KBC Group

EXTENDED QUARTERLY REPORT

1Q 2008

www.kbc.com

KBC Group - Investor Relations Office - E-mail: investor.relations@kbc.com

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Earnings Statement

KBC

Earnings Statement
KBC Group, 1Q 2008

Regulated information* - 15 May 2008 (7 a.m. CEST)

Summary

KBC closed the first quarter of 2008 with a net profit (IFRS) of 554 million euros, down 44% vis-à-vis the first quarter of 2007 which benefited from exceptional income from the disposal of shares of *Intesa San Paolo*. Underlying net profit for the first quarter of 2008 - i.e. net profit excluding exceptional items - came to 573 million euros. This was 15% below the level of the previous quarter and 22% below that of the first quarter of 2007, mainly on the back of weak capital market conditions. The corresponding underlying return on equity was 14%.

According to André Bergen, Group CEO, '*It was not the ideal start to the year. As investment yields fell across asset classes and volatility remained high, merchant banking and asset management performances suffered. However, we were happy to see that the performances of the second half of the quarter showed clear signs of improvement. These have so far persisted into the first half of the second quarter. As a result, the second quarter up to now has shown a strong performance. We were also glad to see that the trends for lending, deposit-gathering and life insurance sales remained solid. Especially Central and Eastern Europe continued to do very well, with organic loan growth at 26% year-on-year and underlying net banking profit up 27%. This testifies to that region's role as a growth-driver for the group. As insurance earnings in the region were impacted by non-recurring items, the Business Unit's growth in total net profit was more limited."*

In millions of EUR	1Q 2007	4Q 2007	1Q 2008	1Q 2008 / 1Q 2007	1Q 2008 / 4Q 2007
Net profit (IFRS)	997	708	554	-44%	-22%
Earnings per share, basic (IFRS, in EUR)	2.85	2.06	1.62	-43%	-21%
Earnings per share, diluted (IFRS, in EUR)	2.84	2.06	1.62	-43%	-21%
Underlying net profit	781	676	573	-27%	-15%
Underlying earnings per share, basic (in EUR)	2.23	1.97	1.68	-25%	-15%
Underlying earnings per share, diluted (in EUR)	2.22	1.96	1.68	-25%	-15%
Breakdown of underlying profit by business unit					
Belgium Business Unit	327	274	387	18%	41%
Central & Eastern Europe and Russia Business Unit	150	174	154	3%	-11%
Merchant Banking Business Unit	269	179	26	-90%	-85%
European Private Banking Business Unit	52	41	43	-17%	5%
Group Centre	-17	8	-36	-	-
Shareholders' equity per share (EUR, at end of period)	47.7	50.7	45.7	-4%	-10%

Highlights for 1Q 2008:

- Continued encouraging trends for lending, deposit-gathering and life insurance sales
- Difficult start to the year for capital market and asset management operations
- Limited markdown of structured credit portfolio (net profit impact at 93 million euros)
- Solvency remains robust, even after having achieved the targeted (excess) capital reduction

Publication schedule for 15 May 2008:

- Quarterly report available on www.kbc.com — 7.00 a.m. CEST
- Telephone conference for the press — 10.30 a.m. CEST, Tel. +32 2 290 1411
- E-conference for financial analysts — 1.30 p.m. CEST, www.kbc.com – Tel. +44 20 7162 0125

* KBC Group is a listed company. This news release contains information that is subject to transparency regulations.

Financial highlights - 1Q 2008

André Bergen, Group CEO, summarises the financial highlights for 1Q 2008, as follows:

"Trends for lending, deposit-gathering and life insurance sales in our core markets remain highly encouraging. The size of the mortgage book in Belgium was 10% above the year-earlier level, while home loans in Central & Eastern Europe grew organically by 50% over the same period. In Belgium, bank deposits were especially attractive as an alternative to investment funds, while the decline of deposit product spreads came to an end, though this does not make up for the changed deposit structure. On an organic basis, the underlying net interest income grew by 10% in Belgium and 21% in Central & Eastern Europe compared with the first quarter of 2007. In Merchant Banking, loan growth was slowed down somewhat temporarily, not on account of strains in funding, but in order to ensure an adequate risk-return level in light of a global economic slowdown. The Group's sales of life insurance were 54% more than the year-earlier figure."

"On the other hand, the roughly 17% decline in broad equity indices during the quarter under review has weighed on trading and asset management operations. New retail customer money flowed mostly into secure products, such as time deposits and interest-guaranteed life insurance, while income from institutional sales and trading, local corporate finance and private banking was also impacted by the depressed market sentiment."

"The markdown of our structured credit investments portfolio remained limited. An after-tax earnings impact of -93 million euros was posted, while the impact on shareholder's equity was -61 million euros. In the quarter under review, no further accrual of provisions was deemed necessary to cover the exposure to monoline insurers."

"Overall, customer loan quality remained solid. The loan loss ratio came to just 6 basis points: 3 basis points for the Belgian retail business, 38 basis points in the Central & Eastern Europe and Russia region and nil in Merchant Banking. We know that everyone is factoring in much higher losses as the cycle is turning, but even today, we see only a marginal decrease in asset quality."

"Our solvency remains robust. At the end of March, the Tier-1 ratio for the banking activities came to 8.6% according to the Basel II capital adequacy regulations. According to the Basel I rules, the ratio came to 8.0%, while the solvency ratio for the insurance activities amounted to 191%."

"We have prudent minimum solvency target levels of 8% for Tier-1 banking capital and 200% for insurance capital. Over the last few years, we invested progressively in both organic and external growth. Together with the share buyback programme, this almost fully used up the amount of capital in excess of these target levels. Today, we still see uncertainty as to when the adversity on the financial markets will come to a complete end and as to whether or not regulatory capital adequacy requirements will be tightened. Therefore, we believe it is better to err on the side of caution. The ongoing share buyback plan will be temporarily suspended in order to safeguard our organic and external growth potential."

Main earnings trends – 1Q 2008

- The underlying net interest income for the Group amounted to 1 202 million euros, 13% higher than that of the year-earlier quarter, mainly thanks to the solid organic growth in both loans and deposits.
- Gross earned premium, insurance, stood at 1 236 million euros, up 42% compared to the first quarter of 2007. Net of technical charges, the income was 47 million euros higher (+47%). The combined ratio, non-life, amounted to 90%.
- On an underlying basis, net gains from financial instruments at fair value amounted to a negative 28 million. This included a markdown-to-market of 141 million euros on asset-backed securities and collateralised debt obligations (93 million euros, after tax). The trading income was negatively impacted by the adverse capital markets climate.
- A higher-than-average amount of gains from available-for-sales assets was realised (198 million euros, mostly on shares in the Belgium Business Unit). Part of this amount offsets the increased impairment charges on the same portfolio (see below). Net of impairments, realised gains in the Belgium Business Unit were some 65 million higher than the 2007 quarterly average.
- Underlying net fee and commission income amounted to 464 million. This is 9% below the year-earlier level, mainly due to lower customer investment activities as a result of the high volatility in equity markets during the quarter.
- Operating expenses came to 1 278 million euros. Compared to the year-earlier quarter, the 6% cost growth is largely explained by new acquisitions and currency appreciations. Excluding these factors, cost growth was less than 1%.
- Impairment charges stood at 98 million euros, of which a low 27 million euros was related to loan impairment. Due to the fall in equity markets, an impairment charge in the amount of 71 million euros was taken on (mainly shares in) the investment portfolio.
- Taxes amounted to 144 million euros. The tax rate was in line with the average for the 2007 financial year.
- In order to arrive at the figure for underlying profit, factors that do not occur during the normal course of business are eliminated. For the quarter under review, these amounted to -19 million euros and related to mark-to-market adjustments on derivatives used for Asset and Liability Management purposes.
- As at the end of March 2008, the parent shareholders' equity came to 15.6 billion euros (45.7 euros per share). Shareholder's equity was down on the start of the year (- 1.8 billion), as profit for the quarter (+0.6 billion) was more

than offset by dividends paid out (-1.3 billion euros), a decrease in the revaluation reserve for available-for-sale assets (-0.8 billion euros) and the repurchase of treasury shares (-0.2 billion euros).

Strategy highlights – 1Q 2008

During the first quarter, KBC significantly strengthened its retail market position in Slovakia via the acquisition of *Istrobanka* (subject to regulatory approval) and its private banking position in France via the acquisition of *Richelieu Finance* (to be consolidated as of the second quarter).

From the start of January 2006 up to 13 May 2008, 2.2 billion euros worth of shares were bought back (of which 245 million in 2008). As of today, 15 May 2008, however, the share buyback programme is suspended. The capital position and the potential reactivation of share repurchases will be periodically evaluated.

Future developments

André Bergen: "*The operating environment in the first quarter of the year was too uncertain to provide much detailed earnings visibility for the short term. Although it is early days, we recently saw various signs of improvement and I am happy to confirm that our second quarter has got off to a much better start. Given our business model and strategy, I remain confident on the earnings growth capacity of our franchise in the mid-term.*"

Given the importance of Central & Eastern Europe and Russia in the strategy of the Group, KBC is glad to host its annual Investor Day on 5-6 June in Moscow to explain its growth ambitions in the region in further detail to the investment community (more information via investor.relations@kbc.com).

Additional information on the financial statements

Compared to 1Q 2007, the changes in the scope of consolidation (mainly entailing the inclusion of newly acquired entities in Russia and Bulgaria and the share participation increase in the Czech Republic) had no material impact on net profit.

The total impact on net profit of changes in the value of non-euro currencies was negligible, as macro hedging instruments have been used to highly offset the result of such changes.

Earnings per share and shareholders' equity per share as at 31 March 2008 were calculated on the basis of 341.2 (period average) and 340.2 (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 342.3 million shares (period average), including the number of outstanding share options.

Financial calendar

Financial calendar	
Publication of 1Q 2008 results	15 May 2008
KBC Investor Day (Moscow)	5-6 June 2008
Publication of 2Q 2008 results	7 August 2008
Publication of 3Q 2008 results	6 November 2008
Publication of 4Q 2008 results	12 February 2009

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

Overview of results according to IFRS – 1Q 2008

Below is a consolidated income statement summary of KBC Group, based on the *International Financial Reporting Standards* (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 are provided in the 'Consolidated financial statements' section of the quarterly report.

In order to provide a good insight into the underlying business trends, KBC also publishes its underlying results, which are given in the next section.

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	1 052	1 014	930	1 093	1 163
Gross earned premiums, insurance	869	824	969	1 328	1 236
Gross technical charges, insurance	- 753	- 663	- 841	-1 147	-1 078
Ceded reinsurance result	- 15	- 5	- 17	- 28	- 10
Dividend income	28	138	52	38	36
Net (un)realised gains from financial instruments at fair value	400	548	379	315	- 26
Net realised gains from available-for-sale assets	317	108	115	143	198
Net fee and commission income	489	527	478	499	438
Other net income	155	105	128	231	129
Total income	2 541	2 595	2 193	2 473	2 084
Operating expenses	-1 208	-1 314	-1 266	-1 431	-1 278
Impairment	- 27	- 56	- 62	- 121	- 98
Share in results of associated companies	16	22	14	4	16
Profit before tax	1 322	1 248	878	925	723
Income tax expense	- 293	- 281	- 211	- 184	- 144
Profit after tax	1 028	966	667	741	579
attributable to minority interests	31	30	28	33	26
attributable to the equity holders of the parent	**997**	**936**	**639**	**708**	**554**
Belgium	353	470	302	278	357
Central & Eastern Europe and Russia	151	181	150	182	159
Merchant Banking	261	227	160	185	31
European Private Banking	53	73	43	41	43
Group centre	179	- 14	- 16	23	- 35

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2007	31-03-2008
Total assets	355 597	358 170
of which loans and advances to customers	147 051	149 161
of which securities (equity and debt instruments)	105 023	103 401
Total liabilities	337 110	341 505
of which deposits from customers and debt certificates	192 135	197 261
of which gross technical provisions, insurance	17 905	18 629
of which liabilities under investment contracts, insurance	8 928	8 480
Parent shareholders' equity	17 348	15 554
Return on equity (based on underlying results, year-to-date)	18.5%	14.3%
Cost/income ratio (based on underlying results, year-to-date)	58%	66%
Combined ratio, non-life (based on underlying results, year-to-date)	96%	90%

For a definition of ratios, see "glossary and other information". More information on the balance sheet can be found in the Consolidated Financial Statements part of the quarterly report.

Overview of the underlying results – 1Q 2008

In order to provide more insight into the results, KBC provides a number of ‘underlying figures’, over and above the figures according the *International Financial Reporting Standards* (IFRS).

The differences with the IFRS figures are related to a) the exclusion of non-recurring exceptional items, b) the recognition of certain hedging derivatives used for Asset and Liability Management purposes and c) the accounting treatment of certain income components related to capital market activities. A reconciliation of the net profit under IFRS and the underlying net profit is provided on the next page.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	1 063	1 081	1 116	1 199	1 202
Gross earned premiums, insurance	869	824	969	1 328	1 236
Gross technical charges, insurance	-753	-663	-841	-1 147	-1 078
Ceded reinsurance result	-15	-5	-17	-28	-10
Dividend income	12	112	23	29	19
Net (un)realised gains from financial instruments at fair value	359	404	154	154	-28
Net realised gains from available-for-sale assets	96	107	115	143	198
Net fee and commission income	512	541	539	546	464
Other net income	151	87	88	125	115
Total income	2 293	2 488	2 145	2 350	2 118
Operating expenses	-1 208	-1 314	-1 266	-1 367	-1 278
Impairment	-27	-56	-62	-121	-98
Share in results of associated companies	16	22	14	4	16
Profit before tax	1 074	1 140	831	866	756
Income tax expense	-262	-230	-202	-157	-157
Profit after tax	812	910	629	709	599
attributable to minority interests	31	30	28	33	25
attributable to the equity holders of the parent	**781**	**880**	**601**	**676**	**573**
Belgium	327	417	303	274	387
Central & Eastern Europe and Russia	150	177	117	174	154
Merchant Banking	269	241	153	179	26
European Private Banking	52	57	44	41	43
Group centre	-17	-13	-16	8	-36

The differences between the underlying results and the results reported according to International Financial Reporting Standards (IFRS) are as follows:

- 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 exceptional nature and materiality, it is important to separate out these factors to understand the profit trend fully (impact on net profit: see table below).
- In the IFRS accounts, a large part of KBC’s derivatives used for Asset and Liability Management (ALM) are treated as ‘trading instruments’. These include those derivatives that do not qualify for ‘fair value hedge accounting for a portfolio hedge of interest rate risk’. Consequently, interest results on such hedges are recognised under ‘net (un)realised gains from financial instruments at fair value’, while the interest paid on the underlying assets is recognised under ‘net interest income’. In the ‘underlying accounts’, the interest on these derivatives is also recognised in the ‘net interest income’ heading (where interest results on the underlying assets are already presented), without any impact on net profit.

  Moreover, fair value changes (due to marking-to-market) of these ALM derivatives are recognised under ‘net (un)realised gains from financial instruments at fair value’, while most of the underlying assets are not fair-valued (i.e. not marked-to-market). Hence, the underlying figures exclude the fair value changes in these ALM derivatives (impact on net profit: see table below).
- Lastly, in the IFRS accounts, the income related to trading activities is split across different components. While trading gains are recognised under ‘net (un)realised gains from financial instruments at fair value’, the funding costs and commissions paid in order to realise these trading gains are recognised respectively under ‘net interest income’ and ‘net fee and commission income’. Moreover, part of the ‘dividend income’, ‘net realised gains on available-for-

sale assets' and 'other net income' are also related to trading income. In the 'underlying figures', all trading income components are recognised under 'net (un)realised gains from financial instruments at fair value', without any impact on net profit.

A detailed 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)	BU*	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Profit after tax, attributable to equity holders of the parent		997	936	639	708	554
Minus						
- Amounts before taxes and minority items						
MTM of derivatives for hedging purposes	various	34	94	13	36	-33
Sale of participation in BCC/Banksys (Belgium)	Belgium	0	-1	0	0	0
Sale of shares in Intesa Sanpaolo (Italy)	Group	207	0	0	0	0
Sale of Banca KBL Fumagalli (Italy)	EPB	0	14	0	0	0
Sale of GBC (Hungary)	CEER	0	0	35	0	0
Adjustment staff health insurance	Group	0	0	0	-64	0
Other	various	-23	-12	-3	80	0
- Taxes and minority interests on the items above	various	-2	-40	-6	-20	14
Underlying profit after tax, attributable to equity holders of the parent		781	880	601	676	573

*Belgium = Belgium business unit; CEER = Central & Eastern Europe and Russia business unit; Merchant = Merchant Banking business unit; EPB = European Private Banking business unit; Group = Group Centre.

Management Certification of Financial Statements and Quarterly Report

This statement is made in order to comply with new European transparency regulation enforced by the Belgian Royal Decree of 14 November 2007 and in effect as of 2008.

"We, the members of the Executive Committee of KBC Group NV, jointly certify that, to the best of our knowledge, the abbreviated financial statements included in the quarterly report and based on the relevant accounting standards, fairly present in all material respects the financial condition and results of KBC Group NV, including its consolidated subsidiaries. Based on our knowledge, the quarterly report includes all information that is required to be included in such document and does not omit to state all necessary material facts."

Statement of risk

This statement is made in order to comply with new European transparency regulation enforced by the Belgian Royal Decree of 14 November 2007 and in effect as of 2008.

As a banking, insurance and asset management group, KBC is exposed to a number of typical risks such as – but not exclusively – credit default risk, adverse movements in interest rates, capital markets risk, currency risk, liquidity risk, insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations such as IFRS and Basle II, as well as the economy in general.

We believe that the most noteworthy risks facing KBC for the coming quarters would be a prolonged adverse situation on the capital markets and a marked economic slowdown in KBC's main operational regions.

Key risk management data is provided in the annual report and a dedicated risk report, both available on www.kbc.com.

Analysis of underlying earnings components

Analysis of earnings components

KBC Group, 1Q 2008

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	1 063	1 081	1 116	1 199	1 202
Gross earned premiums, insurance	869	824	969	1 328	1 236
Non-Life	*440*	*442*	*457*	*487*	*503*
Life	*429*	*382*	*511*	*841*	*734*
Gross technical charges	- 753	- 663	- 841	-1 147	-1 078
Non-Life	*- 298*	*- 246*	*- 272*	*- 269*	*- 289*
Life	*- 455*	*- 416*	*- 570*	*- 877*	*- 789*
Ceded reinsurance result	- 15	- 5	- 17	- 28	- 10
Net fee and commission income	512	541	539	546	464
*Banking**	*608*	*626*	*626*	*646*	*586*
Insurance	*- 97*	*- 85*	*- 87*	*- 101*	*- 122*
Net (un)realised gains from financial instruments at fair value	359	404	154	154	- 28
Net realised gains from available-for-sale assets	96	107	115	143	198
Dividend income	12	112	23	29	19
Other net income	151	87	88	125	115
Total income	2 293	2 488	2 145	2 350	2 118
Belgium	881	989	872	899	1 012
Central & Eastern Europe and Russia	523	581	548	664	631
Merchant Banking	696	715	544	583	346
European Private Banking	190	192	171	202	148
Group Centre	3	11	10	2	- 19

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to 1 202 million, up by 13% on 1Q 2007 (+10% excluding new acquisitions) and approximately the same level as 4Q 2007. Year-on-year, net interest income growth was positively impacted by the rising volumes throughout the group, fuelled by the CEER region, where year-on-year growth, even excluding new acquisitions and currency movements, amounted to 26% for credits and 8% for deposits. However, as in previous quarters, net interest income continued to be negatively impacted by the share buybacks effected in the period under review, the new acquisitions (resulting in higher funding costs), the changed deposit structure (high inflows in lower-yielding time deposits) and the 25 bps rise in the savings account rate in Belgium since 3Q 2007. The net interest margin of the banking activities amounted to 1.74% in 1Q 2008, slightly up versus the 1.71% recorded a year earlier (the margin decreased in Belgium, but went up in - inter alia - CEER).

Life insurance premiums (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premiums heading in the P/L) amounted to 1.1 billion. Sales of interest-guaranteed life insurance products, at 0.7 billion, continued the positive trend witnessed since the second half of 2007, with a year-on-year increase of 0.3 billion. They were down 0.15 billion compared to 4Q 2007, but the year’s final quarter is traditionally boosted as the result of marketing campaigns for investment and life insurance products. Unit-linked life sales, at 0.4 billion, recovered slightly from the low level in 2007 (a quarterly average of 0.3 billion), but stayed at a depressed level, as a consequence of the uncertain stock market climate. Year-on-year, total life reserves continued to rise (by 6%); vis-à-vis the previous quarter, there was a limited increase of 0.4%. Again, part of the year-on-year increase in life reserves was fuelled by the CEER companies (+27%, or, +15% when excluding new acquisitions and exchange rate changes).

Non-life sales progressed well: in 1Q 2008, non-life insurance earned premiums amounted to 503 million, up on both 1Q 2007 (+14%, roughly half of which was due to the inclusion of DZI Insurance in Bulgaria) and 4Q 2007 (+3%). Gross technical charges in the non-life insurance business amounted to 289 million, versus 298 million in 1Q 2007 and 269 million in 4Q 2007, and the ceded reinsurance result came to a negative 10 million, an improvement on the average of the last four quarters (-16 million). As a result, a fine technical performance was noted: the combined ratio in 1Q 2008 amounted to 90%, versus 96% for full-year 2007 - which, however, had been impacted by the windstorm Kyrill. The 1Q 2008 combined ratio remained well below 100% in all business units (Belgium 88%, CEER 92% and Merchant Banking 92%). The claims reserve ratio came down slightly to 175% from 176% at the end of 2007.

Net fee and commission income amounted to 464 million, which is weaker than the reference quarters (-9% versus 1Q 2007 and -15% vis-à-vis 4Q 2007). As expected, *received* fees in the banking businesses were somewhat lower (-4% versus 1Q 2007 and -9% versus 4Q 2007) as a result of the stock market turmoil - stock market levels went down roughly 17% in the quarter under review - which had an impact on the brokerage business, corporate finance volumes and sales of mutual funds and the like. Moreover, *paid* fees in the insurance businesses were higher as a result of increased commissions paid to agents.
As at 31 March 2008, assets under management of the group stood at 227 billion. Net inflows increased by 9% y/y and 3% q/q, but were compensated by the negative price effect: as a consequence, the nominal amount of AUM increased by only 5% y/y and was down 2% q/q.

The greatest impact of the difficult market circumstances is evidently reflected in the 'net (un)realised gains from financial instruments at fair value' item, which amounted to a negative 28 million, down significantly on 1Q 2007 (a positive 359 million) and on 4Q 2007 (a positive 154 million).
The group's market activities were especially hit by market turbulence, which, among other things, led to higher funding costs, weak convertible bond and equity and fund derivatives businesses and depressed alternative investment management results. The quarter – as in the previous quarter – also included negative mark-to-market adjustments on the CDO/ABSs in the group's portfolios: pre-tax: 141 million euros in 1Q 2008, versus 114 million euros in 4Q 2007 (after tax: 93 million in 1Q 2008, versus 70 million in 4Q 2007). As a result, the total pre-tax impact of mark-to-marking the CDO/ABSs since the beginning of the market turmoil now amounts to 0.3 billion (0.2 billion after tax). In contrast to 4Q 2007, no negative market value adjustments related to credit insurers needed to be booked (versus 39 million euros in 4Q 2007).

In the quarter under review, the group realised a more-than-average amount of gains on the sales of financial assets (198 million, predominantly shares in the insurance investment portfolio of the Belgium Business Unit), as - given the market circumstances - it was decided to go somewhat underweight in shares in 1Q 2008 and therefore realise a more than proportionate part of the intended share sales for the year in the first quarter. Moreover, part of these higher-than-average realised gains compensated for the increased impairments on securities (see further). Net of impairments, realised gains in the Belgium Business Unit were some 65 million higher than the 2007 average.

Both 'dividend income' (19 million) and 'other net income' (115 million) were in line with the quarterly average of 2007 (for this calculation, the dividend of the second quarter, in which the bulk of the dividend income is traditionally received, was disregarded).

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Staff expenses	- 745	- 764	- 761	- 813	- 760
General administrative expenses	- 381	- 446	- 412	- 501	- 447
Depreciation and amortisation of fixed assets	- 85	- 88	- 95	- 94	- 93
Provisions for risks and charges	3	- 15	2	41	22
Operating expenses	-1 208	-1 314	-1 266	-1 367	-1 278
Belgium	- 432	- 471	- 461	- 485	- 464
Central & Eastern Europe and Russia	- 321	- 352	- 363	- 454	- 406
Merchant Banking	- 322	- 367	- 311	- 313	- 295
European Private Banking	- 124	- 115	- 120	- 128	- 95
Group Centre	- 8	- 9	- 11	13	- 18

In 1Q 2008, operating expenses amounted to 1 278 million. Compared to the previous quarter, costs went down by 7%, which, over and above the continued strict cost control, is essentially thanks to lower profit-related remuneration. Both the

current quarter and the previous quarter included some material take-backs of ‘provisions for risks and charges’ made earlier (22 million in 1Q 2008, 41 million in 4Q 2007).
Compared to the year-earlier quarter, the cost trend (6% increase), was largely on account of the new acquisitions and (CEER) exchange rate changes. Excluding these factors, the year-on-year cost increase was less than 1%. Essentially due to the decreased total income, the cost/income ratio for the banking businesses of the group increased to 66%, against 58% for the 2007 financial year. The cost/income ratio amounted to 59% in the Belgium Business Unit, 61% in CEER, 85% in Merchant Banking and 65% in European Private Banking.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Impairment on loans and advances	-25	-55	-51	-54	-27
Impairment on available-for-sale assets	-4	2	-8	-65	-71
Impairment on goodwill	0	0	0	0	0
Impairment on other	1	-3	-3	-2	0
Impairment	-27	-56	-62	-121	-98
Belgium	2	-9	-11	-62	-52
Central & Eastern Europe and Russia	-25	-27	-38	-1	-39
Merchant Banking	-5	-19	-9	-22	-5
European Private Banking	1	-1	-3	-36	-3
Group Centre	0	-1	-1	0	0

In 1Q 2008, impairment charges on the loan portfolio came to a very low 27 million, down on the – already quite low - average of the last four quarters (46 million). The annualised loan loss ratio - at 6 bps for the whole group – consequently remained quite limited and even below the 13 bps recorded for the 2007 financial year. The annualised loan loss ratio came to 3 bps for the Belgium Business Unit (13 bps in FY 2007), 38 bps for CEER (26 bps in FY 2007) and zero for Merchant Banking (2 bps in FY 2007).

Overall loan quality remained sound in 1Q 2008 and showed no signs of a material deterioration. At the end of March 2008, the non-performing loan ratio, for instance, stood at 1.5%, the same level as at the end of 2007. The percentage of cover for non-performing loans afforded by all loan loss provisions remained close to 90% (89% as at 31 March 2008; 94% at year-end 2007).

As a result of the worsening stock market climate, impairments on available-for-sale securities amounted to 71 million, more or less in line with the figure recorded in the previous quarter and significantly up on the preceding quarters.

Analysis of other earnings components (underlying figures)

Other components of the result (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Share in result of associated companies	16	22	14	4	16
Income tax expense	-262	-230	-202	-157	-157
Minority interests in profit after tax	31	30	28	33	25

The share in the results of associated companies (16 million in 1Q 2008) related almost entirely to the contribution via the equity method of the minority participation in NLB Bank in Slovenia and was in line with the average of the last 4 quarters (14 million).

Group income tax expense amounted to 157 million in 1Q 2008 and the corresponding average tax rate came to 21%.

The profit attributable to minority shareholders amounted to 25 million, somewhat lower than the average of the last four quarters (31 million).

Underlying results per business unit

The group consists of five business units (BUs): Belgium, Central & Eastern Europe and Russia (CEER), Merchant Banking, European Private Banking, and Shared Services & Operations. This last encompasses IT, payments processing and centralised ‘product factories’, such as asset management, consumer finance, leasing and trade finance. All revenue and expenses of the Shared Services & Operations are allocated to the other BUs. The following sections of this report provide an underlying income statement and associated comments for each BU.

Belgium Business Unit (underlying trend)

The Belgium BU encompasses the retail bancassurance activities in Belgium (including the KBC-brand private banking activities). More specifically, it includes the retail and private banking activities of the legal entity KBC Bank in Belgium, the activities of the legal entity KBC Insurance (except for some specific items), as well as the activities of 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 387 million in the quarter under review. The BU’s return on allocated capital (ROAC) hence came to 35%.

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	483	479	478	511	532
Gross earned premiums, insurance	563	522	641	953	865
Gross technical charges, insurance	- 564	- 501	- 614	- 939	- 828
Ceded reinsurance result	- 4	- 5	- 4	0	- 6
Dividend income	10	90	14	15	15
Net (un)realised gains from financial instruments at fair value	5	20	17	- 14	- 3
Net realised gains from available-for-sale assets	68	107	93	101	200
Net fee and commission income	229	238	214	234	192
Banking	*276*	*276*	*255*	*279*	*249*
Insurance	*- 46*	*- 38*	*- 42*	*- 45*	*- 56*
Other net income	92	38	33	37	45
Total income	881	989	872	899	1 012
Operating expenses	- 432	- 471	- 461	- 485	- 464
Impairment	2	- 9	- 11	- 62	- 52
Share in results of associated companies	0	0	0	0	0
Profit before tax	451	508	400	352	496
Income tax expense	- 121	- 91	- 96	- 78	- 109
Profit after tax	330	417	304	274	387
attributable to minority interests	3	1	1	0	0
attributable to the equity holders of the parent	**327**	**417**	**303**	**274**	**387**
Banking activities	*244*	*142*	*158*	*159*	*177*
Insurance activities	*83*	*275*	*145*	*114*	*211*
Risk-weighted assets (end of period)	*39 986*	*41 439*	*42 076*	*42 360*	*42 303*
Allocated equity (end of period)	*4 072*	*4 202*	*4 282*	*4 361*	*4 409*
Return on allocated capital (ROAC)	*34%*	*41%*	*30%*	*25%*	*35%*
Cost/income ratio (banking activities)	*50%*	*66%*	*61%*	*59%*	*59%*
Combined ratio (non-life insurance activities)	*102%*	*96%*	*97%*	*102%*	*88%*

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

Net interest income of this BU amounted to 532 million, up 4% on the previous quarter and an improvement on the more or less flat trend of earlier quarters. Year-on-year, the positive interest income trend (+10%) resulted from the year-on-year

brisk volume growth of loan and deposit products in general (+16% and +14%, respectively), as well as the continued positive impact from the capital increase in KBC Bank in 4Q 2007 (fully underwritten by KBC Group). Quarter-on-quarter, loans and deposit volumes still witnessed a growth of 1% and 3%, respectively, with mortgage loans even increasing 3% in just one quarter. While traditional savings accounts continued to decrease in the start of the quarter (offset by higher growth in time deposits), this trend seems to have reversed since March. Moreover, the decline of deposit product spreads came to an end, though this does not make up for the changed deposit structure.
The net interest margin in 1Q 2008 stood at 1.72%, down on the 1.84% recorded in 1Q 2007 and slightly below the 1.76% in 4Q 2007.

Gross earned premiums of the group's insurance activities in Belgium amounted to 865 million.

In life insurance, gross premiums (including certain types of life insurance – mainly unit-linked products – that - according to IFRS - are not included under the gross earned premium income heading in the P/L) amounted to 948 million and went up by almost 400 million year-on-year, thanks mainly to increased sales of interest-guaranteed products (+ 293 million y/y). As a result of the difficult stock market climate, sales of unit-linked products were still at a low level, though recovering slightly (+105 million y/y) from the very low level of 1Q 2007.
Compared to the fairly high level of 4Q 2007, which saw the benefits from marketing campaigns on investment and insurance products, life premiums decreased by 48 million (-94 million for interest-guaranteed products and +46 million for unit-linked products). The outstanding life reserves in Belgium, at 19.7 billion, ended 5% higher than in 1Q 2007.

The non-life technical result improved vis-à-vis both reference quarters. Non-life insurance premium income (230 million) was up 2% on the previous quarter, and up 5% on 1Q 2007, whereas non-life technical charges in 1Q 2008 were down by 15% and 18%, respectively (4Q 2007 included a high number of small claims and 1Q 2007 was impacted by the windstorm Kyrill). As a result, the combined ratio for the quarter came to an excellent 88%, compared to 98% for the 2007 financial year.

Dividend income of this BU, at 15 million, chiefly relates to the investment portfolio of the Belgian insurance activities and was more or less in line with the previous and year-earlier quarter. Most dividends are traditionally received in the second quarter of the year.

Net realised gains on available-for-sale securities amounted to 200 million, up significantly on the quarterly average of 2007 (92 million). Given the uncertain stock market climate, it had been decided to go somewhat underweight in shares in the quarter under review and, consequently, realise an important part of the yearly budget of share sales in the first quarter. Moreover, part of these above-average realised gains on securities offset the similarly above-average impairments on securities (see further). Net of impairments, realised gains were 65 million higher than the 2007 quarterly average.

Net (un)realised gains from financial instruments at fair value amounted to -3 million in the quarter under review, versus a +7 million quarterly average in 2007. It included, *inter alia*, a negative 29 million (pre tax) value adjustment on CDOs in portfolio (25 million in the previous quarter).

Net fee and commission income stood at 192 million and was down on both 1Q 2007 and 4Q 2007 by 16% and 18%, respectively. This was largely due to the difficult equity market climate, which provoked a more prudent stance by retail investors, leading, *inter alia,* to decreased fees from sales of investment funds (although the figures for March and the preliminary figures for April seem to indicate a reversal of this trend). In any case, bank deposits and life insurance proved to be an attractive alternative for investment funds, as can be witnessed by the year-on-year growth of these products (+14% for deposits and +72% for life sales). Over and above the *decrease* in received fee and commission *income*, there was *an increase* in paid fee and commission *costs*, consequent on the rise in commissions paid to insurance agents.
At the end of March 2008, assets under management of this BU stood at 160 billion, up 7% y/y (+12% net new inflows and -5% negative price effect). Quarter-on-quarter, AUM went down 1% (+3% net inflows, -4% price effect).

Other net income amounted to 45 million, 8 million higher than the previous quarter, but significantly down on 1Q 2007, as that quarter included a 44 million positive impact as a result of a change in methodology used by the Belgian Deposit Guarantee Agency

Operating expenses (464 million) were down 4% on 4Q 2007, essentially thanks to good cost control and lower accruals for profit bonuses. Costs were up 7% versus 1Q 2007 as a result of, *inter alia*, inflationary pressures and a number of one-offs (including a 6 million negative impact from additional staff hospitalisation insurance costs in 1Q 2008, versus a 5 million positive impact of a retrieval of cost provisions in 1Q 2007). As a result, in the quarter under review, the cost/income ratio for the Belgian banking activities stood at 59%, which is exactly the same as that for the 2007 financial year.

Impairments on the Belgian loan portfolio remained limited and stood at a very favourable 4 million, which is even down on the already fairly low 15 million quarterly average for 2007. This led to an annualised loan loss ratio of a mere 3 bps, against 13 bps for the 2007 financial year.
Impairment on available-for-sale assets (which mainly relate to the insurer's share portfolio), on the other hand, were impacted by the difficult stock markets in 1Q 2008 and ended significantly higher than the 2007 average (48 million, versus 5 million on average in 2007).

Income taxes in the quarter under review amounted to 109 million; hence, the effective tax rate in the quarter came to 22% for this BU.

CEER Business Unit (underlying trend)

The CEER BU encompasses all banking and insurance activities in Central and Eastern Europe and Russia, the main ones being:

- Czech Republic: ČSOB Bank (CR) and ČSOB Insurance (CR)
- Slovakia: ČSOB Bank (SR), ČSOB Insurance (SR), Istrobanka (not yet in the results)
- Hungary: K&H Bank and K&H Insurance
- Poland: Kredyt Bank and WARTA Insurance
- Serbia: KBC Banka
- Bulgaria: Economic and Investment Bank (EIB; included since 1Q 2008) and DZI Insurance (included since 4Q 2007)
- In Russia: Absolut Bank (included since 3Q 2007)
- Slovenia: NLB Bank (minority participation) and NLB Life.

The underlying net profit generated by this BU came to 154 million in the quarter under review and its return on allocated capital came to 20% (or 24% excluding the new acquisitions). Banking profit was 27% higher than the year-earlier quarter, while insurance results were down due to non-recurring factors.

The underlying quarterly net profit is broken down as follows:

- 95 million in the Czech Republic
- 14 million in Slovakia
- 40 million in Hungary
- 31 million in Poland
- 6 million in Russia
- -33 million for the remainder (including funding costs, see further).

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	274	283	319	361	390
Gross earned premiums, insurance	239	231	251	297	299
Gross technical charges, insurance	- 139	- 103	- 166	- 165	- 186
Ceded reinsurance result	- 7	- 5	- 11	- 8	- 4
Dividend income	0	2	1	2	0
Net (un)realised gains from financial instruments at fair value	47	63	51	48	21
Net realised gains from available-for-sale assets	12	4	2	9	- 1
Net fee and commission income	75	84	82	82	76
Banking	*109*	*118*	*116*	*129*	*129*
Insurance	*- 34*	*- 34*	*- 34*	*- 47*	*- 53*
Other net income	23	21	17	38	36
Total income	523	581	548	664	631
Operating expenses	- 321	- 352	- 363	- 454	- 406
Impairment	- 25	- 27	- 38	- 1	- 39
Share in results of associated companies	15	19	14	3	15
Profit before tax	192	222	160	211	201
Income tax expense	- 35	- 35	- 38	- 31	- 42
Profit after tax	157	187	122	180	159
attributable to minority interests	8	9	5	6	6
attributable to the equity holders of the parent	**150**	**177**	**117**	**174**	**154**
Banking activities	*126*	*157*	*106*	*152*	*160*
Insurance activities	*23*	*21*	*11*	*22*	*- 7*
Risk-weighted assets (end of period)	*23 851*	*24 769*	*29 372*	*31 852*	*34 045*
Allocated equity (end of period)	*1 920*	*1 994*	*2 345*	*2 530*	*2 709*
Return on allocated capital (ROAC)	*29%*	*35%*	*20%*	*25%*	*20%*
Cost/income ratio (banking activities)	*62%*	*59%*	*65%*	*68%*	*61%*
Combined ratio (non-life insurance activities)	*107%*	*88%*	*97%*	*92%*	*92%*

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

Compared to 1Q 2007, the average quarterly exchange rate of the CZK was up by 9% against the euro, the SKK by 2%, the PLN by 9% and the HUF was down by 2%. The combined weighted appreciation was roughly 7% for this BU. Compared to 4Q 2007, exchange rate changes were less outspoken; their combined weighted appreciation was roughly 2%. Moreover, in comparison with the reference quarters, a number of acquisitions were effected (mainly in Russia and Bulgaria). In order not to distort the comparison, the y/y and q/q 'organic' growth figures mentioned below exclude the impact of the new acquisitions and changes in the exchange rates.

Net interest income, by far the most important income component for this BU, amounted to 390 million, significantly up against both the year-earlier and previous quarter figures (organically +21% and +5%, respectively). This was essentially thanks to the continued robust volume growth throughout the region: compared to one year ago, loans grew organically by 26% and deposits by 8%. Housing loan growth even amounted to 50% year-on-year. Compared to year-end 2007, loans were up 4%, with housing loans growing even by 10%. The average CEER banking interest margin went up to 3.08% in 1Q 2008, against 2.98% in 1Q 2007 and 3.04% in 4Q 2007.

Gross earned insurance premiums in CEER amounted to 299 million.

Life gross earned premiums (including unit-linked products, which, under IFRS, are not included in the gross earned premiums or in the technical charges) stood at 118 million, roughly the same as the year-earlier quarter and down on the previous quarter, which had witnessed high sales of lump-sum life products in Poland. The technical result of life insurance (and the insurance net profit, in general) was negatively influenced by some first-time consolidation effects in Bulgaria, as well as material mark-to-market variations in life reserves ('life deficiency reserves'): an addition of 2 million (i.e. negative impact) in 1Q 2008, versus retrievals (i.e. positive impact) of 34 million in 1Q 2007 and 9 million in 4Q 2007. Organically, outstanding life reserves increased by 15% y/y to 1.5 billion.

In non-life insurance, sales went up significantly, with earned premiums (220 million) increasing organically by 10% versus 1Q 2007 and by 5% compared to 4Q 2007. The combined ratio in the quarter under review stood at 92%, versus 107% a year earlier (impact of the Kyrill storm). For the entire year 2007, the combined ratio stood at 95%.

Gains from financial instruments at fair value, at 21 million, were lower than the 52 million quarterly average of 2007 and included – as was the case in the preceding quarter - a negative value adjustment on the CDOs in portfolio (pre-tax 28 million, versus 13 million in 4Q 2007).

In the quarter under review, sales of available-for-sale investment securities resulted in a net loss of 1 million, compared to a quarterly average gain of 7 million in 2007.

Total net fee and commission income stood at 76 million. Net fee and commission income received by the CEER banking entities held up well (organically: +5% y/y, -1% q/q), but this was offset by the increased commissions paid to agents by the insurance entities of the group (organically: +26% y/y and +11% q/q). AUM in CEER amounted to 14 billion as at the end of March 2008, a marked year-on-year increase (organically +20%, half of which thanks to new inflows). Quarter-on quarter, AUM still increased by 2% organically (of which 1.3% ppts new inflows).

Other net income amounted to 36 million, somewhat higher than the 25 million average of the previous quarters.

Again excluding exchange rate and consolidation scope effects, operating expenses, at 406 million, were up 6% on the year-earlier quarter, due to wage inflation and increased costs related to the branch network expansion, among other things. Cost were down 13% on 4Q 2007, as that quarter was burdened by some seasonality and one-offs such as start-up costs for consumer finance in Romania. 1Q 2008 also benefited from the write-back of a litigation provision in Hungary (impact +13 million).
The cost/income ratio for the banking activities hence ended at 61%, an improvement on the 63% recorded for the 2007 financial year.

Impairments, at 39 million, related almost entirely to loans (35 million). Organically, loan loss impairments were up by 6 million on 1Q 2007 and by 34 million on 4Q 2007, though that quarter benefited from a retrieval of portfolio-based provisions to the tune of 21 million. As a consequence, the annualised loan loss ratio for the first three months of the year stood at 38 bps for the region, compared with 26 bps for the 2007 financial year. The loan loss ratio is broken down as follows: 29 bps in the Czech Republic (18 bps in 2007), 60 bps in Slovakia (96 bps in 2007), 64 bps in Poland (net retrieval of impairments in 2007), 5 bps in Hungary (62 bps in 2007) and 82 bps in Russia (21 bps in 2007).

The share in results of associated companies (NLB in Slovenia) amounted to 15 million, in line with the 13 million quarterly average for 2007.

Income taxes amounted to 42 million; hence, the effective tax rate for this BU stood at 21%.

Below, the underlying income statements are provided for the main CEER countries: the Czech Republic, Slovakia, Hungary, Poland and Russia. The 'CEER-other' section includes the results of *NLB* and *NLB Life* in Slovenia, *KBC Banka* in Serbia, *DZI Insurance* and *EIB* in Bulgaria, the funding cost of goodwill paid on acquisitions in CEER, minority interests in the CEER subsidiaries, some operating expenses related to CEER at KBC group's head office, and consolidation adjustments.

Income statement, Czech Republic (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	157	163	178	197	213
Gross earned premiums, insurance	58	60	63	68	70
Gross technical charges, insurance	- 28	- 13	- 50	- 36	- 52
Ceded reinsurance result	- 3	1	- 1	- 1	- 3
Dividend income	0	1	1	1	0
Net (un)realised gains from financial instruments at fair value	6	12	1	- 8	- 23
Net realised gains from available-for-sale assets	8	0	1	- 2	- 3
Net fee and commission income	51	52	49	54	57
Banking	*58*	*59*	*56*	*61*	*64*
Insurance	*- 7*	*- 7*	*- 7*	*- 7*	*- 7*
Other net income	10	11	8	16	25
Total income	260	286	249	290	285
Operating expenses	- 127	- 138	- 136	- 161	- 155
Impairment	- 7	- 6	- 20	2	- 13
Share in results of associated companies	2	1	1	2	- 1
Profit before tax	129	143	94	133	116
Income tax expense	- 28	- 30	- 22	- 29	- 19
Profit after tax	100	114	72	104	96
attributable to minority interests	1	1	0	0	1
attributable to the equity holders of the parent	**99**	**113**	**72**	**104**	**95**
Banking activities	*88*	*108*	*68*	*95*	*101*
Insurance activities	*12*	*5*	*4*	*10*	*- 5*
Risk-weighted assets (end of period)	*12 233*	*13 109*	*14 099*	*14 899*	*15 733*
Allocated equity (end of period)	*931*	*990*	*1 063*	*1 122*	*1 186*
Return on allocated capital (ROAC)	*37%*	*43%*	*26%*	*31%*	*27%*
Cost/income ratio (banking activities)	*49%*	*47%*	*53%*	*56%*	*51%*
Combined ratio (non-life insurance activities)	*114%*	*81%*	*98%*	*95%*	*100%*

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

Income statement, Slovakia (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	25	23	22	25	29
Gross earned premiums, insurance	13	14	13	18	13
Gross technical charges, insurance	- 9	- 10	- 10	- 13	- 8
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	3	11	6	7	7
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	6	7	5	8	7
Banking	*7*	*8*	*6*	*9*	*8*
Insurance	*- 1*	*- 1*	*- 1*	*- 1*	*- 1*
Other net income	4	4	3	1	1
Total income	41	46	39	45	50
Operating expenses	- 28	- 27	- 26	- 33	- 30
Impairment	- 8	- 5	- 6	- 2	- 4
Share in results of associated companies	0	0	0	0	0
Profit before tax	5	15	6	10	16
Income tax expense	- 1	- 4	- 1	- 2	- 3
Profit after tax	4	11	5	8	14
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**4**	**11**	**5**	**8**	**14**
Banking activities	*3*	*12*	*4*	*7*	*12*
Insurance activities	*1*	*- 1*	*1*	*1*	*2*
Risk-weighted assets (end of period)	*2 506*	*2 134*	*2 592*	*2 226*	*2 641*
Allocated equity (end of period)	*187*	*163*	*190*	*167*	*199*
Return on allocated capital (ROAC)	*7%*	*22%*	*9%*	*15%*	*24%*
Cost/income ratio (banking activities)	*67%*	*54%*	*66%*	*74%*	*60%*
Combined ratio (non-life insurance activities)	*96%*	*122%*	*105%*	*54%*	*86%*

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

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	62	66	64	67	66
Gross earned premiums, insurance	21	24	23	22	20
Gross technical charges, insurance	- 12	- 17	- 18	- 16	- 14
Ceded reinsurance result	- 1	0	1	- 1	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	26	27	30	29	21
Net realised gains from available-for-sale assets	0	2	0	0	1
Net fee and commission income	25	27	31	29	25
Banking	*27*	*29*	*33*	*30*	*27*
Insurance	*- 2*	*- 2*	*- 2*	*- 2*	*- 2*
Other net income	2	4	1	4	5
Total income	124	133	131	134	124
Operating expenses	- 78	- 79	- 75	- 79	- 65
Impairment	- 10	- 27	- 12	2	3
Share in results of associated companies	0	1	0	1	1
Profit before tax	37	28	44	59	63
Income tax expense	- 7	- 5	- 13	- 16	- 23
Profit after tax	30	24	31	43	40
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**30**	**24**	**31**	**43**	**40**
Banking activities	*26*	*20*	*29*	*42*	*37*
Insurance activities	*4*	*3*	*2*	*1*	*3*
Risk-weighted assets (end of period)	*5 113*	*5 089*	*5 333*	*5 326*	*5 302*
Allocated equity (end of period)	*378*	*379*	*397*	*397*	*395*
Return on allocated capital (ROAC)	*20%*	*13%*	*21%*	*48%*	*29%*
Cost/income ratio (banking activities)	*63%*	*60%*	*57%*	*58%*	*52%*
Combined ratio (non-life insurance activities)	*78%*	*89%*	*101%*	*104%*	*86%*

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

Income statement, Poland (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	57	59	68	70	75
Gross earned premiums, insurance	147	131	148	157	158
Gross technical charges, insurance	- 107	- 60	- 83	- 78	- 82
Ceded reinsurance result	- 4	- 6	- 11	- 6	1
Dividend income	0	1	0	1	0
Net (un)realised gains from financial instruments at fair value	12	10	10	12	11
Net realised gains from available-for-sale assets	3	3	2	7	1
Net fee and commission income	- 8	- 3	- 6	- 8	- 17
Banking	*16*	*22*	*18*	*25*	*20*
Insurance	*- 24*	*- 26*	*- 25*	*- 33*	*- 37*
Other net income	10	4	8	20	7
Total income	110	139	137	176	154
Operating expenses	- 85	- 98	- 96	- 120	- 99
Impairment	- 1	10	6	- 2	- 14
Share in results of associated companies	1	0	1	- 1	0
Profit before tax	24	51	48	53	40
Income tax expense	- 5	- 7	- 11	- 8	- 9
Profit after tax	19	45	37	45	31
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**45**	**37**	**45**	**31**
Banking activities	21	26	*26*	29	21
Insurance activities	- 2	18	*10*	15	10
Risk-weighted assets (end of period)	*3 999*	*4 436*	*5 188*	*5 806*	*6 347*
Allocated equity (end of period)	*422*	*458*	*513*	*573*	*618*
Return on allocated capital (ROAC)	*11%*	*34%*	*24%*	*27%*	*15%*
Cost/income ratio (banking activities)	*67%*	*74%*	*71%*	*68%*	*66%*
Combined ratio (non-life insurance activities)	*110%*	*88%*	*96%*	*90%*	*90%*

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

Income statement, Russia (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	-	-	22	34	40
Gross earned premiums, insurance	-	-	0	0	0
Gross technical charges, insurance	-	-	0	0	0
Ceded reinsurance result	-	-	0	0	0
Dividend income	-	-	0	0	0
Net (un)realised gains from financial instruments at fair value	-	-	- 1	3	0
Net realised gains from available-for-sale assets	-	-	0	0	0
Net fee and commission income	-	-	3	4	4
Banking	-	-	*3*	*4*	*4*
Insurance	-	-	*0*	*0*	*0*
Other net income	-	-	0	2	0
Total income	-	-	24	42	45
Operating expenses	-	-	- 17	- 31	- 30
Impairment	-	-	- 4	2	- 5
Share in results of associated companies	-	-	0	0	0
Profit before tax	-	-	3	13	9
Income tax expense	-	-	- 1	- 3	- 2
Profit after tax	-	-	2	10	6
attributable to minority interests	-	-	0	0	0
attributable to the equity holders of the parent	-	-	**2**	**10**	**6**
Banking activities	-	-	*2*	10	6
Insurance activities	-	-	*0*	0	0
Risk-weighted assets (end of period)	-	-	*2 160*	*3 014*	*3 174*
Allocated equity (end of period)	-	-	*147*	*205*	*216*
Return on allocated capital (ROAC)	-	-	-	-	-
Cost/income ratio (banking activities)	-	-	*71%*	*73%*	*68%*
Combined ratio (non-life insurance activities)	-	-	-	-	-

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

Income statement, CEER - other (in millions of EUR) -

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	-27	-27	-35	-33	-33
Gross earned premiums, insurance	0	3	5	31	38
Gross technical charges, insurance	18	-2	-4	-22	-30
Ceded reinsurance result	0	0	0	-1	-1
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	0	4	4	5	5
Net realised gains from available-for-sale assets	0	-1	0	4	0
Net fee and commission income	0	2	1	-4	-1
Other net income	-3	-2	-3	-3	-2
Total income	-12	-24	-32	-23	-26
Operating expenses	-4	-10	-14	-31	-27
Impairment	1	0	-1	-4	-6
Share in results of associated companies	12	17	11	0	16
Profit before tax	-2	-16	-35	-58	-43
Income tax expense	6	10	10	28	14
Profit after tax	4	-6	-25	-30	-28
attributable to minority interests	7	8	5	7	4
attributable to the equity holders of the parent	**-3**	**-15**	**-30**	**-36**	**-33**
Banking activities	-12	-10	-24	-30	-17
Insurance activities	9	-4	-6	-6	-16

Merchant Banking Business Unit (underlying trend)

The 'Merchant Banking' BU encompasses the financial services provided to SMEs and corporate customers (including those in Belgium) and all capital market activities. However, all merchant banking activities of the CEER group companies are handled by the CEER BU.
More specifically, the BU includes the merchant banking activities of KBC Bank in Belgium and its branches elsewhere, as well as the activities of the following subsidiaries (only the main ones are mentioned): KBC Lease, KBC Securities, KBC Financial Products, Antwerp Diamond Bank, KBC Private Equity, KBC Bank Nederland, KBC Bank Deutschland, KBC Clearing, KBC Peel Hunt, KBC Commercial Finance, KBC Finance Ireland, IIB Bank, Secura Re and Assurisk Re.

The underlying net profit generated by this BU came to 26 million in the quarter under review.

The net profit of the commercial banking activities amounted to 108 million, down 23% on the 2007 quarterly average.

The investment banking activities bore the full impact of the adverse market circumstances and witnessed an 81 million net loss in the quarter under review (vis-à-vis an average quarterly net profit of 71 million in 2007). However, while the downturn in investment banking results was very pronounced in January and February, they recovered in March and further improved in April.

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	275	273	277	279	249
Gross earned premiums, insurance	74	67	78	71	71
Gross technical charges, insurance	- 48	- 40	- 54	- 27	- 53
Ceded reinsurance result	- 4	- 5	- 4	- 20	- 1
Dividend income	1	8	5	6	2
Net (un)realised gains from financial instruments at fair value	284	294	86	129	- 32
Net realised gains from available-for-sale assets	8	- 15	4	1	- 1
Net fee and commission income	73	96	121	105	79
Other net income	34	35	31	38	33
Total income	696	715	544	583	346
Operating expenses	- 322	- 367	- 311	- 313	- 295
Impairment	- 5	- 19	- 9	- 22	- 5
Share in results of associated companies	0	2	0	0	0
Profit before tax	369	332	223	248	46
Income tax expense	- 78	- 69	- 48	- 43	0
Profit after tax	291	263	175	205	46
attributable to minority interests	22	21	22	26	20
attributable to the equity holders of the parent	**269**	**241**	**153**	**179**	**26**
Banking activities	*257*	*223*	*139*	*174*	*28*
Insurance activities	*12*	*18*	*14*	*5*	*- 1*
Risk-weighted assets (end of period)	*63 908*	*69 578*	*74 547*	*73 230*	*72 400*
Allocated equity (end of period)	*4 432*	*4 816*	*5 150*	*5 058*	*5 004*
Return on allocated capital (ROAC)	*27%*	*21%*	*15%*	*11%*	*2%*
Cost/income ratio (banking activities)	*46%*	*53%*	*58%*	*54%*	*85%*
Combined ratio (reinsurance activities)	*88%*	*95%*	*97%*	*90%*	*92%*

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

As mentioned earlier, the impact of the adverse situation on the financial markets in the period under review was concentrated in this BU's results and is reflected mainly in the 'Net (un)realised gains from financial instruments at fair value' item, which in 1Q 2008, amounted to a negative 32 million, significantly down on 4Q 2007 (129 million) and 1Q 2007 (284 million).
This quarter's income was depressed by, *inter alia*, some (pre-tax) 74 million negative value adjustments on CDO/ABSs in portfolio (63 million in 4Q 2007, zero in 1Q 2007), higher funding costs and, generally, significantly lower income of a number of market activities, amongst which those related to convertible bonds, equity, fund and credit derivatives,

structured products, alternative investment management and local private equity. In contrast to 4Q 2007, no additional negative credit valuation adjustments related to credit insurers needed to be booked (versus 39 million in 4Q 2007).

Most other income components were also impacted to some extent by the turmoil on the financial markets.
Net fee and commission income (79 million euros), for example, was down on the 4Q 2007 figure (105 million) due to lower equity brokerage and corporate finance activities; however, net fee and commission income was still slightly up on 1Q 2007. Furthermore, a 1 million net loss was registered on the realisation of financial assets, compared to a gain of 8 million in 1Q 2007 and 1 million 4Q 2007.
Finally, net interest income, which relates to the *commercial banking* activities, amounted to 249 million in 1Q 2008. Due to a methodological change in the way income is recognised for lease finance and ALM derivatives, there was a shift from net interest income to other income components in the quarter under review, to the tune of 40 million (this impact will be recurring as of now). Hence, excluding this methodological change, net interest income was up – notwithstanding higher funding costs - on both the year-earlier and the previous quarter figures by 5% and 4%.

The insurance underwriting result (earned premiums net of technical charges and ceded reinsurance result) of the group's inbound re-insurance activities stood at 17 million, somewhat down on the 22 million average of the last four quarters. The related combined ratio stood at 92%, in line with the 91% recorded for the 2007 financial year.

Operating expenses amounted to 295 million, a significant improvement on both 1Q 2007 (322 million) and 4Q 2007 (313 million), which was predominantly related to lower profit-related remuneration. Nevertheless, as income went down more significantly than costs, the cost/income ratio of the BU went up to 85%, versus 53% for the 2007 financial year.

As was the case in the previous quarter, the BU's net profit was positively impacted by a net retrieval of loan loss impairments (to the tune of 13 million). As a consequence, the resulting annualised loss ratio for the quarter under review was zero, versus 2 bps in the 2007 financial year.

Due to the deteriorating situation in the stock markets, additional impairments on available-for-sale assets in the amount of 17 million had to be booked in 1Q 2008, in line with impairment rules for equity holdings in the investment portfolio (lower than the 48 million booked in 4Q 2007, but significantly up on the less than 1 million recorded in 1Q 2007).

Below, the figures for the Merchant Banking BU are broken down into 'Commercial Banking' (mainly lending and banking services to SMEs, but also including the inbound re-insurance business) and 'Investment Banking' (sales and trading on money and capital markets, corporate finance, structured products business, etc.).

Income statement, Commercial Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	275	273	277	279	249
Gross earned premiums, insurance	74	67	78	71	71
Gross technical charges, insurance	- 48	- 40	- 54	- 27	- 53
Ceded reinsurance result	- 4	- 5	- 4	- 20	- 1
Dividend income	1	8	5	6	2
Net (un)realised gains from financial instruments at fair value	6	7	- 2	- 36	- 16
Net realised gains from available-for-sale assets	8	- 15	4	1	- 1
Net fee and commission income	13	25	27	24	26
Other net income	32	35	31	38	33
Total income	356	357	363	337	310
Operating expenses	- 122	- 154	- 134	- 128	- 132
Impairment	- 6	- 19	- 9	- 14	- 10
Share in results of associated companies	0	0	0	0	0
Profit before tax	229	185	220	195	168
Income tax expense	- 50	- 33	- 55	- 44	- 39
Profit after tax	179	152	164	151	129
attributable to minority interests	23	22	22	22	21
attributable to the equity holders of the parent	**156**	**130**	**143**	**129**	**108**
Banking activities	*144*	*112*	*129*	*124*	*109*
Insurance activities	*12*	*18*	*14*	*5*	*- 1*
Risk-weighted assets (end of period)	*51 398*	*52 568*	*53 510*	*54 655*	*54 073*
Allocated equity (end of period)	*3 581*	*3 659*	*3 720*	*3 795*	*3 755*
Return on allocated capital (ROAC)	*18%*	*16%*	*19%*	*17%*	*11%*
Cost/income ratio (banking activities)	*35%*	*46%*	*38%*	*38%*	*41%*
Combined ratio (reinsurance activities)	*88%*	*95%*	*97%*	*90%*	*92%*

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

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0
Gross technical charges, insurance	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0
Dividend income	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	278	288	87	165	-17
Net realised gains from available-for-sale assets	0	0	0	0	0
Net fee and commission income	60	71	94	81	53
Other net income	2	0	0	0	0
Total income	340	358	181	246	36
Operating expenses	-201	-213	-178	-185	-163
Impairment	0	0	0	-8	5
Share in results of associated companies	0	2	0	0	0
Profit before tax	140	147	3	53	-121
Income tax expense	-28	-36	7	1	39
Profit after tax	112	111	10	54	-82
attributable to minority interests	-1	-1	0	4	-1
attributable to the equity holders of the parent	**113**	**112**	**10**	**50**	**-81**
Banking activities	*113*	*112*	*10*	*50*	*-81*
Insurance activities	*0*	*0*	*0*	*0*	*0*
Risk-weighted assets (end of period)	*12 510*	*17 011*	*21 037*	*18 575*	*18 363*
Allocated equity (end of period)	*851*	*1 157*	*1 431*	*1 263*	*1 249*
Return on allocated capital (ROAC)	*55%*	*29%*	*-*	*13%*	*-*
Cost/income ratio (banking activities)	*56%*	*60%*	*98%*	*75%*	*-*

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 KBL European Private Bankers and its subsidiaries in the Benelux and other Western European countries (Germany, France and Monaco, the UK and Switzerland), as well as insurance company VITIS Life in Luxembourg. The acquisition of Richelieu Finance, an asset manager in France with some 2.5 billion AUM, was closed on 9 April 2008; its results will be integrated as of 2Q 2008.

The underlying net profit generated by this BU came to 43 million in the quarter under review and its return on allocated capital came to 29%.

Notwithstanding the difficult financial climate – which impacted the private banking income – this BU's assets under management still witnessed positive net inflows and costs – even excluding a positive one-off item – remained well under control.

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

UNDERLYING FIGURES	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	36	34	41	58	57
Gross earned premiums, insurance	5	12	8	17	13
Gross technical charges, insurance	- 12	- 17	- 15	- 23	- 17
Ceded reinsurance result	0	0	0	0	0
Dividend income	2	6	2	4	1
Net (un)realised gains from financial instruments at fair value	22	23	4	- 3	- 14
Net realised gains from available-for-sale assets	8	10	12	36	- 1
Net fee and commission income	121	119	116	112	107
Other net income	7	5	3	2	2
Total income	190	192	171	202	148
Operating expenses	- 124	- 115	- 120	- 128	- 95
Impairment	1	- 1	- 3	- 36	- 3
Share in results of associated companies	1	1	1	1	1
Profit before tax	68	76	50	39	50
Income tax expense	- 16	- 19	- 6	2	- 8
Profit after tax	52	57	44	41	43
attributable to minority interests	0	0	0	0	0
attributable to the equity holders of the parent	**52**	**57**	**44**	**41**	**43**
Banking activities	*50*	*55*	*44*	*36*	*41*
Insurance activities	*2*	*2*	*0*	*5*	*2*
Risk-weighted assets (end of period)	*6 416*	*6 575*	*8 080*	*6 610*	*6 367*
Allocated equity (end of period)	*501*	*512*	*615*	*514*	*495*
Return on allocated capital (ROAC)	*40%*	*38%*	*24%*	*22%*	*29%*
Cost/income ratio (banking activities)	*65%*	*61%*	*70%*	*65%*	*65%*

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

Total income of this BU stood at 148 million, down 22% on 1Q 2007 and 27% on 4Q 2007 on account of the difficult market circumstances, which had a negative impact on private banking income; moreover total income in the previous quarter had included relatively high realised gains on the sales of financial assets.

The unfavourable market circumstances were predominantly reflected in the net fee and commission income, which stood at 107 million and witnessed a decrease compared to both 1Q 2007 (-12%) and 4Q 2007 (-4%). However, assets under management (AUM) of this BU, at 51 billion, still witnessed net inflows amounting to +1% q/q and +0.3% y/y. These net inflows were compensated by the effect of decreasing prices and, as a result, the nominal amount of AUM went down 6% q/q and 7% y/y. As was the case in previous quarters and in line with expectations, the drop was most outspoken in the non-core assets (low-yielding institutional and other assets), while net inflows of the core part of the AUM, the on-shore private banking activities (24 billion), still amounted to +2.4% q/q and +4% y/y (including the price effect: -6% q/q and -5% y/y).

Net (un)realised gains from financial instruments at fair value, at -14 million, were down versus the year-earlier (22 million) and the previous quarter (-3 million) and included, *inter alia*, the negative value adjustment on the CDOs in portfolio (pre-tax 10 million, versus 13 million in 4Q 2007 and zero in 1Q 2007). Compared to the relatively high realised gains on available-for-sale assets in 4Q 2007 (36 million, which offset the higher than usual impairments in that quarter), there was a small realised loss in the amount of 1 million in 1Q 2008. Finally, net interest income, at 57 million, was in line with the previous quarter and up 21 million y/y, thanks to an increased interest margin on treasury activities, related to the positive liquidity position and the high demand for liquidity in the market.

As regards this BU's insurance activities, life premiums (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premium heading in the P/L) amounted to 46 million, down 14 million on the quarterly average for 2007. Life reserves of this BU, at 1.5 billion, ended 2% higher y/y.

Expenses (95 million) were quite low in the quarter under review (-23% y/y and -26% q/q), but included a 19 million retrieval of an early retirement provision that had become redundant. However, excluding this item, expenses were still down 8% y/y and 11% q/q. The cost/income ratio amounted to 65%, or 78% excluding the provision take-back.

Impairments amounted to only 3 million in the quarter under review, significantly lower than the 36 million recorded in 4Q 2007, which was burdened by impairments on subordinated loans to structured investment vehicles.

Income taxes amounted to 8 million, somewhat lower than the 2007 quarterly average of 10 million. The previous quarter benefited from a net tax recovery of 2 million.

Group Centre (underlying trend)

The Group Centre comprises the results of the holding company KBC Group NV, a limited portion of the results of its subsidiaries KBC Bank NV and KBC Insurance NV (such as strategy-related expenses, non-allocated taxes or income on non-strategic equity holdings), the results of the shared-service company Fin-Force and the elimination of the results of intrasegment transactions.

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 36 million.

Income statement, Group Centre (in millions of EUR) **UNDERLYING FIGURES**	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008
Net interest income	-6	12	0	-10	-25
Gross earned premiums, insurance	-12	-8	-10	-10	-10
Gross technical charges, insurance	10	-1	7	7	6
Ceded reinsurance result	0	9	2	0	2
Dividend income	0	5	0	1	0
Net (un)realised gains from financial instruments at fair value	1	4	-4	-7	0
Net realised gains from available-for-sale assets	0	1	3	-4	0
Net fee and commission income	13	4	7	13	9
Other net income	-4	-13	4	10	-1
Total income	3	11	10	2	-19
Operating expenses	-8	-9	-11	13	-18
Impairment	0	-1	-1	0	0
Share in results of associated companies	0	0	0	0	0
Profit before tax	-6	2	-3	16	-38
Income tax expense	-12	-15	-13	-7	1
Profit after tax	-18	-13	-16	9	-36
attributable to minority interests	-1	-1	0	1	0
attributable to the equity holders of the parent	**-17**	**-13**	**-16**	**8**	**-36**
Banking activities	*-3*	*-2*	*-5*	*28*	*-3*
Insurance activities	*0*	*0*	*0*	*0*	*-14*
Holding activities	*-14*	*-10*	*-12*	*-19*	*-20*

Consolidated financial statements

Consolidated financial statements

KBC Group, 1Q 2008

Consolidated income statement

In millions of EUR	Note	1Q 2007	4Q 2007	1Q 2008
Net interest income	3	1 052	1 093	1 163
Interest income		3 590	3 995	4 413
Interest expense		- 2 539	- 2 902	- 3 250
Gross earned premiums, insurance	9	869	1 328	1 236
non-life		440	487	503
life	10	429	841	734
Gross technical charges, insurance	9	- 753	- 1 147	- 1 078
non-life		- 298	- 269	- 289
life		- 456	- 877	- 789
Ceded reinsurance result	9	- 15	- 28	- 10
Dividend income	4	28	38	36
Net (un)realised gains from financial instruments at fair value through profit or loss	5	400	315	- 26
Net realised gains from available-for-sale assets	6	317	143	198
Net fee and commission income	7	489	499	438
Fee and commission income		785	818	742
Fee and commission expense		- 295	- 319	- 304
Other net income	8	155	231	129
TOTAL INCOME		2 541	2 473	2 084
Operating expenses		- 1 208	- 1 431	- 1 278
staff expenses		- 745	- 878	- 760
general administrative expenses		- 381	- 500	- 447
depreciation and amortisation of fixed assets		- 85	- 94	- 93
provisions for risks and charges		3	41	22
Impairment	14	- 27	- 121	- 98
on loans and receivables		- 25	- 54	- 27
on available-for-sale assets		- 4	- 65	- 71
on goodwill		0	0	0
on other		1	- 2	0
Share in results of associated companies		16	4	16
PROFIT BEFORE TAX		1 322	925	723
Income tax expense		- 293	- 184	- 144
Net post-tax income from discontinued operations		0	0	0
PROFIT AFTER TAX		1 028	741	579
attributable to minority interest		31	33	26
attributable to equity holders of the parent		**997**	**708**	**554**
Earnings per share (in EUR)				
Basic		2.85	2.06	1.62
Diluted		2.84	2.06	1.62

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2007	31-03-2008
Cash and cash balances with central banks		4 613	4 165
Financial assets	18-24	340 522	342 130
Held for trading		73 907	77 250
Designated at fair value through profit or loss		46 212	38 509
Available for sale		46 750	46 525
Loans and receivables		160 607	167 597
Held to maturity		12 320	11 694
Hedging derivatives		725	555
Reinsurers' share in technical provisions, insurance		291	320
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		- 223	- 118
Tax assets		919	1 003
Current tax assets		138	164
Deferred tax assets		781	838
Non-current assets held for sale and disposal groups		41	46
Investments in associated companies		634	638
Investment property		593	657
Property and equipment		2 234	2 795
Goodwill and other intangible assets		3 501	3 539
Other assets		2 473	2 996
TOTAL ASSETS		355 597	358 170

LIABILITIES AND EQUITY(in millions of EUR)		31-12-2007	31-03-2008
Financial liabilities	18	311 422	313 263
Held for trading		41 298	38 569
Designated at fair value through profit or loss		45 774	49 436
Measured at amortised cost		223 858	224 711
Hedging derivatives		492	547
Gross technical provisions, insurance	31	17 905	18 629
Fair value adjustments of hedged items in portfolio hedge of interest rate risk		0	0
Tax liabilities		816	833
Current tax liabilities		481	484
Deferred tax liabilies		335	349
Non-current liabilities held for sale and liabilities associated with disposal groups		0	0
Provisions for risks and charges		456	504
Other liabilities		6 511	8 276
TOTAL LIABILITIES		337 110	341 505
Total equity		18 487	16 665
Parent shareholders' equity	35	17 348	15 554
Minority interests		1 139	1 111
TOTAL LIABILITIES AND EQUITY		355 597	358 170

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Other equity (Mandatorily convertible bonds)	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority interests	Total equity
31-03-2007											
Balance at the beginning of the period	1 235	4 150	183	- 1 111	1 968	46	10 651	98	17 219	1 234	18 453
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 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 interests	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						

In millions of EUR	Issued and paid up share capital	Share premium	Other equity (Mandatorily convertible bonds)	Treasury shares	Revaluation reserve (AFS assets)	Hedging reserve (cashflow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority interests	Total equity
31-03-2008											
Balance at the beginning of the period	1 235	4 161	181	- 1 285	810	73	12 125	47	17 348	1 139	18 487
Recognised directly in equity	0	0	0	0	- 775	- 72	- 1	- 11	- 859	0	- 859
Net profit for the period	0	0	0	0	0	0	554	0	554	26	579
Total income and expense for the period	**0**	**0**	**0**	**0**	**- 775**	**- 72**	**553**	**- 11**	**- 306**	**26**	**- 280**
Dividends	0	0	0	0	0	0	- 1 277	0	- 1 277	0	- 1 277
Capital increase	0	0	0	0	0	0	0	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 212	0	0	0	0	- 212	0	- 212
Change in minority interests	0	0	0	0	0	0	0	0	0	- 54	- 54
Total change	**0**	**0**	**0**	**- 212**	**- 775**	**- 72**	**- 724**	**- 11**	**- 1 794**	**- 28**	**- 1 822**
Balance at the end of the period	**1 235**	**4 161**	**181**	**- 1 496**	**35**	**1**	**11 401**	**36**	**15 554**	**1 111**	**16 665**
of which revaluation reserve for shares					422						
of which revaluation reserve for bonds					- 386						
of which revaluation reserve for other assets than bonds and shares					- 1						

Condensed consolidated cash flow statement

In millions of EUR	3M 2007	3M 2008
Net cash from (used in) operating activities	- 769	- 3 121
Net cash from (used in) investing activities	- 695	893
Net cash from (used in) financing activities	703	1 276
Net increase or decrease in cash and cash equivalents	- 761	- 952
Cash and cash equivalents at the beginning of the period	23 635	20 738
Effects of exchange rate changes on opening cash and cash equivalents	- 24	52
Cash and cash equivalents at the end of the period	22 850	19 837

Notes on the accounting policies

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

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.
The Group will apply the IFRS 8 standard as of 1 January 2009.

Note 1b: Summary of significant accounting policies

A summary of the main accounting policies is provided in the annual report. In 3M 2008, 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 and KBC Global Services.

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 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 (incl. Russia) – 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.

In millions of EUR	Banking	Insurance	European Private Banking	Holding Company Activities	Inter-segment eliminations	KBC Group
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
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
Dividend income	19	8	2	0	0	28
Net (un)realised gains from financial instruments at fair value through profit or loss	429	- 8	- 21	0	0	400
Net realised gains from available-for-sale assets	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	270	187	158	- 158	2 541
Operating expenses	- 956	- 129	- 122	- 159	158	- 1 208
Impairment	- 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
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 interests	28	3	0	0	0	31
attributable to equity holders of the parent	869	120	51	- 44	0	997
INCOME STATEMENT 1Q 2008						
Net interest income	936	187	48	- 10	2	1 163
Gross earned premiums, insurance	0	1 243	0	0	- 7	1 236
Non-life	0	508	0	0	- 6	503
Life	0	735	0	0	- 1	734
Gross technical charges, insurance	0	- 1 079	0	0	0	- 1 078
Non-life	0	- 290	0	0	0	- 289
Life	0	- 789	0	0	0	- 789
Ceded reinsurance result	0	- 10	0	0	0	- 10
Dividend income	21	13	1	0	0	36
Net (un)realised gains from financial instruments at fair value through profit or loss	16	- 31	- 13	2	0	- 26
Net realised gains from available-for-sale assets	- 3	201	0	0	0	198
Net fee and commission income	456	- 122	105	- 1	0	438
Other net income	98	20	2	205	- 197	129
TOTAL INCOME	1 524	421	143	197	- 201	2 084
Operating expenses	- 1 026	- 150	- 92	- 210	201	- 1 278
Impairment	- 38	- 59	- 2	0	0	- 98
on loans and receivables	- 23	- 3	- 2	0	0	- 27
on available-for-sale assets	- 15	- 55	0	0	0	- 71
on goodwill	0	0	0	0	0	0
on other	1	- 1	0	0	0	0
Share in results of associated companies	15	0	1	0	0	16
PROFIT BEFORE TAX	474	212	49	- 13	0	723
Income tax expense	- 107	- 23	- 8	- 6	0	- 144
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	367	189	42	- 19	0	579
attributable to minority interests	27	- 1	0	0	0	26
attributable to equity holders of the parent	341	190	42	- 19	0	554
BALANCE SHEET 31-12-2007						
Total assets	306 453	30 741	17 481	923	-	355 597
Total liabilities	289 835	27 884	18 315	1 076	-	337 110
BALANCE SHEET 31-03-2008						
Total assets	310 425	29 646	17 221	878	-	358 170
Total liabilities	291 061	28 284	19 500	2 659	-	341 505

In millions of EUR	Belgium	Central and Eastern Europe and Russia	Rest of the world	Inter-segment eliminations	KBC Group
1Q 2007					
Gross income	1 416	565	560	0	2 541
31-12-2007					
Total assets	191 319	52 031	112 247	0	355 597
Total liabilities	184 762	47 144	105 203	0	337 110
1Q 2008					
Gross income	1 151	666	267	0	2 084
31-03-2008					
Total assets	185 998	56 624	115 548	0	358 170
Total liabilities	181 658	50 942	108 905	0	341 505

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 'analysis of earnings components' chapters of the extended quarterly report.

Note 3: Net interest income

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	1 052	1 093	1 163
Interest income	3 590	3 995	4 413
Available-for-sale assets	459	505	482
Loans and receivables	1 868	2 394	2 507
Held-to-maturity investments	129	126	129
Other assets not at fair value	24	62	50
Subtotal, interest income from financial assets not measured at fair value through profit or loss	2 481	3 087	3 168
Financial assets held for trading	366	426	422
Hedging derivatives	159	167	269
Other financial assets at fair value through profit or loss	585	315	553
Interest expense	- 2 539	- 2 902	- 3 250
Financial liabilities measured at amortised cost	- 1 792	- 2 212	- 2 414
Other	- 1	- 2	- 2
Investment contracts at amortised cost	0	0	0
Subtotal, interest expense for financial assets not measured at fair value through profit or loss	- 1 793	- 2 215	- 2 416
Financial liabilities held for trading	- 109	- 127	- 102
Hedging derivatives	- 151	- 148	- 268
Other financial liabilities at fair value through profit or loss	- 485	- 412	- 464

Note 4: Dividend income

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	28	38	36
Breakdown by type	28	38	36
Held-for-trading shares	16	10	17
Shares initially recognised at fair value through profit or loss	0	8	0
Available-for-sale shares	12	20	19

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

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	400	315	- 26
Breakdown by type			
Trading instruments (including interest and fair value changes in trading derivatives)	148	447	- 567
Other financial instruments initially recognised at fair value through profit or loss	201	- 138	268
Foreign exchange trading	46	3	272
Fair value adjustments in hedge accounting	5	3	1

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

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	317	143	198
Breakdown by portfolio			
Fixed-income assets	- 19	- 13	- 1
Shares	335	156	199

Note 7: Net fee and commission income

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	489	499	438
Fee and commission income	785	818	742
Securities and asset management	552	546	465
Margin on deposit accounting (life insurance investment contracts without DPF)	10	10	11
Commitment credit	46	49	55
Payments	101	117	119
Other	76	96	93
Fee and commission expense	- 295	- 319	- 304
Commission paid to intermediaries	- 120	- 99	- 126
Other	- 175	- 220	- 179

Note 8: Other net income

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	155	231	129
of which: Belgian Deposit Guarantee Agency - KBC Bank	44	0	0

Note 9: Breakdown of the insurance results

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
3M 2007							
Net interest income	0	0	0	0	0	159	159
Gross earned premiums, insurance	203	440	642	227	0	0	869
Gross technical charges	- 166	- 298	- 464	- 291	2	0	- 753
Ceded reinsurance result	0	- 14	- 14	0	0	- 1	- 15
Dividend income	0	0	0	0	0	8	8
Net gains from financial instruments at fair value	0	0	0	0	0	- 8	- 8
Net realised gains from AFS assets	0	0	0	0	0	82	82
Net fee and commission income	- 20	- 86	- 107	- 5	5	10	- 96
Other net income	0	0	0	0	0	25	25
TOTAL INCOME	16	42	58	- 69	7	274	270
Operating expenses	- 19	- 82	- 102	- 6	- 4	- 17	- 129
Impairments	0	0	0	0	0	- 1	- 1
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	98	43	141	82	0	- 223	0
PROFIT BEFORE TAX	95	2	97	7	3	33	140
Income tax expense						- 17	- 17
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	95	2	97	7	3	16	123
attributable to minority interest							3
attributable to equity holders of the parent							120
3M 2008							
Net interest income	0	0	0	0	0	187	187
Gross earned premiums, insurance	210	508	718	525	0	0	1 243
Gross technical charges	- 186	- 290	- 475	- 599	- 5	0	- 1 079
Ceded reinsurance result	0	- 8	- 9	0	0	- 1	- 10
Dividend income	0	0	0	0	0	13	13
Net gains from financial instruments at fair value	0	0	0	0	0	- 31	- 31
Net realised gains from AFS assets	0	0	0	0	0	201	201
Net fee and commission income	- 23	- 105	- 129	- 9	5	10	- 122
Other net income	0	0	0	0	0	20	20
TOTAL INCOME	1	105	106	- 83	0	398	421
Operating expenses	- 22	- 93	- 115	- 8	- 5	- 23	- 150
Impairments	0	0	0	0	0	- 59	- 59
Share in results of associated companies	0	0	0	0	0	0	0
Allocation to the technical accounts	109	94	203	101	0	- 304	0
PROFIT BEFORE TAX	88	106	194	10	- 4	13	212
Income tax expense						- 23	- 23
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX	88	106	194	10	- 4	- 10	189
attributable to minority interest							- 1
attributable to equity holders of the parent							190

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 2007	4Q 2007	1Q 2008
Total	429	841	735
Breakdown by type			
Accepted reinsurance	5	7	9
Primary business	424	834	726
Breakdown of primary business			
Individual versus group			
Individual premiums, including unit-linked insurance	356	743	655
Premiums under group contracts	69	91	71
Periodic versus single			
Periodic premiums	184	201	218
Single premiums	240	633	508
Non-bonus versus bonus contracts			
Premiums from non-bonus contracts	46	43	49
Premiums from bonus contracts	353	765	642
Unit linked	25	26	35

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 12: Operating expenses
Note 13: Personnel

Notes available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	1Q 2007	4Q 2007	1Q 2008
Total	- 27	- 121	- 98
Impairment on loans and receivables	- 25	- 54	- 27
Breakdown by type			
Specific impairments for on-balance-sheet lending	- 12	- 99	- 41
Specific impairments for off-balance-sheet credit commitments	- 5	- 3	4
Portfolio-based impairments	- 9	47	9
Breakdown by business unit			
Belgium	3	- 45	- 4
Central and Eastern Europe and Russia	- 22	- 1	- 35
Merchant Banking	- 7	27	13
European Private Banking	1	- 36	- 2
Group Centre	0	1	0
Impairment on available-for-sale assets	- 4	- 65	- 71
Breakdown by type			
Shares	- 1	- 59	- 76
Other	- 3	- 5	5
Impairment on goodwill	0	0	0
Impairment on other	1	- 2	0
Intangible assets, other than goodwill	0	- 2	- 1
Property and equipment	0	0	1
Held-to-maturity assets	1	0	0
Associated companies (goodwill)	0	0	0
Other	1	- 1	0

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

Notes available in the annual report only.

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 or loss	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2007								
Loans and advances to credit institutions and investment firms [1]	16 098	15 881	0	21 865	-	-	-	53 843
Loans and advances to customers [2]	2 067	7 730	0	137 254	-	-	-	147 051
Discount and acceptance credit	0	0	0	718	-	-	-	718
Consumer credit	0	0	0	3 893	-	-	-	3 893
Mortgage loans	0	3 254	0	43 871	-	-	-	47 125
Term loans	2 067	4 269	0	66 378	-	-	-	72 714
Finance leasing	0	0	0	6 883	-	-	-	6 883
Current account advances	0	0	0	7 853	-	-	-	7 853
Securitised loans	0	0	0	264	-	-	-	264
Other	0	207	0	7 396	-	-	-	7 603
Equity instruments	17 008	219	4 979	-	-	-	-	22 207
Investment contracts (insurance)	-	9 066	-	-	-	-	-	9 066
Debt instruments issued by	16 697	12 982	41 095	-	12 041	-	-	82 816
Public bodies	5 268	9 269	21 507	-	10 858	-	-	46 902
Credit institutions and investment firms	4 131	1 735	8 152	-	811	-	-	14 829
Corporates	7 298	1 979	11 436	-	372	-	-	21 085
Derivatives	21 689	-	-	-	-	544	-	22 232
Total carrying value excluding accrued intrest income	73 559	45 878	46 075	159 119	12 041	544	0	337 215
Accrued interest income	348	334	676	1 488	279	181	0	3 307
Total carrying value including accrued interest income	73 907	46 212	46 750	160 607	12 320	725	0	340 522
[1] *Of which reverse repos*								*33 503*
[2] *Of which reverse repos*								*6 339*
31-03-2008								
Loans and advances to credit institutions and investment firms [1]	14 480	11 296	2	27 573	-	-	-	53 351
Loans and advances to customers [2]	4 642	5 171	101	139 246	-	-	-	149 161
Discount and acceptance credit	0	0	0	210	-	-	-	210
Consumer credit	0	0	0	4 030	-	-	-	4 030
Mortgage loans	0	3 486	0	45 825	-	-	-	49 310
Term loans	4 642	1 477	101	67 145	-	-	-	73 365
Finance leasing	0	0	0	6 514	-	-	-	6 514
Current account advances	0	0	0	7 505	-	-	-	7 505
Securitised loans	0	0	0	255	-	-	-	255
Other	0	208	0	7 764	-	-	-	7 972
Equity instruments	14 516	224	4 466	-	-	-	-	19 206
Investment contracts (insurance)	-	8 626	-	-	-	-	-	8 626
Debt instruments issued by	18 525	12 922	41 320	-	11 428	-	-	84 195
Public bodies	7 036	9 518	22 367	-	10 297	-	-	49 218
Credit institutions and investment firms	4 547	1 401	8 020	-	790	-	-	14 757
Corporates	6 942	2 004	10 933	-	341	-	-	20 220
Derivatives	24 782	-	-	-	-	400	-	25 182
Total carrying value excluding accrued interest income	76 945	38 240	45 889	166 819	11 428	400	0	339 720
Accrued interest income	305	270	636	778	266	155	0	2 410
Total carrying value including accrued interest income	77 250	38 509	46 525	167 597	11 694	555	0	342 130
[1] *Of which reverse repos*								*29 168*
[2] *Of which reverse repos*								*5 808*

Full service car leases are as of 1 January 2008 considered as operational leases instead of finance leases. This results in a reclassification from Loans and advances to customers (Finance Leasing) to Property and equipment for an amount of 529 million euros.

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Held to maturity	Hedging derivatives	Measured at amortised cost	Total
31-12-2007								
Deposits from credit institutions and investment firms [3]	7 409	15 028	-	-	-	-	50 667	73 104
Deposits from customers and debt certificates [4]	2 452	21 373	-	-	-	-	168 310	192 135
Deposits from customers	0	13 932	-	-	-	-	123 415	137 347
Demand deposits	0	1 415	-	-	-	-	41 073	42 488
Time deposits	0	12 516	-	-	-	-	50 840	63 357
Savings deposits	0	0	-	-	-	-	27 079	27 079
Special deposits	0	0	-	-	-	-	3 444	3 444
Other deposits	0	0	-	-	-	-	979	979
Debt certificates	2 452	7 441	-	-	-	-	44 895	54 788
Certificates of deposit	0	2 239	-	-	-	-	15 699	17 937
Customer savings certificates	0	0	-	-	-	-	2 956	2 956
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	2 452	4 156	-	-	-	-	19 716	26 324
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	1 046	-	-	-	-	6 524	7 570
Liabilities under investment contracts	-	8 928	-	-	-	-	-	8 928
Derivatives	26 042	-	-	-	-	155	-	26 197
Short positions	4 845	-	-	-	-	-	-	4 845
in equity instruments	3 724	-	-	-	-	-	-	3 724
in debt instruments	1 120	-	-	-	-	-	-	1 120
Other	243	34	-	-	-	-	3 848	4 126
Total carrying value excluding accrued interest expense	40 992	45 362	-	-	-	155	222 826	309 335
Accrued interest expense	307	412	-	-	-	337	1 032	2 087
Total carrying value including accrued interest expense	41 298	45 774	-	-	-	492	223 858	311 422
[3] *Of which repos*								*21 979*
[4] *Of which repos*								*8 284*
31-03-2008								
Deposits from credit institutions and investment firms [3]	4 174	14 216	-	-	-	-	50 300	68 690
Deposits from customers and debt certificates [4]	1 985	26 428	-	-	-	-	168 849	197 261
Deposits from customers	0	17 670	-	-	-	-	125 899	143 569
Demand deposits	0	1 107	-	-	-	-	45 597	46 704
Time deposits	0	16 563	-	-	-	-	49 315	65 877
Savings deposits	0	0	-	-	-	-	26 245	26 245
Special deposits	0	0	-	-	-	-	3 566	3 566
Other deposits	0	0	-	-	-	-	1 177	1 177
Debt certificates	1 985	8 758	-	-	-	-	42 949	53 692
Certificates of deposit	0	2 582	-	-	-	-	14 188	16 770
Customer savings certificates	0	0	-	-	-	-	3 028	3 028
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 985	5 188	-	-	-	-	19 196	26 369
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	988	-	-	-	-	6 537	7 525
Liabilities under investment contracts	-	8 480	-	-	-	-	-	8 480
Derivatives	27 401	-	-	-	-	198	-	27 599
Short positions	4 430	-	-	-	-	-	-	4 430
in equity instruments	3 303	-	-	-	-	-	-	3 303
in debt instruments	1 127	-	-	-	-	-	-	1 127
Other	404	47	-	-	-	-	4 307	4 759
Total carrying value excluding accrued interest expense	38 394	49 172	-	-	-	198	223 456	311 220
Accrued interest expense	175	264	-	-	-	349	1 255	2 043
Total carrying value including accrued interest expense	38 569	49 436	-	-	-	547	224 711	313 263
[3] *Of which repos*								21 388
[4] *Of which repos*								10 233

Note 19: Financial assets and liabilities: breakdown by portfolio and geography
Note 20: Financial assets: breakdown by portfolio and quality
Note 21: 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	31-12-2007	31-03-2008
Total	2 233	2 183
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 963	1 932
Specific impairment, off-balance-sheet credit commitments	84	77
Portfolio-based impairment	186	175
Breakdown by counterparty		
Impairment for loans and advances to banks	6	2
Impairment for loans and advances to customers	2 119	2 085
Specific and portfolio based impairment, off-balance-sheet credit commitments	108	97

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	31-12-2007	31-03-2008
Gross technical provisions	17 905	18 629
Insurance contracts	9 474	9 714
Provisions for unearned premiums and unexpired risk	509	628
Life insurance provision	4 968	5 050
Provision for claims outstanding	3 557	3 596
Provision for bonuses and rebates	29	31
Other technical provisions	411	409
Investment contracts with DPF	8 431	8 915
Life insurance provision	8 367	8 839
Provision for claims outstanding	0	0
Provision for bonuses and rebates	64	76
Reinsurers' share	291	320
Insurance contracts	291	320
Provisions for unearned premiums and unexpired risk	21	38
Life insurance provision	3	6
Provision for claims outstanding	266	275
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life insurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

Technical provisions relate to insurance contracts and investment contracts with a discretionary participation feature (DPF). Liabilities under investment contracts without DPF 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	31-12-2007	31-03-2008
Total number of shares issued and fully paid up	357 704 668	357 704 668
Breakdown by type		
Ordinary shares	355 115 321	355 118 679
Other equity instruments	2 589 347	2 585 989
of which ordinary shares that entitle the holder to a dividend payment	*342 568 138*	*342 532 367*
of which treasury shares	*15 441 530*	*17 545 949*
Other information		
Par value per share (in euros)	3.48	3.48
Number of shares issued but not fully paid up	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). No participation certificates or non-voting shares have been issued. The shares are quoted on Euronext Brussels and on the Luxembourg Stock Exchange.

The number of KBC-shares held by group companies is shown in the table under 'treasury shares'. As at 31 March 2008, this number includes, inter alia:

- the shares that are held to meet requirements under the various employee stock option plans (945 868 shares).
- the shares that were bought in relation to the 2007-2009 3-billion-euro share buyback programme (12 586 312 shares).

The MCBs have 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). 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.

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Related party transactions

In 1Q 2008, there was no significant change in related parties compared to end 2007 nor were there any new related party transactions with a significant impact on KBC Group’s results. More information on related party transactions is available in the 2007 annual report, p. 164.

Note 39: Auditor’s fee

Note available in the annual report only.

Note 40: List of significant subsidiaries and associated companies

Company	Business unit (*)	Registered office	Ownership percentage at KBC Group level	Activity
BANKING				
Fully consolidated subsidiaries				
Absolut Bank	CEER	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerp - BE	99.56	Credit institution
CSOB a.s. (Czech Republic)	CEER	Prague - CZ	100.00	Credit institution
CSOB a.s. (Slovak Republic)	CEER	Bratislava - SK	100.00	Credit institution
Economic and Investment Bank AD	CEER	Sofia - BG	77.08	Credit institution
Fin-Force NV	GR	Brussels - BE	90.00	Processing financial transactions
IIB Bank Plc	MB	Dublin - IE	100.00	Credit institution
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEER/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	99.76	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	MB	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	100.00	Clearing
KBC Commercial Finance NV (ex-International Factors NV)	MB	Brussels - BE	100.00	Factoring
KBC Credit Investments NV	MB	Brussels - BE	100.00	Investments in credit-linked securities
KBC Finance Ireland	MB	Dublin - IE	100.00	Lending
KBC Financial Products (group)	MB	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MB	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	MB	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	MB	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV	MB	Brussels - BE	100.00	Private equity
KBC Real Estate NV	MB	Zaventem - BE	100.00	Real estate
KBC Securities NV	MB	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	CEER	Budapest - HU	100.00	Credit institution
Kredyt Bank SA	CEER	Warsaw - PL	80.00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group)	CEER	Ljubljana - SI	34.00	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEER	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEER	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEER	Sofia - BG	89.52	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
K&H Insurance	CEER	Budapest - HU	100.00	Insurance company
KBC Banka A.D. (formerly A Banka A.D.)	CEER	Belgrade - RS	100.00	Credit institution
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
VTB-VAB NV	B	Zwijndrecht - BE	64.80	Automobile assistance
TUIR WARTA SA	CEER	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries				
NLB Vita d.d.	CEER	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING				
Fully consolidated subsidiaries				
Brown, Shipley & Co Ltd.	EPB	London - GB	99.91	Credit institution
KBL France sa	EPB	Paris - FR	99.91	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.91	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.90	Credit institution
Merck Finck & Co.	EPB	Munich - DE	99.91	Credit institution
Puilaetco Dewaay Private Bankers SA	EPB	Brussels - BE	99.91	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	99.91	Credit institution
HOLDING-COMPANY ACTIVITIES				
Fully consolidated subsidiaries				
KBC Global Services NV (ex-KBC Exploitatie)	GR	Brussels - BE	100.00	Cost-sharing structure
KBC Group NV	GR	Brussels - BE	100.00	Holding company

(*) B=Belgium business unit, MB= Merchant Banking business unit, CEER = Central & Eastern Europe and Russia business unit, EPB = European Private Banking business unit, GR =Group Centre

Note 41: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1Q 2007	1Q 2008	
ADDITIONS					
Banking	Absolut Bank	Full	-	95.00%	Recognised in income statement from 3Q 2007
Banking	Economic and Investment Bank AD	Full	-	77.08%	Recognised in income statement from 1Q 2008
Banking	CSOB a.s. (Slovak Republic)	Full	-	100.00%	Demerger with CSOB (Czech Republic) as of 1Q08
Insurance	DZI Insurance	Full	-	89.52%	Recognised in income statement from 4Q 2007
EXCLUSIONS					
KBL European Private Bankers	Banca KBL Fumagalli Soldan	Full	99.90%	-	Sold in 2Q 2007
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	KBC Commercial Finance NV (ex-International Factors NV)	Full	50.00%	100.00%	Acquistion of remaining 50% stake in 2Q 2007
Banking	CSOB a.s.	Full	97.44%	100.00%	Buy-out of minority shareholders in 2Q 2007

On 1 January 2008, the former CSOB Slovak branch started operating as a separate legal entity.

Note 42: Post-balance sheet events

Significant (non-adjusting) events between the balance sheet date (31 March 2008) and the publication of this report (15 May 2008):

- KBC and BAWAG P.S.K., the shareholder of Istrobanka, reached agreement for KBC to acquire full ownership of Istrobanka, the 10th largest bank in terms of assets in Slovakia. The deal values the bank at €350 million, 3.5 times its book value. KBC is already present in Slovakia through its subsidiary ČSOB, and the combination will result in the 4th largest banking operation in Slovakia, with a market share of approximately 10%.
  The deal is subject to regulatory approval by the Central Bank of Slovakia and the Anti-Trust Commission. KBC expects the deal to be closed during the third quarter of 2008 at the latest.
- KBC will start to structure sales process for its stake in NLB (Slovenia). On reassessing its investment in Nova Ljubljanska banka (NLB) in 2006, KBC decided to position itself as a purely financial investor in the Slovene bank. In 2Q 2008 KBC has set the terms and conditions for a comprehensive structured process that will govern any future sale of KBC's 34% stake in NLB to a third party and the divestment of KBC's 50% stake in NLB Vita.
  NLB will be treated under IFRS5 as a non-current asset held for sale from 2Q 2008 on.

Note 43: General information (IAS 1)

Note available in the annual report only.

Auditor's report

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 2008 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 2008 and the related interim condensed consolidated income statement, statement of changes in equity and cash flow statement 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 2008

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor

represented by

Jean-Pierre Romont
Partner
Ref.: 08JPR0135

Glossary and other information

Glossary and other information

KBC Group, 1Q 2008

Glossary of ratios used

CAD ratio (banking)

[consolidated regulatory capital] / [total risk-weighted volume]. Detailed calculations in the 'Solvency' section of this part.

Claims reserve ratio

[average net provision for claims outstanding (excl.life part)] / [net earned premiums]

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].

Gearing ratio

[sum of the consolidated equity of KBC Bank, KBC Insurance, KBL EPB and KBC Global Services] / [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 capital of KBC Insurance] / [minimum required capital of KBC Insurance]. Detailed calculations in the 'Solvency' section of this part.

Tier-1 ratio (banking)

[consolidated tier-1 capital] / [total risk-weighted volume]. Detailed calculations in the 'Solvency' section of this part.

Credit ratings

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

Since 31-12-2007, only one change occurred in these ratings: Moody's changed the outlook for the long-term rating from stable to negative for KBC Bank and KBC Group NV.

Ratings, 31-03-2008	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	(negative)	P1
KBC Group NV	Aa3	(negative)	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	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. All of these shares were cancelled.

End 2006, KBC announced a new 3 billion euros share buyback programme for the next three years. The purchases are effected on the open market. No dividends 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. As at 31 March 2008, the number of treasury shares bought under this programme stood at 12 586 312.

KBC Group shares, 31-03-2008[1]	number
Ordinary shares	355 118 679
of which held by KBC Group companies (treasury shares)	17 545 949
Related to the share buy-back programme ad 3 billion (2007-2009)	12 586 312
Other [2]	4 959 637
Mandatorily convertible bonds (MCBs)[3]	2 585 989

1 Data based on value date.
2 Includes, inter alia, shares held for ESOP and shares held in the trading books of KBC Securities and KBC Financial Products.
3 Number of shares on conversion.

As of 15 May 2008, the share buyback plan is temporarily suspended.

Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2007	31-03-2008
By business unit		
Belgium	161 680	159 725
Central & Eastern Europe and Russia	12 999	13 558
Merchant Banking	2 249	2 120
European Private Banking	54 462	51 271
Total	231 390	226 675
By product or service		
Investment funds for private individuals	92 572	88 856
Assets managed for private individuals	81 874	78 754
Assets managed for institutional investors	39 778	41 718
Group assets (managed by KBC Asset Management)	17 165	17 347
Total	231 390	226 675

Solvency

KBC Bank

In millions of EUR	KBC BANK	31-12-2007 Basel I	31-12-2007 Basel II	31-03-2008 Basel I	31-03-2008 Basel II
Regulatory capital					
Regulatory capital, KBC Bank (after profit appropriation)		15 543	15 723	15 459	15 517
Tier-1 capital		11 525	10 942	11 484	10 929
Parent shareholders' equity		12 342	12 342	11 562	11 562
Intangible fixed assets		- 197	- 197	- 201	- 201
Goodwill on consolidation		- 1 811	- 1 811	- 1 847	- 1 847
Preference shares / Hybrid tier-1		1 694	1 694	1 610	1 610
Minority interests		584	584	590	590
Elimination	Mandatorily convertible bonds	- 186	- 186	- 186	- 186
	Revaluation reserve available-for-sale assets (AFS)	46	46	166	166
	Hedging reserve (cashflow hedges)	- 73	- 73	0	0
	Minority interest in AFS reserve & hedging reserve, cashflov	2	2	5	5
Dividend payout		- 876	- 876	- 216	- 216
Items to be deducted (*)		-	- 583	-	- 555
Tier-2 & 3 capital		4 018	4 782	3 975	4 588
Mandatorily convertible bonds		186	186	186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)		581	581	582	582
Revaluation reserve, available-for-sale shares (at 90%)		154	154	93	93
Minority interest in revaluation reserve AFS shares (at 90%)		2	2	- 1	- 1
IRB provision excess		0	139	0	16
Subordinated liabilities		4 285	4 285	4 248	4 248
Tier-3 capital		18	18	19	19
Items to be deducted (*)		- 1 208	- 583	- 1 152	- 555
Weighted risks					
Total weighted risk volume		147 444	128 536	148 792	129 787
Credit risk		136 677	107 461	136 884	103 415
Market risk		10 767	12 329	11 908	13 981
Operational risk		-	8 747	-	12 391
Solvency ratios					
Tier-1 ratio		7.8%	8.5%	7.7%	8.4%
CAD ratio		10.5%	12.2%	10.4%	12.0%

(*) In the Basel I calculation, all of the items to be deducted are subtracted 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 on financial institutions in which KBC Bank has between a 10% to 50% share (predominantly NLB), as well as KBC Group shares held by KBC Bank.

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 being used in all entities throughout the group from 1Q08 on (as at 31-12-2007, the end of the transition year, this was not yet the case). The main Basel II method used is IRB foundation (roughly 70% of the weighted risks), while the weighted risks of the other companies (roughly 30% of the weighted risks) are calculated following the standardised method. Moreover, in the Basel II calculation, the ‘IRB credit provision excess (i.e. the difference between the loan loss impairment on the balance sheet and the expected loss) is added to the tier-2 capital, while in case of shortage it is substracted 50% from tier 1-capital and 50% from the tier-2 capital. Moreover 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 fully standardised.

KBL EPB

In millions of EUR	KBL EPB	31-12-2007 Basel I	31-03-2008 Basel I	31-03-2008 Basel II
Regulatory capital				
Regulatory capital, KBL (after profit appropriation)		1 447	1 443	1 443
Tier-1 capital		881	890	890
Parent shareholders' equity		1 308	1 125	1 125
Intangible fixed assets		- 47	- 46	- 46
Goodwill on consolidation		- 242	- 242	- 242
Preference shares / Hybrid tier-1		121	127	127
Minority interests		0	0	0
Elimination	Other tier-2 instruments	- 18	- 18	- 18
	Revaluation reserve, available-for-sale assets (AFS)	- 39	- 14	- 14
	hedging reserve (cashflow hedges)	0	0	0
	Minority interest in AFS reserve & hedging reserve, cashflow hed(	0	0	0
Dividend payout		- 201	- 42	- 42
Items to be deducted (*)		-	-	- 1
Tier-2 capital		565	553	553
Mandatorily convertible bonds		0	0	0
Perpetuals (incl. hybrid tier-1 not included in tier-1)		18	18	18
Revaluation reserve, available-for-sale shares (at 90%)		79	56	56
Minority interest in revaluation reserve, available-for-sale shares (at 90%)		0	0	0
		-	-	-
Subordinated liabilities		469	480	480
Tier-3 capital		0	0	0
Items to be deducted (*)		- 1	- 2	- 1
Weighted risks				
Total weighted risk volume		6 610	7 240	8 378
Credit risk		5 954	6 525	6 469
Market risk		655	715	765
Operational risk		-	0	1 144
Solvency ratios				
Tier-1 ratio		13.3%	12.3%	10.6%
CAD ratio		21.9%	19.9%	17.2%

(*) 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 has between a 10% to 50% share.

KBC Insurance

in millions of EUR	31-12-2007	31-03-2008
Available capital		
Share capital	29	29
Share premium account	122	122
Reserves	2 600	2 173
Revaluation reserve available-for-sale (AFS) investments	953	270
Translation differences	37	36
Dividend payment (-)	- 617	- 171
Minority interests	35	33
Subordinated liabilities	0	0
Intangible fixed assets (-)	- 24	- 23
Goodwill on consolidation (-)	- 495	- 491
Available capital	2 641	1 978
Required capital		
Non-life and industrial accidents - legal lines	301	316
Annuities	8	8
Subtotal, non-life	308	324
Class 21	661	690
Class 23	24	18
Subtotal, life	685	708
Other	4	5
Total required solvency margin	997	1 037
Solvency ratios and surplus		
Solvency ratio (%)	265%	191%
Solvency surplus, in millions of EUR	1 643	941

Risk management information

Extensive risk management data for 31-12-2007 is provided in KBC's 2007 Annual Report. A summary update of this information is provided below. For an explanation regarding the methodology used, please refer to the 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 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)	31-12-2007	31-03-2008
Total loan portfolio (in billions of EUR)		
Amount granted	208.2	212.0
Amount outstanding	163.5	168.8
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	27.9%	28.0%
Central & Eastern Europe and Russia Business Unit	21.4%	22.1%
Merchant Banking	48.8%	48.0%
European Private Banking	1.9%	1.9%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.6%	6.5%
Electricity	1.8%	1.8%
Aviation	0.4%	0.4%
Automobile industry	2.6%	2.4%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 446	3 361
Specific loan impairment	2 048	2 009
Portfolio-based loan impairment	186	175
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	0.13%	0.03%
Central & Eastern Europe and Russia Business Unit[1]	0.26%	0.38%
Merchant Banking	0.02%	-0.10%
European Private Banking	1.03%	0.21%
Total	0.13%	0.06%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 386	2 451
Specific loan impairment for NP loans	1 505	1 615
Non-performing ratio, per business unit		
Belgium	1.6%	1.6%
Central & Eastern Europe and Russia Business Unit	2.1%	2.0%
Merchant Banking	1.0%	1.0%
European Private Banking	1.7%	3.1%
Total	1.5%	1.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	63%	66%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	94%	89%

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

[1]Broken down as follows for 31-03-2008:

CZ: 0.291%, SK: 0.601%, Hungary: 0.048%, Poland: 0.643%, Russia: 0.816%

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 Bank Deutschland, IIB Bank, KBC Bank Nederland, Antwerp Diamond Bank, ČSOB CZ, CSOB SK, K&H Bank, Kredyt Bank, KBL EPB, Absolut Bank and KBC Credit Investments.

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 2007	70
Average 2Q 2007	54
Average 3Q 2007	44
Average 4Q 2007	46
Average 1Q 2008	59
31-03-2008	69
Maximum in 3M 2008	69
Minimum in 3M 2008	48

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2007	31-03-2008
Bonds and other fixed-income securities	14 643	14 605
Shares and other variable-yield securities	4 328	3 749
Other securities	20	29
Loans and advances to customers	156	163
Loans and advances to banks	1 775	1 907
Property and equipment and investment property	285	351
Liabilities under investment contracts, unit-linked	9 099	8 626
Other	112	111
Total investment portfolio KBC Insurance	30 417	29 539

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) and for KBC Financial Products.

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products
Average 1Q 2006	4	9
Average 2Q 2006	4	12
Average 3Q 2006	3	8
Average 4Q 2006	3	7
Average 1Q 2007	4	10
Average 2Q 2007	4	10
Average 3Q 2007	4	13
Average 4Q 2007	5	15
Average 1Q 2008	5	15
31-03-2008	4	11
Maximum in 3M 2008	6	30
Minimum in 3M 2008	3	10

Powerpoint presentation

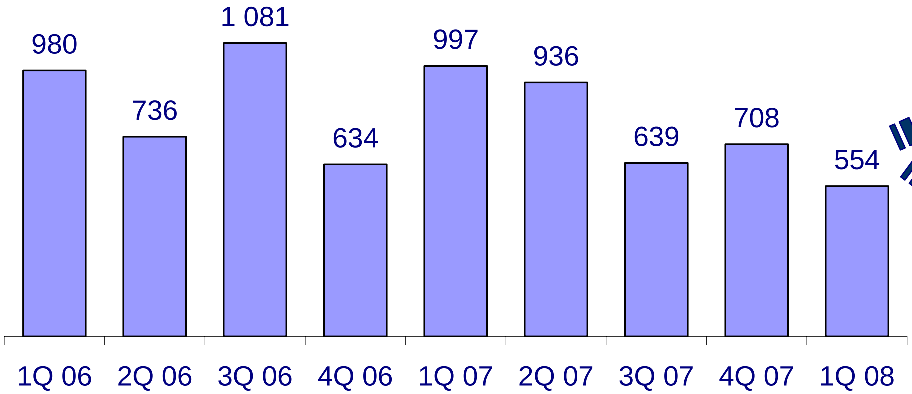
1Q 2008

financial performance

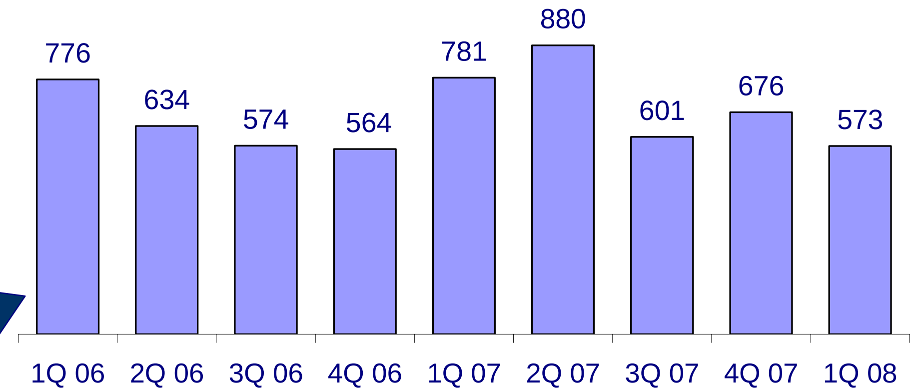
Highlights

Quarter under review - Financial highlights

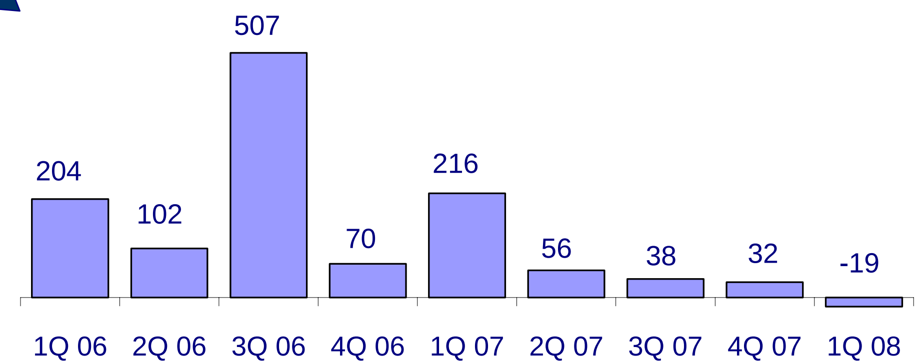
Reported net profit



Underlying net profit



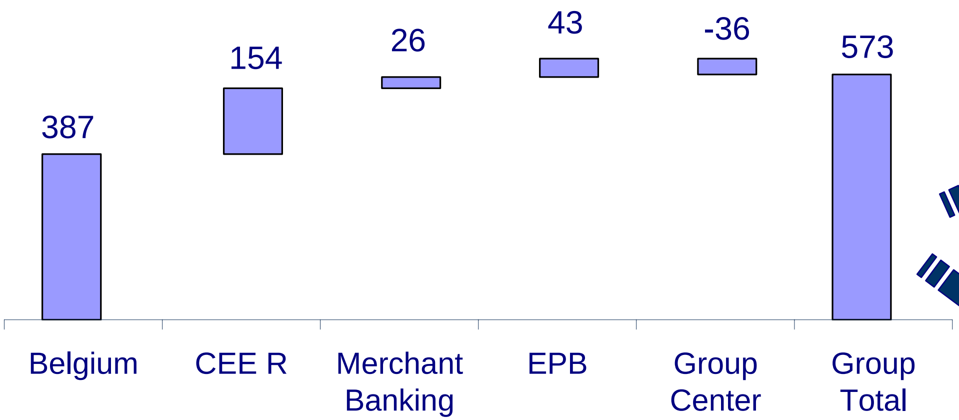
Exceptional items



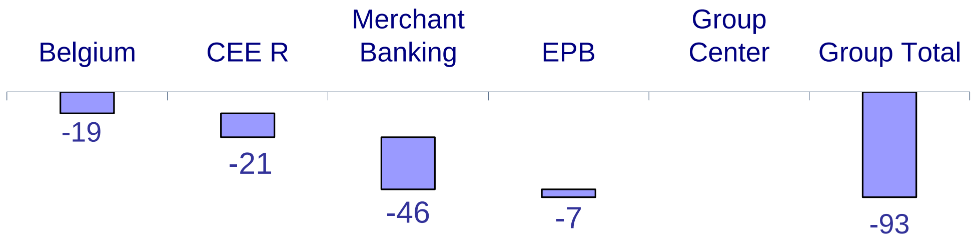
Note:
All of the following slides of this presentation refer to underlying P&L figures
All figures are in m euros

1Q 08 P&L impact of subprime exposure

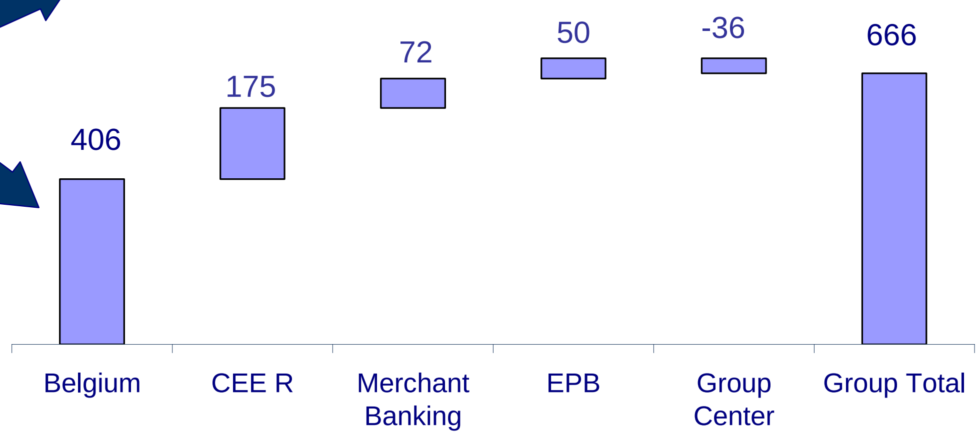
Underlying net profit



MtM adjustment related to subprime exposure (after tax)



Underlying net profit excl. MtM adjustment related to subprime exposure



y/y growth: +24% +17% -73% -4%

Note:
EPB stands for European Private Banking
All figures are in m euros

Quarter under review – Financial headlines

- Underlying net profit at 573m
- Encouraging volume growth: mortgages in Belgium up 10% y/y, up 50% in CEE
- Underlying NII up 10% y/y in Belgium and 21% in CEE
- Life insurance sales up 54% y/y
- Decline in broad equity indices (-17% q/q) weighed on trading and asset management operations
- Limited markdowns of structured credit investments portfolio (after-tax P&L impact: 93m, impact on equity: 61 m). No further accrual of provisions to cover exposure to monoline insurers
- Very low loan losses only, YTD LLR at 6 bps
- Solvency remained robust. Tier-1 ratio, stood at 8.6% according to Basel II (8.0% under Basel I). Solvency ratio, insurance stood at 191%
- Notwithstanding the robust solvency, but just to be cautious the share buyback has been temporarily suspended

Developments in 2Q 2008

- The second quarter up to now has shown a strong performance
- André Bergen, CEO:

  “As investment yields fell across asset classes and volatility remained high, merchant banking and asset management performances suffered. However, we were happy to see that the performances of the second half of the quarter showed clear signs of improvement. These improvements have accelerated further during the first half of the second quarter.”

Analysis of results

Group

Volumes y/y

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	149	49	197	227	23
Growth, y/y	**+19%**	**+20%**	**+5%**	**+5%**	**+6%**
Belgium	**+16%**	**+10%**	**+14%**	**+7%**	**+5%**
CEE R	**+26%**	**+50%**	**+8%**	**+20%**	**+15%**
- Czech Republic	+27%	+51%	+8%	+15%	+7%
- Slovakia	+23%	+43%	+24%	+42%	+24%
- Hungary	+11%	+28%	+1%	+23%	+34%
- Poland	+48%	+87%	+9%	+29%	+24%
Merchant Banking	**+4%**	**-**	**-25%**	**-**	**-**
Private Banking	**-**	**-**	**-**	**-7%**	**+9%**

Notes:

- Organic growth rates only
- Growth rates excluding repo and reverse repo actvities
- Trends for CEE in local currency

Volumes q/q – non-annualised

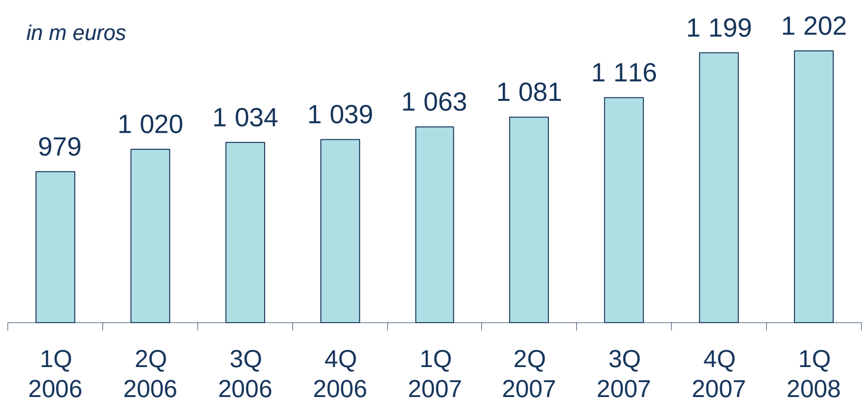
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	149	49	197	227	23
Growth, q/q	**+2%**	**+5%**	**+2%**	**-2%**	**+0%**
Belgium	**+1%**	**+3%**	**+3%**	**-1%**	**+2%**
CEE R	**+4%**	**+10%**	**+0%**	**+2%**	**+1%**
- Czech Republic	+2%	+7%	+2%	+4%	+1%
- Slovakia	+11%	+8%	-9%	+15%	+2%
- Hungary	+0%	+9%	-4%	+2%	-2%
- Poland	+10%	+13%	+8%	-7%	-1%
- Serbia	+19%	+10%	-14%	-	-
- Russia	+11%	+16%	-14%	-	-
- Bulgaria	+16%	+12%	-11%	-	+ 4%
Merchant Banking	**-1%**	**-**	**-3%**	**-**	**-**
Private Banking	**-**	**-**	**-**	**-6%**	**+1%**

Notes:

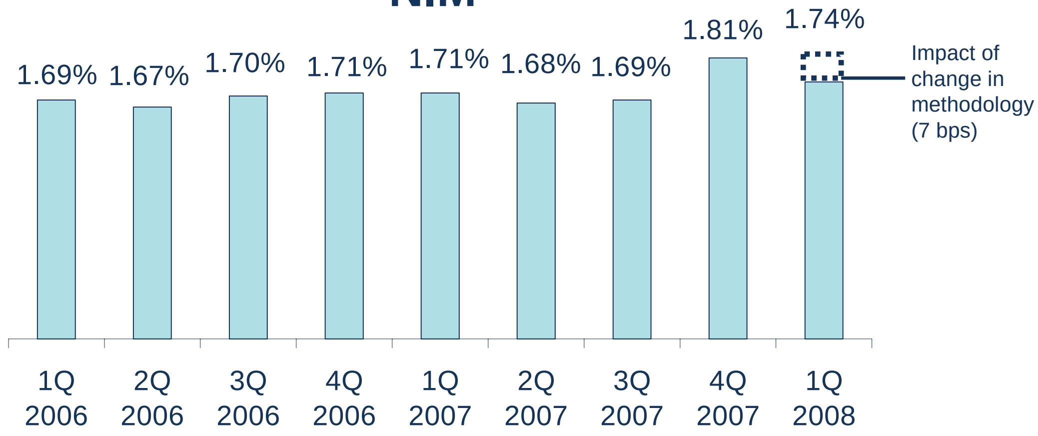
- Organic growth rates only
- Growth rates excluding repo and reverse repo actvities
- Trends for CEE in local currency

Revenue trend - Group

NII



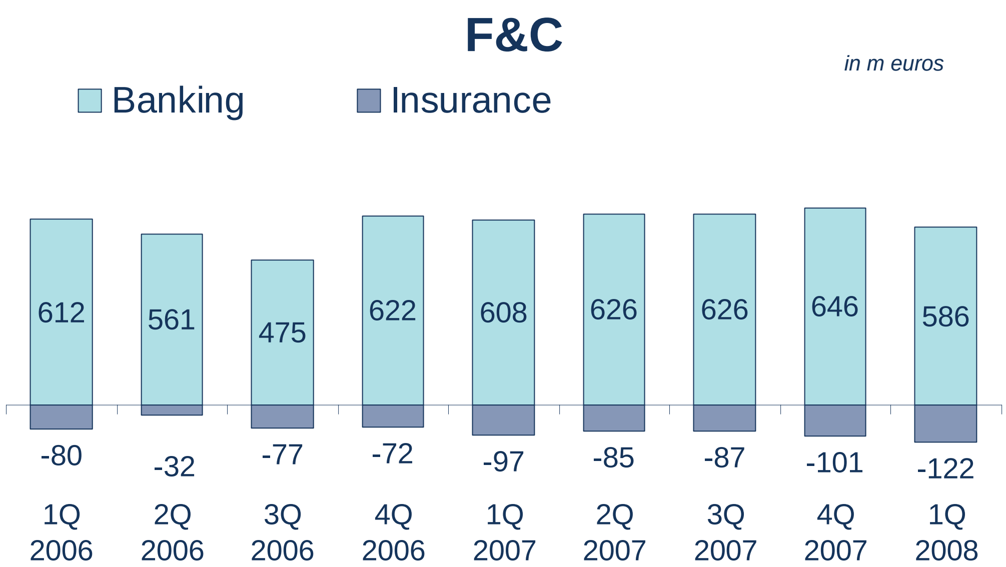
NIM*

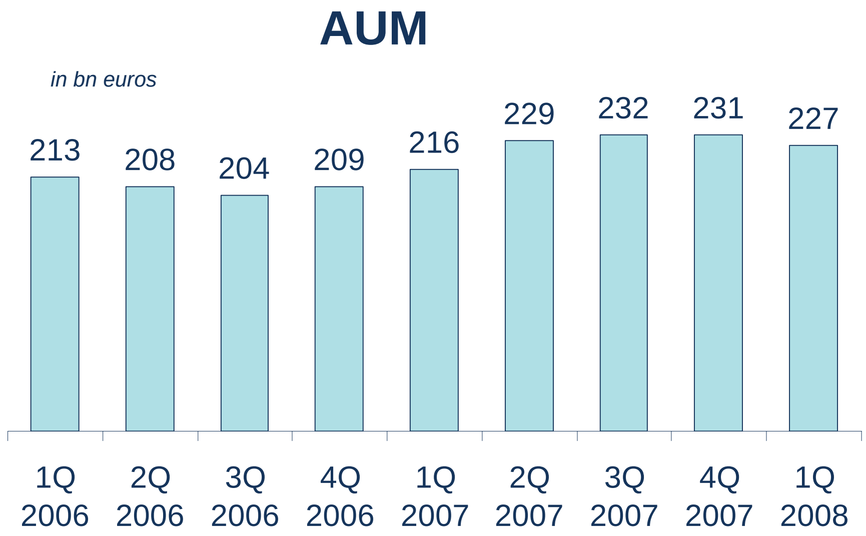


* Net Interest Margin equals Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

- NII (1 202 m) up 13% y/y (excl. new acquisitions +10%) and roughly flat q/q as a balance of:
  - Rising volumes throughout the group, e.g.: loans up 19% y/y and 2% q/q
  - NIM (1.74%) slightly up y/y, but down 7 bps q/q on account of a change in accounting of lease finance and ALM derivatives (- 40m impact, recurring)

Revenue trend - Group

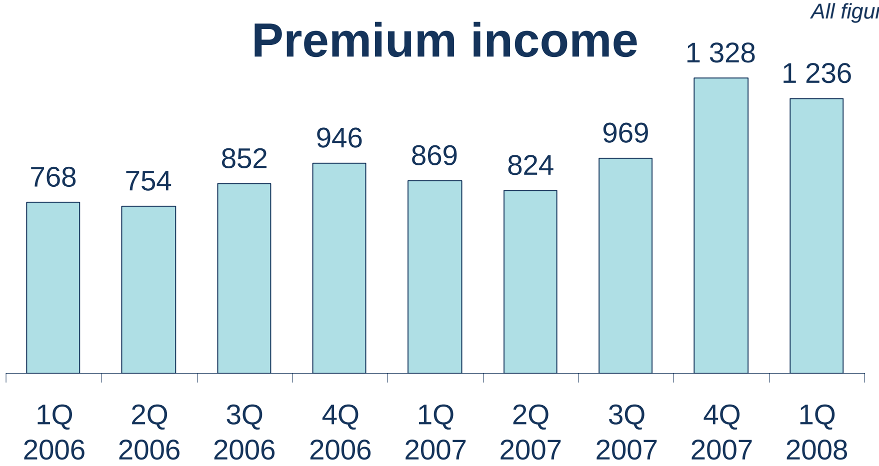


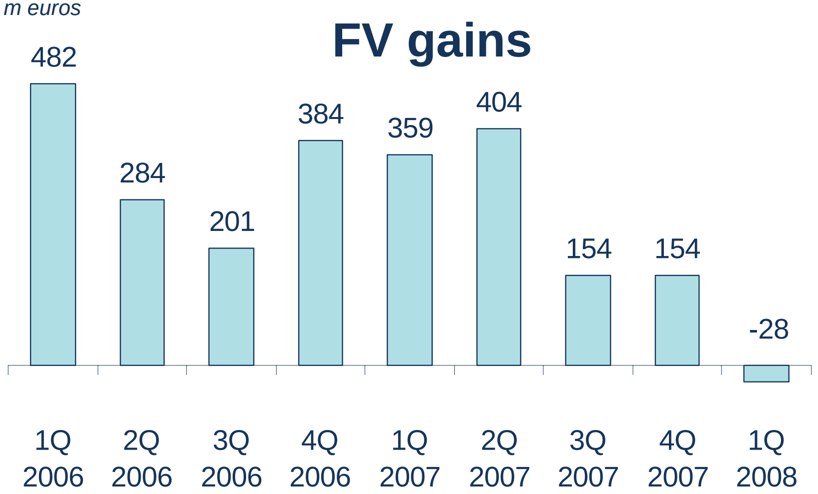


- Net F&C (464m) -15% q/q and -9% y/y on a comparable basis, as the result of:
  - Lower fees received for banking and asset management (-9% q/q, -4% y/y) due to the stock market volatility
  - Higher commissions paid for higher insurance sales
- AUM (227 bn) down 2% q/q and up 5% y/y. Net inflows at 3% q/q and 9% y/y, offest by negative price effect

Revenue trend - Group

All figures are in m euros



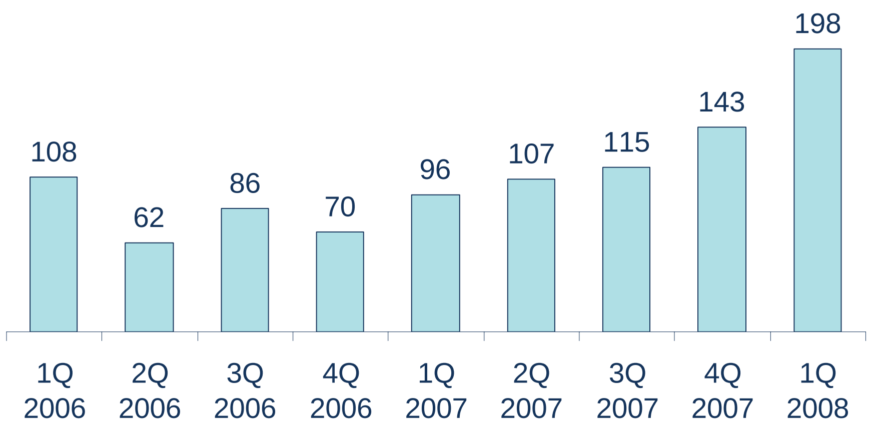


- Earned premium, insurance (1 236m) down 7% q/q due to 13% drop in life insurance sales (4Q 07 boosted by traditional marketing campaign for investment and life insurance products)
- Earned premiums up 42% y/y (life insurance sales up 72% y/y, on a like-for-like basis)
- FV gains (-28m) significantly down q/q and y/y:
  - difficult capital market situation
  - MTM adjustments on CDO portfolio: 141m pre-tax (vs. 114m in 4Q 07), 93m after-tax (vs. 70m in 4Q 07)

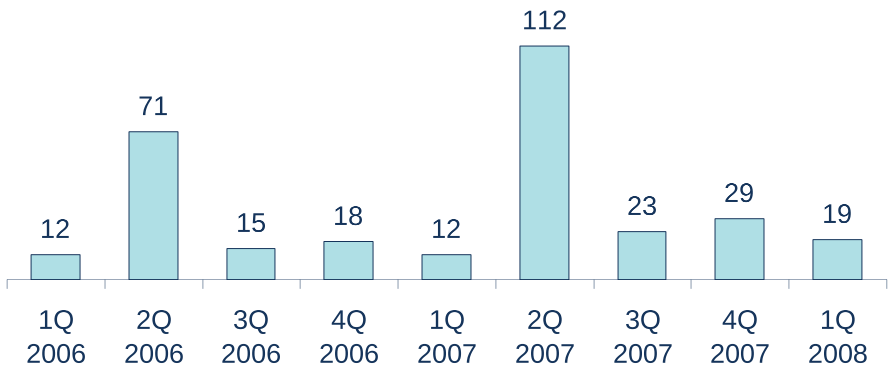
Revenue trend - Group

All figures are in m euros

AFS realized gains



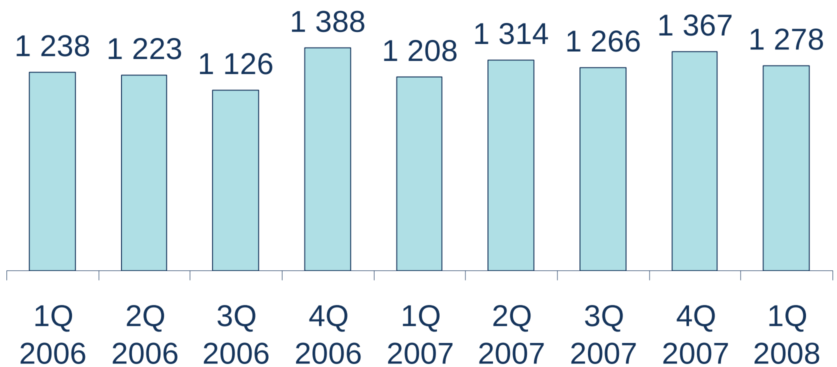
Dividend income



- AFS gains (198m) higher than 2007 quarterly average (net of impairment by 65m), related predominantly to shares sold in the investment portfolio of the insurance business (Business Unit Belgium)
- Reasons for higher realized gains:
  - during 1Q it was decided to go somewhat underweight in shares
  - capital gains realization to compensate for higher-than-average impairments on shares
- Dividend income (19m) in line with the previous quarters (seasonal peak in the second quarter)

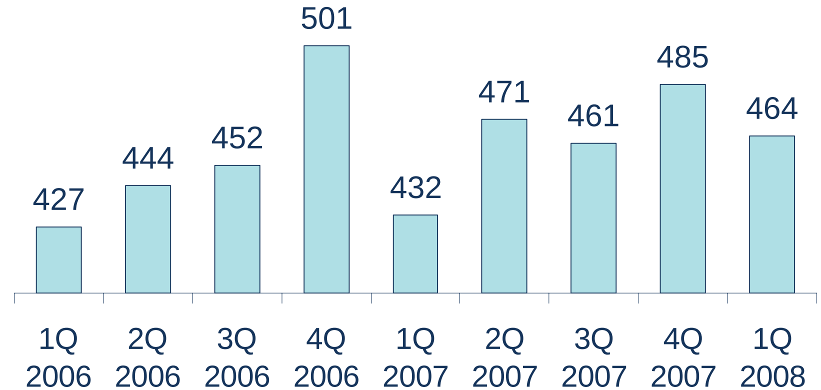
Operating expenses - Group

Operating expenses, consolidated

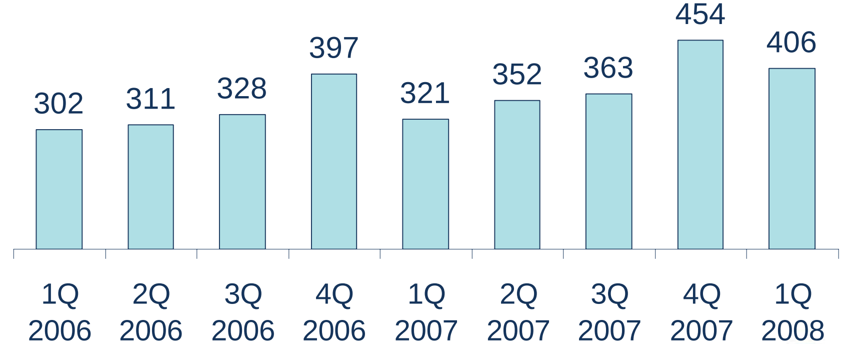


C/I, banking	FY 06	FY 07	1Q 08
Belgium	58%	59%	59%
Czech Republic	57%	53%	51%
Slovakia	-	-	60%
Hungary	63%	59%	52%
Poland	72%	70%	66%
Russia	-	72%	68%
Merchant Banking	50%	53%	85%
Private Banking	73%	65%	65%
Total	**58%**	**58%**	**66%**

Operating expenses, Belgium



Operating expenses, CEE R



All figures are in m euros

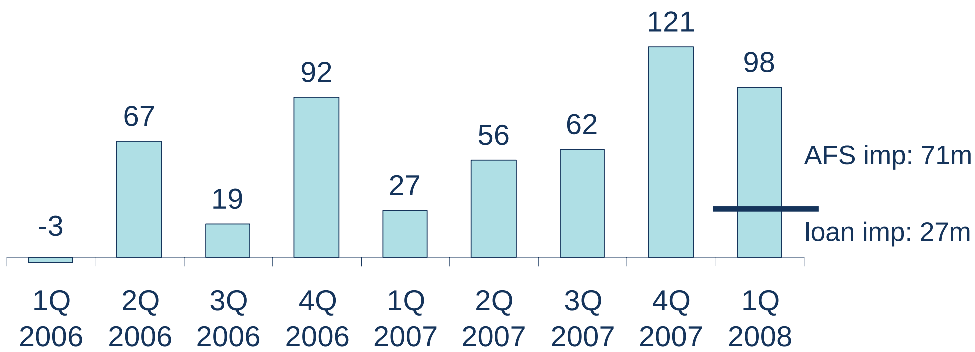
Operating expenses - Group

- q/q evolution: expenses down 7% on comparable basis, thanks to:
  - strict cost control,
  - lower profit-related remuneration
- 1Q 08 expenses contain 22m take-back of redundant provisions of risks and charges (41m in 4Q 07)
- y/y developments: increase less than 1% on a comparable basis (6% including new acquisitions and FX changes)
- YTD C/I ratio at 66% (underlying), up from FY 07 level (58%), essentially due to lower total banking income

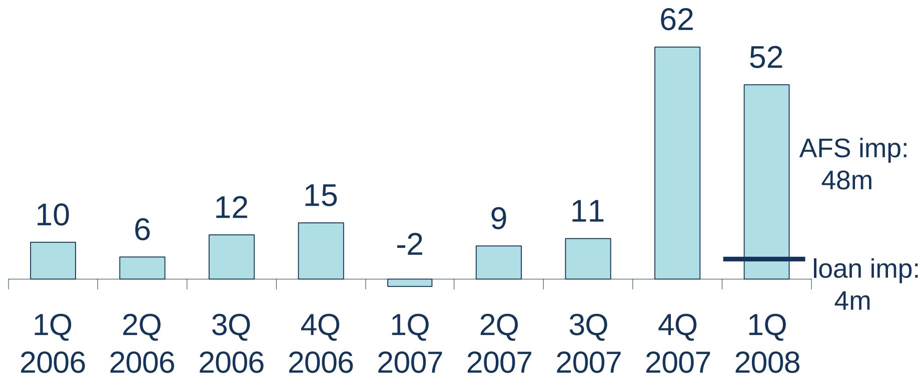
Impairment - Group

All figures are in m euros

Impairment, consolidated

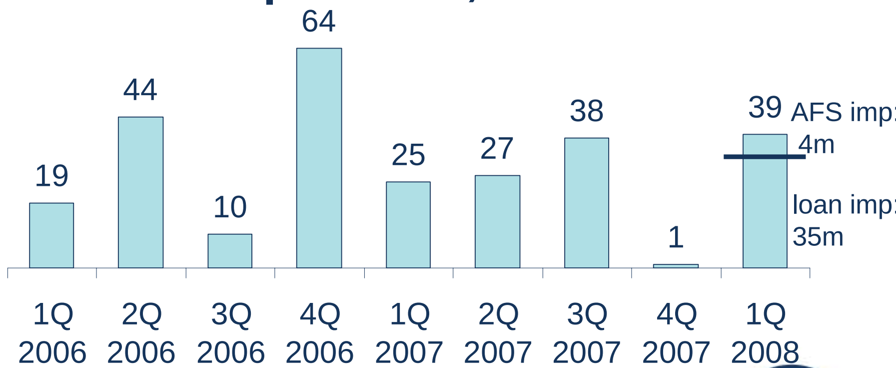


Impairment, Belgium



Loan loss ratio	FY 06	FY 07	1Q 08
Belgium	0.07%	0.13%	0.03%
Czech Republic	0.36%	0.18%	0.29%
Slovakia	-	0.96%	0.60%
Hungary	1.50%	0.62%	0.05%
Poland	0.00%	0.00%	0.64%
Russia	-	0.21%	0.82%
Merchant Banking	0.00%	0.02%	0.00%
Total	**0.13%**	**0.13%**	**0.06%**

Impairment, CEE R



Impairment - Group

- 1Q 08 total impairment: 98m, of which:
  - 27m related to the loan portfolio
  - 71m related to AFS securities
- YTD LLR 6 bps on Group level: still very low (13 bps in FY 07)
- Overall loan quality continues to be sound. NPL ratio stable at 1.5%

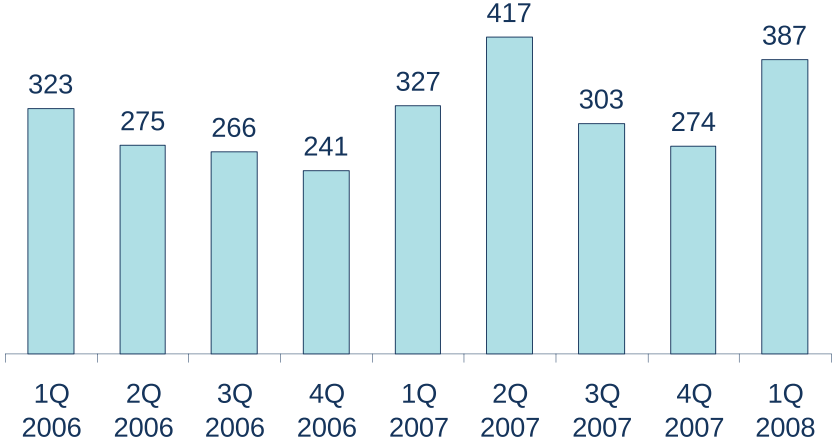
Note: All figures are before tax

Underlying profit performance per business unit

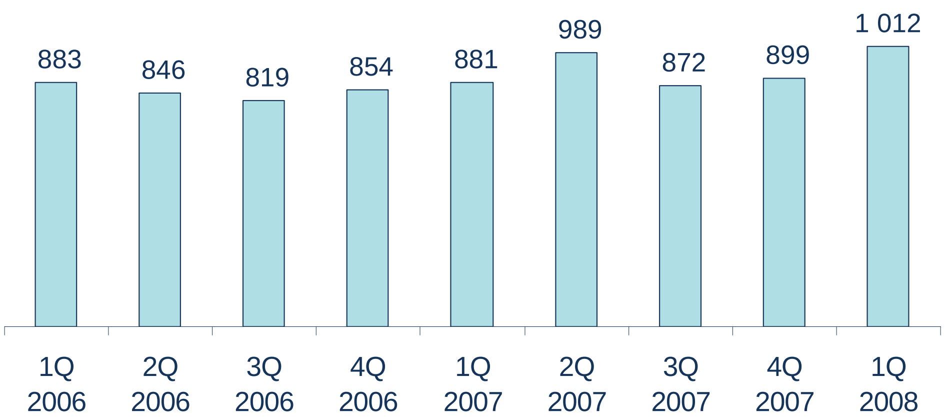
Business Unit Belgium

All figures are in m euros

Net profit

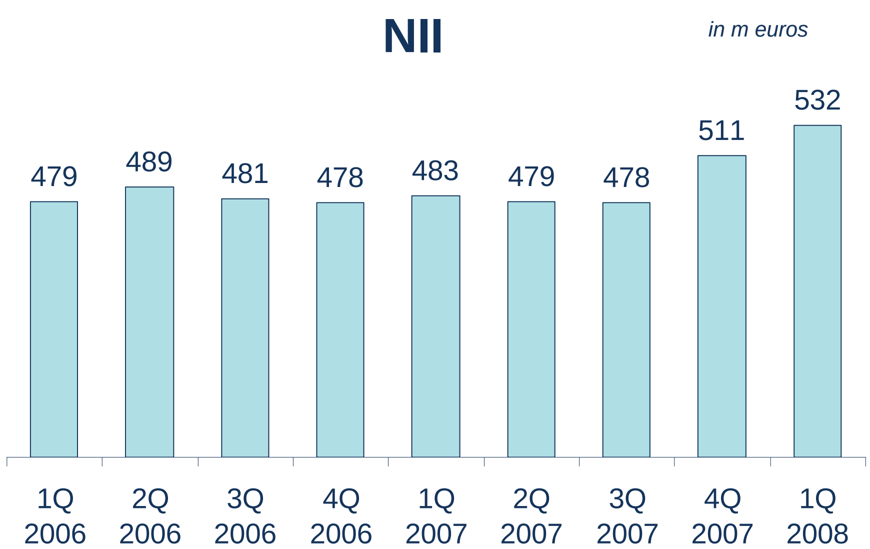


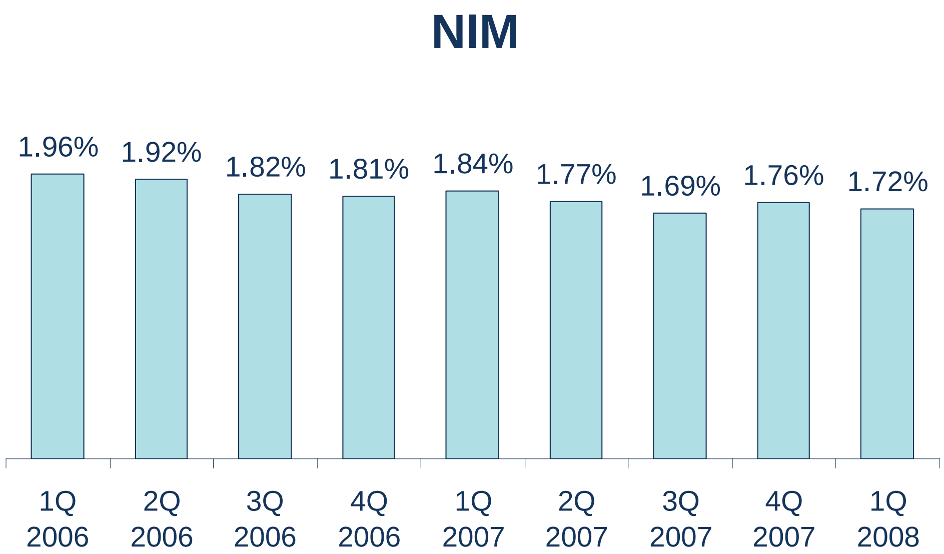
Total Income



- 1Q underlying net profit at 387m, up 41% q/q, 18% y/y
- Net profit supported by higher-than-average realised gains on investments (200m), net of impairment charges 65m higher than 2007 quarterly average
- Underlying YTD C/I ratio at 59% (in line with FY 07)
- YTD net combined ratio, non life insurance at low 88%
- YTD return on allocated capital 35% (26% with normalised level of capital gains)

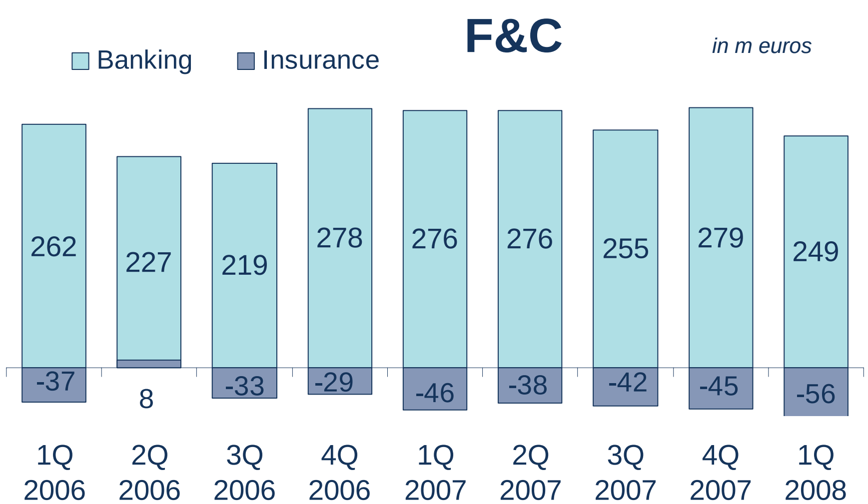
Business Unit Belgium (2)

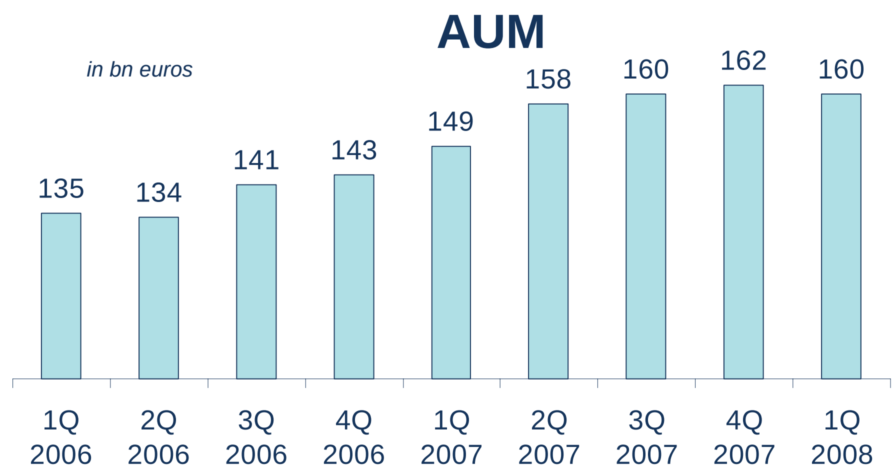




- NII (532m) up 4% q/q – continuing the strong trend started in 4Q 07
- NII up 10% y/y, resulted from:
  - brisk volume growth of loan and deposit (+16% and +14%, respectively)
  - positive impact from the capital increase in KBC Bank in 4Q 2007
- NIM stood at 1.72%, down 4 bps q/q (strong growth of low-margin deposits) and 12 bps y/y (flattening of yield curve and higher share of low-margin deposits)

Business Unit Belgium (3)



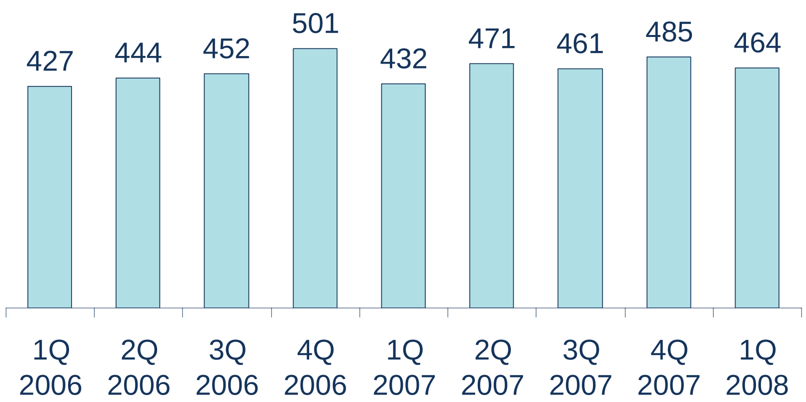


- F&C income (192m) down both q/q and y/y by 8% and 16%, respectively, due to:
    - High volatility in equity markets which led *inter alia* to decreased fees from sales of investment funds
    - increased fees and commissions paid to insurance agents
- AUM (160bn) down 1 % q/q (+3% net inflows, -4% price effect), up 7% y/y (12% net new inflows and -5% price effect)

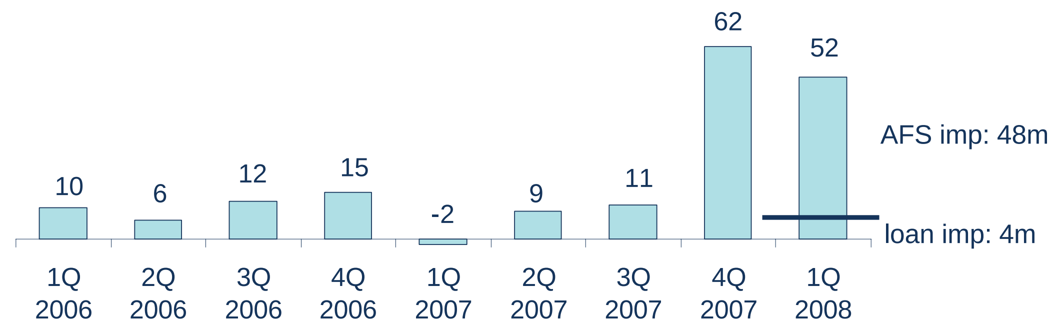
Business Unit Belgium (4)

All figures are in m euros

Operating expenses

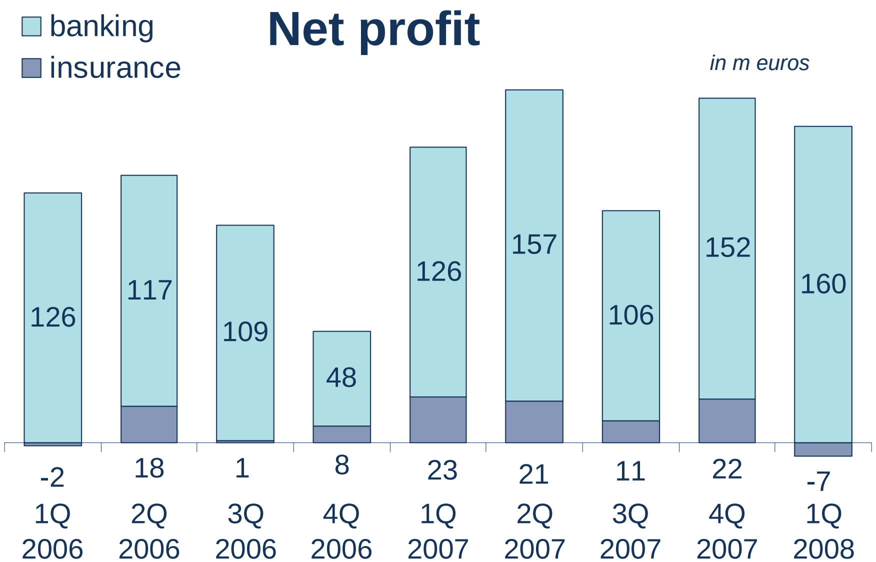


Impairment



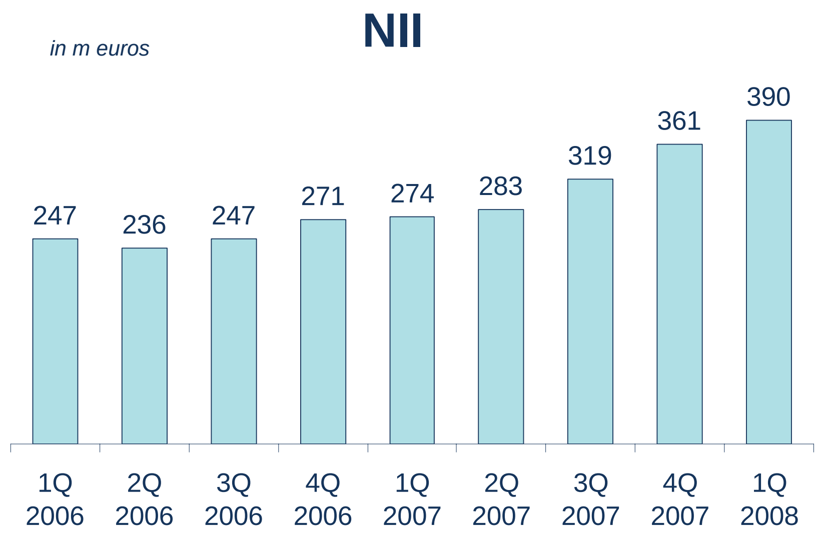
- Operating expenses (464m) down 4% q/q, mainly thanks to lower bonus accruals
- Costs up 7% y/y, as a result of:
  - inflationary pressure
  - number of one-offs, incl. 6m negative impact from staff hospitalisation costs (vs. 5m positive impact from retrieval of cost provisions in 1Q 07)
- Impairments on loans remained limited (4m, 2007 quarterly average: 15m), YTD LLR at 3bps (13 bps in 2007)
- Impairment on AFS assets impacted by difficult stock markets became relevant as of 4Q 07

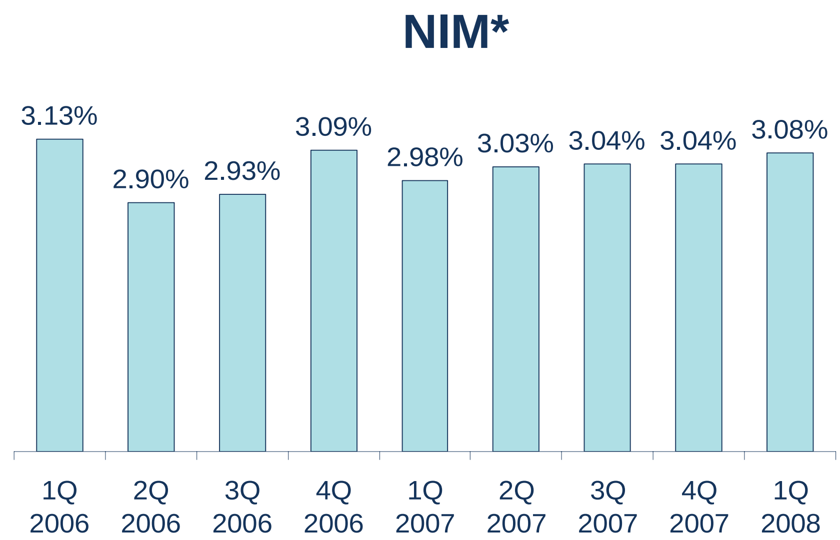
Business Unit CEE R



- Underlying net profit (154m), down 11% q/q, up 3% y/y
- Contribution of Czech Republic: 95m, Slovakia: 14m, Hungary: 40m, Poland: 31m, Russia: 6m, -33m for the remainder (incl. funding costs)
- Impact of ABS/CDO MtM: -28m pre-tax, -21m after-tax (in 4Q 07: -29m, -21m respectively)
- For the region as a whole, banking profit up 27% y/y, while insurance results down to -7m due to non-recurring factors, such as:
  - Changes in life insurance deficiency reserves in Czech Republic (11m q/q, 36m y/y)
  - First-time consolidation adjustments of DZI Insurance, Bulgaria

Business Unit CEE R (2)



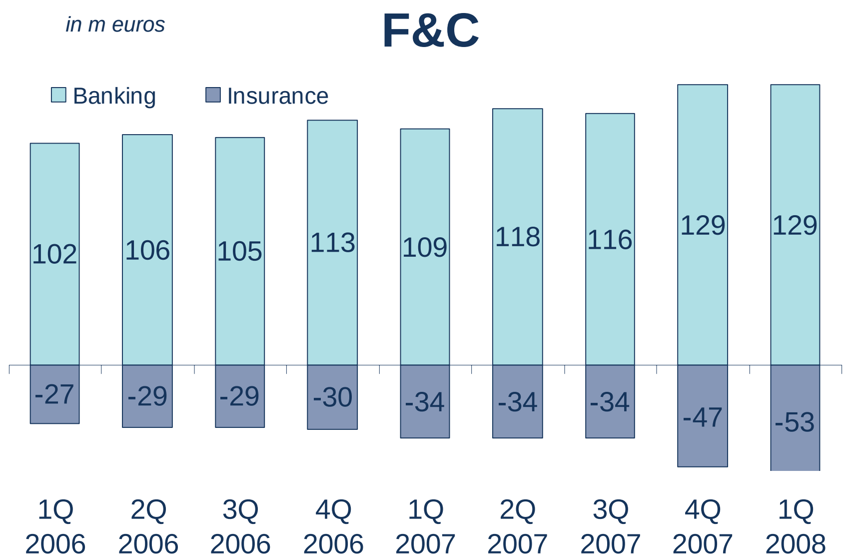


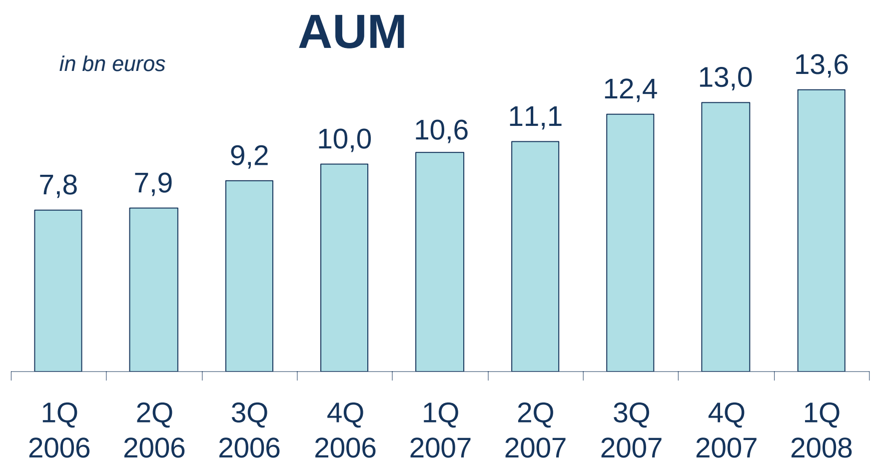
- Significant rise in NII (390m, by far the most important income item): up 5% q/q and 21% y/y on an organic basis, essentially thanks to continued robust volume growth throughout the region:
  - loan volumes: +26%, of which mortgages: +50%,
  - deposits: +8%

  (all figures above are organic growth y/y; exchange rate changes excluded)
- NIM up 4bps q/q and 10bps y/y

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

Business Unit CEE R (3)



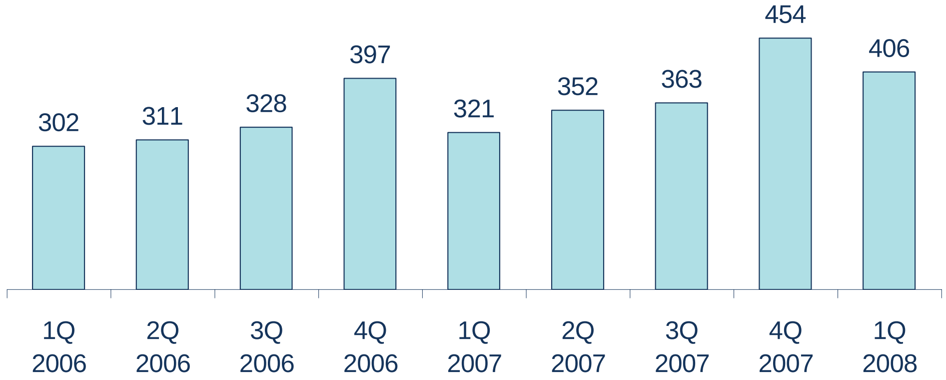


- Net F&C stood at 76m, as a result of:
  - F&C received (banking) down 1% q/q, up 5% y/y on a comparable basis
  - Increased commissions paid to insurance agents (organically: +11% q/q and +26% y/y), resulting from higher sales
- AUM up 2% q/q, 20% y/y on an organic basis, half of which thanks to new inflows (10 % points price effect)

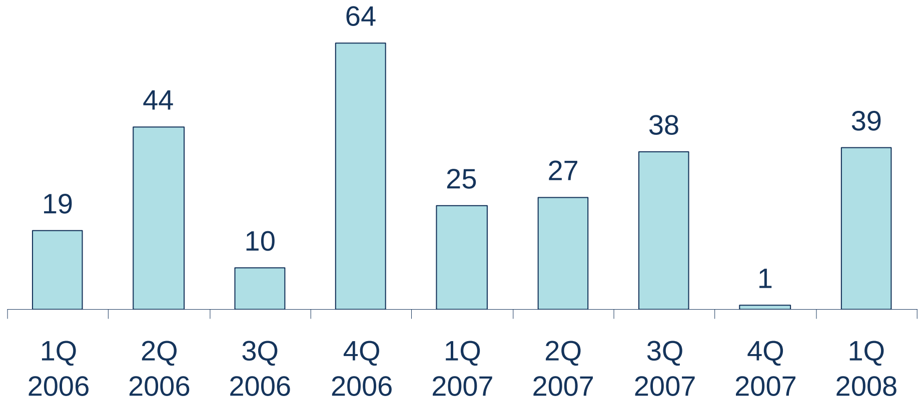
Business Unit CEE R (4)

All figures are in m euros

Operating expenses

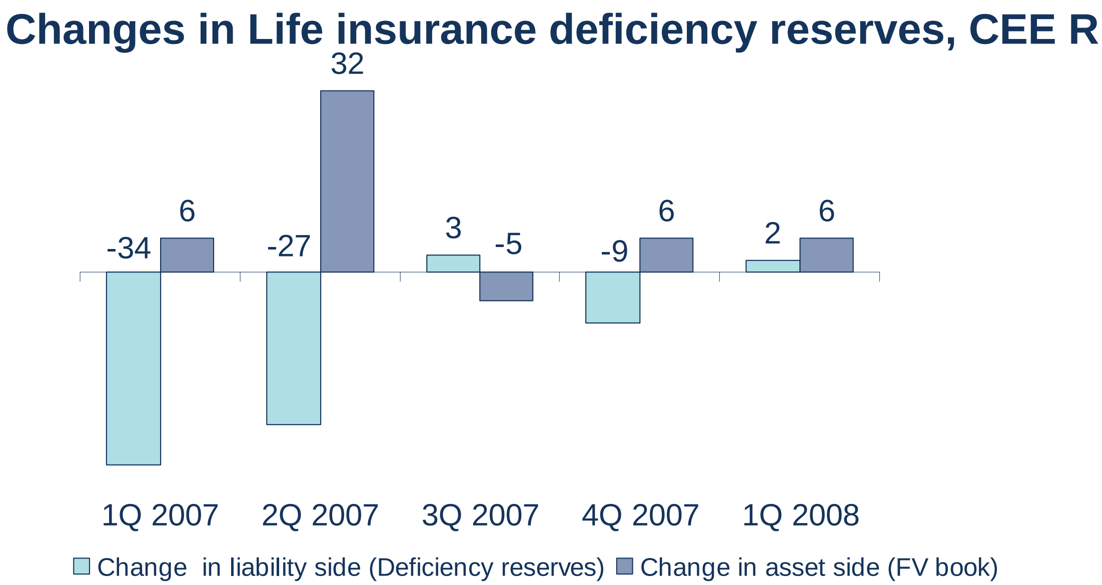


Impairment



- Operating expenses (406m) down 13% q/q:
  - 4Q 07 burdened by seasonality and start-up costs for consumer finance in Romania
  - 1Q 08 benefited from the write-back of a litigation provision in Hungary (impact +13m)
- Costs up 6% y/y, due to wage inflation and costs related to branch openings, among other things
- YTD C/I ratio (banking) at 61% (63% in FY 07)
- Impairments (39m) up q/q and y/y; 4Q 07 benefited from a retrieval of portfolio-based provisions (21m)
- YTD LLR for the region: 38 bps (26 bps in FY 07)

Business Unit CEE R (5)

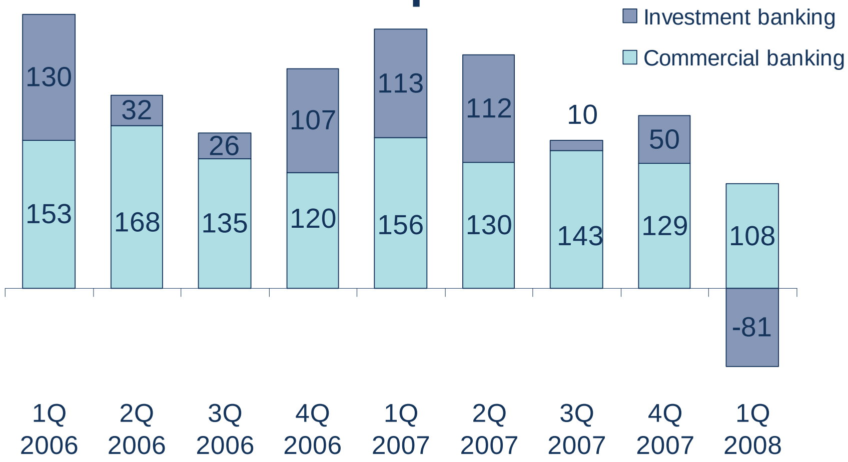


- Deficiency reserves built up to avoid negative consequences of a sustained decline in interest rates on long-term Life insurance liabilities
- Reserves set primarily for those products that are most susceptible to interest rate risk (i.e. guaranteed rate insurance products)
- Liabilities are re-invested in bonds, valued at market value
- Volatility between value changes in the asset side (FV book) and liability side (reserves) caused by valuing asset side on bond yield curve, but liabilities on swap yield curve

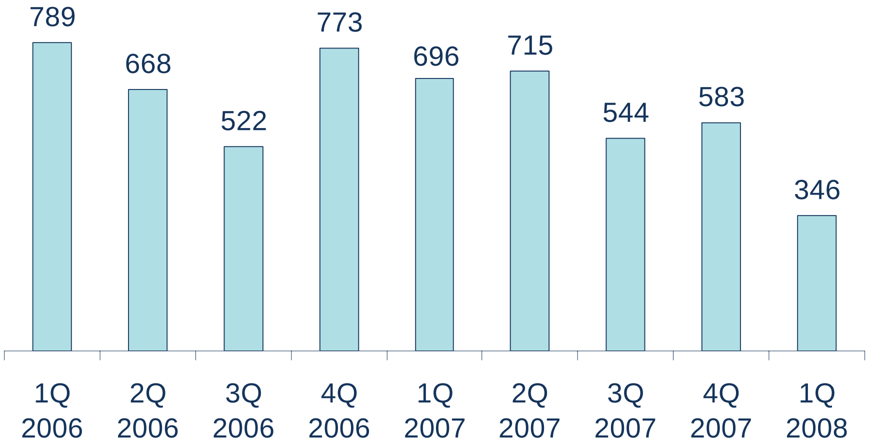
Business Unit Merchant Banking

All figures are in m euros

Net profit

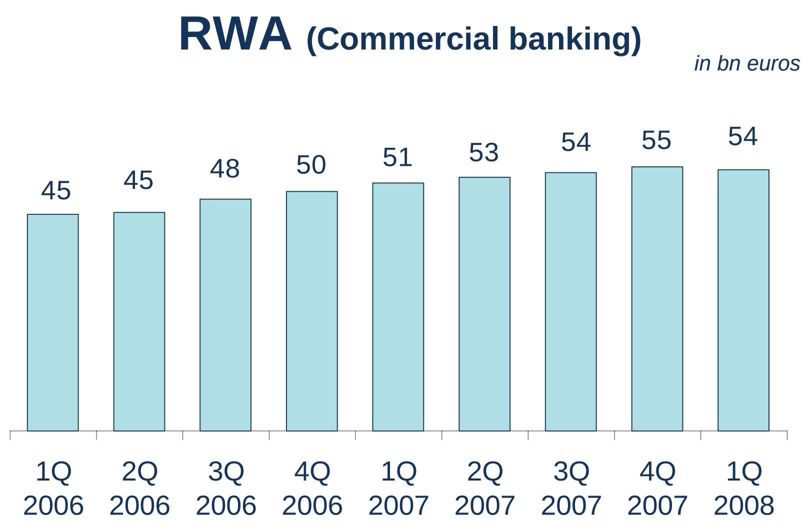


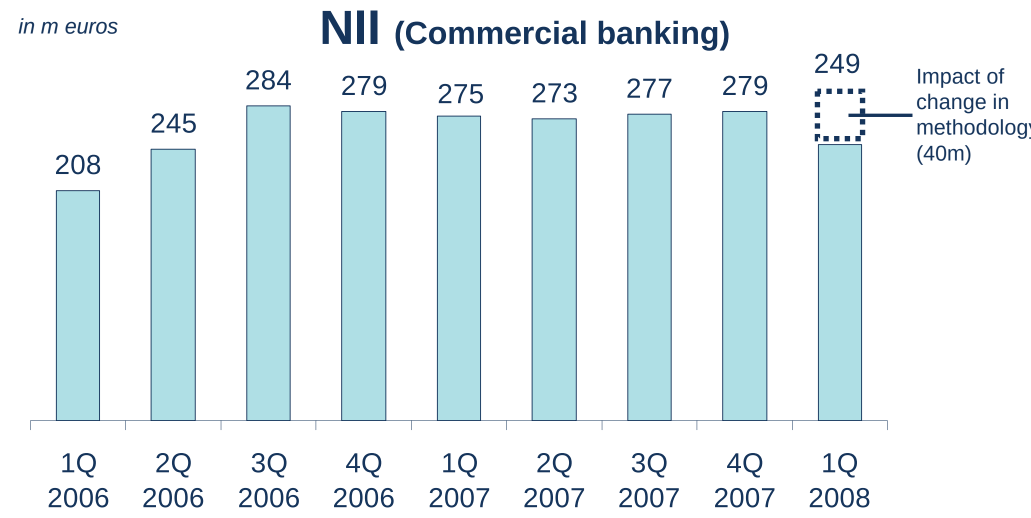
Total Income



- Underlying net profit at 26m:
  - 108m profit in commercial banking, down 23% on 2007 quarterly average
  - 81m loss for investment banking (vs. 71m quarterly average profit in 2007)
- Largely impacted by the adverse situation on financial markets
- MTM losses on CDOs: 74m pre-tax, 46m after-tax
- No additional credit valuation adjustments related to credit insurers (vs. -39m in 4Q 07)

Business Unit Merchant Banking (2)



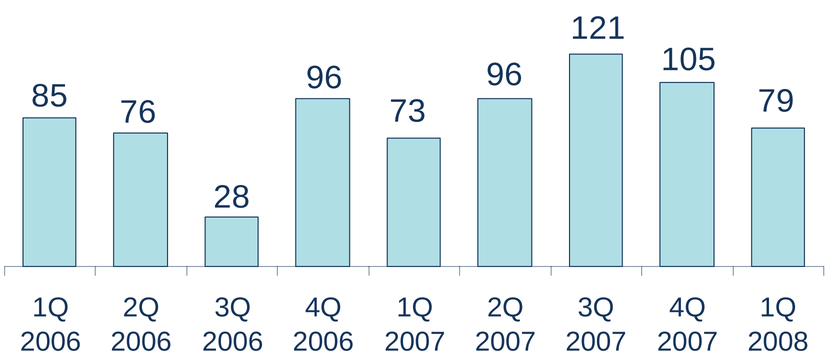


- NII (249m, related to commercial banking) up 4% q/q and 5% y/y, disregarding the negative impact of a methodological change in the booking of lease finance and ALM derivatives (-40m per quarter, recurring as of now)
- RWA of commercial banking down 1% q/q, not on account of strains in funding, but due to ensuring an adequate risk-return level in light of a possible global economic slowdown

Business Unit Merchant Banking (3)

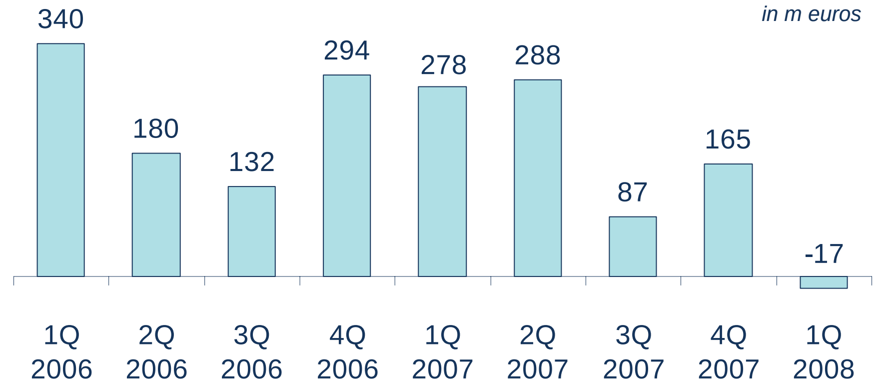
All figures are in m euros

F&C



FV gains (Investment banking)

in m euros

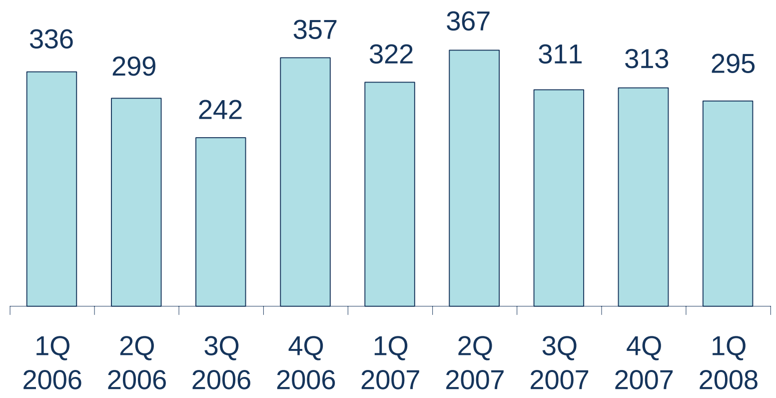


- Net F&C (79m) down 25% q/q due to lower equity brokerage and corporate finance activities; slightly up y/y
- Negative 32m Fair Value income (commercial banking: -16m, investment banking: -17m) contains, amongst others:
  - 74m negative value adjustments on CDO/ABSs (pre-tax, 63m in 4Q 07, nil in 1Q 07)
  - Weak sales and trading performance
  - Higher funding costs

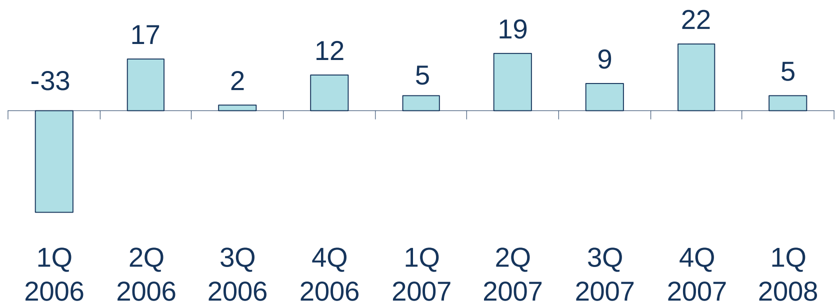
Business Unit Merchant Banking (4)

Operating expenses

All figures are in m euros



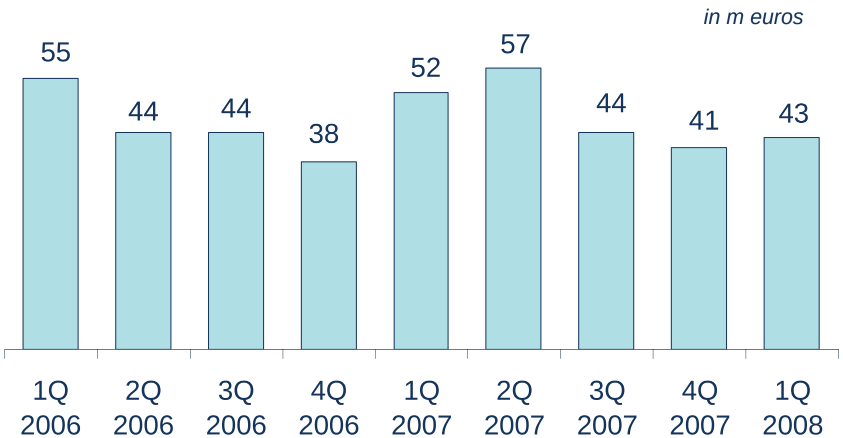
Impairment



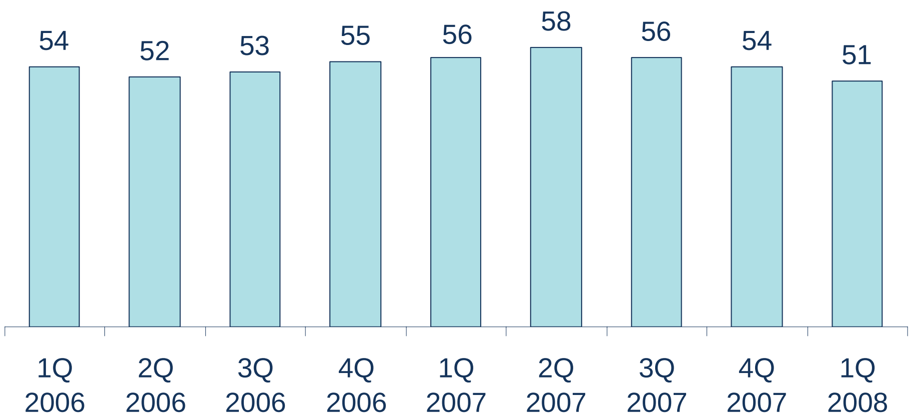
- Significant improvement in operating expenses (295m), both q/q and y/y, predominantly related to lower profit-related remuneration
- More significant drop in income than costs resulted in an 85% C/I ratio (53% in FY 07)
- Net retrieval of loan loss impairments (13m)
- Due to deteriorated market situation, AFS-assets related impairment 17m (48m in 4Q 07, 1m in 1Q 07)
- YTD LLR: zero (2 bps in FY 07)

Business Unit Private Banking

Net profit



AUM

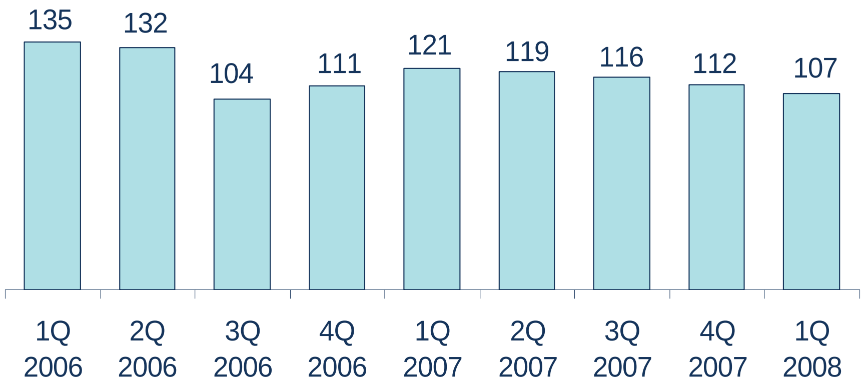


- Underlying net profit (43m) up 5% q/q, down 17% y/y
- YTD return on allocated capital at 29% (33 % in FY 07)
- AUM (51bn) down 6% q/q, and 7% y/y:
    - negative price effect both q/q and y/y (-4%, -12% respectively)
    - net new inflow: 1% y/y, 0.3% q/q
    - the drop was most outspoken in the non-core, low-yielding assets - in line with expectations
    - +2.4% q/q and +4% y/y net inflows of on-shore private banking (total: 24 bn)

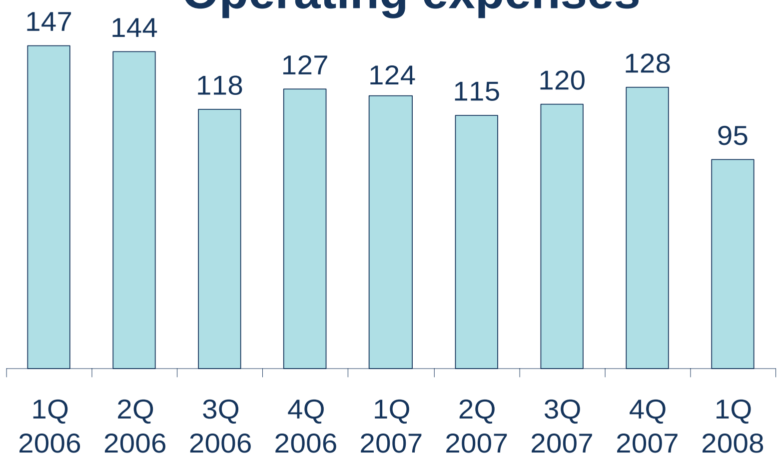
Business Unit Private Banking (2)

F&C

All figures are in m euros



Operating expenses



- The unfavorable market circumstances were predominantly reflected in net F&C (107m), down both q/q (-4%) and y/y (-12%)
- Expenses (95 m) down 26% q/q and 23% y/y, included a 19m write-back of a redundant early-retirement provision. Excluding this item expenses down 8% y/y and 11% q/q
- C/I at 65% (78% excluding provision take-back)
- MtM adjustment re CDOs at -10m, pre-tax (-7m, after-tax)

Structured
credit exposure

Manageable impact of subprime assets

31 March 2008	Portfolio total (euros)	Asset type	AAA-rated	AAA/AA-rated	Allocation to subprime RMBS
Main CDO portfolio	6.9 bn	Corporate CDO notes with limited ABS underlying	88%	99%	13%
"Atomium" portfolio	1.7 bn	US ABS of former KBC conduit "Atomium"	96%	96%	32%
Other portfolios	7.4 bn	Mostly European ABS/CDO without subprime assets	94%	98%	0%
Total	16.0 bn	All	92%	98%	10%

- No material change since YE-07 as to size and composition of exposure
- No actual losses, but 527m MtM impact on P/L and B/S over the last 3 quarters (306m and 221m, before tax respectively of which 141m and 91m in 1Q 2008)
- Updated stress test results as at 31 March 2008:
  - effective subprime loss at pre-tax 133m assuming 20% net loss on subprime content (vs. 171m as tested per 31-Dec-2007, thanks to asset-substitution)
  - pre-tax 209m loss assuming 25% net loss on subprime content

Earnings impact, detailed overview

No impairment (no actual losses); however, a negative impact:

- on net profit (P&L) due to the marking-to-market of synthetic CDOs and a MBS portfolio qualified as held-for-trading and the provisioning for the counterparty risk for the credit insurance received for CDOs
- on shareholder's equity (B/S) due to the marking-to-market of all other ABS/CDO positions

P&L impact	Impairment loss (P&L)	Mark-to-market value adjustment (P&L)	Credit insurers' risk provision (P&L)	Post-tax P&L impact (P&L)	Pre-tax impact on equity (B/S)	Post-tax impact on equity (B/S)
3Q 07	Nil	-51 m	-	-39 m	-49 m	-38 m
4Q 07	Nil	-114 m	-39 m	-70 m	-81 m	-51 m
FY 07	Nil	-165 m	-39 m	-109 m	-130 m	-88 m
1Q 08	Nil	-141 m	-	-93 m	-91 m	-61 m
April 2008	Nil	+39 m	-	+26 m	-13 m	-9 m

Manageable impact of subprime (2)

Reminder:

A combination of factors explains KBC's low subprime risk vs. peers:

1. Limited size of subprime portion (only 10% of total ABS/CDO portfolio)
2. High "attachment points" of CDO notes , allowing substantial losses of underlying assets before being impacted (avg. attachment point 17%)
3. Active management of CDOs held, allowing asset substitution
4. Low quality pieces of CDOs (equity/junior) completely "provisioned" (i.e. not recognised in profit) at the time of issue in the amount of 750m euros
5. Hedges are in place (via short positions, not with monolines) and offset somewhat the MtM volatility of CDOs

DO NOT COMPARE APPLES WITH ORANGES!

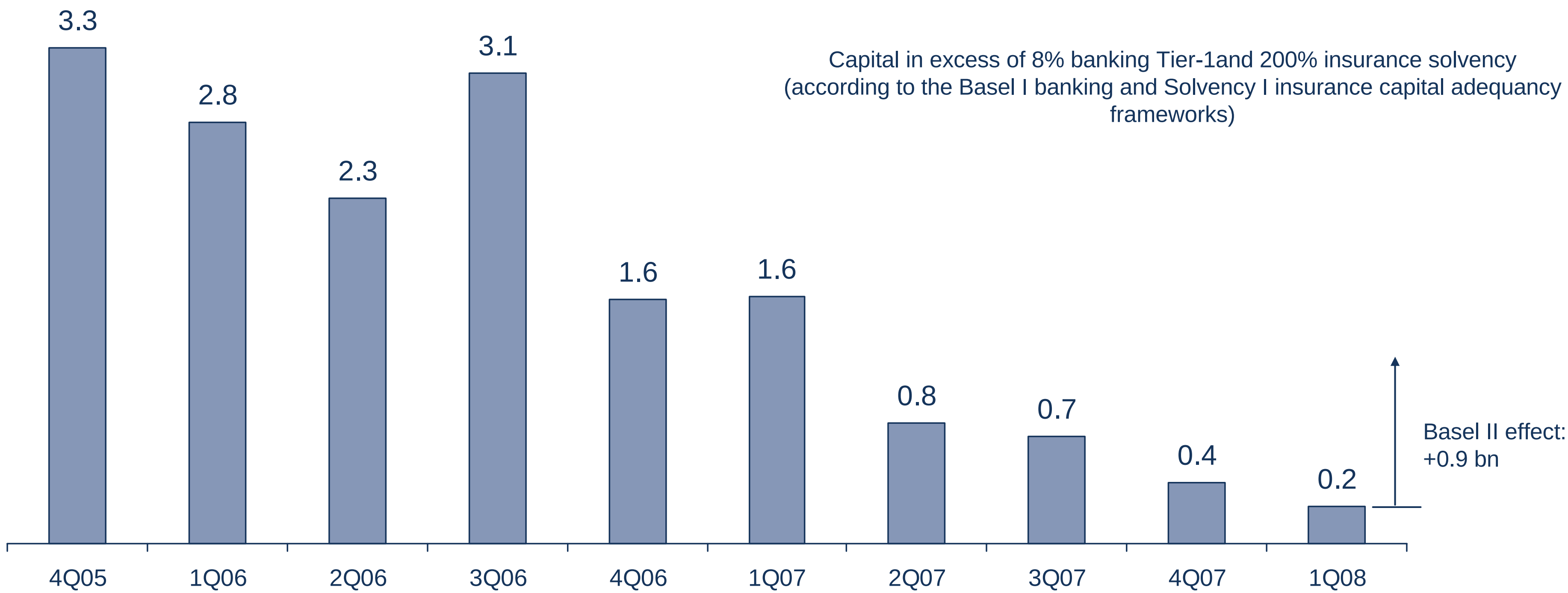
Solvency
situation

Capital position

Capital position, 31 March 2008	Available	Required	Excess
Banking (Basel I)	12.4 bn	12.4 bn	-
Insurance (excl. AFS)	1.7 bn	2.0 bn	-0.3 bn
Other group subsidiaries	0.6 bn	0.1 bn	0.6 bn
Total, Group (Basel I)	**14.7 bn**	**14.5 bn**	**0.2 bn**
Impact Basel II	-0.6 bn	-1.5 bn	0.9 bn
Total, Group (Basel II)	**14.1 bn**	**13.0 bn**	**1.1 bn**

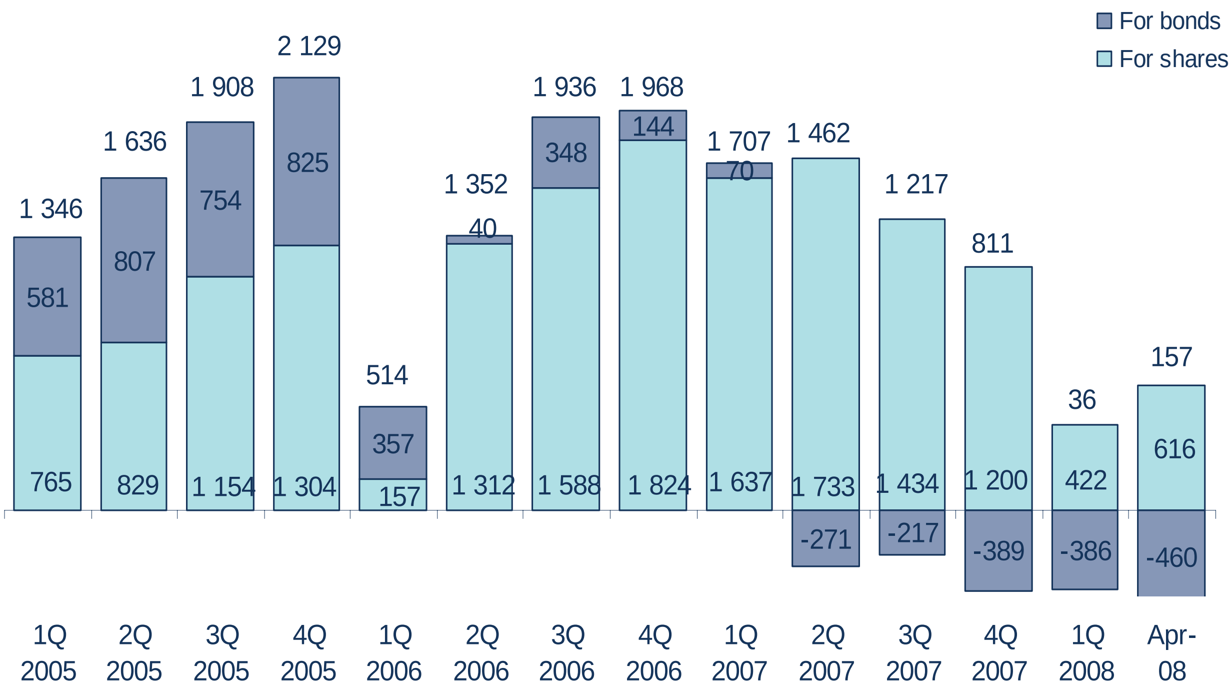
- KBC intends to keep its Tier-1 banking capital level at >8% (and >200% solvency margin, insurance)
- At the end of 1Q 2008, the capital was in excess of that level in the amount of 0.2bn euros

Excess capital position



- The excess capital has been largely put at work or returned to shareholders:
  - RWA growth 1Q06 -1Q 08 1Q: +33% (3.1 bn extra capital required)
  - Total amount of acquisitions 1Q 06 -1Q08: 2.5 bn
  - Share buyback 1Q06 – 1Q08: 2.2 bn
- Gearing ratio stood at 100.03% by the end of 1Q 08

Evolution of revaluation reserves



- The adverse market environment has had a significant impact on the revaluation reserves, and hence, on the solvency of the insurance business in 1Q 08

Suspension of share buyback

- Share buyback programme temporarily suspended as of today, 15 May 2008, motivated by:
  - Uncertain market outlook period still applies
  - Talk of increased capital requirements by both regulators and rating agencies

- Share buyback has always been communicated as subordinated to better growth alternatives:
  - continued expansion in organic RWA-growth
  - Possible additional acquisition opportunities

Wrap up

Wrap Up

- Encouraging volume trends across the board
- Solid underlying performance in CEE banking, testifying to the region's role as a growth-driver for the group
- Difficult market environment weighed on trading and asset management operations
- Limited markdowns of our structured credit investments portfolio. P&L impact: 93m euros, impact on equity: 61 m (after-tax)
- The second quarter up to now has shown a strong performance, even in reference to the record 2Q 07 levels
- Solvency remained robust, but just to be cautious the share buyback has been temporarily suspended so as to ideally position KBC for growth from a position of strength

Annex

Annex:
earnings impact per Business Unit

ABS / CDO MtM		Belgium	CEE R	Merchant Banking	Private Banking	Group Centre	KBC Group consolidated
Pre-tax	3Q 2007	-8	-16	-22	-6	-	**-51**
	4Q 2007	-25	-13	-63	-13	-	**-114**
	FY 2007	**-33**	**-29**	**-85**	**-18**	**-**	**-165**
	1Q 2008	**-29**	**-28**	**-74**	**-10**	**-**	**-141**
After-tax	3Q 2007	-6	-12	-17	-4	-	**-39**
	4Q 2007	-17	-10	-35	-9	-	**-70**
	FY 2007	**-22**	**-22**	**-52**	**-13**	**-**	**-109**
	1Q 2008	**-19**	**-21**	**-46**	**-7**	**-**	**-93**
CDO credit value adjustments (related to monoline insurers)							
Pre-tax	**FY 2007**	**-**	**-**	**-39**	**-**	**-**	**-39**
	1Q 2008	**-**	**-**	**-**	**-**	**-**	**-**
After-tax	**FY 2007**	-	-	**- 23**	**-**	**-**	**-23**
	1Q 2008	**-**	**-**	**-**	**-**	**-**	**-**