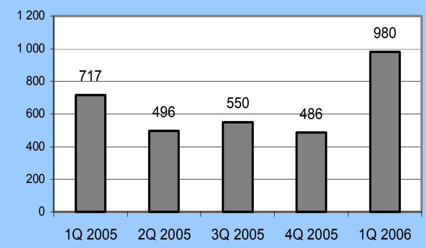
KBC Group 1Q 2006 Report

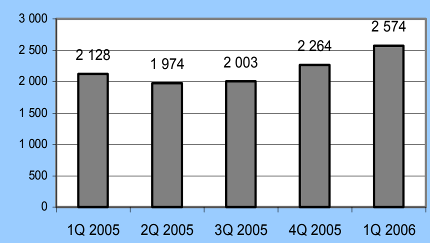
Snapshot overview 1Q 2006[1]

Profitability (in millions of EUR)	1Q 2005	4Q 2005	1Q 2006
Net profit, group share	717	486	980
Breakdown of net profit by business unit			
Belgium	282	276	373
Central Eastern Europe	191	29	144
Merchant Banking	179	223	281
European Private Banking	54	52	59
Group centre	11	-93	123
Total	717	486	980
Earnings per share, basic (group, in EUR)	2.00	1.35	2.73
Earnings per share, diluted (group, in EUR)	1.96	1.34	2.70
Underlying net profit	587	575	776
Balance sheet , solvency, AUM (in billions of EUR)		**31-12-2005**	**31-03-2006**
Total assets		325.8	320.0
Loans and advances to customers		119.5	117.6
Deposits from customers and debt securities		171.6	176.8
Life insurance reserves		18.7	19.5
Parent shareholders' equity		15.8	15.4
Assets under management (AUM)		196.4	212.9
Equity market capitalisation		28.8	32.5
Ratios		**31-12-2005**	**31-03-2006**
Return on equity (group)		18%	29%
Cost/income ratio (banking activities)		60%	49%
Combined ratio (non-life insurance activities)		96%	89%
Parent shareholders' equity per share (in EUR)		43.8	43.1
Tier-1 ratio (KBC Bank and KBL EPB)		9.4%	9.1%
Solvency ratio (KBC Insurance)		385%	383%
Credit portfolio, banking (in billions of EUR or %)		**31-12-2005**	**31-03-2006**
Total loan portfolio (granted amount)		174.8	177.1
Breakdown of total loan portfolio by origin			
Belgium		43.9%	44.2%
Central Eastern Europe		15.8%	16.2%
Rest of the world		40.3%	39.6%
Loan loss ratio, annualised (neg figures-> pos. impact on result)		0.01%	-0.02%
Non-performing ratio		2.2%	2.1%
Other information			
Long-term rating KBC Bank (Fitch / Moody's / S&P's)			AA- / Aa3 / A+
Claims-paying ability rating KBC Insurance (Fitch / S&P's)			AA / A+
Bank branches, Belgium			946
Bank branches, CEE (CSOB, K&H bank, Kredyt Bank)			808
Clients			13 million
Staff (FTE)			50 479

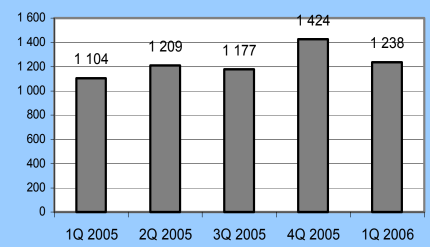
Net profit, group share (in millions of EUR)



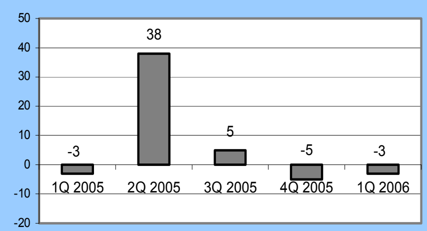
Gross income (including technical charges insurance and after deduction of ceded reinsurance result, in millions EUR)



Operating expenses (in millions of EUR)



Impairment on loans and receivables (in millions of EUR)*



* Negative figures indicate a net reversal of loan loss impairments (hence a positive impact on results)

1 For a definition of the ratios, see 'Annex 3'. Information on branches, agencies, staff and clients concerns the situation as at end 2005. Some figures for 2005 were restated: an overview and explanation follows in 'Annex 1'. The figures for 2004 are based on a combined KBC-Almanij entity and IAS32, IAS39 and IFRS 4 were not applied to these figures, which means that they are not fully comparable with the 2005 and 2006 figures.

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Restatement of 2005 figures

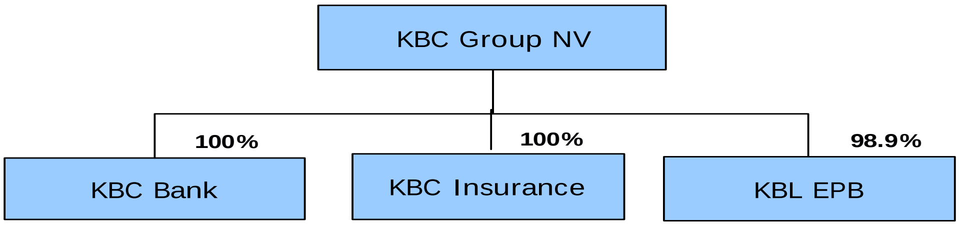
Following the application by KBC of fair value hedge accounting for a portfolio hedge of interest rate risk (on the basis of the carved-out version of IAS 39 as approved by the EU) in the fourth quarter of 2005, KBC decided to retroactively adapt its 2005 figures. An explanation and overview of the restatements is provided in Annex 1.

Shareholder information

Further simplification of the legal structure of the group

On 27 April 2006, an Extraordinary General Meeting of Shareholders approved the simplification of the legal structure of the KBC group, via the merger of Gevaert with KBC Group NV (previously, Gevaert had been a 100% subsidiary of KBC Group NV). The group structure was further simplified by the sale of a number of KBC Asset Management shares previously held by KBC Group NV to (subsidiaries of) KBC Bank, making KBC Bank the majority shareholder in KBC Asset Management (previously, KBC Group NV had been the majority shareholder).

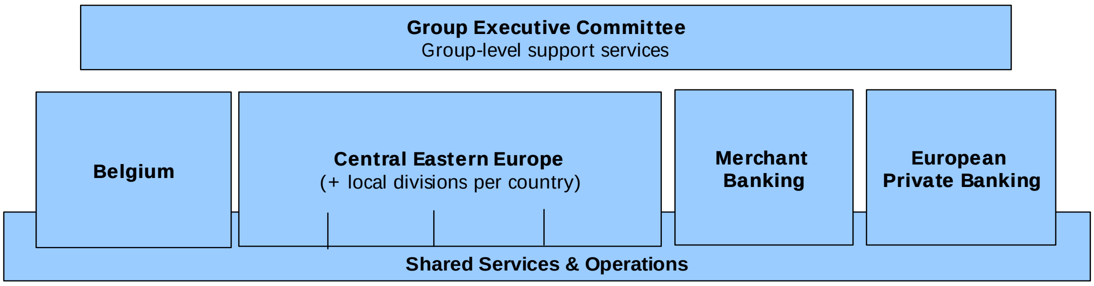
As a result of these two moves, KBC Group NV now has only three main direct subsidiaries (KBC Bank, KBC Insurance and KBL 'European Private Bankers' – referred to as KBL EPB below) instead of five, as KBC Asset Management and Gevaert are no longer direct subsidiaries of KBC Group.



Roll-out of the new management structure

As of May 2006, the new management structure, which was announced at the end of 2005, is being rolled out throughout the group. This management structure is shown in the diagram and essentially breaks down the group into five business units: Belgium, Central Eastern Europe, Merchant Banking, European Private Banking, and Shared Services & Operations (such as ICT and logistics and 'product factories' such as payment systems, asset management, leasing and trade finance). A definition of each business unit is provided further in this report.

Each business unit is headed by a Chief Executive Officer (CEO), and these CEOs, together with the group CEO and group CFRO, constitute the group executive committee. Each business unit has direct responsibility for achieving the objectives set.



Financial targets

In mid-2005, the group announced its financial targets for the period up to 2008. These targets are shown in the table below. The group will update these targets by the end of the year, given its new management structure, and will communicate its new targets as soon as this exercise is finished.

Group financial targets	Target level	to be achieved
Return on equity, group	16%	on average in 2006-2008
Earnings per share growth, group	10%	as CAGR in 2006-2008
Cost/income ratio (banking activities)	58%	by 2008
Combined ratio (non-life insurance activities)	95%	by 2008
Tier-1 ratio (KBC Bank and KBL EPB)	8%	in 2006-2008
Solvency ratio (KBC Insurance)	200%	in 2006-2008

Shareholders

Shareholders, 31-03-2006[1]	number	(in %)
Ordinary shares		
Almancora	75 892 338	20.7%
CERA	23 345 499	6.4%
Maatschappij voor Roerend bezit van de Boerenbond	42 562 675	11.6%
Other core shareholders	42 715 838	11.7%
Subtotal	184 516 350	50.3%
KBC Group companies	12 076 257	3.3%
Related to the 1 billion share buy-back programme (to be cancelled)	*3 534 750*	*1.0%*
Other [2]	*8 541 507*	*2.3%*
Free float	170 002 540	46.4%
Total	366 595 147	100.0%
Mandatorily convertible bonds (MCBs)[3]	2 611 328	

1 Data based on value date.
2 Includes, inter alia, shares held for ESOP. Excludes shares held in the trading books of KBC Securities, Ligeva and KBC Financial Products (incl. in free float).
3 Number of shares on conversion. More information can be found on page 189 of KBC's 2005 Annual Report.

At the end of 2005, KBC announced a share buyback programme for 2006. Under this programme, KBC will buy back 1 billion euros' worth of own shares and cancel them. Based on *value* date, 3.5 million shares had already been bought back on of before 31 March 2006, for an amount of 0.3 billion euros. At the Extraordinary General Meeting of 27 April 2006, it was decided to cancel these treasury shares. Open market purchases of own shares will continue during the remainder of the year (the intention being to cancel these shares in the first half of 2007).

Contacts

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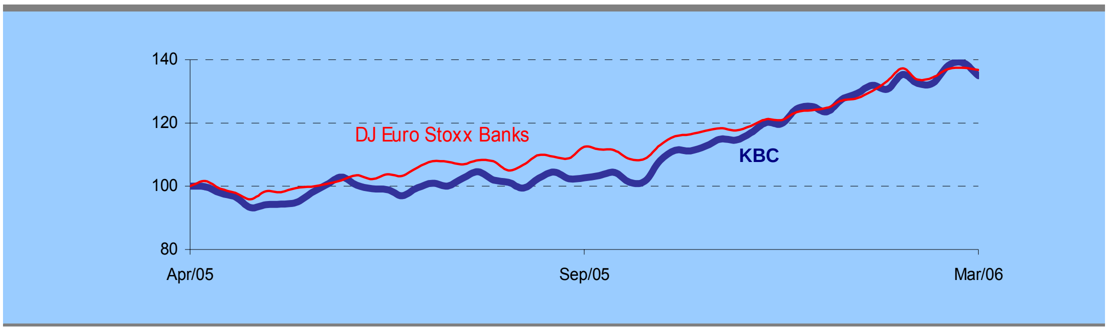
KBC share performance

Relative performance of the KBC share (01-04-2005 = 100)[1]



Ticker codes:	Bloomberg:	KBC BB		Datastream:	B:KB	Reuters:	KBKBt.BR
Share price from 01-04-2005 to 31-03-2006 (EUR)							
Highest price:	91.7	Lowest price:	60.6	Average price:	73.0	Closing price 31-03-2006:	88.6

1 Graphs are based on end-of-week prices.

Credit ratings

The long-term and short-term ratings for KBC Bank, KBC Insurance and KBC Group NV (the holding company) are mentioned in the table. Since 31-12-2005, there was one change in these ratings: as at 19 May 2006, Fitch upgraded the ratings of KBC Group NV from A+ to AA- (long term) and from F1 to F1+ (short term), based on new criteria for assigning ratings to bank and insurance holdings.

Ratings, 24-05-2006	Long-term rating (+ outlook)	Short-term rating
Fitch		
KBC Bank	AA- (stable)	F1+
KBC Insurance (claims-paying ability)	AA (stable)	F1+
KBC Group NV	AA- (stable)	F1+
Moody's		
KBC Bank	Aa3 (stable)	P-1
KBC Group NV	A1 (stable)	P-1
Standard and Poor's		
KBC Bank	A+ (positive)	A-1
KBC Insurance (claims-paying ability)	A+ (positive)	-
KBC Group NV	A (positive)	A-1

Financial calendar

For the most up-to-date version of the financial calendar, including other investor relations events such as analyst meetings and investor road shows, see the KBC website (www.kbc.com).

Financial calendar	
Publication of 1Q 2006 results	30 May 2006
Publication of 2Q 2006 results	31 August 2006
Publication of 3Q 2006 results	23 November 2006
Prague Investor Day	7 December 2006

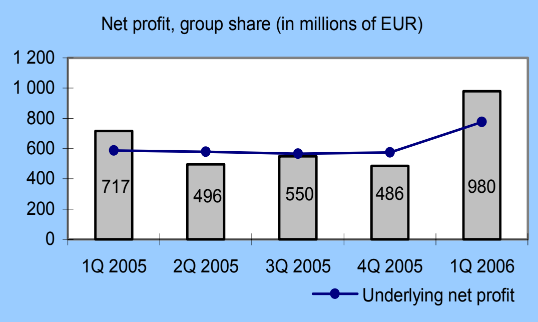
Group results

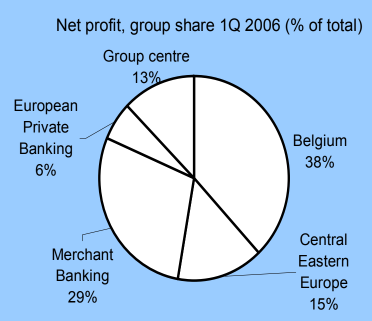
Overview

The consolidated income statement and balance sheet, a condensed consolidated statement of changes in equity and cash flow statement, and a number of notes to the accounts are provided in the 'Consolidated financial statements' section.

N.B.: Restatement of 2005 figures: see 'Annex 1'.

Consolidated income statement, KBC Group (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	1 019	1 043	1 096	1 061	1 047
Gross earned premiums, insurance	729	978	810	1 034	768
Dividend income	34	135	25	41	27
Net gains from financial instruments at fair value	163	63	166	251	519
Net realised gains from available-for-sale assets	168	97	49	144	242
Net fee and commission income	429	410	452	528	488
Other income	215	118	112	130	132
Gross income	2 757	2 843	2 709	3 189	3 223
Operating expenses	- 1 104	- 1 209	- 1 177	- 1 424	- 1 238
Impairment	- 15	- 42	3	- 49	3
Gross technical charges, insurance	- 612	- 852	- 696	- 899	- 631
Ceded reinsurance result	- 17	- 17	- 10	- 26	- 18
Share in results of associated companies	21	13	- 19	2	11
Profit before tax	1 030	735	810	793	1 349
Income tax expense	- 257	- 192	- 211	- 266	- 325
Profit after tax	774	544	598	528	1 024
Minority interests	- 57	- 48	- 48	- 41	- 44
Net profit, group share	**717**	**496**	**550**	**486**	**980**
Belgium	282	173	272	276	373
Central Eastern Europe	191	113	76	29	144
Merchant Banking	179	171	216	223	281
European Private Banking	54	42	43	52	59
Group centre	11	- 3	- 58	- 93	123
of which: Underlying net profit	587	578	566	575	776





Financial highlights - 1Q 2006

Profit came to 980 million euros, with a return on equity of 29%. The various business units' contribution to profit was as follows: Belgium, 373 million euros; Central Eastern Europe, 144 million euros; Merchant Banking, 281 million euros; European Private Banking, 59 million euros; and the Group Centre, 123 million euros.

As had been announced previously, a few extraordinary gains were recorded on the sale of equity holdings (including the holding in the Belgian industrial concern, Agfa-Gevaert) and office buildings in Prague. Income was also enhanced by changes in the fair value primarily of ALM hedging derivatives. All this had a total positive impact on net profit of 204 million euros.

Underlying group profit (i.e. group profit net of one-off factors and fair value changes in the amount of 204 million euros) came to 776 million euros and was up – on a comparable basis – by 201 million euros (+35%) on the preceding quarter and by 190 million euros (+32%) on the first quarter of 2005.

Total gross income came to 3.2 billion euros. The quarter was characterised by persistently strong earnings from sales of bank, insurance and asset management products. Moreover, on balance, developments on the interest rate and capital markets had a positive effect.

Customer deposits, the loan portfolio and the life insurance reserves went up over a period of three months by 4%, 4% and 5% (these percentages do not take interprofessional business into account). Assets under management passed the 200-billion-euro mark (213 billion euros, a 9% increase on the start of the year, 85% of which was accounted for by the inflow of new money).

Expenses came to 1.2 billion euros, and were significantly affected by higher result-based staff costs relating to capital market activities, which generated a high level of income. The cost/income ratio in the banking business fell to 49% (54%, if the non-recurring income is not taken into account).

No net impairment was recorded on the loan and investment portfolios (loan loss ratio: 0%) and the technical result in the non-life business was excellent (combined ratio: 89%).

Underlying profit analysis, KBC Group (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net profit, group share	717	496	550	486	980
Non-recurring and exceptional items (to be substracted)					
MTM of derivatives for hedging purposes	-14	-159	-25	29	78
Non-recurring results					
Sale of shares in FBD Holdings	68	-	-	-	-
Sale of available-for-sale assets by Gevaert	4	34	-	3	56
Sale of shares in Dictaphone	-	-	-	-	66
Impaiment on Agfa-Gevaert shares	-	-	-	-49	-
Other	-	2	-	4	11
Exceptional results					
Settlement related to an unpaid credit to the Slovak government	101	-	-	-	-
Pension and disablement benefits	-	-	-	-100	-
Capital gains* on sale of buildings of CSOB (Czech republic)	-	-	-	-	29
Other	-	-20	-	-	-
Income taxes and minority interests on the items above	-28	61	9	24	-36
Underlying net profit, group share	587	578	566	575	776

* After related costs

Underlying group profit equals group profit excluding factors that do not regularly occur during the normal course of business as well as fair value changes in ALM hedging derivatives. In order to fully understand the profit trend, it is important to separate out these factors, in view of their nature and magnitude.

Ratios[1]	31-03-2005	31-12-2005	31-03-2006
Return on equity	24%	18%	29%
Cost/income ratio	51%	60%	49%
Combined ratio	92%	96%	89%
Earnings per share, basic (in EUR)	2.00	6.26	2.73
Earnings per share, diluted (in EUR)	1.96	6.15	2.70
Parent shareholders' equity per share (in EUR)	37.4	43.8	43.1
Tier-1 ratio (KBC Bank and KBL EPB)	10.0%	9.4%	9.1%
Solvency ratio (KBC Insurance)	366%	385%	383%
Loan loss ratio (neg. figure-> pos. impact on results)	-0.01%	0.01%	-0.02%
Non-performing ratio	2.7%	2.2%	2.1%

1 Annualised where relevant; for a definition of the ratios, see 'annex 3'.

Operating highlights - 1Q 2006

The investment in WARTA, the second biggest non-life insurer in Poland, was stepped up from 75% to 100% (with an impact on the results from the second quarter on) and the non-strategic investment in the Belgian industrial company Agfa-Gevaert was sold.

KBC's presence on the Spanish market was reassessed (resulting in the sale of Banco Urquijo), as was its presence in Slovenia through NLB. At the same time, opportunities for expansion in the Balkans are being explored.

The new management structure that had been announced was implemented and took effect from 1 May.

Under the share buyback programme announced for 2006, 4.8 million shares have already been bought back (situation at 25 May), 3.5 million of which have since been cancelled. The purchase price came to 414 million euros and 1 billion euros' worth of shares are expected to be repurchased by the end of 2006.

Scope of consolidation, valuation rules and currency translation

During the first quarter of 2006, no changes were made to the valuation rules or to the scope of consolidation that had a material impact on the results.

As announced, the quarterly results for 2005 were retroactively adjusted following the change in the method used to value interest rate hedging derivatives, though without this affecting the net annual result for 2005.

The Czech koruna, the Polish zloty and the US dollar increased in value over the first three months of the year by an average of 5%, 5%, and 4% respectively, compared to the average for financial year 2005. The Hungarian forint depreciated in value by 3%.

Exchange rates used for P/L

Main currencies	Exchange rate average in 1Q 2006			
	1 EUR = … CURR	Appreciation (pos.figure) or depreciation (neg.figure) versus EUR		
		versus avg 1Q 2005	versus avg 4Q 2005	versus avg FY 2005
USD (USA)	1.198	10%	-1%	4%
GBP (UK)	0.685	1%	-1%	0%
CZK (Czech Rep.)	28.51	5%	3%	5%
SKK (Slovakia)	37.34	2%	3%	3%
HUF (Hungary)	255.08	-4%	-1%	-3%
PLN (Poland)	3.84	5%	2%	5%

Balance sheet and solvency

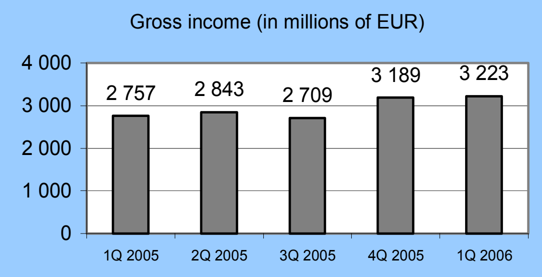
Highlights, consolidated balance sheet (in millions of EUR)	31-12-2005	31-03-2006
Total assets	325 801	319 989
Loans and advances to customers	119 475	117 628
Securities	125 810	118 874
Deposits from customers and debt securities	171 572	176 758
Gross technical provisions, insurance	14 779	15 031
Liabilities under investment contracts, insurance	7 615	8 376
Parent shareholders' equity	15 751	15 365

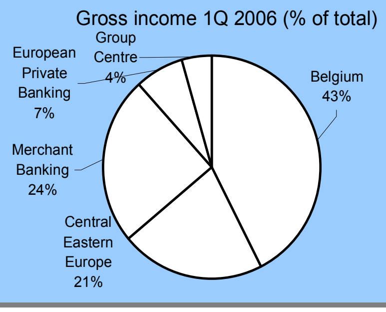
On 31 March, parent shareholders' equity came to 15.4 billion euros, or 0.4 billion euros less than at the start of the year, owing to the repurchase of treasury shares (which are deducted from accounting equity) and the lower level of unrealised gains on bonds (on account of the increase in market interest rates).

The tier-1 ratio for the banking business and the solvency ratio of the insurance business came to 9.1% and 383% respectively (with a group gearing ratio of 103%).

Gross income

Gross income (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	1 019	1 043	1 096	1 061	1 047
Gross earned premiums, insurance	729	978	810	1 034	768
Non-Life	*415*	*400*	*417*	*418*	*441*
Life	*314*	*578*	*393*	*616*	*327*
Note: unit-linked	*464*	*648*	*954*	*2 487*	*963*
Net fee and commission income	429	410	452	528	488
Net gains from financial instruments at fair value	163	63	166	251	519
Net realised gains from available-for-sale assets	168	97	49	144	242
Dividend income	34	135	25	41	27
Other income	215	118	112	130	132
Gross income	2 757	2 843	2 709	3 189	3 223
Belgium	1 220	1 327	1 298	1 627	1 373
Central Eastern Europe	705	632	618	635	686
Merchant Banking	570	597	602	716	787
European Private Banking	238	247	196	204	238
Group Centre	24	40	-5	7	140





Net interest income (1 billion euros) was in line with the figure for preceding quarters, although up slightly on the figure for the first quarter of 2005. Continuing volume growth offset the narrower interest rate margin (11 basis points lower year-on-year, largely because of the lower net interest income derived from dealing room activities).

Premium income in the non-life insurance business (441 million euros) is traditionally strong in the first quarter of the year. Compared with the first quarter of 2005, it was up by 26 million euros (+6%). The increase came to 6% for the Belgium Business Unit, to 9% for the Central Eastern Europe Business Unit (5% discounting the positive exchange rate effect) and 3% in the Merchant Banking Business Unit (reinsurance business).

In the life insurance business, the figure for premium income (327 million euros) does not include sales of certain forms of life insurance, in compliance with the IFRS . Otherwise, total sales of life insurance came to 1.3 billion euros (1 billion euros of this amount were accounted for by unit-linked products). Consequently, the outstanding life insurance reserves went up by 5% compared with year-end 2005 (+5% in the Belgium Business Unit and +6% in the Central Eastern Europe Business Unit and –1% in the European Private Banking Business Unit).

Net fee and commission income (488 million euros) was 59 million euros higher (+14%) year-on-year, thanks chiefly to strong growth in revenues from the sale of investment funds, life insurance, and asset management products and services. Since then, total assets under management have increased by 27% to 213 billion euros. Fee and commission income, however, was down on the preceding quarter (-40 million euros), when sales of unit-linked life insurance reached an exceptional record level. During the first quarter of 2006, higher fees were also paid on capital market activities, and these are deducted from fee and commission income.

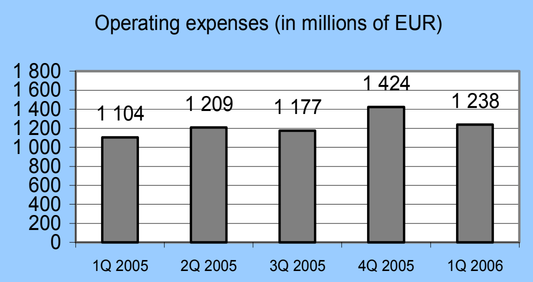
Net gains from financial instruments at fair value (519 million euros) were conspicuously higher than for the preceding quarters, thanks mainly to a strong performance on the money and capital markets (415 million euros). In addition, increases were recorded in the fair value of ALM hedging derivatives (78 million euros, chiefly in the Belgium Business Unit) and in income earned on the private equity portfolio (26 million euros, in the Merchant Banking Business Unit).

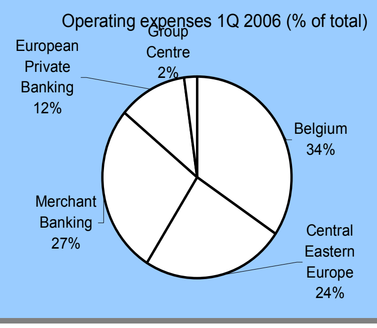
Gains realised on investments (242 million euros) were at a high level, with 132 million euros qualifying as extraordinary (this sum includes 51 million euros on the sale of the investment in the Belgian industrial concern, Agfa). Gains were also enhanced by sales of equity investments by the Belgium Business Unit, sales that were made, inter alia, to keep risk exposure limits from being exceeded as a result of the favourable trend on the stock market.

'Other income' (132 million euros) was in line with the figure for the preceding quarters. It includes a gain on the sale of office buildings in Prague (34 million euros, gross). The heading was markedly lower than for the first quarter of 2005 when non-recurring income of 101 million euros was posted owing to the favourable settlement of a credit dispute in Slovakia.

Operating expenses

Operating expenses (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Staff expenses	-636	-714	-651	-848	-775
General administrative expenses	-380	-383	-388	-448	-396
Depreciation and amortisation of fixed assets	-94	-92	-97	-106	-88
Provisions for risks and charges	6	-20	-41	-22	21
Operating expenses	-1 104	-1 209	-1 177	-1 424	-1 238
Belgium	-411	-448	-422	-552	-427
Central Eastern Europe	-295	-316	-333	-373	-302
Merchant Banking	-231	-252	-258	-335	-336
European Private Banking	-135	-155	-147	-131	-147
Group Centre	-32	-38	-17	-32	-26





Operating expenses were down in the first quarter by 186 million euros (-13%) on the preceding quarter, when various non-recurring and seasonal expenses had been recognised (including 100 million euros, before tax, associated with pension provisions in Belgium).

Compared with the first quarter of 2005, there was a 134-million-euro increase (+12%), mainly because of higher result-based wage costs for the increased profit on the capital markets (Merchant Banking Business Unit). During the first quarter of 2005, these had been at a low level. The year-on-year increase in expenses came to 4% for the Belgium Business Unit, to 2% for the Central Eastern Europe Business Unit (less than the upward exchange rate effect), to 9% for the European Private Banking Business Unit (an organic increase of 3%) and 45% for the Merchant Banking Business Unit.

The cost/income ratio in the banking business came to 49% (54%, if the non-recurring income is not taken into account), compared to 60% for financial year 2005. In the Belgium Business Unit, the cost/income ratio came to 47%, in the Central Eastern Europe Business Unit to 55%, in the Merchant Banking Business Unit to 47% and in the European Private Banking Business Unit to 65%.

Impairment

Impairment (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Impairment on loans and advances	3	-38	-5	5	3
Impairment on available-for-sale assets	-16	0	13	9	0
Impairment on goodwill	-2	-5	-3	-10	0
Impairment on other	0	0	-1	-53	0
Impairment	-15	-42	3	-49	3
Belgium	1	-6	7	-1	-10
Central Eastern Europe	4	-12	-34	-45	-19
Merchant Banking	-19	-22	27	36	33
European Private Banking	-1	-4	12	16	0
Group Centre	0	2	-8	-55	0

In line with the trend in previous quarters, the first quarter was also marked by a lack of impairment on loans. For the group as a whole, there was even a net reversal of 3 million euros, bringing the loan loss ratio to 0% (0.05% in Belgium, 0.32% in the Central Eastern Europe, -0.24% in Merchant Banking and 0.09% in European Private Banking). 98% of non-performing loans were covered by loan loss provisions, approximately the same percentage as at the start of the financial year (99%).

During the first quarter, no net impairment was recognised on investments or participating interests. In the preceding quarter, a significant impairment loss (-49 million euros) had been recorded on the investment in Agfa-Gevaert (under the 'Other' heading).

Gross technical charges insurance and ceded reinsurance result

The technical insurance charges amounted to 631 million euros, gross, while reinsurance expense came to 18 million euros. As in previous quarters, a strong technical result was recorded in the non-life insurance business, with a loss ratio of 62%. In the non-life business, the claims reserve ratio ended the period at 177%, roughly on a par with the figure recorded at the start of the year (174%).

The combined ratio in the non-life insurance business came to 89% (96% for financial year 2005): 85% for the Belgium Business Unit, 99% for the Central Eastern Europe Business Unit and 81% for the Merchant Banking Business Unit (reinsurance business).

Share in result of associated companies and minority interests

The share in the result of associated companies (11 million euros) is mainly related to the investment in the Slovenian NLB (8 million euros). The share in the profit of Agfa-Gevaert is no longer included.

The results of K&H Bank (Hungary), where agreement was reached at the end of last year to buy out minority shareholders (40%), were included in the group result in full in the first quarter of 2006 (net impact on the results: 7 million euros).

Results per business unit

A detailed overview of results and commentary on every business unit is provided in the next few sections of this report.

Results according to the legal structure of the group

Under IFRS, the 'primary segment' reporting format used by KBC is based on the group's legal structure (see table below). More information and detailed figures are provided in the 'Consolidated financial statements' section, note 2a.

Breakdown of net profit according to the legal structure of the group (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Banking	529	341	443	432	742
Insurance	122	124	120	95	130
European Private Banking	53	41	39	51	56
Holding-company Activities	13	-10	-53	-92	51
KBC Group	717	496	550	486	980

Profit outlook for the full year 2006

A target has been set of achieving an average increase in earnings per share of over 10% a year. KBC expects that it will more than meet this target for the third year in a row. There are no indications, for instance, that the loan quality will worsen to any significant extent on the short term and steady growth in volumes and fee business is expected. Earnings per share will also be boosted by the ongoing share buyback programme.

On the other hand, the results for the first quarter are of such a nature that they cannot be extrapolated over the entire year. Moreover, the recent developments on the financial markets are a major source of uncertainty at present. Consequently, we are unable to be more precise in our earnings outlook at this stage.

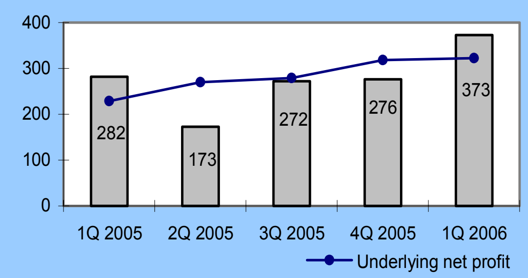
Towards the end of the year, the long-term financial targets will be updated.

Belgium Business Unit

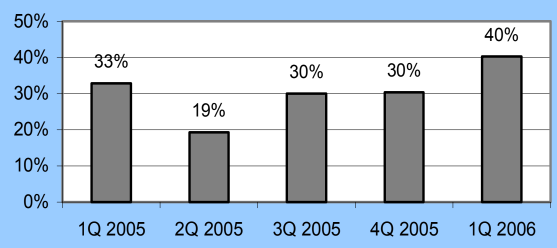
Overview of results

Income statement, Belgium Business Unit (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	501	511	538	532	529
Gross earned premiums, insurance	446	667	522	722	452
Dividend income	11	72	2	17	8
Net gains from financial instruments at fair value	- 82	- 193	- 32	- 14	40
Net realised gains from available-for-sale assets	110	37	27	83	87
Net fee and commission income	196	184	201	248	225
Other income	38	48	40	37	32
Gross income	1 220	1 327	1 298	1 627	1 373
Operating expenses	- 411	- 448	- 422	- 552	- 427
Impairment	1	- 6	7	- 1	- 10
Gross technical charges, insurance	- 407	- 636	- 495	- 672	- 410
Ceded reinsurance result	- 9	1	- 2	- 2	- 3
Share in results of associated companies	1	2	2	- 1	1
Profit before tax	395	239	388	399	524
Income tax expense	- 112	- 65	- 115	- 123	- 150
Profit after tax	283	174	273	276	374
Minority interests	- 1	- 1	- 1	0	- 1
Net profit, group share	**282**	**173**	**272**	**276**	**373**
Banking activities	*183*	*80*	*194*	*190*	*262*
Insurance activities	*99*	*93*	*78*	*86*	*111*
of which: Underlying net profit	229	270	279	319	323
Risk-weighted assets (end of period)	*34 153*	*34 839*	*35 807*	*36 123*	*38 217*
Allocated equity (end of period)	*3 439*	*3 531*	*3 618*	*3 681*	*3 795*
Return on allocated capital (ROAC)	*33%*	*19%*	*30%*	*30%*	*40%*
Cost/income ratio (banking activities)	*55%*	*77%*	*55%*	*63%*	*47%*
Combined ratio (non-life insurance activities)	*89%*	*98%*	*95%*	*98%*	*85%*

Net profit, group share (in millions of EUR)



ROAC



For a definition of ratios, see 'annex 3'.

Description

The ‘Belgium’ business unit includes all retail and private bancassurance activities in Belgium. More specifically, it includes KBC Bank (limited to the retail and private banking activities in Belgium), KBC Insurance (except for some specific items), as well as a number of Belgian subsidiaries (the main ones being CBC Banque, Centea, KBC Asset Management, Fidea and ADD).

Commentary

Profit for the first quarter came to 373 million euros, markedly higher than for the preceding quarters. The return on allocated capital (ROAC) came to 40% (28% for the full 2005 financial year).

The improvement in profit is mainly due to a high level of income (albeit supported by gains on investments and the revaluation of interest-rate hedging derivatives) and a technically strong non-life insurance result (combined ratio: 85%). During the quarter, home loans went up by 3%, while outstanding life insurance and assets under management for customers increased by 5% and 10%, respectively. The interest margin narrowed by 4 basis points compared to the preceding quarter.

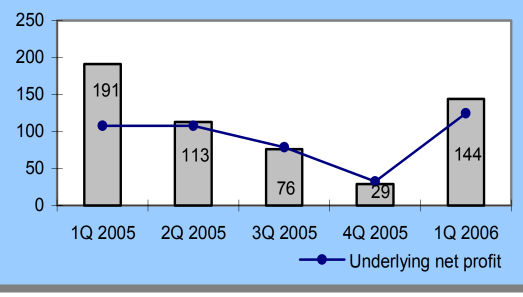
The cost/income ratio in the banking business fell to 47% and the loan loss ratio remained limited to 0.05%.

Central Eastern Europe Business Unit

Overview of results

Income statement, Central Eastern Europe Business Unit (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	220	233	232	242	244
Gross earned premiums, insurance	196	231	207	236	236
Dividend income	4	2	- 3	1	0
Net gains from financial instruments at fair value	83	79	52	49	60
Net realised gains from available-for-sale assets	20	2	10	0	5
Net fee and commission income	66	62	72	76	74
Other income	117	22	48	31	66
Gross income	705	632	618	635	686
Operating expenses	- 295	- 316	- 333	- 373	- 302
Impairment	4	- 12	- 34	- 45	- 19
Gross technical charges, insurance	- 133	- 149	- 141	- 172	- 169
Ceded reinsurance result	- 9	- 18	- 6	- 8	- 7
Share in results of associated companies	9	3	7	2	9
Profit before tax	281	140	110	39	198
Income tax expense	- 59	- 5	- 10	5	- 36
Profit after tax	221	135	100	44	162
Minority interests	- 30	- 22	- 23	- 15	- 18
Net profit, group share	**191**	**113**	**76**	**29**	**144**
Banking activities	*183*	*96*	*72*	*53*	*146*
Insurance activities	*8*	*17*	*4*	*- 24*	*- 2*
of which: Underlying net profit	108	108	79	33	125
Risk-weighted assets (end of period)	*16 456*	*16 453*	*17 547*	*18 199*	*19 053*
Allocated equity (end of period)	*1 365*	*1 379*	*1 455*	*1 508*	*1 577*
Return on allocated capital (ROAC)	*62%*	*36%*	*23%*	*8%*	*38%*
Cost/income ratio (banking activities)	*50%*	*69%*	*69%*	*76%*	*55%*
Combined ratio (non-life insurance activities)	*98%*	*93%*	*104%*	*100%*	*99%*

Net profit, group share (in millions of EUR)



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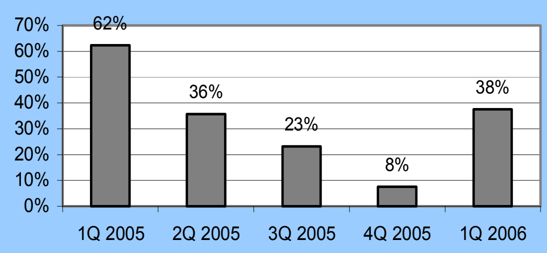


For a definition of ratios, see 'annex 3'.

Description

The 'Central Eastern Europe' business unit encompasses all banking and insurance activities (retail and private bancassurance, as well as merchant banking) in Central Eastern Europe:

- in the Czech and Slovak Republics: ČSOB (bank), ČSOB Pojisťovna and ČSOB Poisťovna
- in Hungary: K&H Bank, K&H Life and K&H General Insurance
- in Poland: Kredyt Bank, Warta and Warta Life
- in Slovenia: Nova Ljubljanska banka (NLB) and NLB Vita.

Commentary

In Annex 2 of this report, detailed income statements for the Czech & Slovak Republics, Hungary, Poland and a category entitled 'Other' are provided. 'Other' includes the results of NLB and NLB Vita in Slovenia, the allocated funding cost of goodwill, minority interests at the level of KBC in the subsidiaries mentioned above, consolidation adjustments and some operating expenses at head office related to Central Eastern Europe.

Income statement, Central Eastern Europe Business Unit
(in millions of EUR)

	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Breakdown of net profit, group share[1]					
Czech and Slovak Republics	168	25	85	62	131
Hungary	24	12	16	27	19
Poland	30	40	45	24	26
Other	- 31	36	- 70	- 83	- 32
Total	191	113	76	29	144

1 For a breakdown of the underlying net profit, see annex 2.

Quarterly profit in the Central Eastern Europe Business Unit came to 144 million euros, and return on allocated capital increased to 38% (31% in the 2005 financial year). Profit (before consolidation adjustments) came to 131 million euros in the Czech and Slovak Republics, to 26 million euros in Poland and to 19 million euros in Hungary. KBC's share in the profit in Slovenia came to 8 million euros. Profit for this business unit was down on the figure for the first quarter of 2005, when a one-off net profit of 68 million euros was recorded on the settlement of a credit dispute.

Interest, fee and premium income have been heading up, quarter after quarter. During the first quarter of 2006, home loans went up by 4%, while outstanding life insurance and assets under management for customers increased by 6% and 8%, respectively. The interest margin remained on a par with the level for the preceding quarter. During the first quarter, other non-recurring income (net impact on the results: 20 million euros) was recorded on the sale of office buildings.

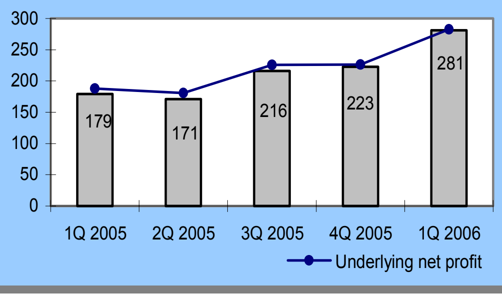
Operating expenses were considerably lower than in the previous quarter, when various one-off expenses had had to be taken, and 2% higher year-on-year (0%, if the exchange rate effect is not taken into account). The cost/income ratio fell to 55%. Impairment on loans was limited to 18 million euros (loan loss ratio of 0.32%).

Merchant Banking Business Unit

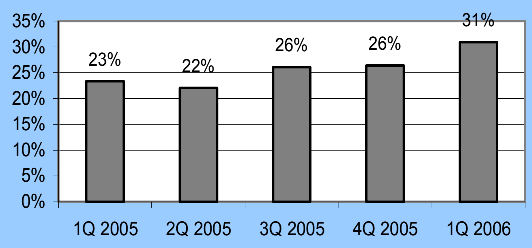
Overview of results

Income statement, Merchant Banking Business Unit (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	266	264	264	213	190
Gross earned premiums, insurance	78	66	76	73	85
Dividend income	16	39	23	18	17
Net gains from financial instruments at fair value	99	147	157	263	430
Net realised gains from available-for-sale assets	33	2	3	50	7
Net fee and commission income	58	55	56	62	42
Other income	20	23	24	36	17
Gross income	570	597	602	716	787
Operating expenses	- 231	- 252	- 258	- 335	- 336
Impairment	- 19	- 22	27	36	33
Gross technical charges, insurance	- 48	- 42	- 48	- 43	- 54
Ceded reinsurance result	- 6	- 3	- 3	- 18	- 5
Share in results of associated companies	0	0	0	1	0
Profit before tax	267	277	321	356	425
Income tax expense	- 66	- 83	- 81	- 110	- 121
Profit after tax	201	194	240	246	304
Minority interests	- 22	- 23	- 24	- 24	- 24
Net profit, group share	**179**	**171**	**216**	**223**	**281**
Banking activities	*164*	*158*	*182*	*188*	*261*
Insurance activities	*15*	*13*	*34*	*35*	*20*
of which: Underlying net profit	188	181	226	227	282
Risk-weighted assets (end of period)	*47 248*	*50 277*	*51 015*	*54 347*	*53 891*
Allocated equity (end of period)	*3 298*	*3 503*	*3 548*	*3 775*	*3 752*
Return on allocated capital (ROAC)	*23%*	*22%*	*26%*	*26%*	*31%*
Cost/income ratio (banking activities)	*46%*	*47%*	*48%*	*55%*	*47%*
Combined ratio (reinsurance activities)	*90%*	*92%*	*88%*	*100%*	*81%*

Net profit, group share (in millions of EUR)



ROAC



For a definition of ratios, see 'annex 3'.

Description

The 'Merchant Banking' business unit encompasses the services provided to corporate customers (including large SMEs) and all capital market activities, but not those of the Central Eastern European group companies. More specifically, it includes the merchant banking activities of KBC Bank in Belgium, its foreign branches, as well the subsidiaries (only the main ones are mentioned) IIB Bank and KBC Finance Ireland in Ireland, KBC Deutschland in Germany, KBC Bank Nederland and KBC Clearing in the Netherlands, Antwerp Diamond Bank (various locations), KBC Lease (various locations), KBC Securities (various locations), KBC Financial Products (various locations), KBC Peel Hunt in the UK, KBC Private Equity and Secura in Belgium, Assurisk in Luxembourg, and various financing companies.

Commentary

Profit for the quarter came to 281 million euros, a good deal higher than for the preceding quarters, with 173 million euros of this amount being accounted for by the corporate segment and 108 million euros by capital market activities. The return on allocated capital came to 31% (24% for the full 2005 financial year). 25% for the corporate activities and 57% for the capital market activities.

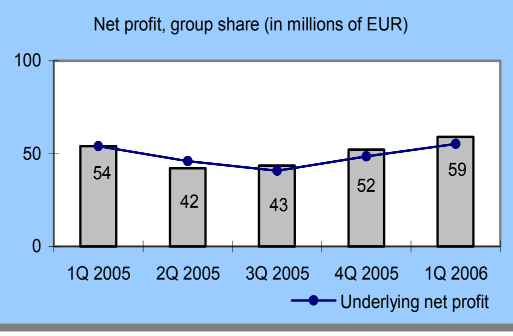
The improvement in the profit trend was characterised by a significant increase in income (especially from capital market activities, including business in structured loan products), which was partly offset by higher result-based staff expenses and an increase in tax. There was again a net reversal of loan loss provisions (loan loss ratio -0.24%).

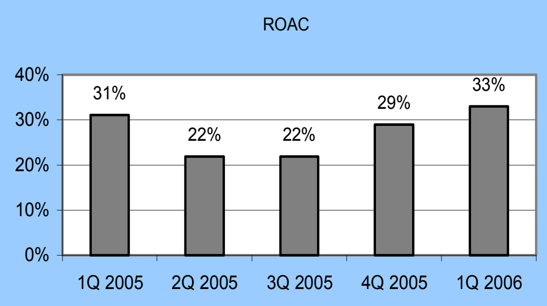
The cost/income ratio in the banking business came to 47% and the combined ratio in the reinsurance business to 81%.

European Private Banking Business Unit

Overview of results

Income statement, European Private Banking Business Unit (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	46	49	73	91	97
Gross earned premiums, insurance	18	19	15	11	3
Dividend income	2	6	3	2	2
Net gains from financial instruments at fair value	45	38	- 25	- 49	- 12
Net realised gains from available-for-sale assets	2	19	9	5	12
Net fee and commission income	100	107	114	129	135
Other income	24	9	7	16	2
Gross income	238	247	196	204	238
Operating expenses	- 135	- 155	- 147	- 131	- 147
Impairment	- 1	- 4	12	16	0
Gross technical charges, insurance	- 24	- 26	- 22	- 18	- 7
Ceded reinsurance result	0	0	0	0	0
Share in results of associated companies	1	1	1	1	1
Profit before tax	79	63	40	72	84
Income tax expense	- 22	- 19	4	- 18	- 24
Profit after tax	57	44	44	54	60
Minority interests	- 3	- 2	- 1	- 2	- 1
Net profit, group share	**54**	**42**	**43**	**52**	**59**
Banking activities	*53*	*41*	*39*	*51*	*56*
Insurance activities	*1*	*2*	*4*	*1*	*3*
of which: Underlying net profit	54	46	41	49	55
Risk-weighted assets (end of period)	*9 749*	*10 122*	*9 618*	*8 772*	*9 539*
Allocated equity (end of period)	*720*	*745*	*711*	*653*	*704*
Return on allocated capital (ROAC)	*31%*	*22%*	*22%*	*29%*	*33%*
Cost/income ratio (banking activities)	*63%*	*71%*	*86%*	*71%*	*65%*





For a definition of ratios, see 'annex 3'.

Description

The ‘European Private Banking’ business unit encompasses the activities of the KBL ‘European Private Bankers’ group (KBL EPB). More specifically, it includes Kredietbank SA Luxembourgeoise and its subsidiaries throughout Europe, as well as the insurance company VITIS Life in Luxembourg.

Commentary

The European Private Banking Business Unit contributed 59 million euros to profit, more than in preceding quarters, with a return on allocated capital being achieved of 33% (28% for the 2005 financial year).

The profit trend was supported by the steady growth in fee and commission income from the wealth management and custody business. This income was up by 5% on the previous quarter and by 34% (22% on an organic basis) year-on-year. Assets under management went up by 6% to 69 billion euros during the first quarter.

The business unit’s operating expenses went up by (an organic) 3% year-on-year, bringing the cost/income ratio to 65% (compared with 72% for the 2005 financial year).

Group centre

Overview of results

Income statement, Group Centre (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	- 15	- 15	- 11	- 17	- 14
Gross earned premiums, insurance	- 9	- 6	- 11	- 8	- 7
Dividend income	1	16	1	3	0
Net gains from financial instruments at fair value	18	- 9	14	1	2
Net realised gains from available-for-sale assets	4	36	0	6	132
Net fee and commission income	10	3	8	13	12
Other income	16	15	- 7	9	15
Gross income	24	40	- 5	7	140
Operating expenses	- 32	- 38	- 17	- 32	- 26
Impairment	0	2	- 8	- 55	0
Gross technical charges, insurance	0	1	8	5	9
Ceded reinsurance result	7	4	2	3	- 3
Share in results of associated companies	10	7	- 29	- 1	0
Profit before tax	9	16	- 49	- 73	119
Income tax expense	2	- 19	- 9	- 20	5
Profit after tax	11	- 3	- 58	- 93	123
Minority interests	0	0	1	0	0
Net profit, group share	**11**	**- 3**	**- 58**	**- 93**	**123**
Holding business (including Gevaert)	13	- 10	- 53	- 92	51
KBC Bank & KBC Insurance, non-allocated results	- 3	6	- 6	2	72
Other	1	1	0	- 4	0
of which: Underlying net profit	8	- 26	- 58	- 51	- 9

Description

The ‘Group Centre’ mainly comprises KBC Group NV (mainly the cost of leveraging at holding-company level, group strategy-related expenses and Gevaert (which was merged with KBC Group NV)), part of KBC Bank and KBC Insurance (inter alia the dividends and gains on a number of non-strategic equity holdings, and a limited number of non-allocated costs), Fin-Force, and the elimination of intrasegment transactions.

Commentary

The results not derived from the operating business units came to 123 million euros and included 51 million euros in profit by the holding company (after the merger between KBC Group NV and Gevaert, and the sale of the investment in Agfa-Gevaert), 76 million euros in gains realised on the centrally managed equity portfolio and a negative 5 million euros in central administrative expenses.

Consolidated financial statements

Consolidated income statement

In millions of EUR	Note	1Q 2005	1Q 2006
Net interest income	3	1 019	1 047
Gross earned premiums, insurance	9	729	768
Dividend income	4	34	27
Net gains from financial instruments at fair value	5	163	519
Net realised gains from available-for-sale assets	6	168	242
Net fee and commission income	7	429	488
Net post-tax income from discontinued operations		0	0
Other income	8	215	132
GROSS INCOME		2 757	3 223
Operating expenses	12	- 1 104	- 1 238
Impairment	14	- 15	3
on loans and receivables		3	3
on available-for-sale assets		- 16	0
on goodwill		- 2	0
on other		0	0
Gross technical charges, insurance	9	- 612	- 631
Ceded reinsurance result	9	- 17	- 18
Share in results of associated companies		21	11
PROFIT BEFORE TAX		1 030	1 349
Income tax expense		- 257	- 325
PROFIT AFTER TAX		774	1 024
Minority interests		- 57	- 44
NET PROFIT - GROUP SHARE		717	980
Earnings per share (in EUR)			
Basic		2.00	2.73
Diluted		1.96	2.70

Note: restatement of figures (in the ‘net interest income’ and ‘net gains from financial instruments at fair value’ items): see annex 1.

Quarterly consolidated income statement figures for the last five quarters are provided in the ‘Group results’ section, in the table on page 6 of this report.

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2005	31-03-2006
Cash and balances with central banks		2 061	1 627
Treasury bills and other bills eligible for rediscounting with central banks		2 649	2 816
Loans and advances to banks		45 312	50 937
Loans and advances to customers	20, 21	119 475	117 628
Securities	22	125 810	118 874
Derivative financial instruments		18 832	17 077
Portfolio hedge of interest rate risk		59	- 104
Investment property		313	321
Reinsurers' share in technical provisions, insurance	32	282	287
Accrued income		2 992	2 743
Other assets		2 825	2 837
Tax assets		545	605
Current tax assets		70	85
Deferred tax assets		475	520
Non-current assets held for sale		0	0
Investments in associated companies		989	512
Goodwill and other intangible fixed assets		1 537	1 794
Property and equipment		2 120	2 035
TOTAL ASSETS		325 801	319 989

LIABILITIES (in millions of EUR)	Note	31-12-2005	31-03-2006
Deposits from banks		60 821	59 552
Deposits from customers and debt securities	31	171 572	176 758
Derivative financial instruments		24 783	21 657
Portfolio hedge of interest rate risk		0	0
Gross technical provisions, insurance	32	14 779	15 031
Liabilities under investment contracts, insurance	33	7 615	8 376
Accrued expense		2 326	2 548
Other liabilities		18 674	11 801
Tax liabilities		928	959
Current tax liabilities		578	706
Deferred tax liabilities		350	252
Non-current liabilities held for sale		0	0
Provisions for risks and charges		522	530
Subordinated liabilities		6 314	6 018
TOTAL LIABILITIES		308 335	303 230
Total Equity		17 466	16 759
Parent shareholders' equity	38	15 751	15 365
Minority interests		1 715	1 395
TOTAL LIABILITIES AND EQUITY		325 801	319 989

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Treasury shares	Revaluation reserve (AFS investments)	Hedging reserve (cash flow hedges)	Reserves	Transla-tion differences	Parent share-holders' equity	Minority interests	Total Equity
31-03-2005										
Balance at the beginning of the year	1 234	4 130	0	0	0	7 002	- 38	12 328	1 771	14 099
First-time application of IAS 32/39 and IFRS 4 on 01-01-2005	0	185	- 291	1 415	9	- 330	4	992	0	992
Net income recognised directly in equity	0	0	0	234	12	- 2	105	349	0	349
Net profit for the period	0	0	0	0	0	717	0	717	0	717
Dividends	0	0	0	0	0	- 674	0	- 674	0	- 674
Capital increase	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	- 247	0	0	49	0	- 198	0	- 198
Change in minority interests	0	0	0	0	0	0	0	0	- 141	- 141
Total change	0	185	- 538	1 649	21	- 239	109	1 186	- 141	1 045
Balance at the end of the period	1 234	4 315	- 538	1 649	21	6 762	71	13 514	1 630	15 144
31-03-2006										
Balance at the beginning of the year	1 234	4 323	- 484	2 129	1	8 421	127	15 751	1 715	17 466
Net income recognised directly in equity	0	0	0	- 177	23	6	- 26	- 174	0	- 174
Net profit for the period	0	0	0	0	0	980	0	980	0	980
Dividends	0	0	0	0	0	- 892	0	- 892	0	- 892
Capital increase	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	- 301	0	0	0	0	- 301	0	- 301
Change in minority interests	0	0	0	0	0	0	0	0	- 320	- 320
Total change	0	0	- 301	- 177	23	95	- 26	- 387	- 320	- 707
Balance at the end of the period	1 234	4 323	- 785	1 952	24	8 515	100	15 365	1 395	16 759
of which revaluation reserve for shares				1 597						
of which revaluation reserve for bonds				357						
of which revaluation reserve for other assets than bonds and shares				- 1						

Condensed consolidated cash flow statement

In millions of EUR	1Q 2005	1Q 2006
Net cash from (used in) operating activities	- 3 039	512
Net cash from (used in) investing activities	- 812	18
Net cash flows from (used in) financing activities	1 600	- 597
Net increase/(decrease) in cash and cash equivalents	- 2 251	- 67
Cash and cash equivalents at the beginning of the year	10 874	3 199
Effects of exchange rate changes on opening cash and cash equivalents	63	- 57
Cash and cash equivalents at the end of the period	8 686	3 076

Notes on the accounting policies

Provided below is a selection of notes to the accounts. The numbers and titles of the notes that will only appear in the annual report, but not in the quarterly reports, are shown below solely to ensure there is a link with the annual report. The annual report is available on the web site www . kbc. com.

Note 1a: Statement of compliance

The financial statements were authorised for issue on 29 May 2006 by the Board of Directors of KBC Group NV.

The consolidated financial statements of the KBC group have been prepared in accordance with the International Financial Reporting Standards ('endorsed IFRS') as adopted for use in the European Union. They are presented in accordance with IAS 34 'Interim Financial reporting'.

The consolidated financial statements of KBC present one year of comparative information.

In 2005, the group qualified as a first-time adopter of IFRS. The adjustments stemming from the first-time adoption of IFRS were reflected in the opening balance sheet at 1 January 2004, except for items related to IAS 32, IAS 39 and IFRS 4 (in the opening balance sheet at 1 January 2005).

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the 2005 annual report, pages 121-127.

In the first quarter of 2006, no changes in content were made in the accounting principles that had a material impact on the results.

Restatement of the 2005 reference figures: see 'annex 1'.

Notes on segment reporting

Note 2a: Reporting according to the legal structure of the group

Under IFRS, the 'primary segment' reporting format used by KBC is based on the group's legal structure.

As in 2006 Gevaert was merged with KBC Group NV (the holding company) and KBC Asset Management became a majority-owned subsidiary of KBC Bank, the former Asset Management and Gevaert 'primary IFRS segments' ceased to exist and, since then, KBC distinguishes only between the following primary segments:

- Banking: KBC Bank and its subsidiaries (also including KBC Asset Management);
- Insurance: KBC Insurance and its subsidiaries;
- European Private Banking: Kredietbank SA Luxembourgeoise and its subsidiaries;
- Holding Company Activities: mainly KBC Group NV on a non-consolidated basis, KBC Exploitatie, Kredietcorp and Almafin group (a former subsidiary of Gevaert);
- Intersegment transactions are transactions conducted between the different primary segments at arm's length. As a number of items are reported on a net basis (e.g., net interest income), the balance of the intragroup transactions for these items is immaterial. Intersegment transfers are measured on the basis actually used to price the transfers.

The figures for the holding-company activities also include the 'cost-sharing structure', which comprises a number of common support services such as marketing, logistics, IT and communication. Costs incurred by this cost-sharing structure are paid by the holding company and afterwards charged to the other segments. Hence, these amounts are shown both under expenses and under income (income from costs that have been passed on) in the 'holding-company activities' segment, and under expenses in the other segments.

N.B.: The 1Q 2005 reference figures were restated as a consequence of:

- the already mentioned changes relating to the application of the 'fair value hedge accounting for a portfolio hedge of interest rate risk', see Annex 1, and
- the retroactive use of the breakdown according to the simplified legal structure (see above).

In millions of EUR	Banking	Insurance	European Private Banking	Holding-company Activities	Inter-segment elimi-nations	KBC Group
INCOME STATEMENT 1Q 2005						
Net interest income	869	131	38	- 18	0	1 019
Gross earned premiums, insurance	0	729	0	0	0	729
Dividend income	21	10	2	1	0	34
Net gains from financial instruments at fair value	104	- 5	45	20	0	163
Net realised gains from available-for-sale assets	56	106	2	4	0	168
Net fee and commission income	409	- 81	100	- 2	3	429
Net post-tax income from discontinued operations	0	0	0	0	0	0
Other income	150	19	24	128	- 106	215
GROSS INCOME	1 609	907	211	133	- 103	2 757
Operating expenses	- 822	- 123	- 134	- 128	103	- 1 104
Impairment	2	- 16	- 1	0	0	- 15
on loans and receivables	4	- 1	1	0	0	3
on available-for-sale assets	- 2	- 14	0	0	0	- 16
on goodwill	0	- 1	- 1	0	0	- 2
on other	0	0	0	0	0	0
Gross technical charges, insurance	0	- 612	0	0	0	- 612
Ceded reinsurance result	0	- 17	0	0	0	- 17
Share in results of associated companies	12	0	1	8	0	21
PROFIT BEFORE TAX	800	140	77	13	0	1 030
Income tax expense	- 218	- 18	- 21	1	0	- 257
PROFIT AFTER TAX	583	122	56	13	0	774
Minority interests	- 54	0	- 3	0	0	- 57
NET PROFIT, GROUP SHARE	529	122	53	13	0	717
INCOME STATEMENT 1Q 2006						
Net interest income	823	146	89	- 7	- 5	1 047
Gross earned premiums, insurance	0	768	0	0	0	768
Dividend income	18	7	2	0	0	27
Net gains from financial instruments at fair value	530	- 1	- 12	2	0	519
Net realised gains from available-for-sale assets	104	71	11	56	0	242
Net fee and commission income	433	- 79	134	- 1	1	488
Net post-tax income from discontinued operations	0	0	0	0	0	0
Other income	96	15	2	139	- 120	132
GROSS INCOME	2 005	927	227	188	- 123	3 223
Operating expenses	- 947	- 129	- 146	- 139	123	- 1 238
Impairment	8	- 4	- 1	0	0	3
on loans and receivables	8	- 1	- 3	0	0	3
on available-for-sale assets	0	- 2	2	0	0	0
on goodwill	0	0	0	0	0	0
on other	0	0	0	0	0	0
Gross technical charges, insurance	0	- 631	0	0	0	- 631
Ceded reinsurance result	0	- 18	0	0	0	- 18
Share in results of associated companies	10	0	1	0	0	11
PROFIT BEFORE TAX	1 076	145	80	49	0	1 349
Income tax expense	- 282	- 24	- 22	3	0	- 325
PROFIT AFTER TAX	794	121	57	51	0	1 024
Minority interests	- 52	10	- 1	0	0	- 44
NET PROFIT - GROUP SHARE	742	130	56	51	0	980
BALANCE SHEET 31-12-2005						
Total assets	272 283	26 178	25 766	1 574		325 801
Total liabilities	256 762	23 781	26 400	1 392		308 335
BALANCE SHEET 31-03-2006						
Total assets	261 291	27 737	29 865	1 096		319 989
Total liabilities	248 182	24 447	28 362	2 239		303 230

Note 2b: Reporting by geographic segment

The IFRS 'secondary segment' reporting format is based on geographic areas, and reflects KBC's focus on its two home markets – Belgium and Central Eastern Europe (Poland, Czech and Slovak Republics, Hungary and Slovenia) – and its selective presence in other countries ('rest of the world', i.e. mainly Western Europe excluding Belgium, the US and Southeast Asia).
The geographic segmentation is based on the location where the services are rendered. Since at least 95% of the customers are local customers, the location of the branch or subsidiary determines the geographic breakdown of both the balance sheet and income statement.
More detailed geographic segmentation figures for balance sheet items are provided in the various notes to the balance sheet. The breakdown here is made based on the geographic location of the counterparty.

N.B.: 1Q 2005 restated gross income figures, see Annex 1.

In millions of EUR	Belgium	Central Eastern Europe	Rest of the world	Inter-segment elimi-nations	KBC Group
1Q 2005					
Gross income	1 498	731	528	0	2 757
31-12-2005					
Total assets	192 213	35 067	98 521	0	325 801
Total liabilities	175 515	33 615	99 205	0	308 335
1Q 2006					
Gross income	1 705	727	791	0	3 223
31-03-2006					
Total assets	190 588	37 035	92 366	0	319 989
Total liabilities	173 955	36 426	92 849	0	303 230

Notes to the income statement

Note 3: Net interest income

In millions of EUR	1Q 2005	1Q 2006
Total	1 019	1 047
Interest income	2 488	2 870
Loans and advances to banks	325	552
Loans and advances to customers	1 229	1 331
Deposits with ceding companies	1	1
Fixed-income securities not measured at fair value through profit and loss	548	*635*
Subtotal, interest income for financial assets not measured at fair value through profit and loss	*2 103*	*2 519*
Financial assets at fair value through profit and loss	385	351
Interest expense	- 1 469	- 1 823
Deposits from banks	- 414	- 646
Deposits from customers	- 721	- 771
Debt securities	- 220	- 311
Subordinated liabilities	- 84	- 74
Investment contracts at amortised cost	0	0
Hedging derivatives	- 29	- 22

N.B.: 1Q 2005 restated figures, see Annex 1.

Note 4: Dividend income

In millions of EUR	1Q 2005	1Q 2006
Total	34	27
Available-for-sale shares	17	13
Shares held for trading	17	14
Other shares measured at fair value through profit and loss	0	0

Note 5: Net gains from financial instruments at fair value

In millions of EUR	1Q 2005	1Q 2006
Total	163	519
Trading instruments (including trading derivatives)	23	595
Other financial instruments at fair value	47	- 199
Portfolio hedge of interest rate risk	0	0
Foreign exchange trading	93	123

N.B.: 1Q 2005 restated figures, see Annex 1.

Note 6: Net realized gains from available-for-sale assets

In millions of EUR	1Q 2005	1Q 2006
Total	168	242
Fixed-income securities	27	25
Shares	142	217

Note 7: Net fee and commission income

In millions of EUR	1Q 2005	1Q 2006
Total	429	488
Fee and commission income	659	796
Securities and asset management (including from investment contracts)	440	541
Commitment credit	35	35
Payments	95	98
Other	90	122
Fee and commission expense	- 230	- 307
Acquisition costs	- 113	- 104
Other	- 117	- 203

Note 8: Other income

In millions of EUR	1Q 2005	1Q 2006
Total	215	132
of which: Slovak Collection Unit award*	101	0

*Related to the settlement of an unpaid loan to the Slovak government.

The amount reported under 'Other income' generally includes income from operating leases, amounts recovered under guarantees, rental income, realised gains on property and equipment and investment property, and amounts recovered on loans that have been written off in full.

Note 9: Technical accounts, insurance

The technical accounts in the table differ from the presentation in the consolidated income statement of KBC Group. The main differences are:

- a breakdown is provided of insurance contracts (life versus non-life), investment contracts (with and without Discretionary Participation Feature (DPF)) and the non-technical account;
- technical charges include the internal cost of handling non-life claims;
- the investment income and charges include the internal cost of investment management. In the group income statement, the investment income is broken down into the various items on the income statement (net interest income, dividend income, net gains from financial instruments at fair value, net realised gains from available-for-sale assets, net fee and commission income and other income).

In millions of EUR	Insurance contracts, Life	Insurance contracts, Non-Life	Insurance contracts, Total	Investment contracts with DPF (Life)	Investment contracts without DPF (Life)	Non-technical account	TOTAL
1Q 2005							
Gross earned premiums	136	415	550	179	0	0	729
Gross technical charges	- 136	- 270	- 406	- 229	- 35	0	- 670
Gross claims paid	- 130	- 200	- 329	- 54	0	0	- 383
Gross provision for claims outstanding	14	- 60	- 46	15	0	0	- 31
Bonuses and rebates	3	0	2	14	0	0	16
Other technical provisions	- 22	- 4	- 26	- 203	- 50	0	- 279
Other technical income and charges	0	- 7	- 7	0	15	0	8
Investment income and charges	57	44	101	42	51	90	284
Investment income	0	0	0	0	0	277	277
Value adjustments	0	0	0	0	51	0	51
Investment charges	0	0	0	0	0	- 48	- 48
Other income and charges (non-technical)	0	0	0	0	0	3	3
Allocation to the technical accounts	57	44	101	42	0	- 143	0
General administrative expenses	- 31	- 133	- 164	- 10	- 11	0	- 185
Net acquisition costs	- 22	- 94	- 116	- 6	- 9	0	- 131
Administrative expenses	- 9	- 39	- 48	- 4	- 2	0	- 54
Impairment of goodwill	0	0	0	0	0	- 1	- 1
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	0	- 16	- 16	0	0	- 1	- 17
Technical charges	1	6	7	0	0	0	7
Fee and commission expense	0	5	5	0	0	0	5
Interest expense, deposits from reinsurers	0	0	0	0	0	- 1	- 1
Earned premiums	- 2	- 27	- 28	0	0	0	- 28
PROFIT BEFORE TAX	25	39	65	- 19	6	88	140
1Q 2006							
Gross earned premiums	178	441	618	150	0	0	768
Gross technical charges	- 169	- 274	- 444	- 212	- 165	0	- 821
Gross claims paid	- 100	- 208	- 308	- 178	0	0	- 487
Gross provision for claims outstanding	6	- 56	- 51	0	0	0	- 51
Bonuses and rebates	- 1	0	- 1	- 5	0	0	- 5
Other technical provisions	- 74	- 1	- 75	- 30	- 190	0	- 296
Other technical income and charges	0	- 9	- 9	1	25	0	17
Investment income and charges	87	57	144	72	195	12	422
Investment income	0	0	0	0	0	297	297
Value adjustments	0	0	0	0	195	0	195
Investment charges	0	0	0	0	0	- 74	- 74
Other income and charges (non-technical)	0	0	0	0	0	4	4
Allocation to the technical accounts	87	57	144	72	0	- 215	0
General administrative expenses	- 36	- 139	- 175	- 10	- 20	0	- 205
Net acquisition costs	- 24	- 100	- 124	- 6	- 18	0	- 147
Administrative expenses	- 12	- 40	- 52	- 4	- 2	0	- 58
Impairment of goodwill	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	0	- 18	- 17	0	0	- 1	- 18
Technical charges	1	12	13	0	0	0	13
Fee and commission expense	0	6	6	0	0	0	6
Interest expense, deposits from reinsurers	0	0	0	0	0	- 1	- 1
Earned premiums	- 1	- 35	- 37	0	0	0	- 37
PROFIT BEFORE TAX	59	67	126	- 1	10	10	145

Note 10: Gross written premiums, life insurance

In millions of EUR	1Q 2005	1Q 2006
Accepted reinsurance	4	9
Primary business	296	318
Individual versus group		
Individual premiums	254	262
Premiums under group contracts	43	57
Periodic versus single		
Periodic premiums	140	159
Single premiums	156	159
Non-bonus versus bonus contracts		
Premiums from non-bonus contracts	31	39
Premiums from bonus contracts	265	248
Unit linked	0	31
Ceded reinsurance	0	0
Commissions	- 28	- 37

Note 11: Overview of non-life insurance per class of business

Note available in the annual report only.

Note 12: Operating expenses

In millions of EUR	1Q 2005	1Q 2006
Total	- 1 104	- 1 238
Staff expenses	- 636	- 775
General administrative expenses	- 380	- 396
Depreciation and amortisation of fixed assets	- 94	- 88
Provisions for risks and charges	6	21

Note 13: Personnel

Note available in the annual report only.

For information: as at year-end 2005, the group employed 50 479 people (in FTE): 19 179 in Belgium, 25 271 in Central Eastern Europe and 6 029 in the rest of the world. Only majority-owned subsidiaries are taken into account in these figures.

Note 14: Impairment (income statement)

In millions of EUR	1Q 2005	1Q 2006
Total	- 15	3
Impairment on Loans and Advances		
Total	3	3
Breakdown by type	3	3
Specific impairment for on-balance-sheet lending	3	- 7
Specific impairment for off-balance-sheet credit commitments	0	0
Portfolio-based impairment	0	10
Geographic breakdown	3	3
Belgium	1	- 6
Central Eastern Europe	1	- 18
Rest of the world	1	27
Impairment on available-for-sale assets		
Total	- 16	0
Impairment on goodwill		
Total	- 2	0
Impairment on other		
Total	0	0
Other intangible fixed assets	0	0
Tangible fixed assets	0	0
Held to maturity assets	0	0
Associated companies (goodwill)	0	0

Note 15: Share in results of associated companies
Note 16: Income tax expense
Note 17: Earnings per share

Notes available in the annual report only.

Notes to the balance sheet

Note 18: Classification and fair value of financial instruments
Note 19: Loans and advances to banks

Notes available in the annual report only.

Note 20: Loans and advances to customers

In millions of EUR	31-12-2005	31-03-2006
Total	119 475	117 628
Geographic breakdown	119 475	117 628
Belgium	55 247	56 794
Central Eastern Europe	15 957	16 441
Rest of the World	48 271	44 394
Breakdown by type of credit	119 475	117 628
Discount and acceptance credit	545	579
Consumer credit	2 123	2 581
Mortgage loans	34 233	35 642
Term loans	65 859	60 401
Finance leasing	5 906	5 855
Current account advances	6 437	7 056
Advances on life insurance contracts	8	8
Other (including impairments)	4 363	5 506
of which: securitised	1 038	337
of which: repos	14 973	9 241
Quality		
Gross amount outstanding	122 220	120 208
Impairment for losses on loans and advances	- 2 745	- 2 580
Net amount outstanding	119 475	117 628

Note 21: Impairment for loan losses (balance sheet)

In millions of EUR	31-12-2005	31-03-2006
Total	2 822	2 657
Breakdown by type	2 822	2 657
Specific impairment, on-balance-sheet lending	2 471	2 325
Specific impairment, off-balance-sheet credit commitments	61	62
Portfolio-based impairment	290	270
Breakdown by counterpart	2 822	2 657
Impairment for loans and advances to banks	1	1
Impairment for loans and advances to customers	2 745	2 580
Off-balance-sheet credit commitments	75	76
Geographic breakdown	2 822	2 657
Belgium	996	1 025
Central Eastern Europe	1 078	1 039
Rest of the world	747	593

Information on loan loss ratios, non-performing loans (impaired loans for which principal repayments or interest payments are more than 90 days in arrears) and coverage of non-performing loans by loan loss impairment is provided in note 45.

Note 22: Securities

In millions of EUR	31-12-2005	31-03-2006
Total	125 810	118 874
Geographic breakdown	125 810	118 874
Belgium	46 925	49 173
Central Eastern Europe	12 286	12 027
Rest of the World	66 600	57 674
Breakdown by type and counterparty	125 810	118 874
Fixed-income securities	89 028	89 607
Government bonds	54 637	56 688
Credit institutions	17 157	15 154
Other	17 233	17 766
Equity instruments	36 782	29 267
Shares	29 699	20 724
Investment contracts	7 083	8 543

Note 23: Derivative financial instruments
Note 24: Other assets
Note 25: Tax assets and tax liabilities
Note 26: Investments in associated companies
Note 27: Goodwill
Note 28: Other intangible assets
Note 29: Property and equipment (including investment property)
Note 30: Deposits from banks

Notes available in the annual report only.

Note 31: Deposits from customers and debt securities

In millions of EUR	31-12-2005	31-03-2006
Total	171 572	176 758
Geographic breakdown	171 572	176 758
Belgium	72 302	72 913
Central Eastern Europe	26 879	29 704
Rest of the World	72 391	74 141
Breakdown by type	171 572	176 758
Demand deposits	33 383	35 886
Time deposits	49 639	48 348
Savings deposits	30 872	31 039
Special deposits	4 215	4 260
Other deposits	17 869	20 129
Savings certificates	3 528	3 324
Bonds	10 760	12 153
Certificates of deposit	21 305	21 618
of which repos	13 221	12 019

Note 32: Technical provisions, insurance

In millions of EUR	31-12-2005	31-03-2006
Gross technical provisions	14 779	15 031
Insurance contracts	8 097	8 319
Provisions for unearned premiums and unexpired risk	454	547
Life insurance provision	4 234	4 269
Provision for claims outstanding	3 094	3 135
Provision for bonuses and rebates	20	21
Other technical provisions	294	347
Investment contracts with DPF	6 683	6 712
Life insurance provision	6 655	6 680
Provision for claims outstanding	0	0
Provision for bonuses and rebates	27	32
Reinsurers' share	282	287
Insurance contracts	282	287
Provisions for unearned premiums and unexpired risk	32	34
Life insurance provision	7	8
Provision for claims outstanding	243	244
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life insurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

Technical provisions relate to insurance contracts and investment contracts with a discretionary participation feature (DPF). Liabilities under investment contracts without DPF (see note 33) have to be valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts.

Note 33: Liabilities under investment contracts, insurance

In millions of EUR	31-12-2005	31-03-2006
Total	7 615	8 376
Unit-linked	7 604	8 368
Insurance bond without death rider	0	0
Other	11	8

Note 34: Provisions for risk and charges
Note 35: Subordinated liabilities
Note 36: Other liabilities
Note 37: Retirement benefit obligations

Notes available in the annual report only.

Note 38: Parent shareholders' equity

in number of shares	31-12-2005	31-03-2006
Total number of shares issued and fully paid up	369 206 475	369 206 475
Ordinary shares	366 566 637	366 595 147
Other equity instruments	2 639 838	2 611 328
of which those that entitle the holder to a dividend payment	369 071 569	369 206 475
of which treasury shares	9 191 599	12 443 362

The share capital of KBC Group NV consists of ordinary shares of no nominal value and mandatorily convertible bonds (MCBs – see 'Other equity instruments' in the table).

At 31 March 2006, there were 366 595 147 ordinary shares in circulation. All ordinary shares carry voting rights and each share represents one vote. No participation certificates or non-voting shares have been issued. The shares are quoted on Euronext Brussels and on the Luxembourg Stock Exchange. The par value per ordinary share (issued and paid up share capital per ordinary share) amounted to approximately 3.37 euros at 31 March 2006. There are no shares issued that have not been fully paid. There are no other restrictions attaching to the shares. The authorisation to increase capital may be exercised until 17 June 2009 for an amount of 199 274 896 euros (which, based on the par value of the shares at the end of March 2006, may lead to the issue of maximum 59 132 016 new shares).
At 31 March 2006, KBC group companies held 12 443 362 KBC shares (12 076 257 excluding the shares held in the trading book of KBC Securities and KBC Financial Products). This number includes, inter alia:

- the shares that are held to meet requirements under the various employee stock option plans (as at 31 March 2006: 3 353 742 shares).
- the shares that were bought in relation to the 1-billion-euro share buyback programme announced at the end of 2005 (as at 31 March 2006: 3 534 750 shares). Such shares will be cancelled (3 500 000 shares were already cancelled following the Extraordinary General Meeting of 27 April 2006). Open market purchases of own shares will continue during the remainder of the year, the intention being to cancel these shares in the first half of 2007.

At 31 March 2006, there were 2 611 328 1998-2008 MCBs in circulation, for a nominal amount of 182 871 090 euros, with a maturity date of 30 November 2008 and a base rate of 3.5% (as of 2000, related to changes in the dividend on the KBC share), which had not yet been converted into ordinary shares. Holders of these MCBs are entitled, until 30 November 2008, to request that their MCBs be converted according to a ratio of one KBC ordinary share for one MCB. MCBs which have not been converted by their holders will be converted automatically into ordinary shares at maturity. MCBs only carry voting rights when converted into ordinary shares.

N.B.: Preference shares are not included in parent shareholders' equity, but in minority interests. At 31 March 2006, there were no freely convertible bonds outstanding.

Other notes

Note 39: Commitments and contingent liabilities
Note 40: Operating lease receivables

Notes available in the annual report only.

Note 41: Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2005	31-03-2006
By business unit		
Belgium	122 423	134 674
Central Eastern Europe	7 200	7 775
Merchant Banking	2 056	1 782
European Private Banking	64 679	68 675
Total	196 358	212 906
By product or service[1]		
Investment funds for private individuals	76 663	81 430
Assets managed for private individuals	81 038	89 626
Assets managed for institutional investors	31 680	34 890
Group assets (managed by KBC Asset Management)	14 701	14 937
Eliminations[2]	-7 724	-7 978
Total	196 358	212 906

1 The breakdown of the 31-12-2005 totals has been changed retroactively.
2 Eliminations of double-counting in asset management for private investors and investment funds.

Note 42: Related party transactions

Note available in the annual report only.

Note 43: Solvency banking (KBC Bank and KBL EPB, combined)

In millions of EUR		31-12-2005	31-03-2006
Regulatory capital, KBC Bank + KBL (after profit appropriation)		14 669	14 952
Tier-1 capital		11 065	11 021
Parent shareholders' equity		11 462	11 348
Intangible fixed assets		- 114	- 146
Goodwill on consolidation		- 533	- 880
Preference shares / Hybrid tier-1		1 645	1 638
Minority interests		654	825
Elimination	Mandatorily convertible bonds / other tier 2-instruments	- 436	- 454
	Revaluation reserve availanle-for-sale (AFS) assets	- 830	- 730
	Hedging reserve (cash flow hedges)	- 3	- 24
	Minority interests on AFS reserve & hedging reserve (CF hedges)	- 8	- 9
Dividend payout assumed		- 772	- 547
Tier-2 capital		4 857	4 859
Mandatory convertible bonds		436	436
Perpetuals (incl. hybrid tier-1 not used in tier-1 capital)		840	735
Revaluation reserve AFS shares (at 90%)		331	468
Minority interests on revaluation reserve AFS shares (at 90%)		1	2
Subordinated liabilities		3 250	3 218
Tier-3 capital		11	11
Items to be deducted		- 1 263	- 939
Total weighted risk volume		117 730	120 707
Credit risk, investment		106 127	110 552
Market risks		11 604	10 154
Solvency ratios			
Tier-1 ratio		9.40%	9.13%
CAD ratio		12.46%	12.39%

The table provides solvency figures for KBC Bank and KBL EPB combined, which have been calculated based on IFRS principles and regulators' guidelines. The tier-1 ratio calculated in this way at 31 March 2006 came to 9.13% (broken down as follows: 9.21% for KBC Bank and 8.23% for KBL EPB).

Note 44: Solvency insurance (KBC Insurance)

In millions of EUR	31-12-2005	31-03-2006
AVAILABLE CAPITAL		
Share capital	29	29
Share premium account	122	122
Reserves	2 293	1 897
Revaluation reserve, available-for-sale (AFS) investments	1 255	1 359
Translation differences	28	28
Total group equity	3 726	3 435
Dividend payout, KBC Insurance	- 510	- 91
Minority interests	74	17
Total capital and reserves	3 290	3 360
Subordinated liabilities	15	12
Total capital resources	3 305	3 373
Intangible fixed assets	- 164	- 221
Available capital	3 141	3 152
REQUIRED SOLVENCY MARGIN		
Non-life and industrial accidend-legal lines	256	259
Annuities	7	8
Required solvency margin for the Non Life business	263	266
Class 21	535	541
Class 23	17	17
Required solvency margin for the Life business	552	558
Total required solvency margin	815	824
SOLVENCY RATIO AND SURPLUS		
Solvency ratio (%)	385%	383%
Solvency surplus (in millions of EUR)	2 326	2 328

The table shows the solvency calculated for KBC Insurance, based on IFRS principles. The solvency ratio calculated in this way came to 383% at 31 March 2006.

Note 45: Risk Management

Extensive risk management data are provided in KBC's 2005 Annual Report, on pages 65 to 89. For a selection of these data, updates will be provided on a quarterly basis. Part of the risk management data are based on non-audited management information. For an explanation regarding the methodology used, please refer to the 2005 Annual Report.

Credit risk data

The main source of credit risk is the loan portfolio of the bank. A snapshot of this portfolio is shown in the table below. It includes all payment credit, guarantee credit (except for confirmations of letters of credit and similar export-/import-related commercial credit), standby credit and credit derivatives, granted by KBC Bank and KBL EPB to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds (which are used more for treasury and liquidity management purposes) and trading book exposure are not included. Ratios are defined in 'Annex 3'.

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2005	31-03-2006
Total loan portfolio (in billions of EUR)		
Amount granted	174.8	177.1
Amount outstanding	126.9	129.4
Total loan portfolio, by origin (as a % of the portfolio of credit granted)		
Network in Belgium	43.9%	44.2%
Network in Central Eastern Europe	15.8%	16.2%
Network in the rest of the world	40.3%	39.6%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	5.5%	5.5%
Electricity	2.6%	2.5%
Aviation	0.6%	0.6%
Automobile industry	3.2%	3.2%
Impaired loans (in millions of EUR or %)		
Specific loan impairment	2 532	2 376
Portfolio-based loan impairment	290	270
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	-0.05%	0.05%
Central Eastern Europe[1]	0.37%	0.32%
Merchant Banking	-0.04%	-0.24%
European Private Banking	-0.46%	0.09%
Total	0.01%	-0.02%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 848	2 690
Specific loan impairment for NP loans	2 056	1 962
Non-performing ratio, per business unit		
Belgium	1.7%	1.7%
Central Eastern Europe	4.5%	4.1%
Merchant Banking	1.8%	1.6%
European Private Banking	1.6%	1.5%
Total	2.2%	2.1%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	72%	73%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	99%	98%

Definition of ratios: see annex 3.

1 Broken down as follows for 31-03-2006: 0.08% for CSOB, 0.91% for K&H Bank and 0.17% for Kredyt Bank.

Asset/Liability management data

The first table shows - for the banking business - the extent to which the value of the portfolio would change (basis-point-value or BPV) if interest rates were to fall by ten basis points across the entire curve (positive figures indicate an increase in the value of the portfolio). The figures relate to KBC Bank, CBC Banque, Centea, KBC Lease, KBC Deutschland, ČSOB, K&H Bank, Kredyt Bank and KBL EPB.

The second table provides - for the insurance business - an overview of the composition of the investment portfolio. In the consolidated financial statements of KBC Group, the insurer's investment portfolio is not shown as such, but is spread over various balance sheet items (mainly securities and to a less extent investment property, loans and advances to customers, investments in associated companies, etc.).

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2005	57
Average 2Q 2005	53
Average 3Q 2005	58
Average 4Q 2005	76
Average 1Q 2006	76
31-03-2006	79
Maximum in 1Q 2006	81
Minimum in 1Q 2006	66

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2005	31-03-2006
Bonds and other fixed-income securities	12 685	12 618
Shares and other variable-yield securities	4 197	4 239
Loans and advances to customers	131	122
Loans and advances to banks	557	605
Property and equipment and investment property	283	282
Liabilities under investment contracts, unit-linked	7 778	8 591
Other	128	122
Total investment portfolio KBC Insurance	25 759	26 578

Market risk data

The table shows the Value-at-Risk (99% confidence interval, ten-day holding period) for the bank's dealing rooms on the money and capital markets, for KBC Financial Products (KBC FP) and for KBL EPB, based on historical simulation.
A VAR-approach for KBC Peel Hunt has been developed during the last quarter of 2005 and is currently being tested (average VAR in 1Q 2006 was 2 million euros). The average VAR for KBC Securities was 1 million euros in 1Q 2006.

Market risk: VAR (in millions of EUR)	KBC Bank	KBC FP	KBL EPB
Average 1Q 2005	14	[1]	[2]
Average 2Q 2005	13	[1]	[2]
Average 3Q 2005	11	[1]	[2]
Average 4Q 2005	13	25	[2]
Average 1Q 2006	12	30	13
31-03-2006	10	29	5
Maximum in 1Q 2006	20	64	18
Minimum in 1Q 2006	9	12	5

1 Up to and including 3Q 2005, KBC FP's risk exposure was measured using the scenario analysis technique.

2 Not available.

Note 46: List of significant subsidiaries and associated companies

Company	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING			
Fully consolidated subsidiaries			
Antwerp Diamond Bank NV	Antwerp - BE	100.00	Credit institution
CBC Banque SA	Brussels - BE	100.00	Credit institution
CENTEA NV	Antwerp - BE	99.56	Credit institution
CSOB a.s.	Prague - CZ	89.97	Credit institution
Fin-Force NV	Brussels - BE	63.03	Processing financial transactions
IIB Bank Ltd.	Dublin - IE	100.00	Credit institution
KBC Asset Management NV	Brussels - BE	100.00	Asset Management
KBC Asset Management Ltd.	Dublin - IE	100.00	Asset Management
KBC Towarzystwo Funduszy Inwestycyjnych sa	Warsaw - PL	90.12	Asset Management
KBC Bank NV	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	Bremen - DE	99.76	Credit institution
KBC Bank Funding LLC & Trust (group)	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	Amsterdam - NL	100.00	Clearing
KBC Finance Ireland	Dublin - IE	100.00	Lending
KBC Financial Products (group)	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease NV (group)	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV (ex-KBC Investco NV)	Antwerp - BE	100.00	Private equity
KBC Securities NV	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	Budapest - HU	99.70	Credit institution
Kredyt Bank SA	Warsaw - PL	85.53	Credit institution
Patria Finance a.s.	Prague - CZ	100.00	Stock exchange broker / corporate finance
Proportionally consolidated subsidiaries			
International Factors NV	Brussels - BE	50.00	Factoring
Orbay NV	Utrecht - NL	49.00	Administration of securities transactions
Associated companies			
Bank Card Company NV	Brussels - BE	21.55	Credit cards
Banksys NV	Brussels - BE	20.55	Credit cards
Nova Ljubljanska banka d.d.	Ljubljana - SI	34.00	Credit institution
INSURANCE			
Fully consolidated subsidiaries			
ADD NV	Heverlee - BE	100.00	Insurance company
Assurisk SA	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	Pardubice - CZ	97.49	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	Bratislava - SK	92.02	Insurance company
Fidea NV	Antwerp - BE	100.00	Insurance company
K&H Életbiztosító Rt. (K&H Life)	Budapest - HU	99.85	Insurance company
K&H General Insurance (ex-Argosz Insurance Corporation Ltd.)	Budapest - HU	98.76	Insurance company
KBC Insurance NV	Leuven - BE	100.00	Insurance company
Maatschappij voor Brandherverzekering CV	Leuven - BE	90.55	Insurance company
Secura NV	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	Luxembourg - LU	99.85	Insurance company
VTB-VAB NV	Zwijndrecht - BE	64.80	Car assistance
TUIR WARTA SA	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries			
NLB Vita d.d.	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING			
Fully consolidated subsidiaries			
Banco Urquijo SA	Madrid - ES	98.64	Credit institution
Brown, Shipley & Co Ltd.	London - GB	98.90	Credit institution
KBL Bank Ireland	Dublin - IE	98.90	Credit institution
Kredietbank SA Luxembourgeoise	Luxembourg - LU	98.90	Credit institution
Kredietbank (Suisse) SA, Genève	Geneva - CH	98.90	Credit institution
Merck Finck & Co. Limited	Munich - DE	98.90	Credit institution
Puilaetco Private Bankers SA	Brussels - BE	98.90	Credit institution
Theodoor Gilissen Bankiers NV	Amsterdam - NL	98.90	Credit institution
HOLDING COMPANY ACTIVITIES			
Fully consolidated subsidiaries			
Almafin NV	Zaventem - BE	99.99	Financial services
Gevaert NV	Mortsel - BE	100.00	Holding company
KBC Exploitatie NV	Mechelen - BE	100.00	Cost sharing structure
KBC Groep NV	Brussels - BE	100.00	Holding

A complete list of the companies included in or excluded from the scope of consolidation, as well as all associated companies, as at 31-12-2005, is provided in the 2005 annual report of KBC, on pages 173-182.

Note 47: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1Q 2005	1Q 2006	
ADDITIONS					
European Private Banking	Effectenbank Stroeve NV	Full	-	98.90%	acquisition in 3Q 2005; merger with Theodoor Gilissen Bankiers NV
European Private Banking	HSBC Dewaay NV	Full	-	98.90%	acquisition in 4Q 2005; merger with Puilaetco Private Bankers SA
EXCLUSIONS					
Gevaert	Agfa-Gevaert NV	Equity method	27.02%	-	sold in 1Q 2006
Gevaert	Bofort NV	Full	100.00%	-	sold in 4Q 2005
CHANGES IN OWNERSHIP PERCENTAGE					
European Private Banking	Kredietbank SA Luxembourgeoise	Full	96.77%	98.90%	
Banking	K&H Bank Rt.	Full	59.46%	99.70%	shares bought from ABN-AMRO
Banking	Fin-Force NV	Full	95.01%	63.03%	sale of shares to new participants in Fin-Force
Insurance	TUIR WARTA SA	Full	75.13%	100.00%	buyout of minority interests, in profit as of 2Q 2006
For balance sheet comparison			31-12-2005	31-03-2006	
ADDITIONS					
None					
EXCLUSIONS					
Gevaert	Agfa-Gevaert NV	Equity	27.35%	-	sold in 1Q 2006
CHANGES IN OWNERSHIP PERCENTAGE					
European Private Banking	Kredietbank SA Luxembourgeoise	Full	97.32%	98.90%	
Banking	K&H Bank Rt.	Full	59.47%	99.70%	shares bought from ABN-AMRO
Banking	Fin-Force NV	Full	85.01%	63.03%	sale of shares to new participants in Fin-Force
Insurance	TUIR WARTA SA	Full	75.13%	100.00%	buyout of minority interests

Note 48: General information

Note available in the annual report only.

Note 49: Post-balance-sheet events

Events after balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue by the Board of Directors. They include both adjusting events after balance sheet date (events that provide evidence of conditions that existed at the balance sheet date) and non-adjusting events after balance sheet date (events that are indicative of conditions that arose after the balance sheet date). Adjusting events in principle lead to an adjustment of the financial statements for the financial period preceding the event, whereas non-adjusting events in principle only influence the financial statements for the following period(s).

Significant (non-adjusting) events between the balance sheet date (31 March 2006) and the publication of this report (30 May 2006):

- On 10 May 2006, KBC announced that it would reassess its 34% minority interest in Nova Ljubljanska banka (NLB) in Slovenia. This announcement followed intensive discussions and negotiations between NLB's shareholders regarding a possible increase of KBC's participation in NLB. As it was clear that major differences of opinion amongst the shareholders remained, and as KBC does not see itself remaining a minority shareholder over the long term, it declared its intention to limit its responsibility towards NLB until further notice to that of a pure financial investor, though all options remain open.
- On 24 May 2006, KBC Group reached an agreement regarding the sale of Banco Urquijo (a 99.74% subsidiary of KBL EPB in Spain) to Banco Sabadell. KBC intends to finalise this transaction, which is still subject to approval of the relevant regulatory authorities, before the end of September 2006. This transaction will lead to a capital gain of roughly 0.5 billion euros.

Annexes

Annex 1: Restatement of 2005 figures

Originally, KBC opted to limit the volatility caused by the asymmetric valuation, under IAS 32/39, of the loan portfolio (at amortised cost) and of the ALM derivatives used to hedge the interest rate risk of the loan portfolio (at fair value), by using the so-called ‘fair value option’ instead of hedge accounting. In practice, a part of the bond portfolio was classified as ‘financial instruments at fair value through profit and loss’ (FIFV), so that the fair value changes of the hedging derivatives were (largely) offset by the opposite fair value changes of the FIFV portfolio. Under this approach, the interest component of the hedging derivatives was booked under ‘net gains from financial instruments at fair value’.

In 4Q 2005, KBC decided to apply ‘fair value hedge accounting for a portfolio hedge of interest rate risk’ on the basis of the carved-out version of IAS 39 as approved by the EU (in short ‘portfolio hedging’) for a substantial part of the activities of KBC Bank in Belgium. As a consequence, ‘hedging’ via the FIFV book was, to a considerable extent, replaced by the use of portfolio hedging, which implies the fair valuing of both the ALM derivatives and the underlying loan portfolio. This change resulted in a negative 40-million-euro pre-tax impact for the full year 2005, but the effect was fully taken in 4Q 2005. The interest component of the portfolio hedge derivatives remained provisionally in the ‘net gains from financial instruments at fair value’ item.

In 1Q 2006, finally, KBC restated its 2005 figures, ‘spreading out’ the above-mentioned effect over the four quarters of 2005 (instead of in one quarter) and shifting the interest on portfolio hedge derivatives from the ‘net gains from financial instruments at fair value’ to the ‘net interest income’ item. *Note that the full year 2005 net result was not affected.*

The table below provides an overview of the original (i.e. as published in the 2005 annual and quarterly reports) and restated figures per quarter. Restated figures are underlined.

Restatement of 2005 figures, KBC Group (in millions of EUR)	1Q 2005		2Q 2005		3Q 2005		4Q 2005		FY 2005	
	original	**restated**	original	**restated**	original	**restated**	original	**restated**	original	**restated**
Net interest income	1 048	1 019	1 074	1 043	1 129	1 096	1 097	1 061	4 348	4 219
Gross earned premiums	729	729	978	978	810	810	1 034	1 034	3 550	3 550
Dividend income	34	34	135	135	25	25	41	41	235	235
Net gains from financial instruments at fair value	133	163	92	63	123	166	165	251	513	642
Net realised gains from available-for-sale assets	168	168	97	97	49	49	144	144	458	458
Net fee and commission income	429	429	410	410	452	452	528	528	1 819	1 819
Other income	215	215	118	118	112	112	130	130	574	574
Gross income	2 756	2 757	2 904	2 843	2 699	2 709	3 138	3 189	11 498	11 498
Operating expenses	-1 104	-1 104	-1 209	-1 209	-1 177	-1 177	-1 424	-1 424	-4 914	-4 914
Impairment	-15	-15	-42	-42	3	3	-49	-49	-103	-103
Gross technical charges, insurance	-612	-612	-852	-852	-696	-696	-899	-899	-3 059	-3 059
Ceded reinsurance result	-17	-17	-17	-17	-10	-10	-26	-26	-69	-69
Share in results of associated companies	21	21	13	13	-19	-19	2	2	16	16
Profit before tax	1 030	1 030	797	735	800	810	743	793	3 369	3 369
Income tax expense	-256	-257	-212	-192	-208	-211	-249	-266	-925	-925
Profit after tax	774	774	585	544	592	598	494	528	2443	2443
Minority interests	-57	-57	-48	-48	-48	-48	-41	-41	-194	-194
Net profit - Group share	717	717	536	496	543	550	453	486	2 249	2 249

Annex 2: Income statement per Central Eastern European country

Income statement, Czech and Slovak Republics (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	130	134	135	144	150
Gross earned premiums, insurance	57	60	62	64	63
Dividend income	4	2	- 4	1	0
Net gains from financial instruments at fair value	46	11	24	20	30
Net realised gains from available-for-sale assets	4	2	7	6	3
Net fee and commission income	53	52	55	55	57
Other income	111	13	25	38	54
Gross income	404	274	305	328	356
Operating expenses	- 133	- 154	- 131	- 194	- 138
Impairment	8	- 2	- 23	- 27	- 3
Gross technical charges, insurance	- 55	- 81	- 34	- 31	- 41
Ceded reinsurance result	- 2	- 3	- 4	- 2	- 1
Share in results of associated companies	0	0	0	0	0
Profit before tax	222	34	112	73	173
Income tax expense	- 53	- 8	- 27	- 7	- 41
Profit after tax	169	25	85	66	132
Minority interests	0	- 1	- 1	- 4	- 1
Net profit, group share	**168**	**25**	**85**	**62**	**131**
Banking activities	173	53	72	48	127
Insurance activities	- 4	- 29	13	13	4
of which : Underlying net profit	85	20	87	66	111
Risk-weighted assets (end of period)	*8 485*	*8 621*	*9 552*	*10 139*	*11 079*
Allocated equity (end of period)	*670*	*683*	*749*	*792*	*860*
Return on allocated capital (ROAC)	*97%*	*8%*	*39%*	*27%*	*55%*
Cost/income ratio (banking activities)	*36%*	*69%*	*49%*	*67%*	*43%*
Combined ratio (non-life insurance activities)	*98%*	*99%*	*98%*	*117%*	*111%*

For a definition of ratios, see 'annex 3'.

Income statement, Hungary (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	56	56	64	60	56
Gross earned premiums, insurance	19	22	21	19	18
Dividend income	0	0	0	0	0
Net gains from financial instruments at fair value	25	25	23	24	25
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	23	17	21	27	24
Other income	2	4	3	5	4
Gross income	125	125	130	135	127
Operating expenses	- 72	- 78	- 88	- 78	- 77
Impairment	- 10	- 16	- 5	- 7	- 14
Gross technical charges, insurance	- 12	- 15	- 17	- 14	- 10
Ceded reinsurance result	- 1	- 1	0	- 1	0
Share in results of associated companies	1	1	1	0	1
Profit before tax	32	16	21	35	28
Income tax expense	- 8	- 4	- 5	- 8	- 8
Profit after tax	24	12	16	27	19
Minority interests	0	0	0	0	0
Net profit, group share	**24**	**12**	**16**	**27**	**19**
Banking activities	21	10	16	26	16
Insurance activities	3	3	0	1	4
of which: Underlying net profit	24	12	16	27	19
Risk-weighted assets (end of period)	*4 207*	*4 425*	*4 641*	*4 803*	*4 745*
Allocated equity (end of period)	*311*	*328*	*343*	*354*	*351*
Return on allocated capital (ROAC)	*21%*	*7%*	*12%*	*24%*	*16%*
Cost/income ratio (banking activities)	*65%*	*73%*	*77%*	*64%*	*67%*
Combined ratio (non-life insurance activities)	*83%*	*88%*	*113%*	*102%*	*73%*

For a definition of ratios, see 'annex 3'.

Income statement, Poland (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	52	69	44	60	61
Gross earned premiums, insurance	119	142	124	147	150
Dividend income	0	0	1	0	0
Net gains from financial instruments at fair value	16	12	11	11	8
Net realised gains from available-for-sale assets	16	1	4	- 5	2
Net fee and commission income	- 5	- 2	- 14	- 3	- 6
Other income	2	6	6	- 3	5
Gross income	200	228	174	206	219
Operating expenses	- 83	- 99	- 66	- 96	- 83
Impairment	- 2	9	0	2	- 2
Gross technical charges, insurance	- 76	- 82	- 78	- 86	- 103
Ceded reinsurance result	- 6	- 15	- 3	- 6	- 6
Share in results of associated companies	1	- 1	0	0	0
Profit before tax	34	42	28	20	25
Income tax expense	- 4	- 2	17	4	1
Profit after tax	30	40	45	24	26
Minority interests	0	0	0	0	0
Net profit, group share	**30**	**40**	**45**	**24**	**26**
Banking activities	22	24	37	19	23
Insurance activities	8	16	8	4	3
of which: Underlying net profit	30	40	45	24	26
Risk-weighted assets (end of period)	*3 763*	*3 407*	*3 354*	*3 257*	*3 230*
Allocated equity (end of period)	*383*	*368*	*363*	*361*	*364*
Return on allocated capital (ROAC)	*25%*	*35%*	*40%*	*18%*	*18%*
Cost/income ratio (banking activities)	*72%*	*82%*	*72%*	*83%*	*72%*
Combined ratio (non-life insurance activities)	*101%*	*93%*	*104%*	*95%*	*99%*

For a definition of ratios, see 'annex 3'.

Income statement, Central Eastern Europe - other (in millions of EUR)	1Q 2005	2Q 2005	3Q 2005	4Q 2005	1Q 2006
Net interest income	- 18	- 28	- 11	- 23	- 22
Gross earned premiums, insurance	0	7	1	5	6
Dividend income	0	0	- 1	0	0
Net gains from financial instruments at fair value	- 3	31	- 6	- 6	- 3
Net realised gains from available-for-sale assets	0	- 1	0	0	0
Net fee and commission income	- 4	- 4	10	- 2	0
Other income	2	0	14	- 9	3
Gross income	- 24	5	8	- 35	- 16
Operating expenses	- 8	14	- 48	- 4	- 4
Impairment	7	- 4	- 6	- 13	0
Gross technical charges, insurance	9	30	- 11	- 40	- 15
Ceded reinsurance result	0	0	0	0	0
Share in results of associated companies	8	3	5	3	8
Profit before tax	- 8	49	- 51	- 89	- 28
Income tax expense	6	9	4	17	13
Profit after tax	- 1	58	- 47	- 72	- 15
Minority interests	- 30	- 21	- 23	- 11	- 17
Net profit, group share	**- 31**	**36**	**- 70**	**- 83**	**- 32**
Banking activities	- 32	10	- 52	- 41	- 19
Insurance activities	1	27	- 17	- 43	- 13
of which: Underlying net profit	- 31	36	- 70	- 83	- 32

The ‘Central Eastern Europe’ business unit is divided up into the various Central Eastern European countries. Above, separate income statements for the Czech & Slovak Republics, Hungary and Poland are provided. These include the company figures of the above-mentioned companies, on a 100%-ownership basis. Allocated funding costs on goodwill, allocated head office expenses, consolidation adjustments, minority interests at the level of KBC and the results for Slovenia are summarised in a single table (‘Central Eastern Europe - other’).

Annex 3: Glossary of ratios used

CAD ratio (banking)	[consolidated regulatory capital of KBC Bank and KBL EPB] / [total risk-weighted volume of KBC Bank and KBL EPB]. Detailed calculations in the 'Consolidated financial statements' section, note 43. This information is also available for KBC Bank and KBL EPB separately.
Combined ratio (non-life insurance)	[net claims incurred / net earned premiums] + [net expenses / net written premiums].
Cost/income ratio (banking)	[operating expenses of the banking businesses of the group (i.e. KBC Bank and KBL EPB)] / [gross income of the banking businesses of the group].
Cover ratio	[individual impairment on non-performing loans] / [outstanding non-performing loans]. For a definition of 'non-performing', see 'Non-performing ratio'.
Earnings per share, basic	[net profit, group share)] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares].
Earnings per share, diluted	[net profit, group share, adjusted for interest expense (after tax) for non-mandatorily convertible bonds] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares, plus the potentially dilutive effect of share options and ordinary convertible bonds].
Equity market capitalisation	[closing price of KBC share] x [number of ordinary shares].
Gearing ratio	[sum of the consolidated equity of KBC Bank, KBC Insurance, KBL EPB, KBC Exploitatie and the participations of the former Gevaert group] / [consolidated equity of KBC group]
Loan loss ratio	[net changes in individual and portfolio-based impairment for credit risks]/ [average outstanding loan portfolio].
Non-performing ratio	[amount outstanding of non-performing loans (loans for which principal repayments or interest payments are more than ninety days in arrears)] / [total outstanding loan portfolio].
Parent shareholders' equity per share	[parent shareholders' equity] / [number of ordinary shares and mandatorily convertible bonds, less treasury shares (at period-end)].

Return on allocated capital (ROAC - for a particular business unit)

[net profit, including minority interests, of a business unit, corrected for income on allocated instead of real equity] / [average allocated equity to business unit]

- net profit of a business unit is the sum of the profit of the companies belonging to the business unit, corrected for the funding cost of goodwill (related to the companies in the business unit) and allocated central governance expenses.
- The allocated equity to a business unit is based on a tier-1 ratio of 8% of risk-weighted assets for banking activities and a solvency ratio of 200% for the insurance activities. In the banking business, allocated tier-1 capital consists of core equity (85%) and preference shares (15%), while in the insurance business, allocated capital consists purely of core equity. To calculate ROAC, only core equity is taken into account in the denominator.

Return on equity	[net profit, group share] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments].
Solvency ratio (insurance)	[consolidated solvency capital available to KBC Insurance] / [minimum required solvency margin]. Detailed calculations in the 'Consolidated financial statements' section, note 44.
Tier-1 ratio (banking)	[consolidated tier-1 capital of KBC Bank and KBL EPB] / [total risk-weighted volume of KBC Bank and KBL EPB]. Detailed calculations in the 'Consolidated financial statements' section, note 43. This information is also available for KBC Bank and KBL EPB separately.