



KBC Group

Company presentation Summer 2007

Web site: www.kbc.com

Ticker codes: KBC BB (Bloomberg)
KBKBT BR (Reuters)

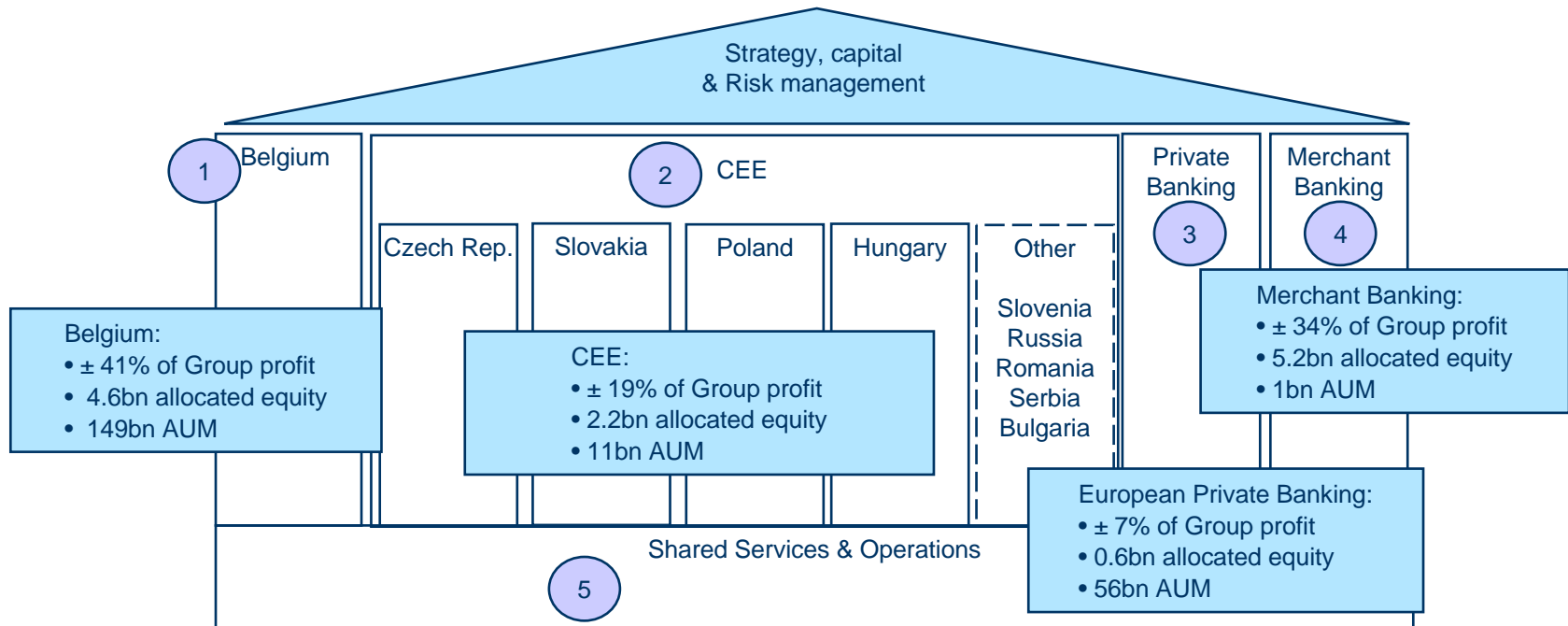




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Company profile and strategy

Strong, attractive franchises



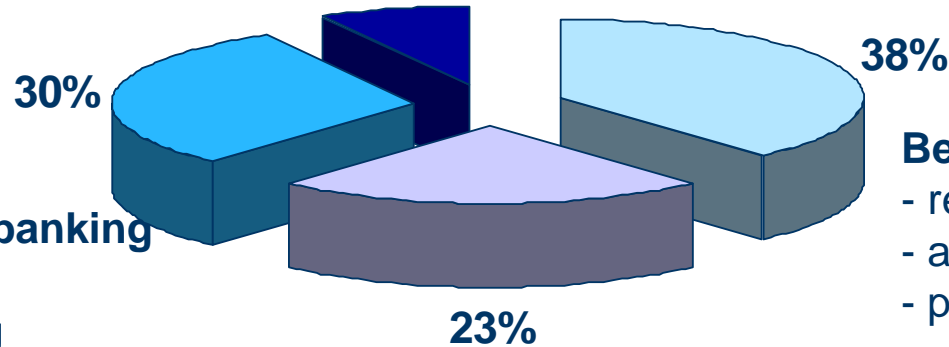
N.B.: Profit contribution of business units excluding non-recurring items (Q1 2007)

- Over the past few years, KBC has strengthened its bancassurance position in Belgium, its traditional home market, while building up an additional franchise in 4 CEE countries and holding a top-3 position in that region
- Most recent acquisitions include (small) presence in Slovenia, Russia, Romania, Serbia and in Bulgaria
- KBC also operates in selected merchant banking and private banking markets, primarily focusing on niche strategies

Gross income breakdown* (2007 Q1)

Private banking:

- “boutique-style” onshore in Belgium’s neighbours
- offshore (mainly Luxemburg) **8%**



Selected merchant banking activities:

- commercial banking (SME/corporate), mostly in Belgium and its neighbours
- capital market activities

Belgium:

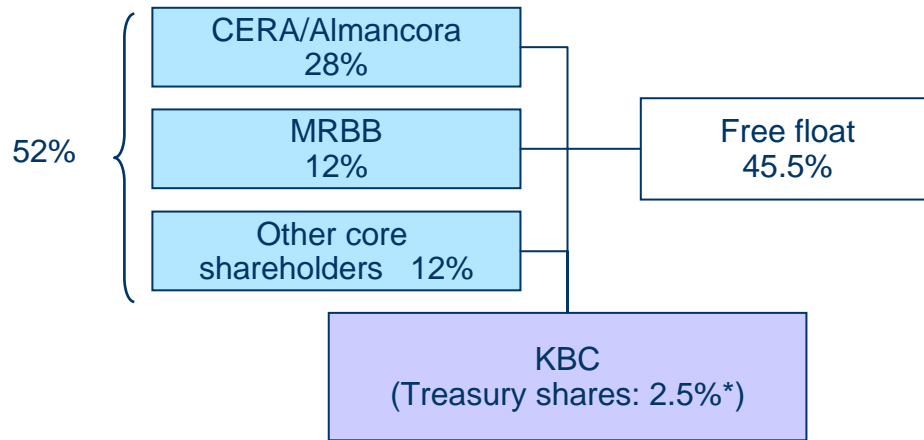
- retail bancassurance
- asset management
- private banking

CEE:

- retail bancassurance
- asset management
- private banking
- commercial banking (mostly SME)

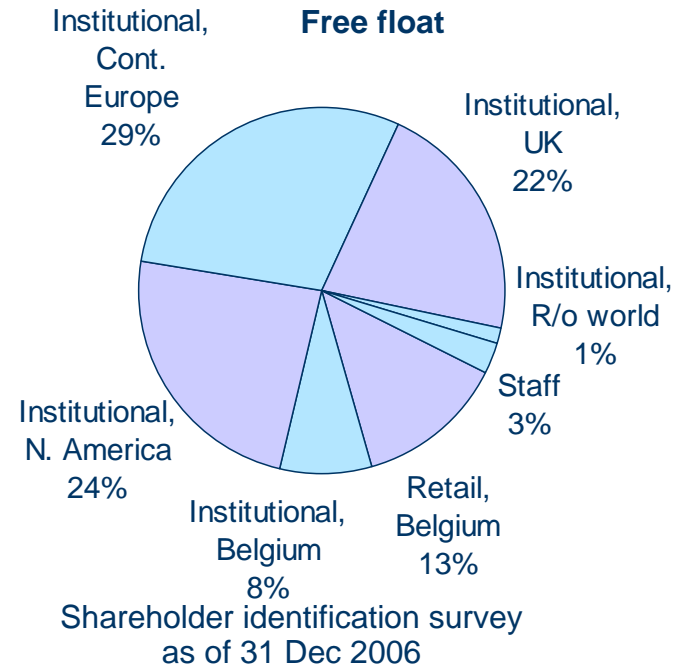
* Gross income – technical charges, insurance

Shareholder structure



Situation as of 26 April, 2007

*Including ESOP hedge and shares bought bank according to the share buy back plan

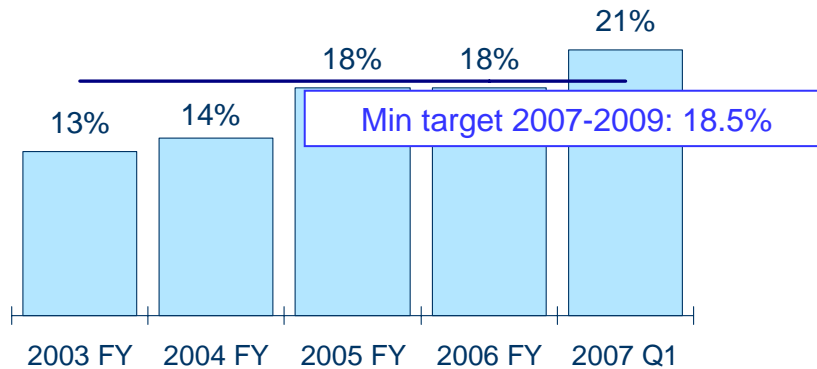


- KBC is +/-50%-owned by a syndicate of shareholders, providing continuity to pursue long-term strategic goals. Committed holders include the Cera/Almancora Group (co-operative investment company), a farmers' association (MRBB) and a group of industrialist families
- The free float is chiefly held by a large variety of international institutional investors (close to 50% UK- or US-based)

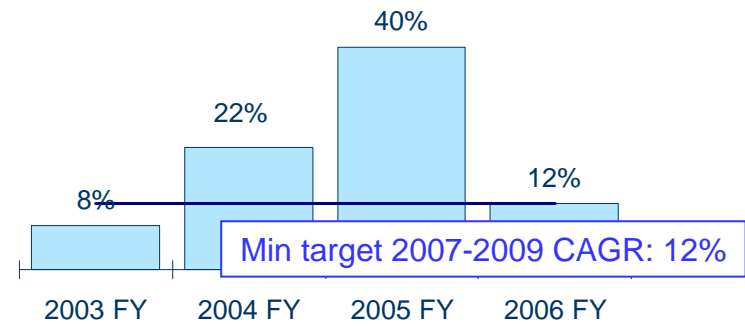


Mid-term financial targets

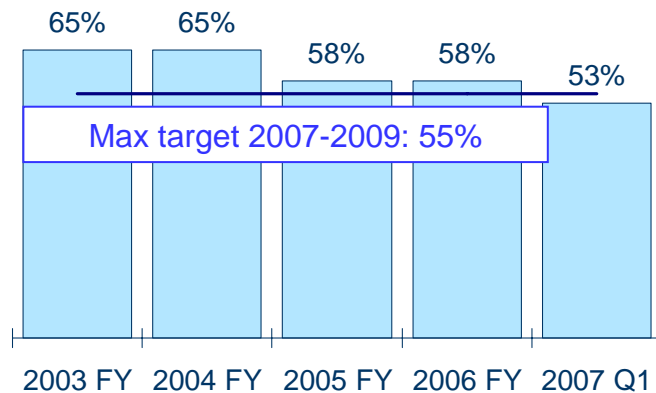
ROE



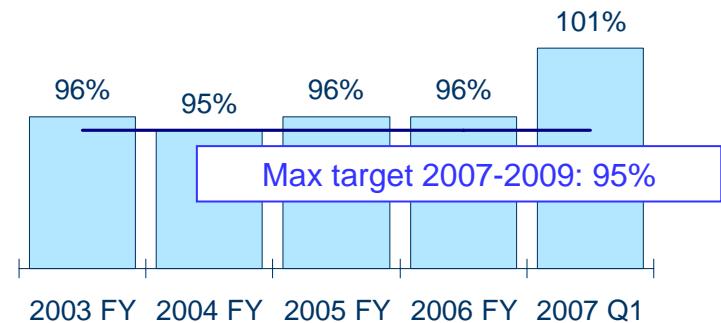
EPS growth y/y



Cost / income, banking



Combined ratio, non-life



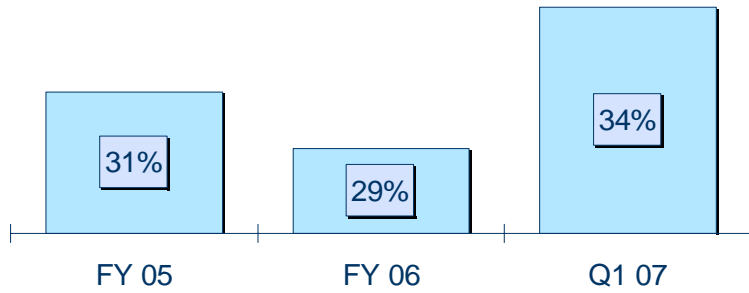
Targets 2007-09, set at the end of 2006 on the basis of 2006 underlying performance



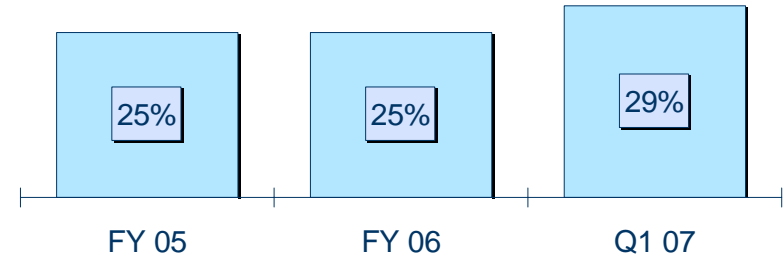
>25% return levels

Return on Allocated Capital

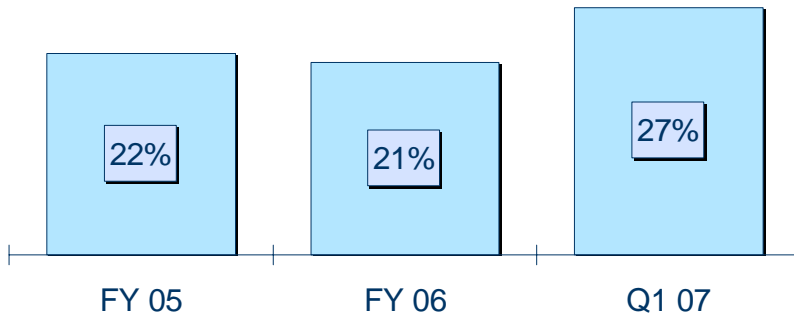
Belgium



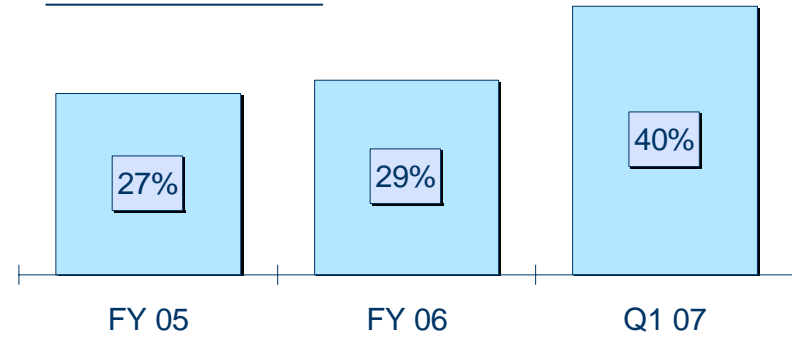
CEE



Merchant banking

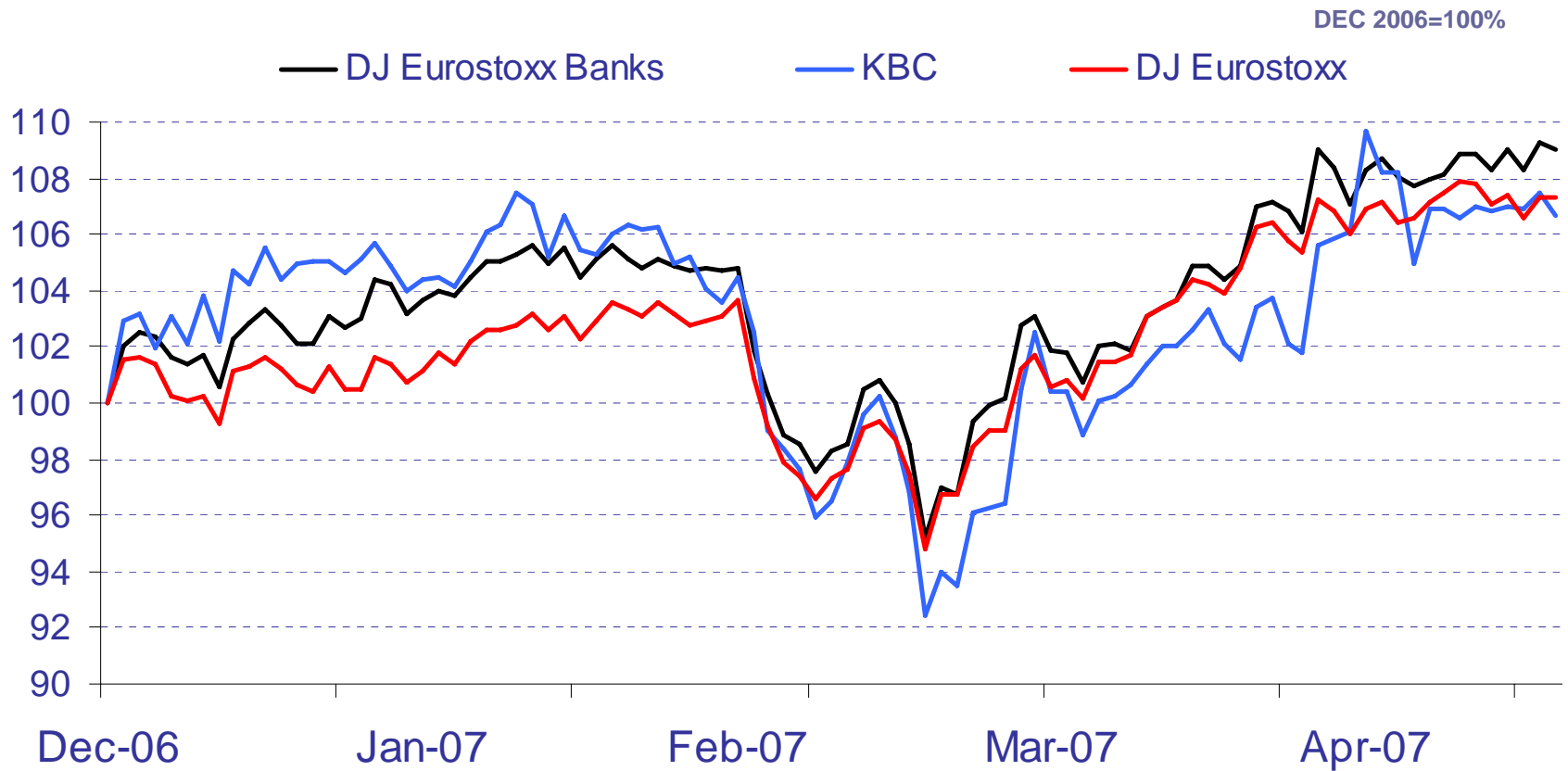


Private banking





Return track record





Current valuation

Key figures:

- Share price: 99.3 euros
- Net asset value: 47.7 euros
- Daily traded volume Q1 2007 : 73m euro

Analyst estimates:

- 2008 EPS consensus: 9.24 euros
- 2008 P/E: 11.65

Recommendations:

- Positive: 67%
- Neutral: 33%
- Negative: 0%

Valuation relative to peer group:

	P/E 2008
CEE banks ²	18.68
CEE-exposed banks ³	13.80
Euro-zone banks ⁴	12.52
KBC ¹	11.65
BEL banks ⁵	11.16

¹ Smart consensus collected by KBC (21 estimates)

Unweighted averages of Bloomberg data :

² OTP, Komercni, Pekao, BRE, RZB Int, BZ, Sberbank

³ Erste, Unicredit, Soc. Gen., Intese Sanpaolo


⁴ Top-20 DJ Euro Stoxx Banks

⁵ Fortis, Dexia

Analysts' opinions

Broker	Q1 07 underlying result	
	in m euros	% yoy
1	716	-16%
3	670	-14%
4	697	-10%
5	786	1%
7	764	-2%
8	763	-2%
9	722	-7%
10	787	1%
11	668	-14%
12	728	-6%
13	742	-4%
15	727	-6%
16	693	-11%
17	728	-6%
18	661	-15%
19	681	-12%
20	705	-9%
21	600	-23%
Smart consensus	713	-8%

Analysts' opinions (2)

Broker	Analyst	Phone	Rating	Target price	Upside potential
 ABN-AMRO	Ron Heydenrijk	+44 20 7678 0442	+	110	+11%
 BANK OF BELGIUM	Ivan Lathouders	+32 2 287 91 76	+	109	+9%
 CHEUVREUX	Change	+31 20 573 06 66	+	110	+11%
 Citigroup	Kiri Vijayarajah	+44 20 7986 4258	+	110	+11%
 CREDIT SUISSE	Ivan Vatchkov	+44 20 7888 0873	+	112	+13%
 Deutsche Bank	Gaelle Cibelly	+33 1 44 95 66 28	=	100	+1%
 EXANE	Patrick Leclerc	+33 1 42 99 25 12	+	105	+6%
 Fortis	Kurt Debaenst	+32 2 565 60 42	=	104	+5%
 FBK	Britta Schmidt	+44 20 7933 4392	=	101	+2%
 ING BANK	Alain Tchibozo	+33 1 56 39 32 84	+	109	+10%
 IXIS Securities	Christophe Ricetti	+33 1 58 55 05 22	+	107	+7%
 JPMorgan	Paul Formanko	+44 20 7325 6028	+	110	+11%
 KBW	Jean-Pierre Lambert	+44 20 7663 5292	=	105	+5%
 Kepler Equities	Albert Ploegh	+31 20 563 2382	+	116	+17%
 Merrill Lynch	Manus Costello	+44 20 7996 1953	=	102	+3%
 BB SECURITIES	Scander Bentchikou	+33 1 44 51 83 08	+	106	+7%
 Sal. Oppenheim	Thomas Stögner	+49 69 7134 5602	+	107	+8%
 PETERCAM	Ton Gietman	+31 20 573 54 63	=	102	+3%
 Nagtegaal	Thomas Nagtegaal	+31 20 460 48 28	+	111	+12%
 UBS Investment Bank	Simon Chiavarini	+44 20 7568 2131	+	115	+16%
 WestLB	Ralf Breuer	+49 211 826 4987	+	110	+11%
Situation as of 14 May 2007			Consensus	108	+8%

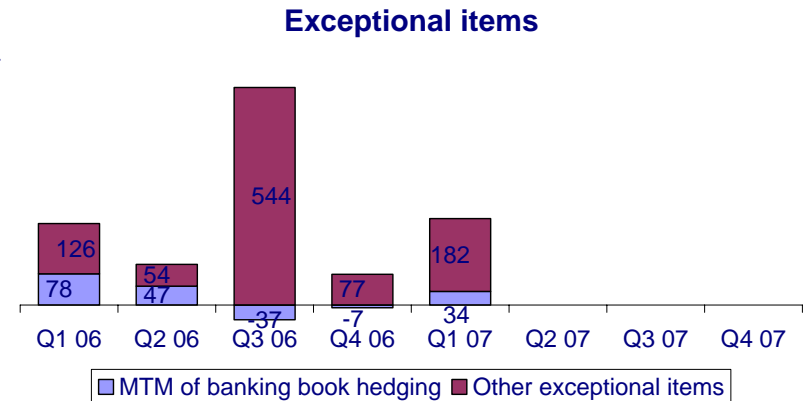
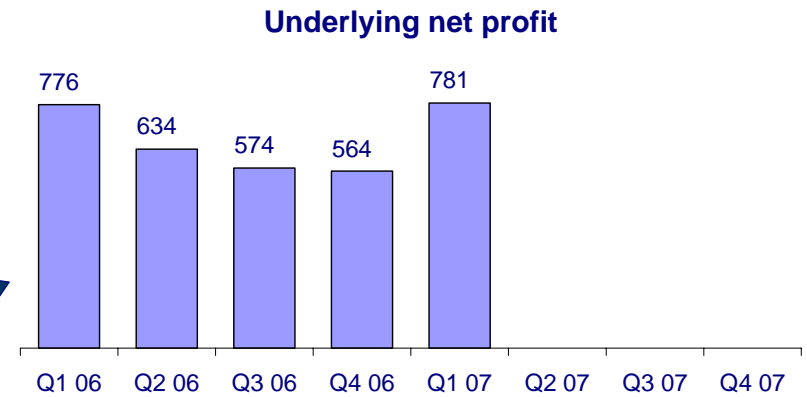
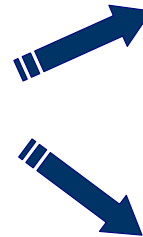
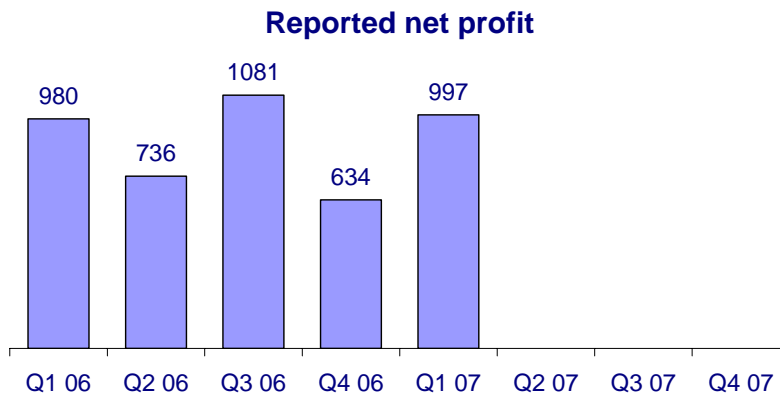


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Q1 2007
financial highlights



Quarter under review - Financial highlights



Note: All of the following slides of this presentation refer to underlying P&L figures



Quarter under review – Financial headlines

- Continued sound growth:
 - RWA up 4% q/q
 - AUM: up 4% q/q (of which 3 pp new inflows)
- NIM stable at 1.71%
- Favourable cost trend: -13% q/q and -2% y/y (on underlying basis)
- Sustained low level of loan loss charges: loan loss ratio: 8 bps
- Loan loss provisions in Hungary: 10m, significantly lower from the 53m-level of Q4 06
- Negative impact of winter storm Kyrill: 35m, net
- Return on equity of 21% (on underlying basis)
- Exceptional items: 216m, chiefly relates to the gain realised on *Intesa Sanpaolo* shares



Operating highlights

- A squeeze-out bid launched for the remaining minority interests in *CSOB Bank* (Czech Republic), representing a cash consideration of 0.2bn (completion expected by July 2007, at the latest)

- KBC made inroads into new CEE markets via the acquisition of majority stakes in:
 - Bulgaria: *DZI insurance*
 - Romania: *Romstal Leasing*
 - Serbia: *Senzal, Hipobroker, Bastion* (broker companies), *A Bank*
 - Russia: *Absolut Bank*Total consideration: 1.1bn (some closings still pending)

- As at 15 May, 2.2 million shares had already been bought back for an amount of 230m as part of the 2007-2009 3-billion-euro share repurchase programme.



2007 Q2 developments

- April was a good month
- Divestment from *Banco Fumagalli* (Italy) closed with a value gain of 14m
- Sale of share in Hungarian bank-card clearing house *GBC* expected to be completed later in Q2 with capital gains of about 25m
- KBC will publish its H1 07 results on 10 August at 7 a.m. CEST



Impact of Storm Kyrill

All figures are in m euros

	Gross technical charges	Ceded R/I	Tax	Net impact
Belgium	-35	0	12	-23
CEE	-12	1	2	-9
Merchant Banking	-7	3	2	-3
Total	-54	4	16	-35



Volumes

	Total loans	Of which mortgages	Customer deposits	Life reserves	AUM
Outstanding (in bn)	136	41	184	21	216
Growth, q/q	+2%	+3%	+2%	+1%	+4%
Belgium	+2%	+2%	-2%	+0%	+4%
CEE	+14%*	+5%	+7%	+1%	+7%
- CZ/Slovakia	+27%	+6%	+14%	-1%	+6%
- Hungary	-6%	+2%	-1%	+7%	+6%
- Poland	+6%	+13%	-2%	+10%	+8%
Merchant banking	+3%	-	+10%	-	-
Private banking	-	-	-	+3%	+1%

Note 1 : excl. *Banco Urquijo* from European Private Banking

Note 2 : trends for individual CEE countries in local currency

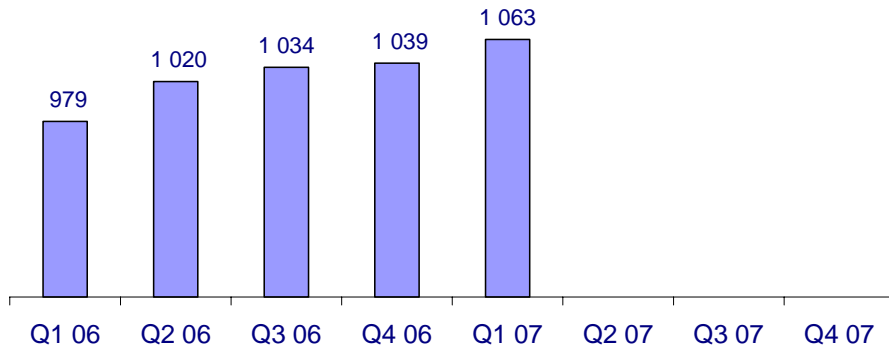
* Underpinned by increased institutional activity



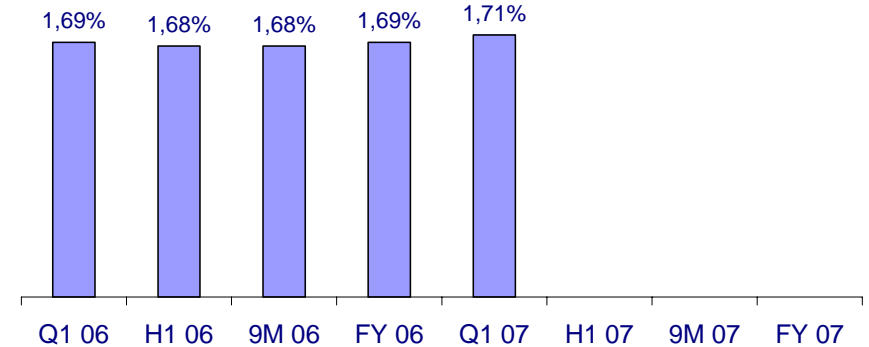
Revenue trend

NII

in m euros

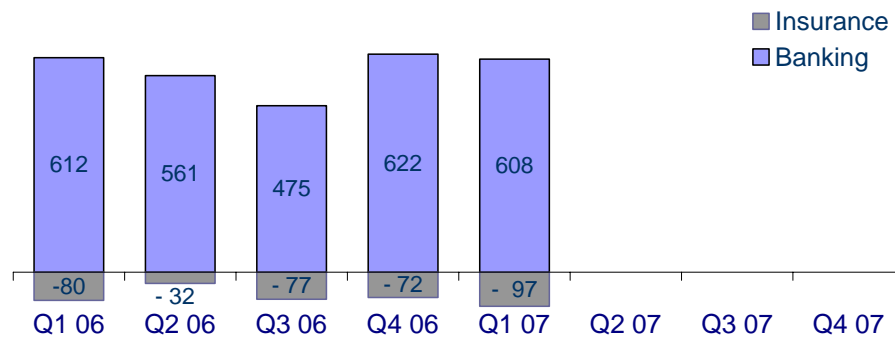


NIM*



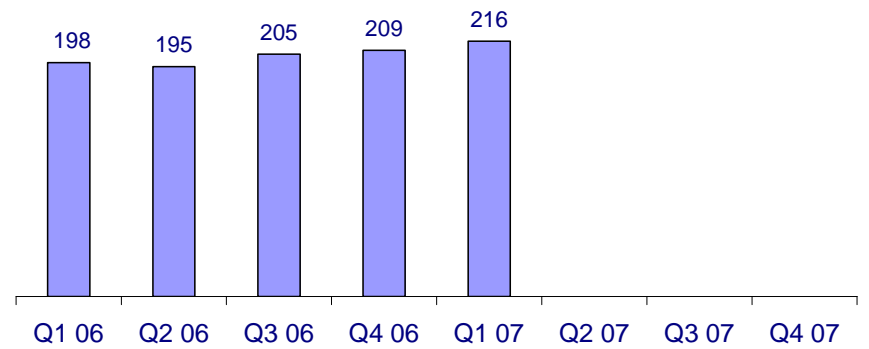
F&C

in m euros



AUM

in bn euros



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



Revenue trend

NII:

- Solid volume growth in CEE (RWA up y/y 30%) and in Merchant Banking (RWA up y/y 19%)
- NIM (excluding reverse repo activity) stood at 1.71%, up slightly from 1.69% y/y
- NII increased 2% to 1 063m q/q, up 9% y/y

F&C:

- F&C dropped 7% q/q due to the seasonal higher insurance commissions paid for non-life insurance distribution and lower fees in corporate banking area
- AUM increased by 4% q/q to 216bn
- Tax-driven slowdown in sales of unit-linked products in Belgium. Total fees on unit-linked products were 10m in Q1 2007 vs 28m in Q1 06



NII Impact of Share Buy Back

The share buy back programme (deployment of excess capital) had a negative impact on NII:

Impact on business unit level, Q1 07 in m euros (pre-tax)

Business Unit	Belgium	CEE	Merchant Banking	Private Banking	Group Centre	Total
	-9	-2	-9	0	9	-11

Impact on consolidated level, 2006-2008 in m euros (pre-tax)

2006	-14
2007	-56
2008	-100

Negative NII-impact more than offset by EPS-enhancing on consolidated level

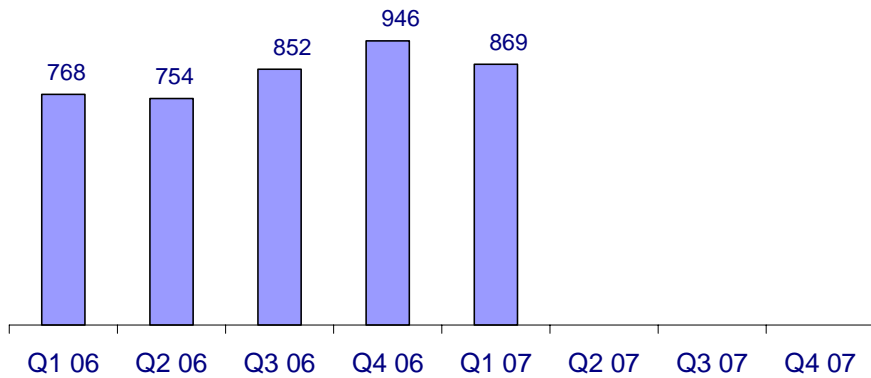
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Revenue trend

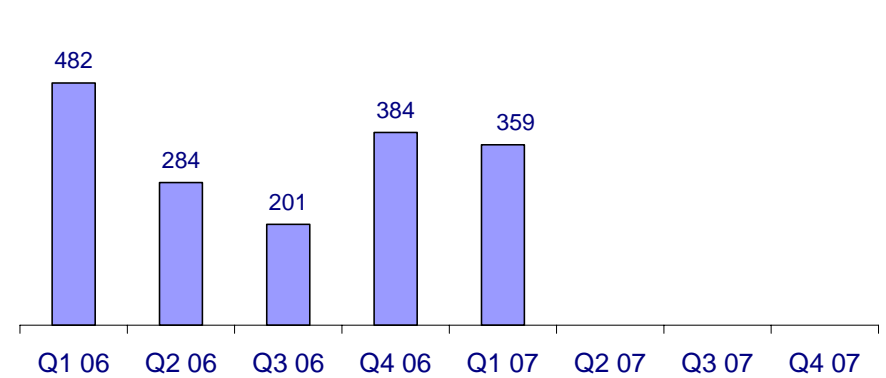
Premium income

in m euros



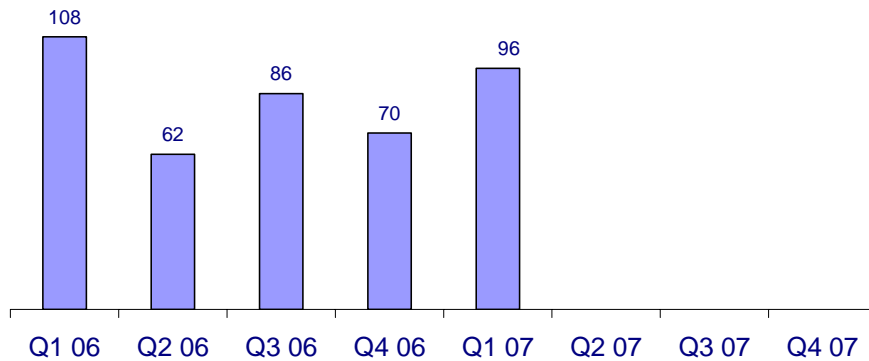
Trading income

in m euros



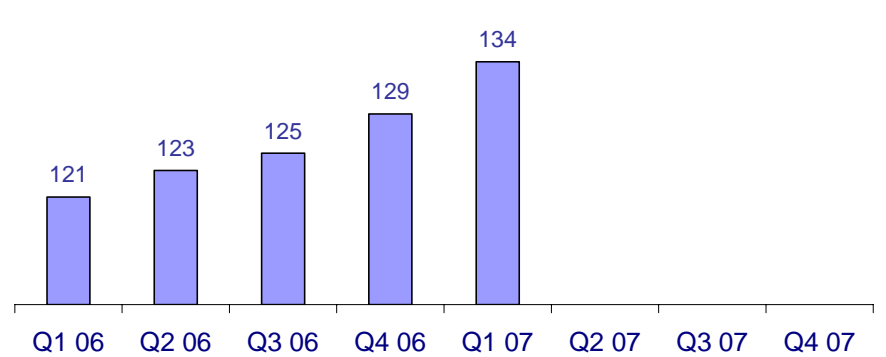
Realized gains from AFS assets

in m euros



RWA

in bn euros





Revenue trend

Premium income:

- Non-life premium income (440m) in line with 2006 quarterly average
- Total life sales: 720m, of which 44% accounted for unit-linked products. Life sales decreased in Belgium due to the less favourable tax environment
- Reminder: Premium income in the life business does not include certain forms of life products, such as most unit-linked products

Gains:

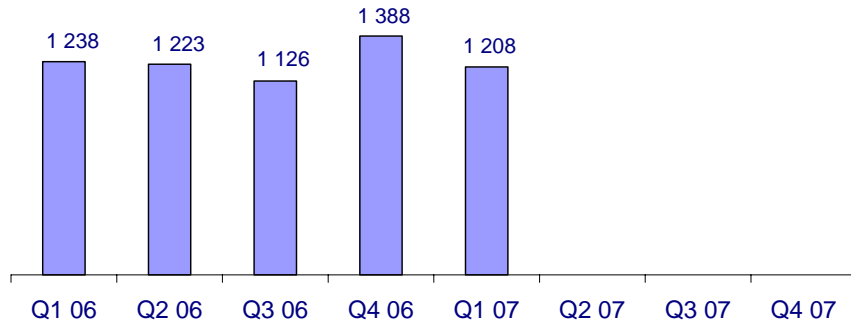
- Trading income (“FV gains”) amounted to 359m, down 6% q/q, but remained solid
- AFS gains of 96m slightly higher than the quarterly average (82m)



Operating expenses

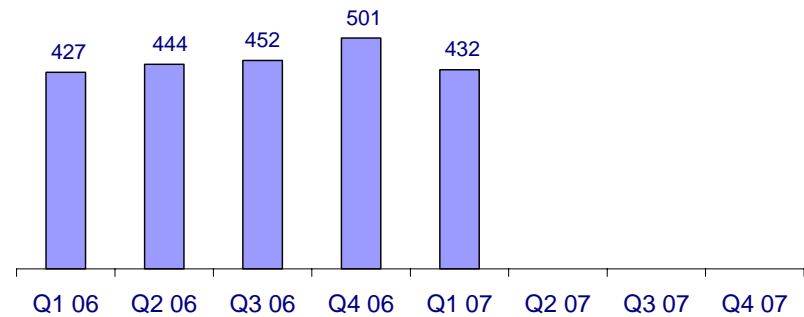
Operating expenses, consolidated

in m euros



Operating expenses, Belgium

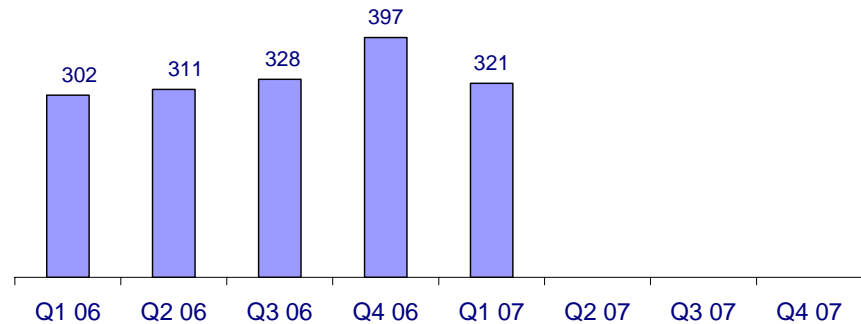
in m euros



C/I, banking	FY 05	FY 06	Q1 07
Belgium	55%	58%	50%
CR/SR	60%	57%	52%
Hungary	70%	63%	63%
Poland	78%	72%	67%
Private banking	72%	73%	65%
Merchant banking	48%	50%	46%
Total	58%	58%	53%

Operating expenses, CEE

in m euros





Operating expenses

- q/q evolution:
 - Operating expenses down 13% q/q in line with seasonal cost patterns
 - Q4 06 also included one-off expenses related chiefly to the squeeze-outs in CEE (Cost level in CEE down 19% q/q)

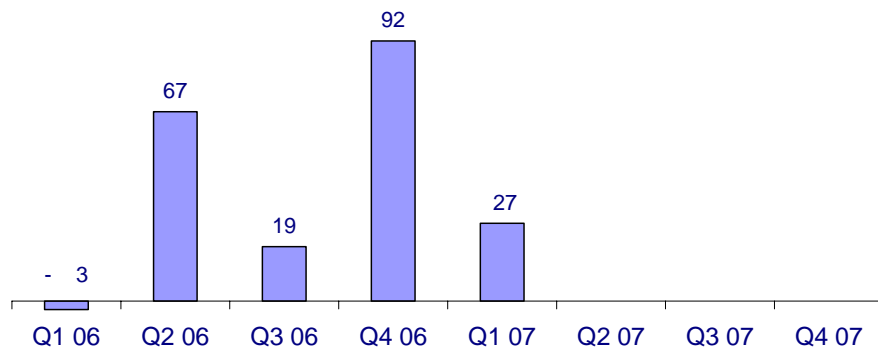
- y/y developments:
 - Organic cost growth y/y 1% in Belgium, 6% in CEE and 2% in Private Banking
 - Expenses dropped 4% in Merchant Banking



Impairment

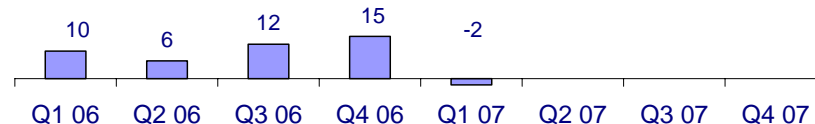
Impairment, consolidated

in m euros



Impairment, Belgium

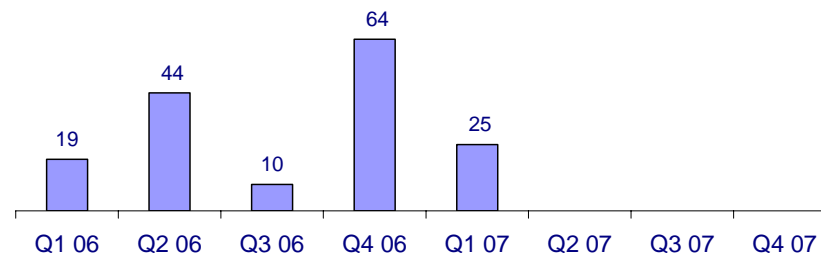
in m euros



Loan loss ratio	FY 05	FY 06	Q1 07
Belgium	0.00%	0.07%	0.00%
CR/Slovakia	0.40%	0.36%	0.29%
Hungary	0.69%	1.50%	0.50%
Poland	0.00%	0.00%	0.08%
Merchant banking	0.00%	0.00%	0.06%
Total	0.01%	0.13%	0.08%

Impairment, CEE

in m euros

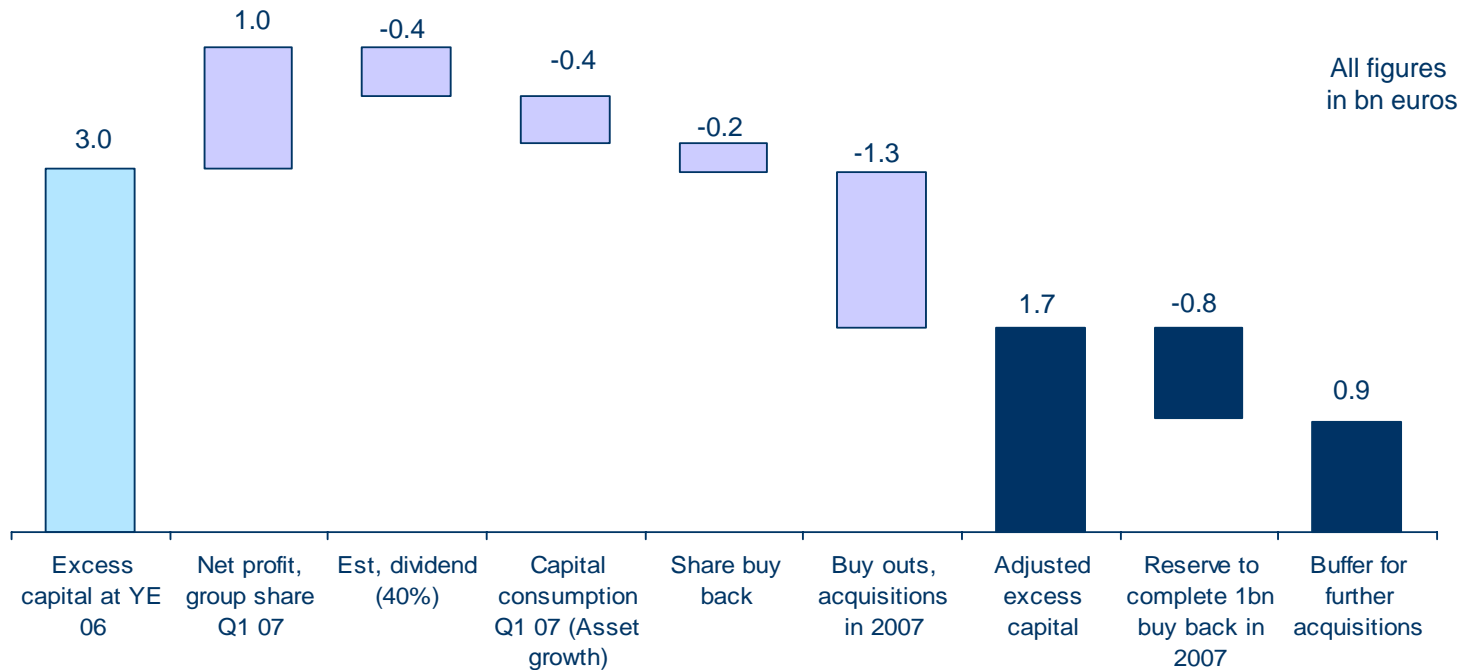




Impairment

- Q1 07 total impairment: 27m, of which impairment on loans: 25m
- LLR 8 bps on Group level: very low
- The overall loan quality remains sound. NPL ratio stood at 1.5%, slightly down from the year-end level (1.6%)
- Cover ratio at 105%, up from 100% in Q4 06
- Loan impairment in Hungary fell to 10 million in Q1 2007, corresponding to a LLR of 50 bps

Capital situation



Taken into account 1.3bn spent for acquisitions in 2007 and 0.8bn reserve to complete share buy back in 2007, the buffer for further acquisitions amounted to 0.9bn



Performance per business unit

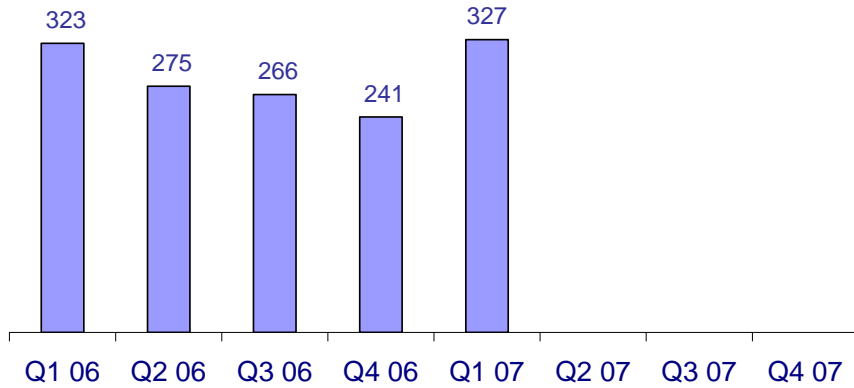




Business Unit Belgium (1)

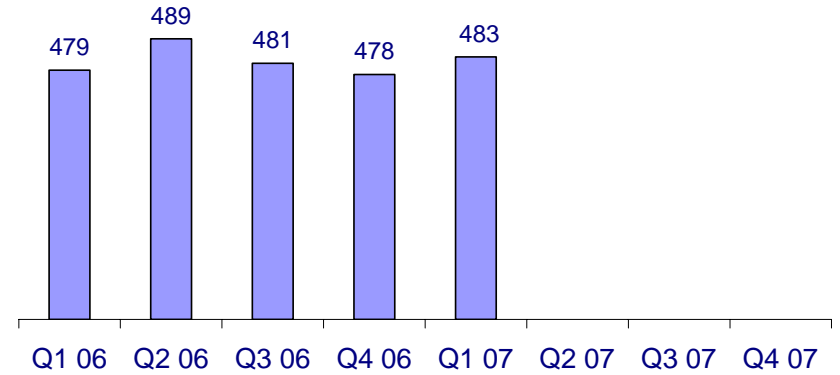
Net profit

in m euros



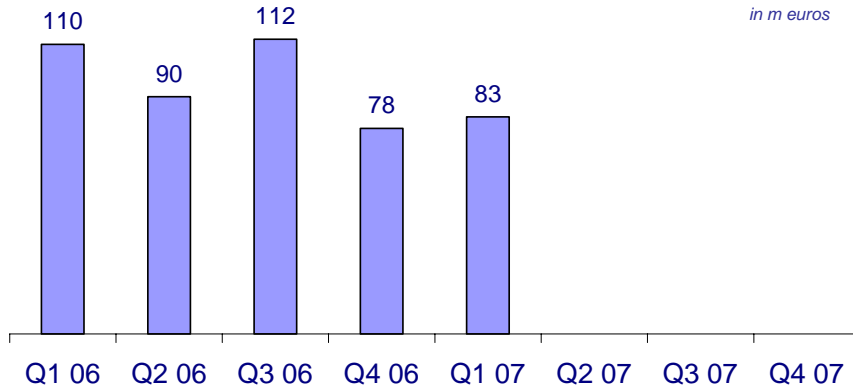
NII

in m euros

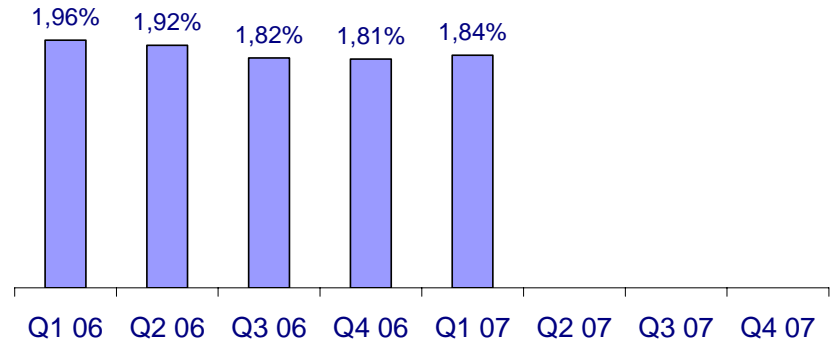


Insurance result

in m euros



NIM





Business Unit Belgium (2)

- Q1 07 underlying net profit: 327m – the highest ever
- ROAC:34%

- NIM widened by 3 bps to 1.84%, loan volumes up 2%
- NII growth restricted to 1% q/q due to the upstreaming of capital from Belgium to group's parent company

- Gross earned premiums, insurance activities down 8% q/q, but higher than 2006 quarterly average
- Life growth has slowed down, due to changes in tax treatment

- Net combined ratio of the non-life business up to 102% due to net negative impact of Kyrill storm (23m)

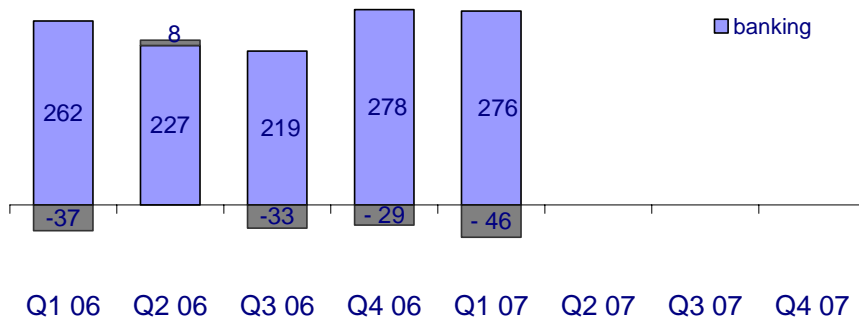


Business Unit Belgium (3)

F&C

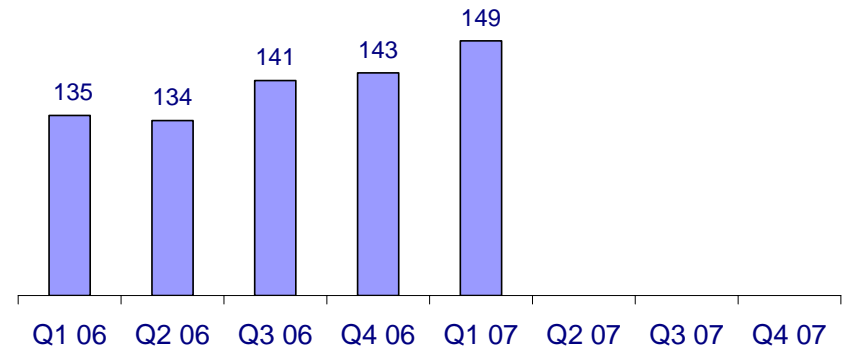
in m euros

■ insurance
■ banking



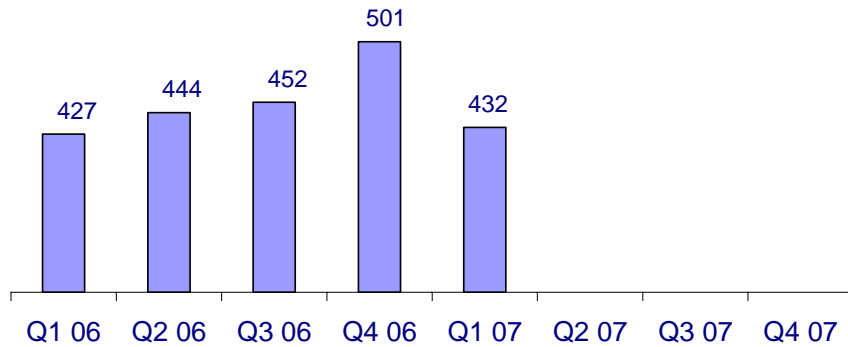
AUM

in bn euros



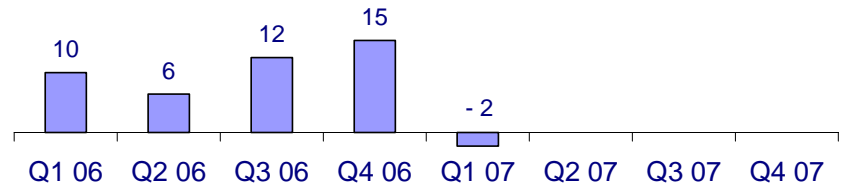
Operating expenses

in m euros



Impairment

in m euros





Business Unit Belgium (4)

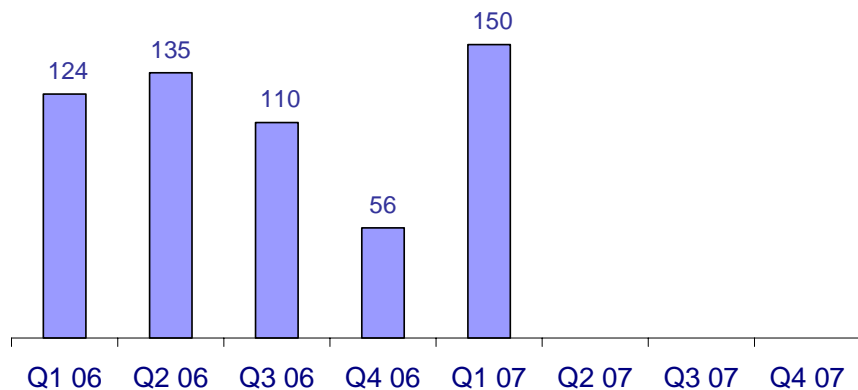
- F&C down 8% q/q after a rather strong previous quarter due to seasonal patterns in non-life insurance
- AUM up 11% y/y, 4% q/q in spite of the less attractive equity market climate
- F&C up 2% y/y, impacted by the tax-driven slowdown of unit-linked life products
- AFS realised gains amounted to 68m, slightly higher than the 2006 quarter average (62m), related to the active management of the equity portfolio of the insurance business
- Operating expenses (432 m) were significantly lower q/q as expected, underlying C/I ratio at 50% (58% in FY 06)
- No net impairment of assets was recorded



Business Unit Central & Eastern Europe

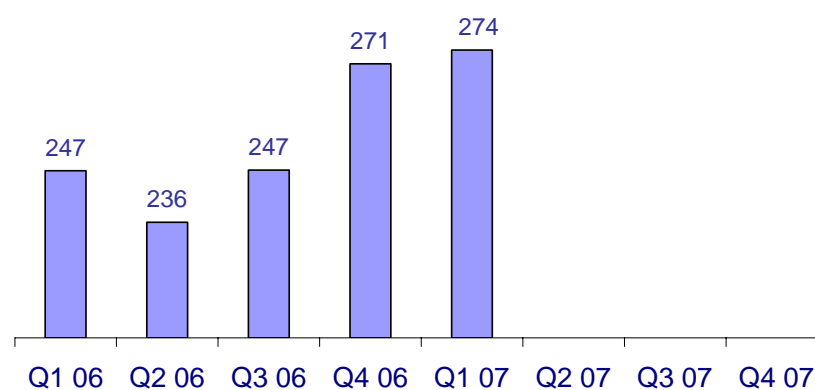
Net profit

in m euros



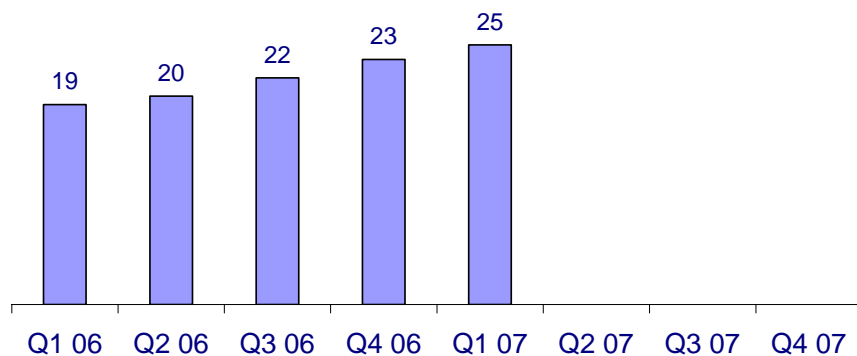
NII

in m euros

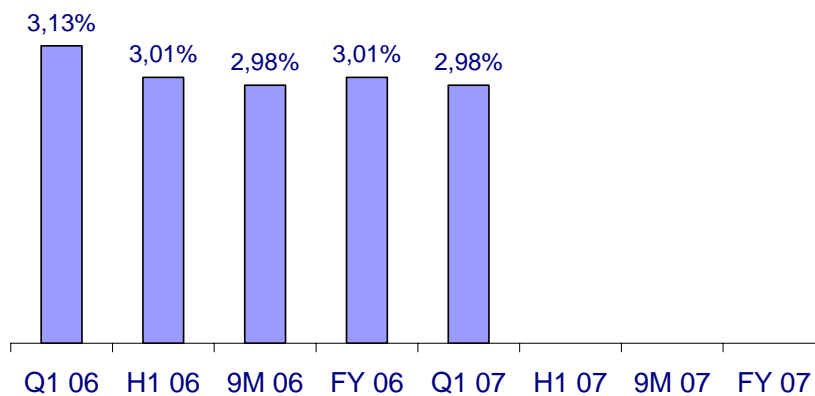


RWA

in bn euros



NIM





Business Unit Central & Eastern Europe (2)

- Underlying net profit: 150m up 21% y/y
 - Czech and Slovak Republics: 104m
 - Hungary: 30m
 - Poland: 19m
- For the region as a whole, insurance companies contributed 23m to net profit
- ROAC: 29%
- Robust loan growth: total loans up 14% q/q, although loans to customers grew by healthy 3.5%
- Mortgages up 5% q/q, Customer deposits up 7% q/q
- NII up by 1% q/q and up 11% y/y, NIM down 15 bps y/y
- Normalised cost and much lower loan impairment levels

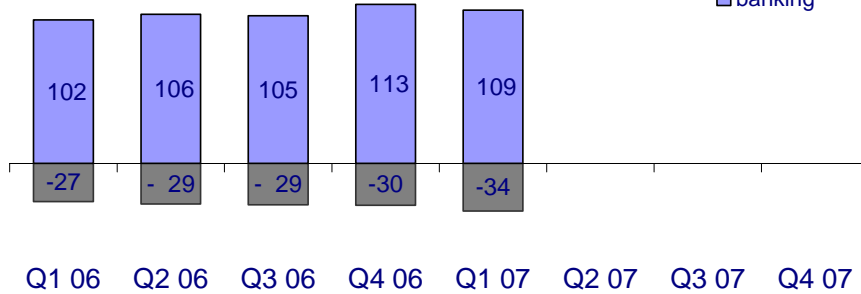


Business Unit Central & Eastern Europe (3)

F&C

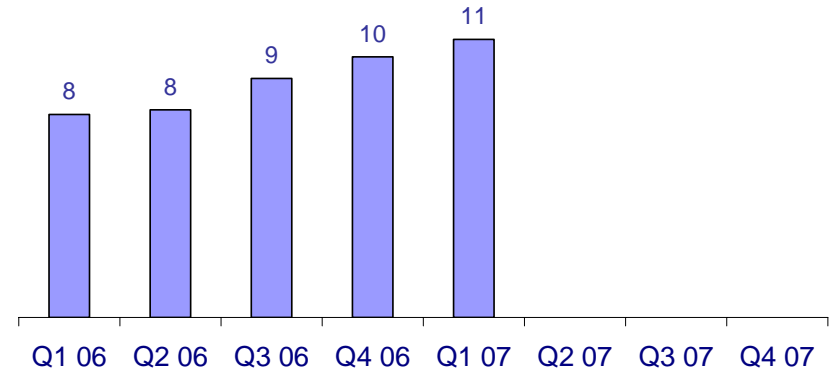
in m euros

■ insurance
■ banking



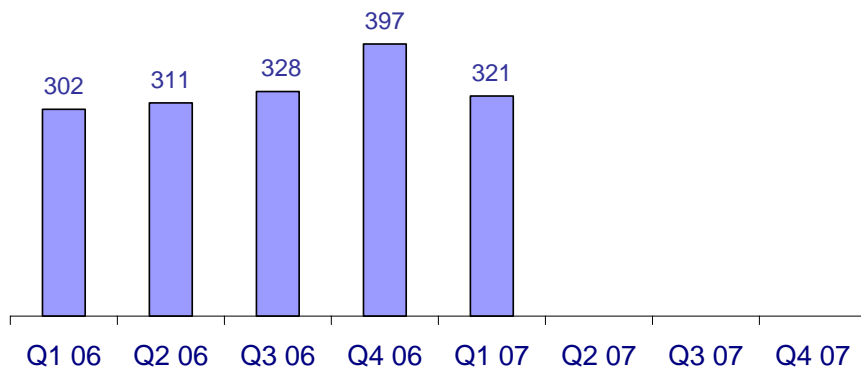
AUM

in bn euros



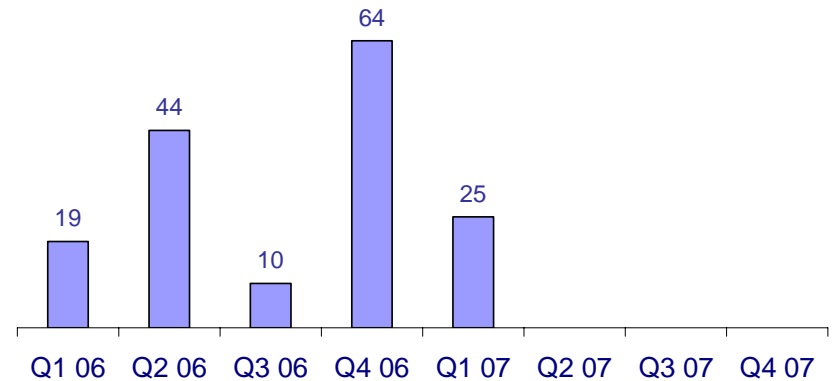
Operating expenses

in m euros



Impairment

in m euros





Business Unit Central & Eastern Europe (4)

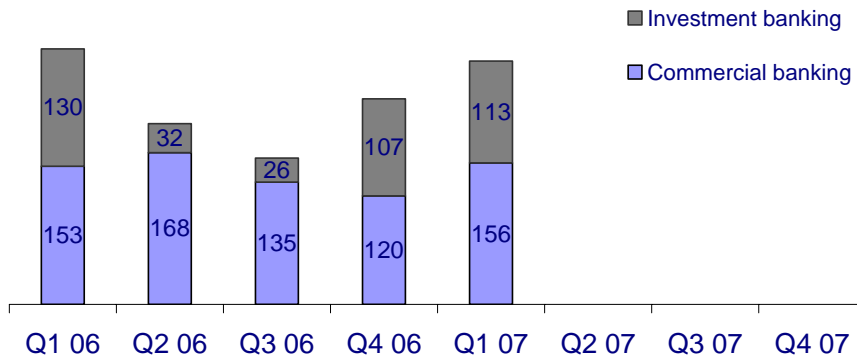
- F&C down 10% q/q, stable y/y as the balance of rising F&C received for banking and AM products, offset by increasing commissions paid in insurance
- AUM at 11bn, up 7% q/q and 37% y/y
- Operating expenses at 321m, up 6% y/y, down 19% from the previous quarter, which was adversely impacted by seasonal expenditures and some one-off cost items
- C/I ratio down to 62%
- Loan impairment amounted to 22m, significantly down q/q
- In Hungary, loan impairment fell to a lower level of 10m, corresponding to a LLR of 50 bps. For the time being we prefer to remain cautious
- LLR 29 bps in Czech and Slovak Republics (36 bps in 2006 FY) and 8 bps in Poland (nil in 2006)



Business Unit Merchant Banking

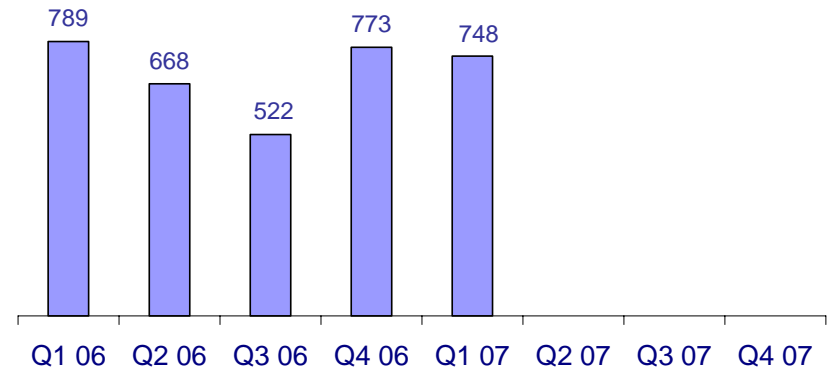
Net profit

in m euros



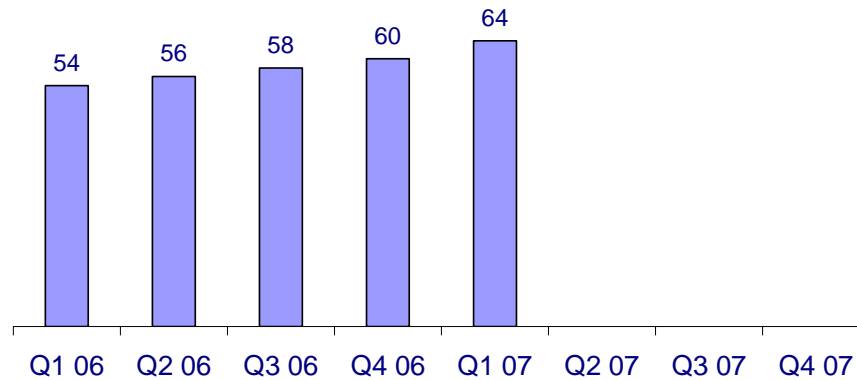
Gross Income

in m euros



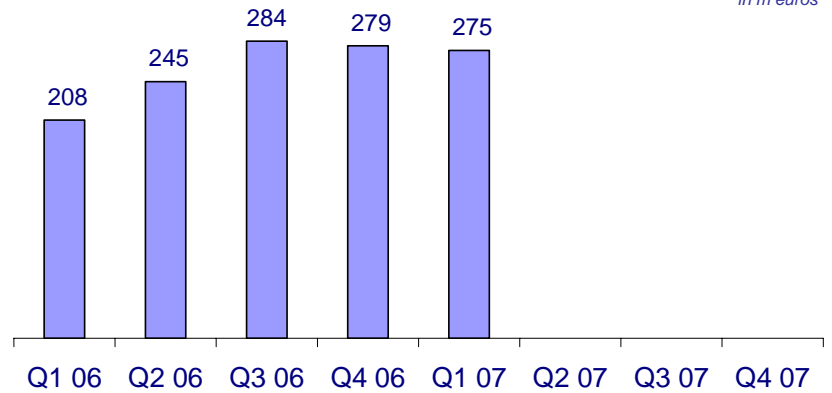
RWA

in bn euros



NII (Commercial banking)

in m euros





Business Unit Merchant Banking (2)

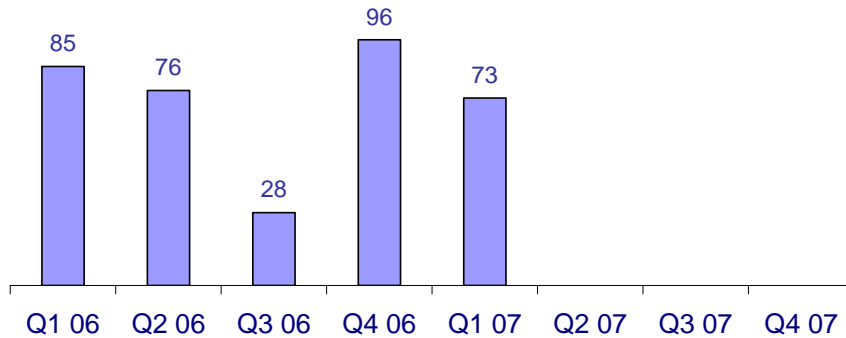
- Underlying profit: 269m (up 19% q/q), of which:
 - commercial banking: 156m,
 - investment banking: 113m
- Return on allocated capital 27%
- NII stable q/q due to the upstreaming of dividends to the Group Centre used *inter alia* for share buybacks
- NII up 32% y/y on the back of 19% RWA growth (15% for commercial banking)



Business Unit Merchant Banking (3)

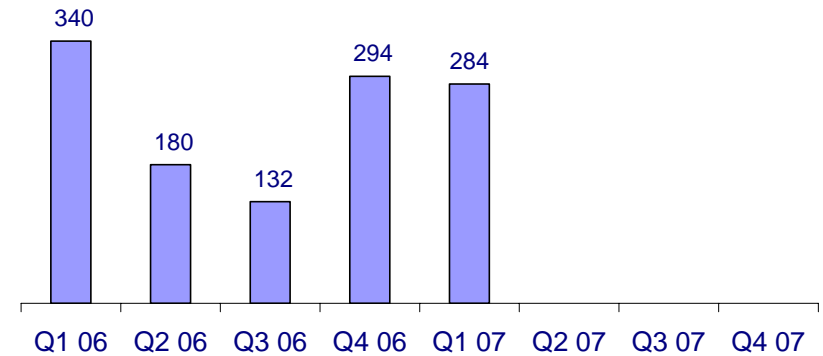
F&C

in m euros



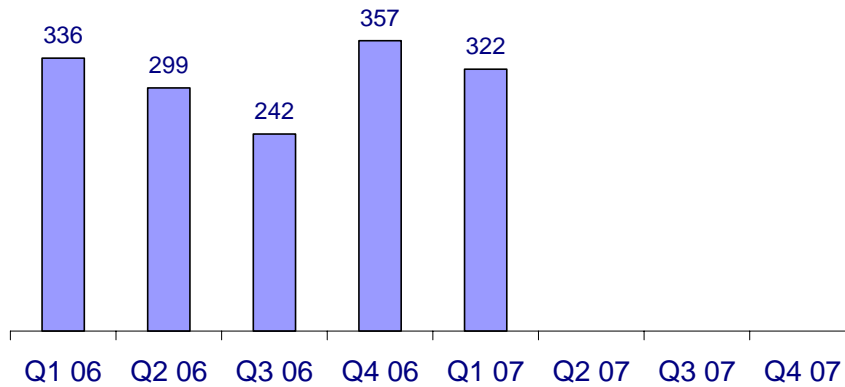
Trading result (Investment banking)

in m euros



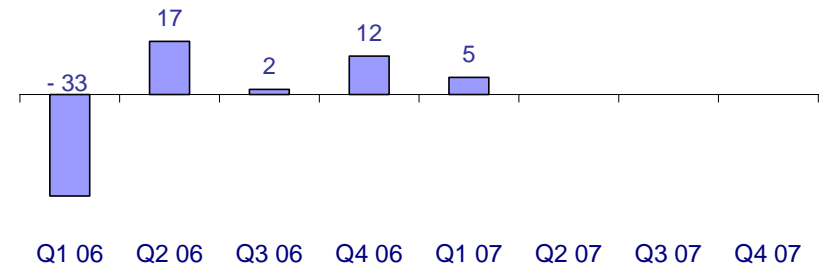
Operating expenses

in m euros



Impairment

in m euros





Business Unit Merchant Banking (4)

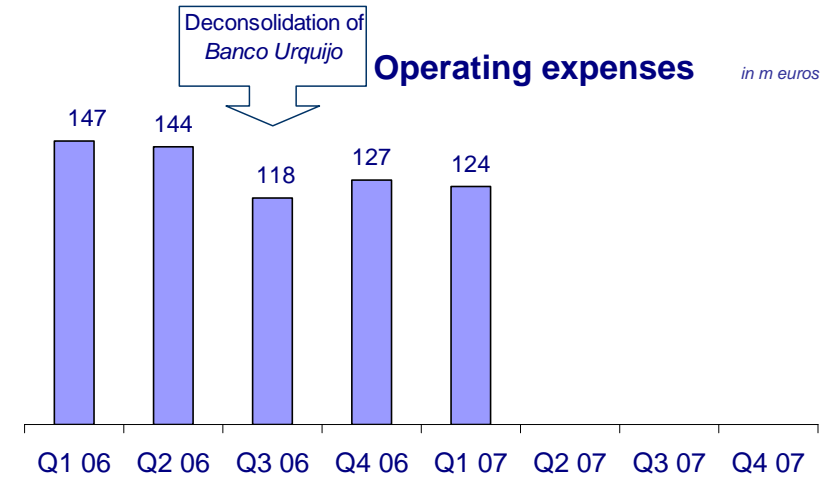
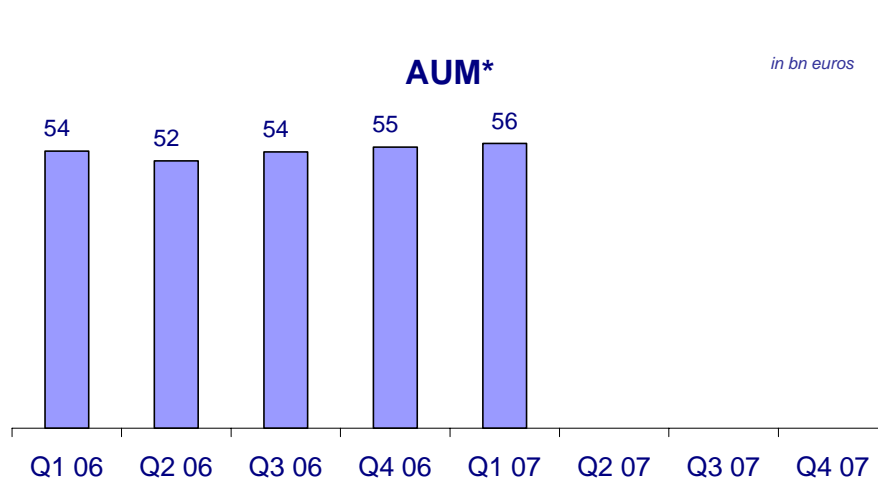
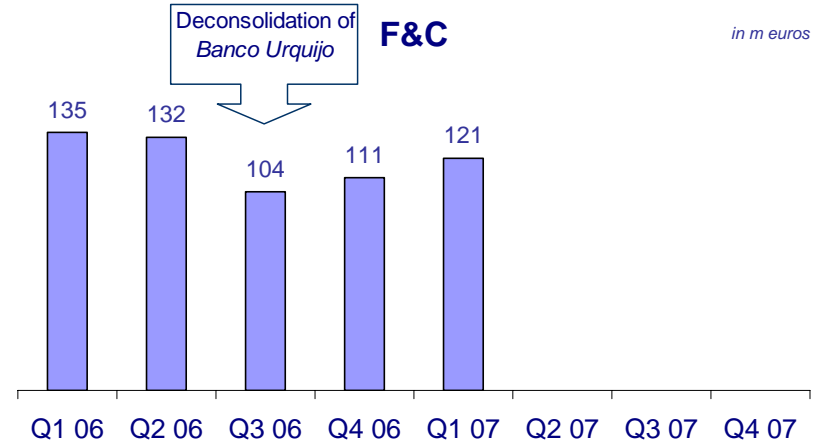
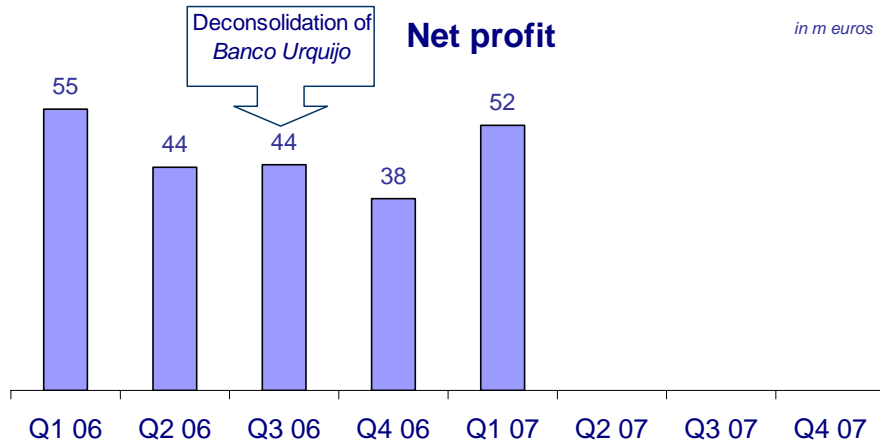
- “F&C income” and “other net income” together: 107m, somewhat higher than 2006 quarterly average (97m)
- FV gains totalled 284m, 18% higher than 2006 quarterly average (236m)
- Total income came to 748m, down 3% q/q and 5% y/y

- Operating expenses (322m) down 4% y/y chiefly due to lower revenue generated in capital markets. Cost level down 10% compared to Q4 06, which was impacted by expense provisions for commercial litigation (21m)

- Impairment limited to a mere 5m versus the net retrieval of 33m in Q1 06
- LLR: 6 bps



Business Unit Private Banking

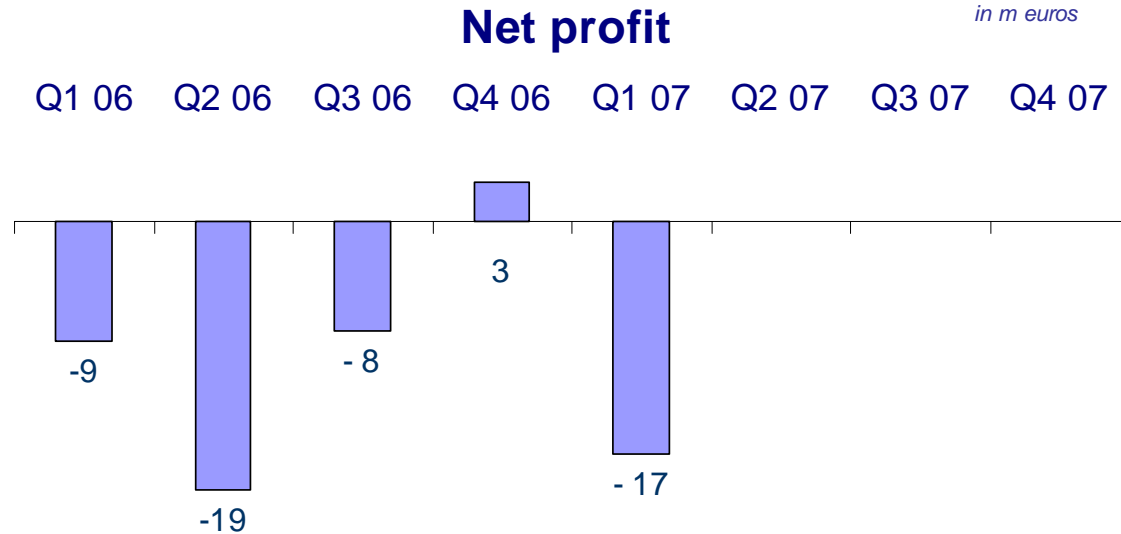


* Banco Urquijo excluded



Business Unit Private Banking (2)

- Underlying profit: 52m, up 37% q/q, but down 5% y/y due to the gradually downscaled non-core activities and deconsolidation of *Banco Urquijo*
- AUM up 11% y/y, 1% q/q to 56bn, reflecting to a strong increase in onshore private banking and decrease in low-yielding assets
- F&C income up to 121 million +9% q/q. F&C dropped 10% y/y, due to the deconsolidation of *Banco Urquijo* amongst others
- Operating expenses down 2% q/q. Organic cost growth +2% y/y. C/I ratio stood at 65% (73% FY 06)



- Underlying net result: -17m, of which the holding company accounted for -14m (mainly entails taxes paid on intra-group dividend upstreaming)
- Q4 06 benefited from the settlement of tax-related receivables (+30m impact)
- Remark: in Q1 07, 196m net gains realized on *Intesa Sanpaolo* shares in Group Centre (excluded from underlying profit figure)



Wrap Up

- Solid business growth in most areas
- Favourable cost trend
- Sustained low level of loan loss charges
- Significantly lower level of loan loss provisions in Hungary
- Negative impact of winter storm Kyrill
- Further delivery on strategic promises: investing in CEE growth markets and share buyback
- Good start to Q2 2007