KBC Group

Analysts' presentation

3Q 2017 Results

16 November 2017 – 9.30 AM CET

Dial-in numbers

+44 (0) 1452 555 556
+32 (0) 8170 0061
+1 6315 107 498
+420 (0) 228 880 460

ACCESS CODE
98661134

Teleconference replay will be available on www.kbc.com until 30 November 2017

More infomation: www.kbc.com
KBC Group - Investor Relations Office - Email: investor.relations@kbc.com

Important information for investors

- This presentation is provided for information purposes only. It does not constitute an offer to sell or the solicitation to buy any security issued by the KBC Group.
- KBC believes that this presentation is reliable, although some information is condensed and therefore incomplete. KBC cannot be held liable for any loss or damage resulting from the use of the information.
- This presentation contains non-IFRS information and forward-looking statements with respect to the strategy, earnings and capital trends of KBC, involving numerous assumptions and uncertainties. There is a risk that these statements may not be fulfilled and that future developments differ materially. Moreover, KBC does not undertake any obligation to update the presentation in line with new developments.
- By reading this presentation, each investor is deemed to represent that it possesses sufficient expertise to understand the risks involved.

3Q 2017 key takeaways for KBC Group

- **GOOD BUSINESS PERFORMANCE IN 3Q17**

  Strong net result of 691m EUR in 3Q17 (and 2,176m EUR in 9M17). ROE of 19% in 9M17
  - Good performance of the commercial bank-insurance franchises in our core markets and core activities
  - Q-o-q increase in customer loan volumes and customer deposits in most of our core countries
  - Higher net interest income thanks to the consolidation of UBB/Interlease, despite lower net interest margin q-o-q
  - Good net fee and commission income, despite negative seasonal effects
  - High net gains from financial instruments at fair value (although lower q-o-q) and stable realised AFS gains
  - Other net income was negatively impacted by an additional provision of 54m EUR related to an ongoing industry wide review of the tracker rate mortgage products originated in Ireland before 2009
  - Exceptional combined ratio of 83% in 9M17. Excellent sales of non-life products, while sales of life insurance products were lower. Both life and non-life benefited from a release of provisions in Belgium in 3Q17
  - Strict cost management resulted in a cost/income ratio of 54% YTD adjusted for specific items
  - Low level of impairment charges. Net impairment releases of 26m in 3Q17 in Ireland (net release of 162m EUR YTD). We are maintaining our impairment guidance for Ireland, namely a net release in a range of 160m-200m EUR for FY17

- **SOLID CAPITAL AND ROBUST LIQUIDITY POSITIONS**
  - **The B3 common equity ratio based on the Danish Compromise** at end 3Q17 amounted to **16.10% phased-in and 15.95% fully loaded***
  - Fully loaded B3 **leverage ratio**, based on current CRR legislation, amounted to **5.8%** at KBC Group
  - **Continued strong liquidity position** (NSFR at 130% and LCR at 150%) at end 3Q17
  - An **interim dividend of 1 EUR per share** (as advance payment on the total 2017 dividend) will be paid on 17 November 2017

* This clearly exceeds the minimum capital requirements set by the ECB / NBB of respectively 8.65% and 10.40% for 2017. On top of the above-mentioned capital requirements, the ECB expects KBC to hold a pillar 2 guidance (P2G) of 1.0% CET1

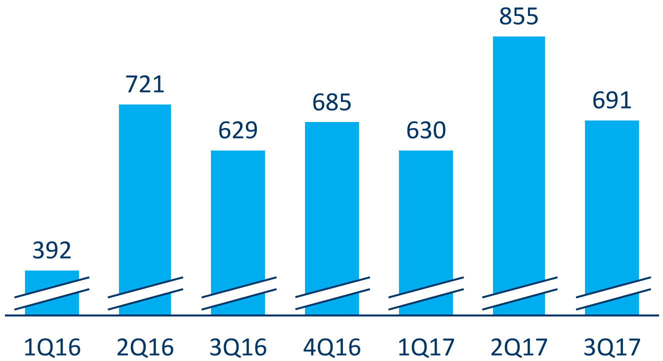
Contents

Section 1

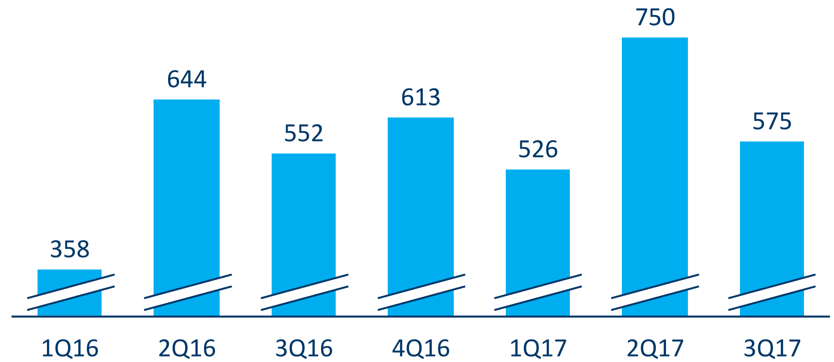
3Q 2017 performance of KBC Group

Net result at KBC Group

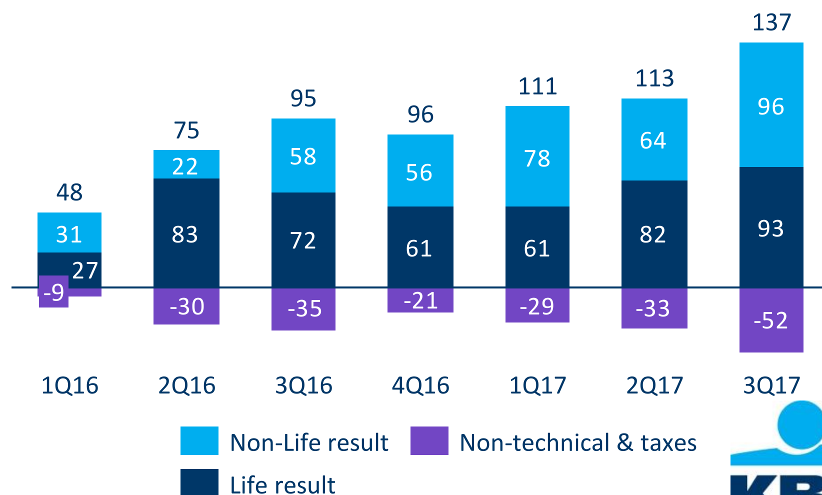
NET RESULT AT KBC GROUP*



CONTRIBUTION OF BANKING ACTIVITIES TO KBC GROUP NET RESULT*



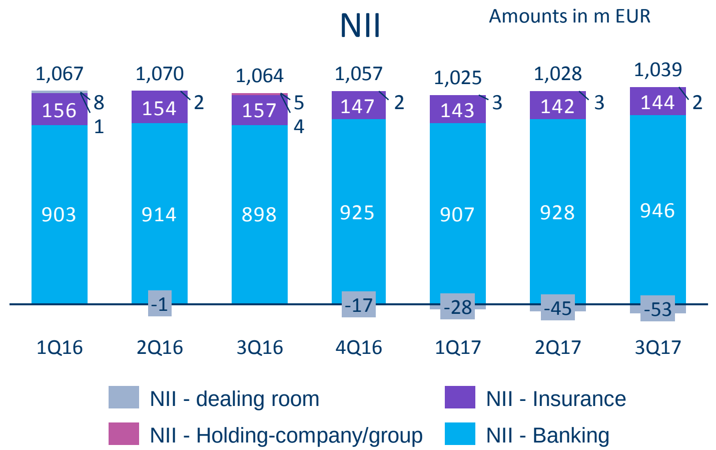
CONTRIBUTION OF INSURANCE ACTIVITIES TO KBC GROUP NET RESULT*

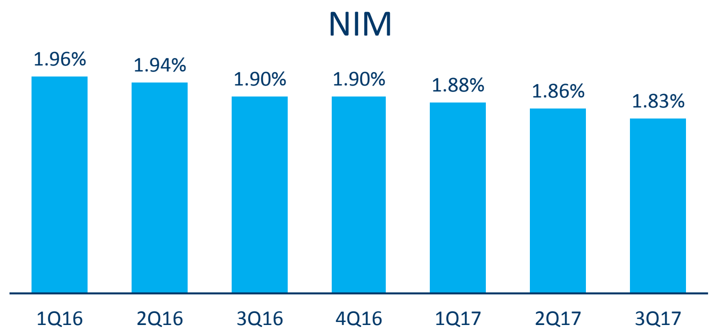


* Difference between net result at KBC Group and the sum of the banking and insurance contribution is accounted for by the holding-company/group items

Amounts in m EUR

Higher net interest income thanks to the consolidation of UBB/Interlease, despite lower net interest margin





- **Net interest income (1,039m EUR)**
  - Up by 1% q-o-q and down by 2% y-o-y, including 28m EUR contribution of UBB/Interlease
  - The small q-o-q increase was driven primarily by:
    - the consolidation of UBB
    - lower funding costs
    - continued good loan volume growth

    partly offset by:
    - lower reinvestment yields
    - more negative NII of dealing room activities
    - pressure on commercial loan margins in most core countries
    - slightly lower upfront prepayment fees

- **Net interest margin (1.83%)**
  - Down by 3 bps q-o-q and by 7 bps y-o-y

Customer deposit volumes excluding debt certificates & repos -1% q-o-q and +6% y-o-y

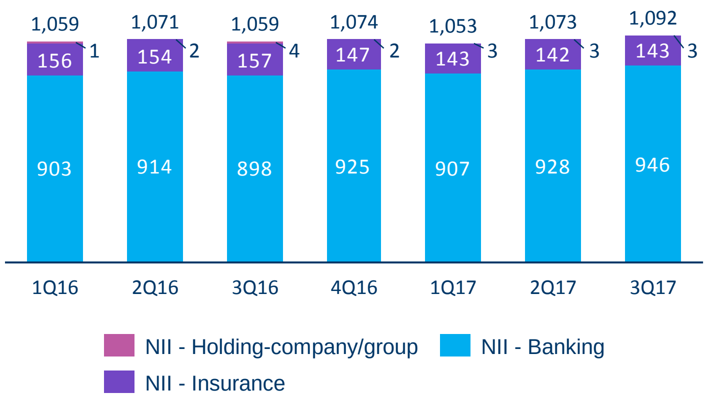
VOLUME TREND

Excluding FX effect	Total loans ***	Of which mortgages	Customer deposits****	AuM	Life reserves
Volume	138bn	59bn	186bn	217bn	29bn
Growth q-o-q*	+1%	+1%	0%	+1%	-1%
Growth y-o-y	+6%**	+4%**	+12%**	+4%	-1%

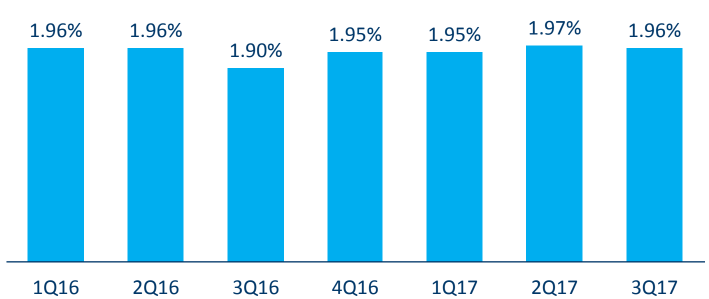
* Non-annualised, and including UBB/Interlease (as UBB/Interlease was already consolidated in the balance sheet as of 2Q17)
** Y-o-y growth excluding UBB/Interlease amounted to +4% for total loans, +3% for mortgages and +10% for customer deposits
*** Loans to customers, excluding reverse repos (and bonds)
**** Customer deposits, including debt certificates but excluding repos

NII/NIM excluding dealing room effect

NII EXCLUDING DEALING ROOM EFFECT



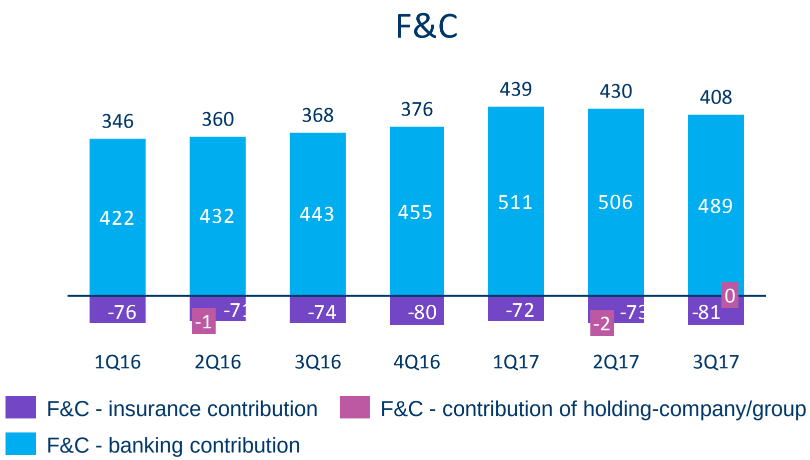
NIM EXCLUDING DEALING ROOM EFFECT



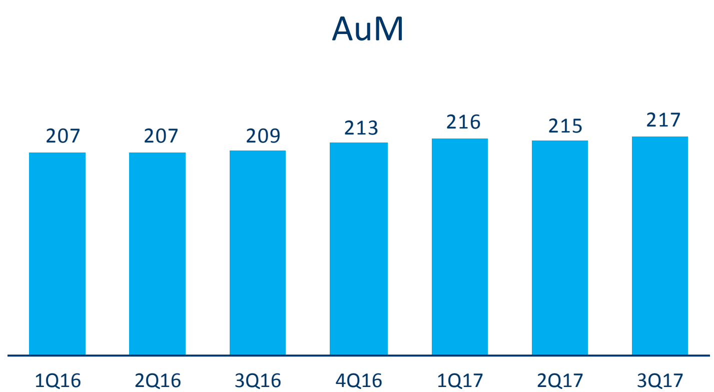
- **NII excluding dealing room effect increased by 3% y-o-y**
- **NII, excluding dealing room and the 28m EUR contribution of UBB/Interlease, rose by 0.5% y-o-y, which is an excellent performance in the current low interest rate environment**
  - NII banking rose by 2% y-o-y due mainly to lower funding costs and continued good loan volume growth
  - NII insurance decreased by 9% y-o-y due mainly to lower reinvestment yields
- **NIM corrected for dealing room effect roughly stabilised q-o-q, and even increased y-o-y**

Amounts in m EUR

Good net fee and commission income, despite negative seasonal effects



Amounts in m EUR



- **Net fee and commission income (408m EUR)**
  - Down by 5% q-o-q and up by 11% y-o-y, including 12m EUR contribution of UBB/Interlease
  - Positive net sales of mutual funds in 3Q17
  - Net F&C income decreased q-o-q driven by negative seasonal effects:
    - lower entry fees from mutual funds & unit-linked life insurance products (holiday season led to less gross inflows and less shift to the new discretionary-based service proposition in Belgium)
    - lower securities-related fees

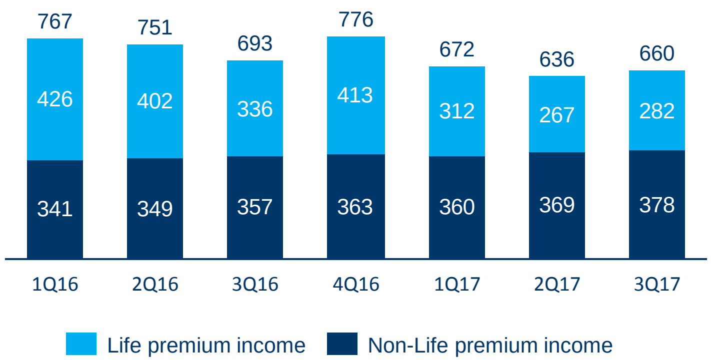
    partly offset by:
    - higher fees from payment services
    - slightly higher management fees
  - Y-o-y increase was mainly the result of:
    - higher management fees from mutual funds & unit-linked life insurance products (mainly thanks to a good equity market performance and a higher assets base)
    - higher fees from payment services

- **Assets under management (217bn EUR)**
  - Rose by 1% q-o-q and by 4% y-o-y owing entirely to a positive price effect
  - The mutual fund business has seen net inflows again (although substantially lower q-o-q due to seasonality), but this was offset entirely by net outflows in group assets and investment advice

Amounts in bn EUR

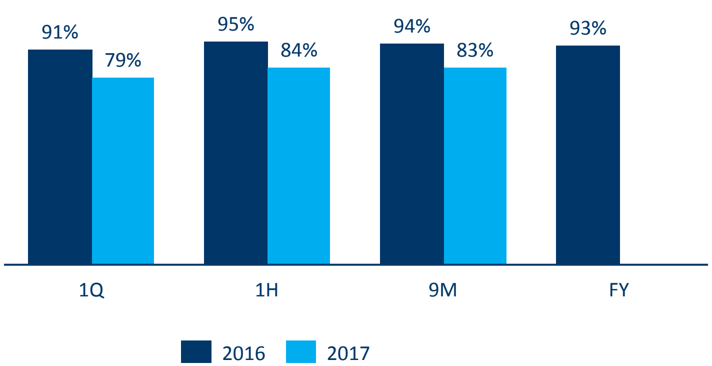
Insurance premium income up and exceptional combined ratio

PREMIUM INCOME (GROSS EARNED PREMIUM)



- **Insurance premium income** (gross earned premium) at 660m EUR
  - Non-life premium income (378m) increased by 6% y-o-y
  - Life premium income (282m) up by 6% q-o-q and down by 16% y-o-y

COMBINED RATIO (NON-LIFE)

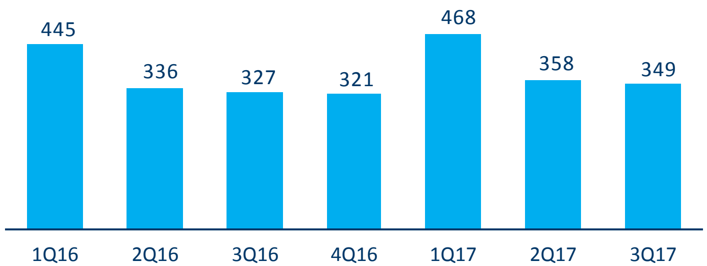


- The non-life **combined ratio** at 9M17 amounted to **83%**, an improvement compared with 93% in FY16 due to low technical charges (especially in 1Q17) and a one-off release of provisions in Belgium in 3Q17 (positive effect of 26m EUR). Excluding this one-off release in 3Q17, the combined ratio amounted to 86% at 9M17

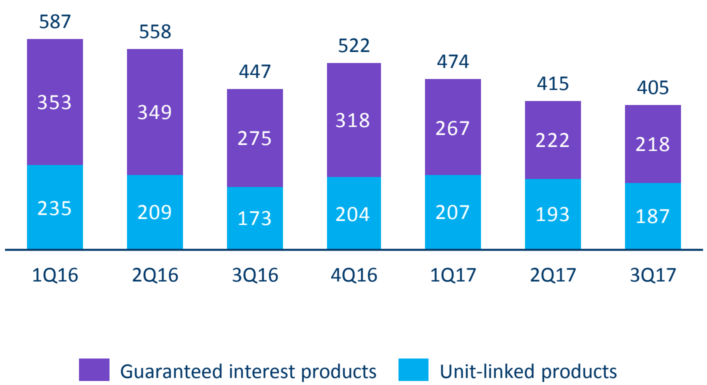
Amounts in m EUR

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

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



LIFE SALES



- **Sales of non-life insurance products**
  - Up by 7% y-o-y thanks to a good commercial performance in all major product lines in our core markets and tariff increases

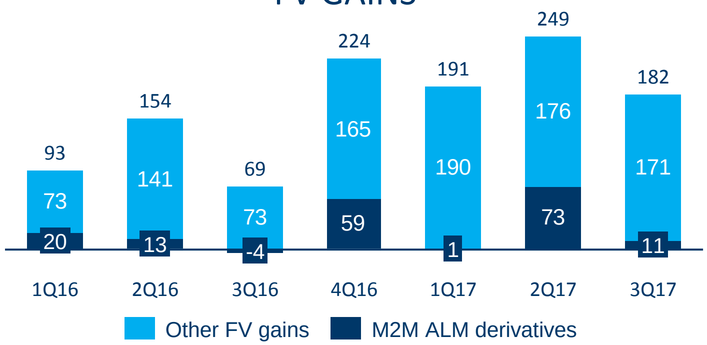
- **Sales of life insurance products**
  - Decreased by 3% q-o-q and by 10% y-o-y
  - The y-o-y decrease was driven entirely by lower sales of guaranteed interest products in Belgium (driven by the low guaranteed interest offered)
  - Sales of unit-linked products accounted for 46% of total life insurance sales

- **Low life technical charges** as it benefited from a release of life-related provisions in Belgium in 3Q17 (positive effect of 23m EUR)

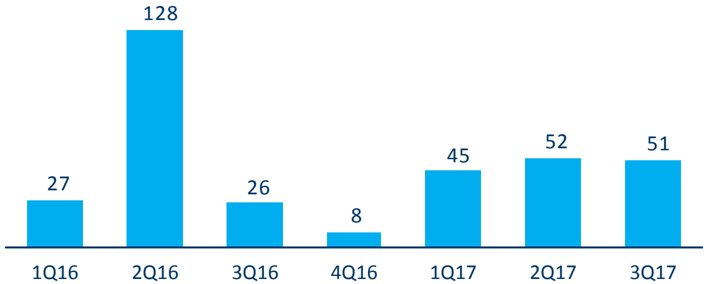
Amounts in m EUR

High FV gains (although lower q-o-q), stable gains realised on AFS assets, lower other net income

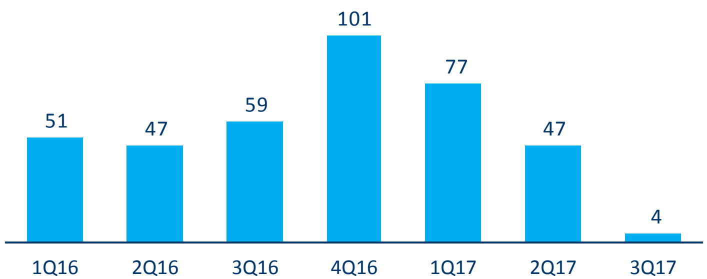
FV GAINS



GAINS REALISED ON AFS ASSETS



OTHER NET INCOME



- The lower q-o-q figures for **net gains from financial instruments at fair value** were attributable to:
  - an 11m EUR contribution of ALM derivatives in 3Q17, substantially down compared with 73m EUR in 2Q17 due to less positive M2M value of EUR/CZK FX swaps in 3Q17
  - lower dealing room income compared with strong 2Q17

  partly offset by:
  - a positive change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivative portfolio and decrease of the credit spreads)
  - a 6m EUR contribution of UBB/Interlease

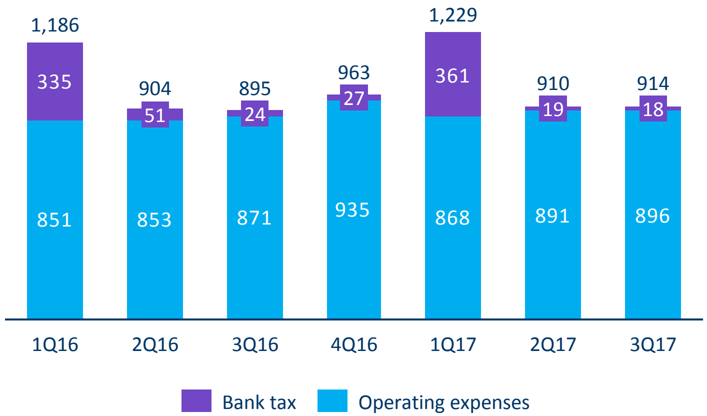
- **Roughly stable gains realised on AFS assets** as the q-o-q increase on shares was offset by the q-o-q decrease on bonds

- **Other net income** amounted to 4m EUR, sharply lower than the normal run rate of around 50m EUR. This is mainly the result of an additional provision of 54m EUR related to an ongoing industry wide review of the tracker rate mortgage products originated in Ireland before 2009

Amounts in m EUR

Operating expenses roughly stable despite the consolidation of UBB, good cost/income ratio

OPERATING EXPENSES



EXPECTED BANK TAX SPREAD (PRELIMINARY)

	TOTAL	Upfront			Spread out over the year			
	3Q17	1Q17	2Q17	3Q17	1Q17	2Q17	3Q17	4Q17e
BU BE	-7	278	-6	-8	0	0	1	0
BU CZ	0	26	1	0	0	0	0	0
Hungary	21	26	0	0	18	20	21	21
Slovakia	4	3	0	0	4	4	4	4
Bulgaria	0	3	1	0	0	0	0	0
Ireland	1	3	0	0	1	0	1	14
GC	0	0	0	0	0	0	0	0
TOTAL	**18**	**338**	**-4**	**-8**	**22**	**23**	**26**	**39**

Amounts in m EUR

- **Cost/income ratio (banking) adjusted for specific items* at 55% in 3Q17 and 54% YTD**
  - Operating expenses excluding bank tax roughly stabilised q-o-q as:
    - lower staff expenses
    - lower IT costs
    - lower professional fee expenses
    - lower facilities expenses

    were offset by:
    - the consolidation of UBB/Interlease (20m EUR)
    - timing differences
  - Operating expenses without bank tax increased by 3% y-o-y as:
    - the consolidation of UBB/Interlease (20m EUR)
    - higher staff expenses (wage drift in most countries)
    - higher ICT costs
    - higher depreciation and amortisation costs (due to the capitalisation of some projects)

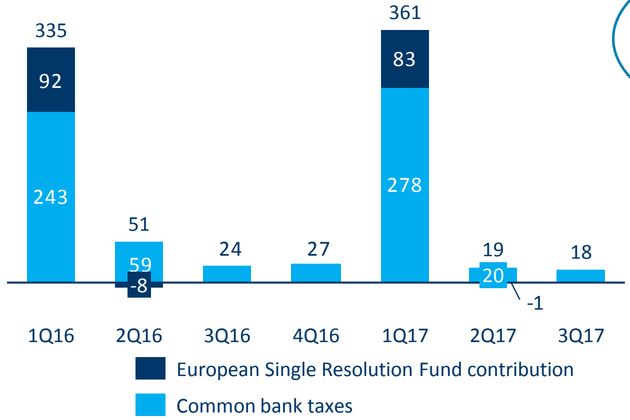
    partly offset by:
    - lower professional fee expenses
    - lower marketing & facilities expenses
  - Pursuant to IFRIC 21, certain levies (such as contributions to the European Single Resolution Fund) have to be recognised in advance, and this adversely impacted the results for 1Q17
  - Total bank taxes (including ESRF contribution) are expected to stabilise y-o-y at 437m EUR in FY17

* See glossary (slide 90) for the exact definition

Overview of bank taxes*

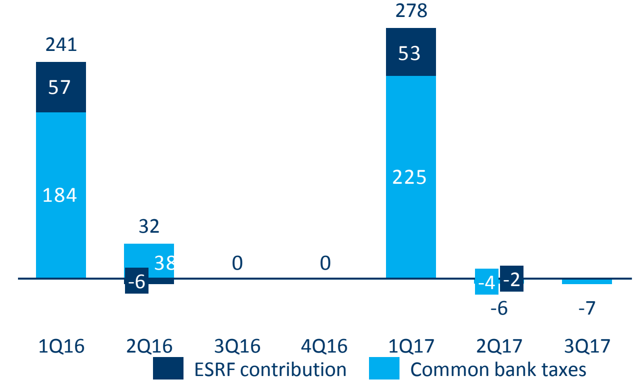
Bank taxes of 264m EUR YTD. On a pro rata basis, bank taxes represented 10.9% of 9M17 opex at the Belgium BU

KBC GROUP



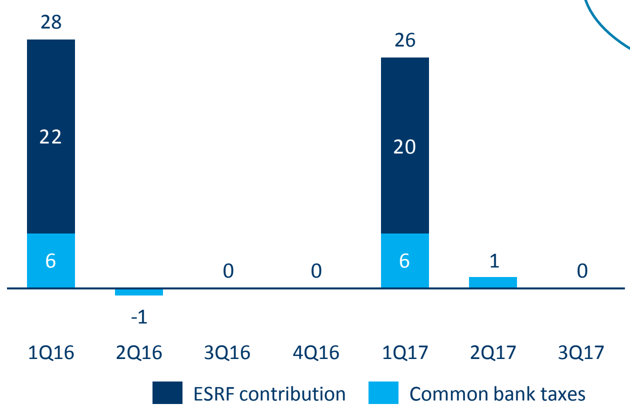
Bank taxes of 398m EUR YTD. On a pro rata basis, bank taxes represented 11.1% of 9M17 opex at KBC Group**

BELGIUM BU



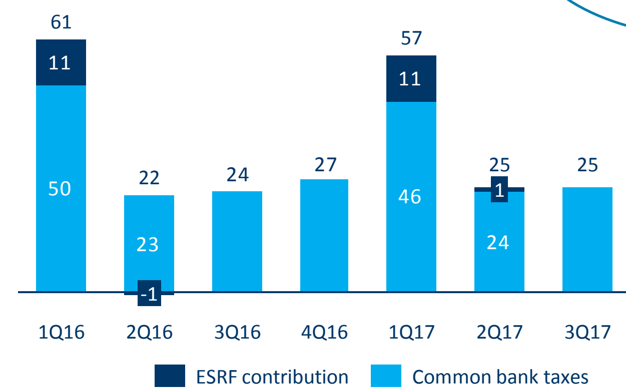
Bank taxes of 107m EUR YTD. On a pro rata basis, bank taxes represented 18.3% of 9M17 opex at the IM BU

CZECH REPUBLIC BU



Bank taxes of 27m EUR YTD. On a pro rata basis, bank taxes represented 4.4% of 9M17 opex at the CZ BU

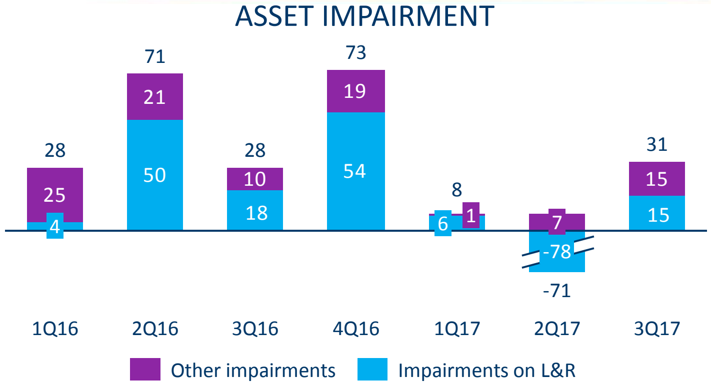
INTERNATIONAL MARKETS BU

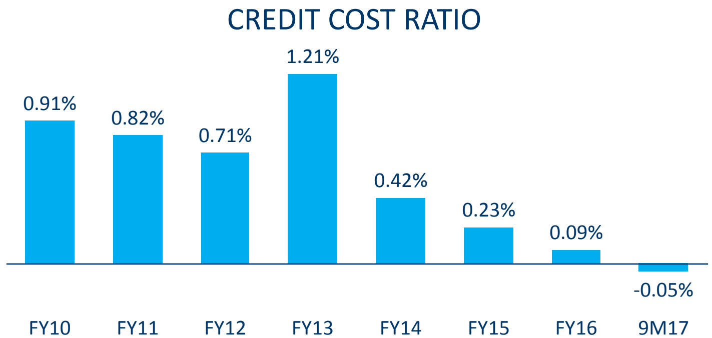


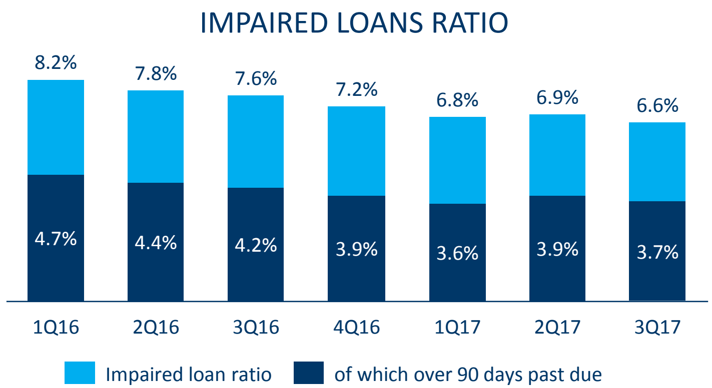
* This refers solely to the bank taxes recognised in opex, and as such it does not take account of income tax expenses, non-recoverable VAT, etc.

** The C/I ratio adjusted for specific items of 54% in 9M17 amounts to roughly 47% excluding these bank taxes

Low asset impairments, excellent credit cost ratio and improved impaired loans ratio







- **Low asset impairments**
  - This was attributable mainly to:
    - net loan loss provision releases in Ireland of 26m EUR (compared with 87m in 2Q17)
    - continued low level of loan impairments throughout the Group, except for one large corporate file in Belgium
    - a 7m EUR contribution of UBB/Interlease
  - Impairment of 6m EUR on AFS shares (mainly in Belgium)
  - Impairment of 11m on other (of which 8m EUR in Belgium on facilities and ICT)
- The **credit cost ratio** amounted to -0.05% in 9M17 due to low gross impairments and several releases
- The **impaired loans ratio** improved to 6.6%, 3.7% of which over 90 days past due

Section 2

3Q 2017 performance of business units

BELGIUM BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

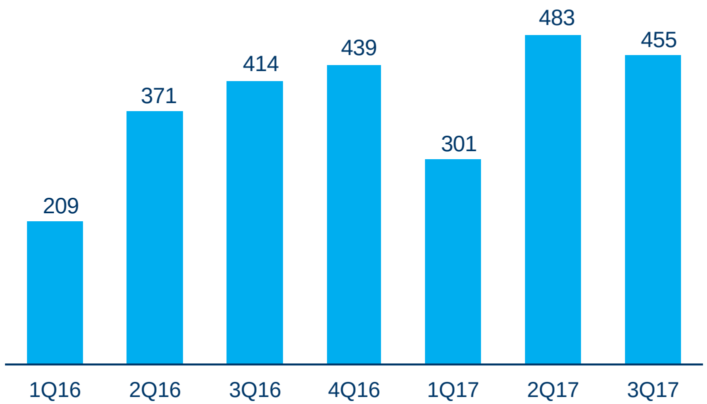
CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

Belgium BU (1): net result of 455m EUR

NET RESULT



Amounts in m EUR

- **Net result** at the Belgium Business Unit amounted to 455m EUR
  - The quarter under review was characterised by lower net interest income, seasonally lower net fee and commission income and dividend income, decreased trading and fair value income, an increase in realised gains on AFS assets, higher other net income, an excellent combined ratio, lower sales of life insurance products, a release of provisions in both life and non-life, lower operating expenses and higher impairment charges (mainly due to one large corporate file) q-o-q
  - Customer deposits excluding debt certificates and repos rose by 2% y-o-y, while customer loans increased by 3% y-o-y

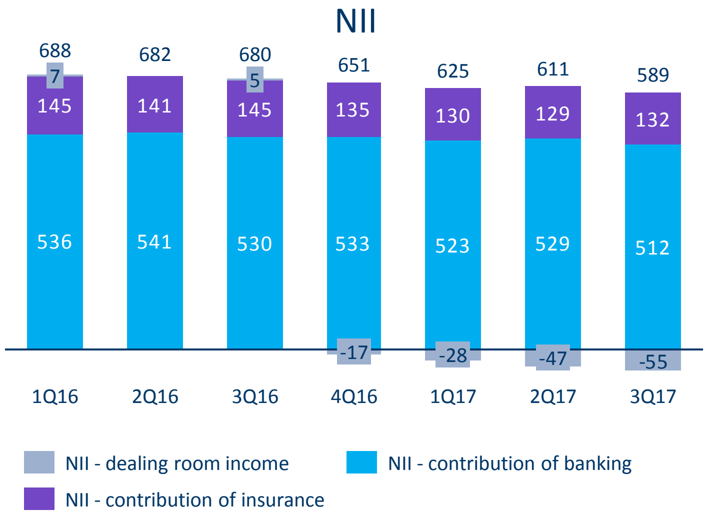
VOLUME TREND

Customer deposit volumes excluding debt certificates & repos -2% q-o-q and +2% y-o-y

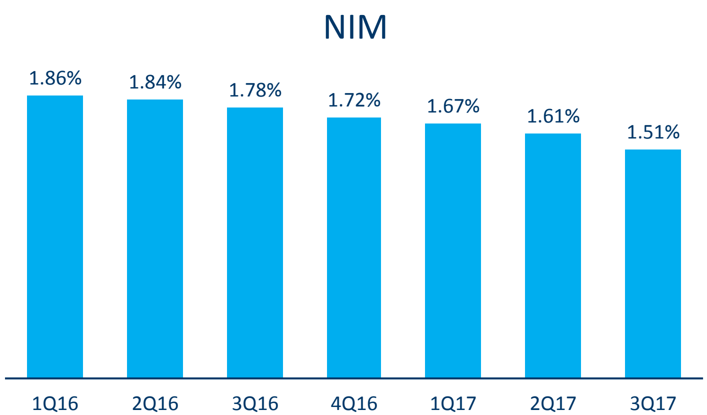
	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	94bn	34bn	129bn	202bn	27bn
Growth q-o-q*	0%	0%	-1%	+1%	-1%
Growth y-o-y	+3%	0%	+11%	+4%	-1%

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

Belgium BU (2): lower NII and NIM



Amounts in m EUR

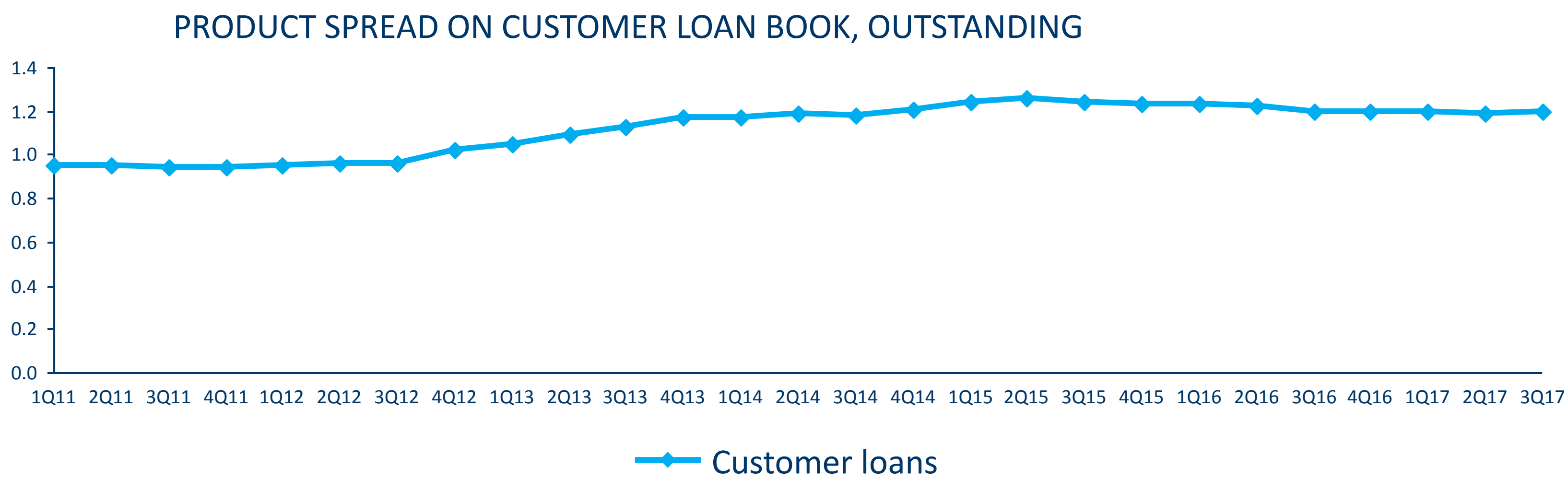


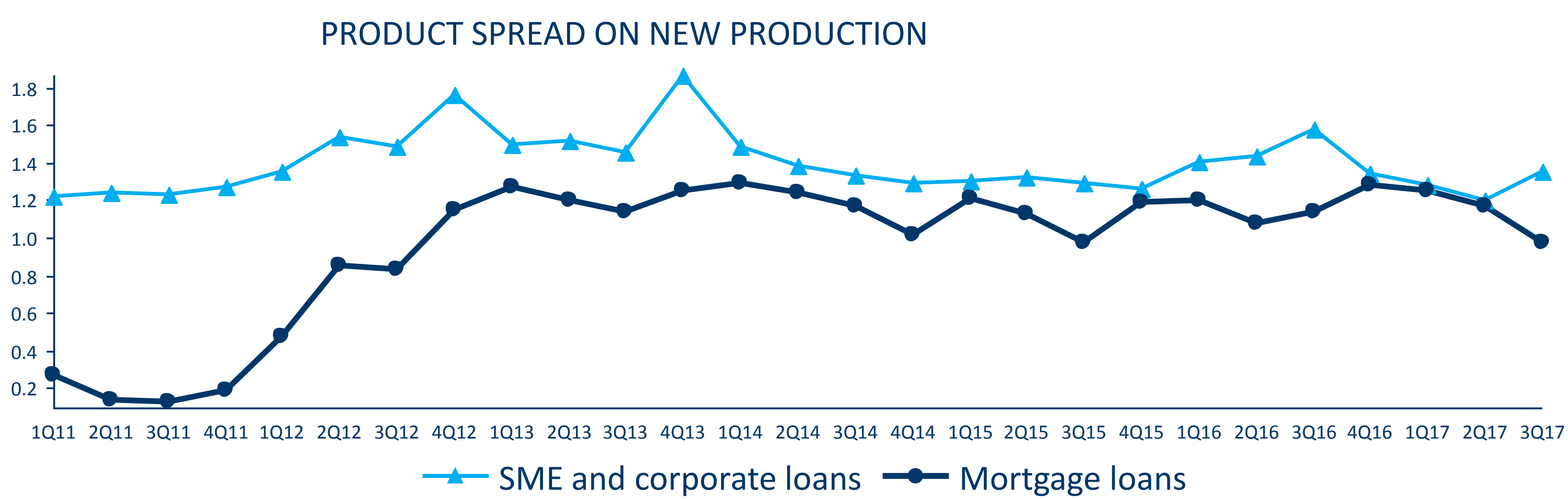
- **Net interest income (589m EUR)**
  - Down by 4% q-o-q and by 13% y-o-y
  - Down by 13% y-o-y, driven primarily by:
    - lower contribution of dealing room
    - lower reinvestment yields
    - pressure on commercial loan margins
    - lower upfront prepayment fees (6m EUR in 3Q17 compared with 16m EUR in 3Q16)

    partly offset by:
    - lower funding costs on term deposits
    - good loan volume growth

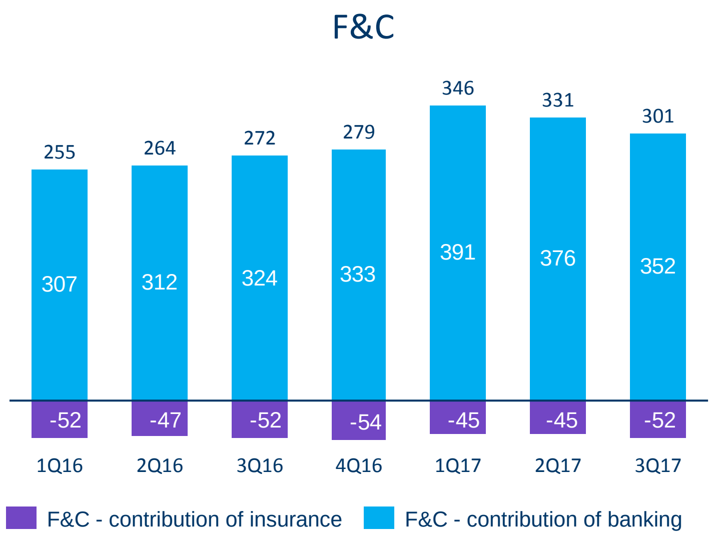
- **Net interest margin (1.51%)**
  - Fell by 10 bps q-o-q and 27 bps y-o-y due to the negative impact of lower reinvestment yields, decreased net interest income from the dealing room and some pressure on commercial loan margins

Credit margins in Belgium

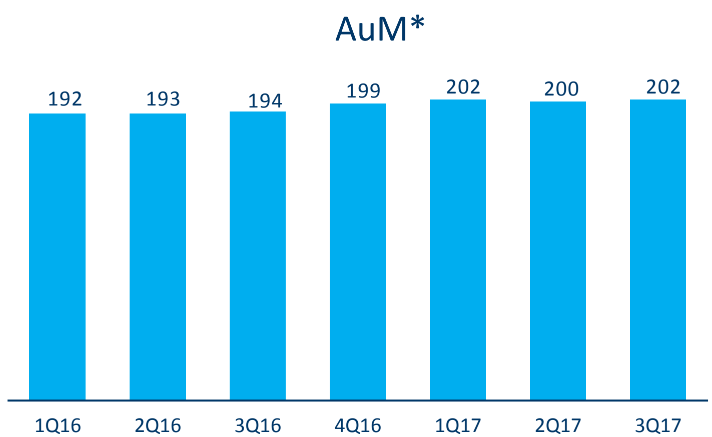




Belgium BU (3): good net F&C income, despite negative seasonal effects



Amounts in m EUR



* The breakdown across the BUs is based on the 'Assets under Distribution' in each BU

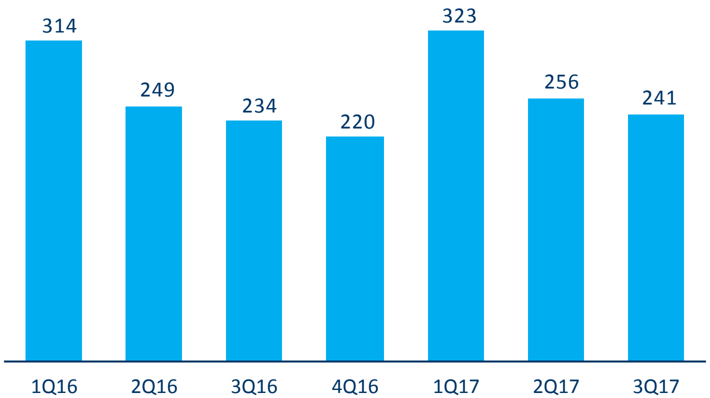
Amounts in bn EUR

- **Net fee and commission income (301m EUR)**
  - Net sales of mutual funds were still positive in 3Q17, despite a q-o-q decrease due to seasonality
  - Net F&C income decreased by 9% q-o-q due mainly to:
    - lower entry fees from mutual funds and unit-linked life insurance products mainly due to seasonality (holiday season led to less gross inflows and less shift to the new discretionary-based service proposition)
    - lower securities-related fees (holiday season)

    partly offset by
    - higher fees from payment services
    - slightly higher management fees
  - Rose by 11% y-o-y driven chiefly by higher management fees from mutual funds and unit-linked life insurance products (mainly thanks to a more favourable asset mix and a higher assets base), higher entry fees from unit-linked life insurance products and higher fees from payment transactions, which were only partly offset by lower fees from credit files & bank guarantees (due mainly to less mortgage refinancings) and lower securities related fees
- **Assets under management (202bn EUR)**
  - Rose by 1% q-o-q and by 4% y-o-y owing entirely to a positive price effect

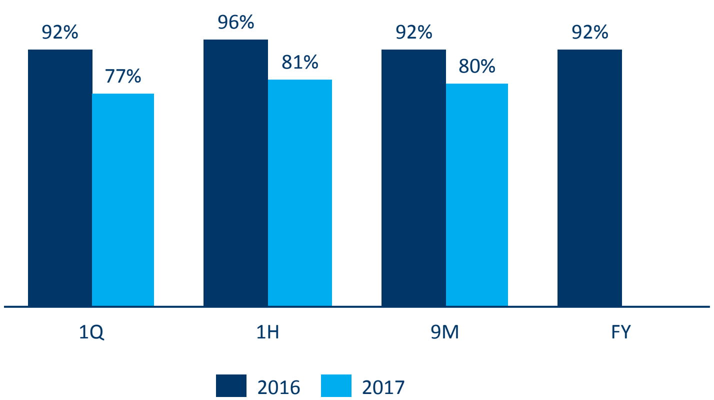
Belgium BU (4): higher y-o-y non-life sales and exceptional combined ratio

NON-LIFE SALES (GROSS WRITTEN PREMIUM)



- **Sales of non-life insurance products**
  - Increased by 3% y-o-y driven mainly by a good commercial performance and some tariff increases. Premium growth was mainly situated in 'motor casco' and 'property'

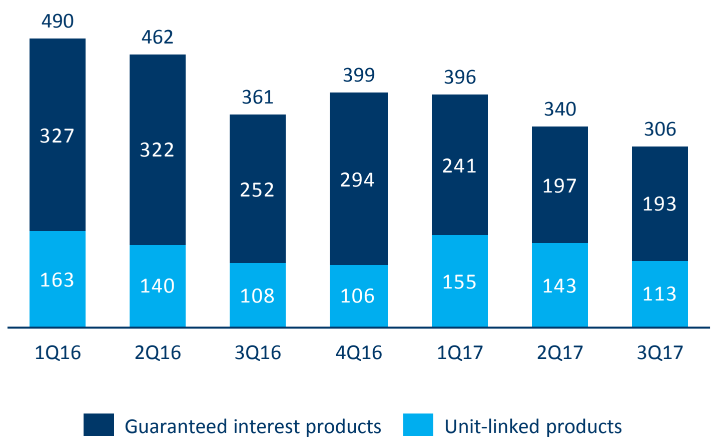
COMBINED RATIO (NON-LIFE)



- **Combined ratio** amounted to **80%** in 9M17 (92% in FY16), an exceptional level as a result of low technical charges (especially in 1Q17) and a one-off release of provisions in 3Q17 (positive effect of 26m EUR). Excluding this one-off release in 3Q17, the combined ratio amounted to 83% at 9M17. Remember that 9M16 was negatively impacted by one-off charges due to terrorist attacks in Belgium (in 1Q16) and the impact of floods (in 2Q16)

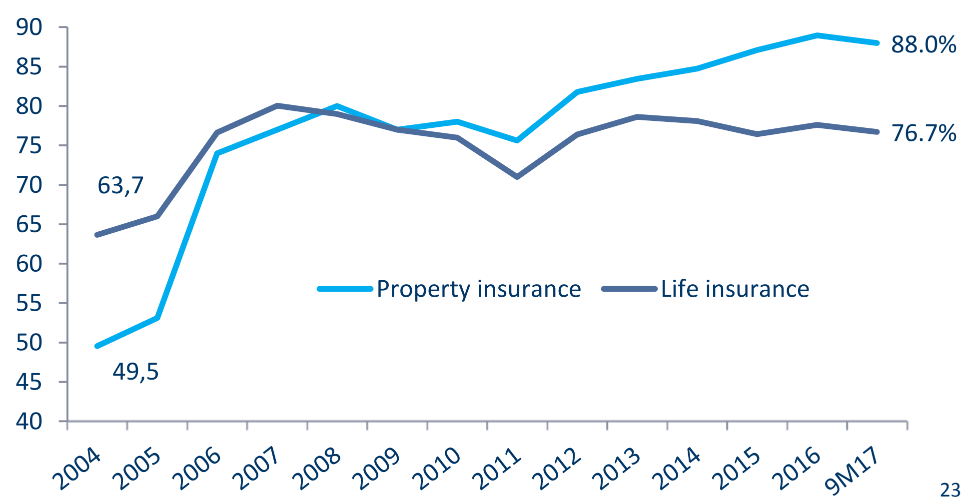
Belgium BU (5): lower life sales, but good cross-selling ratios

LIFE SALES



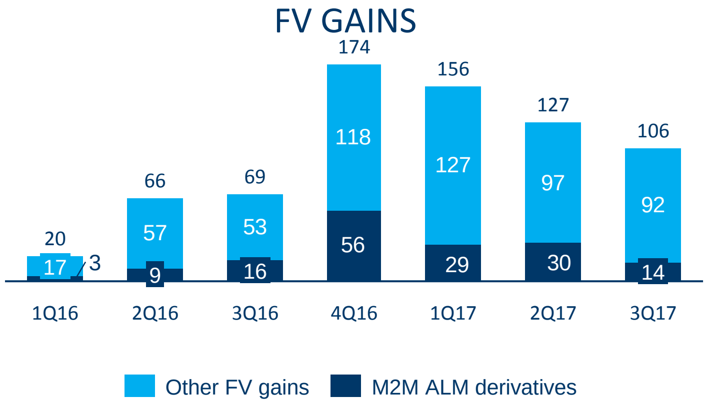
Amounts in m EUR

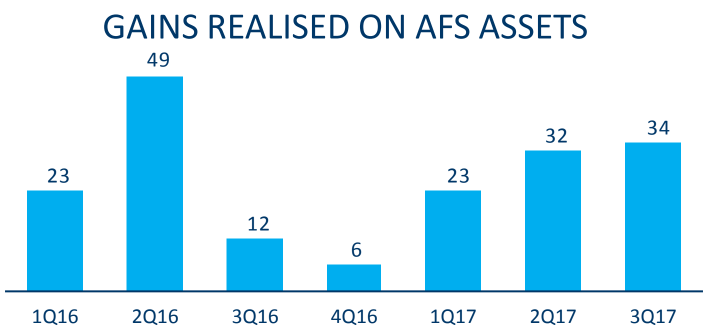
MORTGAGE-RELATED CROSS-SELLING RATIOS

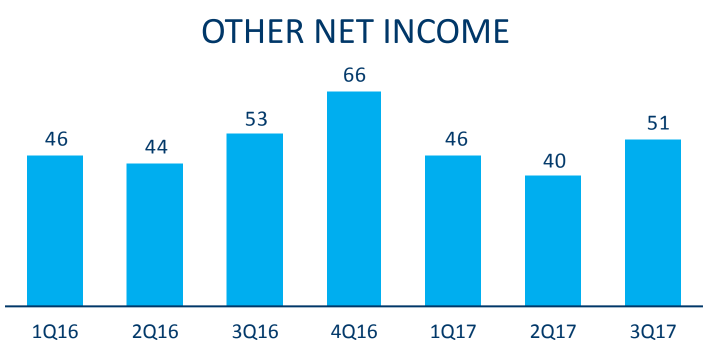


- **Sales of life insurance products**
  - Fell by 10% q-o-q due mainly to lower sales of unit-linked life insurance products
  - Decreased by 15% y-o-y driven entirely by significantly lower sales of guaranteed interest products (driven by reduced guaranteed interest offered)
  - As a result, guaranteed interest products and unit-linked products accounted for 63% and 37%, respectively, of life insurance sales in 3Q17
- **Low life technical charges** as it benefited from a release of life-related provisions in 3Q17 (positive effect of 23m EUR)
- **Mortgage-related cross-selling ratios**
  - 88.0% for property insurance
  - 76.7% for life insurance

Belgium BU (6): high FV gains (although lower q-o-q), but higher gains realised on AFS assets and other net income







- The lower q-o-q figures for **net gains from financial instruments at fair value** were the result mainly of a negative q-o-q change in M2M ALM derivatives and dealing room income, partly offset by a positive q-o-q change in market, credit and funding value adjustments (mainly as a result of changes in the underlying market value of the derivative portfolio and decrease of the credit spreads)

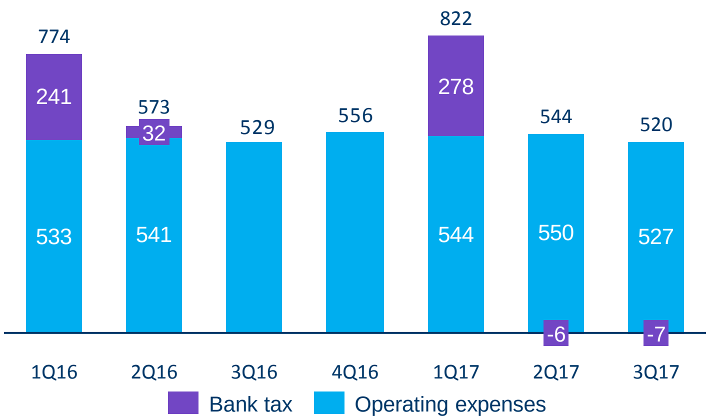
- **Gains realised on AFS assets** came to 34m EUR (q-o-q increase entirely on shares)

- **Other net income** amounted to 51m EUR in 3Q17, in line with the normal run rate

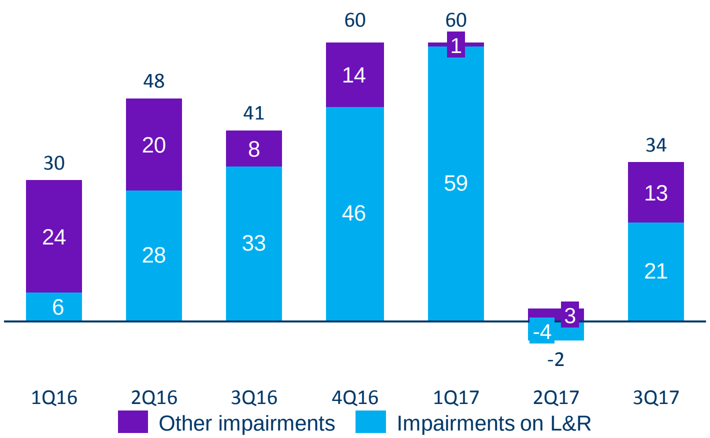
Amounts in m EUR

Belgium BU (7): lower operating expenses, higher impairments, good credit cost ratio

OPERATING EXPENSES



ASSET IMPAIRMENT

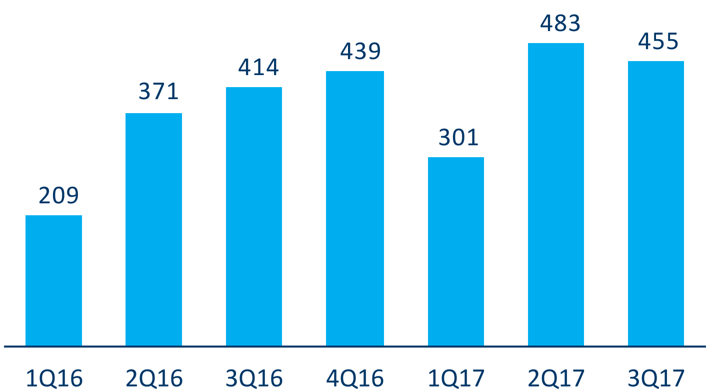


- **Operating expenses**: -5% q-o-q and -2% y-o-y
  - Operating expenses without bank tax fell by 4% q-o-q due mainly to lower staff expenses, lower professional fees, lower ICT expenses and timing differences, partly offset by higher marketing and facilities expenses
  - Operating expenses without bank tax roughly stabilised y-o-y as lower professional fees, marketing & staff expenses and timing differences were offset by ICT & facilities expenses
  - Cost/income ratio: 46% in 3Q17 and 53% YTD, distorted mainly by the bank taxes. Adjusted for specific items, the C/I ratio amounted to 53% in 3Q17 and 52% YTD (55% in FY16)
- **Loan loss provisions** amounted to 21m EUR in 3Q17 (compared with a net release of loan loss provisions of 4m EUR in 2Q17). The q-o-q deterioration was due to one large corporate file, which was partly offset by reversals in retail in 3Q17. **Credit cost ratio** amounted to 10 bps in 9M17 (12 bps in FY16). Impairments on AFS shares (at KBC Insurance) and other (on facilities and ICT) amounted to 5m EUR and 8m EUR respectively
- **Impaired loans ratio** improved to 2.8%, 1.5% of which over 90 days past due

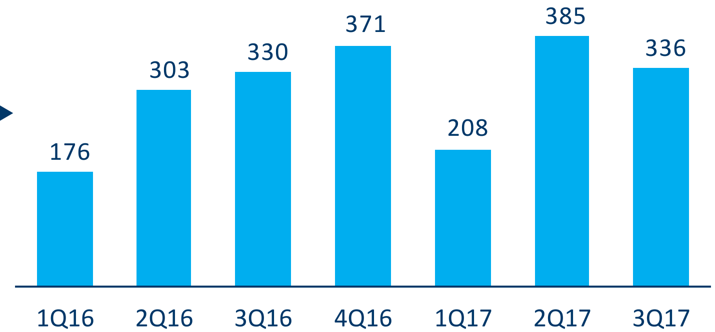
Amounts in m EUR

Net result at the Belgium BU

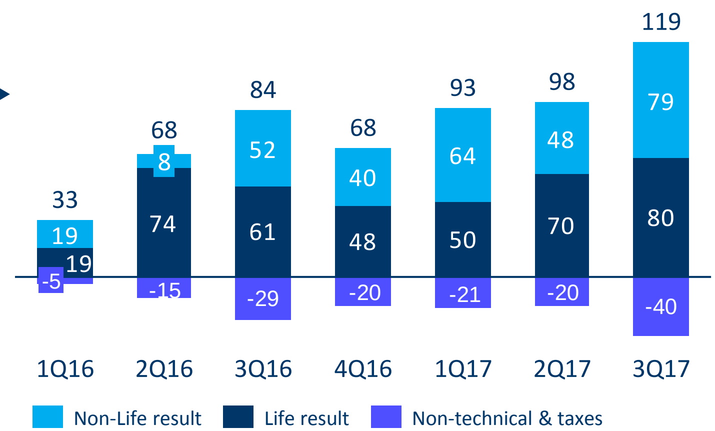
NET RESULT AT THE BELGIUM BU*



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



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



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

Amounts in m EUR

CZECH REPUBLIC BUSINESS UNIT

CFO SERVICES

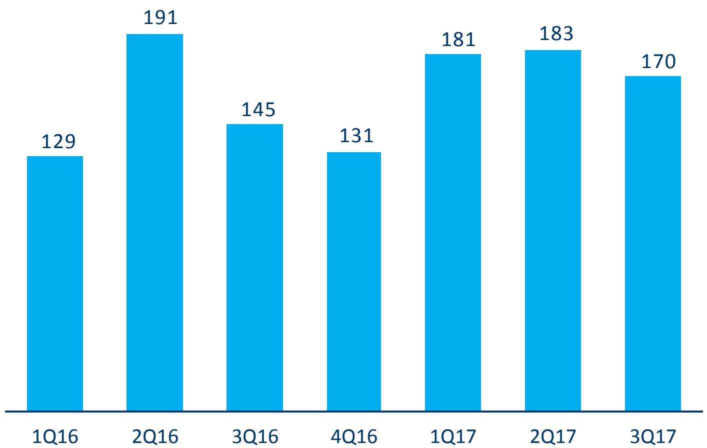
CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

CORPORATE STAFF

Czech Republic BU (1): net result of 170m EUR

NET RESULT



Amounts in m EUR

- **Net result** at the Czech Republic Business Unit of 170m EUR
  - Q-o-q results were characterised by good net interest income (although lower q-o-q), lower net fee and commission income, good net results from financial instruments at fair value (although lower q-o-q), a decrease in realised gains on AFS assets, stable net other income, an improved combined ratio, higher sales of life insurance products, lower operating expenses excluding FX effect & bank tax and lower impairment charges
  - Profit contribution from the insurance business remained limited in comparison to the banking business

VOLUME TREND

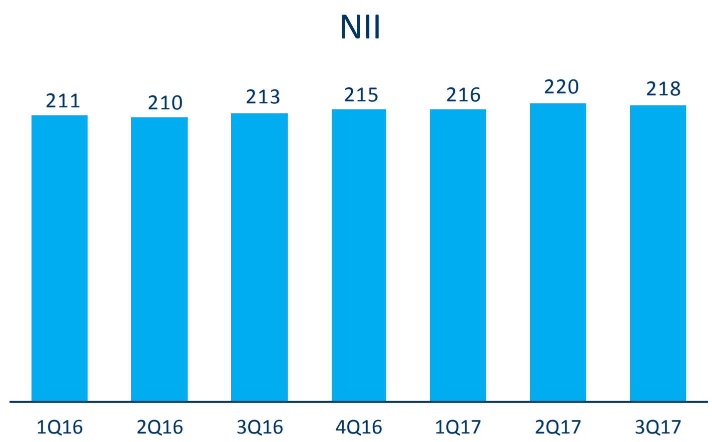
Excluding FX effect	Total loans **	Of which mortgages	Customer deposits***	AuM	Life reserves
Volume	22bn	10bn	30bn	9.3bn	1.2bn
Growth q-o-q*	+2%	+3%	+1%	+1%	+1%
Growth y-o-y	+11%	+12%	+12%	+7%	+12%

* Non-annualised

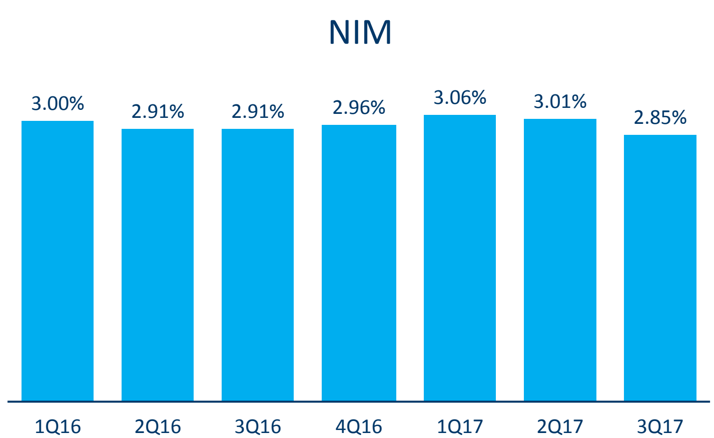
** Loans to customers, excluding reverse repos (and bonds)

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

Czech Republic BU (2): lower NII and NIM



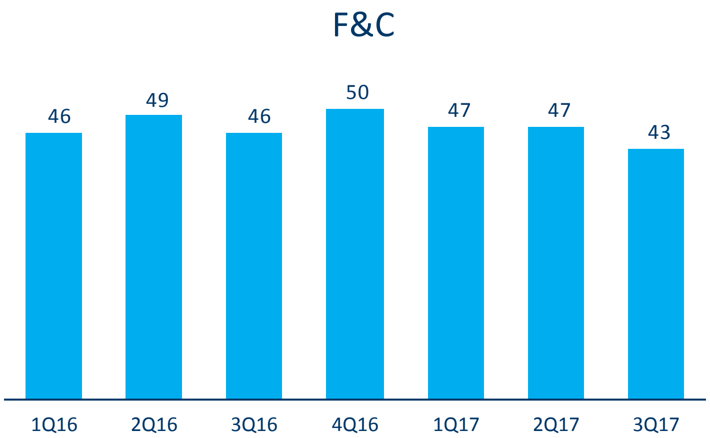
Amounts in m EUR



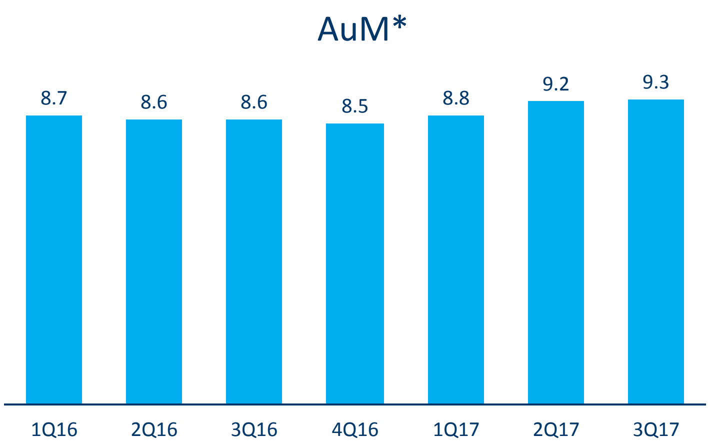
- **Net interest income (218m EUR)**
  - Down by 1% q-o-q and up by 2% y-o-y to 218m EUR. Corrected for FX effects, NII fell by 3% q-o-q and by 1% y-o-y pro forma
  - Excluding the positive effects of CNB intervention in 1H17 and corrected for FX effects, NII would have roughly stabilised q-o-q
  - The pro forma q-o-q stabilisation was the result primarily of growth in loan volumes (in all segments), which were fully offset by pressure on lending margins in mortgages and corporates
  - Loan volumes up by 11% y-o-y, driven mainly by growth in mortgages and consumer finance and, to a lesser extent, in corporate and SME loans
  - Customer deposit volumes up by 12% y-o-y

- **Net interest margin (2.85%)**
  - Down by 16 bps q-o-q and by 6 bps y-o-y to 2.85%
  - Excluding the positive effects of CNB intervention in 1H17, NIM decreased by 2 bps q-o-q due to pressure on lending margins in mortgages and corporates
  - The y-o-y decrease was the result of a lower reinvestment yield and pressure on lending margins in mortgages and consumer finance, partly offset by a reduction of the average offered rate on savings accounts

Czech Republic BU (3): lower net F&C income



Amounts in m EUR



* The breakdown across the BUs is based on the 'Assets under Distribution' in each BU

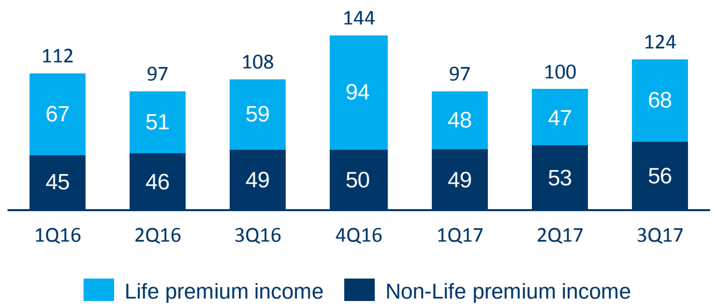
Amounts in bn EUR

- **Net fee and commission income (43m EUR)**
  - Down by 9% q-o-q and by 5% y-o-y (or -11% q-o-q and -9% y-o-y pro forma, adjusted to take account of FX effect)
  - The q-o-q decrease was mainly the result of lower entry fees and lower fees from credit files & bank guarantees
  - The y-o-y decrease was attributable chiefly to lower fees from credit files & bank guarantees (due mainly to less refinancings) and lower account fees, partly offset by higher management & entry fees

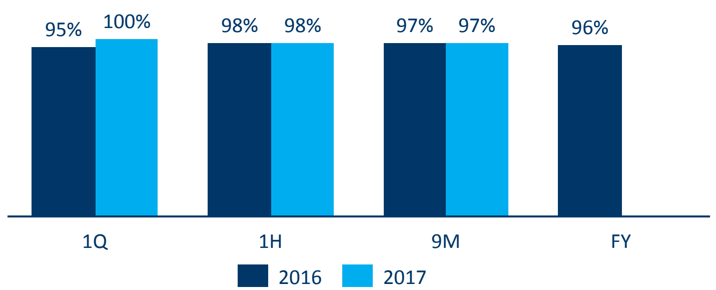
- **Assets under management (9.3bn EUR)**
  - Increased by 1% q-o-q owing mainly to a positive price effect
  - Y-o-y, assets under management rose by 7%, driven by net inflows (+3%) and a positive price effect (+4%)

Czech Republic BU (4): higher premium income, combined ratio impacted by several large claims

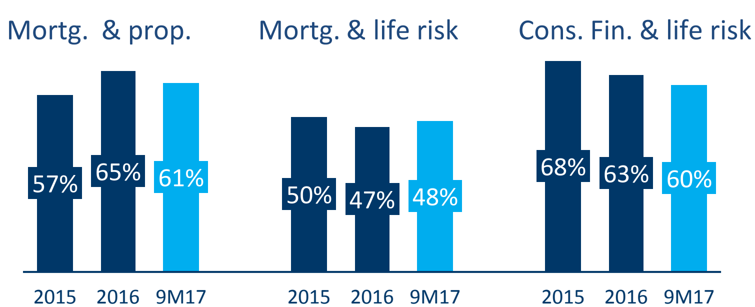
PREMIUM INCOME (GROSS EARNED PREMIUM)



COMBINED RATIO (NON-LIFE)

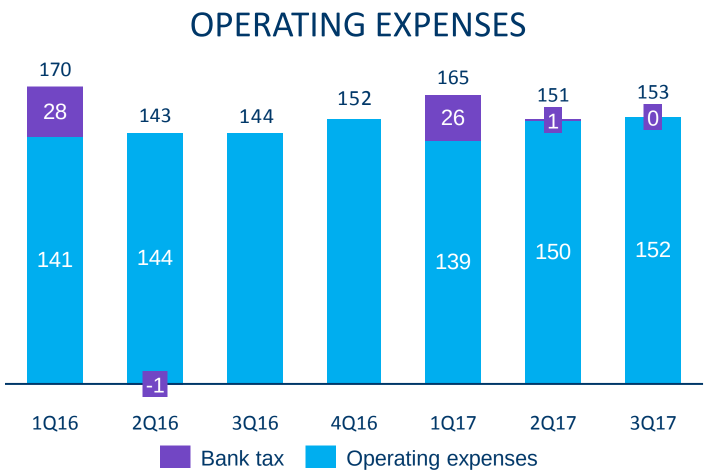


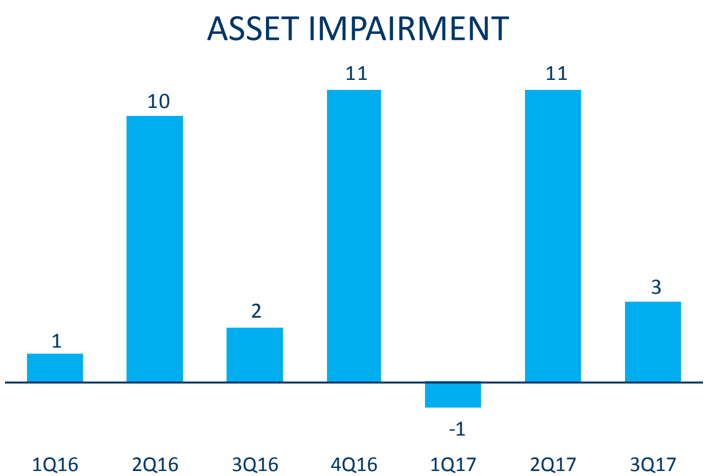
CROSS-SELLING RATIOS



- **Insurance premium income** (gross earned premium) stood at 124m EUR
  - Non-life premium income (56m) rose by 10% y-o-y excluding FX effect, due mainly to growth in all products
  - Life premium income (68m) went up by 43% q-o-q and by 13% y-o-y, excluding FX effect. Q-o-q increase entirely in unit-linked single premiums
- **Combined ratio**: 97% in 9M17 (compared with 96% in FY16) due mainly to higher claims in MTPL
- **Cross-selling ratios** remained at a good level

Czech Republic BU (5): lower operating expenses excluding FX effect, lower impairments, excellent credit cost ratio





- **Operating expenses (153m EUR)**
  - Fell by 1% q-o-q and rose by 2% y-o-y, excluding FX effect and bank tax
  - The q-o-q decrease excluding FX effect and bank tax was due mainly to lower marketing and facilities expenses
  - The y-o-y increase excluding FX effect and bank tax was attributable primarily to higher staff expenses
  - Cost/income ratio at 42% in 2Q17 and 41% YTD. Adjusted for specific items, the C/I ratio amounted to roughly 45% in 3Q17 and 42% YTD (and 46% in FY16)

- **Impairments on L&R** were extremely low in 3Q17 due to several reversals in SME & corporates, while 2Q17 was impacted by loan loss provisions of one large corporate file
- **Impairment of 2m EUR on 'other'** due to a revaluation of leased cars in CSOB Leasing
- **Credit cost ratio** amounted to 0.04% in 9M17

	2013	2014	2015	2016	9M17
CCR	0.26%	0.18%	0.18%	0.11%	0.04%

- **Impaired loans ratio** improved to 2.5%, 1.6% of which over 90 days past due

INTERNATIONAL MARKETS BUSINESS UNIT

CFO SERVICES

CRO SERVICES

BELGIUM

CZECH REPUBLIC

INTERNATIONAL MARKETS

CORPORATE STAFF

International Markets BU (1): net result of 78m EUR

NET RESULT

Amounts in m EUR

- **Net result: 78m** EUR partly thanks to the consolidation of UBB/Interlease (+14m EUR), despite an additional provision of 54m EUR related to the tracker mortgage review in Ireland

  The pro-forma q-o-q **results** were characterised by:
  - higher net interest income (in IRL & HU). NIM amounted to 2.83% in 3Q17 including UBB/Interlease (2.72% in 2Q17)
  - lower net fee and commission income (in SK)
  - stable result from financial instruments at fair value
  - higher realised gains on AFS assets (in BG)
  - lower net other income (especially in IRL)
  - a very good combined ratio of 92% (especially in SK & HU)
  - higher life insurance sales
  - higher costs (in HU & IRL)
  - lower net impairment releases (especially in IRL)
- Profit **breakdown** for International Markets (next slides): 16m EUR for Slovakia, 40m EUR for Hungary, -1m EUR for Ireland and 22m EUR for Bulgaria

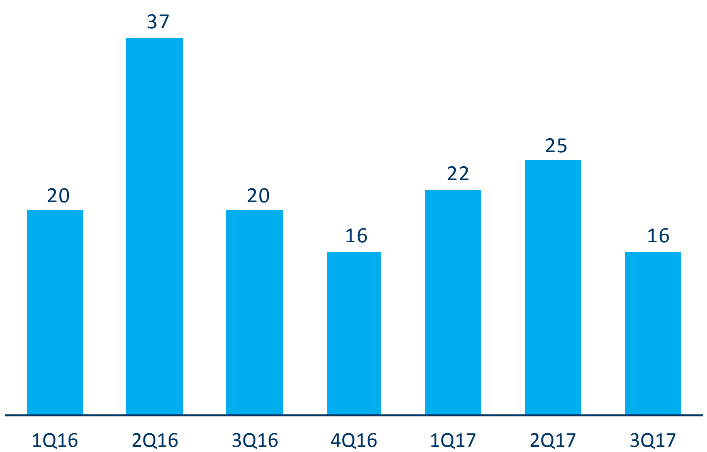
VOLUME TREND

Excluding FX effect	Total loans ***	o/w retail mortgages	Customer deposits****	AuM	Life reserves
Volume	22bn	15bn	22bn	5.9bn	0.6bn
Growth q-o-q*	+2%	+1%	+2%	+3%	0%
Growth y-o-y	+12%**	+7%**	+23%**	+2%	+2%

* Non-annualised, and including UBB/Interlease (as UBB/Interlease was already consolidated in the balance sheet as of 2Q17)
** Y-o-y growth excluding UBB/Interlease amounted to +4% for total loans, +4% for mortgages and +5% for customer deposits
*** Loans to customers, excluding reverse repos (and bonds)
**** Customer deposits, including debt certificates but excluding repos

International Markets BU (2): Slovakia

NET RESULT



Amounts in m EUR

- **Net result** of 16m EUR characterised by (q-o-q):
  - lower net interest income as volume growth was more than offset by margin pressure
  - lower net fee and commission income mainly the result of lower entry fees and lower fees from credit files & bank guarantees (less refinancings)
  - lower net results from financial instruments at fair value mainly due to seasonality (holiday season)
  - stable net other income
  - stable technical insurance result (both life and non-life); an excellent combined ratio (80% in 9M17)
  - lower operating expenses driven by lower facilities expenses, lower professional fees and slightly lower staff expenses
  - higher impairment charges due to some large corporate files
  - credit cost ratio of 0.17% in 9M17

VOLUME TREND

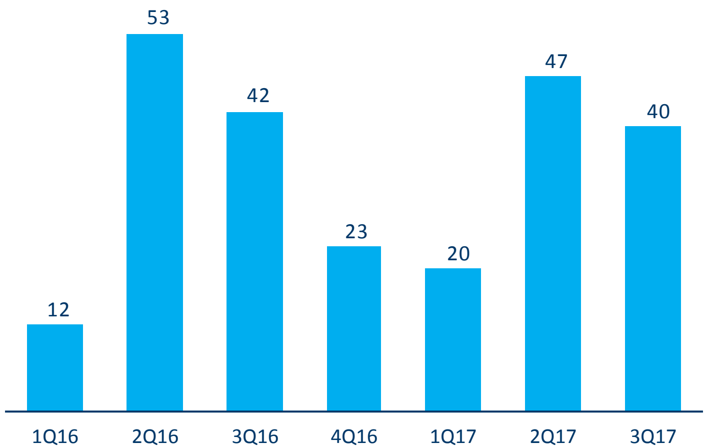
	Total loans **	o/w retail mortgages	Customer deposits***
Volume	6bn	3bn	6bn
Growth q-o-q*	+2%	+3%	-2%
Growth y-o-y	+9%	+15%	-2%

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

- **Volume trend:**
  - Total customer loans rose by 2% q-o-q and by 9% y-o-y, amongst other things due to the continuously increasing mortgage portfolio and consumer finance
  - Total customer deposits fell by 2% both q-o-q and y-o-y due entirely to corporates

International Markets BU (3): Hungary

NET RESULT



Amounts in m EUR

- **Net result** of 40m EUR characterised by (q-o-q):
  - higher net interest income due to positive effect of enhanced ALM management
  - stable net fee and commission income as slightly higher fees from payment transactions were offset by slightly lower fees from credit files & bank guarantees
  - stable net results from financial instruments
  - higher net other income
  - higher sales of life insurance products q-o-q (fully thanks to unit-linked); good non-life commercial performance y-o-y in all major product lines and growing average tariff in motor retail; a very good combined ratio (91% in 9M17)
  - higher operating expenses due to higher staff expenses and higher bank taxes
  - very low impairments (net impairment releases in 2Q17)
  - credit cost ratio of -0.27% in 9M17

VOLUME TREND

Excl. FX effect	Total loans **	o/w retail mortgages	Customer deposits***
Volume	4bn	2bn	7bn
Growth q-o-q*	+5%	+4%	+5%
Growth y-o-y	+10%	+8%	+15%

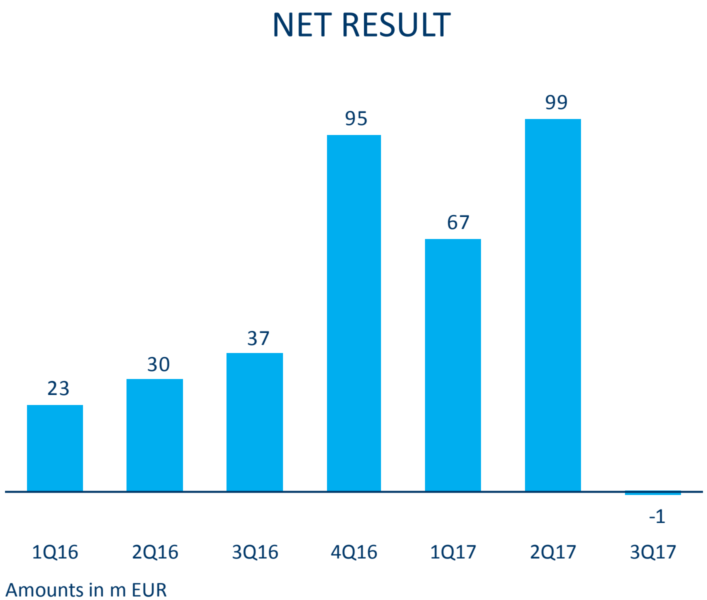
* Non-annualised

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

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

- **Volume trend:**
  - Total customer loans rose by 5% q-o-q and by 10% y-o-y, mainly in mortgages and consumer finance
  - Total customer deposits:
    - rose by 5% q-o-q due mainly to corporates
    - rose by 15% y-o-y due to strong growth both in retail and corporates

International Markets BU (4): Ireland



VOLUME TREND

	Total loans **	o/w retail mortgages	Customer deposits***
Volume	11bn	10bn	5bn
Growth q-o-q*	0%	+1%	0%
Growth y-o-y	-2%	+1%	+1%

* Non-annualised

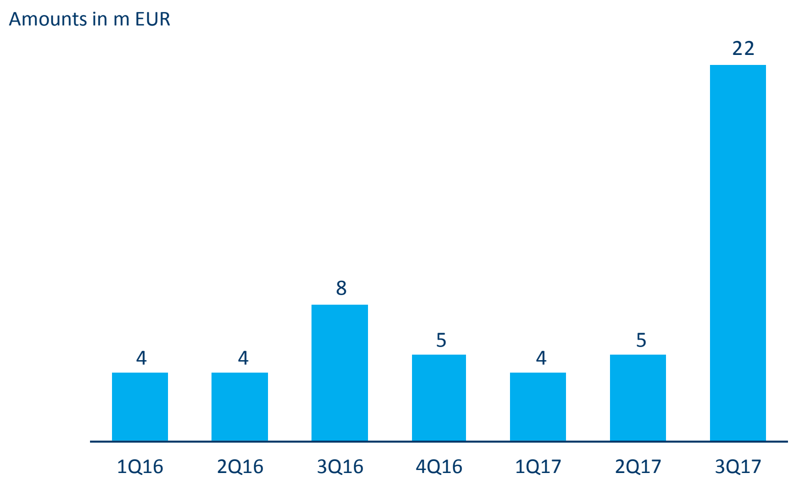
** Loans to customers, excluding reverse repos (and bonds)

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

- **Net result** of -1m EUR characterised by (q-o-q):
  - higher net interest income due to lower funding costs
  - lower net other income due to an additional provision of 54m EUR related to an ongoing industry wide review of the tracker rate mortgage products originated in Ireland before 2009
  - higher operating expenses due mainly to higher professional fees and marketing expenses
  - net impairment releases, although lower q-o-q (-26m EUR in 3Q17 compared with -87m EUR in 2Q17), driven by:
    - an increase in the 9-month average House Price Index and an improved non-performing portfolio performance. Note that 2Q17 benefited from a 40m EUR adjustment as a result of the model recalibration for retail
    - lower provisions on existing non-performing loans, a release of specific provisions as a result of deleveraging and improved macroeconomic conditions for corporates
  - credit cost ratio of -1.68% in 9M17
- **Volume trend:**
  - Total customer loans stabilised q-o-q and decreased by 2% y-o-y, the latter due mainly to the deleveraging of the corporate loan portfolio
  - Retail mortgages: new business (written from 1 Jan 2014) +13% q-o-q and +45% y-o-y, while legacy -2% q-o-q and -7% y-o-y
  - Total customer deposits:
    - roughly stabilised q-o-q
    - rose by 1% y-o-y

International Markets BU (5): Bulgaria

NET RESULT



VOLUME TREND

Excl. FX effect	Total loans ***	o/w retail mortg.	Customer deposits****
Volume	3bn	1bn	4bn
Growth q-o-q*	0%	+1%	+4%
Growth y-o-y	+249%**	+260%**	+433%**

* Non-annualised, and including UBB/Interlease (as UBB/Interlease was already consolidated in the balance sheet as of 2Q17)
** Y-o-y growth excluding UBB/Interlease amounted to +14% for total loans, +19% for mortgages and +15% for customer deposits
*** Loans to customers, excluding reverse repos (and bonds)
**** Customer deposits, including debt certificates but excluding repos

- **Net result** of 22m EUR, of which 14m EUR contribution from UBB/Interlease
- Excluding UBB/Interlease, net result was characterised by (q-o-q):
  - In banking (CIBank): roughly stable pre-provision operating profit. Higher net result was entirely driven by lower impairment charges. Credit ratio of 0.63% in 9M17 (0.85% including UBB/Interlease)
  - In insurance (DZI): slightly higher net result, mainly thanks to higher realised gains on AFS bonds
    - non-life was impacted by high technical charges due to hail storms, largely compensated by the ceded reinsurance result. Combined ratio amounted to 99% in 9M17
    - slightly higher technical insurance result at life thanks to lower technical charges
- UBB/Interlease (14m EUR net result): lower NII due to lower volumes and one-off negative net other income was more than offset by exceptionally high net results from financial instruments at fair value, lower opex and low impairments
- **Volume trend:**
  - Total customer loans stabilised q-o-q and rose by 249% y-o-y (14% y-o-y excluding UBB/Interlease), amongst other things due to the continuously increasing mortgage portfolio
  - Total customer deposits rose by 4% q-o-q and 433% y-o-y (15% y-o-y excluding UBB/Interlease)

GROUP CENTRE

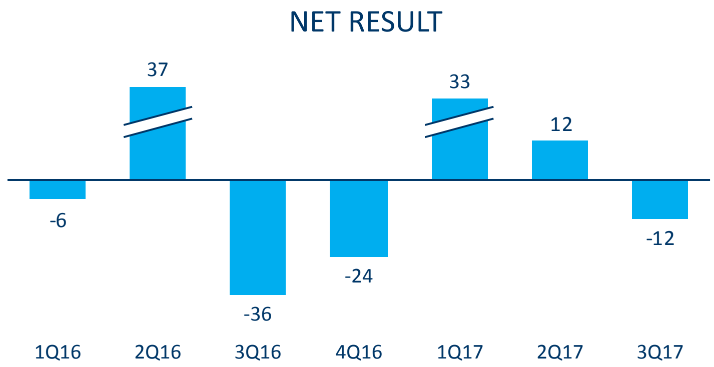
CFO SERVICES

CRO SERVICES

BELGIUM	CZECH REPUBLIC	INTERNATIONAL MARKETS

CORPORATE STAFF

Group Centre: net result of -12m EUR



- **Net result: -12m EUR**
- The net result for the Group Centre comprises the results coming from activities and/or decisions specifically made for group purposes (see table below for components)
- The q-o-q deterioration was attributable mainly to:
  - lower FIFV due to the negative M2M value of EUR/CZK FX swaps
  - lower dividend income

  partly offset by:
  - higher NII
  - lower impairments
  - higher net other income

BREAKDOWN OF NET RESULT AT GROUP CENTRE

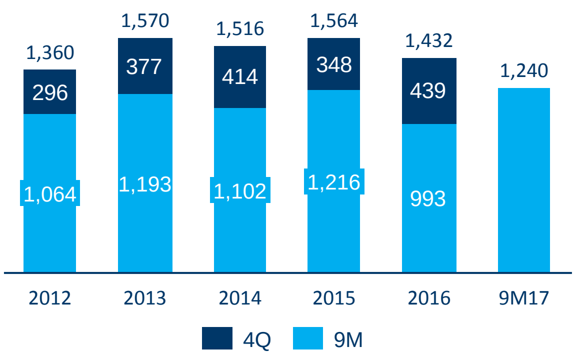
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Group item (ongoing business)	**2**	**27**	**-53**	**-38**	**-50**	**0**	**-31**
- Operating expenses of group activities	-18	-7	-21	-39	-14	-14	-20
- Capital and treasury management	1	1	-4	4	-18	17	5
o/w net subordinated debt cost	-9	-9	-10	-10	-9	-9	-9
- Holding of participations	-17	-9	-13	-14	-9	-13	-13
o/w net funding cost of participations	-5	-5	-6	-4	-2	0	0
- Group Re	3	2	-3	13	5	6	5
- Other	33	39	-11	-2	-14	5	-9
Ongoing results of divestments and companies in run-down	**-8**	**10**	**17**	**14**	**83**	**11**	**19**
Total net result at GC	**-6**	**37**	**-36**	**-24**	**33**	**12**	**-12**

Amounts in m EUR

Overview of results based on business units

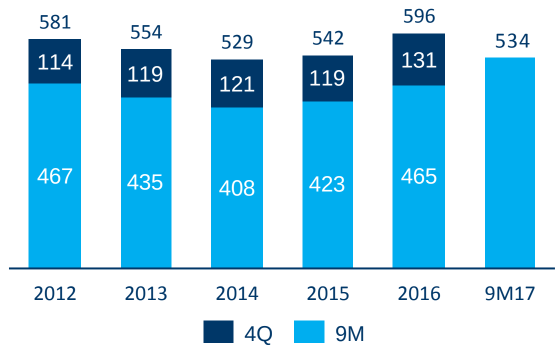
NET PROFIT – **BELGIUM**

9M17 ROAC: 27%



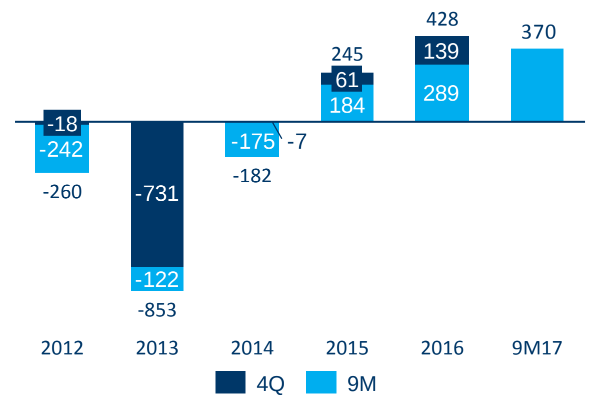
NET PROFIT – **CZECH REPUBLIC**

9M17 ROAC: 44%



NET PROFIT – **INTERNATIONAL MARKETS**

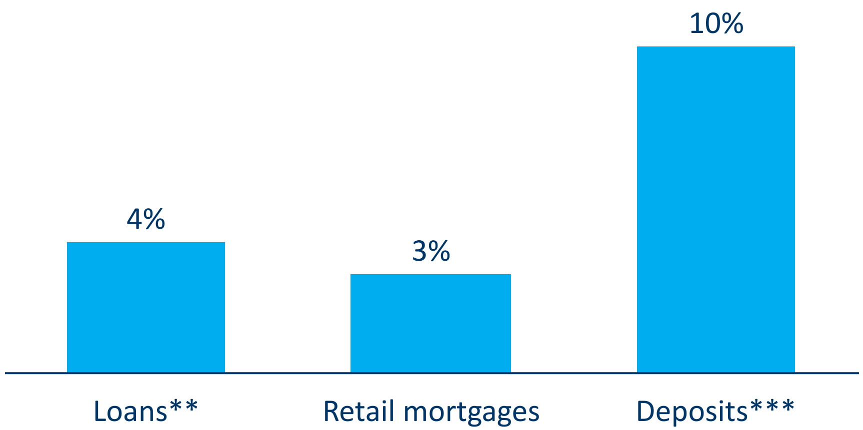
9M17 ROAC: 24%



Amounts in m EUR

Balance sheet (1/2):
Loans and deposits continue to grow in most core countries

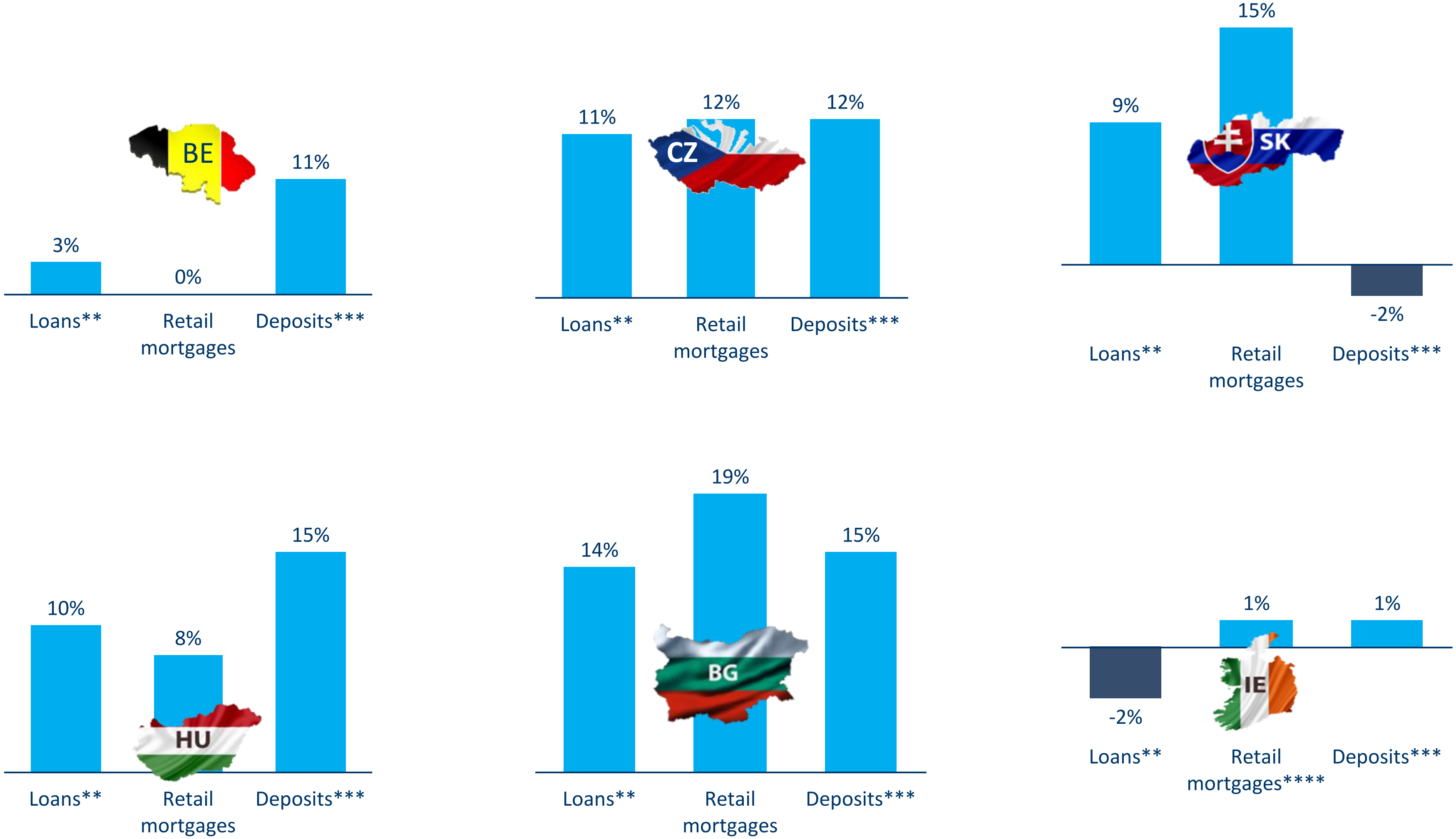
Y-O-Y ORGANIC* VOLUME GROWTH FOR KBC GROUP



* Volume growth excluding FX effects and divestments/acquisitions
** Loans to customers, excluding reverse repos (and bonds)
*** Customer deposits, including debt certificates but excluding repos

Balance sheet (2/2):
Loans and deposits continue to grow in most core countries

Y-O-Y ORGANIC* VOLUME GROWTH FOR MAIN ENTITIES



* Volume growth excluding FX effects and divestments/acquisitions

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

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

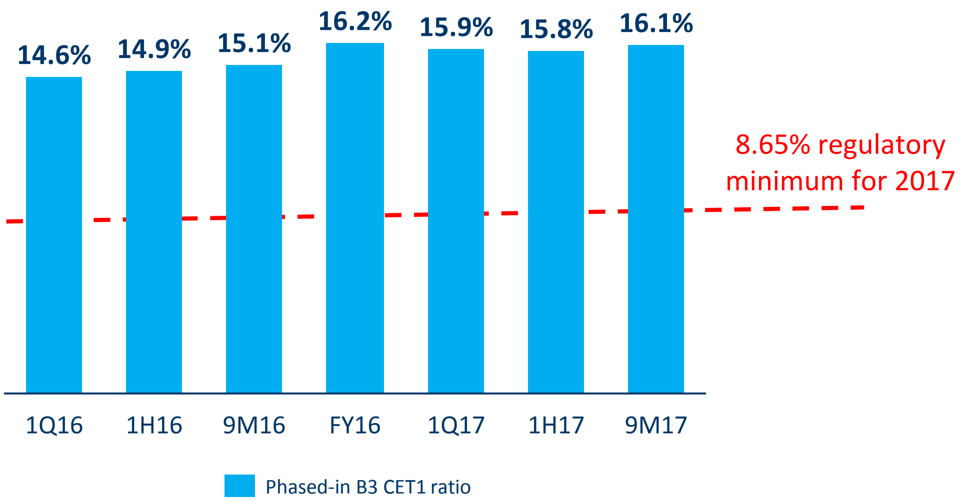
**** Retail mortgages in Ireland: new business (written from 1 Jan 2014) +45% y-o-y, while legacy -7% y-o-y

Section 3

Strong solvency and solid liquidity

Strong capital position

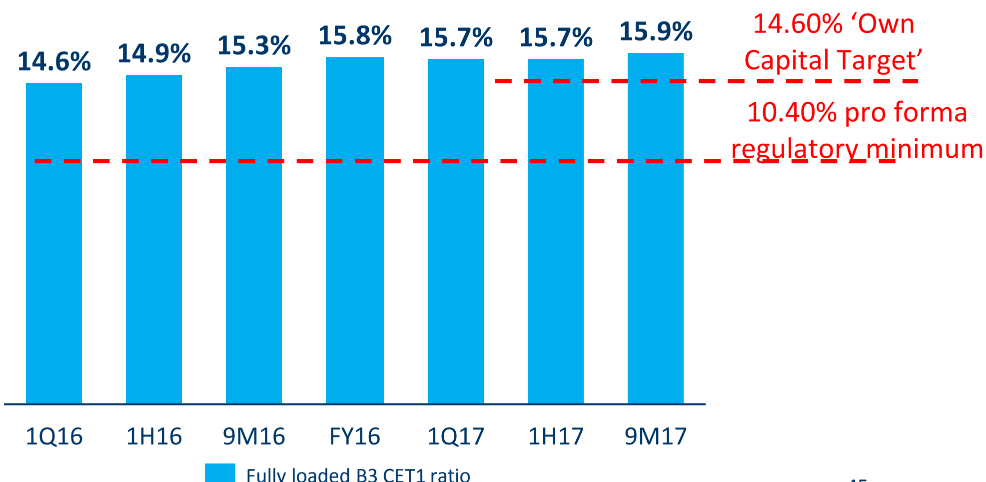
Phased-in Basel 3 CET1 ratio at KBC Group (Danish Compromise)



- **Common equity ratio (B3 phased-in) of 16.1%** based on the Danish Compromise at end 3Q17, which **clearly exceeds** the minimum capital requirements set by the ECB / NBB* of 8.65% for 2017

* Systemic buffer announced by the NBB: CET1 phased-in of 1.0% in 2017 under the Danish Compromise

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

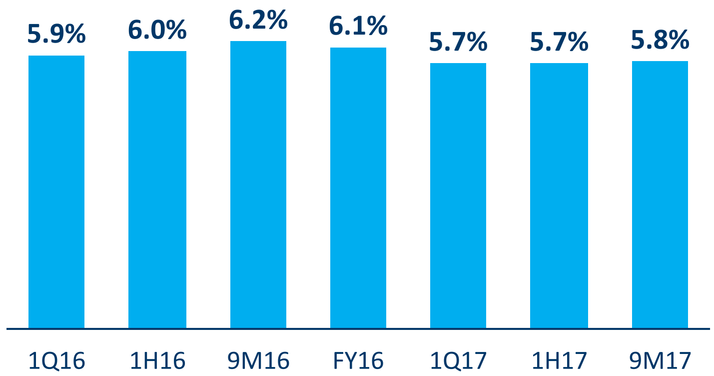


- **A pro forma fully loaded common equity ratio increased by 0.3% q-o-q at 15.9%** based on the Danish Compromise. This **clearly exceeds** the minimum capital requirements set by the ECB / NBB of 10.40%* and our 'Own Capital Target' of 14.60%

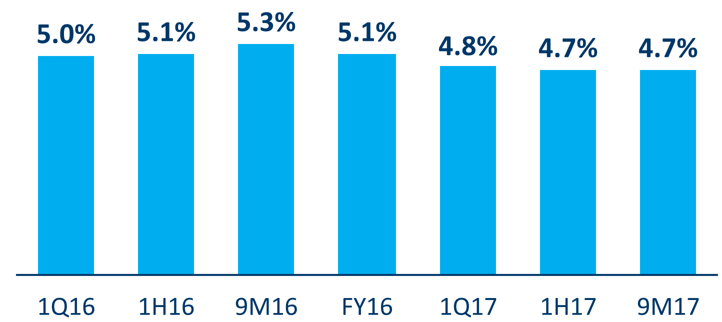
* Excludes a pillar 2 guidance (P2G) of 1.0% CET1

Fully loaded Basel 3 leverage ratio and Solvency II ratio

Fully loaded Basel 3 leverage ratio at KBC Group



Fully loaded Basel 3 leverage ratio at KBC Bank



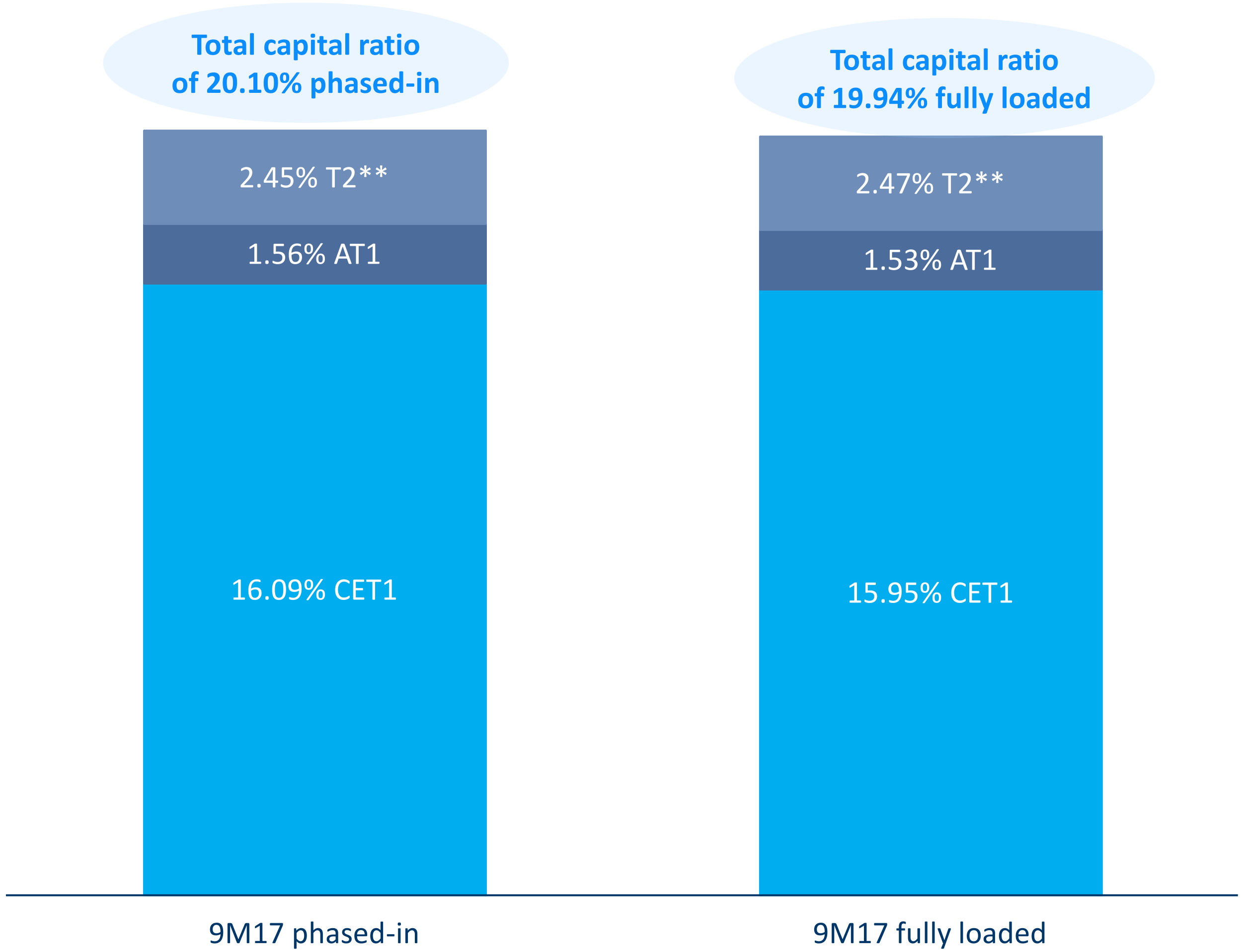
Solvency II ratio

	2Q17	3Q17
Solvency II ratio*	217%	221%

- The increase (+4%-points) in the Solvency II ratio without this cap was mainly the result of slightly increased interest rates (10Y IRS) and slightly lower spreads

* On 19 April 2017, the NBB retroactively relaxed the strict cap on the loss absorbing capacity of deferred taxes in the calculation of the required capital. Belgian insurance companies are now allowed to apply a higher adjustment for deferred taxes, in line with general European standards, if they pass the recoverability test. This is the case for KBC

Total capital ratio*

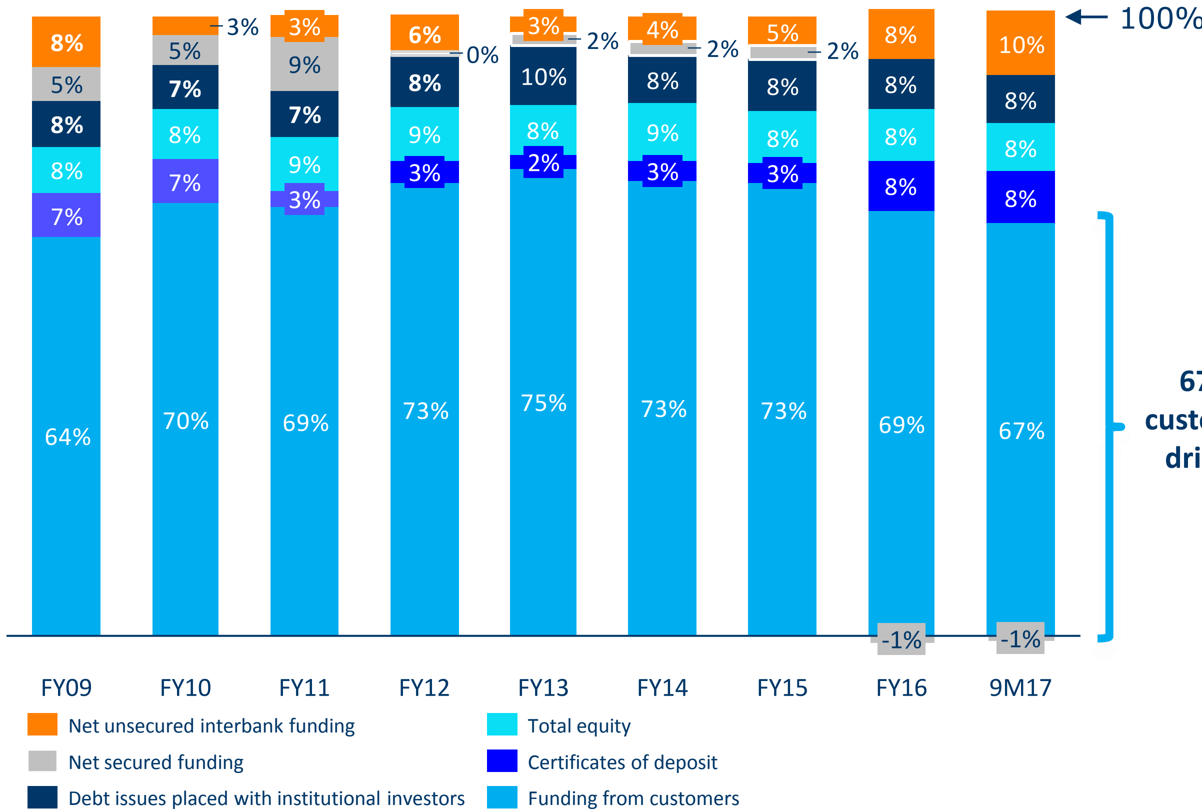


* Basel 3, Danish Compromise

** We intend to call the coco in January 2018. Hence, the capital value of the coco has already been excluded from Tier-2. The impact of the coco call is largely offset by the successful issuance of a 500m EUR Tier 2 benchmark in September 2017

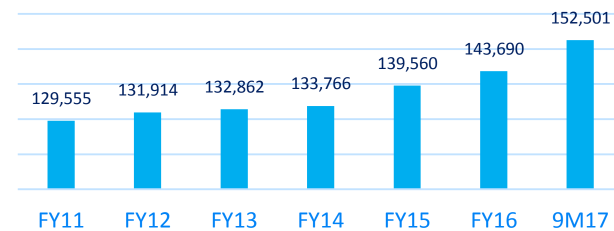
Solid liquidity position (1)

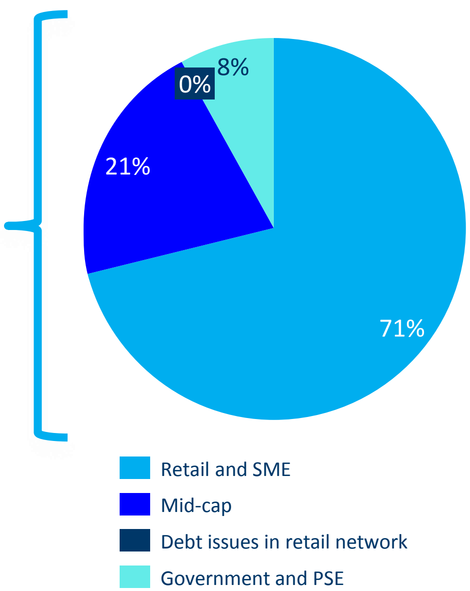
- KBC Bank continues to have a **strong retail/mid-cap deposit base** in its core markets – resulting in a **stable funding mix** with a significant portion of the funding attracted from core customer segments & markets
- Customer funding remains high in 9M17. The elevated amount in certificates of deposit and short-term wholesale funding is related to short-term trading opportunities



67% customer driven

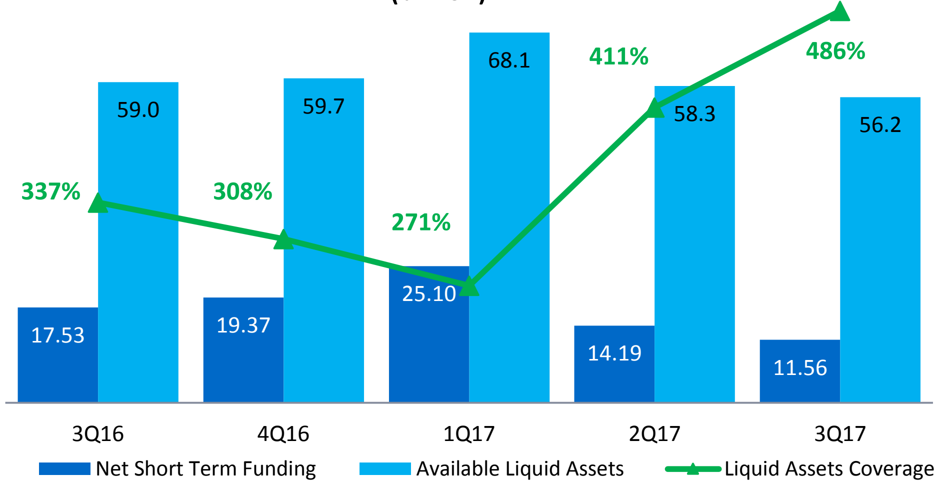
Funding from customers (m EUR)





Solid liquidity position (2)

Short term unsecured funding KBC Bank vs Liquid assets as of end September 2017(*) (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,** given that:
  - Available liquid assets are almost 5 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	FY16	9M17	Regulatory requirement
NSFR[1]	125%	130%	≥ 100%
LCR[1]	139%	150%	≥ 100%

[1] *Liquidity coverage ratio (LCR) is based on the Delegated Act requirements, while the Net Stable Funding Ratio (NSFR) is based on KBC's interpretation of current Basel Committee guidance*

- **NSFR is at 130% and LCR is at 150% by the end of 9M17**
  - Both ratios were well above the regulatory requirement of at least 100%, in compliance with the implementation of Basel 3 liquidity requirements

Section 4

3Q 2017 wrap up

3Q 2017 wrap up

- Strong commercial bank-insurance results in our core countries
- Successful underlying earnings track record
- Solid capital and robust liquidity position

Looking forward

- We expect 2018 to be a year of sustained economic growth in both the euro area and the US

- Management guides for:
  - solid returns for all Business Units
  - loan impairments for Ireland towards a release in a 160m-200m EUR range for FY17
  - a negative impact of the first-time application of IFRS 9 (as of 1 January 2018) on our fully loaded CET1 ratio of 45-55 bps mainly on account of reclassifications in the banking book
  - the impact of the planned reform of the Belgian corporate income tax regime: an estimated one-off upfront negative P&L impact of 230m EUR in 4Q17, a slightly positive one-off impact (of roughly +0.2%) on the CET1 ratio in 4Q17 and a recurring positive P&L impact as of 2018 onwards
  - the intention to call the coco in January 2018

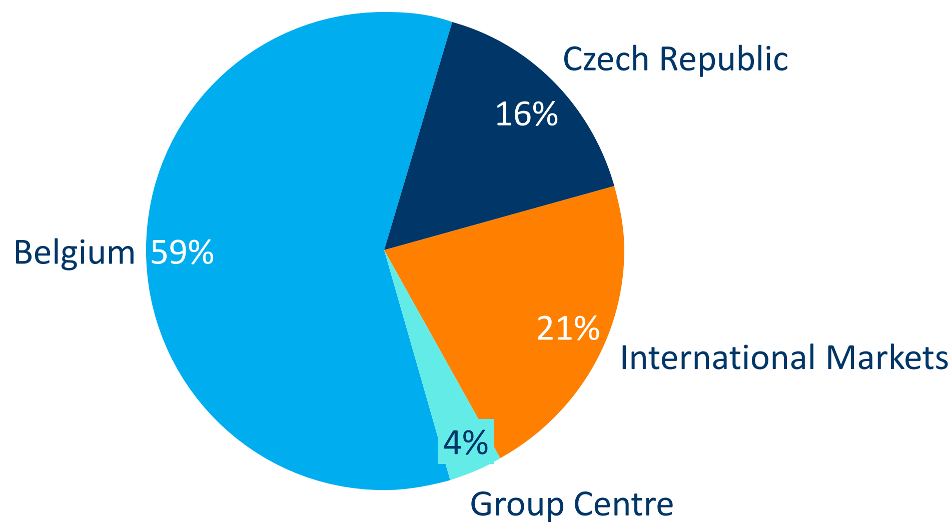
- Next to the Belgium and the Czech Republic Business Units, the International Markets Business Unit becomes a strong contributor to the net result of KBC Group thanks to:
  - Ireland: re-positioning as a core country with a sustainable profit contribution
  - Bulgaria: after the acquisition of UBB and Interlease, UBB-CIBank and DZI have become the largest bank-insurance group in Bulgaria with a substantial increase in profit contribution
  - Sustainable profit contribution of Hungary and Slovakia

Annex 1

Company profile

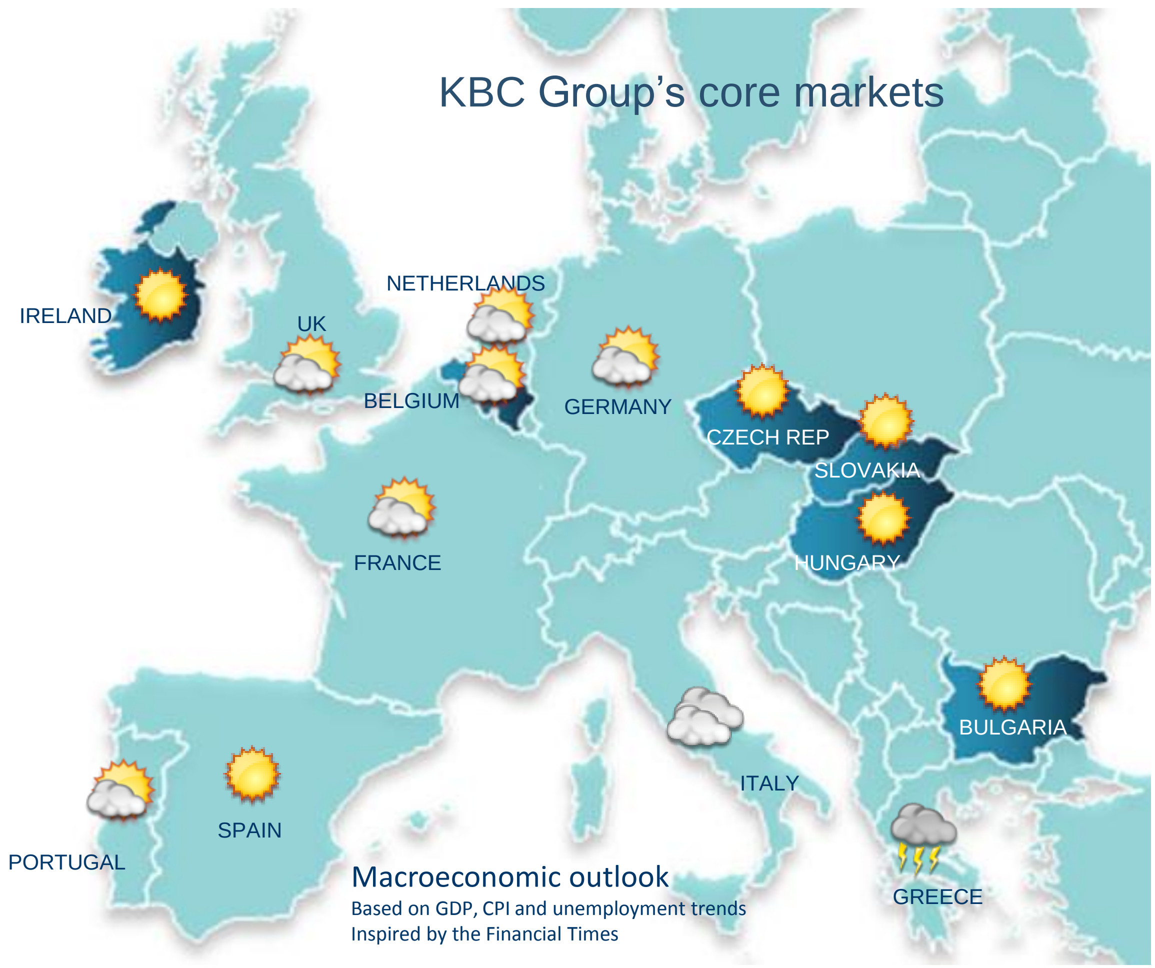
Business profile

BREAKDOWN OF ALLOCATED CAPITAL BY BUSINESS UNIT AS AT 30 SEPTEMBER 2017



- KBC is a leading player (retail and SME bank-insurance, private banking, commercial and local investment banking) in Belgium and its 4 core countries in CEE

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



MARKET SHARE (END 2016)

	BE	CZ	SK	HU	BG	IRL
Loans and deposits	21%	20%	11%	10%	3%	7%*
Investment funds	33%	23%	7%	15%		
Life insurance	13%	7%	4%	4%	11%	
Non-life insurance	9%	7%	3%	6%	10%	

* Only for retail segment

REAL GDP GROWTH OUTLOOK FOR CORE MARKETS[1]

	BE	CZ	SK	HU	BG	IRL
% of Assets	66%	19%	3%	3%	2%	4%
2016	1.2%	2.4%	3.3%	2.0%	3.4%	5.2%
2017e	1.6%	4.3%	3.2%	3.7%	3.4%	4.0%
2018e	1.7%	3.0%	3.5%	3.5%	3.1%	3.5%

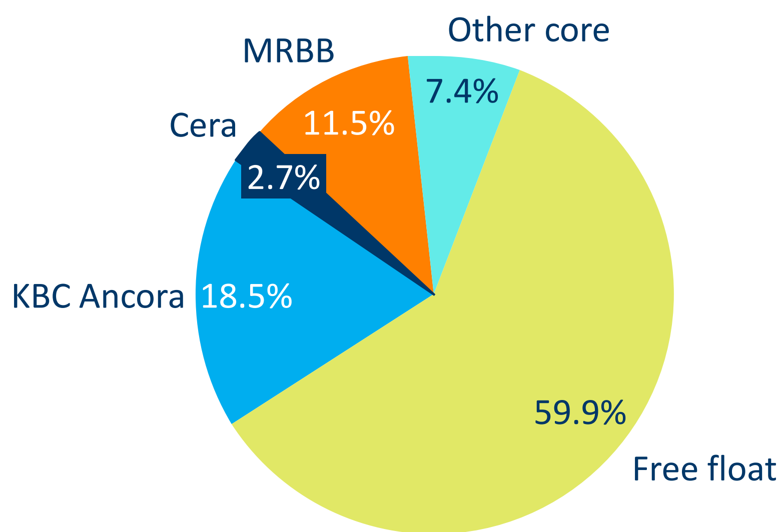
1. Source: KBC data, August 2017

Key strengths

- Well-developed bank-insurance strategy and strong cross-selling capabilities
- Strong commercial bank-insurance franchises in Belgium and the Czech Republic with stable and solid returns. The International Markets Business Unit becomes a strong contributor to the net result of KBC Group
- Successful underlying earnings track record
- Solid capital and robust liquidity position

Shareholder structure

SHAREHOLDER STRUCTURE AT END 9M17



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

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

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

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

Level 4: Integrated distribution and operation

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

Level 3: Integrated distribution

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

Level 2: Exclusive distribution

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

Level 1: Non-exclusive distribution

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

Belgium

Target for Central Europe

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

More of the same… but differently…

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

+

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

=

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

Summary of the guidance at KBC Group level as announced at our Investor Visit in June 2017

More of the same …

Guidance…		by…
CAGR total income ('16-'20)*	≥ 2.25%	2020
C/I ratio banking excluding bank tax	≤ 47%	2020
C/I ratio banking including bank tax	≤ 54%	2020
Combined ratio	≤ 94%	2020
Dividend payout ratio	≥ 50%	As of now

* Excluding marked-to-market valuations of ALM derivatives

Regulatory requirements…		by…
Common equity ratio*excluding P2G	≥ 10.40%	2019
Common equity ratio*including P2G	≥ 11.40%	2019
MREL ratio**	≥ 26.25%	2020
NSFR	≥ 100%	As of now
LCR	≥ 100%	As of now

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

** SRB has not formally communicated any MREL target at this point in time (expected by the end of 2017). However, an indicative figure is put forward based on the mechanical approach as published by SRB on 28 November 2016. Note that KBC intends to fill in the AT1 and T2 buckets of respectively 1.5% and 2.0% at any time

Summary of the guidance at KBC Group level as announced at our Investor Visit in June 2017

… but differently…

➔ Make further progress in our bank-insurance model

Guidance		by…
CAGR Bank-Insurance clients (1 Bank product + 1 Insurance product)		
BU BE	≥ 2%	2020
BU CR	≥ 15%	2020
BU IM	≥ 10%	2020

Guidance		by…
CAGR Bank-Insurance stable clients (3 Bk + 3 Ins products in Belgium; 2 Bk + 2 Ins products in CE)		
BU BE	≥ 2%	2020
BU CR	≥ 15%	2020
BU IM	≥ 15%	2020

➔ Guidance on inbound omni-channel/digital behaviour*

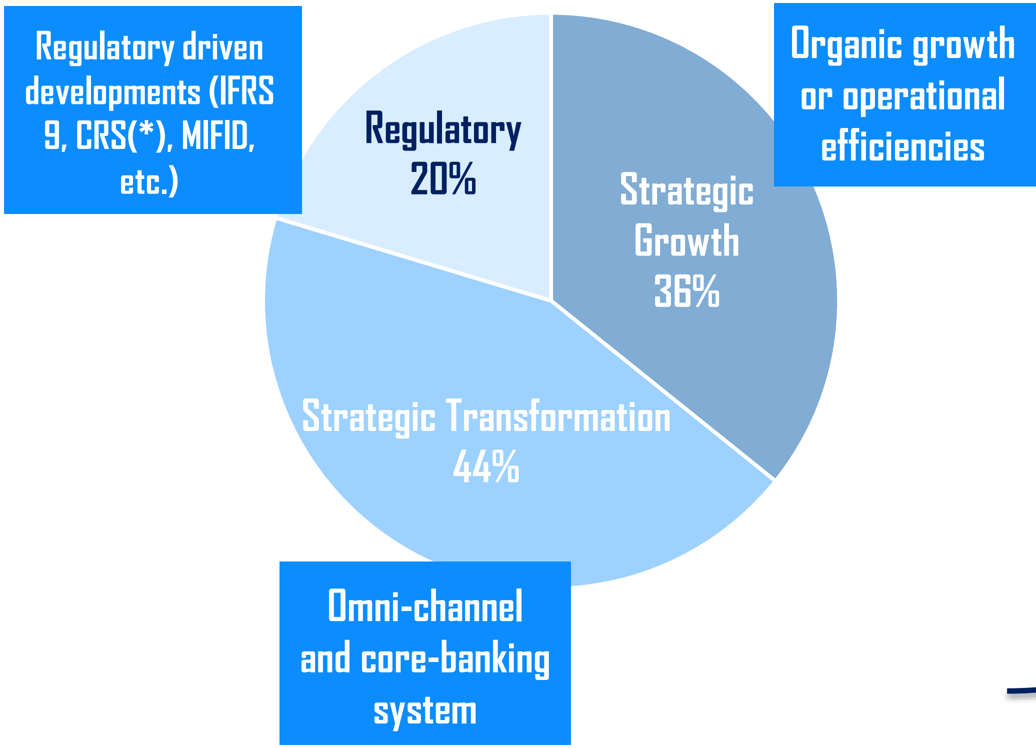
Guidance		by …
% Inbound contacts via omni-channel and digital channel		
KBC Group**	≥ 80%	2020

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

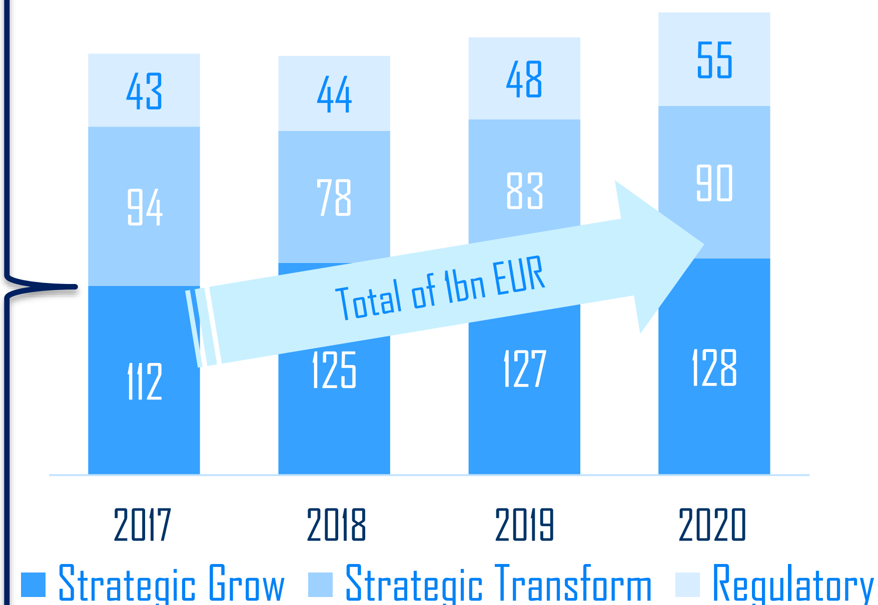
** Bulgaria & PSB out of scope for Group target

Digital Investments 2017-2020

Cashflow 2017-2020 = 1.5bn EUR



Operating Expenses 2017-2020 = 1bn EUR

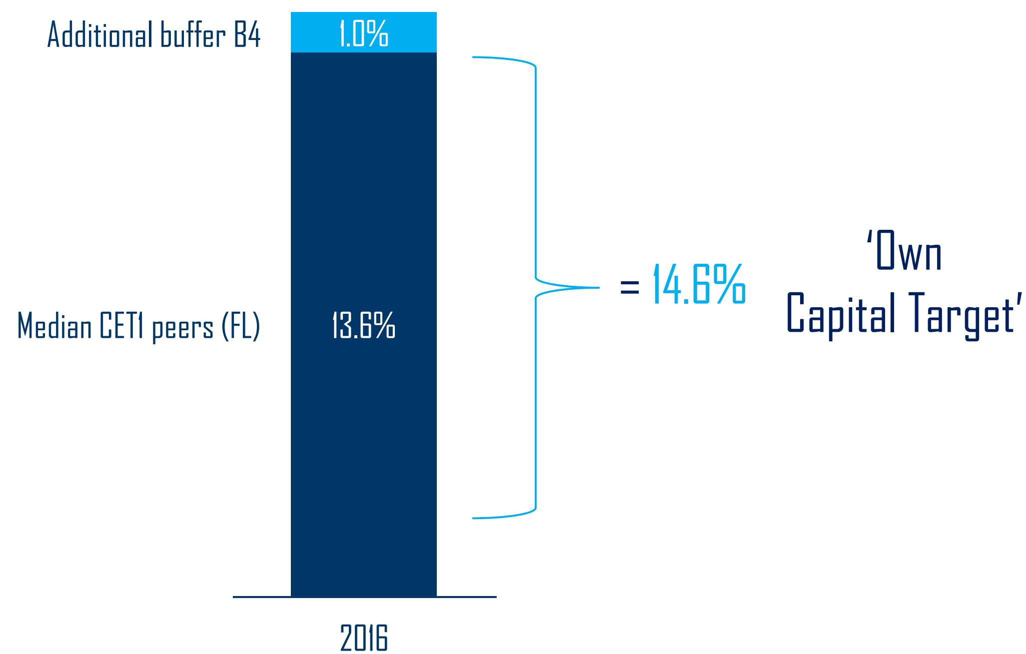


(*) The Common Reporting Standard (CRS) refers to a systematic and periodic exchange of information at international level aimed at preventing tax evasion. Information on the taxpayer in the country where the revenue was taken is exchanged with the country where the taxpayer has to pay tax. It concerns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

What does it mean to be one of the better capitalised financials for KBC? ‘Own Capital Target’

- We aim to be one of the better capitalised financial institutions in Europe. Therefore as a starting position, we assess each year the CET1 ratios of a peer group of European banks active in the Retail, SME, and Corporate client segments. We position ourselves on the fully loaded median CET1 ratio of the peer group*

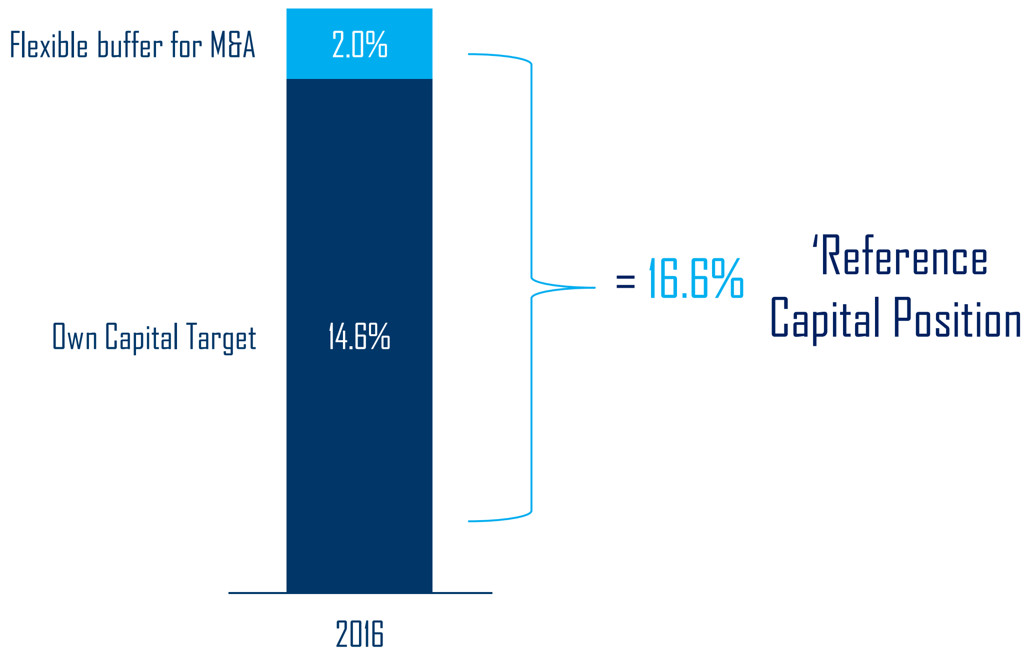
- Based on internal benchmarking, KBC will be impacted relatively more than the sector average by Basel IV. Therefore, we are factoring in an additional 1% CET1 impact



* The impact of B4 will be fully included at the start of 2021

What does it mean for our capital deployment? 'Reference Capital Position'

- KBC Group wants to keep a flexible buffer of up to 2% CET1 for potential add-on M&A in our core markets
- This buffer comes on top of the 'Own Capital Target' of KBC Group, and all together forms the 'Reference Capital Position'
- Any M&A opportunity will be assessed subject to very strict financial and strategic criteria



Capital distribution to shareholders

- The payout ratio policy (i.e. dividend + AT1 coupon) of at least 50% of consolidated profit is reconfirmed, with an annual interim dividend of 1 EUR per share being paid in November of each accounting year as an advance on the total dividend

- On top of the payout ratio of 50% of consolidated profit, each year, the Board of Directors will take a decision, at its discretion, on the distribution of the capital above the 'Reference Capital Position'

KBC Group going forward:
An optimised geographic footprint

Strengthen current geographic footprint

Optimise business portfolio by strengthening current bank-insurance presence through organic growth or through acquisitions if possible

No further plans to expand beyond current geographic footprint

KBC Group will consider acquisition options, if any, to strengthen current geographic bank-insurance footprint

Clear financial criteria for investment decision-making, based on:

- Solid capital position of KBC Group
- Investment returns in the short and mid terms
- New investment contributing positively to group ROE

KBC Group going forward:
An optimised geographic footprint

Become a reference in bank-insurance in each core country

Through a locally embedded bank-insurance business model and a strong corporate culture, creating superior client satisfaction

With a clear focus on sustainable and profitable growth

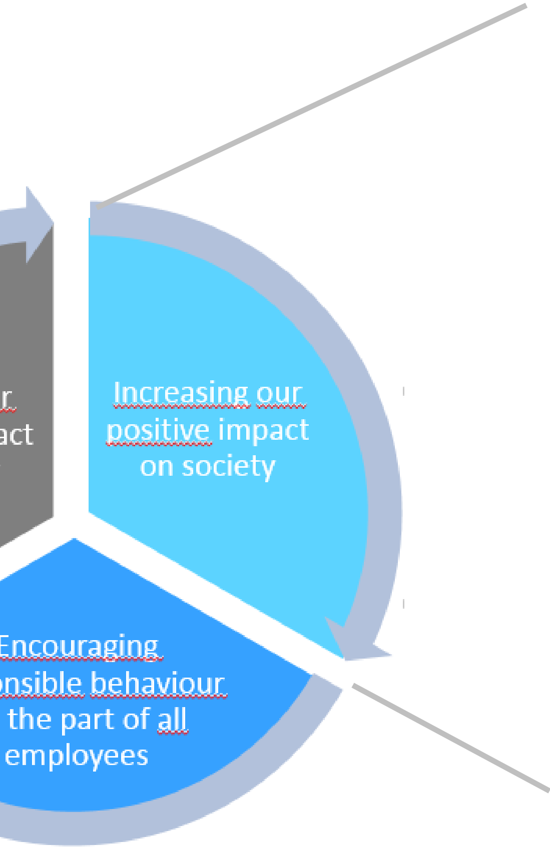
The core of KBC's sustainability strategy (1)

- We apply strict sustainability rules to our business activities, in respect of human rights, environment, business ethics and social themes
- KBC is a market leader in socially responsible investments, offering a full range of SRI funds
- We contribute to the transition to a low-carbon economy by reducing our own environmental footprint, tightening our lending policy to the energy sector and taking initiatives to promote energy efficiency, renewable energy, etc

- Sustainability goes beyond philanthropy and sponsorship
- We focus on a number of societal needs and actively respond to these needs by developing business solutions in which a bank-insurer can provide the elements that make a difference
- We defined the following focus domains: 'financial literacy', 'environmental responsibility', 'entrepreneurship', and 'demographic ageing and health'
- Examples are given on the next slides

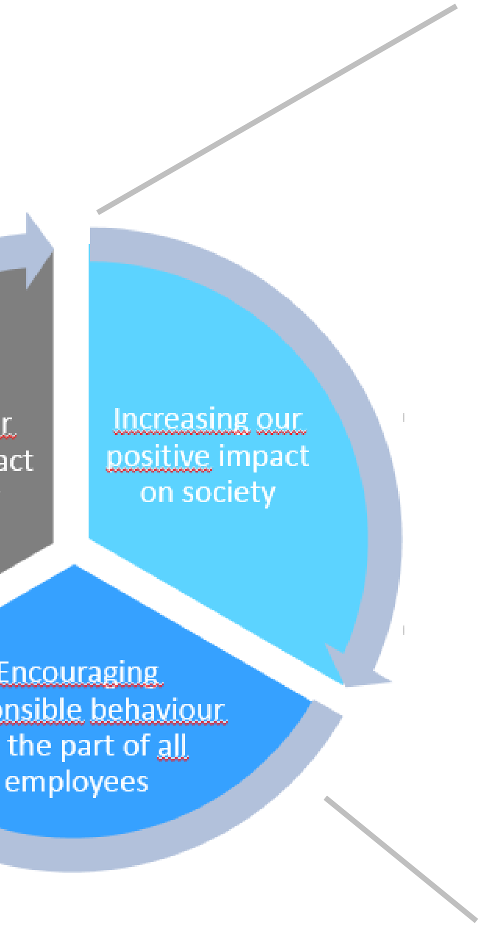
- The mindset of all KBC staff should go beyond regulation and compliance
- Responsible behaviour is a requirement to implement an effective and credible sustainability strategy
- Specific focus on responsible selling and responsible advice

The core of KBC's sustainability strategy (2)



Our focus areas	What?	A few examples
Financial literacy	• Transparent advice and clear communication • Improving general public knowledge of financial concepts and products • Using analysis to understand and respond to clients' behaviour more effectively	• ČSOB Education Programme, Education Fund and Blue Life Academy in the Czech Republic • Promotion of financial education through the national 'K&H Ready, Steady, Money' contest in Hungary • Get-A-Teacher service at KBC Bank (teaching and lectures at schools and colleges by a dedicated team of KBC-trainers)
Environmental responsibility	• Developing products and services that can make a positive contribution to society and the environment • Reducing our environmental footprint through a diverse range of initiatives and objectives	• KBC Renovation Loan for Owners' Associations to provide flexible financing solutions for energy-saving investments in apartment blocks • KBC Mobility for sustainable and qualitative mobility solutions in Belgium • Group wide target to reduce our own greenhouse gas emissions by at least 20% (from 2015 levels) by 2020 • We achieved a 'leadership A-' score for the 2017 Carbon Disclosure Project Climate Change Program

The core of KBC's sustainability strategy (3)



Our focus areas	What?	A few examples
Entrepre-neurship	Contributing to economic growth by supporting innovative ideas and projects.	• 'Gap in the Market' campaign in Hungary • Start it @KBC, a major incubator for start-ups in Belgium • KBC Match'it, a digital platform for transferring businesses • Providing capital for start-ups via the KBC Start it Fund • Supporting local initiatives via the Bolero Crowdfunding platform • Encouraging clients to take the step to e-commerce via Storesquare and Farmcafé • Strengthening our partnership with the Belgian Raiffeisen Foundation
Demographic ageing and health	• We chose 'demographic ageing' as the fourth pillar in Belgium and the Czech Republic. • We chose 'Health' as the fourth pillar in Bulgaria, Slovakia, Hungary and Ireland.	• ČSOB is collaborating with the Centre of Health Economics and Management at the Faculty of Social Sciences at the Charles University in Prague • Happy@Home, an ecosystem between KBC, the service provider ONS and the software firm CUBIGO to make domestic assistance readily available • Financial and material assistance to sick children through the 'K&H MediMagic Programme' in Hungary • Launching awareness campaigns in various countries in areas such as sports, health and well-being, road safety and child protection, and developing insurance products related to health and personal risks

More information is available at www.kbc.com, under 'Corporate Sustainability'.

Annex 2

Other items

Loan loss experience at KBC

	9M17 CREDIT COST RATIO	FY16 CREDIT COST RATIO	FY15 CREDIT COST RATIO	FY14 CREDIT COST RATIO	FY13 CREDIT COST RATIO	AVERAGE '99 –'16
Belgium	**0.10%**	0.12%	0.19%	0.23%	0.37%	n/a
Czech Republic	**0.04%**	0.11%	0.18%	0.18%	0.26%	n/a
International Markets	**-0.74%**	-0.16%	0.32%	1.06%	4.48%*	n/a
Group Centre	**0.40%**	0.67%	0.54%	1.17%	1.85%	n/a
Total	**-0.05%**	**0.09%**	**0.23%**	**0.42%**	**1.21%****	**0.50%**

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

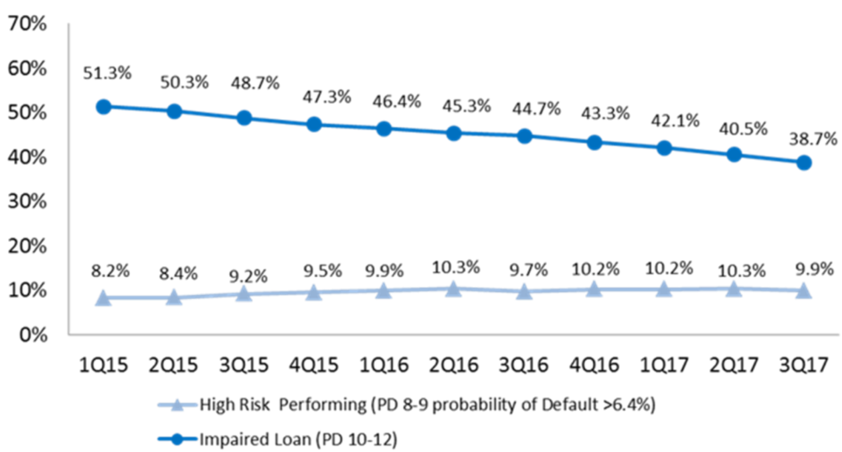
* The high credit cost ratio at the International Markets Business Unit is due in full to KBC Bank Ireland. Excluding Ireland, the CCR at this business unit amounted to 108 bps in FY13

** Credit cost ratio amounted to 1.21% in FY13 due to the reassessment of the loan books in Ireland and Hungary

Ireland (1): impaired loans ratio further improved

LOAN PORTFOLIO	OUT-STANDING €	IMPAIRED LOANS €	IMPAIRED LOANS PD 10-12	SPECIFIC PROVISIONS €	IMPAIRED LOANS PD 10-12 COVERAGE
Owner occupied mortgages	9.1bn	2.5bn	28%	0.8bn	33%
Buy to let mortgages	2.1bn	1.4bn	66%	0.6bn	40%
SME /corporate	0.7bn	0.4bn	65%	0.3bn	59%
Real estate					
- Investment	0.6bn	0.4bn	72%	0.2bn	56%
- Development	0.1bn	0.1bn	100%	0.1bn	86%
Total	**12.6bn**	**4.9bn**	**39%**	**2.0bn**	**41%**

PROPORTION OF HIGH RISK AND IMPAIRED LOANS



- The Irish economy remains on a solid growth path, with domestic demand reflecting a broadening of the recovery and exports benefitting from stronger global conditions. As a result, GDP is expected to increase by about 4% in 2017
- Healthy economic activity has translated into robust and broadly based employment gains. In turn, this has prompted a decline in unemployment to 6.1% in the third quarter as well as encouraging an increase in net inward migration
- The demand for housing continues to strengthen, reflecting an improvement in incomes and confidence. With new housing supply increasing modestly, a continuing imbalance has led to sustained strong property price inflation
- Customer Deposits (Retail & Corporate) of 5.3bn EUR
- YTD 3Q17 0.8bn EUR (14.1%) reduction in Impaired Loans. Net loan loss provision release of 26m EUR in 3Q17 driven by growth in the CSO House Price Index and improved non-performing portfolio performance. This compares with a 87m EUR release in 2Q17, which included a positive model recalibration of 40m EUR. Overall coverage ratio has remained stable at 41% q-o-q
- Looking forward, we are maintaining our impairment guidance for Ireland, namely a net release in a range of 160m-200m EUR for FY17

Ireland (2): portfolio analysis

3Q17 Retail Portfolio

	PD	Legacy	New Retail	Impairment Provisions	Cover %
Performing	PD 1-8	4,393	2,090	24	0.4%
	Of which non Forborne	4,375	2,090		
	Of which Forborne	17	0		
	PD 9	823	5	40	4.8%
	Of which non Forborne	127	1		
	Of which Forborne	696	4		
Impaired	PD 10	2,289	4	558	24.3%
	PD 11	919	0	283	30.8%
	PD 12	690	0	540	78.2%
	TOTAL PD1-12	**9,113**	**2,100**	**1,445**	
	Specific Impairment/(PD 10-12)				*35.4%*

- Forborne loans (in line with EBA Technical Standards) comprise loans on a live restructure or continuing to serve a probation period post-restructure/cure to Performing
- PD10 balances include 0.35bn EUR of fully provided loans related to the warehoused element of the split mortgage resolution option provided to certain distressed borrowers

3Q17 Corporate Portfolio

	PD	Legacy	Impairment Provisions	Cover %
Perf.	PD 1-8	347	1	0.3%
	PD 9	61	3	4.6%
Impaired	PD 10	284	113	39.9%
	PD 11	270	157	58.1%
	PD 12	423	327	77.2%
	TOTAL PD1-12	**1,385**	**600**	
	Specific Impairment/(PD 10-12)			*61.1%*

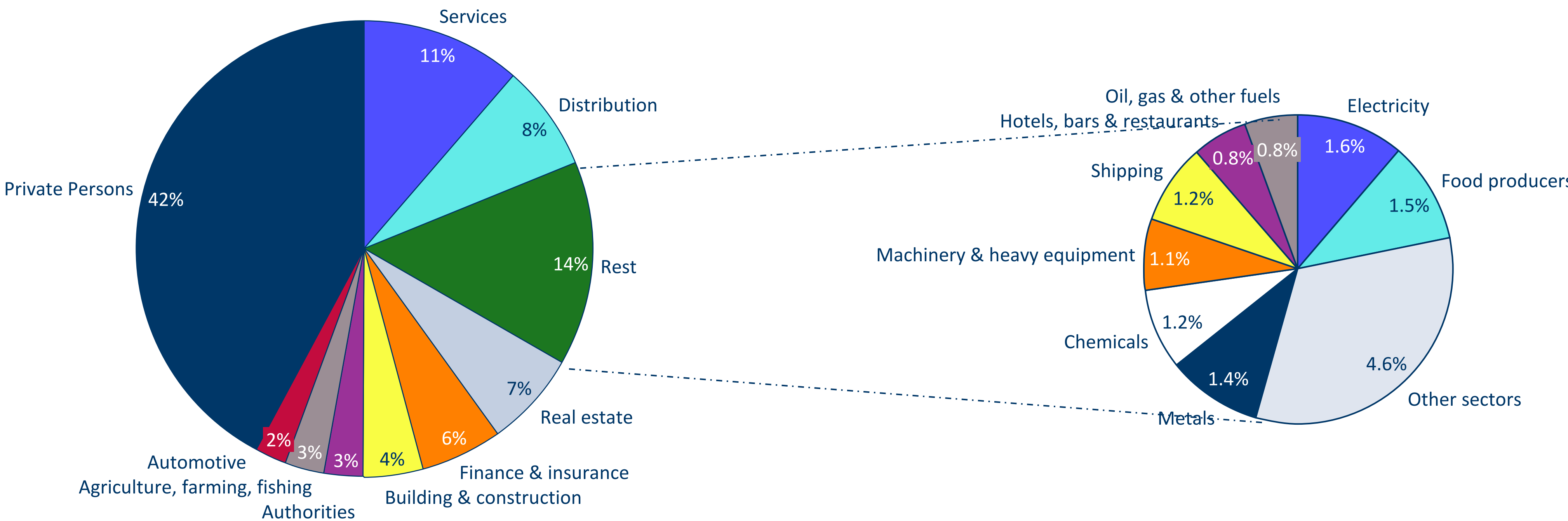
Retail portfolio

- The New Retail Portfolio (all originations post 1 Jan 2014) comprises 2.1bn EUR of the overall Retail Portfolio and increased q-o-q by 0.2bn EUR
- Impaired portfolio decreased by roughly 126m EUR q-o-q due to improved portfolio performance (reduction of 0.6bn EUR y-o-y)
- Coverage ratio for impaired loans has increased marginally to 35.4% in 3Q17 (from 34.8% in 2Q17)
- Weighted average indexed LTV on the impaired portfolio has improved significantly y-o-y and in 3Q17 decreased to 97% (from 106% in 3Q16)
- Overall exposure has remained stable at 11.2bn EUR q-o-q with new mortgage production offsetting the reduction of the impaired book and loan amortisations

Corporate loan portfolio

- Impaired portfolio has reduced by roughly 142m EUR q-o-q. Reduction driven mainly by continued deleverage of the portfolio (reduction of 0.5bn EUR y-o-y)
- Coverage ratio for impaired loans has decreased to 61.1% in 3Q17 (from 64.2% in 2Q17)
- Overall exposure has dropped by 0.6bn EUR y-o-y

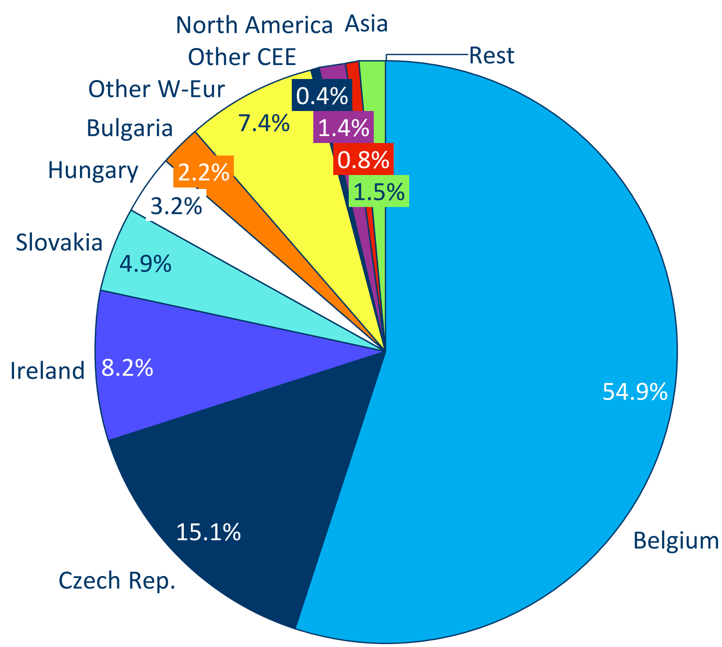
Sectorial breakdown of outstanding loan portfolio (1) (153bn EUR* including UBB) of KBC Bank Consolidated



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

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

Geographical breakdown of the outstanding loan portfolio (2) (153bn EUR* including UBB) of KBC Bank Consolidated

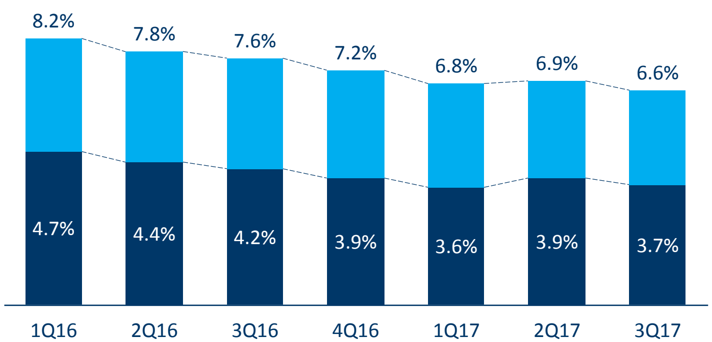


* It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export/import related commercial credit), standby credit and credit derivatives, granted by KBC to private persons, companies, governments and banks. Bonds held in the investment portfolio are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

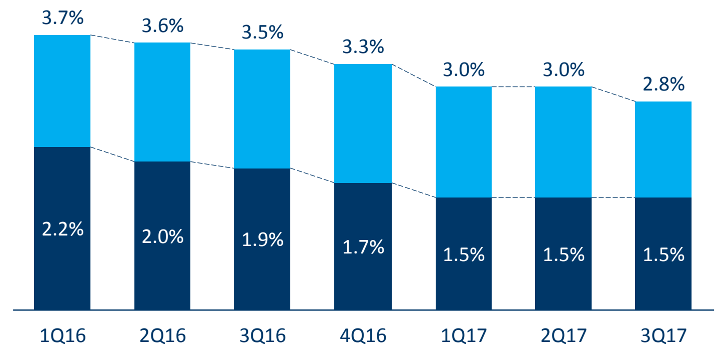
* Outstanding amount includes all on-balance sheet commitments and off-balance sheet guarantees

Impaired loans ratios, of which over 90 days past due

KBC GROUP

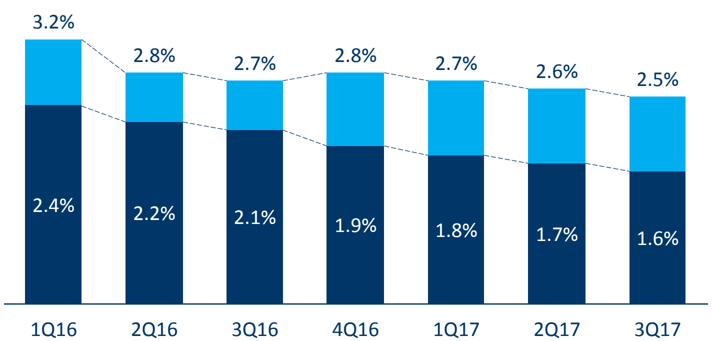


BELGIUM BU

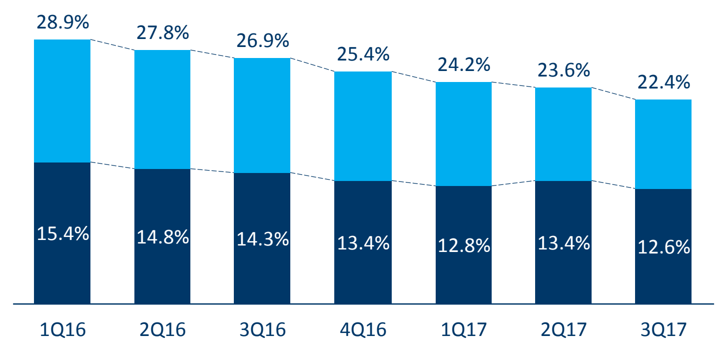


Impaired loans ratio *
Of which over 90 days past due **

CZECH REPUBLIC BU



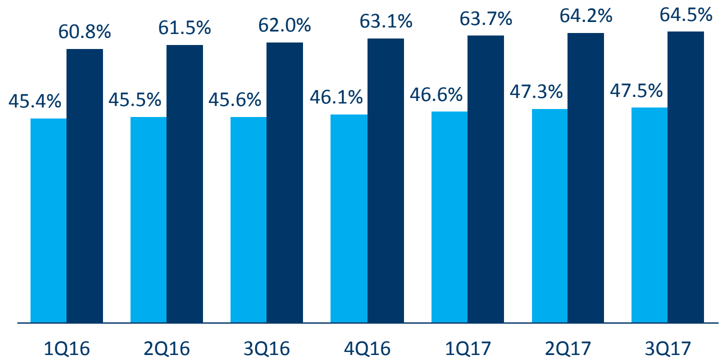
INTERNATIONAL MARKETS BU (including UBB)



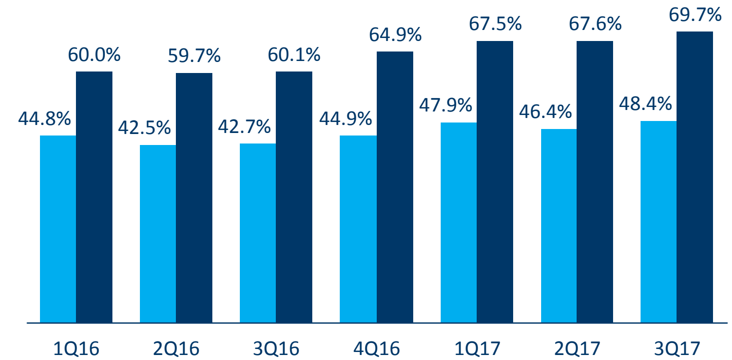
* Impaired loans ratio: total outstanding impaired loans (PD 10-12)/total outstanding loans
** Of which total outstanding loans with over 90 days past due (PD 11-12)/total outstanding loans

Cover ratios

KBC GROUP



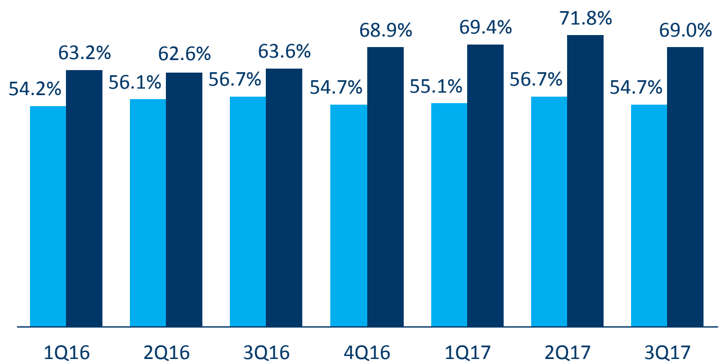
BELGIUM BU



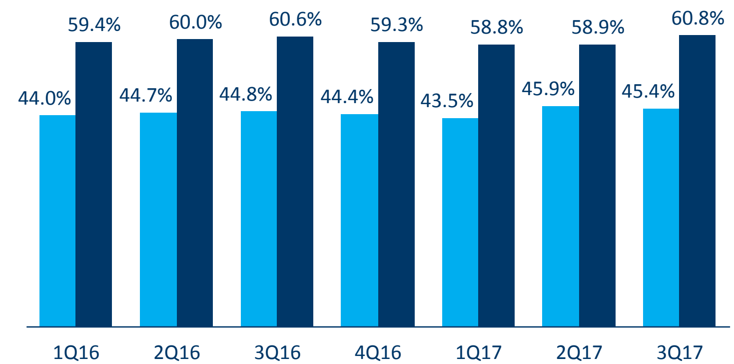
Impaired loans cover ratio *

Cover ratio for loans with over 90 days past due **

CZECH REPUBLIC BU



INTERNATIONAL MARKETS BU (including UBB)

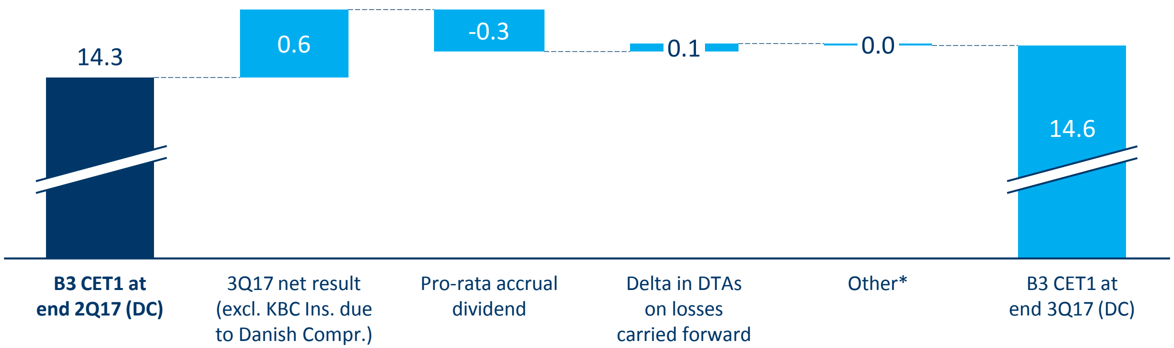


* Impaired loans cover ratio: total impairments (specific) for impaired loans / total outstanding impaired loans (PD10-12)

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

Fully loaded B3 CET1 based on the Danish Compromise (DC) from 2Q17 to 3Q17

DELTA AT NUMERATOR LEVEL (BN EUR)



DELTA ON RWA (BN EUR)

- Fully loaded B3 common equity ratio increased to 15.95% at end 3Q17 based on the Danish Compromise
- A pro forma fully loaded common equity ratio translation to 10.40% was clearly exceeded

* Includes the q-o-q delta in AFS revaluation reserves, remeasurement of defined benefit obligations, IRB provision shortfall, deduction re. financing provided to shareholders, translation differences, etc.

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

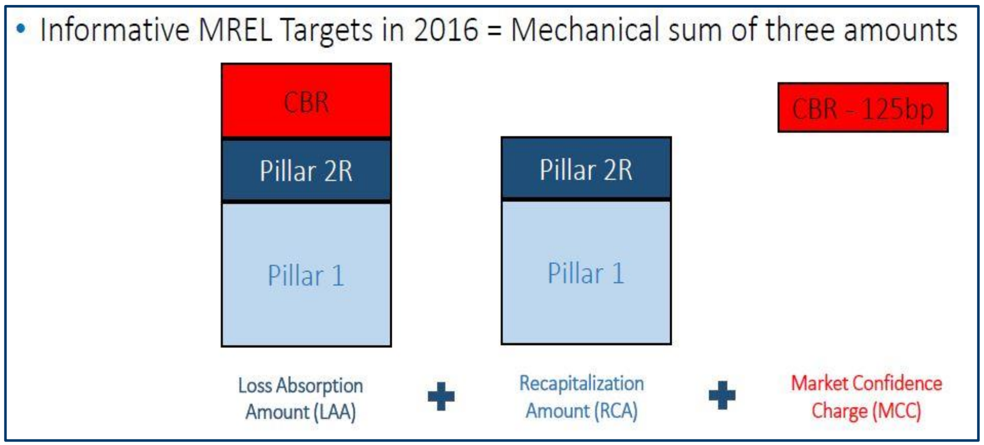
Overview of B3 CET1 ratios at KBC Group

Method	Numerator	Denominator	B3 CET1 ratio
FICOD*, phased-in	15,792	103,312	15.3%
FICOD, fully loaded	15,725	103,749	15.2%
DC**, phased-in	14,662	91,098	16.1%
DC, fully loaded	14,596	91,535	15.9%
DM***, fully loaded	13,587	86,050	15.8%

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

Resolution strategy for KBC

- SRB supports KBC's preference for a **Single Point of Entry** approach at the level of KBC Group with **bail-in as primary resolution tool**
- SRB has not formally communicated any MREL target at this point in time (expected by the end of 2017). However, an indicative figure is put forward based on the mechanical approach as published by SRB on 28 November 2016



Source: SRB, 4th Industry Dialogue 28/11/2016

Applied to KBC (on a fully loaded basis):

	2 x P1	2 x 8%
+	2 x P2R	2 x 1.75%
+	2 x CBR	2 x (2.5%+1.5%) (*)
-	1.25%	-1.25%

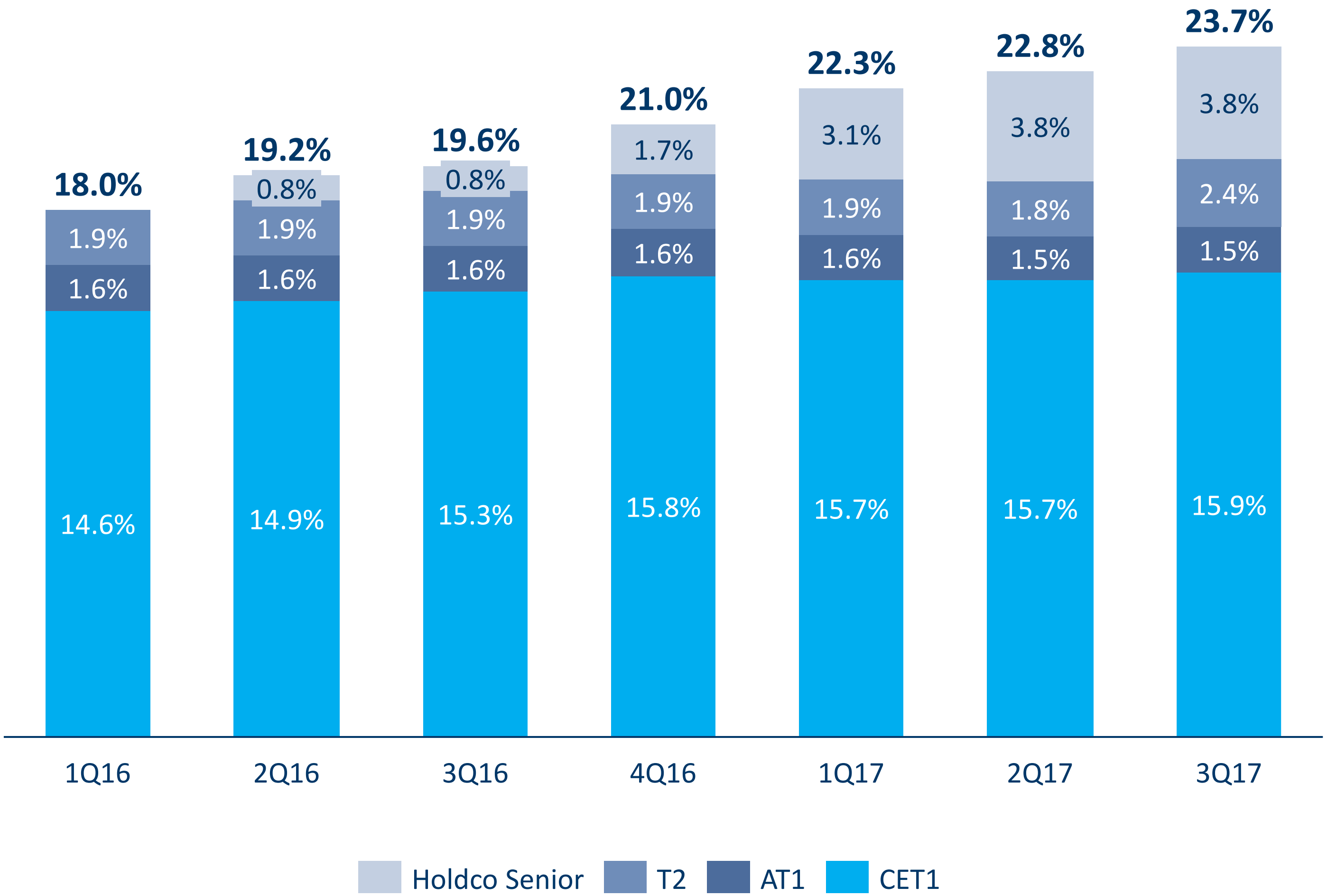
Indicative target = 26.25% as % of RWA

(*) excluding countercyclical buffers that will be introduced in 2017

- Given the SPE approach at KBC Group level, the target needs to be satisfied with instruments issued by KBC Group NV

Available MREL based on KBC resolution strategy (instruments issued by KBC Group only)

MREL ratio as a % RWA (fully loaded)



P&L volatility from ALM derivatives

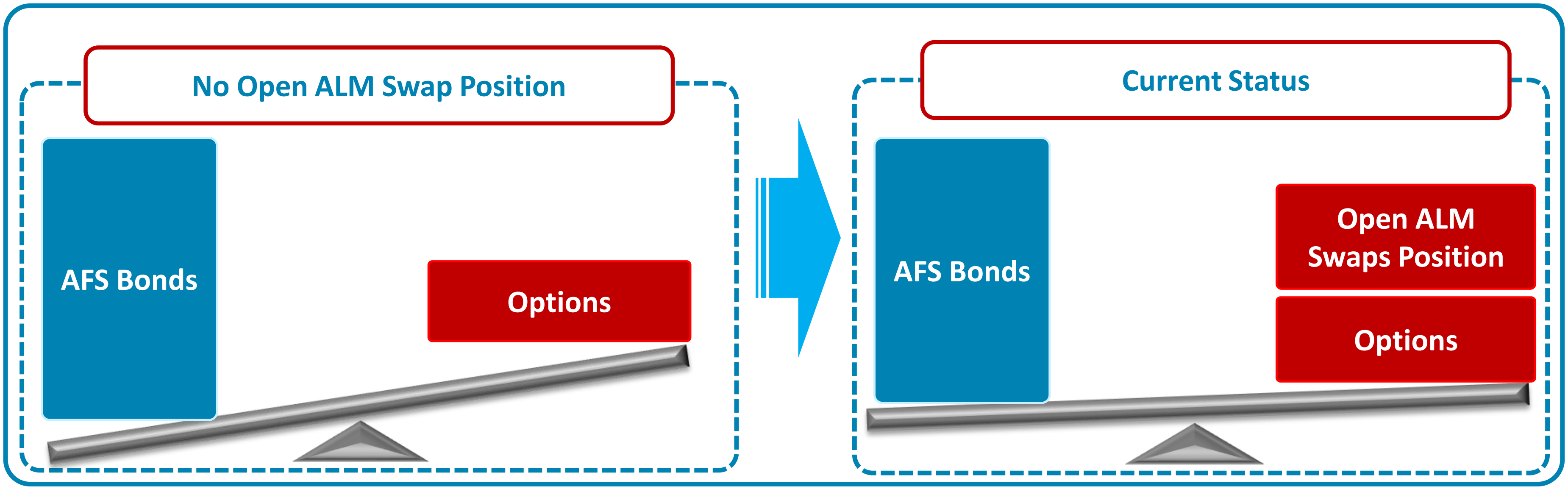
- ALM derivatives (swaps and options) are used to hedge the interest rate risk of the loan & deposit portfolios. This creates an accounting mismatch between derivatives (at market value) and hedged products (at amortised cost)
  - Options are used to hedge the caps/floors that KBC is obliged by law to include in Belgian mortgages

- Most of this mismatch is removed with IFRS hedge accounting

- A part of the ALM derivatives has not been included in any hedge accounting structure for different reasons:
  - Option hedging for mortgage loans: no hedge accounting possible given the dynamic hedging strategy used
  - Part of the ALM interest rate derivatives has not been included in a hedge accounting structure, due to the offsetting effect with AFS bonds impact on capital ratios (which is not the case with valuation changes of cash flow hedges due to the applied regulatory capital filter)

Open ALM swap position
Protecting stability of capital ratio

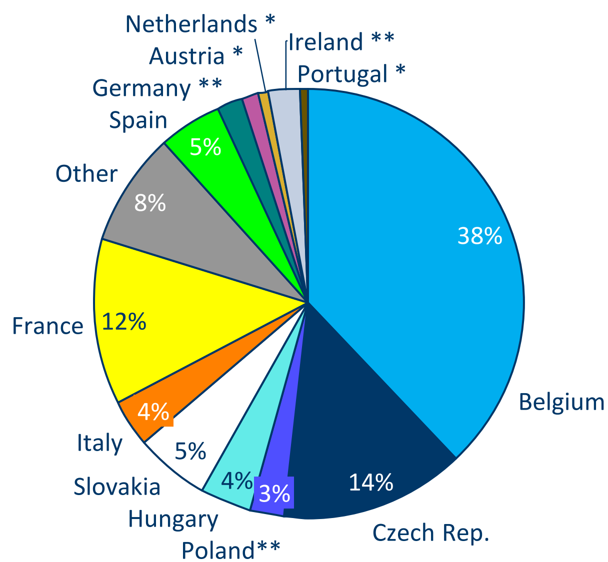
- Keeping part of the ALM swaps outside of hedge accounting reduces the volatility of the capital ratios as shown below (Basel III fully loaded + Danish Compromise insurance deconsolidation)
- Drawback is more volatility in P&L as revaluation of swaps recorded in P&L, whereas the revaluation of the AFS bonds is recognised in capital



Government bond portfolio – Notional value

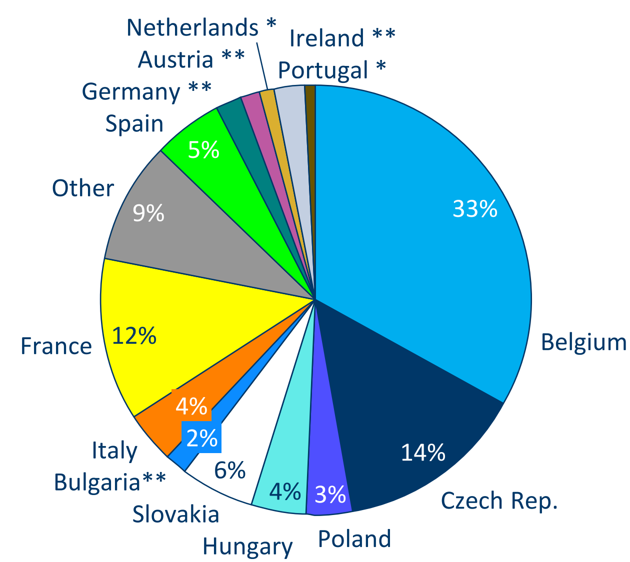
- Notional investment of 47.5bn EUR in government bonds (excl. trading book) at end of 9M17, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Notional value of GIIPS exposure amounted to 5.8bn EUR at end of 9M17

END 2016
(Notional value of 50.5bn EUR)



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

END 9M17
(Notional value of 47.5bn EUR)

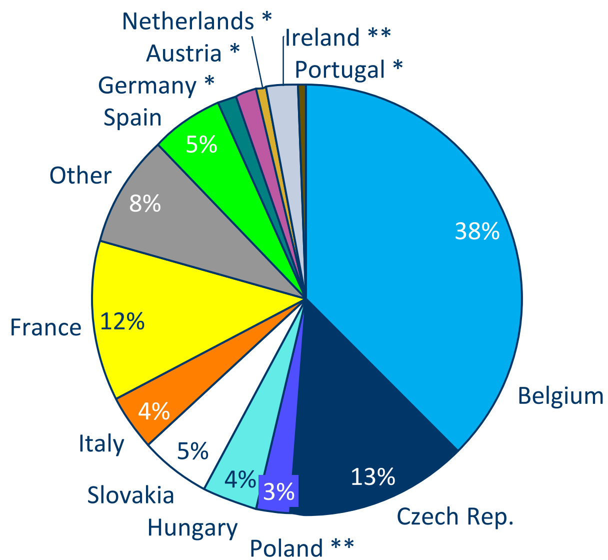


(*) 1%, (**) 2%

Government bond portfolio – Carrying value

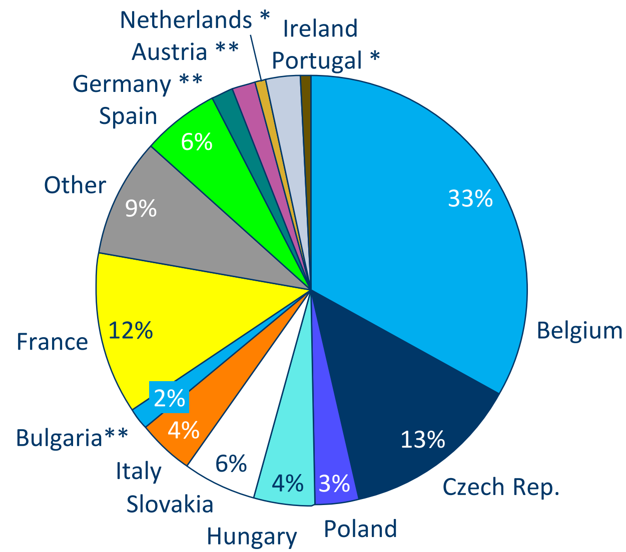
- Carrying value of 51.5bn EUR in government bonds (excl. trading book) at end of 9M17, primarily as a result of a significant excess liquidity position and the reinvestment of insurance reserves in fixed-income instruments
- Carrying value of GIIPS exposure amounted to 6.8bn EUR at end of 9M17

END 2016
(Carrying value of 55.2bn EUR)



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

END 9M17
(Carrying value of 51.5bn EUR)



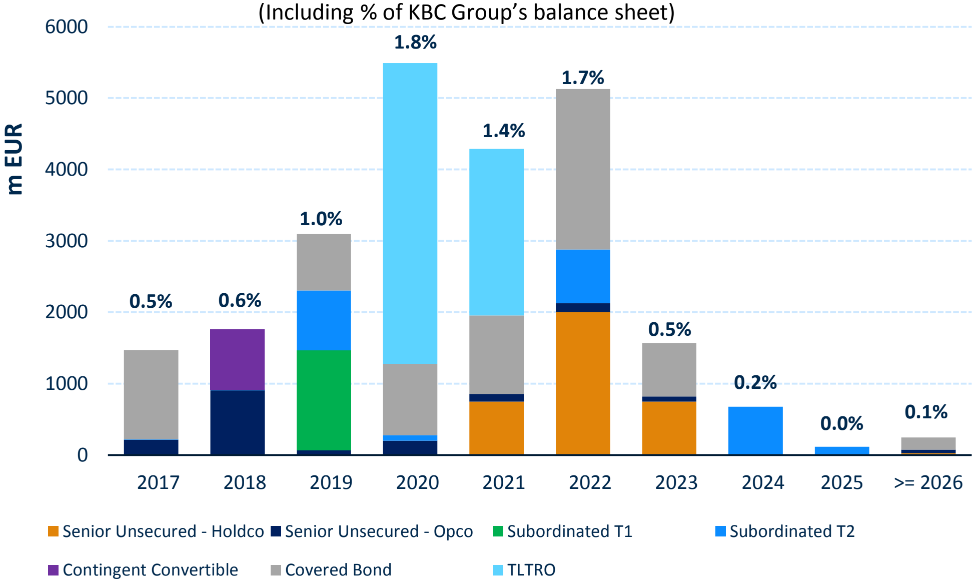
(*) 1%, (**) 2%

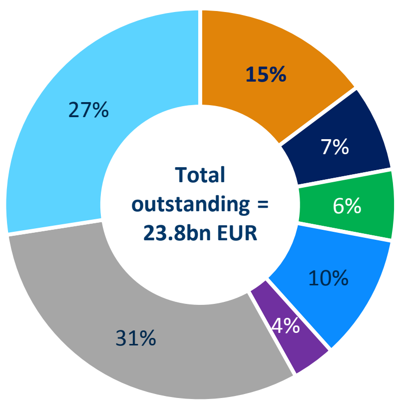
* Carrying value is the amount at which an asset [or liability] is recognised: for those not valued at fair value this is after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon, while carrying amount is equal to fair value when recognised at fair value

Upcoming mid-term funding maturities

Breakdown Funding Maturity Buckets

(Including % of KBC Group's balance sheet)



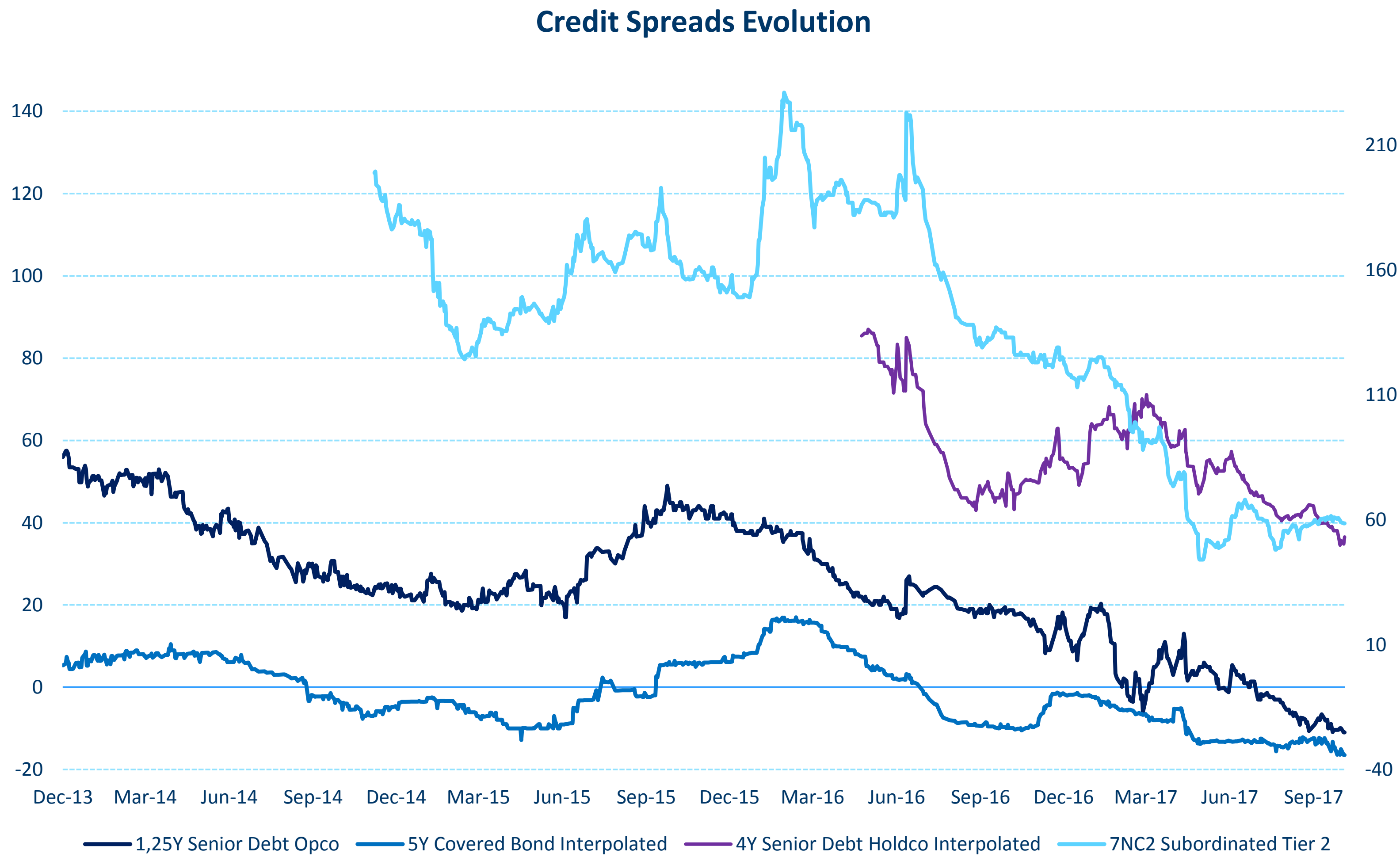


- KBC Group has successfully issued:
  - a 500m EUR 12NC7 Tier 2 benchmark in September 2017
  - a 500m EUR covered bond with 10-year maturity in Oct 2017

- KBC's credit spreads have tightened towards the end of 3Q17

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

Credit spreads evolution



[1] *10NC5 Subordinated Tier 2 spread is depicted based on the right hand axis.*

Glossary (1)

AQR	Asset Quality Review
B3	Basel III
CBI	Central Bank of Ireland
Combined ratio (non-life insurance)	[technical insurance charges, including the internal cost of settling claims / earned premiums] + [operating expenses / written premiums] (after reinsurance in each case)
Common equity ratio	[common equity tier-1 capital] / [total weighted risks]
Cost/income ratio (banking)	[operating expenses of the banking activities of the group] / [total income of the banking activities of the group]
Cost/income ratio adjusted for specific items	The numerator and denominator are adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments include: • MtM ALM derivatives (fully excluded) • bank taxes (including contributions to European Single Resolution Fund) are included pro rata and hence spread over all quarters of the year instead of being recognised for the most part upfront (as required by IFRIC21) • up to the end of 2014, Legacy & OCR was also an important correction • one-off items (such as the impact of the liquidation of KBC FH)
Credit cost ratio (CCR)	[net changes in individual and portfolio-based impairment for credit risks] / [average outstanding loan portfolio]. Note that, inter alia, government bonds are not included in this formula
EBA	European Banking Authority
ESMA	European Securities and Markets Authority
ESFR	European Single Resolution Fund
FICOD	Financial Conglomerates Directive
Impaired loans cover ratio	[total 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]

Glossary (2)

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

Contact information
Investor Relations Office
E-mail: investor.relations@kbc.com

visit www.kbc.com for the latest update