QUARTERLY REPORT

KBC GROUP

3Q 2007

KBC

QUARTERLY REPORT

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Earnings Release

Contents:

Earnings Release
KBC Group, 3Q & 9M 2007

9 November 2007 (7 a.m. CET)

KBC closed the third quarter of 2007 with a net profit of 639 million euros, or 1.85 euros per share. As the comparable quarter of 2006 had included an 0.5-billion-euro divestment gain, the figure for the current quarter was clearly lower (41%) than the figure for the reference quarter. Underlying profit, i.e. net profit excluding 'exceptional items', came to 601 million euros. It was thus up 5% year-on-year and, in line with the normal seasonal pattern, down on the previous quarter, which had been exceptionally good.

For the first nine months of the year, the group realised a net profit of 2 572 million euros, or 7.39 euros per share. On an underlying basis, this amounted to 2 261 million euros, or an increase of 14% on the corresponding period of 2006, leading to an annualised return on equity of 19%.

According to André Bergen, Group CEO, *"As anticipated, the impact of the adverse financial market climate in the third quarter was limited for our group. Moreover, our customer business continues to perform very well, giving us good reason to remain optimistic about the future."*

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	3Q 2007 / 3Q 2006	3Q 2007 / 2Q 2007	9M 2006	9M 2007	9M 2007 / 9M 2006
Net profit (IFRS)	1081	936	639	-41%	-32%	2 797	2 572	-8%
Earnings per share, basic (IFRS, in EUR)	3.06	2.69	1.85	-40%	-31%	7.87	7.39	-6%
Earnings per share, diluted (IFRS, in EUR)	3.03	2.68	1.84	-39%	-31%	7.79	7.36	-6%
Underlying net profit	574	880	601	5%	-32%	1 984	2 261	14%
Underlying earnings per share, basic (in EUR)	1.63	2.53	1.74	7%	-31%	5.58	6.50	16%
Underlying earnings per share, diluted (in EUR)	1.62	2.52	1.73	7%	-31%	5.53	6.47	17%
Breakdown of underlying profit by business unit								
Belgium Business Unit	266	417	303	14%	-27%	863	1047	21%
Central & Eastern Europe Business Unit	110	177	117	7%	-34%	370	444	20%
Merchant Banking Business Unit	162	241	153	-5%	-37%	644	663	3%
European Private Banking Business Unit	44	57	44	-1%	-23%	143	153	7%
Group Centre	-8	-13	-16	-	-	-36	-46	-
Shareholders' equity per share (EUR, at end of period)						47.2	50.2	6%

Highlights for 3Q 2007:

- Underlying net result for the quarter up 5% year-on-year
- Continued sound top-line dynamics
- Limited impact of the adverse situation on the financial markets
- Environment for customer loan risk unchanged
- No liquidity or solvency issues

Publication schedule for 9 November 2007:

- Earnings release available on www.kbc.com — 7.00 a.m. CET
- Telephone conference for the press — 10.30 a.m. CET, +32 (0)2 290 14 07
- Telephone conference / webcast for financial analysts — 1.30 p.m. CET, + 44 20 7162 0025

Financial highlights - 3Q 2007 and 9M 2007

André Bergen, Group CEO, summarises the financial highlights for 3Q 2007 as follows:

"The third quarter of 2007 turned out to be very good indeed. Excluding exceptional items, profit was up 5% on the year-earlier quarter, notwithstanding the difficult climate on the financial markets that was triggered by the sub-prime mortgage crisis in the U.S. For seasonal reasons, the third quarter is always weaker than the second.

Moreover, the quality of this quarter's underlying profit was excellent. We noted sound year-on-year increases in our interest income, commission income and insurance sales, for instance.

As anticipated, the impact of the adverse credit market climate on our mortgage-backed investments was very limited. Our investment approach has always been very conservative. For the CDO tranches held, no impairment was required, and a negative 39 million euros after tax was posted due to their revaluation at current market value. Obviously, the result from our trading activities on the capital markets was down, yet the contribution of our merchant banking operations to group profit ended only 5% lower than the previous year's figure.

Customer loan quality, meanwhile, has not shown any sign of change. We are also not materially involved in the higher risk area of large-scale leveraged finance.

We have a large deposit overhang, making us relatively independent from wholesale funding. The liquidity crunch on the financial markets has never been a real issue for us. Moreover, our solvency levels remain very sound and there is no reason to review our share-buyback programme."

Exceptional items during the quarter under review:

In the third quarter of 2007, 38 million euros were recorded for items not related to the normal course of business. Primarily, this concerned the sale of the share in the Hungarian bank-card clearing house GBC (with a positive after-tax impact of 28 million euros).

Highlights for the first nine months of 2007:

- Net result: 2 572 million euros, or, excluding exceptional items, 2 261 million euros, up 14% compared to the corresponding period of 2006.
- Increases in the net underlying result of all business units: Belgium +21%, CEE +20%, Merchant Banking +3% and European Private Banking +7%.
- Continuing business growth: year on year, lending and deposits increased by +18% and +9%, respectively (of which 1 to 2 percentage points due to new acquisitions). Assets under management grew by 13%, and life insurance reserves by 6%.
- A favourable trend in most of the underlying core income items: net interest income was up 7% year-on-year, earned insurance premiums +12%, fee and commission income +9%; however, trading income was down by 5%.
- Costs remained under control: the underlying cost/income ratio in the banking business came to 58% (the same as for the 2006 financial year); the combined ratio in the insurance business came to 97%, or, if the Kyrill storm is not taken into account, 93% (96% in the 2006 financial year).
- Limited loan losses: the annualised loan loss ratio came to 13 bps, the same as for the 2006 financial year.
- Underlying return on equity: 19.2%, exceeding the mid-term target of 18.5%.
- Shareholders' equity: 17.3 billion euros as at 30-09-2007, up slightly (0.1 billion euros) on the start of the year, with the inclusion of the profit for the first nine months of the year being largely offset by dividends paid, a decrease in the revaluation reserve for available-for-sale assets, and the repurchase of treasury shares.
- Robust solvency: as at the end of September 2007, the Tier-1 ratio of KBC's banking activities (KBC Bank and KBL together) came to 8.2% (more than twice the legal minimum), the solvency ratio for the insurance activities amounted to as much as three times the legal minimum, while leverage at the holding company level remained very limited (gearing ratio at 102%).

Strategy highlights - 9M 2007

During the first nine months of 2007, KBC made a number of acquisitions in new CEE markets (including Serbia, Romania and Bulgaria) and in Russia. During the first nine months of the year, the group invested an additional 1.7 billion euros in the region.

Specifically in the third quarter of 2007, KBC acquired 95% of the Russian Absolut Bank (included in the group's results as of this quarter) and 85% of the Bulgarian company, DZI Insurance (to be included in the results as of the next quarter). KBC also signed an agreement to acquire 75% of the Bulgarian Economic and Investment Bank (this deal is still subject to approval by the relevant regulatory authorities).

Share buybacks are proceeding according to plan. By the start of November 2007, 1.9 billion euros worth of shares had already been bought back as part of the 2006-2009 4-billion-euro share repurchase programmes.

André Bergen confirmed: "*It remains part of our capital management strategy to use excess capital for share buybacks and value-enhancing acquisitions, with a focus on the Central and Eastern European region. We are indeed very glad about the new footholds we have recently acquired in Bulgaria, Romania, Russia and Serbia, and will continue to look for additional take-over opportunities in these countries."*

Developments in 4Q 2007

André Bergen: "*For some time now, we have preferred not to issue specific earnings guidance for the current year. However, we can confirm that the fourth quarter has got off to a good start. Moreover, we have a set of financial targets for the medium term; temporary market turbulence is not a threat to our meeting these targets."*

Additional information on the financial statements – 9M 2007

Compared to 9M 2006, the changes in the scope of consolidation have led to a net underlying profit increase of roughly 2%. The total impact on net profit of changes in the value of non-euro currencies was negligible.

Earnings per share and shareholders' equity per share as at 30 September 2007 were calculated on the basis of 347.9 (period average) and 345.1 (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 349.6 million shares (period average, including the number of outstanding share options).

Financial calendar

Financial calendar	
Publication of FY 2007 results	14 February 2008
Annual report 2007, available as of	9 April 2008
Annual general meeting	24 April 2008
Dividend payment	9 May 2008
Publication of 1Q 2008 results	15 May 2008
Publication of 1H 2008 results	7 August 2008
Publication of 3Q 2008 results	6 November 2008

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

Overview of 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) are related to the recognition of certain income components of the capital market activities, the treatment of certain ALM hedging derivatives and the exclusion of exceptional items.

Detailed information on the methodology used to calculate the underlying figures and a reconciliation of *IFRS-based reported profit after tax* and *underlying profit after tax* 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	3Q 2007	cumul. 9M2006	cumul. 9M2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081	1 116	3 033	3 260
Gross earned premiums, insurance	768	754	852	946	869	824	969	2 374	2 661
Dividend income	12	71	15	18	12	112	23	98	147
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404	154	966	917
Net realised gains from available-for-sale assets	108	62	86	70	96	107	115	256	318
Net fee and commission income	531	529	398	550	512	541	539	1 458	1 593
Other net income	103	142	84	123	151	87	88	329	324
Total income	2 984	2 861	2 670	3 129	3 062	3 156	3 003	8 515	9 220
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314	-1 266	-3 588	-3 788
Impairment	3	-67	-19	-92	-27	-56	-62	-83	-146
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-841	-2 005	-2 258
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17	-42	-37
Share in results of associated companies	11	12	15	7	16	22	14	38	52
Profit before tax	1 110	957	767	797	1 074	1 140	831	2 835	3 045
Income tax expense	-292	-281	-160	-197	-262	-230	-202	-734	-694
Profit after tax	818	676	607	600	812	910	629	2 101	2 351
attributable to minority interests	42	41	33	36	31	30	28	117	90
attributable to the equity holders of the parent	**776**	**634**	**574**	**564**	**781**	**880**	**601**	1 984	2 261
Belgium	323	275	266	241	327	417	303	863	1 047
Central & Eastern Europe	124	135	110	56	150	177	117	370	444
Merchant Banking	282	200	162	227	269	241	153	644	663
European Private Banking	55	44	44	38	52	57	44	143	153
Group centre	-9	-19	-8	3	-17	-13	-16	-36	-46

Highlights, consolidated balance sheet and ratios (in millions of EUR or %)	31-12-2006	30-09-2007
Total assets	325 400	350 327
of which loans and advances to customers	127 152	139 887
of which securities (equity and debt instruments)	111 959	110 166
Total liabilities	306 947	331 859
of which deposits from customers and debt certificates	179 488	191 928
of which gross technical provisions, insurance	15 965	17 193
of which liabilities under investment contracts, insurance	9 156	8 972
Parent shareholders' equity	17 219	17 316
Return on equity (based on underlying results, year-to-date)	18%	19%
Cost/income ratio (based on underlying results, year-to-date)	58%	58%
Combined ratio, non-life (based on underlying results, year-to-date)	96%	97%

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

Overview of results according to IFRS

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

Consolidated income statement, KBC Group (in millions of EUR) - **IFRS-FIGURES**	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	cumul. 9M2006	cumul. 9M2007
Net interest income	1 047	1 039	1 025	1 047	1 052	1 014	930	3 111	2 996
Gross earned premiums, insurance	768	754	852	946	869	824	969	2 374	2 661
Dividend income	27	104	34	45	28	138	52	165	218
Net (un)realised gains from financial instruments at fair value	519	328	153	370	400	548	379	1 001	1 327
Net realised gains from available-for-sale assets	242	116	86	69	317	108	115	444	539
Net fee and commission income	488	479	390	508	489	527	478	1 357	1 494
Other net income	132	138	631	218	155	105	128	901	388
Total income	3 223	2 958	3 171	3 204	3 310	3 263	3 051	9 352	9 623
Operating expenses	-1 238	-1 167	-1 126	-1 392	-1 208	-1 314	-1 266	-3 532	-3 788
Impairment	3	-67	-19	-92	-27	-56	-62	-83	-146
Gross technical charges, insurance	-631	-620	-754	-838	-753	-663	-841	-2 005	-2 258
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17	-42	-37
Share in results of associated companies	11	12	15	7	16	22	14	38	52
Profit before tax	1 349	1 110	1 269	867	1 322	1 248	878	3 728	3 447
Income tax expense	-325	-333	-148	-196	-293	-281	-211	-806	-786
Profit after tax	1 024	777	1 121	671	1 028	966	667	2 922	2 662
attributable to minority interests	44	41	40	37	31	30	28	126	89
attributable to the equity holders of the parent	**980**	**736**	**1 081**	**634**	**997**	**936**	**639**	2 797	2 572
Belgium	373	304	228	298	353	470	302	904	1 124
Central & Eastern Europe	144	129	110	80	151	181	150	384	482
Merchant Banking	281	205	168	217	261	227	160	654	648
European Private Banking	59	45	540	34	53	73	43	644	169
Group centre	123	52	35	3	179	-14	-16	211	149

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)

Analysis of earnings components

Contents:

Analysis of earnings components

KBC Group, 3Q 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	3Q 2007
Net interest income	979	1 020	1 034	1 039	1 063	1 081	1 116
Gross earned premiums, insurance	768	754	852	946	869	824	969
Non-Life	*441*	*425*	*441*	*441*	*440*	*442*	*457*
Life	*327*	*330*	*410*	*505*	*429*	*382*	*511*
Net fee and commission income	531	529	398	550	512	541	539
*Banking**	*612*	*561*	*475*	*622*	*608*	*626*	*626*
Insurance	*-80*	*-32*	*-77*	*-72*	*-97*	*-85*	*-87*
Net (un)realised gains from financial instruments at fair value	482	284	201	384	359	404	154
Net realised gains from available-for-sale assets	108	62	86	70	96	107	115
Dividend income	12	71	15	18	12	112	23
Other net income	103	142	84	123	151	87	88
Total income	2 984	2 861	2 670	3 129	3 062	3 156	3 003
Belgium	1 297	1 301	1 305	1 458	1 450	1 494	1 489
Central & Eastern Europe	657	654	674	711	670	689	725
Merchant Banking	789	668	522	773	748	760	602
European Private Banking	233	224	190	174	202	209	186
Group Centre	8	14	-22	13	-7	4	0

* Includes banking, KBL EPB and holding activities.

Net interest income in the quarter under review amounted to 1 116 million. On a comparable basis, i.e. excluding the changes in the scope of consolidation (mainly Absolut Bank), this is an increase vis-à-vis both the year-earlier and the previous quarter figures (by 7% and 2%, respectively). The increase was mainly thanks to rising volumes throughout the group: loans and deposits, for instance, went up respectively by 18% and 9% year-on-year, with CEE again outpacing average growth. On the other hand, net interest income continued to be negatively impacted by the ongoing share-buyback programme and the shift, in Belgium, from savings accounts to lower-yielding time deposits. Moreover, in 3Q 2007, there was an additional negative impact of the 25 bps rise on the savings account rate in Belgium (some 17 million euros). The net interest margin of the banking activities amounted to 1.69% in 3Q 2007, roughly at the same level as the previous and year-earlier quarters (1.68% and 1.70%, respectively).

Non-life insurance earned premiums amounted to 457 million, up 4% on both 3Q 2006 and 2Q 2007. Life insurance premiums (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premiums heading in the P/L) amounted to 826 million. In particular, sales of interest-guaranteed life insurance (501 million) progressed well, witnessing an increase of roughly 35% versus both 3Q 2006 and 2Q 2007. Unit-linked life sales (325 million) recovered from the very low level of 2Q 2007 (+52%), but were still down 12% against the year-earlier quarter. Total life reserves continued to rise by 6% y/y and 2% q/q.

Net fee and commission income amounted to 539 million. On a comparable basis, this constitutes a 34% rise vis-à-vis 3Q 2006, which registered a very low fee and commission income, especially in the merchant banking activities. The asset management business again performed strongly: assets under management, at 232 billion, were up 13% y/y, some two-thirds of which were due to new inflows. In comparison to 2Q 2007, net fee and commission income dropped slightly (-1% on a comparable basis), but this was related to the customary seasonal drop in retail fee business in the summer months.

Net fair value gains (mainly trading profit) amounted to 154 million, down on 3Q 2006 (201 million) and significantly lower than in 2Q 2007 (404 million). Apart from the customary seasonal q/q drop in the third quarter, the quarter also included a 51 million (39 million after tax) negative mark-to-market adjustment on CDOs in the group's portfolios, as a result of the subprime difficulties in the US. Moreover, the resulting turbulence on the financial markets also had an impact on several activities of the group's capital market units, especially those in the fixed-income business.

Gains realised on available-for-sale assets amounted to 115 million, predominantly on shares. Gains on shares sold in the quarter under review also included - over and above the gains resulting from regular equity portfolio management - gains on sales on account of corporate actions (such as the take-over of Endesa). In the previous quarter, there was a high realised loss (-107 million, pre-tax) on the sale of a bond portfolio in the banking business, but this was more than offset by large capital gains on shares within the insurance book.

Dividend income amounted to 23 million, somewhat higher than in the year-earlier quarter, but, as anticipated, considerably down from the seasonal peak in the second quarter (112 million).

Income recorded under the 'other net income' heading came to 88 million, at the low end of the historical range.

The 28 million (after tax) positive result on the sale of the Hungarian bank-card clearing house (GBC) in 3Q 2007 was classified as an exceptional item and is hence not included in the underlying figures.

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	3Q 2007
Staff expenses	-775	-749	-671	-827	-745	-764	-761
General administrative expenses	-396	-392	-392	-450	-381	-446	-412
Depreciation and amortisation of fixed assets	-88	-86	-89	-96	-85	-88	-95
Provisions for risks and charges	21	3	26	-14	3	-15	2
Operating expenses	-1 238	-1 223	-1 126	-1 388	-1 208	-1 314	-1 266
Belgium	-427	-444	-452	-501	-432	-471	-461
Central & Eastern Europe	-302	-311	-328	-397	-321	-352	-363
Merchant Banking	-336	-299	-242	-357	-322	-367	-311
European Private Banking	-147	-144	-118	-127	-124	-115	-120
Group Centre	-26	-25	14	-5	-8	-9	-11

In 3Q 2007, operating expenses amounted to 1 266 million. On a comparable basis, and excluding the fact that the reference quarter (3Q 2006) included a large net reversal of expense provisions (26 million), this is an increase by 8% compared to 3Q 2006, which, apart from normal cost inflation and a better spread of costs throughout the year, was mainly due to increased income-related expenses in the merchant banking activities (more income was realised in units with a high share of variable costs – hence, leading to higher costs this quarter - whilst less income was realised in units with a high share of fixed costs). Year-on-year, costs increased by 2% in the Belgium Business Unit and by 1% in the CEE Business Unit (organically and excluding exchange rate changes). For the entire year, cost growth is expected to remain moderate.

Compared to 2Q 2007, operating expenses dropped by 5% on a like-for-like basis, which is partly related to lower income-based wage costs for some market activities, and to the fact that 2Q 2007 included some special items, such as a provision for pending commercial litigation in the Merchant Banking Business Unit (23 million) and costs related to the relocation to the new head office in the Czech Republic (5 million).

As a consequence, the year-to-date cost/income ratio for the banking businesses of the group amounted to 58%, the same level as in the 2006 financial year. The cost/income ratio amounted to 58% in the Belgium Business Unit, 62% in the CEE Business Unit, 53% in the Merchant Banking Business Unit and 65% in the European Private Banking Business Unit.

Analysis of impairment (underlying figures)

Impairment (in millions of EUR) UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Impairment on loans and advances	3	-61	-18	-102	-25	-55	-51
Impairment on available-for-sale assets	0	-3	-1	-3	-4	2	-8
Impairment on goodwill	0	0	0	-1	0	0	0
Impairment on other	0	-3	-1	14	1	-3	-3
Impairment	3	-67	-19	-92	-27	-56	-62
Belgium	-10	-6	-12	-15	2	-9	-11
Central & Eastern Europe	-19	-44	-10	-64	-25	-27	-38
Merchant Banking	33	-17	-2	-12	-5	-19	-9
European Private Banking	0	0	4	0	1	-1	-3
Group Centre	0	0	0	-1	0	-1	-1

In 3Q 2007, impairment charges on the loan portfolio came to 51 million, in line with the average of the last four quarters. The annualised loan loss ratio for the first nine months of 2007 hence stood at 13 bps for the whole group, at exactly the same level as in the 2006 financial year. The loan loss ratio was 4 bps for the Belgium BU (7bps in FY 2006), 40 bps for CEE (58 bps in FY 2006), 7 bps for the Merchant Banking BU (nil in FY 2006) and 3 bps for the European Private Banking BU (nil in FY 2006).

Overall loan quality remained sound in 3Q 2007. At the end of September, the non-performing loan ratio, for instance, stood at 1.4%, a slight improvement on the figure at the start of the quarter (1.5%). The percentage of cover for non-performing loans afforded by all loan loss provisions came to 102% (99% at the start of the quarter).

Other impairments (other than those registered on loans) amounted to 11 million in the quarter under review, the largest part of which related to investments (8 million, mainly on shares).

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	3Q 2007
Gross technical charges	-631	-620	-754	-838	-753	-663	-841
Ceded reinsurance result	-18	-6	-18	-21	-15	-5	-17

In 3Q 2007, gross technical charges in the insurance business amounted to 841 million, versus 754 million in 3Q 2006 and 663 million in 2Q 2007. Of this total, 272 million related to non-life and 569 million to life insurance.

In non-life insurance, a solid technical result was recorded, with a year-to-date combined ratio of 97% (versus 96% in the 2006 financial year). If the impact of the Kyrill storm in the first quarter of 2007 is excluded, the combined ratio even drops to 93%. The 9M 2007 combined ratio was below 100% in all business units (Belgium 97%, CEE 97% and Merchant Banking 92%). The claims reserve ratio came down to 172% from 176% a year earlier.

The ceded reinsurance result came to a negative 17 million, slightly up on the average of the last four quarters.

Analysis of other earnings components (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	3Q 2007
Share in result of associated companies	11	12	15	7	16	22	14
Income tax expense	-292	-281	-160	-197	-262	-230	-202
Minority interests in profit after tax	42	41	33	36	31	30	28

The share in the results of associated companies (14 million in 3Q 2007) related almost entirely to the contribution via the equity method of the minority participation in NLB Bank in Slovenia.

Group income tax expense amounted to 202 million in 3Q 2007 and the corresponding average tax rate came to 24%.

The profit attributable to minority shareholders amounted to 28 million, more or less in line with previous quarters.

Underlying results per business unit

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

Belgium Business Unit (underlying trend)

The Belgium BU encompasses the retail bancassurance activities in Belgium (including the KBC-brand private banking activities). More specifically, it includes the retail and private banking activities of the legal entity *KBC Bank* in Belgium, the activities of the legal entity *KBC Insurance* (except for some specific items), as well as the activities of a number of Belgian subsidiaries (the main ones being *CBC Banque*, *Centea*, *Fidea* and *ADD*).

The underlying net profit generated by this BU came to 303 million in the quarter under review. On a year-to-date basis, the BU hence accounted for 46% of group net profit, and its return on allocated capital came to 35%, well above the target of 26%. Seasonal effects aside (slowdown of sales in the summer months, lower dividend income after the peak in the second quarter, …) the quarter under review was a strong one, marked by, among other things, sound volume growth in credits and deposits, increased insurance sales and rising assets under management, while costs and loan loss charges remained well under control.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Net interest income	479	489	481	478	483	479	478
Gross earned premiums, insurance	452	469	504	611	563	522	641
Dividend income	8	36	8	11	10	90	14
Net (un)realised gains from financial instruments at fair value	14	11	7	11	5	20	17
Net realised gains from available-for-sale assets	87	27	83	52	68	107	93
Net fee and commission income	225	235	186	249	229	238	214
Banking	*262*	*227*	*219*	*278*	*276*	*276*	*255*
Insurance	*-37*	*8*	*-33*	*-29*	*-46*	*-38*	*-42*
Other net income	32	34	36	47	92	38	33
Total income	1 297	1 301	1 305	1 458	1 450	1 494	1 489
Operating expenses	-427	-444	-452	-501	-432	-471	-461
Impairment	-10	-6	-12	-15	2	-9	-11
Gross technical charges, insurance	-410	-449	-482	-604	-564	-501	-614
Ceded reinsurance result	-3	-6	-3	0	-4	-5	-4
Share in results of associated companies	1	2	2	0	0	0	0
Profit before tax	448	397	357	338	451	508	400
Income tax expense	-124	-122	-91	-96	-121	-91	-96
Profit after tax	324	276	266	242	330	417	304
attributable to minority interests	1	1	1	1	3	1	1
attributable to the equity holders of the parent	**323**	**275**	**266**	**241**	**327**	**417**	**303**
Banking activities	*212*	*184*	*153*	*162*	*244*	*142*	*158*
Insurance activities	*110*	*90*	*112*	*78*	*83*	*275*	*145*
Risk-weighted assets (end of period)	*38 217*	*38 540*	*38 582*	*39 858*	*39 986*	*41 439*	*42 076*
Allocated equity (end of period)	*3 795*	*3 840*	*3 903*	*4 027*	*4 072*	*4 202*	*4 282*
Return on allocated capital (ROAC)	*35%*	*29%*	*28%*	*24%*	*34%*	*41%*	*30%*
Cost/income ratio (banking activities)	*52%*	*58%*	*61%*	*63%*	*50%*	*66%*	*61%*
Combined ratio (non-life insurance activities)	*85%*	*96%*	*94%*	*99%*	*102%*	*96%*	*97%*

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

Net interest income of this BU amounted to 478 million, continuing the more or less flat trend of the last quarters. The interest income was positively impacted by the year-on-year volume growth of loan and deposit products in general (+9% and +11%, respectively), with the exception of savings accounts, which saw their volume decreasing by 9% y/y in favour of lower-yielding time deposits. Moreover, the 25 bps interest rate increase on these saving accounts since July had an additional negative impact of some -17 million euros q/q. The net interest income was also negatively impacted (y/y) by the upstreaming of excess capital from the Belgian entities to the group’s parent company for the share-buyback programme (which is, although negative for the BU, is EPS-enhancing for the group as a whole). The net interest margin in 3Q 2007 stood at 1.72%, down on the 1.77% recorded in 2Q 2007 and the 1.82% in 3Q 2006.

Gross earned premiums of the group’s insurance activities in Belgium amounted to 641 million, with progress in both life and non-life. In life insurance, gross premiums (including certain types of life insurance – mainly unit-linked products – that - according to IFRS - are not included under the gross earned premium income heading in the P/L) amounted to 626 million and went up by 10% year on year, thanks essentially to increased sales of interest-guaranteed products (up 43%). Compared to a weak 2Q 2007, life premiums even jumped almost 40%, thanks to increased sales of both interest-guaranteed and unit-linked products. The outstanding life reserves in Belgium ended 4% higher than in 3Q 2006 and 1% up compared to 2Q 2007.

Non-life insurance premium income (220 million) was up 1% on the previous quarter, and witnessed a 7% rise versus 3Q 2006. Non-life claims in 3Q 2007 were somewhat impacted by flooding and lightning strikes in the summer months, but this was partly compensated for by a release of provisions made for the Kyrill storm. As a result, the year-to-date combined ratio came to 97%, or, excluding the impact of the Kyrill storm in the first quarter, 93% (versus 95% for FY 2006).

Dividend income (14 million) of this BU chiefly relates to the investment portfolio of the Belgian insurance activities and was more or less in line with the year-earlier quarter. As dividends are traditionally received in the second quarter, the drop versus 2Q 2007 (90 million dividend income) is mainly due to seasonality.

Net realised gains on available-for-sale securities amounted to 93 million, predominantly on shares. Over and above the gains resulting from the regular equity portfolio management, the quarter also included gains on the sales of shares related to corporate actions (mainly on the sale of Endesa shares in view of the take-over by Enel and Acciona). The previous quarter included a relatively large realised loss on the sale of part of the bond portfolio of the banking business (-73 million, pre-tax), which was offset by capital gains on shares within the insurance book.

Net (un)realised gains from financial instruments at fair value amounted to 17 million and included an 8 million negative value adjustment on CDOs, predominantly related to the insurer’s investment portfolio.

Net fee and commission income stood at 214 million, a fine progress (+15%) on the year-earlier quarter, largely thanks to the performance of the investment fund business. The latter is also reflected in the year-on-year growth of the assets under management of this BU (160 billion), which were up 13% y/y, some 10 ppts of which was accounted for by net new inflows. Compared to 2Q 2007, net fee and commission income was down 10% on account of some seasonal effects (retail clients’ investment activity is lower during the summer holidays, which is reflected in lower entry fee income on mutual funds, for example).

Other income amounted to 33 million, which is largely in line with previous quarters, with the exception of 1Q 2007, which benefited from a 44 million positive impact of a change in methodology used by the Belgian Deposit Guarantee Agency.

Operating expenses (461 million) were up only 2% on 3Q 2006, mainly related to normal wage inflation. Compared to 2Q 2007, which, *inter alia,* saw somewhat higher IT-costs, expenses were down 2%. As a result, the year-to-date cost/income ratio for the Belgian banking activities stood at 58%, the same as for FY 2006. Note that this year-to-date ratio is burdened by the realised losses on bonds in the banking book in 2Q 2007. The compensation of these losses was recorded in the insurance business via high capital gains on shares and, hence, does not impact the cost-income ratio of the banking activities.

Impairments on the Belgian loan portfolio remained very limited and stood at 8 million, more or less in line with figures recorded in 3Q 2006 and 2Q 2007. This led to an annualized loan loss ratio for the first nine months of some 4 bps, against 7 bps for the 2006 financial year. Impairment on available-for-sale assets related to the insurer’s share portfolio and amounted to 3 million.

The effective tax rate in the quarter came to 24%, up on the previous quarter (which included, as mentioned earlier, a large amount of tax-deductible losses on bonds), but in line with year-earlier quarter.

Central & Eastern Europe Business Unit (underlying trend)

The Central & Eastern Europe BU encompasses all banking and insurance activities in CEE and Russia. 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 consolidation in 2Q 2007), *Absolut Bank* (Russia – first consolidation in 3Q 2007), *NLB Bank* (Slovenia - minority participation) and *NLB Life* (Slovenia). The recent acquisitions in Bulgaria are not yet included in this quarters' results (DZI Insurance will be included as of 4Q 2007, and Economic and Investment Bank (EIB) is expected to be included as of 1Q 2008, depending on the closing date of the transaction).

The underlying net profit generated by this BU came to 117 million in the quarter under review. On a year-to-date basis, the BU hence accounted for 20% of group net profit, and its return on allocated capital came to 25% (28% excluding the new acquisitions, close to the mid-term target of 30%). In the quarter under review, growth was strong again, with marked increases in loans, deposits, insurance sales and assets under management. Costs remained well under control and impairments stayed close to the 2006-average. The underlying quarterly net profit is broken down as follows: 77 million in the Czech and Slovak Republics, 31 million in Hungary, 37 million in Poland, 14 million in Slovenia, 2 million in Russia and -44 for the remainder (see further). For the region as a whole, the insurance companies contributed 11 million to net profit.

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	3Q 2007
Net interest income	247	236	247	271	274	283	319
Gross earned premiums, insurance	236	217	255	251	239	231	251
Dividend income	0	2	2	1	0	2	1
Net (un)realised gains from financial instruments at fair value	57	50	72	58	47	63	51
Net realised gains from available-for-sale assets	5	4	5	15	12	4	2
Net fee and commission income	74	77	76	83	75	84	82
Banking	*102*	*106*	*105*	*113*	*109*	*118*	*116*
Insurance	*-27*	*-29*	*-29*	*-30*	*-34*	*-34*	*-34*
Other net income	37	68	17	32	23	21	17
Total income	657	654	674	711	670	689	725
Operating expenses	-302	-311	-328	-397	-321	-352	-363
Impairment	-19	-44	-10	-64	-25	-27	-38
Gross technical charges, insurance	-169	-112	-195	-167	-139	-103	-166
Ceded reinsurance result	-7	-10	-12	-15	-7	-5	-11
Share in results of associated companies	9	8	11	6	15	19	14
Profit before tax	169	185	141	74	192	222	160
Income tax expense	-29	-33	-21	-9	-35	-35	-38
Profit after tax	140	152	120	65	157	187	122
attributable to minority interests	16	17	10	8	8	9	5
attributable to the equity holders of the parent	**124**	**135**	**110**	**56**	**150**	**177**	**117**
Banking activities	*126*	*117*	*109*	*48*	*126*	*157*	*106*
Insurance activities	*-2*	*18*	*1*	*8*	*23*	*21*	*11*
Risk-weighted assets (end of period)	*19 053*	*19 854*	*21 608*	*23 358*	*23 851*	*24 769*	*29 372*
Allocated equity (end of period)	*1 577*	*1 625*	*1 760*	*1 890*	*1 920*	*1 994*	*2 345*
Return on allocated capital (ROAC)	*32%*	*34%*	*26%*	*11%*	*29%*	*35%*	*20%*
Cost/income ratio (banking activities)	*59%*	*58%*	*67%*	*75%*	*62%*	*59%*	*65%*
Combined ratio (non-life insurance activities)	*99%*	*93%*	*101%*	*103%*	*107%*	*88%*	*97%*

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

Year-on-year, the average quarterly exchange rate of the CZK was up by 1.5% against the EUR, the HUF by almost 10% and the PLN by 4% (the combined impact being roughly 4% for this BU). Moreover, in the recent past, a number of acquisitions were effected, of which Absolut Bank in Russia was the most important one. In order not to distort the comparison, the growth figures mentioned below exclude the impact of the new acquisitions and changes in the exchange rates.

Net interest income of the Central & Eastern Europe BU amounted to 319 million, a significant rise compared to both the year-earlier and previous quarter figures (+19% and +8%, respectively). This was mainly thanks to the continued robust volume growth throughout the region: year-on-year, loan growth was 28% and deposit growth 14% (as mentioned before, these figures exclude the positive impact of the new acquisitions and the exchange rate changes). The average CEE banking interest margin stood at 3.04% in 3Q 2007, against 2.93% in 3Q 2006 and 3.03% in 2Q 2007.

Gross earned insurance premiums in CEE amounted to 251 million. Both life and non-life sales went up. Life gross earned premiums (including unit-linked products, which, under IFRS, are not included in the gross earned premiums or in technical charges) stood at 124 million, a marked progression compared to both the year-earlier and the previous quarter (by 19% and 38%, respectively). Outstanding life reserves increased 17% y/y, to 1.3 billion. As to the technical charges mentioned in the table (166 million), it should be noted that part of the increase against the previous quarter (103 million) is due to the fact that 2Q 2007 had been positively impacted by a 27 million positive market value adjustment on the life reserves.

In non-life insurance, earned premiums (176 million) increased by 2% versus 3Q 2006 and by 4% compared to 2Q 2007. The year-to-date combined ratio stood at 97% (or 95% excluding the negative impact of the Kyrill storm in the first quarter of the year), versus 99% for the 2006 financial year.

Gains from financial instruments at fair value (51 million) were somewhat lower than the average of the last four quarters (60 million) and included value adjustments on the CDOs in portfolio (-16 million). Realised gains on the sale of available-for-sale investment securities stood at 2 million, again down on the average of the last four quarters (9 million).

Total net fee and commission income stood at 82 million. Net fee and commission income received by the CEE banking entities rose by a good 4% y/y, but this was largely offset by increasing commissions paid to agents by the CEE insurance entities of the group (as a result of the increased insurance sales). Vis-à-vis the previous quarter, net fee and commission income (banking and insurance together) dropped by some 6%, due mainly to seasonal effects. AUM in Central and Eastern Europe (12.4 billion as at the end of September 2007) again witnessed a marked year-on-year increase, by 30%, two-thirds of which thanks to new inflows. Quarter-on quarter, AUM increased by 12%.

Other net income amounted to 17 million, somewhat below the average of the previous quarters (23 million).

Operating expenses (363 million) were marginally up (1%) on the year-earlier quarter and were even down 2% on 2Q 2007. As mentioned above, these figures exclude the impact resulting from the new acquisitions and exchange rate changes. The q/q decline in cost was partly due to the fact that 2Q 2007 included a one-off cost related to the relocation to the new head office in Prague (some 5 million). The year-to-date cost/income ratio for the banking activities hence ended at 62%, an improvement on the 65% recorded for the 2006 financial year.

Impairments (38 million) in the quarter related almost entirely to loans (36 million). The latter was up on 3Q 2006 and on 2Q 2007, but still in line with the average of the four previous quarters (34 million). As a consequence, the annualised loan loss ratio for the first nine months of the year stood at 40 bps for the region, compared with 58 bps for the 2006 financial year. The loan loss ratio is broken down as follows: 38 bps in the Czech and Slovak Republics (up slightly from 36 bps in 2006), zero in Poland (idem in 2006) and 86 bps in Hungary (down from 150 bps in 2006). Absolut Bank recorded 4 million loan losses in 3Q 2007, corresponding to an annualised loan loss ratio of some 83 bps.

Taxes amounted to 38 million in 3Q 2007; hence, the effective tax rate for this BU stood at 24%.

Note that the 28 million after tax gain on the sale of the participation in the Hungarian bank-card clearing house GBC in 3Q 2007 is seen as an exceptional item and, hence, excluded from the underlying figures mentioned here.

Below, underlying income statements are provided for the main CEE countries: the Czech and Slovak Republics, Hungary, Poland, and – for the first time – Russia. 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 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	3Q 2007
Net interest income	154	163	170	185	182	186	200
Gross earned premiums, insurance	63	65	70	72	70	73	76
Dividend income	0	1	1	0	0	1	1
Net (un)realised gains from financial instruments at fair value	26	19	26	22	9	23	7
Net realised gains from available-for-sale assets	3	0	2	6	8	0	1
Net fee and commission income	57	57	51	57	57	58	53
Banking	*63*	*62*	*56*	*63*	*65*	*66*	*62*
Insurance	*-6*	*-5*	*-6*	*-6*	*-7*	*-8*	*-8*
Other net income	25	19	10	27	12	12	9
Total income	327	323	329	368	339	353	346
Operating expenses	-138	-148	-163	-205	-152	-163	-159
Impairment	-3	-18	-7	-22	-15	-11	-26
Gross technical charges, insurance	-41	-23	-77	-52	-37	-24	-60
Ceded reinsurance result	-1	-1	-1	-3	-3	1	-1
Share in results of associated companies	0	0	0	2	2	1	1
Profit before tax	144	133	81	88	134	158	100
Income tax expense	-34	-28	-16	-21	-29	-33	-23
Profit after tax	110	105	65	67	105	125	77
attributable to minority interests	-1	0	0	2	1	1	0
attributable to the equity holders of the parent	**111**	**105**	**64**	**66**	**104**	**124**	**77**
Banking activities	*107*	*86*	*72*	*52*	*91*	*120*	*72*
Insurance activities	*4*	*18*	*-7*	*14*	*13*	*4*	*5*
Risk-weighted assets (end of period)	*11 079*	*11 613*	*13 056*	*14 182*	*14 739*	*15 243*	*16 691*
Allocated equity (end of period)	*860*	*896*	*1 000*	*1 082*	*1 119*	*1 152*	*1 253*
Return on allocated capital (ROAC)	*45%*	*41%*	*23%*	*21%*	*33%*	*40%*	*23%*
Cost/income ratio (banking activities)	*47%*	*51%*	*61%*	*67%*	*52%*	*48%*	*55%*
Combined ratio (non-life insurance activities)	*111%*	*87%*	*106%*	*108%*	*110%*	*86%*	*99%*

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

Income statement, Hungary (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Net interest income	56	53	54	61	62	66	64
Gross earned premiums, insurance	18	20	27	17	21	24	23
Dividend income	0	1	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	25	23	32	26	26	27	30
Net realised gains from available-for-sale assets	0	0	1	3	0	2	0
Net fee and commission income	24	25	30	28	25	27	31
Banking	*26*	*26*	*32*	*29*	*27*	*29*	*33*
Insurance	*-2*	*-2*	*-2*	*-1*	*-2*	*-2*	*-2*
Other net income	4	9	0	-2	2	4	1
Total income	127	130	144	133	137	150	149
Operating expenses	-77	-68	-80	-73	-78	-79	-75
Impairment	-14	-20	-11	-53	-10	-27	-12
Gross technical charges, insurance	-10	-15	-22	-15	-12	-17	-18
Ceded reinsurance result	0	0	-1	0	-1	0	1
Share in results of associated companies	1	0	1	0	0	1	0
Profit before tax	28	27	31	-8	37	28	44
Income tax expense	-8	-8	-5	1	-7	-5	-13
Profit after tax	19	19	26	-7	30	24	31
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**19**	**19**	**26**	**-7**	**30**	**24**	**31**
Banking activities	*16*	*17*	*25*	*-6*	*26*	*20*	*29*
Insurance activities	*4*	*2*	*2*	*-1*	*4*	*3*	*2*
Risk-weighted assets (end of period)	*4 745*	*4 971*	*4 866*	*5 241*	*5 113*	*5 089*	*5 333*
Allocated equity (end of period)	*351*	*366*	*365*	*393*	*378*	*379*	*397*
Return on allocated capital (ROAC)	*16%*	*13%*	*21%*	*-16%*	*20%*	*13%*	*21%*
Cost/income ratio (banking activities)	*67%*	*63%*	*66%*	*56%*	*63%*	*60%*	*57%*
Combined ratio (non-life insurance activities)	*73%*	*98%*	*100%*	*112%*	*78%*	*89%*	*101%*

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	3Q 2007
Net interest income	61	48	51	53	57	59	68
Gross earned premiums, insurance	150	128	155	159	147	131	148
Dividend income	0	1	1	0	0	1	0
Net (un)realised gains from financial instruments at fair value	8	7	12	15	12	10	10
Net realised gains from available-for-sale assets	2	3	2	6	3	3	2
Net fee and commission income	-6	-4	-5	-2	-8	-3	-6
Banking	*13*	*18*	*17*	*21*	*16*	*22*	*18*
Insurance	*-20*	*-22*	*-21*	*-22*	*-24*	*-26*	*-25*
Other net income	5	43	7	4	10	4	8
Total income	219	226	223	236	221	205	231
Operating expenses	-83	-88	-92	-114	-85	-98	-96
Impairment	-2	-1	10	6	-1	10	6
Gross technical charges, insurance	-103	-63	-94	-96	-107	-60	-83
Ceded reinsurance result	-6	-9	-10	-12	-4	-6	-11
Share in results of associated companies	0	0	0	0	1	0	1
Profit before tax	25	66	37	19	24	51	48
Income tax expense	1	-3	-7	-2	-5	-7	-11
Profit after tax	26	62	30	18	19	45	37
attributable to minority interests	0	0	0	0	0	0	0
attributable to the equity holders of the parent	**26**	**62**	**30**	**18**	**19**	**45**	**37**
Banking activities	23	53	23	21	21	26	*26*
Insurance activities	3	9	8	-3	-2	18	*10*
Risk-weighted assets (end of period)	*3 230*	*3 270*	*3 686*	*3 936*	*3 999*	*4 436*	*5 188*
Allocated equity (end of period)	*364*	*362*	*394*	*414*	*422*	*458*	*513*
Return on allocated capital (ROAC)	*18%*	*58%*	*28%*	*9%*	*11%*	*34%*	*24%*
Cost/income ratio (banking activities)	*72%*	*53%*	*79%*	*89%*	*67%*	*74%*	*71%*
Combined ratio (non-life insurance activities)	*99%*	*94%*	*100%*	*100%*	*110%*	*88%*	*96%*

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

Income statement, Russia (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Net interest income	-	-	-	-	-	-	22
Gross earned premiums, insurance	-	-	-	-	-	-	0
Dividend income	-	-	-	-	-	-	0
Net (un)realised gains from financial instruments at fair value	-	-	-	-	-	-	-1
Net realised gains from available-for-sale assets	-	-	-	-	-	-	0
Net fee and commission income	-	-	-	-	-	-	3
Banking	-	-	-	-	-	-	*3*
Insurance	-	-	-	-	-	-	*0*
Other net income	-	-	-	-	-	-	0
Total income	-	-	-	-	-	-	24
Operating expenses	-	-	-	-	-	-	-17
Impairment	-	-	-	-	-	-	-4
Gross technical charges, insurance	-	-	-	-	-	-	0
Ceded reinsurance result	-	-	-	-	-	-	0
Share in results of associated companies	-	-	-	-	-	-	0
Profit before tax	-	-	-	-	-	-	3
Income tax expense	-	-	-	-	-	-	-1
Profit after tax	-	-	-	-	-	-	2
attributable to minority interests	-	-	-	-	-	-	0
attributable to the equity holders of the parent	-	-	-	-	-	-	**2**
Banking activities	-	-	-	-	-	-	*2*
Insurance activities	-	-	-	-	-	-	*0*
Risk-weighted assets (end of period)	-	-	-	-	-	-	*2 160*
Allocated equity (end of period)	-	-	-	-	-	-	*147*
Return on allocated capital (ROAC)	-	-	-	-	-	-	-
Cost/income ratio (banking activities)	-	-	-	-	-	-	*71%*
Combined ratio (non-life insurance activities)	-	-	-	-	-	-	-

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	3Q 2007
Net interest income	-23	-29	-27	-27	-27	-27	-35
Gross earned premiums, insurance	6	4	3	3	0	3	5
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	-2	2	2	-5	0	4	4
Net realised gains from available-for-sale assets	0	0	0	0	0	-1	0
Net fee and commission income	0	0	0	0	0	2	1
Other net income	3	-3	0	3	-1	0	0
Total income	-16	-26	-23	-26	-27	-19	-25
Operating expenses	-4	-7	8	-6	-6	-12	-17
Impairment	0	-4	-1	5	1	0	-1
Gross technical charges, insurance	-15	-11	-3	-3	18	-2	-4
Ceded reinsurance result	0	0	0	0	0	0	0
Share in results of associated companies	8	8	11	4	12	17	11
Profit before tax	-28	-40	-8	-26	-2	-16	-35
Income tax expense	13	7	7	12	6	10	10
Profit after tax	-15	-34	-1	-14	4	-6	-25
attributable to minority interests	17	17	10	7	7	8	5
attributable to the equity holders of the parent	**-32**	**-50**	**-11**	**-20**	**-3**	**-15**	**-30**
Banking activities	-20	-39	-10	-19	-12	-10	-24
Insurance activities	-13	-11	-1	-1	9	-4	-6

Merchant Banking Business Unit (underlying trend)

The 'Merchant Banking' BU encompasses the financial services provided to SMEs and corporate customers (including those in Belgium) and all capital market activities. However, all merchant banking activities of the CEE group companies are handled by the CEE BU.

More specifically, the BU includes the merchant banking activities of *KBC Bank* in Belgium and its branches elsewhere, as well as the activities of the following subsidiaries (only the main ones are mentioned): *KBC Lease*, *KBC Securities*, *KBC Financial Products*, *Antwerp Diamond Bank*, *KBC Private Equity*, *KBC Bank Nederland*, *KBC Bank Deutschland, KBC Clearing, KBC Peel Hunt, International Factors, KBC Finance Ireland, IIB Bank, Secura and Assurisk*.

The underlying net profit generated by this BU came to 153 million in the quarter under review. On a year-to-date basis, the BU hence accounted for 29% of group net profit, and its return on allocated capital came to 19%, in line with the target ROAC. The quarterly profit is broken down into 143 million for commercial banking activities, which generally turned in a strong performance, and 10 million for investment banking activities, which were impacted by both the traditional seasonal decline in activities and the adverse climate on the financial markets.

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

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Net interest income	208	245	284	279	275	273	277
Gross earned premiums, insurance	85	70	81	82	74	67	78
Dividend income	1	7	3	1	1	8	5
Net (un)realised gains from financial instruments at fair value	388	217	100	287	284	294	86
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15	4
Net fee and commission income	85	76	28	96	73	96	121
Other net income	17	36	26	22	34	35	31
Total income	789	668	522	773	748	760	602
Operating expenses	-336	-299	-242	-357	-322	-367	-311
Impairment	33	-17	-2	-12	-5	-19	-9
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40	-54
Ceded reinsurance result	-5	2	-7	-18	-4	-5	-4
Share in results of associated companies	0	1	0	0	0	2	0
Profit before tax	427	309	218	340	369	332	223
Income tax expense	-121	-87	-34	-87	-78	-69	-48
Profit after tax	306	222	184	253	291	263	175
attributable to minority interests	24	23	22	26	22	21	22
attributable to the equity holders of the parent	**282**	**200**	**162**	**227**	**269**	**241**	**153**
Banking activities	*262*	*173*	*147*	*198*	*257*	*223*	*139*
Insurance activities	*20*	*26*	*15*	*29*	*12*	*18*	*14*
Risk-weighted assets (end of period)	*53 891*	*55 935*	*57 837*	*59 892*	*63 908*	*69 578*	*74 547*
Allocated equity (end of period)	*3 752*	*3 885*	*4 017*	*4 160*	*4 432*	*4 816*	*5 150*
Return on allocated capital (ROAC)	*29%*	*20%*	*15%*	*22%*	*27%*	*21%*	*15%*
Cost/income ratio (banking activities)	*47%*	*51%*	*53%*	*51%*	*46%*	*53%*	*58%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*	*97%*

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

Net interest income of this BU related to the *commercial banking* activities and amounted to 277 million in 3Q 2007, more or less in line with both the year-earlier and the previous quarter figures (-2% and +1%, respectively). Note that year-on-year, interest income remains negatively impacted by the upstreaming of dividends to the Group Centre for share buybacks. Risk-weighted assets of the *commercial* banking activities grew by 2% q/q (but the latter figure was somewhat depressed by a shift of some 0.8 billion risk-weighted assets to the *investment* banking activities in 3Q 2007).

Gross earned premiums of the BU (78 million in 3Q 2007) relate to the group's inbound re-insurance activity. The related insurance underwriting result (earned premiums net of technical charges and ceded reinsurance result) stood at 20 million, in line with the average of the last four quarters (21 million).

Gains from financial instruments at fair value amounted to 86 million, which constitutes a significant drop versus 2Q 2007 (294 million). This was largely related to the customary seasonal drop in the summer, although there was also some impact resulting from the adverse situation on the financial markets (including some 22 million negative value adjustments on CDOs). Notwithstanding the difficult climate on the financial markets, the quarter was down by only 14 million versus the year-earlier quarter.

Net realised gains from available-for-sale assets amounted to 4 million, a marked difference on the -15 million recorded in 2Q 2007, which was burdened by a 34 million allocated loss on the sale of bonds in the banking book in anticipation of further interest rate increases.

Net fee and commission income amounted to 121 million euros, a very good figure, thanks to, among other things, equity brokerage and corporate finance activities for local small and mid-caps.

Other income of this BU amounted to 31 million, not too different from the average of the last four quarters (29 million).

Operating expenses amounted to 311 million. They were up 28% compared to (a low) 3Q 2006, mainly due to higher income-related expenses (more income was realised in units with a high share of variable costs – hence, leading to higher costs this quarter - and less income was realised in units with a high share of fixed costs). Costs were down 15% compared to 2Q 2007, which was burdened with a 23 million provision for pending commercial litigation. The year-to-date cost/income ratio of the BU hence stood at 53%, somewhat up on the 50% recorded for the 2006 financial year.

At 9 million, impairments (almost entirely related to loans) remained quite limited in 3Q 2007. The resulting year-to-date loss ratio was 7 bps (nil in the 2006 financial year).

Income taxes amounted to 48 million in the quarter under review. The quarterly effective tax rate amounted to 22%.

Below, the figures for the Merchant Banking BU are broken down into ‘Commercial Banking’ (mainly lending and banking services to SMEs and corporate customers, but also including the inbound re-insurance business) and ‘Investment Banking’ (sales and trading on 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	3Q 2007
Net interest income	208	245	284	279	275	273	277
Gross earned premiums, insurance	85	70	81	82	74	67	78
Dividend income	1	7	3	1	1	8	5
Net (un)realised gains from financial instruments at fair value	48	37	-31	-7	6	7	-2
Net realised gains from available-for-sale assets	5	17	-1	6	8	-15	4
Net fee and commission income	22	22	5	32	13	25	27
Other net income	17	36	26	22	32	35	31
Total income	387	434	367	415	408	402	421
Operating expenses	-112	-115	-123	-148	-122	-154	-134
Impairment	29	-17	-3	-6	-6	-19	-9
Gross technical charges, insurance	-54	-45	-54	-45	-48	-40	-54
Ceded reinsurance result	-5	2	-7	-18	-4	-5	-4
Share in results of associated companies	0	0	0	0	0	0	0
Profit before tax	245	258	180	198	229	185	220
Income tax expense	-69	-67	-22	-55	-50	-33	-55
Profit after tax	176	191	158	143	179	152	164
attributable to minority interests	24	23	23	23	23	22	22
attributable to the equity holders of the parent	**153**	**168**	**135**	**120**	**156**	**130**	**143**
Banking activities	*144*	*142*	*126*	*106*	*144*	*112*	*129*
Insurance activities	*9*	*25*	*9*	*14*	*12*	*18*	*14*
Risk-weighted assets (end of period)	*44 801*	*45 308*	*48 055*	*49 593*	*51 398*	*52 568*	*53 510*
Allocated equity (end of period)	*3 134*	*3 163*	*3 352*	*3 460*	*3 581*	*3 659*	*3 720*
Return on allocated capital (ROAC)	*18%*	*20%*	*15%*	*14%*	*18%*	*16%*	*19%*
Cost/income ratio (banking activities)	*35%*	*32%*	*41%*	*43%*	*35%*	*46%*	*38%*
Combined ratio (reinsurance activities)	*81%*	*88%*	*96%*	*102%*	*88%*	*95%*	*97%*

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

Income statement, Investment Banking (in millions of EUR)

UNDERLYING FIGURES	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007
Net interest income	0	0	0	0	0	0	0
Gross earned premiums, insurance	0	0	0	0	0	0	0
Dividend income	0	0	0	0	0	0	0
Net (un)realised gains from financial instruments at fair value	340	180	132	294	278	288	87
Net realised gains from available-for-sale assets	0	0	0	0	0	0	0
Net fee and commission income	63	54	23	64	60	71	94
Other net income	0	0	0	0	2	0	0
Total income	403	234	155	358	340	358	181
Operating expenses	-224	-184	-119	-209	-201	-213	-178
Impairment	4	0	1	-6	0	0	0
Gross technical charges, insurance	0	0	0	0	0	0	0
Ceded reinsurance result	0	0	0	0	0	0	0
Share in results of associated companies	0	1	0	0	0	2	0
Profit before tax	182	50	38	142	140	147	3
Income tax expense	-53	-19	-12	-32	-28	-36	7
Profit after tax	130	31	26	110	112	111	10
attributable to minority interests	0	-1	0	3	-1	-1	0
attributable to the equity holders of the parent	**130**	**32**	**26**	**107**	**113**	**112**	**10**
Banking activities	*119*	*31*	*21*	*92*	*113*	*112*	*10*
Insurance activities	*11*	*1*	*6*	*15*	*0*	*0*	*0*
Risk-weighted assets (end of period)	*9 090*	*10 627*	*9 781*	*10 300*	*12 510*	*17 011*	*21 037*
Allocated equity (end of period)	*618*	*723*	*665*	*700*	*851*	*1 157*	*1 431*
Return on allocated capital (ROAC)	*76%*	*18%*	*13%*	*61%*	*55%*	*29%*	*-*
Cost/income ratio (banking activities)	*56%*	*79%*	*77%*	*58%*	*56%*	*60%*	*98%*

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

European Private Banking Business Unit (underlying trend)

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

The underlying net profit generated by this BU came to 44 million in the quarter under review. On a year-to-date basis, the BU hence accounted for 7% of group net profit, and its year-to-date return on allocated capital came to 32%, close to the target for this BU. Apart from the traditional summer slowdown, 3Q 2007 was a good quarter, with costs that remained under control and the year-on-year progress in private banking income being reflected in increased fee and interest income, among other things.

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	3Q 2007
Net interest income	58	48	29	24	36	34	41
Gross earned premiums, insurance	3	7	17	13	5	12	8
Dividend income	2	9	2	2	2	6	2
Net (un)realised gains from financial instruments at fair value	22	7	32	29	22	23	4
Net realised gains from available-for-sale assets	12	14	-1	-3	8	10	12
Net fee and commission income	135	132	104	111	121	119	116
Other net income	2	7	7	-3	7	5	3
Total income	233	224	190	174	202	209	186
Operating expenses	-147	-144	-118	-127	-124	-115	-120
Impairment	0	0	4	0	1	-1	-3
Gross technical charges, insurance	-7	-14	-23	-21	-12	-17	-15
Ceded reinsurance result	0	0	0	0	0	0	0
Share in results of associated companies	1	1	1	1	1	1	1
Profit before tax	79	67	54	27	68	76	50
Income tax expense	-22	-22	-9	11	-16	-19	-6
Profit after tax	57	45	45	38	52	57	44
attributable to minority interests	1	1	1	0	0	0	0
attributable to the equity holders of the parent	**55**	**44**	**44**	**38**	**52**	**57**	**44**
Banking activities	*52*	*41*	*43*	*34*	*50*	*55*	*44*
Insurance activities	*3*	*3*	*1*	*4*	*2*	*2*	*0*
Risk-weighted assets (end of period)	*9 539*	*9 000*	*7 005*	*5 842*	*6 416*	*6 575*	*8 080*
Allocated equity (end of period)	*704*	*673*	*539*	*461*	*501*	*512*	*615*
Return on allocated capital (ROAC)	*31%*	*24%*	*20%*	*28%*	*40%*	*38%*	*24%*
Cost/income ratio (banking activities)	*66%*	*70%*	*71%*	*88%*	*65%*	*61%*	*70%*

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

The assets under management (AUM) of this BU amounted to 56 billion, up 6% y/y on a comparable basis. In line with the policy to focus on the growth of on-shore private banking activities, the AUM of this business (26 billion AUM) witnessed a 13% y/y rise. The AUM of other businesses (off-shore private banking, institutional assets etc.) all together stayed more or less flat.

Adjusted for technical charges in the insurance business, total income of this BU (171 million) was up 3% on 3Q 2006 and down 10% on 2Q 2007, the latter mainly due to seasonal effects. Net fee and commission income, at 116 million the largest income contributor, witnessed a significant improvement compared to 3Q 2006 (+12%), but, due to the summer slowdown, decreased somewhat versus the previous quarter (-3%). Moreover, both the net interest income (41 million in 3 Q 2007) and the income from the sale of available-for-sale securities (12 million) went up y/y and q/q. Net (un)realised gains from financial instruments at fair value, finally, stood at a low 4 million, and included, *inter alia*, the negative value adjustment on CDOs in portfolio (-6 million).

Life premiums (including unit-linked products, of which the bulk of the premium income is, in line with IFRS, not included in the gross earned premium heading in the P/L) of this BU amounted to 69 million in 3Q 2007, up 11% year on year and considerably up on the low level of 2Q 2007 (39 million). Life reserves (1.5 billion) ended 12% higher y/y and 3% q/q.

Expenses (120 million) were up a limited 1% y/y and 4% q/q. The year-to-date cost-income ratio hence amounted to 65%, a significant improvement on the 73% for the 2006 financial year.

Impairments amounted to a mere 3 million and mainly related to securities. Income taxes amounted to a comparatively low 6 million, but included a tax recovery related to a past financial year (4 million); excluding this item, the tax rate came to roughly 20% in the quarter under review.

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

In the quarter under review, the underlying net result of the Group Centre amounted to a negative 16 million (in line with previous quarters), with the holding company accounting for a negative 12 million of this amount.

Consolidated financial statements

Content:

Consolidated financial statements

KBC Group, 3Q & 9M 2007

Consolidated income statement

In millions of EUR	Note	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Net interest income	3	1 025	1 014	930	3 111	2 996
Gross earned premiums, insurance	9	852	824	969	2 374	2 661
non-life		441	442	457	1 307	1 339
life	10	410	382	511	1 067	1 322
Dividend income	4	34	138	52	165	218
Net (un)realised gains from financial instruments at fair value	5	153	548	379	1 001	1 327
Net realised gains from available-for-sale assets	6	86	108	115	444	539
Net fee and commission income	7	390	527	478	1 357	1 494
Other net income	8	631	105	128	901	388
TOTAL INCOME		3 171	3 263	3 051	9 352	9 623
Operating expenses	12	- 1 126	- 1 314	- 1 266	- 3 532	- 3 788
staff expenses		- 671	- 764	- 761	- 2 139	- 2 271
general administrative expenses		- 392	- 446	- 412	- 1 180	- 1 239
depreciation fixed assets		- 89	- 88	- 95	- 263	- 268
provisions		26	- 15	2	50	- 10
Impairment	14	- 19	- 56	- 62	- 83	- 146
on loans and receivables		- 18	- 55	- 51	- 75	- 130
on available-for-sale assets		- 1	2	- 8	- 3	- 11
on goodwill		0	0	0	0	0
on other		- 1	- 3	- 3	- 4	- 5
Gross technical charges, insurance	9	- 754	- 663	- 841	- 2 005	- 2 258
non-life		- 261	- 246	- 272	- 760	- 815
life		- 492	- 417	- 569	- 1 245	- 1 442
Ceded reinsurance result	9	- 18	- 5	- 17	- 42	- 37
Share in results of associated companies		15	22	14	38	52
PROFIT BEFORE TAX		1 269	1 248	878	3 728	3 447
Income tax expense		- 148	- 281	- 211	- 806	- 786
Net post-tax income from discontinued operations		0	0	0	0	0
PROFIT AFTER TAX		1 121	966	667	2 922	2 662
attributable to minority interest		40	30	28	126	89
attributable to equity holders of the parent		**1 081**	**936**	**639**	**2 797**	**2 572**
Earnings per share (in EUR)						
Basic		3.06	2.69	1.85	7.87	7.39
Diluted		3.03	2.68	1.84	7.79	7.36

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	30-09-2007
Cash and cash balances with central banks		3 826	4 478
Financial assets	18-24	310 427	332 232
Held for trading		67 630	80 511
Designated at fair value through profit and loss		57 182	55 255
Available for sale		47 868	47 630
Loans and receivables		125 195	136 292
Held to maturity investments		12 213	12 042
Derivatives used for hedging		339	502
Reinsurers' share in technical provisions, insurance		290	300
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		- 175	- 236
Accrued interest income		2 773	2 949
Tax assets		761	823
Current tax assets		154	169
Deferred tax assets		608	654
Non-current assets held for sale and disposal groups		92	39
Investments in associated companies		522	633
Investment property		413	571
Property and equipment		1 906	2 155
Goodwill and other intangible fixed assets		1 987	3 030
Other assets		2 578	3 354
TOTAL ASSETS		325 400	350 327

LIABILITIES (in millions of EUR)		31-12-2006	30-09-2007
Financial liabilities	18	282 282	304 371
Held for trading		37 423	41 887
Designated at fair value through profit and loss		56 720	52 626
Measured at amortized cost		188 044	209 726
Derivatives used for hedging		96	131
Gross technical provisions, insurance	31	15 965	17 193
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk		0	0
Accrued interest expenses		1 694	2 411
Tax liabilities		845	875
Current tax liabilities		534	530
Deferred tax liabilies		312	345
Liabilities included in disposal groups classified as held for sale		43	0
Provisions		493	487
Other liabilities		5 624	6 522
TOTAL LIABILITIES		306 947	331 859
Total Equity		18 453	18 468
Parent shareholders' equity	35	17 219	17 316
Minority interest		1 234	1 152
TOTAL LIABILITIES AND EQUITY		325 400	350 327

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.

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
30-09-2006											
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	- 193	10	- 1	- 74	- 259	0	- 259
Net profit for the period	0	0	0	0	0	0	2 797	0	2 797	126	2 922
Total recognised income and expense for the period	0	0	0	0	- 193	10	2 795	- 74	2 538	126	2 664
Dividends	0	0	0	0	0	0	- 895	0	- 895	0	- 895
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	- 798	0	0	- 3	0	- 800	0	- 800
Change in minority interest	0	0	0	0	0	0	0	0	0	- 590	- 590
Total change	0	2	- 2	- 498	- 193	10	1 598	- 74	843	- 465	378
Balance at the end of the period	1 234	4 140	183	- 982	1 936	11	10 019	52	16 594	1 250	17 844
of which revaluation reserve for shares					1 588						
of which revaluation reserve for bonds					348						
of which revaluation reserve for other assets than bonds and shares					0						
30-09-2007											
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	- 751	24	- 1	- 53	- 782	0	- 782
Net profit for the period	0	0	0	0	0	0	2 572	0	2 572	89	2 662
Total recognised income and expense for the period	0	0	0	0	- 751	24	2 571	- 53	1 791	89	1 880
Dividends	0	0	0	0	0	0	- 1 155	0	- 1 155	0	- 1 155
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	- 593	0	0	54	0	- 539	0	- 539
Change in minority interest	0	0	0	0	0	0	0	0	0	- 172	- 172
Total change	0	1	- 1	106	- 751	24	772	- 53	97	- 83	15
Balance at the end of the period	1 235	4 151	181	- 1 006	1 216	70	11 423	45	17 316	1 152	18 468
of which revaluation reserve for shares					1 434						
of which revaluation reserve for bonds					- 217						
of which revaluation reserve for other assets than bonds and shares					0						

Condensed consolidated cash flow statement

In millions of EUR	9M 2006	9M 2007
Net cash from (used in) operating activities	2 135	1 441
Net cash from (used in) investing activities	- 967	- 1 405
Net cash flows from (used in) financing activities	- 853	2 159
Net increase/(decrease) in cash and cash equivalents	315	2 194
Cash and cash equivalents at the beginning of the year	3 199	850
Effects of exchange rate changes on opening cash and cash equivalents	138	0
Cash and cash equivalents at the end of the period	3 651	3 044

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 9M 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 and KBC Exploitatie.
- 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 (incl. Russia) – and its selective presence in other countries ('rest of the world', i.e. mainly Western Europe excluding Belgium, the US and Southeast Asia).
The geographic segmentation is based on the location where the services are rendered. Since at least 95% of the customers are local customers, the location of the branch or subsidiary determines the geographic breakdown of both the balance sheet and income statement.
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.

In millions of EUR	Banking	Insurance	European Private Banking	Holding Company Activities	Inter-segment eliminations	KBC Group
INCOME STATEMENT 9M 2006						
Net interest income	2 445	442	252	- 23	- 5	3 111
Gross earned premiums, insurance	0	2 374	0	0	0	2 374
Non-life	0	1 307	0	0	0	1 307
Life	0	1 067	0	0	0	1 067
Dividend income	91	61	11	2	0	165
Net (un)realised gains from financial instruments at fair value	1 073	- 4	- 72	4	0	1 001
Net realised gains AFS	172	192	25	55	0	444
Net fee and commission income	1 178	- 187	366	- 2	1	1 357
Other net income	293	50	518	463	- 423	901
TOTAL INCOME	5 253	2 928	1 098	499	- 426	9 352
Operating expenses	- 2 758	- 392	- 407	- 402	426	- 3 532
Staff expenses	- 1 736	- 225	- 253	- 113	189	- 2 139
General administrative expenses	- 916	- 140	- 134	- 228	238	- 1 180
Depreciation fixed assets	- 154	- 27	- 20	- 63	0	- 263
Provisions	48	0	0	1	0	50
Impairments	- 78	- 9	3	0	0	- 83
on loans and receivables	- 72	1	- 4	0	0	- 75
on available-for-sale assets	- 1	- 10	8	0	0	- 3
on goodwill	0	0	0	0	0	0
on other	- 4	0	0	0	0	- 4
Gross technical charges, insurance	0	- 2 005	0	0	0	- 2 005
Non-life	0	- 760	0	0	0	- 760
Life	0	- 1 245	0	0	0	- 1 245
Ceded reinsurance result	0	- 42	0	0	0	- 42
Share in results of associated companies	35	0	2	0	0	38
PROFIT BEFORE TAX	2 453	481	697	97	0	3 728
Income tax expense	- 595	- 100	- 52	- 59	0	- 806
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	1 858	381	645	38	0	2 922
attributable to minority interest	131	- 16	8	2	0	126
attributable to equity holders of the parent	1 726	396	637	37	0	2 797
INCOME STATEMENT 9M 2007						
Net interest income	2 312	487	192	13	- 8	2 996
Gross earned premiums, insurance	0	2 661	0	0	0	2 661
Non-life	0	1 339	0	0	0	1 339
Life	0	1 322	0	0	0	1 322
Dividend income	88	122	8	0	0	218
Net (un)realised gains from financial instruments at fair value	1 402	- 23	- 51	- 1	0	1 327
Net realised gains AFS	143	362	31	2	2	539
Net fee and commission income	1 409	- 267	352	- 3	3	1 494
Other net income	300	56	29	522	- 519	388
TOTAL INCOME	5 653	3 398	560	534	- 522	9 623
Operating expenses	- 3 034	- 401	- 351	- 525	522	- 3 788
Staff expenses	- 1 859	- 244	- 226	- 201	259	- 2 271
General administrative expenses	- 997	- 141	- 100	- 264	263	- 1 239
Depreciation fixed assets	- 162	- 27	- 20	- 59	0	- 268
Provisions	- 16	10	- 4	0	0	- 10
Impairments	- 135	- 6	- 3	- 2	0	- 146
on loans and receivables	- 131	- 1	2	- 1	0	- 130
on available-for-sale assets	- 1	- 5	- 5	0	0	- 11
on goodwill	0	0	0	0	0	0
on other	- 4	- 1	0	- 1	0	- 5
Gross technical charges, insurance	0	- 2 257	0	0	- 1	- 2 258
Non-life	0	- 815	0	0	0	- 815
Life	0	- 1 442	0	0	- 1	- 1 442
Ceded reinsurance result	0	- 37	0	0	0	- 37
Share in results of associated companies	50	0	2	0	0	52
PROFIT BEFORE TAX	2 534	696	209	8	0	3 447
Income tax expense	- 579	- 91	- 41	- 75	0	- 786
Net post-tax income from discontinued operations	0	0	0	0	0	0
PROFIT AFTER TAX	1 955	606	168	- 67	0	2 662
attributable to minority interest	85	4	0	0	0	89
attributable to equity holders of the parent	1 870	601	168	- 67	0	2 572
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 30-09-2007						
Total assets	297 639	31 082	20 707	898	-	350 327
Total liabilities	284 440	27 195	19 271	953	-	331 859

In millions of EUR	Belgium	Central and Eastern Europe	Rest of the world	Inter-segment eliminations	KBC Group
9M 2006					
Gross income	4 831	2 075	2 446	0	9 352
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
9M 2007					
Gross income	5 463	2 222	1 938	0	9 623
30-09-2007					
Total assets	184 471	50 071	115 785	0	350 327
Total liabilities	177 640	45 471	108 747	0	331 859

Notes on the income statement

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

Note 3: Net interest income

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	1 025	1 014	930	3 111	2 996
Interest income resulting from	3 178	3 908	3 904	9 349	11 401
Available for sales assets	522	465	528	1 529	1 452
Loans and receivables	1 661	2 094	1 996	4 772	5 958
Held to maturity investments	125	117	144	358	390
Other	11	26	29	32	79
Subtotal interest income for financial assets not designated at fair value through profit and loss	2 319	2 702	2 697	6 691	7 879
Financial assets held for trading	308	410	407	923	1 183
Derivatives used for hedging	156	172	239	553	570
Other financial assets designated at fair value	394	624	560	1 182	1 769
Interest expense resulting from	- 2 153	- 2 894	- 2 973	- 6 238	- 8 406
Financial liabilities measured at amortized cost	- 1 561	- 2 066	- 2 217	- 4 377	- 6 075
Other	0	- 6	- 5	- 2	- 12
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	- 1 561	- 2 072	- 2 222	- 4 379	- 6 087
Financial liabilities held for trading	- 92	- 105	- 139	- 246	- 353
Derivatives used for hedging	- 166	- 159	- 222	- 605	- 532
Other financial liabilities designated at fair value	- 334	- 558	- 390	- 1 008	- 1 434

Note 4: Dividend income

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	34	138	52	165	218
Breakdown by portfolio					
Held for trading shares	14	26	29	60	71
Other shares designated at fair value through profit and loss	0	15	0	8	16
Available for Sale shares	21	96	23	97	132

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

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	153	548	379	1 001	1 327
Breakdown by type					
Trading instruments (including interest and market value changes of trading derivatives)	- 39	656	306	902	1 110
Other financial instruments designated at fair value	65	- 98	0	- 244	103
Foreign exchange revaluations	124	- 7	72	343	111
Fair value adjustments in hedge accounting	4	- 3	1	0	3

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

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	86	108	115	444	539
Breakdown by portfolio					
Fixed-income assets	2	- 106	- 14	35	- 139
Shares	84	214	128	409	678

Note 7: Net fee and commission income

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	390	527	478	1 357	1 494
Fee and commission income	662	817	729	2 196	2 331
Securities and asset management	456	574	481	1 481	1 607
Margin on deposit accounting (life insurance investment contracts without DPF)	9	8	9	57	27
Credit commitment	35	45	44	110	135
Payments	107	101	106	306	308
Other	55	89	88	241	253
Fee and commission expense	- 272	- 290	- 251	- 839	- 837
Commission paid to intermediaries	- 96	- 103	- 100	- 292	- 323
Other	- 177	- 187	- 151	- 547	- 514

Note 8: Other net income

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	631	105	128	901	388
of which: realised gain on sale buildings - CSOB	- 1	0	1	35	1
of which: impact of sale bad loans - Kredyt Bank	0	0	0	37	0
of which: impact of sale Banca KBL Fumagalli - KBL	0	14	0	0	14
of which: Belgian Deposit Guarantee Agency - KBC Bank	0	0	0	0	44
of which: impact of sale Banco Urquijo - KBL	501	0	0	501	0
of which: impact of sale GBC - K&H Bank	0	0	35	0	35

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)		
9M 2006							
Gross earned premiums	534	1 307	1 841	533	0	0	2 374
Gross technical charges	- 529	- 817	- 1 346	- 725	- 129	0	- 2 201
Gross claims paid	- 284	- 631	- 915	- 533	0	0	- 1 448
Gross provision for claims outstanding	4	- 161	- 157	0	0	0	- 157
Bonuses and rebates	- 1	0	- 1	- 6	0	0	- 7
Other technical provisions	- 249	- 4	- 253	- 188	- 186	0	- 626
Other technical income and charges	0	- 21	- 21	2	57	0	38
Investment income and charges	218	186	405	279	191	60	934
Investment income	0	0	0	0	0	937	937
Dividends	0	0	0	0	0	61	61
Interests	0	0	0	0	0	467	467
Realized capital gains	0	0	0	0	0	245	245
Other investment income	0	0	0	0	0	164	164
Value adjustments	0	0	0	0	191	0	191
Investment charges	0	0	0	0	0	- 197	- 197
Other income and charges (non-technical)	0	0	0	0	0	3	3
Allocation to the technical accounts	218	186	405	279	0	- 683	0
General administrative expenses	- 108	- 400	- 508	- 33	- 43	0	- 584
Acquisition costs	- 75	- 286	- 360	- 19	- 36	0	- 415
Administrative expenses	- 34	- 114	- 148	- 14	- 7	0	- 169
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	- 38	- 39	0	0	- 3	- 42
Technical charges	3	43	46	0	0	0	46
Fee and commission expense	1	12	13	0	0	0	13
Interest expense deposits from reinsurers	0	0	0	0	0	- 3	- 3
Earned premiums	- 4	- 94	- 98	0	0	0	- 98
PROFIT BEFORE TAX	114	238	353	54	18	56	481
Income tax expense							- 100
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							381
Attributable to minority interest							- 16
Attributable to equity holders of the parent							396
9M 2007							
Gross earned premiums	555	1 339	1 894	767	0	0	2 661
Gross technical charges	- 484	- 879	- 1 363	- 972	- 110	0	- 2 445
Gross claims paid	- 334	- 713	- 1 046	- 243	0	0	- 1 289
Gross provision for claims outstanding	0	- 140	- 141	0	0	0	- 141
Bonuses and rebates	- 2	0	- 2	0	0	0	- 3
Other technical provisions	- 148	- 6	- 154	- 731	- 137	0	- 1 021
Other technical income and charges	0	- 20	- 20	1	28	0	9
Investment income and charges	346	216	562	292	147	124	1 126
Investment income	0	0	0	0	0	1 173	1 173
Dividends	0	0	0	0	0	122	122
Interests	0	0	0	0	0	505	505
Realized capital gains	0	0	0	0	0	429	429
Other investment income	0	0	0	0	0	118	118
Value adjustments	0	0	0	0	147	0	147
Investment charges	0	0	0	0	0	- 204	- 204
Other income and charges (non-technical)	0	0	0	0	0	10	10
Allocation to the technical accounts	346	216	562	292	0	- 854	0
General administrative expenses	- 118	- 428	- 546	- 37	- 25	0	- 608
Acquisition costs	- 81	- 313	- 394	- 24	- 17	0	- 435
Administrative expenses	- 37	- 115	- 152	- 13	- 8	0	- 173
Impairment of goodwill	0	0	0	0	0	- 1	- 1
Share in results of associated companies	0	0	0	0	0	0	0
Ceded reinsurance result	- 2	- 32	- 33	0	0	- 3	- 37
Technical charges	2	30	32	0	0	0	32
Fee and commission expense	1	10	11	0	0	0	11
Interest expense deposits from reinsurers	0	0	0	0	0	- 3	- 3
Earned premiums	- 4	- 72	- 76	0	0	0	- 76
PROFIT BEFORE TAX	298	216	514	50	12	120	696
Income tax expense							- 91
Net post-tax income from discontinued operations							0
PROFIT AFTER TAX							606
Attributable to minority interest							4
Attributable to equity holders of the parent							601

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	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	410	382	511	1 067	1 322
Breakdown by type					
Accepted reinsurance	7	4	7	22	17
Primary business	403	377	504	1 045	1 306
Breakdown of primary business					
Individual versus group					
Individual premiums	352	321	447	887	1 124
Premiums under group contracts	51	56	58	158	182
Periodic versus single					
Periodic premiums	173	159	180	485	523
Single premiums	230	218	325	560	783
Non-bonus versus bonus contracts					
Premiums from non-bonus contracts	56	53	72	137	171
Premiums from bonus contracts	329	292	408	838	1 054
Unit linked	18	32	24	69	81

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

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

Note available in the annual report only.

Note 12: Operating expenses

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	- 1 126	- 1 314	- 1 266	- 3 532	- 3 788
Breakdown by type					
Staff expenses	- 671	- 764	- 761	- 2 139	- 2 271
General administrative expenses	- 392	- 446	- 412	- 1 180	- 1 239
Depreciation of fixed assets	- 89	- 88	- 95	- 263	- 268
Provisions	26	- 15	2	50	- 10

Note 13: Personnel

Note available in the annual report only.

Note 14: Impairment (income statement)

In millions of EUR	3Q 2006	2Q 2007	3Q 2007	cumul 9M 2006	cumul 9M 2007
Total	- 19	- 56	- 62	- 83	- 146
Impairment on loans and receivables	- 18	- 55	- 51	- 75	- 130
Breakdown by type					
Specific impairments for on-balance-sheet lending	- 36	- 47	- 50	- 95	- 108
Specific impairments for off-balance-sheet credit commitments	- 5	- 8	- 1	- 5	- 14
Portfolio-based impairments	24	0	0	25	- 8
Breakdown by business unit					
Belgium	- 10	- 9	- 8	- 18	- 14
Central Eastern Europe	- 9	- 27	- 36	- 68	- 85
Merchant Banking	- 1	- 19	- 8	16	- 33
European Private Banking	2	0	1	- 4	2
Group Centre	0	0	- 1	0	- 1
Impairment on available-for-sale assets	- 1	2	- 8	- 3	- 11
Breakdown by type					
Shares	15	- 1	- 5	6	- 7
Other	- 16	2	- 3	- 10	- 3
Impairment on goodwill	0	0	0	0	0
Impairment on other	- 1	- 3	- 4	- 4	- 5
Breakdown by type					
Intangible assets, other than goodwill	0	- 1	- 1	- 1	- 2
Tangible assets	- 1	0	0	- 3	- 1
Investments held to maturity	0	0	0	0	1
Investments in associates (goodwill)	0	0	0	0	0
Other	0	- 2	- 1	0	- 3

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	14 550	0	18 302	-	-	-	44 315
Loans and advances to customers [2]	3 442	16 818	0	106 893	-	-	-	127 152
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	5 729	0	53 194	-	-	-	62 365
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*								*32 879*
[2] *Of which reverse repos*								*7 014*
30-09-2007								
Loans and advances to credit institutions and investment firms [1]	21 446	12 012	0	18 879	-	-	-	52 336
Loans and advances to customers [2]	2 775	19 699	0	117 413	-	-	-	139 887
Discount and acceptance credit	0	0	0	252	-	-	-	252
Consumer credit	0	0	0	3 761	-	-	-	3 761
Mortgage loans	0	12 126	0	32 171	-	-	-	44 297
Term loans	2 775	7 269	0	59 329	-	-	-	69 373
Finance leasing	0	0	0	6 720	-	-	-	6 720
Current account advances	0	0	0	8 342	-	-	-	8 342
Securitized loans	0	0	0	304	-	-	-	304
Other	0	305	0	6 535	-	-	-	6 839
Equity instruments	18 748	196	5 284	-	-	-	-	24 228
Investment contracts (insurance)	-	9 179	-	-	-	-	-	9 179
Debt instruments issued by	17 382	14 169	42 345	-	12 041	-	-	85 938
Public bodies	9 876	9 552	24 775	-	10 785	-	-	54 988
Credit institutions and investment firms	3 197	2 551	8 780	-	881	-	-	15 409
Corporates	4 309	2 066	8 791	-	375	-	-	15 541
Derivatives	20 160	-	-	-	-	502	-	20 662
Total carrying value	80 511	55 255	47 630	136 292	12 042	502	-	332 232
[1] *Of which reverse repos*								*35 111*
[2] *Of which reverse repos*								*6 451*

Note: Figures as of 31/12/2006 were restated in comparison with the 2Q 2007 quarterly report (shift from ”loans and advances to customers” to ”loans and advances to credit institutions and investment firms” (including reverse repos) due to improved allocation of investment firms at KBC Bank NV).

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*
30-09-2007								
Deposits from credit institutions and investment firms [3]	7 485	15 222	-	-	-	-	44 953	67 660
Deposits from customers and debt certificates [4]	2 462	28 432	-	-	-	-	161 034	191 928
Deposits from customers	0	20 400	-	-	-	-	116 641	137 040
Demand deposits	0	0	-	-	-	-	40 744	*40 744*
Time deposits	0	20 399	-	-	-	-	43 716	*64 115*
Saving deposits	0	0	-	-	-	-	27 115	*27 115*
Special deposits	0	0	-	-	-	-	3 172	*3 172*
Other deposits	0	0	-	-	-	-	1 893	*1 894*
Debt certificates	2 462	8 032	-	-	-	-	44 393	54 887
Certificates of deposit	0	4 928	-	-	-	-	13 916	*18 844*
Customer saving certificates	0	0	-	-	-	-	2 869	*2 869*
Convertible bonds	0	0	-	-	-	-	0	*0*
Non-convertible bonds	2 462	2 213	-	-	-	-	21 322	*25 997*
Convertible subordinated liabilities	0	0	-	-	-	-	0	*0*
Non-convertible subordinated liabilities	0	891	-	-	-	-	6 286	*7 178*
Liabilities under investment contracts	-	8 972	-	-	-	-	-	8 972
Derivatives	26 825	-	-	-	-	131	-	26 956
Short positions	4 703	-	-	-	-	-	-	4 703
in equity instruments	3 985	-	-	-	-	-	-	3 985
in debt instruments	718	-	-	-	-	-	-	718
Other	413	0	-	-	-	-	3 739	4 152
Total carrying value	41 887	52 626	-	-	-	131	209 726	304 371
[3] *Of which repos*								22 897
[4] *Of which repos*								9 753

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	30-09-2007
Total	2 224	2 248
Breakdown by type		
Specific impairment, on-balance-sheet lending	1 934	1 937
Specific impairment, off-balance-sheet credit commitments	67	83
Portfolio-based impairments	222	228
Breakdown by counterparty		
Impairment for loans and advances to banks	1	8
Impairment for loans and advances to customers	2 142	2 144
Specific and portfolio based impairment, off-balance-sheet credit commitments	80	97

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	30-09-2007
Gross technical provisions	15 965	17 193
Insurance contracts	8 828	9 331
Provisions for unearned premiums and unexpired risk	453	553
Life assurance provision	4 680	4 852
Provision for claims outstanding	3 312	3 515
Provision for bonuses and rebates	25	27
Other technical provisions	358	384
Investment contracts with DPF	7 138	7 862
Life assurance provision	7 093	7 817
Provision for claims outstanding	0	0
Provision for bonuses and rebates	45	45
Reinsurers' share	290	300
Insurance contracts	290	300
Provisions for unearned premiums and unexpired risk	24	24
Life assurance provision	8	6
Provision for claims outstanding	257	269
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	30-09-2007
Total number of shares issued and fully paid up	365 823 520	357 593 797
Breakdown by type		
Ordinary shares	363 217 068	355 003 625
Other equity instruments	2 606 452	2 590 172
of which ordinary shares that entitle the holder to a dividend payment	*352 870 300*	*353 003 625*
of which treasury shares	*15 823 991*	*12 511 243*
Other information		
Par value per share (in euro)	3.40	3.48
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 September 2007, there were 355 003 625 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 September 2007, KBC group companies held 12 511 243 KBC shares *(*12 484 507 excluding the shares held in the trading book of KBC Securities and KBC Financial Products). This number includes, inter alia:

- the shares that are held to meet requirements under the various employee stock option plans (as at 30 September 2007: 1 037 895 *shares).*
- *the* 7 432 312 shares that were bought in 9M 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; in such case the excess will be cancelled).

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 September 2007, there were 2 590 172 MCBs in circulation, for a nominal amount of 181 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 September 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	30-09-2007
By business unit		
Belgium	142 866	160 465
Central & Eastern Europe	9 979	12 428
Merchant Banking	737	2 249
European Private Banking	54 978	56 445
Total	208 560	231 586
By product or service		
Investment funds for private individuals	85 184	94 338
Assets managed for private individuals	74 485	81 421
Assets managed for institutional investors	33 470	39 362
Group assets (managed by KBC Asset Management)	15 420	16 465
Total	208 560	231 586

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 30-09-2007, 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 30-09-2007, 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 (i.e. the difference between the loan loss impairment on the balance sheet and the expected loss) is added to the tier-2 capital, while in case of shortage it is substracted 50% from tier 1-capital and 50% from the tier-2 capital. Moreover 50% of 'items to be deducted' is substracted from the tier-1 capital. Items to be deducted' include mainly participations in and subordinated claims to financial institutions in which KBC has between a 10% to 50% share - predominantly NLB - as well as KBC Group shares held by KBC Bank; under Basel I, 'items to be deducted' are 100% substracted from tier-2 capital.
The calculation for KBL EPB is, for the time being, simplified (limited to the deduction of 50% of 'items to be deducted' from the tier-1 capital).
The information regarding Basel II is not reviewed by the statutory auditor.

KBC Bank

In millions of EUR	KBC BANK	31-12-2006 Basel I	30-09-2007 Basel I	30-09-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		13 728	15 655	15 908
Tier-1 capital		10 407	11 775	11 168
Parent shareholders' equity		10 603	12 765	12 765
Intangible fixed assets		- 123	- 123	- 123
Goodwill on consolidation		- 709	- 1 467	- 1 467
Preference shares / Hybrid Tier One		1 561	1 547	1 547
Minority interests		529	490	490
Elimination	Mandatory convertible bonds	- 186	- 186	- 186
	Revaluation reserve available-for-sale assets (AFS)	- 555	- 91	- 91
	Hedging reserve (cash flow hedges)	- 46	- 70	- 70
	Minority interest in AFS reserve & hedging reserve	- 7	0	0
Dividend payout assumed		- 661	- 1 090	- 1 090
Items to be deducted (*)		-	-	- 607
Tier-2 & 3 capital		3 321	3 880	4 740
Mandatory convertible bonds		186	186	186
Perpetuals (incl. hybrid tier-1 not used in tier-1)		712	581	581
Revaluation reserve AFS shares (at 90%)		433	157	157
Minority interest in revaluation reserve AFS shares (at 90%)		3	3	3
IRB provision excess		-	0	214
Subordinated liabilities		3 311	4 186	4 186
Tier-3 capital		14	19	19
Items to be deducted (*)		- 1 339	- 1 253	- 607
Weighted risks				
Total weighted risk volume		123 127	146 002	126 162
Credit risk		113 264	134 604	106 092
Market risk		9 863	11 398	12 143
Operational risk		-	-	7 927
Solvency ratios				
Tier-1 ratio		8.5%	8.1%	8.9%
CAD ratio		11.1%	10.7%	12.6%

(*) 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	30-09-2007 Basel I	30-09-2007 Basel II
Regulatory capital				
Total regulatory capital (after profit appropriation)		1 413	1 470	1 470
Tier-1 capital		846	884	883
Parent shareholders' equity		1 737	1 299	1 299
Intangible fixed assets		- 46	- 47	- 47
Goodwill on consolidation		- 239	- 242	- 242
Preference shares / Hybrid Tier One		110	122	122
Minority interests		0	0	0
Elimination	Other tier 2 instruments	- 18	- 18	- 18
	Revaluation reserve available-for-sale assets (AFS)	- 118	- 76	- 76
	hedging reserve (cash flow hedges)	0	0	0
	Minority interest in AFS reserve & hedging reserve	0	0	0
Dividend payout assumed		- 581	- 154	- 154
Items to be deducted (*)		-	-	0
Tier-2 capital		567	586	587
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	94	94
Minority interest in revaluation reserve AFS shares (at 90%)		0	0	0
IRB provision excess		-	-	-
Subordinated liabilities		452	475	475
Tier-3 capital		0	0	0
Items to be deducted (*)		- 8	- 1	0
Weighted risks				
Total weighted risk volume		5 841	8 080	8 080
Credit risk		5 065	7 366	7 366
Market risk		776	715	715
Operational risk		-	-	-
Solvency ratios				
Tier-1 ratio		14.5%	10.9%	10.9%
CAD ratio		24.2%	18.2%	18.2%

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

Note 41: Solvency insurance (KBC Insurance)

in millions of EUR	31-12-2006	30-09-2007
Available capital		
Share capital	29	29
Share premium account	122	122
Reserves	2 301	2 460
Revaluation reserve available-for-sale (AFS) investments	1 459	1 188
Translation differences	27	29
Dividend payout	- 430	- 541
Minority interests	13	45
Subordinated liabilities	1	0
Formation expenses (-)	0	0
Intangible fixed assets (-)	- 19	- 18
Goodwill on consolidation (-)	- 195	- 468
Available capital	3 308	2 845
Required capital		
Non-life and industrial accidents - legal lines	268	296
Annuities	8	8
Required solvency margin for the Non Life business	276	304
Branch 21	589	628
Branch 23	20	24
Required solvency margin for the Life business	609	652
Other	0	5
Total required solvency margin	884	961
Solvency ratios and surplus		
Solvency ratio	374%	296%
Solvency surplus	2 423	1 885

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	30-09-2007
Total loan portfolio (in billions of EUR)		
Amount granted	185.7	202.6
Amount outstanding	138.6	158.3
Total loan portfolio, by business unit (as a % of the portfolio of credit granted)		
Belgium	29.0%	28.2%
Central & Eastern Europe	18.4%	20.3%
Merchant Banking	50.6%	49.6%
European Private Banking	2.0%	1.9%
Total	100.0%	100.0%
Total loan portfolio, by sector (selected sectors as a % of the portfolio of credit granted)		
Real estate	6.0%	6.4%
Electricity	2.7%	1.9%
Aviation	0.5%	0.5%
Automobile industry	2.9%	2.6%
Impaired loans (in millions of EUR or %)		
Amount outstanding	3 324	3 195
Specific loan impairment	2 001	2 020
Portfolio-based loan impairment	222	228
Loan-loss ratio, per business unit (negative figures -> positive impact on results)		
Belgium	0.07%	0.04%
Central Eastern Europe1	0.58%	0.40%
Merchant Banking	-0.01%	0.07%
European Private Banking	-0.10%	0.03%
Total	0.13%	0.13%
Non-performing (NP) loans (in millions of EUR or %)		
Amount outstanding	2 221	2 206
Specific loan impairment for NP loans	1 541	1 525
Non-performing ratio, per business unit		
Belgium	1.5%	1.4%
Central & Eastern Europe	2.4%	2.2%
Merchant Banking	1.3%	1.0%
European Private Banking	1.9%	1.7%
Total	1.6%	1.4%
Cover ratio		
Specific loan impairment for NP loans / outstanding NP loans	69%	69%
Specific & portfolio-based loan impairment for performing and NP loans / outstanding NP loans	100%	102%

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

1 Broken down as follows for 30-09-2007:0.38% for CSOB, 0.86% for K&H Bank, - 0.55% for Kredyt Bank and 0.83% for Absolut 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
Average 3Q 2007	44
30-09-2007	42
Maximum in 9M 2007	74
Minimum in 9M 2007	42

ALM risk: investment portfolio, insurance (carrying value, in millions of EUR)	31-12-2006	30-09-2007
Bonds and other fixed-income securities	13 145	14 305
Shares and other variable-yield securities	4 529	4 535
Loans and advances to customers	148	235
Loans and advances to banks	1 010	1 260
Property and equipment and investment property	228	271
Liabilities under investment contracts, unit-linked	9 367	9 200
Other	131	114
Total investment portfolio KBC Insurance	28 558	29 920

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	9.5	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
Average 3Q 2007	3.8	13.2	0.3	0.7
30-09-2007	4.3	16.7	0.2	0.8
Maximum in 9M 2007	5.9	18.4	1.0	1.3
Minimum in 9M 2007	2.8	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	Business unit (*)	Location of registered seat	Ownership percentage at KBC Group level	Activity
BANKING				
Fully consolidated subsidiaries				
Absolut Bank	CEE	Moscow - RU	95.00	Credit institution
Antwerpse Diamantbank NV	MB	Antwerp - BE	100.00	Credit institution
CBC Banque SA	B	Brussels - BE	100.00	Credit institution
CENTEA NV	B	Antwerp - BE	99.56	Credit institution
CSOB a.s.	CEE	Prague - CZ	100.00	Credit institution
Fin-Force NV	GR	Brussels - BE	68.01	Processing financial transactions
IIB Bank Plc	MB	Dublin - IE	100.00	Credit institution
International Factors NV	MB	Brussels - BE	100.00	Factoring
KBC Asset Management NV	B	Brussels - BE	100.00	Asset Management
KBC Bank NV	B/MB/CEE/GR	Brussels - BE	100.00	Credit institution
KBC Bank Deutschland AG	MB	Bremen - DE	99.76	Credit institution
KBC Bank Funding LLC & Trust (group)	MB	New York - US	100.00	Issuance of trust preferred securities
KBC Bank Nederland NV	MB	Rotterdam - NL	100.00	Credit institution
KBC Clearing NV	MB	Amsterdam - NL	100.00	Clearing
KBC Credit Investments NV	MB	Brussels - BE	100.00	Investment company
KBC Finance Ireland	MB	Dublin - IE	100.00	Lending
KBC Financial Products (group)	MB	Various locations	100.00	Equities and derivatives trading
KBC Internationale Financieringsmaatschappij NV	MB	Rotterdam - NL	100.00	Issuance of bonds
KBC Lease (group)	MB	Various locations	100.00	Leasing
KBC Peel Hunt Ltd.	MB	London - GB	99.99	Stock exchange broker / corporate finance
KBC Private Equity NV	MB	Brussels - BE	100.00	Private equity
KBC Securities NV	MB	Brussels - BE	100.00	Stock exchange broker / corporate finance
K&H Bank Rt.	CEE	Budapest - HU	99.96	Credit institution
Kredyt Bank SA	CEE	Warsaw - PL	80.00	Credit institution
Associated companies				
Nova Ljubljanska banka d.d. (group)	CEE	Ljubljana - SI	34.00	Credit institution
INSURANCE				
Fully consolidated subsidiaries				
A Banka A.D.	CEE	Belgrado - RS	100.00	Credit institution
ADD NV	B	Heverlee - BE	100.00	Insurance company
Assurisk SA	MB	Luxembourg - LU	100.00	Insurance company
CSOB Pojist'ovna a.s.(Czech Republic)	CEE	Pardubice - CZ	100.00	Insurance company
CSOB Poist'ovna a.s.(Slovak Republic)	CEE	Bratislava - SK	100.00	Insurance company
DZI Insurance	CEE	Sofia - BG	85.00	Insurance company
Fidea NV	B	Antwerp - BE	100.00	Insurance company
K&H Insurance	CEE	Budapest - HU	100.00	Insurance company
KBC Verzekeringen NV	B	Leuven - BE	100.00	Insurance company
Secura NV	MB	Brussels - BE	95.04	Insurance company
VITIS Life Luxembourg SA	EPB	Luxembourg - LU	99.99	Insurance company
VTB-VAB NV	B	Zwijndrecht - BE	64.80	Car assistance
TUIR WARTA SA	CEE	Warsaw - PL	100.00	Insurance company
Proportionally consolidated subsidiaries				
NLB Vita d.d.	CEE	Ljubljana - SI	50.00	Insurance company
EUROPEAN PRIVATE BANKING				
Fully consolidated subsidiaries				
Brown, Shipley & Co Ltd.	EPB	London - GB	99.90	Credit institution
KBL France sa	EPB	Paris - FR	99.90	Credit institution
Kredietbank SA Luxembourgeoise	EPB	Luxembourg - LU	99.90	Credit institution
Kredietbank (Suisse) SA, Genève	EPB	Geneva - CH	99.89	Credit institution
Merck Finck & Co.	EPB	München - DE	99.90	Credit institution
Puilaetco Private Bankers SA	EPB	Brussels - BE	99.90	Credit institution
Theodoor Gilissen Bankiers NV	EPB	Amsterdam - NL	99.90	Credit institution
HOLDING COMPANY ACTIVITIES				
Fully consolidated subsidiaries				
KBC Exploitatie NV	GR	Brussels - BE	100.00	Cost sharing structure
KBC Groep NV	GR	Brussels - BE	100.00	Holding

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

Note 46: Main changes in the scope of consolidation

	Company	Consolidation method	Ownership percentage at KBC Group level		Comments
For income statement comparison			9M 2006	9M 2007	
ADDITIONS					
Banking	Absolut Bank	Full		95.00%	in profit as of 3Q07
Insurance	A Banka A.D.	Full	-	100.00%	in profit as of 2Q07
Insurance	DZI Insurance	Full	-	85.00%	in profit as of 4Q07
EXCLUSIONS					
KBL European Private Bankers	Banco Urquijo SA	Full	-	-	sold in 3Q 2006
KBL European Private Bankers	Banca KBL Fumagalli Soldan	Full	98.96%	-	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 consoliation (in profit as of 3Q07)
For balance sheet comparison			31-12-2006	30-09-2007	
ADDITIONS					
Banking	Absolut Bank	Full		95.00%	
Insurance	A Banka A.D.	Full	-	100.00%	
Insurance	DZI Insurance	Full	-	85.00%	
EXCLUSIONS					
KBL European Private Bankers	Banca KBL Fumagalli Soldan	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

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 September 2007) and the publication of this report (9 November 2007):

- Gebema (formerly Gevaert Group) and Deutsche Bank reached an amicable settlement on the dispute before the district court of Frankfurt am Main. The dispute between Gebema and Deutsche Bank regarding Gebema's participating interest in Philipp Holzmann AG-1998, has accordingly come to an end. It was agreed that no details on the settlement will be released.

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 CONSOLIDATEDFINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2007 AND FOR THE NINE MONTHS THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of KBC Group NV (the "Company") as at 30 September 2007 and the related interim condensed consolidated income statement, statement of changes in equity and cash flow statement for the nine-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, 8 November 2007

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Jean-Pierre Romont Partner	Danielle Vermaelen Partner

08JPR0029

QUARTERLY REPORT

KBC GROUP

3Q 2007

Glossary and other information

Content:

Glossary and other information

KBC Group, 3Q & 9M 2007

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	3Q 2007
Profit after tax, attributable to equity holders of the parent		980	736	1,081	634	997	936	639
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	13
Sale of assets by Gevaert	Group	56	0	10	6	0	0	0
Sale of shares in Dictaphone	Group	66	0	0	0	0	0	0
Sale of 5.5% in Kredyt Bank	Group	0	35	0	0	0	0	0
Sale of buildings of CSOB (Czech republic)	CEE	29	0	0	0	0	0	0
Merger Gevaert - KBC Group: overfunding pension fund	Group	0	56	0	0	0	0	0
Sale of Banco Urquijo	EPB	0	0	501	0	0	0	0
Sale of participation in BCC/Banksys	Belgium	0	0	0	60	0	-1	0
Sale of building of Warta (Poland)	CEE	0	0	0	23	0	0	0
Sale of shares in Intesa Sanpaolo	Group	0	0	0	0	207	0	0
Sale of Banca KBL Fumagalli	EPB	0	0	0	0	0	14	0
Sale of GBC	CEE	0	0	0	0	0	0	35
Other	various	11	15	28	-6	-23	-12	-3
- Taxes and minority interests on the items above	various	-36	-52	6	-6	-2	-40	-6
Underlying profit after tax, attributable to equity holders of the parent		776	634	574	564	781	880	601

* 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, 30-09-2007	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. It is intention not to pay any dividends 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 September 2007, the number of treasury shares bought under this programme stood at 7 432 312.

KBC Group shares, 30-09-2007[1]	number
Ordinary shares	355 003 625
of which held by KBC Group companies (treasury shares)	12 484 507
Related to the share buy-back programme ad 3 billion (2007-2009)	*7 432 312*
Other [2]	5 052 195
Mandatorily convertible bonds (MCBs)[3]	2 590 172

1 Data based on value date.

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

3 Number of shares on conversion.

IR contacts

Contact details for investors and analysts	
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Powerpoint presentation

KBC Group
2007 3Q Results

Analyst e-Conference
9 November, 2007 - 1.30 PM CET

www.kbc.com/ir/financialreports

Dial-in numbers	Replay numbers (until 19 November 2007)
+ 32 2 290 14 07	+ 32 2 290 17 05
+ 44 20 7162 0025	+ 44 20 7031 4064
+ 1 334 323 6201	+ 1 954 334 0342
	Access code 769610

KBC

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

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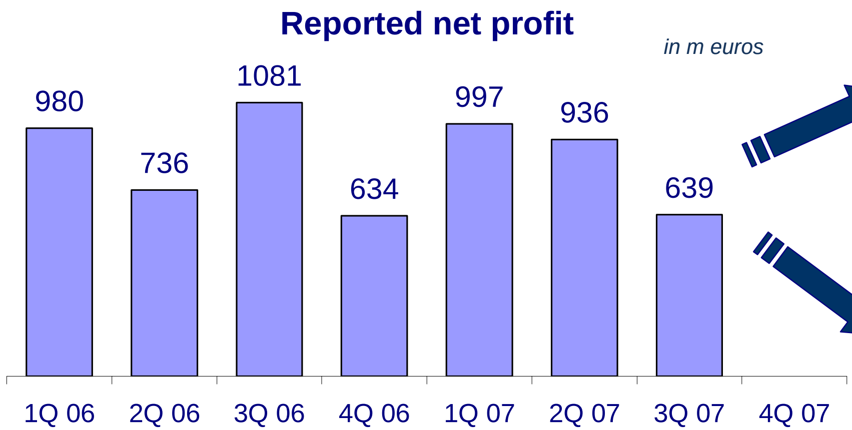
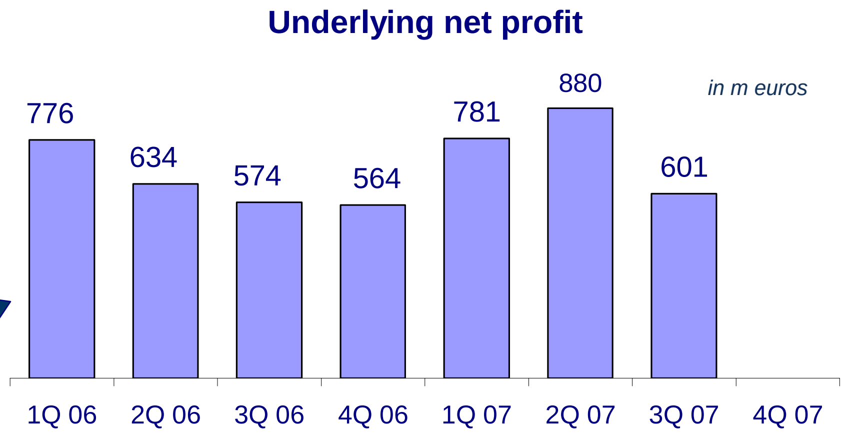
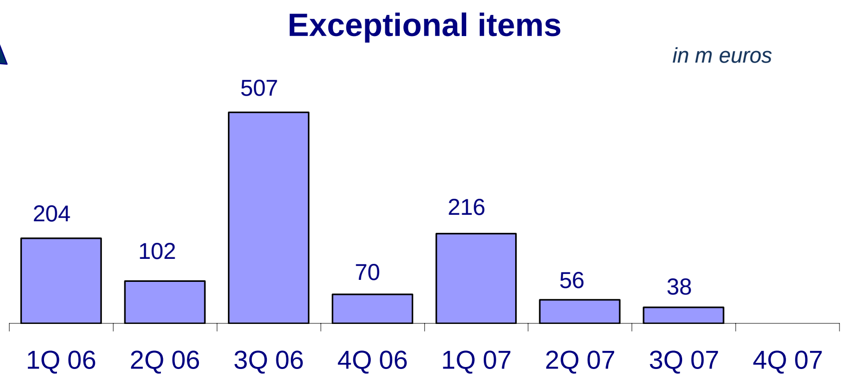
Highlights

Quarter under review - Financial highlights





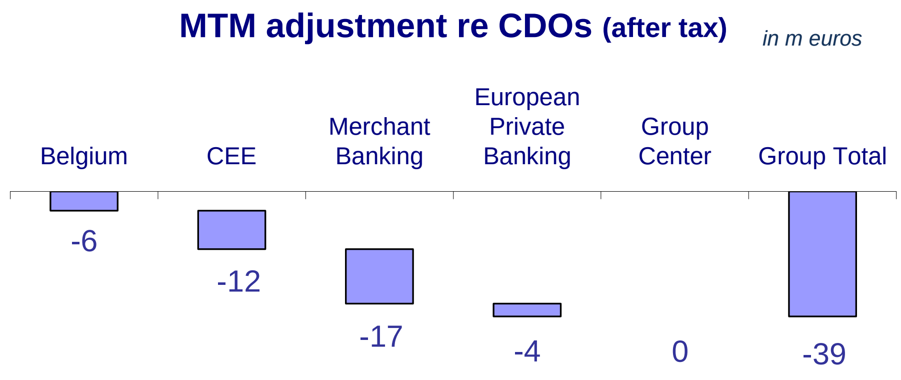


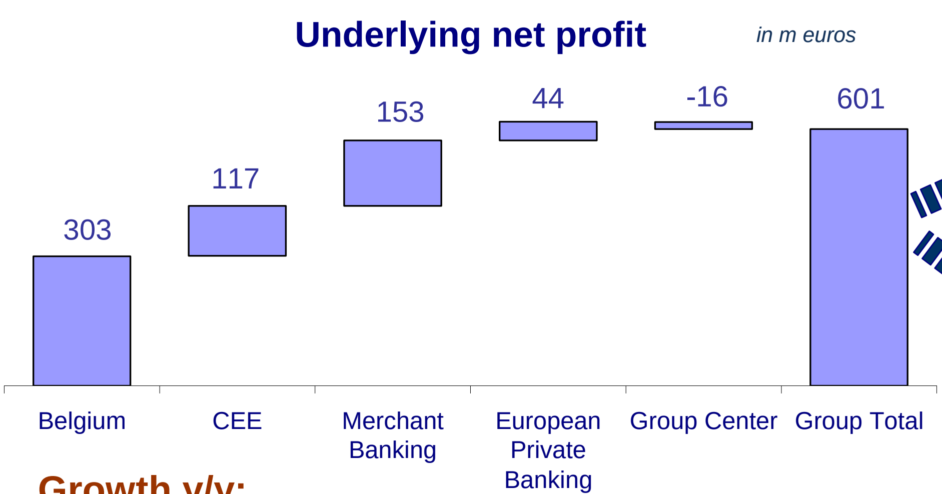
Exceptional results in 3Q 07 chiefly relate to MTM gains on ALM hedges and to the sale of the share in the Hungarian bank-card clearing house *GBC* (with a positive after-tax impact of 28m euros), excluded from underlying results

3Q 06 reported net profit included 500m divestment gain on *Banco Urquijo* (Spain)

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

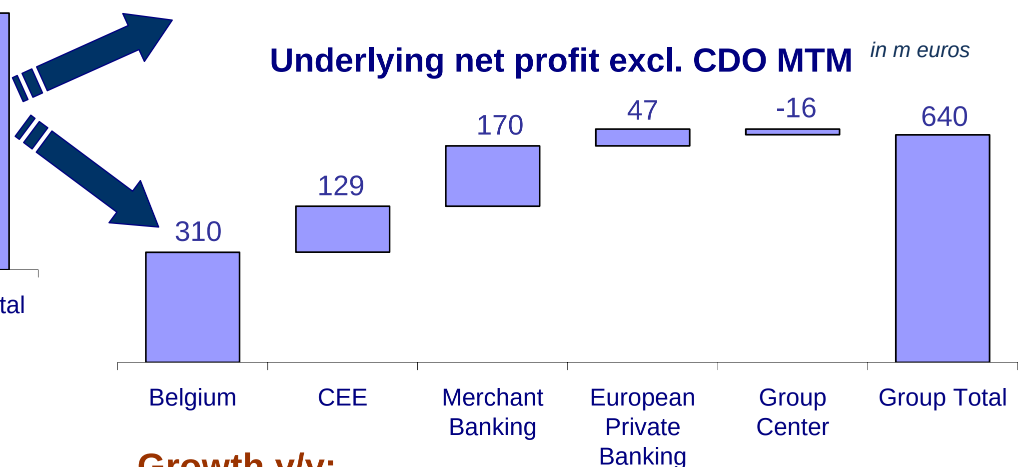
Quarter under review - Financial highlights (2)





Growth y/y:

Belgium	CEE	Merchant Banking	European Private Banking	Group Center	Group Total
14%	7%	-5%	-1%		5%



Growth y/y:

Belgium	CEE	Merchant Banking	European Private Banking	Group Center	Group Total
17%	17%	5%	6%		12%

Quarter under review – Financial headlines

- Underlying net result came to 601m, up 5% y/y
- Continued solid top-line dynamics
- Limited impact of the adverse situation on financial markets
- Unchanged environment for customer loan risk
- No liquidity nor solvency issues

Operating highlights 9M 2007

- Since the end of 2006 KBC entered into new CEE markets via the acquisition of majority stakes in Bulgaria, Romania, Serbia, Russia
- Amount spent in the region: 1.7bn euros
- By the beginning of November 2007, a total of 1.9bn worth of shares had been bought back as part of the 2006-2009 4-billion-euro share repurchase programmes

2007 4Q developments

- Andre Bergen, CEO: "*4Q has made a good start*"

- KBC continues to believe that despite the recent market turbulences it will be able to meet its mid-term financial targets

- 4Q 07 earnings will include for the first time results from *DZI Insurance* (Bulgaria). Start of consolidation of *Economic and Investment Bank* (*EIB*, Bulgaria) results is expected for 1Q 08, depends on the closing date of the transaction

- KBC will publish its FY 07 results on 14 February, 2008 at 7 a.m. CET

Subprime

loan exposure

Reminder:
KBC Group subprime lending exposure

Situation already disclosed in August:

- KBC has exposure to US subprime lending:
  - Via investments in CDOs with some ABS underlying:
    - Total assets 7.1 bn, of which 80% corporate credits, 10% subprime (4.5 percentage points in 2005-2006 vintages), 10% other ABS
  - Via commitments to the ABCP conduit “Atomium”
    - Total assets, 2.3 bn of which 514m subprime (90% in 2005-2007 vintages)
- The earnings impact can be twofold:
  - Impairment charges: estimated to be max. 9m euros (stress test assuming 11% loss on 2005-2007 subprime)*
  - MtM impact: depending on market value of assets (however, temporary in a “buy-and-hold” view)
- Remark: in September it was decided to unwind “Atomium” and shift the assets to the B/S

* see 2Q earnings presentation for the full overview of assumptions

KBC subprime lending exposure 3Q 2007 developments

3Q earnings impact:

- Impairment charge: nil (no default, no downgrading)
- MtM impact:
  - On CDOs: -39m (-51m pre-tax)
  - On Atomium: no earnings impact *
- Remark: everything is mark-to-market (versus mark-to-model)

* since the assets of Atomium are in the process of being integrated within the credit arbitrage portfolio, they are predominantly qualified as “AFS assets” and therefore MtM volatility is recognised directly in shareholder’s equity. The 3Q MtM impact was 17m after tax.

KBC subprime lending exposure 3Q 2007 developments (2)

Why has the earnings impact been limited ?

- Our CDOs with ABS underlyings are “high-quality”:
  - Mainly corporate CDOs, only 20% of ABS exposure (10 % subprime)
  - 80% of tranches held are super-senior/super-mezzanine, including high “attachment points” (i.e. high level of subordination from lower rated tranches held by third parties)
- Equity and junior tranches on own account were always completely written-down at the time of issue
- Assets are actively managed by KBC itself
- Part of the MTM volatility is offset by hedges
- No assets were or planned to be sold at distressed prices (buy and hold approach)

KBC subprime lending exposure – Updated stress test results

- Analyst estimates of potential net subprime loss currently in the 11-14% range

Company	Estimate
Deutsche Bank	9.5% - 10%
JP Morgan	12% - 14%
Goldman Sachs	12% - 13%
S&P	13.9% (median)
Moody's	9.2%-11.6% (median)
Average	**11% - 14%**

- Our more severe assumptions:
  - 15% cumulative net loss on 2005-2007 vintage pools (vs. 11% used in August)
  - Including all subprime and alt-A exposures through CDOs* and in 'Atomium'
  - All losses crystallizing in 2009
- Expected amount of credit defaults for our account: 29m (incl. 'Atomium')
- This remains a stress test, not an actual loss estimate. On the basis of current knowledge KBC believes that losses will remain below this level.

* including CDOs with ABS in credit arbitrage portfolio

KBC subprime lending exposure – Updated stress test results (2)

- New CDO subprime stress test with more severe assumptions shows some 21m default losses by 2009 (see details in the table below)
- Expected credit default loss with the same assumptions in 'Atomium' conduit: 8m

Rating	Current Ratings - Q3 07	Scenario Model Ratings - 2009
Aaa	5 928,6	4 985,4
Aa1	342,2	441,5
Aa2	337,1	222,3
Aa3	241,5	165,4
A1	19,7	131,1
A2	79,7	23,4
A3	25,1	62,4
Baa1	-	112,8
Baa2	11,7	12,0
Baa3	-	641,9
Ba1	0,5	45,0
Ba2	-	7,7
Ba3	-	25,0
B1	-	32,0
B2	-	-
B3	-	-
Caa1	-	-
Caa2	-	11,3
Caa3	-	8,0
Ca	-	15,3
C	-	22,6
D	-	21,3
Total*	**6 986,1**	**6 986,1**

*Total exposure in EUR terms decreased compared to the beginning of 3Q due to FX changes

KBC subprime lending exposure – End of October situation

- The end-of-October mark-to-market adjustments on our CDO portfolio (including 'Atomium') was only 10.4m, after-tax

Analysis of results

Group

Volumes

	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	140	44	192	232	22
Growth, q/q	+6%	+4%	+2%	+1%	+2%
Belgium	+4%	+2%	+3%	+2%	+1%
CEE	+7%	+10%	+4%	+12%	+3%
- CZ/Slovakia	+7%	+8%	+3%	+8%	+4%
- Hungary	+3%	+7%	+6%	+6%	+14%
- Poland	+13%	+23%	+4%	+34%	-7%
Merchant Banking	+2%	-	-6%	-	-
Private Banking	-	-	-	-3%	+3%

Notes:

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

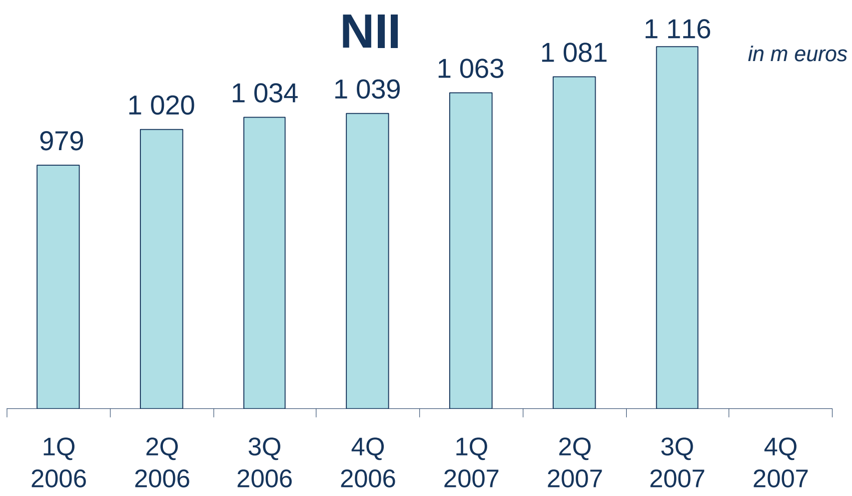
Volumes

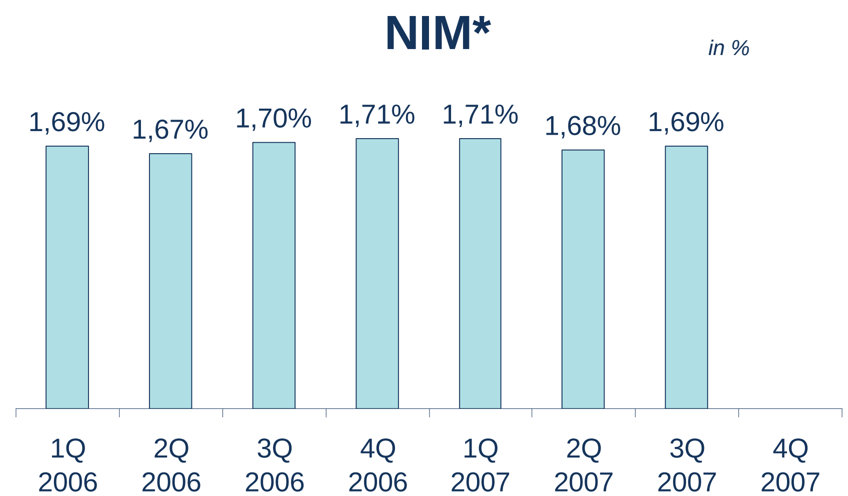
	Total loans	Of which mortgages	Customer deposits	AUM	Life reserves
Outstanding (in bn)	140	44	192	232	22
Growth, y/y	+18%	+16%	+9%	+13%	+6%
Belgium	+9%	+9%	+11%	+13%	+4%
CEE	+28%	+34%	+14%	+30%	+17%
- CZ/Slovakia	+43%	+35%	+13%	+32%	+9%
- Hungary	0%	+12%	+15%	+28%	+47%
- Poland	+37%	+83%	+19%	+67%	+28%
Merchant Banking	+27%	-	+1%	-	-
Private Banking	-	-	-	+6%	+12%

Notes:

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

Revenue trend

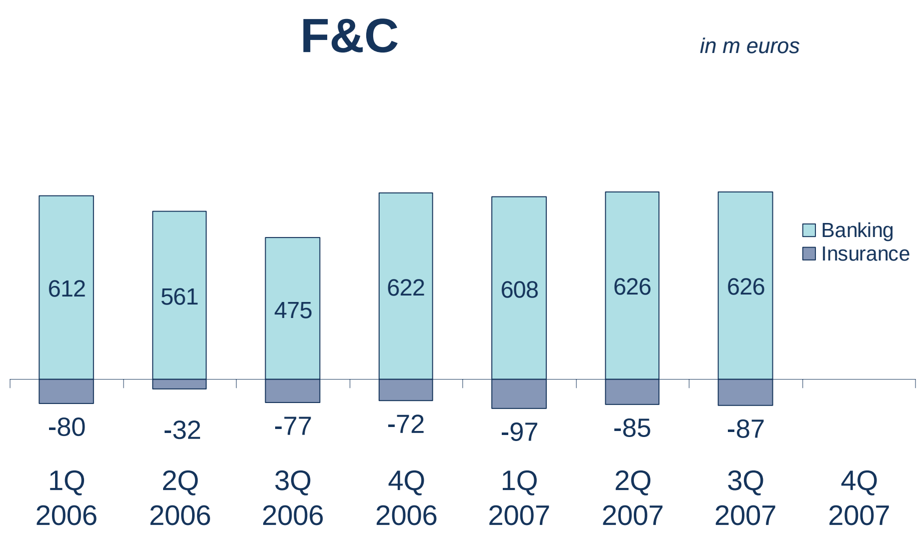


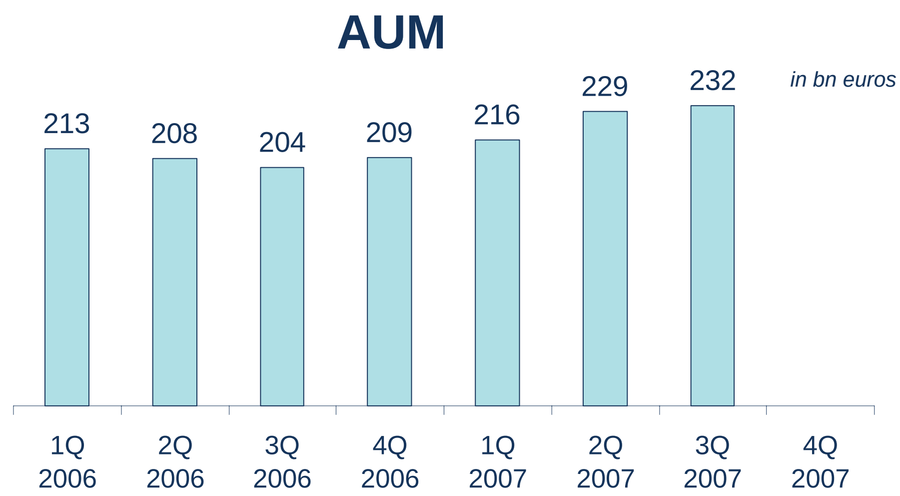


- Steady growing NII (1 116m), up 2% q/q, 7% y/y on an organic basis
- Impact of first time consolidation of *Absolut Bank* (Russia): 22m
- Mainly driven by solid volume growth
- NIM (1.69%) in line with previous quarters

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

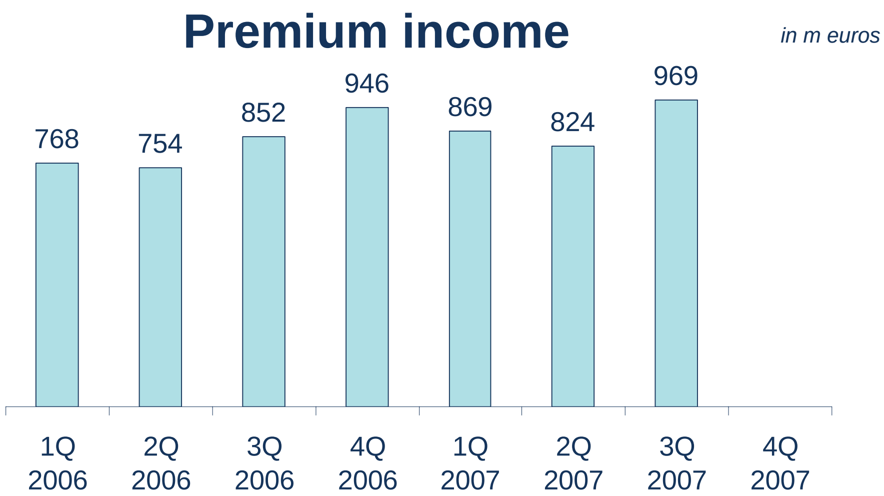
Revenue trend

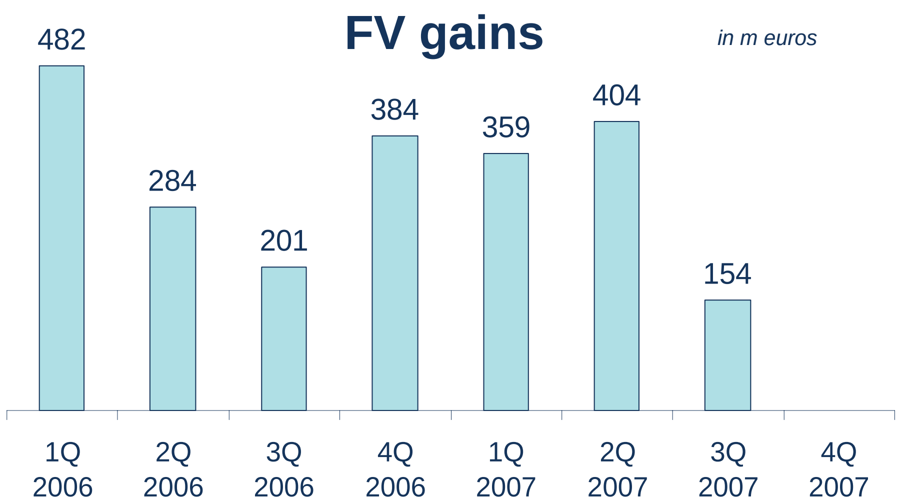




- Net F&C (539m) down only 1% q/q notwithstanding the usual seasonal drop in retail fee business in the summer months
- Net F&C up 34% y/y on a comparable basis, albeit that 3Q 06 was very low (especially in Merchant Banking)
- AUM (232 bn) up 1% q/q (seasonal effect), 13% y/y of which some two-thirds due to new inflows

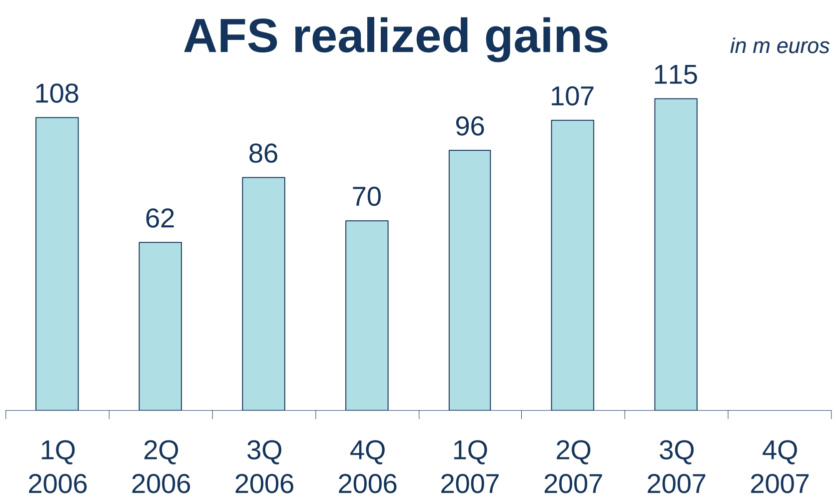
Revenue trend

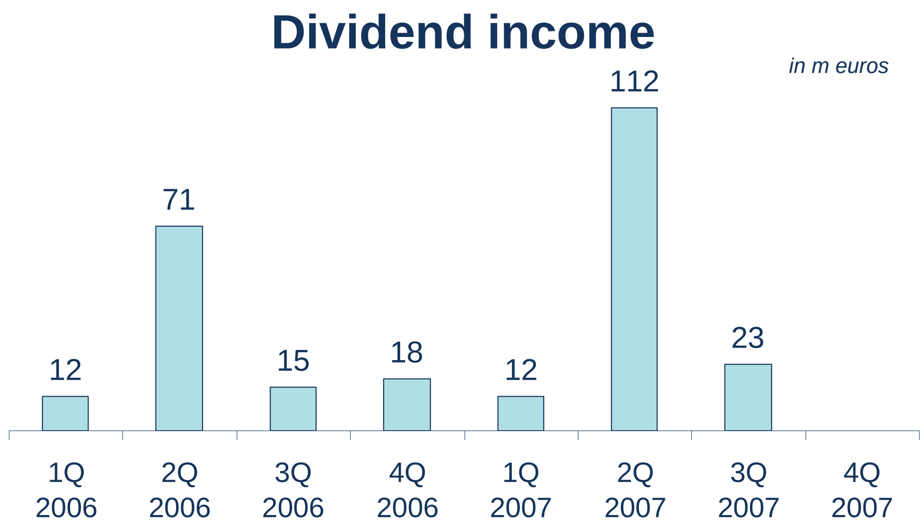




- Earned premium (969m) up 18% q/q and 14% y/y on the back of higher life sales (mainly interest-guaranteed)
- FV gains (154m) dropped:
  - Seasonal slowdown q/q
  - Impact of financial markets turbulences on capital market units, esp. in fixed-income business
  - MTM adjustments on CDO portfolio (51m pre-tax, 39m after tax)

Revenue trend

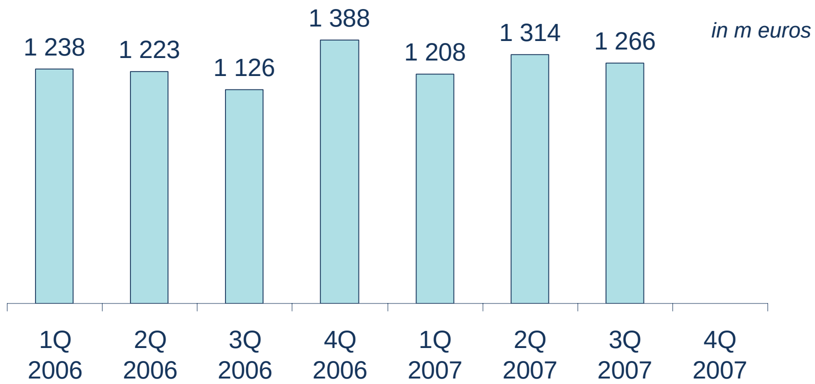




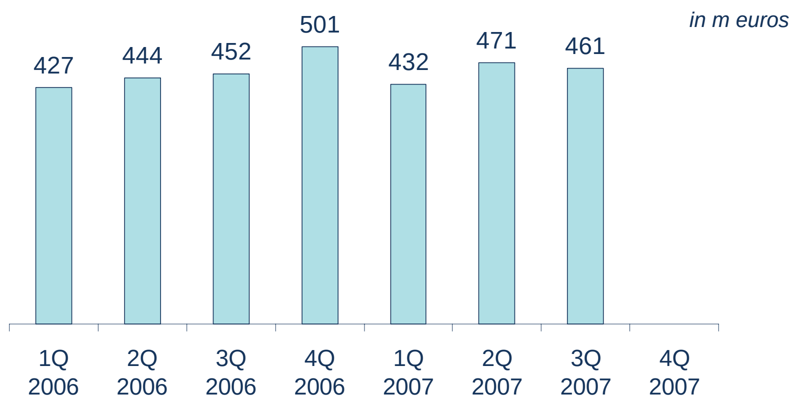
- AFS gains (115m): higher than average level
- Dividend income (23m) as anticipated, considerably down from the seasonal peak in the second quarter

Operating expenses

Operating expenses, consolidated

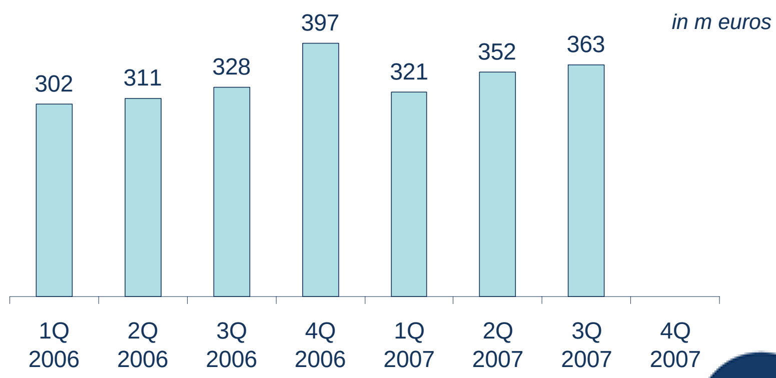


Operating expenses, Belgium



C/I, banking	FY 05	FY 06	9M 07
Belgium	55%	58%	58%
CR/SR	60%	57%	51%
Hungary	70%	63%	60%
Poland	78%	72%	71%
Russia	n/a	n/a	71%
Private Banking	72%	73%	65%
Merchant Banking	48%	50%	53%
Total	**58%**	**58%**	**58%**

Operating expenses, CEE



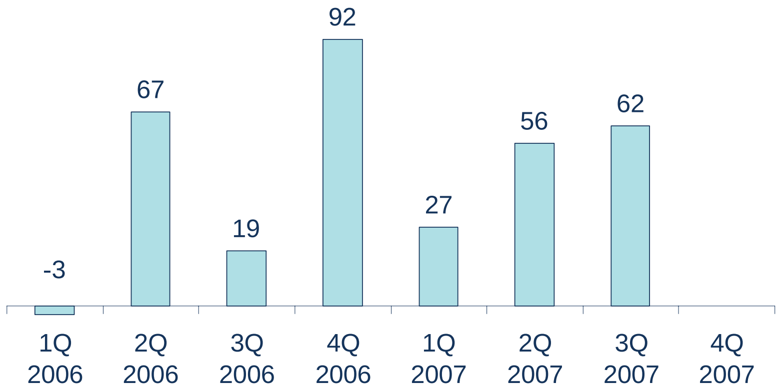
Operating expenses

- q/q evolution: expenses dropped 5% on comparable basis
  - Lower income-based wage costs for some market activities
  - 2Q 07 contained some 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: up 8% on comparable basis
  - Better spread of costs throughout the year
  - Higher income-related expenses in capital market activities (more income was realized in units with high share of variable costs)
  - Cost increase only 2% in Belgium, 1% in CEE (excluding FX impacts) and 1% Private Banking
  - For the entire year, cost growth is expected to remain within our guidance
  - Impact from first-time consolidation of *Absolut Bank* (Russia): 17m
- YTD Cost/Income ratio at 58% (underlying) stable compared to FY 06

Impairment

Impairment, consolidated

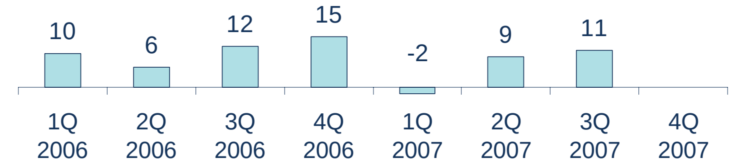
in m euros



Loan loss ratio	FY 05	FY 06	9M 07
Belgium	0.00%	0.07%	0.04%
CR/Slovakia	0.40%	0.36%	0.38%
Hungary	0.69%	1.50%	0.86%
Poland	0.00%	0.00%	0.00%
Russia	n/a	n/a	0.83%
Merchant Banking	0.00%	0.00%	0.07%
Total	**0.01%**	**0.13%**	**0.13%**

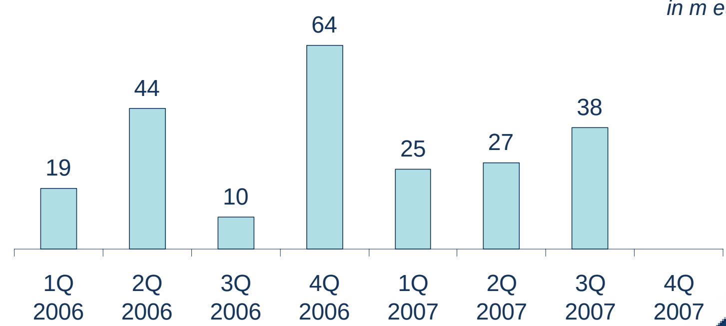
Impairment, Belgium

in m euros



Impairment, CEE

in m euros



Impairment

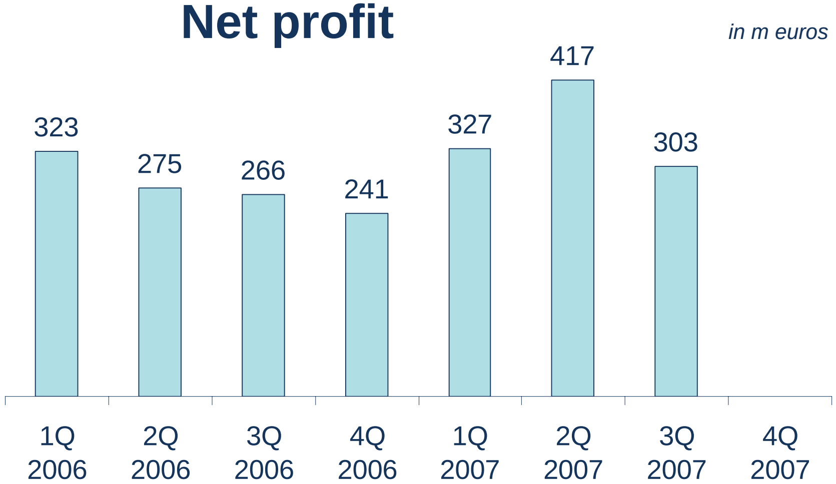
- 3Q 07 total impairment: 62m
- YTD LLR 13 bps on Group level: still very low (13 bps in FY 06)
- The overall loan quality continues to be sound. NPL ratio stable at 1.4%

Underlying profit

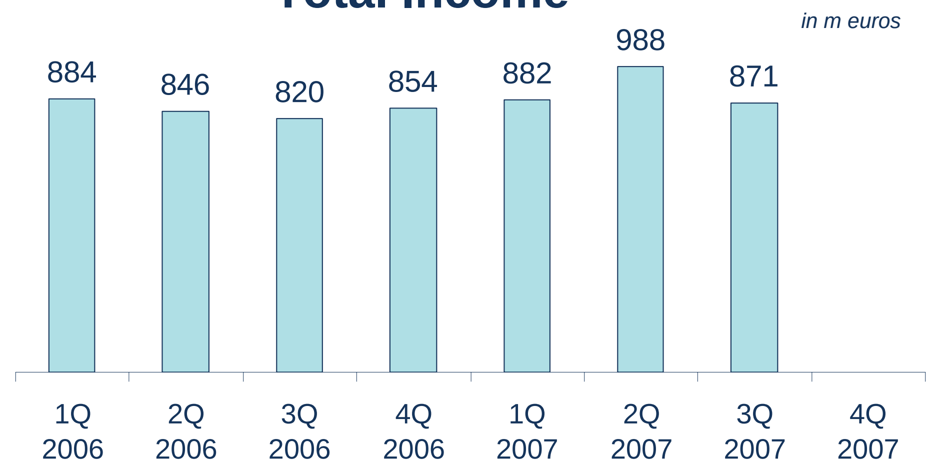
performance per business unit

Business Unit Belgium

Net profit



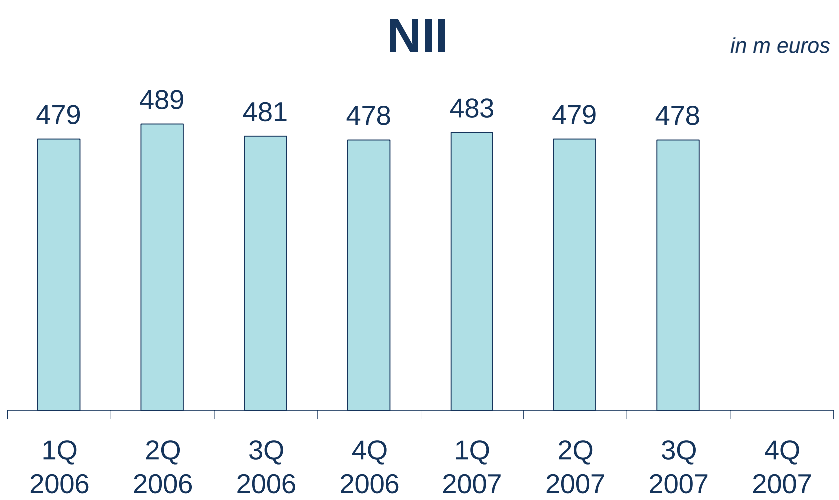
Total Income*

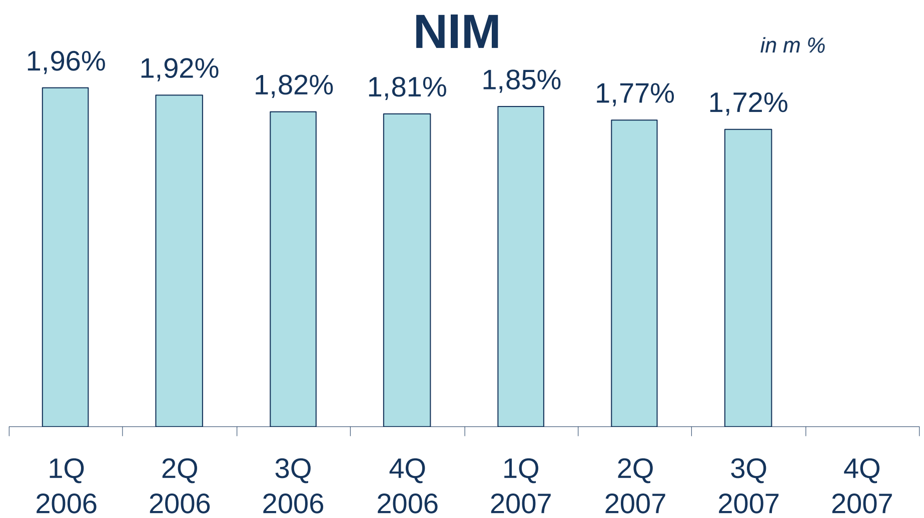


* Gross technical charges, insurance and ceded R/I results deducted

- 3Q 07 underlying net profit: 303m – up 14% y/y,
- 9M return on allocated capital: 35%
- Higher-than-quarterly-average insurance results (partly due to higher-than-average capital gains)
- YTD net combined ratio at 97% (93% excl. the impact of Kyrill storm in 1Q)

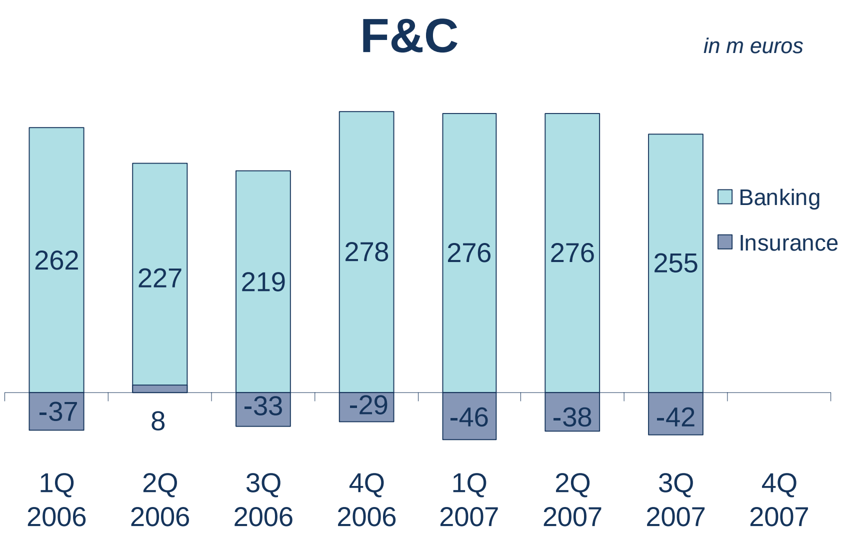
Business Unit Belgium (2)

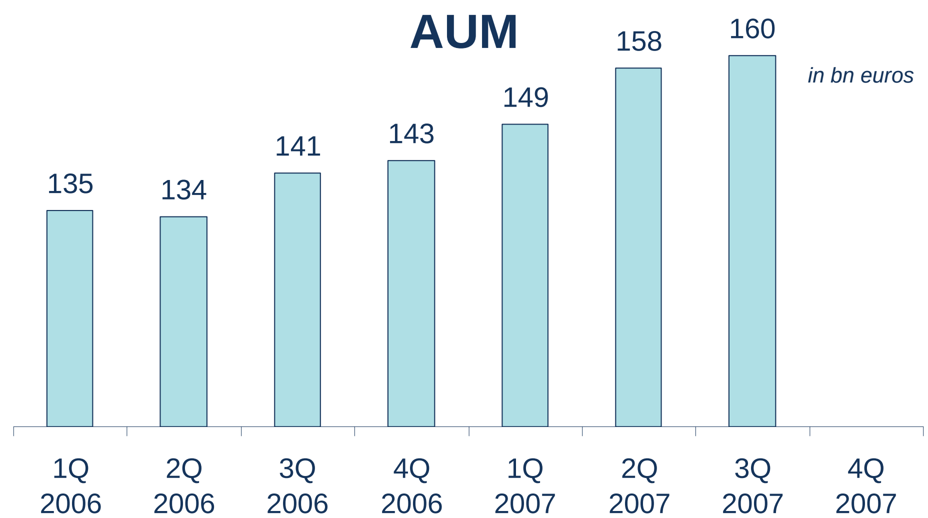




- Flat NII (478m) q/q and y/y
- Positive impact of increasing loan and deposit volumes (resp. +9% +11% y/y) compensated by:
  - changing business mix (shift from saving accounts to time deposits)
  - 25 bps increase on saving deposit rate in Belgium following (higher) benchmark rate increases over the last 12 months
  - upstreaming dividends to holding company level (-1% impact y/y)
- NIM (1.72%) down 5bps q/q and 10 bps y/y

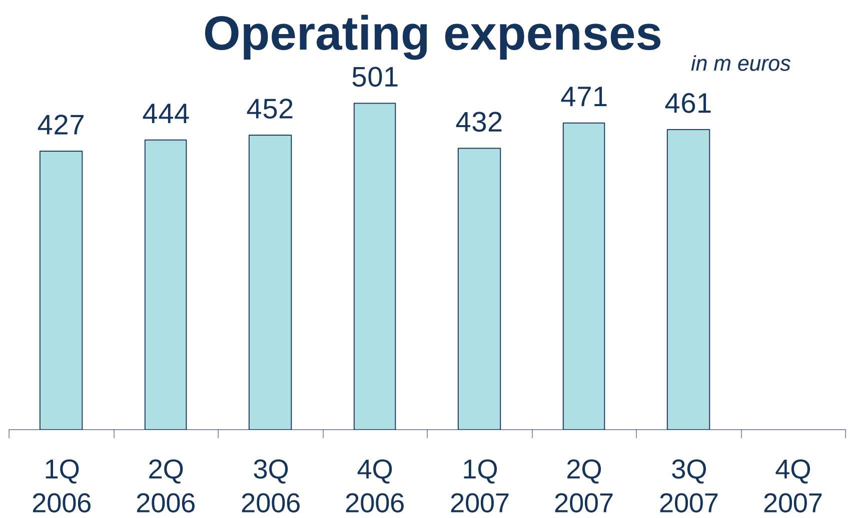
Business Unit Belgium (3)

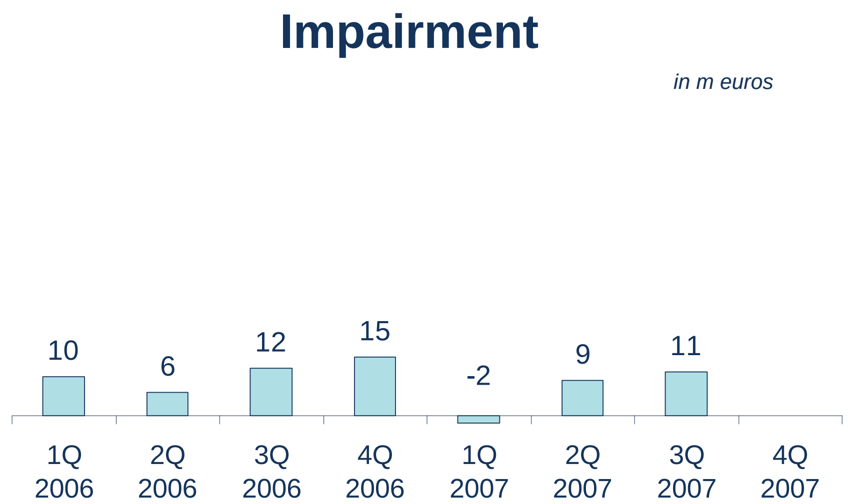




- Net F&C (214m) down 10% q/q, due to the usual seasonal influence, up 15% y/y
- y/y growth mainly thanks to the asset management business
- AUM up 2% q/q, 13% y/y of which 10% points constituted net new inflows

Business Unit Belgium (4)

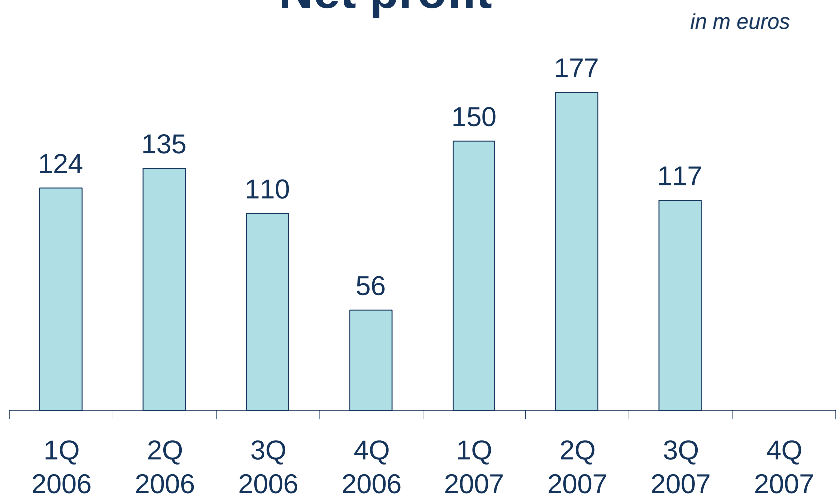




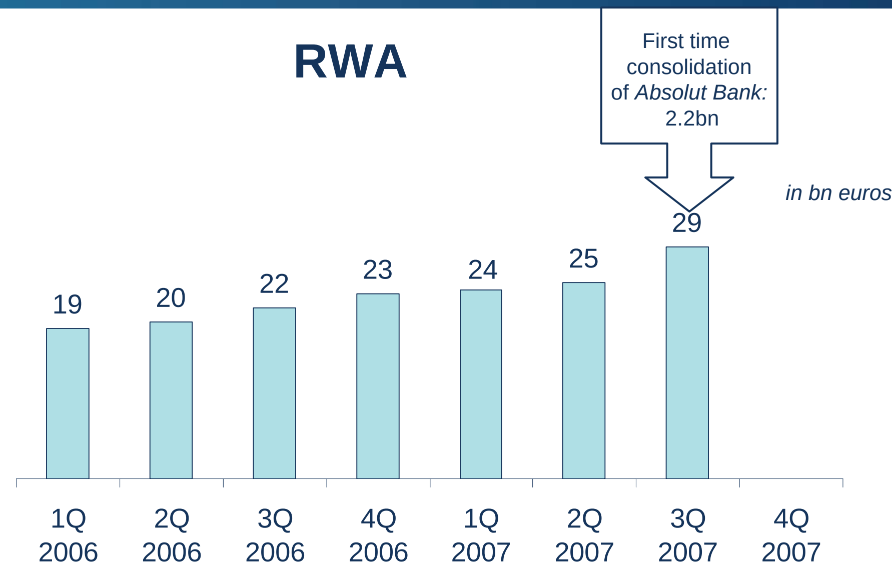
- Operating expenses (461m) down 2% q/q, up 2% y/y
- Underlying YTD C/I ratio stable at 58% compared to FY 06, negatively impacted by the losses on bond sales in banking book in 2Q
- Again very limited impairment (11m, YTD LLR: 4bps)

Business Unit CEE

Net profit

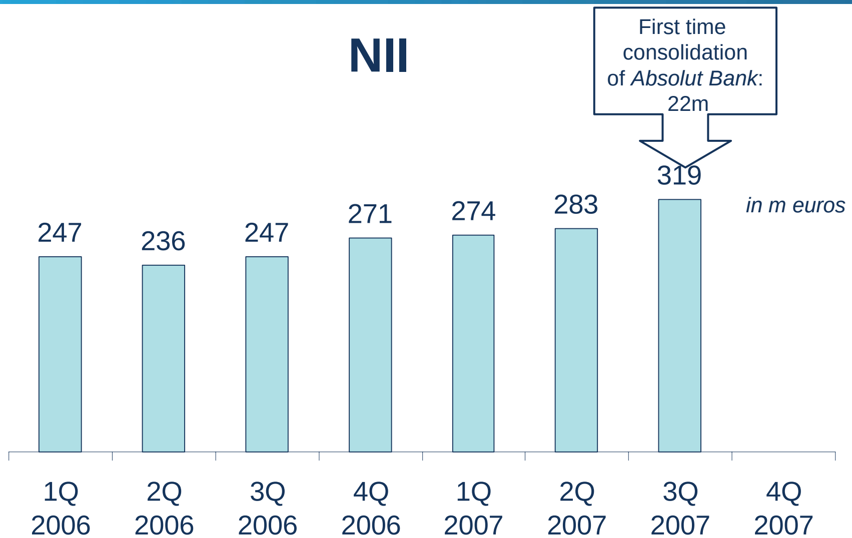


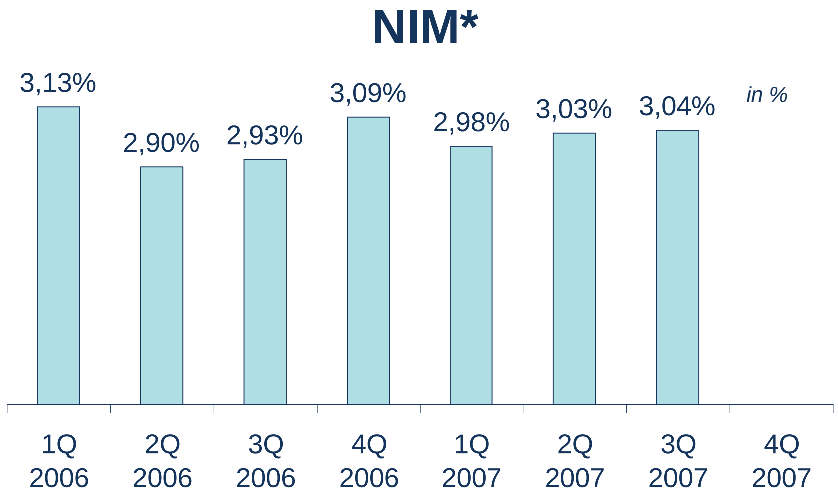
RWA



- Underlying net profit (117m), up 7 y/y, but down from the highest-ever 2Q 07 level, partly due to seasonal effects
- Contribution of CR/SR: 77m, Hungary: 31m, Poland: 37m, Russia: 2m
- YTD return on allocated capital, incl. *Absolut Bank:* 25%, (excl. *Absolut Bank*: 28%)
- RWA up strongly q/q, but 2.2bn due to the first-time consolidation of *Absolut Bank*

Business Unit CEE (2)

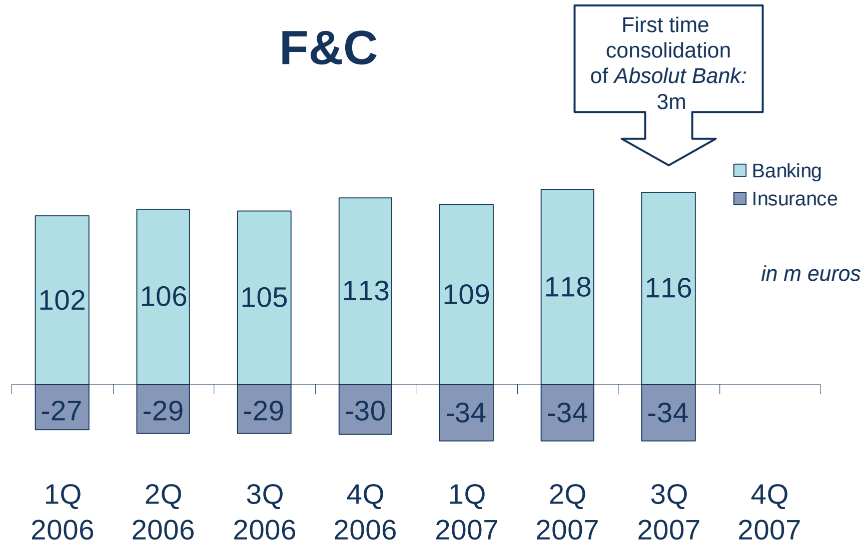


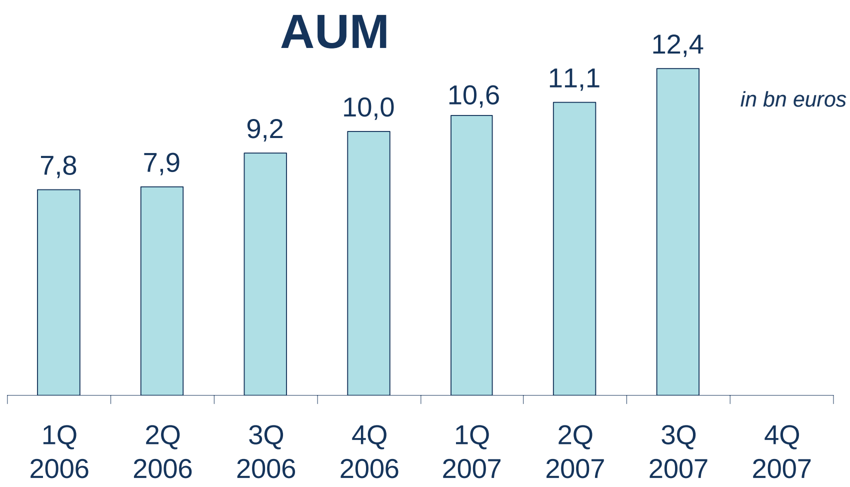


- Significant rise in NII (319m): up 8% q/q and 19% y/y on a comparable basis
- Continued robust volume growth throughout the region:
  - Loan volumes up 28% y/y, deposits up 14% (organic growth; ± 4% exchange rate changes excluded)
- NIM stable q/q and up 11 bps y/y
- NIM of *Absolut Bank*: 4.29%

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

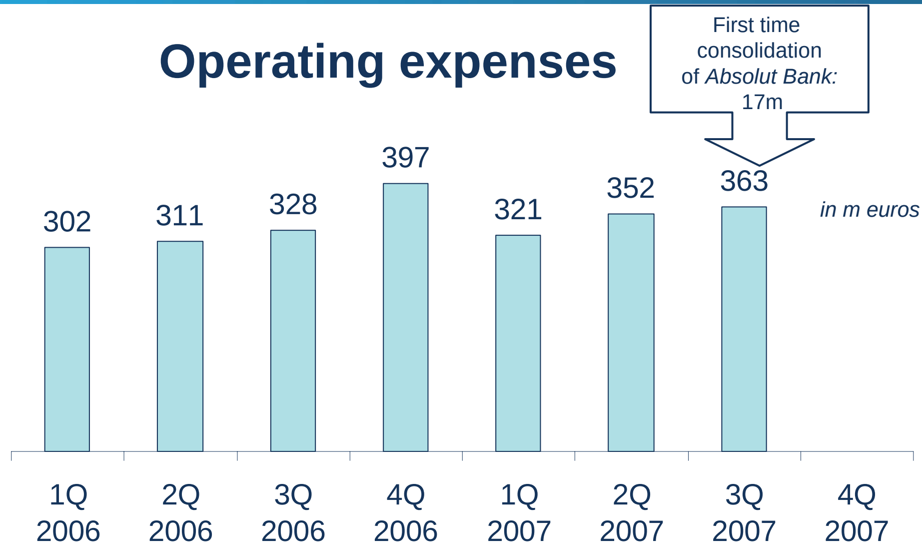
Business Unit CEE (3)

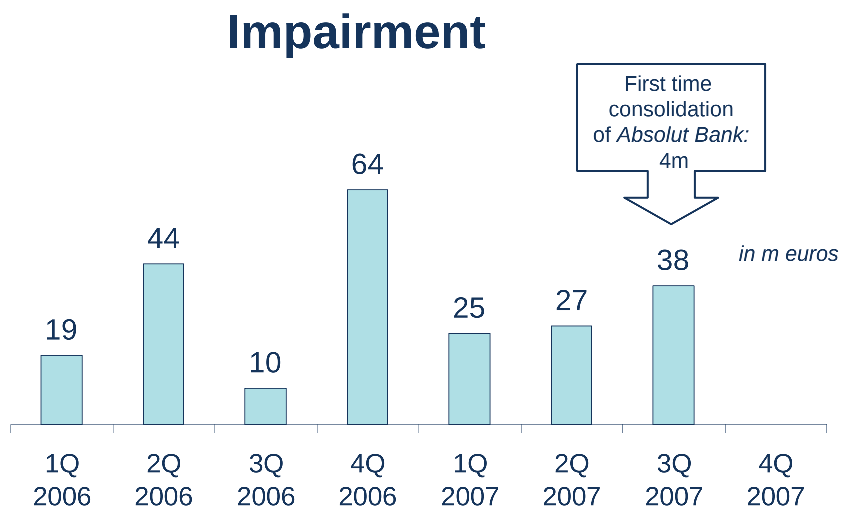




- Organically net F&C (82m - banking and insurance together) dropped by some 6% q/q, due to seasonal effects
- F&C for banking up 4% y/y on a comparable basis, but offset by increasing commissions paid to insurance agents
- AUM up 12% q/q, 30% y/y, of which two-thirds thanks to new inflows

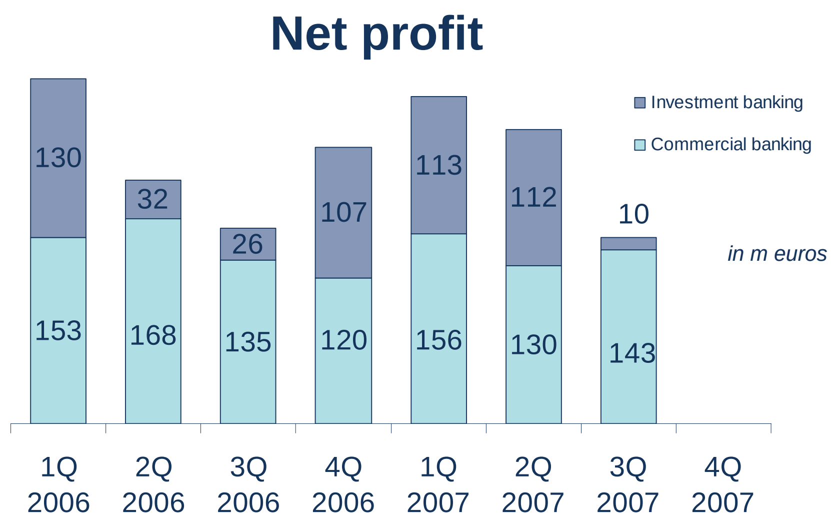
Business Unit CEE (4)

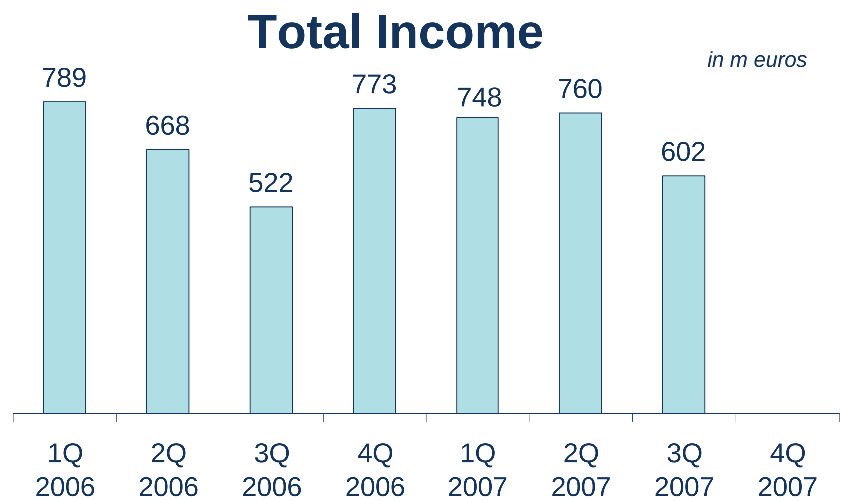




- Operating expenses (363m) were marginally up (1%) y/y, down 2% q/q (excluding impact of new acquisitions and ± 4% exchange rate changes). YTD C/I ratio (banking) at 62% (65% in FY 06)
- Asset quality remained sound. Limited impairments resulted in 40 bps LLR for the region (58 bps in FY 06)
- FX mortgages fully under control. (Stress test: 20% depreciation of LCY will not have any impact in Poland, 15m credit loss in Hungary)

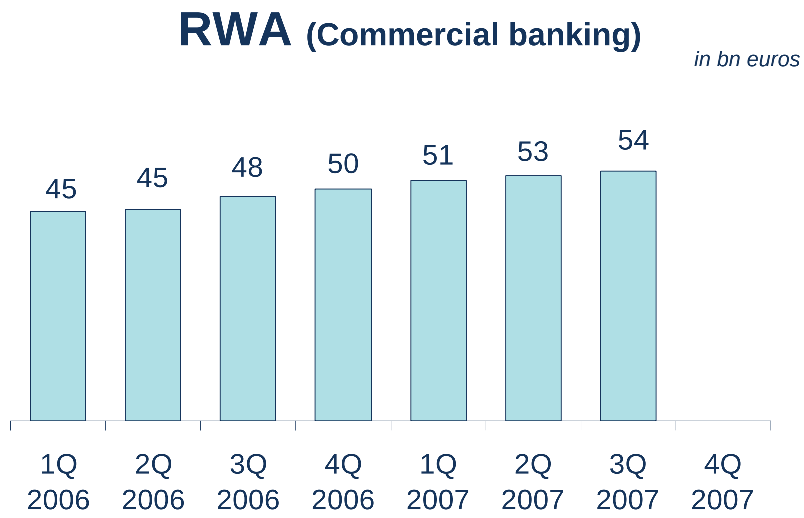
Business Unit Merchant Banking

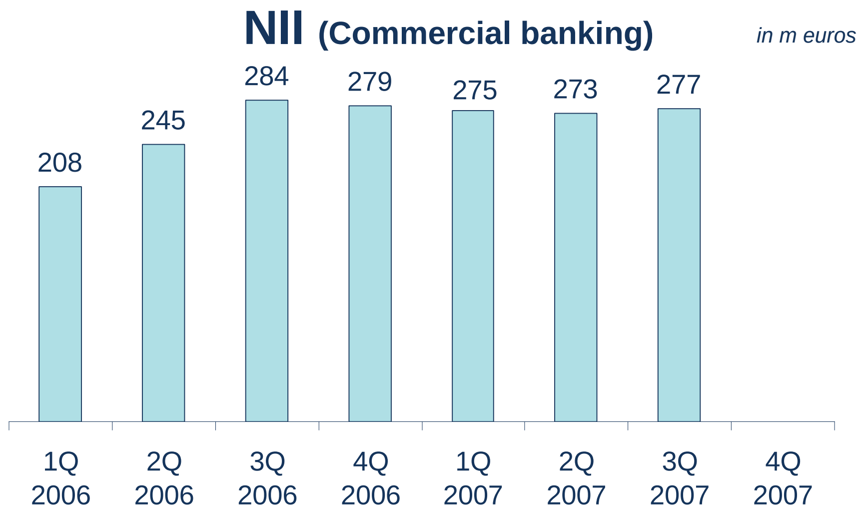




- Underlying net profit at 153m
- Strong performance in commercial banking (143m)
- Results of investment banking activities (10m) impacted by both traditional seasonal decline in activities and adverse climate on financial markets (MTM losses on CDOs: 17m, after tax)

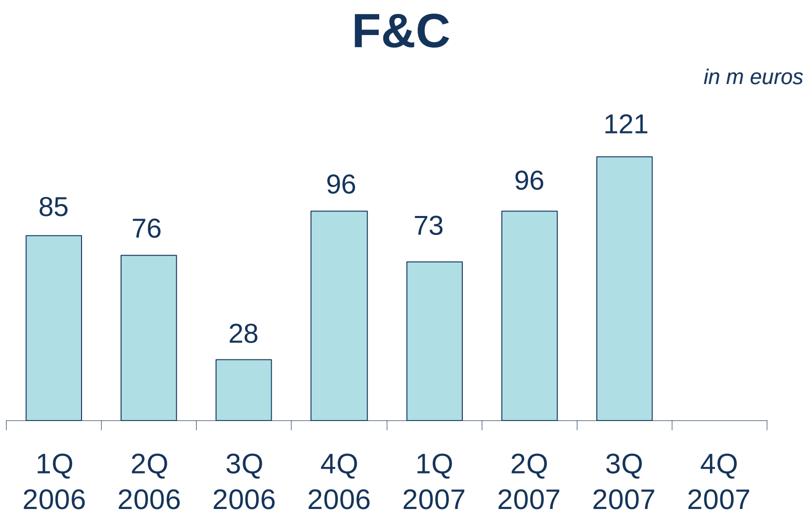
Business Unit Merchant Banking (2)

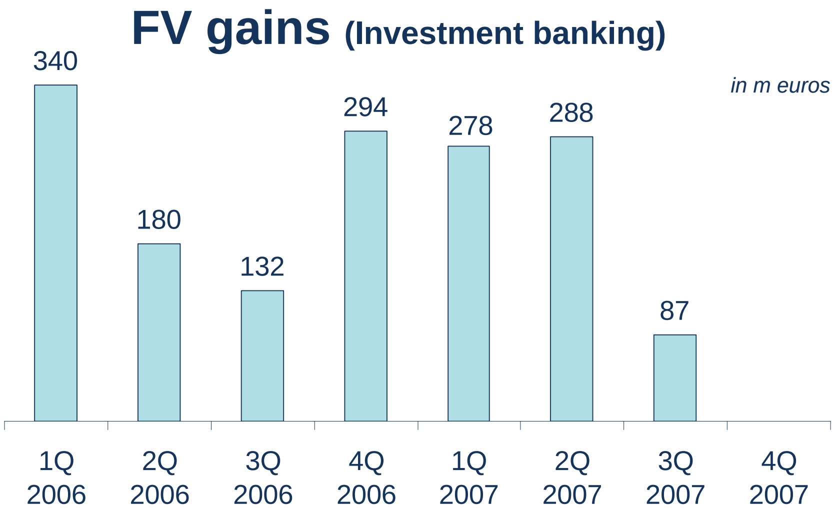




- NII (277m, relating to commercial banking) roughly flat q/q and y/y
- Negative impact from upstreamed dividends: -1% y/y
- RWA of commercial banking up 2% q/q (but somewhat depressed by a shift of 0.8 billion to the investment banking activities in 3Q 07)

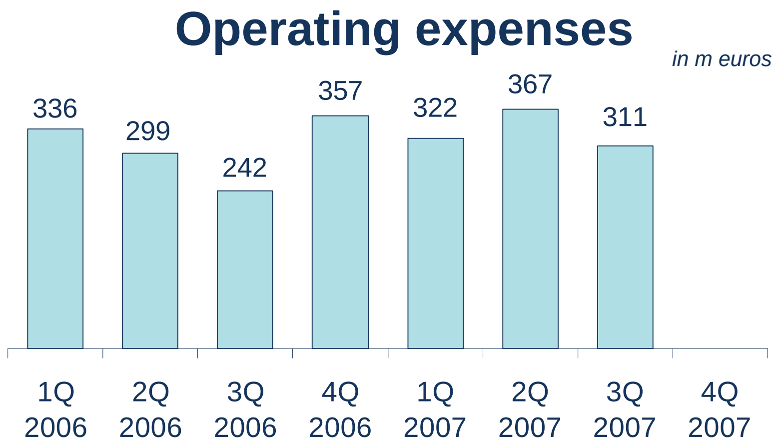
Business Unit Merchant Banking (3)

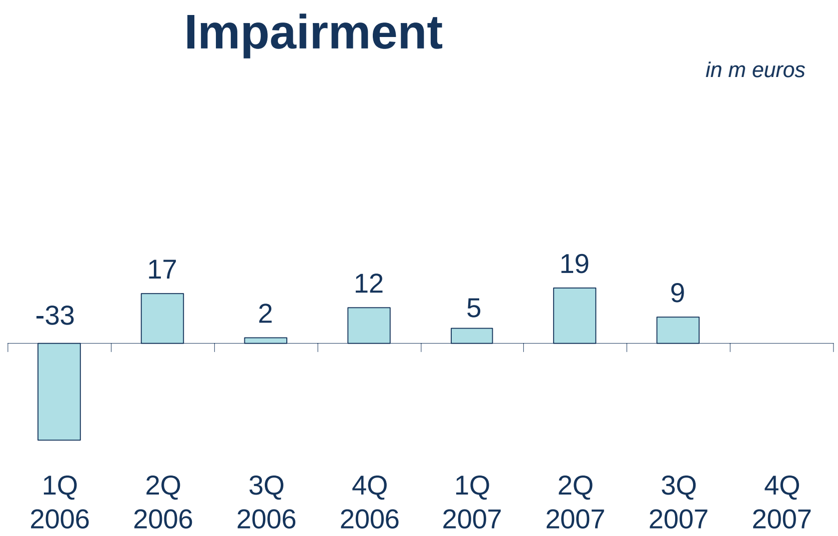




- Net F&C (121m) the highest of the last few quarters, mostly thanks to equity brokerage and corporate finance activities for local small and midcaps
- FV gains (86m) significantly down q/q and y/y, due to:
  - seasonal drop
  - adverse situation on the financial markets

Business Unit Merchant Banking (4)





- Operating expenses (311m) up 28% compared to (a low) 3Q 06, mainly due to higher income-related expenses
- Costs were down 15% compared to 2Q 07 (lower income-related costs). 2Q 07 was burdened with a 23m provision for pending commercial litigation
- Limited impairments (9m)
- YTD LLR 7 bps (nil in FY 06)

Business Unit Merchant Banking (5)

- KBC has chosen to unwind its SIVs and manage the assets on-B/S (within the investment banking division):
  - April 2007: start of transfer of assets from conduit “Quasar” to B/S (reminder)
  - Sept 2007: start of shift of assets from conduit “Atomium” to B/S

- Main drivers:
  - More efficient regulatory use of capital under Basel II
  - Organisational simplification

- 3Q impact on Basel I-related RWA: +1.1 bn

Business Unit Merchant Banking (6)

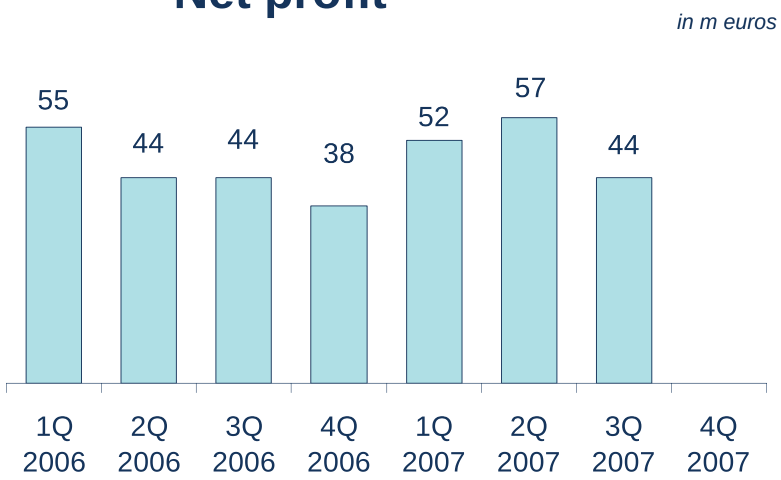
- In 3Q, additional investments in corporate risk instruments (0.8 bn) were shifted from “commercial banking” to the “investment banking” division (further centralisation in single centre of competence, completion of transfer started in 2Q 07)

- Impact on RWA from unwinding of conduits and internal shift of assets:

	3Q 2007	YTD 2007
Merchant Banking total	1.1bn	4.8bn
Investment banking	1.9bn	7.2bn
Commercial banking	-0.8bn	-2.4bn

Business Unit Private Banking

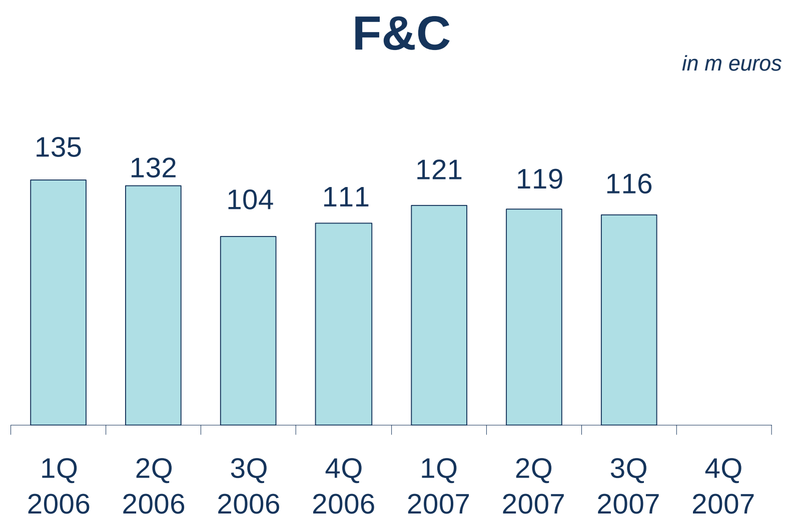
Net profit

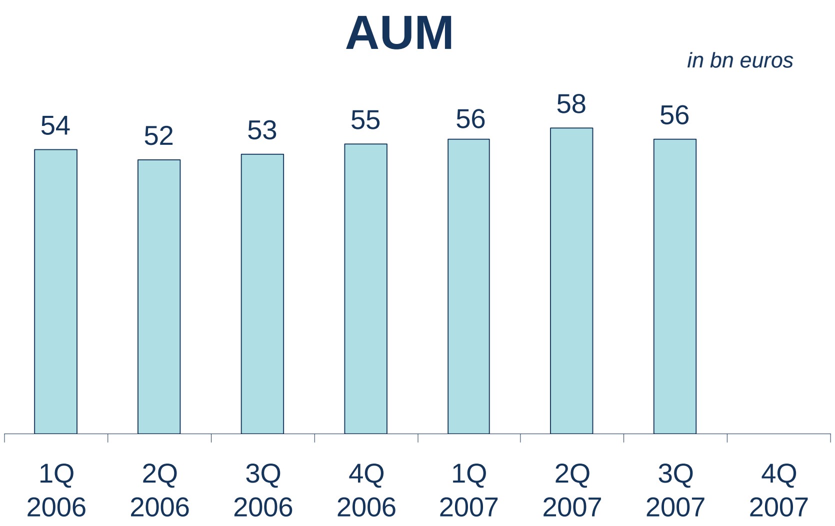


Operating expenses

- Underlying net profit (44m) flat y/y, but down 23% q/q due to the traditional summer slowdown
- Expenses (120m) show a limited 1% y/y and 4% q/q increase
- YTD C/I at 65%, a significant improvement compared to 73% at FY 06

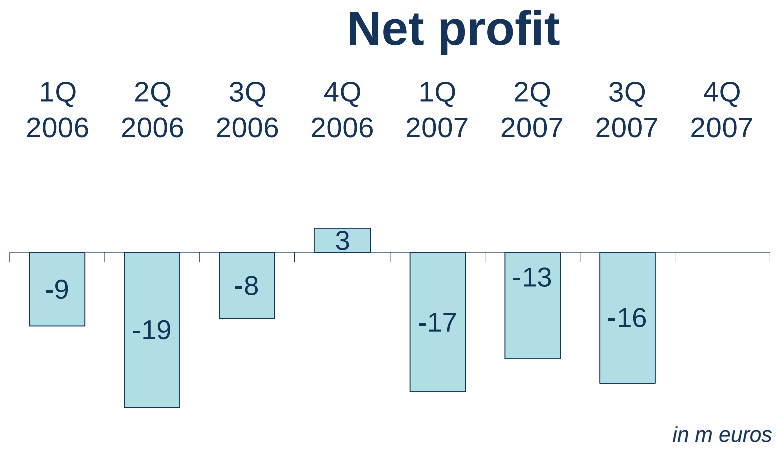
Business Unit Private Banking (2)





- F&C slightly down q/q (seasonal), up 12% y/y on the back of increased AUM volumes
- AUM (56bn) up 6% y/y on a comparable basis
- In line with the strategy AUM-growth in on-shore business witnessed a 13% y/y rise (up to 26bn)

Group Centre



- Underlying net result at -16m, in line with previous quarters, of which the holding company accounting for -12m

Wrap Up

- Underlying net result up 5% y/y
- Continued solid top-line dynamics
- Limited impact of the adverse situation on financial markets
- Unchanged environment for customer loan risk
- No liquidity nor solvency issues