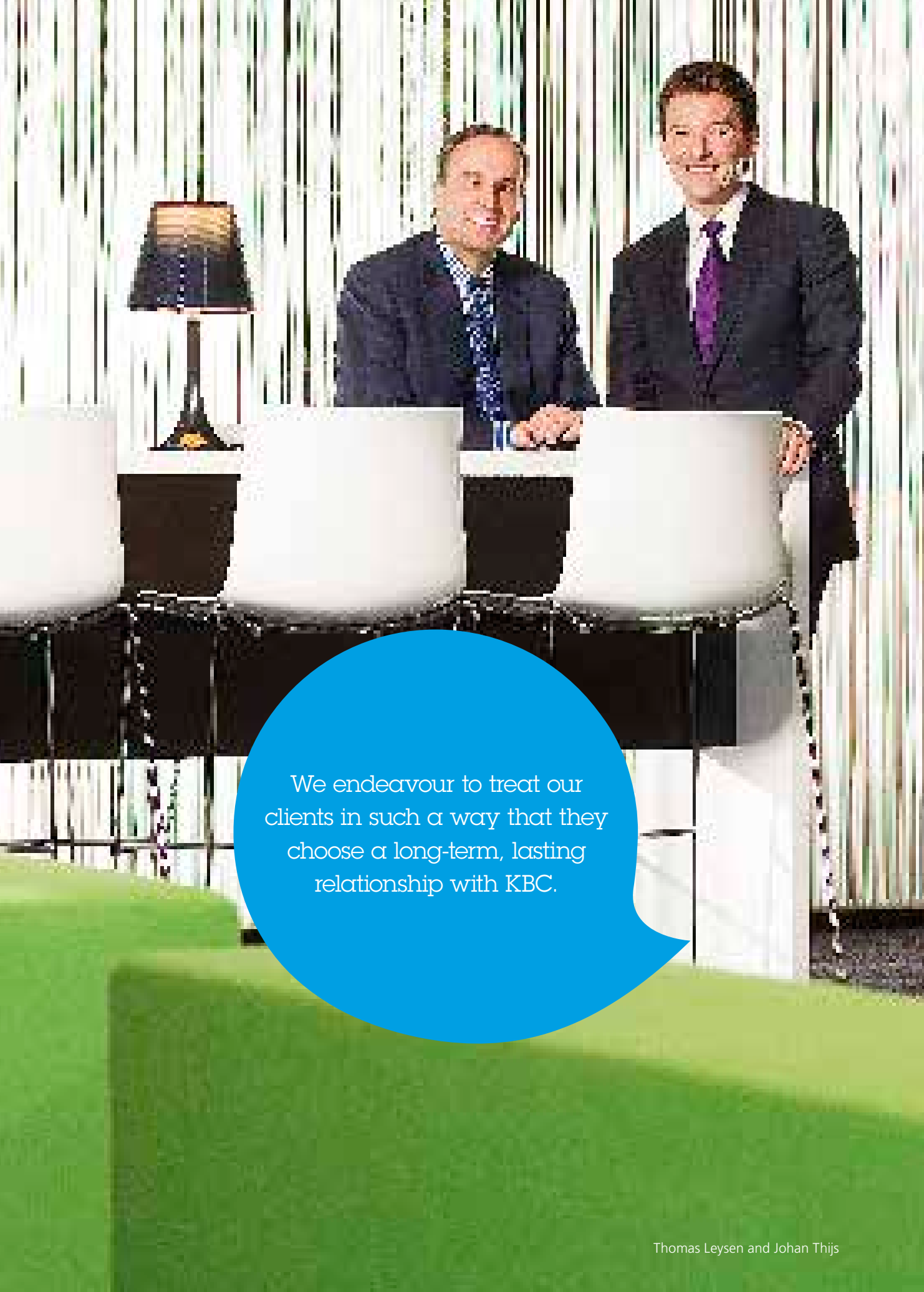


Your questions
answered.





We endeavour to treat our clients in such a way that they choose a long-term, lasting relationship with KBC.

Dear Reader,

2013 was a decisive year for KBC, one in which we made further progress in cleaning up a number of residual issues from the past and our new strategy took more tangible form.

- We completed virtually all of our divestment programme and returned to being **a focused bank-insurer** to individuals, small and medium-sized enterprises (SMEs) and larger companies in our core markets. All activities that do not fit with our strategy have been wound down or sold. We also worked resolutely on reducing our remaining portfolio of collateralised debt obligations (CDOs).
- We continued paying off the government aid at an accelerated rate, and we can now safely state that the assistance we received from the Belgian Federal and Flemish Regional governments will ultimately have cost taxpayers not a single cent, but instead **generated a fine gain for them**.
- We increased our capital further, thanks to the group's profitability and a number of additional capital transactions. With a tier-1 core capital ratio of 13.5%, we are **back among the better capitalised European financial groups**. Our core shareholders, including Cera with its more than 400 000 members, continue to provide us with a solid foundation.

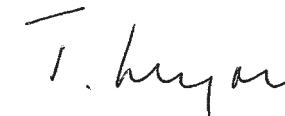
As a result, we are now well-prepared for the future. Our aim is to become the reference as a sustainable bank-insurer in each of our core markets. To achieve this, the emphasis is on the following factors:

- Our **clients must be our prime concern**. The goal of our strategy and business culture is that we should treat our clients in such a way that they opt for a long-term relationship with KBC.
- Our focus is on the long term. Good financial results are important, but it is even more important that they should be **sustainable**. We do not therefore focus so much on the next quarter, but rather on developing our group and our people over the years. And our management remuneration systems are tailored entirely to this vision, too.
- Risk management must be rigorous. We have learned significant lessons from the financial crisis and have stopped a whole series of overly risky activities. Risks are, however, an inherent part of banking and insurance. It all comes down to managing them in **a strictly controlled and well-considered manner**, overseen by independent risk and compliance departments.
- We need to consider the expectations of all stakeholders in society. That means **communicating transparently** on socially sensitive issues, cooperating closely with government and supervisory authorities, focusing sharply on the environment and being actively involved in our community.

This report to society is a clear, concise report on all of these issues, and is intended to serve as the springboard for ongoing dialogue.



Johan Thijs
President of the Executive Committee



Thomas Leysen
Chairman of the Board of Directors

10 million

clients worldwide

36 000

employees

1 600

branches around the world
achieved a fine performance

470

insurance agencies in Belgium
and various distribution
channels in other countries

135 billion

euros on savings accounts
worldwide

122 billion

euros' worth of loans to private
individuals and companies

Who we are

We are an integrated bank-insurer. We focus on retail clients, SMEs and larger companies. We provide services to some ten million clients worldwide.

In our core markets of Belgium, Hungary, the Czech Republic, Slovakia, Bulgaria and Ireland, we focus on the local economies. We wish to be a responsible bank-insurer, establishing lasting relationships with our clients, being open in and about our business and consulting with all our stakeholders so that we can continue to respond to the changing needs, requirements, legal framework and economic environment.

Our current strength

Around 36 000 employees contribute to our strength.

Our adjusted risk policy and strategic decisions have resulted not only in a stronger capital base (core tier-1 ratio of 13.5%, well above our target of 10%), but also an outstanding cost/income ratio of 52%.

We wish to pursue bank-insurance within a clear framework and adjust our policies on fraud, money laundering, corruption and consumer protection at regular intervals. We have a code of conduct for all our staff, and our Group Compliance department ensures strict adherence. But we realise this is an ongoing process, and we have to remain on the lookout for pitfalls and learn from our mistakes. We are very well aware that our reputation is a fragile thing and that we are judged by all our actions.

We wish to develop in tandem with our changing society, we want to be the reference, strong and independent.

The European plan

KBC and the European Commission reached an agreement on our recovery plan following the aid received from the Belgian Federal and Flemish Regional governments.

We have made major progress in implementing this plan over the last few years, and in 2013 took the last steps towards completing it. We have sold 29 entities and our balance sheet has shrunk by 42%. On the other hand our capital strength has increased more than twofold.

Now that we have reached agreements for all the planned divestments, we can return to focusing entirely on developing our business in our core markets.

Our results

Recent reports confirm that the global economic situation is improving. We, too succeeded in posting good results, closing 2013 with a profit of 1 billion euros. This figure represents a return on equity of 9% and confirms the strength of our bank-insurance model in our core markets.

Our banking business posted a healthy profit of 705 million euros in 2013, and managed 135 billion euros' worth of deposits and 122 billion euros' worth of loans to individuals and companies. We achieved fine results in our insurance business, too, with a profit of 462 million euros. Insurance earnings suffered as a result of lower investment income, but were positively impacted by the stringent control of general operating expenses. However, we recorded a loss of 152 million euros for group activities. Moreover, our profit figure also takes account of the loan portfolio in Ireland, where we had to record loan losses of 775 million euros for the year due to the slower than expected recovery in the SME sector there.

Our guiding principles

- Our integrated bank-insurance model has proven its value and effectiveness and means that we can offer our clients a comprehensive package of products and services.
- Our focus on local markets enables us to gain a better understanding of our local clients, be aware of any changes in their requirements and be proactive in meeting them. We can provide them with products and services tailored to local needs.
- We put money to work, using around 80% of deposits, either directly or through government bonds, for projects for individuals, businesses and the community.
- We have developed stringent risk management for all our activities.
- A deep-rooted core shareholder base supports our long-term vision and strategy.
- We have a sound environmental policy, which resulted in certification from the EU Eco-Management and Audit Scheme (EMAS) in Belgium in 2013.

Areas in which we wish to improve

- Our clients and what they want: we need to constantly adapt to changes in society (the ageing population, climate change, etc.) and changing client needs. The culture within our group must ensure that our clients always take centre stage.
- Regulation: we must continue to focus on the effects of more rigorous regulation of the financial sector so that we are prepared for a new financial landscape.
- Transparency: we wish to provide even clearer and simpler communication on our products and services and fees and charges.
- Gender equality: using various HR programmes, we wish to continue encouraging women to advance their careers.



Karel Poesmans, fruit farmer and manager of Fruitsnacks Nieuwerkerken

'Fruitsnacks began in 2006. We started from scratch and now we deliver 2 500 fruit packs (about 20 tonnes of fruit) a week to companies. Apples and pears come from our own orchards. We also deliver bananas, grapes, oranges and kiwis, as well as seasonal fruits such as cherries, strawberries, plums and berries from Haspengouw, and nectarines, apricots and peaches from the south. We select, pack and transport the fruit ourselves. We don't work with contracts, so our customers can cancel further deliveries any time they like. That is why the quality and variety of fruit, delivery and good customer service are so important for us.

Fortunately we have never experienced a fire or anything like that, so we haven't yet claimed on our insurance with KBC. For the fruit business, we keep in close contact with our account manager to discuss our ongoing investment. We received quite a lot of attention last year when KBC advertised for us in its Gap in the Market campaign. We soon realised that it was a unique opportunity to gain brand recognition as a small business, so we also launched our own marketing campaign. This media campaign, together with my successful lobbying (thanks, among others, to Voka Limburg) to make fruit at work fully tax-deductible, gave Fruitsnacks a significant boost.'

www.fruitsnacks.be

How is KBC doing now following the banking crisis of a few years ago?

Will the government get all its money back from KBC?

We continued repaying the government aid ahead of schedule in 2013.

On 3 July 2013, we paid back 1.17 billion euros' worth of state aid plus paid a penalty of 0.58 billion euros – or 1.75 billion euros in total – to the Flemish Regional Government, six months before the deadline agreed with the European Commission. In January 2014, we paid a second instalment of 0.5 billion euros to the Flemish Regional Government, again in advance of our deadline.

The repayment to the Belgian Federal Government at the end of 2012, and the recent instalments to the Flemish Regional Government, brings the total amount in principal repayments, coupon payments and fees for the CDO guarantee to 9.5 billion euros.

By the time we have paid back all the aid we received, this total figure will have risen to more than 13 billion euros, compared to the 7 billion euros borrowed from the two governments in 2008 and 2009. After deducting its own funding costs, the government will have made a capital gain of more than 5 billion euros.

Summary of payments made by KBC to the Belgian government

(In euros)	Total 2008-2013	2014
Belgian Federal Govt	3 500 000 000	0
Flemish Regional Govt	1 166 666 667	333 333 333
Penalty	1 108 333 334	166 666 667
Federal Govt coupon	841 000 000	0
Regional Govt coupon	892 500 000	0
Sub-total	7 508 500 001	500 000 000
CDO guarantee fee	1 533 329 280	340 739 840*
Total	9 041 829 281	840 739 840

* To be paid in 2014.

What taxes does KBC itself pay?

Like every profitable business, we duly pay taxes on our earnings. In addition, we have to pay bank levies in various countries regardless as to whether we make profit or not.

Taxes and levies totalled 892.20 million euros in 2013.

Tax paid by KBC

(In millions of euros)	Income tax	VAT that cannot be claimed back and other miscellaneous taxes	Bank taxes and deposit guarantee scheme	Total
Belgium	206.78	119.34	130.26	456.38
Czech Republic	101.41	36.72	34.33	172.46
Hungary	18.12	20.73	139.13	177.98
Slovakia	26.00	17.01	20.54	63.55
Bulgaria	0.10	8.60	2.83	11.53
Ireland	1.40	8.90	-	10.30
Total	353.81	211.30	327.09	892.20

What is the situation as regards tax havens?

For more details, go to our website, www.kbc.com.

We are open about our presence in tax havens.

As previously reported on our website, we did in the past set up companies in the Cayman Islands. Tax on the results of these companies is paid in the United Kingdom or United States so there is no question of tax evasion.

They companies specialise in financial transactions with US investment funds and in credit and equity derivatives. They are trading companies that deal solely with professional financial counterparties. They are part of the KBC Financial Products business, which is being wound down and so no new contracts are being signed. The companies concerned will be liquidated as soon as the various contracts so permit.

We still also have 10 companies in Jersey that issue collateralised debt obligations (CDOs). These entities are only passively managed, which means that the exposure is managed and, where possible, reduced ahead of schedule. When the CDOs reach maturity (the last one in 2017), these entities will be liquidated. These companies were set up purely on grounds relating to company law as Jersey's legislation provides for greater contractual freedom in establishing the rights of a company's creditors. That was necessary to make the specific repayment conditions for the CDOs legally possible.



Many of our
managers are
women. What is
the situation
at KBC?

Patric Groenen

General Manager, Revalidatie & MS Centrum Overpelt (Overpelt Rehabilitation & MS Centre)

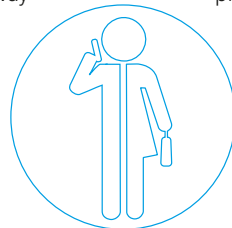
'Our hospital is known for its expertise in caring for people with MS and other degenerative neurological disorders, including Parkinson's disease. In addition, the centre specialises in rehabilitating patients with other disorders of the nervous system and functional disorders of the postural and locomotor system. The centre is recognised as a centre of excellence for coma patients, and it provides sports medical advice and follow-up for people with disabilities.

Many people play a part in any successful rehabilitation, and that is why the joint efforts of a multidisciplinary team are of paramount importance to us. More than 300 people work in our centre, the majority of them women, and we have a relatively large number of female managers, too.

I believe it is very important to have a healthy mix of men and women in managerial posts. They complement each other and enrich the overall organisation. Our centre has been a client of KBC for many years. We have an account manager who listens to us and offers ideas. One case where that was extremely important was in the preparations for our new building project. The downside? Possibly the amount of paperwork, but that is the same with all banks. If we had a cent for every time we signed a document for the bank, we'd be rich now' (said jokingly).

Do women enjoy equal opportunities at KBC?

We believe in diversity. We offer all staff equal opportunities based on their intrinsic qualities and potential. We focus particular attention on career advancement for women, as they make up almost 50% of our staff but are still under-represented in management posts. That is an unfortunate position not only for our female staff but also for KBC itself, since we believe that balanced leadership is the way ahead. We are, therefore, accelerating our initiatives to promote the advancement of women. We have just appointed our first female member of the Executive Committee, Christine Van Rijseghem. She will take up the role of Chief Risk Officer in May 2014.



We promote a good work/life balance. We encourage head office staff to work from a branch or office close to home or even from home. By limiting commuting in this way, we help protect the environment, the staff concerned save time and they have the opportunity to build a better work/life balance. This is not only a significant factor in the advancement of women, but also helps prevent stress and burn-out for everybody.

The Finger on the Pulse survey of October 2013 shows that employee satisfaction has returned to the level seen prior to the financial crisis.

How does KBC encourage its staff to develop their talents?

We invest in skills development. We have an extensive package of training courses available to staff. In this way, we ensure that our professional knowledge remains up to date. If customised courses are needed and we don't have the requisite tutors in-house, we use the services of outside course providers.

We also offer free evening courses in a range of subjects including digital photography, Chinese for beginners, assertiveness training and mindfulness. We are firm believers in open-mindedness.



We encourage creativity. We are more than ever aware of the value of every employee's talents and enterprise. We have developed a talent scan whereby staff can weigh their interests and talents against each other to obtain an indication of what kind of position would suit them. Our PEARL strategy enables all employees to suggest how they believe we could improve our business.

Only if we all share our thoughts actively can we be as flexible as our clients and society expect us to be. At the same time, employees are also approached directly about their responsibilities and achievements.

Do KBC staff earn too much?

We reward good performance. We believe it is only fair to duly reward all staff for their efforts and contribution, including management. Although the remuneration KBC pays its management is comparable to that at other European financial institutions, the remuneration paid to our CEO is below the average. The same applies in comparison with the CEOs of other BEL 20 companies.

We modified the overall remuneration package of the CEO and members of the Executive Committee in 2013, increasing the fixed remuneration component to at least 70% of the total pay package and limiting the variable component to a maximum of 30%, subject to an individual and collective assessment. In addition, payment of at least 50% of the variable component is spread over three years.

The exceptionally high bonuses often paid by many international merchant banks are not part of KBC's culture. More information on our remuneration policy is available in our annual report, which you can find on our website, www.kbc.com.



It's sometimes said that our savings lie idle. Is that true?

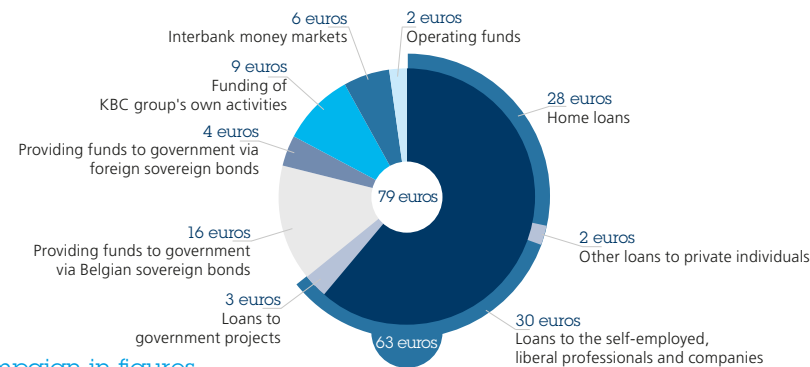
Antwerpse brouwcompagnie
(Antwerp brewing company)
Johan and Karen want to bring back a traditional beer!

'What began as a hobby became a passion. The booklet entitled 'Verdwenen brouwerijen in en rond Antwerpen' (Lost breweries in and around Antwerp) turned our lives around. We started searching for the original recipe for the lost Seefbier, the legendary beer of the Antwerp region. We questioned families who own breweries and combed through archives, a quest that took three years. With the help of the Delvaux beer centre at KUL we brewed the first Seefbier in 100 years. It tasted so good that we decided to go ahead and brew our own beer.'

As things stand after two years, we can say that Seefbier has been a success story. We are earning international recognition. We won a gold medal in The World Beer Cup and The World Beer Awards, and besides Belgium we are also marketing the beer in eight other countries.

Our ambition doesn't stop there. We currently brew our beer on friends' property but our dream is to build our own brewery in Antwerp. KBC helped us achieve the first part of our dream, and hopefully it won't be too long before KBC can help us in the next stage of our journey, too.'

www.seef.be



KBC savings campaign in figures

What does KBC do with its clients' savings?

Of every 100 euros saved by our clients, we reinvest 63 euros in the economy, through loans to individuals, companies and government projects, and another 16 euros in Belgian government bonds (79 euros in total). In Belgium, we are also committed to continuing to invest in the social profit sector: hospitals, retirement and nursing homes, education and local government. The amount so invested in 2013 was 2.7 billion euros, accounting for 20% of our portfolio of investment credit in the retail market. It is, therefore, simply untrue to say that our clients' savings are idle.

But since savings are so important for our society, why is it that savers earn so little interest at present? That is not KBC's choice, but is due to the low long-term market rates and the fact that permanent availability of funds and saver protection entail costs. What is more – and this is by choice – we have a rigorous risk management policy at KBC and we avoid using our clients' savings for any form of casino banking.

In 2013, KBC granted 122 billion euros' worth of loans to individuals and companies. In spite of the financial crisis we did not see any significant increase in the number of clients unable to repay their loans. To afford business people the opportunity of expanding their business internationally, KBC also granted approximately 11.5 billion euros in export financing.

Although we are aware that not all innovative projects are equally successful, we do still believe it is very important to contribute to innovation. In line with this, we make an active contribution to the development of green energy projects that will be significant in achieving the targets set for Europe. In addition, in full compliance with the Equator Principles and the UN Global Compact Blacklist, we refuse any involvement in financing certain companies and sectors (for instance, the manufacturing of controversial weapons).

Lastly, we have drawn up specific guidelines for lending to the energy sector (which include a more cautious stance on nuclear energy and coal-fired power stations).

Does KBC invest enough in the economy?

More stringent regulation following the financial crisis has resulted in financial institutions being subject to higher capital and liquidity requirements. Consequently, it is no longer as easy to grant very large loans at fixed rates for very long periods (upwards of 10 or 15 years). We address this problem by working with clients in seeking or developing alternative forms of funding. In all our core markets we focus on the local economies by tailoring our products and services to the needs of our local clients. Where possible, we also endeavour to provide solutions for clients experiencing difficulties. The Mortgage Arrears Resolution Strategy (MARS) project in Ireland is a prime example of this.

We also have another means of encouraging enterprise. We launched the 'Gap in the Market' campaign in spring 2013 and in autumn we set aside office space for new innovative companies in the KBC Tower in Antwerp. Also in the autumn, we gave our clients the opportunity through our 'Do your bit and add a brick' campaign of selecting which social project in their area (such as building a school or hospital) they wished to support with their savings.

KBC also funds the economy indirectly by actively subscribing to government bonds. This involved amounts of 25 billion euros in Belgium and 9 billion euros in the Czech Republic in 2013.



What has health and safety got to do with insurance?

Insurance also plays a major economic role. Insurance is the ideal instrument for clients to protect themselves. For instance, without public liability insurance businesses could not be run, without business interruption insurance there would be no guarantee of continuity, without home insurance property would not be protected, without industrial accident insurance people would not be adequately protected at work, and without income and health insurance health care would become unaffordable.

The basic role of an insurer is to reallocate the premiums it collects to clients, insured parties or third parties who sustain (insured) loss or damage. In 2013, KBC paid out 2 139 million euros to victims as part of its non-life insurance business. That provides a clear illustration of how the reallocation system supports the economy.

Health and safety and insurance are two sides of the same coin. To avoid human suffering, preventing an accident is better than curing it. But when accidents do occur, it is better to have good insurance. At KBC, we focus on both prevention and protection. Firstly, we use our knowledge of the causes of accidents to launch accident prevention campaigns and practical campaigns for the public at large. In 2013, for instance we launched the 'Mums Know Best Safety' shop, an online shop where visitors can buy various health and safety products and find advice on that subject. Secondly, it is our daily mission to offer the best insurance at the right price. We also invest in quality claims handling, because that is and remains the litmus test of any non-life insurance. In the event of serious accidents, we provide the services of a team of psychologists and we support the reintegration of victims who have suffered serious accidents at work.


Asking for the right premium for every risk seems to be an obvious goal. However, in some cases this segmentation can have undesired effects such as excluding certain social groups or making it difficult for them to obtain insurance. A prime example is young drivers, for whom insurance is becoming very expensive, so we have developed a product for this group. In other areas, too, we do all we can to avoid making a distinction between insured parties based on criteria that are beyond their control.

Can investment funds also be sustainable?

Although we still don't publicise it enough, we have been offering socially responsible investment (SRI) products for years now. At the end of 2013, we were managing investments for our clients in SRI products totalling more than 3 billion euros.

We see SRI as a long-term strategy that can provide a good combination of return and sustainability. Moreover, experience shows that the returns generated by an SRI fund over time are comparable to those of a conventional fund. Our SRI equity funds encompass specific sustainable themes (e.g., Eco Funds) and general best-in-class funds. For many years, we have called upon the advice of specialists to help us with the composition of these funds.

An external Environmental Advisory Committee (EAC), made up of academics from various fields, oversees the theme-based Eco funds. The other equity funds are overseen by another team of experts who are members of the External Advisory Board for Sustainability Analysis (EAB), and who also help us with general questions regarding sustainability. We recently amended our policy on soft commodities, so that investment in agricultural commodities is excluded.



Sustainable
business is our
motto. What does
KBC believe in?

Christophe Pierre,
owner of the Your Mover group, and one of his staff

'Until recently, the Your Mover group was made up of three divisions: a removals business, a logistics company and a research centre. We have always been conscious of the environment, but my personal interest in sustainability increased five years or so ago. After analysing our company's ecological footprint, we began to discuss issues such as shortages of raw materials and problems relating to waste. The outcome was the establishment of our new division, the sustainable furniture manufacturer Nearly New Office Facilities (NNOF). We look at what furniture a customer has and how it could be adapted to what they need. For instance, an old desk top can be cut down to make a bench, metal tables can be given a coat of bright paint and old chairs recovered. Indeed, we have already undertaken projects of this kind for KBC.'

'I find that KBC has a certain verve. I see motivated people working hard to rebuild confidence. Our relationship with KBC goes very smoothly, but due to increasing automation and internet banking there is a little less personal contact, which is something we miss. That is, of course, something that applies to the whole banking sector, but maybe this is an opportunity for KBC to set itself apart from its competitors?'

www.yourmover.com

What does corporate sustainability and responsibility mean for KBC?

For KBC, corporate sustainability and responsibility means taking a long-term vision, focusing on our clients, managing risk rigorously and taking account of the expectations of all our stakeholders.

Our policy, strategy and vision are all long-term. We don't opt for quick profit and short-term results, but aim instead for sustainable growth. Our remuneration policy is based on the same considerations – not only is the variable component of the remuneration of members of the Executive Committee spread over three years, but it is also linked to non-financial objectives.

Our main focus is on our clients. We wish to offer them the right products and services, participate in the growth of a changing society and take account of changes in our clients' needs and circumstances.

That also means that we take part in innovative projects, because innovation is the key to the future. In 2014, we became a member of the World Business Council for Sustainable Development (WBCSD), an international organisation whose aim is to create a sustainable future. Moreover, we focus on investing in local economies, where we wish to play an active role.

We have a rigorous risk management policy, with a view to lasting financial stability. We do not engage in exotic lines of business and our focus is on our local home markets. An important aspect here is our detailed policies on integrity, anti-corruption and fraud prevention. The KBC Group Compliance department is responsible for communication, efficient implementation and systematic controls regarding these policies.

For us, corporate sustainability and responsibility also means taking account of the expectations of all our stakeholders. As gaining awareness of these expectations requires dialogue with our stakeholders, we recently surveyed various groups of stakeholders to ascertain their priorities and concerns.

We take feedback, criticism and queries seriously and endeavour to adjust our policy, products and services accordingly.

See further for more information on this dialogue.

World Business Council for Sustainable Development (WBCSD)

The WBCSD is a CEO-led organisation of forward-thinking companies that galvanises the global business community to create a sustainable future for business, society and the environment. Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. The Council plays the leading advocacy role for business. Leveraging strong relationships with stakeholders, it helps drive debate and policy change in favour of sustainable development solutions.

The Council provides a forum for its 200 member companies – who represent all business sectors, all continents and combined revenue of over 7 trillion US dollars – to share best practices on sustainable development issues and to develop innovative tools that change the status quo. The Council also benefits from a network of 60 national and regional business councils and partner organisations, a majority of which are based in developing countries.



What does KBC do for the environment?

Our group-wide environmental policy is geared to minimising our ecological footprint. Whereas in the past our environmental goals and ambitions related more to local initiatives by our environmental specialists and service activities, we decided in 2012 to link part of the variable remuneration of all staff in Belgium to environmental targets. Firstly, that increased staff awareness considerably and, secondly, it improved our environmental performance, resulting in a win-win situation for all concerned.

There have also been successful initiatives in our other entities to reduce our ecological footprint. For instance, the new K&H office building in Hungary was awarded LEED Gold status, our suppliers must meet environmental standards and KBC Ireland arranged an environment day. All of these actions and campaigns are aimed at increasing respect and concern for the environment.

As a significant member of society, we also see it as our duty to support initiatives aimed at achieving a more **sustainable or climate-neutral environment**. KBC is, for example, a board member of Leuven Klimaatneutraal 2030, a not-for-profit organisation that aims to make Leuven climate-neutral by 2030. We also support this organisation by seconding a member of staff to it. We are now developing a similar partnership for Stadslab Antwerpen 2050.

What other commitments do we make?

KBC has a tradition of providing structural support to a number of community initiatives in the various countries in which we operate.

In Belgium, we continue to support our long-standing partner *Kom op tegen Kanker*, the main anti-cancer campaign in Flanders: not only did we provide various campaigns with financial support, but some of our staff also took part in the fourth 1 000 km cycle ride, with fifteen teams of four enthusiastic members taking part.

In Bulgaria, 168 CIBANK staff volunteered with the Blue Summer project, helping to prepare children from orphanages for their sponsored seaside holiday. Thanks to their efforts, 185 children received a pack of beach necessities and a camera, as well as a memorable summer holiday.

In Slovakia, ČSOB continues its Head and Heel programme, a competition for university students that encourages creativity and offers participants a foretaste of real business life.

In the Czech Republic, the ČSOB Foundation collected more than 62 000 euros, which was used to purchase life-saving equipment for the Children Cardio Centre.

In Hungary, the K&H MediMagic programme, which began more than ten years ago, arranged a 'stories for sick children' programme in 2013. Almost 4 000 volunteers read stories to children in hospital, so improving the morale of those children.

These are only some examples; throughout the group there are numerous initiatives and campaigns focusing on areas such as safety, health, financial literacy and combating poverty.

More details are available in the CSR Report on our website at www.kbc.com.

Results of the survey of our clients, suppliers and Board of Directors



Dialogue with stakeholders

We wish to engage in open dialogue with all our stakeholders, with scope for feedback, criticism and pressing questions, and to act on the comments and suggestions received.

showed a different bias, with financial stability being the most important factor, followed by job security, wage policy and transparency.

In 2013, we conducted an in-depth survey of our stakeholders for the first time. We asked them not only to rank the themes given in order of importance, but also to assess KBC in those areas. On this occasion, we restricted the survey to a few groups of stakeholders in Belgium, but we hope to increase its scope in 2014.

Progress means listening, learning and responding to feedback.

The results of our annual employee satisfaction survey in Belgium – Finger on the Pulse – show that 96% of our staff are satisfied or highly satisfied with KBC as an employer. A summary of the major aspects and points for attention highlighted by the survey is given on page 22.

The survey showed that our clients, suppliers and members of the Board of Directors all ranked the same items as 'extremely important'. These were financial stability, the quality and transparency of products and services offered, short-term and long-term strategy and sound risk policy. In other words, doing business and allowing business to be done in an honourable fashion. We trust that this report will give you an insight into what this means to us.

The areas requiring attention are set out in the red box. Financial stability is a basic condition for us, too and our efforts in this area have led to our robust capital position. Our PEARL strategy is a long-term vision, which puts the focus on our clients (protecting consumers and insuring the economy). The price/quality ratio continues to be an area for development. We have taken a number of steps to improve transparency, including drawing up this report.

The results of our employee survey are not included in the matrix. Firstly, because the survey was part of a wider, general, annual satisfaction survey and, secondly, because their answers

If you have any more suggestions, remarks or ideas, please let us know. We'd be glad to hear them.

They tell ...

Bank-insurance is close to the hearts of people and their projects, successes and misfortunes. Realising that is our primary corporate social responsibility.



Peiba sows seeds for the future

In 1990, the parents of the current owner of Peiba set up the Hungarian family business that included trading in pumpkin seed. The owner expanded the business in 2012 by installing presses to extract pumpkin seed oil.

'K&H granted loans to cover 58% of the investment. Budapest Bank initially granted a loan of 120 000 euros to finance the purchase of the machinery, but in summer 2013 K&H took over the remaining amount, so becoming Peiba's principal bank. The new installation, covering an area of 66 m², makes it possible to produce 40 000 litres of pumpkin seed oil every year, 37 000 litres of which is destined for export. At present there is no other installation of this size or using this technology in Hungary, making Peiba the market leader by definition.'

www.peiba.hu



Geertje and Bart see their dream come true

'As a result of our lengthy experience in the care sector, we knew exactly what we wanted and that was to build a retirement home where we too would want to grow old. Thanks to KBC and other external partners we have been able to achieve our dream. De Vierde Wand is a retirement home that stands out from the rest not just because of its architecture, but also because of its décor, management and teamwork. We are a small-scale family business, which means we can be closely involved with both our staff and residents. We set ourselves high standards, and expect the same from all our staff, and that is much appreciated by our staff and residents alike. Our retirement home has an open-door policy, so making it easier for our residents to maintain contact with the outside world. And that's where we want to make a difference – we don't want our residents to feel cut off, but prefer them to be part of society. Our open-door policy provides a link between residents and their environment, so that they still feel valued as they grow old.'

Geertje Vandevenne and Bart Houbregs
www.devierdewand.be



Peter suffers a heavy blow

'My father and I had prepared for a long, loyal and enjoyable working life together, but fate decided otherwise. My father passed away in 2012. Although he had made all his arrangements beforehand, it still came as a serious blow for us. I had so much to deal with. I was grieving and had to arrange the funeral, and at the same time had to take over the business and work out all the financial arrangements. And that's where things went wrong: an unforeseen transaction, a new relationship manager and no real explanation of what was happening. I felt let down by KBC at the time. Then I contacted a member of staff at KBC whom I'd known for years. Everything was thrashed out and put right. In the meantime, we have been assigned a new relationship manager in the branch, who is not only aware of the financial aspects of the business, but also assists me and my team in taking a long-term view, helps find solutions and is always available for a meeting. It was a difficult year, in which I had to come to terms with my grief and make a fresh start, something that is difficult to do alone.'

Peter Raeymaekers, www.jobconnection.be



Olivier shifts his boundaries

'In 2003, as a new graduate I had an ambitious idea of starting a project that would really make a difference. Ten years later, I can proudly state that I have succeeded in doing so, along with my team and our partners, including KBC. Because Close the Gap really is helping to bridge the digital divide. Since 2003, Close the Gap has already received more than 280 000 computer assets and helped more than 2 500 projects around the globe. It is estimated that these are used to reach 1.5 million users every week who are busy creating their own future through modern technology.'

The projects we support are intended to help the social and economic development of both individuals and society. Access to IT and IT training helps combat extreme poverty and hunger, affords children the opportunity of better education and increases knowledge, so helping to improve general health and living standards.

However, computers don't last forever. That's why my team and I set up World-Loop in 2008. This organisation recycles



electronic waste locally in the developing countries, so contributing to economic and ecological improvements. The focus is on green and sustainable jobs, and on turning a major environmental problem into an opportunity.

This is what I believe sustainable business is all about. My vision is to start a chain whereby value is created in a sustainable, respectful manner for these people who are forgotten and slip through the net.'

Olivier Van den Eynde
www.close-the-gap.org and
www.worldloop.org



Thomas breaks a leg

'One of my presents for my thirtieth birthday was a parachute jump. I was a bit over-enthusiastic, opened the parachute too late, landed too hard and twisted my foot through 180 degrees. After that three seemed to be the magic number – three hours to reset my foot, three weeks in hospital and another three weeks at home in bed with my foot elevated. This wasn't a fun period for me, considering that I am a freelance copywriter and work in TV, so couldn't earn. Fortunately I had my hospitalisation insurance in place, but what a pity that I hadn't taken out guaranteed income insurance. I am something of a 'nutty professor' when it comes to anything administrative or financial. It is therefore important that I should be able to rely on sound advice on my insurance and banking affairs from someone I trust, who knows me and is aware of my situation. I have just such a person at KBC, which means I can focus on my priorities of brainstorming, creating, innovating and, recently, my son, Paul (whose hospitalisation insurance has incidentally already been arranged with KBC!).'

Thomas Renders, www.bwanakitoko.be

... their stories



Sarah goes digital

Last summer, Sarah – a student – started working in a restaurant in Dublin, and had to look for a bank that suits her.

'I sometimes work 50 hours a week and I want to spend my free time doing the things I enjoy, such as seeing friends and going to the cinema. So I need a bank account that's easy to open and manage and where the charges are transparent. At KBC Bank Ireland I confirmed my identity and filled in a simple form. A few days later I received confirmation that my account had been opened, along with my bank card and digital key for online banking. My income varies quite a bit and I save as much as I can. This account certainly suits me.'

Sarah Lavell



Eddy and Nancy get what's due to them

'Last year we met our KBC relationship manager to go through our tax return in relation to our home loan. After optimising the return and calculating the amount due for rebate, the discussion turned to the previous return. The ultimate rebate on this return differed greatly from that suggested by KBC's calculation software.

We didn't give it another thought. Fortunately, our relationship manager did and during the Christmas holidays he advised us that the tax department had made a mistake. They had failed to take account of our three dependent children, so didn't include the allowance for them. Soon afterwards we were advised that a review had taken place and could expect a nice extra amount refunded.

This is important for us. KBC provides genuine support in all affairs and in all the various life stages. It makes us feel good to be valued by KBC. We receive support and information, which creates opportunities.'

Eddy Janssen and Nancy Byloos



Lucien sees his roof go up in flames

'Eighteen months ago a lightning strike set fire to the roof of my house. My KBC Insurance agent only contacted me three days later; the loss assessor actually visited first. I had to make my own inventory of the damage, on which the expert made random checks and required much proof. I even had to search for substantiating material in the ruins of the attic. The insurance agent also brought a contractor, who was cheaper but used lower quality materials. Although the property was well insured, I believed the compensation paid for the extra materials that were destroyed in the attic was too low.

KBC settled quickly and was quick to pay an advance for the initial costs, but I found the emotional support from KBC somewhat lacking. The experts are polite and experienced, but it was a traumatic experience for me and I think KBC could have made more allowance for that.'

Lucien Janssens



Ann takes care of our children

'As head of the nursery and primary school in Tessenderlo, I often heard parents say how difficult it was to find nursery places for their children. I have always dreamed of having my own business so I thought, "Why don't I start my own nursery?". We will open our doors to children in October, but the building is not yet finished. The land has been bought, the planning permission should be finalised this week and then they will start the prefab. It's exciting, to say the least. I approached many banks regarding the investment credit, but what swayed me to choose KBC is the contact with a member of staff specialised in the social sector. They really understood what I needed. I haven't yet finalised the insurance policies – it's still a bit soon for that, but KBC Insurance has already made the calculations. Another thing that pleased me is that my project was selected for KBC's 'Do your bit and add a brick' campaign. As a result, the building plans were displayed in the local branch and the nursery was mentioned on the radio, so my project has already been publicised before it has even come to fruition.'

Ann Jannes, www.hetgroepje.be



Miroslav tastes his own wine

The owner of the business and Chateau-vin wine bar is the well-known Slovakian sommelier Miroslav Jajcay, who is one of the most successful in his field.

'The best way to find out what wine people like is to let them taste it. That is why we hold regular wine-tasting sessions in our wine bar. In order to arrange these sessions in a professional way and be able to offer our guests a titillating experience of wine, I had to have access to flexible sources of funding. I therefore applied for a business loan. ČSOB granted me an EU operating loan, so my wine-tasting sessions now have a European flavour.'

Miroslav Jajcay, www.chateau-vin.sk



Tomás goes it alone

Tomás is a firm believer in ČSOB's recent Instagram campaign in the Czech Republic, so much so that he became one of the faces of this campaign. And he has good reason to do so.

'I had to raise my two boys alone and couldn't get a home loan. One bank even suggested that I should forget trying to get a loan due to my circumstances. I was so discouraged that I didn't apply anywhere else. Some time later, I applied to ČSOB for a loan to buy a car. After my previous experience, I was surprised by their attitude and willingness to help. I was astounded when I was granted a loan in 2004/05 even though there was only a single income to pay it off. That is the main reason why I'm with ČSOB. They helped me when I needed it and didn't look at me askance because I was a single parent.'

Tomás Slavata, www.tomasslavata.cz

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