KBC Group / Bank

DEBT ROADSHOW

May 2011

KBC

More information www.kbc.com
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KBC Group - Investor Relations Office - E-mail: investor.relations@kbc.com

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Main strengths of KBC Group

- Well-developed bancassurance strategy and strong cross-selling capabilities. 75%-80% of revenue is generated in markets with leading market share
- Strong franchise in Belgium with high and stable return levels (ROAC of 39% in 1Q11)
- Access to growth in 'new Europe', with mitigated risk profile given most mature markets in the region
- Successful underlying earnings track record, as reconfirmed by the solid 1.7bn EUR net underlying profit in 2010
- Thanks to reductions in RWA, disposals of non-core assets and strong earnings power, KBC is well on track to reimburse the government support
- Stable shareholder structure
- Solid liquidity position, with a LTD ratio of 81% and a large portfolio of unencumbered government bonds
- A very favourable funding profile with relatively low (re)financing needs in 2011-2014 of 5bn-7bn EUR as well as a deep pool of liquidity in KBC's retail client base
- Comfortable level of CT1 and T1 at the end of 1Q11: 11.6% and 13.3% respectively. The "Basel III" pro forma common equity ratio is estimated at roughly 8.0% at end 2013

Contents

KBC 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-May 2011): 10bn EUR
  - Total assets: 322bn EUR at the end of 1Q11
  - Total equity: 18bn EUR
  - Tier-1 ratio: 13.3% (11.6% core)

- Key data on KBC Bank
  - Total assets: 278bn EUR at the end of 1Q11
  - Total equity: 14bn EUR
  - Tier-1 ratio: 12.6% (10.7% core)

- Credit ratings of KBC Bank

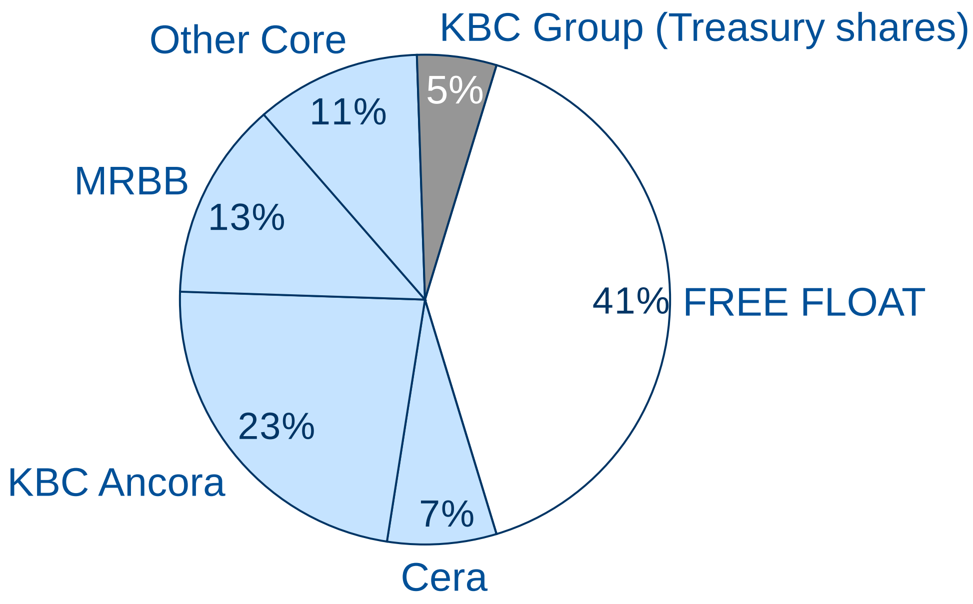
	S&P (Mar 2009)	**Moody's** (Mar 2010)	**Fitch** (Jul 2010)
Long-term	**A / stable**	**Aa3 / Neg**	**A / Stable**
Short-term	A-1	Prime-1	F1

- Underlying net group profit of KBC Group in 2010: 1,710m EUR
- Underlying net group profit of KBC Group in 1Q11: 658m EUR

Stable shareholder structure

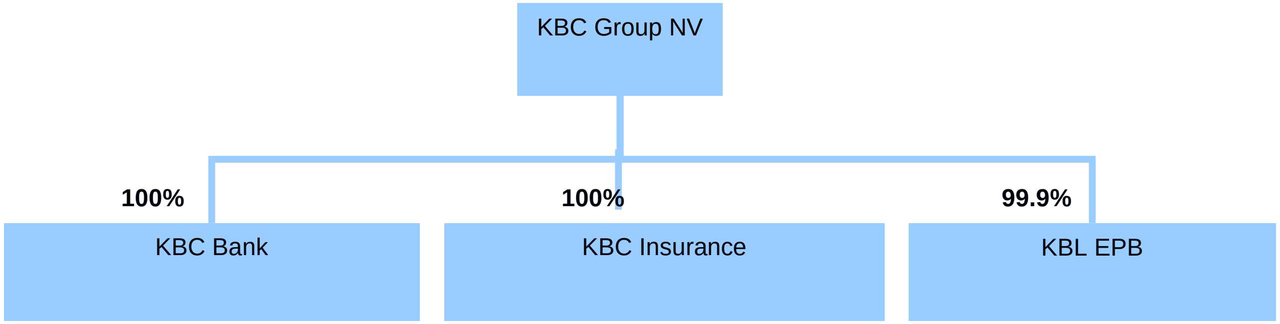
- Over 50% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera / KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of industrialist families

- The free float is held mainly by a large variety of international institutional investors

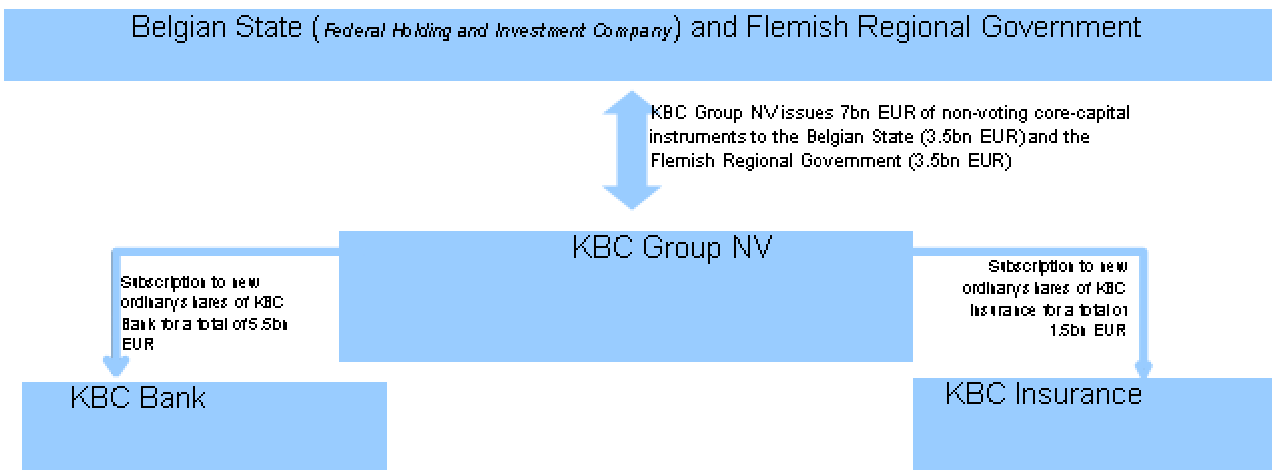


Group’s legal structure

- **Group’s legal structure**

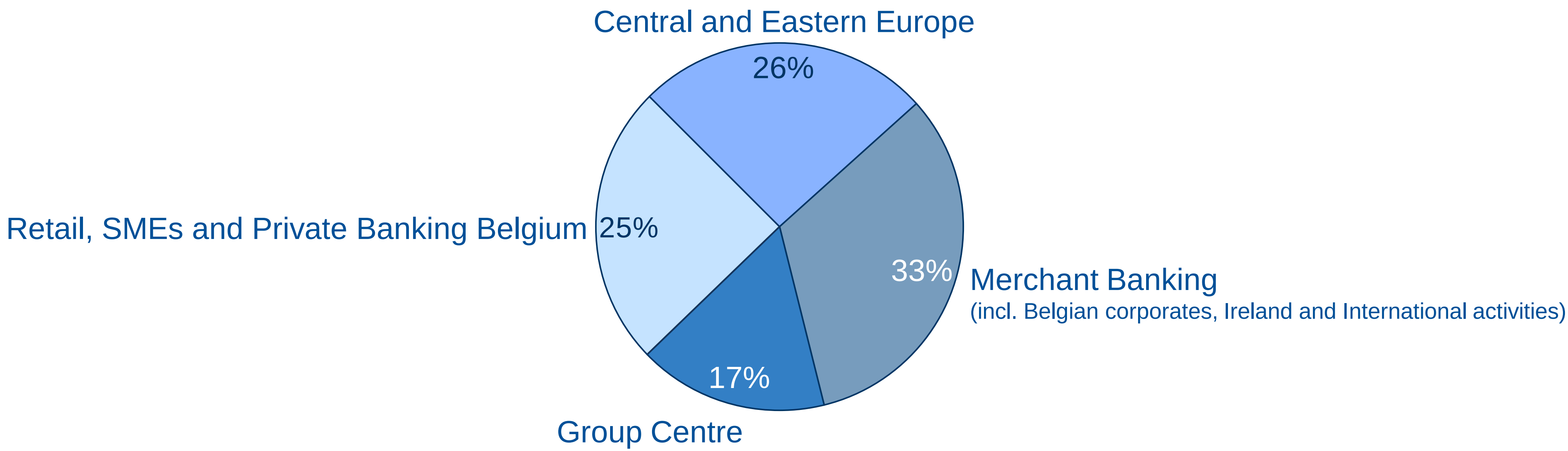


- **Overview of capital transactions with the Belgian State and the Flemish Regional Government**



Business profile of KBC Group

Breakdown of capital allocation as of 31 March 2011 per business unit



- KBC is a leading player in Belgium and our 5 core countries in CEE (retail and SME 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

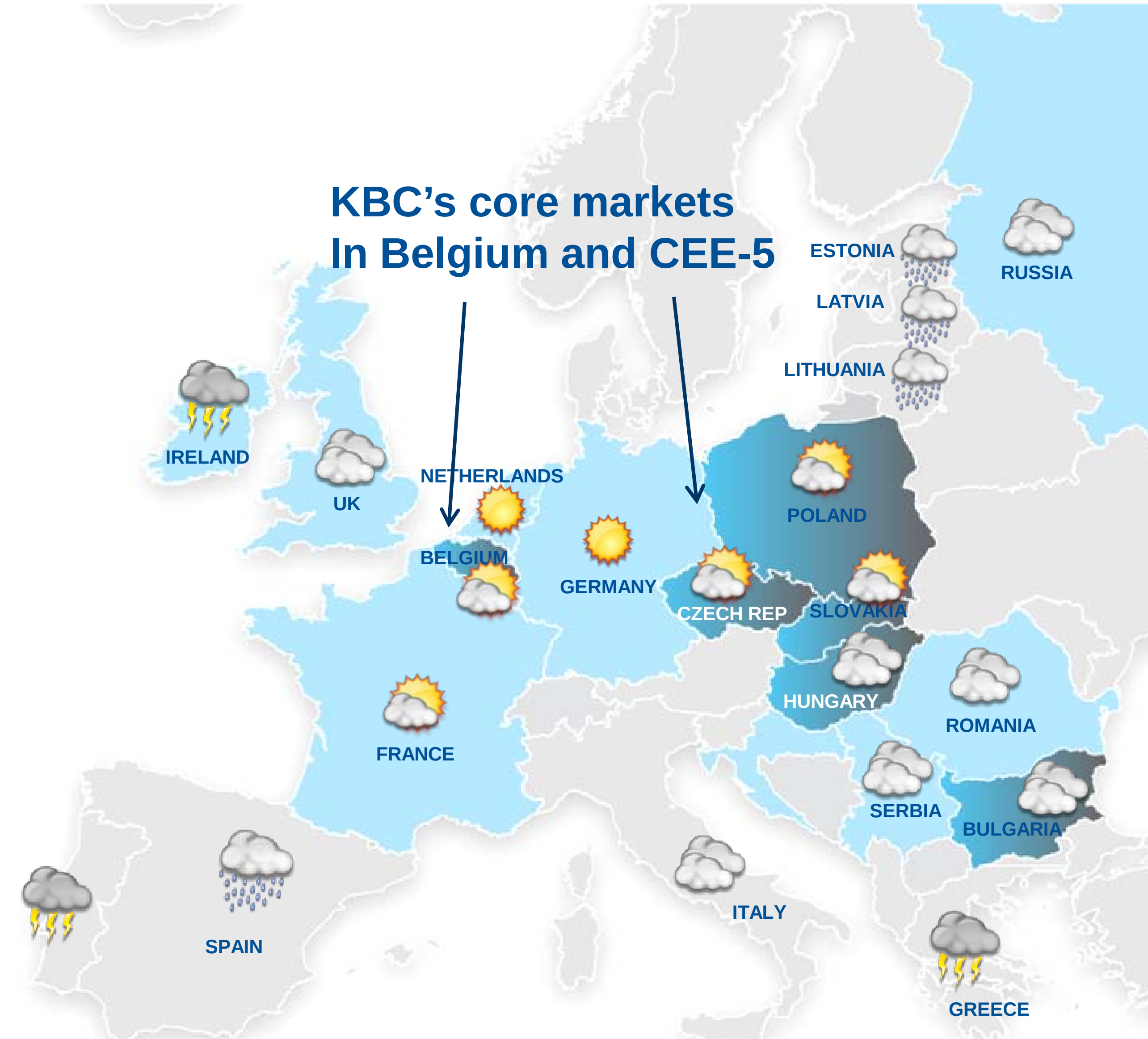
Market shares of KBC Bank in core markets

Market shares, as of end 2010**

	Belgium	Czech Republic	Slovakia	Hungary	Poland	Bulgaria
(Inhabitants)	(10 million)	(10 million)	(5 million)	(10 million)	(39 million)	(8 million)
Loans and deposits	21% ↑	23%* →	10% →	9% →	4% →	3% →
Investment funds	39% →	32% ↓	11% ↓	20% →	5% →	-

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

KBC's geographical presence



Macroeconomic outlook

Based on GDP, CPI and unemployment trends
Inspired by the Financial Times

KBC'S CORE MARKETS

Belgium (Moody's Aa1)
Total assets: 182n EUR

Czech Republic (A1)
Total assets: 36bn EUR

Hungary (Baa3)
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 Baa3)
Total assets: 21bn EUR

Russia (Baa1)
Total assets: 2.5bn EUR

Serbia (not rated)
Total assets: 0.3bn EUR

Romania (Baa3)
Total assets: 0.1bn EUR

Real GDP growth outlook for core markets

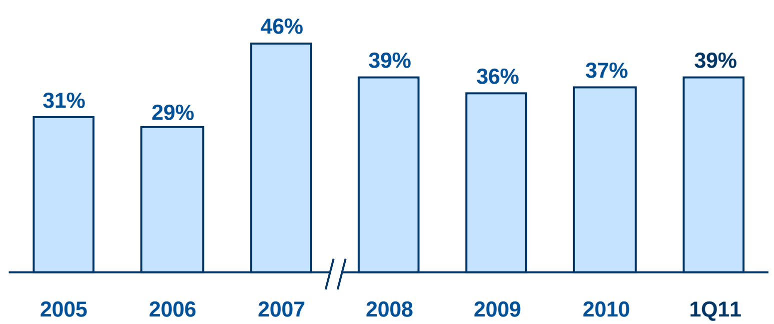
Source: KBC data, May 2011

	% of assets	2010a	2011e	2012e
PL	4%	+3.8%	+4.0%	+4.0%
SK	2%	+4.0%	+3.2%	+3.4%
BE	56%	+2.1%	+2.0%	+2.0%
CZ	11%	+2.2%	+1.8%	+3.0%
BG	1%	+0.2%	+3.1%	+4.2%
HU	4%	+1.1%	+2.7%	+3.0%

A successful core strategy

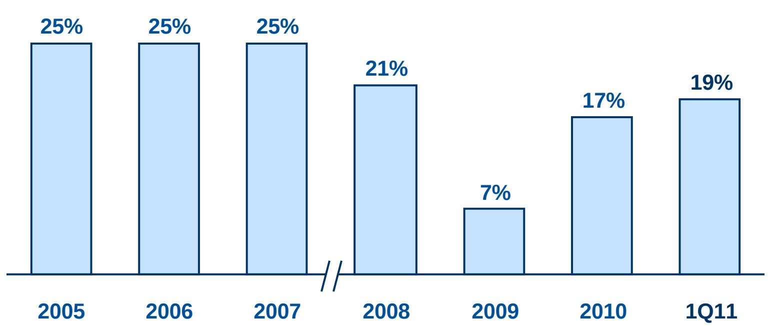
- **Strategic review November 2009**
  - Core earnings power in Belgium and CEE largely intact
  - Our business model generates consistently high returns in core geographies (cyclical loan provision charge of 1.7% was the main swing factor in CEE in 2009)

Return on allocated capital Belgium*



* Note that Secura has been excluded from 4Q10 onwards

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 reduction in RWA combined with divestment of non-core assets

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

Action plan to prepare for the future

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, complementary channels in Belgium (giving up 1-2% market share) and non-EU CEE (Russia and Serbia, post 2011). Sale of Centea has been announced in 1Q11
  - IPO of minority stake in CSOB (Czech bank, book value of 2.8bn EUR at end 1Q11)
  - Certain additional measures

3. Pay Back State Capital & Continue Growth

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

Current situation (at end 1Q11)

1. Adequate Capital	Including State core capital securities of 7bn EUR, the core tier-1 ratio for KBC Group was at a comfortable 11.6% level at the end of 1Q11 . At KBC Bank, the core tier-1 ratio amounted to 10.7% at the end of 1Q11
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	1Q11 and 2010 loan losses were 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

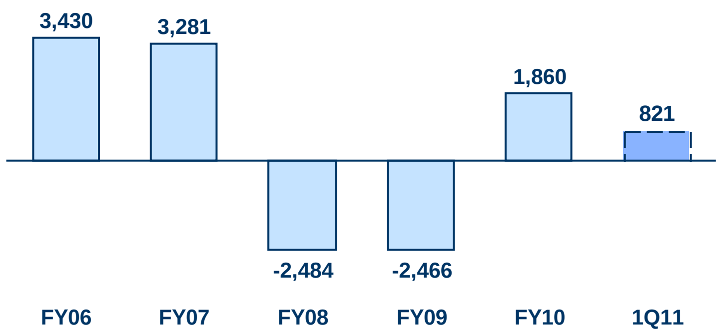
* Additional disclosure in appendices

Contents

Solid core earnings power

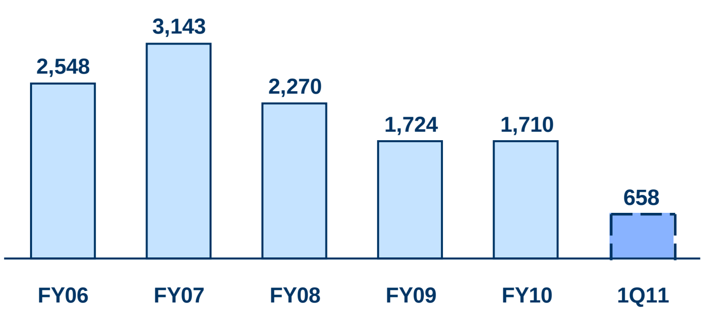
Amounts in EUR million
for KBC Group

Reported net profit



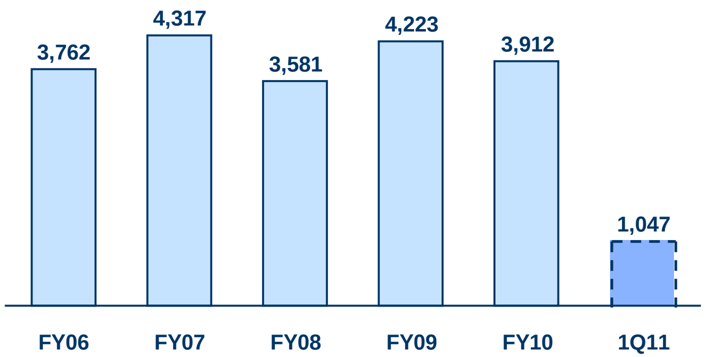
Excl. exceptional items

Underlying net profit



Excl. exceptional items and cyclical effects of credit provisions

Underlying gross operating income (pre-impairments)

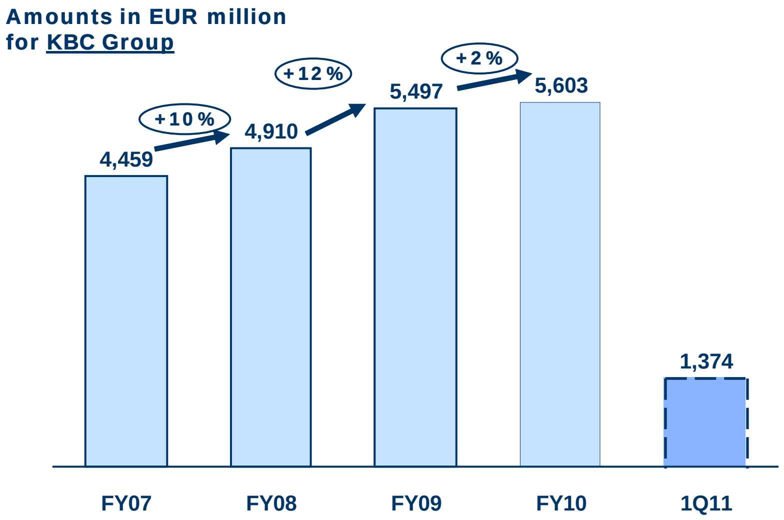


- Underlying gross operating income (core earnings) in FY09 and FY10 is roughly in line with the pre-crisis FY06 and FY07 level (when trading income was still much higher)

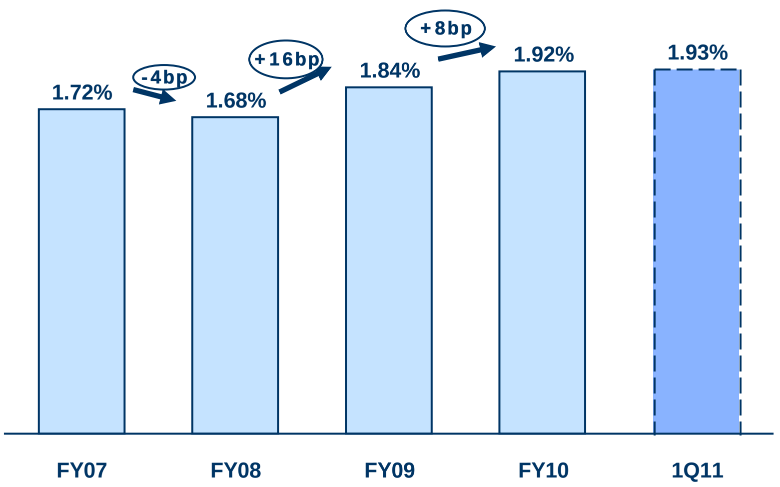
Revenue keeping up well based on healthy margin environment

- Net interest income from lending and deposit-taking rose by 2% in 2010 on account of healthy credit spreads and shift to higher-margin deposit products. The NIM increased 8bps y-o-y to 1.92%, partly thanks to some technical items. The NIM in 1Q11 amounted to 1.93%
- Loan volumes fell by 2% yoy in FY10, while deposit volumes rose by 6% in FY10. Loan volume growth in Belgium was offset by the scaling down in Central and Eastern Europe and reduction in the international corporate loan book, in line with the strategic focus

Underlying net interest income
(worldwide)



Net interest margin
(worldwide)

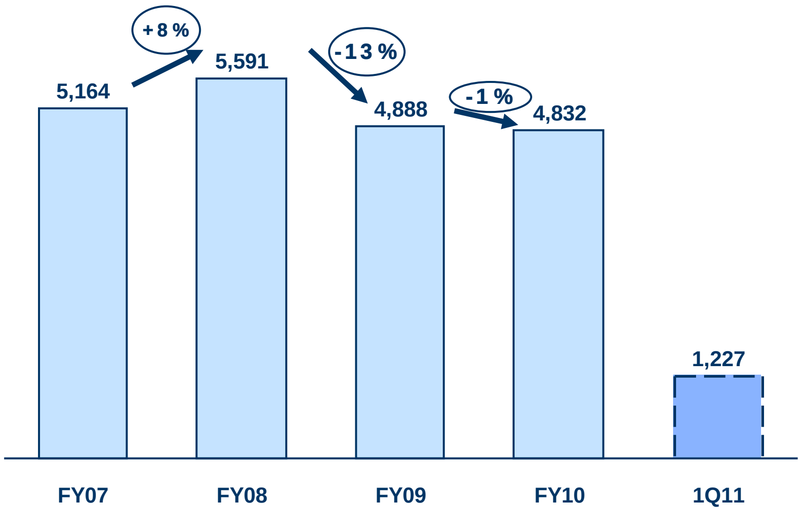


Continued tight cost control, loan loss provisions significantly lower

- Even after the 13% y-o-y reduction in operating expenses realised in 2009, operating costs remained very well under control (-1% y-o-y in 2010), reflecting strong cost management, despite the Belgian and Hungarian bank tax. We still believe that costs in 2011 on a like-for-like basis will start to increase somewhat going forward
- In 2010, loan loss provisions were significantly lower (-20% y-o-y): consistently low in the Belgium BU and substantially lower in the CEE and Group Centre BUs

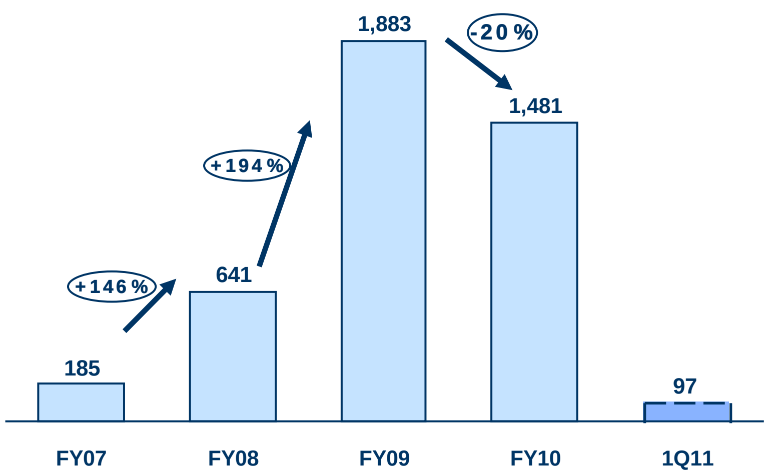
Underlying operating expenses
(worldwide)

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

	1Q 2011 credit cost ratio	FY 2010 credit cost ratio	FY 2009 credit cost ratio	Average '99 –'10	Peak '99 –'10
Belgium	**0.08%**	0.15%	0.15%	0.16%	0.31%
CEE	**0.51%**	1.22%	1.70%	1.05%	2.75%
Merchant	**0.43%**	1.38%*	1.19%	0.55%	1.38%*
Group Centre	**-0.48%**	1.03%	2.15%		
Total	**0.24%****	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 at Merchant Banking is fully attributable to KBC Bank Ireland

** Credit cost ratio fell to 0.24% thanks to several impairment releases. Excluding these releases, the credit cost ratio is still at a low 0.42%

Contents

Balance sheet risks?
(KBC Bank consolidated at end 1Q11)

Total Assets: 278bn EUR

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

Loan book: 148bn EUR

(Loans and advances to customers)

1. Credit quality

Trading assets: 25bn EUR

2. Trading exposure

3. 'Toxic' assets

Investment portfolio: 56bn EUR

4. Sovereign bonds

Other (incl. interbank loans): 44bn EUR

Total Liabilities & Equity: 278bn EUR

Parent shareholders' equity: 13bn EUR

Capital adequacy

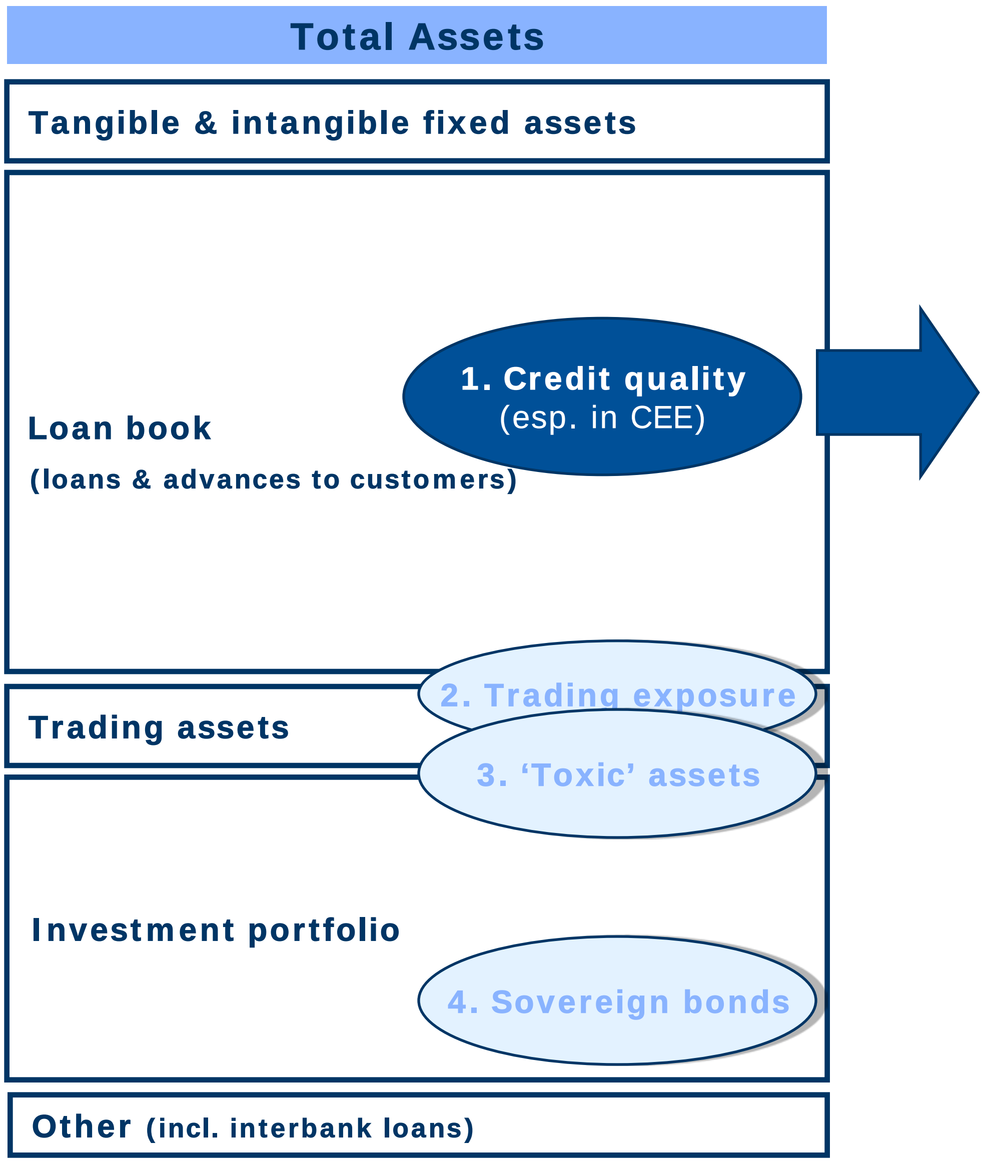
Liquidity position

Funding and deposit base: 197bn EUR

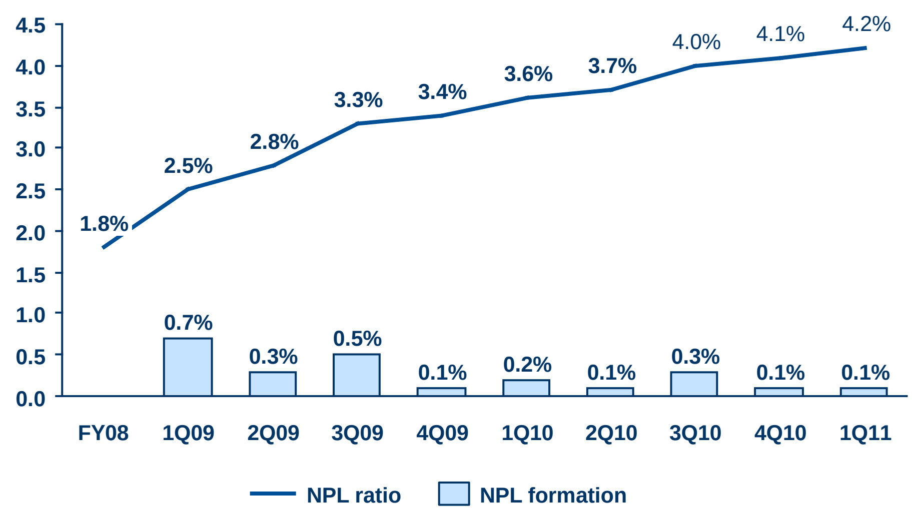
Trading liabilities: 21bn EUR

Other (incl. interbank deposits): 47bn EUR

Credit quality



- Customer loan book: 148bn EUR at end 1Q11
  - 37% residential mortgages
  - 3% consumer finance
  - 12% other retail loans
  - 48% SME/corporate loans
- Largely sold through own branches
- Total NPL at 4.2% at end 1Q11 (5.7% in CEE)
- The NPL formation has stabilised
- NPL cover ratio at 74% at end 1Q11 (75% in CEE)



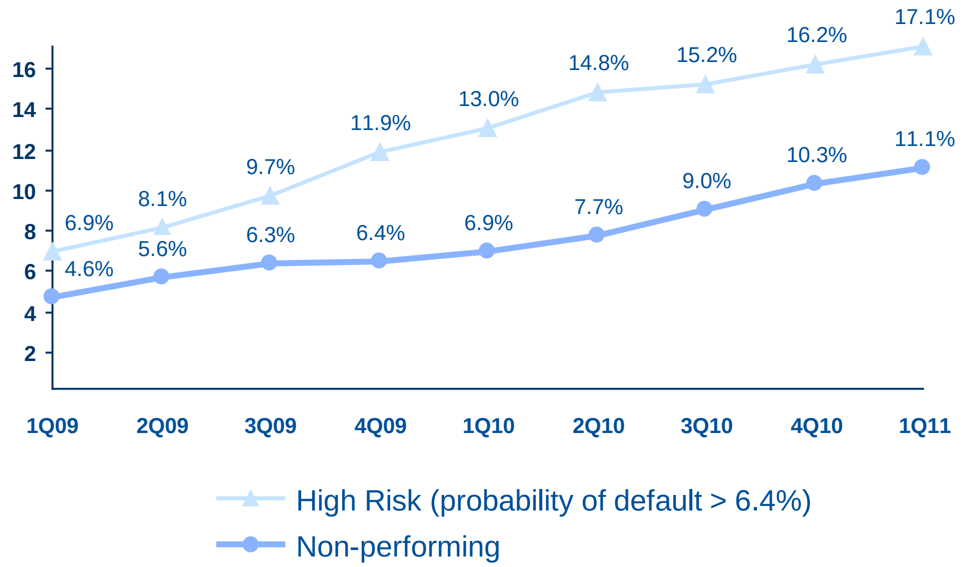
Focus on NPL trends in Ireland

- Economy beginning to show signs of stabilisation as exports offset continued weakness in domestic spending
- Unemployment remains high, but there are signs of reduction in redundancies and small improvement in hiring. However, household incomes continue to be under pressure following recent budgetary measures
- Economic growth likely to be marginally positive in 2011, but progressive improvement expected in 2012 and 2013
- Initial EU/IMF programme targets met and new Irish bank stress tests seen as credible given the severity of the assumptions. The assumptions disclosed for the new PCAR test confirms sufficient provisioning for KBCBI in the base case scenario
- The Irish business contributed 13m EUR to group profit after a YTD loan impairment of 45m EUR
- NPL rose to 11.1% in 1Q11 (10.3% in 4Q10) which related mainly to the commercial portfolio and was due to a number of specific events in regard to already provisioned cases
- Local tier-1 ratio was 9.9% at the end of 1Q11 (10.3% at the end of 4Q10)

Irish loan book – key figures March 2011

Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.7bn	7.7%	29%
Buy to let mortgages	3.3bn	12.2%	33%
SME /corporate	2.3bn	10.8%	41%
Real estate investment	1.3bn	16.0%	47%
Real estate development	0.6bn	48.8%	82%
	17.1bn	11.1%	42%

Proportion of High Risk and NPLs

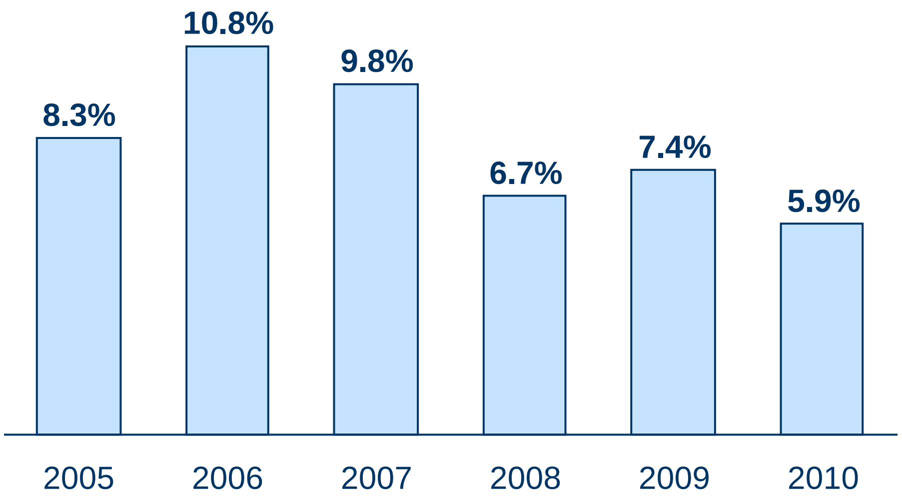


Trading activities

Total Assets

- **Tangible & intangible fixed assets**
- **Loan book** — 1. Credit quality
- **Trading assets** — 2. Trading exposure; 3. 'Toxic' assets
- **Investment portfolio** — 4. Sovereign bonds
- **Other** (incl. interbank loans)

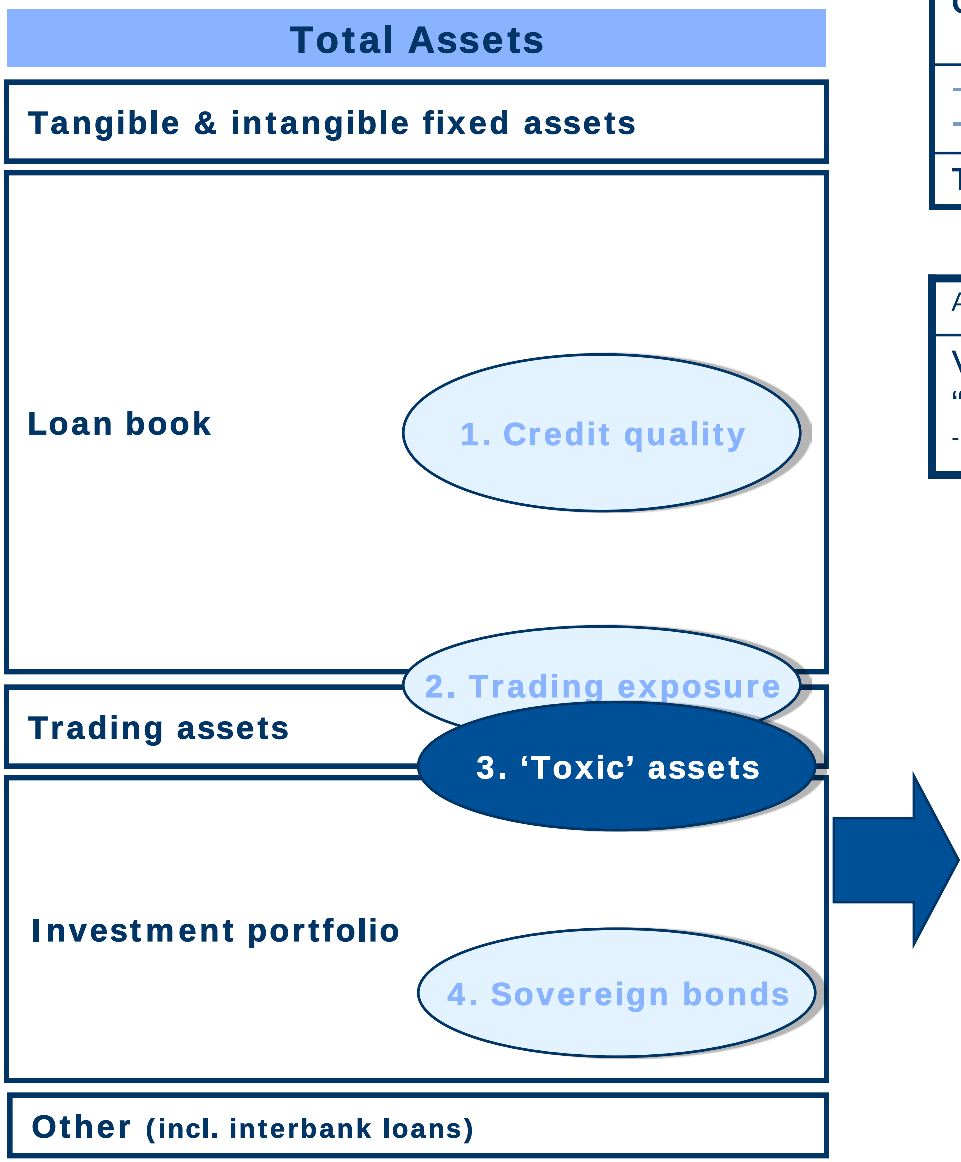
Net (un)realised gains from FIFV within the 'Market Activities' sub-unit, 2005-2010 (on a pro forma basis)



Underlying net (un)realised gains from FIFV within 'Market Activities' (on a pro forma basis) as a % of group underlying total income

- Less dependency on net (un)realised gains from FIFV within the 'Market activities' sub-unit (part of MEB), and more in particular on the dealing room results

Investment portfolio



CDO exposure (bn EUR)	Notional	Outstanding markdowns
- Hedged portfolio	14.4	-1.1
- Unhedged portfolio	7.5	-4.6
TOTAL	**21.9**	**-5.7**

Amounts in bn EUR	Total
Value adjustments (since start crisis)	-5.7
"Expected" loss (i.e. expect. losses based on claimed credit events) *	-2.1
- Of which impact of settled credit events	-1.3

* Excl. impact on equity and junior CDO pieces

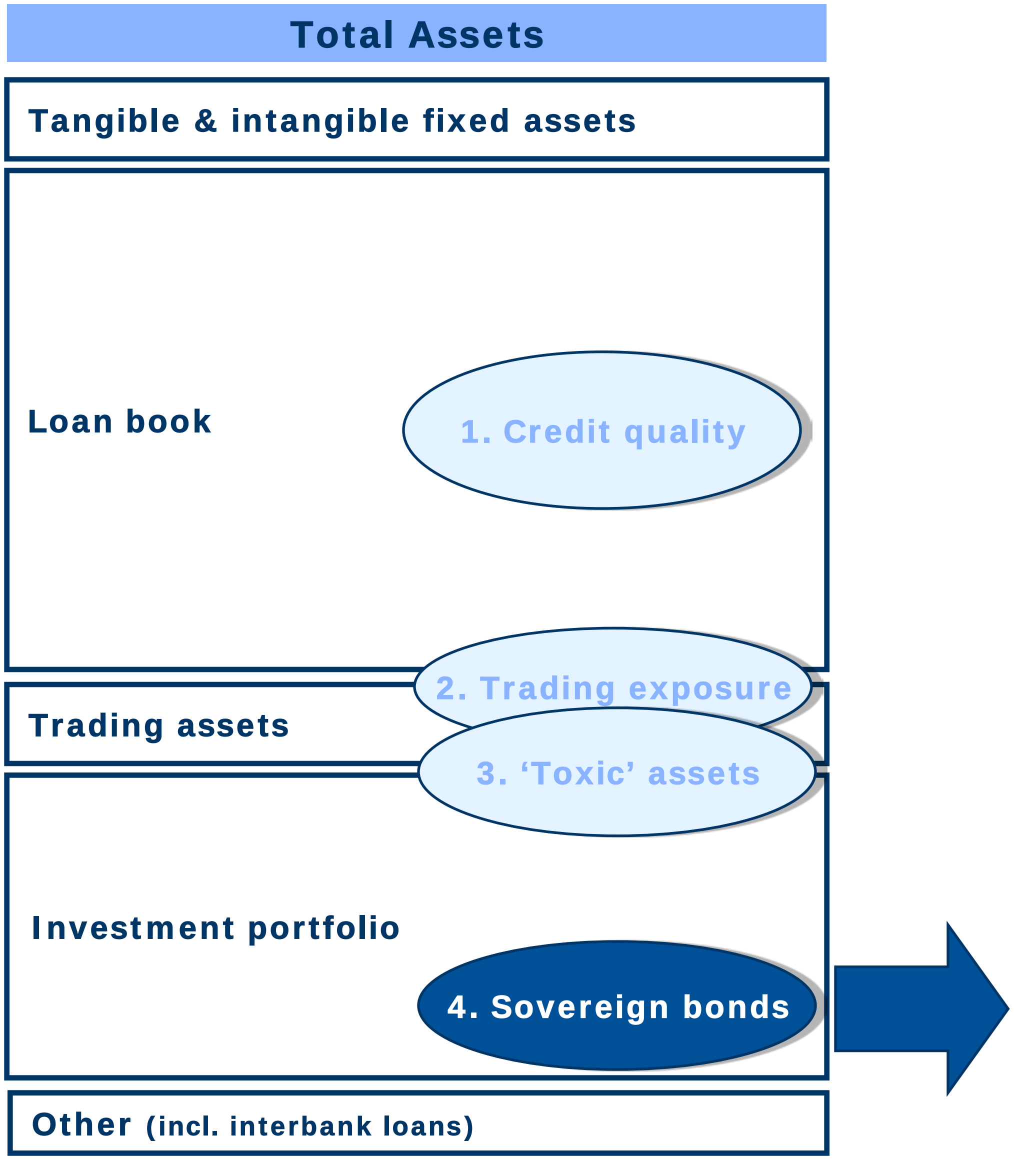
- The total notional amount decreased by roughly 0.6bn EUR, as a result primarily of relieving the risk of the Lancaster CDO
- At end of 1Q11, outstanding value adjustments amounted to 5.7bn EUR vs. 2.1bn EUR expected losses (excl. impact on equity and junior CDO pieces)
- Within the scope of the sensitivity tests, the value adjustments reflect a cumulative loss of 14% 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 +0.3/-0.3bn EUR

* See appendices for more details

Investment portfolio (cont'd)



- Government bond investment portfolio at KBC Bank of 51bn EUR (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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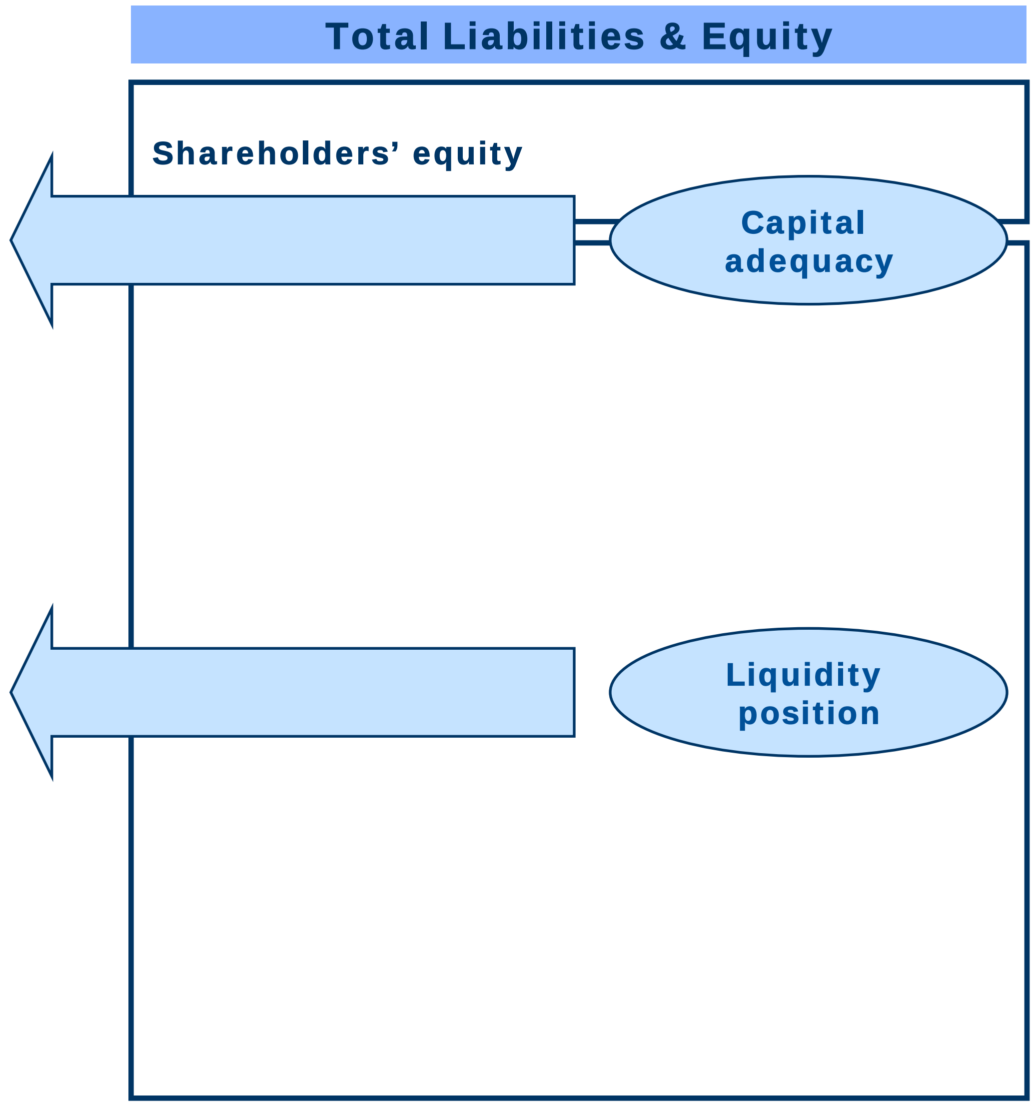
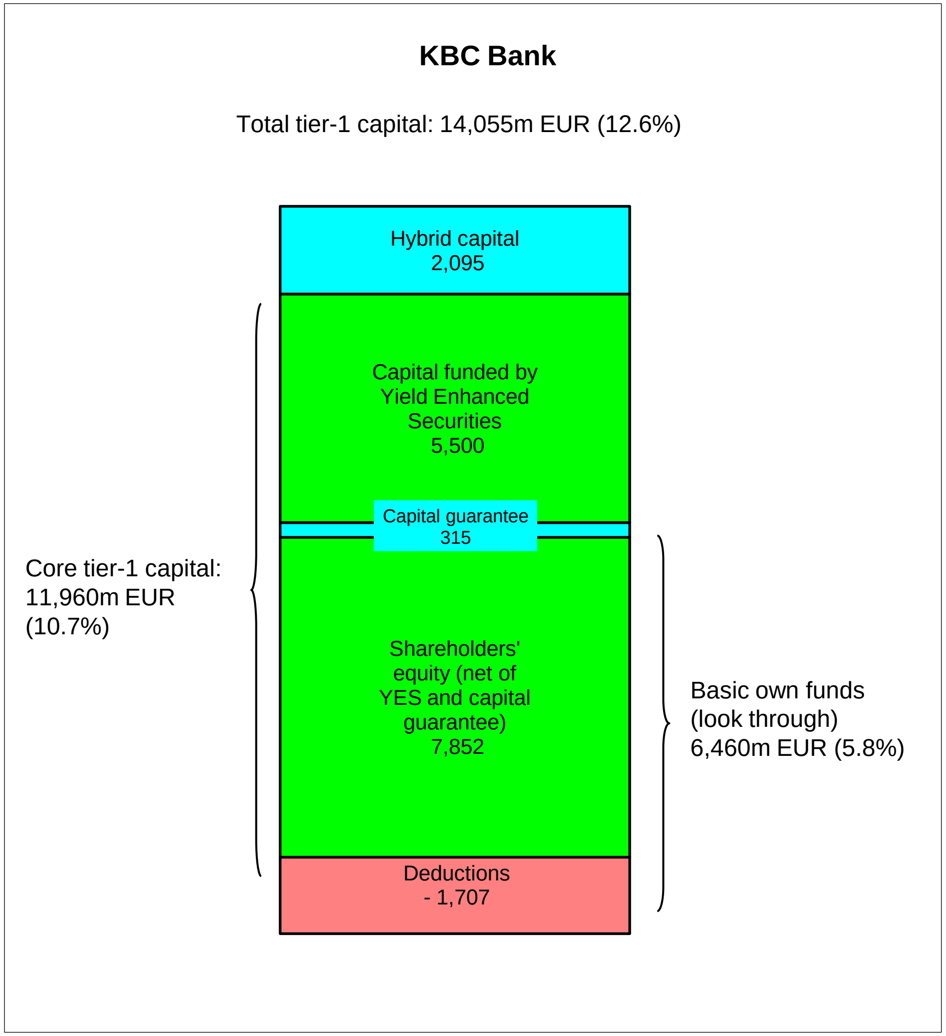
Solvency and liquidity position

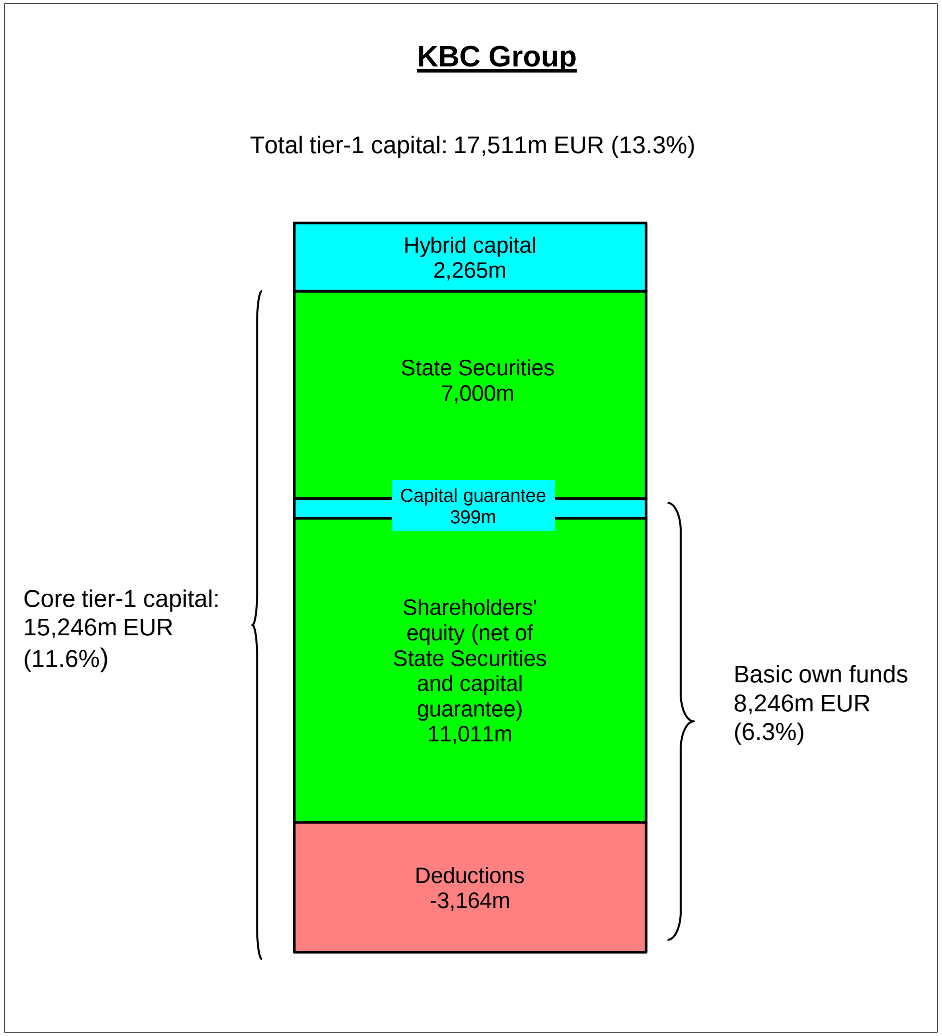
- With core tier-1 ratio of 10.7% at KBC Bank (excl. KBL *epb*) and 11.6% at KBC Group, KBC is well positioned to pursue organic growth

- With loan-to-deposit ratio at 81%, need for refinancing in the market is limited compared to peers
- Based on a preliminary analysis, funding & solvency seem to be manageable in light of the new ‘Basel’ proposals

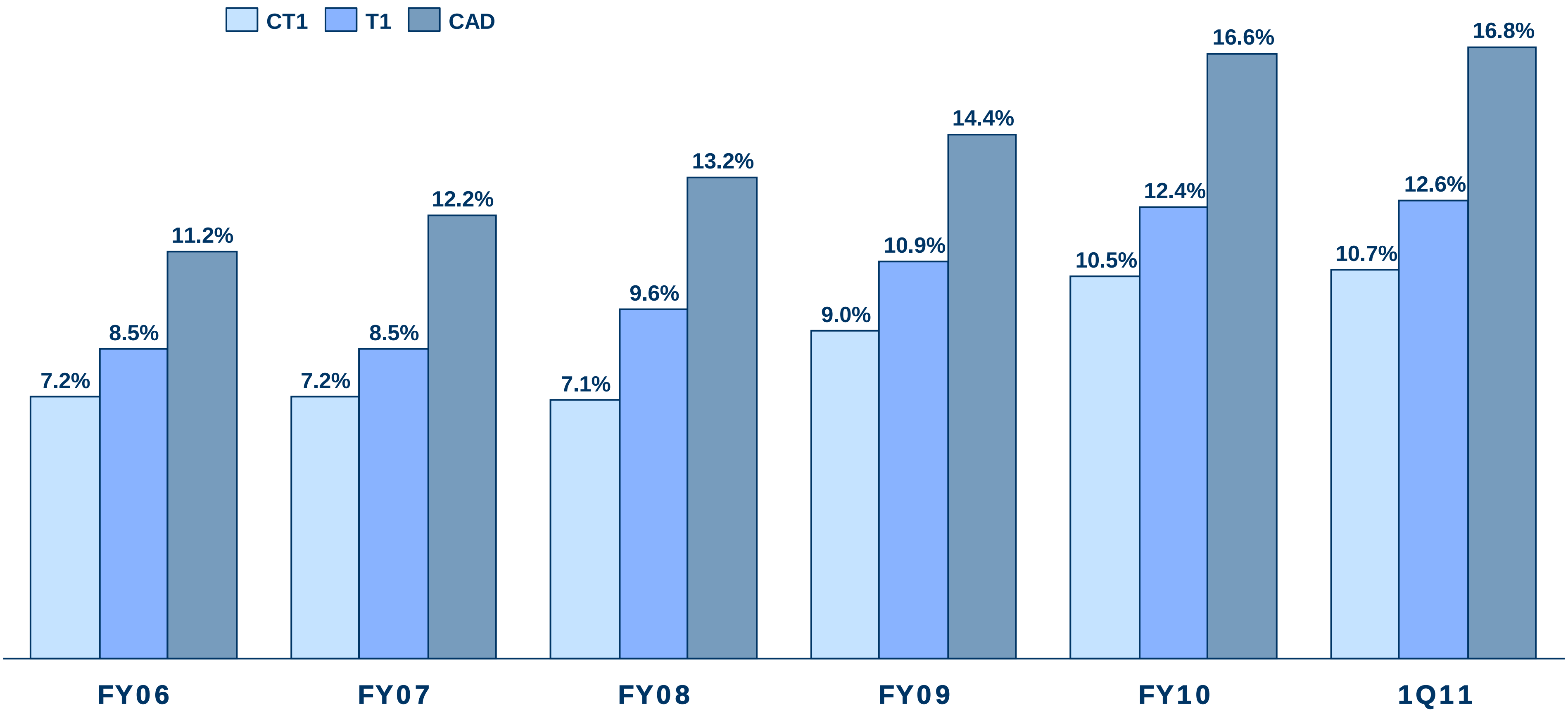


Overview total (core) tier-1 composition





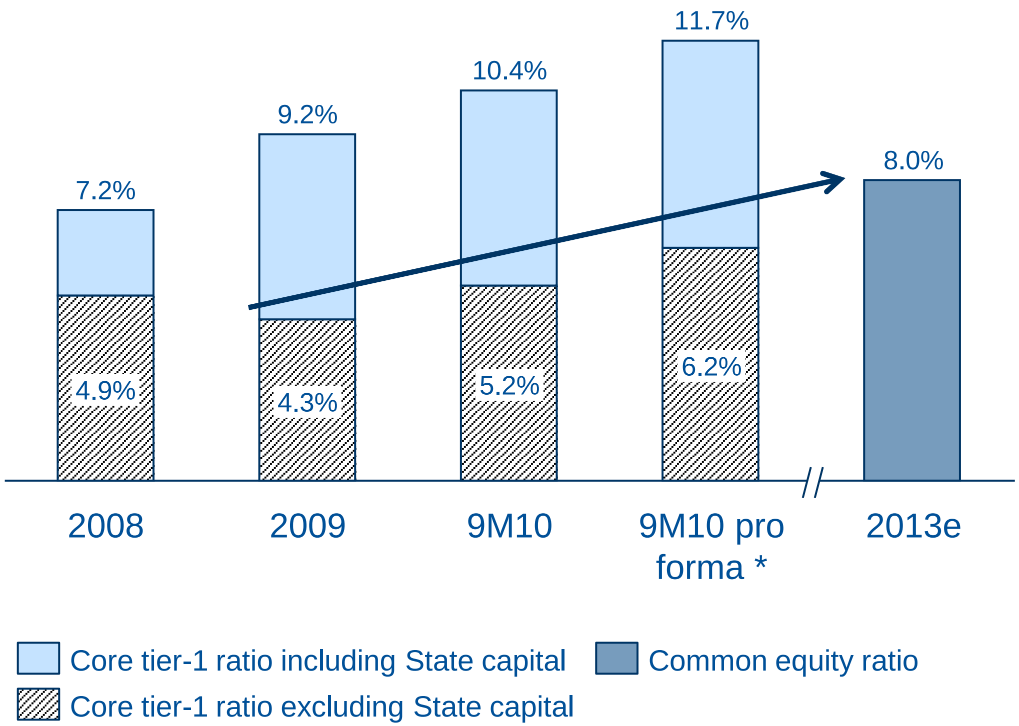
Improved capital ratios at KBC Bank (excl. KBL)



Impact of Basel III for KBC Group (1)

■ **MAIN CONCLUSION ABOUT impact of BIII on KBC GROUP:**

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



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

Impact of Basel III on KBC Group (2)

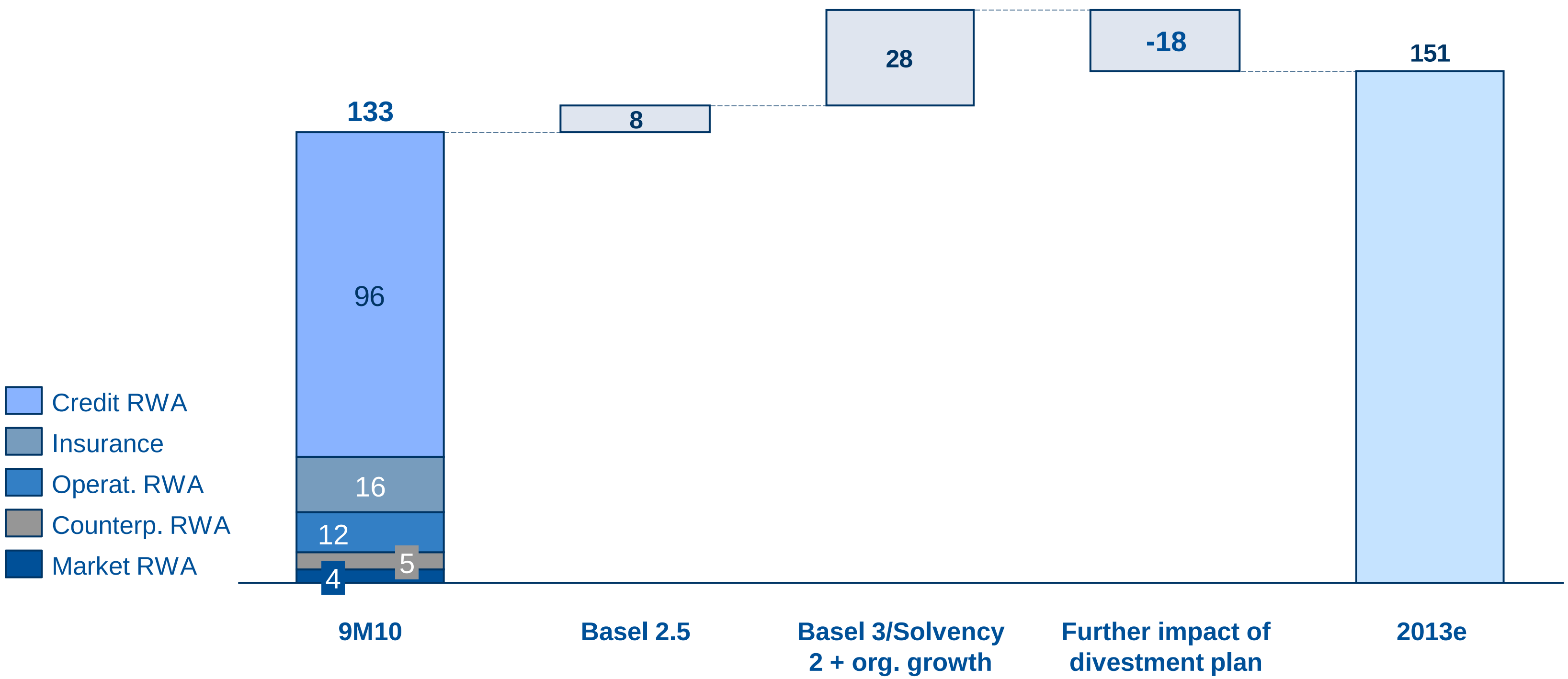
- **<u>At the level of 'RWAs': relatively limited impact thanks to KBC's divestment plan</u>**
  - Uncertainties remain with respect, for example, to different calculations for the Credit Valuation Adjustment (CVA) method.
  - Counterparty and market RWAs have already fallen by 54% to roughly 9.5bn EUR 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, the impact of BIII on these RWAs will certainly be manageable for KBC Group.

Impact of Basel III on KBC Group (3)

Impact on RWA



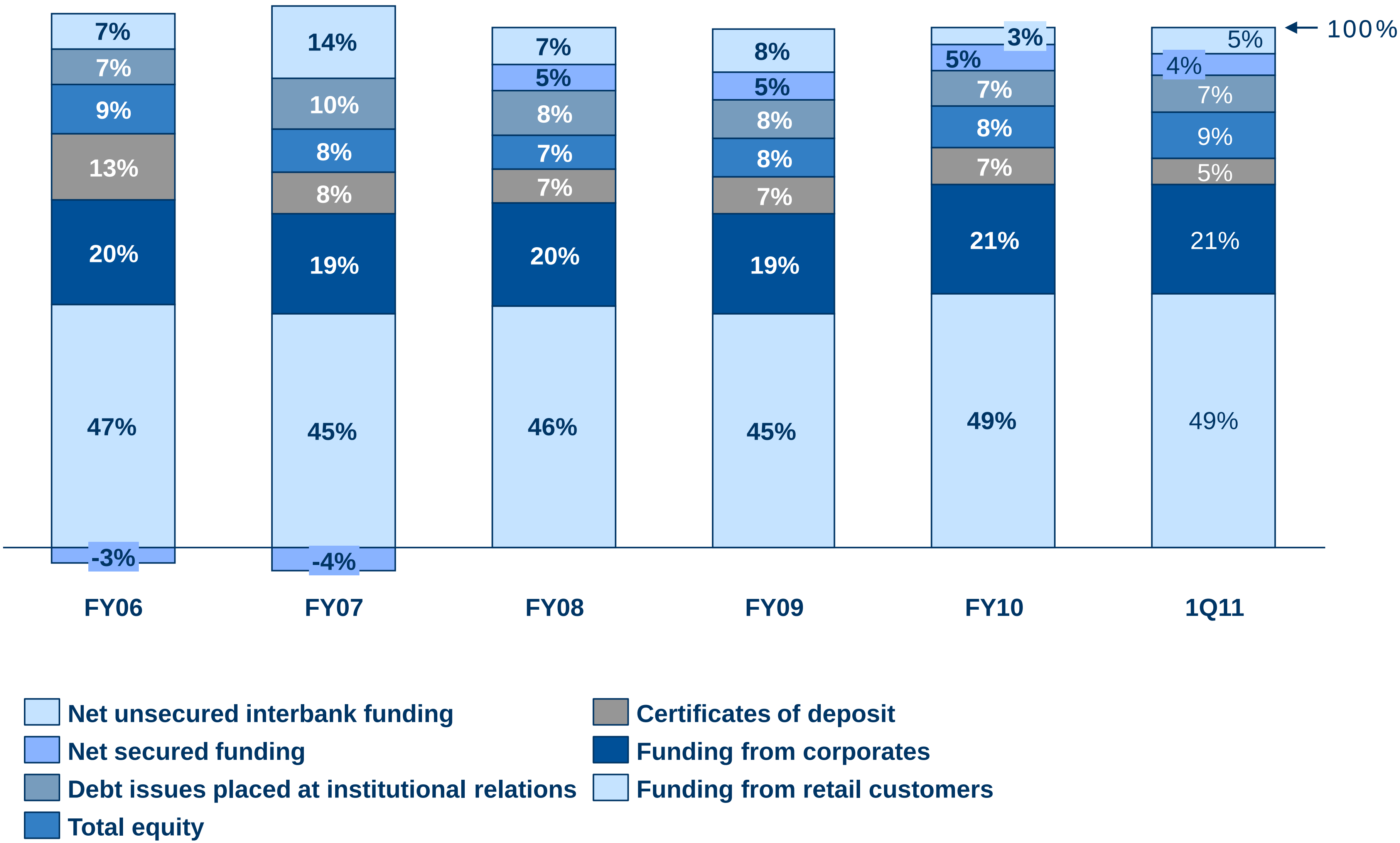
Impact of Basel III on KBC Group (4)

- **<u>MORE DETAILED INFO ABOUT SOME COMPANY-SPECIFIC IMPORTANT BIII ITEMS</u>:**

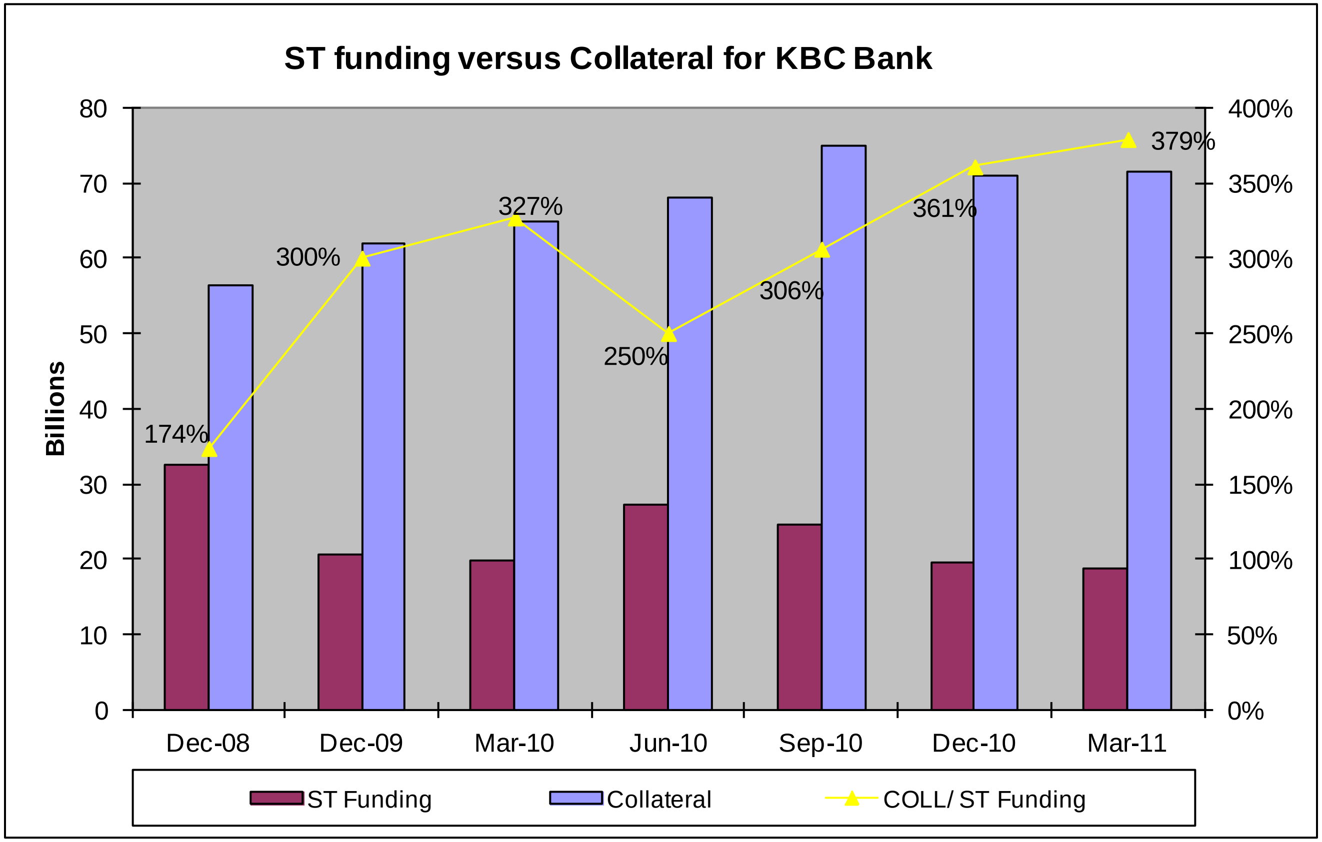
  - <u>Minority interests</u>: Although the capital impact of the listing of a minority stake in CSOB will still be negatively impacted by BIII, this impact will be considerably less negative than under the initial BIII consultation document (released on 17 Dec 2009)
    - Minority share in line with the 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

  - <u>DTAs</u>:
    - 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

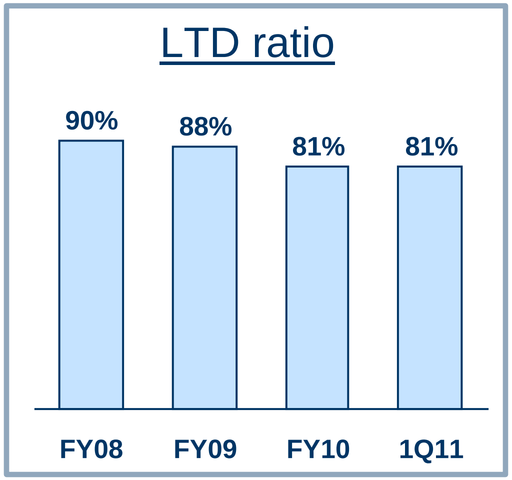
Liabilities – funding mix: stable & retail-based



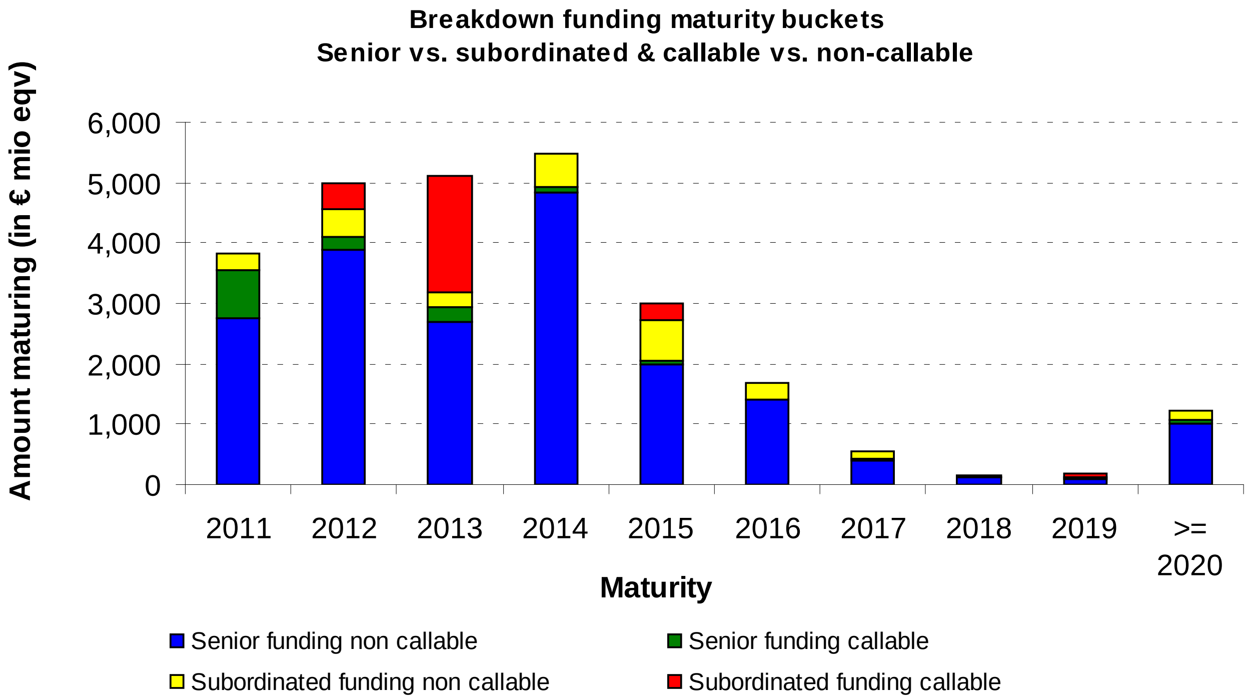
ST funding needs are fully covered by central-bank eligible collateral



… and healthy LTD ratios



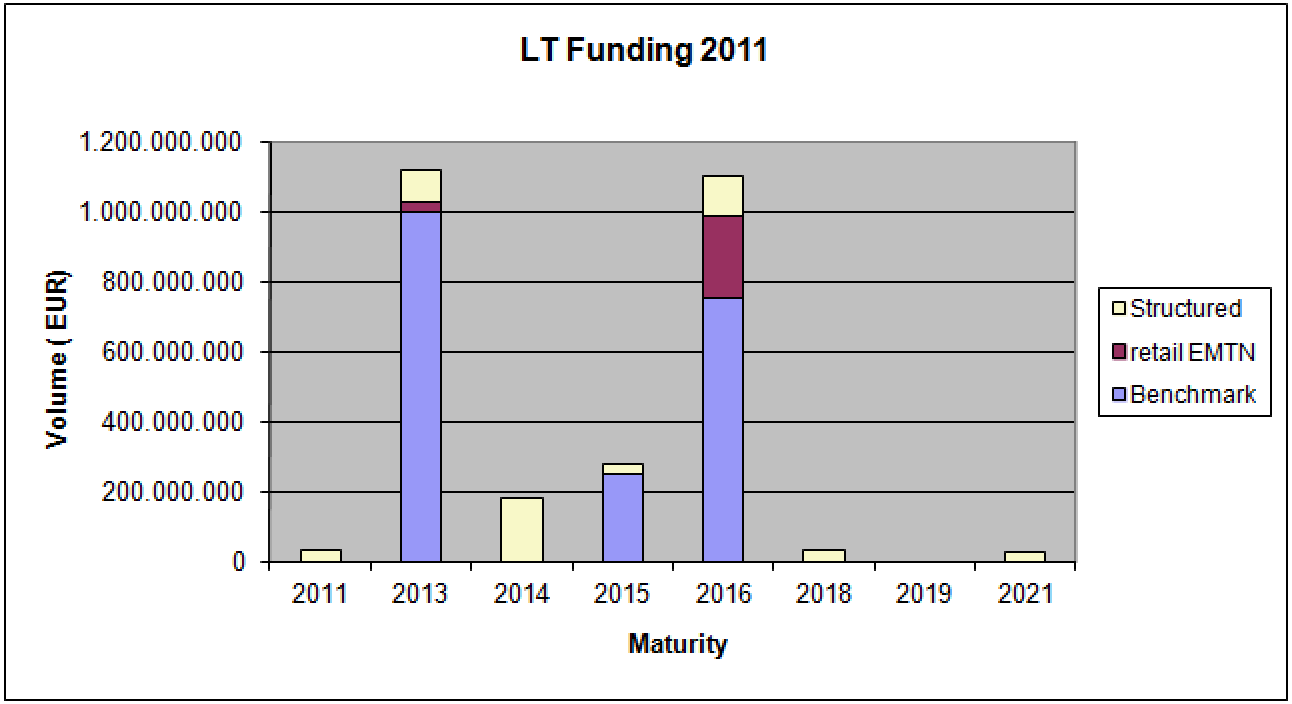
Upcoming mid-term funding maturities in 2011



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

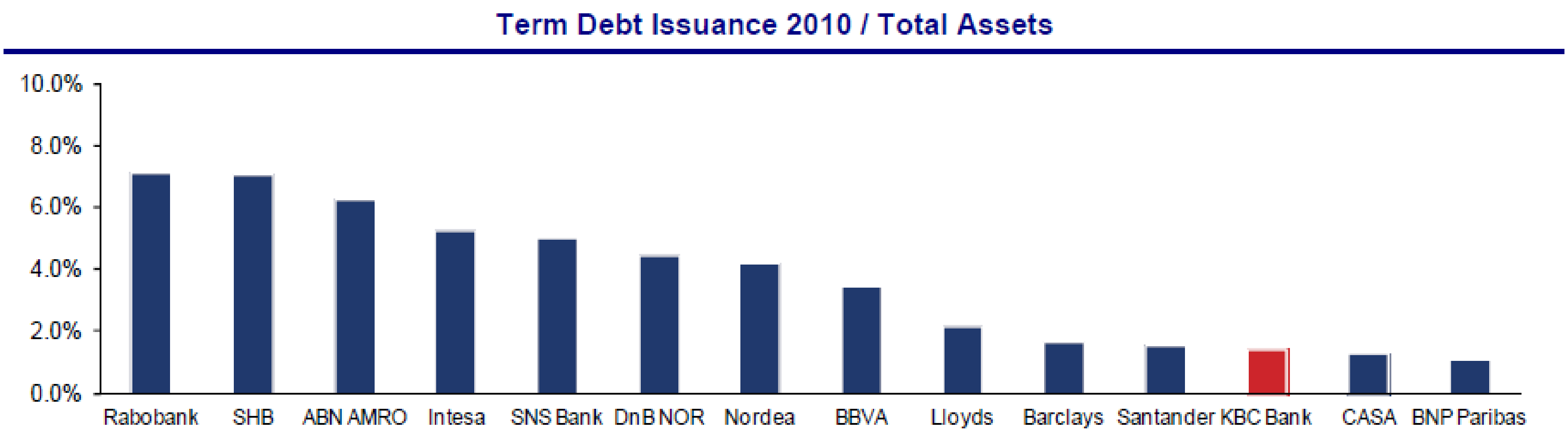
Overview of LT EMTN funding attracted in 2011



- KBC Bank NV (mainly through KBC Ifima NV, using its EMTN programme (40bn EUR)) has already raised 2.8bn EUR LT in 2011 (by mid-May)
- KBC Bank NV also has a US MTN programme (10bn USD) available for structuring debt capital market transactions in the US. This programme was updated on 15 April 2011

Putting things into perspective...

- Term debt issuance in 2010: 4.3bn EUR (vs. 11bn-48bn EUR for peer group)
- Term debt issuance 2010 / Total assets of KBC Bank 2010: 1.5% (vs. 1.1% – 7.1% for peer group)



Source: KBC Bank, Bloomberg, Goldman Sachs

- Term debt issuance 2010 / Total assets of KBC Group 2010: 1.3%
- Total LT debt outstanding / Total assets of KBC Bank 2010: 9.1% (vs. 3.6% - 28.6% for peer group)
- Total LT debt outstanding / Total assets of KBC Group 2010: 7.8%

Contents

Wrap up (at KBC Group level)

- Well-developed bancassurance strategy and strong cross-selling capabilities. 75%-80% of revenue is generated in markets with leading market share
- Strong franchise in Belgium with high and stable return levels (ROAC of 39% in 1Q11)
- Access to growth in ‘new Europe’, with mitigated risk profile given most mature markets in the region
- Successful underlying earnings track record, as reconfirmed by the solid 1.7bn EUR net underlying profit in 2010
- Thanks to reductions in RWA, disposals of non-core assets and strong earnings power, KBC is well on track to reimburse the government support
- Stable shareholder structure
- Solid liquidity position, with a LTD ratio of 81% and a large portfolio of unencumbered government bonds
- A very favourable funding profile with relatively low (re)financing needs in 2011-2014 of 5bn-7bn EUR as well as a deep pool of liquidity in KBC’s retail client base
- Comfortable level of CT1 and T1 at the end of 1Q11: 11.6% and 13.3% respectively. The “Basel III” pro forma common equity ratio is estimated at roughly 8.0% at end 2013

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KBC 2011 Benchmarks

KBC 2Y Fixed - XS0597921724

- Notional: 1 bn EUR
- Issue Date: 1 Mar 2011 – Maturity: 1 Mar 2013
- Coupon: 4.00%, A, Act/Act
- Re-offer spread: 2Y Mid swap + 195bp (issue price 99.887%)
- Joint lead managers: KBC, BAML, GS, DZ Bank

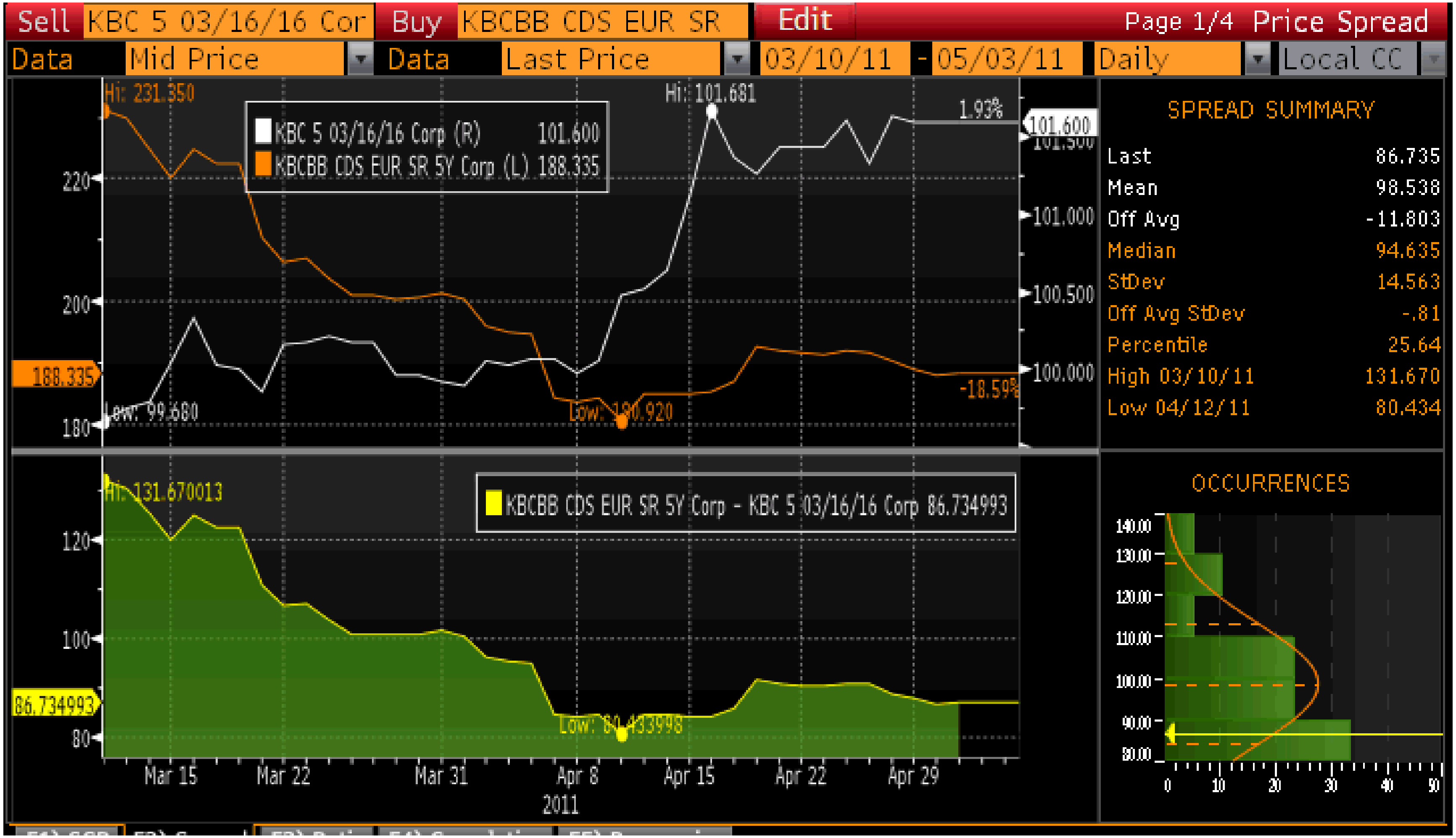
KBC 2011 Benchmarks

KBC 2011 Benchmarks

KBC 5Y Fixed - XS0605440345

- Notional: 750m EUR
- Issue Date: 16 March 2011 – Maturity: 16 March 2016
- Coupon: 5.00%, A, Act/Act
- Re-offer spread: 5Y Mid Swap + 210bp (issue price 99.577%)
- Joint lead managers: KBC, BAML, GS, DZ Bank

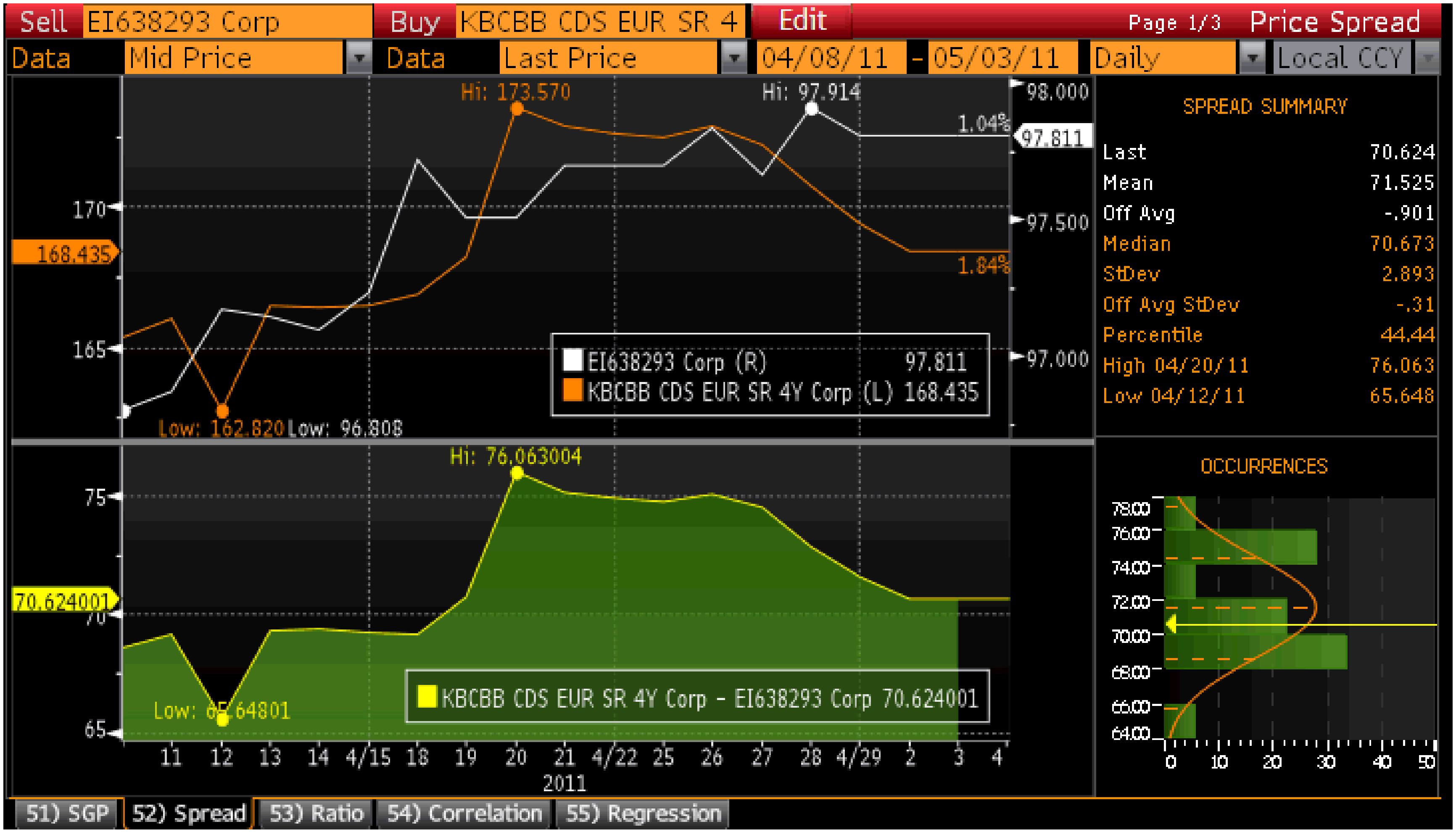
KBC 2011 Benchmarks



KBC 2011 Benchmarks

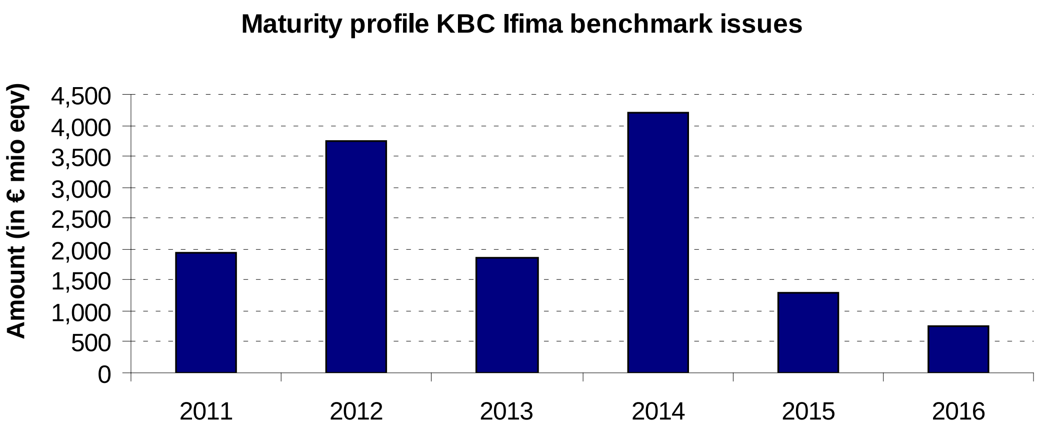
- **Tap of KBC 5Y Fixed - XS0616973813 (fungible with XS0498962124 from 24/5/2011)**
  - Notional: 250m EUR, so total to 1 bn EUR
  - Original Issue Date: 31 March 2010 – Maturity: 31 March 2015
  - Coupon: 3.875%, A, Act/Act
  - Re-offer spread: Mid Swap + 180bp (issue price 96.885%)
  - Joint lead managers: KBC, BAML

KBC 2011 Benchmarks



Outstanding Benchmarks

Issuer	Curr	Amount issued	Coupon	Settlement Date	Maturity Date	ISIN
KBC Ifima N.V.	EUR	350,000,000	3-mth Euribor +9.5bp	18/07/2006	18/07/2011	XS0261363005
KBC Ifima N.V.	EUR	1,000,000,000	3-mth Euribor +9bp	04 Oct 2006	4/10/2011	XS0269226238
KBC Ifima N.V.	GBP	400,000,000	3-mth Libor +7.5bp	8/11/2006	8/11/2011	XS0273444538
KBC Ifima N.V.	GBP	500,000,000	3-mth Libor +7.5bp	18/01/2007	18/01/2012	XS0281641810
KBC Ifima N.V.	EUR	600,000,000	3-mth Euribor +75bp	20/01/2010	20/01/2012	XS0479870916
KBC Ifima N.V.	EUR	500,000,000	3-mth Euribor +7bp	23/01/2007	23/01/2012	XS0282215259
KBC Ifima N.V.	GBP	400,000,000	3-mth Libor +7.5bp	8/02/2007	8/02/2012	XS0285159363
KBC Ifima N.V.	EUR	300,000,000	3-mth Euribor +80bp	14 Mar 2008	14/03/2012	XS0353131419
KBC Ifima N.V.	EUR	1,000,000,000	3-mth Euribor +35bp	26 Oct 2007	26/10/2012	XS0327159074
KBC Ifima N.V.	EUR	1,000,000,000	4	01 Mar 2011	1/03/2013	XS0597921724
KBC Ifima N.V.	EUR	250,000,000	3-mth Euribor +85bp	04 Mar 2008	4/03/2013	XS0350935671
KBC Ifima N.V.	EUR	250,000,000	3-mth Euribor +85bp	06 Mar 2008	6/03/2013	XS0351341150
KBC Ifima N.V.	EUR	350,000,000	3-mth Euribor +165bp	19/07/2010	19/07/2013	XS0527072937
KBC Ifima N.V.	EUR	355,000,000	4.05	16/01/2007	16/01/2014	XS0279518640
KBC Ifima N.V.	EUR	250,000,000	4.75	26/01/2009	26/01/2014	XS0406774538
KBC Ifima N.V.	EUR	1,602,615,000	6-mth Euribor -60bp	31 Mar 2008	31/03/2014	XS0340282739
KBC Ifima N.V.	EUR	743,968,000		16 May 2008	16/05/2014	XS0352674682
KBC Ifima N.V.	EUR	1,250,000,000	4.5	17/09/2009	17/09/2014	XS0452462723
KBC Ifima N.V.	EUR	250,000,000	3.875	14/04/2011	31/03/2015	XS0498962124
KBC Ifima N.V.	EUR	750,000,000	3.875	31 Mar 2010	31/03/2015	XS0498962124
KBC Ifima N.V.	EUR	300,000,000	3-mth Euribor +20bp	14/12/2005	14/12/2015	XS0238065170
KBC Ifima N.V.	EUR	750,000,000	5	16 Mar 2011	16/03/2016	XS0605440345



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 Tendered	EUR 280,000,000 EUR 161,700,000	USD 600,000,000 USD 431,400,000	EUR 300,000,000 EUR 179,200,000	GBP 525,000,000 GBP 480,500,000	EUR 1,250,000,000	EUR 700,000,000
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	30/06/2011	2/08/2011	10/08/2011	19/06/2019	14/05/2013	27/06/2013
ACPM Dividend Stopper	- -	- -	- -	Yes Yes	Yes Yes	Yes Yes
Conversion into PSC	-	-	-	Yes	Yes	Yes
Trigger	-	-	-	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus 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 Guarantuee 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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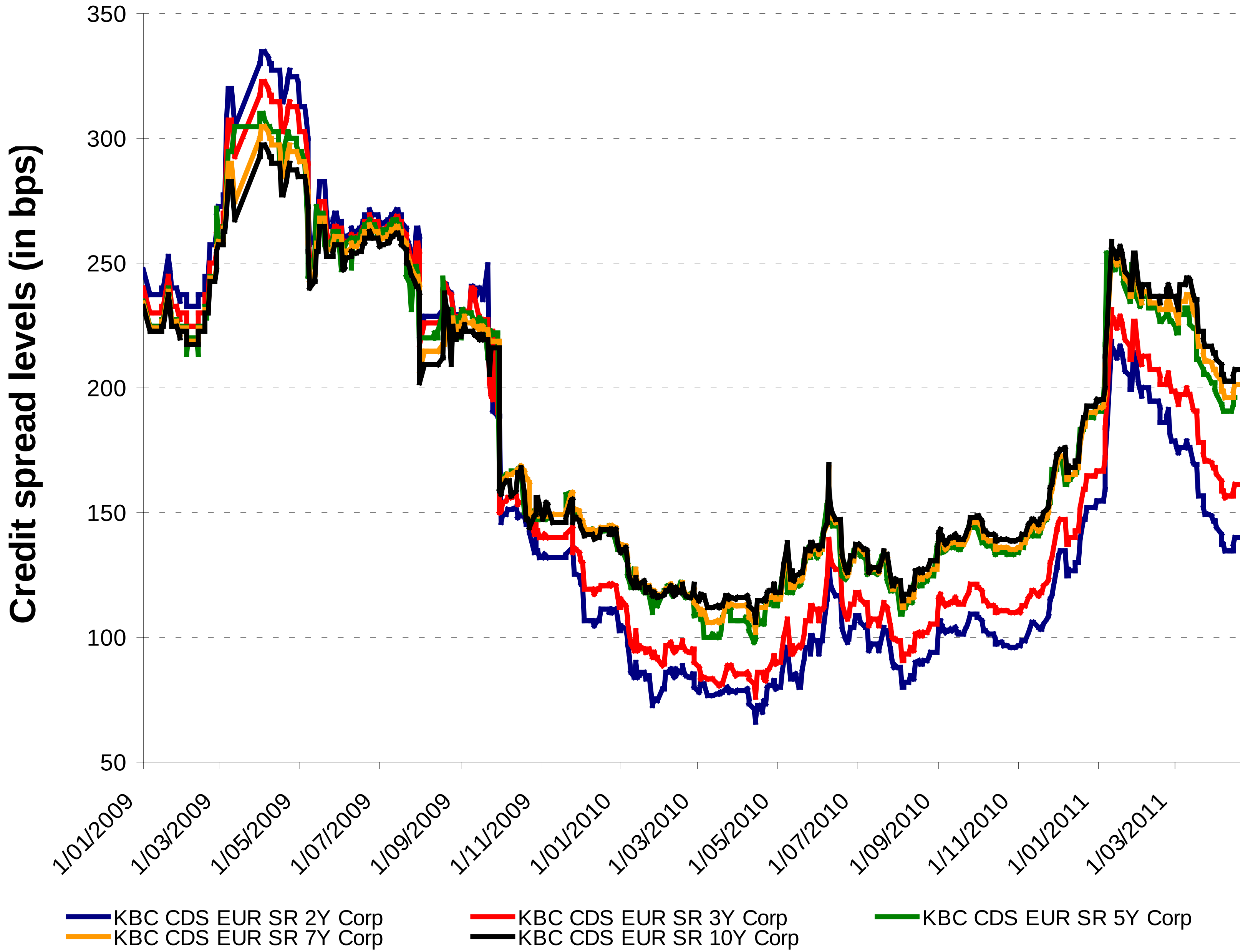
KBC Bank CDS levels since January 2009



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The New Future

REMINDER

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 its '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 at KBC FP)
- All remaining merchant banking activities have a strategic fit with home markets

Strategic review – Dec 2009

REMINDER

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

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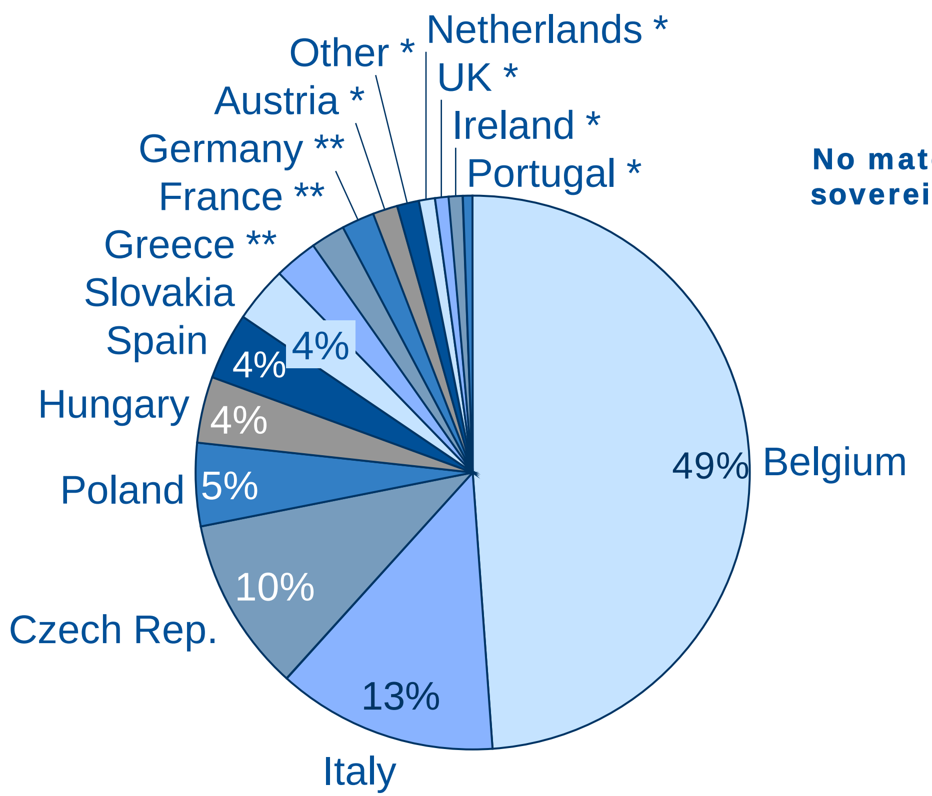
Government bond portfolio

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

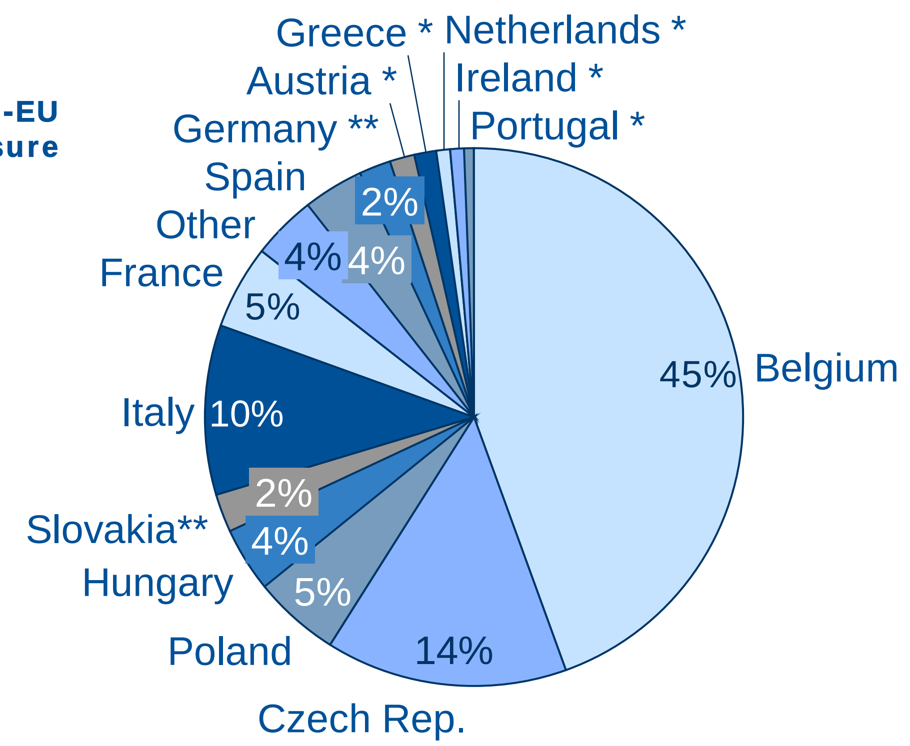
End 2009



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

No material non-EU sovereign exposure

End 2010



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

Sensitivity analysis on government bond exp.

Impact of a 10bps parallel upwards shift in 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

* This P&L impact is largely wiped out as the largest part of the FIFV govies are used to hedge the M2M effect of the interest rate swaps

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 3.6% expected 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 1Q11 (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 0.7 end 2010)**
Portugal	0.3	0.0	0.3	0.0	**0.6 (vs 0.6 end 2010)**
Spain	1.8	0.6	2.2	0.1	**4.7 (vs 5.0 end 2010)**

- Total exposure to the most stressed countries, Greece and Portugal, amounted to only 1.3bn EUR at the end of 1Q11 (in line with the situation at the end of 2010)
- Total exposure to Spain amounted to 4.7bn EUR at the end of 1Q11 (versus 5.0bn EUR at the end of 2010)

Breakdown of government bond portfolio, banking and insurance, at the end of 1Q11 (bn EUR)

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

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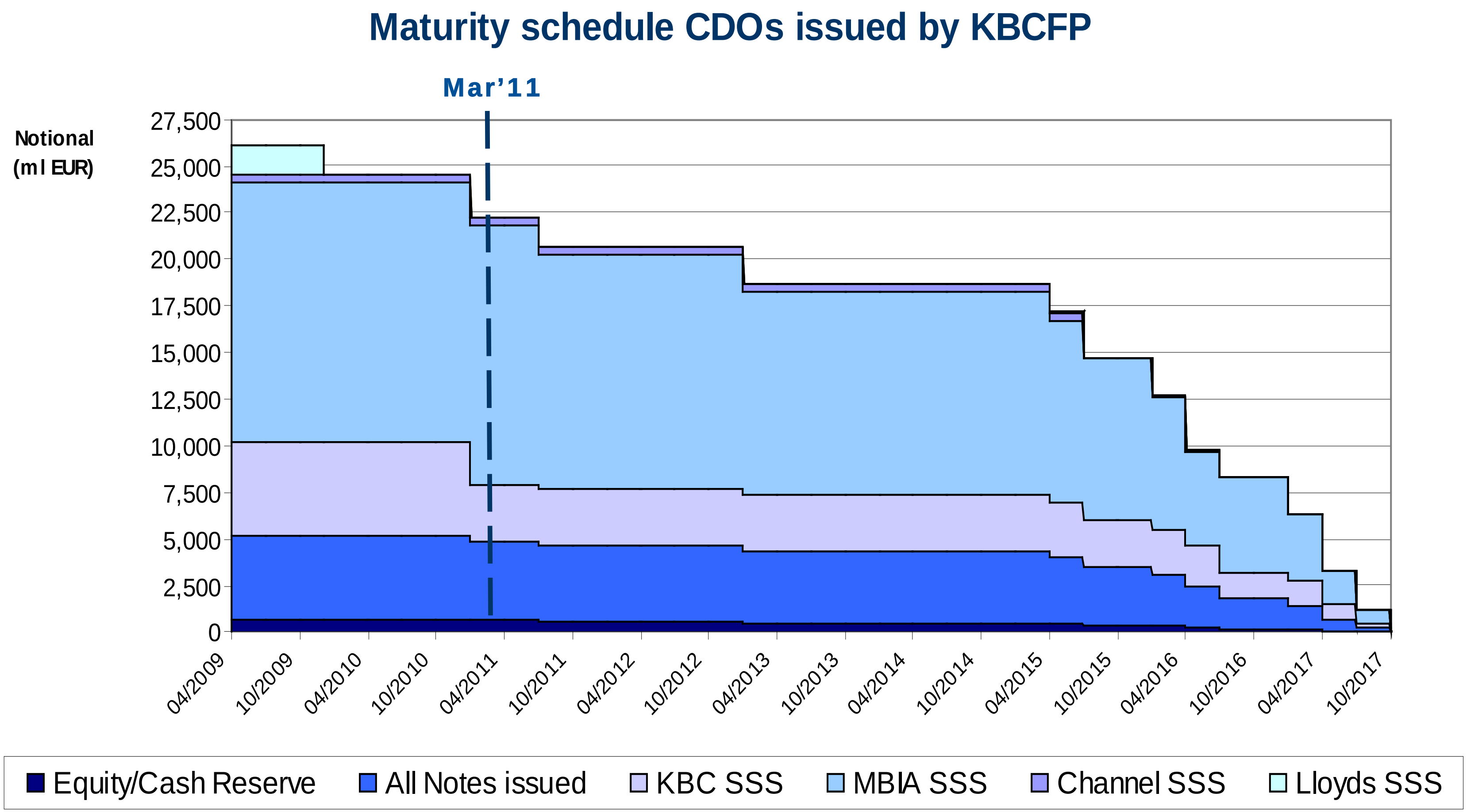
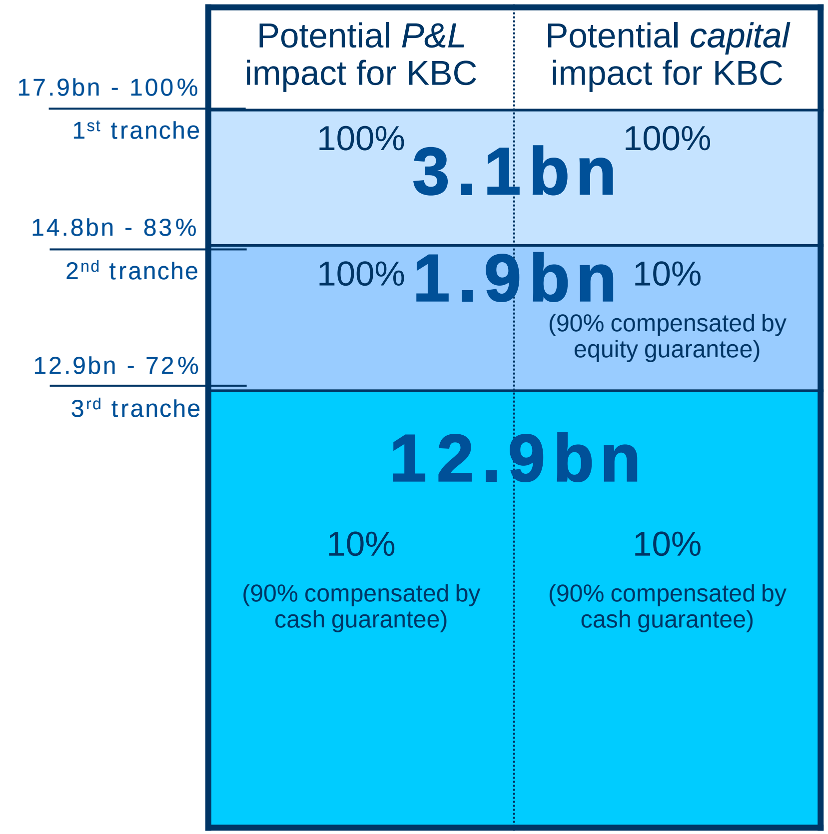
Maturity schedule for CDOs issued by KBCFP



The total CDO exposure at KBCFP includes the 'unhedged' own investment portfolio as well as the 'hedged' portfolio that is insured by MBIA

Summary of government transactions

- State guarantee for 17.9bn euros' worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.5bn 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
  - Third tranche: 12.9bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach



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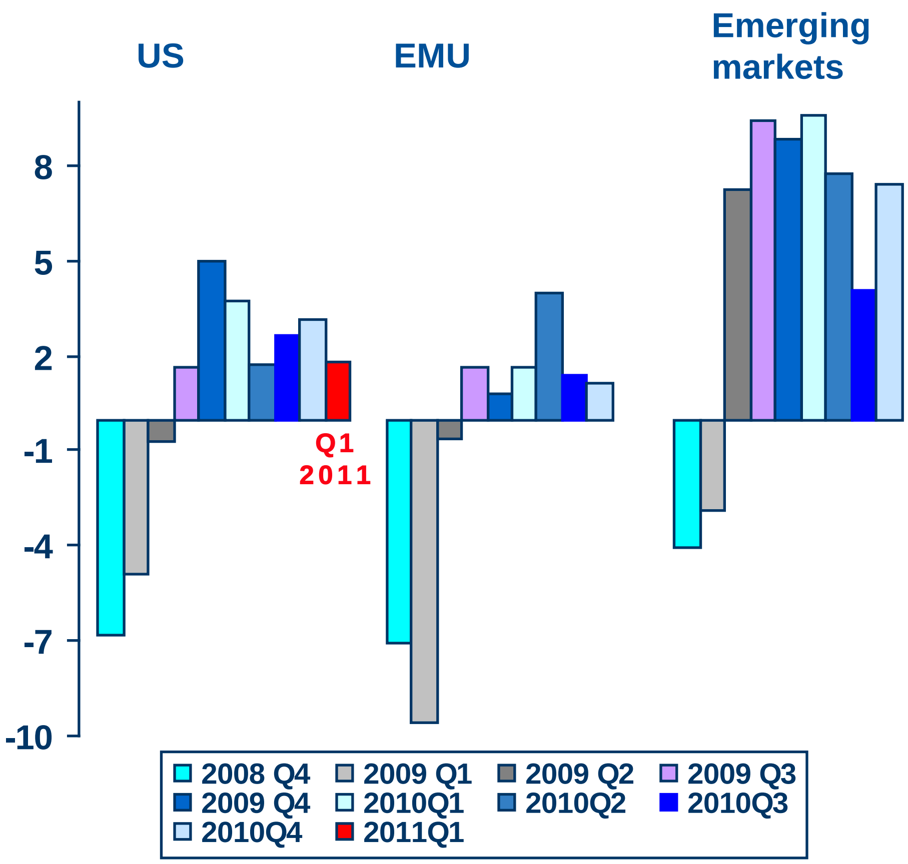
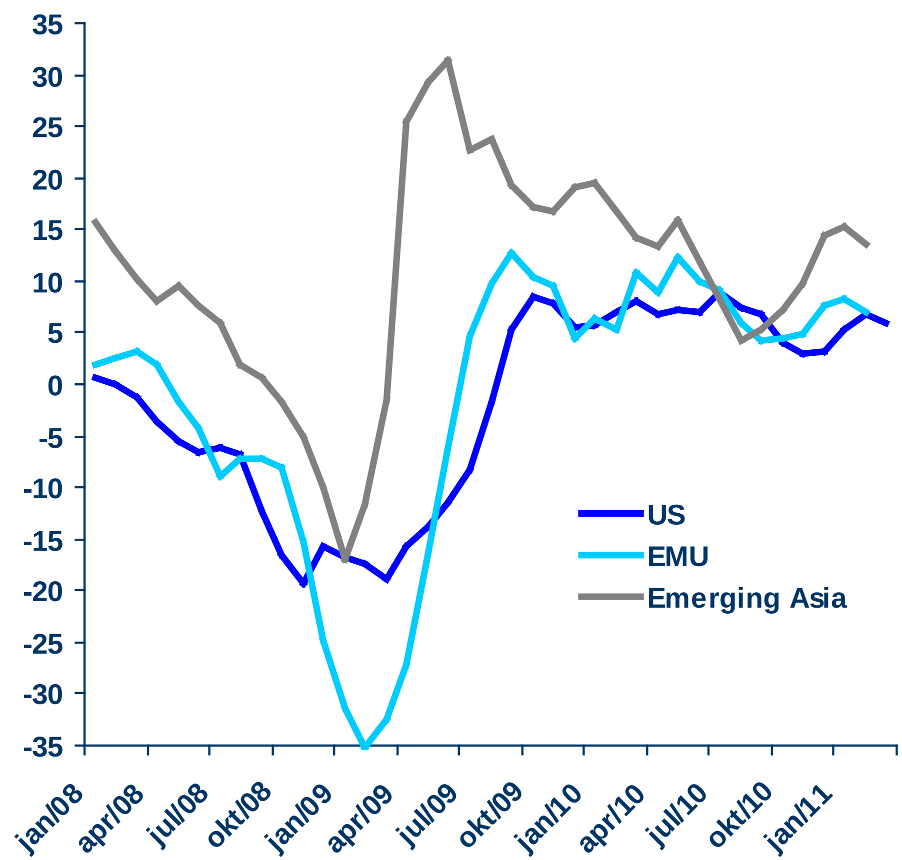
Solid global recovery

Growth in real GDP
(QoQ annualised, in %)

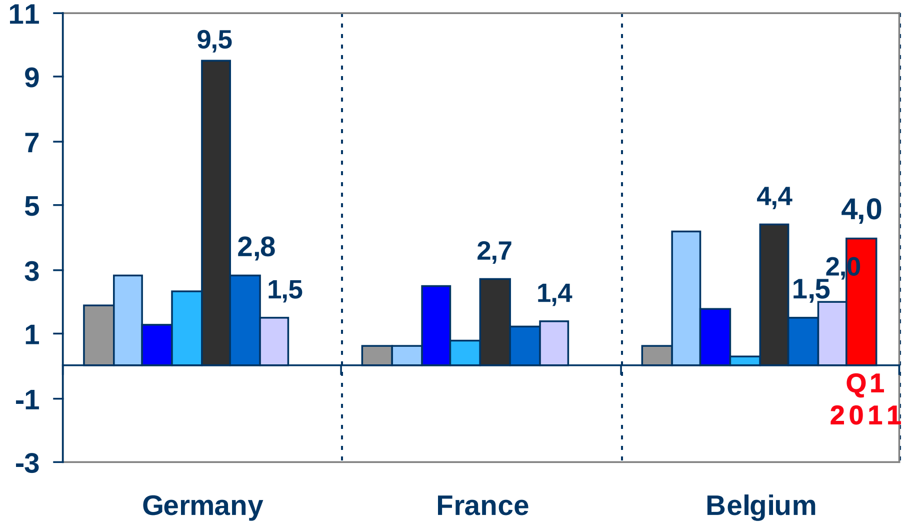


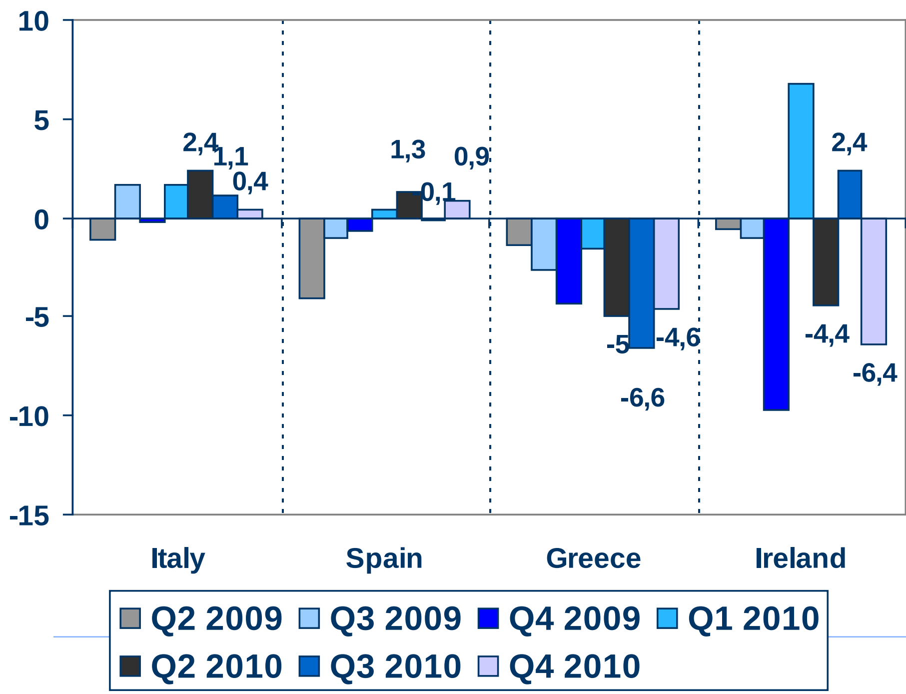
Growth in industrial production
(3mo3m, annualised, in %)



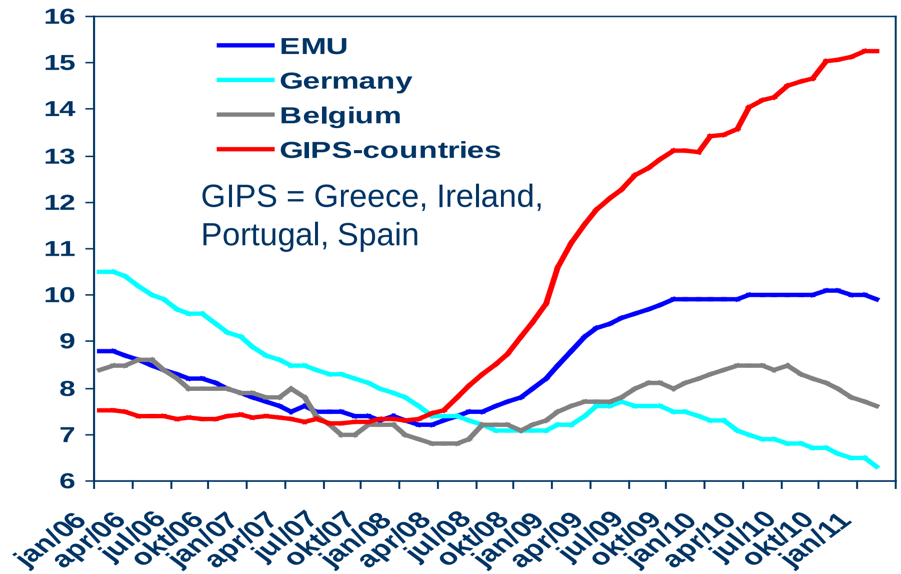
EMU: growth at different speeds

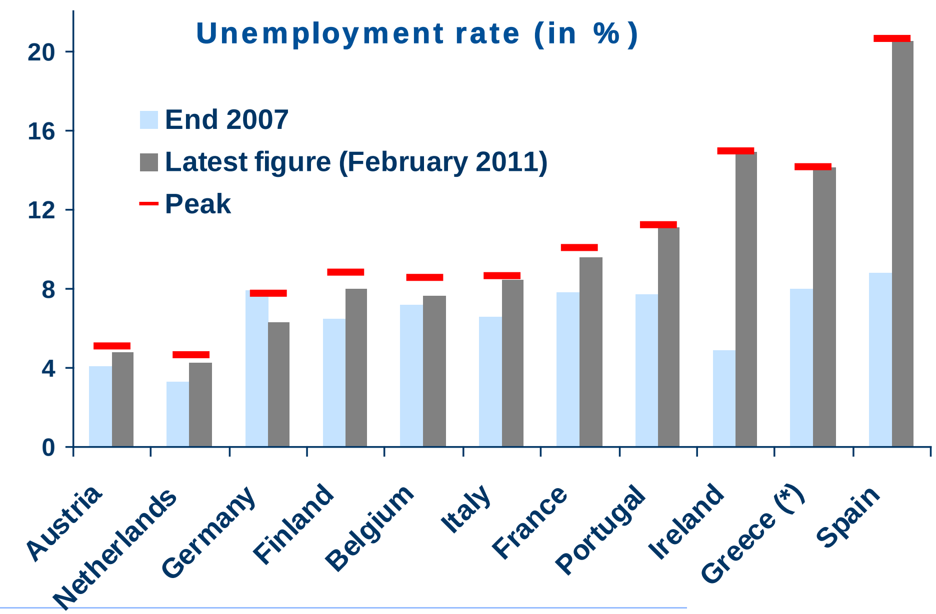
Growth in real GDP (QoQ annualised, in %)





Intra EMU labour market divergence





(*) Latest figure = December 2010

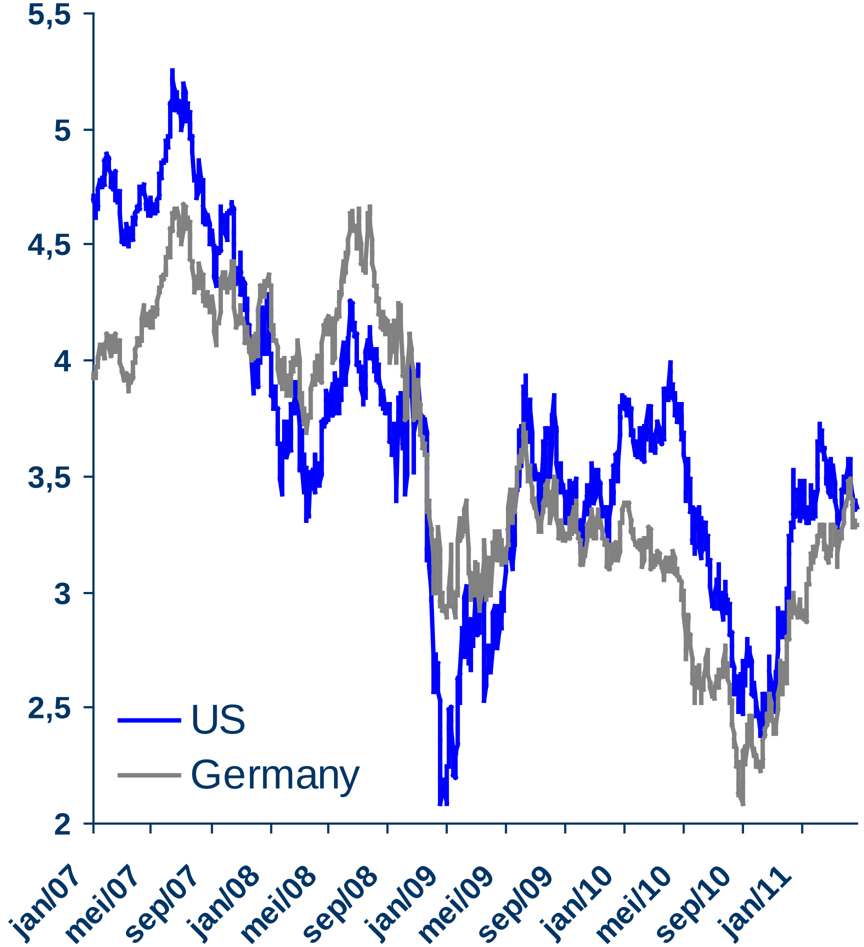
Economic outlook (KBC base case scenario)

	Real GDP growth (in %)	
	2011	*2012*
US	2.8	2.9
EMU	1.7	1.8
Belgium	2.0	2.0
Czech Rep.	2.1	3.0
Slovakia	3.2	3.4
Hungary	2.7	3.0
Poland	4.0	4.0

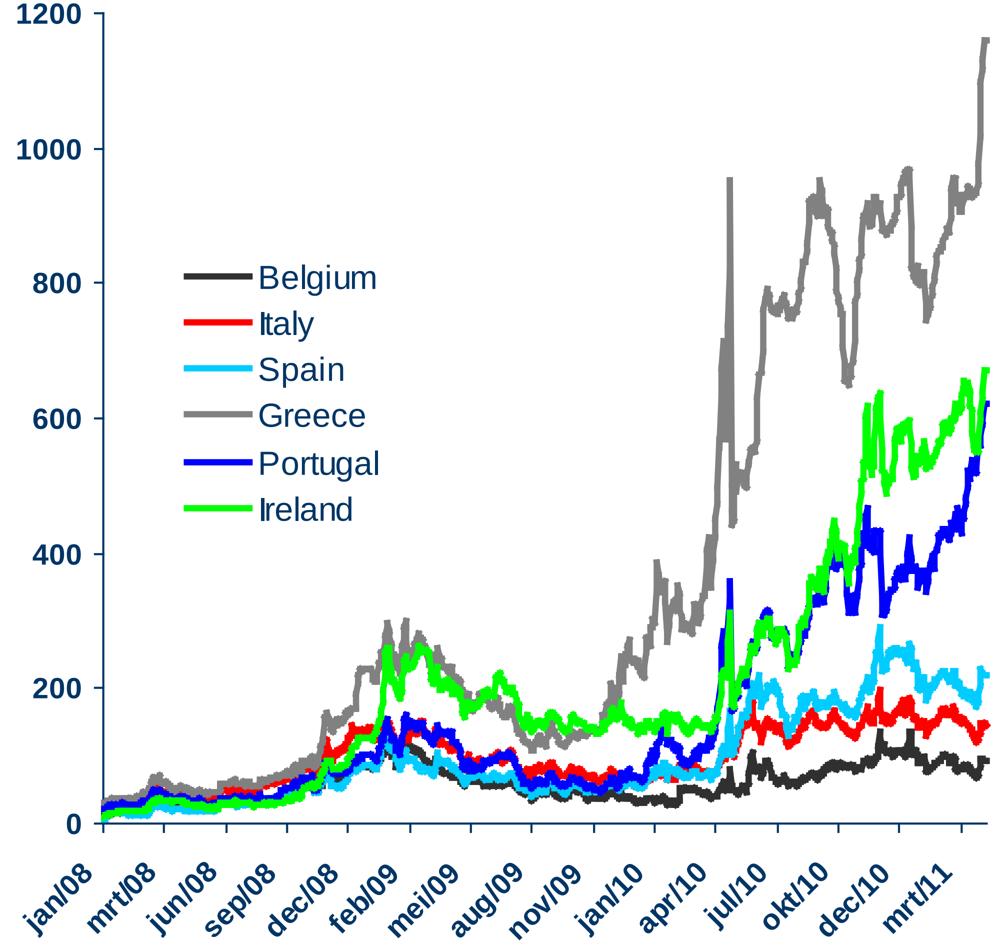
	Inflation (in %)	
	2011	*2012*
US	2.9	1.8
EMU	2.7	1.7
Belgium	3.7	2.3
Czech Rep.	2.1	2.3
Slovakia	3.2	2.7
Hungary	4.1	4.0
Poland	3.7	2.7

Interest rates: start to increase, with 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)



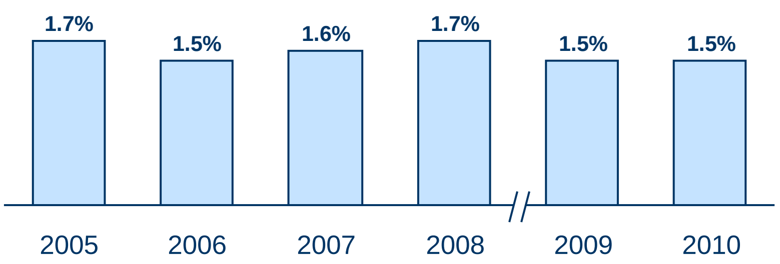
Housing market in Belgium

Belgian housing market not a threat

- In several markets house prices dropped significantly during 2007-2010 whereas in Belgium house prices dropped by (only) 0.3% in 2009 and increased again (around +5%) in 2010
- 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 (in period Q1 2007 – Q3 2010)	
UK	-19%
IRL	-36%
ESP	-13%
BEL	-3.4%

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



Source: KBC, Economic research