KBC Group

2011 3Q Results

Press Conference Call

10 November 2011 - 11.00 AM CET

KBC

More information www.kbc.com
on your mobile m.kbc.com

KBC Group - Investor Relations Office - E-mail: investor.relations@kbc.com

Key Takeaways

- Execution of our strategic plan gains further momentum
- Core profitability in home markets remains intact, but 3Q11 results were affected by the execution of our strategy (KBL, Fidea), one-off items (Greek government bonds, 5-5-5 bonds, Hungary, Bulgaria) and market-driven items (CDO, Ireland, share portfolio)
- Impairment on Greek gov. bonds at 30 Sep 2011 was fully booked at 58% of the nominal amount
- Sizeable reduction of volatile elements: CDO, ABS, Southern European government bond exposure
- Comfortable capital position. The Belgian regulator confirmed to us that the YES (Yield Enhanced Securities) will be fully recognised as common equity under the current CRD4 proposal
- Intention to reimburse 500m EUR at 15% premium before end 2011 to Federal Government without pari passu, waived by the Flemish Government until end of 2012
- Solid liquidity position remains strong
- The run-rate of loan loss provisions in Ireland is estimated at roughly 200m EUR for the next couple of quarters
- Volumes in core markets continue to increase
- Good October 2011 results lead to FY11 guidance for underlying net profit: 1.2bn EUR – 1.4bn EUR
- ExCo foregoes any variable remuneration wrt financial year 2011, irrespective of the result for this year

Content

Section 1

Refocused KBC Taking Shape

Overview of divestment programme

Finalised:	
KBC FP Convertible Bonds	✓
KBC FP Asian Equity Derivatives	✓
KBC FP Insurance Derivatives	✓
KBC FP Reverse Mortgages	✓
KBC Peel Hunt	✓
KBC AM in the UK	✓
KBC AM in Ireland	✓
KBC Securities BIC	✓
KBC Business Capital	✓
Secura	✓
KBC Concord Taiwan	✓
KBC Securities Romania	✓
KBC Securities Serbia	✓
Organic wind-down of international MEB loan book outside home markets	✓
Centea	✓
Signed:	
KBL *European Private Bankers*	✓
Fidea	✓

In preparation / work-in-progress for 2011/2012/2013
Kredyt Bank
Warta
Absolut Bank
KBC Banka
NLB
Zagiel
Antwerp Diamond Bank
KBC Germany
Global Project Finance
International leasing outside home markets
KBC Real Estate Development

Strategic plan progress
Execution risk sharply reduced

Where are we mid-November 2011, in terms of execution?

Stream 1: We have signed an agreement to sell KBL *epb*

Stream 2: We have completed the sale of Centea + signed an agreement to sell Fidea

Stream 3: The divestment process of Warta and Kredyt Bank is on track, with a sufficient number of interested candidates, given the strategic importance

Stream 4: PIIGS exposure down by 47% between end 2Q11 and end October 2011, impairment on Greek government bonds fully booked at 58% on notional amount

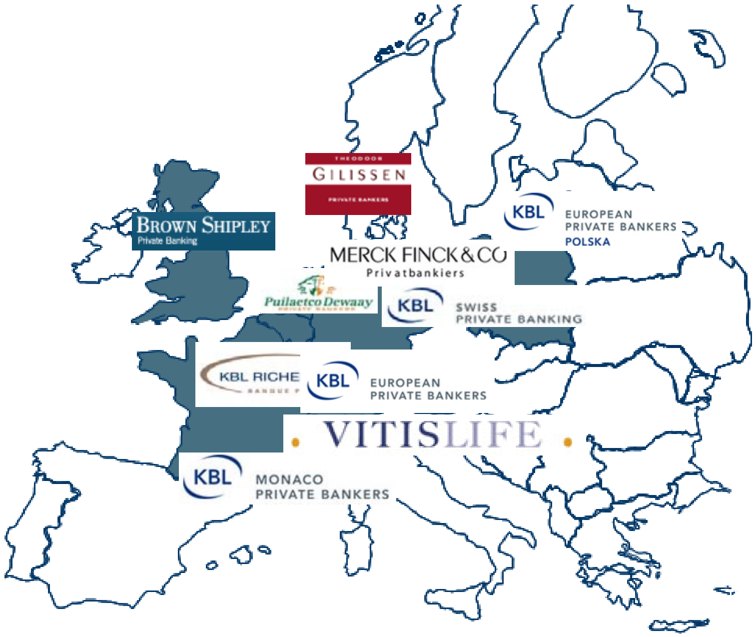
Stream 5: CDO/ABS exposure reduced by 3.6bn EUR, projected capital relief (0.5bn EUR) already reached target

Stream 6: RWA at 115bn EUR (pro forma), reduction better than initially planned

Stream 1: Divestment of KBL *epb*

KBC branded private banking in Belgium maintained

KBL *epb*: Pure play private banking with network of local brands



Key data at KBC consolidated level <u>at end 9M11</u>:

- AuM: 44bn EUR
- RWA: 4.2bn EUR
- Book value: 0.9bn EUR (incl. 0.2bn EUR goodwill at sublevel)
- Goodwill at parent level: 0bn EUR (fully impaired)
- Underlying net profit YTD: 47m EUR

- Transaction immediately restarted in March 2011
- Beginning of October: agreement with Precision Capital (Qatar) signed
  - Transaction price: 1.05bn EUR
    - 2.4% of AuM
    - 1.5x KBL's Tangible Book Value
  - Capital contribution of 0.8bn EUR (incl. impact reduced RWAs in meantime) was still within the targeted capital relief range of 0.8bn – 1.5bn EUR

⇨ **KBC's tier-1 ratio will rise by 0.6% (at closing)**

- Closing expected in 1Q12

Stream 2: Divestment of Belgian complementary distribution channels

centea	1H11
Total assets	10.3bn EUR
RWA	4.2bn EUR
Market share	1%-2%
Agents	approx. 700
Book value	
Goodwill	
Underlying net profit YTD	+23m EUR

FIDEA VERZEKERINGEN	9M11
Total assets	3.4bn EUR
RWA	1.8bn EUR
Market share	1%-2%
Agents	approx. 4200
Book value (after 'impairment on other‘ of 0.1bn EUR)	231m EUR
Goodwill	0
Underlying net profit YTD	+8m EUR

centea

- 4 March: agreement with Crédit Agricole Group (Belgium) announced
- 1 July: Sale of Centea to Crédit Agricole Group (Belgium) finalised
- Transaction price: 0.53bn EUR + 0.07bn EUR dividend ≈ 1x BV
- Total capital relief of 0.4bn EUR

=> KBC’s tier-1 ratio rose by 0.4%

FIDEA VERZEKERINGEN

- 17 October: agreement with J.C. Flowers & Co. announced
- Transaction price: 0.24bn EUR + 0.02bn EUR dividend ≈ 0.65x BV
- Total capital relief of 0.1bn EUR
- Closing expected in 1Q12

=> KBC’s tier-1 ratio will rise by 0.1% (at closing)

Stream 3: Divestment of Kredyt Bank and Warta

9M11	KB Kredyt Bank	&	WARTA
Total assets		12bn EUR	
RWA		8.4bn EUR	
Market share	4%		8%-9%
Book value...		1.1bn EUR	
..of which GW		0.2bn EUR	
Underlying 2010 net profit	36m EUR (80%)		0m EUR (100%)
Underlying 9M11 net profit	56m EUR (80%)		40m EUR (100%)

- 12 July : KBC Group proposed an amendment to its strategic review plan announced in November 2009: replacing the IPO of a minority stake of CSOB Bank and K&H Bank + the sale & lease back of the headquarter offices by the divestment of Kredyt Bank and Warta + the accelerated sale or unwind of selected ABS and CDO assets
- 27 July : Amendment approved by European Commission
- **We are sticking to our previous guided range in terms of expected capital relief** expected from the divestments (i.e. **1.8bn EUR - 2.4bn EUR**), including the increase in earnings power

Stream 4: PIIGS exposure down by 47%

Breakdown of government bond portfolio, banking and insurance (carrying value in bn EUR)

	End 2010	End 1Q11	End 2Q11	End 3Q11	End Oct'11
Portugal	0.3	0.3	0.3	0.1	0.1
Ireland	0.5	0.4	0.4	0.4	0.4
Italy	6.4	6.2	6.1	3.8	2.2
Greece	0.6	0.6	0.5	0.3	0.3
Spain	2.2	2.2	2.2	2.1	2.1
TOTAL	**10.0**	**9.7**	**9.6**	**6.7**	**5.1**

Between end 2Q11 and end October 2011, KBC reduced its PIIGS exposure (carrying amount) by 47%:

- Italy: reduction of 3.9bn EUR
- Portugal: reduction of 0.2bn EUR
- Greece: reduction of 0.2bn EUR
- Spain: reduction of 0.1bn EUR
- **TOTAL** **reduction of 4.5bn EUR**

Stream 5: CDO/ABS exposure reduced

- 12 July: KBC Group proposed an amendment to its strategic review plan announced in November 2009

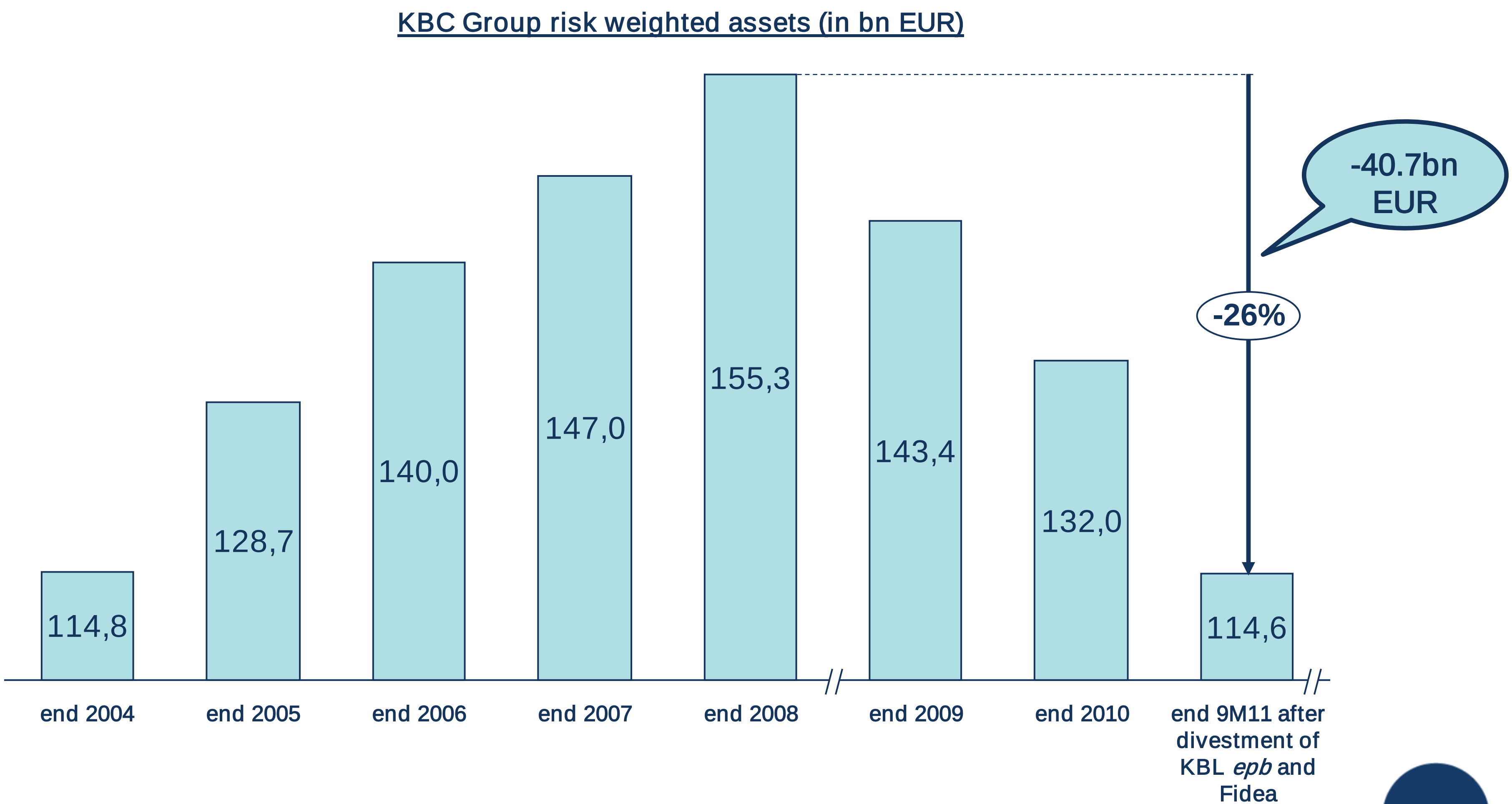
- 27 July: Amendment approved by European Commission

- **Projected capital range of 0.3-0.4bn EUR from the sale of selected ABS assets and unwinding of CDO assets has already been exceeded, without any substantial impact on P&L:**
  - ✓Sold 0.7bn EUR in notional amount of US ABS assets to the market
  - ✓Unwound 3 CDOs, reducing the outstanding notional amount of CDOs by 2.9bn EUR (of which 2.5bn EUR in 3Q11)
  - ✓Total capital relief: 0.5bn EUR

=> KBC's tier-1 ratio rose by 0.7%

- We will continue to look at reducing our ABS and CDO exposure, which will lead to additional capital relief and lower P&L volatility

Stream 6: RWA reduction better than initially planned



Section 2

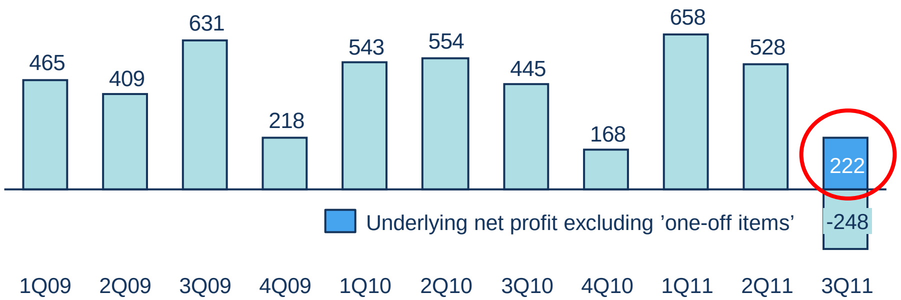
3Q results affected by a range of one-off and market-driven items

Financial highlights 3Q 2011

- Net group profit in 3Q11 has been affected by the execution of our strategy (KBL *epb*, Fidea), one-off items (Greek government bonds, 5-5-5 bonds, Hungary, Bulgaria) and market-driven items (CDO, Ireland, share portfolio). Excluding these one-offs, underlying net group profit amounted to 222m in 3Q11
- Sustained level of net interest margin and volumes up in Belgium and Central & Eastern Europe
- Slight decrease in net fee and commission income, in line with the trend in assets under management given investors' reduced risk appetite and the negative price trend
- Excellent combined ratio of 90% YTD as a result of low claims. Increased premium income for non-life and higher life insurance sales attributable entirely to higher sales in unit-linked products
- Weak level of income generated by the dealing room
- Underlying cost/income ratio at 58% YTD (excluding the provision for the 5-5-5 bonds)
- Credit cost ratio at 0.61% YTD and only 0.32% YTD excluding one-offs. Post-tax impairment of 126m EUR for Greek government bonds
- Consistently strong liquidity position
- Solvency: continued strong capital base. Pro forma tier-1 ratio – including the effect of divestments for which a sale agreement has been signed to date – at approximately 14.4%

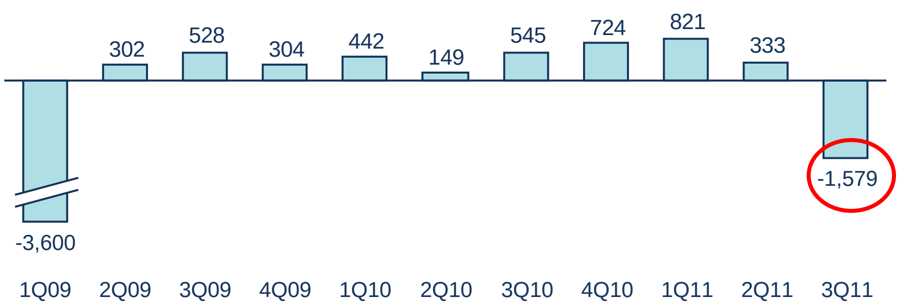
Earnings capacity

Underlying net profit

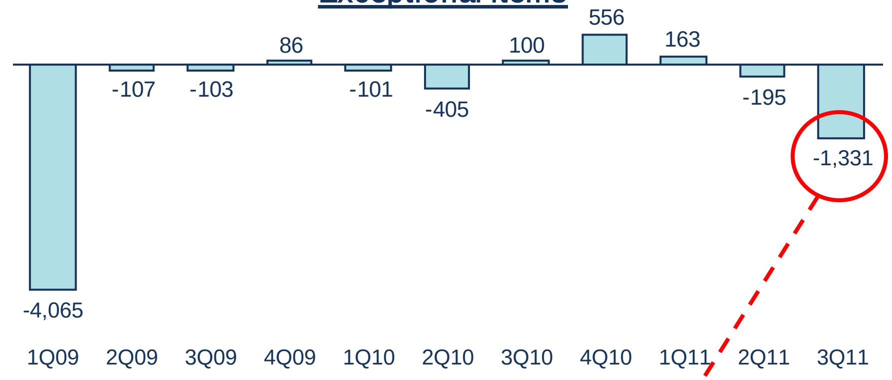


Including exceptional items

Reported net profit



Exceptional items



Main exceptional items (post-tax)

• Divestments	-0.6bn
• Revaluation of structured credit portfolio	-0.6bn
• M2M trading derivatives for hedging purposes	-0.2bn
• Impairments on goodwill/other	-0.1bn
• M2M re. own credit risk	+0.2bn
	-1.3bn

Amounts in m EUR

3Q results affected by a range of one-offs and market-driven items (1)

3Q11 underlying profit level includes -470m EUR one-offs (Greece, Hungary and Bulgaria):

- Additional impairments on our **Greek government bonds** : 176m EUR pre-tax and 126m EUR post-tax (**58% impairment and M2M change through P&L in total versus nominal amount**)
- **Impact of 5-5-5 bonds**: 263m EUR pre-tax and 174m EUR post-tax. If no credit event under ISDA definition occurs, the provision will be reversed
- New FX mortgage repayment law in **Hungary** led to additional provisions of 92m EUR in 3Q11 (74m EUR post-tax), based on an estimated participation rate of 20%
- Critical assessment of exposures in **Bulgaria** led to additional impairments of 96m EUR (pre- = post-tax)

In addition, 3Q11 underlying results were also impacted by market-driven items:

- Impairments on **AFS shares**: 87m EUR (pre-tax = post-tax)
- Loan loss provisions in **Ireland** amounted to 187m EUR pre-tax in 3Q11 (versus 49m EUR in 2Q11) and 164m EUR post-tax. Going forward, the run-rate of loan loss provisions in Ireland is estimated at roughly 200m EUR for the next couple of quarters

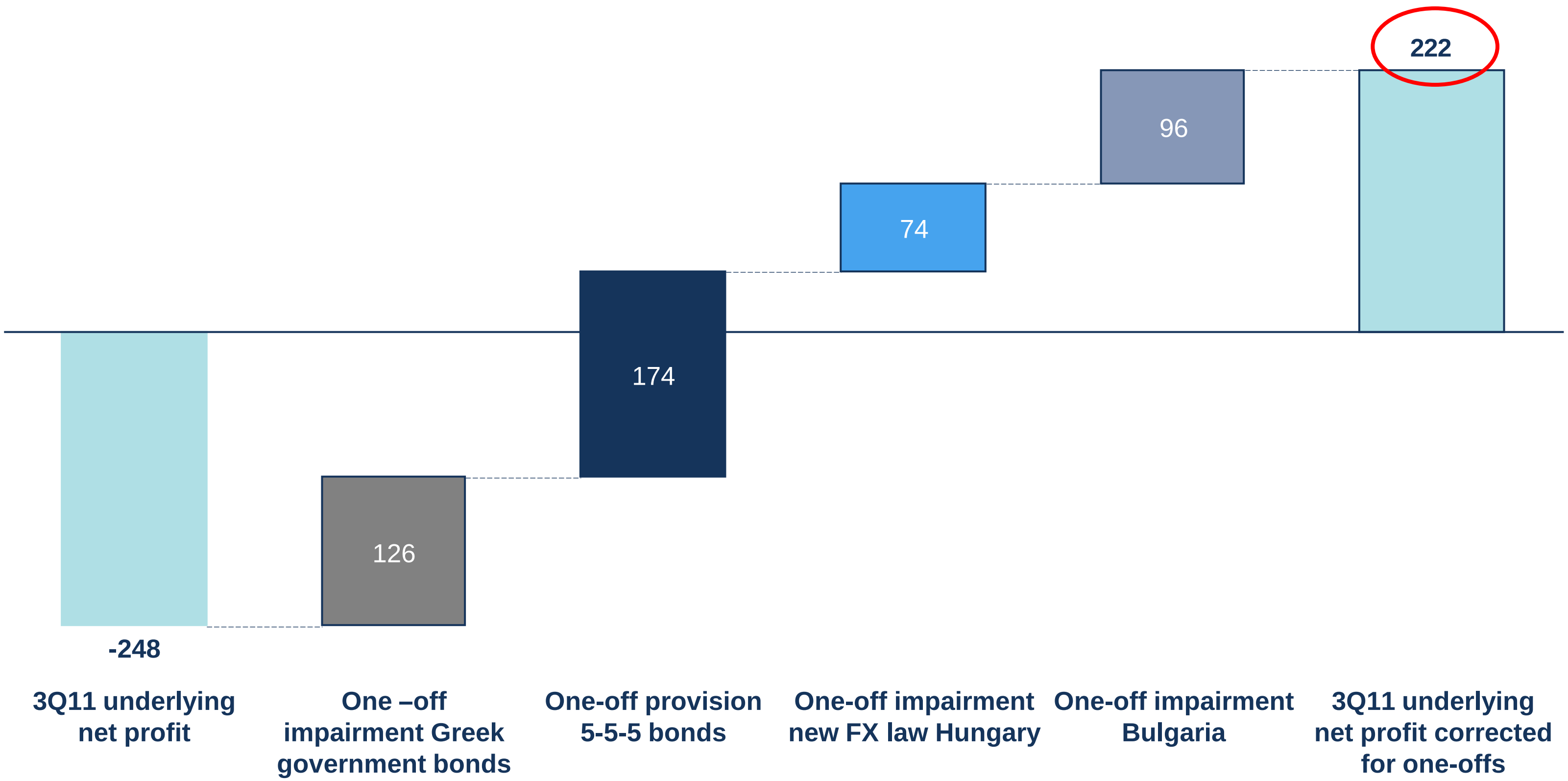
3Q results affected by a range of one-offs and market-driven items (2)

At non-recurring profit level: total impact of -1 331m EUR (post-tax)

- 3Q11 results already include the impairment of 0.6bn EUR on the **divestments of KBL and Fidea**.
- Widening corporate credit spread during 3Q11 resulted in unrealised losses of 0.6bn EUR on **CDOs/MBIA**. Since the end of 3Q11, the corporate credit spreads have tightened again. As a result, 30% of the unrealised losses booked in 3Q11 could already be reversed in October 2011.
- **M2M losses of 245 m EUR relating to ALM derivatives used for hedging purposes**, partly offset by +185m EUR **M2M of own credit risk**
- Goodwill impairment at **CIBank (Bulgaria)** of 53m EUR

Underlying net profit adjusted for one-offs

- **Adjusted for one-offs (Greek government bonds, 5-5-5 bonds, Hungary and Bulgaria), underlying net group profit amounted to 222m EUR in 3Q11** (of which 171m EUR in BE BU, 167m EUR in CEE BU, -102m EUR in MEB BU and -15m EUR in GC BU)



Amounts in m EUR

Headlines per business unit (1)

- Underlying net group profit of the *Belgium Business Unit* amounted to only 32m EUR. This can be explained by
  - the provision of 132m EUR pre-tax/87m EUR post-tax for the 5-5-5 product,
  - the impairment of 79m EUR pre-tax/52m EUR post-tax for Greek government bonds,
  - the impairment of 77m EUR pre-tax/post-tax on AFS shares,
  - lower net realised gains from AFS assets
  - lower dividend income

Corrected for one-offs (impairments on Greek government bonds and the provision for the 5-5-5 product), the underlying net group profit in the Belgium Business Unit amounted to 171m EUR in 3Q11

Loan volume rose by 2% q-o-q and 5% y-o-y driven by mortgage loan growth (+2% q-o-q and +8% y-o-y)

Deposit volumes increased 3% quarter-on-quarter and as much as 9% year-on-year

Headlines per business unit (2)

- The profit contribution of *Central and Eastern Europe* amounted to -40m EUR in 2Q11.

  Results from the banking business were negatively impacted by significantly higher loan loss provisions (Bulgaria and K&H Bank) and impairment of 37m EUR post-tax for Greek government bonds (almost fully borne by the Czech Republic).

  Results from the insurance business were impacted by a higher combined ratio (due almost entirely to higher claims ratio).

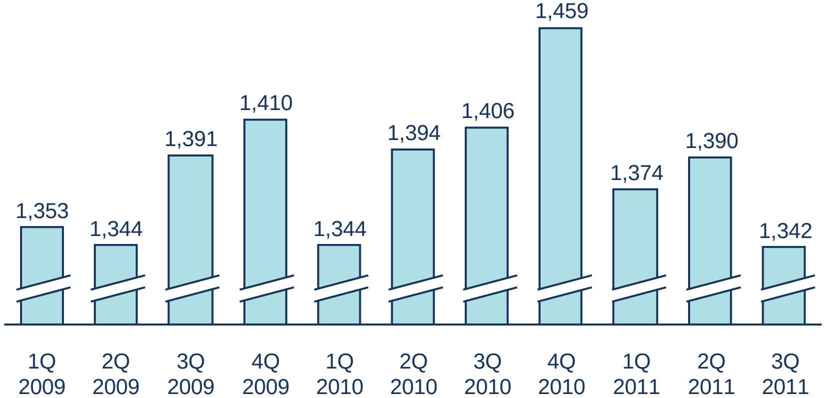
  Corrected for one-offs (Greek government bonds, Hungary and Bulgaria), underlying net group profit in the CEE Business Unit amounted to 167m EUR in 3Q11.

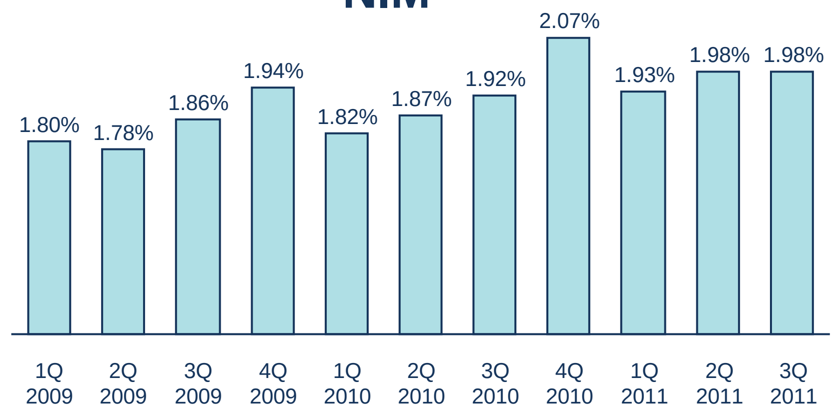
  Both total loans and deposits increased by 1% q-o-q and 3% y-o-y. Loan to deposit ratio at 74%.

- In *Merchant Banking*, the underlying net profit (-196m EUR) was impacted mainly by higher loan loss provisions at KBC Bank Ireland and substantially lower dealing room results at KBC Bank Belgium

- The *Group Centre* includes all planned divestments of KBC Group since 1Q10

Underlying revenue trend - Group





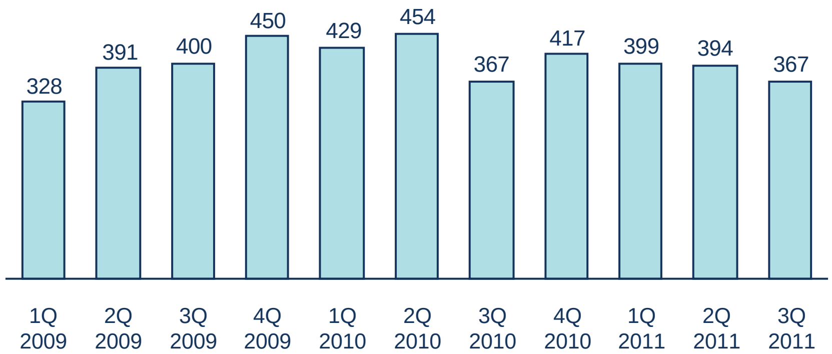
- Net interest income fell by 5% year-on-year and 3% quarter-on-quarter, mainly due to the deconsolidation of Centea
- Net interest margin (1.98%)
  - NIM at group level remained at the same level as last quarter
  - Pattern of NIM in Belgium stable (+1bp quarter-on-quarter to 1.43%).
  - NIM in Central/Eastern Europe increased 9bps quarter-on-quarter to 3.33%, largely attributable to the currency impact
- Loan volumes rose by 1% y-o-y. The growth of loan volumes in the Belgium and CEE business units (respectively 5% and 3% y-o-y) was partly offset by a further reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Deposit volumes fell by 4% y-o-y mainly due to a decrease in institutional deposits (deposit volumes -17% y-o-y in MEB BU), only partly offset by increased deposit volumes in the BE and CEE BU(resp. +9% and +3% y-o-y)

Amounts in m EUR

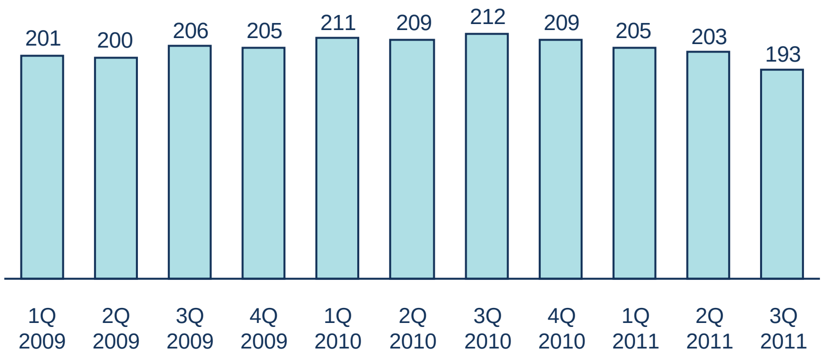
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Underlying revenue trend - Group

F&C



AUM



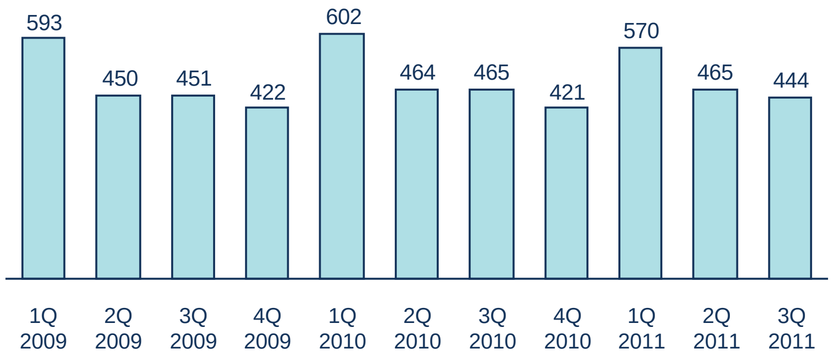
Amounts in bn EUR

- Net fee and commission income stabilised year-on-year (+2% y-o-y excluding Secura, which was sold in 4Q10), but fell by 7% quarter-on-quarter
  - Net F&C income from the banking business went down by 5% q-o-q in line with the trend in assets under management
- Assets under management dropped by 9% year-on-year and 5% quarter-on-quarter (partly by negative price trend, partly by net outflows) to 193bn EUR at the end of 3Q11

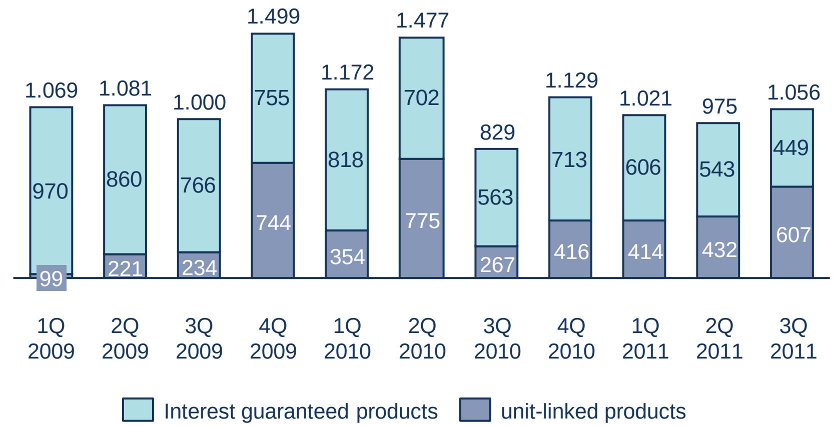
Amounts in m EUR

Underlying revenue trend - Group

Sales Non-Life



Sales Life

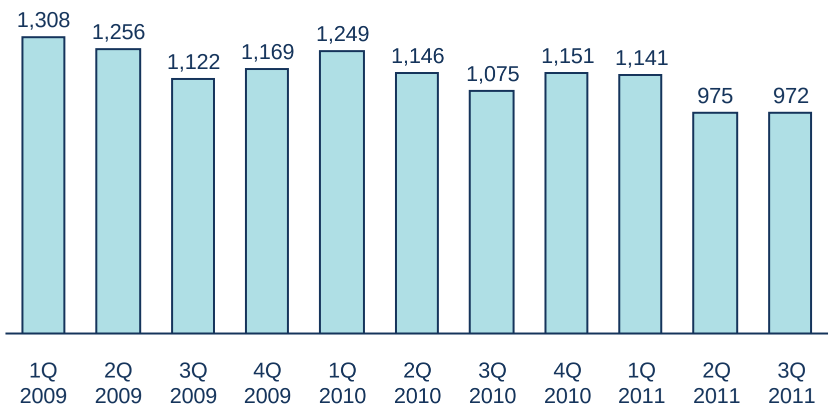


- The sale of Non-Life insurance products (gross written premium) fell by 5% quarter-on-quarter (decrease is mainly visible in the Belgium Business Unit and the Group Center Business Unit)
- The sale of Non-Life insurance products rose by roughly 7% year-on-year excluding Secura, which was sold in 4Q10
- The sale of Life insurance products rose by 27% year-on-year and 8% quarter-on-quarter. This increase was driven by higher sales of unit-linked products, partially offset by lower sales of interest guaranteed product.
- The increased sale of unit-linked products is mostly attributable to the Belgian business unit, mainly thanks to the successful issue of the KBC Life MI product (deliberate shift from interest guaranteed products to unit-linked products in Belgium)

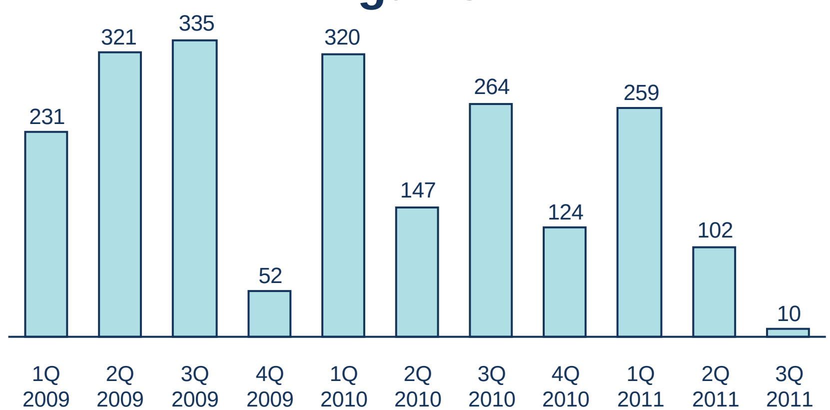
Amounts in m EUR

Underlying revenue trend - Group

Premium income



FV gains



- Insurance premium income at 972m EUR
  - Non-life premium income (477m) up 2% q-o-q and up 7% y-o-y excluding Secura, which was sold in 4Q10
  - Life premium income (496m) down 2% q-o-q and 14% y-o-y, mainly due to lower sales of guaranteed-interest products at the Belgium Business Unit and the Group Centre unit. This was offset by higher sales of unit-linked products, especially at the Belgium Business Unit

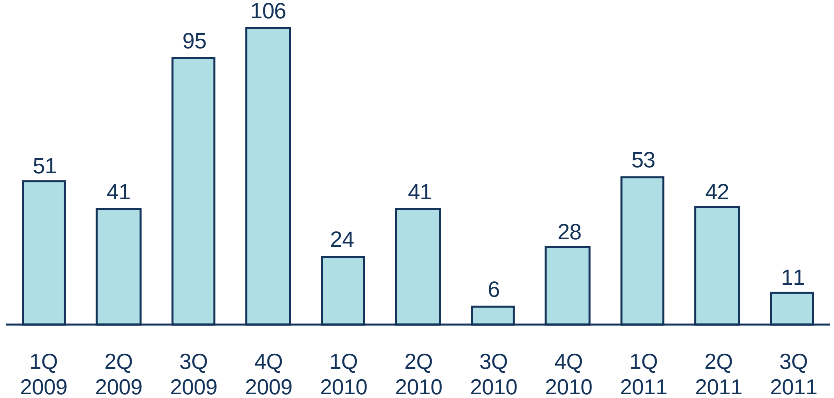
- Excellent combined ratio of 96% in 3Q11, down from 103% recorded in 3Q10 attributable entirely to a lower level of claims (compared with the high claims for floods in CEE in 3Q10). Combined ratio of 90% YTD

- The low figure for net gains from financial instruments at fair value (10m EUR) is primarily the result of weak dealing room activity

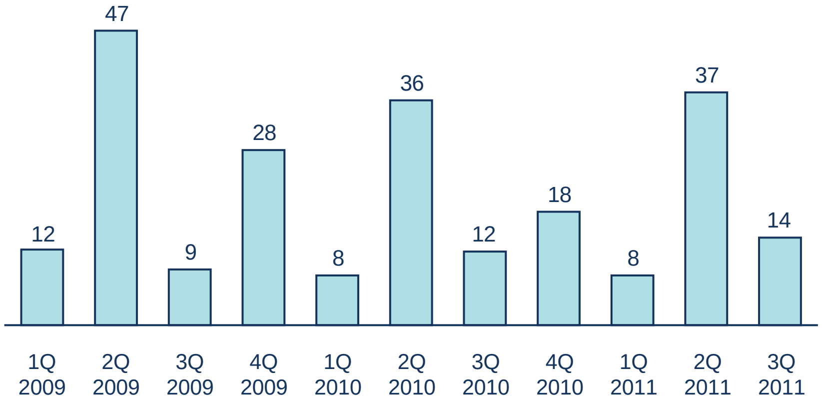
Amounts in m EUR

Underlying revenue trend - Group

Gains realised on AFS



Dividend income

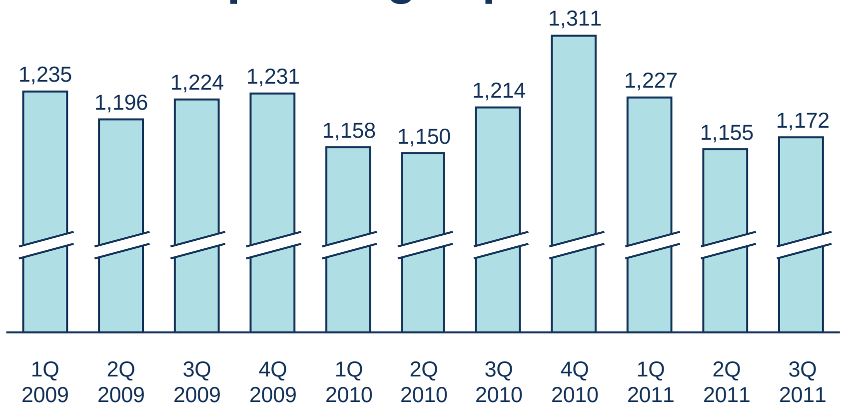


- Gains realised on AFS came to 11m EUR
- Dividend income amounted to 14m EUR (slightly higher than in 3Q10)

Amounts in m EUR

Underlying operating expenses - Group

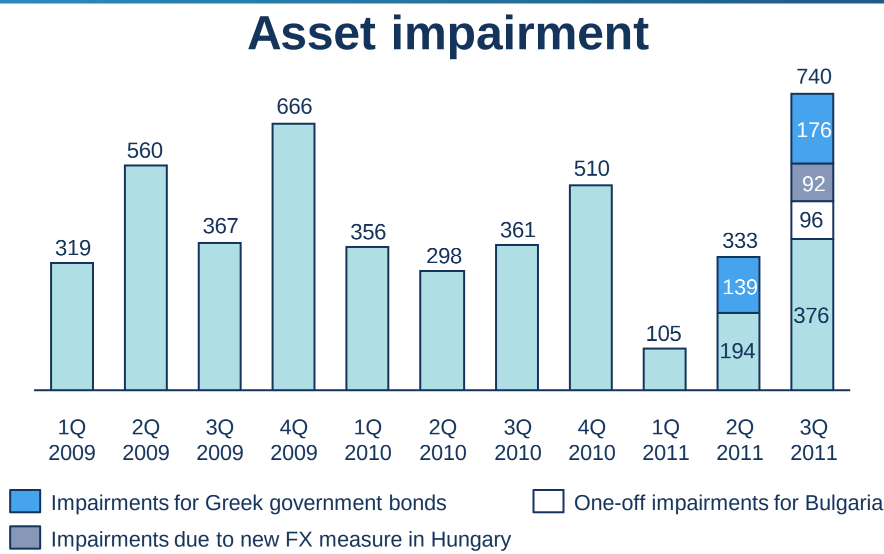
Operating expenses



- Costs remained well under control: +1% q-o-q and -3% y-o-y
  - Operating expenses rose by 1% q-o-q to 1,172m EUR in 3Q11 mainly due to an increase in staff expenses (due to inflation, a slight increase in FTE and voluntary redundancy payments), offset partly by the deconsolidation of Centea
  - Operating expenses fell by 3% y-o-y in 3Q11. Main drivers were the impact of deconsolidated entities and the Hungarian bank tax (which was booked in 3Q10 for the full year 2010). Excluding these items, operating expenses rose by 5% y-o-y
  - Underlying cost/income ratio for banking stood at 61% YTD (and 58% YTD excluding the 5-5-5 bond provision)

Amounts in m EUR

Underlying asset impairment - Group



- Substantially higher impairments (740m EUR)
  - Quarter-on-quarter increase of 311m EUR in loan loss provisions, mainly due to the high impairment levels at K&H Bank, Bulgaria and KBC Bank Ireland
  - Impairment of 176m EUR for Greek government bonds (126m EUR post-tax)
  - Impairment of 87m EUR on AFS shares, mainly at KBC Insurance

Amounts in m EUR

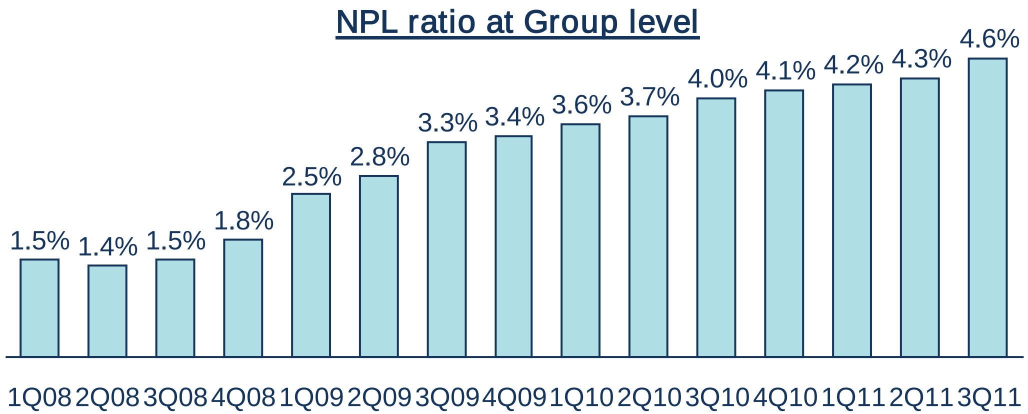
Underlying loan loss provisions – Group

- Credit cost ratio fell to 0.61% YTD (compared to 0.91% in 2010 and 1.11% in 2009). Excluding several impairment releases in 1Q11 and excluding the 3Q11 'one-off 'impairments booked for Bulgaria, K&H Bank (due to new FX measure) and KBC Bank Ireland, the credit cost ratio was 0.32% YTD. The NPL ratio amounted to 4.6%
- Credit cost ratio in Belgium remained at a (very) low level
- Sharply higher credit cost in CEE (+193m EUR q-o-q) due to Bulgaria (very illiquid domestic Real Estate marketplace) and K&H Bank (impact of new law on FX mortgages), partly offset by a decrease at CSOB Bank CZ and SK. Excluding the 'one-off' impairments for CI Bank and K&H Bank, the CCR amounted to 0.62% YTD
- Credit cost significantly higher in Merchant Banking (+110m EUR q-o-q) driven by KBC Bank Ireland (+138m EUR q-o-q). Excluding Ireland, the CCR in Merchant Banking remained low at 28bps YTD

Credit cost ratio (CCR)

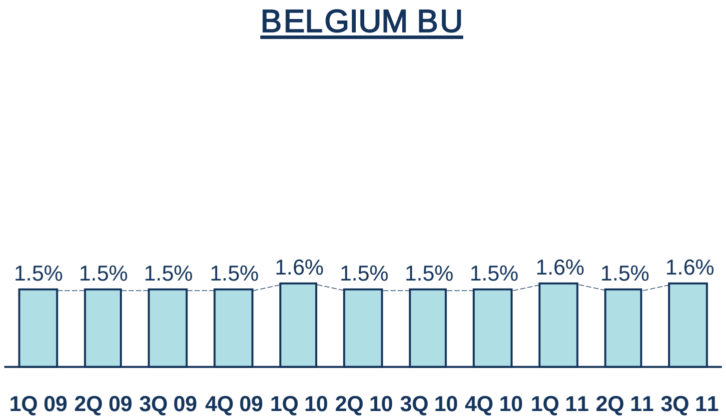
	Loan book	2007 FY	2008 FY	2009 FY	2010 FY	9M11 YTD
		'Old' BU reporting			'New' BU reporting	
Belgium	**56bn**	0.13%	0.09%	0.17%	0.15%	0.09%
CEE	**31bn**	0.26%	0.73%	2.12%	1.16%	1.44%
CEE (excl. 3Q11 one-offs)						0.62%
Merchant B. (incl. Ireland)	**53bn**	0.02%	0.48%	1.32%	1.38%	0.90%
Merchant B. (excl. Ireland)	**36bn**	0.02%	0.53%	1.44%	0.67%	0.28%
Total Group	**155bn**	0.13%	0.46%	1.11%	0.91%	0.61%

NPL ratio at Group level

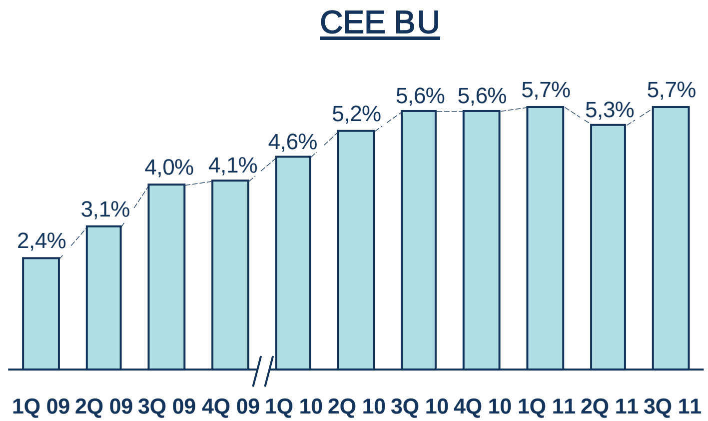


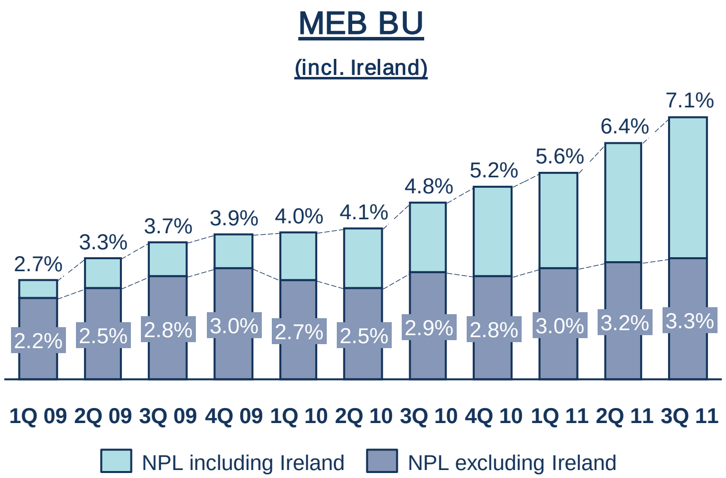
3Q 2011	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.6%	3.2%	1.3%
CEE BU	5.7%	3.4%	2.7%
MEB BU	7.1%	5.3%	4.5%

NPL ratios per business unit



non performing loans

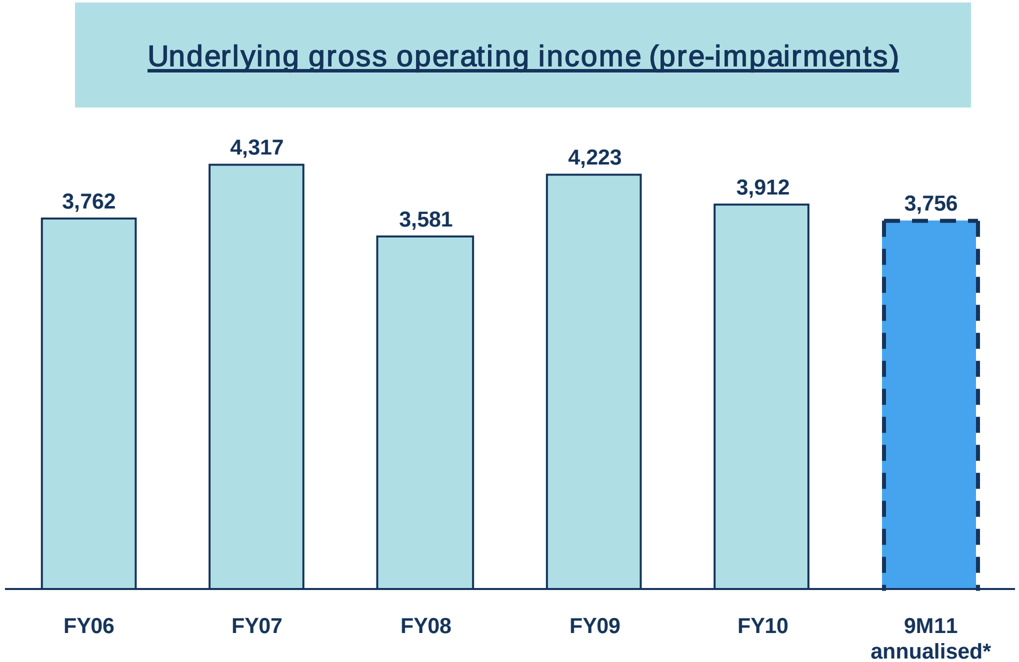




Section 3

Core profitability of KBC remains intact in difficult years

Core earnings power intact



* 9M11 annualised with neutralisation of impact of 5-5-5 bonds

Core earnings power intact, with a significantly reduced risk profile (trading), despite drastic RWA reduction of 41bn EUR

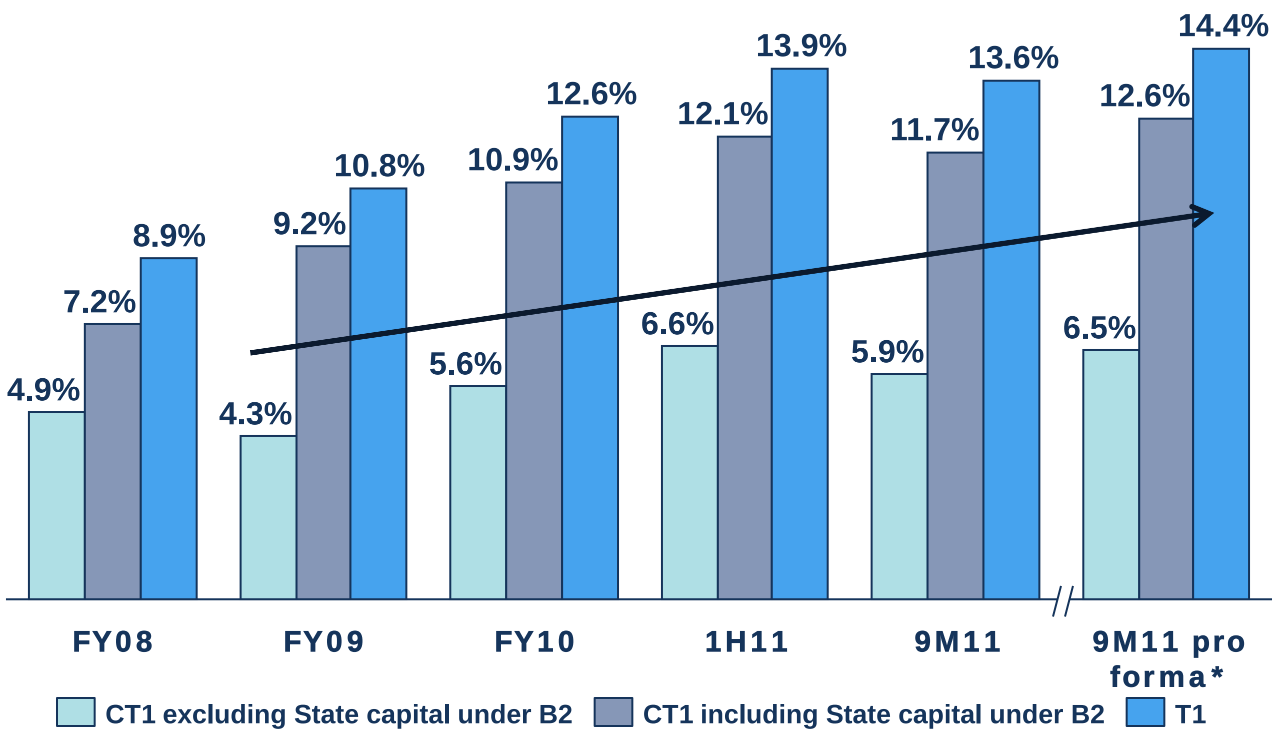
Amounts in m EUR for KBC Group

Section 4

Comfortable solvency and solid liquidity position

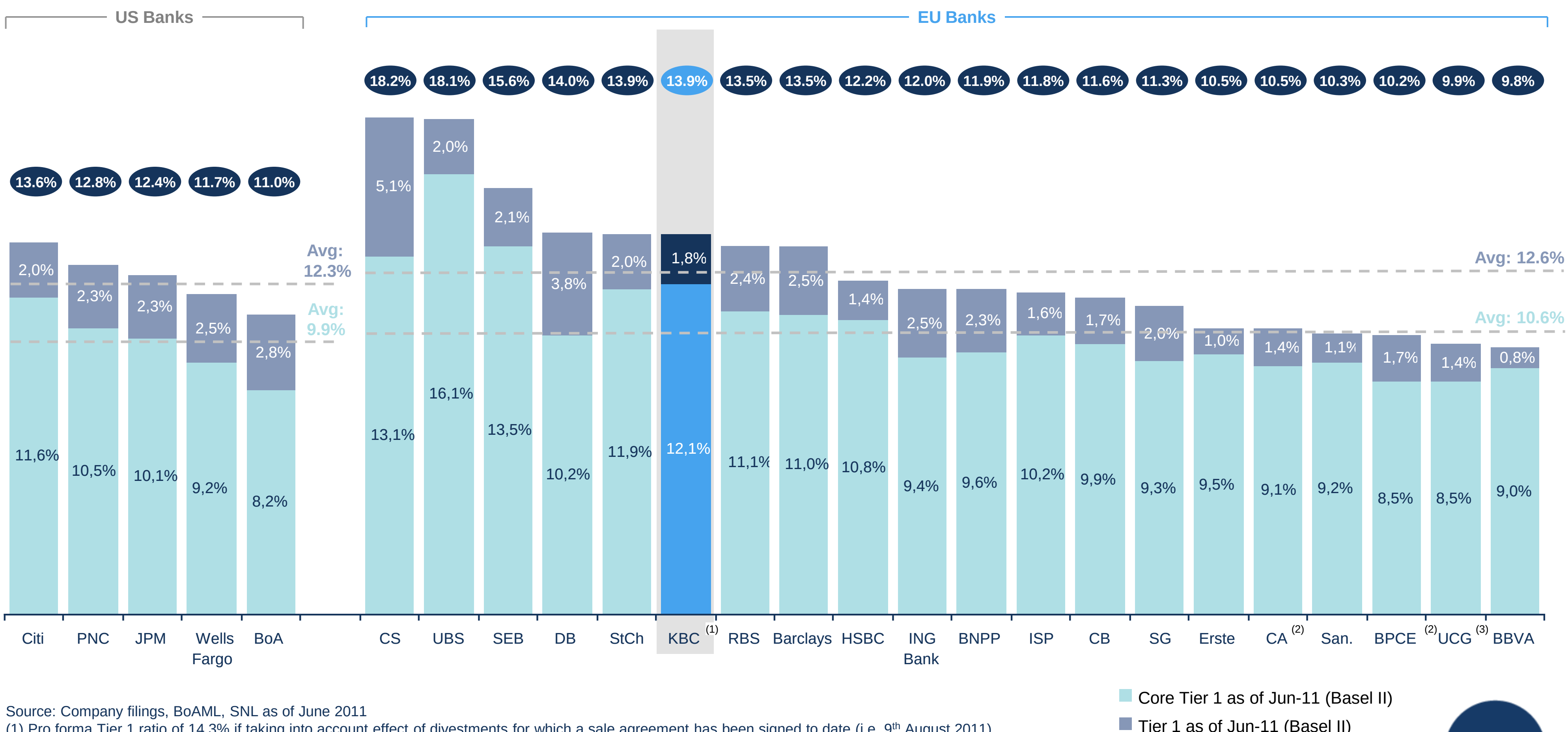
Comfortable capital position

- Strong core tier-1 ratio of 11.7% at KBC Group as at 30 September 2011
- Pro forma core tier-1 ratio – including the effect of divestments for which a sale agreement has been signed to date – of 12.6% at KBC Group



* 9M11 pro forma CT1 includes the impact of divestments already signed

Favourable peer group comparison



Source: Company filings, BoAML, SNL as of June 2011

(1) Pro forma Tier 1 ratio of 14.3% if taking into account effect of divestments for which a sale agreement has been signed to date (i.e. 9th August 2011)

(2) Group solvency

(3) Excluding cashes

Comfortable capital position

- Strong tier-1 ratio of 13.6% (14.4% pro forma) at KBC group as at 30 September 2011 comfortably meets the minimum required tier-1 ratio of 11% (under Basel 2)

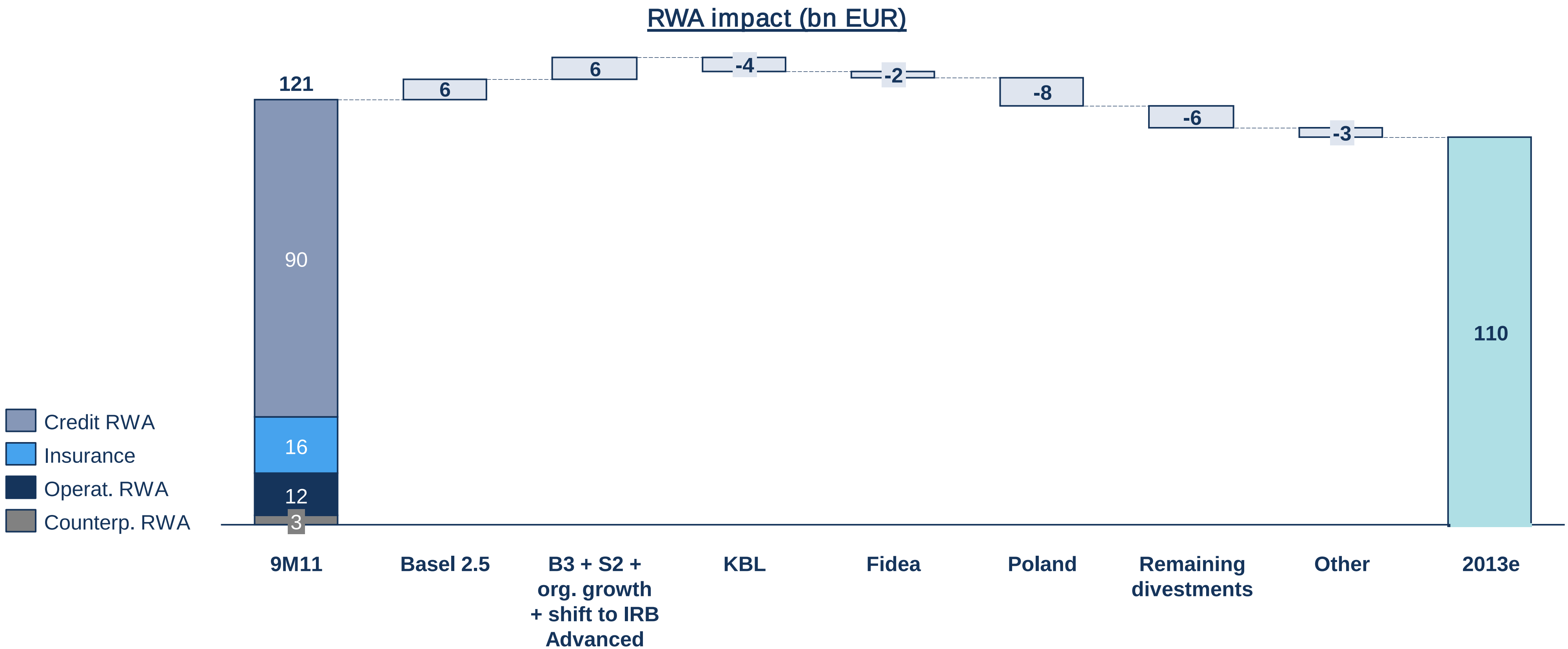
- Both KBC Group and KBC Bank meet the 9% core tier-1 threshold under the EBA definition (capital position as per 30 June 2011 according to B2.5 and adjusted to take account of the sovereign exposures marked down (at 30 June 2011)). The preliminary capital buffer as identified at the end of June is sufficient to cover 3Q11 results

- The Belgian regulator confirmed to us that the YES (Yield Enhanced Securities) will be fully grandfathered as common equity under the current CRD4 proposal

- KBC continues to strive to reimburse 7bn EUR to the state by the end of 2013, in line with the European plan

- As of 19 December 2011, conversion of all or part of the federal YES into ordinary shares (1 for 1) may be requested by KBC Group. If KBC Group seeks such conversion, the Belgian State may choose to receive a cash payment with redemption at 15% premium until mid-December 2012. Intention to reimburse 500m EUR at 15% premium before end 2011 to Federal Government without pari passu, waived by the Flemish Government until end of 2012

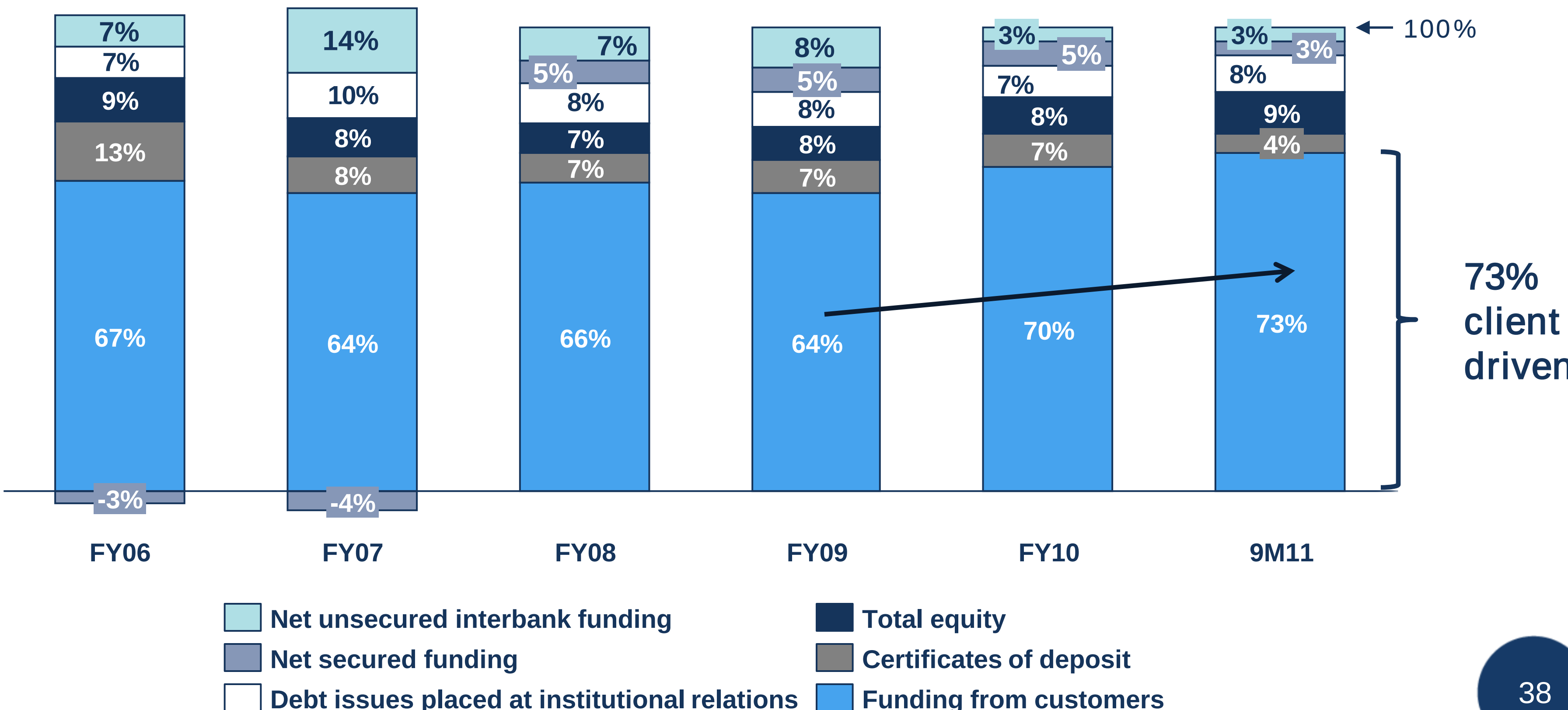
RWA at end 2013 substantially lower than initially communicated



- Taking into account the sale of our Polish entities, the lower-than-initially-estimated impact on RWA of CRD3, B3 and Solvency2, the reduction in RWA due to the shift from IRB Foundation to IRB Advanced and lower-than-expected organic growth, we estimate that RWA will amount to110bn EUR at the end of 2013 (instead of the 151bn EUR previously estimated)

A solid liquidity position (1)

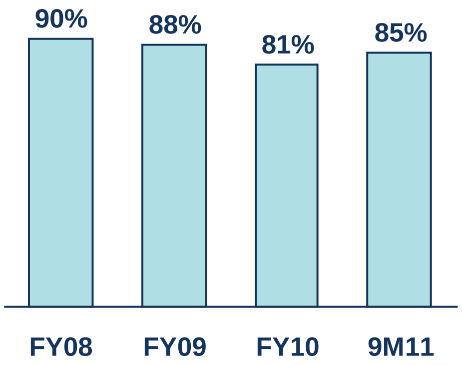
- KBC Bank further improved its already excellent funding profile, as reflected by the increased part of stable funding from customers. This underlines our retail, SME, mid-cap bancassurance model with a relatively low risk profile



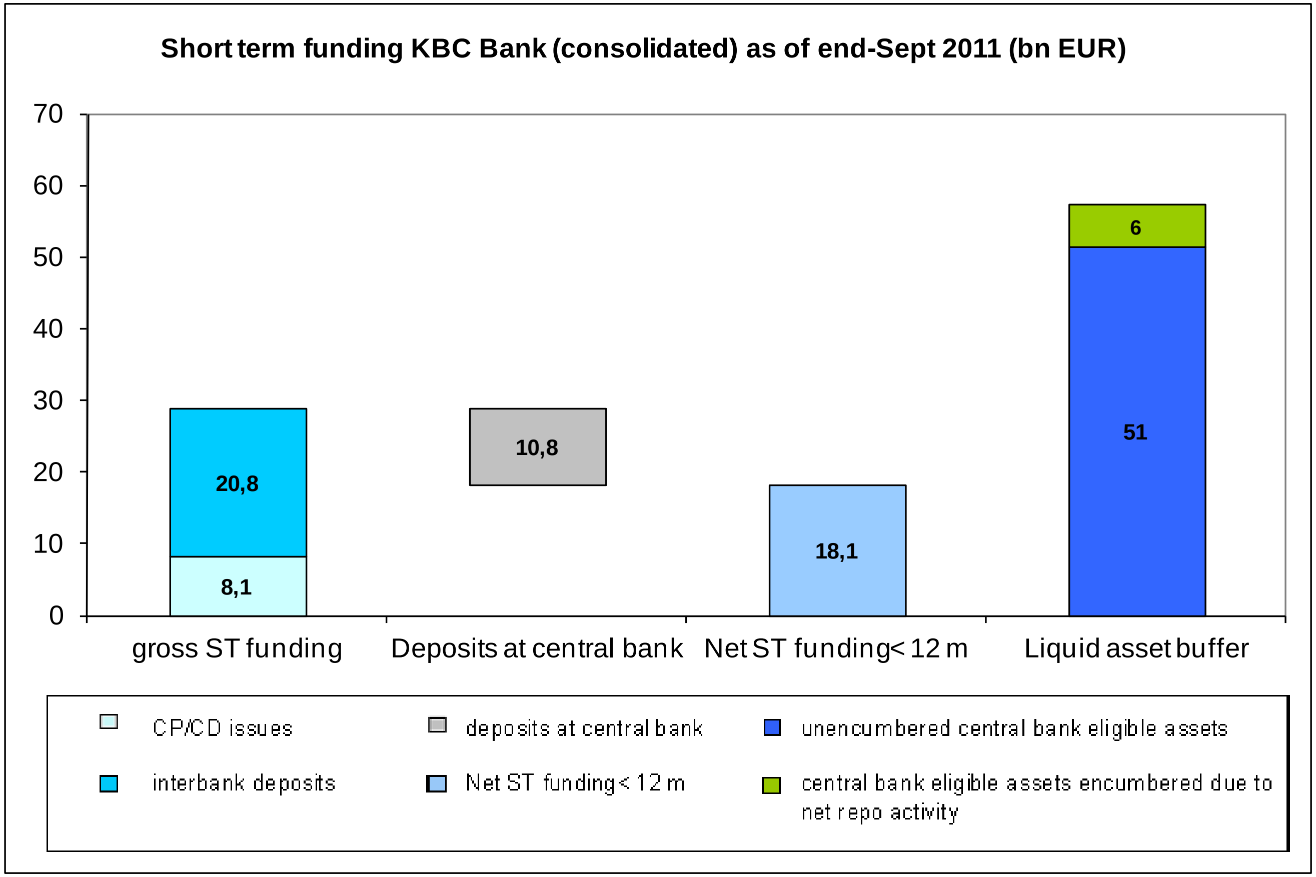
A solid liquidity position (2)

- No need to issue new benchmarks/term debt in the next quarters given that
  - Our total mid/long-term funding (22bn EUR) only represents 7%-8% of total assets/funding (which is relatively limited) – with only limited amounts maturing each year
  - Long-term funding needs decrease as actions to reduce RWA continue
  - KBC has increased the amount of mid-term/long-term funding attracted from its retail customer base. As such, we have already attracted 5.7bn EUR LT funding YTD from our retail clients (funding with term > 1 year apart from other stable retail funding)
- A regulation for the issuance of covered bonds is expected to be approved soon in Belgium
- LTD ratio of 85% at KBC Bank at the end of September 2011

LTD ratio KBC Bank

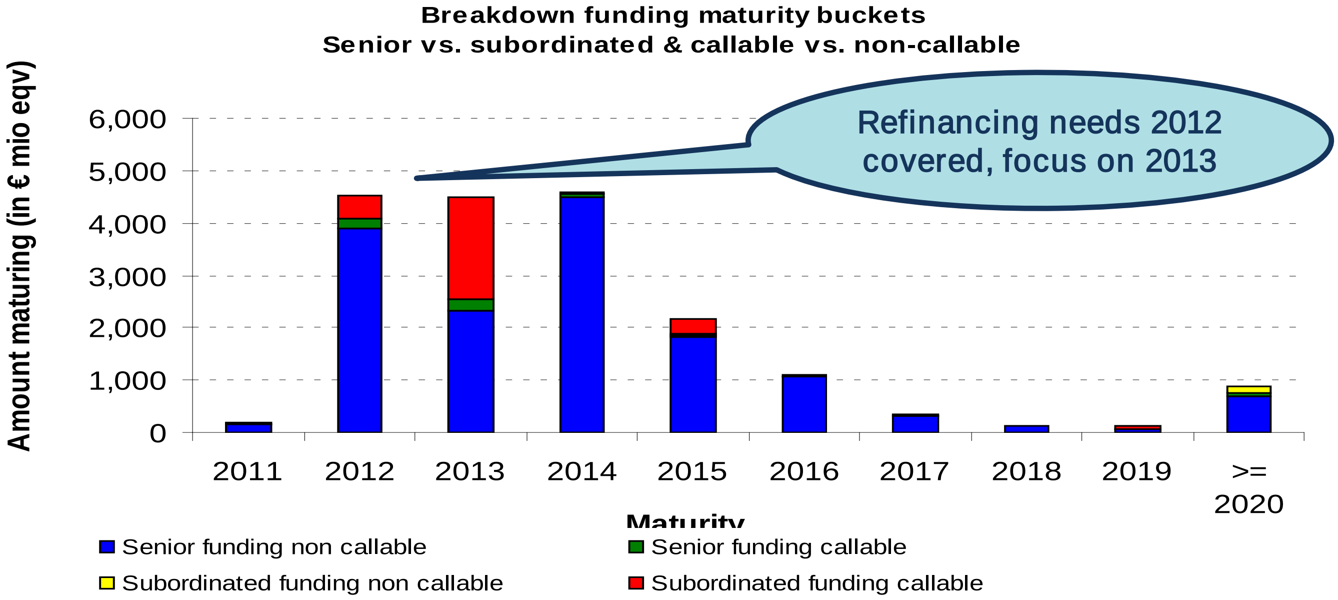


A solid liquidity position (3)



The recourse on net short-term funding is limited, and this latter is three times covered by a buffer consisting of central banks eligible assets

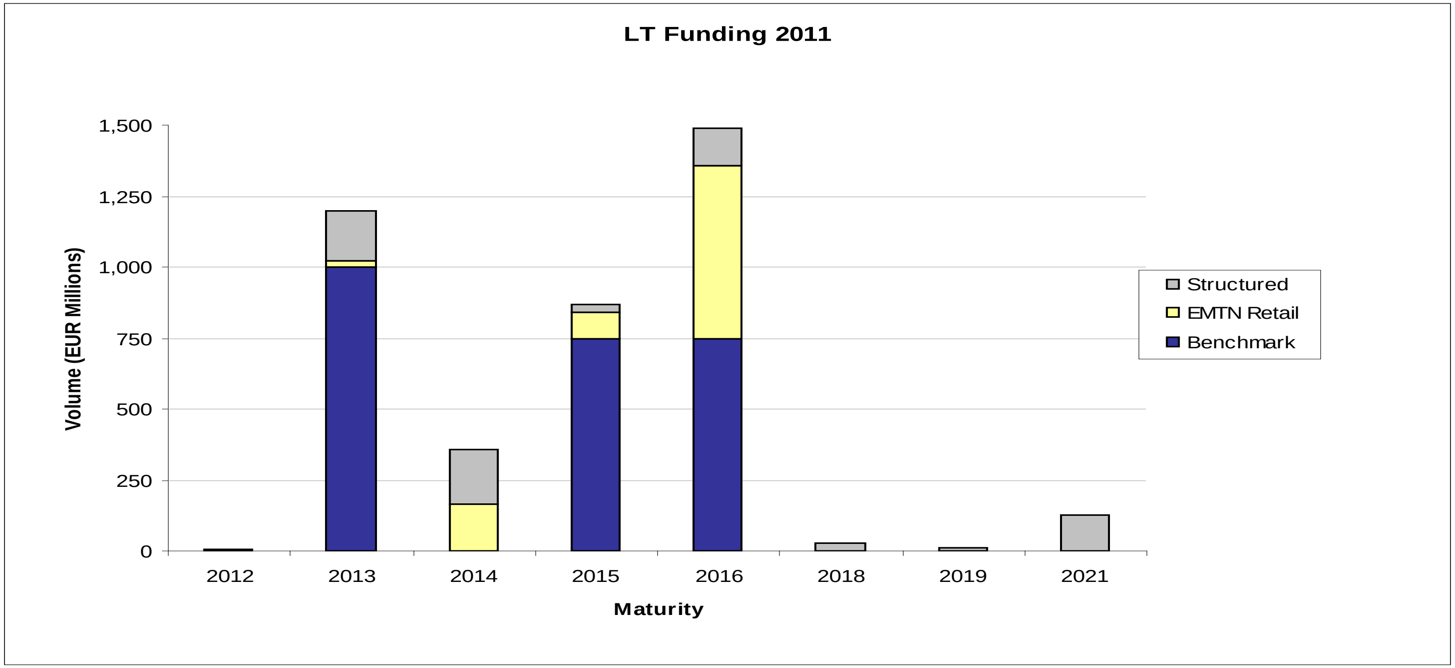
Upcoming mid-term funding maturities in 2011



KBC Bank NV has 3 solid sources of EMTN Funding:

- Public Benchmark transactions
- Structured Notes using the Private Placement format
- Retail EMTN

Overview of LT EMTN funding attracted in 2011 in wholesale and Belgian Retail market through KBC Ifima N.V.



- KBC Bank NV (through KBC Ifima N.V.) using its EMTN programme (40bn EUR)) has raised 4.1bn EUR LT in 2011 (YTD 03/11/2011). This debt programme was updated on 13 July 2011
- KBC Bank NV also has a US MTN programme (10bn USD) available for structuring debt capital market transactions in the US. This debt programme was updated on 15 April 2011

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Section 5

Areas of attention

Effects of Greek assistance programme

- With regard to all Greek sovereign bonds it holds (also those maturing after 2020), KBC recorded impairments amounting to an additional 176m EUR pre-tax / 126m post-tax at *underlying* level in 3Q11 (on top op the 139m EUR pre-tax / 102m post-tax already recognised in 2Q11)

- *Calculation* method:
  - Both the AFS and HTM bonds are impaired to their fair value (market prices) as at 30 September 2011
  - **As a result, the carrying amount of Greek government bonds on 30 September 2011 forms on average 42% of the nominal amount of these bonds and KBC has impaired 58%, fully booked**

- *Breakdown* of the impairments *per business unit* at underlying level:

(m EUR)	Impairments on AFS	Impairments on HTM	Total pre-tax impairments	Total post-tax impairments
Belgium BU	-66	-13	-79	-52
CEE BU	-45	0	-45	-37
MEB BU	-1	-7	-9	-7
GC BU	-28	-16	-43	-29
TOTAL	**-140**	**-36**	**-176**	**-126**

Amounts in m EUR

KBC Ireland

- Ireland's implementation of severe austerity measures led to a 13% decline in average household income from peak to current. This resulted in intensifying mortgage arrears and NPL in 3Q11. Retail mortgage loss provisions for 3Q11 were 62m EUR compared to a run rate of 25m EUR per quarter in 1H11

- The weak domestic economy and virtual absence of new transactional activity led to further downward valuations of collateral supporting the commercial portfolio. Commercial loan loss provisions for 3Q11 were 125m EUR compared to 22.5m EUR per quarter in 1H11

- The NPL coverage ratio for the mortgage portfolio when compared on a like for like basis is in line with the Bank's Irish mortgage peer group

- Considering the continued deterioration in the loan portfolio during 3Q11, we anticipate a continuing high level of loan loss provisions in the next couple of quarters of 200m EUR (pre-tax)

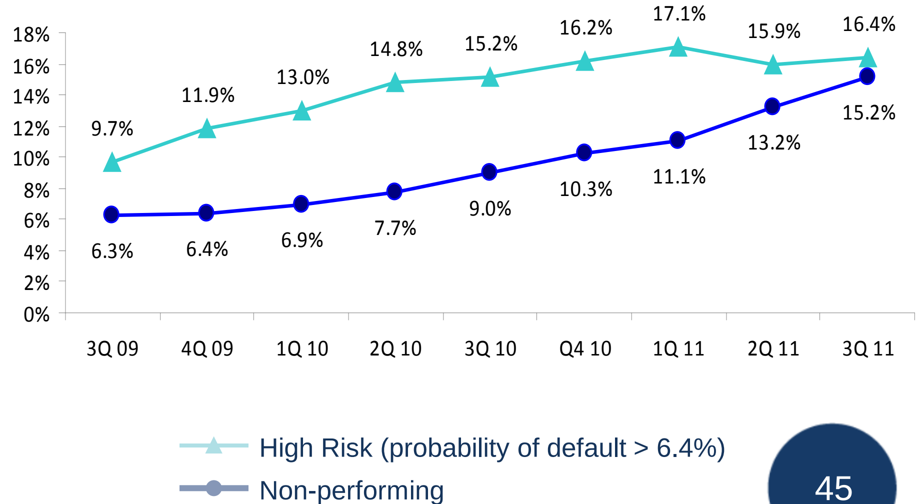
- Net income before loan provisions for the 9 months was 172m EUR with a loss after provisions of 110m EUR (post-tax)

- The core tier-1 ratio amounted to 9.24% at the end of 3Q11

Irish loan book – key figures September 2011

Loan portfolio	Outstanding	NPL	NPL coverage	
Owner occupied mortgages	9.6bn	10.5%	27%	29%
Buy to let mortgages	3.2bn	16.2%	33%	
SME /corporate	2.1bn	16.1%	43%	
Real estate investment	1.4bn	23.3%	42%	63%
Real estate development	0.5bn	67.4%	81%	
	16.8bn	15.2%	40%	

Proportion of High Risk and NPLs



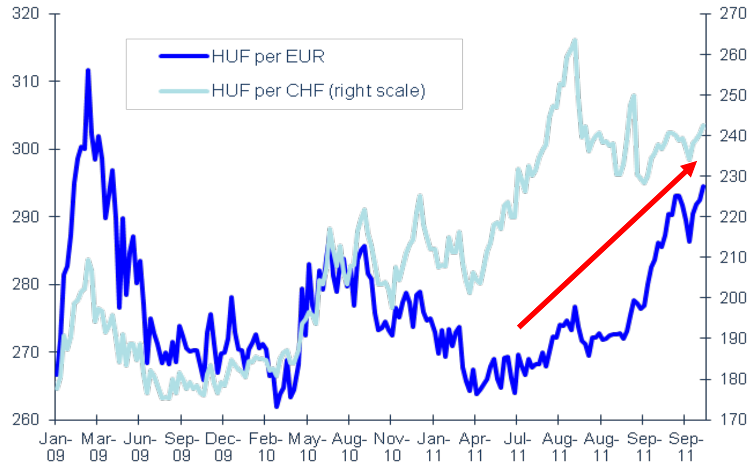
Hungary (1)

- The negative underlying result of K&H Group (-26m EUR YTD) is due to the recognition of the Hungarian bank tax for the full year 2011 in 1Q11 (62m EUR before tax / 51m post-tax) and impairment for the expected impact of the new law on FX mortgage repayment in 3Q11 (92m EUR before tax)
- Loan loss provisions in 3Q11 amounted to 126 m EUR, 92m EUR of which is for the expected impact of the new law on FX mortgage repayment (see details on the next slide). The CCR came to 3.38% YTD (and 1.66% YTD excluding the loan loss provision of 92m EUR)
- NPL rose to 9.4% in 3Q11 (9.1% in 2Q11), an increase attributable mainly to retail lending
- New law on FX mortgage repayment: 20% participation rate expected (see details on the next slide)
- As a result, NPL ratio for the mortgage loans (private) is expected to increase to roughly 15% by the end of the year, partly due to technical reasons

Hungary (2): new law on FX mortgages

- Newly implemented measure: possibility for a full repayment of FX mortgage loans at a fixed exchange rate (for CHF it is a HUF/CHF of 180, which represents a discount of approx. 25% on the prevailing market FX rates). The possibility is open until year-end 2011 for customers to announce their intention to repay with a deadline of end of February 2012 to actually settle

- Impact on K&H: still difficult to define given the uncertainty about the participation rate
  - The eligible FX mortgage portfolio is approximately 2.0bn EUR (denominated largely in CHF)
  - Impairment estimation: Q3 financial statement includes impairment of 92m EUR for the expected impact of FX mortgage repayment assuming a 20% participation rate (i.e. approx. 17,000 K&H customers repaying)



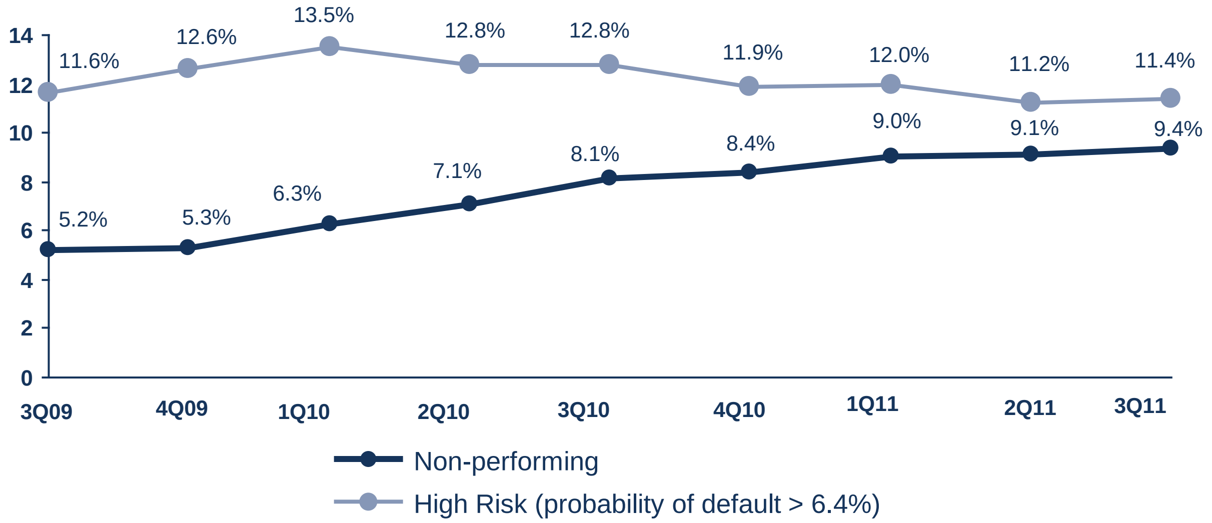
Hungary (3)

Hungarian loan book – key figures September 2011

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.8bn	7.7%	69%
Retail	3.4bn	10.8%	94%
o/w private	3.0bn	10.8%	96%*
o/w companies	0.3bn	10.3%	76%
	6.2bn	9.4%	84%**

* Includes the loan loss provisions of 92m EUR for the expected impact of the new law on FX mortgage repayment.
** Excluding the loan loss provisions of 92m EUR, the NPL coverage ratio for Hungary would have been 68%

Proportion of NPLs



Bulgaria

- The Bulgarian credit portfolio contains a part of loans granted before the acquisition by KBC, which is primarily linked to the Commercial Real Estate sector. It is monitored separately from the core SME and retail business

- Given the domestic Real Estate market has not improved, KBC reassessed its required provisioning levels in 3Q11. This led to additional loan loss provisions totaling 96m EUR in 3Q11, which the Group will book resulting in a NPL coverage ratio of 57%

- Due to the more difficult macroeconomic environment, KBC also decided to impair goodwill in the amount of 53m EUR

Update on outstanding* CDO exposure at KBC (end 3Q11)

Outstanding CDO exposure (bn EUR)	Notional	Outstanding markdowns
- **Hedged portfolio** - **Unhedged portfolio**	10.9 6.4	-1.1 -4.2
TOTAL	**17.3**	**-5.3**

Amounts in bn EUR	Total
Outstanding value adjustments Claimed and settled losses - Of which impact of settled credit events	-5.3 -2.1 -1.7

P&L impact** of a shift in corporate and ABS credit spreads (reflecting credit risk)

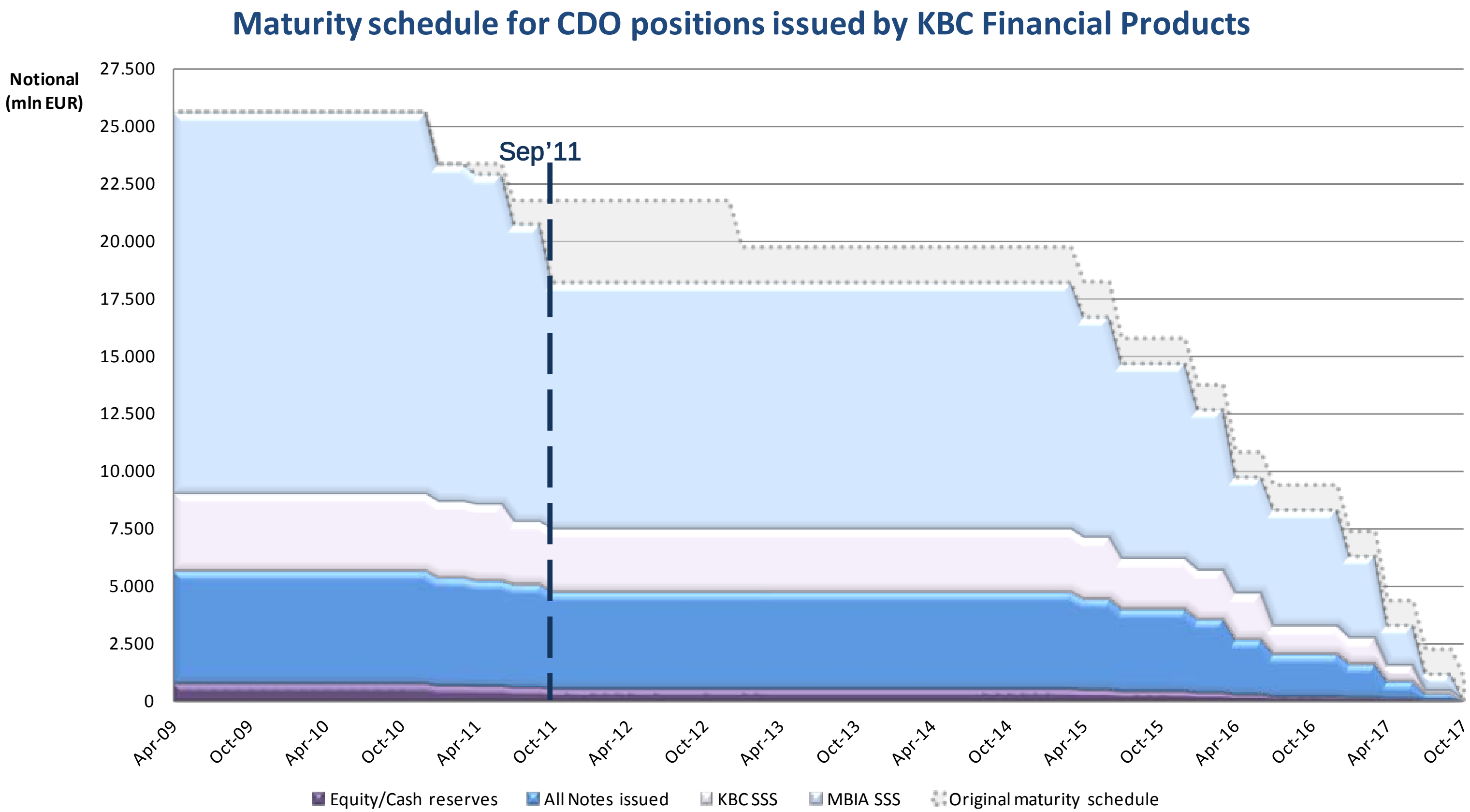
	10%	20%	50%
Spread tightening	+0.2bn	+0.3bn	+0.8bn
Spread widening	-0.0bn	-0.1bn	-0.4bn

- The total notional amount decreased by roughly 2.5bn EUR, mainly as a result of the early termination of the Fulham CDO (roughly -2.0 bn EUR) and the sale of the position in the Wadsworth CDO (roughly -0.5 bn EUR)
- Outstanding value adjustments amounted to 5.3bn EUR at the end of 3Q11
- Claimed and settled losses amounted to 2.1bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 17% cumulative loss in the underlying corporate risk (approx. 86% of the underlying collateral consists of corporate reference names)
- Reminder: CDO exposure largely written down or covered by a State guarantee

* Figures exclude all expired, unwound or terminated CDOs

** Taking into account the guarantee transacted with the Belgian State and a provision rate for MBIA at 70%

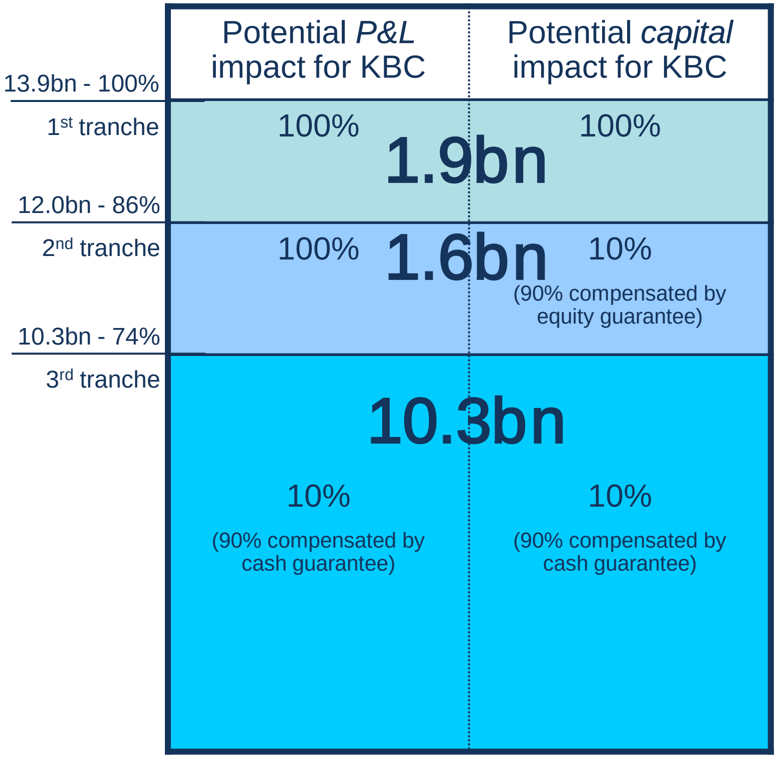
Maturity schedule for CDO portfolio



The total FP CDO exposure includes the 'unhedged' own investment portfolio as well as the 'hedged' portfolio that is insured by MBIA

Summary of government transactions (1)

- State guarantee on 13.9bn* euros' worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.0bn EUR) when the transaction was finalised
    - CDO-linked exposure to MBIA, the US monoline insurer (10.9bn EUR)
  - First and second tranche: 3.6bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.5bn EUR (90% of 1.6bn EUR) from the Belgian State
  - Third tranche: 10.3bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach



• Excluding all cover for expired, unwound or terminated CDOs

Summary of government transactions (2)

7bn EUR worth of core capital securities subscribed by the Belgian Federal and Flemish Regional Governments

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

Section 6

Wrap up

Key Takeaways

- Execution of our strategic plan gains further momentum
- Core profitability in home markets remains intact, but 3Q11 results were affected by the execution of our strategy (KBL, Fidea), one-off items (Greek government bonds, 5-5-5 bonds, Hungary, Bulgaria) and market-driven items (CDO, Ireland, share portfolio)
- Impairment on Greek gov. bonds at 30 Sep 2011 was fully booked at 58% of the nominal amount
- Sizeable reduction of volatile elements: CDO, ABS, Southern European government bond exposure
- Comfortable capital position. The Belgian regulator confirmed to us that the YES (Yield Enhanced Securities) will be fully recognised as common equity under the current CRD4 proposal
- Intention to reimburse 500m EUR at 15% premium before end 2011 to Federal Government without pari passu, waived by the Flemish Government until end of 2012
- Solid liquidity position remains strong
- The run-rate of loan loss provisions in Ireland is estimated at roughly 200m EUR for the next couple of quarters
- Volumes in core markets continue to increase
- Good October 2011 results lead to FY11 guidance for underlying net profit: 1.2bn EUR – 1.4bn EUR
- ExCo foregoes any variable remuneration wrt financial year 2011, irrespective of the result for this year

KBC Group

2011 3Q Results

Q&A