QUARTERLY REPORT

KBC GROUP

2Q 2007

KBC

Earnings Release

Contents:

Earnings release
KBC Group, 2Q & 1H 2007

10 August 2007 (7 a.m. CEST)

KBC closed the second quarter of 2007 with a net profit of 936 million euros, bringing net profit for the first half of the year to 1 933 million euros. Underlying net profit, i.e. net profit excluding extraordinary items not related to the normal course of business, came to 880 million euros for the second quarter, which translates into an underlying net profit for the first half of the year of 1 660 million euros (4.76 euros per share, up 21%% year-on-year). The corresponding return on equity for the first half of the year came to 21%.

According to André Bergen, Group CEO, "*KBC performed in an excellent way in the second quarter, building on the strong momentum of the first three months of this year. The general climate remained favourable and the group was in fine form."* He added: *"The start of the third quarter is encouraging. Vulnerability to current credit market volatility is very low. We are not a direct subprime mortgage lender and our indirect exposure to the market via credit-linked investments is small."*

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	2Q 2007 / 2Q 2006	2Q 2007 / 1Q 2007	1H 2006	1H 2007	1H 2007 / 1H 2006
Net profit (IFRS)	736	997	936	27%	-6%	1 715	1 933	13%
Earnings per share, basic (IFRS, in EUR)	2.07	2.85	2.69	30%	-6%	4.81	5.54	15%
Earnings per share, diluted (IFRS, in EUR)	2.05	2.84	2.68	31%	-6%	4.76	5.51	16%
Underlying net profit	634	781	880	39%	13%	1 410	1 660	18%
Underlying earnings per share, basic (in EUR)	1.79	2.23	2.53	41%	13%	3.95	4.76	21%
Underlying earnings per share, diluted (in EUR)	1.77	2.22	2.52	42%	13%	3.91	4.74	21%
Breakdown of underlying profit by business unit								
Belgium Business Unit	275	327	417	52%	28%	597	743	24%
Central & Eastern Europe Business Unit	135	150	177	31%	18%	260	327	26%
Merchant Banking Business Unit	200	269	241	21%	-10%	482	510	6%
European Private Banking Business Unit	44	52	57	30%	10%	99	109	10%
Group Centre	-19	-17	-13	-	-	-28	-29	-
Shareholders' equity per share (EUR, at end of period)						42.9	49.5	15%

Earnings release highlights:

- Solid business dynamics in all business areas
- Strong increase in core income
- Costs remain under control
- Low level of loan loss charges
- Encouraging start to the third quarter of 2007

Publication schedule for Friday, 10 August 2007:

• Earnings release available on www.kbc.com	7.00	a.m.	CEST
• Press conference, Brussels	10.30	a.m.	CEST
• Telephone conference / webcast for financial analysts (www.kbc.com – Tel. + 44 207 162 0125)	1.30	p.m.	CEST

Financial highlights – 2Q 2007

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

"We made a second-quarter profit of 880 million euros, excluding exceptional items. Profit was up 13% compared with the previous quarter and 39% year-on-year.

The business dynamics were solid throughout the group and all business units put in a fine performance, which included double-digit earnings growth. The loan portfolio ended the quarter 5% higher, while assets under management were up 6%.

Core income was strong. On a like-for-like basis, interest income was up 7% on the second quarter of 2006, while fee and commission income went up by 14%. These figures illustrate the strength of our core franchises. Moreover, our dealing rooms continued to perform well, as in the two preceding quarters.

During the quarter, we benefited from somewhat higher gains on investment securities in our insurance division. Even without these gains, the results would have been very strong. The amount was some 30 million euros above the average for the four preceding quarters.

As in previous quarters, the life insurance business in Belgium slowed. Tax treatment in this area has become less favourable since 2006. On the other hand, non-life insurance charges normalised, following the adverse impact of the Kyrill storm in the first quarter.

We decided to enforce more balanced expense budget utilisation throughout the year and this had an upward, technical effect on the quarter's cost level. Aside from normal cost inflation, the cost trend remains under control. The year-to-date cost/income ratio for the banking business came to 56%.

Loan loss charges remained low. We saw a limited number of corporate loan defaults in some places, but we benefited from some bad loan recoveries in others. Year-to-date, the loan loss ratio stood at just 11 basis points."

Extraordinary items:

- During the second quarter of 2007, an extraordinary result of 56 million euros was recorded. The main item was the market value gain on ALM hedges that do not qualify for hedge accounting. There was also the gain on the sale of *Banca KBL Fumagalli (Italy,* a net 14 million euros). These extraordinary results were excluded from the underlying profit amount.

Financial highlights – 1H 2007

André Bergen: "*Our performance in the first half of 2007 was very good. Once again, our company has delivered on its strategic promises. All business units exceeded their targets.*"

- For the first half of 2007, underlying net profit (i.e. excluding extraordinary items) came to 1 660 million euros and was 18% higher than the year-earlier figure.
- Solid income growth was recorded in all business units. On an underlying basis, the group's total income was up 6%, while cost increases were limited to 2%. The cost/income ratio for the banking activities stood at 56%; down from 58% for the 2006 financial year.
- Credit risk charges remained low. The loan loss ratio in the banking business came to just 11 basis points, comparable to the 13 basis points registered for the 2006 financial year. The storm, Kyrill, negatively impacted insurance results in January. Insurance claims normalised subsequently, bringing the combined ratio for non-life insurance activities to 97% (as against 96% for 2006).
- On an underlying basis, a return on equity of 21% was achieved. The return on allocated capital came to 37% for Belgium, 32% for Central & Eastern Europe, 24% for Merchant Banking and 40% for European Private Banking.
- On 30 June, parent shareholders' equity amounted to 17.2 billion euros (49.5 euros per share). This amount was roughly the same as at the start of the year. The net profit accumulated during the course of the year was offset by dividends paid and own shares repurchased.

Strategic highlights – 1H 2007

André Bergen, Group CEO: "O*rganic growth was robust and even exceeded our initial expectations. At the same time, we have continued to invest in future expansion. Capital has also been used for share buybacks. Capital efficiency has thus improved significantly over the last twelve months.*"

- KBC's strategy is focused on realising organic growth opportunities embedded in its franchises. Management's attention is therefore devoted to product innovation, ensuring strong sales networks, improving customer satisfaction and enhancing efficiency, among other things.
- Since the end of 2006, KBC has also entered a number of new CEE markets: Bulgaria, Romania, Serbia and Russia. The total amount paid for these new acquisitions (including the buy-out of the remaining minority interests in the Czech Republic) comes to 1.4 billion euros.
- By 9 August 2007, a total of 1.5 billion euros worth of shares had been bought back as part of the 2006-2009 4-billion-euro share repurchase programmes.

Developments – 2H 2007

André Bergen: "*During the summer, business is always a bit slower. Nevertheless, the July earnings trend was encouraging. In addition, the sale of the stake in Hungarian bank-card clearing house GBC was completed, with a positive net earnings impact of about 25 million euros.*"

Additional information on the financial statements – 1H 2007

Over the past year, a limited number of changes were made to the scope of consolidation. The resulting recurring net earnings accretion came to around +2% (0.07 euros per share). The impact on earnings resulting from changes in the value of Central and Eastern European currencies was negligible.

Earnings per share and shareholders' equity per share as at 30 June 2007 were calculated on the basis of 348.7 (period average) and 347.3 (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 350.6 million shares (period average), to which the number of outstanding share options was added.

Financial calendar - 2007

Financial calendar	
Publication of 3Q 2007 results	9 November 2007
Publication of FY 2007 results	14 February 2008

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

Overview of the underlying results

In order to provide a good insight into the underlying business trends, KBC publishes its underlying results, which are shown in the table below. The differences between these results and the reported income statement based on the IFRS (next page) have to do with the recognition of certain components of income from capital market activities, the treatment of certain ALM hedging derivatives and the exclusion of exceptional items.

Detailed information on the methodology used to calculate the underlying figures and a reconciliation of IFRS-based reported net profit and underlying net profit is provided in the 'glossary and other information' section of the quarterly report.

Consolidated income statement, KBC Group (in millions of EUR) - **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	cumul. 1H 2006	cumul. 1H 2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081	1 999	2 144
Gross earned premiums, insurance	768	754	852	946	869	824	1 522	1 692
Dividend income	12	71	15	18	12	112	82	124
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404	766	763
Net realised gains from available-for-sale assets	108	62	86	70	96	107	170	203
Net fee and commission income	531	529	398	550	512	541	1 060	1 054
Other net income	103	142	84	123	151	87	246	236
Total income	2 984	2 861	2 670	3 129	3 062	3 156	5 845	6 217
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314	-2 462	-2 522
Impairment	3	-67	-19	-92	-27	-56	-64	-84
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-1 251	-1 416
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-24	-20
Share in results of associated companies	11	12	15	7	16	22	23	38
Profit before tax	1 110	957	767	797	1 074	1 140	2 067	2 214
Income tax expense	-292	-281	-160	-197	-262	-230	-573	-492
Profit after tax	818	676	607	600	812	**910**	**1 494**	**1 722**
attributable to minority interests	42	41	33	36	31	30	83	62
attributable to the equity holders of the parent	**776**	**634**	**574**	**564**	**781**	**880**	**1 410**	**1 660**
Belgium	323	275	266	241	327	417	597	743
Central & Eastern Europe	124	135	110	56	150	177	260	327
Merchant Banking	282	200	162	227	269	241	482	510
European Private Banking	55	44	44	38	52	57	99	109
Group centre	-9	-19	-8	3	-17	-13	-28	-29

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12 2006	30-06 2007
Total assets	325 400	344 169
of which loans and advances to customers	132 231	134 065
of which securities (equity and debt instruments)	111 959	112 610
Total liabilities	306 947	325 835
of which deposits from customers and debt certificates	179 488	186 295
of which gross technical provisions, insurance	15 965	16 446
of which liabilities under investment contracts, insurance	9 156	9 255
Parent shareholders' equity	17 219	17 201
Return on equity (based on underlying results, year-to-date)	18%	21%
Cost/income ratio (based on underlying results, year-to-date)	58%	56%
Combined ratio, non-life (based on underlying results, year-to-date)	96%	97%

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

Overview of the results reported according to the IFRS

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

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	cumul. 1H 2006	cumul. 1H 2007
Net interest income	1 047	1 039	1 025	1 047	1 052	1 014	2 086	2 065
Gross earned premiums, insurance	768	754	852	946	869	824	1 522	1 692
Dividend income	27	104	34	45	28	138	131	166
Net (un)realised gains from financial instruments at fair value	519	328	153	370	400	548	847	948
Net realised gains from available-for-sale assets	242	116	86	69	317	108	357	424
Net fee and commission income	488	479	390	508	489	527	967	1 016
Other net income	132	138	631	218	155	105	270	260
Total income	3 223	2 958	3 171	3 204	3 310	3 263	6 181	6 573
Operating expenses	-1 238	-1 167	-1 126	-1 392	-1 208	-1 314	-2 406	-2 522
Impairment	3	-67	-19	-92	-27	-56	-64	-84
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-1 251	-1 416
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-24	-20
Share in results of associated companies	11	12	15	7	16	22	23	38
Profit before tax	1 349	1 110	1 269	867	1 322	1 248	2 459	2 569
Income tax expense	-325	-333	-148	-196	-293	-281	-658	-575
Profit after tax	1 024	777	1 121	671	1 028	**966**	**1 801**	**1 995**
attributable to minority interests	44	41	40	37	31	30	86	62
attributable to the equity holders of the parent	**980**	**736**	**1 081**	**634**	**997**	**936**	**1 715**	**1 933**
Belgium	373	304	228	298	353	470	677	823
Central & Eastern Europe	144	129	110	80	151	181	274	332
Merchant Banking	281	205	168	217	261	227	486	488
European Private Banking	59	45	540	34	53	73	104	125
Group centre	123	52	35	3	179	-14	175	165

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

(End of earnings release)

KBC GROUP

QUARTERLY REPORT

2Q 2007

Analysis of earnings components

Contents:

Analysis of earnings components, KBC Group, 2Q 2007

Analysis of total income (underlying figures)

Total income (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081
Gross earned premiums, insurance	768	754	852	946	869	824
Non-Life	*441*	*425*	*441*	*441*	*440*	*442*
Life	*327*	*330*	*410*	*505*	*429*	*382*
Net fee and commission income	531	529	398	550	512	541
*Banking**	*612*	*561*	*475*	*622*	*608*	*626*
Insurance	*-80*	*-32*	*-77*	*-72*	*-97*	*-85*
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404
Net realised gains from available-for-sale assets	108	62	86	70	96	107
Dividend income	12	71	15	18	12	112
Other net income	103	142	84	123	151	87
Total income	2 984	2 861	2 670	3 129	3 062	3 156
Belgium	1 297	1 301	1 305	1 458	1 450	1 494
Central & Eastern Europe	657	654	674	711	670	689
Merchant Banking	789	668	522	773	748	760
European Private Banking	233	224	190	174	202	209
Group Centre	8	14	-22	13	-7	4

* Includes banking, KBL EPB and holding activities.

During 2Q 2007, underlying net interest income increased 2% q/q to 1 081 million and was 6% higher y/y. A negative growth impact of 1 pp y/y was recorded due to deconsolidation effects, bringing organic growth to 7% y/y. Another 1 pp y/y negative impact on growth arose from the use of capital for buying out minority shareholders in subsidiaries and buying back own shares over the past year (though this clearly enhanced EPS). The net interest margin for the banking activities came to 1.68% in 2Q 2007, slightly lower than the 1.71% registered for the preceding quarter (which had included a negative impact of around 1 bp from the use of excess capital referred to above).

Earned premiums in the insurance activities (824 million) fell for the second consecutive quarter. In particular, growth in the life business slowed, due to the less favourable tax treatment in Belgium. Nevertheless, the outstanding life reserves were 8% higher than for 2Q 2006 and up 1% q/q. Non-life premium income was on a par with the previous quarter and up 4% compared to the year-earlier period.

Disregarding deconsolidation effects, the group’s net fee and commission income (541 million) went up 5% q/q and 6% y/y, largely due to growth in the asset management business. The (tax-driven) slowdown in sales of unit-linked products (Belgian insurance business) had a negative impact on fee and commission growth. The amount for the previous year had also included 38 million in fees related to stock lending (this was offset by a reduction in dividend income by the same amount). Disregarding this, the organic increase in net fee and commission income came to 14% y/y.

Net fair value gains amounted to 404 million and consisted primarily of institutional trading profit in the Merchant Banking Business Unit (288 million). The latter amount was 3% higher than for the previous quarter and 22% above the 2006 quarterly average (236 million). Moreover, 2Q 2006 had been a much weaker quarter for the investment banking units (180 million).

Net gains realised on available-for-sale securities amounted to 107 million; a level at the high end of the previous quarters’ figures. The solid equity market performance resulted in sales of share positions within the investment portfolio of the Belgian insurance business in order to respect internal equity exposure limits (VAR limits). Anticipating further increases in market rates, it was also decided to sell off part of the available-for-sale bond portfolio of the banking business. The capital losses realised (107 million, pre-tax) partly offset the aforementioned capital gains on shares within the insurance book. This is also why the total 2Q net profit contribution from insurance activities (315 million) was high and that from banking activities (574 million) was lower than what it might have been.

Dividend income, which relates chiefly to the investment portfolio of the insurance business, amounted to 112 million. Dividend inflows are traditionally concentrated in the second quarter of the year. The amount was significantly higher than for 2Q 2006 (71 million), when a dividend-related amount of 38 million had been recorded under the 'net fee and commission income' heading (corresponding to dividends on shares lent to third parties, a practice discontinued because of dividend tax changes).

Income recorded under the 'other net income' heading came to 87 million; a low level compared with preceding quarters. The previous quarter's 'other net income' had benefited from a refund from the Belgian Deposit Guarantee Agency (44 million), while in 2Q 2006, a gain on the disposal of part of the Polish non-performing loan portfolio had been recorded (37 million).

Analysis of operating expenses (underlying figures)

Operating expenses (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Staff expenses	-775	-749	-671	-827	-745	-764
General administrative expenses	-396	-392	-392	-450	-381	-446
Depreciation and amortisation of fixed assets	-88	-86	-89	-96	-85	-88
Provisions for risks and charges	21	3	26	-14	3	-15
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314
Belgium	-427	-444	-452	-501	-432	-471
Central & Eastern Europe	-302	-311	-328	-397	-321	-352
Merchant Banking	-336	-299	-242	-357	-322	-367
European Private Banking	-147	-144	-118	-127	-124	-115
Group Centre	-26	-25	14	-5	-8	-9

Operating expenses (1 314 million) were up 9% compared with the previous quarter. The increase in staff expenses remained modest, while the increase in non-staff expenses was more pronounced. The decision was taken to enforce more balanced utilisation of cost budgets over the year to reduce end-of-year cost peak levels. The quarter was also impacted by a number of less frequent expenses such as a provision increase for pending commercial litigation in Merchant Banking (23 million, under the 'provisions for risks and charges' heading) and costs related to the relocation to the new headquarters in the Czech Republic (5 million).

Compared with 2Q 2006, operating expenses were up 7%. Aside from normal cost inflation, this trend was mainly accounted for by higher expenses in the capital market activities (in line with the better performance), by business expansion and wage inflation in CEE and by a more balanced spread of costs over the quarters.

For the first six months of 2007, cost increases remained limited to 2%. The year-to-date cost/income ratio stood at 56%; down from 58% for the 2006 financial year. In the Belgium Business Unit, the underlying C/I ratio stood at 57%, in the CEE Business Unit at 60%, in the Merchant Banking Business Unit at 50% and in the European Private Banking Business Unit at 63%.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Impairment on loans and advances	3	-61	-18	-102	-25	-55
Impairment on available-for-sale assets	0	-3	-1	-3	-4	2
Impairment on goodwill	0	0	0	-1	0	0
Impairment on other	0	-3	-1	14	1	-3
Impairment	3	-67	-19	-92	-27	-56
Belgium	-10	-6	-12	-15	2	-9
Central & Eastern Europe	-19	-44	-10	-64	-25	-27
Merchant Banking	33	-17	-2	-12	-5	-19
European Private Banking	0	0	4	0	1	-1
Group Centre	0	0	0	-1	0	-1

The quarter under review was impacted by an asset impairment charge totalling 56 million. Impairment on the loan portfolio amounted to 55 million, bringing the loan loss ratio for the first six months of the year to 11 bps (compared with 13 bps for the 2006 financial year).

The year-to-date loan loss ratio came to 3 bps for the Belgium Business Unit (on average, 7 bps for the 2006 financial year), 34 bps in CEE (58 bps in 2006) and 8 bps for the Merchant Banking Business Unit (none in 2006). For the European Private Banking Business Unit, no net impairment was recognised, as was the case in 2006.

Overall loan quality remained sound. At the end of the quarter under review, the non-performing loan ratio for the group stood at 1.5%, on a par with the figures for the start of the quarter (1.5%) and the start of the financial year (1.6%). The cover ratio of the provision for non-performing loans came to 99%, down from 105% at the start of the quarter and from 100% at the start of the financial year.

No impairment of significance was recognised on securities investments, on goodwill on participating interests or on other assets.

Analysis of technical charges, insurance (underlying figures)

Technical charges insurance (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Gross technical charges	-631	-620	-754	-838	-753	-663
Ceded reinsurance result	-18	-6	-18	-21	-15	-5

The technical charges in the insurance business amounted to 663 million, 246 million of which were for the non-life business and 416 million for the life business.

Technical charges in non-life insurance normalised again following the negative impact of customer claims in the amount of 54 million arising from the Kyrill storm in 1Q 2007. The year-to-date combined ratio for the non-life business came to 97%, compared with 96% for the 2006 financial year. The claims reserve ratio (177%) ended the quarter somewhat lower than at the start (178%), but somewhat higher than that at the start of the financial year (176%).

The ceded reinsurance result came to a negative 5 million.

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

Other components of the result (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Share in result of associated companies	11	12	15	7	16	22
Income tax expense	-292	-281	-160	-197	-262	-230
Minority interests in profit after tax	42	41	33	36	31	30

The share in the results of associated companies (22 million) related chiefly to the contribution via the equity method of the minority participation in Slovenia (18 million).

Group income tax expense amounted to 230 million and the corresponding tax rate came to 20%. As in 1Q 2007, this rate is lower than for the 2006 financial year (26%) due to the larger share of non-taxable income and business mix differences (e.g., a larger share of taxable income was generated in CEE).

The profit attributable to minority shareholders amounted to 30 million and represented 3% of total group profit . As in 1Q 2007, this is lower than in the past, following the buy-out of minority shareholders in CEE.

Underlying results per business unit

The group consists of five business units (BUs): Belgium, Central & Eastern Europe, 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 expense of the Shared Services & Operations Business Unit are allocated to the other business units.

The following sections of this report provide an underlying income statement and associated comments for each of the business units.

Belgium Business Unit (underlying trend)

The Belgium BU is responsible for all 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 earnings of this business unit account for 45% of the group year-to-date total.

During 2Q 2007, the underlying net profit generated by this BU came to an all time high of 417 million. This performance was underpinned by the seasonal dividend inflow and higher than average capital gains, but even adjusted for these factors, net profit reached a record level. In particular, there was a solid performance in the fee business, while cost efficiency remained sound and loan loss charges low. At the end of the first six months of the year, a return on allocated capital of 37% was recorded.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	479	489	481	478	483	479
Gross earned premiums, insurance	452	469	504	611	563	522
Dividend income	8	36	8	11	10	90
Net (un)realised gains from financial instruments at fair value	14	11	7	11	5	20
Net realised gains from available-for-sale assets	87	27	83	52	68	107
Net fee and commission income	225	235	186	249	229	238
Banking	*262*	*227*	*219*	*278*	*276*	*276*
Insurance	*-37*	*8*	*-33*	*-29*	*-46*	*-38*
Other net income	32	34	36	47	92	38
Total income	1 297	1 301	1 305	1 458	1 450	1 494
Operating expenses	-427	-444	-452	-501	-432	-471
Impairment	-10	-6	-12	-15	2	-9
Gross technical charges, insurance	-410	-449	-482	-604	-564	-501
Ceded reinsurance result	-3	-6	-3	0	-4	-5
Share in results of associated companies	1	2	2	0	0	0
Profit before tax	448	397	357	338	451	508
Income tax expense	-124	-122	-91	-96	-121	-91
Profit after tax	324	276	266	242	330	417
attributable to minority interests	1	1	1	1	3	1
attributable to the equity holders of the parent	**323**	**275**	**266**	**241**	**327**	**417**
Banking activities	*212*	*184*	*153*	*162*	*244*	*142*
Insurance activities	*110*	*90*	*112*	*78*	*83*	*275*
Risk-weighted assets (end of period)	*38 217*	*38 540*	*38 582*	*39 858*	*39 986*	*41 439*
Allocated equity (end of period)	*3 795*	*3 840*	*3 903*	*4 027*	*4 072*	*4 202*
Return on allocated capital (ROAC)	*35%*	*29%*	*28%*	*24%*	*34%*	*41%*
Cost/income ratio (banking activities)	*52%*	*58%*	*61%*	*63%*	*50%*	*66%*
Combined ratio (non-life insurance activities)	*85%*	*96%*	*94%*	*99%*	*102%*	*96%*

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

In 2Q 2007, net interest income amounted to 479 million. During this quarter, outstanding loans and deposits increased by 4% and 3%, respectively. The average loan and deposit spreads remained roughly on a par with 1Q 2007. On the deposit side, the better reinvestment yield on savings deposits was largely offset by the volume shift to lower-margin time deposits. Moreover, as in previous quarters, net interest income was negatively impacted by the upstreaming of excess capital from the Belgian entities to the group's parent company (for the share buyback programme). The net interest margin stood at 1.77%.

While loan growth came to 7% y/y, the net interest income trend remained more or less flat for several quarters. The main reasons for this were the higher deposit rates as of 3Q 2006 and the negative ALM results due to the flatter yield curve in the course of 2006, and, more recently, the upstreaming of excess capital. Note that the use of capital referred to above, although negative for the BU, is EPS-enhancing for the group as a whole.

Gross earned premiums in the insurance activities (522 million) fell for the second consecutive quarter. Growth in the life business in particular has slowed, due to changes in tax treatment during the course of 2006. Outstanding life reserves edged up 1% q/q and were 7% higher than at the end of 2Q 2006. Non-life premium income was seasonally down 1% q/q and up 6% on the year-earlier period. The insurance activities' underwriting result (i.e. the difference between earned premiums and technical charges) was normalised after 1Q 2007 had been adversely impacted by claims resulting from the Kyrill storm. The year-to-date net combined ratio for the non-life business came to 99%.

Dividend income, which relates chiefly to the investment portfolio of the insurance business, amounted to 90 million. Dividend inflows are traditionally concentrated in the second quarter of the year. The amount was higher than in 2Q 2006, when a dividend-related amount of 38 million had been recorded under the 'net fee and commission income' heading (corresponding to shares lent to third parties).

Net gains realised on available-for-sale securities amounted to 107 million, a higher level than for previous quarters (45 million higher than the 2006 quarterly average). The solid equity market performance resulted in sales of share positions within the investment portfolio of the insurance business to avoid breaching internal equity risk limits. In anticipation of further increases in market rates, it was also decided to sell off part of the bond portfolio of the banking business. Capital losses realised within the banking book (-73 million, pre-tax) as a result partly offset the capital gains on the sales of shares within the insurance book. This accounts for the low 2Q profit contribution from the Belgian banking activities (142 million) and the high contribution from the insurance activities (275 million).

Net fee and commission income came to 238 million, up 4% q/q. During the quarter, funds under management went up by 6% q/q, 4% of which was accounted for by net new inflows. On a year-on-year basis, total net fee and commission income remained more or less stable, but the amount for the previous year had included 38 million in fees related to stock lending. Disregarding this amount, net fee and commission income went up by 21%. Asset management fees, in particular, were solid (managed assets rose 18% y/y). Insurance-related commissions and fees were impacted by the tax-driven slowdown in unit-linked life products.

2Q 2007 'other income' amounted to 38 million, on a par with the 2006 quarter average (37 million). The figure was significantly lower than for 1Q 2007 (92 million), when 44 million had been recorded due to a refund by the Belgian Deposit Guarantee Agency.

Operating expenses (471 million) were up 9% compared with the low level of the previous quarter. The increase was more pronounced for non-staff expenses (mainly due to the better spread of ICT efforts, among other things), while staff expense growth remained modest. Compared to 2Q 2006, expenses were up 6%, mostly due to employee bonus accrual adjustments and higher ICT costs. For the first six months of the year, the cost increase came to 4%. The year-to-date cost/income ratio for the banking activities came to 57% (negatively impacted by the value losses on bond sales in 2Q, as referred to above). In comparison, the C/I ratio for 2006 came to 58%.

Net impairment recorded on assets amounted to 9 million, a low level similar to previous quarters. For the first half of the year, the loan loss ratio remained at 3 bps (7 bps for the 2006 financial year).

The effective tax rate for the quarter came to a low 18%, due to non-taxable gains on shares combined with tax-deductible losses on bonds.

Central & Eastern Europe Business Unit (underlying trend)

The Central & Eastern Europe BU encompasses all banking and insurance activities in CEE. More specifically, it includes *ČSOB Bank* (Czech Republic and Slovakia), *ČSOB Insurance* (Czech Republic), *ČSOB Insurance* (Slovakia), *K&H Bank* (Hungary), *K&H Insurance* (Hungary), *Kredyt Bank* (Poland), *WARTA Insurance* (Poland), *A Banka* (Serbia, first-time consolidation in 2Q 2007), *NLB Life* (Slovenia) and *NLB Bank* (Slovenia - minority participation). *A Banka* (Serbia) made an initial contribution to profit of 1.5 million. *Absolut Bank* (Russia) and *DZI Insurance* (Bulgaria) are expected to be included as of 3Q and 4Q 2007, respectively. The BU's underlying earnings account for 20% of the group's year-to-date total.

In 2Q 2007, the underlying net profit contribution of this BU reached a record level of 177 million. The quarter under review saw solid developments in both interest and fee income, while loan impairment levels remained modest. Profit came to 124 million in the Czech and Slovak Republics, to 24 million in Hungary and to 45 million in Poland. For all countries, combined, the insurance companies contributed 21 million to net profit. At the end of the first six months of the year, a return on allocated capital (net of funding costs) of 32% was recorded.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	247	236	247	271	274	283
Gross earned premiums, insurance	236	217	255	251	239	231
Dividend income	0	2	2	1	0	2
Net (un)realised gains from financial instruments at fair value	57	50	72	58	47	63
Net realised gains from available-for-sale assets	5	4	5	15	12	4
Net fee and commission income	74	77	76	83	75	84
Banking	*102*	*106*	*105*	*113*	*109*	*118*
Insurance	*-27*	*-29*	*-29*	*-30*	*-34*	*-34*
Other net income	37	68	17	32	23	21
Total income	657	654	674	711	670	689
Operating expenses	-302	-311	-328	-397	-321	-352
Impairment	-19	-44	-10	-64	-25	-27
Gross technical charges, insurance	-169	-112	-195	-167	-139	-103
Ceded reinsurance result	-7	-10	-12	-15	-7	-5
Share in results of associated companies	9	8	11	6	15	19
Profit before tax	169	185	141	74	192	222
Income tax expense	-29	-33	-21	-9	-35	-35
Profit after tax	140	152	120	65	157	187
attributable to minority interests	16	17	10	8	8	9
attributable to the equity holders of the parent	**124**	**135**	**110**	**56**	**150**	**177**
Banking activities	*126*	*117*	*109*	*48*	*126*	*157*
Insurance activities	*-2*	*18*	*1*	*8*	*23*	*21*
Risk-weighted assets (end of period)	*19 053*	*19 854*	*21 608*	*23 358*	*23 851*	*24 769*
Allocated equity (end of period)	*1 577*	*1 625*	*1 760*	*1 890*	*1 920*	*1 994*
Return on allocated capital (ROAC)	*32%*	*34%*	*26%*	*11%*	*29%*	*35%*
Cost/income ratio (banking activities)	*59%*	*58%*	*67%*	*75%*	*62%*	*59%*
Combined ratio (non-life insurance activities)	*99%*	*93%*	*101%*	*103%*	*107%*	*88%*

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

Net interest income (283 million) increased by 4% q/q and was 20% higher compared with 2Q 2006 (with a 1 pp positive impact from the first-time inclusion of *A Banka*). Loan growth in the region remained solid: total loans were up 5% q/q and 26% y/y. The mortgage loan portfolio ended 9% higher q/q and 49% y/y. The interest margin for the banking business (excluding reverse repo activity) amounted to 3.03%, 5 bps higher than for 1Q 2007 and 13 bps above the figure for 2Q 2006.

Gross earned premiums in the insurance business amounted to 231 million, down 3% q/q due to lower sales of single-premium life products (non-life sales were up 4%). Compared with 2Q 2006, premium income was 7% higher, with the non-life business recording a 4% increase and the life business a 15% increase. The outstanding life reserves were up 29% on the year-earlier figure.

Net gains from financial instruments at fair value (63 million, mainly dealing room income) were slightly higher than the 2006 quarterly average (59 million). On the other hand, gains from the sale of available-for-sale investment securities (4 million) remained below the average of previous quarters.

During the quarter under review, net fee and commission income (84 million) increased by 12% q/q and 9% y/y (with a 3 pp positive impact from the first-time inclusion of *A Banka*). In general, apart from quarterly volatility, two trends were recorded: fees received for banking and fund management products were up (the 11 billion in AUM represented a 4% increase q/q and 40% y/y), a development offset by the higher commissions paid to agents due to increased sales of insurance.

An amount of 21 million was recorded under the ‘other net income’ heading, which was on a par with the previous quarter and somewhat lower in comparison with a ‘normal’ quarter (the 2006 quarterly average stood at 39 million). In 2Q 2006, a gain (37 million) had been recorded on the disposal of part of the Polish non-performing loan portfolio.

Operating expenses amounted to 352 million; up 8% q/q and 12% y/y on an organic basis. The main drivers for the cost increase were the higher number of FTEs, high wage inflation in the region and a fine-tuning of the cost accrual methodology. The quarter was also impacted by 5 million in one-off expenses related to the relocation to new headquarters in the Czech Republic. The year-to-date C/I ratio for the banking activities fell to 60% (65% for the 2006 financial year).

The asset impairment charge, totalling 27 million, remained on a par with the previous quarter, and below the 2006 quarterly average. The year-to-date loan loss ratio was 34 bps (compared with 58 bps for the 2006 financial year). The ratio came to 29 bps for the Czech and Slovak Republics (36 bps for 2006), 95 bps for Hungary (150 bps for 2006) and to zero in Poland (same as in 2006).

Technical charges for the insurance activities (103 million) were at a comparatively favourable level. Claims charges in the non-life business normalised again following a negative impact of 12 million resulting from customer claims related to the Kyrill storm in 1Q 2007. The year-to-date combined ratio for the non-life business came to 97% (99% for the 2006 financial year).

The effective tax rate stood at 16%, slightly lower than in 1Q 2007 (18%) and the same as in the 2006 financial year.

As in 1Q 2007, the share of profit attributable to minority interests came to 5%. For the 2006 financial year, the average share had stood at 11%, but it was reduced following the buy-out of minority interests in the Czech Republic during the first half of this year.

The next three pages provide income statements for the main CEE countries: the Czech and Slovak Republics, Hungary and Poland. The ‘Other CEE’ section includes the results of *NLB* and *NLB Life* in Slovenia and *A Banka* in Serbia, the funding cost of goodwill paid on acquisitions in CEE, minority interests in the CEE subsidiaries, some operating expenses related to CEE at the KBC group’s head office, and consolidation adjustments.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	154	163	170	185	182	186
Gross earned premiums, insurance	63	65	70	72	70	73
Dividend income	0	1	1	0	0	1
Net (un)realised gains from financial instruments at fair value	26	19	26	22	9	23
Net realised gains from available-for-sale assets	3	0	2	6	8	0
Net fee and commission income	57	57	51	57	57	58
Banking	*63*	*62*	*56*	*63*	*65*	*66*
Insurance	*-6*	*-5*	*-6*	*-6*	*-7*	*-8*
Other net income	25	19	10	27	12	12
Total income	327	323	329	368	339	353
Operating expenses	-138	-148	-163	-205	-152	-163
Impairment	-3	-18	-7	-22	-15	-11
Gross technical charges, insurance	-41	-23	-77	-52	-37	-24
Ceded reinsurance result	-1	-1	-1	-3	-3	1
Share in results of associated companies	0	0	0	2	2	1
Profit before tax	144	133	81	88	134	158
Income tax expense	-34	-28	-16	-21	-29	-33
Profit after tax	110	105	65	67	105	125
attributable to minority interests	-1	0	0	2	1	1
attributable to the equity holders of the parent	**111**	**105**	**64**	**66**	**104**	**124**
Banking activities	*107*	*86*	*72*	*52*	*91*	*120*
Insurance activities	*4*	*18*	*-7*	*14*	*13*	*4*
Risk-weighted assets (end of period)	*11 079*	*11 613*	*13 056*	*14 182*	*14 739*	*15 243*
Allocated equity (end of period)	*860*	*896*	*1 000*	*1 082*	*1 119*	*1 152*
Return on allocated capital (ROAC)	*45%*	*41%*	*23%*	*21%*	*33%*	*40%*
Cost/income ratio (banking activities)	*47%*	*51%*	*61%*	*67%*	*52%*	*48%*
Combined ratio (non-life insurance activities)	*111%*	*87%*	*106%*	*108%*	*110%*	*86%*

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	56	53	54	61	62	66
Gross earned premiums, insurance	18	20	27	17	21	24
Dividend income	0	1	0	0	0	0
Net (un)realised gains from financial instruments at fair value	25	23	32	26	26	27
Net realised gains from available-for-sale assets	0	0	1	3	0	2
Net fee and commission income	24	25	30	28	25	27
Banking	*26*	*26*	*32*	*29*	*27*	*29*
Insurance	*-2*	*-2*	*-2*	*-1*	*-2*	*-2*
Other net income	4	9	0	-2	2	4
Total income	127	130	144	133	137	150
Operating expenses	-77	-68	-80	-73	-78	-79
Impairment	-14	-20	-11	-53	-10	-27
Gross technical charges, insurance	-10	-15	-22	-15	-12	-17
Ceded reinsurance result	0	0	-1	0	-1	0
Share in results of associated companies	1	0	1	0	0	1
Profit before tax	28	27	31	-8	37	28
Income tax expense	-8	-8	-5	1	-7	-5
Profit after tax	19	19	26	-7	30	24
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**19**	**26**	**-7**	**30**	**24**
Banking activities	*16*	*17*	*25*	*-6*	*26*	*20*
Insurance activities	*4*	*2*	*2*	*-1*	*4*	*3*
Risk-weighted assets (end of period)	*4 745*	*4 971*	*4 866*	*5 241*	*5 113*	*5 089*
Allocated equity (end of period)	*351*	*366*	*365*	*393*	*378*	*379*
Return on allocated capital (ROAC)	*16%*	*13%*	*21%*	*-16%*	*20%*	*13%*
Cost/income ratio (banking activities)	*67%*	*63%*	*66%*	*56%*	*63%*	*60%*
Combined ratio (non-life insurance activities)	*73%*	*98%*	*100%*	*112%*	*78%*	*89%*

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

Income statement, Poland (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	61	48	51	53	57	59
Gross earned premiums, insurance	150	128	155	159	147	131
Dividend income	0	1	1	0	0	1
Net (un)realised gains from financial instruments at fair value	8	7	12	15	12	10
Net realised gains from available-for-sale assets	2	3	2	6	3	3
Net fee and commission income	-6	-4	-5	-2	-8	-3
Banking	*13*	*18*	*17*	*21*	*16*	*22*
Insurance	*-20*	*-22*	*-21*	*-22*	*-24*	*-26*
Other net income	5	43	7	4	10	4
Total income	219	226	223	236	221	205
Operating expenses	-83	-88	-92	-114	-85	-98
Impairment	-2	-1	10	6	-1	10
Gross technical charges, insurance	-103	-63	-94	-96	-107	-60
Ceded reinsurance result	-6	-9	-10	-12	-4	-6
Share in results of associated companies	0	0	0	0	1	0
Profit before tax	25	66	37	19	24	51
Income tax expense	1	-3	-7	-2	-5	-7
Profit after tax	26	62	30	18	19	45
attributable to minority interests	0	0	0	0	0	0
attributable to the equity holders of the parent	**26**	**62**	**30**	**18**	**19**	**45**
Banking activities	23	53	23	21	21	26
Insurance activities	3	9	8	-3	-2	18
Risk-weighted assets (end of period)	*3 230*	*3 270*	*3 686*	*3 936*	*3 999*	*4 436*
Allocated equity (end of period)	*364*	*362*	*394*	*414*	*422*	*458*
Return on allocated capital (ROAC)	*18%*	*58%*	*28%*	*9%*	*11%*	*34%*
Cost/income ratio (banking activities)	*72%*	*53%*	*79%*	*89%*	*67%*	*74%*
Combined ratio (non-life insurance activities)	*99%*	*94%*	*100%*	*100%*	*110%*	*88%*

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

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

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 the merchant banking activities of the CEE group companies are handled by the CEE BU. The BU's underlying earnings account for 31% of the group's year-to-date total.

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* (Belgium), *Secura* (Belgium), *KBC Bank Nederland* (Netherlands), *KBC Clearing* (Netherlands), *Assurisk* (Luxembourg), *KBC Bank Deutschland* (Germany), *KBC Peel Hunt* (UK), *KBC Finance Ireland* (Ireland) and *IIB Bank* (Ireland).

The underlying profit contribution for the quarter under review came to 241 million, of which 130 million came from commercial banking and 112 million from investment banking activities. The quarterly result was down 10% q/q (primarily due to a review of the provision for pending legal issues and value losses incurred on the bond portfolio in the banking book), but up 21% on 2Q 2006 (due to higher income from capital market activities, among other factors). During the first six months of this year, the BU generated a return on allocated capital of 24%.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	208	245	284	279	275	273
Gross earned premiums, insurance	85	70	81	82	74	67
Dividend income	1	7	3	1	1	8
Net (un)realised gains from financial instruments at fair value	388	217	100	287	284	294
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15
Net fee and commission income	85	76	28	96	73	96
Other net income	17	36	26	22	34	35
Total income	789	668	522	773	748	760
Operating expenses	-336	-299	-242	-357	-322	-367
Impairment	33	-17	-2	-12	-5	-19
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40
Ceded reinsurance result	-5	2	-7	-18	-4	-5
Share in results of associated companies	0	1	0	0	0	2
Profit before tax	427	309	218	340	369	332
Income tax expense	-121	-87	-34	-87	-78	-69
Profit after tax	306	222	184	253	291	263
attributable to minority interests	24	23	22	26	22	21
attributable to the equity holders of the parent	**282**	**200**	**162**	**227**	**269**	**241**
Banking activities	*262*	*173*	*147*	*198*	*257*	*223*
Insurance activities	*20*	*26*	*15*	*29*	*12*	*18*
Risk-weighted assets (end of period)	*53 891*	*55 935*	*57 837*	*59 892*	*63 908*	*69 578*
Allocated equity (end of period)	*3 752*	*3 885*	*4 017*	*4 160*	*4 432*	*4 816*
Return on allocated capital (ROAC)	*29%*	*20%*	*15%*	*22%*	*27%*	*21%*
Cost/income ratio (banking activities)	*47%*	*51%*	*53%*	*51%*	*46%*	*53%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*

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

The net interest income of the BU, which is related to commercial banking activities, amounted to 273 million, roughly on a par with the previous quarter and 11% higher y/y. Risk-weighted assets for commercial banking were up 2% q/q and 16% y/y. As is the case in the Belgium BU, the upstreaming of additional dividends to the Group Centre for share buybacks had a negative impact on the 'net interest income' heading of the BU.

Gross earned premiums in the inbound re-insurance activity (67 million) were 7 million lower q/q and 3 million lower y/y. Recently, more non-proportional contracts were underwritten, introducing higher quarterly volatility. The underwriting result (i.e. earned premiums net of technical charges and ceded reinsurance results), however, remained roughly stable at 23 million.

Gains from financial instruments at fair value totalled 294 million, 288 million of which was accounted for by income from capital market activities in the investment banking units. The latter amount was 3% higher than for the previous quarter and 22% above the 2006 quarterly average (236 million). 2Q 2006 had been a much weaker quarter for the investment banking units (180 million).

A negative 15 million was recorded under the 'net realised gains from AFS assets' heading due to the sale of bonds within the banking book in anticipation of further increases in market rates. This resulted in a realised loss of 34 million, pre-tax.

Total net fee and commission income amounted to 96 million, at the high end of the business unit's track record, with a sustained sound level of domestic corporate finance income, among other factors.

An amount of 35 million was recorded in the 'other net income' heading, roughly in line with the previous quarters.

On balance, total income came to 760 million, up 2% q/q and 14% y/y.

Operating expenses (367 million) were up 45 million q/q, partly due to a 23 million increase in the expense provision for pending commercial litigation following a recent review of Belgian jurisprudence. The increase in this provision, together with higher income-related expenses for capital market activities, explains the 68 million increase y/y, among other things. The year-to-date C/I ratio stood at 50% (equal to the average for the 2006 financial year).

Impairment of problem loans amounted to 19 million. Although somewhat higher than in previous quarters, loan impairment losses remained limited. The year-to-date loan loss ratio came to 8 bps.

The effective tax rate (21%) for the quarter was on a par with the previous quarter's.

The next page provides a breakdown of the figures for the Merchant Banking BU into a 'Commercial Banking' component (mainly lending and banking services to SMEs and corporate customers, but also including inbound re-insurance business) and an 'Investment Banking' component (sales and trading on the money and capital markets, corporate finance, structured products business, alternative investment management, etc.)

Income statement, Commercial Banking (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	208	245	284	279	275	273
Gross earned premiums, insurance	85	70	81	82	74	67
Dividend income	1	7	3	1	1	8
Net (un)realised gains from financial instruments at fair value	48	37	-31	-7	6	7
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15
Net fee and commission income	22	22	5	32	13	25
Other net income	17	36	26	22	32	35
Total income	387	434	367	415	408	402
Operating expenses	-112	-115	-123	-148	-122	-154
Impairment	29	-17	-3	-6	-6	-19
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40
Ceded reinsurance result	-5	2	-7	-18	-4	-5
Share in results of associated companies	0	0	0	0	0	0
Profit before tax	245	258	180	198	229	185
Income tax expense	-69	-67	-22	-55	-50	-33
Profit after tax	176	191	158	143	179	152
attributable to minority interests	24	23	23	23	23	22
attributable to the equity holders of the parent	**153**	**168**	**135**	**120**	**156**	**130**
Banking activities	*144*	*142*	*126*	*106*	*144*	*112*
Insurance activities	*9*	*25*	*9*	*14*	*12*	*18*
Risk-weighted assets (end of period)	*44 801*	*45 308*	*48 055*	*49 593*	*51 398*	*52 568*
Allocated equity (end of period)	*3 134*	*3 163*	*3 352*	*3 460*	*3 581*	*3 659*
Return on allocated capital (ROAC)	*18%*	*20%*	*15%*	*14%*	*18%*	*16%*
Cost/income ratio (banking activities)	*35%*	*32%*	*41%*	*43%*	*35%*	*46%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*

Income statement, Investment Banking (in millions of EUR) **UNDERLYING FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	340	180	132	294	278	288
Net realised gains from available-for-sale assets	0	0	0	0	0	0
Net fee and commission income	63	54	23	64	60	71
Other net income	0	0	0	0	2	0
Total income	403	234	155	358	340	358
Operating expenses	-224	-184	-119	-209	-201	-213
Impairment	4	0	1	-6	0	0
Gross technical charges, insurance	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0
Share in results of associated companies	0	1	0	0	0	2
Profit before tax	182	50	38	142	140	147
Income tax expense	-53	-19	-12	-32	-28	-36
Profit after tax	130	31	26	110	112	111
attributable to minority interests	0	-1	0	3	-1	-1
attributable to the equity holders of the parent	**130**	**32**	**26**	**107**	**113**	**112**
Banking activities	*119*	*31*	*21*	*92*	*113*	*112*
Insurance activities	*11*	*1*	*6*	*15*	*0*	*0*
Risk-weighted assets (end of period)	*9 090*	*10 627*	*9 781*	*10 300*	*12 510*	*17 011*
Allocated equity (end of period)	*618*	*723*	*665*	*700*	*851*	*1 157*
Return on allocated capital (ROAC)	*76%*	*18%*	*13%*	*61%*	*55%*	*29%*
Cost/income ratio (banking activities)	*56%*	*79%*	*77%*	*58%*	*56%*	*60%*

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

European Private Banking Business Unit (underlying trend)

The European Private Banking BU comprises the activities of the *KBL European Private Bankers*' group. More specifically, it includes *Kredietbank SA Luxembourgeoise* (Luxembourg) and its subsidiaries in the Benelux and certain other Western European countries (Germany, France and Monaco, the UK and Switzerland), as well as insurance company *VITIS Life* in Luxembourg. For the first six months of 2007, the underlying earnings of this business unit accounted for 7% of the group total.

For 2Q 2007, the BU's underlying profit contribution came to 57 million. On a like-for-like basis, this represented an increase of 10% q/q and 30% y/y. The year-to-date return on allocated capital came to 40%, reflecting the success of the strategy implemented. Over the past year, major efforts were made to realise cost synergies and to refocus the business profile. The latter included the downscaling of non-core businesses (such as commercial lending and capital market activities) and the sale of activities in Spain and Italy.

N.B.: *Banco Urquijo* (Spain) and *Banca KBL Fumagalli* (Italy) were deconsolidated as of 3Q 2006 and 2Q 2007, respectively. In 2Q 2007, the impact from deconsolidation on total income and operating expenses on a y/y basis came to a negative 32 million and 27 million, respectively. The impact on a q/q basis was negligible.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Net interest income	58	48	29	24	36	34
Gross earned premiums, insurance	3	7	17	13	5	12
Dividend income	2	9	2	2	2	6
Net (un)realised gains from financial instruments at fair value	22	7	32	29	22	23
Net realised gains from available-for-sale assets	12	14	-1	-3	8	10
Net fee and commission income	135	132	104	111	121	119
Other net income	2	7	7	-3	7	5
Total income	233	224	190	174	202	209
Operating expenses	-147	-144	-118	-127	-124	-115
Impairment	0	0	4	0	1	-1
Gross technical charges, insurance	-7	-14	-23	-21	-12	-17
Ceded reinsurance result	0	0	0	0	0	0
Share in results of associated companies	1	1	1	1	1	1
Profit before tax	79	67	54	27	68	76
Income tax expense	-22	-22	-9	11	-16	-19
Profit after tax	57	45	45	38	52	57
attributable to minority interests	1	1	1	0	0	0
attributable to the equity holders of the parent	**55**	**44**	**44**	**38**	**52**	**57**
Banking activities	*52*	*41*	*43*	*34*	*50*	*55*
Insurance activities	*3*	*3*	*1*	*4*	*2*	*2*
Risk-weighted assets (end of period)	*9 539*	*9 000*	*7 005*	*5 842*	*6 416*	*6 575*
Allocated equity (end of period)	*704*	*673*	*539*	*461*	*501*	*512*
Return on allocated capital (ROAC)	*31%*	*24%*	*20%*	*28%*	*40%*	*38%*
Cost/income ratio (banking activities)	*66%*	*70%*	*71%*	*88%*	*65%*	*61%*

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

The AUM by this business unit were up 5% q/q at 58 billion, half of which constituted net new inflows. Over the last 12 months and disregarding deconsolidation effects, AUM increased by 12%. A 24% organic increase was registered in on-shore private banking assets (which accounted for 27 billion), whereas the off-shore business remained a low growth area (-1%). Outstanding life insurance reserves ended 15% higher than the year-earlier figure.

Total income (209 million) grew 3% q/q, but decreased by 7% y/y owing to deconsolidation effects. Disregarding the deconsolidation effects and adjusted for technical charges in the insurance business, income growth came to +9% y/y. The capital gains on the above-mentioned divestments were not included in the underlying result.

Excluding the deconsolidation effects, operating expenses were down 8 million q/q (-6%) to 115 million. The previous quarter had been negatively impacted by building renovation costs and divestment charges (5 million, combined). On the same organic basis, the y/y change in costs came to -1%, reflecting the continued efforts to improve cost efficiency. Six months into 2007, the year-to-date C/I ratio stood at 63% (73% for 2006).

No significant impairment on assets was recognised. The 2Q 2007 tax amount came to 19 million, slightly higher than for 1Q 2007, mainly due to higher taxable income. The tax rate stood at 25%.

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.

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

The underlying net result of the Group Centre amounted to a negative 13 million for 2Q 2007, with the holding company accounting for a negative 10 million of this amount, mainly for taxes paid on intra-group dividend upstreaming.

The 2Q 2007 profit contribution is similar to that of previous quarters, with the exception of 4Q 2006, which had benefited from the settlement of tax-related receivables (under the 'other net income' heading).

During the quarter, the average net cash position of the holding company was reversed from negative to positive, bringing the interest result to a positive 12 million. The cash reserve was built up by the upstreaming of dividends from group companies to the parent company and is currently being used for the ongoing share buy-back programme.

In 2007, the traditional 2Q peak in dividend income was lower than usual, due to divestment from the bulk of the non-strategic equity holdings. In particular, the non-strategic 0.4% stake in *Intesa Sanpaolo* was sold in 1Q 2007 (the divestment gain was excluded from the underlying net profit amount).

Consolidated financial statements

Content:

Consolidated financial statements
KBC Group, 2Q & 1H 2007

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

Consolidated income statement

In millions of EUR	Note	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Net interest income	3	1 039	1 052	1 014	2 086	2 065
Gross earned premiums, insurance	9	754	869	824	1 522	1 692
non-life		425	440	442	866	881
life	10	330	429	382	657	811
Dividend income	4	104	28	138	131	166
Net (un)realised gains from financial instruments at fair value	5	328	400	548	847	948
Net realised gains from available-for-sale assets	6	116	317	108	357	424
Net fee and commission income	7	479	489	527	967	1 016
Other net income	8	138	155	105	270	260
TOTAL INCOME		2 958	3 310	3 263	6 181	6 573
Operating expenses	12	- 1 167	- 1 208	- 1 314	- 2 406	- 2 522
staff expenses		- 693	- 745	- 764	- 1 468	- 1 509
general administrative expenses		- 392	- 381	- 446	- 788	- 827
depreciation fixed assets		- 86	- 85	- 88	- 174	- 173
provisions		3	3	- 15	24	- 12
Impairment	14	- 67	- 27	- 56	- 64	- 84
on loans and receivables		- 61	- 25	- 55	- 57	- 79
on available-for-sale assets		- 3	- 4	2	- 2	- 2
on goodwill		0	0	0	0	0
on other		- 3	1	- 3	- 4	- 2
Gross technical charges, insurance	9	- 620	- 753	- 663	- 1 251	- 1 416
non-life		- 243	- 298	- 246	- 498	- 544
life		- 377	- 456	- 417	- 753	- 873
Ceded reinsurance result	9	- 6	- 15	- 5	- 24	- 20
Share in results of associated companies		12	16	22	23	38
PROFIT BEFORE TAX		1 110	1 322	1 248	2 459	2 569
Income tax expense		- 333	- 293	- 281	- 658	- 575
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		777	1 028	966	1 801	1 995
attributable to minority interest		41	31	30	86	62
attributable to equity holders of the parent		**736**	**997**	**936**	**1 715**	**1 933**
Earnings per share (in EUR)						
Basic		2.07	2.85	2.69	4.81	5.54
Diluted		2.05	2.84	2.68	4.76	5.51

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

Consolidated balance sheet

ASSETS (in millions of EUR)	Note	31-12-2006	30-06-2007
Cash and cash balances with central banks		3 826	4 378
Financial assets	18-25	310 427	327 077
Held for trading		67 630	77 444
Designated at fair value through profit and loss		57 182	52 758
Available for sale		47 868	44 910
Loans and receivables		125 195	139 929
Held to maturity investments		12 213	11 441
Derivatives used for hedging		339	595
Reinsurers' share in technical provisions, insurance		290	296
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		- 175	- 307
Accrued interest income		2 773	2 935
Tax assets	27	761	890
Current tax assets		154	207
Deferred tax assets		608	683
Non-current assets held for sale and disposal groups		92	88
Investments in associated companies	28	522	616
Investment property	29	413	442
Property and equipment	29	1 906	2 017
Goodwill and other intangible fixed assets	30	1 987	2 270
Other assets	26	2 578	3 467
TOTAL ASSETS		325 400	344 169

LIABILITIES (in millions of EUR)		31-12-2006	30-06-2007
Financial liabilities	18-20	282 282	300 019
Held for trading		37 423	42 136
Designated at fair value through profit and loss		56 720	50 391
Measured at amortized cost		188 044	207 352
Derivatives used for hedging		96	139
Gross technical provisions, insurance	31	15 965	16 446
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		0	0
Accrued interest expenses		1 694	2 008
Tax liabilities	27	845	876
Current tax liabilities		534	520
Deferred tax liabilies		312	357
Liabilities included in disposal groups classified as held for sale		43	0
Provisions	32	493	497
Other liabilities	33	5 624	5 989
TOTAL LIABILITIES		306 947	325 835
Total Equity		18 453	18 334
Parent shareholders' equity	35	17 219	17 201
Minority interest		1 234	1 133
TOTAL LIABILITIES AND EQUITY		325 400	344 169

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

On 30 June 2007, the heading ‘Non-current assets held for sale and disposal groups’ concerns mainly Reliz (a Kredyt Bank subsidiary in Poland) which is in the process of being sold. In view of the insignificant amount this entailed for the entire group (see balance sheet), no further information is provided on this heading.

Condensed consolidated statement of changes in equity

In millions of EUR	Issued and paid up share capital	Share premium	Other Equity (Mandatory convertible bonds)	Treasury shares	Revaluation reserve (AFS-investments)	Hedging reserve (cash flow hedges)	Reserves	Translation differences	Parent share-holders' equity	Minority Interest	Total Equity
30-06-2006											
Balance at the beginning of the year	1 234	4 138	185	- 484	2 129	1	8 421	127	15 751	1 715	17 466
Net income recognised directly in equity	0	0	0	0	- 778	32	6	- 100	- 840	0	- 840
Net profit for the period	0	0	0	0	0	0	1 715	0	1 715	86	1 801
Total recognised income and expense for the period	0	0	0	0	- 778	32	1 721	- 100	875	86	960
Dividends	0	0	0	0	0	0	- 897	0	- 897	0	- 897
Capital increase	0	2	- 2	0	0	0	0	0	0	0	0
Cancellation own shares	0	0	0	300	0	0	- 300	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 530	0	0	- 1	0	- 531	0	- 531
Change in minority interest	0	0	0	0	0	0	0	0	0	- 443	- 443
Total change	0	2	- 2	- 230	- 778	32	523	- 100	- 553	- 357	- 910
Balance at the end of the period	1 234	4 140	183	- 714	1 351	33	8 944	27	15 198	1 357	16 555
of which revaluation reserve for shares					1 312						
of which revaluation reserve for bonds					40						
of which revaluation reserve for other assets than bonds and shares					0						
30-06-2007											
Balance at the beginning of the year	1 235	4 150	183	- 1 111	1 968	46	10 651	98	17 219	1 234	18 453
Net income recognised directly in equity	0	0	0	0	- 506	54	4	- 38	- 485	0	- 485
Net profit for the period	0	0	0	0	0	0	1 933	0	1 933	62	1 995
Total recognised income and expense for the period	0	0	0	0	- 506	54	1 937	- 38	1 448	62	1 510
Dividends	0	0	0	0	0	0	- 1 151	0	- 1 151	0	- 1 151
Capital increase	0	1	- 1	0	0	0	0	0	0	0	0
Cancellation own shares	0	0	0	698	0	0	- 698	0	0	0	0
(Results / Derivatives on) treasury shares	0	0	0	- 317	0	0	1	0	- 315	0	- 315
Change in minority interest	0	0	0	0	0	0	0	0	0	- 163	- 163
Total change	0	1	- 1	382	- 506	54	89	- 38	- 18	- 101	- 120
Balance at the end of the period	1 235	4 151	182	- 730	1 462	100	10 740	61	17 201	1 133	18 334
of which revaluation reserve for shares					1 733						
of which revaluation reserve for bonds					- 271						
of which revaluation reserve for other assets than bonds and shares					0						

Condensed consolidated cash flow statement

In millions of EUR	1H 2006	1H 2007
Net cash from (used in) operating activities	2 909	13 195
Net cash from (used in) investing activities	- 1 361	- 777
Net cash flows from (used in) financing activities	- 1 181	- 1 293
Net increase/(decrease) in cash and cash equivalents	367	11 125
Cash and cash equivalents at the beginning of the year	3 199	850
Effects of exchange rate changes on opening cash and cash equivalents	101	- 50
Cash and cash equivalents at the end of the period	3 667	11 925

Notes on the accounting policies

Provided below is a selection of notes to the accounts. The numbers and titles of the notes that will only appear in the 2007 annual report, but not in the quarterly reports, are shown below solely to ensure there is a link with the annual report.

Note 1a: Statement of compliance

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

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

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

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

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

Note 1b: Summary of significant accounting policies

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

Notes on segment reporting

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

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

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

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

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

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

In millions of EUR	Banking	Insurance	European Private Banking	Holding Company Activities	Inter-segment eliminations	KBC Group
INCOME STATEMENT 1H 2006						
Net interest income	1 630	294	179	- 12	- 5	2 086
Gross earned premiums, insurance	0	1 522	0	0	0	1 522
Non-life	0	866	0	0	0	866
Life	0	657	0	0	0	657
Dividend income	69	51	9	2	0	131
Net (un)realised gains from financial instruments at fair value	904	- 11	- 53	7	0	847
Net realised gains AFS	169	108	26	56	0	357
Net fee and commission income	814	- 110	263	- 1	1	967
Other net income	208	33	9	278	- 257	270
TOTAL INCOME	3 794	1 887	433	328	- 261	6 181
Operating expenses	- 1 886	- 260	- 290	- 230	261	- 2 406
Staff expenses	- 1 204	- 149	- 178	- 44	107	- 1 468
General administrative expenses	- 603	- 95	- 99	- 147	155	- 788
Depreciation fixed assets	- 103	- 18	- 13	- 41	0	- 174
Provisions	23	1	0	1	0	24
Impairments	- 55	- 8	0	0	0	- 64
on loans and receivables	- 51	0	- 7	0	0	- 57
on available-for-sale assets	- 1	- 8	6	0	0	- 2
on goodwill	0	0	0	0	0	0
on other	- 4	0	0	0	0	- 4
Gross technical charges, insurance	0	- 1 251	0	0	0	- 1 251
Non-life	0	- 498	0	0	0	- 498
Life	0	- 753	0	0	0	- 753
Ceded reinsurance result	0	- 24	0	0	0	- 24
Share in results of associated companies	21	0	2	0	0	23
PROFIT BEFORE TAX	1 874	343	145	97	0	2 459
Income tax expense	- 479	- 84	- 44	- 51	0	- 658
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	1 395	259	101	46	0	1 801
attributable to minority interest	91	- 9	2	0	0	86
attributable to equity holders of the parent	1 303	268	98	46	0	1 715
INCOME STATEMENT 1H 2007						
Net interest income	1 614	313	135	10	- 6	2 065
Gross earned premiums, insurance	0	1 692	0	0	0	1 692
Non-life	0	881	0	0	0	881
Life	0	811	0	0	0	811
Dividend income	54	106	6	0	0	166
Net (un)realised gains from financial instruments at fair value	1 014	- 33	- 32	0	0	948
Net realised gains AFS	142	263	18	0	1	424
Net fee and commission income	955	- 181	238	- 2	6	1 016
Other net income	201	38	26	348	- 353	260
TOTAL INCOME	3 979	2 200	392	356	- 353	6 573
Operating expenses	- 2 025	- 266	- 234	- 351	354	- 2 522
Staff expenses	- 1 235	- 163	- 150	- 131	169	- 1 509
General administrative expenses	- 668	- 95	- 67	- 182	185	- 827
Depreciation fixed assets	- 103	- 18	- 13	- 38	0	- 173
Provisions	- 18	10	- 4	0	0	- 12
Impairments	- 82	- 1	- 1	- 1	0	- 84
on loans and receivables	- 81	0	1	0	0	- 79
on available-for-sale assets	0	- 1	- 1	0	0	- 2
on goodwill	0	0	0	0	0	0
on other	- 1	0	0	- 1	0	- 2
Gross technical charges, insurance	0	- 1 415	0	0	- 1	- 1 416
Non-life	0	- 544	0	0	0	- 544
Life	0	- 872	0	0	- 1	- 873
Ceded reinsurance result	0	- 20	0	0	0	- 20
Share in results of associated companies	37	0	2	0	0	38
PROFIT BEFORE TAX	1 909	498	159	4	0	2 569
Income tax expense	- 419	- 61	- 35	- 59	0	- 575
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	1 490	437	123	- 55	0	1 995
attributable to minority interest	58	4	0	0	0	62
attributable to equity holders of the parent	1 432	433	123	- 55	0	1 933
BALANCE SHEET 31-12-2006						
Total assets	273 170	29 285	22 030	915	-	325 400
Total liabilities	259 993	26 161	19 913	880	-	306 947
BALANCE SHEET 30-06-2007						
Total assets	289 034	30 584	23 666	885	-	344 169
Total liabilities	276 030	26 695	22 238	872	-	325 835

In millions of EUR	Belgium	Central and Eastern Europe	Rest of the world	Inter-segment eliminations	KBC Group
1H 2006					
Gross income	3 330	1 384	1 468	0	6 181
31-12-2006					
Total assets	192 526	38 588	94 286	0	325 400
Total liabilities	173 841	37 900	95 207	0	306 947
1H 2007					
Gross income	3 757	1 408	1 408	0	6 573
30-06-2007					
Total assets	173 746	46 298	124 124	0	344 169
Total liabilities	166 425	42 290	117 120	0	325 835

Notes on the income statement

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

Note 3: Net interest income

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	1 039	1 052	1 014	2 086	2 065
Interest income resulting from	3 158	3 590	3 908	6 171	7 498
Available for sales assets	514	459	465	1 007	924
Loans and receivables	1 557	1 868	2 094	3 111	3 963
Held to maturity investments	118	129	117	233	246
Other	10	24	26	21	50
Subtotal interest income for financial assets not designated at fair value through profit and loss	2 199	2 481	2 702	4 372	5 182
Financial assets held for trading	323	366	410	615	776
Derivatives used for hedging	254	159	172	397	331
Other financial assets designated at fair value	382	585	624	787	1 209
Interest expense resulting from	- 2 119	- 2 539	- 2 894	- 4 085	- 5 432
Financial liabilities measured at amortized cost	- 1 440	- 1 792	- 2 066	- 2 817	- 3 858
Other	0	- 1	- 6	- 1	- 7
Investment contracts at amortized cost	0	0	0	0	0
Subtotal interest income for financial assets not designated at fair value through profit and loss	- 1 440	- 1 793	- 2 072	- 2 818	- 3 865
Financial liabilities held for trading	- 73	- 109	- 105	- 154	- 214
Derivatives used for hedging	- 274	- 151	- 159	- 439	- 310
Other financial liabilities designated at fair value	- 332	- 485	- 558	- 674	- 1 044

Note 4: Dividend income

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	104	28	138	131	166
Breakdown by portfolio					
Held for trading shares	32	16	26	46	42
Other shares designated at fair value through profit and loss	8	0	15	8	15
Available for Sale shares	64	12	96	77	109

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

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	328	400	548	847	948
Breakdown by type					
Trading instruments (including interest and market value changes of trading derivatives)	346	148	656	941	804
Other financial instruments designated at fair value	- 110	201	- 98	- 309	103
Foreign exchange trading	96	46	- 7	219	39
Fair value adjustments in hedge accounting	- 4	5	- 3	- 4	2

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

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	116	317	108	357	424
Breakdown by portfolio					
Fixed-income assets	8	- 19	- 106	33	- 125
Shares	108	335	214	325	550

Note 7: Net fee and commission income

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	479	489	527	967	1 016
Fee and commission income	784	785	817	1 579	1 602
Securities and asset management	535	552	574	1 071	1 126
Margin on deposit accounting (life insurance investment contracts without DPF)	22	10	8	48	18
Credit commitment	40	46	45	75	91
Payments	101	101	101	199	202
Other	86	76	89	187	165
Fee and commission expense	- 305	- 295	- 290	- 613	- 585
Commission paid to intermediaries	- 93	- 120	- 103	- 196	- 223
Other	- 213	- 175	- 187	- 416	- 362

Note 8: Other net income

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	138	155	105	270	260
of which: realised gain on sale buildings - CSOB	1	0	0	36	0
of which: impact of sale bad loans - Kredyt Bank	37	0	0	37	0
of which: impact of sale Banca KBL Fumagalli	0	0	14	0	14
of which: Belgian Deposit Guarantee Agency	0	44	0	0	44

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

Note 9: Technical accounts, insurance

In millions of EUR	Insurance contracts			Investment contracts		Non-technical account	TOTAL
	Life	Non-life	Total	with DPF (Life)	without DPF (Life)		
1H 2006							
Gross earned premiums	339	866	1 204	318	0	0	1 522
Gross technical charges	- 312	- 537	- 850	- 443	252	0	- 1 041
Gross claims paid	- 194	- 423	- 617	- 457	0	0	- 1 075
Gross provision for claims outstanding	3	- 99	- 96	0	0	0	- 96
Bonuses and rebates	1	0	1	7	0	0	8
Other technical provisions	- 122	- 3	- 125	6	204	0	86
Other technical income and charges	0	- 12	- 13	1	48	0	36
Investment income and charges	188	114	302	147	- 205	42	286
Investment income	0	0	0	0	0	632	632
Dividends	0	0	0	0	0	51	51
Interests	0	0	0	0	0	312	312
Realized capital gains	0	0	0	0	0	148	148
Other investment income	0	0	0	0	0	120	120
Value adjustments	0	0	0	0	- 205	0	- 205
Investment charges	0	0	0	0	0	- 151	- 151
Other income and charges (non-technical)	0	0	0	0	0	11	11
Allocation to the technical accounts	188	114	302	147	0	- 449	0
General administrative expenses	- 71	- 273	- 344	- 21	- 35	0	- 400
Net acquisition costs	- 49	- 192	- 241	- 12	- 30	0	- 283
Administrative expenses	- 23	- 80	- 103	- 9	- 5	0	- 117
Impairment of goodwill	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	0	- 22	- 22	0	0	- 2	- 24
Technical charges	3	33	35	0	0	0	35
Fee and commission expense	0	9	10	0	0	0	10
Interest expense deposits from reinsurers	0	0	0	0	0	- 2	- 2
Earned premiums	- 3	- 64	- 67	0	0	0	- 67
PROFIT BEFORE TAX	143	148	291	0	12	40	343
Income tax expense							- 84
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							259
Attributable to minority interest							- 9
Attributable to equity holders of the parent							268
1H 2007							
Gross earned premiums	373	881	1 254	438	0	0	1 692
Gross technical charges	- 327	- 587	- 914	- 559	- 204	0	- 1 677
Gross claims paid	- 222	- 487	- 710	- 169	0	0	- 879
Gross provision for claims outstanding	2	- 83	- 81	0	0	0	- 81
Bonuses and rebates	- 2	0	- 2	8	0	0	7
Other technical provisions	- 106	- 4	- 110	- 402	- 220	0	- 733
Other technical income and charges	0	- 12	- 12	3	16	0	8
Investment income and charges	236	153	389	199	234	88	910
Investment income	0	0	0	0	0	837	837
Dividends	0	0	0	0	0	106	106
Interests	0	0	0	0	0	326	326
Realized capital gains	0	0	0	0	0	300	300
Other investment income	0	0	0	0	0	105	105
Value adjustments	0	0	0	0	234	0	234
Investment charges	0	0	0	0	0	- 171	- 171
Other income and charges (non-technical)	0	0	0	0	0	10	10
Allocation to the technical accounts	236	153	389	199	0	- 588	0
General administrative expenses	- 78	- 289	- 367	- 24	- 16	0	- 407
Net acquisition costs	- 54	- 215	- 268	- 15	- 11	0	- 294
Administrative expenses	- 24	- 74	- 98	- 9	- 5	0	- 112
Impairment of goodwill	0	0	0	0	0	0	0
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	- 1	- 17	- 18	0	0	- 2	- 20
Technical charges	2	23	25	0	0	0	25
Fee and commission expense	0	7	8	0	0	0	8
Interest expense deposits from reinsurers	0	0	0	0	0	- 2	- 2
Earned premiums	- 3	- 48	- 51	0	0	0	- 51
PROFIT BEFORE TAX	203	142	345	54	14	85	498
Income tax expense							- 61
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							437
Attributable to minority interest							4
Attributable to equity holders of the parent							433

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

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

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

Note 10: Gross earned premiums, life insurance

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	330	429	382	657	811
Breakdown by type					
Accepted reinsurance	6	5	4	15	10
Primary business	323	424	377	642	801
Breakdown of primary business					
Individual versus group					
Individual premiums	273	356	321	535	677
Premiums under group contracts	50	69	56	107	124
Periodic versus single					
Periodic premiums	153	184	159	313	343
Single premiums	170	240	218	329	458
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	104	46	53	144	99
Premiums from bonus contracts	199	353	292	447	645
Unit linked	20	25	32	51	57

Under IFRS, figures for premium income exclude the investment contracts without DPF, which roughly coincide with the unit-linked products. Note: 1Q 2007 breakdowns were adjusted retroactively.

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

Note available in the annual report only.

Note 12: Operating expenses

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	- 1 167	- 1 208	- 1 314	- 2 406	- 2 522
Breakdown by type					
Staff expenses	- 693	- 745	- 764	- 1 468	- 1 509
General administrative expenses	- 392	- 381	- 446	- 788	- 827
Depreciation of fixed assets	- 86	- 85	- 88	- 174	- 173
Provisions	3	3	- 15	24	- 12

Note 13: Personnel

Note available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	2Q 2006	1Q 2007	2Q 2007	cumul 1H 2006	cumul 1H 2007
Total	- 67	- 27	- 56	- 64	- 84
Impairment on loans and receivables	- 61	- 25	- 55	- 57	- 79
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 52	- 12	- 47	- 59	- 58
Specific impairments for off-balance-sheet credit commitments	0	- 5	- 8	0	- 13
Portfolio-based impairments	- 9	- 9	0	1	- 9
Breakdown by business unit					
Belgium	0	3	- 9	- 8	- 6
Central Eastern Europe	- 41	- 22	- 27	- 59	- 49
Merchant Banking	- 16	- 7	- 19	17	- 25
European Private Banking	- 3	1	0	- 7	1
Group Centre	0	0	0	0	0
Impairment on available-for-sale assets	- 3	- 4	2	- 2	- 2
Breakdown by type					
Shares	- 7	- 1	- 1	- 8	- 2
Other	4	- 3	2	6	0
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 3	1	- 3	- 4	- 2
Breakdown by type					
Intangible assets, other than goodwill	- 1	0	- 1	- 1	- 1
Tangible assets	- 2	0	0	- 2	0
Investments held to maturity	0	1	0	0	1
Investments in associates (goodwill)	0	0	0	0	0
Other	0	1	- 2	0	- 2

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

Notes available in the annual report only.

Notes on the balance sheet

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

FINANCIAL ASSETS (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and receivables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2006								
Loans and advances to credit institutions and investment firms [1]	11 463	9 472	0	18 302	-	-	-	39 236
Loans and advances to customers [2]	3 442	21 896	0	106 893	-	-	-	132 231
Discount and acceptance credit	0	0	0	223	-	-	-	223
Consumer credit	0	0	0	3 232	-	-	-	3 232
Mortgage loans	0	11 089	0	28 840	-	-	-	39 929
Term loans	3 442	10 807	0	53 194	-	-	-	67 443
Finance leasing	0	0	0	6 031	-	-	-	6 031
Current account advances	0	0	0	7 578	-	-	-	7 578
Securitized loans	0	0	0	302	-	-	-	302
Other	0	0	0	7 493	-	-	-	7 493
Equity instruments	16 260	168	5 721	-	-	-	-	22 150
Investment contracts (insurance)	-	9 304	-	-	-	-	-	9 304
Debt instruments issued by	19 107	16 342	42 147	-	12 213	-	-	89 809
Public bodies	12 372	9 718	27 882	-	10 736	-	-	60 708
Credit institutions and investment firms	4 215	1 793	6 518	-	1 021	-	-	13 547
Corporates	2 521	4 831	7 747	-	456	-	-	15 554
Derivatives	17 357	-	-	-	-	339	-	17 697
Total carrying value	67 630	57 182	47 868	125 195	12 213	339	-	310 427
[1] Of which reverse repos								*21 632*
[2] Of which reverse repos								*18 261*
30-06-2007								
Loans and advances to credit institutions and investment firms [1]	12 814	9 687	0	29 579	-	-	-	52 080
Loans and advances to customers [2]	4 569	19 146	0	110 350	-	-	-	134 065
Discount and acceptance credit	0	0	0	292	-	-	-	292
Consumer credit	0	0	0	3 689	-	-	-	3 689
Mortgage loans	0	11 698	0	30 774	-	-	-	42 471
Term loans	4 569	7 105	0	54 759	-	-	-	66 433
Finance leasing	0	0	0	6 404	-	-	-	6 404
Current account advances	0	0	0	8 896	-	-	-	8 896
Securitized loans	0	0	0	284	-	-	-	284
Other	0	344	0	5 252	-	-	-	5 596
Equity instruments	19 528	182	5 667	-	-	-	-	25 377
Investment contracts (insurance)	-	9 272	-	-	-	-	-	9 272
Debt instruments issued by	22 079	14 470	39 242	-	11 441	-	-	87 233
Public bodies	12 508	9 142	23 760	-	10 265	-	-	55 674
Credit institutions and investment firms	3 956	2 320	7 983	-	992	-	-	15 251
Corporates	5 615	3 008	7 499	-	185	-	-	16 307
Derivatives	18 455	-	-	-	-	595	-	19 050
Total carrying value	77 444	52 758	44 910	139 929	11 441	595	-	327 077
[1] Of which reverse repos								*23 018*
[2] Of which reverse repos								*16 754*

FINANCIAL LIABILITIES (in millions of EUR)	Held for trading	Designated at fair value through profit and loss	Available for sale	Loans and receivables	Held to maturity	Derivatives used for hedging	Measured at amortized cost	Total
31-12-2006								
Deposits from credit institutions and investment firms [3]	5 426	15 939	-	-	-	-	38 406	59 771
Deposits from customers and debt certificates [4]	1 399	31 625	-	-	-	-	146 464	179 488
Deposits from customers	270	16 242	-	-	-	-	109 678	126 189
Demand deposits	0	0	-	-	-	-	36 553	36 553
Time deposits	270	16 242	-	-	-	-	39 501	56 012
Saving deposits	0	0	-	-	-	-	29 629	29 629
Special deposits	0	0	-	-	-	-	2 736	2 736
Other deposits	0	0	-	-	-	-	1 259	1 259
Debt certificates	1 129	15 383	-	-	-	-	36 787	53 299
Certificates of deposit	0	9 239	-	-	-	-	15 685	24 924
Customer saving certificates	0	0	-	-	-	-	2 714	2 714
Convertible bonds	0	0	-	-	-	-	0	0
Non-convertible bonds	1 129	5 199	-	-	-	-	13 079	19 408
Convertible subordinated liabilities	0	0	-	-	-	-	0	0
Non-convertible subordinated liabilities	0	945	-	-	-	-	5 308	6 253
Liabilities under investment contracts	-	9 156	-	-	-	-	-	9 156
Derivatives	24 082	-	-	-	-	96	-	24 178
Short positions	5 738	-	-	-	-	-	-	5 738
in equity instruments	1 418	-	-	-	-	-	-	1 418
in debt instruments	4 320	-	-	-	-	-	-	4 320
Other	779	0	-	-	-	-	3 173	3 952
Total carrying value	37 423	56 720	-	-	-	96	188 044	282 282
[3] *Of which repos*								*18 333*
[4] *Of which repos*								*9 071*
30-06-2007								
Deposits from credit institutions and investment firms [3]	7 456	14 817	-	-	-	-	43 211	65 483
Deposits from customers and debt certificates [4]	170	26 320	-	-	-	-	159 805	186 295
Deposits from customers	0	15 689	-	-	-	-	119 260	134 949
Demand deposits	0	0	-	-	-	-	40 419	*40 419*
Time deposits	0	15 689	-	-	-	-	45 325	*61 015*
Saving deposits	0	0	-	-	-	-	28 866	*28 866*
Special deposits	0	0	-	-	-	-	3 053	*3 053*
Other deposits	0	0	-	-	-	-	1 596	*1 596*
Debt certificates	170	10 631	-	-	-	-	40 545	51 346
Certificates of deposit	0	6 293	-	-	-	-	11 574	*17 867*
Customer saving certificates	0	0	-	-	-	-	2 690	*2 690*
Convertible bonds	0	0	-	-	-	-	0	*0*
Non-convertible bonds	170	3 415	-	-	-	-	20 666	*24 251*
Convertible subordinated liabilities	0	0	-	-	-	-	0	*0*
Non-convertible subordinated liabilities	0	923	-	-	-	-	5 615	*6 538*
Liabilities under investment contracts	-	9 255	-	-	-	-	-	9 255
Derivatives	25 778	-	-	-	-	139	-	25 917
Short positions	8 280	-	-	-	-	-	-	8 280
in equity instruments	2 812	-	-	-	-	-	-	2 812
in debt instruments	5 468	-	-	-	-	-	-	5 468
Other	453	0	-	-	-	-	4 336	4 789
Total carrying value	42 136	50 391	-	-	-	139	207 352	300 019
[3] *Of which repos*								20 440
[4] *Of which repos*								8 061

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

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

Note 19: Financial assets and liabilities: breakdown by portfolio and geography
Note 20: Financial assets: breakdown by portfolio and quality
Note 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	31-12-2006	30-06-2007
Total	2 224	2 229
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 934	1 919
Specific impairment, off-balance-sheet credit commitments	67	82
Portfolio-based impairments	222	228
Breakdown by counterparty		
Impairment for loans and advances to banks	1	7
Impairment for loans and advances to customers	2 142	2 127
Specific and portfolio based impairment, off-balance-sheet credit commitments	80	95

Information on loan loss ratios, non-performing loans (impaired loans for which principal repayments or interest payments are more than 90 days in arrears) and coverage of non-performing loans by loan loss impairment is provided in note 43.

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

Notes available in the annual report only.

Note 31: Technical provisions, insurance

In millions of EUR	31-12-2006	30-06-2007
Gross technical provisions	15 965	16 446
Insurance contracts	8 828	8 926
Provisions for unearned premiums and unexpired risk	453	556
Life assurance provision	4 680	4 749
Provision for claims outstanding	3 312	3 403
Provision for bonuses and rebates	25	26
Other technical provisions	358	192
Investment contracts with DPF	7 138	7 521
Life assurance provision	7 093	7 484
Provision for claims outstanding	0	0
Provision for bonuses and rebates	45	37
Reinsurers' share	290	296
Insurance contracts	290	296
Provisions for unearned premiums and unexpired risk	24	28
Life assurance provision	8	6
Provision for claims outstanding	257	260
Provision for bonuses and rebates	0	0
Other technical provisions	0	0
Investment contracts with DPF	0	0
Life assurance provision	0	0
Provision for claims outstanding	0	0
Provision for bonuses and rebates	0	0

Technical provisions relate to insurance contracts and investment contracts with a discretionary participation feature (DPF).

Liabilities under investment contracts without DPF have to be valued according to IAS39 (deposit accounting); these liabilities concern mainly the unit-linked contracts. Liabilities under investment contracts without DPF are included in the overview on financial liabilities in note18.

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

Notes available in the annual report only.

Note 35: Parent shareholders' equity

in number of shares	31-12-2006	30-06-2007
Total number of shares issued and fully paid up	365 823 520	357 593 797
Breakdown by type		
Ordinary shares	363 217 068	354 999 049
Other equity instruments	2 606 452	2 594 748
of which ordinary shares that entitle the holder to a dividend payment	*352 870 300*	*352 999 049*
of which treasury shares	*15 823 991*	*10 260 206*
Other information		
Par value per share (in euro)	3.40	3.45
Number of shares issued but not fully paid	0	0

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

At 30 June 2007, there were 354 999 049 ordinary shares in circulation. No participation certificates or non-voting shares have been issued. The shares are quoted on Euronext Brussels and on the Luxembourg Stock Exchange.

At 30 June 2007, KBC group companies held 10 260 206 KBC shares (10 218 725 excluding the shares held in the trading book of KBC Securities, Ligeva and KBC Financial Products). This number includes, inter alia:

- the shares that are held to meet requirements under the various employee stock option plans (as at 30 June 2007: 1 526 452 shares).
- the 3 571 068 shares that were bought in 1H 2007 in relation to the 3-billion-euro share buyback programme announced at the end of 2006. These shares will not be cancelled (unless the par value of the repurchased shares exceeds 10% of issued capital).

The calculation of the number of shares entitled to dividend takes into account the fact that the Annual Meeting in April 2007 decided not to pay divided on (at that time) 2 000 000 treasury shares bought in relation to the 2007-2009 buyback programme.

At 30 June 2007, there were 2 594 748 MCBs in circulation, for a nominal amount of 182 million euros, with a maturity date of 30 November 2008 and a base rate of 3.5% (as of 2000, related to changes in the dividend on the KBC share), which had not yet been converted into ordinary shares. Holders of these MCBs are entitled, until 30 November 2008, to request that their MCBs be converted according to a ratio of one KBC ordinary share for one MCB. MCBs which have not been converted by their holders will be converted automatically into ordinary shares at maturity. MCBs only carry voting rights when converted into ordinary shares.

N.B.: Prefered trust securities are not included in parent shareholders' equity, but in minority interests. At 30 June 2007, there were no freely convertible bonds outstanding.

Other notes

Note 36: Commitments and contingent liabilities
Note 37: Leasing

Notes available in the annual report only.

Note 38: Assets under management

Assets under advice or management (AUM) at KBC group, in millions of EUR	31-12-2006	30-06-2007
By business unit		
Belgium	142 866	158 120
Central & Eastern Europe	9 979	11 102
Merchant Banking	737	1 509
European Private Banking	54 978	58 351
Total	208 560	229 081
By product or service		
Investment funds for private individuals	85 184	92 484
Assets managed for private individuals	74 485	81 272
Assets managed for institutional investors	33 470	38 381
Group assets (managed by KBC Asset Management)	15 420	16 944
Total	208 560	229 081

Figures for 2006 were retated slightly.

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

Note 39: Related party transactions

Note available in the annual report only.

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

In the tables below, the calculation of the Tier-1 ratio and CAD ratio is shown, for KBC Bank and KBL EPB separately. For 30-06-2007, both a Basel I and a Basel II calculation are provided.

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

The Basel II calculation for KBC Bank takes into account the specific Basel II rules for the calculation of weighted risks (which essentially differ from Basel I as to the calculation of the charge for credit risk and which also add a charge for operational risk). Note that Basel II is not yet being used in all entities throughout the group (as at 30-06-2007, the entities for which the calculation is based on Basel II account for roughly 3/4th of total weighted risks, the remainder is still calculated according to Basel I).
Moreover, in the Basel II calculation, the 'IRB credit provision excess (shortage)' (i.e. the difference between the loan loss impairment on the balance sheet and the expected loss) is added to (substracted from) the tier-2 capital, and 50% of 'items to be deducted' is substracted from the tier-1 capital ('items to be deducted' include mainly participations in and subordinated claims to financial institutions in which KBC has between a 10% to 50% share - predominantly NLB - as well as KBC Group shares held by KBC Bank; under Basel I, 'items to be deducted' are 100% substracted from tier-2 capital).

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

KBC Bank

In millions of EUR	**KBC BANK**	31-12-2006 Basel I	30-06-2007 Basel I	30-06-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		13 728	14 201	14 433
Tier-1 capital		10 407	10 745	10 035
Parent shareholders' equity		10 603	10 957	10 957
Intangible fixed assets		- 123	- 124	- 124
Goodwill on consolidation		- 709	- 909	- 909
Preference shares / Hybrid Tier One		1 561	1 586	1 586
Minority interests		529	518	518
Elimination	Mandatory convertible bonds	- 186	- 186	- 186
	Revaluation reserve available-for-sale assets (AFS)	- 555	- 172	- 172
	Hedging reserve (cash flow hedges)	- 46	- 100	- 100
	Minority interest in AFS reserve & hedging reserve	- 7	- 2	- 2
Dividend payout assumed		- 661	- 824	- 824
Items to be deducted (*)		-	-	- 710
Tier-2 & 3 capital		3 321	3 456	4 398
Mandatory convertible bonds		186	186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)		712	672	672
Revaluation reserve AFS shares (at 90%)		433	245	245
Minority interest in revaluation reserve AFS shares (at 90%)		3	4	4
IRB provision excess		-	0	194
Subordinated liabilities		3 311	3 790	3 790
Tier-3 capital		14	17	17
Items to be deducted (*)		- 1 339	- 1 458	- 710
Weighted risks				
Total weighted risk volume		123 127	135 791	123 733
Credit risk		113 264	125 113	104 106
Market risk		9 863	10 677	11 730
Operational risk		-	-	7 898
Solvency ratios				
Tier-1 ratio		8.5%	7.9%	8.1%
CAD ratio		11.1%	10.5%	11.7%

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

KBL EPB

In millions of EUR	KBL EPB	31-12-2006 Basel I	30-06-2007 Basel I	30-06-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		1 413	1 478	1 478
Tier-1 capital		846	876	875
Parent shareholders' equity		1 737	1 289	1 289
Intangible fixed assets		- 46	- 47	- 47
Goodwill on consolidation		- 239	- 241	- 241
Preference shares / Hybrid Tier One		110	120	120
Minority interests		0	0	0
Elimination	Other tier 2 instruments	- 18	- 18	- 18
	Revaluation reserve available-for-sale assets (AFS)	- 118	- 114	- 114
	hedging reserve (cash flow hedges)	0	0	0
	Minority interest in AFS reserve & hedging reserve	0	0	0
Dividend payout assumed		- 581	- 114	- 114
Items to be deducted (*)		-	-	- 1
Tier-2 capital		567	603	604
Mandatory convertible bonds		0	0	0
Perpetuals (incl. hybrid tier-1 not used in tier-1)		18	18	18
Revaluation reserve AFS shares (at 90%)		105	108	108
Minority interest in revaluation reserve AFS shares (at 90%)		0	0	0
IRB provision excess		-	-	-
Subordinated liabilities		452	479	479
Tier-3 capital		0	0	0
Items to be deducted (*)		- 8	- 2	- 1
Weighted risks				
Total weighted risk volume		5 841	6 575	6 575
Credit risk		5 065	5 674	5 674
Market risk		776	901	901
Operational risk		-	-	-
Solvency ratios				
Tier-1 ratio		14.5%	13.3%	13.3%
CAD ratio		24.2%	22.5%	22.5%

(*) 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.

Note 41: Solvency insurance (KBC Insurance)

in millions of EUR	31-12-2006	30-06-2007
Available capital		
Share capital	29	29
Share premium account	122	122
Reserves	2 301	2 303
Revaluation reserve available-for-sale (AFS) investments	1 459	1 380
Translation differences	27	26
Dividend payout	- 430	- 390
Minority interests	13	15
Subordinated liabilities	1	1
Formation expenses (-)	0	0
Intangible fixed assets (-)	- 19	- 17
Goodwill on consolidation (-)	- 195	- 275
Available capital	3 308	3 195
Required capital		
Non-life and industrial accidents - legal lines	268	280
Annuities	8	8
Required solvency margin for the Non Life business	276	287
Branch 21	589	610
Branch 23	20	23
Required solvency margin for the Life business	609	632
Other	0	4
Total required solvency margin	884	924
Solvency ratios and surplus		
Solvency ratio	374%	346%
Solvency surplus	2 423	2 271

Note 42: Solvency group (KBC Group, consolidated)

Note available in the annual report only.

Note 43: Risk Management

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

Credit risk data

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

Credit risk: loan portfolio overview (KBC Bank and KBL EPB)	31-12-2006	30-06-2007
Total loan portfolio (in billions of EUR)		
Amount granted	185.7	195.9
Amount outstanding	138.6	151.3
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	29.0%	28.7%
Central & Eastern Europe	18.4%	18.7%
Merchant Banking	50.6%	50.7%
European Private Banking	2.0%	2.0%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.0%	6.0%
Electricity	2.7%	2.5%
Aviation	0.5%	0.6%
Automobile industry	2.9%	2.7%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 324	3 283
Specific loan impairment	2 001	2 001
Portfolio-based loan impairment	222	228
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	0.07%	0.03%
Central Eastern Europe[1]	0.58%	0.34%
Merchant Banking	-0.01%	0.08%
European Private Banking	-0.10%	-0.01%
Total	0.13%	0.11%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 221	2 250
Specific loan impairment for NP loans	1 541	1 565
Non-performing ratio, per business unit		
Belgium	1.5%	1.3%
Central & Eastern Europe	2.4%	2.4%
Merchant Banking	1.3%	1.2%
European Private Banking	1.9%	1.8%
Total	1.6%	1.5%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	69%	70%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	100%	99%

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

1 Broken down as follows for 30-06-2007: 0.29% for CSOB, 0.95% for K&H Bank and -0.50% for Kredyt Bank.

Asset/Liability management data

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

The second table provides - for the insurance business - an overview of the composition of the investment portfolio. In the consolidated financial statements of KBC Group, the insurer's investment portfolio is not shown as such, but is spread over various balance sheet items.

ALM risk: BPV of the ALM book, banking (in millions of EUR)	
Average 1Q 2006	76
Average 2Q 2006	87
Average 3Q 2006	88
Average 4Q 2006	74
Average 1Q 2007	70
Average 2Q 2007	54
30-06-2007	44
Maximum in 1H 2007	74
Minimum in 1H 2007	44

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2006	30-06-2007
Bonds and other fixed-income securities	13 145	12 850
Shares and other variable-yield securities	4 529	4 853
Loans and advances to customers	148	154
Loans and advances to banks	1 010	1 272
Property and equipment and investment property	228	242
Liabilities under investment contracts, unit-linked	9 367	9 298
Other	131	114
Total investment portfolio KBC Insurance	28 558	28 782

Market risk data

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

Market risk: VAR (in millions of EUR; 1-day holding period)	KBC Bank	KBC Financial products	KBC Securities	KBC Peel Hunt
Average 1Q 2006	3.9	19.5	0.2	0.5
Average 2Q 2006	3.8	12.0	0.2	0.5
Average 3Q 2006	3.2	8.3	0.3	0.5
Average 4Q 2006	2.6	6.8	0.4	0.6
Average 1Q 2007	4.1	10.0	0.4	0.9
Average 2Q 2007	3.8	9.8	0.8	0.6
30-06-2007	3.6	9.3	0.4	0.7
Maximum in 1H 2007	5.9	15.1	1.0	1.3
Minimum in 1H 2007	2.9	4.4	0.2	0.4

Note 44: Auditor's fee

Note available in the annual report only.

Note 45: List of significant subsidiaries and associated companies

Company	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING			
Fully consolidated subsidiaries			
Antwerpse Diamantbank NV	Antwerp - BE	100.00	Credit institution
CBC Banque SA	Brussels - BE	100.00	Credit institution
CENTEA NV	Antwerp - BE	99.56	Credit institution
CSOB a.s.	Prague - CZ	100.00	Credit institution
Fin-Force NV	Brussels - BE	68.01	Processing financial transactions
IIB Bank Plc	Dublin - IE	100.00	Credit institution
International Factors NV	Brussels - BE	100.00	Factoring
KBC Asset Management NV	Brussels - BE	100.00	Asset Management
KBC Bank NV	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	Bremen - DE	99.76	Credit institution
KBC Bank Funding LLC & Trust (group)	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	Amsterdam - NL	100.00	Clearing
KBC Credit Investments NV	Brussels - BE	100.00	Investment company
KBC Finance Ireland	Dublin - IE	100.00	Lending
KBC Financial Products (group)	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV	Brussels - BE	100.00	Private equity
KBC Securities NV	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	Budapest - HU	99.96	Credit institution
Kredyt Bank SA	Warsaw - PL	80.00	Credit institution
Patria Finance a.s.	Prague - CZ	100.00	Stock exchange broker / corporate finance
Associated companies			
Nova Ljubljanska banka d.d. (group)	Ljubljana - SI	34.00	Credit institution
INSURANCE			
Fully consolidated subsidiaries			
A Banka A.D. Beograd	Belgrado - RS	100.00	Credit institution
ADD NV	Heverlee - BE	100.00	Insurance company
Assurisk SA	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	Bratislava - SK	100.00	Insurance company
Fidea NV	Antwerp - BE	100.00	Insurance company
K&H Insurance	Budapest - HU	100.00	Insurance company
KBC Verzekeringen NV	Leuven - BE	100.00	Insurance company
Secura NV	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	Luxembourg - LU	99.99	Insurance company
VTB-VAB NV	Zwijndrecht - BE	64.80	Car assistance
TUIR WARTA SA	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries			
NLB Vita d.d.	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING			
Fully consolidated subsidiaries			
Brown, Shipley & Co Ltd.	London - GB	99.90	Credit institution
KBL Finance Ireland	Dublin - IE	99.90	Credit institution
Kredietbank SA Luxembourgeoise	Luxembourg - LU	99.90	Credit institution
Kredietbank (Suisse) SA, Genève	Geneva - CH	99.89	Credit institution
Merck Finck & Co.	München - DE	99.90	Credit institution
Puilaetco Private Bankers SA	Brussels - BE	99.90	Credit institution
Theodoor Gilissen Bankiers NV	Amsterdam - NL	99.90	Credit institution
HOLDING COMPANY ACTIVITIES			
Fully consolidated subsidiaries			
Almafin NV (group)	Zaventem - BE	100.00	Financial services
KBC Exploitatie NV	Brussels - BE	100.00	Cost sharing structure
KBC Groep NV	Brussels - BE	100.00	Holding

Note 46: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			1H 2006	1H 2007	
ADDITIONS					
Insurance	A Banka A.D. Beograd	Full	-	100.00%	
EXCLUSIONS					
KBL European Private Bankers	Banco Urquijo SA	Full	98.69%	-	sold in 3Q 2006
KBL European Private Bankers	Banca KBL Fumagalli Soldan SIM spa	Full	98.95%	-	sold in 2Q 2007
Banking	Bank Card Company NV	Equity	21.55%	-	sold in 4Q 2006
Banking	Banksys NV	Equity	20.55%	-	sold in 4Q 2006
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	CSOB a.s.	Full	89.97%	100.00%	shares bought mainly from EBRD in 4Q06 + squeeze out in 2Q07 (in profit as of 3Q07)
Banking	International Factors NV	Full	50.00%	100.00%	2Q07: acquisition of the remaining 50%; change consolidation method from proportional consolidation to full consolidation (in profit as of 3Q07)
Insurance	CSOB Poist'ovna a.s.(Slovak Republic)	Full	92.02%	100.00%	buyout of minorities
For balance sheet comparison			31-12-2006	30-06-2007	
ADDITIONS					
Insurance	A Banka A.D. Beograd	Full	-	100.00%	
EXCLUSIONS					
KBL European Private Bankers	Banca KBL Fumagalli Soldan SIM spa	Full	99.88%	-	sold in 2Q 2007
CHANGES IN OWNERSHIP PERCENTAGE					
Banking	International Factors NV	Full	50.00%	100.00%	2Q07: acquisition of the remaining 50%; change consolidation method from proportional consolidation to full consolidation (in profit as of 3Q07)

Note 47: Post-balance sheet events

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

Significant (non-adjusting) events between the balance sheet date (30 June 2007) and the publication of this report (10 August 2007):

- 2 July 2007: Completion of sale of the Hungarian bank-card clearing house GBC. The realised gain ad around 25 million euros (after tax) will be included in the results of 3Q 2007.
- 27 July 2007: KBC receives final regulatory approval to acquire the Russian Absolut Bank. KBC now holds 95% of this Russian bank (the remaining 5% is held by the International finance Corporation).
- 3 August 2007: Completion of the acquisition of a majority stake in DZI Insurance (70%; will be followed by a public bid on the remaining shares).

Note 48: General information (IAS 1)

Note available in the annual report only.

REPORT OF THE STATUTORY AUDITOR TO THE SHAREHOLDERS OF KBC GROUP NV ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2007 AND FOR THE SIX MONTHS THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of KBC Group NV (the "Company") as at 30 June 2007 and the related interim condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-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, 10 August 2007

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Jean-Pierre Romont	Danielle Vermaelen
Partner	Partner

QUARTERLY REPORT

KBC GROUP

2Q 2007

Glossary and other information

Content:

Glossary and other information
KBC Group, 2Q & 1H 2007

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

Glossary of ratios used

CAD ratio (banking)

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

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, KBC Exploitatie and the participations of the former Gevaert group] / [consolidated equity of KBC group]

Loan loss ratio

[net changes in individual and portfolio-based impairment for credit risks]/ [average outstanding loan portfolio].

Non-performing ratio

[amount outstanding of non-performing loans (loans for which principal repayments or interest payments are more than ninety days in arrears)] / [total outstanding loan portfolio].

Parent shareholders' equity per share

[parent shareholders' equity] / [number of ordinary shares and mandatorily convertible bonds, less treasury shares (at period-end)].

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

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

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

Return on equity

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

Solvency ratio (insurance)

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

Tier-1 ratio (banking)

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

Methodology used to calculate underlying figures

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

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

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

Underlying profit analysis, KBC Group (in millions of EUR)	BU*	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Profit after tax, attributable to equity holders of the parent		980	736	1 081	634	997	936
Non-recurring items (to be substracted):							
- Amounts before taxes and minority items							
MTM of derivatives for hedging purposes	various	78	47	-37	-7	34	94
Sale of assets by Gevaert	Group	56	0	10	6	0	0
Sale of shares in Dictaphone	Group	66	0	0	0	0	0
Sale of 5.5% in Kredyt Bank	Group	0	35	0	0	0	0
Sale of buildings of CSOB (Czech republic)	CEE	29	0	0	0	0	0
Merger Gevaert - KBC Group: overfunding pension fund	Group	0	56	0	0	0	0
Sale of Banco Urquijo	EPB	0	0	501	0	0	0
Sale of participation in BCC/Banksys	Belgium	0	0	0	60	0	-1
Sale of building of Warta (Poland)	CEE	0	0	0	23	0	0
Sale of shares in Intesa Sanpaolo	Group	0	0	0	0	207	0
Sale of Banca KBL Fumagalli	EPB	0	0	0	0	0	14
Other	various	11	15	28	-6	-23	-12
- Taxes and minority interests on the items above	various	-36	-52	6	-6	-2	-40
Underlying profit after tax, attributable to equity holders of the parent		776	634	574	564	781	880

* BU: applicable business unit:

Belgium = Belgium business unit; CEE = Central & Eastern Europe business unit; Merchant = Merchant Banking business unit; EPB = European Private Banking business unit; Group = Group Centre.

Credit ratings

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

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

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

Ratings, 30-06-2007	Long-term rating (+ outlook)	
Fitch		
KBC Bank	AA-	(stable)
KBC Insurance (claims-paying ability)	AA	(stable)
KBC Group NV	AA-	(stable)
Moody's		
KBC Bank	Aa2	(stable)
KBC Group NV	Aa3	(stable)
Standard and Poor's		
KBC Bank	AA-	(stable)
KBC Insurance (claims-paying ability)	AA-	(stable)
KBC Group NV	A+	(stable)

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 dividend will be paid on these shares. Only when the total number of treasury shares at KBC Group exceeds 10% of the total number of shares, the (number in excess of this 10% of) shares will be cancelled. The size or maturity of the new programme may be adjusted in the case of significant changes in market conditions or following new important acquisition opportunities. As at 30 June 2007, the number of treasury shares bought under this programme stood at 3 571 068.

KBC Group shares, 30-06-2007[1]	number
Ordinary shares	354 999 049
of which held by KBC Group companies (treasury shares)	10 218 725
Related to the share buy-back programme ad 3 billion (2007-2009)	*3 571 068*
Other [2]	*6 647 657*
Mandatorily convertible bonds (MCBs)[3]	2 594 748

1 Data based on value date.

2 Includes, inter alia, shares held for ESOP. Excludes shares held in the trading books of KBC Securities, Ligeva and KBC Financial Products.

3 Number of shares on conversion.

IR contacts

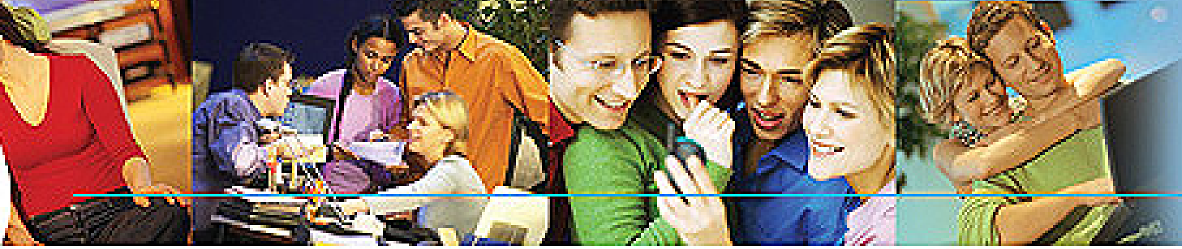
Contact details for investors and analysts	
Investor Relations Office	Luc Cool (Director Investor Relations), Lucas Albrecht (Financial Communications Officer), Marina Kanamori (CSR Communications Officer), Sándor Szabó (IR Manager), Ida Markvartova (IR Analyst), Christel Decorte (IR Assistant) Ronny Van Ginderdeuren (IR Webmaster)
E-mail	investor.relations @ kbc.com
Website	www . kbc . com
Address	KBC Group NV, Investor Relations - IRO, 2 Havenlaan, BE-1080 Brussels

QUARTERLY INFORMATION

KBC GROUP

2Q 2007

Powerpoint presentation

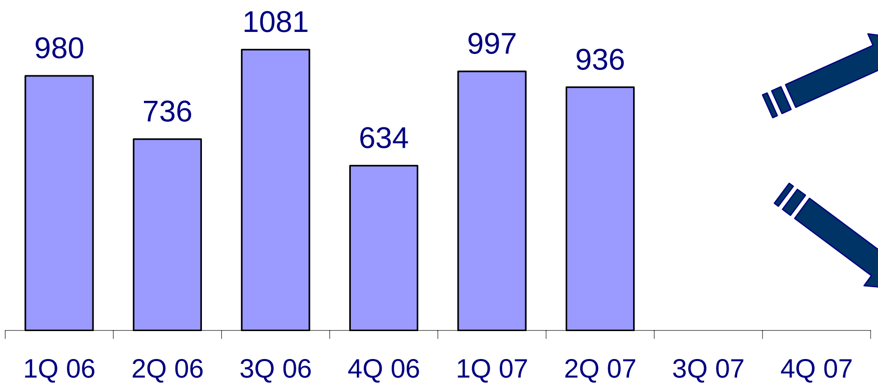


KBC Group
2007 2Q Results

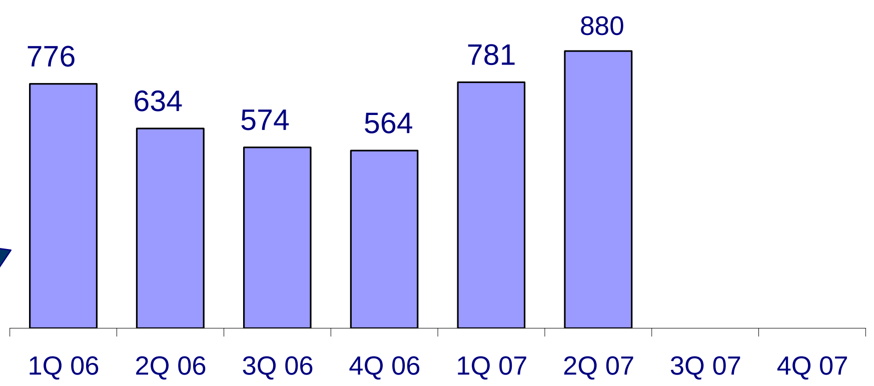
2Q 2007
financial highlights

Quarter under review - Financial highlights

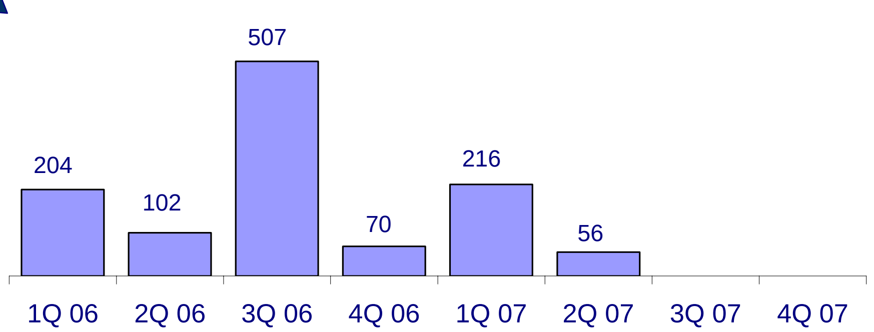
Reported net profit *in m euros*



Underlying net profit *in m euros*



Exceptional items *in m euros*



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

Quarter under review – Financial headlines

- 2Q underlying net profit came to 880m, up 13% q/q and 39% y/y
- Double-digit earnings growth in all business units
- Continued sound growth: RWA up 5% q/q, AUM: up 6% q/q
- Strong core income growth (NII up 7% y/y, F&C up 14% y/y)
- Higher than quarterly average insurance result, but tax-driven slowdown in life insurance business in Belgium
- Cost developments remain under control. C/I ratio stood at 56%
- Low loan loss charges (ytd LLR at 11 bps)
- Extraordinary result of 56m chiefly relates to MTM gain on ALM hedges and the gain on the sale of *Banca KBL Fumagalli* (Italy, 14m, net). These extraordinary results were excluded from the underlying profit amount

Operating highlights 1H 2007

- Buy-out of remaining minority interests in *CSOB Bank* (Czech Republic), completed
- Since the end of 2006 KBC entered into new CEE markets via the acquisition of majority stakes in Bulgaria, Romania, Serbia, Russia
- Total amount paid: 1.4bn
- By 9 August 2007, a total of 1.5 billion euros worth of shares had been bought back as part of the 2006-2009 4-billion-euro share repurchase programmes

2007 3Q developments

- In summer season, our business always slows down. The July earnings trend nevertheless continued to be encouraging.
- Vulnerability towards the current market volatility is very low
- Sale of the stake in Hungarian bank-card clearing house GBC completed with capital gains of about 25m
- KBC will publish its 3Q 07 results on 9 November at 7 a.m. CET

Volumes

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	134	42	186	229	22
Growth, q/q	+5%	+4%	+1%	+6%	+1%
Belgium	+4%	+2%	+3%	+6%	+1%
CEE	+5%	+9%	+1%	+4%	+1%
- CZ/Slovakia	+7%	+11%	+2%	+4%	-3%
- Hungary	-1%	+3%	+2%	+7%	+14%
- Poland	+9%	+18%	+1%	+5%	+4%
Merchant Banking	+7%	-	-6%	-	-
Private Banking	-	-	-	+5%	+1%

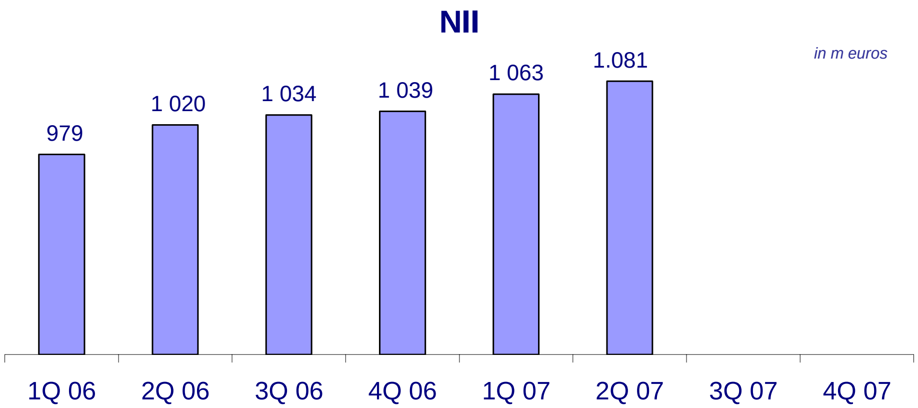
Banco Urquijo and *KBL Fumagalli* excl. from Private Banking. Trends for individual CEE countries in local currency

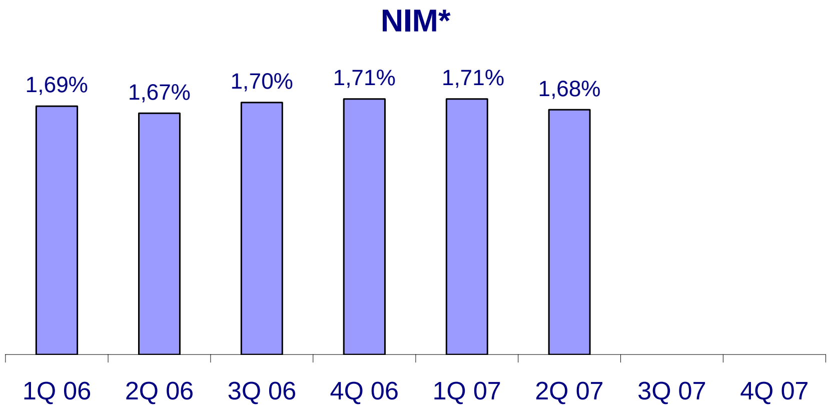
Volumes

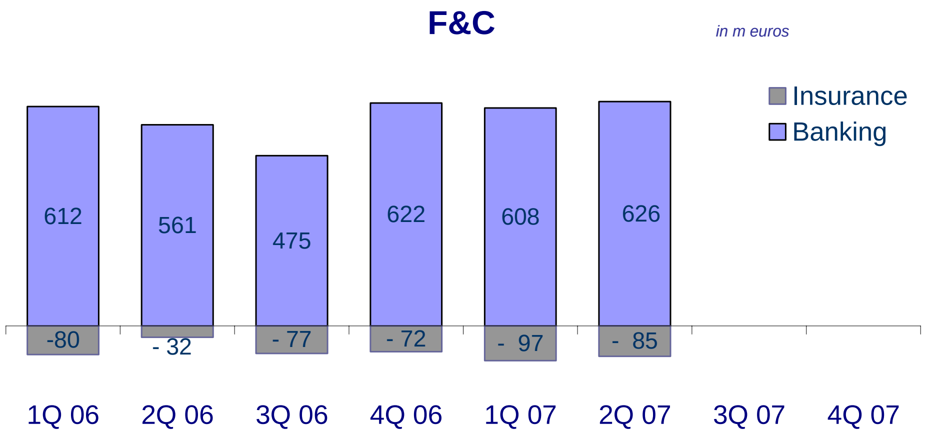
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	134	42	186	229	22
Growth, y/y	+15%	+16%	+7%	+18%	+8%
Belgium	+7%	+9%	+8%	+18%	+7%
CEE	+26%	+49%	+8%	+40%	+29%
- CZ/Slovakia	+31%	+56%	+8%	+29%	+12%
- Hungary	-7%	+11%	-10%	+86%	+68%
- Poland	+29%	+68%	+6%	+42%	+84%
Merchant Banking	+25%	-	+11%	-	-
Private Banking	-	-	-	+12%	+15%

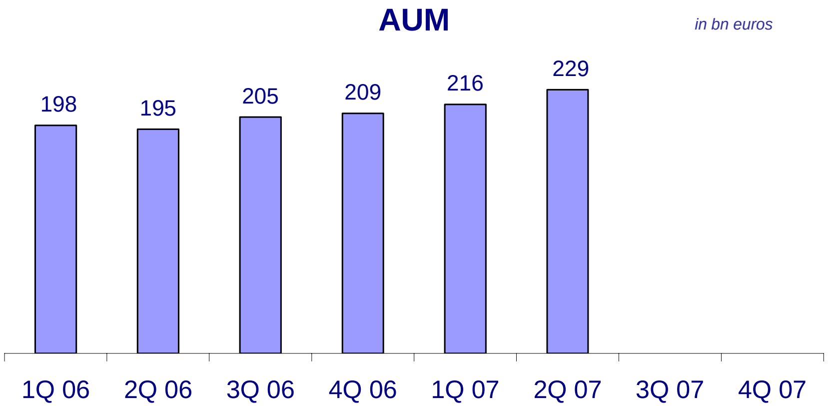
Banco Urquijo and *KBL Fumagalli* excl. from Private Banking. Trends for individual CEE countries in local currency

Revenue trend









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

Revenue trend

NII:

- Steady growing NII (1 081m) up 2% q/q and 6% y/y
- Deconsolidation impact: -1% y/y
- Impact of upstreaming dividends: -1% y/y
- NIM back to 1.68%, slightly down q/q (-3bps)

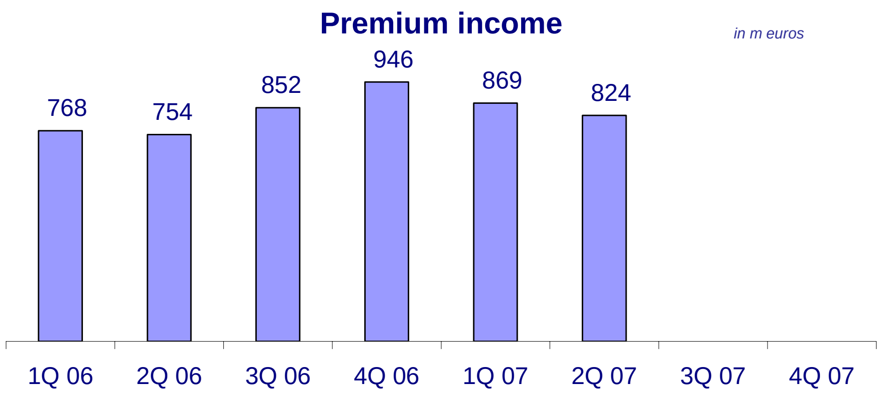
F&C:

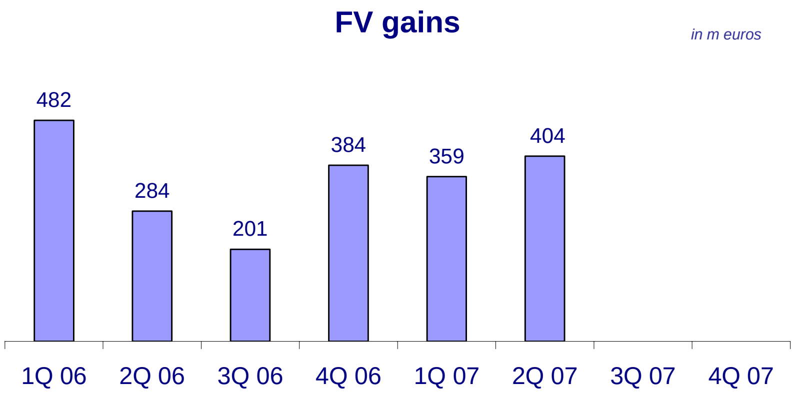
- Disregarding deconsolidation effects F&C up to 541m (+5% q/q)
- 2Q 06 included 38m non-recurring fees re stock lending in insurance. Disregarding this amount, organic growth 14% y/y

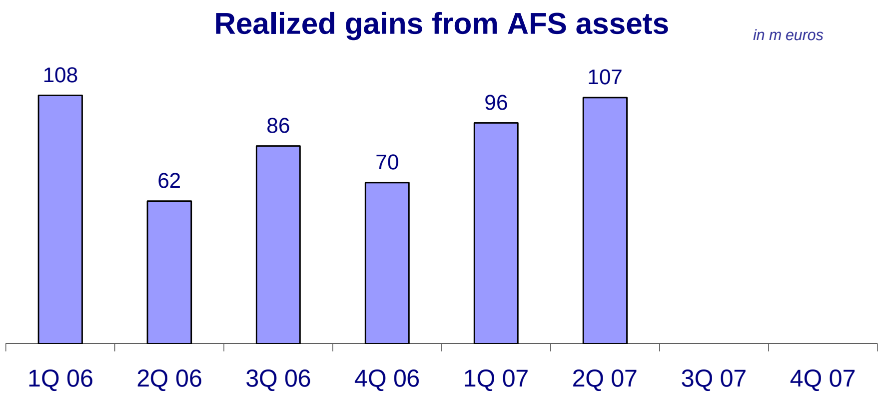
AUM:

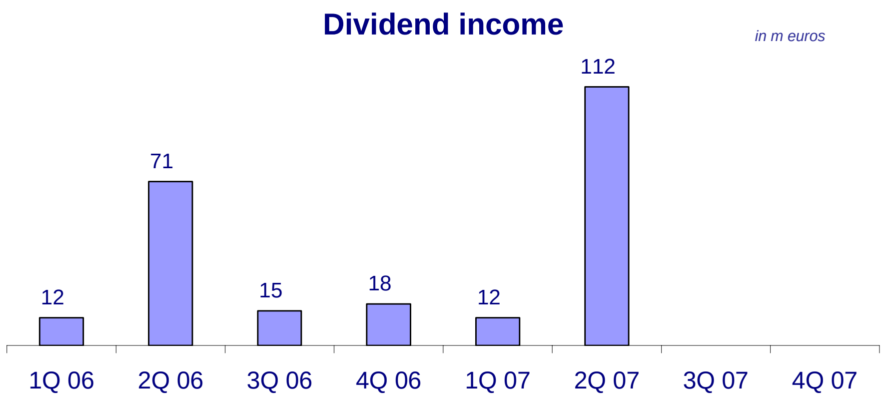
- Stood at 229bn, up 6% q/q, 17% y/y

Revenue trend









Revenue trend

Premium income:

- Earned premium (824m) down for the second consecutive quarter due to the tax-driven slowdown in life insurance sales in Belgium
- Non-life premium income (442m) stable q/q, up 4% y/y

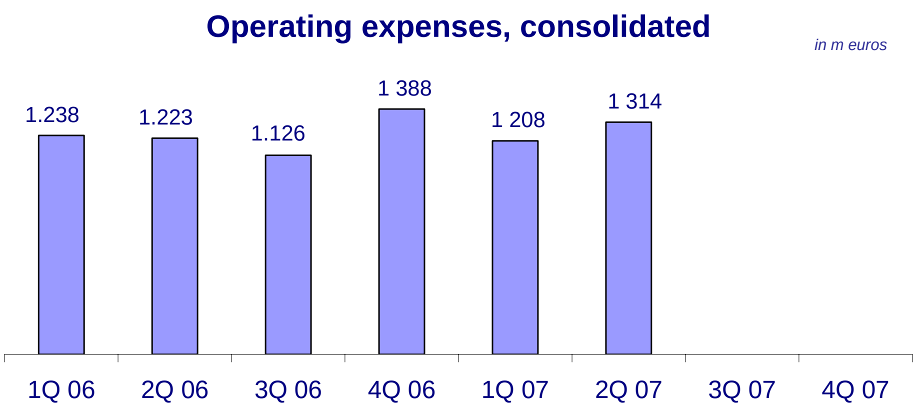
Gains:

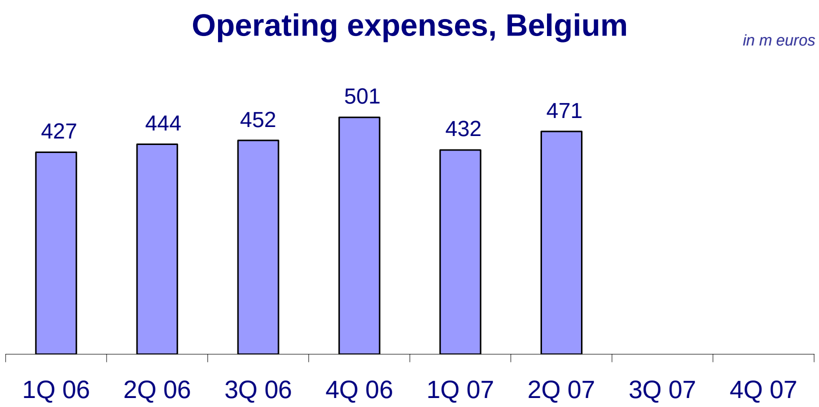
- High trading income (“FV gains”) amounted to 404m, up 12% q/q
- AFS gains of 107m at the high end of quarterly average, a result of:
  - sales of share positions in the Belgian insurance business to respect internal VAR limits
  - liquidation of low-yielding bond portfolio, resulting pre-tax loss of 107m

Dividends:

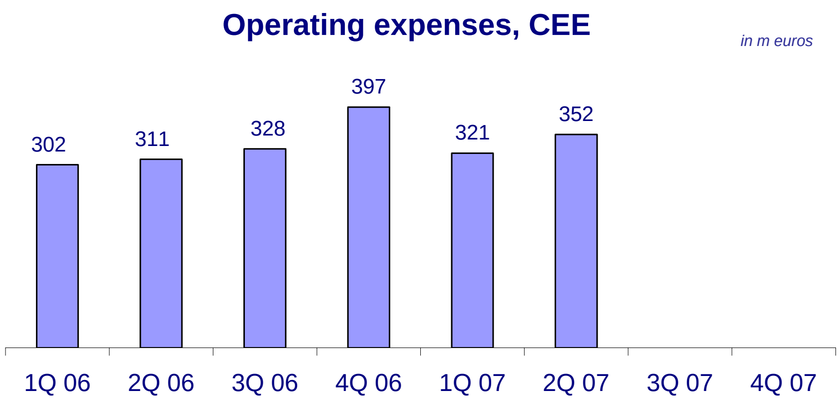
- Dividends traditionally concentrated in 2Q
- Significantly higher inflows (112m) than 2Q 06 when a dividend-related 38m had been recorded as F&C

Operating expenses





C/I, banking	FY 05	FY 06	1H 07
Belgium	55%	58%	57%
CR/SR	60%	57%	50%
Hungary	70%	63%	62%
Poland	78%	72%	71%
Private banking	72%	73%	63%
Merchant banking	48%	50%	50%
Total	58%	58%	56%



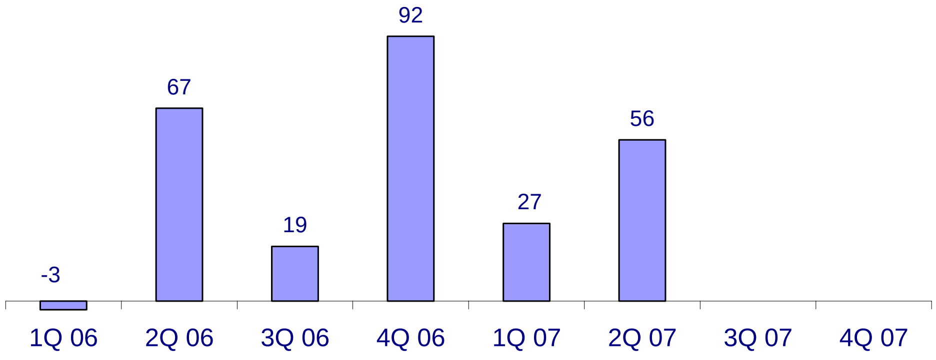
Operating expenses

- A more balanced expense budget utilisation throughout the year leading to a technical upwards effect on the quarter's cost level
- q/q evolution
  - Modest staff cost growth
  - Less frequent items
    - 23m provisions for pending commercial litigations in Merchant Banking
    - Relocation cost to new HQ premises of CSOB in Prague (5m)
- y/y developments
  - Higher income-related expenses in capital market activities
  - Network expansion and wage inflation in CEE
  - More balanced spread of costs over the quarters

Impairment

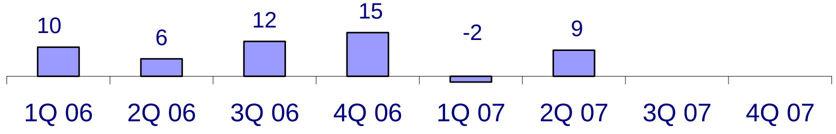
Impairment, consolidated

in m euros



Impairment, Belgium

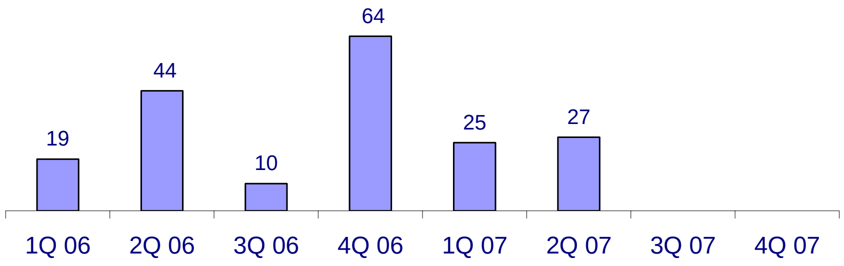
in m euros



Loan loss ratio	FY 05	FY 06	1H 07
Belgium	0.00%	0.07%	0.03%
CR/Slovakia	0.40%	0.36%	0.29%
Hungary	0.69%	1.50%	0.95%
Poland	0.00%	0.00%	0.00%
Merchant Banking	0.00%	0.00%	0.08%
Total	0.01%	0.13%	0.11%

Impairment, CEE

in m euros



Impairment

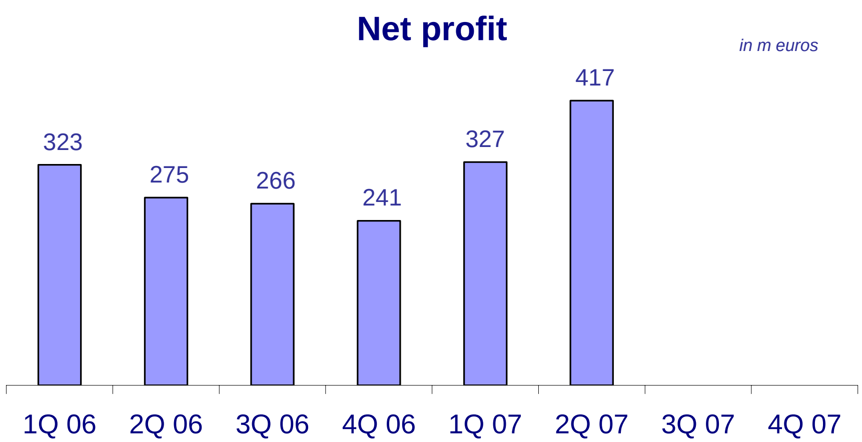
- 2Q 07 total impairment: 56m, of which impairment on loans: 55m
- ytd LLR 11 bps on Group level: still very low (13 bps in FY 06)
- The overall loan quality continues to be sound. NPL ratio stood at 1.5% (stable q/q)

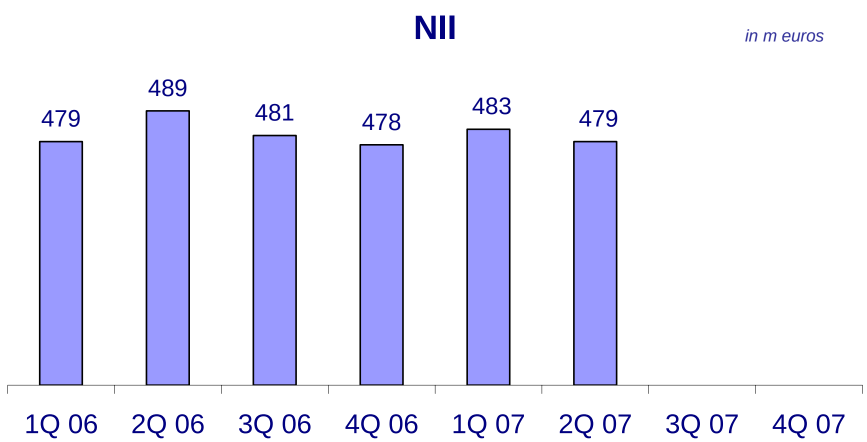
Performance

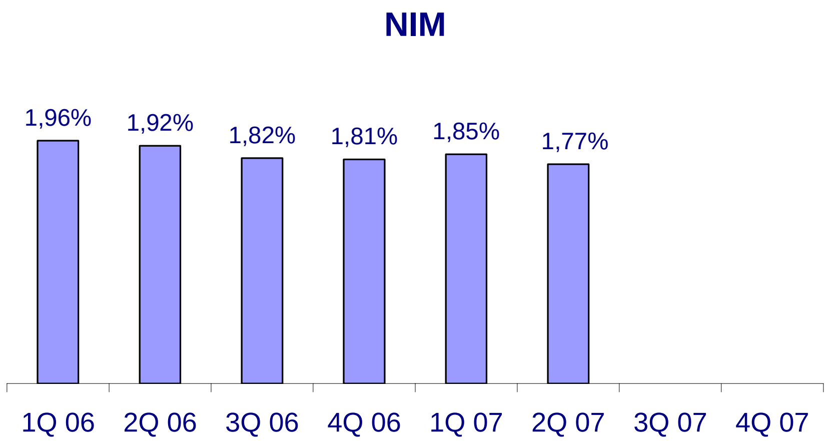
per business unit

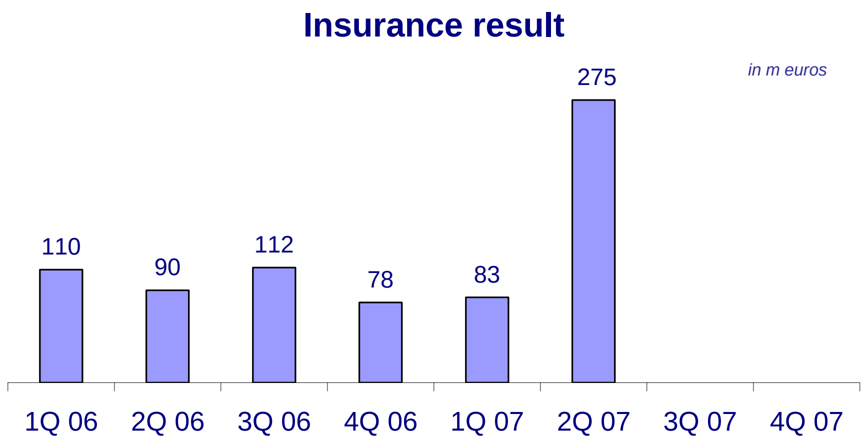
This slide had been left blank by intention

Business Unit Belgium (1)





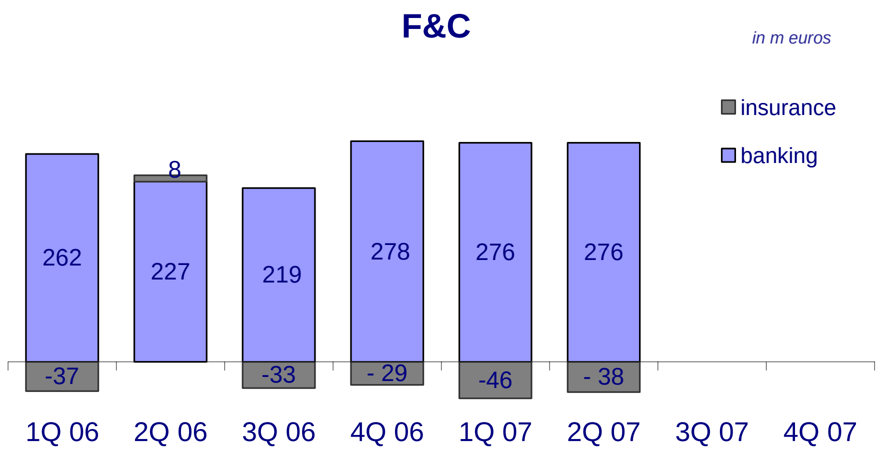


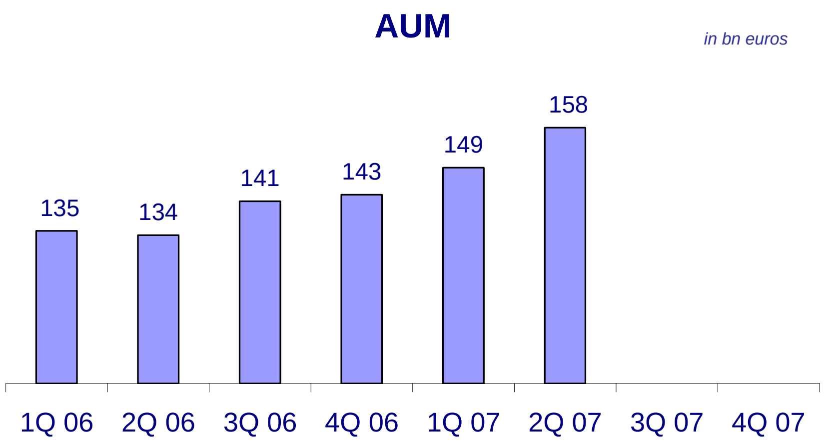


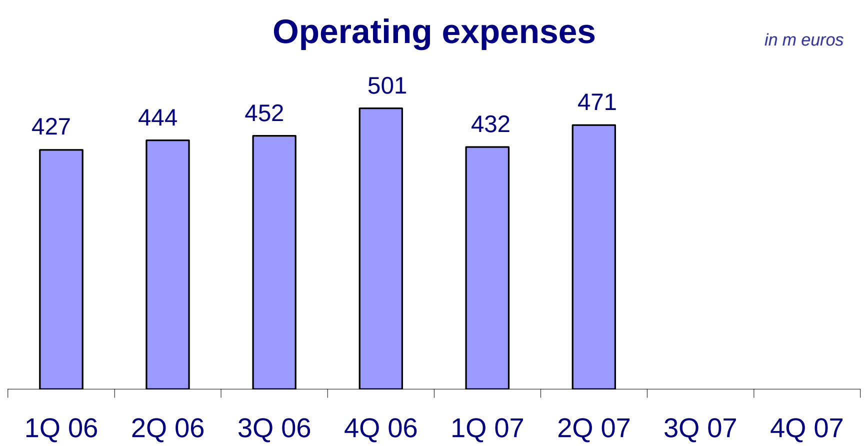
Business Unit Belgium (2)

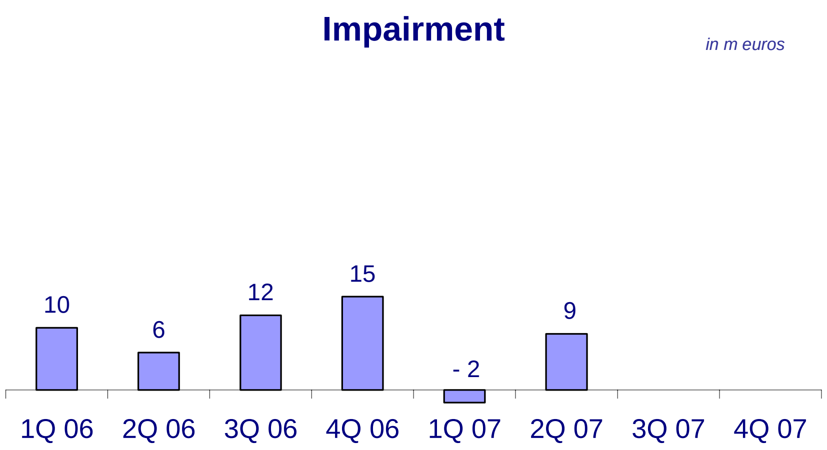
- 2Q 07 underlying net profit: 417m – all time high
- 1H return on allocated capital:37%
- NII roughly flat q/q again
  - negatively impacted by upstreaming of capital from Belgium to group's parent company
- NIM narrowed to 1.77% as a result of
  - Shift from saving accounts to low-margin time deposits compensated to some extent by better re-investment yields for saving accounts
  - Capital upstreaming
  - Note: average loan spreads remained roughly stable q/q
- Exceptionally high insurance result due to the sales of shares to avoid breaching VAR limits in the insurance book
  - Gross earned premiums (522m) came down for the second consecutive quarter. Life growth has slowed down, due to changes in tax treatment
  - Normalized net combined ratio after 1Q adversely impacted by Kyrill storm

Business Unit Belgium (3)









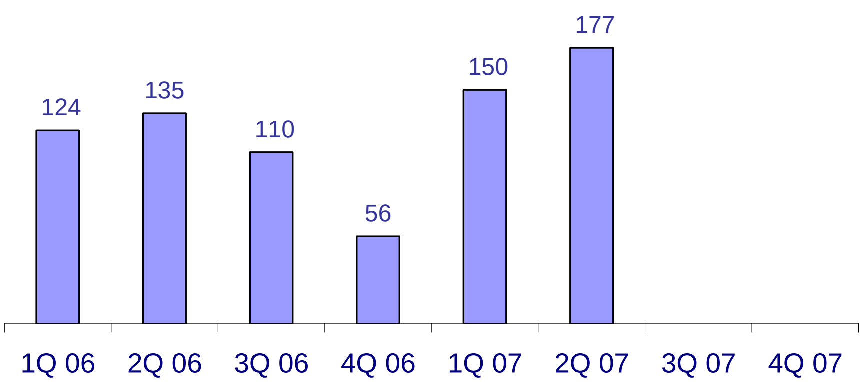
Business Unit Belgium (4)

- F&C (238m) up 4% q/q, stable y/y (2Q 06 contained 38m fees re stock lending)
- AUM up 18% y/y, 6% q/q of which 4% constituted net new inflows
- Operating expenses (471m) up 9% q/q:
  - Modest staff costs growth
  - More pronounced non-staff costs (more balanced spread of administrative costs)
- Underlying ytd C/I ratio at 57% (58% in FY 06)
  - negatively impacted by the losses on bond sales in banking book
  - capital gains on shares booked in insurance company do not come into the C/I ratio
- Limited impairment (9m) recorded

Business Unit Central & Eastern Europe

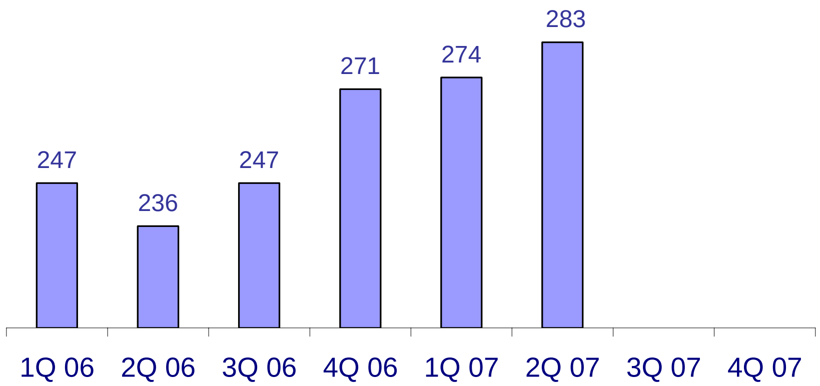
Net profit

in m euros



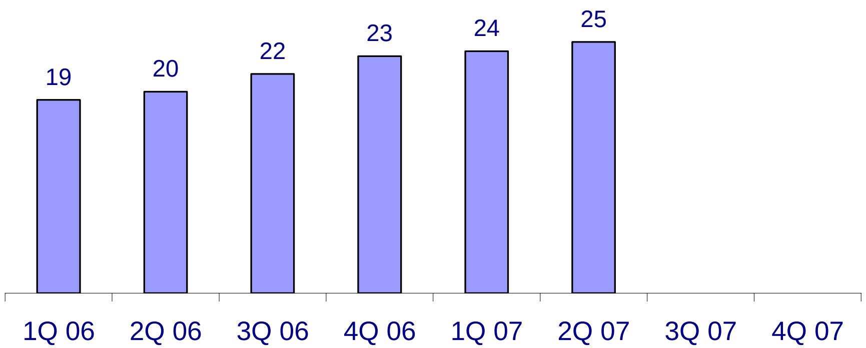
NII

in m euros

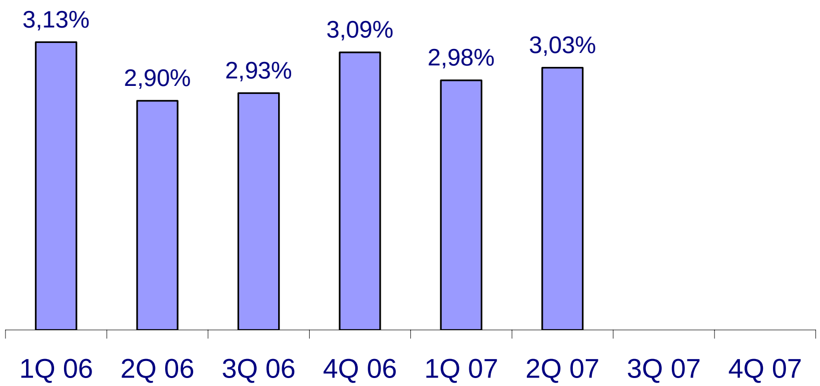


RWA

in bn euros



NIM*

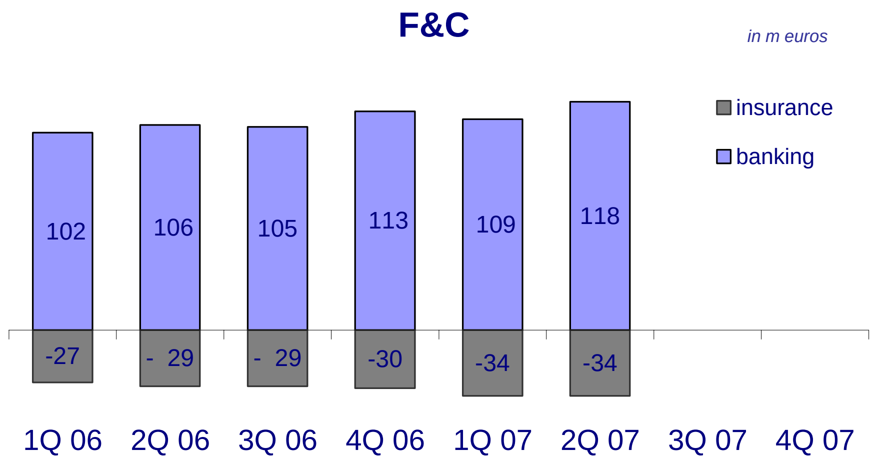


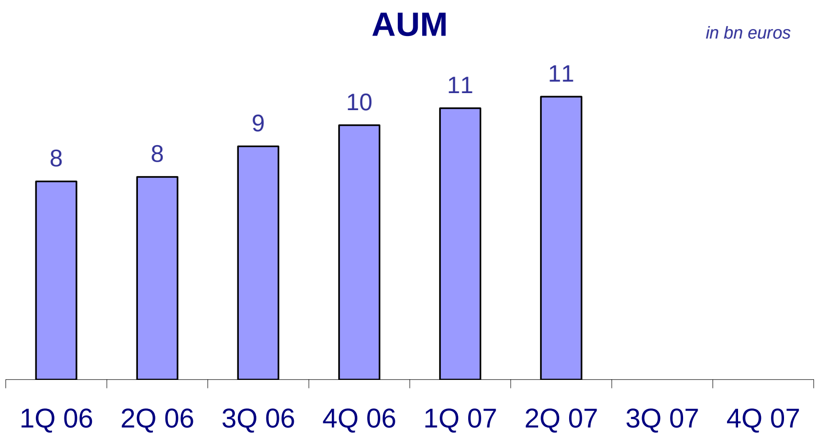
* Net Interest Margin equals to Net Interest Income divided by Total Interest Bearing Assets excl. reverse repos

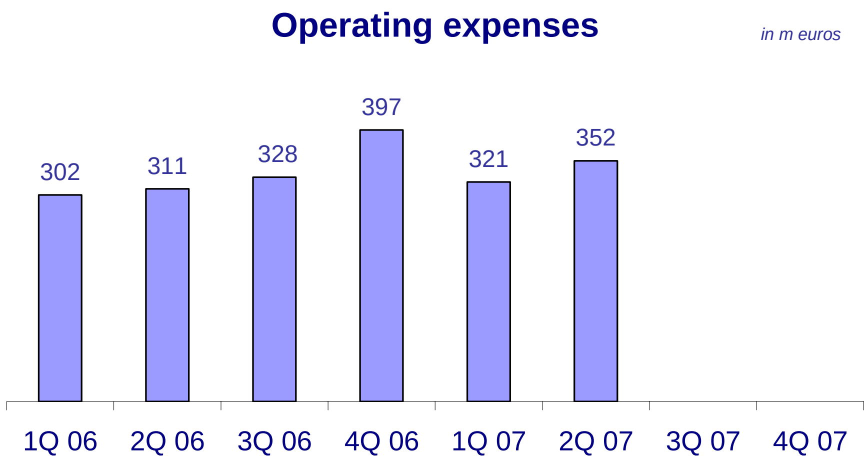
Business Unit Central & Eastern Europe (2)

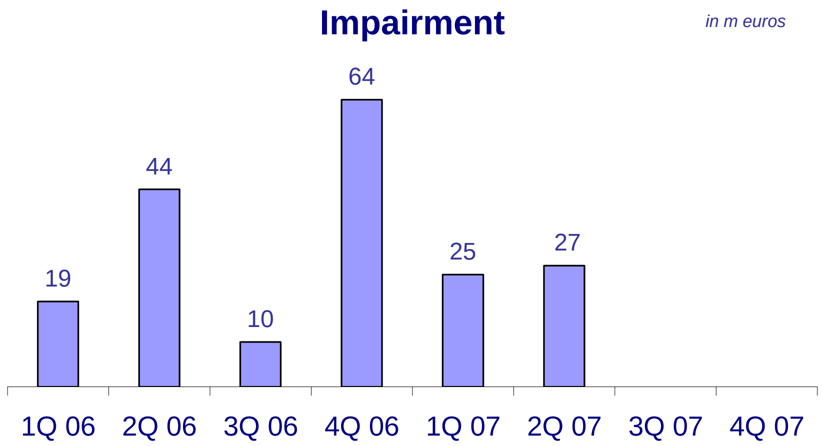
- Highest ever underlying net profit: 177m, up 18% q/q
- For the region as a whole, insurance companies contributed 21m to net profit
- Return on allocated capital: 32% (1H 07)
- Strong growth in NII (238m): up by 4% q/q and up 20% y/y
- Solid loan growth: total loans up 5% q/q, 26% y/y, mortgages up 9% q/q, 49% y/y
- NIM up 5bps q/q

Business Unit Central & Eastern Europe (3)





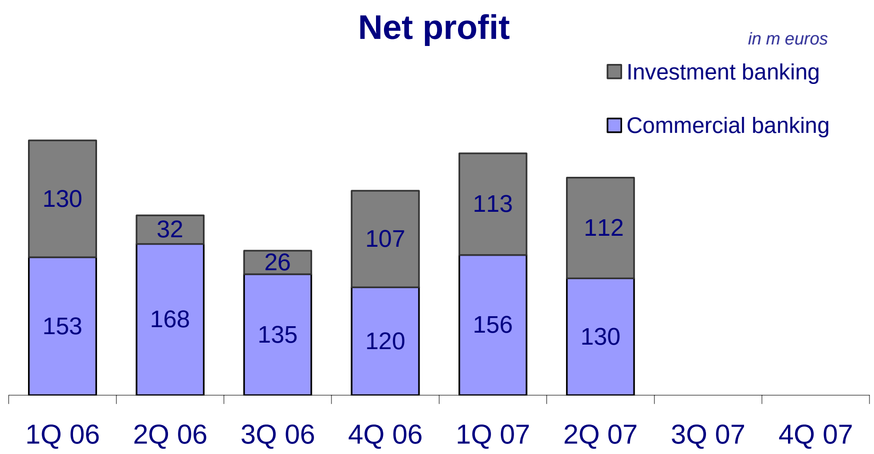


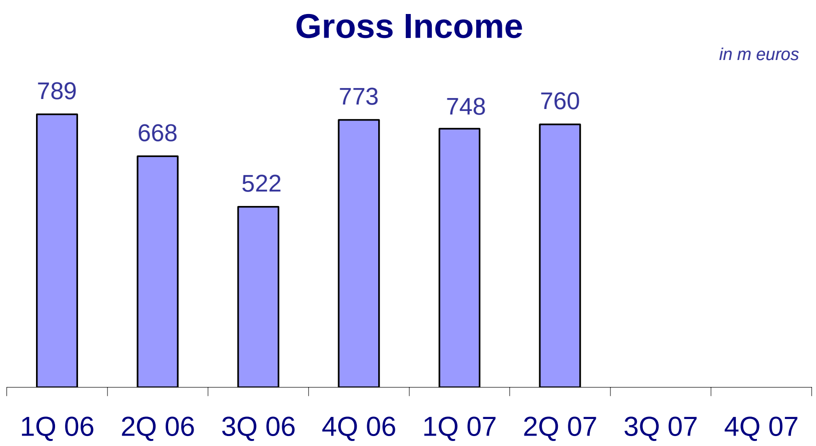


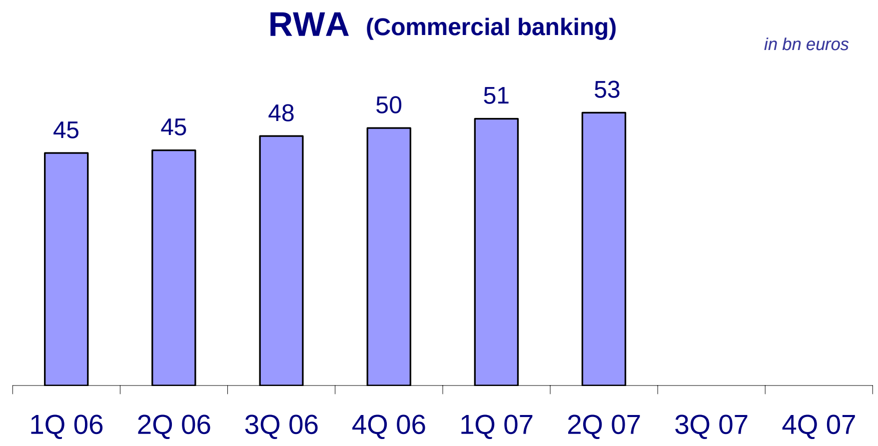
Business Unit Central & Eastern Europe (4)

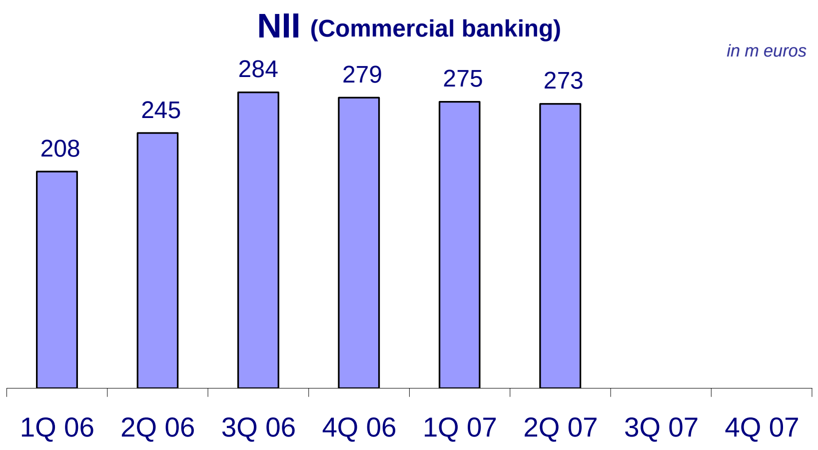
- F&C (84m) up 9% y/y, 12% q/q as the balance of:
  - rising fees received for banking and AM products, and
  - increasing commissions paid to agents for increased sales in insurance
- AUM at 11bn, up 40% y/y and 4% q/q of which 2% constituted net new inflows
- Operating expenses (352m) up 8% q/q and 12% y/y on an organic basis, due to amongst others:
  - Higher FTE numbers
  - High wage inflation in the region
  - Fine-tuning of cost accrual methodology
- ytd C/I ratio at 60% (65% in FY 06)
- Loan impairment under control (27m)
- ytd LLR 29bps in Czech and Slovak Republics (36 bps in 2006), 95bps in Hungary (150 bps in 2006) and nil in Poland (the same as in 2006)

Business Unit Merchant Banking









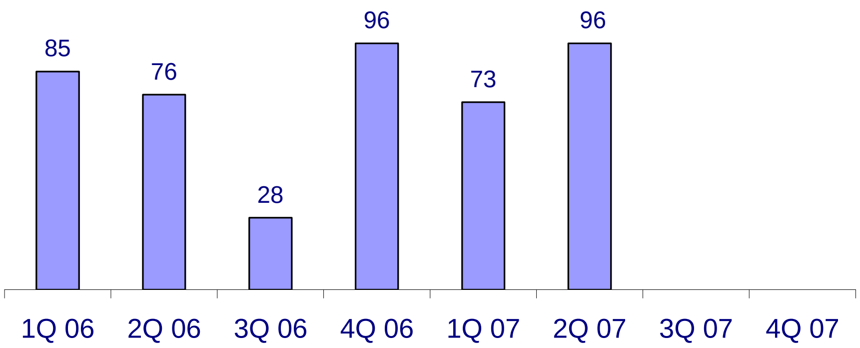
Business Unit Merchant Banking (2)

- Underlying profit (241m) higher than 2006 quarterly average, down 10% q/q, due to
  - 23m for pending litigations
  - losses taken in bond portfolio of banking book (45m, pre-tax)
- Ytd return on allocated capital 24%
- Total income came to 760m, up 2% q/q and 14% y/y
- Solid RWA growth in commercial banking: up 16% y/y, 2% q/q
- NII (273m) up 11% y/y, stable q/q, negatively impacted by the upstreaming of dividends to the Group Centre used for share buybacks

Business Unit Merchant Banking (3)

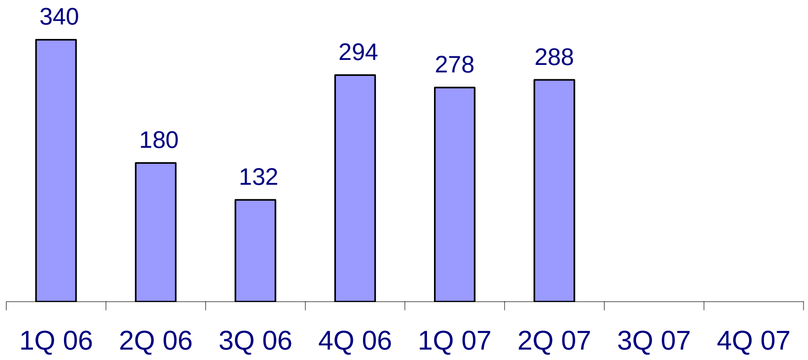
F&C

in m euros



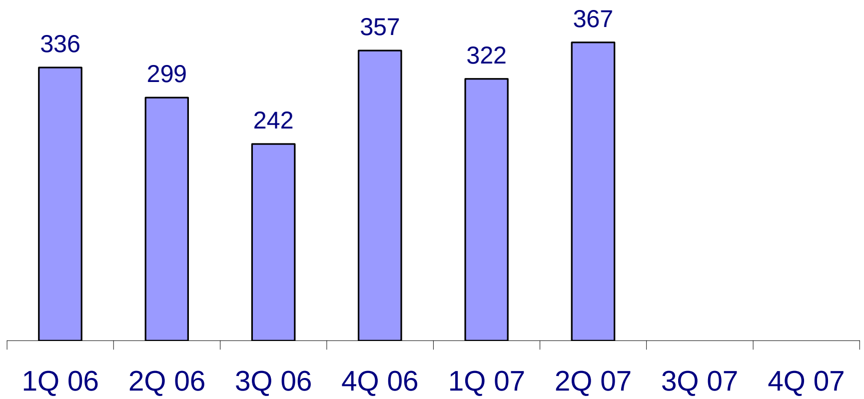
FV gains (Investment banking)

in m euros



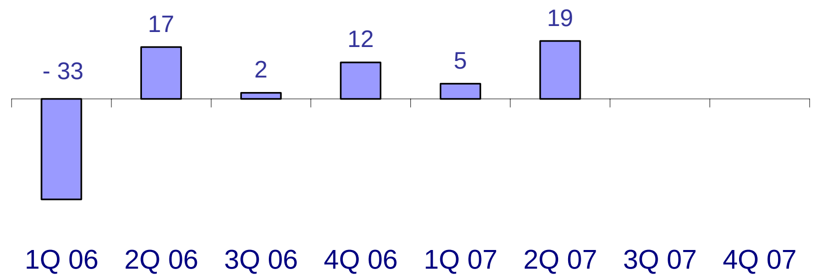
Operating expenses

in m euros



Impairment

in m euros



Business Unit Merchant Banking (4)

- F&C income (96m) at the high end of the track record
- FV gains in investment banking (288m) 22% above the 2006 average
- Operating expenses (367m) up 45m q/q partly due to
  - 23m provisions for commercial litigations
  - higher administrative expenses
- Ytd C/I ratio stood at 50% (stable compared to FY 06)
- Impairment limited to 19m
- LLR: 8bps (1H 07)

Business Unit Merchant Banking (5)

- In April 2007: set up of “KBC Credit Investments” unit (within the ‘investment banking’ division):
  - Conduit structure attractive under Bazel I, but punitive under Bazel II (more favourable to keep credit portfolio on-balance sheet given AAA/AA-rating)
  - Centralisation in single center of competences
  - Achieve better return (tax-related)
- Total portfolio managed: 5.3 bn
  - Unwinding of former conduit (“Quasar”): 3.1 bn
  - Investments in additional corporate risk instruments: 2.2 bn of which 1.6 bn internally shifted from the ‘commercial banking’ division

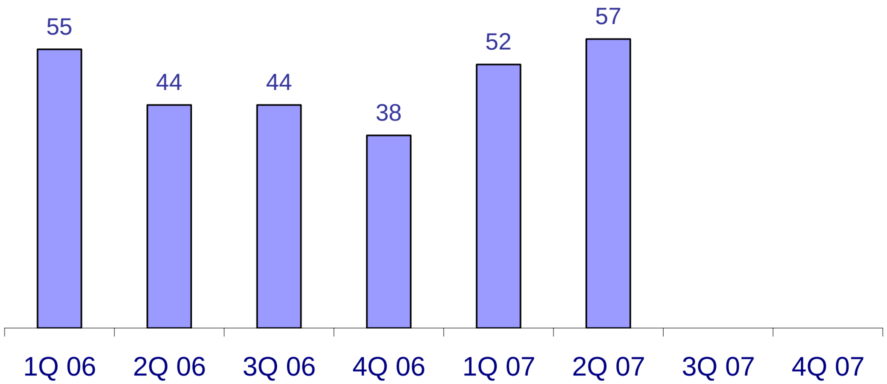
Business Unit Merchant Banking (6)

- Impact of set-up of ‘credit investments’ unit on 2Q 2007 Basel-I based risk-weighted assets:
  - On RWA, investment banking: + 5.3 bn
  - On RWA, commercial banking: - 1.6 bn
  - Consequently, on RWA, merchant banking, total: + 3.1 bn

Business Unit Private Banking

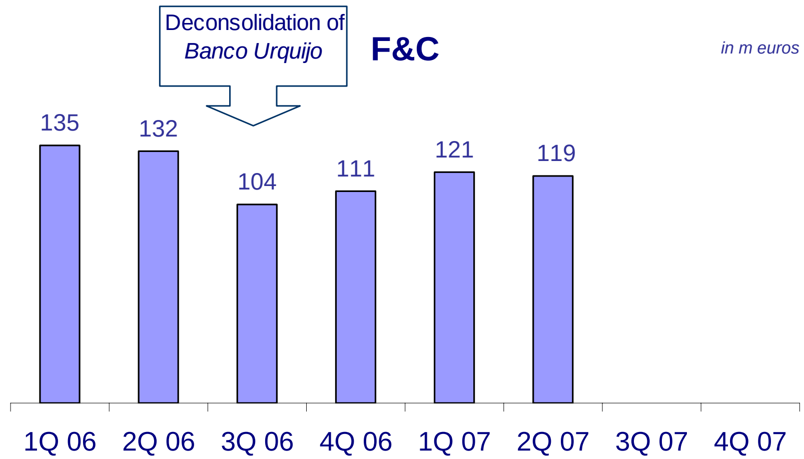
Net profit

in m euros



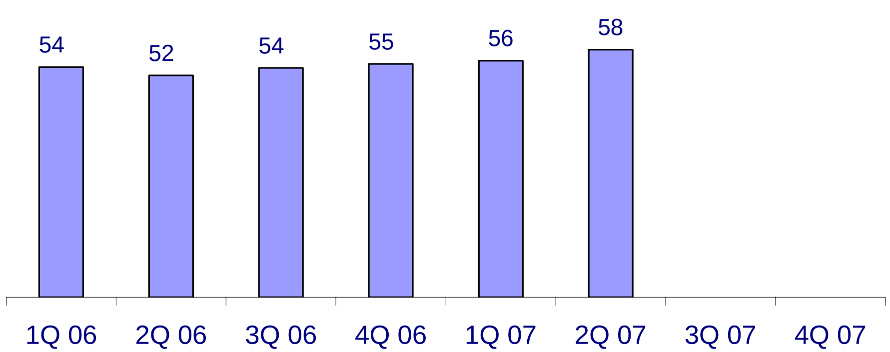
F&C

in m euros



AUM*

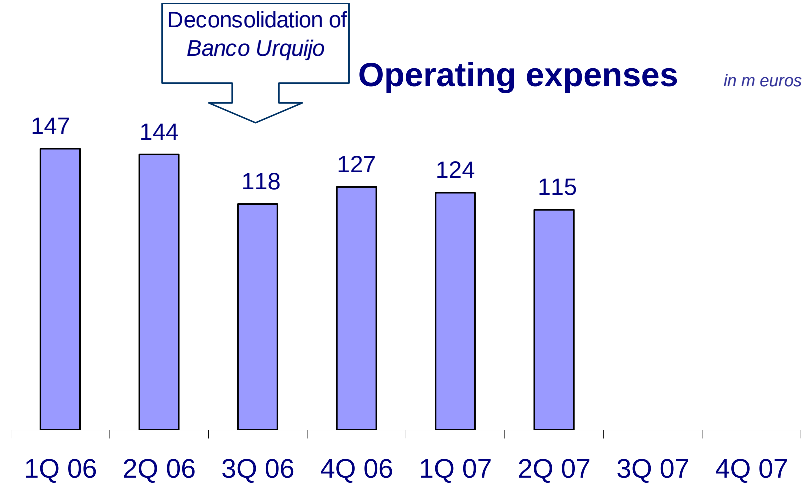
in bn euros



* *Banco Urquijo* excluded from historical time series

Operating expenses

in m euros



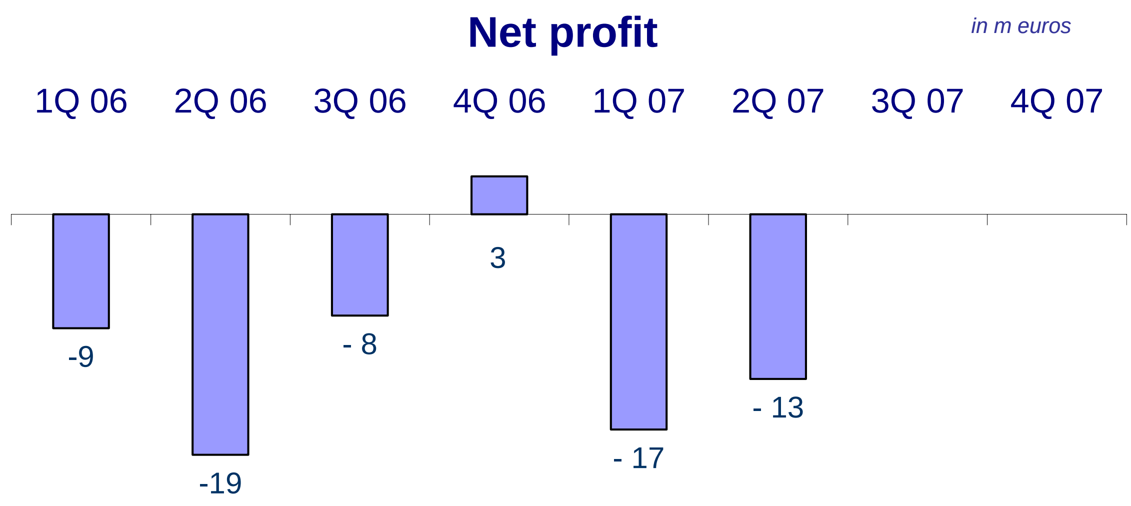
Business Unit Private Banking (2)

- Underlying profit: 57m, up 10% q/q, and 30% y/y
- ROAC at 40%
- Total income (209m) up 3% q/q, 9% y/y (disregarding deconsolidation effects and adjusted for technical charges)
- On an organic basis AUM up 12% y/y, up 5% q/q to 58bn (net new inflow: 3% q/q)
- Operating expenses organically down to 115m (-6% q/q)
- Ytd C/I ratio down to 63% (73% for 2006)

Note: *Banco Urquijo* (Spain) and *Banca KBL Fumagalli* (Italy) were deconsolidated as of 3Q 2006 and 2Q 2007, respectively.

Deconsolidation impact on total income -32m, on operating expenses -27m (y/y)

Group Centre



- Underlying net result at -13m, in line with the previous quarters
- Average cash position reversed from negative to positive, built up by upstreaming of dividends from group companies, being used towards to the ongoing share buy-back programme

Subprime lending exposure

KBC Group subprime lending exposure

- No direct subprime lending
- Indirect subprime exposure:
  1. via investments in ‘collaterised debt obligations’ within the ‘banking book’ * (most of which carry some ABS underlying)
  2. via the liquidity back-up line extended to the conduit “Atomium” (asset-back commercial paper investment program, managed by KBC)
- No additional subprime exposure in ‘KBC Credit Investment’ portfolio (i.e. former conduit ‘Quasar’)

* incl. investments of the insurance business

1. Exposure in the investment portfolio

- KBC has a significant investment portfolio due to sizeable excess of customer deposits to loans (52 bn) and re-investment of insurance liabilities (16 bn)
  - Total debt instruments portfolio of 65 bn
- A ‘buy and hold’ investment philosophy is held
- The credit quality is high:
  - Largely government and bank bonds (81% of total)
  - CDOs with ABS underlyings: 99.8% AAA/AA/A-rated

1. Exposure in the investment portfolio

- Exposure to CDOs with ABS underlyings:
  - CDOs managed by *KBC Financial Products*
  - Total assets held on KBC books: 7.1 bn

Rating	Current Ratings - 2Q 2007
Aaa	5968,2
Aa1	356,3
Aa2	344
Aa3	271,7
A1	26,5
A2	103
A3	29,3
Baa1	0
Baa2	16
Baa3	0.0
Ba1	0,5
Ba2	0.0
Ba3	0.0
B1	0.0
B2	0.0
B3	0.0
Caa1	0.0
Caa2	0.0
Caa3	0.0
Ca	0.0
C	0.0
D	0.0
Total	**7115,5**

Total outstanding (million euros), 30 June 2007. Including 5.1 bn super-senior and 0.6bn super-mezzanine tranches.

1. Exposure in the investment portfolio

- ABS subprime stress testing:
  - Worst case scenario:
    - Based on severe assumptions, in our view
    - Based on worst case assumptions as published by Merill Lynch (report published, 20-July 2007)
    - Set of assumptions:
      - including all subprime and Alt-A exposures through CDO positions
      - 11% cumulative loss on all 2005-'07 vintage pools
      - All losses are taken in 2009
    - Expected amount of credit 'default' rating: 7.9m euros

1. Exposure in the investment portfolio

- ABS subprime stress testing:

Rating	Current Ratings - 2Q 2007	Scenario Model Ratings -2009
Aaa	5968,2	5388,2
Aa1	356,3	333,3
Aa2	344	823,7
Aa3	271,7	227,4
A1	26,5	60,0
A2	103	166,3
A3	29,3	4,3
Baa1	0	21,8
Baa2	16	1,3
Baa3	0.0	14,2
Ba1	0,5	13,4
Ba2	0.0	19,8
Ba3	0.0	0.0
B1	0.0	1,0
B2	0.0	0.0
B3	0.0	1,6
Caa1	0.0	0.0
Caa2	0.0	0.0
Caa3	0.0	24,4
Ca	0.0	0.0
C	0.0	7,1
D	0.0	7,9
Total	**7115,5**	**7115,5**

Stress test, worst case scenario - total outstanding (million euros), 30 June 2007

2. Exposure to “Atomium”

Asset-backed USD CP program:

- Safe for exceptional circumstances, economic risk essentially held by KBC (unwinding of SPV under review)
- Total assets: 2.3 bn

Industry	Aaa/AAA
Fund-of-fund Loans	56.3
Managed synthetic CDOs	29.6
Trust Preferred CDOs	104.4
CLOs	430.2
CMBS - Conduit	45.4
CMBS - Large Loan	48.1
Commercial Real Estate CDOs	68.1
Credit Card	25.9
Equipment Leases	12.3
Prime Mortgages	625.8
Subprime Mortgages	513.6
Small Business Loans	18.5
CDOs -HG ABS	185.1
CDOs - Mezz ABS	164.9
Total	2 328.3

Total outstanding (million euros), 30 June, 2007

2. Exposure to “Atomium”

- Subprime mortgage exposure (currently AAA-rated): 0.5 bn euros

Total assets (‘AAA’)	2 328
o/w subprime mortages	514
o/w 2002	3
2003	10
2004	48
2005	320
2006	43
2007	104

Assets in m euros, 30-June, 2007

- Stress test (same as above): expected amount in credit ‘default’ rating: 1m euros (worst case)

3. KBC ‘Credit Investments’ portfolio

Credit arbitrage portfolio (on-balance):

- Total assets: 5.3 bn euros, 100% AA/AAA-rated
- Subprime exposure: none
- Exposure to CDO of ABS: included in ‘investment portfolio’ stress test

Industry	AAA	AA	Total
Prime Mortgages, European Residential	2 608.0	174.8	2 782.9
Subprime Mortgages	-	-	-
CMBS	207.0	-	207.0
CDO Corporates / Banks	150.7	-	150.7
CDO Emerging Markets/ High Yield	107.2	20.0	127.2
CDO of ABS and Corporates Financial Products	497.8	118.9	616.7
CDO of ABS and Corporates*	59.5	-	59.5
CLO balance sheet	412.5	34.2	446.7
CLO Leveraged Loans	118.1	-	118.1
Consumer Loans / Car Loans	218.8	9.6	228.4
Credit Cards	102.0	-	102.0
Lease	367.9	-	367.9
Small Business Loans	68.3	9.1	77.4
Student Loans	20.5	-	20.5
Trade Receivables	7.2	-	7.2
Total	4 945.5	366.6	5 312.1

Total outstanding (million euros), managed by KBC Credit Investments

Wrap Up

- Solid business dynamics in all business areas
- Strong core income development
- Cost developments under control
- Low level of loan loss charges, again
- Encouraging start to the third quarter of 2007