KBC GROUP

Analyze, Adapt & Advance

KBC Conference Call
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Proposed swap

KBC proposed in its application to the European Commission dated July 12, 2011 to replace

- The IPO of a minority stake of CSOB Bank (Czech Republic) and
- The IPO of a minority stake of K&H Bank (Hungary) plus
- The sale & lease back of headquarter offices

	ČSOB	K&H
Profit 2010 (EUR)	**500**	**75**
Market Share	23%	9%

By

- The divestment of Kredyt Bank (80%) (*) and
- The divestment of Warta (*) and
- The accelerated sale or unwind of selected ABS and CDO assets

	KB Kredyt Bank	WARTA
Profit 2010 (EUR)	**36**	**0**
Market Share	4%	9%

* The considered offer for the sale of Kredyt Bank and Warta, if made, will be directed solely to a selected group of investors on a private placement basis only.

Rationale of the swap: regulatory items

The introduction of the Hungarian banking tax in 2010, expected to remain in place beyond 2012

- Very detrimental impact on the net profit of K&H Bank in Hungary

Basel 3 impact on minority interests…

- Only the minority share in line with the minimum required capital at subsidiary is taken into common equity

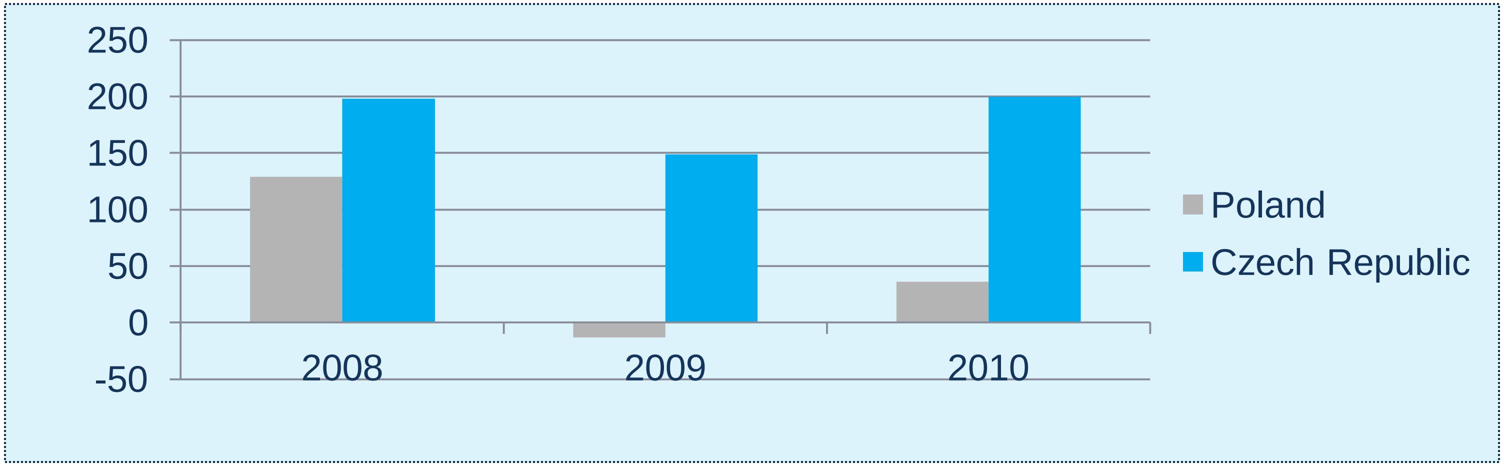
Change in IFRS Accounting Standards for Leases

- The current distinction between financial and operational lease will disappear

Rationale of the swap: financial items

A low market share in a fragmented and consolidating Polish banking sector (4%),
versus a high market share (23%) with a strong franchise and earnings power in the Czech Republic .

Earnings power enhanced by keeping totality of CSOB Bank CZ.



The Future

KBC will be a stable and 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 catch 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 Central and Eastern Europe

- We are committed to 4 core markets where we have a strong franchise to continue building our presence: Czech Republic, Slovak Republic, Hungary and Bulgaria.
- Strategy fundamentals remain unchanged and are based on a refined business model taking bancassurance as a point of departure.

KBC is reshaping the 'other' activities

- KBC is divesting private banking outside home markets
- Major reduction of scope and risk profile of international commercial banking operations (targeted RWA – 53%)
- Determined run-down of Market Activities (mainly KBC FP)
- All remaining merchant banking activities have a strategic fit with home markets

Potential capital impact of the swap

SWAP (all amounts in EUR, 2013, Basel III)

Part of the initial restructuring plan

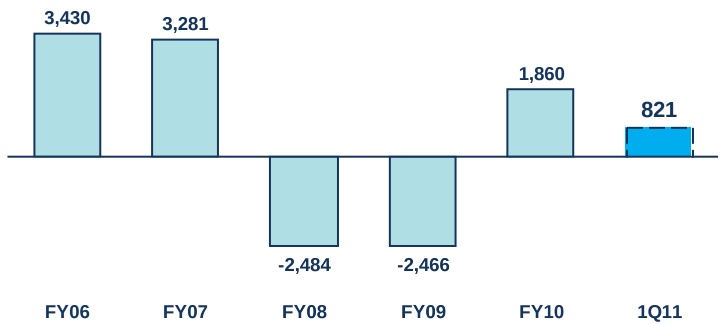
IPO minority stake of CSOB Bank CZ post-B3	1.2-2.2bn
IPO minority stake of K&H Bank post-B3	0.2-0.3bn
Sale and lease back of headquarter offices	0.3bn
Total post-B3	**1.7-2.8bn**
Mid-point	**2.3bn**

Part of the proposed restructuring plan

Total capital relief from divestment (Kredyt Bank and Warta) + increase in earnings power	1.8-2.4n
Sale or unwind of selected ABS and CDO assets	0.3-0.4bn
Total	**2.1–2.8bn**
Mid-point	**2.4bn**

Solid core earnings power

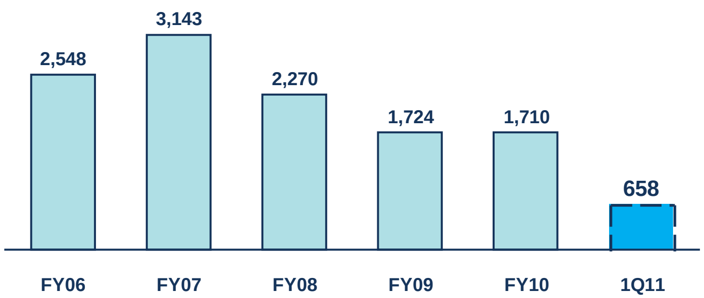
Reported net profit



Amounts in EUR million for KBC Group

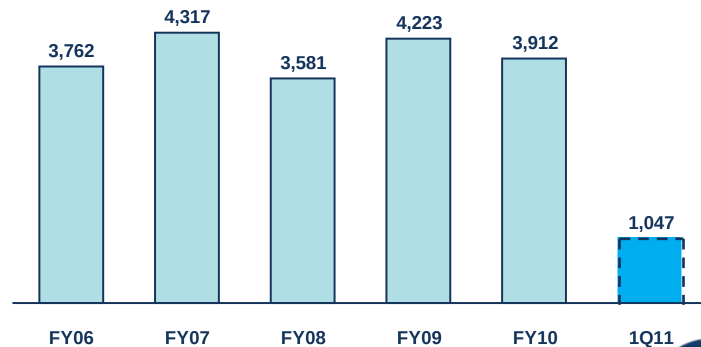
Excl. exceptional items

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 & FY10 is roughly in line with the pre-crisis FY06 & FY07 level

Strategy remains intact

"KBC is gradually becoming a more focused group with more stable and predictable earnings and an adjusted and reduced risk profile, while maintaining our growth options and retaining the confidence of all our stakeholders. "

Mr. Jan Vanhevel, CEO KBC Groep NV

Annex

Market shares (end 2010) 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%

On the path of execution

Track 1: We have restarted the sale process of KBL *epb*

Track 2: We are divesting the Polish banking and insurance activities

Track 3: We have designed the stand-alone strategy for the Belgian assets. We have completed the sale of Centea, while the sale process for Fidea is ongoing

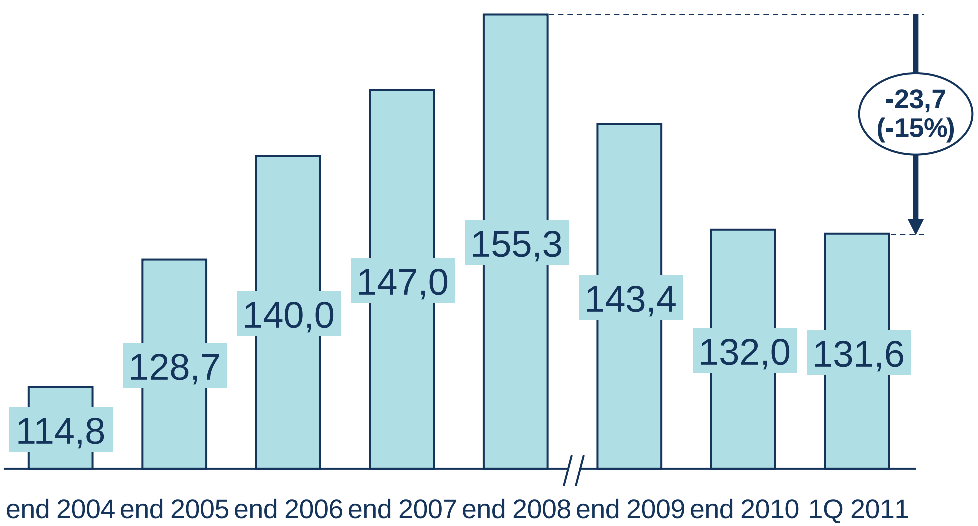
Track 4: We are scaling down the international merchant banking activities by divestment of subsidiaries and reduction of the loan portfolio

Track 5: We are continuing to wind-down ‘legacy’ trading positions and have largely finished the sales process of other non-core capital market activities

RWA reduction well under way

- Previously announced risk weighted assets reduction of 39bn in 2008-2013 period (-25%), mainly reduction of capital market activities and international corporate lending
- RWA have fallen by 24bn EUR by the end of 1Q 2011, of which roughly 20bn EUR (51% of the targeted 39bn EUR) thanks to the divestment plan

KBC Group risk weighted assets (in bn EUR)



Still 19bn EUR RWA reductions to go

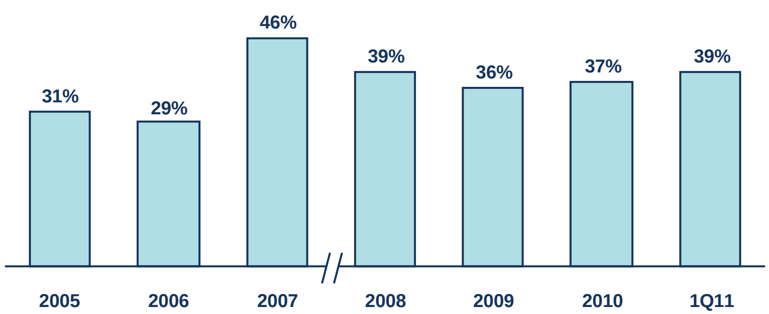
- Fidea	2bn EUR
- Russia/Serbia	2bn EUR
- KBL epb	4bn EUR
- MEB activities	11bn EUR
(a.o. sale of German corporate activities, Diamond Financing, International leasing outside home markets, Global Trade & Project Finance)	

A successful core strategy

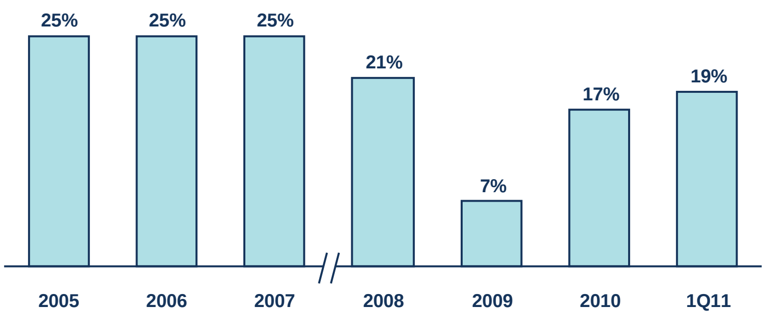
Strategic review November 2009

- 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). Reduction of MEB share will mechanically boost group average ROE

Return on allocated capital Belgium*



Return on allocated capital CEE*



* Note that Secura has been excluded from 4Q10 onwards

- 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.

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

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Q & A