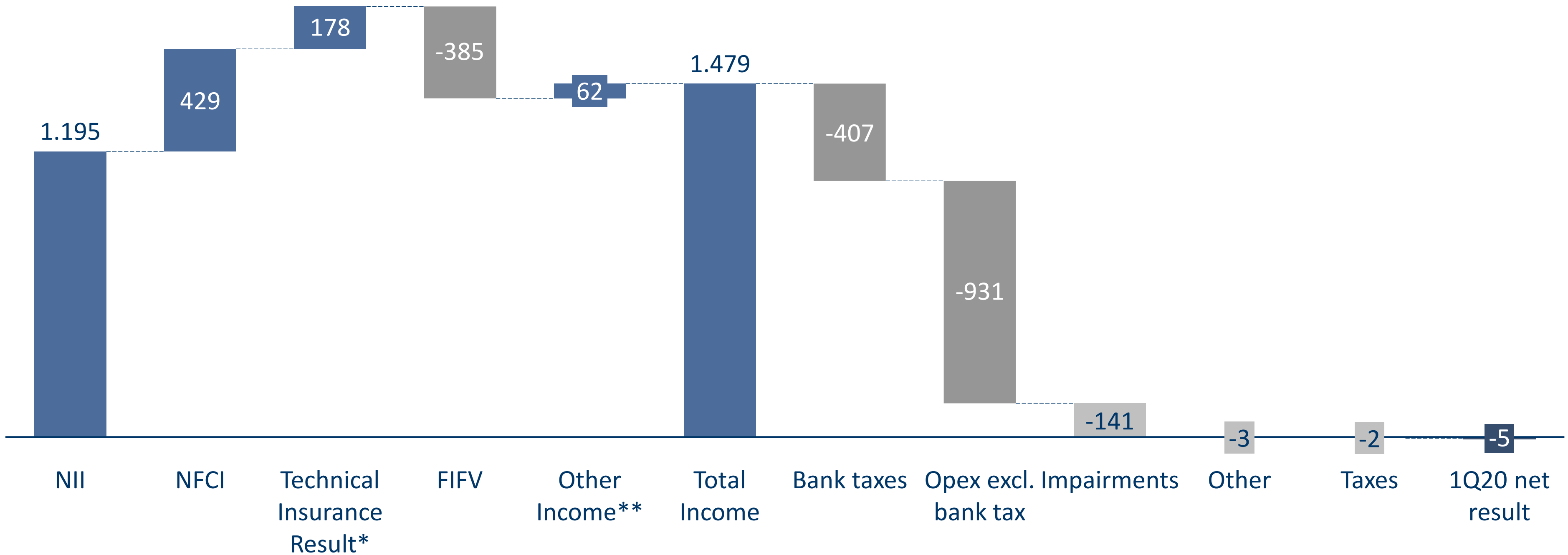
- **ROE 4%***
- **Cost-income ratio 69%** (adjusted for specific items)
- **Combined ratio 90%**
- **Credit cost ratio 0.27% (and 0.17% without management overlay)**
- **Common equity ratio 16.3%** (B3, DC, fully loaded)
- **Leverage ratio 6.5%** (fully loaded)
- **NSFR 134% & LCR 135%**



* when evenly spreading the bank tax throughout the year

Comparisons against the previous quarter unless otherwise stated

Overview of building blocks of the 1Q20 net result



	NII	NFCI	Technical Insurance Result*	Total Income	Opex excl. bank tax
Q-o-Q	+1%	-4%	-19%	-28%	-6%
Y-o-Y	+6%	+5%	+18%	-21%	+2%

* Earned premiums – technical charges + ceded reinsurance
** Dividend income + net realised result from debt instruments FV through OCI + net other income

Main exceptional items

		1Q20	4Q19	1Q19
BE BU	NII – Early termination of 1 large corporate file	+12m EUR		
	Opex – Staff expenses			+8m EUR
	Tax – DTA impact			+11m EUR
	Total Exceptional Items BE BU	***+12m EUR***		***+19m EUR***
CZ BU	NOI – Settlement of legacy legal files			+6m EUR
	Total Exceptional Items CZ BU			***+6m EUR***
IM BU	IRL - NOI – Additional impact for the tracker mortgage review		-1m EUR	
	IRL - Opex – Costs, mainly related to sale of part of legacy loan portf.			-1m EUR
	HU – Impairments – Modification loss from moratorium	-18m EUR		
	Total Exceptional Items IM BU	***-18m EUR***	***-1m EUR***	***-1m EUR***
GC	Tax – DTA impact			+4m EUR
	Tax – Belgian corporate tax reform		-3m EUR	
	Total Exceptional Items GC		***-3m EUR***	***+4m EUR***
Total Exceptional Items (pre-tax)		-6m EUR	-4m EUR	+29m EUR
Total Exceptional Items (post-tax)		-7m EUR	-4m EUR	+25m EUR

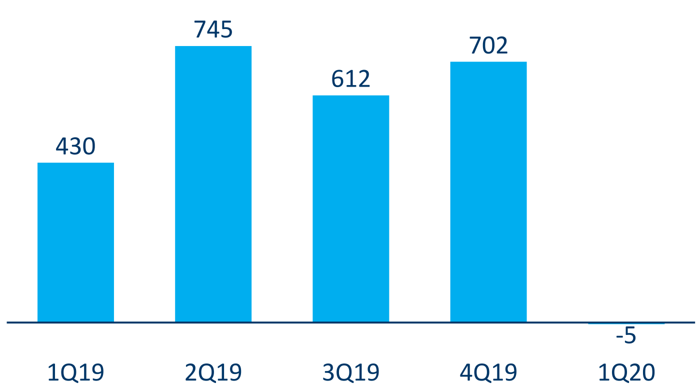
Contents

Section 1

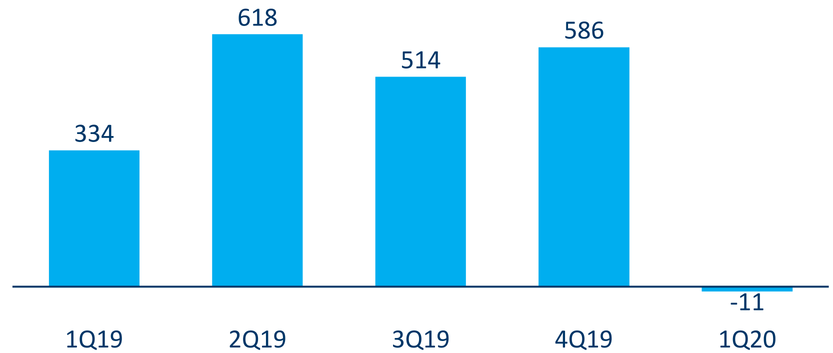
1Q 2020 performance of KBC Group

Net result at KBC Group

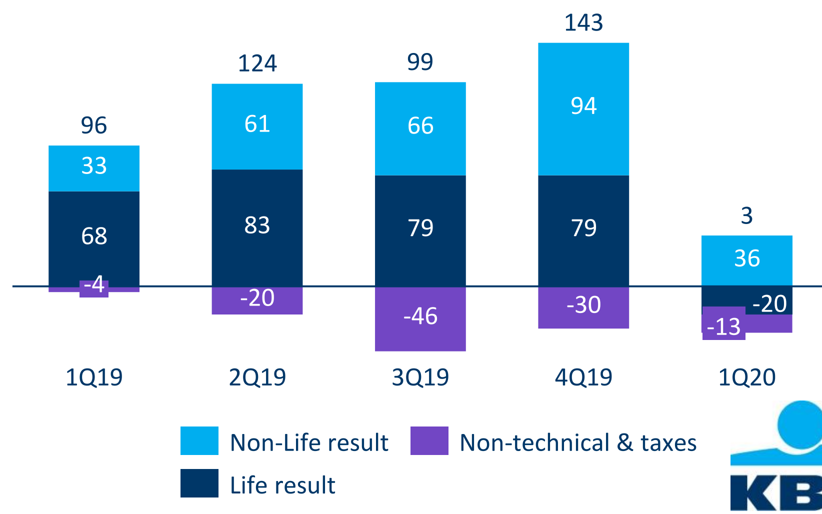
NET RESULT AT KBC GROUP*



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT*



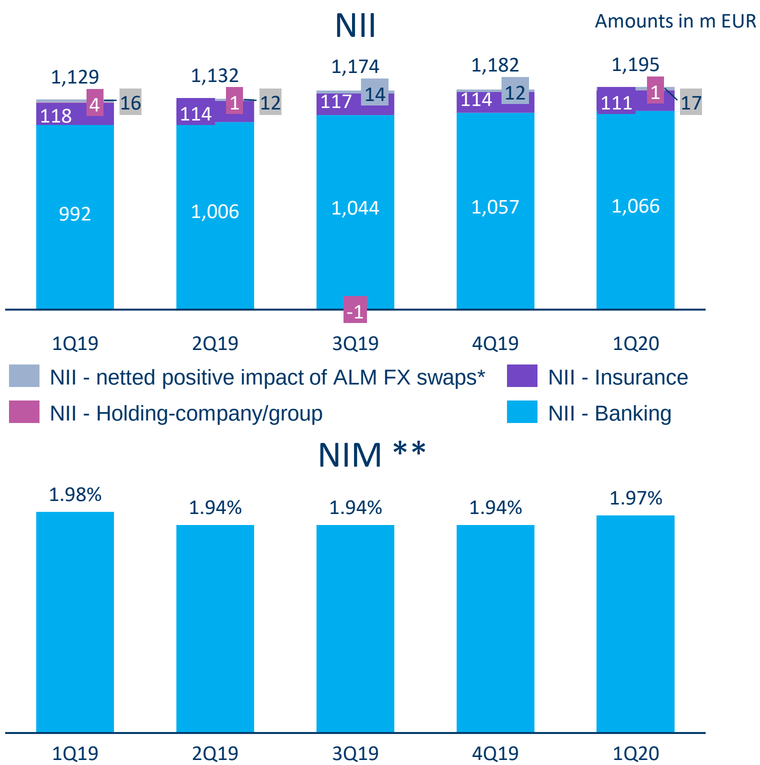
CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT*



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

Amounts in m EUR

Higher net interest income and higher net interest margin



* From all ALM FX swap desks

** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos

- **Net interest income (1,195m EUR)**
  - Increased by 1% q-o-q and by 6% y-o-y. Note that NII banking rose by 1% q-o-q and by 7% y-o-y
  - The q-o-q increase was driven primarily by:
    - continued good loan volume growth
    - higher margins on new loan production in all segments in Belgium
    - lower funding cost
    - higher netted positive impact of ALM FX swaps
    - positive impact of ECB deposit tiering (+3m EUR q-o-q)
    - a 12m EUR positive one-off due to the early termination of 1 large corporate file in Belgium
    - the positive impact of the CNB repo rate hike early February (to 2.25%)

    partly offset by:
    - lower reinvestment yields in our euro area core countries
    - pressure on loan margins on total outstanding portfolio in most core countries
    - lower number of days

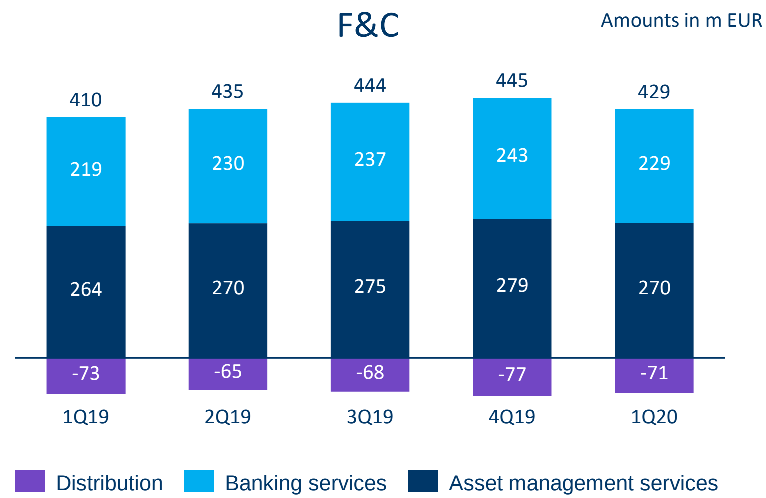
- **Net interest margin (1.97%)**
  - Increased by 3bps q-o-q (positively impacted by the +12m EUR one-off item in Belgium and the CNB rate hike early February) and decreased by 1 bp y-o-y, the latter due mainly to the negative impact of lower reinvestment yields and pressure on loan margins on total outstanding portfolio in most core countries

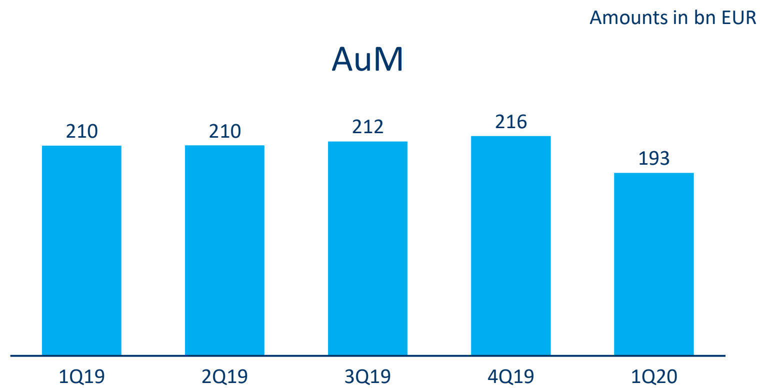
ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	158bn	67bn	208bn	193bn	27bn
Growth q-o-q*	+3%	+1%	+4%	-11%	-6%
Growth y-o-y	+6%	+5%	+5%	-8%	-4%

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

*** Customer deposits, including debt certificates but excluding repos. **Customer deposit volumes excluding debt certificates & repos +2% q-o-q and +7% y-o-y**

Lower net fee and commission income



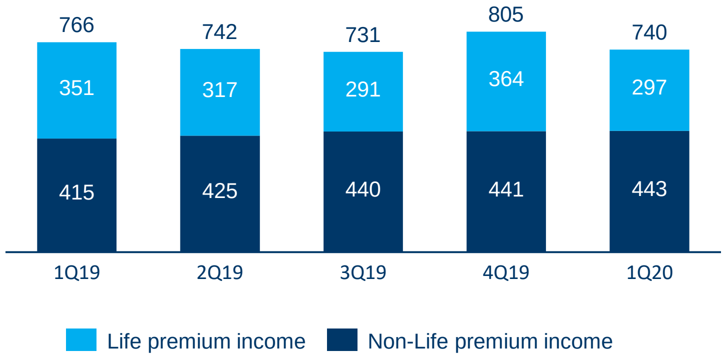


- **Net fee and commission income (429m EUR)**
  - Down by 4% q-o-q and up by 5% y-o-y
  - Q-o-q decrease was the result of the following:
    - Net F&C income from Asset Management Services decreased by 3% q-o-q as a result of lower management and entry fees from mutual funds & unit-linked life insurance products
    - Net F&C income from banking services decreased by 6% q-o-q due mainly to lower fees from payment services (partly seasonal effect, partly due to the SEPA regulation) and lower fees from credit files & bank guarantees, partly offset by higher securities-related fees
    - Distribution costs fell by 9% q-o-q due chiefly to lower commissions paid linked to banking products and decreased sales of life insurance products
  - Y-o-y increase was mainly the result of the following:
    - Net F&C income from Asset Management Services rose by 2% y-o-y as a result of higher management fees, partly offset by lower entry fees
    - Net F&C income from banking services increased by 5% y-o-y driven mainly by higher securities-related fees and higher network income, partly offset by lower fees from credit files & bank guarantee and lower fees from payment services
    - Distribution costs fell by 3% y-o-y

- **Assets under management (193bn EUR)**
  - Decreased by 11% q-o-q (and by 8% y-o-y) due almost entirely to a negative price effect (-10% q-o-q)
  - The mutual fund business has seen net inflows (+0.6bn EUR), more than offset by net outflows in investment advice and group assets

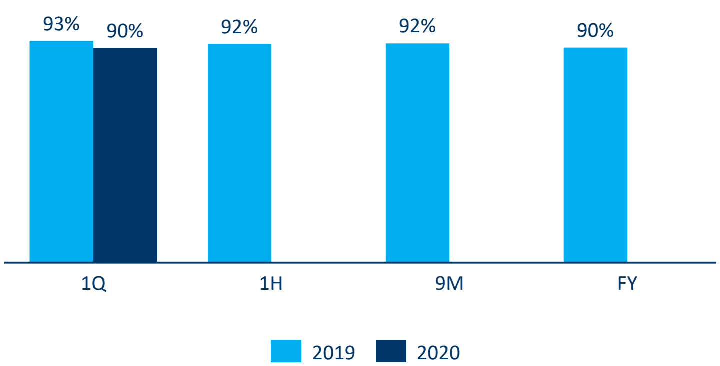
Insurance premium income down y-o-y and excellent combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUMS)



- **Insurance premium income** (gross earned premiums) **at 740m EUR**
  - Non-life premium income (443m) increased by 7% y-o-y
  - Life premium income (297m) down by 18% q-o-q and by 15% y-o-y

COMBINED RATIO (NON-LIFE)

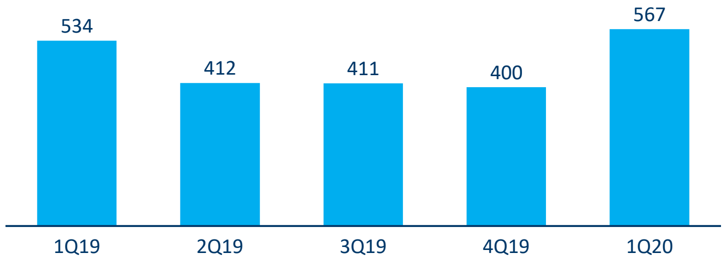


- The non-life **combined ratio** for 1Q20 amounted to **90%**, an excellent number. Note that higher y-o-y technical charges from storm claims (especially in Belgium) were almost fully offset by lower normal and major claims

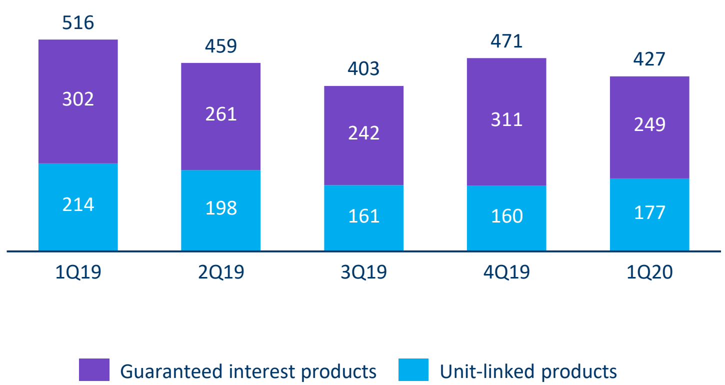
Amounts in m EUR

Non-life sales up y-o-y, life sales down q-o-q and y-o-y

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



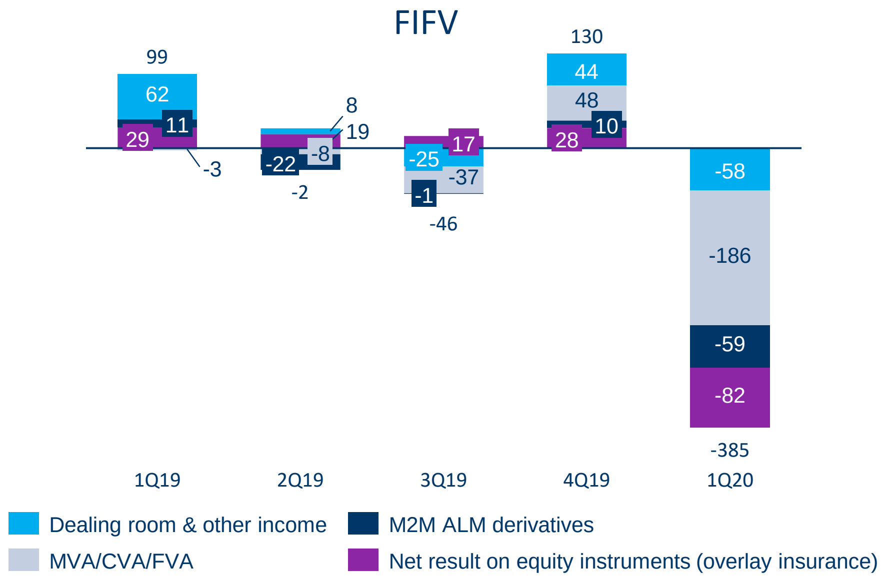
LIFE SALES

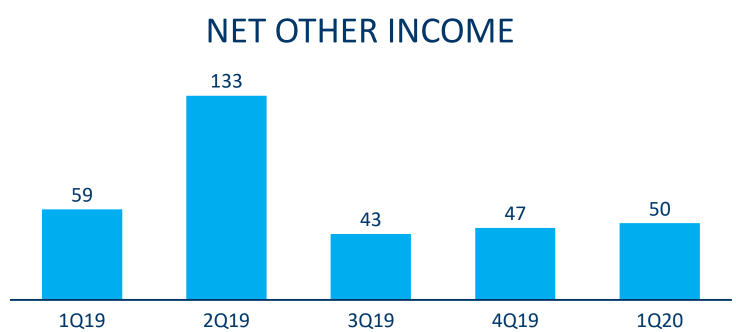


Amounts in m EUR

- **Sales of non-life insurance products**
  - Up by 6% y-o-y thanks to a good commercial performance in all major product lines in our core markets and tariff increases
- **Sales of life insurance products**
  - Decreased by 9% q-o-q and by 17% y-o-y
  - The q-o-q decrease was driven entirely by lower sales of guaranteed interest products in Belgium (attributable chiefly to traditionally higher volumes in tax-incentivised pension savings products in 4Q19)
  - The y-o-y decrease was driven mainly by lower sales of guaranteed interest products (due to the suspension of universal single life insurance products in Belgium) and lower sales of unit-linked products both in Belgium and the Czech Republic
  - Sales of unit-linked products accounted for 42% of total life insurance sales in 1Q20

Sharply lower FIFV and higher net other income





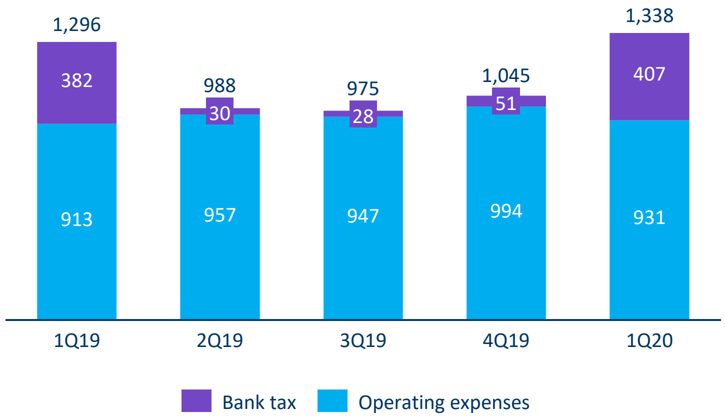
Amounts in m EUR

- The sharply lower q-o-q figures for **net gains from financial instruments at fair value** were attributable mainly to:
  - a negative change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivatives portfolio due to lower long-term interest rates, decreasing equity markets and increasing counterparty credit spreads and KBC funding spread)
    - FVA: -116m EUR q-o-q to -100m EUR
    - CVA: -112m EUR q-o-q to -79m EUR
    - MVA: -6m EUR q-o-q to -7m EUR
  - a lower net result on equity instruments (insurance) due to the decreasing equity markets
  - a negative change in ALM derivatives
  - lower dealing room income

- **Net other income** amounted to 50m EUR, fully in line with the normal run rate

Strict cost management

OPERATING EXPENSES



BANK TAX SPREAD IN 2020 (PRELIMINARY)**

	TOTAL	Upfront	Spread out over the year			
	1Q20	1Q20	1Q20	2Q20e	3Q20e	4Q20e
BE BU	**289**	289	0	0	0	0
CZ BU	**41**	40	0	0	0	0
Hungary	**44**	25	20	22	22	22
Slovakia	**12**	3	8	7	7	7
Bulgaria	**17**	17	0	0	0	0
Ireland	**5**	4	1	1	1	26
GC	**0**	0	0	0	0	0
TOTAL	**407**	**377**	**29**	**30**	**30**	**55**

- Operating expenses excluding bank taxes decreased by 6% q-o-q primarily as a result of:
  - lower staff expenses (partly due to lower number of FTEs q-o-q), despite wage inflation in most countries
  - seasonally lower professional fee and marketing costs
- Operating expenses excluding bank taxes increased by 2% y-o-y driven chiefly by the full consolidation of CMSS (15m EUR in 1Q20). Excluding CMSS in 1Q20 and excluding the 8m EUR positive one-off in 1Q19, operating expenses decreased by 0.5% y-o-y
- Cost/income ratio (banking) adjusted for specific items* at 69% in 1Q20 (58% in FY19), distorted by sharply lower FIFV (Financial Instruments at Fair Value). Cost/income ratio (banking): 91% in 1Q20, distorted by bank taxes and sharply lower FIFV
- Total bank taxes (including ESRF contribution) are expected to increase by 6% y-o-y to 521m EUR in FY20

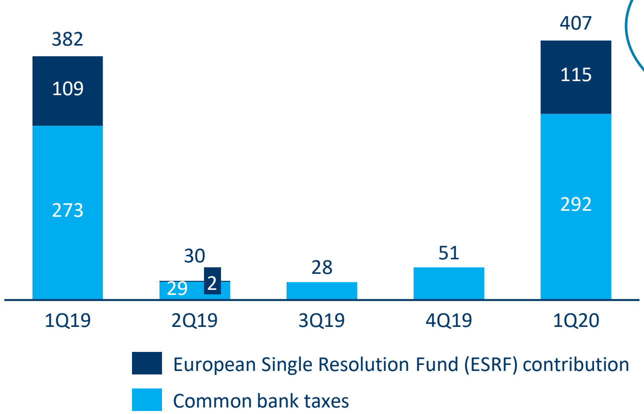
* See glossary (slide 87) for the exact definition

** Still subject to changes

Overview of bank taxes*

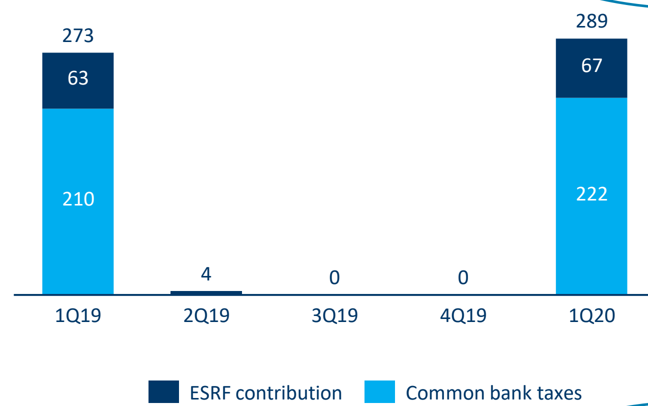
Bank taxes of 407m EUR in 1Q20. On a pro rata basis, bank taxes represented 12.3% of 1Q20 opex at KBC Group**

KBC GROUP



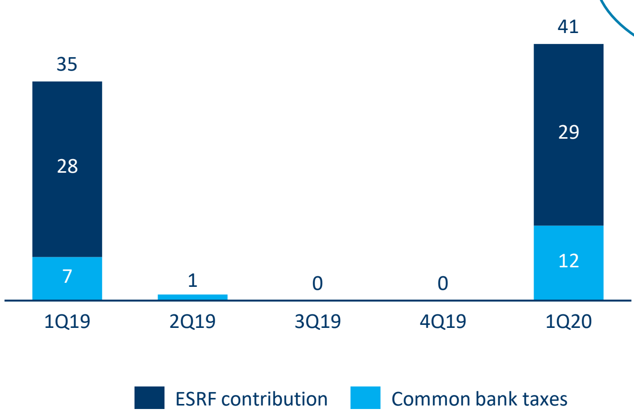
Bank taxes of 289m EUR in 1Q20. On a pro rata basis, bank taxes represented 11.8% of 1Q20 opex at the Belgium BU

BELGIUM BU



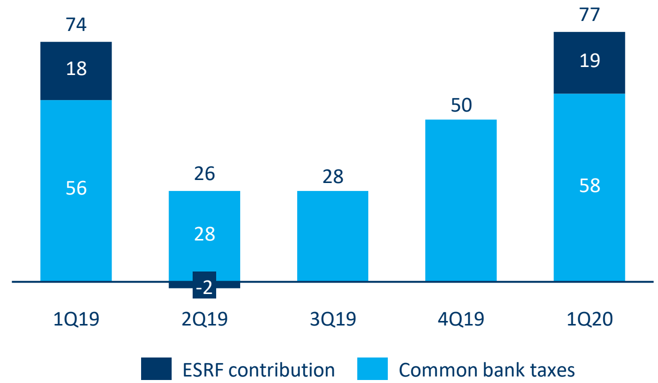
Bank taxes of 41m EUR in 1Q20. On a pro rata basis, bank taxes represented 5.4% of 1Q20 opex at the CZ BU

CZECH REPUBLIC BU



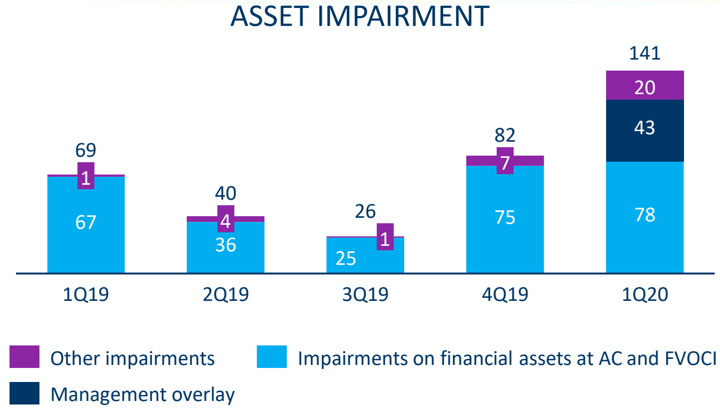
Bank taxes of 77m EUR in 1Q20. On a pro rata basis, bank taxes represented 20.1% of 1Q20 opex at the IM BU

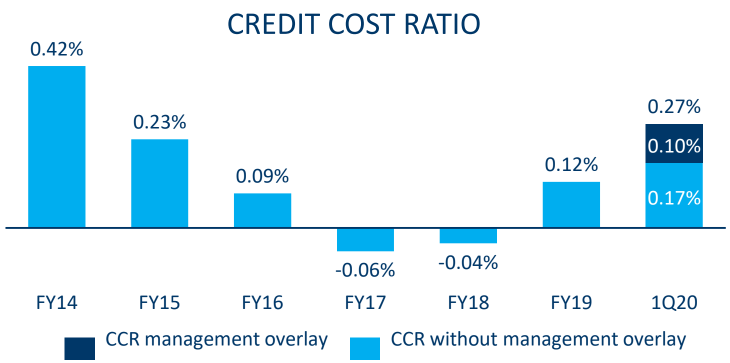
INTERNATIONAL MARKETS BU

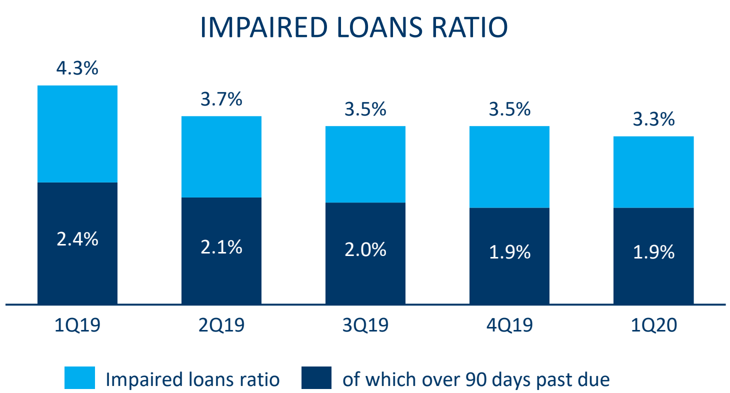


* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.
** The C/I ratio adjusted for specific items of 69% in 1Q20 amounts to 60% excluding these bank taxes

Higher asset impairments, benign credit cost ratio and improved impaired loans ratio







- **Higher asset impairments q-o-q**
  - A large part of the loan loss provisions was related to impairments on a number of corporate loans in Belgium, as was the case in previous quarters
  - The q-o-q increase of loan loss provisions was attributable to:
    - 43m EUR impairments from the covid-19 IFRS9 management overlay (see slides 17-25 for more details)
    - lower net loan loss impairment reversals in Ireland (1m EUR in 1Q20 versus 14m in 4Q19) and Group Centre (9m EUR in 1Q20 versus 11m in 4Q19)
    - small loan loss impairment in Slovakia and Bulgaria (compared with net impairment releases in 4Q19)
  - Impairment of 20m EUR on ‘other’, of which an 18m EUR negative one-off impact of the payment moratorium in Hungary (IFRS modification loss from the time value of payment deferral)

- The **credit cost ratio** amounted to 0.17% without management overlay and 0.27% with management overlay in 1Q20

- The **impaired loans ratio** improved q-o-q at 3.3%, 1.9% of which over 90 days past due

Section 2

Covid-19

COVID-19 (1/8)

Commitment towards our stakeholders

SAFETY AND CONTINUITY

- **Safety of staff and clients received priority,** continuity of service was guaranteed
- **All systems up and running as of day one**; KBC operationally well prepared to address this crisis
- Resulted in **massive numbers of staff working remotely.** In Belgium, 95% of our employees currently work remote and around 65%-90% in the other core countries

DIGITAL IS THE NEW NORMAL

- Corona-lockdown impact on digital sales, service and digital signing so far very positive. KBC is **clearly benefitting from the digital transformation efforts** and investments made in previous years and through its multichannel distribution it can offer the clients a service level which is very close to the one prior to the Corona situation

DIGITAL BOOST IN DIFFERENT CORE MARKETS

- The investment platform Bolero (Belgium) is booming. In March, the number of new clients rose by no less than 700% and the number of transactions by 400% compared to the same period last year
- In Ireland, volume of new current accounts opened in March jumped 10% from previous month with a 30% spike in new openings in the latter half of the month following COVID-19 restrictions
- The digital claims processes (in Bulgaria) for both CASCO and Property were installed, enabling clients to settle their claims end-to-end without physical interaction. Since March we see digital claims raising from 3.5 % to 17.5% of total claims. More specifically, 75 % of all property claims were settled fully remotely by April
- In Czech Republic, during March, digital sales of mutual funds more than tripled compared to an average week of 2019

COVID-19 (2/8)

Overview of government response in our core countries

Deferral of payments

Belgium

Opt-in: 6 months, (maximum until 31 Oct 2020)

- Applicable for mortgages and viable companies
- For private persons: deferral of principal and interest, while only capital deferral for commercial clients
- Interest is accrued over deferral period, with the exception of families with net income less than 1,700 EUR. For the latter group, this results in a modification loss for the bank (est. in 2Q)

Czech Republic

Opt-in: 3 or 6 months

- Applicable for retail and non-retail clients
- For private persons: deferral of principal and interest, while only capital deferral for commercial clients
- Interest is accrued over the deferral period, but the interest has to be repaid in the last instalment, resulting in a small modification loss for the bank (est. in 2Q)
- For consumer loans, the interest during the deferral period cannot exceed 2-week repo rate + 8%

Hungary

Opt-out: a blanket moratorium until 31 Dec 2020

- Applicable for retail and non-retail
- Deferral of principal and interest
- Interest is accrued over deferral period, but unpaid interest cannot be capitalized and must be collected on a linear way during the remaining (extended) lifetime. This results in a modification loss for the bank (estimated at -18m EUR, booked in 1Q)

Guarantee Scheme & liquidity assistance

Belgium

- **A state guarantee scheme** up to 50bn EUR to cover losses incurred on future loans granted before 30 Sep 2020 to viable companies, with a tenor of maximum 12 months. Guarantee covers 50% of losses above 3% of total credit losses and 80% above 5% of losses
- **New loans with a maturity of 12 months** under the government guarantee scheme (leasing and factoring excluded), with maximum interest of 1.25%

Czech Republic

- Providing a **guarantee for company loans** (up to 80%, maximum amount of the loan up to 548 000 EUR) from commercial banks, **sponsored by Czech-Moravian Guarantee and Development Bank**
- **Interest-free loans provided by the Czech-Moravian Guarantee and Development bank** to entrepreneurs and SMEs ranging from 18 000 EUR to 548 000 EUR, up to 2 year maturity including a 12 months grace period

Hungary

- Already existing government guarantee scheme (Garantiqa) is largely extended to cope with Covid-19 crisis
- Annual interest rate on personal loans granted by **commercial banks** may not exceed the central bank base rate by more than 5 percentage points

COVID-19 (3/8)

Overview of government response in our core countries

Deferral of payments

Slovakia

Opt-in: 9 months or 6 months (for leases)

- Applicable for retail customers, entrepreneurs and SMEs
- Deferral of principal and interest
- Interest is accrued over the deferral period, but the client has the option to repay all interests at once after the moratorium or repay on a linear basis. The latter option would result in a small modification loss for the bank (est. in 2Q)

Bulgaria

Opt-in: 6 months (maximum until 31 Dec 2020)

- Applicable for retail and non-retail
- Deferral of principal and interest
- Interest is accrued over deferral period

Ireland

Opt-in: 3 to 6 months

- Applicable for mortgage loans, consumer finance loans and business banking loans with repayment schedule
- Deferral of principal and interest for up to 6 months (with revision after 3 months) for Mortgages & Consumer finance and 3 months for business banking
- Interest is accrued over deferral period, but repaid on linear basis, resulting in a modification loss for the bank (est. in 2Q)

Guarantee Scheme & liquidity assistance

Slovakia

- **State offers bank guarantees of up to 500m EUR** a month to commercial clients
- Working capital loans aimed at helping SMEs in particular to bridge this period (loan amount up to 500 000 EUR, with 3 years maturity including a 12 months grace period), in preparation by EXIM Bank of the Slovak Rep
- **Proposal for banks** to grant Short term interest-free loans to companies guaranteed by SZRB

Bulgaria

- **700m BGN of state guarantees** provided by the Bulgarian Development Bank to commercial banks of which 100m EUR provided for an interest-free personal loan up to 750 EUR

Ireland

- **A credit guarantee scheme** will be provided by the pillar banks to affected firms. Loans of up to 1m EUR will be available (estimated at 150m EUR)
- A 200m EUR in liquidity support for struggling firms made available by Enterprise Ireland.
- Working capital and long-term loans (up to 1.5m EUR) will be provided by the **Strategic Banking Corporation** of Ireland's Covid-19 Working Capital Scheme at reduced rates totaling 650m EUR

COVID-19 (4/8)
IFRS 9 scenarios

OPTIMISTIC SCENARIO	BASE SCENARIO	PESSIMISTIC SCENARIO
Virus spread quickly under control, fast decline in number of cases	Virus spread and impact under control thanks to longer lockdown	Virus spread continues until vaccination becomes available
Lockdown lifted fast in Q2, in combination with testing	Slow and gradual removal of lockdown from Q3 on	On-off lockdowns until vaccination
Fall in economic activity 1H20, steep recovery from Q3 onwards	Major fall in economic activity in 1H20, gradual recovery in Q3+Q4	Longer term stagnation and negative growth
Sharp, short V pattern	Pronounced V/U-pattern	W/L-pattern, with right leg only slowly increasing

- Because of the **uncertainty surrounding** the spread of the covid-19 virus and impact of the policy reactions to mitigate the economic impact and boost the recovery, we distinguish between **three economic scenarios: a base scenario and an optimistic and pessimistic alternative.**
- In each scenario the economic decline in 2020 is substantial and a recovery will follow. The scenarios differ in terms of the magnitude of the shock and the recovery path, which are determined by the virus evolution and the fight against it.

Macroeconomic scenarios
(situation at March 31, 2020)

Real GDP growth	2020			2021			2022		
	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Euro area	-6.0%	-11.3%	-14.0%	6.5%	11.0%	-3.2%	1.3%	1.2%	5.0%
Belgium	-5.0%	-9.5%	-13.2%	6.0%	12.3%	-3.2%	1.3%	1.3%	5.0%
Czech Republic	-5.0%	-10.0%	-15.0%	2.0%	4.0%	0.0%	2.1%	2.0%	3.0%
Hungary	-3.0%	-9.0%	-12.0%	2.0%	4.0%	1.0%	3.0%	3.0%	3.0%
Slovakia	-5.0%	-10.0%	-14.0%	2.5%	5.0%	-2.5%	2.6%	2.5%	2.5%
Bulgaria	-4.0%	-10.0%	-12.0%	3.0%	5.0%	2.0%	3.0%	3.0%	3.0%
Ireland	-2.0%	-5.0%	-10.0%	2.0%	4.0%	1.0%	2.6%	3.5%	2.5%

COVID-19 (5/8)
IFRS 9 scenarios

Macroeconomic scenarios
(situation at March 31, 2020)

Unemployment rate	2020			2021			2022		
	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Belgium	5.9%	6.2%	10.0%	5.8%	5.8%	12.0%	5.6%	5.6%	9.5%
Czech Republic	3.5%	4.5%	5.5%	4.0%	5.5%	7.0%	3.7%	5.0%	7.0%
Hungary	5.7%	7.2%	12.0%	4.4%	5.0%	8.7%	4.0%	4.3%	5.9%
Slovakia	8.0%	9.0%	12.0%	9.3%	11.0%	14.0%	7.7%	8.0%	14.0%
Bulgaria	6.8%	8.0%	11.0%	7.7%	10.0%	13.0%	6.1%	7.0%	12.0%
Ireland	9.7%	14.0%	20.0%	7.1%	9.0%	18.0%	5.6%	6.0%	12.0%

House-price index	2020			2021			2022		
	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Belgium	-1.0%	-3.0%	-6.0%	0.0%	-2.0%	-4.0%	1.5%	1.0%	-1.0%
Czech Republic	0.0%	-2.0%	-4.0%	-0.8%	-3.5%	-6.0%	2.0%	2.0%	0.0%
Hungary	-1.0%	-5.0%	-7.5%	0.0%	-3.0%	-5.0%	2.5%	2.0%	1.0%
Slovakia	-1.0%	-5.0%	-7.0%	0.5%	-2.0%	-3.0%	2.0%	2.0%	1.0%
Bulgaria	0.5%	-2.0%	-4.0%	1.0%	-1.0%	-3.0%	3.0%	3.0%	0.0%
Ireland	-6.0%	-12.0%	-20.0%	5.0%	8.0%	-5.0%	4.0%	5.0%	3.0%

COVID-19 (6/8)

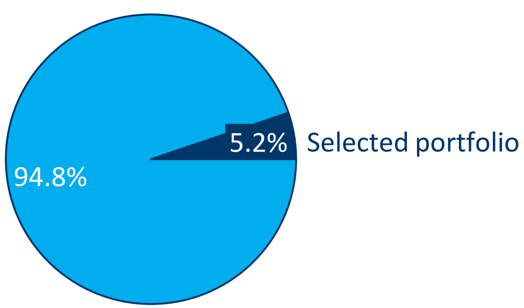
Stress assumptions applied

Loan portfolio*:

(in billions of EUR)	1Q20	YE19
Portfolio outstanding	**180**	**175**
Retail	40%	42%
of which mortgages	37%	38%
of which consumer finance	3%	3%
SME	21%	22%
Corporate	39%	37%

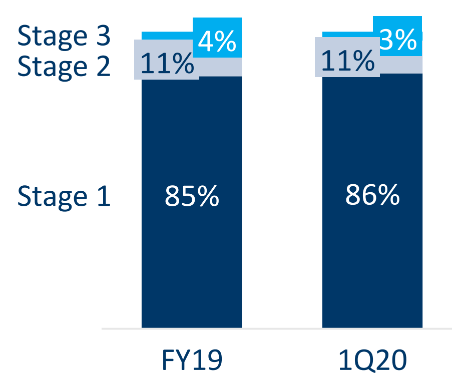
- Our 1Q20 collective Expected Credit Losses (ECL) calculations are based on pre-Covid-19 macroeconomics. The ECL models are not able to adequately reflect the specificities of the Covid-19 crisis nor the various government measures implemented in the different countries to support households, SME's and Corporates through this crisis. Therefore, an expert-based calculation on portfolio level has been performed to take into account the adjusted macroeconomic circumstances and the different government measures via a **management overlay**.
- Following **stress-assumptions** were applied on the performing portfolio by the end of March 2020:
  - Certain PD downgrades between 1** and 3 notches applied, with the assumption that higher PD's will be more affected
  - On average SMEs would be more vulnerable than corporates
  - Only a certain number of (sub)sectors are included. These sub-portfolios represent about 5.2% of our total corporate and SME portfolio (or 3.1% of our total outstanding portfolio) . For retail, no additional impact assessed as various government measures will prevent any significant impact on this portfolio
  - In line with ECB/ESMA/EBA guidance, any general government measure has not led to an automatic staging

(Sub)sectors defined within the SME & Corporate portfolio*:



Distribution (retail)	2.1%
Shipping (transportation)	1.2%
Hotels, bars & restaurants	1.0%
Services (entertainment & leisure)	0.7%
Aviation	0.3%

Total loan portfolio by IFRS 9 ECL stage *



* Aligned with the credit risk view of our loan portfolio as reported in the quarterly financial statements

** A 1 notch downgrade represents a doubling of the probability of default

COVID-19 (7/8)

Which (sub)sectors are in scope*?

Sector	
Distribution (retail) (2.2bn EUR)	• Circa 18% of the portfolio has been defined at high risk • Retail trade services of cars, textiles, audio, construction materials etc.
Shipping (1.3bn EUR)	• Focused on the transportation sector • Circa 81% of the total shipping portfolio has been defined at high risk
Hotels, bars & restaurants (1.0bn EUR)	• The full portfolio has been defined at high risk • Also concerns catering, holiday parks and guest rooms
Services (0.7bn EUR)	• Circa 4% of the portfolio has been defined at high risk • Focused on travel agencies, tour operators, museums, organizations of concerts, theaters, hairdressers etc.
Aviation (0.3bn EUR)	• The full portfolio has been defined at high risk

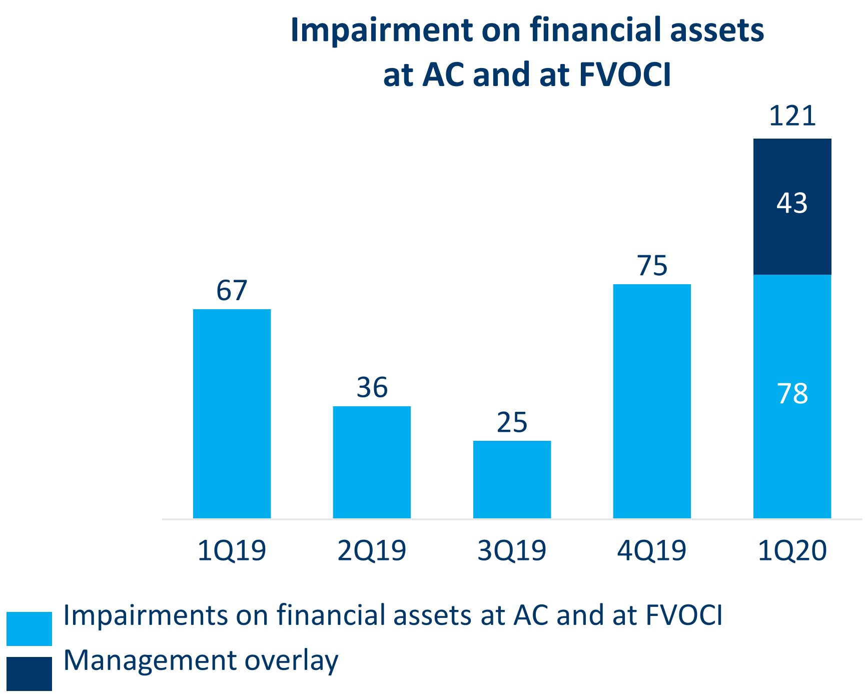
- The portfolios defined are only stage 1 and stage 2, management (collective) overlay less relevant for stage 3 because subject to individual assessment
- Excluding Bulgaria and Ireland (immaterial impact in 1Q20)

(*) The oil sector , the commercial real estate sector and the construction sector were not included in the management overlay for the following reasons:

- *Oil: the lower demand for oil products is expected to be temporary. KBC exposure to oil exploration and production is very limited and resulted in exclusion of this sector*
- *Commercial real-estate: low interest rate environment and the need for more environmental friendly buildings will continue to support the development sector. Interruption in rental payments in completed properties is limited to certain segments directly impacted by the lockdown measures. Such interruption is expected to be temporary. Rental deferrals are expected to be granted, but for a short period (at present, landlords are negotiating with tenants for rental deferrals instead of rental forgiveness; in certain countries, governments have imposed a moratorium on rental payments with short-term repayment schedule). Furthermore, lending LTVs offering substantial buffer against value decreases*
- *Construction: Interruption is limited, is one of the first sectors to restart and also temporary unemployment cover foreseen by the Belgian government*

COVID-19 (8/8)

Impact of the COVID-19 management overlay



Credit Cost % *(annualized)*	3M19	1H19	9M19	FY19	3M20
Without management overlay	0.16%	0.12%	0.10%	0.12%	0.17%
With management overlay					0.27%

- Taken into account this stress on a certain number of (sub)sectors, the **management overlay amounts to 43m EUR in 1Q20** (BU BE: 35m EUR, BU CR: 6m EUR, HU: 1m EUR and SK: 1m EUR)
- For this management overlay (fully assigned to stage 2) we attributed 100% weight to the base scenario, which is currently the most likely scenario
- Including the management overlay, the Credit Cost Ratio increased in 1Q20 with +10bps to 0.27%
- As a result of the coronavirus pandemic, we estimate the **FY20 impairments at roughly 1.1bn EUR (base scenario)**. Depending on a number of events such as the length and depth of the economic downturn, the significant number of government measures in each of our core countries, some of which still need to be worked out in detail, and the unknown amount of customers which will call upon these mitigating actions, we estimate the FY20 impairment to range between roughly 0.8bn EUR (optimistic scenario) and roughly 1.6bn EUR (pessimistic scenario)

Amounts in m EUR

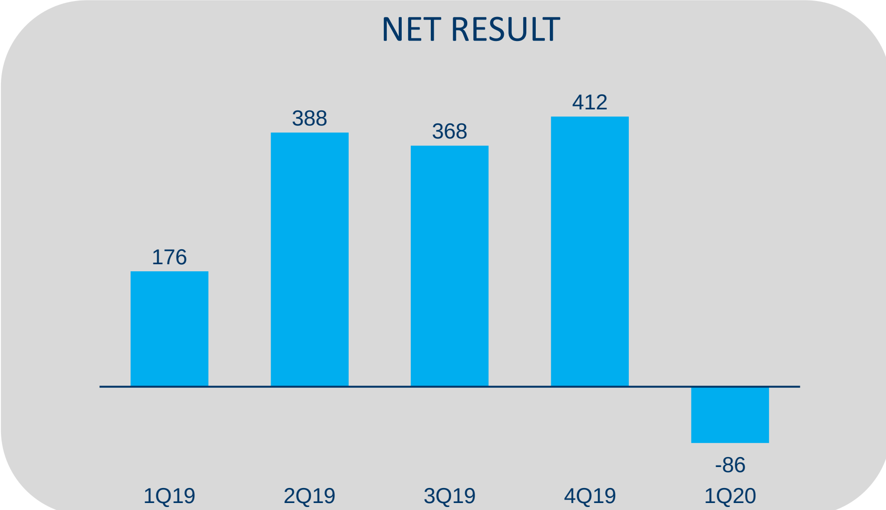
Section 3

1Q 2020 performance of business units

Business profile

	BELGIUM	CZECH REPUBLIC	SLOVAKIA	HUNGARY	BULGARIA	IRELAND	GROUP CENTRE
1Q20 NET RESULT (in million euros)	-86m	88m	4m	10m	10m	12m	-43m
ALLOCATED CAPITAL (in billion euros)	7.0bn	1.7bn	0.6bn	0.7bn	0.5bn	0.6bn	0.2bn
LOANS (in billion euros)	105bn	28bn	8bn	5bn	3bn	10bn	
DEPOSITS (in billion euros)	138bn	38bn	6bn	7bn	4bn	5bn	
BRANCHES (end 1Q20)	518	225	117	208	180	16	
Clients (end 1Q20)	3.6m	4.2m	0.6m	1.6m	1.4m	0.3m	

Belgium BU (1): net result of -86m EUR



Amounts in m EUR

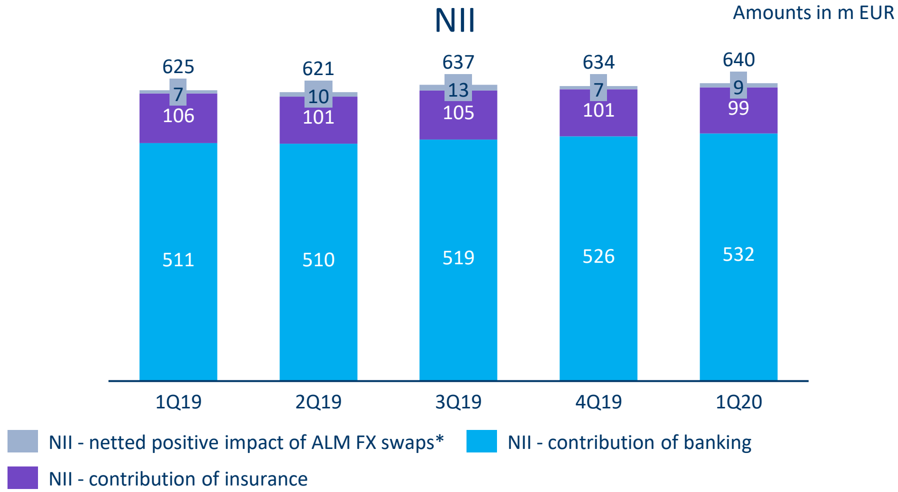
Net result at the Belgium Business Unit amounted to -86m EUR

- The quarter under review was characterised by higher net interest income, slightly higher net fee and commission income, lower dividend income, sharply lower trading and fair value income, lower net other income, a good combined ratio, lower sales of life insurance products, higher operating expenses due entirely to higher bank taxes and higher impairment charges q-o-q
- Customer deposits excluding debt certificates and repos rose by 6% y-o-y, while customer loans increased by 5% y-o-y

ORGANIC VOLUME TREND	Total loans**	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	105bn	36bn	138bn	178bn	25bn
Growth q-o-q*	+4%	0%	+6%	-11%	-5%
Growth y-o-y	+5%	+4%	+3%	-9%	-4%

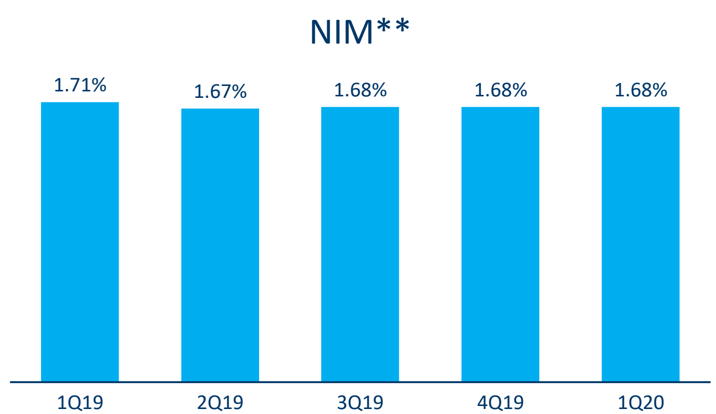
* Non-annualised ** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos. **Customer deposit volumes excluding debt certificates & repos +4% q-o-q and +6% y-o-y**

Belgium BU (2): higher NII and stable NIM



* From all ALM FX swap desks

** NIM is calculated excluding the dealing room and the net positive impact of ALM FX swaps & repos

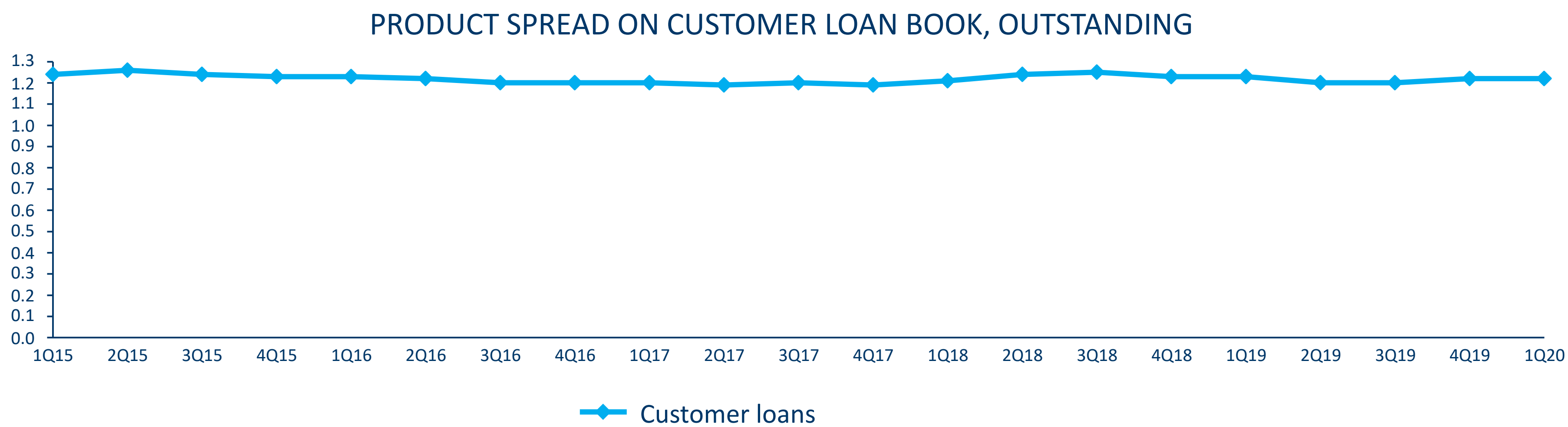


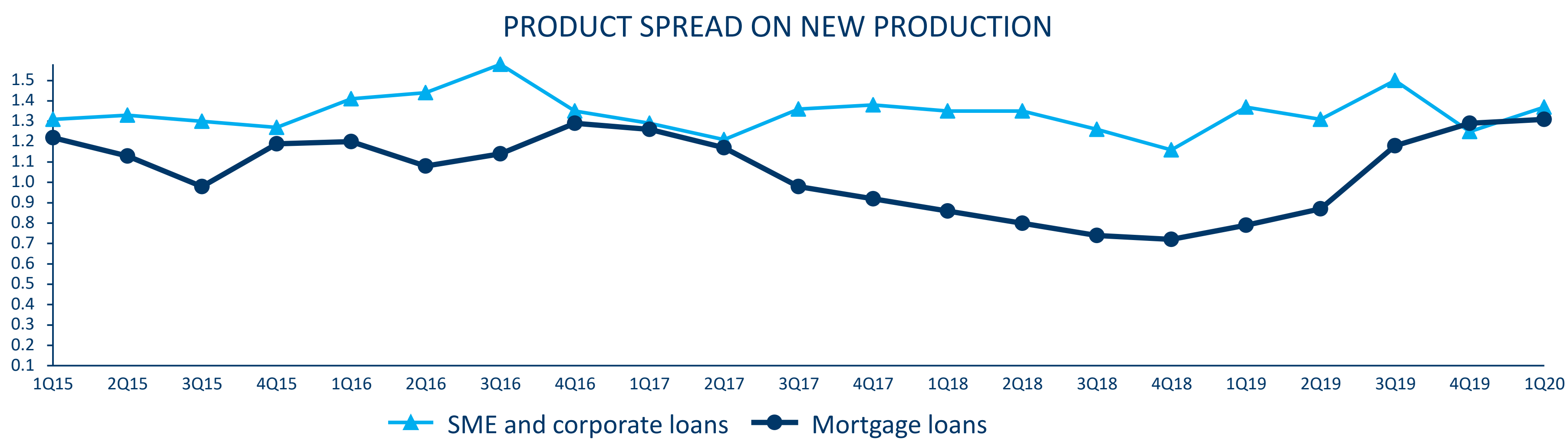
- **Net interest income (640m EUR)**
  - Rose by 1% q-o-q due mainly to:
    - higher margins on new loan production in all segments
    - a 12m EUR positive one-off due to the early termination of 1 large corporate file
    - positive impact of ECB deposit tiering (+3m EUR q-o-q)
    - slightly higher netted positive impact of FX swaps
    - slightly lower funding cost

    partly offset by:
    - lower reinvestment yields
    - lower NII insurance
    - lower number of days
  - Rose by 2% y-o-y
  - Note that NII banking rose by 1% q-o-q and by 4% y-o-y

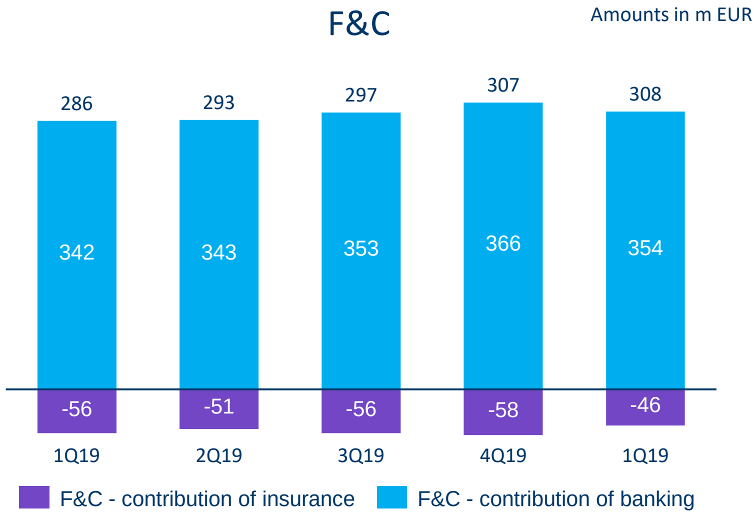
- **Net interest margin (1.68%)**
  - Stabilised q-o-q as higher NII banking (nominator) was offset by an increase of the interest-bearing assets (denominator). NIM was positively impacted by the +12m EUR one-off item in 1Q20
  - Fell by 3 bps y-o-y due chiefly to the negative impact of lower reinvestment yields

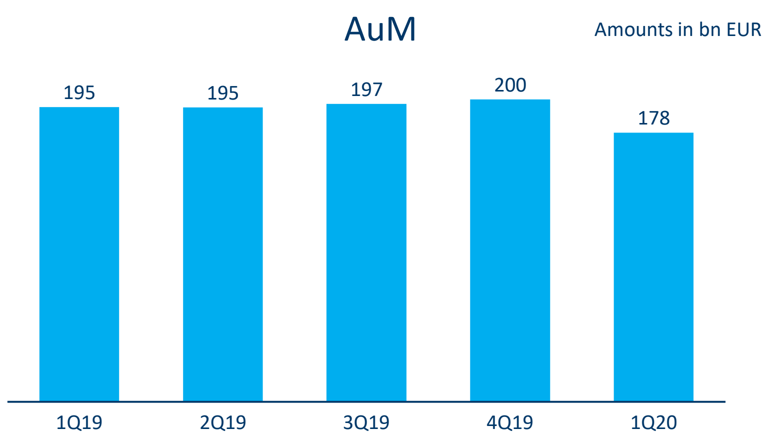
Credit margins in Belgium





Belgium BU (3): higher net F&C income





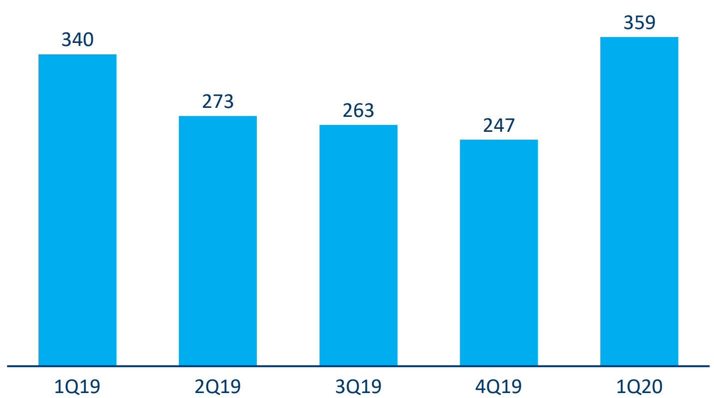
- **Net fee and commission income (308m EUR)**
  - Net F&C income slightly increased q-o-q due mainly to:
    - higher securities-related fees
    - higher network income
    - lower commissions paid on insurance sales

    partly offset by:
    - lower entry and management fees from mutual funds and unit-linked life insurance products
    - lower fees from credit files & bank guarantees
    - lower fees from payment services
  - Rose by 8% y-o-y driven chiefly by higher management fees from mutual funds & unit-linked life insurance products, higher securities-related fees, higher fees from payment services, higher network income and lower commissions paid on life insurance sales partly offset by lower entry fees from mutual & unit-linked insurance products

- **Assets under management (178bn EUR)**
  - Decreased by 11% q-o-q due to a negative price effect (-9%) and net outflows (-2%)
  - Decreased by 9% y-o-y as a result of net outflows (-4.5%) and a negative price effect (-4%)

Belgium BU (4): higher y-o-y non-life sales, good combined ratio

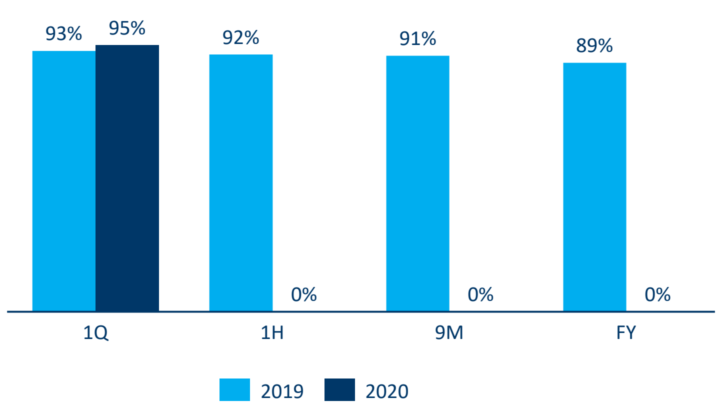
NON-LIFE SALES (GROSS WRITTEN PREMIUM)



Amounts in m EUR

- **Sales of non-life insurance products**
  - Increased by 6% y-o-y
  - Premium growth in all classes and tariff increases

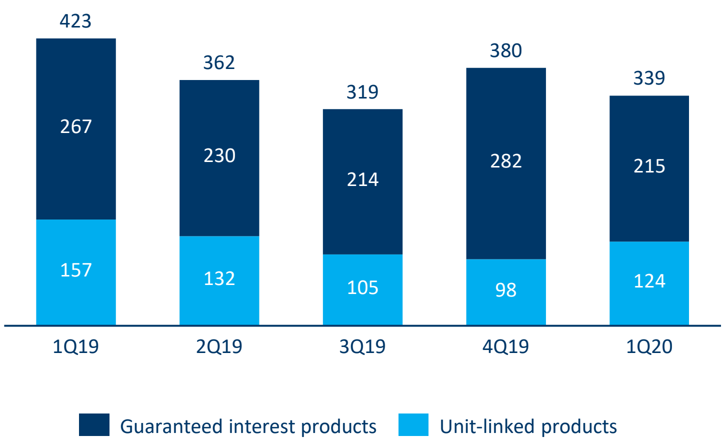
COMBINED RATIO (NON-LIFE)



- **Combined ratio** amounted to **95%** in 1Q20 (93% in 1Q19). 1Q20 was impacted by a negative ceded reinsurance result (compared with a positive ceded reinsurance result in 1Q19). Note that higher y-o-y technical charges from storm claims (48m EUR in 1Q20 compared with 39m EUR in 1Q19) were more than offset by lower normal and major claims (e.g., less fire claims y-o-y)

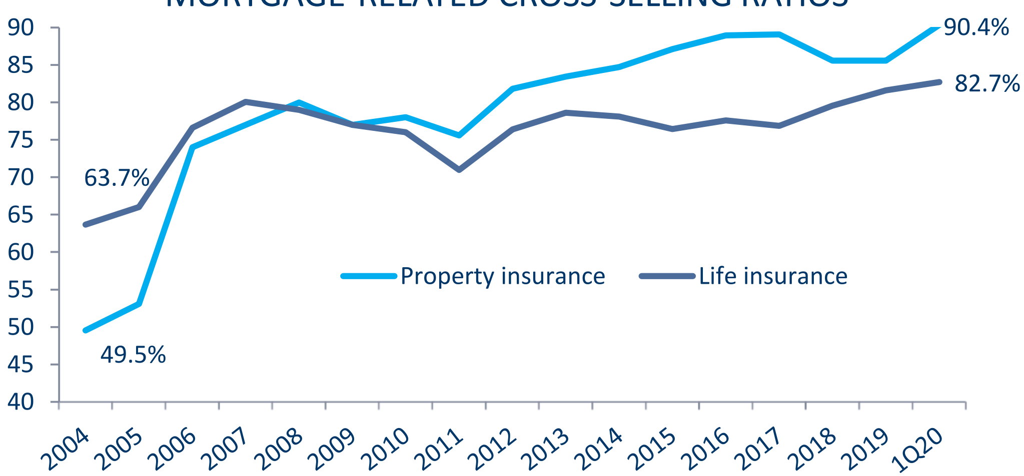
Belgium BU (5): lower life sales, good cross-selling ratios

LIFE SALES



Amounts in m EUR

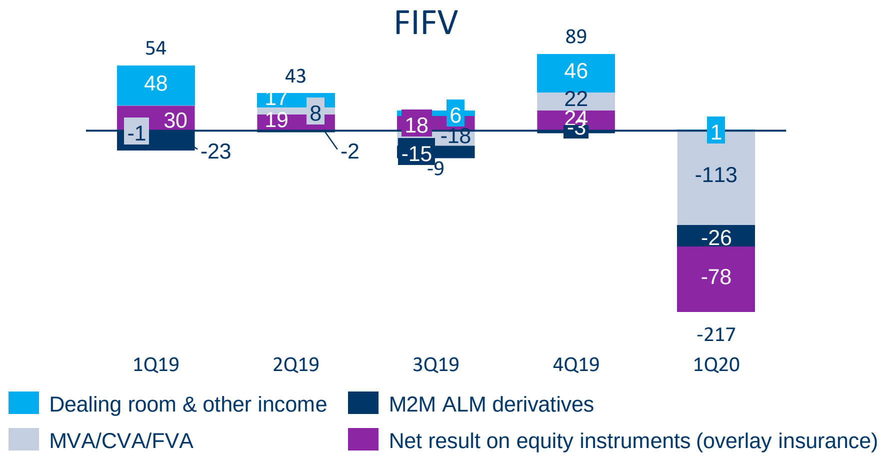
MORTGAGE-RELATED CROSS-SELLING RATIOS



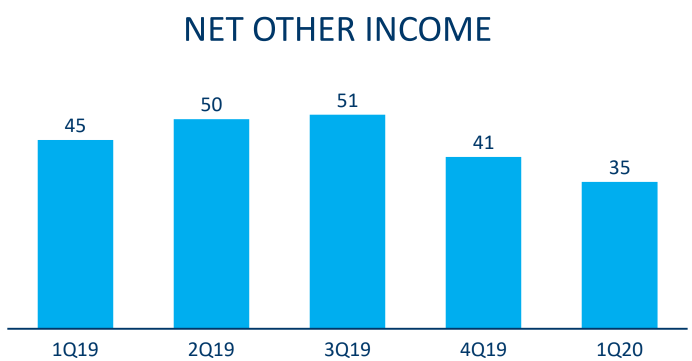
- **Sales of life insurance products**
  - Fell by 11% q-o-q driven entirely by lower sales of guaranteed interest products (attributable chiefly to traditionally higher volumes in tax-incentivised pension savings products in 4Q19)
  - Decreased by 20% y-o-y driven by lower sales of guaranteed interest products (fully due to the suspension of universal single life insurance products) and lower sales of unit-linked products
  - Guaranteed interest products and unit-linked products accounted for 63% and 37%, respectively, of life insurance sales in 1Q20

- **Mortgage-related cross-selling ratios**
  - 90.4% for property insurance
  - 82.7% for life insurance

Belgium BU (6): sharply lower FIFV and net other income



- The lower q-o-q figures for **net gains from financial instruments at fair value** were due to:
  - a negative change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivatives portfolio due to lower long-term interest rates, decreasing equity markets and increasing counterparty credit spreads and KBC funding spread)
  - a lower net result on equity instruments (insurance) due to the decreasing equity markets
  - lower dealing room income
  - a negative change in ALM derivatives

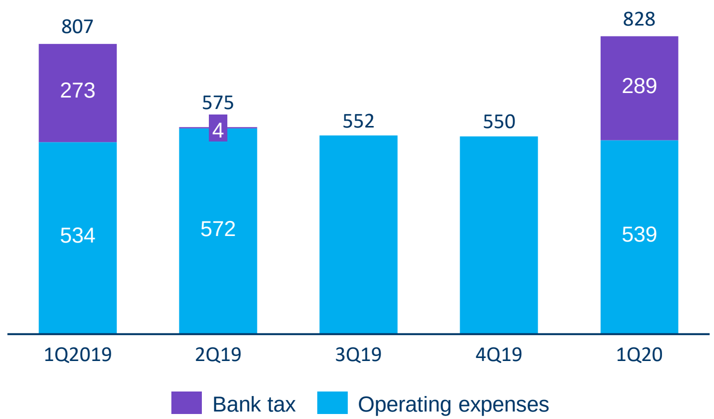


- **Net other income** amounted to 35m EUR in 1Q20

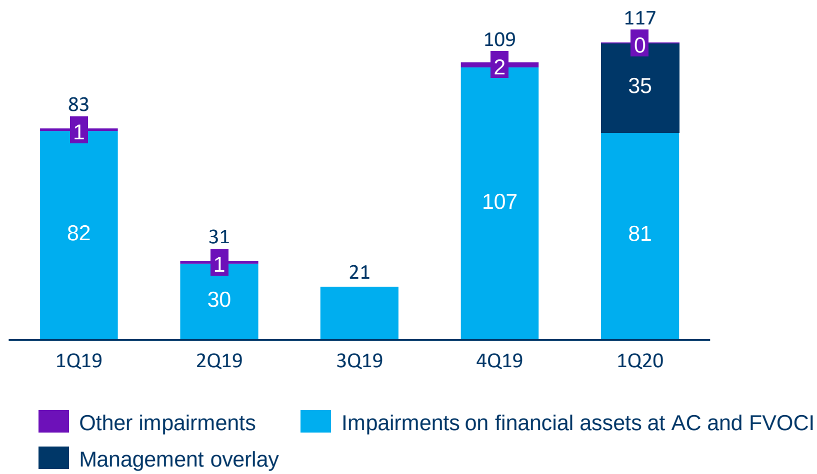
Amounts in m EUR

Belgium BU (7): higher opex entirely due to higher bank taxes and higher impairments

OPERATING EXPENSES



ASSET IMPAIRMENT



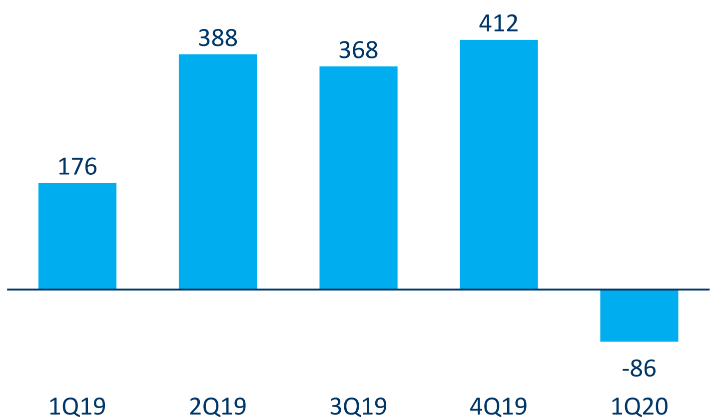
Amounts in m EUR

- **Operating expenses**: +51% q-o-q and +3% y-o-y
  - Operating expenses without bank taxes decreased by 2% q-o-q due chiefly to
    - seasonally lower professional fee and marketing costs
    - lower staff expenses

    partly offset by:
    - higher ICT expenses
  - Operating expenses without bank taxes increased by 1% y-o-y due mainly to higher staff expenses (as 1Q19 was impacted by an 8m positive one-off), partly offset by lower ICT and marketing costs
  - Adjusted for specific items, the C/I ratio amounted to 67% in 1Q20 (60% in FY19)
  - Cost/income ratio: 95% in 1Q20, distorted by the bank taxes and sharply lower FIFV
- **Loan loss impairments** increased to 117m EUR in 1Q20 (compared with 107m EUR in 4Q19), partly due to 35m EUR impairments from covid-19 management overlay. Both quarters were impacted mainly by several corporate files. **Credit cost ratio** amounted to 28 bps (22 bps in FY19) without management overlay and 40 bps with management overlay in 1Q20
- **Impaired loans ratio** improved to 2.2%, 1.1% of which over 90 days past due

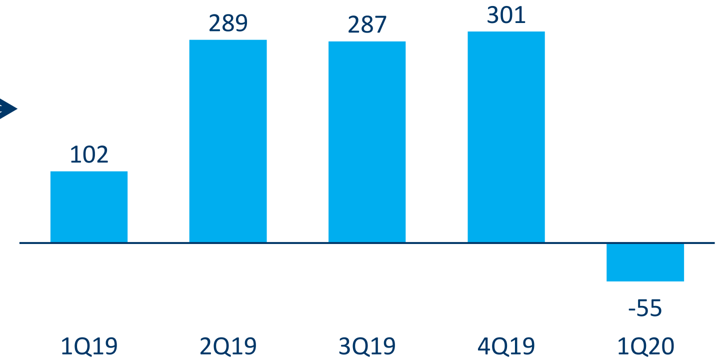
Net result at the Belgium BU

NET RESULT AT THE BELGIUM BU*

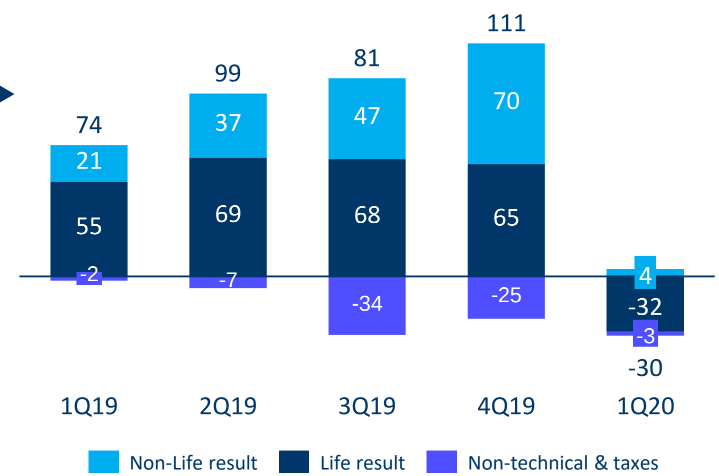


Amounts in m EUR

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

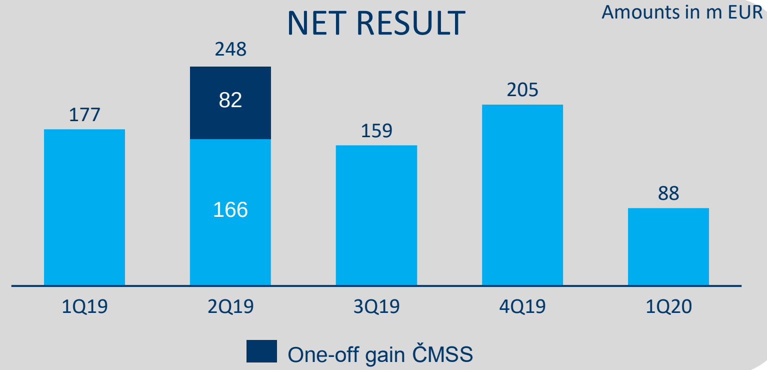


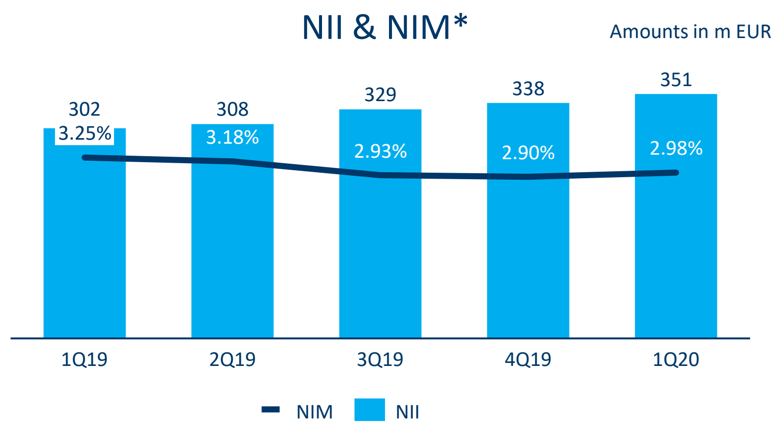
CONTRIBUTION OF INSURANCE ACTIVITIES TO NET RESULT OF THE BELGIUM BU*



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

Czech Republic BU





* NIM including ČMSS as of 3Q19. Excluding ČMSS, NIM would be roughly 20bps higher both in 3Q19, 4Q19 and 1Q20

Net result of 88m EUR in 1Q20

- -57% q-o-q excluding FX effect due mainly to sharply lower net results from financial instruments at fair value, higher costs (due entirely to higher bank taxes), higher impairments and lower net fee & commission income, partly offset by higher net interest income and higher net other income
- Customer deposits (including debt certificates, but excluding repos) and customer loans both rose by 7% y-o-y

Highlights

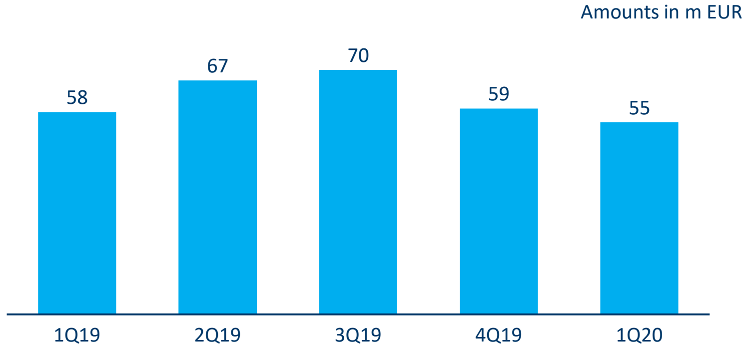
- **Net interest income**
  - +4% q-o-q and +16% y-o-y (both excl. FX effects)
  - Q-o-q increase: primarily due to growth in loan volume, higher netted positive impact of ALM FX swaps and the positive impact of the repo rate hike early February (to 2.25%), partly offset by pressure on loan margins on total outstanding portfolio (except for SMEs) and limited impact of repo rate cuts in second half of March
  - Y-o-y increase: primarily due to the full consolidation of ČMSS, growth in loan volume and the positive impact of repo rate hikes
- **Net interest margin**
  - Rose by 8 bps q-o-q due mainly to the positive impact of the repo rate hike in February and a technical item

ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	28bn	15bn	38bn	10.0bn	1.2bn
Growth q-o-q*	+2%	+1%	+2%	-8%	-8%
Growth y-o-y	+7%	+6%	+7%	-2%	-5%

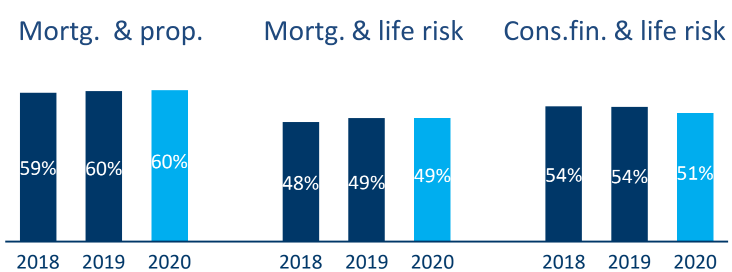
* Non-annualised ** Loans to customers, excluding reverse repos (and bonds) *** Customer deposits, including debt certificates but excluding repos

Czech Republic BU

F&C

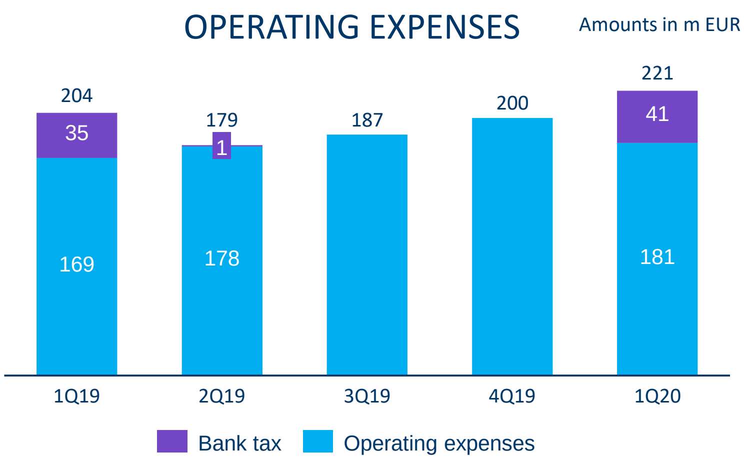


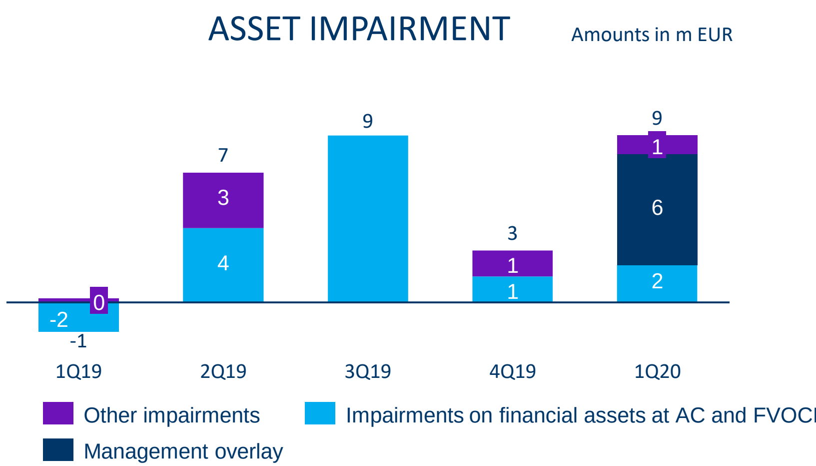
CROSS-SELLING RATIOS



- **Net F&C income**
  - -8% q-o-q and -6% y-o-y (both excl. FX effects)
  - Q-o-q decrease driven mainly by lower fees from payment services (due to the SEPA regulation), lower credit-related fees and lower network income, partly offset by lower distribution costs and higher securities-related fees
- **Assets under management**
  - 10.0bn EUR
  - -8% q-o-q and -2% y-o-y due entirely to a negative price & FX effect (-12% q-o-q an -8% y-o-y), partly offset by net inflows (+4% q-o-q and +7% y-o-y)
- **Trading and fair value income**
  - 132m EUR lower q-o-q net results from financial instruments at fair value (FIFV) to -125m EUR due mainly to a negative q-o-q change in market, credit and funding value adjustments and lower dealing room results
- **Insurance**
  - Insurance premium income (gross earned premium): 127m EUR
    - Non-life premium income (75m EUR) +13% y-o-y excluding FX effect, due to growth in all products
    - Life premium income (52m EUR) -9% q-o-q and -7% y-o-y, excluding FX effect. Q-o-q decrease entirely in unit-linked premiums
  - Combined ratio of 90% in 1Q20 (93% in 1Q19)

Czech Republic BU





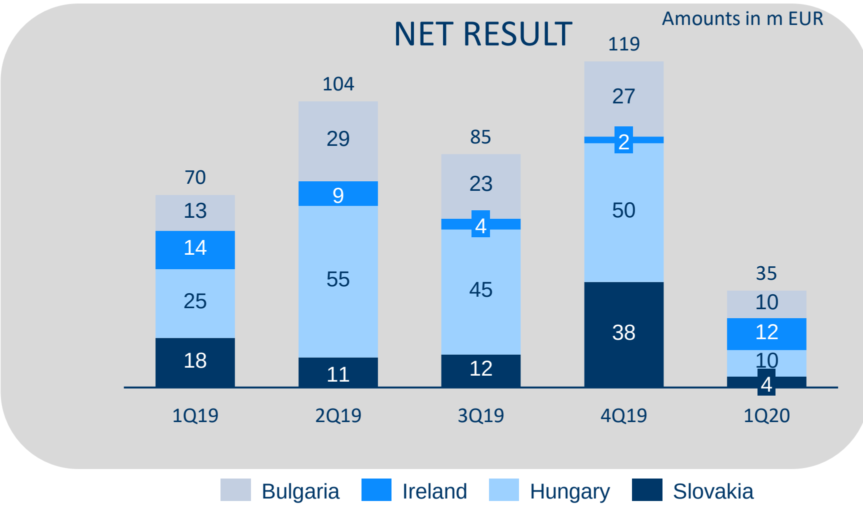
- **Operating expenses**
  - 221m EUR; -9% q-o-q and +7% y-o-y, both excluding FX effect and bank taxes
    - Q-o-q decrease excluding FX effect and bank taxes was due mainly to lower staff expenses and seasonally lower marketing, ICT and facilities expenses
    - Y-o-y increase was entirely the result of the full consolidation of ČMSS (15m EUR in 1Q20)
  - Adjusted for specific items, C/I ratio amounted to roughly 59% in 1Q20 (47% in FY19)
  - Cost/income ratio at 68% in 1Q20, distorted by the bank taxes and sharply lower FIFV

- **Loan loss and other impairment**
  - Loan loss impairments increased q-o-q due mainly to 6m EUR impairments from covid-19 management overlay
  - Credit cost ratio amounted to 0.02% (0.04% in FY19) without management overlay and 0.10% with management overlay in 1Q20

	2017	2018	2019	1Q20
CCR without management overlay	0.02%	0.03%	0.04%	0.02%
CCR with management overlay				0.10%

  - Impaired loans ratio improved to 2.2%, 1.2% of which over 90 days past due
  - Impairment of 1m EUR on ‘other’

International Markets BU



Net result of 35m EUR

- Slovakia 4m EUR, Hungary 10m EUR, Ireland 12m EUR and Bulgaria 10m EUR

Highlights (q-o-q results)

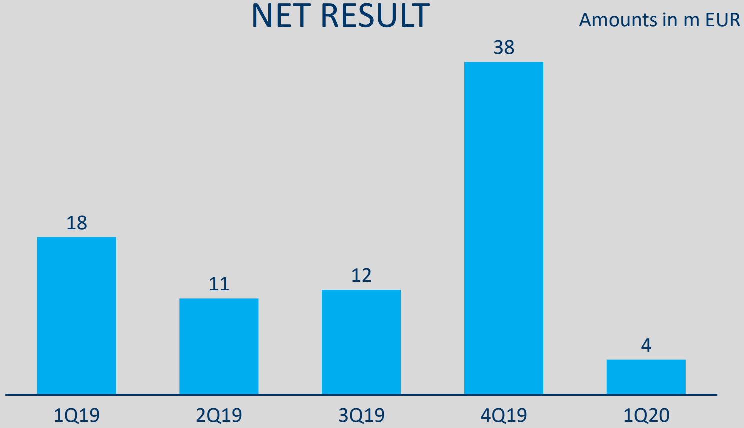
- Stable net interest income. NIM 2.61% in 1Q20 (+1 bp q-o-q and -8 bps y-o-y)
- Lower net fee and commission income
- Lower result from financial instruments at fair value
- Higher net other income
- An excellent combined ratio of 82% in 1Q20
- Higher non-life & life insurance sales
- Higher costs due entirely to higher bank taxes
- Loan loss impairment charges in 1Q20 (compared with net impairment releases in 4Q19)

ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***	AuM	Life reserves
Volume	25bn	16bn	23bn	5.0bn	0.6bn
Growth q-o-q*	+2%	+1%	-1%	+1%	-9%
Growth y-o-y	+7%	+5%	+4%	+9%	-7%

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

International Markets BU - Slovakia

NET RESULT



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	8bn	4bn	6bn
Growth q-o-q*	+1%	+2%	-3%
Growth y-o-y	+6%	+10%	0%

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

Net result of 4m EUR

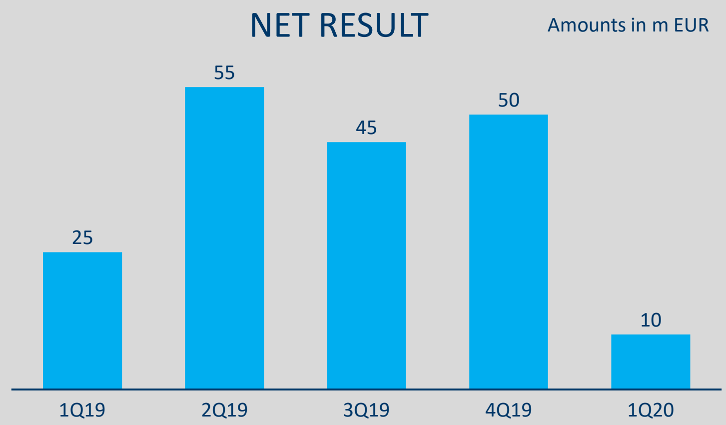
Highlights (q-o-q results)

- Lower net interest income as volume growth was offset by the negative impact of lower reinvestment yields and pressure on loan margins on mortgage and consumer finance outstanding portfolio
- Lower net fee & commission income
- Lower result from financial instruments at fair value
- Lower net other income
- Excellent combined ratio (82% in 1Q20)
- Higher non-life insurance sales and lower life insurance sales
- Higher operating expenses due entirely to higher bank taxes
- Loan loss impairment charges in 1Q20 (compared with net impairment releases in 4Q19); credit cost ratio of 0.25% without management overlay and 0.30% with management overlay in 1Q20

Volume trend

- Total customer loans rose by 1% q-o-q and by 6% y-o-y, the latter due mainly to the increasing mortgage portfolio
- Total customer deposits decreased by 3% q-o-q (due to corporate and SME deposits) and stabilised y-o-y

International Markets BU - Hungary



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	5bn	1bn	7bn
Growth q-o-q*	+7%	0%	+2%
Growth y-o-y	+16%	+4%	+11%

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

Net result of 10m EUR

Highlights (q-o-q results)

- Roughly stable net interest income excluding FX effect
- Lower net fee and commission income excluding FX effect due almost entirely to traditionally lower fees from payment transactions in the first quarter
- Lower net results from financial instruments at fair value
- Higher net other income
- Good non-life commercial performance y-o-y in all major product lines and growing average tariff in motor retail; excellent combined ratio (84% in 1Q20); stable sales of life insurance products q-o-q
- Higher operating expenses excluding FX effect due entirely to higher bank taxes. Lower operating costs without bank tax due to lower ICT, marketing, staff and facilities costs
- Higher impairments due entirely to -18m EUR one-off modification loss from moratorium (time value of deferred interest). Credit cost ratio of -0.22% without management overlay and -0.12% with management overlay in 1Q20

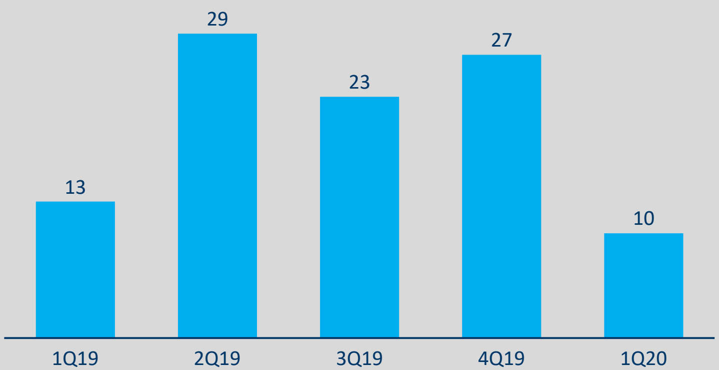
Volume trend

- Total customer loans rose by 7% q-o-q and by 16% y-o-y, the latter due mainly to corporate and consumer finance loans
- Total customer deposits rose by +2% q-o-q and +11% y-o-y

International Markets BU - Bulgaria

NET RESULT

Amounts in m EUR



ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	3bn	1bn	4bn
Growth q-o-q*	+2%	+2%	+1%
Growth y-o-y	+14%	+9%	+5%

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

Net result of 10m EUR

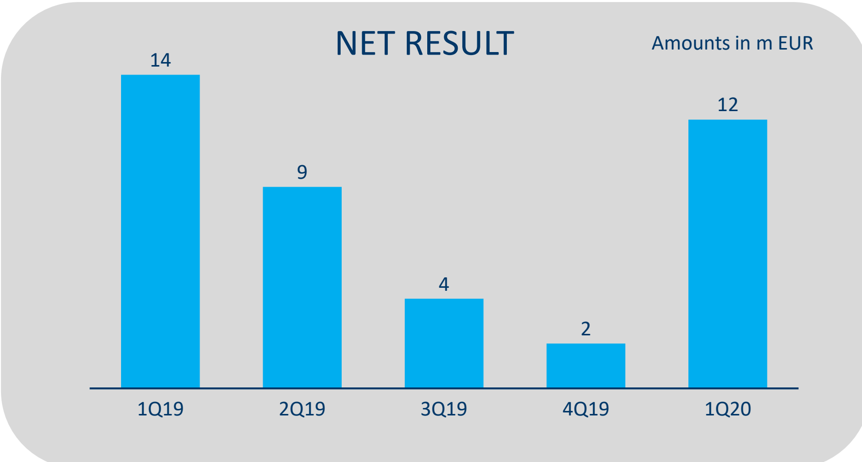
Highlights (q-o-q results)

- Slightly lower total income due mainly to lower net result from financial instruments at fair value, partly offset by higher non-life insurance result (including ceded reinsurance result) and higher net fee and commission income
- Very strong non-life commercial performance y-o-y in motor retail and property; excellent combined ratio at 82% in 1Q20
- Higher operating expenses due entirely to higher bank taxes. Lower operating expenses without bank tax due chiefly to lower ICT and marketing costs
- Loan loss impairment charges in 1Q20 (compared with net loan loss impairment reversals in 4Q19). Credit cost ratio of 0.31% in 1Q20

Volume trend:

- Total customer loans +2% q-o-q and +14% y-o-y, the latter mainly due to corporates and retail mortgages
- Total customer loans: new bank portfolio +2% q-o-q and +15% y-o-y, while legacy -6% q-o-q and -26% y-o-y
- Total customer deposits increased by 1% q-o-q and by 5% y-o-y (the latter due mainly to retail)

International Markets BU - Ireland



Net result of 12m EUR

Highlights (q-o-q results)

- Higher net interest income due mainly to lower funding costs
- Higher net results from financial instruments at fair value
- Lower expenses due entirely to lower bank taxes. Higher operating costs without bank tax due to higher ICT expenses and higher depreciation & amortisation
- Lower net impairment releases (2m EUR in 1Q20 compared with 14m EUR in 4Q19). Credit cost ratio of -0.06% in 1Q20

ORGANIC VOLUME TREND	Total loans **	o/w retail mortgages	Customer deposits***
Volume	10bn	10bn	5bn
Growth q-o-q*	0%	0%	-4%
Growth y-o-y	+3%	+3%	-1%

* Non-annualised

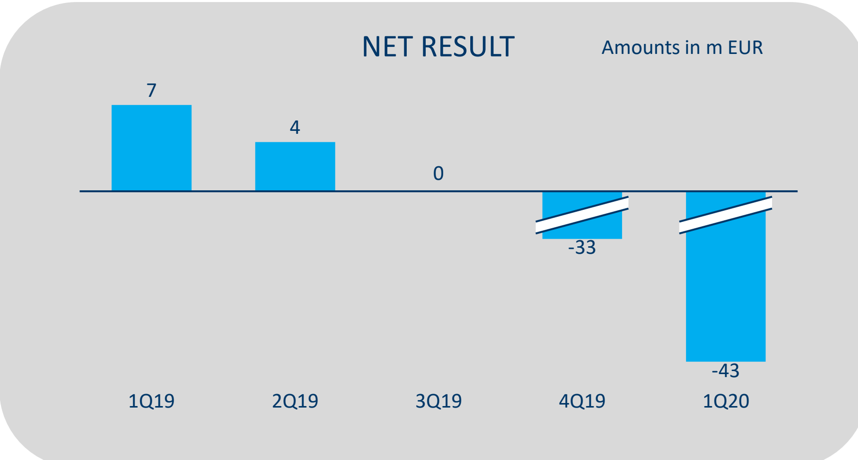
** Loans to customers, excluding reverse repos (and bonds) and after reduction of the sale of part of the legacy loan portfolio

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

Volume trend

- Total customer loans stabilised q-o-q and rose by 3% y-o-y driven by new production of fixed rate mortgages
- Total customer deposits decreased by 4% q-o-q and by 1% y-o-y as a result of the replacement of expensive corporate deposits by intragroup funding

Group Centre



Net result of -43m EUR

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

Highlights (q-o-q results)

Q-o-q deterioration was attributable mainly to:

- lower net results from financial instruments at fair value due largely to a negative change in M2M ALM derivatives
- lower net interest income

partly offset by:

- lower operating expenses due mainly to timing differences
- higher ceded reinsurance result

BREAKDOWN OF NET RESULT AT GROUP CENTRE	1Q19	2Q19	3Q19	4Q19	1Q20
Group item (ongoing business)	**2**	**-1**	**-12**	**-35**	**-46**
Operating expenses of group activities	-18	-14	-14	-34	-15
Capital and treasury management	-3	-7	-9	-8	-11
Holding of participations	-11	21	1	-2	-3
Group Re	0	8	-3	11	7
Other	34	-9	12	-2	-25
Ongoing results of divestments and companies in run-down	**4**	**5**	**12**	**2**	**3**
Total	**7**	**4**	**0**	**-33**	**-43**

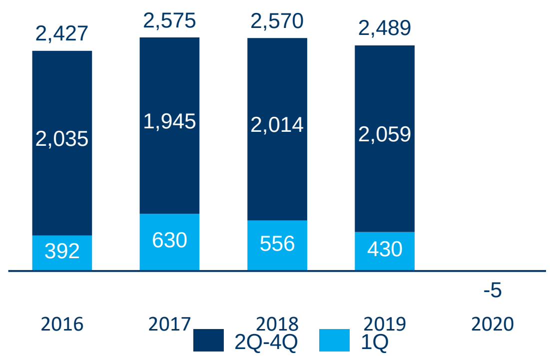
Amounts in m EUR

Overview of contribution of business units to 1Q20 result

Amounts in m EUR

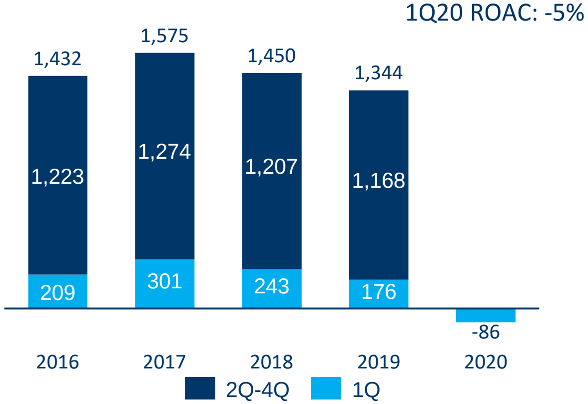
NET PROFIT – **KBC GROUP**

1Q20 ROAC: 0%



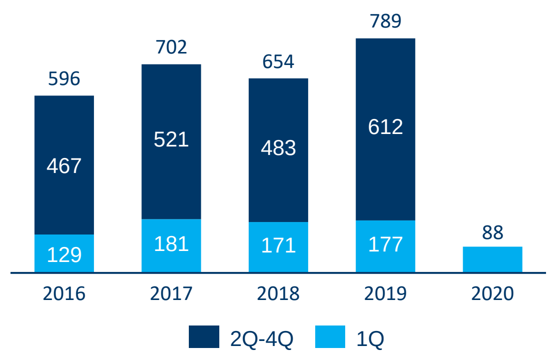
NET PROFIT – **BELGIUM**

1Q20 ROAC: -5%



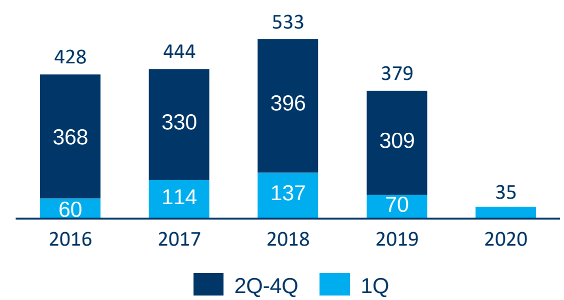
NET PROFIT – **CZECH REPUBLIC**

1Q20 ROAC: 20%



NET PROFIT – **INTERNATIONAL MARKETS**

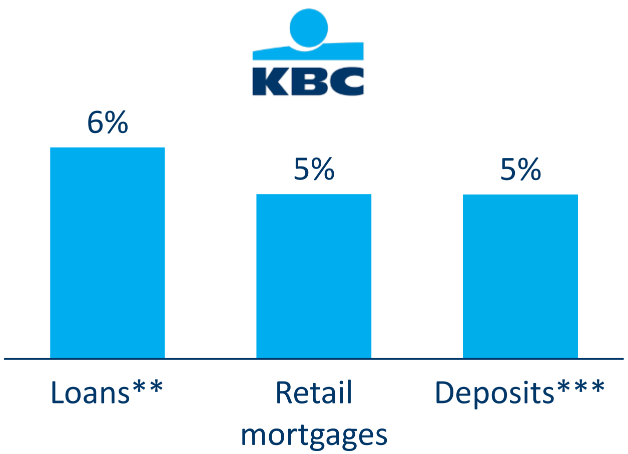
1Q20 ROAC: 6%

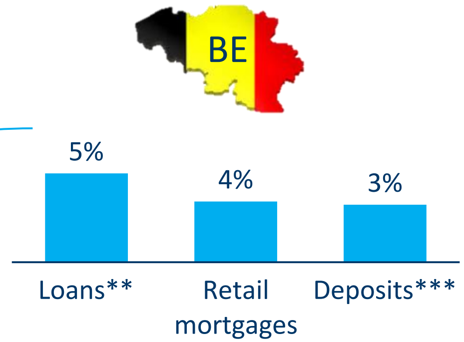


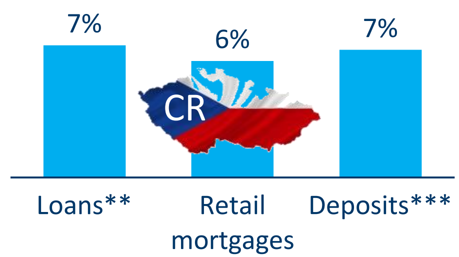
Balance sheet:

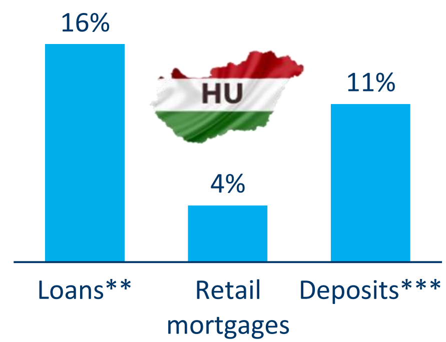
Loans and deposits continue to grow in most core countries

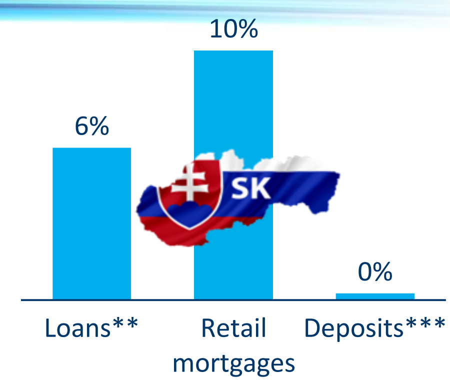
Y-O-Y ORGANIC* VOLUME GROWTH

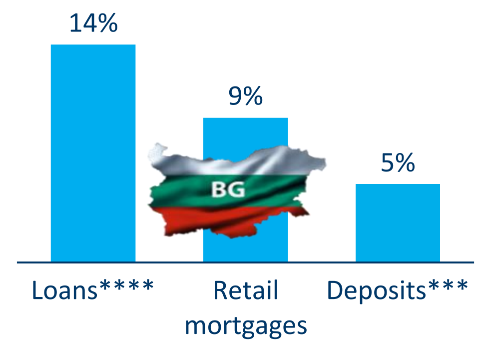


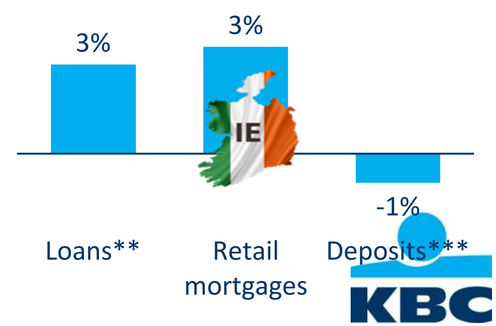












* Volume growth excluding FX effects and divestments/acquisitions

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

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

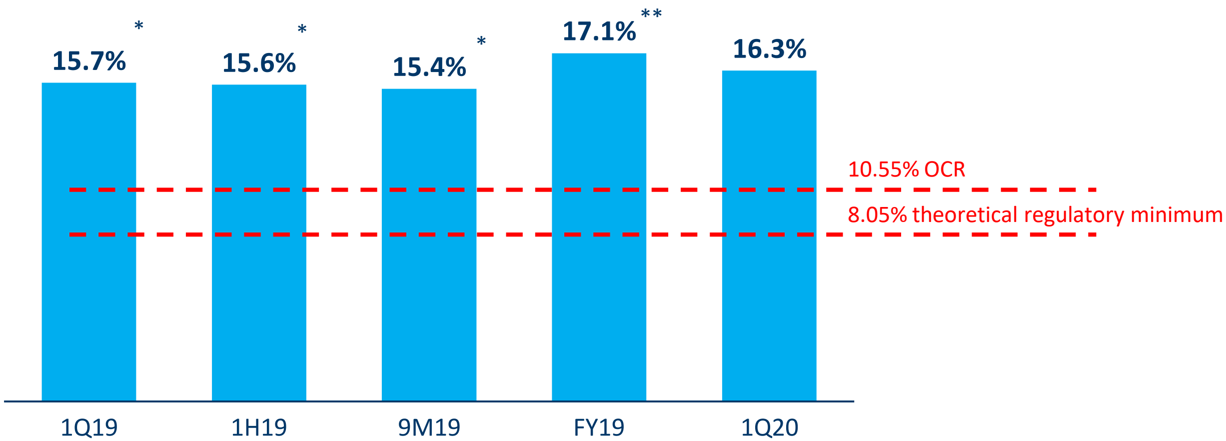
**** Total customer loans in Bulgaria: new bank portfolio +15% y-o-y, while legacy -26% y-o-y

Section 4

Strong solvency and solid liquidity

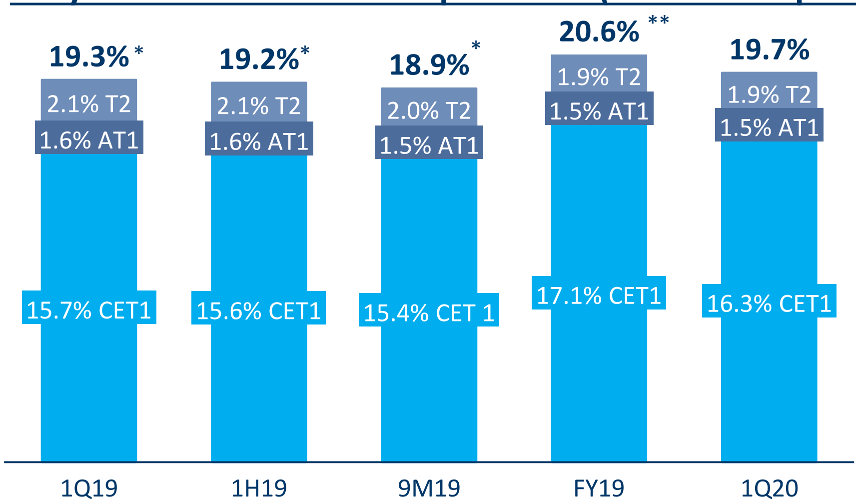
Strong capital position

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



* No IFRS interim profit recognition given more stringent ECB approach
** Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

Fully loaded Basel 3 total capital ratio (Danish Compromise)

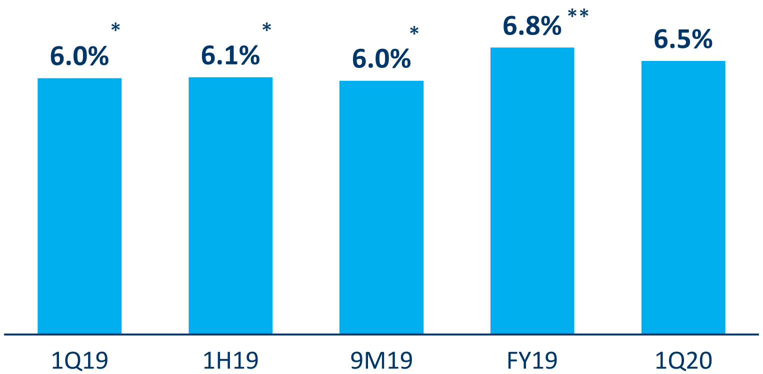


* No IFRS interim profit recognition given more stringent ECB approach
** Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

- **The common equity ratio amounted to 16.3%** at the end of 1Q20 based on the Danish Compromise
- KBC's CET1 ratio of 16.3% at the end of 1Q20 represents a solid capital buffer:
  - **8.3% capital buffer compared with the current theoretical minimum capital requirement of 8.05%** (as a result of the announced ECB and National Bank measures which provided significant temporary relief on the minimum capital requirements)
  - **5.8% capital buffer compared with the Overall Capital Requirement (OCR) of 10.55%** (which still includes the 2.5% capital conservation buffer on top of the 8.05%)
- The q-o-q decrease of the CET1 ratio was mainly the result of a RWA increase. The RWA increase of 3.35bn EUR was roughly:
  - +1.5bn EUR RWAs covid-related (mainly volume driven and market RWA)
  - +1.8bn EUR RWAs non-covid volume growth related
- **The fully loaded total capital ratio fell from 20.6% at the end of 2019 to 19.7% at the end of 1Q20** due mainly to RWA increase

Fully loaded Basel 3 leverage ratio and Solvency II ratio

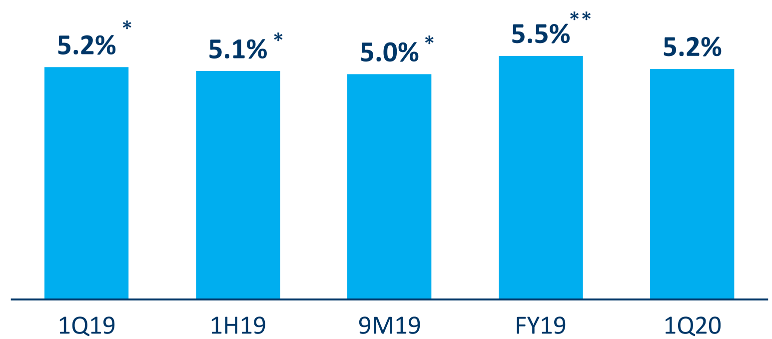
Fully loaded Basel 3 leverage ratio at KBC Group



* No IFRS interim profit recognition given more stringent ECB approach

** Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

Fully loaded Basel 3 leverage ratio at KBC Bank



* No IFRS interim profit recognition given more stringent ECB approach

** Taking into account the adjustment of the final dividend over 2019

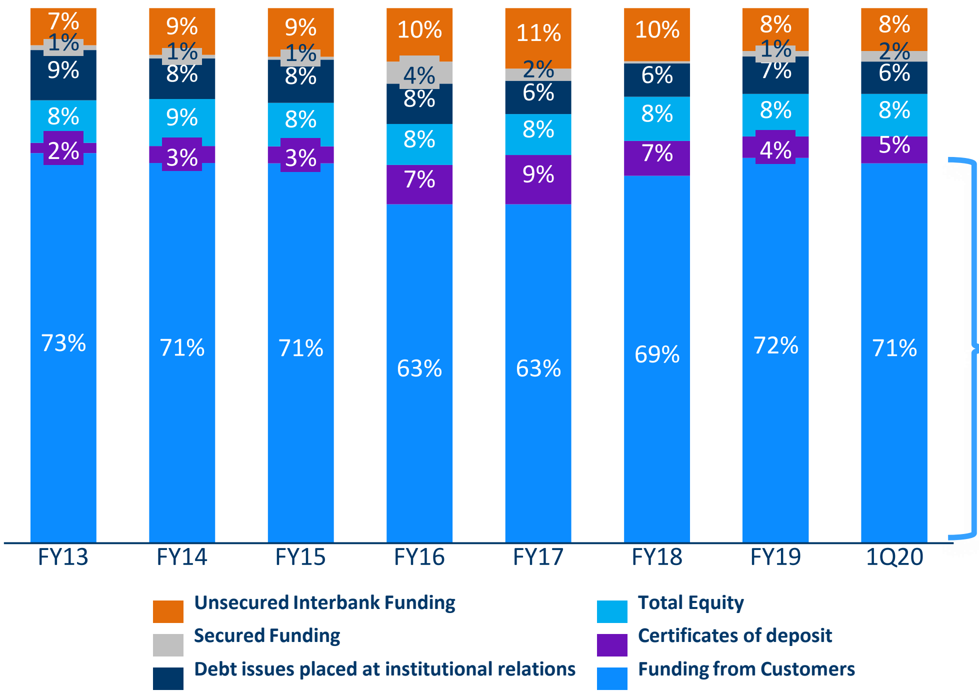
Solvency II ratio

	FY19	1Q20
Solvency II ratio	202%	212%

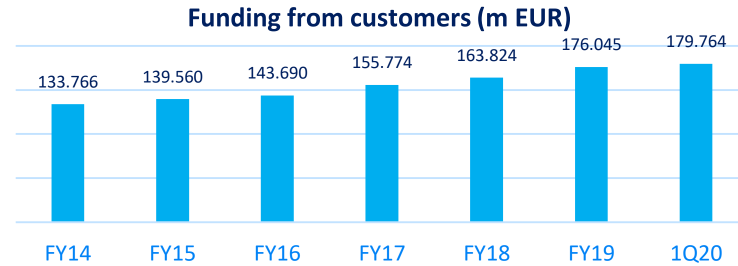
- The increase (+10% points) in the Solvency II ratio was mainly the result of lower equity markets and higher spreads, which were both more than compensated by respectively the symmetric adjustment and volatility adjustment

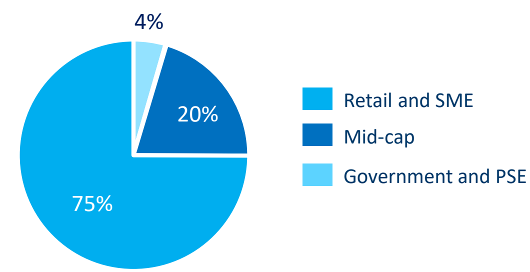
Strong and growing customer funding base with liquidity ratios remaining very strong

- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments and markets
- Customer funding decreased slightly at the expense of the certificates of deposits which increased versus FY19.



71% customer driven





Ratios	FY19	1Q20	Regulatory requirement
NSFR*	136%	134%	≥100%
LCR**	138%	135%	≥100%

- **NSFR is at 134% and LCR is at 135% by the end of 1Q20**
  - Both ratios were well above the regulatory requirement of 100%

** Net Stable Funding Ratio (NSFR) is based on KBC Bank's interpretation of the proposal of CRR amendment.*
*** Liquidity Coverage ratio (LCR) is based on the Delegated Act requirements. From EOY2017 onwards, KBC Bank discloses 12 months average LCR in accordance to EBA guidelines on LCR disclosure.*

Section 5

Looking forward

Looking forward

Economic outlook

- Economic growth in 2020 will move into negative territory in the euro area and the US as a consequence of the demand and supply side disruptions the coronavirus crisis causes. However, we envisage a strong recovery in 2021. After all, rather than being a normal recession, the current economic situation is a temporary standstill due to the virus containment measures. Once these are gradually lifted, economic activity is expected to gradually pick up again. Moreover, the recovery will be boosted by various policy initiatives to mitigate the economic damage. This is subject to major uncertainty though as risks remain tilted to the downside

Group guidance

- The FY20 NII guidance has been lowered from 4.65bn EUR to 4.3bn EUR ballpark figure, mainly due to the CNB rate cuts (roughly -0.2bn EUR) and the depreciation of the CZK & HUF versus the EUR (roughly -0.1bn EUR)
- The FY20 guidance for opex excluding bank taxes has been changed from maximum +1.6% y-o-y towards roughly -3.5% y-o-y due to extra cost savings
- As a result of the coronavirus pandemic, we estimate the FY20 impairments at roughly 1.1bn EUR (base scenario). Depending on a number of events such as the length and depth of the economic downturn, the significant number of government measures in each of our core countries, some of which still need to be worked out in detail, and the unknown amount of customers who will call upon these mitigating actions, we estimate the FY20 impairment to range between roughly 0.8bn EUR (optimistic scenario) and roughly 1.6bn EUR (pessimistic scenario)
- The impact of the coronavirus-lockdown on digital sales, services and digital signing so far has been very positive. KBC is clearly benefitting from the digital transformation efforts made so far
- B4 has been postponed by 1 year (as of 1 January 2023 instead of 2022)

Annex 1

Company profile

KBC Group in a nutshell (1)

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

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

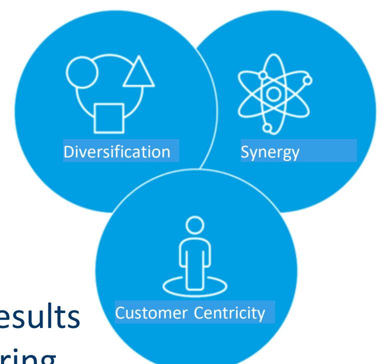
✓ Diversified and strong business performance

… geographically

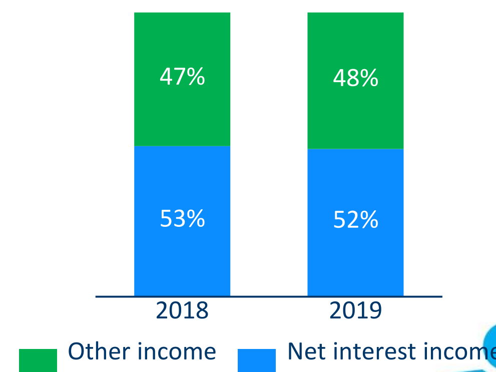
- Mature markets (BE, CZ, IRL) versus developing markets (SK, HU, BG)
- Economies of BE & 4 CEE-countries highly oriented towards Germany, while IRL is more oriented to the UK & US
- Robust market position in all key markets & strong trends in loan and deposit growth

… and from a business point of view

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



KBC Group: topline diversification 2018-2019 (in %)

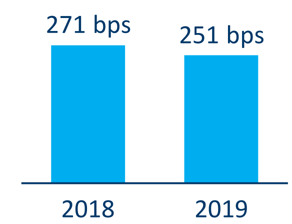


KBC Group in a nutshell (2)

✓ High profitability

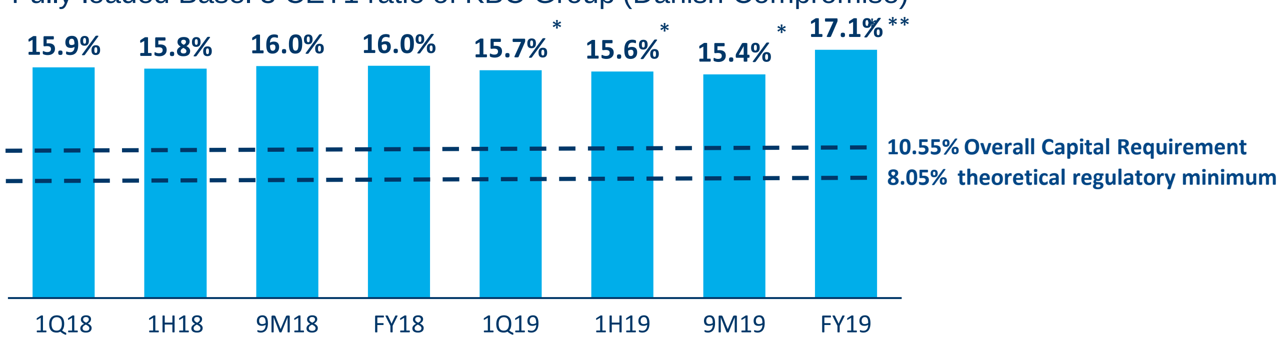
	C/I ratio	Combined ratio	Net result	ROE
FY19	58%	90%	2489m EUR	14%
FY18	57%	88%	2570m EUR	16%

CET1 generation before any deployment



✓ Solid capital position…

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



* No IFRS interim profit recognition given more stringent ECB approach

** Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

✓ … and robust liquidity positions

	NSFR	LCR
FY19	136%	138%
FY18	136%	139%

KBC Group in a nutshell (3)

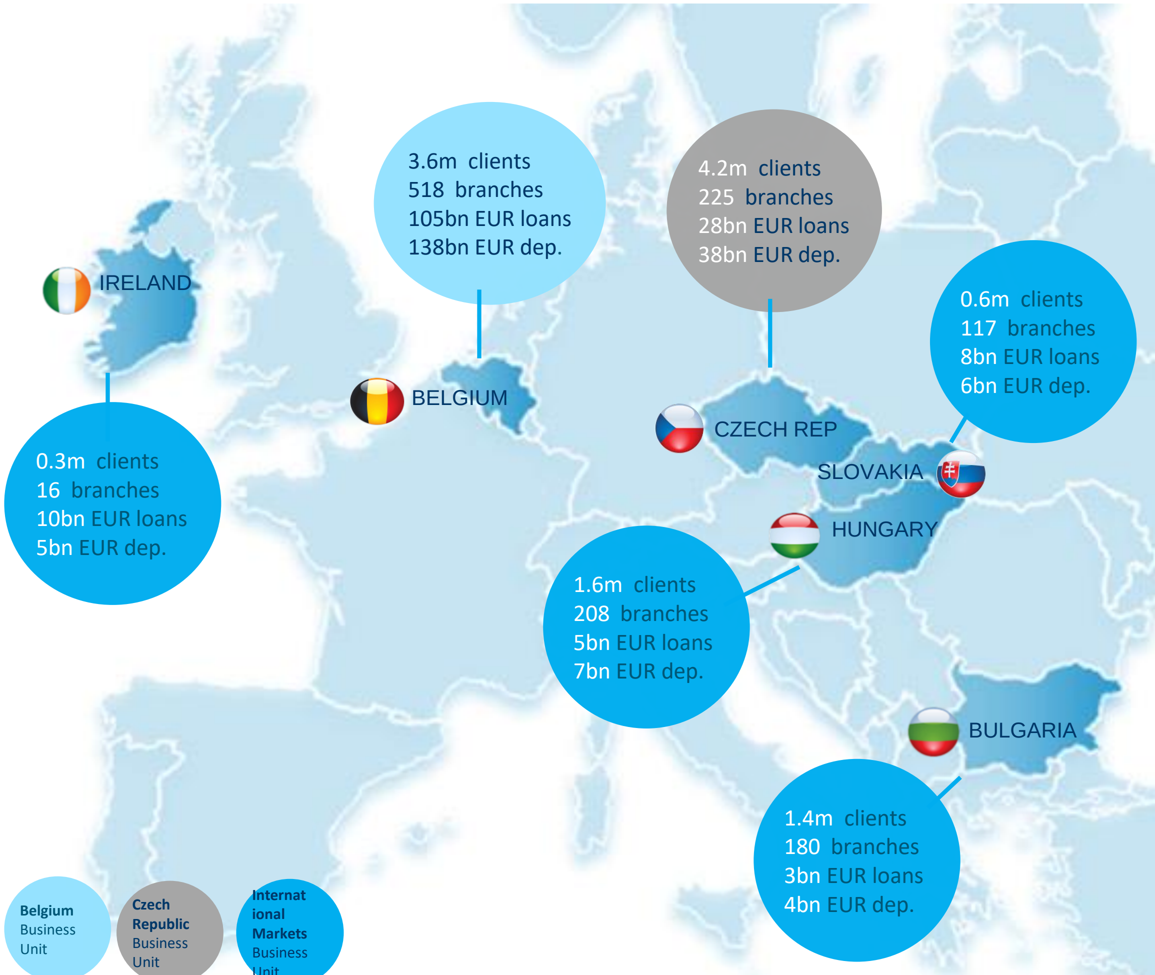
✓ We aim to be one of the better capitalised financial institutions in Europe

- As mentioned in our press release of 30 March: Fully in line with the European Central Bank recommendation that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020, KBC decided:
  - to withdraw the proposal to the Annual Shareholders' meeting of 7 May 2020 to declare a final total (gross) dividend over 2019 profit of 2.5 EUR per share (after an interim dividend of 1 EUR per share was paid in November 2019 already)
  - to evaluate in October 2020 whether all or part of this withdrawn final dividend should as yet be paid out later this year (2020) in the form of an interim dividend
  - to cancel the proposed share buy-back program of 5.5 million shares
- KBC's CET1 ratio of 16.3% at end 1Q20 represents a solid capital buffer:
  - 8.3% capital buffer compared with the current theoretical minimum capital requirement of 8.05% (as a result of the announced ECB and National Bank measures which provided significant temporary relief on the minimum capital requirements)
  - 5.8% capital buffer compared with the Overall Capital Requirement (OCR) of 10.55% (which still includes the 2.5% capital conservation buffer on top of the 8.05%)
- Any M&A opportunity will be assessed subject to very strict financial and strategic criteria

✓ Capital distribution to shareholders

- Payout ratio policy (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit
- Interim dividend of 1 EUR per share in November of each accounting year as an advance on the total dividend
- As we find ourselves in unprecedented circumstances and as the economic impact of the coronavirus pandemic on the economy is still very uncertain, it is too early days to make statements about the capital distribution to shareholders in 2020 as it will also depend on different regulatory measures, which stance the ECB will take later on this year/beginning of next year, etc.
- We will announce an update of our capital deployment plan together with the 3Q20 results in November

Well-defined core markets



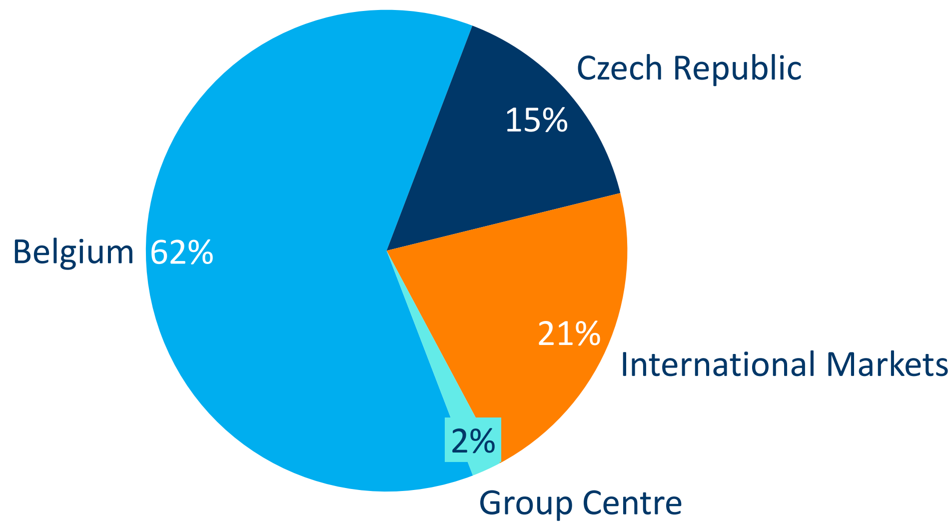
Market share (end 2019)	BE	CZ	SK	HU	BG	IRL
Loans and deposits	20%	21%	10%	10%	10%	9%*
Investment funds	30%	24%	7%	13%	16%	
Life insurance	13%	8%	3%	3%	23%	
Non-life insurance	9%	8%	4%	8%	10%	

Real GDP growth	BE	CZ	SK	HU	BG	IRL
% of Assets	62%	22%	3%	3%	2%	4%
2019	1.4%	2.4%	2.3%	4.9%	3.4%	5.5%
2020e	-9.5%	-10.0%	-10.0%	-9.0%	-10.0%	-5.0%
2021e	12.3%	4.0%	5.0%	4.0%	5.0%	4.0%

GDP growth: KBC data, 31 March '20
* Retail segment

Business profile

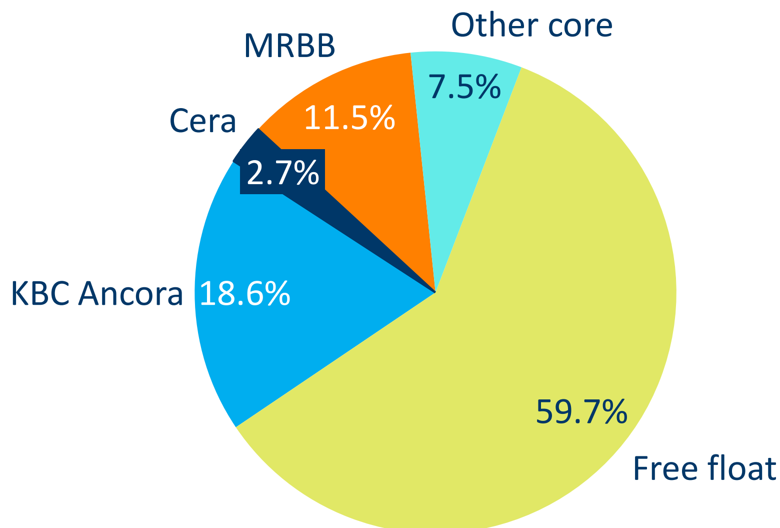
BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AS AT 31 MARCH 2020



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

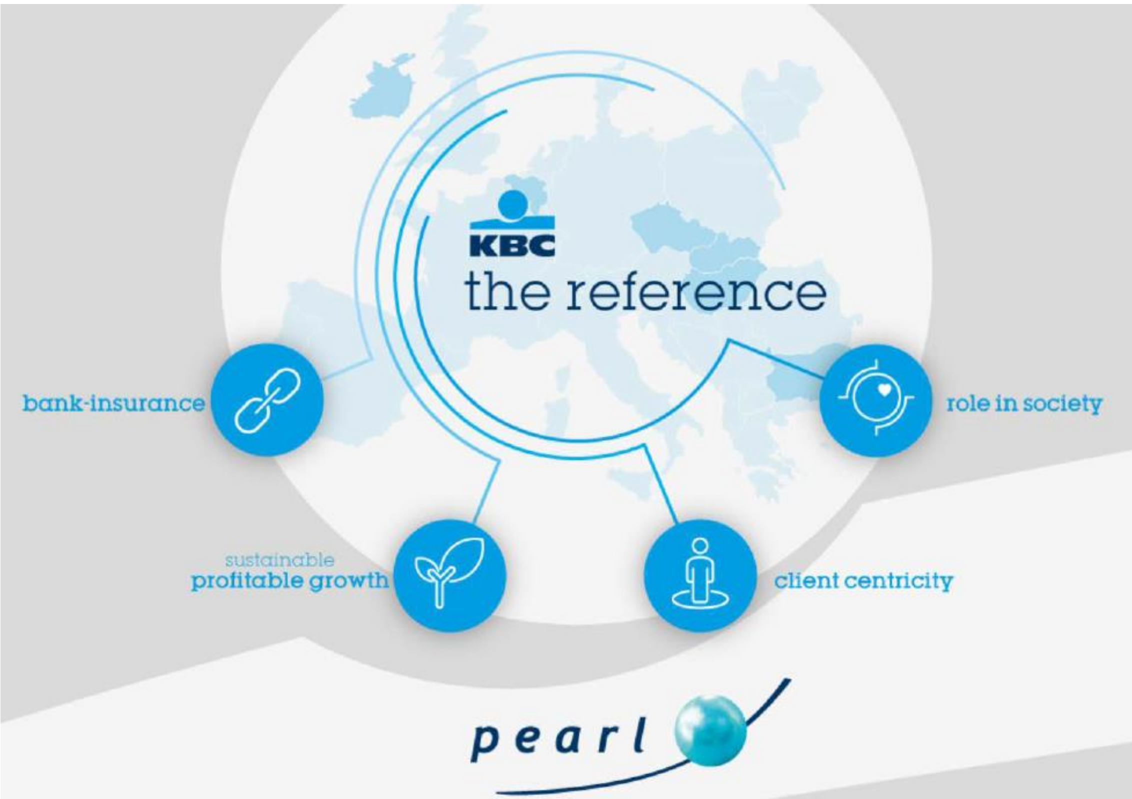
Shareholder structure

SHAREHOLDER STRUCTURE AT END 1Q20



- Roughly 40% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera/KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of Belgian industrialist families
- The free float is held mainly by a large variety of international institutional investors

KBC Group going forward:
Aiming to be among the best performing financial institutions in Europe



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

KBC Group going forward:
The bank-insurance business model, different countries, different stages of implementation

Level 4: Integrated distribution and operation

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

Level 3: Integrated distribution

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

Level 2: Exclusive distribution

Bank branches selling insurance products from intra-group insurance company as additional source of fee income

Level 1: Non-exclusive distribution

Bank branches selling insurance products of third party insurers as additional source of fee income

Belgium

Target for Central Europe

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

More of the same… but differently…

- Integrated distribution model according to a real-time omni-channel approach remains key but client interaction will change over time. Technological development will be the driving force
- Human interface will still play a crucial role
- Simplification is a prerequisite:
  - In the way we operate
  - Is a continuous effort
  - Is part of our DNA

+

- Client-centricity will be further fine-tuned into 'think client, but design for a digital world'
- Digitalisation end-to-end, front- and back-end, is the main lever:
  - All processes digital
  - Execution is the differentiator
- Further increase efficiency and effectiveness of data management
- Set up an open architecture IT package as core banking system for our International Markets Unit
- Improve the applications we offer our clients (one-stop-shop offering) via co-creation/partnerships with Fintechs and other value chain players

=

- Investment in our digital presence (e.g., social media) to enhance client relationships and anticipate their needs
- Easy-to-access and convenient-to-use set-up for our clients
- Clients will drive the pace of action and change
- Further development of a fast, simple and agile organisation structure
- Different speed and maturity in different entities/core markets
- Adaptation to a more open architecture (with easy plug in and out) to be future-proof and to create synergy for all

KBC the reference…

Group financial guidance (Investor visit 2017)

Guidance			*End 2019*
CAGR total income ('16-'20)*	≥ 2.25%	by 2020	*2.3% (CAGR '16-'19)*
C/I ratio banking excluding bank tax	≤ 47%	by 2020	*51% (FY2019)*
C/I ratio banking including bank tax	≤ 54%	by 2020	*58% (FY2019)*
Combined ratio	≤ 94%	by 2020	*90% (FY2019)*
Dividend payout ratio	≥ 50%	as of now	*19%***

* Excluding marked-to-market valuations of ALM derivatives

Regulatory requirements			*End 2019*
Common equity ratio*excluding P2G	≥ 10.7%	by 2019	*17.1%***
Common equity ratio*including P2G	≥ 11.7%	by 2019	*17.1%***
MREL ratio	≥ 9.67%	by 2021	*10.4%****
NSFR	≥ 100%	as of now	*136%*
LCR	≥ 100%	as of now	*138%*

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

** Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share and the cancellation of the share buy-back program of 5.5 million shares

*** MREL target as % of TLOF (Total Liabilities and Own Funds), taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

KBC the reference…

Group non-financial guidance (Investor visit 2017)

Non-financial guidance: CAGR Bank-Insurance clients (1 Bank product + 1 Insurance product)			***End 2019*** *(CAGR '16-'19)*
BU BE	≥ 2%	by 2020	*+1%*
BU CR	≥ 15%	by 2020	*+12%*
BU IM	≥ 10%	by 2020	*+22%*

Non-financial guidance: CAGR Bank-Insurance stable clients (3 Bk + 3 Ins products in Belgium; 2 Bk + 2 Ins products in CE)			***End 2019*** *(CAGR '16-'19)*
BU BE	≥ 2%	by 2020	*+1%*
BU CR	≥ 15%	by 2020	*+17%*
BU IM	≥ 15%	by 2020	*+25%*

Non-financial guidance: % Inbound contacts via omni-channel and digital channel*			***End 2019***
KBC Group**	≥ 80%	by 2020	*81%*

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

** Bulgaria & PSB out of scope for Group target

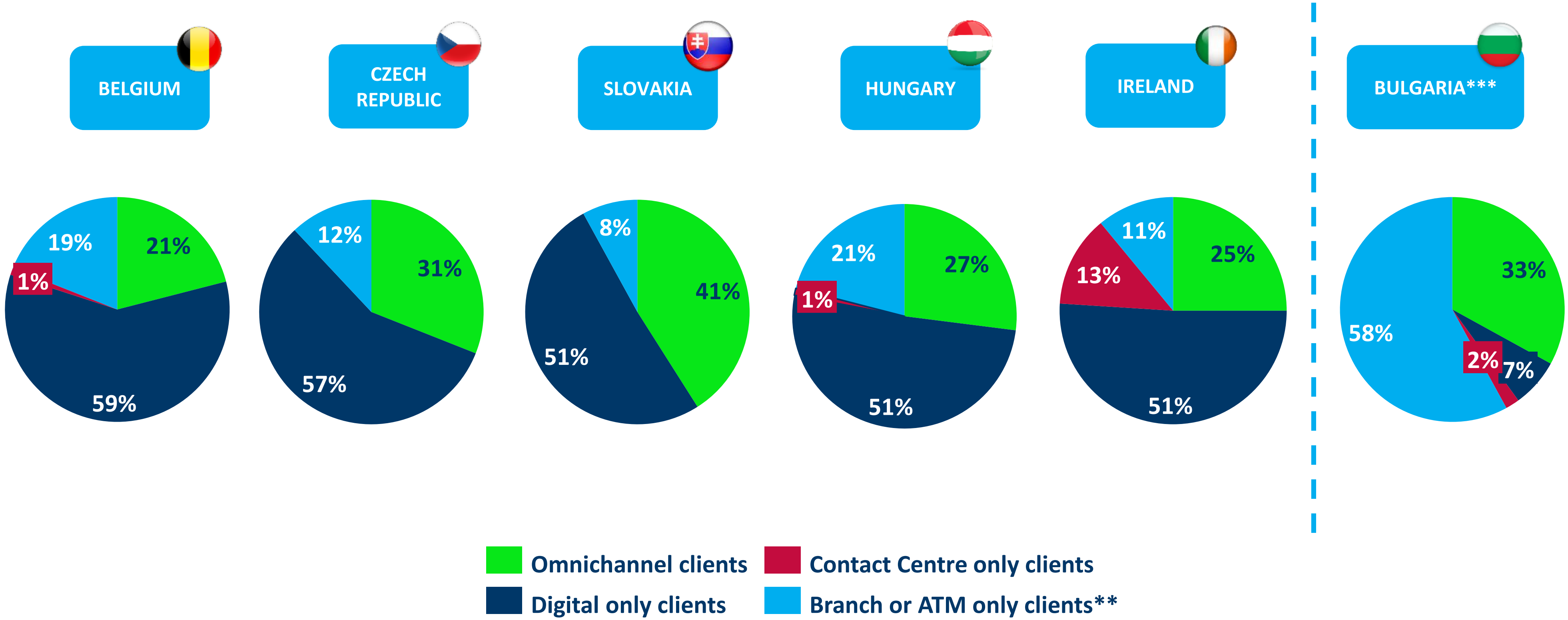
Inbound contacts via omni-channel and digital channel* at KBC Group** amounted to 83% in 1Q20… already above the Investor Visit target (≥ 80% by 2020)

Actual 1Q 2020	Target 2020
83%	80%

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

** Bulgaria & PSB out of scope for Group target

Realisation of omnichannel strategy* – client mix in 1Q20



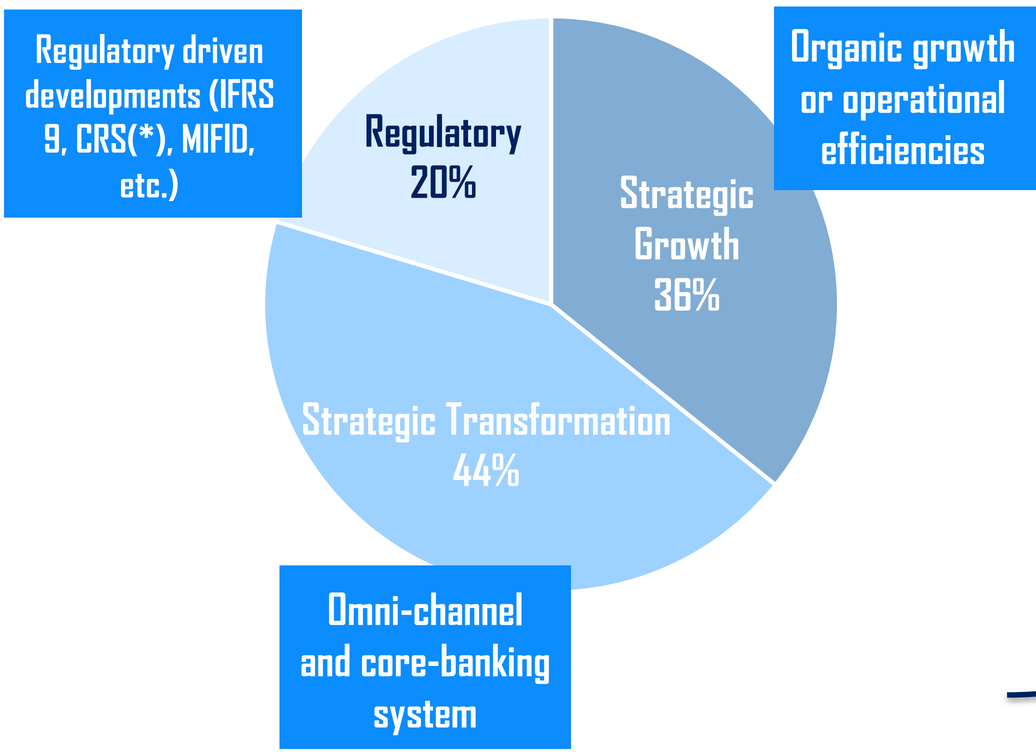
* Clients interacting with KBC through at least one of the non-physical channels (digital or through a remote advisory centre), possibly in addition to contact through physical branches. This means that clients solely interacting with KBC through physical branches (or ATMs) are excluded

** Might be slightly underestimated

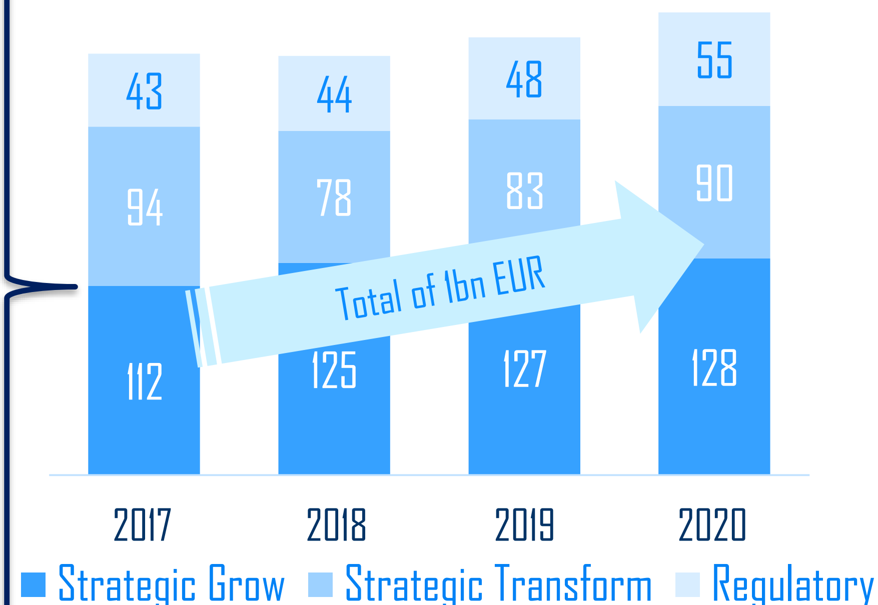
*** Bulgaria out of scope for Group target

Digital Investments 2017-2020

Cashflow 2017-2020 = 1.5bn EUR



Operating Expenses 2017-2020 = 1bn EUR



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

Our sustainability strategy

The cornerstones of our sustainability strategy and our commitment to the United Nations Sustainable Development Goals

Limiting our adverse impact

We apply strict sustainability rules to our business activities in respect of human rights, the environment, business ethics and sensitive or controversial social themes. In the light of constantly changing societal expectations and concerns, we review and update our sustainability policies at least every two years.

Increasing our positive impact

We are focusing on areas in which we, as a bank-insurer, can create added value: financial literacy, entrepreneurship, environmental awareness and demographic ageing and/or health. In doing so, we take into account the local context of our different home markets. Furthermore, we also support social projects that are closely aligned with our policy.

Responsible behaviour

Responsible behaviour is especially relevant for a bank-insurer when it comes to appropriate advice and sales. Therefore, we pay particular attention to training (including testing) and awareness. For that reason, responsible behaviour is also a theme at the KBC University, our senior management training programme, in which the theory is taught and practised using concrete situations. Senior managers are then tasked with disseminating it throughout the organisation.

Our sustainability strategy

Sustainability governance

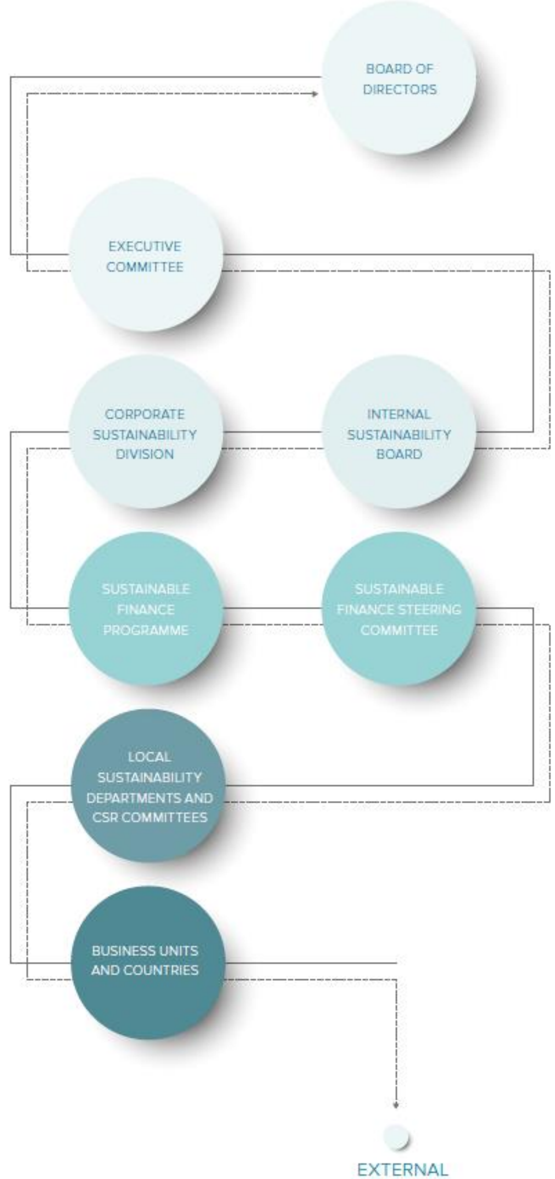
The EXECUTIVE COMMITTEE is the highest level with direct responsibility for sustainability, including policy on climate change.

The CORPORATE SUSTAINABILITY DIVISION is headed by the Corporate Sustainability General Manager and reports directly to the Group CEO. The team is responsible for developing the sustainability strategy and implementing it across the group. The team monitors and informs the Executive Committee and the Board of Directors on progress twice a year via the KBC Sustainability Dashboard.

A SUSTAINABLE FINANCE PROGRAMME to focus on integrating the climate approach within the group. It oversees and supports the business as it develops its climate-resilience in line with the TCFD recommendations and the EU Action Plan.

The LOCAL SUSTAINABILITY DEPARTMENTS in each of the core countries support the senior managers on the Internal Sustainability Board in integrating the sustainability strategy and organising & communicating local sustainability initiatives. CSR committees in each country supply and validate non-financial information.

Sustainability is anchored in our core activities – bank, insurance and asset management – IN ALL THREE BUSINESS UNITS AND SIX CORE COUNTRIES.



The Group Executive Committee reports to the BOARD OF DIRECTORS on the sustainability strategy, including policy on climate change.

The INTERNAL SUSTAINABILITY BOARD is chaired by the CEO and comprises senior managers from all core countries and the Corporate Sustainability General Manager. The sustainability strategy is drawn up, implemented and communicated under the authority of the Internal Sustainability Board.

The programme is overseen by a SUSTAINABLE FINANCE STEERING COMMITTEE chaired by the Group CFO. Via the KBC Sustainability Dashboard, progress is discussed regularly within the Internal Sustainability Board, the Executive Committee and the Board of Directors. The latter is used to evaluate the programme's status report once a year.

In addition to our internal organisation, we have set up EXTERNAL ADVISORY BOARDS to advise KBC on various aspects of sustainability. They consist of experts from the academic world:
An EXTERNAL SUSTAINABILITY BOARD advises the Corporate Sustainability Division on KBC sustainability policies and strategy.
An SRI ADVISORY BOARD acts as an independent body for the SRI funds and oversees screening of the socially responsible character of the SRI funds offered by KBC Asset Management.

Our sustainability strategy

Our non-financial targets

Indicator	Goal/ambition level	2019 (= 1Q20)	2018
Share of renewables in the total energy credit portfolio	Minimum 50% by 2030	57%	44%
Financing of coal-related activities	Reduce financing of coal sector and coal-fired power generation to zero by 2023*	36 million euros	34 million euros
Volume of SRI funds at KBC Asset Management	10 billion euros by year-end 2020 14 billion euros by year-end 2021 20 billion euros by year-end 2025	12 billion euros	9 billion euros
Total GHG emissions excluding commuter travel (absolute and per FTE)	-25% for the period 2015-2020 -50% for the period 2015-2030 -65% for the period 2015-2040	Absolute: -50% Intensity: -48%	Absolute: -38% Intensity: -37%
Own green electricity consumption	90% green electricity by 2030	83%	78%

** We exclude oil, gas and coal extraction and oil and coal-fired power generation. ČSOB in the Czech Republic will be the sole and temporary exception to this with regard to the financing of ecological improvements to coal-fired, centrally controlled heating networks. Detailed information on this matter is provided in the KBC Energy Policy, which is available at www.kbc.com. KBC has recently announced a strengthening of its policy on coal-fired power generation, which will enter into effect on July 1, 2020. This will broaden the scope of reporting in the future. Figures exclude UBB in Bulgaria.*

Our ESG ratings:	Score 2019	Sustainability recognition and indices
S&P Global - RobecoSAM	72/100	Inclusion in the SAM Sustainability Yearbook 2020
CDP	A- Leadership	CDP Supplier Engagement Leader 2019
FTSE4Good	4.6/5	FTES4Good Index Series
ISS Oekom	C Prime	Prime (best-in-class)
Sustainalytics	86/100	STOXX Global ESG Leaders indices
Vigeo Eiris	Not publicly available	Euronext Vigeo Index: Benelux 20, Europe 120, Eurozone 120 and Ethibel Sustainability Index Excellence Europe
MSCI	AAA	MSCI Belgium Investable Market Index (IMI), MSCI Belgium Index

Our sustainability strategy

2019 achievements

2019 achievements:

- We signed the Collective Commitment to Climate Action, an initiative of the UNEP FI (Sep 2019)
- The entire range of KBC sustainable funds is fully compliant with the Febelfin quality standard for sustainable investment
- KBC signed the Tobacco-Free Finance Pledge drawn up by the international organisation Tobacco Free Portfolios
- KBC signed the ‘Open letter to index providers on controversial weapons exclusions’ – an investor initiative coordinated by Swiss Sustainable Finance
- We continued to build on ‘Team Blue’ – a group-wide initiative at KBC to strengthen ties and promote cooperation among all of the group’s staff in the different countries in which KBC operates.

Sustainable finance (KBC Group, in millions of euros)	2019	2018
Green finance		
Renewable energy and biofuel sector	1 768	1 235
Social finance		
Health care sector	5 783	5 621
Education sector	975	943
Socially Responsible Investments		
SRI funds under distribution	12 016	8 970
Total	**20 542**	**16 769**

For the latest sustainability report, we refer to the KBC.COM website: *https://www.kbc.com/en/corporate-sustainability/reporting.html*

Annex 2

Other items

Loan loss experience at KBC

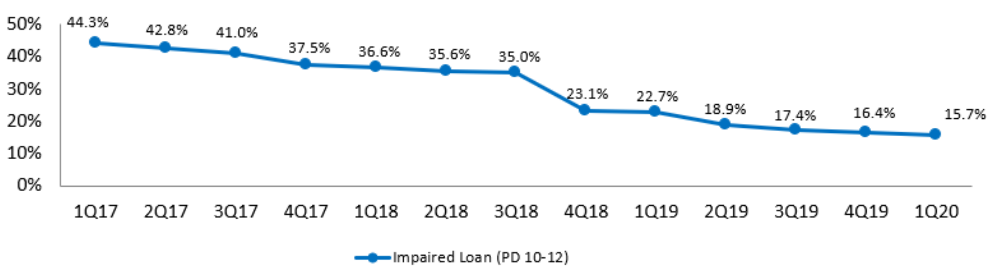
	1Q20 CREDIT COST RATIO	FY19 CREDIT COST RATIO	FY18 CREDIT COST RATIO	FY17 CREDIT COST RATIO	FY16 CREDIT COST RATIO	AVERAGE '99 –'19
Belgium	**0.40%**	0.22%	0.09%	0.09%	0.12%	n/a
Czech Republic	**0.10%**	0.04%	0.03%	0.02%	0.11%	n/a
International Markets	**0.08%**	-0.07%	-0.46%	-0.74%	-0.16%	n/a
Group Centre	**-1.07%**	-0.88%	-0.83%	0.40%	0.67%	n/a
Total	**0.27%**	**0.12%**	**-0.04%**	**-0.06%**	**0.09%**	**0.42%**

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

Ireland: impaired loans continues to improve

LOAN PORTFOLIO €m	OUTSTANDING	IMPAIRED LOANS	IMPAIRED LOANS PD 10-12	PROVISIONS PD 10-12	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9,318	1,422	15%	320	23%
Buy to let mortgages	640	146	23%	55	38%
Non Mortgage Retail & SME	105	5	5%	4	83%
Corporate	12	12	100%	8	65%
Total	**10,076**	**1,585**	**16%**	**387**	**24%**

PROPORTION OF HIGH RISK AND IMPAIRED LOANS



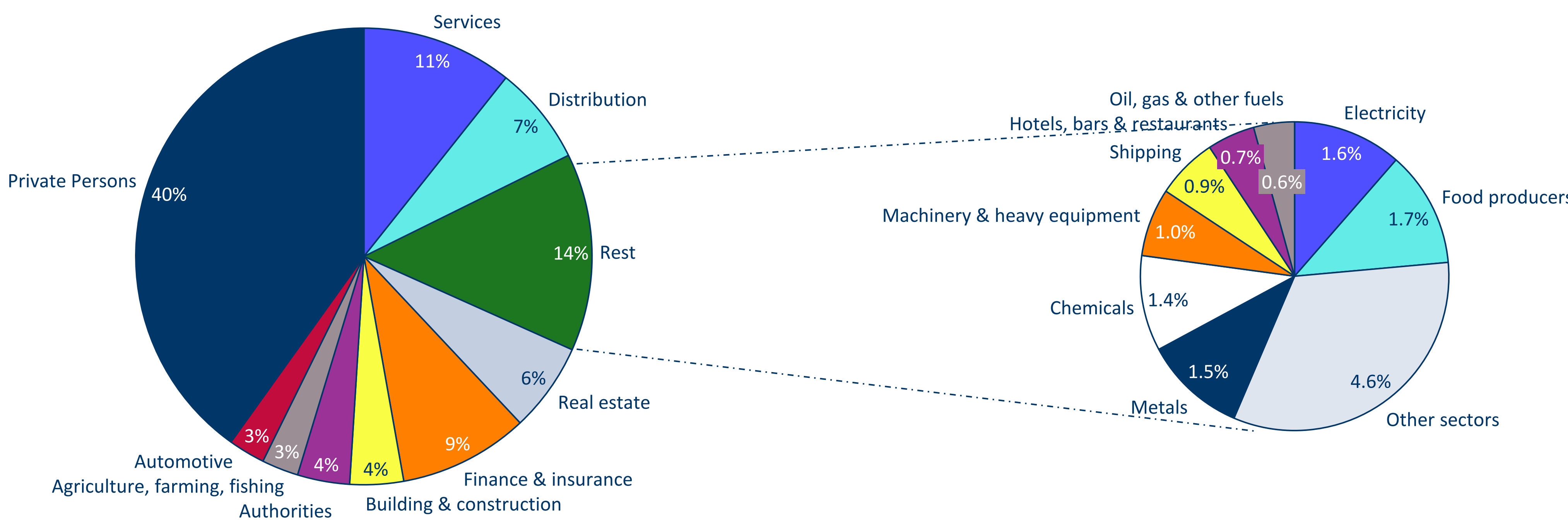
1Q20 Total Portfolio

	PD	Exposure	Impairment Provisions	Cover %
Performing	PD 1-8	7,919	5	0.1%
Performing	Of which non Forborne	7,919		
Performing	Of which Forborne	0		
Performing	PD 9	572	11	1.9%
Performing	Of which non Forborne	158		
Performing	Of which Forborne	414		
Impaired	PD 10	770	68	8.8%
Impaired	PD 11	666	216	32.5%
Impaired	PD 12	149	103	69.0%
	TOTAL PD1-12	**10,076**	**403**	
	PD 10-12 Impairment Provisions /(PD 10-12)			*24.4%*
	Impaired loans (PD 10-12)/ Total Exposure			*15.7%*

- Forborne loans (in line with EBA Technical Standards) comprise loans on a live restructure or continuing to serve a probation period post-restructure/cure to Performing

- While the Irish economy began 2020 with substantial positive momentum, the Covid-19 pandemic is likely to have a large negative impact on activity reflecting the effects of a significant health-related shutdown on domestic demand as well as weaker export markets
- In common with other countries, the Irish jobs market has suffered a major shock as a result of the pandemic. Although government measures have supported incomes and sought to maintain workers links with affected companies, unemployment could end the year around twice the 5% rate seen at the start of 2020
- Irish house prices and transactions increased at a modest pace in early 2020. However, property market activity is likely to remain weak until signs of a broader economic turnaround emerge
- Impaired portfolio decreased by roughly 71m EUR q-o-q resulting in impaired loan ratio reducing to 15.7%. The 2m EUR net impairment release in 1Q20 was primarily driven by improved performance on the impaired portfolio
- Weighted average indexed LTV on the Retail impaired portfolio improved y-o-y to 97% at 1Q20 (from 99% at 1Q19)

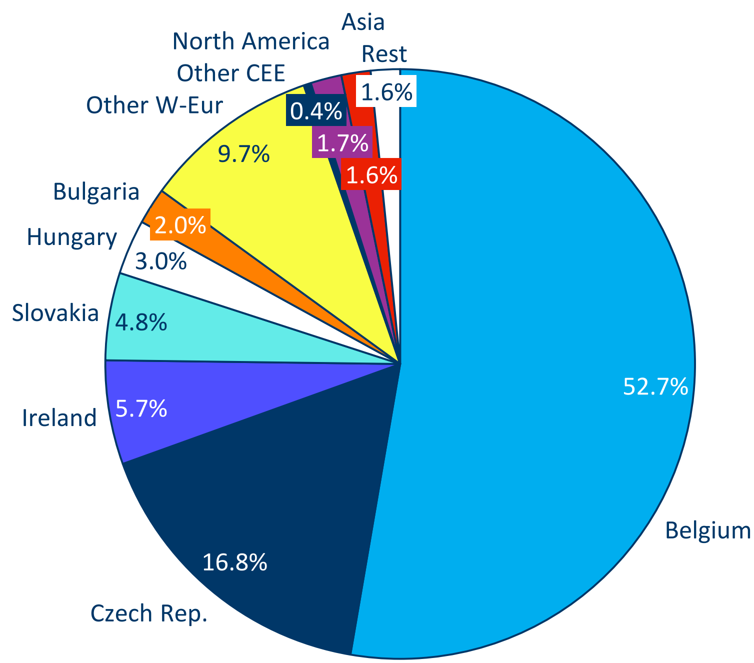
Sectorial breakdown of outstanding loan portfolio (1) (180bn EUR*) of KBC Bank Consolidated



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

* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees

Geographical breakdown of the outstanding loan portfolio (2) (180bn EUR*) of KBC Bank Consolidated

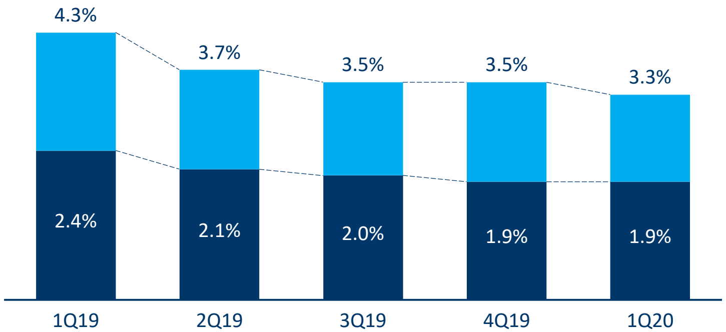


* It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export/import related commercial credit), standby credit and credit derivatives, granted by KBC to private persons, companies, governments and banks. Bonds held in the investment portfolio are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

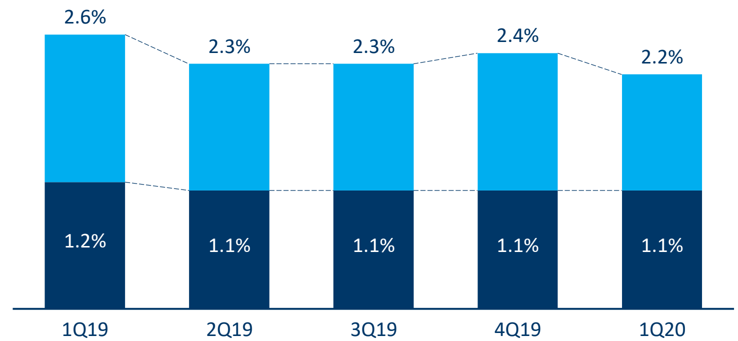
* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees

Impaired loans ratios, of which over 90 days past due

KBC GROUP

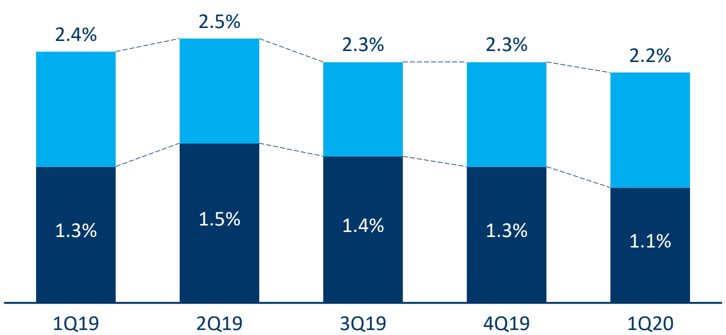


BELGIUM BU

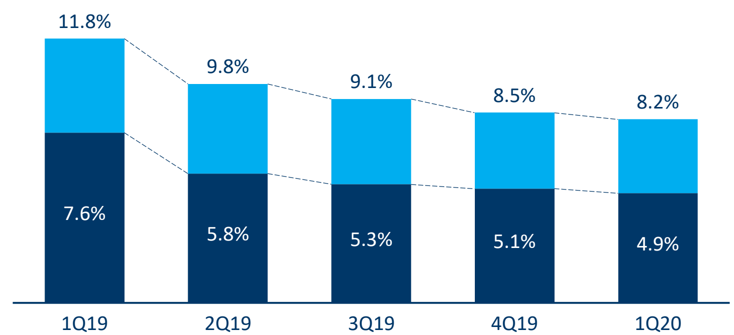


Impaired loans ratio
Of which over 90 days past due

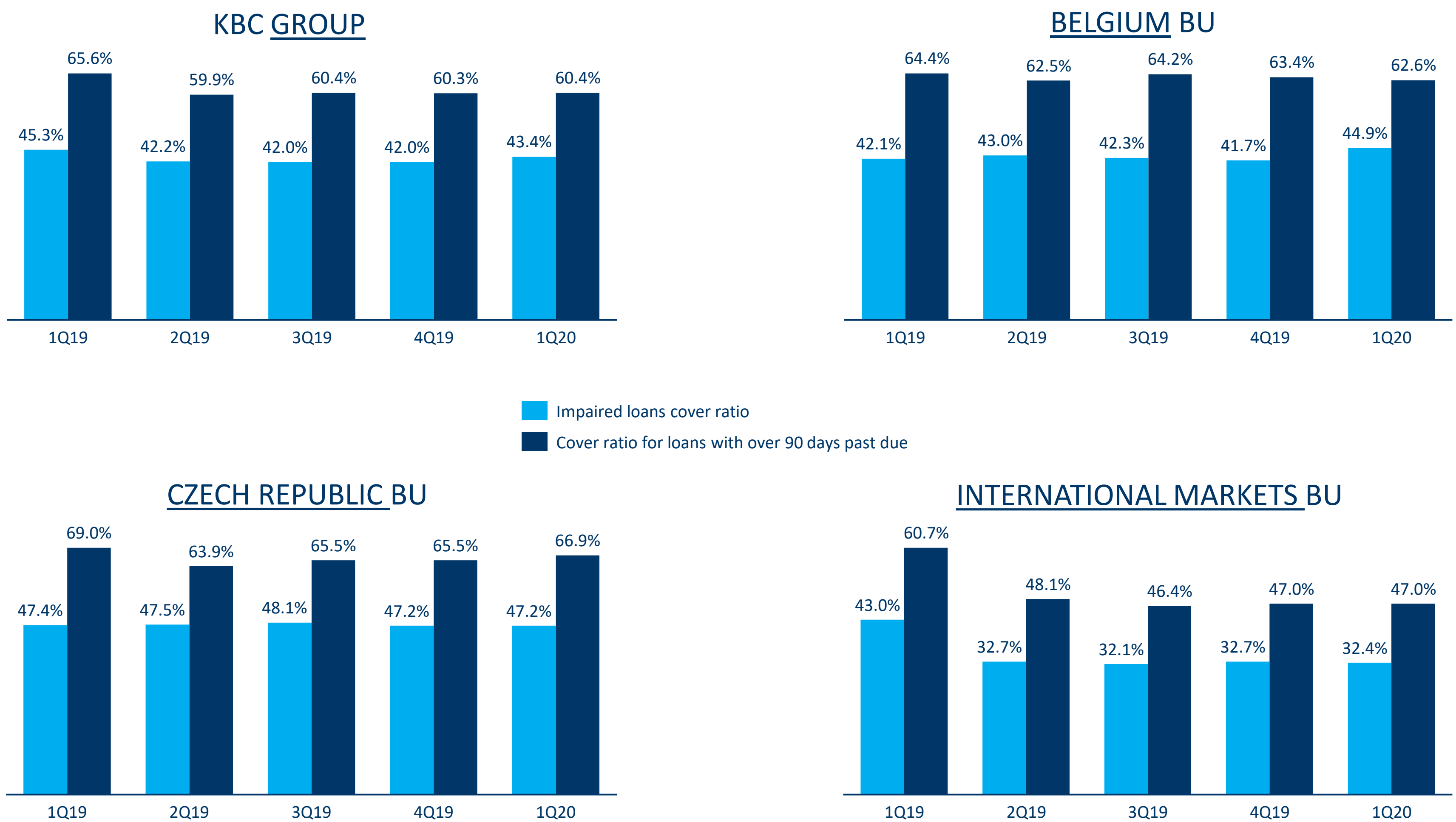
CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU

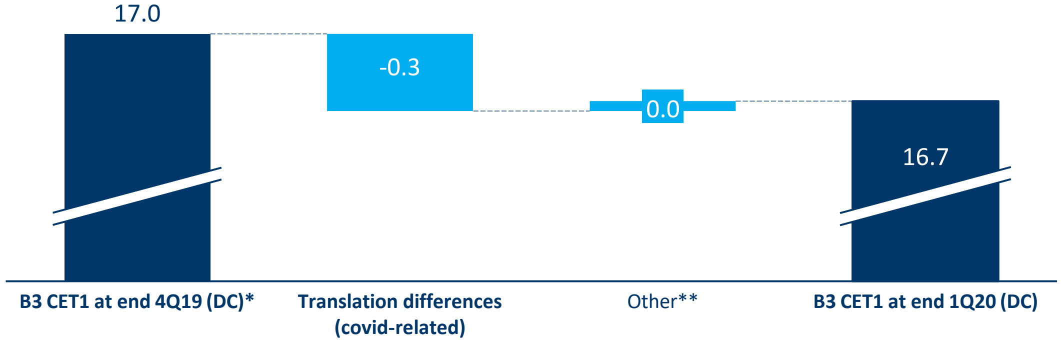


Cover ratios

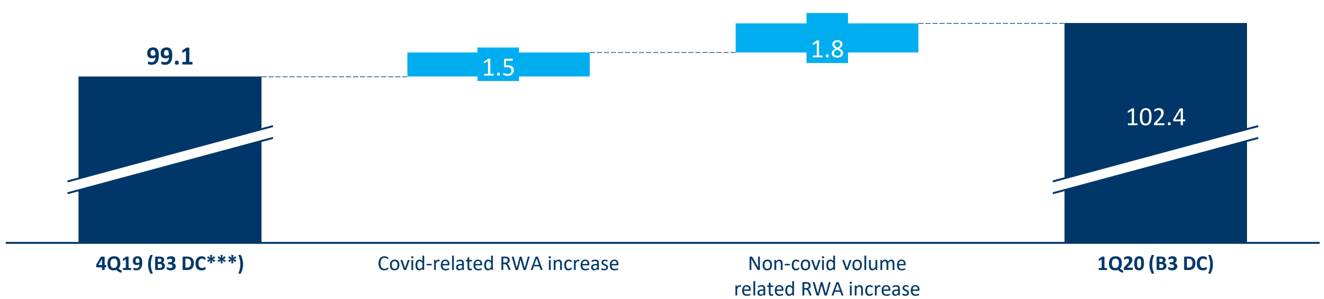


Fully loaded B3 CET1 based on the Danish Compromise (DC) from 4Q19 to 1Q20

DELTA AT NUMERATOR LEVEL (BN EUR)



DELTA ON RWA (BN EUR)



- Fully loaded B3 common equity ratio amounted to 16.3% at end 1Q20 based on the Danish Compromise
- This clearly exceeds the Overall Capital Requirement (OCR) of 10.55%
- The -0.8 percentage points q-o-q CET1 ratio impact was mainly Covid-related (-0.5 percentage points)

* Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share

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

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

Overview of B3 CET1 ratios at KBC Group

Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, fully loaded	17,132	112,317	15.3%
DC**, fully loaded	16,729	102,425	16.3%
DM***, fully loaded	15,938	97,485	16.3%

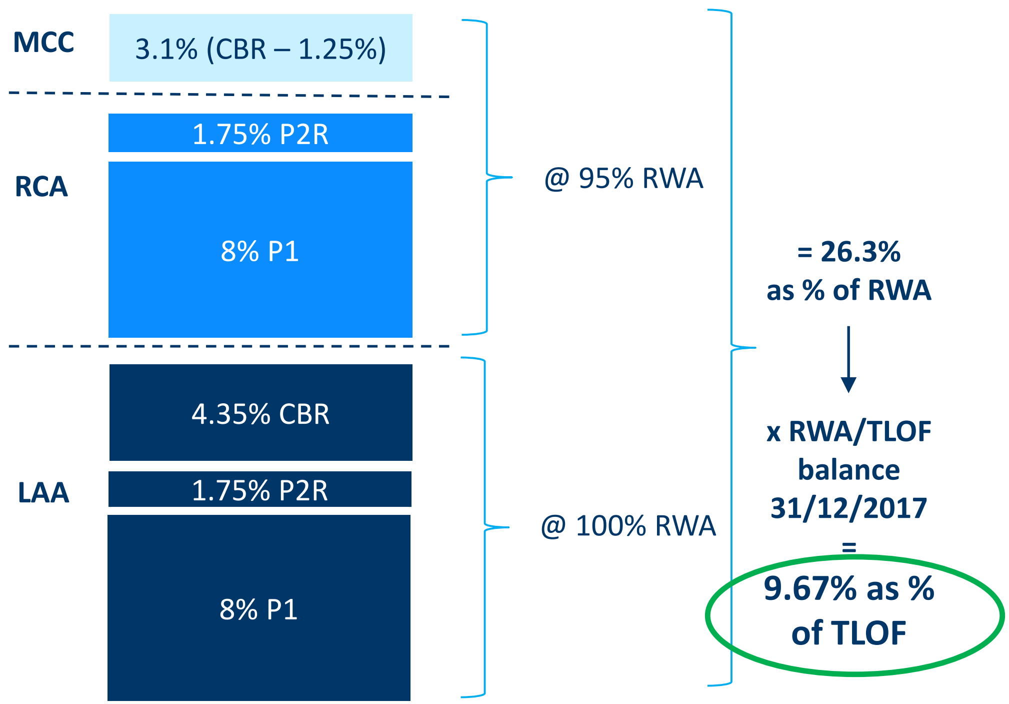
* FICOD: Financial Conglomerate Directive
** DC: Danish Compromise
*** DM: Deduction Method

KBC complies with resolution requirements

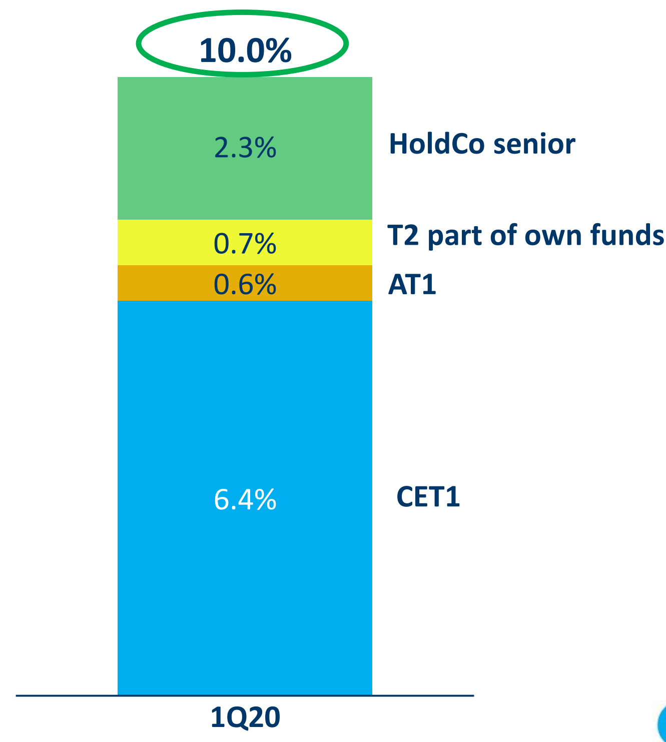
MREL target applicable as from 31-12-2021

- ✓ The resolution plan for KBC is based on a **Single Point of Entry (SPE)** approach at KBC Group level, with **bail-in** as the preferred resolution tool
- ✓ SRB's currently applicable approach to **MREL** is defined in the '2018 SRB Policy for the 2nd wave of resolution plans' published on 16 January 2019, which is based on the current legal framework (BRRD 1)
- ✓ The **actual binding target is 9.67% as % of TLOF** as from 31-12-2021, which KBC already complies with

MREL target = 9.67% as % of TLOF

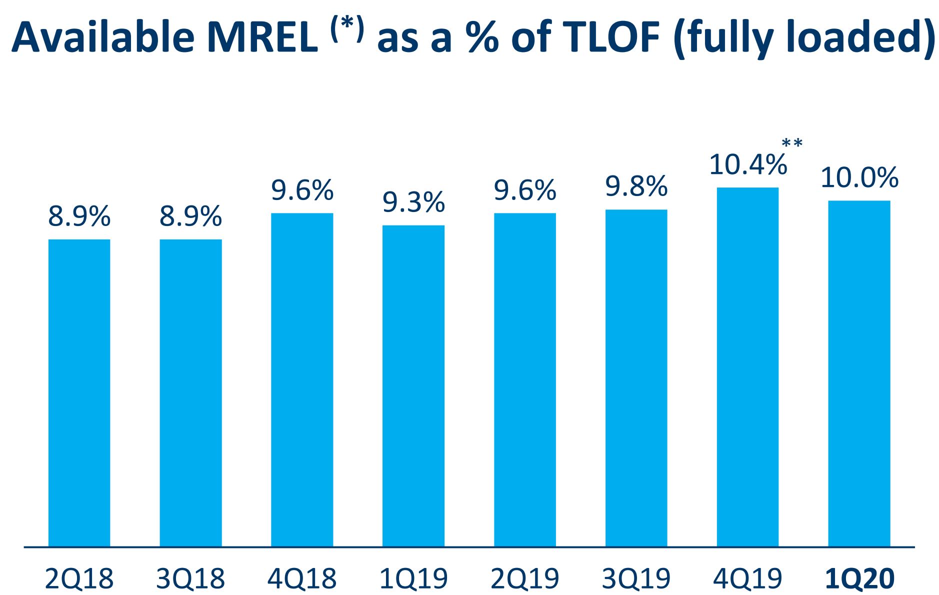


Actual in % of TLOF



TLOF	Total Liabilities and Own Funds
LAA	**L**oss **A**bsorbing **A**mount
RCA	**R**e**C**apitalisation **A**mount
MCC	**M**arket **C**onfidence **C**harge
CBR =	**C**ombined **B**uffer **R**equirement = Conservation Buffer (2.5%) + O-SII buffer (1.5%) + countercyclical buffer (0.15% in previous target; 0.35% in revised target)

Available MREL (fully loaded) as a % of TLOF

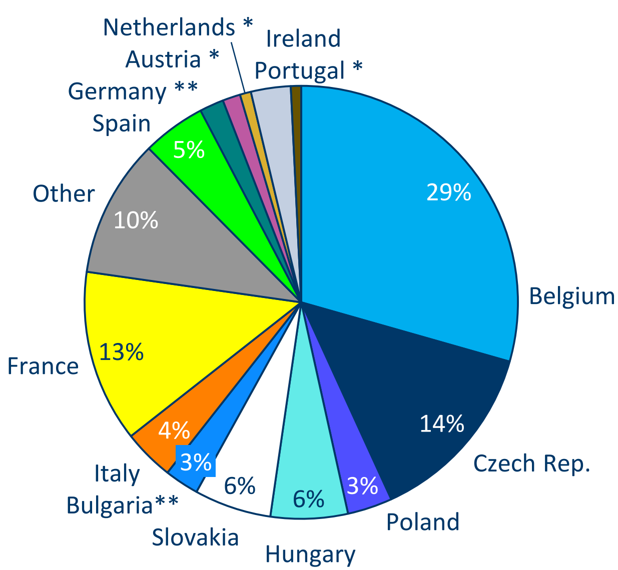


*   *Hybrid approach*
** *Taking into account the withdrawal of the final gross dividend over 2019 profit of 2.5 EUR per share*

Government bond portfolio – Notional value

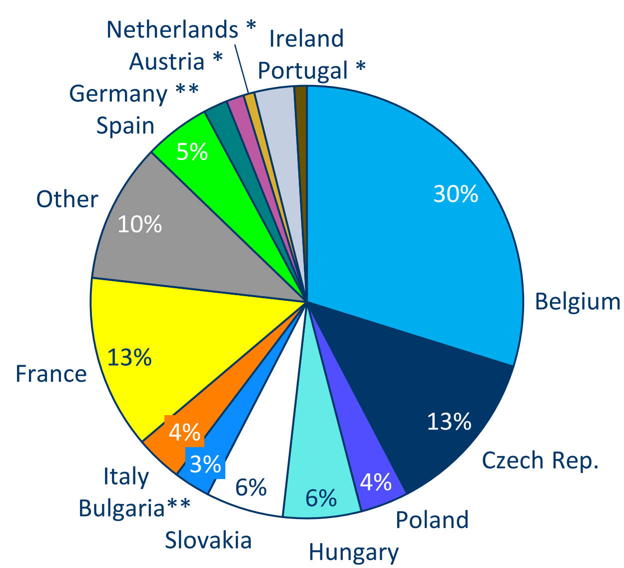
- Notional investment of 46.5bn EUR in government bonds (excl. trading book) at end of 1Q20, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 5.7bn EUR at the end of 1Q20

END OF FY19
(Notional value of 46.1bn EUR)



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

END OF 1Q20
(Notional value of 46.5bn EUR)

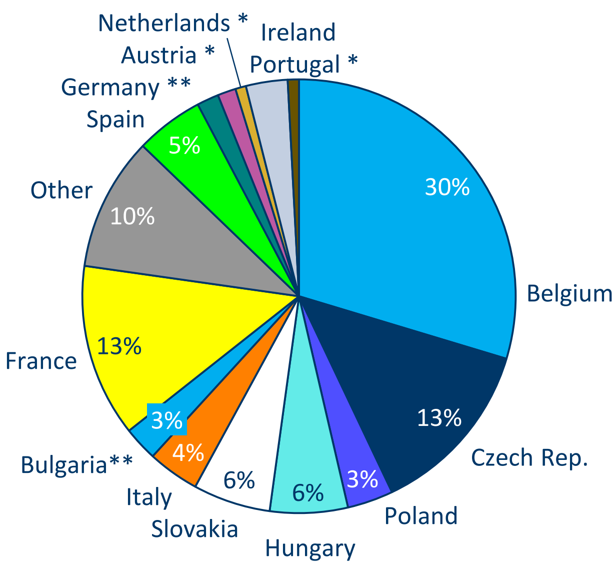


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

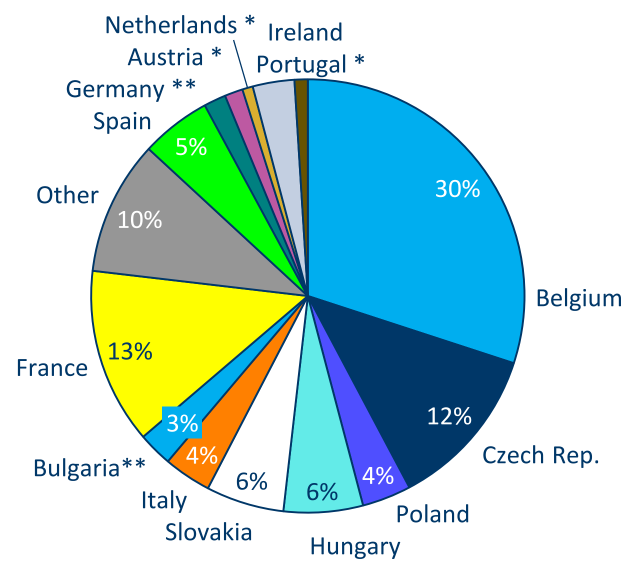
- Carrying value of 49.7bn EUR in government bonds (excl. trading book) at end of 1Q20, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 6.4bn EUR at the end of 1Q20

END OF FY19
(Carrying value of 49.4bn EUR)



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

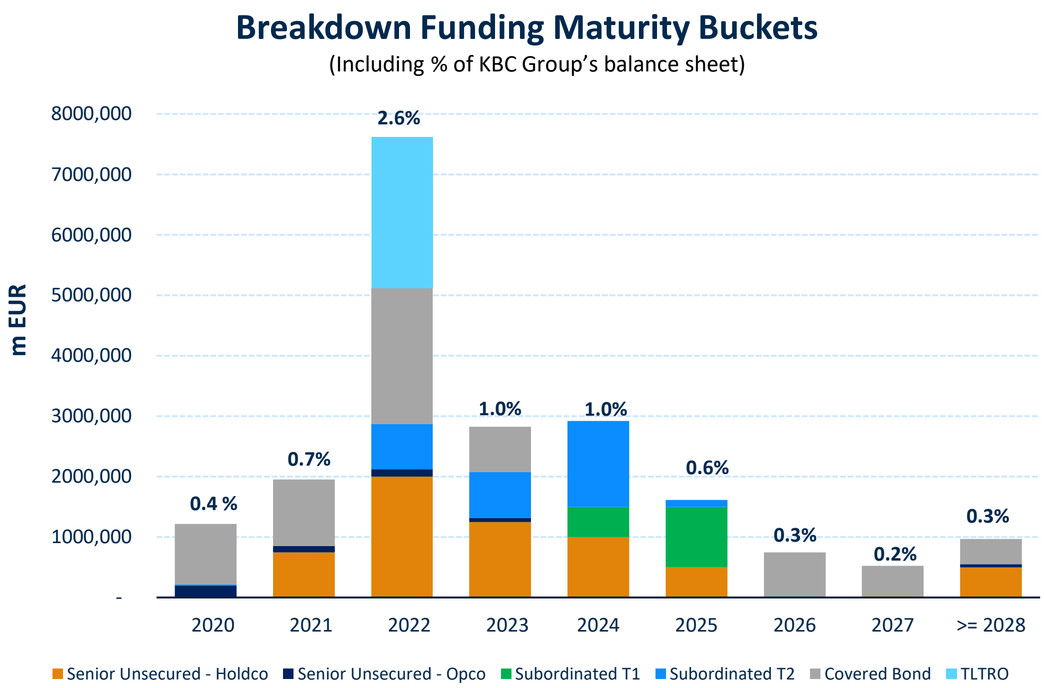
END OF 1Q20
(Carrying value of 49.7bn EUR)

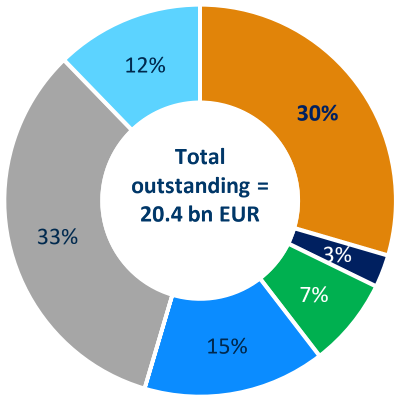


(*) 1%, (**) 2%

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

Upcoming mid-term funding maturities





- In January 2020, KBC Group NV successfully issued a new senior holdco benchmark of 500m EUR with a 10 year maturity

- KBC Bank has 6 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds
  - Structured notes and covered bonds using the private placement format
  - Senior unsecured, T1 and T2 capital instruments issued at KBC Group level and down-streamed to KBC Bank

Glossary (1)

AQR	Asset Quality Review
B3	Basel III
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include: • MtM ALM derivatives (fully excluded) • bank taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) • one-off items
Credit cost ratio (CCR)	[net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula
EBA	European Banking Authority
ESMA	European Securities and Markets Authority
ESFR	European Single Resolution Fund
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total specific impairments on the impaired loan portfolio (stage 3)] / [part of the loan portfolio that is impaired (PD 10-11-12)]
Impaired loans ratio	[part of the loan portfolio that is impaired (PD 10-11-12)] / [total outstanding loan portfolio]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity coverage ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days]
Net interest margin (NIM) of the group	[banking group net interest income excluding dealing room] / [banking group average interest-bearing assets excluding dealing room]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]

Glossary (2)

MARS	Mortgage Arrears Resolution Strategy
MREL	Minimum requirement for own funds and eligible liabilities
PD	Probability of default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for fair value through Other Comprehensive Income (OCI) assets]
TLAC	Total loss-absorbing capacity

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