KBC Group

Company presentation
Spring 2008

Web site: www.kbc.com

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

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- By reading this presentation, each investor is deemed to represent that it possesses sufficient expertise to understand the risks involved.

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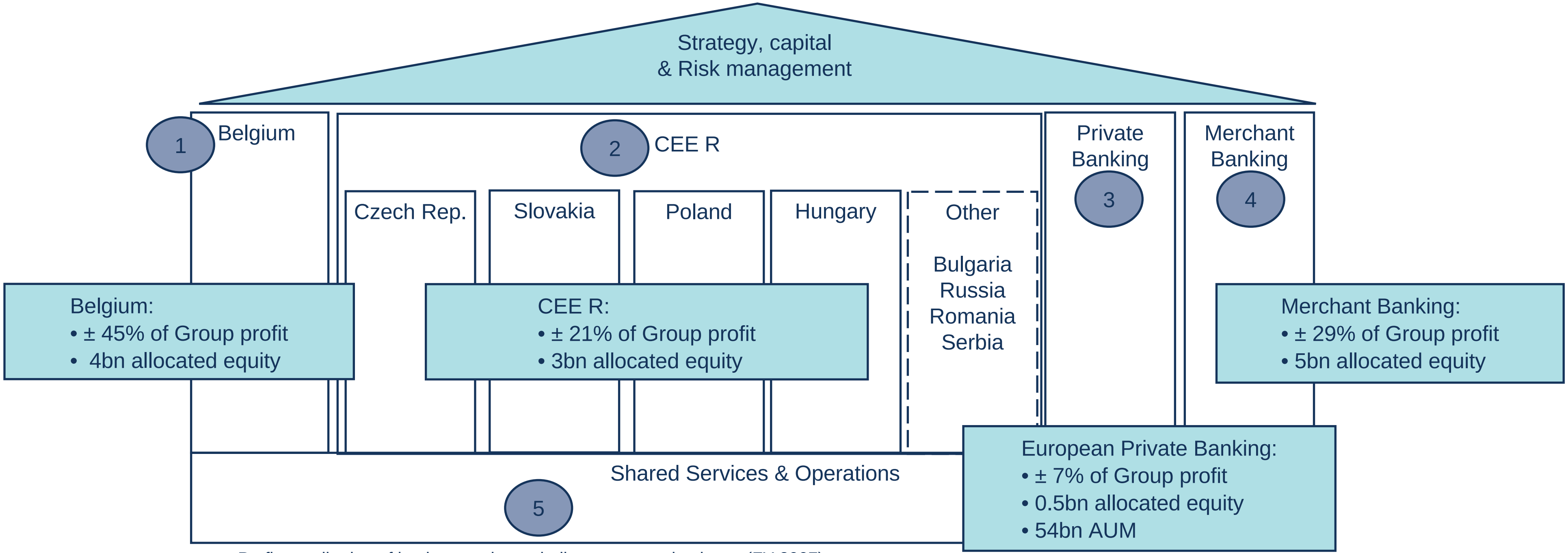
Company profile

and strategy

Strong, attractive franchises



Profit contribution of business units excluding non-recurring items (FY 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
- KBC also operates in selected merchant banking and private banking markets, primarily focusing on niche strategies
- Recent acquisitions include a new presence in Russia, Romania, Serbia and in Bulgaria

Strategy framework

KBC's strategy is very much based on its ambitions to pursue 'best execution' in focus areas

Best execution:

- Strong footholds in key markets
- Distinctive distribution model
- High standards of operating efficiency
- Capital and acquisition discipline

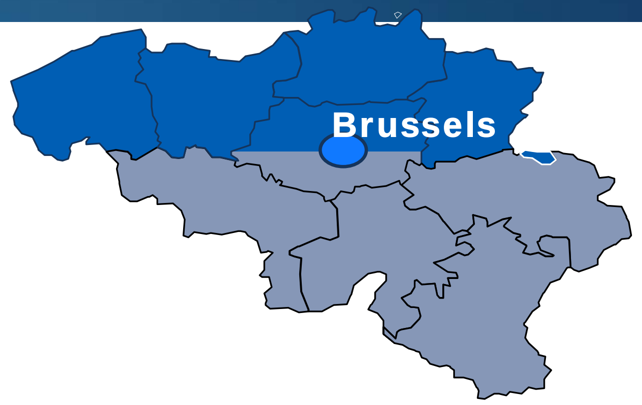
Focus areas:

- Retail and SME
- Belgium and CEE R
- Bancassurance and wealth management
- Niche strategies in selected other areas

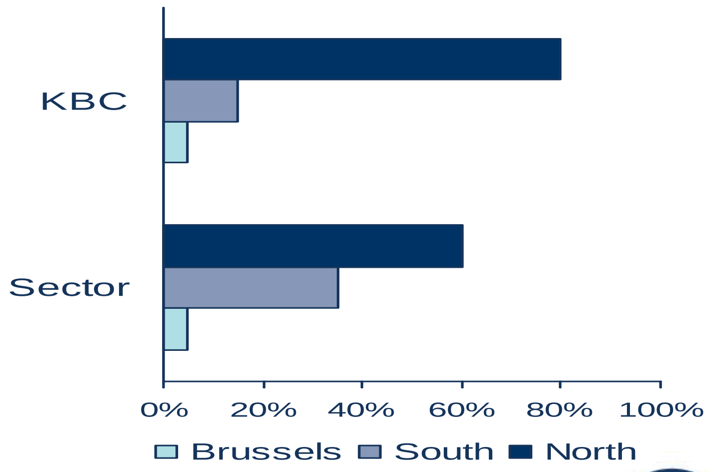
This strategic view has been consistently used over the last 5 – 10 years

Belgian home market

- KBC is mainly present in the more populous and much wealthier Northern region of Belgium:
  - 80% of branches in the North, 15% in the South, 5 % in Brussels
  - Estimated market share in the North is 35%-40% versus est. 5% in the South
- Highly integrated bancassurance business model:
  - One single governance from top to bottom
  - High level of customer ownership via own branches and tied agents
  - Integrated distribution channels:
    - Single branding, single product offering and single pricing
    - Shared customer database
    - Streamlined product alignment from product design phase to sale
- The Belgian business model copied in CEE R

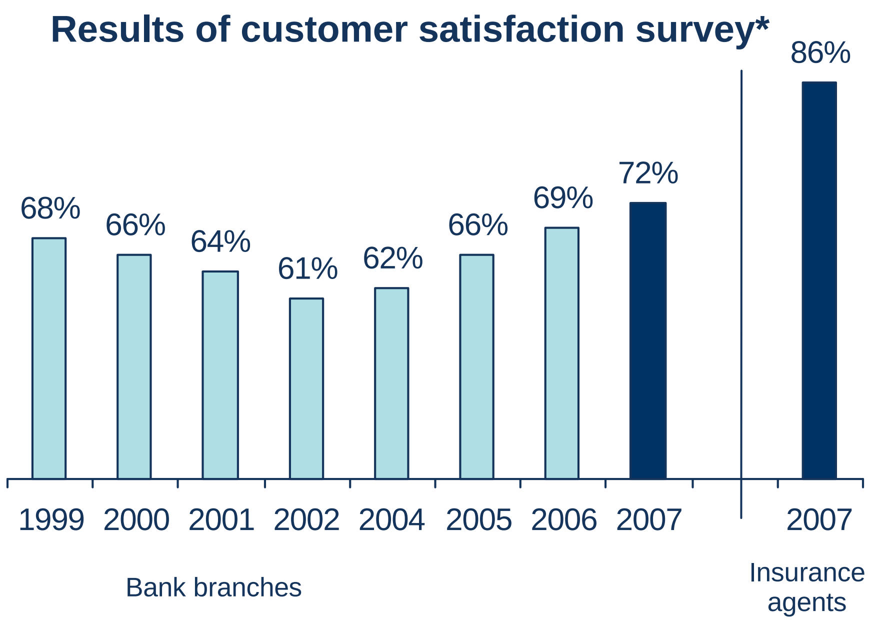


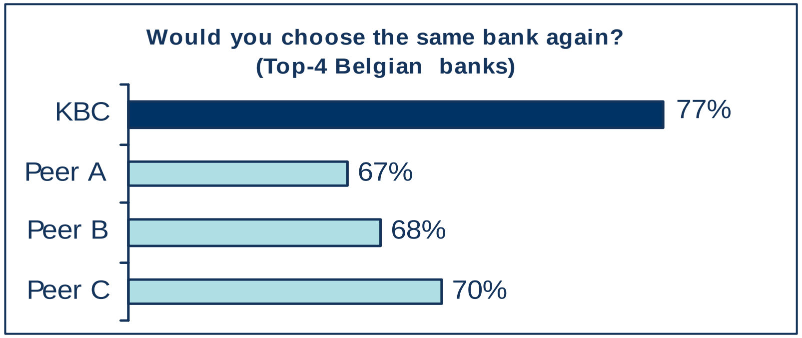
Distribution of branches

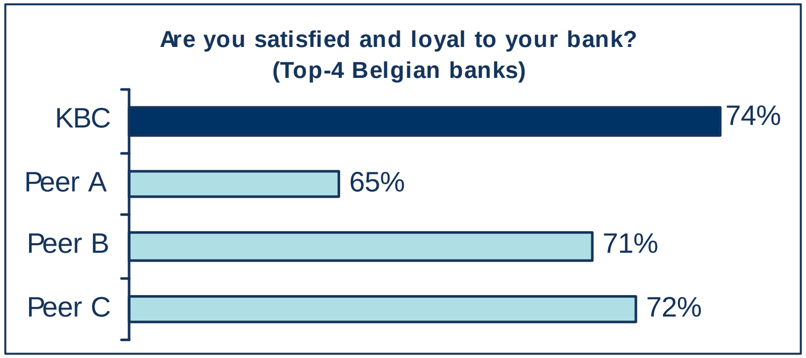


Cross selling and customer satisfaction

- Sound profitability in Belgium is highly driven by cross-selling (+/- 60% of income), while customer loyalty is a *sine qua non* of successful cross-selling
- With growing customer satisfaction and buoyant cross-selling results over the last few years, KBC has already set an excellent track record







*Number of customers that are satisfied (8/10 or more)

Current operations of KBC in Central & Eastern Europe

Poland
Total assets: 6 bn
Bank ranking: Top-10

Czech Republic
Total assets: 15 bn
Bank ranking: Top-3

Slovakia
Total assets: 3 bn
Bank ranking: Top-5

Hungary
Total assets: 5 bn
Bank ranking: Top-3

Russia
Total assets: 3 bn
Bank ranking: Top-25*

Bulgaria
Total assets: 0.5 bn
Bank ranking: Top-10

Serbia
Total assets: 0.1 bn
Bank ranking: Top-25

Romania
Start up

*Top-10 in mortgages

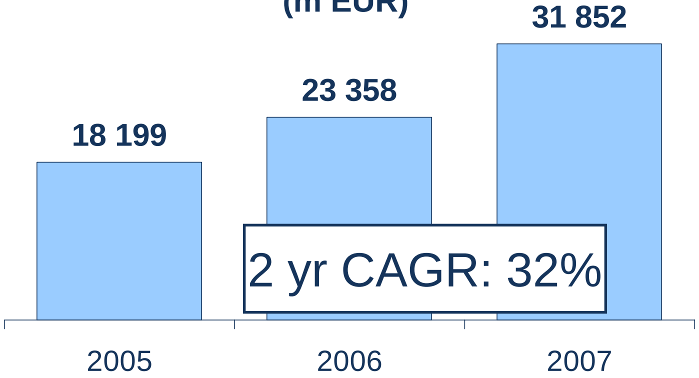
Organic growth in CEE-R

We believe that we have performed well in 2007:

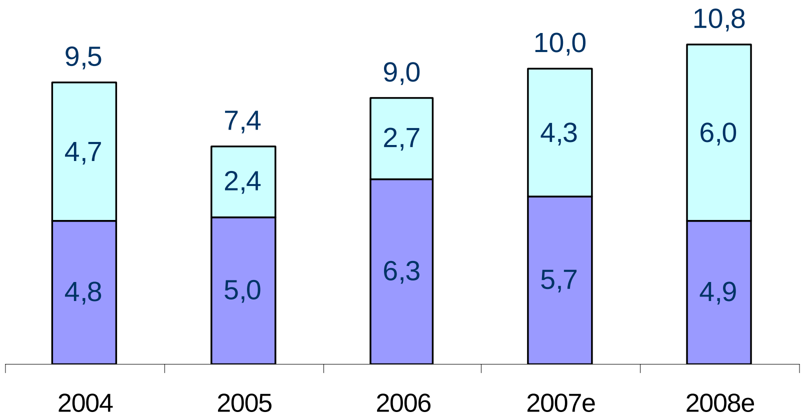
- Sustained strong organic growth in CEE R, benefiting from solid economic environment and reflecting the wealth effect related to EU convergence.
- Add-on acquisitions in CEE R (1.7 bn euros invested)

Main investments in 2007	in bn euros
Absolut Bank (Russia)	0,7
DZI Insurance (Bulgaria)	0,3
EIB (Bulgaria)	0,3
A Banka (Serbia)	0,1
Romstal Leasing (Romania)	0,1
Other	0,2
Total	**1,7**

RWA, CEE R Business Unit (m EUR)



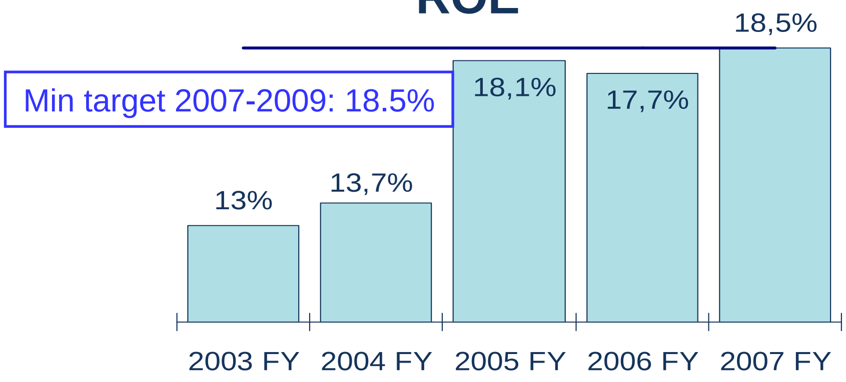
Nominal GDP growth in CEE R (in %)



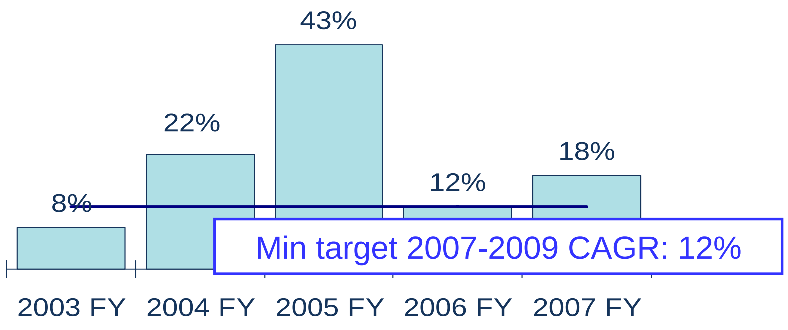
Real % GDP (bottom) and % inflation (top), weighted-average figures based on KBC presences (in CR, SR, Hungary, Poland, Romania, Bulgaria, Serbia, Russia – RWA-based weighting, 2007-2008: forecasts by KBC)

Mid-term financial targets

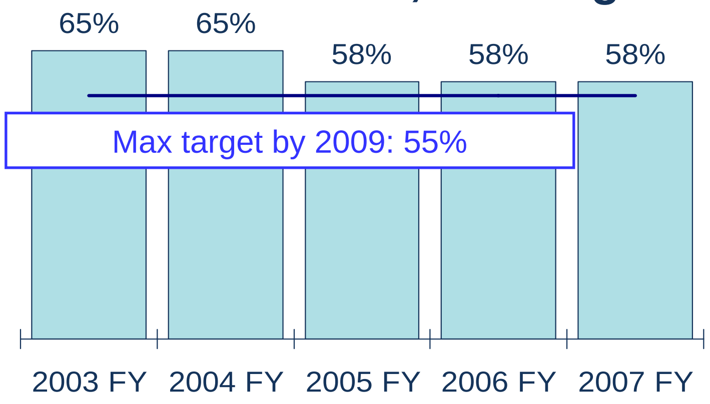
ROE



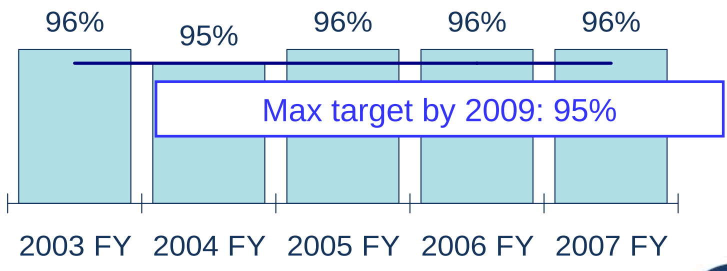
EPS growth y/y



Cost / income, banking



Combined ratio, non-life

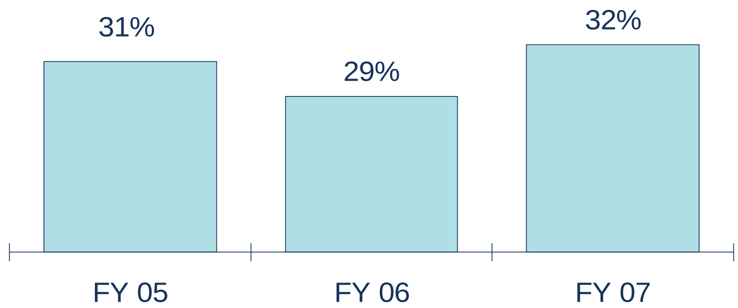


All results are on an underlying basis. Targets 2007-09 were set at the end of 2006 on the basis of 2006 underlying performance

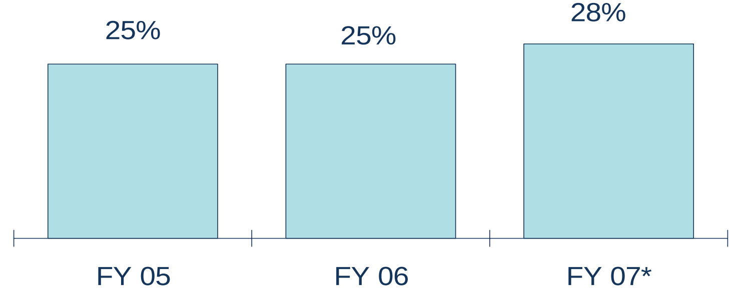
Outstanding return levels

Return on Allocated Capital

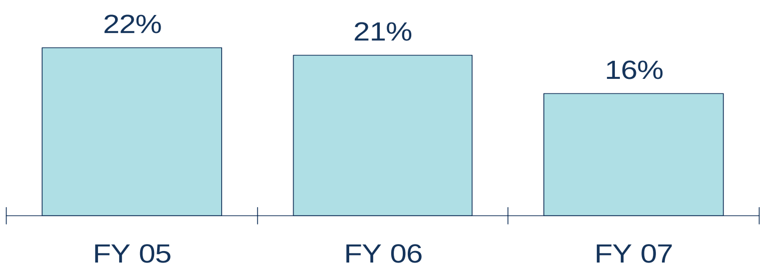
Belgium



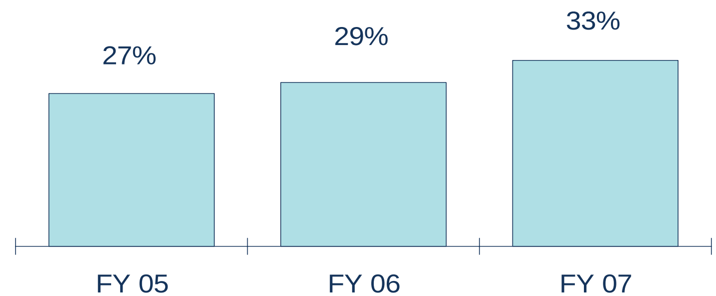
CEE R



Merchant Banking



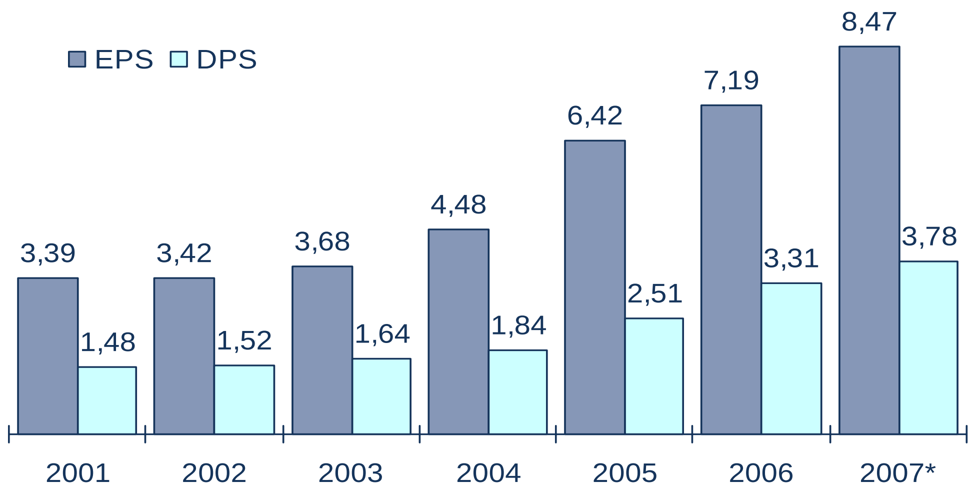
European Private Banking



All figures are on an underlying basis

* Return in CEE, excluding new acquisitions. FY return incl. new entities is 24%

Dividend policy



Note: EPS based on an underlying basis from 2005 * DPS proposed, to be approved by AGM

- Steadily increased dividend for more than 20 consecutive years
- Gross DPS growth was 20% CAGR over the last 5 years (including 2007)
- Historical average cash payout stands at 40-45%

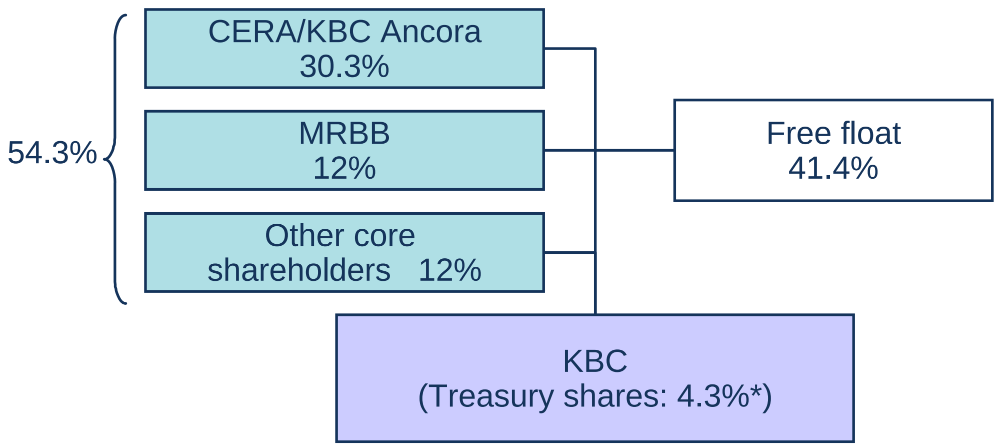
Update on capital position

Capital position (31-Dec-07) (Basel II regulation)	Available capital	Required capital	Excess capital
Banking & private banking (Tier-1)	11.8 bn	10.8 bn	1.0 bn
Insurance (excl. revaluation reserve)	1.7 bn	2.0 bn	-0.3 bn
Other activities*	0.6 bn	0.1 bn	0.6 bn
Total, Group	**14.1 bn**	**12.8 bn**	**1.3 bn**
(of which funded by debt at holding-company level:			-)

- KBC intends to keep its capital level at least 8% (Tier-1) and 200% (solvency margin) for banking and insurance, respectively.
- The current level of capital in excess of these levels amounts to 1.3bn euros (Basel II approach). By increasing debt leverage at holding-company level, additional capital can be made available (ca. 2 bn euros, of which 1 bn earmarked for the 2008 share buyback)

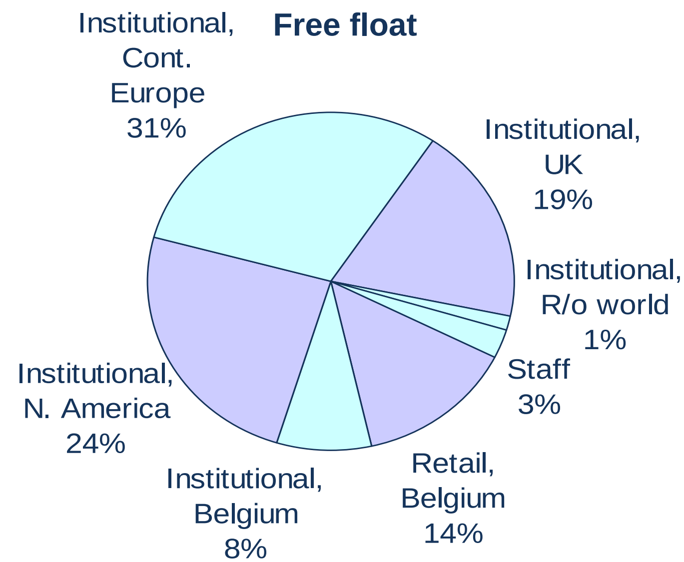
*Capital for “other activities” primarily includes the statutory capital in shared service companies.

Shareholder structure



Situation as of 31 Dec, 2007

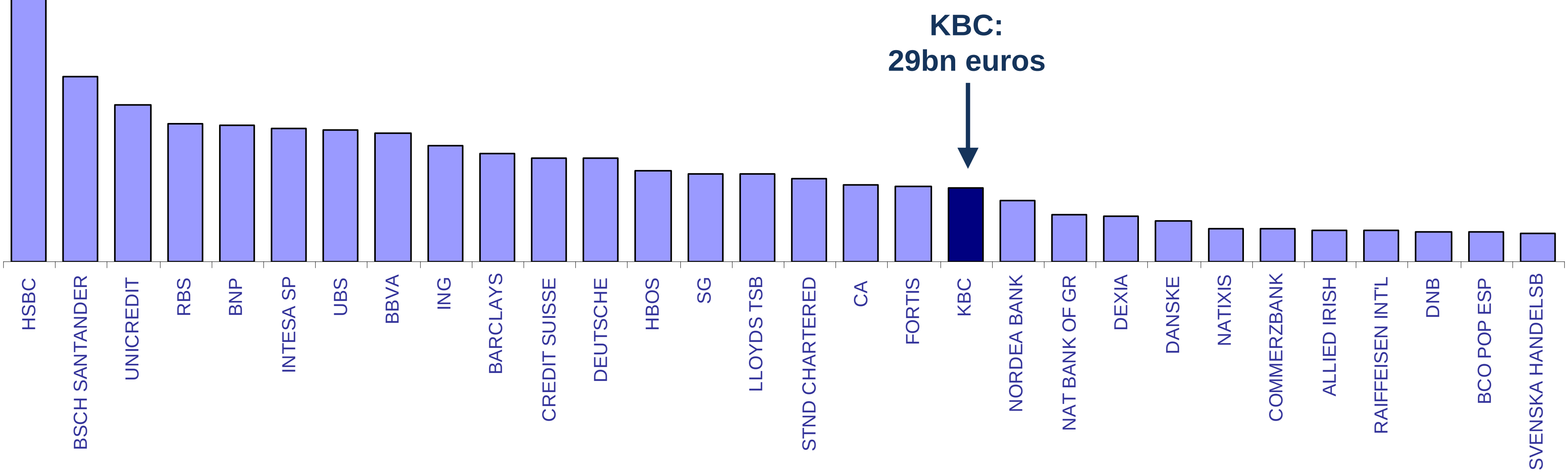
*Including ESOP hedge and shares bought back according to the share buy back plan



Shareholder identification survey as of 31 Dec 2007

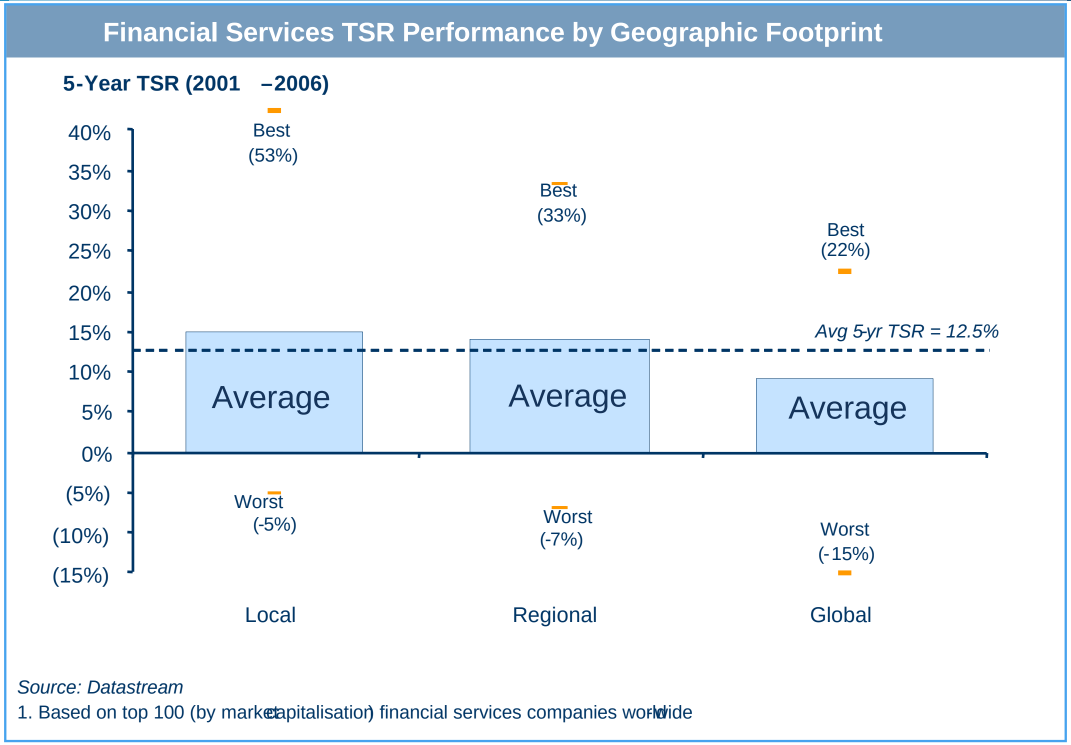
- KBC is ±50%-owned by a syndicate of shareholders, providing continuity to pursue long-term strategic goals. Committed holders include the Cera/KBC Ancora Group (co-operative investment company), a farmers' association (MRBB) and a group of industrialist families
- The free float is chiefly held by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

Ranking based on market capitalization, European Financials



Situation as of 11 February, 2008. Current KBC share price: 80.4 euros

Anticipating future challenges



- Our scenario review did not reveal any evident business case which shows that teaming up would create more value than when pursuing a standalone strategy
- In retail financial services, it is vital:
  - to hold significant market share in key individual markets
  - to maintain excellence in the implementation of distribution and operating models

Financial calendar

9-Apr, 2008	Publication of 2007 Annual Report
24-Apr, 2008	Annual General Meeting
6-May, 2008	Ex-coupon date
9-May, 2008	Dividend payment
15-May, 2008	Publication of 2008 1Q results
6-June, 2008	Investor Day, Moscow

Analysts' opinions

Situation as of 11 February, 2008 (current share price: 80.4)

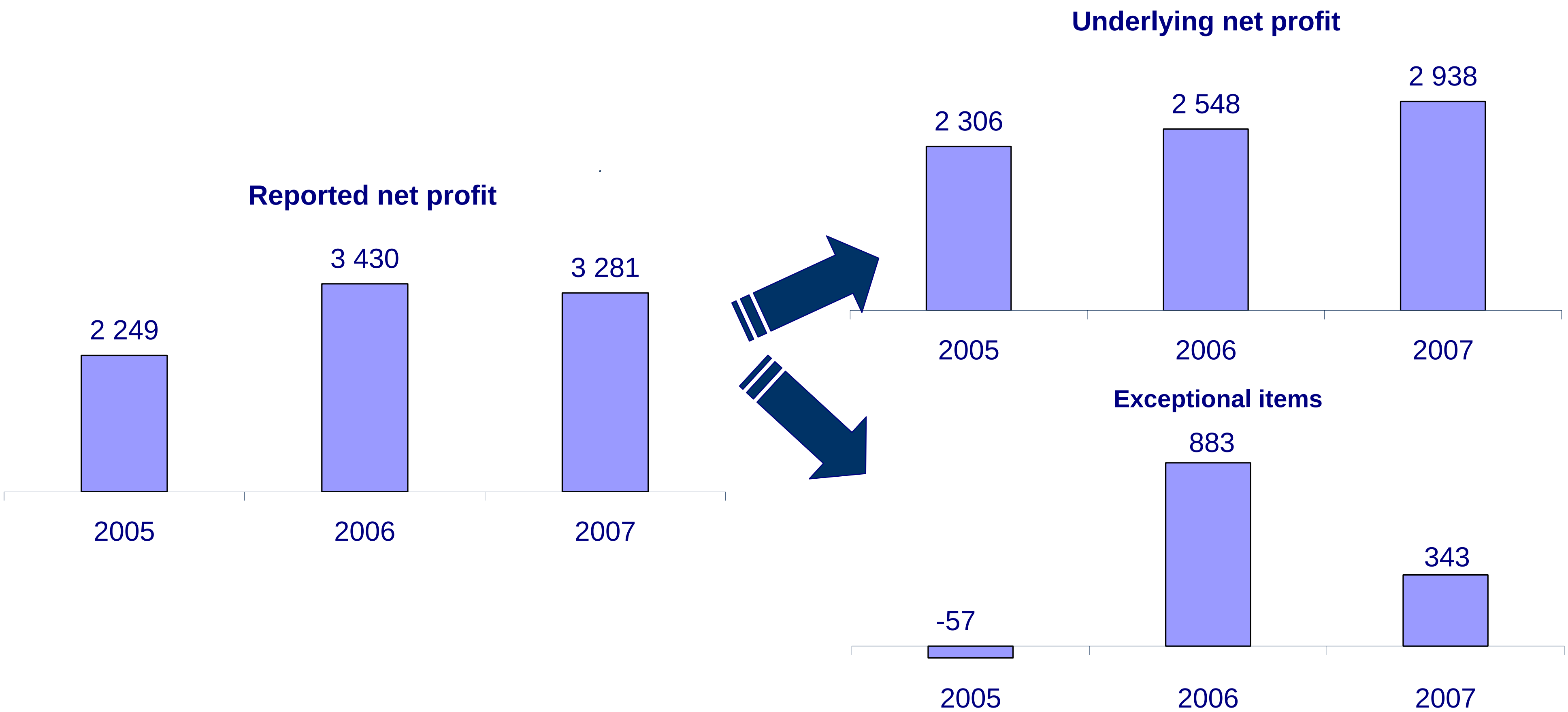
BANK/BROKER	ANALYST	PHONE	RATING	TARGET PRICE	UPSIDE
ABN·AMRO	Omar Fall	+44 20 7678 0442	+	110	37%
CHEUVREUX	Jan-Kees Mons	+31 20 573 06 66	+	116	44%
CAZENOVE	Natasha Oliver	+44 20 7155 6664	+	112	39%
citigroup	Kiri Vijayarajah	+44 20 7986 4258	+	110	37%
CREDIT SUISSE	Guillaume Tiberghien	+44 20 7883 7515	+	115	43%
BANK DEGROOF	Ivan Lathouders	+32 2 287 91 76	+	109	35%
Deutsche Bank	Gaelle Cibelly	+33 1 44 95 66 28	+	109	36%
Dresdner Kleinwort	Jaap Meijer	+44 20 747 55 664	+	108	34%
FORTIS	Kurt Debaenst	+32 2 565 60 42	+	109	36%
HSBC	Marcel Mballa-Ekobena	+44 20 7991 6809	+	110	37%
ING BANK	Albert Ploegh	+31 20 563 8748	+	110	37%
NATIXIS	Christophe Ricetti	+33 1 58 55 05 22	+	105	31%
JPMorgan	Paul Formanko	+44 20 7325 6028	+	110	37%
KBW	Jean-Pierre Lambert	+44 20 7663 5292	=	92	14%
Merrill Lynch	Manus Costello	+44 20 7996 1953	+	107	33%
Oddo Securities	Scander Bentchikou	+33 1 44 51 83 08	+	107	33%
Sal. Oppenheim	Thomas Stögner	+49 69 7134 5602	+	107	33%
PETERCAM	Ton Gietman	+31 20 573 54 63	-	103	27%
Rabobank	Georg Krijgh	+31 20 460 48 60	=	113	41%
STANDARD & POOR'S	Marco Troiano	+44 20 7176 3964	=	95	18%
UBS Investment Bank	Simon Chiavarini	+44 20 7568 2131	+	115	43%
WestLB	Ralf Breuer	+49 211 826 4987	+	110	37%
			CONSENSUS:	**108**	**35%**

FY 2007

financial performance

Highlights

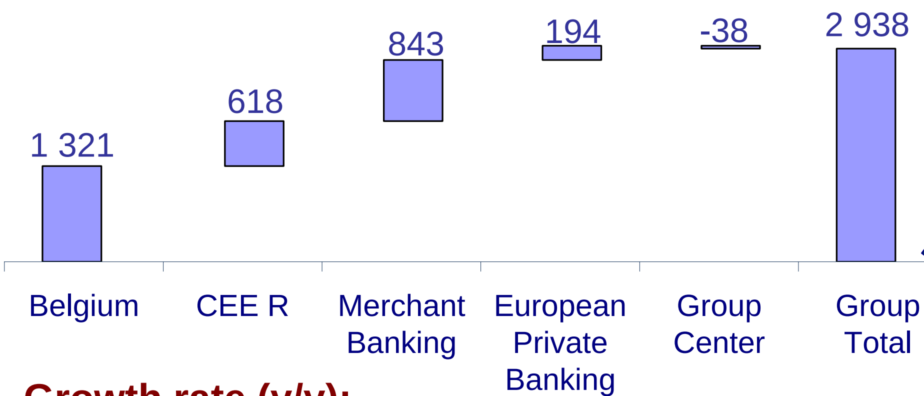
Full-year financial highlights



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

Full-year financial highlights (2)

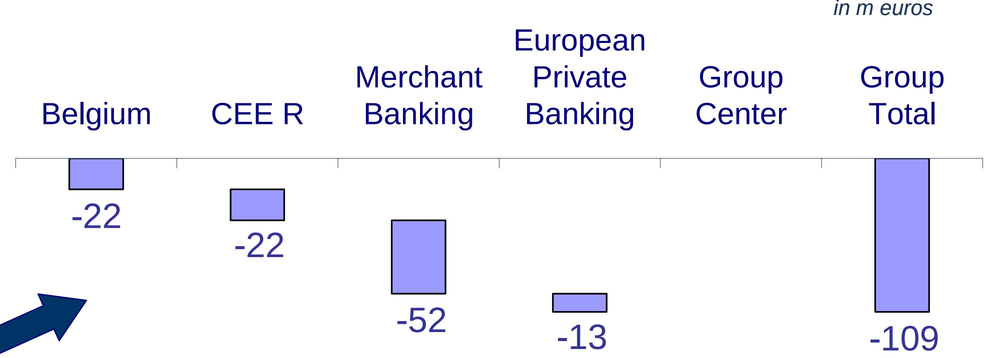
Underlying net profit



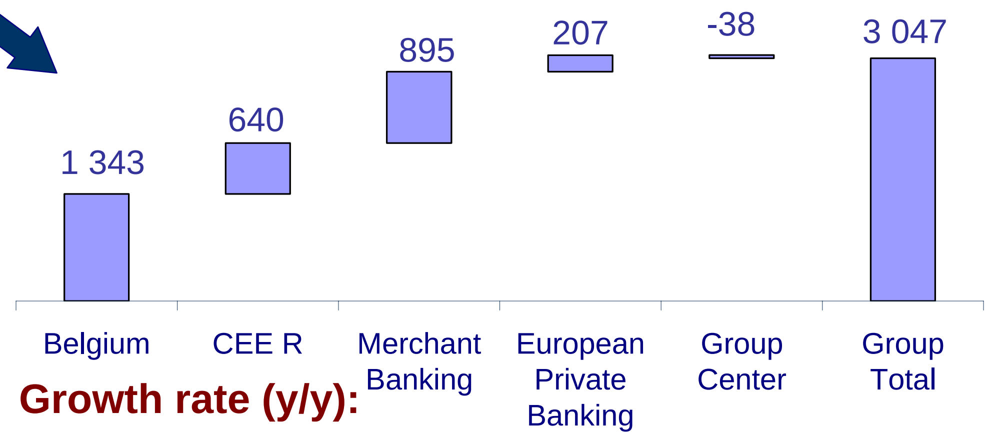
Growth rate (y/y):

20% 45% -3% 7% 15%

Mark-to market adjustment of assets with subprime exposure (after tax)



Underlying net profit excl. mark-to market adjustment of assets with subprime exposure



Growth rate (y/y):

22% 50% 3% 15%

Financial headlines in 2007

- Underlying net result came to 2 938m, up 15% year-on-year
- Continuing business growth on a like-for-like basis: customer loans up 15%, customer deposits 6%. Assets under management grew by 11%, life insurance reserves up 7%
- Continued solid top-line dynamics: on underlying basis Net Interest Income up 10%, Net Fees & Commissions up 7% year-on-year, Gross Earned Premiums, insurance up 20%
- Trading Income dropped by 21%, mainly due to the adverse situation on financial markets
- Costs under control, 2% organic cost increase
- Solid underwriting results in insurance: combined ratio at 96% (94%, excluding impacts of storm Kyrill)
- Limited loan losses: loan loss ratio stable at 13 basis points
- Underlying return on equity: 18.5% on a par with the targeted level

Financial headlines in 4Q 07

- Underlying net result came to 676m, up 20% y/y
- Lending growth remained sound, especially in CEE R (on organic basis +23%, y/y)
- Declining NIM trend reversed, shift to term deposits came to an end
- Cost increase limited to 3% y/y on a like-for-like basis
- No signs of deterioration in customer loan quality
- Negative 70m MtM posted re CDOs (after-tax)
- Robust solvency: Tier-1 ratio, banking at 8.7% (according to Basel-II), solvency ratio, insurance at 265%

Operating highlights in 2007

- KBC entered a number of new CEE markets and Russia, investing 1.7 billion euros in the region
- Sustained solid performance in Belgium, illustrating the success of the ongoing strategy, that centres on cross-selling, service quality and customer satisfaction
- Successful steps were set to leverage wealth management expertise beyond core markets by optimizing the European private banking concept and enhancing sales of investment funds through third-party networks in growth areas outside Europe (especially in Asia)
- Operational synergies were realised up to an amount of 95 million euros, pre-tax, as part of a 2006-2009 275-million synergy programme
- By the end of January 2008, 2.1 billion euros worth of shares had already been bought back as part of the 2006-2009 4-billion-euro share repurchase programmes

Volumes

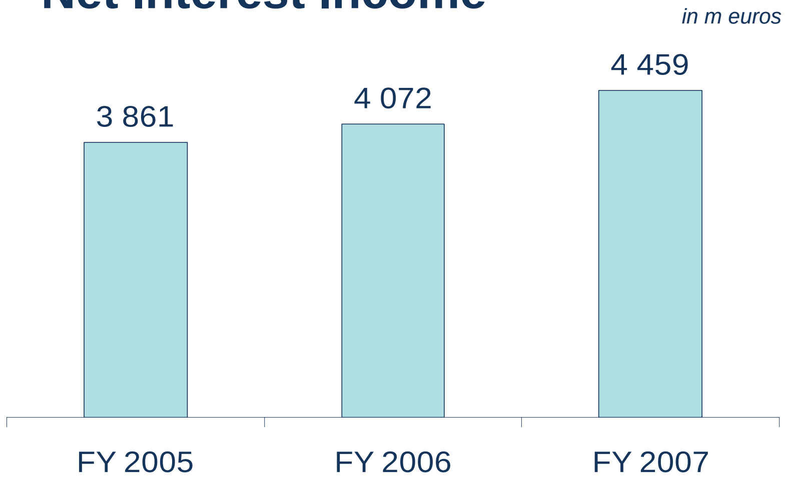
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, year-on-year	+15%	+16%	+5%	+11%	+6%
Belgium	+11%	+9%	+9%	+13%	+5%
CEE R	+23%	+45%	+11%	+27%	+17%
Merchant Banking	+15%	-	-8%	-	-
Private Banking	-	-	-	+0%	+9%

Notes:

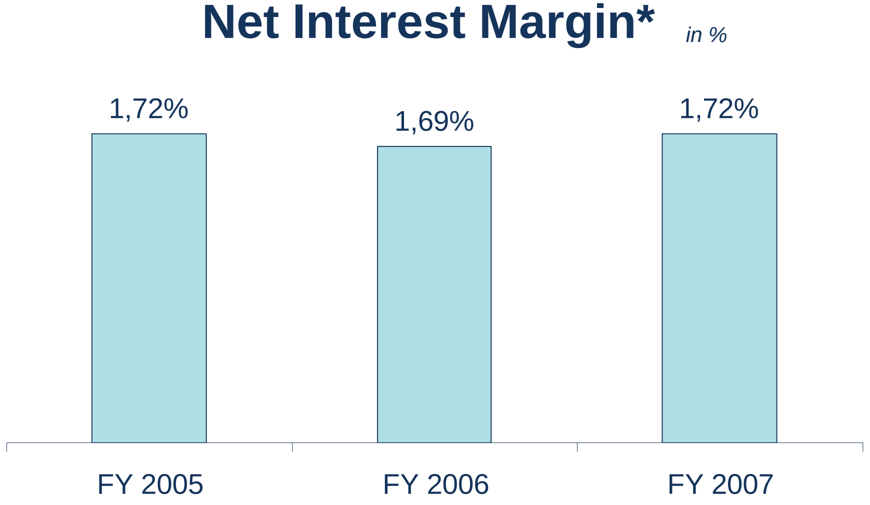
- Organic growth rates only
- Growth rates excluding repo and reverse repo actvities

Full-year revenue trend

Net Interest Income



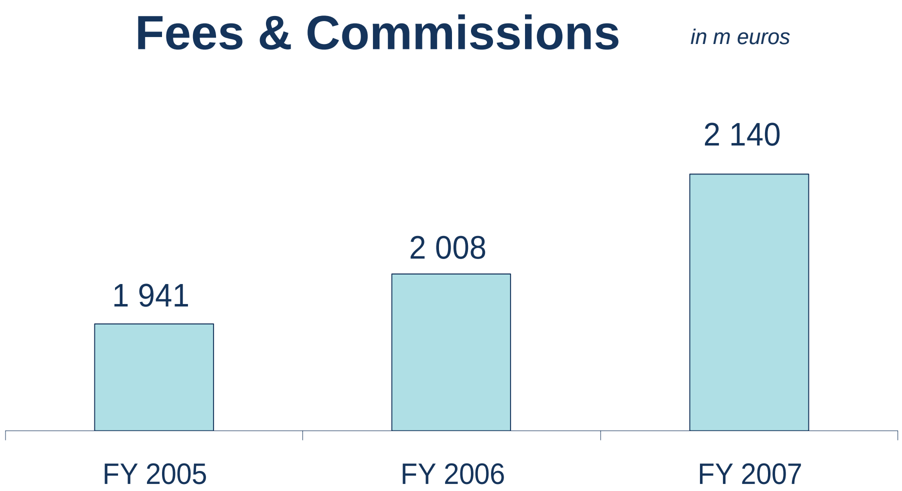
Net Interest Margin*

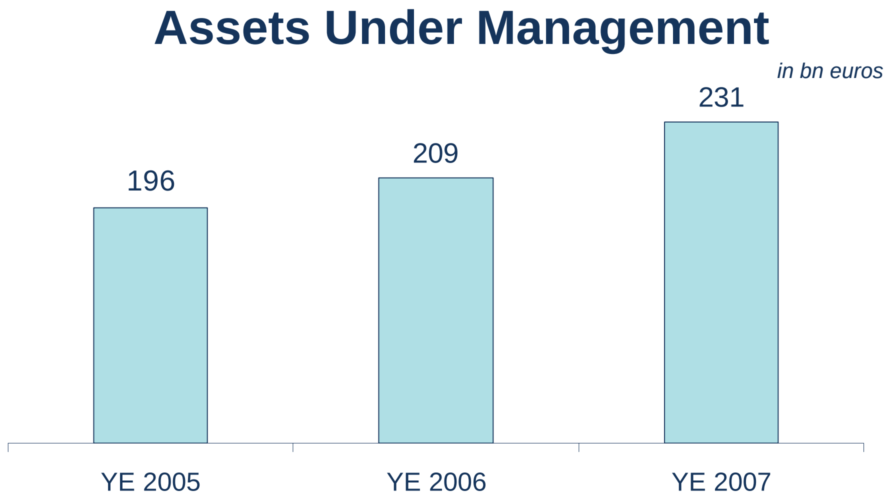


- Net Interest income (4 459 million) up 10% compared to 2006, mainly driven by solid volume growth of loans and deposits:
  - organic growth on consolidated level: +15%,+6% respectively
  - organic growth in CEE R: +23%, 11% respectively
- Net Interest Margin more or less stable (1.72%)

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

Full-year revenue trend

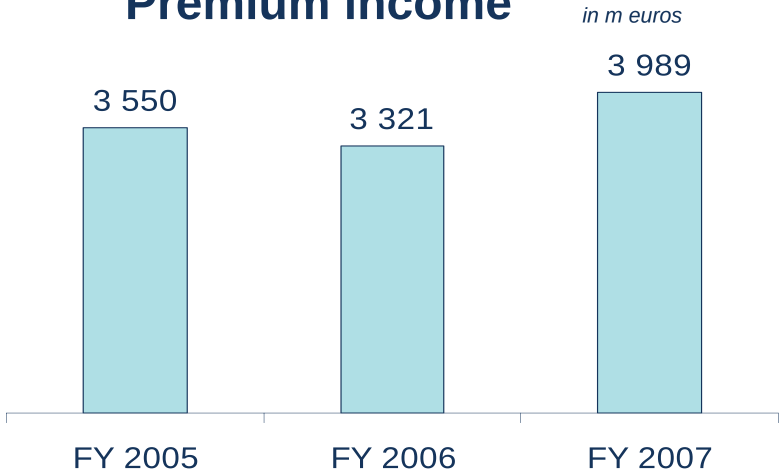




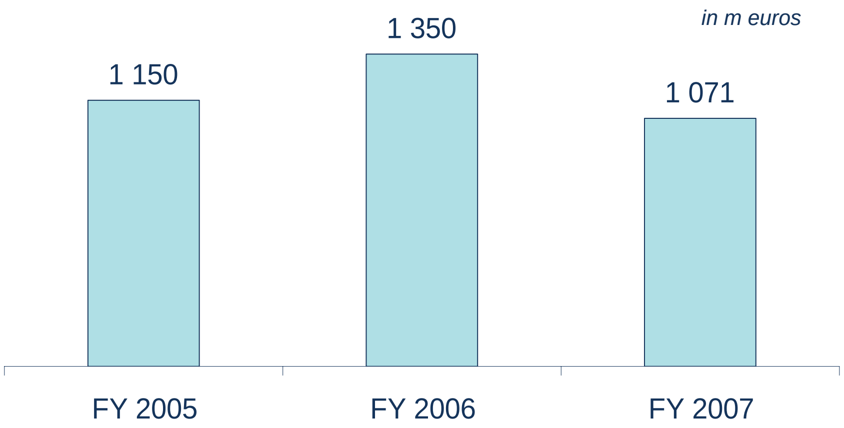
- Net Fees & Commissions (2 140 million), up 9% on a comparable basis, on the back of:
  - increasing asset management volumes, and
  - good performance in brokerage- and corporate finance activities
- Assets Under Management (231billion) up 11% year-on-year, thanks entirely to new inflows (price effect: 0%)

Full-year revenue trend

Premium income



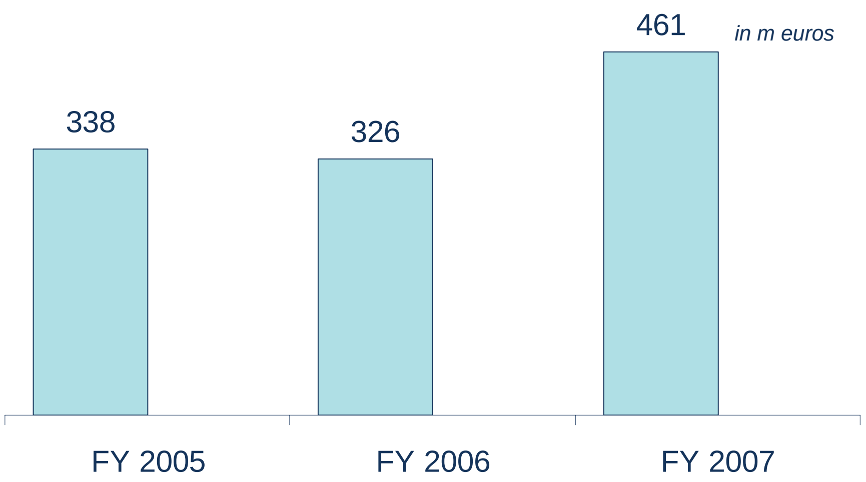
Fair Value gains



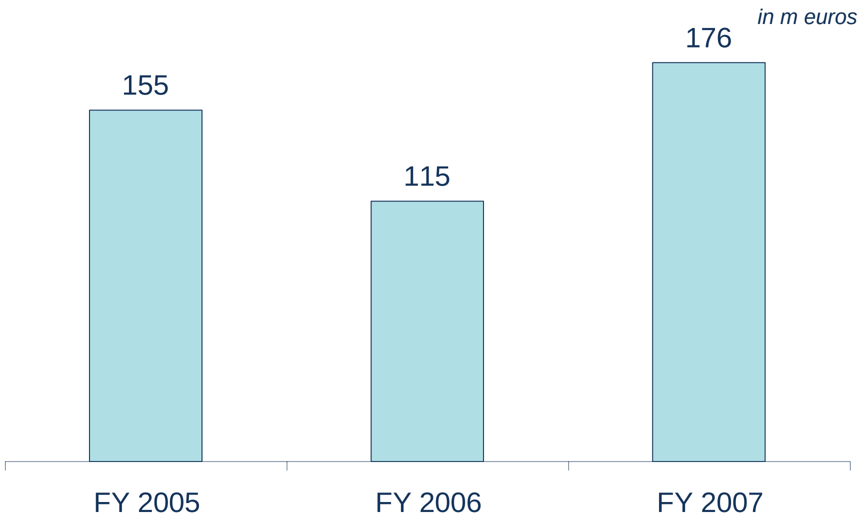
- Earned premium (3 989 million) up 20% year-on-year (strong increase of interest-guaranteed life insurance policies)
- Fair Value gains (1 071 million, mainly trading income) dropped 21% due to the financial market turbulences
- Mark-to-market adjustments of assets with subprime exposure: 165 million pre-tax (109 million, after-tax). Credit value adjustments related to monoline insurers: 23 million, after-tax

Full-year revenue trend

Realised gains from available-for-sale assets



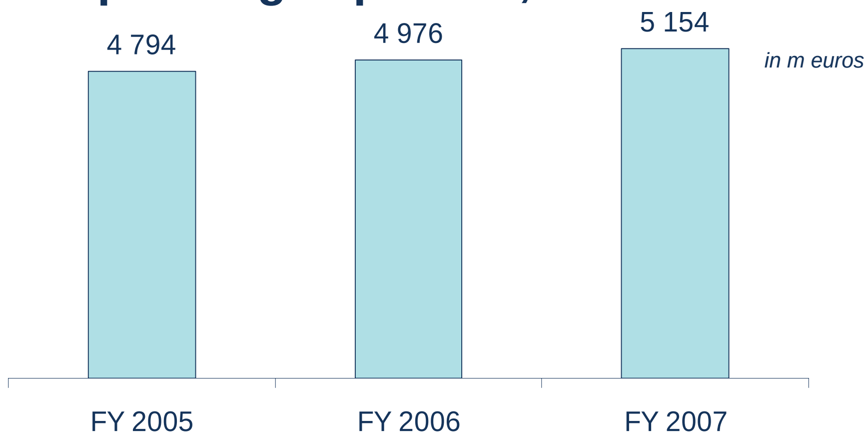
Dividend income



- AFS gains (461m): higher-than-average level due to:
  - Sales from share portfolio, in order to avoid exceeding risk limits
  - Corporate actions such as public tender of ABN-Amro
- Dividend income (176m) higher year-on-year due to higher payout ratios related to shares held in the investment portfolio

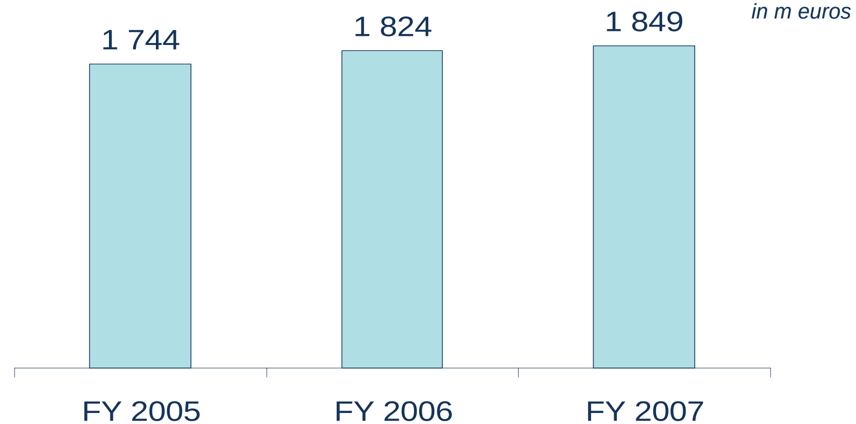
Full-year operating expenses

Operating expenses, consolidated

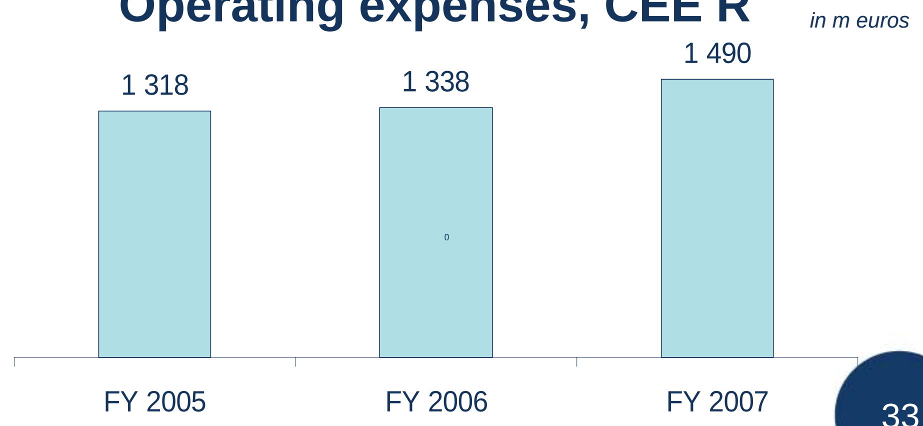


C/I, banking	FY 05	FY 06	FY 07
Belgium	55%	58%	59%
CR/SR	60%	57%	52%
Hungary	70%	63%	59%
Poland	78%	72%	70%
Russia	n/a	n/a	72%
Merchant Banking	48%	50%	53%
Private Banking	72%	73%	65%
Total	**58%**	**58%**	**58%**

Operating expenses, Belgium



Operating expenses, CEE R

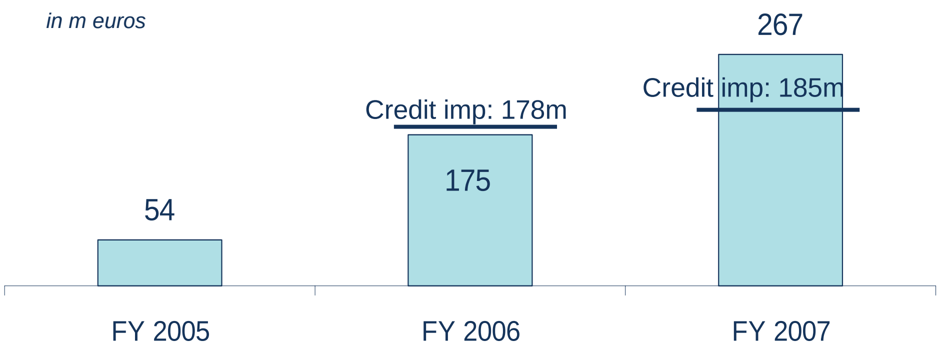


Full-year operating expenses

- Operating expenses up 2% on comparable basis
  - Cost increase +1% in Belgium, +4% in CEE R (organic, excluding FX impacts) and stable in Private Banking
  - Cost increase in Belgium benefited from lower pension costs
  - For 2008, increased pension costs and higher inflation forecasted
- Stable cost/Income ratio, banking at 58% (underlying), negatively impacted by bond losses

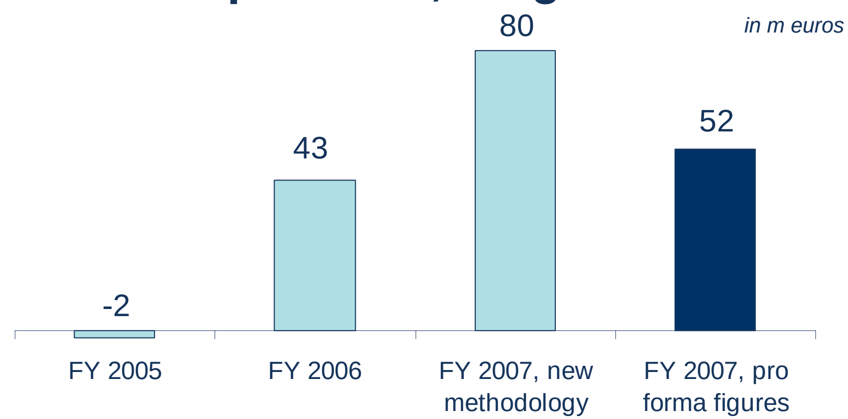
Full-year impairment

Impairment, consolidated

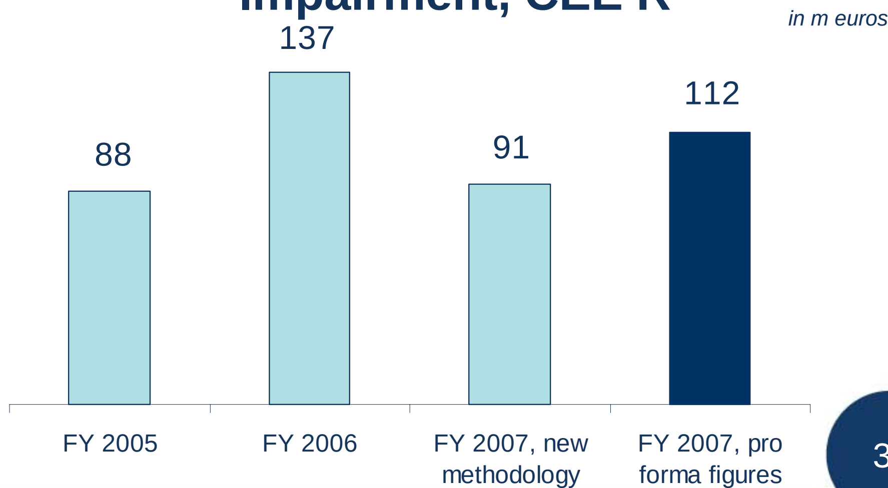


Loan loss ratio	FY 05	FY 06	FY 07
Belgium	0.00%	0.07%	0.13%
CR/Slovakia	0.40%	0.36%	0.27%
Hungary	0.69%	1.50%	0.62%
Poland	0.00%	0.00%	0.00%
Russia	n/a	n/a	0.21%
Merchant Banking	0.00%	0.00%	0.02%
Total	**0.01%**	**0.13%**	**0.13%**

Impairment, Belgium



Impairment, CEE R



Full-year impairment

- Methodology for establishing portfolio-based loan loss provisions changed (using the IRB-advanced Basel-II approach)

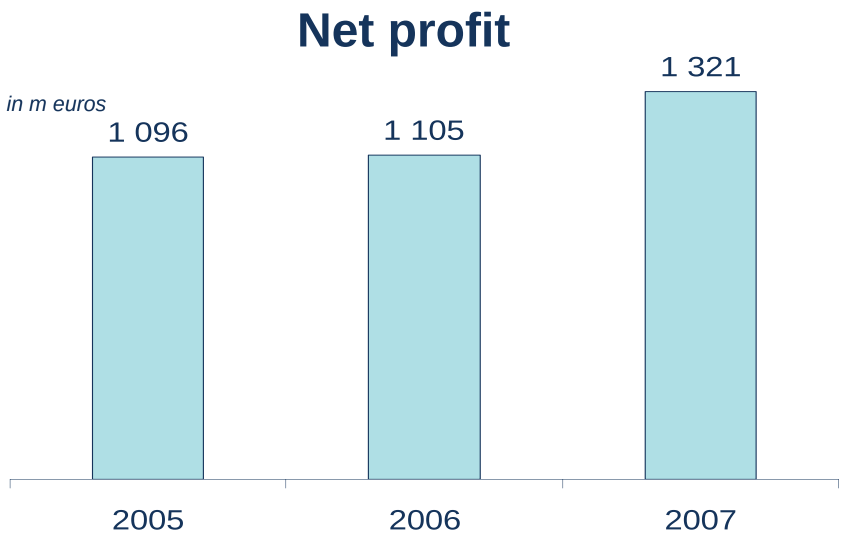
- FY 07 total impairment: 267m, of which:
  - for loans and receivables: 185m
  - for investment portfolio: 75m
  - for other: 8m

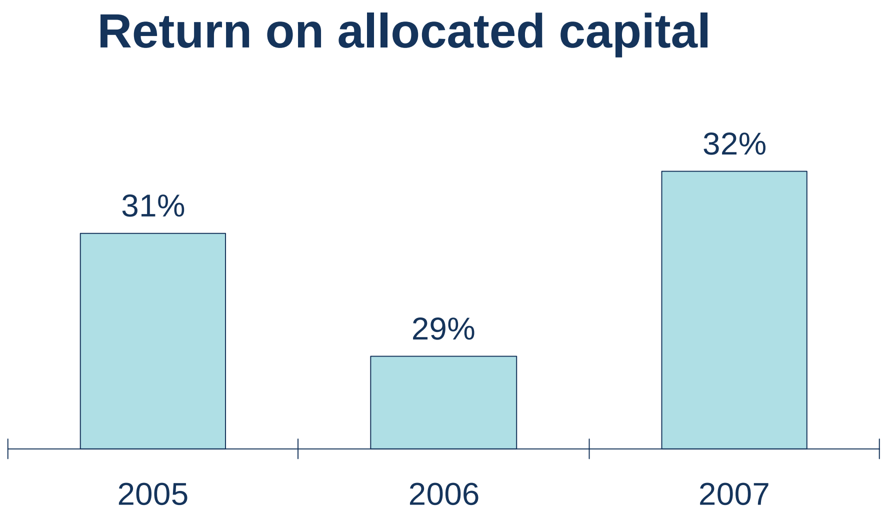
- FY 07 LLR 13 bps on Group level: still very low (same level as in FY 06)

- Overall loan quality continues to be sound. NPL ratio stable at 1.5% (stood at 1.6% at the end of 2006)

Full-year underlying profit performance per business unit

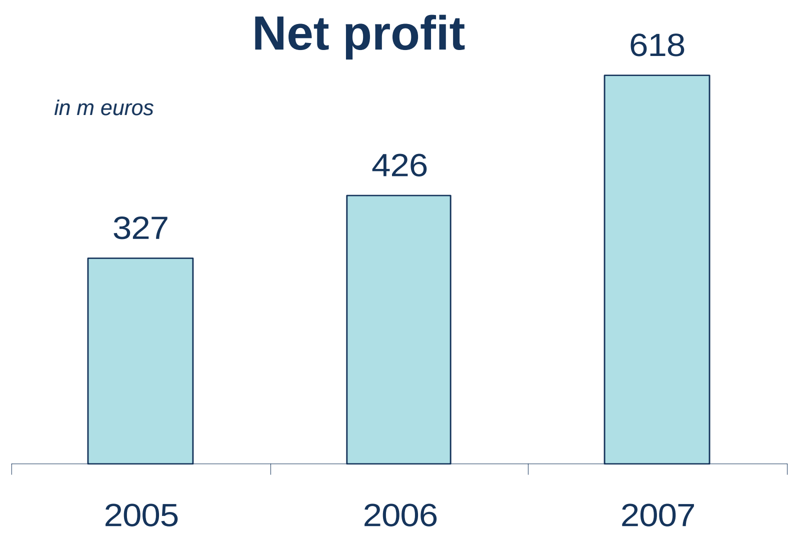
Business Unit Belgium in 2007

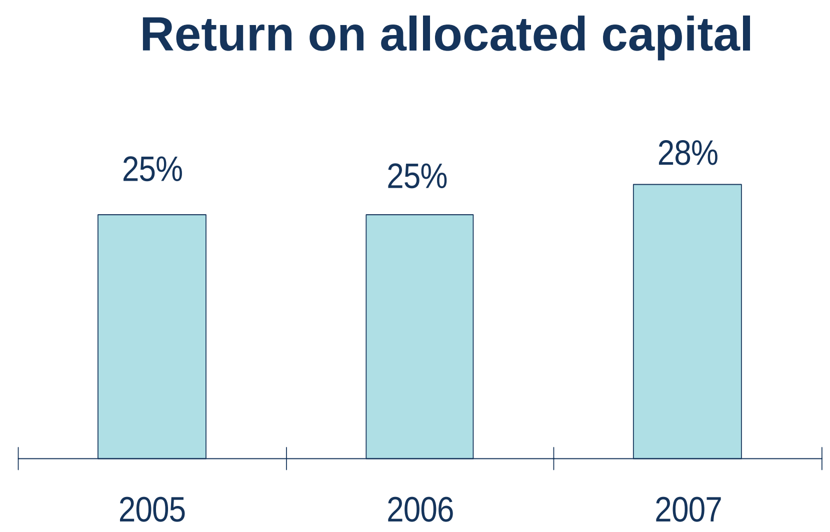




- Net underlying profit (1 321 million) up 20% year-on-year; solid business dynamics but also supported by:
  - Higher results in insurance on the back of higher investment income
  - Cost growth limited to 1%
- Return on allocated capital at 32%

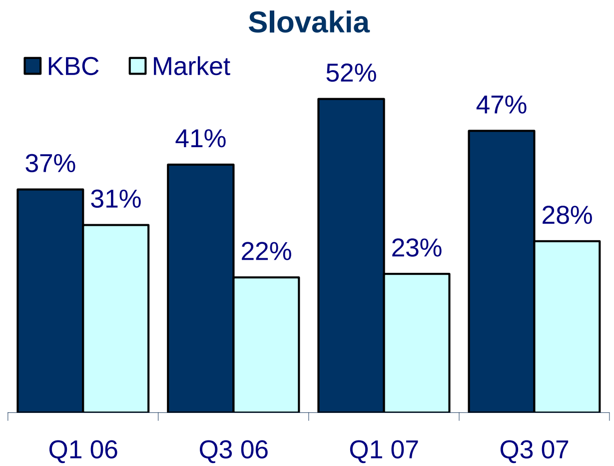
Business Unit CEE R in 2007

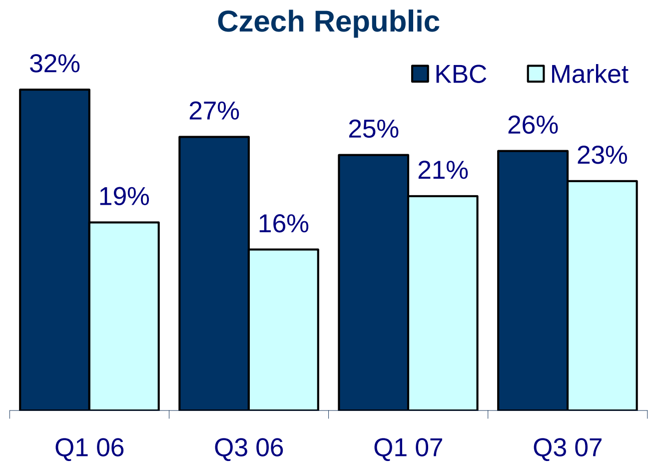


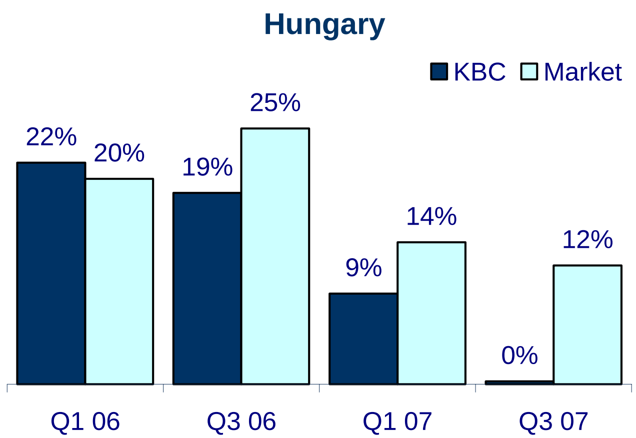


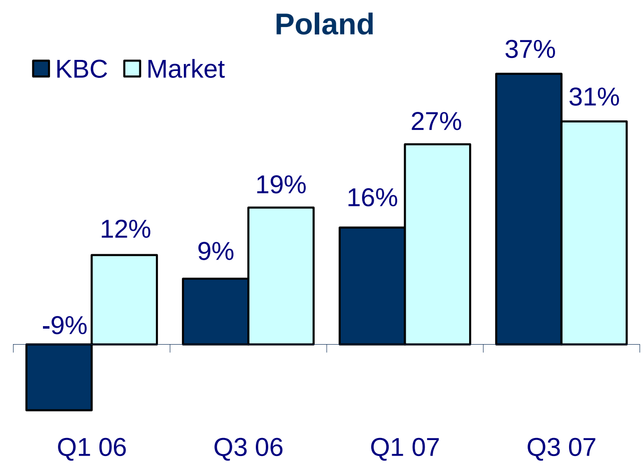
- Net underlying profit (618 million) up 45% year-on-year, mainly on the back of:
  - higher Net Interest Income and Fees & Commissions, banking
  - lower impairment,
  - higher insurance results
- Return on allocated capital at 28% (organic basis, 25% including new acquisition)

Loan growth in CEE compared to market





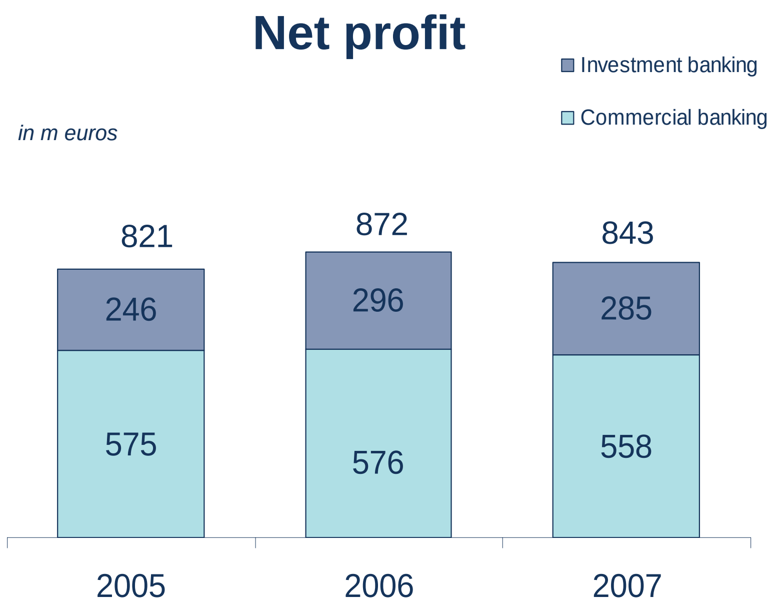


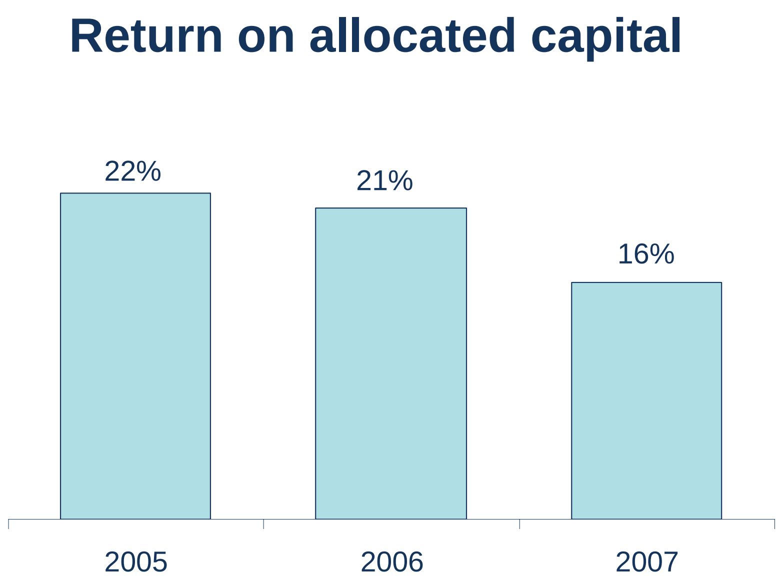


Total loan growth (y/y, in %)

- Continuous outgrow of the market in Czech Republic and in Slovakia
- Catch-up in Poland since 2007
- More cautious approach in Hungary

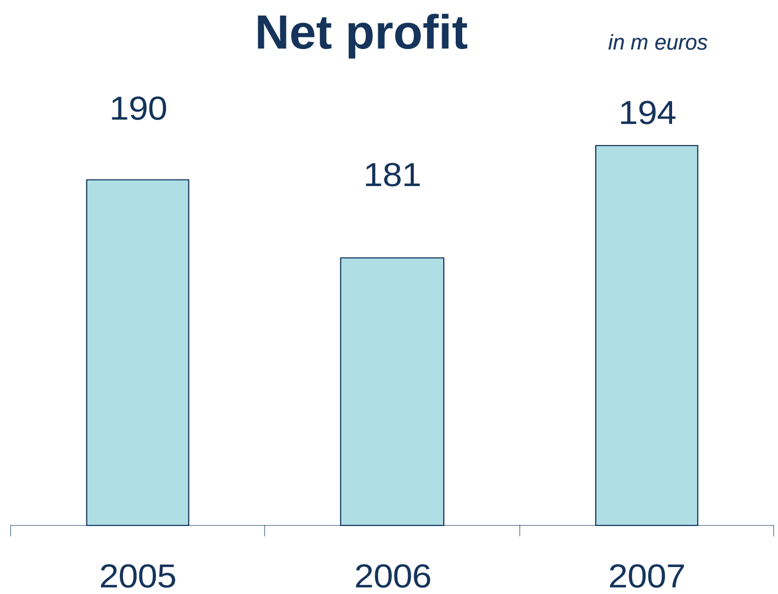
Business Unit Merchant Banking in 2007

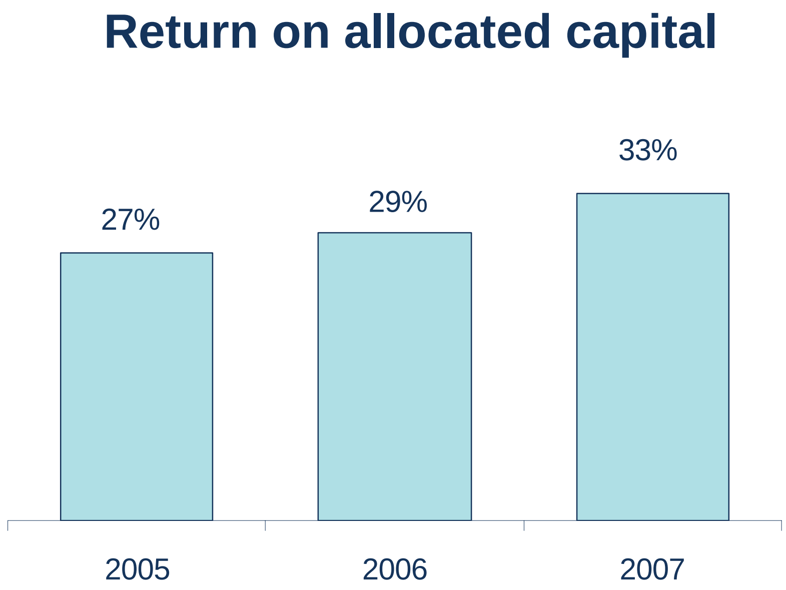




- Net underlying profit (843 million) down 3% year-on-year, mainly due to lower trading income in investment banking
- Return on allocated capital at 16%

Business Unit Private Banking in 2007





- Net underlying profit (194 million) up 7% (15% excluding CDO mark-to-market) on the back of synergies realised and growth in on-shore private banking business (non-core assets downsized)
- Steadily increasing return on allocated capital at 33%

Subprime

loan exposure

Credit-linked investments

REMINDER

As previously disclosed, KBC has invested in the following credit-linked assets: [1]

- With subprime exposure:
  1. CDOs with some asset-backed securities as underlying assets
  2. "Atomium portfolio" (asset-backed securities of former KBC conduit *Atomium*) [2]
- Without subprime exposure:
  3. Other investments (various financial instruments, amongst other those of former KBC conduit *Quasar)*

[1] As mentioned in the 2Q 07 (August 2007) and 3Q 07 (November 2007) earnings presentations (www.kbc.com)
[2] "Integration" completed in 4Q 2007

Credit-linked investments

UPDATED OVERVIEW [1]

Subportfolio	Subprime exposure	Asset allocation	Investment grade	AAA-rated	Allocation to subprime RMBS	Allocation to credit cards [3]
CDOs with some ABS underlying Size: 6.9 bn	✓	Notes from corporate CDOs with limited ABS underlying (all assets managed by KBC itself)	100%	88%	13%	0%
"Atomium" portfolio Size: 2.0 bn	✓	Asset-backed securities of former KBC conduit *Atomium* (fully consolidated as of 4Q 2007)	100%	100%	33%	0%
Other portfolios Size: 7.4 bn [2]	no	Various financial instruments, amongst other those of former KBC conduit *Quasar*	100%	94%	0%	2%

[1] Situation as at 31-Dec 2007; differences to 30-Sep-2007 relate mainly to USD depreciation, natural amortisation of assets and market value adjustments
[2] Including 1.0 bn held in the trading book. Excluding the notes held by KBC of the KBC in-house securitisation vehicle Home Invest (mainly set up for treasury purposes)
[3] The exposure to credit card receivables, used as collateral for ABS, is 4m in the CDO portfolio and 140m in other portfolios

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn

Step 1
KBC bought the credit risk related to a diversified pool of financial instruments on the capital markets

Step 2
KBC structured CDOs (i.e. “repackaged” the credit risk) and issued CDO notes to investors (credit risk transfered)

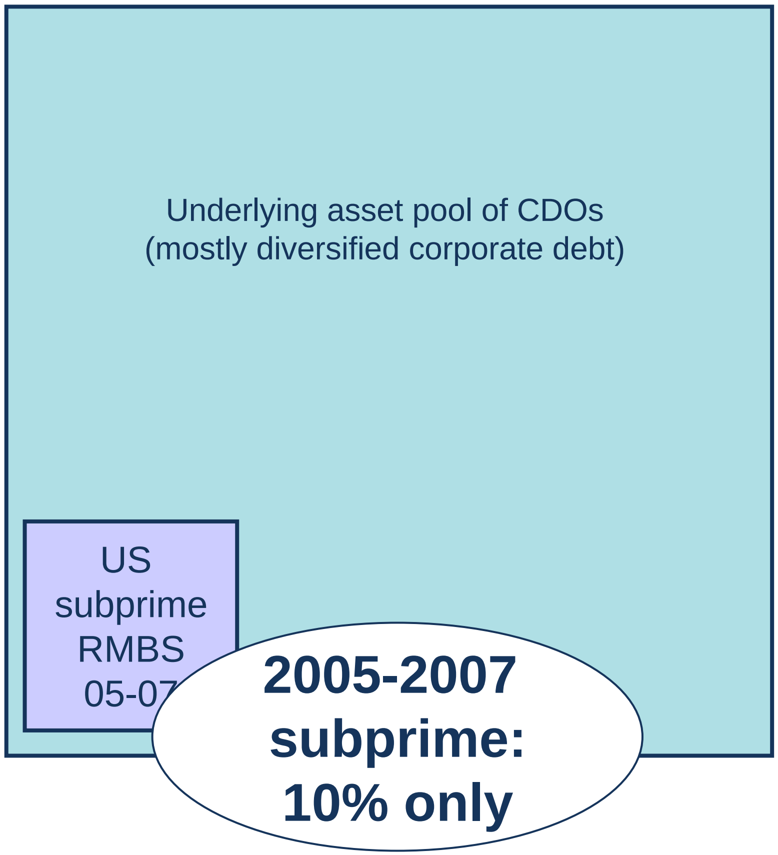
Step 3
KBC itself invested in a selected part of high-rated CDO notes (at own risk, but first losses taken by lower-rated tranches held by third-parties)

CAPITAL MARKETS	KBC INVESTMENT BANKING UNIT	KBC INVESTMENT PORTFOLIO[1]
Pool of diversified financial assets (mostly corporate debt and to a very limited extent US supprime RMBS)	Origination and management of CDOs (credit risk transfered to investors)	CDO notes held in investment portfolio - total size: 6.9 bn

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)

Exposure to CDOs with subprime content

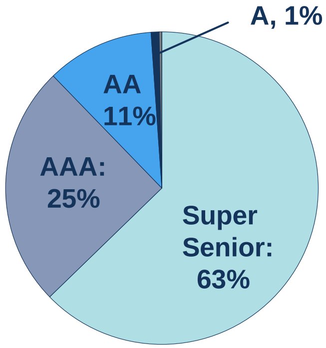
CDO portfolio 6.9 bn -
type of underlying assets

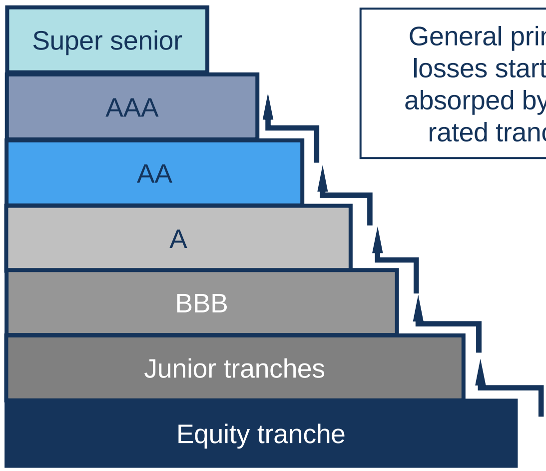


- Subprime related losses are dependent on the share of ‘US subprime mortgages’ within the pool of underlying assets (esp. those written in the ‘2005-2007 period). The lower the level of 2005-2007 subprime mortgages, the lower the loss
- In KBC’s case, the CDOs with ABS underlying contain only 13% US sub prime mortgages (the 2005-2007 vintage pool being 10%)
- KBC has opted for less aggressive investments (with lower anticipated yield)

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn - breakdown by rating class





General principle: losses start to be absorbed by lower rated tranches

- Subprime losses are dependent on the structure of “loss distribution” between CDO tranches. The higher the rating class, the lower the loss.
- Higher-rated tranches are less vulnerable, since loss absorption starts at lower-rated tranches
- For KBC’s 6.9 bn CDO portfolio, the average net credit loss level where losses are affecting our investments is 17%[1] (the so-called “attachment point”)
- On the market, a typical “attachment point” for a super senior-rated class is ca. 15%; for KBC’s investments it is 23%

[1] 17% net loss (after recovery of collateral), on average, on all underlying assets (not only subprime)

Exposure to CDOs with subprime content

KBC's investment banking activity in the CDO area is based on a more selective business model vis-à-vis other firms, e.g.:

- KBC did not act as a manager for mortgage securitisations; therefore, there was no pressure to take lower-quality collateral on board in order to be able to complete the securitisation deal
- No warehouse lines or super senior protection were provided to external managers
- Equity and junior tranches of CDOs on own account were completely written-down at the time of issue (total amount of 750m not recognised in profit in the past!)

Evidence of the succes of this strategy: to date, no downgrades and no losses - not even to the equity tranches (compared to the massive wave of downgrades in the market)

Credit rating trends

- As of 13-Feb, no securities held were downgraded (not in the main CDO portfolio, nor in the *Atomium* portfolio). Moreover, ca. 80% of the collateral is corporate debt, for which no credit event took place
- The subprime exposure is actively managed (by KBC itself) [1]. The realised asset substitutions have recently proven to be effective to avoid credit rating downgrades
- Over the last few months, the following credit rating actions were taken:

	Action	CDO investment size impacted
Moody's	Review of 5 KBC FP managed CDOs (Nov-07), for which the ratings of 3 were reconfirmed (Jan-08)	0.2 bn still under review 0.4 bn reconfirmed
Standard & Poors	Review of 2 KBC FP managed CDOs (Jan-08)	0.2 bn under review
Fitch	No actions	-

- A potential downgrade would not impact our loss estimates (stress tests)

[1] Except for some third-party CDOs within *Atomium*

Moody's CDO rating actions

- Amongst all tranches of 2005-2006-2007-issued CDOs containing ABS underlying, 2 746 pieces were placed on negative watch or downgrade by Moody's over 2007
- There are still 1 186 tranches on watch
- 17 tranches had had the rating affirmed, 12 of which managed by KBC FP
- The rest were downgraded (none of them managed by KBC)

Situation as of 4 February, 2008

Exposure to credit insurers

Counterparty risk for exposure towards credit insurers (mainly MBIA, Ambac, FSA):

Direct credit exposure	Nil
Re-insurance coverage received for CDOs in main CDO portfolio	The counterparty risk was provisioned to the tune of 15% (39 million) of the market value gain of the oustanding credit derivatives
Credit enhancement for liquidity facilities in public finance and health care sector	Guarantees received (1.1 bn) for underlying assets that are 32% AA- and 68% A- rated. Given the high ratings of the assets, the risk of insurers' default is very limited (however, would cause an additional capital requirement in the amount of 50 m) under Basel-II

2007 earnings impact

No impairment (no actual losses); however, a negative impact:

- on net profit (P&L) due to the marking-to-market of CDOs with ABS underlying [1]
- on net profit (P&L) due to an additional value adjustment reflecting the counterparty risk for the credit insurance received for CDOs with ABS underlying
- on shareholder's equity (B/S) due to the marking-to-market of the former *Atomium* and *Quasar* portfolios

P&L impact	Impairment loss (P&L)	Mark-to-market value adjustment (P&L)	Credit insurers' risk provision (P&L)	Post-tax P&L impact (P&L)	Pre-tax impact on equity (B/S)	Post-tax impact on equity (B/S)
3Q 07	Nil	51 m	-	39 m	49 m	37 m
4Q 07	Nil	114 m	39 m	93 m	81 m	51 m
Total	Nil	165 m	39 m	132 m	130 m	88 m

[1] The marking to market was based on trading data for comparable assets with third-parties.

Credit loss estimates

- Effective credit losses due to defaults in subprime collateral are estimated through stress tests
- Main assumptions:
  - Including all investment exposures to CDOs managed by KBC (also those in *Atomium*)
  - Taking into account a range of 11 to 20% net losses on all 2005-2007 subprime and alt-A assets (net, i.e. after recovery of collateral)
  - All losses assumed to crystalise at the same time (2009)
  - Additional scenario including 20 to 50% loss on default of exposure to credit insurers
- Updated stress test results:

Stress test scenarios (updated per 31-Dec-07)	Scenario A **11% subprime/Alt-A net loss**	Scenario B **15% subprime/Alt-A net loss**	Scenario C **20% subprime/Alt-A net loss**	Scenario C+ **(i.e. scenario C with default of credit insurers)**
Default risk “CDO with ABS” portfolio	1 m	19 m	137 m	156m
Default risk “Atomium portfolio”	1 m	8 m	34 m	34m
Total simulated default risk	2 m	27 m	171 m	190m

Exposure to subprime crisis

SUMMARY

The combination of factors explains KBC's limited vulerability towards the suprime crisis:

- Limited portion of subprime assets
- High "attachment points" of CDO notes , allowing substantial losses of sub prime assets before being impacted
- Selective business model in the CDO structuring business
- Active management of CDOs held
- "Low quality" tranches completely written-down in the past (equity/junior notes, 750m)
- Until 13-Feb no downgrades (compared to massive downgrades on the market)

Moreover:

- No assets sold at distressed prices ("buy and hold")
- Part of MTM volatility of CDOs offset by additional hedges on our books

Developments in 2008

- André Bergen:

  “We see a lot of pessimism in the financial economy, which we cannot reconcile fully with the business reality in our core markets. There is obviously a cyclical impact on our performance and, going forward, we do take somewhat higher cost inflation into account. But, on the other hand, we currently do not see customer credit risk rising and we feel comfortable with our limited exposure to mortgage-linked investments. Through the cycle, we remain highly confident with our business model and strategy.”

Annex 1: earnings impact per Business Unit

CDO MtM		Belgium	CEE R	Merchant Banking	Private Banking	Group Centre	KBC Group consolidated
Pre-tax	3Q 2007	-8	-16	-22	-6	-	**-51**
	4Q 2007	-25	-13	-63	-13	-	**-114**
	FY 2007	**-33**	**-29**	**-85**	**-18**	**-**	**-165**
After-tax	3Q 2007	-6	-12	-17	-4	-	**-39**
	4Q 2007	-17	-10	-35	-9	-	**-70**
	FY 2007	**-22**	**-22**	**-52**	**-13**	**-**	**-109**
CDO credit value adjustments (related to monoline insurers)							
Pre-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-39	-	-	-39
	FY 2007	**-**	**-**	**-39**	**-**	**-**	**-39**
After-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-23	-	-	-23
	FY 2007	**-**	**-**	**-23**	**-**	**-**	**-23**

Annex 2: CDO portfolio with ABS content, details

Situation as of 31/12/2007

CAPITAL MARKETS

Diversified corporate debt – 77% (2/3 US, 1/3 mainly Europe)

AAA-rated	2%
AA	5%
A	16%
BBB	41%
BB	13%
B	1%
	77%

US ABS – 23%

Collateral:	
Subprime	13%
Prime	3%
Cred card	0%
Other	6%
	23%

Securities:	
AAA	3%
AA	7%
A	5%
BBB	5%
Lower	3%
	23%

KBC INVESTMENT BANKING UNIT

Synthetic CDOs originated and managed (credit risk transfered to investors)

Assets:
Cash
Credit default swaps:
- 80% corporate
- 20% ABS CDS

Liabilities:	
Super senior	77%
AAA	9%
AA	7%
A	3%
BBB	4%
Junior/equity	3% [3]

KBC INVESTMENT PORTFOLIO [1]

CDO notes held [2]
Total size: 6.9 bn

AAA-rated (incl SS)	88%
AA	11%
A	1%

Step 1
KBC bought credit risk (by writing CDS) on a diversified pool of corporate instruments and some ABS

Step 2
KBC structured the CDO and issued CDO notes to investors (credit risk transfered!)

Step 3
KBC invested itself in a selected part of high-rated CDO notes (credit risk held, but high average net loss subordination)

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)
[2] No notes from CDO squared or Mezzanine CDOs
[3] Junior and equity tranches on our books have been written down at time of origination[2]

Annex 3: Atomium portfolio, details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS

Collateral:	
US prime mortgages	30%
US subprime mortgages	33%
Credit card receivables	0%
US commercial real estate	8%
US corporate debt	29%
	100%

Securities:	
AAA ABS	79%
AAA ABS CDO	21%
	100%

KBC ATOMIUM PORTFOLIO

ABS	1.6 bn
ABS CDO notes	0.4 bn
Total	2.0 bn
AAA-rated	100%

Step 1
KBC launched a ABCP ("Atomium"), the proceeds of which were invested in ABS (credit risk in principle transfered to CP holders)

Step 2
Within the initial CP deal, a liquidity backup facility was provided by KBC (i.e. asset risk indirectly held by KBC)

Step 3
In 2H2007, KBC brought assets to the balance sheet (risk position unchanged)

Annex 4: other portfolios (no subprime content), details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS [1]

Collateral:	
Prime mortgages	71%
Corporate debt	22%
Consumer loans	2%
Commercial real estate	2%
Car loans	2%
Subprime mortgages	0%
	100%

Securities:	
AAA - ABS	86%
AAA - CDO	9%
AA - CDO	4%
A - ABS	1%
A - CDO	1%
	100%

→

KBC OTHER PORTFOLIOS

ABS	6.4 bn
CDO notes	1.0 bn
Total	7.4 bn
AAA	94%
AA	4%
A	2%

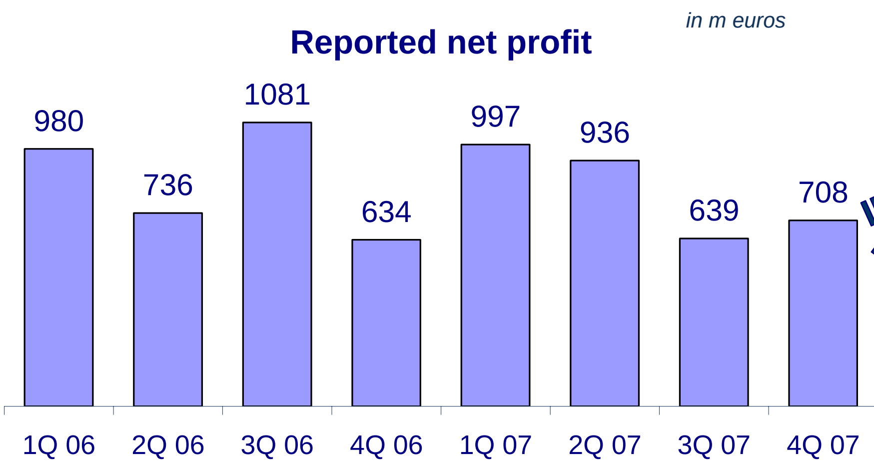
[1] Mostly, but not exclusively, European assets

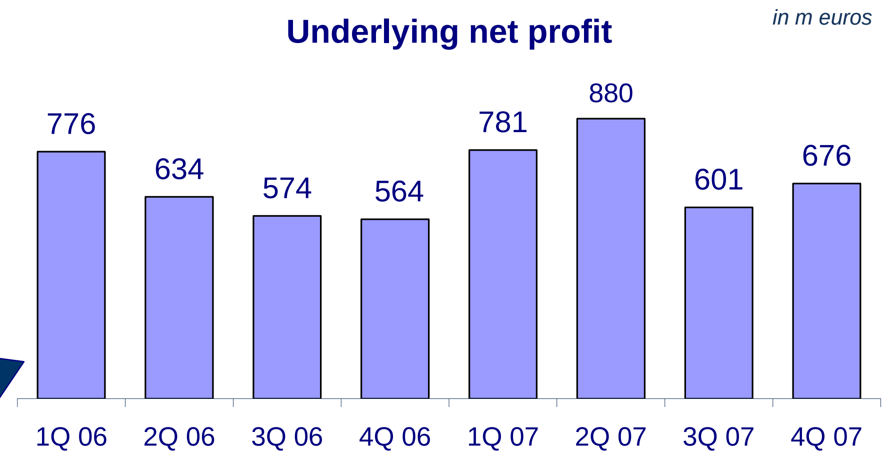
4Q 2007

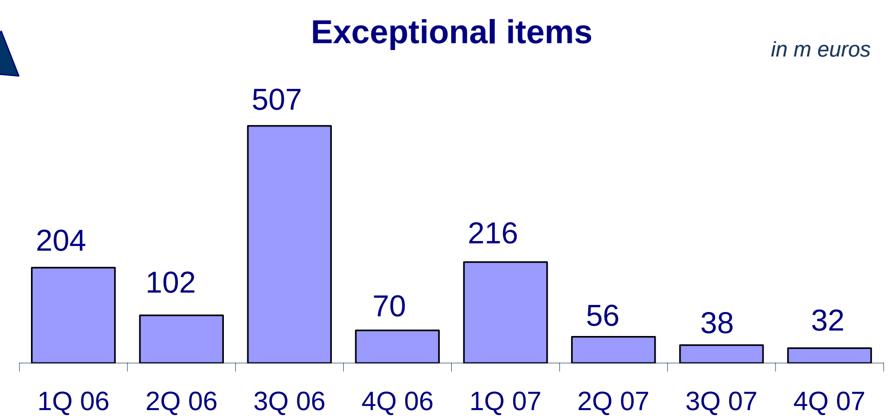
financial performance

Highlights

Quarter under review - Financial highlights

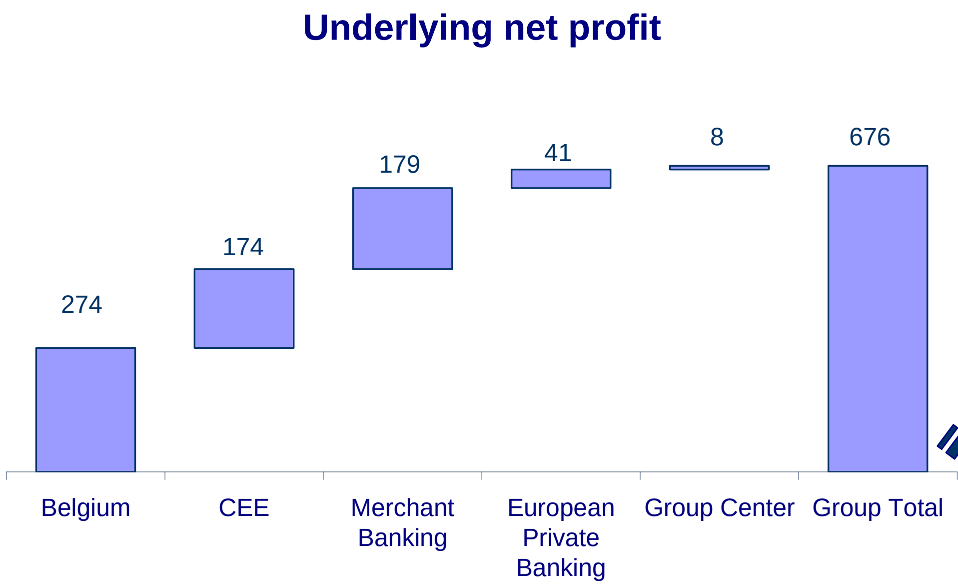


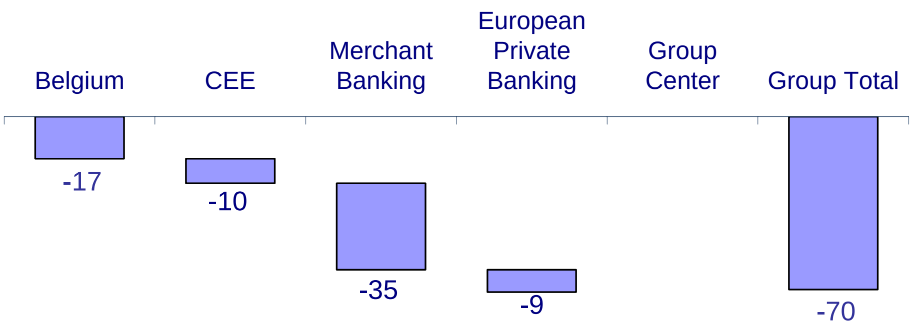


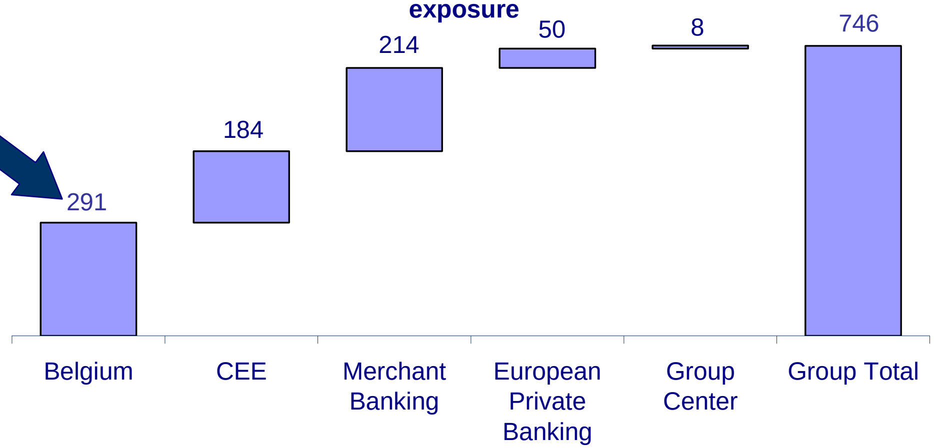


Note: All of the following slides of this presentation refer to underlying P&L figures

4Q P&L impact of subprime exposure







Quarter under review – Financial headlines

- Underlying net result came to 676m, up 20% y/y
- Lending growth remained sound, especially in CEE R (on organic basis +23%, y/y)
- Declining NIM trend reversed, shift to term deposits came to an end
- Cost increase limited to 3% y/y on a like-for-like basis
- No signs of deterioration in customer loan quality
- Negative 70m MtM posted re CDOs (after-tax)
- Robust solvency: Tier-1 ratio, banking at 8.7% (according to Basel-II), solvency ratio, insurance at 265%

Analysis of results

Group

Volumes q/q

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, q/q	+5%	+14%	+0%	+0%	+3%
Belgium	+3%	+3%	+5%	+1%	+2%
CEE R	+9%	+14%	+1%	+2%	+9%
- CZ/Slovakia	+5%	+17%	+2%	+1%	+3%
- Hungary	+9%	+7%	-3%	+6%	+5%
- Poland	+9%	+14%	-4%	+2%	+32%
Merchant Banking	+4%	-	-14%	-	-
Private Banking	-	-	-	-4%	+1%

Notes:

- Organic growth rates only
- Growth rates excluding repo and reverse repo actvities
- Trends for CEE in local currency

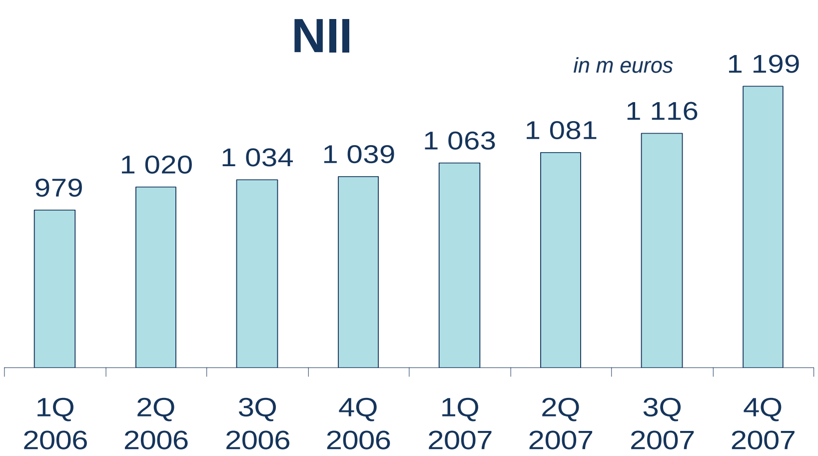
Volumes y/y

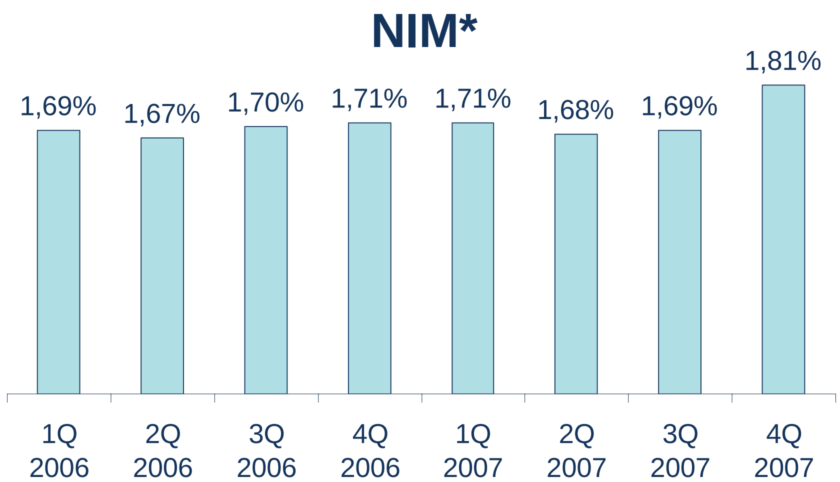
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, y/y	+15%	+16%	+6%	+11%	+6%
Belgium	+14%	+9%	+9%	+13%	+5%
CEE R	+23%	+45%	+11%	+27%	+17%
- CZ/Slovakia	+27%	+48%	+13%	+20%	+6%
- Hungary	+5%	+20%	+3%	+27%	+46%
- Poland	+42%	+87%	+5%	+52%	+37%
Merchant Banking	+16%	-	-8%	-	-
Private Banking	-	-	-	+0%	+9%

Notes:

- Organic growth rates only
- Growth rates excluding repo and reverse repo actvities
- Trends for CEE in local currency

Revenue trend - Group



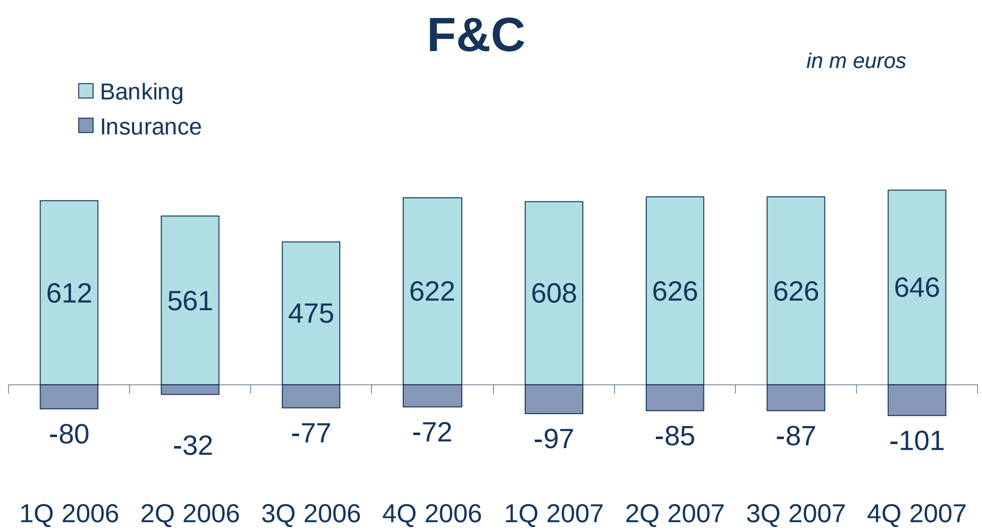


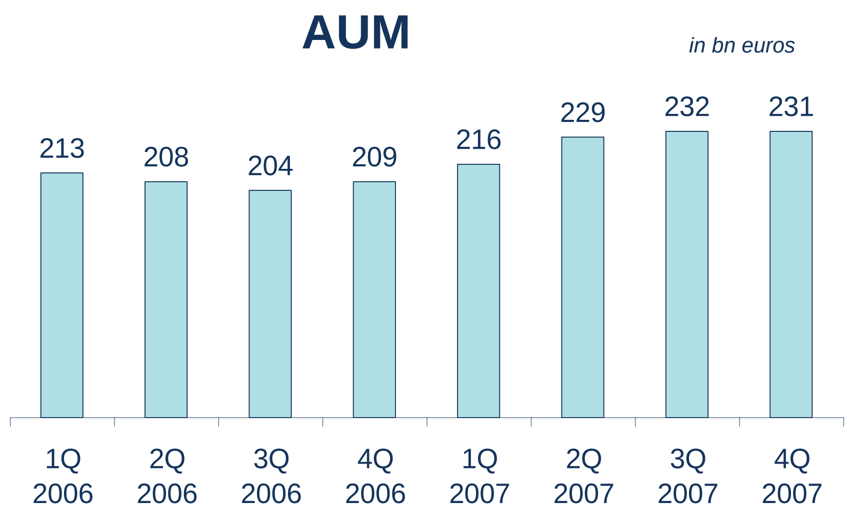
* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

- Steadily growing NII (1 199m), up 7% q/q, 12% y/y on an organic basis (excluding changes in consolidation scope)
- Mainly driven by solid volume growth: loans and deposits up y/y 15% and 6%, respectively on an organic basis
- NIM (1,81%) higher than in previous quarters, partly on the back of capital increase realized in Belgium[1]

[1] intragroup transaction, where capital is shifted from holding company to banking subsidiary level

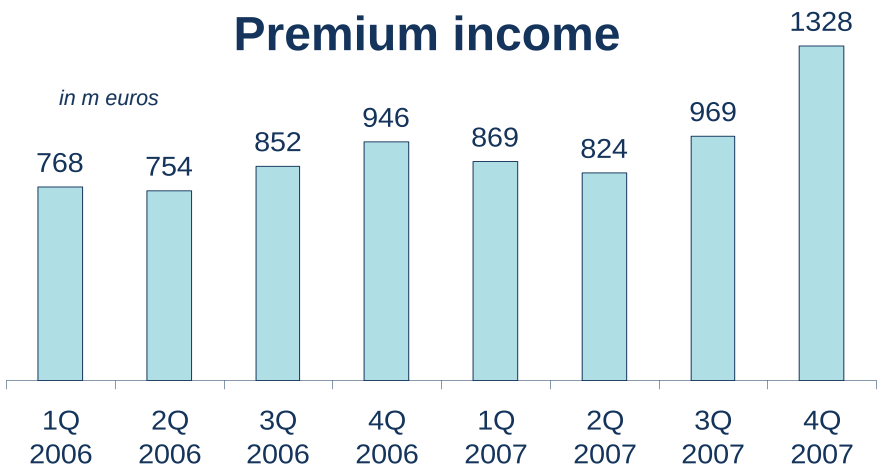
Revenue trend - Group

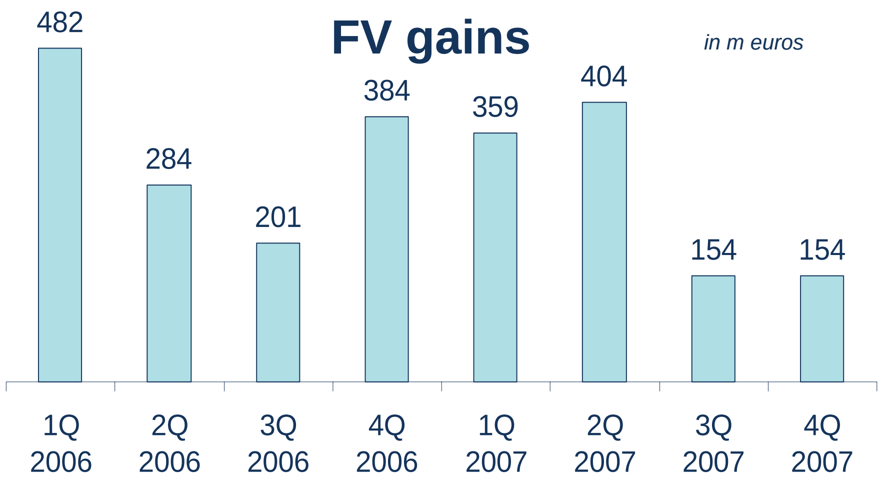




- Net F&C (546m) roughly flat q/q and y/y on a comparable basis
- Higher fees received for banking and asset management services offset by higher commissions paid for higher insurance sales
- AUM (231bn) roughly stable q/q, up 11% y/y entirely thanks to new inflows (price effect: 0%)

Revenue trend - Group



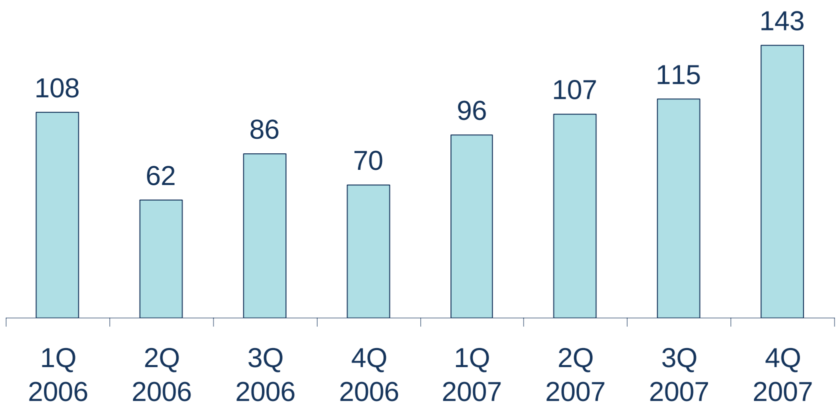


- Earned premium (1328m) up 37% q/q and 40% y/y on the back of higher life insurance sales (up 53% both q/q and y/y, on a like-for-like basis)
- FV gains (154m) :
  - Better-than-expected performance of most trading activities notwithstanding still difficult capital market situation (excluding CDOs and credit derivative business)
  - MTM adjustments on CDO portfolio (114m pre-tax, 70m after-tax). Additional markdown of 39m (pre-tax), to cover increased counterparty risk of credit insurers (23m after-tax)

Revenue trend - Group

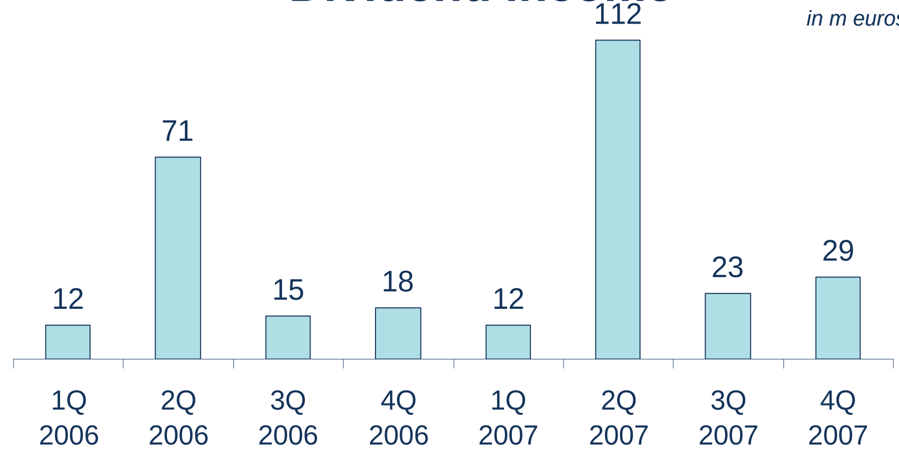
AFS realized gains

in m euros



Dividend income

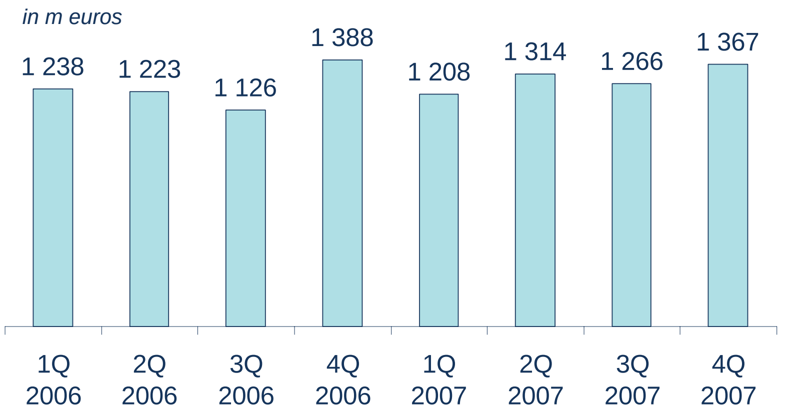
in m euros



- AFS gains (143m):
  - related predominantly to shares sold in the investment portfolio on the insurance business (Business Unit Belgium)
  - result of the public tender offer of ABN-Amro: 41m
- Dividend income (29m) in line with the previous quarters (seasonal peak in the second quarter)

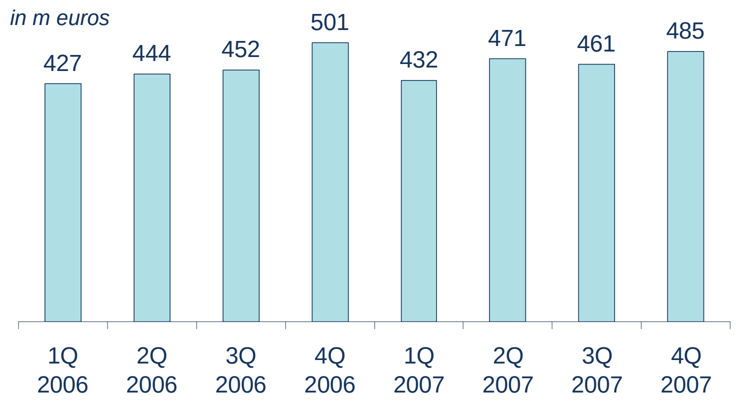
Operating expenses - Group

Operating expenses, consolidated

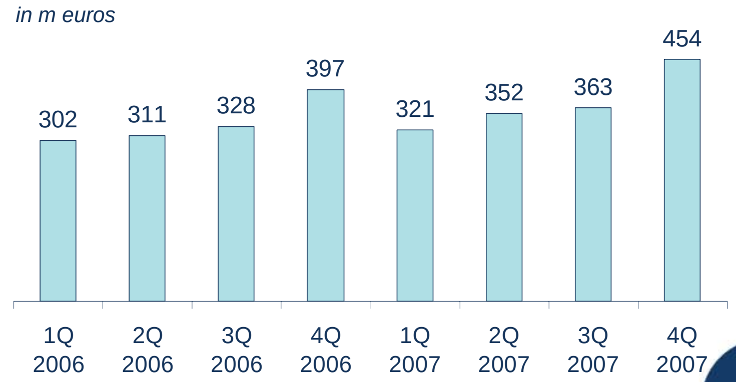


C/I, banking	FY 05	FY 06	FY 07
Belgium	55%	58%	59%
CR/SR	60%	57%	52%
Hungary	70%	63%	59%
Poland	78%	72%	70%
Russia	n/a	n/a	72%
Merchant Banking	48%	50%	53%
Private Banking	72%	73%	65%
Total	**58%**	**58%**	**58%**

Operating expenses, Belgium



Operating expenses, CEE R



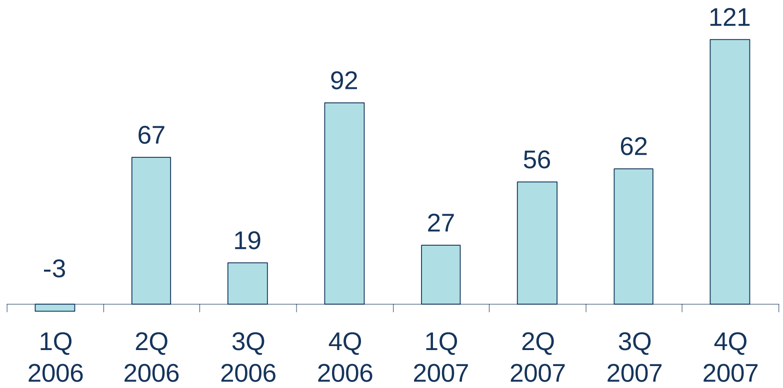
Operating expenses - Group

- q/q evolution: expenses up 11% on comparable basis, due to:
  - higher (seasonal) marketing costs
  - bonus accruals
  - costs related to the start-up of consumer finance activities (ca. 10m)
  - restructuring charges in European Private Banking (9m)
- y/y developments: on a comparable basis and disregarding writebacks of provisions expenses down 3%
  - normal cost inflation offset by better usage of cost budgets throughout the year
  - lower income-related expenses in capital market activities (Merchant Banking)
  - costs down 3% in Belgium, flat in CEE R (organic, excluding FX impacts) and flat in European Private Banking
- FY Cost/Income ratio at 58% (underlying), stable compared to FY 06

Impairment - Group

Impairment, consolidated

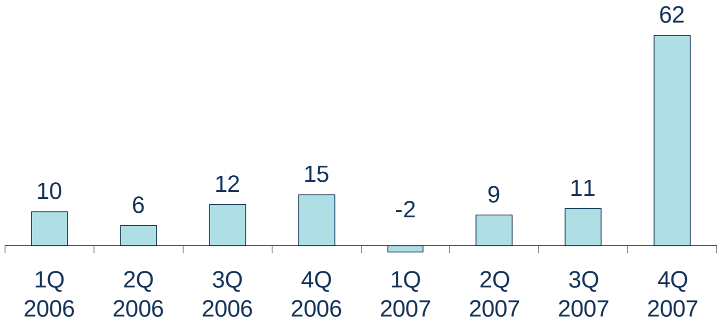
in m euros



Loan loss ratio	FY 05	FY 06	FY 07
Belgium	0.00%	0.07%	0.13%
CR/Slovakia	0.40%	0.36%	0.27%
Hungary	0.69%	1.50%	0.62%
Poland	0.00%	0.00%	0.00%
Russia	n/a	n/a	0.21%
Merchant Banking	0.00%	0.00%	0.02%
Total	**0.01%**	**0.13%**	**0.13%**

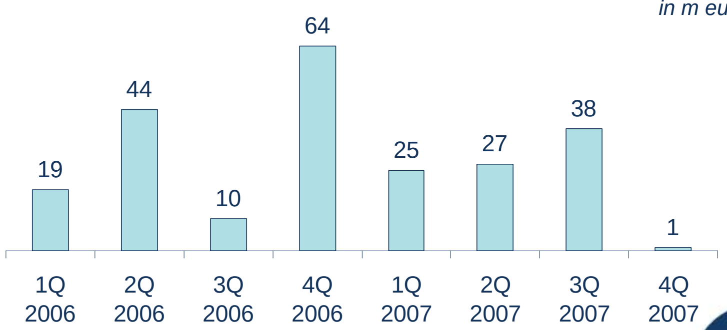
Impairment, Belgium

in m euros



Impairment, CEE R

in m euros



Impairment - Group

- 4Q 07 total impairment: 121m, of which 54m related to the loan portfolio
- Methodology for establishing portfolio-based loan loss provisions changed (using the IRB-advanced Basel-II approach)
- Methodology change resulted a net reversal of 27m on consolidated level, of which:
  - in Belgium: 28m additional impairment charges
  - in CEE R: net reversal of 21m
  - in Merchant Banking: net reversal of 35m
- On the other hand higher impairment charges related to subordinated loans to SIVs (-36m on a total portfolio just under 100m, in Private Banking)
- FY LLR 13 bps on Group level: still very low (13 bps in FY 06)
- Overall loan quality continues to be sound. NPL ratio stable at 1.5%
- Impairment charge for investment portfolio stood at 65m

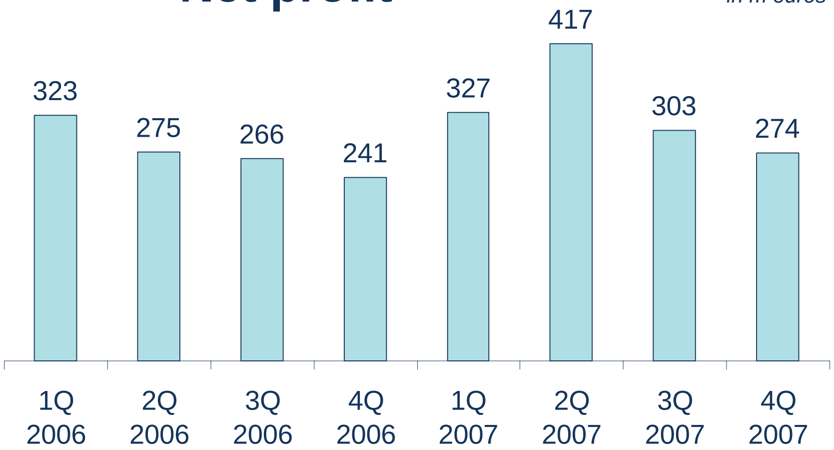
Note: All figures are before tax

Underlying profit

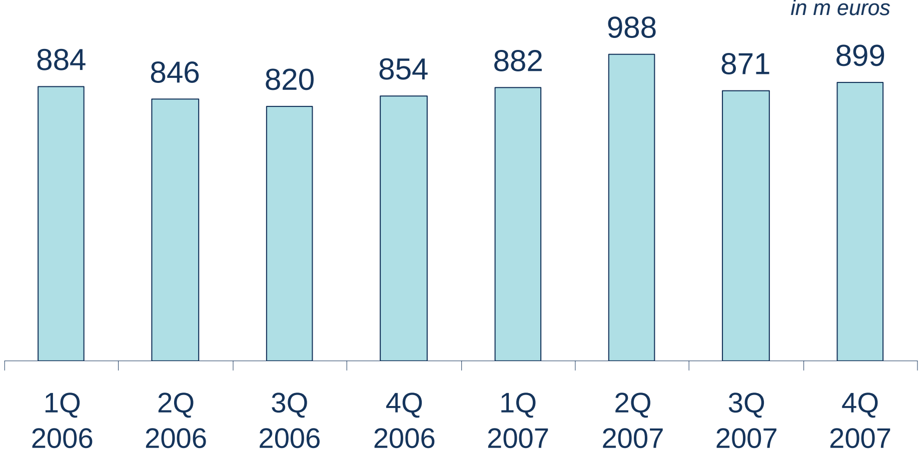
performance per business unit

Business Unit Belgium

Net profit



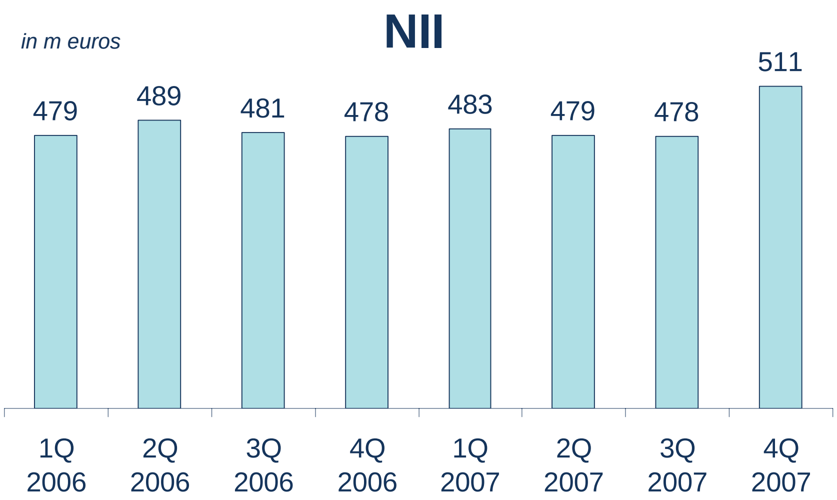
Total Income*

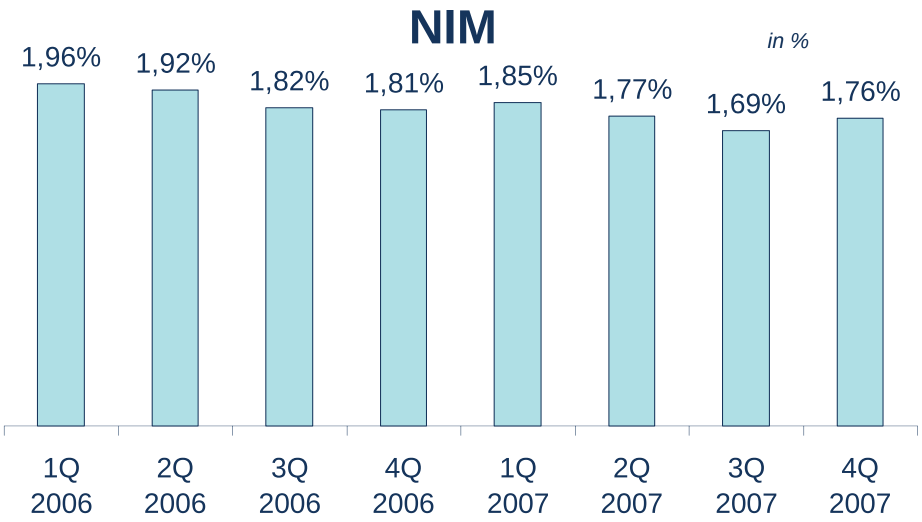


* Gross technical charges, insurance and ceded R/I results deducted

- 4Q underlying net profit at 274m, down 10% q/q, up 13% y/y
- FY return on allocated capital 32% (29% in FY 2006)
- Underlying FY C/I ratio at 59% (58% in FY 06), negatively impacted by the losses on bond sales in banking book in 2Q
- FY net combined ratio at 98% (adversely impacted by Kyrill storm in 1Q)

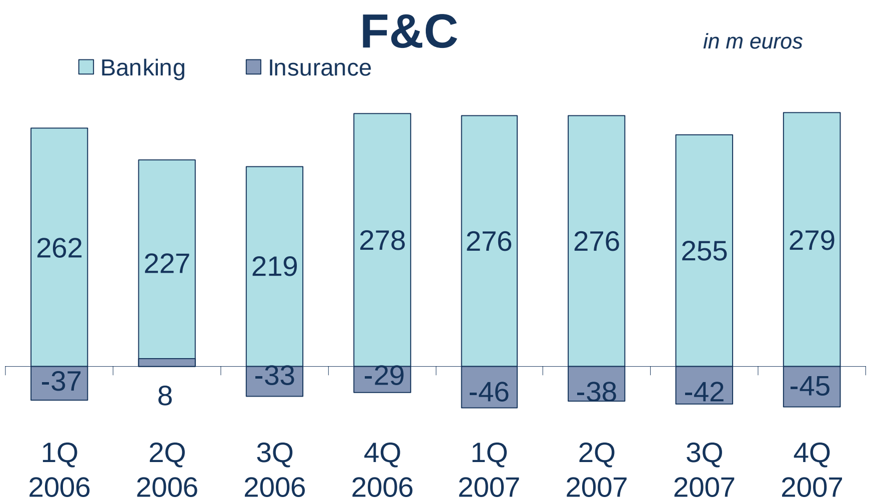
Business Unit Belgium (2)

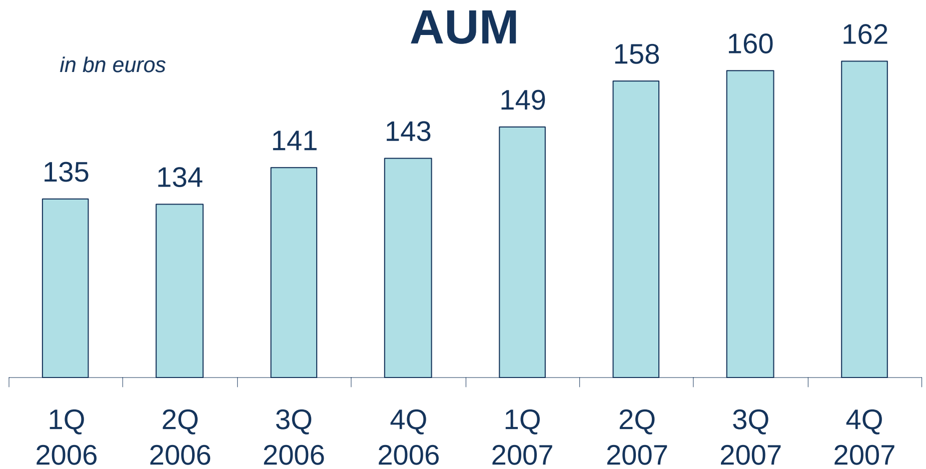




- NII (511m) up 7% q/q and y/y
- Positive impacts of :
  - robust volume growth in loans (+3% q/q, +14% y/y) and deposits (+5% q/q, +9% y/y)
  - shift to term deposits reversed
  - capital increase – a pure intragroup transaction - in the amount of 1.5 billion
- NIM (1.76%) up 7bps q/q, down 5bps y/y

Business Unit Belgium (3)

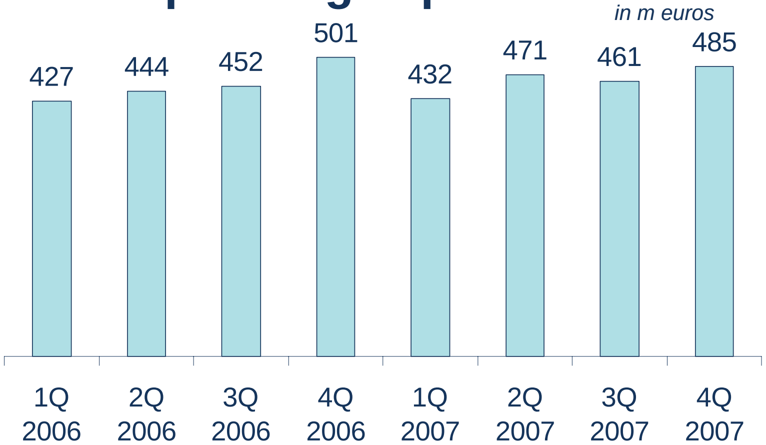




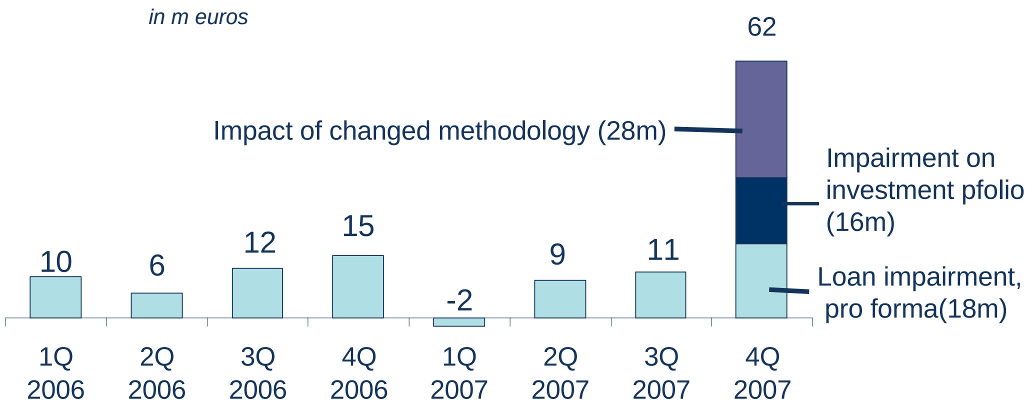
- F&C income (234m) up 9% compared to the seasonally weak 3Q
- F&C down 8% y/y on the account of more fees paid for life insurance sales (also less transaction fees received for mutual funds)
- AUM (162bn) up 1% q/q, 13% y/y (13% net new inflows, 0% price effect)

Business Unit Belgium (4)

Operating expenses

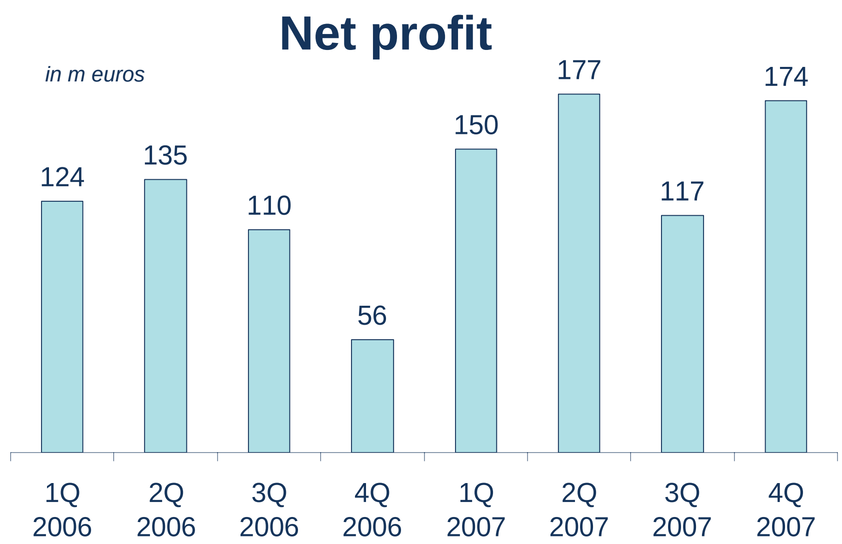


Impairment



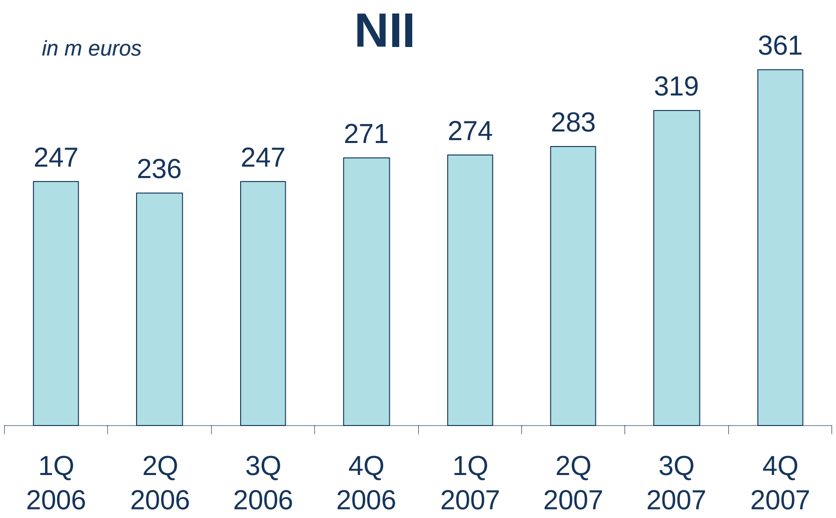
- Operating expenses (485m) up 5% q/q, related to bonus and pension reserve accruals and somewhat higher ICT costs
- Costs down 3% y/y, mainly on the account of the better spread of usage of cost budgets throughout the year
- Impairment amount at 62m, of which:
  - negative impact of change in methodology: 28m
  - impairment on investment portfolio: 16m
- FY LLR at 13bps (7 bps excl. methodology change, stable vis-à-vis FY 06)

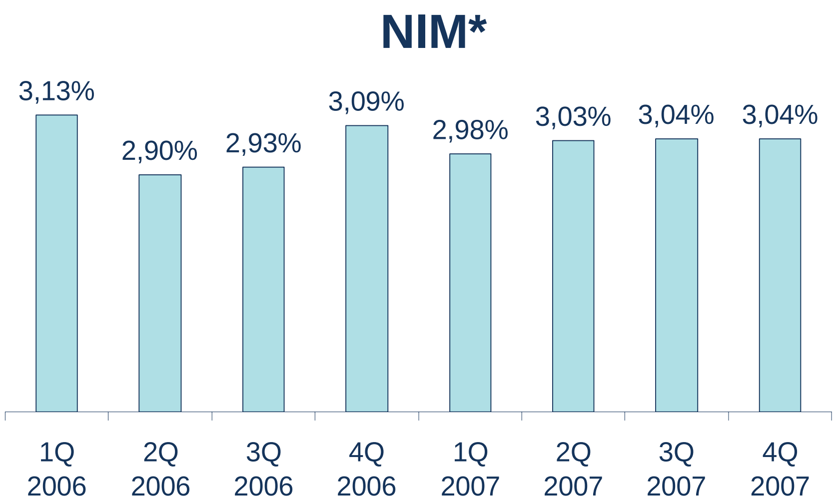
Business Unit CEE R



- Underlying net profit (174m), up 49% q/q, three times higher than in 4Q 06 (negative impact of ‘collateral based’ provisioning in Hungary in 4Q 06)
- Contribution of CR/SR: 112m, Hungary: 43m, Poland: 45m, Russia: 10m
- For the region as a whole, insurance related net profit 22m
- FY return on allocated capital, excluding new acquisitions 28% (24% including new acquisitions)

Business Unit CEE R (2)

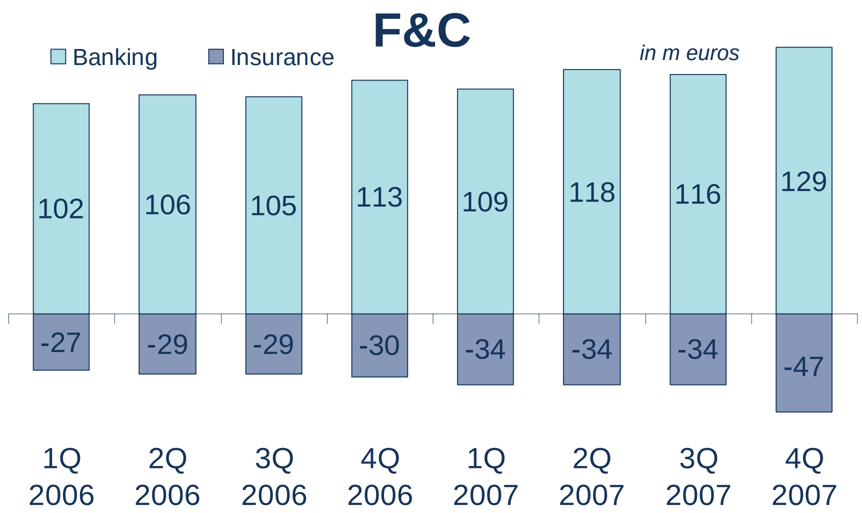


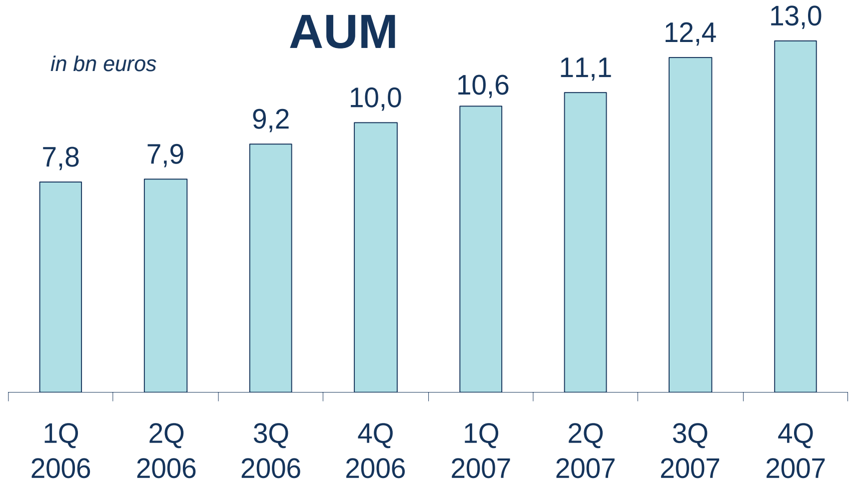


- Significant rise in NII (361m): up +11% q/q and +18% y/y on an organic basis
- Continued robust volume growth throughout the region: loan volumes up 23% y/y, deposits up 11% y/y (organic growth; exchange rate changes excluded)
- NIM in line with 3Q 07 and 4Q 06 levels

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

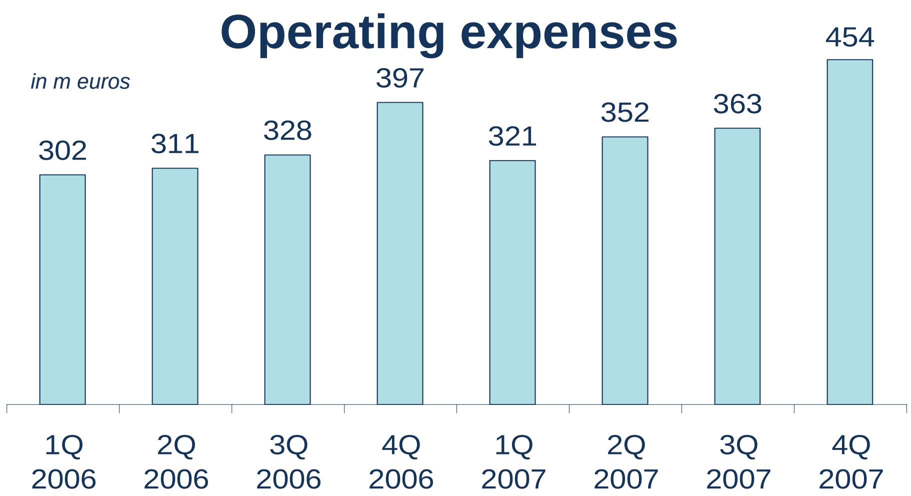
Business Unit CEE R (3)

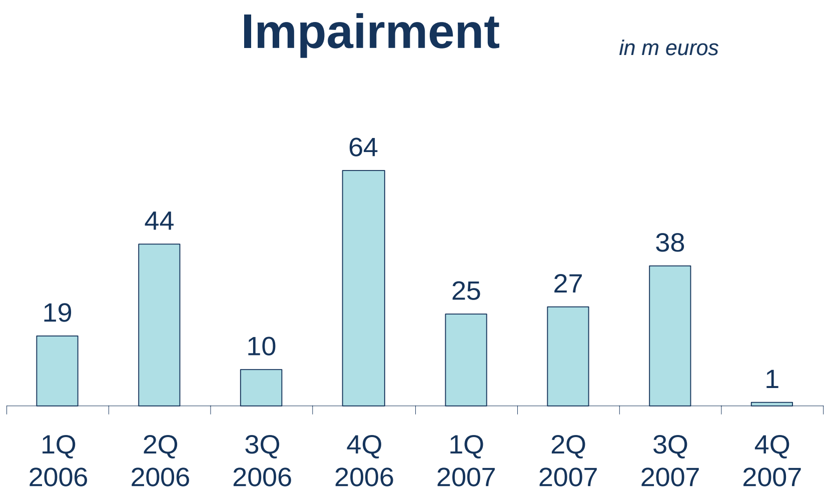




- Net F&C (82m - banking and insurance together) stable q/q and y/y
- F&C received (banking) up 9% q/q, 6% y/y on a comparable basis, but offset by increasing commissions paid to insurance agents resulting from higher sales
- AUM up 2% q/q, 27% y/y on an organic basis, of which 28%points thanks to new inflows (-1% price effect)

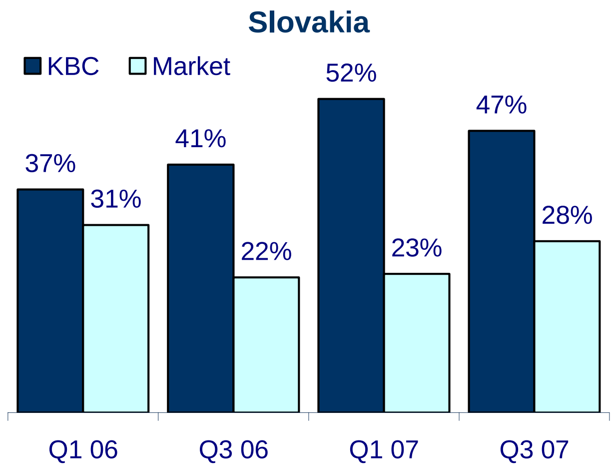
Business Unit CEE R (4)

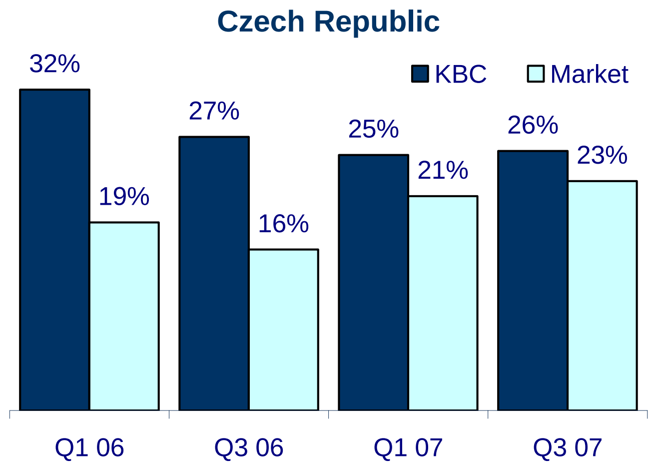


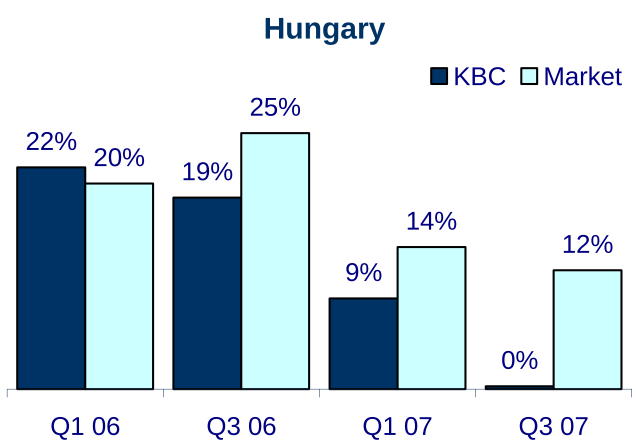


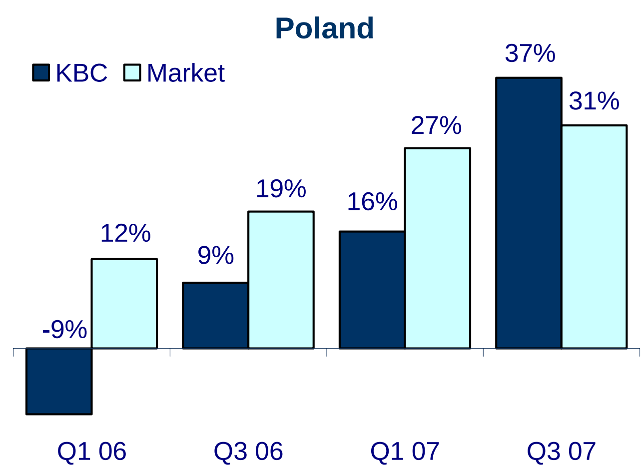
- Operating expenses (454m) roughly flat y/y, up 22% q/q (organic growth, excluding FX rate changes). q/q increase due to:
  - New staff hires and bonus accruals,
  - Somewhat higher marketing costs
  - Costs related to start-up of consumer finance activities (roughly 10m)
- FY LLR for the region: 26 bps (33 bps excl. methodology changes, 58 bps in FY 06)
- FY C/I ratio (banking) at 63% (65% in FY 06)

Loan growth in CEE compared to market







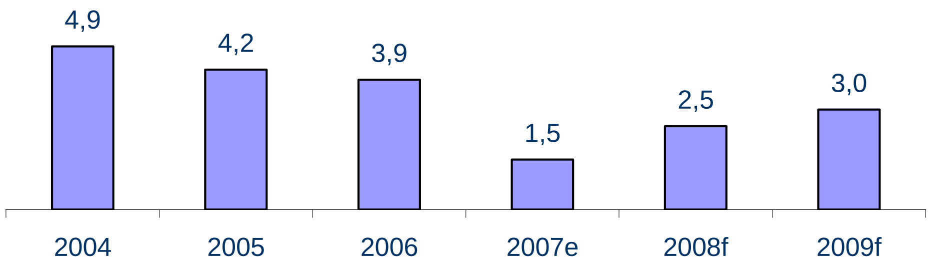


Total loan growth (y/y, in %)

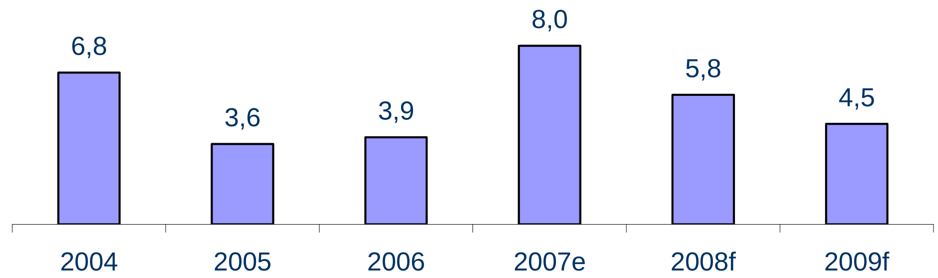
- Continuous outgrow of the market in Czech Republic and in Slovakia
- Catch up in Poland since 2007
- More cautious approach in Hungary

KBC Update on economic situation in Hungary

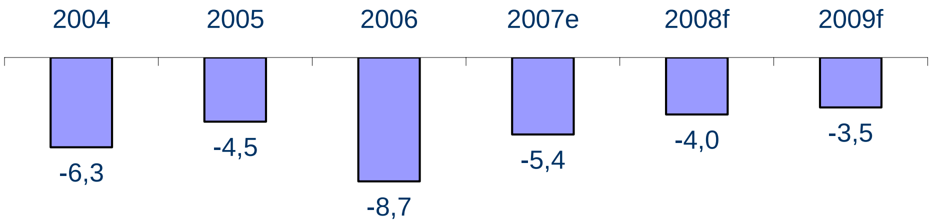
GDP-growth (real growth, in %l)



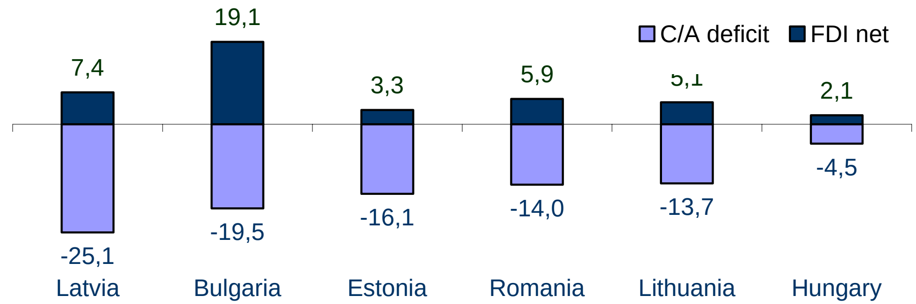
Inflation (in %, average)



Central gov deficit (in % of GDP)



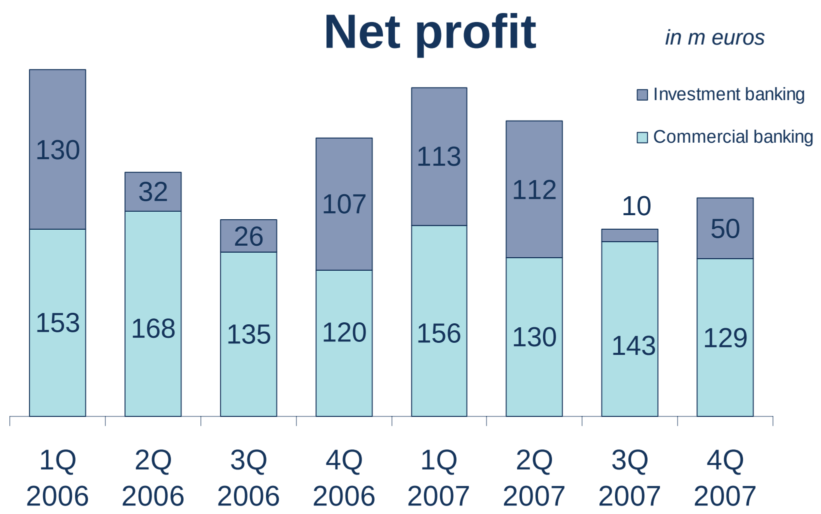
Current account financing 2007 (in % of GDP)

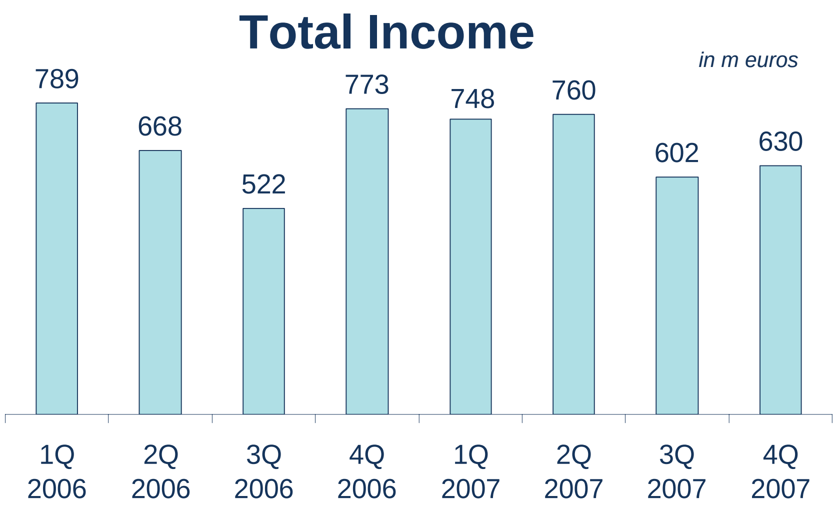


- 2007 was a difficult year; going forward the worst may be behind us
- Situation is definitely better than in the Baltic states or in SE-Europe

2004-2006: actual data, 2007-2009:Fitch and KBC forecasts

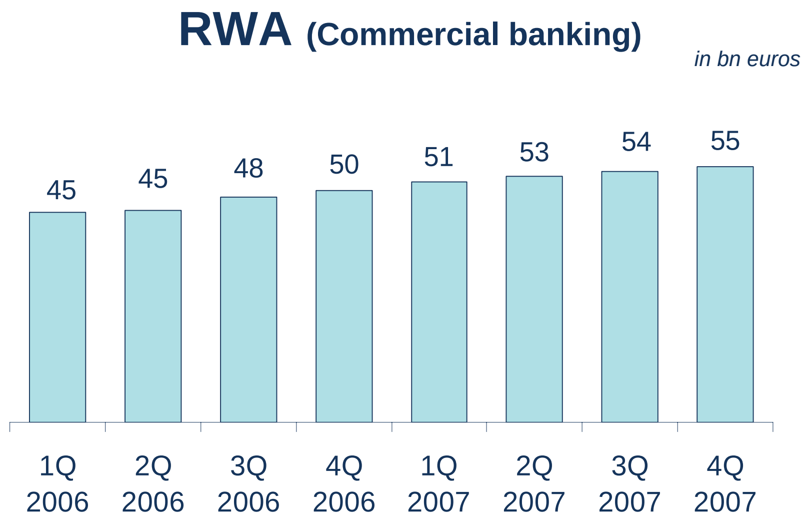
Business Unit Merchant Banking

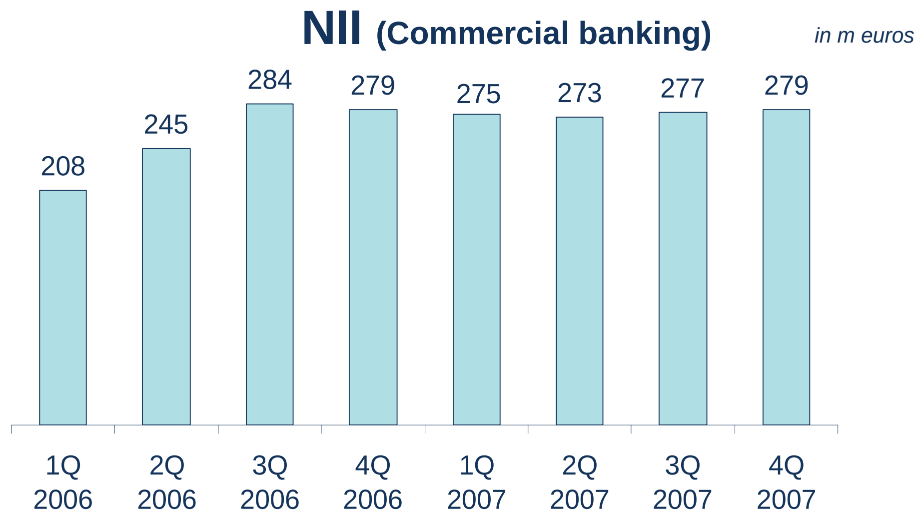




- Underlying net profit at 179m, broken down into 129m for commercial banking and 50m for investment banking activities
- Results of investment banking negatively impacted by adverse climate on financial markets
- MTM losses on CDOs: 63m pre-tax, 35m after-tax
- Additional credit valuation adjustments re monoline-insurers: 23m, after-tax

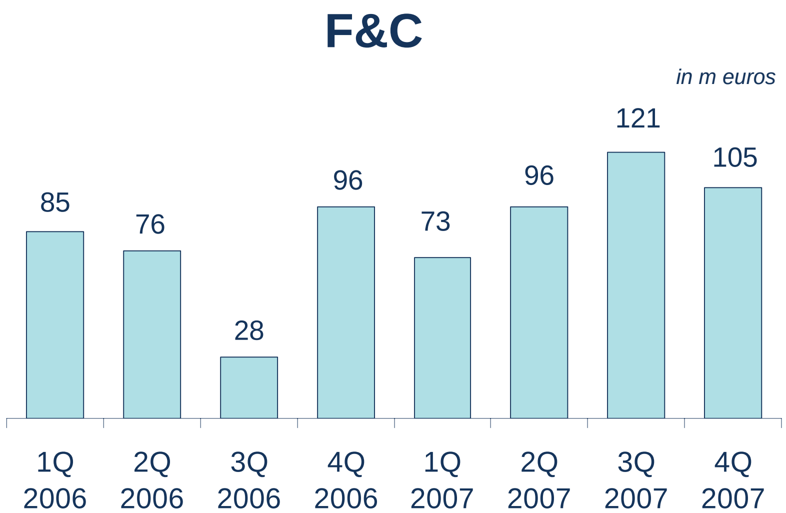
Business Unit Merchant Banking (2)

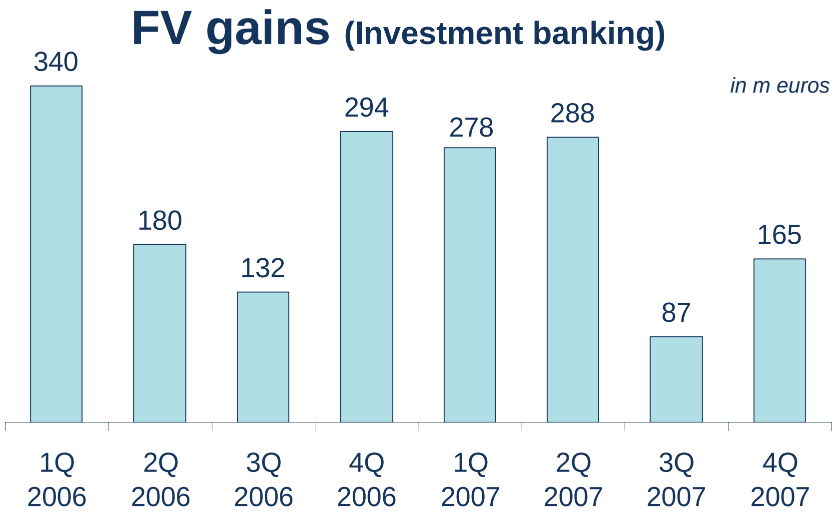




- NII (279m, relating to commercial banking) roughly flat q/q and y/y
- NII negatively impacted by increased funding costs
- RWA of commercial banking up 2% q/q

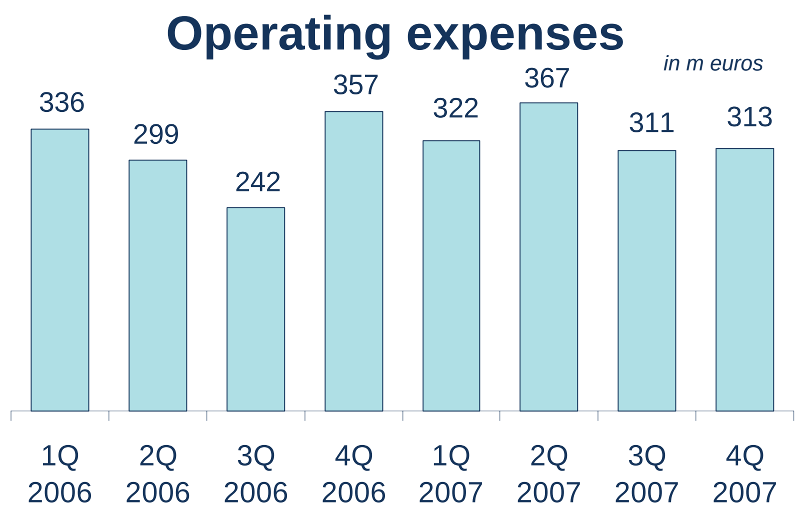
Business Unit Merchant Banking (3)

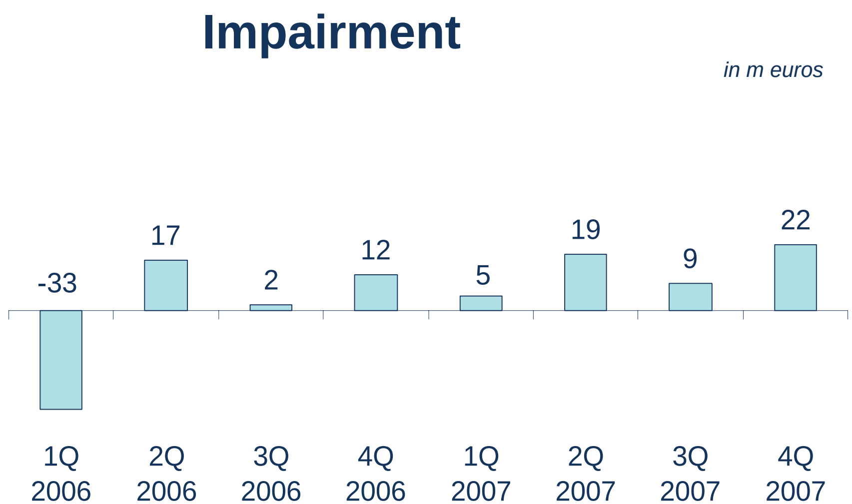




- Net F&C (105m) down 13% from the very high level of 3Q 07, up 9% y/y, mostly thanks to equity brokerage and corporate finance activities for local SMEs
- FV gains (129m, of which 165m in investment banking and -36m in commercial banking) significantly higher than in the seasonally low 3Q 07
- Although the situation on the financial markets remained difficult, most market activites recovered well (excl. CDOs and credit derivatives)

Business Unit Merchant Banking (4)

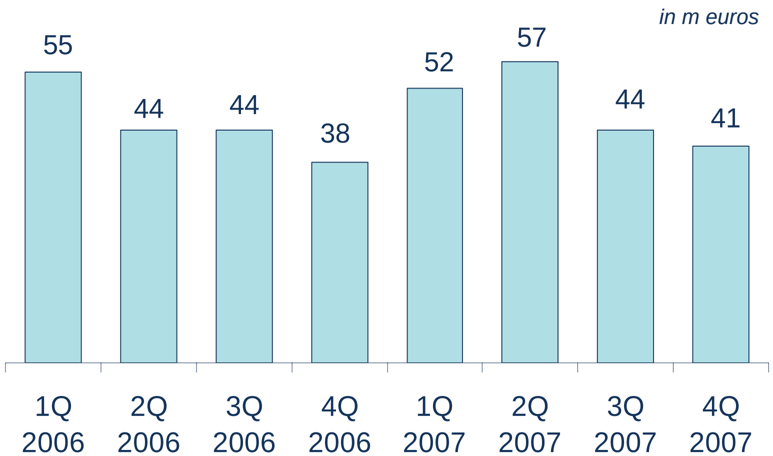




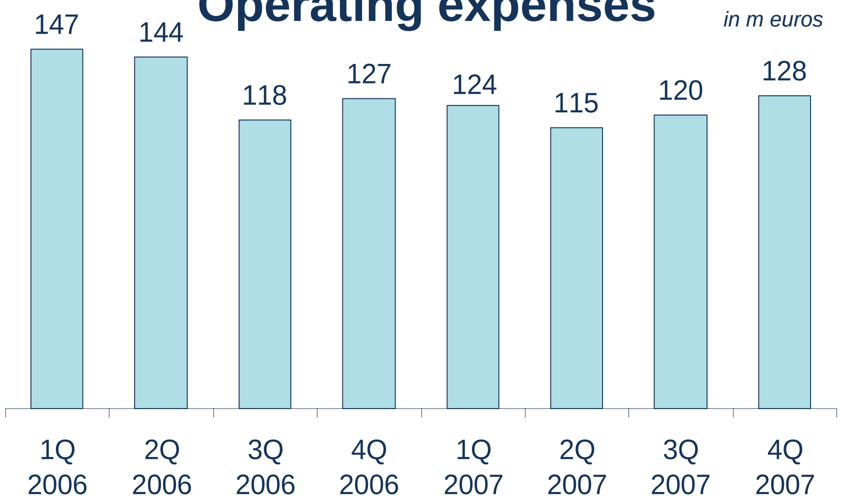
- Operating expenses (313m) on a par with the previous quarter
- Expenses down 12% y/y due to lower income-related staff expenses
- Limited impairments (22m) as the result of:
  - Loan loss reversal of 35m due to methodology changes
  - 48m impairment charge for equity holdings in the investment portfolio
- FY LLR 2 bps (7 bps excluding methodology changes, nil in FY 06)

Business Unit Private Banking

Net profit

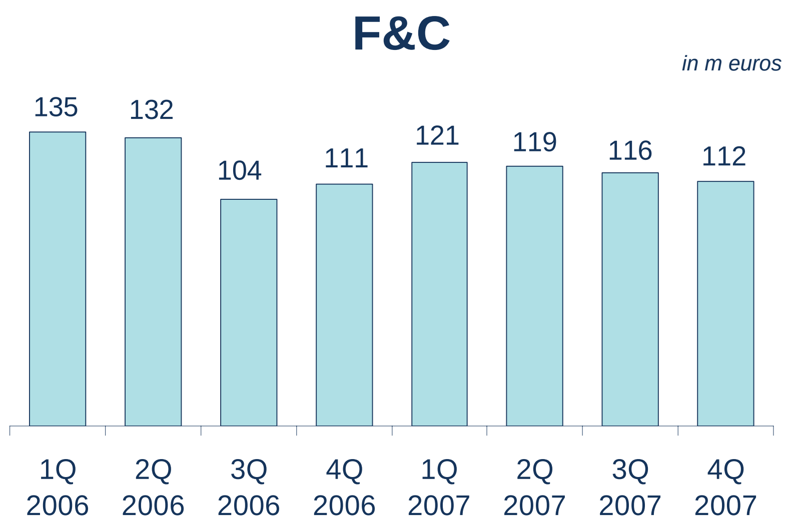


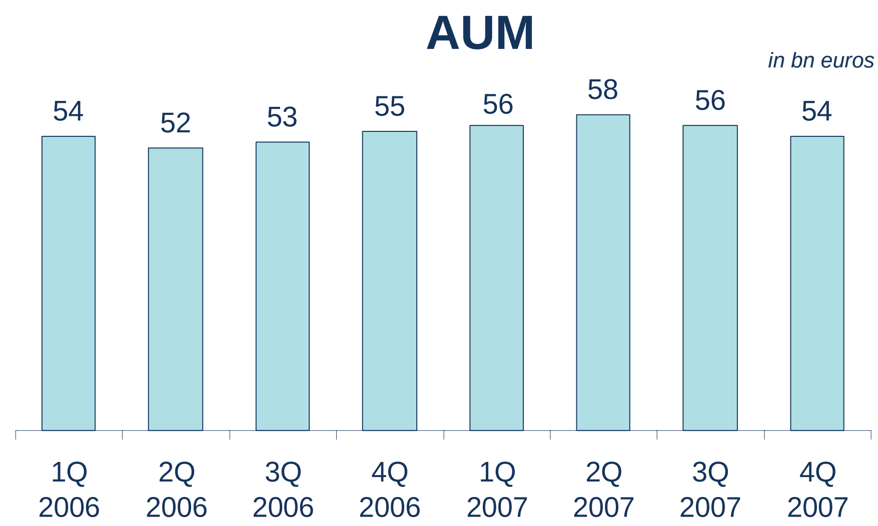
Operating expenses



- Underlying net profit (41m) up 8% y/y, down 7% q/q
- FY return on allocated capital at 33% (29% in FY 06)
- Expenses (128m) flat y/y; and up 7% q/q, mainly due to restructuring charges (9m)
- FY C/I at 65%, a significant improvement compared to 73% at FY 06

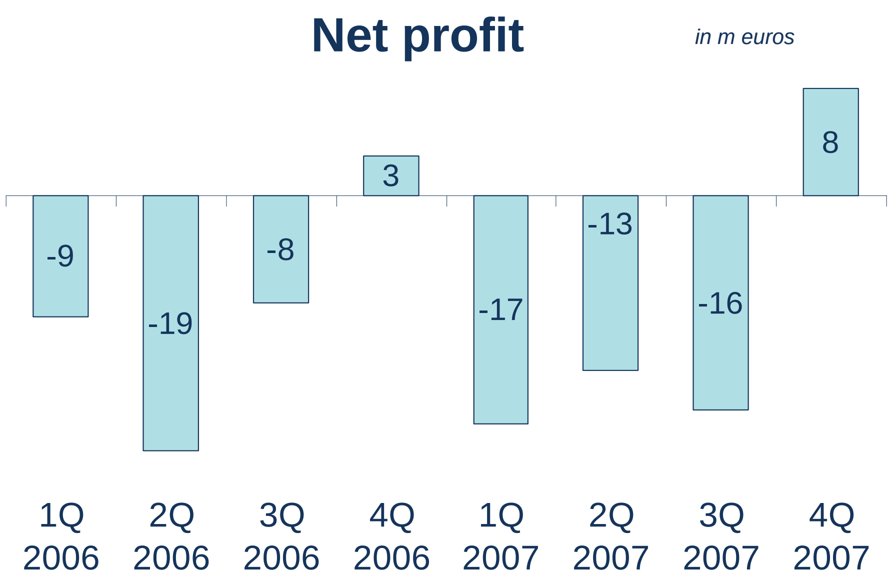
Business Unit Private Banking (2)





- F&C down 3% q/q, flat y/y
- AUM (54bn) down 4% q/q, flat y/y, as the balance of:
  - 4% higher on-shore assets (26bn)
  - Net outflow of low-yielding institutional assets
- MtM adjustment re CDOs at -13m, pre-tax (-9m, after-tax)

Group Centre



- Underlying net result at 8m, thanks to the net 35m reversal of an expense provisions (quarterly average of 2006-2007: -8m)

Subprime
loan exposure

Credit-linked investments

REMINDER

As previously disclosed, KBC has invested in the following credit-linked assets: [1]

- With subprime exposure:
  1. CDOs with some asset-backed securities as underlying assets
  2. "Atomium portfolio" (asset-backed securities of former KBC conduit *Atomium*) [2]
- Without subprime exposure:
  3. Other investments (various financial instruments, amongst other those of former KBC conduit *Quasar)*

[1] As mentioned in the 2Q 07 (August 2007) and 3Q 07 (November 2007) earnings presentations (www.kbc.com)
[2] "Integration" completed in 4Q 2007

Credit-linked investments

UPDATED OVERVIEW [1]

Subportfolio	Subprime exposure	Asset allocation	Investment grade	AAA-rated	Allocation to subprime RMBS	Allocation to credit cards [3]
CDOs with some ABS underlying Size: 6.9 bn	✓	Notes from corporate CDOs with limited ABS underlying (all assets managed by KBC itself)	100%	88%	13%	0%
"Atomium" portfolio Size: 2.0 bn	✓	Asset-backed securities of former KBC conduit *Atomium* (fully consolidated as of 4Q 2007)	100%	100%	33%	0%
Other portfolios Size: 7.4 bn [2]	no	Various financial instruments, amongst other those of former KBC conduit *Quasar*	100%	94%	0%	2%

[1] Situation as at 31-Dec 2007; differences to 30-Sep-2007 relate mainly to USD depreciation, natural amortisation of assets and market value adjustments
[2] Including 1.0 bn held in the trading book. Excluding the notes held by KBC of the KBC in-house securitisation vehicle Home Invest (mainly set up for treasury purposes)
[3] The exposure to credit card receivables, used as collateral for ABS, is 4m in the CDO portfolio and 140m in other portfolios

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn

Step 1
KBC bought the credit risk related to a diversified pool of financial instruments on the capital markets

Step 2
KBC structured CDOs (i.e. “repackaged” the credit risk) and issued CDO notes to investors (credit risk transfered)

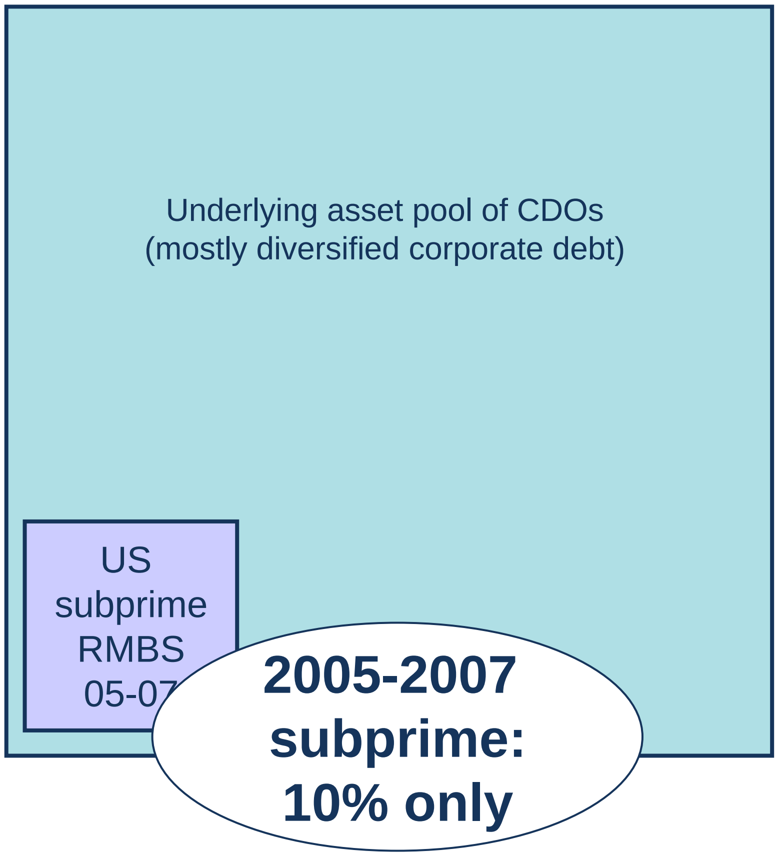
Step 3
KBC itself invested in a selected part of high-rated CDO notes (at own risk, but first losses taken by lower-rated tranches held by third-parties)

CAPITAL MARKETS	KBC INVESTMENT BANKING UNIT	KBC INVESTMENT PORTFOLIO[1]
Pool of diversified financial assets (mostly corporate debt and to a very limited extent US supprime RMBS) →	Origination and management of CDOs (credit risk transfered to investors) →	CDO notes held in investment portfolio - total size: 6.9 bn

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)

Exposure to CDOs with subprime content

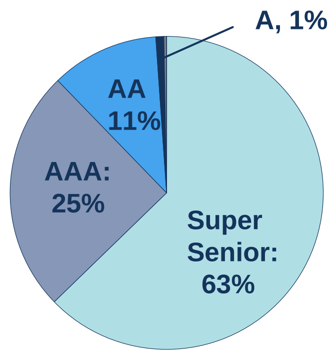
CDO portfolio 6.9 bn -
type of underlying assets

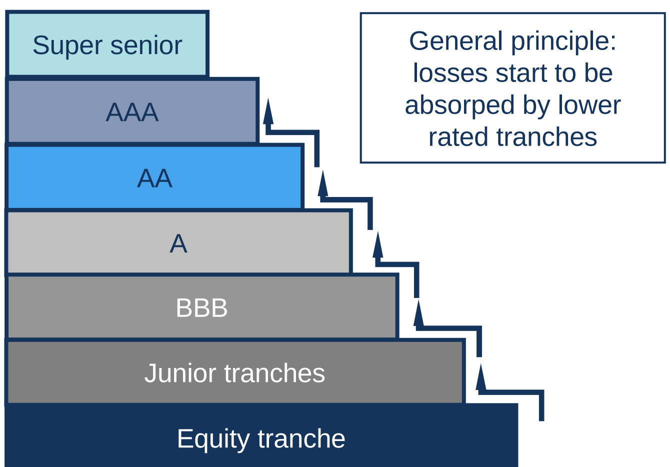


- Subprime related losses are dependent on the share of 'US subprime mortgages' within the pool of underlying assets (esp. those written in the '2005-2007 period). The lower the level of 2005-2007 subprime mortgages, the lower the loss
- In KBC's case, the CDOs with ABS underlying contain only 13% US sub prime mortgages (the 2005-2007 vintage pool being 10%)
- KBC has opted for less aggressive investments (with lower anticipated yield)

Exposure to CDOs with subprime content

CDO portfolio 6.9 bn - breakdown by rating class





- Subprime losses are dependent on the structure of “loss distribution” between CDO tranches. The higher the rating class, the lower the loss.
- Higher-rated tranches are less vulnerable, since loss absorption starts at lower-rated tranches
- For KBC’s 6.9 bn CDO portfolio, the average net credit loss level where losses are affecting our investments is 17%[1] (the so-called “attachment point”)
- On the market, a typical “attachment point” for a super senior-rated class is ca. 15%; for KBC’s investments it is 23%

[1] 17% net loss (after recovery of collateral), on average, on all underlying assets (not only subprime)

Exposure to CDOs with subprime content

KBC's investment banking activity in the CDO area is based on a more selective business model vis-à-vis other firms, e.g.:

- KBC did not act as a manager for mortgage securitisations; therefore, there was no pressure to take lower-quality collateral on board in order to be able to complete the securitisation deal
- No warehouse lines or super senior protection were provided to external managers
- Equity and junior tranches of CDOs on own account were completely written-down at the time of issue (total amount of 750m not recognised in profit in the past!)

Evidence of the succes of this strategy: to date, no downgrades and no losses - not even to the equity tranches (compared to the massive wave of downgrades in the market)

Credit rating trends

- As of 13-Feb, no securities held were downgraded (not in the main CDO portfolio, nor in the *Atomium* portfolio). Moreover, ca. 80% of the collateral is corporate debt, for which no credit event took place
- The subprime exposure is actively managed (by KBC itself) [1]. The realised asset substitutions have recently proven to be effective to avoid credit rating downgrades
- Over the last few months, the following credit rating actions were taken:

	Action	CDO investment size impacted
Moody's	Review of 5 KBC FP managed CDOs (Nov-07), for which the ratings of 3 were reconfirmed (Jan-08)	0.2 bn still under review 0.4 bn reconfirmed
Standard & Poors	Review of 2 KBC FP managed CDOs (Jan-08)	0.2 bn under review
Fitch	No actions	-

- A potential downgrade would not impact our loss estimates (stress tests)

[1] Except for some third-party CDOs within *Atomium*

Moody's CDO rating actions

- Amongst all tranches of 2005-2006-2007-issued CDOs containing ABS underlying, 2 746 pieces were placed on negative watch or downgrade by Moody's over 2007
- There are still 1 186 tranches on watch
- 17 tranches had had the rating affirmed, 12 of which managed by KBC FP
- The rest were downgraded (none of them managed by KBC)

Situation as of 4 February, 2008

Exposure to credit insurers

Counterparty risk for exposure towards credit insurers (mainly MBIA, Ambac, FSA):

Direct credit exposure	Nil
Re-insurance coverage received for CDOs in main CDO portfolio	The counterparty risk was provisioned to the tune of 15% (39 million) of the market value gain of the oustanding credit derivatives
Credit enhancement for liquidity facilities in public finance and health care sector	Guarantees received (1.1 bn) for underlying assets that are 32% AA- and 68% A- rated. Given the high ratings of the assets, the risk of insurers' default is very limited (however, would cause an additional capital requirement in the amount of 50 m) under Basel-II

2007 earnings impact

No impairment (no actual losses); however, a negative impact:

- on net profit (P&L) due to the marking-to-market of CDOs with ABS underlying [1]
- on net profit (P&L) due to an additional value adjustment reflecting the counterparty risk for the credit insurance received for CDOs with ABS underlying
- on shareholder's equity (B/S) due to the marking-to-market of the former *Atomium* and *Quasar* portfolios

P&L impact	Impairment loss (P&L)	Mark-to-market value adjustment (P&L)	Credit insurers' risk provision (P&L)	Post-tax P&L impact (P&L)	Pre-tax impact on equity (B/S)	Post-tax impact on equity (B/S)
3Q 07	Nil	51 m	-	39 m	49 m	37 m
4Q 07	Nil	114 m	39 m	93 m	81 m	51 m
Total	Nil	165 m	39 m	132 m	130 m	88 m

[1] The marking to market was based on trading data for comparable assets with third-parties.

Credit loss estimates

- Effective credit losses due to defaults in subprime collateral are estimated through stress tests
- Main assumptions:
  - Including all investment exposures to CDOs managed by KBC (also those in *Atomium*)
  - Taking into account a range of 11 to 20% net losses on all 2005-2007 subprime and alt-A assets (net, i.e. after recovery of collateral)
  - All losses assumed to crystalise at the same time (2009)
  - Additional scenario including 20 to 50% loss on default of exposure to credit insurers
- Updated stress test results:

Stress test scenarios (updated per 31-Dec-07)	Scenario A **11% subprime/Alt-A net loss**	Scenario B **15% subprime/Alt-A net loss**	Scenario C **20% subprime/Alt-A net loss**	Scenario C+ **(i.e. scenario C with default of credit insurers)**
Default risk “CDO with ABS” portfolio	1 m	19 m	137 m	156m
Default risk “Atomium portfolio”	1 m	8 m	34 m	34m
Total simulated default risk	2 m	27 m	171 m	190m

Exposure to subprime crisis

SUMMARY

The combination of factors explains KBC's limited vulerability towards the suprime crisis:

- Limited portion of subprime assets
- High "attachment points" of CDO notes , allowing substantial losses of sub prime assets before being impacted
- Selective business model in the CDO structuring business
- Active management of CDOs held
- "Low quality" tranches completely written-down in the past (equity/junior notes, 750m)
- Until 13-Feb no downgrades (compared to massive downgrades on the market)

Moreover:

- No assets sold at distressed prices ("buy and hold")
- Part of MTM volatility of CDOs offset by additional hedges on our books

Wrap up

and 2008 developments

Wrap Up on 4Q 2007

- Underlying net result up 20% y/y
- Lending growth remained sound, especially in CEE R
- Cost increase limited to 3 % y/y on a like-for-like basis
- No signs of deterioration in customer loan quality
- Negative 70m CDO MtM posted (after-tax) in 4Q
- Solvency remained robust

Developments in 2008

- André Bergen:

  “We see a lot of pessimism in the financial economy, which we cannot reconcile fully with the business reality in our core markets. There is obviously a cyclical impact on our performance and, going forward, we do take somewhat higher cost inflation into account. But, on the other hand, we currently do not see customer credit risk rising and we feel comfortable with our limited exposure to mortgage-linked investments. Through the cycle, we remain highly confident with our business model and strategy.”

2008 1Q operational details

- Changes in the reporting as of 1Q 08:
  - Slovakia will be reported separately in CEE R as of 1Q 08 onwards
  - The top line income will be presented after deduction of ‘Gross technical charges’ and ‘Ceded reinsurance results’
  - 2007 pro-forma accounts will be public prior to the 1Q 08 earnings publication
- First time consolidation of *Economic and Investment Bank* (*EIB,* Bulgaria)
- KBL acquired Richelieu Finance in France
- Dividend payment date: 9 May, 2008
- KBC will publish its 1Q 08 results on 15 May, 2008 at 7 a.m. CEST

KBC's Management is delighted to invite you to Moscow on 5 and 6 June 2008 on the occasion of its Investor Day, to further unveil its ambitions in the Eastern part of Europe and Russia.

We recommend that you make your travel arrangements as soon as you receive our formal invitation due to visa application formalities for entry into Russia. The number of flights to Moscow may also be limited.

Please also ensure that you plan to arrive in Moscow on 5 June by 4 p.m. local time, at the latest.

Annexes

Annex 1: earnings impact per Business Unit

CDO MtM		Belgium	CEE R	Merchant Banking	Private Banking	Group Centre	KBC Group consolidated
Pre-tax	3Q 2007	-8	-16	-22	-6	-	**-51**
	4Q 2007	-25	-13	-63	-13	-	**-114**
	FY 2007	**-33**	**-29**	**-85**	**-18**	**-**	**-165**
After-tax	3Q 2007	-6	-12	-17	-4	-	**-39**
	4Q 2007	-17	-10	-35	-9	-	**-70**
	FY 2007	**-22**	**-22**	**-52**	**-13**	**-**	**-109**
CDO credit value adjustments (related to monoline insurers)							
Pre-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-39	-	-	-39
	FY 2007	**-**	**-**	**-39**	**-**	**-**	**-39**
After-tax	3Q 2007	-	-	-	-	-	-
	4Q 2007	-	-	-23	-	-	-23
	FY 2007	**-**	**-**	**-23**	**-**	**-**	**-23**

Annex 2: CDO portfolio with ABS content, details

Situation as of 31/12/2007

CAPITAL MARKETS

Diversified corporate debt – 77%
(2/3 US, 1/3 mainly Europe)

AAA-rated	2%
AA	5%
A	16%
BBB	41%
BB	13%
B	1%
	77%

US ABS – 23%

Collateral:		Securities:	
Subprime	13%	AAA	3%
Prime	3%	AA	7%
Cred card	0%	A	5%
Other	6%	BBB	5%
	23%	Lower	3%
			23%

KBC INVESTMENT BANKING UNIT

Synthetic CDOs originated and managed
(credit risk transfered to investors)

Assets:
Cash
Credit default swaps:
- 80% corporate
- 20% ABS CDS

Liabilities:	
Super senior	77%
AAA	9%
AA	7%
A	3%
BBB	4%
Junior/equity	3% [3]

KBC INVESTMENT PORTFOLIO [1]

CDO notes held [2]
Total size: 6.9 bn

AAA-rated (incl SS)	88%
AA	11%
A	1%

Step 1
KBC bought credit risk (by writing CDS) on a diversified pool of corporate instruments and some ABS

Step 2
KBC structured the CDO and issued CDO notes to investors (credit risk transfered!)

Step 3
KBC invested itself in a selected part of high-rated CDO notes (credit risk held, but high average net loss subordination)

[1] The investment portfolio consists of the re-investment of the surplus deposits to loans (45 bn) and the insurance liabilities (18 bn)
[2] No notes from CDO squared or Mezzanine CDOs
[3] Junior and equity tranches on our books have been written down at time of origination[2]

Annex 3: Atomium portfolio, details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS

Collateral:

US prime mortgages	30%
US subprime mortgages	33%
Credit card receivables	0%
US commercial real estate	8%
US corporate debt	29%
	100%

Securities:

AAA ABS	79%
AAA ABS CDO	21%
	100%

KBC ATOMIUM PORTFOLIO

ABS	1.6 bn
ABS CDO notes	0.4 bn
Total	2.0 bn
AAA-rated	100%

Step 1
KBC launched a ABCP ("Atomium"), the proceeds of which were invested in ABS (credit risk in principle transfered to CP holders)

Step 2
Within the initial CP deal, a liquidity backup facility was provided by KBC (i.e. asset risk indirectly held by KBC)

Step 3
In 2H2007, KBC brought assets to the balance sheet (risk position unchanged)

Annex 4: other portfolios (no subprime content), details

Situation as of 31/12/2007

POOL OF SECURITISED ASSETS [1]

Collateral:	
Prime mortgages	71%
Corporate debt	22%
Consumer loans	2%
Commercial real estate	2%
Car loans	2%
Subprime mortgages	0%
	100%

Securities:	
AAA - ABS	86%
AAA - CDO	9%
AA - CDO	4%
A - ABS	1%
A - CDO	1%
	100%

KBC OTHER PORTFOLIOS

ABS	6.4 bn
CDO notes	1.0 bn
Total	7.4 bn
AAA	94%
AA	4%
A	2%

[1] Mostly, but not exclusively, European assets