QUARTERLY REPORT

KBC GROUP

1Q 2007

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Earnings Release

Contents:

Earnings Release
KBC Group, 1Q 2007

KBC closed the first quarter of 2007 with a net profit of 997 million euros (2.85 euros per share). Underlying profit, i.e. net profit excluding items not relating to the normal course of business, came to 781 million euros; the corresponding return on equity came to 21%.

Underlying profit increased by 38% compared with the previous quarter and even exceeded the exceptionally strong level (+1%) of the first quarter of 2006. Growth was particularly robust (+21% year-on-year) in Central and Eastern Europe (CEE), testifying to the region's role as a strong growth-driver for the group.

According to André Bergen, Group CEO, "*The year has started well, even exceeding our expectations. Indeed, we had to face a short-term equity market downturn and the damage caused by the storm Kyrill, especially in Belgium. But the underlying business dynamics remained sound and general optimism improved with respect to the economic environment. Moreover, we continued to see evidence that operating costs and credit risks are well under control throughout KBC.*"

In millions of EUR	1Q 2006	4Q 2006	1Q 2007	1Q 2007 / 1Q 2006	1Q 2007 / 4Q 2006
Profit after tax, attributable to the equity holders of the parent (IFRS)	980	634	997	2%	57%
Underlying profit	776	564	781	1%	38%
Breakdown of underlying profit by business unit					
Belgium Business Unit	323	241	327	1%	36%
Central & Eastern Europe Business Unit	124	56	150	21%	168%
Merchant Banking Business Unit	282	227	269	-5%	19%
European Private Banking Business Unit	55	38	52	-5%	37%
Group Centre	-9	3	-17	-	-
Basic earnings per share (IFRS, in EUR)	2.73	1.82	2.85	4%	57%
Diluted earnings per share (IFRS, in EUR)	2.70	1.80	2.84	5%	58%
Parent shareholders' equity per share (EUR, at end of period)	43.1	49.2	47.7	11%	-3%

Highlights in this earnings release:

- Solid business growth in most areas
- Favourable cost trend
- Sustained low level of loan loss charges
- Significantly lower level of loan loss provisions in Hungary
- Negative impact of winter storm Kyrill
- Further delivery on strategic promises: investing in CEE growth markets and share buyback programme
- Good start to the second quarter of 2007

Publication schedule for 16 May 2007:

• Earnings release available on www.kbc.com	7.00 a.m. CEST
• Telephone conference for the press	10.30 a.m. CEST – Tel. +32 2 290 14 07
• Telephone conference / webcast for financial analysts	1.30 p.m. CEST – Tel. + 44 207 162 0125

Financial highlights

André Bergen, Group CEO, summarises the financial highlights as follows:

*“**Business growth remained solid in most areas.** We are satisfied to see sustained loan growth, while the narrowing of interest margins has been halted. Risk-weighted assets were up 4% during the quarter, while the average interest margin remained stable at 1.7%. Assets under management were 4% higher, three percentage points of this increase were accounted for by new money inflows. Moreover, our dealing rooms also performed well. On the other hand, we saw tax burdens slowing sales of life products.”*

*“**The cost trend was favourable**. On an underlying basis, expenses decreased by 13% compared with the previous quarter and by 2% year-on-year. The market has to understand our seasonal cost pattern; expenses always peak in the fourth quarter. In general, we believe that our costs are pretty much under control. Indeed, the cost/income ratio for the banking business ended at a mere 53%.”*

*“**Loan loss charges remained at a low level**. The loan loss ratio came to just to 8 basis points. I know that we have been saying this for a while, but even today, we see no indications that this will change soon.”*

*“**Loan loss provisions in Hungary** amounted to 10 million euros, significantly lower than the 53 million euros recorded for the previous quarter. We felt that it was necessary to tighten loan provisions last year, given the more difficult macroeconomicenvironment in this market. Although we prefer to remain cautious regarding the full 2007 financial year, loan loss charges were much lower in the first quarter.”*

*“**The winter storm Kyrill had a negative net impact** of 35 million euros. On a one-off basis, Kyrill shaved five percentage points off our earnings-per-share growth this quarter. Nonetheless, our mid-term EPS growth target of an average 12% per year remains intact.”*

*“**On an underlying basis, a return on equity of 21% was achieved and all business units met or exceeded their financial targets**. The return on the capital allocated to the Belgium Business Unit came to 34%. Once again, this figure proved that the Belgian franchise provides a strong platform for generating earnings that can be invested in future expansion. The corresponding return on capital in other areas came to 29% in Central & Eastern Europe, 27% for Merchant Banking and 40% for European Private Banking.”*

Other financial highlights:

- **Extraordinary items**: during the quarter under review, 216 million euros were recorded for items that do not relate to the normal course of business. This amount relates chiefly to the gain realised on the sale of shares in *Intesa Sanpaolo*, following its merger, and was fully excluded from the underlying profit figures.
- **Shareholders’ equity**: on 31 March, parent shareholders’ equity amounted to 16.6 billion euros (47.7 euros per share). As is usually the case in the first quarter, the amount was lower than at the start of the year (-0.6 billon euros) on account of the dividend to be paid out after the Annual General Meeting (already deducted from shareholders’ equity in the first quarter).

Operating highlights

During the quarter under review, a squeeze-out bid was launched for the 2.6% remaining minority interests in *ČSOB Bank* (Czech Republic). The pending bid represents a cash consideration of 170 million euros (completion of the deal is expected by July 2007, at the latest).

During the first quarter, KBC also made inroads into new CEE markets by acquiring majority stakes in *DZI insurance* (Bulgaria), *Romstal Leasing* (Romania), *A Banka* (Serbia) and *Absolut Bank* (Russia) for a total consideration of 1.1 billion euros (some deal closings are still pending).

By the morning of 15 May 2007, almost 2.4 million shares had already been bought back for an amount of 230 million euros as part of the 2007-2009 3-billion-euro share repurchase programme.

André Bergen: “*At the end of 2006, our excess capital was equal to roughly 3 billion euros. It is part of our current strategy to deploy that excess capital by making value-enhancing acquisitions. And given the acquisitions we are considering at this point in time, the share buyback programme will stay in place.*”

Developments in 2Q 2007

André Bergen: "April was a strong month." In addition, the divestment from *Banco Fumagalli* (Italy) was completed and generated a value gain of 14 million euros. The sale of our share in Hungarian bank-card clearing house *GBC* is expected to be completed later in the second quarter, with a positive impact on net earnings of about 25 million euros.

KBC will publish its results for the first half of 2007 on Friday, 10 August, at 7 a.m. CEST. The *2006 Group Corporate Social Responsibility Report* will be available on www.kbc.com on 31 May 2007.

Important information on the financial statements

Over the past year, a limited number of changes were made to the scope of consolidation. The recurring earnings accretion this has led to comes to around 8 million euros. The impact on first-quarter earnings from changes in the value of non-euro currencies was negligible.

Earnings per share and shareholders' equity per share as at 31 March 2007 were calculated on the basis of 349.4 (period average) and 348.8 (end of period) million shares, respectively. For this purpose, the number of mandatorily convertible bonds was added to the number of ordinary shares, while the number of treasury shares held was deducted. On the other hand, diluted earnings per share were calculated on the basis of 351.5 million shares (period average), to which the number of outstanding share options was added.

Financial calendar

Financial calendar	
Publication of 1Q 2007 results	16 May 2007
Publication of 2 Q 2007 results	10 August 2007
Publication of 3Q 2007 results	9 November 2007
Publication of FY 2007 results	14 February 2008

For the most up-to-date version of the financial calendar, including investor relations events such as analyst meetings and investor roadshows, see www.kbc.com.

Overview of the underlying results

A summary consolidated income statement, based on the IFRS, is provided on the next page of this earnings release. In order to provide a good insight into the results, KBC also publishes its underlying results, which are shown in the table below. The differences are related to the recognition of certain income components of the capital market activities, the treatment of certain ALM hedging derivatives and the exclusion of non-recurring items. Information on the methodology used to calculate the underlying figures and a reconciliation of reported profit (IFRS-based) and underlying profit is provided in the ‘glossary and other information’ section of the quarterly report.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	979	1 020	1 034	1 039	1 063
Gross earned premiums, insurance	768	754	852	946	869
Dividend income	12	71	15	18	12
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359
Net realised gains from available-for-sale assets	108	62	86	70	96
Net fee and commission income	531	529	398	550	512
Other net income	103	142	84	123	151
Total income	2 984	2 861	2 670	3 129	3 062
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208
Impairment	3	-67	-19	-92	-27
Gross technical charges, insurance	-631	-620	-754	-838	-753
Ceded reinsurance result	-18	-6	-18	-21	-15
Share in results of associated companies	11	12	15	7	16
Profit before tax	1 110	957	767	797	1 074
Income tax expense	-292	-281	-160	-197	-262
Profit after tax	818	676	607	600	812
attributable to minority interests	42	41	33	36	31
attributable to the equity holders of the parent	**776**	**634**	**574**	**564**	**781**
Belgium	323	275	266	241	327
Central & Eastern Europe	124	135	110	56	150
Merchant Banking	282	200	162	227	269
European Private Banking	55	44	44	38	52
Group centre	-9	-19	-8	3	-17

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2006	31-03-2007
Total assets	325 400	338 392
of which loans and advances to customers	132 231	135 512
of which securities (equity and debt instruments)	111 959	114 679
Total liabilities	306 947	320 532
of which deposits from customers and debt certificates	179 488	183 850
of which gross technical provisions, insurance	15 965	16 191
of which liabilities under investment contracts, insurance	9 156	9 223
Parent shareholders' equity	17 219	16 632
Return on equity (based on underlying results)	18%	21%
Cost/income ratio (based on underlying results)	58%	53%
Combined ratio, non-life (based on underlying results)	96%	101%

For a definition of ratios, see 'glossary and other information'.

Overview of results according to the IFRS

Below, a summary consolidated income statement of KBC Group is provided, based on the IFRS. A full overview of the IFRS consolidated income statement and balance sheet, a condensed consolidated statement of changes in equity and a number of notes to the accounts (all of which have been reviewed by our external auditor) are provided in the 'Consolidated financial statements' section of the quarterly report.

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	1 047	1 039	1 025	1 047	1 052
Gross earned premiums, insurance	768	754	852	946	869
Dividend income	27	104	34	45	28
Net (un)realised gains from financial instruments at fair value	519	328	153	370	400
Net realised gains from available-for-sale assets	242	116	86	69	317
Net fee and commission income	488	479	390	508	489
Other net income	132	138	631	218	155
Total income	3 223	2 958	3 171	3 204	3 310
Operating expenses	-1 238	-1 167	-1 126	-1 392	-1 208
Impairment	3	-67	-19	-92	-27
Gross technical charges, insurance	-631	-620	-754	-838	-753
Ceded reinsurance result	-18	-6	-18	-21	-15
Share in results of associated companies	11	12	15	7	16
Profit before tax	1 349	1 110	1 269	867	1 322
Income tax expense	-325	-333	-148	-196	-293
Profit after tax	1 024	777	1 121	671	1 028
attributable to minority interests	44	41	40	37	31
attributable to the equity holders of the parent	**980**	**736**	**1 081**	**634**	**997**
Belgium	373	304	228	298	353
Central & Eastern Europe	144	129	110	80	151
Merchant Banking	281	205	168	217	261
European Private Banking	59	45	540	34	53
Group centre	123	52	35	3	179

This earnings release is part of the quarterly report, which, in addition to the earnings release, contains comments on the earnings release, the consolidated financial statements, a 'glossary and other information' section and a PowerPoint presentation. The quarterly report is available (in English) on www.kbc.com.

(End of earnings release)

Comments on the earnings release

Contents:

Comments on the earnings release of KBC Group, 1Q 2007

These comments on the earnings release constitute part of the quarterly report, which also contains the earnings release, the 'consolidated financial statements', a 'glossary and other information' section and a Power Point presentation. The quarterly report is available on www.kbc.com.

Analysis of underlying total income

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	979	1 020	1 034	1 039	1 063
Gross earned premiums, insurance	768	754	852	946	869
Non-Life	*441*	*425*	*441*	*441*	*440*
Life	*327*	*330*	*410*	*505*	*429*
Net fee and commission income	531	529	398	550	512
*Banking**	*612*	*561*	*475*	*622*	*608*
Insurance	*-80*	*-32*	*-77*	*-72*	*-97*
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359
Net realised gains from available-for-sale assets	108	62	86	70	96
Dividend income	12	71	15	18	12
Other net income	103	142	84	123	151
Total income	2 984	2 861	2 670	3 129	3 062
Belgium	1 297	1 301	1 305	1 458	1 450
Central & Eastern Europe	657	654	674	711	670
Merchant Banking	789	668	522	773	748
European Private Banking	233	224	190	174	202
Group Centre	8	14	-22	13	-7

* Includes banking, KBL EPB and holding activities.

During the quarter under review, the total customer loan portfolio expanded by 2%. The net interest margin for the banking activities came to 1.71%, stable q/q, as the positive trend in Belgium was offset by the opposite quarterly trend in CEE. The margin was up slightly from 1.69% at the beginning of 2006.

Net interest income increased by 2% q/q to 1 063 million. It was 9% higher y/y, chiefly on account of the solid volume growth in CEE and the international commercial banking units, where total risk-weighted assets grew by 25% and 19%, respectively. The use of excess capital for minority buy-outs and share buybacks over the past year – although clearly EPS-enhancing – had a negative impact of 1 pp y/y on the net interest income growth of the group. There was an additional 1 pp y/y negative effect from the deconsolidation of *Banco Urquijo* (European Private Banking Business Unit).

Earned premiums in the non-life insurance business amounted to 440 million, roughly on a par with the quarterly levels recorded in the 2006 financial year. Premium income in the life business (429 million) does not include certain forms of life products, such as most unit-linked products. Otherwise, total life sales came to 720 million, 44% of which was accounted for by unit-linked products. Life reserves were 9% higher than a year earlier (+6% in Belgium, +29% in CEE and +49% in European private banking). Although still exceeding the estimated market average, life sales in Belgium decreased due to the less favourable tax treatment of life products.

The group's net fee and commission income dropped 7% q/q to 512 million, due to the seasonally higher commissions paid for non-life insurance distribution (traditionally higher in Q1, when many contracts are renewed) and lower fees in corporate banking. Compared with the year-earlier figure, a 4% decrease was recorded, mainly on the account of the deconsolidation of *Banco Urquijo*. The year-on-year growth trend was also impacted by the tax-driven slowdown in sales of unit-linked products in Belgium (insurance business). Total sales fees on unit-linked products came to 10 million in 1Q 2007, down from 25 million in 1Q 2006.

Net fair value gains amounted to 359 million and related largely to institutional trading profit (Merchant Banking Business Unit). Although the latter held up well, total fair value income dropped by 25 million q/q. The income item remained significantly below the record level for 1Q 2006 (482 million).

Gains of 96 million were realised on available-for-sale assets, 14 million more than the 2006 quarter average (82 million). This income item relates chiefly to the investment portfolio of the Belgian insurance business.

Dividend income received came to 12 million. This amount relates chiefly to the investment portfolio of the Belgian insurance business and was roughly on a par with previous quarters (aside from the traditional Q2 increase).

Income recorded under the 'other income' heading came to 151 million.

Analysis of underlying operating expenses

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Staff expenses	-775	-749	-671	-827	-745
General administrative expenses	-396	-392	-392	-450	-381
Depreciation and amortisation of fixed assets	-88	-86	-89	-96	-85
Provisions for risks and charges	21	3	26	-14	3
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208
Belgium	-427	-444	-452	-501	-432
Central & Eastern Europe	-302	-311	-328	-397	-321
Merchant Banking	-336	-299	-242	-357	-322
European Private Banking	-147	-144	-118	-127	-124
Group Centre	-26	-25	14	-5	-8

In line with seasonal cost patterns, operating expenses (1 208 million) were down 180 million (-13%) compared with the previous quarter. The previous quarter's cost level also included various one-off expenses in several business unit.

The slightly less strong performance by the capital market activities in the Merchant Banking Business Unit and the deconsolidation of *Banco Urquijo* in the European Private Banking Business Unit were the factors behind the 2% cost decrease compared with 1Q 2006. Excluding these effects, the increase in costs remained limited to 1% y/y in Belgium and to 2% for the European Private Banking activities. In CEE, the cost level was 6% more than for 1Q 2006, on account of higher wage costs and the non-recurrence of the reversal of a provision for commercial litigation incurred in 1Q 2006.

If the non-recurring factors are excluded, the banking business recorded a C/I ratio of 53% (down from 58% for the 2006 financial year). In the Belgium Business Unit, the underlying C/I ratio stood at 50%, in the CEE Business Unit at 62%, in the Merchant Banking Business Unit at 46%, and in the European Private Banking Business Unit at 65%.

Analysis of underlying impairment

Impairment (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Impairment on loans and advances	3	-61	-18	-102	-25
Impairment on available-for-sale assets	0	-3	-1	-3	-4
Impairment on goodwill	0	0	0	-1	0
Impairment on other	0	-3	-1	14	1
Impairment	3	-67	-19	-92	-27
Belgium	-10	-6	-12	-15	2
Central & Eastern Europe	-19	-44	-10	-64	-25
Merchant Banking	33	-17	-2	-12	-5
European Private Banking	0	0	4	0	1
Group Centre	0	0	0	-1	0

The quarter under review was impacted by an asset impairment charge totalling 27 million. Impairment on the loan portfolio amounted to 25 million, corresponding to a loan loss ratio of 8 bps (compared with 13 bps for the 2006 financial year).

The loan loss ratio came to 0% for the Belgium Business Unit (on average, 7 bps for the 2006 financial year), to 32 bps in CEE (58 bps in 2006) and to 6 bps for the Merchant Banking Business Unit (nil in 2006). For the European Private Banking Business Unit, no net impairment was recognised (as was the case in the 2006 financial year).

Overall loan quality remains sound. At the end of the quarter under review, the non-performing loan ratio for the group stood at 1.5%, roughly on a par with the figure for the end of the previous quarter (1.6%). The percentage of cover for non-performing loans afforded by loan loss provisions came to 105%, up from 100% at the start of the financial year.

Although we prefer to remain cautious about the outlook for 2007, loan impairment in Hungary fell to 10 million in 1Q 2007, corresponding to a loan loss ratio of 50 bps. For the 2006 financial year, the loan loss ratio came to 150 bps.

No impairment of significance was recognised on securities investments, the goodwill on participating interests or other assets. In the previous quarter, impairment reversals of 14 million had been recorded under the ‘other’ heading, relating mainly to the revaluation of real estate in Poland.

Analysis of the technical result, insurance (underlying figures)

In the non-life business, the Kyrill storm had an adverse impact of 54 million, gross (35 million, net) on technical charges. Total gross technical charges in the non-life business, amounted to 298 million. Accordingly, the combined ratio increased to 101% (compared with 96% for the 2006 financial year)

Gross technical charges in the life insurance business came to 456 million. The life business in CEE benefited from higher market interest rates, which had a positive impact of 34 million, gross, on technical charges.

The ceded reinsurance result came to a negative 15 million, on a par with the 2006 quarter average (-16 million).

Analysis of associated companies’ results, taxes and profit attributable to minority interests (underlying figures)

The share in the results of associated companies (16 million) related chiefly to the contribution via the equity method of the minority participation in Slovenia (13 million).

Group income tax expense amounted to 262 million and the corresponding average tax rate came to 24%. The latter was somewhat lower than for the 2006 financial year (26%) due to business mix differences (in 1Q 2007, a larger share of taxable income was generated in CEE and, within Merchant Banking, a greater share of the non-taxable income was generated by the domestic SME private equity activities).

The profit attributable to minority shareholders amounted to 31 million. This represents 4% of group profit, slightly less than for the 2006 financial year (6%).

Underlying results per business unit

The group consists of five business units: Belgium, Central & Eastern Europe, Merchant Banking, European Private Banking, and Shared Services & Operations (including ICT and logistics and 'product factories', such as payment systems, asset management, consumer finance, leasing and trade finance). All revenue and expenses of the Shared Services & Operations Business Unit are allocated to the other business units (BUs).

In the next few sections of this report, an underlying income statement and associated comments are provided on each business unit.

Belgium Business Unit (underlying trend)

The Belgium Business Unit encompasses the retail bancassurance activities in Belgium (including the KBC-brand private banking activities). 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*, *Fidea* and *ADD*).

The underlying net profit generated by this BU came to 327 million. Notwithstanding the negative impact of a net 23 million due to the Kyrill storm, a return on allocated capital of 34% was recorded, marked by a low cost level and the absence of loan losses, among other things. The BU's earnings accounted for 42% of the group total.

Income statement, Belgium Business Unit (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	479	489	481	478	483
Gross earned premiums, insurance	452	469	504	611	563
Dividend income	8	36	8	11	10
Net (un)realised gains from financial instruments at fair value	14	11	7	11	5
Net realised gains from available-for-sale assets	87	27	83	52	68
Net fee and commission income	225	235	186	249	229
Banking	*262*	*227*	*219*	*278*	*276*
Insurance	*-37*	*8*	*-33*	*-29*	*-46*
Other net income	32	34	36	47	92
Total income	1 297	1 301	1 305	1 458	1 450
Operating expenses	-427	-444	-452	-501	-432
Impairment	-10	-6	-12	-15	2
Gross technical charges, insurance	-410	-449	-482	-604	-564
Ceded reinsurance result	-3	-6	-3	0	-4
Share in results of associated companies	1	2	2	0	0
Profit before tax	448	397	357	338	451
Income tax expense	-124	-122	-91	-96	-121
Profit after tax	324	276	266	242	330
attributable to minority interests	1	1	1	1	3
attributable to the equity holders of the parent	**323**	**275**	**266**	**241**	**327**
Banking activities	*212*	*184*	*153*	*162*	*244*
Insurance activities	*110*	*90*	*112*	*78*	*83*
Risk-weighted assets (end of period)	*38 217*	*38 540*	*38 582*	*39 858*	*39 986*
Allocated equity (end of period)	*3 795*	*3 840*	*3 903*	*4 027*	*4 072*
Return on allocated capital (ROAC)	*35%*	*29%*	*28%*	*24%*	*34%*
Cost/income ratio (banking activities)	*52%*	*58%*	*61%*	*63%*	*50%*
Combined ratio (non-life insurance activities)	*85%*	*96%*	*94%*	*99%*	*102%*

For a definition of ratios, see 'glossary and other information'.

During the quarter, a 3-bps widening of the banking interest margin (to 1.84%) was recognised while loan growth came to 2% q/q. Net interest income growth, however, was restricted to 1% q/q due to the upstream of capital from the Belgian entities to the group's parent company (used for the share buyback programme and for the buy-out of minority shareholders in the Czech Republic). This last factor, together with the flattened market yield curve also accounts for the 1% interest income trend y/y. Note that the use of capital referred to above, although negative for the BU, is EPS-enhancing for the group as a whole.

Gross earned premiums in the insurance activities (563 million) were down 8% q/q, but higher than for all the quarters of 2006. Growth in the life business has slowed, due to changes in tax treatment during the course of 2006. Outstanding life reserves were 6% higher than for 1Q 2006 and remained flat q/q. The storm (Kyrill) that struck early on in the year resulted in higher claims charges, adversely impacting the insurance activities' underwriting result (i.e. the difference between earned premiums and technical charges) by 35 million, gross. Consequently, the net combined ratio for the non-life business came to 102%.

Gains realised on available-for-sale securities amounted to 68 million, slightly higher than the 2006 quarter average (62 million), and related to the active management of the equity portfolio of the insurance business. The amount corresponds to an annualised yield on the equity portfolio of 6%, excluding dividends.

After a rather strong previous quarter, that had been marked by more vigorous marketing campaigns for investment products, net fee and commission income was down 8% q/q to 229 million. In spite of the less attractive equity market investment climate in 1Q, banking and asset management fees remained solid (managed assets rose 4% q/q to 149 billion), but fees from unit-linked life contracts fell. On a year-on-year basis, total net fees and commissions were up 2%, underpinned by 11% growth in funds under management, but adversely impacted by the tax-driven slowdown in unit-linked life products, amongst other factors.

Under the 'other income' heading, 44 million, gross, was recorded due to the change in methodology used by the Belgian Deposit Guarantee Agency (net profit impact: 29 million).

As expected, operating expenses (432 million) were significantly lower compared with the previous quarter, which had been characterised by seasonally higher marketing expenses, as well as a review of profit-sharing staff remuneration (13 million) and above-average IT expenses (7 million), among other factors. Even with normal wage inflation, the cost increase was limited to 1% y/y. The C/I ratio for the banking activities ended the quarter at 50% (58% for the 2006 financial year).

No net impairment of assets was recorded. The loan loss ratio remained at 0%. For the sake of comparison, the loan loss ratio for 2006 came to 7 bps.

The effective tax rate came to 27%.

Central & Eastern Europe Business Unit (underlying trend)

The Central & Eastern Europe BU encompasses all banking and insurance activities in CEE. More specifically, it includes *ČSOB Bank* (Czech Republic and Slovakia), *ČSOB Insurance* (Czech Republic), *ČSOB insurance* (Slovakia), *K&H Bank* (Hungary), *K&H Insurance* (Hungary), *Kredyt Bank* (Poland), *WARTA Insurance* (Poland), *NLB Bank* (Slovenia - minority participation) and *NLB Life* (Slovenia).

This BU's underlying net profit contribution amounted to 150 million, with a corresponding return on allocated capital (net of funding costs) of 29%. The quarter under review saw a normalisation of cost and loan impairment levels following a marked increase in the preceding quarter, which explains the 168% profit increase q/q. Net profit was 21% higher y/y, marked by solid growth in risk-weighted assets (+25%) and underpinned by the rise in interest rates.

Profit came to 104 million in the Czech and Slovak Republics, 30 million in Hungary and 19 million in Poland. For the region as a whole, the insurance companies contributed 23 million to net profit. The BU's earnings accounted for 19% of the group total.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	247	236	247	271	274
Gross earned premiums, insurance	236	217	255	251	239
Dividend income	0	2	2	1	0
Net (un)realised gains from financial instruments at fair value	57	50	72	58	47
Net realised gains from available-for-sale assets	5	4	5	15	12
Net fee and commission income	74	77	76	83	75
Banking	*102*	*106*	*105*	*113*	*109*
Insurance	*-27*	*-29*	*-29*	*-30*	*-34*
Other net income	37	68	17	32	23
Total income	657	654	674	711	670
Operating expenses	-302	-311	-328	-397	-321
Impairment	-19	-44	-10	-64	-25
Gross technical charges, insurance	-169	-112	-195	-167	-139
Ceded reinsurance result	-7	-10	-12	-15	-7
Share in results of associated companies	9	8	11	6	15
Profit before tax	169	185	141	74	192
Income tax expense	-29	-33	-21	-9	-35
Profit after tax	140	152	120	65	157
attributable to minority interests	16	17	10	8	8
attributable to the equity holders of the parent	**124**	**135**	**110**	**56**	**150**
Banking activities	*126*	*117*	*109*	*48*	*126*
Insurance activities	*-2*	*18*	*1*	*8*	*23*
Risk-weighted assets (end of period)	*19 053*	*19 854*	*21 608*	*23 358*	*23 851*
Allocated equity (end of period)	*1 577*	*1 625*	*1 760*	*1 890*	*1 920*
Return on allocated capital (ROAC)	*32%*	*34%*	*26%*	*11%*	*29%*
Cost/income ratio (banking activities)	*59%*	*58%*	*67%*	*75%*	*62%*
Combined ratio (non-life insurance activities)	*99%*	*93%*	*101%*	*103%*	*107%*

For a definition of ratios, see 'glossary and other information'.

Net interest income (274 million) increased by 1% q/q and was 11% higher compared with 1Q 2006. The banking interest margin (excluding reverse repo activity) amounted to 2.98%, 15 bps lower than the 1Q 2006 level and 13 bps lower than in 1Q 2006. Loan growth in the region was robust: total loans were up 14% q/q, mainly underpinned by increased institutional activity (the mortgage portfolio was up 5% q/q). Customer deposits ended 7% higher q/q.

From an accounting point of view, sales of insurance products are only partially reflected in the 'premium income' heading. Total life sales amounted to 103 million, raising life reserves 29% compared with the year-earlier figure (+1% q/q). Non-life premium income (186 million) was roughly on a par both y/y and q/q.

Gains from financial instruments at fair value (47 million, mainly dealing room income) remained below the 2006 quarterly average (59 million). On the other hand, gains from the sale of available-for-sale investment securities (12 million) were higher than the 2006 quarterly average (7 million).

During the quarter under review, net fee and commission income (75 million) fell 10% q/q and remained on a par with the figure for 1Q 2006. In general, apart from quarterly volatility, two trends have been recorded: rising fees and commissions received for banking and asset management products (the 11 billion AUM total was 7% higher q/q and 37% higher y/y), offset by increasing commissions paid to agents for the increased insurance sales.

An amount of 23 million was recognised under the ‘other net income’ heading, somewhat lower in comparison with a ‘normal’ quarter (the 2006 quarterly average stood at 39 million).

Operating expenses amounted to 321 million. The cost level was significantly lower than for the previous quarter (-19% q/q), which had been adversely impacted by seasonal expenditure and some one-off cost items (such as 25 million in the Czech Republic, partly related to the planned squeeze-out of minority shareholders, and 10 million in Poland for restructuring, among other things). Operating costs for 1Q were 6% higher y/y, mainly on account of higher wage costs (+7%) and the non-recurrence of the reversal of a provision for commercial litigation in the Czech Republic (9 million) incurred in 1Q 2006. The C/I ratio for the banking activities fell to 62% (65% for the 2006 financial year).

In 1Q 2007, an asset impairment charge was recorded, totalling 25 million. The impairment of the loan portfolio amounted to 22 million, corresponding to a loan loss ratio of 32 bps (compared with 58 bps for the 2006 financial year). In Hungary, loan impairment fell to a ‘normalised’ level of 10 million (compared with 53 million in 4Q 2006 and 14 million in 1Q 2006), corresponding to a loan loss ratio of 50 bps. The loss ratio came to 29 bps for the Czech and Slovak Republics (compared with 36 bps for the 2006 financial year) and 8 bps in Poland (nil in 2006).

Technical charges for the insurance activities (139 million) were at a comparatively favourable level, as the quarter benefited from the positive marking-to-market of life reserves (positive impact of 34 million). On the other hand, customer claims related to the Kyrill storm had an impact of a negative 12 million, bringing the combined ratio for the non-life business to 107%.

The effective tax rate stood at 18%, somewhat higher than the average for 2006 (16%), which had benefited from tax credits in Poland, among other factors.

The share of profit attributable to minority interests decreased to 5% following the buy-out of minority interests in the Czech Republic.

On the next page, income statements are provided for the main CEE countries. ‘Other’ includes the funding cost of goodwill, minority interests at the level of KBC in the CEE subsidiaries, the results of *NLB* and *NLB Life* in Slovenia, some operating expenses related to CEE at head office, and consolidation adjustments.

Income statement, Czech and Slovak Republics (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	154	163	170	185	182
Gross earned premiums, insurance	63	65	70	72	70
Dividend income	0	1	1	0	0
Net (un)realised gains from financial instruments at fair value	26	19	26	22	9
Net realised gains from available-for-sale assets	3	0	2	6	8
Net fee and commission income	57	57	51	57	57
Banking	*63*	*62*	*56*	*63*	*65*
Insurance	*-6*	*-5*	*-6*	*-6*	*-7*
Other net income	25	19	10	27	12
Total income	327	323	329	368	339
Operating expenses	-138	-148	-163	-205	-152
Impairment	-3	-18	-7	-22	-15
Gross technical charges, insurance	-41	-23	-77	-52	-37
Ceded reinsurance result	-1	-1	-1	-3	-3
Share in results of associated companies	0	0	0	2	2
Profit before tax	144	133	81	88	134
Income tax expense	-34	-28	-16	-21	-29
Profit after tax	110	105	65	67	105
attributable to minority interests	-1	0	0	2	1
attributable to the equity holders of the parent	**111**	**105**	**64**	**66**	**104**
Banking activities	*107*	*86*	*72*	*52*	*91*
Insurance activities	*4*	*18*	*-7*	*14*	*13*
Risk-weighted assets (end of period)	*11 079*	*11 613*	*13 056*	*14 182*	*14 739*
Allocated equity (end of period)	*860*	*896*	*1 000*	*1 082*	*1 119*
Return on allocated capital (ROAC)	*45%*	*41%*	*23%*	*21%*	*33%*
Cost/income ratio (banking activities)	*47%*	*51%*	*61%*	*67%*	*52%*
Combined ratio (non-life insurance activities)	*111%*	*87%*	*106%*	*108%*	*110%*

For a definition of ratios, see 'glossary and other information'.

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	56	53	54	61	62
Gross earned premiums, insurance	18	20	27	17	21
Dividend income	0	1	0	0	0
Net (un)realised gains from financial instruments at fair value	25	23	32	26	26
Net realised gains from available-for-sale assets	0	0	1	3	0
Net fee and commission income	24	25	30	28	25
Banking	*26*	*26*	*32*	*29*	*27*
Insurance	*-2*	*-2*	*-2*	*-1*	*-2*
Other net income	4	9	0	-2	2
Total income	127	130	144	133	137
Operating expenses	-77	-68	-80	-73	-78
Impairment	-14	-20	-11	-53	-10
Gross technical charges, insurance	-10	-15	-22	-15	-12
Ceded reinsurance result	0	0	-1	0	-1
Share in results of associated companies	1	0	1	0	0
Profit before tax	28	27	31	-8	37
Income tax expense	-8	-8	-5	1	-7
Profit after tax	19	19	26	-7	30
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**19**	**26**	**-7**	**30**
Banking activities	*16*	*17*	*25*	*-6*	*26*
Insurance activities	*4*	*2*	*2*	*-1*	*4*
Risk-weighted assets (end of period)	*4 745*	*4 971*	*4 866*	*5 241*	*5 113*
Allocated equity (end of period)	*351*	*366*	*365*	*393*	*378*
Return on allocated capital (ROAC)	*16%*	*13%*	*21%*	*-16%*	*20%*
Cost/income ratio (banking activities)	*67%*	*63%*	*66%*	*56%*	*63%*
Combined ratio (non-life insurance activities)	*73%*	*98%*	*100%*	*112%*	*78%*

For a definition of ratios, see 'glossary and other information'.

Income statement, Poland (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	61	48	51	53	57
Gross earned premiums, insurance	150	128	155	159	147
Dividend income	0	1	1	0	0
Net (un)realised gains from financial instruments at fair value	8	7	12	15	12
Net realised gains from available-for-sale assets	2	3	2	6	3
Net fee and commission income	-6	-4	-5	-2	-8
Banking	*13*	*18*	*17*	*21*	*16*
Insurance	*-20*	*-22*	*-21*	*-22*	*-24*
Other net income	5	43	7	4	10
Total income	219	226	223	236	221
Operating expenses	-83	-88	-92	-114	-85
Impairment	-2	-1	10	6	-1
Gross technical charges, insurance	-103	-63	-94	-96	-107
Ceded reinsurance result	-6	-9	-10	-12	-4
Share in results of associated companies	0	0	0	0	1
Profit before tax	25	66	37	19	24
Income tax expense	1	-3	-7	-2	-5
Profit after tax	26	62	30	18	19
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**26**	**62**	**30**	**18**	**19**
Banking activities	23	53	23	21	21
Insurance activities	3	9	8	-3	-2
Risk-weighted assets (end of period)	*3 230*	*3 270*	*3 686*	*3 936*	*3 999*
Allocated equity (end of period)	*364*	*362*	*394*	*414*	*422*
Return on allocated capital (ROAC)	*18%*	*58%*	*28%*	*9%*	*11%*
Cost/income ratio (banking activities)	*72%*	*53%*	*79%*	*89%*	*67%*
Combined ratio (non-life insurance activities)	*99%*	*94%*	*100%*	*100%*	*110%*

For a definition of ratios, see 'glossary and other information'.

Income statement, Central & Eastern Europe - other (in millions of EUR) -

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	-23	-29	-27	-27	-27
Gross earned premiums, insurance	6	4	3	3	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	-2	2	2	-5	0
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	0	0	0	0	0
Other net income	3	-3	0	3	-1
Total income	-16	-26	-23	-26	-27
Operating expenses	-4	-7	8	-6	-6
Impairment	0	-4	-1	5	1
Gross technical charges, insurance	-15	-11	-3	-3	18
Ceded reinsurance result	0	0	0	0	0
Share in results of associated companies	8	8	11	4	12
Profit before tax	-28	-40	-8	-26	-2
Income tax expense	13	7	7	12	6
Profit after tax	-15	-34	-1	-14	4
attributable to minority interests	17	17	10	7	7
attributable to the equity holders of the parent	**-32**	**-50**	**-11**	**-20**	**-3**
Banking activities	-20	-39	-10	-19	-12
Insurance activities	-13	-11	-1	-1	9

Merchant Banking Business Unit (underlying trend)

The ‘Merchant Banking’ BU covers the financial services provided to SMEs and corporate customers and all capital market activities, but not those of the CEE group companies.

More specifically, it includes the merchant banking activities of *KBC Bank* in Belgium and its branches abroad, as well the subsidiaries (only the main ones are mentioned) *IIB Bank* and *KBC Finance Ireland* in Ireland, *KBC Bank 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.

The underlying profit contribution for the quarter under review came to 269 million, of which 156 million came from commercial banking activities and 113 million from investment banking. The quarterly result was up 19% q/q (underpinned by lower costs, among other factors) and came to 5% below the record level of 1Q 2006 (primarily due to lower income from capital market activities and the non-recurrence of loan impairment reversals). The BU accounted for 34% of total group earnings and generated a return on allocated capital of 29%.

Income statement, Merchant Banking Business Unit (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	208	245	284	279	275
Gross earned premiums, insurance	85	70	81	82	74
Dividend income	1	7	3	1	1
Net (un)realised gains from financial instruments at fair value	388	217	100	287	284
Net realised gains from available-for-sale assets	5	17	-1	6	8
Net fee and commission income	85	76	28	96	73
Other net income	17	36	26	22	34
Total income	789	668	522	773	748
Operating expenses	-336	-299	-242	-357	-322
Impairment	33	-17	-2	-12	-5
Gross technical charges, insurance	-54	-45	-54	-45	-48
Ceded reinsurance result	-5	2	-7	-18	-4
Share in results of associated companies	0	1	0	0	0
Profit before tax	427	309	218	340	369
Income tax expense	-121	-87	-34	-87	-78
Profit after tax	306	222	184	253	291
attributable to minority interests	24	23	22	26	22
attributable to the equity holders of the parent	**282**	**200**	**162**	**227**	**269**
Banking activities	*262*	*173*	*147*	*198*	*257*
Insurance activities	*20*	*26*	*15*	*29*	*12*
Risk-weighted assets (end of period)	*53 891*	*55 935*	*57 837*	*59 892*	*63 908*
Allocated equity (end of period)	*3 752*	*3 885*	*4 017*	*4 160*	*4 432*
Return on allocated capital (ROAC)	*29%*	*20%*	*15%*	*22%*	*27%*
Cost/income ratio (banking activities)	*47%*	*51%*	*53%*	*51%*	*46%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*

For a definition of ratios, see 'glossary and other information'.

The net interest income of the BU, which is related to the commercial banking activities, amounted to 275 million, roughly on a par with the previous quarter and 32% higher y/y. Over the past twelve months, risk-weighted assets have grown by 19% (15% for commercial banking). As is the case in the Belgium Business Unit, the upstreaming of additional dividends to the Group Centre to be used, *inter alia,* for share buybacks had a negative impact on the ‘net interest income’ heading of the BU.

Gross earned premiums in the inbound re-insurance activity (74 million) were 8 million lower q/q and 11 million lower y/y. Recently, more non-proportional contracts were underwritten, exacerbating quarterly volatility to some extent. The net profit contribution from these insurance activities came to 12 million, which is low compared to the 2006 quarterly figures. The impact from the Kyrill storm amounted to a net 3 million.

Gains from financial instruments at fair value totalled 284 million, of which 278 million was accounted for by income from trading activities in the investment banking units. The latter amount was 18% higher than the 2006 quarterly average (236 million), but remained 18% below the record level of 340 million recorded in 1Q 2006.

The total of ‘net fee and commission income’ and ‘other net income’ amounted to 107 million, somewhat higher than the 2006 quarterly average (97 million).

On balance, total income came to 748 million, down 3% q/q and 5% y/y.

Operating expenses (322 million) were down 35 million (-10%) from the high level of 4Q 2006. The cost level was down 14 million y/y (-4%), due chiefly to lower revenue generated by the capital market activities. The C/I ratio stood at 46% (50% was the average for the 2006 financial year).

Impairment (principally) of problem loans remained limited to a mere 5 million (12 million in 4Q 2006), resulting in a loan loss ratio of 6 bps. In 1Q 2006, a net impairment reversal of 33 million euros had been recorded.

The quarterly effective tax rate (21%) was below average (25% for the 2006 financial year), due to a higher share of non-taxable income generated by the domestic SME private equity portfolio (part of the trading income from the investment banking activity).

The next page provides a breakdown of the figures for the Merchant Banking BU into ‘Commercial Banking’ figures (mainly lending and banking services to SMEs and corporate customers) and ‘Investment Banking’ figures (money and capital markets, securities brokerage, corporate finance, structured products, etc.)

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	208	245	284	279	275
Gross earned premiums, insurance	85	70	81	82	74
Dividend income	1	7	3	1	1
Net (un)realised gains from financial instruments at fair value	48	37	-31	-7	6
Net realised gains from available-for-sale assets	5	17	-1	6	8
Net fee and commission income	22	22	5	32	13
Other net income	17	36	26	22	32
Total income	387	434	367	415	408
Operating expenses	-112	-115	-123	-148	-122
Impairment	29	-17	-3	-6	-6
Gross technical charges, insurance	-54	-45	-54	-45	-48
Ceded reinsurance result	-5	2	-7	-18	-4
Share in results of associated companies	0	0	0	0	0
Profit before tax	245	258	180	198	229
Income tax expense	-69	-67	-22	-55	-50
Profit after tax	176	191	158	143	179
attributable to minority interests	24	23	23	23	23
attributable to the equity holders of the parent	**153**	**168**	**135**	**120**	**156**
Banking activities	*144*	*142*	*126*	*106*	*144*
Insurance activities	*9*	*25*	*9*	*14*	*12*
Risk-weighted assets (end of period)	*44 801*	*45 308*	*48 055*	*49 593*	*51 398*
Allocated equity (end of period)	*3 134*	*3 163*	*3 352*	*3 460*	*3 581*
Return on allocated capital (ROAC)	*18%*	*20%*	*15%*	*14%*	*18%*
Cost/income ratio (banking activities)	*35%*	*32%*	*41%*	*43%*	*35%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*

For a definition of ratios, see 'glossary and other information'.

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	340	180	132	294	278
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	63	54	23	64	60
Other net income	0	0	0	0	2
Total income	403	234	155	358	340
Operating expenses	-224	-184	-119	-209	-201
Impairment	4	0	1	-6	0
Gross technical charges, insurance	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Share in results of associated companies	0	1	0	0	0
Profit before tax	182	50	38	142	140
Income tax expense	-53	-19	-12	-32	-28
Profit after tax	130	31	26	110	112
attributable to minority interests	0	-1	0	3	-1
attributable to the equity holders of the parent	**130**	**32**	**26**	**107**	**113**
Banking activities	*119*	*31*	*21*	*92*	*113*
Insurance activities	*11*	*1*	*6*	*15*	*0*
Risk-weighted assets (end of period)	*9 090*	*10 627*	*9 781*	*10 300*	*12 510*
Allocated equity (end of period)	*618*	*723*	*665*	*700*	*851*
Return on allocated capital (ROAC)	*76%*	*18%*	*13%*	*61%*	*55%*
Cost/income ratio (banking activities)	*56%*	*79%*	*77%*	*58%*	*56%*

For a definition of ratios, see 'glossary and other information'.

European Private Banking Business Unit (underlying trend)

The European Private Banking BU comprises the activities of the KBL European Private Bankers'group. More specifically, it includes *Kredietbank SA Luxembourgeoise* (Luxembourg) and its subsidiaries in the Benelux and other Western European countries, as well as insurance company *VITIS Life* in Luxembourg.

Following a quarter with lower income, the BU's underlying profit contribution was up 37% to 52 million. Over the past 12 months, non-core businesses have been gradually scaled down and *Banco Urquijo* (Spain) was sold, accounting for the 5% decrease in net profit compared with Q1 2006. The return on allocated capital came to 40%. The BU's earnings accounted for 7% of the group total.

N.B.: *Banco Urquijo* was deconsolidated as of 3Q 2006. During 1Q 2006, *Banco Urquijo* contributed 33 million to total income and 27 million to operating expenses.

Income statement, European Private Banking Business Unit
(in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	58	48	29	24	36
Gross earned premiums, insurance	3	7	17	13	5
Dividend income	2	9	2	2	2
Net (un)realised gains from financial instruments at fair value	22	7	32	29	22
Net realised gains from available-for-sale assets	12	14	-1	-3	8
Net fee and commission income	135	132	104	111	121
Other net income	2	7	7	-3	7
Total income	233	224	190	174	202
Operating expenses	-147	-144	-118	-127	-124
Impairment	0	0	4	0	1
Gross technical charges, insurance	-7	-14	-23	-21	-12
Ceded reinsurance result	0	0	0	0	0
Share in results of associated companies	1	1	1	1	1
Profit before tax	79	67	54	27	68
Income tax expense	-22	-22	-9	11	-16
Profit after tax	57	45	45	38	52
attributable to minority interests	1	1	1	0	0
attributable to the equity holders of the parent	**55**	**44**	**44**	**38**	**52**
Banking activities	*52*	*41*	*43*	*34*	*50*
Insurance activities	*3*	*3*	*1*	*4*	*2*
Risk-weighted assets (end of period)	*9 539*	*9 000*	*7 005*	*5 842*	*6 416*
Allocated equity (end of period)	*704*	*673*	*539*	*461*	*501*
Return on allocated capital (ROAC)	*31%*	*24%*	*20%*	*28%*	*40%*
Cost/income ratio (banking activities)	*66%*	*70%*	*71%*	*88%*	*65%*

For a definition of ratios, see 'glossary and other information'.

Regardless of the temporary market turmoil in Q1, fee and commission revenue from private banking and global investor services increased to 121 million (+9% q/q). AUM were 1% higher q/q at 56 billion, while the policy aimed at reducing low-yielding assets was continued. Over the last 12 months and disregarding deconsolidation effects, an 11% increase was registered for the on-shore private banking assets (which accounted for 26 billion), whereas the off-shore business remained a low growth area (stable AUM), and low-yielding, non-core assets (*inter alia* some institutional assets) were reduced (-7%).

Total gross income (202 million), grew 16% q/q, but decreased by 13% y/y owing to deconsolidation effects and lower non-core income (such as from commercial lending and capital market activities).

Operating expenses amounted to 124 million, down 2% q/q, as the previous quarter had been negatively impacted by one-off staff pension insurance expenses. Excluding deconsolidation effects, the year-on-year increase in costs came to 2%. The C/I ratio stood at 65% (73% for the 2006 financial year).

No impairment worthy of note was recognised on assets. Q1 2007 tax was at a normalised level (16 million), following positive tax adjustments in Q4 2006.

Group Centre (underlying trend)

The Group Centre comprises the results of the holding company, *KBC Group NV*, a limited portion of the results of *KBC Bank* and *KBC Insurance* (such as strategy-related expenses, non-allocated taxes or dividends and gains related to a limited number of non-strategic equity holdings of *KBC Bank*), the results of *Fin-Force* and the elimination of the results of intrasegment transactions.

Income statement, Group Centre (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007
Net interest income	-14	2	-7	-14	-6
Gross earned premiums, insurance	-7	-9	-5	-11	-12
Dividend income	0	16	0	2	0
Net (un)realised gains from financial instruments at fair value	2	-1	-11	0	1
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	12	9	4	11	13
Other net income	15	-2	-3	25	-4
Total income	8	14	-22	13	-7
Operating expenses	-26	-25	14	-5	-8
Impairment	0	0	0	-1	0
Gross technical charges, insurance	9	1	0	-1	10
Ceded reinsurance result	-3	8	5	12	0
Share in results of associated companies	0	1	0	0	0
Profit before tax	-13	-1	-2	18	-6
Income tax expense	5	-18	-6	-14	-12
Profit after tax	-8	-19	-8	3	-18
attributable to minority interests	0	0	-1	1	-1
attributable to the equity holders of the parent	**-9**	**-19**	**-8**	**3**	**-17**
Banking activities	*-3*	*7*	*14*	*18*	*-3*
Insurance activities	*-1*	*0*	*0*	*-1*	*0*
Holding activities	*-4*	*-26*	*-21*	*-15*	*-14*

The underlying net result of the Group Centre amounted to a negative 17 million for 1Q 2007, with the holding company accounting for a negative 14 million of this amount (mainly for taxes paid on intra-group dividend upstreaming).

The previous quarter's profit contribution (+3 million) had benefited from the settlement of tax-related receivables, with a 30-million positive impact being recorded on profit (under the 'other net income' heading).

N.B.: in 1Q 2007, a net 196 million was also recognised for one-off items in the Group Centre, but this was not included in the underlying net profit amount. It related primarily to the net result of 200 million from the sale of the non-strategic 0.4% stake in *Intesa Sanpaolo*, following its merger.

QUARTERLY REPORT

KBC GROUP

1Q2007

Consolidated financial statements

Content:

Consolidated financial statements
KBC Group, 1Q 2007

The 'consolidated financial statements' constitutes part of the quarterly report, which contains the 'earnings release', the 'comments to the earnings release', the 'consolidated financial statements', a 'glossary and other information' section and a PowerPoint presentation. The quarterly report is available on www.kbc.com.

Consolidated income statement

In millions of EUR	Note	1Q 2006	4Q 2006	1Q 2007
Net interest income	3	1 047	1 047	1 052
Gross earned premiums, insurance	9	768	946	869
non-life		441	441	440
life	10	327	505	429
Dividend income	4	27	45	28
Net (un)realised gains from financial instruments at fair value	5	519	370	400
Net realised gains from available-for-sale assets	6	242	69	317
Net fee and commission income	7	488	508	489
Other net income	8	132	218	155
TOTAL INCOME		3 223	3 204	3 310
Operating expenses	12	- 1 238	- 1 392	- 1 208
staff expenses		- 775	- 832	- 745
general administrative expenses		- 396	- 450	- 381
depreciation fixed assets		- 88	- 96	- 85
provisions		21	- 14	3
Impairment	14	3	- 92	- 27
on loans and receivables		3	- 102	- 25
on available-for-sale assets		0	- 3	- 4
on goodwill		0	- 1	0
on other		0	14	1
Gross technical charges, insurance	9	- 631	- 838	- 753
non-life		- 255	- 285	- 298
life		- 376	- 553	- 456
Ceded reinsurance result	9	- 18	- 21	- 15
Share in results of associated companies		11	7	16
PROFIT BEFORE TAX		1 349	867	1 322
Income tax expense		- 325	- 196	- 293
Net post-tax income from discontinued operations		0	0	0
PROFIT AFTER TAX		1 024	671	1 028
attributable to minority interest		44	37	31
attributable to equity holders of the parent		**980**	**634**	**997**
Earnings per share (in EUR)				
Basic		2.73	1.82	2.85
Diluted		2.70	1.80	2.84

Compared to the income statement scheme used in 2005 and 2006, there have been some changes in the scheme used since 2007. An explanation follows in note 1a.

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2006	31-03-2007
Cash and cash balances with central banks		3 826	3 208
Financial assets	18-25	310 427	322 731
Held for trading		67 630	73 021
Designated at fair value through profit and loss		57 182	58 887
Available for sale		47 868	47 592
Loans and receivables		125 195	130 826
Held to maturity investments		12 213	12 041
Derivatives used for hedging		339	364
Reinsurers' share in technical provisions, insurance		290	292
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		- 175	- 192
Accrued interest income		2 773	2 635
Tax assets	27	761	761
Current tax assets		154	177
Deferred tax assets		608	584
Non-current assets held for sale and disposal groups		92	73
Investments in associated companies	28	522	538
Investment property	29	413	444
Property and equipment	29	1 906	1 886
Goodwill and other intangible fixed assets	30	1 987	2 071
Other assets	26	2 578	3 944
TOTAL ASSETS		325 400	338 392

LIABILITIES (in millions of EUR)		31-12-2006	31-03-2007
Financial liabilities	18-20	282 282	294 322
Held for trading		37 423	42 188
Designated at fair value through profit and loss		56 720	52 238
Measured at amortized cost		188 044	199 817
Derivatives used for hedging		96	79
Gross technical provisions, insurance	31	15 965	16 191
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		0	0
Accrued interest expenses		1 694	1 809
Tax liabilities	27	845	913
Current tax liabilities		534	562
Deferred tax liabilies		312	351
Non-current liabilities held for sale and disposal groups		43	19
Provisions	32	493	481
Other liabilities	33	5 624	6 797
TOTAL LIABILITIES		306 947	320 532
Total Equity		18 453	17 860
Parent shareholders' equity	35	17 219	16 632
Minority interest		1 234	1 227
TOTAL LIABILITIES AND EQUITY		325 400	338 392

Compared to balance sheet scheme used in 2005 and 2006, there have been some changes in the scheme used since 2007. An explanation follows in note 1a.

On 31 March 2007, the headings ‘Non-current assets held for sale and disposal groups’ and ‘Non-current liabilities held for sale and liabilities associated with disposal groups’ concerned mainly Banca KBL Fumagalli Soldan (a KBL EPB subsidiary in Italy) and Reliz (a Kredyt Bank subsidiary in Poland), both of which have been sold. In view of the insignificant amount this entailed for the entire group (see balance sheet), no further information is provided on these headings.

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Other Equity (Mandatory convertible bonds)	Treasury shares	Revaluation reserve (AFS-investments)	Hedging reserve (cash flow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority Interest	Total Equity
31-03-2006											
Balance at the beginning of the year	1 234	4 138	185	- 484	2 129	1	8 421	127	15 751	1 715	17 466
Net income recognised directly in equity	0	0	0	0	- 177	23	6	- 26	- 174	0	- 174
Net profit for the period	0	0	0	0	0	0	980	0	980	44	1 024
Total recognised income and expense for the period	0	0	0	0	- 177	23	986	- 26	806	44	850
Dividends	0	0	0	0	0	0	- 892	0	- 892	0	- 892
Capital increase	0	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 301	0	0	0	0	- 301	0	- 301
Change in minority interest	0	0	0	0	0	0	0	0	0	- 364	- 364
Total change	0	0	0	- 301	- 177	23	95	- 26	- 387	- 320	- 707
Balance at the end of the period	1 234	4 138	185	- 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						
31-03-2007											
Balance at the beginning of the year	1 235	4 150	183	- 1 111	1 968	46	10 651	98	17 219	1 234	18 453
Net income recognised directly in equity	0	0	0	0	- 261	14	4	- 29	- 271	0	- 271
Net profit for the period	0	0	0	0	0	0	997	0	997	31	1 028
Total recognised income and expense for the period	0	0	0	0	- 261	14	1 001	- 29	726	31	757
Dividends	0	0	0	0	0	0	- 1 149	0	- 1 149	0	- 1 149
Capital increase	0	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 164	0	0	0	0	- 164	0	- 164
Change in minority interest	0	0	0	0	0	0	0	0	0	- 38	- 38
Total change	0	0	0	- 164	- 261	14	- 147	- 29	- 587	- 7	- 594
Balance at the end of the period	1 235	4 151	182	- 1 275	1 707	60	10 504	69	16 632	1 227	17 860
of which revaluation reserve for shares					1 637						
of which revaluation reserve for bonds					70						
of which revaluation reserve for other assets than bonds and shares					0						

Condensed consolidated cash flow statement

In millions of EUR	1Q 2006	1Q 2007
Net cash from (used in) operating activities	512	10 244
Net cash from (used in) investing activities	18	- 695
Net cash flows from (used in) financing activities	- 597	703
Net increase/(decrease) in cash and cash equivalents	- 67	10 252
Cash and cash equivalents at the beginning of the year	3 199	850
Effects of exchange rate changes on opening cash and cash equivalents	- 57	- 24
Cash and cash equivalents at the end of the period	3 076	11 079

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 2007 annual report, but not in the quarterly reports, are shown below solely to ensure there is a link with the annual report.

Note 1a: Statement of compliance

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.

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

As of 2007, the presentation of the annual accounts of KBC Group has been changed, in order to better align the presentation to the Belgian prudential reporting scheme and to take into account the first application of IFRS7.

The main changes relate to the presentation of the balance sheet, which, as of 2007, is presented according to the 'portfolio approach' (according to the IAS 39 classifications) instead of the product approach. However, in order to still provide information on the product breakdown, note 18 provides a breakdown of financial assets and liabilities according to portfolio as well as to product.

As regards the income statement, KBC decided to keep the changes versus 2006 limited. The changes concern the inclusion of an additional breakdown, on the face of the income statement, of 'Gross earned premiums, insurance' and 'Gross technical charges, insurance' into non-life and life and of 'Operating expenses' in staff expenses, general administrative expenses, depreciation of fixed assets and provisions. Moreover, the item 'Net post-tax income from discontinued operations', which used to be included in the income items, was shifted to just above 'Profit after tax' and the presentation of minority interests in the profit after tax was adjusted slightly. In some of the notes to the income statement, the product breakdown was replaced by a breakdown per portfolio.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 1Q 2007, no changes in content were made in the accounting policies that had a material impact on the results.

Notes on segment reporting

Note 2: Reporting according to the legal structure of the group and by geographic segment

Under IFRS, the ‘primary segment’ reporting format used by KBC is based on the group’s legal structure. KBC hence distinguishes between the following primary segments:

- Banking: KBC Bank and its subsidiaries;
- 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 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.

The IFRS ‘secondary segment’ reporting format is based on geographic areas, and reflects KBC’s focus on its two home markets – Belgium and Central and Eastern Europe – 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.

Provided IFRS8 is approved by the EU, KBC Group is planning to replace the primary and secondary segment reporting format by a breakdown based on the group’s management structure (i.e. the business units: Belgium, Central & Eastern Europe, Merchant Banking, European Private Banking and Group Centre).

In millions of EUR	Banking	Insurance	European Private Banking	Holding - Company Activities	Intersegment eliminations	KBC Group
INCOME STATEMENT 1Q 2006						
Net interest income	823	146	89	- 7	- 5	1 047
Gross earned premiums, insurance	0	768	0	0	0	768
Non-life	0	441	0	0	0	441
Life	0	327	0	0	0	327
Dividend income	18	7	2	0	0	27
Net (un)realised gains from financial instruments at fair value	531	- 1	- 12	2	0	519
Net realised gains AFS	104	71	11	56	0	242
Net fee and commission income	433	- 79	134	- 1	1	488
Other net income	96	15	2	139	- 120	132
TOTAL INCOME	2 005	927	227	188	- 123	3 223
Operating expenses	- 947	- 129	- 146	- 139	123	- 1 238
Staff expenses	- 616	- 75	- 89	- 49	53	- 775
General administrative expenses	- 298	- 47	- 50	- 70	70	- 396
Depreciation fixed assets	- 52	- 9	- 8	- 20	0	- 88
Provisions	19	1	0	0	0	21
Impairments	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
Non-life	0	- 255	0	0	0	- 255
Life	0	- 376	0	0	0	- 376
Ceded reinsurance result	0	- 18	0	0	0	- 18
Share in results of associated companies	10	0	1	0	0	11
PROFIT BEFORE TAX	1 077	145	80	49	0	1 349
Income tax expense	- 282	- 24	- 22	3	0	- 325
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	795	121	57	51	0	1 024
attributable to minority interest	53	- 10	1	0	0	44
attributable to equity holders of the parent	742	130	56	51	0	980
INCOME STATEMENT 1Q 2007						
Net interest income	826	159	73	2	- 8	1 052
Gross earned premiums, insurance	0	869	0	0	- 1	869
Non-life	0	440	0	0	0	440
Life	0	430	0	0	- 1	429
Dividend income	19	8	2	0	0	28
Net (un)realised gains from financial instruments at fair value	429	- 8	- 21	0	0	400
Net realised gains AFS	227	82	7	0	0	317
Net fee and commission income	460	- 96	119	- 1	7	489
Other net income	122	25	7	157	- 156	155
TOTAL INCOME	2 083	1 038	187	158	- 158	3 310
Operating expenses	- 956	- 129	- 122	- 159	158	- 1 208
Staff expenses	- 606	- 76	- 76	- 64	77	- 745
General administrative expenses	- 302	- 49	- 34	- 76	81	- 381
Depreciation fixed assets	- 51	- 9	- 7	- 19	0	- 85
Provisions	3	5	- 5	0	0	3
Impairments	- 27	- 1	1	0	0	- 27
on loans and receivables	- 26	0	1	0	0	- 25
on available-for-sale assets	- 3	- 1	0	0	0	- 4
on goodwill	0	0	0	0	0	0
on other	1	0	0	0	0	1
Gross technical charges, insurance	0	- 753	0	0	0	- 753
Non-life	0	- 298	0	0	0	- 298
Life	0	- 455	0	0	0	- 456
Ceded reinsurance result	0	- 15	0	0	0	- 15
Share in results of associated companies	16	0	1	0	0	16
PROFIT BEFORE TAX	1 116	140	67	- 1	0	1 322
Income tax expense	- 218	- 17	- 16	- 42	0	- 293
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	897	123	51	- 44	0	1 028
attributable to minority interest	- 28	- 3	0	0	0	- 31
attributable to equity holders of the parent	869	120	51	- 44	0	997
BALANCE SHEET 31-12-2006						
Total assets	273 170	29 285	22 030	915	-	325 400
Total liabilities	259 993	26 161	19 913	880	-	306 947
BALANCE SHEET 31-03-2007						
Total assets	283 892	30 328	23 293	879	-	338 392
Total liabilities	270 961	26 229	21 360	1 983	-	320 532

In millions of EUR	Belgium	Central and Eastern Europe	Rest of the world	Intersegment eliminations	KBC Group
1Q 2006					
Gross income	1 705	727	791	0	3 223
31-12-2006					
Total assets	192 526	38 588	94 286	0	325 400
Total liabilities	173 841	37 900	95 207	0	306 947
1Q 2007					
Gross income	1 933	703	674	0	3 310
31-03-2007					
Total assets	187 407	44 037	106 947	0	338 392
Total liabilities	176 158	40 117	104 256	0	320 532

Notes on the income statement

General remark:

All data in this chapter are based on IFRS. However, from an analytical point of view (for instance, due to the treatment of recognition of certain income components related to capital market activities and the treatment of certain ALM hedging derivatives), it may be useful to look at additional 'underlying' figures. These 'underlying' data (which are not part of the 'Consolidated Financial Statements') are provided in the 'earnings release' and 'comments to the earnings release' chapters of the quarterly report.

Note 3: Net interest income

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	1 047	1 047	1 052
Interest income resulting from	3 013	3 330	3 590
Available for sales assets	492	508	459
Loans and receivables	1 555	1 572	1 868
Held to maturity investments	115	128	129
Other	11	44	24
Subtotal interest income for financial assets not designated at fair value through profit and loss	2 173	2 252	2 481
Financial assets held for trading	292	319	366
Derivatives used for hedging	143	199	159
Other financial assets designated at fair value	405	560	585
Interest expense resulting from	- 1 966	- 2 283	- 2 539
Financial liabilities measured at amortized cost	- 1 377	- 1 610	- 1 792
Other	- 1	- 7	- 1
Investment contracts at amortized cost	0	0	0
Subtotal interest income for financial assets not designated at fair value through profit and loss	- 1 378	- 1 617	- 1 793
Financial liabilities held for trading	- 81	- 57	- 109
Derivatives used for hedging	- 165	- 200	- 151
Other financial liabilities designated at fair value	- 342	- 408	- 485

Note 4: Dividend income

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	27	45	28
Breakdown by portfolio			
Held for trading shares	14	12	16
Other shares designated at fair value through profit and loss	0	26	0
Available for Sale shares	13	8	12

Note 5: Net (un)realised gains from financial instruments at fair value

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	519	370	400
Breakdown by type			
Trading instruments (including interest and market value changes of trading derivatives)	595	285	148
Other financial instruments designated at fair value	- 199	- 101	201
Foreign exchange trading	123	186	46
Fair value adjustments in hedge accounting	0	0	5

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

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	242	69	317
Breakdown by portfolio			
Fixed-income assets	25	1	- 19
Shares	217	68	335

Note 7: Net fee and commission income

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	488	508	489
Fee and commission income	796	782	785
Securities and asset management	536	544	552
Margin on deposit accounting	25	11	10
Credit commitment	35	42	46
Payments	98	111	101
Other	101	73	76
Fee and commission expense	- 307	- 273	- 295
Commission paid to intermediaries	- 104	- 111	- 120
Other	- 203	- 163	- 175

Note 8: Other net income

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	132	218	155
of which: realised gain on sale buildings - CSOB	35	1	0
of which: realised gain on sale Banksys and BCC - KBC Bank	0	60	0
of which: realised gain on building - Warta	0	23	0

The amount reported under 'Other net 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

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
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
Dividends	0	0	0	0	0	7	7
Interests	0	0	0	0	0	154	154
Realized capital gains	0	0	0	0	0	94	94
Other investment income	0	0	0	0	0	42	42
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
Income tax expense							- 24
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							121
Attributable to minority interest							- 10
Attributable to equity holders of the parent							130
1Q 2007							
Gross earned premiums	203	440	642	227	0	0	869
Gross technical charges	- 167	- 318	- 485	- 292	20	0	- 757
Gross claims paid	- 119	- 244	- 362	- 78	0	0	- 441
Gross provision for claims outstanding	5	- 65	- 60	0	0	0	- 60
Bonuses and rebates	- 2	0	- 2	- 9	0	0	- 11
Other technical provisions	- 52	- 3	- 54	- 205	10	0	- 249
Other technical income and charges	0	- 6	- 6	0	10	0	5
Investment income and charges	98	43	141	82	- 8	34	249
Investment income	0	0	0	0	0	314	314
Dividends	0	0	0	0	0	8	8
Interests	0	0	0	0	0	162	162
Realized capital gains	0	0	0	0	0	101	101
Other investment income	0	0	0	0	0	44	44
Value adjustments	0	0	0	0	- 8	0	- 8
Investment charges	0	0	0	0	0	- 67	- 67
Other income and charges (non-technical)	0	0	0	0	0	10	10
Allocation to the technical accounts	98	43	141	82	0	- 223	0
General administrative expenses	- 39	- 149	- 187	- 11	- 9	0	- 207
Net acquisition costs	- 27	- 111	- 138	- 7	- 6	0	- 150
Administrative expenses	- 12	- 38	- 50	- 4	- 3	0	- 56
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	- 14	- 14	0	0	- 1	- 15
Technical charges	1	5	6	0	0	0	6
Fee and commission expense	0	4	4	0	0	0	4
Interest expense deposits from reinsurers	0	0	0	0	0	- 1	- 1
Earned premiums	- 1	- 23	- 24	0	0	0	- 24
PROFIT BEFORE TAX	95	2	98	6	3	33	140
Income tax expense							- 17
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							123
Attributable to minority interest							- 3
Attributable to equity holders of the parent							120

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 (un)realised gains from financial instruments at fair value, net realised gains from available-for-sale assets, net fee and commission income and other net income).

N.B.: Figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products.

Note 10: Gross earned premiums, life insurance

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	327	505	429
Breakdown by type			
Accepted reinsurance	9	8	5
Primary business	319	497	424
Breakdown of primary business			
Individual versus group			
Individual premiums	262	424	337
Premiums under group contracts	57	74	87
Periodic versus single			
Periodic premiums	160	247	203
Single premiums	159	251	222
Non-bonus versus bonus contracts			
Premiums from non-bonus contracts	39	44	46
Premiums from bonus contracts	248	421	353
Unit linked	32	32	25

Under IFRS, figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products.

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 2006	4Q 2006	1Q 2007
Total	- 1 238	- 1 392	- 1 208
Breakdown by type			
Staff expenses	- 775	- 832	- 745
General administrative expenses	- 396	- 450	- 381
Depreciation of fixed assets	- 88	- 96	- 85
Provisions	21	- 14	3

Note 13: Personnel

Note available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	1Q 2006	4Q 2006	1Q 2007
Total	3	- 92	- 27
Impairment on loans and receivables	3	- 102	- 25
Breakdown by type			
Specific impairments for on-balance-sheet lending	- 7	- 82	- 12
Specific impairments for off-balance-sheet credit commitments	0	- 3	- 5
Portfolio-based impairments	10	- 17	- 9
Breakdown by business unit			
Belgium	- 8	- 14	3
Central Eastern Europe	- 18	- 78	- 22
Merchant Banking	33	- 12	- 7
European Private Banking	- 3	2	1
Group Centre	0	0	0
Impairment on available-for-sale assets	0	- 3	- 4
Breakdown by type			
Shares	- 2	- 1	- 1
Other	2	- 1	- 3
Impairment on goodwill	0	- 1	0
Impairment on other	0	14	1
Breakdown by type			
Intangible assets, other than goodwill	0	0	0
Tangible assets	0	14	0
Investments held to maturity	0	0	1
Investments in associates (goodwill)	0	0	0
Other	0	0	1

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 on the balance sheet

Note 18: Financial assets and liabilities: breakdown by portfolio and product

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and recei- vables	Held to maturity	Derivative s used for hedging	Measured at amortized cost	Total
31-12-2006								
Loans and advances to credit institutions and investment firms [1]	11 463	9 472	0	18 302	-	-	-	39 236
Loans and advances to customers [2]	3 442	21 896	0	106 893	-	-	-	132 231
Discount and acceptance credit	0	0	0	223	-	-	-	223
Consumer credit	0	0	0	3 232	-	-	-	3 232
Mortgage loans	0	11 089	0	28 840	-	-	-	39 929
Term loans	3 442	10 807	0	53 194	-	-	-	67 443
Finance leasing	0	0	0	6 031	-	-	-	6 031
Current account advances	0	0	0	7 578	-	-	-	7 578
Securitized loans	0	0	0	302	-	-	-	302
Other	0	0	0	7 493	-	-	-	7 493
Equity instruments	16 260	168	5 721	-	-	-	-	22 150
Investment contracts (insurance)	-	9 304	-	-	-	-	-	9 304
Debt instruments issued by	19 107	16 342	42 147	-	12 213	-	-	89 809
Public bodies	12 372	9 718	27 882	-	10 736	-	-	60 708
Credit institutions and investment firms	4 215	1 793	6 518	-	1 021	-	-	13 547
Corporates	2 521	4 831	7 747	-	456	-	-	15 554
Derivatives	17 357	-	-	-	-	339	-	17 697
Total carrying value	67 630	57 182	47 868	125 195	12 213	339	-	310 427
[1] Of which reverse repo's								*21 632*
[2] Of which reverse repo's								*18 261*
31-03-2007								
Loans and advances to credit institutions and investment firms [1]	11 721	10 147	0	24 521	-	-	-	46 390
Loans and advances to customers [2]	6 040	23 168	0	106 304	-	-	-	135 512
Discount and acceptance credit	0	0	0	233	-	-	-	233
Consumer credit	0	0	0	3 221	-	-	-	3 221
Mortgage loans	0	11 200	0	29 810	-	-	-	41 010
Term loans	6 040	11 968	0	53 378	-	-	-	71 386
Finance leasing	0	0	0	6 110	-	-	-	6 110
Current account advances	0	0	0	7 989	-	-	-	7 989
Securitized loans	0	0	0	293	-	-	-	293
Other	0	0	0	5 270	-	-	-	5 270
Equity instruments	18 654	174	6 177	-	-	-	-	25 005
Investment contracts (insurance)	-	9 237	-	-	-	-	-	9 237
Debt instruments issued by	20 058	16 161	41 414	-	12 041	-	-	89 674
Public bodies	10 921	9 072	26 028	-	10 658	-	-	56 679
Credit institutions and investment firms	4 234	2 129	8 066	-	1 006	-	-	15 435
Corporates	4 902	4 960	7 320	-	377	-	-	17 560
Derivatives	16 549	-	-	-	-	364	-	16 913
Total carrying value	73 021	58 887	47 592	130 826	12 041	364	-	322 731
[1] Of which reverse repo's								*24 745*
[2] Of which reverse repo's								*21 775*

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and recei-vables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2006								
Deposits from credit institutions and investment firms [3]	5 426	15 939	-	-	-	-	38 406	59 771
Deposits from customers and debt certificates [4]	1 399	31 625	-	-	-	-	146 464	179 488
Deposits from customers	270	16 242	-	-	-	-	109 678	126 189
Demand deposits	0	0	-	-	-	-	36 553	36 553
Time deposits	270	16 242	-	-	-	-	39 501	56 012
Saving deposits	0	0	-	-	-	-	29 629	29 629
Special deposits	0	0	-	-	-	-	2 736	2 736
Other deposits	0	0	-	-	-	-	1 259	1 259
Debt certificates	1 129	15 383	-	-	-	-	36 787	53 299
Certificates of deposit	0	9 239	-	-	-	-	15 685	24 924
Customer saving certificates	0	0	-	-	-	-	2 714	2 714
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 129	5 199	-	-	-	-	13 079	19 408
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	945	-	-	-	-	5 308	6 253
Liabilities under investment contracts	-	9 156	-	-	-	-	-	9 156
Derivatives	24 082	-	-	-	-	96	-	24 178
Short positions	5 738	-	-	-	-	-	-	5 738
in equity instruments	1 418	-	-	-	-	-	-	1 418
in debt instruments	4 320	-	-	-	-	-	-	4 320
Other	779	0	-	-	-	-	3 173	3 952
Total carrying value	37 423	56 720	-	-	-	96	188 044	282 282
[3] Of which repo's								*18 333*
[4] Of which repo's								*9 071*
31-03-2007								
Deposits from credit institutions and investment firms [3]	9 348	16 357	-	-	-	-	39 075	64 779
Deposits from customers and debt certificates [4]	186	26 658	-	-	-	-	157 006	183 850
Deposits from customers	1	13 788	-	-	-	-	114 795	128 584
Demand deposits	0	0	-	-	-	-	37 319	*37 319*
Time deposits	1	13 788	-	-	-	-	44 352	*58 141*
Saving deposits	0	0	-	-	-	-	28 735	*28 735*
Special deposits	0	0	-	-	-	-	3 057	*3 057*
Other deposits	0	0	-	-	-	-	1 331	*1 331*
Debt certificates	185	12 870	-	-	-	-	42 212	55 266
Certificates of deposit	0	10 330	-	-	-	-	14 563	*24 894*
Customer saving certificates	0	0	-	-	-	-	2 716	*2 716*
Convertible bonds	0	0	-	-	-	-	0	*0*
Non-convertible bonds	184	1 615	-	-	-	-	19 422	*21 221*
Convertible subordinated liabilities	0	0	-	-	-	-	0	*0*
Non-convertible subordinated liabilities	0	925	-	-	-	-	5 510	*6 435*
Liabilities under investment contracts	-	9 223	-	-	-	-	-	9 223
Derivatives	23 744	-	-	-	-	79	-	23 823
Short positions	7 420	-	-	-	-	-	-	7 420
in equity instruments	2 578	-	-	-	-	-	-	2 578
in debt instruments	4 841	-	-	-	-	-	-	4 841
Other	1 491	0	-	-	-	-	3 736	5 227
Total carrying value	42 188	52 238	-	-	-	79	199 817	294 322
[3] Of which repo's								25 500
[4] Of which repo's								6 670

As indicated in note 1a, the presentation of the balance sheet has changed from a product-approach to a portfolio approach. In order to be able to make the link of the 31-12-2006 figures included in this note with the 31-12-2006 figures in the latest annual report, following elements/reclassifications need to be taken into account:

- a number of non-interest bearing assets and liabilities have been transferred to 'other assets' and 'other liabilities' respectively, and therefore are not included in this note anymore (in the annual report, these were included in 'loans and advances to clients').
- short positions are now included in 'held for trading' (in the annual report, these were included in 'other liabilities').
- derivatives are broken down into 'held for trading' and 'derivatives used for hedging' (in the annual report, all derivatives were presented as 'held for trading').
- from now on, the Basel 2-definition of counterparties is used (compared to the previous regulatory definition in the annual report; the main difference relates to the reclassification of investment firms to credit institutions).
- warrants are included under 'derivatives' (in the annual report, warrants were incorporated under 'equity instruments'); moreover, the presentation of accrued interest income/expense (' clean' versus 'dirty' approach) has been changed for some derivatives.
- part of the mortgage loans was reclassified from 'loans and receivables' to 'designated at fair value through profit and loss', together with a part of the funding which has been reclassified to 'designated at fair value through profit and loss'.
- a part of the 'term loans' was reclassified to 'consumer credits' (for some CEE-entities).
- impairments are presented together with the outstanding balance for each product (in the annual report, impairments were presented in 'other').
- a part of the 'other deposits' was transferred to 'time deposits'.

Note 19: Financial assets and liabilities: breakdown by portfolio and geography
Note 20: Financial assets: breakdown by portfolio and quality
Note 20: Financial assets and liabilities: breakdown by portfolio and remaining maturity
Note 22: Impairments for financial assets available-for-sale
Note 23: Impairments for financial assets held to maturity

Notes available in the annual report only.

Note 24: Impairments on loans and receivables (balance sheet)

In millions of EUR	31-12-2006	31-03-2007
Total	2 224	2 235
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 934	1 929
Specific impairment, off-balance-sheet credit commitments	67	74
Portfolio-based impairments	222	232
Breakdown by counterparty		
Impairment for loans and advances to banks	1	5
Impairment for loans and advances to customers	2 142	2 116
Specific and portfolio based impairment, off-balance-sheet credit commitments	80	86

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 43.

Note 25: Derivative financial instruments
Note 26: Other assets
Note 27: Tax assets and tax liabilities
Note 28: Investments in associated companies
Note 29: Property and equipment and investment property
Note 30: Goodwill and other intangible fixed assets

Notes available in the annual report only.

Note 31: Technical provisions, insurance

In millions of EUR	31-12-2006	31-03-2007
Gross technical provisions	15 965	16 191
Insurance contracts	8 828	8 850
Provisions for unearned premiums and unexpired risk	453	557
Life assurance provision	4 680	4 715
Provision for claims outstanding	3 312	3 364
Provision for bonuses and rebates	25	26
Other technical provisions	358	187
Investment contracts with DPF	7 138	7 341
Life assurance provision	7 093	7 287
Provision for claims outstanding	0	0
Provision for bonuses and rebates	45	54
Reinsurers' share	290	292
Insurance contracts	290	292
Provisions for unearned premiums and unexpired risk	24	31
Life assurance provision	8	8
Provision for claims outstanding	257	252
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life assurance 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 have to be valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts. Liabilities under investment contracts without DPF are included in the overview on financial liabilities in note18.

Note 32: Provisions
Note 33: Other liabilities
Note 34: Retirement benefit obligations

Notes available in the annual report only.

Note 35: Parent shareholders' equity

in number of shares	31-12-2006	31-03-2007
Total number of shares issued and fully paid up	365 823 520	365 823 520
Breakdown by type		
Ordinary shares	363 217 068	363 223 178
Other equity instruments	2 606 452	2 600 342
of which ordinary shares that entitle the holder to a dividend payment	*352 870 300*	*352 993 455*
of which treasury shares	*15 823 991*	*17 037 341*
Other information		
Par value per share (in euro)	3.40	3.40
Number of shares issued but not fully paid	0	0

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 2007, there were 363 223 178 ordinary shares in circulation. 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 3.40 euros at 31 March 2007. There are no shares issued that have not been fully paid.

At 31 March 2007, KBC group companies held 17 037 341 KBC shares (16 885 050 excluding the shares held in the trading book of KBC Securities, Ligeva 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 2007: 1 528 882 shares).
- the 8 229 723 shares that were bought in 2006 in relation to the 1-billion-euro share buyback programme announced at the end of 2005 and that were not yet cancelled; these shares have been cancelled at the Annual Meeting of 26 April 2007.
- the 2 000 000 shares that were bought in 1Q 2007 in relation to the 3-billion-euro share buyback programme announced at the end of 2006. These shares will not be cancelled (unless the par value of the repurchased shares exceeds 10% of issued capital).

The calculation of the number of shares entitled to dividend takes into account the fact that the Annual Meeting decided not to pay divided on the remaining treasury shares in relation to the 2006 buyback programme (8 229 723 shares) as well as on the 2 000 000 treasury shares bought in relation to the 2007-2009 buyback programme.

At 31 March 2007, there were 2 600 342 MCBs in circulation, for a nominal amount of 182,5 million 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.: Prefered trust securities are not included in parent shareholders' equity, but in minority interests. At 31 March 2007, there were no freely convertible bonds outstanding.

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2006	31-03-2007
By business unit		
Belgium	142 866	149 021
Central & Eastern Europe	9 979	10 646
Merchant Banking	737	815
European Private Banking	54 978	55 752
Total	208 560	216 233
By product or service		
Investment funds for private individuals	85 184	86 589
Assets managed for private individuals	74 485	78 673
Assets managed for institutional investors	33 470	35 208
Group assets (managed by KBC Asset Management)	15 420	15 763
Total	208 560	216 233

Figures for 2006 were retated slightly.

Information on assets under management is not required by IFRS and hence not reviewed by the statutory auditor.

Note 39: Related party transactions

Note available in the annual report only.

Note 40: Solvency banking (KBC Bank and KBL EPB)

In the tables below, the calculation of the Tier-1 ratio and CAD ratio is shown, for KBC Bank and KBL EPB separately.For 31-03-2007, both a Basel I and a Basel II calculation are provided.

The calculation based on Basel I follows the same methodology as was used in the calculation in earlier annual reports.

The Basel II calculation for KBC Bank takes into account the specific Basel II rules for the calculation of weighted risks (which essentially differ from Basel I as to the calculation of the charge for credit risk and which also add a charge for operational risk). Note that Basel II is not yet being used in all entities throughout the group (as at 31-03-2007, the entities for which the calculation is based on Basel II account for roughly 3/4th of total weighted risks, the remainder is still calculated according to Basel I).
Moreover, in the Basel II calculation, the ‘IRB credit provision excess (shortage)’ (i.e. the difference between the loan loss impairment on the balance sheet and the expected loss) is added to (substracted from) to the tier-2 capital, and 50% of ‘items to be deducted’ is substracted from the tier-1 capital (‘items to be deducted’ include mainly participations in and subordinated claims to financial institutions in which KBC has between a 10% to 50% share - predominantly NLB - as well as KBC Group shares held by KBC Bank; under Basel I, ‘items to be deducted’ are 100% substracted from tier-2 capital).

The calculation for KBL EPB is, for the time being, simplified (limited to the deduction of 50% of ‘items to be deducted’ from the tier-1 capital).

KBC Bank

In millions of EUR	31-12-2006 Basel I	31-03-2007 Basel I	31-03-2007 Basel II
Regulatory capital			
Total regulatory capital (after profit appropriation)	13 728	14 064	14 374
Tier-1 capital	10 407	10 699	10 065
Parent shareholders' equity	10 603	10 496	10 496
Intangible fixed assets	- 123	- 125	- 125
Goodwill on consolidation	- 709	- 788	- 788
Preference shares / Hybrid Tier One	1 561	1 588	1 588
Minority interests	529	562	562
Elimination Mandatory convertible bonds	- 186	- 186	- 186
Revaluation reserve available-for-sale assets (AFS)	- 555	- 283	- 283
Hedging reserve (cash flow hedges)	- 46	- 60	- 60
Minority interest in AFS reserve & hedging reserve	- 7	- 6	- 6
Dividend payout assumed	- 661	- 499	- 499
Items to be deducted (*)	-	-	- 634
Tier-2 & 3 capital	3 321	3 365	4 309
Mandatory convertible bonds	186	186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)	712	673	673
Revaluation reserve AFS shares (at 90%)	433	212	212
Minority interest in revaluation reserve AFS shares (at 90%)	3	4	4
IRB provision excess	-	-	272
Subordinated liabilities	3 311	3 581	3 581
Tier-3 capital	14	16	16
Items to be deducted (*)	- 1 339	- 1 306	- 634
Weighted risks			
Total weighted risk volume	123 127	127 751	118 667
Credit risk	113 264	116 597	99 052
Market risk	9 863	11 154	11 589
Operational risk	-	-	8 026
Solvency ratios			
Tier-1 ratio	8.5%	8.4%	8.5%
CAD ratio	11.1%	11.0%	12.1%

(*) In the Basel I calculation all of the items to be deducted are substracted from tier-2 capital; in the Basel II calculation items to be deducted are split 50/50 over tier-1 and tier-2 capital. Items to be deducted include mainly participations in and subordinated claims to financial institutions in which KBC Bank has between a 10% and 50% share (predominantly NLB) as well as KBC group shares held by KBC Bank.

KBL EPB

In millions of EUR	31-12-2006 Basel I	31-03-2007 Basel I	31-03-2007 Basel II
Regulatory capital			
Total regulatory capital (after profit appropriation)	1 413	1 472	1 472
Tier-1 capital	846	878	877
Parent shareholders' equity	1 737	1 219	1 219
Intangible fixed assets	- 46	- 46	- 46
Goodwill on consolidation	- 239	- 240	- 240
Preference shares / Hybrid Tier One	110	127	127
Minority interests	0	1	1
Elimination: Other tier 2 instruments	- 18	- 18	- 18
Elimination: Revaluation reserve available-for-sale assets (AFS)	- 118	- 119	- 119
Elimination: hedging reserve (cash flow hedges)	0	0	0
Elimination: Minority interest in AFS reserve & hedging reserve	0	0	0
Dividend payout assumed	- 581	- 46	- 46
Items to be deducted (*)	-	-	- 1
Tier-2 capital	567	594	595
Mandatory convertible bonds	0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)	18	18	18
Revaluation reserve AFS shares (at 90%)	105	105	105
Minority interest in revaluation reserve AFS shares (at 90%)	0	0	0
IRB provision excess	-	-	-
Subordinated liabilities	452	472	472
Tier-3 capital	0	0	0
Items to be deducted (*)	- 8	- 2	- 1
Weighted risks			
Total weighted risk volume	5 841	6 416	6 416
Credit risk	5 065	5 688	5 688
Market risk	776	728	728
Operational risk	-	-	-
Solvency ratios			
Tier-1 ratio	14.5%	13.7%	13.7%
CAD ratio	24.2%	22.9%	22.9%

(*) In the Basel I calculation all of the items to be deducted are substracted from tier-2 capital; in the Basel II calculation items to be deducted are split 50/50 over tier-1 and tier-2 capital. Items to be deducted include mainly participations in and subordinated claims to financial institutions in which KBL EPB has between a 10% and 50% share.

Note 41: Solvency insurance (KBC Insurance)

in millions of EUR	31-12-2006	31-03-2007
Available capital		
Share capital	29	29
Share premium account	122	122
Reserves	2 301	1 993
Revaluation reserve available-for-sale (AFS) investments	1 459	1 470
Translation differences	27	26
Dividend payout	- 430	- 72
Minority interests	13	14
Subordinated liabilities	1	1
Formation expenses (-)	0	0
Intangible fixed assets (-)	- 19	- 17
Goodwill on consolidation (-)	- 195	- 195
Available capital	3 308	3 372
Required capital		
Non-life and industrial accidents - legal lines	268	273
Annuities	8	8
Required solvency margin for the Non Life business	276	281
Branch 21	589	597
Branch 23	20	23
Required solvency margin for the Life business	609	620
Total required solvency margin	884	901
Solvency ratios and surplus		
Solvency ratio	374%	374%
Solvency surplus	2 423	2 471

Note 42: Solvency group (KBC Group, consolidated)

Note available in the annual report only.

Note 43: Risk Management

Extensive risk management data for 31-12-2006 is provided in KBC's 2006 Annual Report. A summary update of this information is provided below. For an explanation regarding the methodology used, please refer to the 2006 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 the 'glossary and other information' section of the quarterly report.

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2006	31-03-2007
Total loan portfolio (in billions of EUR)		
Amount granted	185.7	192.8
Amount outstanding	138.6	144.6
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	29.0%	28.5%
Central & Eastern Europe	18.4%	18.2%
Merchant Banking	50.6%	51.3%
European Private Banking	2.0%	2.0%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.0%	6.0%
Electricity	2.7%	2.6%
Aviation	0.5%	0.5%
Automobile industry	2.9%	2.8%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 324	3 196
Specific loan impairment	2 001	2 002
Portfolio-based loan impairment	222	232
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	0.07%	-0.02%
Central Eastern Europe[1]	0.58%	0.32%
Merchant Banking	-0.01%	0.06%
European Private Banking	-0.10%	-0.08%
Total	0.13%	0.08%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 221	2 121
Specific loan impairment for NP loans	1 541	1 553
Non-performing ratio, per business unit		
Belgium	1.5%	1.4%
Central & Eastern Europe	2.4%	2.4%
Merchant Banking	1.3%	1.1%
European Private Banking	1.9%	1.8%
Total	1.6%	1.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	69%	73%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	100%	105%

Definition of ratios: see 'Glossary and other information'.

1 Broken down as follows for 31-03-2007: 0.29% for CSOB, 0.50% for K&H Bank and 0.08% 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, IIB Bank, KBC Bank Nederland, Antwerpse Diamantbank, 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.

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2006	76
Average 2Q 2006	87
Average 3Q 2006	88
Average 4Q 2006	74
Average 1Q 2007	70
31-03-2007	67
Maximum in 1Q 2007	74
Minimum in 1Q 2007	67

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2006	31-03-2007
Bonds and other fixed-income securities	13 145	13 109
Shares and other variable-yield securities	4 529	5 081
Loans and advances to customers	148	119
Loans and advances to banks	1 010	871
Property and equipment and investment property	228	224
Liabilities under investment contracts, unit-linked	9 367	9 261
Other	131	111
Total investment portfolio KBC Insurance	28 558	28 775

Market risk data

The table shows the Value-at-Risk (99% confidence interval, 1-day holding period) for the bank's dealing rooms on the money and capital markets (KBC Bank in the table – including KBL EPB), for KBC Financial Products, KBC Securities and KBC Peel Hunt, based on historical simulation.

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products	KBC Securities	KBC Peel Hunt
Average 1Q 2006	3.9	19.5	0.2	0.5
Average 2Q 2006	3.8	12.0	0.2	0.5
Average 3Q 2006	3.2	8.3	0.3	0.5
Average 4Q 2006	2.6	6.8	0.4	0.6
Average 1Q 2007	4.1	10.0	0.4	0.9
31-03-2007	4.4	8.4	0.8	0.8
Maximum in 1Q 2007	5.9	15.1	1.0	1.3
Minimum in 1Q 2007	2.9	4.4	0.2	0.6

Note 44: Auditor's fee

Note available in the annual report only.

Note 45: List of significant subsidiaries and associated companies

Company	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING			
Fully consolidated subsidiaries			
Antwerpse Diamantbank 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	97.44	Credit institution
Fin-Force NV	Brussels - BE	63.03	Processing financial transactions
IIB Bank Plc	Dublin - IE	100.00	Credit institution
KBC Asset Management NV	Brussels - BE	100.00	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 (group)	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV	Brussels - BE	100.00	Private equity
KBC Securities NV	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	Budapest - HU	99.96	Credit institution
Kredyt Bank SA	Warsaw - PL	80.00	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
Associated companies			
Nova Ljubljanska banka d.d. (group)	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	99.36	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	Bratislava - SK	99.52	Insurance company
Fidea NV	Antwerp - BE	100.00	Insurance company
K&H Insurance	Budapest - HU	100.00	Insurance company
KBC Verzekeringen NV	Leuven - BE	100.00	Insurance company
Secura NV	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	Luxembourg - LU	99.99	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			
Brown, Shipley & Co Ltd.	London - GB	99.90	Credit institution
KBL Finance Ireland	Dublin - IE	99.90	Credit institution
Kredietbank SA Luxembourgeoise	Luxembourg - LU	99.90	Credit institution
Kredietbank (Suisse) SA, Genève	Geneva - CH	99.89	Credit institution
Merck Finck & Co.	München - DE	99.90	Credit institution
Puilaetco Private Bankers SA	Brussels - BE	99.90	Credit institution
Theodoor Gilissen Bankiers NV	Amsterdam - NL	99.90	Credit institution
HOLDING COMPANY ACTIVITIES			
Fully consolidated subsidiaries			
Almafin NV (group)	Zaventem - BE	100.00	Financial services
KBC Exploitatie NV	Brussels - BE	100.00	Cost sharing structure
KBC Groep NV	Brussels - BE	100.00	Holding

Note 46: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1Q 2006	1Q 2007	
ADDITIONS					
none					
EXCLUSIONS					
KBL European Private Bankers	Banco Urquijo SA	Full	98.64%	-	sold in 3Q 2006
Banking	Bank Card Company NV	Equity	21.55%	-	sold in 4Q 2006
Banking	Banksys NV	Equity	20.55%	-	sold in 4Q 2006
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	CSOB a.s.	Full	89.97%	97.44%	shares bought mainly from EBRD
Banking	Kredyt Bank SA	Full	85.53%	80.00%	sale of shares to increase free float to 20%
Insurance	CSOB Poist'ovna a.s.(Slovak Republic)	Full	92.02%	99.52%	buyout of minorities
For balance sheet comparison			31-12-2006	31-03-2007	
ADDITIONS					
none					
EXCLUSIONS					
none					
CHANGES IN OWNERSHIP PERCENTAGE					
none					

Note 47: 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 2007) and the publication of this report (16 May 2007):

- On 17 April 2007, KBC reached an agreement with the shareholders of the Russian Absolut Bank to acquire at least 92.5% in that bank. The deal values the bank at 761 million euros and the acquisition is subject to approval of the relevant supervisory and regulatory authorities. KBC expects the deal to be closed in 3Q 2007.
- On 17 April 2007, KBC reached an agreement with the shareholders of the Serbian brokers Senzal and Hipobroker and of the Serbian corporate finance boutique Bastion, to acquire respectively 100%, 100% and 60% of these companies. The amount related to these deals is limited. The acquisitions are subject to approval of the relevant supervisory and regulatory authorities. KBC expects these deals to be closed in 2Q 2007.
- During the 1Q 2007, a squeeze-out bid was launched for the 2.6% remaining minority interests in *CSOB* (Czech Republic). The pending bid represents a cash consideration of 170 million euros (completion expected by July 2007, at the latest).
- Note: the sale of K&H Bank's share in the Hungarian bank card clearing house GBC and of KBL EPB's Italian subsidiary Banca KBL Fumagalli Soldan will provoke a positive impact on net earnings of 2Q 2007 of about 25 and 14 million euros, respectively.

Note 48: General information (IAS 1)

Note available in the annual report only.

REPORT OF THE STATUTORY AUDITOR TO THE SHAREHOLDERS OF KBC GROUP NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2007 AND FOR THE THREE MONTHS THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of KBC Group NV (the "Company") as at 31 March 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review ("revue limitée/beperkt nazicht" as defined by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren") in accordance with the recommendation of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union.

Brussels, 15 May 2007

Ernst & Young Reviseurs d'Entreprises SCC
Statutory auditor

represented by

Jean-Pierre Romont Partner	Danielle Vermaelen Partner

QUARTERLY REPORT

KBC GROUP

1Q2007

Glossary and other information

Content:

Glossary and other information

KBC Group, 1Q 2007

The ‘glossary and other information’ constitutes part of the quarterly report, which contains the ‘earnings release’, the ‘comments to the earnings release’, the ‘consolidated financial statements’, a ‘glossary and other information’ section and a PowerPoint presentation. The quarterly report is available on www.kbc.com.

Glossary of ratios used

CAD ratio (banking)

[consolidated regulatory capital] / [total risk-weighted volume]. Detailed calculations in the ‘Consolidated financial statements’, note 40.

Combined ratio (non-life insurance)

[net claims incurred / net earned premiums] + [net expenses / net written premiums].

Cost/income ratio (banking)

[(underlying) operating expenses of the banking businesses of the group (i.e. KBC Bank and KBL EPB)] / [(underlying) total 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’. The cover ratio may also include the individual impairment on still performing loans and portfolio-based impairments.

Earnings per share, basic

[profit after tax, attributable to the equity holders of the parent)] / [average number of ordinary shares, plus mandatorily convertible bonds, less treasury shares].

Earnings per share, diluted

[profit after tax, attributable to the equity holders of the parent, 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)

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

- 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. The risk-weighted assets of the banking activities are calculated according to Basel I.

Return on equity

[profit after tax, attributable to the equity holders of the parent] / [average parent shareholders' equity, excluding the revaluation reserve for available-for-sale investments].

Solvency ratio (insurance)

[consolidated available solvency capital of KBC Insurance] / [minimum required solvency margin of KBC Insurance]. Detailed calculations in the 'Consolidated financial statements', note 41.

Tier-1 ratio (banking)

[consolidated tier-1 capital] / [total risk-weighted volume]. Detailed calculations in the 'Consolidated financial statements', note 40.

Methodology used to calculate underlying figures

In order to provide more insight in the results, KBC provides, over and above the IFRS-figures, a number of 'underlying figures'. The adjustments are related to the treatment of recognition of certain income components related to capital market activities, the treatment of certain ALM hedging derivatives and the exclusion of non-recurring items:

- In the IFRS P/L, the income related to trading activities is split over different components: while realized and unrealized capital gains are recognized under 'net (un)realised gains from financial instruments at fair value', the funding costs and commissions paid in order to realize this trading income, are recognized under 'net interest income' and 'net fee and commission income' respectively. Moreover, part of the amounts mentioned under 'dividend income', 'net realised gains on available-for-sale assets' and 'other net income' is also trading-related. In the 'underlying figures', all trading components were shifted to 'net (un)realised gains from financial instruments at fair value'.
- In the IFRS P/L, a large part of KBC's ALM-derivatives (those not falling under 'fair value hedge accounting for a portfolio hedge of interest rate risk') are treated as 'trading instruments' and hence interest on such derivatives is recognized under 'net (un)realised gains from financial instruments at fair value', while interest on the underlying assets is recognized under 'net interest income'. In the 'underlying figures', the interest on these derivates is shifted to 'net interest income' too (where interest on the underlying assets is already presented).
  Moreover, fair value changes (i.e. due to marking-to-market) of these ALM-derivatives are recognized under 'net (un)realised gains from financial instruments at fair value', while not all underlying assets are fair valued (i.e. are on a non marked-to-market basis). The underlying figures hence exclude the fair value changes of these ALM-derivatives.
- Lastly, in order to arrive at the figure for underlying group profit, factors that do not regularly occur during the normal course of business are eliminated from the profit figure. In view of their nature and magnitude, it is important to separate out these factors to fully understand the profit trend.

A reconciliation of the net profit under IFRS and the underlying net profit is provided in the table below.

Underlying profit analysis, KBC Group (in millions of EUR)	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007*
Profit after tax, attributable to equity holders of the parent	980	736	1 081	634	997
Non-recurring items (to be substracted):					
- Amounts before taxes and minority items					
MTM of derivatives for hedging purposes	78	47	-37	-7	34
Sale of assets by Gevaert	56	0	10	6	0
Sale of shares in Dictaphone	66	0	0	0	0
Sale of 5.5% in Kredyt Bank	0	35	0	0	0
Sale of buildings of CSOB (Czech republic)	29	0	0	0	0
Merger Gevaert - KBC Group: overfunding pension fund	0	56	0	0	0
Sale of Banco Urquijo	0	0	501	0	0
Sale of participation in BCC/Banksys	0	0	0	60	0
Sale of building of Warta (Poland)	0	0	0	23	0
Sale of shares in Intesa Sanpaolo	0	0	0	0	207
Other	11	15	28	-6	-23
- Taxes and minority interests on the items above	-36	-52	6	-6	-2
Underlying profit after tax, attributable to equity holders of the parent	776	634	574	564	781

* Additional information regarding main non-recurring items in this quarter:

MTM of derivatives for hedging purposes:	in 'Net (un)realised gains from financial instruments at fair value', various business units
Sale of participation in San Paolo Imi:	in 'Net realized gains on available-for-sale assets', Group item.

Credit ratings

KBC Group and its some of its main operating subsidiaries are rated by the international rating agencies Fitch, Standard and Poor's and Moody's. The long-term and short-term ratings for KBC Bank, KBC Insurance and KBC Group are mentioned in the table.

Since 31-12-2006, following changes occurred in these ratings:

- Moody's reviewed its new methodology, which resulted in an Aa2 long-term rating for KBC Bank and an Aa3-rating for KBC Group NV.

Ratings, 15-05-2007	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	Aa2 (stable)	P1
KBC Group NV	Aa3 (stable)	P1
Standard and Poor's		
KBC Bank	AA- (stable)	A1+
KBC Insurance (claims-paying ability)	AA- (stable)	-
KBC Group NV	A+ (stable)	A1

Financial targets

End 2006, KBC set new financial targets for the period 2007-2009. These include targets for the return on equity of the group, the growth in earnings per share of the group, the cost/income ratio of the banking activities of the group, the combined ratio of the non-life insurance activities of the group, and the solvency ratios for the banking (tier-1 ratio) and insurance (solvency ratio) activities of the group. These targets are shown in the table below.

Group financial targets	Target level	to be achieved
Return on equity (ROE), group	18.5%	on average in 2007-2009
Earnings per share (EPS) growth, group	12%	as CAGR in 2007-2009
Cost/income ratio (CI), banking activities	55%	by 2009
Combined ratio, non-life insurance activities	95%	by 2009
Tier-1 ratio, banking activities	8%	in 2007-2009
Solvency ratio, insurance activities	200%	in 2007-2009

Profitability and cost targets are based on the underlying results.

Share buyback programme

At the end of 2005, KBC announced a 1 billion euros share buyback programme for 2006. This programme was finished in the course of November 2006: in total 11.7 million shares were bought, at an average price of 85.08 euros per share. Of this total, 3.5 million shares were cancelled at the Annual General Meeting of 27 April 2006 and the remaining 8.2 million treasury shares (still included in the table below) were cancelled at the Annual General Meeting of 26 April 2007. Following this cancellation, the number of shares held by KBC Group companies (including KBC-shares in the trading books) decreased to 2.46% of the total number of KBC-shares.

End 2006, KBC announced a new 3 billion euros share buyback programme for the next three years. The purchases will be effected on the open market. No dividend will be paid on these shares. Only when the total number of treasury shares at KBC Group exceeds 10% of the total number of shares, the (number in excess of this 10% of) shares will be cancelled. The size or maturity of the new programme may be adjusted in the case of significant changes in market conditions or following new important acquisition opportunities. As at 31 March 2007, the number of treasury shares bought under this programme stood at 2.0 million.

Shares, 31-03-2007[1]	number
Ordinary shares	363 223 178
of which held by KBC Group companies (treasury shares)	16 885 050
Related to the share buy-back programme ad 1 billion (2006) - cancelled at AGM in April 2007	*8 229 723*
Related to the share buy-back programme ad 3 billion (2007-2009)	*2 000 000*
Other [2]	*6 655 327*
Mandatorily convertible bonds (MCBs)[3]	2 600 342

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.

3 Number of shares on conversion.

IR contacts

Contact details for investors and analysts	
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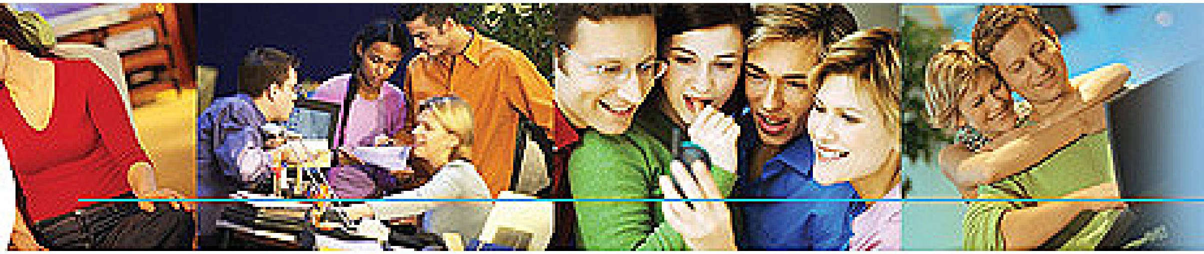
QUARTERLY INFORMATION

KBC GROUP

1Q2007

Powerpoint presentation

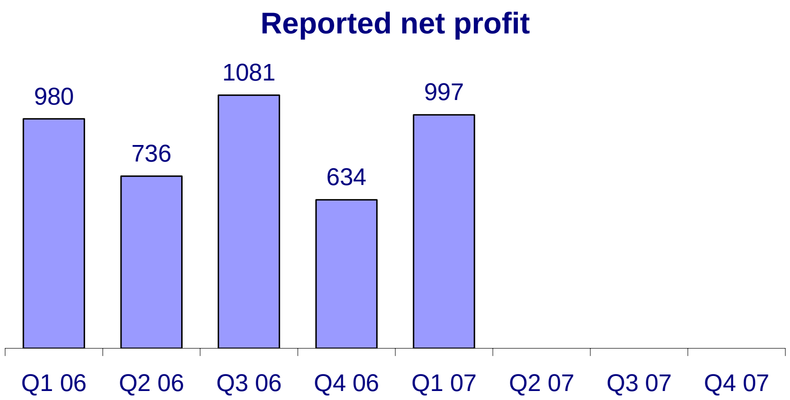
KBC Group
2007 Q1 Results

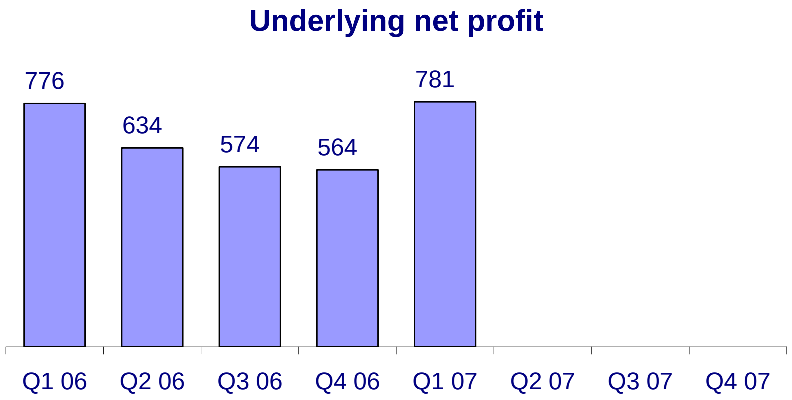


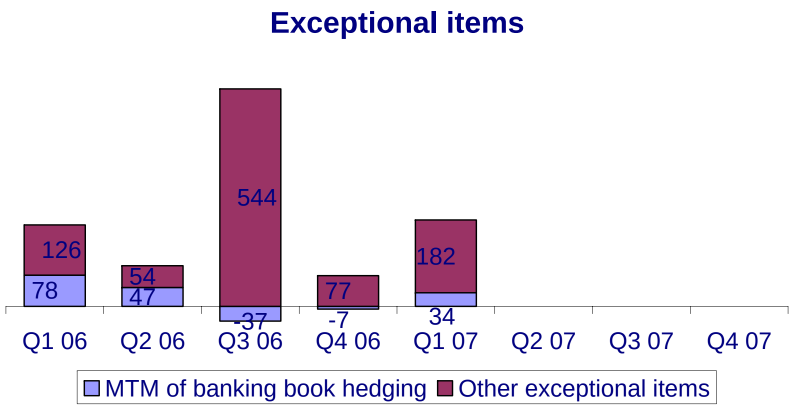
Group financial performance

Financial performance per business unit

Quarter under review - Financial highlights







Note: All of the following slides of this presentation refer to underlying P&L figures

Quarter under review – Financial headlines

- Continued sound growth:
  - RWA up 4% q/q
  - AUM: up 4% q/q (of which 3 pp new inflows)
- NIM stable at 1.71%
- Favourable cost trend: -13% q/q and -2% y/y (on underlying basis)
- Sustained low level of loan loss charges: loan loss ratio: 8 bps
- Loan loss provisions in Hungary: 10m, significantly lower from the 53m-level of Q4 06
- Negative impact of winter storm Kyrill: 35m, net
- Return on equity of 21% (on underlying basis)
- Exceptional items: 216m, chiefly relates to the gain realised on *Intesa Sanpaolo* shares

Operating highlights

- A squeeze-out bid launched for the remaining minority interests in *CSOB Bank* (Czech Republic), representing a cash consideration of 0.2bn (completion expected by July 2007, at the latest)

- KBC made inroads into new CEE markets via the acquisition of majority stakes in:
  - Bulgaria: *DZI insurance*
  - Romania*: Romstal Leasing*
  - Serbia: *Senzal, Hipobroker, Bastion* (broker companies), *A Bank*
  - Russia: *Absolut Bank*

  Total consideration: 1.1bn (some closings still pending)

- As at 15 May, 2.2 million shares had already been bought back for an amount of 230m as part of the 2007-2009 3-billion-euro share repurchase programme.

2007 Q2 developments

- April was a good month
- Divestment from *Banco Fumagalli* (Italy) closed with a value gain of 14m
- Sale of share in Hungarian bank-card clearing house *GBC* expected to be completed later in Q2 with capital gains of about 25m
- KBC will publish its H1 07 results on 10 August at 7 a.m. CEST

Impact of Storm Kyrill

All figures are in m euros

	Gross technical charges	Ceded R/I	Tax	Net impact
Belgium	-35	0	12	**-23**
CEE	-12	1	2	**-9**
Merchant Banking	-7	3	2	**-3**
Total	**-54**	**4**	**16**	**-35**

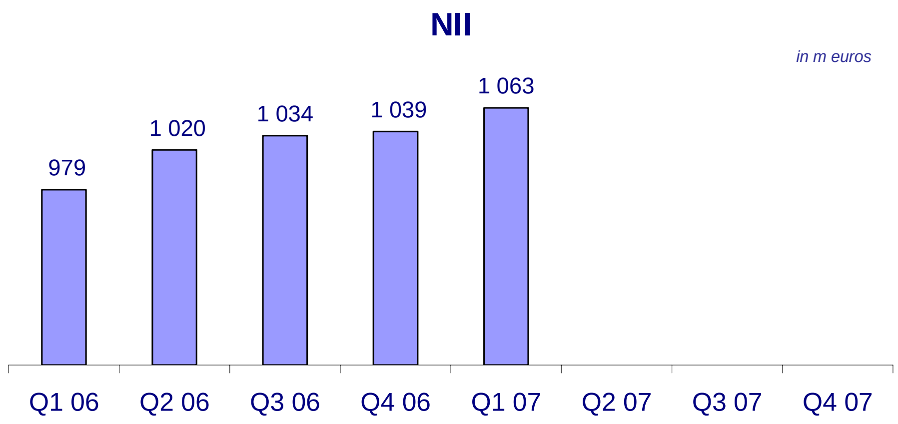
Volumes

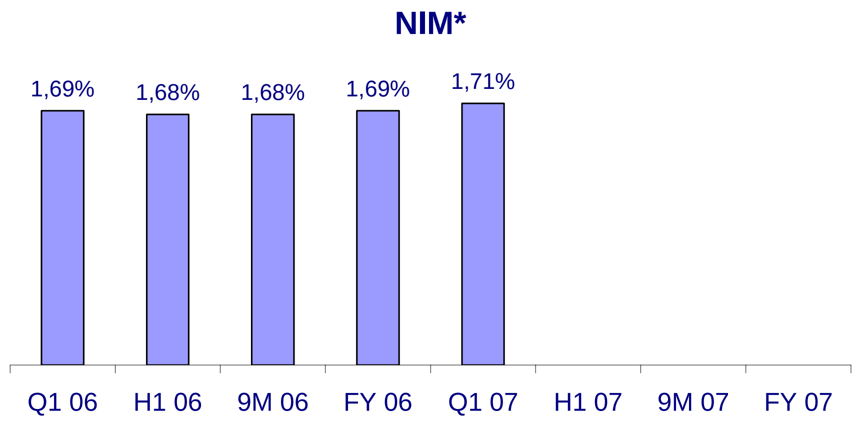
	Total loans	Of which mortgages	Customer deposits	Life reserves	AUM
Outstanding (in bn)	136	41	184	21	216
Growth, q/q	+2%	+3%	+2%	+1%	+4%
Belgium	+2%	+2%	-2%	+0%	+4%
CEE	+14%*	+5%	+7%	+1%	+7%
- CZ/Slovakia	+27%	+6%	+14%	-1%	+6%
- Hungary	-6%	+2%	-1%	+7%	+6%
- Poland	+6%	+13%	-2%	+10%	+8%
Merchant banking	+3%	-	+10%	-	-
Private banking	-	-	-	+3%	+1%

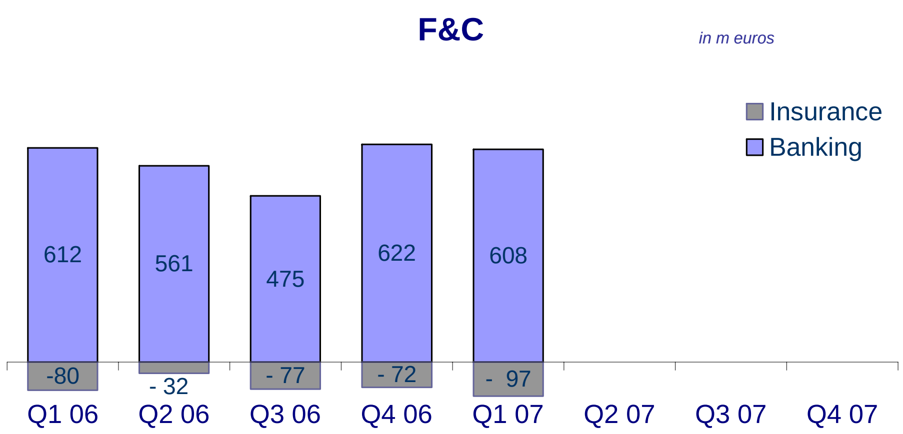
Note 1 : excl. *Banco Urquijo* from European Private Banking
Note 2 : trends for individual CEE countries in local currency

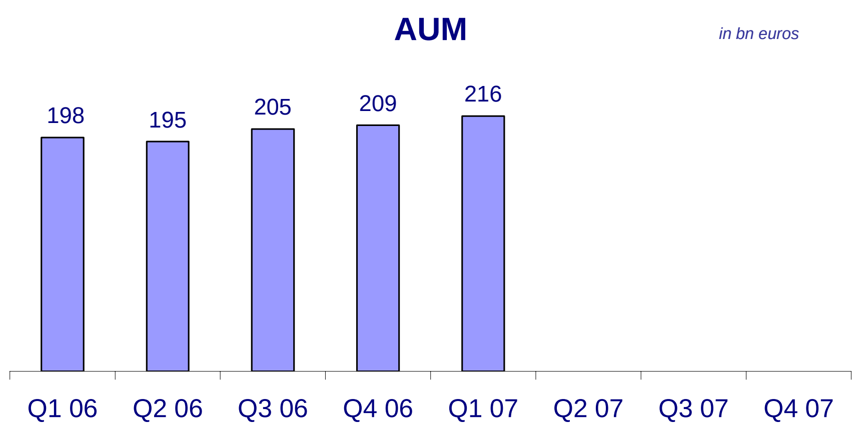
* Underpinned by increased institutional activity

Revenue trend









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

Revenue trend

NII:

- Solid volume growth in CEE (RWA up y/y 30%) and in Merchant Banking (RWA up y/y 19%)
- NIM (excluding reverse repo activity) stood at 1.71%, up slightly from 1.69% y/y
- NII increased 2% to 1 063m q/q, up 9% y/y

F&C:

- F&C dropped 7% q/q due to the seasonal higher insurance commissions paid for non-life insurance distribution and lower fees in corporate banking area
- AUM increased by 4% q/q to 216bn
- Tax-driven slowdown in sales of unit-linked products in Belgium. Total fees on unit-linked products were 10m in Q1 2007 vs 28m in Q1 06

NII Impact of Share Buy Back

The share buy back programme (deployment of excess capital) had a negative impact on NII:

Impact on business unit level, Q1 07 in m euros (pre-tax)

Business Unit	Belgium	CEE	Merchant Banking	Private Banking	Group Centre	**Total**
	-9	-2	-9	0	9	**-11**

Impact on consolidated level, 2006-2008 in m euros (pre-tax)

2006	-14
2007	-56
2008	-100

Negative NII-impact more than offset by EPS-enhancing on consolidated level

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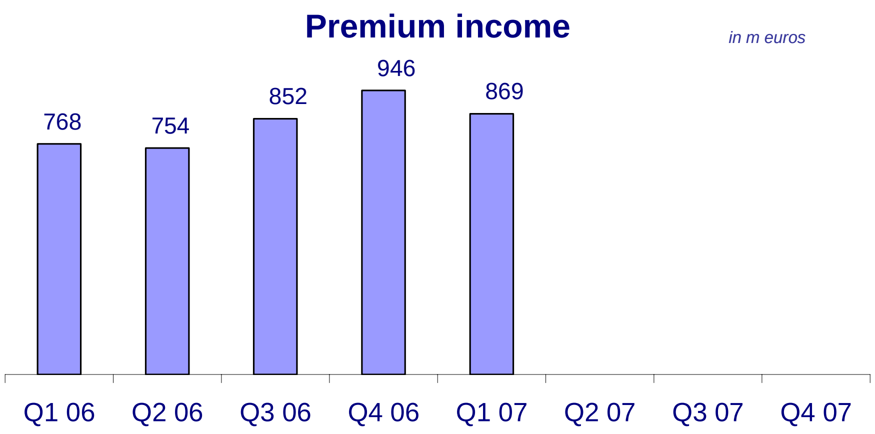
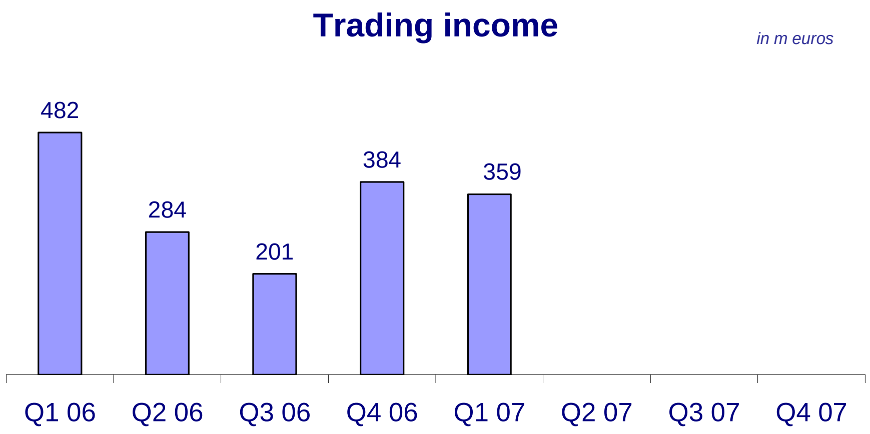
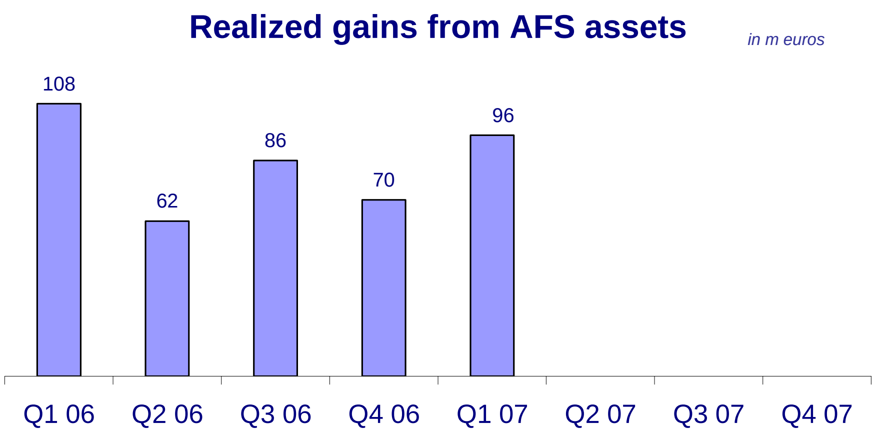
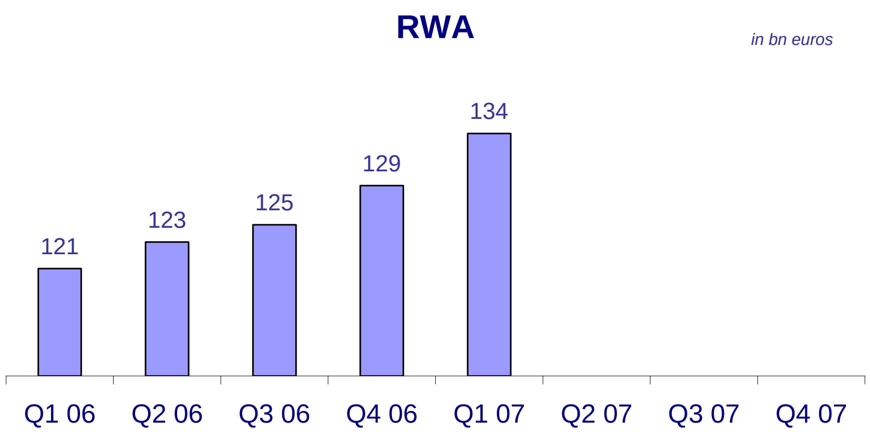
Revenue trend









Revenue trend

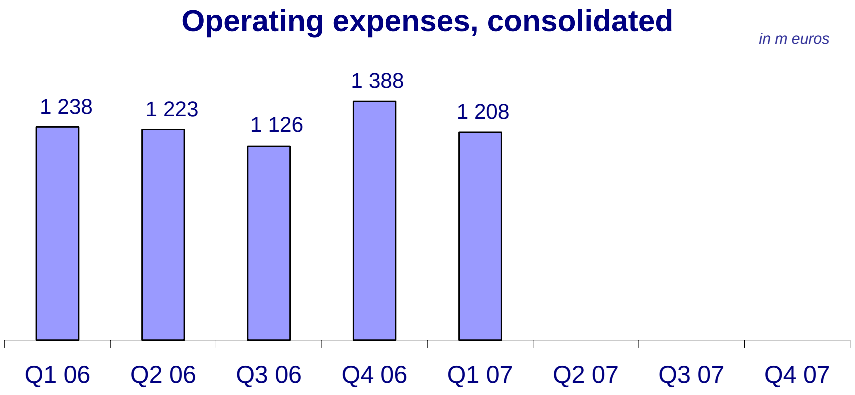
Premium income:

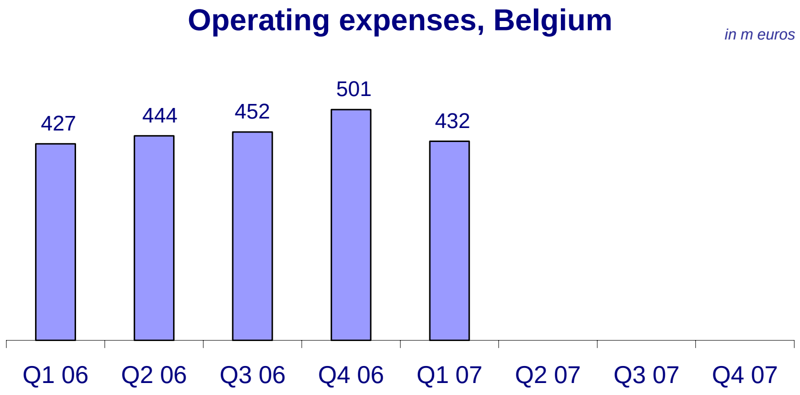
- Non-life premium income (440m) in line with 2006 quarterly average
- Total life sales: 720m, of which 44% accounted for unit-linked products. Life sales decreased in Belgium due to the less favourable tax environment
- Reminder: Premium income in the life business does not include certain forms of life products, such as most unit-linked products

Gains:

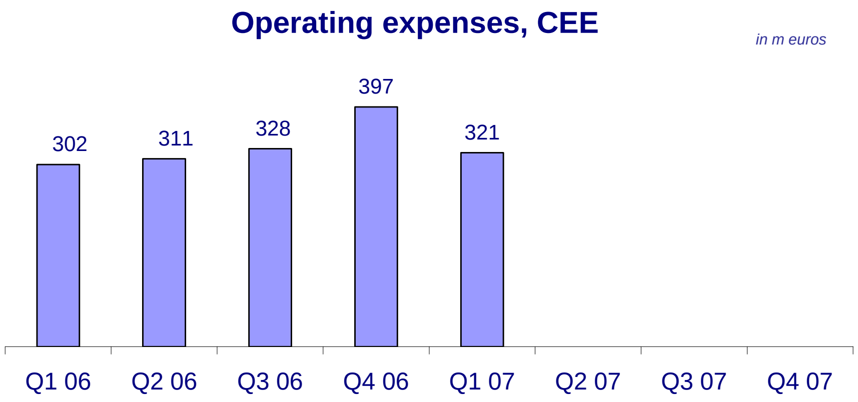
- Trading income (“FV gains”) amounted to 359m, down 6% q/q, but remained solid
- AFS gains of 96m slightly higher than the quarterly average (82m)

Operating expenses





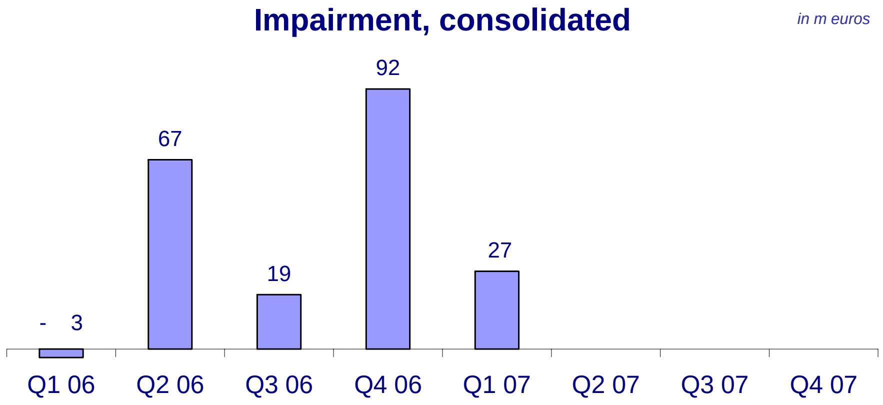
C/I, banking	FY 05	FY 06	Q1 07
Belgium	55%	58%	50%
CR/SR	60%	57%	52%
Hungary	70%	63%	63%
Poland	78%	72%	67%
Private banking	72%	73%	65%
Merchant banking	48%	50%	46%
Total	58%	58%	53%

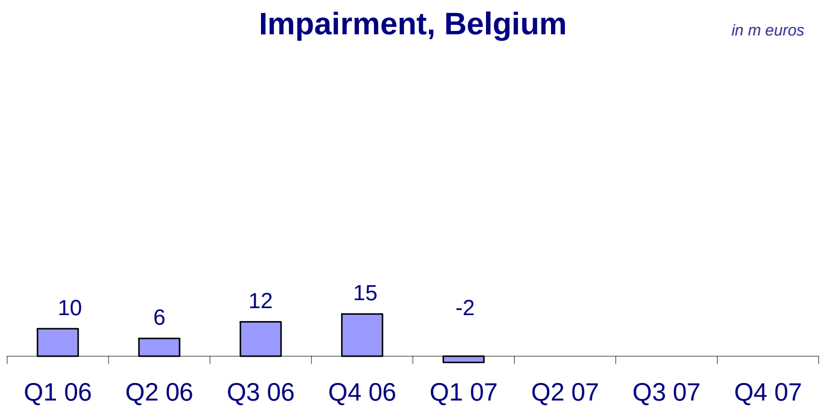


Operating expenses

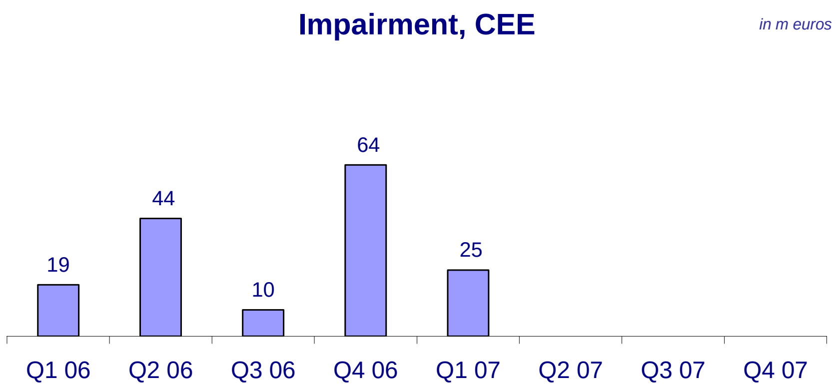
- q/q evolution:
  - Operating expenses down 13% q/q in line with seasonal cost patterns
  - Q4 06 also included one-off expenses related chiefly to the squeeze-outs in CEE (Cost level in CEE down 19% q/q)
- y/y developments:
  - Organic cost growth y/y 1% in Belgium, 6% in CEE and 2% in Private Banking
  - Expenses dropped 4% in Merchant Banking

Impairment





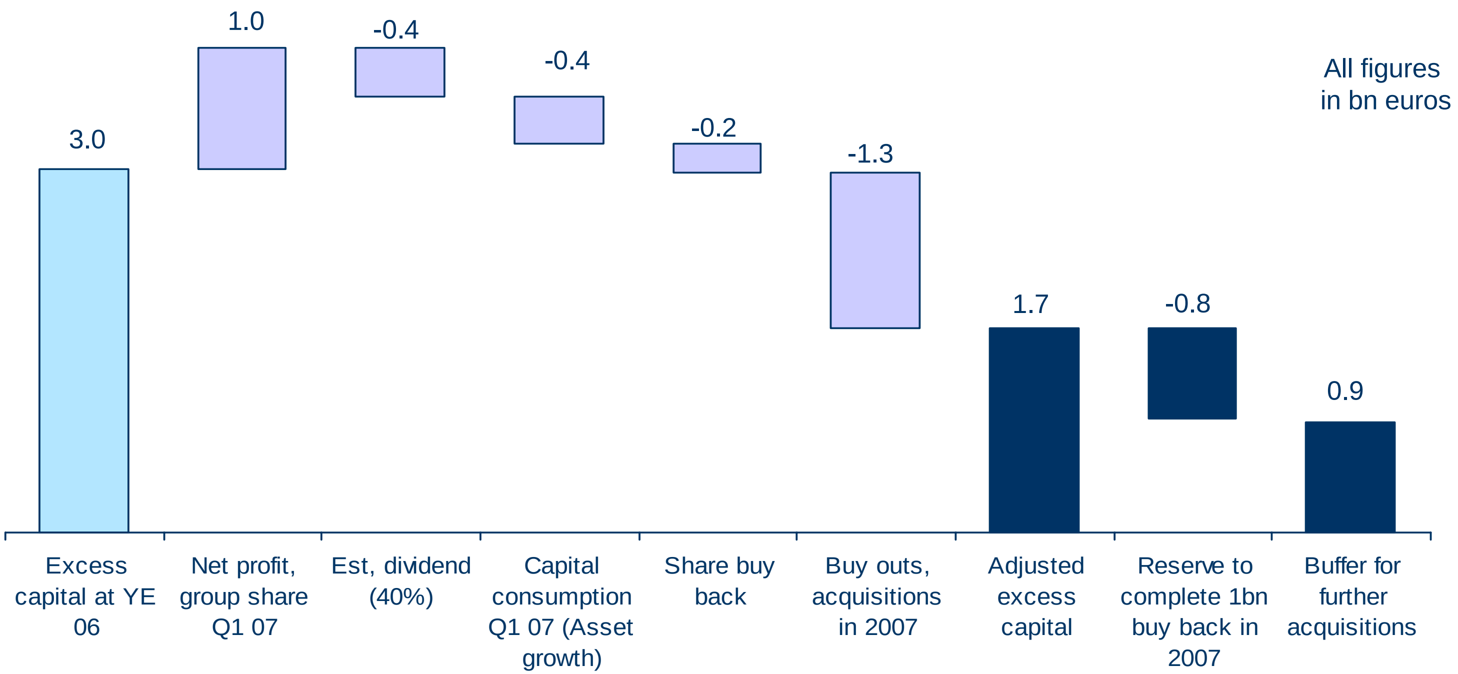
Loan loss ratio	FY 05	FY 06	Q1 07
Belgium	0.00%	0.07%	0.00%
CR/Slovakia	0.40%	0.36%	0.29%
Hungary	0.69%	1.50%	0.50%
Poland	0.00%	0.00%	0.08%
Merchant banking	0.00%	0.00%	0.06%
Total	0.01%	0.13%	0.08%



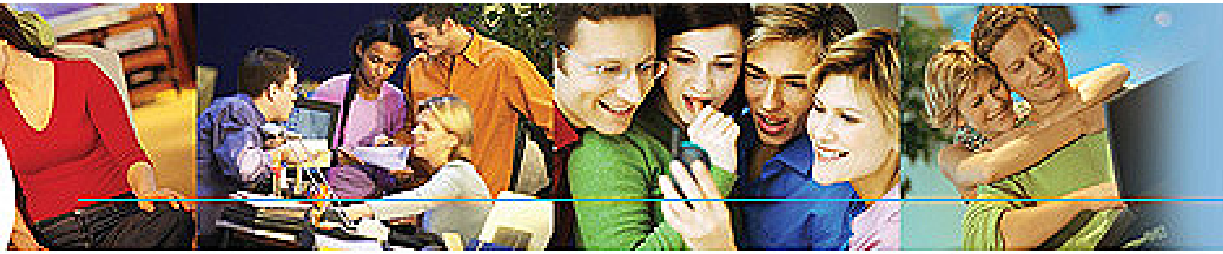
Impairment

- Q1 07 total impairment: 27m, of which impairment on loans: 25m
- LLR 8 bps on Group level: very low
- The overall loan quality remains sound. NPL ratio stood at 1.5%, slightly down from the year-end level (1.6%)
- Cover ratio at 105%, up from 100% in Q4 06
- Loan impairment in Hungary fell to 10 million in Q1 2007, corresponding to a LLR of 50 bps

Capital situation



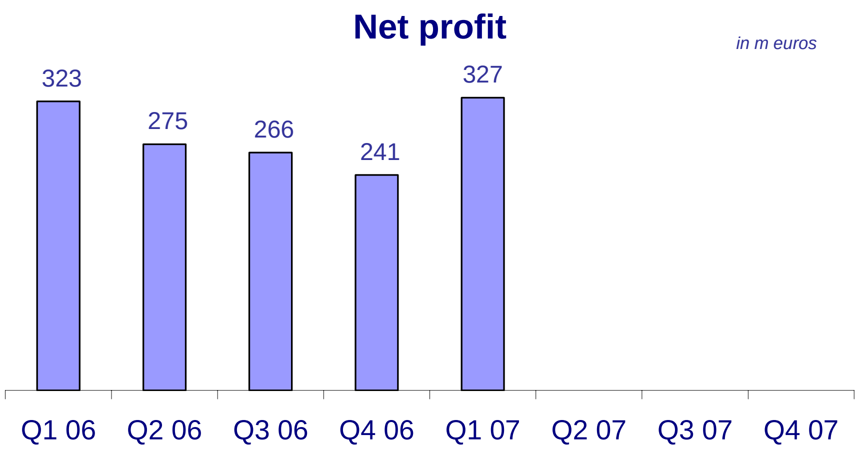
Taken into account 1.3bn spent for acquisitions in 2007 and 0.8bn reserve to complete share buy back in 2007, the buffer for further acquisitions amounted to 0.9bn

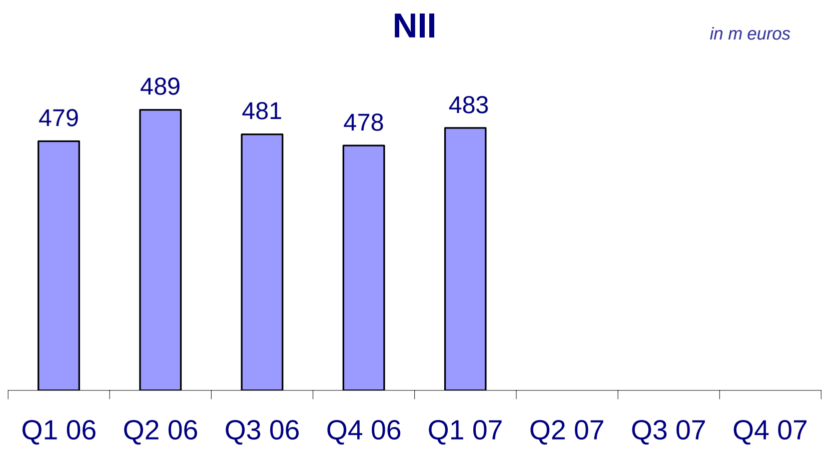


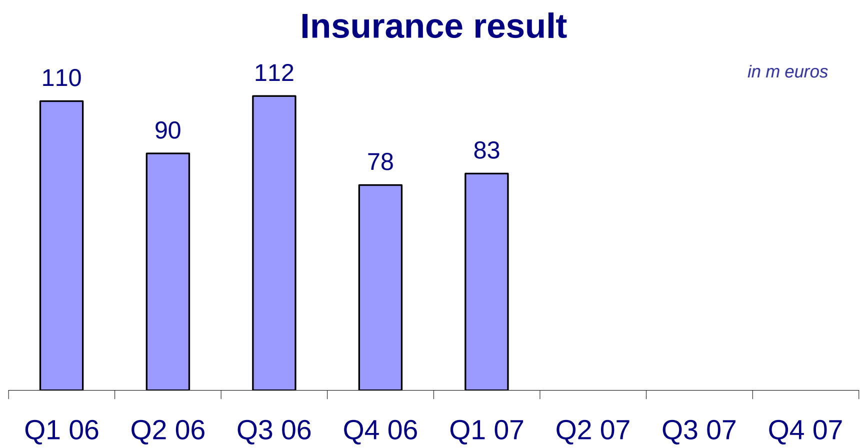
Group financial performance

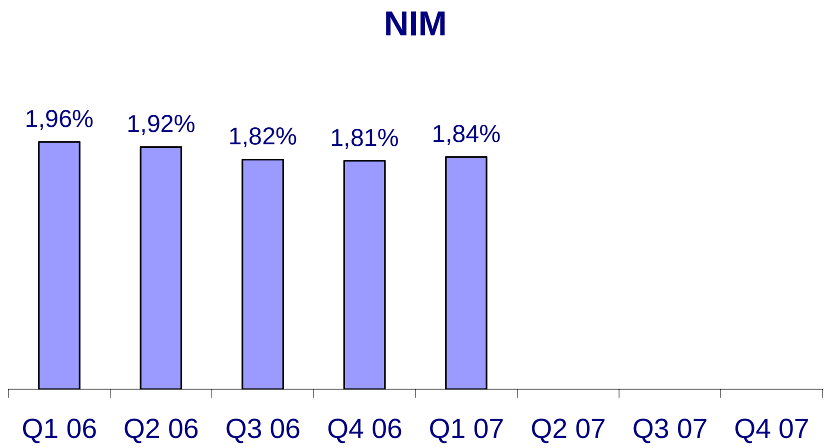
Financial performance per business unit

Business Unit Belgium (1)









Business Unit Belgium (2)

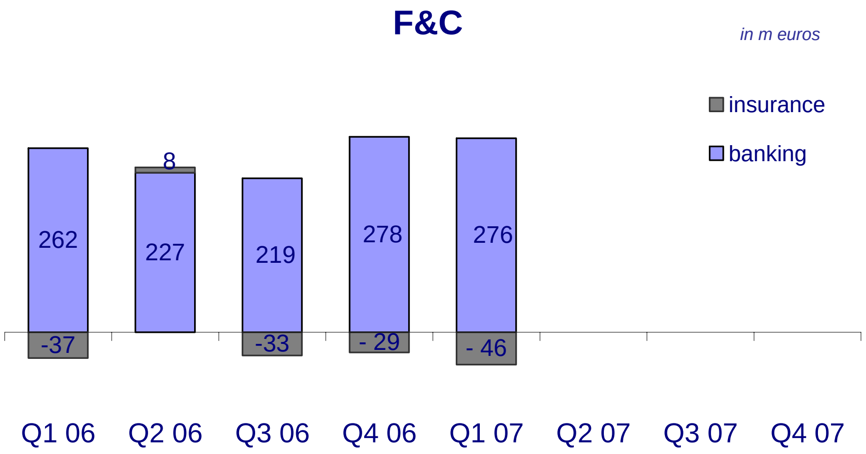
- Q1 07 underlying net profit: 327m – the highest ever
- ROAC:34%

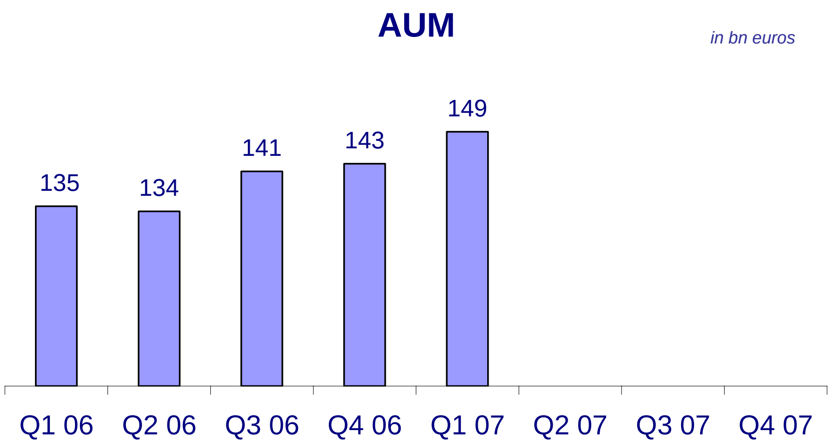
- NIM widened by 3 bps to 1.84%, loan volumes up 2%
- NII growth restricted to 1% q/q due to the upstreaming of capital from Belgium to group's parent company

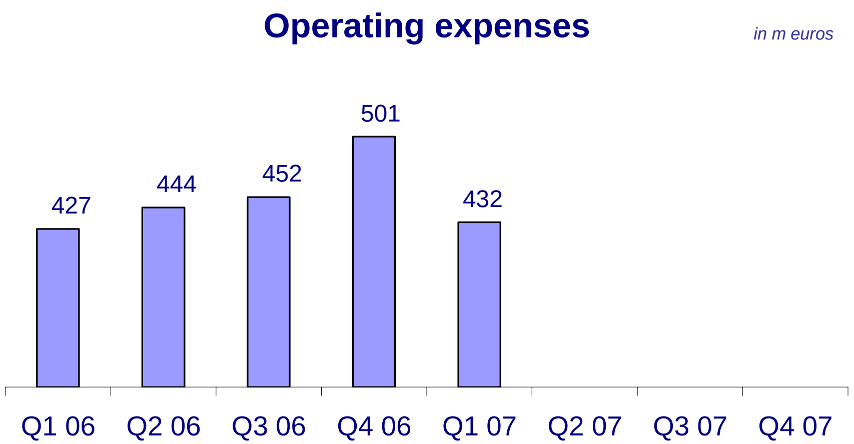
- Gross earned premiums, insurance activities down 8% q/q, but higher than 2006 quarterly average
- Life growth has slowed down, due to changes in tax treatment

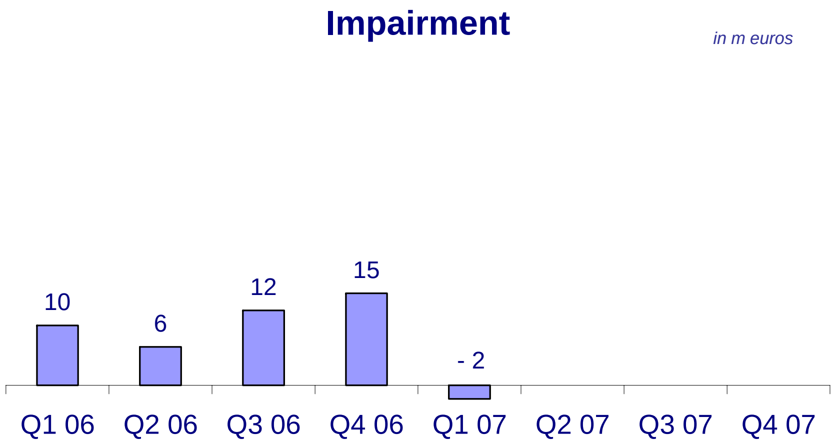
- Net combined ratio of the non-life business up to 102% due to net negative impact of Kyrill storm (23m)

Business Unit Belgium (3)





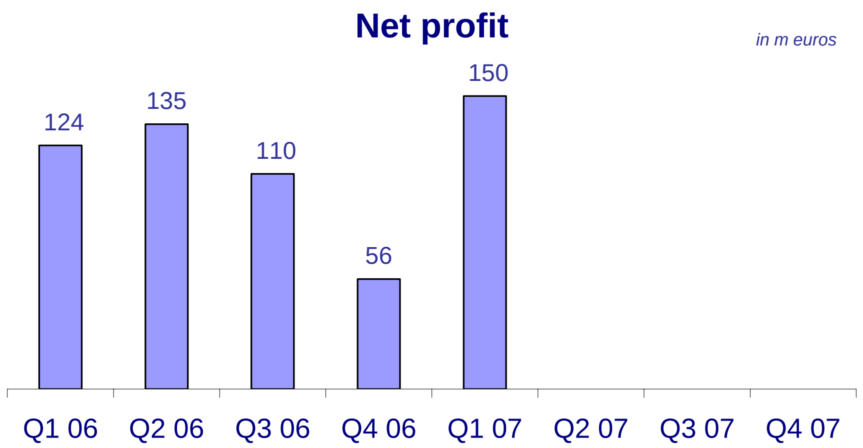


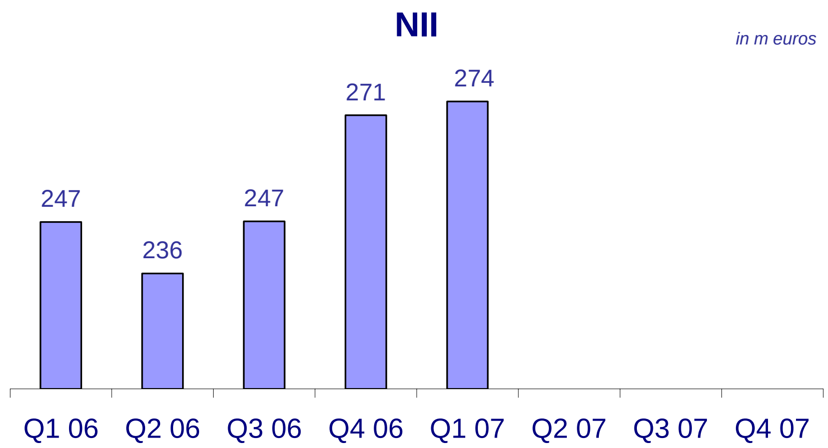


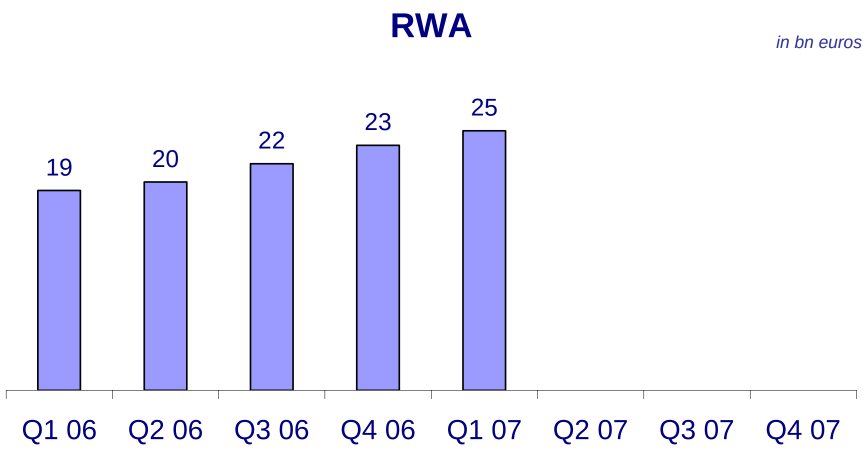
Business Unit Belgium (4)

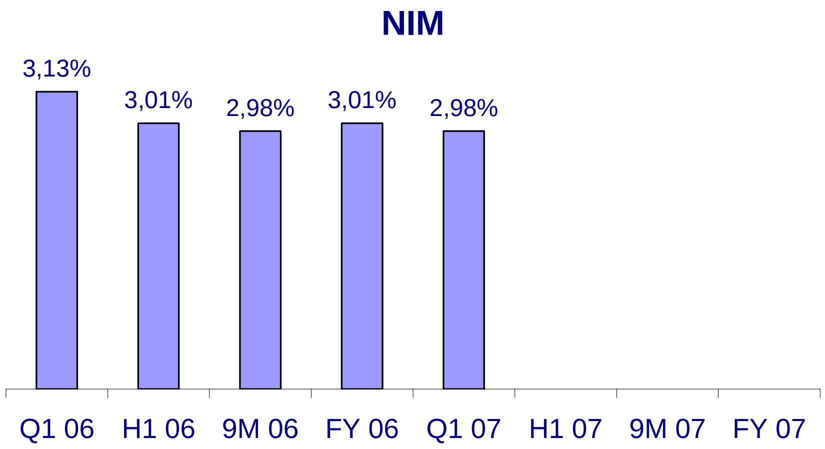
- F&C down 8% q/q after a rather strong previous quarter due to seasonal patterns in non-life insurance
- AUM up 11% y/y, 4% q/q in spite of the less attractive equity market climate
- F&C up 2% y/y, impacted by the tax-driven slowdown of unit-linked life products
- AFS realised gains amounted to 68m, slightly higher than the 2006 quarter average (62m), related to the active management of the equity portfolio of the insurance business
- Operating expenses (432 m) were significantly lower q/q as expected, underlying C/I ratio at 50% (58% in FY 06)
- No net impairment of assets was recorded

Business Unit Central & Eastern Europe





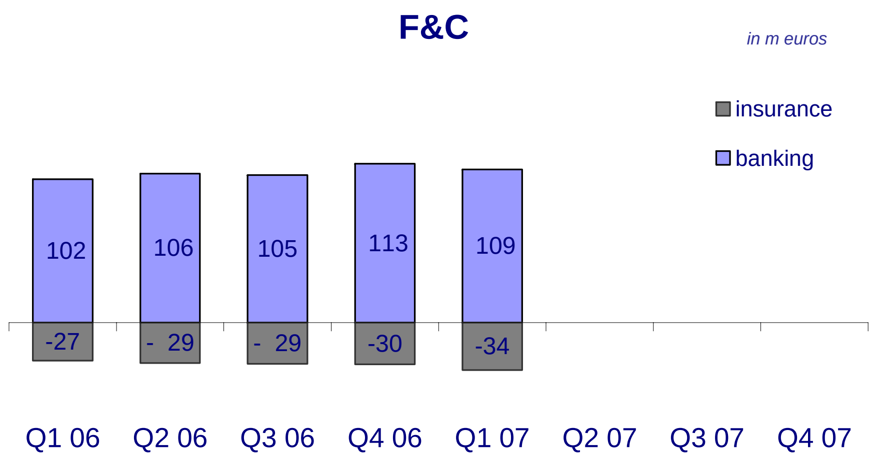


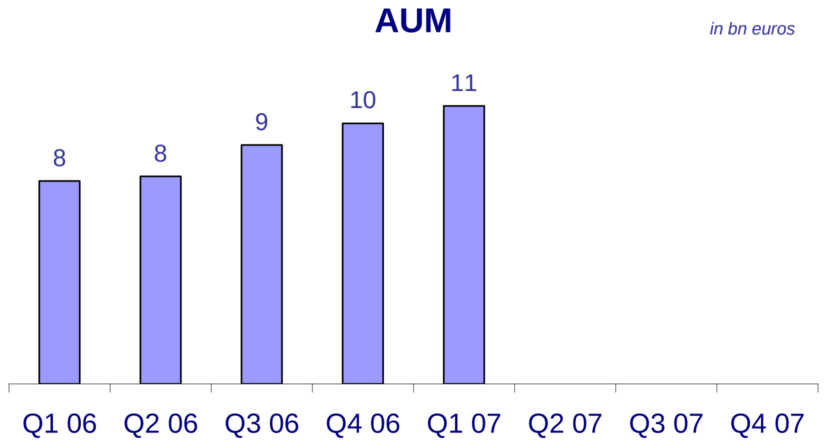


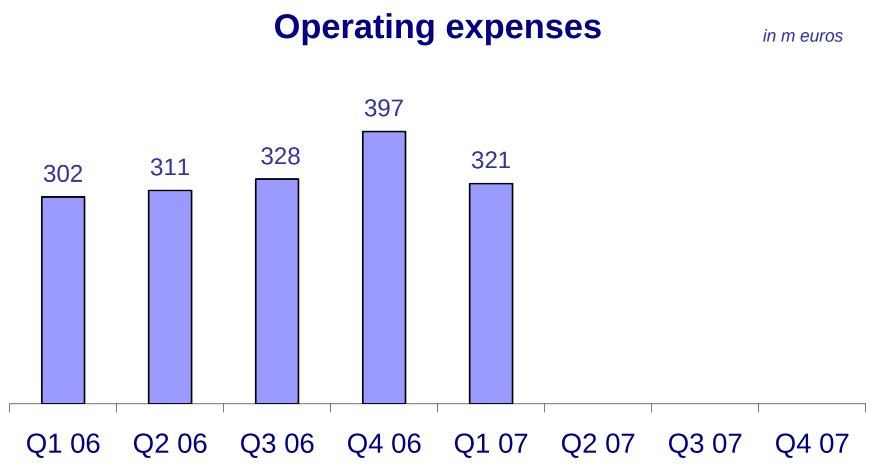
Business Unit Central & Eastern Europe (2)

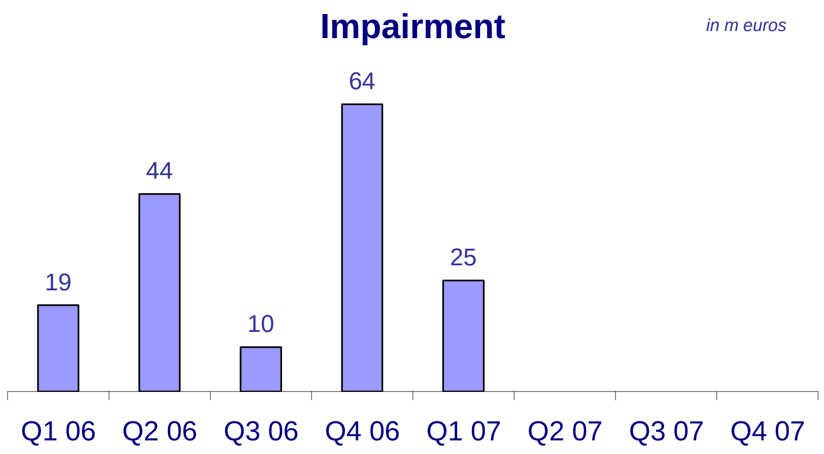
- Underlying net profit: 150m up 21% y/y
  - Czech and Slovak Republics: 104m
  - Hungary: 30m
  - Poland: 19m
- For the region as a whole, insurance companies contributed 23m to net profit
- ROAC: 29%
- Robust loan growth: total loans up 14% q/q, although loans to customers grew by healthy 3.5%
- Mortgages up 5% q/q, Customer deposits up 7% q/q
- NII up by 1% q/q and up 11% y/y, NIM down 15 bps y/y
- Normalised cost and much lower loan impairment levels

Business Unit Central & Eastern Europe (3)









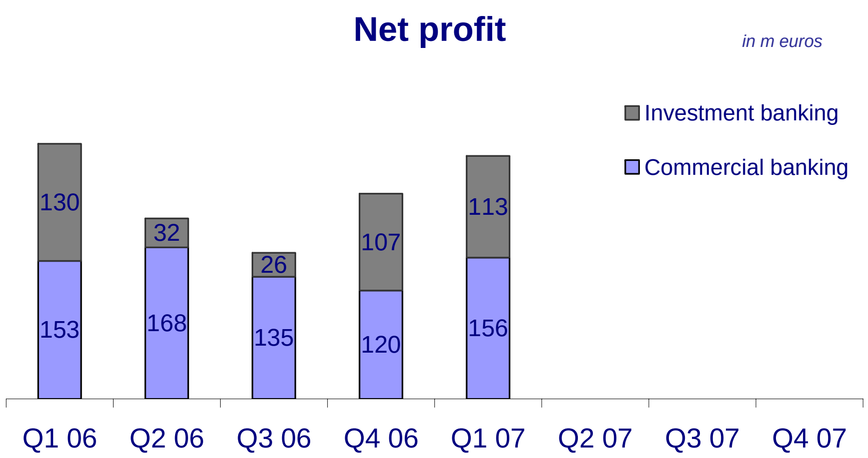
Business Unit Central & Eastern Europe (4)

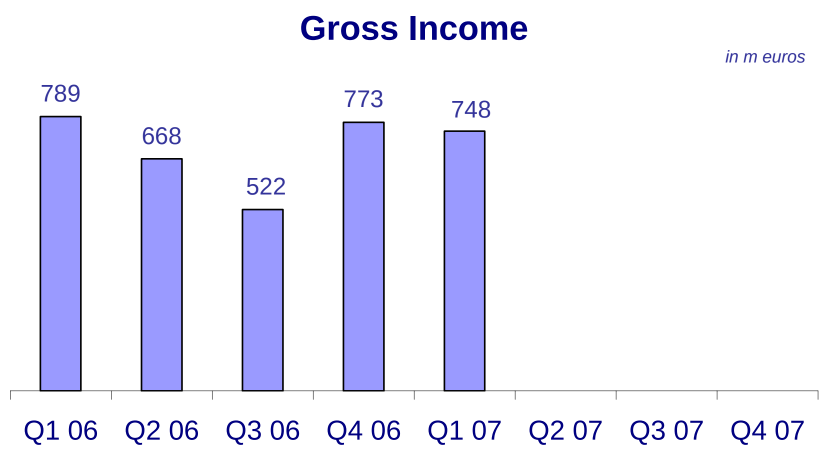
- F&C down 10% q/q, stable y/y as the balance of rising F&C received for banking and AM products, offset by increasing commissions paid in insurance
- AUM at 11bn, up 7% q/q and 37% y/y

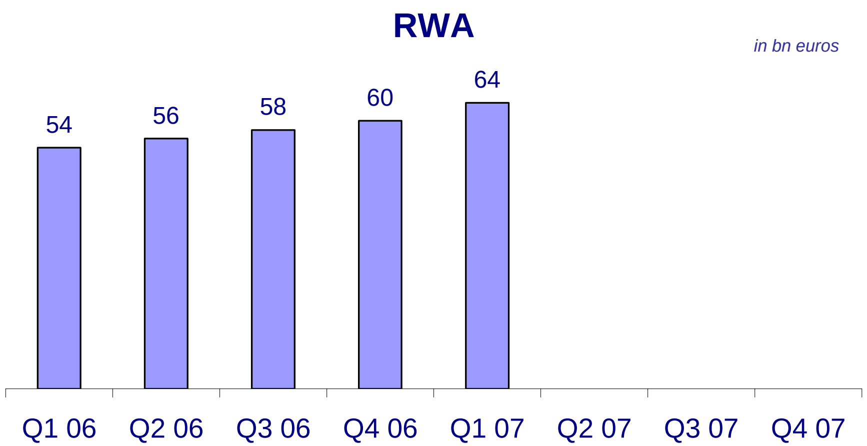
- Operating expenses at 321m, up 6% y/y, down 19% from the previous quarter, which was adversely impacted by seasonal expenditures and some one-off cost items
- C/I ratio down to 62%

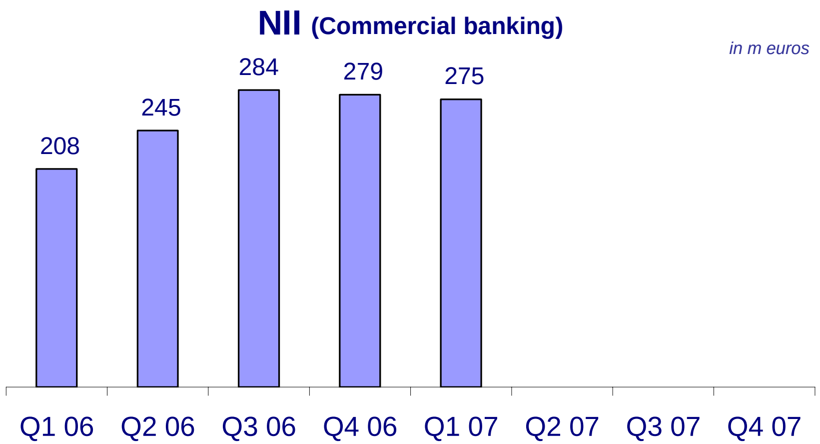
- Loan impairment amounted to 22m, significantly down q/q
- In Hungary, loan impairment fell to a lower level of 10m, corresponding to a LLR of 50 bps. For the time being we prefer to remain cautious
- LLR 29 bps in Czech and Slovak Republics (36 bps in 2006 FY) and 8 bps in Poland (nil in 2006)

Business Unit Merchant Banking









Business Unit Merchant Banking (2)

- Underlying profit: 269m (up 19% q/q), of which:

    commercial banking: 156m,

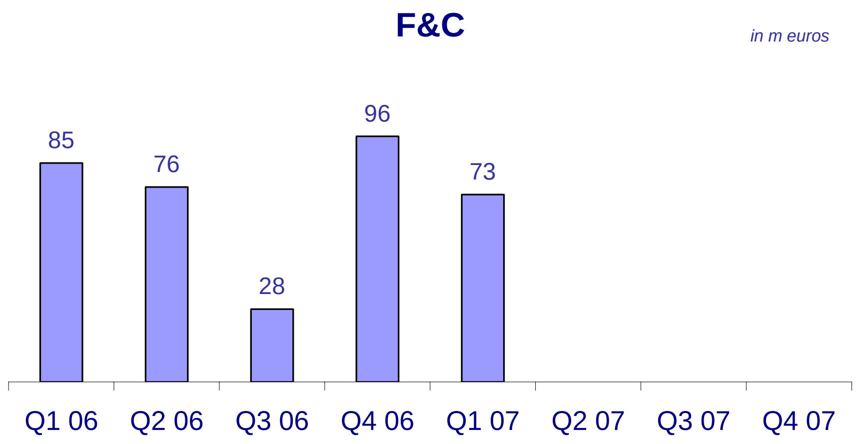
    investment banking: 113m

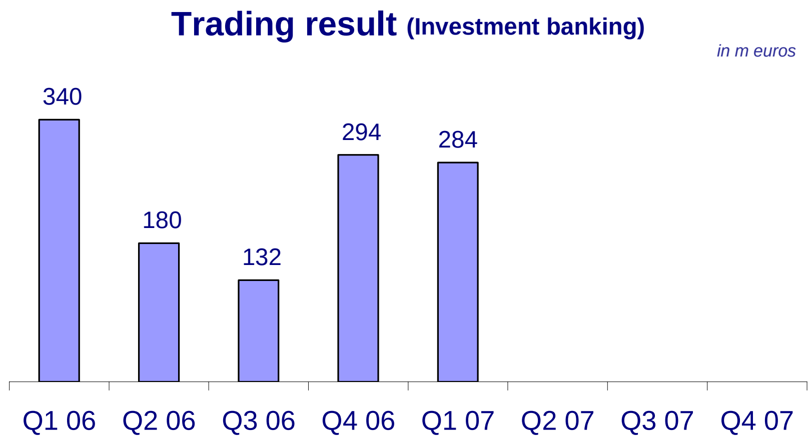
- Return on allocated capital 27%

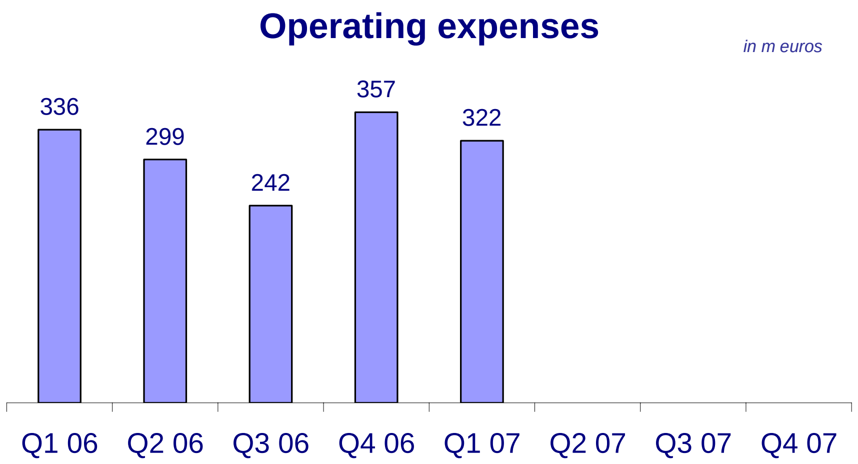
- NII stable q/q due to the upstreaming of dividends to the Group Centre used *inter alia* for share buybacks

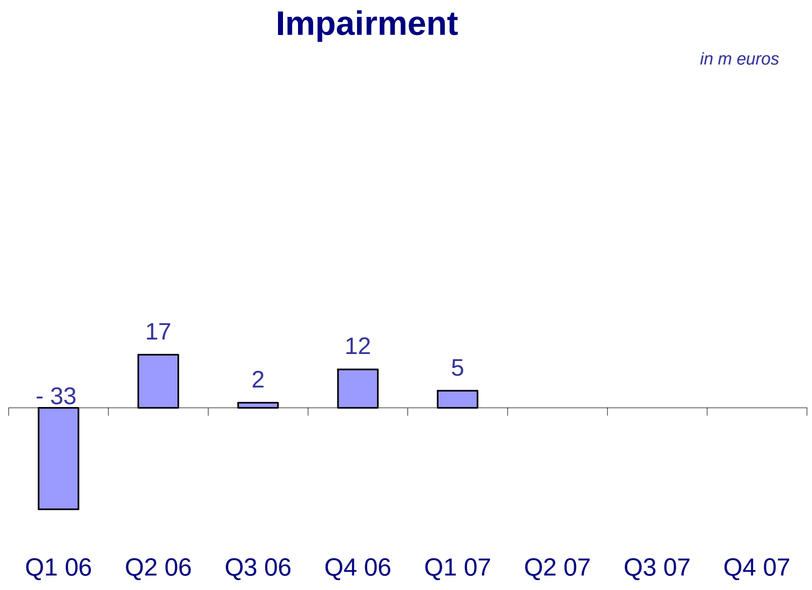
- NII up 32% y/y on the back of 19% RWA growth (15% for commercial banking)

Business Unit Merchant Banking (3)









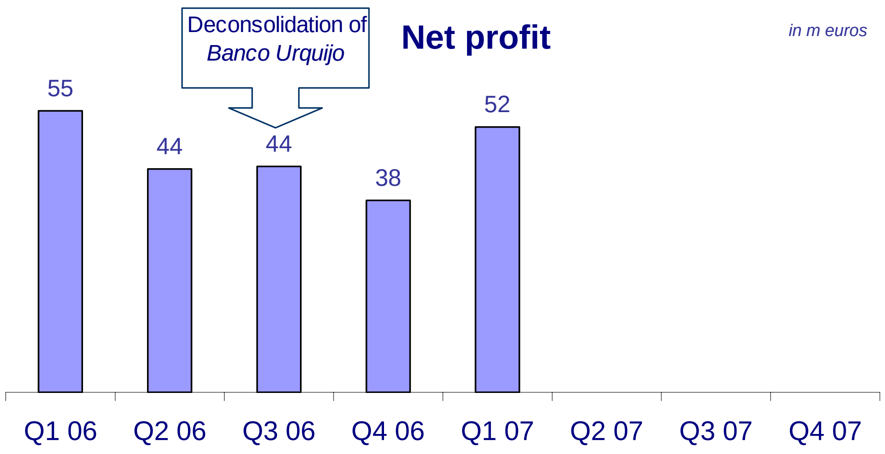
Business Unit Merchant Banking (4)

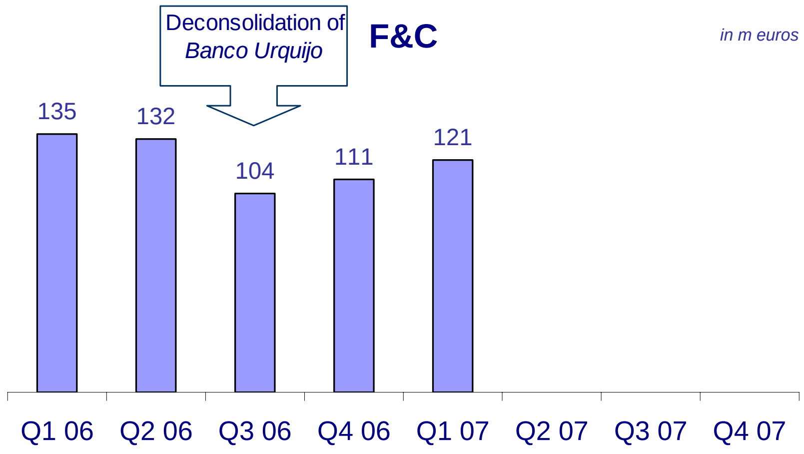
- “F&C income” and “other net income” together: 107m, somewhat higher than 2006 quarterly average (97m)
- FV gains totalled 284m, 18% higher than 2006 quarterly average (236m)
- Total income came to 748m, down 3% q/q and 5% y/y

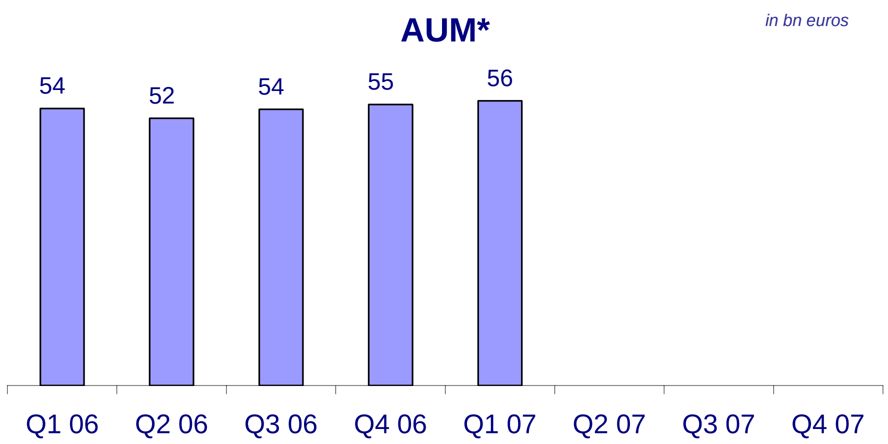
- Operating expenses (322m) down 4% y/y chiefly due to lower revenue generated in capital markets. Cost level down 10% compared to Q4 06, which was impacted by expense provisions for commercial litigation (21m)

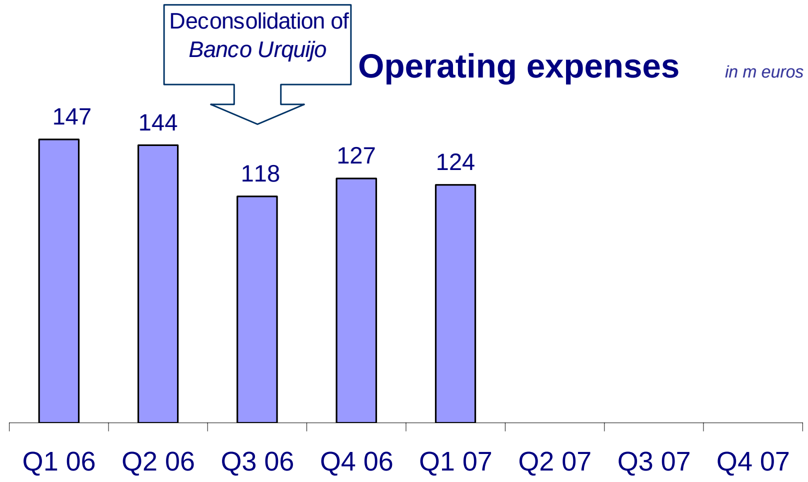
- Impairment limited to a mere 5m versus the net retrieval of 33m in Q1 06
- LLR: 6 bps

Business Unit Private Banking







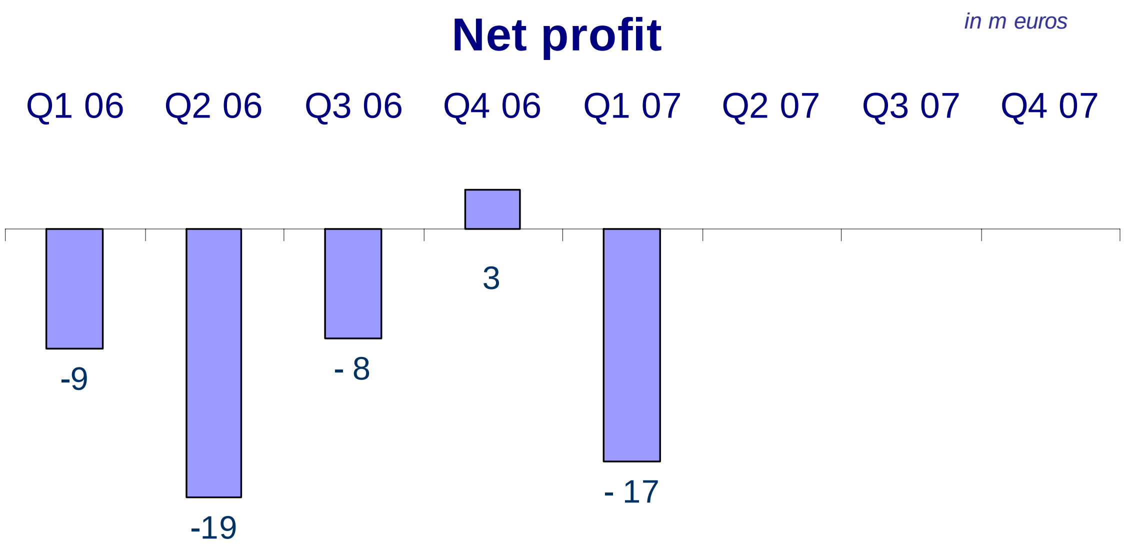


** Banco Urquijo* excluded

Business Unit Private Banking (2)

- Underlying profit: 52m, up 37% q/q, but down 5% y/y due to the gradually downscaled non-core activities and deconsolidation of *Banco Urquijo*
- AUM up 11% y/y, 1% q/q to 56bn, reflecting to a strong increase in onshore private banking and decrease in low-yielding assets
- F&C income up to 121 million +9% q/q. F&C dropped 10% y/y, due to the deconsolidation of *Banco Urquijo* amongst others
- Operating expenses down 2% q/q. Organic cost growth +2% y/y. C/I ratio stood at 65% (73% FY 06)

Group Centre



- Underlying net result: -17m, of which the holding company accounted for -14m (mainly entails taxes paid on intra-group dividend upstreaming)
- Q4 06 benefited from the settlement of tax-related receivables (+30m impact)
- Remark: in Q1 07, 196m net gains realized on *Intesa Sanpaolo* shares in Group Centre (excluded from underlying profit figure)

Wrap Up

- Solid business growth in most areas
- Favourable cost trend
- Sustained low level of loan loss charges
- Significantly lower level of loan loss provisions in Hungary
- Negative impact of winter storm Kyrill
- Further delivery on strategic promises: investing in CEE growth markets and share buyback
- Good start to Q2 2007