KBC Group

Company presentation
1Q 2011

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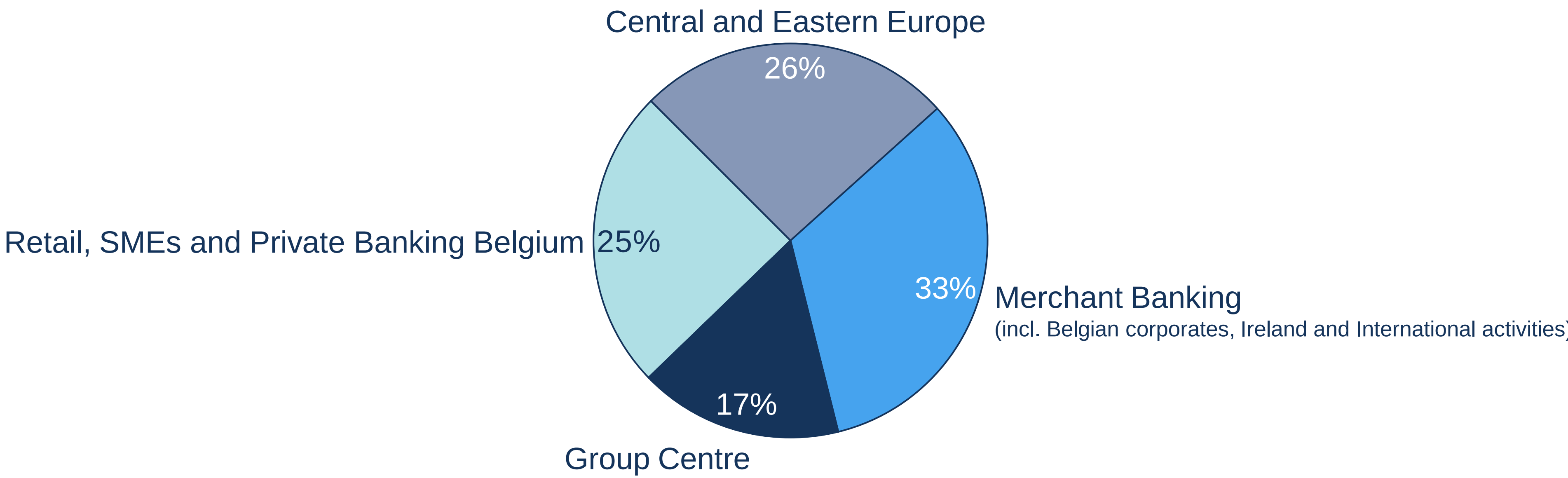
Content

Section 1

Company profile and strategy

Business profile

Breakdown of allocated capital 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 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

KBC's geographical presence

Macroeconomic outlook

Based on GDP, CPI and unemployment trends
Inspired by 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

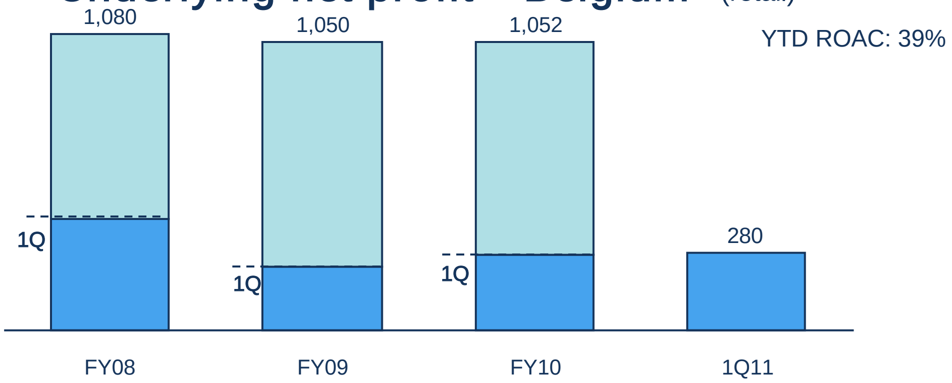
Bulgaria (Baa3)
Total assets: 1bn EUR

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%

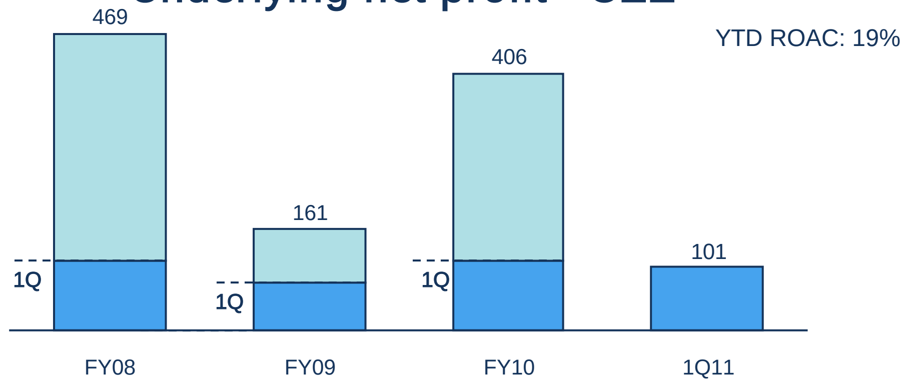
Underlying profit per business unit

Underlying net profit – Belgium* (retail)

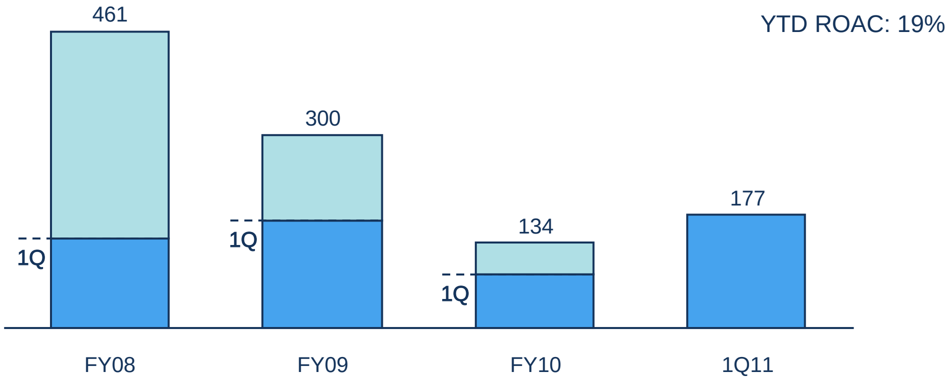


* Note that Secura has been excluded from 4Q10 onwards

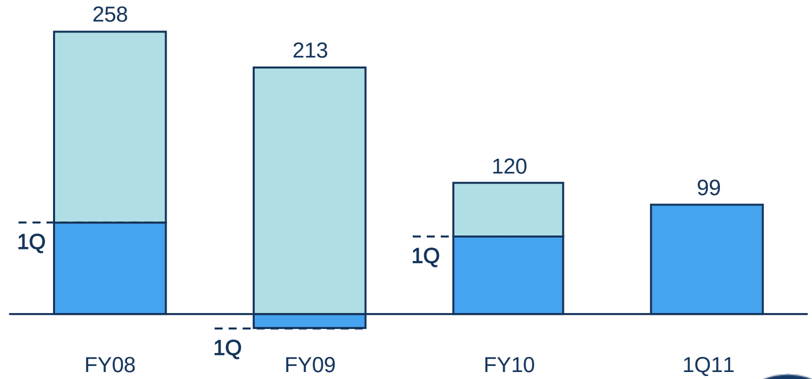
Underlying net profit - CEE



Underlying net profit - Merchant Banking (BE +Intl)



Underlying net profit - Group Centre



Amounts in m EUR

Loan loss experience at KBC

	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

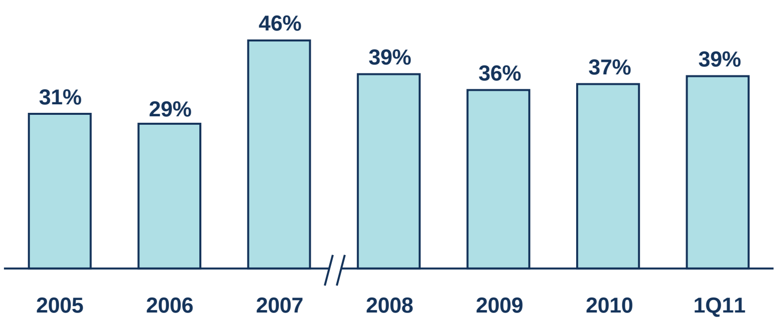
* This high credit cost ratio level at Merchant Banking is fully attributable to KBC Bank Ireland

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

A successful core strategy

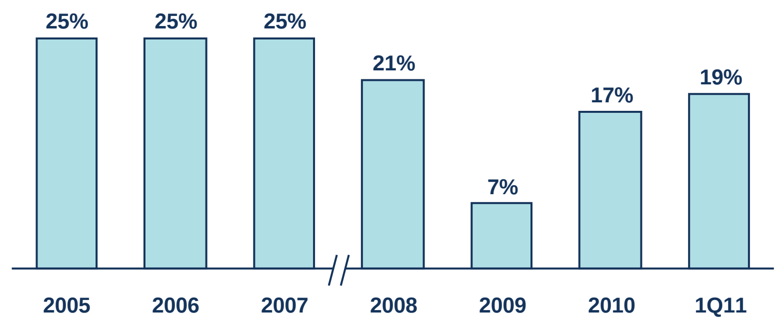
- Strategic review November 2009
  - Core earnings power in Belgium and CEE largely intact
  - Our business model generates consistently high returns in core geographies (cyclical loan provision charge of 1.7% was the main swing factor in CEE in 2009)

Return on allocated capital - Belgium*



Note that Secura has been excluded from 4Q10 onwards

Return on allocated capital - CEE*



  - Remaining asset risks manageable, so capital buffer sufficient
  - Reimbursement of the State capital will be based on internal capital generation from retained earnings and a reduction in RWA combined with the 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, 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 interest 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

Key strengths

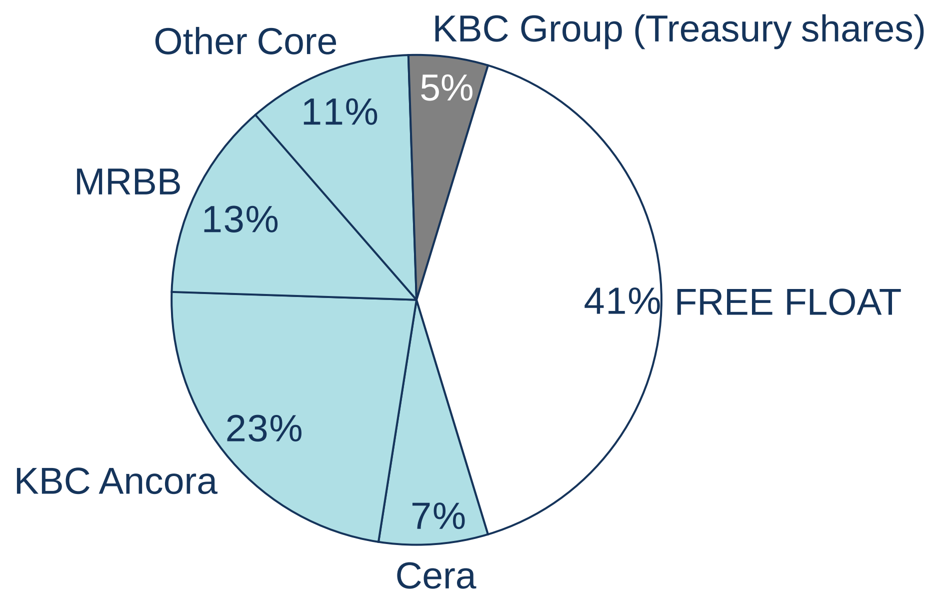
Key strengths:

- 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

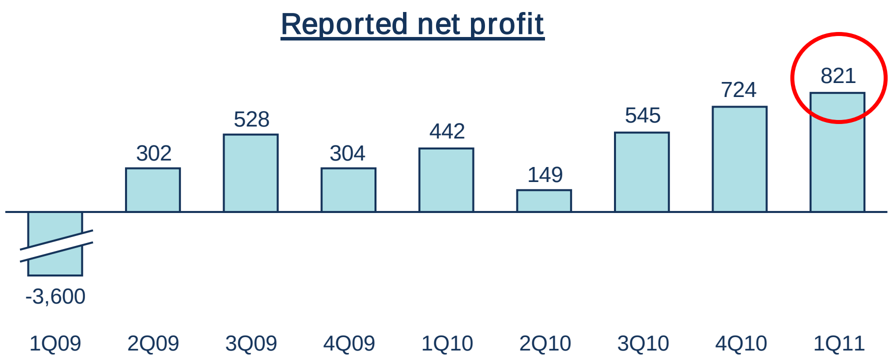
Bank/Broker	Analyst	Contact Details	Rating	Target Price	Upside
ABN Amro	Robin van den Broek	robin.van.den.broek@nl.abnamro.com	+	34	25%
Autonomous	Britta Schmidt	bschmidt@autonomous-research.com	-	32	18%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	+	41	51%
BOFA Merrill Lynch	Patrick Leclerck	patrick.leclerck@baml.com	+	40	47%
Cheuvreux	Hans Pluijgers	hpluijgers@cheuvreux.com	-	27	-1%
Citi Investment Research	Andrew Coombs	andrew.coombs@citi.com	+	39	41%
Deutsche Bank	Brice Vandamme	brice.vandamme@db.com	=	36	32%
Evolution Securities	Fabrizio Bernardi	fabrizio.bernardi@evosecurities.com	-	32	18%
Exane BNP Paribas	François Boissin	francois.boissin@exanebnpparibas.com	-	33	21%
Goldman Sachs	Frederik Thomasen	frederik.thomasen@gs.com	=	36	32%
ING	Albert Ploegh	albert.ploegh@ing.com	=	31	14%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	40	47%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	=	34	23%
Kepler	Benoit Petrarque	benoit.petrarque@keplercm.com	+	39	41%
Macquarie	Thomas Stögner	thomas.stoegner@macquarie.com	=	29	7%
Mediobanca	Riccardo Rovere	riccardo.rovere@mediobanca.it	+	41	51%
Morgan Stanley	Thibault Nardin	thibault.nardin@morganstanley.com	=	33	21%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	=	33	21%
Nomura	Chintan Joshi	chintan.joshi@nomura.com	+	37	36%
Petercam	Matthias de Wit	matthias.dewit@petercam.be	=	30	11%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	44	62%
Royal Bank of Scotland	Thomas Nagtegaal	thomas.nagtegaal@rbs.com	=		
Societe Generale	Sabrina Blanc	sabrina.blanc@sgcib.com	=	32	18%
UBS	Omar Fall	omar.fall@ubs.com	+	31	14%

Data as of 5 May, based on the share price of EUR 27.23.

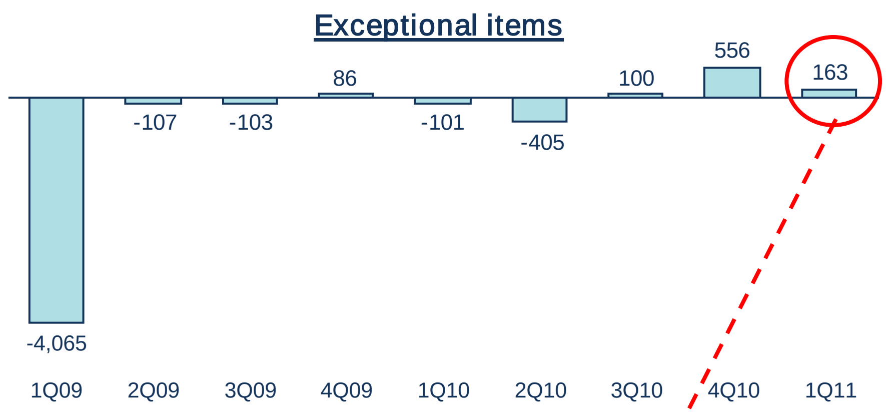
Section 2

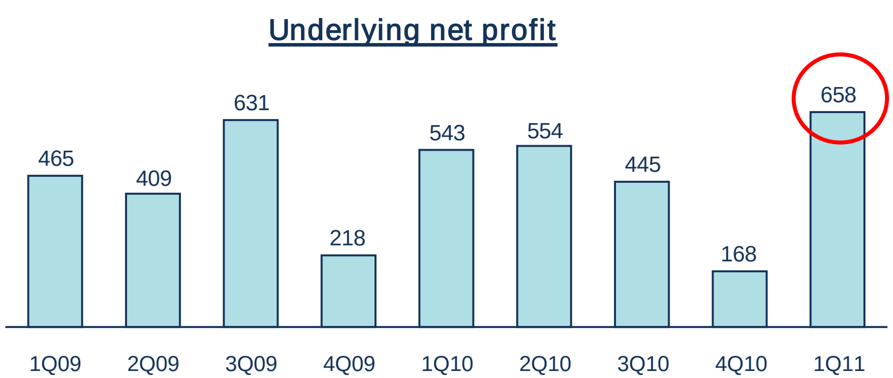
1Q 2011
Financial highlights

Solid earnings power



Excluding exceptional items





Main exceptional items (post-tax)

• Revaluation of structured credit portfolio	+0.1bn
• M2M trading derivatives for hedging purposes	+0.1bn
	+0.2bn

Amounts in m EUR

Financial highlights 1Q 2011

- Reported net profit up by more than 13% quarter-on-quarter
- Good level of net interest income with increased volumes
- Slightly reduced fee and commission income attributable to lower AuM, caused by both price effects and limited net outflow of funds
- Excellent combined ratio of 85% thanks to low claims; higher level of earned premiums in the CEE life insurance business
- Robust level of income generated by the dealing room
- Lower operational expenses, despite the recording of the Hungarian bank tax for the full year in 1Q11. Cost/Income ratio at a favourable 55%
- Exceptionally low loan loss provisions in all business units, with the most marked drop in Merchant Banking (including Ireland)
- Strong liquidity position
- Including the impact of the divestments already announced (Centea), regulatory capital accumulated in excess of the tier-1 solvency target of 10% amounted to roughly 4.8bn EUR at the end of 1Q11. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 1Q11 amounted to roughly 4.0bn 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 1Q11, we announced the sale of Centea to Landbouwkrediet. This deal will free up around 0.4bn EUR of capital for KBC, primarily by reducing RWAs by 4.2bn EUR, which will ultimately boost KBC’s tier-1 ratio by some 0.4% (impact calculated on 31 December 2010)
  - In April 2011, Value Partners Ltd. reached an agreement with KBC Asset Management on the acquisition of KBC AM’s 55.46% stake in KBC Concord Asset Management Co. Ltd. (KBC Concord)
  - We have restarted the sale process of KBL *epb*
  - The sale process for Fidea is ongoing
  - A number of companies are still scheduled for divestment as part of the planned reduction of the international loan portfolio. The sales process for KBC Bank Deutschland has started and the files for the sales process for Antwerp Diamond Bank are being prepared
  - 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

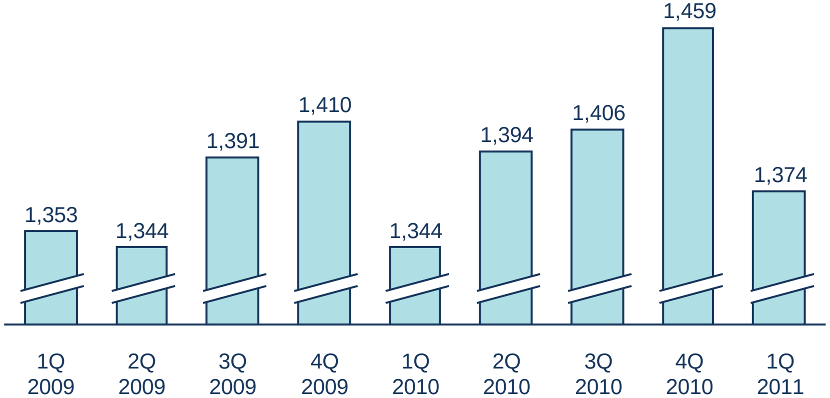
- We still believe that costs on a like-for-like basis will start to increase somewhat going forward
- The credit cost ratio in the CEE Business Unit is expected to further improve in 2011
- We reiterate that KBC Group is able to meet the targeted common equity ratio under Basel III. We estimate this ratio at roughly 8.0% at the end of 2013’

Section 3

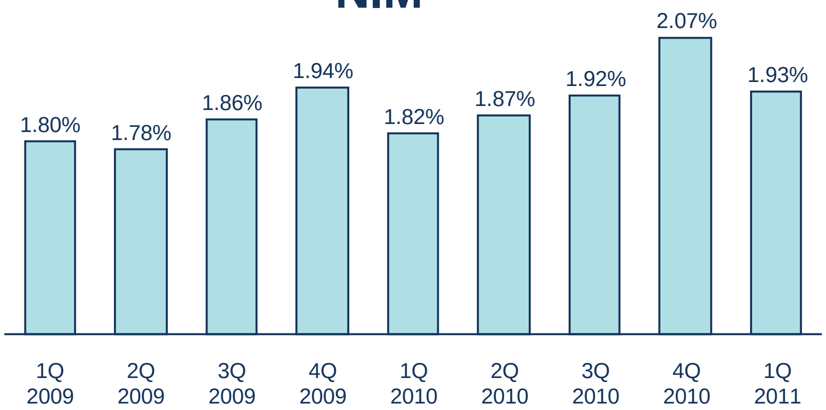
1Q 2011 underlying business performance

Revenue trend - Group

NII



NIM



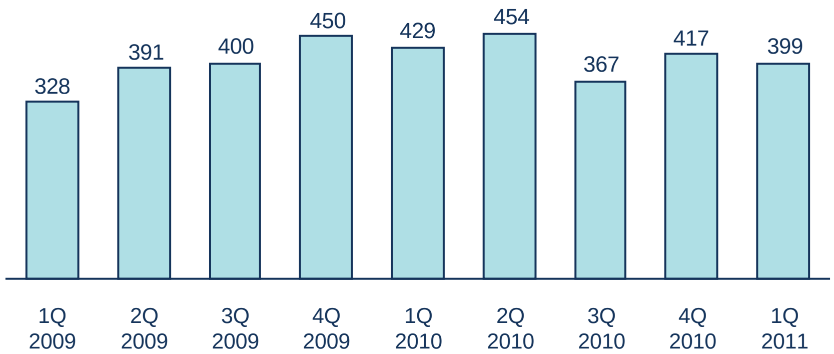
- Net interest income increased by 2% year-on-year (as much as 3% y-o-y excluding Secura, which was sold in 4Q10) with continued loan volume growth in Belgium, driven by mortgages. Net interest income fell by 6% q-o-q
- Net interest margin (1.93%)
  - NIM in Belgium went down slightly (-2bps q-o-q), while the margin in Central/Eastern Europe decreased more markedly (-15bps q-o-q) due to technical items. Excluding these technical elements, 1Q11 NIM is virtually stable in CEE BU.
  - The 14bps q-o-q decrease in NIM at group level is for a large part attributable to some technical items (with positive impact in 4Q10)
- Loan volumes down year-on-year (-1%) due, among other things, to a reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Deposit volumes rose 2% year-on-year

Amounts in m EUR

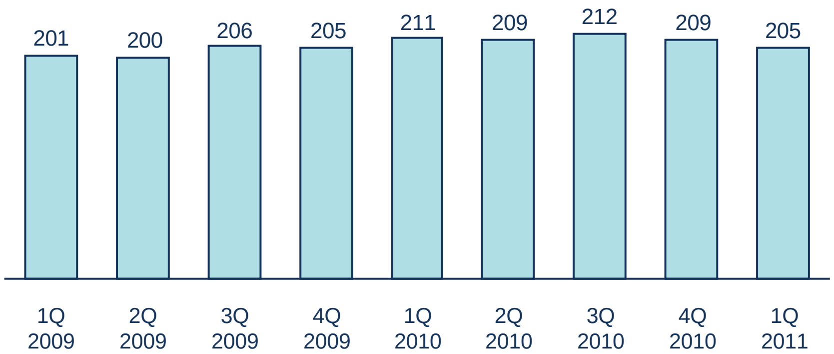
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



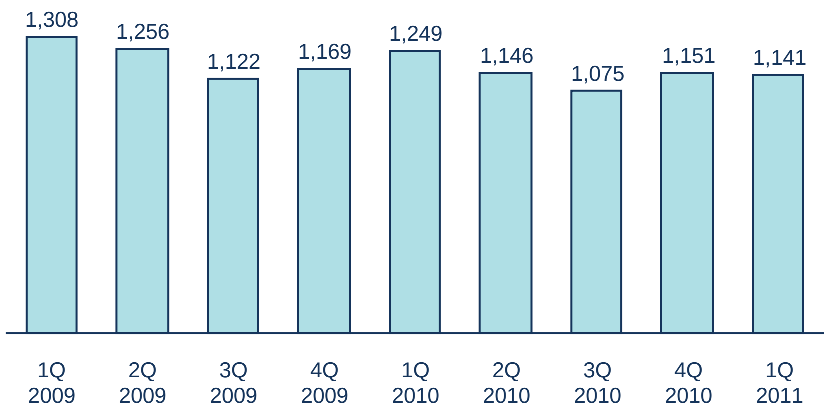
Amounts in bn EUR

- Net fee and commission income fell by 4% quarter-on-quarter and 7% year-on-year
  - The fourth quarter benefited from increased marketing of mutual fund and insurance products
  - Net fee and commission income from the banking business went down by 5% q-o-q in line with the trend in assets under management
  - Commission paid on the sale of insurance contracts rose by 5% q-o-q due to an increase in commission paid on gross written non-life premiums, partly offset by a decrease in commission paid on gross written life premiums
- Assets under management fell by 3% year-on-year and 2% quarter-on-quarter (caused by both a decline in net inflow (-1%) and decrease in prices (-1%)) to 205bn EUR at the end of 1Q11

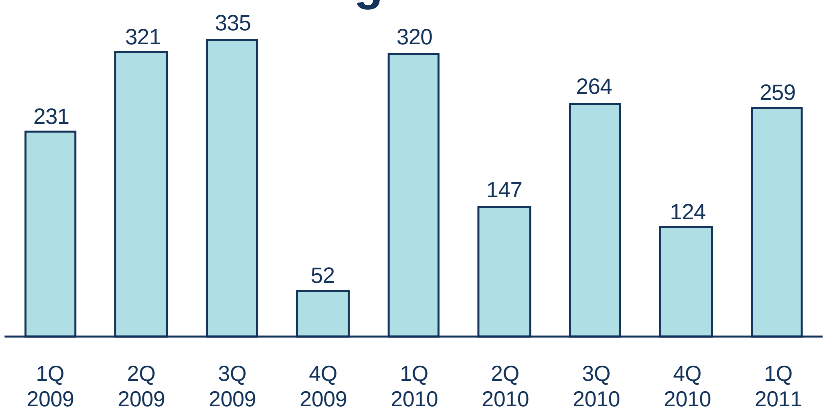
Amounts in m EUR

Revenue trend - Group

Premium income



FV gains

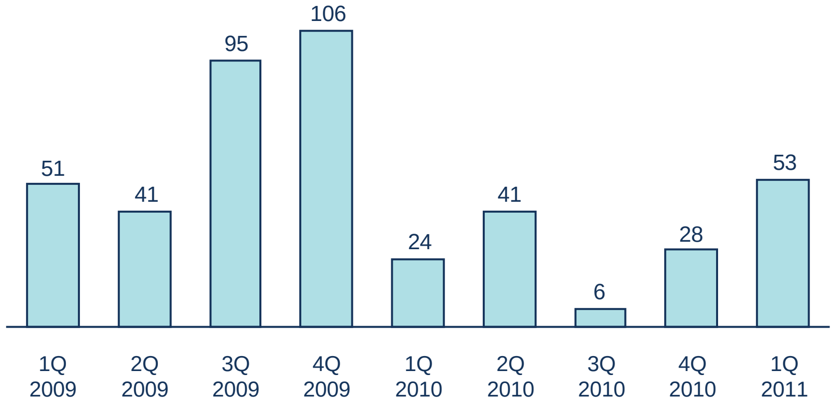


- Insurance premium income at 1,141m EUR
  - Non-life premium income (451m) flat q-o-q and down 8% y-o-y, due entirely to the sale of Secura in 4Q10
  - Life premium income (691m) down 1% q-o-q and 9% y-o-y, mainly due to lower sale of guaranteed-interest products at both the Belgium and CEE business units. This decrease on 1Q10 in guaranteed-interest products was partly offset by the increase in unit-linked sales at the CEE Business Unit.
- Excellent combined ratio of 85% in 1Q11, down on the 98% recorded in 1Q10 (impacted by storm Xynthia) and 4Q10 primarily thanks to a lower level of claims
- The solid figure for net gains from financial instruments at fair value (259m EUR) is the result of good dealing room activity

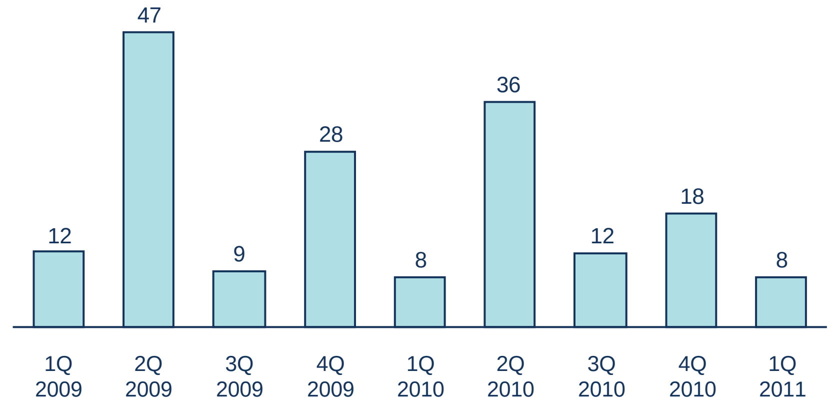
Amounts in m EUR

Revenue trend - Group

Gains realised on AFS



Dividend income

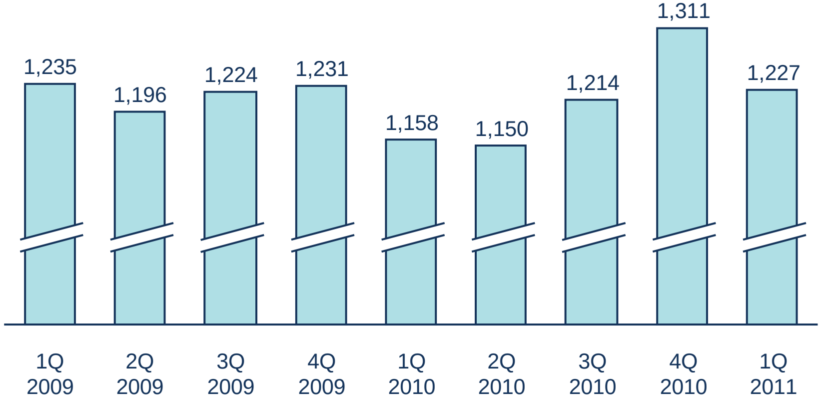


- Gains realised on AFS came to 53m EUR
- Dividend income amounted to 8m EUR (in line with 1Q10)

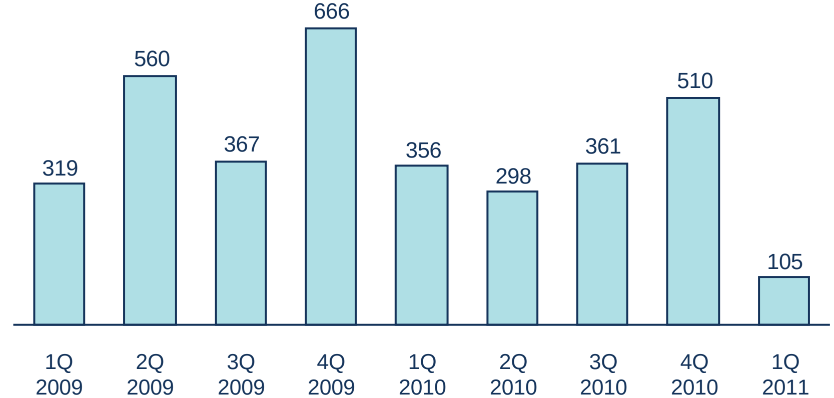
Amounts in m EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Costs remained well under control: -6.4% q-o-q and +6.0% y-o-y
  - Operating expenses fell by 6.4% q-o-q to 1,227m EUR in 1Q11 as 4Q10 was impacted by some typical year-end effects, such as higher marketing, communication and ICT expenses and certain restructuring charges. Excluding the Hungarian bank tax in 1Q11, operating expenses fell by as much as 11% q-o-q
  - Operating expenses rose by 6.0% y-o-y in 1Q11, due entirely to the booking of the Hungarian bank tax for the full year and costs related to the Belgian Deposit Guarantee Scheme. Excluding both items, operating expenses fell by as much as 1% y-o-y
  - Underlying cost/income ratio for banking stood at 55% YTD (compared to 56% for full year 2010)
  - We still believe that costs in 2011 on a like-for-like basis will start to increase somewhat going forward
- Substantially lower impairments (105m EUR)
  - Quarter-on-quarter decrease of 405m EUR in impairments, mainly thanks to much lower loan losses in Ireland (MEB) and several impairment releases (at Absolut Bank, Kredyt Bank, K&H Bank and Atomium assets)

Amounts in m EUR

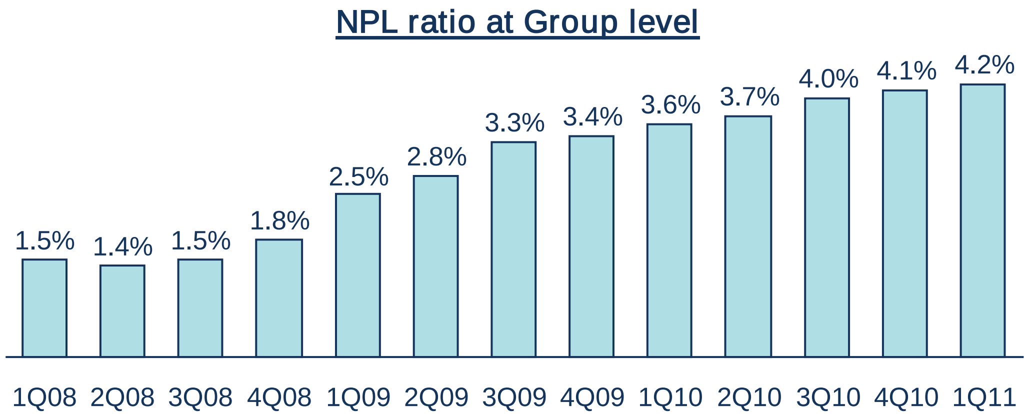
Loan loss provisions

- Credit cost ratio fell to 0.24% (compared to 0.91% in 2010 and 1.11% in 2009) thanks to several impairment releases. Excluding these releases, the credit cost ratio is still at a low 0.42%. NPL ratio amounted to 4.2%
- Credit cost in Belgium remained at a low level
- Sharply lower credit cost in CEE (-37m EUR q-o-q), driven mainly by several impairment releases: 20m EUR release at Kredyt Bank following the sale of a part of the non-performing consumer finance portfolio and 9m EUR release at K&H Bank
- Credit cost significantly lower in Merchant Banking (-293m EUR q-o-q), chiefly attributable to KBC Bank Ireland and a 15m-euro write-back regarding Atomium assets

Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY	1Q11 YTD
		'Old' BU reporting			'New' BU reporting		
Belgium	**54bn**	0.13%	0.09%	0.17%	0.15%	0.15%	0.08%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%	0.51%
Merchant B. (incl. Ireland)	**53bn**	0.02%	0.48%	1.32%	1.19%	1.38%	0.43%
Total Group	**164bn**	0.13%	0.46%	1.11%	1.11%	0.91%	0.24%

NPL ratio at Group level



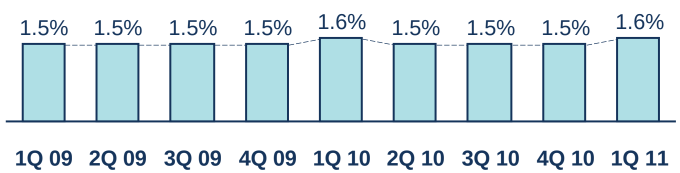
1Q 2011	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.6%	2.8%	0.9%
CEE BU	5.7%	5.6%	1.7%
MEB BU	5.6%	6.7%	4.4%

NPL ratios per business unit

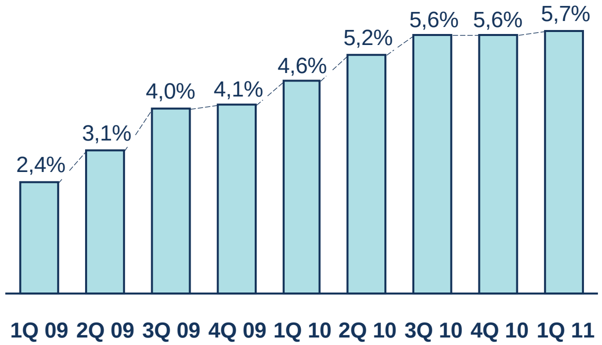
non performing loans

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

BELGIUM BU

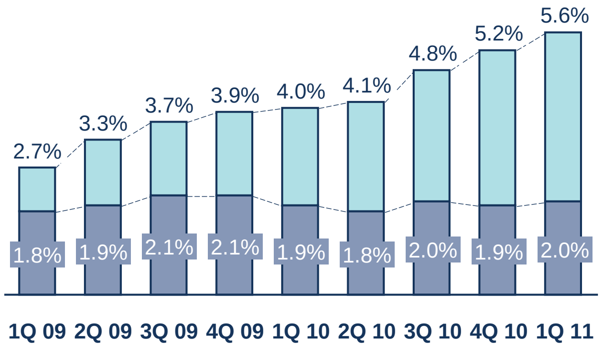


CEE BU



MEB BU

(incl. Ireland)



Belgium Business Unit

Underlying net profit

Volume trend

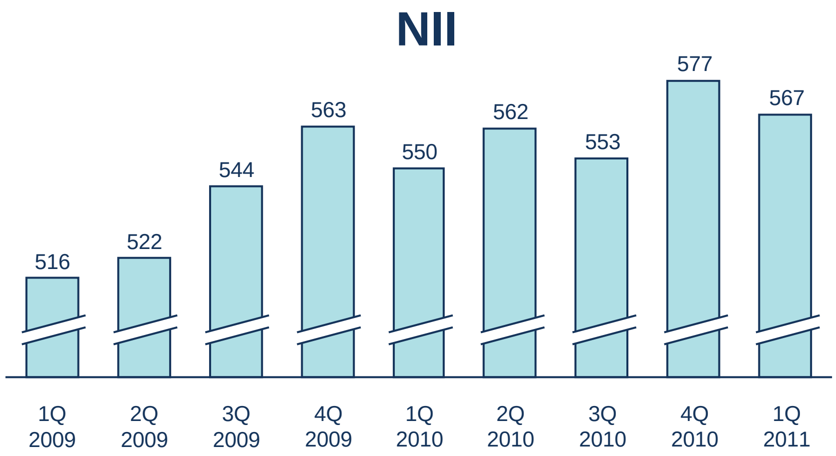
	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	52bn	27bn	69bn	145bn	21bn
Growth q/q*	+1%	+1%	+1%	-2%	-1%
Growth y/y	+4%	+8%	+6%	-3%	+4%

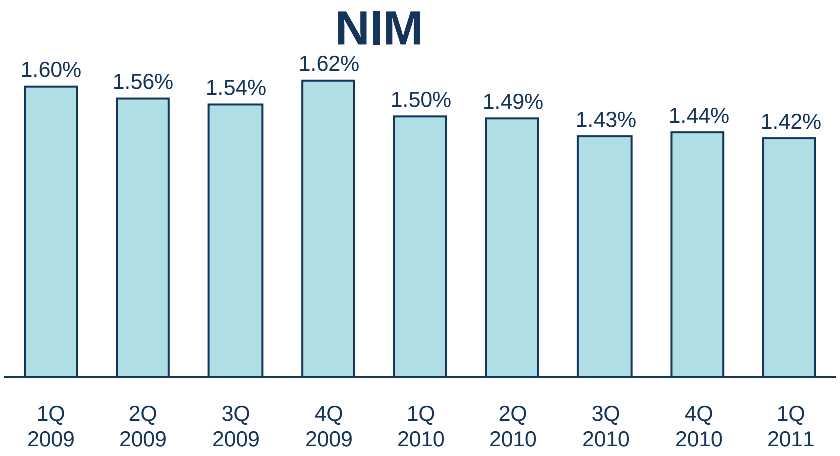
** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit of Belgium Business Unit of 280m EUR is slightly above the average of the last four quarters. The 10% q-o-q increase reflects mainly a good insurance result, lower operating costs and very low impairments
- Increase in quarter-on-quarter and year-on-year loan volume, driven by mortgage loan growth
- Deposit volumes increased 1% quarter-on-quarter and as much as 6% year-on-year. Especially term deposits rose in 1Q11

Amounts in m EUR

Belgium Business Unit (2)

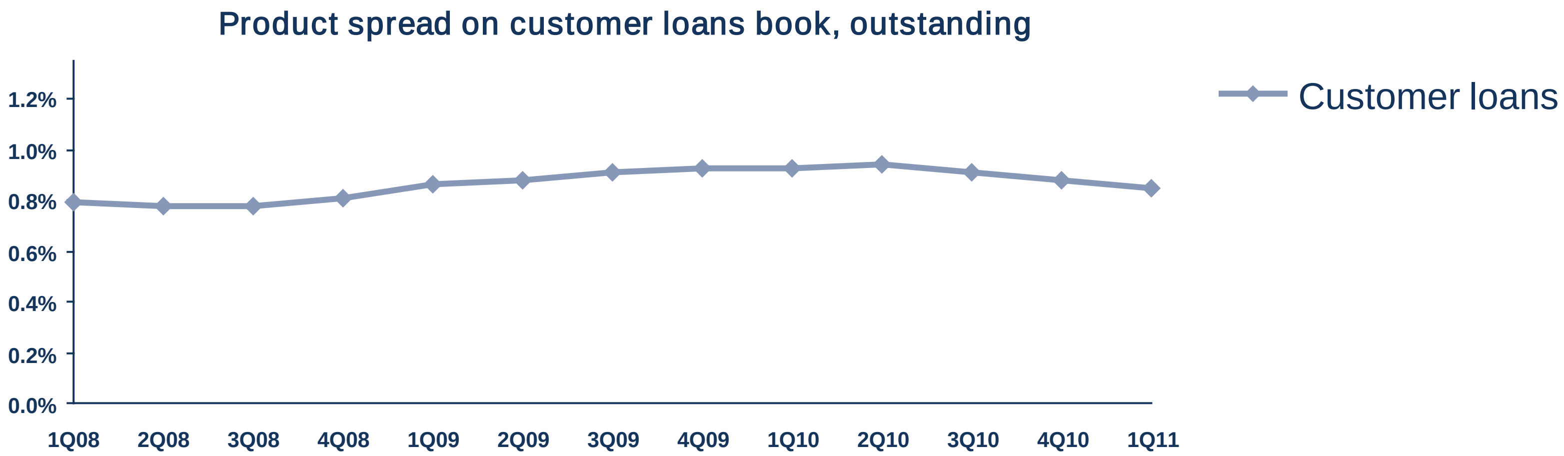


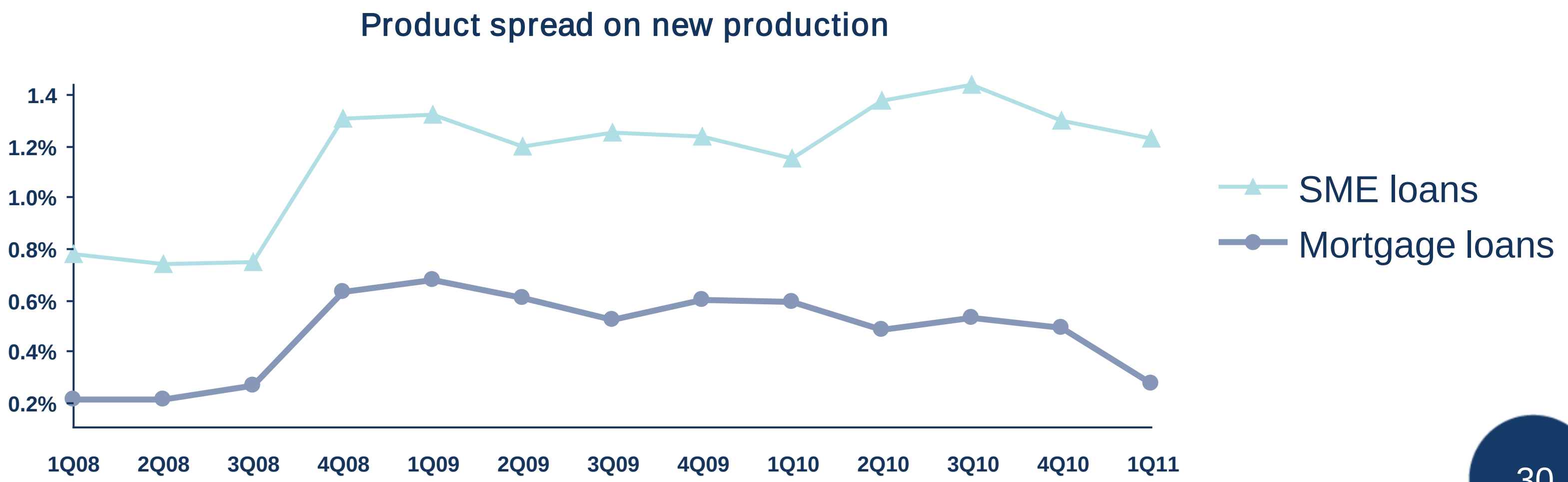


- Net interest income (567m EUR) remained healthy with continued loan volume growth, driven by mortgages
  - An increase of 3% y-o-y (no less than +5% y-o-y excluding Secura in 1Q10), but a decrease of 2% q-o-q from the relatively high level recorded in 4Q10
  - The net interest margin fell by 2bp q-o-q to 1.42% due to the negative impact of the generally lower reinvestment yields, increased competition on the loan portfolio (mainly on mortgages) and a change in product mix. The current NIM remains much higher than the 2H 2008 level (1.19% in 3Q08 and 1.25% in 4Q08)

Amounts in m EUR

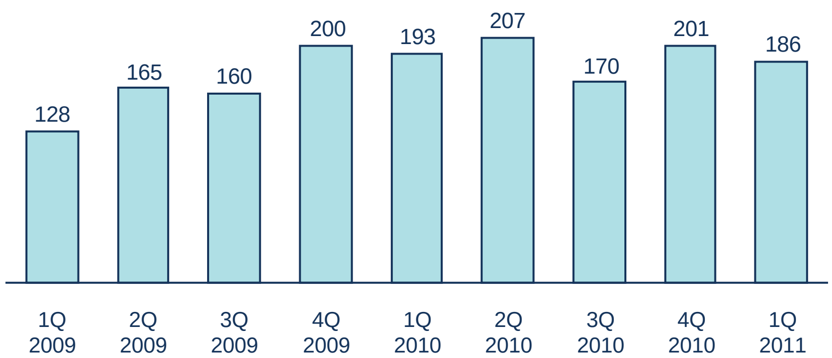
Credit margins in Belgium



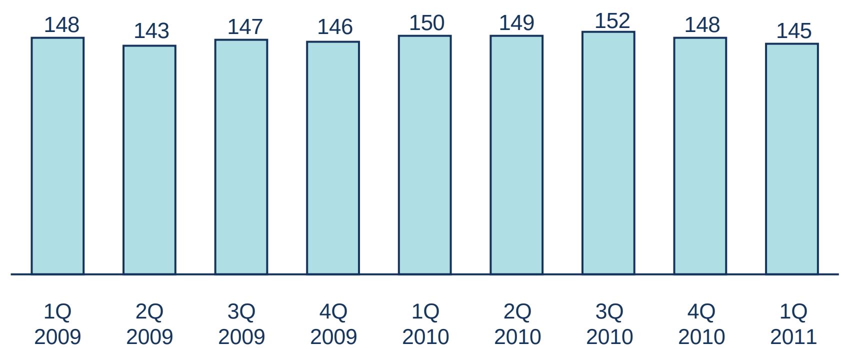


Belgium Business Unit (3)

F&C



AUM



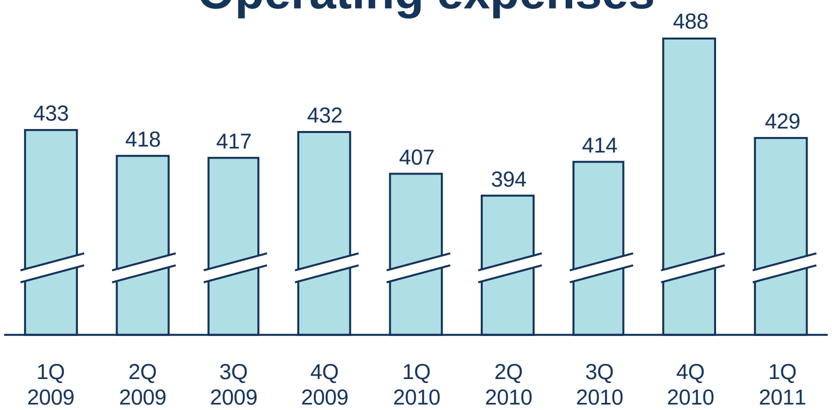
Amounts in bn EUR

- Net fee and commission income (186m EUR)
  - Net fee and commission income from banking activities (227m EUR) decreased by 5% q-o-q due to a number of factors such as the typical seasonal effect (increased marketing of mutual fund products and customers in 4Q10), which led to lower entry fees on mutual funds. Management fees on mutual funds were also impacted by a lower number of days (91 days in 1Q11 vs. 96 days in 4Q10) . Assets under management fell by 2% q-o-q (to 145bn EUR), of which 1% net outflow
  - Commission related to insurance activities (-41m EUR, mainly commission paid to insurance agents) was higher than the previous quarter (+10%), but considerably lower than a year earlier (-32%), mainly related to the sale of Secura

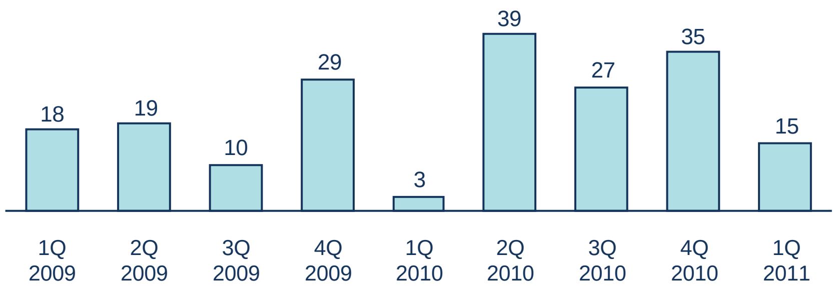
Amounts in m EUR

Belgium Business Unit (4)

Operating expenses



Asset impairment

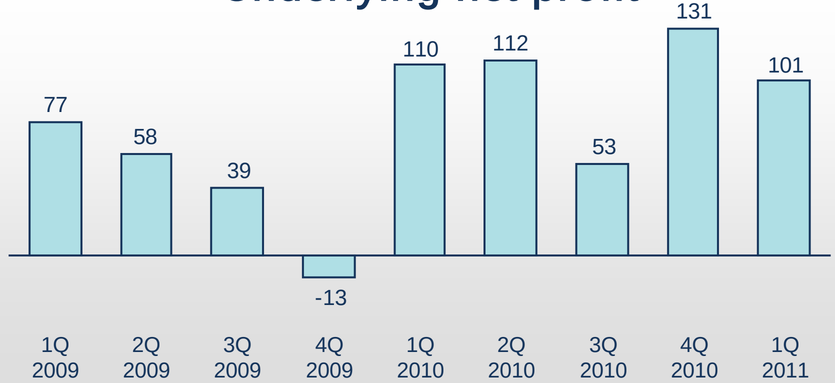


- Operating expenses remained well under control: -12% quarter-on-quarter and +5% year-on-year
  - Operating expenses fell sharply q-o-q (-12%) due to some one-off items (certain restructuring charges) and some typical year-end effects in 4Q10 (such as higher marketing, communication and ICT expenses)
  - Excluding the extra 18m EUR y-o-y cost related to the Belgian Deposit Guarantee Scheme (22.2m EUR in 1Q11 versus 4.6m EUR in 1Q10), operating expenses were up 1% y-o-y
  - Underlying cost/income ratio: 57% YTD
- Asset impairment remained at a low level (15m EUR). Credit cost ratio of 8 bps YTD. NPL ratio at 1.6%

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	42bn	12bn	2bn
Growth q/q*	0%	+2%	+0%	-3%	+6%
Growth y/y	0%	+5%	+3%	-8%	+14%

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

- Underlying profit at CEE Business Unit of 101m EUR
  - CEE profit breakdown: 97m Czech Republic, 24m Slovakia, -16m Hungary, 38m Poland, 2m Bulgaria, other -44m (mainly funding costs of goodwill)
  - Impacted by the recording of the Hungarian bank tax for the full year (62m EUR pre-tax and 51m EUR post-tax)
  - Results from the banking business were positively impacted by lower loan loss provisions
  - Results from the insurance business benefited from the success of the ‘Maximal Invest’ insurance (unit-linked life insurance product) at CSOB Pojist’ovna in the Czech Republic

Amounts in m EUR

CEE Business Unit (2)

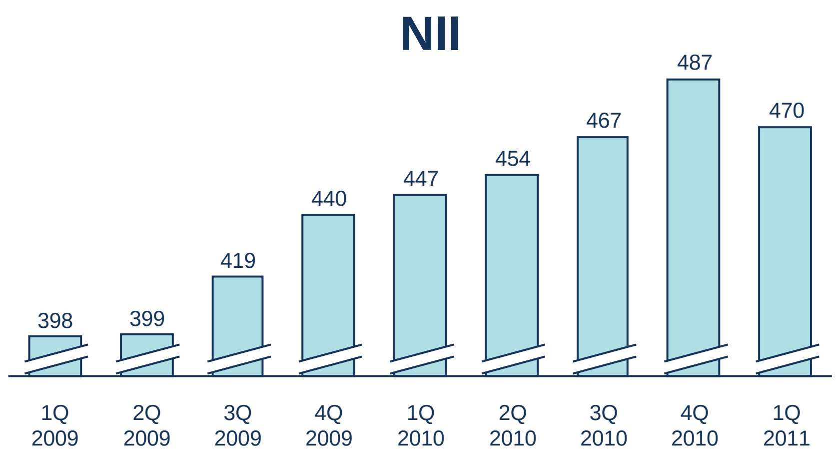
Organic growth(*)

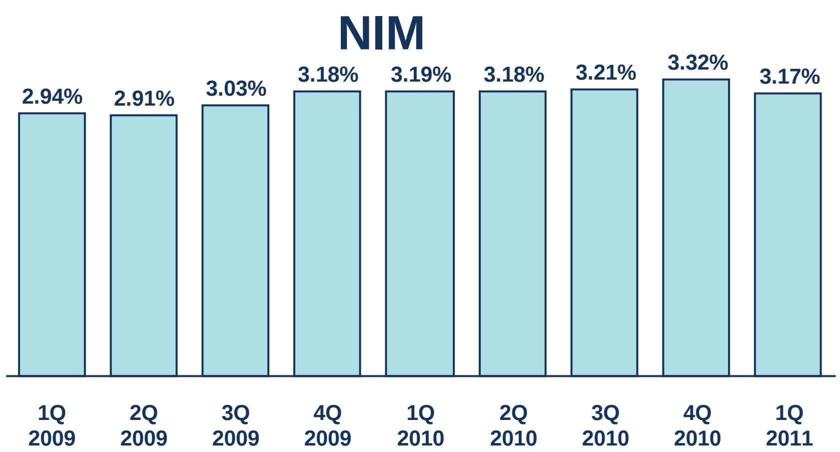
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	+1%	+2%	+2%	+9%	+0%	+3%
SK	+2%	+8%	+3%	+23%	-5%	+1%
HU	-3%	-11%	-2%	-6%	-2%	-3%
PL	0%	-1%	0%	+1%	+3%	+13%
BU	-4%	-6%	-2%	-4%	+1%	-18%

- The total loan book stabilised q-o-q and y-o-y. On a y-o-y basis, the large relative decrease in Hungary (-11% y-o-y due to a decrease in the corporate loan book and mortgages) was mainly offset by increases in Slovakia (+8% y-o-y thanks to an increase in mortgage loans given a successful mortgage campaign in 2010) and the Czech Republic
- Total deposits stabilised q-o-q, but rose by 3% y-o-y (attributable primarily to Poland)
- Loan to deposit ratio at 76%

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

CEE Business Unit (3)





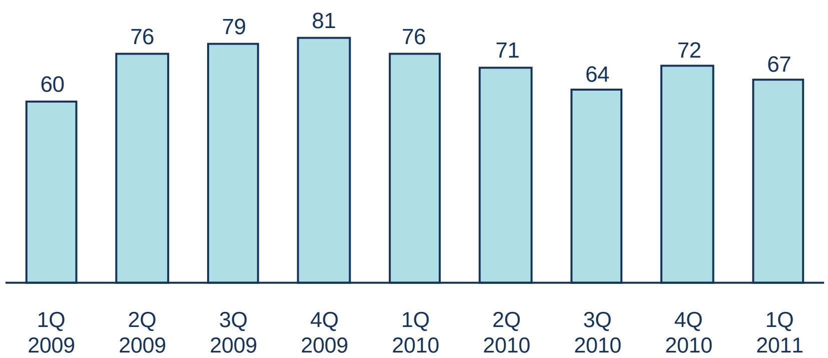
- Net interest income rose by 2% y-o-y, but fell by 5% q-o-q to 470m EUR (organic growth only).

- Net interest margin at 3.17%, down 15bps on the previous quarter, due entirely to technical elements. Excluding these technical factors, net interest income was remained unchanged q-o-q based on stable average interest-bearing assets in combination with a stable net interest margin

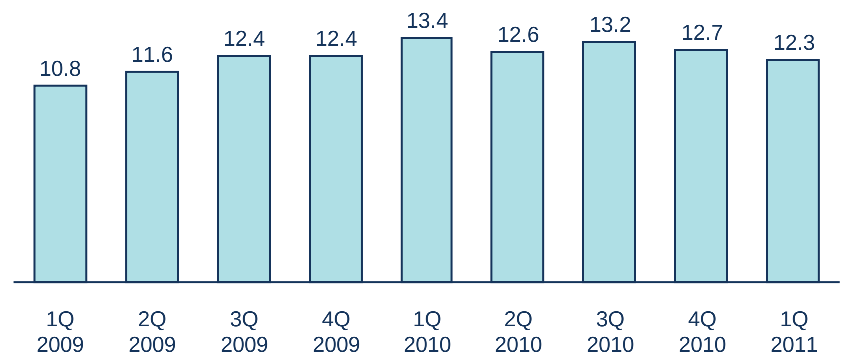
Amounts in m EUR

CEE Business Unit (4)

F&C



AUM



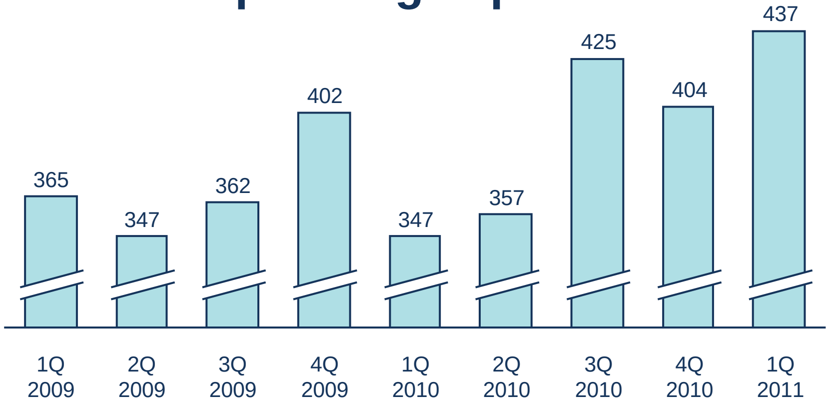
Amounts in bn EUR

- Net fee and commission income (67m EUR) decreased by 8% q-o-q on an organic basis (excluding FX impact)
  - This q-o-q decrease was driven almost entirely by the banking business (in all major banking entities), which is the result of lower assets under management
- Assets under management saw no net outflow and amounted to roughly 12bn EUR (-3% q-o-q due to price effects)

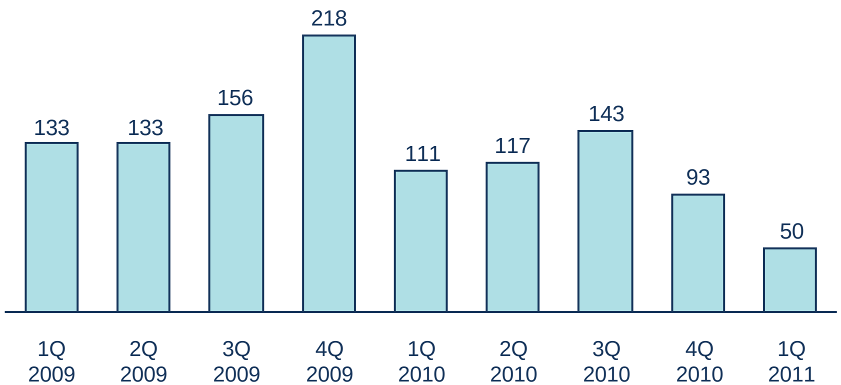
Amounts in m EUR

CEE Business Unit (5)

Operating expenses



Asset impairment



- Operating expenses (437m EUR) rose by 7% q-o-q and 23% y-o-y on an organic basis (excluding FX impact)
  - The increase was chiefly caused by the recording of the Hung. bank tax for the full year (62m EUR pre-tax / 51m EUR post-tax)
  - Excluding the Hungarian bank tax, expenses fell by 8% q-o-q (thanks to lower marketing expenses) and rose by only 5% y-o-y (mainly driven by higher ICT expenses) on an organic basis
  - YTD cost/income ratio at 62% (52% excluding Hung. bank tax)
- Asset impairment at 50m, mainly on L&R
  - Credit cost ratio fell to only 0.51% in 1Q11 (1.22% in FY10) thanks to some impairment releases (typically in 1Q). NPL ratio at 5.7%

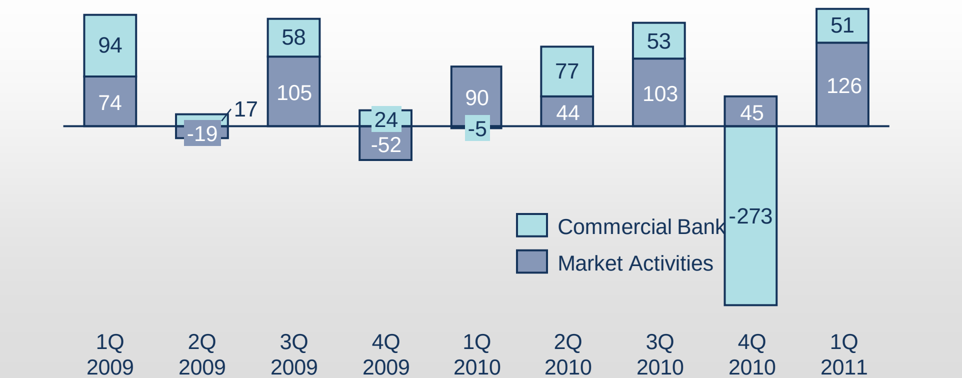
	Loan book	2008* CCR	2009* CCR	2009 CCR	2010 CCR	1Q11 CCR
CEE	**38bn**	**0.73%**	**2.12%**	**1.70%**	**1.22%**	**0.51%**
- Czech Rep.	19bn	0.38%	1.12%	1.12%	0.75%	0.39%
- Poland	8bn	0.95%	2.59%	2.59%	1.45%	-0.15%
- Hungary	6bn	0.41%	2.01%	2.01%	1.98%	1.72%
- Slovakia	4bn	0.82%	1.56%	1.56%	0.96%	0.08%
- Bulgaria	1bn	1.49%	2.22%	2.22%	2.00%	2.19%

** 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	60bn
Growth q/q*	0%	-2%
Growth y/y*	-8%	+2%

**non-annualised*

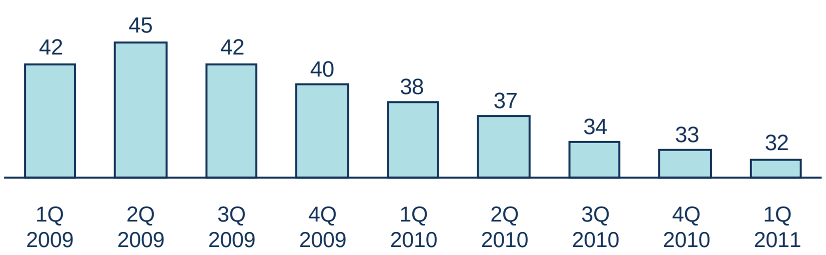
- Underlying net profit in Merchant Banking Business Unit (+177m EUR) significantly above the average of the last four quarters (33m EUR)
    - Result from Commercial Banking of 51m EUR, sharply higher than 4Q10 which was heavily impacted by higher impairments at KBC Bank Ireland and the one-off net provision of 125m EUR at KBC Lease (due to irregularities at KBC Lease UK)
    - Result from Market Activities of +126m EUR also up sharply q-o-q thanks to solid 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

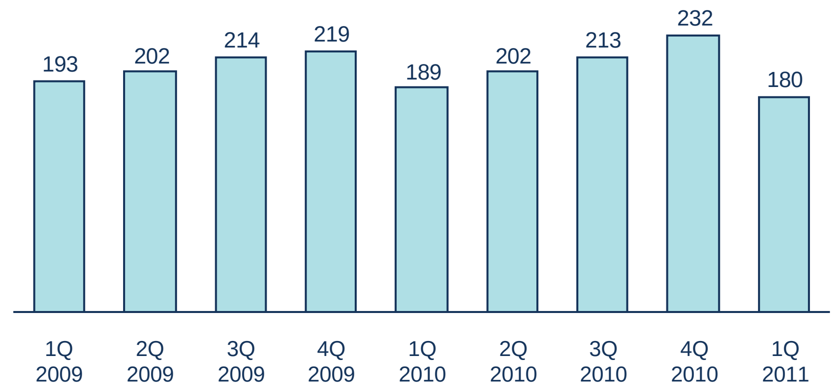
Merchant Banking Business Unit (2)

RWA banking
(Commercial Banking)



Amounts in bn. EUR

NII (Commercial Banking)

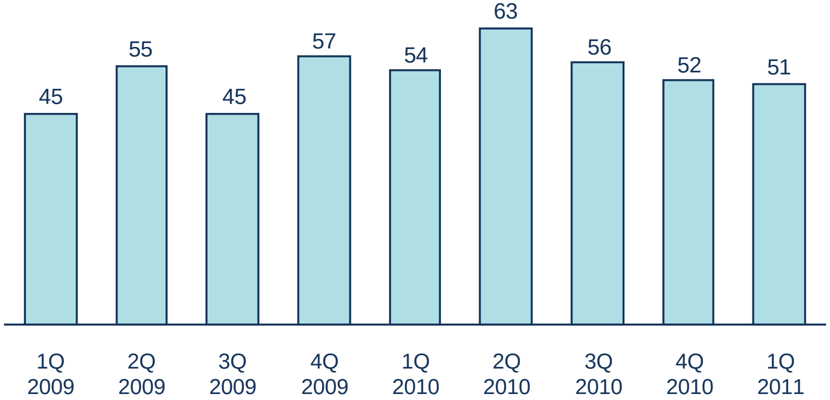


- Lower risk weighted assets in Commercial Banking due to further organic reduction in international corporate loan book
- Net interest income (relating to the Commercial Banking division) went down by 22% q-o-q (-4% y-o-y), primarily due to technical items (+31m positive impact in 4Q10) and following a reduced loan portfolio. As anticipated, volumes in this business unit went down (e.g. loans -0.4% q-o-q and -8.3% y-o-y). This decrease is expected to continue, 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)

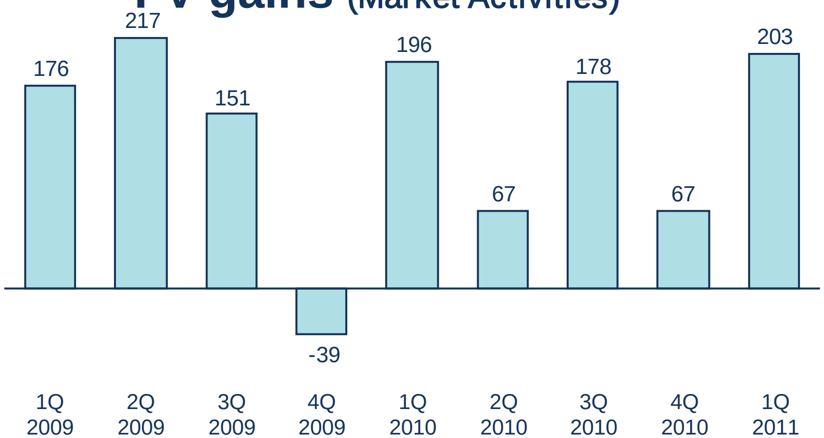
Amounts in m EUR

Merchant Banking Business Unit (3)

F&C



FV gains (Market Activities)

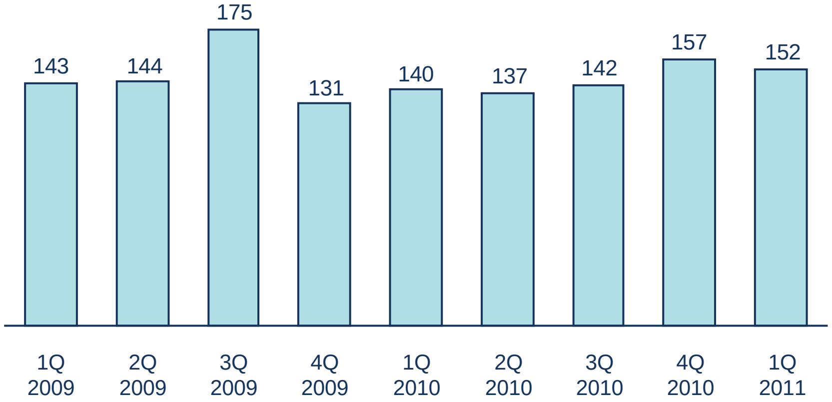


- Net fee and commission income of 51m EUR is roughly in line with the reference quarters
- High fair value gains within the ‘Market Activities’ sub-unit, mainly thanks to good dealing room activities

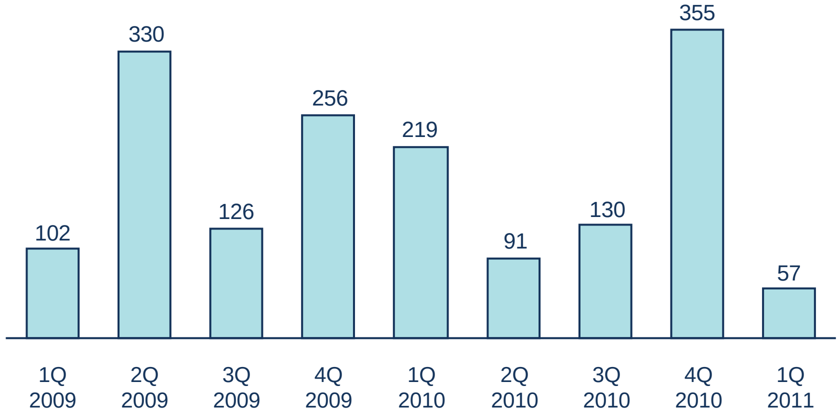
Amounts in m EUR

Merchant Banking Business Unit (4)

Operating expenses



Asset impairment



- Operating expenses increased by 9% year-on-year due to technical items, but fell by 3% quarter-on-quarter to 152m EUR
- Significantly lower impairments (57m EUR) in 1Q11, thanks entirely to lower impairment charges at KBC Bank Ireland and a 15m-euro write-back regarding Atomium assets
  - Credit cost ratio at 0.43% and NPL ratio at 5.6%

Amounts in m EUR

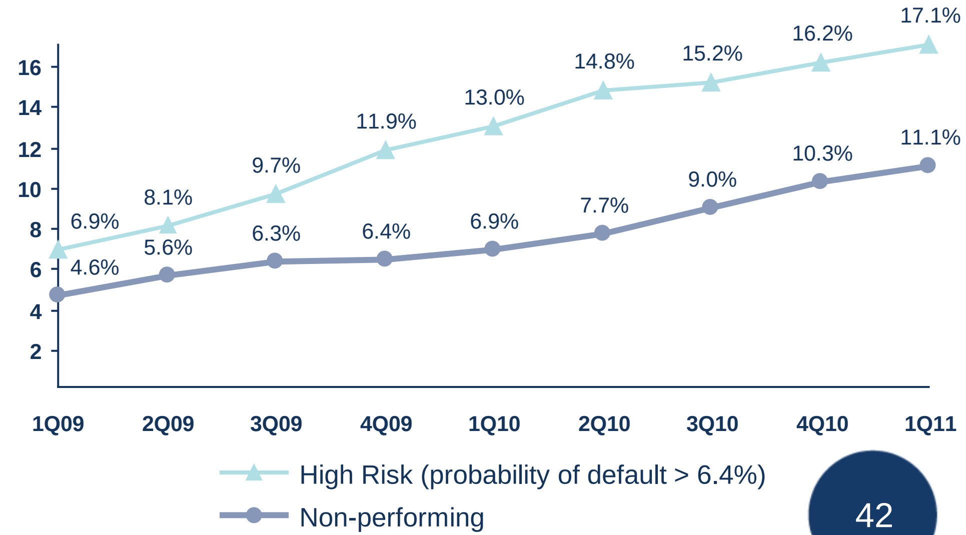
Update on Ireland

- 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

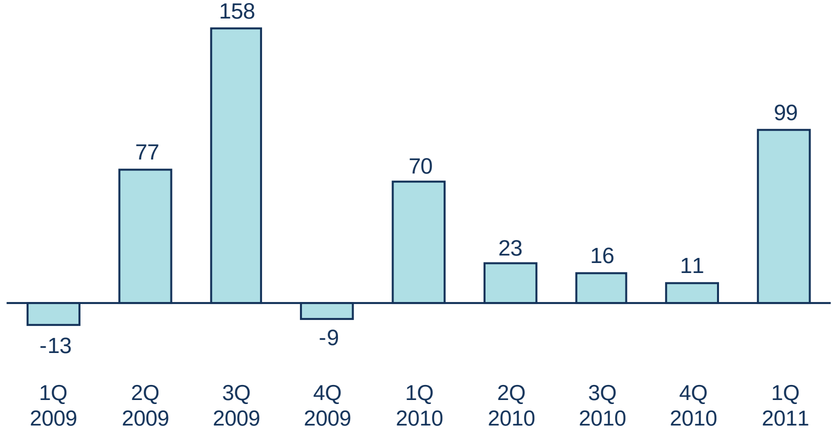
Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.7bn	7.7%	29%
Buy to let mortgages	3.3bn	12.2%	33%
SME /corporate	2.3bn	10.8%	41%
Real estate investment	1.3bn	16.0%	47%
Real estate development	0.6bn	48.8%	82%
	17.1bn	11.1%	42%

Proportion of High Risk and NPLs



Group Centre

Underlying net profit



- 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 increase 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 the divestment of Centea, in a deal signed in 1Q11, should be finalised in the coming months
- 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

	1Q11
Group item (ongoing business)	**-36**
Planned divestments	**135**
- Centea	7
- Fidea	13
- 40% minority stake in CSOB Bank CZ	59
- Absolut Bank	26
- ‘old’ Merchant Banking activities	15
- KBL EPB	37
- Other	-22
TOTAL underlying net group profit	**99**

NPL, NPL formation and restructured loans in Russia

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011
NPL	2.3%	3.3%	9.2%	14.0%	17.9%	17.8%	18.3%	16.8%	16.1%
NPL formation	1.8%	1.0%	5.9%	4.8%	3.9%	-0.1%	0.5%	-1.5%	-0.7%
Restructured loans	3.6%	7.2%	9.8%	11.2%	10.3%	10.3%	9.7%	6.3%	4.2%
Loan loss provisions (m EUR)	45	33	48	56	0	19	12	-9	-29

Amounts in m EUR

Section 4

Wrap up

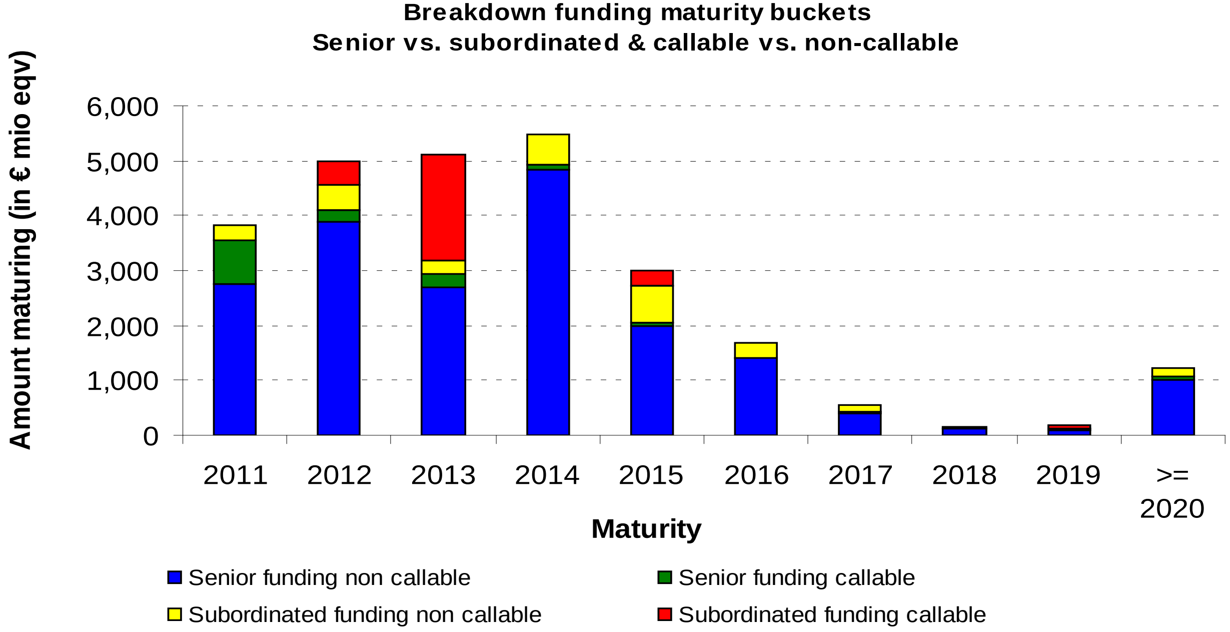
Financial highlights 1Q 2011

- Reported net profit up by more than 13% quarter-on-quarter
- Good level of net interest income with increased volumes
- Slightly reduced fee and commission income attributable to lower AuM, caused by both price effects and limited net outflow of funds
- Excellent combined ratio of 85% thanks to low claims; higher level of earned premiums in the CEE life insurance business
- Robust level of income generated by the dealing room
- Lower operational expenses, despite the recording of the Hungarian bank tax for the full year in 1Q11. Cost/Income ratio at a favourable 55%
- Exceptionally low loan loss provisions in all business units, with the most marked drop in Merchant Banking (including Ireland)
- Strong liquidity position
- Including the impact of the divestments already announced (Centea), regulatory capital accumulated in excess of the tier-1 solvency target of 10% amounted to roughly 4.8bn EUR at the end of 1Q11. Excluding all CDO effects since the end of 3Q09, available surplus capital at the end of 1Q11 amounted to roughly 4.0bn EUR (incl. the effect of divestments already announced)

Section 5

Additional data set

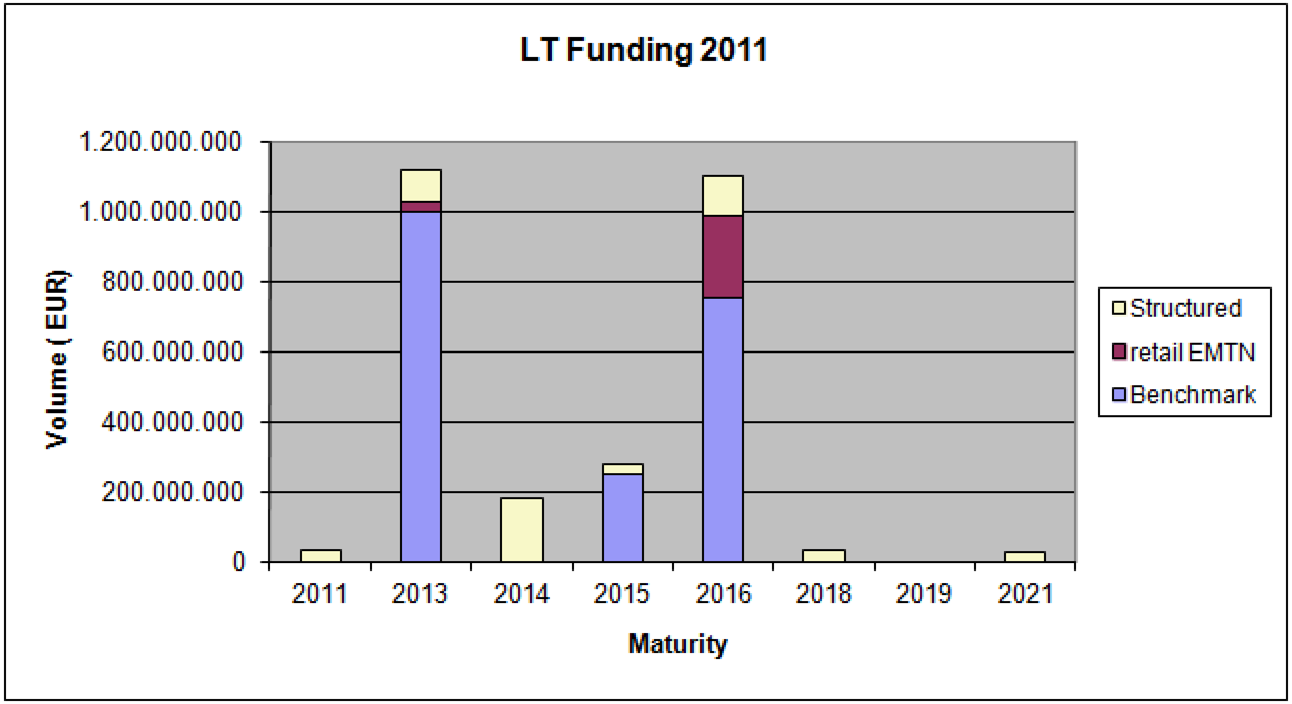
Upcoming mid-term funding maturities in 2011



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

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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**

Hungary (1)

Should be profitable in 2011

- K&H Group realised an underlying net loss of 16m EUR in 1Q11, due entirely to the recognition of the Hungarian bank tax for the full year in 1Q11. The bank tax for 2011 amounted to 62m EUR before tax / 51m post-tax
- Barring unforeseen events, we expect K&H Group to remain profitable for 2011 as well

Economic scenario

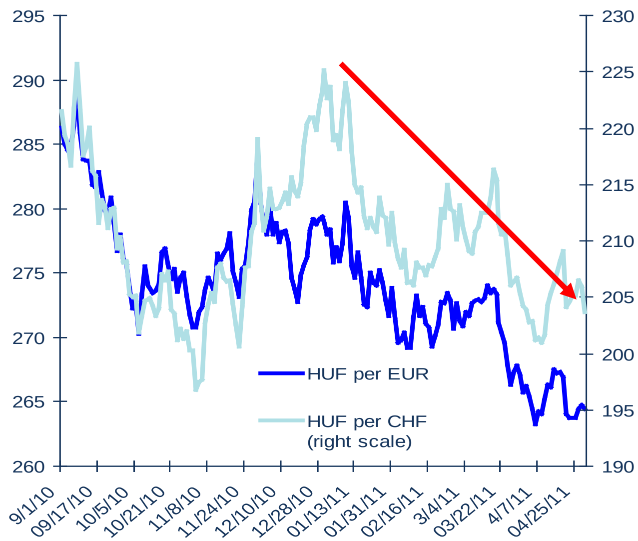
- Economic recovery will remain supported by external demand as domestic demand is lagging. Although private consumption growth will continue to suffer from weak labour market conditions, investments could pick up as financial markets have stabilised. On balance, growth is expected to accelerate to around 2.7% in 2011 (from 1.1% in 2010)
- Budget deficit in 2011 will be below 3% of GDP - mainly as a result of short-term solutions (crisis taxes till 2013 and pension transfers). But the government also announced more structural measures to reduce the budget deficit further in the coming years: savings are coming from curbing early retirement, limiting disability pension, cutting drug and public transport subsidies. These measures, including the take-over of the private pension assets should result in a decline in public debt from 80% of GDP in 2010 to 66% of GDP in 2014. Nevertheless, it remains to be seen how much of the structural measures will actually be implemented

Sovereign exposure

- Government bond exposure: 2.1bn EUR at the end of 1Q11 (versus 2.4bn at the end of 4Q10), of which the majority is held by K&H

Hungary (2)

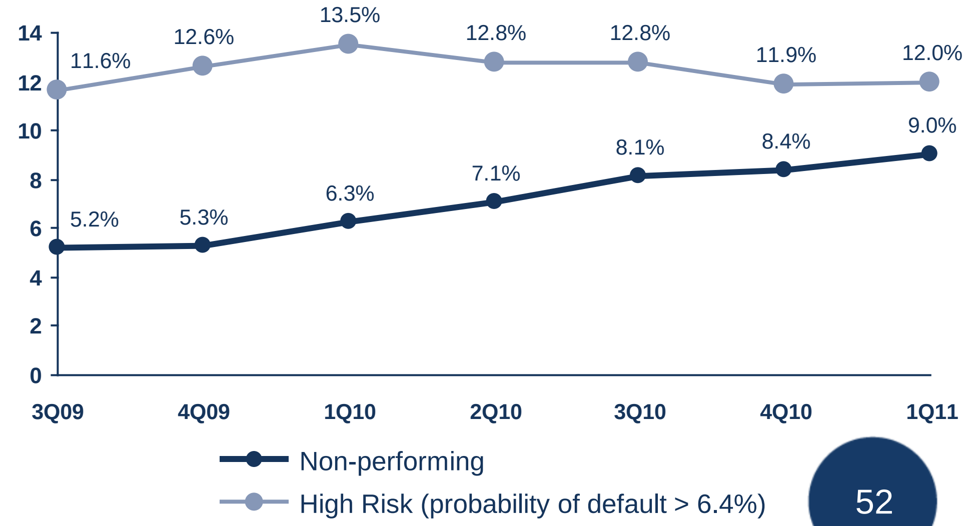
- 1Q11 loan loss provisions amounted to 28m EUR
- NPL rose to 9.0% in 1Q11 (8.4% in 4Q10), situated both in retail and corporate lending
- 78% of the outstanding portfolio remains low or medium risk
- Main driver for 2.2bn EUR FX mortgage portfolio is the CHF/HUF movement. The estimated impact of a further 30% rise (prolonged) in CHF/HUF is an increase of approximately 100m EUR in impairments based on the current portfolio



Hungarian loan book – key figures March 2011

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.9bn	7.8%	68%
Retail	3.4bn	9.9%	71%
o/w private	2.9bn	9.7%	70%
o/w companies	0.5bn	11.5%	78%
	6.3bn	9.0%	70%

Proportion of NPLs



Update on CDO exposure at KBC (end 1Q11)

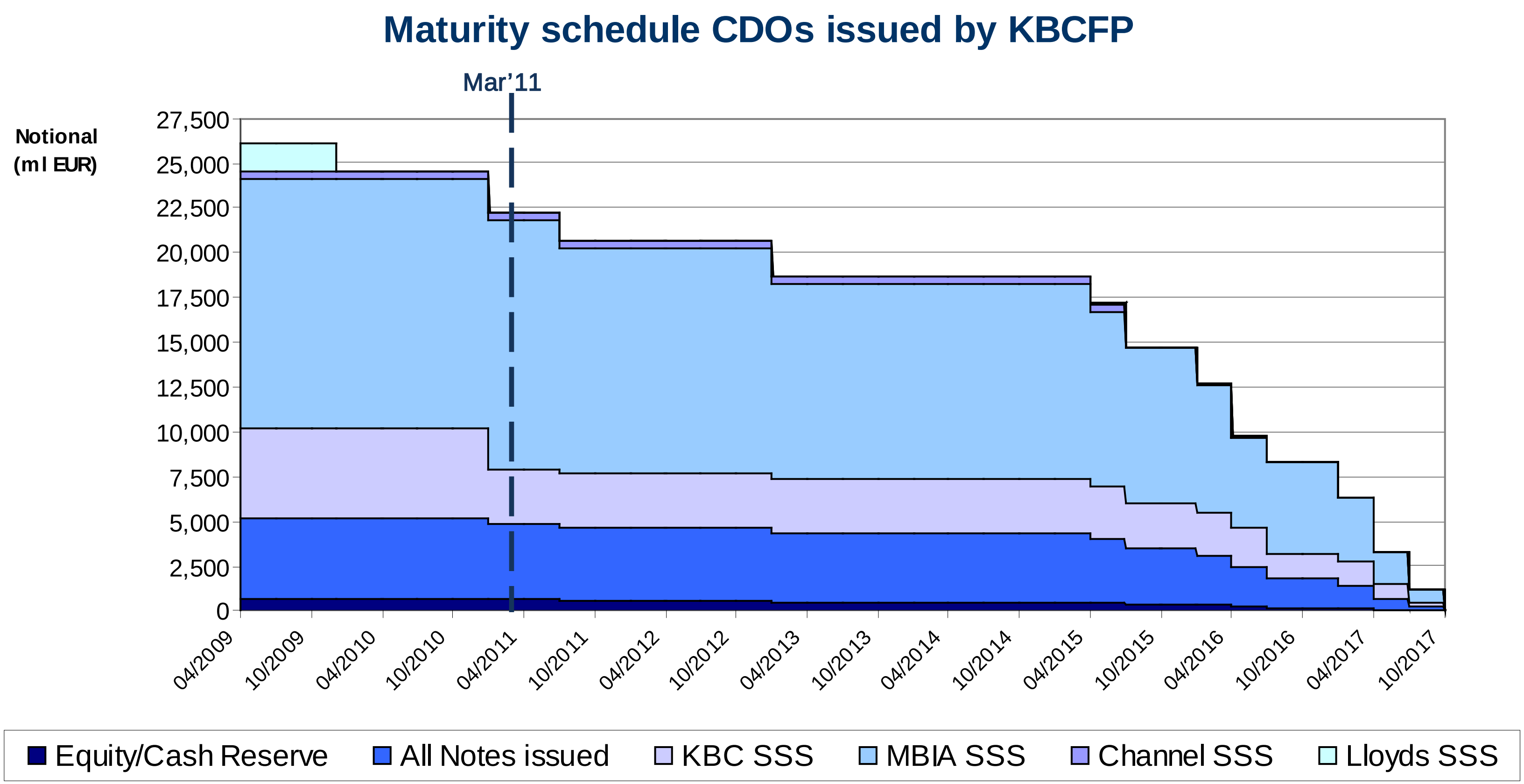
CDO exposure (bn EUR)	Notional	Outstanding markdowns
- Hedged portfolio - Unhedged portfolio	14.4 7.5	-1.1 -4.6
TOTAL	**21.9**	**-5.7**

Amounts in bn EUR	Total
Value adjustments (excluding Aldersgate and Lancaster)	-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, mainly as a result of relieving the risk of the Lancaster CDO
- Outstanding value adjustments amounted to 5.7bn EUR at the end of 1Q11
- Expected losses amounted to 2.1bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 14% 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

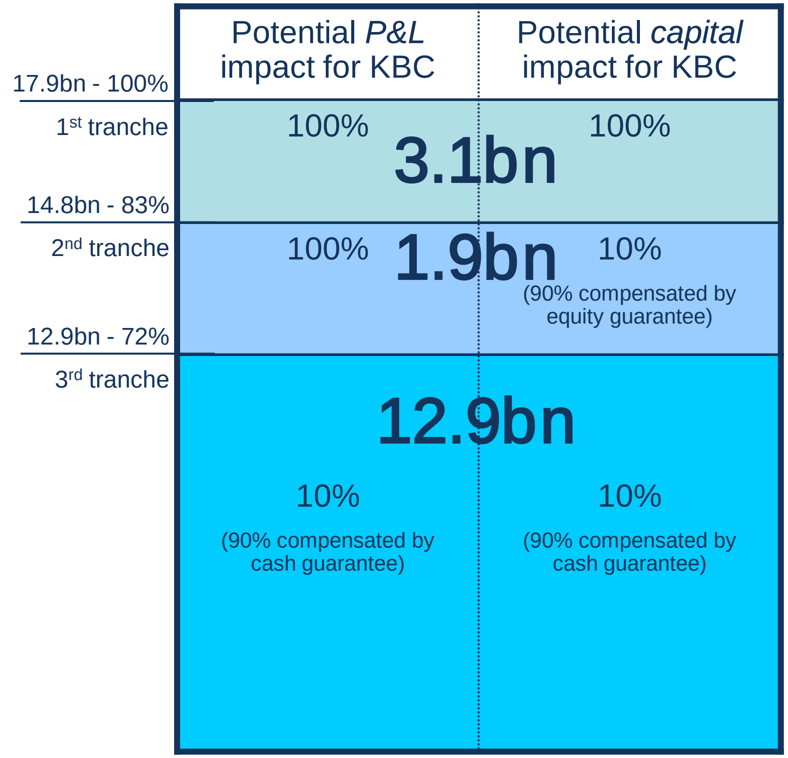
Maturity schedule for CDO portfolio



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

Summary of government transactions (1)

- State guarantee on 17.9bn euros' worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.5bn EUR) when the transaction was finalised
    - CDO-linked exposure to 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



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