

Morgan Stanley Investor Conference
London, March 2007



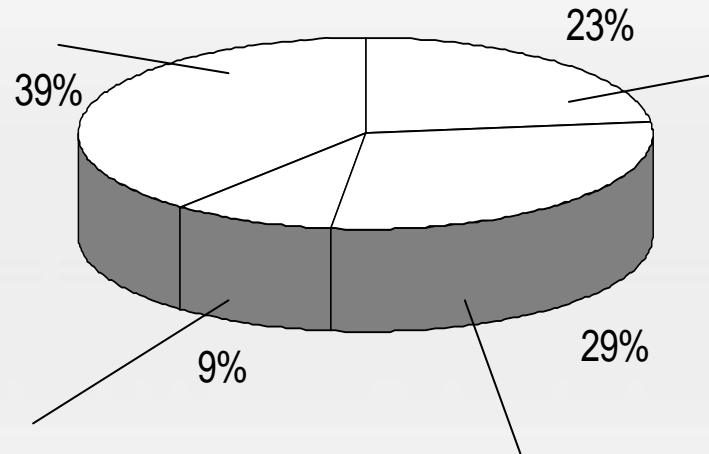
KBC Group

Introduction: business mix

Gross income breakdown (FY 2006) *

Belgium

- retail bancassurance
- asset management
- private banking



CEE

- retail bancassurance
- asset management
- private banking
- commercial banking

Selected European private banking activities

- offshore: mainly Luxemburg
- onshore: Benelux & neighbours

Selected merchant banking activities

- commercial banking, mostly in Belgium and its neighbours
- capital market activities

* Gross income – net technical charges, insurance

Belgium

We benefit from a **highly profitable** first home market

- ✓ 30% return on allocated capital ¹
- ✓ Financial wealth per capita: 1.2x UK, 1.5x France, 1.9x Germany
- ✓ Cross selling culture (bancassurance)
- ✓ KBC's distinctive position: presence in the 'wealthy' Northern region, high integration of banking X insurance and strong product offering capacity in structured funds

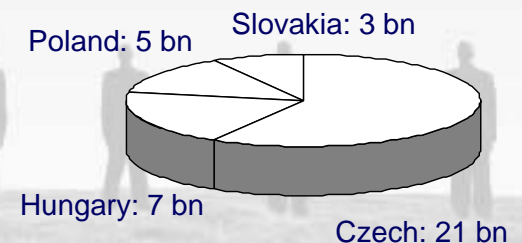
¹ 31% in 2005, 29% in 2006 - excluding exceptional results

Central and Eastern Europe

We built a solid footprint to catch **double-digit growth**

- ✓ Top-3 player for 65m inhabitants ¹
- ✓ 30% annual earnings growth in 2004-2006 ²
- ✓ GDP-growth of 7,5% p.a. expected in 2007-2009 ³
- ✓ Although less favourable than before, growth in Hungary remains higher than in many European countries

KBC - total assets



¹ Home market presence in 4 countries: Czech Republic and Slovakia, Poland and Hungary

² 30% in 2006, pro forma 29% in 2005 – excluding exceptional results

³ Blended average nominal GDP-growth for the 4 countries

Central and Eastern Europe

We built a solid footprint to catch **double-digit growth**

FY 2006	Total loans	Of which mortgages	Customer deposits	Life reserves	AUM
Growth CEE, y/y	+19%	+37%	+13%	+35%	+37%
- CZ/Slovakia	+24%	+42%	+11%	+22%	+22%
- Hungary	+19%	+35%	+13%	+70%	+99%
- Poland	+9%	+39%	+ 13%	+59%	+38%

- ✓ >30% volume growth in strategic areas: mortgages, bancassurance, retail funds
- ✓ Increase in market shares in several submarkets
- ✓ Cross-selling B x I x AM coming to cruising speed

Central and Eastern Europe

We built a solid footprint to catch **double-digit growth**

- ✓ 30% increase of no of branches ¹
- ✓ Add-ons in adjacent geographies (recent small-scale expansion into Bulgaria, Romania, Serbia)
- ✓ Efficiency program to bring down C/I to 55% ²
- ✓ Hands-on risk control
- ✓ Expected annual profit growth >15% (target return on allocated capital >30%) ³

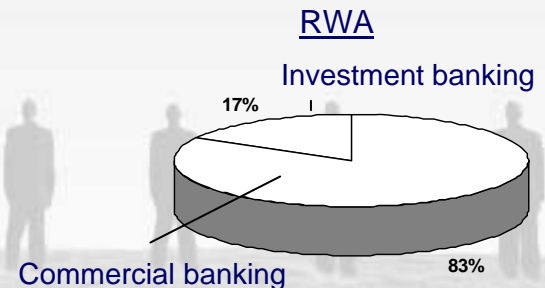
¹ Increase of number of branches of 30% in 2007-2009 period (150 in Hungary, 90 in Poland and 20 in Slovakia)

² Cost/income ratio (excl. exceptional results) was 70% in 2005 and 65% in 2006

³ Average for 2007-2009, after deduction of funding costs

Merchant Banking

- ✓ Commercial banking, concentrated in Belgium and neighbours
- ✓ Investment banking, highly an extension of commercial banking in home markets (treasury products, domestic corporate finance...)
- ✓ Competences and niche strategies in derivatives business, without jeopardising Group's risk profile ¹
- ✓ Planned growth rate in step with market trend ²
- ✓ Further efforts to increase fee-based income
- ✓ Target return on allocated capital: 19%³



¹ Average 2006 1d-VAR: 12m euros

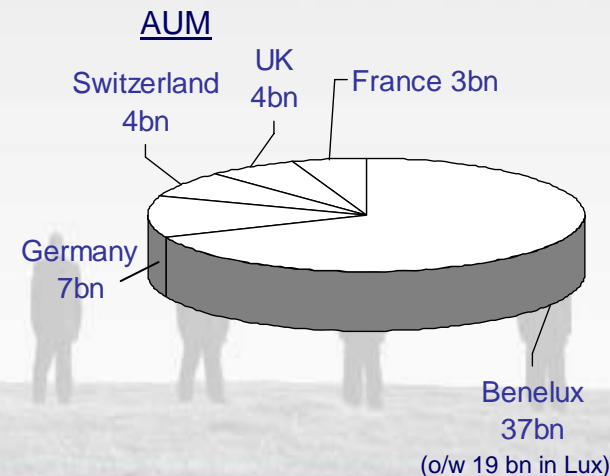
² However, volatility may occur due to market opportunities

³ Average for 2007-2009, return came at 21% in 2006, however no loan-losses were recorded

European Private Banking

In better shape after a period of **refocusing**

- ✓ Downscaling of low-yielding assets and non-core activities
- ✓ Geographical focus on Benelux and its neighbours
- ✓ Primary focus on organic growth (but open to small acquisitions)
- ✓ Operational efficiency program bringing C/I to below 60%¹
- ✓ Target return on allocated capital: 34%



¹ Target by 2009 - 2006 C/I: 73%



Operational Efficiency

In 2006, initiatives were launched to **leverage** the Group scale:

- ✓ Strengthening skills (structure, methodology, culture...)
- ✓ Aligning business processes across the group
- ✓ Building cross-border operations
- ✓ Unlocking unused business opportunities





Operational Efficiency

We **centralised** the governance of business processes:

- ✓ Retail: asset management & consumer finance
- ✓ Commercial: leasing, trade finance & investment banking
- ✓ Information technology & payments platforms



Operational Efficiency

We expect this to have a yearly synergy impact of **>200m** euros¹

- ✓ +6% of underlying 2006 pre-tax group profit
- ✓ -2 pp on 2006 cost/income ratio, banking

This comes on top of the 75m euros private banking synergy program

We target for a Group C/I ratio of 55%¹ (down from 59%)

Capital discipline

Three months ago, we announced a **3 bn share buy-back¹**

- ✓ Excess capital of 3 bn euros
- ✓ High capital generation capability (2006 profit: 3.4 bn)
- ✓ Given high acquisition prices, preference for organic growth model
- ✓ Belief that consistent dividend policy pays off
- ✓ Belief that company is not fairly valued yet

¹ For an amount of 1 bn per year for the next 3 years

Capital discipline

Obviously, we consider **add-on acquisitions**

- ✓ Niche strategy started in Bulgaria, Romania, Serbia¹, follow-up investments may/will follow
- ✓ Exploration of selected new adjacent markets
- ✓ Adequate ROI required, in line with track record
- ✓ Solid organic capital generation capability to fund growth²

¹ Investment consideration: 0.4 bn euros

² In 2006: 0.7 bn euros excess profit retained after dividend pay-out and funding of organic growth

Wrap-up

- ✓ Highly profitable Belgian home market
- ✓ Solid footprint in growth areas in CEE
- ✓ Ambitious organic growth model (incl. additional branches in CEE)
- ✓ Operational efficiency improvement under way
- ✓ Strong ambitions: min. 18.5% ROE / 12% EPS CAGR ¹
- ✓ Disciplined add-on acquisitions, selected new markets
- ✓ Consistent dividend growth and buy-back of excess capital



Questions ?





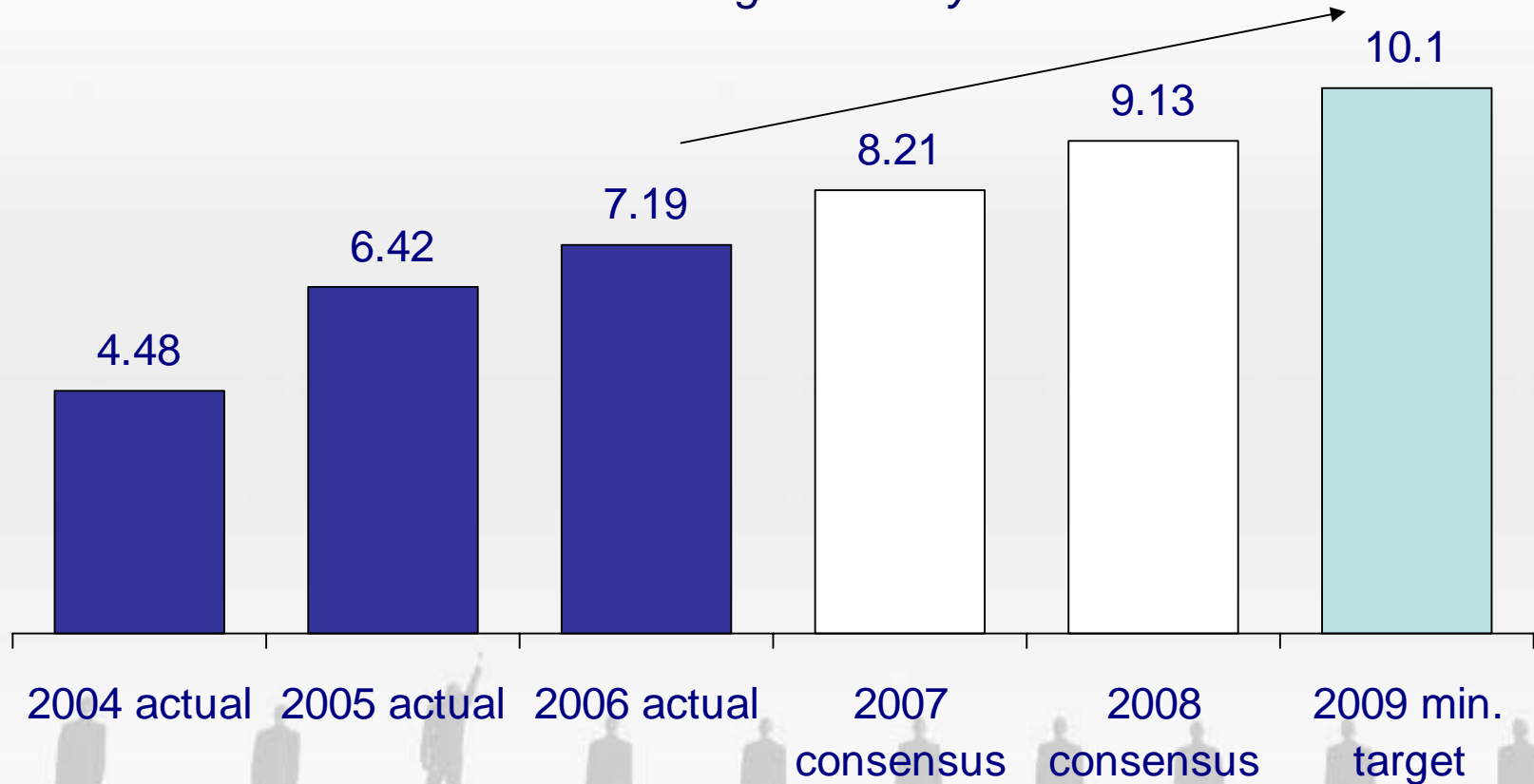
Important information for investors

- KBC believes that this presentation is reliable, although some information is condensed and therefore incomplete.
- This text contains forward-looking statements with respect to the strategy, earnings and capital trends of KBC, involving numerous assumptions and uncertainties. The risk exists that these statements may not be fulfilled and that future developments differ materially.



Annex: EPS trend

Min. target next 3 yrs: +12% CAGR



Earnings per share in euros on underlying basis (excl. exceptionals)
 Consensus based on Bloomberg Earnings Estimates, 1 March 2007

Annex: valuation

Key figures:

- Share price: 92.30 euros
- Net asset value: 49.2 euros
- Daily traded volume 2006 : 58m euros

Analyst estimates:

- 2007 EPS consensus: 8.21 euros
- 2008 EPS consensus: 9.13 euros
- 2007 P/E: 11.2
- 2008 P/E: 10.1

Recommendations:

- Positive: 73%
- Neutral: 27%
- Negative: 0%

Valuation relative to peer group:

	P/E 2007	P/E 2008
CEE banks ¹	17.5	15.9
CEE-exposed banks ²	16.7	13.4
Euro-zone banks ³	12.2	10.7
KBC	11.2	10.1
BEL banks ⁴	10.5	9.6

Unweighted averages of IBES data :

¹ OTP, Komerčni, Pekao, BPH PBK, BRE

² Erste, Unicredit, Soc. Gen., RZB Int.

³ Top-20 DJ Euro Stoxx Banks .

⁴ Fortis, Dexia

Broker	Analyst	Telefon	Rating	Target price
 ABN-AMRO	Ron Heydenrijk	+44 20 7678 0442	Buy	110
 BANK DE GROEF	Ivan Lathouders	+32 2 287 91 76	Accumulate	106
 CHEUVREUX	Jaap Meijer	+31 20 573 06 66	Outperform	110
 citigroup	Kiri Vijayarajah	+44 20 7986 4258	Buy	110
 CREDIT SUISSE	Ivan Vatchkov	+44 20 7888 0873	Outperform	112
 delta lloyd	Carlo Ponfoort	+32 3 204 77 11	Accumulate	104
 Deutsche Bank	Gaelle Cibelly	+33 1 44 95 66 28	Hold	100
 EXANE	Patrick Leclerc	+33 1 42 99 25 12	Outperform	105
 FORTIS	Kurt Debaenst	+32 2 565 60 42	Hold	104
 FPK	Britta Schmidt	+44 20 7933 4392	In Line	101
 ING BANK	Alain Tchibozo	+33 1 56 39 32 84	Buy	109
 IXIS Securities	Christophe Ricetti	+33 1 58 55 05 22	Buy	107
 JPMorgan	Paul Formanko	+44 20 7325 6028	Overweight	110
 KBW	Jean-Pierre Lambert	+44 20 7663 5292	Market perform	99
 Kepler	Albert Ploegh	+31 20 563 2382	Buy	116
 Merrill Lynch	Manus Costello	+44 20 7996 1953	Neutral	102
 BB SECURITIES	Scander Bentchikou	+33 1 44 51 83 08	Add	106
 Sal. Oppenheim	Thomas Stögner	+49 69 7134 5602	Buy	107
 PETERCAM	Ton Gietman	+31 20 573 54 63	Hold	102
 PETERCAM	Bart v der Feen de Lille	+31 20 460 48 65	Buy	110
 UBS Investment Bank	Simon Chiavarini	+44 20 7568 2131	Buy	115
 WestLB	Ralf Breuer	+49 211 826 4987	Add	110

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