KBC Group / Bank
Debt presentation
November 2014

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- **As of 3Q2014, a number of changes have been affecting KBC's group and segment reporting figures and ratios**
  - As announced at the end of 2013, KBC has aligned the disclosure of its impaired loans and cover ratios with the EBA definitions (from 3Q14 onwards):
    - Impaired loans ratio: total outstanding impaired loans (PD 10-11-12)/total outstanding loans
    - Impaired loans cover ratio: total impairments (specific) for impaired loans/total outstanding impaired loans

    Obviously, this only concerns a different way of presenting the same information and hence a methodological change. As such, this will not trigger additional impairments.

  - Following the changes to the statutes of a pension fund in the Czech Republic, this pension fund will no longer be consolidated (from 3Q14 onwards). In addition, both Patria Corporate Finance and Patria Online have been included in the consolidation scope. All of this has had some impact on various income lines in the consolidated income statement of the Czech Republic Business Unit and KBC Group. As this change in the consolidation scope had a very limited P&L impact (q-o-q delta of roughly 1m EUR bottom line), we didn't restate previous quarters retroactively.

Executive summary 3Q 2014 (KBC Group)

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **KBC exceeded ECB's asset quality review and stress test thresholds** and maintained a **strong buffer**
  - **Common equity ratio** (B3 fully loaded[1] based on Danish Compromise) **of 13.7%** at end 9M14
  - **Continued strong liquidity position** (NSFR at 109% and LCR at 120%) at end 9M14

- **DIVESTMENT PLAN ENTIRELY COMPLETED AND ALL REMAINING CDOs COLLAPSED**
  - The **sale of KBC Bank Deutschland** was **completed** during 3Q14
  - The loan portfolio and activities of **Antwerp Diamond Bank (ADB)** will be run down in a gradual and orderly manner. Impairment reversal of +0.1bn EUR in KBC's net result
  - The **two remaining CDOs** in our portfolio were **collapsed** during 3Q14

- **STRONG BUSINESS PERFORMANCE IN 3Q14**

  Net result of 591m EUR and adjusted[2] net result of 477m EUR, notwithstanding seasonal effect**.** The latter is the result of:
  - Strong commercial bank-insurance franchises in our core markets and core activities
  - Increasing customer loan and deposit volumes q-o-q in all our core countries
  - Substantially higher net interest income q-o-q and further improvement of the NIM
  - Q-o-q increase of net fee and commission income and a further rise in AuM
  - Negative M2M ALM derivatives (-46m EUR), lower AFS gains and dividend income
  - Good combined ratio (94% in 3Q14 and 93% YTD), while life insurance sales were slightly higher
  - Good cost/income ratio (54% YTD) adjusted for specific items (mainly M2M impact of ALM derivatives in 9M14 and one-off provisions in Hungary in 2Q14)
  - Higher but still moderate impairment charges q-o-q. We are maintaining our FY 2014 guidance for Ireland, namely the high end of the range 150m-200m EUR

1. Including remaining State aid of 2bn EUR
2. 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

KBC

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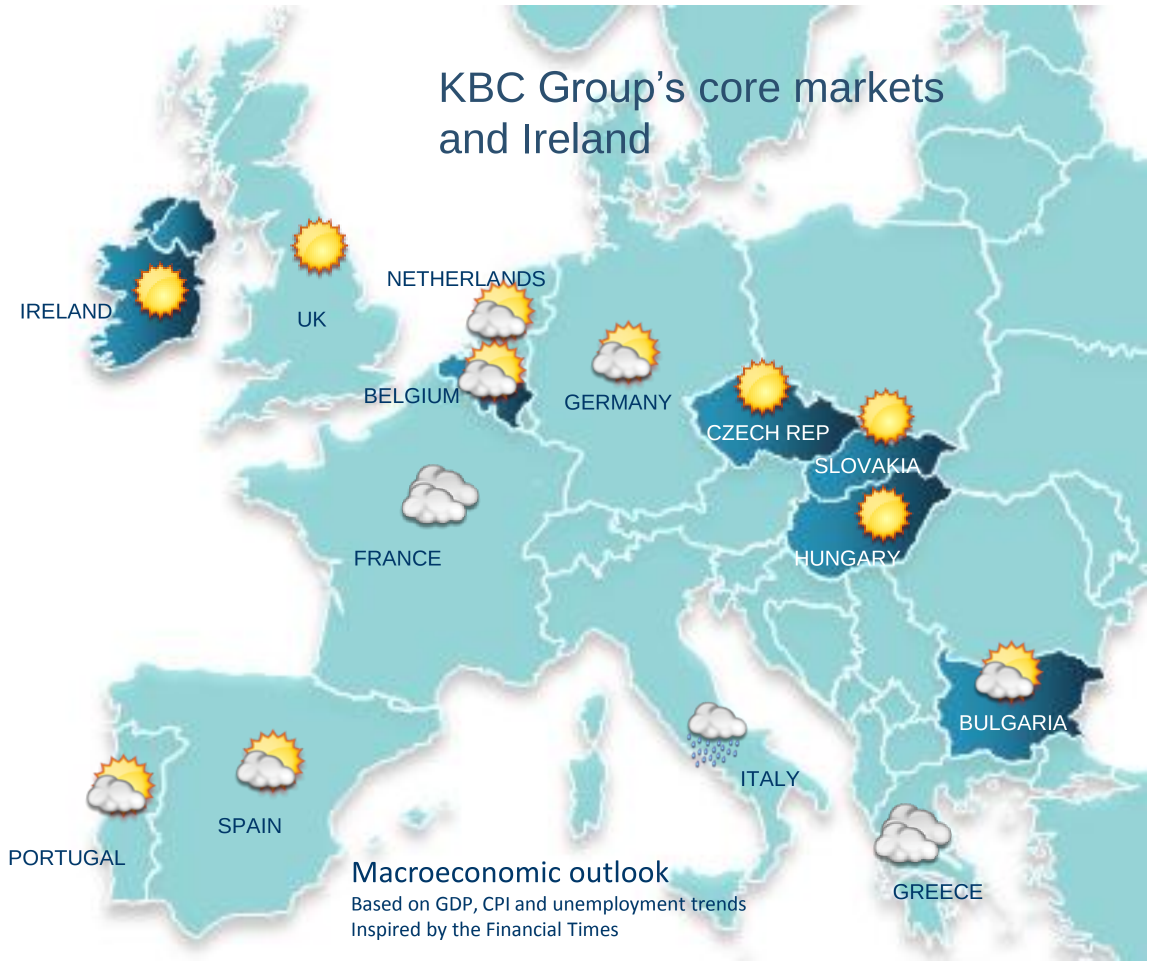
Well-defined core markets provide access to 'new growth' in Europe



MARKET SHARE, AS OF END 2013

	BE	CZ	SK	HU	BG
Loans and deposits	20%	19%	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[1]

	BE	CZ	SK	HU	BG
% of Assets	68%	16%	3%	4%	1%
2013	0.3%	-0.7%	0.9%	1.1%	0.9%
2014e	1.0%	2.5%	2.4%	3.2%	1.3%
2015e	1.4%	2.5%	2.4%	2.5%	2.0%

1. Source: KBC data, November 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 BANK-INSURANCE 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 9M 2014

KBC Group

- Market cap (14/11/14): 18bn
- Adjusted net result: EUR 1.2bn
- Total assets: EUR 252bn
- Total equity: EUR 16bn
- CET1 ratio (Basel 3 transitional[1]): 14.0%
- CET1 ratio (Basel 3 fully loaded[1]): 13.7%

KBC Bank

- Adjusted net result: EUR 0.9bn[2]
- Total assets: EUR 217bn
- Total equity: EUR 13bn
- CET1 ratio (Basel 3 transitional): 13.1%
- CET1 ratio (Basel 3 fully loaded): 12.6%
- C/I ratio: 59%[3]

KBC Insurance

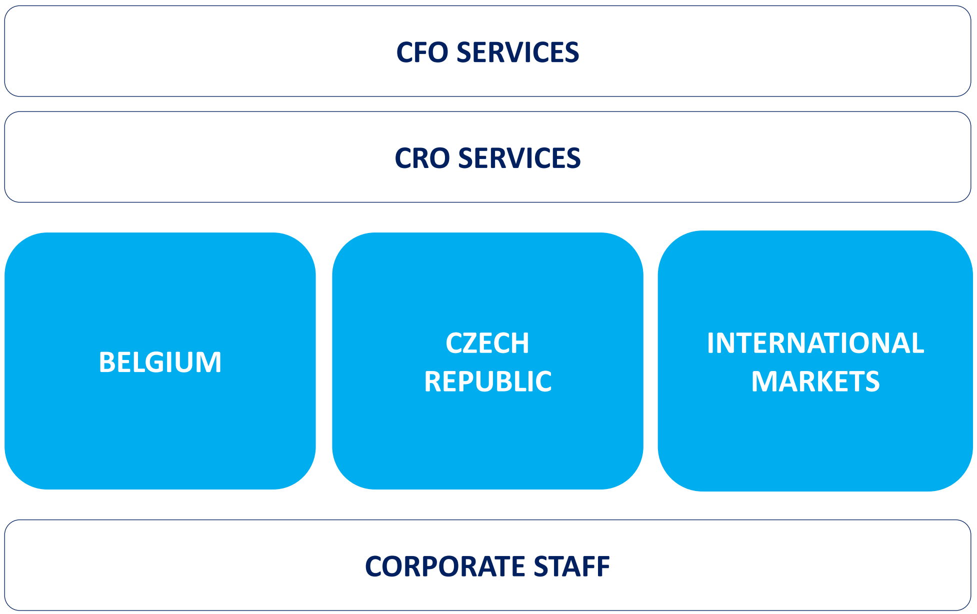
- Adjusted net result: EUR 0.3bn
- Total assets: EUR 38bn
- Total equity: EUR 4bn
- Solvency I ratio: 329%
- Combined operating ratio: 93%

Credit Ratings of KBC Bank

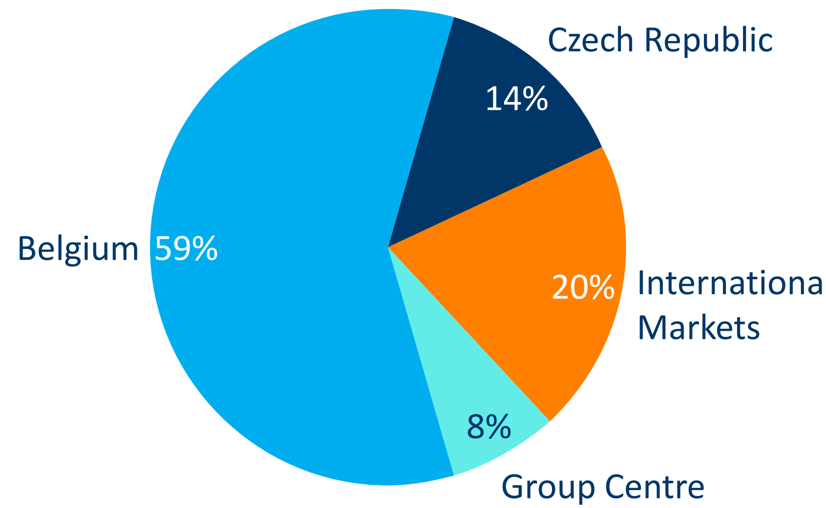
	S&P	Moody's	Fitch
Long-term	**A (Negative)**	**A2 (Negative)**	**A- (Stable)**
Short-term	**A-1**	**Prime-1**	**F1**

1. Including the remaining State Aid of 2bn EUR
2. Includes KBC Asset Management ; excludes holding company eliminations
3. Adjusted for specific items, the C/I ratio amounted to c.54% in 9M 2014

Business profile



BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AT 30 SEPTEMBER 2014



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

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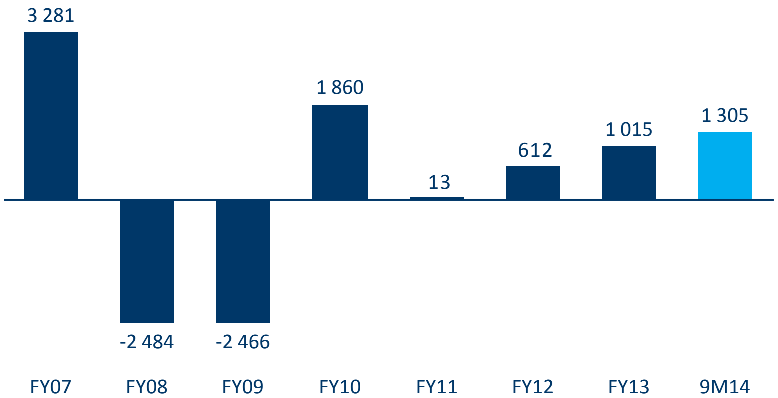
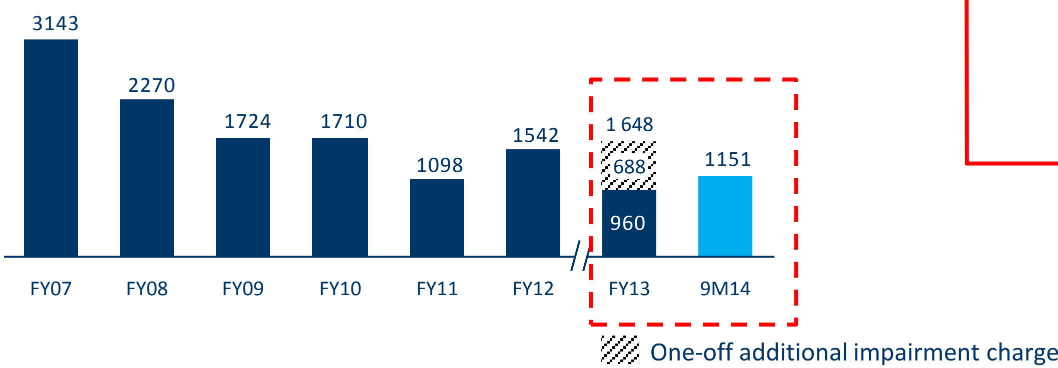
Earnings capacity

NET RESULT[1]

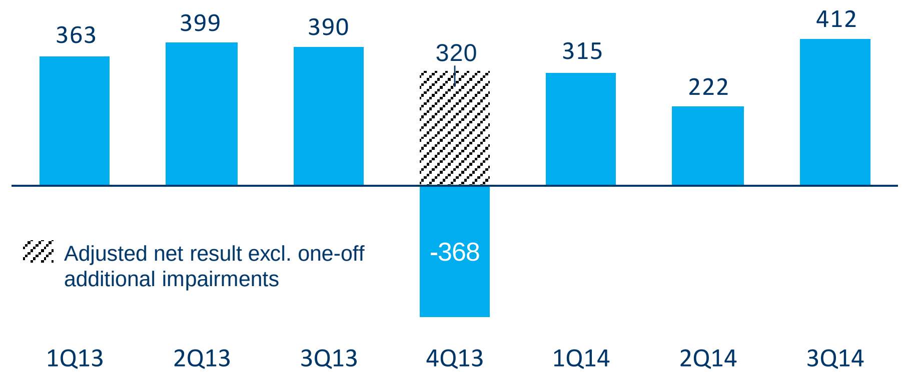


Excluding adjustments

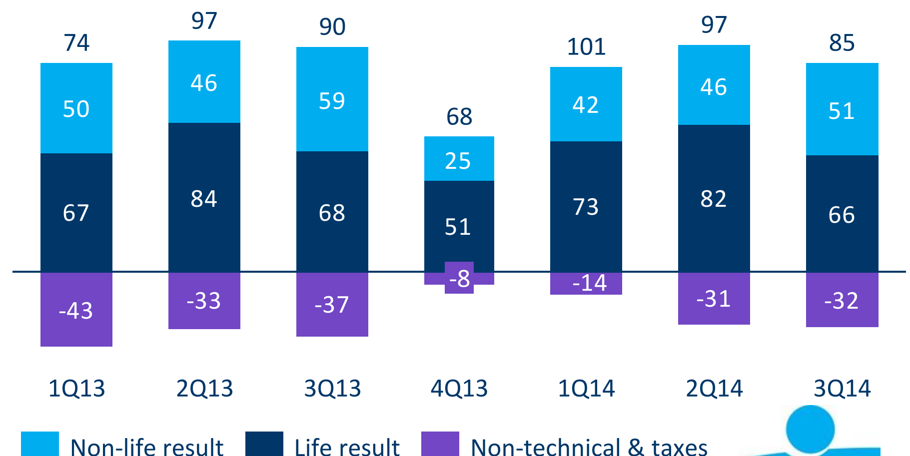
ADJUSTED NET RESULT[1,2]



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



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

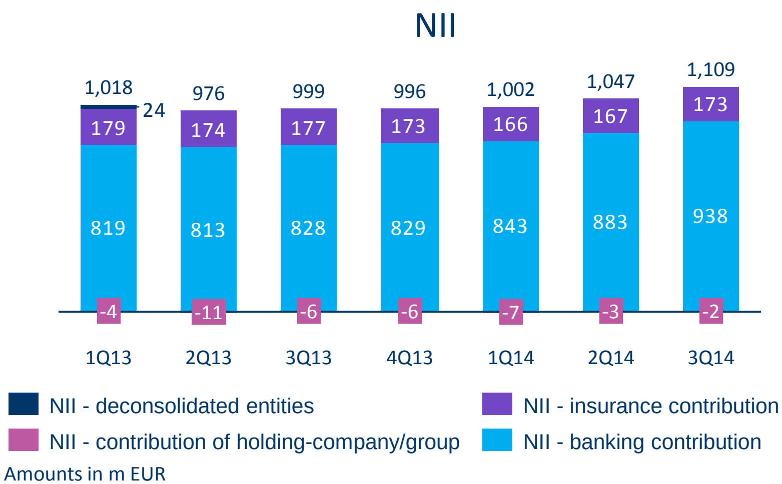


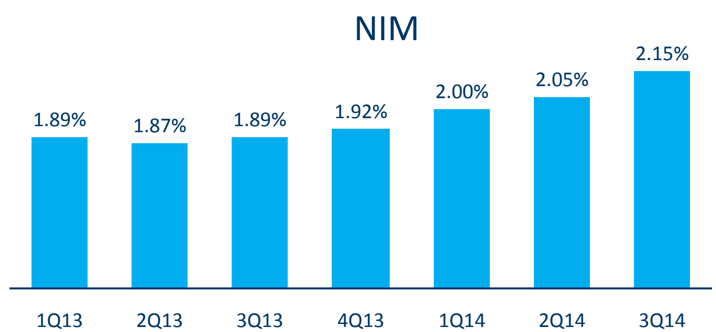
1 Note that the scope of consolidation has changed over time, due partly to divestments

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**
  - Increased by 6% q-o-q and 11% y-o-y (+7% q-o-q and +12% y-o-y pro forma, disregarding the change in the consolidation scope)
  - Sound commercial margins (on both loans and deposits), volume increases in current accounts, lower funding costs (due partly to some hybrid tier-1 calls and maturities of expensive senior debt & term deposits during 3Q14) and higher hedging result (peak in loan refinancing in 3Q14) more than offset the negative impact from lower reinvestment yields
  - Increasing customer loan and deposit volumes q-o-q in all our core countries

- **Improved net interest margin (2.15%)**
  - Up by 10bps q-o-q and 26bps y-o-y
  - Q-o-q, sound commercial margins (another cut in interest rates on saving deposits), lower funding costs and a non-sustainable amount of prepayment fees (about 10m EUR additional fees in 3Q14) more than offset the negative impact from lower reinvestment yields

Customer deposit volumes excluding debt certificates & repos +1% q-o-q and +5% y-o-y

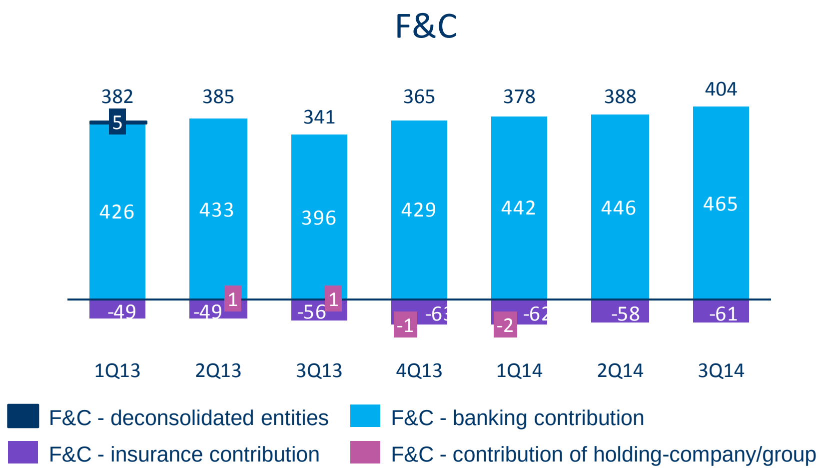
VOLUME TREND

Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	123bn	52bn	151bn	180bn	28bn
Growth q/q*	+1%	+1%	+1%	+4%	+1%
Growth y/y	+1%	0%	-1%	+13%	+3%

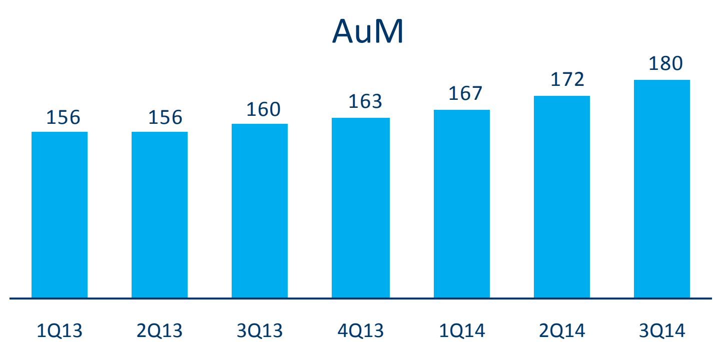
* Non-annualised
** Loans to customers, excluding reverse repos (and not including bonds)
*** Customer deposits, including debt certificates but excluding repos. Please be aware of the significant impact of calling most of the hybrid tier-1 instruments and maturing wholesale debt

KBC

Net fee and commission income and AuM



Amounts in m EUR

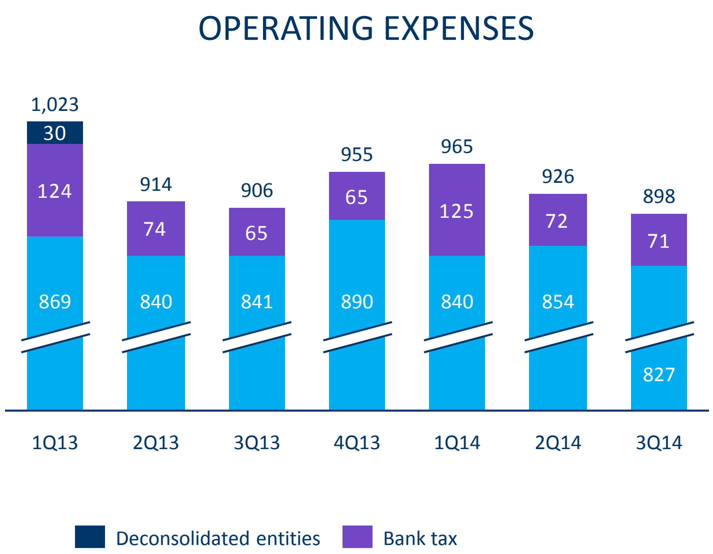


Amounts in bn EUR

- **Strong net fee and commission income**
  - Increased by 4% q-o-q and 19% y-o-y (+3% q-o-q and +18% y-o-y pro forma, disregarding the change in the consolidation scope)
  - Q-o-q increase was mainly the result of significantly higher management fees from mutual funds and higher entry fees on unit-linked life insurance products, despite higher commissions paid on insurance sales in the Belgium Business Unit
  - Y-o-y increase as higher commissions paid on insurance sales in Belgium were more than offset by:
    - higher management fees from mutual funds in Belgium, but also higher entry fees from mutual funds and unit-linked life insurance products in Belgium
    - higher entry fees from mutual funds in the Czech Republic
    - higher investment and booking fees in Hungary

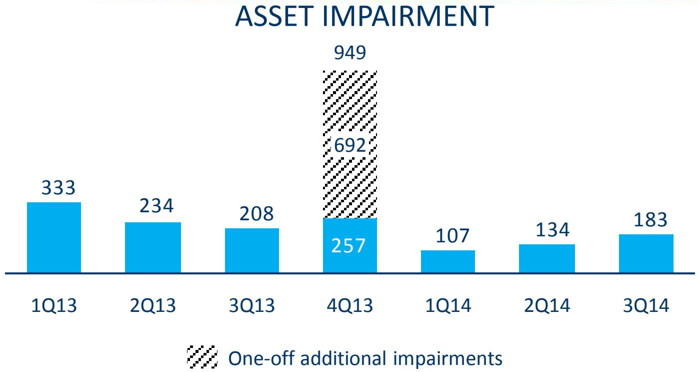
- **Assets under management (180bn EUR)**
  - Up 4% q-o-q as a result of net inflows (+2%) and a positive price effect (+2%)
  - Rose by 13% y-o-y owing to net inflows (+4%) and a positive price effect (+8%)

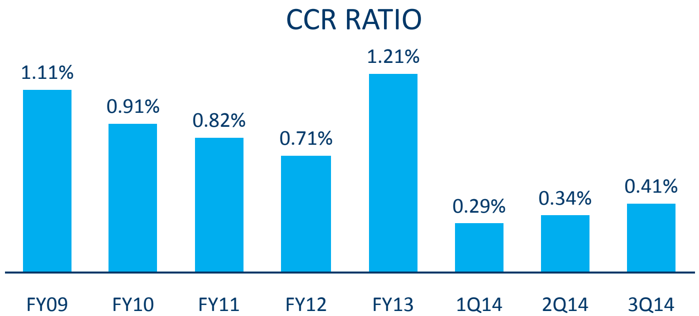
Operating expenses and cost/income ratio

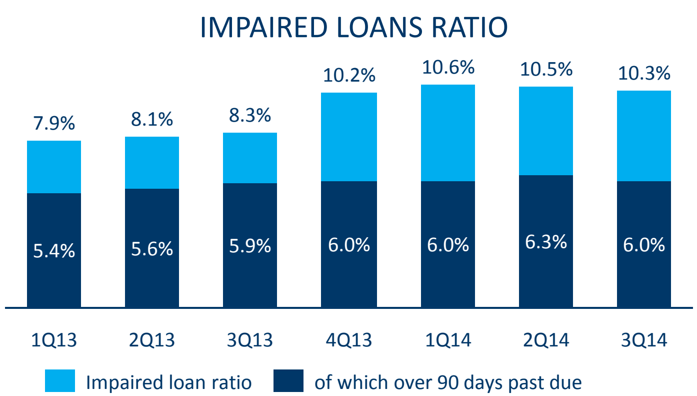


- **Costs under control**
  - The C/I ratio of 52% in 3Q14 was affected by the negative M2M impact of ALM derivatives
  - The C/I ratio of 59% in 9M14 was affected by the negative M2M impact of ALM derivatives in 9M14 and the one-off provisions for Hungary in 2Q14, partly offset by the recovery of sums to be paid out following the outcome of a legal case in 2Q14
  - Adjusted for specific items, the C/I ratio amounted to roughly 51% in 3Q14 and 54% in 9M14
  - Operating expenses went down by 3% q-o-q, due mainly to lower costs at Group Centre in 3Q14 (timing differences)
  - Operating expenses decreased by 1% y-o-y as a positive FX effect and lower costs at Group Centre more than offset higher staff expenses in Ireland and higher bank taxes in Belgium and Hungary

Asset impairment, credit cost and NPL ratio







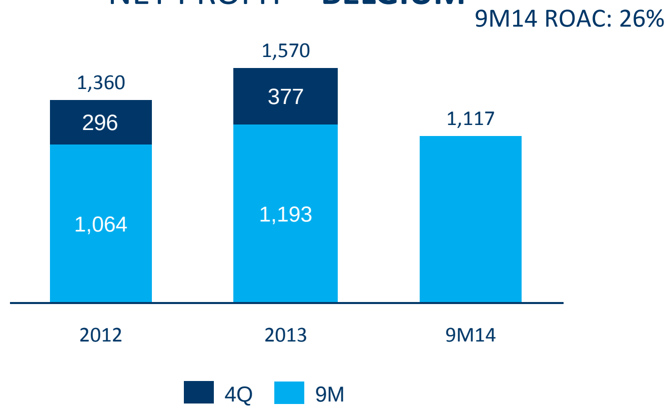
- **Higher impairment charges**
  - Q-o-q increase of loan loss provisions, as a result of a few large corporate files in the Belgium BU (both in foreign branches and in Belgium) in 3Q14, the unsustainable low level in the Czech Republic in 1H14 and higher impairment charges in Group Centre (mainly KBC Finance Ireland), despite lower impairment charges in Ireland (47m EUR compared to 62m EUR in 2Q14)
  - Compared with the 208m EUR level of 3Q13, lower impairments were recorded mainly in Ireland in 3Q14 (47m EUR compared with 98m EUR in 3Q13), partly offset by higher impairments in the Belgium BU and in the Group Centre (mainly KBC Finance Ireland)
  - Impairment of 6m EUR on AFS shares and 12m EUR on software

- The **credit cost ratio** only amounted to 0.41% in 9M14 due to low gross impairments and some releases (mainly in the Czech BU)

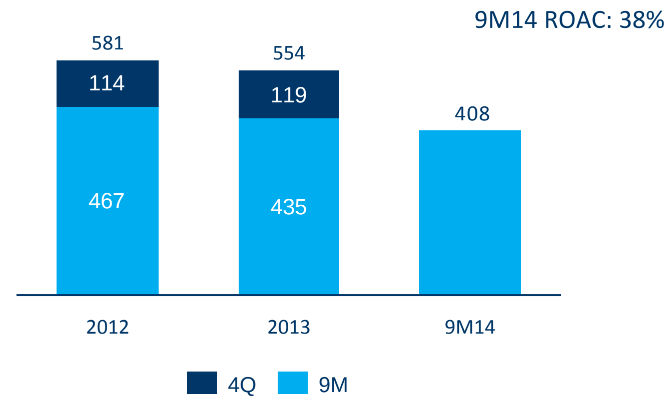
- The **impaired loans ratio** dropped to 10.3%, due primarily to a decrease of the ratio in Ireland

Overview of results based on business units

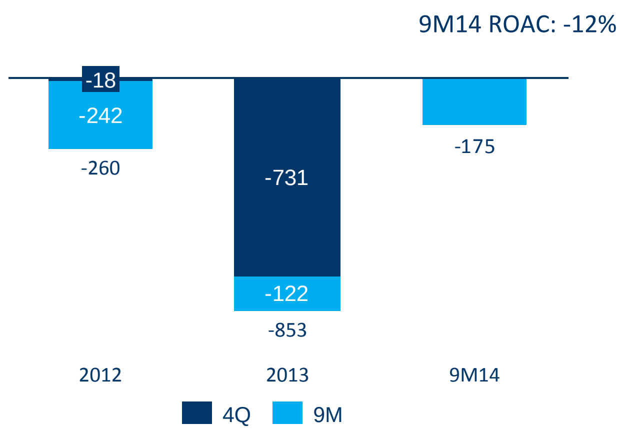
NET PROFIT – **BELGIUM**



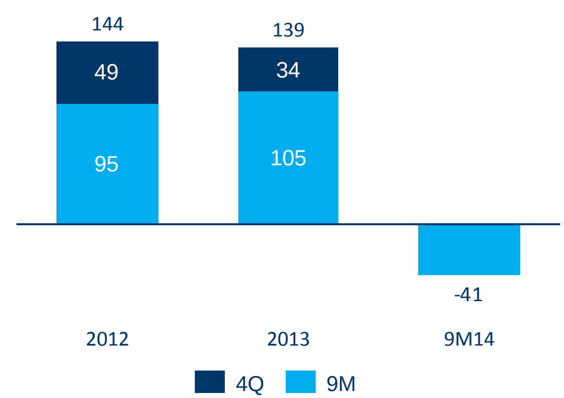
NET PROFIT – **CZECH REPUBLIC**



NET PROFIT – **INTERNATIONAL MARKETS**



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



Amounts in m EUR

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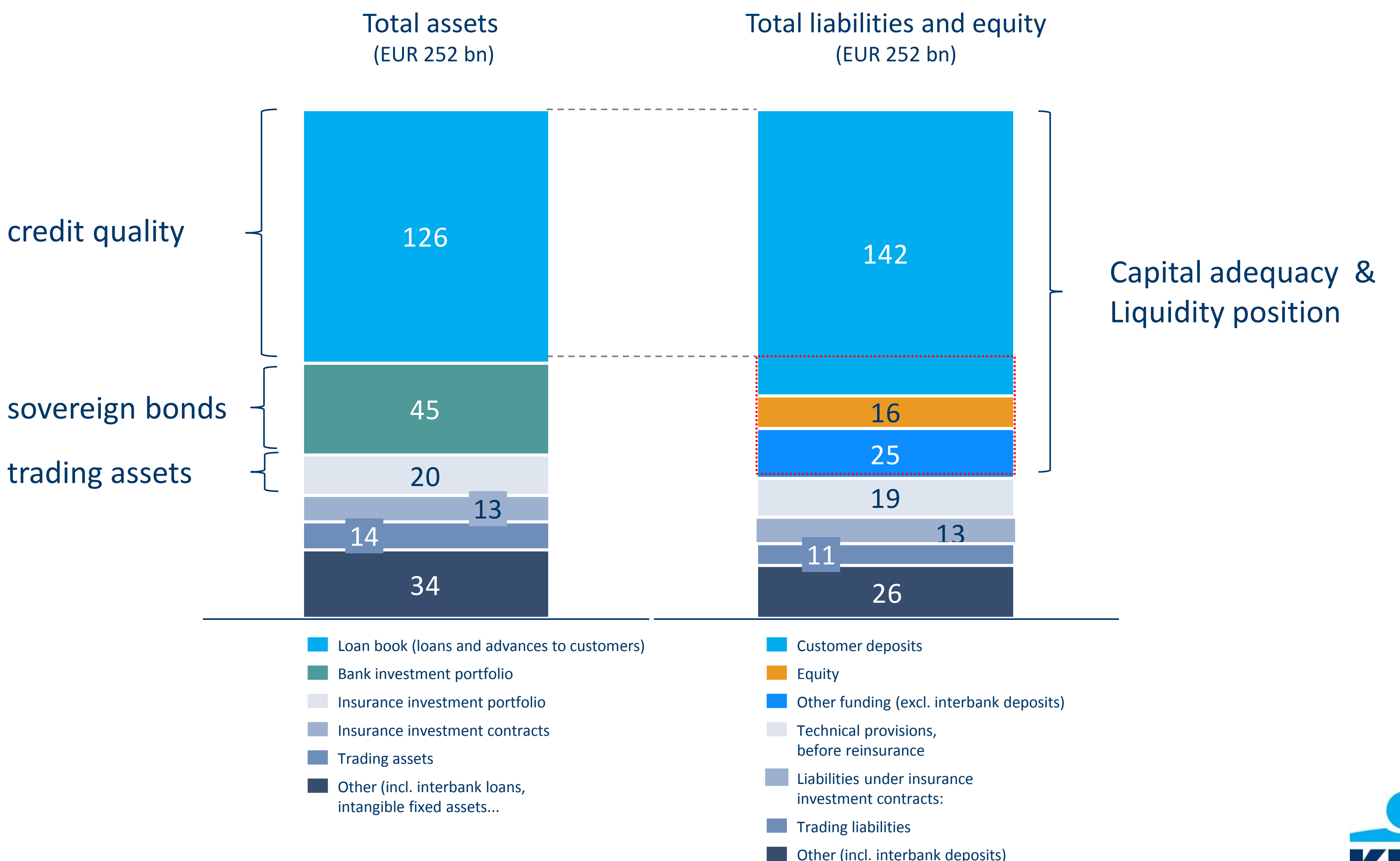
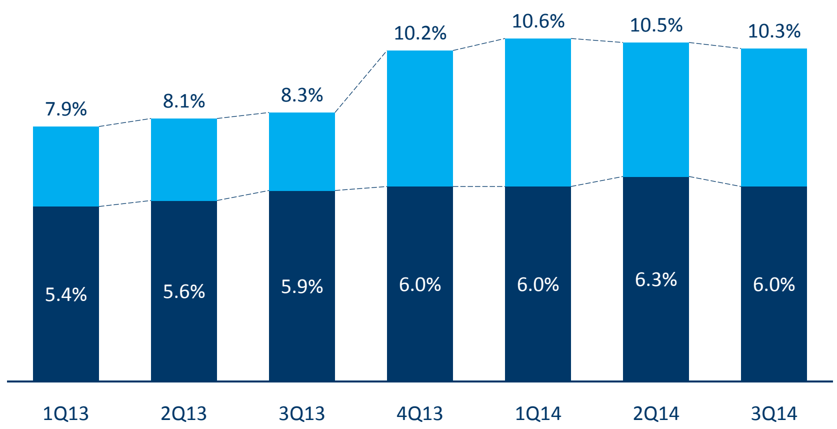
Balance sheet
(KBC Group consolidated at 30 September 2014)



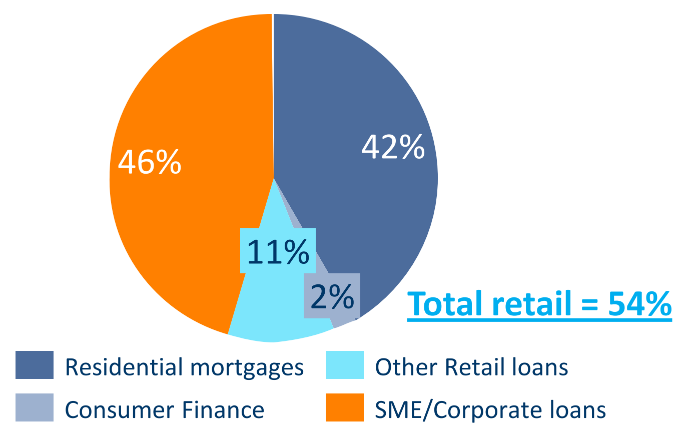
Impaired loans ratios of KBC Group and per Business Unit, *incl. of which over 90 days past due*

KBC GROUP

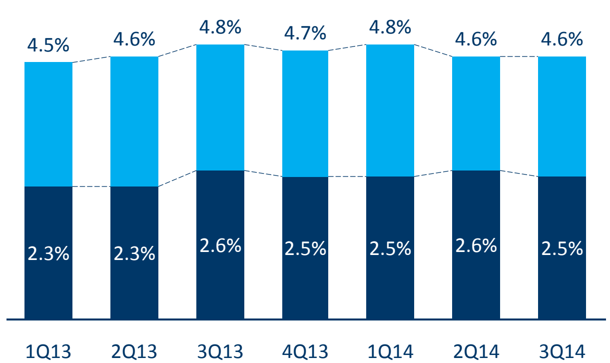


- CUSTOMER LOAN BOOK: 126bn EUR at end 3Q14

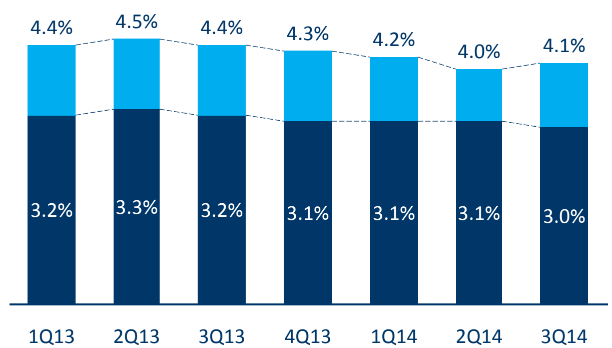
(LARGELY SOLD THROUGH OWN BRANCHES)



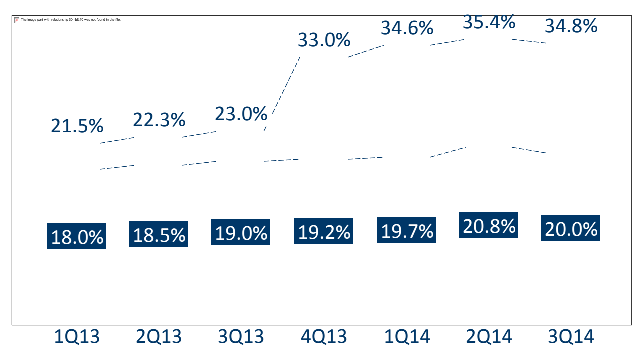
BELGIUM BU



CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU



Impaired loans ratio *

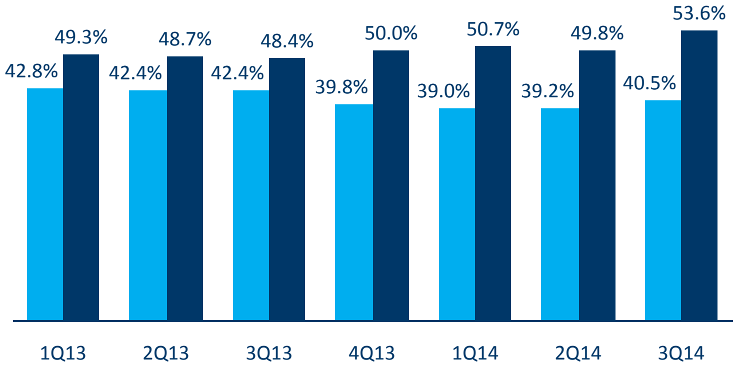
of which over 90 days past due **

* Impaired loans ratio : total outstanding impaired loans (PD 10-12)/total outstanding loans

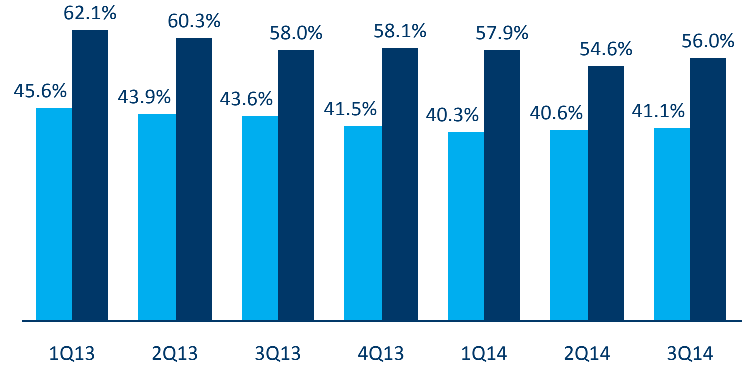
** of which total outstanding loans with over 90 days past due (PD 11-12)/total outstanding loans

Cover ratios of KBC Group and per Business Unit,
incl. of which over 90 days past due

KBC GROUP



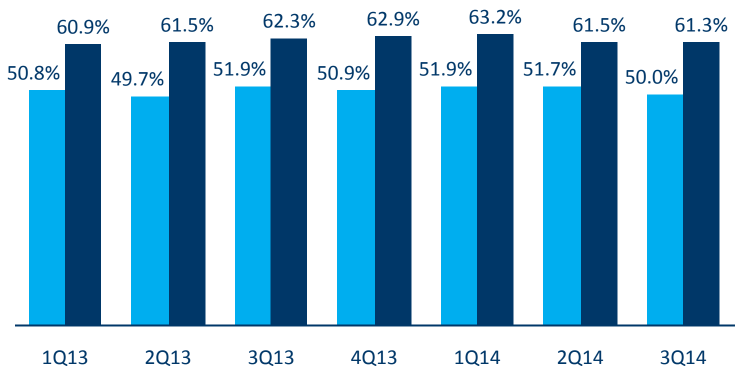
BELGIUM BU



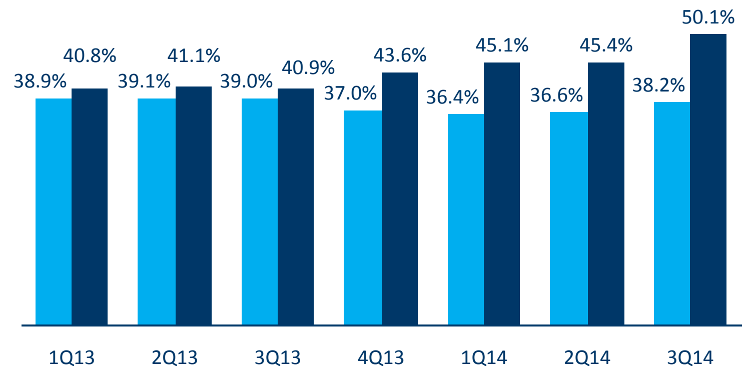
Impaired loans cover ratio*

Cover ratio for loans with more than 90 days past due**

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU



* Impaired loans cover ratio: total impairments (specific) for impaired loans / total outstanding impaired loans (PD10-12)

** Cover ratio for loans with more than 90 days past due: total impairments (specific) for loans with more than 90 days past due / total outstanding PD11-12 loans

Loan loss experience at KBC

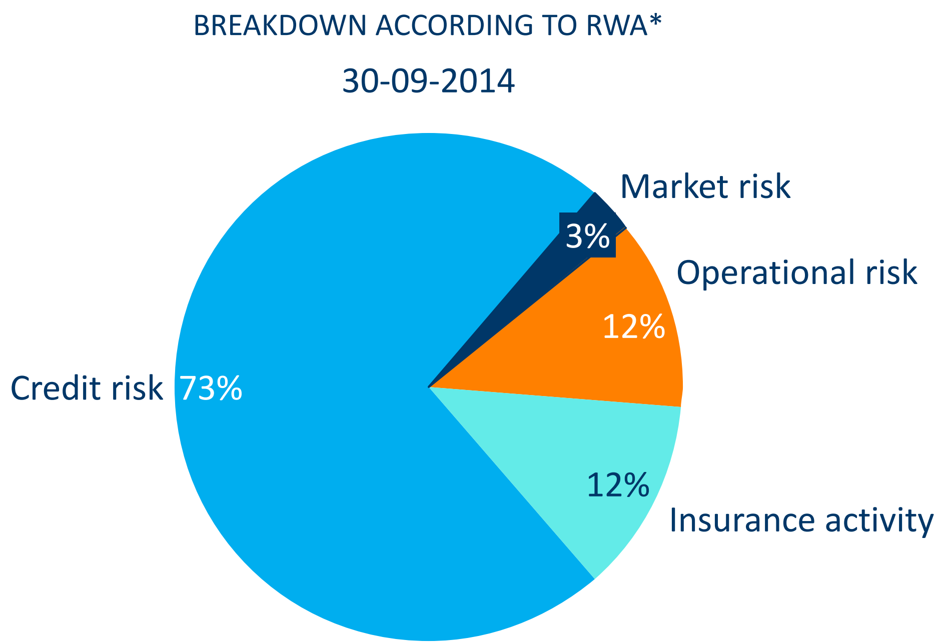
	9M14 CREDIT COST RATIO	FY13 CREDIT COST RATIO	FY 2012 CREDIT COST RATIO	AVERAGE '99 –'13
Belgium	**0.20%**	0.37%	0.28%	n.a.
Czech Republic	**0.13%**	0.26%	0.31%	n.a.
International Markets	**1.09%**	4.48%*	2.26%*	n.a.
Group Centre	**1.38%**	1.85%	0.99%	n.a.
Total	**0.41%**	**1.21%****	**0.71%**	**0.55%**

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 1.21% in FY13 due to the reassessment of the loan books in Ireland and Hungary

Limited trading activity at KBC Group



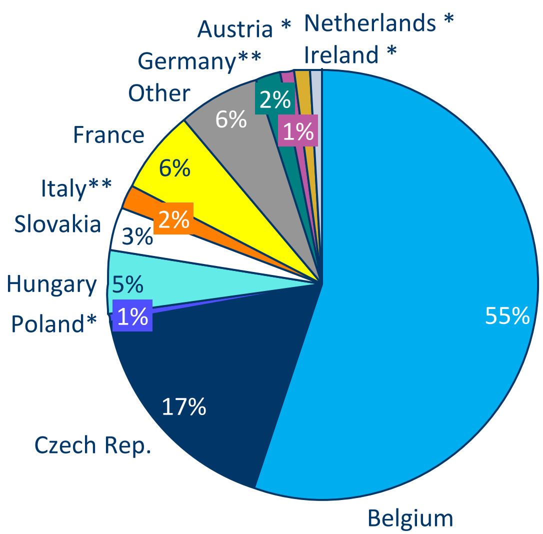
Traditional dealing rooms, Brussels by far the largest, focus mainly on trading in interest rate instruments and for client-related business. Abroad, dealing rooms focus primarily on providing customer service in money and capital market products, on funding local bank activities and engage in limited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

* RWA on fully loaded basis and under Danish Compromise

Government bond portfolio – Carrying value

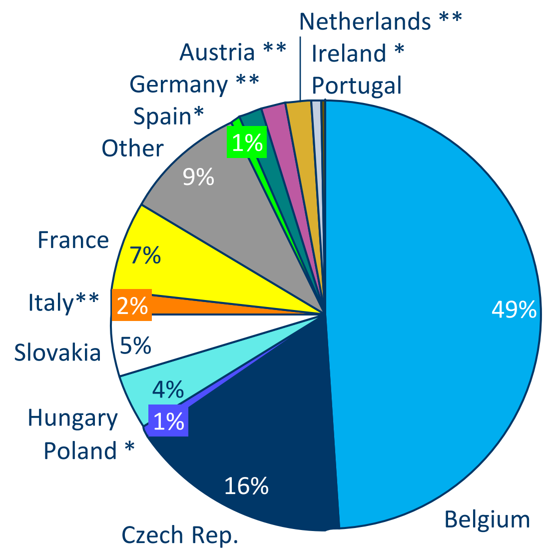
- Carrying value of 49.1bn EUR in government bonds (excl. trading book) at end of 9M14, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 3.9bn EUR at end of 9M14

END 2012
Carrying value of 48.8bn EUR
(Notional value of 47bn EUR)



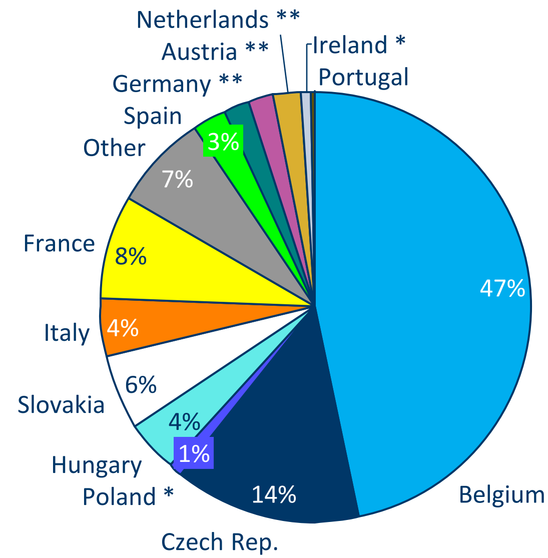
(*) 1%, (**) 2%

END 2013
Carrying value of 48.5bn EUR
(Notional value of 45.6bn EUR)



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

END 9M14
Carrying value of 49.1bn EUR
(Notional value of 45.3bn EUR)



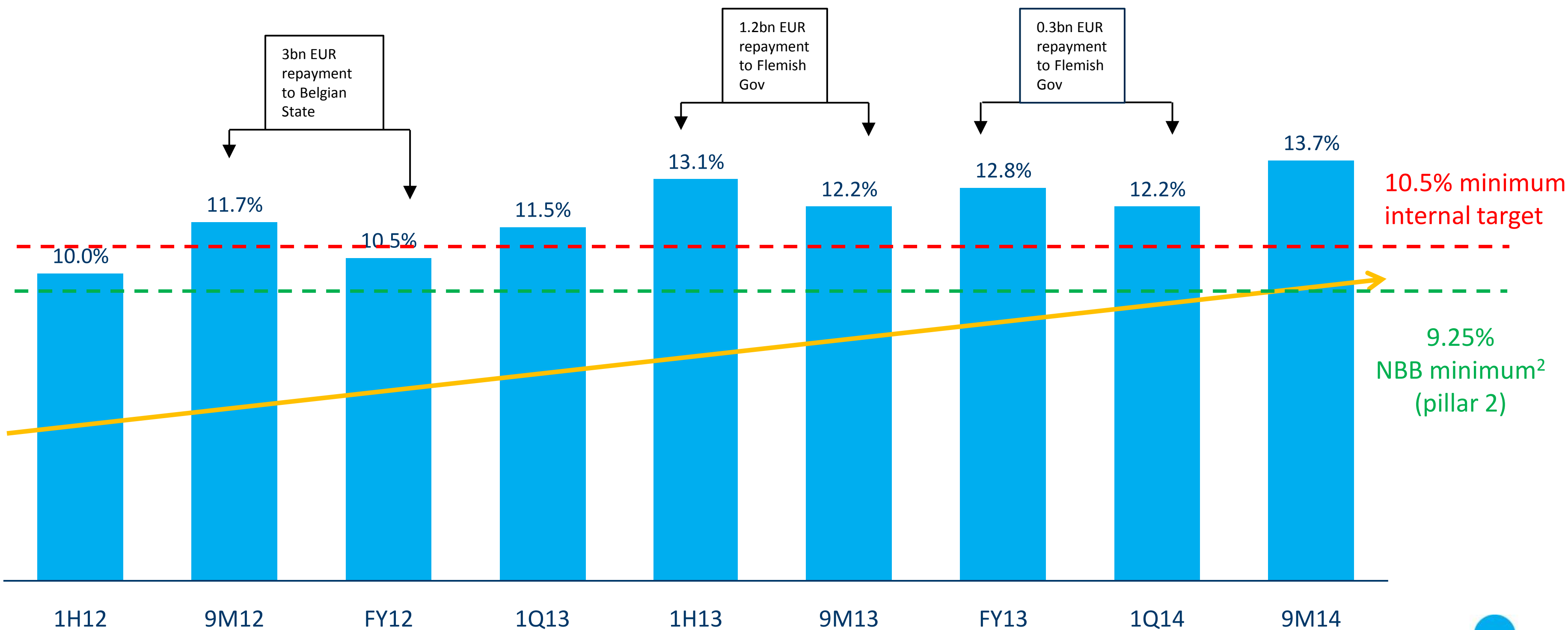
(*) 1%, (**) 2%

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

Contents

Consistent track record of strengthening capital

- **Common equity ratio (B3 fully loaded[1]) of 13.7%** based on the Danish Compromise
- **Fully loaded B3 leverage ratio**:
  - **4.74%** at KBC Bank Consolidated, based on current CRR legislation
  - **5.62%** at KBC Group[1]



1. With remaining State aid included in CET1 as agreed with local regulator
2. Excludes revaluation reserve of available-for-sales assets

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

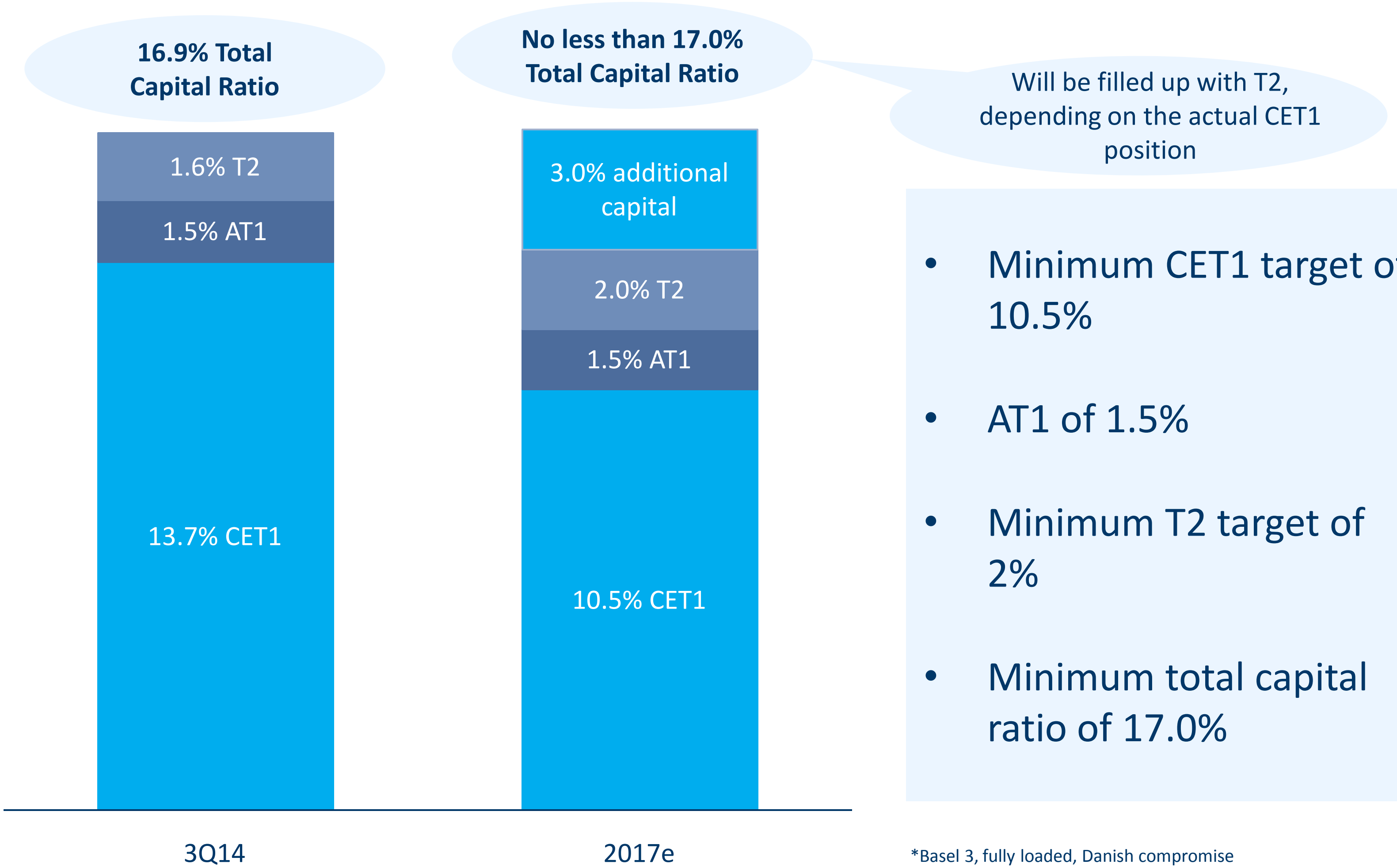
AT1:
12 March '14

- Increasing loss absorbing capital: +1.4bn EUR

Numerous successful capital management exercises since Oct-2012 generating approx. 5bn EUR in loss absorbing capital

In 2Q14, KBC called almost all its old-style hybrid T1 instruments for a total amount of approx. 2.3bn EUR

KBC maintains minimum 17% total capital ratio*



- Minimum CET1 target of 10.5%
- AT1 of 1.5%
- Minimum T2 target of 2%
- Minimum total capital ratio of 17.0%

*Basel 3, fully loaded, Danish compromise

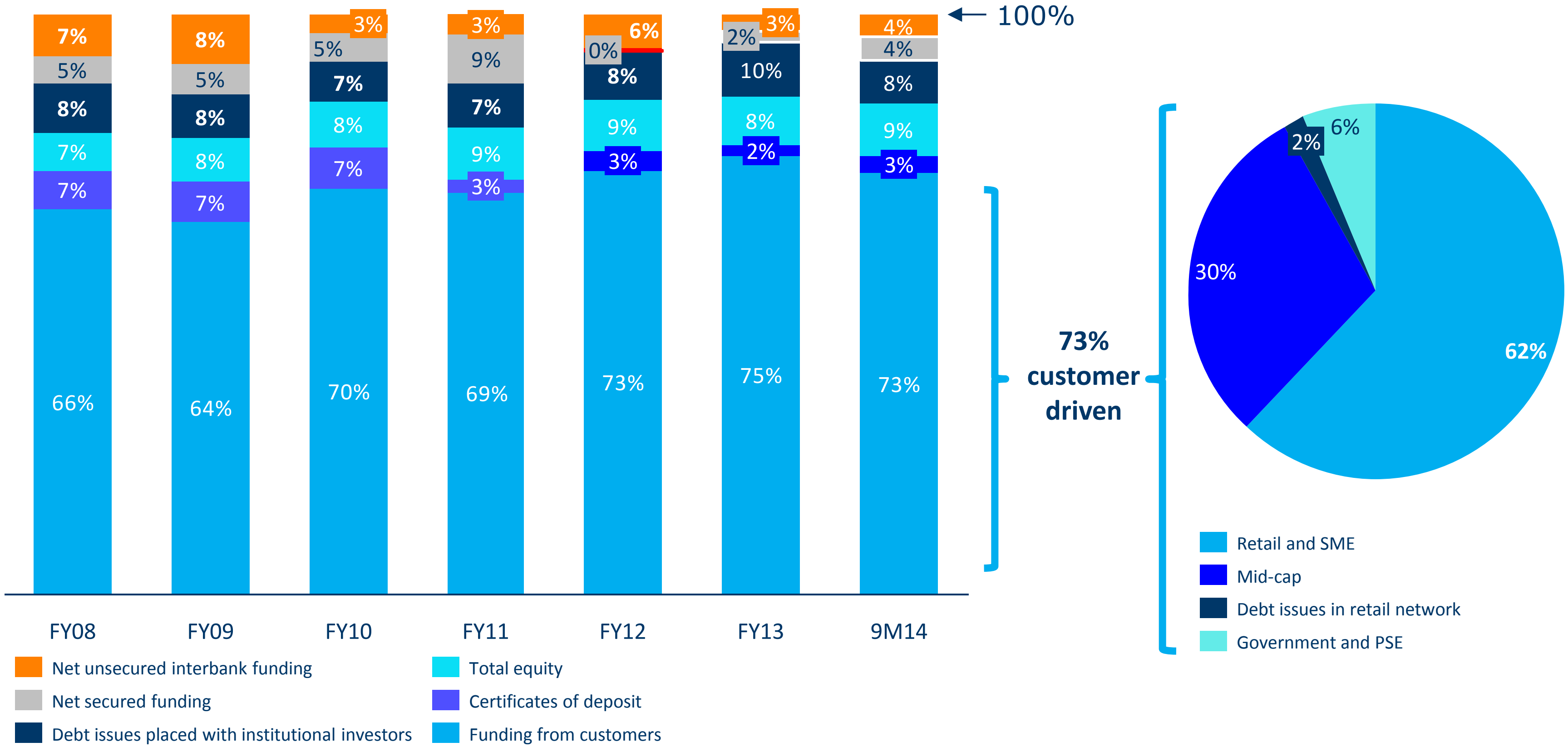
Overview of B3 CET1 ratios at KBC Group

Method	Numerator	Denominator	B3 CET1 ratio
BBM, phased-in	11,609	88,359	13.1%
BBM, fully loaded	12,950	92,141	14.1%
DC, phased-in	12,213	87,267	14.0%
DC, fully loaded	12,485	91,048	13.7%

- Total distributable items (under Belgian GAAP) KBC Group 4.6bn EUR, of which:
  - **available reserves 1.1bn EUR**
  - **accumulated profits (losses) 3.5bn EUR**

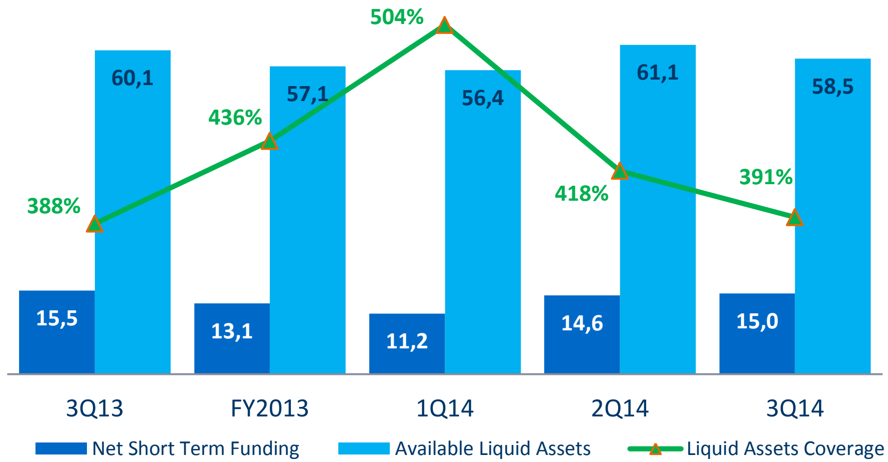
Solid liquidity position (1/2)

- 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 (2/2)

Short term unsecured funding KBC Bank vs Liquid assets as of end Sep 2014 (bn EUR)(*)



* 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 maintains a **solid liquidity position** in 3Q14 given that:
  - Available liquid assets are close to 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

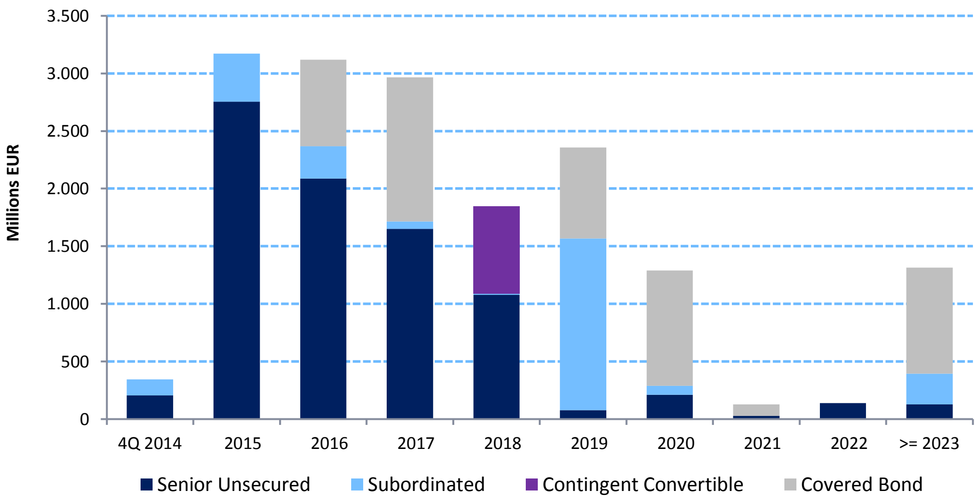
Ratios	3Q14	Target
NSFR[1]	**109%**	105%
LCR[1]	**120%**	105%

[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

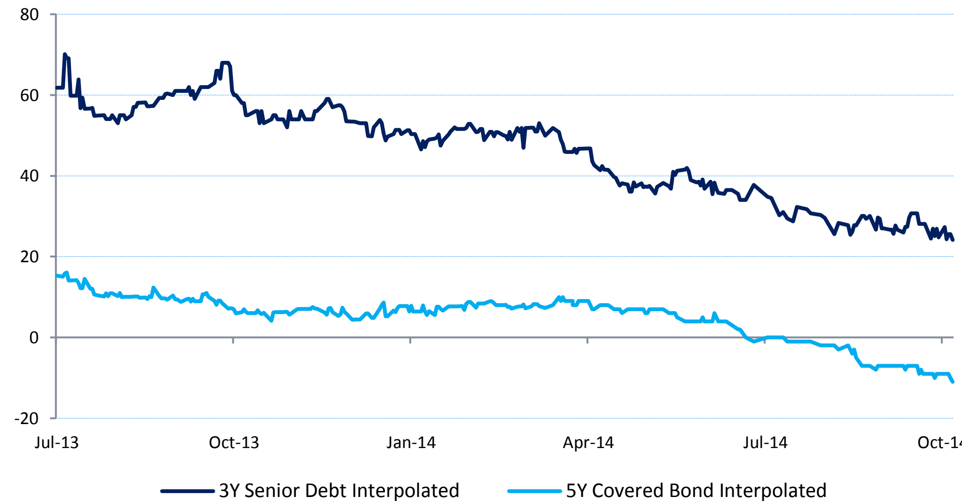
- **NSFR at 109% and LCR at 120% by the end of 3Q14**
  - In compliance with the implementation of Basel 3 liquidity requirements, KBC is targeting a LCR and NSFR of at least 105%

Upcoming mid-term funding maturities

Breakdown Funding Maturity Buckets



Credit Spreads Evolution



- Following the successful issuance of CRD IV compliant Additional tier-1 Instrument of 1.4bn EUR in 1Q14, KBC has called 5 outstanding old-style tier-1 securities in 2Q14 (for a total amount of roughly 2.3bn EUR)
- KBC issued 150m EUR tier-2 instruments in the course of 3Q14
- KBC's credit and covered bond spreads tightened further during 3Q14
- KBC Bank has 5 solid sources of long-term funding:
  - Retail term deposits
  - Retail EMTN
  - Public benchmark transactions
  - Covered bonds (supporting diversification of the funding mix)
  - Structured notes and covered bonds using the private placement format

Summary covered bond programme (1/2) (details, see Annex 3)

- **KBC HAS ISSUED SUCCESSFUL BENCHMARK COVERED BONDS AND PRIVATE PLACEMENTS FOR AN AMOUNT OF 4.81BN 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

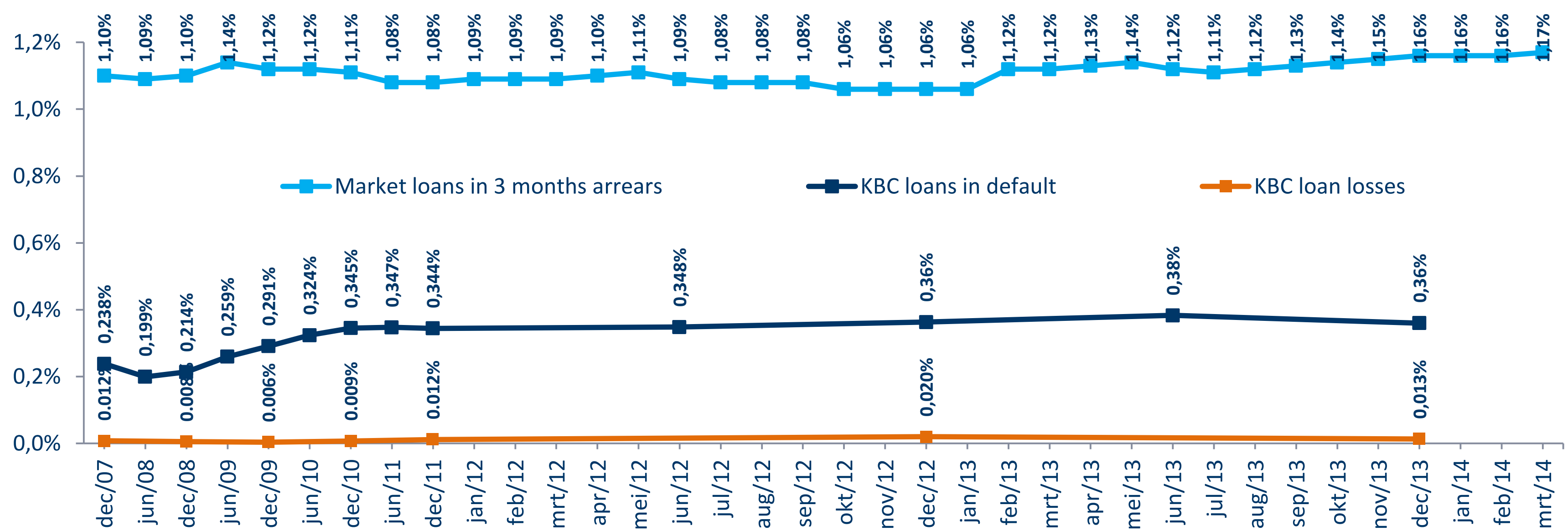
- **KBC'S COVERED BONDS ARE BACKED BY STRONG LEGISLATION AND SUPERIOR COLLATERAL**
  - Cover pool: Belgian residential mortgage loans
  - Strong Belgian legislation – inspired by German Pfandbriefen law
  - Direct covered bond issuance from a bank's balance sheet
  - Dual recourse, including recourse 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

Summary Covered Bond Programme (2/2) (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 (65.9%) and high seasoning (47 months)

- **KBC HAS A DISCIPLINED ORIGINATION POLICY**
  - 2007 to 2013 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



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- Strong commercial bank-insurance results in our core countries

- Successful underlying earnings track record

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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, Deutsche Bank, ING and 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 and UBS

KBC 2014 benchmarks

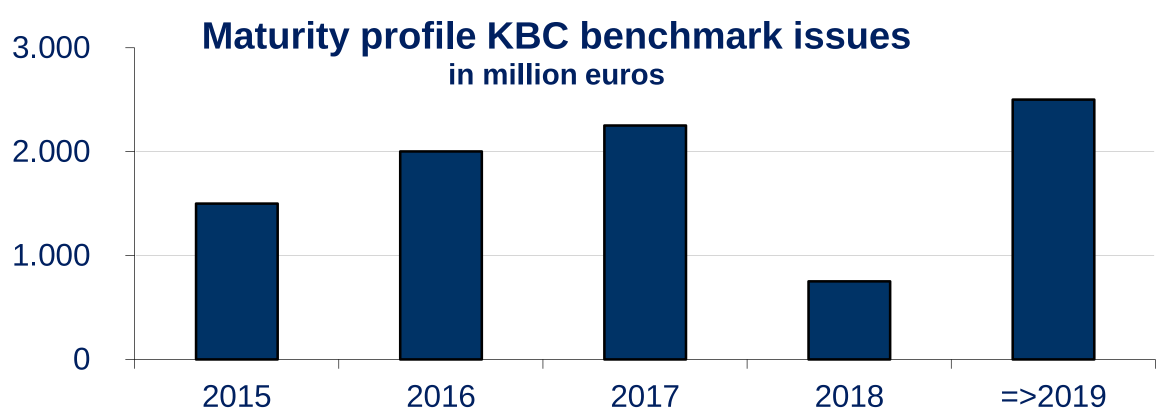
- KBC 5Y Fixed – Covered – BE0002462373
  - Notional: 750m EUR
  - Issue Date: 25 February 2014 – Maturity: 25 February 2019
  - Coupon: 1%, A, Act/Act
  - Re-offer spread: Mid Swap +10bp (issue price 99.391%)
  - Joint lead managers: KBC, Deutsche Bank, DZ Bank, ING Bank, and Unicredit

- 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

Issuer	Curr	Amount issued	Tranche Report Coupon	Settlement Date	Maturity Date	ISIN	YEAR
			UNSECURED				
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	5.0	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	1.000.000.000	4.5	27/03/2012	27/03/2017	XS0764303490	2017
KBC Ifima N.V.	EUR	500.000.000	3.0	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

Total = 9 bn EUR



Main characteristics of subordinated debt issues

SUBORDINATED BOND ISSUES KBC			
	KBC Bank NV	**KBC Bank NV T2 Coco**	**KBC Groep NV AT1**
Amount issued Tendered	GBP 525 000 000 GBP 480 500 000	USD 1 000 000 000	EUR 1 400 000 000
Net Amount	GBP 44 500 000	USD 1 000 000 000	EUR 1 400 000 000
ISIN-code	BE0119284710	BE6248510610	BE0002463389
Call date	19/12/2019	25/01/2018	19/03/2019
Initial coupon	6.202%	8%	5.625%
Coupon step-up / reset	3m gbp libor + 193bps	$ MS 5Y + 7.097%	€ MS 5Y + 4.759%
First (next) call date	19/12/2019	25/01/2018	19/03/2019
ACPM Dividend Stopper	Yes Yes	- -	- -
Conversion into PSC	Yes	-	-
Trigger	Supervisory Event or general "concursus creditorum"	CT1/CET1 < 7% at KBC Group level Full and permanent write-down	Trigger CET1 RATIO < 5.125% Temporary write-down

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	▪ A3/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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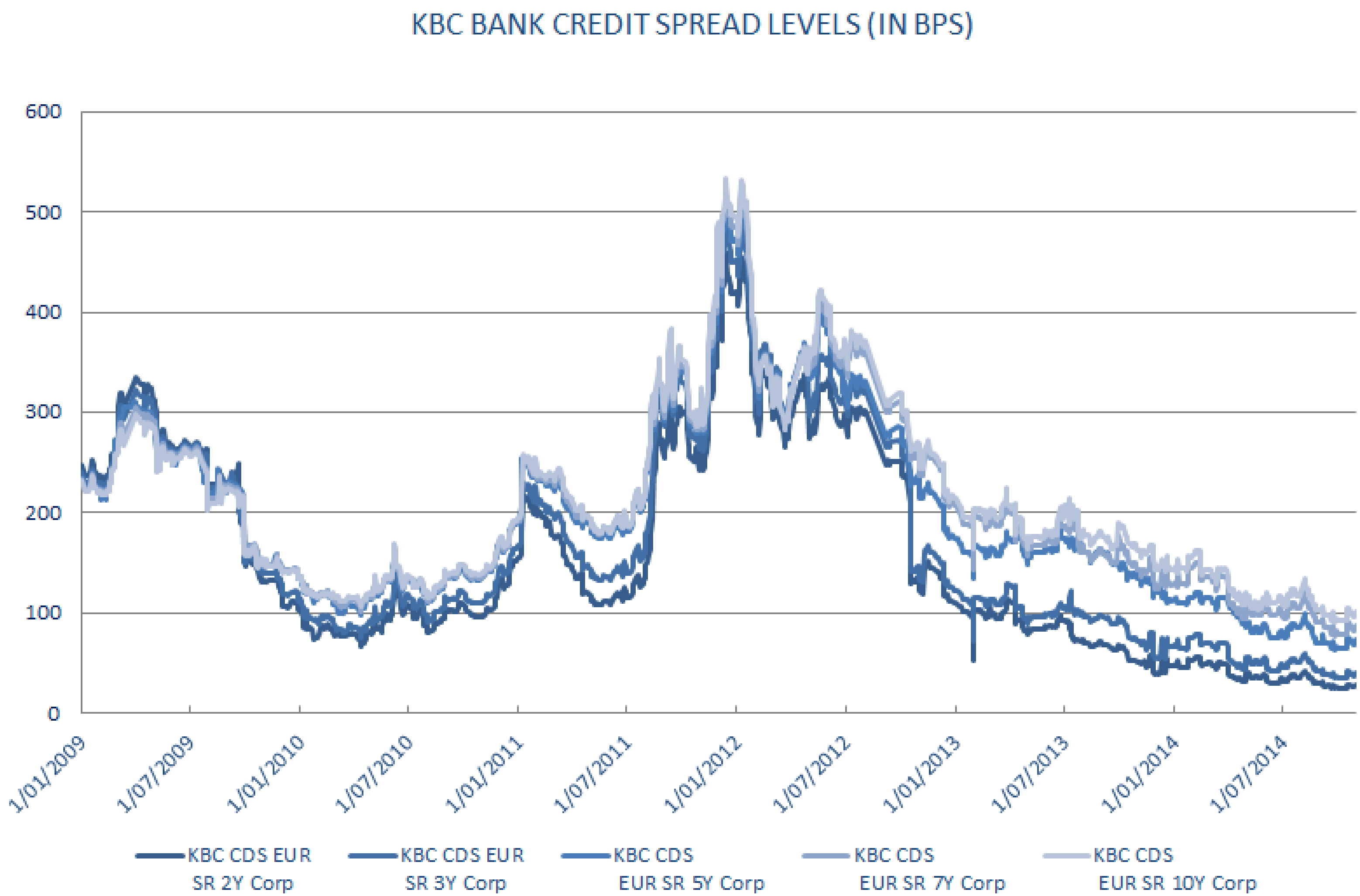
KBC Bank CDS levels since 2009



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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 2013 average residential mortgage loan losses below 2 bp
  - CRD and UCITS compliant / 10% risk-weighted

- **KBC already issued five 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

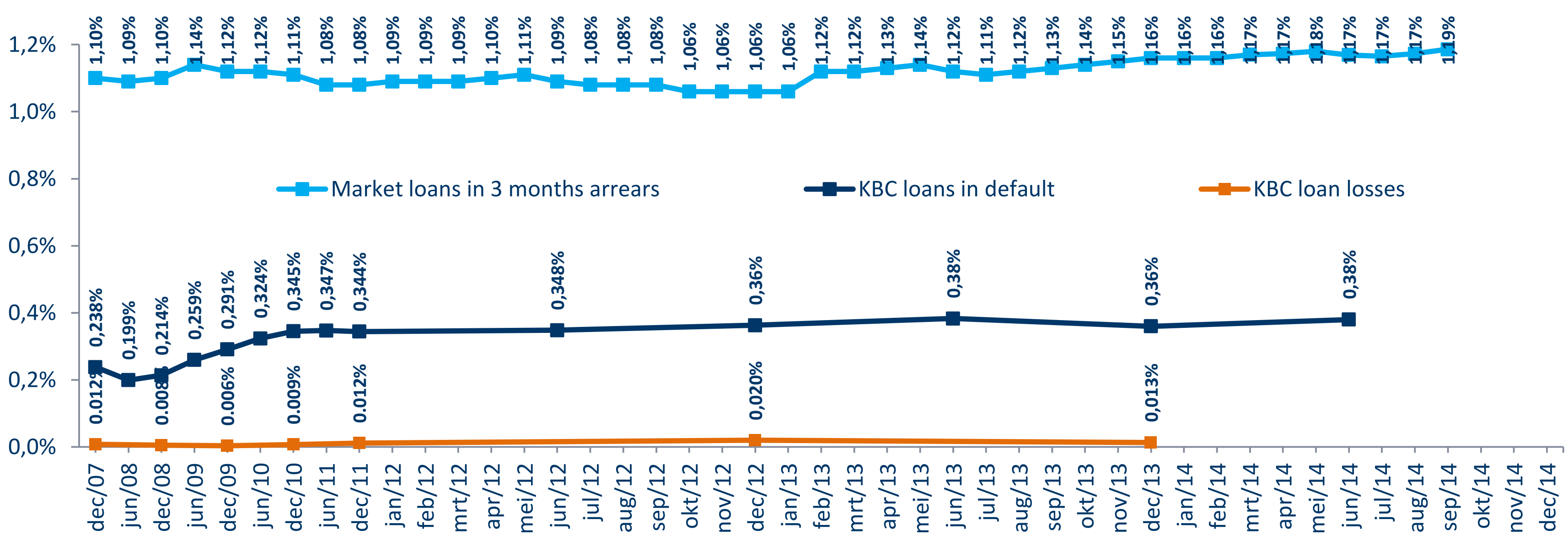
KBC's disciplined origination leads to low arrears and extremely low loan losses

BELGIUM SHOWS A SOLID PERFORMANCE OF MORTGAGES…

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

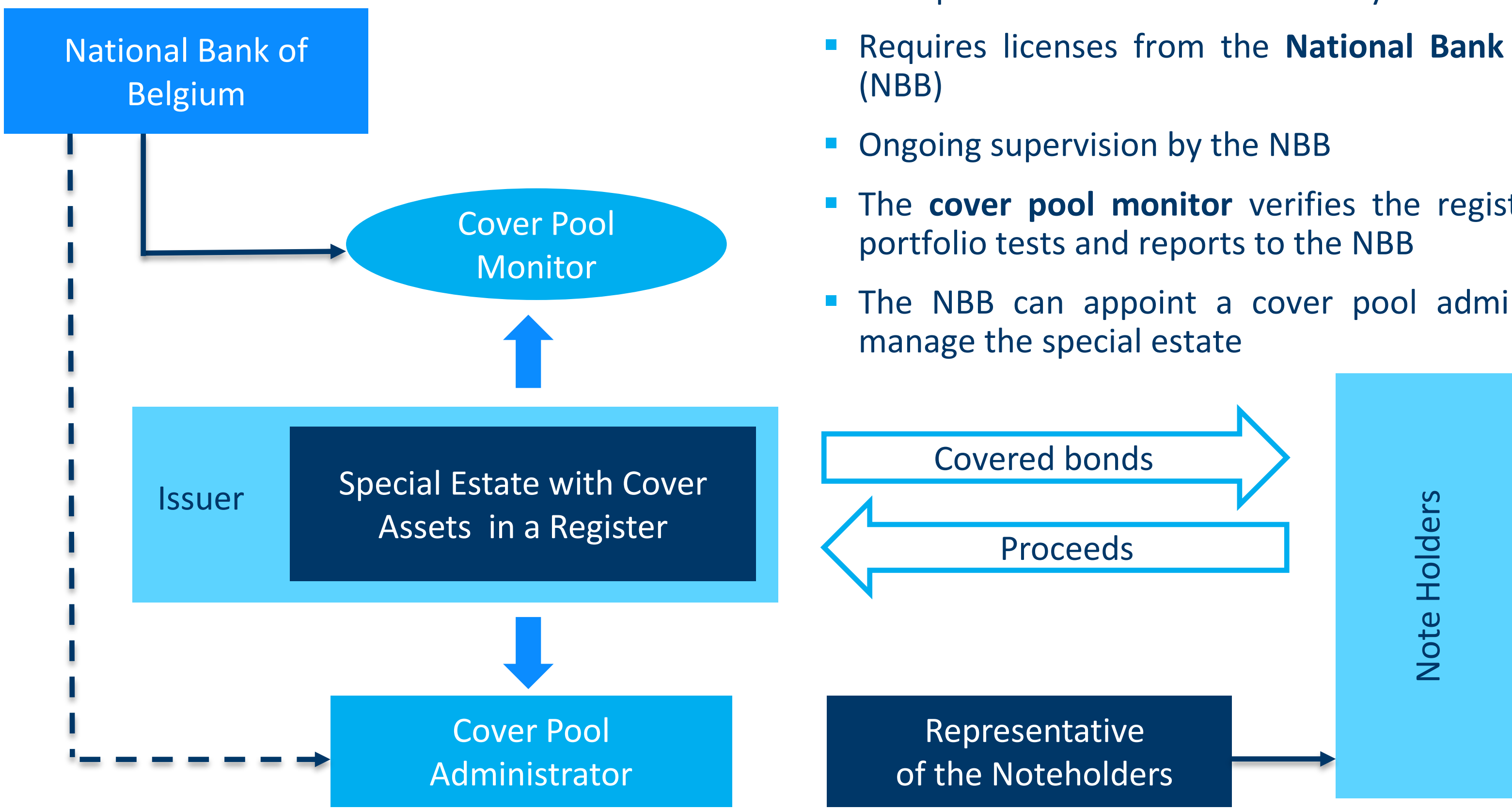
- Cultural aspects, stigma associated with arrears, importance attached to owning one's property
- High home ownership also implies that the change in house prices itself has limited impact on loan performance
- Well established credit bureau and surrounding legislation
- Housing market environment (no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

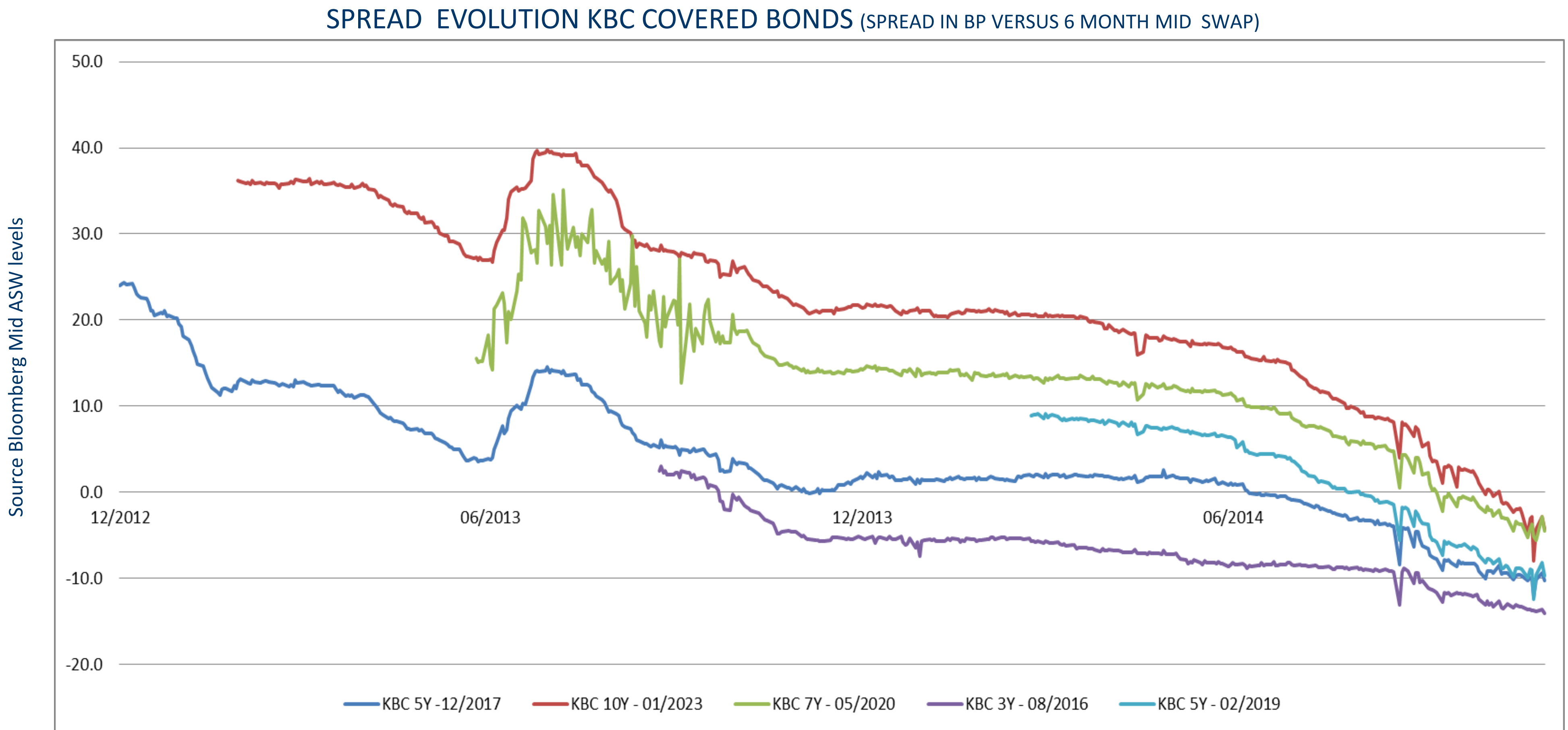
KBC Bank NV residential mortgage covered bond programme

Issuer:	• KBC Bank NV
Main asset category:	• min 105% of covered bond outstanding is covered by residential mortgage loans and collections thereon
Programme 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 five benchmark issuances**:



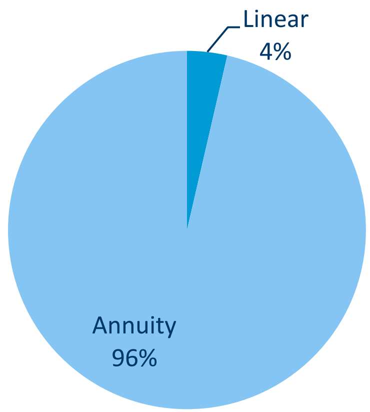
Key cover pool characteristics (1/3)

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

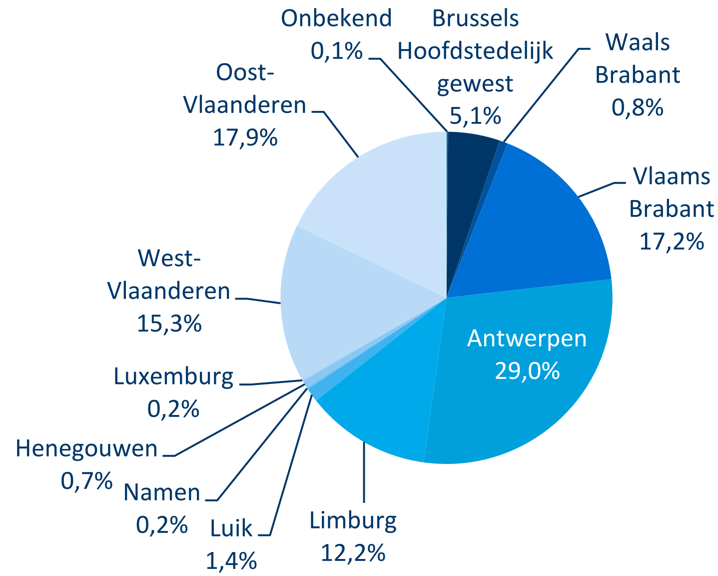
Data based on preliminary portfolio data as of :	31 October 2014
Total Outstanding Principal Balance	8 830 173 831
Total value of the assets for the over-collateralisation test	8 040 204 905
No. of Loans	94 505
Average Current Loan Balance per Borrower	122 735
Maximum Loan Balance	1 000 000
Minimum Loan Balance	1 000
Number of Borrowers	71 945
Longest Maturity	359 month
Shortest Maturity	1 month
Weighted Average Seasoning	47 months
Weighted Average Remaining Maturity	213 months
Weighted Average Current Interest Rate	3.31%
Weighted Average Current LTV	65.9%
No. of Loans in Arrears(+30days)	167
Direct Debit Paying	97.5%

Key cover pool characteristics (2/3)

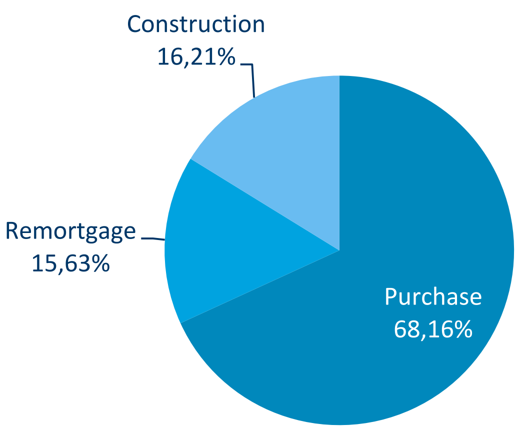
REPAYMENT TYPE (LINEAR VS. ANNUITY)



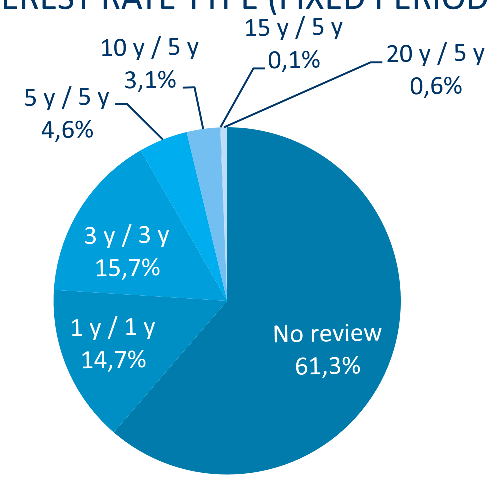
GEOGRAPHICAL ALLOCATION



LOAN PURPOSE

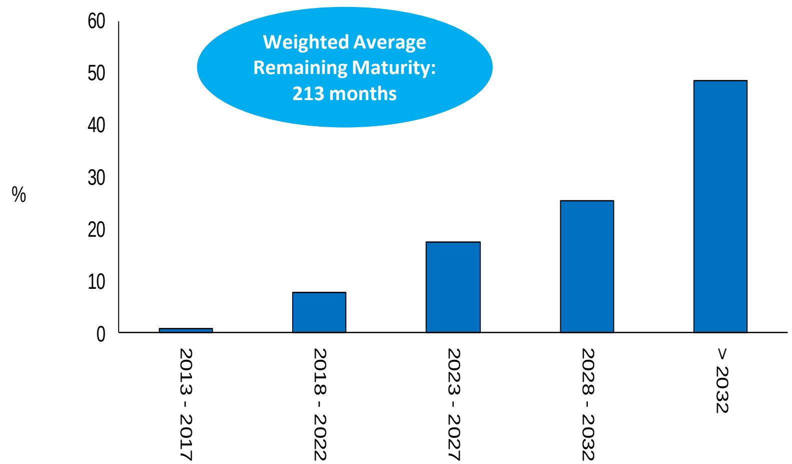


INTEREST RATE TYPE (FIXED PERIODS)

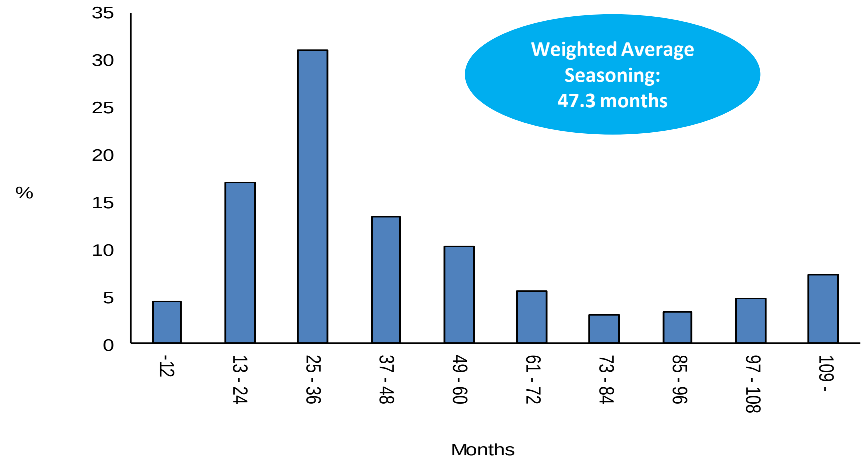


Key cover pool characteristics (3/3)

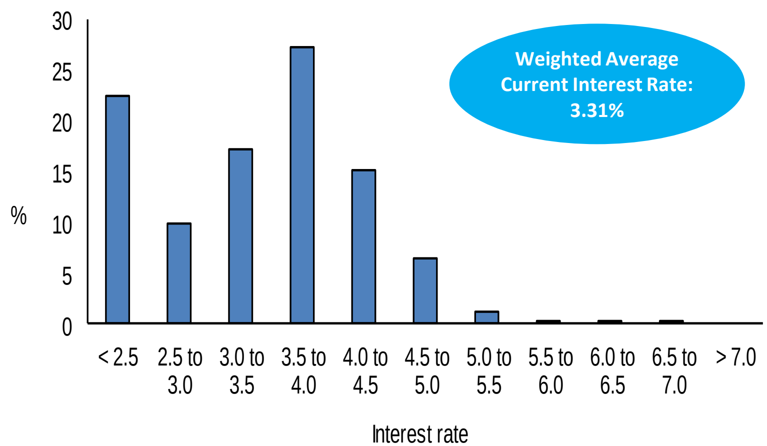
FINAL MATURITY DATE



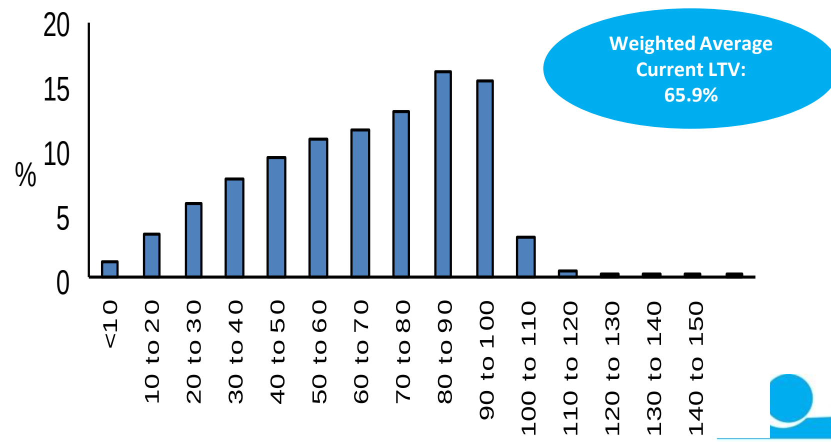
SEASONING



INTEREST RATE



CURRENT LTV



Appendices

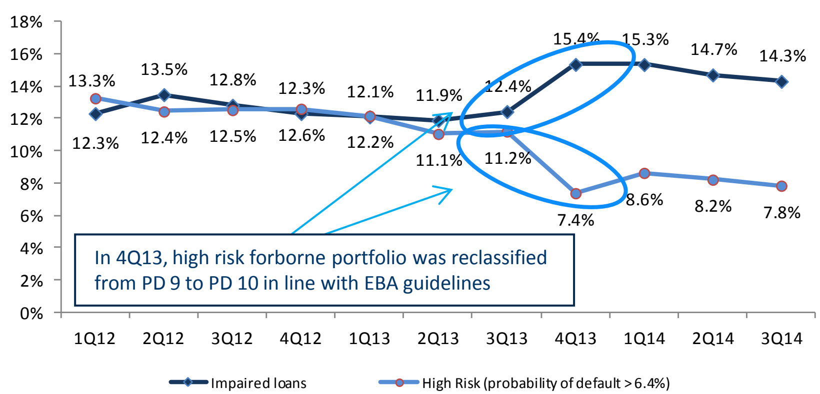
Hungary (1)

HUNGARIAN LOAN BOOK
KEY FIGURES AS AT 30 SEPTEMBER 2014

Loan portfolio	Outstanding	Impaired loans ratio	Impaired loans cover ratio
SME/Corporate	2.8bn	6.4%	56%
Retail	2.4bn	23.4%	53%
o/w private	1.9bn	27.5%	51%
o/w companies	0.5bn	7.4%	76%
TOTAL	**5.2bn**	**14.3%***	**53%****

* Impaired loans ratio: total outstanding impaired loans (PD 10-11-12) / total outstanding loans
** Impaired loans cover ratio: total impairments (specific) for impaired loans / total outstanding impaired loans

PROPORTION OF HIGH RISK AND IMPAIRED LOANS



- 3Q14 **net result** at the K&H Group amounted to 39m EUR
- **YTD net result** amounted to -109m EUR (including -42m EUR post-tax impact of FY bank tax charge and the -186m EUR post-tax impact of the provisions for retail loan related law)
- **Loan loss provisions** amounted to 11m EUR in 3Q14 (13m EUR in 2Q14 and 11m EUR in 1Q14). The **credit cost ratio** came to 0.92% in 9M14 (versus 1.50% in FY 2013)
- In 3Q14, **impaired loans ratio** continued to improve in all main segments (retail and SME/corporate segments)

Hungary (2)

IMPACT OF HUNGARIAN SUPREME COURT'S (CURIA) DECISION

- The act on the 'Resolution of certain issues related to the Supreme Court's (Curia) uniformity decision on consumer loan agreements concluded by financial institutions' was approved on **4 July** by the Hungarian Parliament. The scope of the act includes retail loans in both foreign currency and Hungarian forints. According to the act, the use of foreign-exchange-rate margins in consumer loans denominated in foreign currency is unfair and void and, therefore, bid-offer spreads applied to those foreign currency loans need to be retroactively corrected. Furthermore, as regards all consumer loans, the act installs a refutable assumption of unfairness and repeals unilateral changes to interest rates and fees applied by the banks

- On 29 July the Supervisory Authority, the Hungarian National Bank (HNB) issued methodology guidelines for the recalculation necessitated by the annulment of the bid-offer spread. Based on this, **K&H set aside one-off provisions of 231m EUR (pre-tax) in 2Q14** for both the correction to the bid-offer spreads and the unilateral changes to interest rates, using the methodology guidelines issued by the HNB

- The settlement arrangements of the abovementioned act were further clarified in the Settlement Act of 24 September. This act contains more details on the loan portfolio in scope. The act reveals no major differences compared to the assumptions used to calculate the provision in 2Q14. This act also empowers the HNB to issue a separate decree on the exact formula to be applied. This decree is expected in November 2014

- K&H started legal action to rebut the assumption of unfairness. The Court of First Instance partially rejected our case. K&H submitted an appeal. On 27 October, the Court of the Second Instance suspended the court case and referred it to the Constitutional Court

Hungary (3)

Multiple changes - full impact remains uncertain until regulation is finalized

Changes approved on July 4th

FX bid/offer spread is void

- All payments related to FX-loans (disbursement of the loan, capital and interest payment) should be converted at mid-rate instead of bid/offer rate
- Customers to be compensated for FX spread charges

Unilateral contract modifications by creditors are void

- Unilateral changes in interest rates, fees and cost amounts are unfair and should be restituted
- Financial institutions may launch lawsuits to prove that their changes complied with all requirements set by the Curia

Possible additional changes

Conversion of FX loans to HUF

- Based on the agreement between the government and the Banking Association, the conversion rate will be roughly the spot rate. Only Mortgage loans (housing and home equity loans) will be converted. The related act is still to be submitted to the parliament
- Total FX loan book at end 3Q14: 1.5bn EUR
  - Retail FX housing loans: 0.6bn EUR
  - Retail FX home equity loans: 0.8bn EUR
  - FX car loans: 0.1bn EUR

Impact on KBC

- Applicable to contracts concluded from 1 May 2004, including contracts repaid over the last 5 years
- Estimated impact on K&H: 231m EUR (pre-tax), provisioned in 2Q14 , using the methodology guidelines issued by the HNB

Recurring impact beyond 2014 will depend on:

- the interest margin banks would be allowed to take on new loans (subject to „Fair Banks Act" to be submitted to the parliament soon)

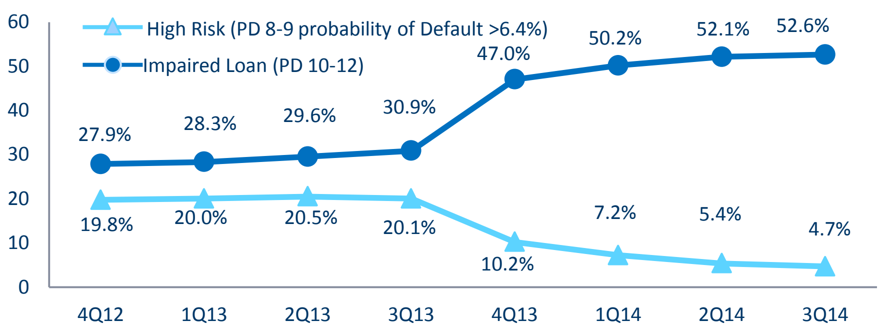
Ireland (1)

IRISH LOAN BOOK
KEY FIGURES AS AT 30 SEPTEMBER 2014

LOAN PORTFOLIO	OUTSTAN-DING	Impaired loans PD 10-12	Impaired loans ratio PD 10-12	SPECIFIC PROVISIONS	Impaired PD 10-12 COVER ratio
Owner occupied mortgages	9.0bn	3.7bn	41.3%	1.1bn	29%[2]
Buy to let mortgages	2.9bn	2.0bn	69.8%	0.6bn	31%[2]
SME /corporate	1.3bn	0.8bn	62.1%	0.4bn	49%
Real estate - Investment - Development	 1.0bn 0.4bn	 0.7bn 0.4bn	 74.1% 100%	 0.4bn 0.3bn	 49% 83%
Total	14.6bn	7.7bn	52.6%	2.8bn	36%[1]

1. The total impaired loan cover ratio amounted to 36% at the end of 3Q14 (36% in 2Q14)
2. Taking into account the adjustments for Mortgage Indemnity Guarantee for combined OO and BTL ratio amounted to 31.1% at 3Q14 (31.1% in 2Q14)

PROPORTION OF HIGH RISK AND IMPAIRED LOANS



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

- **Net loss** in 3Q14 amounted to 36m EUR (57m EUR in 2Q14). Loan loss provisions 3Q14 decreased to 47m EUR (62m EUR in 2Q14) as a result of continued progress made on the non-impaired loan portfolio
- Most recent **GDP data** (2Q14) show an exceptionally large increase of 7.7% y-o-y. This likely overstates the pace of improvement in the economy of late. The scale of increase relates in part to statistical changes to an improvement in construction from a very low base as well as a general upturn in economic activity. Strong conditions in key trading partners such as the US and the UK continue to support Irish exports
- Domestic spending continues to improve, but retail sales remain patchy with car sales and home improvement related categories showing significant gains, but food and drink sales continuing to decline
- Official house price data show a further acceleration in property values through the summer months, led by large gains in Dublin. While constraints on supply remain a key feature of the market, there has been some modest increase in transaction levels
- **Strong customer acquisition in 3Q14 driven primarily by an increase in new current accounts. Retail deposit net inflows continue to increase in 3Q14 resulting in a total retail book of 3.3bn EUR**
- Mortgage volumes continue to show strong increases in line with improvements in customer demand
- KBCI is proactively engaging with those customers who are experiencing financial difficulty and is nearing completion of the roll out of its Mortgage Arrears Resolution Strategy. As part of this, KBCI has met the 3Q14 public targets set by the Central Bank of Ireland
- Continuing downward trend in the total arrears and 90 days past due
- **Local** tier-1 ratio of roughly 14% at the end of 3Q14
- Looking forward, **we are maintaining our guidance for Irish loan loss provisions**. Loan loss provisions are expected to be in the high end of the range of 150m-200m EUR for FY14 and 50m-100m EUR for each of FY15 and FY16. **Profitability expected from 2016 onwards**
- KBC's definition of impaired loans includes PD 10-12. PD 10 is considered as unlikely to pay exposure. Furthermore, as of 3Q14, exposures are net of Reserved Interest Provision. Historic figures have been retrospectively updated here to facilitate a like-for-like comparison

Ireland (2) Home loans portfolio

2Q14

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,642	17	0.3%
	Of which without restructure	5,596		
	Of which in Live restructure	46		
	PD 9	556	38	6.8%
	Of which without restructure	449		
	Of which in Live restructure	107		
IMPAIRED	PD 10	2,693	593	22.0%
	PD 11	2,552	838	32.9%
	PD 12	444	256	57.7%
	TOTAL PD1-12	**11,888**	**1,742**	
	Specific Impairment/Impaired Loans (PD 10-12) Exposure			*29.7%*
	Specific Impairment/Impaired Loans (PD 10-12) Exposure including MIG			*31.1%*

3Q14

	PD	Exposure	Impairment	Cover %
PERFORMING	PD 1-8	5,687	19	0.3%
	Of which without restructure	5,655		
	Of which in Live restructure	32		
	PD 9	465	36	7.7%
	Of which without restructure	408		
	Of which in Live restructure	57		
IMPAIRED	PD 10	2,819	527	18.7%
	PD 11	2,401	885	36.9%
	PD 12	517	293	56.6%
	TOTAL PD1-12	**11,889**	**1,760**	
	Specific Impairment/Impaired Loans (PD 10-12) Exposure			*29.7%*
	Specific Impairment/Impaired Loans (PD 10-12) Exposure including MIG			*31.1%*

Exposure = Gross Balances, excluding statutory or regulatory adjustments, net of Reserved Interest Provision

- **PD 1-9 (Performing)** loans **decreased** in 3Q14, due to loans migrating to Impaired in line with KBC's Definition of Default. The volume of cases migrating has continued to diminish. Loans in a Live restructure amount to roughly **90m EUR (1%),** down from 150m EUR (2%) in 2Q14
- New lending volumes have increased the performing book in 3Q14
- **PD 10** loans increased by roughly 130m EUR. Inflow of cases moving from PD 1-9 due to need for (primarily second) restructure and from PD 11 (due to arrears management)
- **PD 11** loans **decreased** by roughly 150m EUR. Outflow of cases moving to PD 12 and favourable migrations to PD 1-10
- **PD12** increased by roughly 70m EUR due to an increase in irrecoverable cases in the quarter
- KBCI has enhanced its provisioning methodology in 3Q14 to accurately reflect the specific risk and cash flow profile of its portfolio, a significant proportion of which is currently on a long term sustainable forbearance arrangement
- Net Impairment charge of 16m EUR in 3Q14 compared with 35m EUR in 2Q14

Ireland (3) Corporate loan portfolio

2Q14

	PD	Exposure	Impairments	Cover %
PREF.	PD 1-8	786	12	1.5%
	PD 9	38	6	15.7%
IMPAIRED	PD 10	770	233	30.3%
	PD 11	543	328	60.4%
	PD 12	647	503	77.7%
	TOTAL PD1-12	**2,784**	**1,081**	
	Specific Impairment/Impaired Loans (PD 10-12) Exposure			*54.3%*

3Q14

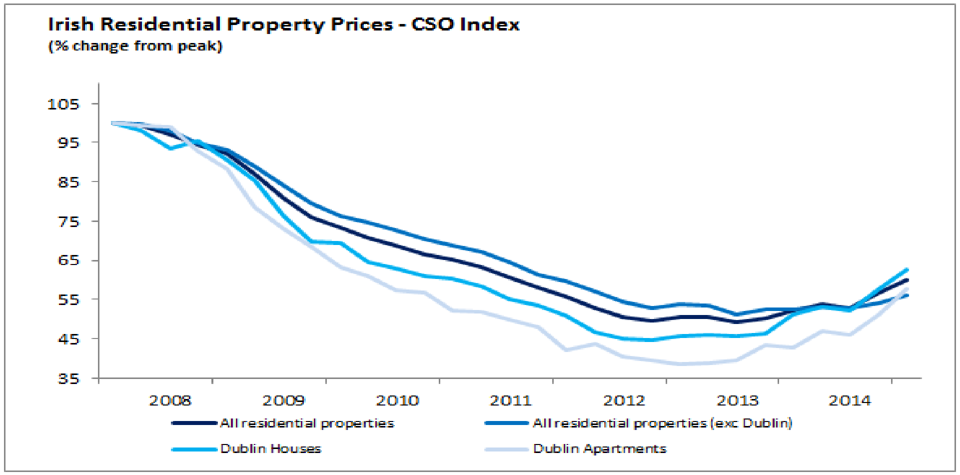
	PD	Exposure	Impairments	Cover %
PREF.	PD 1-8	723	11	1.5%
	PD 9	35	7	18.5%
IMPAIRED	PD 10	727	239	32.9%
	PD 11	428	267	62.4%
	PD 12	788	586	74.3%
	TOTAL PD1-12	**2,702**	**1,110**	
	Specific Impairment/Impaired Loans (PD 10-12) Exposure			*56.2%*

Exposure = Gross Balances, excluding statutory or regulatory adjustments, net of Reserved Interest Provision

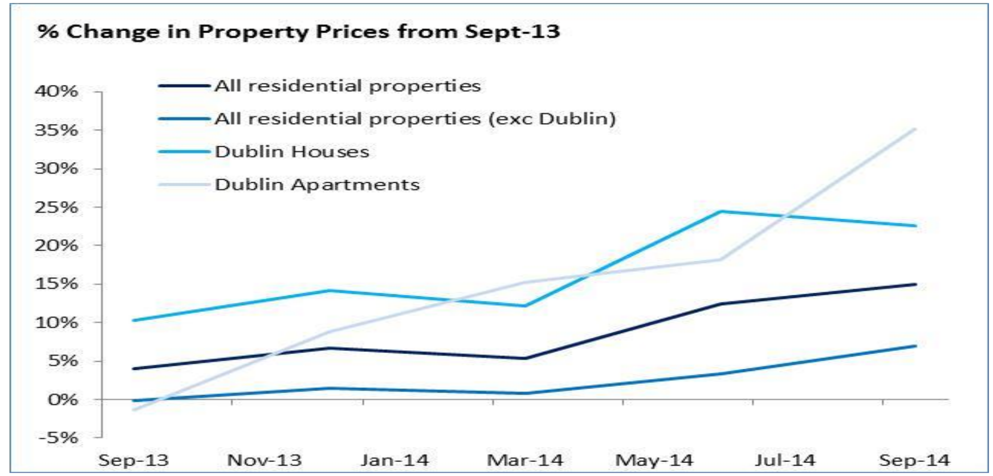
- The Corporate Loan book decreased by roughly 80m EUR in 3Q14 driven mainly by the deleveraging of the portfolio, reflecting a mix of loan sales, asset sales and amortisations
- The impaired PD 10-12 portfolio decreased roughly by a net 20m EUR in 3Q14 comprising the deleveraging of the portfolio, offset by loans migrating into PD 10-12
- Coverage ratio for PD 10-12 Portfolio increased to 56.2% from 54.3%
- Net impairment charge of 31m EUR was recognised on the Corporate portfolio in 3Q14 compared with 27m EUR in 2Q14

Ireland (4) Key indicators show signs of recovery

RESIDENTIAL PROPERTY PRICES SHOWING CONTINUED SIGNS OF RECOVERY

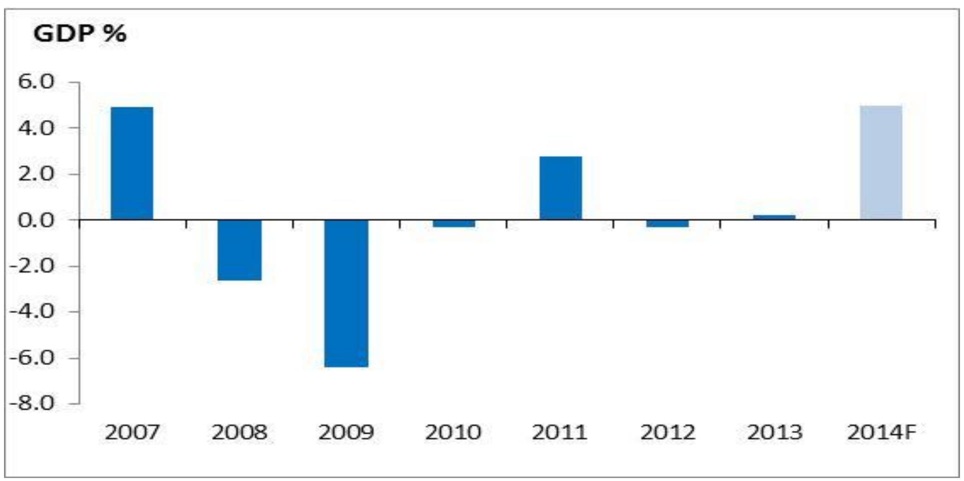


Source: Irish Residential Property Prices - CSO Index

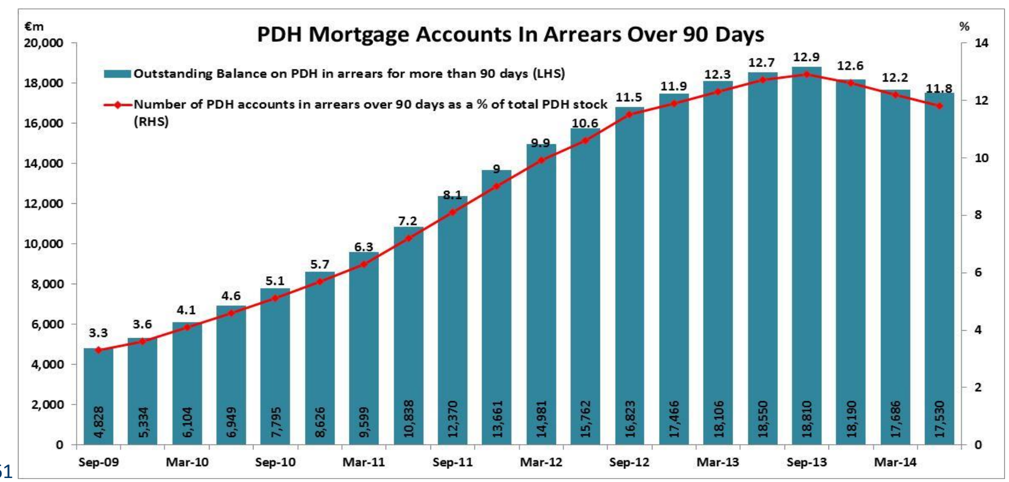


Source: Irish Residential Property Prices - CSO Index

LATEST FORECAST INDICATES CLEAR GDP GROWTH

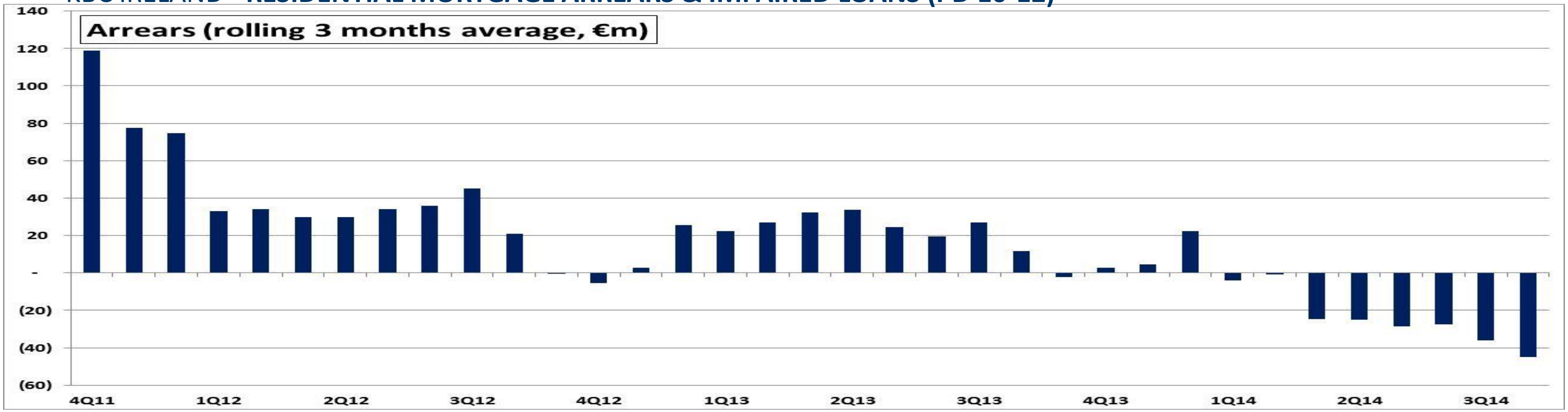


RESIDENTIAL MORTGAGE ARREARS DECREASING IN MARKET



Ireland (5) Key indicators show signs of stabilisation

KBC IRELAND - **RESIDENTIAL MORTGAGE ARREARS & IMPAIRED LOANS (PD 10-12)**



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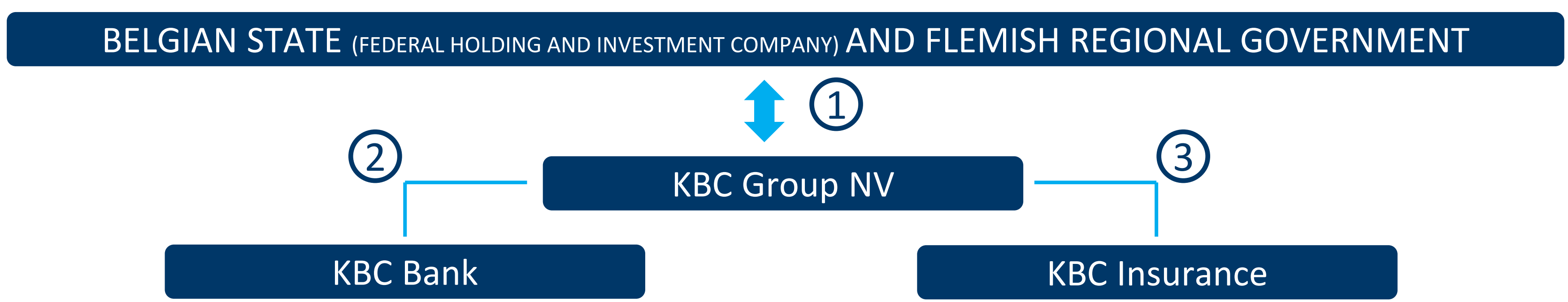
Group’s legal structure

- 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

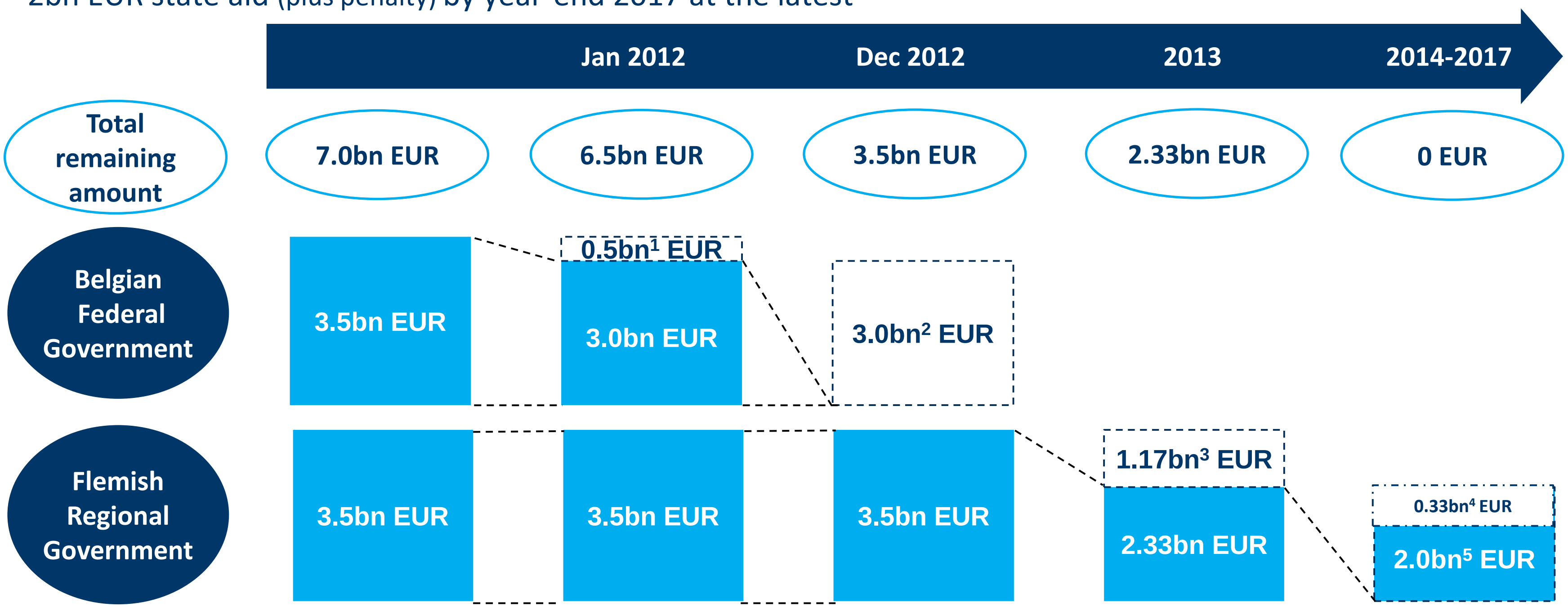
- ORIGINALLY, 7BN EUR WORTH OF CORE CAPITAL SECURITIES SUBSCRIBED BY THE BELGIAN FEDERAL AND FLEMISH REGIONAL GOVERNMENTS

	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

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
- At the beginning of 2014, KBC accelerated the repayment of 0.33bn EUR (plus penalty), and as such saved 28m EUR in coupon payments
- At the Investor Day on 17 June 2014, KBC announced it will accelerate the reimbursement of the remaining 2bn EUR state aid (plus penalty) by year-end 2017 at the latest



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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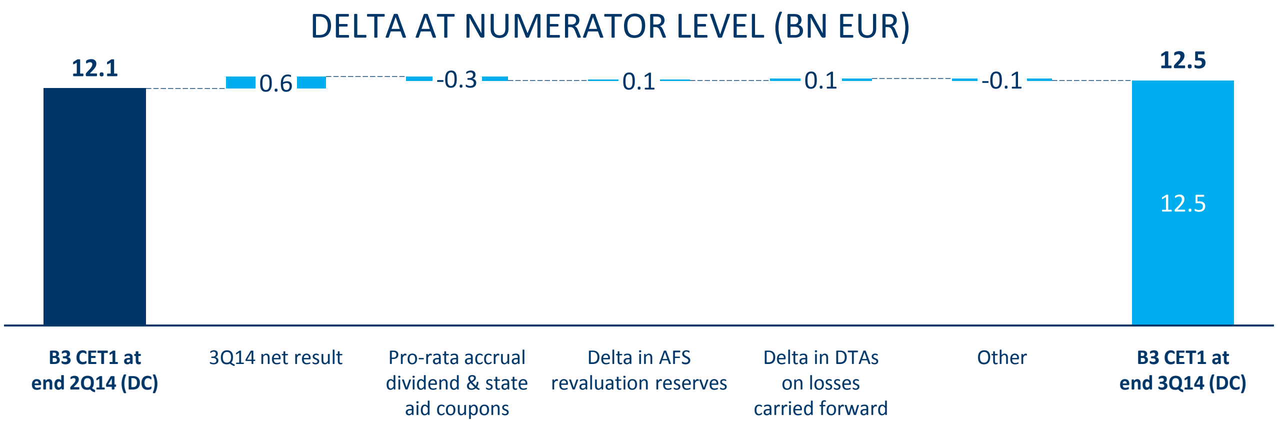
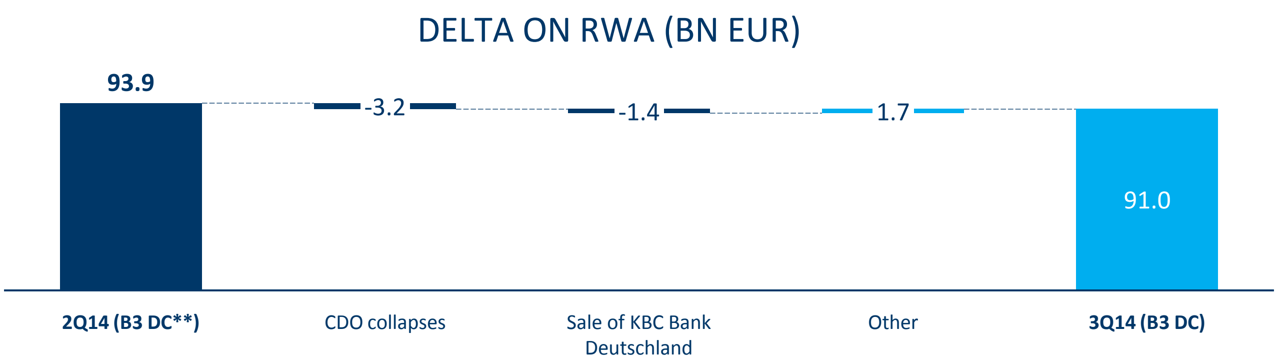
Fully loaded B3* CET1 based on Danish Compromise (DC) From 2Q14 to 3Q14





- Fully loaded B3 common equity ratio of approx. 13.7% at end 3Q14 based on Danish Compromise (DC)
- As announced, intention to maintain a fully loaded common equity ratio of minimum 10.5% as of the Investor Day (17 June 2014)

* Is including remaining State aid of 2bn EUR as agreed with local regulator

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

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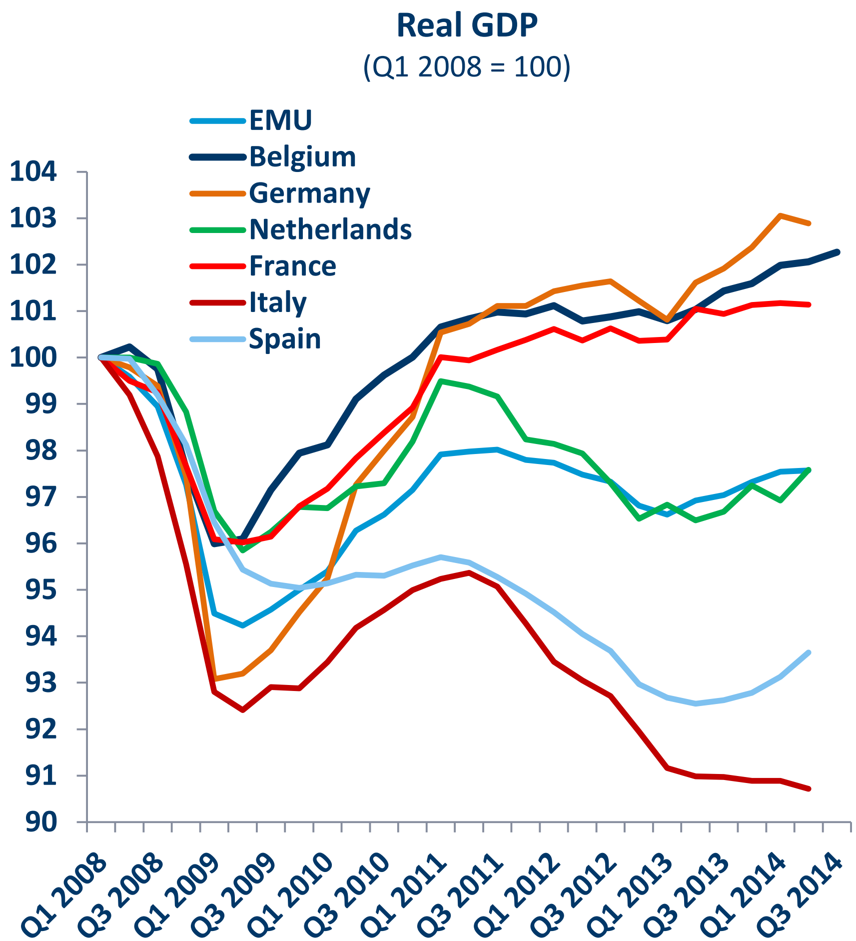
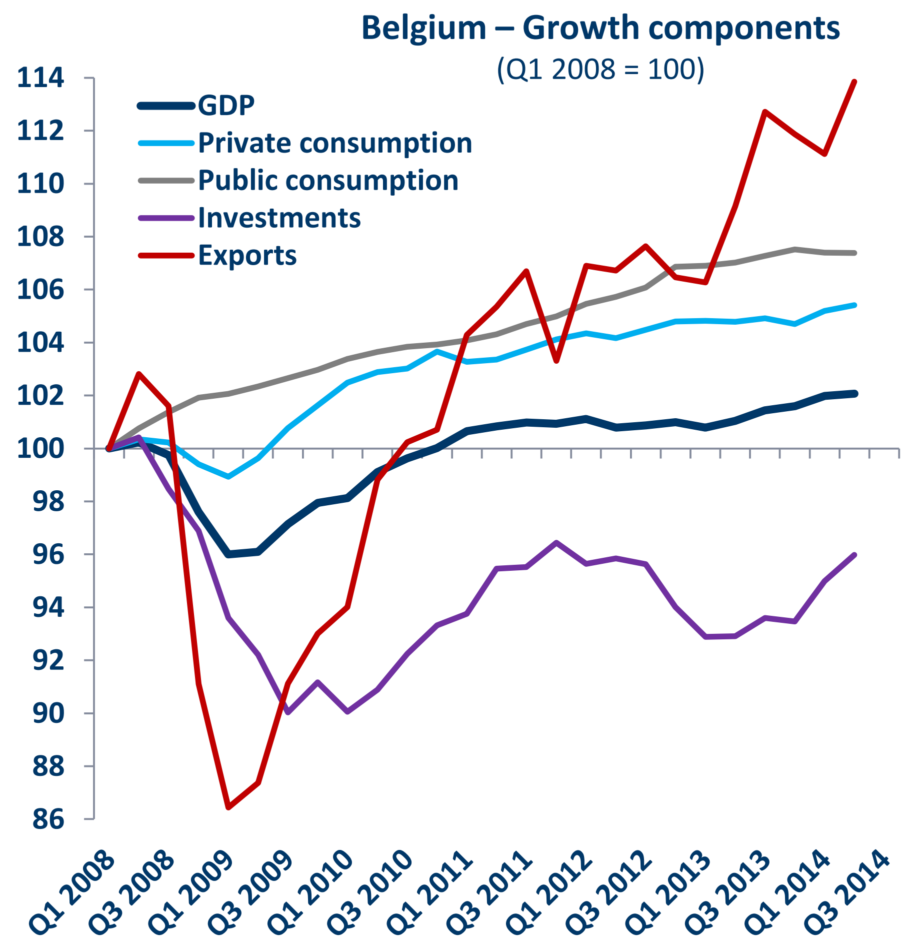
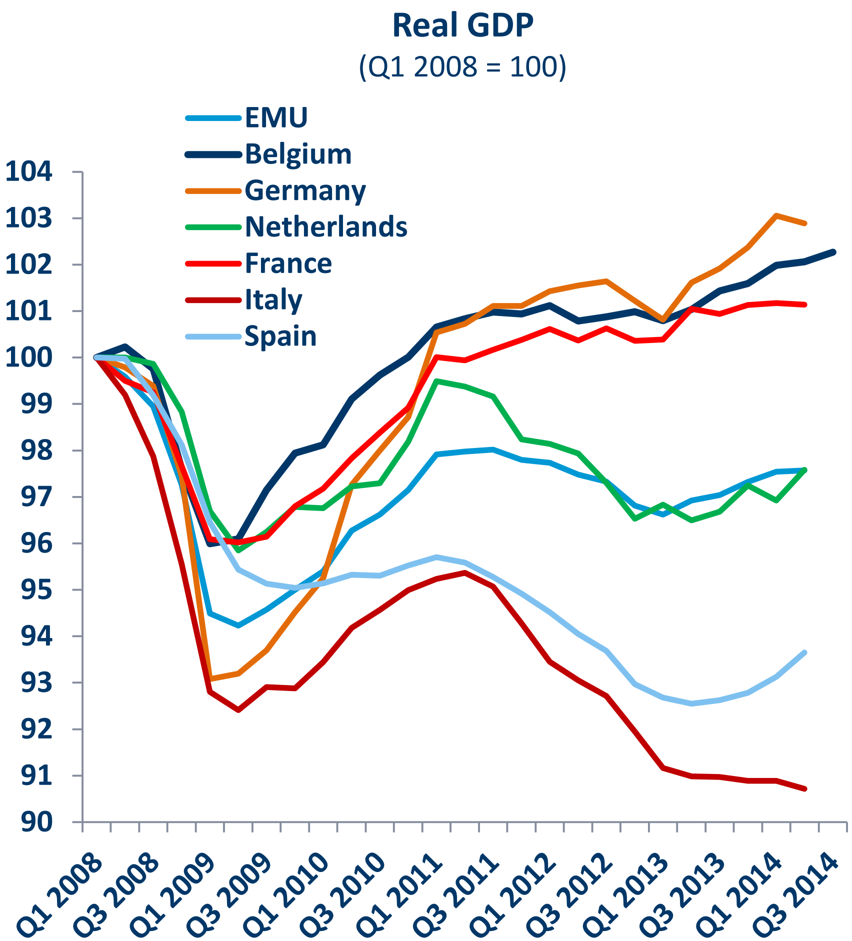
Recovery of the Belgian economy supported by domestic and foreign demand….

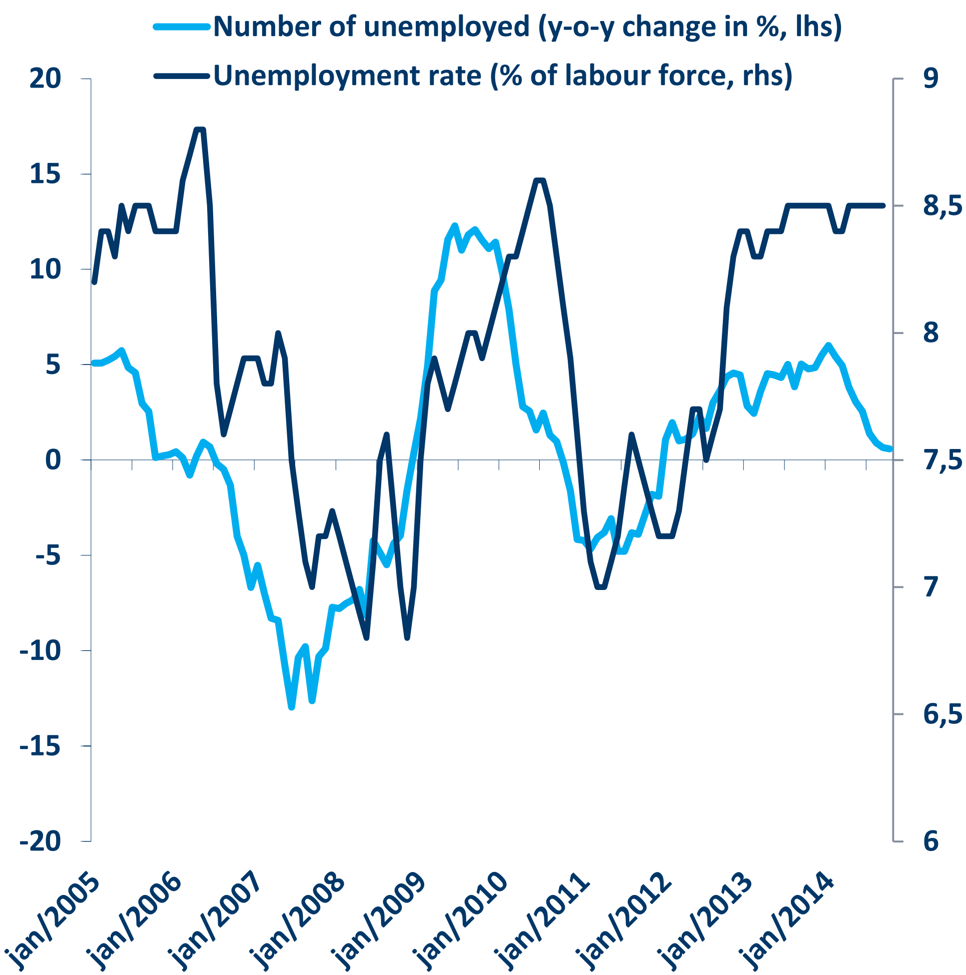


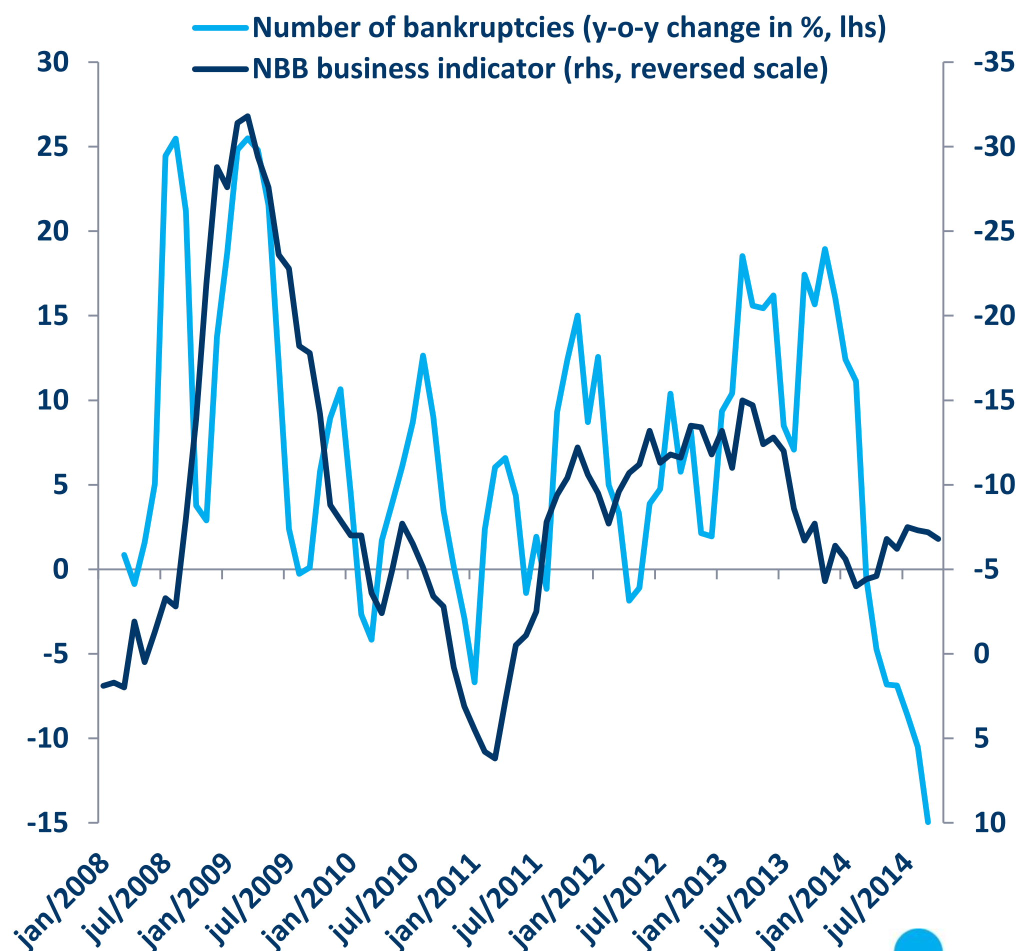


Recovery of the Belgian economy
…confidence up again after weakness in summer months

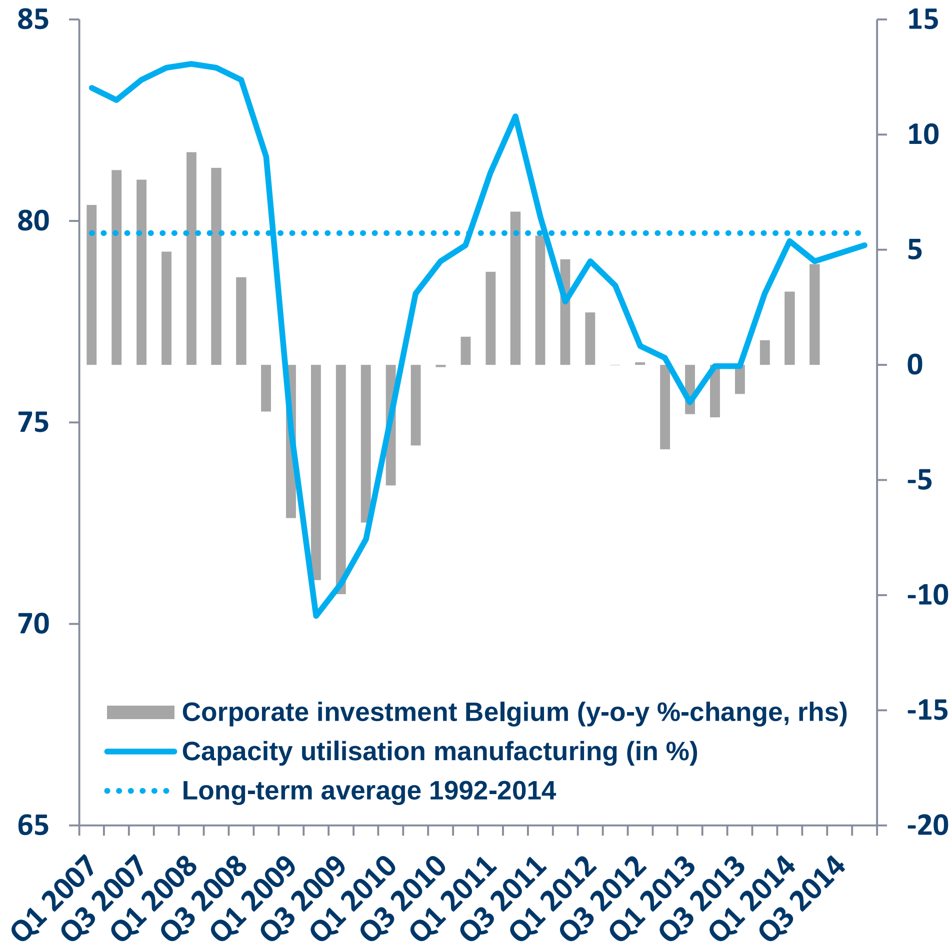


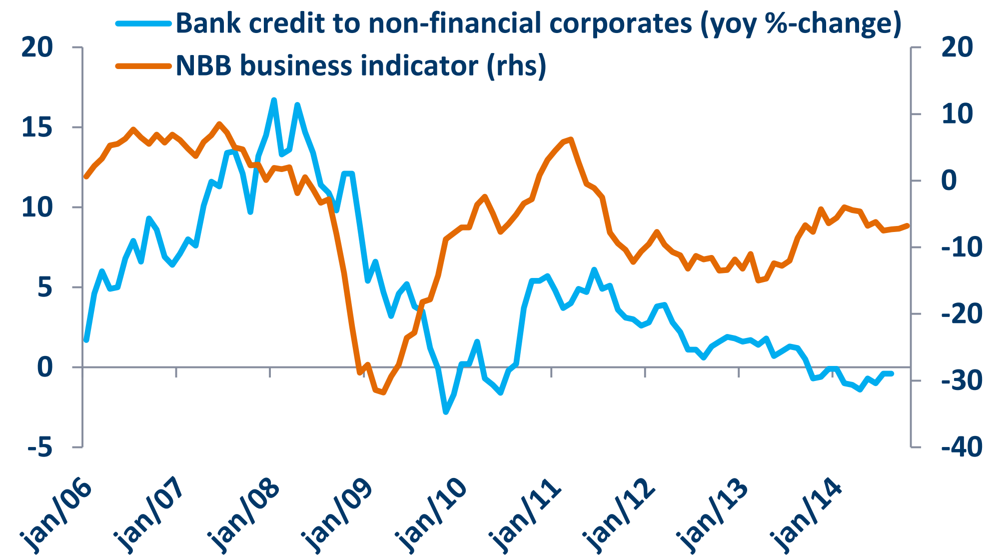
Unemployment and bankruptcies in Belgium no longer on the rise

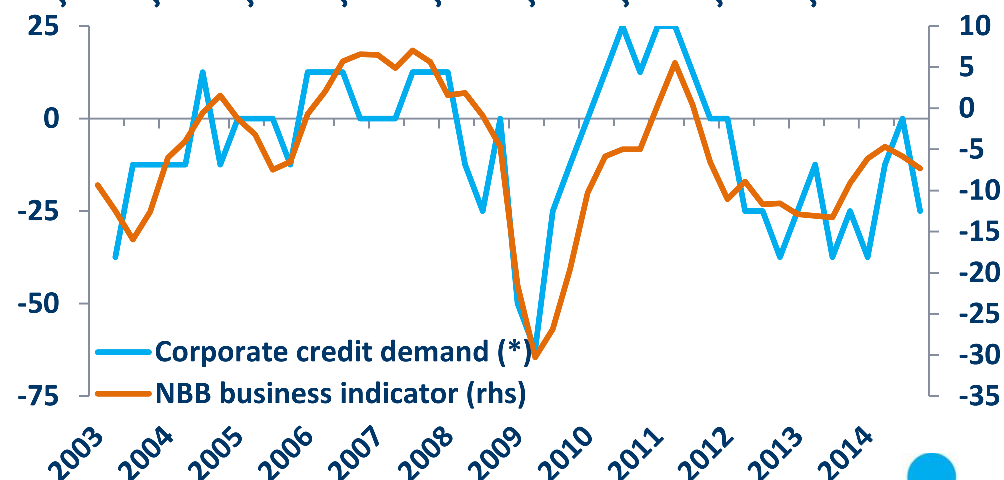




Corporate investment climate
capacity utilisation near its long-term average



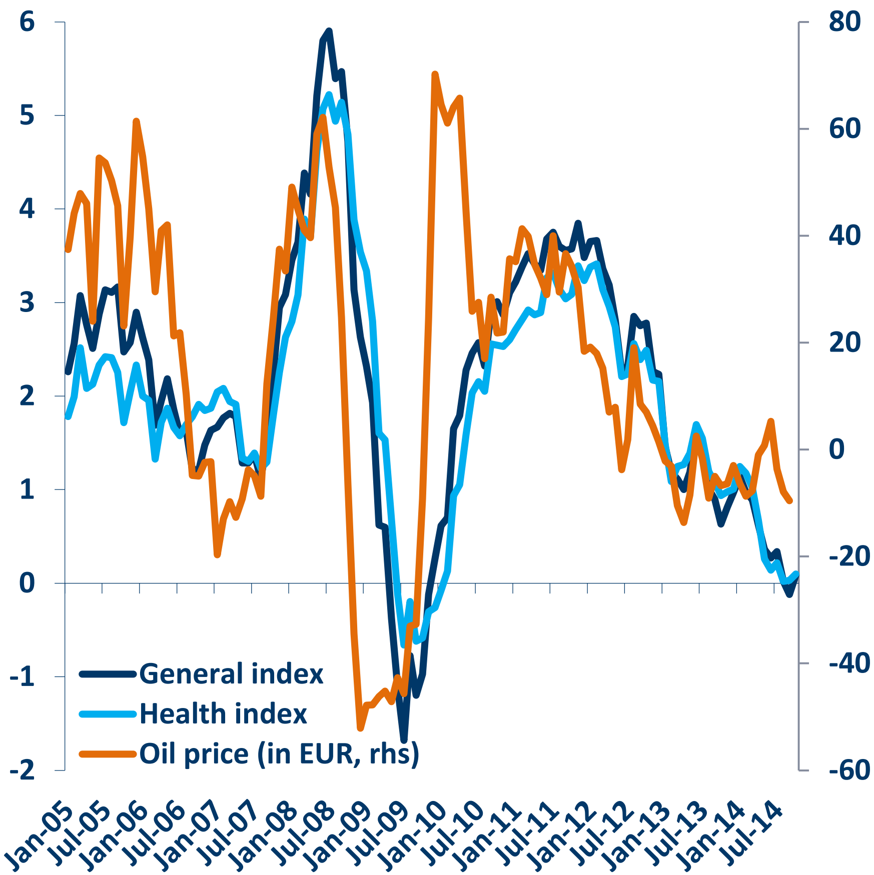




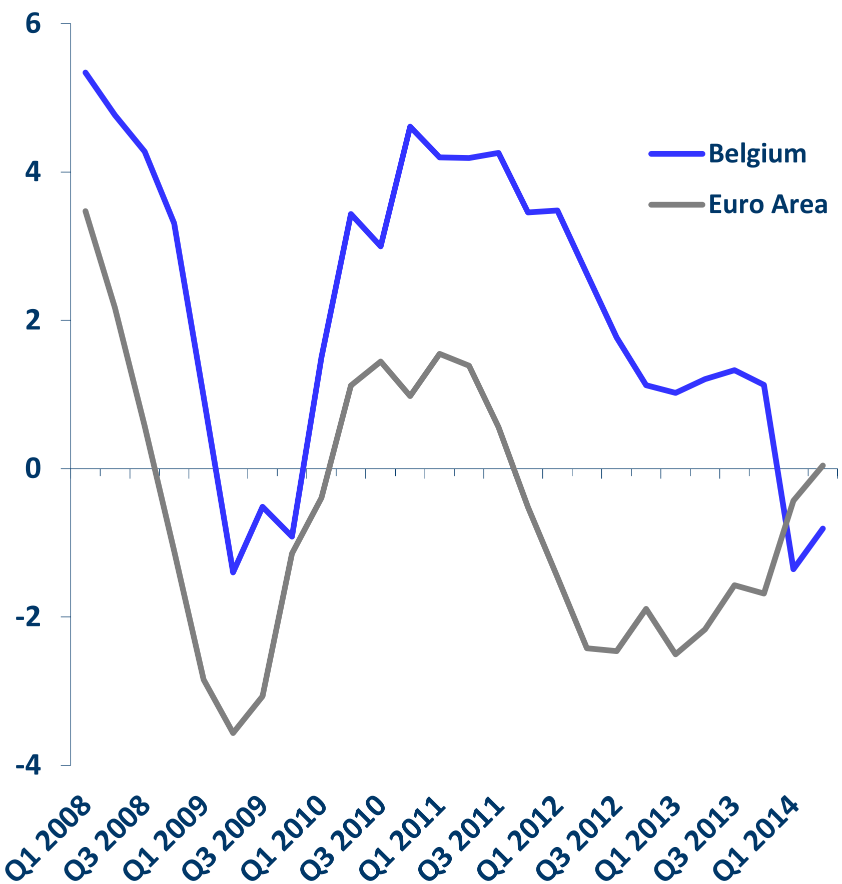
(*) Bank Lending Survey: a negative sign indicates at a decline in corporate loan demand (and vice versa)

Declining inflation in line with energy and Belgian house price starting to decline, but no large correction expected

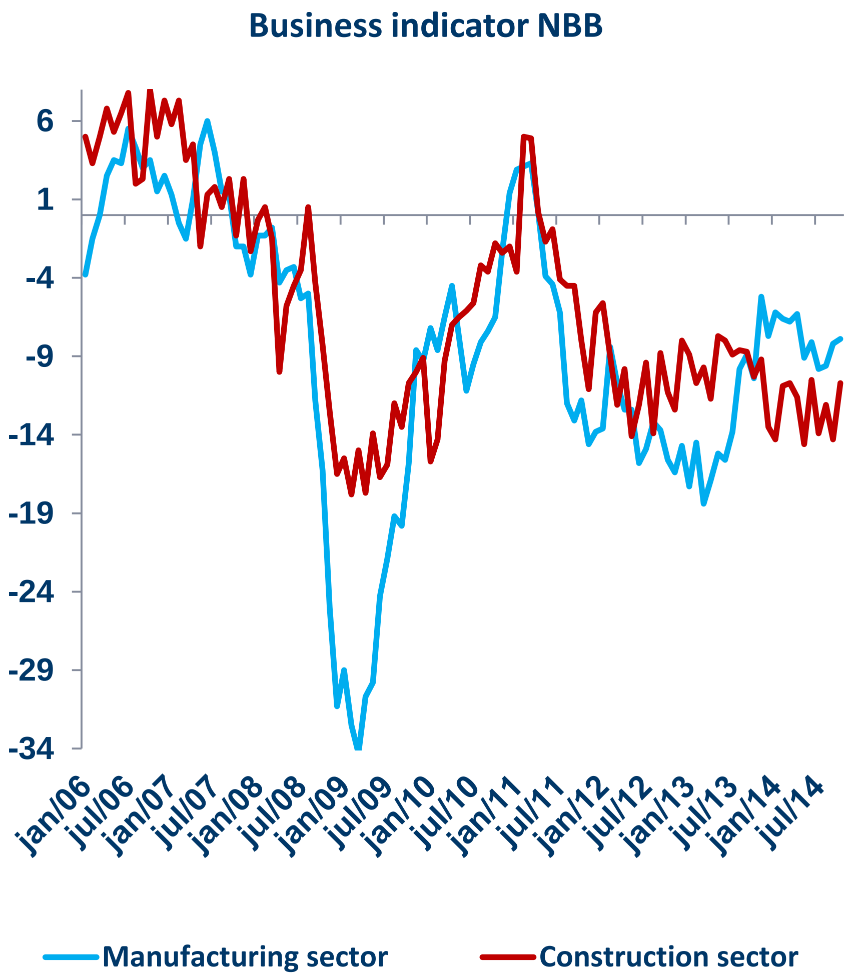
Belgium – National consumer price index
(y-o-y change in %)



House prices
(harmonised index y.o.y in % , Eurostat)



Climate in construction remains very weak, housing market activity cooling off



Growth outlook 2014 & 2015

	REAL GDP GROWTH (IN %, KBC forecast)		
	2013e	2014e	2015e
US	2.2	2.25	3.1
EMU	-0.4	0.8	1.4
GERMANY	0.2	1.4	1.6
BELGIUM	0.3	1.0	1.4
CZECH REP.	-0.7	2.5	2.5
SLOVAKIA	0.9	2.4	2.4
HUNGARY	1.1	3.2	2.5
BULGARIA	0.9	1.3	2.0
IRELAND	0.2	4.1	2.8

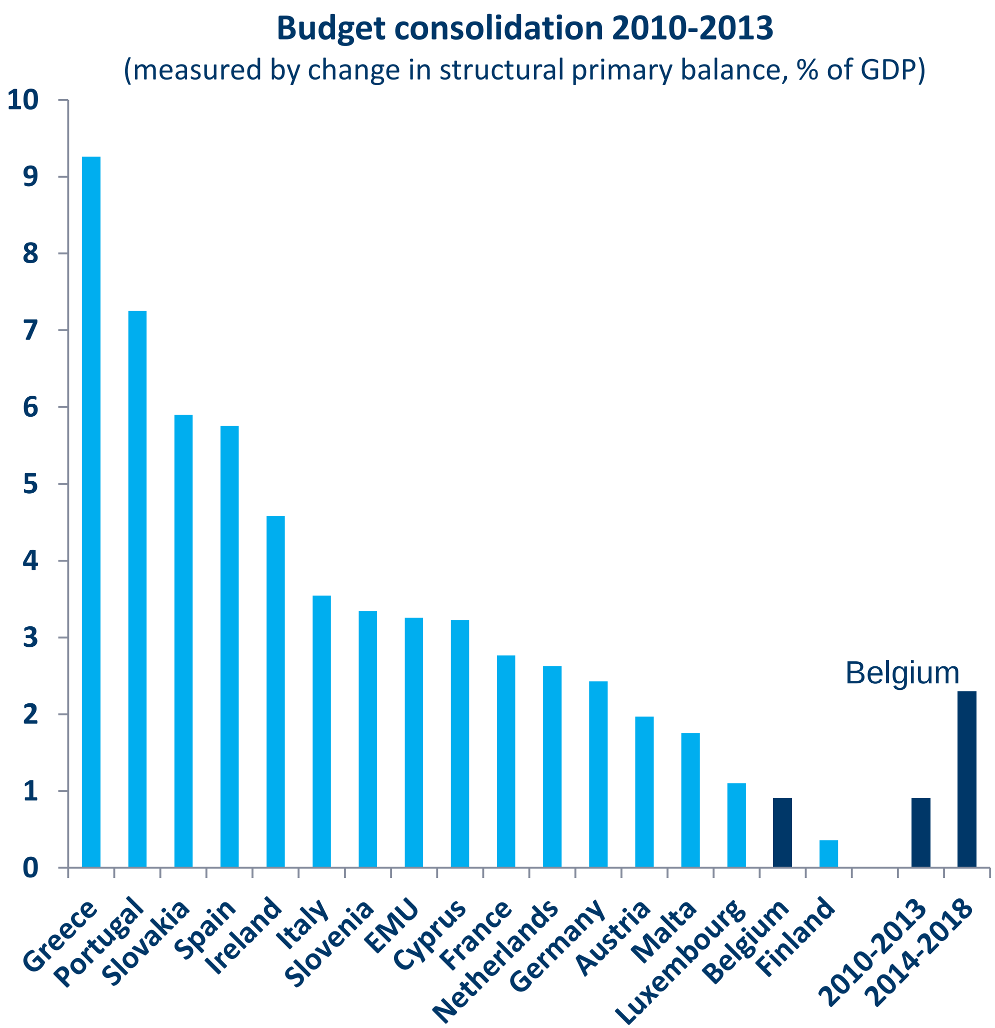
Comparison with other forecasters

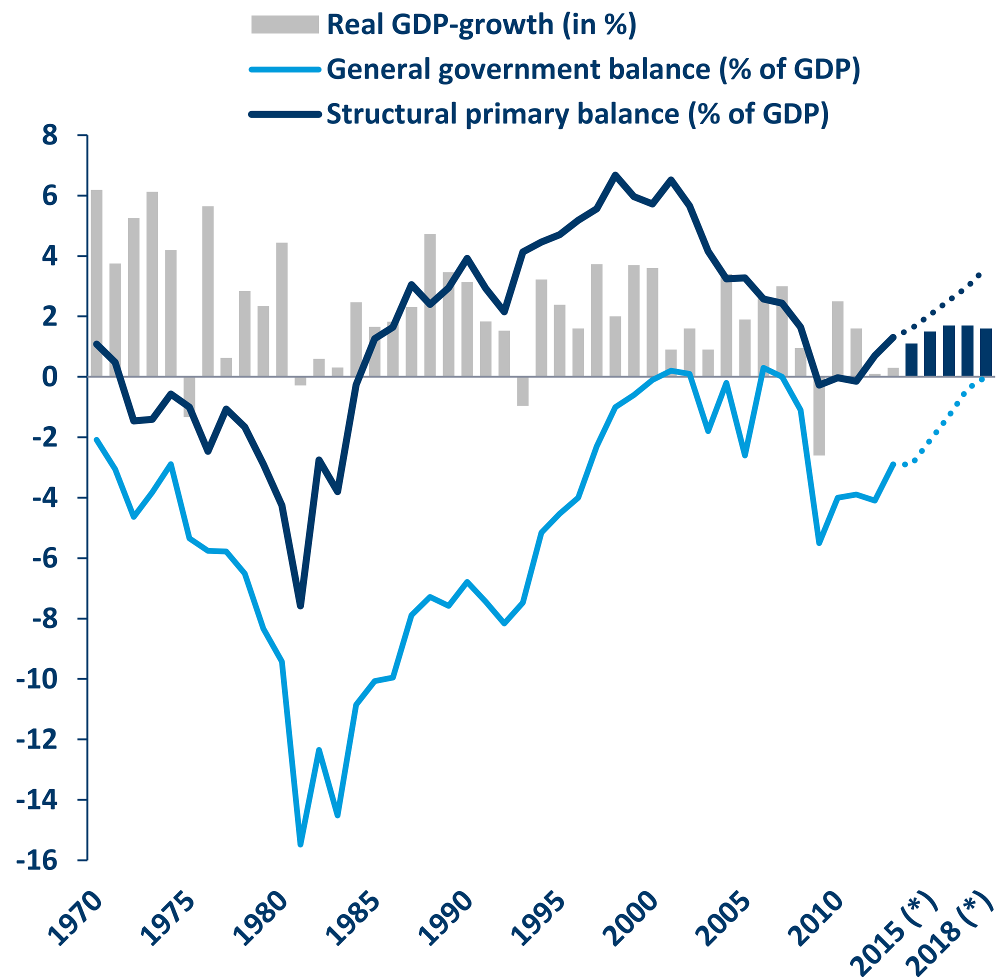
2014	Belgium	EMU	Germany
European Commission (November)	0.9	0.8	1.3
IMF (October)	1.0	0.8	1.4
Planning Bureau (September)	1.1	0.8	-
Consensus (October)	1.1	0.8	1.4
KBC (November)	**1.0**	**0.8**	**1.4**

2015	Belgium	EMU	Germany
European Commission (November)	0.9	1.1	1.1
IMF (October)	1.4	1.3	1.5
Planning Bureau (September)	1.5	1.3	-
Consensus (October)	1.4	1.2	1.5
KBC (November)	**1.4**	**1.4**	**1.6**

Source: KBC (October 2014)

Fiscal consolidation
Still a long way to go, in a low-growth environment

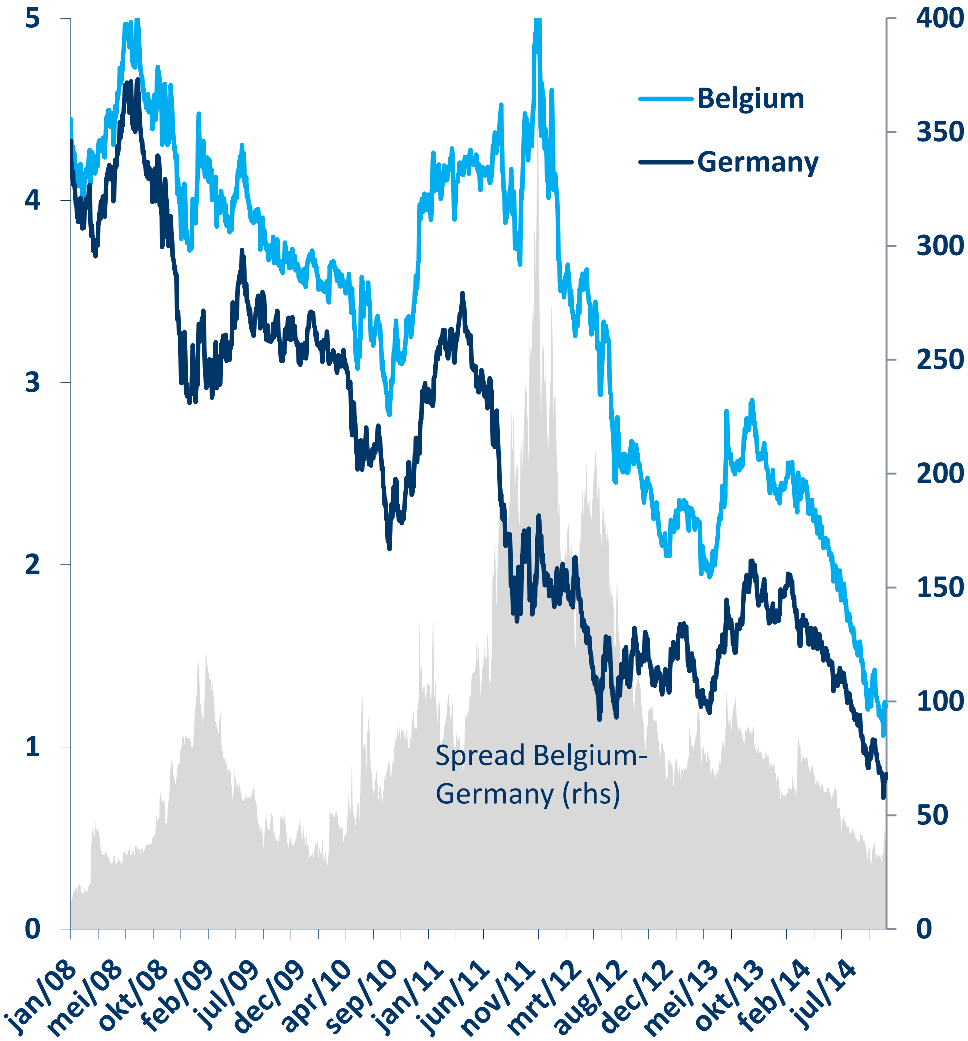




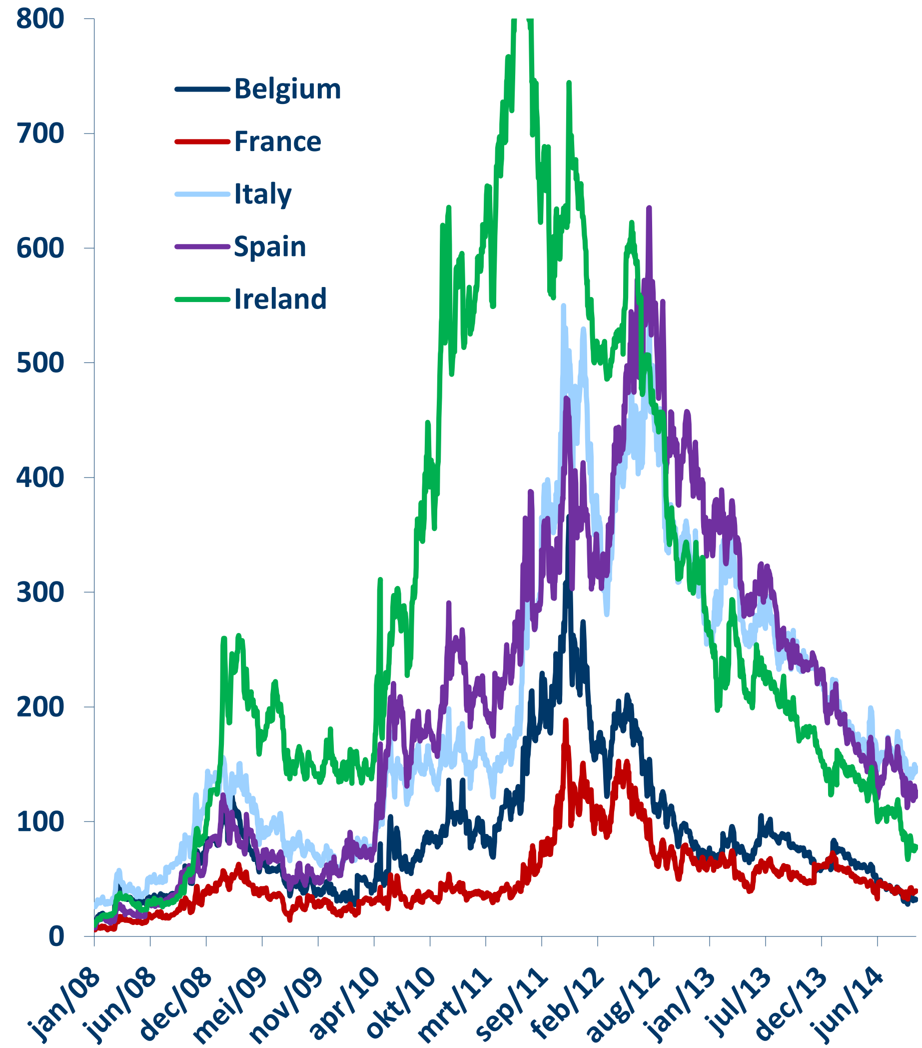
(*) Draft budgetary plan submitted to EC (October 2014)

Interest rate at an historically low level

10-year government bond yields
(in %)



Interest rate spreads Euro Area
(10-year rate versus Germany, in basis points)



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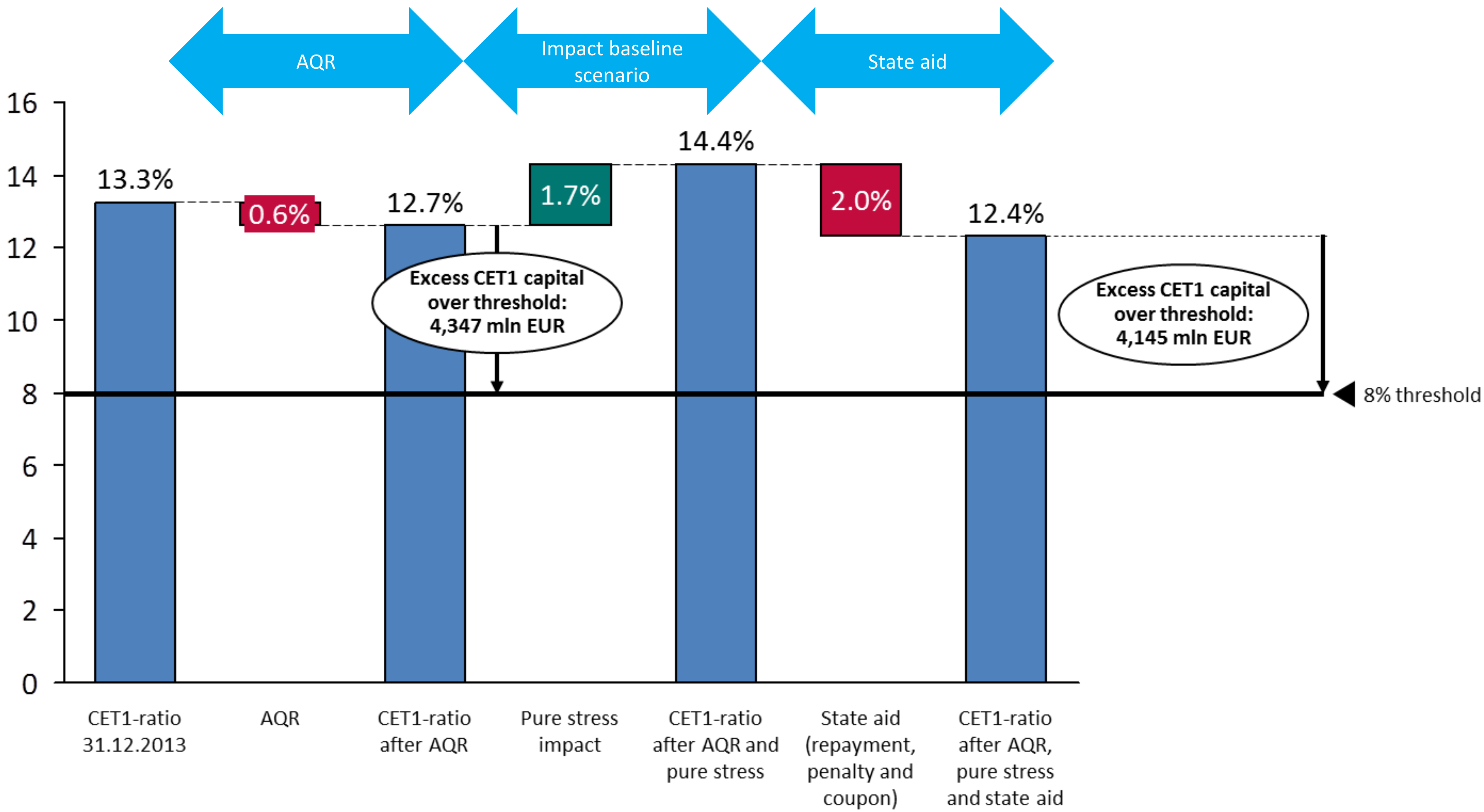
KBC exceeded ECB’s AQR and stress test thresholds and maintained strong buffer

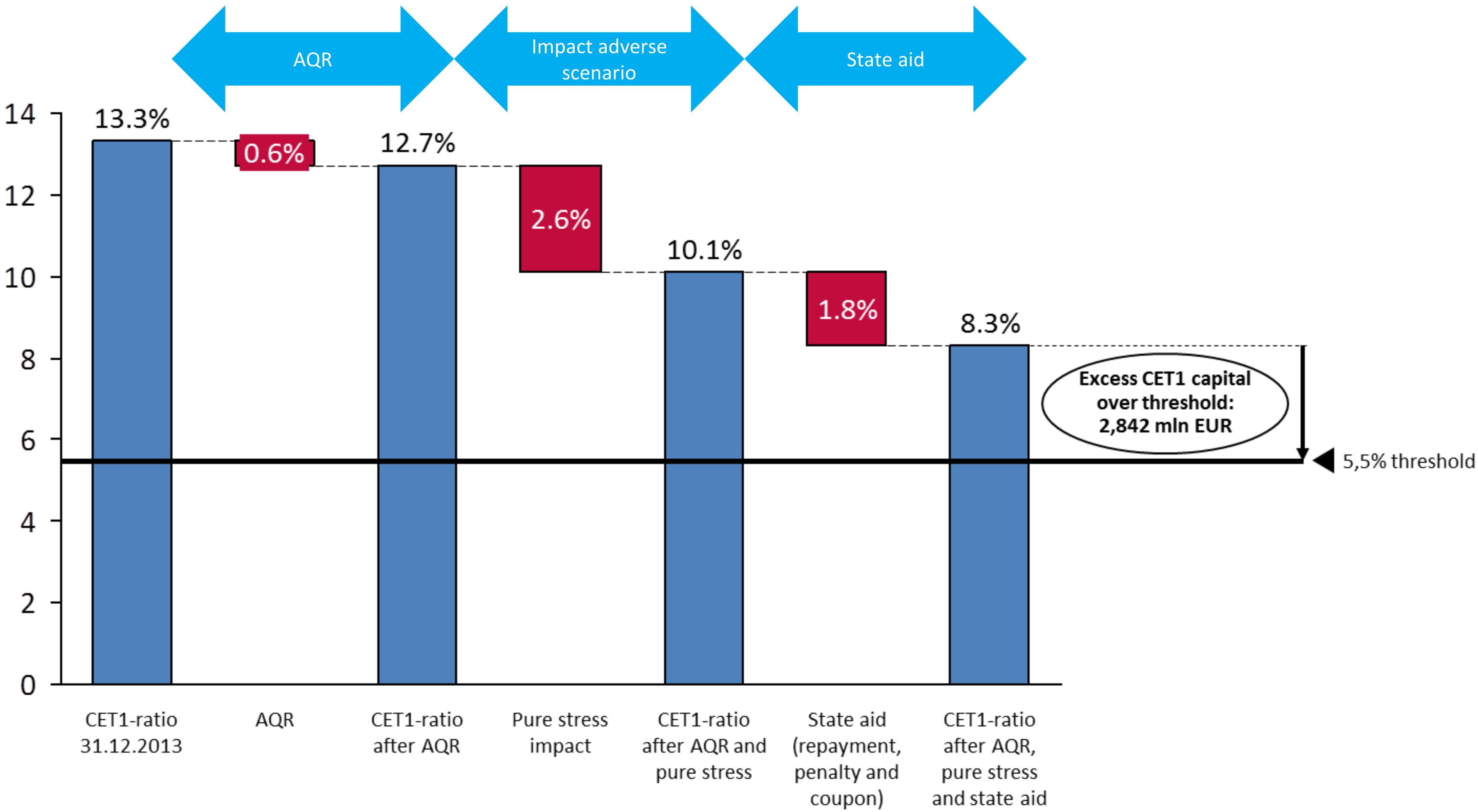
The impact of the stress test on the Common Equity Tier-1 ratio (CET1 ratio) under the adverse scenario in 2016 causes the CET1 ratio to fall by 2.6 percentage points. The impact of the Asset Quality Review (AQR) is limited, reducing the CET1 ratio by 0.6 percentage points

The combined impact of the repayment of state aid, as agreed with the European Commission, during the 3-year stress test horizon (1.8 billion EUR including penalties and coupon), the AQR and the pure stress test, results in a CET1 ratio of 8.3%, which represents a considerable buffer of 2.8 percentage points (2.8 billion EUR) above the ECB-imposed threshold of 5.5 %, showing KBC’s resilience

Stress test combined with AQR: baseline scenario – CET1 ratio for 2016

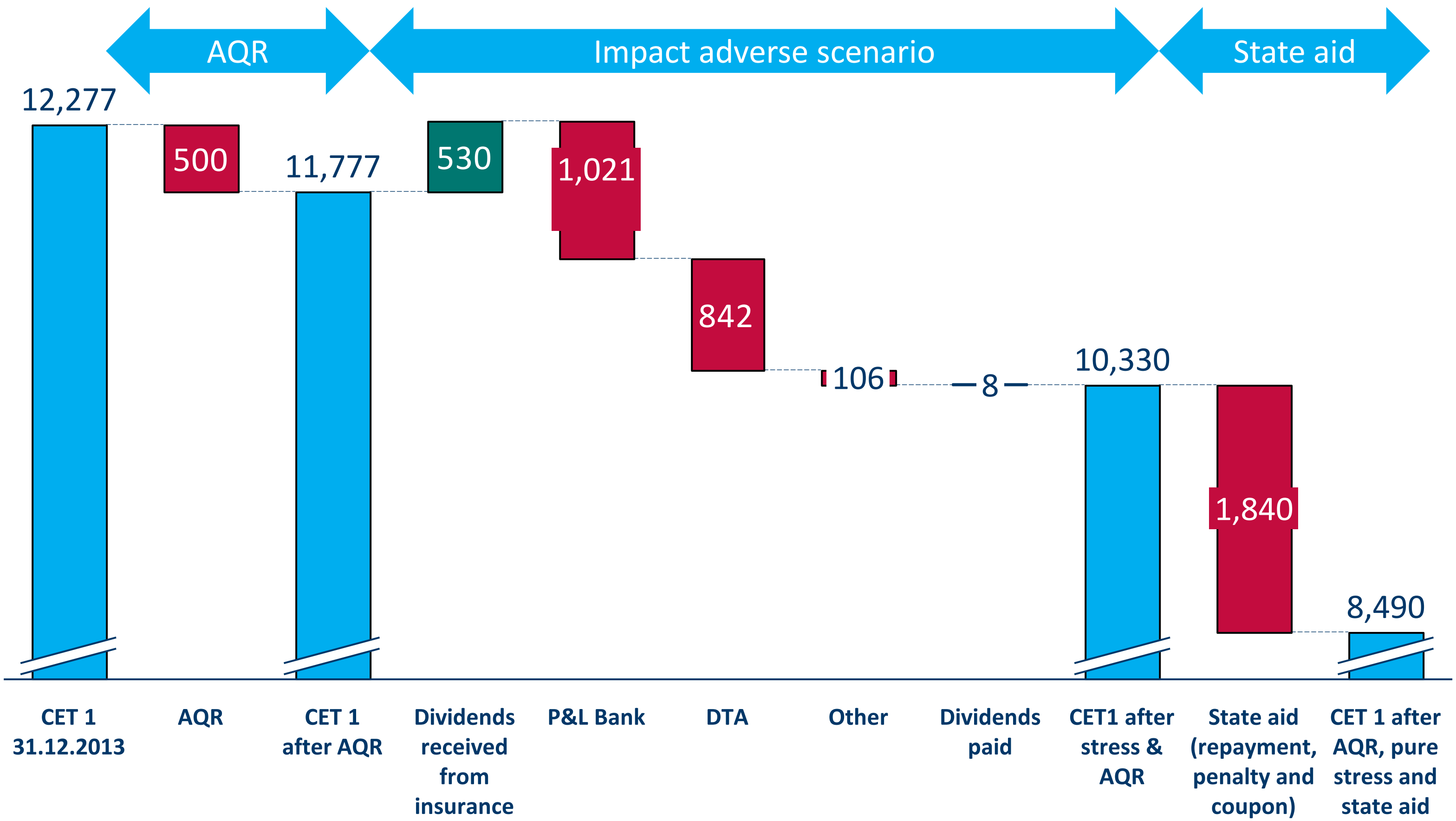


Stress test combined with AQR: adverse scenario – CET1 ratio for 2016



Stress impact - adverse scenario – CET1 capital 2016

CET1 2013 – 2016 (m EUR)



(AFS = Available For Sale / IRB = Internal Rating Based / DTA = Deferred Tax Assets)

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)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
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
Impaired loans cover ratio	[total impairments (specific) for impaired loans] / [total outstanding impaired loans]. For a definition of 'impaired', see 'Impaired loans ratio'
Impaired loans ratio	[total outstanding impaired loans (PD 10-11-12)] / [total outstanding loans]
Leverage ratio	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity Coverage Ratio (LCR)	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days].
Net interest margin (NIM) of the group	[net interest income of the banking activities] / [average interest-bearing assets of the banking activities]
Net stable funding ratio (NSFR)	[available amount of stable funding] / [required amount of stable funding]
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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