KBC Group

Company presentation

FY/4Q 2011

KBC

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Key Takeaways

- Decisive progress on divestments, with capital gains to come in 2012
- Further reduction of volatile elements: CDO, ABS, Southern European government bond exposure
- Underlying 4Q11 results were affected by one-off items (Greek government bonds, 5-5-5 bonds, Hungary) and situation in Ireland. Loan loss provisions in Ireland are estimated at roughly 200m EUR for the first quarter of 2012 and 500-600m EUR for the full year 2012
- Core profitability in home markets remains intact in difficult market
- Comfortable capital position bolstered by decision to propose only symbolic dividend of 0.01 EUR. Payment of coupon to Governments maintained
- KBC agreed with the European Commission on the extension of the target date for the divestment of Antwerp Diamond Bank and KBC Germany and clarified the repayment intention of the principal of the YES at minimum 4.67bn EUR by the end of 2013
- First 500m EUR repayment to the Federal Government in January 2012 at 15% premium. Working towards further repayment(s) in 2012
- Strong liquidity position in core countries. Overall liquidity position remains robust despite deposit outflows in the Merchant Banking BU (mainly in non-core activities)

Content

Section 1

Refocused KBC Taking Shape

Overview of divestment programme

Finalised:	
KBC FP Convertible Bonds	✓
KBC FP Asian Equity Derivatives	✓
KBC FP Insurance Derivatives	✓
KBC FP Reverse Mortgages	✓
KBC Peel Hunt	✓
KBC AM in the UK	✓
KBC AM in Ireland	✓
KBC Securities BIC	✓
KBC Business Capital	✓
Secura	✓
KBC Concord Taiwan	✓
KBC Securities Romania	✓
KBC Securities Serbia	✓
Organic wind-down of international MEB loan book outside home markets	✓
Centea	✓
Signed:	
KBL *European Private Bankers*	✓
Fidea	✓
Warta	✓

In preparation/work-in-progress for 2012/2013
Kredyt Bank
Absolut Bank
KBC Banka
NLB
Zagiel
Antwerp Diamond Bank
KBC Germany
KBC Real Estate Development

Strategic plan progress
Execution risk sharply reduced

Where are we mid-February 2012, in terms of execution?

Stream 1: We signed an agreement to sell Warta

Stream 2: We are making considerable progress on the divestment of Kredyt Bank

Stream 3: EC approval for the extension of the target date of certain divestments by KBC and the amendment of restructuring commitments

Stream 4: PIIGS exposure down by 28% q-o-q during 4Q11, further impairments on Greek government bonds resulted in a total haircut of 71% on the notional amount

Stream 5: CDO/ABS exposure further reduced by roughly 1.9bn EUR

Stream 6: RWA at 119bn EUR (pro forma) including B2.5/CRD3 impact, reduction better than initially planned. Nevertheless, core profitability remains intact in difficult years

Stream 1: Divestment of Warta

WARTA

	FY11
Total assets	1.5bn EUR
RWA	1.3bn EUR
Market share	8%-9%
Book value...	0.46bn EUR
... of which goodwill	0.15bn EUR
Underlying net profit	41m EUR

- 20 January: agreement with Talanx announced
- Transaction price: 770m EUR ≈ 2.5x tangible BV
- Total capital relief of almost 0.7bn EUR
- Closing expected in 2H12

=> KBC's tier-1 ratio will rise by ±0.7% (at closing)

Stream 2: Divestment of Kredyt Bank

	FY11
Total assets	9.3bn EUR
RWA	6.8bn EUR
Market share	4%
Book value...	0.6bn EUR
... of which goodwill	0.1bn EUR
Underlying net profit	68m EUR

- We are making considerable progress on the divestment of Kredyt Bank

Stream 3: Extension of target date of certain divestments, additional commitments and specification of reimbursement

We agreed with the European Commission on:

1. **The extension of the target date for the divestment of Antwerp Diamond Bank and KBC Germany (i.e. KBC Bank Germany and KBC Lease Germany) by one year until 31 December 2012**

2. **The prolongation of the acquisition ban and price leadership ban until the earlier of 18 November 2014 and the date at which all outstanding payments to the Belgian authorities have been made**

3. **Specification for the repayment of State aid**
   KBC clarified with the European Commission the repayment intention of the principal of the YES at minimum 4.67bn EUR by the end of 2013

Stream 4: PIIGS exposure down by 28%

Breakdown of government bond portfolio, banking and insurance (carrying value in bn EUR)

	End 2010	End 1Q11	End 2Q11	End 3Q11	End 2011
Portugal	0.3	0.3	0.3	0.1	0.1
Ireland	0.5	0.4	0.4	0.4	0.4
Italy	6.4	6.2	6.1	3.8	2.1
Greece	0.6	0.6	0.5	0.3	0.2
Spain	2.2	2.2	2.2	2.1	1.9
TOTAL	**10.0**	**9.7**	**9.6**	**6.7**	**4.8**

During 4Q11, KBC reduced its PIIGS exposure (carrying amount) by roughly 28%:

- Italy: reduction of 1.7bn EUR
- Greece: reduction of 0.1bn EUR
- Spain: reduction of 0.2bn EUR
- **TOTAL reduction of 1.9bn EUR**

Stream 5: CDO/ABS exposure reduced

- As published with the 3Q11 results, the projected capital range of 0.3-0.4bn EUR from the sale of selected ABS assets and unwinding of CDO assets had already been exceeded, without any substantial impact on P&L **at the end of 3Q11**

- **During 4Q11,** we sold 0.2bn EUR in notional amount of US ABS assets to the market, without any material impact on P&L or on the capital position of KBC

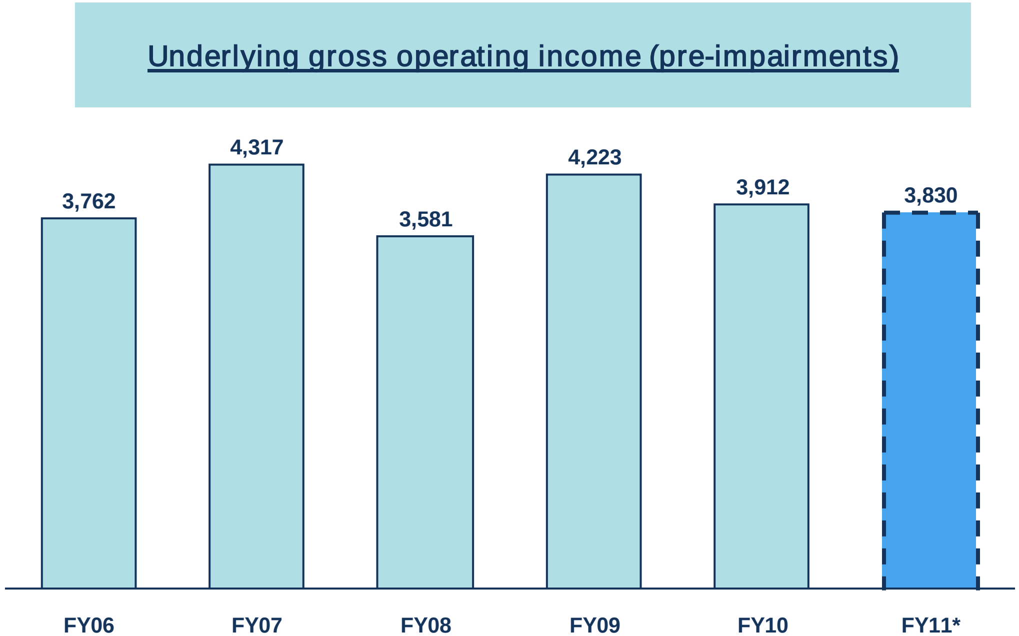
- **In 1Q12**, two CDOs were de-risked, resulting in a reduction of the outstanding notional amount of CDOs by 1.7bn EUR. This will have a negative impact on P&L of 60-70m EUR, but no material impact on the capital position

- We will continue to look at reducing our ABS and CDO exposure, which will lead to additional capital relief and lower P&L volatility

Stream 6: RWA reduction better than initially planned

KBC Group risk weighted assets (in bn EUR)

Core earnings power intact



* FY11 with neutralisation of impact of 5-5-5 bonds

Core earnings power intact, with a significantly reduced risk profile (trading), despite drastic RWA reduction of 42bn EUR (excluding B2.5 impact) since the end of 2008

Amounts in m EUR for KBC Group

Section 2

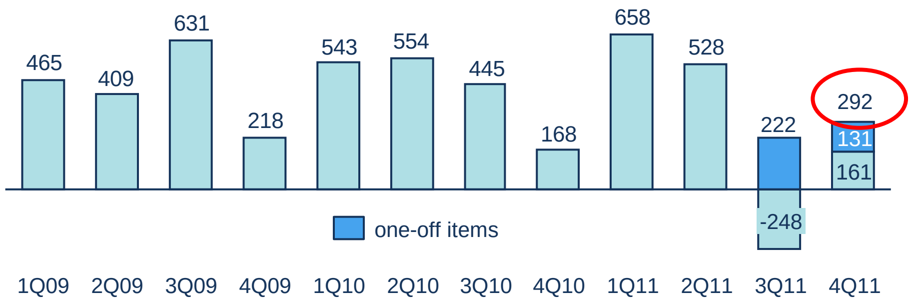
4Q 2011 Financial highlights

Financial highlights 4Q 2011

- High reported result defined by good underlying business in core markets as well as market spread trend
- Underlying net group profit in 4Q11 was affected by one-off items (Greek government bonds, 5-5-5 bonds, Hungary). Excluding these one-offs, underlying net group profit amounted to 292m in 4Q11
- Net interest income sustained by higher loan volume in Belgium. NIM only slightly impacted by reduced PIIGS exposure
- Slight increase in net fee and commission income, mainly driven by the successful issuance of Belgian state notes
- Excellent combined ratio of 92% in FY 2011 as a result of low claims. Total gross earned premium income rose by 6% q-o-q, driven by higher life insurance sales attributable entirely to higher sales of ‘guaranteed interest’ products
- Good dealing room performance
- Underlying cost/income ratio at 57% in FY 2011 (excluding the provision for the 5-5-5 bonds)
- Credit cost ratio at 0.82% in FY 2011 (compared to 0.91% in 2010 and 1.11% in 2009)
- Strong liquidity position in core markets, outflow concentrated in non-core parts of Merchant Banking
- Solvency: continued strong capital base. Pro forma tier-1 ratio under Basel 2.5 – including the effect of divestments for which a sale agreement has been signed – at approximately 13.8% (with core tier-1 at 12.0%)

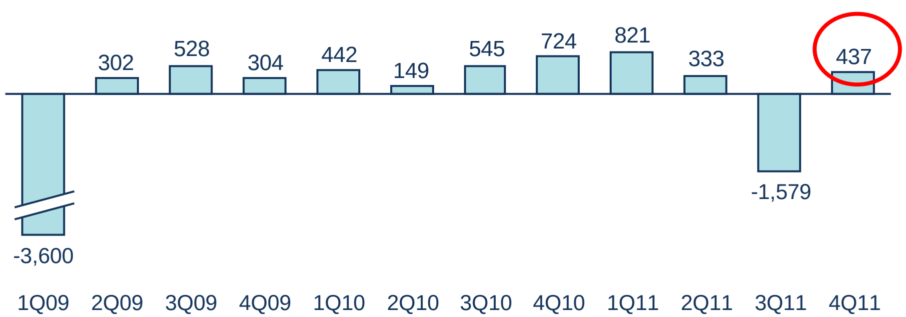
Earnings capacity

Underlying net profit

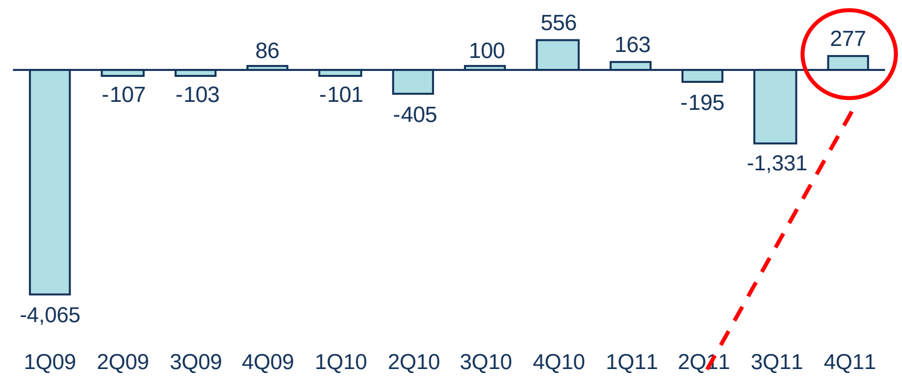


Including exceptional items

Reported net profit



Exceptional items



Main exceptional items (post-tax)

• M2M re own credit risk	+0.2bn
• Revaluation of structured credit portfolio	+0.2bn
• Other	-0.1bn
	+0.3bn

Amounts in m EUR

4Q results affected by a range of one-offs and market-driven items

4Q11 underlying profit level includes -131m EUR of one-offs (Greece and Hungary):

- Additional impairments on our **Greek government bonds**: 85m EUR pre-tax and 62m EUR post-tax (This resulted in a total haircut of 71% on the notional amount)
- **Additional impact of 5-5-5 bonds**: 71m EUR pre-tax and 47m EUR post-tax. If no credit event under ISDA definition occurs, the provision will be reversed
- New FX mortgage repayment law in **Hungary** led to additional impact of 27m EUR in 4Q11 (22m EUR post-tax), as 82m EUR additional loan loss provisions were largely offset by a 55m EUR cost deduction (deductibility of the bank tax)

In addition, 4Q11 underlying results were also impacted by market-driven items:

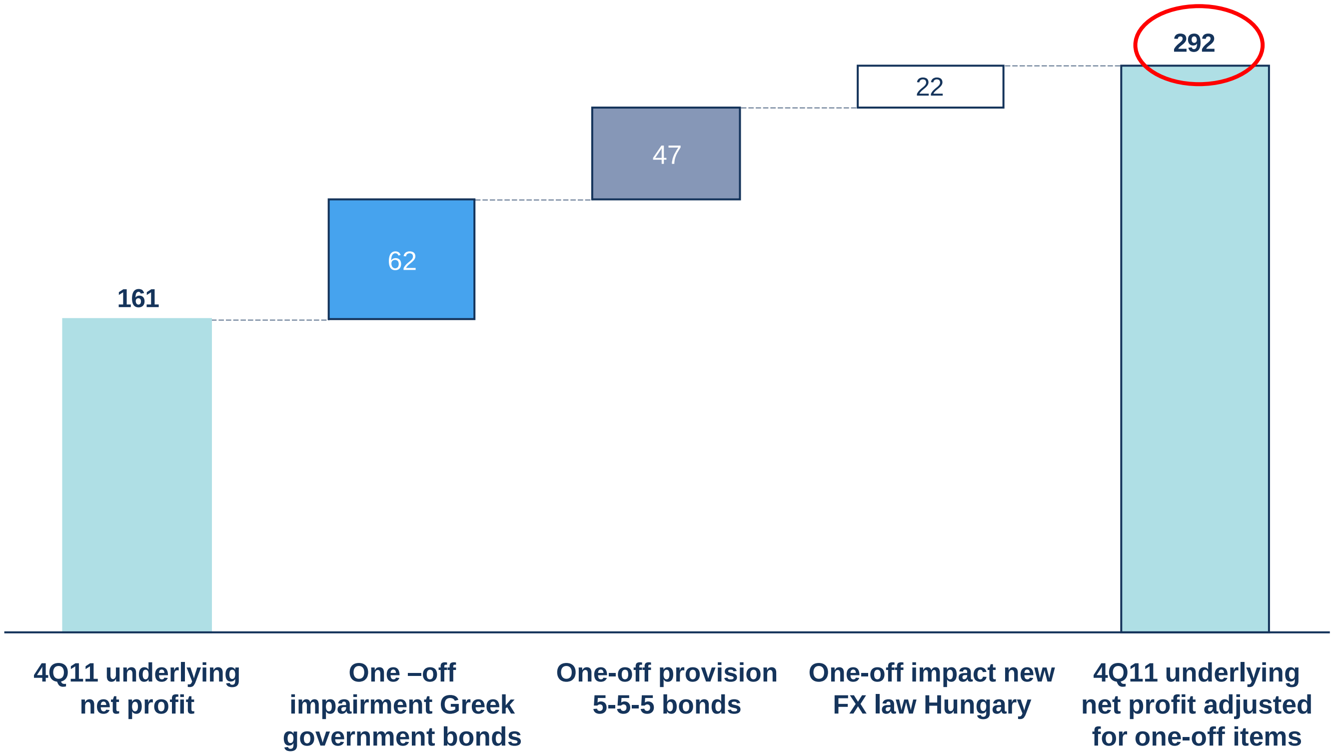
- Impairments on **AFS shares**: 16m EUR (pre-tax = post-tax)
- Loan loss provisions in **Ireland** amounted to 228m EUR pre-tax in 4Q11 (compared with 187m EUR in 3Q11) and 164m EUR post-tax, which is more or less in line with our guidance of roughly 200m EUR

At non-recurring profit level: total impact of +277m EUR (post-tax)

- Tightening corporate credit spread during 4Q11 resulted in unrealised gains of 0.2bn EUR on **CDOs/MBIA**. Since the end of 4Q11, the corporate credit spreads have continued to tighten
- **M2M losses of 46m EUR relating to ALM derivatives used for hedging purposes**, more than offset by 215m EUR **M2M of own credit risk**

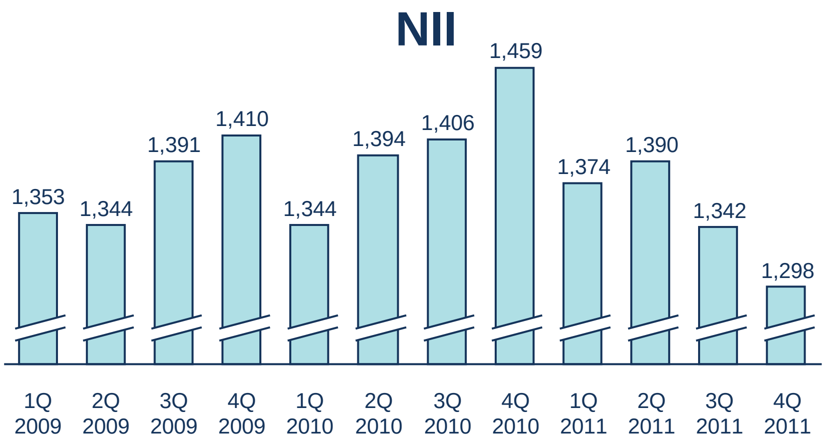
Underlying net profit adjusted for one-offs

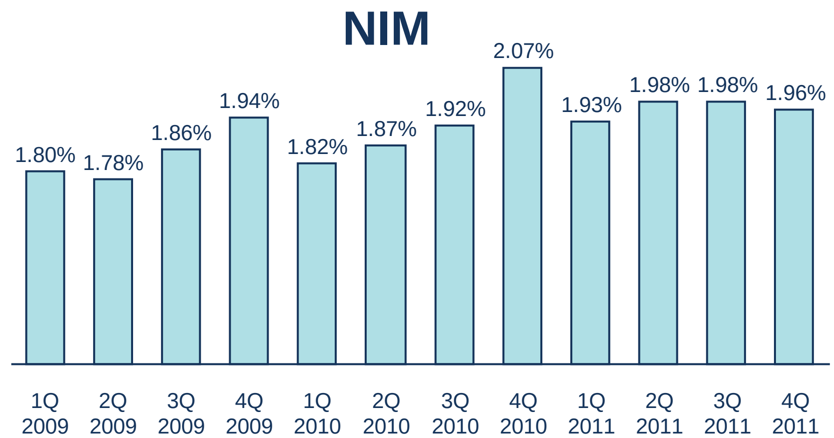
- **Adjusted for one-off items (Greek government bonds, 5-5-5 bonds and Hungary), underlying net group profit amounted to 292m EUR in 4Q11** (of which 296m EUR in BE BU, 144m EUR in CEE BU, -126m EUR in MEB BU and -22m EUR in GC BU)



Amounts in m EUR

Underlying revenue trend - Group





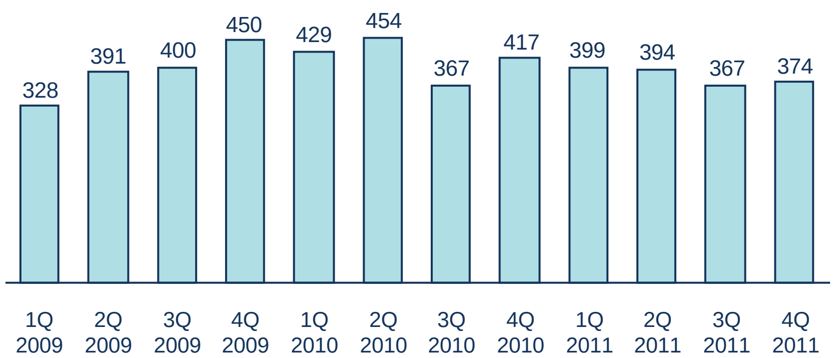
- Net interest income fell by 3% q-o-q due to the sale of PIIGS and Belgian government bonds and 11% y-o-y, partly due to the deconsolidation of Centea in 3Q11 and technical items in 4Q10
- Net interest margin (1.96%)
  - NIM in Belgium decreased by 3bps quarter-on-quarter to 1.40%, largely attributable to the reduced government bond portfolio
  - NIM in Central/Eastern Europe decreased by 6bps quarter-on-quarter to 3.27%, caused by the positive currency impact in 3Q11 and by the decrease at CSOB CZ (the result of a slightly lower interest result and an increased average of interest bearing assets)
- Loan volumes rose by 2% y-o-y. The growth of loan volumes in the Belgium and CEE BUs (both 6% y-o-y) was partly offset by a further reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Total deposit volumes fell by 14% y-o-y mainly due to a loss of some volatile short-term corporate and institutional deposits, mainly outside our core markets – as the result of the downgrade of our short-term rating by S&P and the risk aversion towards the European market in general. Deposit volumes in our core markets increased (+5% in BE BU and +4% y-o-y in CEE BU)

Amounts in m EUR

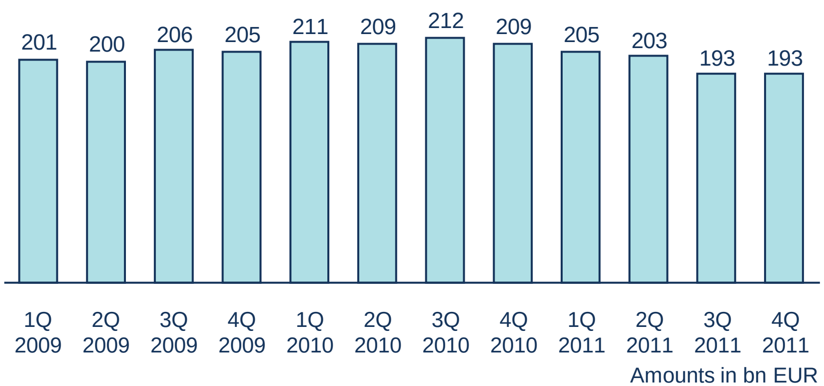
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Underlying revenue trend - Group

F&C



AUM

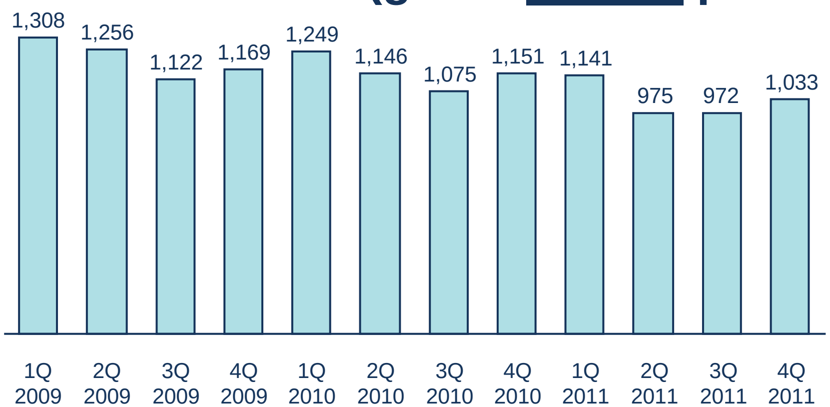


- Net fee and commission income increased slightly quarter-on-quarter (+2%), but fell by 10% year-on-year
  - Net F&C income from the banking business rose by 5% q-o-q, partly thanks to the fee income regarding the issuance of Belgian state notes
- Assets under management dropped by 8% year-on-year, but stabilised quarter-on-quarter (positive price trend offsetting net outflows) to 193bn EUR at the end of 2011

Amounts in m EUR

Underlying revenue trend - Group

Premium income (gross earned premium)

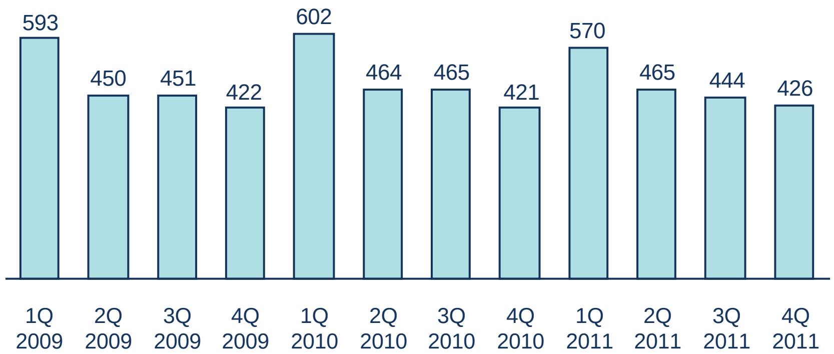


- Insurance premium income (gross earned premium) at 1,033m EUR
  - Non-life premium income (466m) down 2% q-o-q (typical fourth quarter effect) and up 3% y-o-y. Thanks chiefly to a relatively low claims level, the non-life combined ratio for the full year 2011 stood at a very good 92%, a significant improvement on the 100% recorded for FY2010
  - Life premium income (567m) up 14% q-o-q, mainly due to higher sales of guaranteed-interest products at the Belgium Business Unit. This was only slightly offset by lower sales of unit-linked products. Life premium income down 19% y-o-y, driven by a strong shift towards unit-linked products

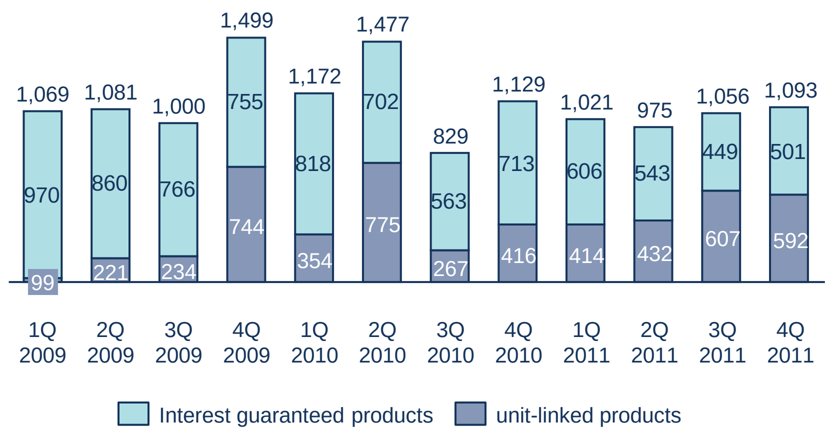
Amounts in m EUR

Underlying revenue trend - Group

Sales Non-Life (gross written premium)



Sales Life (gross written premium)

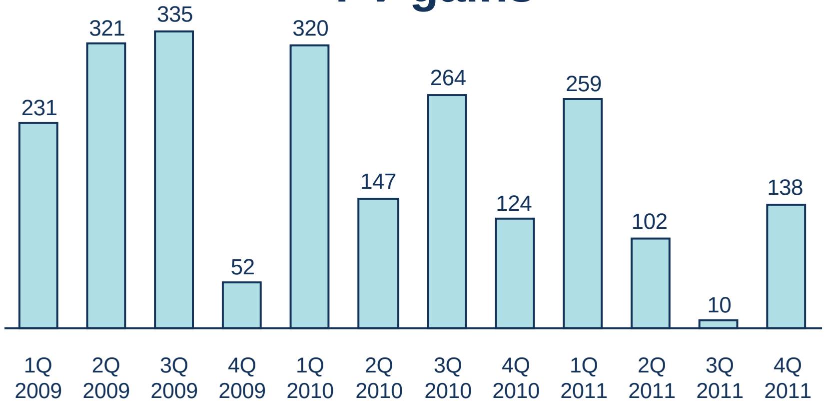


- The sale of Non-Life insurance products:
  - fell by 4% quarter-on-quarter (typical fourth quarter effect)
  - rose by roughly 1% year-on-year
- The sale of Life insurance products:
  - fell by 3% year-on-year, but rose by 4% quarter-on-quarter. This increase was driven by higher sales of interest guaranteed products, slightly offset by lower sales of unit-linked products.
  - The increased sale of interest guaranteed products is mostly attributable to the Belgium Business Unit, as 4Q is traditionally positively impacted by the extra contribution regarding pension savings

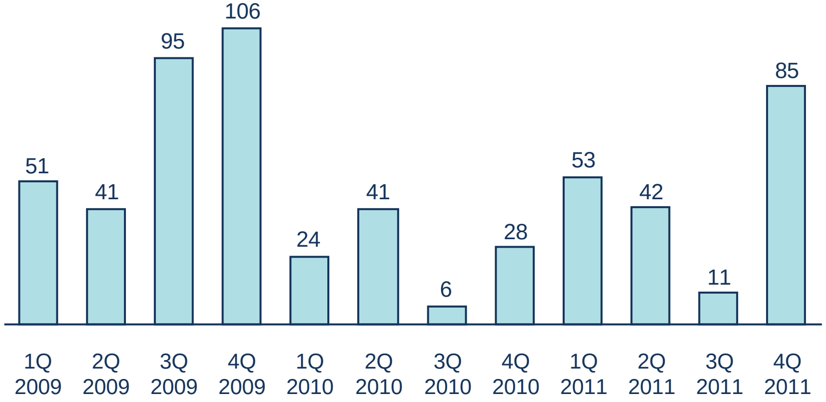
Amounts in m EUR

Underlying revenue trend - Group

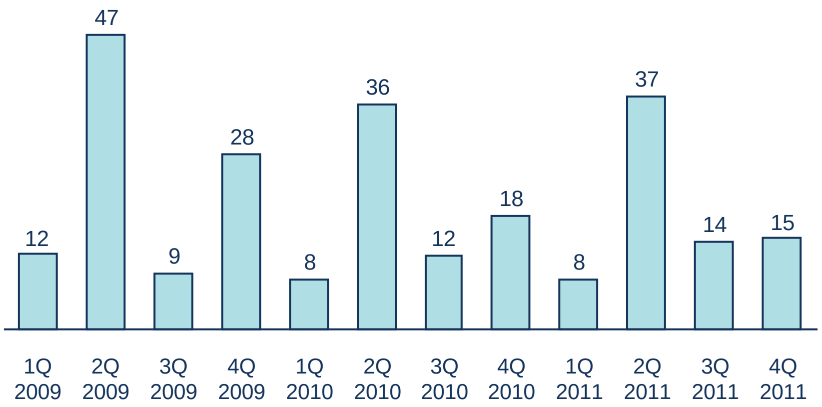
FV gains



Gains realised on AFS



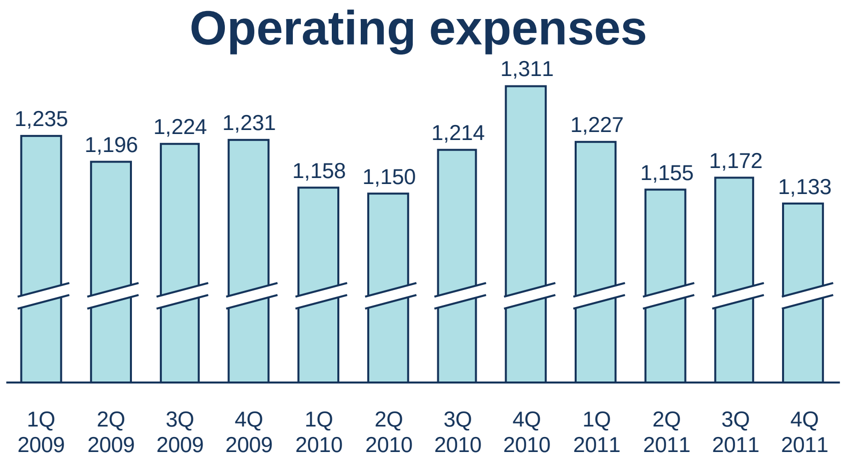
Dividend income



- The higher figure for net gains from financial instruments at fair value (138m EUR) is primarily the result of higher dealing room activity and a positive q-o-q change of the CVA (Counterparty Value Adjustment)
- Gains realised on AFS came to 85m EUR
- Dividend income amounted to 15m EUR

Amounts in m EUR

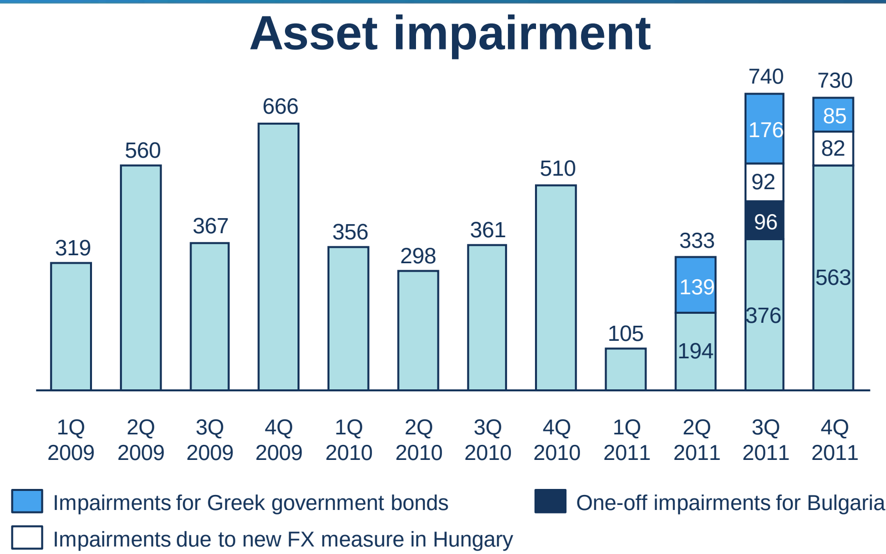
Underlying operating expenses - Group



- Costs remained well under control: -3% q-o-q and -14% y-o-y
  - Operating expenses fell by 3% q-o-q to 1,133m EUR in 4Q11 mainly thanks to 1) lower staff expenses in the Belgium Business Unit, 2) the deduction from the Hungarian banking tax related to the FX mortgage impairments and 3) the FX impact in CEE. Excluding one-off items, operating expenses rose by 3% q-o-q
  - Operating expenses fell by 14% y-o-y in 4Q11. Main drivers were the impact of deconsolidated entities (e.g. Centea) and the deduction from the Hungarian banking tax related to the FX mortgage impairments. Excluding these items, operating expenses fell by 1% y-o-y
  - Underlying cost/income ratio for banking stood at 60% for FY 2011 (and 57% excluding the 5-5-5 bond provision)

Amounts in m EUR

Underlying asset impairment - Group



- High impairments (730m EUR)
  - Quarter-on-quarter increase of 125m EUR in loan loss provisions, mainly for the Belgian corporates (given the unsustainable low level in 3Q11) and KBC Bank Ireland (loan loss provisions in 4Q11 of 228m EUR compared with 187m EUR in 3Q11)
  - Impairment of 85m EUR for Greek government bonds (62m EUR post-tax)
  - Impairment of 16m EUR on AFS shares, mainly at KBC Insurance

Amounts in m EUR

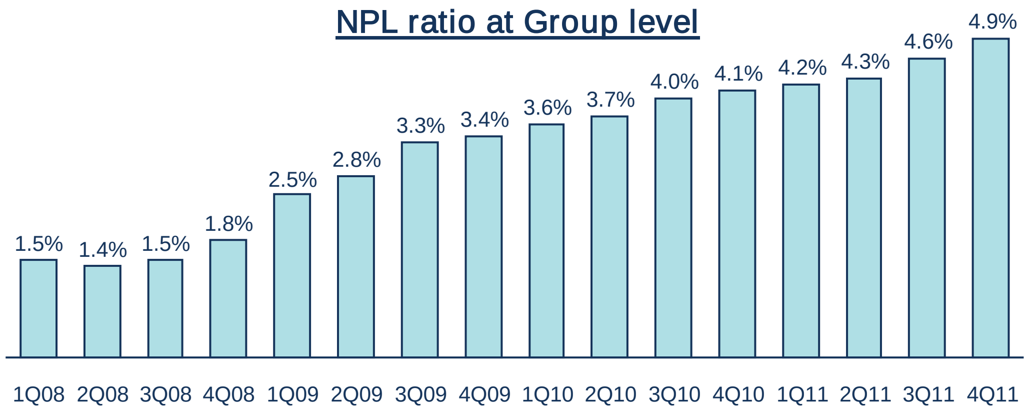
Underlying loan loss provisions – Group

- Credit cost ratio fell to 0.82% in 2011 (compared to 0.91% in 2010 and 1.11% in 2009). The NPL ratio amounted to 4.9%
- Credit cost ratio in Belgium remained at a (very) low level
- Sharply lower loan losses in CEE (-84m EUR q-o-q) entirely due to the one-off impairment in Bulgaria in 3Q11 and slightly lower loan loss provisions at K&H Bank, partly offset by an increase at CSOB Bank CZ. Excluding the 'one-off' impairments for CI Bank and K&H Bank, the CCR amounted to 0.69% for FY 2011
- Loan losses significantly higher in Merchant Banking (+163m EUR q-o-q) driven by Belgian corporates (given the unsustainable low level in 3Q11) and KBC Bank Ireland (+41m EUR q-o-q). Excluding Ireland, the CCR in Merchant Banking amounted to 59bps in 2011

Credit cost ratio (CCR)

	Loan book	2007 FY	2008 FY	2009 FY	2010 FY	2011 FY
		'Old' BU reporting			'New' BU reporting	
Belgium	**57bn**	0.13%	0.09%	0.17%	0.15%	0.10%
CEE	**30bn**	0.26%	0.73%	2.12%	1.16%	1.59%
CEE (excl. 2H11 one-offs)						0.69%
Merchant B. (incl. Ireland)	**53bn**	0.02%	0.48%	1.32%	1.38%	1.36%
Merchant B. (excl. Ireland)	**37bn**	0.02%	0.53%	1.44%	0.67%	0.59%
Total Group	**156bn**	**0.13%**	**0.46%**	**1.11%**	**0.91%**	**0.82%**

NPL ratio at Group level

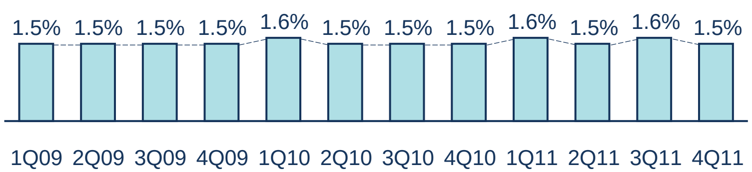


FY 2011	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.5%	2.6%	1.4%
CEE BU	5.6%	3.3%	2.5%
MEB BU	7.8%	6.1%	4.2%

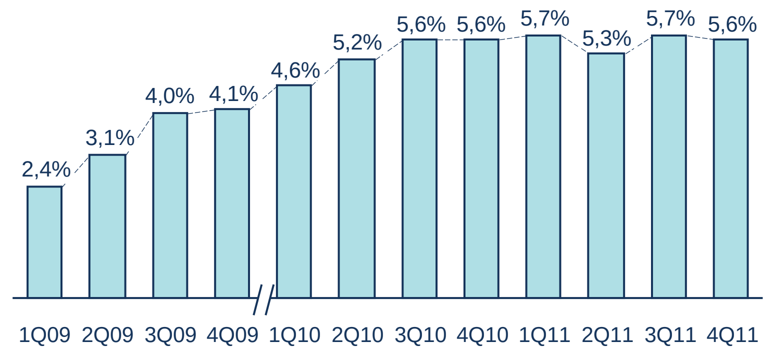
NPL ratios per business unit

BELGIUM BU

non performing loans

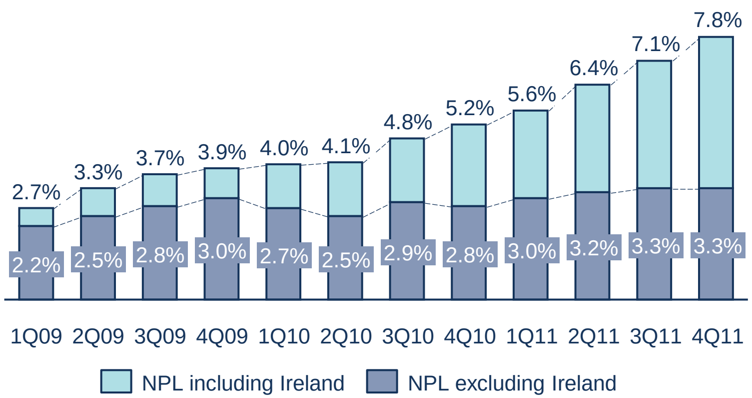


CEE BU



MEB BU

(incl. Ireland)

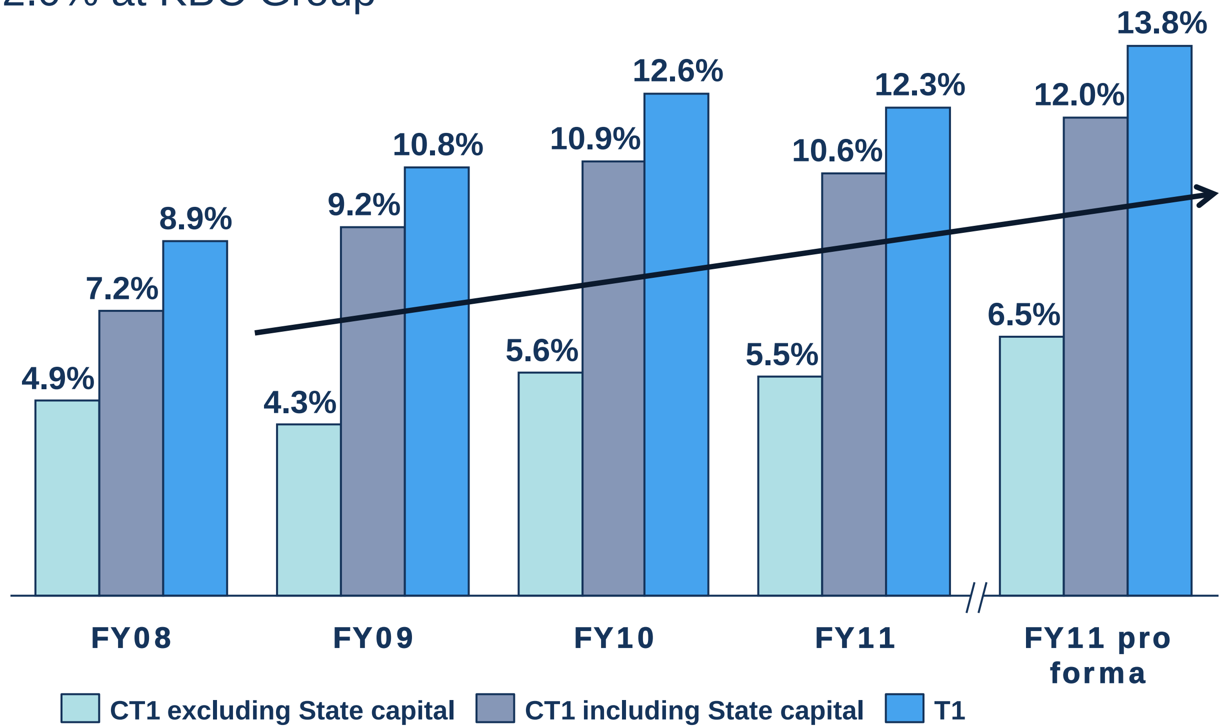


Section 3

Comfortable solvency and solid liquidity position

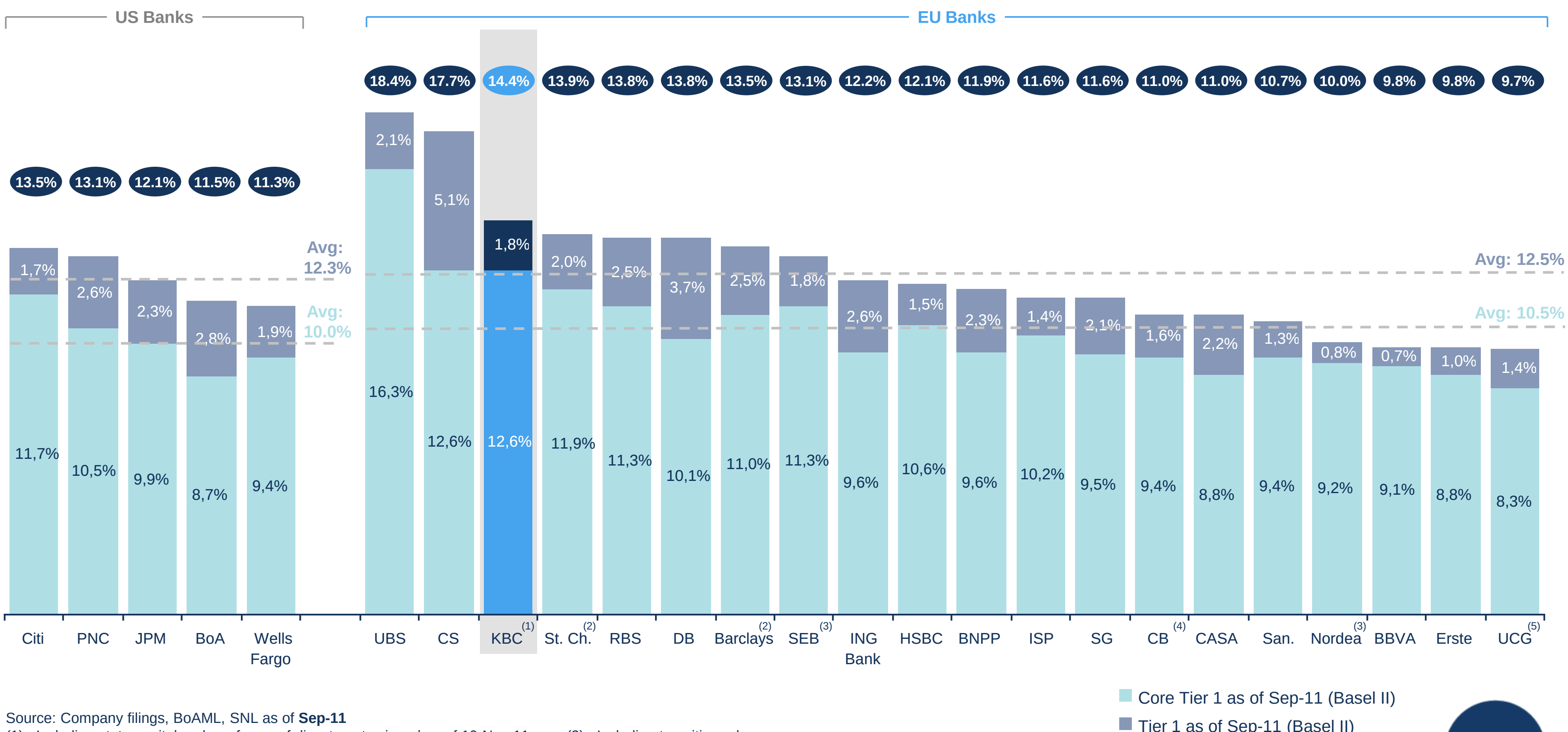
Comfortable capital position (1)

- Despite the RWA impact of B2.5 (roughly +6bn EUR RWAs) and the reimbursement of state aid (500m EUR at 15% premium), strong core tier-1 ratio of 10.6% at KBC Group as at the end of 2011
- Pro forma core tier-1 ratio – including the effect of divestments for which a sale agreement has been signed – of 12.0% at KBC Group



* FY11 pro forma CT1 includes the impact of divestments already signed

Favourable peer group comparison



Source: Company filings, BoAML, SNL as of **Sep-11**

(1) Including state capital and pro-forma of divestments signed as of 10-Nov-11. Non-proforma CT1 and T1 ratios are equal to 11.7% and 13.6% respectively.
(2) As of Jun-11.
(3) Including transition rules.
(4) Including silent participation.
(5) Excluding CASHES, before capital increase announced in Nov-11.

Comfortable capital position (2)

- Strong tier-1 ratio of 12.3% (13.8% pro forma) at KBC group as at end 2011 comfortably meets the minimum required tier-1 ratio of 11% (under Basel 2)

- Both KBC Group and KBC Bank meet the 9% core tier-1 threshold under the EBA definition (capital position as per 30 September 2011 according to B2.5 and adjusted to take account of the sovereign exposures marked down (at 30 September 2011))

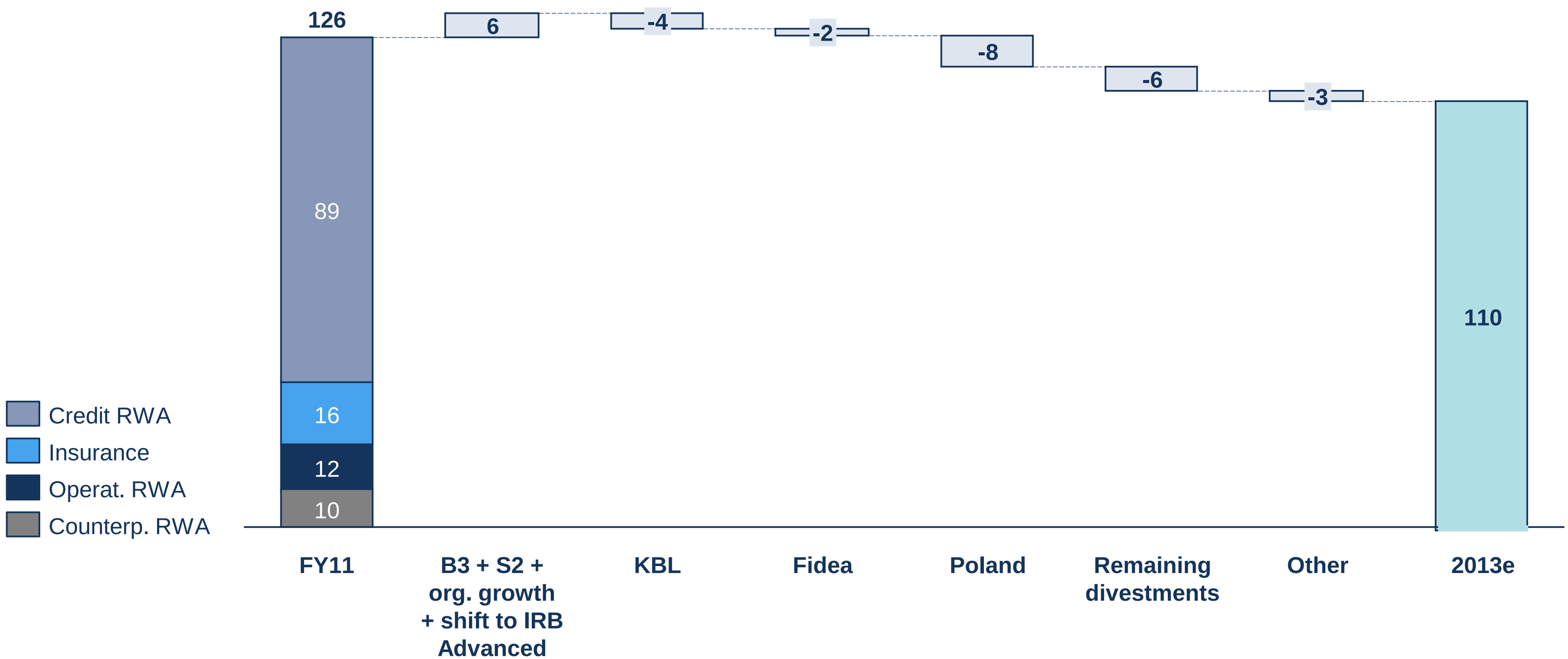
- KBC agreed with the European Commission on the extension of the target date for the divestment of Antwerp Diamond Bank and KBC Germany and clarified the repayment intention of the principal of the YES at minimum 4.67bn EUR by the end of 2013

- The Belgian regulator confirmed to us that the YES (Yield Enhanced Securities) will be fully grandfathered as common equity under the current CRD4 proposal

- First 500m EUR repayment to the Federal Government in January 2012 at 15% premium. Working towards further repayment(s) in 2012

Estimated RWA at the end of 2013

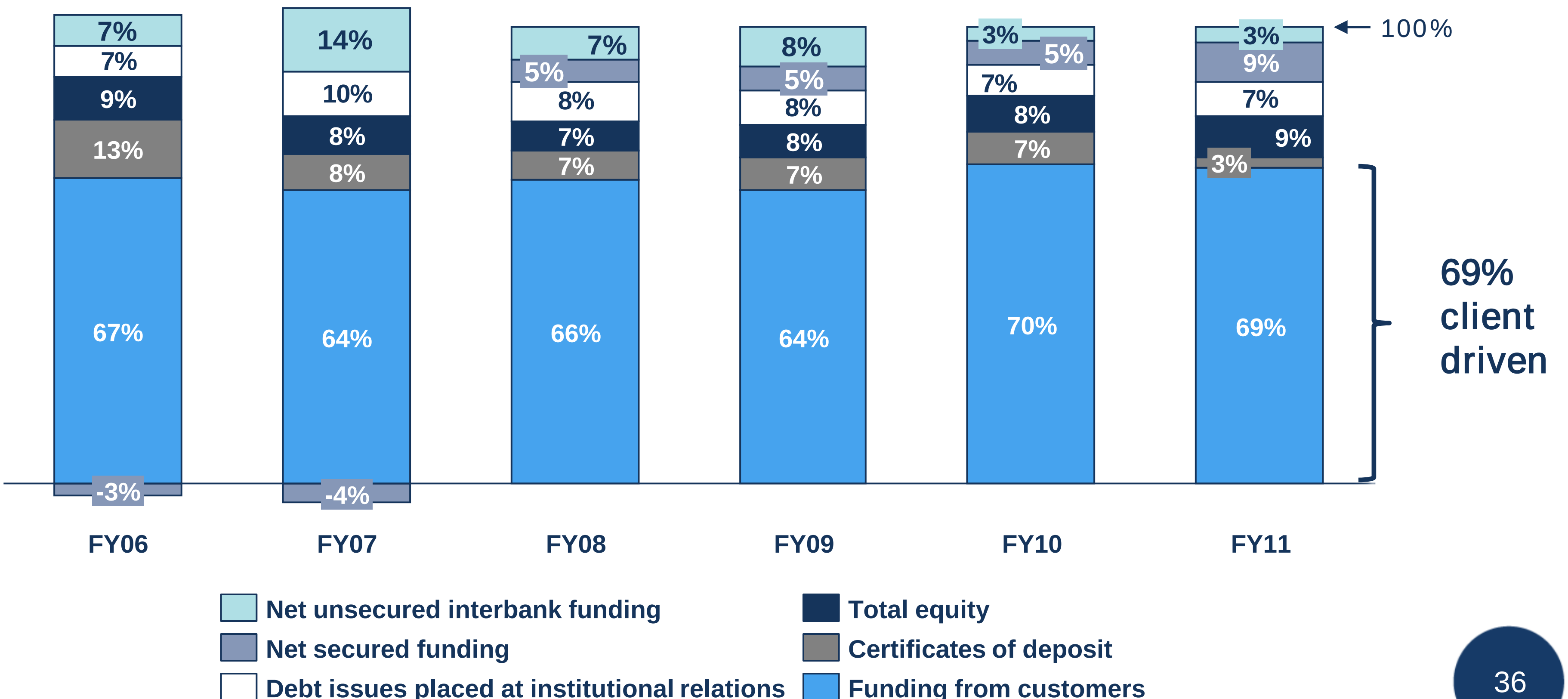
RWA impact (bn EUR)



- Taking into account the sale of our Polish entities, the lower-than-initially-estimated impact on RWA of CRD3, B3 and Solvency2, the reduction in RWA due to the shift from IRB Foundation to IRB Advanced and lower-than-expected organic growth, we estimate that RWA will amount to110bn EUR at the end of 2013

A solid liquidity position (1)

- In its core markets, KBC Bank further strengthened its retail/corporate deposit base – together with the overall decrease in funding needs, this kept the funding mix stable with a very large part of the funding attracted from core customer segments & markets



A solid liquidity position (2)

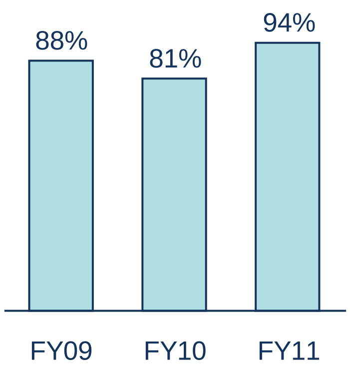
- No immediate need to issue new benchmarks/term debt in the next quarters given that
  - Our total mid/long-term funding (20bn EUR) only represents 7% of total assets/funding (which is relatively limited) – with only limited amounts maturing each year
  - Long-term funding needs decrease as actions to reduce RWA continue
  - KBC made use of the ECB-LTRO for a total amount of 3.3bn EUR (3y maturity), of which 3.2bn EUR for KBC Bank Ireland – mostly with underlying Irish collateral to decrease the dependency of the Irish subsidiary on intragroup funding. Future use of LTRO is being considered in order to further enhance the funding maturity structure. In addition, we drew 4bn USD* on short term ECB facilities to hedge our USD exposure
  - KBC has increased the amount of mid-term/long-term funding attracted from its retail customer base. As such, we have attracted 6.7bn EUR LT funding in 2011 from our retail customers (funding with term > 1 year apart from other stable retail funding)
- A regulation for the issuance of covered bonds is expected to be approved soon in Belgium

* Of which 2bn USD in January 2012

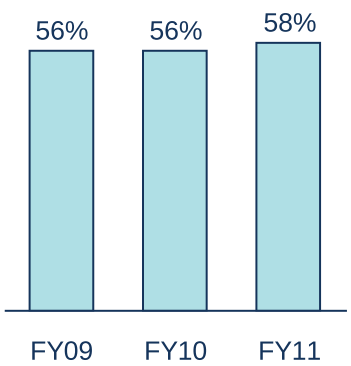
A solid liquidity position (3)

- LTD ratio of 94% at KBC Bank at the end of 2011. The increase is the result of an outflow of some volatile short-term corporate and institutional deposits, mainly outside our core markets – as the result of the downgrade of our short-term rating by S&P and the risk aversion towards the European market in general. Outflows were seen in the first weeks after the downgrade, but have stabilised and even recovered slightly since then. **Corporate/retail deposit base in our core markets remained very stable and showed further growth**

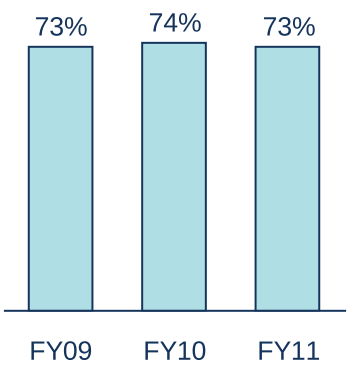
LTD ratio KBC Bank



LTD ratio Belgium BU*

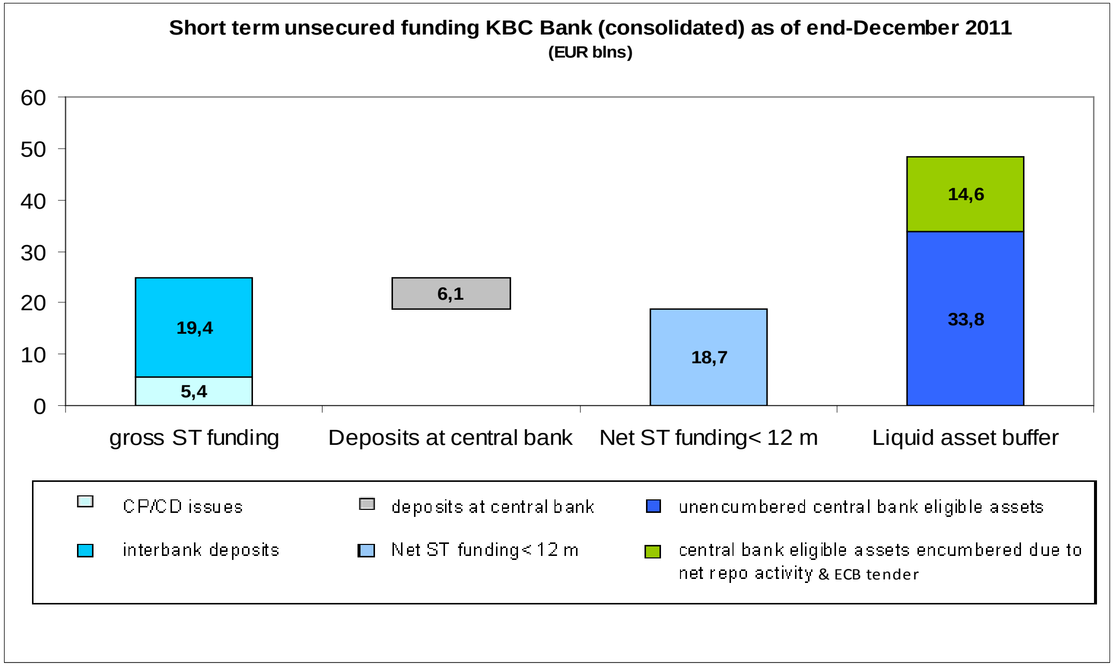


LTD ratio CEE BU**



* LTD ratio of Belgium BU is excluding Centea (retroactively adjusted)
** LTD ratio of CEE BU is excluding Kredyt Bank and Absolut Bank (to be divested items in Group Centre BU)

A solid liquidity position (4)



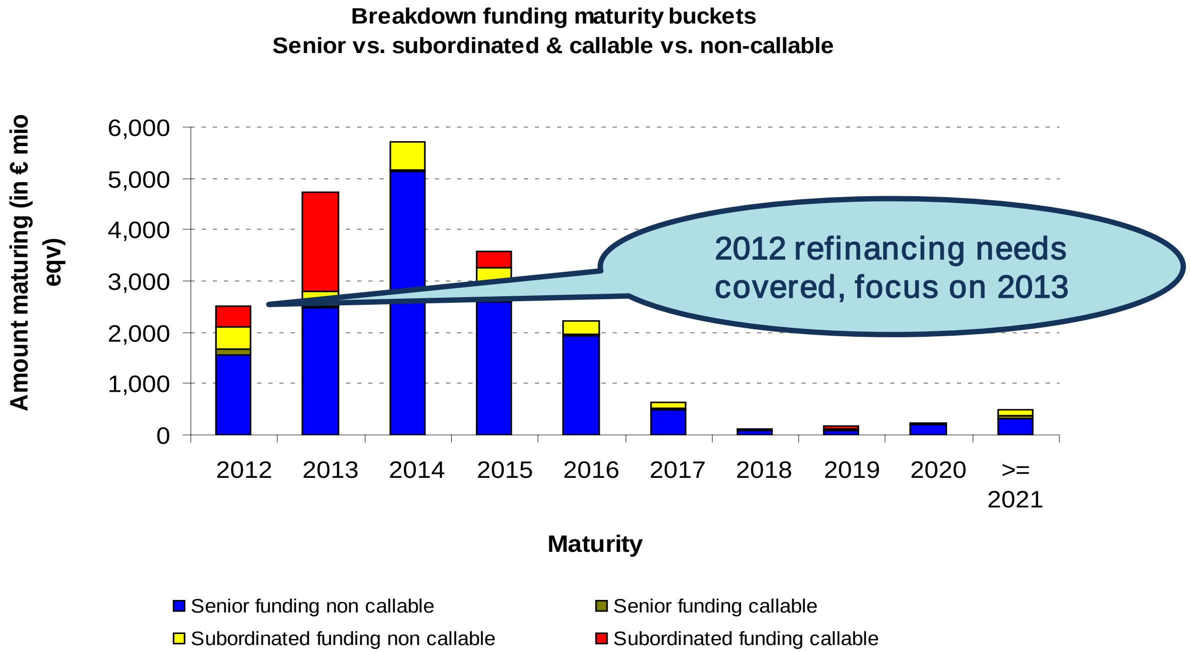
The liquid asset buffer decreased amongst others, as a result of reducing the exposure on Italian and Belgian government bonds

The total amount of unencumbered assets declined as more secured funding was attracted in market and from ECB to make sure that KBC had a sufficient buffer to cope with the possible impact of the rating downgrade

However, **the liquidity position remains strong** as:

- **Unencumbered assets are still more than enough to match the recourse on net short-term wholesale funding maturing in 1 year**
- **Funding coming from non-wholesale markets is very stable funding from our core customer segments in our home markets**

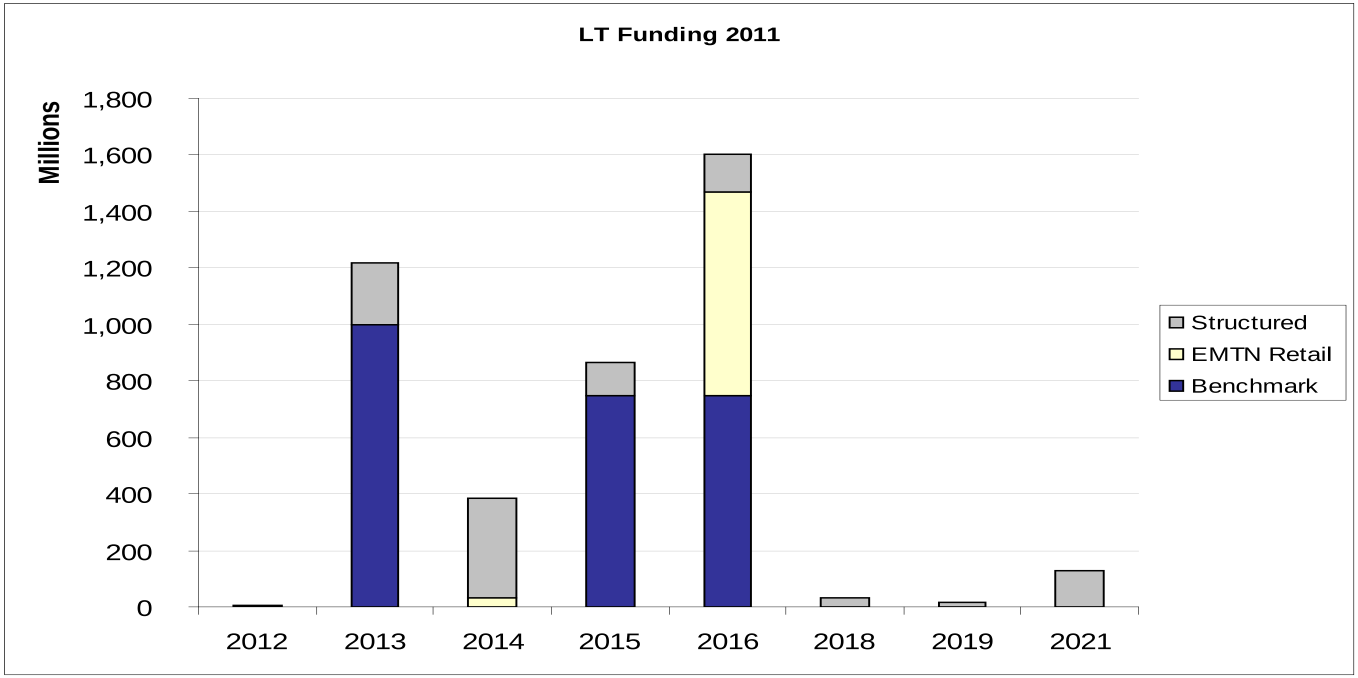
Upcoming mid-term funding maturities



- KBC Bank NV has 3 solid sources of EMTN Funding:
  - Public Benchmark transactions
  - Structured Notes using the Private Placement format
  - Retail EMTN
- A regulation for the issuance of covered bonds is expected to be approved soon in Belgium

Note that this graph does not include the ECB-LTRO for a total amount of 3.3bn EUR (3y maturity)

Overview of LT EMTN funding attracted in 2011 in wholesale and Belgian Retail market through KBC Ifima N.V.



- Using its EMTN programme (40bn EUR), KBC Bank NV - through KBC Ifima NV - raised 4.3bn EUR LT in 2011. This debt programme was updated on 13 July 2011
- KBC Bank NV also has a US MTN programme (10bn USD) available for structuring debt capital market transactions in the US. This debt programme was updated on 15 April 2011

Note that this graph does not include KBC's raised long-term retail funding through on-balance deposits and branch 23 products!

Section 4

Areas of attention

Effects of Greek assistance programme

- With regard to all Greek sovereign bonds it holds (also those maturing after 2020), KBC recorded impairments amounting to an additional 85m EUR pre-tax / 62m post-tax at *underlying* level in 4Q11 (on top of the 139m EUR pre-tax / 102m post-tax already recognised in 2Q11 and the 176m EUR pre-tax / 126m post-tax booked in 3Q11)

- *Calculation* method:
  - Both the AFS and HTM bonds are impaired to their fair value (market prices) as at 31 December 2011
  - **As a result, the carrying amount of Greek government bonds on 31 December 2011 was on average 29% of the nominal amount of these bonds**

- *Breakdown* of impairment *per business unit* at underlying level:

(m EUR)	Impairment on AFS	Impairment on HTM	Total pre-tax impairment	Total post-tax impairment
Belgium BU	-27	-5	-32	-21
CEE BU	-30	0	-30	-24
MEB BU	0	-4	-4	-3
GC BU	-11	-9	-19	-13
TOTAL	**-68**	**-17**	**-85**	**-62**

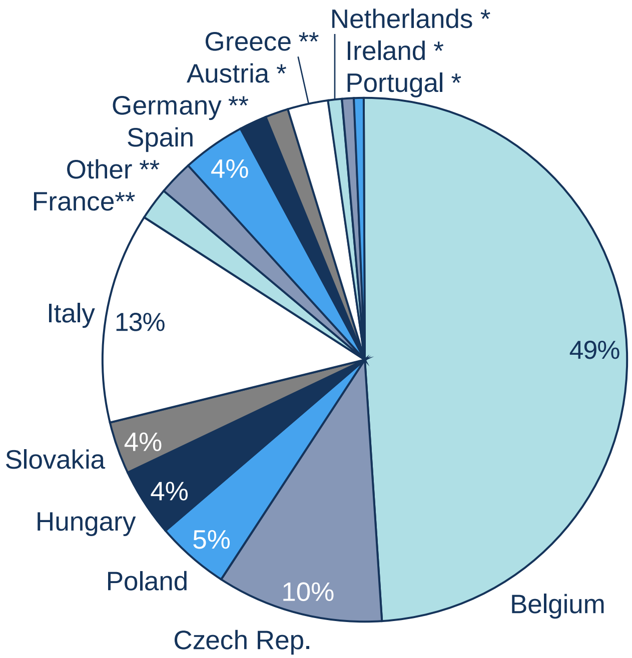
Amounts in m EUR

Government bond portfolio

- Notional investment of 51bn EUR in government bonds (excl trading book) at end 2011, primarily as a result of significant excess liquidity position and the reinvestment of insurance reserves into fixed income instruments

End 2009

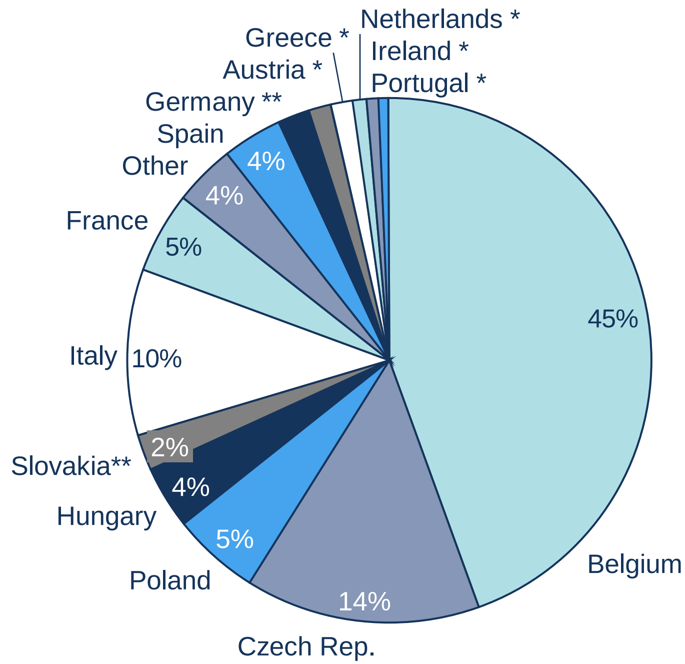
(58bn EUR notional)



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

End 2010

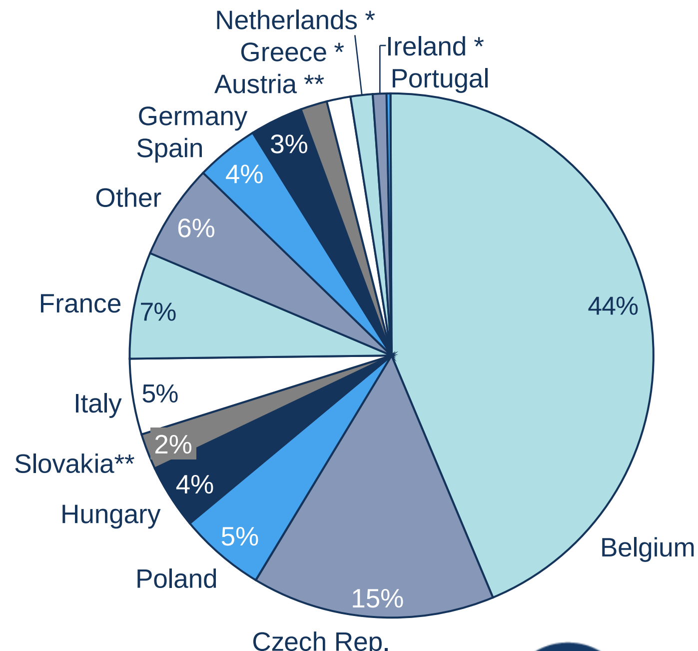
(60bn EUR notional)



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

End 2011

(51bn EUR notional)



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

Sensitivity analysis on government bond exposure at the end of 2011

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

(m EUR)	Impact on equity	Impact on P&L*	Weighted average duration (in years)
TOTAL	-123	-14*	4.7
- of which Belgium	-74	-13*	4.4

* The impact on P&L was largely eliminated as most of the government bonds classified as ‘designated at fair value through profit or loss’ are used to hedge the M2M effect of the interest rate swaps

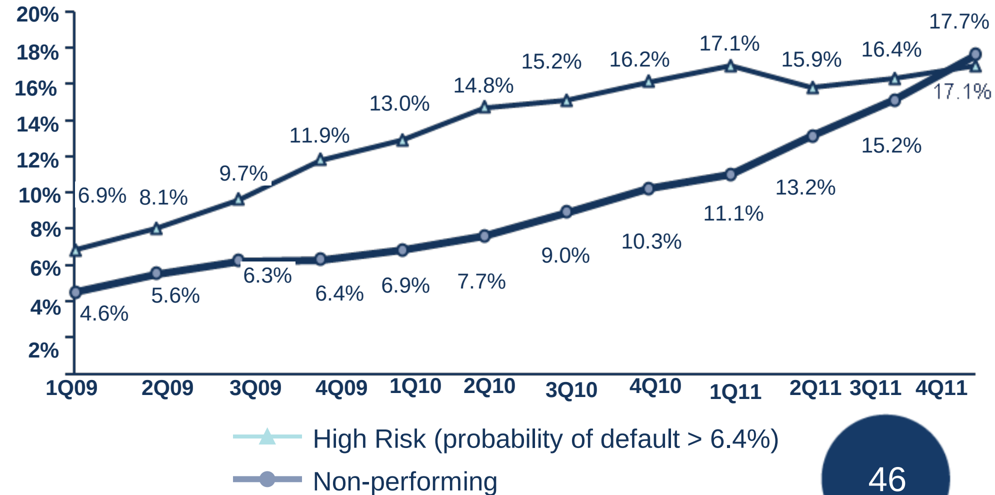
Ireland

- Loan provisions in 4Q11 of 228m EUR (510m EUR in FY11). The loss after tax in 2011 was 268m EUR
- The domestic economy weakened in late 2011 and is expected to remain challenging in 2012. Consumer and business sentiment and spending was hit by the poorer global backdrop and ongoing severe domestic austerity measures
- Unemployment appears to be stabilising at high levels as economic growth is subdued. The Irish economy continues to meet the EU/IMF programme targets and FDI into Ireland remains strong
- Residential mortgage arrears continue to deteriorate. New Personal Insolvency Bill presents a further challenge to Irish lenders
- In the absence of domestic liquidity, collateral values on commercial exposures remain depressed
- Successful retail deposit campaign with over 5,000 customers added in 2011, total retail deposits approach 1bn EUR
- Local tier-1 ratio strengthened to 11.0% at the end of 4Q11 through a capital increase (9.2% at the end of 3Q11)

Irish loan book – key figures December 2011

Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.6bn	12.7%	27%
Buy to let mortgages	3.2bn	20.4%	37%
SME /corporate	2.0bn	17.9%	54%
Real estate investment	1.4bn	25.0%	50%
Real estate development	0.5bn	69.5%	82%
	16.7bn	17.7%	42%

Proportion of High Risk and NPLs



Hungary (1)

- The **underlying net loss** of K&H Group for FY11 (-19m EUR) is due to
  - the impact of FX mortgage repayment (173m EUR before tax / 140m EUR after tax)
  - 30% of the loan loss provisions on FX mortgages (as stated above) can be offset against the 2011 bank tax (62m EUR before tax / 51m after tax), leading to a net impact of the bank tax of 7m EUR before tax and 6m EUR after tax
- We strongly believe that K&H Group will be **profitable in 2012**
- Loan loss provisions in 4Q11 amounted to 116m EUR, of which 82m EUR related to the FX mortgage repayment (see details in annex 3). The credit cost ratio came to 4.38% in 2011 (or 1.75% excluding the impact of FX mortgage repayment)
- NPL rose to 10.5% in 4Q11 (9.4% in 3Q11), an increase attributable partly to underlying trend in retail lending and partly to a technical impact of FX repayment.
- FX mortgage repayment: participation rate amounted to approximately 30% (see details in annex 3).

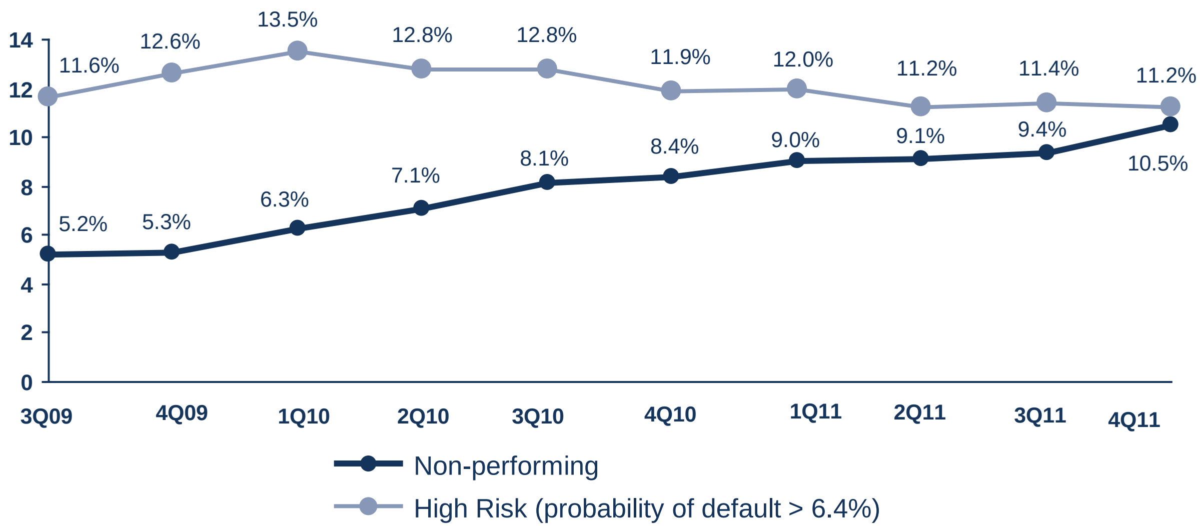
Hungary (2)

Hungarian loan book – key figures 31 December 2011

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.8bn	8.1%	61%
Retail	2.9bn	12.8%	84%
o/w private	2.5bn	13.3%	85%*
o/w companies	0.4bn	9.8%	76%
	5.7bn	10.5%	75%**

* Includes the additional loan loss provisions of 70m EUR for the impact of FX mortgage repayment (expected to be realised in 1Q12)
** Excluding the loan loss provisions of 70m EUR, the NPL coverage ratio for Hungary would have been 63%

Proportion of NPLs



Update on outstanding* CDO exposure at KBC (end 2011)

Outstanding CDO exposure (bn EUR)	Notional	Outstanding markdowns
- **Hedged portfolio** - **Unhedged portfolio**	10.9 6.4	-1.0 -4.1
TOTAL	**17.3**	**-5.1**

Amounts in bn EUR	**Total**
Outstanding value adjustments Claimed and settled losses - Of which impact of settled credit events	-5.1 -2.1 -1.8

Impact on P&L of a shift in corporate and ABS credit spreads (reflecting credit risk)**

	10%	20%	50%
Narrowing of spread	+0.1bn	+0.3bn	+0.8bn
Widening of spread	-0.1bn	-0.2bn	-0.5bn

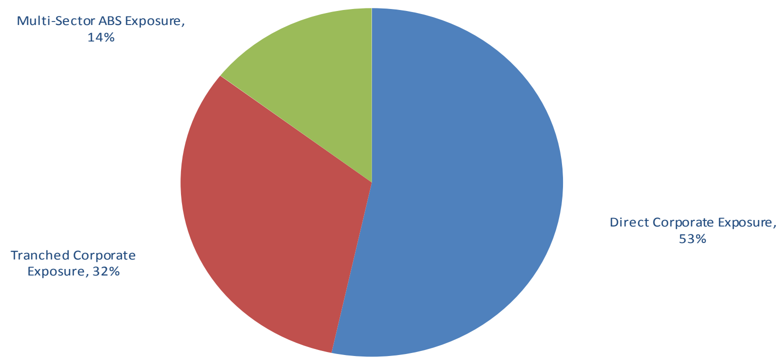
- The total notional amount remained roughly the same as in the previous quarter
- Outstanding value adjustments amounted to 5.1bn EUR at the end of 2011
- Claimed and settled losses amounted to 2.1bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a cumulative loss of 16% in the underlying corporate risk (approx. 86% of the underlying collateral consists of corporate reference names)
- Reminder: CDO exposure largely written down or covered by a State guarantee

* Figures exclude all expired, unwound or terminated CDOs

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

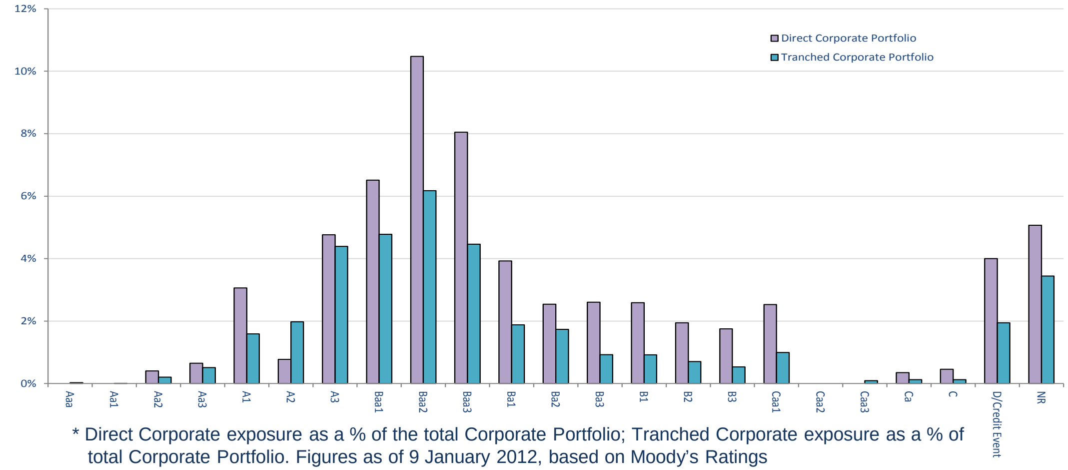
Breakdown of KBCs CDOs originated by KBC FP

Breakdown of assets underlying to KBCs CDOs originated by KBC FP*



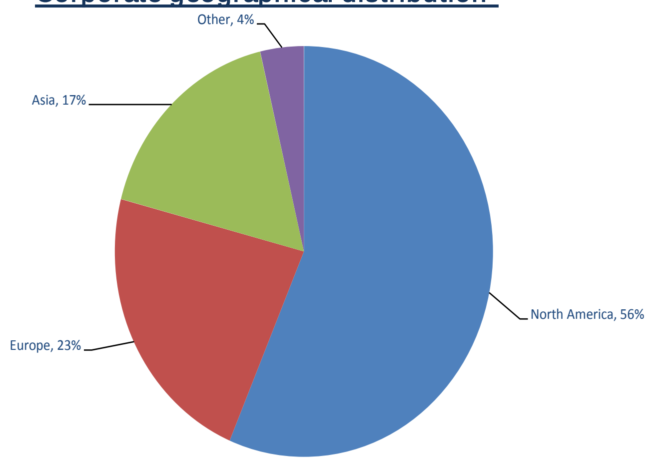
* % of total initial deal exposure; figures as of 9 January 2012

Corporate ratings distribution *



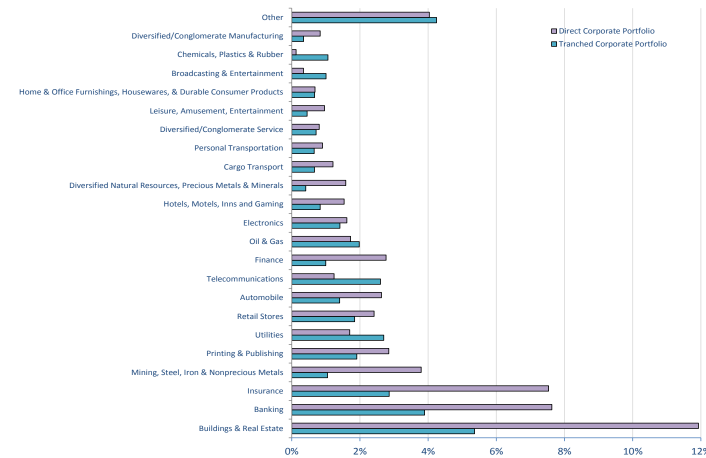
* Direct Corporate exposure as a % of the total Corporate Portfolio; Tranched Corporate exposure as a % of total Corporate Portfolio. Figures as of 9 January 2012, based on Moody's Ratings

Corporate geographical distribution*



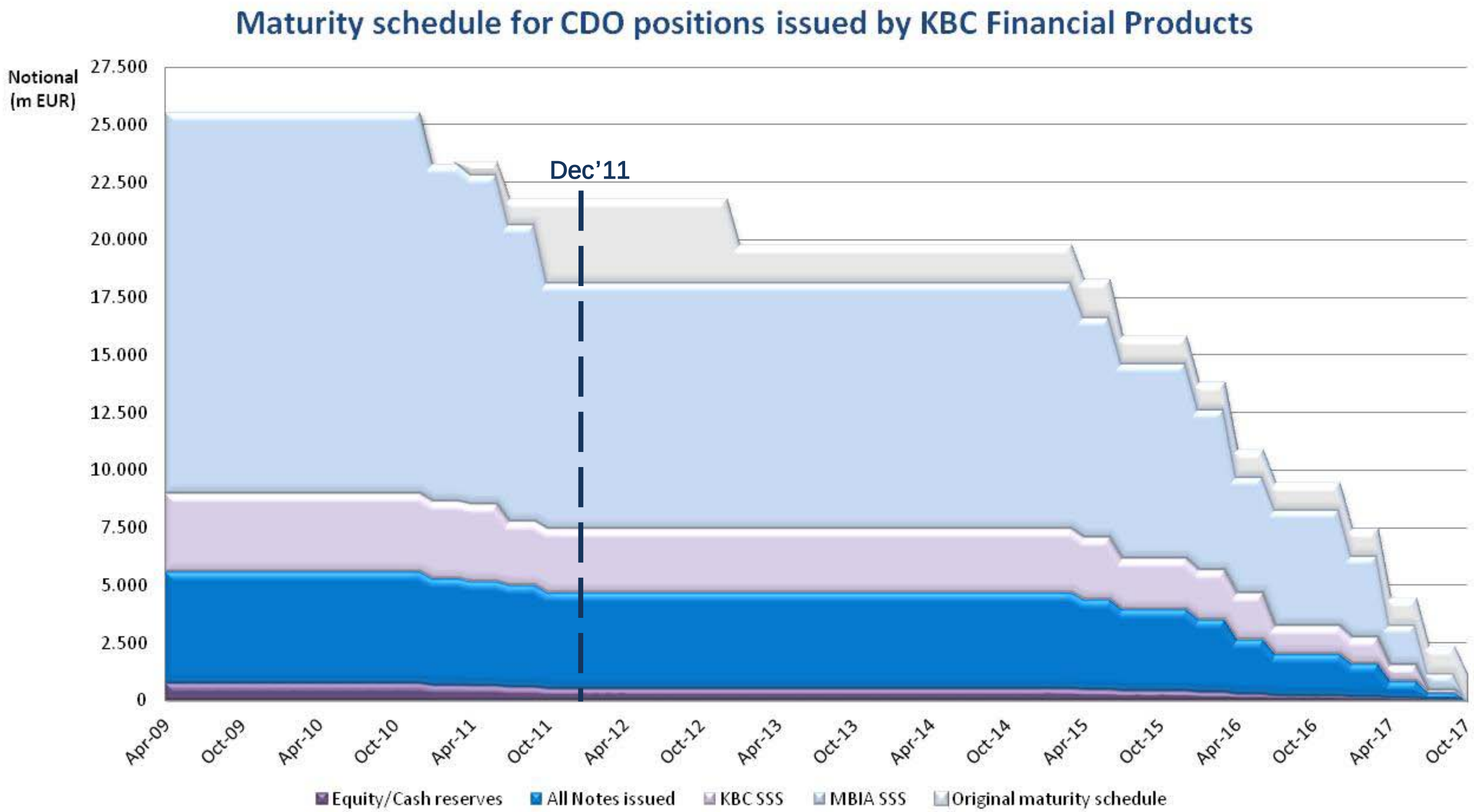
* Direct and Tranched Corporate exposure as a % of the total Corporate Portfolio; figures as of 9 January 2012

Corporate industry distribution*



* Direct Corporate exposure as a % of the total Corporate Portfolio; Tranched Corporate exposure as a % of total Corporate Portfolio. Figures as of 9 January 2012

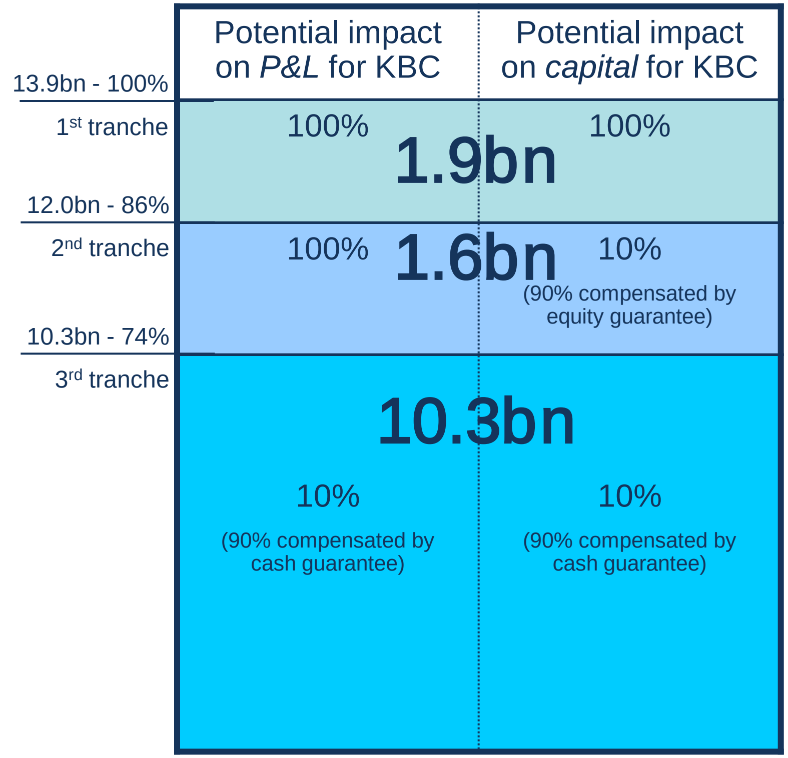
Maturity schedule for CDO portfolio



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 covering 13.9bn* euros' worth of CDO-linked instruments
  - Scope
    - CDO investments that were not yet written down to zero (3.0bn EUR) when the transaction was finalised
    - CDO-linked exposure to MBIA, the US monoline insurer (10.9bn EUR)
  - First and second tranche: 3.6bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.5bn EUR (90% of 1.6bn EUR) from the Belgian State
  - Third tranche: 10.3bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach



• Excluding all cover for expired, unwound or terminated CDOs

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

Section 5

Wrap up

Key Takeaways

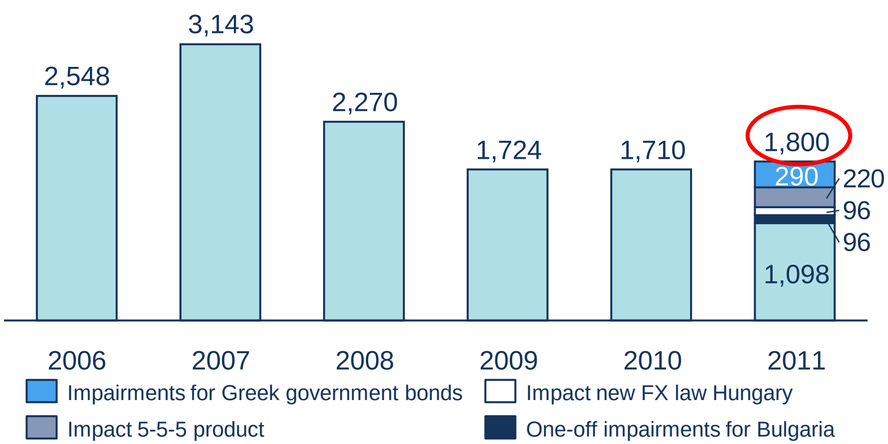
- Decisive progress on divestments, with capital gains to come in 2012
- Further reduction of volatile elements: CDO, ABS, Southern European government bond exposure
- Underlying 4Q11 results were affected by one-off items (Greek government bonds, 5-5-5 bonds, Hungary) and situation in Ireland. Loan loss provisions in Ireland are estimated at roughly 200m EUR for the first quarter of 2012 and 500-600m EUR for the full year 2012
- Core profitability in home markets remains intact in difficult market
- Comfortable capital position bolstered by decision to propose only symbolic dividend of 0.01 EUR. Payment of coupon to Governments maintained
- KBC agreed with the European Commission on the extension of the target date for the divestment of Antwerp Diamond Bank and KBC Germany and clarified the repayment intention of the principal of the YES at minimum 4.67bn EUR by the end of 2013
- First 500m EUR repayment to the Federal Government in January 2012 at 15% premium. Working towards further repayment(s) in 2012
- Strong liquidity position in core countries. Overall liquidity position remains robust despite deposit outflows in the Merchant Banking BU (mainly in non-core activities)

Annex 1

FY 2011 Financial highlights

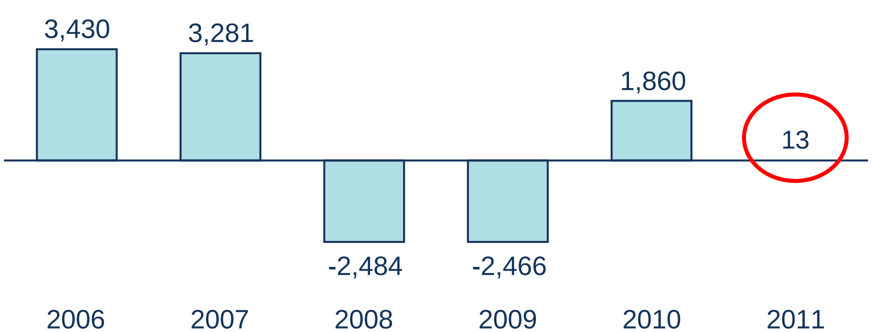
FY 2011 Group profit

Net underlying profit



Including exceptional items

Net reported profit



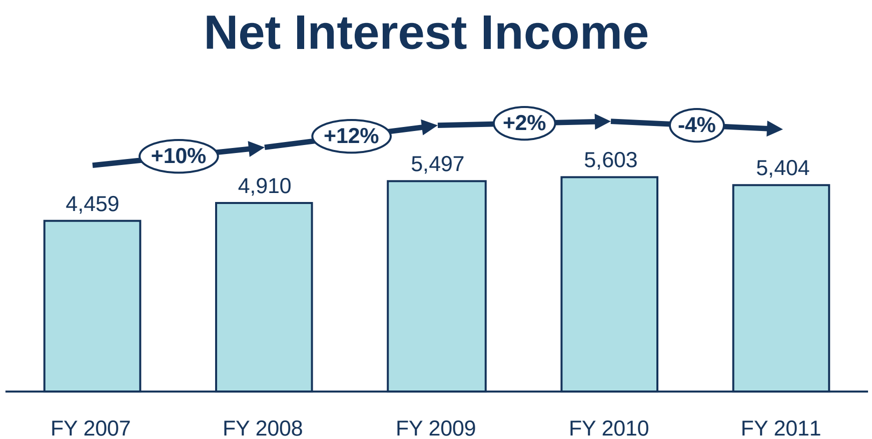
Amounts in m EUR

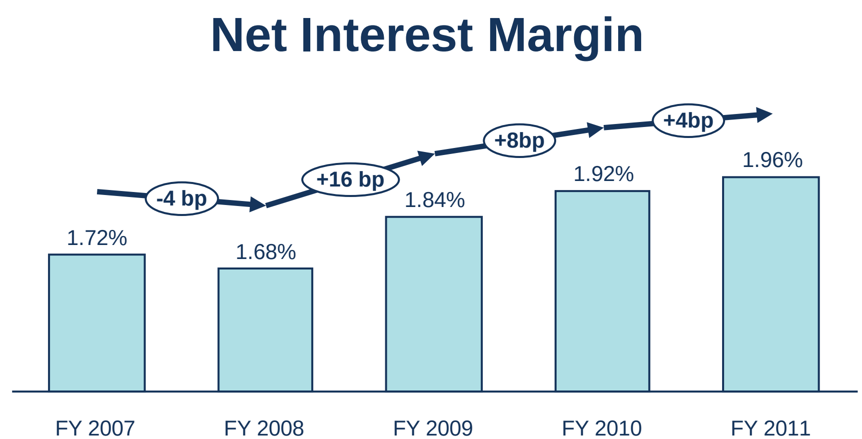
- Net underlying profit of 1.1bn EUR in 2011
  - Good revenue generation (both NII and insurance result)
  - Strict cost management
  - Significantly higher impairments
  - Affected by ‘one-offs’ (Greek government bonds, 5-5-5 product, Hungary and Bulgaria)
- Adjusted for these ‘one-offs’, underlying net group profit amounted to 1.8bn EUR in 2011
- On top of that, net reported profit in 2011 was negatively impacted by:
  - 0.6bn EUR impairments on divestments
  - 0.4bn EUR unrealised losses on CDOs/MBIA
  - 0.3bn EUR M2M losses relating to ALM derivatives used for hedging purposes
  - 0.1bn EUR impairments on goodwill/ other

Highlights of underlying FY 2011 results

- Net underlying profit of 1.1bn EUR (1.8bn EUR adjusted for one-offs)
- Good level of net interest income thanks to a higher net interest margin (1.96% in 2011 compared to 1.92% in 2010)
- Increased sales of unit-linked products, offset by lower sales of ‘guaranteed interest’ products; Gross earned premiums for non-life increased by 5% y-o-y excluding Secura (which was sold during 2010). The combined ratio sharply improved to 92%
- Net fee and commission income decreased in line with the trend in assets under management given investors’ reduced risk appetite and the negative price trend
- 40% lower trading and fair value income
- Lower operating expenses (-3% y-o-y), reflecting divestments and deduction from the Hungarian banking tax related to the FX mortgage impairments. Excluding all one-off items, operating expenses rose by 3% y-o-y due to inflation-linked expenses
- Lower loan loss provisions, despite ‘one-off’ impairments for Hungary (FX law) in 2H11 and Bulgaria in 3Q11. Consistently low level in the Belgium BU, and lower loan loss provisions in the Merchant Banking BU (both including and excluding Ireland) and Group Center
- Comfortable capital and solid liquidity position

Good level of net interest income





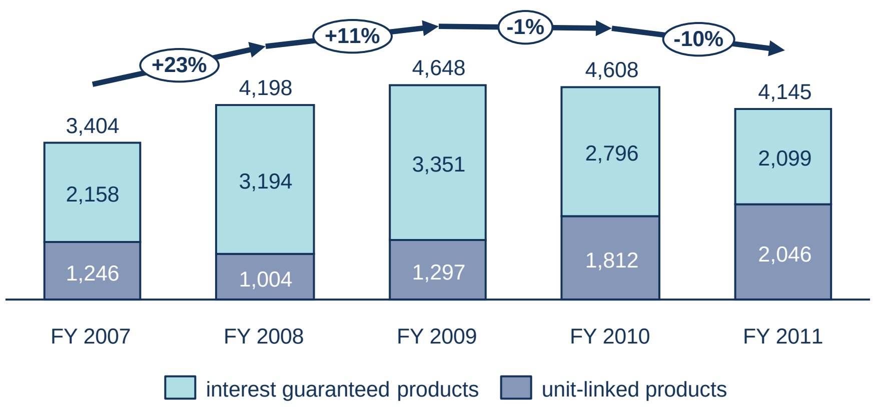
- Net interest income from lending and deposit-taking of 5.4bn EUR, down by 4% y-o-y, largely due to divestments (Centea and Secura) and the reduced government bond portfolio. Excluding Centea and Secura, net interest income fell 2% y-o-y. Customer deposits were down by 14% y-o-y for the group due to outflows of corporate and institutional investors outside core markets linked to EUR-zone and Belgium risk aversion (fully situated in Merchant Banking), with Belgium posting a 5% growth and CEE 4%
- Higher loan volumes compared to year-earlier level (+2%). Increase in volume of Belgian and CEE retail loans (+6% y-o-y) partly offset by intentional scaling down in Russia and international corporate loan book

Amounts in m EUR

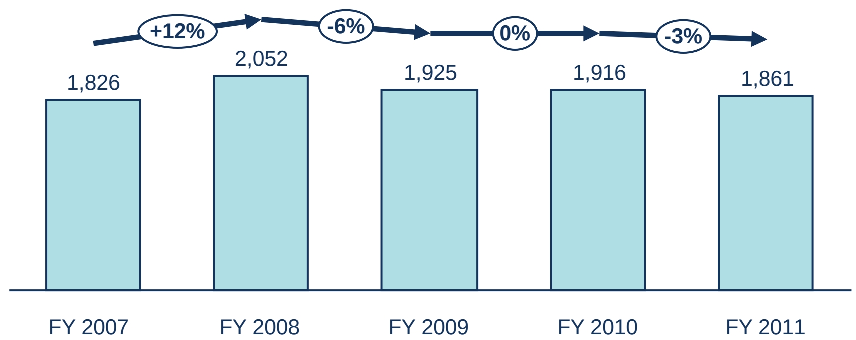
Insurance business – premium trend

Underlying performance

Sales – Life (gross written premium)



Gross Earned Premium – Non-Life

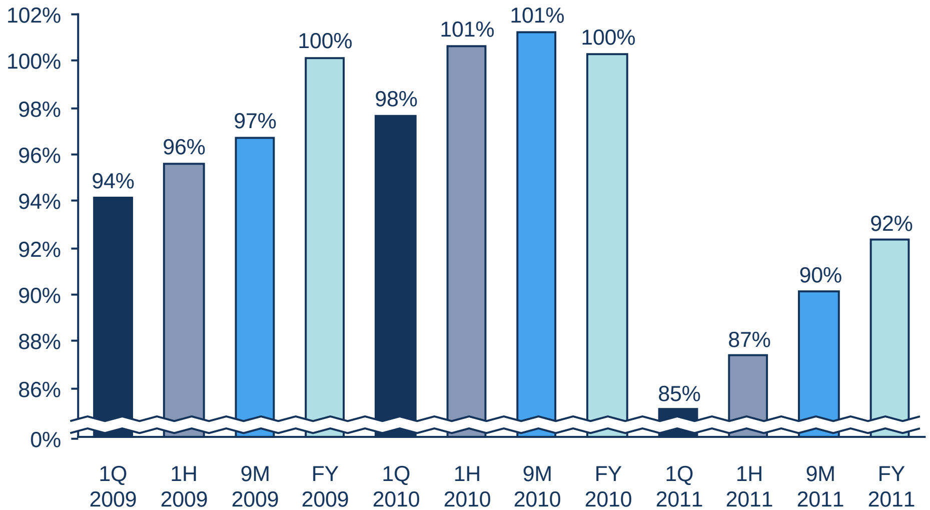


- Increased sales of unit-linked products, offset by lower sales of 'interest guaranteed' products
- Gross earned premiums for non-life decreased by 3% year-on-year, but increased by 5% y-o-y excluding Secura (which was sold during 2010)

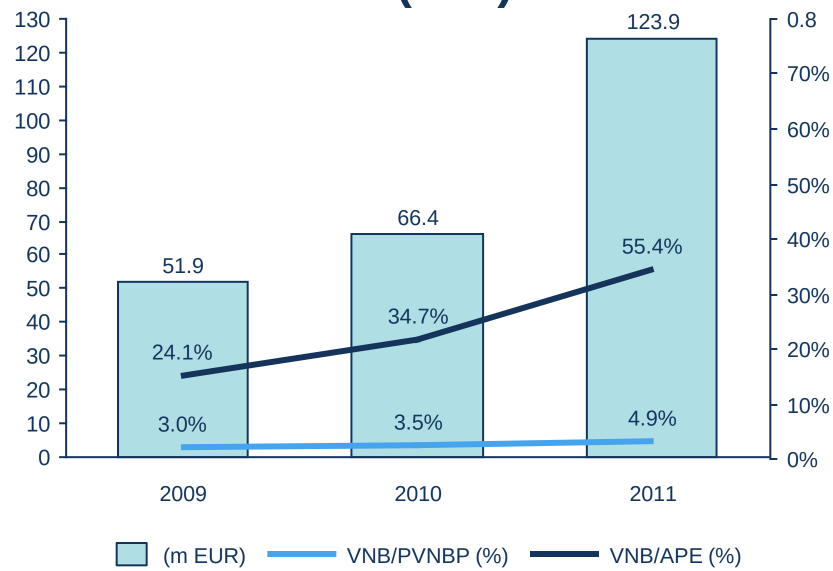
Amounts in m EUR

Excellent combined ratio and VNB

Combined ratio (Non-Life)



VNB (Life)*



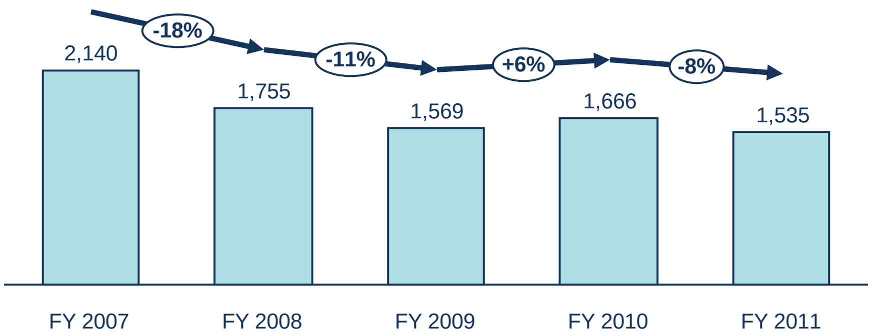
- Thanks chiefly to a relatively low claims level, the non-life combined ratio for the full year 2011 stood at a very good 92% (with the Belgium BU being the main driver), a significant improvement on the 100% recorded for FY2010
- VNB rose by 86% y-o-y to 124m EUR thanks to more profitable business such as unit-linked and term insurance contracts

* Around 24% of the total VNB is generated through the inclusion of the expected future profits arising form the management of unit-linked funds by KBC Asset management
- VNB = Value of New Business = present value of all future profits attributable to the shareholders from the new life insurance policies written during the year
- VNB/PVNBP = VNB at point of sale compared to the Present Value of New Business Premiums. This ratio reflects the margin earned on total premiums
- VNB/APE = VNB at point of sale compared to the Annualised Premium Equivalent. This ratio reflects the margin earned on recurrent premiums and 1/10th of single premiums

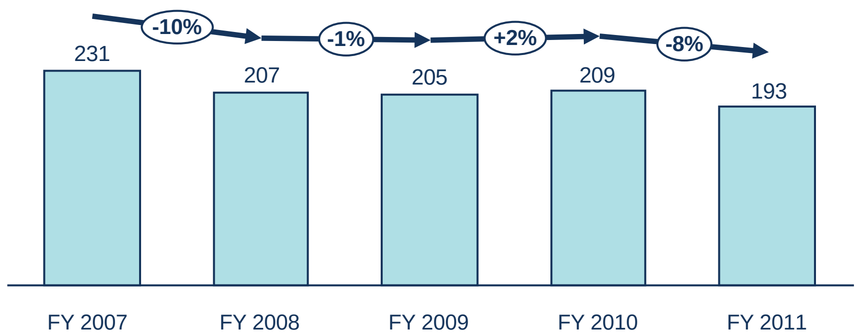
Lower net F&C income, in line with AuM

Underlying performance

Net Fee & Commission Income



Assets Under Management



Amounts in bn EUR

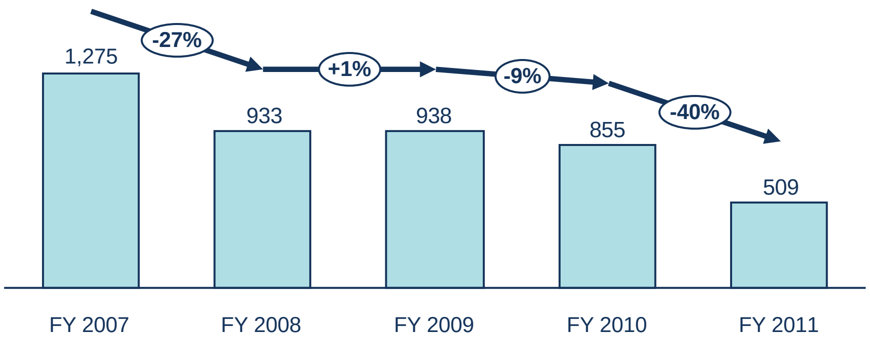
- Lower net fee and commission income, in line with the trend in assets under management
- Assets under management at 193bn EUR (-8% y-o-y, of which -5% due to net outflows and -3% due to the negative price trend): 138bn EUR in Belgium, 44bn EUR in European Private Banking (sale already announced) and 11bn EUR in CEE

Amounts in m EUR

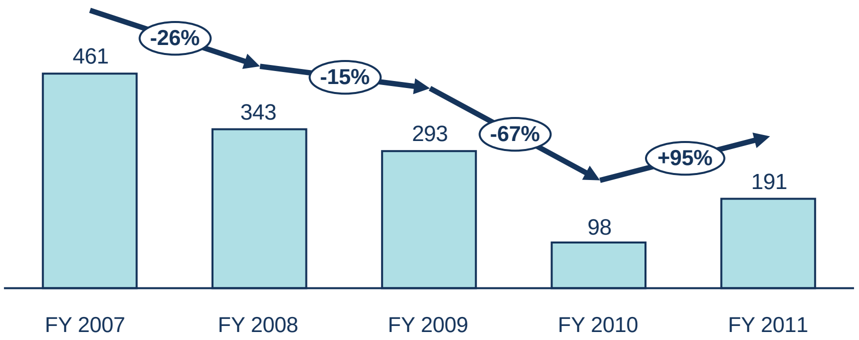
Lower trading and fair value income

Underlying performance

FV gains



Gains realised on AFS

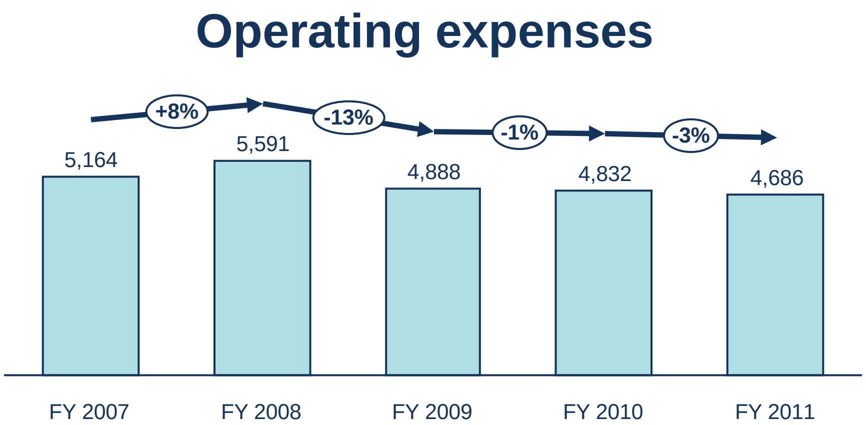


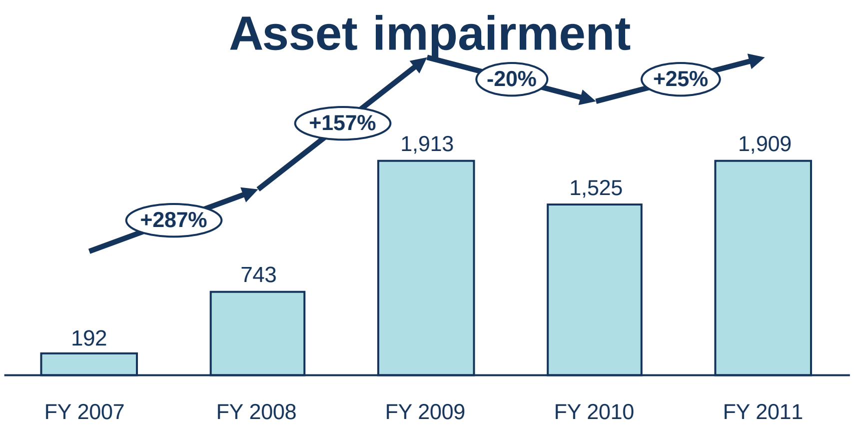
- Trading and fair value income 40% lower y-o-y, mainly driven by a lower contribution from entities to be divested, a negative CVA (Counterparty Value Adjustment) and lower dealing room results
- Sharply higher realised gains on available-for-sale investments, largely driven by the sale of government bonds

Amounts in m EUR

Costs contained, significantly higher loan loss provisions

Underlying performance





- Lower operating expenses (-3% y-o-y), reflecting divestments and deduction from the Hungarian banking tax related to the FX mortgage impairments. Excluding all these and other one-off items, operating expenses rose by 3% y-o-y due to inflation-linked expenses

- Significantly higher impairments (+25% y-o-y), which can be explained mainly by the impairments on Greek government bonds, impairments on AFS shares in the Belgium BU, the one-off impairments in Bulgaria (in 3Q11) and Hungary (in 2H11) in the CEE BU

Amounts in m EUR

Loan loss provisions and credit cost ratio

Underlying performance

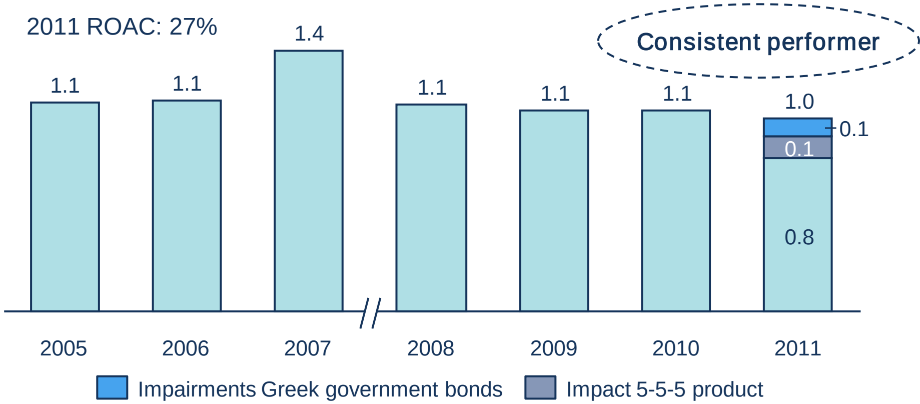
- Credit cost ratio fell to 0.82% (compared to 0.91% in 2010). The NPL ratio amounted to 4.9%
- Loan losses in Belgium remained at a low level
- Sharply higher loan losses in CEE (-137m EUR y-o-y), driven mainly by Bulgaria (-96m EUR in 3Q11 driven by the very illiquid domestic real estate market) and Hungary (-173m EUR impact of new law on FX mortgages in 2H11)
- Loan losses in Merchant Banking remained at a high level in 2011, mainly attributable to KBC Bank Ireland. Excluding Ireland, the credit cost ratio actually fell from 67 bps in 2010 to 59 bps in 2011

Credit cost ratio

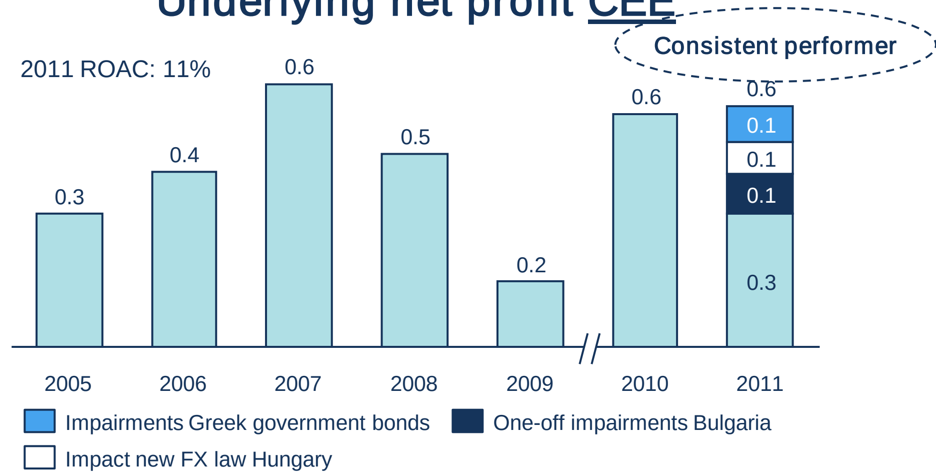
	Loan book	2007 FY	2008 FY	2009 FY	2010 FY	2011 FY
		'Old' BU reporting			'New' BU reporting	
Belgium	**57bn**	0.13%	0.09%	0.17%	0.15%	0.10%
CEE	**30bn**	0.26%	0.73%	2.12%	1.16%	1.59%
CEE (excl. 2H11 one-offs)						0.69%
Merchant B. (incl. Ireland)	**53bn**	0.02%	0.48%	1.32%	1.38%	1.36%
Merchant B. (excl. Ireland)	**37bn**	0.02%	0.53%	1.44%	0.67%	0.59%
Total Group	**156bn**	**0.13%**	**0.46%**	**1.11%**	**0.91%**	**0.82%**

Satisfying FY results in home markets

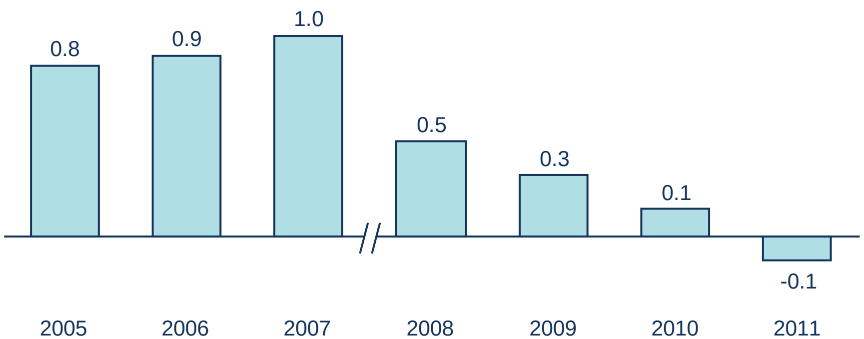
Underlying net profit Belgium (retail)



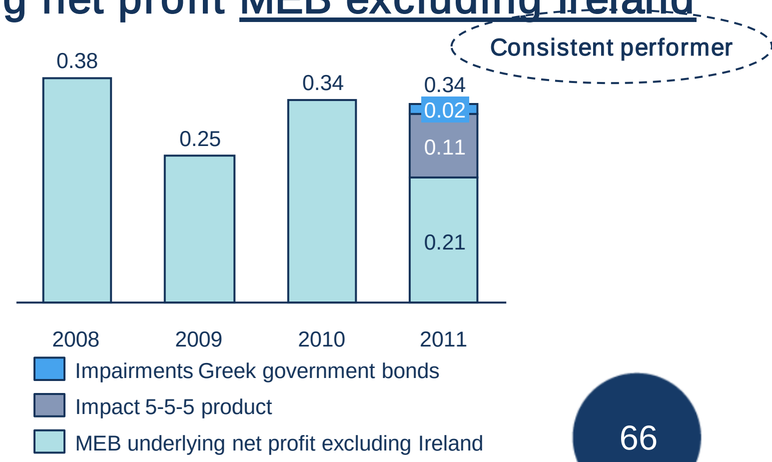
Underlying net profit CEE



Underlying net profit Merchant Banking (BE +Intl) (affected by Ireland)



Underlying net profit MEB excluding Ireland



Amounts in bn EUR

Market shares keep up well***

	BE*	CZ	SK	HU	BG
Loans and deposits	19%	20%**	10%	9%	3%
Investment funds	41%	31%	10%	20%	-
Life insurance	16%	13%	5%	3%	13%
Non-life insurance	8%	6%	2%	5%	13%

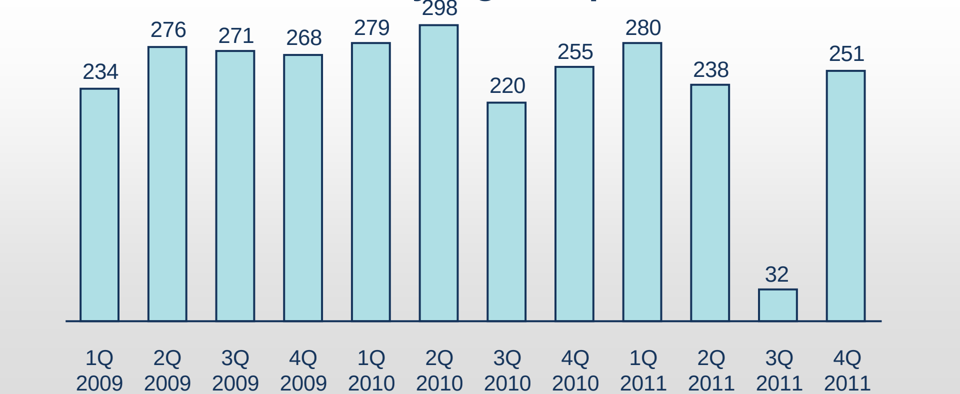
* Excluding Centea and Fidea
** Including 55% of the joint venture with CMSS
*** Market shares are based on preliminary figures

Annex 2

4Q 2011 underlying performance of business units

Belgium Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	55bn	29bn	71bn	138bn	22bn
Growth q/q*	+2%	+3%	-2%	0%	+2%
Growth y/y	+6%	+9%	+5%	-6%	+3%

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

- Underlying net group profit of the Belgium Business Unit recovered quarter-on-quarter to 251m EUR. This can be attributed mainly to i) higher net realised gains from AFS assets, ii) lower operating expenses and iii) lower impairments for the 5-5-5 product and Greek government bonds

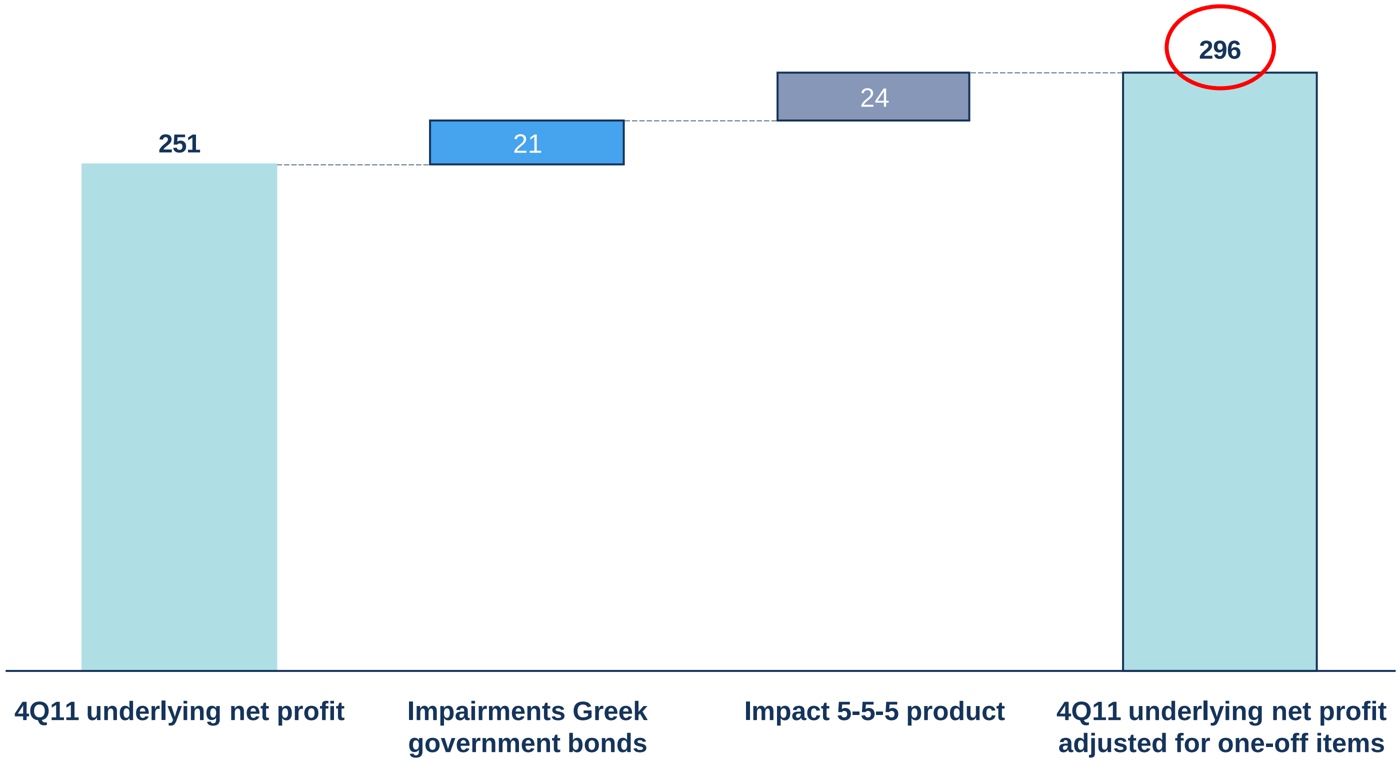
- Increase in quarter-on-quarter and year-on-year loan volume, driven by mortgage loan growth

- Deposit volumes went up by 5% year-on-year, but fell 2% quarter-on-quarter, due primarily to the successful issuance of Belgian state notes

Amounts in m EUR

4Q11 underlying net profit in Belgium Business Unit adjusted for one-off items

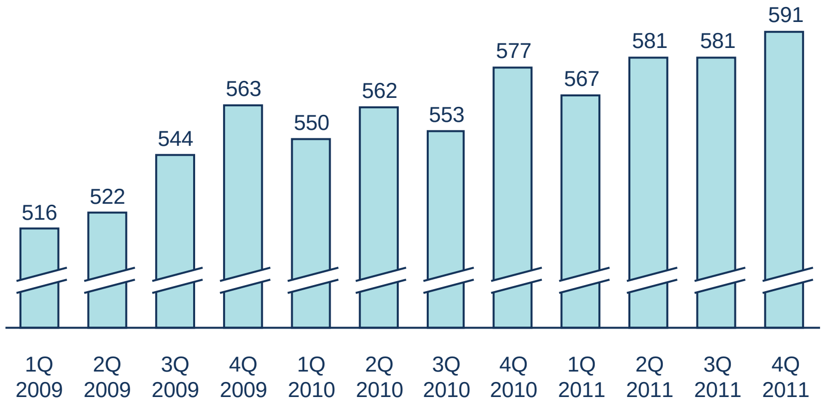
- Adjusted for one-off items (impairments Greek government bonds and impact 5-5-5 product), underlying net group profit in the Belgium Business Unit amounted to 296m EUR in 4Q11



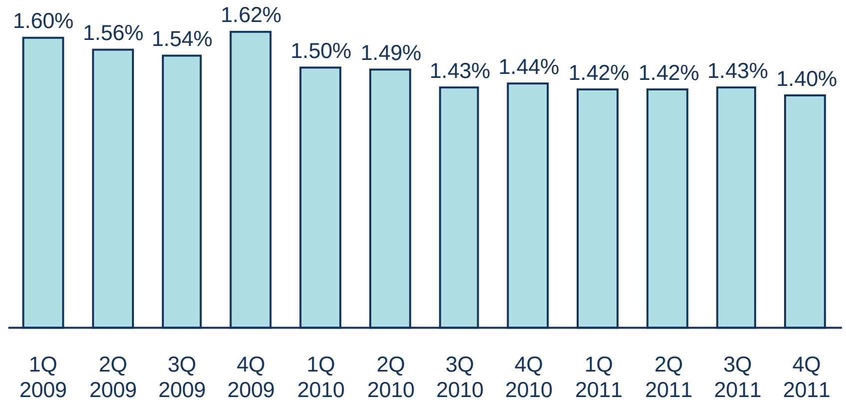
Amounts in m EUR

Belgium Business Unit (2)

NII



NIM

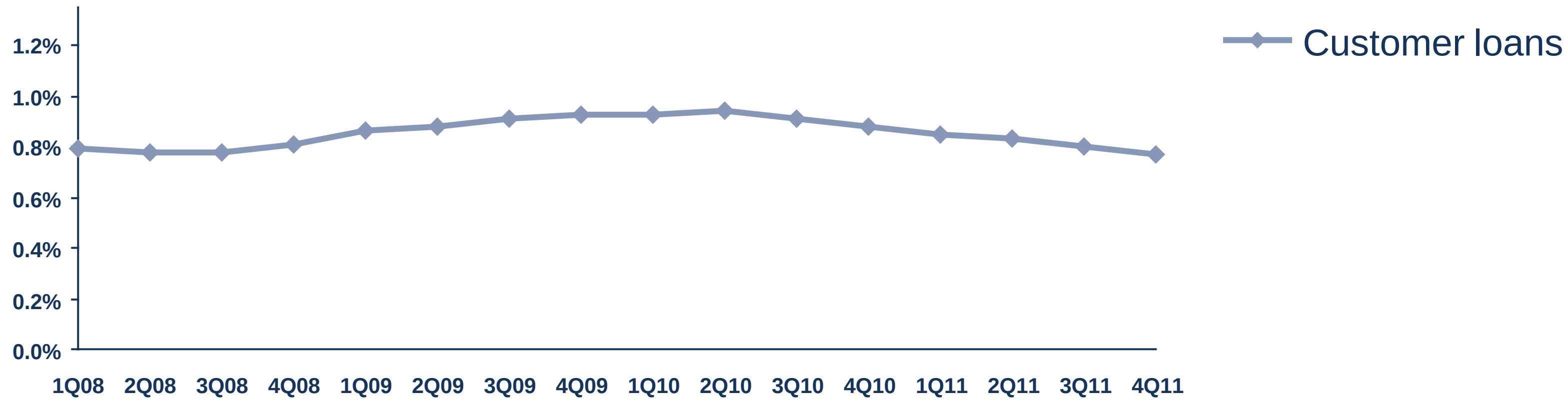


- Net interest income (591m EUR) remained healthy
  - An increase of 2% both y-o-y and q-o-q
  - The net interest margin decreased by 3 bps q-o-q to 1.40%, consequent chiefly on the result of the reduced government bond portfolio. The current NIM remains much higher than the 2H 2008 level (1.19% in 3Q08 and 1.25% in 4Q08)

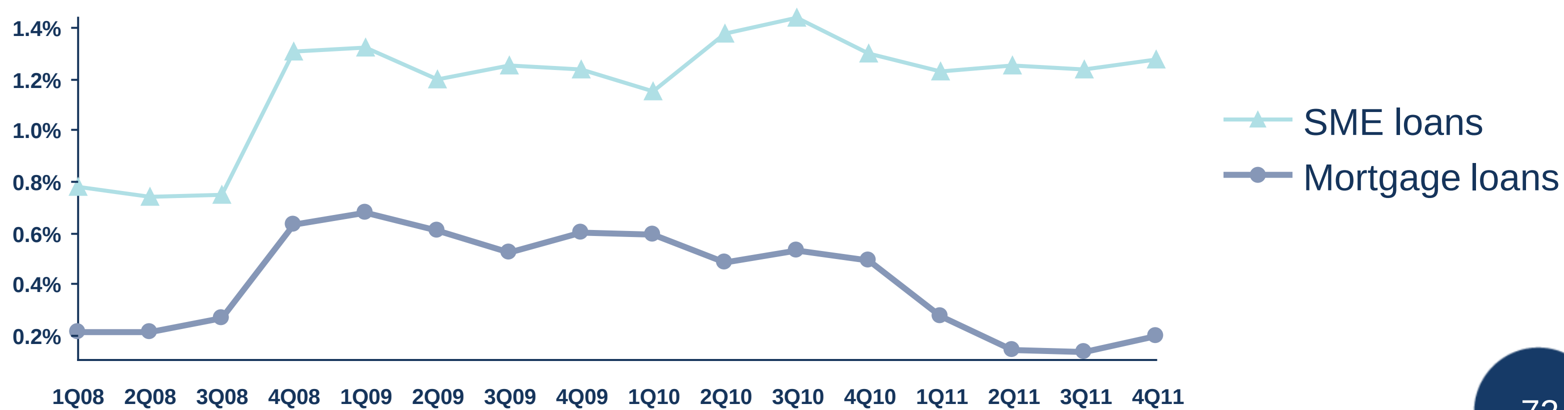
Amounts in m EUR

Credit margins in Belgium

Product spread on customer loan book, outstanding

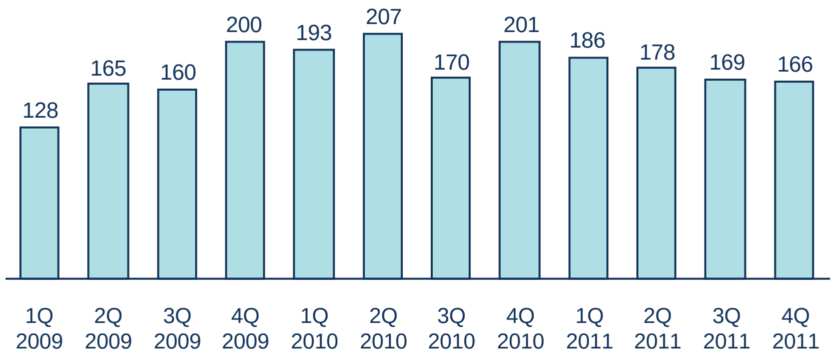


Product spread on new production

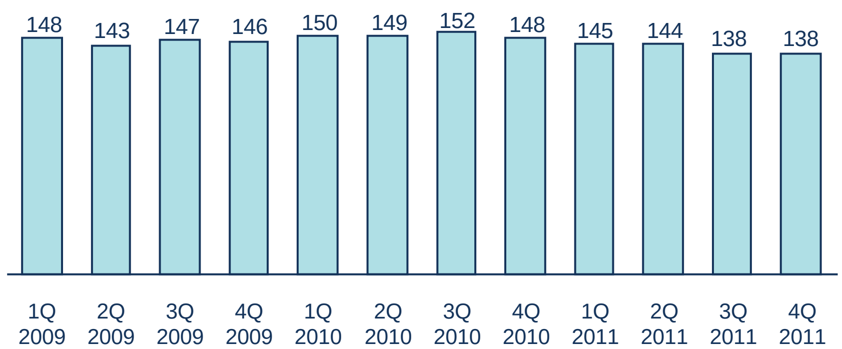


Belgium Business Unit (3)

F&C



AUM



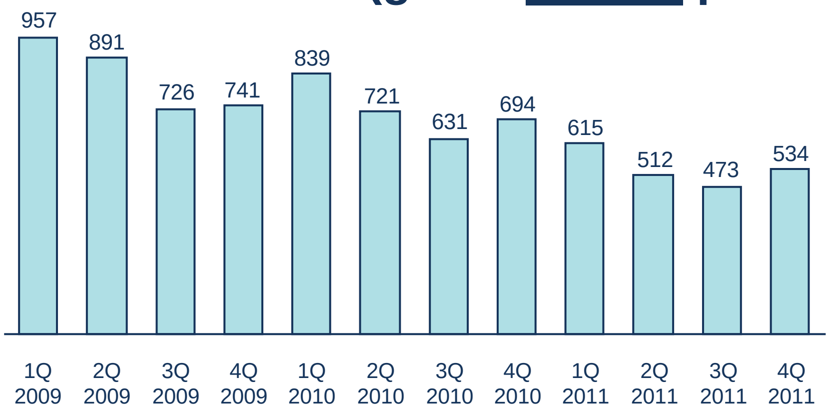
Amounts in bn EUR

- Net fee and commission income (166m EUR)
  - Net fee and commission income from banking activities (207m EUR) increased by 1% q-o-q thanks to fee income relating to the issuance of Belgian state notes. Net fee and commission income from banking activities decreased by 13% y-o-y. Risk appetite remained low, leading to lower entry fees on mutual funds. Management fees on mutual funds were impacted by lower assets under management
  - Commission related to insurance activities (-41m EUR, mainly commission paid to insurance agents) was higher than the previous quarter (+11%)
- Assets under management stabilised q-o-q at 138bn EUR, as the net outflows were offset by the positive price trend

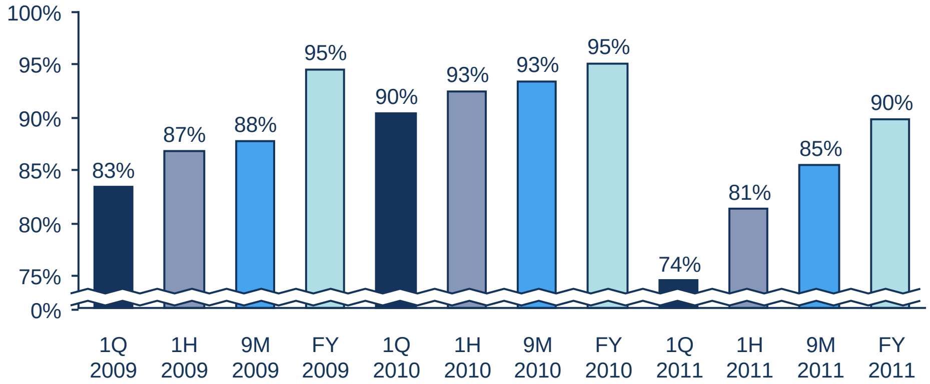
Amounts in m EUR

Belgium Business Unit (4)

Premium income (gross earned premium)



Combined ratio (Non-Life)

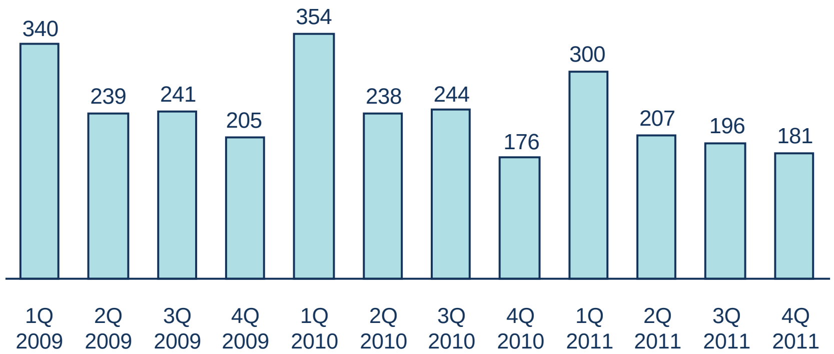


- Insurance premium income (gross earned premium) at 534m EUR
  - Non-life premium income (222m) flat q-o-q and up 4% y-o-y
  - Life premium income (312m) up 24% q-o-q and down 35% y-o-y
- Combined ratio improved to an excellent 90% in 2011 (from 95% in 2010)

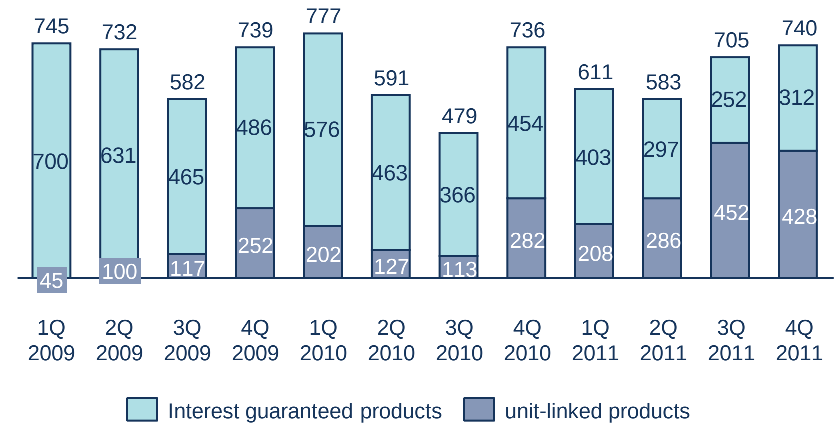
Amounts in m EUR

Belgium Business Unit (5)

Sales Non-Life (gross written premium)



Sales Life (gross written premium)

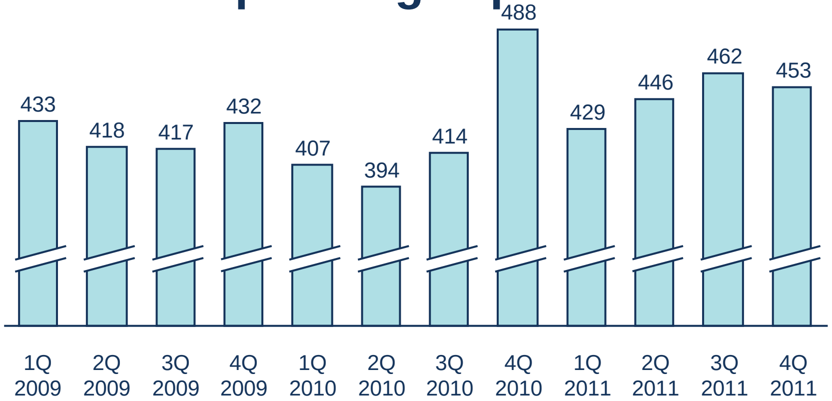


- The sale of Non-Life insurance products:
  - fell by 8% quarter-on-quarter (typical fourth quarter effect), but rose by 3% year-on-year
- The sale of Life insurance products:
  - rose by 1% year-on-year and 5% quarter-on-quarter. The 5% quarter-on-quarter increase was driven by higher sales of interest guaranteed products (as the fourth quarter is traditionally positively impacted by the extra contribution regarding pension savings), partly offset by lower sales of unit-linked products.
  - As a result, interest guaranteed products and unit-linked products accounted for respectively 48% and 52% of life insurance sales in FY 2011.

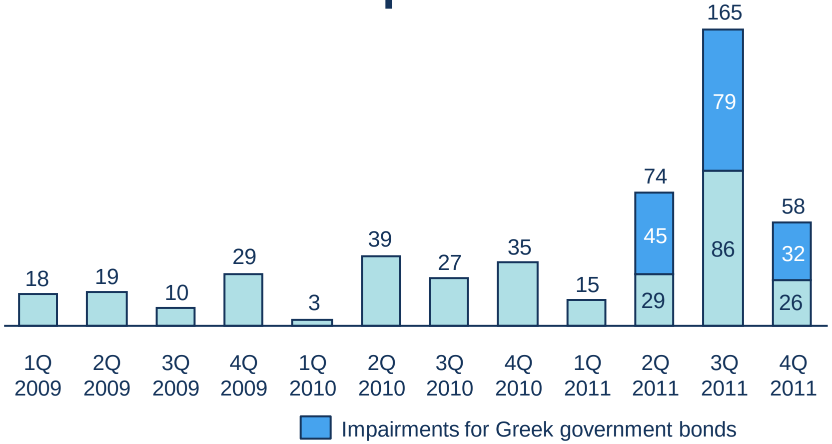
Amounts in m EUR

Belgium Business Unit (6)

Operating expenses



Asset impairment

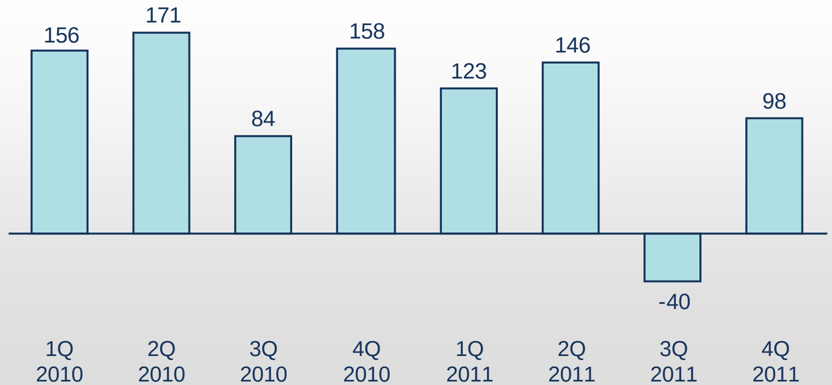


- Operating expenses: -2% quarter-on-quarter and -7% year-on-year
  - Operating expenses fell by 2% q-o-q thanks to lower staff expenses (mainly lower variable remuneration). Excluding several small one-off items, operating expenses were flat q-o-q
  - On a y-o-y basis, operating expenses were down 7%, more than half of which was thanks to a lower contribution to the Belgian Deposit Guarantee Scheme and lower staff expenses
  - Underlying cost/income ratio: 63% YTD (and 59% YTD excluding the provision for the 5-5-5 product)
- Loan loss provisions remained at a low level (23m EUR). Credit cost ratio of 10 bps in 2011. NPL ratio at 1.5%. Furthermore, impairment of 32m EUR before tax was recorded for Greek government bonds and 3m EUR was recognised on shares at KBC Insurance

Amounts in m EUR

CEE Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	26bn	11bn	35bn	11bn	2bn
Growth q/q*	-1%	-4%	-1%	-6%	-4%
Growth y/y	+6%	+2%	+4%	-17%	+3%

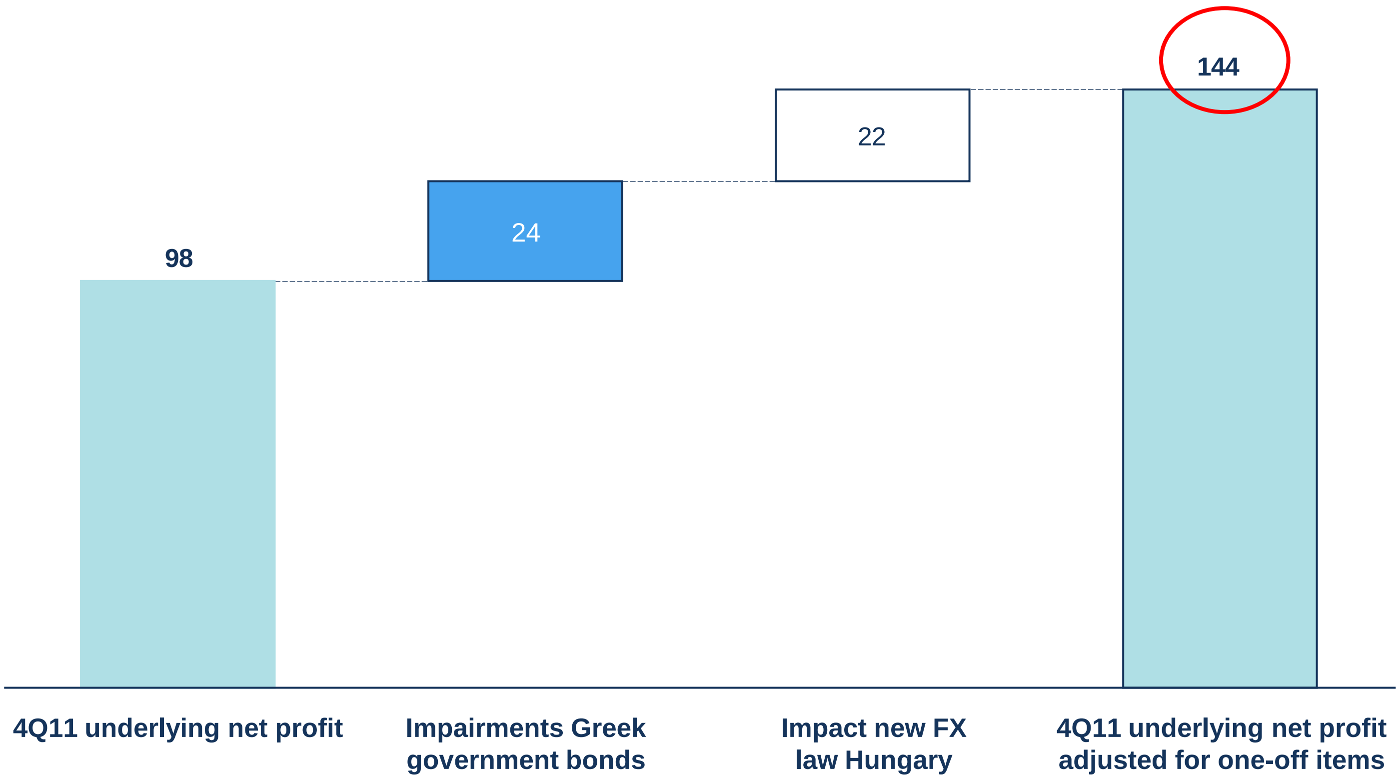
** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying profit at CEE Business Unit of 98m EUR
  - CEE profit breakdown: 100m Czech Republic, 23m Slovakia, 7m Hungary, -5m Bulgaria, -28m Other (mainly due to the recognition at KBC Group level for Bulgaria and funding costs of goodwill)
  - Results from the banking business were positively impacted by significantly lower loan loss provisions (Bulgaria and K&H Bank) and negatively impacted by impairment of 24m EUR post-tax for Greece (almost fully borne by the Czech Republic)
  - Results from the insurance business were positively impacted by a lower combined ratio (thanks almost entirely to lower claims ratio)

Amounts in m EUR

4Q11 underlying net profit in CEE Business Unit adjusted for one-off items

- Adjusted for one-off items (Greek government bonds and Hungary), underlying net group profit in the CEE Business Unit amounted to 144m EUR in 4Q11



Amounts in m EUR

CEE Business Unit (2)

Organic growth(*)

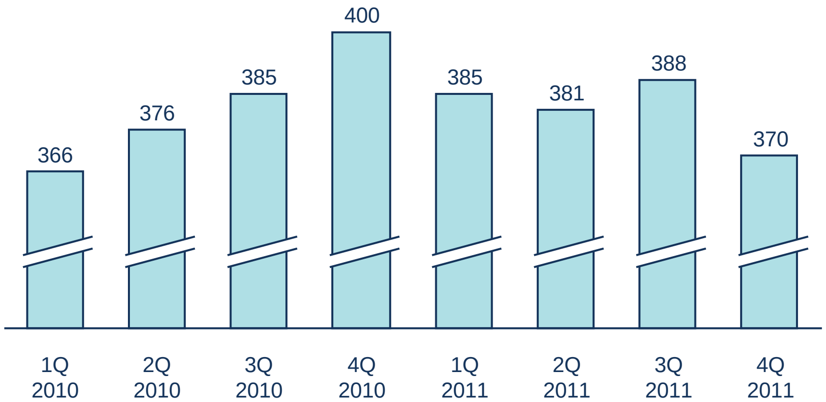
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	0%	+12%	-2%	+9%	0%	+5%
SK	+5%	+16%	+3%	+18%	-1%	-7%
HU	-7%	-14%	-16%	-21%	-2%	+8%
BU	-1%	-21%	-1%	-22%	+5%	+11%
TOTAL	**-1%**	**+6%**	**-4%**	**+2%**	**-1%**	**+4%**

- The total loan book fell by 1% q-o-q, but rose by 6% y-o-y. On a y-o-y basis, the increases in Slovakia (+16% y-o-y thanks to an increase in mortgage loans) and the Czech Republic (+12% y-o-y) was only partly offset by decreases in Hungary (where trend was impacted by the FX mortgage relief programme) and Bulgaria (where trend was impacted by 3Q11 impairments)
- Total deposits were down 1% q-o-q, but up 4% y-o-y
- Loan to deposit ratio at 73%

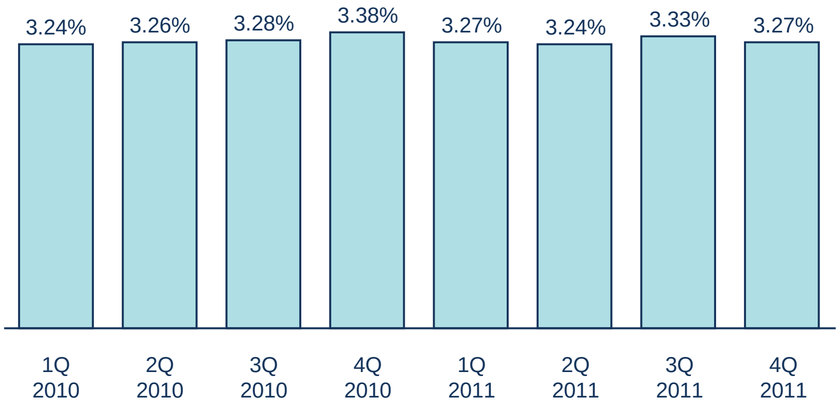
(*) organic growth excluding FX impact, q-o-q figures are non-annualised. Loan and mortgage figures after impairments

CEE Business Unit (3)

NII



NIM

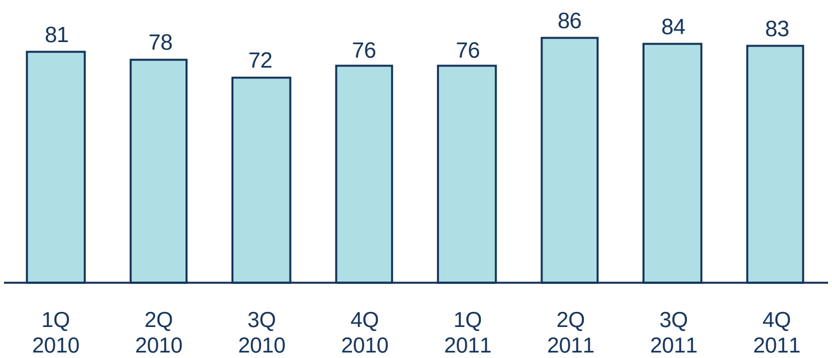


- At 370m EUR, net interest income rose by 1% q-o-q, but fell by 4% y-o-y (organic growth only)
- The net interest margin decreased by 6 bps to 3.27% due to the FX effect and the decrease at CSOB CZ (the result of a slightly lower interest result and an increased average of interest bearing assets). Net interest income was down 5% q-o-q, but this was due entirely to the depreciation in the CZK and HUF (resp. -3% and -10%)

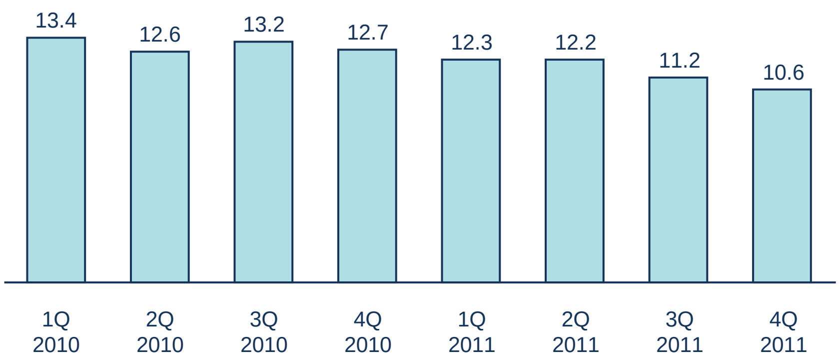
Amounts in m EUR

CEE Business Unit (4)

F&C



AUM



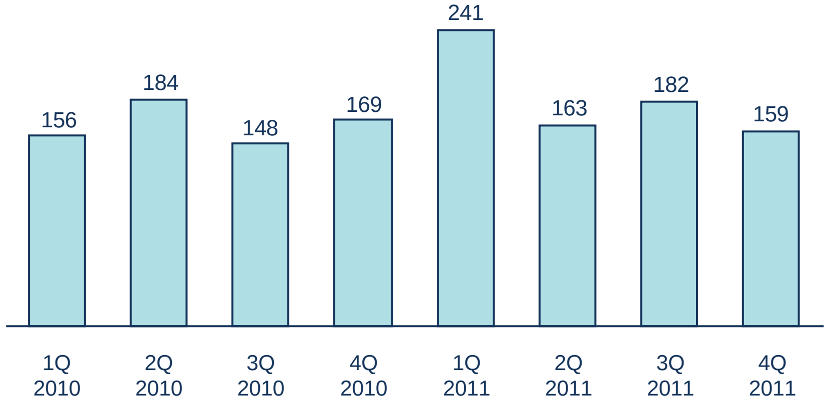
Amounts in bn EUR

- Net fee and commission income (83m EUR), up on an organic basis 4% q-o-q and 13% y-o-y. This increase was attributable primarily to higher fees regarding securities transactions at CSOB Bank CZ
- Assets under management fell by 6% q-o-q to roughly 11bn EUR, driven by the negative price trend and net outflows (both -3% q-o-q)

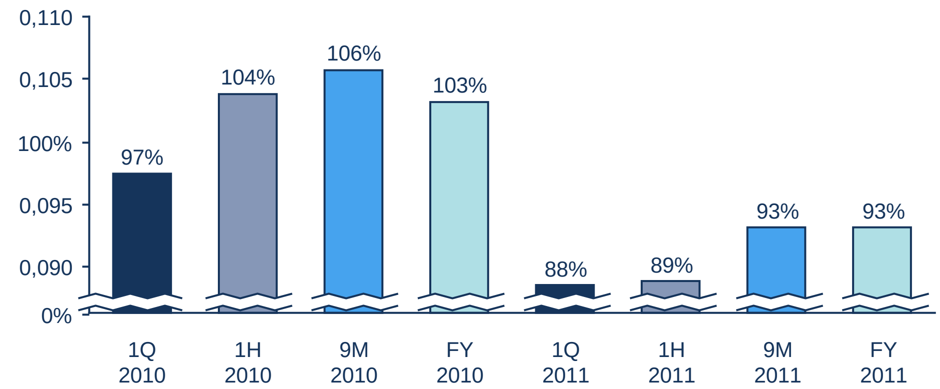
Amounts in m EUR

CEE Business Unit (5)

Premium income (gross earned premium)



Combined ratio (Non-Life)

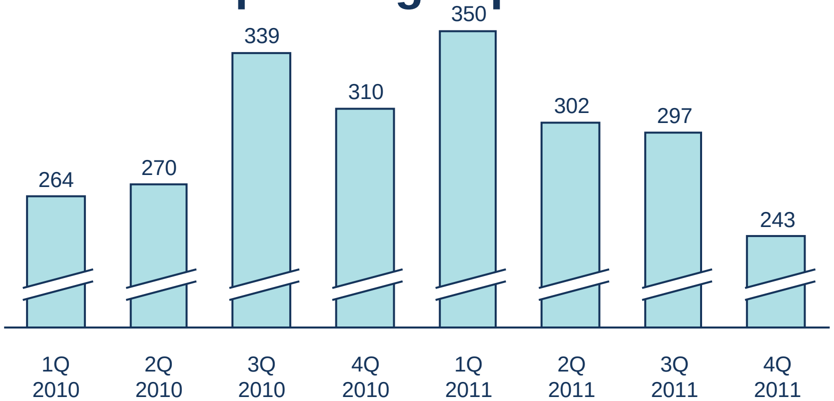


- Insurance premium income (gross earned premium) stood at 159m EUR
  - Non-life premium income (84m) up 1% on an organic basis q-o-q (thanks mainly to the Czech Republic) and 5% y-o-y (thanks mainly to Hungary and the Czech Republic)
  - Life premium income (75m) down 18% on an organic basis q-o-q and 12% y-o-y
- Combined ratio improved significantly to 93% in 2011 (from 103% in 2010)

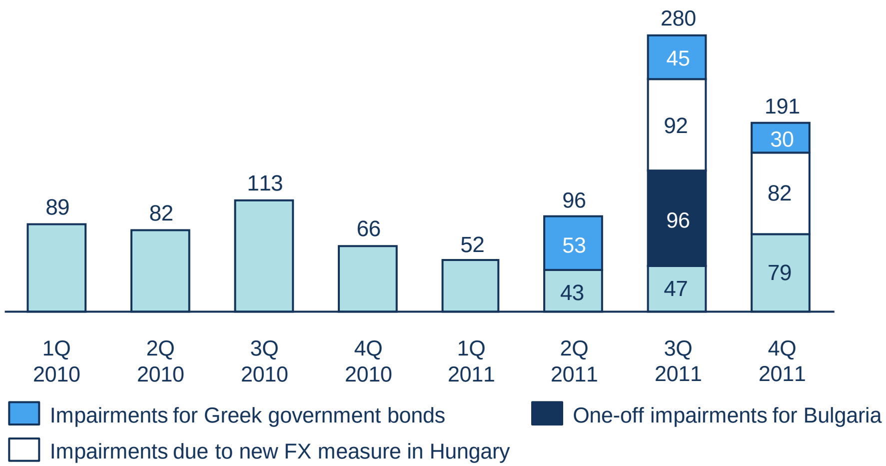
Amounts in m EUR

CEE Business Unit (6)

Operating expenses



Asset impairment



- Operating expenses (243m EUR) fell by 14% q-o-q and 19% y-o-y on an organic basis (excluding impact of FX)
  - This decrease was mainly caused by the 55m EUR deduction of the FX mortgage impairments from the Hungarian banking tax . Excluding the Hungarian bank tax and other technical items, operating expenses decreased by 5% y-o-y
  - YTD cost/income ratio at 54% (53% excluding Hung. bank tax)
- Asset impairment at 191m
  - L&R impairments decreased sharply thanks to i) slightly lower q-o-q FX mortgage impairments in Hungary and ii) one-off impairments for Bulgaria in 3Q11, leading to a credit cost ratio of 1.59% YTD (1.16% in FY10). NPL ratio at 5.6%
  - Impairment of 30m EUR pre-tax was recorded for Greek gov. bonds

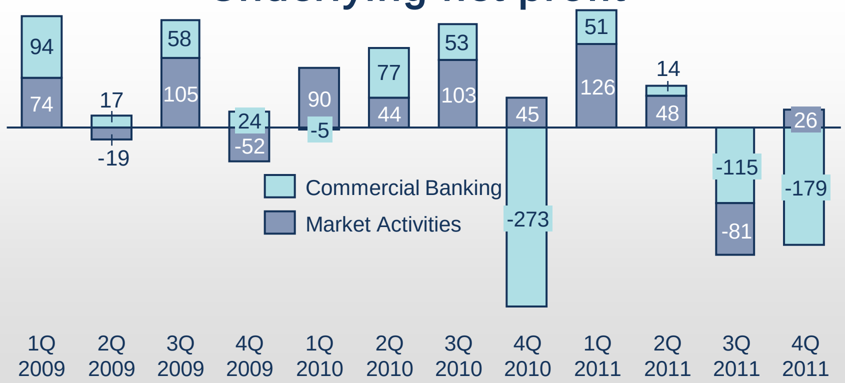
	Loan book	2008* CCR	2009* CCR	2010 CCR	2011 CCR
CEE	**30bn**	**0.73%**	**2.12%**	**1.16%**	**1.59%**
- Czech Rep.	19bn	0.38%	1.12%	0.75%	0.37%
- Hungary	6bn	0.41%	2.01%	1.98%	4.38%
- Slovakia	4bn	0.82%	1.56%	0.96%	0.25%
- Bulgaria	1bn	1.49%	2.22%	2.00%	14.73%

** 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	**42bn**	**34bn**
Growth q/q*	**0%**	**-35%**
Growth y/y*	**-1%**	**-45%**

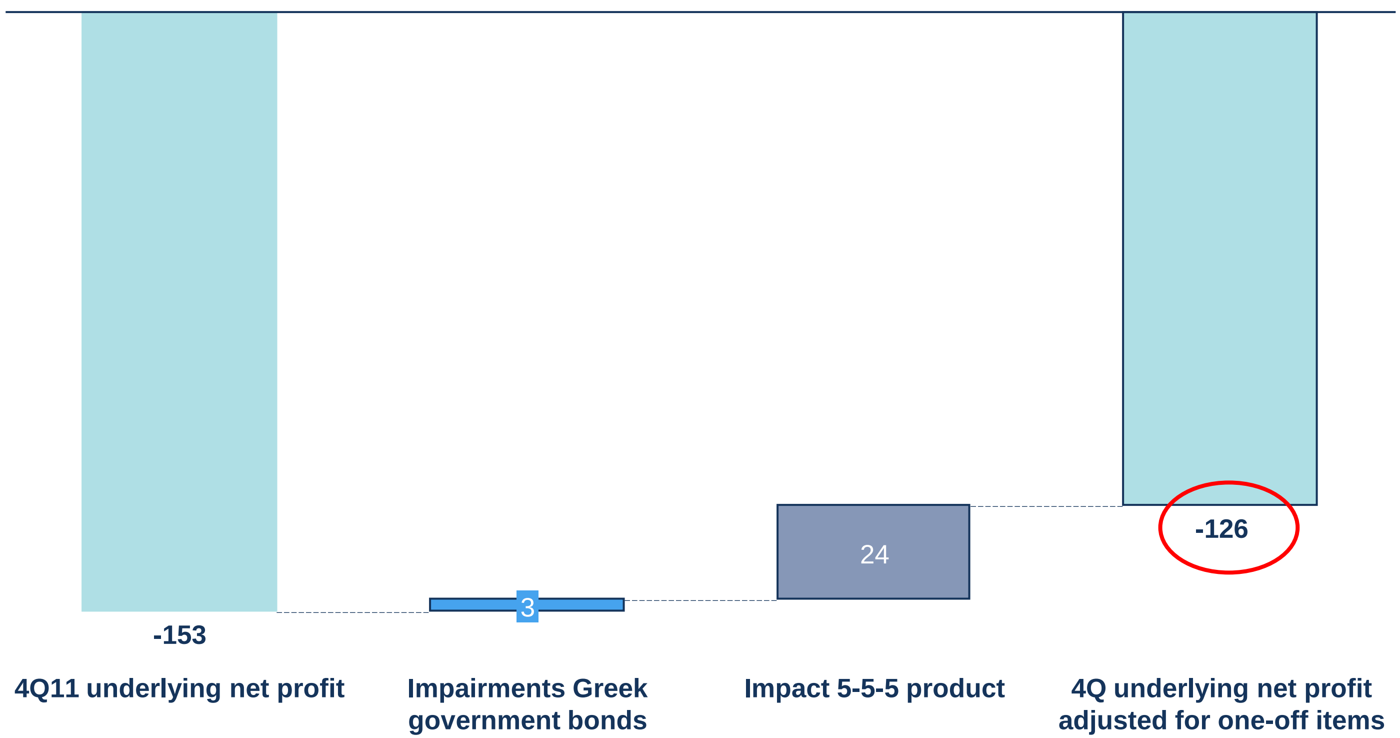
**non-annualised*

- Underlying net profit in the Merchant Banking Business Unit totalled -153m EUR. Adjusted for one-off items (Greece), underlying net profit amounted to -126m EUR
  - The lower q-o-q result from this business unit's Commercial Banking activities of 64m EUR in 4Q11 was due entirely to higher loan loss provisions for Belgian corporates (several specific files) and for KBC Bank Ireland. Excluding KBC Bank Ireland, the 4Q11 result would be 31m EUR lower q-o-q
  - The result from the unit's Market Activities of 26m EUR was up sharply q-o-q, entirely attributable to the lower provisions for the 5-5-5 product in 4Q11 (35m EUR pre-tax and 24m post-tax) and substantially higher dealing room results at KBC Bank Belgium
- Reminder: a significant part of the merchant banking activities (the assets to be divested) has been shifted to the Group Centre since 1Q10

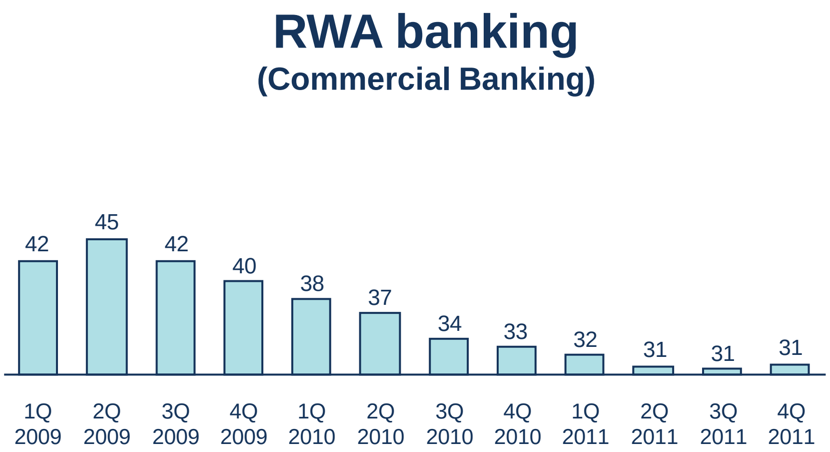
Amounts in m EUR

4Q11 underlying net profit in MEB Business Unit adjusted for one-off items

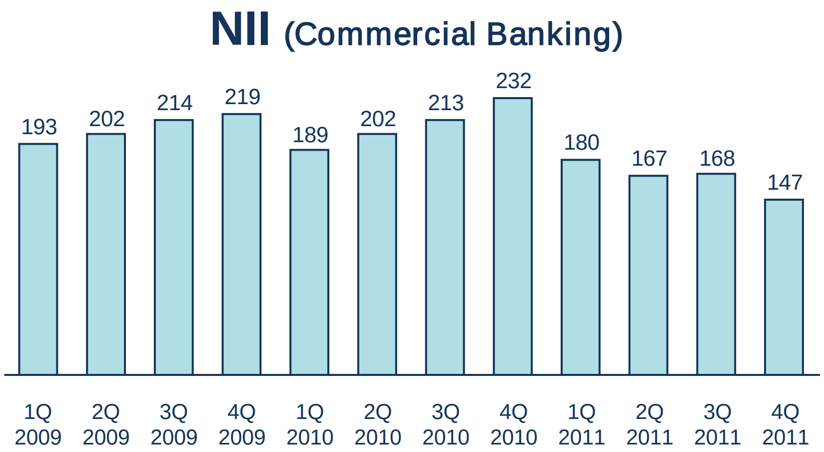
- Adjusted for one-off items (Greek government bonds and 5-5-5 bonds), underlying net group profit in the Merchant Banking Business Unit amounted to -126m EUR in 4Q11



Merchant Banking Business Unit (2)



Amounts in bn. EUR

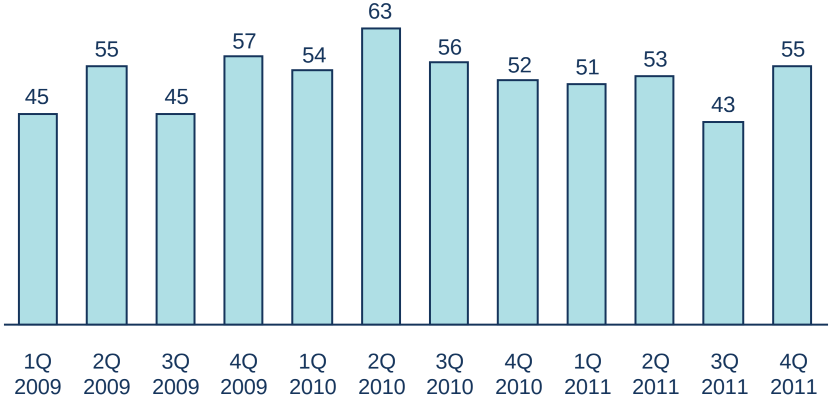


- Risk weighted assets in Commercial Banking stabilised at roughly 31bn EUR
- Net interest income (relating to the Commercial Banking activities) fell by 12% q-o-q to 147m EUR driven by a sizeable drop in volumes (mainly foreign branches) as well as a lower reinvestment yield (following the sale of PIIGS government bonds)

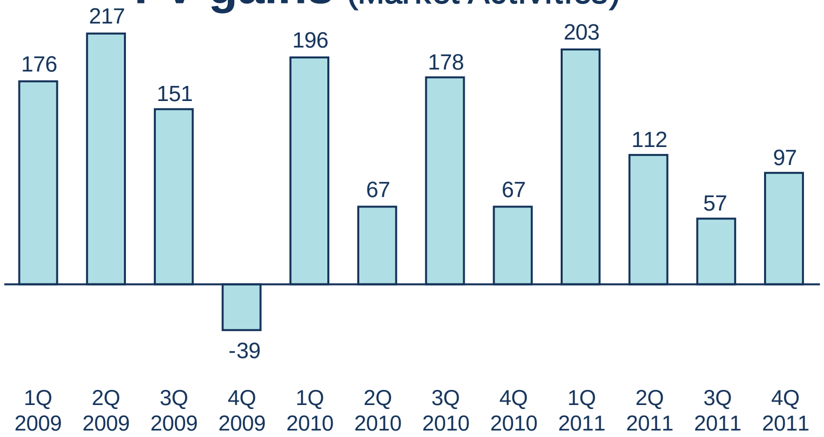
Amounts in m EUR

Merchant Banking Business Unit (3)

F&C



FV gains (Market Activities)



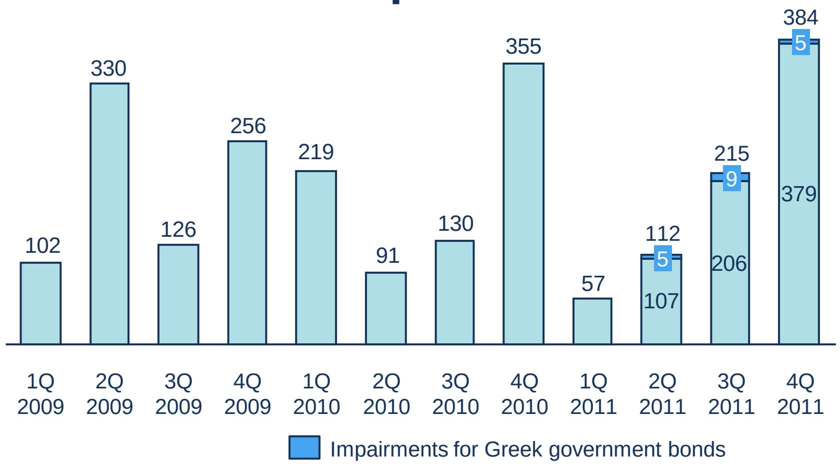
- At 55m EUR, net fee and commission income was 12m EUR higher q-o-q thanks to some technical items
- Higher fair value gains within the ‘Market Activities’ sub-unit, largely thanks to good dealing room activities in 4Q11

Amounts in m EUR

Merchant Banking Business Unit (4)

Operating expenses

Asset impairment

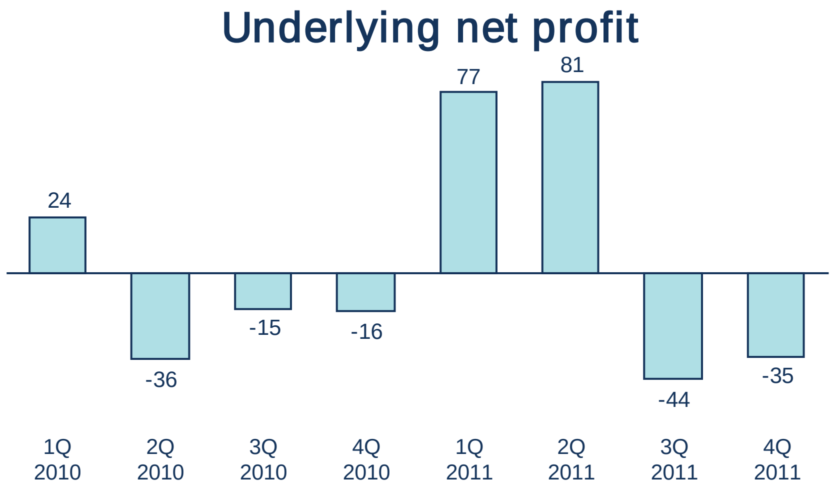


- Operating expenses decreased by 8% quarter-on-quarter and 16% year-on-year to 132m EUR. Excluding several small one-off items, operating expenses fell by 5% quarter-on-quarter and 1% year-on-year. Underlying cost/income ratio: 46% in 2011 (and 41% excluding the provision for the 5-5-5 product)

- Total impairments amounted to 384m EUR in 4Q11
  - The higher q-o-q L&R impairments was accounted for largely by Belgian corporates (given the unsustainable low level in 3Q11) and KBC Bank Ireland (loan loss provisions in 4Q11 of 228m EUR compared with 187m EUR in 3Q11). Credit cost ratio at 1.36% in 2011 (compared to 1.38% in 2010) and NPL ratio at 7.8%; 0.59% and 3.3%, respectively excluding KBC Bank Ireland
  - Impairment of 5m EUR pre-tax for Greek government bonds

Amounts in m EUR

Group Centre

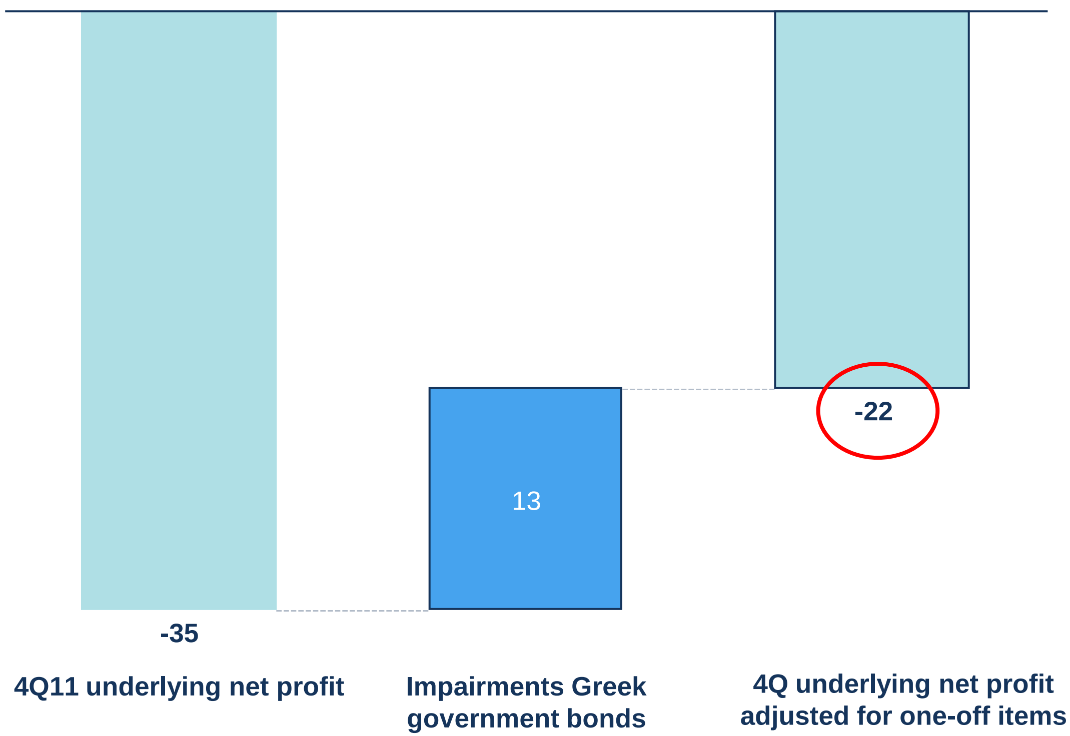


- In addition to the results of the holding company and shared-services, the results of companies scheduled for divestment have been reallocated to the 'Group Centre' (starting in 1Q10). The lower q-o-q net group loss was attributable chiefly to a deferred tax benefit (at KBL *epb*). Note that the divestment of Centea was finalised on 1 July 2011 (3Q11), while the sale of KBL *epb* and Fidea was announced in October 2011
- Only the planned divestments are included. The Merchant Banking activities that will be wound down on an organic basis have not been shifted to the 'Group Centre'

Amounts in m EUR

4Q11 underlying net profit in Group Centre adjusted for one-off items

- Adjusted for one-off items (Greek government bonds), underlying net group profit in the Group Centre Business Unit amounted to -22m EUR in 4Q11



Group Centre (2)

Breakdown of underlying net group profit

	4Q11
Group item (ongoing business)	**-11**
Planned divestments	**-24**
- Centea	0
- Fidea	8
- Kredyt Bank	13
- Warta	1
- Absolut Bank	3
- ‘old’ Merchant Banking activities	-4
- KBL EPB	18
- Other	-63
TOTAL underlying net group profit	**-35**

NPL, NPL formation and restructured loans in Russia

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011
NPL	17.9%	17.8%	18.3%	16.8%	16.1%	13.5%	11.4%	11.2%
NPL formation	3.9%	-0.1%	0.5%	-1.5%	-0.7%	-2.6%	-2.1%	-0.2%
Restructured loans	10.3%	10.3%	9.7%	6.3%	4.2%	3.9%	3.9%	3.2%
Loan loss provisions (m EUR)	0	19	12	-9	-29	-9	-8	4

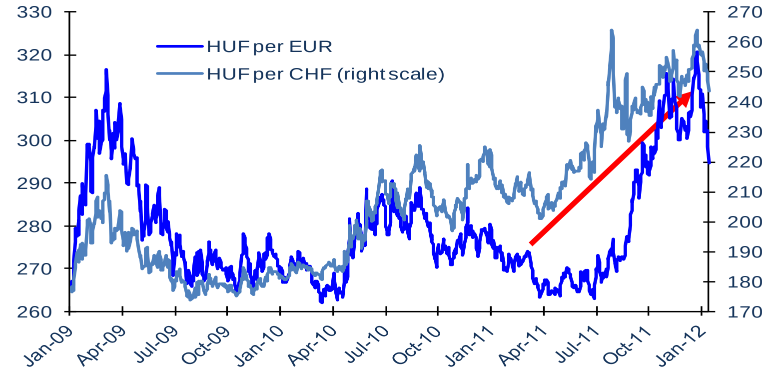
Amounts in m EUR

Annex 3

FX measures in Hungary

Hungary (1): FX mortgage repayment

- **FX repayment scheme introduced in 3Q11**: possibility for a full repayment of FX mortgage loans at a fixed exchange rate. The possibility was open until year-end 2011 for customers to announce their intention to repay with an ultimate repayment date set at 28 February 2012, but by 30 January 2012 the borrowers had to either provide for coverage on an account or present a promissory note
  - In 3Q11, K&H has already recorded 92m EUR in provisions. Given the higher than expected participation rate (ultimately at 30%) and discount, K&H recognised 82m EUR in additional provisions in 4Q11
  - The amendment voted in December 2011 allows the bank to deduct 30% of the loan loss provisions from the bank tax paid in 2011. This resulted in operating expenses decreasing by 55m EUR in 4Q11
  - **The total pre-tax effect for 2011 after recovering part of the bank tax, amounted to 119m EUR, which is 27m EUR higher than the amount set aside in 3Q11**
  - **The FX prepayment will have a negative impact on interest income of K&H of approximately 30m EUR in 2012, gradually decreasing in the following years**



Hungary (2): New measures agreed with the Hungarian government in Dec 2011

Measures to assist performing debtors

- The scheme (which already existed) under which loan installments are paid based on a fixed FX rate (of 180 CHF/HUF and 250 EUR/HUF), and the surplus is posted to a ‘buffer account’ and deferred, will be modified and accessible on a voluntary basis, until the end of 2012
- The principal amount of the monthly installment posted to the buffer account may be deferred until the end of 2016
- The interest part of the installment amounts will be borne by the Hungarian government and the banks on a 50/50 basis. Should the FX exchange rate exceed the levels of CHF/HUF 270 and EUR/HUF 340, the excess amounts will be borne by the Hungarian government
- **Assuming a client participation rate of 75%, the total impact of this measure until 2016 can be estimated at 31m EUR before tax over the 5 year period**

Hungary (3): New measures agreed with the Hungarian government in Dec 2011

Measures to assist defaulted debtors

- Debtors whose loans were overdue by more than 90 days on 30 September 2011 and the market value of the collateral was less than 20m HUF, will be requested to convert their FX mortgage loans into HUF loans. The banks will wave 25% of the converted total obligations. The losses waved can be deducted at 30% from the special bank tax due for 2012

- It was also decided that the National Asset Management Company (NAMC) would purchase residential properties of eligible mortgages debtors, the so called social cases

- The NAMC will purchase 25,000 properties by the end of 2014

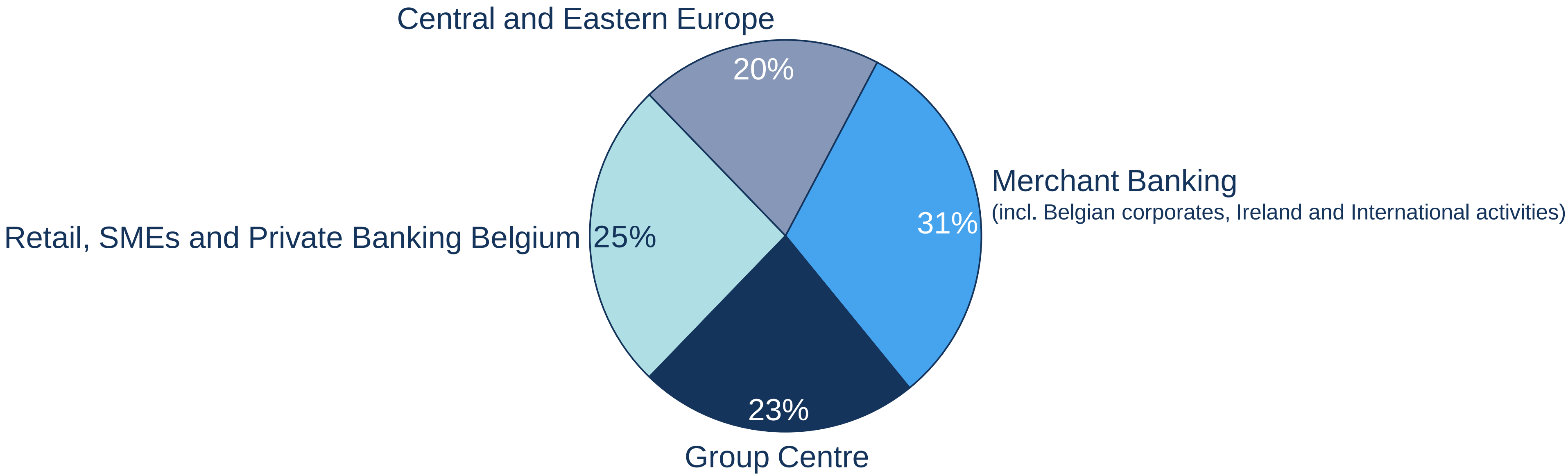
- The measures to assist defaulted debtors **will not have any further substantial impact on P&L given the deductibility of the 30% of the loss from the bank tax and the high level of provisions K&H has already made** for such borrowers

Annex 4

Company profile

Business profile

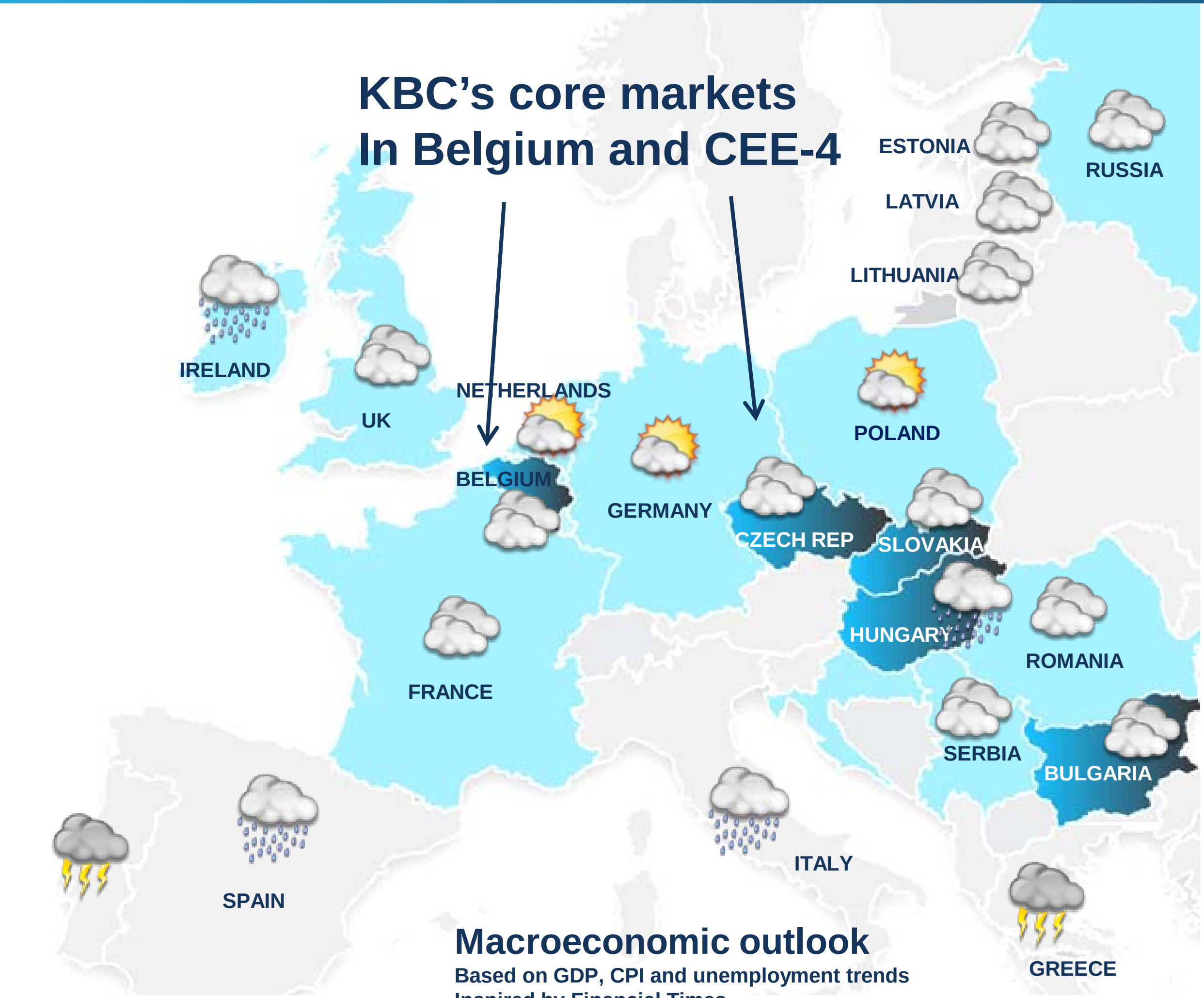
Breakdown of allocated capital by business unit as of 31 December 2011



- KBC is a leading player in Belgium and our 4 core countries in CEE (retail and SME bancassurance, private banking, commercial and local investment banking)
- Note: business unit reporting has been retroactively adjusted from 3Q11onwards, in line with the updated strategic plan (whereby the CEE BU contains 100% of CSOB Bank CZ, while the Group Centre contains Kredyt Bank and Warta)

KBC's geographical presence

KBC's core markets In Belgium and CEE-4



Macroeconomic outlook

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

KBC'S CORE MARKETS

Belgium (Moody's Aa3)
Total assets: 159bn EUR

Czech Republic (A1)
Total assets: 37bn EUR

Hungary (Ba1)
Total assets: 9bn EUR

Slovakia (A1)
Total assets: 6bn EUR

Bulgaria (Baa2)
Total assets: 1bn EUR

Real GDP growth outlook for core markets
Source: KBC data, February 2012

	% of assets	2011e	2012e	2013e
SK	2%	+3.0%	+0.6%	+2.2%
BE	56%	+1.9%	+0.2%	+1.4%
CZ	13%	+1.7%	0.0%	+2.0%
BG	1%	+2.0%	+1.2%	+1.9%
HU	3%	+1.5%	-0.3%	+1.5%

Loan loss experience at KBC

	FY 2011 credit cost ratio	FY 2010 credit cost ratio	FY 2009 credit cost ratio	Average '99 –'10	Peak '99 –'10
Belgium	**0.10%**	0.15%	0.15%	0.16%	0.31%
CEE	**1.59%***	1.16%	2.11%	1.05%	2.75%
Merchant	**1.36%****	1.38%**	1.19%	0.55%	1.38%**
Group Centre	**0.32%**	1.17%	1.58%		
Total	**0.82%*****	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

* The high credit cost ratio at CEE is attributable entirely to Bulgaria (very illiquid domestic real estate market) and K&H Bank (impact of new law on FX mortgages) in 2H11

** The high credit cost ratio at Merchant Banking is due in full to KBC Bank Ireland

*** Credit cost ratio fell to 0.82% in FY11 (from 0.91% in FY10). Excluding several impairment releases in 1Q11 and excluding the one-off impairment charges recognised for Bulgaria, K&H Bank (due to new FX measure) and KBC Bank Ireland, the credit cost ratio was 0.38% in FY 2011

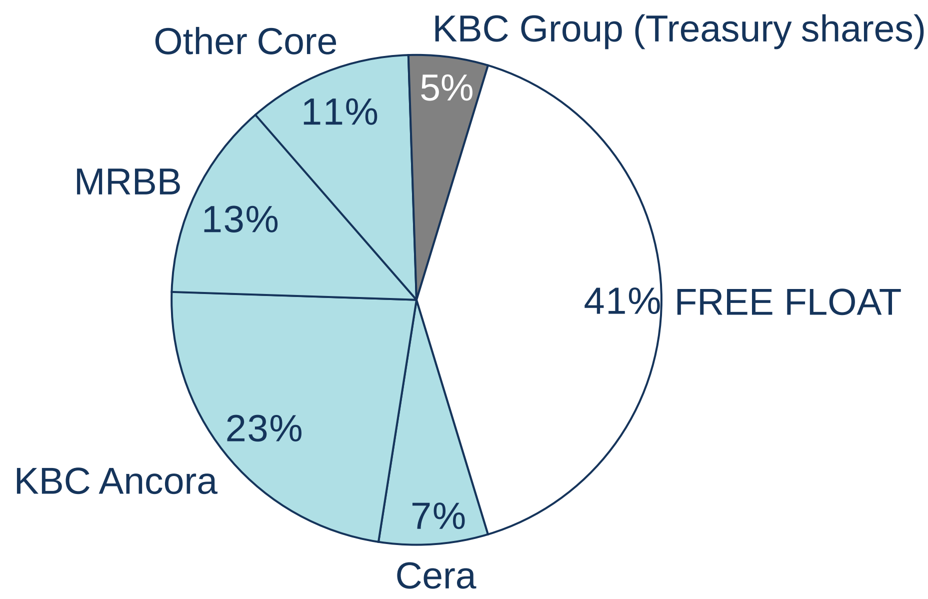
Key strengths

- 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’ (most mature markets in the region)
- Successful underlying earnings track record
- Solid liquidity and comfortable capital position

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	Jan Willem Weidema	janwillem.weidema@nl.abnamro.com	+	22,00	25%
Alpha Value	Christophe Nijdam	christophe.nijdam@alphavalue.com	+	25,40	45%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	+	15,00	-14%
BOFA Merrill Lynch	Patrick Leclerc	patrick.leclerc@baml.com	=	17,00	-3%
Cheuvreux	Hans Pluijgers	hpluijgers@cheuvreux.com	-	10,00	-43%
Citi Investment Research	Stefan Nedialkov	stefan.nedialkov@citi.com	+	22,00	25%
Deutsche Bank	Flora Benhakoun	flora-a.benhakoun@db.com	=	14,00	-20%
Exane BNP Paribas	François Boissin	francois.boissin@exanebnpparibas.com	=	15,00	-14%
ING	Albert Ploegh	albert.ploegh@ing.com	=	12,50	-29%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	21,00	20%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	=	18,00	3%
Kepler	Benoit Petrarque	benoit.petrarque@keplercm.com	+	23,00	31%
Macquarie	Thomas Stögner	thomas.stoegner@macquarie.com	=	15,00	-14%
Mediobanca	Riccardo Rovere	riccardo.rovere@mediobanca.it	+	18,00	3%
Morgan Stanley	Thibault Nardin	thibault.nardin@morganstanley.com	+	21,70	24%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	=	15,50	-12%
Nomura	Tarik El Mejjad	tarik.elmejjad@nomura.com	+	30,00	71%
Oddo	Jean Sassus	Jsassus@oddo.fr	=	29,50	68%
Petercam	Matthias de Wit	matthias.dewit@petercam.be	=	17,00	-3%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	25,00	43%
Royal Bank of Scotland	Thomas Nagtegaal	thomas.nagtegaal@rbs.com	=	12,50	-29%
Societe Generale	Sabrina Blanc	sabrina.blanc@sgcib.com	=	16,00	-9%
UBS	Omar Fall	omar.fall@ubs.com	+	18,00	3%

Situation as of 3 February 2012, based on an actual share price of 17.54 EUR