

KBC Group / Bank

DEBT ROADSHOW

November 2010



More information www.kbc.com
on your mobile m.kbc.com

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Key strengths of KBC Group:

- Well-developed bancassurance strategy and strong cross-selling capabilities
- Strong franchise in Belgium with high and stable return levels
- Exposure/access to growth in 'new Europe', with mitigated risk profile (most mature markets in the region)
- Successful underlying earnings track record
- Solid liquidity position and capital buffer

- Strategy and business profile of KBC Group
- Financial performance of KBC Group
- Asset quality of KBC Bank
- Liquidity and solvency of KBC Bank
- Wrap-up

Appendices



KBC Group at a glance

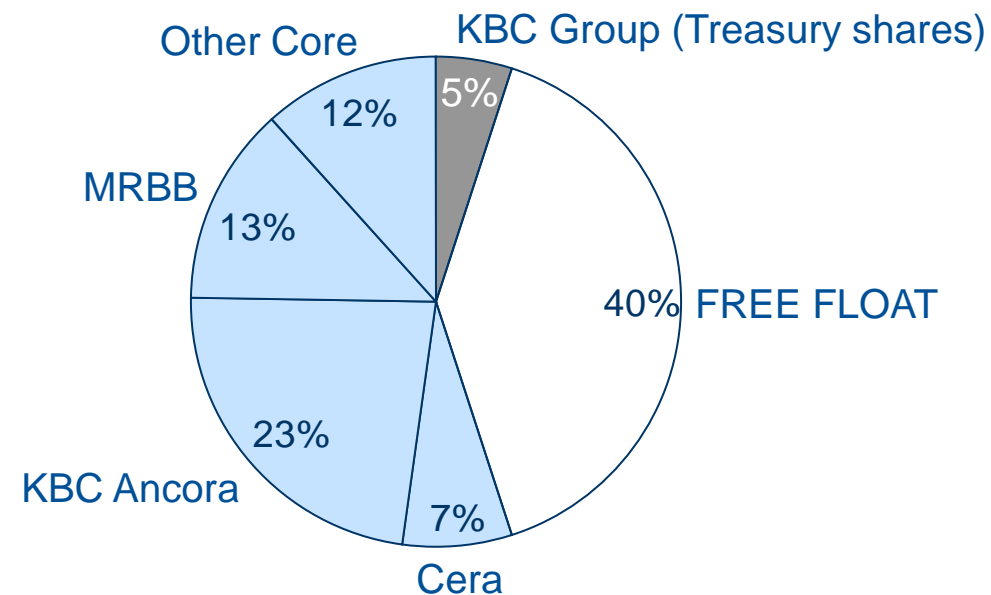
- KBC Group has a successful track record in bancassurance in its domestic market of Belgium and has been expanding to Central & Eastern Europe over the last 10 years
- Key data on KBC Group
 - Total market cap (mid-November 2010): 11bn EUR
 - Total assets: 329bn EUR at the end of 9M10
 - Total equity: 18bn EUR
 - Tier-1 ratio: 12.1% (10.4% core)
- Key data on KBC Bank
 - Total assets: 283bn EUR at the end of 9M10
 - Total equity: 14bn EUR
 - Tier-1 ratio: 11.5% (9.7% core)
- Credit ratings of KBC Bank

	S&P (Mar 2009)	Moody's (Mar 2010)	Fitch (Jul 2010)
Long-term	A / stable	Aa3 / Neg	A / Stable
Short-term	A-1	Prime-1	F1

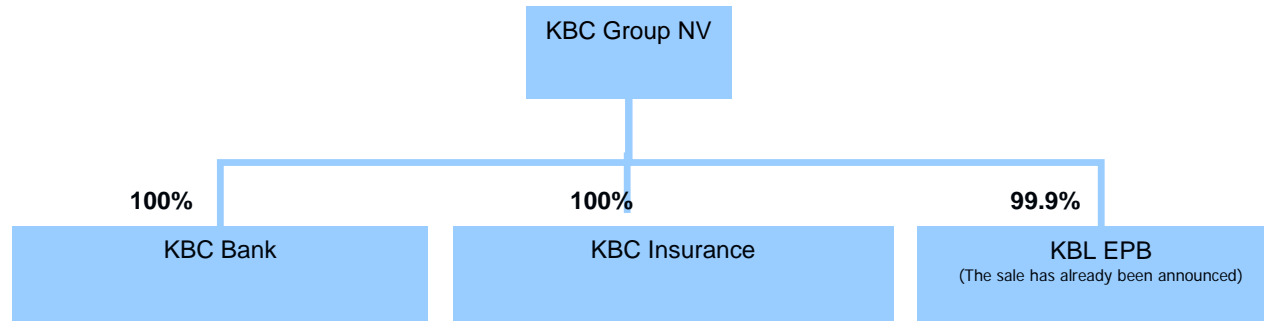
- Underlying net group profit of KBC Group in 2009: 1,724m EUR

Stable shareholder structure

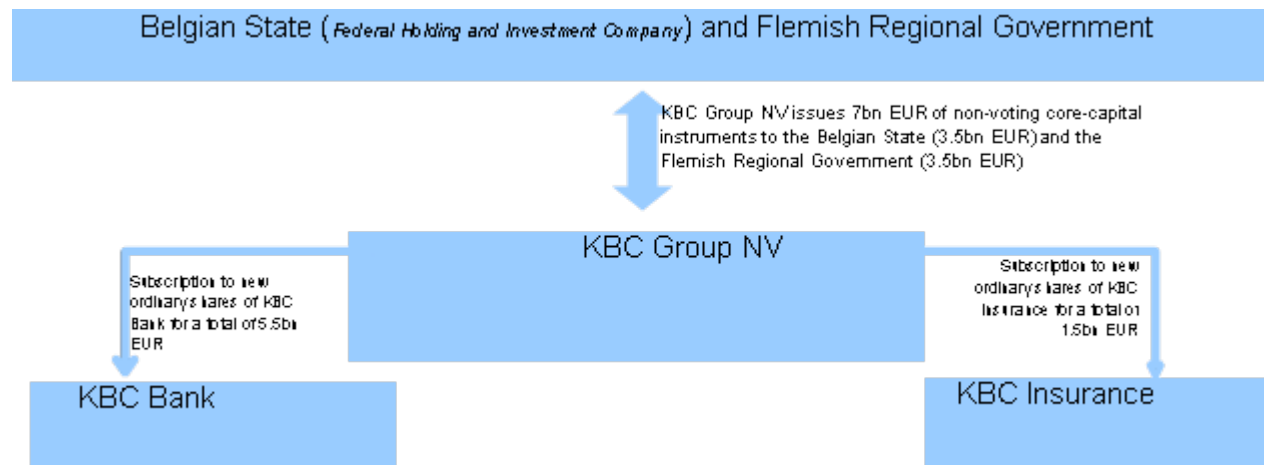
- Over 50% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera / KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of industrialist families
- The free float is mainly held by a large variety of international institutional investors



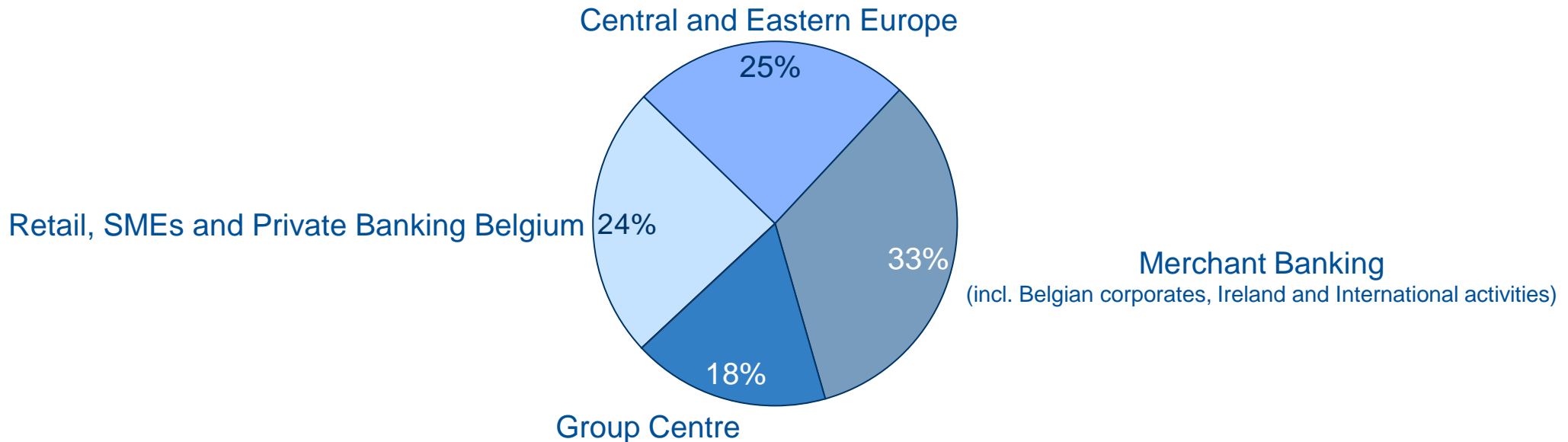
- Group's legal structure



- **Overview of capital transactions with the Belgian State and the Flemish Regional Government**



Breakdown of capital allocation as of 30 September 2010 per business unit



- KBC is a leading player in Belgium and our 5 core countries in CEE (retail bancassurance, private banking, commercial and local investment banking); 75-80% of revenue is generated in markets with leading market share
- In the past, niche strategies were developed for international merchant banking (these activities are currently being downsized) and European private banking (the sale of KBL EPB has already been announced).



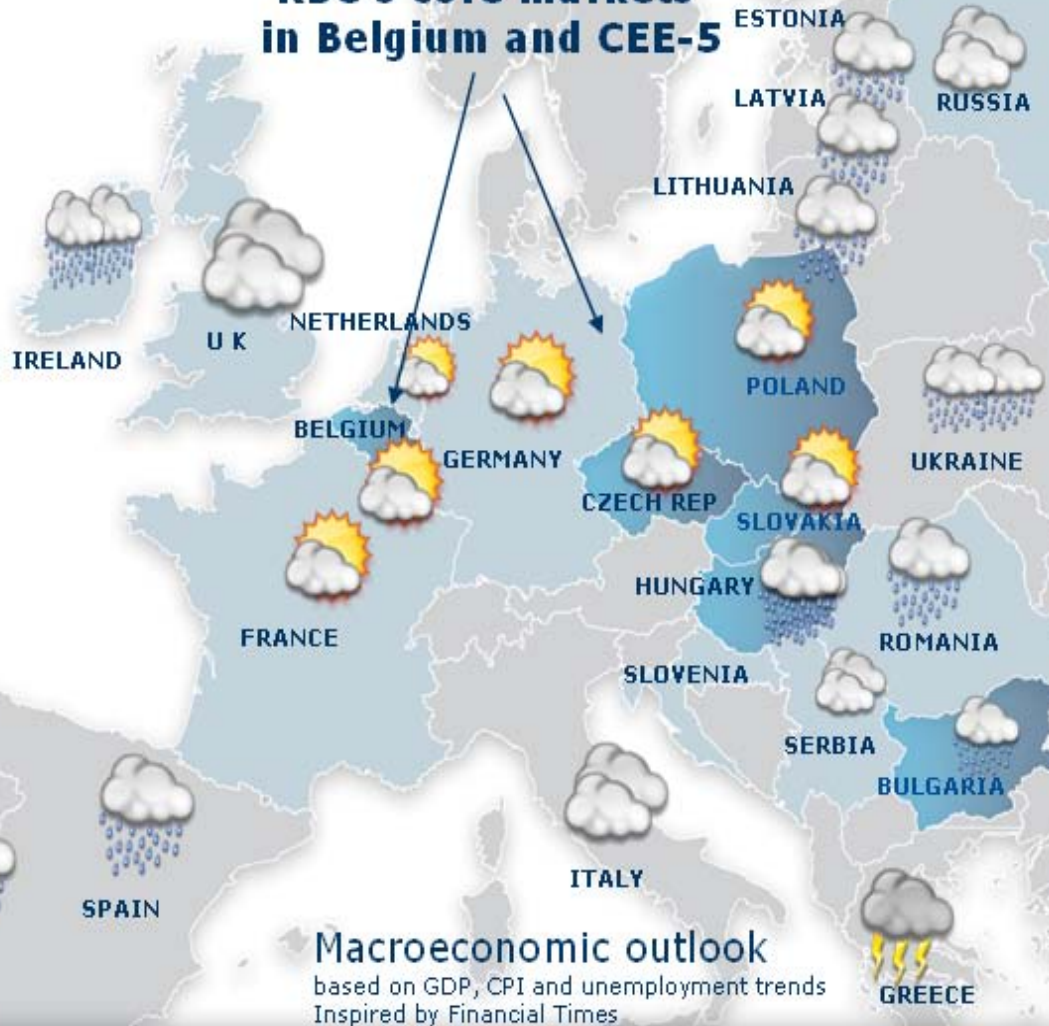
Market shares of KBC Bank in core markets

Market shares, as of end-2009

	Belgium	Czech Republic	Slovakia	Hungary	Poland	Bulgaria
(Inhabitants)	(10 million)	(10 million)	(5 million)	(10 million)	(39 million)	(8 million)
Loans and deposits	20% →	23% ↑	10% →	9% →	4% →	3% →
Investment funds	39% ↑	35% ↑	13% →	20% ↓	5% →	-

KBC Group's geographical presence: well-positioned

KBC's core markets in Belgium and CEE-5



KBC'S CORE MARKETS

Belgium (Moody's Aa1)
Total assets: 189bn EUR

Czech Republic (A1)
Total assets: 38bn EUR

Hungary (Baa1)
Total assets: 12bn EUR

Poland (A2)
Total assets: 12bn EUR

Slovakia (A1)
Total assets: 6bn EUR

Bulgaria (Baa3)
Total assets: 1bn EUR

KBC'S NON-CORE MARKETS

Ireland (Moody's Aa2)
Total assets: 22bn EUR

Russia (Baa1)
Total assets: 2.4bn EUR

Serbia (not rated)
Total assets: 0.3bn EUR

Romania (Baa3)
Total assets: 0.1bn EUR

Real GDP growth outlook for core markets

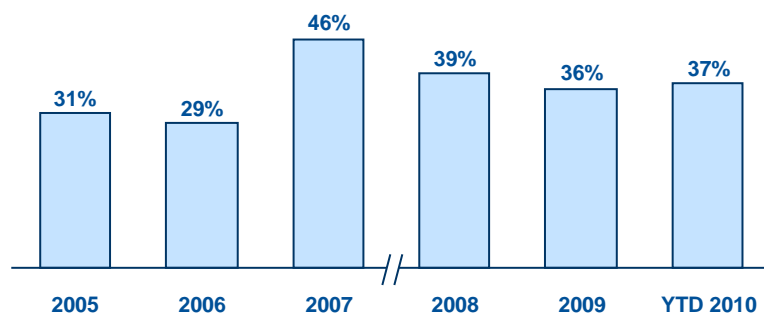
Source: KBC data, November 2010

	% of assets	2009	2010e	2011e	
PL	4%	+1.7%	+3.5%	+4.0%	
SK	2%	-4.7%	+4.0%	+3.0%	
BE	58%	-2.7%	+1.8%	+1.5%	
CZ	12%	-4.0%	+1.9%	+1.8%	
BG	1%	-5.0%	+0.2%	+3.0%	
HU	4%	-6.2%	+0.7%	+2.7%	

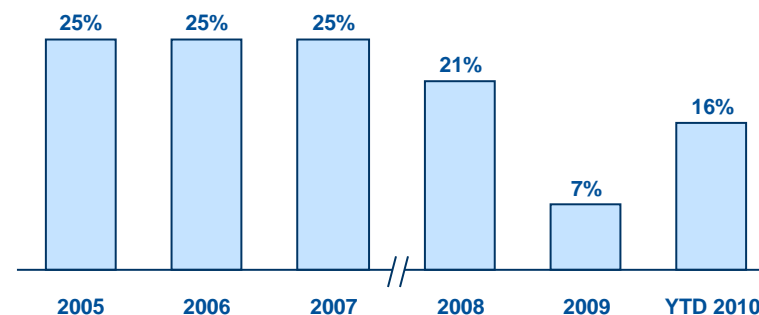
■ Strategic review November 2009

- Core earnings power in Belgium and CEE largely intact
- Our business model generates consistently high returns in core geographies (cyclical 1.7% loan provision charge was the main swing factor in CEE in 2009)

Return on allocated capital Belgium*



Return on allocated capital CEE*



- Remaining asset risks manageable, therefore capital buffer sufficient
- Reimbursement of the State capital will be based on internal capital generation from retained earnings and RWA reduction combined with divestment of non-core assets

* excl. non-operating items (incl. investment markdowns). Note change in business unit reporting as of 2008.

1. Leverage Earnings Power

- Generate capital by leveraging our successful business model in core markets (retained earnings)

2. Shrink RWA By 25% (2008-2013)

- Free up capital by:
 - Reducing international lending & capital market activities
 - Divesting European Private Banking (transaction already announced), complementary channels in Belgium (giving up 1-2% market share) and non-EU CEE (Russia and Serbia, post 2011)
 - IPO of minority of CSOB (Czech bank, EUR 2.6bn book value at end 9M10)
 - Certain additional measures

3. Pay Back State Capital & Continue Growth

- Accumulated capital will be sufficient to reimburse the State, whilst maintaining sound solvency (10% Tier1 target) and steady organic growth

1. Adequate Capital

- Including EUR 7bn State core capital securities, the core tier-1 ratio for KBC Group is at a comfortable 10.4% level at the end of 9M10 . At KBC Bank, the core Tier-1 ratio amounted to 9.7% at the end of 9M10.

2. Mitigated 'Toxic' risk

- Remaining structured credit risk is largely covered by a State guarantee* in order to prevent new market turbulences putting the capital position at risk again

3. Adequate Loan Quality

- We expect 2010 loan losses to be significantly lower than in 2009

4. New Team & Strategy

- The new management team is implementing a new strategy, focusing on core businesses and structurally reducing risk, whilst maintaining sound growth/returns

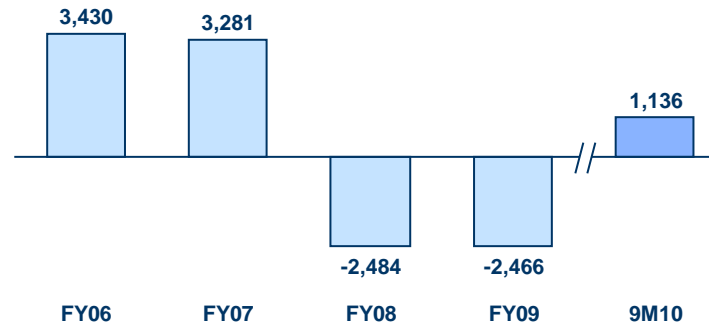
- Strategy and business profile of KBC Group
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Solid core earnings power

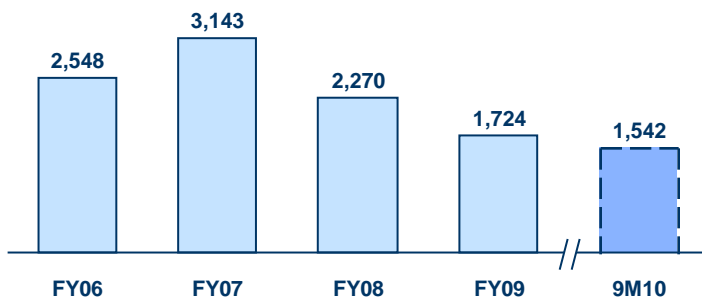
Amounts in EUR million for KBC Group

Reported net profit



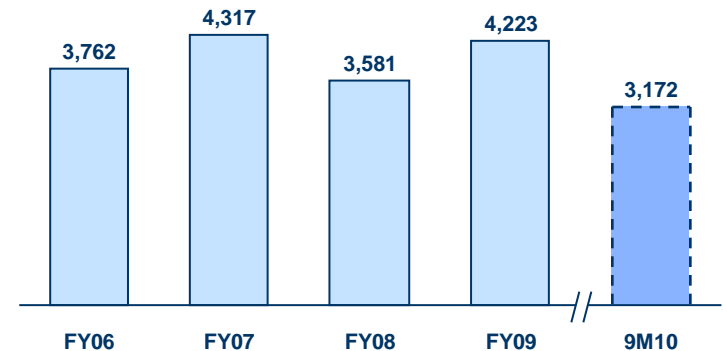
Excl. exceptional items

Underlying net profit



Excl. exceptional items and cyclical effects of credit provisions

Underlying gross operating income (pre-impairments)



- Underlying gross operating income (core earnings) in FY09 and 9M10 (annualised) is in line with the pre-crisis FY07 level (when trading income was still much higher)

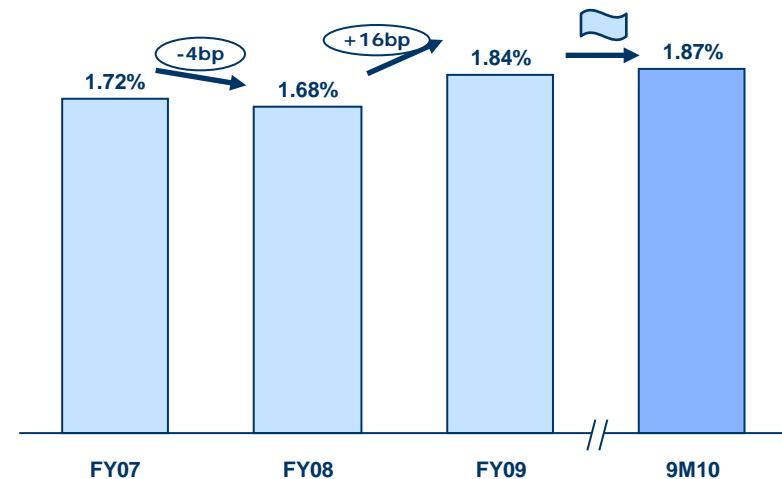
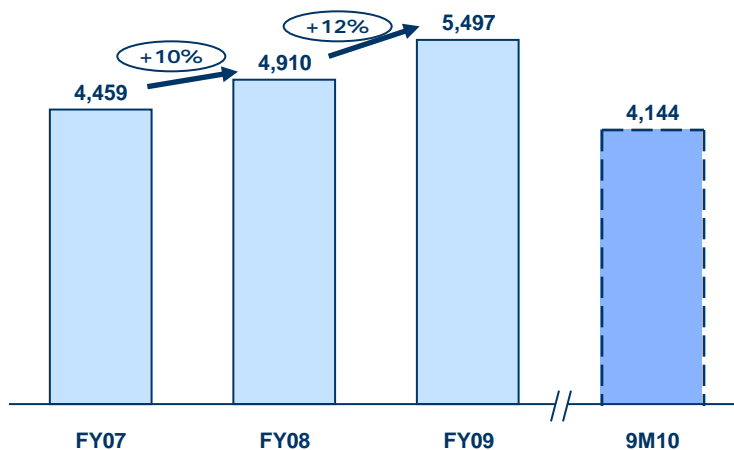
Revenue keeping up well based on healthy margin environment

- Net interest income from lending and deposit-taking rose 12% in 2009 on account of healthy credit spreads and shift to higher-margin deposit products. The annualised NII of 9M10 is in line with FY09.
- Loan volumes fell 2% yoy in 9M10, while deposit volumes rose 8% in 9M10. Loan volume growth in Belgium was offset by the scaling down in Central Eastern Europe and international corporate loan book, in line with the strategic focus.

Underlying net interest income (worldwide)

Net interest margin (worldwide)

Amounts in EUR million for KBC Group



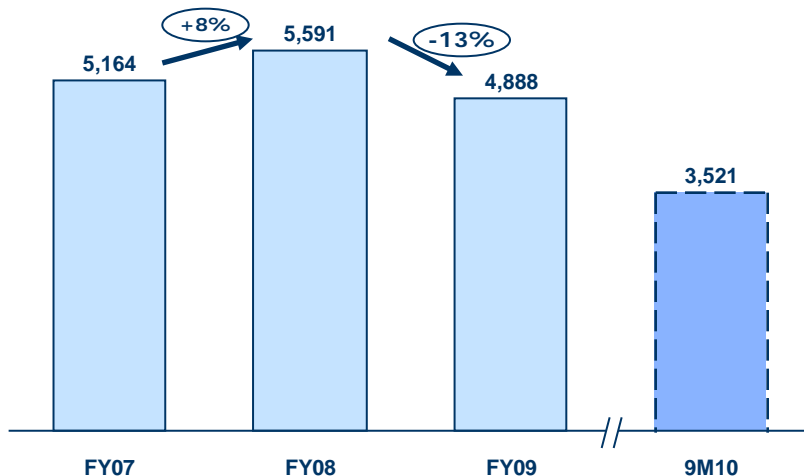


Continued tight cost control, loan loss provisions may have peaked

- Strong reduction in operating expenses realised (-13% in 2009) on the back of staff reduction, lower variable pay and downsizing of the Merchant Bank. Although costs decreased yoy in 9M10 (following cost containment measures initiated in 2008), we believe that costs will start to increase going forward.
- Higher loan loss provisions (1.9bn EUR in 2009) reflected the worsened economic climate. In 9M10, loan loss provisions were significantly lower.

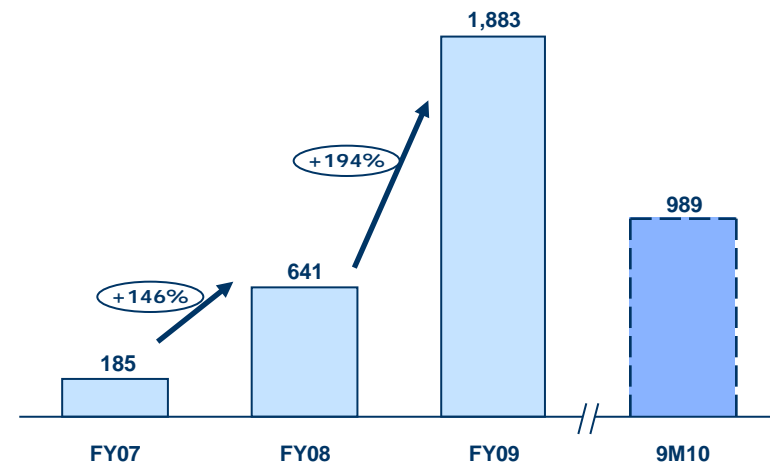
Underlying operating expenses (worldwide)

Amounts in EUR million for KBC Group



Underlying loan loss provisions (worldwide)

Amounts in EUR million for KBC Group





Loan loss experience at KBC Group

	YTD 9M 2010 credit cost ratio	FY 2009 credit cost ratio	Average '99 –'09	Peak '99 –'09
Belgium	0.12%	0.15%	0.16%	0.31%
CEE	1.32%	1.70%	1.03%	2.75%
Merchant	1.01%	1.19%	0.47%	1.32%
Group Centre	1.15%	2.15%		
Total	0.80%	1.11%	0.40%	1.11%

Credit cost ratio = amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

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Balance sheet risks?

(KBC Bank consolidated at end 9M10)

Total Assets: 283bn EUR

Tangible & intangible fixed assets (incl. Investment property): 5bn EUR

Loan book: 151bn EUR
(Loans and advances to customers)

1. Credit quality

Trading assets: 32bn EUR

2. Trading exposure

3. 'Toxic' assets

Investment portfolio: 61bn EUR

4. Sovereign bonds

Other (incl. interbank loans): 34bn EUR

Total Liabilities & Equity: 283bn EUR

Parent shareholders' equity: 13bn EUR

Capital adequacy

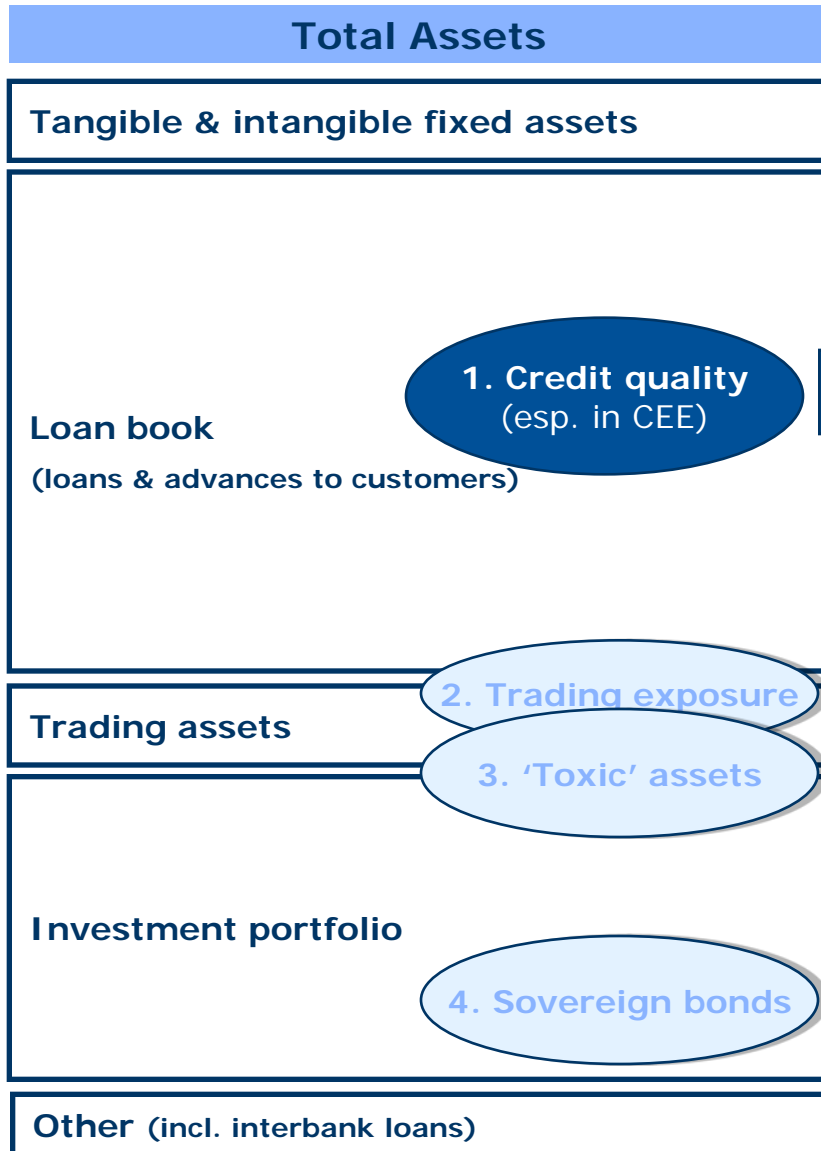
Funding and deposit base: 202bn EUR

Liquidity position

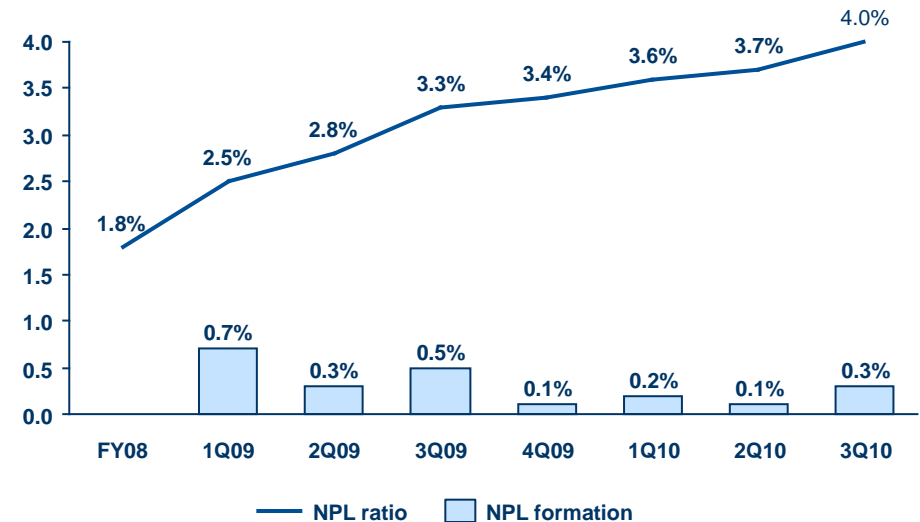
Trading liabilities: 28bn EUR

Other (incl. interbank deposits): 40bn EUR

Credit quality



- Customer loan book: 150bn EUR at end 9M10
 - 44% residential mortgages
 - 3% unsecured consumer finance
 - 53% SME/corporate loans
- Largely sold through own branches
- Total NPL at 4.0% at end 9M10 (5.6% in CEE)
- The NPL formation has stabilised
- NPL cover ratio at 73% at end 9M10 (77% in CEE)



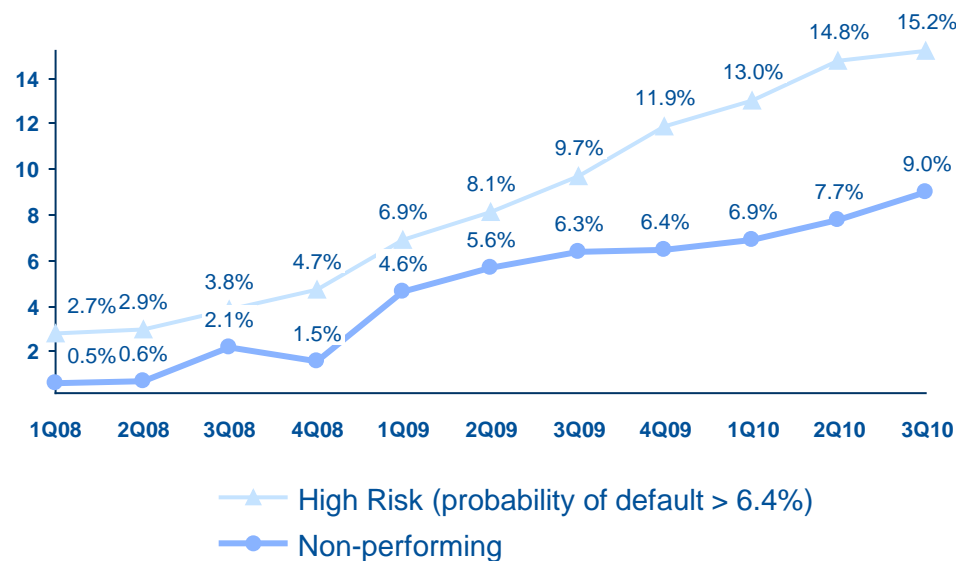
Focus on NPL trends in Ireland (1)

- 53m EUR loan impairments charged in 3Q10 (142m EUR in 1Q10 and 28m EUR in 2Q10).
- NPL rose to 9.0% in 3Q10 (7.7% in 2Q10), reflecting the continued difficult economic conditions in Ireland. The outstanding portfolio has been reduced from 17.7bn EUR in 2Q10 to 17.4bn EUR in 3Q10.
- 76% of the outstanding portfolio remains low or medium risk.
- In the absence of any unforeseen circumstances, we forecast that KBC Bank Ireland will remain profitable in FY2010.
- Local tier-1 ratio increased to 10.6% at the end of 3Q10 (from 10.2% at the end of 2Q10).

Irish loan book – key figures September 2010

<u>Loan portfolio</u>	<u>Outstanding</u>	<u>NPL</u>	<u>NPL coverage</u>
Owner occupied mortgages	9.8bn	6.9%	21%
Buy to let mortgages	3.3bn	9.5%	26%
SME /corporate	2.4bn	5.5%	38%
Real estate investment	1.3bn	11.9%	30%
Real estate development	0.6bn	43.8%	48%
	17.4bn	9.0%	29%

Proportion of High Risk and NPLs

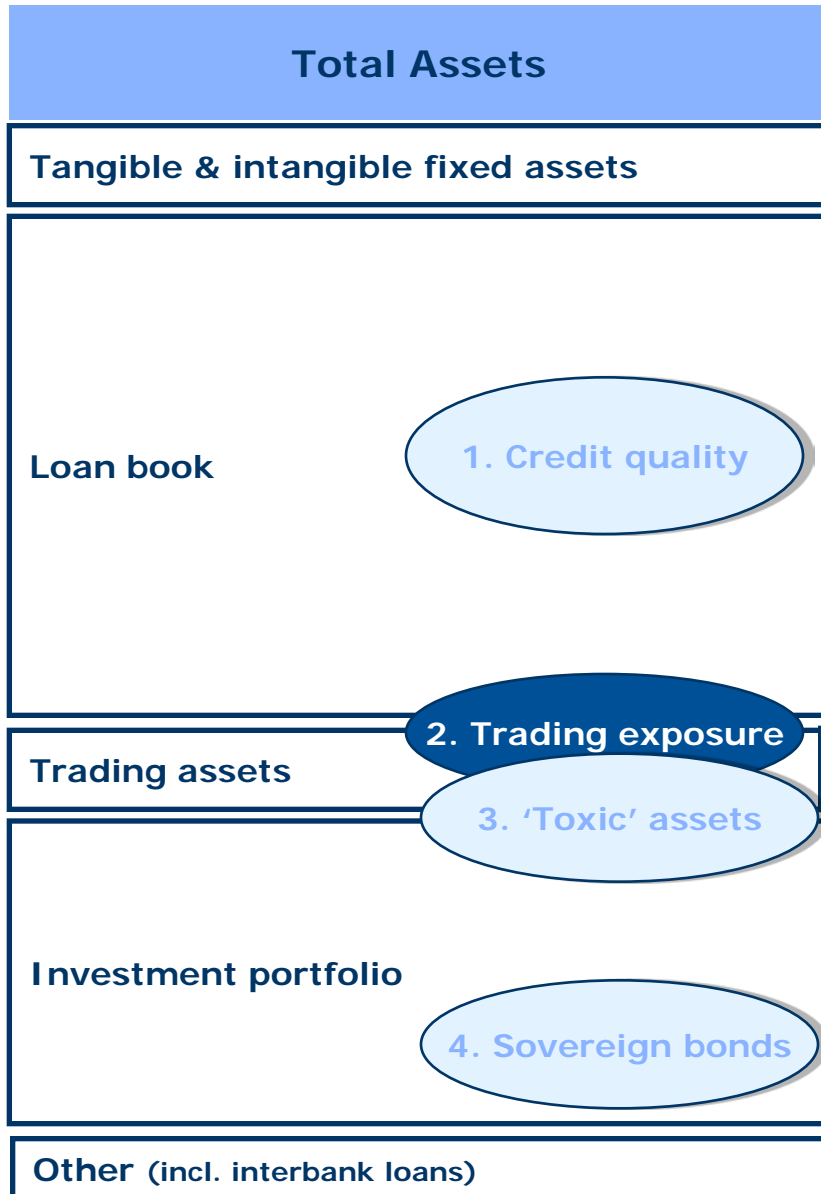


- KBC Bank Ireland (KBCBI)'s **NPL coverage ratio of 29% is in line with its Irish peers** with predominantly residential mortgage portfolios like KBC Bank Ireland. Furthermore, the relatively low NPL ratio of KBCBI (compared with its peers) underlines its **strict/cautious loan policy**.

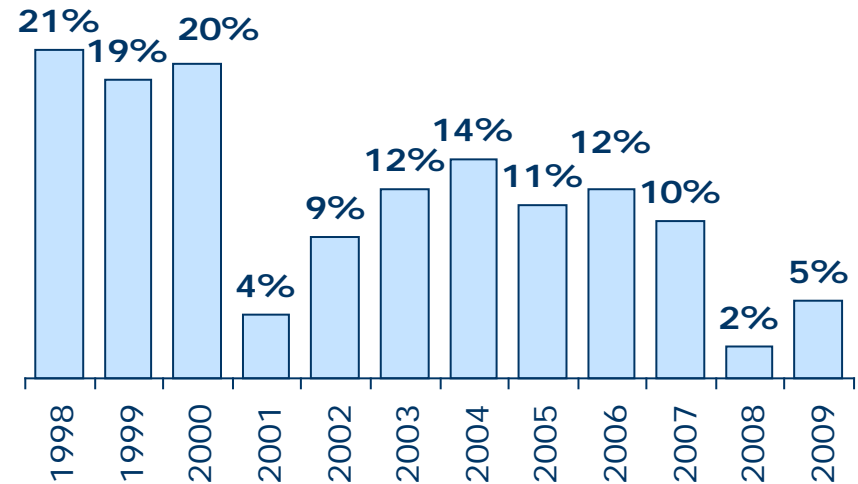
- **Stress Test ... Prudential Capital Assessment Review**

“The results of the Prudential Capital Assessment Review (PCAR) for KBCBI are satisfactory. The results show that KBCBI is adequately capitalised in the base case, but may experience a slight drop below the 8% minimum solvency ratio in the stressed case. The above projections are based on Financial Regulator adjustments to KBCBI’s estimates of cost of funding and credit losses in the homeloan portfolio.”

- **Sensitivities**
 - The estimated impact of a further 10% decline in residential house prices in Ireland, from the existing forecast peak-to-trough, is an increase of approximately 50m EUR in Residential loan impairments based on the current impaired Homeloans portfolio.
 - The estimated impact of a further rise in the unemployment rate of 1% in Ireland (13.7% end 3Q10) is an increase of approx. 25m EUR in Residential loan impairments based on recent experience in the Homeloans portfolio.



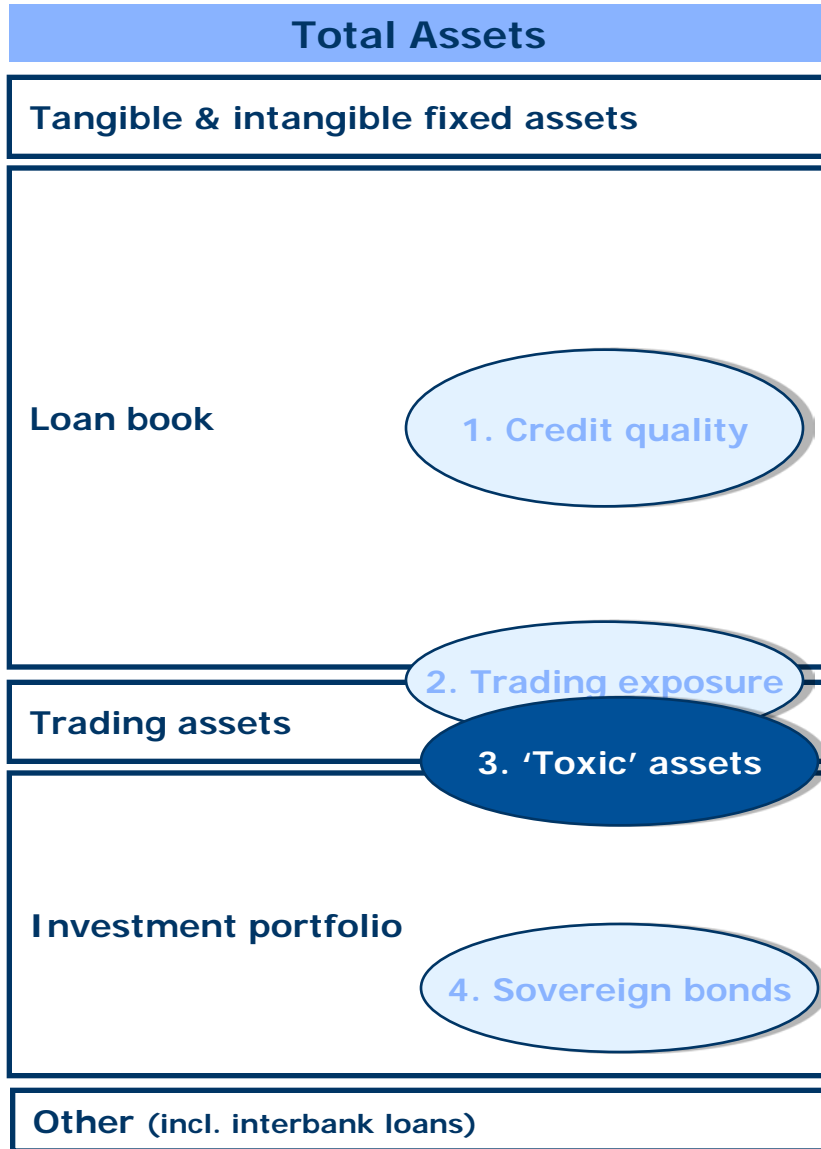
KBC Bank, share of investment banking (IB) profit, 1998-'09



Underlying income from MM/DCM/ECM activities as a % of group underlying net profit

- Less dependency on investment banking with further cut in activities being implemented following the 'credit crisis'
- However, unwinding of 'legacy' positions may generate further losses in 2010

Investment portfolio



CDO exposure (bn EUR)	Notional	Cumulative markdowns
- Hedged portfolio	14.8	-1.3
- Unhedged portfolio	9.9	-5.2
TOTAL	24.7	-6.5

Amounts in bn EUR	Total
Value adjustments (since start crisis)	-6.5
"Effective" loss (i.e. expect. losses based on claimed credit events) *	-1.9

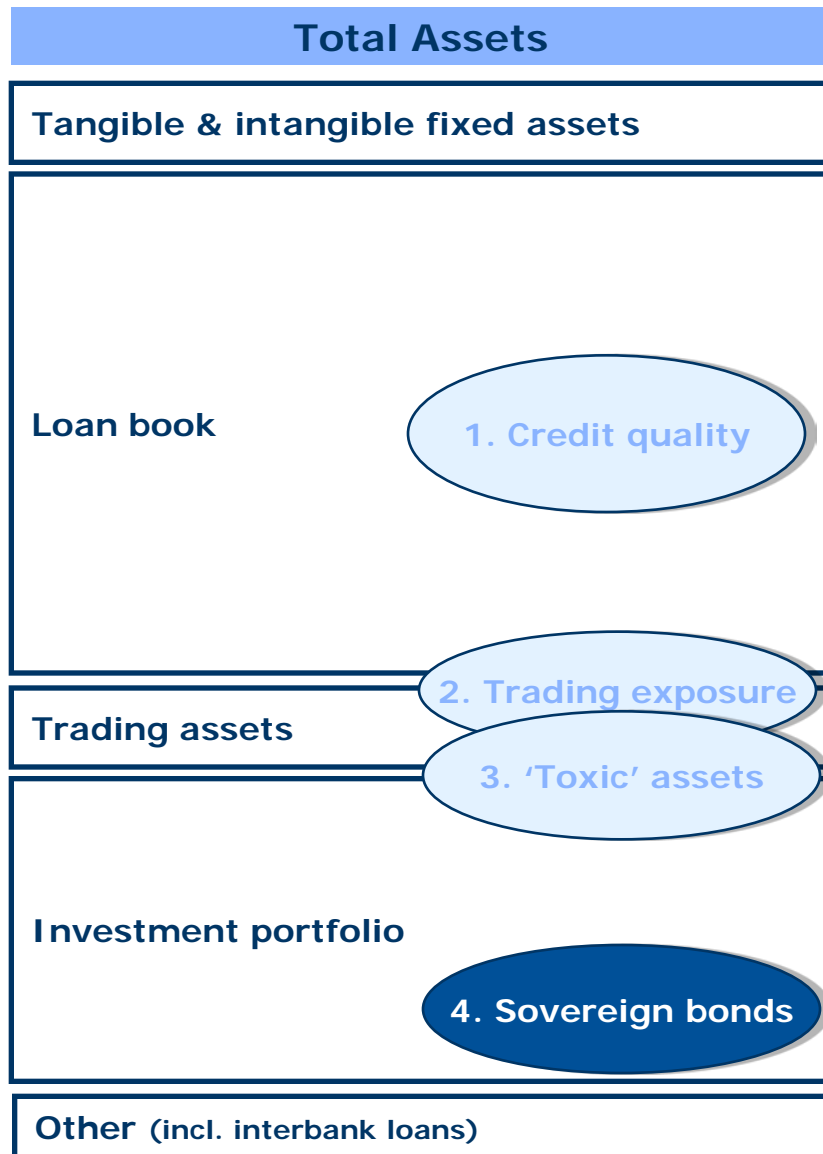
* Excl. impact on equity and junior CDO pieces

- At end 9M10, cumulative value adj. amounted to 6.5bn EUR vs. 1.9bn EUR effective cash losses (excl. impact on equity and junior CDO pieces)
- Within the scope of the sensitivity tests, the value adjustments reflect an 17% cumulative loss in the underlying corporate risk
- Reminder: CDO exposure largely written down or covered by a State guarantee

Earnings sensitivity test

- If credit spreads were to tighten/widen by 20%, MtM impact on CDO values would be EUR +0.4/-0.3bn

Investment portfolio (cont'd)

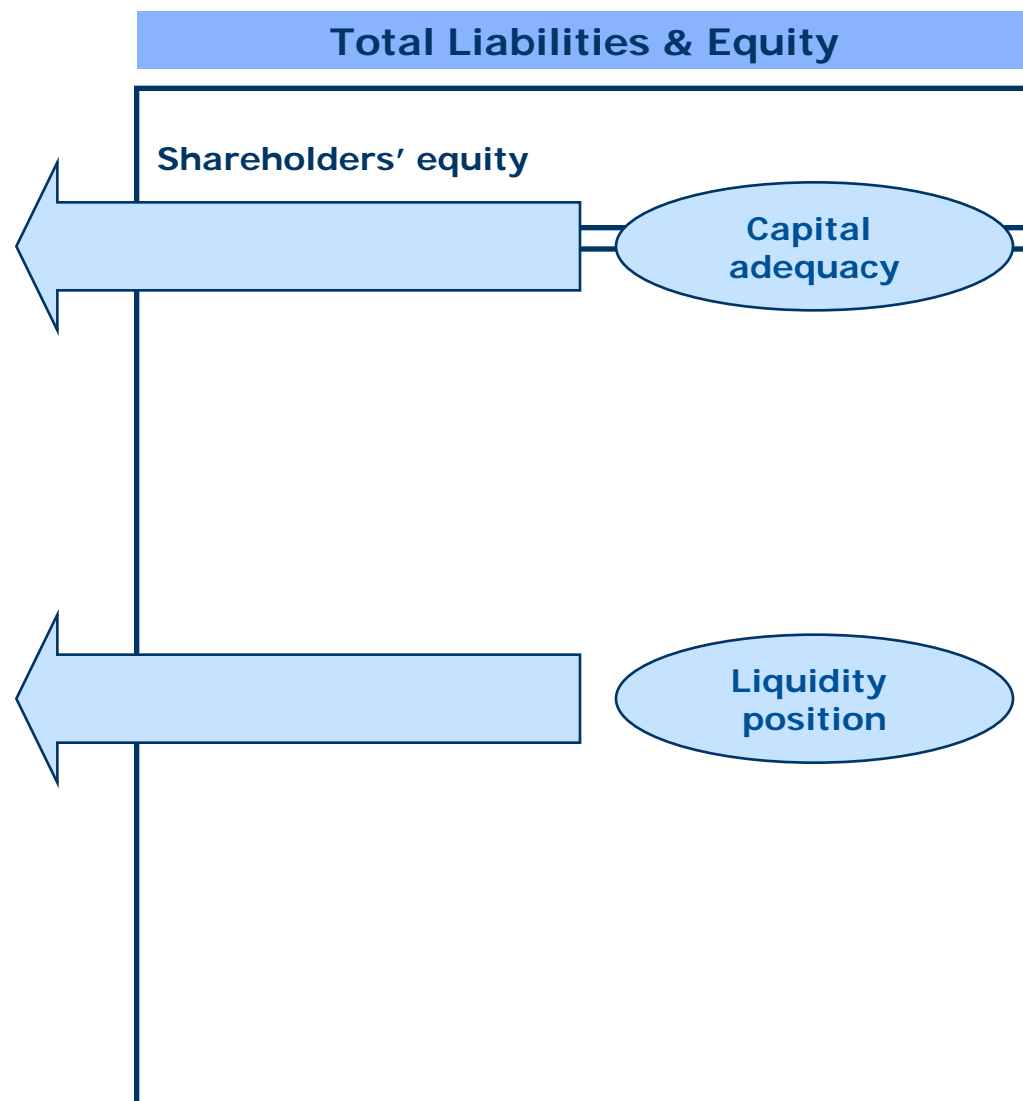


- Government bond investment portfolio at KBC Bank of EUR 51bn (at end 1Q10)
- Geographical composition:
 - All European
 - Belgium (AA+/Aa1): 43%
 - CEE (mainly locally held portfolios): 33%
 - Italy: 15%
 - Spain: 3%
 - Greece, Portugal and Ireland: 3%
 - Other Europe: 3%
- Sovereign credit ratings:
 - All investment grade
 - Average: S&P AA- / Moody's Aa2

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- With core tier-1 ratio of 9.7% at KBC Bank (excl. KBL EPB) and 10.4% at KBC Group, KBC is well positioned to pursue organic growth
- With loan-to-deposit ratio at 85%, limited needs for refinancing in the market compared to peers
- Based on a preliminary analysis, funding & solvency seem to be manageable in light of the new 'Basel' proposals

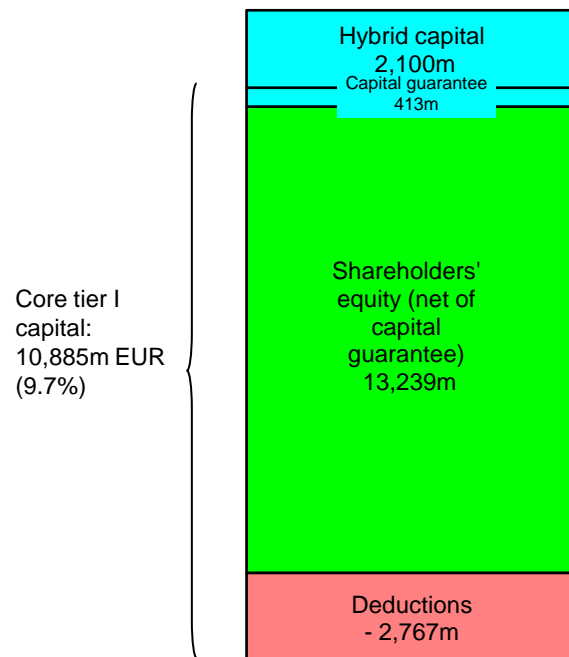




Overview total (Core) tier-1 composition

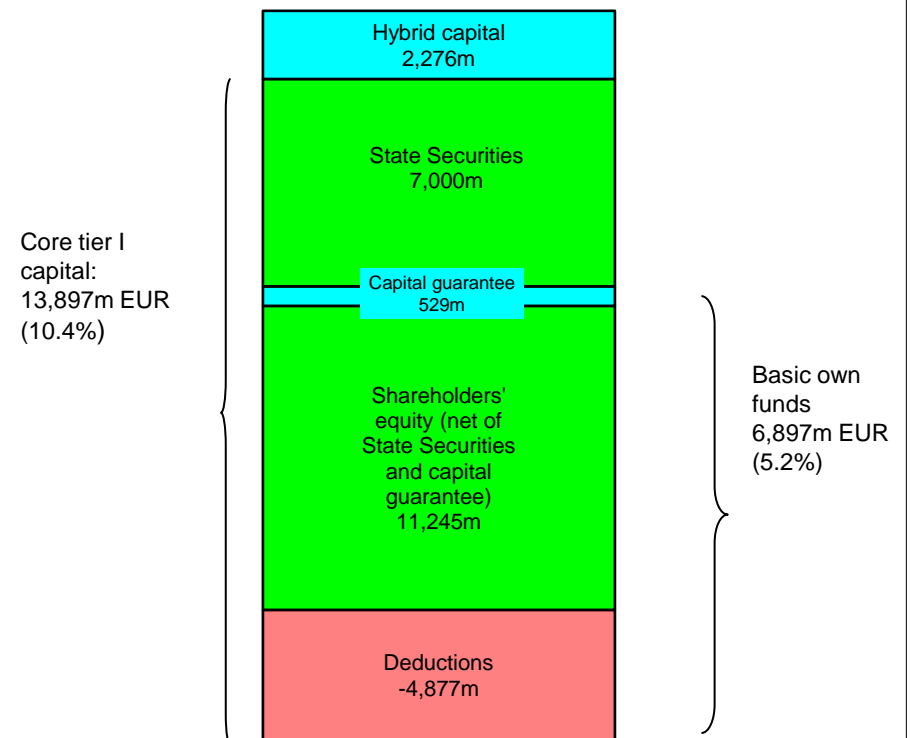
KBC Bank

Total tier-1 capital: 12,985m EUR (11.5%)



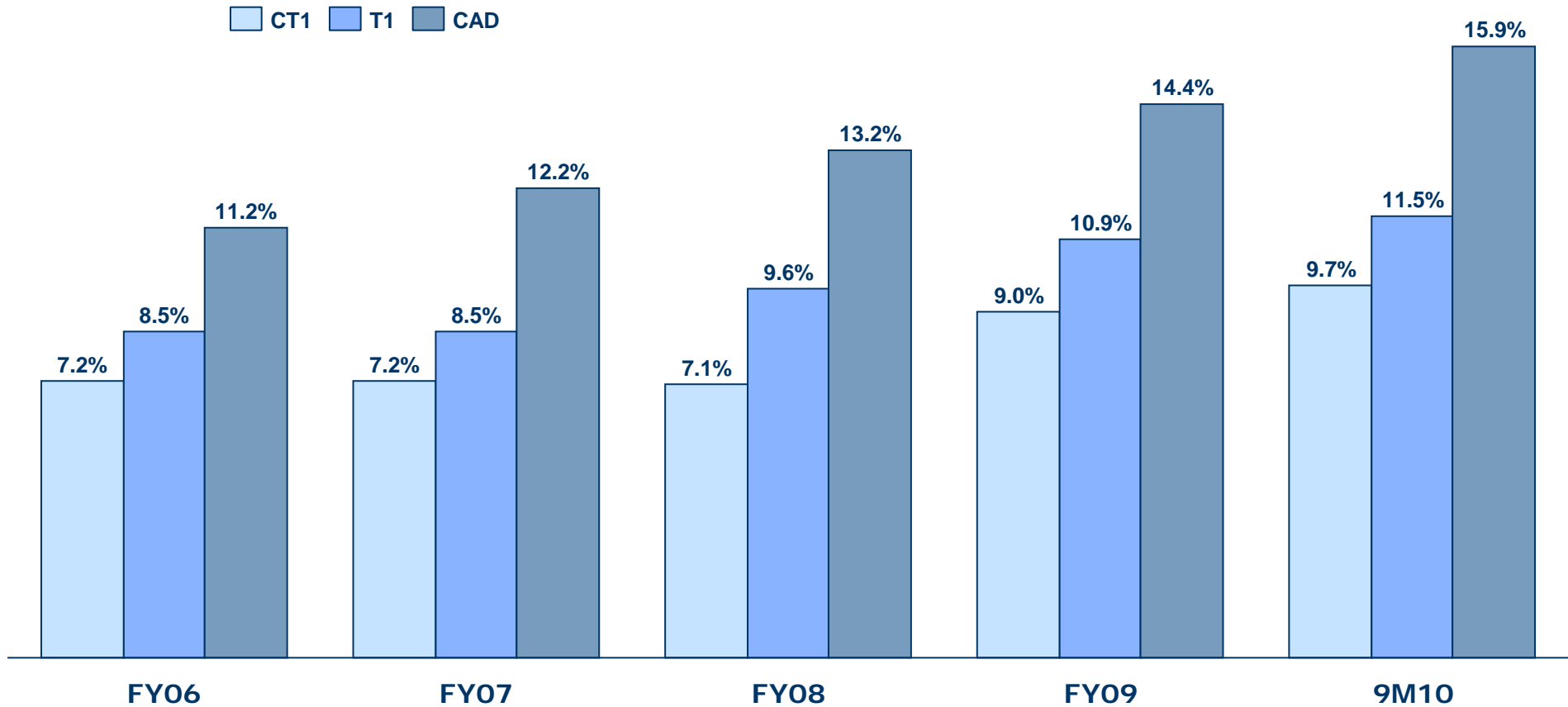
KBC Group

Total tier-1 capital: 16,173m EUR (12.1%)





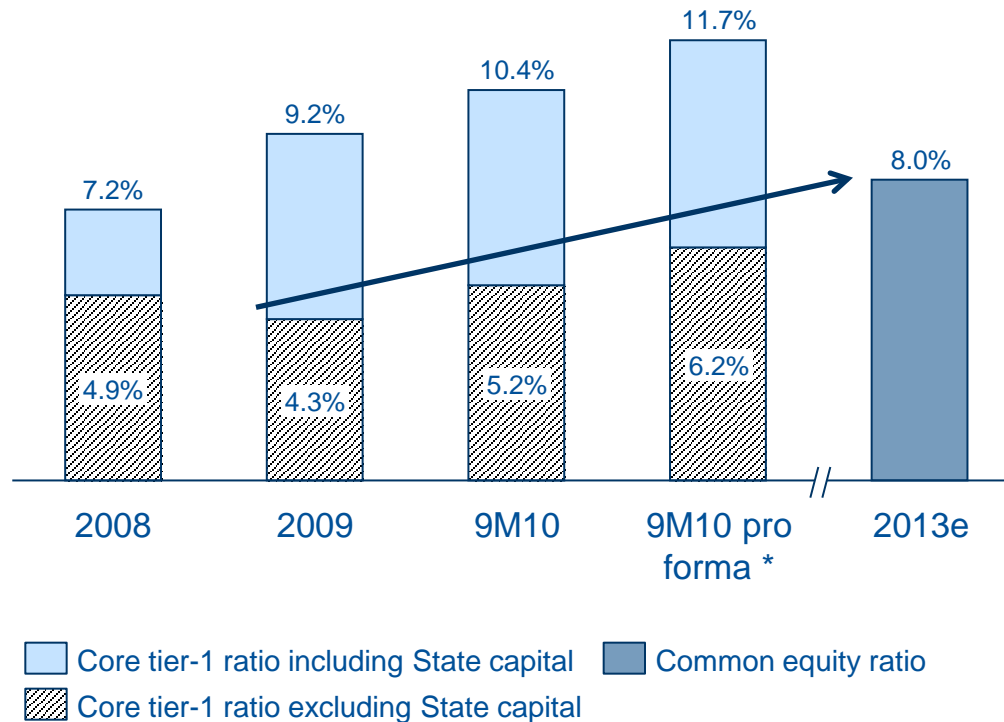
Improved capital ratios at KBC Bank (excl. KBL)



Basel III impact for KBC Group (1)

■ MAIN CONCLUSION ABOUT BIII IMPACT FOR KBC GROUP:

- “Basel III” pro forma common equity ratio is estimated at roughly 8.0% at end 2013



* 9M10 pro forma CT1 is including the impact of the already announced divestments

- **At the level of 'RWAs': relatively limited impact thanks to KBC's divestment plan**

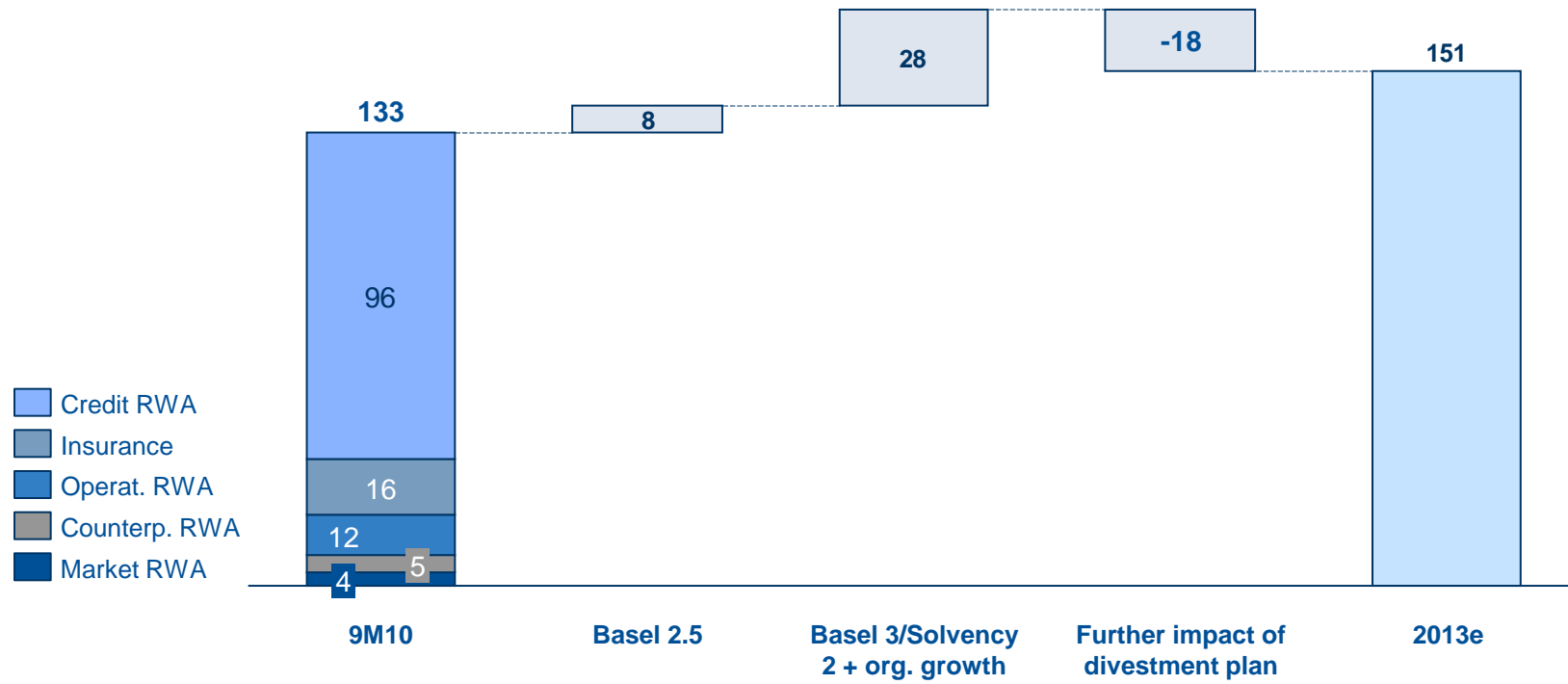
- Still many uncertainties remain with respect to e.g. different calculations for the Credit Valuation Adjustment (CVA) method.
- Counterparty and market RWAs have already fallen by 54% to roughly 9.5bn EUR in 7 quarters (end FY08 – end 3Q10), mainly as a consequence of progress made in implementing KBC's divestment plan.

(bn EUR)	End FY08	End 3Q10	% Δ
Counterparty RWAs	9.2	5.2	-43%
Market RWAs	11.4	4.2	-63%
TOTAL counterparty & market RWAs	20.6	9.5	-54%
% of TOTAL RWAs	13.3%	7.1%	

- By the end of 2012-1013, once the divestment plan is completely finalised, the counterparty and market RWAs will have further decreased. As such, BIII impact on these RWAs will certainly be manageable for KBC Group.

Basel III impact for KBC Group (3)

RWA impact

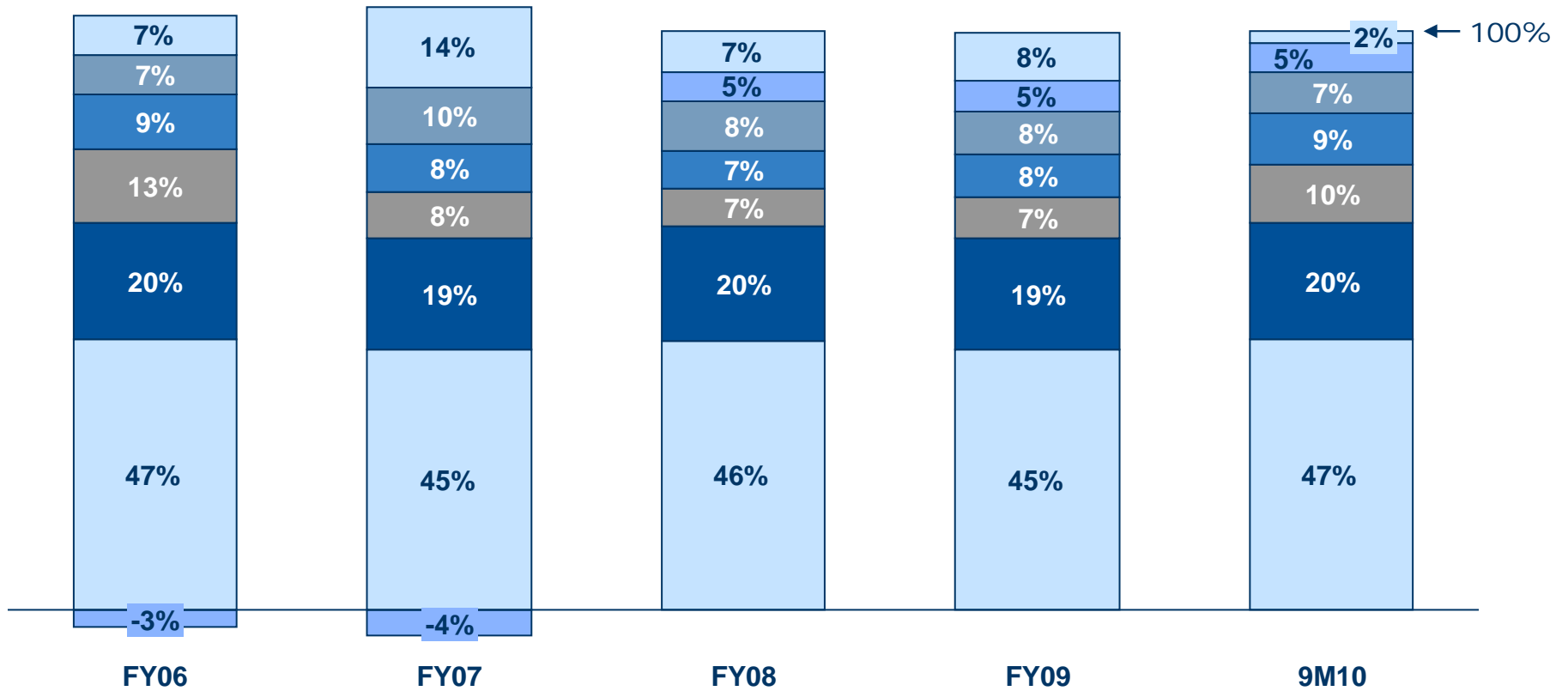


■ MORE DETAILED INFO ABOUT SOME COMPANY-SPECIFIC IMPORTANT BIII ITEMS:

- Minority interests: Although the capital impact of the listing of a minority stake in CSOB will still be negatively impacted by BIII, this impact will be considerably less negative than under the initial BIII consultation document (released on 17 Dec 2009)
 - Minority share in line with the minimum required capital at subsidiary = common equity
 - Based on current KBC Group structure: very limited impact since no important minority interests
 - Regarding IPO CSOB:
 - Capital gain is included in common equity
 - Worst-case scenario at 'common equity' level (IPO 40% of CSOB, 7% minimum required common equity in CR and no upstreaming of capital before IPO): approximately 285m EUR minorities would not be included in common equity
 - Sensitivity: every additional 1% above the 7% minimum required capital in CR (used in our worst-case scenario) will lower the 2013 negative impact at 'common equity' level of KBC Group by around 55m EUR
- DTAs:
 - Current (BII): deducted from T1 insofar > 10% T1 (basis = total of DTAs excluding DTA on AFS and Cash flow hedges)
 - BIII: difference is made between i) DTA which rely on future profitability (= on losses carried forward): entirely deducted from common equity (roughly 850m EUR at end 3Q10) and ii) DTA which do not rely on future profitability (= timing differences): included in common equity



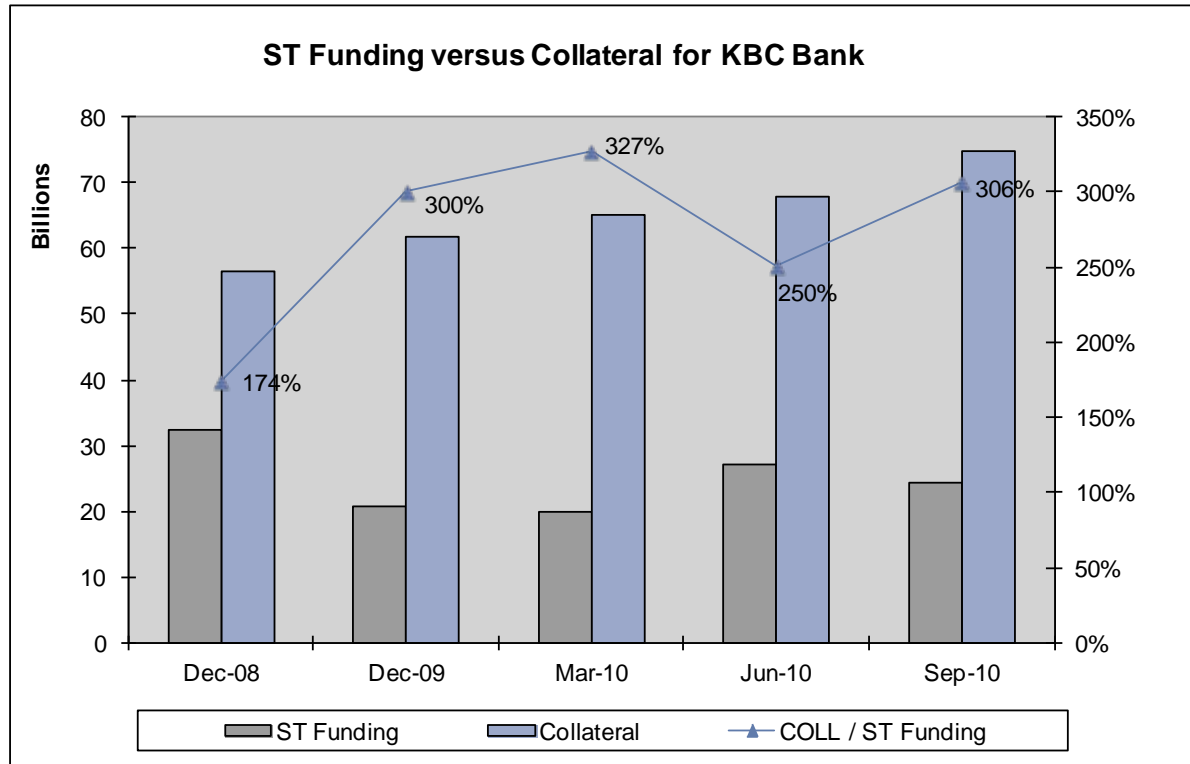
Liabilities – funding mix: stable & retail-based



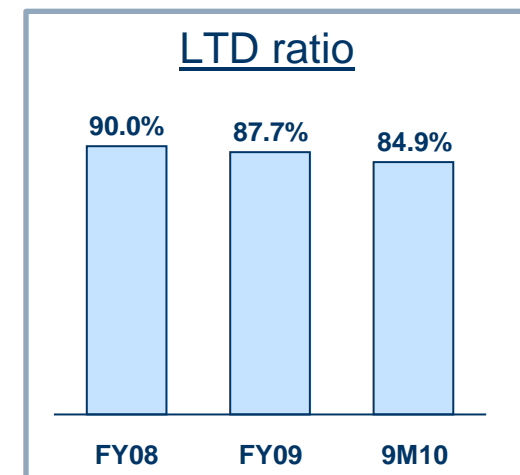
- Net unsecured interbank funding
- Net secured funding
- Debt issues placed at institutional relations
- Total equity
- Certificates of deposit
- Funding from corporates
- Funding from retail customers



ST funding needs are fully covered by central bank eligible collateral

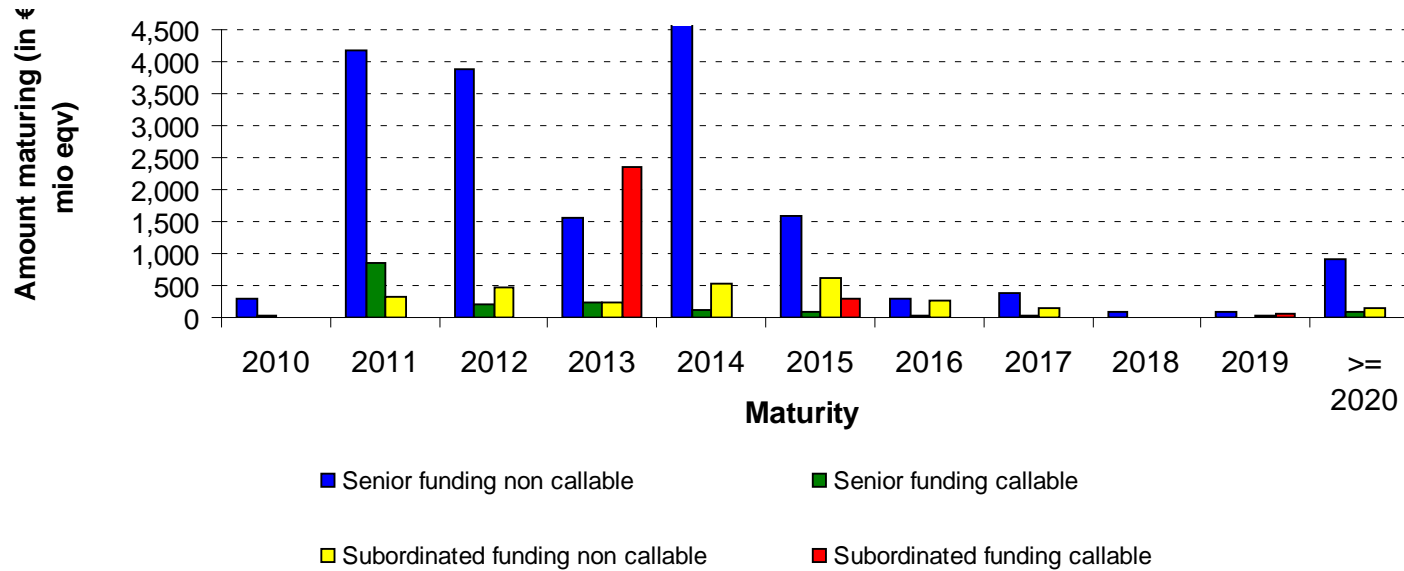


... and healthy LTD ratios



Debt distribution profile

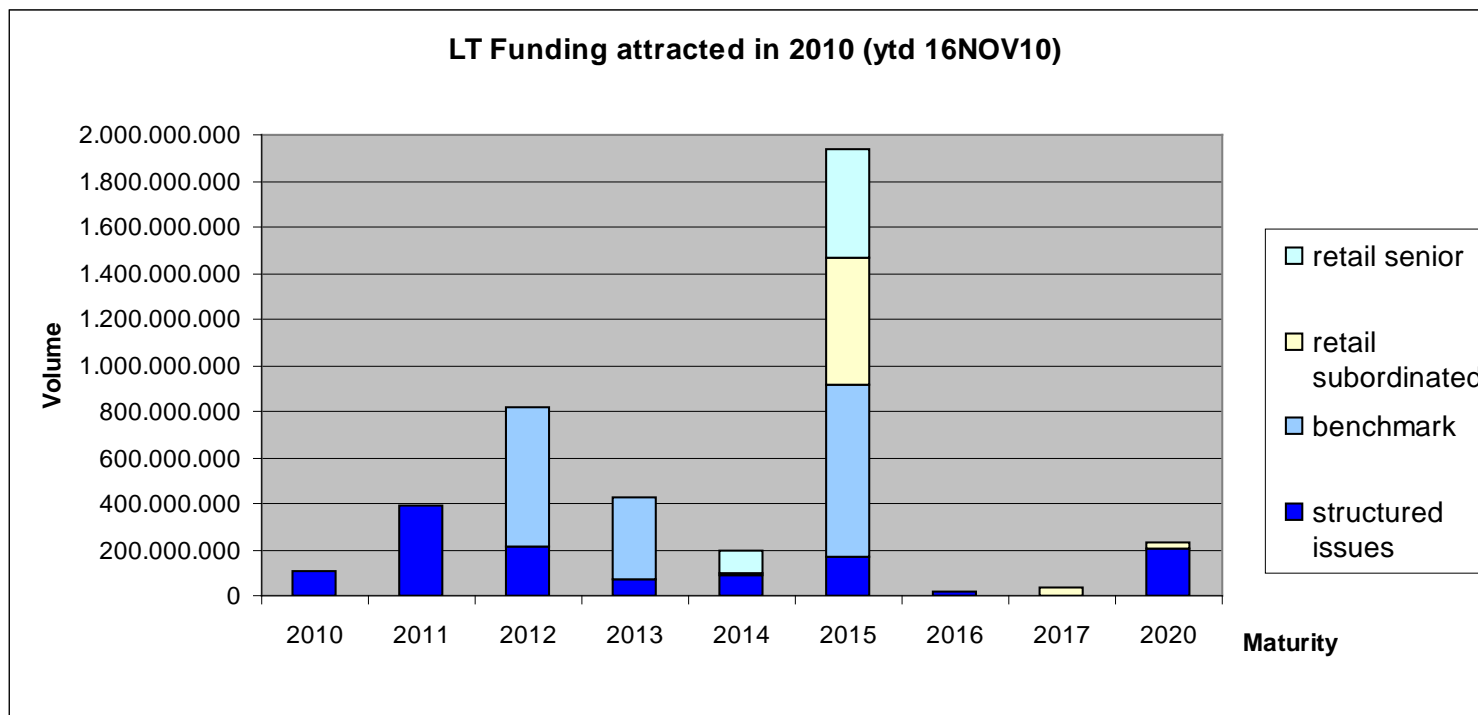
Breakdown funding maturity buckets
Senior vs. subordinated & callable vs. non-callable



KBC Bank NV has 3 solid sources of funding:

- Public Benchmark transactions
- Structured Notes using the Private Placement format
- Retail and Private Banking Network Notes

Overview of wholesale funding attracted in 2010



- KBC Bank NV, through KBC Ifima NV, has already raised 4.15bn EUR LT in 2010 (by mid-November), using its EMTN program (40bn EUR).
- KBC Bank NV does also have a US MTN program (10bn USD) available for structuring debt capital market transactions in the US.

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1. A new strategy is being implemented to reduce the risk profile; the 'new' KBC is more focused on core activities
2. The core business model remained largely intact throughout the crisis and is ready to deliver again an attractive return in the future
3. We are well on our way to deliver on refocused goals, despite tough market circumstances:
 - Available surplus at the end of 3Q10 already represents 41% of the full reimbursement of the State Aid
 - Capital budget remains 'matched', execution risk is declining
 - More than 50% of targeted RWA reduction has already been realised
 - Divestment program is on track
4. Satisfying underlying earnings are being recorded, benefiting from a healthy margin environment, strict cost control and declining loan loss provisions
5. Asset quality is manageable and solvency & liquidity profiles are solid

Appendices

- KBC 2010 benchmarks + overview outstanding benchmarks
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■ KBC 2Y FRN - XS0479870916

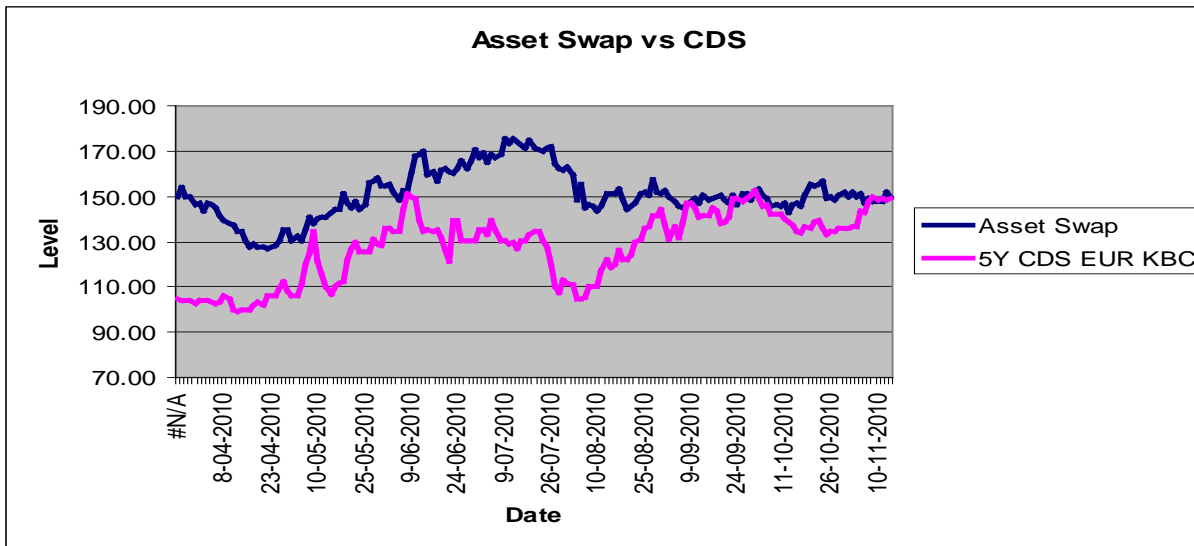
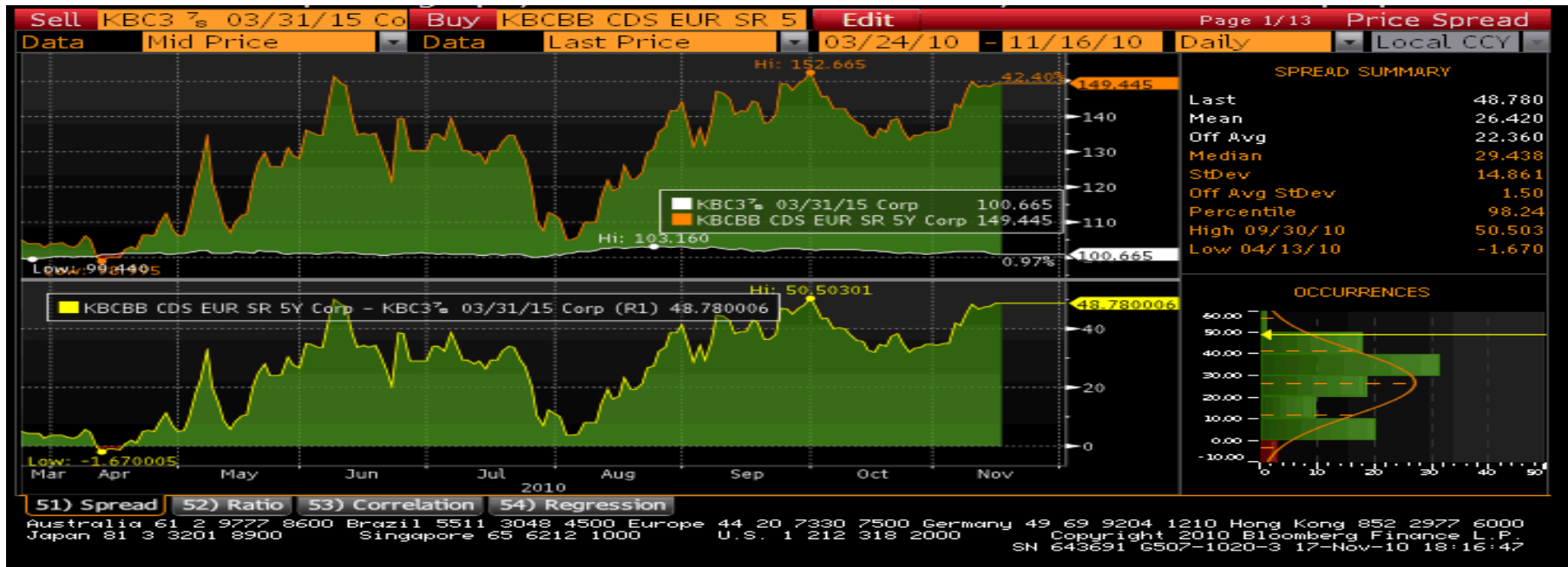
- Notional: 600m EUR
- Issue Date: 20 Jan 2010 – Maturity: 20 Jan 2012
- Coupon: 3M EUR + 75bp
- Re-offer spread: 3M EUR + 80bp (issue price 99.90%)
- Joint lead managers: KBC, UBS, DZ Bank

■ KBC 5Y Fixed - XS0498962124

- Notional: 750m EUR
- Issue Date: 31 March 2010 – Maturity: 31 March 2015
- Coupon: 3.875%, A, Act/Act
- Re-offer spread: 5-yr Mid Swap + 155bp (issue price 99.621%)
- Joint lead managers: KBC, DZ Bank, DB, SocGen



KBC 2010 Benchmarks

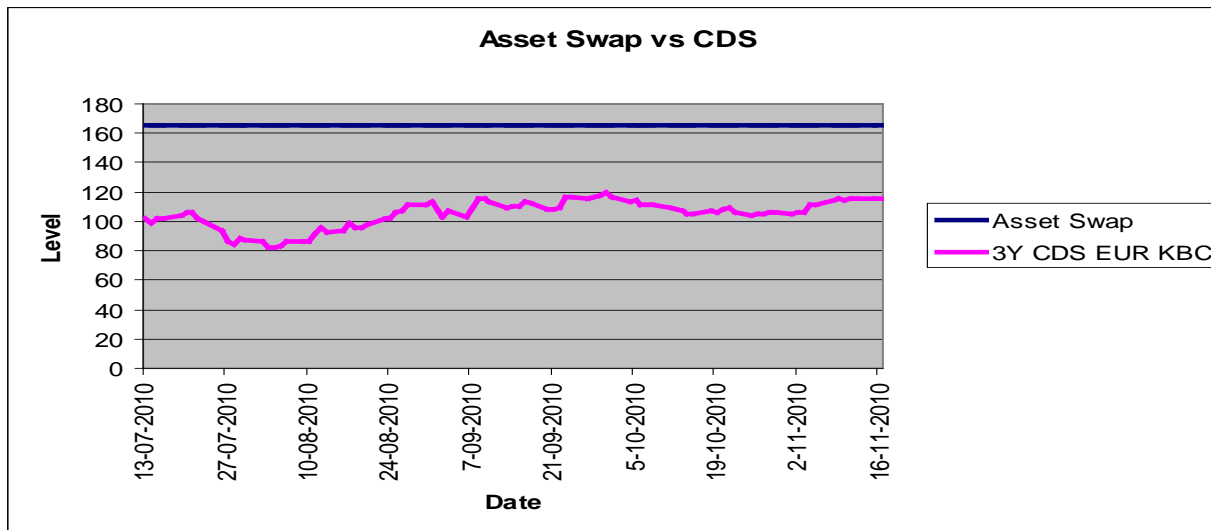
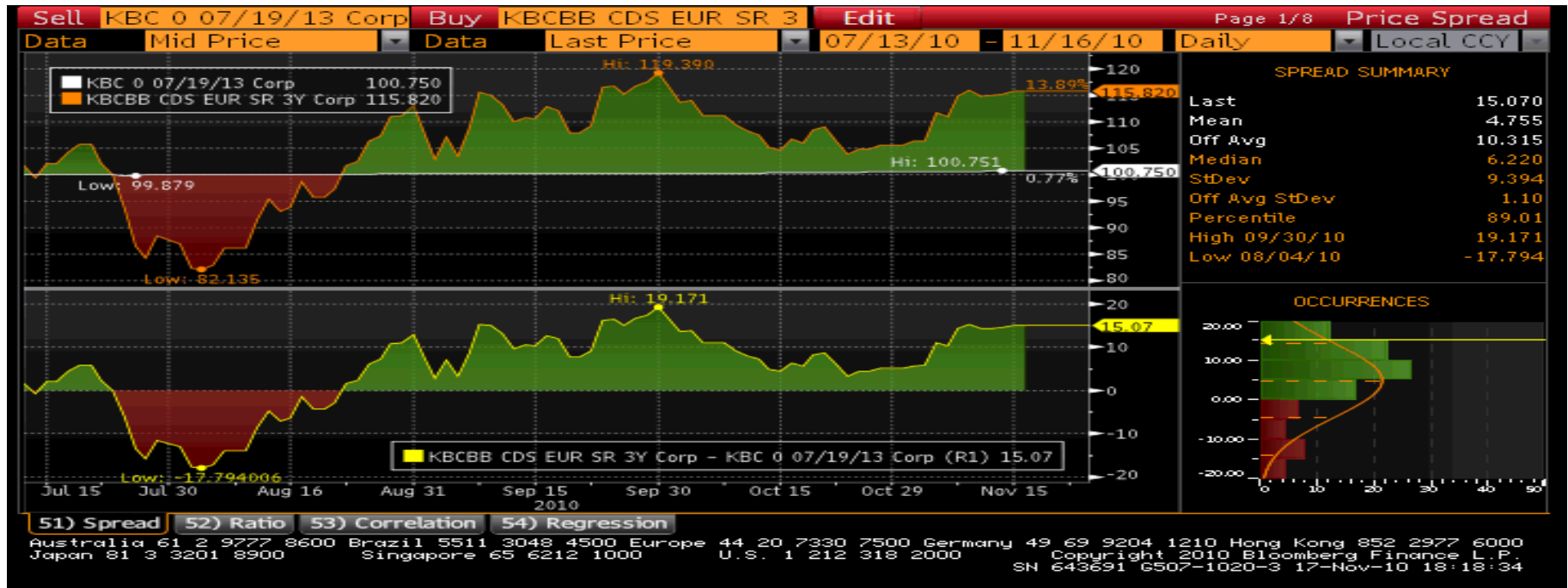


■ KBC 3Y FRN - XS0527072937

- Notional: 350m EUR
- Issue Date: 19 July 2010 – Maturity: 19 July 2013
- Coupon: 3M EUR + 165bp
- Re-offer spread: 3M EUR + 165bp (issue price: 100%)
- Joint lead managers: KBC, CS, DZ Bank



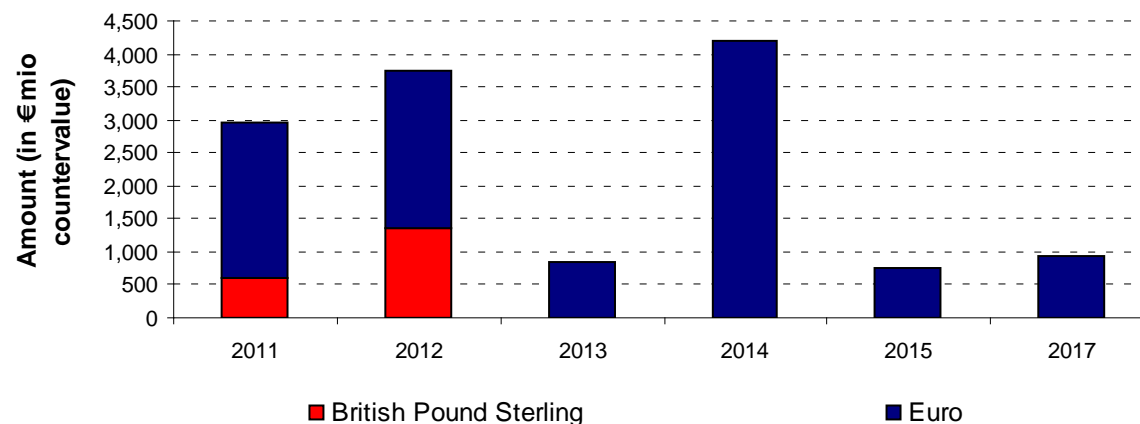
KBC 2010 Benchmarks



Outstanding Benchmarks

Pricing Date	Issuer *	Curr	Amount issued	Coupon	Settlement Date	Maturity Date	ISIN
23/jan/06	KBC Ifima N.V.	EUR	500.000.000	3-mth Euribor +8.5bp	1/feb/06	1/feb/11	XS0242421617
09 Mar 2006	KBC Ifima N.V.	EUR	500.000.000	3-mth Euribor +8bp	17 Mar 2006	17 Mar 2011	XS0247664542
10/jul/06	KBC Ifima N.V.	EUR	350.000.000	3-mth Euribor +9.5bp	18/jul/06	18/jul/11	XS0261363005
20/sep/06	KBC Ifima N.V.	EUR	1.000.000.000	3-mth Euribor +9bp	04 Oct 2006	04 Oct 2011	XS0269226238
25 Oct 2006	KBC Ifima N.V.	GBP	400.000.000	3-mth Libor +7.5bp	8/nov/06	8/nov/11	XS0273444538
3/jan/07	KBC Ifima N.V.	GBP	500.000.000	3-mth Libor +7.5bp	18/jan/07	18/jan/12	XS0281641810
9/jan/07	KBC Ifima N.V.	EUR	500.000.000	3-mth Euribor +7bp	23/jan/07	23/jan/12	XS0282215259
25/jan/07	KBC Ifima N.V.	GBP	400.000.000	3-mth Libor +7.5bp	8/feb/07	8/feb/12	XS0285159363
16/jan/07	KBC Ifima N.V.	EUR	923.000.000	4,2	16/jan/07	16/jan/17	XS0279519887
16/jan/07	KBC Ifima N.V.	EUR	355.000.000	4,05	16/jan/07	16/jan/14	XS0279518640
16 Oct 2007	KBC Ifima N.V.	EUR	1.000.000.000	3-mth Euribor +35bp	26 Oct 2007	26 Oct 2012	XS0327159074
25/jan/08	KBC Ifima N.V.	EUR	1.602.615.000	6-mth Euribor -60bp	31 Mar 2008	31 Mar 2014	XS0340282739
04 Mar 2008	KBC Ifima N.V.	EUR	250.000.000	3-mth Euribor +85bp	04 Mar 2008	04 Mar 2013	XS0350935671
06 Mar 2008	KBC Ifima N.V.	EUR	250.000.000	3-mth Euribor +85bp	06 Mar 2008	06 Mar 2013	XS0351341150
14 Mar 2008	KBC Ifima N.V.	EUR	300.000.000	3-mth Euribor +80bp	14 Mar 2008	14 Mar 2012	XS0353131419
21 Mar 2008	KBC Ifima N.V.	EUR	743.968.000	3m Euribor + 50	16 May 2008	16 May 2014	XS0352674682
12/jan/09	KBC Ifima N.V.	EUR	250.000.000	4,75	26/jan/09	26/jan/14	XS0406774538
10/sep/09	KBC Ifima N.V.	EUR	1.250.000.000	4,5	17/sep/09	17/sep/14	XS0452462723
13/jan/10	KBC Ifima N.V.	EUR	600.000.000	3-mth Euribor +75bp	20/jan/10	20/jan/12	XS0479870916
24 Mar 2010	KBC Ifima N.V.	EUR	750.000.000	3,875	31 Mar 2010	31 Mar 2015	XS0498962124
12/jul/10	KBC Ifima N.V.	EUR	350.000.000	3-mth Euribor +165bp	19/jul/10	19/jul/13	XS0527072937

Maturity profile KBC Ifima issues by currency



* Issues are guaranteed by KBC Bank NV



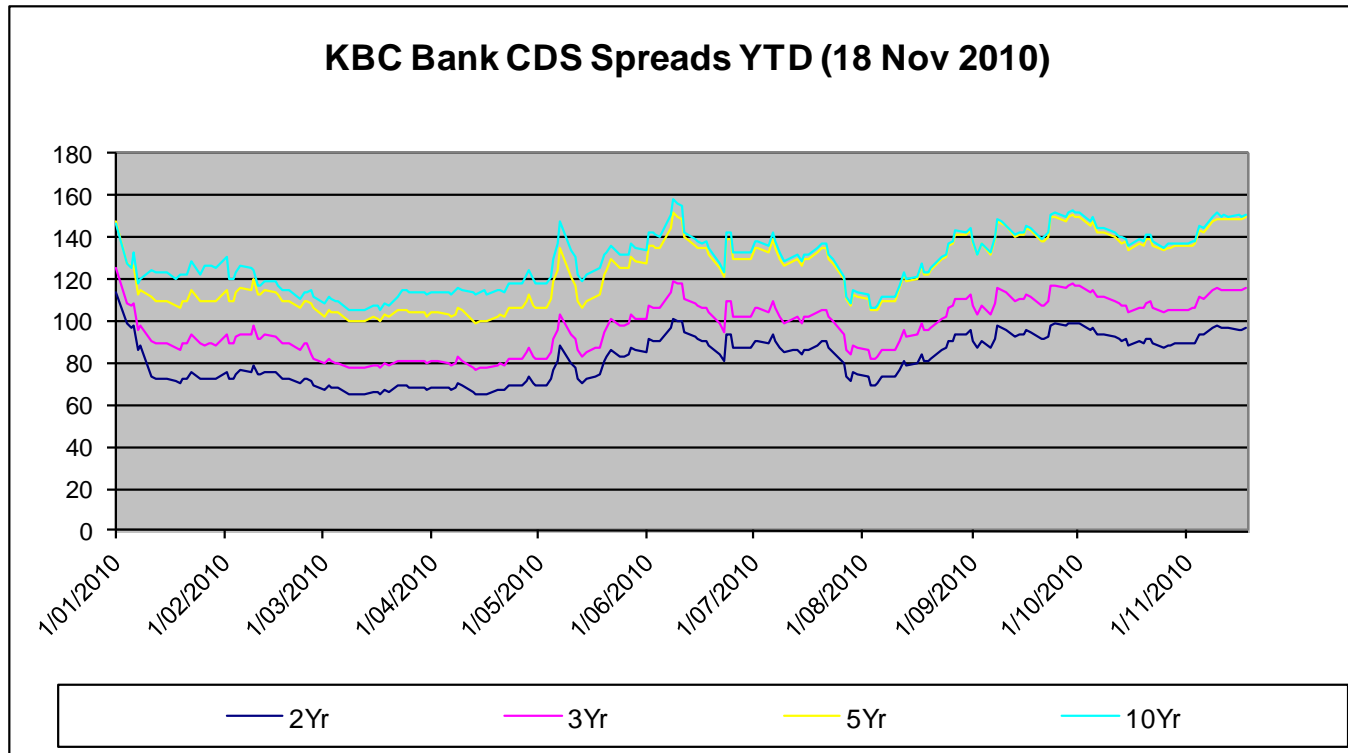
Main characteristics of outstanding T1 issues

SUBORDINATED BOND ISSUES KBC BANK

	KBC Bank Funding Trust II	KBC Bank Funding Trust III	KBC Bank Funding Trust IV	KBC Bank NV	KBC Bank NV	KBC Bank NV
Amount issued	EUR 280,000,000	USD 600,000,000	EUR 300,000,000	GBP 525,000,000	EUR 1,250,000,000	EUR 700,000,000
Tendered	EUR 161,700,000	USD 431,400,000	EUR 179,200,000	GBP 480,500,000		
Net Amount	EUR 118,300,000	USD 168,600,000	EUR 120,800,000	GBP 44.500,000		
ISIN-code	XS0099124793	USU2445QAA68 / US48239AAA79	US48239FAA66 / USU2445TAA08	BE0119284710	BE0934378747	XS0368735154
Call date	30/06/2009	2/11/2009	10/11/2009	19/12/2019	14/05/2013	27/06/2013
Coupon	6.875%	9.86%	8.220%	6.202%	8.000%	8.000%
Step-up coupon	3m euribor + 300bps	3m usd libor + 405bps	3m usd libor + 405bps	3m gbp libor + 193bps	no step-up	no step-up
First (next) call date	30/12/2010	2/02/2011	10/02/2011	19/12/2019	14/05/2013	27/06/2013
ACPM	-	-	-	Yes	Yes	Yes
Dividend Stopper	-	-	-	Yes	Yes	Yes
Conversion into PSC	-	-	-	Yes	Yes	Yes
Trigger	-	-	-	Supervisory Event or general "concurus creditorum"	Supervisory Event or general "concurus creditorum"	Supervisory Event or general "concurus creditorum"
Dividend payments	Dividends are only payable with respect to any Dividend Period if, and to the extent that, the Dividends for the corresponding Dividend Period are declared (or deemed declared for the purposes, and subject to the conditions of the Bank Guarantee or Holding Guarantee) on the securities owned by the Trust (together with the aforementioned guarantees, the assets of the Trust). Dividends will be paid to the extent that the Trust has funds available for the payment of such Dividends from its assets.					
Tender offer organized in September 2009						

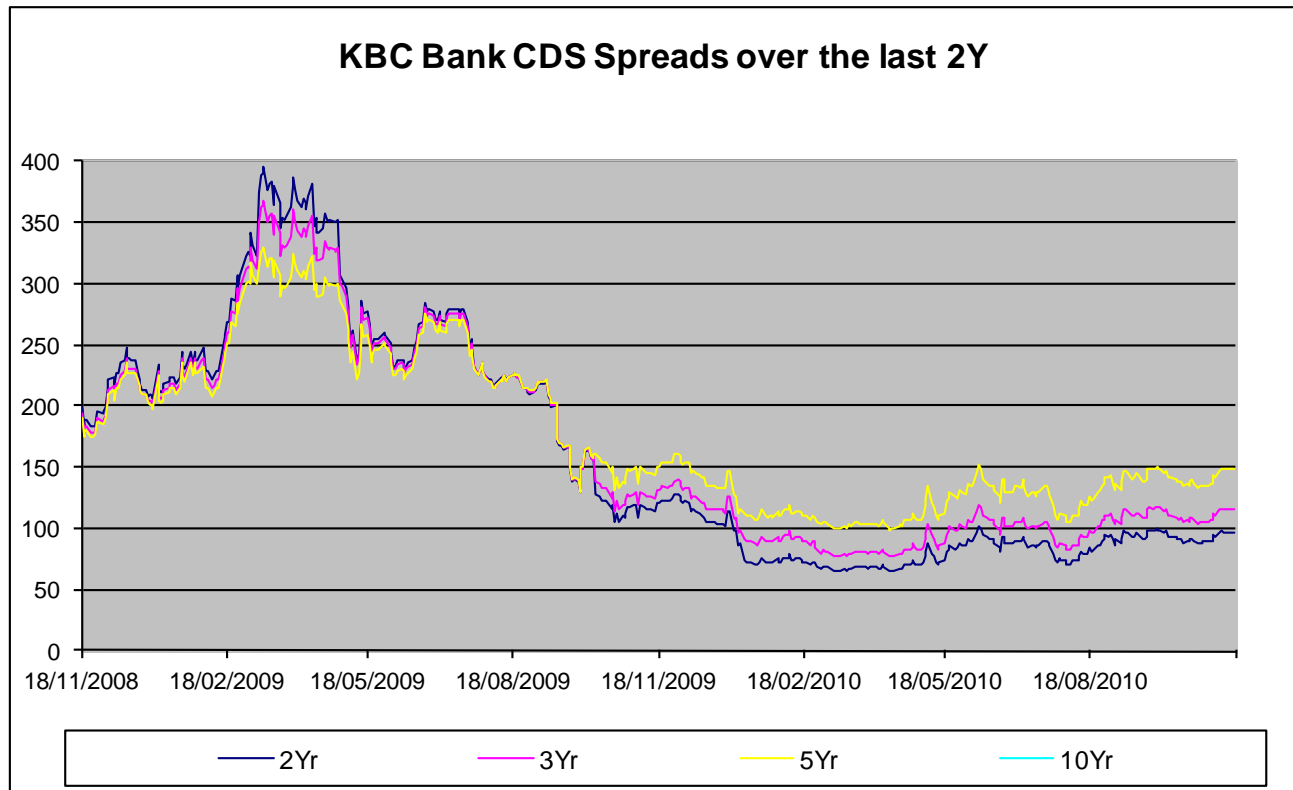
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■ KBC Bank CDS Spreads YTD



KBC Bank CDS evolution

■ KBC Bank CDS Spreads over the last 2 years



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KBC aims to be a high-performing European regional player with a more focused range of activities/markets and a reduced risk profile

Activities with low strategic fit will be divested or run down

Capital is to be re-allocated to capture sustainable organic growth potential of core businesses while also reimbursing State capital

KBC will build on sustainable foundations in Belgium

The strategy is based on relationship bancassurance via a dense network

Complementary sales channels are being divested to generate repayment capacity for State capital securities

The market is delivering an attractive return, while being a low risk business

KBC is resuming the convergence play in CEE

We are committed to 5 core markets where we have a strong foothold

Strategy fundamentals remain unchanged and based on a refined business model

A minority share in CSOB is scheduled to be floated, unlocking a significant amount of capital and creating an opportunity to strengthen the link to the local market

KBC is reshaping the 'other' activities

KBC has divested private banking outside home markets

Major reduction of scope and risk profile of international commercial banking operations (targeted RWA – 25% groupwide)

Determined run-down of market activities (mainly KBC FP)

All remaining merchant banking activities have a strategic fit with home markets

		Keep and refine	Divest	Reduce
BEL	Bancassurance in Belgium	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Complementary channels for banking & insurance in Belgium	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CEE	Bancassurance in CEE-5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Banking in CEE, outside EU (Russia, Serbia)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Merchant	Corporate banking for home market business customers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Investment banking services for home market customers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	International corporate banking for international customers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Structured derivatives, other IB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PB	Private banking outside home markets	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Divestment program, overview

	Initial timing	Expected Closing Date	Active	Step 1: Internal preparation	Step 2: Info exchange	Step 3: Indicative bids	Step 4: Final bids					
Private Banking:												
KBL European Private Bank	2010	Completed	☑	"Well on our way to deliver"				☑				
Merchant Banking:												
US reverse mortgages	2012	Completed	☑	"Well on our way to deliver"				☑				
Asian equities	2012	Completed	☑					"Well on our way to deliver"				☑
Equity deriv., convert., UK equities	2012	Completed	☑									"Well on our way to deliver"
German corporate activities	2012	2011										
Diamond Financing	2011	2011										
Struct. Trade & Project Fin.	-	>2011	☑									
International Leasing outside home markets	-	>2011	☑									
Belgium:												
Secondary bank & insurance channel	2010	2010	☑									
CEE:												
IPO in Czech Republic	2010	2010	☑									
Consumer finance in Poland	2012	2010	☑									
Banking in Russia & Serbia	>2011	>2011										



Flexibility in place to offset execution risk

- Including the effect of the sale of KBL EPB, the excess regulatory capital accumulated beyond the 10% tier-1 solvency target amounted to around 4.3bn EUR at the end of 3Q10. Excluding all CDO effects, available surplus capital at the end of 3Q10 amounted to around 3.8bn EUR (incl. effect of sale of KBL EPB)

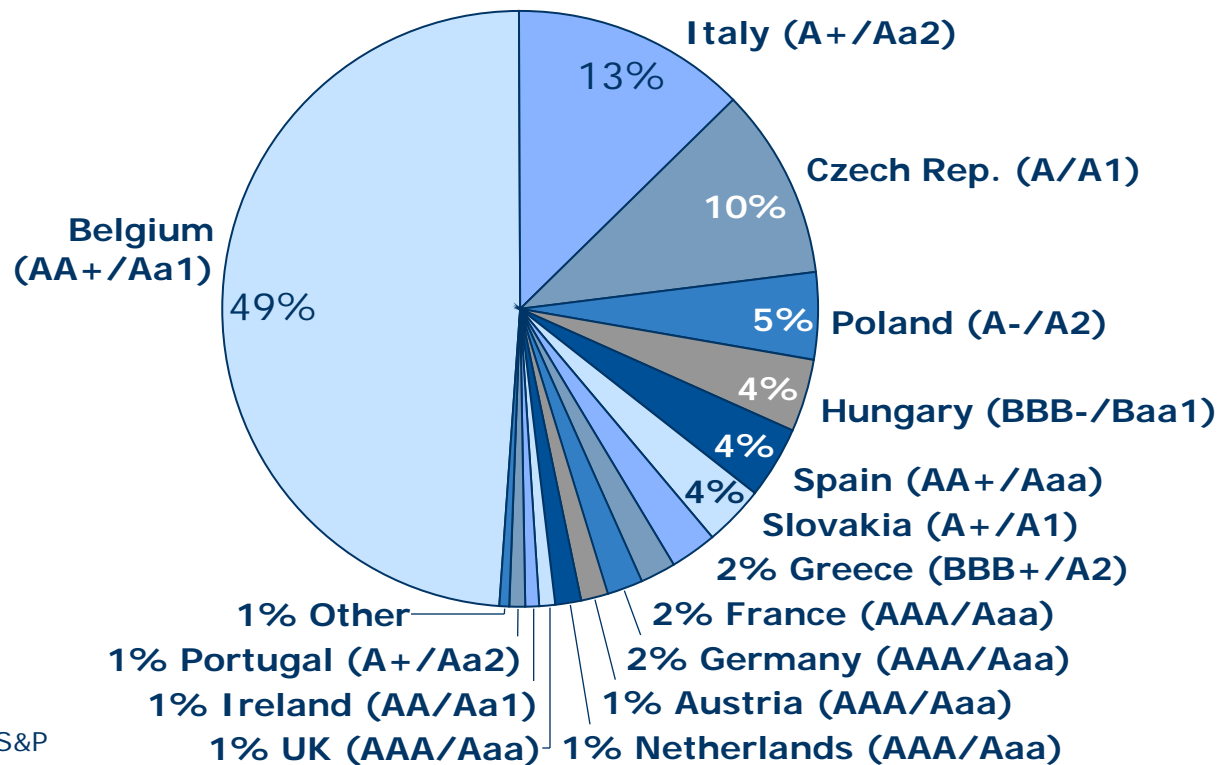
- Should the strategy (incl. RWA shrinkage and divestments) not sufficiently generate additional capital, we could consider a series of other measures in 2012/2013:
 - Postpone redemption of up to 3.5bn EUR of State securities over several years post 2013
 - Review our position as a mortgage lender in Ireland, which is not part of our core business, but is currently not for sale (book value: 1bn EUR, no goodwill, 8bn EUR RWA)

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Sovereign risk at KBC Group

- KBC holds approximately 60bn EUR of investments in government bonds (excl trading book), primarily as a result of the significant excess liquidity position and the reinvestment of insurance reserves into fixed income instruments
- No material exposure to non-European sovereigns, while investment in Central Eastern European bonds relates to the placement of local excess liquidity and insurance reserves in the Central Eastern European Business Unit
- No new investment below AA-

Geographical breakdown (end 2009)



Sovereign ratings are from S&P and Moody's, respectively

Exposure to Southern Europe (1)

Total exposure to Greece, Portugal & Spain at the end of 3Q10 (bn EUR)

	Banking and Insurance book			Trading book Gov. Bonds	Total exposure
	Credit & corporate bonds	Bank bonds	Gov. bonds		
Greece	0.1	0.0	0.8	0.0	0.9
Portugal	0.2	0.0	0.3	0.0	0.5
Spain	2.3	0.6	2.3	0.1	5.3

- Total exposure to the most stressed countries Greece and Portugal amounted to only 1.4bn EUR
- No impact on KBC's liquidity position (since the sovereign bonds can still be pledged with the ECB)

Breakdown of government bond portfolio, banking and insurance, at the end of 3Q10 (bn EUR)

	Banking	Insurance	Total
Greece	0.5	0.3	0.8
Portugal	0.1	0.2	0.3
Spain	1.6	0.7	2.3
TOTAL	2.2	1.2	3.4



Exposure to Southern Europe (2)

Maturity date of government bond portfolio of the banking and insurance book (bn EUR)

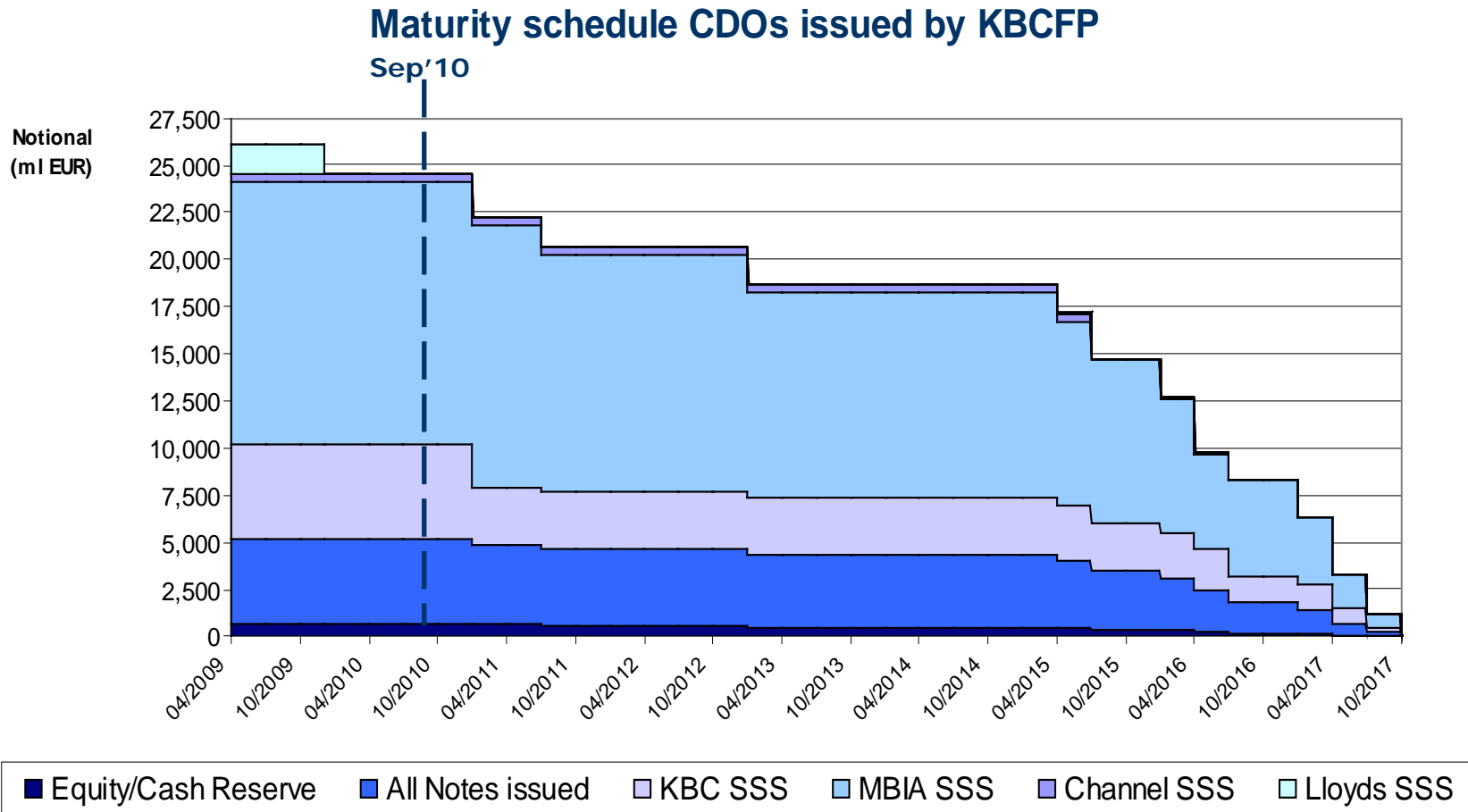
	4Q10	2011	2012	> 2012
Greece	0.0	0.1	0.2	0.5
Portugal	0.0	0.0	0.1	0.2
Spain	0.0	0.1	0.5	1.7

Breakdown of total government bonds, by portfolio at the end 3Q10 (bn EUR)

	AFS	HTM	FIV	Trading	TOTAL
Greece	0.5	0.1	0.2	0.0	0.8
Portugal	0.1	0.2	0.0	0.0	0.3
Spain	2.0	0.3	0.0	0.1	2.4

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Maturity schedule for CDO portfolio



The total FP CDO exposure includes the 'unhedged' own investment portfolio as well as the 'hedged' portfolio that is insured by MBIA and Channel

Summary of government transactions

■ State guarantee on 20bn euros' worth of CDO linked instruments

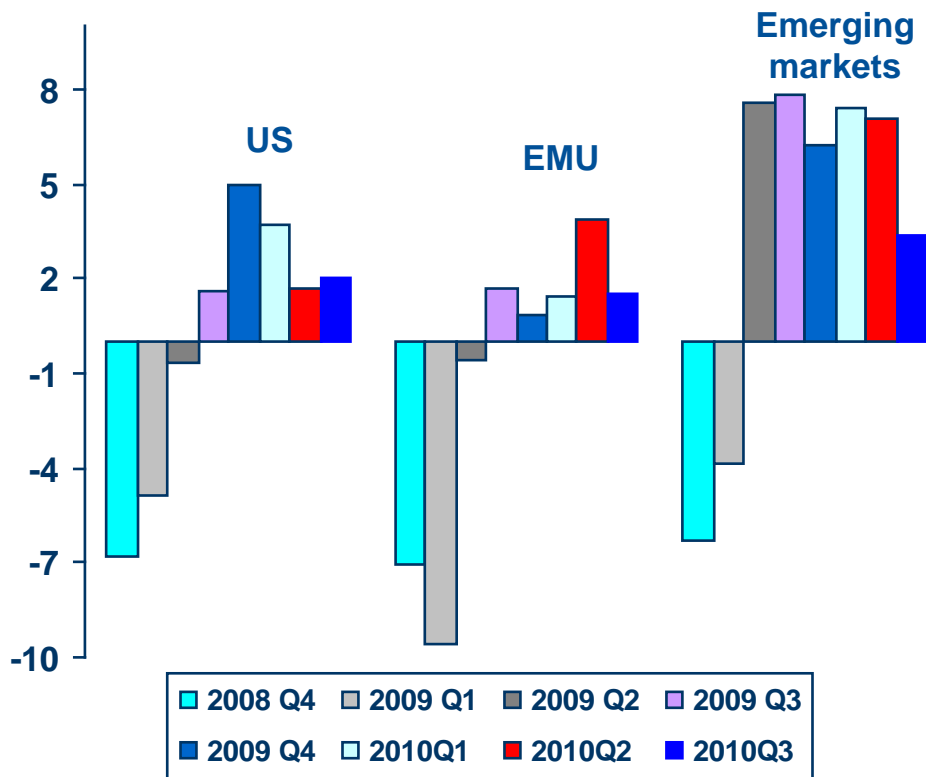
- Scope
 - CDO investments that were not yet written down to zero (5.5bn EUR) at closing of the transaction
 - CDO-linked exposure towards MBIA, the US monoline insurer (14.4bn EUR)
- First and second tranche: 5.2bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.8bn EUR (90% of 2.0bn EUR) from the Belgian State if losses exceed 3.2bn EUR
- Third tranche: 14.8bn EUR, 10% of potential impact borne by KBC
- Instrument by instrument approach

	Potential <i>P&L</i> impact for KBC	Potential <i>capital</i> impact for KBC
20bn - 100%		
1 st tranche	100%	100%
	3.2bn	
16.8bn - 84%		
2 nd tranche	100%	10%
	2.0bn	
		(90% compensated by equity guarantee)
14.8bn - 74%		
3 rd tranche	10%	10%
	14.8bn	
	(90% compensated by cash guarantee)	(90% compensated by cash guarantee)

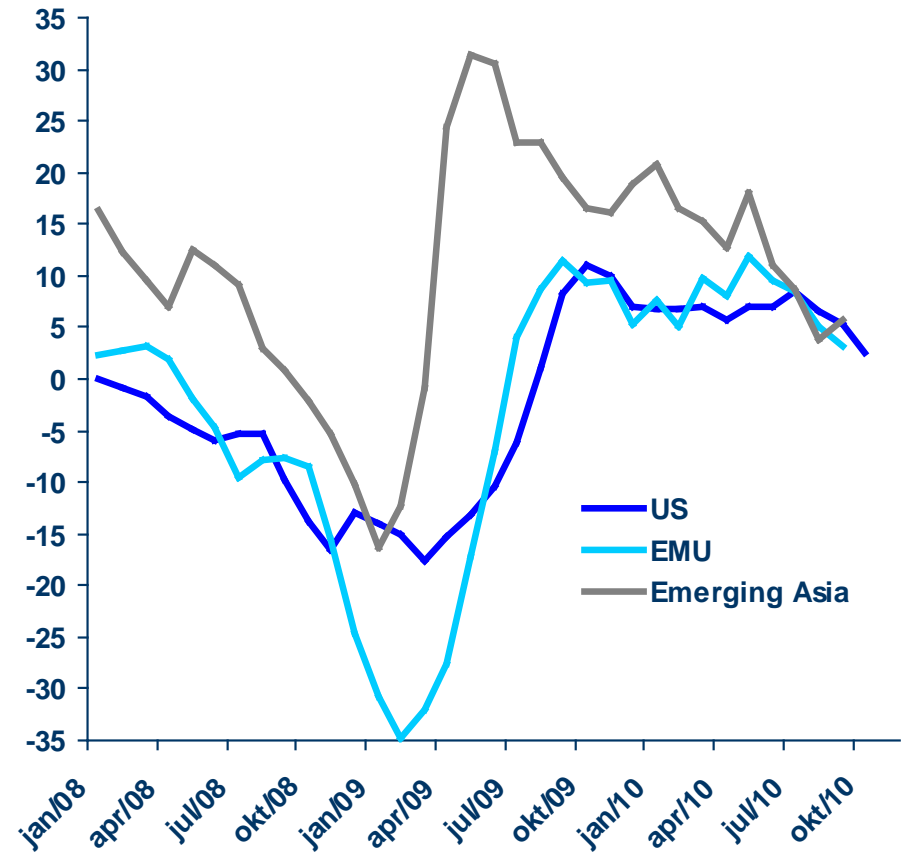
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Global growth losing some momentum

Real GDP-growth
(QoQ annualised, in %)

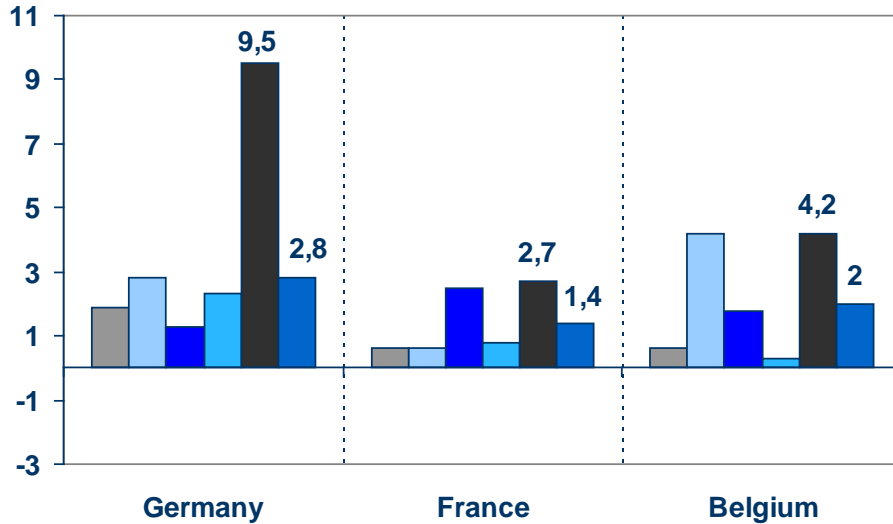


Industrial production growth
(3mo3m, annualised, in %)

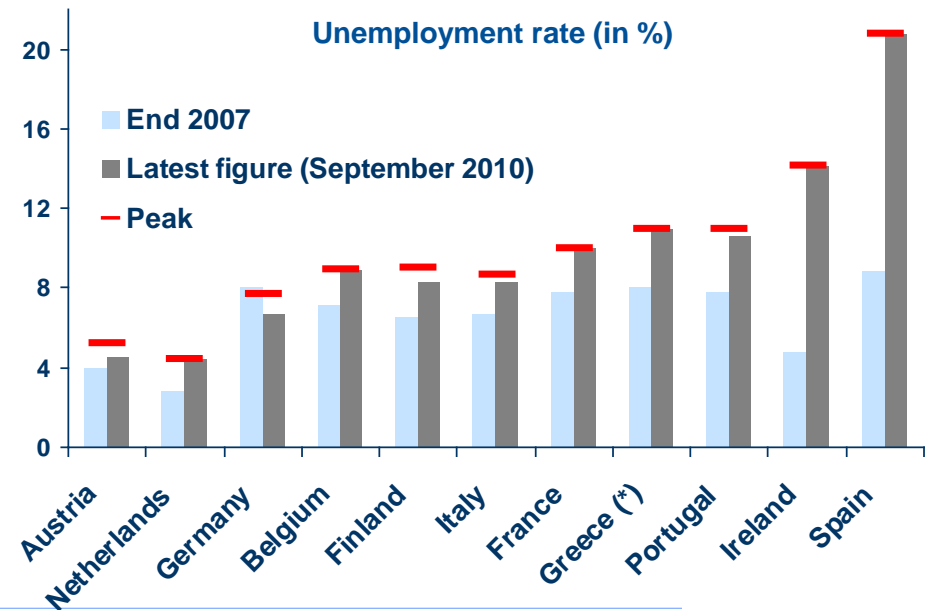
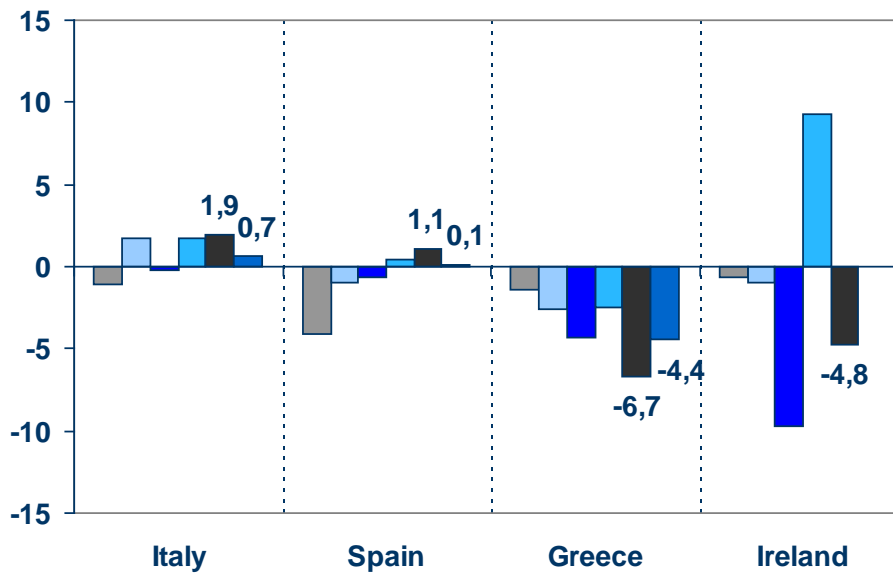
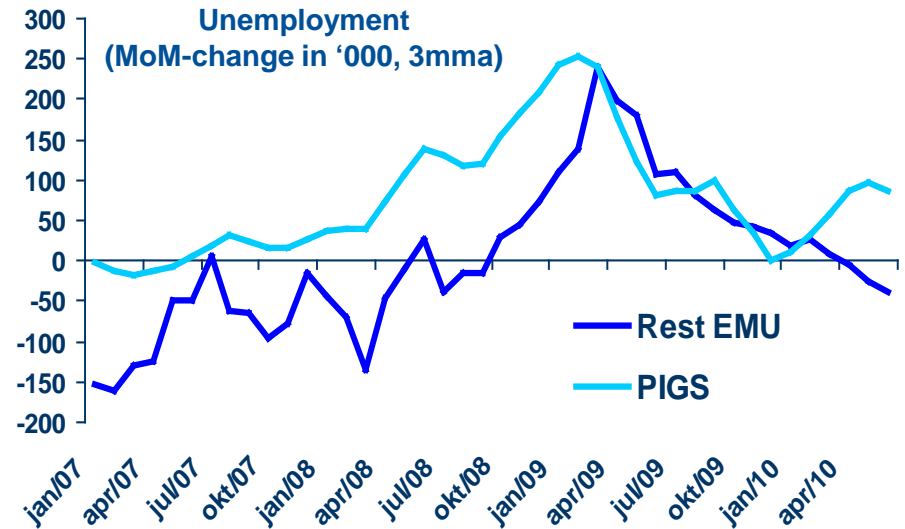


EMU: 2Q10 growth surge – surprising & uneven

Real GDP-growth (QoQ annualised, in %)



Intra EMU labour market divergence is getting worse



Q2 2009
 Q3 2009
 Q4 2009
 Q1 2010
 Q2 2010
 Q3 2010

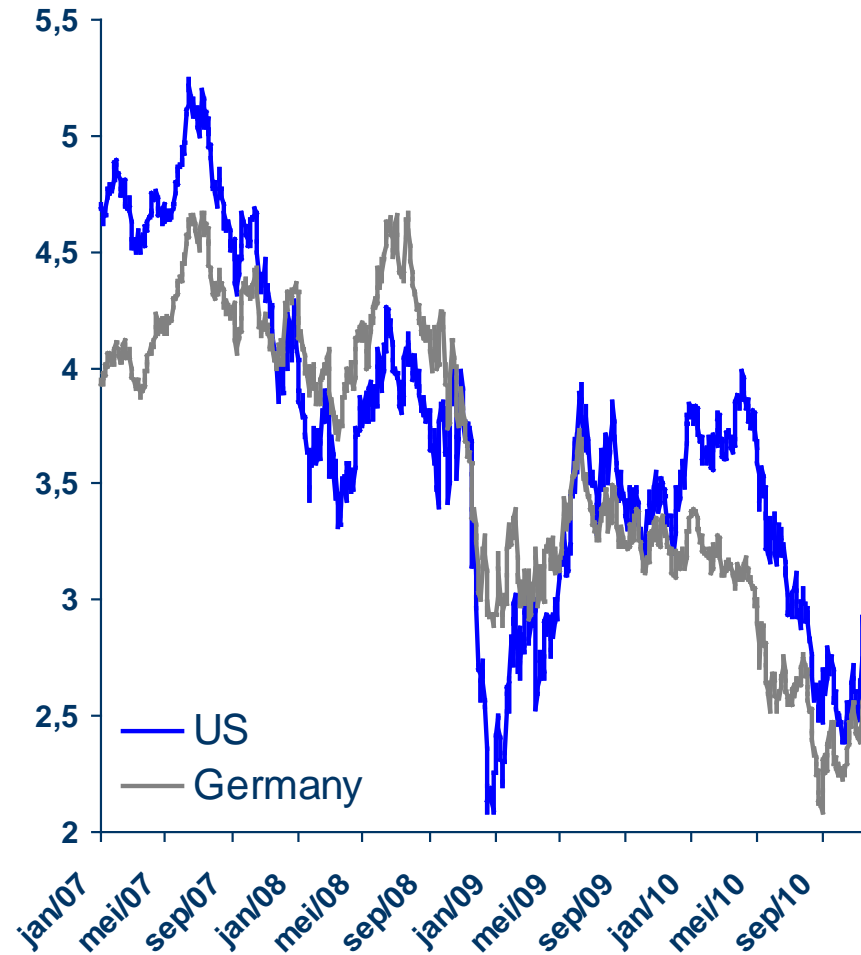
(*) June 2010

	<u>Real GDP growth (in %)</u>	
	<i>2010</i>	<i>2011</i>
US	2.8	2.4
EMU	1.6	1.3
Belgium	1.8	1.5
Czech Rep.	1.9	1.8
Slovakia	4.0	3.0
Hungary	0.7	2.7
Poland	3.5	4.0

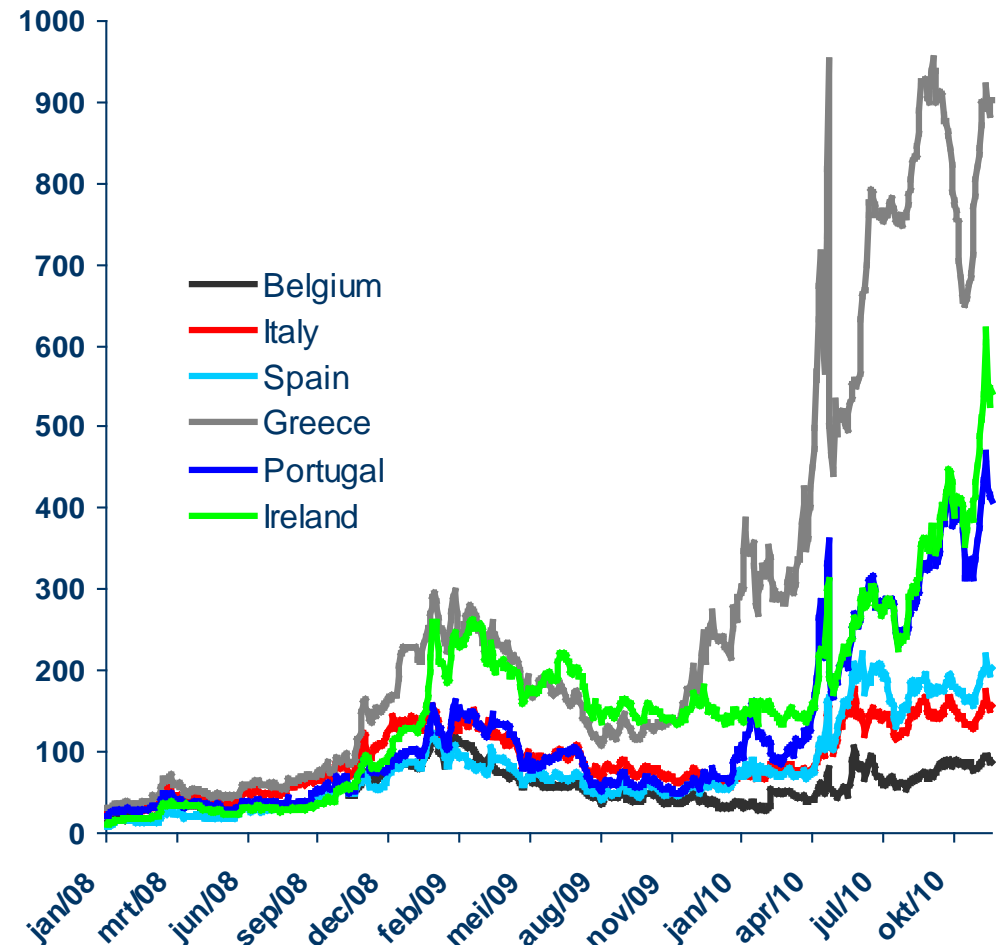
	<u>Inflation (in %)</u>	
	<i>2010</i>	<i>2011</i>
US	1.6	1.2
EMU	1.4	1.5
Belgium	1.9	1.8
Czech Rep.	1.5	2.4
Slovakia	1.3	3.0
Hungary	4.9	4.1
Poland	2.6	3.0

Interest rates: extremely low, but intra EMU spreads persistently high

Long-term interest rates
(10-year gov., in %)



Interest rate spreads intra EMU
(difference with 10-year Bund, in bps)



Belgian housing market not a threat

- In many markets house prices dropped significantly during 2007-2009 whereas in Belgium house prices increased by 3% in 2008 and dropped by (only) 2% in 2009
- Over the past decade, house prices have developed in line with structural factors such as demographics, interest rates and disposable income
- KBC has adopted a disciplined approach to mortgage product offerings: mortgages with 'high LTV', 'interest-only', 'no-income-verification' or similar features are not commonly used
- The financial situation of Belgian households remains sound with debt to income levels well below those in the most affected countries

Decrease in house prices, peak to trough, Sep 2009

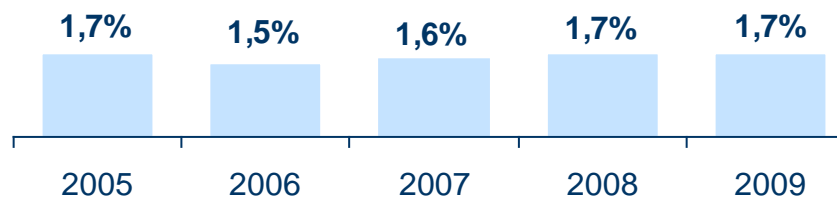
USA -34%

IRL -23%

ESP -9%

BEL -2%

KBC, share of non-performing loans, Belgian retail business*



Source: KBC