KBC Group

Company presentation

2Q 2011

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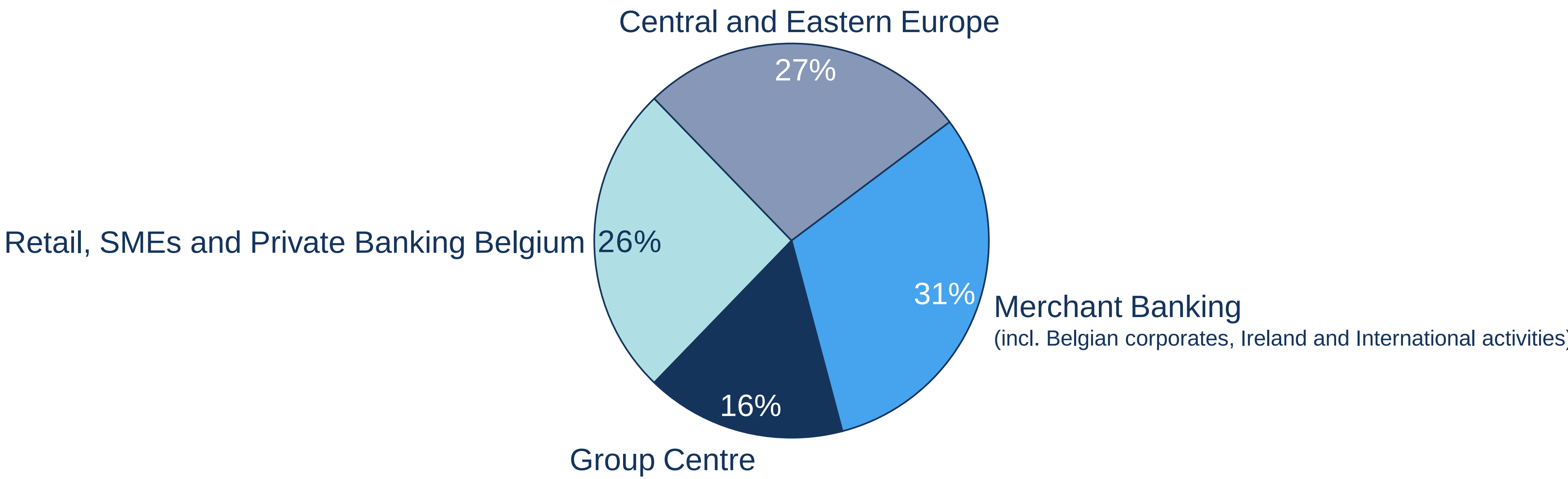
Content

Section 1

Company profile and strategy

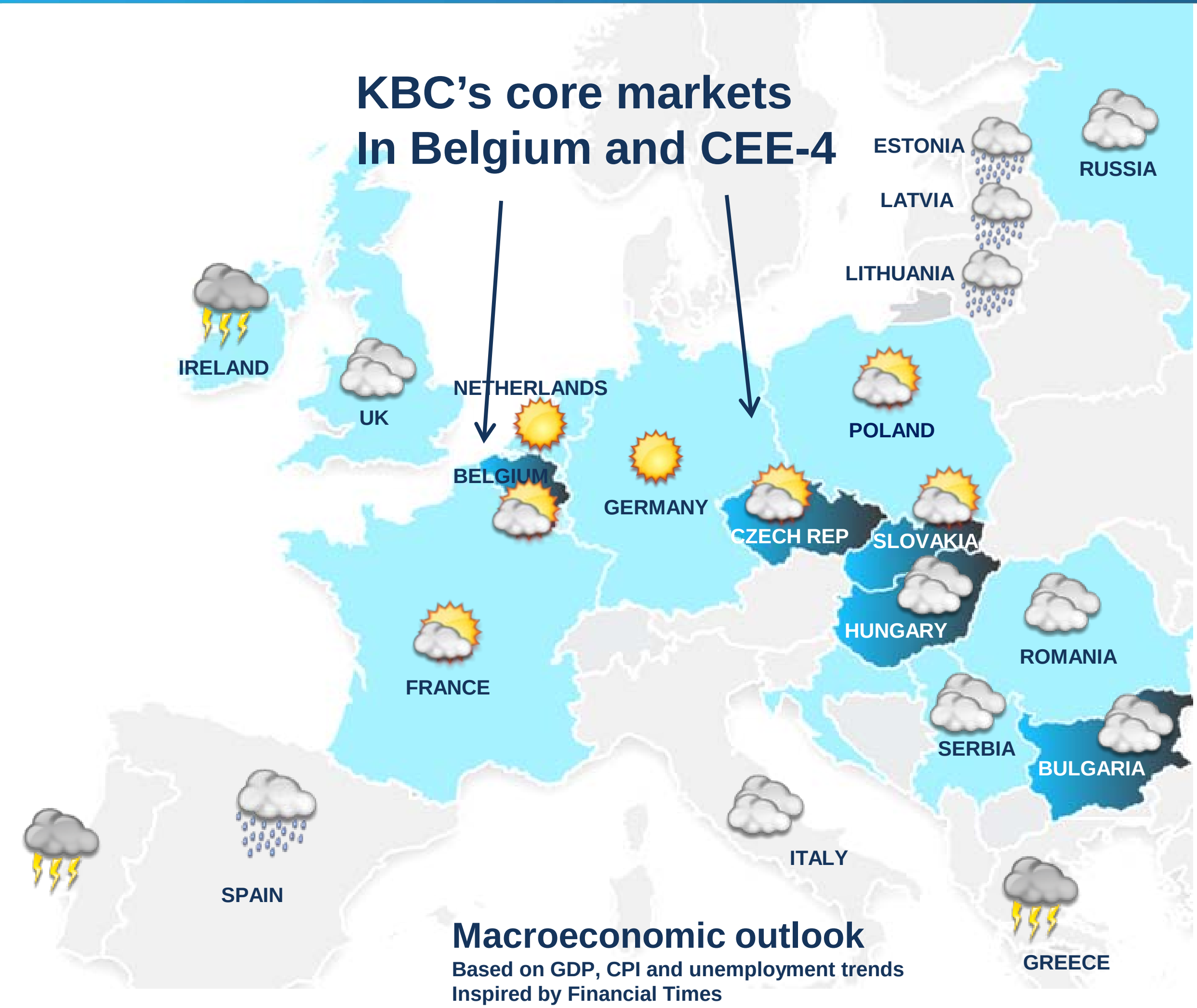
Business profile

Breakdown of allocated capital as of 30 June 2011 per business unit



- 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); 75-80% of revenue is generated in markets in which the company has a leading market share
- Note that the 2Q11 results of the business units are still based on the ‘old’ strategic plan, whereby the CEE BU contains Kredyt Bank and Warta, and the Group Centre BU contains 40% of CSOB Bank CZ. In 3Q11, the business unit reporting will be retroactively adjusted, in line with the updated strategic plan

KBC's geographical presence



KBC'S CORE MARKETS

Belgium (Moody's Aa1)
Total assets: 181bn EUR

Czech Republic (A1)
Total assets: 37bn EUR

Hungary (Baa3)
Total assets: 11bn EUR

Slovakia (A1)
Total assets: 6bn EUR

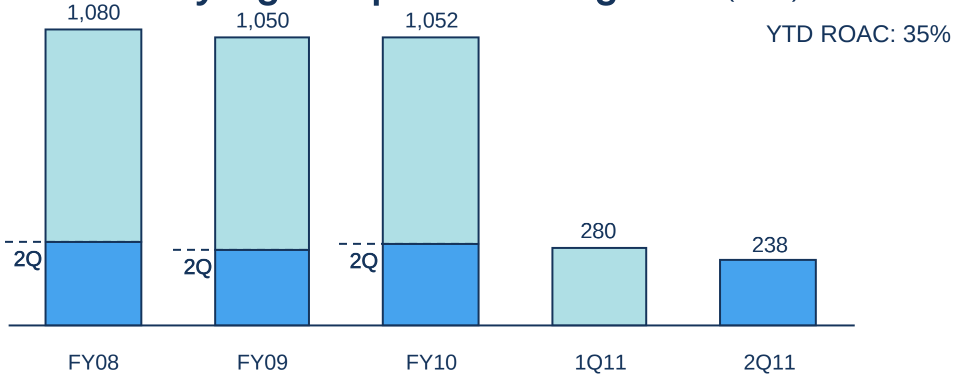
Bulgaria (Baa2)
Total assets: 1bn EUR

Real GDP growth outlook for core markets
Source: KBC data, August 2011

	% of assets	2010a	2011e	2012e
SK	2%	+4.0%	+2.9%	+2.0%
BE	58%	+2.1%	+2.2%	+1.5%
CZ	12%	+2.2%	+2.1%	+2.0%
BG	1%	+0.2%	+2.4%	+2.1%
HU	4%	+1.1%	+2.3%	+1.8%

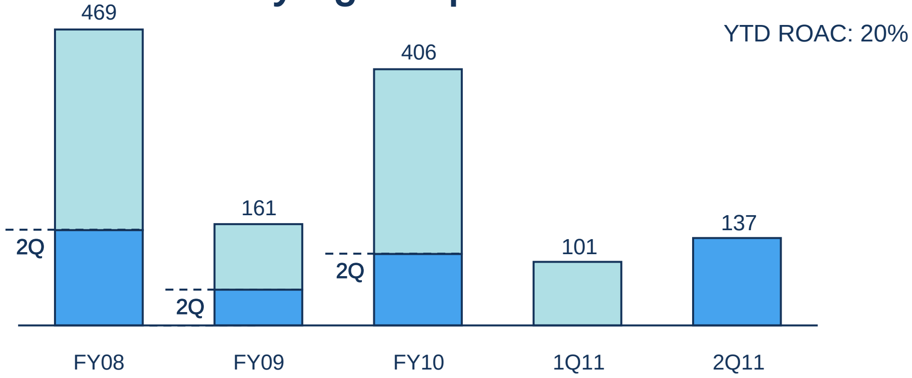
Underlying profit per business unit

Underlying net profit – Belgium* (retail)



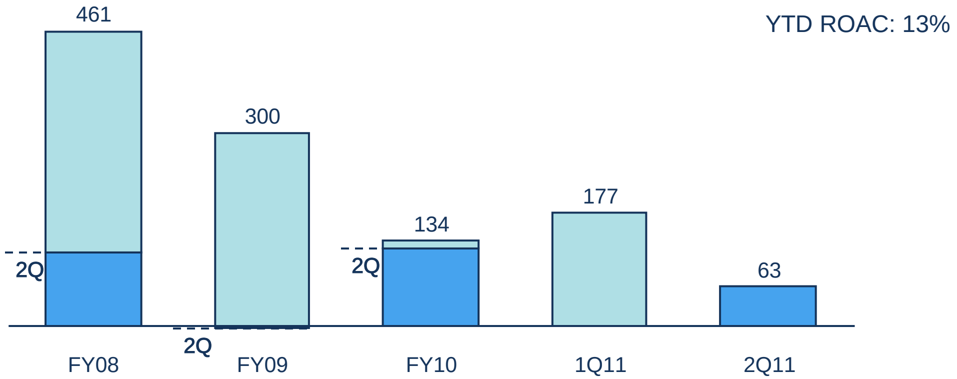
* Note that Secura has been excluded from 4Q10 onwards

Underlying net profit - CEE

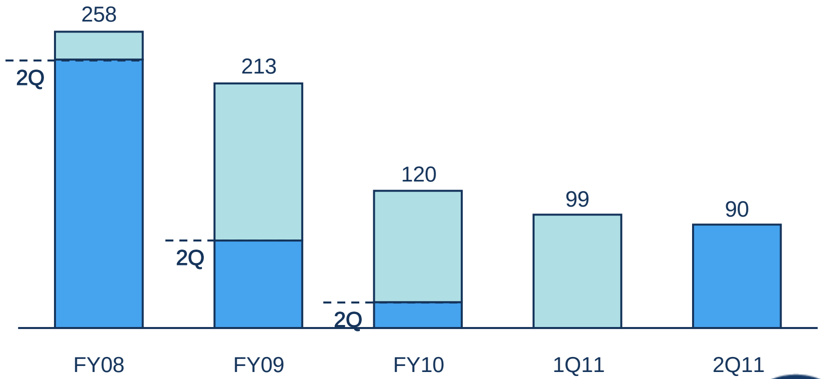


Amounts in m EUR

Underlying net profit - Merchant Banking (BE +Intl)



Underlying net profit - Group Centre



Note that the 2Q11 results of the business units are still based on the 'old' strategic plan, whereby the CEE BU contains Kredyt Bank and Warta, and the Group Centre BU contains 40% of CSOB Bank CZ. In 3Q11, the business unit reporting will be retroactively adjusted, in line with the updated strategic plan (formally approved by the EC)

Loan loss experience at KBC

	1H 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	**0.53%**	1.22%	1.70%	1.05%	2.75%
Merchant	**0.58%**	1.38%*	1.19%	0.55%	1.38%*
Group Centre	**-0.25%**	1.03%	2.15%		
Total	**0.32%****	0.91%	1.11%	0.45%	1.11%

Credit cost ratio: amount of losses incurred on troubled loans as a % of total average outstanding loan portfolio

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

** Credit cost ratio fell to 0.32% thanks to several impairment releases in 1Q11. Excluding these releases, the credit cost ratio was still at a low 0.41%

2010-2013 Business Plan

1. Leverage Earnings Power

- Generate capital by leveraging our successful business model in core markets (retained earnings)

2. Shrink RWA

- Free up capital by:
  - Reducing international lending & capital market activities
  - Divesting European Private Banking, complementary channels in Belgium (giving up 1-2% market share) and non-EU CEE (Russia and Serbia, post 2011). Sale of Centea was finalised on 1 July 2011
  - Sale of Kredyt Bank and Warta in Poland (approved by the EC)
  - Certain additional measures

3. Pay Back State Capital & Continue Growth

- Accumulated capital will be sufficient to reimburse the State, whilst maintaining sound solvency (tier-1 target of 10%) and steady organic growth

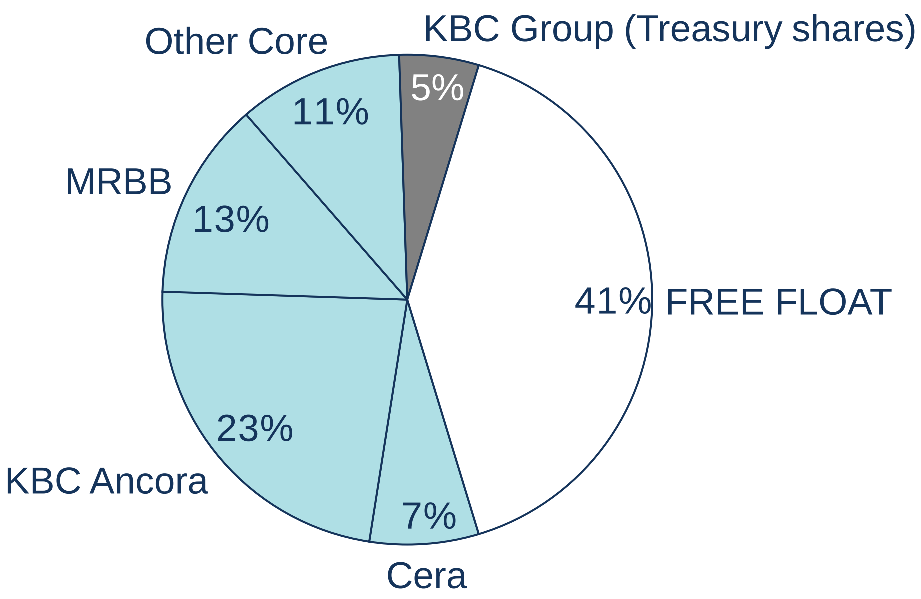
Key strengths

- Well-developed bancassurance strategy and strong cross-selling capabilities
- Strong franchise in Belgium with high and stable return levels
- Exposure/access to growth in ‘new Europe’, with mitigated risk profile (most mature markets in the region)
- Successful underlying earnings track record
- Solid liquidity position and satisfactory capital buffer

Stable shareholder structure

- Over 50% of KBC shares are owned by a syndicate of core shareholders, providing continuity to pursue long-term strategic goals. Committed shareholders include the Cera / KBC Ancora Group (co-operative investment company), the Belgian farmers' association (MRBB) and a group of industrialist families

- The free float is mainly held by a large variety of international institutional investors



Analysts' coverage

Bank/broker	Analyst	Contact details	Rating	Target price	Upside
ABN Amro	Robin van den Broeck	robin.van.den.broeck@nl.abnamro.com	+	35	62%
Autonomous	Britta Schmidt	bschmidt@autonomous-research.com	-	32	48%
Barclays Capital	Kiri Vijayarajah	kiri.vijayarajah@barcap.com	+	41	90%
BOFA Merrill Lynch	Derek De Vries	derek.devries@baml.com	=	30	39%
Cheuvreux	Hans Pluijgers	hpluijgers@cheuvreux.com	-	28	31%
Citi Investment Research	Andrew Coombs	andrew.coombs@citi.com	+	40	86%
Deutsche Bank	Alexander Hendricks	alexander.hendricks@db.com	=	32	48%
Exane BNP Paribas	François Boissin	francois.boissin@exanebnpparibas.com	-	28	30%
Goldman Sachs	Jean-Francois Neuez	jean-francois.neuez@gs.com	=	36	67%
ING	Albert Ploegh	albert.ploegh@ing.com	=	31	44%
JP Morgan Securities	Paul Formanko	paul.formanko@jpmorgan.com	+	40	86%
Keefe, Bruyette & Woods	Jean-Pierre Lambert	jplambert@kbw.com	-	27	25%
Kepler	Benoit Petrarque	benoit.petrarque@keplercm.com	+	39	79%
Macquarie	Thomas Stögner	thomas.stoegner@macquarie.com	=	29	35%
Mediobanca	Riccardo Rovere	riccardo.rovere@mediobanca.it	+	43	99%
Morgan Stanley	Thibault Nardin	thibault.nardin@morganstanley.com	=	30	39%
Natixis Securities	Alex Koagne	alex.koagne@sec.natixis.com	=	33	53%
Oddo	Jean Sassus	Jsassus@oddo.fr	=	34	58%
Petercam	Matthias de Wit	matthias.dewit@petercam.be	=	30	41%
Rabo Securities	Cor Kluis	cor.kluis@rabobank.com	+	44	104%
Royal Bank of Scotland	Thomas Nagtegaal	thomas.nagtegaal@rbs.com	=		
Societe Generale	Sabrina Blanc	sabrina.blanc@sgcib.com	=	32	48%
UBS	Omar Fall	omar.fall@ubs.com	+	32	48%

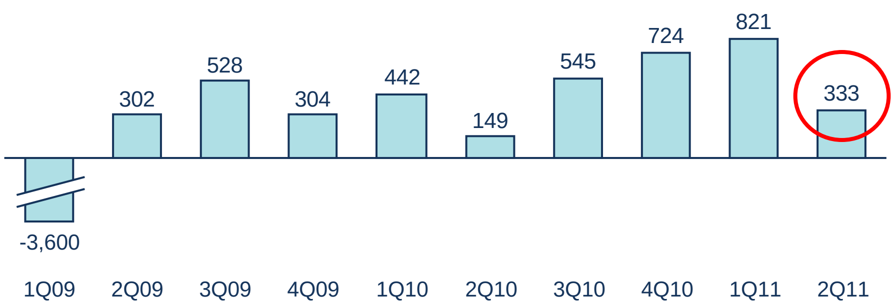
Situation as of 5 August, based on the share price of 21.56 EUR

Section 2

2Q 2011 Financial highlights

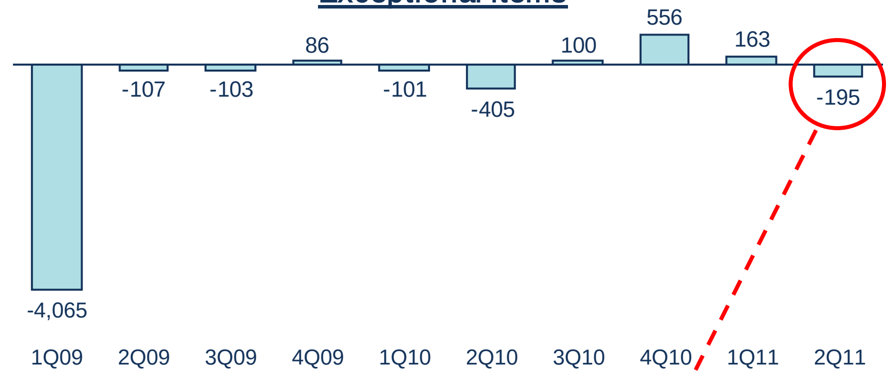
Solid earnings power

Reported net profit

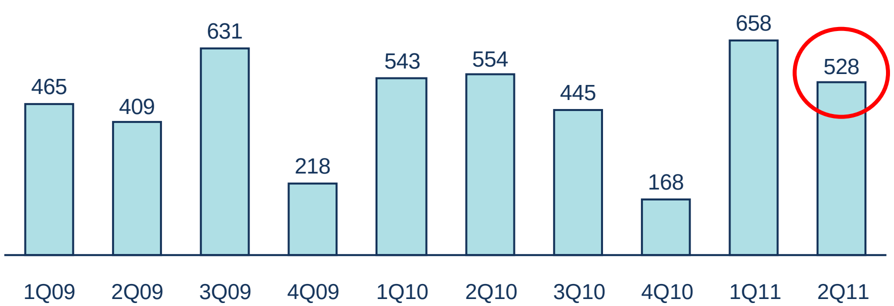


Excluding exceptional items

Exceptional items



Underlying net profit



Main exceptional items (post-tax)

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

Amounts in m EUR

Financial highlights 2Q 2011

- Continued high underlying net group profit even after the impact of Greek sovereign bond impairment
- Sustained level of net interest income
- Slight decrease in net fee and commission income, in line with the trend in assets under management given the reduced investors' risk appetite
- Excellent combined ratio of 87% YTD as a result of low claims. Lower life insurance sales due to lower life sales in interest guaranteed products
- Modest level of income generated by the dealing room
- Underlying cost/income ratio at a favourable 56% YTD
- Credit cost ratio at a low 0.32% YTD. Post-tax impairment of 102m EUR for Greece
- Consistently strong liquidity position
- Solvency: continued strong capital base. Pro forma tier-1 ratio – including the effect of divestments for which a sale agreement has been signed to date – at approximately 14.3%

Looking forward

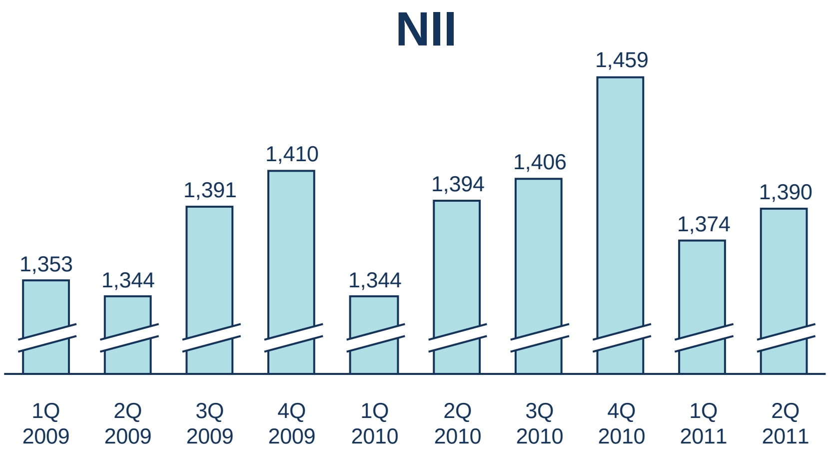
Jan Vanhevel, Group CEO:

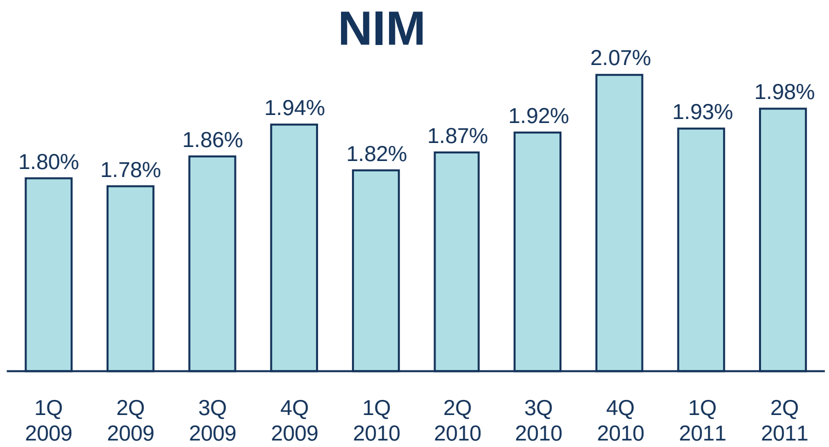
- ‘We continued to make good progress regarding the execution of our strategic plan:
  - During 1Q11, we announced the sale of Centea to Landbouwkrediet. This deal, which was closed on 1 July 2011, will free up around 0.4bn EUR of capital for KBC, primarily by reducing RWAs by 4.2bn EUR, which will ultimately boost KBC’s tier-1 ratio by some 0.4%
  - We have restarted the sale process of KBL *epb*, for which we notice a large interest through non-binding bids
  - The sale process for Fidea is ongoing. Furthermore, a number of companies are still scheduled for divestment as part of the planned reduction of the international loan portfolio. The sale process for KBC Bank Deutschland has started and the files for the sale process for Antwerp Diamond Bank are being prepared
- KBC and the Belgian Authorities received formal approval from the European Commission on 27 July 2011, to replace the planned IPOs of a minority stake in CSOB Bank (Czech Republic) and K&H Bank (Hungary) and the sale and leaseback of KBC’s headquarter offices in Belgium by the divestment of KBC’s Polish banking and insurance subsidiaries, Kredyt Bank and Warta (and their subsidiaries) and the sale or unwinding of selected ABS and CDO assets
- KBC is satisfied that the outcome of the stress tests proves that under these stress scenarios, the bank adequately meets the solvency requirements
- We still believe that costs in 2011 on a like-for-like basis may increase somewhat going forward
- Low loan loss provisions of 1H11 may not be extrapolated in 2H11’

Section 3

2Q 2011 underlying business performance

Revenue trend - Group





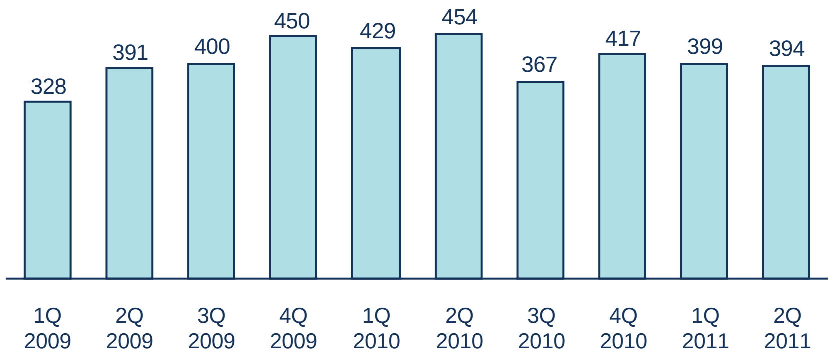
- Net interest income stabilised year-on-year and rose by 1% quarter-on-quarter
- Net interest margin (1.98%)
  - The 5bps q-o-q increase in NIM at group level is for a large part attributable to a technical item
  - Both NIM in Belgium and in Central/Eastern Europe stabilised quarter-on-quarter
- Loan volumes flat year-on-year, despite a further reduction in the international loan book (Merchant Banking and Russia) in line with strategic focus. Deposit volumes fell 2% year-on-year mainly due to a decrease in corporate deposits (BU MEB)

Amounts in m EUR

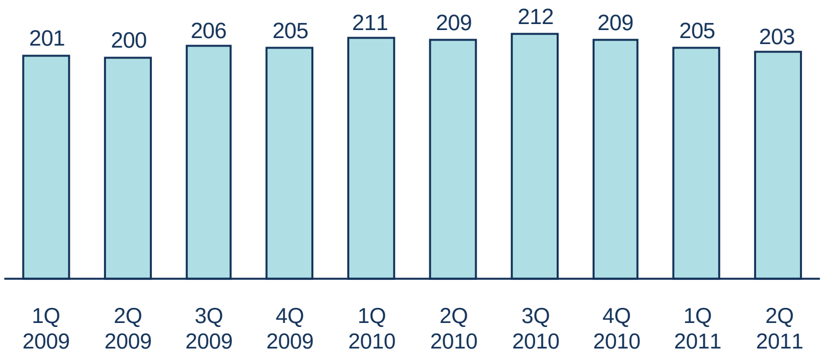
* Net Interest Margin: Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

Revenue trend - Group

F&C



AUM



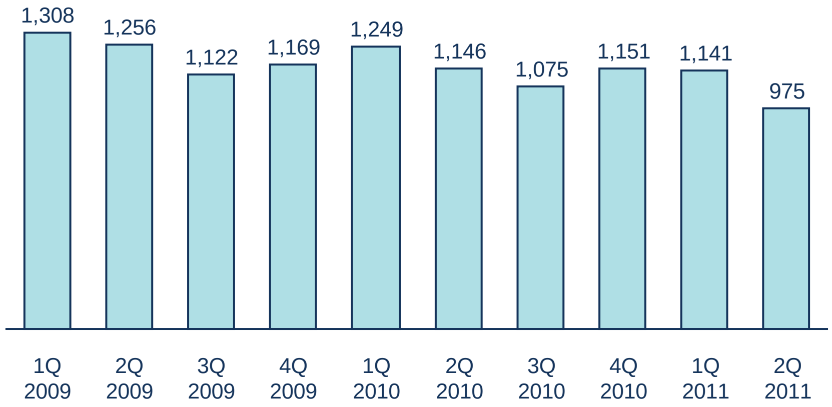
Amounts in bn EUR

- Net fee and commission income fell by 1% quarter-on-quarter and 13% year-on-year
  - Net F&C income from the banking business went down by 1% q-o-q in line with the trend in assets under management
  - Commission paid on the sale of insurance contracts fell by 5% q-o-q
- Assets under management dropped by 3% year-on-year and 1% quarter-on-quarter (caused by a decline in net inflow) to 203bn EUR at the end of 2Q11

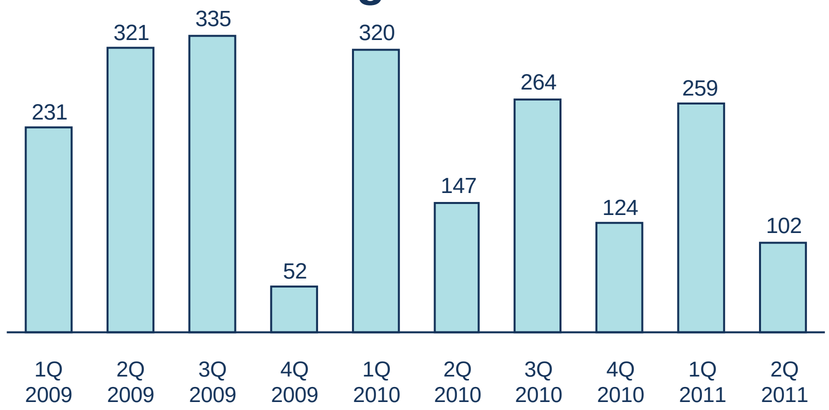
Amounts in m EUR

Revenue trend - Group

Premium income



FV gains

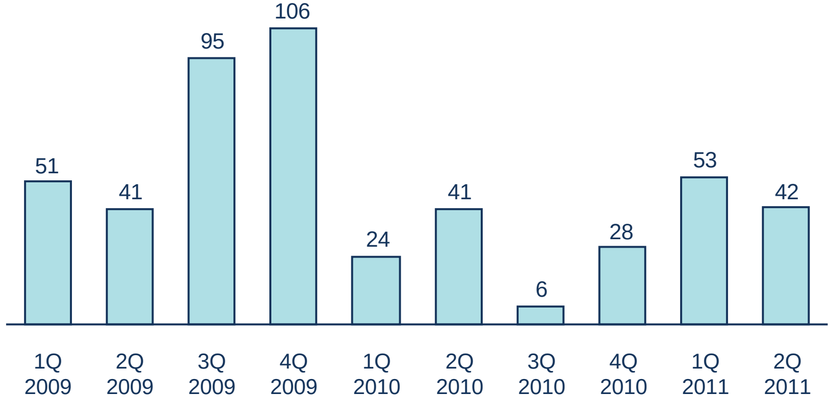


- Insurance premium income at 975m EUR
  - Non-life premium income (468m) up 4% q-o-q and up 7% y-o-y excluding Secura, which was sold in 4Q10
  - Life premium income (507m) down 27% q-o-q and down 24% y-o-y, mainly due to lower sale of guaranteed-interest products at the Belgium Business Unit, but partially compensated by a higher sale of unit-linked products at the Belgium Business Unit
- Excellent combined ratio of 90% in 2Q11, down on the 104% recorded in 2Q10 primarily thanks to a lower level of claims (versus high flooding claims in CEE in 2Q10). Combined ratio of 87% YTD
- The low figure for net gains from financial instruments at fair value (102m EUR) is the result of modest dealing room activity

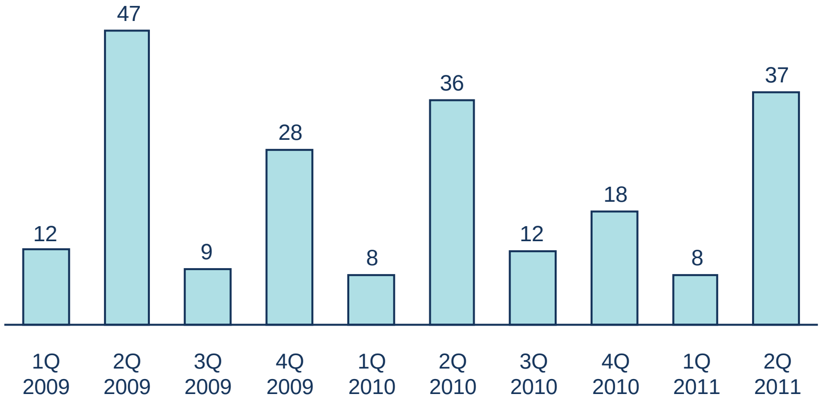
Amounts in m EUR

Revenue trend - Group

Gains realised on AFS



Dividend income

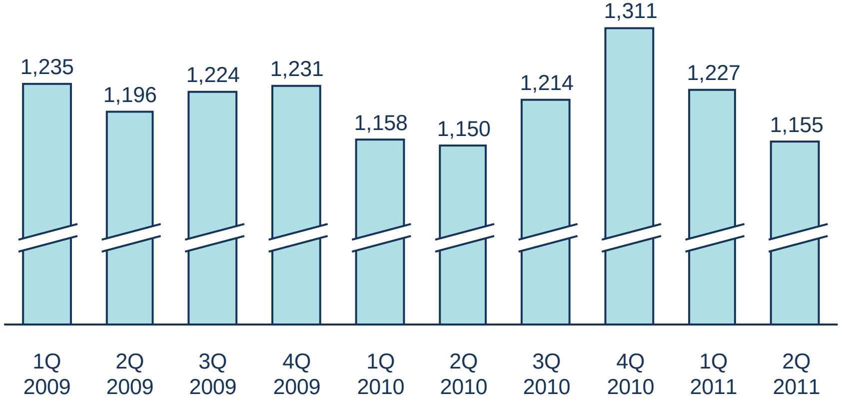


- Gains realised on AFS came to 42m EUR
- Dividend income amounted to 37m EUR (in line with 2Q10)

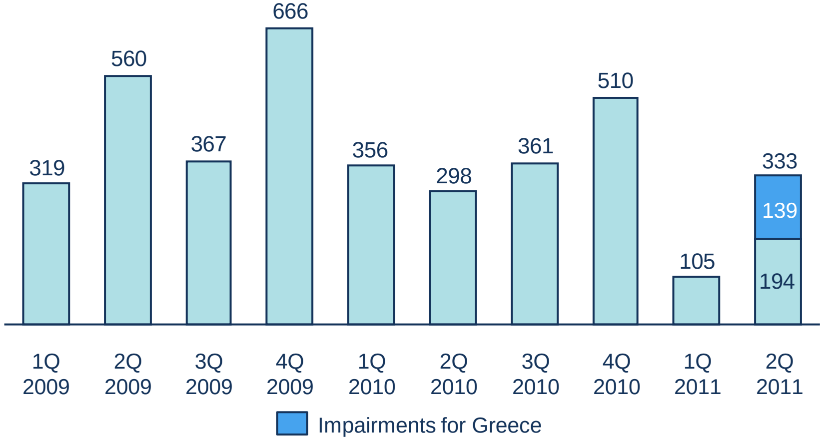
Amounts in m EUR

Opex and asset impairment - Group

Operating expenses



Asset impairment



- Costs remained well under control: -6% q-o-q and flat y-o-y
  - Operating expenses fell by 6% q-o-q to 1,155m EUR in 2Q11 as 1Q11 was impacted by the recognition of the Hungarian bank tax for the full year. Excluding the Hungarian bank tax in 1Q11, operating expenses remained more or less stable
  - Operating expenses remained flat y-o-y in 2Q11, despite higher costs related to the Belgian Deposit Guarantee Scheme in 2Q11. Excluding this extra cost in 2Q11, operating expenses fell by as much as 1% y-o-y
  - Underlying cost/income ratio for banking stood at 56% YTD (in line with full year 2010)
- Substantially higher impairments (333m EUR) due to Greece
  - Quarter-on-quarter increase of 66m EUR in loan loss provisions, mainly due to the lack of impairment releases as in 1Q11
  - Impairment of 139m EUR for Greece (102m EUR post-tax)

Amounts in m EUR

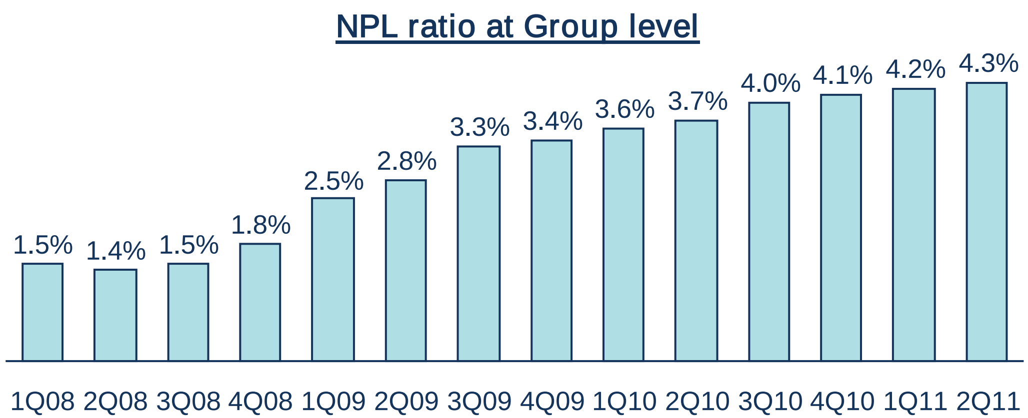
Loan loss provisions

- Credit cost ratio fell to 0.32% YTD (compared to 0.91% in 2010 and 1.11% in 2009) thanks to several impairment releases in 1Q11. Excluding these releases, the credit cost ratio is still at a low 0.41%. NPL ratio amounted to 4.3%
- Credit cost in Belgium remained at a low level
- Slightly higher credit cost in CEE (+6m EUR q-o-q), mainly thanks to (unsustainable) low loan loss provisions for corporates and despite several impairment releases (29m EUR in total) in 1Q11
- Credit cost significantly higher in Merchant Banking (+38m EUR q-o-q, of which +4m EUR q-o-q due to KBC Bank Ireland), chiefly attributable to the Atomium assets (6m EUR additional provisions in 2Q11 versus 15m EUR write-back regarding Atomium assets in 1Q11)

Credit cost ratio

	Loan book	2007 FY	2008 FY	2009 FY	2009 FY	2010 FY	1H11 YTD
		'Old' BU reporting			'New' BU reporting		
Belgium	**55bn**	0.13%	0.09%	0.17%	0.15%	0.15%	0.10%
CEE	**38bn**	0.26%	0.73%	2.12%	1.70%	1.22%	0.53%
Merchant B. (incl. Ireland)	**53bn**	0.02%	0.48%	1.32%	1.19%	1.38%	0.58%
Merchant B. (excl. Ireland)	**36bn**	0.02%	0.53%	1.44%	1.27%	0.67%	0.32%
Total Group	**162bn**	0.13%	0.46%	1.11%	1.11%	0.91%	0.32%

NPL ratio at Group level



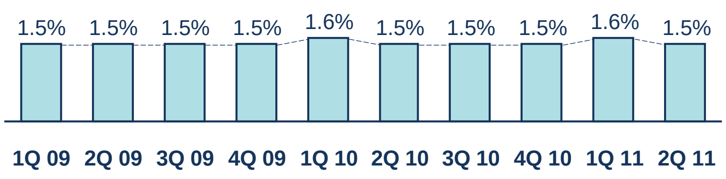
2Q 2011	**Non-Performing Loans** (>90 days overdue)	**High risk** (probability of default >6.4%)	**Restructured loans** (probability of default >6.4%)
Belgium BU	1.5%	2.3%	1.2%
CEE BU	5.3%	5.0%	2.1%
MEB BU	6.4%	5.4%	4.4%

NPL ratios per business unit

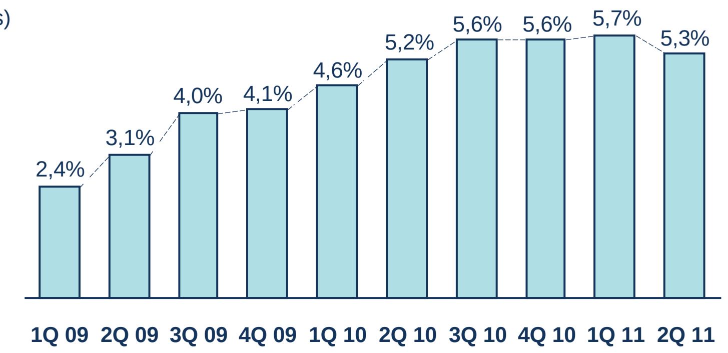
non performing loans

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

BELGIUM BU

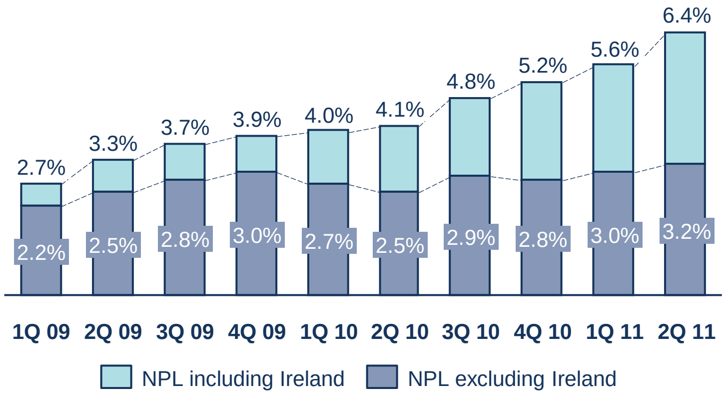


CEE BU



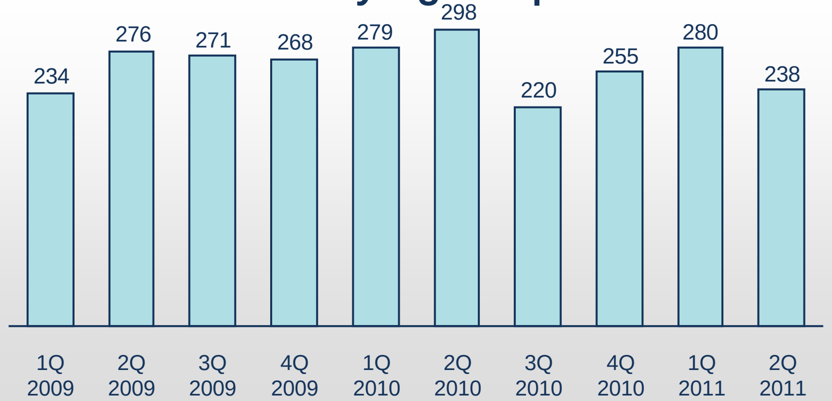
MEB BU

(incl. Ireland)



Belgium Business Unit

Underlying net profit



Volume trend

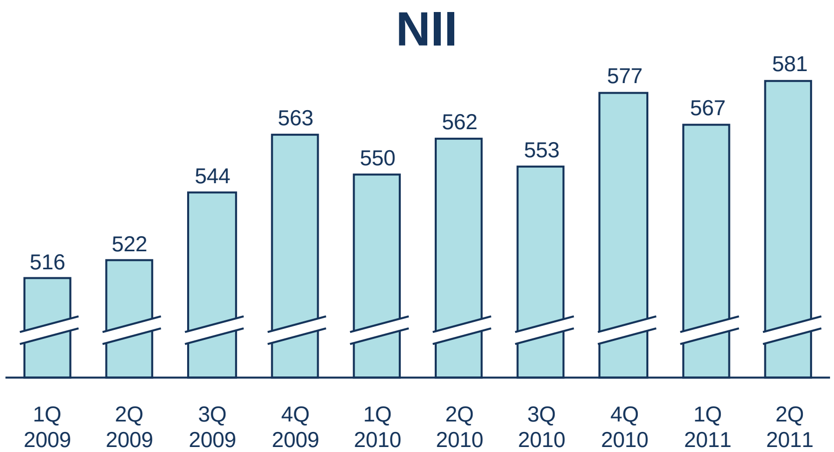
	Total loans **	Of which mortgages	Customer deposits	AuM	Life reserves
Volume	53bn	28bn	71bn	144bn	22bn
Growth q/q*	+2%	+2%	+3%	-1%	+1%
Growth y/y	+4%	+7%	+6%	-4%	+4%

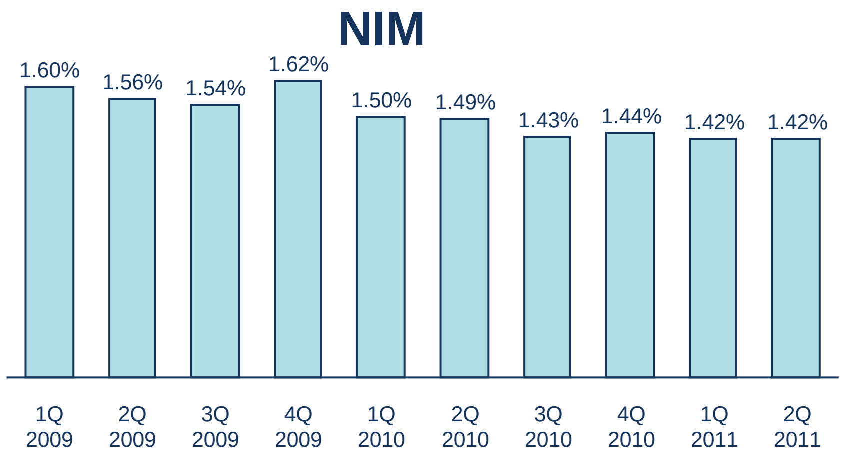
** Non-annualised*
*** Loans to customers, excluding reverse repos (and not including bonds)*

- Underlying net group profit of Belgium Business Unit of 238m EUR is roughly 10% below the average of the last four quarters (263m EUR), which can be explained by the 30m EUR post-tax impairment for Greece
- Increase in quarter-on-quarter and year-on-year loan volume, driven by mortgage loan growth
- Deposit volumes increased 3% quarter-on-quarter and as much as 6% year-on-year

Amounts in m EUR

Belgium Business Unit (2)

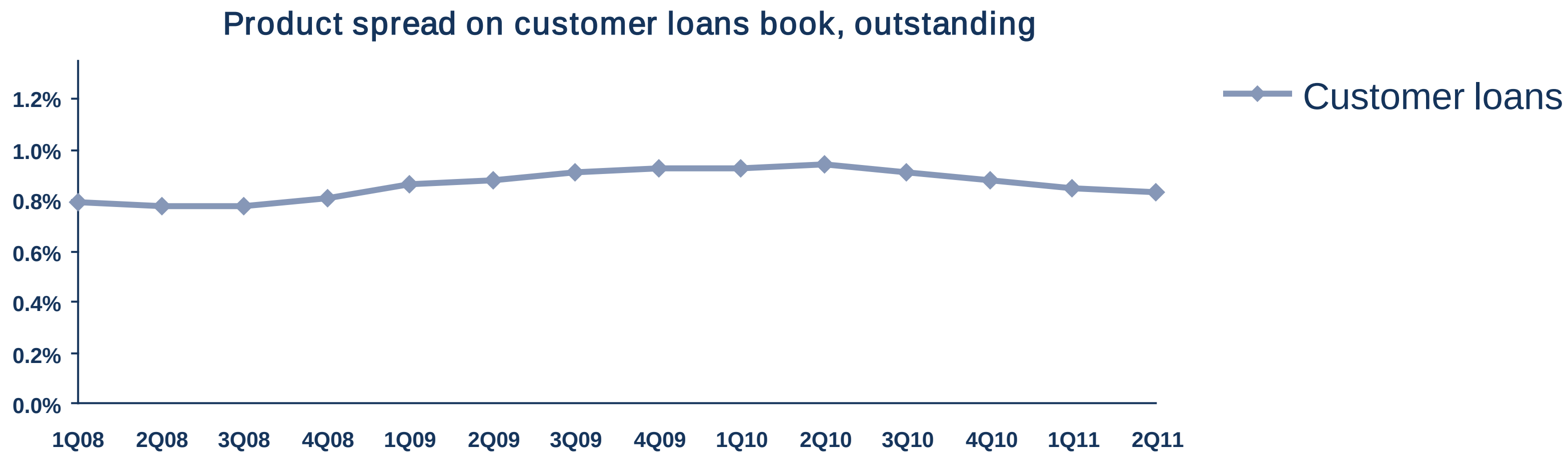


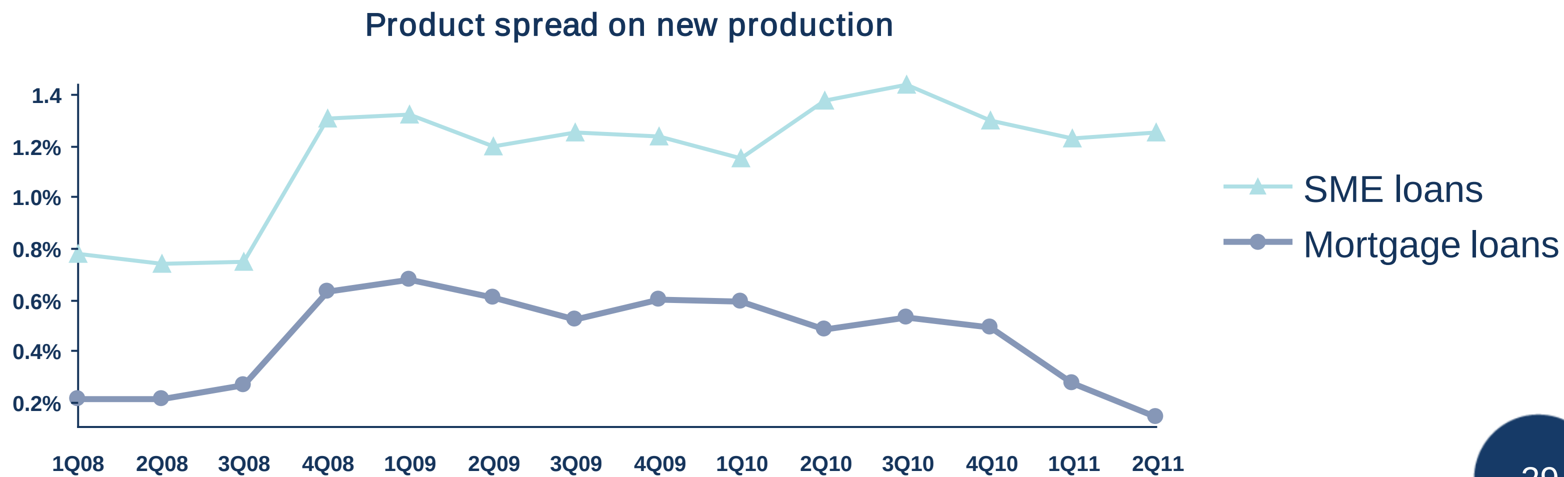


- Net interest income (581m EUR) remained healthy
  - An increase of 3% y-o-y (no less than +5% y-o-y excluding Secura in 2Q10) and 3% q-o-q
  - The net interest margin stabilised q-o-q at 1.42%. The negative impact of increased competition on the mortgage loan portfolio and higher senior debt costs were fully offset by higher margins on deposits. The current NIM remains much higher than the 2H 2008 level (1.19% in 3Q08 and 1.25% in 4Q08)

Amounts in m EUR

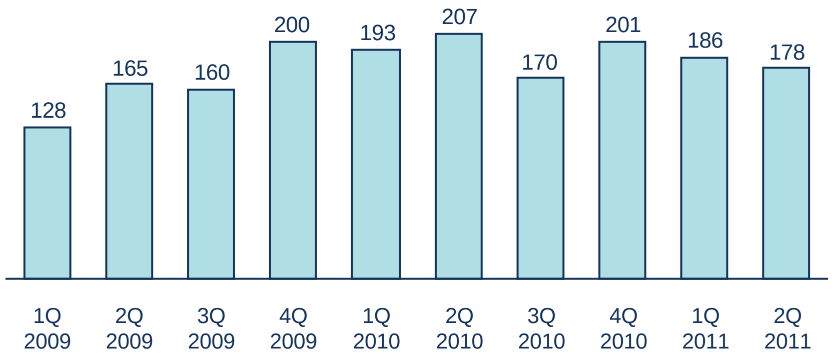
Credit margins in Belgium



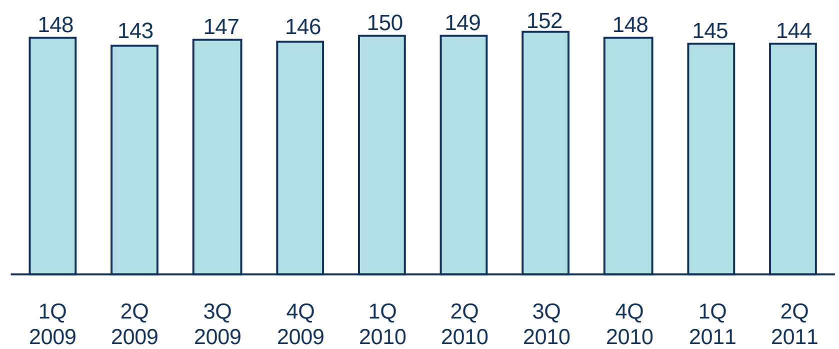


Belgium Business Unit (3)

F&C



AUM



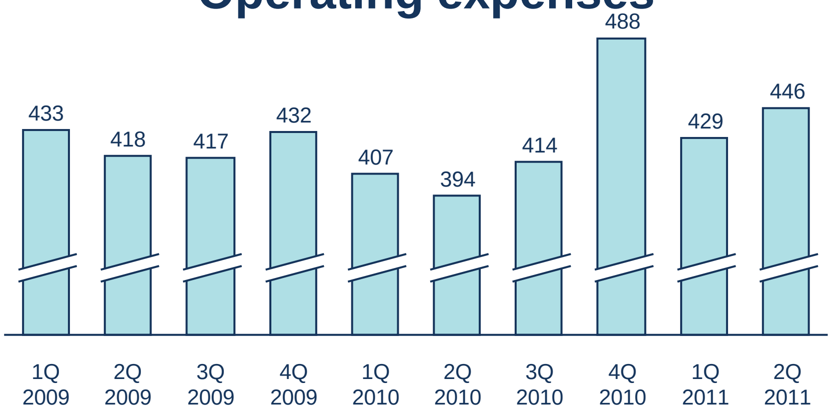
Amounts in bn EUR

- Net fee and commission income (178m EUR)
  - Net fee and commission income from banking activities (212m EUR) decreased by 7% q-o-q due to lower risk appetite, leading to lower entry fees on mutual funds. Management fees on mutual funds were impacted by lower assets under management. Net fee and commission income from banking activities decreased by 16% y-o-y, partly due to the sale of KBC Asset Management Ltd (sold in 4Q10)
  - Commission related to insurance activities (-34m EUR, mainly commission paid to insurance agents) was lower than the previous quarter (-17%), but considerably lower than a year earlier (-26%), partly related to the sale of Secura
- Assets under management fell by 1% q-o-q (net outflow) to 144bn EUR due to the reduced risk appetite

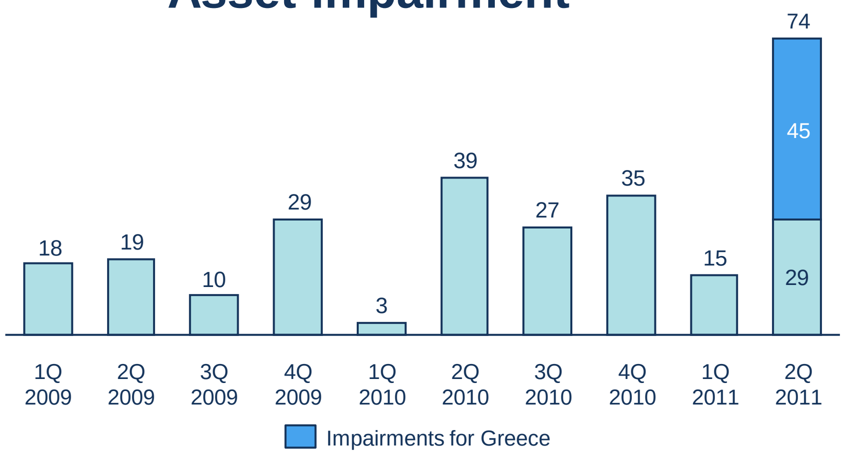
Amounts in m EUR

Belgium Business Unit (4)

Operating expenses



Asset impairment



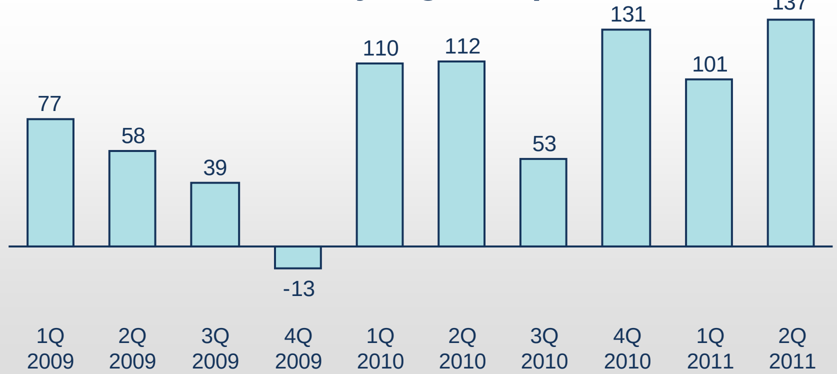
- Operating expenses: +4% quarter-on-quarter and +13% year-on-year
  - Operating expenses rose 4% q-o-q due to inflation-linked staff expenses, higher marketing & communication expenses and technical items
  - Excluding the extra 18m EUR y-o-y cost related to the Belgian Deposit Guarantee Scheme (22.2m EUR in 2Q11 versus 4.6m EUR in 2Q10), operating expenses were up 9% y-o-y
  - Underlying cost/income ratio: 58% YTD

- Loan loss provisions remained at a low level (16m EUR). Credit cost ratio of 10 bps YTD. NPL ratio at 1.5%. Furthermore, 45m EUR pre-tax impairments for Greece and 12m EUR impairments on shares at KBC Insurance were recorded

Amounts in m EUR

CEE Business Unit

Underlying net profit



Volume trend

	Total loans **	Of which mortgages	Customer deposits	AUM	Life reserves
Volume	33bn	15bn	42bn	12bn	2bn
Growth q/q*	-1%	+1%	+0%	0%	+2%
Growth y/y	+1%	+4%	+0%	-3%	+14%

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

- Underlying profit at CEE Business Unit of 137m EUR
  - CEE profit breakdown: 67m Czech Republic, 18m Slovakia, 40m Hungary, 32m Poland, 4m Bulgaria, other -24m (mainly funding costs of goodwill)
  - Results from the banking business were positively impacted by good quality of revenues, strict cost control and continuing low loan loss provisions, partly offset by the 26m EUR post-tax impairment for Greece (fully borne by the Czech Republic)
  - Results from the insurance business benefited from a low(er) combined ratio (both claims and cost ratio)

Amounts in m EUR

CEE Business Unit (2)

Organic growth(*)

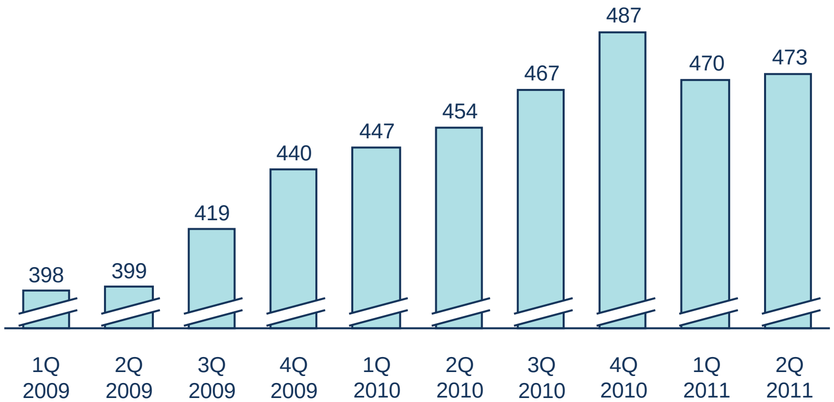
	Total loans		Mortgages		Deposits	
	q/q	y/y	q/q	y/y	q/q	y/y
CZ	-2%	+5%	+2%	+9%	0%	+1%
SK	+6%	+13%	+6%	+22%	0%	-8%
HU	-2%	-9%	-2%	-6%	0%	-2%
PL	-2%	-3%	0%	0%	-2%	+2%
BU	-1%	-6%	-2%	-5%	+1%	-7%
TOTAL	**-1%**	**+1%**	**+1%**	**+4%**	**0%**	**0%**

- The total loan book fell by 1.5% q-o-q, but rose by 1.4% y-o-y. On a y-o-y basis, the large relative decrease in Hungary (-9% y-o-y due to a decrease in the corporate loan book and mortgages) was more than offset by increases in Slovakia (+13% y-o-y thanks to an increase in mortgage loans) and the Czech Republic
- Total deposits stabilised q-o-q and y-o-y
- Loan to deposit ratio at 78%

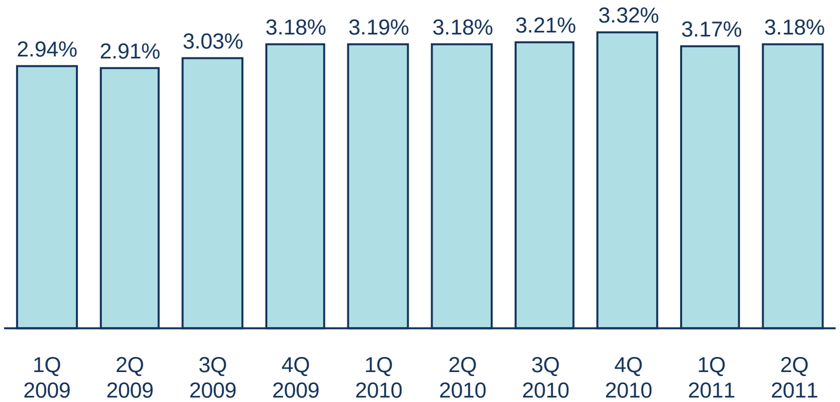
(*) organic growth excluding FX impact, q-o-q figures are non-annualised

CEE Business Unit (3)

NII



NIM

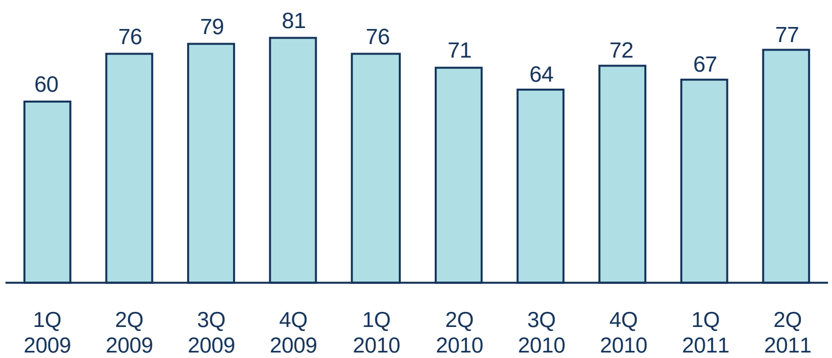


- Net interest income rose by 1% y-o-y, and was flat q-o-q at 473m EUR (organic growth only)
- Net interest margin at 3.18%. Net interest income remained unchanged q-o-q based on stable average interest-bearing assets in combination with a stable net interest margin

Amounts in m EUR

CEE Business Unit (4)

F&C



AUM

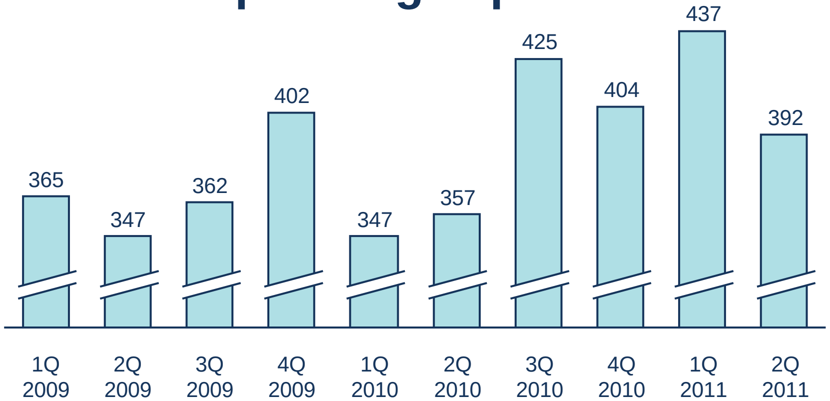
Amounts in bn EUR

- Net fee and commission income (77m EUR)
  - The q-o-q increase was driven by a technical item. Excluding this, net fee and commission income was roughly flat, in line with assets under management
- Assets under management stabilised q-o-q at roughly 12bn EUR

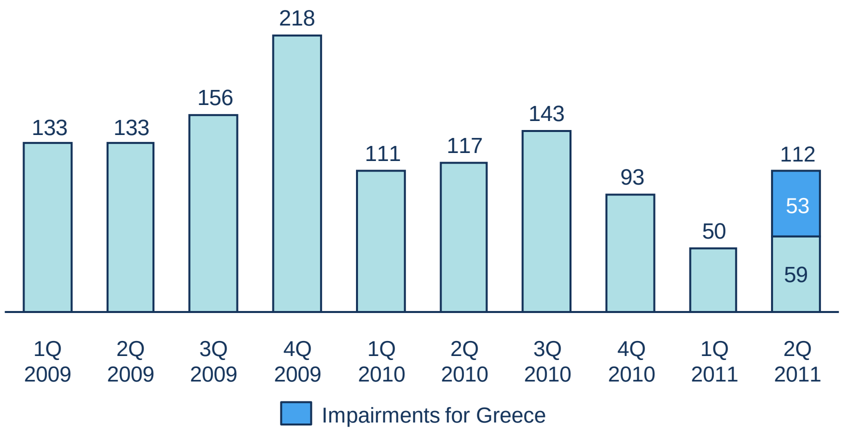
Amounts in m EUR

CEE Business Unit (5)

Operating expenses



Asset impairment



- Operating expenses (392m EUR) fell by 11% q-o-q, but rose 7% y-o-y on an organic basis (excluding FX impact)
  - The 11% q-o-q decrease was chiefly caused by the recording of the Hungarian bank tax for the full year (62m EUR pre-tax / 51m EUR post-tax) in 1Q11
  - YTD cost/income ratio at 59% (54% excluding Hung. bank tax)
- Asset impairment at 112m
  - L&R impairments remained at a low level (54m EUR), leading to a credit cost ratio of 0.53% YTD (1.22% in FY10). NPL ratio at 5.3%
  - 53m EUR pre-tax impairments were recorded for Greece

	Loan book	2008* CCR	2009* CCR	2009 CCR	2010 CCR	1H11 CCR
CEE	**38bn**	**0.73%**	**2.12%**	**1.70%**	**1.22%**	**0.53%**
- Czech Rep.	19bn	0.38%	1.12%	1.12%	0.75%	0.32%
- Poland	8bn	0.95%	2.59%	2.59%	1.45%	0.23%
- Hungary	6bn	0.41%	2.01%	2.01%	1.98%	1.39%
- Slovakia	4bn	0.82%	1.56%	1.56%	0.96%	0.41%
- Bulgaria	1bn	1.49%	2.22%	2.22%	2.00%	1.90%

** 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	56bn
Growth q/q*	0%	-7%
Growth y/y*	-8%	-9%

**non-annualised*

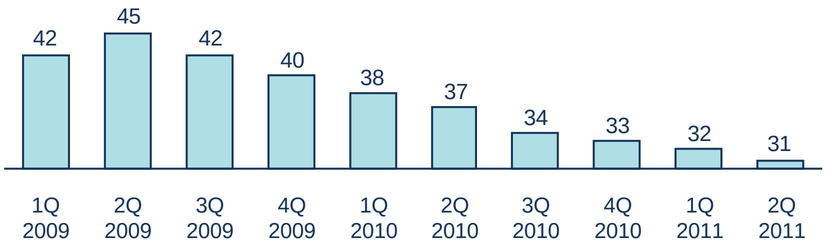
- Underlying net profit in Merchant Banking Business Unit (+63m EUR) still above the average of the last four quarters (56m EUR)
  - The lower q-o-q result from Commercial Banking of 14m EUR in 2Q11 can be explained by lower net interest income and higher impairments (both on L&R and on investment property).
  - Result from Market Activities of +48m EUR also down sharply q-o-q, mainly due to substantial lower dealing room result at KBC Bank Belgium (vs. a strong 1Q11) and to a lesser extent to higher impairments (no reversals in 2Q11)

- Reminder: a significant part of the merchant banking activities (assets to be divested) has been shifted to the Group Centre since 1Q10

Amounts in m EUR

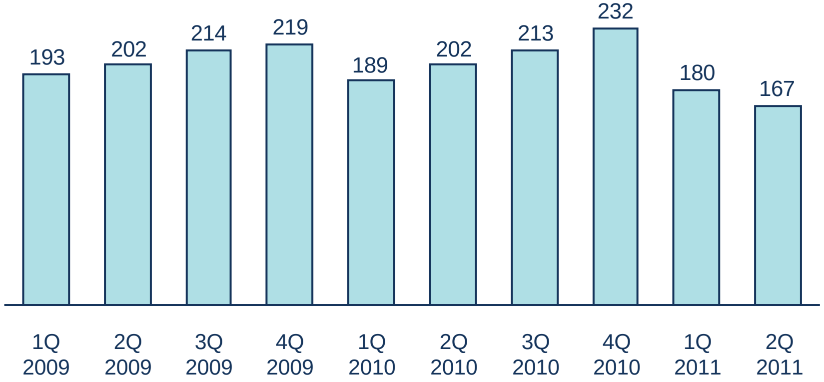
Merchant Banking Business Unit (2)

RWA banking (Commercial Banking)



Amounts in bn. EUR

NII (Commercial Banking)

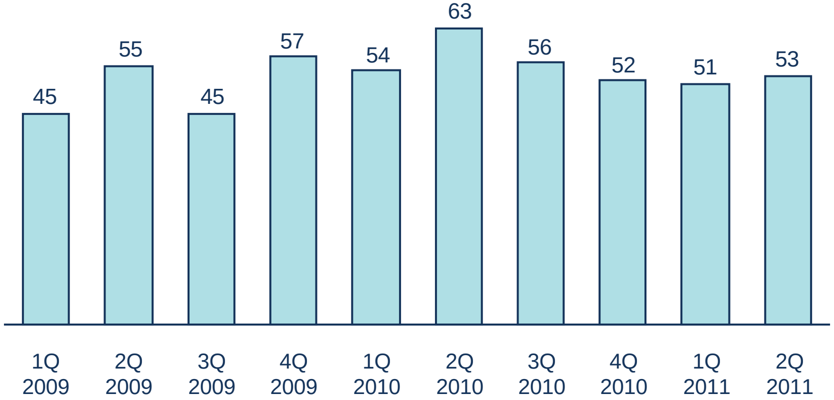


- Lower risk weighted assets in Commercial Banking due to further organic reduction in international corporate loan book
- Net interest income (relating to the Commercial Banking division) went down by 7% q-o-q, mainly due to higher senior debt costs. As anticipated, volumes in this business unit went down (e.g. loans -0.4% q-o-q and -7.6% y-o-y). This decrease is expected to continue, as it is the result of the refocused strategy of the group (gradual scaling down of a large part of the international loan portfolio outside the home markets)

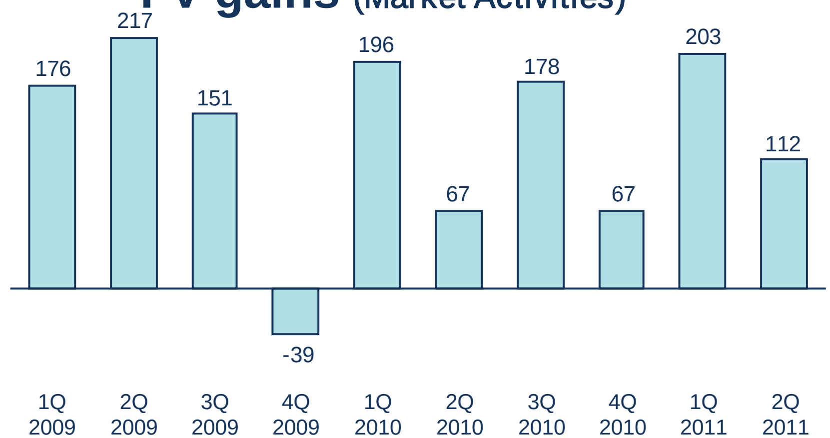
Amounts in m EUR

Merchant Banking Business Unit (3)

F&C



FV gains (Market Activities)



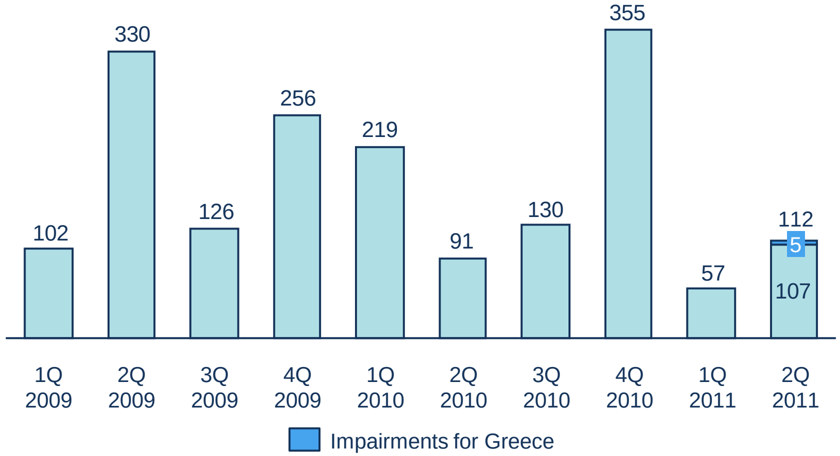
- Net fee and commission income of 53m EUR is roughly in line with the reference quarters
- Low fair value gains within the ‘Market Activities’ sub-unit, largely due to modest dealing room activities

Amounts in m EUR

Merchant Banking Business Unit (4)

Operating expenses

Asset impairment



- Operating expenses increased by 3% year-on-year, but fell by 7% quarter-on-quarter to 142m EUR
- Total impairments amounted to 112m EUR in 2Q11
  - Higher q-o-q L&R impairments can mainly be accounted for the Atomium assets (no reversal, unlike 1Q11). Credit cost ratio at 0.58% YTD and NPL ratio at 6.4% (respectively 0.32% YTD and 3.2% excluding KBC Bank Ireland)
  - 12m EUR impairment on investment property
  - 5m EUR pre-tax impairments for Greece

Amounts in m EUR

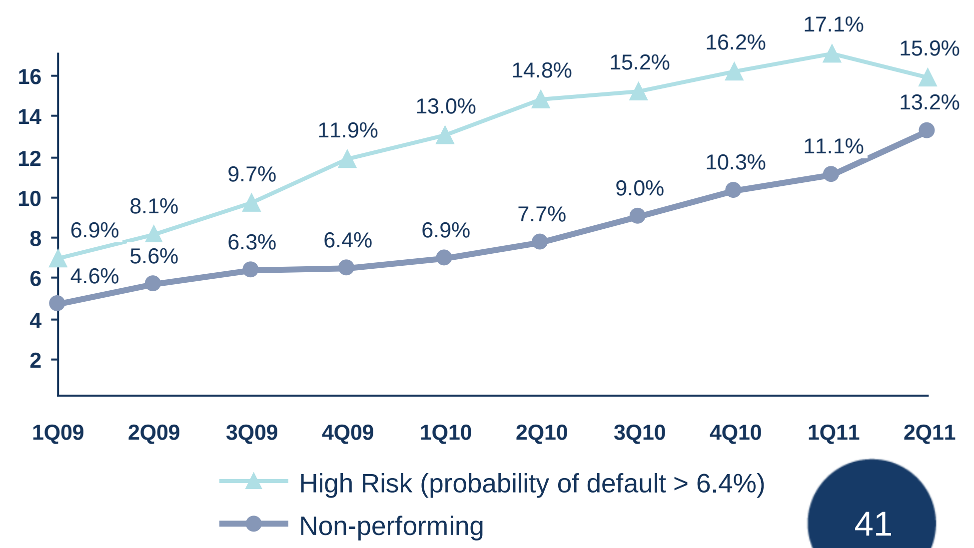
Update on Ireland (1)

- Business conditions continue to be very difficult
- Austerity measures impact consumer incomes and business confidence as a further budget adjustment of 6bn EUR affects the economy this year. Unemployment remains high
- Export performance and foreign direct investment remain strong, but have not yet impacted the domestic economy
- 2Q11 loan loss provisions of 49m EUR in line with 1Q11 and previous guidance
- However, 2Q11 residential mortgage arrears have shown signs of deterioration. Collateral values on commercial exposures, in the absence of domestic liquidity, continue to decline
- Local tier-1 ratio was 10.4% at the end of 2Q11 (9.9% at the end of 1Q11)

Irish loan book – key figures June 2011

Loan portfolio	Outstanding	NPL	NPL coverage
Owner occupied mortgages	9.7bn	8.8%	27%
Buy to let mortgages	3.2bn	13.7%	32%
SME /corporate	2.2bn	13.8%	38%
Real estate investment	1.3bn	20.8%	37%
Real estate development	0.6bn	62.1%	66%
	16.9bn	13.2%	37%

Proportion of High Risk and NPLs



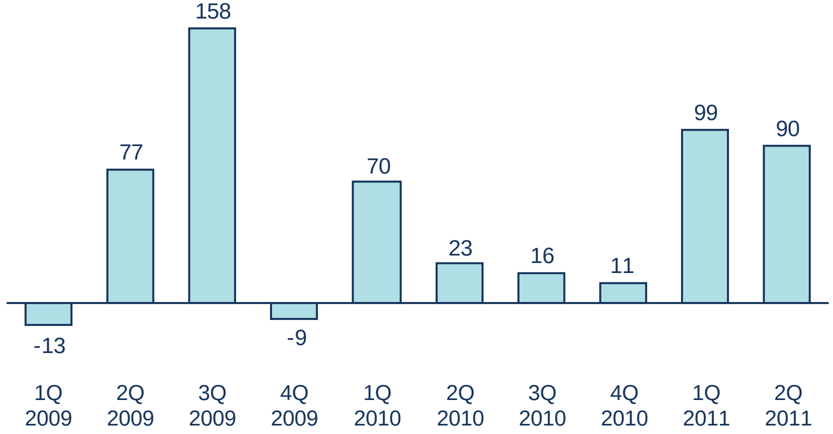
Update on Ireland (2)

- Considering the gradual trend deterioration in the portfolio during 2Q11 and July, we anticipate a higher quarterly run-rate of loan loss provisions going forward

- The current depressed environment in Ireland leads to a further deterioration in the portfolios:
  - The economy and domestic Irish marketplace have not improved as was envisaged
  - The greater than initially envisaged cumulative impact on households of the austerity measures in the economy
  - The operational and regulatory environment has changed. The introduction of new consumer protection legislation has impacted operationally, delaying communication with borrowers, slowing restructuring of mortgages and affecting lenders from being able to react appropriately to the situation

Group Centre

Underlying net profit



- Besides the existing activities of the holding and shared-services companies at 'Group Centre', all upcoming divestments were shifted to 'Group Centre' from 1Q10 onwards. The q-o-q decrease in net group profit is fully attributable to the results of the companies that have been earmarked for divestment in the coming years. Note that the divestment of Centea, in a deal signed in 1Q11, was finalised on 1 July 2011 (3Q11)
- Only the planned divestments are included. The Merchant Banking activities that will be wound down organically have not been shifted to the 'Group Centre'

Amounts in m EUR

Group Centre (2)

Breakdown of underlying net group profit

	2Q11
Group item (ongoing business)	**-5**
Planned divestments	**95**
- Centea	16
- Fidea	10
- 40% minority stake in CSOB Bank CZ	40(*)
- Absolut Bank	14
- 'old' Merchant Banking activities	15
- KBL EPB	11
- Other	-11
TOTAL underlying net group profit	**90**

(*) Including the 17m EUR post-tax impairment for Greece

NPL, NPL formation and restructured loans in Russia

	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011
NPL	14.0%	17.9%	17.8%	18.3%	16.8%	16.1%	13.5%
NPL formation	4.8%	3.9%	-0.1%	0.5%	-1.5%	-0.7%	-2.6%
Restructured loans	11.2%	10.3%	10.3%	9.7%	6.3%	4.2%	3.9%
Loan loss provisions (m EUR)	56	0	19	12	-9	-29	-9

Amounts in m EUR

Section 4

Wrap up

Financial highlights 2Q 2011

- Continued high underlying net group profit even after the impact of Greek sovereign bond impairment
- Sustained level of net interest income
- Slight decrease in net fee and commission income, in line with the trend in assets under management given the reduced investors' risk appetite
- Excellent combined ratio of 87% YTD as a result of low claims. Lower life insurance sales due to lower life sales in interest guaranteed products
- Modest level of income generated by the dealing room
- Underlying cost/income ratio at a favourable 56% YTD
- Credit cost ratio at a low 0.32% YTD. Post-tax impairment of 102m EUR for Greece
- Consistently strong liquidity position
- Solvency: continued strong capital base. Pro forma tier-1 ratio – including the effect of divestments for which a sale agreement has been signed to date – at approximately 14.3%

Section 5

Additional data set

Proposed swap

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

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

	ČSOB	K&H
2010 Profit (100%) 40% of 2010 profit	**500** **200**	**75** **30**
Market Share	23%	9%

By

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

	KB Kredyt Bank	WARTA
Profit 2010 (100%) 80% profit of KB 100% profit of Warta	**45** **36**	**0** **0**
Market Share	4%	9%

In the meantime, KBC Group received approval from the European Commission (on 27 July 2011)

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

Rationale of the swap: regulatory factors

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

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

Basel III impact on minority interests…

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

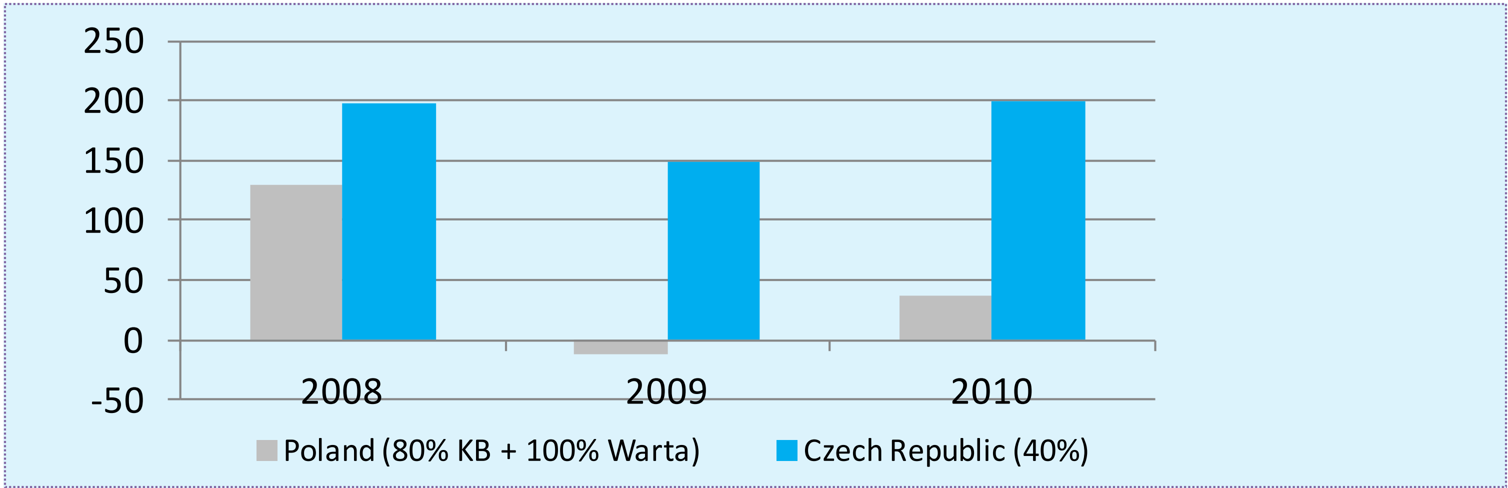
Change in IFRS Accounting Standards for Leases

- The current distinction between financial and operational lease will disappear

Rationale of the swap: financial factors

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

Earnings power enhanced by keeping totality of CSOB Bank CZ.



The Future

KBC will be a stable and high-performing European regional player with a more focused range of activities/markets and a reduced risk profile

- Activities with low strategic fit will be divested or run down
- Capital is to be re-allocated to catch sustainable organic growth potential of core businesses while also reimbursing State capital

KBC will build on sustainable foundations in Belgium

- The strategy is based on relationship bancassurance via a extensive network
- Complementary sales channels are being divested to generate repayment capacity for State capital securities
- The market is delivering an attractive return, while being a low risk business

KBC is resuming the convergence play in Central and Eastern Europe

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

KBC is reshaping the ‘other’ activities

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

Potential capital impact of the swap

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

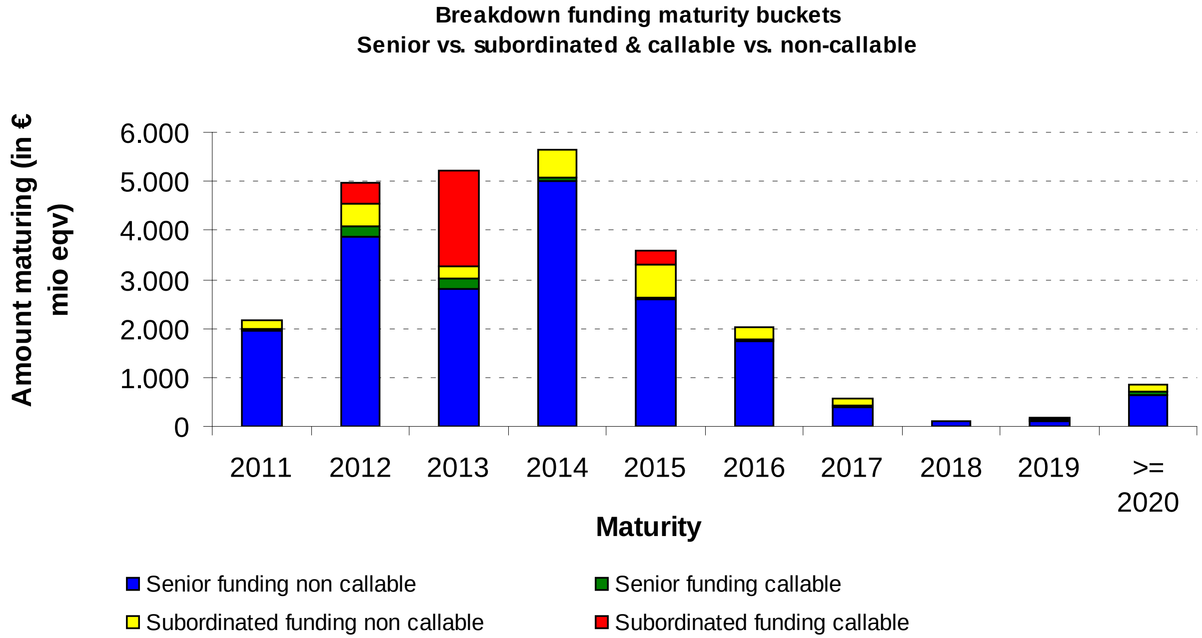
Part of the initial restructuring plan

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

Part of the proposed restructuring plan

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

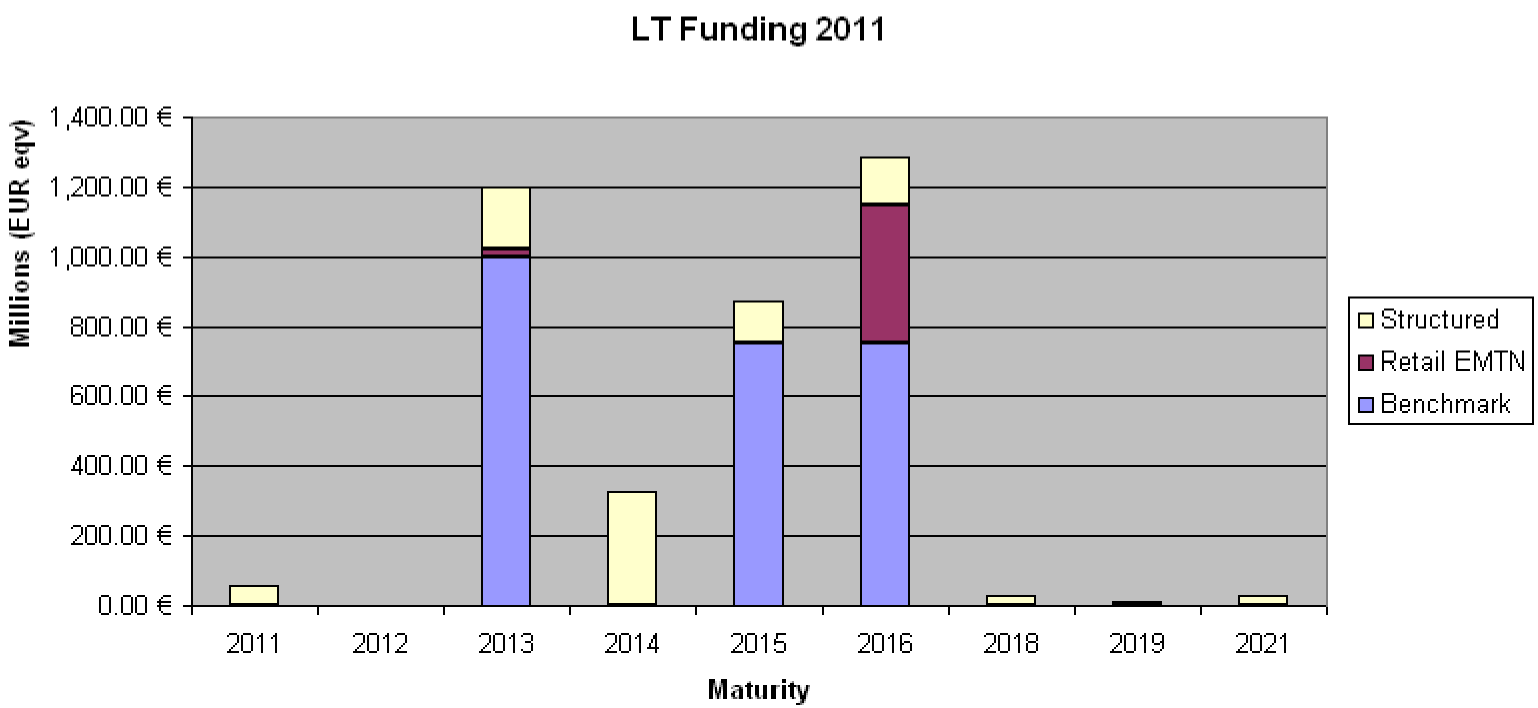
Upcoming mid-term funding maturities in 2011



KBC Bank NV has 3 solid sources of funding:

- Public Benchmark transactions
- Structured Notes using the Private Placement format
- Retail and Private Banking Network Notes

Overview of LT EMTN funding attracted in 2011



- KBC Bank NV (mainly through KBC Ifima NV, using its EMTN program (40bn EUR)) has already raised 3.9bn EUR LT in 2011 (by the end of July). This debt programme was updated on 13 July 2011
- KBC Bank NV also has a US MTN program (10bn USD) available for structuring debt capital market transactions in the US. This debt programme was updated on 15 April 2011

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Effects of Greek assistance programme

- With regard to the Greek sovereign bonds that mature before the end of 2020, KBC decided to record 139m EUR pre-tax impairments (102m post-tax) at *underlying* level

- *Calculation* method:
  - As required by IAS 39, the **AFS bonds** are impaired to their *fair value* (market prices) as at 30 June 2011
  - For the **HTM bonds**, the impairment is calculated based on the *21% expected discount* resulting from the IFF proposal for Greece decided on 21 July 2011

- *Breakdown* of the impairments *per business unit* at underlying level:

(m EUR)	Impairments on AFS	Impairments on HTM	Total pre-tax impairments	Total post-tax impairments
Belgium BU	-41	-4	-45	-30
CEE BU	-53	0	-53	-26*
MEB BU	-1	-4	-5	-4
GC BU	-27	-9	-36	-42*
TOTAL	**-122**	**-17**	**-139**	**-102**

* Transfer from CEE BU to GC BU for 40% of the impairment at CSOB Bank (as the 2Q11 results of the business units are still based on the ‘old’ restructuring plan)

Exposure to PIIGS

Breakdown of government bond portfolio, banking and insurance, at the end of 2Q11 (bn EUR)

	Banking	Insurance	Total
Portugal	0.1	0.2	**0.3**
Ireland	0.3	0.1	**0.4**
Italy	5.3	0.8	**6.1**
Greece	0.3	0.2	**0.5**
Spain	1.5	0.7	**2.2**
TOTAL	**7.6**	**1.9**	**9.6**

Hungary (1)

Should be profitable in 2011

- K&H Group realised an underlying net profit of 24m EUR in 1H11, despite the recognition of the Hungarian bank tax for the full year in 1Q11. The bank tax for 2011 amounted to 62m EUR before tax / 51m post-tax

Economic scenario

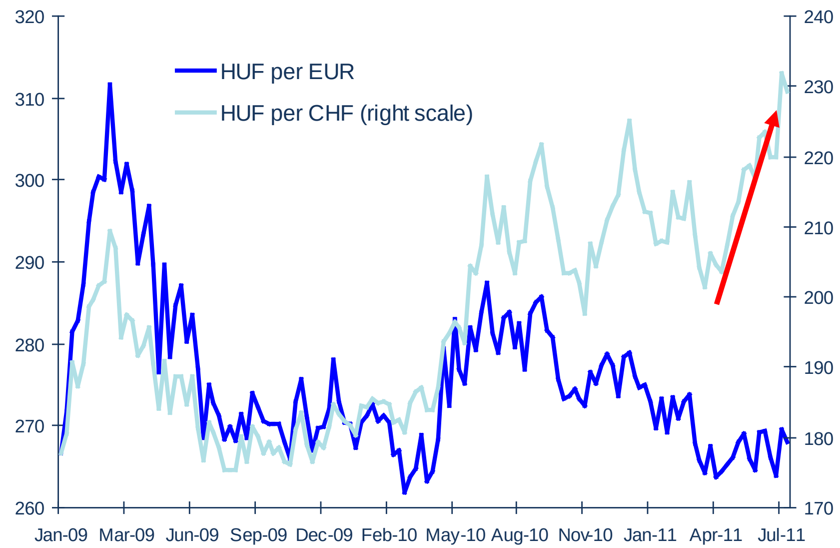
- Economic recovery is mainly driven by the strong export performance, while domestic demand remains subdued due to lower disposable income growth (suffering from the deterioration in the labour market) and an unfriendly investment climate. Real GDP growth is expected to accelerate to around 2.3% in 2011 (from 1.1% in 2010)
- The government plans to have a budget surplus of 2% of GDP in 2011, entirely thanks to non-recurring revenues (crisis taxes and pension transfers), and announced a program to structurally reform public finances and achieve a budget deficit of less than 3% in 2012 (savings resulting from curbing early retirement, limiting disability pension, cutting drug and public transport subsidies). These measures, including the take-over of the private pension assets should result in a decline in public debt from 80% of GDP in 2010 to 73% in 2012. Nevertheless, it remains to be seen how much of the structural measures will actually be implemented

Sovereign exposure

- Government bond exposure: 1.8bn EUR at the end of 2Q11 (versus 2.1bn EUR at the end of 1Q11and 2.4bn EUR at the end of 4Q10), of which the majority is held by K&H

Hungary (2)

- 2Q11 loan loss provisions amounted to 18m EUR (46m EUR in 1H11)
- NPL rose to 9.1% in 2Q11 (9.0% in 1Q11), situated mainly in retail lending
- Main driver for 2.3bn EUR FX mortgage portfolio is the CHF/HUF movement. A permanent 230-240 CHF/HUF rate over the quarter would, at worst and excluding the effects of the government FX relief plan, boost our NPL rates to 12% by year-end (Home Equity loans: approximately 20%, housing loans: 7%). In terms of provisions (according to our latest forecast) this would result in a provision increase of 24m EUR within one year. The government FX mortgage relief scheme allows customers facing potential repayment problems to fix the exchange rate at HUF/CHF 180 for a 3-year period, and if present FX rates are sustained over the next months, we expect increased take-up of this offer by clients. We also expect this relief scheme will reduce the moral hazard impact

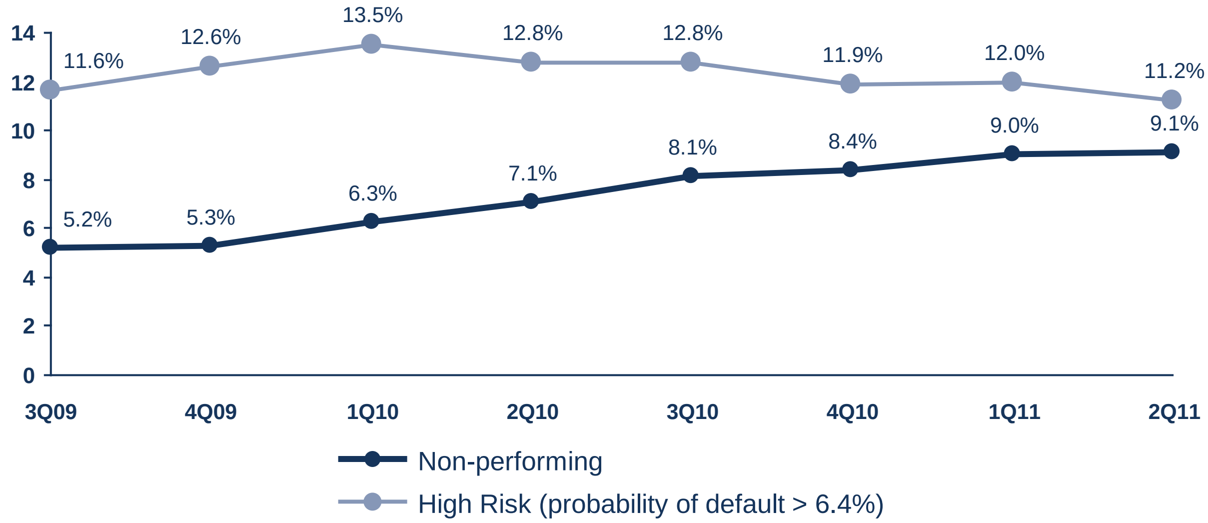


Hungary (3)

Hungarian loan book – key figures June 2011

Loan portfolio	Outstanding	NPL	NPL coverage
SME/Corporate	2.8bn	7.6%	64%
Retail	3.6bn	10.3%	72%
o/w private	3.1bn	10.2%	71%
o/w companies	0.5bn	10.9%	75%
	6.4bn	9.1%	69%

Proportion of NPLs



Update on outstanding* CDO exposure at KBC (end 2Q11)

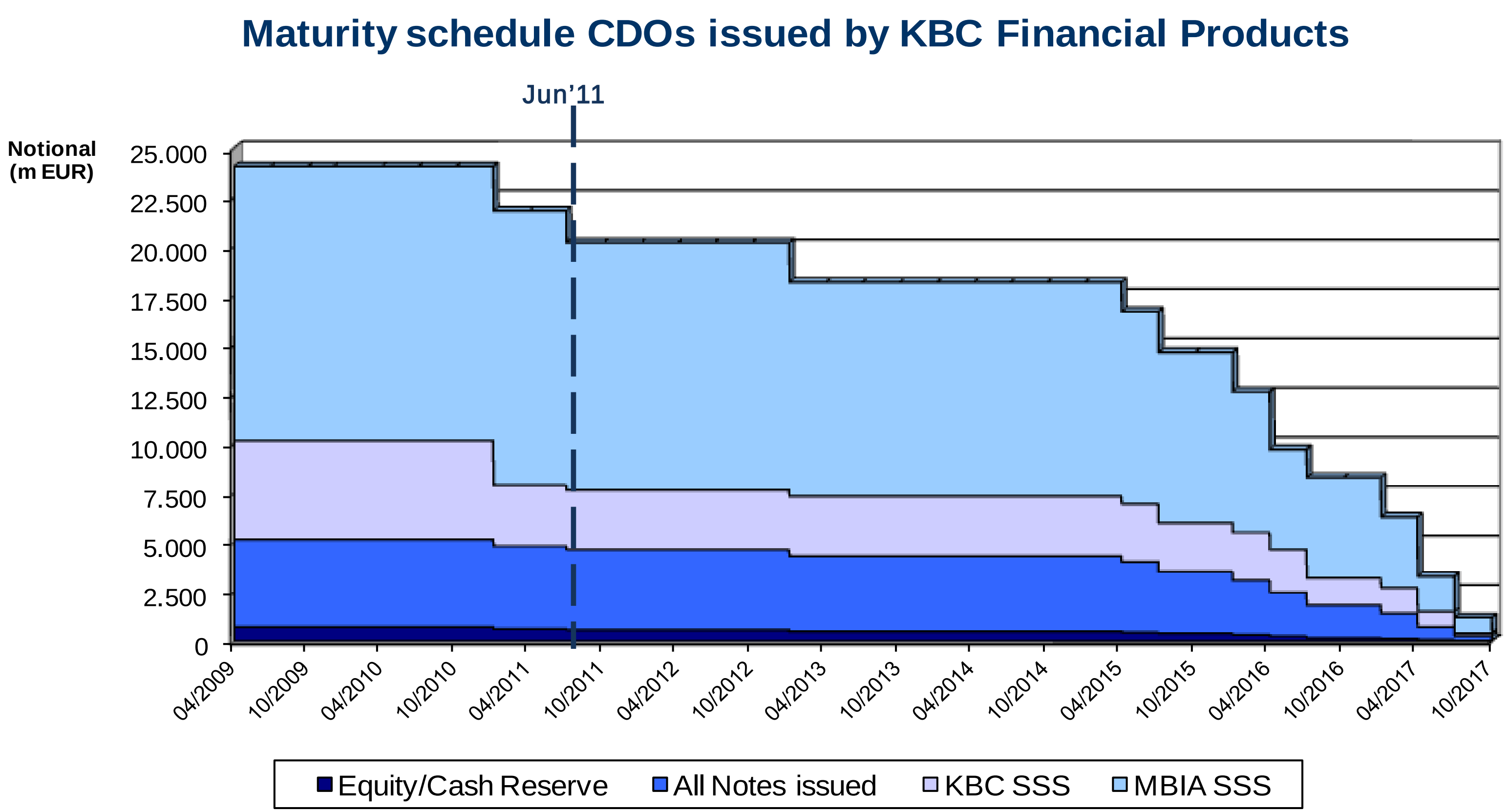
Outstanding CDO exposure (bn EUR)	Notional	Outstanding markdowns
- **Hedged portfolio** - **Unhedged portfolio**	13.0 6.7	-0.9 -4.0
TOTAL	**19.7**	**-4.9**

Amounts in bn EUR	Total
Outstanding value adjustments	-4.9
Claimed and settled losses	-2.2
- Of which impact of settled credit events	-1.3

- The total notional amount decreased by roughly 2.2bn EUR, mainly as a result of the Chiswell CDO reaching maturity and the sale of the Avebury CDO
- Outstanding value adjustments amounted to 4.9bn EUR at the end of 2Q11
- Claimed and settled losses amounted to 2.2bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 13% cumulative loss in the underlying corporate risk (approx. 80% of the underlying collateral are corporate reference names)
- Reminder: CDO exposure largely written down or covered by a State guarantee

*Excluding all expired and unwound CDOs

Maturity schedule for CDO portfolio



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

Summary of government transactions (1)

- State guarantee on 16.0bn* 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 (13.0bn EUR)
  - First and second tranche: 4.1bn EUR, impact on P&L borne in full by KBC, KBC has option to call on equity capital increase up to 1.6bn EUR (90% of 1.8bn EUR) from the Belgian State
  - Third tranche: 11.9bn EUR, 10% of potential impact borne by KBC
  - Instrument by instrument approach

			Potential *P&L* impact for KBC	Potential *capital* impact for KBC
16.0bn - 100%	1st tranche	2.4bn	100%	100%
13.7bn - 85%	2nd tranche	1.8bn	100%	10% (90% compensated by equity guarantee)
11.9bn - 74%	3rd tranche	11.9bn	10% (90% compensated by cash guarantee)	10% (90% compensated by cash guarantee)

• Excluding Chiswell, as the underlying risk to Chiswell was removed as at the end of June

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