KBC Group / Bank

DEBT ROADSHOW

February 2012

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Main strengths of KBC Group

- Well-developed bancassurance strategy and strong cross-selling capabilities
  - Strong franchise in Belgium with high and stable return levels (ROAC of 27% in FY11)
  - Access to growth in ‘new Europe’ (most mature markets in the region)
- Core profitability in home markets remains intact in difficult market, but 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
- Comfortable capital position (CT1 and T1 of 10.6% and 12.3% respectively at the end of 2011), bolstered by decision to propose only symbolic dividend of 0.01 EUR. Payment of coupon to Governments maintained. The Belgian regulator confirmed to us that the YES (Yield Enhanced Sec.) will be fully grandfathered as common equity under the current CRD4 proposal
- 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)
- A very favourable funding profile with relatively low (re)financing needs as well as a deep pool of liquidity in KBC’s retail client base

Contents

KBC at a glance

- KBC Group has a successful track record in bancassurance in its domestic market of Belgium and has been expanding to Central & Eastern Europe over the last 10 years

- Key data on KBC Group
  - Total market cap (mid-Feb 2012): 6bn EUR
  - Total assets: 285bn EUR at the end of 2011
  - Total equity: 17bn EUR
  - Tier-1 ratio: 12.3% (10.6% core)

- Key data on KBC Bank
  - Total assets: 241bn EUR at the end of 2011
  - Total equity: 12bn EUR
  - Tier-1 ratio: 11.6% (9.6% core)

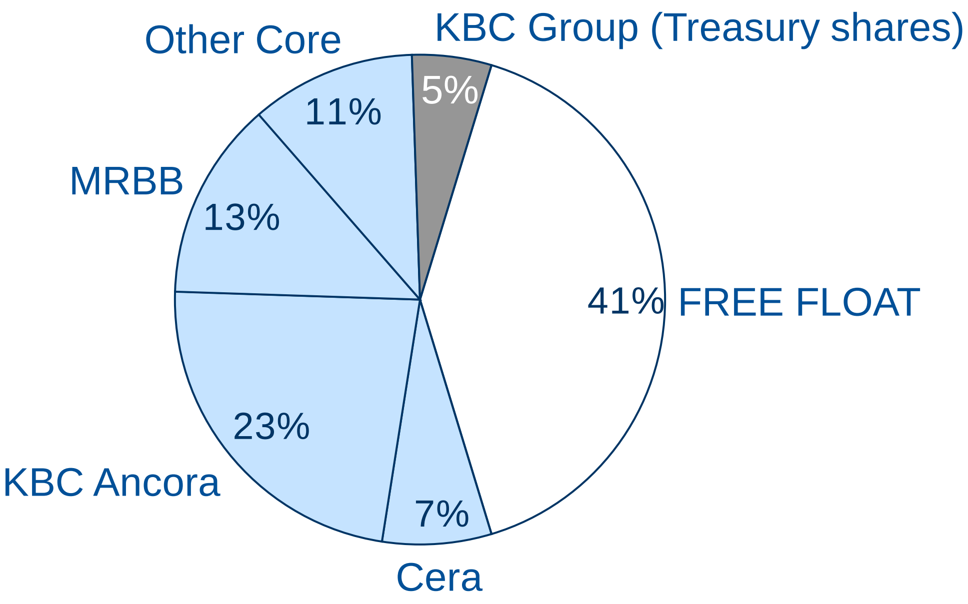
- Credit ratings of KBC Bank

	S&P (Dec 2011)	**Moody's** (Dec 2011)	**Fitch** (Jan 2012)
Long-term	**A- / Stable**	**A1 / Negative**	**A- / Stable**
Short-term	A-2	Prime-1	F1

- Underlying net group profit of KBC Group in 2011: 1,098m EUR
- Adjusted for 'one-offs' (Greek government bonds, 5-5-5 product, Hungary and Bulgaria), underlying net group profit amounted to 1,800m EUR in 2011

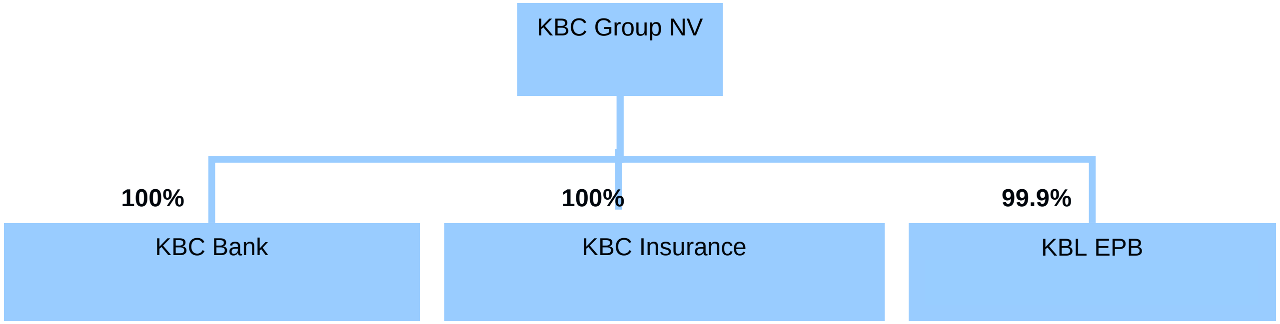
Stable shareholder structure

- 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 held mainly by a large variety of international institutional investors

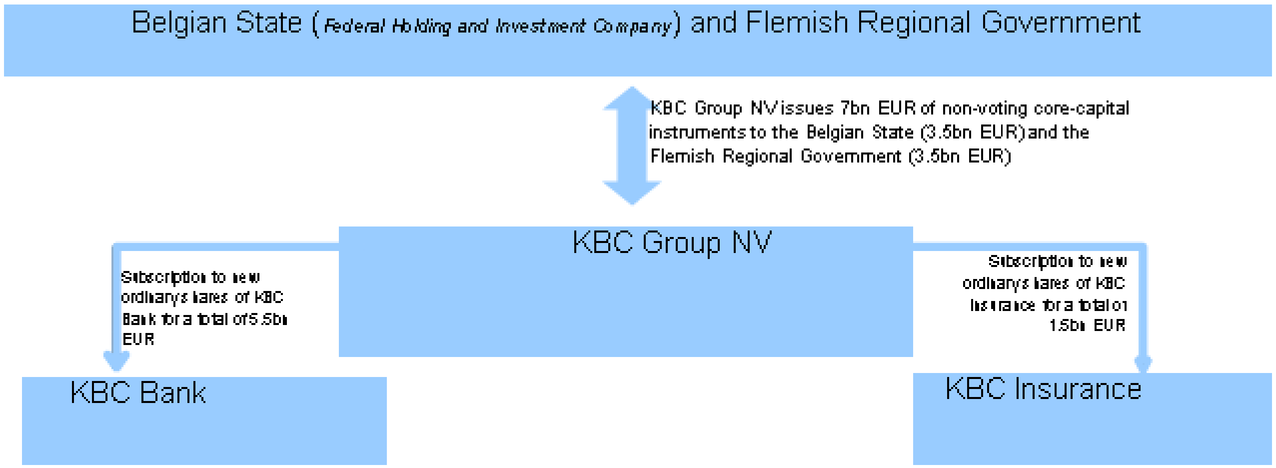


Group’s legal structure

- **Group’s legal structure**

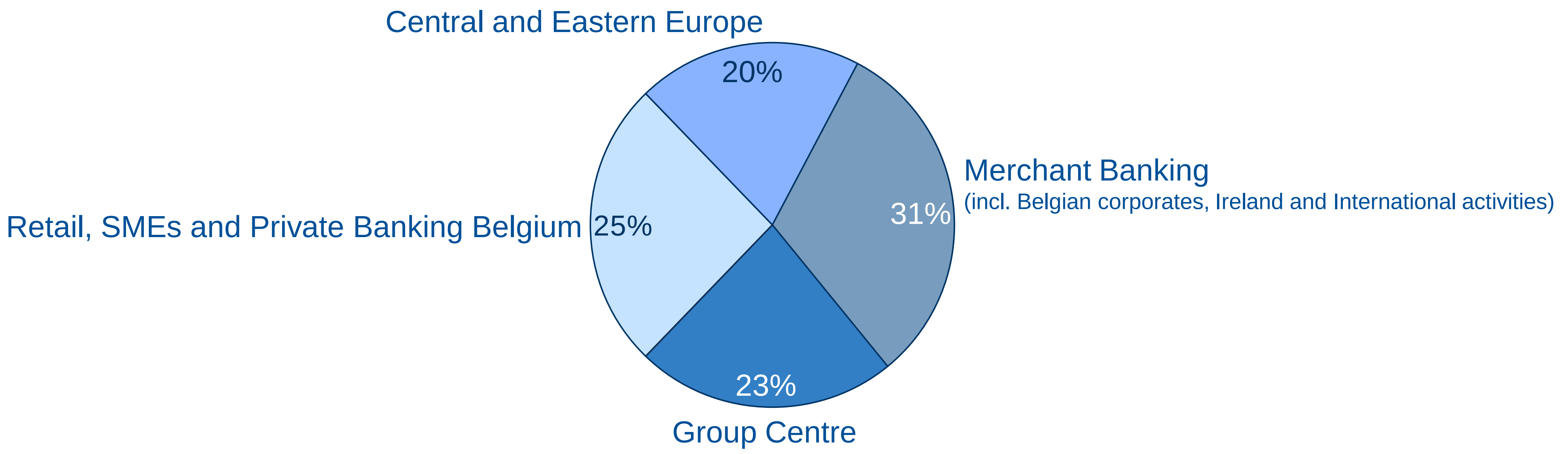


- **Overview of capital transactions with the Belgian State and the Flemish Regional Government**



Business profile of KBC Group

Breakdown of capital allocation as of 31 December 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)
- Note: business unit reporting has been retroactively adjusted from 3Q11 onwards, 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)

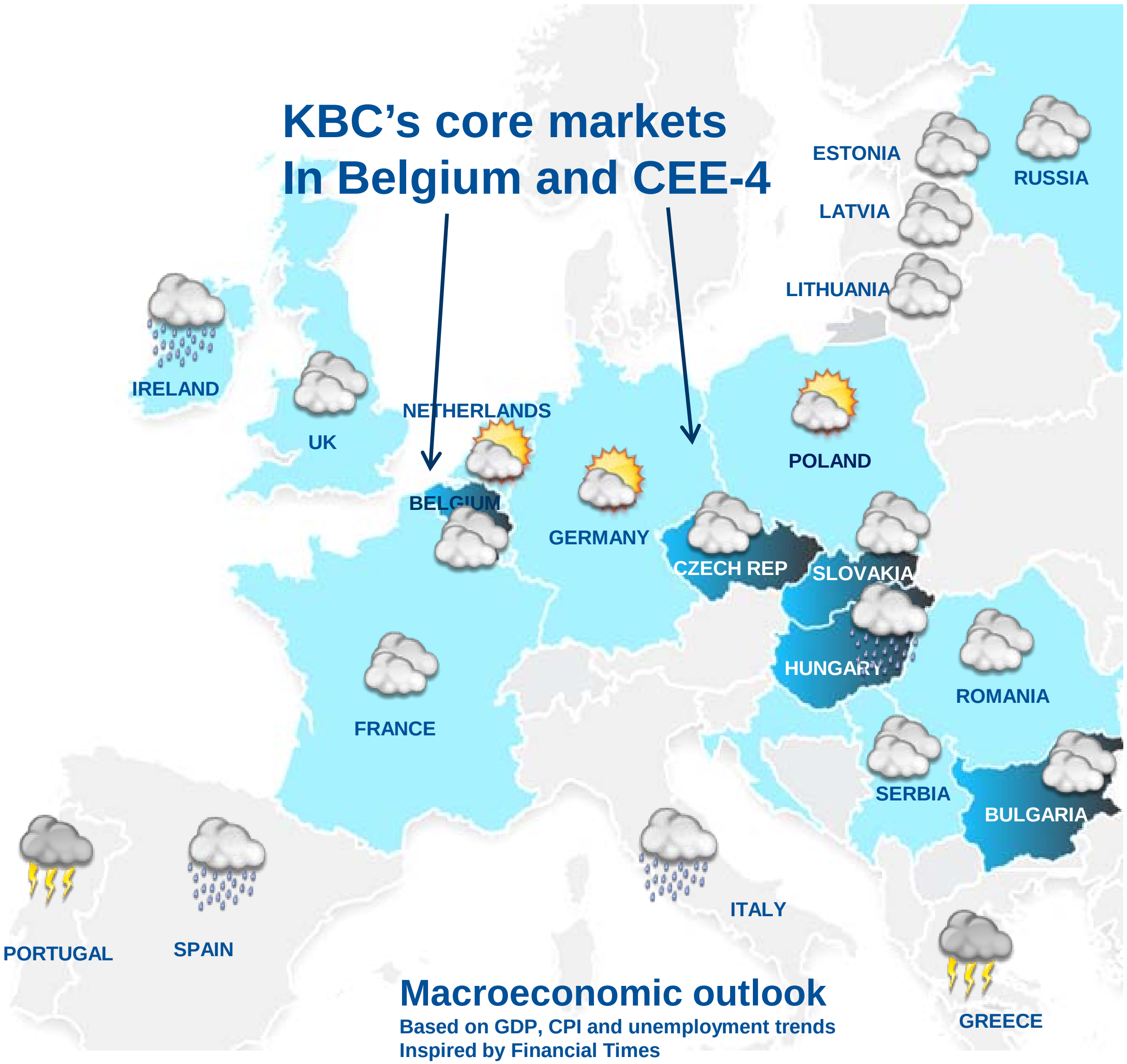
Market shares of KBC Bank in core markets

Market shares, as of end 2011***

	Belgium*	Czech Republic	Slovakia	Hungary	Bulgaria
(Inhabitants)	(10 million)	(10 million)	(5 million)	(10 million)	(8 million)
Loans and deposits	19%	20%**	10%	9%	3%
Investment funds	41%	31%	10%	20%	-

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

KBC's geographical presence



KBC'S CORE MARKETS	KBC'S NON-CORE MARKETS
Belgium (Moody's Aa3) Total assets: 159bn EUR	**Ireland (Moody's Ba1)** Total assets: 19bn EUR
Czech Republic (A1) Total assets: 37bn EUR	**Poland (A2)** Total assets: 11bn EUR
Hungary (Ba1) Total assets: 9bn EUR	**Russia (Baa1)** Total assets: 2.5bn EUR
Slovakia (A1) Total assets: 6bn EUR	**Serbia (not rated)** Total assets: 0.3bn EUR
Bulgaria (Baa2) Total assets: 1bn EUR	**Romania (Baa3)** Total assets: 0.04bn 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%

Current situation (at end 2011)

1. Adequate Capital

- Including State core capital securities of 6.5bn EUR, the core tier-1 ratio for KBC Group was at a comfortable 10.6% level at the end of 2011. At KBC Bank, the core tier-1 ratio amounted to 9.6% at the end of 2011

2. Mitigated 'Toxic' risk

- Remaining structured credit risk is largely covered by a State guarantee* in order to prevent new market turbulences putting the capital position at risk again

3. Adequate Loan Quality

- 2011 and 2010 loan losses were significantly lower than in 2009

4. New Team & Strategy

- The new management team is implementing a new strategy, focusing on core businesses and structurally reducing risk, whilst maintaining sound growth/returns

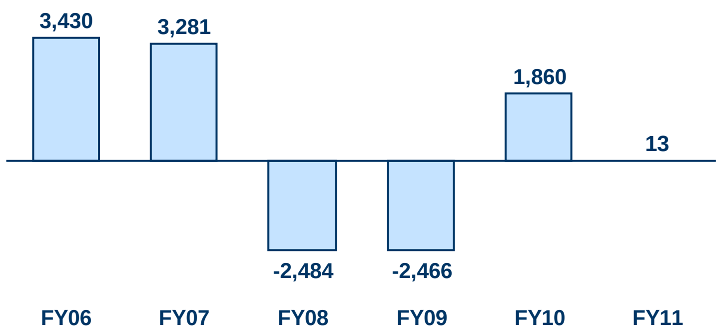
* Additional disclosure in appendices

Contents

Earnings capacity

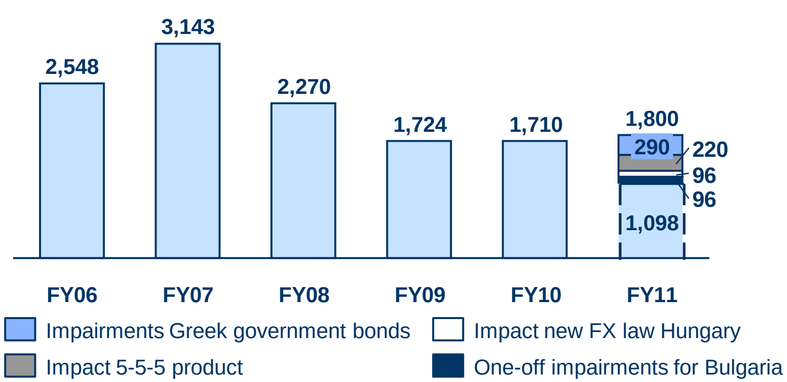
Amounts in EUR million for KBC Group

Reported net profit



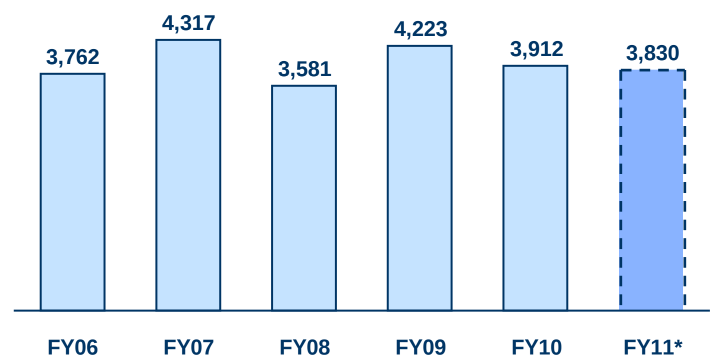
Excl. exceptional items

Underlying net profit



Excl. exceptional items and cyclical effects of credit provisions

Underlying gross operating income (pre-impairments)



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

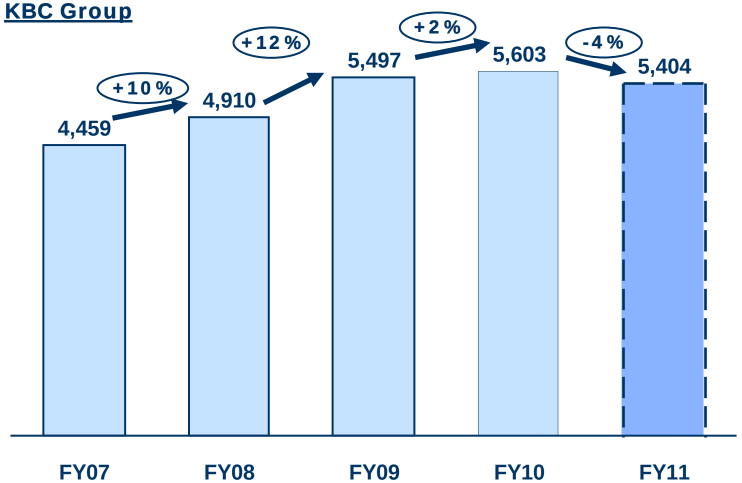
- Core earnings power intact, with a significantly reduced risk profile (trading), despite drastic RWA reduction of 42bn EUR (excluding B2.5 impact) since the end of 2008

Good level of net interest income

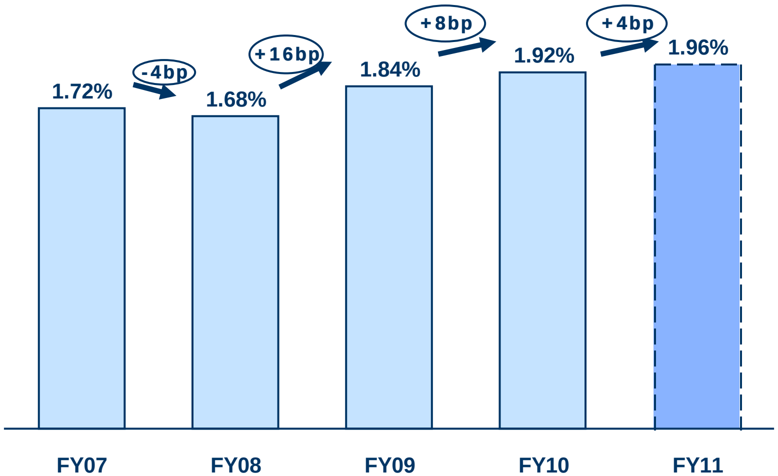
- Net interest income from lending and deposit-taking fell by 4% y-o-y in 2011, largely due to divestments (Centea and Secura) and the reduced government bond portfolio. Excluding Centea and Secura, net interest income fell by 2% y-o-y. The NIM increased 4bps y-o-y to 1.96%, partly thanks to some technical items
- 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. 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%

Underlying net interest income
(worldwide)

Amounts in EUR million
for KBC Group



Net interest margin
(worldwide)

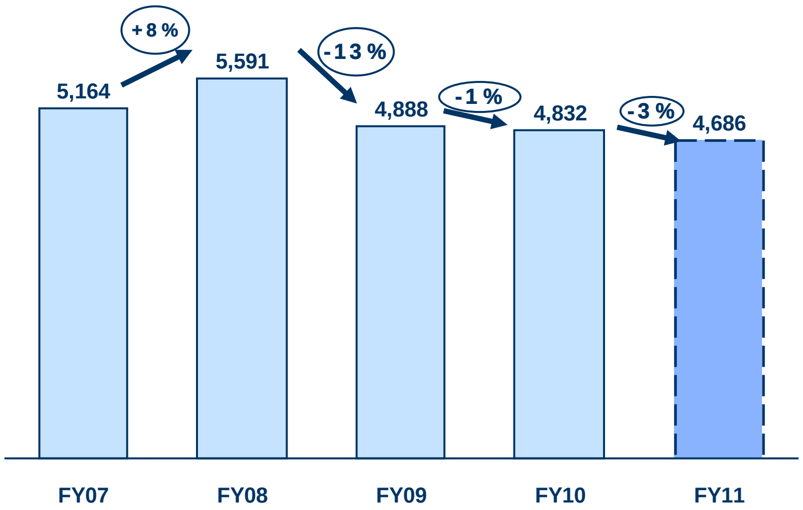


Continued tight cost control, loan loss provisions significantly lower

- 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
- In 2011, loan loss provisions were significantly lower (-10% y-o-y): consistently low in the Belgium BU and substantially lower in Group Centre. 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

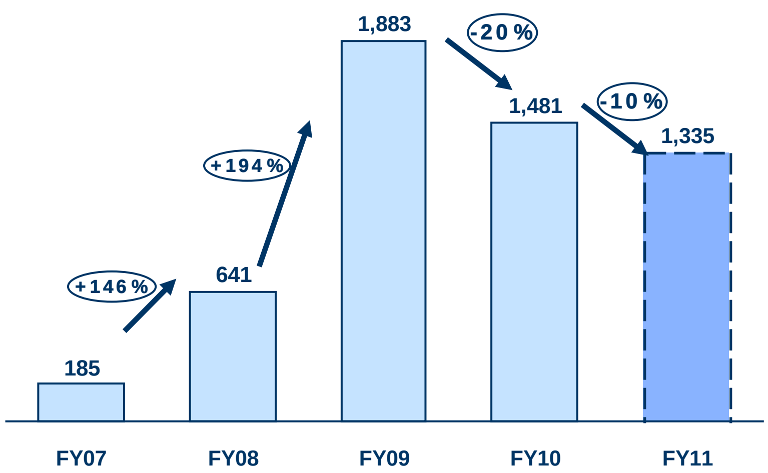
Underlying operating expenses (worldwide)

Amounts in EUR million for KBC Group



Underlying loan loss provisions (worldwide)

Amounts in EUR million for KBC Group



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

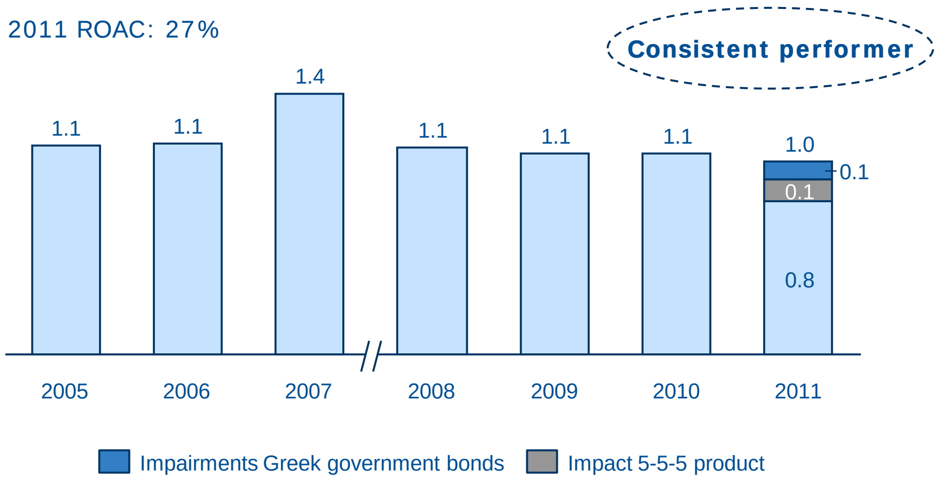
*** Credit cost ratio fell to 0.82% in FY11 (from 0.91% in FY10). Excluding several impairment releases in 1Q11 and excluding the one-off impairment charges recognised for Bulgaria, K&H Bank (due to new FX measure) and KBC Bank Ireland, the credit cost ratio was 0.38% in FY 2011

Satisfying FY results in home markets

Underlying performance

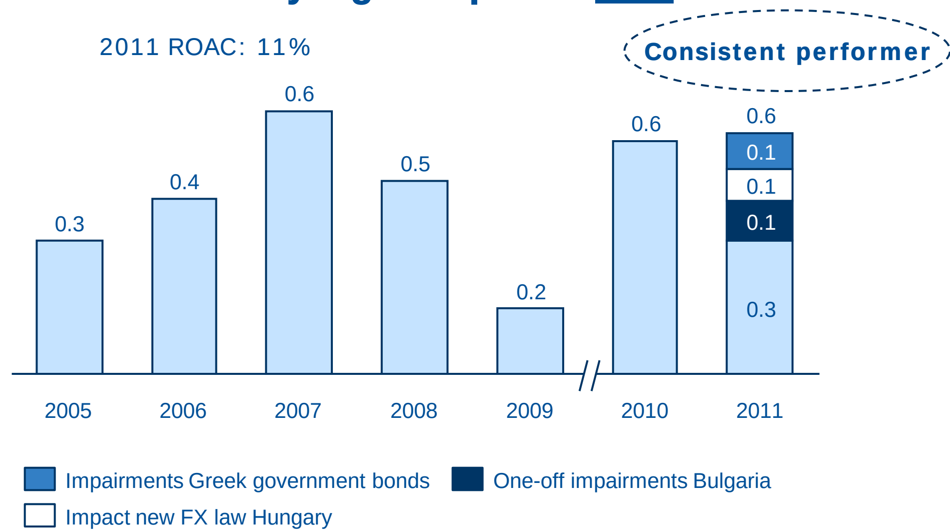
Underlying net profit Belgium (retail)

2011 ROAC: 27%

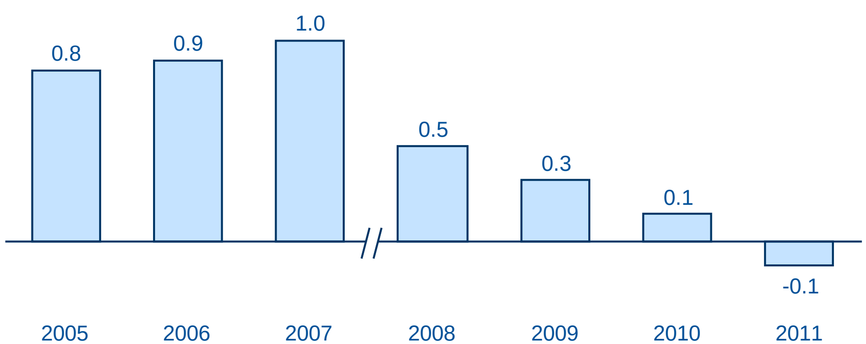


Underlying net profit CEE

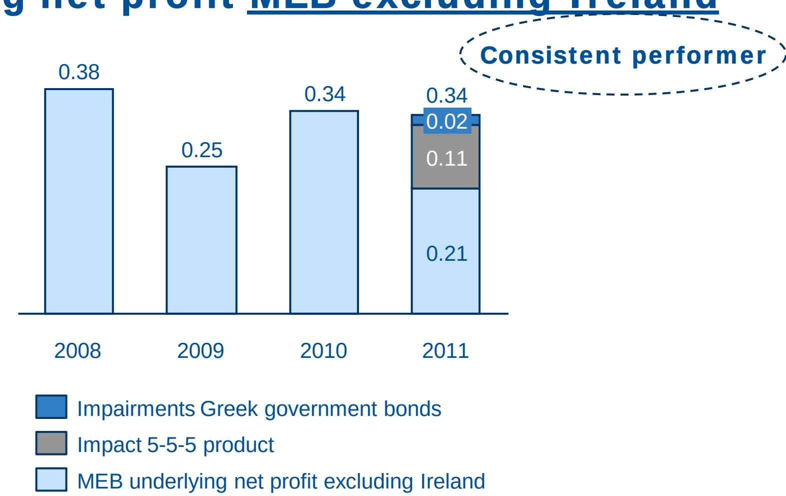
2011 ROAC: 11%



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



Underlying net profit MEB excluding Ireland



Amounts in bn EUR

Contents

Balance sheet risks?
(KBC Bank consolidated at end 2011)

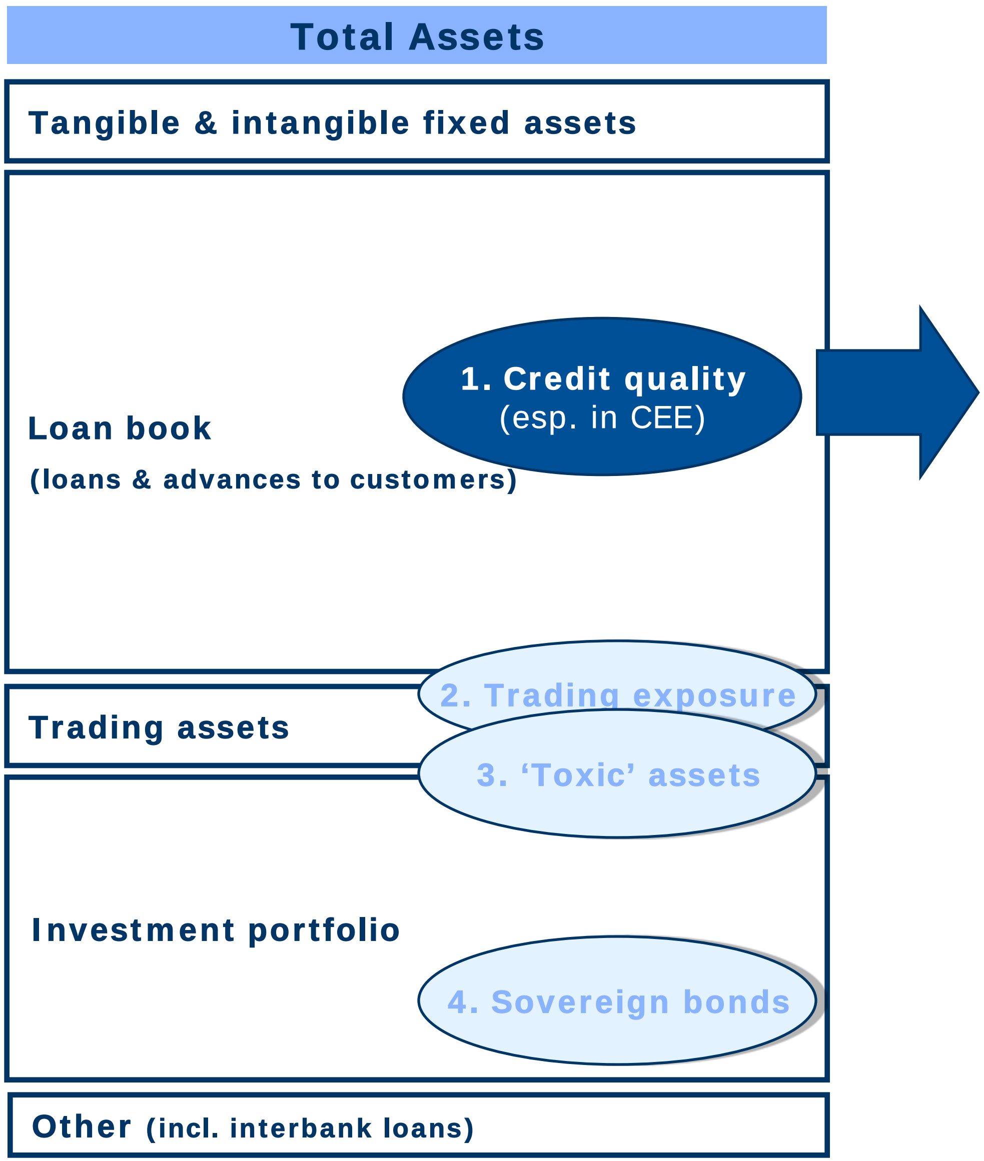
Total Assets: 241bn EUR	Total Liabilities & Equity: 241bn EUR
Tangible & intangible fixed assets (incl. Investment property): 4bn EUR	Parent shareholders' equity: 11bn EUR
Loan book: 140bn EUR (Loans and advances to customers)	Funding and deposit base: 172bn EUR
Trading assets: 24bn EUR	Trading liabilities: 24bn EUR
Investment portfolio: 41bn EUR	
Other (incl. interbank loans): 32bn EUR	Other (incl. interbank deposits): 34bn EUR

1. Credit quality
2. Trading exposure
3. 'Toxic' assets
4. Sovereign bonds

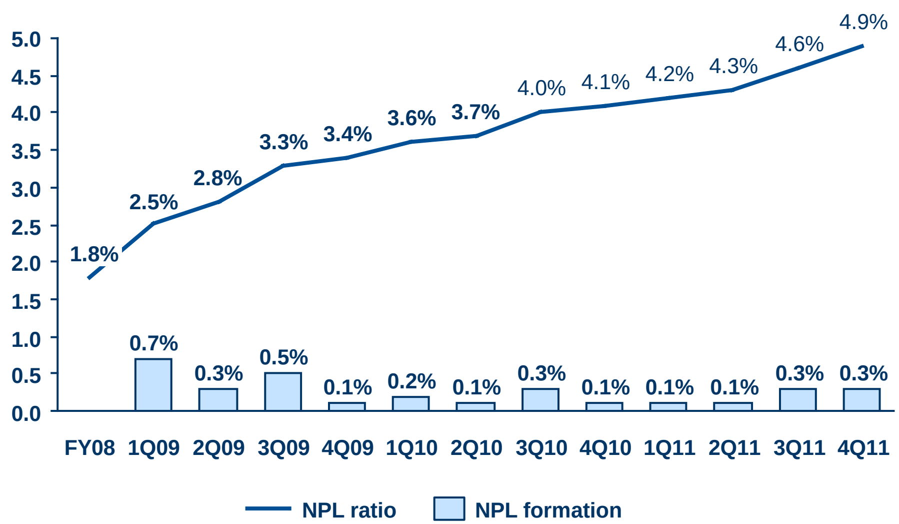
Capital adequacy

Liquidity position

Credit quality



- Customer loan book: 140bn EUR at end 2011
  - 41% residential mortgages
  - 3% consumer finance
  - 8% other retail loans
  - 48% SME/corporate loans
- Largely sold through own branches
- Total NPL at 4.9% at end 2011 (5.6% in CEE)
- NPL cover ratio at 69% at end 2011 (74% in CEE)



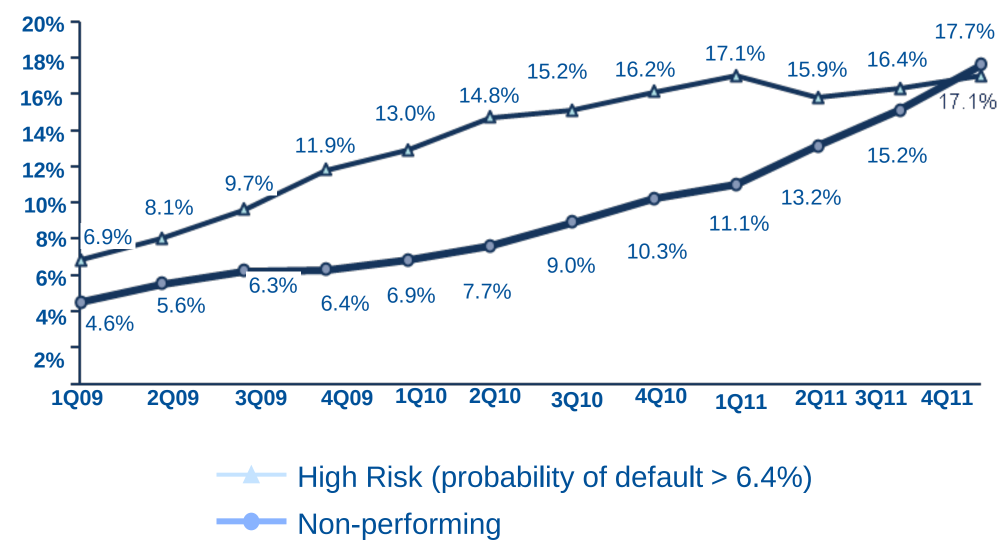
Ireland

- 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). 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)

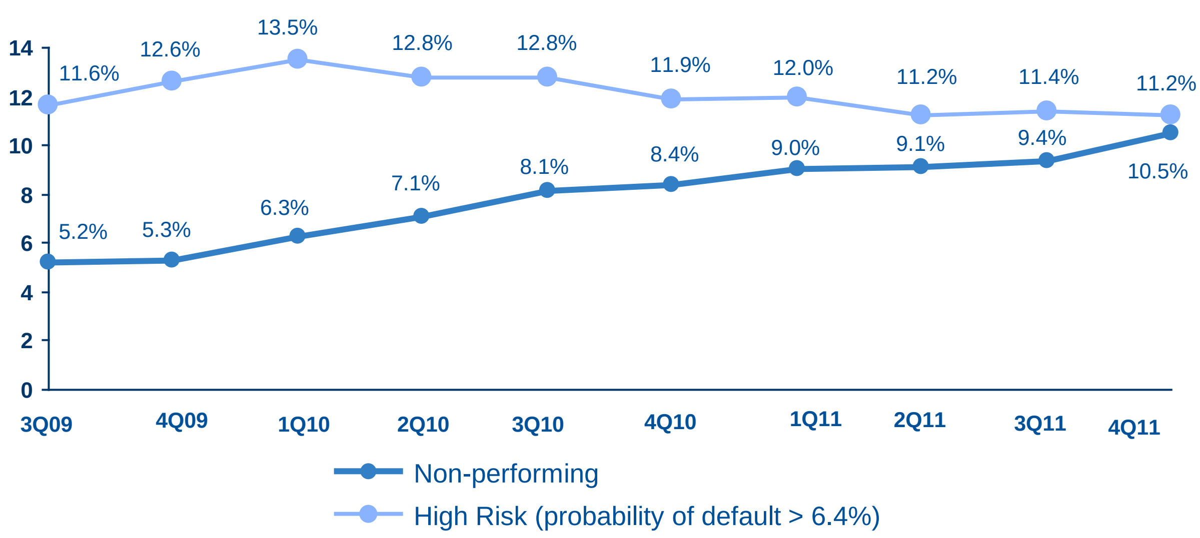
Hungary (2)

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



Trading activities

Total Assets

Tangible & intangible fixed assets

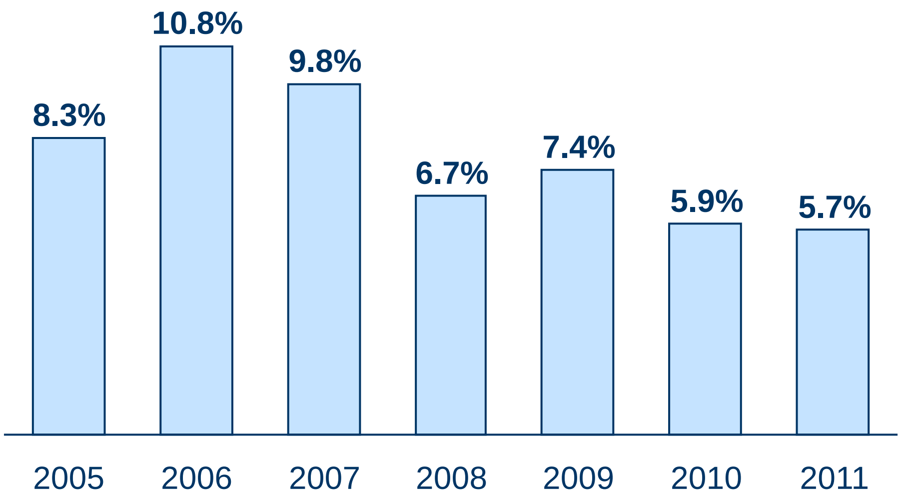
Loan book — 1. Credit quality

Trading assets — 2. Trading exposure — 3. 'Toxic' assets

Investment portfolio — 4. Sovereign bonds

Other (incl. interbank loans)

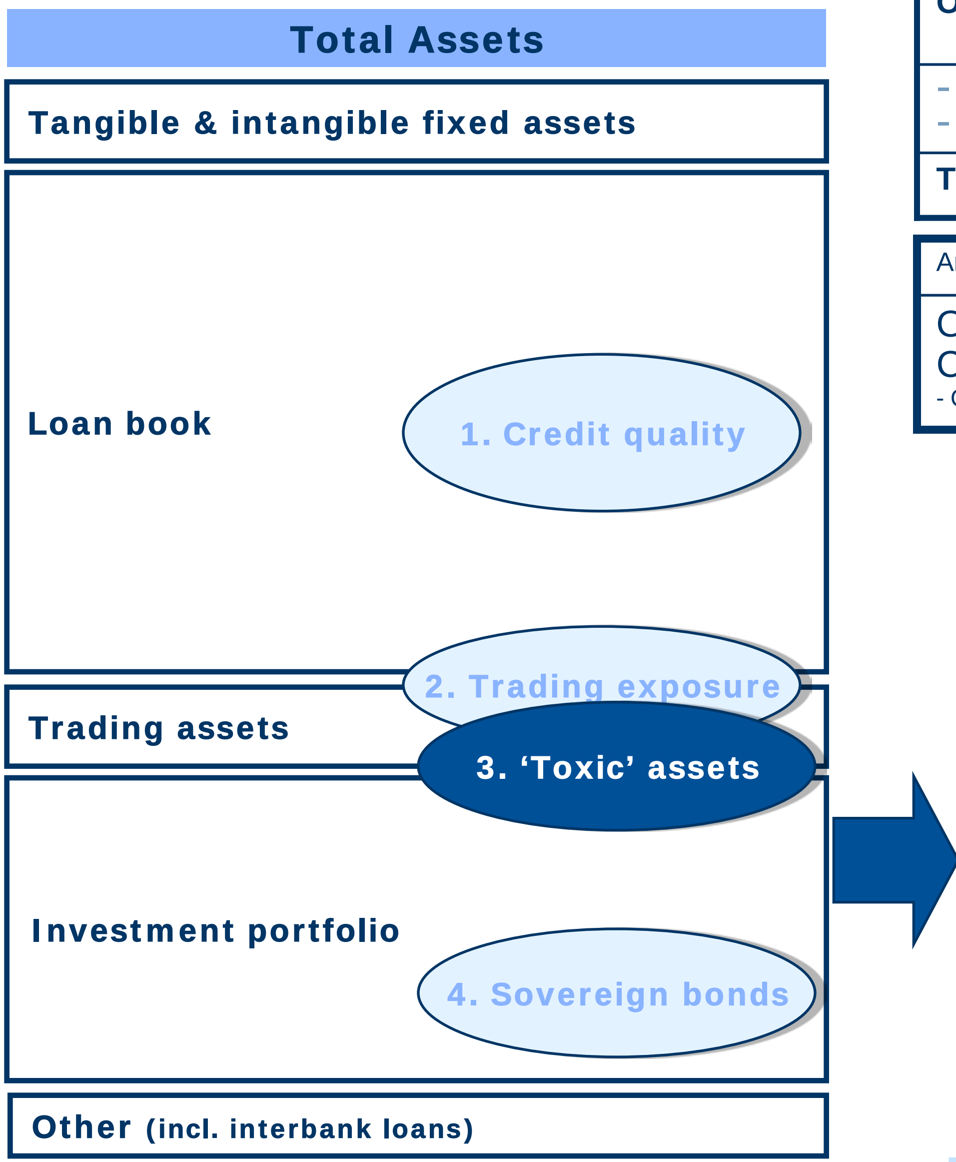
Net (un)realised gains from FIFV within the 'Market Activities' sub-unit, 2005-2011 (on a pro forma basis)



Underlying net (un)realised gains from FIFV within 'Market Activities' (on a pro forma basis) as a % of group underlying total income

- Less dependency on net (un)realised gains from FIFV within the 'Market activities' sub-unit (part of MEB), and more in particular on the dealing room results

Investment portfolio



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

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

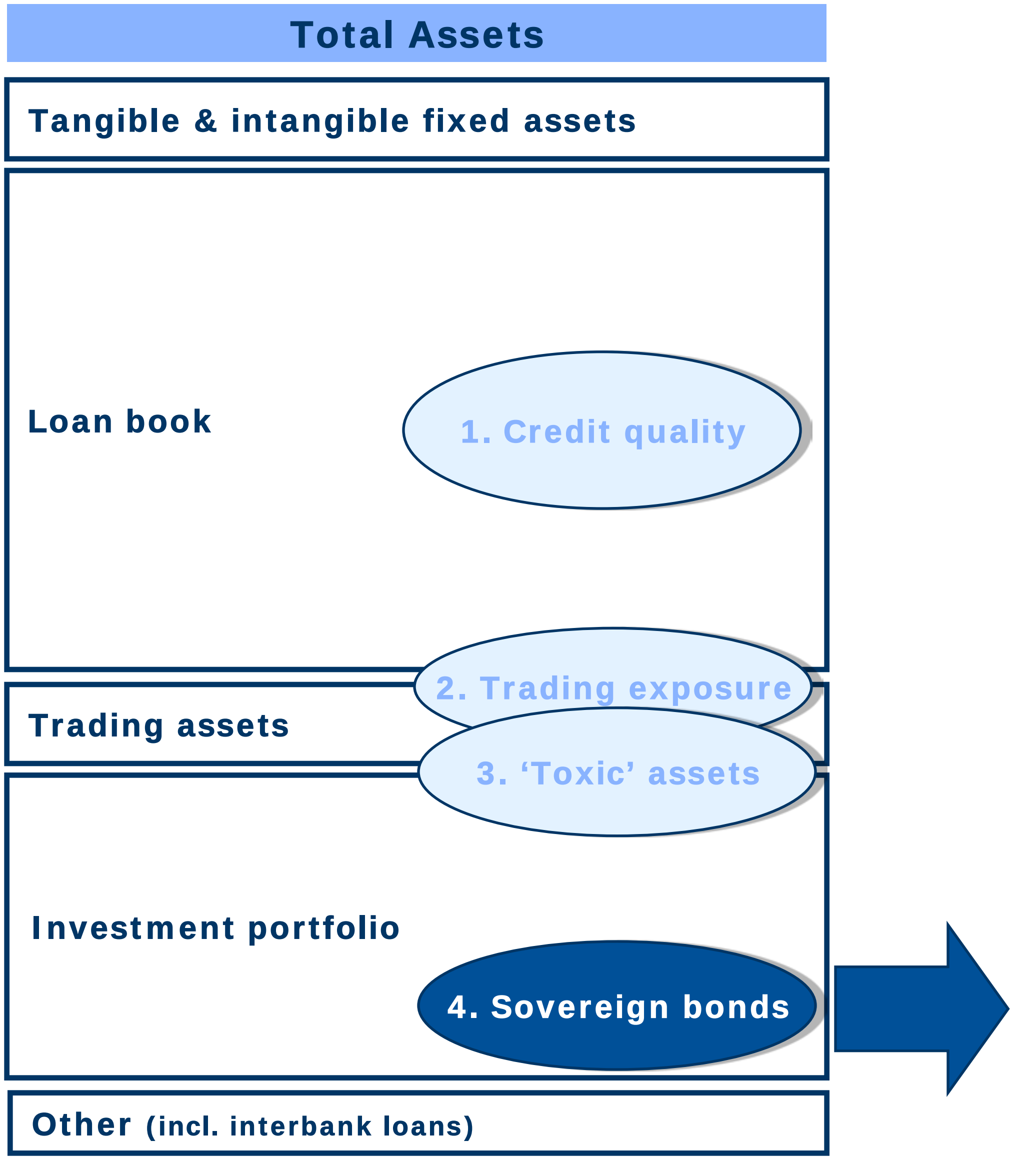
- The total notional amount remained roughly the same as in the previous quarter
- Outstanding value adjustments amounted to 5.1bn EUR at the end of 2011
- Claimed and settled losses amounted to 2.1bn EUR
- Within the scope of the sensitivity tests, the value adjustments reflect a 16% cumulative loss 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

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

	10%	20%	50%
Spread tightening	+0.1bn	+0.3bn	+0.8bn
Spread widening	-0.1bn	-0.2bn	-0.5bn

* Figures exclude all expired, unwound or terminated CDOs
** Taking into account the guarantee agreed with the Belgian State and a provision rate for MBIA at 70%
*** See appendices for more details

Investment portfolio (cont'd)

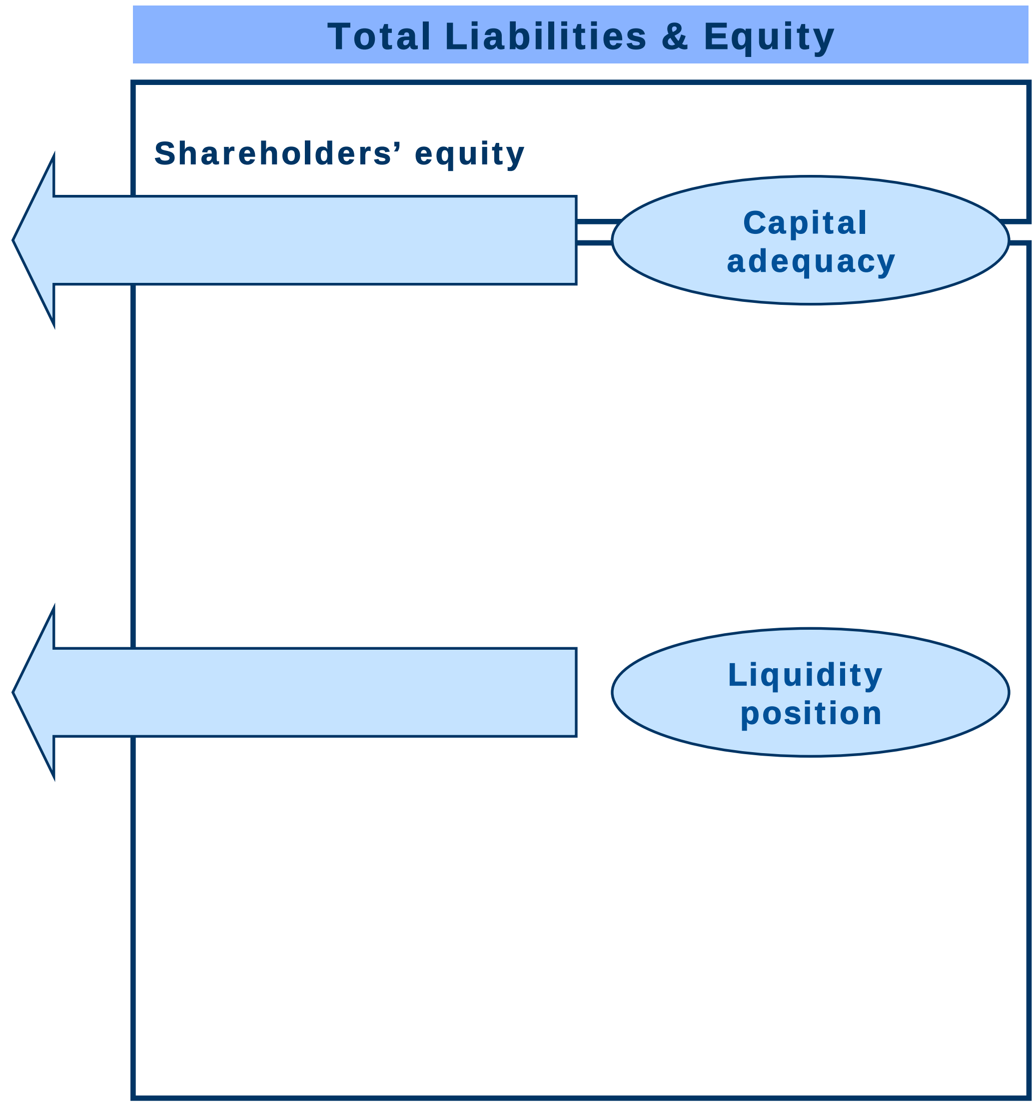


- Government bond investment portfolio (carrying value, excluding trading book) at KBC Bank of 35bn EUR (at end of 2011)
- Geographical composition:
  - Belgium: 47%
  - CEE (mainly locally held portfolios): 35%
  - Italy: 4%
  - Spain: 3%
  - Greece, Portugal and Ireland: 1%
  - Other (almost all European): 10%

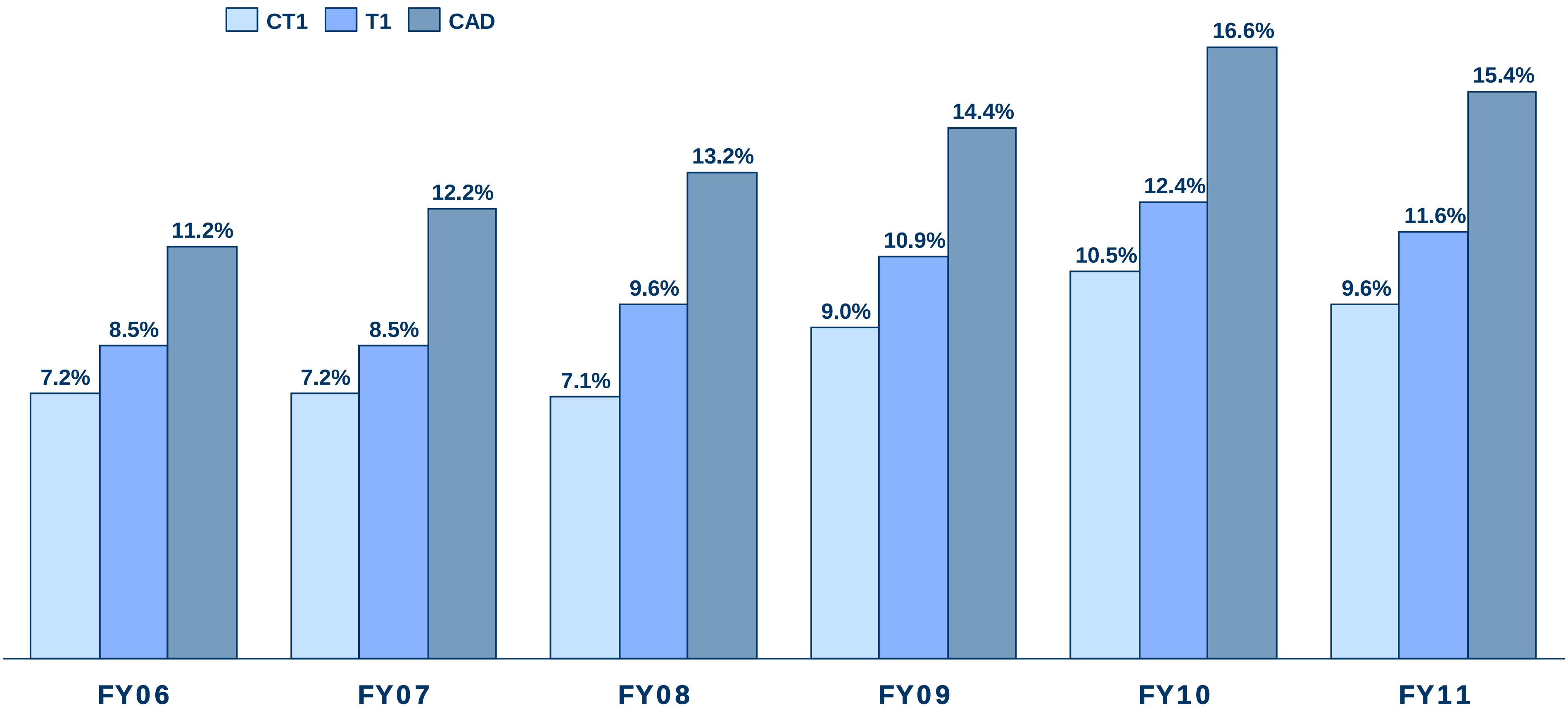
Contents

Solvency and liquidity position

- With core tier-1 ratio of 9.6% at KBC Bank (excl. KBL *epb*) and 10.6% at KBC Group, KBC is well positioned to pursue organic growth
- With loan-to-deposit ratio at 94%, need for refinancing in the market is limited compared to peers
- Based on a preliminary analysis, funding & solvency seem to be manageable in light of the new ‘Basel’ proposals

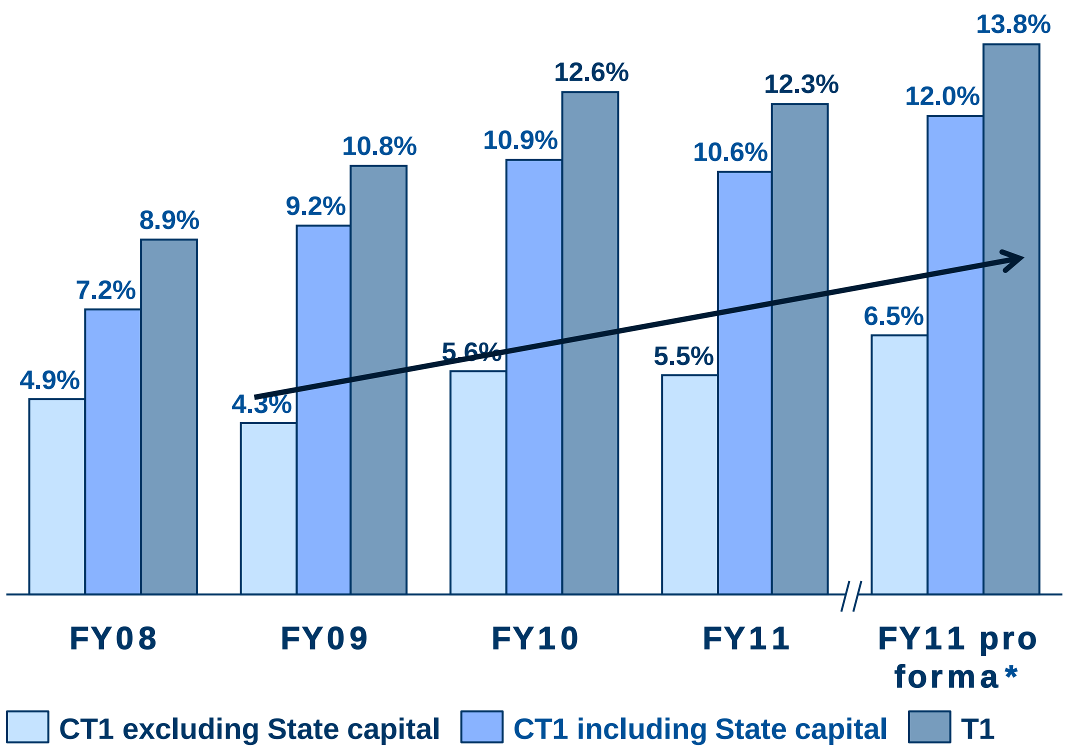


Improved capital ratios at KBC Bank (excl. KBL)



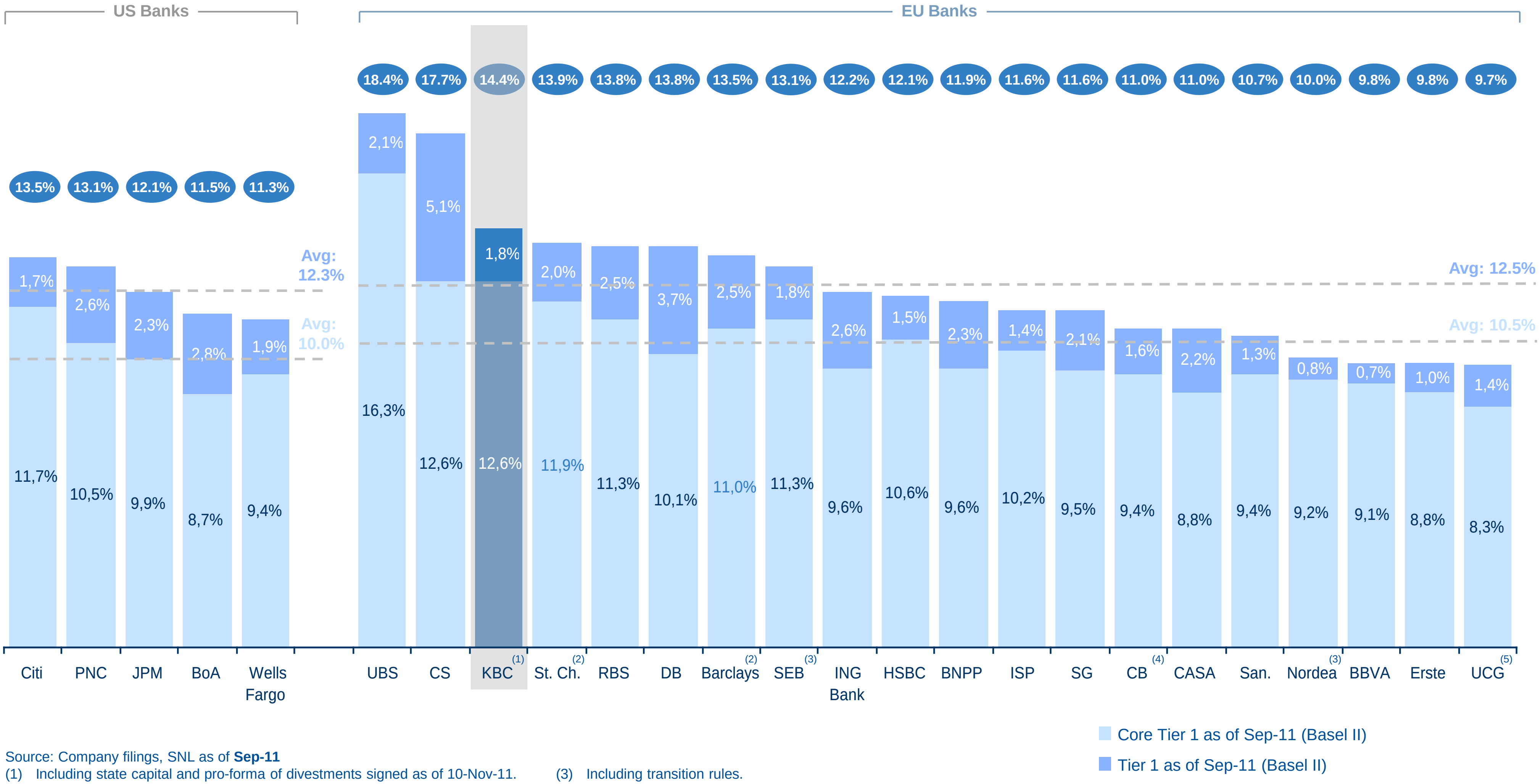
Comfortable capital position at KBC Group

- 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 to date – of 12.0% at KBC Group



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

Favourable peer group comparison



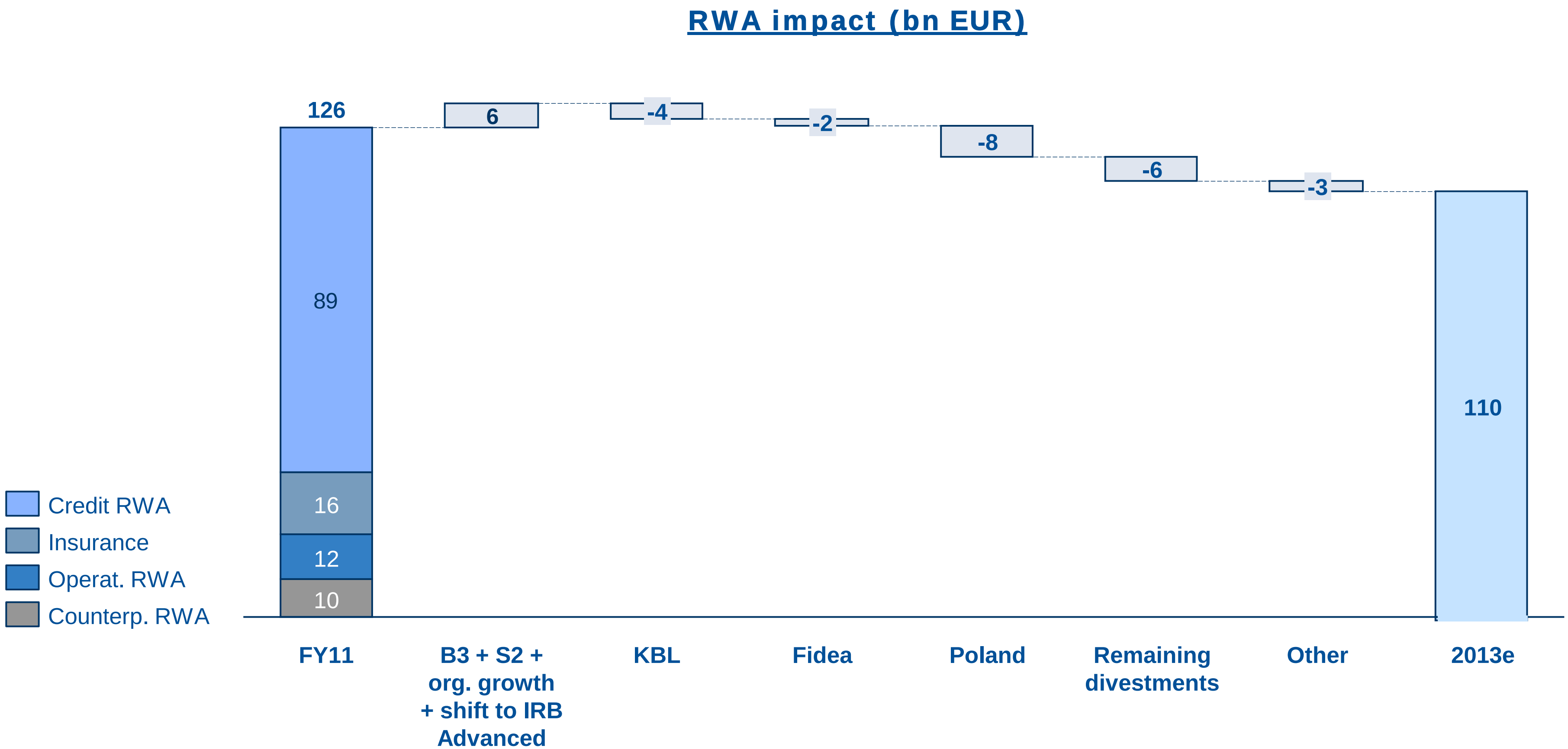
Source: Company filings, SNL as of **Sep-11**

(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

- 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

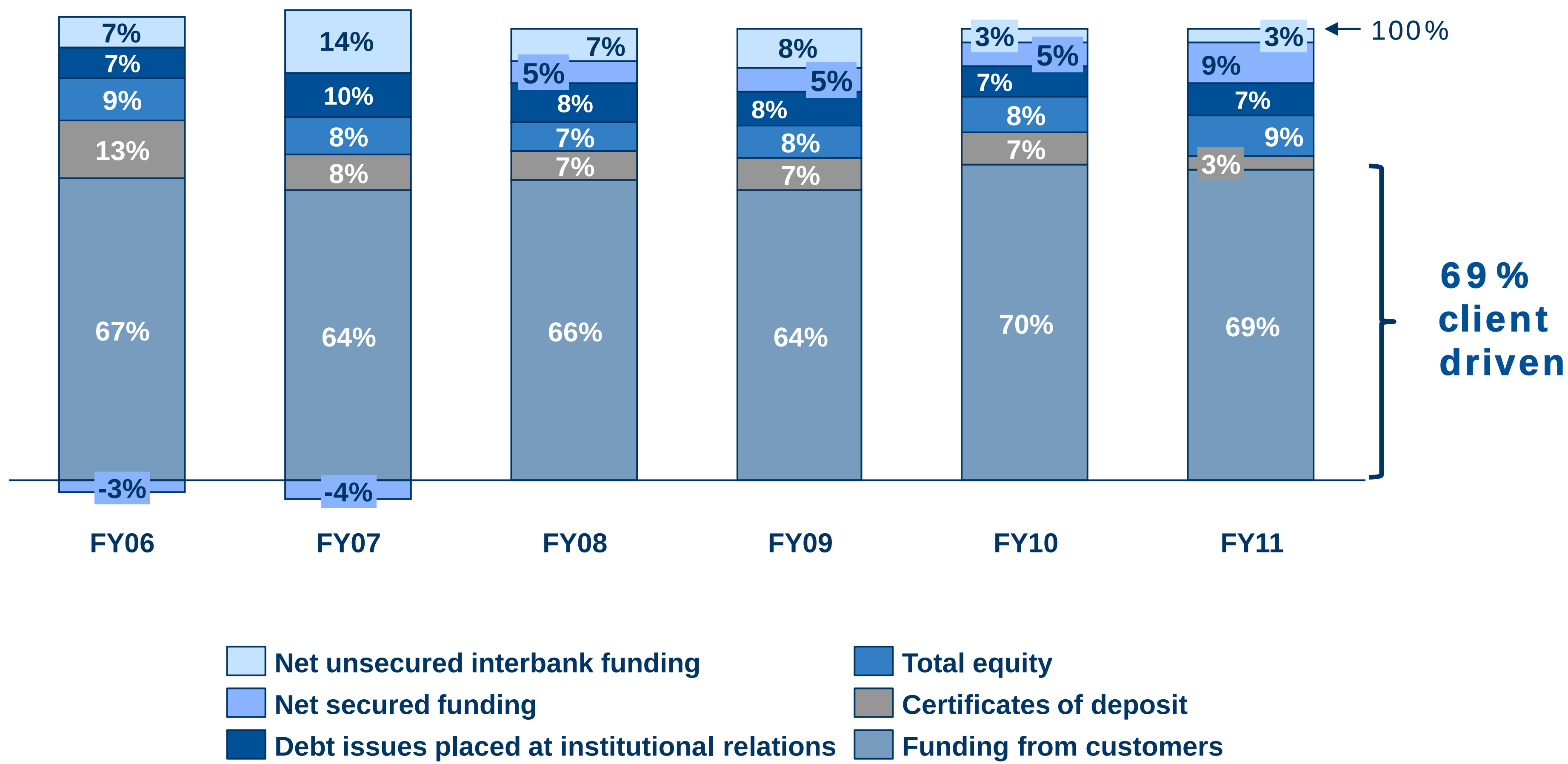
Estimated RWA at the end of 2013



- 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)

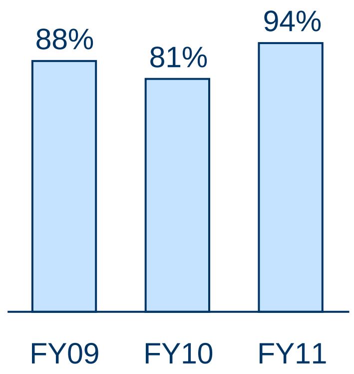
- No immediate need to issue new benchmarks/term debt in the next quarters given that
  - Our total mid/long-term funding (20bn EUR) only represents 7% of total assets/funding (which is relatively limited) – with only limited amounts maturing each year
  - Long-term funding needs decrease as actions 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

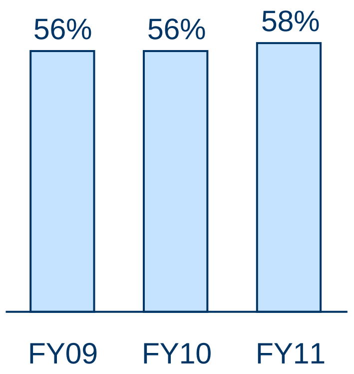
A solid liquidity position (3)

- 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**

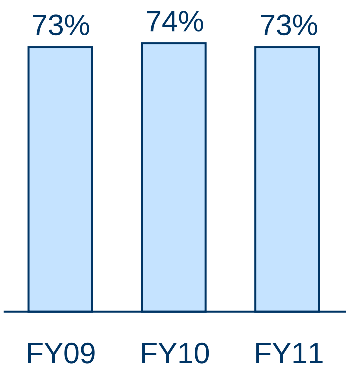
LTD ratio KBC Bank



LTD ratio Belgium BU*

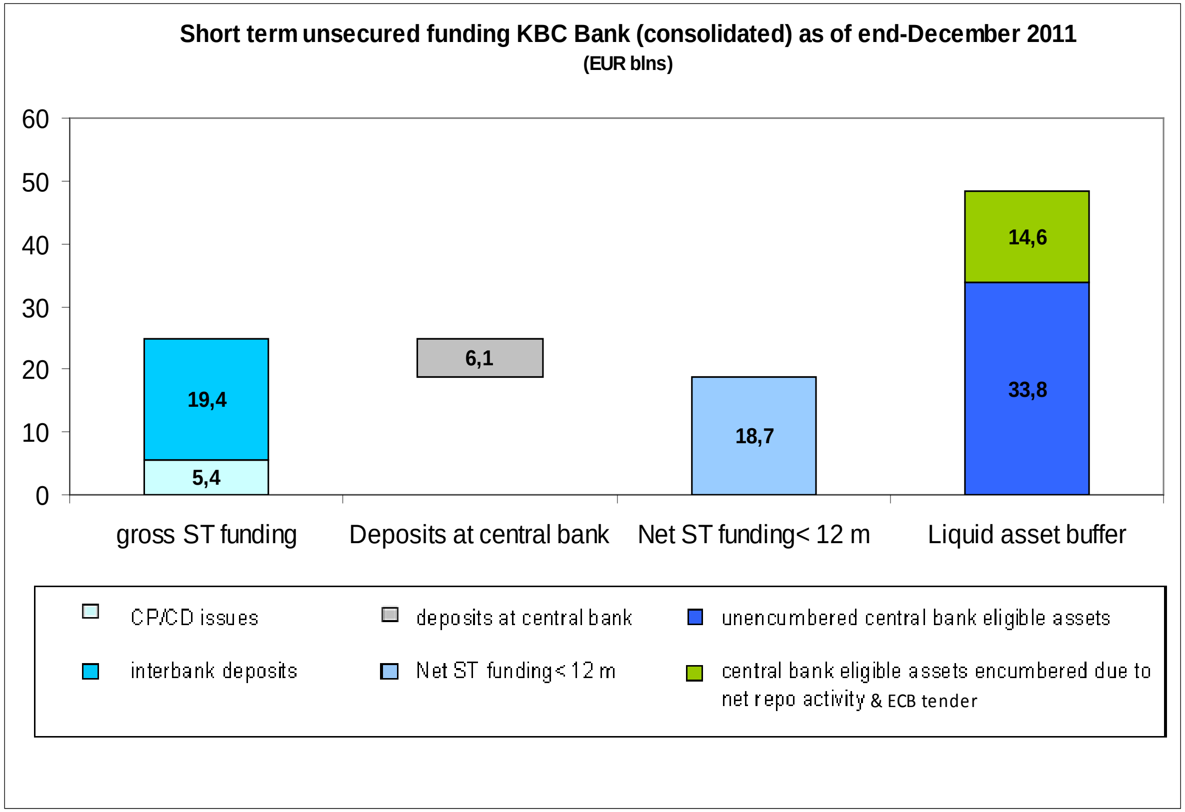


LTD ratio CEE BU**



* 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)



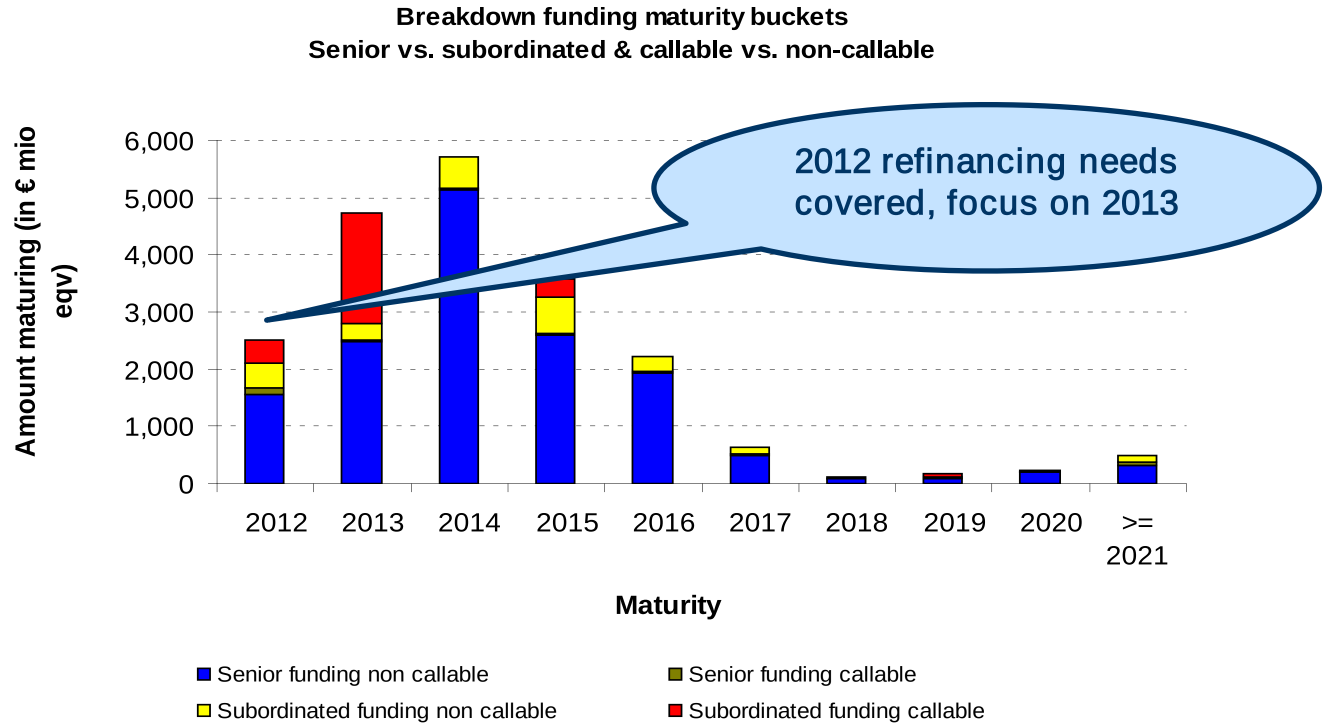
The liquid asset buffer decreased amongst others, as a result of reducing the exposure on Italian and Belgian government bonds

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**

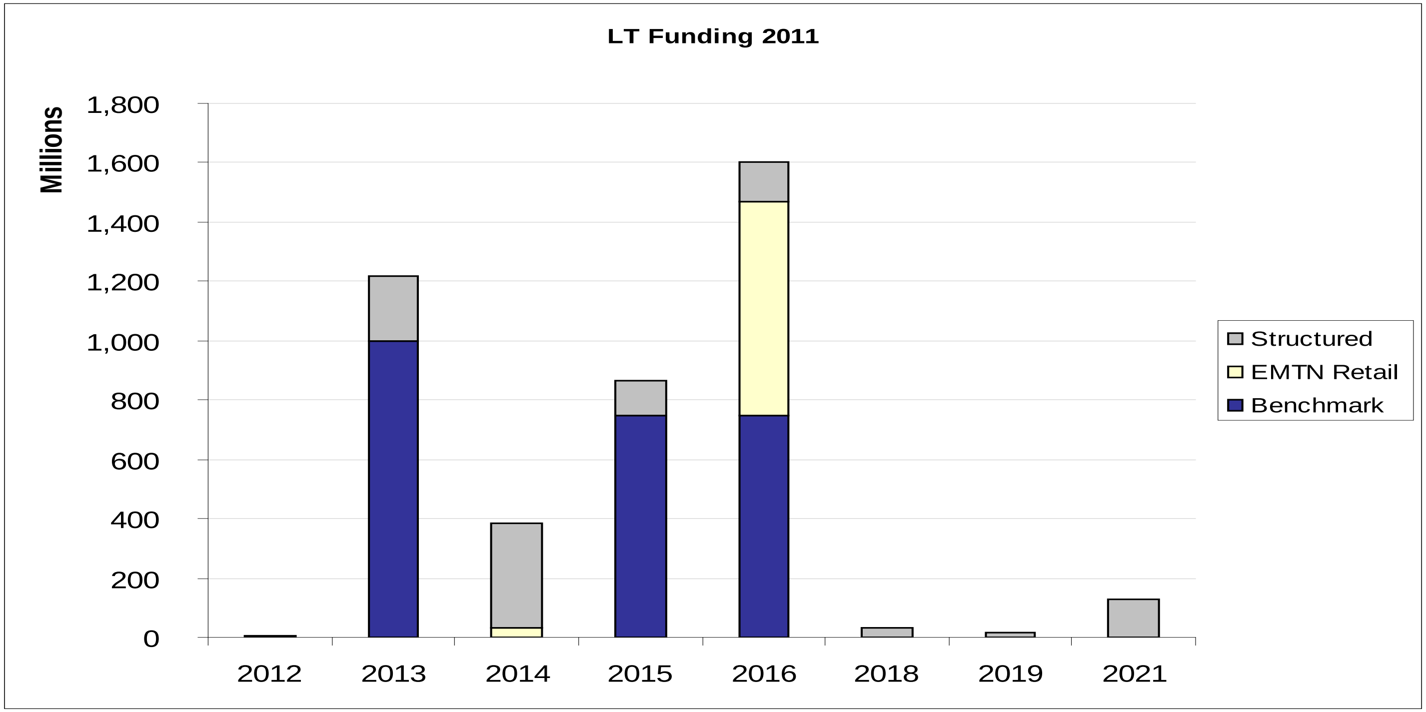
Upcoming mid-term funding maturities



- 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.

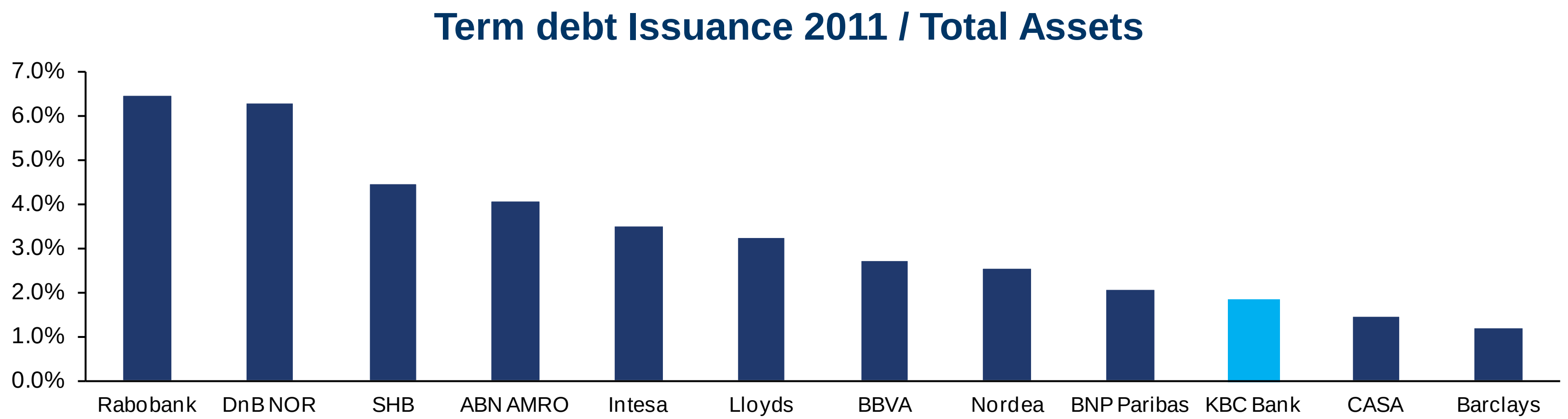


- Using its EMTN programme (40bn EUR), KBC Bank NV - through KBC Ifima NV - raised 4.3bn EUR LT in 2011. This debt programme was updated on 13 July 2011
- KBC Bank NV also has a US MTN programme (10bn USD) available for structuring debt capital market transactions in the US. This debt programme was updated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

Putting things into perspective...

- Term debt issuance in 2011: 4.3bn EUR (vs. 10bn - 43bn EUR for peer group)
- Term debt issuance 2011 / Total assets of KBC Bank 2011: 1.8% (vs. 1.2% - 6.5% for peer group)



Source: KBC Bank, Bloomberg, Goldman Sachs, Company Reports, Dealogic
Note: ABN AMRO, BNPP, Credit Agricole, Intesa, Lloyds and Rabobank total asset as of 1H2011

- Term debt issuance 2011 / Total assets of KBC Group 2011: 1.5%
- Total LT wholesale debt outstanding / Total assets of KBC Bank 2011: 6.7% (vs. 5.6% - 25.6% for peer group)
- Total LT wholesale debt outstanding / Total assets of KBC Group 2011: 5.7%

Contents

- Strategy and business profile of KBC Group
- Financial performance of KBC Group
- Asset quality of KBC Bank
- Liquidity and solvency of KBC Bank
- Wrap-up

Appendices

Wrap up (at KBC Group level)

- Well-developed bancassurance strategy and strong cross-selling capabilities
  - Strong franchise in Belgium with high and stable return levels (ROAC of 27% in FY11)
  - Access to growth in 'new Europe' (most mature markets in the region)
- Core profitability in home markets remains intact in difficult market, but 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
- Comfortable capital position (CT1 and T1 of 10.6% and 12.3% respectively at the end of 2011), bolstered by decision to propose only symbolic dividend of 0.01 EUR. Payment of coupon to Governments maintained. The Belgian regulator confirmed to us that the YES (Yield Enhanced Sec.) will be fully grandfathered as common equity under the current CRD4 proposal
- 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)
- A very favourable funding profile with relatively low (re)financing needs as well as a deep pool of liquidity in KBC's retail client base

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KBC 2011 Benchmarks

KBC 2Y Fixed - XS0597921724

- Notional: 1 bn EUR
- Issue Date: 1 Mar 2011 – Maturity: 1 Mar 2013
- Coupon: 4.00%, A, Act/Act
- Re-offer spread: 2Y Mid swap + 195bp (issue price 99.887%)
- Joint lead managers: KBC, BAML, GS, DZ Bank

KBC 2011 Benchmarks

KBC 2011 Benchmarks

KBC 5Y Fixed - XS0605440345

- Notional: 750m EUR
- Issue Date: 16 March 2011 – Maturity: 16 March 2016
- Coupon: 5.00%, A, Act/Act
- Re-offer spread: 5Y Mid Swap + 210bp (issue price 99.577%)
- Joint lead managers: KBC, BAML, GS, DZ Bank

KBC 2011 Benchmarks

KBC 2011 Benchmarks

- **Tap of KBC 5Y Fixed - XS0616973813 (fungible with XS0498962124 from 24/5/2011)**
  - Notional: 250m EUR, so total to 1 bn EUR
  - Original Issue Date: 31 March 2010 – Maturity: 31 March 2015
  - Coupon: 3.875%, A, Act/Act
  - Re-offer spread: Mid Swap + 180bp (issue price 96.885%)
  - Joint lead managers: KBC, BAML

KBC 2011 Benchmarks

KBC 2011 Benchmarks

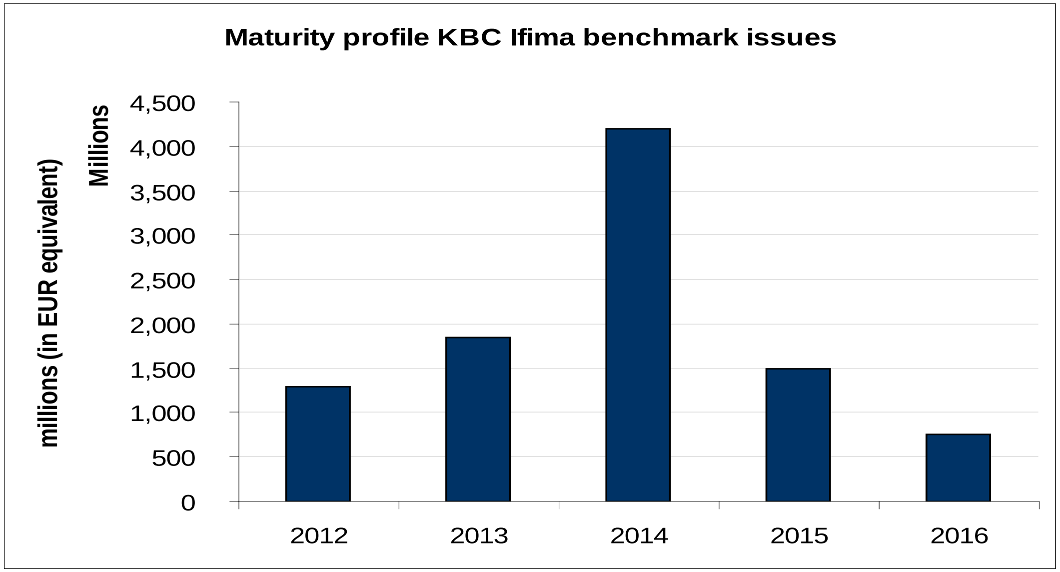
KBC 4.5Y Fixed - XS0630375912

- Notional: 500m EUR
- Issue Date: 26 May 2011 – Maturity: 26 October 2015
- Coupon: 4.375%, A, Act/Act
- Re-offer spread: Mid Swap + 165bp (issue price 99.747%)
- Joint lead managers: KBC, Commerzbank, GS, Natixis

KBC 2011 Benchmarks

Outstanding Benchmarks

Issuer	Curr	EUR Equivalent	Amount issued	Coupon	Settlement Date	Maturity Date	ISIN
KBC Ifima N.V.	EUR	355,000,000	355,000,000	4.05	16-jan-07	16-jan-14	XS0279518640
KBC Ifima N.V.	EUR	1,000,000,000	1,000,000,000	3-mth Euribor +35bp	26 Oct 2007	26 Oct 2012	XS0327159074
KBC Ifima N.V.	EUR	1,602,615,000	1,602,615,000	6-mth Euribor -60bp	31 Mar 2008	31 Mar 2014	XS0340282739
KBC Ifima N.V.	EUR	250,000,000	250,000,000	3-mth Euribor +85bp	04 Mar 2008	04 Mar 2013	XS0350935671
KBC Ifima N.V.	EUR	250,000,000	250,000,000	3-mth Euribor +85bp	06 Mar 2008	06 Mar 2013	XS0351341150
KBC Ifima N.V.	EUR	300,000,000	300,000,000	3-mth Euribor +80bp	14 Mar 2008	14 Mar 2012	XS0353131419
KBC Ifima N.V.	EUR	743,968,000	743,968,000		16 May 2008	16 May 2014	XS0352674682
KBC Ifima N.V.	EUR	250,000,000	250,000,000	4.75	26-jan-09	26-jan-14	XS0406774538
KBC Ifima N.V.	EUR	1,250,000,000	1,250,000,000	4.5	17-sep-09	17-sep-14	XS0452462723
KBC Ifima N.V.	EUR	750,000,000	750,000,000	3.875	31 Mar 2010	31 Mar 2015	XS0498962124
KBC Ifima N.V.	EUR	350,000,000	350,000,000	3-mth Euribor +165bp	19-jul-10	19-jul-13	XS0527072937
KBC Ifima N.V.	EUR	1,000,000,000	1,000,000,000	4	1-mrt-11	1-mrt-13	XS0597921724
KBC Ifima N.V.	EUR	750,000,000	750,000,000	5	16-mrt-11	16-mrt-16	XS0605440345
KBC Ifima N.V.	EUR	250,000,000	250,000,000	3.875	14-04-2011	31-03-2015	XS0498962124
KBC Ifima N.V.	EUR	500,000,000	500,000,000	4.375	25-05-2011	26-10-2015	XS0630375912



Main characteristics of outstanding T1 issues

SUBORDINATED BOND ISSUES KBC BANK

	KBC Bank Funding Trust II	KBC Bank Funding Trust III	KBC Bank Funding Trust IV	KBC Bank NV	KBC Bank NV	KBC Bank NV
Amount issued	EUR 280,000,000	USD 600,000,000	EUR 300,000,000	GBP 525,000,000	EUR 1,250,000,000	EUR 700,000,000
Tendered	EUR 161,300,000	USD 431,400,000	EUR 179,200,000	GBP 480,500,000		
Net Amount	EUR 118,700,000	USD 168,600,000	EUR 120,800,000	GBP 44,500,000		
ISIN-code	XS0099124793	USU2445QAA68 / US48239AAA79	US48239FAA66 / USU2445TAA08	BE0119284710	BE0934378747	XS0368735154
Call date	30-06-2009	2-11-2009	10-11-2009	19-12-2019		27-06-2013
Coupon	6.875%	9.86%	8.220%	6.202%	8.000%	8.000%
Step-up coupon	3m euribor + 300bps	3m usd libor + 405bps	3m usd libor + 405bps	3m gbp libor + 193bps	no step-up	no step-up
First (next) call date	31-03-2012	2-05-2012	10-05-2012	19-12-2019	14-05-2013	27-06-2013
ACPM	-	-	-	Yes	Yes	Yes
Dividend Stopper	-	-	-	Yes	Yes	Yes
Conversion into PSC	-	-	-	Yes	Yes	Yes
Trigger	-	-	-	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus creditorum"	Supervisory Event or general "concursus creditorum"
Dividend payments	Dividends are only payable with respect to any Dividend Period if, and to the extent that, the Dividends for the corresponding Dividend Period are declared (or deemed declared for the purposes, and subject to the conditions of the Bank Guarantuee or Holding Guarantee) on the securities owned by the Trust (together with the aforementioned guarantees, the assets of the Trust). Dividends will be paid to the extent that the Trust has funds available for the payment of such Dividends from its assets.					

Tender offer organized in September 2009

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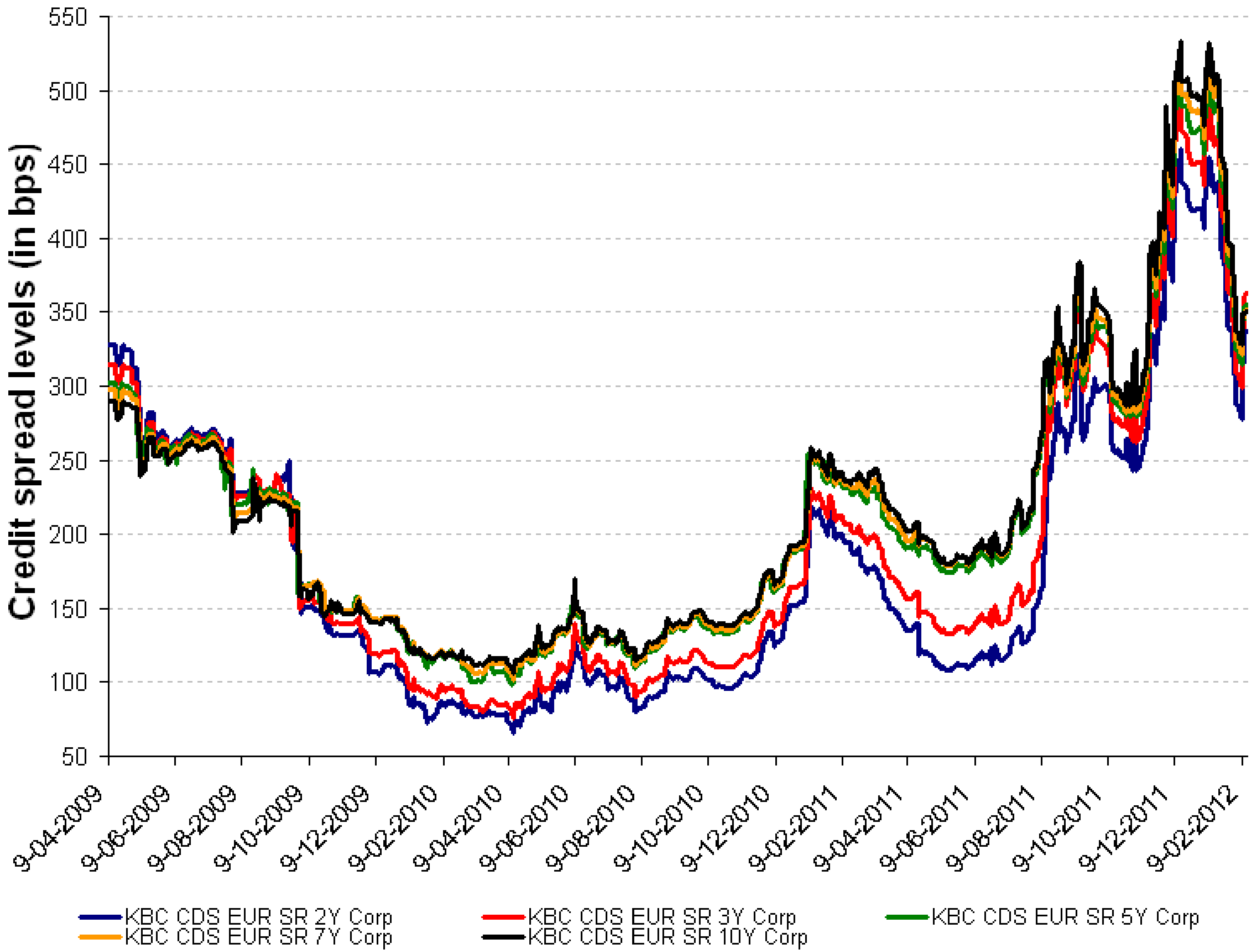
KBC Bank CDS levels since January 2009



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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

	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**

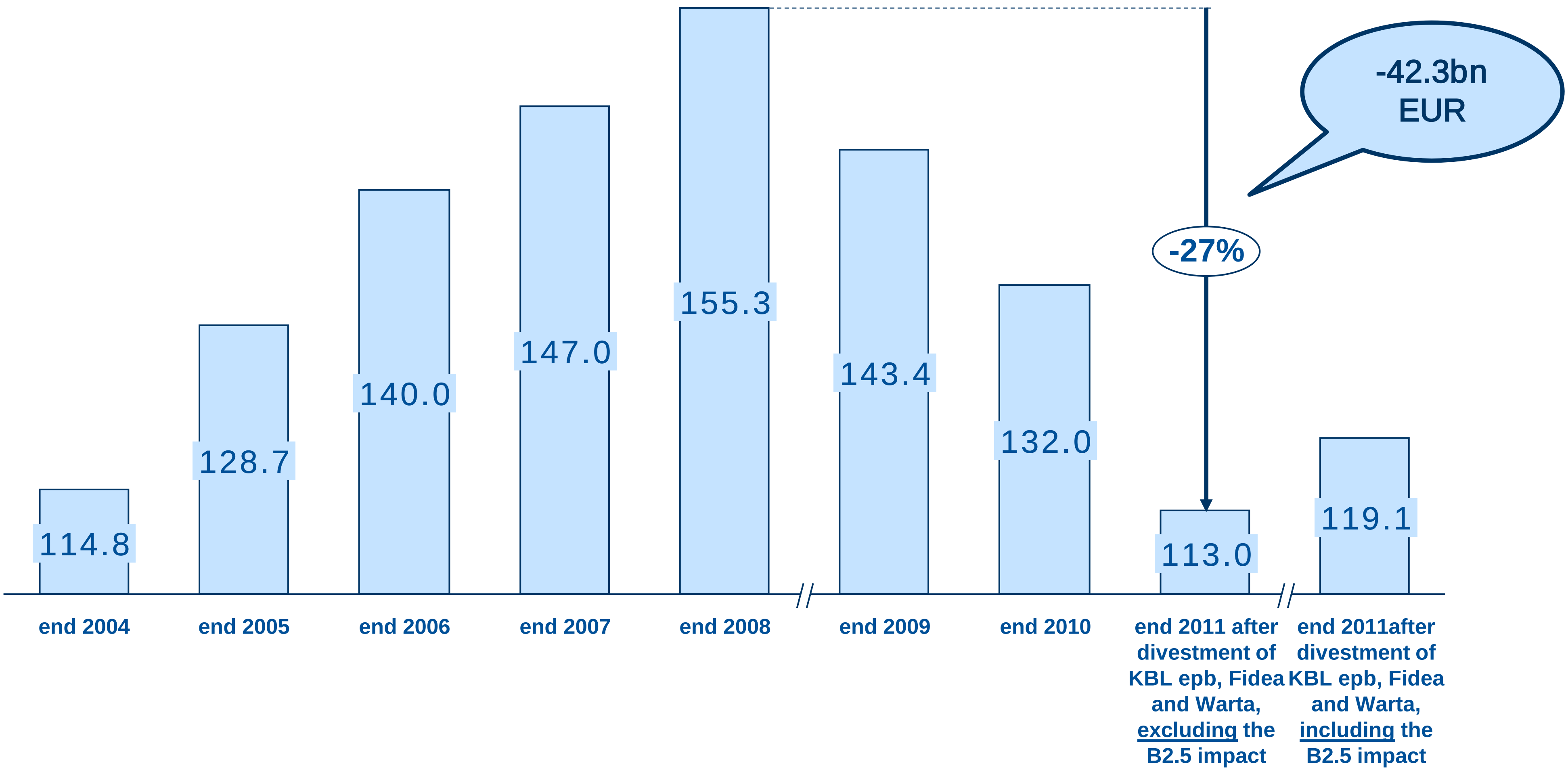
- **During 4Q11,** we sold 0.2bn EUR in notional amount of US ABS assets to the market, without any material impact on P&L or on the capital position of KBC

- **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

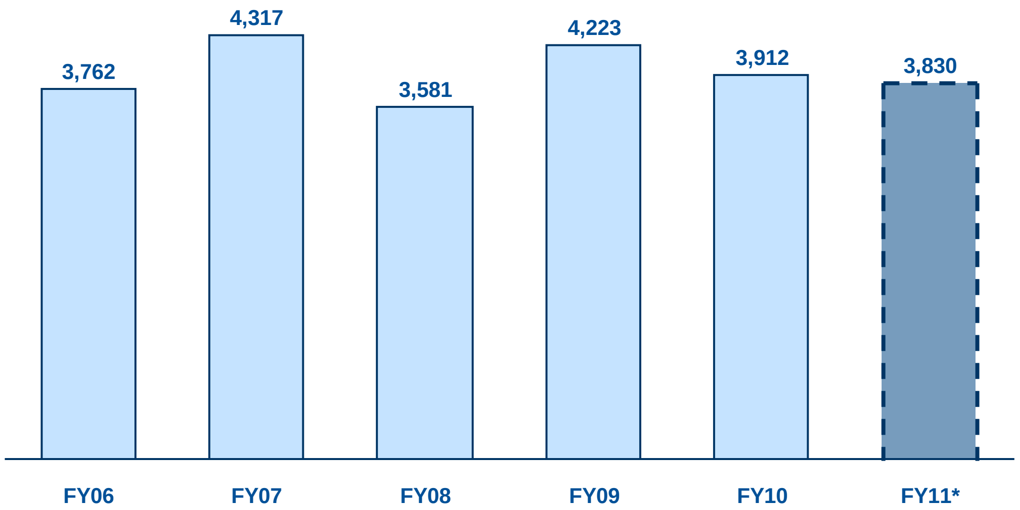
Stream 6: RWA reduction better than initially planned

KBC Group risk weighted assets (in bn EUR)



Core earnings power intact

Underlying gross operating income (pre-impairments)



* 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

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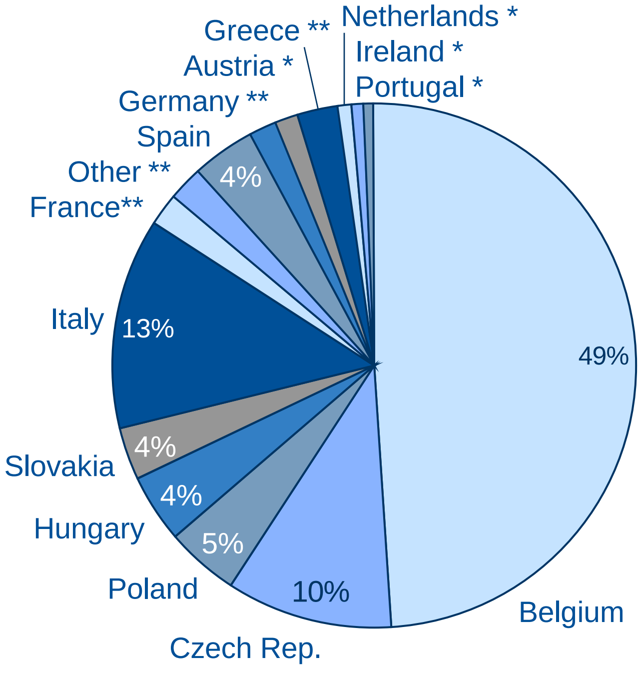
Government bond portfolio

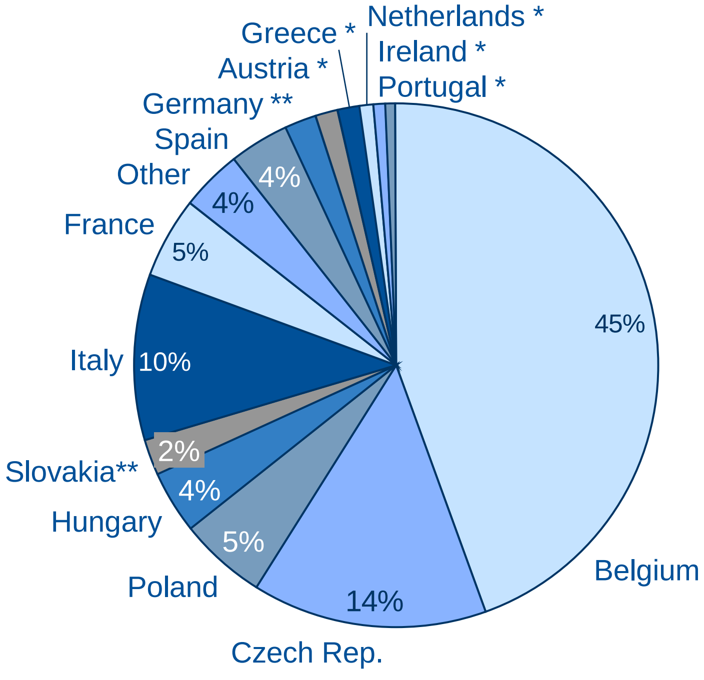
- Notional investment of 51bn EUR in government bonds (excl trading book) at end 2011, primarily as a result of significant excess liquidity position and the reinvestment of insurance reserves into fixed income instruments

End 2009
(58bn EUR notional)



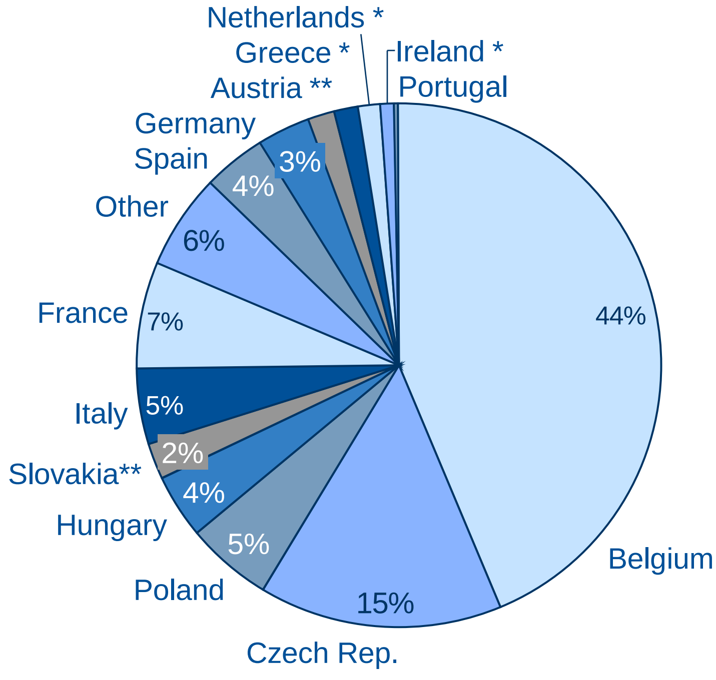
(*) 1%, (**) 2%

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

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

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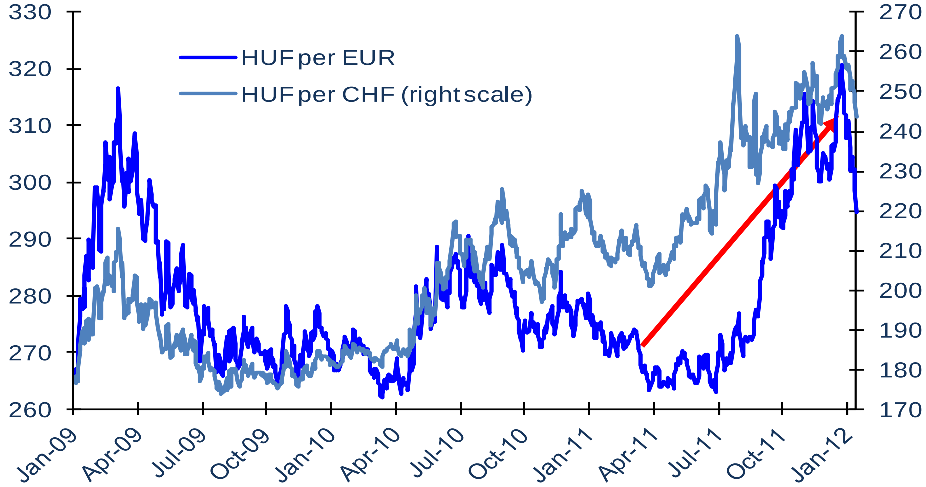
Hungary (1): FX mortgage repayment

- **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 <u>performing</u> 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 <u>defaulted</u> 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

Appendices

- KBC 2011 benchmarks + overview of outstanding benchmarks
- KBC Bank CDS levels
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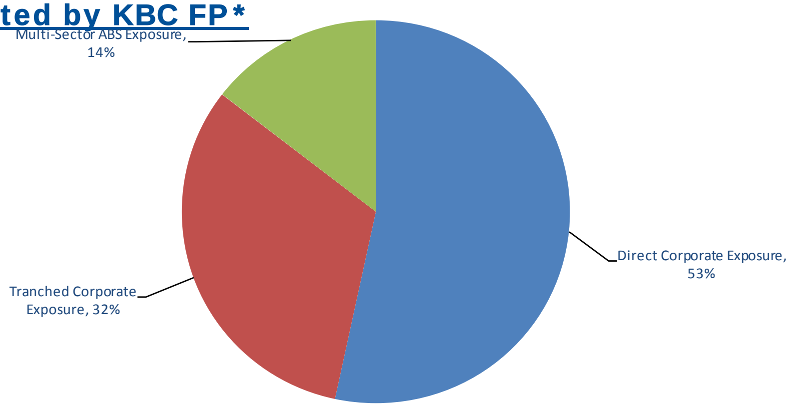
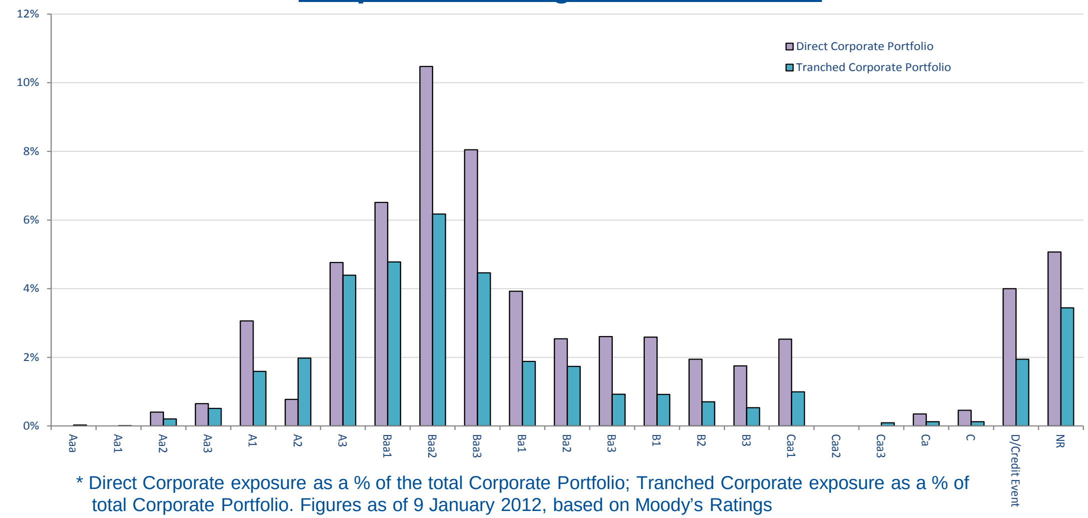
Breakdown of KBCs CDOs originated by KBC FP

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



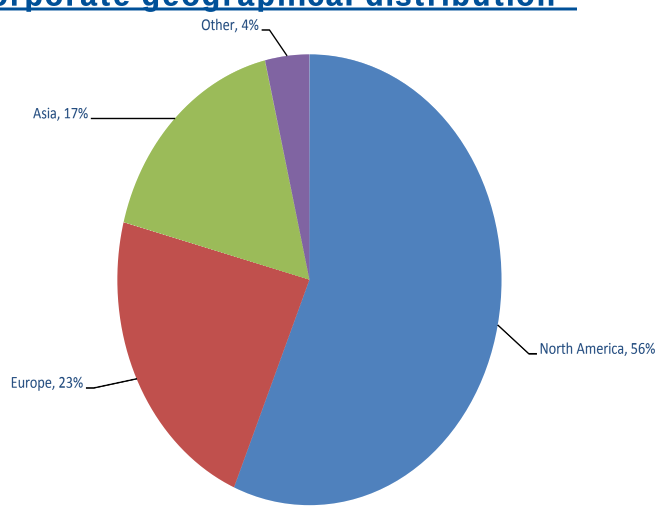
* % of total initial deal exposure; figures as of 9 January 2012

Corporate ratings distribution *



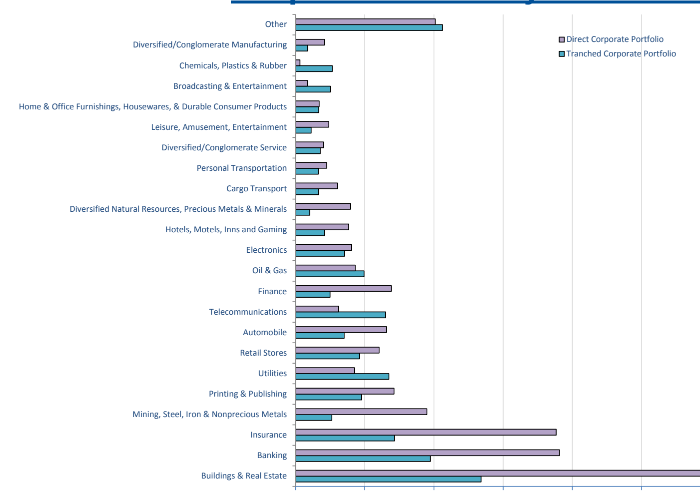
* Direct Corporate exposure as a % of the total Corporate Portfolio; Tranched Corporate exposure as a % of total Corporate Portfolio. Figures as of 9 January 2012, based on Moody's Ratings

Corporate geographical distribution*



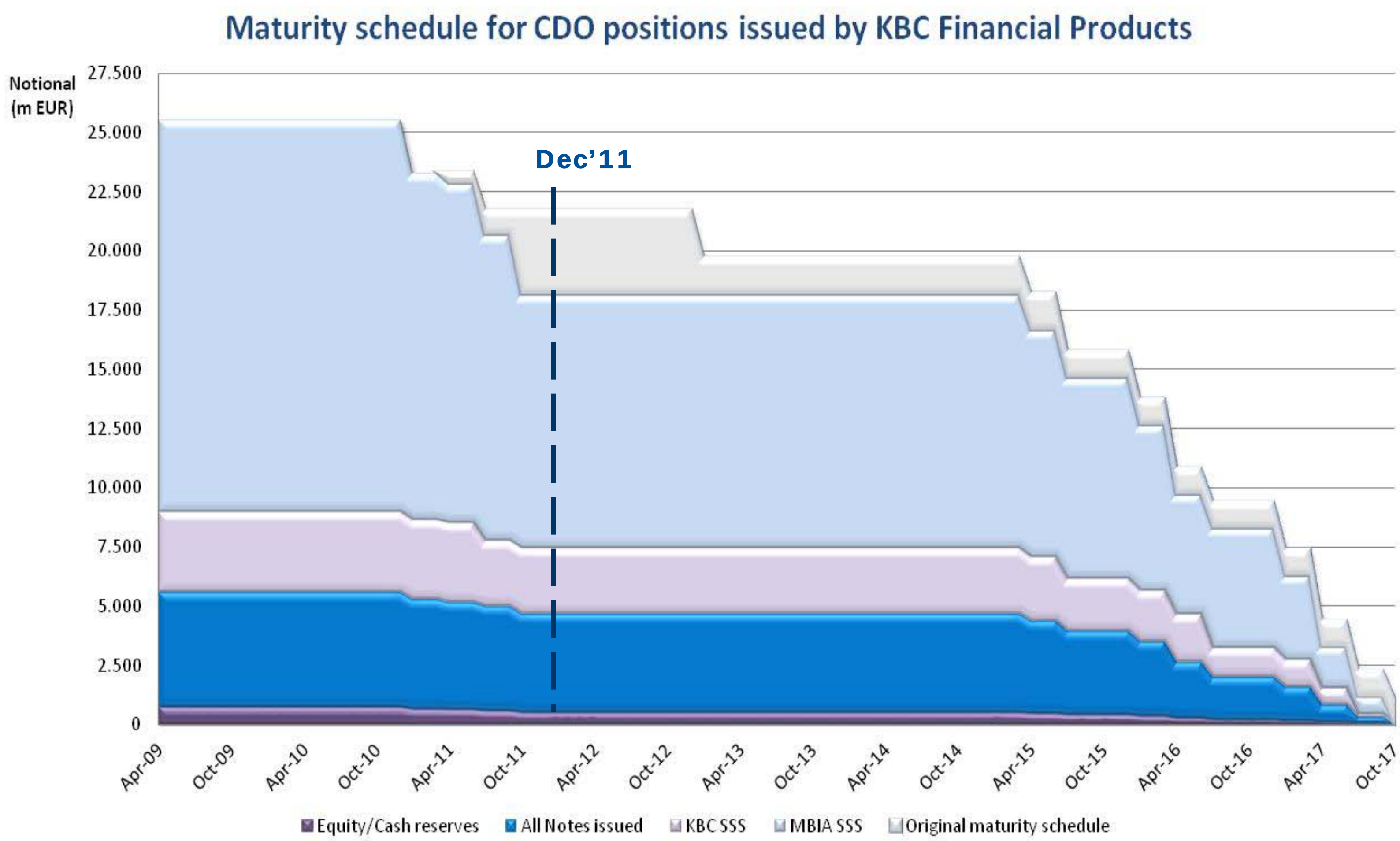
* Direct and Tranched Corporate exposure as a % of the total Corporate Portfolio; figures as of 9 January 2012

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

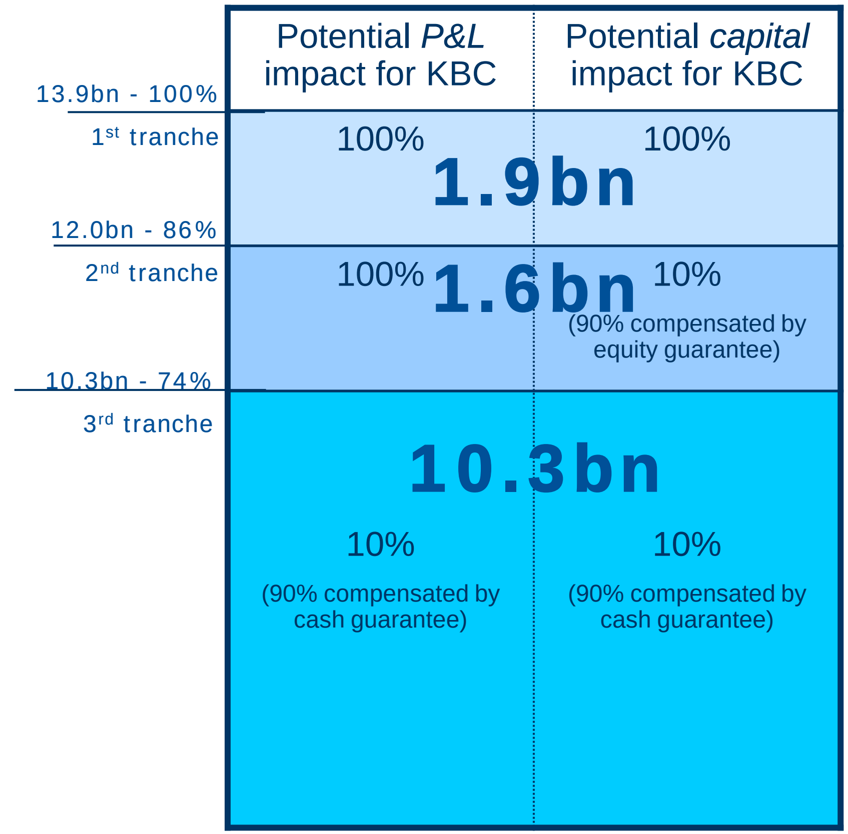
Maturity schedule for CDO portfolio



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 on 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

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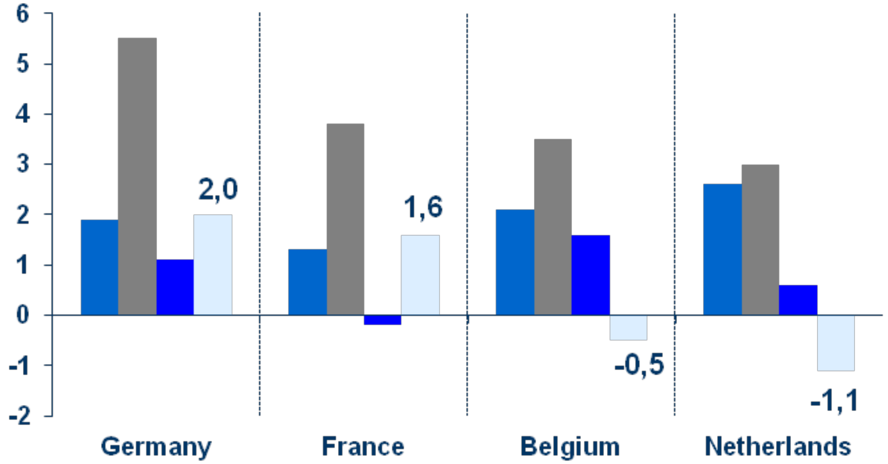
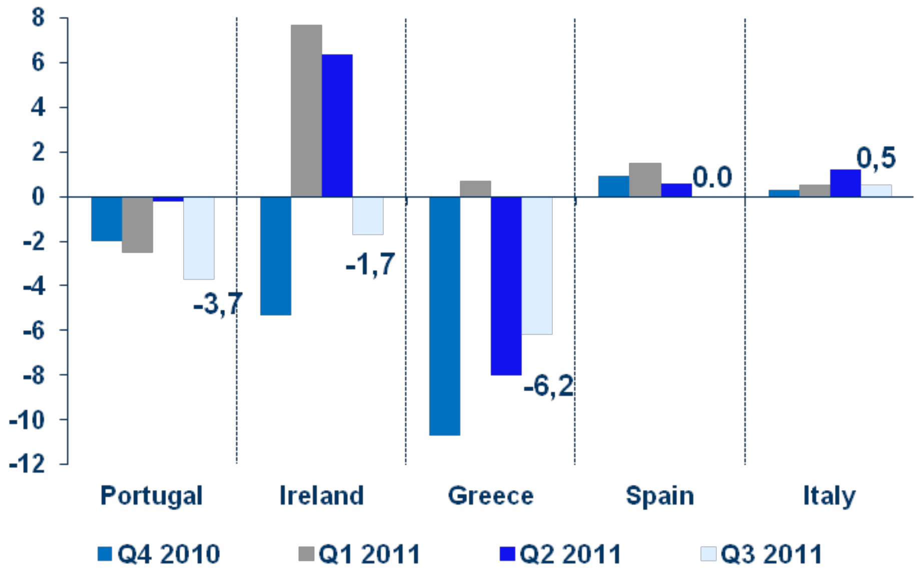
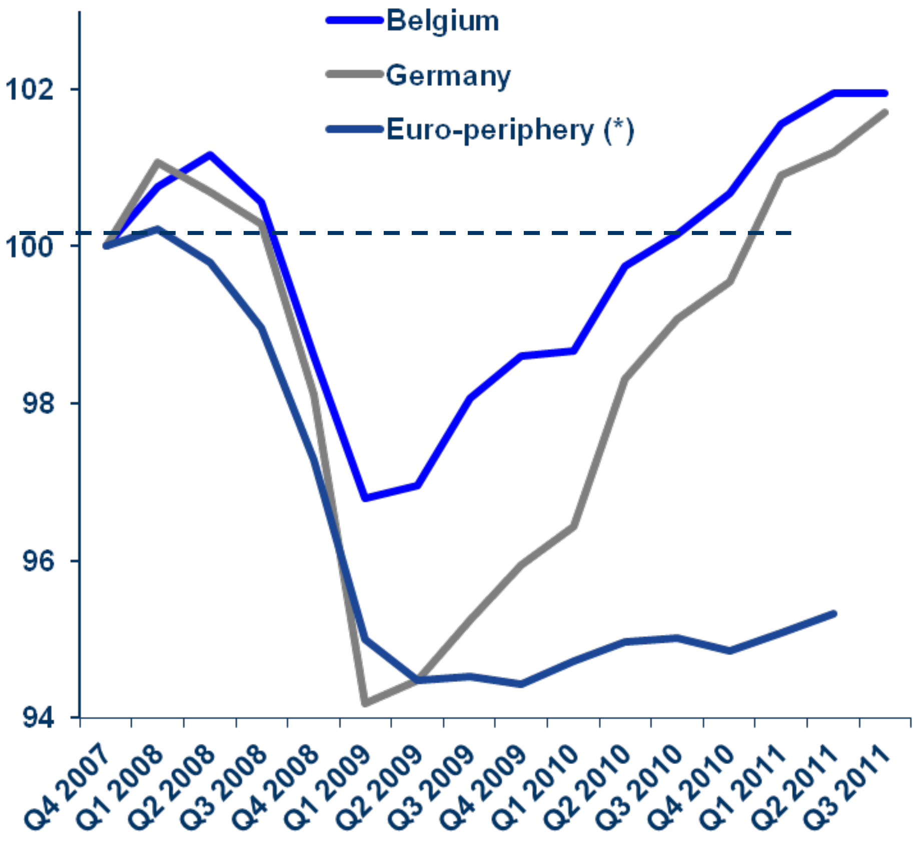
Belgian economy falling into a ‘technical recession’

Real GDP-growth (QoQ annualised, in %)





Belgian lead vs. Germany almost evaporated (real GDP, Q4 2007 = 100)

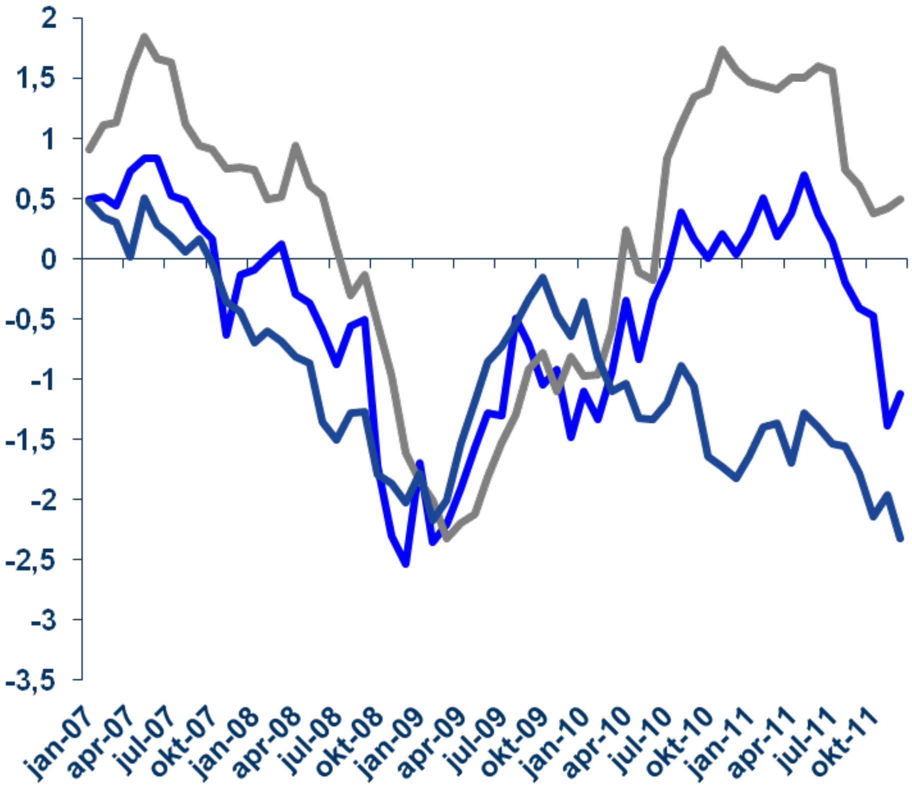


(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

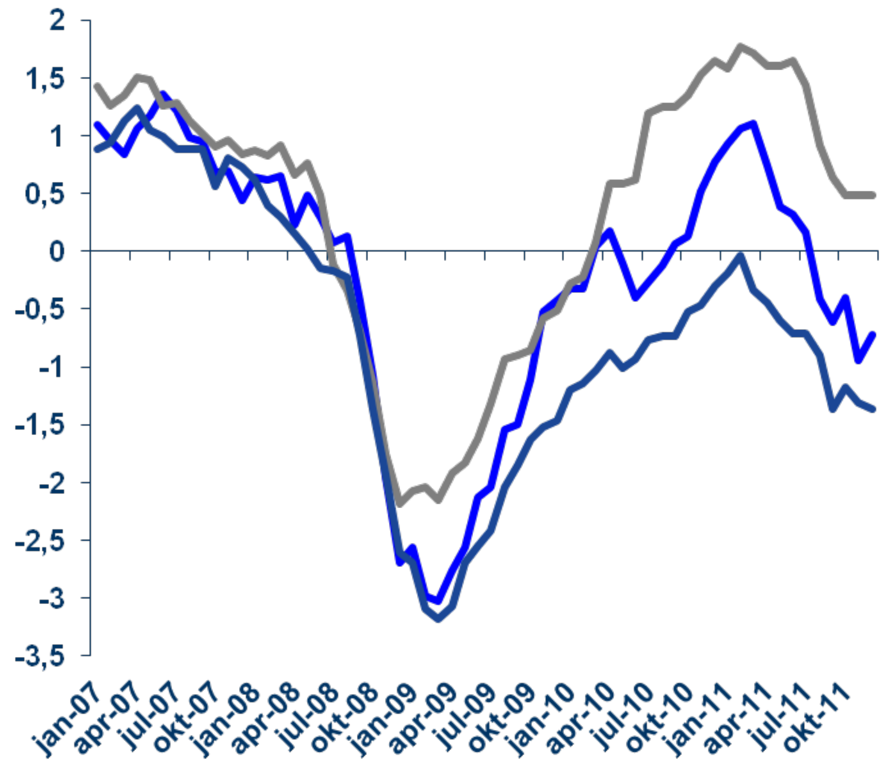
Source: KBC, Group Chief Economist Department

But confidence indicators bottoming out

Consumer confidence (standard deviation from LT-average)



Producer confidence (standard deviation from LT-average)



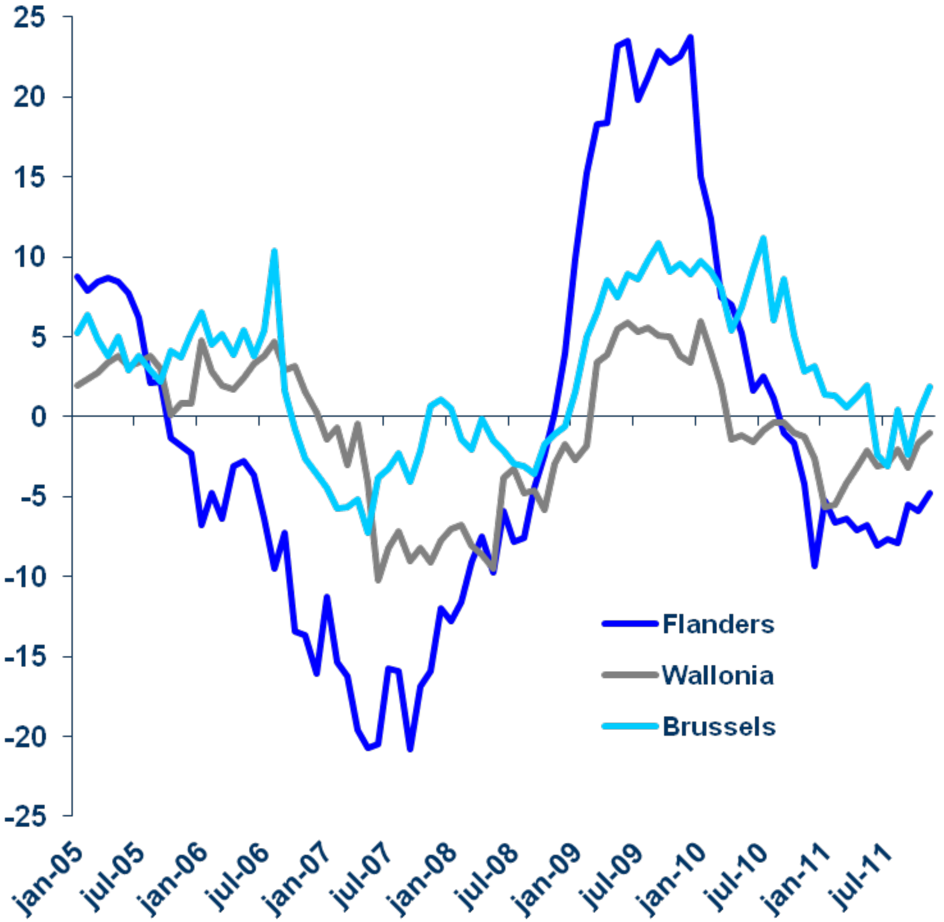
Belgium Germany Euro-periphery (*)

(*) Euro-periphery = Portugal, Ireland, Italy, Greece & Spain

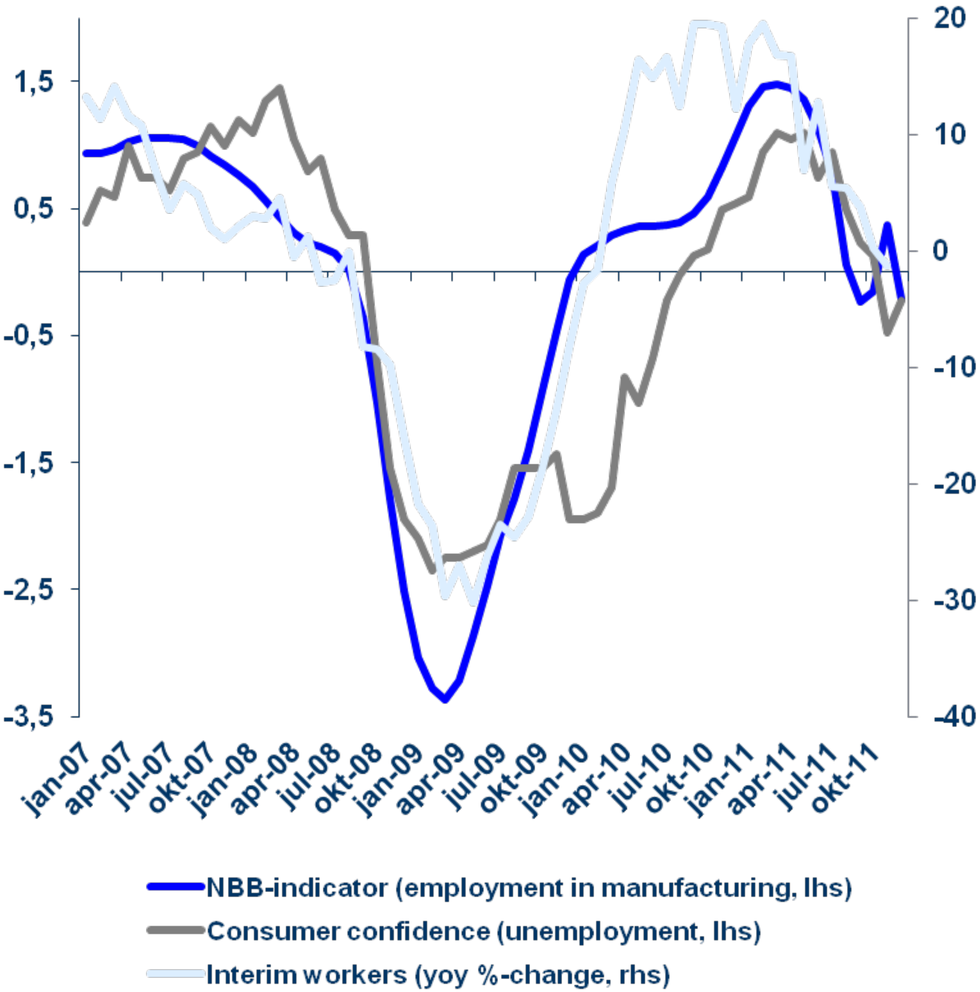
Source: KBC, Group Chief Economist Department

Belgian labour market keeping up quite well

Unemployment still declining...
(number of unemployed, yoy %-change)



...but faltering economic growth is beginning to filter through to the labour market



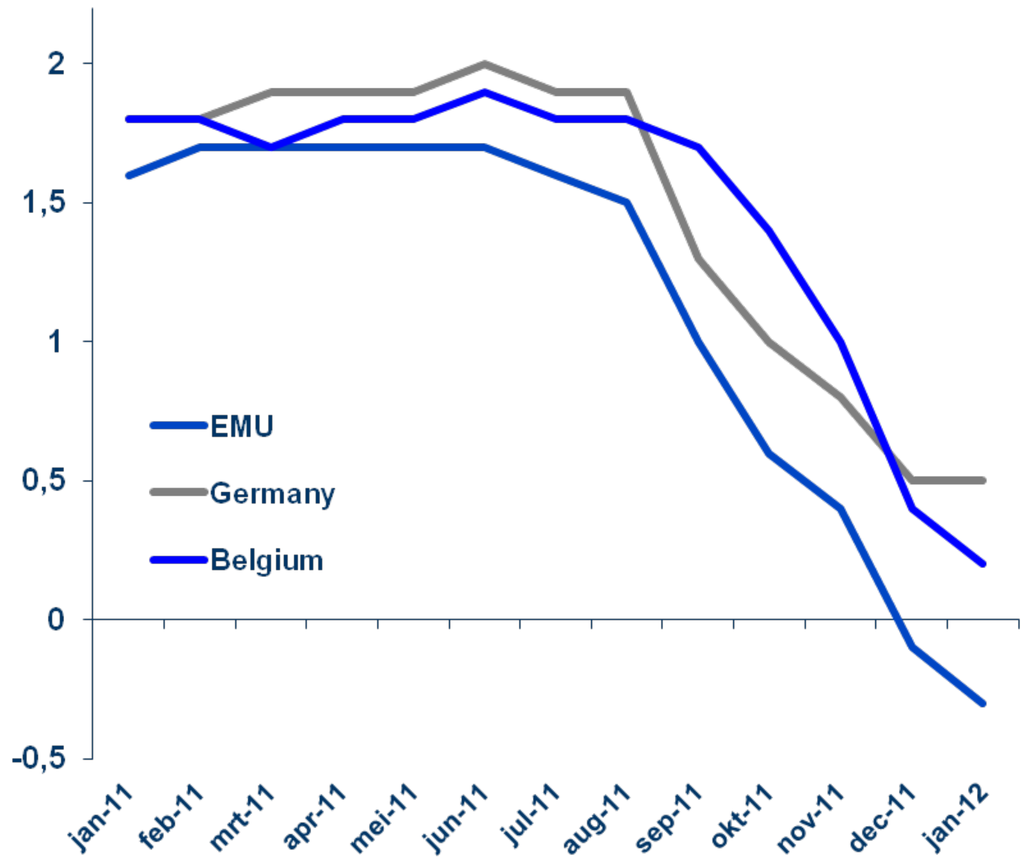
Source: KBC, Group Chief Economist Department

Economic outlook

Real GDP-growth (in %)

	Real GDP growth (in %)		
	2011	*2012*	*2013*
US	1.7	1.7	1.9
EMU	1.6	-0.2	1.4
Belgium	1.9	0.2	1.4
Czech Rep.	1.7	0.0	2.0
Slovakia	3.0	0.6	2.2
Hungary	1.5	-0.3	1.5
Poland	4.2	2.9	3.1

Evolution of consensus forecasts real GDP-growth 2012 (in %)



Consensus forecast in month

Source: Consensus Economics

Source: KBC, Group Chief Economist Department

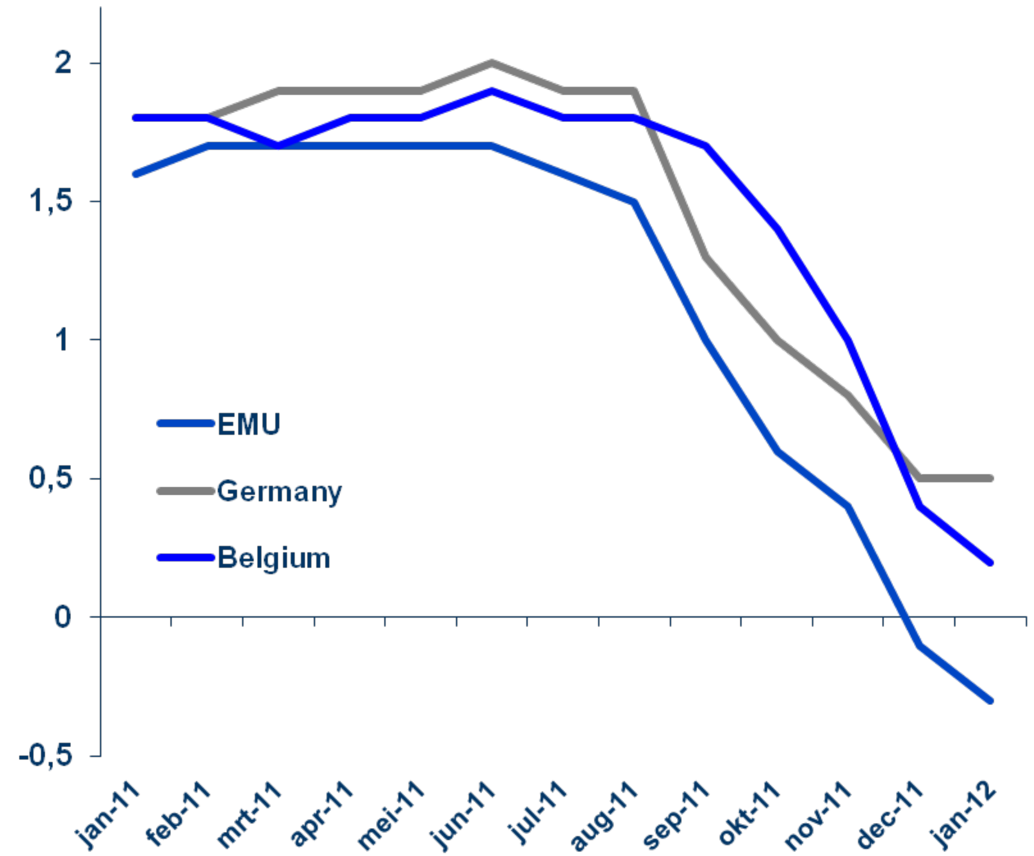
Economic outlook

Real GDP-growth in 2012 (in %)

Belgium	2012	Date forecast
KBC	0.2	Jan.
NBB	0.5	Dec. (*)
IMF	0.0-0.5	Dec.
OECD	0.5	Nov.
EC	0.9	Autumn
Fortis	0.0	Dec.
ING	0.0	Dec.
Dexia	-	-
Consensus	0.2	Dec.

(*) not taking into account impact budget consolidation

Evolution of consensus forecasts real GDP-growth 2012 (in %)



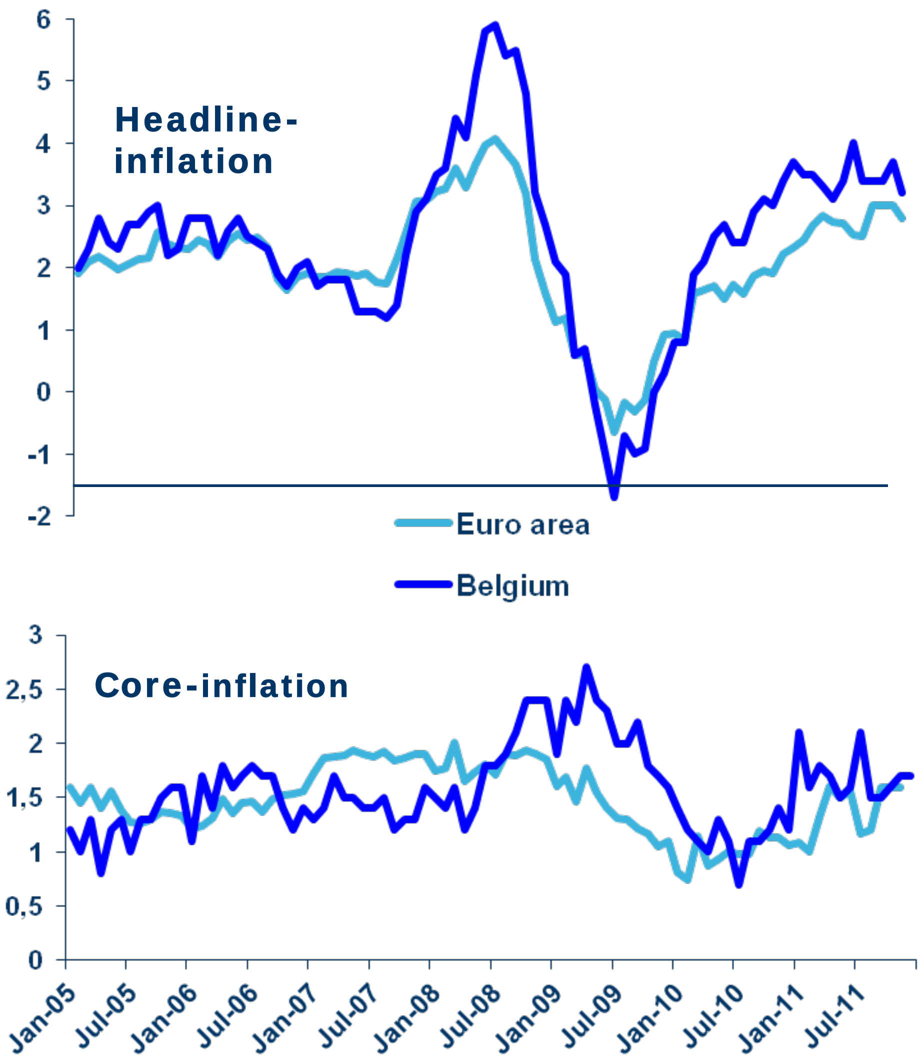
Consensus forecast in month

Source: Consensus Economics

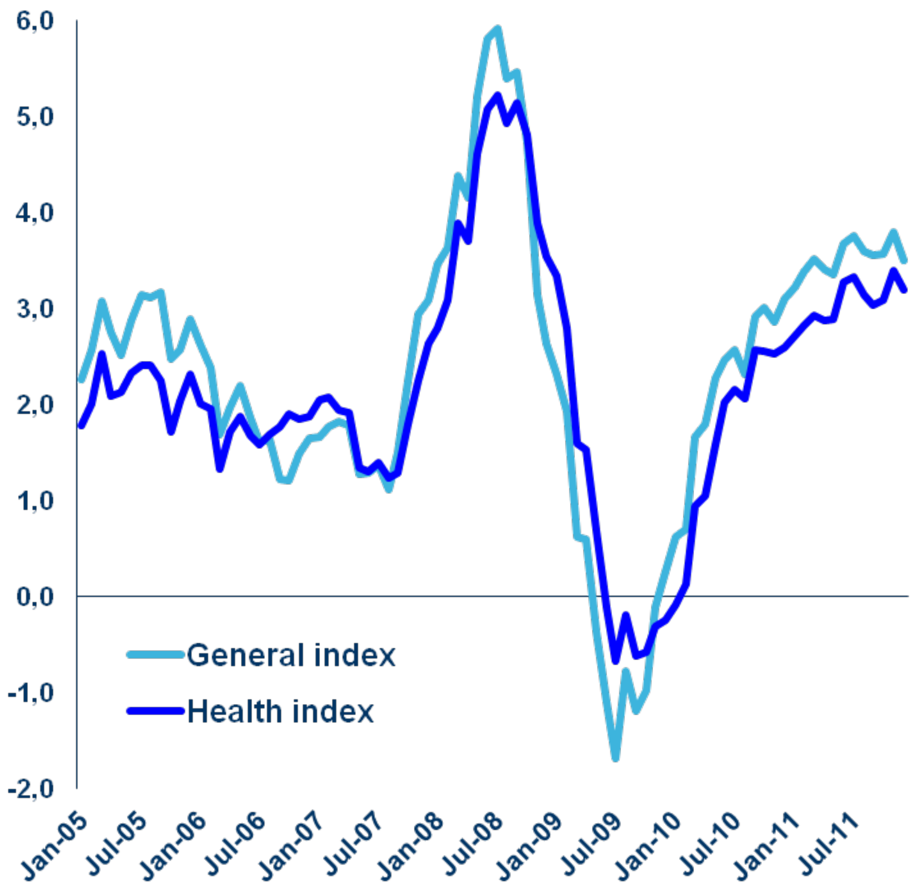
Source: KBC, Group Chief Economist Department

Lower inflationary risk going into 2012

Harmonized consumer price index
(yoy %-change)



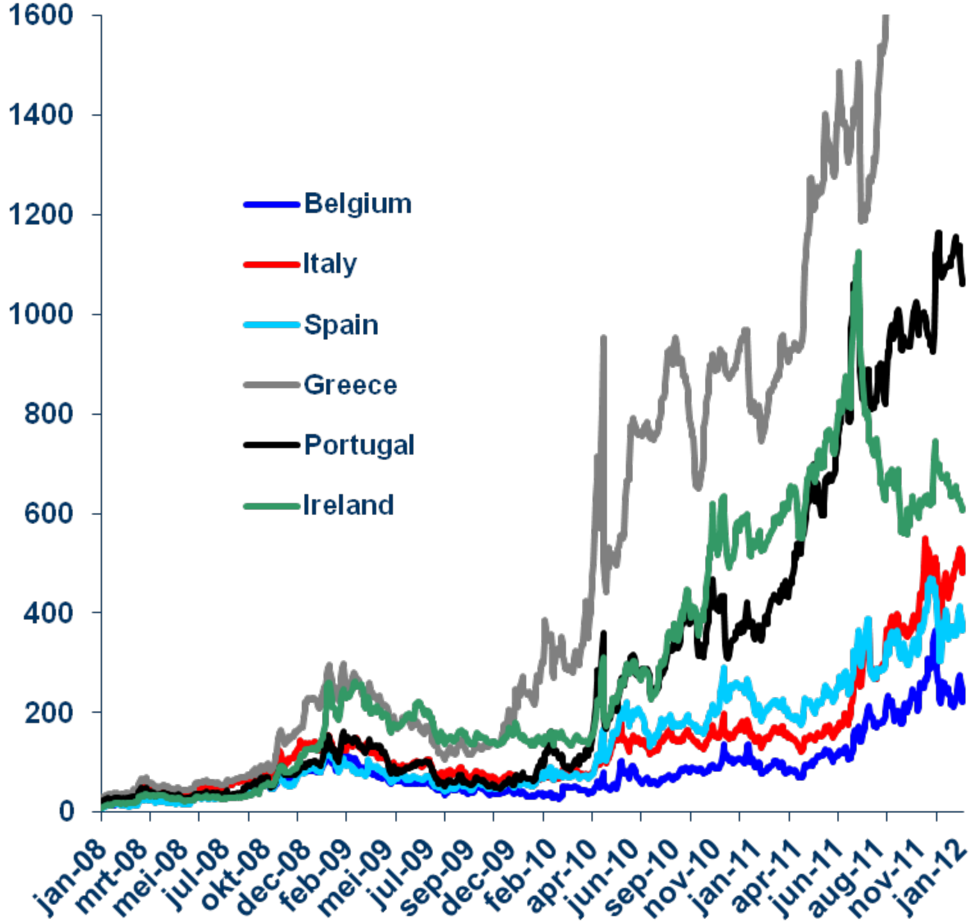
Belgium - National consumer price index
(yoy %-change)



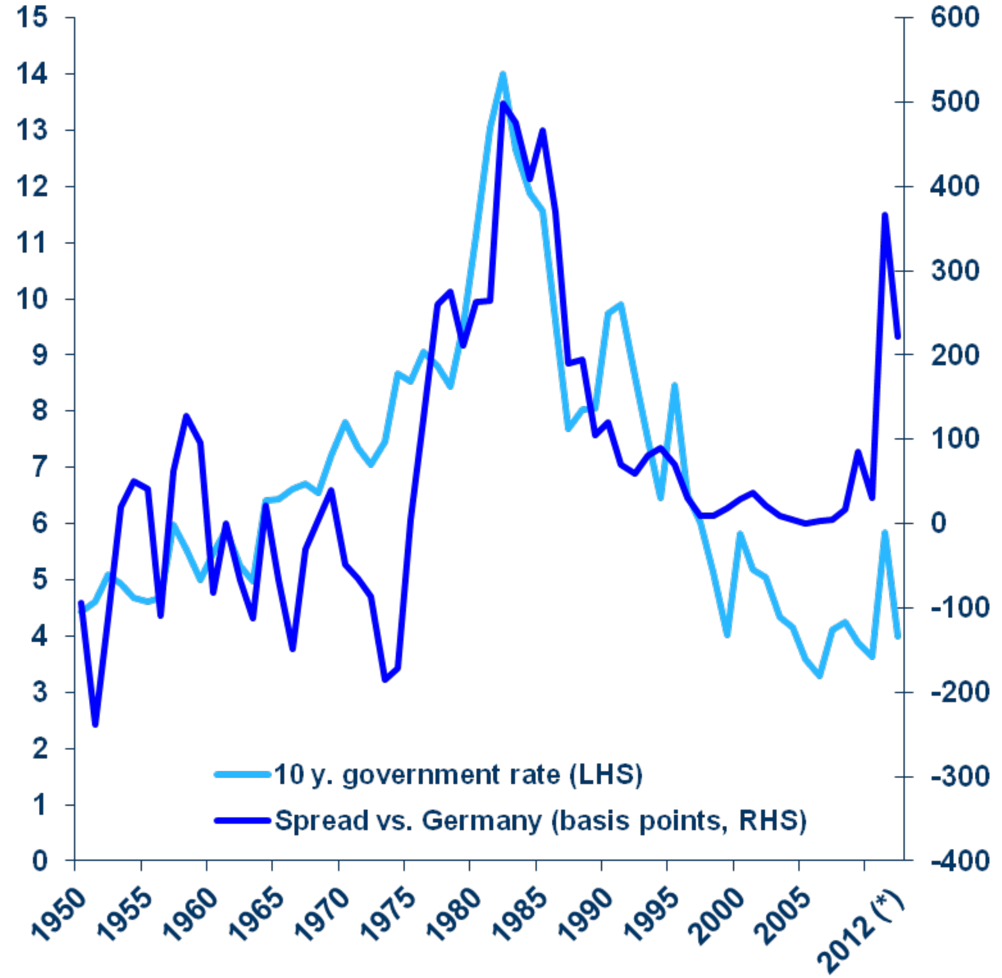
Source: KBC, Group Chief Economist Department

Intra-EMU interest rate spreads

Intra-EMU interest differentials (yield 10 y. gov. bonds vs. Germany in bps.)



Belgium



(*) 2011: peak interest rate 25/11

2012: spread 13/01

Source: KBC, Group Chief Economist Department