Delivering growth in a riskier world

Merill Lynch European Financials Conference

London, October 2007

Today's messages

- We have shown strong earnings growth over the last few years
- We have a solid business model in place that will enable us to continue to deliver a solid earnings trend
- Temporary market turbulences or a cyclical slow down of the economic activity are no major threats to our business case
- We recently even added on additional growth opportunities

Please read the important disclosure on the risk involved on page 36

Contents overview

- Reminder: business profile
- KBC’s business case
- Stressing the earnings scenario
- Upside earnings potential

Quick reminder: business profile

1H 2007

Corporate center

1	2	3	4
Belgium (retail)	CEE	Merchant bank	Private bank
± 45% of profit	± 20%	±30%	±10%

Group-wide shared services & operations

Profit contribution of business units excluding exceptional and extraordinary items for 1H 2007. Merchant banking includes domestic commercial and investment banking activities in Belgium (in total, around 60% of net earnings are generated on the Belgian geographical market)

Quick reminder: business profile (2)

Profile:

- Belgium: sizeable, low-risk ‘cash cow’, consistently delivering 25%+ returns
- CEE: accelerating ‘growth engine’ (e.g. net profit up 26% y/y in 1H2007)
- ‘Niche play’ for some more mature activities such as merchant banking and private banking (focus on Europe, with low to decent growth, decent to high return on capital alloated)

For 1H 2007, underlying merchant and private banking earnings grew 6% y/y and 10% y/y, return on allocated capital was 26% and 40%.

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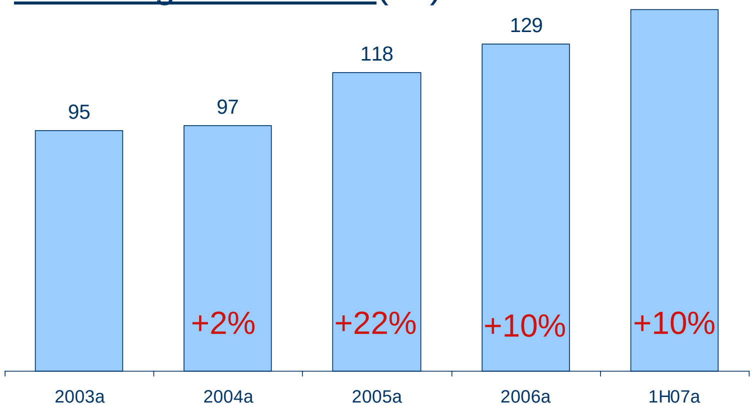
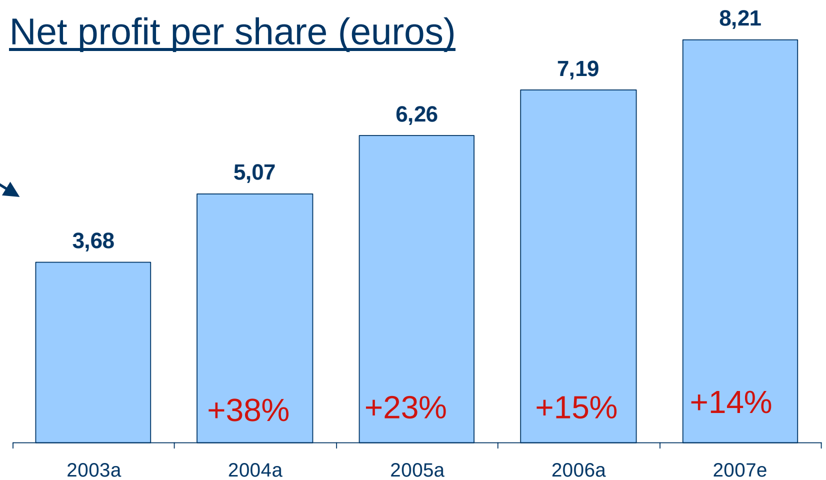
Strong growth track record

Risk-weighted assets (bn)



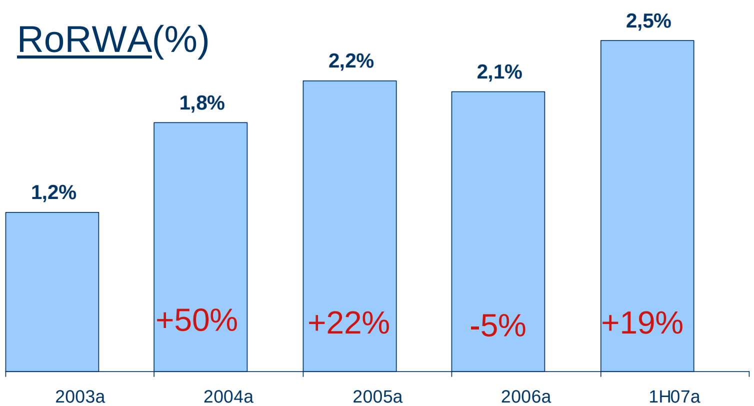
Net profit per share (euros)



Underlying EPS

2007e EPS: sell side consensus as per 31/08/2007

RoRWA(%)



Underlying net profit on average risk-weighted assets

Attractive outlook

3-year financial targets (2006-09):

- Earnings per share growth: at least 12%
- Return on equity: at least 18.5 %

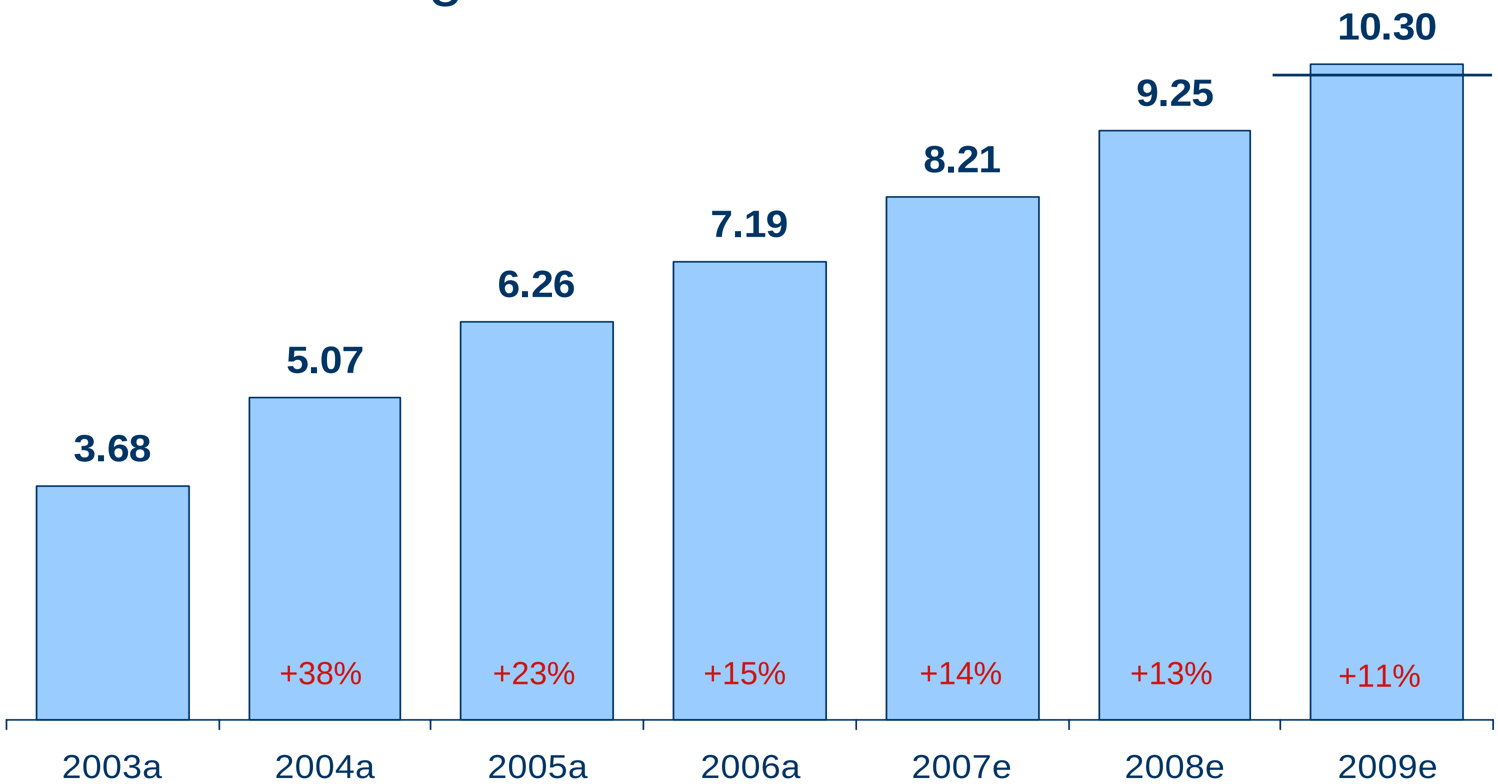
average

(As of Oct-2007: on track to deliver on targets)

For 1H 2007: 21% EPS growth y/y and 21% ROE, all figures on underlying basis

Attractive outlook (cont'd)

2007-09 EPS growth outlook: min. 12% CAGR



Underlying EPS

Sell side consensus estimates as per 31/08/2007 for the 2007-2009 period. Management bottom guidance for for 2009 min. 10.10 euros

Core EPS drivers

What is driving EPS at KBC ?

1. Strong positions in core markets
2. X-sell oriented model
3. Achievement of internal scale effects
4. Capital discipline

Core EPS growth drivers (cont'd)

1

Strong positions in core markets

- Top-3 player in Belgium and CEE-4 (75m inhabitants)
- Branch expansion in CEE-4 to further strenghten market positions (no of branches +33% in 2006-2009)

Core EPS growth drivers (cont'd)

2

Banking x Insurance x AM

Unique x-selling model

- Full integration of management, distribution channels & back-offices makes bancassurance work
- Innovator in CEE in bancassurance and AM
(e.g. for AM, 1.5x 'traditional' market share achieved)

Core EPS growth drivers (cont'd)

3

Discipline for shareholder's funds

- Strict financial criteria for external growth (ROI: exceeding cost of capital in maximum 5 yrs)
- 4 bn 2006-2009 share buy-back programs (1.5 bn achieved as of August, 2007)

Core EPS growth drivers (cont'd)

4

Group scale effects

- by better executing on best practises accross units
- by setting up cross-border shared operations
- ~ 275m worth of synergies, pre-tax, expected by 2009

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Impact from US subprime

Limited subprime credit impairment risk

- Indirect exposure, primarily through CDOs (however, with high ‘corporate loan’ portion)
- High credit ratings of investment tranches held (credit losses largely subordinated to lower rated classes)
- Credit defaults in *worst case scenario* expected to be 9m euros only (0.3% of 2008 EPS consensus)

See 2Q 2007 quarterly report for more detailed disclosure

Impact from credit market volatility

Limited impact from mark-to-market of credit-linked investments

- End of July: -35m net P&L impact from widening of credit spreads related to CDOs
- End of August: no material change in relevant credit spreads compared with end of July
- Most CDOs are held to maturity. Most of MtM will come back as CDOs mature, consequently (zero sum game)

Impact from liquidity crunch

No material liquidity, nor solvency issues

- KBC has a large *deposit overhang*, making it relatively independent from wholesale funding (At 30 June 2007 deposit overhang exceeded EUR 50bn, loans to deposits ratio stood at 72%)
- KBC has excess capital and additional debt leverage potential. Future RWA growth is not burdened by potential taking on B/S of the existing ABCP conduit

At 30 June 2007 excess capital stood at 2 bn euros. Total assets of the conduit Atomium was 2.3 bn.

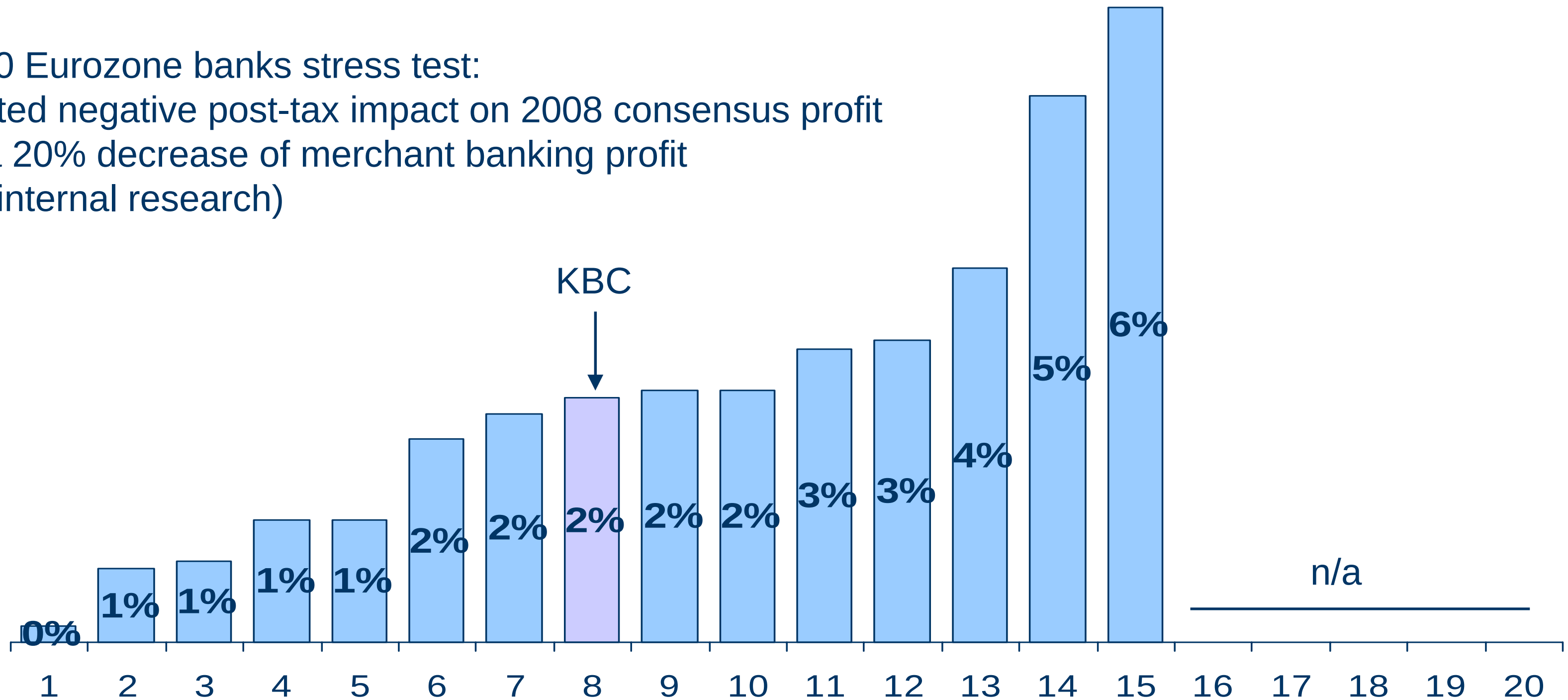
Impact on investment banking profits

Slowdown of investment banking profit from 1H07 record level

- Decline in trading revenues and transaction fees
- MtM volatility of trading positions
- Higher funding costs, esp. of USD business
- Stress test (illustration): if IB profit would fall by 20% vs. 2006 (~60m EUR), impact would equal ~ 2% on 2008^{e} group EPS

Impact on investment banking profits

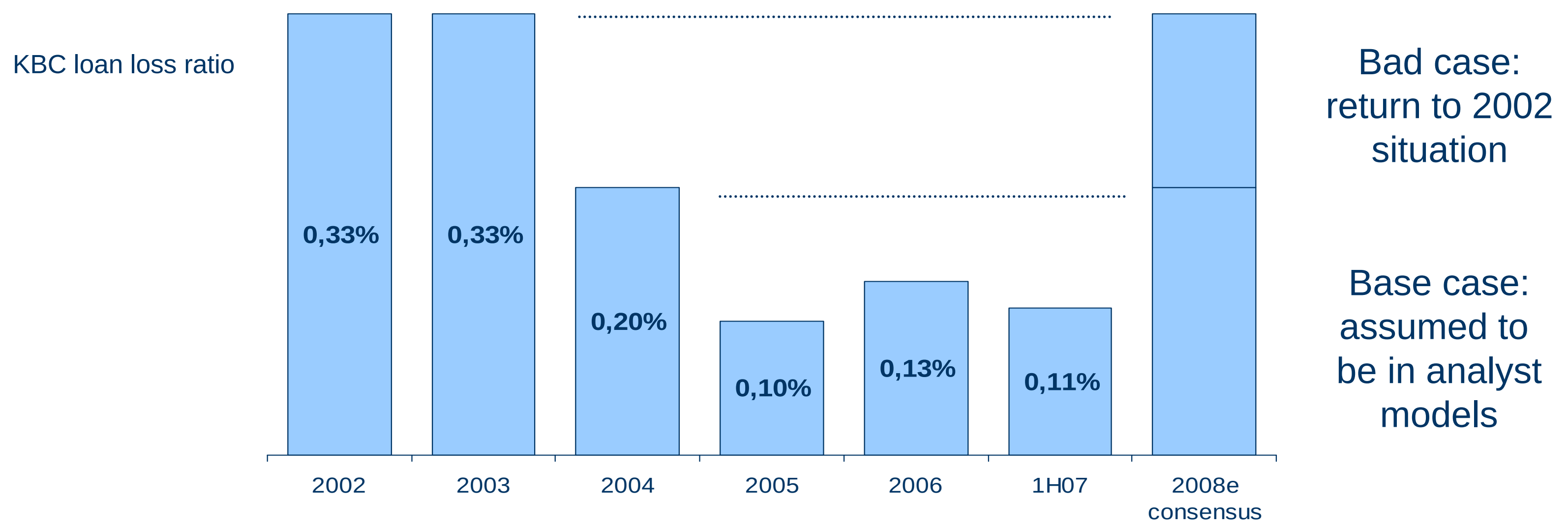
Top-20 Eurozone banks stress test:
expected negative post-tax impact on 2008 consensus profit
from a 20% decrease of merchant banking profit
(KBC internal research)



We believe the earnings impact for KBC would be ‘average’ compared to peers (clearly lower than pure IBs)

This internal research is a best effort approach based on public information

Impact from (potential) tougher corporate credit environment



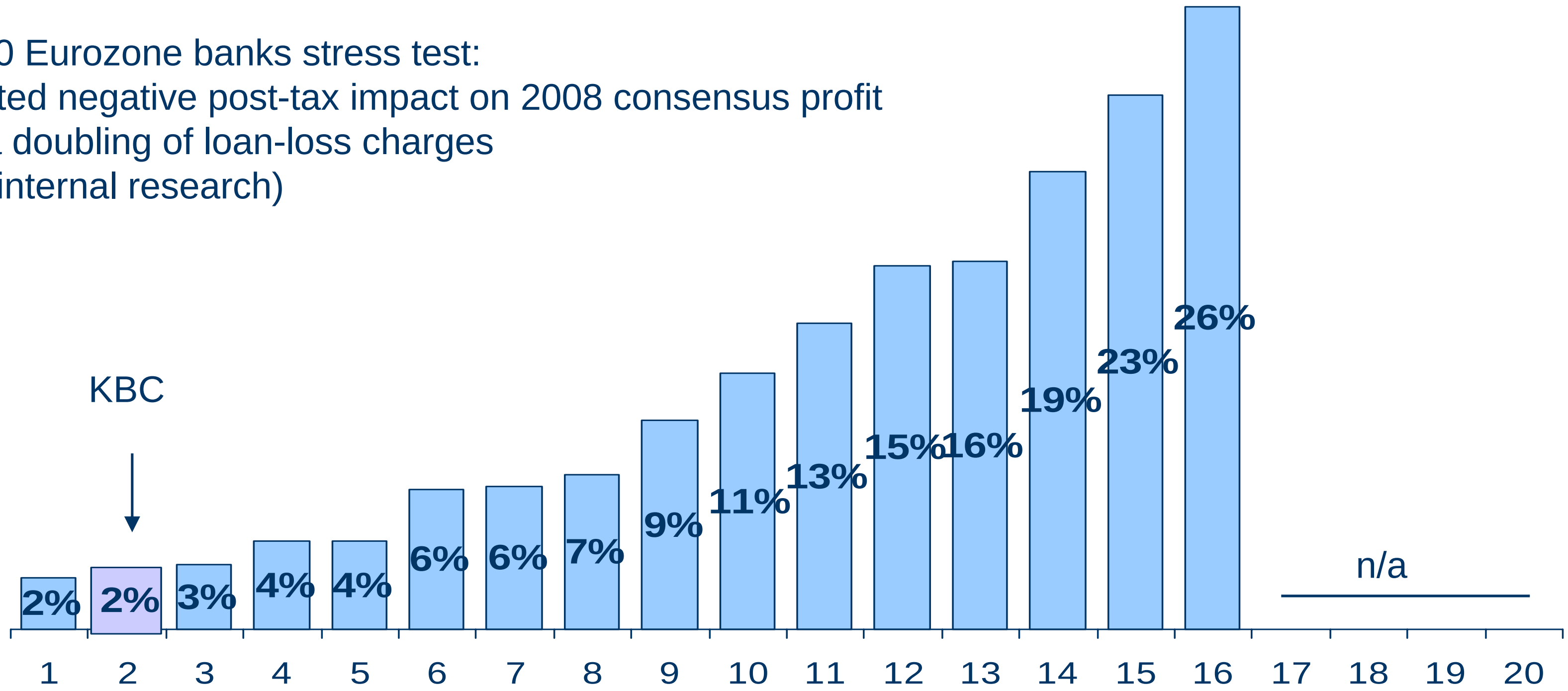
- Market consensus already includes a 'normalisation' from current low levels

- Stress test (illustration): if loan-losses would rise from 20 bps to 33 bps, impact would equal ~ 2% on 2008^e EPS (~60m EUR)

2002-2003 figures cleaned for acquisition-related loan book impairment in Poland. 2008 estimate figures are illustrative only

Impact from (potential) tougher corporate credit environment

Top-20 Eurozone banks stress test:
expected negative post-tax impact on 2008 consensus profit from a doubling of loan-loss charges
(KBC internal research)



We believe we are well-positioned to cope with a tougher credit environment

This research is an internal best effort approach and based on public information

Stress test conclusions

- Temporary market volatility or a cyclical correction of the economic activity are no major threats to our business case and mid-term earnings growth target
- Capital markets turmoil is expected to also have positive effects, such as more disciplined asset pricing

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Unlocked earnings sources

Recent acquisitions

- In adjacent CEE markets (Bulgaria, Romania, Serbia) and Russia
- Significant earnings potential (starting 2008):
  - For 2006, the entities acquired in 2007 generated a total profit of 35m, not yet included in consolidated results (1% of 2008 consensus EPS)
  - For 2003-2006, profit growth of newly acquired entities was 38% per year (CAGR)

Unlocked earnings sources

Leveraging wealth management expertise beyond home markets

- Third-party distribution of ‘secured’ funds in Asia, becoming ‘material’ activity:
  - AUM ~ 5 bn (vs. 1 bn at End-2005)
  - New mandates in the pipe-line
- Private banking in CEE

Summary

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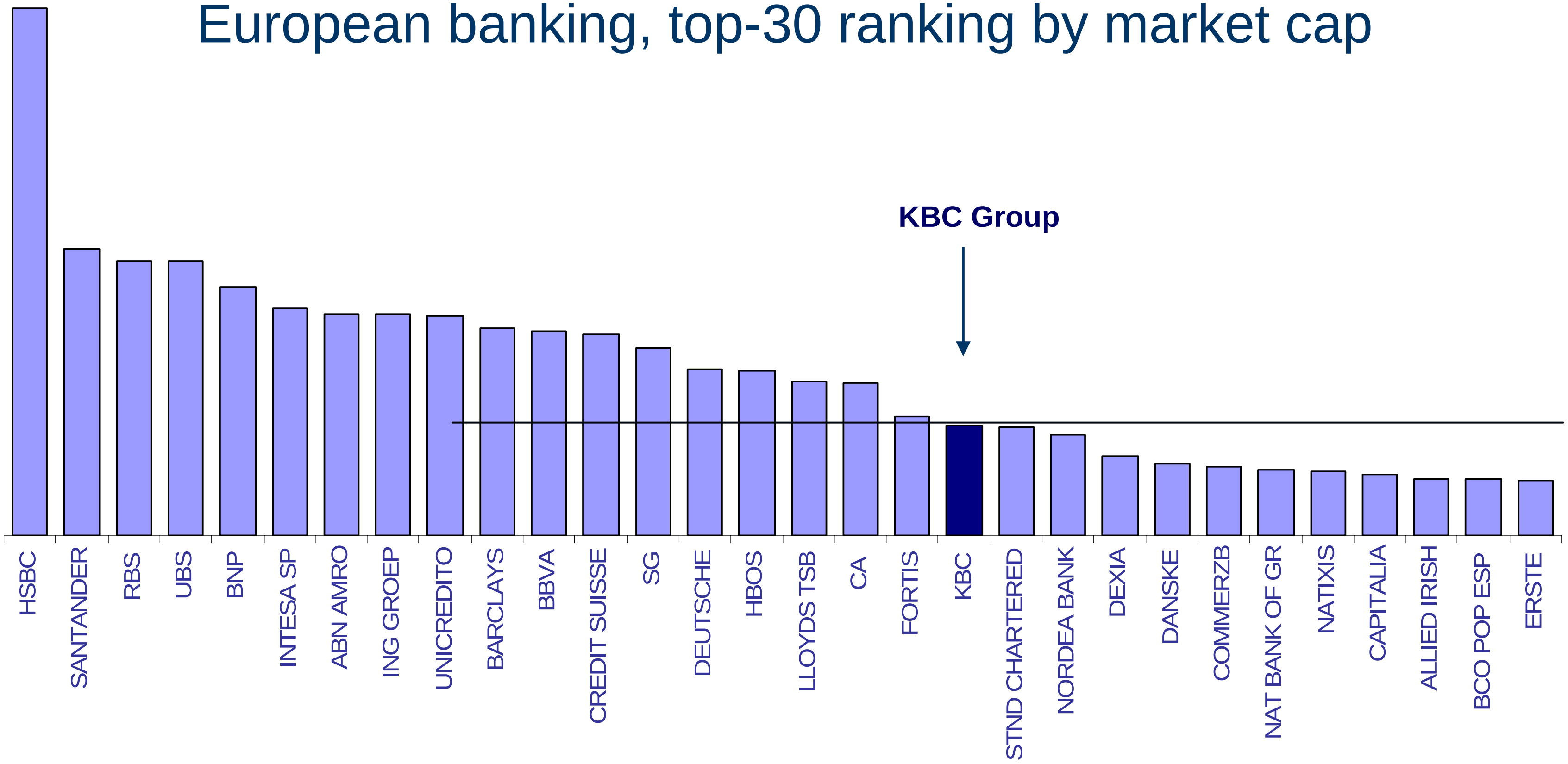
Annexes

Annex: peer group

European banking, top-30 ranking by market cap



Situation as of 19 September, 2007

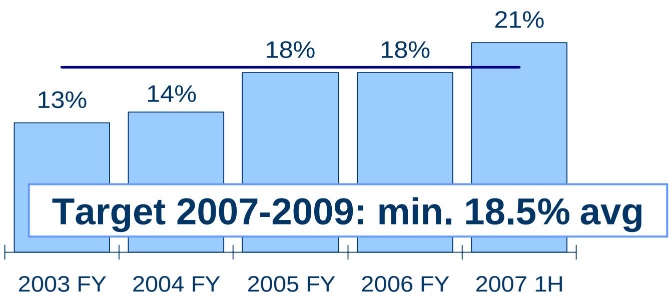
Annex: ytd financial highlights

- 1H 2007 earnings per share up 21% y/y. Return on equity at 21%
- Solid income growth in all business units. Total income up 6% y/y
- Costs remain under control: cost increase limited to 2% y/y and C/I ratio at 56% (down from 58% for FY 2006)
- Low level of loan loss charges: loan-loss ratio at 11 bps (comparable to the 13 bps registered for FY 006)
- Return on capital allocated: 37% for Belgium, 32% for CEE, 24% for merchant banking and 40% in European private banking
- Encouraging start to 3Q 207

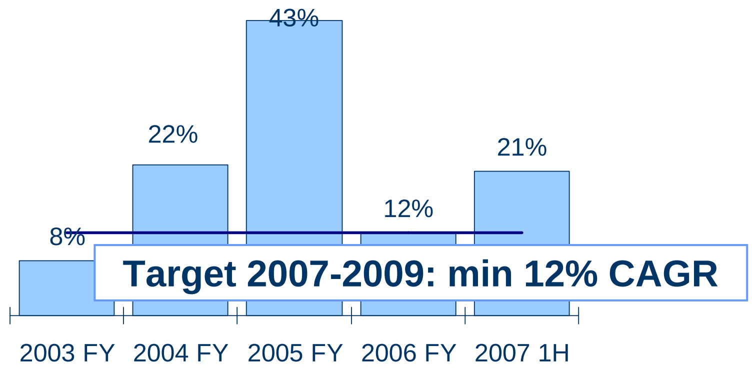
All figures are on an ‘underlying’ basis, i.e. excluding exceptional and extraordinary results

Annex:mid-term financial targets

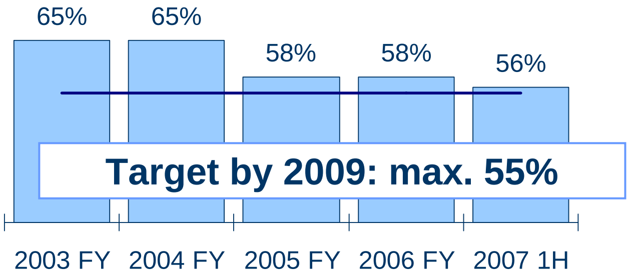
Return on equity



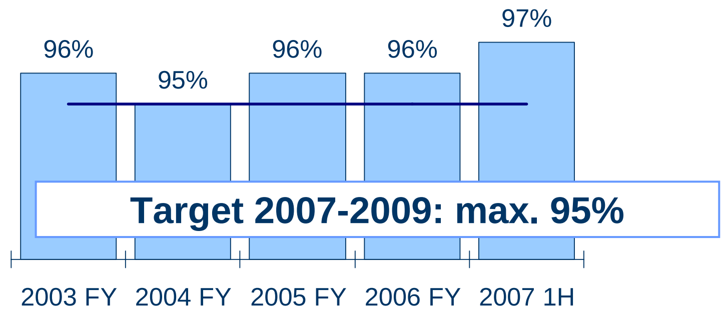
Underlying EPS growth y/y



Cost / income, banking



Combined ratio, non-life

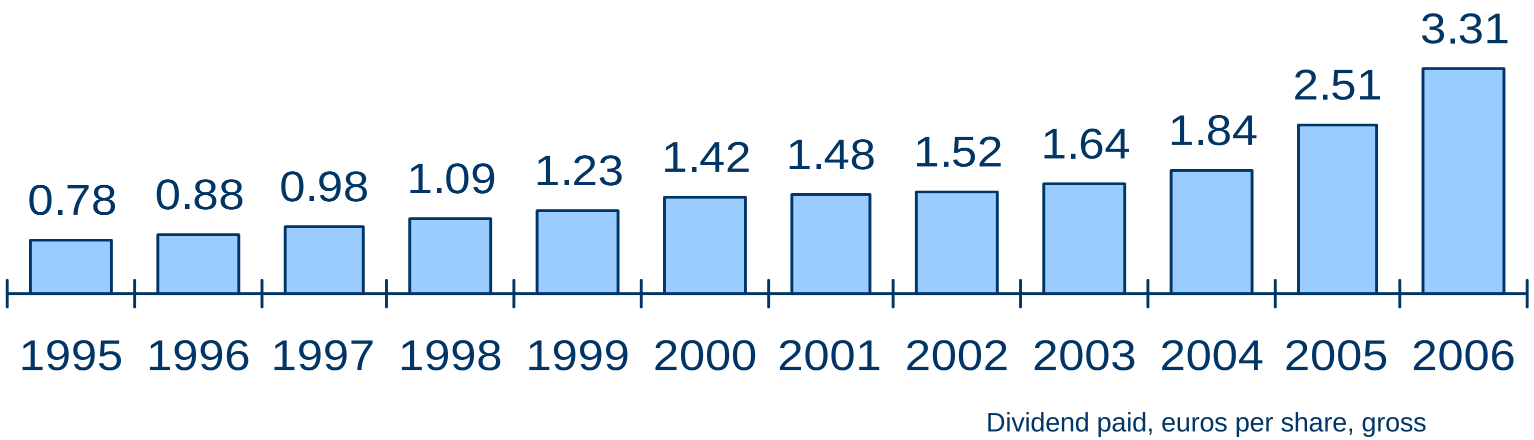


All figures are on an ‘underlying’ basis, i.e. excluding exceptional and extraordinary results. Targets were set at the end of 2006.

Annex: share buy-back

- KBC has on ongoing 4 bn share repurchase programme for the 2006-2009 period
- By mid 2007, a total of 1.5 bn worth of shares had already been bough back
- We intend to repurchase 1 billion worth of shares every year

Annex: dividend policy



- KBC has a consistent policy of providing a steadily increasing dividend
- Over the last 10 yrs, gross DPS grew by a 14% CAGR
- The historical average cash payout stands at 40-45%

Annex: analysts' opinions

Broker	Analyst	Phone	Rating	Target price	Upside potential
ABN·AMRO	Omar Fall	+44 20 7678 0442	+	110	+21%
Bank Degroof	Ivan Lathouders	+32 2 287 91 76	+	109	+20%
CA Cheuvreux	Jan-Kees Mons	+31 20 573 06 66	+	116	+28%
citigroup	Kiri Vijayarajah	+44 20 7986 4258	+	113	+25%
Credit Suisse	Ivan Vatchkov	+44 20 7888 0873	+	115	+27%
Deutsche Bank	Gaelle Cibelly	+33 1 44 95 66 28	=	102	+13%
Fortis	Kurt Debaenst	+32 2 565 60 42	=	109	+20%
ING Bank	Albert Ploegh	+33 1 56 39 32 84	+	107	+18%
Natixis	Christophe Ricetti	+33 1 58 55 05 22	+	107	+18%
JPMorgan	Paul Formanko	+44 20 7325 6028	+	110	+21%
KBW	Jean-Pierre Lambert	+44 20 7663 5292	=	100	+10%
Merrill Lynch	Manus Costello	+44 20 7996 1953	=	103	+14%
Securities	Scander Bentchikou	+33 1 44 51 83 08	+	116	+28%
Sal. Oppenheim	Thomas Stögner	+49 69 7134 5602	=	107	+18%
Petercam	Ton Gietman	+31 20 573 54 63	+	110	+21%
Rabobank	Thomas Nagtegaal	+31 20 460 48 28	+	115	+27%
UBS Investment Bank	Simon Chiavarini	+44 20 7568 2131	+	115	+27%
WestLB	Ralf Breuer	+49 211 826 4987	+	110	+21%
			Consensus	**110**	**+21%**

Situation as of 19 September, 2007 (current share price: 96.0)

Annex: important information for investors

- This presentation is provided for informational purposes only. It does not constitute an offer to sell or the solicitation to buy any security issued by the KBC Group.
- KBC believes that this presentation is reliable, although the information is condensed and therefore incomplete.
- This presentation contains forward-looking statements, involving numerous assumptions and uncertainties. The risk exists that these statements may not be fulfilled and that future developments differ materially. Moreover, KBC does not undertake any obligation to update the presentation in line with new developments.
- By reading this presentation, each investor is deemed to represent that it possesses sufficient expertise to understand the risks involved.

Annex: contact information

Investor Relations Office

Luc Cool, Director of IR
Sandor Szabo, IR Manager

E-mail: investor.relations@kbc.com

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