KBC Group / Bank
Debt Roadshow
March 2014

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Executive summary FY 2013 (KBC Group)

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Pro forma[1] common equity ratio** (B3 fully loaded[2] based on Danish Compromise) **of 12.5%** at end 2013
  - **Accelerated repayment of 0.5bn of State aid** (principal + penalty) to the Flemish Government in January 2014
  - **Continued strong liquidity position** (NSFR at 111% and LCR at 131%). Unencumbered assets are more than 4 times the amount of short-term wholesale funding

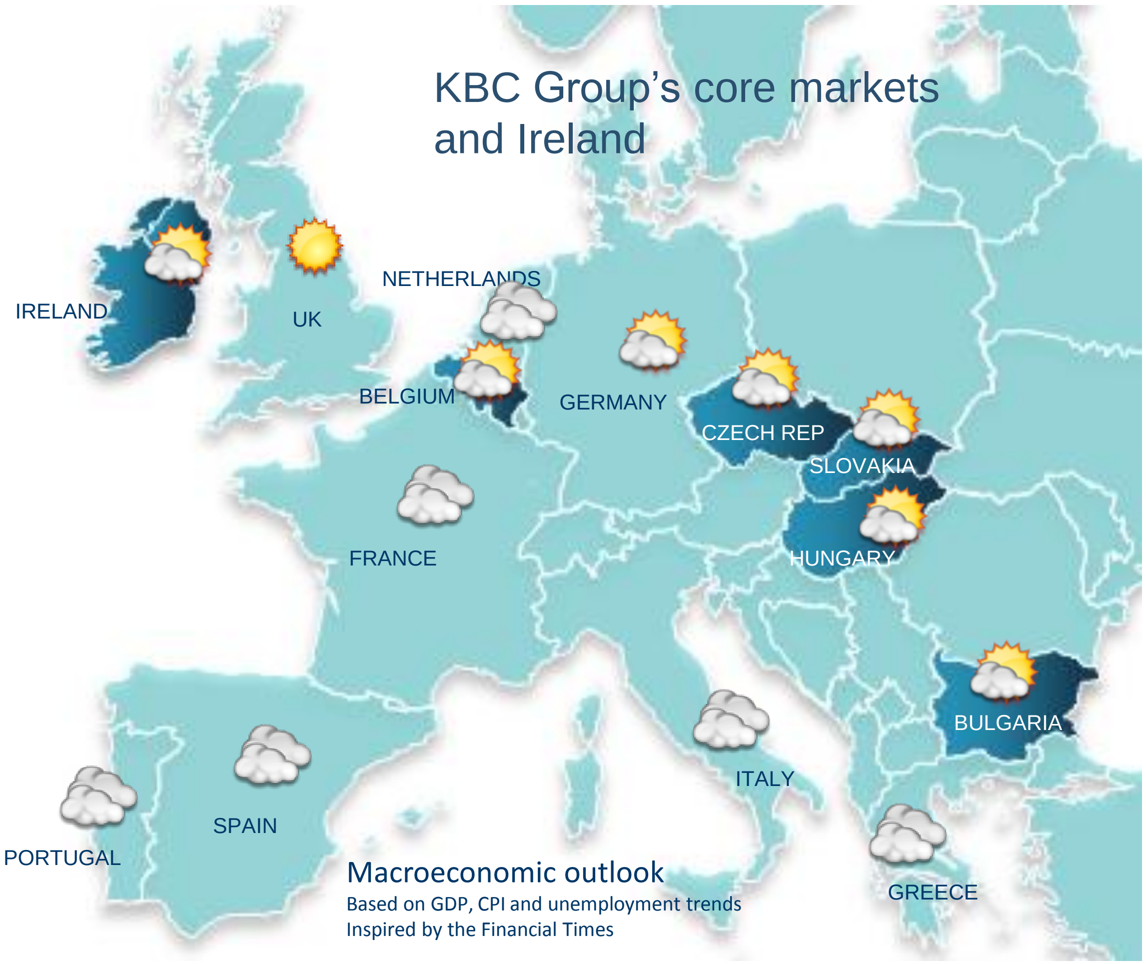
- **RESILIENT BUSINESS PERFORMANCE IN FY13 DESPITE HIGH IMPAIRMENTS DUE TO THE LOAN BOOK REASSESSMENT**
  - **For FY 2013: net result of 1 015m EUR and adjusted[3] net result of 960m EUR in FY13**
  - **Excluding one-off additional impairments (688m post-tax) in Ireland and Hungary due to loan book reassessment, net result amounted to 1 703m EUR, while the adjusted net result amounted to 1 648m EUR in FY13**. The latter is the result of amongst other things:
    - Strong commercial bank-insurance franchises in our core markets and core activities
    - Stable net interest margin ; 15% y-o-y increase in net fee and commission income ; AuM increased 5% y-o-y
    - Higher non-life insurance sales and sharply lower life sales (mainly due to the increase in insurance tax from 2013 onwards)
    - Good combined ratio (94% in FY13)
    - Opex stabilised y-o-y (excl. one-off items), leading to an excellent cost/income ratio (52% in FY13)
    - Lower impairment charges

- **DIVIDEND PROPOSAL[4]**
  - **No dividend** will be proposed over the **accounting years 2013 and 2015**, fully in line with the terms & conditions of the Flemish State aid
  - In relation to **accounting year 2014**, the intention is to propose to pay **a gross dividend of up to 2.00 EUR per share** (out of the available profits generated in that accounting year)
  - From **accounting year 2016 onwards**, it is the intention to resume **regular dividend payments**

1. Pro forma figures include the effects of the accelerated repayment of 0.33bn EUR of State aid to the Flemish Regional Government (+50% penalty) and the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank (ADB)
2. Including remaining State aid of 2bn EUR
3. Adjusted net result is the net result excluding a limited number of non-operational items, being legacy CDO and divestment activities and the M2M effect of own debt instruments due to own credit risk
4. Any dividend payment will be subject to the usual approval of the regulator

Contents

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



MARKET SHARE, AS OF END 2013

	BE[1]	CZ	SK	HU	BG
Loans and deposits	20%	20%	10%	9%	2%
Investment funds	35%	29%	7%	17%	
Life insurance	17%	6%	5%	3%	10%
Non-life insurance	9%	6%	3%	5%	10%

REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[2]

	BE	CZ	SK	HU	BG
% of Assets	65%	16%	3%	4%	1%
2013	0.2%	-1.3%	0.8%	1.0%	0.5%
2014e	1.2%	1.5%	1.5%	1.8%	1.8%
2015e	1.4%	2.5%	1.7%	1.8%	2.5%

1. Excluding Centea and Fidea
2. Source: KBC data, February 2014

Overview of KBC Group

- STRONG **BANK-INSURANCE GROUP PRESENT WITH LEADING MARKET POSITIONS IN CORE GEOGRAPHIES** (BELGIUM AND CEE)
  - A leading financial institution in both Belgium and the Czech Republic
  - Turnaround potential in the International Markets Business
  - Business focus on Retail, SME & Midcap clients
  - Unique selling proposition: in-depth knowledge of local markets and profound relationships with clients

- **INTEGRATED BANCASSURANCE BUSINESS MODEL**, LEADING TO HIGH CROSS-SELLING RATES
  - Strong value creator with good operational results through the cycle
  - Integrated model creates cost synergies by avoiding overlap of supporting entities and generates added value for our clients through a complementary and optimised product and service offering

Overview of key financial data at 4Q 2013

KBC Group

- Market cap (21/03/14): 19bn
- Adjusted net result (FY 2013): EUR 1.0bn
- Total assets: EUR 241bn
- Total equity: EUR 15bn
- CET1 ratio (Basel 3 transitional[1]): 12.9%
- CET1 ratio (Basel 3 fully loaded[1]): 12.5%

KBC Bank

- Adjusted net result (FY 2013): EUR 0.8bn[2]
- Total assets: EUR 209bn
- Total equity: EUR 12bn
- CET1 ratio (Basel 3 transitional[3]): 12.9%
- CET1 ratio (Basel 3 fully loaded[3]): 12.3%
- C/I ratio (FY 2013): 52%[4]

KBC Insurance

- Adjusted net result (FY 2013): EUR 0.3bn
- Total assets: EUR 36bn
- Total equity: EUR 3bn
- Solvency I ratio: 281%
- Combined operating ratio (FY 2013): 94%

Credit Ratings of KBC Bank

	S&P	Moody's	Fitch
Long-term	**A (Stable)**	**A3 (Stable)**	**A- (Stable)**
Short-term	**A-1**	**Prime-2**	**F1**

1. Pro forma figures which include the effects of the accelerated repayment of 0.33bn EUR of State aid to the Flemish Regional Government (+50% premium) and the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank and include remaining State Aid of 2bn EUR
2. Includes KBC Asset Management ; excludes holding company eliminations
3. Pro forma figures which include the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank
4. Adjusted for specific items, the C/I ratio amounted to c.54% in FY 2013

Business profile

CFO SERVICES

CRO SERVICES

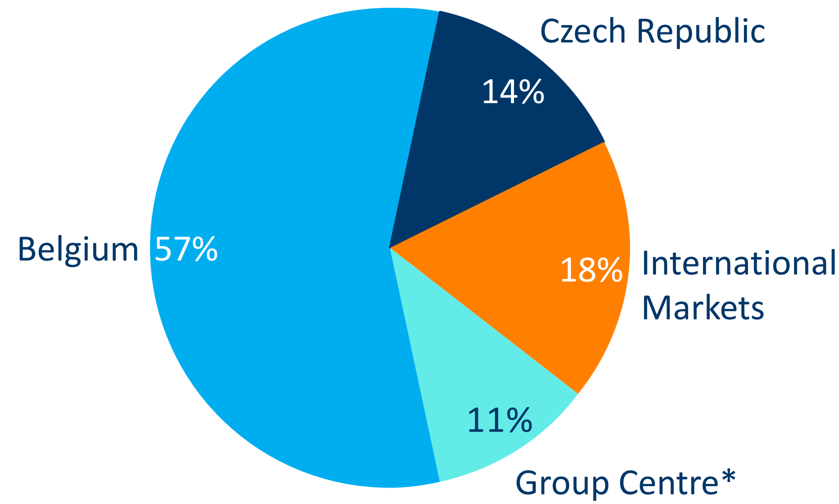
BELGIUM | CZECH REPUBLIC | INTERNATIONAL MARKETS

INTERNATIONAL PRODUCT FACTORIES

CORPORATE STAFF

CORPORATE CHANGE & SUPPORT

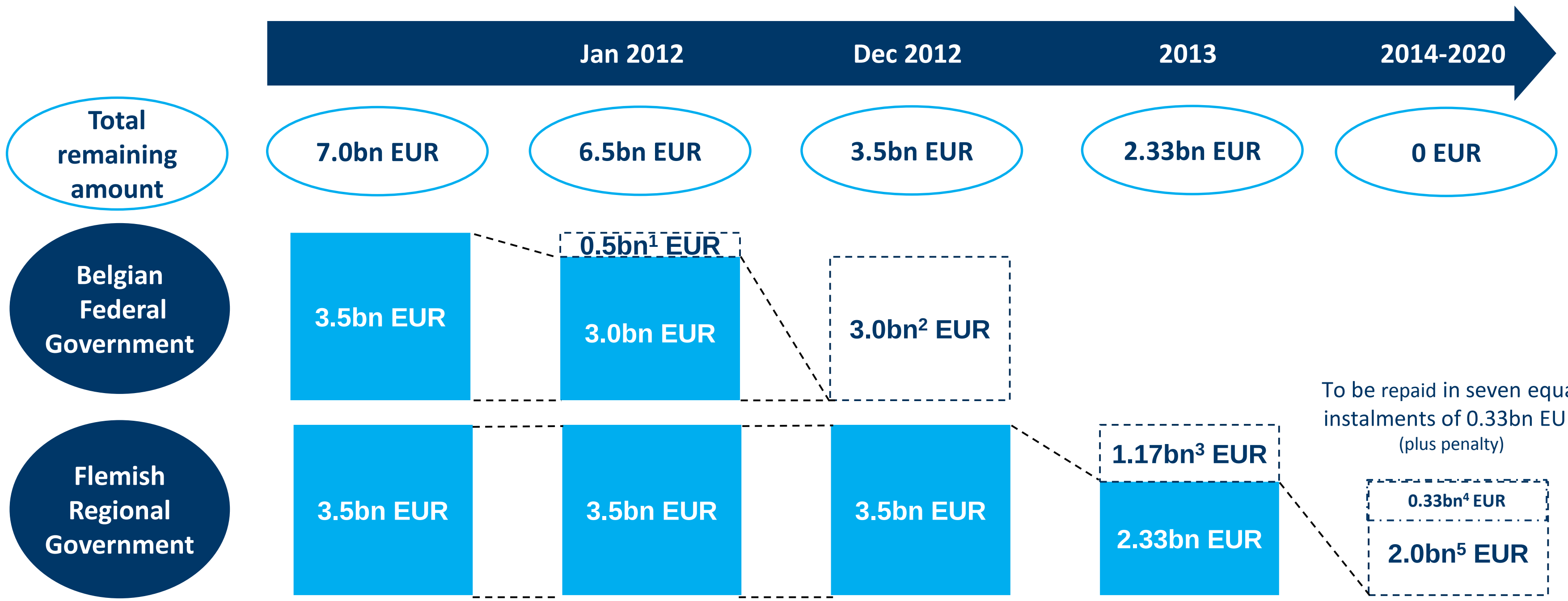
BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 31 DECEMBER 2013



*Covers inter alia results of companies to be divested, impact legacy & own credit risk and results of holding company

Assessment of the State aid position & repayment schedule

- KBC made accelerated full repayment of 3.0bn EUR of State aid to the Belgian Federal Government in December 2012 and the accelerated repayment of 1.17bn EUR of State aid to the Flemish Regional Government mid-2013, approved by the NBB
- KBC is committed to repaying the remaining outstanding balance of 2.33bn EUR owed to the Flemish Regional Government in seven equal installments of 0.33bn EUR (plus premium) over the 2014-2020 period (KBC however has the option to further accelerate these repayments). At the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty), and as such saved 28m EUR in interest coupon payments



1. Plus 15% penalty amounting to 75m EUR
2. Plus 15% penalty amounting to 450m EUR
3. Plus 50% penalty amounting to 583m EUR
4. Plus 50% penalty amounting to 167m EUR
5. Plus 50% penalty amounting to 1 000m EUR

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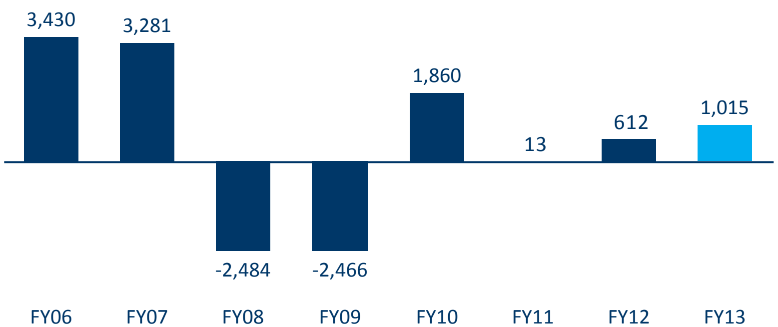
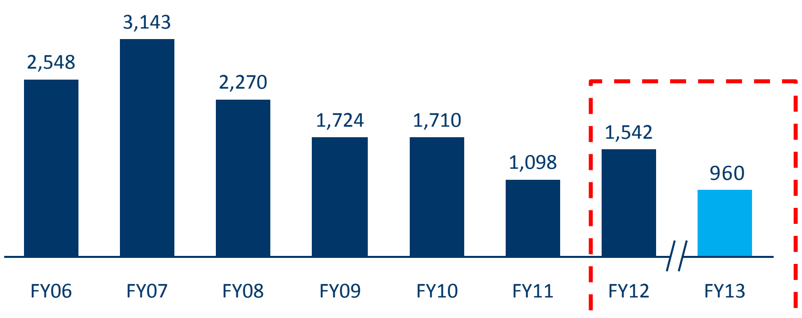
Earnings capacity

NET RESULT[1]

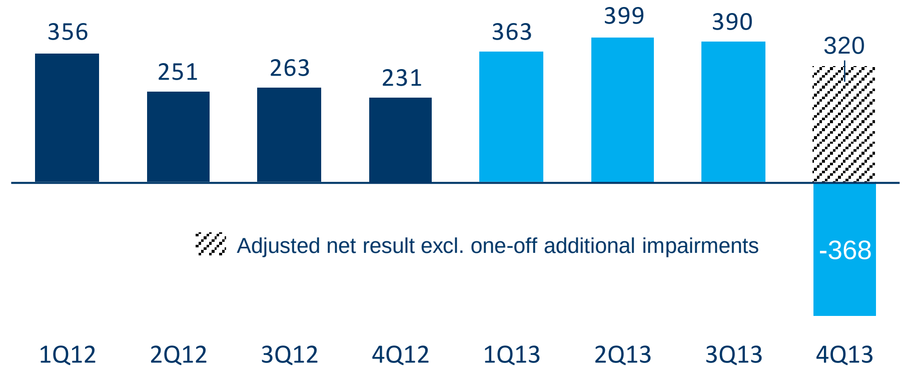


Excluding adjustments

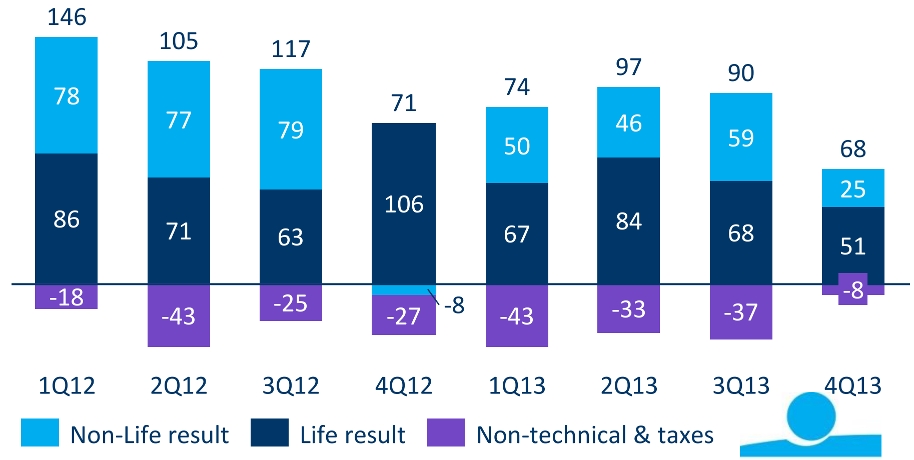
ADJUSTED NET RESULT[1,2]



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT[1,2]



CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP ADJUSTED NET RESULT[1,2]

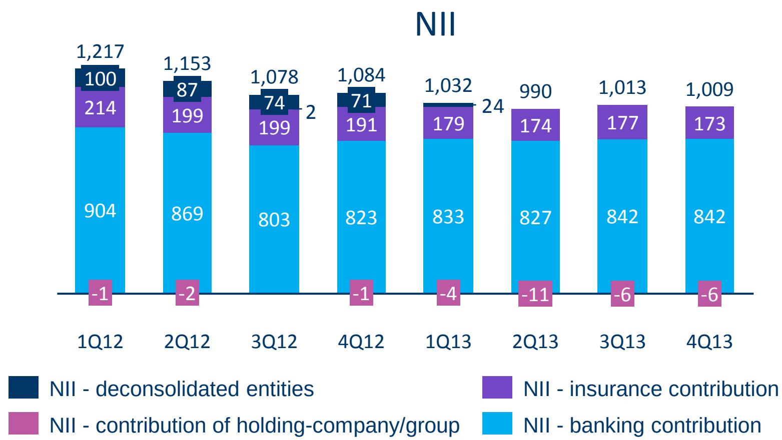


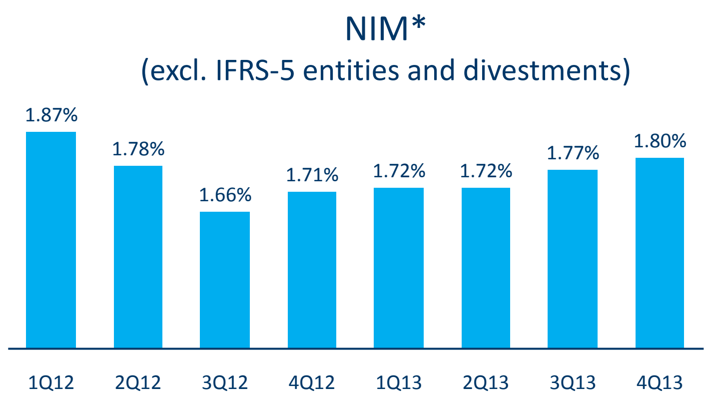
1 Note that the scope of consolidation has changed over time, due partly to divestments

2 Difference between adjusted net result at KBC Group and the sum of the banking and insurance contribution are the holding-company/group items

Amounts in m EUR

Net interest income and margin





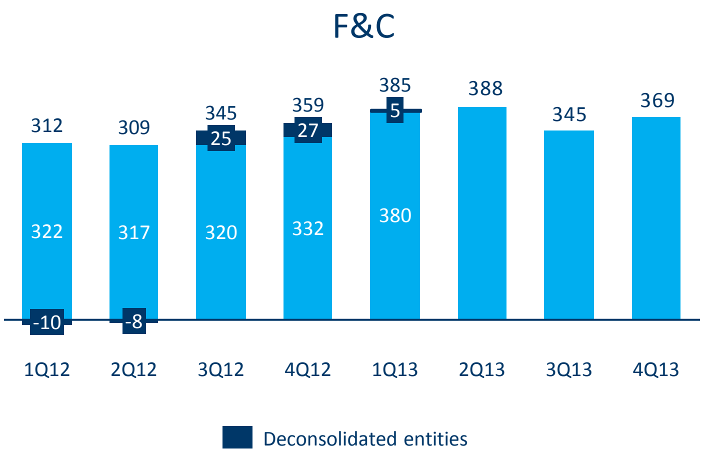
- **Net interest income**
  - Stabilised q-o-q and y-o-y, excluding deconsolidated entities
  - Sound commercial margins and lower funding costs more or less offset the negative impact from lower reinvestment yields and the deliberately decreasing loan portfolio at the foreign branches and the legacy Project Finance portfolio at the banking side
  - Net interest income at the insurance side continues to suffer from lower reinvestment yields and the shift to unit-linked life insurance products

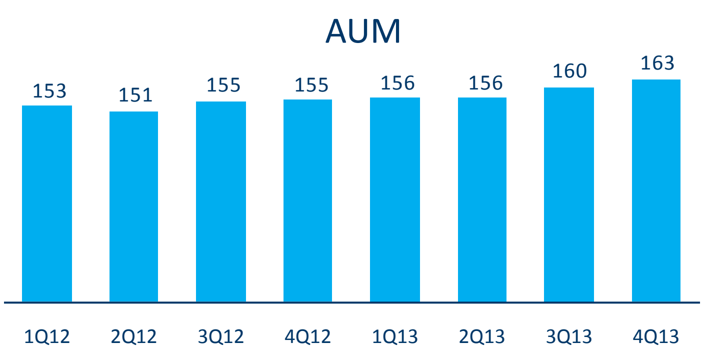
- **Net interest margin (1.80%)**
  - Up by 3bps q-o-q and 9bps y-o-y
  - Q-o-q, sound commercial margins, lower funding costs at KBC Group level (not allocated to specific BUs) and better ALM yield management more than offset the negative impact from lower reinvestment yields

* Net interest margin (bank): net interest income divided by total interest bearing assets excl. reverse repos of KBC Bank

Amounts in m EUR

Net fee and commission income and AUM





- **Strong net fee and commission income**
  - Increased by 7% q-o-q and 11% y-o-y excluding deconsolidated entities
  - Y-o-y increase driven by higher entry and management fees on mutual funds
  - Q-o-q increase was mainly the result of higher fees from payment transactions and other fees (mainly fees on investment services and booking fees) recorded in Hungary. In Belgium, significantly higher entry fees on mutual funds thanks to the savings campaign and increased management fees on equity & balanced funds were offset by higher cost charges regarding payment cards, lower commission income from financial services and higher commissions paid to insurance agents (as a result of higher sales of guaranteed interest products)

- **Assets under management (163bn EUR)**
  - Rose by 5% y-o-y owing to net inflows (+1%) and a positive price effect (+4%)
  - Up 2% q-o-q as a result of positive price effects

Amounts in m EUR

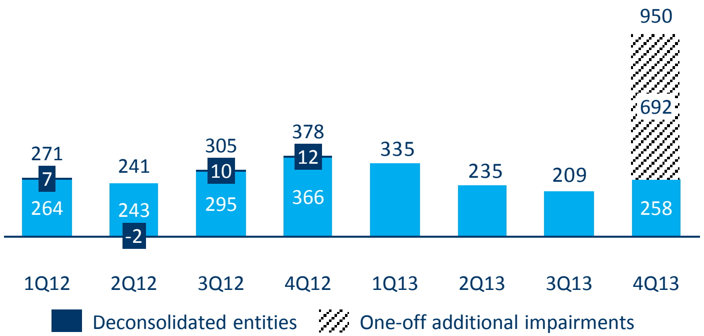
Operating expenses and cost/income ratio

- **Cost/income ratio (banking) at excellent 52% in FY13**
  - Driven by the high M2M impact of ALM derivatives, the sale of AFS assets and high other net income
  - Adjusted for specific items, the C/I ratio amounted to roughly 54% in FY13
  - Operating expenses went down by 1% y-o-y excluding deconsolidated entities, due to the FX effect, some restructuring charges recorded in 4Q12 in the Czech Republic and lower staff expenses in the Belgium BU. This was only partly offset by the financial transaction levy in Hungary and higher staff expenses in Ireland (increased number of FTEs, particularly in the MARS support unit). Excluding all one-off items, operating costs rose by 1% y-o-y
  - Operating expenses increased by 5% q-o-q excluding deconsolidated entities due partly to seasonal effects such as traditionally higher marketing and ICT expenses. Excluding all one-off items, operating costs rose by 7% q-o-q

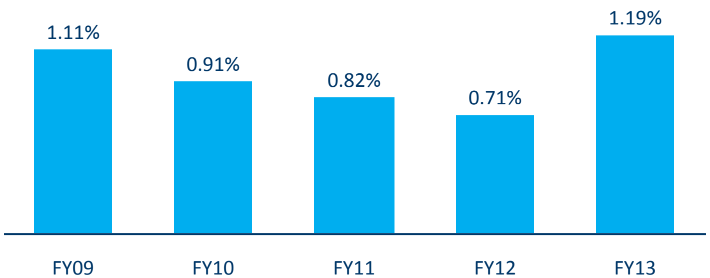
Amounts in m EUR

Asset impairment, credit cost and NPL ratio

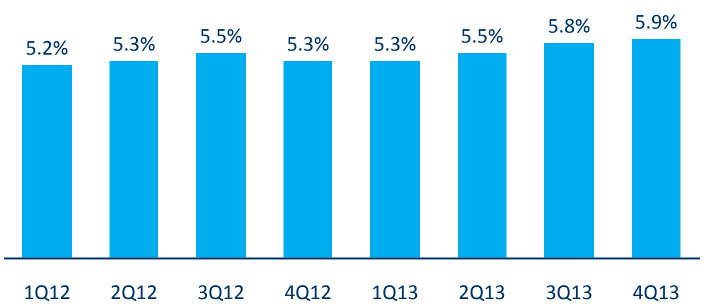
ASSET IMPAIRMENT



CCR RATIO



NPL RATIO



- **Substantially higher impairment charges**
  - Sharp q-o-q and y-o-y increase of loan loss provisions as a result of the one-off additional impairments in Ireland (671m EUR) and Hungary (21m EUR) following reassessment of loan books (announced when publishing 3Q13 results)
  - Excluding these one-off additional loan loss provisions, impairments amounted to 258m EUR. Compared with the 209m EUR level of 3Q13, higher impairments were recorded for the foreign branches (due to a few large files) and for retail (due to LGD model reviews) in the Belgium BU, there were less releases in the Czech BU and higher impairment charges were recognised in Hungary as a result of some large individual corporate files
  - Impairment of 3m EUR on AFS shares and other impairments of 7m EUR

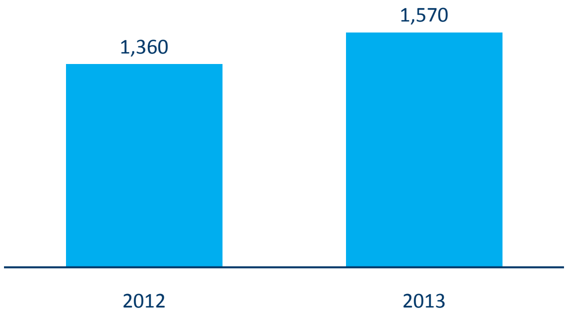
- The **credit cost ratio** amounted to 1.19% in FY13, mainly due to the one-off additional impairments in Ireland and Hungary as a result of the reassessment of the loan books. Excluding KBC Bank Ireland and the one large corporate file in 1Q13, the CCR stood at 0.45% in FY13

- The **NPL ratio** rose slightly to 5.9%

Overview of results based on business units

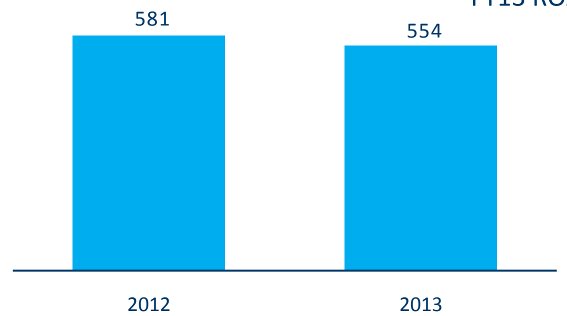
NET PROFIT - **BELGIUM**

FY13 ROAC: 28%



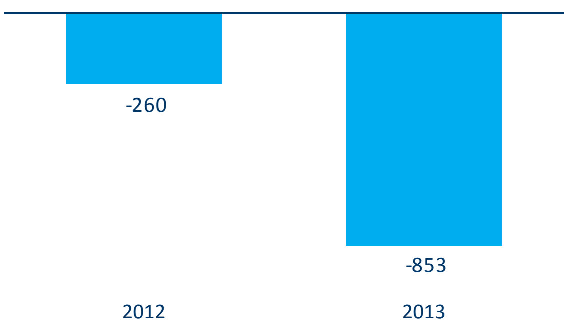
NET PROFIT – **CZECH REPUBLIC**

FY13 ROAC: 35%

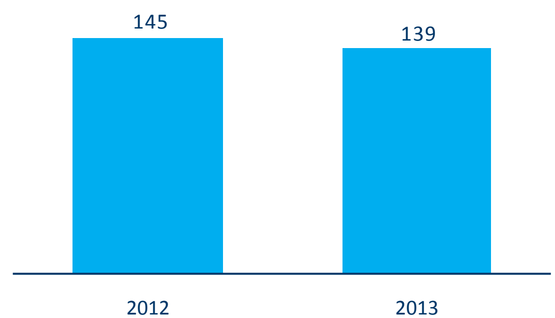


NET PROFIT - **INTERNATIONAL MARKETS**

FY13 ROAC: -50%



NET PROFIT - **INTERNATIONAL MARKETS EXCL. IRELAND**



Amounts in m EUR

Contents

Balance sheet risks
(KBC Bank consolidated at 31 December 2013)

Total Assets: 209bn EUR	Total Liabilities & Equity: 209bn EUR
Tangible & intangible fixed assets (incl. Investment property): 4bn EUR	Parent shareholders' equity: 12bn EUR
Loan book: 123bn EUR (Loans and advances to customers)	Funding and deposit base: 165bn EUR
Trading assets: 12bn EUR	
Investment portfolio: 43bn EUR	Trading liabilities: 10bn EUR
Other (incl. interbank loans): 26bn EUR	Other (incl. interbank deposits): 21bn EUR

1. Credit quality

2. Trading exposure

3. 'Legacy' structured assets

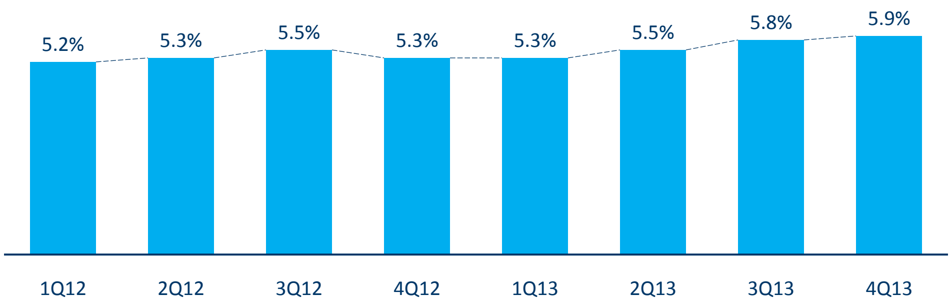
4. Sovereign bonds

Capital adequacy

Liquidity position

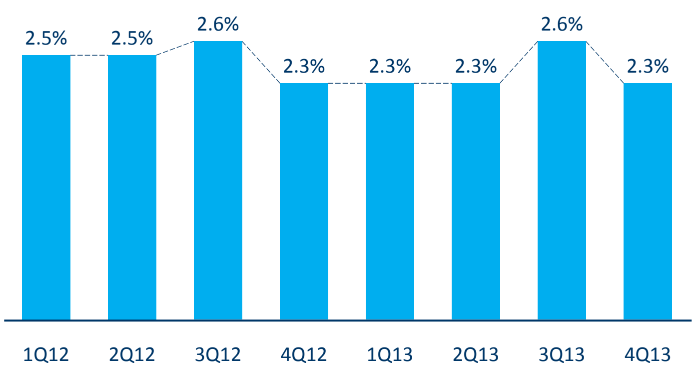
NPL ratios at KBC Group and per business unit

KBC GROUP

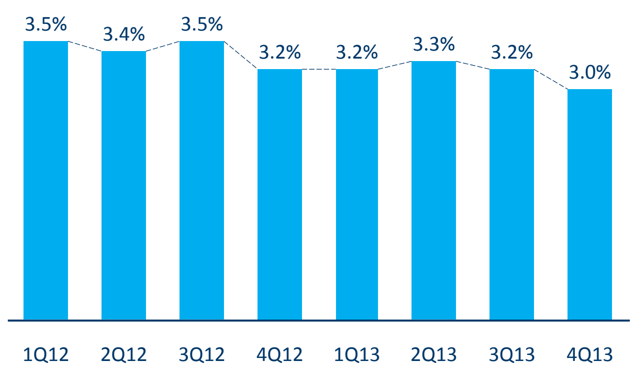


- CUSTOMER LOAN BOOK: 123bn EUR at end 4Q13
  - 43% residential mortgages
  - 3% consumer finance
  - 13% other retail loans
  - 41% SME/corporate loans
- LARGELY SOLD THROUGH OWN BRANCHES

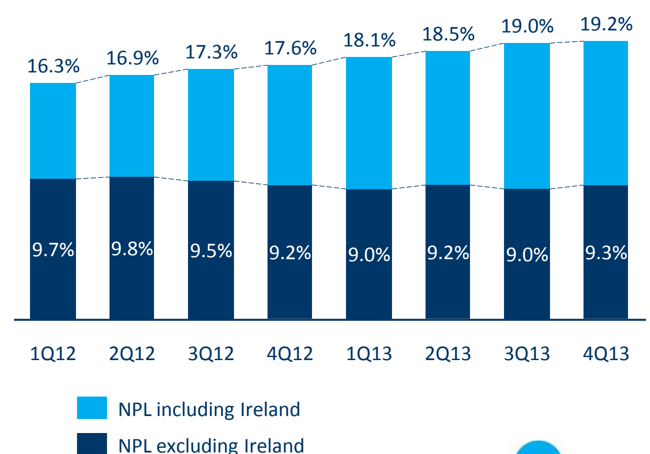
BELGIUM BU



CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU



Loan loss experience at KBC

	FY13 **CREDIT COST RATIO**	**FY 2012** **CREDIT COST RATIO**	AVERAGE ‘99 –’13
Belgium	**0.37%**	0.28%	n.a.
Czech Republic	**0.25%**	0.31%	n.a.
International Markets	**4.48%***	2.26%*	n.a.
Group Centre	**1.85%**	0.99%	n.a.
Total	**1.19%****	**0.71%**	**0.55%**

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

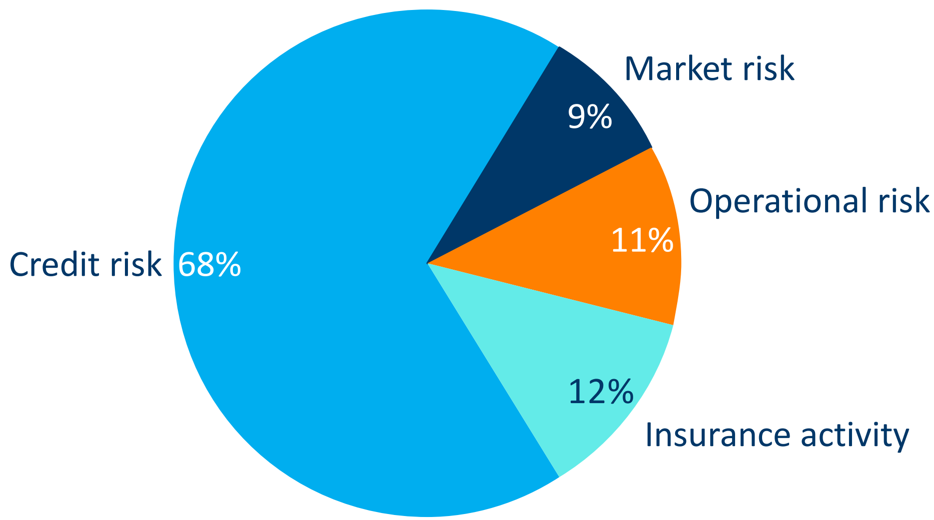
* The high credit cost ratio at the International Markets BU is due in full to KBC Bank Ireland. Excluding Ireland, the CCR at this business unit amounted to 108bps in FY13

** Credit cost ratio amounted to 1.19% in FY13 due to the reassessment of the loan books in Ireland and Hungary. Excluding KBC Bank Ireland and the one large corporate file in 1Q13, the credit cost ratio stood at 0.45% in FY13

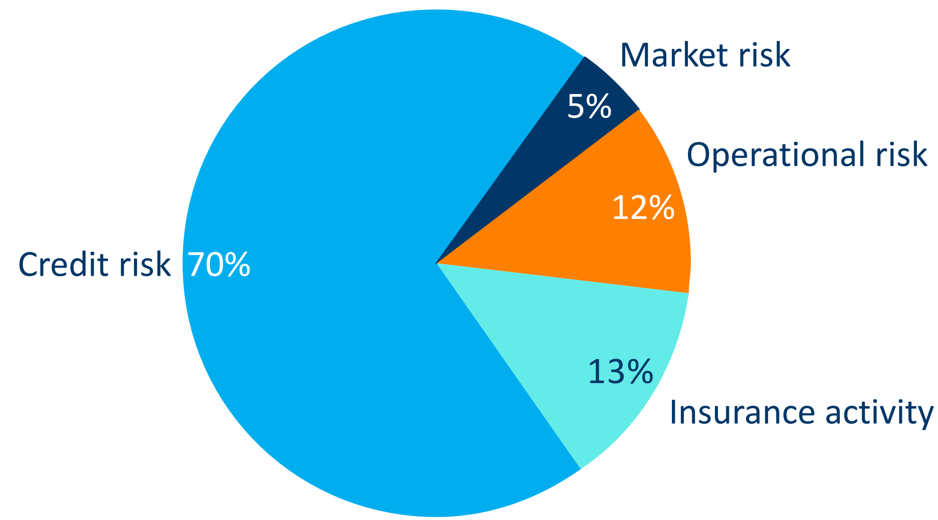
Limited trading activity at KBC Group

BREAKDOWN ACCORDING TO RWA

31-12-2012



31-12-2013

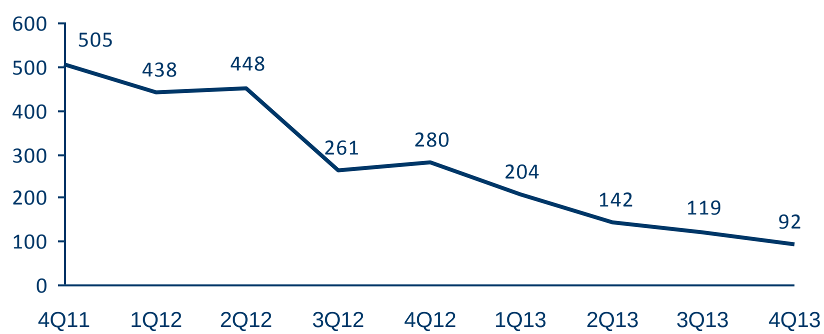


Traditional dealing rooms, Brussels by far the largest, focus mainly on trading in interest rate instruments and for client-related business. Abroad, dealing rooms focus primarily on providing customer service in money and capital market products, on funding local bank activities and engage in limited trading for own account in local niches.

Net CDO exposure significantly reduced over 2013

IN BN EUR	NET CDO EXPOSURE	OUTSTANDING MARKDOWNS
▪ CDO exposure protected with MBIA ▪ Other CDO exposure	5.3 1.1	-0.1 -0.2
TOTAL	6.3	-0.2

NEGATIVE P&L IMPACT[1] (m EUR) OF A 50% WIDENING IN CORPORATE AND ABS CREDIT SPREADS



1. Taking into account the guarantee agreement with the Belgian State

Reduction of 9.2bn EUR in net exposure in 2013 owing mainly to the collapsing of several CDOs.
Please note that the net CDO exposure excludes all expired, unwound, de-risked or terminated CDO positions and is after settled credit events
REMINDER: CDO exposure largely covered by a State guarantee

CDO exposure will continue to be viewed in an opportunistic way: we will reduce further if the net negative impact is limited (taking into account the possible impact on P&L, the value of the State guarantee and the reduction in RWA)

In this context, we already collapsed one CDO in 1Q14 (which will lead to a decrease in exposure of roughly 2bn EUR and a decrease in RWA of roughly 0.7bn EUR)

P&L sensitivity decreased by 188m EUR over 2013 following collapses and de-risking activities in 1Q13 and 2Q13, and the tightening of the credit spreads for the names underlying the deals

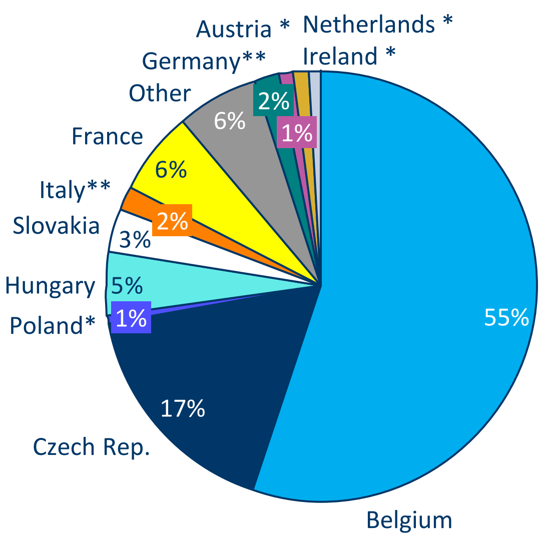
Note that in 2Q13, the provision rate for MBIA was lowered from 80% to 60% after improvements in its creditworthiness

For more info, see slides 62-63 in annex

Government bond portfolio KBC Group – Carrying value

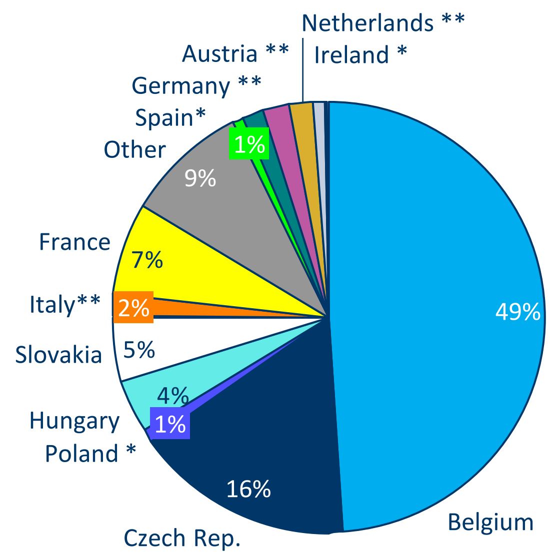
- Carrying value of 48.5bn EUR in government bonds (excl. trading book) at end of 2013, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves into fixed-income instruments
- Carrying value of GIIPS exposure amounted to 1.7bn EUR at end of 2013

END 2012
(48.8bn EUR carrying value)
(47bn EUR notional amount)



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

END 2013
(48.5bn EUR carrying value)
(45.6bn EUR notional amount)

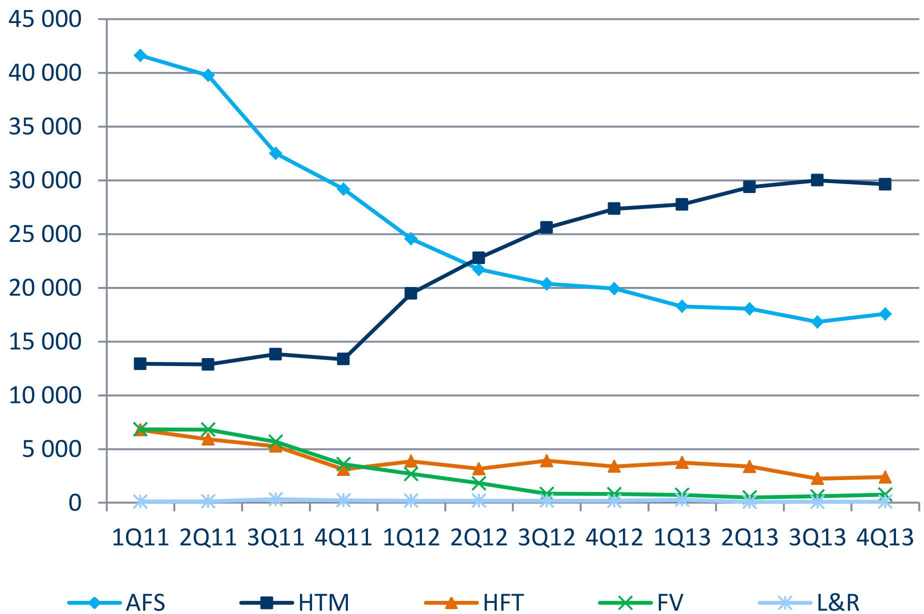


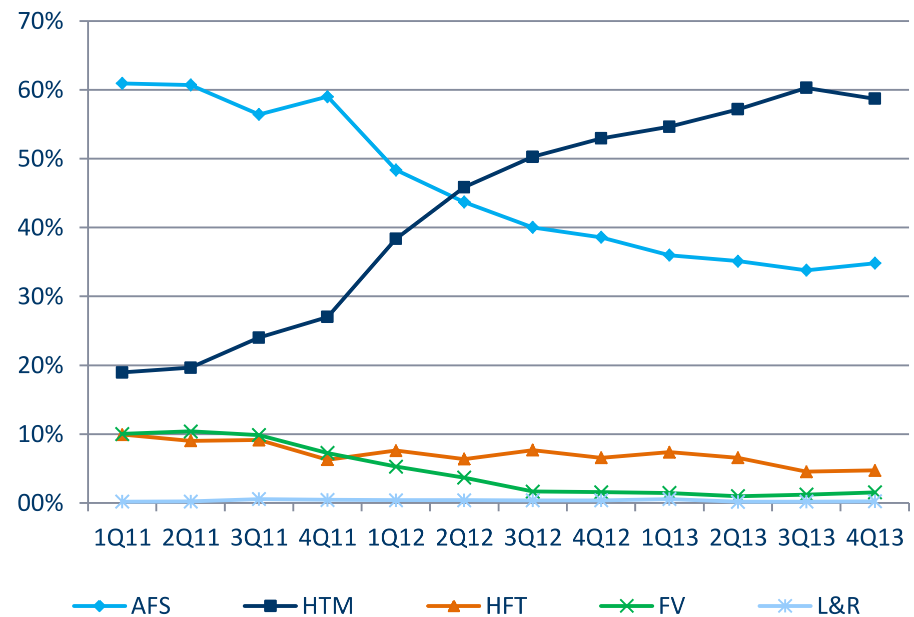
(*) 1%, (**) 2%

* 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

Government bond portfolio KBC Group – Carrying value

- Reclassification of the government bond portfolio from available-for-sale to held-to-maturity

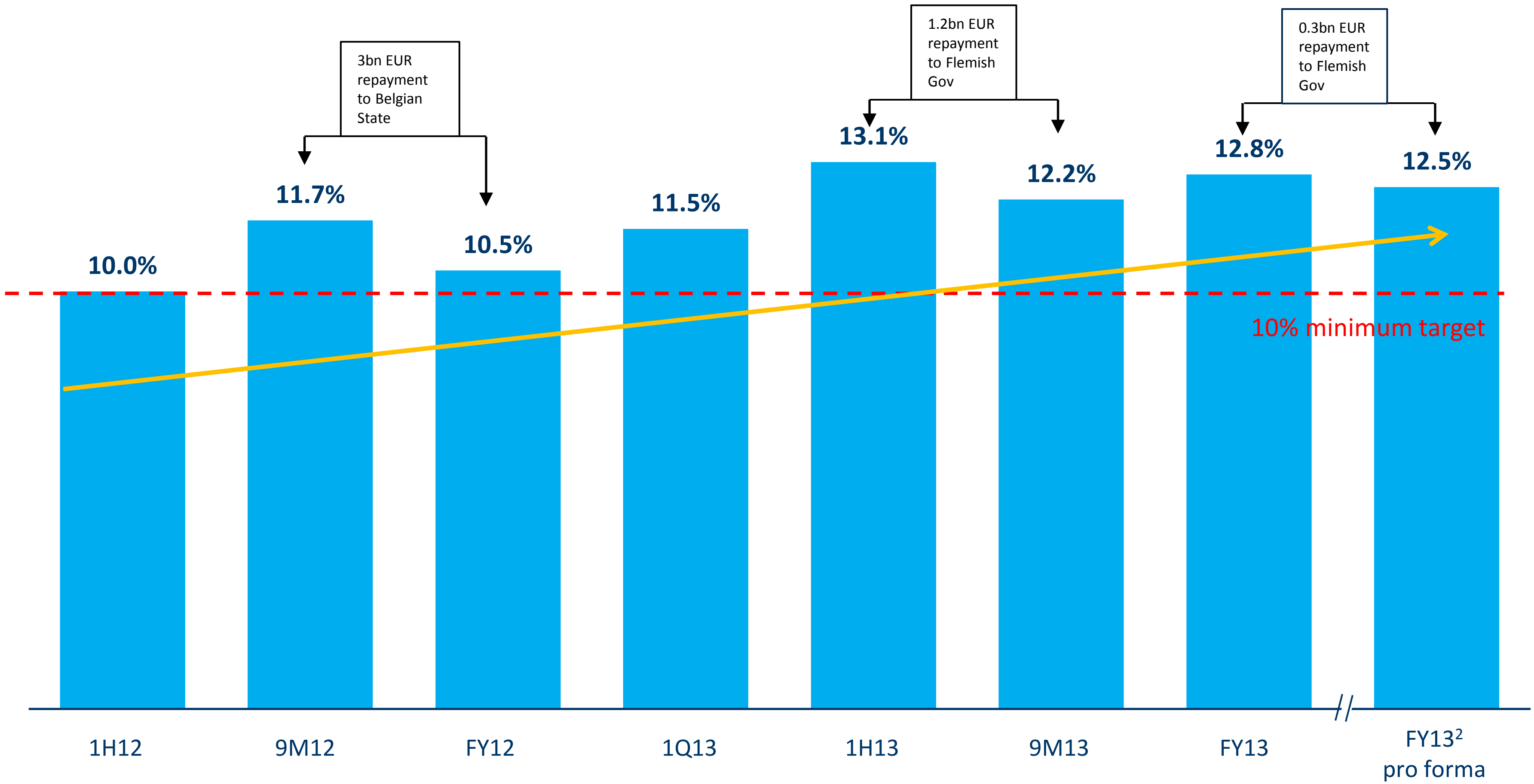




Contents

Consistent track record of strengthening capital

Fully loaded B3 CET1 ratio of 12.5%[1,2] based on Danish Compromise



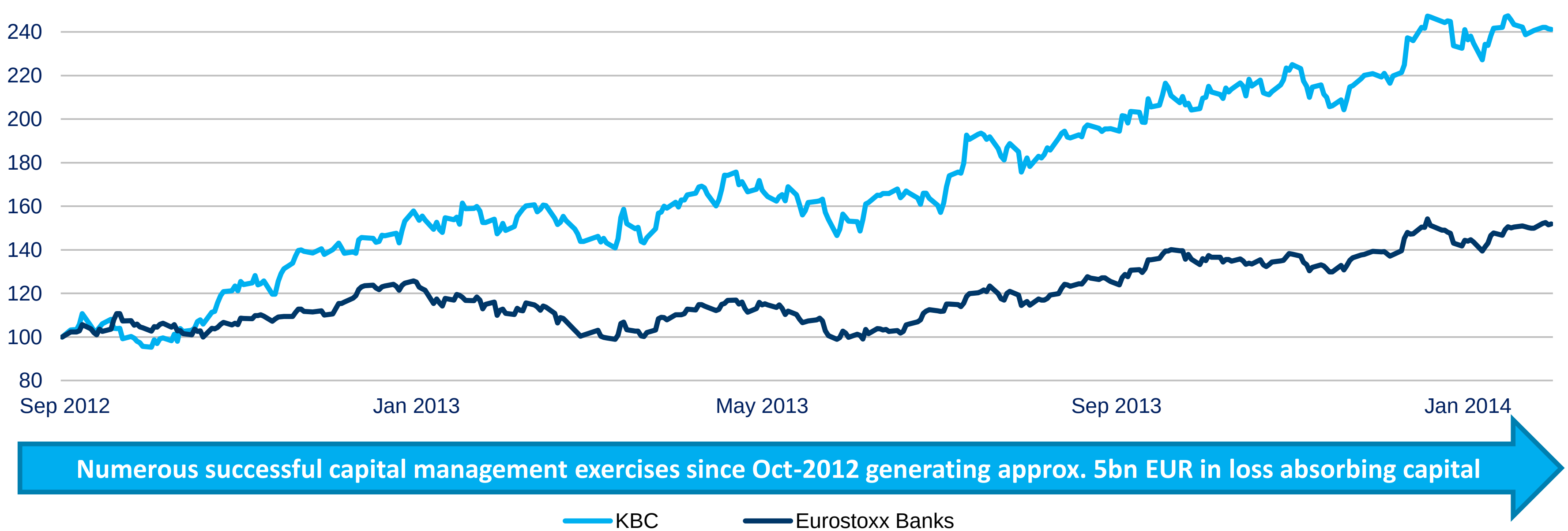
Leverage ratio Basel 3 fully loaded: **4.4%** (5% incl. AT1) at KBC Bank Consolidated, based on current CRR legislation

1. With remaining State aid included in CET1 as agreed with local regulator.
2. FY13 pro forma CET1 includes the effects of the accelerated repayment of 0.33bn EUR of State aid to the Flemish Regional Government (+50% premium) and the impact of the signed agreements for the divestment of KBC Bank Deutschland and Antwerp Diamond Bank.

Active capital management by KBC

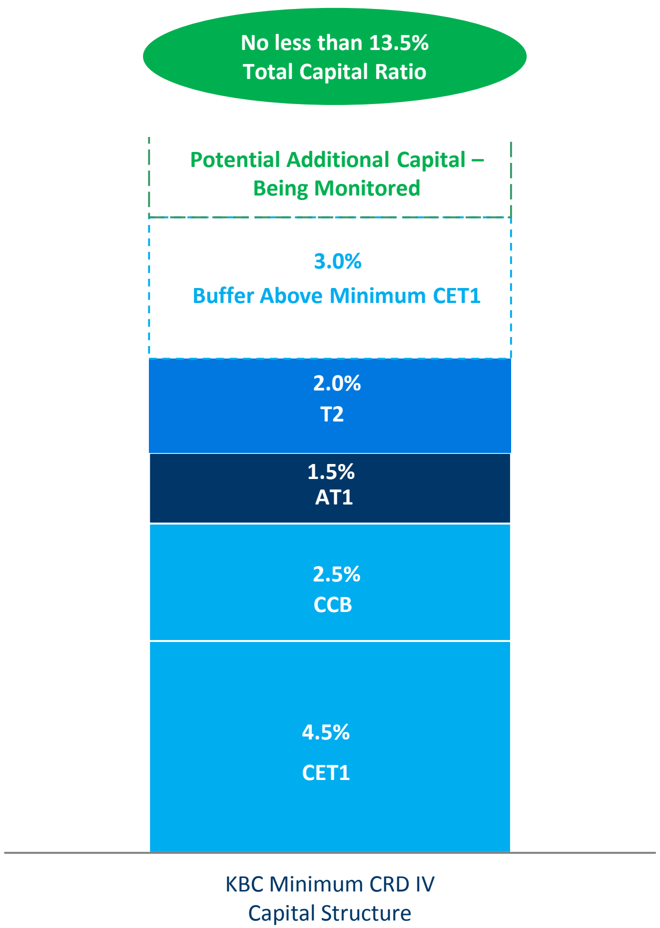
Sale treasury shares: 16 Oct '12	• Capital release: +0.35bn EUR
Capital increase : 10 Dec '12	• Common increase: +1.25bn EUR
Coco: 18 Jan '13	• Increasing loss absorbing capital: +1.0bn USD
Shareholder loans I: 3 July '13	• Capital release : +0.33bn EUR
Shareholder loans II : 19 Nov. '13	• Capital release : +0.67bn EUR
AT1: 12 March '14	• Increasing loss absorbing capital: +1.4bn EUR

TREND IN KBC SHARE PRICE COMPARED WITH EUROSTOXX BANKS INDEX 2012-YTD (31 DEC 2012 = 100)[1]



- 1. Bloomberg

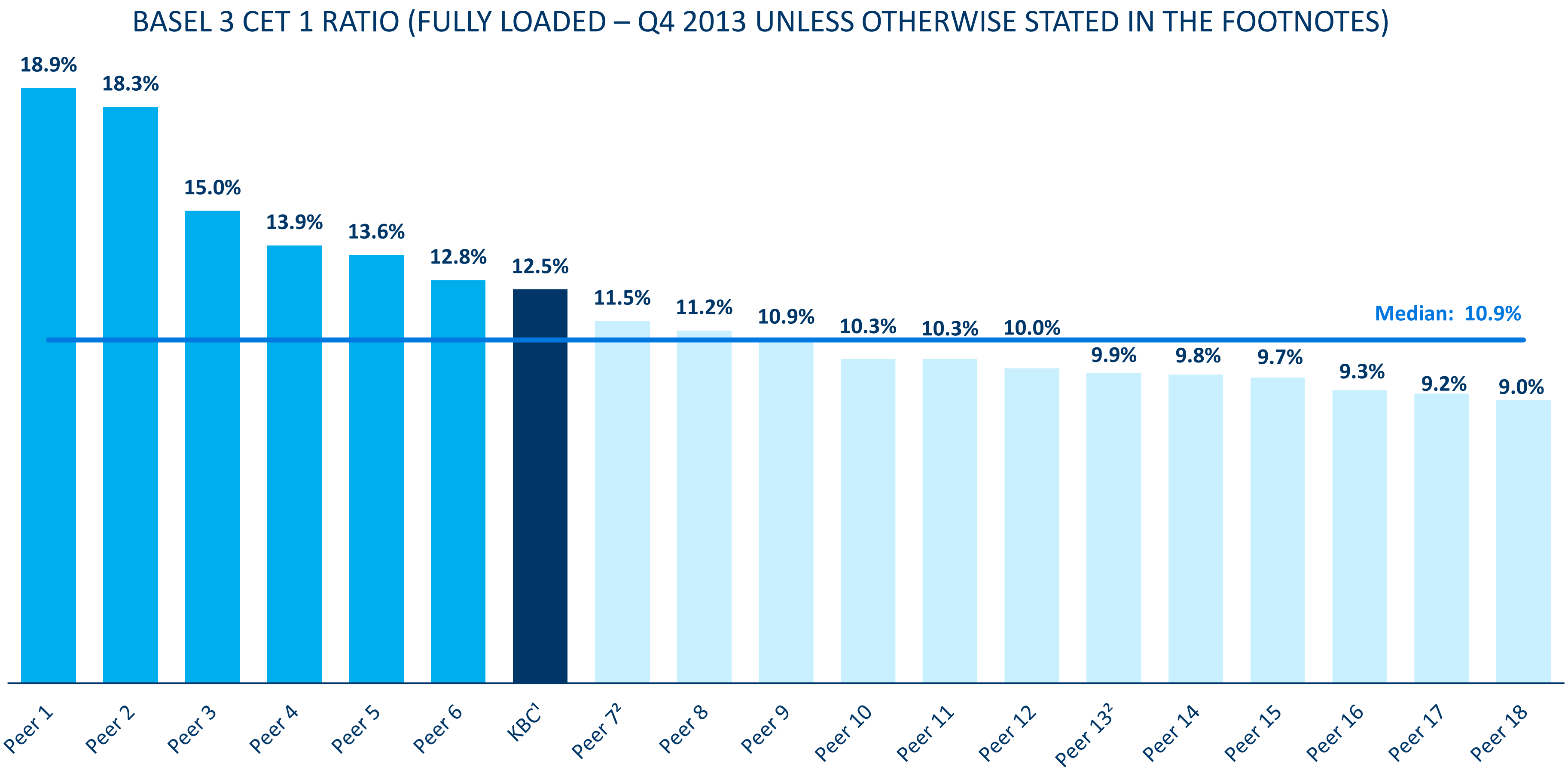
Optimising KBC's capital structure



Note: Including remaining State Aid

- **CET1 target of >10%**
  - Minimum regulatory requirements of 4.5% CET1 and 2.5% "Capital Conservation Buffer" (CCB)
  - KBC intends to maintain a CET1 ratio in excess of 10%, implying an excess of at least 3% to regulatory minima (including buffers)
- **AT1 target of 1.5%**
  - KBC considers AT1 instruments as an integral part of its capital structure going forward and intends to maintain the 1.5% Additional Tier 1 bucket with CRD IV-eligible AT1 instruments
- **Minimum T2 target of 2%**
  - KBC envisages maintaining minimum 2% Tier-2 capital position, with possibly a higher buffer in the future

KBC has a strong CET1 ratio in a European context

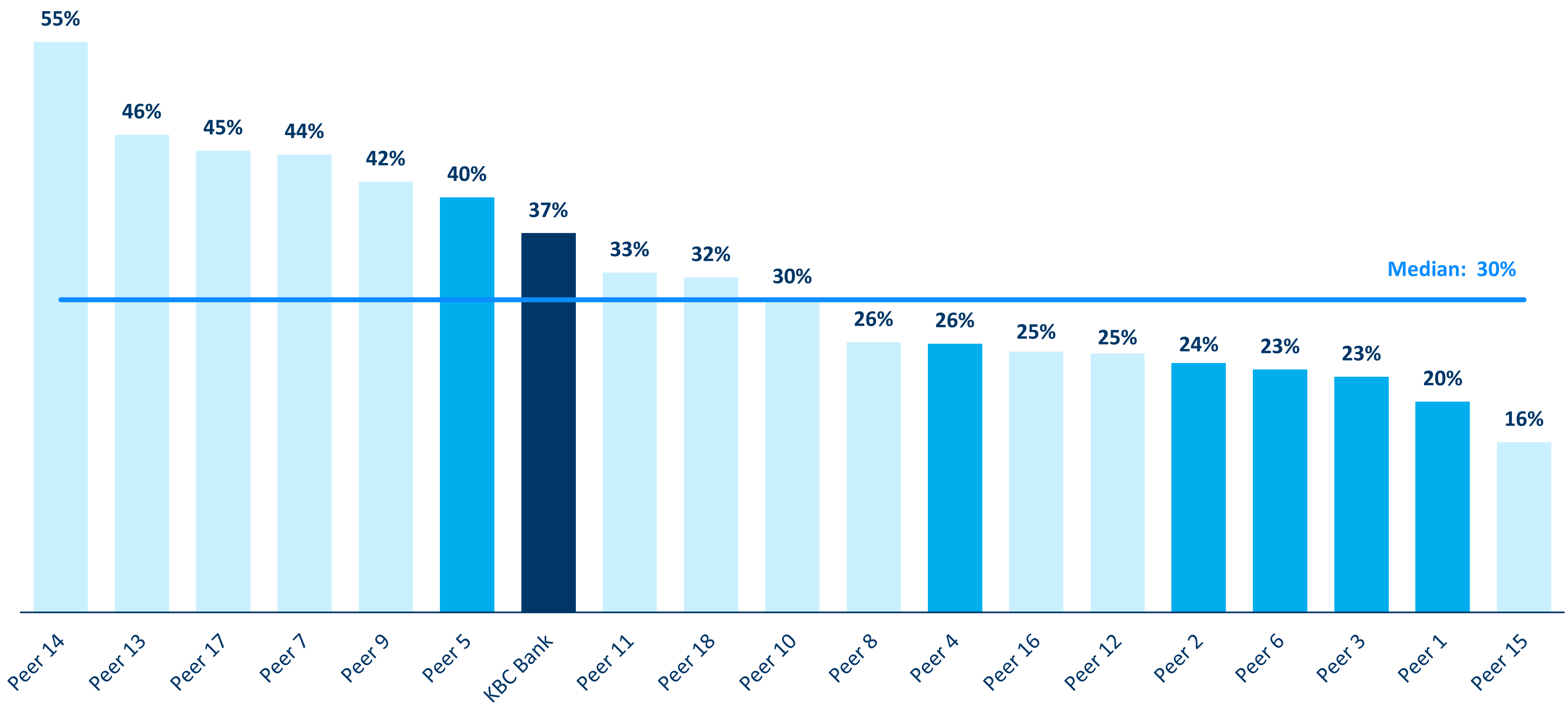


Source: Company filings

1. Including: (i) the effects of the accelerated repayment of 0.33bn EUR of State aid to the Flemish Regional Government (+50% premium) and the impact of the signed agreements for the divestment of KBC Bank Deutschland and Antwerp Diamond Bank, and (ii) the remaining State aid of 2bn EUR
2. As of Q3 2013

Conservative RWA calculations

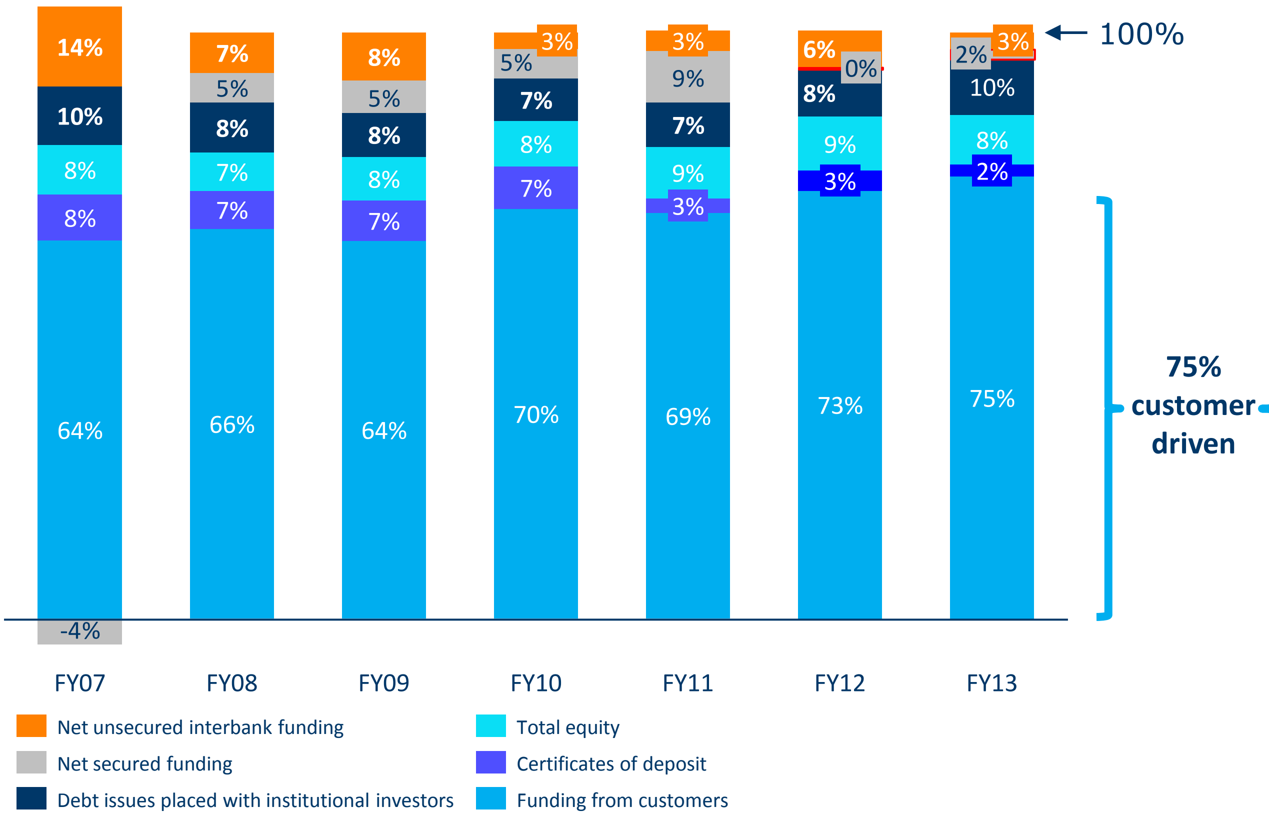
RISK WEIGHTED ASSETS VS. TOTAL ASSETS (BASEL 2.5)[1]

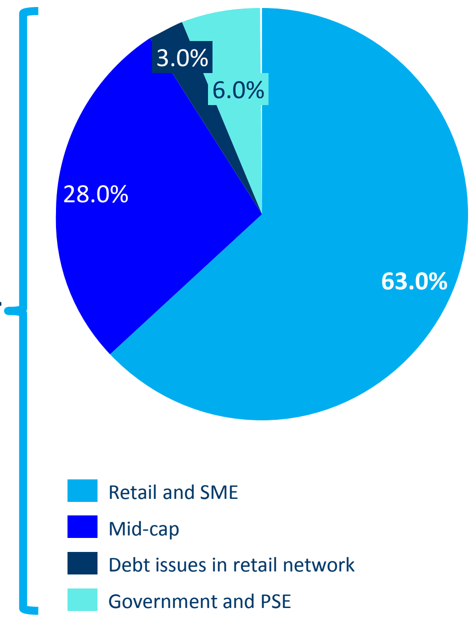


1. EBA Review (30-Jun-2013)

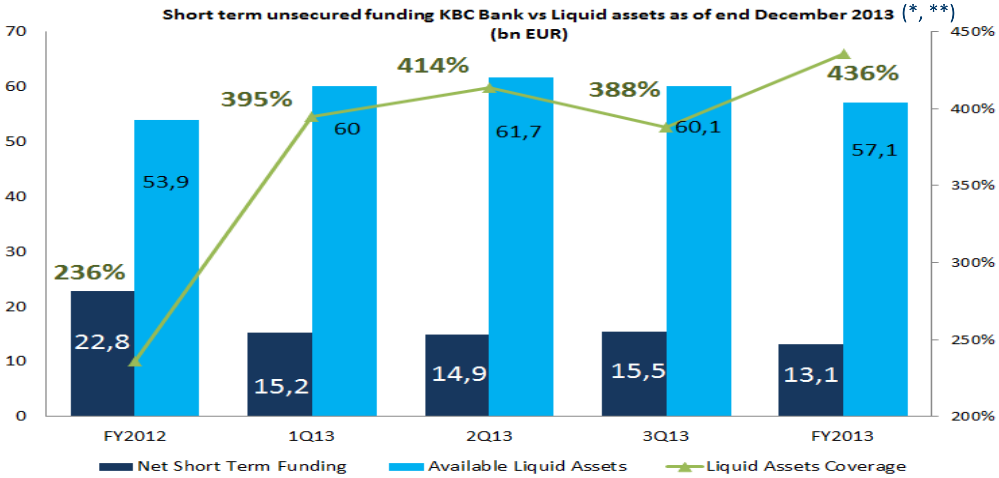
Solid liquidity position (1)

- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets





Solid liquidity position (2)



* In line with IFRS5, the situation at the end of 4Q13 excludes the divestments that have not yet been completed (KBC Deutschland and ADB)

** Graphs are based on Note 18 of KBC's quarterly report, except for the 'available liquid assets' and 'liquid assets coverage', which are based on the KBC Group Treasury Management Report

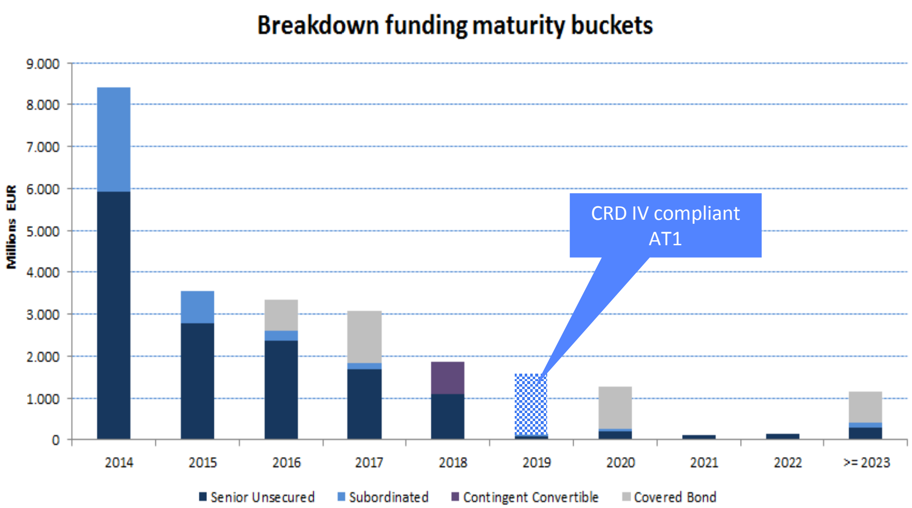
- KBC maintained **an excellent liquidity position** in 4Q13 given that:
  - Available liquid assets are more than 4 times the amount of the net recourse on short-term wholesale funding
  - Funding from non-wholesale markets is stable funding from core-customer segments in core markets

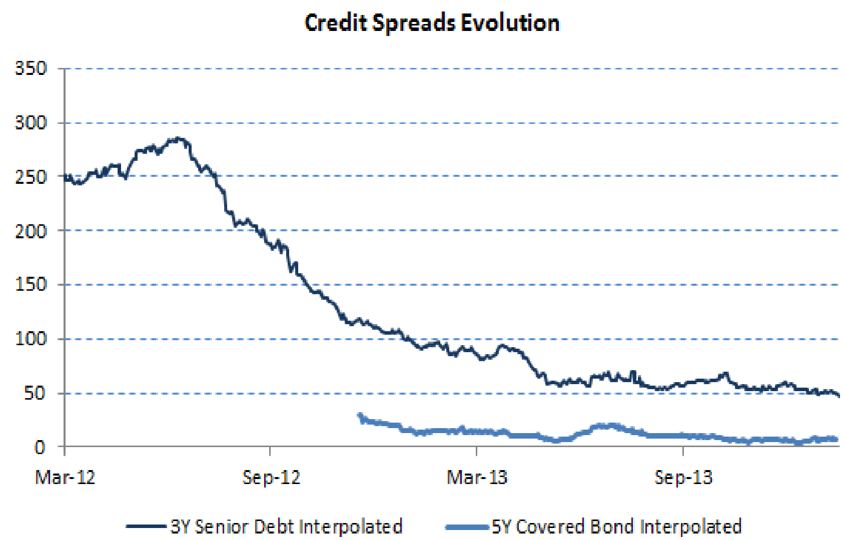
Ratios	4Q13	Target 2015
NSFR[1]	**111%**	105%
LCR[1]	**131%**	100%

[1] LCR (Liquidity Coverage ratio) and NSFR (Net Stable Funding Ratio) are calculated based on KBC's interpretation of current Basel Committee guidance, which may change in the future. The LCR can be relatively volatile in future due to its calculation method, as month-to-month changes in the difference between inflows and outflows can cause significant swings in the ratio even if liquid assets remain stable

- **NSFR at 111% and LCR at 131% by the end of 4Q13**
  - In compliance with the implementation of Basel 3 liquidity requirements, KBC is targeting LCR and NSFR of at least 100% and 105%, respectively by 2015

Upcoming mid-term funding maturities





- KBC has successfully issued a total of 2.5bn EUR benchmark covered bonds, a 1bn USD Contingent Capital Note, and a 750m EUR senior unsecured 5Y benchmark transaction in 2013
- So far in 2014, KBC has issued a 750m covered bond 5Y benchmark and a 1.4bn EUR CRD IV-compliant Additional Tier 1 subordinated PerpNC5 instrument
- KBC's credit spreads moved within a tight range during 4Q13
- KBC Bank has 5 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

Summary Covered Bond Programme (1) (details, see Annex 3)

- **KBC ALREADY ISSUED FOUR SUCCESSFUL BENCHMARK COVERED BONDS (3, 5, 7 AND 10 YEAR) FOR AN AMOUNT OF 3.75BN EUR**
  - KBC's 10bn EUR Covered Bond Programme is rated Aaa/AAA (Moody's/Fitch)
  - CRD and UCITS compliant / 10% risk-weighted
  - All issues performed well in the secondary market
  - Occasionally, KBC issued private placements from its programme (170m EUR)

- **KBC'S COVERED BONDS ARE BACKED BY STRONG LEGISLATION AND SUPERIOR COLLATERAL**
  - Cover pool: Belgian residential mortgage loans
  - Strong Belgian legislation – inspired by German Pfandbriefen law
  - Direct covered bond issuance from a bank's balance sheet
  - Dual recourse, including recourse to a special estate with cover assets included in a register
  - Requires license from the National Bank of Belgium (NBB)
  - The special estate is not affected by a bank insolvency. In that case, the NBB can appoint a cover pool administrator to manage the special estate in issuer ; both monitor the pool on a ongoing basis
  - The value of one asset category must be at least 85% of the nominal amount of covered bonds
  - The value of the cover assets must at least be 105% of the covered bonds (value of mortgage loans is limited to 80% LTV)
  - Maximum 8% of a bank's assets can be used for the issuance of covered bonds

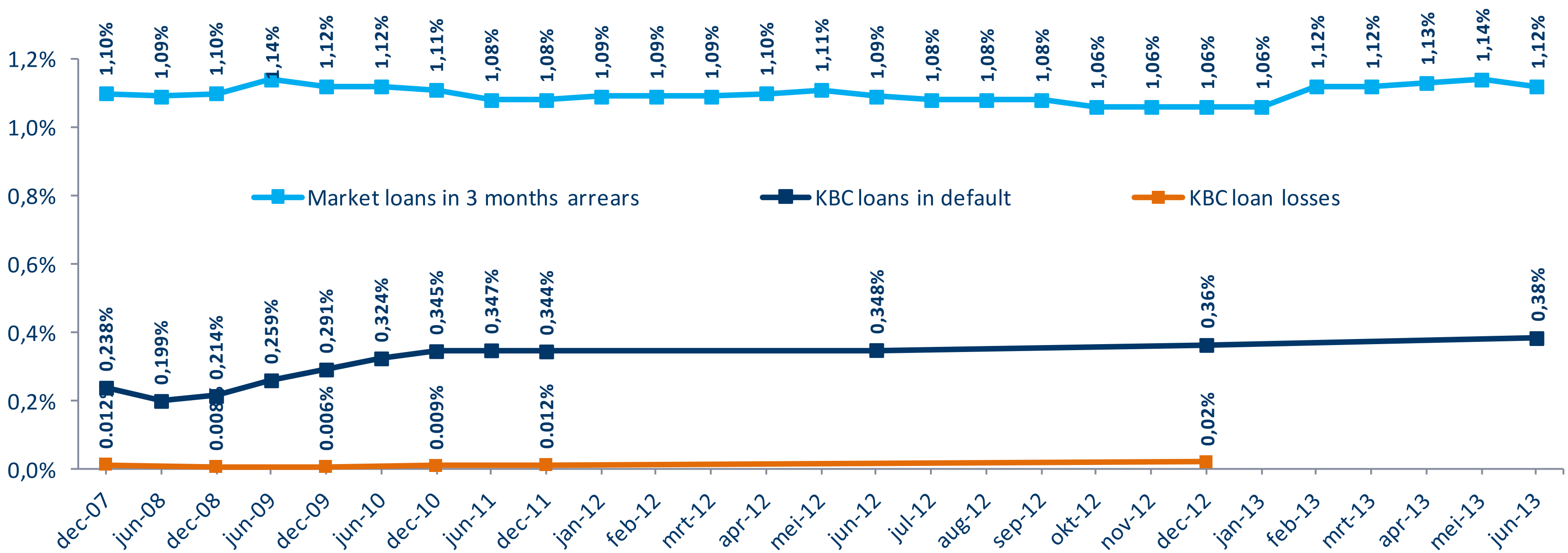
- **THE COVERED BOND PROGRAMME IS CONSIDERED AS AN IMPORTANT FUNDING TOOL FOR THE TREASURY DEPARTMENT**
  - KBC's intentions are to be a frequent benchmark issuer if markets permit

KBC

Summary Covered Bond Programme (2) (details, see Annex 3)

- **COVER POOL: BELGIAN RESIDENTIAL MORTGAGE LOANS**
  - Exclusively this as selected main asset category
  - Value (including collections) at least 105% of the outstanding covered bonds
  - Branch originated prime residential mortgages predominantly out of Flanders
  - Selected cover asset have low average LTV (69%) and high seasoning (34 months)

- **KBC HAS A DISCIPLINED ORIGINATION POLICY**
  - 2007 to 2012 average residential mortgage loan losses below 2 bp
  - Arrears in Belgium approx. stable over the past 10 years:
    - (i) Cultural aspects, stigma associated with arrears, importance attached to owning one's property
    - (ii) High home ownership also implies that the change in house prices itself has limited impact on loan performance
    - (iii) Well established credit bureau, surrounding legislation and positive property market



Contents

Wrap up (at KBC Group level)

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **Pro forma**[1] **common equity ratio** (B3 fully loaded[2] based on Danish Compromise) **of 12.5%** at end 2013
  - **Accelerated repayment of 0.5bn of State aid** (principal + penalty) to the Flemish Government in January 2014
  - **Continued strong liquidity position** (NSFR at 111% and LCR at 131%)

- **RESILIENT BUSINESS PERFORMANCE IN FY13 DESPITE HIGH IMPAIRMENTS DUE TO THE LOAN BOOK REASSESSMENT**
  - **For FY 2013: net result of 1 015m EUR and adjusted**[3] **net result of 960m EUR in FY13.**
  - **Excluding one-off additional impairments (688m post-tax) in Ireland and Hungary due to loan book reassessment, net result amounted to 1 703m EUR, while the adjusted net result amounted to 1 648m EUR in FY13**.

- **DIVIDEND PROPOSAL**[4]
  - **No dividend** will be proposed over the **accounting years 2013 and 2015**, fully in line with the terms & conditions of the Flemish State aid
  - In relation to **accounting year 2014**, the intention is to propose to pay **a gross dividend of up to 2.00 EUR per share** (out of the available profits generated in that accounting year)
  - From **accounting year 2016 onwards**, it is the intention to resume **regular dividend payments**

1. Pro forma figures include the effects of the accelerated repayment of 0.33bn EUR of State aid to the Flemish Regional Government (+50% penalty) and the impact of the signed divestments of KBC Bank Deutschland and Antwerp Diamond Bank (ADB)
2. Including remaining State aid of 2bn EUR
3. Adjusted net result is the net result excluding a limited number of non-operational items, being legacy CDO and divestment activities and the M2M effect of own debt instruments due to own credit risk
4. Any dividend payment will be subject to the usual approval of the regulator

Appendices

1 KBC 2013/14 benchmarks + overview of outstanding benchmarks

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6 Summary of government transactions

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8 Macroeconomic views

KBC 2013 Benchmarks (1/2)

- KBC 10NC5Y Fixed – Contigent Capital Note – BE6248510610
  - Notional: 1bn USD
  - Issue Date: 25 January 2013 – Maturity: 25 January 2023
  - Coupon: 8%, A, Act/Act
  - Re-offer spread: USD Mid Swap + 709.7bp (issue price 100%)
  - Joint lead managers: KBC, BofA Merrill Lynch, Credit Suisse, Goldman Sachs, JPMorgan and Morgan Stanley

- KBC 10Y Fixed - Covered Bond – BE0002425974
  - Notional: 750m EUR
  - Issue Date: 31 January 2013 – Maturity: 31 January 2023
  - Coupon: 2%, A, Act/Act
  - Re-offer spread: Mid Swap + 36bp (issue price 99.24%)
  - Joint lead managers: KBC, BNP Paribas, Commerzbank and Deutsche Bank

- KBC 7Y Fixed - Covered Bond – BE0002434091
  - Notional: 1 bn EUR
  - Issue Date: 28 May 2013 – Maturity: 28 May 2020
  - Coupon: 1.25%, A, Act/Act
  - Re-offer spread: Mid Swap + 16bp (issue price 99.277%)
  - Joint lead managers: KBC, DZ Bank, LBBW and RBS

- KBC 3Y Fixed - Covered Bond – BE0002441161
  - Notional: 750m EUR
  - Issue Date: 29/8/2013 – Maturity: 29 Augustus 2016
  - Coupon: 0.875%, A, Act/Act
  - Re-offer spread: Mid Swap + 5bp (issue price 99.888%)
  - Joint lead managers: KBC, Commerzbank, DB, ING, Unicredit

KBC 2013 Benchmarks (2/2)

- KBC 5Y Fixed – Senior Unsecured – XS0969365591

  - Notional: 750m EUR
  - Issue Date: 10 September 2013 – Maturity: 10 September 2018
  - Coupon: 2.125%, A, Act/Act
  - Re-offer spread: Mid Swap +78 (issue price 99.728%)
  - Joint lead managers: KBC, GSI, Natixis, UBS

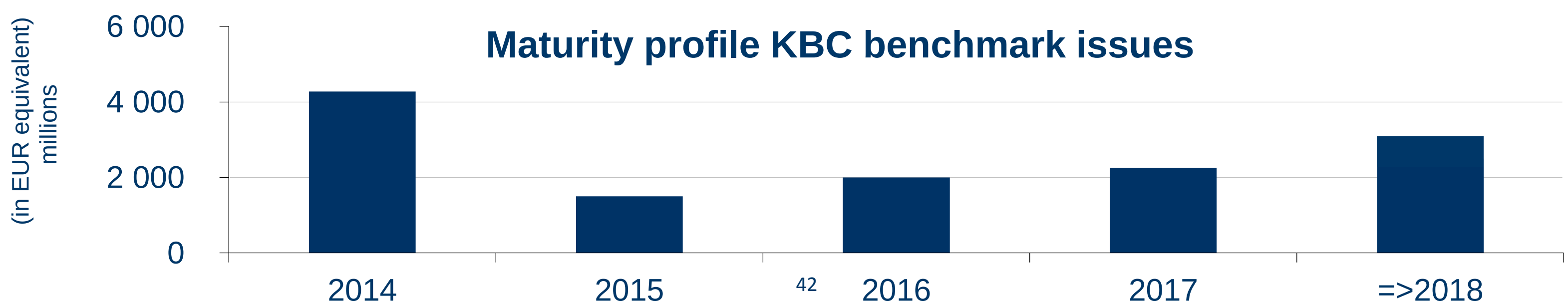
KBC 2014 Benchmarks

- KBC 5Y Fixed – Covered – BE0002462373
  - Notional: 750m EUR
  - Issue Date: 25 February 2014 – Maturity: 25 February 2019
  - Coupon: 1%, A, Act/Act
  - Re-offer spread: Mid Swap +10bp (issue price 99.391%)
  - Joint lead managers: Deutsche Bank - DZ Bank - ING Bank - KBC Bank - Unicredit

- KBC PerpNC5Y Fixed – Additional Tier 1 – BE0002463389
  - Notional: 1.4bn EUR
  - Issue Date: 19 March 2014 – Maturity: perpetual NC5
  - Coupon: 5.625%, A, Act/Act
  - Re-offer spread: Mid Swap + 475,9bp (issue price 100%)
  - Joint lead managers: KBC, Goldman Sachs, JP Morgan, Morgan Stanley and UBS

Outstanding Benchmarks

Tranche Report							
Issuer	Curr	Amount issued	Coupon	Settlement Date	Maturity Date	ISIN	YEAR
			UNSECURED				
KBC Ifima N.V.	EUR	1,274,615,000	3m Euribor +42	31/03/2008	31/03/2014	XS0340282739	2014
KBC Ifima N.V.	EUR	502,968,000	3m Euribor +50	16/05/2008	16/05/2014	XS0352674682	2014
KBC Ifima N.V.	EUR	1,250,000,000	4.5	17/09/2009	17/09/2014	XS0452462723	2014
KBC Ifima N.V.	EUR	750,000,000	3.875	31/03/2010	31/03/2015	XS0498962124	2015
KBC Ifima N.V.	EUR	750,000,000	5	16/03/2011	16/03/2016	XS0605440345	2016
KBC Ifima N.V.	EUR	250,000,000	3.875	14/04/2011	31/03/2015	XS0498962124	2015
KBC Ifima N.V.	EUR	500,000,000	4.375	25/05/2011	26/10/2015	XS0630375912	2015
KBC Ifima N.V.	EUR	1,250,000,000	3.625	07/03/2012	07/03/2014	XS0754262755	2014
KBC Ifima N.V.	EUR	1,000,000,000	4.5	27/03/2012	27/03/2017	XS0764303490	2017
KBC Ifima N.V.	EUR	500,000,000	3	29/08/2012	29/08/2016	XS0820869948	2016
KBC Ifima N.V.	EUR	750,000,000	2.125	10/09/2013	10/09/2018	XS0969365591	2018
			Covered				
KBC Bank N.V.	EUR	1,250,000,000	1.125	11/12/2012	11/12/2017	BE6246364499	2017
KBC Bank N.V.	EUR	750,000,000	2	31/01/2013	31/01/2023	BE0002425974	2023
KBC Bank N.V.	EUR	1,000,000,000	1.25	28/05/2013	28/05/2020	BE0002434091	2020
KBC Bank N.V.	EUR	750,000,000	0.875	29/08/2013	29/08/2016	BE0002441161	2016
KBC Bank N.V.	EUR	750,000,000	1	25/02/2014	25/02/2019	BE0002462373	2019



Main characteristics of outstanding classic T1 issues

SUBORDINATED BOND ISSUES KBC BANK

	KBC Bank Funding Trust II	**KBC Bank Funding Trust III**	**KBC Bank Funding Trust IV**	**KBC Bank NV**	**KBC Bank NV**	**KBC Bank NV**
Amount issued	EUR 280,000,000	USD 600,000,000	EUR 300,000,000	GBP 525,000,000	EUR 1,250,000,000	EUR 700,000,000
Tendered	EUR 161,300,000	USD 431,400,000	EUR 179,200,000	GBP 480,500,000		
Net Amount	EUR 118,700,000	USD 168,600,000	EUR 120,800,000	GBP 44.500,000		
ISIN-code	XS0099124793	USU2445QAA68 / US48239AAA79	US48239FAA66 / USU2445TAA08	BE0119284710	BE0934378747	XS0368735154
Call date	30/09/2009	02/11/2009	10/11/2009	19/12/2019	14/05/2013	27/06/2013
Initial couon	6.88%	9.86%	8.22%	6.20%	8.00%	8.00%
Step-up coupon	3m euribor + 300bps	3m usd libor + 405bps	3m usd libor + 405bps	3m gbp libor + 193bps	no step-up	no step-up
First (next) call date	30/06/2014	02/05/2014	10/05/2014	19/12/2019	14/05/2014	27/06/2014
ACPM	-	-	-	Yes	Yes	Yes
Dividend Stopper	-	-	-	Yes	Yes	Yes
Conversion into PSC	-	-	-	Yes	Yes	Yes
Trigger	-	-	-	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus creditorum"
Dividend payments	Dividends are only payable with respect to any Dividend Period if, and to the extent that, the Dividends for the corresponding Dividend Period are declared (or deemed declared for the purposes, and subject to the conditions of the Bank Guarantuee or Holding Guarantee) on the securities owned by the Trust (together with the aforementioned guarantees, the assets of the Trust). Dividends will be paid to the extent that the Trust has funds available for the payment of such Dividends from its assets.					

Tender offer organised in September 2009

Main terms of CRD IV-compliant AT1 issue

Issuer	▪ **KBC Group NV (“Issuer”)**
Instrument	▪ Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Securities (“Securities”)
Ranking	▪ Deeply subordinated and senior only to ordinary shares of the Issuer and any other instrument ranking *pari passu* with such ordinary shares, or otherwise junior to the issuer’s obligations under the securities
Issuer ratings	▪ Baa1/A/A- (Moody's, S&P, Fitch)
Instrument rating	▪ **Rated BB by S&P and BB by Fitch**
Currency / size	▪ **EUR 1.4bn**
Issue format	▪ **PerpNC5**
Optional redemption	▪ Callable on the First Call Date and every interest payment date thereafter ▪ Callable on Tax or Regulatory event ▪ Securities callable at the Prevailing Principal Amount plus accrued interest, but only if the Prevailing Principal Amount is equal to the Original Principal Amount ▪ Subject to regulatory approval (if required)[1]
Coupon	▪ **Fixed rate of 5.625% per annum until (but excluding) the First Call Date, reset every 5 years thereafter (non-step)** ▪ Payable quarterly
Coupon cancellation	▪ Non-cumulative ▪ Fully discretionary ▪ Mandatory cancellation upon insufficient Distributable Items or if payment exceeds MDA

Principal write-down	▪ Temporary write-down upon the occurrence of a Trigger Event
	▪ The write-down amount will be the lower of
	    ▪ The amount of write-down required to cure the Trigger Event *pro rata* with similar loss absorbing instruments (post cancellation of accrued interest on the Securities and the prior or concurrent write-down or conversion into equity if any prior loss-absorbency instruments) and
	    ▪ The amount necessary to reduce the Prevailing Principal Amount of the securities to 1 cent

Trigger event	▪ **Issuer’s consolidated CET1 Ratio < 5.125% (on a transitional basis)**
Return to financial health	▪ Gradual write-up[2] to the Original Principal Amount if a positive consolidated net income of Issuer is recorded ▪ Fully discretionary write-up and pro rata with other similar instruments ▪ Subject to the Maximum Write-up Amount and to the MDA
PONV	▪ Statutory

1. The applicable banking regulations do not permit purchases in the first 5 years
2. Write-up will be based on the applicable transitional CET1 definition using the Danish Compromise

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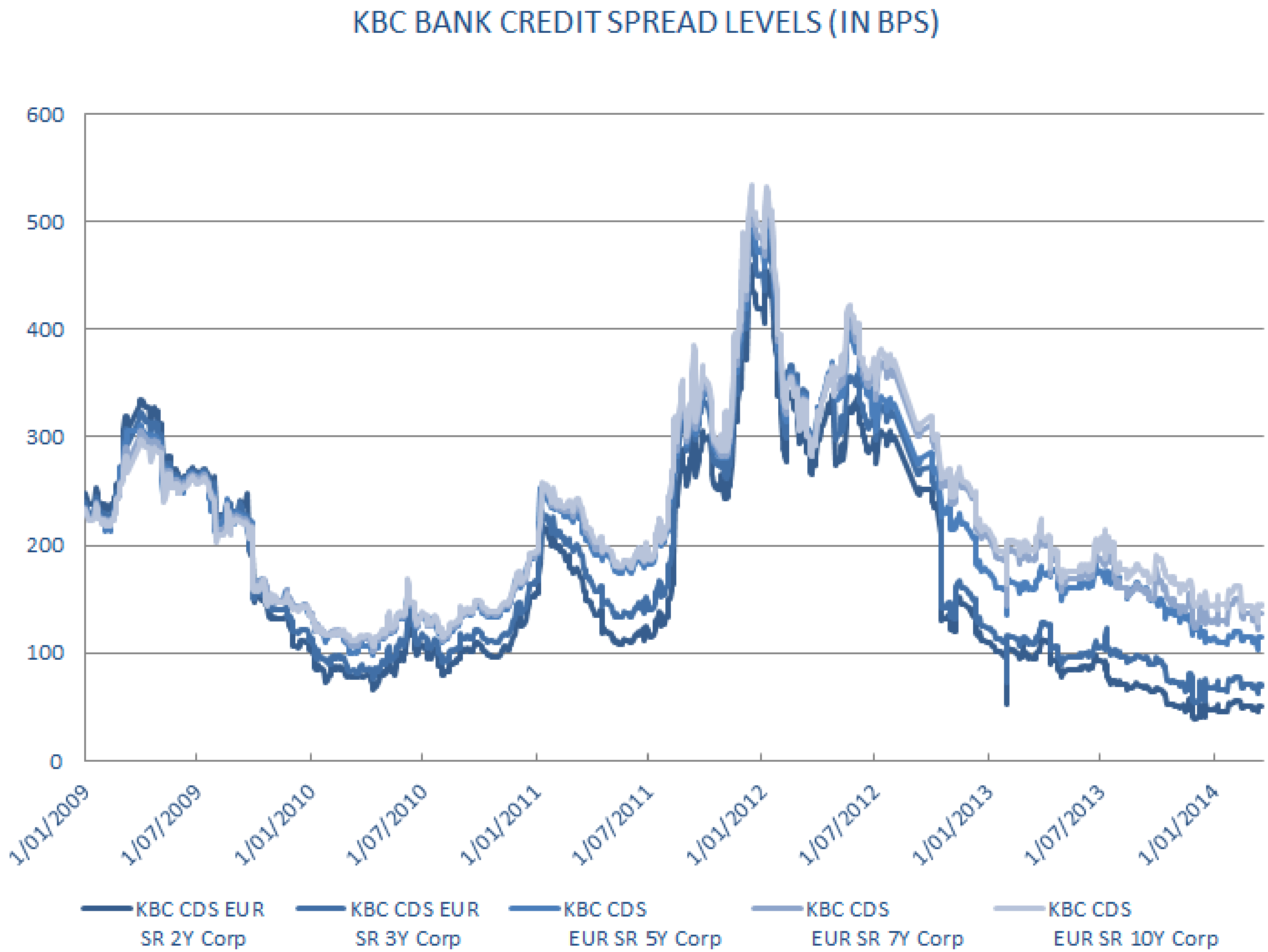
8 Macroeconomic views

KBC Bank CDS levels since 2009



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Key messages on KBC’s covered bond programme

- **KBC’s covered bonds are backed by strong legislation and superior collateral**
  - KBC’s covered bonds are rated Aaa/AAA (Moody’s/Fitch)
  - Cover pool: Belgian residential mortgage loans
  - Strong Belgian legislation – inspired by German Pfandbriefen law
  - KBC has a disciplined origination policy – 2007 to 2012 average residential mortgage loan losses below 2 bp
  - CRD and UCITS compliant / 10% risk-weighted

- **KBC already issued four successful benchmark covered bonds (3, 5, 7 and 10 year)**

- **The covered bond programme is considered as an important funding tool**

- **Sound economic picture provides strong support for Belgian housing market**
  - High private savings ratio of 15.2%
  - Belgian unemployment is significantly below the EU average
  - Demand still outstrips supply

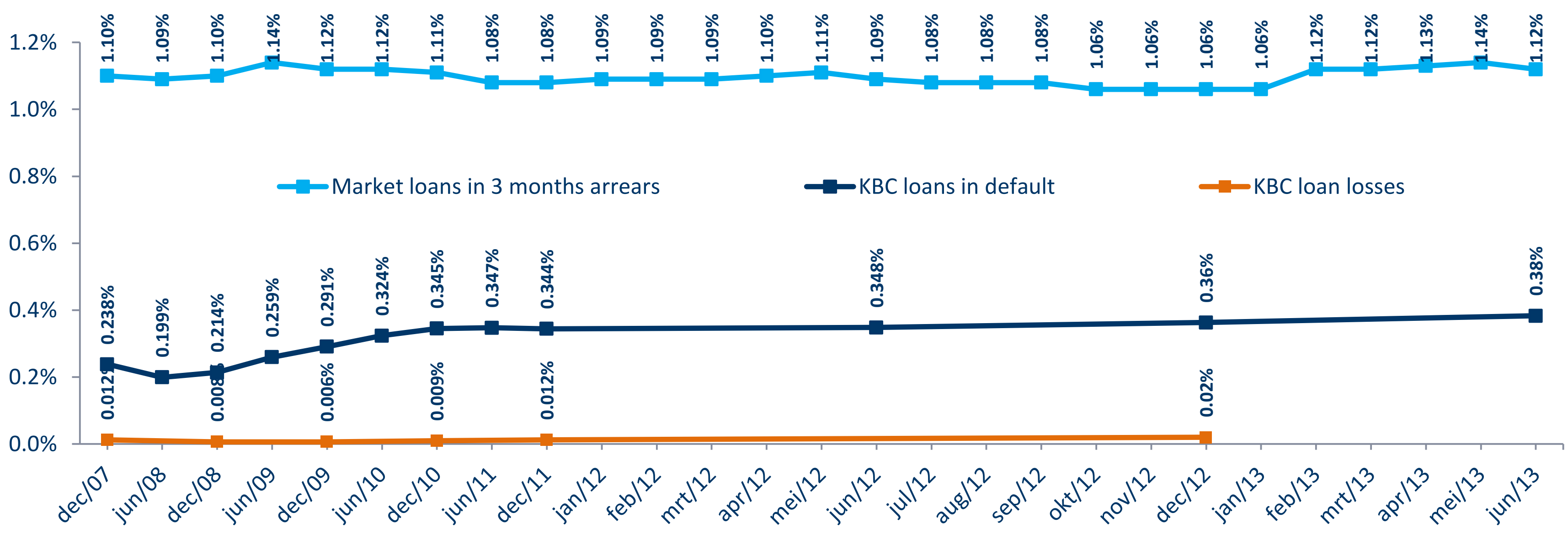
KBC's disciplined origination leads to low arrears and extremely low loan losses

BELGIUM SHOWS A SOLID PERFORMANCE OF MORTGAGES…

Arrears have been pretty stable over the past 10 years. Arrears in Belgium are low due to:

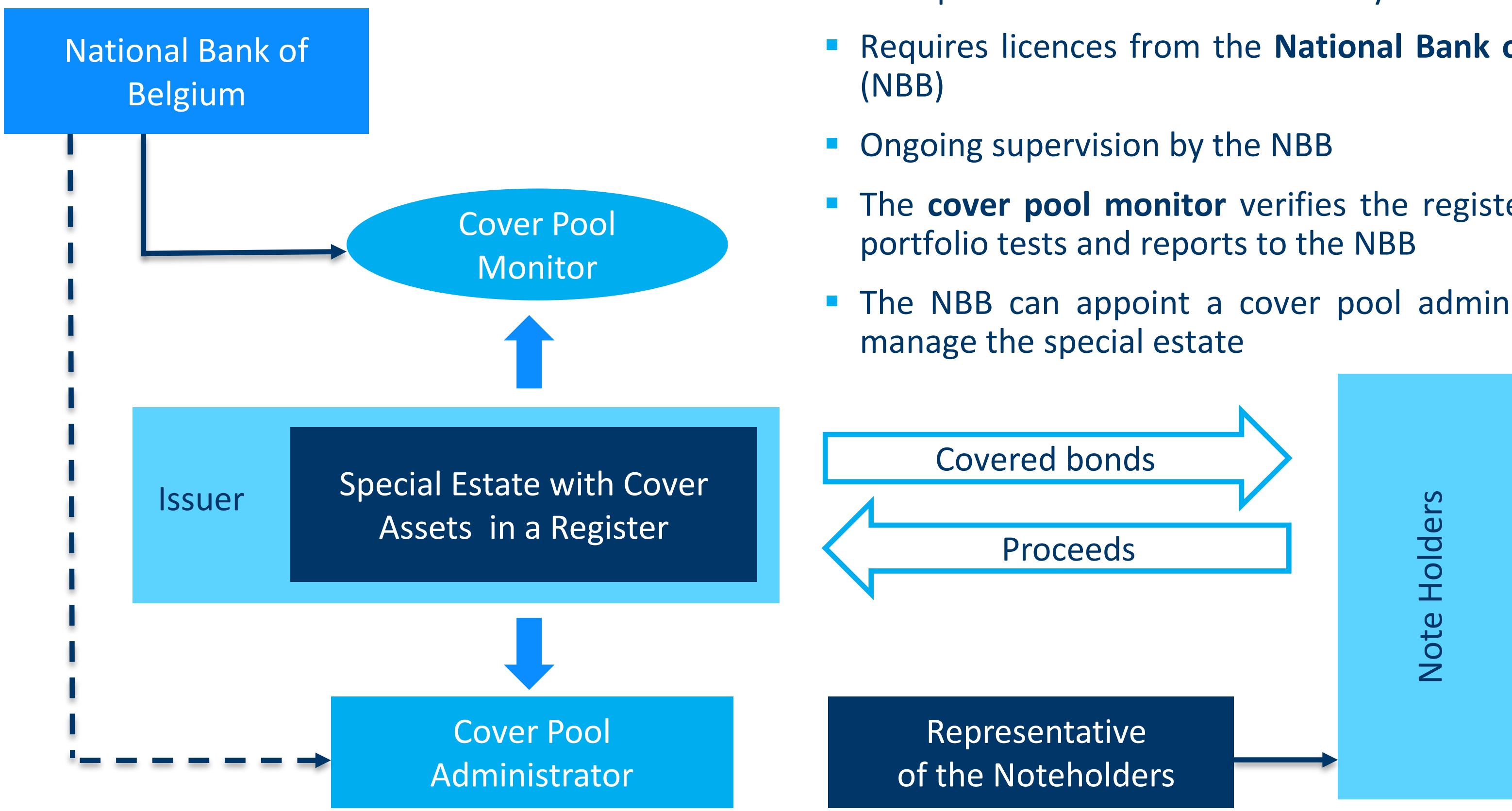
- Cultural aspects, stigma associated with arrears, importance attached to owning one's property
- High home ownership also implies that the change in house prices itself has limited impact on loan performance
- Well established credit bureau and surrounding legislation
- Housing market environment (no great house price declines)

… AND KBC HAS EXTRAORDINARY LOW LOAN LOSSES



Belgian legal framework

- Direct covered bond issuance from a bank's balance sheet
- Dual recourse, including recourse to a special estate with cover assets included in a register
- The special estate is not affected by a bank insolvency
- Requires licences from the **National Bank of Belgium** (NBB)
- Ongoing supervision by the NBB
- The **cover pool monitor** verifies the register and the portfolio tests and reports to the NBB
- The NBB can appoint a cover pool administrator to manage the special estate



Strong legal protection mechanisms

1 Collateral type

- The value of one asset category must be at least 85% of the nominal amount of covered bonds
  - KBC Bank selects residential mortgage loans and commits that their value (including collections) will be at least 105%

2 Over-collateralisation Test

- The value of the cover assets must at least be 105% of the covered bonds
  - The value of residential mortgage loans:
    1) is limited to 80% LTV
    2) must be fully covered by a mortgage inscription (min 60%) plus a mortgage mandate (max 40%)
    3) 30 day overdue loans get a 50% haircut and 90 days (or defaulted) get zero value

3 Cover Asset Coverage Test

- The sum of interest, principal and other revenues of the cover assets must at least be the interest, principal and costs relating to the covered bonds
  - Interest rates are stressed by plus and minus 2% for this test

4 Liquidity Test

- Cover assets must generate sufficient liquidity or include enough liquid assets to pay all unconditional payments on the covered bonds falling due the next 6 months
  - Interest rates are stressed by plus and minus 2% for this test

5 Cap on Issuance

- Maximum 8% of a bank's assets can be used for the issuance of covered bonds

KBC Bank NV residential mortgage covered bond programme

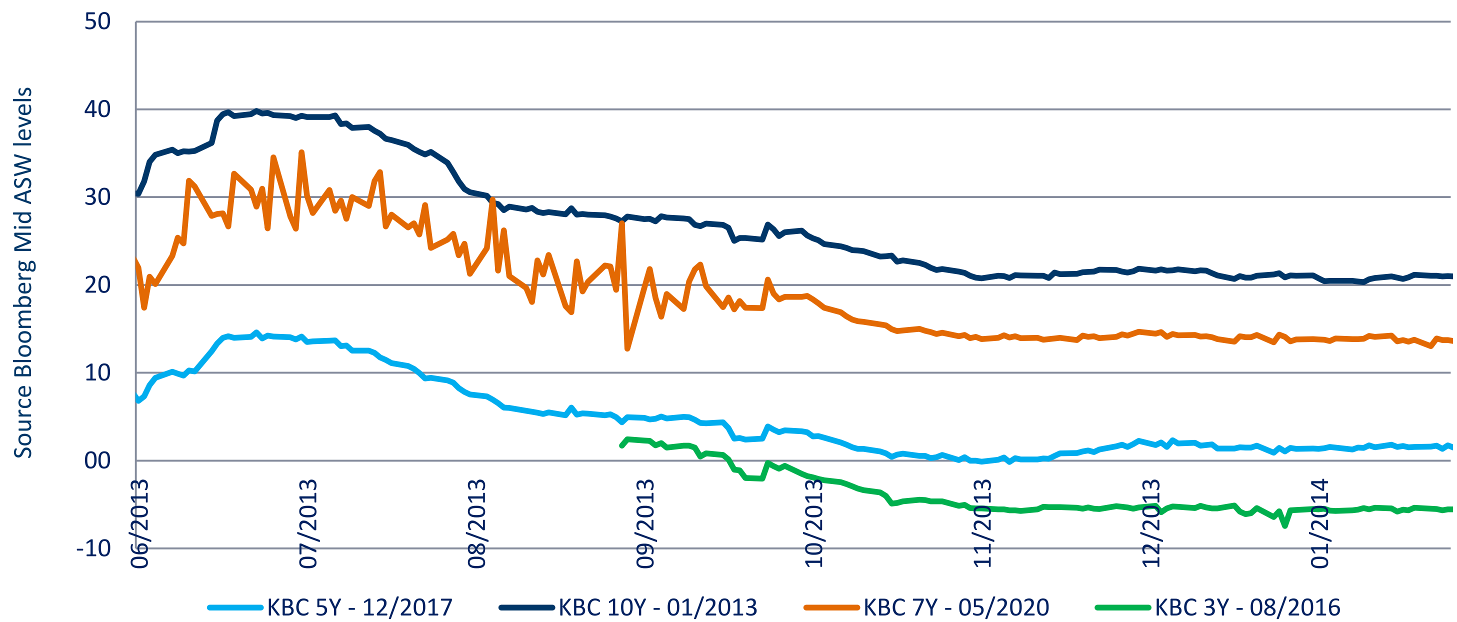
Issuer:	• KBC Bank NV
Main asset category:	• min 105% of covered bond outstanding is covered by residential mortgage loans and collections thereon
Program size:	• Up to 10bn EUR (only)
Interest rate:	• Fixed Rate, Floating Rate or Zero Coupon
Maturity:	• Soft Bullet: payment of the principal amount may be deferred past the Final Maturity Date until the **Extended Final Maturity Date** if the Issuer fails to pay • Extension period is 12 months for all series
Events of default:	• Failure to pay any amount of principal on the Extended Final Maturity Date • A default in the payment of an amount of interest on any interest payment date
Rating agencies:	• Moody's Aaa /Fitch AAA

	Moody's	Fitch
Over-collateralisation	**28%**	**24.5%**
	TPI Cap Probable	**D-cap 4 (moderate risk)**

Benchmark issuance KBC covered bonds

- **Since establishment of the covered bond programme KBC has issued four benchmark issuances**:
  - The inaugural EUR covered bond was issued in December 2012 for an amount of EUR 1.25bn EUR with a 5 years maturity at Mid swaps+30bp
  - On 24th January 2013, KBC Bank launched its second EUR covered benchmark issue for an amount of 750m EUR with a 10 year maturity at Mid swaps+36bp
  - On 28th May 2013, KBC Bank launched its third EUR covered benchmark issue for an amount of 1bn EUR with a 7 year maturity at Mid swaps+16bp
  - On 29th August 2013, KBC Bank launched its fourth EUR covered benchmark issue for an amount of 750m EUR with a 3 year maturity at Mid swaps+5bp

SPREAD EVOLUTION KBC COVERED BONDS (SPREAD IN BP VERSUS 6 MONTH MID SWAP)



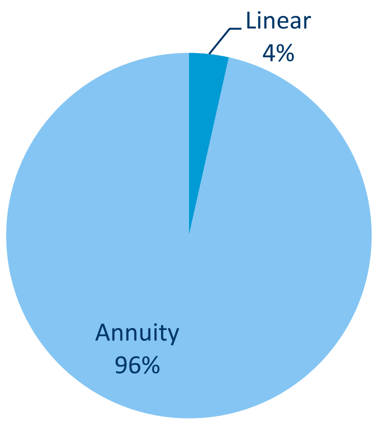
Key cover pool characteristics (1/3)

Investor reports, final terms and prospectus are available on www.kbc.com/covered_bonds

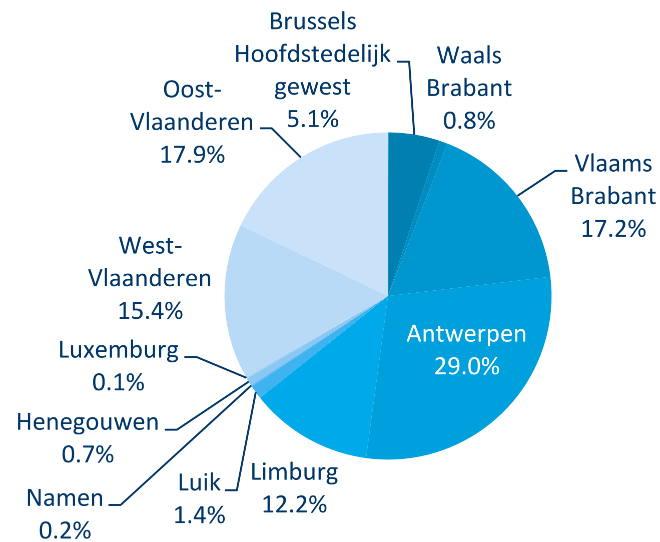
Data based on preliminary portfolio data as of :	31 December 2013
Total Outstanding Principal Balance	7 970 667 177
Total value of the assets for the over-collateralisation test	7 177 990 661
No. of Loans	79 132
Average Current Loan Balance per Borrower	132 174
Maximum Loan Balance	1 000 000
Minimum Loan Balance	1 000
Number of Borrowers	60 304
Longest Maturity	359 month
Shortest Maturity	1 month
Weighted Average Seasoning	35 months
Weighted Average Remaining Maturity	227 months
Weighted Average Current Interest Rate	3.39%
Weighted Average Current LTV	69%
No. of Loans in Arrears(+30days)	82
Direct Debit Paying	97%

Key cover pool characteristics (2/3)

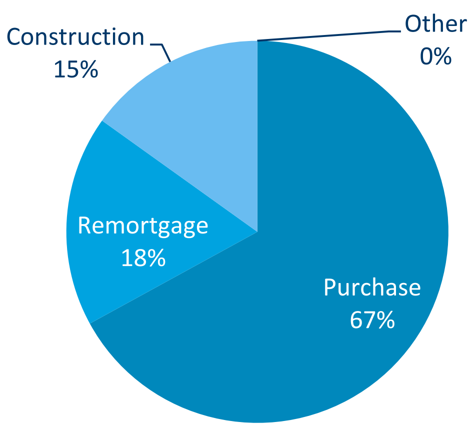
REPAYMENT TYPE (LINEAR VS. ANNUITY)



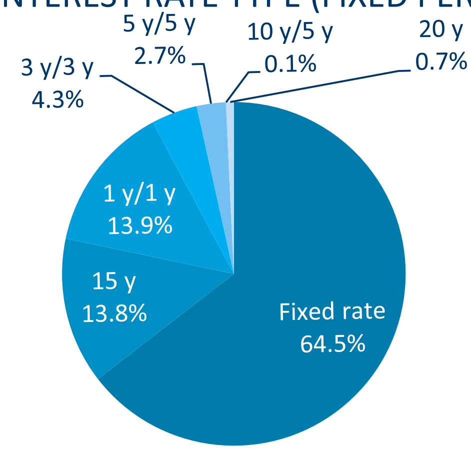
GEOGRAPHICAL ALLOCATION



LOAN PURPOSE

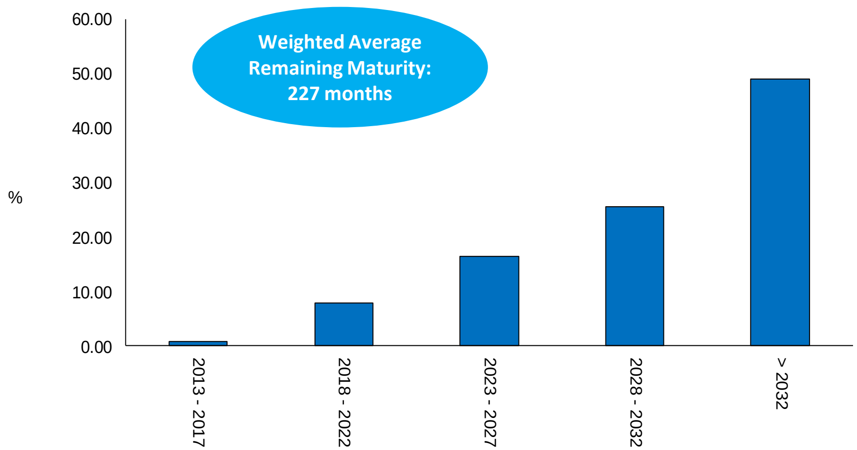


INTEREST RATE TYPE (FIXED PERIODS)

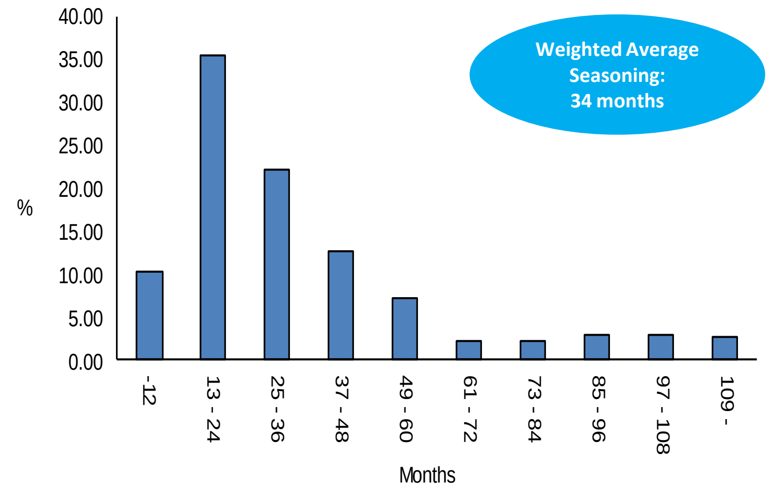


Key cover pool characteristics (3/3)

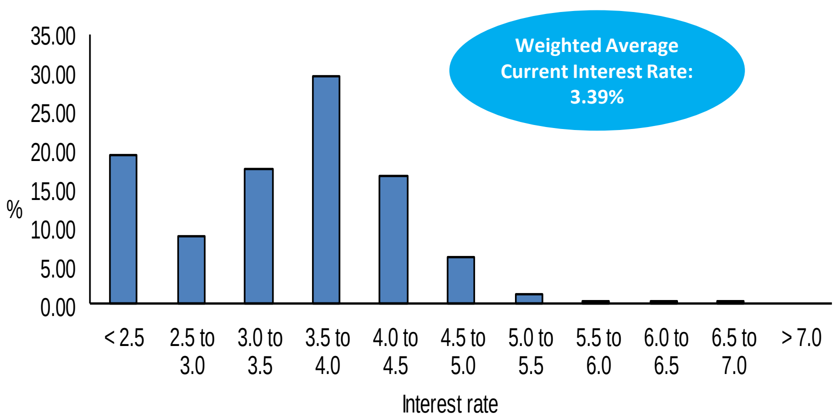
FINAL MATURITY DATE



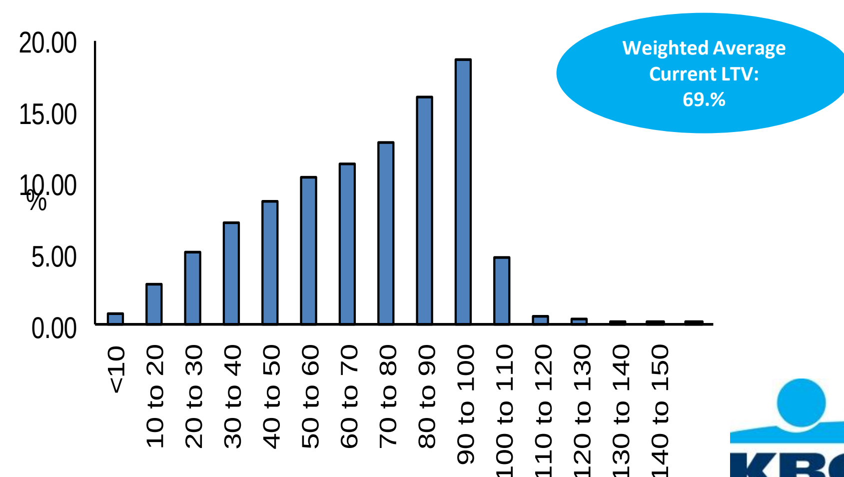
SEASONING



INTEREST RATE



CURRENT LTV



Appendices

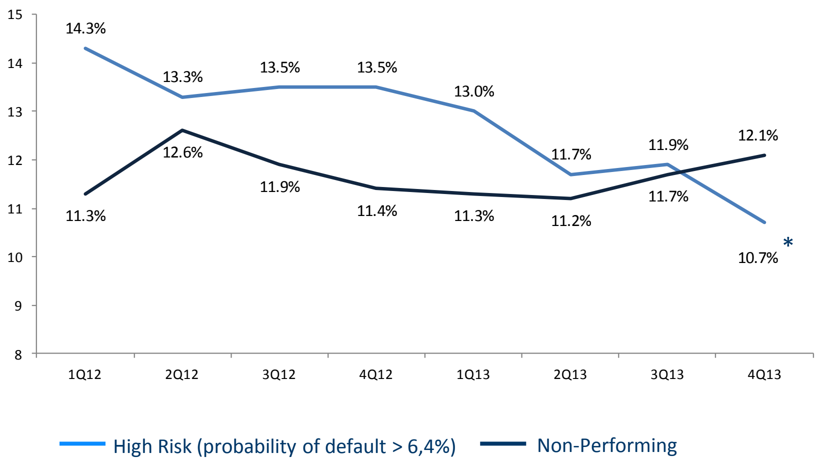
1. KBC 2013/14 benchmarks + overview of outstanding benchmarks
2. KBC Bank CDS levels
3. Summary - KBC's covered bond programme
4. Details – selective credit exposure
5. Divestments
6. Summary of government transactions
7. From B2.5 CT1 to fully loaded B3 Common Equity
8. Macroeconomic views

Hungary (1)

HUNGARIAN LOAN BOOK
KEY FIGURES AS AT 31 DECEMBER 2013

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.7bn	6.5%	66%
Retail	2.4bn	18.5%	68%
o/w private	2.0bn	20.9%	68%
o/w companies	0.4bn	7.0%	63%
TOTAL	**5.1bn**	**12.1%**	**67%**

PROPORTION OF HIGH RISK AND NPLS



* Decline in high-risk portfolio (PD8-10) is due to the increasing share of both low-risk (PD1-7) and non-performing (PD11-12) portfolios

- 4Q13 **net result** at the K&H Group amounted to 16m EUR including impact of reassessment of loan portfolio (-21m EUR pre-tax and -17m EUR post-tax)
- **YTD net result** amounted to 66m EUR including
  - 'regular' bank tax (-43m EUR post-tax) in 1Q13
  - the additional one-off FTL-related charge (-22m EUR post-tax) in 2Q13
  - impact of reassessment of loan portfolio (-17m EUR post-tax) in 4Q13
- **Loan loss provisions** amounted to 43m EUR in 4Q13 including pre-tax impact of 21m EUR following reassessment of loan portfolio (3Q13: 12m EUR, FY13: 76m EUR)
- The **credit cost ratio** amounted to 1.50% in FY2013 (versus 0.78% in FY2012), excluding the impact of reassessing the portfolio it would have been 1.08%
- **NPL** (PD11-12) increased to 12.1% in 4Q13 from 11.7% in 3Q13, due mainly to a continuous rise in NPL in retail
  - share of PD 10-12 exposure was 15.4% in 4Q13 (after reassessment)

Hungary (2) Loan book reassessment

Mortgage loan portfolio at end 3Q13

PD	Exposure	Impairment	Cover %
PD 1-8	1 078	4	0.4%
PD 9	368	28	7.6%
PD 10	0	0	-
PD 11 -12	350	179	51.1%
TOTAL PD1-12	**1 796**	**211**	

Amounts in m EUR

131m EUR to PD10

Mortgage loan portfolio at end 4Q13 (after reassessing loan book)

PD	Exposure	Impairment	Cover %
PD 1-8	1 071	4	0.4%
PD 9	205	9	4.4%
PD 10	131	35	26.7%
PD 11 -12	363	186	51.2%
TOTAL PD1-12	**1 769**	**233**	

22m EUR, 18m EUR of which impairment charges following reassessment of loan book

- **K&H Bank reassessed its loan book in 4Q13**
- As a result, 131m EUR **performing restructured mortgage loans were moved from PD 9 to PD 10**
- This resulted in an additional impairment of 18m EUR on **mortgage portfolio**
- **For lease and unsecured consumer credit:** extra impairment of 3m EUR
- **In total**, this led to an additional impairment of **21m EUR** in 4Q13
- **Cover ratios**:
  - total impairments (incl. IBNR) **/ PD11-12** exposure: 64% for mortgage portfolio (and 67% for total portfolio)
  - total impairments (incl. IBNR) **/ PD10-12** exposure:
    - 59% for mortgage portfolio (and 60% for total portfolio) before reassessment and
    - 47% for mortgage portfolio (and 53% for total portfolio) after reassessment (due to the combined effect of (i) a higher cover ratio for previously impaired exposure and (ii) a relatively lower cover ratio for newly impaired exposure in view of their inherently better risk characteristics)

Hungary (3)

- **FX MORTGAGES**

  - In December 2013 the **Hungarian Supreme Court (Curia)** delivered its 'law unifying resolution' in order to ensure uniformity in the settlement of FX loan disputes in the courts. This resolution is binding on all courts. The Curia dealt with broad questions regarding FX loans. **The major conclusions:**
    - The consequences of FX rate fluctuations must be borne by the borrower if the bank properly informed its customer of the risk of such fluctuation and its effects on repayments. As a result of FX risks, these contracts do not violate good faith, nor are usurious, impossible to perform or sham. As no grounds for invalidity existed as at the date of the conclusion of the contract, these **contracts are valid**.
    - Changes following the conclusion of the contract cannot invalidate it. The courts may not in general amend contracts as a general means for solving economic and social issues.
    - If a part in a consumer contract proved to be invalid, the courts should endeavour to uphold the arrangement by an appropriate amendment. In this case, the parties remain bound by the valid clauses of the contract.
  - The Curia has not yet resolved on whether banks gave sufficiently transparent information about unilateral changes to the terms of loan contracts (interest rates, FX spreads and fees). Also it remains to be decided whether the use of different FX rates at disbursement and repayment may be treated as an unfair term in consumer contracts. These issues will be addressed following the ruling of **the European Court of Justice (ECJ)** in a related case (expected in March-April 2014).
  - The **government** said it would wait for the ECJ ruling to address the issue of FX loans, so it is too early to tell what proposal will be passed into law and what it will cost banks.
  - The **size of K&H Bank's FX mortgage portfolio** (gross value):
    - Total Retail FX mortgage: 1.4bn EUR
      - Retail FX housing loans: 0.6bn EUR
      - Retail FX home equity loans: 0.8bn EUR

Hungary (4)

- **FINANCIAL TRANSACTIONAL LEVY**

- The Hungarian Parliament adopted fiscal adjustment measures on 27 June 2013, including
  - a significant increase in the rates for the Financial Transactions Levy (FTL) introduced on 1 January 2013
  - a one-off charge (to compensate shortfall in the FTL in the state budget) which was set to 208% of the FTL payment obligation for the January-April period

- Details of the increased FTL rates came into effect on 1 August 2013:
  - The levy on electronic and paper-based transfers and other non-cash financial transactions was increased to 0.3% from the previous 0.2% (the cap remained unchanged at 6 000 HUF)
  - The levy on cash transactions was raised from 0.3% to 0.6% and the 6 000 HUF cap was abolished
  - Since this had an impact on the cost to banks, it has prompted K&H to readjust its fee structure again. The gross amount of the levy was 51m EUR pre-tax (41m EUR post-tax) for K&H in FY13

- The one-off charge based on 208% of the FTL obligation for the January-April period had to be paid in four equal instalments in the September-December period. K&H included the full amount of this one-off charge in its books for 2Q13 (27m EUR pre-tax and 22m EUR post-tax)

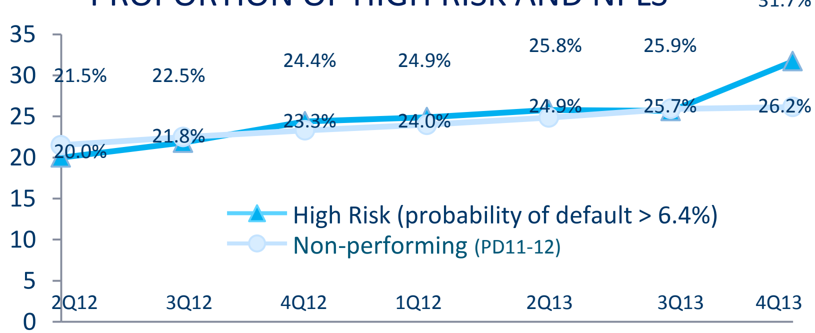
Ireland (1)

IRISH LOAN BOOK
KEY FIGURES AS AT 31 DECEMBER 2013

LOAN PORTFOLIO	OUTSTANDING	NPL	NPL COVERAGE
Owner occupied mortgages	9.1bn	19.9%	55%[1]
Buy to let mortgages	3.0bn	34.7%	65%[1]
SME /corporate	1.5bn	23.7%	123%
Real estate investment Real estate development	1.2bn 0.5bn	31.2% 88.7%	79% 78%
Total	15.3bn	26.2%	68%[1 2]

1. The total NPL coverage ratio amounted to 73% at the end of 4Q13 (54% in 3Q13) taking into account the adjustments for the Mortgage Indemnity Guarantee and Reserved Interest (62% for owner occupied mortgages and 71% for buy to let mortgages, respectively)
2. NPL coverage ratio calculated under the current definition (NPL = PD 11 & 12). If we apply the new definition (NPL = PD 10, 11 & 12), the NPL coverage ratio would amount to 37%

PROPORTION OF HIGH RISK AND NPLS



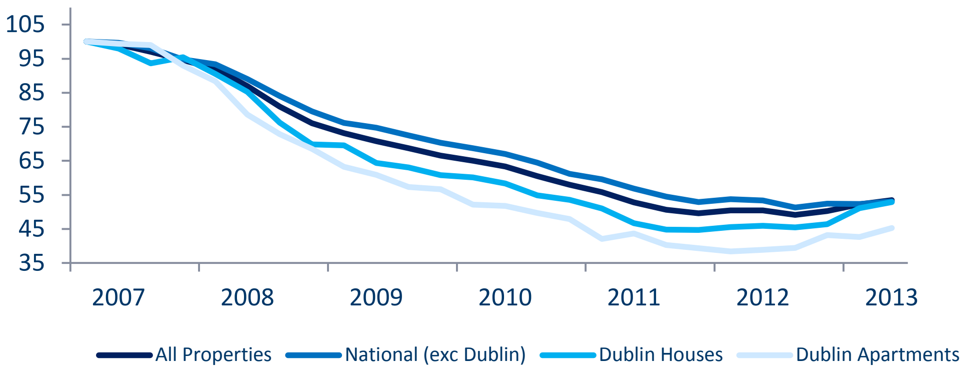
The High Risk portion of loans increased significantly in 4Q13 due to the reassessment of the loan book

- **Loan loss provisions** in 4Q13 of 773m EUR (87m EUR in 4Q12). A significant increase in the quarter, primarily as a result of the reassessment of the KBCI loan book in light of the EBA guidelines issued in October 2013 and the Central Bank of Ireland Impairment Provisioning Guidelines issued May 2013. Net loss in 4Q13 was **766m EUR** (-67m EUR in 4Q12)
- **Signs of an improvement in Irish economic conditions emerged** in the latter part of 2013, with rising employment and better consumer sentiment. Some further improvement is expected to build gradually through 2014
- A more positive trend in transactions and prices in the **residential property market** became established as 2013 progressed. National prices ended the year 6.4% higher, primarily led by strong gains in Dublin of 15.3% over the year, contrasting with a 0.4% decrease in the non-Dublin area. Recent evidence of a turnaround in the **commercial** property market is expected to continue in 2014
- KBCI is proactively engaging with those customers who are experiencing financial difficulty and is implementing its long term Mortgage Arrears Resolution Strategy. As part of this, **KBCI has met the Q4 public target** set by the Central Bank of Ireland
- Continued **successful retail deposit campaign** with gross retail deposit levels increased by c.0.8bn EUR since end 2012 to 2.9bn EUR at end 4Q13 and approx. 6 000 new customer accounts opened in the quarter. **Demand for mortgage products continues to increase** with rising consumer confidence and increased brand awareness
- Following the launch of **personal current accounts** in September 2013, KBCI will shortly introduce complementary consumer finance products, in the form of Credit Cards and Personal Loans. Customer growth is being driven by an expanding digitally led distribution model supported by selective new office locations
- **Local tier-1 ratio** of 12.2% at the end of 4Q13
- Going forward, loan loss provisions are expected to be in the range of 150m-200m EUR for FY14 and 50m-100m EUR for each of FY15 and FY16. Profitability expected from 2016 onwards
- The current definition of Non Performing loans (NPL) being PD11-12 will be reviewed in 2014 in the context of the draft October 2013 EBA paper and May 2013 Central Bank of Ireland Impairment Provisioning and Disclosure Guidelines. Based on this reviewed definition, the NPL coverage ratio will drop substantially

Ireland (2) Key indicators show signs of stabilisation

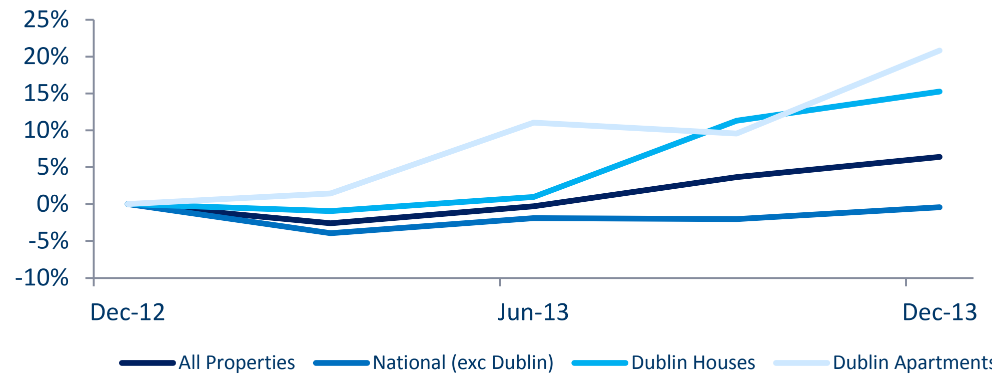
RESIDENTIAL PROPERTY PRICES SHOWING CONTINUED SIGNS OF STABILISATION

% Change in Property Price - From Peak



Source: Irish Residential Property Prices - CSO Index

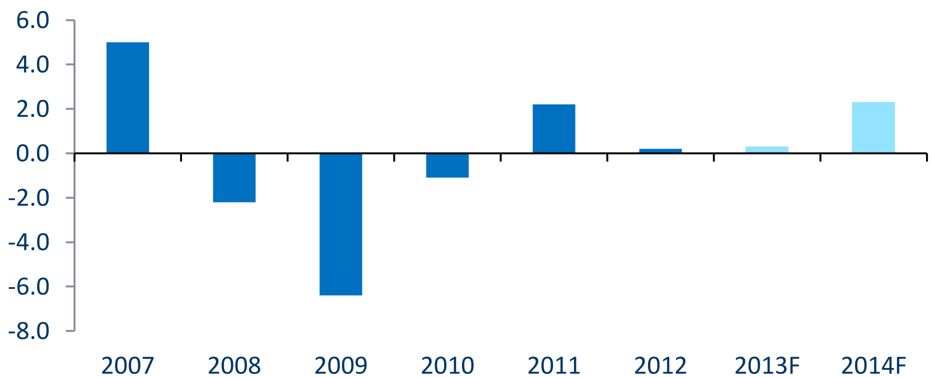
% Change in Property Prices - 2013 Only



Source: Irish Residential Property Prices - CSO Index

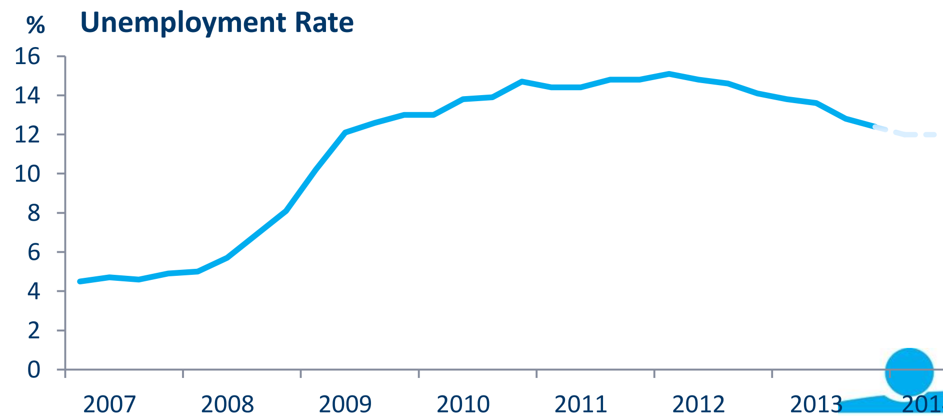
CONTINUING TENTATIVE SIGNS OF **GDP GROWTH**

GDP %



UNEMPLOYMENT RATE DECREASED SLIGHTLY IN 2013

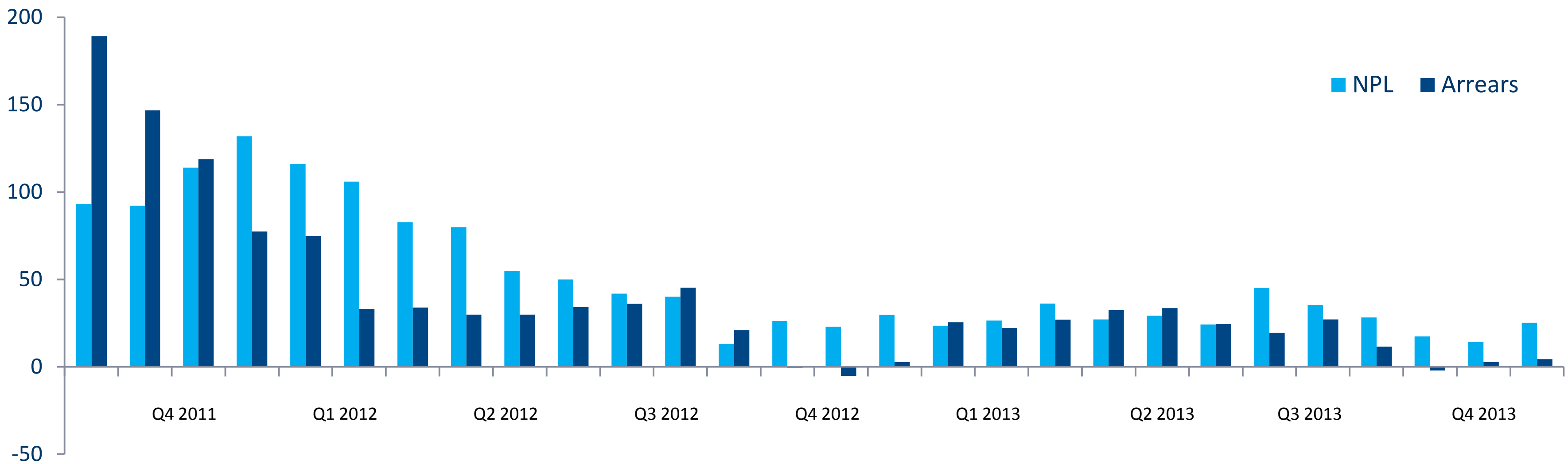
Unemployment Rate



Ireland (3) Key indicators show tentative signs of stabilisation

KBC IRELAND - DECREASING **RESIDENTIAL MORTGAGE ARREARS & NPL**

Arrears and NPL Trend (rolling 3 month average, EUR m)



Ireland (4) Homeloans portfolio

3Q13

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	6,711	16	0.2%
	Of which without restructure	5,894		
	Of which in Live restructure	817		
	PD 9	2,391	125	5.2%
	Of which without restructure	663		
	Of which in Live restructure	1,727		
	PD 10	273	78	28.6%
NPL	PD 11	2,507	710	28.3%
	PD 12	310	155	49.9%
	TOTAL PD1-12	**12,192**	**1,084**	
	Total Impairment/NPL Exposure			*38.5%*
	Total Impairment/NPL Exposure (taking MIG and RI into Account)			*44.8%*

+2.1bn EUR to PD 10

4Q13

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,594	18	0.3%
	Of which without restructure	5,566		
	Of which in Live restructure	28		
	PD 9	1259	91	7.2%
	Of which without restructure	1016		
	Of which in Live restructure	243		
	PD 10	2,413	563	23.3%
NPL	PD 11	2,491	806	32.4%
	PD 12	368	192	52.2%
	TOTAL PD1-12	**12,125**	**1,670**	
	Total Impairment/NPL Exposure			*58.4%*
	Total Impairment/NPL Exposure (taking MIG and RI into Account)			*65.4%*

Amounts in m EUR

+586m EUR increase in accumulated impairment, of which +563m EUR additional charge through P/L

- **2.1bn EUR** of restructured mortgage loans moved **from PD 1-9 (Performing) to PD 10 (Performing, but impaired)**
- The subsequent recalibration of the Probability of Default Model resulted in a significant shift in exposures from the PD1-8 to the PD9 portfolio
- **Only 0.3bn EUR** of loans in Live restructure are left in PD 1-9

Ireland (5) Corporate loan portfolio

3Q13

	PD	Exposure	Impairments	Cover %
PERF.	PD 1-8	1,111	4	0.4%
	PD 9	358	13	3.5%
	PD 10	637	193	30.3%
NPL	PD 11	491	238	48.4%
	PD 12	708	443	62.6%
	TOTAL PD1-12	**3,305**	**891**	
	Total Impairment/NPL Exposure			*74.3%*

Amounts in m EUR

+0.26bn EUR in PD 10

4Q13

	PD	Exposure	Impairments	Cover %
PERF.	PD 1-8	1050	24	2.3%
	PD 9	72	11	14.9%
	PD 10	895	346	38.7%
NPL	PD 11	482	231	48.0%
	PD 12	656	439	66.9%
	TOTAL PD1-12	**3,155**	**1,052**	
	Total Impairment/NPL Exposure			*92.4%*

+161m EUR increase in accumulated impairment, of which +210m EUR additional charge through P/L

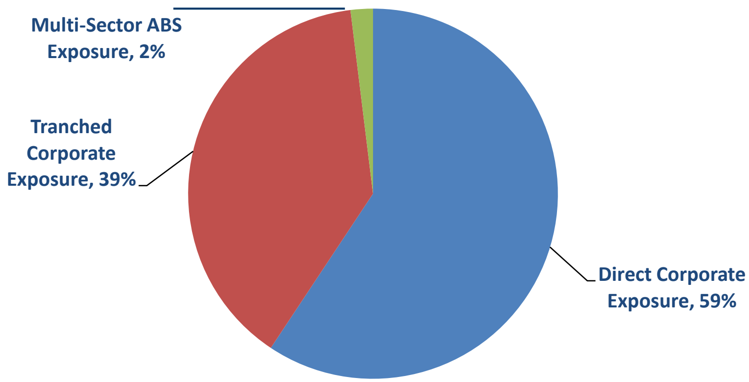
- Due to a more prudent outlook on future cashflows and collateral values (given the slower than expected recovery in Ireland), **0.3bn EUR** corporate loans were reclassified **from PD 9 to PD 10** and the impairments on impaired loans were increased
- An impairment charge of 210m EUR was recognised on the Corporate portfolio in 4Q13. Offsetting reductions of 49m EUR in the accumulated impairment included 44m EUR of write-offs relating to exited loans

KBC

Breakdown of KBC's CDOs originated by KBC FP

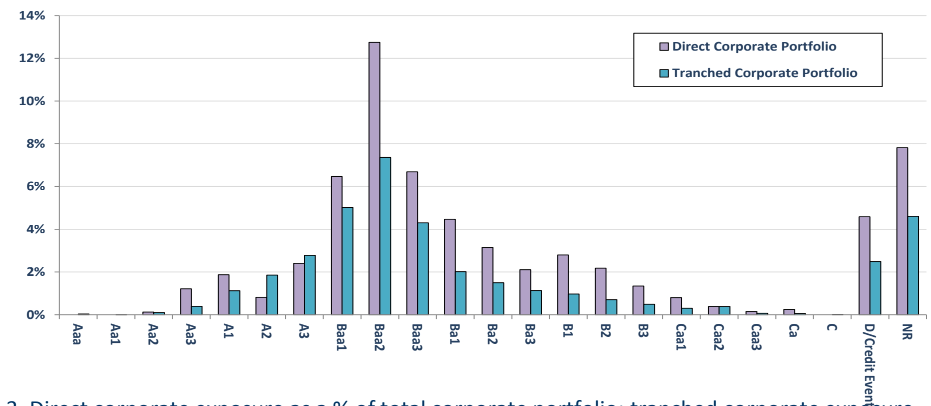
(figures as of 7 January 2014)

BREAKDOWN OF ASSETS UNDERLYING KBC'S CDOS ORIGINATED BY KBC FP[1]



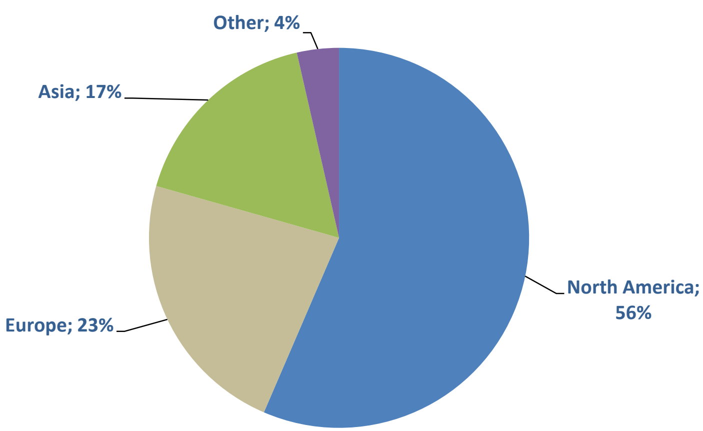
1. as % of total current deal notional, after settled credit events

CORPORATE BREAKDOWN BY RATINGS [3]



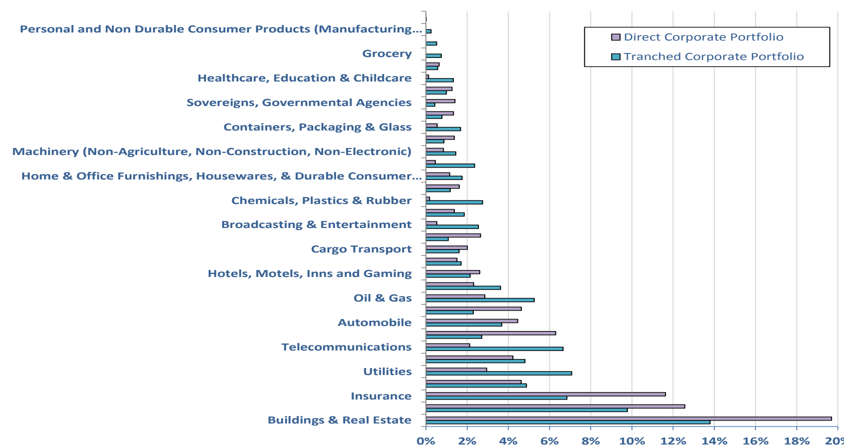
3. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody's ratings.

CORPORATE BREAKDOWN BY REGION[2]



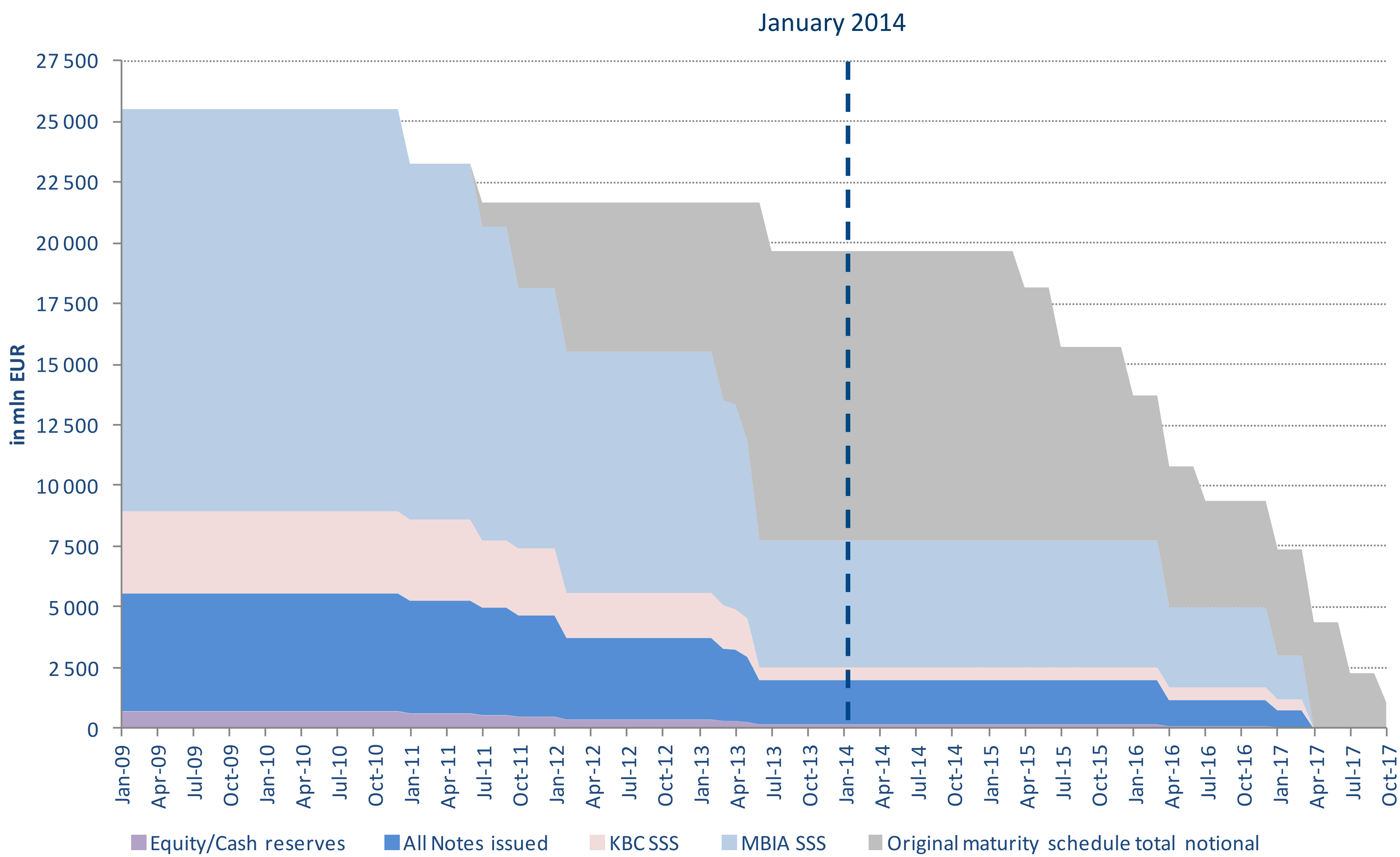
2. Direct and tranched corporate exposure as a % of the total corporate portfolio

CORPORATE BREAKDOWN BY INDUSTRY [4]



4. Direct corporate exposure as a % of total corporate portfolio; tranched corporate exposure as a % of total corporate portfolio. Figures based on Moody's ratings.

Maturity schedule of the CDOs issued by KBC FP

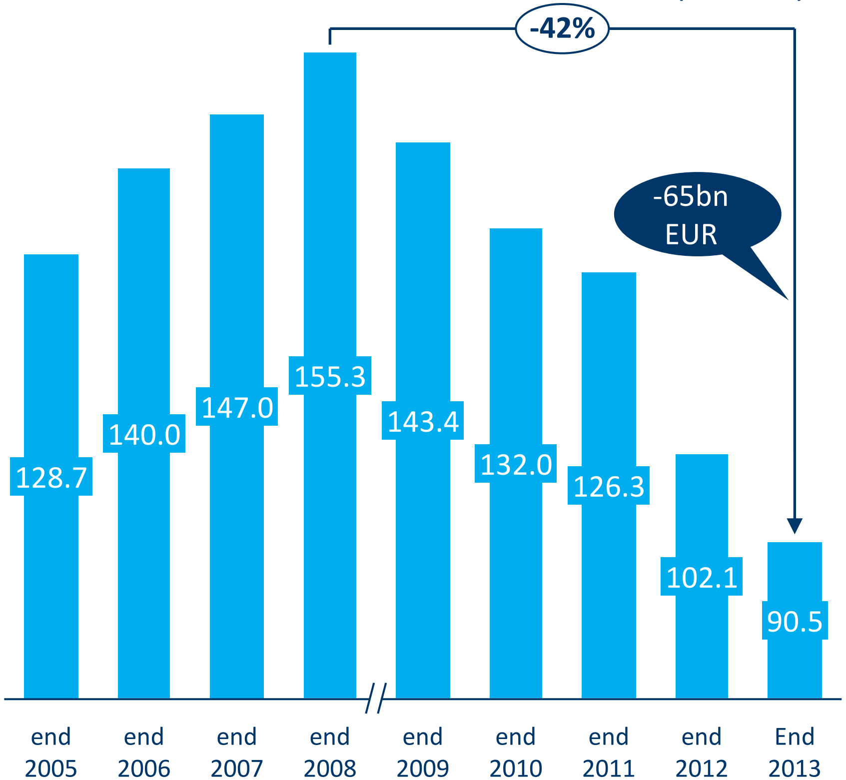


Appendices

RWA reduced by more than initially planned

- **42% reduction in risk weighted assets between the end of 2008 and 2013** due mainly to divestment activities
  - Further progress on divestments: we have signed an agreement to sell Antwerp Diamond Bank
  - The increase of 0.3bn EUR in RWA during 4Q13 was attributable entirely to the Belgium Business Unit (+2.0bn EUR, e.g. due to the 5% extra risk weighting for Belgian mortgages and SME & corporate model reviews), partly offset by the Group Centre (-0.9bn EUR, mainly at legacy portfolios) and the Czech Republic Business Unit (-0.6bn EUR thanks to depreciation of CZK)

KBC GROUP RISK WEIGHTED ASSETS (bn EUR)



SELECTED DIVESTMENTS	
KBC FP Convertible Bonds	✓
KBC FP Asian Equity Derivatives	✓
KBC FP Insurance Derivatives	✓
KBC FP Reverse Mortgages	✓
KBC Peel Hunt	✓
KBC AM in the UK	✓
KBC AM in Ireland	✓
KBC Securities BIC	✓
KBC Business Capital	✓
Secura	✓
KBC Concord Taiwan	✓
KBC Securities Romania	✓
KBC Securities Serbia	✓
Organic wind-down of international MEB loan book outside home markets	✓
Centea	✓
Fidea	✓
Warta	✓
KBL European Private Bankers	✓
Zagiel	✓
Kredyt Bank	✓
NLB	✓
Absolut Bank	✓
KBC Banka	✓
KBC Bank Deutschland	Signed
Antwerp Diamond Bank	Signed

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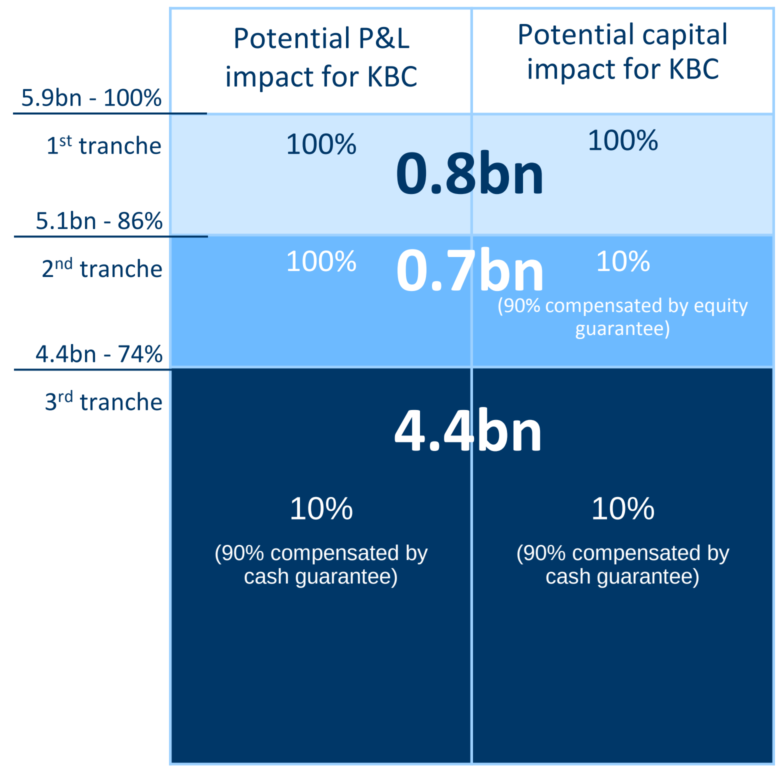
Summary of government transactions

- STATE GUARANTEE COVERING 5.9BN* EUROS' WORTH OF CDO-LINKED INSTRUMENTS
  - Scope, instrument-by-instrument approach
    - CDO investments that were not yet written down to zero (0.7bn EUR) when the transaction was finalised
    - CDO-linked exposure to MBIA, the US monoline insurer (5.3bn EUR)
  - First and second tranche: 1.5bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 0.6bn EUR (90% of 0.70bn EUR) from the Belgian State
  - Third tranche: 4.4bn EUR, 10% of potential impact borne by KBC

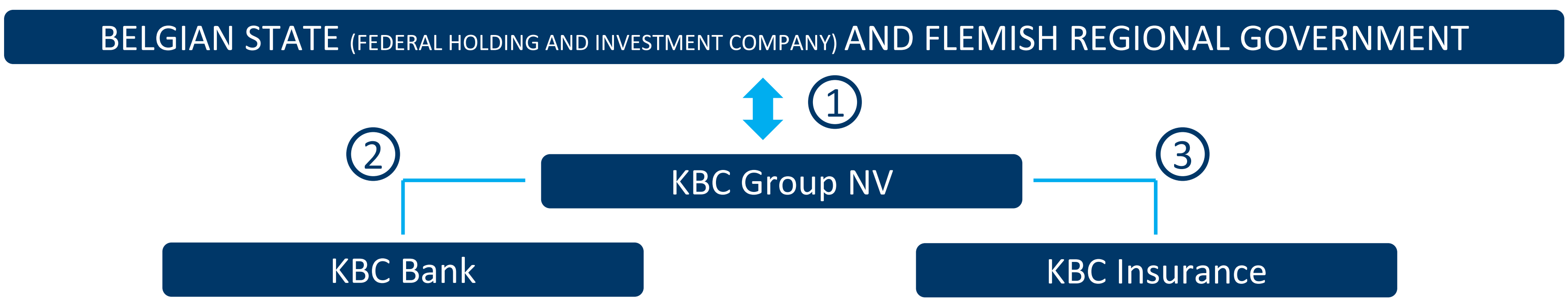


* Excluding all cover for expired, unwound, de-risked or terminated CDO positions and after settled credit events.

Group’s legal structure

- GROUP’S LEGAL STRUCTURE

- OVERVIEW OF CAPITAL TRANSACTIONS WITH THE BELGIAN STATE AND THE FLEMISH REGIONAL GOVERNMENT



1. KBC Group NV Issues 7bn EUR of non-voting core-capital instruments to the Belgian State (3.5bn EUR) and the Flemish Regional Government (3.5bn EUR) - ***(Instruments to the Belgian State fully repaid in 2012. At 3 July 2013 1.17bn EUR and at 8 January 2014 0.33bn EUR of principal amount (+50% penalty) of instruments repaid to the Flemish Regional Government*)**
2. Subscription to new ordinary shares of KBC Bank for a total of 5.5bn EUR
3. Subscription to new ordinary shares of KBC Insurance for a total of 1.5bn EUR

Structure of received State aid

- ORIGINALLY, 7BN EUR WORTH OF CORE CAPITAL SECURITIES SUBSCRIBED BY THE BELGIAN FEDERAL AND FLEMISH REGIONAL GOVERNMENTS

	BELGIAN STATE	FLEMISH REGION
Amount	3.5bn	3.5bn
Instrument	Perpetual fully paid up new class of non-transferable securities qualifying as core capital	
Ranking	Pari passu with ordinary stock upon liquidation	
Issuer	KBC Group Proceeds used to subscribe ordinary share capital at KBC Bank (5.5bn) and KBC Insurance (1.5bn)	
Issue price	29.5 EUR	
Interest coupon	Conditional on payment of dividend to shareholders The higher of (i) 8.5% or (ii) 120% of the dividend for 2009 and 125% for 2010 onwards Not tax deductible	
Buyback option KBC	Option for KBC to buy back the securities at 150% of the issue price (44.25)	
Conversion option KBC	From December 2011 onwards, option for KBC to convert securities into shares (1 for 1). In that case, the State can ask for cash at 115% (33.93) increasing every year by 5% to the maximum of 150%	No conversion option

Instruments to the Belgian State fully repaid in 2012. At 3 July 2013 1.17bn EUR and at 8 January 2014 0.33bn EUR of principal amount (+50% penalty) of instruments repaid to the Flemish Regional Government

Appendices

1. KBC 2013/14 benchmarks + overview of outstanding benchmarks
2. KBC Bank CDS levels
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4. Details – selective credit exposure
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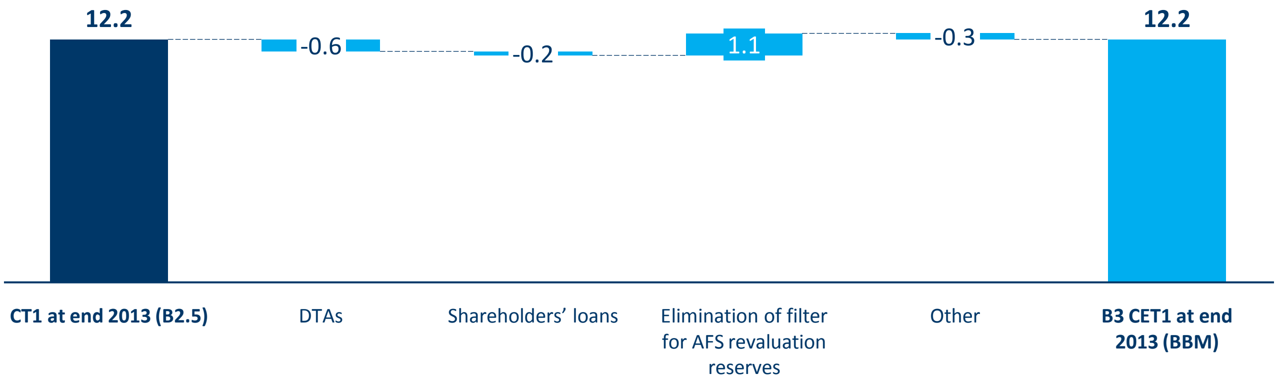
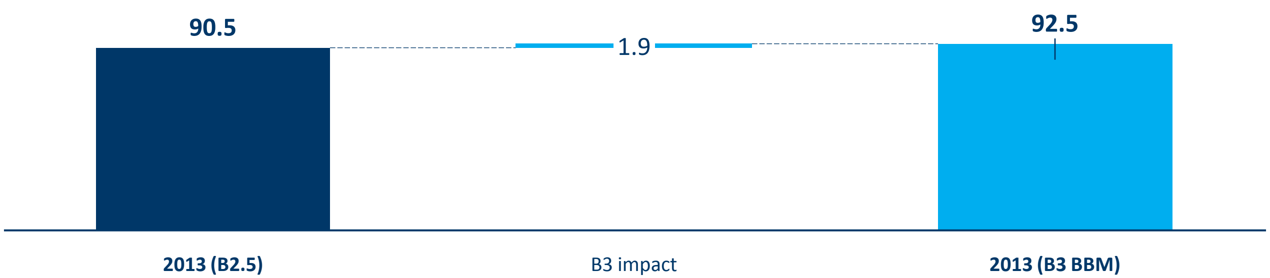
7. From B2.5 CT1 to fully loaded B3 Common Equity
8. Macroeconomic views

Common equity at end 2013 - Fully loaded B3* based on Building Block Method (BBM)

B3 IMPACT AT NUMERATOR LEVEL (BN EUR)



IMPACT ON RWA (BN EUR)



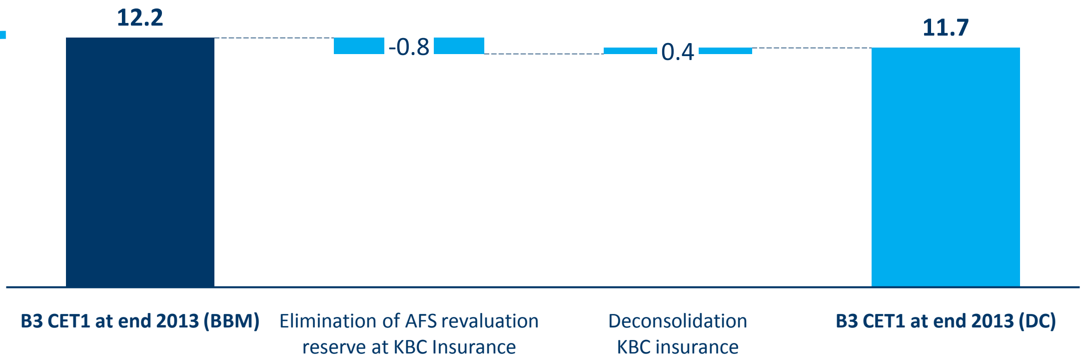
- Fully loaded B3 common equity ratio of approx. 13.2% at end 2013 based on Building Block Method (BBM)
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 1 January 2013

* With remaining State aid included in CET1 as agreed with local regulator

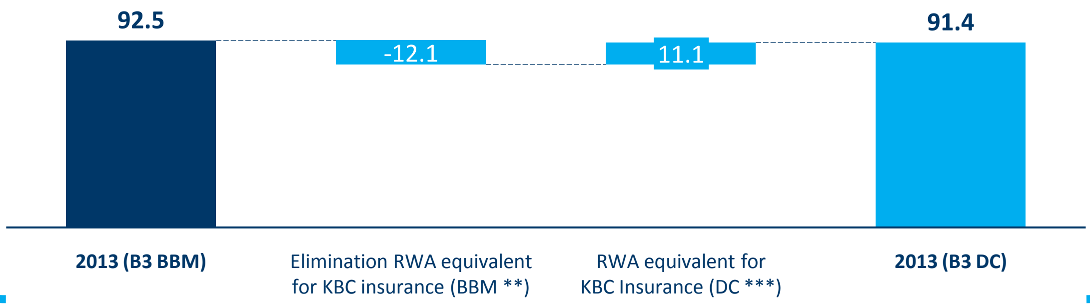
Common equity at end 2013 - Fully loaded B3*
From Building Block Method (BBM) to Danish Compromise (DC)

Fully loaded B3 common equity ratio of approx. 13.2% at end 2013 based on the Building Block Method (BBM)

B3 IMPACT AT NUMERATOR LEVEL (BN EUR)



IMPACT ON RWA (BN EUR)



Fully loaded B3 common equity ratio of approx. 12.8% at end 2013 based on the Danish Compromise (DC)

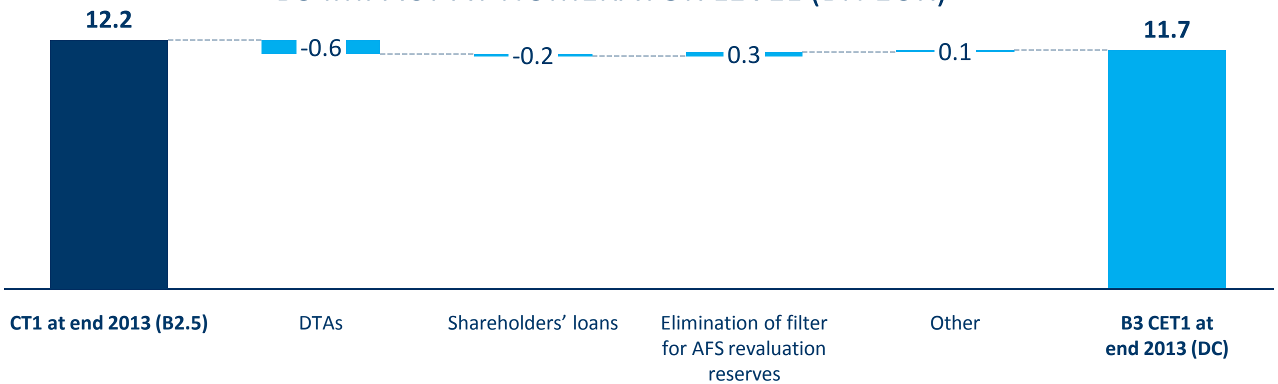
* With remaining State aid included in CET1 as agreed with local regulator

** RWA equivalent for KBC Insurance based on BBM: required solvency capital divided by 8%

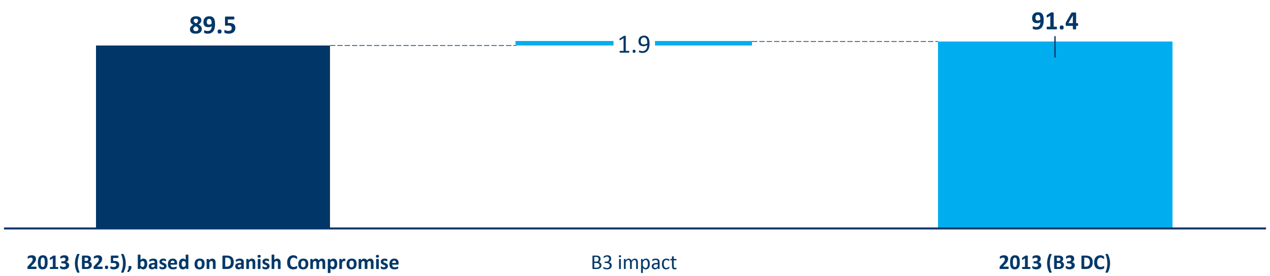
*** RWA equivalent for KBC Insurance based on DC: book value of KBCI multiplied by 370%

Common equity at end 2013 - Fully loaded B3* based on Danish Compromise (DC)

B3 IMPACT AT NUMERATOR LEVEL (BN EUR)



IMPACT ON RWA (BN EUR)

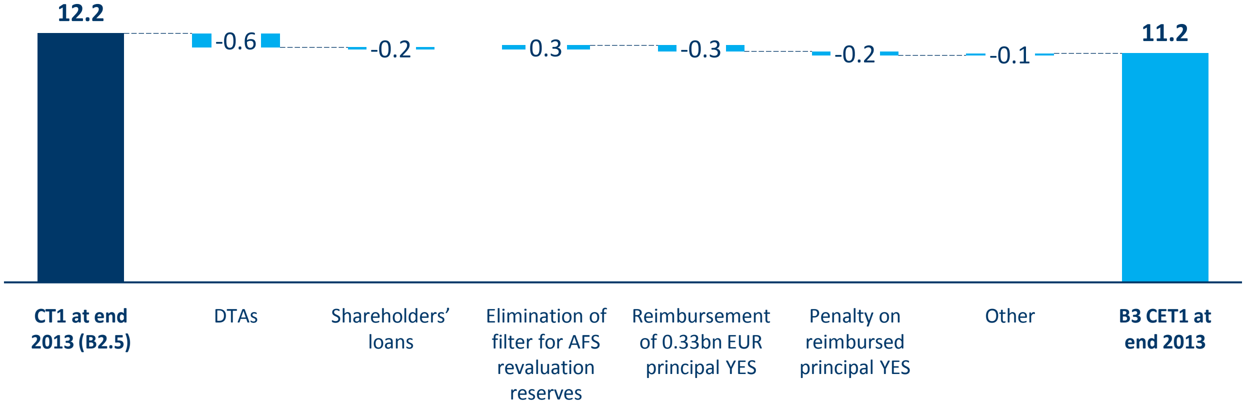


- Fully loaded B3 common equity ratio of approx. 12.8% at end 2013 based on Danish Compromise (DC)
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 1 January 2013

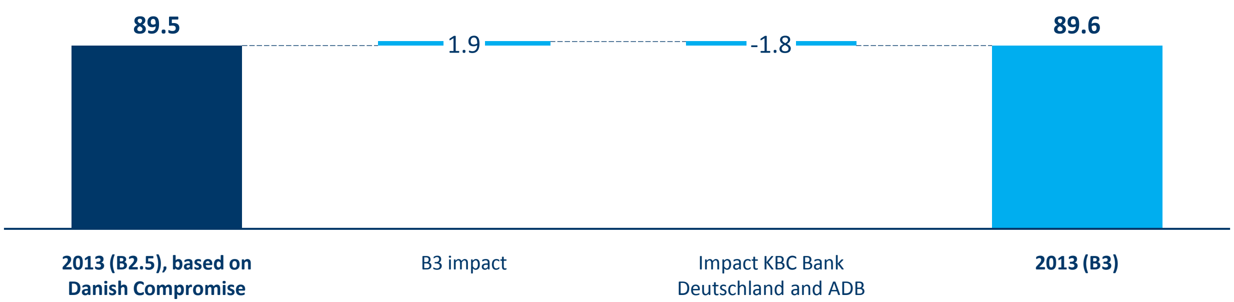
* With remaining State aid included in CET1 as agreed with local regulator

Common equity at end 2013 pro forma - Fully loaded B3* based on Danish Compromise

B3 IMPACT AT NUMERATOR LEVEL (BN EUR)



IMPACT ON RWA (BN EUR)



- Pro forma fully loaded B3 common equity ratio of approx. 12.5% at end 2013 based on Danish Compromise (DC)
- Announced intention to maintain a fully loaded common equity ratio of minimum 10% as of 1 January 2013

* With remaining State aid included in CET1 as agreed with local regulator

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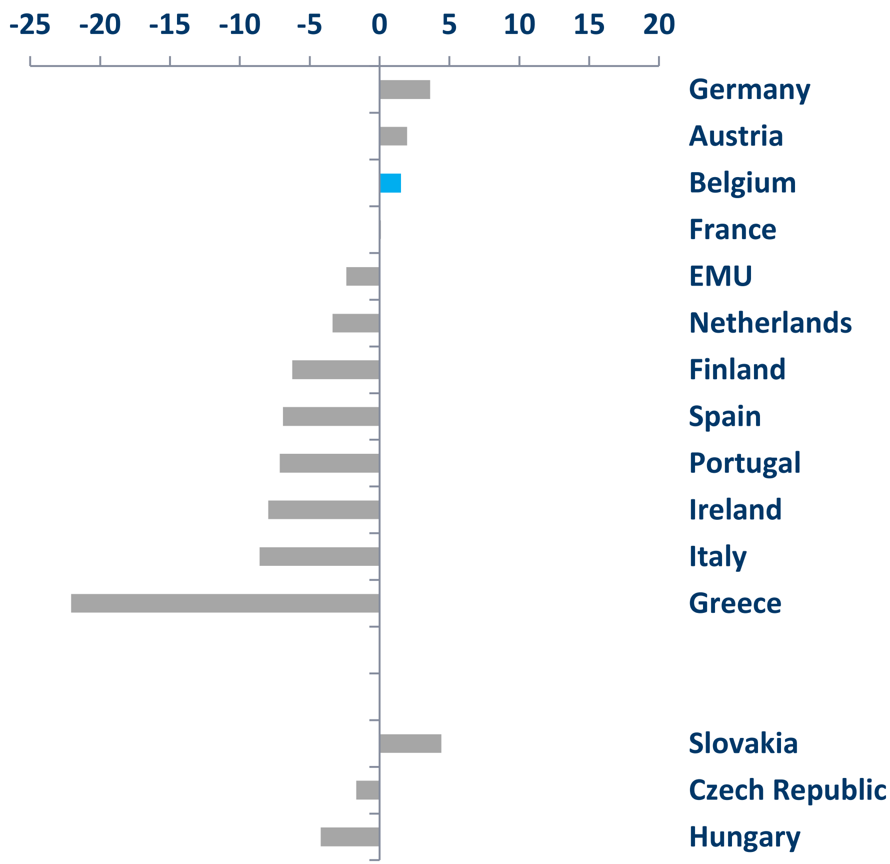
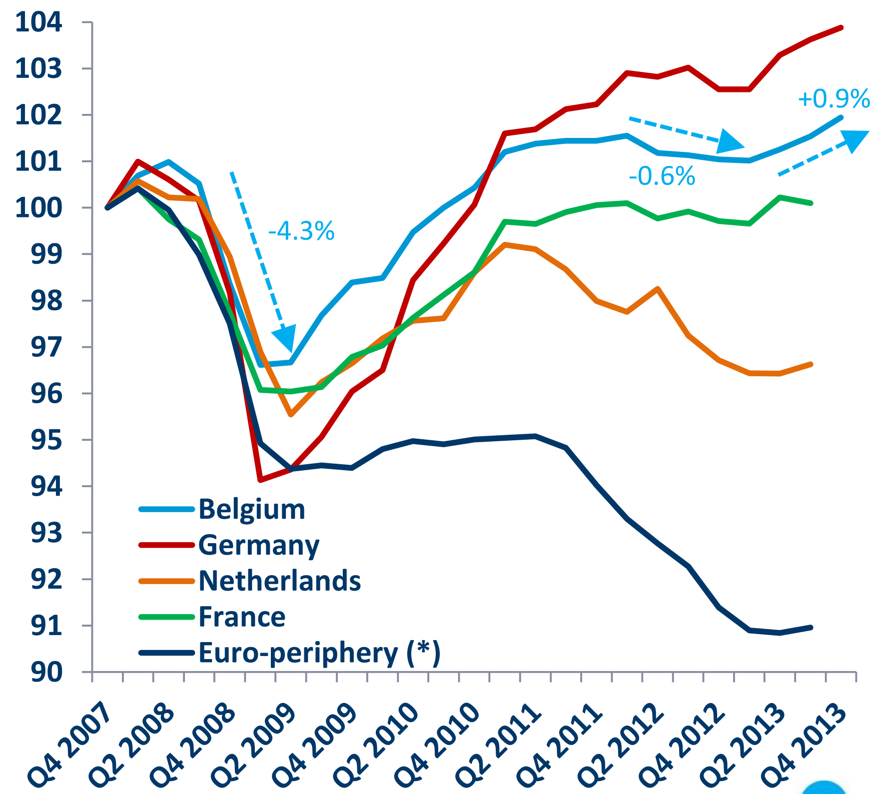
Recovery Belgian economy confirmed by encouraging Q4 2013 growth figure

Belgium weathered the crisis reasonably well
(real GDP Q4 2007 – Q2 2013, %-change)

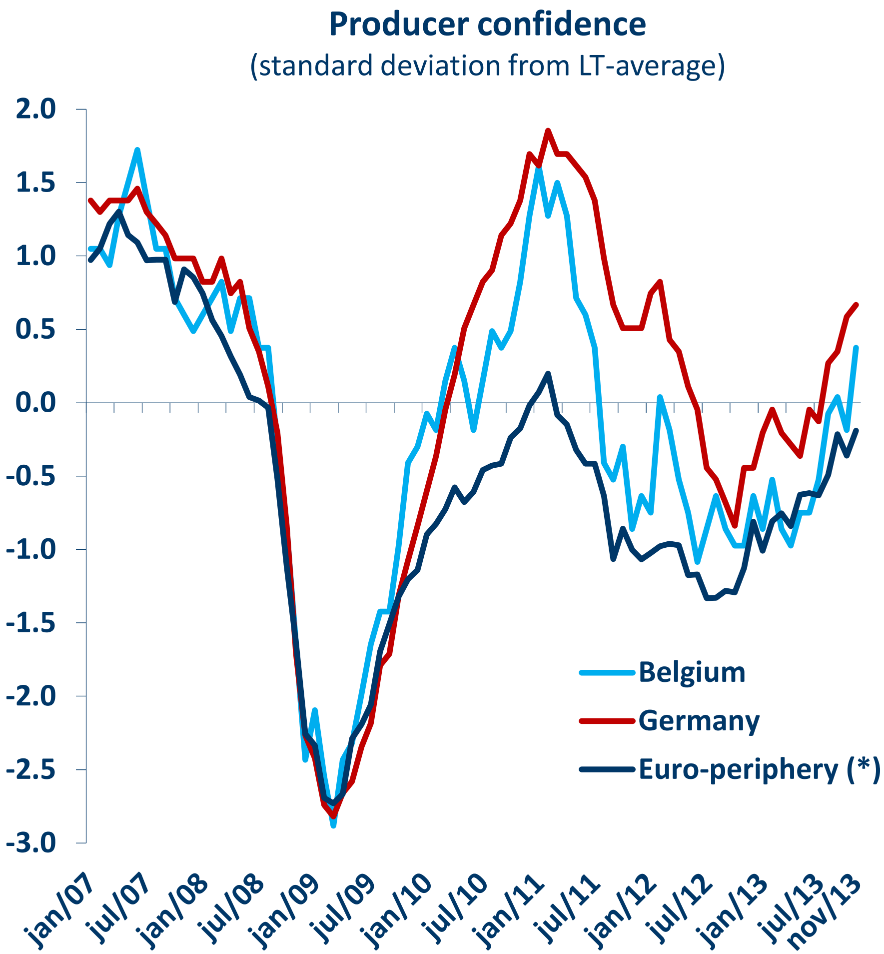


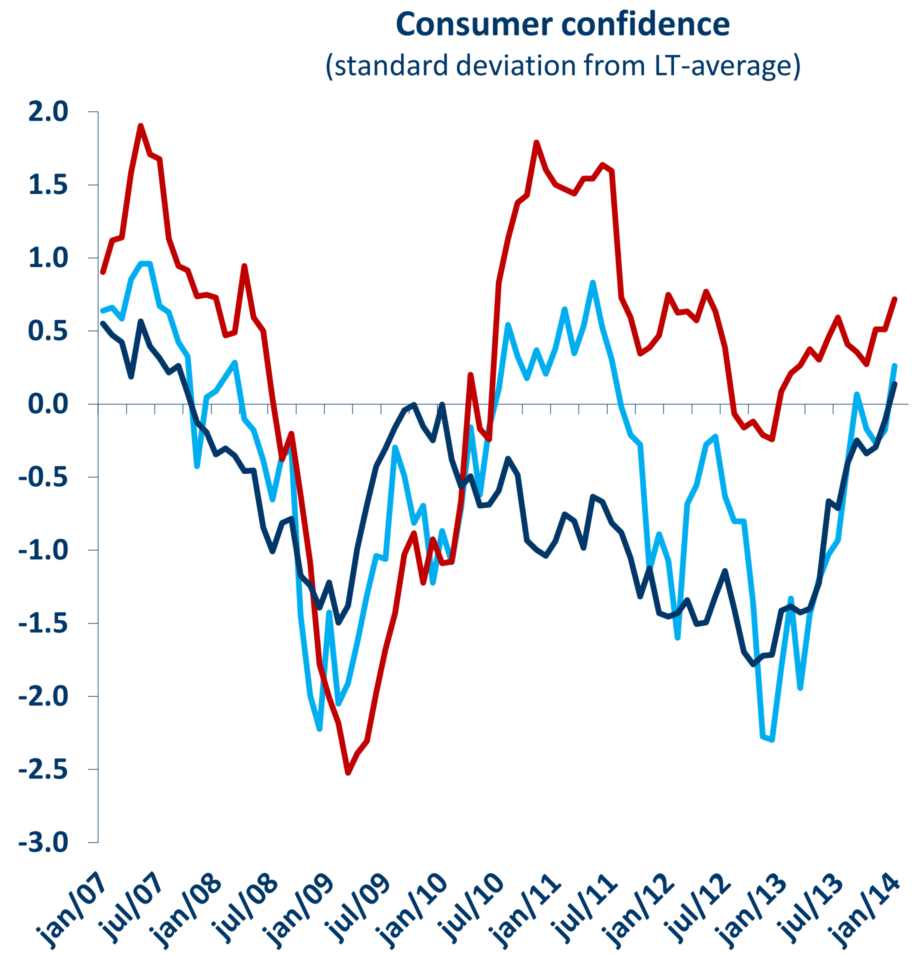
Real GDP
(Q4 2007 = 100)



(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

Marked improvement in producer and consumer sentiment

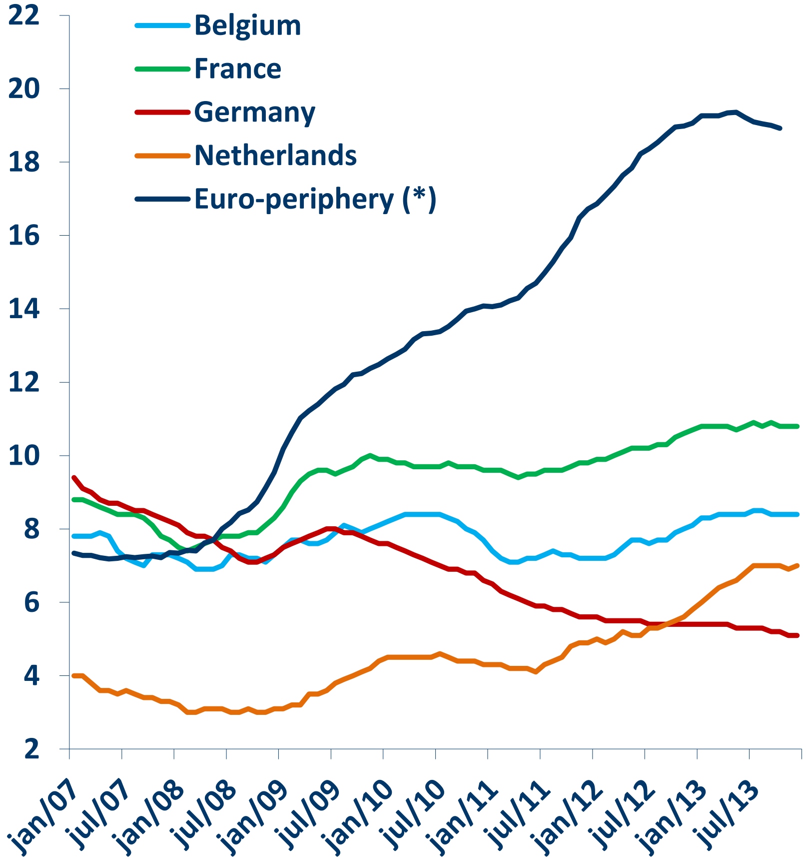




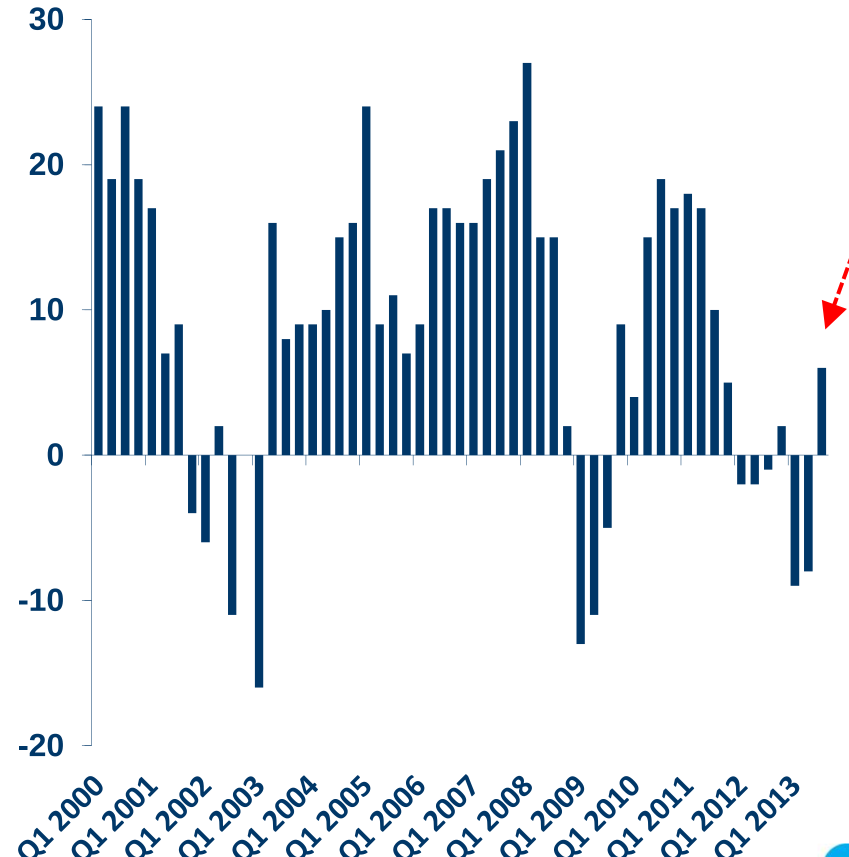
(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

Labour market showing signs of improvement (1/2)

Unemployment rate
(harmonised and seasonally adjusted, in %)



Belgium – Domestic employment
(quarter-on-quarter change, number in '000)

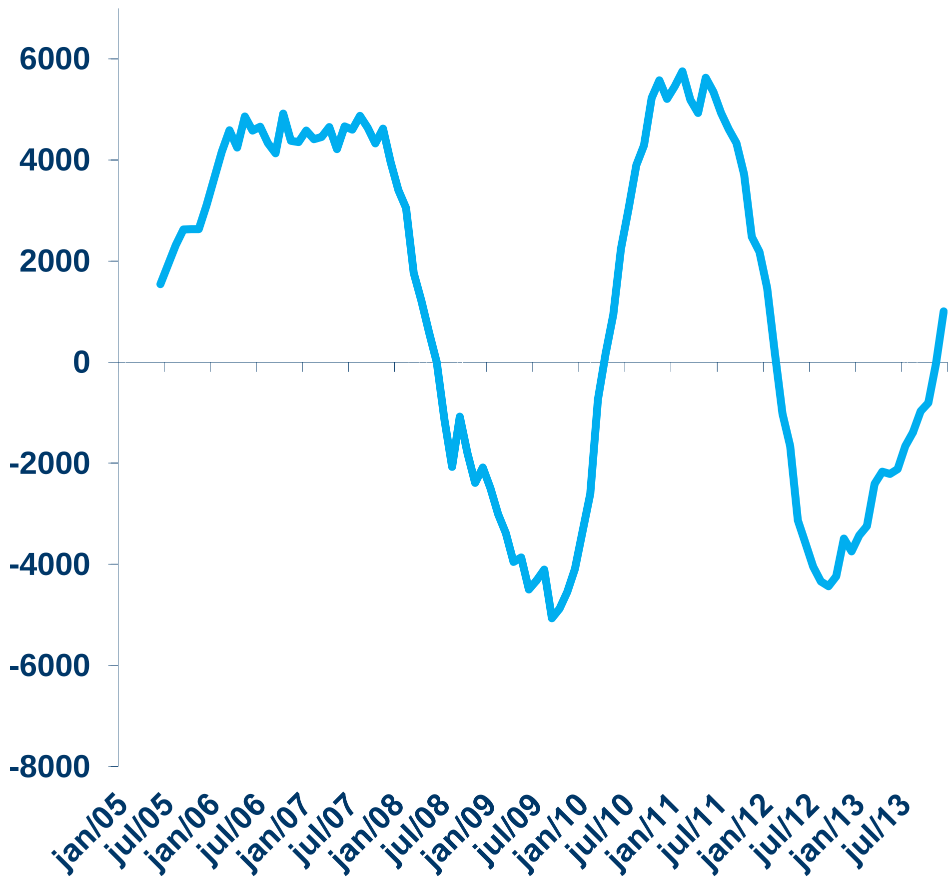


(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

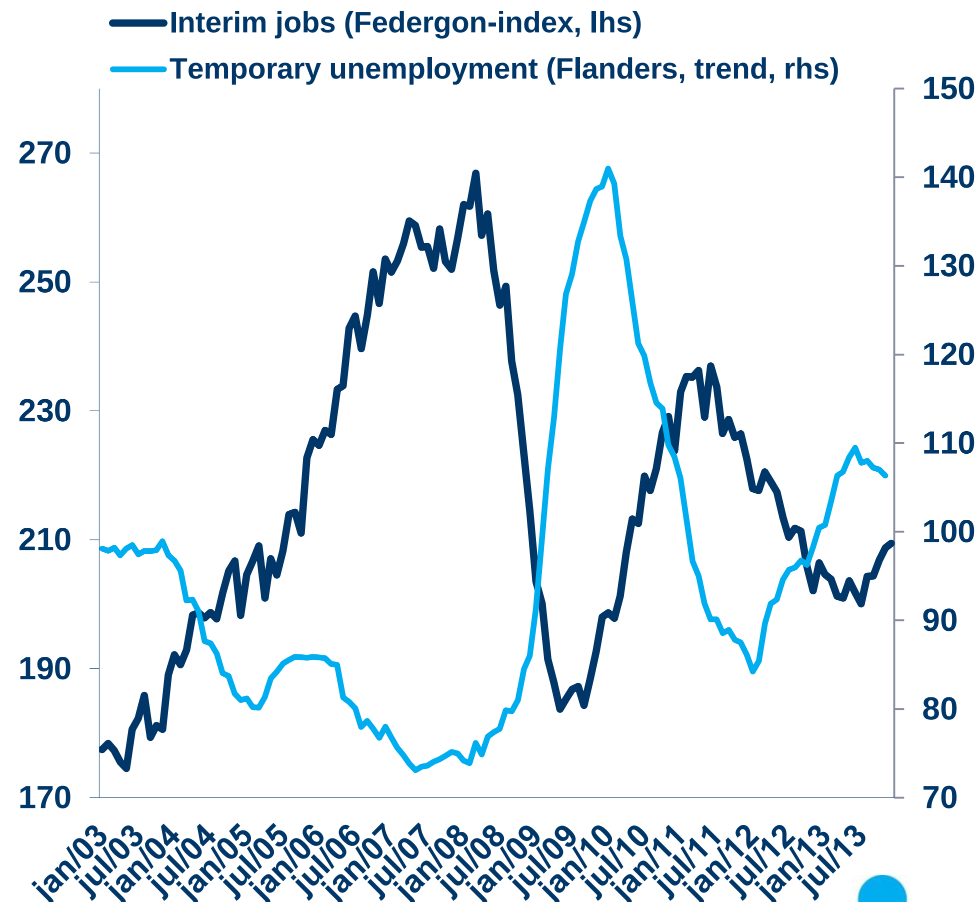
KBC

Labour market showing signs of improvement (2/2)

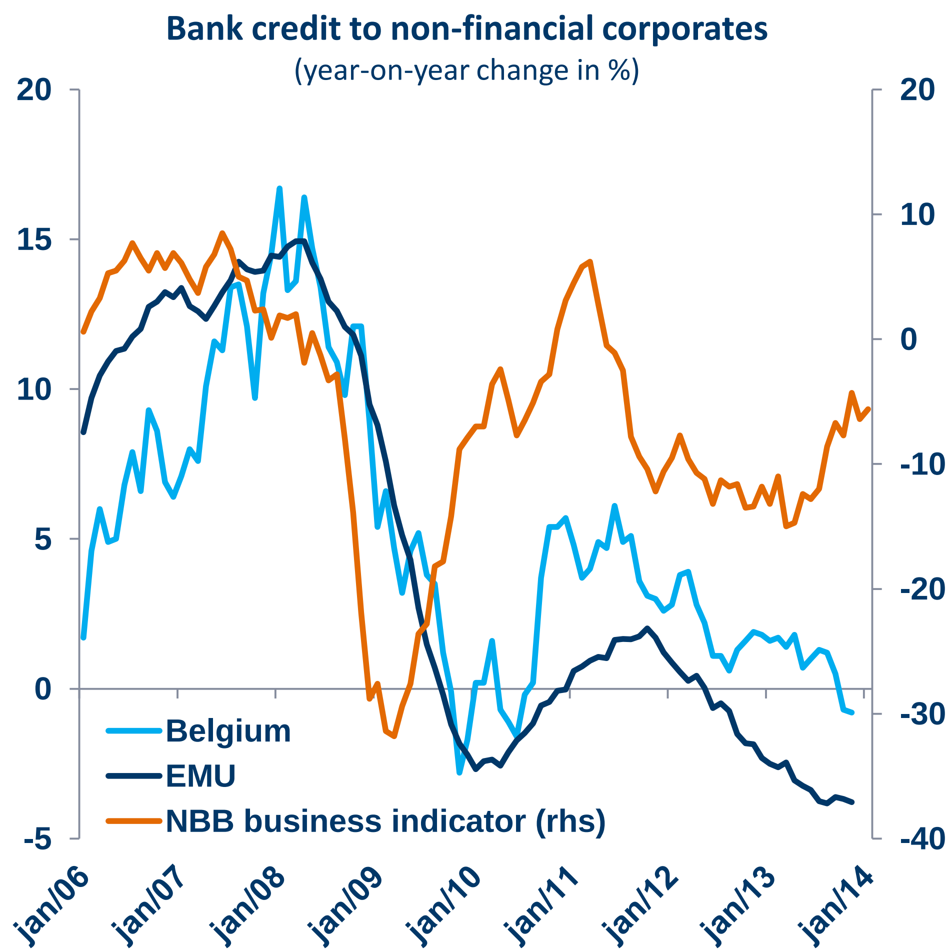
New vacancies
(year-on-year change in ‘000, Flanders, VDAB)

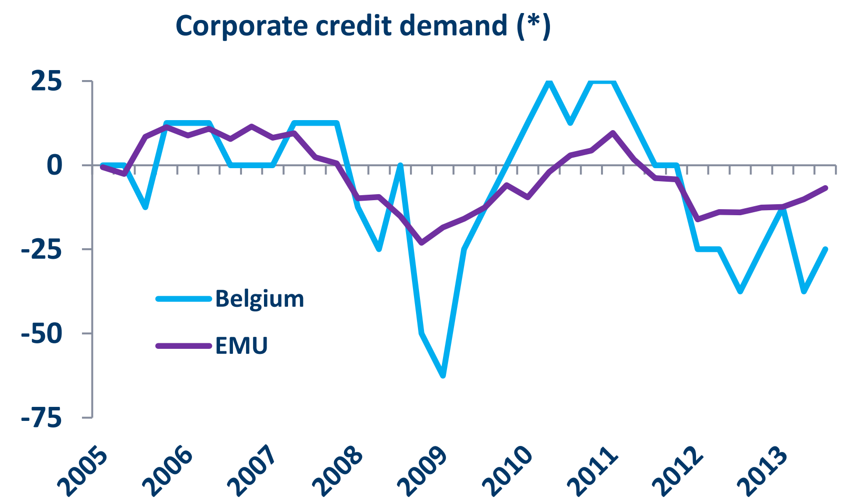


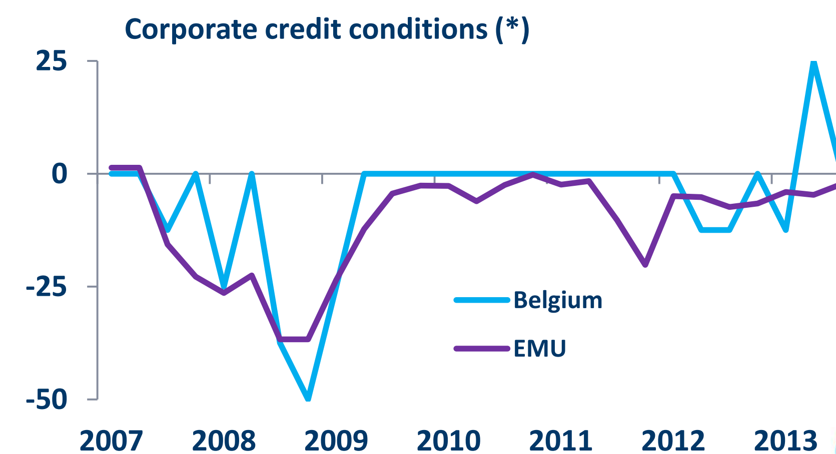
Interim jobs and temporary unemployment



Corporate climate:
weak credit growth due to weak credit demand





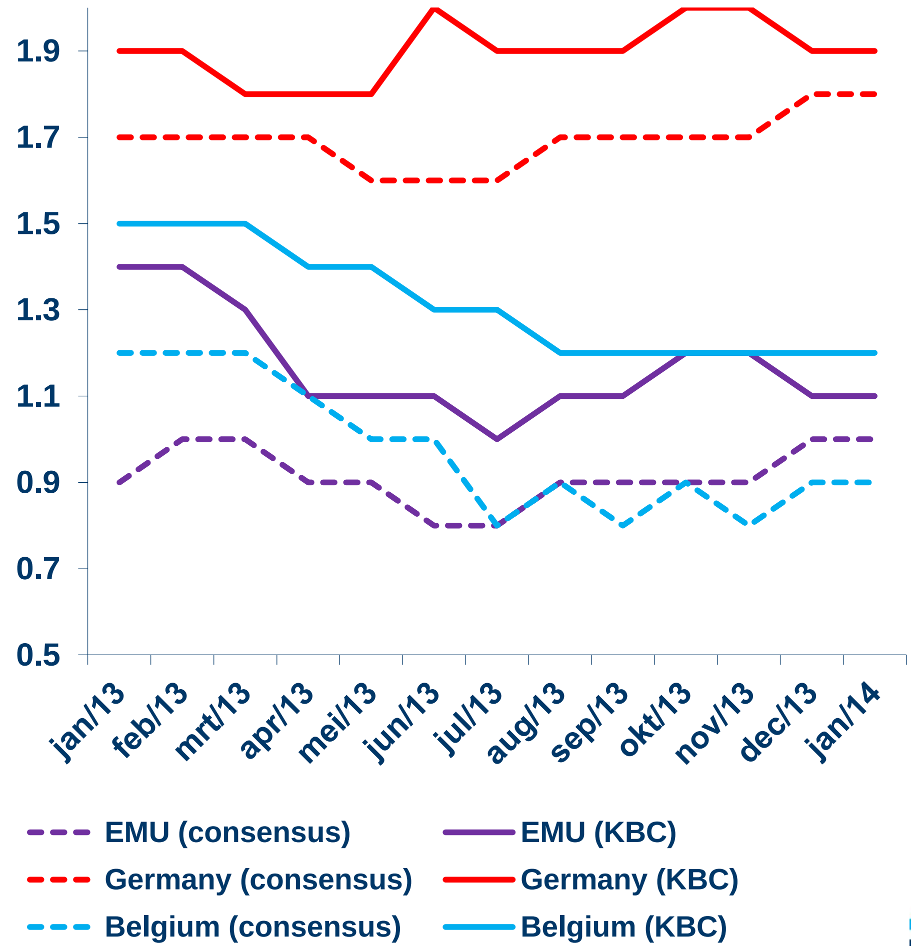


(*) A negative sign indicates at a strengthening of the lending criteria resp. a decline in corporate loan demand (and vice versa)

Growth outlook 2014 & 2015

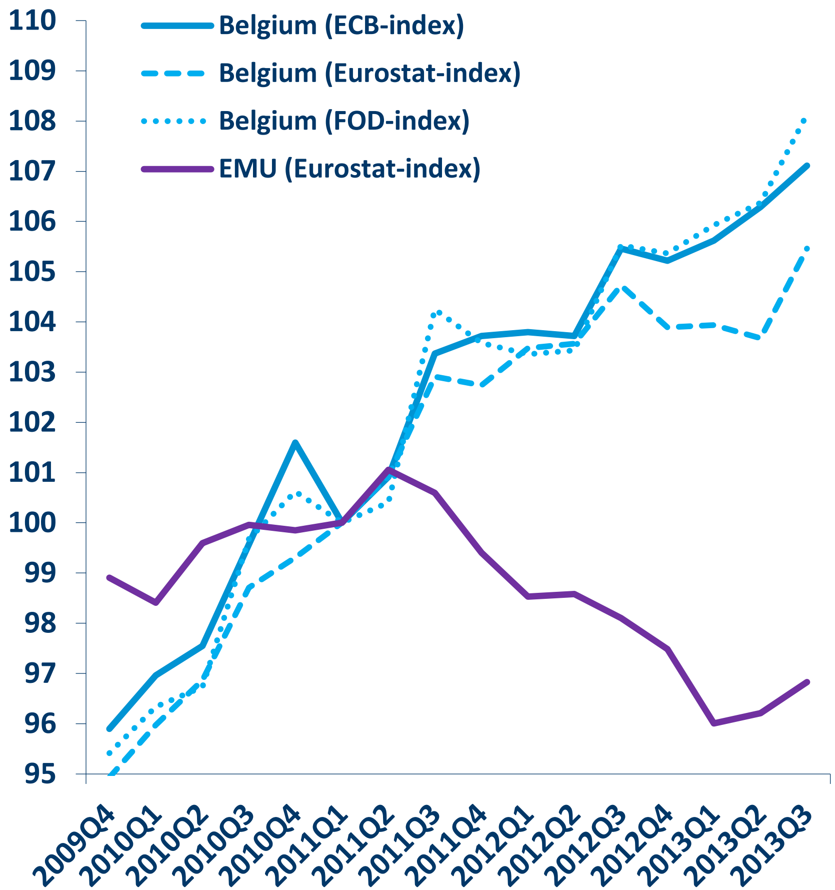
	REAL GDP GROWTH (IN % ; KBC Estimates)		
	2013e	2014e	2015e
US	1.9	2.9	2.9
EMU	-0.4	1.1	1.7
GERMANY	0.5	1.9	2.1
BELGIUM	0.2	1.2	1.4
CZECH REP.	-1.3	1.5	2.5
SLOVAKIA	0.8	1.5	1.7
HUNGARY	1.0	1.8	1.8
BULGARIA	0.5	1.8	2.5
IRELAND	0.3	2.3	3.0

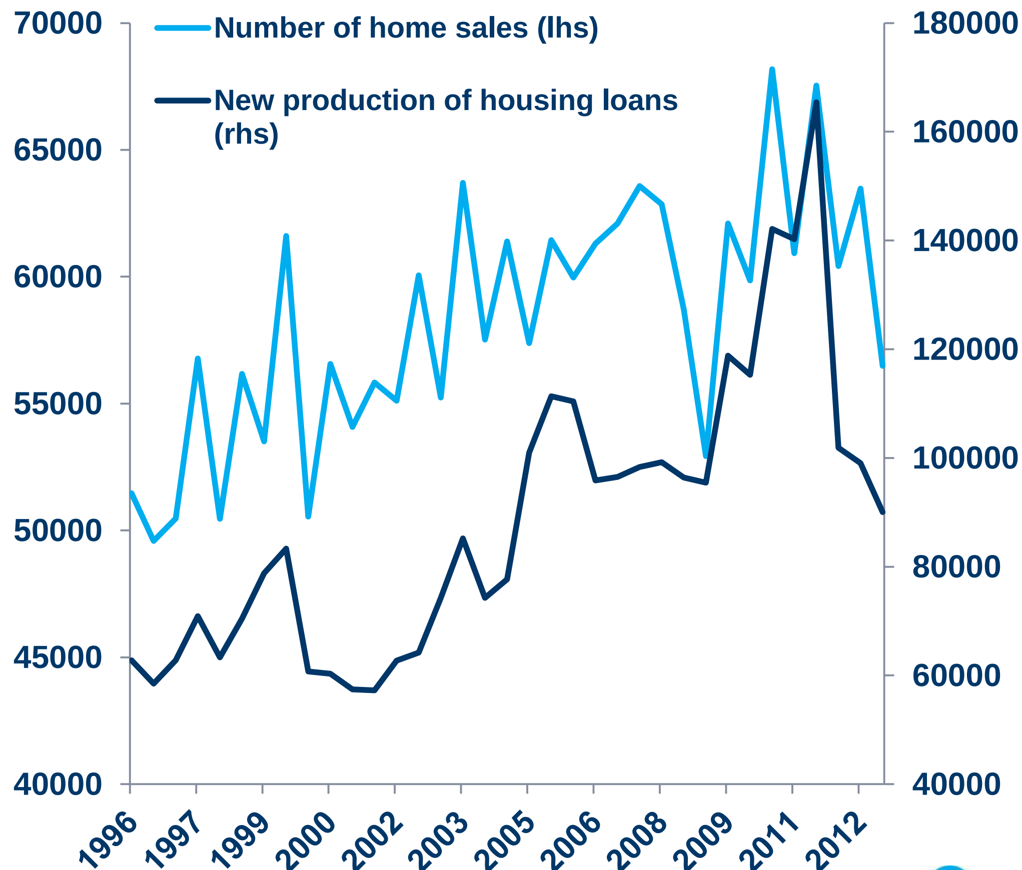
Evolution consensus forecast real GDP growth in 2014 (in %)



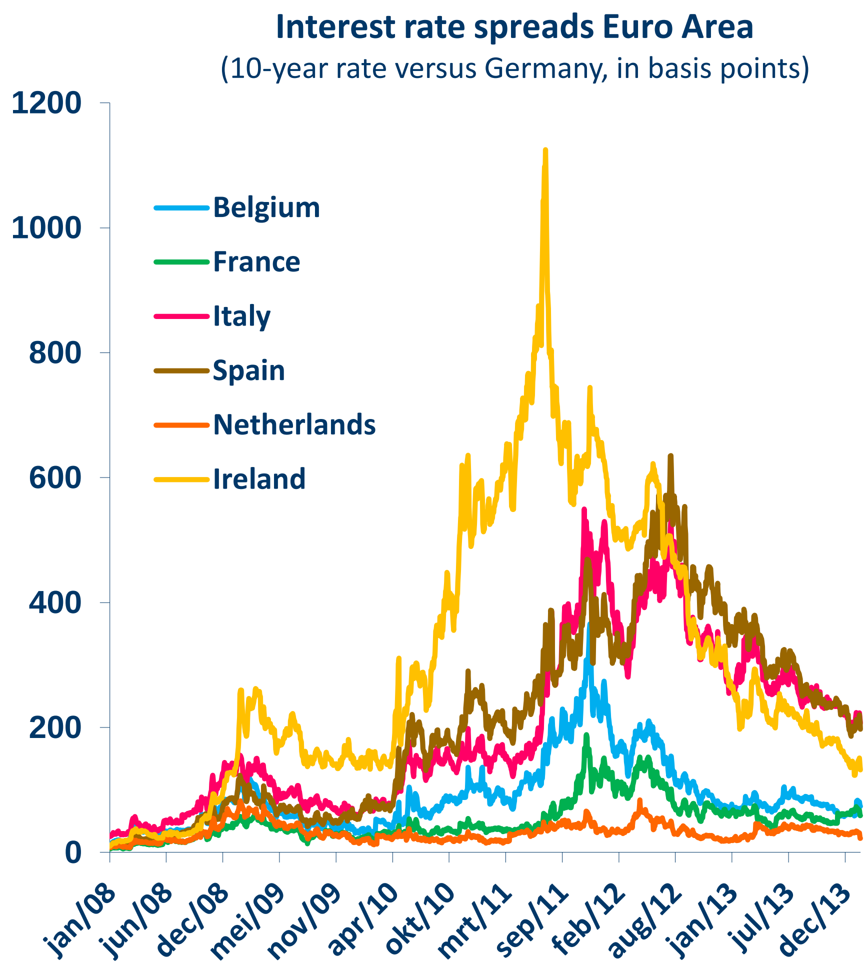
Belgian house sales transactions declining, house prices not (yet) cooling off

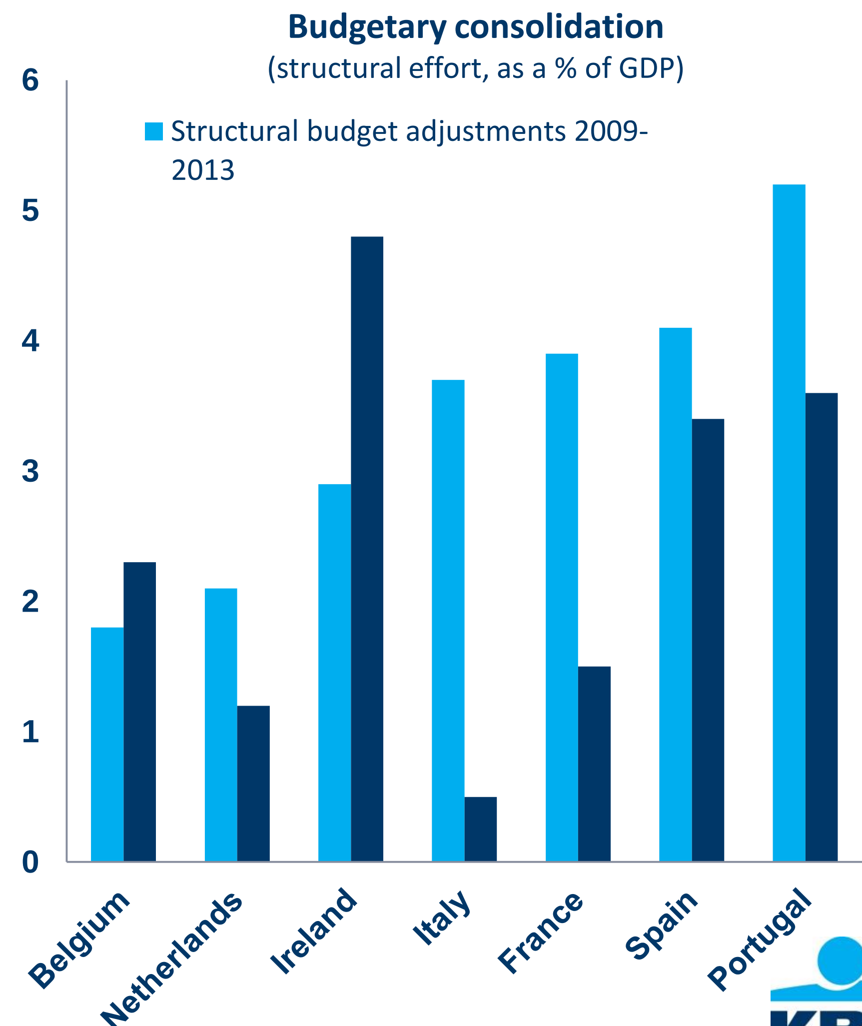
Recent development Belgian property prices
(2011Q1 = 100, all types of dwellings)



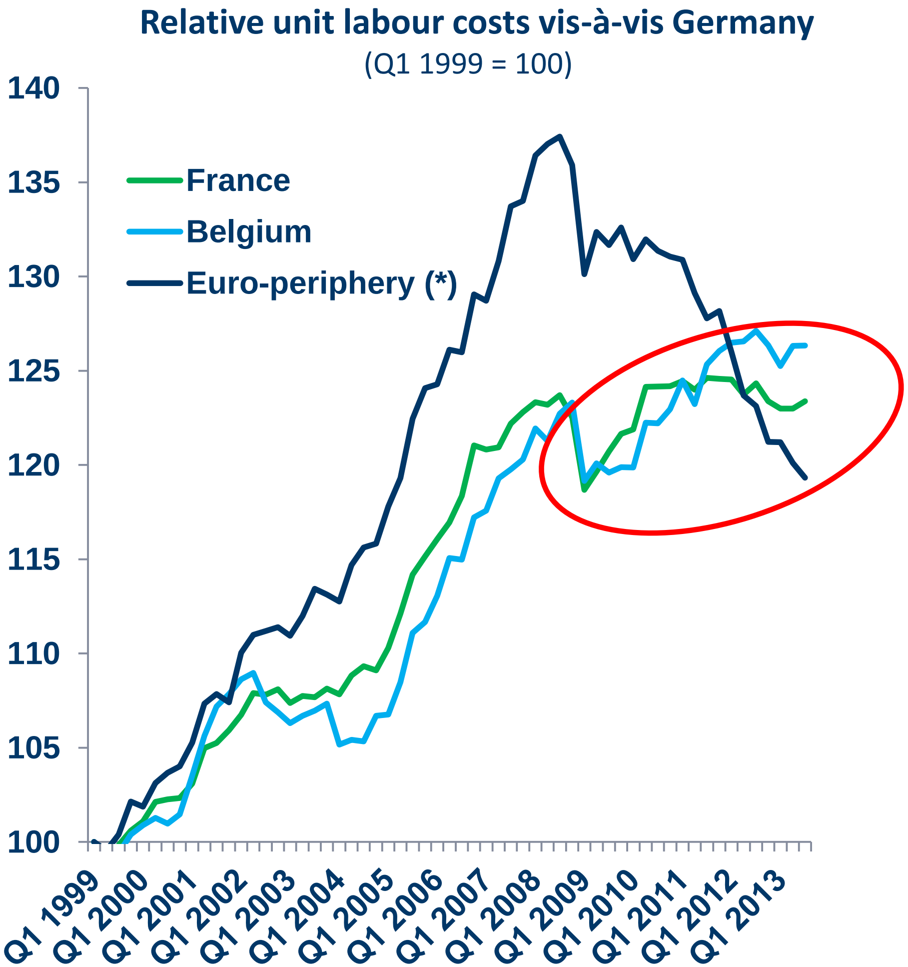


The road of fiscal austerity: still a long way to go





Inflation no longer drag on competitiveness position



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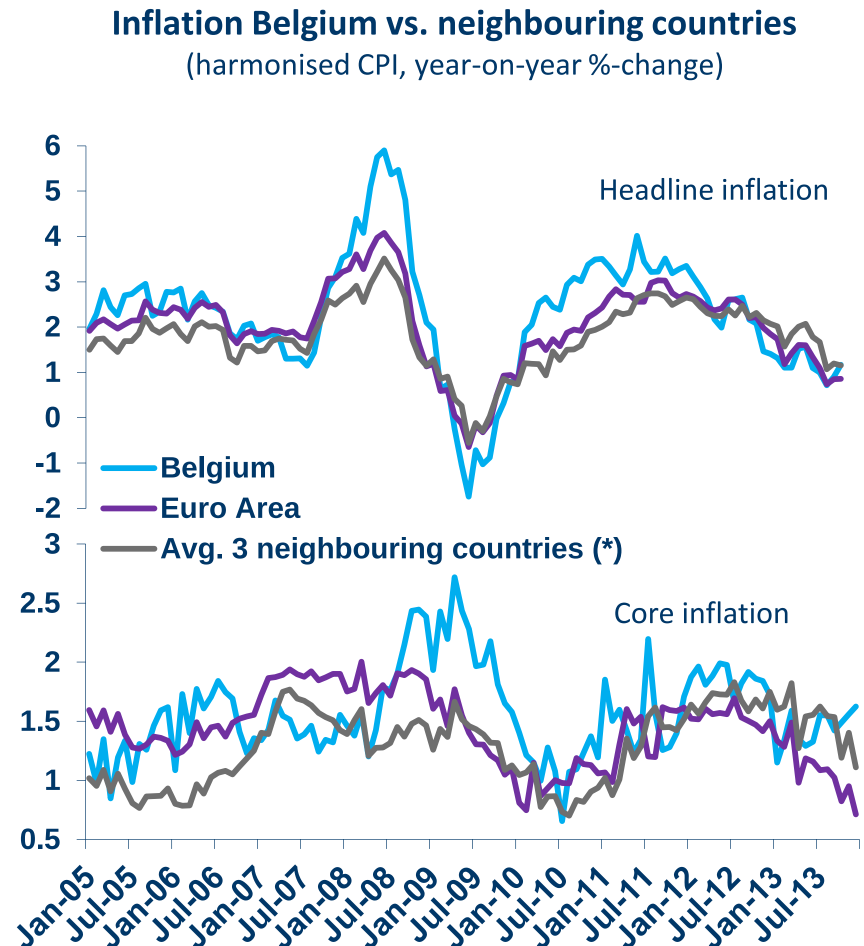

(*) Netherlands, Germany & France

Glossary

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)
(Core) Tier-1 capital ratio (Basel II)	[tier-1 capital] / [total weighted risks]. The calculation of the core tier-1 ratio does not include hybrid instruments (but does include the core-capital securities sold to the Belgian Federal and Flemish Regional governments)
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cover ratio	[impairment on loans] / [outstanding non-performing loans]. For a definition of 'non-performing', see 'Non-performing loan ratio'. Where appropriate, the numerator may be limited to individual impairment on non-performing loans
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
Leverage ratio	[Regulatory available Tier1 capital / total Exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity Coverage Ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days].
Net interest margin (NIM) of the group	[net interest income of the banking activities] / [average interest-bearing assets of the banking activities]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
Non-performing loan (NPL) ratio	[amount outstanding of non-performing loans (loans for which principal repayments or interest payments are more than 90 days in arrears or overdrawn)] / [total outstanding loan portfolio]
MARS	Mortgage Arrears Resolution Strategy
PD	Probability of Default
Return on allocated capital (ROAC) for a particular business unit	[result after tax, including minority interests, of a business unit, adjusted for income on allocated capital instead of real capital] / [average capital allocated to the business unit]. The capital allocated to a business unit is based on risk-weighted assets for banking and risk-weighted asset equivalents for insurance
Return on equity	[result after tax, attributable to equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale assets]. If a coupon is expected to be paid on the core-capital securities sold to the Belgian Federal and Flemish Regional governments, it will be deducted from the numerator (pro rata)

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