



KBC Group

Company presentation Spring 2006

- Web site: www.kbc.com

Ticker codes: KBC BB
(Bloomberg)

KBKBT BR (Reuters)



Mid-term outlook

Belgium:



	Gross income	C/I, banking	Loan-loss ratio	Net profit
Retail	5% CAGR	Low 60s	< 0.25%	>10% CAGR
Business customers	>2% on RWA	< 43%	< 0.35%	>10% CAGR

CEE:



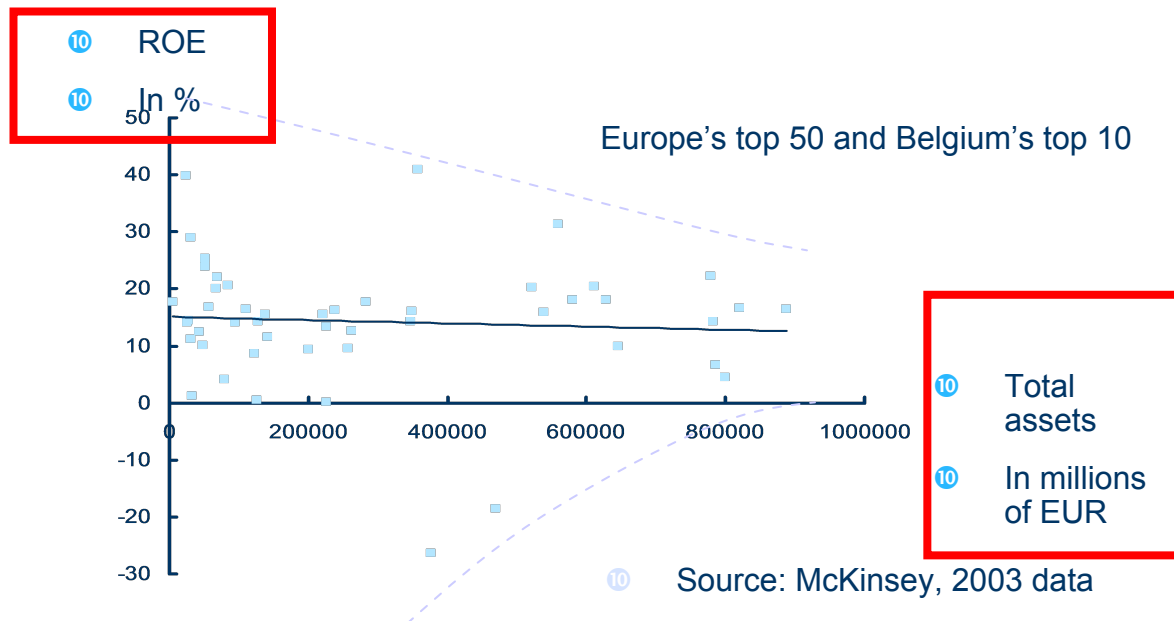
	RWA, CAGR	Profit, CAGR	Loan-loss ratio	Cost/Income
Banking	10% – 15%	10% – 15%	< 0.50%	< 60%

	Premium income, CAGR	Net profit , CAGR	Combined ratio
Insurance	15% – 25%	25% - 35%	95%

	AUM growth, mutual funds	AUM growth, pension products
AM	15% – 20%	10% - 20%



Anticipating future challenges



- When looking at the key success factors in retail financial services, KBC believes that the company's scale is not necessarily the most important factor. We believe that it is vital to hold significant market share in the relevant individual markets, and, at the same time, excelling in the implementation of distribution and operating models.
- We therefore focus on designing initiatives to further strengthen the current franchises and to ensure 'distribution excellence' and 'lean processing'. We will not enter into completely new lines of business or geographic zones. If necessary, further opportunistic operational alliances may be set up in certain areas to generate additional scale effects.

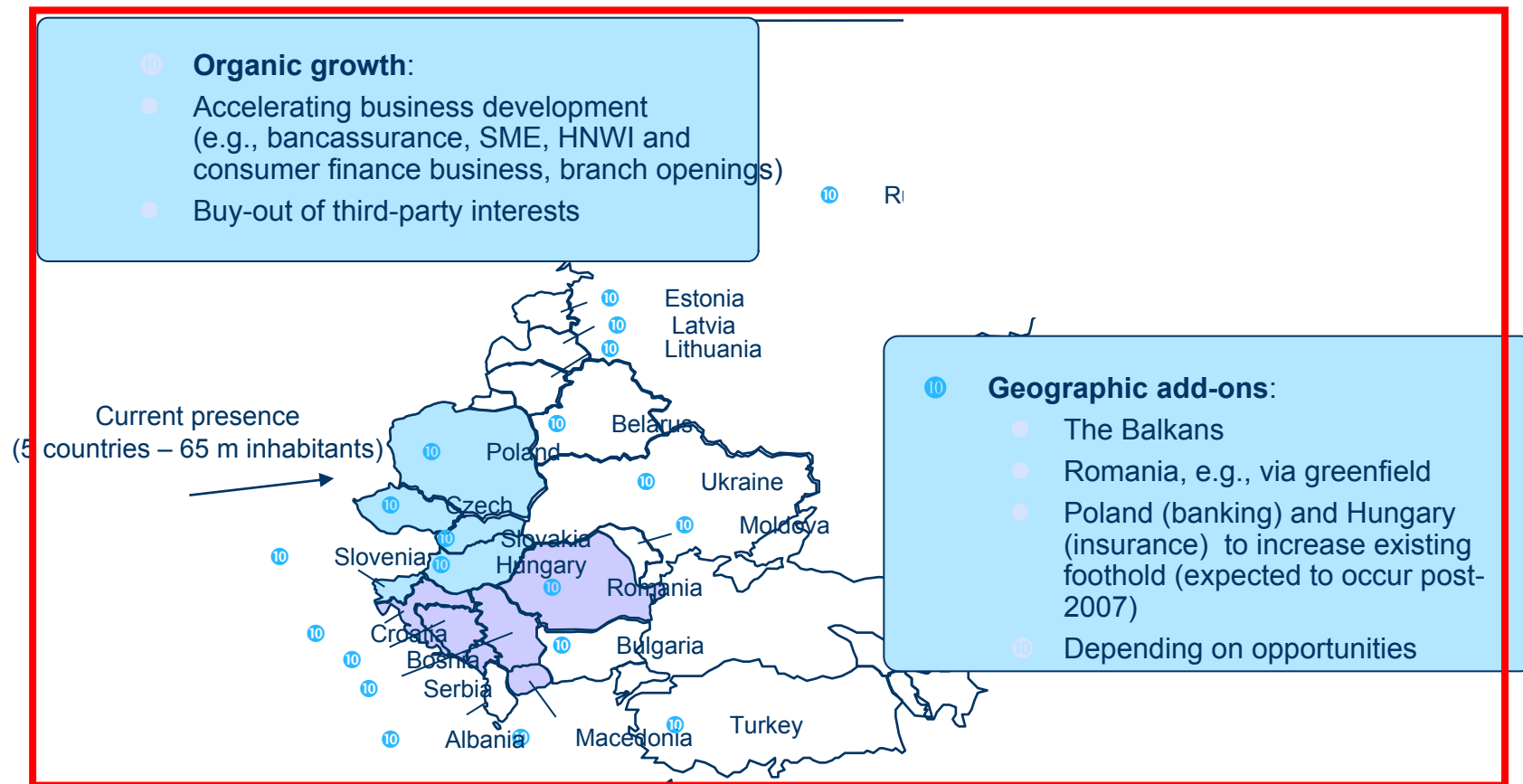


Recent strategy initiatives - examples

Management objective	Examples	Required mgt. attention 2006-07	Additional capital 2006-07
Strengthening CEE franchise: - Buy-out of third parties - Acquisitions - Accelerated organic growth	- e.g., 40% of K&H (Hungary), 7% of CSOB Bank - e.g., the Balkans, Romania, Poland - e.g., SME, HNWI & consumer finance development		
Strengthening the Belgian franchise	- Strengthening of non-life distribution channels, launch of innovative 'longevity' life products, etc.		
Strengthening the Private Banking franchise	- Setting up of cost-saving central back-office functions (potentially, small add-on acquisitions)		
Distribution excellence	- Integration of distribution channel management per local market, setting up of a distribution competence centre to leverage distribution experience throughout the Group, etc.		
Lean operations	- Setting up of Group product factories and shared services, co-sourcing of selected activities, etc.		

- We identified some 25 'business initiatives' - illustrated in the above table – in order to strengthen current franchises (better market penetration, product offering, distribution channels, management control, etc.) and to ensure further 'distribution excellence' and 'lean processing' in the future.
- The implementation will be spread over a 3-to-5-year period and will enable KBC to safeguard its competitive position and growth prospects in the long term. In 2006, management attention and capital allocation will be focused on the buy-out of third-party interests in CEE (since these are expected to be immediately value-enhancing) and on the implementation of a new organisational structure (for more details, see further).

Hi
g
h
L
o
w



- KBC's CEE strategy is focused on accelerating organic growth (incl. buying out third-party interests) and making selected geographic add-on investments.
- The additional allocation of capital for third-party buy-outs and add-on acquisitions will be assessed on the basis of a set of conservative parameters, both strategic and financial, in line with our past track record in this respect.