KBC Group

"Managing for value in an uncertain environment"

Investor Conference, March 2010

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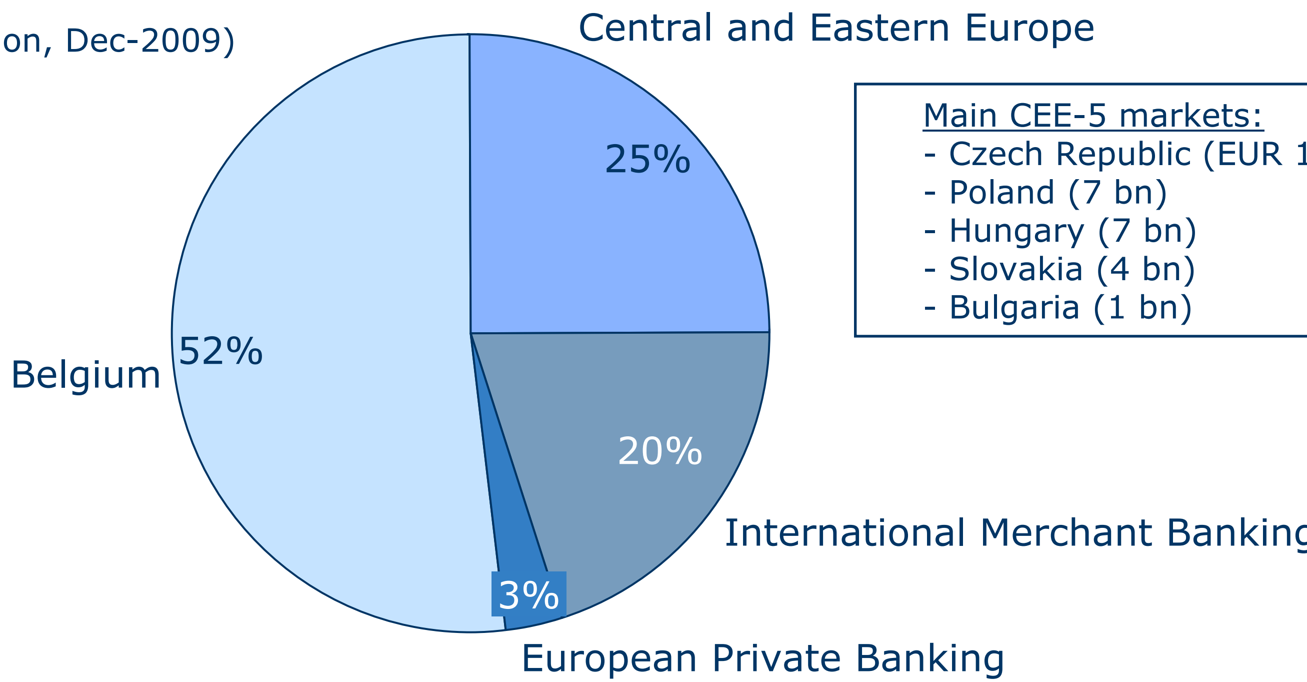
Contents

Reminder: where we put the capital at work

Business mix

(KBC, capital allocation, Dec-2009)



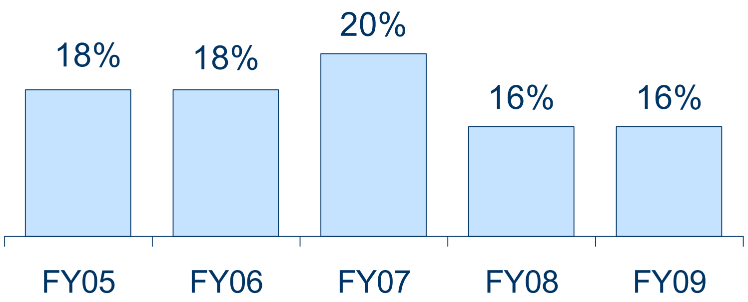
Main CEE-5 markets:
- Czech Republic (EUR 18 bn loans)
- Poland (7 bn)
- Hungary (7 bn)
- Slovakia (4 bn)
- Bulgaria (1 bn)

- KBC is a leading player in its 2 core markets of Belgium and CEE-5
- In the past, niche strategies were developed for international merchant banking and European private banking (... these activities are currently being downsized)

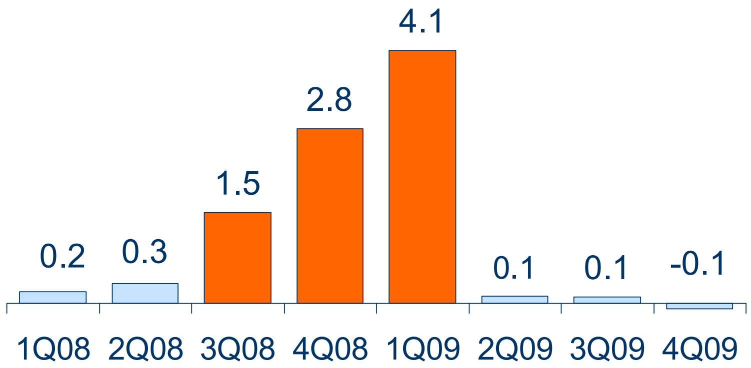
'Belgium' on the graph includes the Belgium Business Unit (retail) and the Belgian activities of the Merchant Banking Business Unit

How the crisis impacted our performance?

<u>Underlying return on equity</u>
(ex. non operating items and investment markdowns)



<u>Non operating items, mainly investment markdowns</u> (bn EUR)



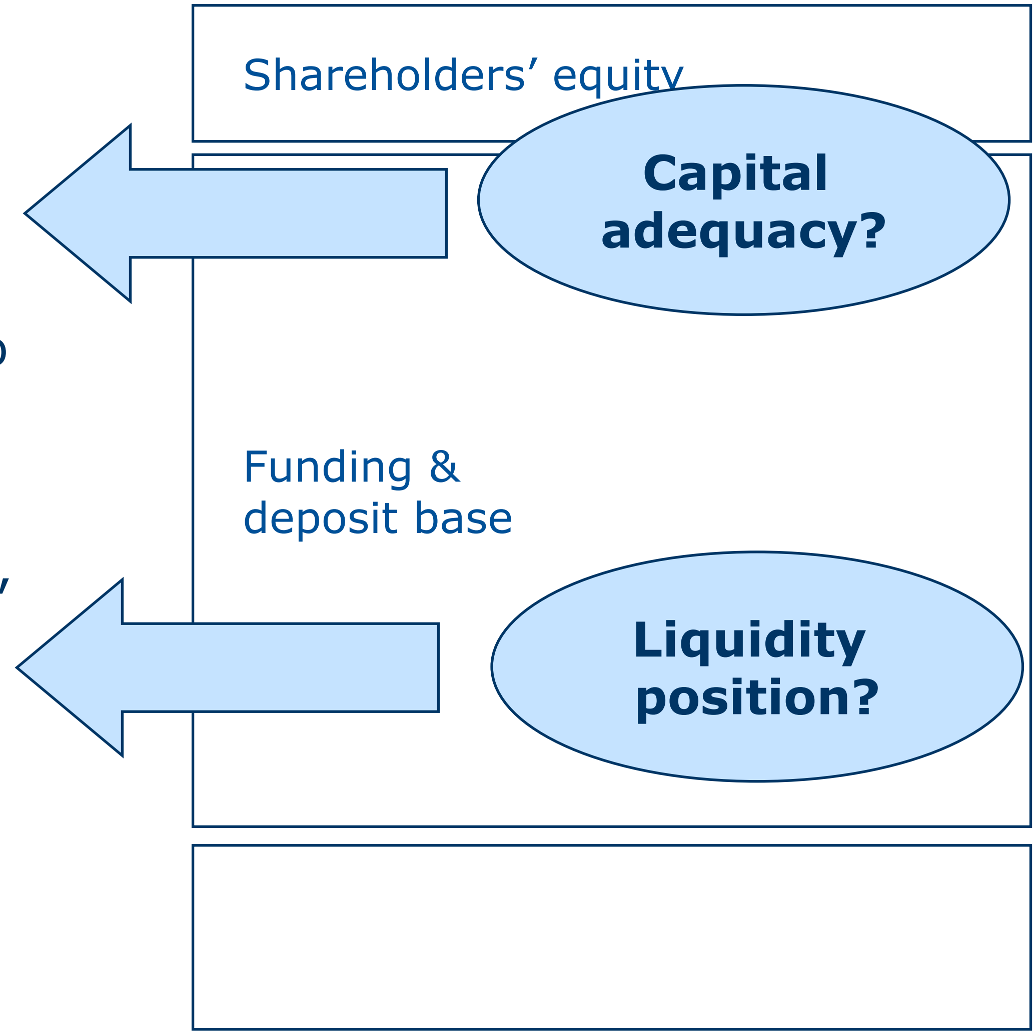
- During the past crisis period, underlying financial performance remained very satisfactory, showing evidence of the strength of the franchise
- Our market position remained untouched (in a limited number of cases, we could slightly increase market share)
- With a 88% loan-to-deposit ratio (Dec'09), liquidity has not been an issue
- On the other hand, significant 'damage' was recorded from investment markdowns (mainly on corporate CDOs), which made us issuing EUR 7 bn State core capital securities to restore the capital position

How is the situation now?

COMFORTABLE SOLVENCY	Including the EUR 7 bn State securities, the core Tier-1 ratio is at a comfortable 9.2% level (Dec'09)
MITIGATED 'TOXIC' RISK	Remaining CDO risk is largely covered by a State guarantee to avoid that new market turbulences would set the capital position at risk again
ADEQUATE LOAN QUALTY	With NPL covered up to 75% by provisions (90% in CEE) and NPL formation currently slowing down (up to 3.4% from 3.3% of total loans in 4Q 2009), we budget 2010 loan losses to be visibly lower (vs. 1.1% of loans for '09)
NEW TEAM	Mid-2009, the senior management team was renewed
UPDATED STRATEGY	A new strategy is being implemented, focusing on core business and structurally reducing risk exposures (incl. major divestments), while maintaining a sound growth/ return profile

Solvency and liquidity position

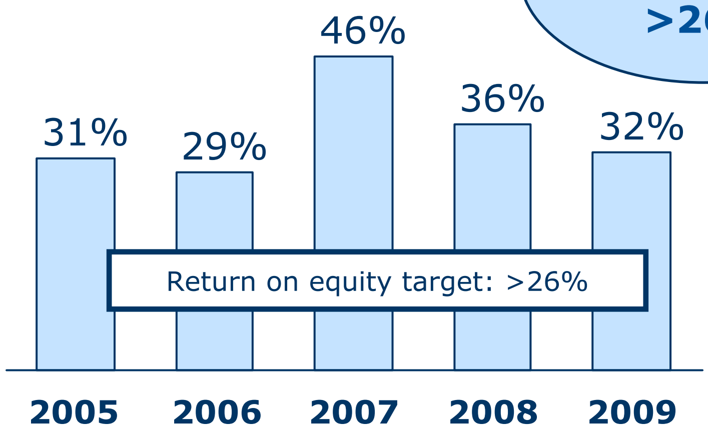
- Including State core tier 1 securities, KBC is well-capitalised (core Tier-1 ratio of 9.2%); while earnings retention and the divestment program will enable to fully replace State capital in the next few years
- With loan-to-deposit ratio at 88%, KBC has to deal with limited needs for refinancing in the market compared to peers (ca. EUR 4-5 bn medium term funding per year is to mature in 2010-2014 period)



How appealing is the strategy?

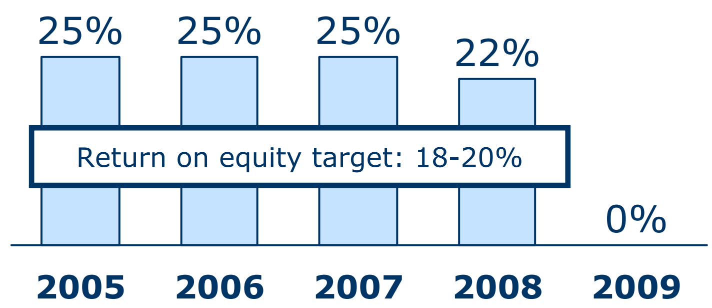
KBC, return on equity Belgium*

through-cycle ROE target: >26%



KBC, return on equity Central and Eastern Europe*

through-cycle ROE target: 18 - 20%



- Future profitability to remain solid (even with more capital required):
  - Consistent high returns in core geographies (cyclical 2.1% loan provision charge being main 2009 swing factor in CEE)
  - Business model remained intact
- Growth options in CEE are maintained:
  - Affordable risk profile (opposite to Baltic, Balkan or CIS markets)
  - Affordable capital need for organic growth (EUR 34bn RWA in CEE-5)
  - Manageable funding needs (CEE loan-to-deposit ratio of 82%)

* excl. non-operating items (incl. investment markdowns)

Execution milestones

1Q 2009 — Strategic review announced; 25% of RWA earmarked for being reduced

2Q 2009 — State capital transaction finalised; decision to fully exit derivatives business

3Q 2009 — Reassuring interim results; new manag’t team in place

4Q 2009 — EU approval; unwinding of RWA gaining momentum; renewed earnings targets

1Q 2010 — Flagship divestments being prepared, first small deals closed

2010 …

Delivering on promises:
- leveraging core earnings power
- releasing capital tied up in non-core assets
- reducing risk profile

Listing, Czech subsidiary

Sale, Belgian complementary assets

Sale, Private bank

Run-off, international loan book

Run-off, trading positions

Other divestments

4 Jun
Investor update
(date to be confirmed)

Contents

For sure, the future will be more regulated

- **Solveny & liquidity risks are key**

  Important for us are trends on ‘solvency/deleveraging’ and ‘liquidity’ (given our business profile and company culture the ‘compensation debate’, e.g., is less ours….)

- **Transition measures needed/likely**

  The challenges for the sector are big! However, there is most probably for global regulatory authorities no other way than considering transition measures in order not ‘to kill’ the real economy, while also avoiding unwanted spill-over effects for public debt conditions

- **Uncertainties remain**

  Key uncertainties at this moment include:
  - To what extent will current regulatory proposals be watered down?
  - To what extent will national regulators allow ‘grandfathering’ or ‘transition schemes’?

Changing liquidity regulation

Illustration only	CURRENT SITUATION	POST DIVESTMENTS
DEPOSIT TO LOAN test Level of coverage of customer loans by customer deposit funding	114% of required level	114% of equired level
NET STABLE FUNDING test Level of coverage of illiquid assets by stable funding sources (Basel III Dec 09 proposal)	ca 80-90% of required level	ca 85-95% of required level
LIQUIDITY COVERAGE test Level of coverage of stressed 30d outflows by high quality liquid assets ('Basel III')	ca 70-80% of required level	ca 90-100% of required level

PRELIMINARY ILLUSTRATION ONLY !

- With its high customer deposit funding base (88% loan-to-deposit or 114% deposit-to-loan ratio), KBC is well-positioned compared to many peers
- Liquidity requirements are expected to be tightened considerably in the years ahead. Though our liquidity strategy will need to be enhanced, at first sight, the funding issue seems to be manageable. There are, however, still various uncertainties…

Important: preliminary quantitative impact estimate based on 30 September 2009 data involving numerous assumptions and uncertainties. The risk exists that future impacts differ materially

Changing solvency regulation

SOLVENCY SENSITIVITY TO BASEL III PROPOSALS
Pro forma 31 Dec 2009

Core Tier-1 capital	**Actual** bn euros	**Change** bn euros	**Pro forma** bn euros
Shareholders' equity	9.7		9.7
State core Tier-1 securities	7.0		7.0
Current regulatory filters (goodwill, AFS reserve etc.)	-3.4		-3.4
Additional deductions (minorities, deferred tax etc)		-0.9	-0.9
	13.2		12.3
RWA	143.4		143.4
Impact on CT1 ratio	**9.2%**	**-0.6%**	**8.6%**

Total Tier-1 capital			
Core Tier-1 capital	13.2		12.3
Non State Hybrid instruments	2.2	-2.2	0.0
Minority interests		0.2	0.2
	15.4		12.5
Impact on T1 ratio	**10.8%**	**-2.1%**	**8.7%**

Illustration only

Assumptions made here:
- No watering down of Dec 09 Basel committee proposals
- Stable RWA given low of visibility on impact (penalty announced for market risk-related assets – current Market RWA amount to 13 bn)
- Grandfather clause apply for State core capital securities (uncertain and subject to regulator's approval)

- Including State core capital securities, KBC is currently well-capitalised (core Tier-1 ratio of 9.2%)
- Solvency requirements, however, are expected to be tightened considerably (e.g., Dec 2009 Basel Committee's banking reform proposal, probably taking effect as of Jan 2013)
- At first sight, the 'Basel III' impact on T1-capital seems to be manageable as long as the 'grandfather clause' applies (temporarily) for the State CT1 securities. There are, however, still various uncertainties…

Important: preliminary quantitative impact estimate based on 31 Dec 09 data involving numerous assumptions and uncertainties. The risk exists that future impacts differ materially

Flexibility to offset regulatory risk

- We currently have some EUR 1.8 bn ‘capital surplus’ (in excess of our 8% core capital target)
- If our solvency position would unexpectedly come under threat, we could consider a series of measures in 2012/2013:
  - Postpone redemption of max. EUR 3.5 bn related to State securities over several years post 2013 (cleared by European Commission)
  - Monetise our non-core Irish activities (book value: EUR 1 bn, no goodwill, EUR 13 bn RWA)
  - …

(The budget does also not take into account potential further CDO value write-ups; current CDO values imply 25% cumulative loss on underlying corporate collateral upon maturity)

Solid solvency and liquidity, also in CEE

- Loan to deposit ratio, group total at 88%
- Tier 1 ratio, Group at 10.8% and core tier 1 ratio at 9.2%
- Capital and liquidity position in CEER subsidiaries:

	CZ	SK	HU	PL	BG	RU
Core Tier 1 ratio	12.1%	15.2%	11.0%	9.1%	9.2%	11.8%
LTD ratio	65%	89%	91%	115%	90%	188%

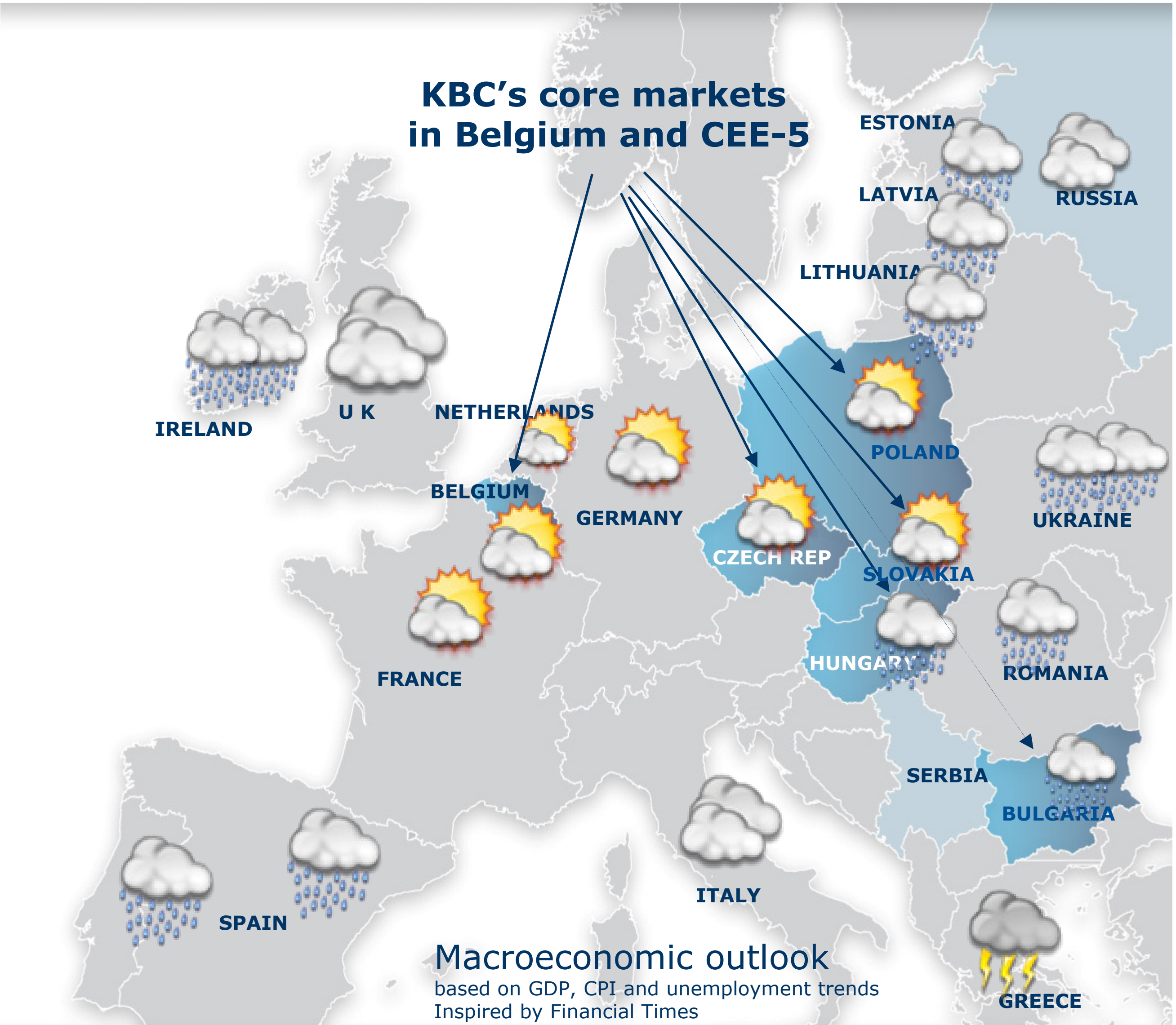
Contents

Wrap up

1. The core business model remained largely intact throughout the crisis, it is ready to deliver again an attractive return in the 'normalised' future
2. The new management team is well on its way to deliver on its strategy to focus on core businesses, to reduce the risk profile and to reimburse State capital
3. The new regulatory framework for liquidity and solvency is challenging for the financial sector. Compared to peers, KBC seems to be fairly well positioned. Various uncertainties, however, remain for the time being.

Annexes

Geographical footprint in Europe



KBC'S CORE MARKETS

Belgium
Total assets: EUR 212 bn

Czech Republic
Total assets: EUR 33 bn

Hungary
Total assets: EUR 9 bn

Poland
Total assets: EUR 8 bn

Slovakia
Total assets: EUR 6 bn

Bulgaria
Total assets: EUR 1 bn

OTHER PRESENCES

Ireland
Total assets: EUR 19 bn
Activity to be reviewed 2012

Russia
Total assets: EUR 2 bn
Exit scheduled 2012

Serbia
Total assets: EUR 0.2 bn
Exit scheduled 2012

Rest of Europe
Total loans: EUR 8 bn
Presence being reduced

USA
Total loans: EUR 6 bn
Presence being reduced

SE Asia
Total loans: EUR 2 bn
Presence being reduced

GDP growth outlook for core markets

Source:KBC data, Feb 2010

	2009	2010e
BE	-2.9%	+1.7%
CZ	-4.8%	+2.0%
SK	-5.8%	+2.0%
PL	1.2%	+2.9%
HU	-6.5%	-0.4%
BG	-5.9%	-0.0%

2010-2013 business plan

APPROVED BY 'BRUSSELS'

1. LEVERAGE EARNINGS POWER

We continue to leverage our succesful business model in core markets

2. SHRINK RWA BY 25% (2008-'13)

Capital is being freed up by:

- Reducing international lending & capital market activities
- Divesting Private Banking (EUR 47 bn AUM), complementary channels in Belgium (giving up 1-2% market share) and non-EU CEE (Russia and Serbia, post '11)
- IPO of minority of CSOB (Czech, EUR 2.5 bn book value)
- Some other measures

3. PAY BACK STATE CAPITAL, CONTINUE GROWTH

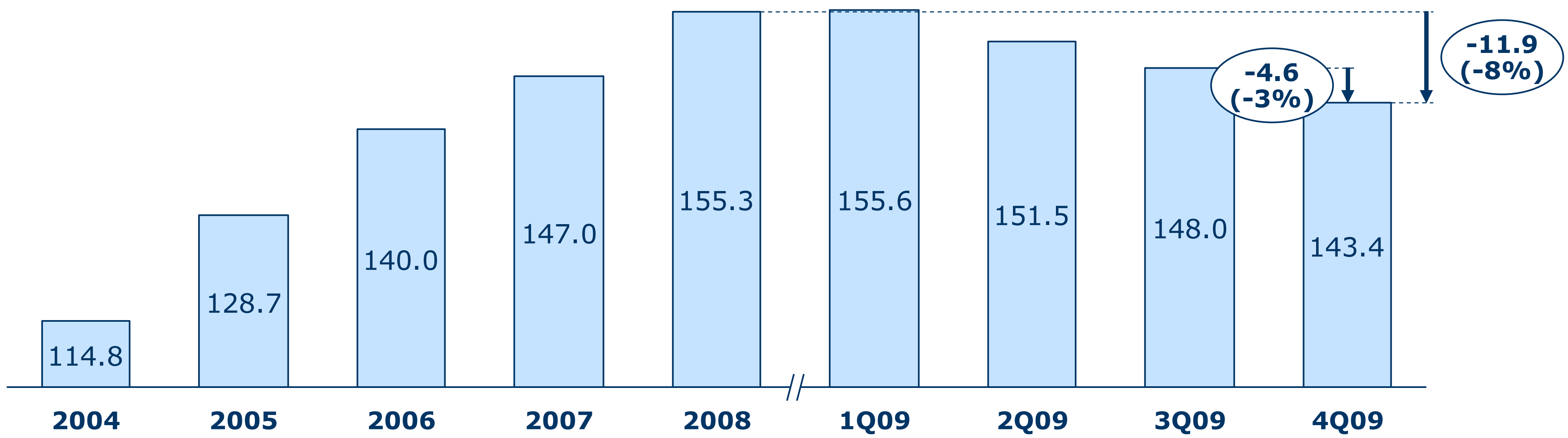
The plan allows State reimbursement by 2013, while maintaining sound solvency (8% core T1 target) and steady organic growth

RWA reduction well under way

Announced RWA reduction of EUR 39 bn in 2008-2013 period (-25%):

- Reduction of capital market activities and international corporate lending
- RWA at year-end 2009 dropped by EUR 12 bn (31% of target achieved)

KBC Group risk weighted assets (in bn EUR)



Update on divestment program

	Initial timing	Non active	Preparation phase	Info exchange	1st round of bids	2nd round of bids	Closing exp.
Belgium:							
Secondary bank channel	2010						2010
Secondary insurance channel	2010						2010
CEE:							
IPO in Czech Republic	2010						2010
Consumer finance in Poland	2012						2010
Banking in Russia	>2011						>2011
Banking Serbia	>2011						>2011
Merchant Banking:							
Asian equities & rev. mortgages	2012						1Q '10
Equity derivatives & convertibles	2012				1Q '10		2010
UK equities	2012						2010
Private Equity	2012				1Q '10		2010
Diamond Financing	2011						2011
German corporate activities	2012						2011
Private banking:							
KBL European Private bankers	2010						2010

"Well on our way to deliver"

Equity analysts' coverage

Bank / Broker	Analyst	Rating	Target Price	Upside
Autonomous	bschmidt@autonomous-research.com	+	39.6	26%
Barclays Capital	kiri.vijayarajah@barcap.com	+	36	15%
BNP Paribas/Fortis Bank	kurt.debaenst@fortis.com	=	34	8%
Cheuvreux	hpluijgers@cheuvreux.com	+	40	27%
Citi Investment Research	andrew.coombs@citi.com	=	37.5	19%
Credit Suisse Securities	guillaume.tiberghien@credit-suisse.com	=	35	11%
Degroof Banque	ivan.lathouders@degroof.be	=	27	-14%
Deutsche Bank	brice.vandamme@db.com	=	36	15%
Exane BNP Paribas	francois.boissin@exanebnpparibas.com	-	33	5%
Evolution Securities	Jaap.Meijer@evosecurities.com	-	33	4%
Goldman Sachs	chris.turner@gs.com	+	40	27%
HSBC	carlo.mareels@hsbcib.com	+	42	34%
ING	albert.ploegh@ing.com	=	36	15%
JP Morgan Securities	paul.formanko@jpmorgan.com	+	40	27%
Keefe, Bruyette & Woods	jplambert@kbw.com	=	36	15%
Kepler	benoit.petrarque@keplercm.com	+	36	15%
Morgan Stanley	ronny.rehn@morganstanley.com	+	39	24%
Natixis Securities	christophe.ricetti@sec.natixis.com	-	33	5%
Oddo Securities	sbentchikou@oddo.fr	+	40	27%
Oppenheim Research	thomas.stoegner@oppenheim.de	=	33	5%
Rabo Securities	cor.kluis@rabobank.com	+	42	34%
Royal Bank of Scotland	thomas.nagtegaal@rbs.com	=		
S&P	phuong_pham@standardandpoors.com	+	36	15%
Societe Generale	sabrina.blanc@sgcib.com	=	32	2%
UBS	omar.fall@ubs.com	=	35.9	14%

Situation as of 17 February, based on the share price of 31.41 EUR.

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