KBC Group

“Navigating through the crisis”

Morgan Stanley Investor Conference, April 2009

www.kbc.com

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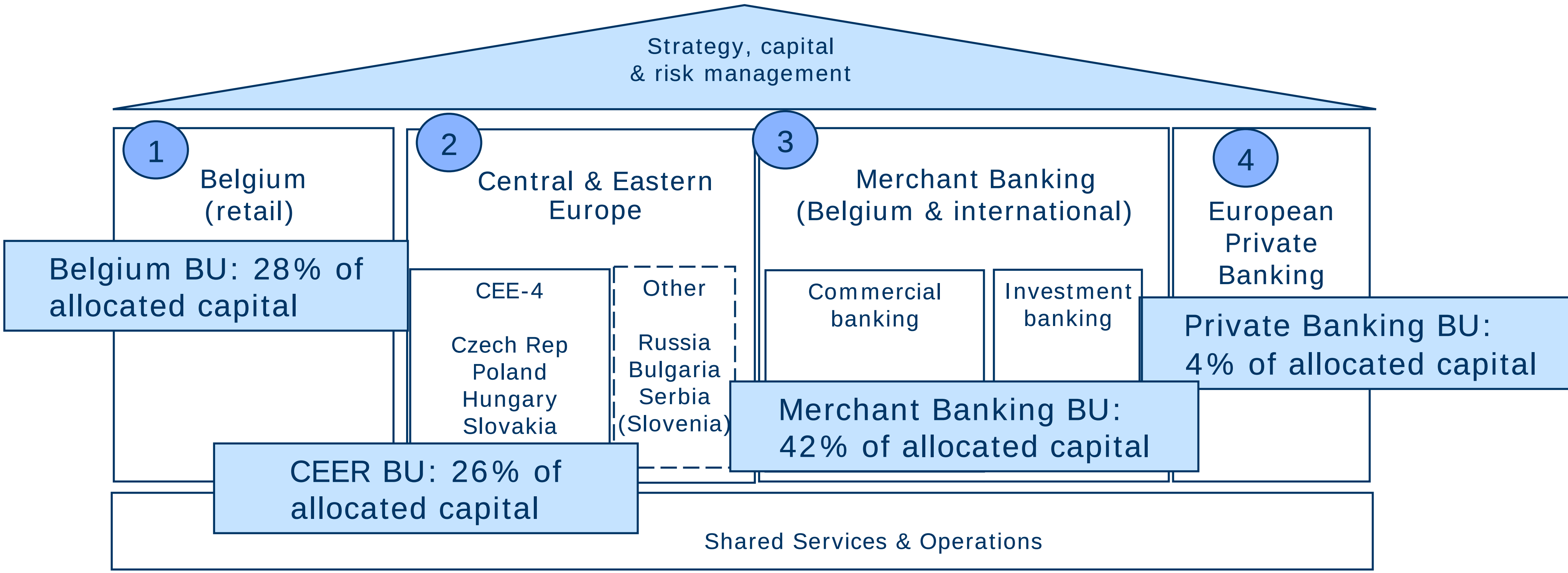
Reminder: business profile



Allocation of capital as of 31-Dec-08

- Top-3 player in Belgium and CEE-4; 75-80% of revenue is generated in markets with leading market share
- Niche strategies in selected merchant banking activities and private banking outside home markets (mainly European focus)

Reminder: presence in CEE

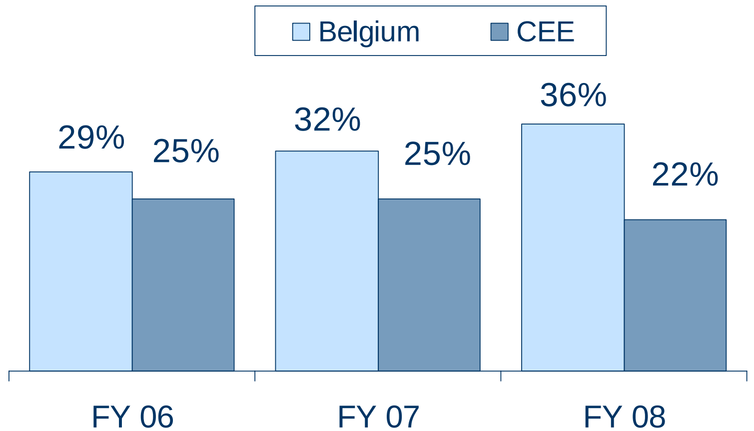
- 4 CEE key markets in the central subregion (representing 15% of group total assets)
- (Limited) presence in Russia (1%) and Balkan area (0.3%), no presence in Baltics and other CIS

Key markets	**New markets**
Czech Republic Total assets: 30 bn Bank ranking: Top-3	Russia Total assets: 4 bn Bank ranking: Top-30
Hungary Total assets: 12 bn Bank ranking: Top-3	Bulgaria Total assets: 1 bn Bank ranking: Top-10
Poland Total assets: 7 bn Bank ranking: Top-10	Serbia Total assets: 0.2 bn Bank ranking: Top-25
Slovakia Total assets: 6 bn Bank ranking: Top-5	**Total CEE** Total assets: 60 bn RWA: 38bn

Assets in bn euros as at 31 Dec 2008

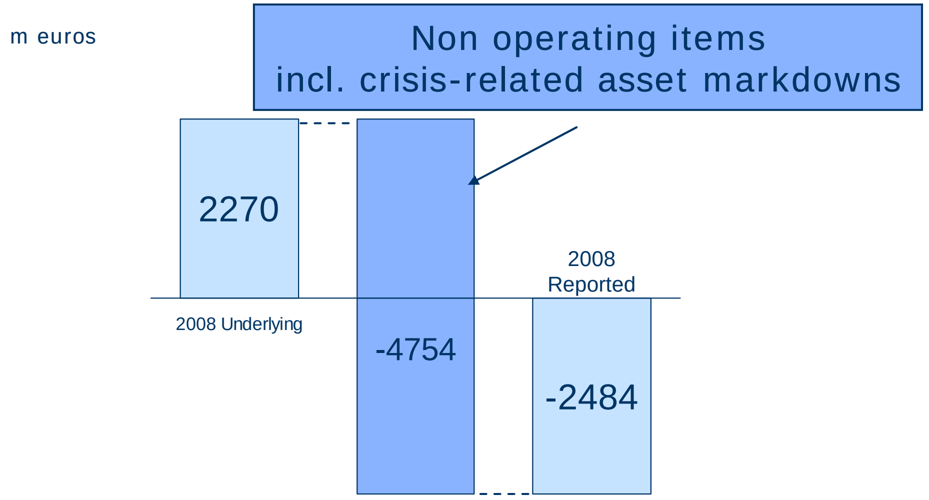
Satisfactory operating performance but adverse crisis impact

Underlying return on allocated equity*
(ex. non operating items and direct crisis impact)



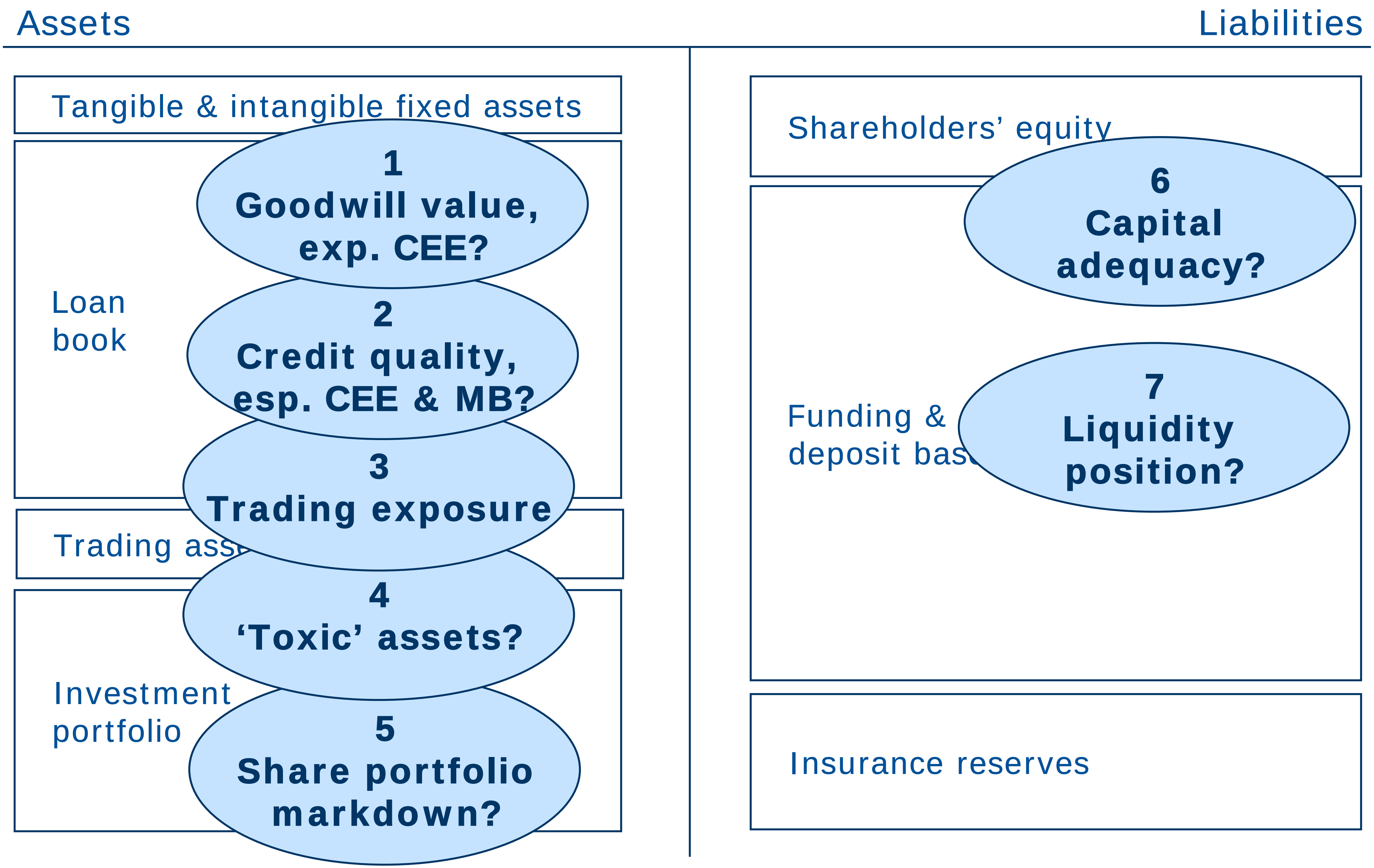
* Return level in CEE after deduction of funding costs borne by KBC parent company

Net profit and crisis impact



- 2008 underlying performance remained 'satisfactory' and loan losses were 'reasonable' (even so, at the start of 2009)
- On the other hand, significant 'damage' in 2008 from asset markdowns due to financial market crisis: 4.7 bn, net (structured credit, bank defaults, equity portfolio)

Investor points of interest are therefore plentiful



Outstanding goodwill

Assets

Tangible & intangible fixed assets

1
Goodwill value, exp. CEE?

Loan book

2
Credit quality, esp. CEE & MB?

3
Trading exposure

Trading asse

4
'Toxic' assets?

Investment portfolio

5
Share portfolio markdown?

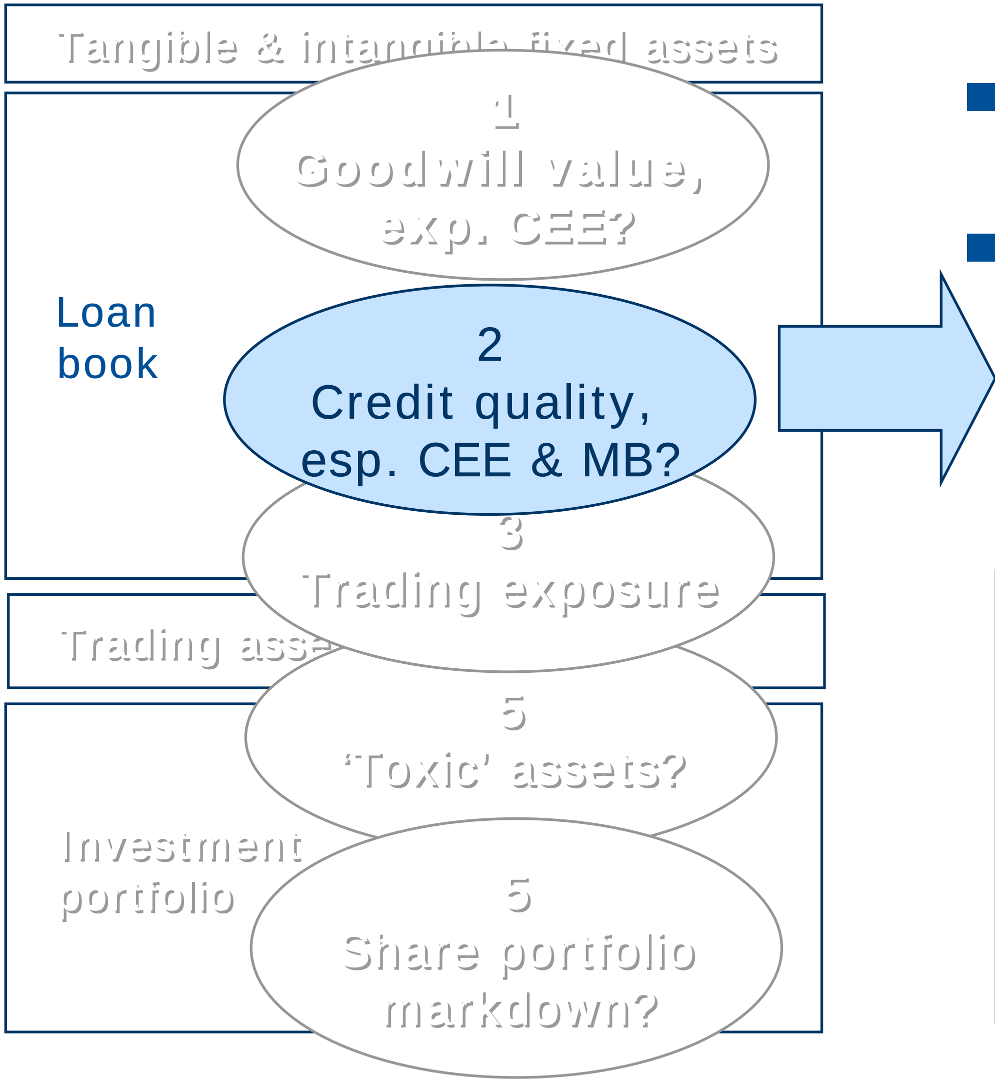
- Bulk of CEE acquisitions made >5 yrs ago at 'acceptable' prices (goodwill outstanding: 2.1 bn)
- At 1.5x BV, CEE unit overall not overvalued in our accounts

	Goodwill	Book value*	P/B
Belgium	-	-	-
CEE	2.1 bn	4.4 bn	1.5x
Private	0.9 bn		
Merchant	0.3 bn		
Group	3.3 bn		

* Net asset value of subsidiaries acquried, ex minority interests (value ex. Goodwill)

Credit quality

Assets



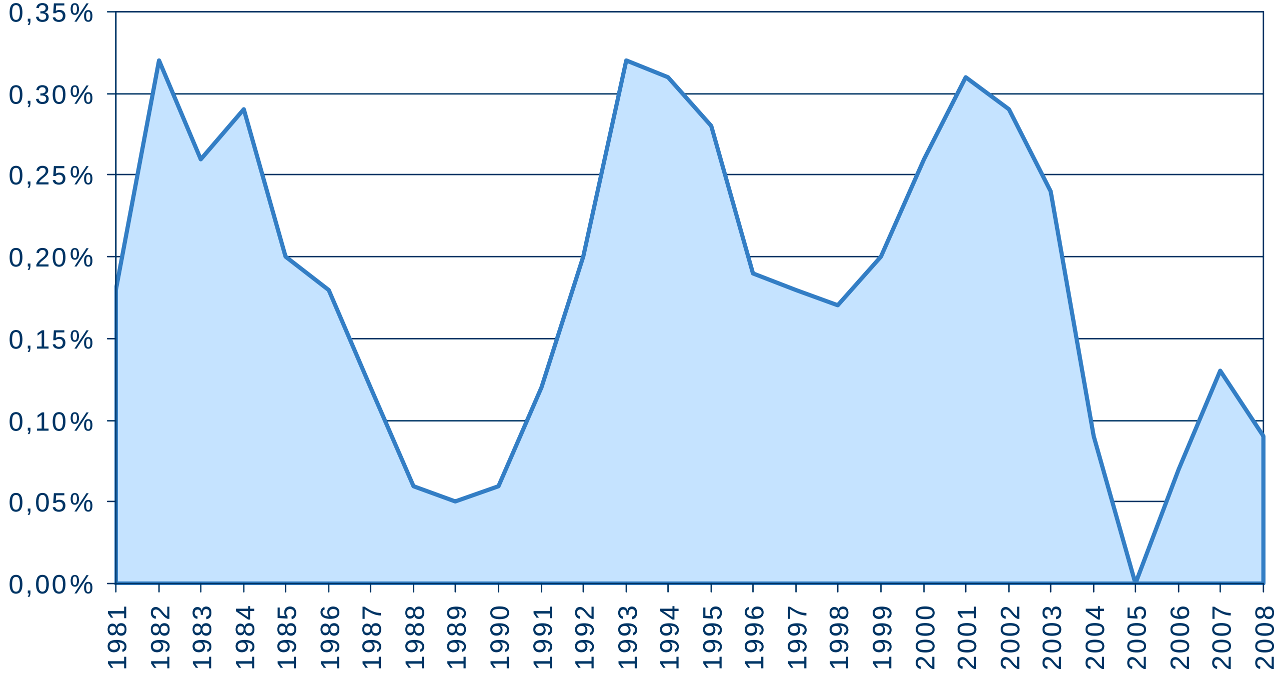
- Cost of credit risk remained low in Belgium and moderate in CEE
- Pronounced increase in 4Q08 in non-domestic corporate loan book within merchant bank (mainly related to the 12 bn US & UK exposure)

	Size of loan book	2006 loss ratio	2007 loss ratio	2008 loss ratio
Belgium	55bn	0.07%	0.13%	0.09%
CEE	43bn	0.58%	0.26%	0.73%
Merchant	76bn	0.00%	0.02%	0.48%
Total	**178bn**	**0.13%**	**0.13%**	**0.46%**

Credit quality in Belgium BU

Business Unit Belgium
16% of group total
RWA (retail only)

KBC, loan loss ratio, Belgium, 1981-2008



Loan impairment as % of outstanding loans - definitions have changed over time

- Limited loan losses in Belgium through-the-cycle; average loan-loss ratio of 20 bps over 25-yr period (30 bps being the peak level)

<u>Earnings sensitivity test</u>

If loan losses were to increase from 9 bps to 30 bps, pre-tax impact would be ± 100m (±5 bps impact on core Tier 1 ratio)

Credit quality in CEE

Country	Loan book	Current NPL	NPL peak KBC	NPL peak banking system
Czech Rep	20 bn	1.8%	2.5% (2000)	18% (2000)
Poland	7 bn	3.3%	29.4% (2003)	24% (2003)
Hungary	7 bn	1.7%	3.7% (2000)	23% (1999)
Slovakia	4 bn	3.7%	3.7% (2008)	35% (2000)
Russia	3 bn	0.5%	N/A	40% (1999)
CEE, total	**43 bn**	**2.1%**	**6.8% (2003)**	

- KBC largely present within less vulnerable countries (Czech Rep., Slovakia...)
- Broker analysts currently expect KBC's 2009-2010 CEE loan losses to be at 200 bps (implying NPL to increase to ca. 5% in 2009 and 8% in 2010, on average)

Earnings sensitivity test

If loan losses were to increase to 200 bps, pre-tax impact would be ±0.6 bn (±35 bps impact on core Tier 1 ratio)

Credit quality in Hungary

4% of group loan book (7.5bn)

Current NPL: 1.70%

Cautious stance since mid-2006:

- No corporate loan growth in past years (-4% y/y in 2007 and flat in '08)
- Conservative FX lending criteria (avg indexed FX mortgage Loan to Value 60% at YE 2008, well below sector average of 80%+)
- Further tightening of credit underwriting criteria in 2008: stop growth for consumer finance, car leasing, FX mortgage loans...
- Limited currency exposure thanks to NAV-hedge

Earnings sensitiviy test

30% simultaneous fall in all CEE currencies and all house prices triggers ±90m impairment loss on FX mortgages (pre-tax)

Credit quality in Russia

2% of group
loan book (3bn euros)

Current NPL: 0.50% (rising trend)

Strategy since Sept 2008:

- Corporate and retail lending restricted
- Funding provided by Group treasury reduced and (partly) secured by Belgian Export Credit Agency
- Conservative loan provision methodology applied (incl. ‘generic’ provisions)
- In 1Q 2009, 17% staff reduction (no outlets closed)
- Limited currency exposure thanks to NAV-hedge

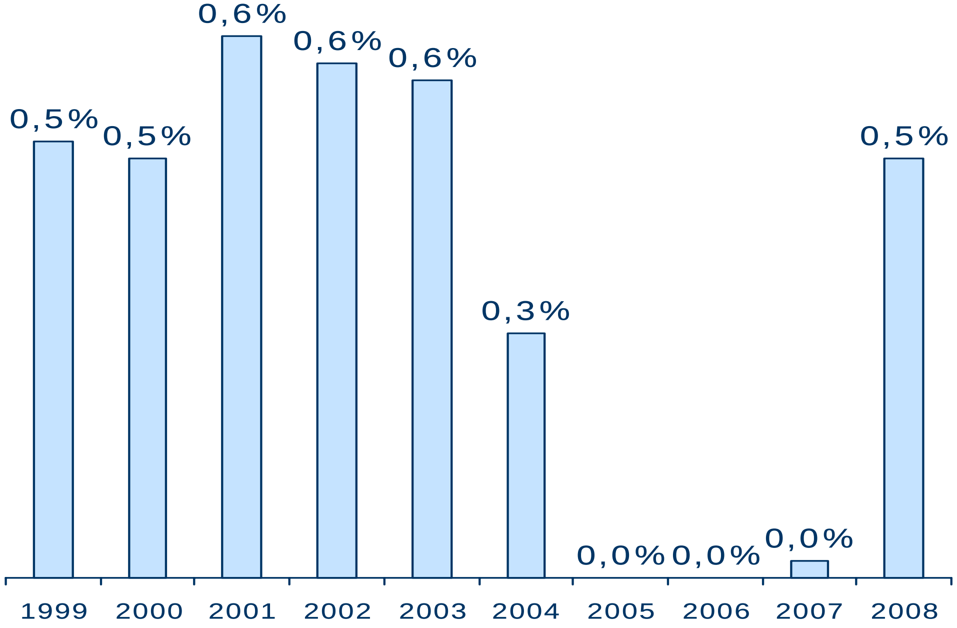
Earnings sensitivity test

If loan loss ratio was to increase from 240 bps to 500 bps, pre-tax impact would be ±75m (±3% of ‘08 underlying pre-tax profit)

Credit quality in merchant bank

40% of group loan book (Belgium and elsewhere)

Loan loss ratio in merchant bank



- Consolidation of ‘preferred bank’ on Belgian SME market, but strict restriction of non-domestic corporate lending
- Tightening of underwriting criteria in Ireland

<u>Earnings sensitivity test</u>

If Moody’s current 2009 default expectations were to materialise, loan loss ratio would be around 100-110 bps (0.3bn higher loan loss, pre-tax – ca. 20 bps on impact on core Tier 1 ratio)

Credit quality in Ireland

10% of group loan book (18bn euros o/w 13 bn housing loans)

Current NPL: 3.0% (rising trend)

Our experience before

- Selective underwriting policy pursued (10y avg loan loss ratio: 7 bps, o/w 3 bps for retail)
- No sub-prime or self-certification mortgages and mortgage LTV ‘top slice’ (>80%) highly covered by mortgage insurance

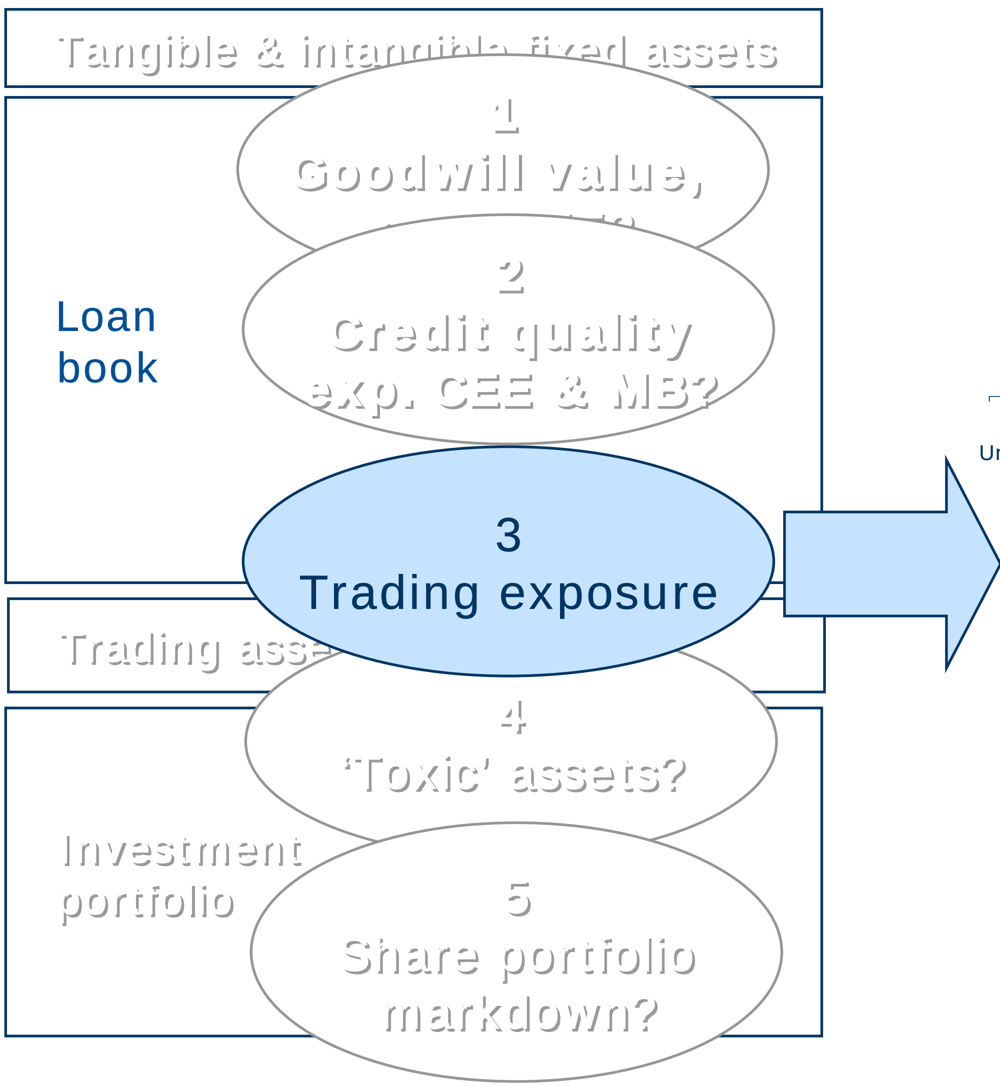
Additional measures taken in 2008

- Further tightening of underwriting criteria (e.g. mortgage LTV cap currently reduced to 80%)
- Commercial real estate nominal outstanding reduced (-8% y/y)

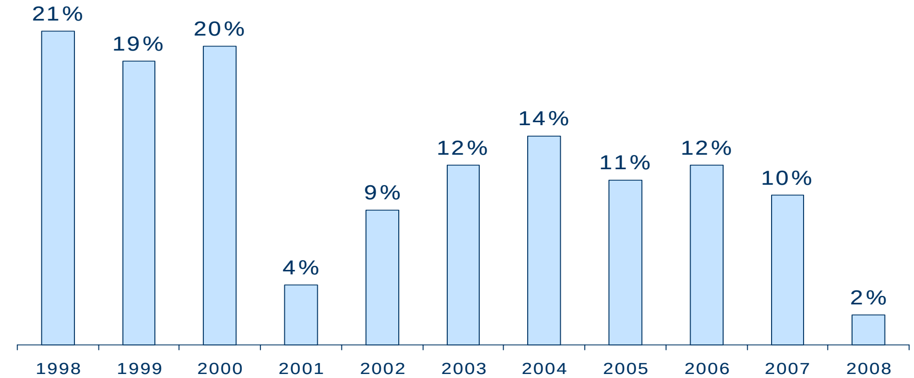
Irish activities (though incl. 2/3 retail housing loans) are part of the Merchant banking Business Unit

Trading activities

Assets



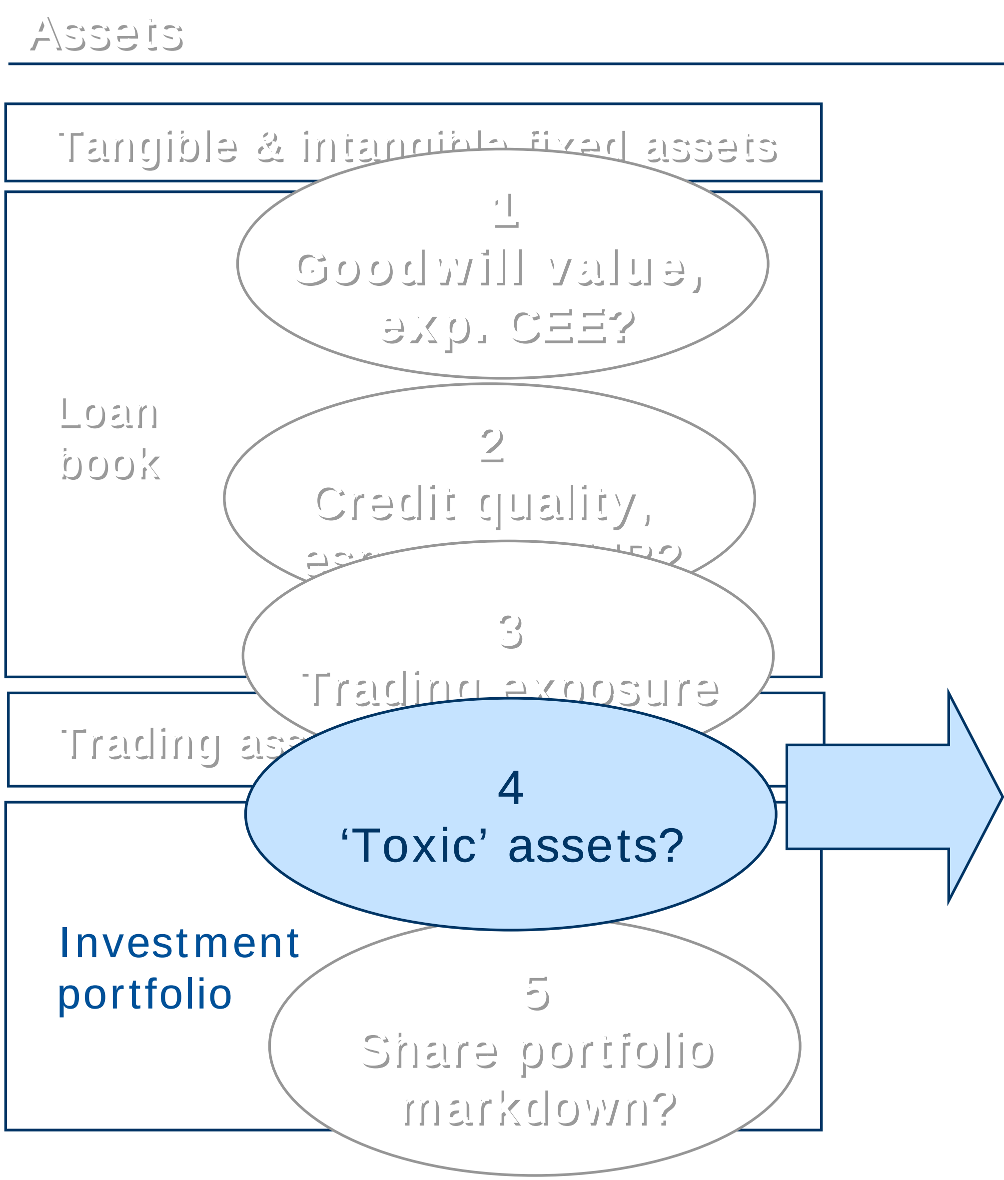
KBC, share of investment banking profit, 1998-'08



Underlying income from MM/DCM/ECM activities as a % of group underlying net profit

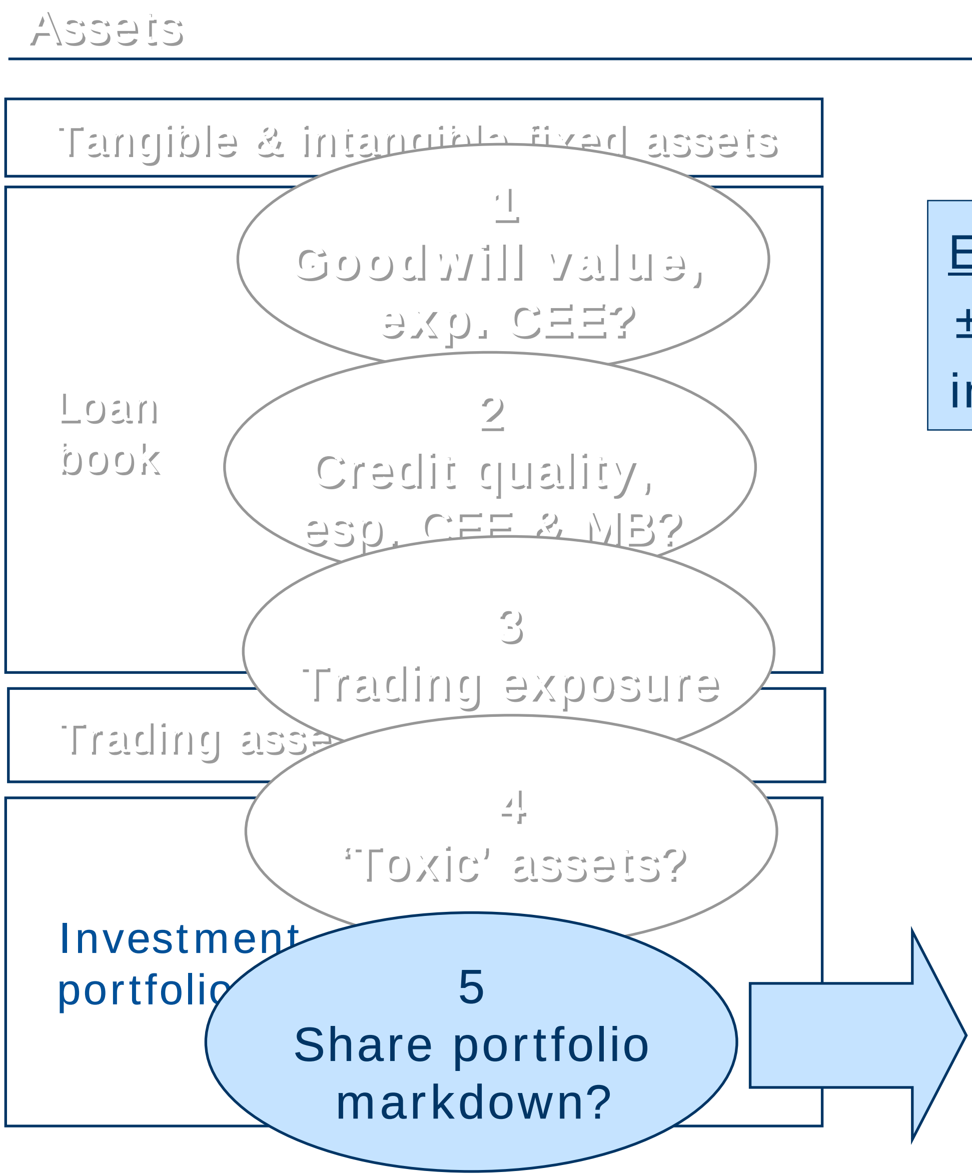
- Less dependency on IB income since '9/11'
- Further cut in IB activities following credit crisis; derivatives business largely put on run-off (headcount: -35% in 2008, another -35%, 500 FTE, in 2009)

Investment portfolio



- Corporate CDO and ABS portfolios of 5.4 bn and 4.8 bn, resp.
- Exposure written down to 57% and 74% of original value, resp.
- CDO collateral includes 84% corporate credit (mainly Investment Grade)
- Earnings sensitivity strongly reduced due to writedown of non-super-senior CDO exposure and reclassification of ABS to ‘loan and receivables’

Investment portfolio (cont'd)



Earnings sensitivity test

±0.5 bn impairment charge for 25% fall in European equities in 1Q 2009

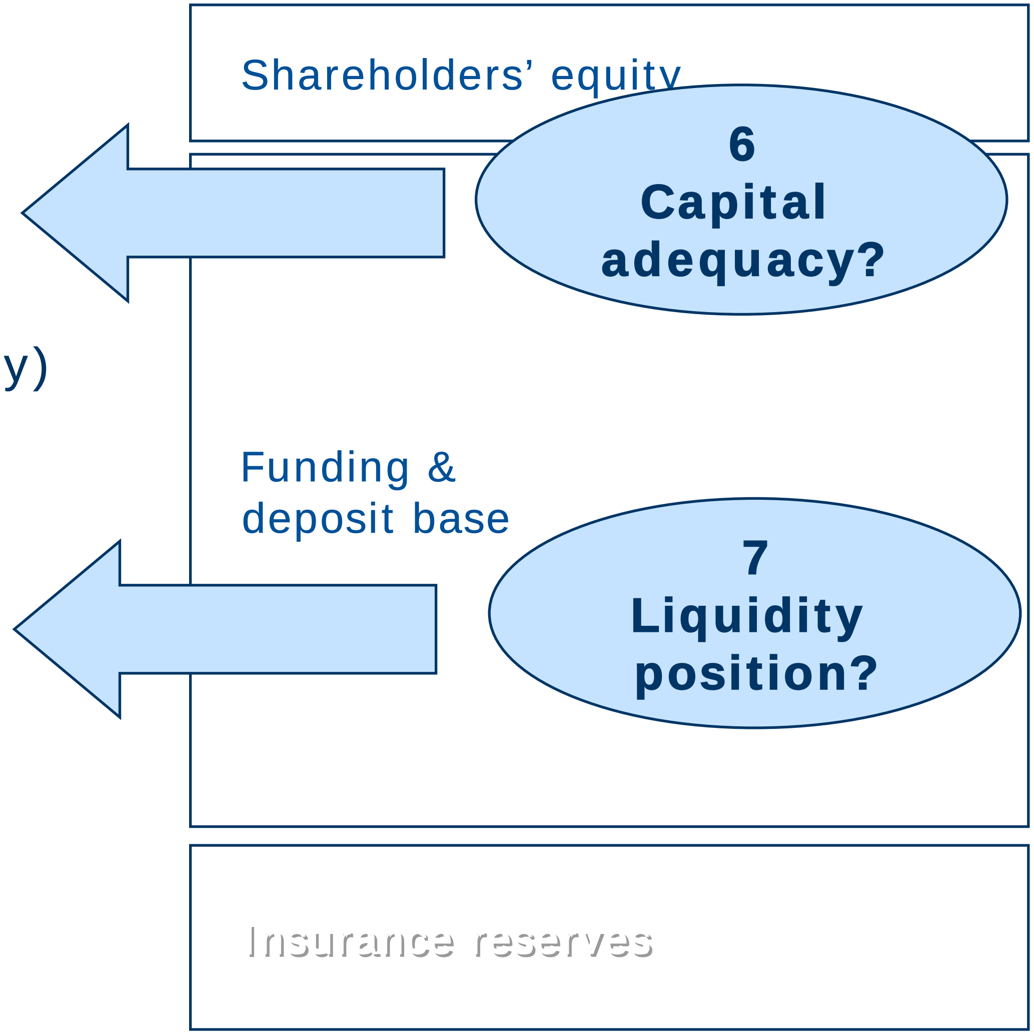
- Share portfolio of 2.7 bn, mainly investment of insurance reserves
- Impairment when share price remain below purchase price for more than 1 year or falls below 70% of purchase price

Financial position

Liabilities

- Well positioned to absorb expected procyclical impact (and drawbacks, if any) with Tier-1 ratio of 11.2% (8.6 equity)

- Limited needs for refinancing in the market with loan to deposit ratio at 92%



Zoom in on solvency

31 Dec 2008	Tangible equity [1]
Banking	12.2 bn
Insurance	1.9 bn
Shared services	0.6 bn
Total	**14.7 bn**

[1] Common shareholder's capital minus. goodwill & intangibles, excl. revaluation reserves and excl. hybrid instruments (3.4bn); pro forma incl. announced capital transactions

- Capital base adequately strenghtened in order to weather recessionary climate (tangible equity up 2.5 bn compared to start of 2008)
- Procyclical impact on tied-up equity estimated at 1.0bn for 2009*
- Equity Tier-1, banking (8.6%) well above 7% sector average and 8% ‘crisis benchmark’ (in total: 2.5 bn and 1 bn surplus, resp.)
- Stand-by facility for another non-dilutive State capital injection of 1.5 bn

* Based on Moody’s 2009 rating migration expectations

Questions ?

Annex: Analysts’ opinions

BANK/BROKER	ANALYST	PHONE	RATING	TARGET PRICE	UPSIDE
citigroup	Kiri Vijayarajah	+44 20 7986 4258	=	12	74%
Credit Suisse	Guillaume Tiberghien	+44 20 7883 7515	+	under review	N/A
Bank Degroof	Ivan Lathouders	+32 2 287 91 76	+	13	88%
Deutsche Bank	Brice Vandamme / Thibaut Nardin	+33 1 44 95 66 28	-	8	16%
Exane BNP Paribas	François Boissin	+33 1 42 99 25 12	=	17	146%
Fortis	Kurt Debaenst	+32 2 565 60 42	+	15	117%
HSBC	Marcel Mballa-Ekobena	+44 20 7991 6809	=	16	125%
ING Bank	Albert Ploegh	+31 20 563 8748	+	under review	N/A
Natixis	Christophe Ricetti	+33 1 58 55 05 22	-	13	88%
JPMorgan	Paul Formanko	+44 20 7325 6028	-	under review	N/A
KBW	Jean-Pierre Lambert	+44 20 7663 5292	=	13	83%
	Benoit Pétrarque	31 20 563 2382	+	16	132%
Bank of America | Merrill Lynch	Bitta Schmidt	+44 20 7996 2559	=	15	117%
Securities	Scander Bentchikou	+33 1 44 51 83 08	+	20	190%
Sal. Oppenheim	Thomas Stögner	+49 69 7134 5602	=	10	45%
Petercam	Ton Gietman	+31 20 573 54 63	=	18	154%
Rabobank	Cor Kluijs	+31 20 460 48 60	=	14	103%
RBS	Aurelia Faure	+44 20 7678 0442	=	13	88%
Societe Generale Cross Asset Research	Sabrina Blanc	+33 1 42 13 47 32	=	13	88%
Standard & Poor's	Marco Troiano	+44 20 7176 3964	+	16	132%
			CONSENSUS:	**14**	**103%**

Situation as of 4 March 2009 (actual share price: 6.90)