KBC Group

Company presentation

FY/4Q 2010

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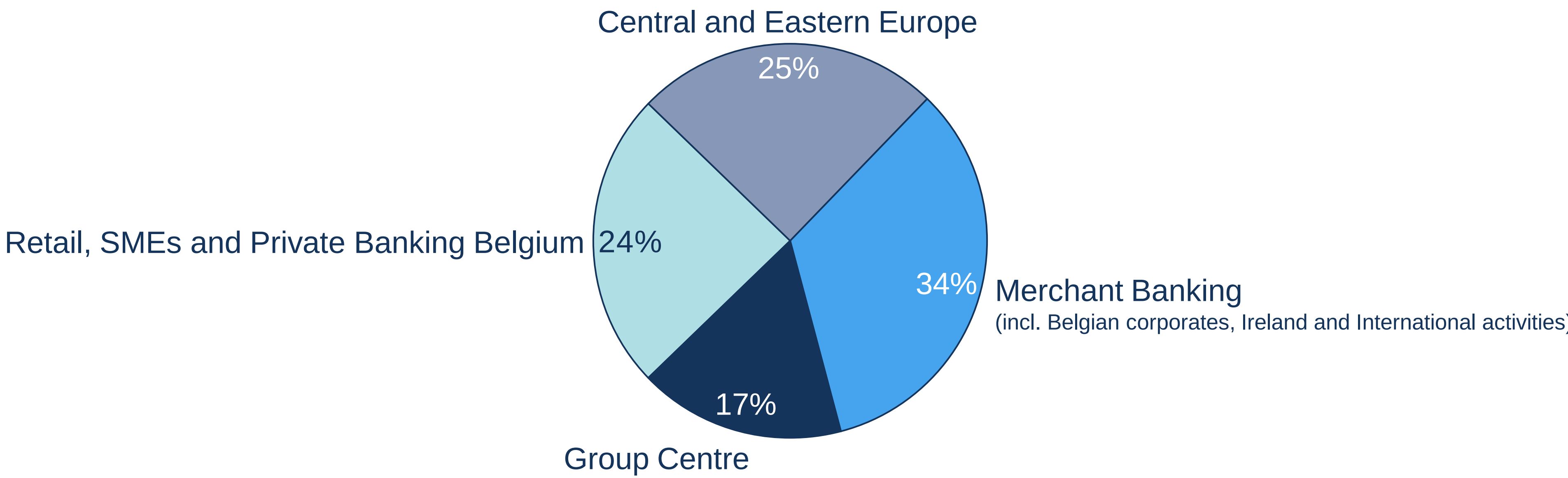
Content

Section 1

Company profile and strategy

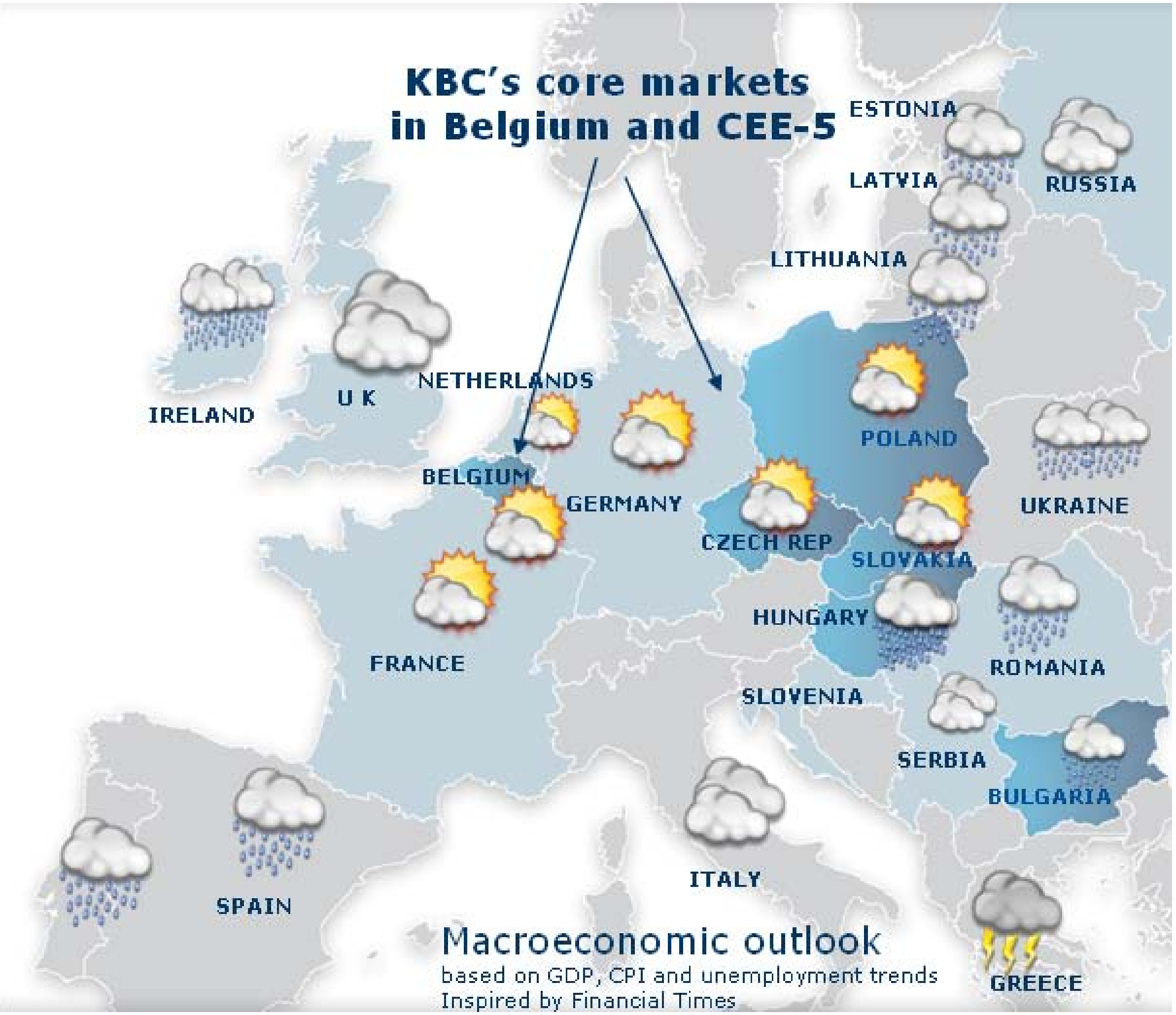
Business profile

Breakdown of allocated capital as of 31 December 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 in which the company has a 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)

KBC's geographical presence



KBC'S CORE MARKETS

Belgium (Moody's Aa1)
Total assets: 180bn EUR

Czech Republic (A1)
Total assets: 36bn EUR

Hungary (Baa1)
Total assets: 12bn EUR

Poland (A2)
Total assets: 12bn EUR

Slovakia (A1)
Total assets: 6bn EUR

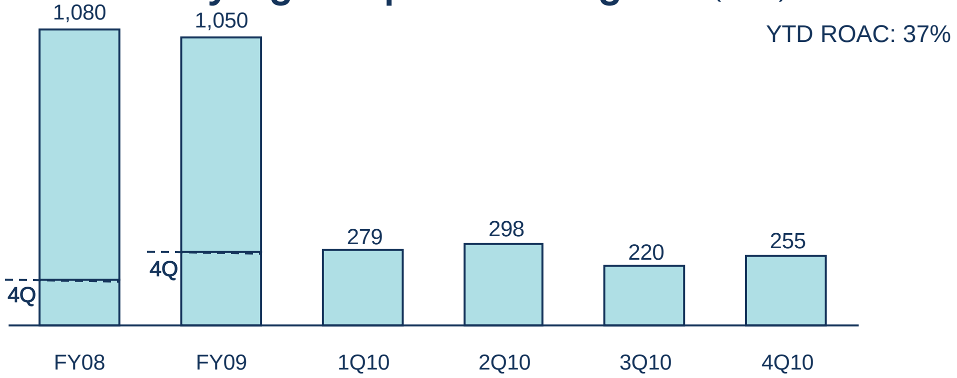
Bulgaria (Baa3)
Total assets: 1bn EUR

Real GDP growth outlook for core markets
Source: KBC data, February 2011

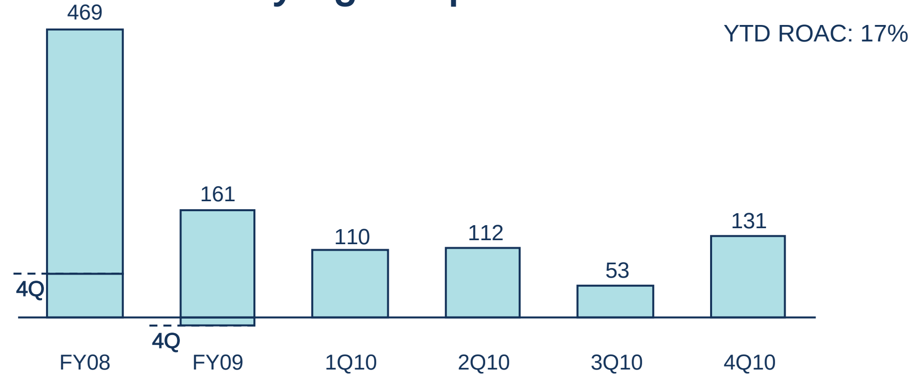
	% of assets	2010a	2011e	2012e
PL	4%	+3.8%	+4.0%	+4.0%
SK	2%	+4.2%	+3.2%	+3.5%
BE	56%	+2.0%	+1.9%	+2.0%
CZ	11%	+2.2%	+2.1%	+3.0%
BG	1%	+0.2%	+2.8%	+3.8%
HU	4%	+1.0%	+2.5%	+2.9%

Underlying profit per business unit

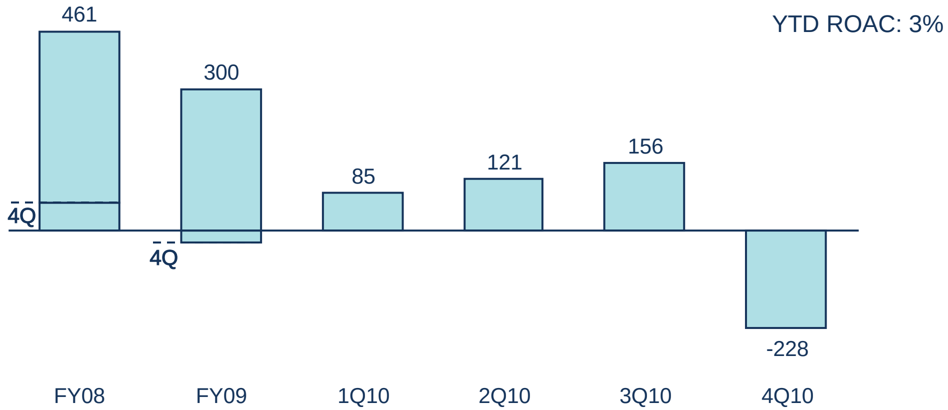
Underlying net profit - Belgium (retail)



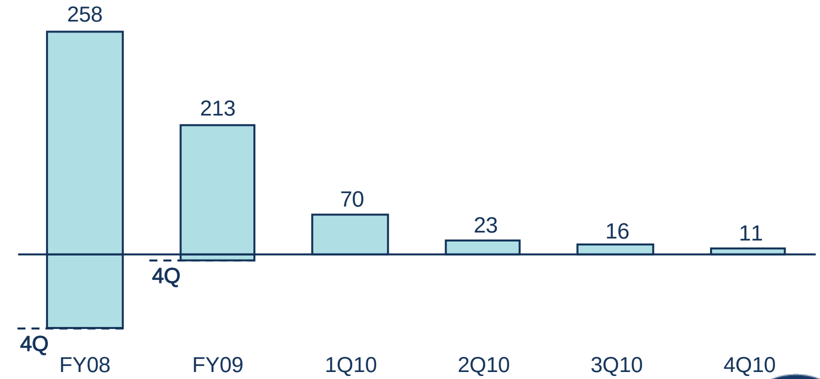
Underlying net profit - CEE



Underlying net profit - Merchant Banking (BE +Intl)



Underlying net profit - Group Centre



Amounts in m EUR

Loan loss experience at KBC

	FY 2010 credit cost ratio	FY 2009 credit cost ratio	Average '99 –'10	Peak '99 –'10
Belgium	**0.15%**	0.15%	0.16%	0.31%
CEE	**1.22%**	1.70%	1.05%	2.75%
Merchant	**1.38%***	1.19%	0.55%	1.38%*
Group Centre	**1.03%**	2.15%		
Total	**0.91%**	1.11%	0.45%	1.11%

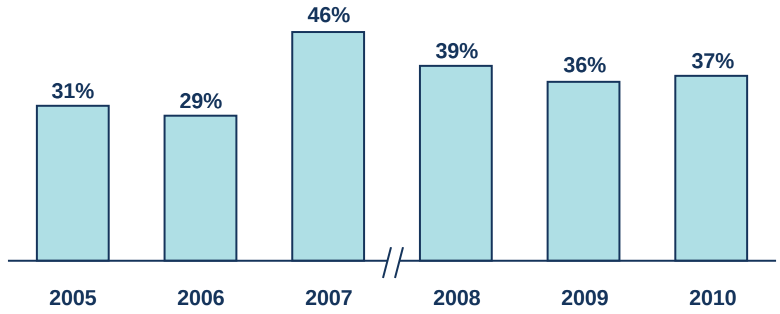
Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

* This high credit cost ratio level at Merchant Banking is fully attributable to KBC Bank Ireland

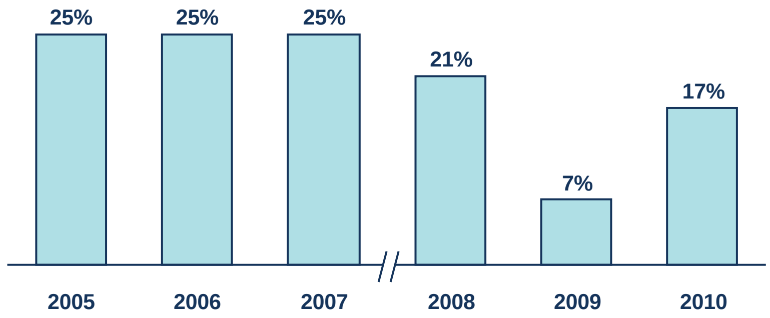
A successful core strategy

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

Return on allocated capital - Belgium*



Return on allocated capital - CEE*



  - Remaining asset risks manageable, so 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.

2010-2013 Business Plan

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, book value of 2.6bn EUR at end 2010)
  - Certain additional measures

3. Pay Back State Capital & Continue Growth

- Accumulated capital will be sufficient to reimburse the State, whilst maintaining sound solvency (10% tier-1 target) and steady organic growth

Key strengths

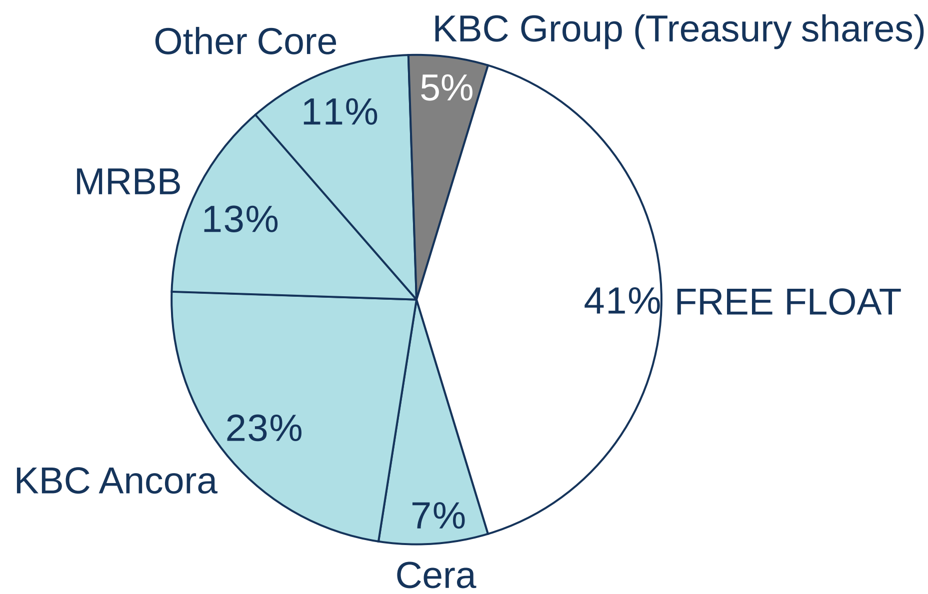
Key strengths:

- 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 satisfactory capital buffer

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



Analysts' coverage

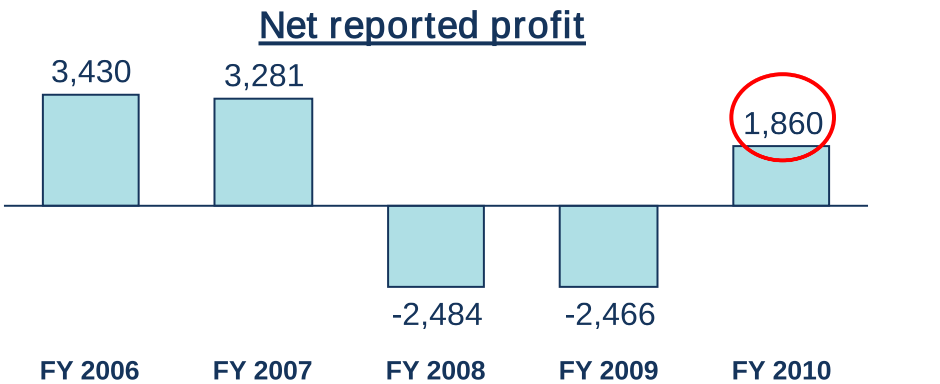
Bank/broker	Analyst	Contact details	Rating	Target price	Upside
ABN Amro	Robin van den Broeck	robin.van.den.broeck@nl.abnamro.com	-	27	-11%
Autonomous	Britta Schmidt	bschmidt@autonomous-research.com	-	27	-11%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	+	41	36%
BOFA Merrill Lynch	Patrick Leclerck	patrick.leclerck@baml.com	+	40	32%
Cheuvreux	Hans Pluijgers	hpluijgers@cheuvreux.com	-	27	-11%
Citi Investment Research	Andrew Coombs	andrew.coombs@citi.com	+	37	22%
Deutsche Bank	Brice Vandamme	brice.vandamme@db.com			
Exane BNP Paribas	François Boissin	francois.boissin@exanebnpparibas.com	-	33	9%
Evolution Securities	Fabrizio Bernardi	Fabrizio.Bernardi@evosecurities.com	-	32	6%
Goldman Sachs	Frederik Thomasen	frederik.thomasen@gs.com	=	37	22%
ING	Albert Ploegh	albert.ploegh@ing.com	=	28	-7%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	40	32%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	=	30	-1%
Kepler	Benoit Petrarque	benoit.petrarque@keplercm.com	+	35	16%
Macquarie	Thomas Stögner	thomas.stoegner@macquarie.com	=	27	-11%
Mediobanca	Riccardo Rovere	riccardo.rovere@mediobanca.it	+	40	32%
Morgan Stanley	Thibault Nardin	thibault.nardin@morganstanley.com	=	30	-1%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	+	38	26%
Petercam	Matthias de Wit	matthias.dewit@petercam.be	+	36	19%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	46	52%
Royal Bank of Scotland	Thomas Nagtegaal	thomas.nagtegaal@rbs.com	=		
Societe Generale	Sabrina Blanc	sabrina.blanc@sgcib.com	=	32	6%
UBS	Omar Fall	omar.fall@ubs.com	=	28	-7%

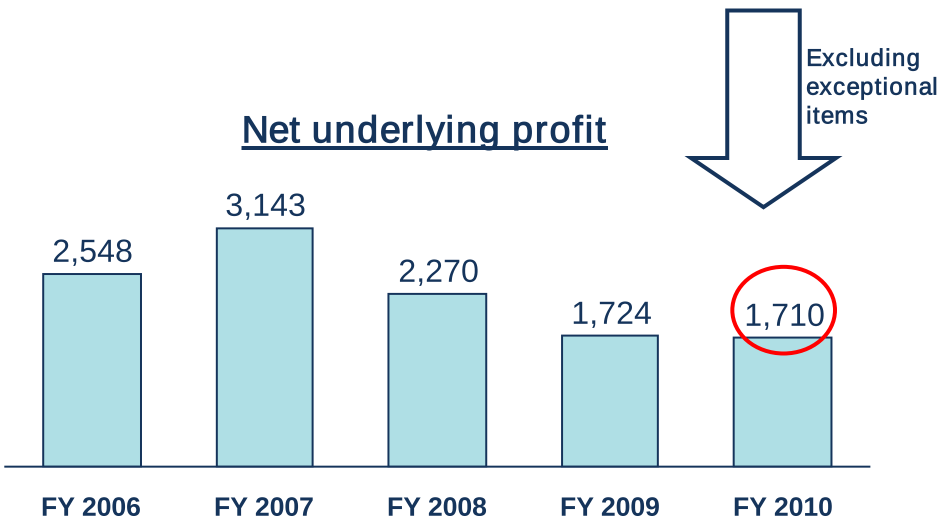
Situation as of 4 February, based on the share price of 30.21 EUR

Section 2

FY 2010 Financial highlights

FY 2010 Group profit





- 1.9bn EUR net reported profit, a clear break from the results of the previous 2 years
- 1.7bn EUR net underlying profit, in line with 2009
  - Good revenue generation (both NII and net F&C)
  - Strict cost management
  - Lower impairments
  - Despite items such as bank tax and one-off provisions for Ireland and KBC Lease UK

Amounts in m EUR

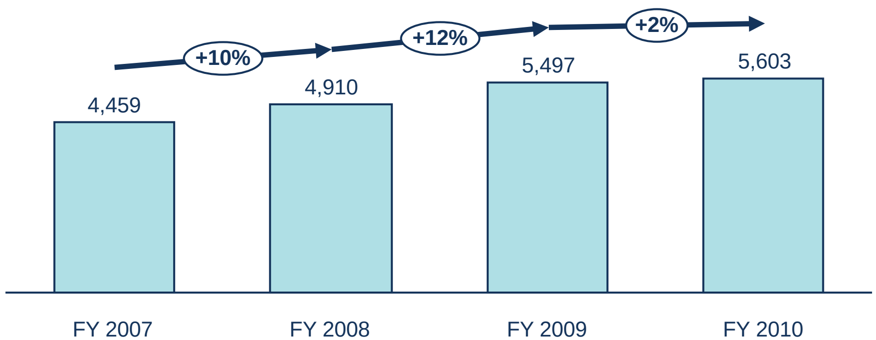
Highlights underlying full year 2010 results

- Net underlying profit of 1.7bn EUR
- Rising net interest income thanks to a higher net interest margin (1.92% in 2010 vs 1.84% in 2009)
- Increased sales of unit-linked products, offset by lower sales of ‘guaranteed interest’ products; combined ratio stable at 100%
- Strong recovery in net fee and commission income, reflecting the gradually improved investment climate
- 9% lower trading and fair value income
- Lower operating expenses (-1% y-o-y), reflecting strong cost management, despite the Belgian and Hungarian bank tax
- Significantly lower loan loss provisions: consistently low in Belgium BU and substantially lower in the CEE and Group Centre BUs
- Solid capital (4.5bn EUR surplus capital) and liquidity position

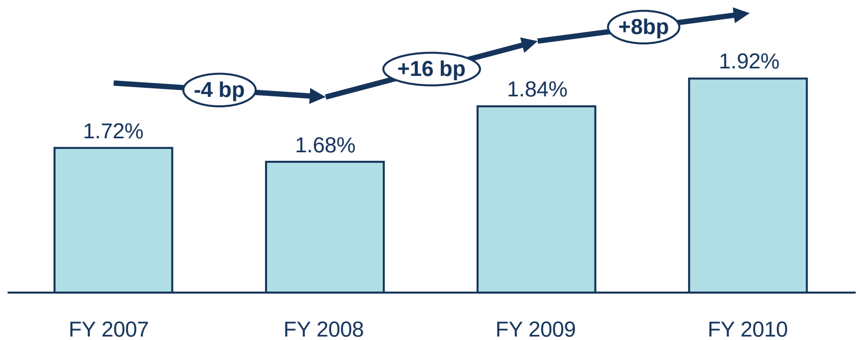
Rising net interest income based on healthy interest margins

Underlying performance

Net Interest Income



Net Interest Margin



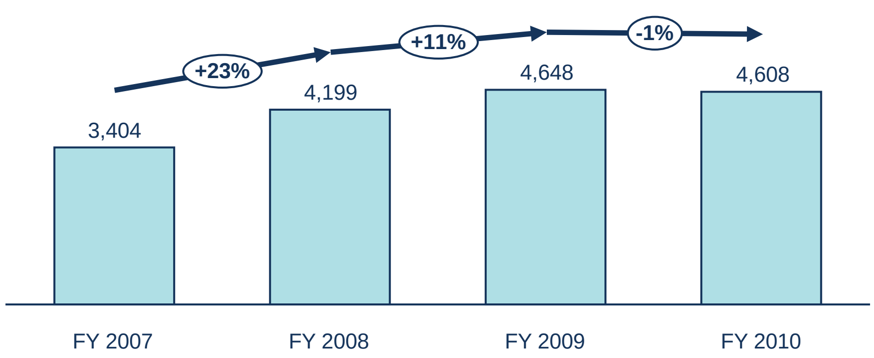
- Net interest income from lending and deposit-taking of 5.6bn EUR, up 2% based on healthy interest margins. Customer deposits were up by 6%, with Belgium posting 8% growth and CEE 3%
- Lower loan volumes compared to year-earlier level (-2%). Increase in volumes in Belgian retail loans (+5% y-o-y) offset by intentional scaling down in Russia and international corporate loan book

Amounts in m EUR

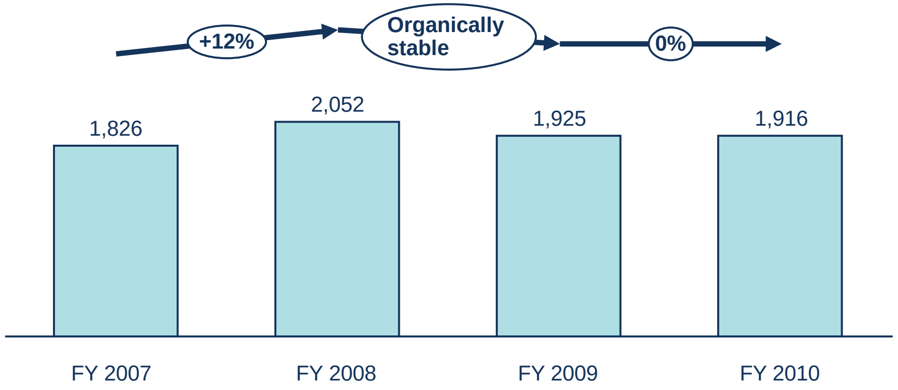
Roughly stable insurance sales

Underlying performance

Sales - Life



Gross Earned Premium – Non-Life



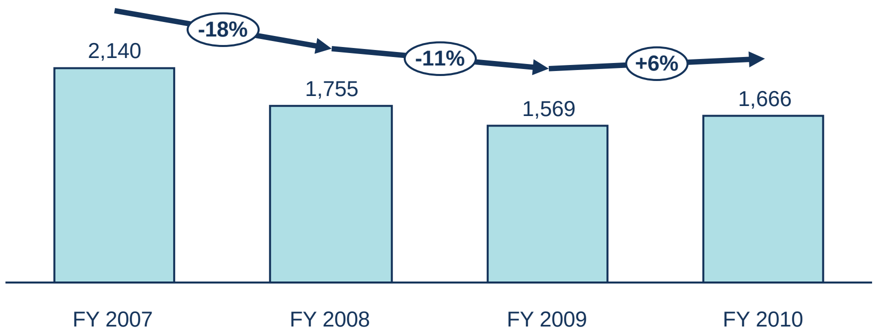
- Increased sales of unit-linked products, offset by lower sales of 'guaranteed interest' products
- Stable gross earned premiums for non-life
- Combined ratio stable at 100%

Amounts in m EUR

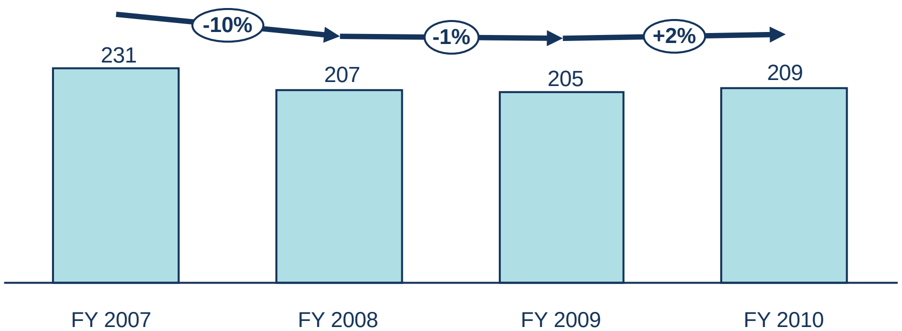
Strong recovery in net F&C income

Underlying performance

Net Fee & Commission Income



Assets Under Management



Amounts in bn EUR

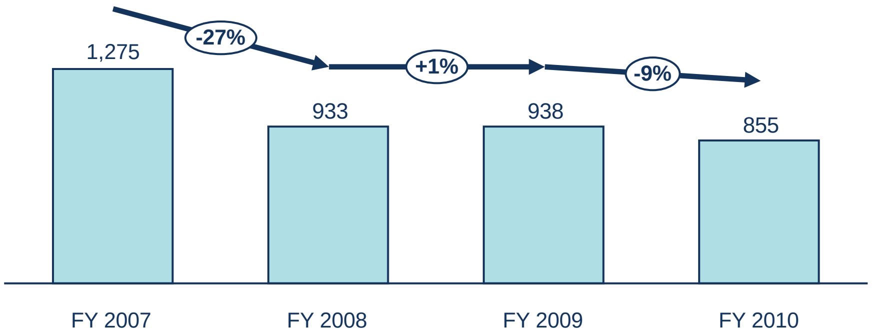
- Strong recovery in net fee and commission income, reflecting the gradually improved investment climate
- Assets under management at 209bn EUR (+2% y-o-y): 148bn EUR in Belgium, 49bn EUR in European Private Banking (sale already announced) and 13bn EUR in CEE

Amounts in m EUR

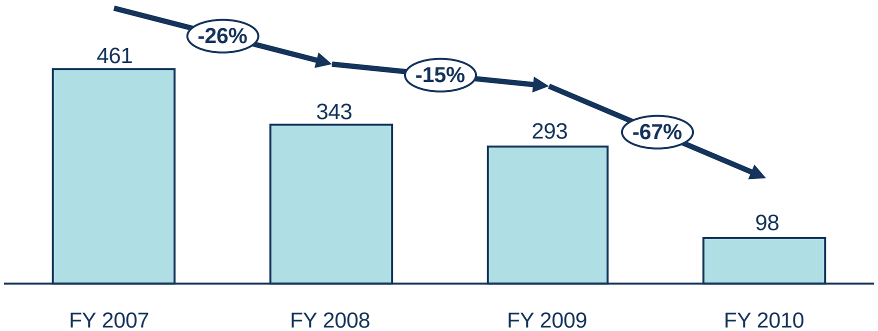
Lower trading and fair value income

Underlying performance

FV gains



Gains realised on AFS

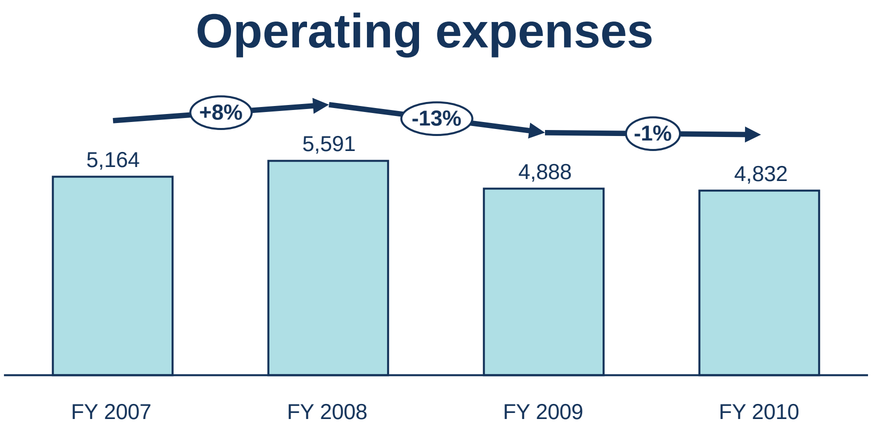


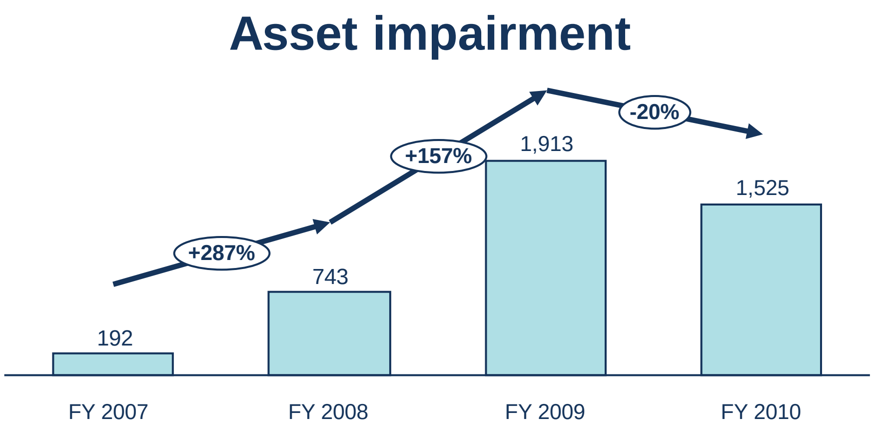
- Trading and fair value income 9% lower y-o-y
- Sharply lower realised gains on available-for-sale investments

Amounts in m EUR

Costs contained, significantly lower loan loss provisions

Underlying performance





- Lower operating expenses (-1% y-o-y), reflecting strong cost management, despite the Belgian and Hungarian bank tax
- Significantly lower loan loss provisions (-20% y-o-y): consistently low in Belgium BU and substantially lower in the CEE and Group Centre BUs

Amounts in m EUR

Loan loss provisions and credit cost ratio

Underlying performance

- Credit cost ratio fell to 0.91% (compared to 1.11% in 2009). NPL ratio amounted to 4.1%
- Credit cost in Belgium remained at a low level
- Sharply lower credit cost in CEE (-178m EUR y-o-y), driven mainly by Kredyt Bank (-75m EUR y-o-y) and CSOB CR (-64m EUR y-o-y, thanks chiefly to the SME segment)
- Credit cost in MEB remained at a high level in 2010, fully attributable to KBC Bank Ireland

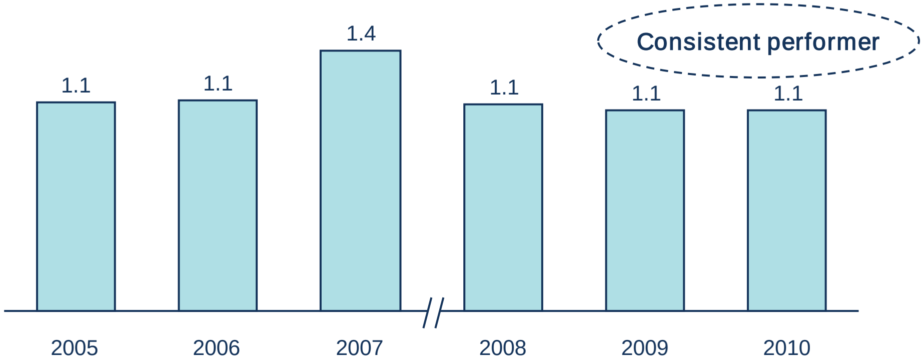
Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY
		'Old' BU reporting			'New' BU reporting	
Belgium	**54bn**	0.13%	0.09%	0.17%	0.15%	0.15%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%
Merchant B. **(incl. Ireland)**	**54bn**	0.02%	0.48%	1.32%	1.19%	1.38%
Total Group	**164bn**	0.13%	0.46%	1.11%	1.11%	0.91%

Satisfying FY results in home markets

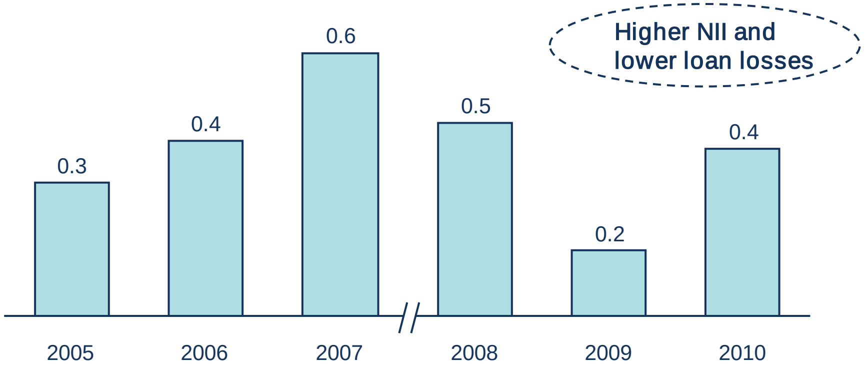
Underlying performance

Underlying net profit Belgium (retail)



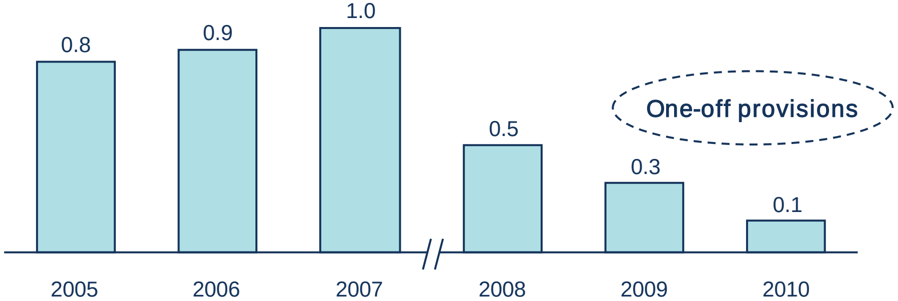
YTD ROAC: 37%

Underlying net profit CEE



YTD ROAC: 17%

Underlying net profit Merchant Banking (BE +Intl)



YTD ROAC: 3%

New BU reporting as of 2010
(pro forma 2008 and 2009 figures)

Amounts in bn EUR

Market shares keep up well**

	BE	Vs 09	CZ	Vs 09	SK	Vs 09	HU	Vs 09	PL	Vs 09	BG	Vs 09
Loans and deposits	21%	↑	23%*	→	10%	→	9%	→	4%	→	3%	→
Investment funds	39%	→	32%	↓	11%	↓	20%	→	5%	→	-	
Life insurance	17%	→	9%	→	5%	→	3%	↓	8%	↑	13%	↓
Non-life insurance	10%	→	5%	→	2%	→	4%	→	9%	→	12%	↓

* Including the joint venture with CMSS. Excluding this, the market share would amount to roughly 20%-21%
** Market shares are based on preliminary figures

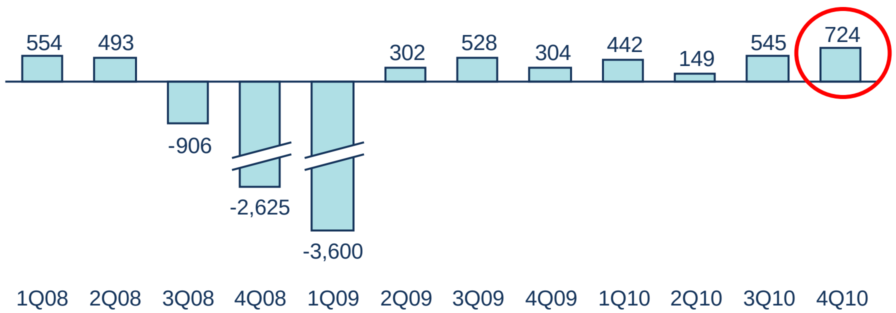
Section 3

4Q 2010

Financial highlights

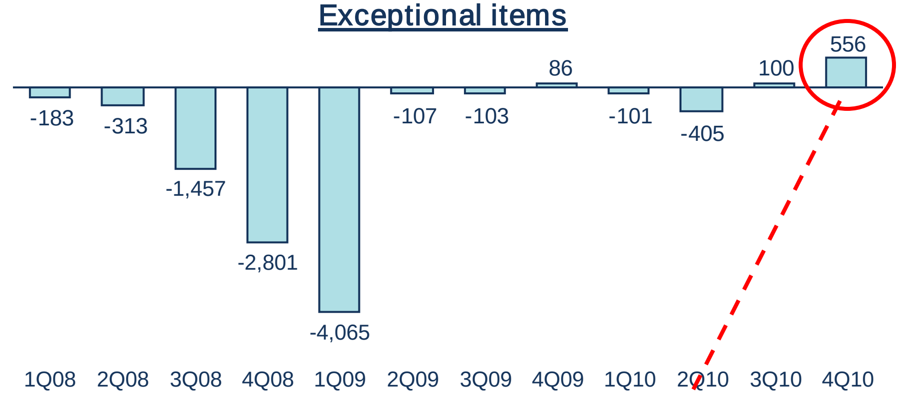
Solid earnings power

Reported net profit

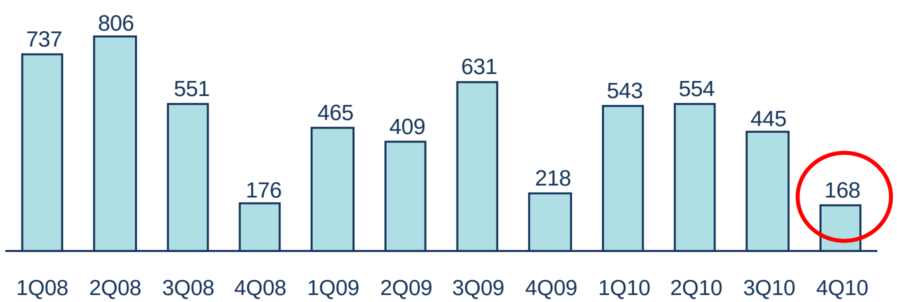


Excluding exceptional items

Exceptional items



Underlying net profit



Main exceptional items (post-tax)

• Structured credit portfolio revaluation	+0.3bn
• Divestments	+0.2bn
• Other	+ 0.1bn
	+0.6bn

Amounts in m EUR

Financial highlights 4Q 2010

- Higher net interest income driven by both volume growth in our core markets and historically high margins
- Increased fee and commission income resulting from a well-publicised sales campaign in Belgium
- Improved combined ratio of 98% thanks to substantially lower claims. Successful life insurance campaign in Belgium
- Weak dealing room income, in line with the negative market trend
- One-off provision for irregularities at KBC Lease UK to cover maximum exposure before any possible recovery
- Operational expenses remain under control, but with some end-of-year effects
- Significantly lower loan loss provisions in CEE, stable trend in Belgium and an additional provision in Ireland
- Including the impact of the divestments already announced, regulatory capital accumulated in excess of the 10% tier-1 solvency target amounted to roughly 4.5bn EUR at the end of 4Q10. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 4Q10 amounted to roughly 3.8bn EUR (incl. the effect of divestments already announced)

Looking forward

Jan Vanhevel, Group CEO:

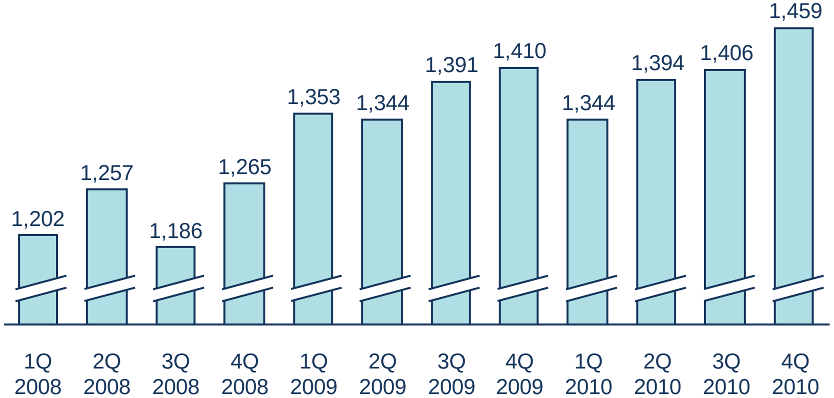
- ‘We continued to make good progress regarding the execution of our strategic plan:
  - During 4Q10, we closed some (already announced) divestments of among other things the global convertible bond and Asian equity derivatives businesses of KBC FP, Secura and KBC Peel Hunt
  - We continued reducing RWA in 4Q10, primarily in the activities of KBC FP
  - A number of companies are still scheduled for divestment as part of the planned reduction of the international loan portfolio
  - Preparations to float a minority stake in our Czech banking subsidiary are on track; we are on stand-by to launch the IPO programme when we observe optimal conditions for a successful transaction
  - The sales process for our Belgian complementary sales channels (Centea and Fidea) is ongoing, as according to plan

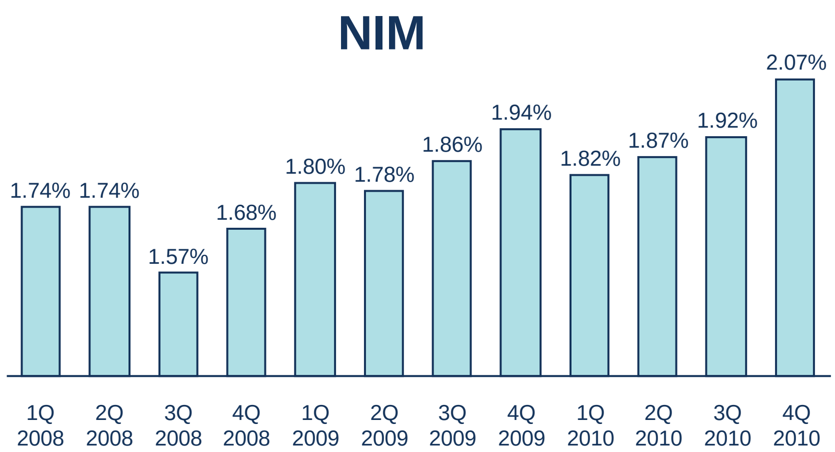
- ‘We continue to expect good revenue generation’
- ‘We still believe that costs on a like-for-like basis will start to increase somewhat going forward’
- ‘At the next AGM, a gross dividend per share of 0.75 EUR will be proposed’
- ‘We reiterate that KBC Group is able to meet the targeted common equity ratio under Basel III. We estimate this ratio at roughly 8.0% at the end of 2013’

Section 4

4Q 2010 underlying business performance

Revenue trend - Group





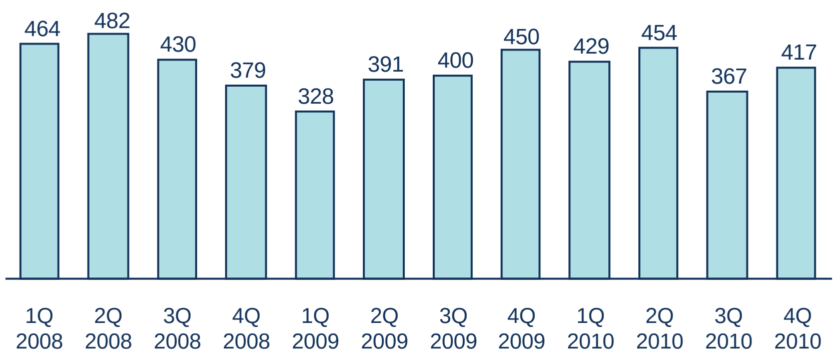
- Net interest income increased 4% both year-on-year and quarter-on-quarter, with continued loan volume growth in Belgium, driven by mortgages
- Net interest margin at historically high level (2.07%)
  - NIM in Belgium went up slightly (+1bp q-o-q), while the margin in Central/Eastern Europe increased more markedly (+11bps q-o-q)
  - The 15bps q-o-q rise in NIM at group level is for a large part attributable to some technical items
- Loan volumes down year-on-year (-2%) due, among other things, to a reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Deposit volumes rose 6% year-on-year

Amounts in m EUR

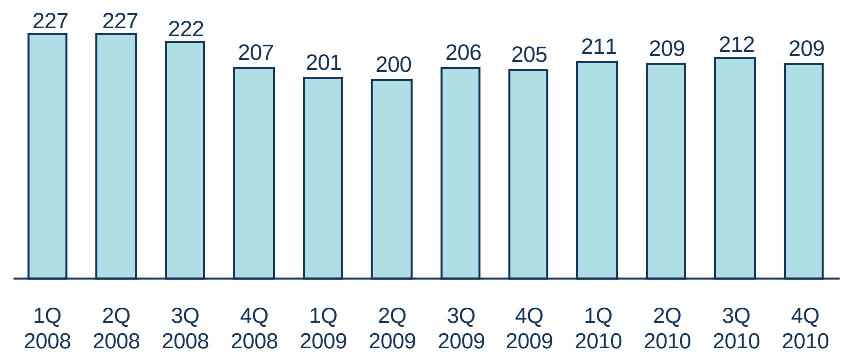
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



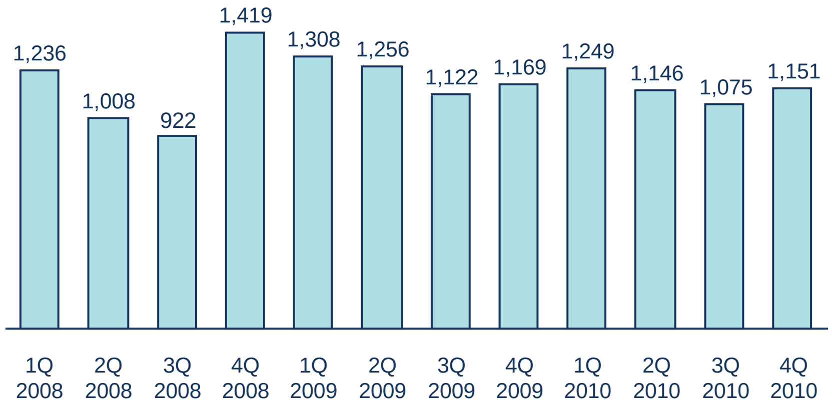
Amounts in bn EUR

- Net fee and commission income rose by 14% quarter-on-quarter, but fell by 7% year-on-year
  - The fourth quarter benefited from increased marketing of mutual fund products and insurance products, while the third quarter was impacted by the seasonal effect (summer time) and very low risk appetite
  - Net fee and commission income from the banking business went up by 10% q-o-q. The opposing movements (increasing net F&C income vs. decreasing AuM) is attributable to the shift in the AuM portfolio towards more fee generating products (equity related)
  - Commission paid on the sale of insurance contracts fell by 10% q-o-q due to a decrease in commission paid on gross written non-life premiums, partly offset by an increase in commission paid on gross written life premiums
- Assets under management rose by 2% year-on-year, but fell by 1% quarter-on-quarter (caused by negative price movements in fixed-income related products) to 209bn EUR at the end of FY 2010

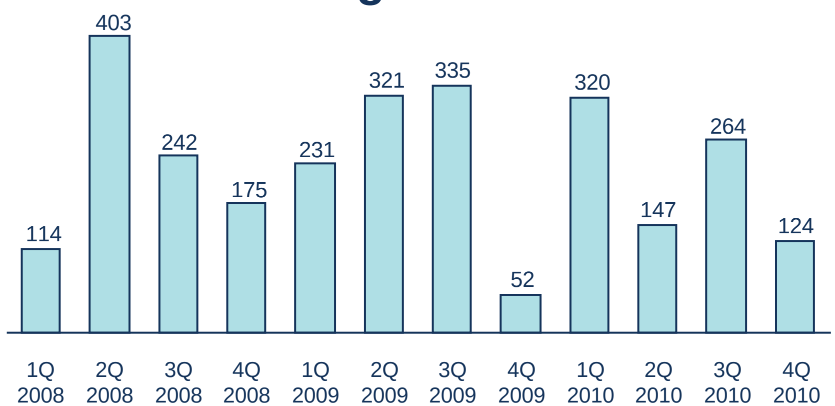
Amounts in m EUR

Revenue trend - Group

Premium income



FV gains

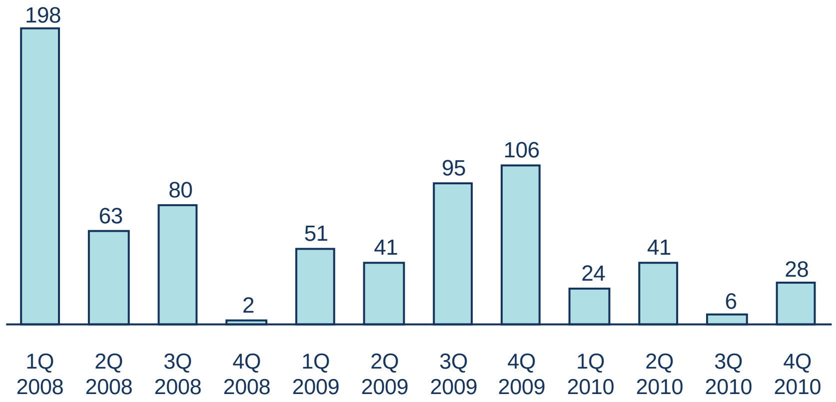


- Insurance premium income at 1,151m EUR
  - Non-life premium income (451m), down 9% q-o-q and 5% y-o-y, partly due to the sale of Secura in 4Q10
  - Life premium income (699m), up 21% q-o-q thanks to the anticipation on the expected decrease of the guaranteed interest rate in Belgium (from 2.50% to 2.25% at the end of November 2010) and the extra contributions (traditionally) made for pension savings in December
- Combined ratio of 98% in 4Q10, down on the 103% recorded in 3Q10 (which was strongly impacted by flood-related claims in CEE)
- The low figure for net gains from financial instruments at fair value (124m EUR) is the result of weak dealing room activity, in line with the negative market trend

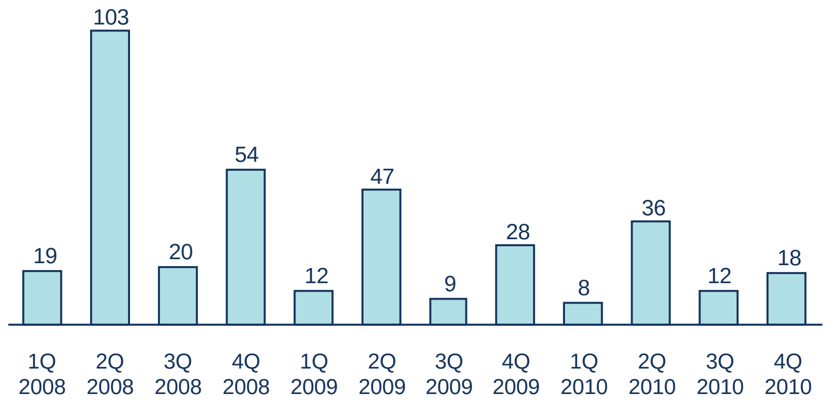
Amounts in m EUR

Revenue trend - Group

Gains realised on AFS



Dividend income

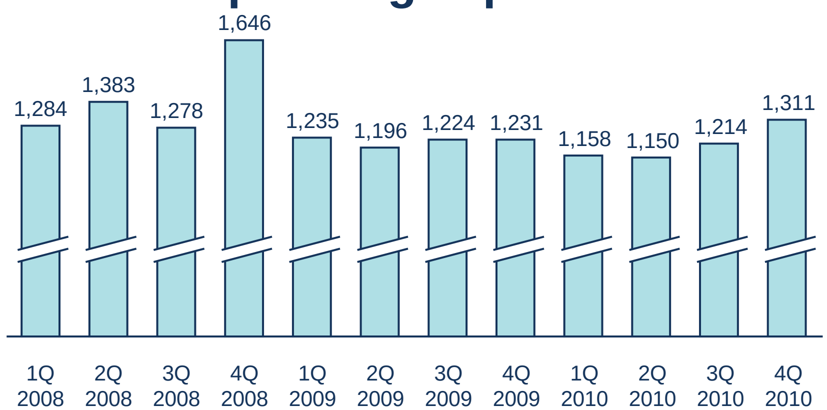


- Gains realised on AFS came to 28m EUR
- Dividend income amounted to 18m EUR, up quarter-on-quarter but down on the year-earlier quarter due to the decrease in the share portfolio

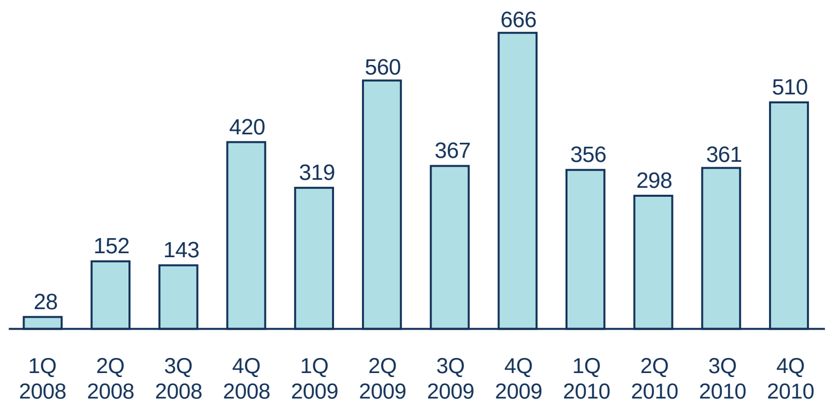
Amounts in m EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Costs remained well under control: -1.1% y-o-y for FY 2010, but +8.0% q-o-q in 4Q10
  - Operating expenses rose by 6.5% y-o-y to 1,311m EUR in 4Q10, partly due to the costs related to the Belgian Deposit Guarantee Scheme and variable remuneration
  - Operating expenses rose by 8.0% q-o-q in 4Q10, due to some year-end effects, such as higher marketing, communication and ICT expenses and certain restructuring charges
  - However, operating expenses for FY 2010 fell by 1.1% y-o-y to 4,832m EUR. Underlying cost/income ratio for banking stood at 56% for FY 2010 (compared to 55% for full year 2009)
  - We still believe that costs in 2011 on a like-for-like basis will start to increase somewhat going forward
- Higher impairments (510m EUR)
  - Quarter-on-quarter increase of 149m EUR in impairments, due entirely to the increased loan losses in Ireland (MEB)

Amounts in m EUR

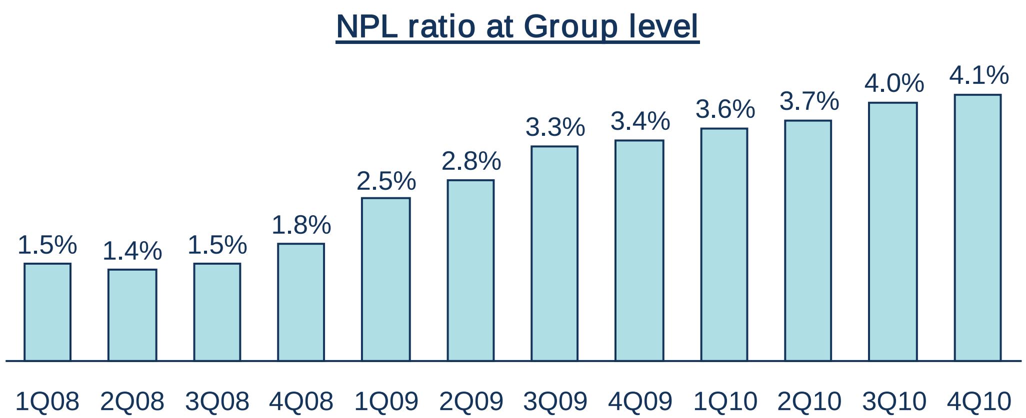
Loan loss provisions

- Credit cost ratio fell to 0.91% (compared to 1.11% in 2009). NPL ratio amounted to 4.1%
- Credit cost in Belgium remained at a low level
- Sharply lower credit cost in CEE (-58m EUR q-o-q), driven mainly by K&H Bank (-31m EUR q-o-q, thanks primarily to the corporate segment) and CSOB CR (-21m EUR q-o-q, thanks chiefly to the SME segment)
- Credit cost significantly higher in Merchant Banking (+218m EUR q-o-q), fully attributable to KBC Bank Ireland

Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY
		'Old' BU reporting			'New' BU reporting	
Belgium	**54bn**	0.13%	0.09%	0.17%	0.15%	0.15%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%
Merchant B. **(incl. Ireland)**	**54bn**	0.02%	0.48%	1.32%	1.19%	1.38%
Total Group	**164bn**	0.13%	0.46%	1.11%	1.11%	0.91%

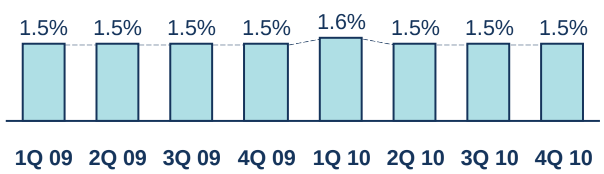
NPL ratio at Group level



FY 2010	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.5%	2.6%	1.2%
CEE BU	5.6%	6.4%	2.2%
MEB BU	5.2%	6.4%	4.6%

NPL ratios per business unit

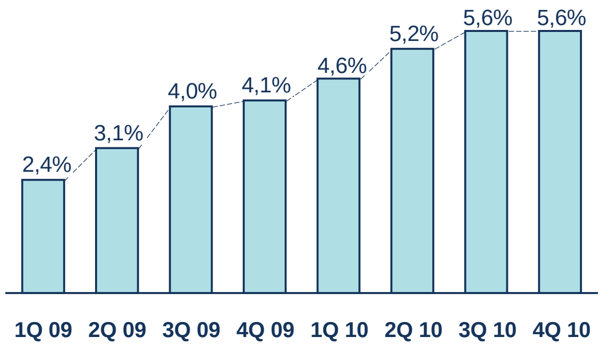
BELGIUM BU



non performing loans

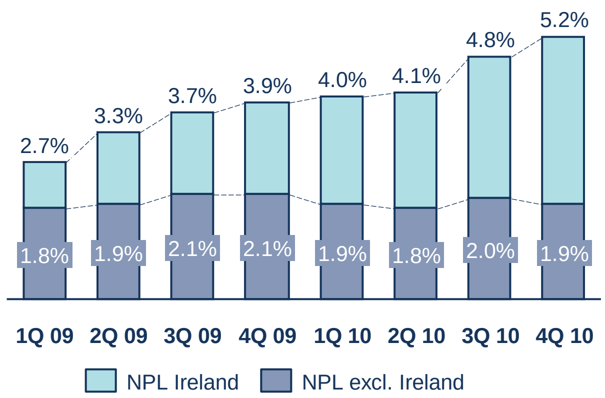
New BU reporting as of 2010
(pro forma 2009 figures)

CEE BU



MEB BU

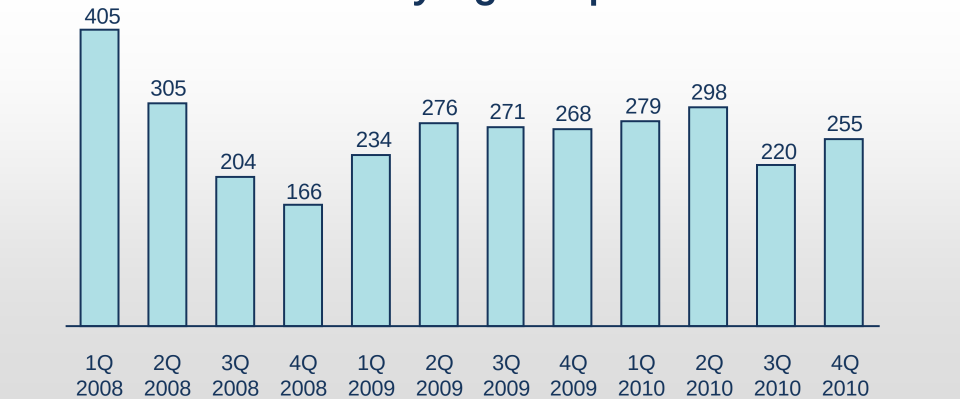
(incl. Ireland)



- Quarter-on-quarter stabilisation of the NPL ratio in Belgium BU and CEE BU
- MEB BU: the NPL ratio rose sharply q-o-q, due entirely to KBC Bank Ireland

Belgium Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	**52bn**	**27bn**	**70bn**	**148bn**	**22bn**
Growth q/q*	**+1%**	**+2%**	**+3%**	**-3%**	**+3%**
Growth y/y	**+5%**	**+8%**	**+8%**	**+1%**	**+9%**

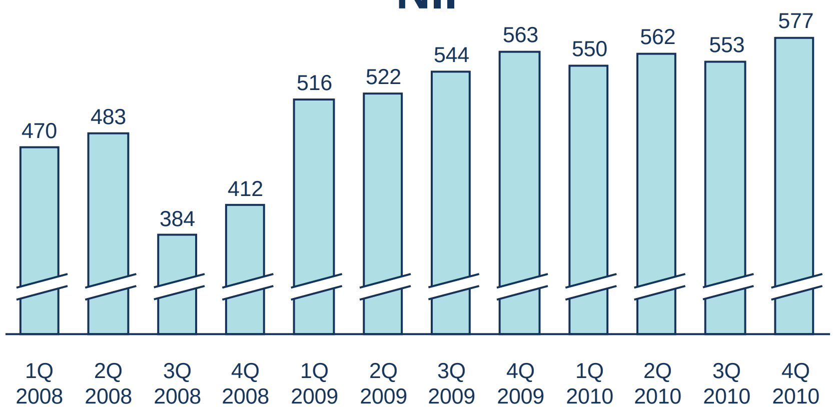
** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit of Belgium Business Unit recovered quarter-on-quarter (+16%) to 255m EUR. The increase reflects mainly a further improvement in net interest income, a recovery in net fee and commission income and higher net realised gains from AFS assets
- Increase in quarter-on-quarter and year-on-year loan volume, driven by mortgage loan growth
- Deposit volumes increased 3% quarter-on-quarter and as much as 8% year-on-year. Term deposits rose sharply in 4Q10
- Assets under management and life reserves are growing year-on-year

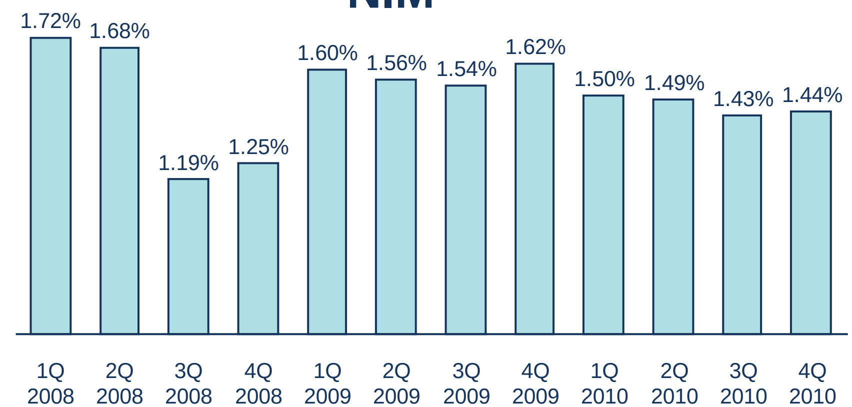
Amounts in m EUR

Belgium Business Unit (2)

NII



NIM

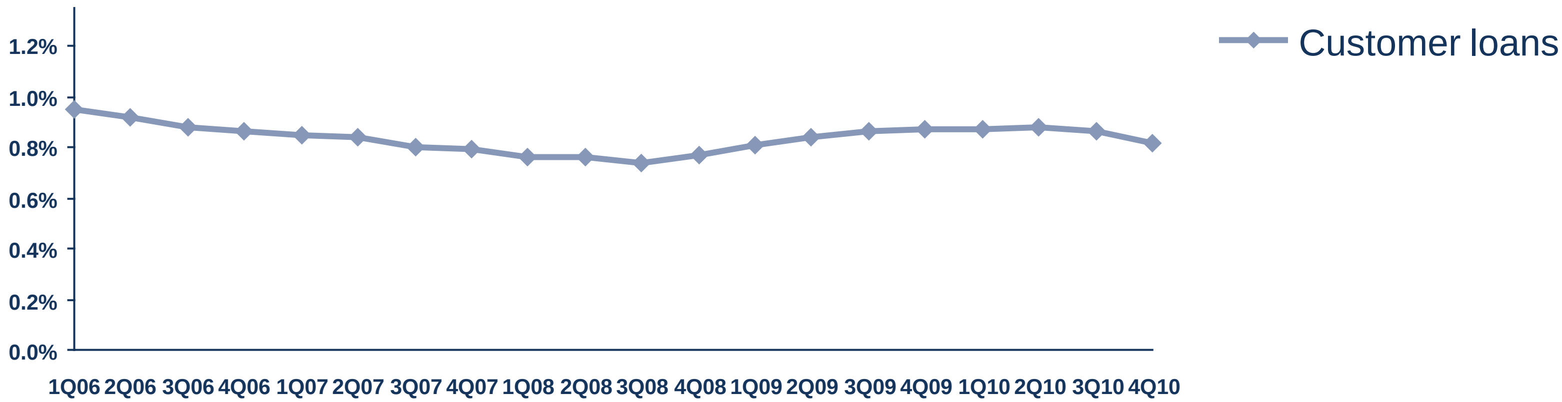


- Net interest income (577m EUR) remained healthy with continued loan volume growth, driven by mortgages
  - An increase of 3% year-on-year and 4% quarter-on-quarter
  - The net interest margin rose by 1bp q-o-q to 1.44%. The negative impact of the generally lower reinvestment yields was more than offset by the positive impact generated by the 25bps decrease in the fidelity premium on saving accounts. The current NIM remains much higher than the 2H 2008 level

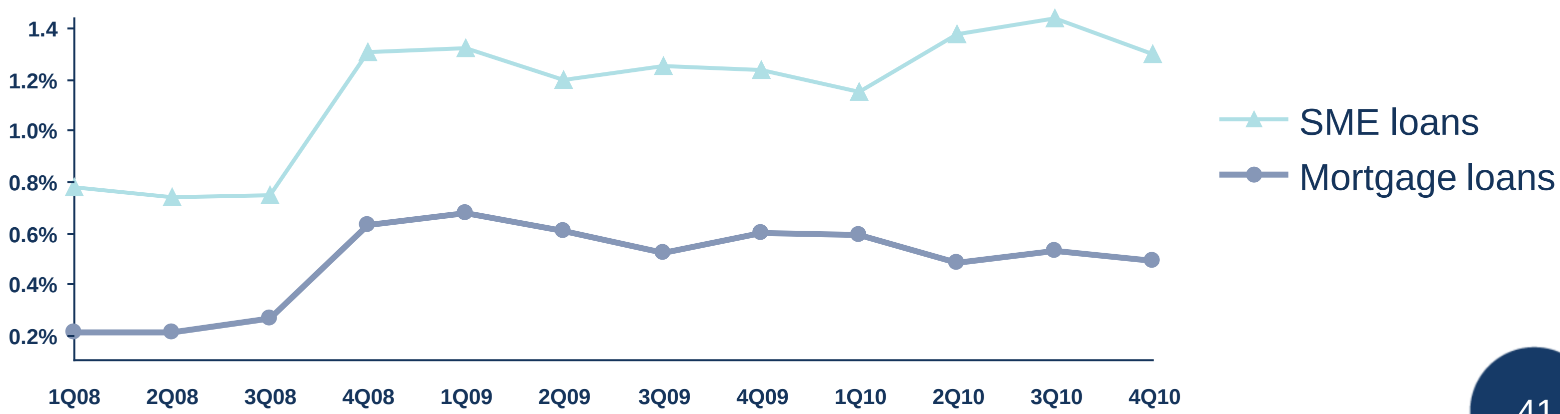
Amounts in m EUR

Credit margins in Belgium

Product spread on customer loans book, outstanding

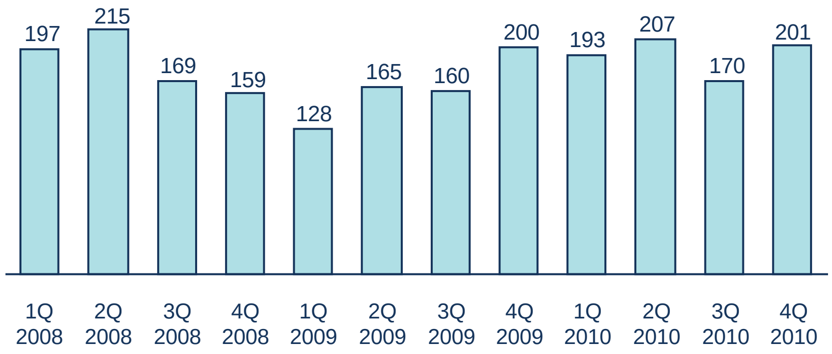


Product spread on new production

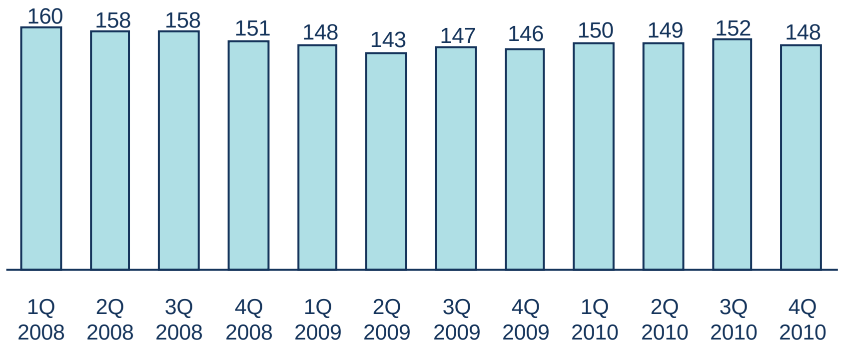


Belgium Business Unit (3)

F&C



AUM



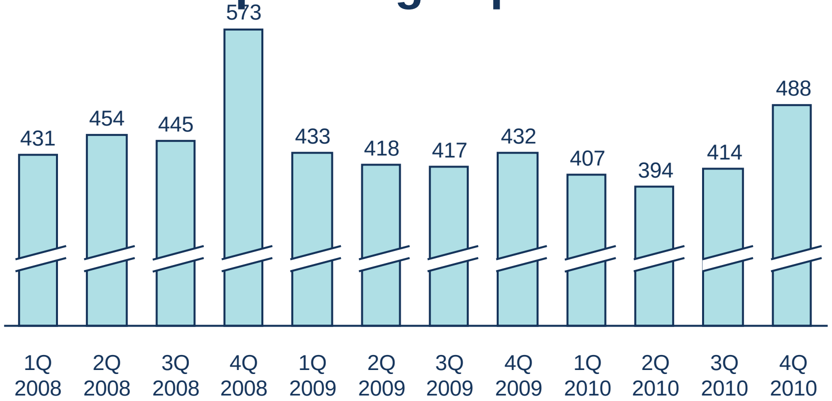
Amounts in bn EUR

- Recovery in net fee and commission income (201m EUR)
  - Net fee and commission income from banking activities (238m EUR) increased by a significant 10% quarter-on-quarter, thanks to, inter alia, traditional factors such as increased marketing of mutual fund products and customers' slightly higher risk appetite for investment products. Assets under management fell by 3% q-o-q (to 148bn EUR), of which 1% net outflow
  - Commission related to insurance activities (-37m EUR, mainly commission paid to insurance agents) was considerably lower than the previous quarter and than a year earlier (-20% and -14% respectively), partly related to the sale of Secura

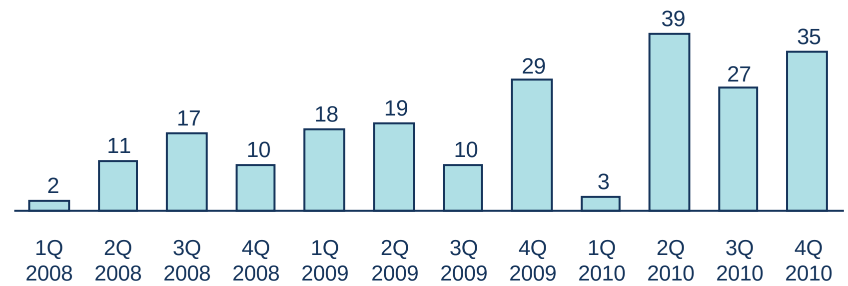
Amounts in m EUR

Belgium Business Unit (4)

Operating expenses



Asset impairment

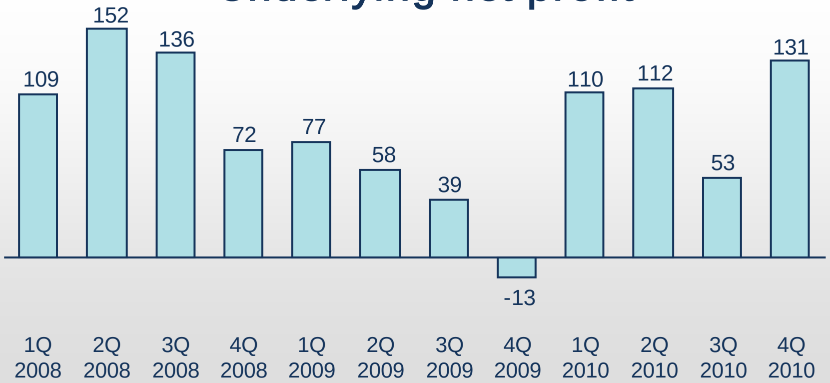


- Operating expenses increased significantly in 4Q10, but stabilised year-on-year for FY 2010
  - Operating expenses rose sharply in 4Q10 (+18% q-o-q and +13% y-o-y). Even after excluding the costs related to the Belgian Deposit Guarantee Scheme (-30 million), costs in 4Q10 increased quarter-on-quarter partly due to some typical year-end effects, such as higher marketing, communication and ICT expenses, certain restructuring charges and variable remuneration
  - However, operating expenses in FY 2010 stabilised year-on-year
  - Further improvement in the cost/income ratio: 55% YTD (compared to 57% for full year 2009)
- Asset impairment remained at a low level (35m EUR). Credit cost ratio of 15 bps YTD. NPL ratio at 1.5%

Amounts in m EUR

CEE Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	32bn	15bn	41bn	13bn	2bn
Growth q/q*	0%	+1%	+1%	-4%	-1%
Growth y/y	-3%	+4%	+3%	+2%	+9%

** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit at CEE Business Unit of 131m EUR
  - CEE profit breakdown: 79m Czech Republic, 13m Slovakia, 41m Hungary, 21m Poland, 3m Bulgaria, other -26m (mainly funding costs of goodwill)
  - Results from the banking business were positively impacted by higher net interest income and lower loan loss provisions
  - Results from the insurance business improved markedly after a weak 3Q10, which was impacted by the bad weather conditions

Amounts in m EUR

CEE Business Unit (2)

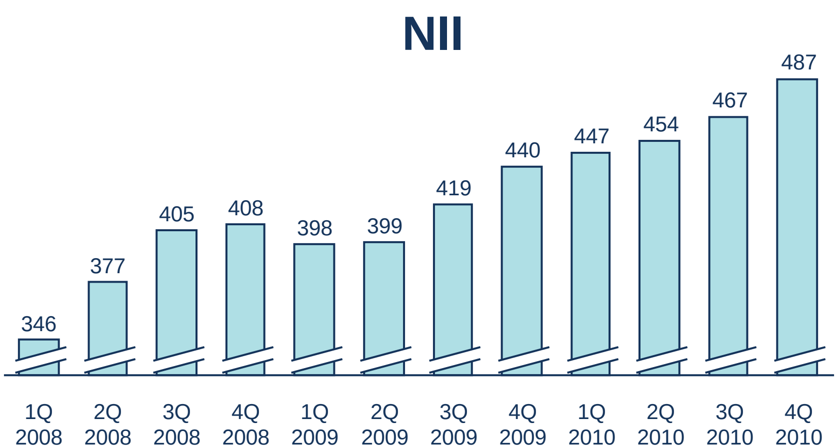
Organic growth(*)

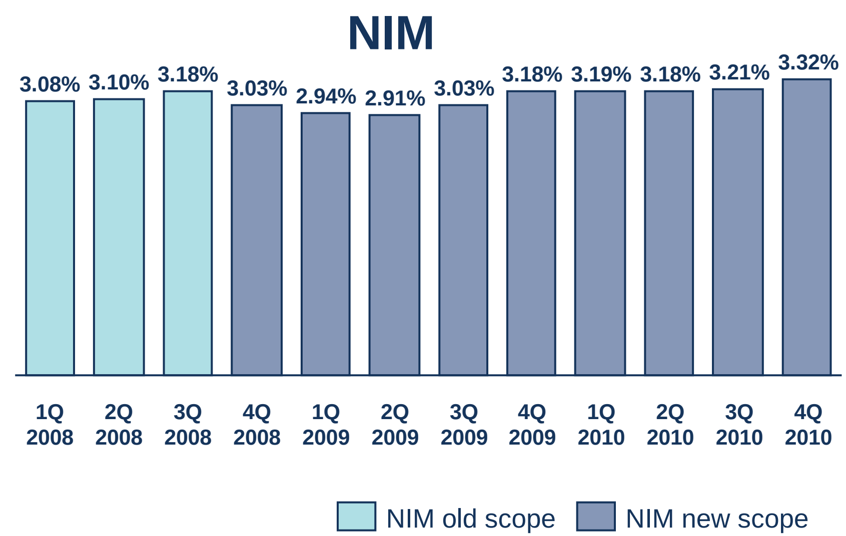
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	+1%	0%	+2%	+8%	+1%	+5%
SK	-1%	+3%	+5%	+25%	+7%	-3%
HU	-2%	-11%	-2%	-6%	+1%	-9%
PL	-1%	-3%	0%	+1%	0%	+17%
BU	-1%	-4%	-1%	-4%	-3%	-16%

- The total loan book stabilised q-o-q and fell by 3% y-o-y, with Hungary showing the largest relative decrease (-11% y-o-y due to a decrease in the corporate loan book and mortgages)
- Total deposits rose by 1% q-o-q (mainly in Slovakia thanks to an increase of MM deposits and a campaign for current accounts) and by 3% y-o-y (primarily thanks to increased retail savings in Poland)
- Loan to deposit ratio at 77%

(*) organic growth excluding FX impact, q-o-q figures are non-annualised

CEE Business Unit (3)



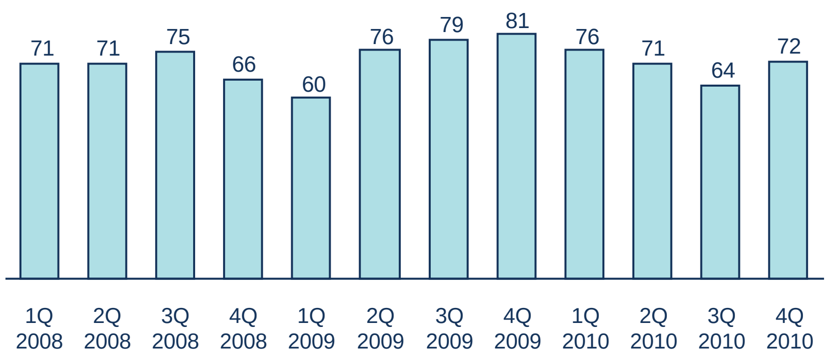


- Net interest income rose by 4% q-o-q and 7% y-o-y to 487m EUR (only organic growth)
- Net interest margin at 3.32%, up 11bps on the previous quarter. In the Czech Republic, for instance, deposits were reinvested at higher margins

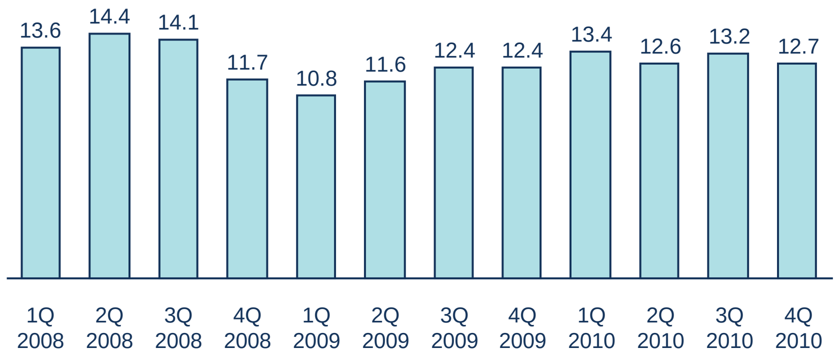
Amounts in m EUR

CEE Business Unit (4)

F&C



AUM



Amounts in bn EUR

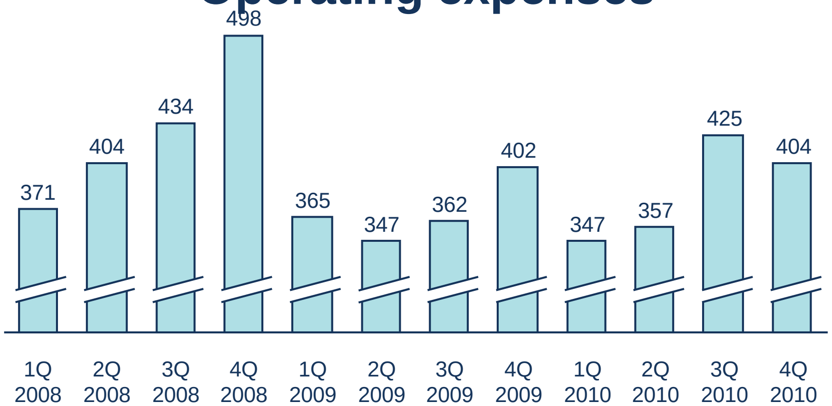
- Net fee and commission income (72m EUR) increased by 11% q-o-q on an organic basis (excluding FX impact)
  - This q-o-q increase was driven mainly by the banking business (in all major banking entities), but also partly by the small decrease in commission paid on insurance sales
  - The y-o-y comparison was impacted by an accounting change to the recording of distribution fees paid to the Czech Post (shift from expenses to commission income since the start of 2010, without impacting the bottom line)

- Assets under management amounted to roughly 13bn EUR

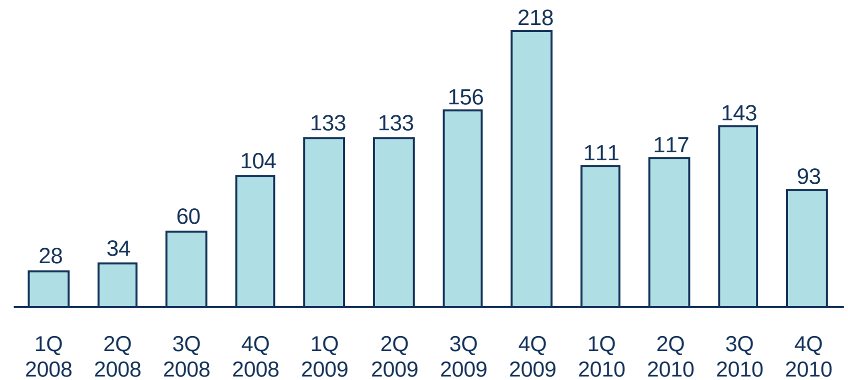
Amounts in m EUR

CEE Business Unit (5)

Operating expenses



Asset impairment



- Operating expenses (404m EUR) fell by 6% q-o-q and 2% y-o-y on an organic basis (excluding FX impact)
  - The q-o-q decrease is attributable chiefly to the recognition of a 57m EUR (pre-tax) cost related to the new bank tax in Hungary (recorded entirely in 3Q 2010), partly offset by somewhat higher costs (i.e. staff, marketing, ICT expenses) at CSOB Bank CZ and Kredyt Bank
  - Ytd cost income ratio at 54% (59% FY 2009)
- Asset impairment at 93m, mainly on L&R
  - Credit cost ratio rose to 1.22% in FY10 (1.32% in 9M10). NPL ratio at 5.6%

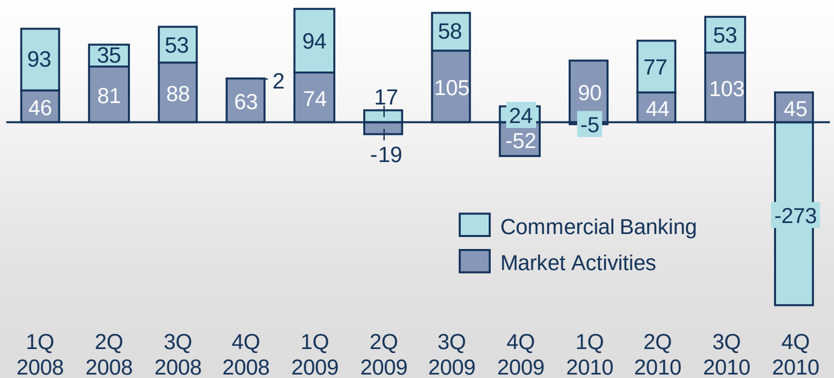
	Loan book	2008* CCR	2009* CCR	2009 CCR	2010 CCR
CEE	**38bn**	0.73%	2.12%	1.70%	1.22%
- Czech Rep.	18bn	0.38%	1.12%	1.12%	0.75%
- Poland	8bn	0.95%	2.59%	2.59%	1.45%
- Hungary	7bn	0.41%	2.01%	2.01%	1.98%
- Slovakia	4bn	0.82%	1.56%	1.56%	0.96%
- Bulgaria	1bn	1.49%	2.22%	2.22%	2.00%

** CCR according to 'old' business unit reporting*

Amounts in m EUR

Merchant Banking Business Unit

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	43bn	59bn
Growth q/q*	-3%	-3%
Growth y/y*	-13%	+11%

non-annualized

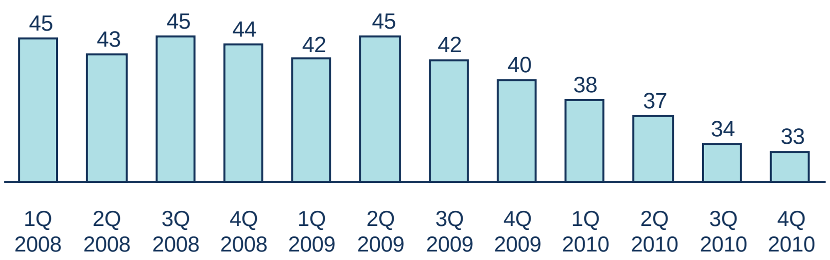
- Underlying net profit in Merchant Banking Business Unit (-228m EUR), significantly below the average of the last four quarters (84m)
  - Result from Commercial Banking of -273m EUR, heavily impacted by higher impairments at KBC Bank Ireland and the one-off net provision of 125m EUR in KBC Lease (due to irregularities in KBC Lease UK)
  - Result from Market Activities of +45m EUR, down q-o-q due to weak dealing room activity

- Reminder: a significant part of the merchant banking activities (assets to be divested) has been shifted to the Group Centre since 1Q10

Amounts in m EUR

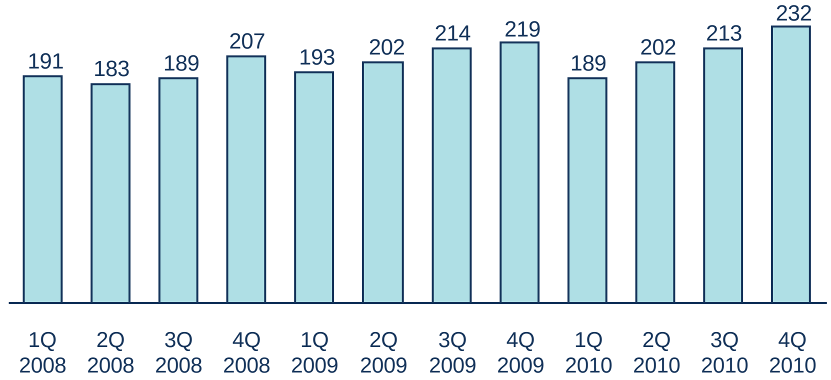
Merchant Banking Business Unit (2)

RWA banking
(Commercial Banking)



Amounts in bn. EUR

NII (Commercial Banking)

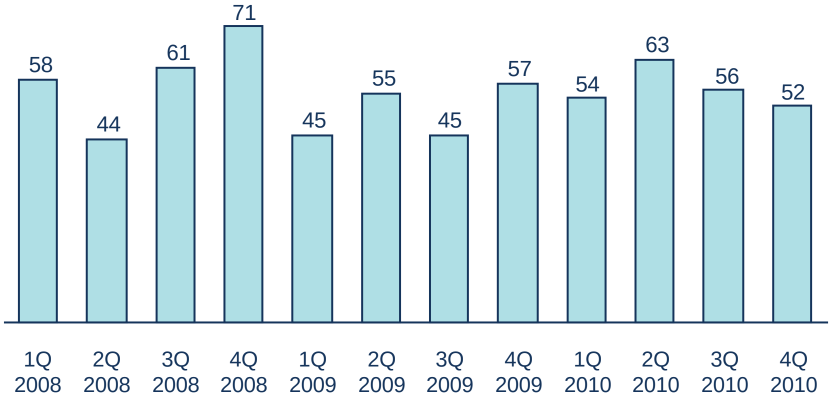


- Lower risk weighted assets in Commercial Banking due to further organic reduction in international corporate loan book
- Net interest income (relating to the Commercial Banking division) went up by 9% q-o-q (+6% y-o-y), mainly thanks to technical items. As anticipated, volumes in this business unit went down (e.g. loans -3% q-o-q and -13% y-o-y). This decrease is expected to continue for a number of years, as it is the result of the refocused strategy of the group (gradual scaling down of a large part of the international loan portfolio outside the home markets)

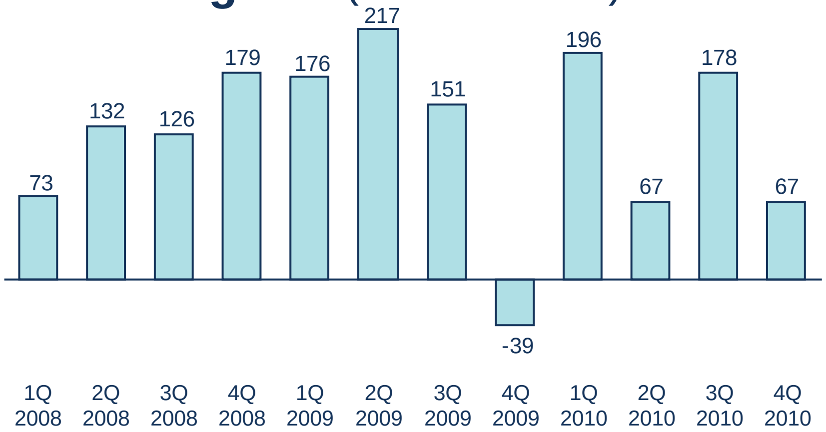
Amounts in m EUR

Merchant Banking Business Unit (3)

F&C



FV gains (Market Activities)

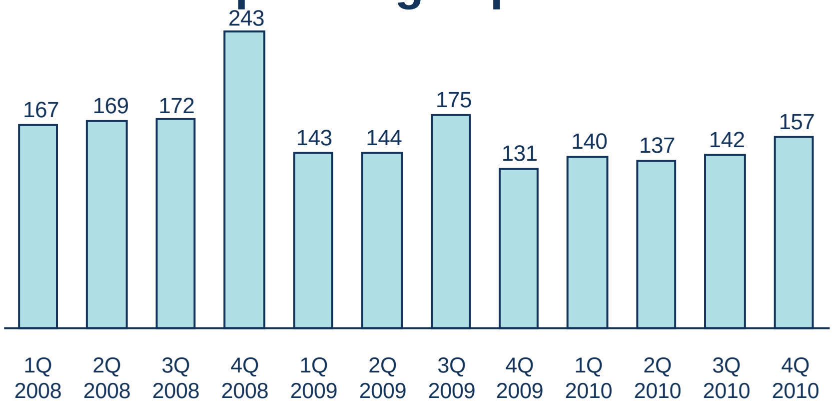


- Net fee and commission income fell by 7% quarter-on-quarter and by 8% year-on-year to 52m EUR
- Lower fair value gains within the ‘Market Activities’ sub-unit, due entirely to weak dealing room activities

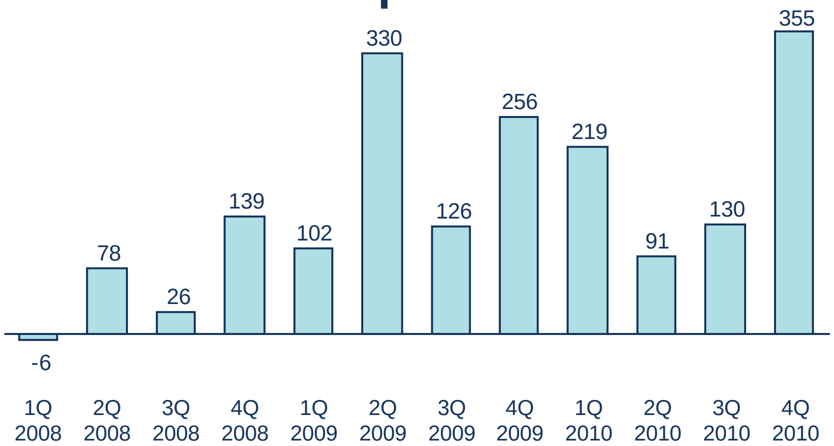
Amounts in m EUR

Merchant Banking Business Unit (4)

Operating expenses



Asset impairment



- Operating expenses increased by 20% year-on-year (due to a number of one-off and non-operating items in 4Q09) and 11% quarter-on-quarter to 157m EUR (e.g. due to higher ICT costs)
- Significantly higher impairments (355m EUR) in 4Q10, due entirely to higher impairment charges at KBC Bank Ireland following the slower-than-anticipated economic recovery in Ireland and the potential negative effect on asset valuations of the 85bn EUR financial aid package (announced on 28 November 2010)
  - Credit cost ratio at 1.38% and NPL ratio at 5.2%

Amounts in m EUR

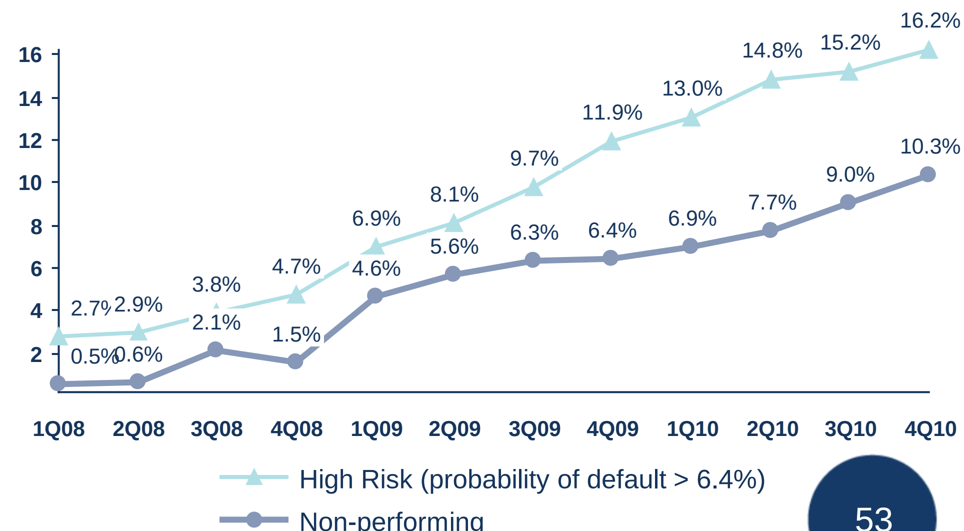
Update on Ireland

- 302m EUR loan impairments charged in 4Q10 (525m EUR in FY10)
- NPL rose to 10.3% in 4Q10 (9.0% in 3Q10), reflecting the continued difficult economic conditions in Ireland. The outstanding portfolio has been reduced from 18.0bn EUR at the end of 2009 to 17.2bn EUR at the end of 2010
- 73% of the outstanding portfolio remains low or medium risk
- The increase in mortgage provisions reflected weaker market conditions in Ireland through 2010
- The NPL coverage ratio has risen to 42% (from 29% in 3Q10). NPL coverage ratio reflects predominance of residential mortgages (and the relatively low exposure to real estate development)
- Local tier-1 ratio was 10.3% at the end of 4Q10 (10.6% at the end of 3Q10)

Irish loan book – key figures December 2010

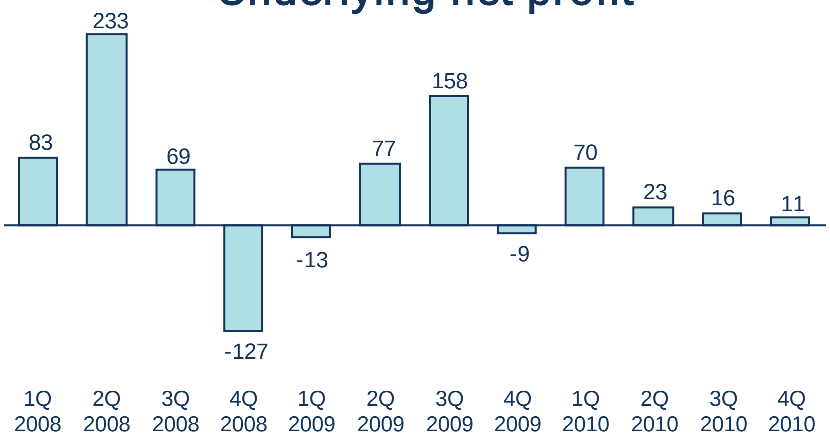
Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.8bn	7.4%	29%
Buy to let mortgages	3.3bn	10.9%	33%
SME /corporate	2.3bn	7.3%	55%
Real estate investment	1.3bn	15.2%	42%
Real estate development	0.6bn	50.4%	76%
	17.2bn	10.3%	42%

Proportion of High Risk and NPLs



Group Centre

Underlying net profit



Volume trend

	Total loans	Customer deposits
Volume	**15bn**	**12bn**
Growth q/q*	**-1%**	**-13%**
Growth y/y*	**0%**	**-18%**

**non-annualised*

- Besides the existing activities of the holding and shared-services companies at ‘Group Centre’, all upcoming divestments were shifted to ‘Group Centre’ from 1Q10 onwards. The decrease in net group profit (both q-o-q and y-o-y) is largely attributable to the results of the companies that have been earmarked for divestment in the coming years. Note that a number of divestment agreements have already been signed in 2Q10 and 3Q10, of which most of them have been finalised in 4Q10 (Secura, FP convertibles & derivatives and Peel Hunt)
- Only the planned divestments are included. The merchant banking activities that will be wound down organically have NOT been shifted to the ‘Group Centre’

Amounts in m EUR

Group Centre (2)

Breakdown of underlying net group profit

	4Q10
Group item (ongoing business)	**-1**
Planned divestments	**12**
- Centea	12
- Fidea	20
- 40% minorities CSOB Bank CZ	48
- Absolut Bank	6
- ‘old’ Merchant Banking activities	11
- KBL EPB	-8
- Other	-77
TOTAL underlying net group profit	**11**

NPL, NPL formation and restructured loans in Russia

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
NPL	2.3%	3.3%	9.2%	14.0%	17.9%	17.8%	18.3%	16.8%
NPL formation	1.8%	1.0%	5.9%	4.8%	3.9%	-0.1%	0.5%	-1.5%
Restructured loans	3.6%	7.2%	9.8%	11.2%	10.3%	10.3%	9.7%	6.3%
Loan loss provisions (m EUR)	45	33	48	56	0	19	12	-9

Amounts in m EUR

Section 5

Wrap up

Financial highlights 4Q 2010

- Higher net interest income driven by both volume growth in our core markets and historically high margins
- Increased fee and commission income resulting from a well-publicised sales campaign in Belgium
- Improved combined ratio of 98% thanks to substantially lower claims. Successful life insurance campaign in Belgium
- Weak dealing room income, in line with the negative market trend
- One-off provision for irregularities at KBC Lease UK to cover maximum exposure before any possible recovery
- Operational expenses remain under control, but with some end-of-year effects
- Significantly lower loan loss provisions in CEE, stable trend in Belgium and an additional provision in Ireland
- Including the impact of the divestments already announced, regulatory capital accumulated in excess of the 10% tier-1 solvency target amounted to roughly 4.5bn EUR at the end of 4Q10. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 4Q10 amounted to roughly 3.8bn EUR (incl. the effect of divestments already announced)

Section 6

Additional data set

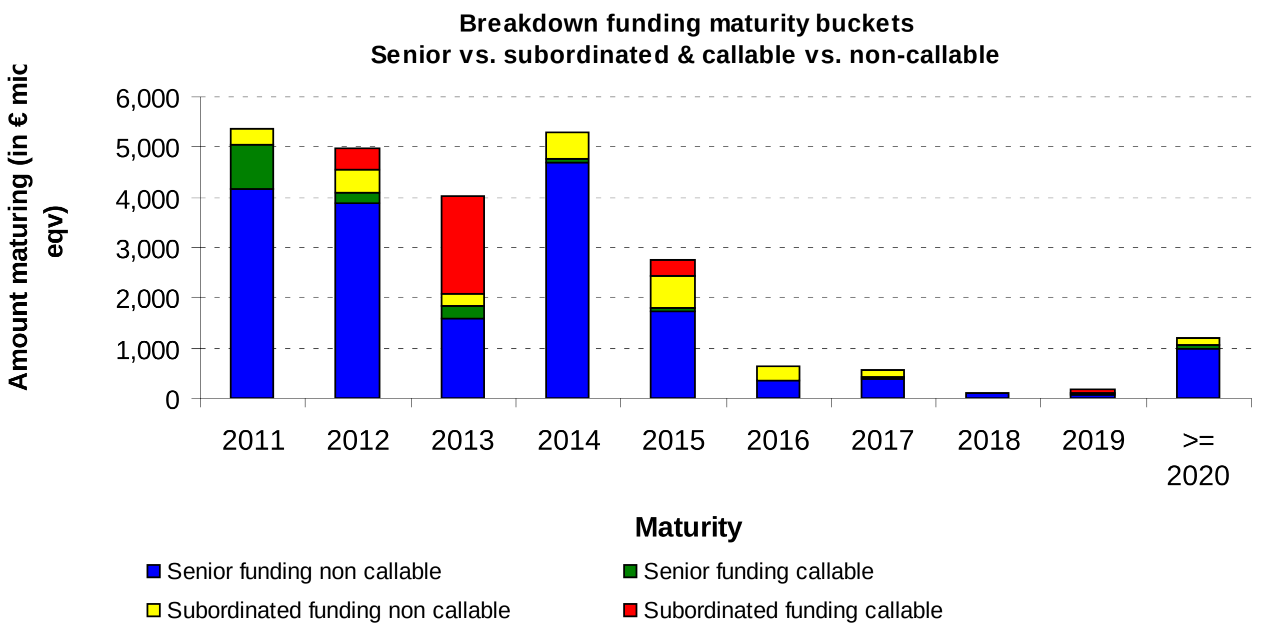
Solid solvency and liquidity position

- Loan to deposit ratio KBC Group at 81%
- KBC Group tier-1 ratio at 12.6% and core tier-1 ratio at 10.9%
- Solid capital and liquidity position in CEER subsidiaries

KBC Group	
Shareholders' equity	11.1
Government capital	7.0
Goodwill	-2.5
Minorities	0.2
Other	-1.4
Core tier-1 capital	14.4
Hybrids	2.3
Total tier 1	16.7
RWA	132.0
Tier-1 ratio	**12.6%**
Core tier-1 ratio	**10.9%**

Amounts in bn EUR

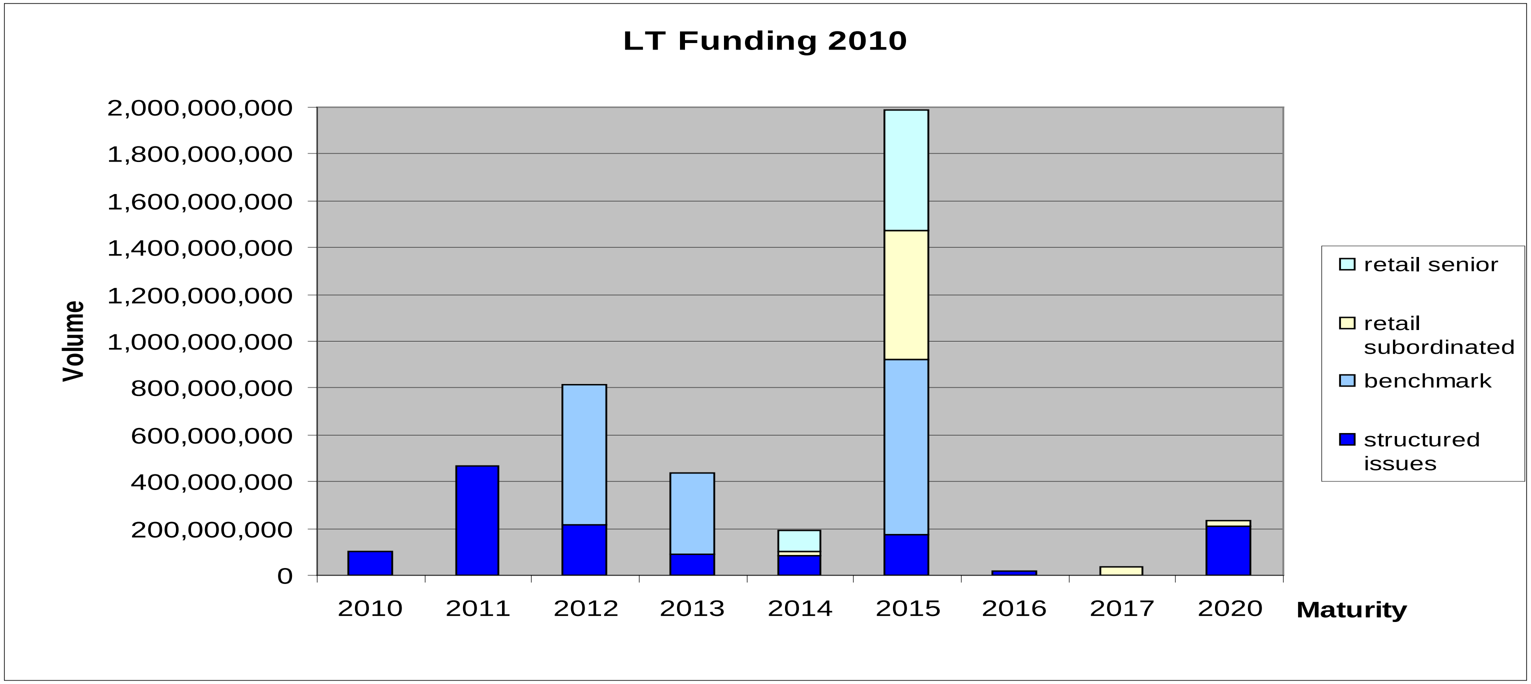
Upcoming mid-term funding maturities in 2011



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, raised 4.3bn EUR LT in 2010, using its EMTN program (40bn EUR)
- KBC Bank NV also has a US MTN program (10bn USD) available for structuring debt capital market transactions in the US

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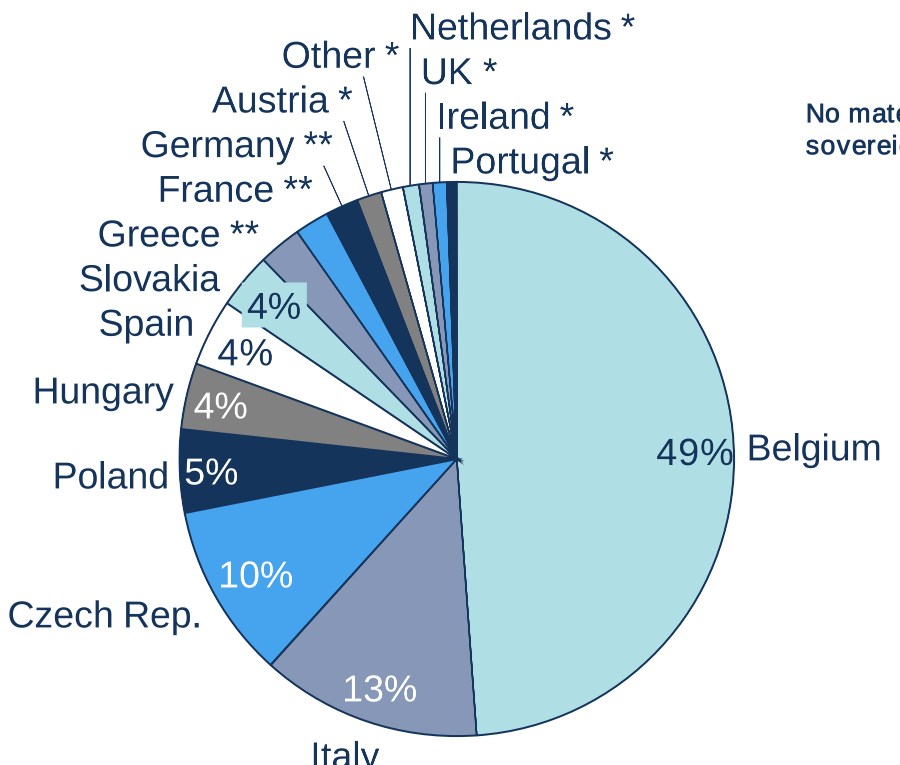
Government bond portfolio

- Around 60bn investment in government bonds (excl trading book), primarily as a result of significant excess liquidity position and the reinvestment of insurance reserves into fixed income instruments

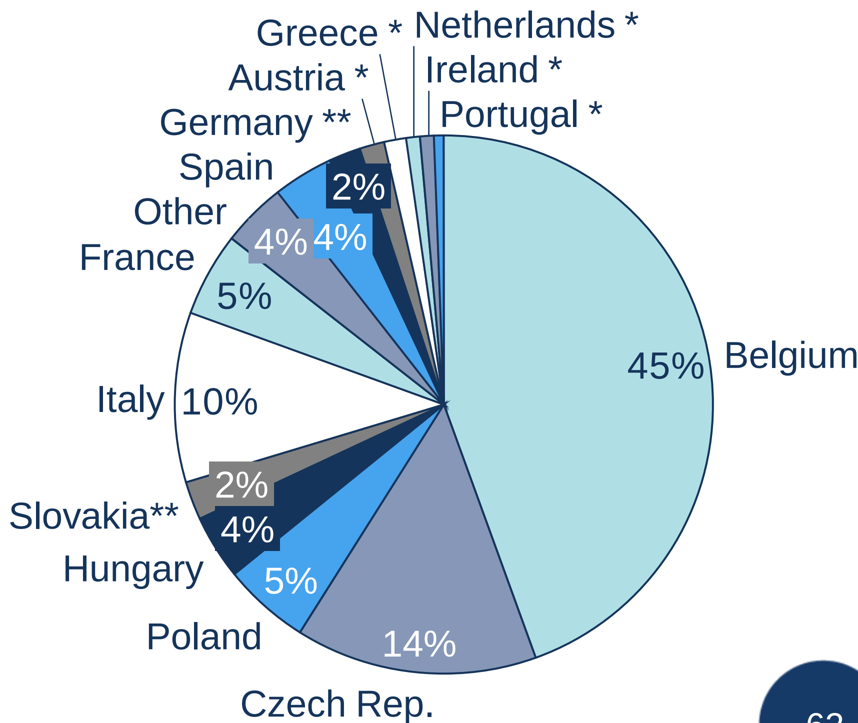
End 2009



(*) 1%, (**) 2%

No material non-EU sovereign exposure

End 2010



(*) 1%, (**) 2%

Sensitivity analysis on government bond exposure

Impact of a 10bps parallel upwards shift of the government bond interest rate curves

(m EUR)	Impact on equity	Impact on P&L	Weighted average duration (in years)
TOTAL	-183	-47	4.6
- of which Belgium	-86	-21	4.1

Belgium... Sovereign concerns?

Why the markets target Belgium….

- No new government yet
- Structural policy measures (social security & labour market reform) still to come
- Still relatively high public debt ratio
- Belgian banking sector's sovereign bond exposure

…Why the reaction is exaggerated

- Regional governments still in full force
- Belgian position in the business cycle is good (supported by strong rebound in Germany): 2.0% real GDP growth in 2010
- Labour market performing well (recovery in job creation & declining unemployment). Unemployment rate of 8.3% at the end of 2010 (vs. peak of 8.5% mid-2010)
- Public balance position not worrying in itself (relatively low deficit level & manageable) and good track-record on fiscal discipline
  - Public deficit as % of GDP: 4.7% in 2010 and 4.1% (or even lower) targeted in 2011
  - Public debt ratio as % of GDP: 98.6% in 2010 (vs. 134.0% in 1993 and 84.2% in 2007)
- No major economic imbalances (fundamentally Belgium is in far stronger position than the peripheral countries)

Exposure to Southern Europe

Total exposure to Greece, Portugal & Spain at the end of 2010 (bn EUR)

	Banking and Insurance book			Trading book Gov. Bonds	Total exposure
	Credit & corporate bonds	Bank bonds	Gov. bonds		
Greece	0.1	0.0	0.6	0.0	**0.7 (vs 2.0 end 2009)**
Portugal	0.3	0.0	0.3	0.0	**0.6 (vs 0.7 end 2009)**
Spain	2.1	0.6	2.2	0.1	**5.0 (vs 5.7 end 2009)**

- Total exposure to the most stressed countries Greece and Portugal amounted to only 1.3bn EUR at the end of 2010 (versus 2.7bn EUR at the end of 2009)
- Total exposure to Spain amounted to 5.0bn EUR at the end of 2010 (versus 5.7bn EUR at the end of 2009)

Breakdown of government bond portfolio, banking and insurance, at the end of 2010 (bn EUR)

	Banking	Insurance	Total
Greece	0.4	0.2	**0.6**
Portugal	0.1	0.2	**0.3**
Spain	1.5	0.7	**2.2**
TOTAL	**2.0**	**1.1**	**3.1**

Hungary: K&H Group remained profitable (1)

Profitable 2010, despite the bank tax and high loan loss provisions in 2010

- Full year 2010 underlying net profit for K&H Group amounted to 78m EUR, despite the ‘bank tax’ of 57m EUR (before tax) and the high loan loss provisions of 133m EUR. Barring unforeseen events, we expect K&H group to remain profitable for 2011 as well

Economic scenario

- Economic recovery will remain supported by external demand as domestic demand is lagging. Private consumption growth will indeed continue to suffer from weak labour market conditions, but investments could pick up as financial markets have stabilised. On balance, growth is expected to accelerate to around 2.5% in 2011 (from 1.0% in 2010)
- Budget deficit < 3% of GDP in 2011 – mainly as a result of short-term solutions (crisis taxes (until 2013) and pension transfers will keep deficit on target of -2.9% in 2010). Hungarian government can continue without IMF assistance, but nevertheless long-term structural adjustments in public finances are required. Markets expect structural measures to be announced in February/March

‘Bank tax’

- The banking tax for 2011 is estimated at 61m EUR before tax

Sovereign exposure

- Government bond exposure: 2.4bn EUR at the end of 4Q10, of which the majority is held by K&H

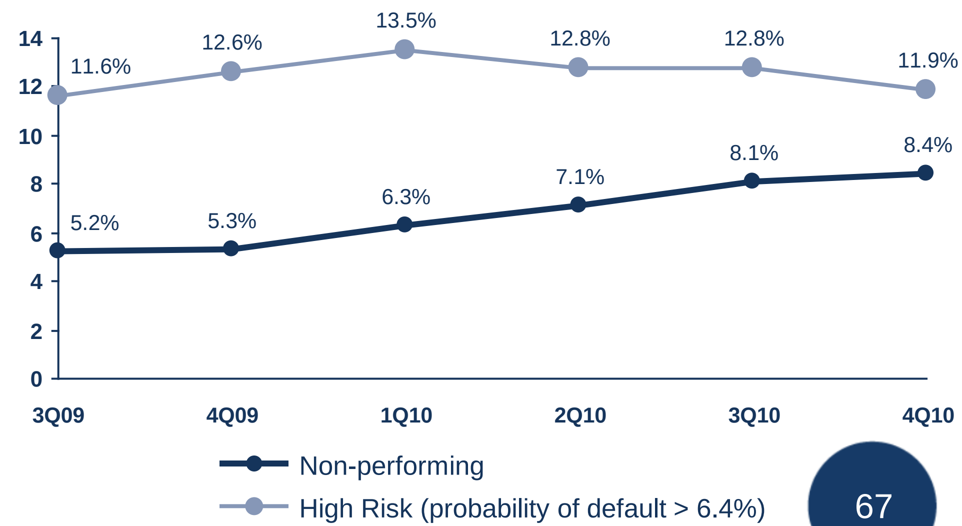
Hungary: K&H Group remained profitable (2)

- Including Q4 loan loss provisions of 19m EUR, the total for 2010 amounted to 133m EUR
- NPL rose to 8.4% in 4Q10 (8.1% in 3Q10), situated in retail and corporate lending
- 77% of the outstanding portfolio remains low or medium risk
- Main driver for 2.3bn EUR FX mortgage portfolio is the CHF/HUF movement. The estimated impact of a further 30% rise (prolonged) in CHF/HUF is an increase of approximately 150m EUR in impairments based on the current portfolio

Hungarian loan book – key figures December 2010

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	3.2bn	7.2 %	76 %
Retail	3.6bn	9.3 %	67%
o/w private	3.1bn	9.0 %	65 %
o/w companies	0.5bn	11.6 %	73 %
	6.7bn	8.4%	71 %

Proportion of NPLs



Update on CDO exposure at KBC (end 2010)

CDO exposure (bn EUR)	Notional	Outstanding markdowns
- **Hedged portfolio** - **Unhedged portfolio**	14.9 7.7	-1.2 -4.8
TOTAL	**22.5**	**-6.0***

* Cumulative markdowns since the start of the crisis amounted to 6.2bn EUR

Amounts in bn EUR	Total
Value adjustments (excluding Aldersgate) "Effective" loss (i.e. expect. losses based on claimed credit events)* - Of which impact of settled credit events	-6.0 -1.9 -1.1

* Excl. impact on equity and junior CDO pieces

- The total notional amount decreased by roughly 2.2bn EUR as a result of the first maturity in the CDO book
- Outstanding value adjustments amounted to 6.0bn EUR at the end of 2010
- Effective cash losses amounted to 1.9bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 17% cumulative loss in the underlying corporate risk (approx. 80% of the underlying collateral are corporate reference names)
- Reminder: CDO exposure largely written down or covered by a State guarantee

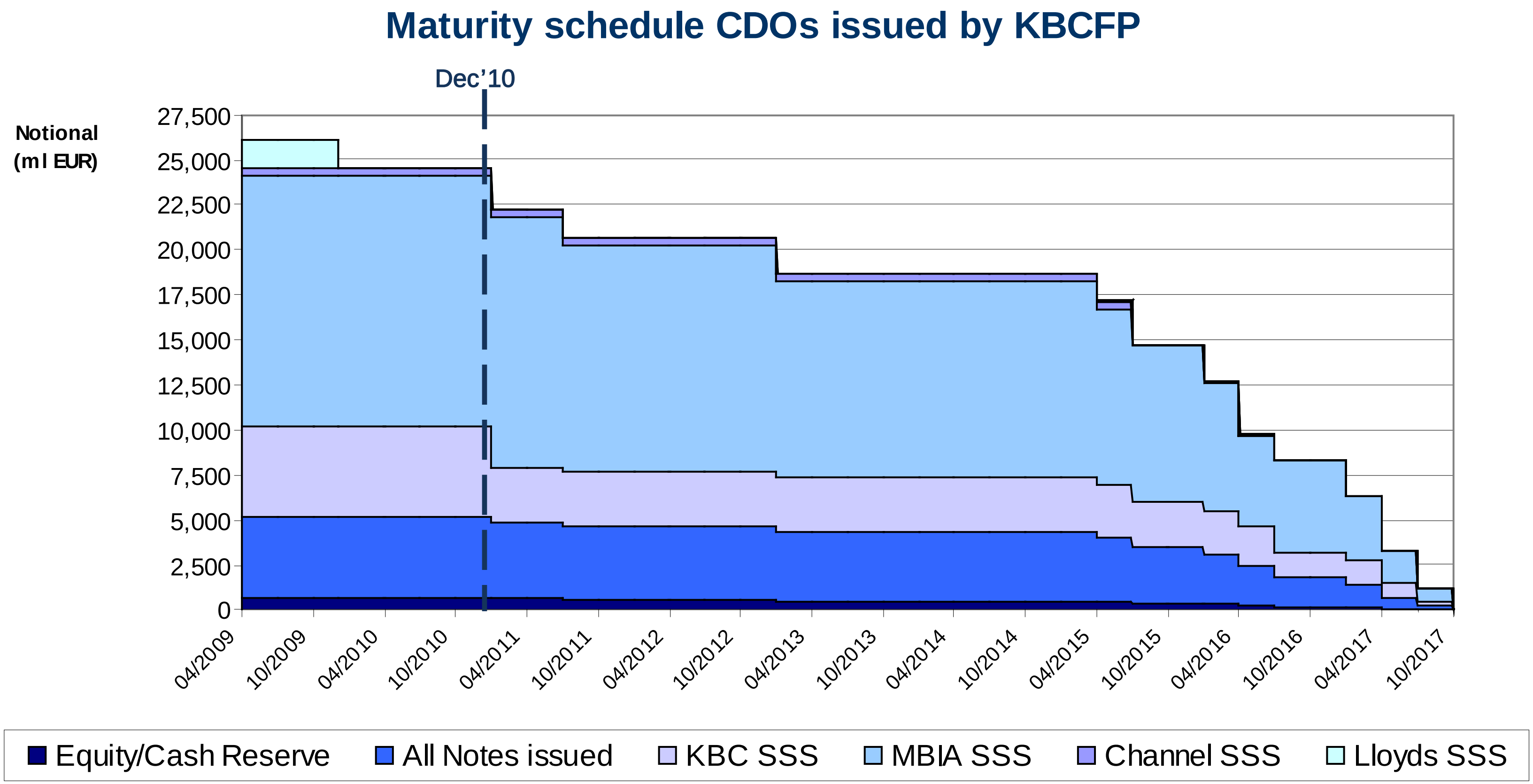
Update on CDO sensitivity

P&L impact* due to a shift in credit spreads (reflecting the credit risk)

	10%	20%	50%
Spread tightening	+0.2bn	+0.3bn	+0.9bn
Spread widening	-0.1bn	-0.3bn	-0.6bn

* Taking into account the guarantee transacted with the Belgian State and a provision rate for MBIA at 70%

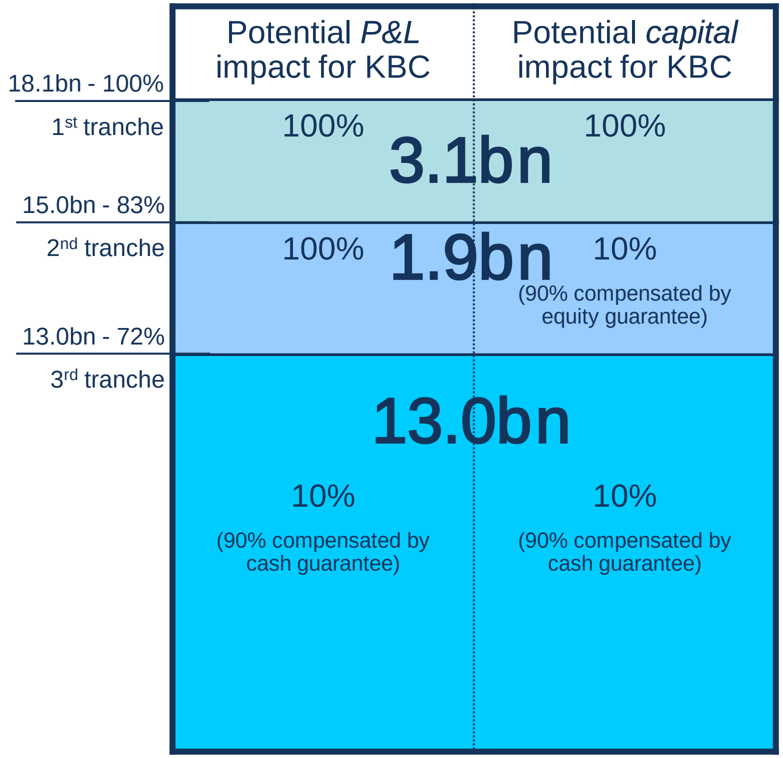
Maturity schedule for CDO portfolio



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 (1)

- State guarantee on 18.1bn euros' worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.6bn EUR) at closing of the transaction
    - CDO-linked exposure towards MBIA, the US monoline insurer (14.4bn EUR)
  - First and second tranche: 5.0bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.7bn EUR (90% of 1.9bn EUR) from the Belgian State if losses exceed 3.1bn EUR
  - Third tranche: 13.0bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach



Summary of government transactions (2)

7bn EUR worth of core capital securities subscribed by the Belgian Federal and Flemish Regional Governments

	Belgian State	Flemish Region
Amount	**3.5bn**	**3.5bn**
Instrument	Perpetual fully paid up new class of non-transferable securities qualifying as core capital	
Ranking	Pari passu with ordinary stock upon liquidation	
Issuer	KBC Group Proceeds used to subscribe ordinary share capital at KBC Bank (5.5bn) and KBC Insurance (1.5bn)	
Issue Price	29.5 EUR	
Interest coupon	Conditional on payment of dividend to shareholders. The higher of (i) 8.5% or (ii) 120% of the dividend for 2009 and 125% for 2010 onwards Not tax deductible	
Buyback option KBC	Option for KBC to buy back the securities at 150% of the issue price (44.25)	
Conversion option KBC	From December 2011 onwards, option for KBC to convert securities into shares (1 for 1). In that case, the State can ask for cash at 115% (33.93) increasing every year by 5% to the maximum of 150%	No conversion option