Press Release

Outside trading hours - Regulated information*

Brussels, 16 May 2013 (07.00 a.m. CET)

Summary: 520 million euros profit, 15 billion euros capital, 9 million clients.

KBC ended the first three months of 2013 with a net profit of 520 million euros, compared with a net profit of 240 million euros in the previous quarter and 380 million euros a year earlier.

After excluding the impact of the legacy business (CDOs, divestments) and the valuation of own credit risk, adjusted net profit came to 359 million euros, compared with 279 million euros in the previous quarter and 501 million euros in the corresponding quarter of 2012.

Johan Thijs, Group CEO:

'KBC has started 2013 by posting a high level of profit in the first quarter. We recorded a good 520 million euros in net profit against what was a challenging economic background. At group level and excluding deconsolidated entities, we achieved a higher net interest margin, which had a positive impact on interest income, recorded strong fee and commission income, posted solid gains on financial instruments, as well as on available-for-sale assets, and recorded an excellent combined ratio and cost/income ratio.

A new management structure was introduced at the start of 2013, reflecting the group's updated strategy. Based on this, the group also reworked its financial segment reporting presentation.

In 1Q2013, the Belgium Business Unit generated a net result of 385 million euros, above the average figure of 340 million euros for the four preceding quarters. We recorded strong fee and commission income, an excellent non-life insurance combined ratio, a very low cost/income ratio and high realised gains on available-for-sale securities. Given the economic circumstances, the quarter under review was also characterised by lower net interest income, and – due to the impact of a limited number of corporate loans – a relatively high level of loan loss provisions in line with the previous quarter.

In the quarter under review, the Czech Republic Business Unit generated a net result of 132 million euros, slightly down on the average figure of 145 million euros for the four preceding quarters The results for this quarter reflected an increase in net fee and commission income, good cost control and roughly stable loan loss impairment. Net interest income was flat, disregarding FX effects, while the net interest margin widened slightly. The combined ratio for non-life insurance went up somewhat.

In 1Q2013, the International Markets Business Unit recorded a net result of -87 million euros, down on the average of -65 million euros for the four preceding quarters. The quarter's result was impacted by the Hungarian bank tax being booked for the full year and by the high level of loan loss impairment in Ireland, where impairment charges of 300 to 400 million euros are expected to be recorded for the full year.

Yet again, we took further steps in implementing our divestment plan. Continuing on what had been announced at the end of 2012, we successfully placed our participation in Bank Zachodni WBK through a secondary offering. The proceeds from the sale of the 15 million shares offered came to 0.9 billion euros, further strengthening our already solid solvency position. We also finalised the sale of our remaining 22% stake in NLB to the Republic of Slovenia in March. KBC is now no longer a shareholder of NLB, complying with the request of the European Commission to divest from NLB. Furthermore, we reached an agreement with Société Générale and Telenor regarding the acquisition of KBC Banka in Serbia, a move which marks our exit from the Serbian banking market. These sales are among the last major milestones in implementing the strategic plan agreed with the European Commission in 2009. Consequently, we are now in a position to focus on our core activities.

We also managed to reduce the remaining CDO exposure from 15.5 billion euros at the end of 2012 to 13.9 billion euros at the end of this quarter. Even when account is taken of both the cost of reducing this CDO exposure and the fee for the guarantee scheme, the market valuation of the CDO exposure increased by some 0.2 billion euros.

The liquidity position of our group remained strong, with the LCR and NSFR being well above 100%.

Our capital position has strengthened further to a tier-1 ratio of 15.4%, or 15.7% on a pro-forma basis, when the effects of the sale of Absolut Bank and KBC Banka are included. Our common equity ratio under Basel III at the end of the quarter stood at 12.0% (fully loaded), well above our goal to maintain a target common equity ratio under Basel III (fully loaded) of 10% as of 1 January 2013. We intend to accelerate repayment of 1.17 billion euros of state aid to the Flemish Regional Government and to pay the accompanying premium of 583 million euros in the first half of 2013, subject to the customary approval of the National Bank of Belgium.

These results strengthen our belief in our business. It works to the benefit of our 9 million clients, our 37 000 employees, our shareholders and other stakeholders. We truly appreciate and are grateful for all the trust that has been placed in us.'

Impact of the legacy business and valuation of own credit risk:

In order to give a good insight in the ongoing business performance, KBC also provides adjusted figures that exclude a) the impact of the legacy business, i.e. the valuation of the remaining CDOs in portfolio (including fees for the related guarantee agreement with the Belgian State) and the impact of divestments and b) the impact of the valuation of own credit risk. For the quarter under review, these items had the following impact:

- CDOs: During the first quarter, corporate and ABS credit spreads tightened further, as had been the case during the fourth quarter of 2012. When the negative impact of the fee for the CDO guarantee scheme with the Belgian Federal Government and the cost of reducing the CDO exposure are taken into account, there was a positive post-tax impact of some 165 million euros.
- Remaining divestments: The successful placement of KBC's 16.2% participation in Bank Zachodni WBK through a secondary offering resulted in an additional capital gain. In contrast, the sale of KBC Banka, as well as closing the sale of NLB, led to a capital loss. The combined effect amounted to a positive 22 million euros (post tax).
- Impact of own credit risk valuation: The improvement in the credit spread on KBC debt between year-end 2012 and the end of the first quarter resulted in a negative marked-to-market adjustment of 26 million euros (post tax).

Financial highlights for 1Q2013 compared to 4Q2012:

- High level of group profit thanks to strong commercial franchise and positive CDO valuation.
- Return on Equity based on adjusted results of 13%.
- Net interest margin up and net interest income stable.
- Growth in deposit volumes in our core markets, stable loan portfolio.
- Excellent combined ratio at 87% year-to-date, with low claims ratio.
- Strong level of net fee and commission income, up by 14% (on a like-for-like basis).
- Underlying cost/income ratio at 51% year-to-date.
- Credit cost ratio at a rather high 0.80% year-to-date. Ireland's ratio down to 2.47%.
- Consistently strong liquidity position, with LCR at 133% and NSFR at 106%.
- Solvency: strong capital base: *pro forma* tier-1 ratio – including the effect of divestments which have been signed, but are not yet closed – at 15.7% (with a core tier-1 ratio of 13.5%). Basel III common equity ratio (fully loaded) at 12.0%, well above the 10% target.

Overview KBC Group (consolidated)	1Q2012	4Q2012	1Q2013
Net result, IFRS (in millions of EUR)	380	240	520
Basic earnings per share, IFRS (in EUR)[1]	0.71	-0.97	1.25
Adjusted net result (in millions of EUR)	501	279	359
Basic earnings per share, based on adjusted net result (in EUR)[1]	1.19	-0.92	0.86
Breakdown per business unit (in millions of EUR)[2]			
Belgium	486	295	385
Czech Republic	158	114	132
International Markets	-163	-18	-87
Group Centre	19	-113	-71
Parent shareholders' equity per share (in EUR, end of period)	32.2	29.0	30.0

1 Note: 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*). If a penalty has to be paid, it will likewise be deducted.

2 A new breakdown by business unit entered into force in 2013(more information on this breakdown can be found under 'Notes on segment reporting' in the 'Consolidated financial statements' section of the quarterly report). The 2012 reference figures have been restated in order to reflect this new breakdown.

Overview of results according to IFRS

A full overview of the IFRS consolidated income statement and balance sheet is provided in the 'Consolidated financial statements' section of the quarterly report. Condensed statements of comprehensive income, changes in shareholders' equity, and cash flow, as well as several notes to the accounts, are also available in the same section.

In order to provide a good insight into the ongoing business performance, KBC also publishes an overview of adjusted results, where the impact of legacy activities (divestments, CDOs) and of the valuation of own credit risk is excluded from P/L and summarised in three lines at the bottom of the presentation (see next section).

Consolidated income statement, IFRS KBC Group (in millions of EUR)	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Net interest income	1 261	1 190	1 097	1 121	1 068	-	-	-
Interest income	2 695	2 563	2 493	2 382	2 193	-	-	-
Interest expense	-1 434	-1 374	-1 396	-1 261	-1 125	-	-	-
Earned premiums, insurance (before reinsurance)	884	890	578	623	577	-	-	-
Technical charges, insurance (before reinsurance)	-752	-757	-499	-584	-487	-	-	-
Ceded reinsurance result	-14	-1	-12	13	-12	-	-	-
Dividend income	6	21	13	5	5	-	-	-
Net result from financial instruments at fair value through profit or loss	60	43	275	42	314	-	-	-
Net realised result from available-for-sale assets	32	9	56	85	142	-	-	-
Net fee and commission income	304	309	343	360	393	-	-	-
Fee and commission income	492	479	494	541	641	-	-	-
Fee and commission expense	-188	-170	-151	-181	-248	-	-	-
Other net income	73	368	106	187	76	-	-	-
Total income	1 853	2 072	1 954	1 854	2 076	-	-	-
Operating expenses	-1 132	-1 033	-1 003	-1 081	-1 039	-	-	-
Impairment	-273	-1 473	-302	-463	-352	-	-	-
on loans and receivables	-261	-198	-283	-330	-295	-	-	-
on available-for-sale assets	-5	-75	-4	-11	-13	-	-	-
on goodwill	0	-414	0	-8	-7	-	-	-
on other	-7	-786	-15	-114	-37	-	-	-
Share in results of associated companies	-9	17	-6	1	0	-	-	-
Result before tax	439	-417	644	310	684	-	-	-
Income tax expense	-93	-110	-103	-56	-160	-	-	-
Net post-tax result from discontinued operations	40	-8	0	-6	0	-	-	-
Result after tax	387	-535	540	249	524	-	-	-
attributable to minority interests	7	5	9	9	4	-	-	-
attributable to equity holders of the parent	**380**	**-539**	**531**	**240**	**520**	**-**	**-**	**-**
Basic earnings per share (EUR)	0.71	-1.99	1.16	-0.97	1.25	-	-	-
Diluted earnings per share (EUR)	0.71	-1.99	1.16	-0.97	1.25	-	-	-

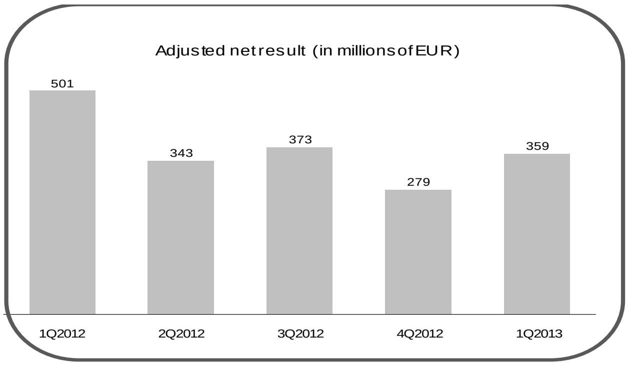
Overview of adjusted results

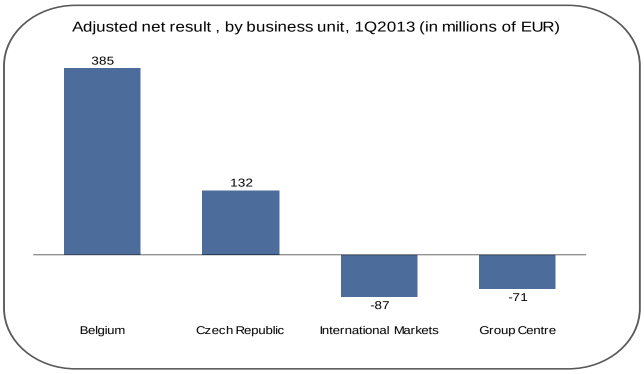
In addition to the figures according to IFRS (previous section), KBC provides figures aimed at giving more insight into the ongoing business performance. Hence, in the overview below, the impact of legacy activities (remaining divestments, CDOs) and of the valuation of own credit risk is excluded from P/L and summarised in three lines at the bottom of the presentation (in segment reporting, these items are all included in the Group Centre). Moreover, a different accounting treatment for capital-market income was applied to the Belgium Business Unit (all trading results shifted to 'Net results from financial instruments at fair value').

A full explanation of the differences between the IFRS and adjusted figures is provided under 'Notes on segment reporting' in the 'Consolidated financial statements' section of the quarterly report.

Consolidated income statement, KBC Group (in millions of EUR)	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Adjusted net result (i.e. excluding legacy business and own credit risk)								
Net interest income	1 217	1 153	1 078	1 084	1 032	-	-	-
Earned premiums, insurance (before reinsurance)	884	890	578	623	577	-	-	-
Technical charges, insurance (before reinsurance)	-752	-757	-499	-584	-487	-	-	-
Ceded reinsurance result	-14	-1	-12	13	-12	-	-	-
Dividend income	5	22	10	5	4	-	-	-
Net result from financial instruments at fair value through profit or loss	353	58	223	156	218	-	-	-
Net realised result from available-for-sale assets	31	9	55	85	96	-	-	-
Net fee and commission income	312	309	345	359	385	-	-	-
Other net income	22	60	80	89	76	-	-	-
Total income	2 057	1 743	1 857	1 831	1 890	-	-	-
Operating expenses	-1 110	-1 016	-990	-1 068	-1 029	-	-	-
Impairment	-271	-241	-305	-378	-335	-	-	-
on loans and receivables	-261	-198	-283	-329	-295	-	-	-
on available-for-sale assets	-5	-24	-4	-4	-13	-	-	-
on goodwill	0	0	0	0	-7	-	-	-
on other	-5	-18	-18	-45	-20	-	-	-
Share in results of associated companies	-9	-9	-13	1	0	-	-	-
Result before tax	667	477	549	385	526	-	-	-
Income tax expense	-159	-129	-167	-98	-163	-	-	-
Result after tax	508	348	382	287	363	-	-	-
attributable to minority interests	7	5	9	9	4	-	-	-
attributable to equity holders of the parent	**501**	**343**	**373**	**279**	**359**	**-**	**-**	**-**
Belgium	486	244	335	295	385	-	-	-
Czech Republic	158	159	149	114	132	-	-	-
International Markets	-163	-41	-38	-18	-87	-	-	-
Group Centre	19	-19	-72	-113	-71	-	-	-
Basic earnings per share (EUR)	1.19	0.49	0.69	-0.92	0.86	-	-	-
Diluted earnings per share (EUR)	1.19	0.49	0.69	-0.92	0.86	-	-	-
Legacy business and own credit risk impact (after tax)								
Legacy – gains/losses on CDOs	138	-39	280	46	165	-	-	-
Legacy – divestments	81	-884	23	3	22	-	-	-
MTM of own credit risk	-340	41	-144	-87	-26	-	-	-
Net result (IFRS)								
Result after tax, attributable to equity holders of the parent: IFRS	**380**	**-539**	**531**	**240**	**520**	**-**	**-**	**-**

Analysis of the quarter under review





The net result for the quarter under review amounted to 520 million euros. Excluding the legacy business and the impact of own credit risk, the adjusted net result amounted to 359 million euros, compared with 279 million euros in 4Q2012 and 501 million euros in 1Q2012.

Total income (adjusted net result)

- Net interest income stood at 1 032 million euros, down 5% quarter-on-quarter and 15% year-on-year. The quarter-on-quarter comparison was impacted partly by the deconsolidation of Kredyt Bank, NLB and by certain other sales, while the year-on-year performance was affected in part by the deconsolidation of the aforementioned entities plus Warta and Żagiel. Disregarding these items, net interest income fell by just 1% quarter-on-quarter and 10% year-on-year. This was due primarily to the lower income generated by asset and liability management (lower reinvestment yields), while commercial margins remained healthy. The net interest margin came to 1.72% for the quarter under review, 1 basis point higher than in the previous quarter, but 15 basis points lower than the high level of a year earlier. In the Belgium Business Unit, deposit and loan volumes were up quarter-on-quarter and year-on-year (loans: +1% year-on-year and +0.3% quarter-on-quarter; deposits: +10% year-on-year and 5% quarter-on-quarter). The loan book in the Czech Republic increased by 9% year-on-year and by 0.3% quarter-on-quarter, while deposits rose by 2% year-on-year and declined 1% quarter-on-quarter. The loan portfolio in the International Markets Business Unit declined 6% year-on-year (due to Ireland and Hungary) and 1% quarter-on-quarter, while the deposit base grew by 18% year-on-year (driven by Ireland and Slovakia) and by 4% quarter-on-quarter.

- Both the life and non-life insurance businesses recorded good net results during the quarter under review. In total, gross earned premiums less gross technical charges and the ceded reinsurance result came to 78 million euros, up 50% quarter-on-quarter, but down 34% year-on-year. However, when account is taken of the deconsolidation of Warta, this result was 42% higher than the year-earlier figure.

  The non-life segment was characterised by a slightly lower level of premiums and a significantly lower level of technical charges compared with 4Q 2012, resulting in an excellent combined ratio of 87%.

  In the life segment, and on a comparable basis, sales of life insurance products (including unit linked products not included in premium income figures) declined by 54% on their level in 4Q2012, which had benefited from a very successful savings campaign. Year-on-year, these sales have fallen by as much as 52%, triggered by a change in the tax treatment of unit-linked life insurance contracts in Belgium since the beginning of 2013.

  It should be noted that the insurance results were also impacted by lower investment income, but benefited from strict control of general administrative expenses.

- The net result from financial instruments at fair value amounted to 218 million euros in the quarter under review, higher than the 197–million-euro average for the last four quarters. This figure is usually defined by dealing-room income, but this quarter has been influenced primarily by a positive result of 85 million euros on the marked-to-market valuations in respect of the derivative instruments used in asset and liability management.

- Net realised gains from available-for-sale assets stood at 96 million euros for the quarter under review, well above the 45-million-euro average for the last four quarters. In 1Q2013, this item benefited from gains on the sale of Belgian government bonds.

- Net fee and commission income amounted to 385 million euros, up 7% quarter-on-quarter and 23% year-on-year. The quarter-on-quarter comparison was impacted in part by the deconsolidation of Kredyt Bank, NLB and by certain other sales, while the year-on-year performance was impacted partially by the deconsolidation of the aforementioned entities plus Warta and Żagiel. Disregarding these items, income was up 14% quarter-on-quarter and 18% year-on-year. The main drivers for this increase were entry and management fees on mutual funds, as well as income from unit-linked life insurance products. Assets under management stood at 156 billion euros, up 1% on the quarter-earlier figure because of a positive price effect.
- Other net income came to 76 million euros.

Operating expenses (adjusted net result)

- Operating expenses came to 1 029 million euros in 1Q2013, down 4% on their level in the previous quarter and down 7% on their year-earlier level. The quarter-on-quarter comparison was impacted in part by the deconsolidation of Kredyt Bank, NLB and by certain other sales, while the year-on-year performance was impacted partly by the deconsolidation of the aforementioned entities plus Warta and Żagiel. Excluding deconsolidated companies, costs increased by 2% compared with the previous quarter, which was chiefly attributable to the bank tax being charged for the full year in Hungary, as well as to the financial transaction levy there. Year-on-year and excluding deconsolidated companies, costs were also 2% higher. The year-to-date cost/income ratio came to 51%, a clear indication that costs remain well under control. However, it was positively impacted by the high level of marked-to-market valuations in respect of the derivative instruments used in asset and liability management and by net realised gains from available-for-sale assets.

Impairment charges (adjusted net result)

- Loan loss impairment stood at 295 million euros in 1Q2013, down on the 329 million euros recorded in the previous quarter, but up on the 261 million euros recorded a year earlier. The figure for 1Q2013 included loan loss impairment of 99 million euros recorded at KBC Bank Ireland (as opposed to 87 million euros in the previous quarter and 195 million euros in the year-earlier quarter), as well as a relatively high 138 million euros in the Belgium Business Unit. The annualised credit cost ratio stood at 0.80% year-to-date. This breaks down into a high 0.62% for the Belgian Business Unit (compared to 0.28% for FY2012), 0.42% in Czech Republic Business Unit (up from 0.31% for FY2012) and 1.78% for the International Markets Business Unit (down from 2.26% for FY2012).
- Impairment charges on available-for-sale assets came to 13 million euros and other impairment charges amounted to 27 million euros in the quarter under review.

Impact of the legacy business and own credit risk on the result:

- CDOs: During the first quarter, corporate and ABS credit spreads tightened further, as had been the case during the fourth quarter of 2012. When the negative impact of the fee for the CDO guarantee scheme with the Belgian Federal Government and the cost of reducing the CDO exposure are taken into account, there was a positive post-tax impact of some 165 million euros.
- Remaining divestments: The successful placement of KBC's 16.2% participation in Bank Zachodni WBK through a secondary offering resulted in an additional capital gain. In contrast, the sale of KBC Banka, as well as closing the sale of NLB, led to a capital loss. The combined effect amounted to a positive 22 million euros (post tax).
- Impact of own credit risk valuation: The improvement in the credit spread on KBC debt between year-end 2012 and the end of the first quarter 2013 resulted in a negative marked-to-market adjustment of 26 million euros (post tax).

Breakdown per business unit

- In 1Q2013, the Belgium Business Unit generated a net result of 385 million, above the average of 340 million for the four preceding quarters. The quarter under review was characterised by lower net interest income, strong fee and commission income, an excellent non-life insurance combined ratio and lower sales of life insurance. Other features included the relatively high level of realised gains on available-for-sale securities, an excellent cost/income ratio and relatively high loan loss provisioning.
- In the quarter under review, the Czech Republic Business Unit posted an underlying net result of 132 million euros, slightly down on the average figure of 145 million euros for the four preceding quarters. The quarter under review was characterised by stable net interest income, good net fee and commission income, higher non-life claims and lower life insurance sales, lower trading results, capital gains from the sale of mortgage bonds, good cost control and a roughly stable level of loan loss impairment.
- In the quarter under review, the International Markets Business Unit generated a net result of -87 million, down on the average of -65 million euros for the four preceding quarters. The net result breaks down as follows: 17 million euros for Slovakia, -19 million euros for Hungary (where the special bank tax for full-year 2013 was booked in this quarter), -9 million euros for Bulgaria (negatively impacted by an impairment on a bond), and -77 million euros for Ireland (still affected by high loan loss provisioning).
- The Group Centre recorded a net result of 90 million euros in 1Q2013. This performance includes the impact of the legacy business and own credit risk (a combined 161 million euros in 1Q2013). Excluding these items, the Group Centre's adjusted net result was -71 million euros.

Equity and solvency

- The group's tier-1 ratio (under Basel II) stood at a strong 15.4% at 31 March 2013 (core tier-1 ratio of 13.2%). Including the effect of the sale of Absolut Bank and KBC Banka, the *pro forma* tier-1 ratio was as high as 15.7% (core tier-1 ratio of 13.5%).
- The solvency ratio for KBC Insurance stood at an excellent 326% at 31 March 2013, up from an already very high 322% at the end of the previous quarter.
- The common equity ratio under the current Basel III framework came to 12.0% (fully loaded, but including the aid from the Flemish Region) at the end of the first quarter of 2013, well above the targeted common equity ratio of 10% under Basel III (fully loaded).

Liquidity

- The group's liquidity remains excellent, as reflected in the LCR ratio of 133% at 31 March 2013, as well as in the NSFR ratio of 106% at the end of the quarter.

Selected balance sheet data

Highlights of consolidated balance sheet KBC Group (in millions of EUR)	31-03-2012	30-06-2012	30-09-2012	31-12-2012	31-03-2013	30-06-2013	30-09-2013	31-12-2013
Total assets	290 635	285 848	270 010	256 928°	258 567	-	-	-
Loans and advances to customers*	135 980	133 326	131 048	128 492	129 753	-	-	-
Securities (equity and debt instruments)*	65 853	64 227	65 171	67 295	65 071	-	-	-
Deposits from customers and debt certificates*	166 551	163 685	160 945	159 632	167 994	-	-	-
Technical provisions, before reinsurance*	19 925	19 539	19 637	19 205	18 836	-	-	-
Liabilities under investment contracts, insurance*	7 871	8 856	9 680	10 853	11 664	-	-	-
Parent shareholders' equity	10 949	9 687	10 629	12 017°	12 505	-	-	-
Non-voting core-capital securities	6 500	6 500	6 500	3 500	3 500	-	-	-

* In accordance with IFRS 5, the assets and liabilities of a number of divestments have been reallocated to 'Non-current assets held for sale and disposal groups' and 'Liabilities associated with disposal groups', which slightly distorts the comparison between periods.
° Restated based on IAS19 revision as of 1 January 2013.

Selected ratios

Selected ratios KBC Group (consolidated)	FY2012	1Q2013
Profitability and efficiency (based on adjusted net result)		
Return on equity[1]	9%	13%
Cost/income ratio, banking	57%	51%
Combined ratio, non-life insurance	95%	87%
Solvency		
Tier-1 ratio (Basel II)	13.8%	15.4%
Core tier-1 ratio (Basel II)	11.7%	13.2%
Common equity ratio (Basel III, fully loaded, including remaining state aid)	10.8%	12.0%
Credit risk		
Credit cost ratio	0.71%	0.80%
Non-performing ratio	5.3%	5.4%

1 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*).

Strategy highlights and main events

Strategy and business highlights

- KBC's core strategy remains focused on bank-insurance in Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria. In line with its strategic plan, the group has almost completed the sale or run-down of a number of (non-core) activities (see below).

- Last steps in the divestment programme:
  - On 11 March 2013, KBC Group finalised the transaction announced on 28 December 2012, whereby KBC sold its remaining 22% stake in NLB to the Republic of Slovenia for a total consideration of 3 million euros. KBC is now no longer a shareholder of NLB, complying with the request of the European Commission to divest from NLB.
  - On 22 March 2013, KBC Bank NV successfully placed its 16.2% participation in Bank Zachodni WBK through a secondary offering. The bookbuilding process started on 18 March and was reserved for eligible institutional investors. The sale of the 15 125 964 shares offered (constituting 16.17% of BZ WBK current shares outstanding) at the final offer price of 245 zlotys per one offer share generated 3.71 billion zlotys (0.9 billion euros) for KBC and strengthened its already solid solvency position by 0.6%.
  - On 26 April 2013, KBC reached an agreement with Société Générale Srbija and Telenor Serbia regarding the acquisition of KBC Banka, KBC's banking entity in Serbia. Under the agreement, Telenor will purchase 100% of KBC Banka's shares, while Société Générale Srbija will acquire KBC Banka's key assets and deposits. All the parties involved agreed not to disclose any financial details of the transaction. For KBC, however, the transaction will have an impact on earnings of an estimated -47 million euros (-17m euros of which recorded in 1Q2013), largely offset by another capital release of an estimated 42 million euros, resulting in a negligible total capital release. This deal is still subject to regulatory approval. When finalised, the agreement will mark KBC's exit from the Serbian banking market.
  - On 26 April 2013, KBC Securities Poland announced that it would be refocusing its local business lines and decided to concentrate on its Securities Services offering.
  - KBC signed an agreement at the end of 2012 to sell its Russian banking subsidiary, Absolut Bank, to a group of Russian companies that manage the assets of Blagosostoyanie. This transaction is still subject to regulatory approval, which is expected to be received in the second quarter of 2013.
  - KBC is still in discussions with a number of interested parties as regards two of its remaining divestment files, i.e. Antwerp Diamond Bank (Belgium) and KBC Bank Deutschland (Germany). It is also maintaining an open and constructive dialogue with the European Commission about these files.

- Other business developments:
  - At the beginning of October, KBC announced its updated strategy for the group for 2013 and beyond. With effect on 1 January 2013, it restructured its organisation to better reflect this updated strategy.
  - In the first quarter of 2013, KBC Group NV repaid its three-year Long Term Refinancing Operation to the European Central Bank for an amount totalling 8.3 billion euros. KBC boasts a strong retail and corporate deposit base in its core markets and its wholesale funding needs for 2013 are well advanced.
  - On 18 January 2013, KBC successfully placed 1 billion US dollars' worth of tier-2 contingent capital notes. The issue met with strong demand and was more than eight times oversubscribed.
  - On 7 February, Euromoney named KBC Private Banking as 'the best private banker in Belgium' in its 2013 awards. KBC Private Banking was also named 'a highly commended private banker' for 2012 by the Financial Times/The Banker.

- Developments on the Corporate Social Responsibility front:
  - On 2 April 2013, KBC published its ninth CSR Report.
  - On 16 April 2013, the second Report to Society was published. To mark its publication, KBC invited several Belgian stakeholders, including NGOs, politicians and academics, to a stakeholder meeting.
  - On 31 January 2013, KBC Belgium became the first financial institution in Belgium to gain EMAS certification for its support services. EMAS is the European Commission's voluntary eco-management and audit scheme to help companies continually improve their environmental performance.
  - For the second year running, KBC Bank Ireland was again recognised as having the best reputation of any bank in Ireland according to the annual RepTrak study.
  - For the tenth time, K&H has organised a new tender round from 27 March until 31 May 2013 for its MediMagic programme. The institutions involved may apply for a share of the competition fund for paediatric and rescue equipment.

- In March 2013, ČSOB Czech Republic launched an internal campaign supporting the employment of people with a physical handicap. The aim was to follow up its long-term co-operation with and support for non-profit organisations that work with people with different handicaps.
- For the sixth time, ČSOB Slovakia was the proud general partner of the Bratislava Marathon and made a donation to a number of children's hospitals via the ČSOB Foundation.
- CIBANK, together with DZI, traditionally support projects in the Sofia Municipality for the improvement of the urban environment and the renewal of green areas.

- Statement of risk

  - Mainly active in banking, insurance and asset management, KBC is exposed to a number of typical risks such as – but not exclusively – credit default risk, movements in interest rates, capital markets risk, currency risk, liquidity risk, insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations, customer litigation, as well as the economy in general. It is part of the business risk that the macroeconomic environment and the ongoing restructuring plans may have a negative impact on asset values or could generate additional charges beyond anticipated levels.
  - Risk management data are provided in KBC's annual reports, the extended quarterly reports and the dedicated risk reports, all of which are available at www.kbc.com.
  - The EMU economy remains in recession. After increasing for four consecutive months, German business confidence fell in March and April. In the meantime, confidence indicators in peripheral EMU countries have been bottoming out at a low level. Against this background, the ECB cut its key rate further to 0.5% and is exploring ways to facilitate the provision of credit to the real economy. The current economic weakness has also been felt in the US. The underlying positive dynamics of US job creation, however, is continuing. Moreover, real GDP growth in the first quarter of 2013 was driven by strong growth of final domestic demand, in particular private consumption. Meanwhile, the financial environment remains favourable. In the EMU, this has largely been due to the presence of the OMT programme of the ECB, which eliminated the risk of an EMU break-up. As a consequence, political events such as the Cyprus crisis had virtually no effect on intra-EMU sovereign spreads. On the contrary, recent data suggest that the fragmentation of EMU financial markets is being reversed. This has been reflected in more convergence of the credit rates charged in different EMU economies.

The financial calendar, including analyst and investor meetings, is available at www.kbc.com/ir/calendar.

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* This news item contains information that is subject to the transparency regulations for listed companies.

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