KBC Group

Debt Investor Presentation

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KBC

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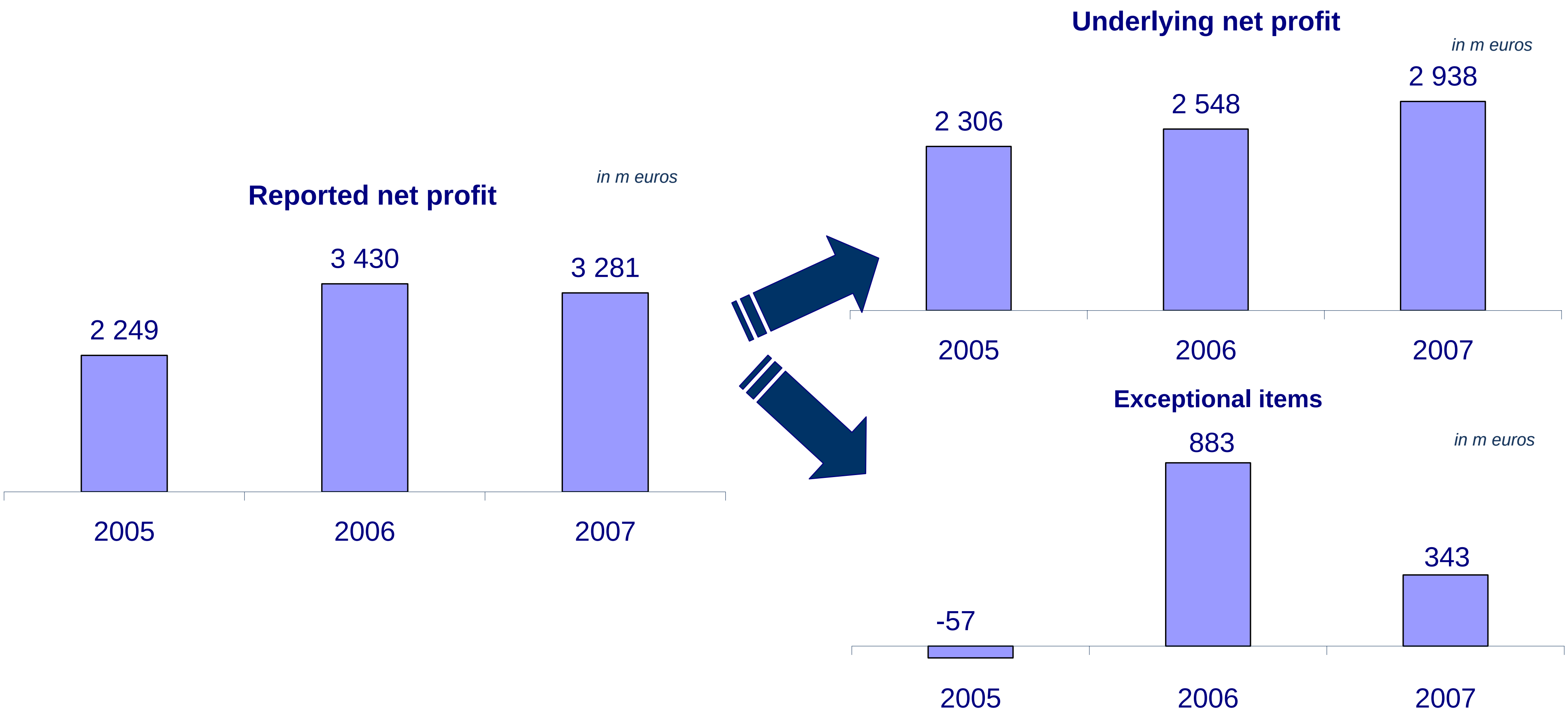
Highlights

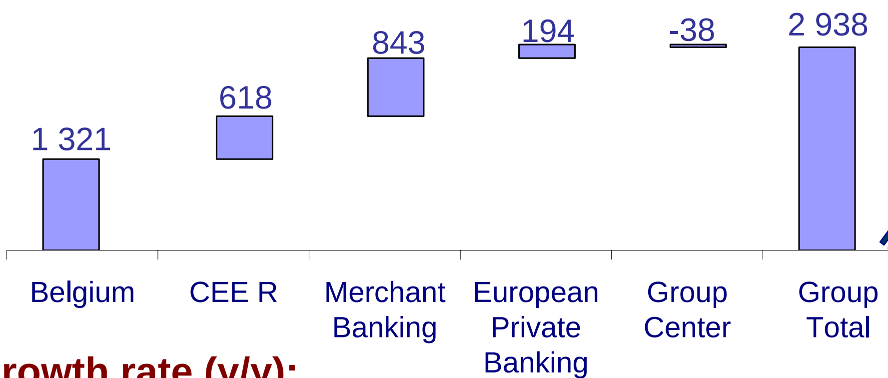
Full-year financial highlights



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

Full-year financial highlights (2)

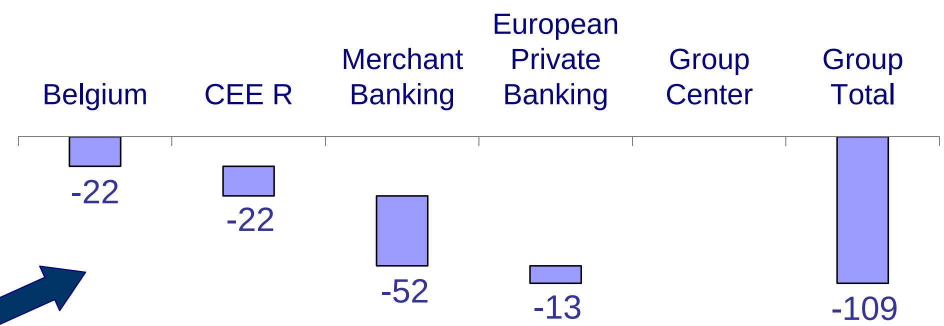
Underlying net profit *in m euros*



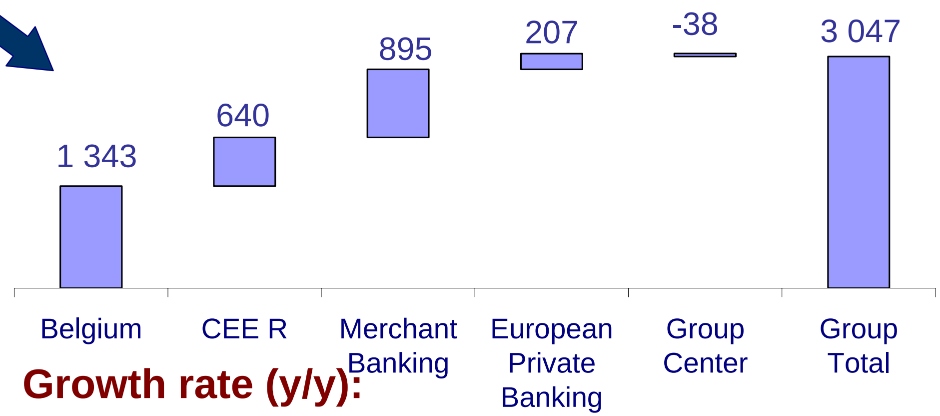
Growth rate (y/y):

20% 45% -3% 7% 15%

Mark-to-market adjustment of assets with subprime exposure (after tax) *in m euros*



Underlying net profit excl. mark-to market adjustment of assets with subprime exposure *in m euros*



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 6%
- Continued solid top-line dynamics year-on-year on underlying basis: Net Interest Income up 10%, Net Fees & Commissions up 7%, 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

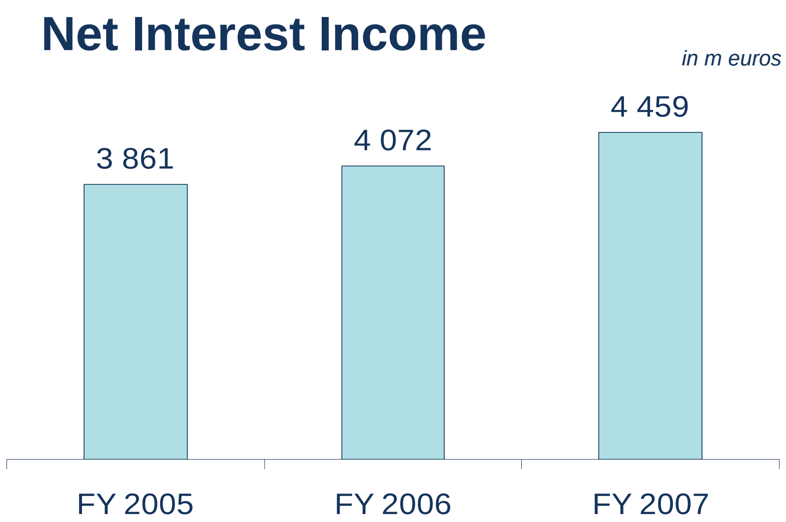
Volumes

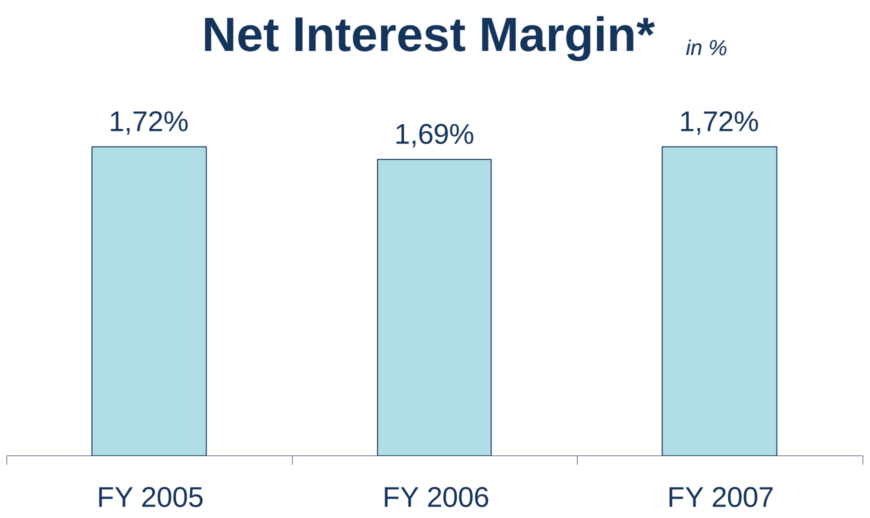
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	147	47	192	231	23
Growth, year-on-year	+15%	+16%	+6%	+11%	+6%
Belgium	+11%	+9%	+9%	+13%	+5%
CEE R	+23%	+45%	+11%	+27%	+17%
Merchant Banking	+15%	-	-8%	-	-
Private Banking	-	-	-	+0%	+9%

Notes:

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

Full-year revenue trend

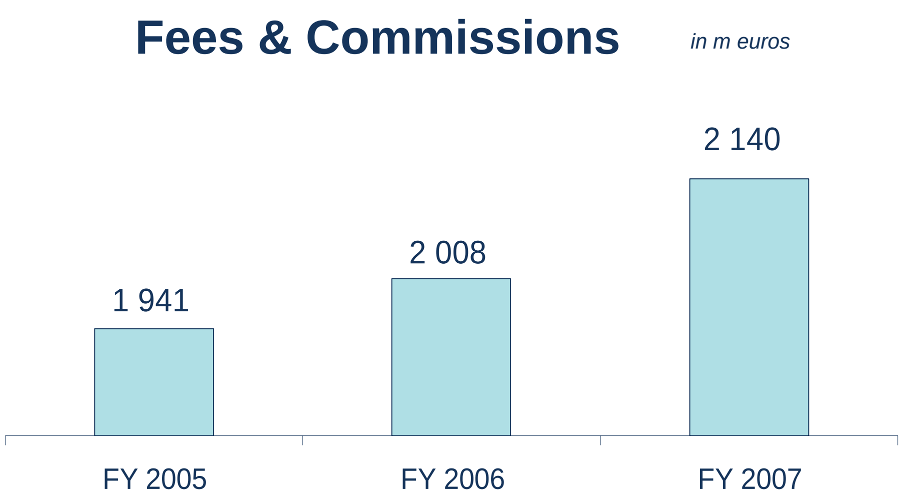


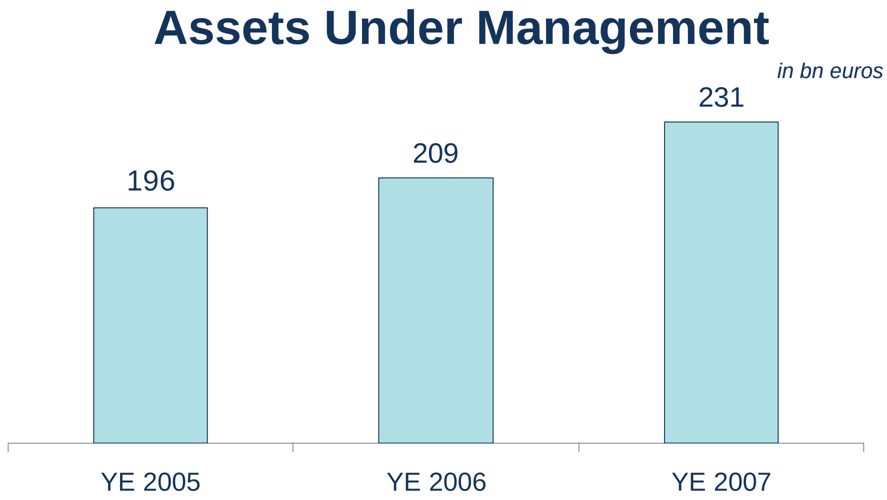


- Net Interest income (4 459 million) up 10% compared to 2006, mainly driven by solid volume growth of loans and deposits:
  - organic growth on consolidated level: +15%,+6% respectively
  - organic growth in CEE R: +23%, 11% respectively
- Net Interest Margin more or less stable (1.72%)

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

Full-year revenue trend



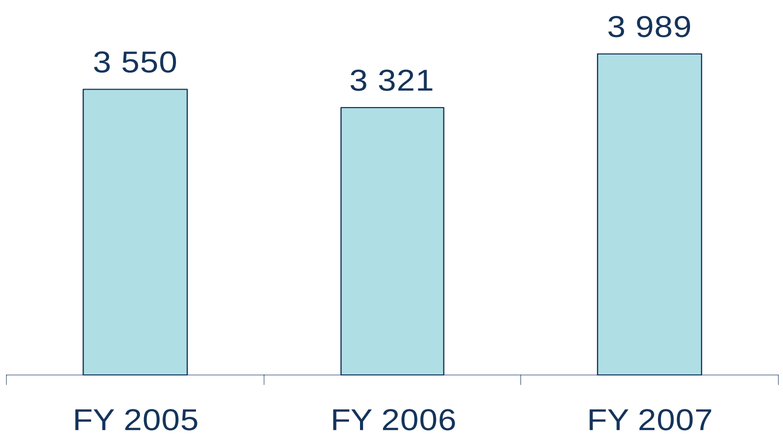


- Net Fees & Commissions (2 140 million), up 9% on a comparable basis, on the back of:
  - increasing asset management volumes, and
  - good performance in brokerage and corporate finance activities
- Assets Under Management (231billion) up 11% year-on-year, thanks entirely to new inflows (price effect: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

Full-year revenue trend

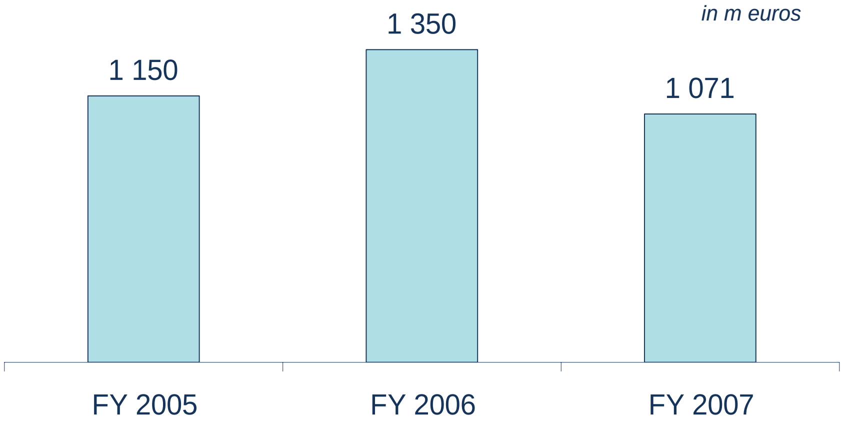
Premium income

in m euros



Fair Value gains

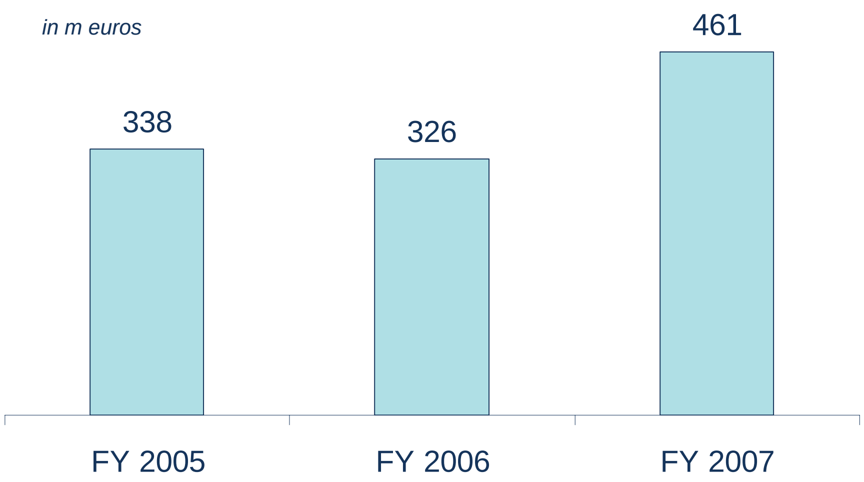
in m euros



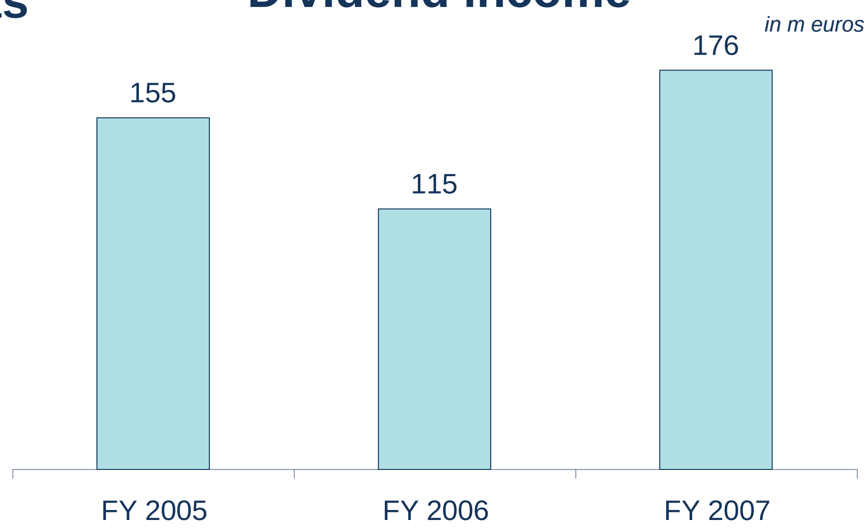
- Earned premium (3 989 million) up 20% year-on-year (strong increase of interest-guaranteed life insurance policies)
- Fair Value gains (1 071 million, mainly trading income) dropped 21% due to the financial market turbulences
- Mark-to-market adjustments of assets with subprime exposure: 165 million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



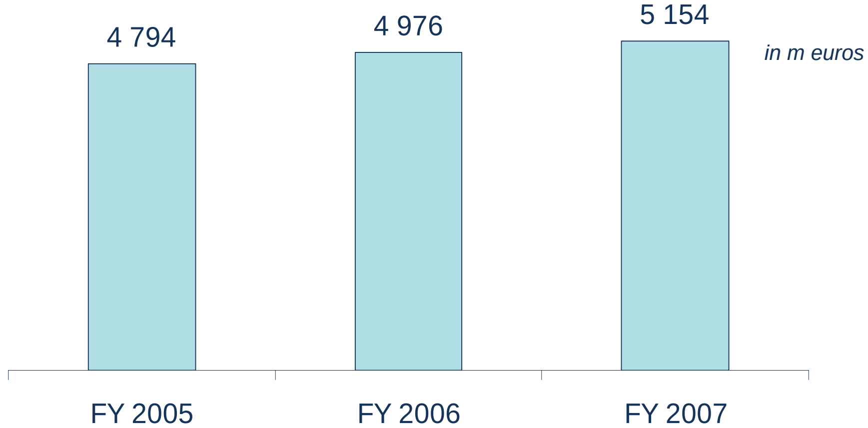
Dividend income



- 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

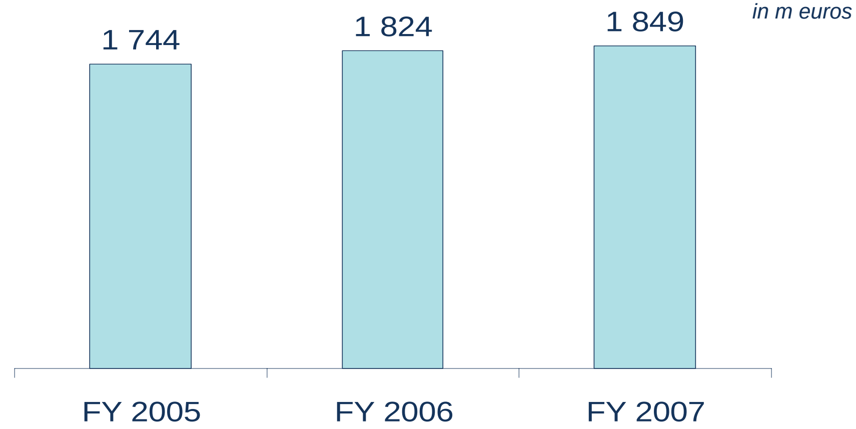
Full-year operating expenses

Operating expenses, consolidated

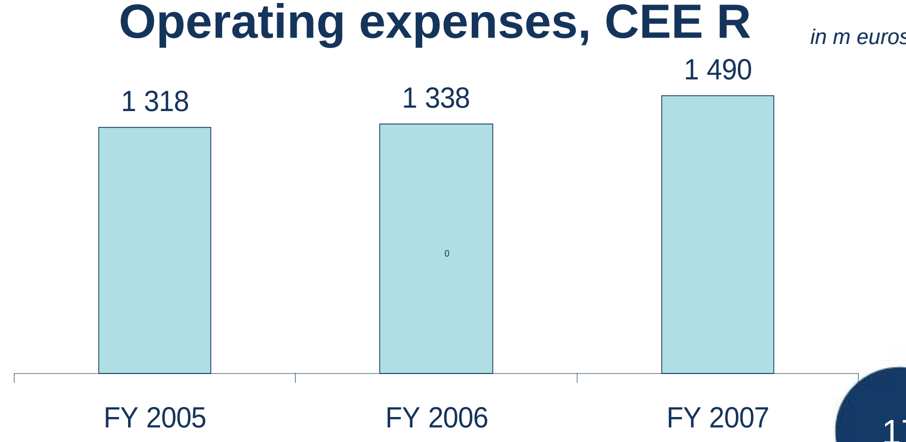


C/I, banking	FY 05	FY 06	FY 07
Belgium	55%	58%	59%
Czech R/Slovakia	60%	57%	52%
Hungary	70%	63%	59%
Poland	78%	72%	70%
Russia	n/a	n/a	72%
Merchant Banking	48%	50%	53%
Private Banking	72%	73%	65%
Total	**58%**	**58%**	**58%**

Operating expenses, Belgium



Operating expenses, CEE R

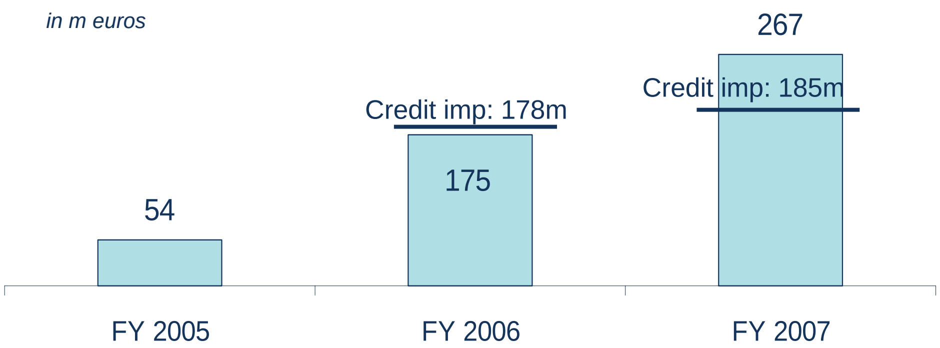


Full-year operating expenses

- 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

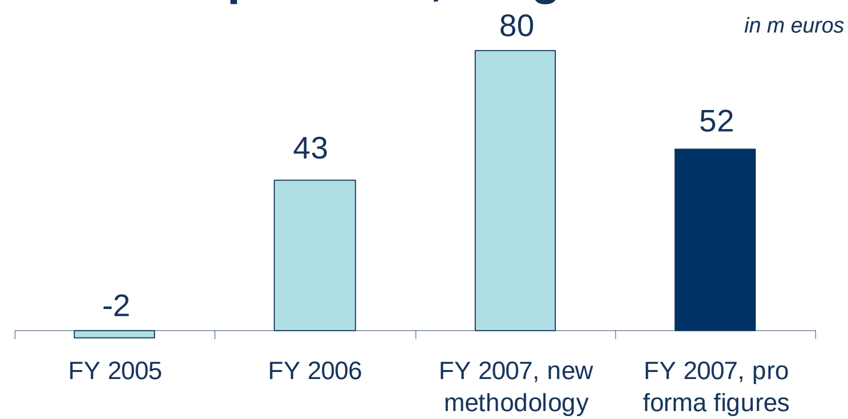
Full-year impairment

Impairment, consolidated

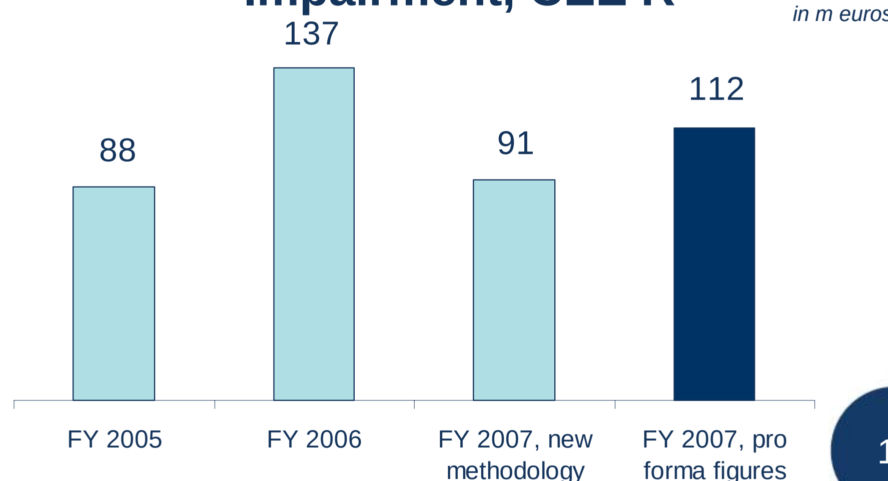


Loan Loss Ratio	FY 05	FY 06	FY 07
Belgium	0.00%	0.07%	0.13%
Czech R/Slovakia	0.40%	0.36%	0.27%
Hungary	0.69%	1.50%	0.62%
Poland	0.00%	0.00%	0.00%
Russia	n/a	n/a	0.21%
Merchant Banking	0.00%	0.00%	0.02%
Total	**0.01%**	**0.13%**	**0.13%**

Impairment, Belgium



Impairment, CEE R



Full-year impairment

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

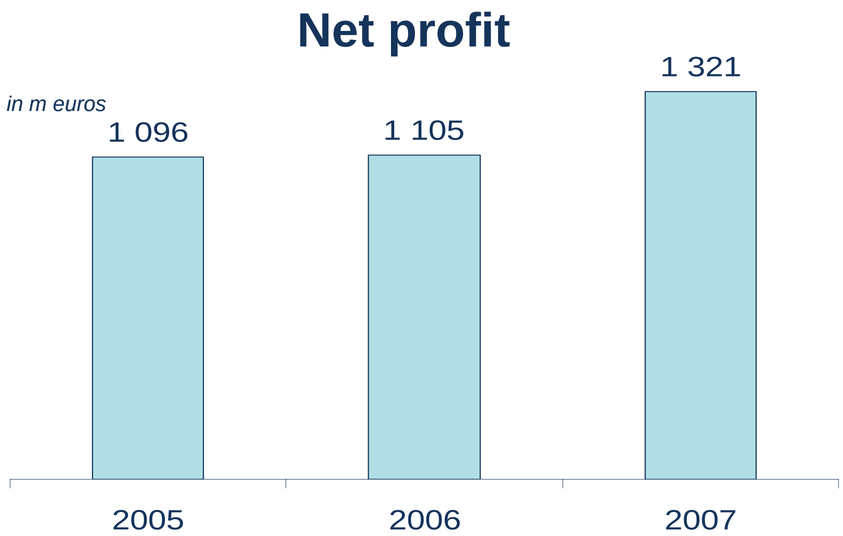
- FY 07 total impairment: 267m, of which:
  - for loans and receivables: 185m
  - for investment portfolio: 75m
  - for other: 8m

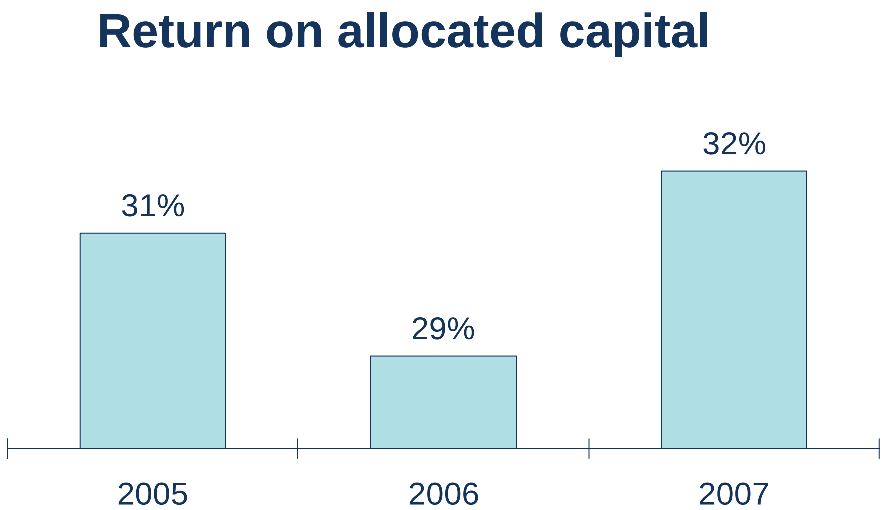
- FY 07 LLR 13 bps on Group level: still very low (same level as in FY 06)

- 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

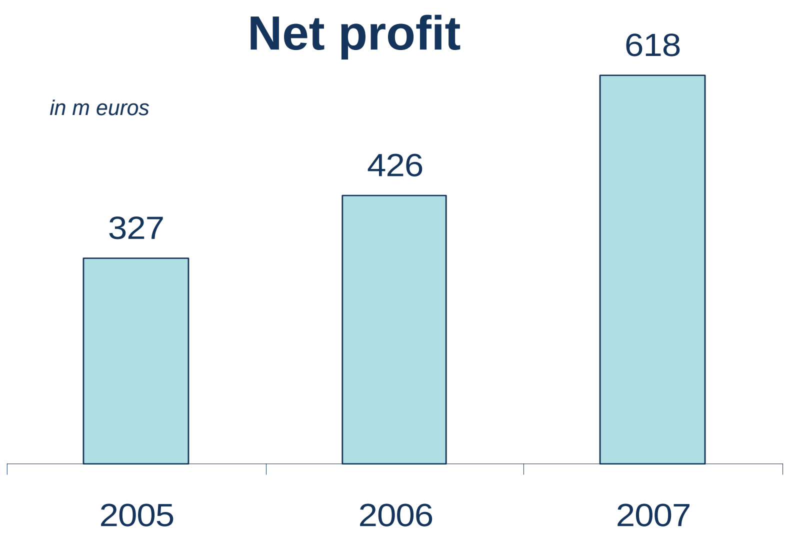
Business Unit Belgium in 2007

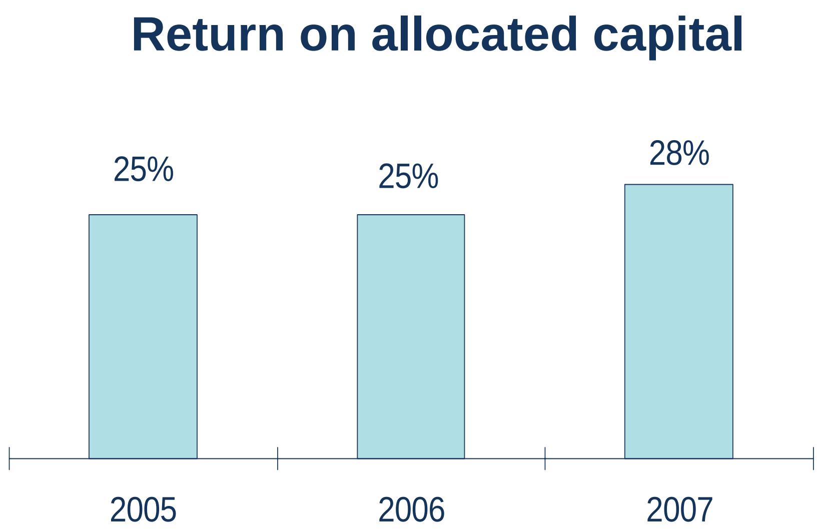




- Net underlying profit (1 321 million) up 20% year-on-year; solid business dynamics but also supported by:
  - Higher results in insurance on the back of higher investment income
  - Cost growth limited to 1%
- Return on allocated capital at 32%

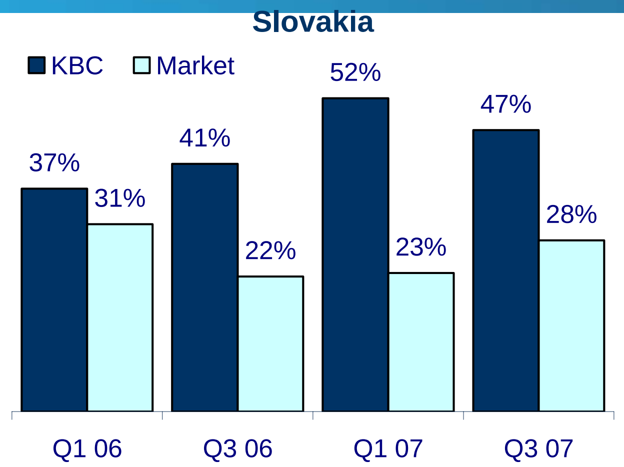
Business Unit CEE R in 2007

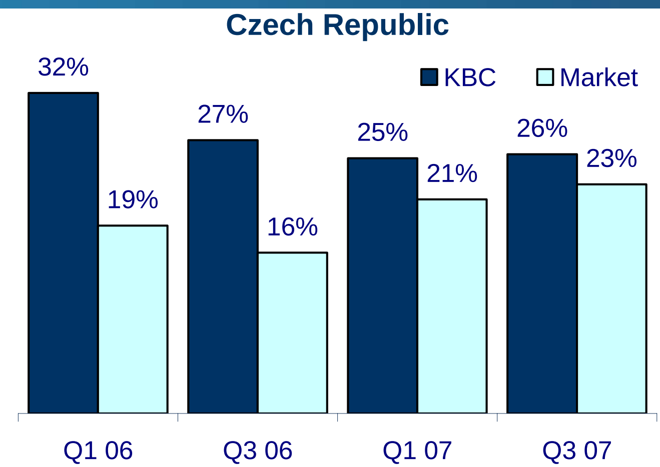


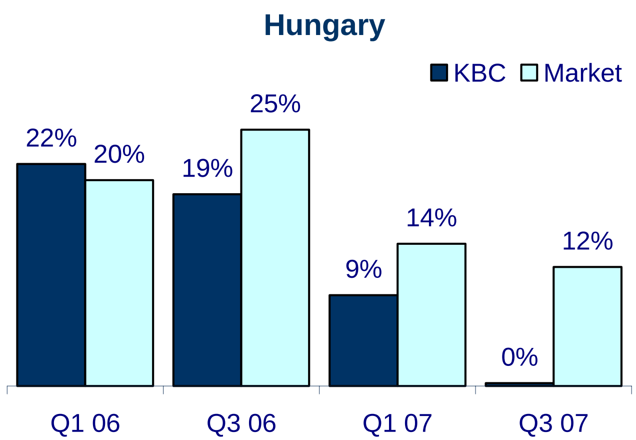


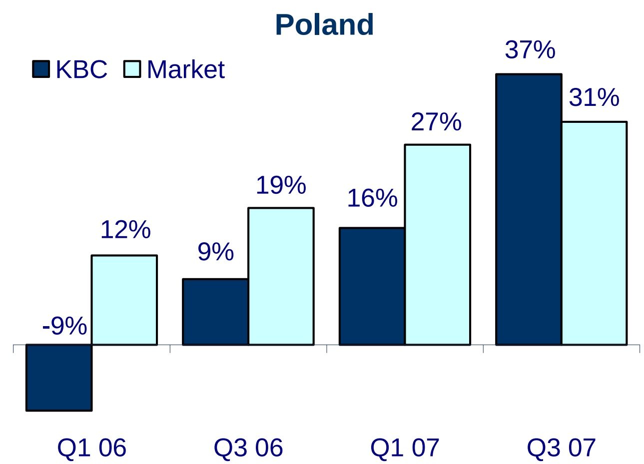
- Net underlying profit (618 million) up 45% year-on-year, mainly on the back of:
  - higher Net Interest Income and Fees & Commissions, banking
  - lower impairment,
  - higher insurance results
- Return on allocated capital at 28% (organic basis, 25% including new acquisition)

Loan growth in CEE compared to market





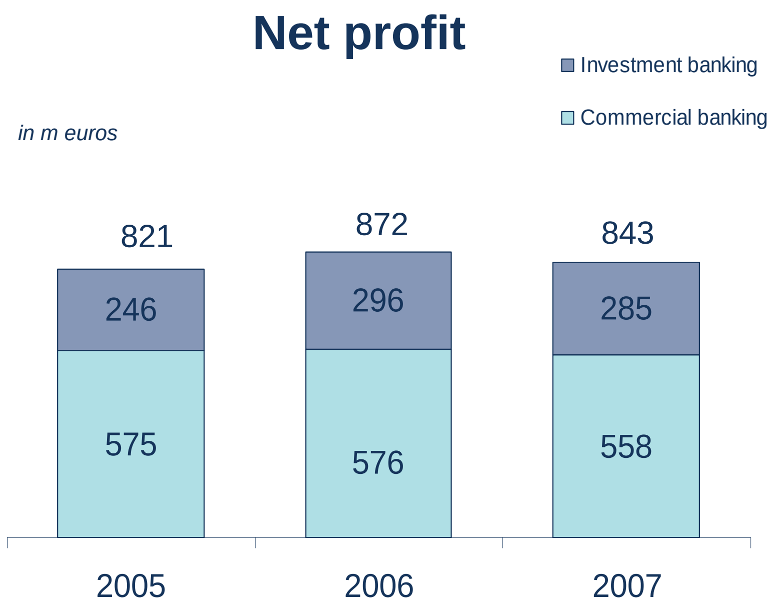


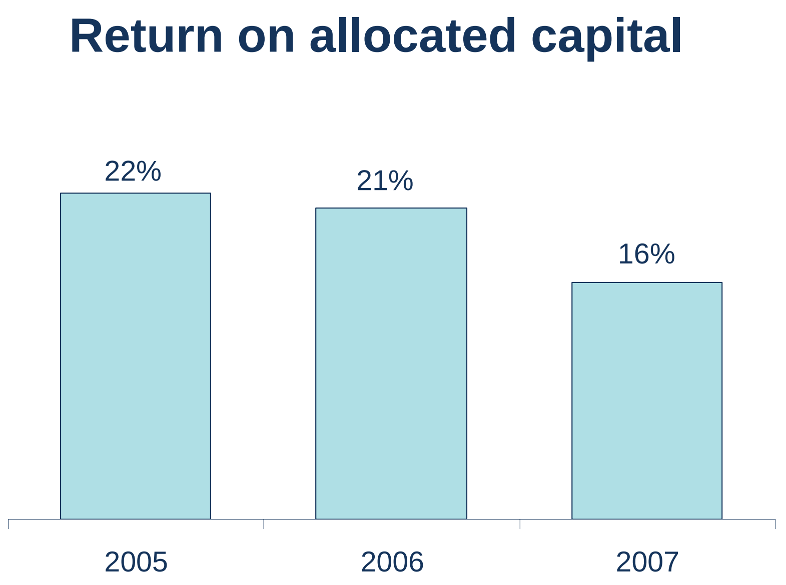


- Continuous outgrow of the market in Czech Republic and in Slovakia
- Catch-up in Poland since 2007
- More cautious approach in Hungary

Total loan growth (y/y, in %), *Source: KBC, national banks statistics*

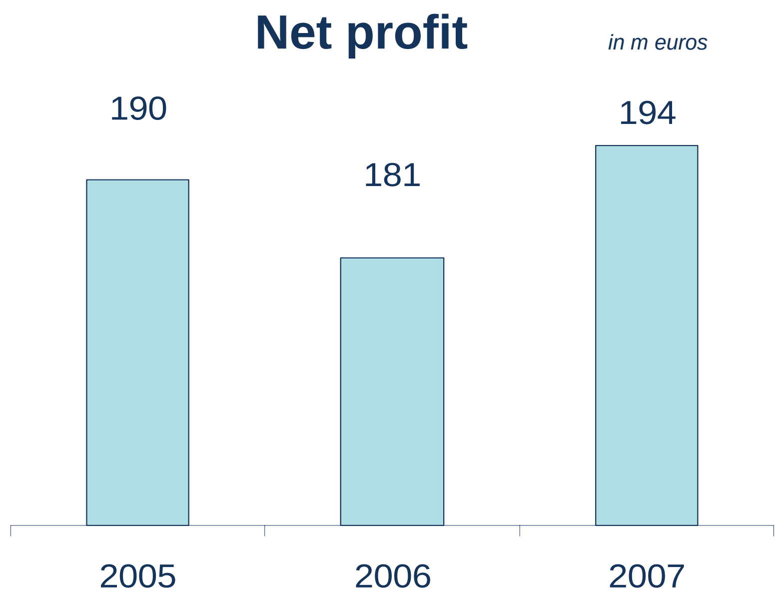
Business Unit Merchant Banking in 2007

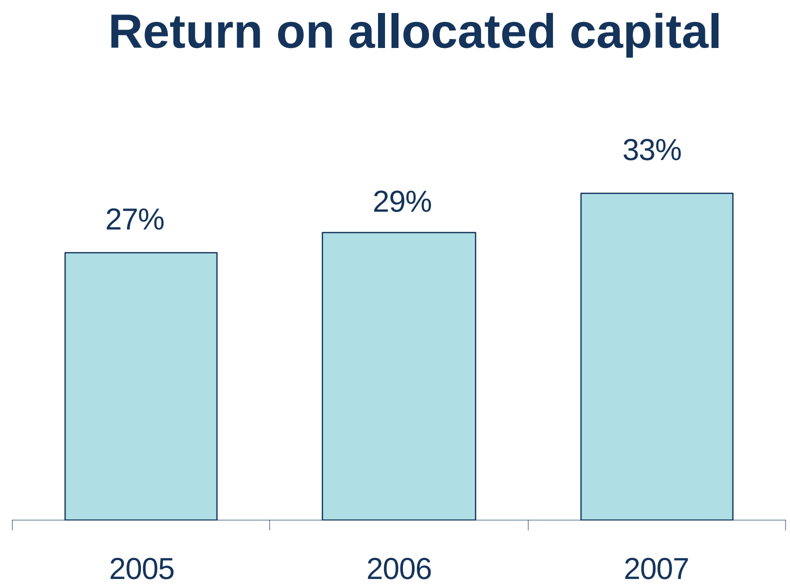




- Net underlying profit (843 million) down 3% year-on-year, mainly due to lower trading income in investment banking
- Return on allocated capital at 16%

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: EUR 6.9 bn	✓	Notes from corporate CDOs with limited ABS underlying (all assets managed by KBC itself)	100%	88%	13%	0%
"Atomium" portfolio Size: EUR 2.0 bn	✓	Asset-backed securities of former KBC conduit *Atomium* (fully consolidated as of 4Q 2007)	100%	100%	33%	0%
Other portfolios Size: EUR 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 EUR 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 EUR 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)

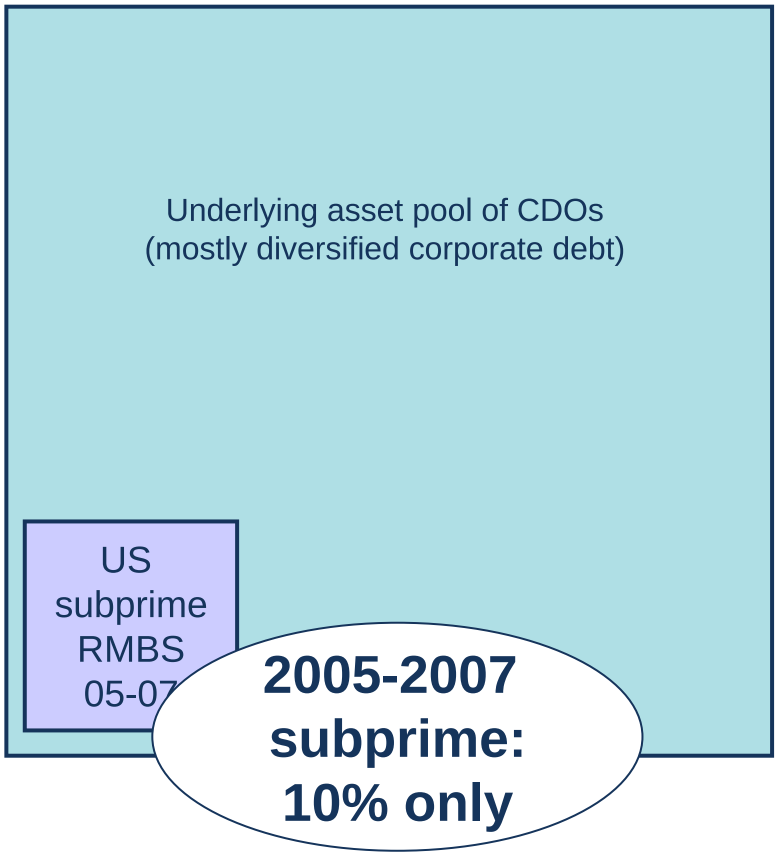
Step 3
KBC itself invested in a selected part of high-rated CDO notes (at own risk, but first losses taken by lower-rated tranches held by third-parties)

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 subprime 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

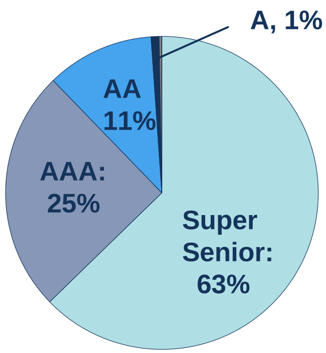
CDO portfolio EUR 6.9 bn -
type of underlying assets

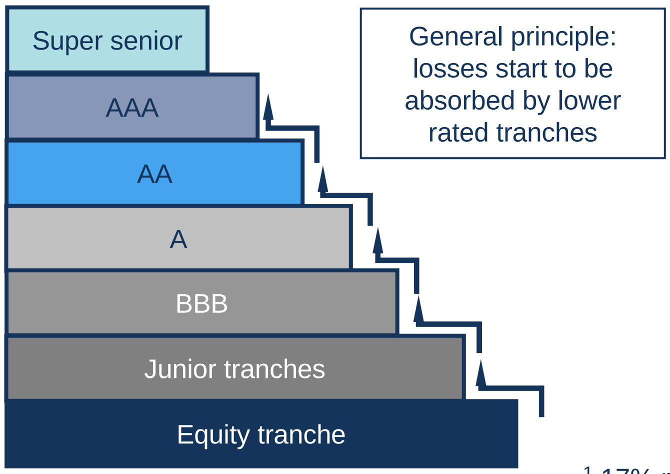


- Subprime related losses are dependent on the share of ‘US subprime mortgages’ within the pool of underlying assets (esp. those written in the 2005-2007 period). The lower the level of 2005-2007 subprime mortgages, the lower the loss
- In KBC’s case, the CDOs with ABS underlying contain only 13% US subprime 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 EUR 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 EUR 750m not recognised in profit in the past!)

Evidence of the success of this strategy: to date (up to 22 Feb), 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)	EUR 0.2 bn still under review EUR 0.4 bn reconfirmed
Standard & Poors	Review of 2 KBC FP managed CDOs (Jan-08)	EUR 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% (EUR 39 million) of the market value gain of the outstanding 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 (All data in EUR)	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 mark 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, all data in EUR)	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 vulnerability towards the subprime crisis:

- Limited portion of subprime assets
- High “attachment points” of CDO notes , allowing substantial losses of subprime 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, EUR 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.”

KBC Bank

Funding

KBC Ifima N.V.

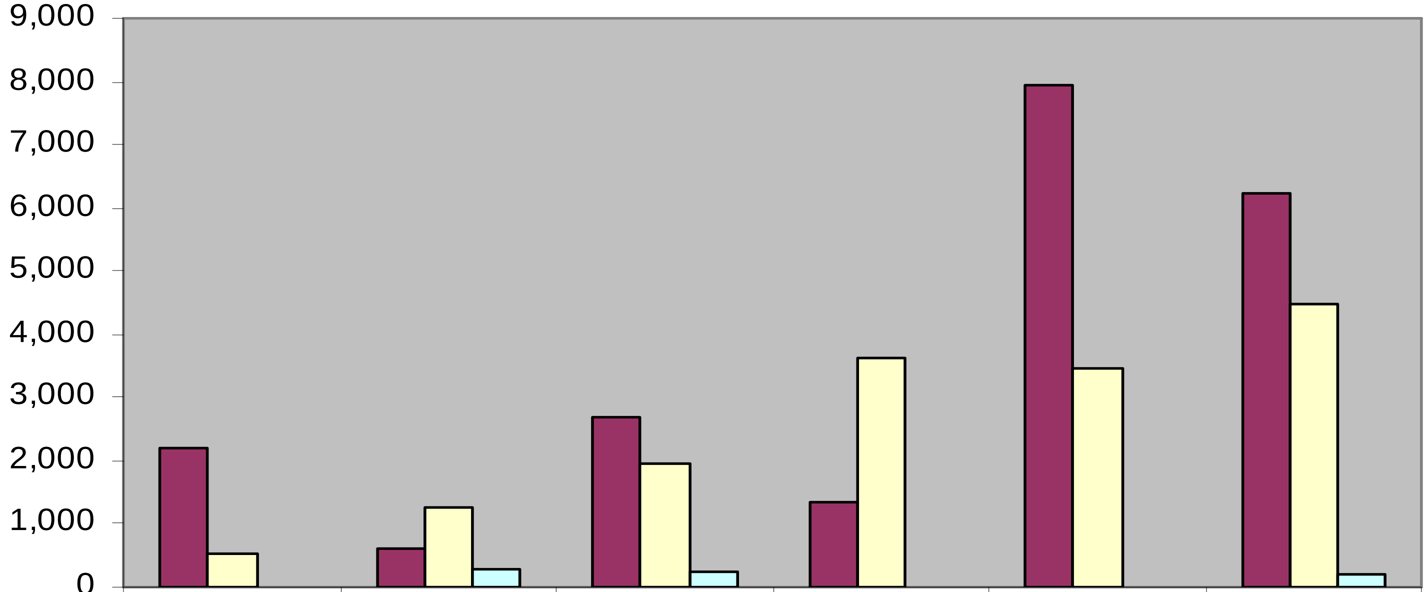
- KBC Bank issues through KBC Ifima N.V. (a Dutch based Finance Company)
- EUR 40 bln Euro Medium Term Note Programme
- All transactions structured under the EMTN programme are unconditionally and irrevocably guaranteed by KBC Bank NV

KBC Bank & Insurance Group
Strong Ratings

Ratings as at 15-02-2008	Fitch		Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
KBC Bank						
Long-term rating	AA-	Stable	Aa2	Neg	AA-	Stable
Short-term rating	F1+		P-1		A-1+	
KBC Insurance						
Long-term rating (CPA)	-	-	-		AA-	Stable
Short-term rating	-	-	-		-	
KBC Group NV						
Long-term rating	AA-	Stable	Aa3	Neg	A+	Stable
Short-term rating	F1+		P-1		A-1	

Bank Funding

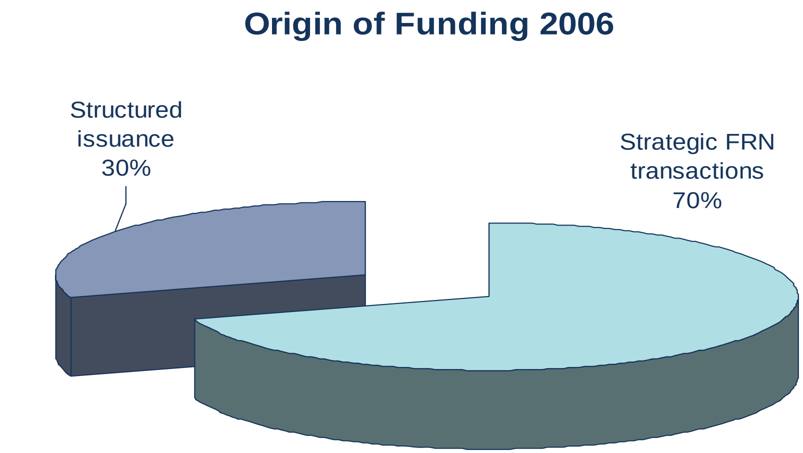
Evolution of the KBC Ifima Issuance Activity (EUR mio)

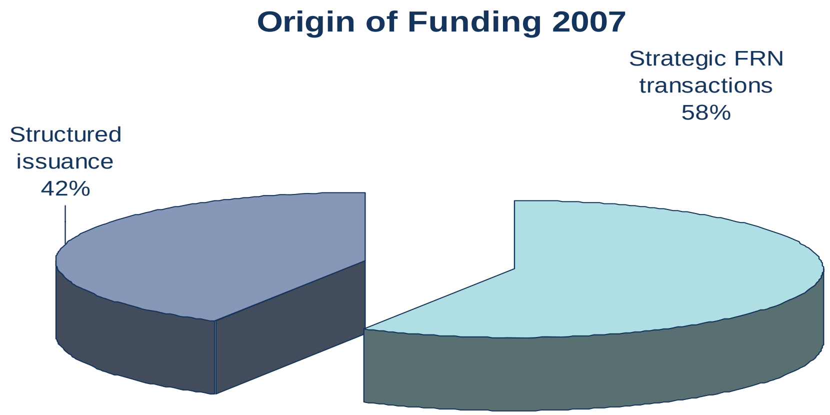


	2002	2003	2004	2005	2006	2007
Strategic	2,200	610	2,698	1,362	7,942	6,216
Structured	531	1,259	1,940	3,611	3,456	4,500
Tier 1		290	257			203

Issuance Activity 2006 and 2007

- **2006:**
  - 13 strategic FRN transactions for 7,942 m EUR equivalent
  - 609 (structured) private/ public placements for 3,456 m EUR equivalent
- **2007:**
  - 14 strategic FRN transactions for 6,216 m EUR equivalent
  - 660 (structured) private/ public placements for 4,500 m EUR equivalent





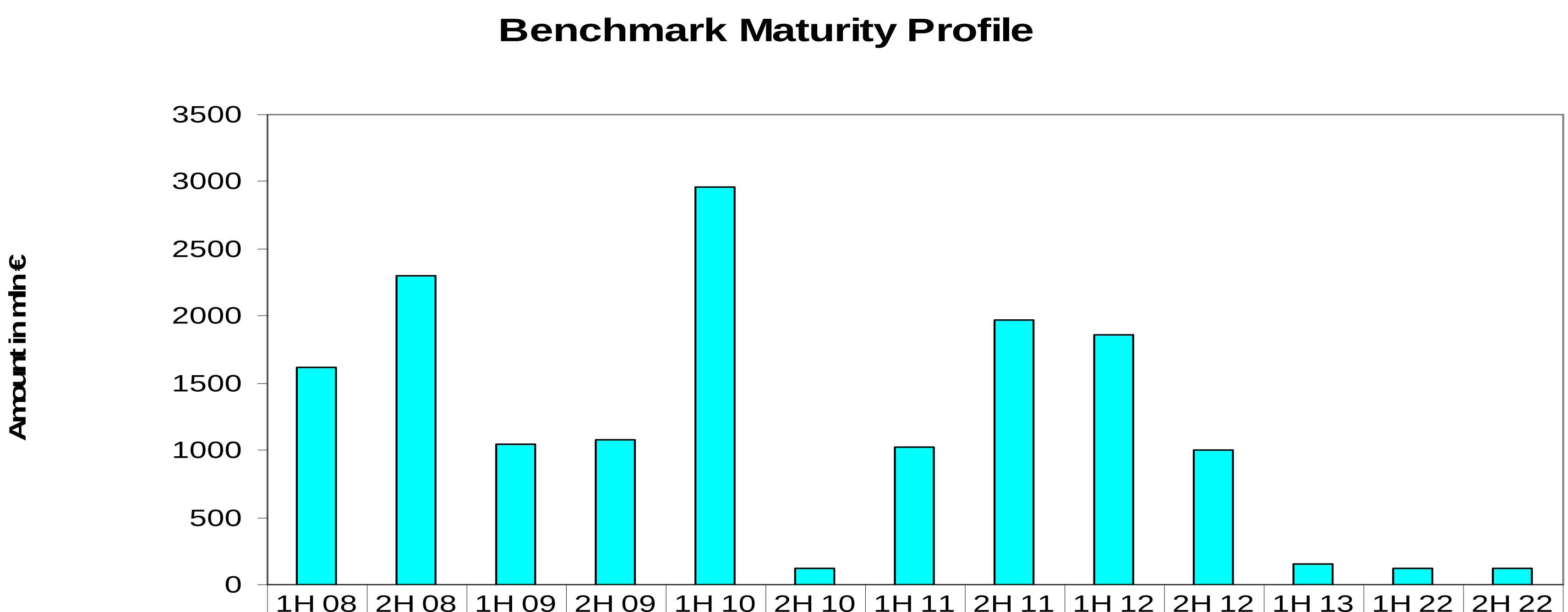
KBC FRN Issues launched in 2006

Issue size	Type of transaction	Coupon	Tenor
EUR 500,000,000	Public FRN issue	Euribor 3m +0.5 bp	2 year
EUR 500,000,000	Public FRN issue	Euribor 3m + 8.5 bp	5 year
EUR 750,000,000	Public FRN issue	Euribor 3m – 1 bp	18 months
EUR 500,000,000	Public FRN issue	Euribor 3m + 8 bp	5 year
EUR 355,000,000	Private FRN issue	Euribor 3m flat	2 year
EUR 500,000,000	Public FRN issue	Euribor 3m – 1bp	18 months
EUR 500,000,000	Public FRN issue	Euribor 3m + 5 bp	4 year
EUR 400,000,000	Private FRN issue	Euribor 3m + 9.5 bp	5 year
GBP 400,000,000	Public FRN issue	GBP Libor 3m + 2.5 bp	3 year
EUR 1,000,000,000	Public FRN issue	Euribor 3m + 9 bp	5 year
GBP 400,000,000	Public FRN issue	GBP Libor 3m + 7.5bp	5 year
EUR 750,000,000	Public FRN issue	Euribor 3m + 3bp	3 year
EUR 1,000,000,000	Public FRN issue	Euribor 3m flat	18 months

KBC FRN Issues launched in 2007

Issue size	Type of transaction	Coupon	Tenor
GBP 500,000,000	Public FRN issue	GBP Libor 3m + 7.5bp	5 year
EUR 500,000,000	Public FRN issue	Euribor 3m + 7bp	5 year
GBP 450,000,000	Public FRN issue	GBP Libor 3m + 7.5bp	5 year
EUR 500,000,000	Public FRN issue	Euribor 3m + 2bp	2 year
EUR 100,000,000	Private FRN issue	Euribor 3m + 2bp	2 year
EUR 150,000,000	Private FRN issue	Euribor 3m + 2bp	2 year
EUR 550,000,000	Public FRN issue	Euribor 3m + 3.5bp	3 year
EUR 1,000,000,000	Public FRN issue	Euribor 3m – 2bp	18 months
GBP 300,000,000	Public FRN issue	GBP libor 3m + 2.5bp	3 year
EUR 500,000,000	Public FRN issue	Euribor 3m flat	18 months
EUR 1,000,000,000	Public FRN issue	Euribor 3m + 35bp	5 year

Maturity Buckets of FRN Issues

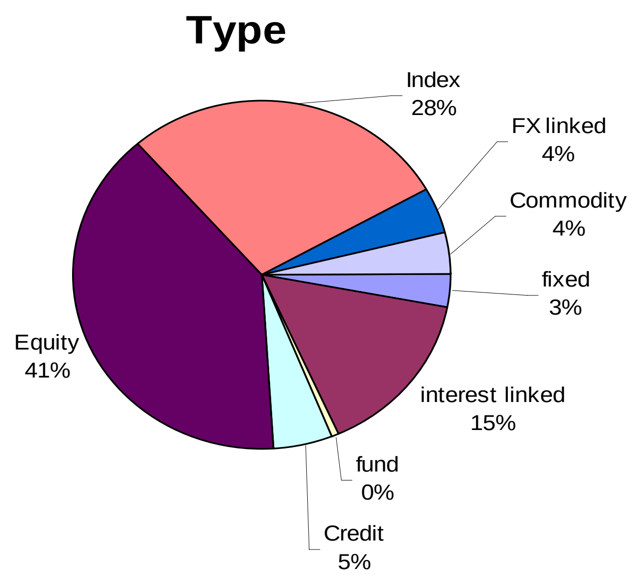


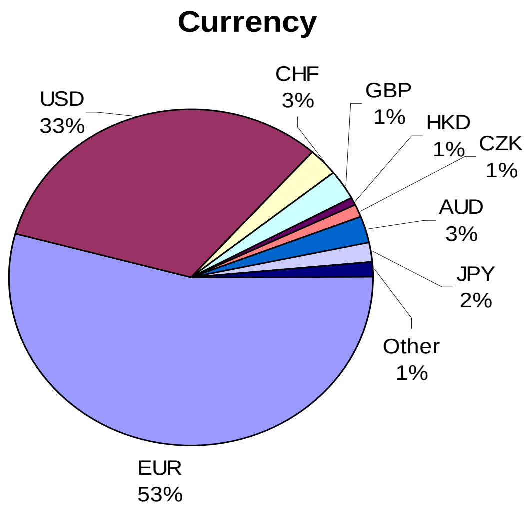
	1H 08	2H 08	1H 09	2H 09	1H 10	2H 10	1H 11	2H 11	1H 12	2H 12	1H 13	1H 22	2H 22
Outstanding	1615	2300	1050	1074	2965	121	1021	1975	1865	1000	150	125	125

Focus on Structured Notes Issuance

- Flexible issuer
- State-of-the-art Base Prospectus updated 28th September 2007
- Very competitive funding levels

Structured Issuance 2007





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:	
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

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:		Securities:	
Prime mortgages	71%	AAA - ABS	86%
Corporate debt	22%	AAA - CDO	9%
Consumer loans	2%	AA - CDO	4%
Commercial real estate	2%	A - ABS	1%
Car loans	2%	A - CDO	1%
Subprime mortgages	0%		100%
	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