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Excellence in group-wide operations: “Going for gold with technology”

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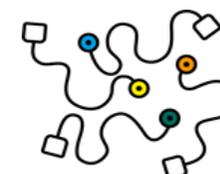
**Excellence
goes beyond
numbers**

KBC Investor Lunch Meeting - London, 7 December 2007

- ✓ Education:
 - Masters degrees in Mathematical-Sciences, University of Ghent (Belgium) and Actuarial Sciences, University of Leuven (Belgium)
 - Post-graduate Management Program, Vlerick Leuven Gent Management School (Belgium)
- ✓ Previous positions:
 - 1974 PR - Phenix Belge, Brussels - Actuary, Life insurance
 - 1975 Royale Belge, Brussels - various positions, mainly in the area of Life insurance
 - 1992 Royale Belge (subsequently AXA Belgium) - member of the Executive Committee overseeing insurance for private persons
 - 1998 KBC, Leuven (Belgium) – Senior General Manager, IT and Insurance organisation
 - 2001 KBC, Brussels - Managing Director, Member of the Executive Committee in charge of the Life business and Insurance operations in CEE
- ✓ Present position:
 - ✓ 2006 Member of the Executive Committee & Chief Operations Officer / COO, Shared Services & Operations

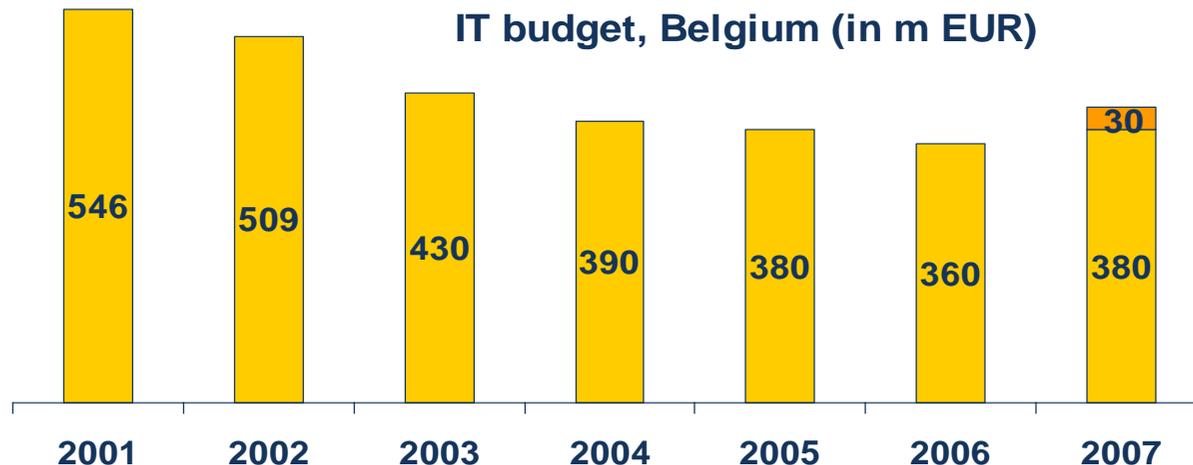
Today's messages

- ✓ KBC's IT competences are best in class amongst its peers. It has served as a cornerstone for the improvement in efficiency levels and for the excellent execution of KBC's bancassurance strategy
- ✓ KBC's next step is to leverage its IT capabilities across Central and Eastern Europe. The shared service approach (i.e. integration of CEE businesses onto a group-wide IT platform) will generate further mid-term efficiency gains and support further business expansion



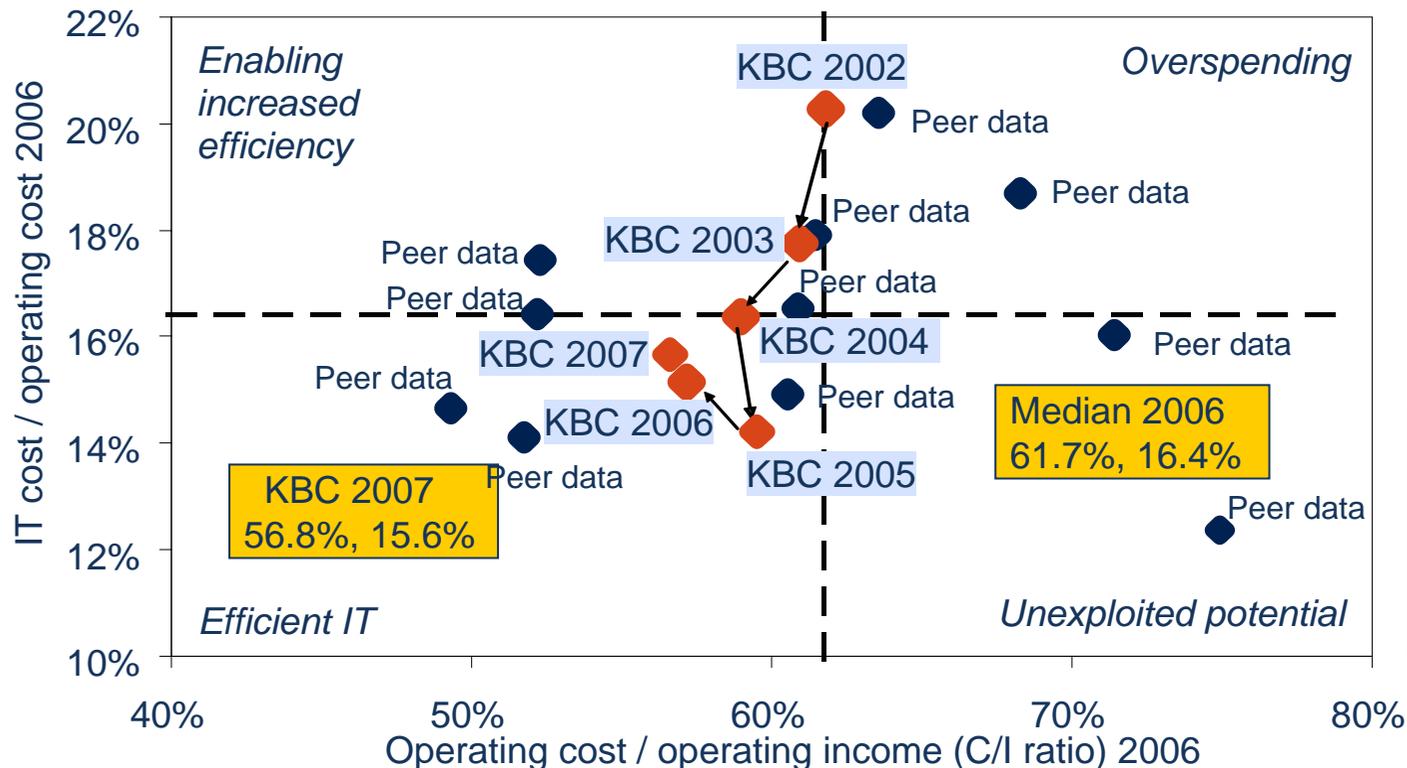
Group ICT

- ✓ In the first half of this decade, a major technology overhaul was made in Belgium:
 - ✓ Belgian group companies joined the shared services model
 - ✓ Nearly all redundancy and legacy were removed
 - ✓ A major step was made towards 'state-of-the-art' (web-based) technology in order to support our multi-channel bancassurance approach
- ✓ As a result, IT costs in Belgium dropped 34% in the 2001-2006 period



The budget applies to the Belgium BU, most of the Belgian entities of the Merchant Banking BU and the Group Center. The 2007 budget amounted to 410m euros, of which 30m for new projects having a cross-border scope

- ✓ IT efficiency at KBC (Belgium) is positioned at 'best practice' level compared with its peers (cost advantage over peer median estimated at 40m euros per year)

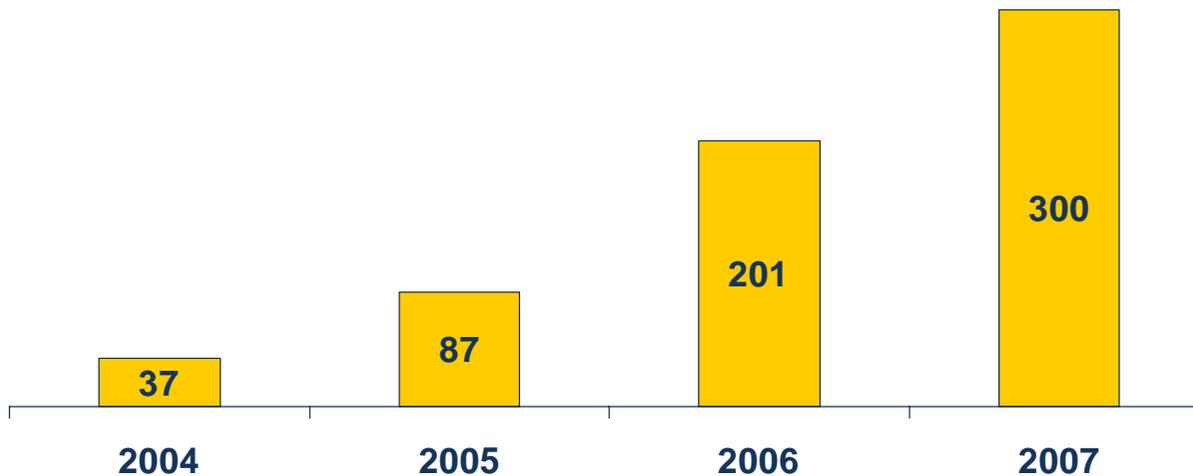


Benchmark performed by Datamonitor – scope KBC: banking in Belgium (incl. Belgium BU, most of the Belgian activities of Merchant Banking BU and the Group Center)

Benchmark peer group: ABN Amro, Bank of Ireland, BNP Paribas, Danske bank, Fortis, HSBC, ING, Lloyds TSB, Nordea, Rabobank, Societe Generale

- ✓ Part of the efficiency gain was generated by relocation of IT tasks
- ✓ KBC has set up a fully-owned offshore IT development centre in India, combining high-level Indian IT skills with market flexibility and attractive cost levels

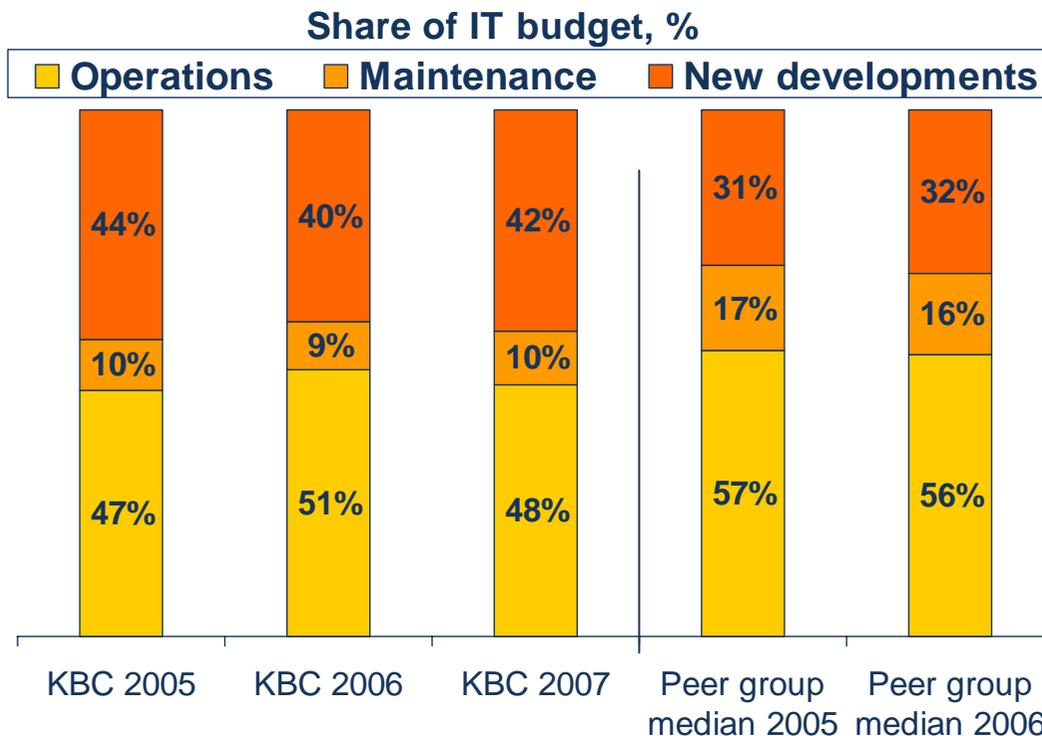
Offshore IT development, FTE



Source: KBC Data

Business case:
100 FTE
=
10m euros in annual
cost savings

- ✓ Compared to peers, KBC spends a smaller portion of its Belgian IT budget on Operations & Maintenance and more on New Developments (42% vs. 32% on average)
- ✓ As such, IT has shown to be highly effective for supporting business expansion

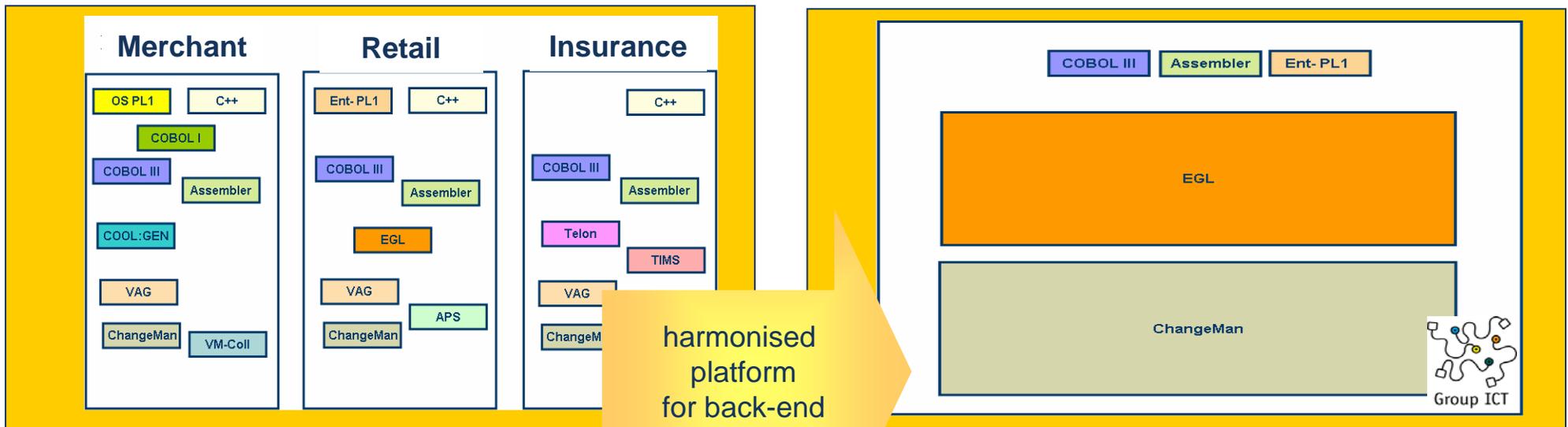


less to 'run the company'
=
more to 'expand the company'

Median figures may not add up to 100%. Averages shown are median values for each segment across the peer group, rather than values from an overall median peer

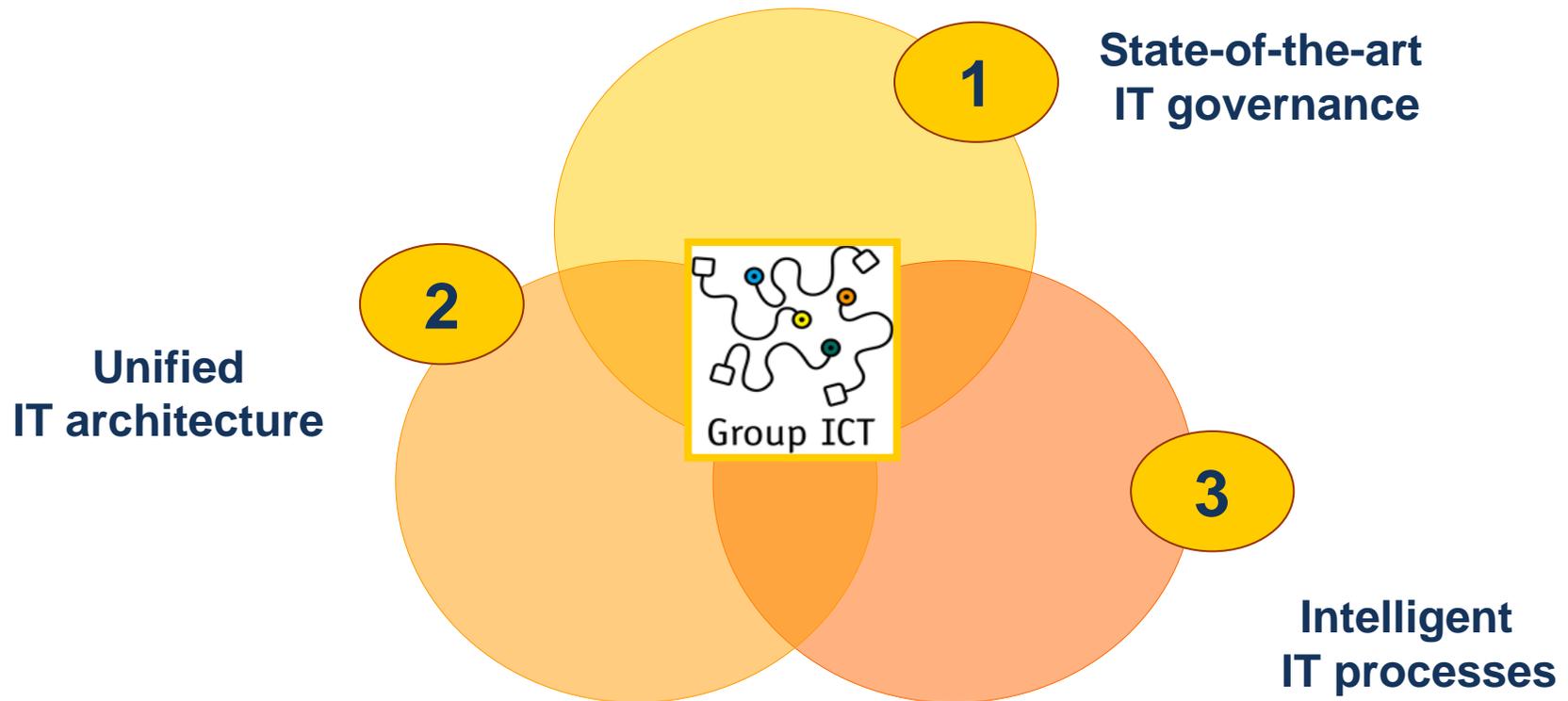
Source: Datamonitor

- ✓ KBC is in the process of further streamlining its IT platform (i.e. aligning and optimising technical solutions) to prepare for effective cross-border use:
 - ✓ State-of-the-art technology
 - ✓ Multi-business, multi-country, multi-company, multilingual
 - ✓ Basel II operational risk-compliant



- ✓ Main objective is to raise technology in CEE to the same performance levels as achieved in Belgium
- ✓ In 2006, it was decided to 'migrate' IT in CEE-4 to a shared cross-border IT platform, and a group-wide IT governance model was put into place. Multi-year convergence projects were started and reached cruising speed in the course of 2007
- ✓ 2008 budget total: 800m euros, of which 300m euros in CEE-4 (headcount involved: 3 600 FTE, of which 1 350 in CEE-4)
- ✓ We believe an application re-use rate of >70% in CEE is achievable
- ✓ We believe our capacity to invest and our vision on technology trends will enable us to speed up IT convergence. Moreover, all savings on operating costs will be reinvested to accelerate our speed of integration
- ✓ We are currently reviewing scenarios for further speeding up of the convergence process

The 2008 IT budget equals 800m. Compared to 2007, the budget includes various scope expansions, FX translation changes and new activities. The budget scope includes the Belgium BU, the activities in CEE-4, the Belgian Merchant banking activities and the Group Center. The scope covers ca. 75% of group activities (excluded are most of international Merchant banking, European Private banking and recently acquired CEE activities)



1. State-of-the-art IT governance

- ✓ Clear responsibilities between IT and business
- ✓ Ranking of IT-proposals (other than legal requirements) based on economic value-added
- ✓ Strict budget control

2. Unified IT architecture

- ✓ Group-wide view, comprehensive business scope
- ✓ Alignment IT applications portfolio to achieve scale benefits

3. Intelligent IT processes

- ✓ Planning, risk, security, development, change
- ✓ Building global IT service centres and local delivery units

IT Processes

IT Governance

IT shared services

Efficiency

Effectiveness

Globalisation

Going for gold with technology



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